

# UNACEM Corp S.A.A.

UNAUDITED Interim Separate Financial  
Information as of March 31, 2024 and  
December 31, 2023.



**UNACEM CORP S.A.A.**  
**Statement of Financial Position**  
As of March 31st, of 2024 and December 31st, 2023  
(In thousands of Soles)

	Notes	As of March 31st, 2024	As of December 31st, 2023
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	87,523	3,044
Other Financial Assets		-	-
<b>Trade Accounts Receivable and other accounts receivable</b>		<b>229,434</b>	<b>191,102</b>
Trade Accounts Receivable , net	5	42	54
Other Accounts Receivable , net	5	41,098	40,625
Accounts Receivable from Related Companies	5	188,252	150,345
Advanced payments	5	42	78
Inventories		-	-
Biological Assets		-	-
Assets by Income Taxes	5	-	10,782
Other Non-Financial Assets		3,101	5,488
<b>Total Current Assets different than assets or groups of assets for its classified as held for sale or for distribution to owners</b>		<b>320,058</b>	<b>210,416</b>
Non-current assets or groups of assets for disposal Classified as Held for Sale		-	-
Non-current assets or groups of assets for its classified as held for distribution to owners		-	-
<b>Non-current assets or groups of assets for disposal Classified as Held for Sale or Held for distribution to owners</b>		<b>-</b>	<b>-</b>
<b>Total Current Assets</b>		<b>320,058</b>	<b>210,416</b>
<b>Non-Current Assets</b>			
Other Financial Assets		-	-
Investments in subsidiaries, joint ventures and associates	6	6,218,163	6,194,628
<b>Trade Accounts Receivables and other accounts receivables</b>	5	<b>67,842</b>	<b>67,844</b>
Trade Accounts Receivable		-	-
Other Accounts Receivable		42,787	42,789
Accounts Receivable from Related companies		25,055	25,055
Advanced payments		-	-
Biological Assets		-	-
Investment Property		-	-
Property, Plant and Equipment , net	7	157	143
Intangible Assets , net	8	23,294	22,708
Assets Deferred Income Tax	11	19,395	17,498
Surplus value		-	-
Other Assets		-	-
<b>Total Non-current Assets</b>		<b>6,328,851</b>	<b>6,302,821</b>
<b>TOTAL ASSETS</b>		<b>6,648,909</b>	<b>6,513,237</b>

	Notes	As of March 31st, 2024	As of December 31st, 2023
<b>Liabilities and Stocholders' Equity</b>			
<b>Current Liabilities</b>			
Other Financial Liabilities	10	516,352	334,827
<b>Trade accounts payable and other payable accounts</b>		<b>51,862</b>	<b>66,081</b>
Trade Accounts Payable	9	5,305	9,607
Other Accounts Payable	9	36,440	48,668
Accounts payable to related companies	9	10,117	7,806
Differed Income		-	-
Provision for Employee Benefits		-	-
Other provisions		771	478
Income Tax Liabilities		6,833	-
Other non-financial liabilities		-	-
<b>Total Current Liabilities different of Liabilities included groups of assets for disposal Classified as Held for Sale</b>		<b>575,818</b>	<b>401,386</b>
Liabilities included in asset groups classified as held for sale		-	-
<b>Total Current Liabilities</b>		<b>575,818</b>	<b>401,386</b>
<b>Non-Current Liabilities</b>			
Other Financial Liabilities	10	623,981	707,933
<b>Trade accounts payable and other payable accounts</b>		<b>3,967</b>	<b>3,503</b>
Trade Accounts Payable		-	-
Other Accounts Payable	9	3,967	3,503
Accounts payable to related companies		-	-
Deferred Income		-	-
Provision for Employee Benefits		-	-
Other provisions		-	-
Liabilities Deferred Income Taxes		-	-
Other non-financial liabilities		-	-
<b>Total Non-Current Liabilities</b>		<b>627,948</b>	<b>711,436</b>
<b>Total Liabilities</b>		<b>1,203,766</b>	<b>1,112,822</b>
<b>Stockholders' Equity</b>			
Capital Issued	12	1,780,000	1,780,000
Issuance Premiums	12	-38,019	-38,019
Investment shares		-	-
Treasury Shares in portfolio	12	-22,948	-22,948
Other Capital Reserves	12	363,626	363,626
Accrued Results	12	3,362,484	3,317,756
Other Equity Reserves		-	-
<b>Total Stockholders' Equity</b>		<b>5,445,143</b>	<b>5,400,415</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>6,648,909</b>	<b>6,513,237</b>



**UNACEM CORP S.A.A.**  
**Statement Income**  
For the periods ended March 31st, 2024 and 2023  
(In thousands of Soles)

	Notes	For the specific quarter from January 1, to March 31st, 2024	For the specific quarter from January 1, to March 31st, 2023	For the cumulative period from January 1st to March 31st, 2024	For the cumulative period from January 1st to March 31st, 2023
Incomes from ordinary activities	13	119,309	90,170	119,309	90,170
Cost of Sales	-	-	-	-	-
<b>Profit (Loss) Gross</b>	-	<b>119,309</b>	<b>90,170</b>	<b>119,309</b>	<b>90,170</b>
Sales Expenses		-	-	-	-
Administrative expenses	14	-20,397	-19,665	-20,397	-19,665
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-	-	-
Other Operating Income	-	1,652	531	1,652	531
Other Operating Expenses	-	-1,221	-1,996	-1,221	-1,996
Other profit (loss)		-	-	-	-
<b>Profit (Loss) from operating activities</b>		<b>99,343</b>	<b>69,040</b>	<b>99,343</b>	<b>69,040</b>
Financial Income		2,256	1,125	2,256	1,125
Financial Expenses	15	-13,095	-12,224	-13,095	-12,224
Exchange differences, net	-	172	-502	172	-502
Other income (expense) from subsidiaries, joint ventures and associates		-	-	-	-
Share of Profit (Loss) in net results from Equity-Accounted Joint Ventures and related companies		-	-	-	-
Difference between the book value of the distributed assets and the book value of the divided payable		-	-	-	-
<b>Gains before Income tax</b>		<b>88,676</b>	<b>57,439</b>	<b>88,676</b>	<b>57,439</b>
Income tax expenses	11(b)	-8,653	-683	-8,653	-683
<b>Profit (Loss) Net of Continued Operations</b>		<b>80,023</b>	<b>56,756</b>	<b>80,023</b>	<b>56,756</b>
Profit (loss) net of the tax to the profit from discontinued operations		-	-	-	-
<b>Profit (loss) net of the year</b>		<b>80,023</b>	<b>56,756</b>	<b>80,023</b>	<b>56,756</b>



**UNACEM CORP S.A.A.**  
**Statement of Comprehensive Income**  
For the periods ended March 31st, 2024 and 2023  
(In thousands of Soles)

Notes	For the specific quarter from January 1, to March 31st, 2024	For the specific quarter from January 1, to March 31st, 2023	For the cumulative period from January 1st to March 31st, 2024	For the cumulative period from January 1st to March 31st, 2023
<b>Net Profit (Loss) of the year</b>	<b>80,023</b>	<b>56,756</b>	<b>80,023</b>	<b>56,756</b>
<b>Components of other comprehensive income:</b>				
Net Change for Cash Flow Hedges	-	-	-	-
Hedges of a Net Investment in a Foreign Operation	-	-	-	-
Profit (Loss) in equity instrument investments at fair value	-	-	-	-
Exchange difference on translation of Foreign Operations	-	-	-	-
Net variation of non-current assets or groups of assets held for sale	-	-	-	-
Revaluation Surplus	-	-	-	-
Actuarial Gain (Loss) on defined benefit pension plans	-	-	-	-
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability	-	-	-	-
<b>Other Comprehensive Income Pre Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income tax relating to components of other comprehensive income</b>				
Net Change for Cash Flow Hedges	-	-	-	-
Hedges of a Net Investment in a Foreign Operation	-	-	-	-
Profit (Loss) in equity instrument investments at fair value	-	-	-	-
Exchange difference on translation of Foreign Operations	-	-	-	-
Net variation of non-current assets or groups of assets held for sale	-	-	-	-
Gains (Losses) for Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income, net of Taxes	-	-	-	-
Actuarial Gain (Loss) on defined benefit pension plans	-	-	-	-
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability	-	-	-	-
<b>Sum of Income Tax-Related Components of other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income for the period , net of income tax</b>	<b>80,023</b>	<b>56,756</b>	<b>80,023</b>	<b>56,756</b>



# UNACEM CORP S.A.A.

## Statement of Cash Flow

Direct Method

For the periods ended March 31st, 2024 and 2023

(In thousands of Soles)

	Notes	As of January 1st, 2024 to March 31st, 2024	As of January 1st, 2023 to March 31st, 2023
<b>Operating activities cash flows</b>			
<b>Types of cash collections from operating activities</b>			
Sale of Goods and Services		12	45,873
Royalties, fees, commissions and other income from ordinary activities		22,081	60,005
Contracts held for brokering or trading purposes		-	-
Lease and subsequent sales of such assets		-	-
Other Cash Receipts Related to Operating Activity		482	69
<b>Types of cash collections from operating activities</b>			
Suppliers of goods and services		-17,831	-8,163
Contracts held for brokering or trading purposes		-	-
cash payments to and on behalf of employees		-12,351	-11,880
Elaboration or acquisition of assets to be leased and other assets held for sale		-	-
Other Cash Payments Related to Operating Activity		-	-
<b>Cash flows and cash equivalents from (used in) Operating Activities</b>		<b>-7,607</b>	<b>85,904</b>
Interests received (not included in the Investment Activities)		-	-
Interests paid (not included in the Investment Activities)		-10,832	-12,671
Dividends Received (not included in the Investment Activities)		69,364	80,383
Dividends Paid (not included in the Investment Activities)		-	-
Income tax (paid) reimbursed		-2,855	-2,048
Other cash collections (payments)		-	-
<b>Cash flows and cash equivalents from (used in) Operating Activities</b>		<b>48,070</b>	<b>151,568</b>
<b>Cash flows from Investment activities</b>			
<b>Type of cash collections from investment activities</b>			
Reimbursement of loan repayment and loans granted to third parties		-	-
Loss of control of subsidiaries or other businesses		-	-
Loan repayments received from related parties		-	-
Sale of Equity-related Financial Instruments or debt of other entities		-	-
Derivatives contracts (Futures, Forwards or Options)		-	-
Sales of Interest in Joint Ventures, Net of the expropriated cash		-	-
Sale of Property, Plant and Equipment		-	-
Sale of intangible assets		-	-
Sale of other long- term assets		-	-
Government Subventions		-	-
Interests received		-	-
Dividends received		-	-
<b>Type of cash payments from investment activities</b>			
Advances and loans granted to third parties		-	-
Controlling interest of subsidiaries and other businesses		-	-
Loans from related		-1,430	-19,543
Purchase of Financial Instruments of equity or debt of other entities		-23,535	-55,843
Derivatives contracts (Futures, Forwards or Options)		-	-
Purchase of Subsidiaries, Net of cash acquired		-	-
Purchase of Joint Venture shares, Net of the cash acquired		-	-
Purchase of Property, Plant and Equipment		-29	-
Purchase of intangible assets		-1,157	-939
Purchase of other long- term assets		-	-
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to Investment activities		-	-



UNACEM CORP S.A.A.  
Statement of Cash Flow

Direct Method

For the periods ended March 31st, 2024 and 2023  
(In thousands of Soles)

	Notes	As of January 1st, 2024 to March 31st, 2024	As of January 1st, 2023 to March 31st, 2023
Cash flows and cash equivalents from (used in) investing activities		-26,151	-76,325
<b>Cash flows from Financing activities</b>			
<b>Type of cash collections from financing activities</b>			
Loan securing		150,000	94,025
Loans from related entities		-	-
Changes to the subsidiaries ownership interest not resulting in the loss of control		-	-
Issuance of Shares		-	-
Issuance of Other Equity Instruments		-	-
Government Subventions		-	-
<b>Type of cash payments from financing activities</b>			
Loan Amortization or payment		-52,994	-41,590
Financial leasing liabilities		-	-
Loans from related entities		-	-
Changes to the subsidiaries ownership interest not resulting in the loss of control		-	-
Redemption or repurchase of the entities' shares (Shares in the portfolio)		-	-90
Acquisition of other equity interest		-	-
Interests paid		-	-
Dividends paid		-34,424	-35,169
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to financing activities		-	-
Cash flows and cash equivalents from (used in) financing activities		62,582	17,176
Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates		84,501	92,419
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		-22	447
<b>Increase (Decrease) in Net Cash and Cash Equivalents</b>		<b>84,479</b>	<b>92,866</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>3,044</b>	<b>6,426</b>
<b>Cash and cash equivalents at end of year</b>	<b>4</b>	<b>87,523</b>	<b>99,292</b>



## **UNACEM Corp S.A.A.**

Notes to the UNAUDITED Interim Separate Financial Statements  
March 31, 2024 and December 31, 2023

### **1. Background and Economic Activity**

UNACEM CORP S.A.A. (hereinafter, the "Company") was incorporated in December 1967.

As of March 31, 2024 and December 31, 2023, the Company is a subsidiary of Inversiones JRPR S.A. (hereinafter, the "Parent Company" and ultimate controlling party of the Economic Group), who holds a direct and indirect stake of 43.13% in the capital stock. Inversiones JRPR S.A. has the power to direct the Company's financial and operating policies.

The Company's legal domicile is located at Av. Carlos Villarán No. 508, La Victoria, Lima, Peru.

The Company's main activity is to invest in companies engaged in the production and marketing of all types of cement, concrete, clinker and other construction materials in Peru and abroad, as well as to develop any intellectual property and technologies related to such activities. In addition, the Company may invest in real estate and electric power generation, transmission and/or distribution activities.

The Company has investments primarily in the markets of Peru, United States of America, Ecuador and Chile.

The separate financial statements for the fourth quarter of 2024 have been issued with Management authorization and shall be submitted to the Board of Directors for approval of such issuance at the meeting to be held on April 26, 2024. The separate financial statements as of December 31, 2023 were approved in the Shareholders' Meeting held on March 27, 2024.

#### **A. Acquisition agreement of unrelated entities**

##### **Tehachapi Cement LLC (formerly Martin Marietta Southern California Cement, LLC)**

On August 24, 2023, the subsidiary Skanon Investments Inc (hereinafter Skanon or the buyer) entered into a sale and purchase agreement with the U.S. companies Martin Marietta Materials, Inc. and Martin Marietta Pacific District Cement, LLC (the sellers), through which it acquired 100% of the shares of Martin Marietta Southern California Cement, LLC, company domiciled in Delaware, USA, which owns the Tehachapi plant (located in the State of California).

This plant has a production capacity of 1,000,000 short tons of cement and 940,000 short tons of clinker. In addition, it was approved that the Company take part in the referred purchase agreement, thus ensuring compliance with all the obligations assumed by Skanon Investments Inc. with the Sellers.

On October 31, 2023, the acquisition of 100% of the shares of Martin Marietta Southern California Cement, LLC was completed. As a result of this transaction, the company name was changed to Tehachapi Cement LLC and it became part of the Group. The final acquisition price was USD 315,000,000 (equivalent to S/ 1,197,417,000).

The acquisition was financed through a three-year term loan for the amount of USD 345,000,000 from a syndicate of banks led by BBVA Securities Inc. It matures in three years

##### ***Termochilca S.A.C. (Termochilca)***

On December 29, 2022, the Company informed the Superintendencia de Mercado de Valores (SMV) the approval of the offer made by its subsidiary Compañía Eléctrica El Platana S.A. (the buyer or CELEPSA) for the acquisition of the shares and claims (senior debt and subordinated bonds) of Termochilca S.A. On January 19, 2023, CELEPSA entered into a share transfer agreement with La Fiduciaria S.A., by virtue of which this subsidiary acquired, subject to the authorization of the Instituto Nacional de Defensa de la Competencia y de la Protección de la



## **UNACEM Corp S.A.A.**

Notes to the UNAUDITED Interim Separate Financial Statements  
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Propiedad Intelectual (INDECOPI), in compliance with the applicable regulations, 100% of the shares representing capital stock.

On April 20, 2023, CELEPSA was authorized by INDECOPI to carry out the business concentration transaction with Termochilca S.A., and, on May 8, 2023, the closing of the transaction was executed.

Termochilca is a company based in Peru, which is engaged in electricity generation and has a combined cycle thermal power plant, located in the district of Chilca, province of Cañete, department of Lima, with an installed power of 300 MW.

The total agreed upon price was USD 141,000,000 (equivalent to PEN 523,110,000), paid directly by the Subsidiary, partially with its own resources and partially with funds stemming from financing transactions.

On October 5, 2023, the Shareholders' Meeting of Termochilca approved the change of its trade name from Termochilca S.A. to Termochilca S.A.C.

### **Incorporation of a new company**

#### **CALCEM S.A.**

In June 2023, the Company was notified by INDECOPI on the authorization of the merger consisting of the incorporation of a new company between UNACEM Corp. S.A.A., holder of 51% of the capital stock, and Grupo Calidra S.A. de C.V., a Mexican company, holder of the remaining percentage.

The purpose of the new company will be to build and operate an industrial plant in the Condorcocha area, province of Tarma, department of Junín, for the production of quicklime and calcium carbonates, with an initial capacity of 600 tons of quicklime per day. This project will have an estimated total investment of USD 40,000,000. The construction of the plant will begin in the fourth quarter of this year and it will start operations in the first half of 2026. The Company's investment will be covered with its own resources and local bank financing.

### **Amalgamation between Unión de Concreteras S.A. and Concremax S.A.**

On November 16, 2023, the Shareholders' Meetings of Unión de Concreteras S.A. (UNICON) and Concremax S.A. (Concremax) unanimously resolved to approve the merger project whereby UNICON would universally absorb Concremax's assets as a block. As a consequence, Concremax would become extinct without liquidation, as per the provisions of Section 344 of the Business Corporations Act. It should be noted that the merger will become effective on January 1, 2024. UNICON owns 100% of the shares of CONCREMAX, so it is a simple merger, which will not give rise to an increase in the capital stock of UNICON.

### **Amalgamation between Mel 20 Limitada (MEL20) and Constructora de Obras Civiles y Viales Limitada (CONOVIA)**

On December 29, 2023, the Shareholders' Meetings of Mel 20 Limitada (MEL20) and Constructora de Obras Civiles y Viales Limitada (CONOVIA) resolved to approve the merger project whereby on that date MEL20 absorbed CONOVIA's assets. MEL20 owns 100% of the shares of CONOVIA, so it is a simple merger, which will not give rise to an increase in the capital stock of UNICON. Both companies are based in Chile.

## UNACEM Corp S.A.A.

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## 2. Basis of Preparation of Separate Financial Statements

### A. Basis of preparation

The Company's interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). Pursuant to the International Financial Reporting Standards (IFRS), the Company is not required to prepare separate financial statements; however, entities domiciled in Peru are required to prepare them under the statutory provisions in force. Accordingly, the Company has prepared separate financial statements in accordance with IAS 27 – Separate Financial Statements.

The interim separate financial statements have been prepared on a historical cost basis. The interim separate financial statements are presented in Peruvian Soles and all amounts have been rounded to the nearest thousand (PEN 000), unless otherwise indicated.

The interim separate financial statements provide comparative information in respect of former periods; however, they do not include all of the information and disclosures required for annual financial statements. Therefore, they must be read together with the audited report as and for the year ended December 31, 2023.

The Company has prepared its separate financial statements on an ongoing concern basis. In making its going concern assessment, Management has considered the matters that could cause an interruption of its operations. Management has considered all available information about the future obtained after the reporting date until the date of approval and issuance of the accompanying interim separate financial statements.

### B. Summary of significant accounting policies

The accounting policies used in the preparation of the separate financial statements are consistent with the policies applied in the preparation of the audited separate financial statements of the Company as of December 31, 2023, unless otherwise stated, pursuant to IAS 34, paragraph 16 (a).

## 3. Foreign Currency Transactions

Foreign currency transactions are carried out at the free-market exchange rates published by the Superintendency of Banking, Insurance and Pension Fund Management Companies (SBS-AFP). As of March 31, 2024, the weighted average free-market exchange rates for transactions in Soles were PEN 3.714 (buying rate) and PEN 3.721 (selling rate) (buying exchange rate: PEN 3.705, and selling exchange rate: PEN 3.713, as of December 31, 2023), respectively.

As of March 31, 2024 and December 31, 2023, the Company had the following assets and liabilities in U.S. Dollars:

<i>In thousands of dollars</i>	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents	237	292
Trade and other accounts receivable	37,390	34,088
	<b>37,627</b>	<b>34,380</b>
<b>Liabilities</b>		
Other financial liabilities	(25,000)	(25,000)
Trade and other accounts payable	(1,863)	(2,518)
	<b>(26,863)</b>	<b>(27,518)</b>
<b>Net asset position</b>	<b>10,764</b>	<b>6,862</b>

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The Company manages the exchange rate risk by monitoring and controlling the amounts of currencies other than each country's functional currency that are exposed to changes in the exchange rates. As of March 31, 2024 and December 31, 2023, the Company does not record any transactions with exchange rate derivatives, any devaluation/revaluation of foreign currency affects the separate income statement.

**4. Cash and Cash Equivalents:**

This caption comprises the following:

<i>In thousands of soles</i>	<b>As of March 31, 2024</b>	<b>As of December 31, 2023</b>
Petty cash	842	837
Checking accounts (a)	431	2,207
Time deposits (b)	86,250	-
	<b>87,523</b>	<b>3,044</b>

- (a) Checking accounts are in local and foreign currency, held with local and foreign banks with a high credit rating, and are freely available. These accounts earn interest at market rates.
- (b) They relate to time deposits held with local financial entities in local currency; they earn interest at market rates and have original maturities of less than three (3) months.

**5. Trade and Other Accounts Receivable**

This caption comprises the following:

<i>In thousands of soles</i>	<i>Note</i>	<b>Current</b>		<b>Non-current</b>	
		<b>As of March 31, 2024</b>	<b>As of December 31, 2023</b>	<b>As of March 31, 2024</b>	<b>As of December 31, 2023</b>
<b>Trade accounts</b>					
Trade accounts receivable		563	583	-	-
<b>Related parties</b>					
Accounts receivable	<i>16 (b)</i>	188,252	150,345	25,055	25,055
<b>Other accounts</b>					
Claims to Tax Authority, net (a)		39,568	39,568	42,787	42,789
Claims to third parties		3,714	3,712	-	-
Loans to employees		808	805	-	-
VAT tax credit		316	-	-	-
Advance payments of income tax (b)	<i>18.B(f)</i>	-	10,782	-	-
Other accounts receivable		3,534	3,416	-	-
		<b>236,755</b>	<b>209,211</b>	<b>67,842</b>	<b>67,844</b>
Less – Expected credit loss (c)		(7,321)	(7,327)	-	-
		<b>229,434</b>	<b>201,884</b>	<b>67,842</b>	<b>67,844</b>

- (a) As of March 31, 2024 and December 31, 2023, the balance refers to payments under protest made by the Company to the Tax Administration for approximately PEN 82,355,000 and PEN 82,357,000, respectively, to continue with the claim processes before the corresponding instances mainly in connection with mining royalties, fines for advance payments, claims for interest payments, among others.

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In the opinion of the Company's Management and its legal advisors, there are sufficient legal arguments to determine that such assets are likely to be recovered in the short and long terms, note 18.C (a).

- (b) As of March 31, 2024, the advance payments were applied against the income tax resulting from the 2023 period. As of December 31, 2023, it corresponded to the credit balance of the income tax advance payments and disbursements on account of the temporary tax on net assets.
- (c) In the opinion of the Company's Management, the estimate for expected credit losses and the specific provision for trade and other accounts receivable adequately covers the risk of uncollectibility as of March 31, 2024 and December 31, 2023.
- (d) As of March 31, 2024 and December 31, 2023, the Company assessed the exposure to credit risk of trade and other accounts receivable, note 19.B.

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**6. Investments in Subsidiaries and Others**

This caption comprises the following:

<i>En miles de soles</i>	Economic Activity	Country of Origin (c)	Shareholding Percentage		Carrying Amount	
			As of March 31, 2024	As of December 31, 2023	As of March 31, 2024	As of December 31, 2023
			<b>Investments in subsidiaries</b>			
UNACEM Perú S.A.	Production and sale of cement	Peru	100.00%	100.00%	2,156,486	2,156,486
Inversiones Imbabura S.A.	Holding	Peru	99.99%	99.99%	1,566,384	1,516,724
Skanon Investments Inc.	Production and sale of cement and concrete	United States of America	95.85%	95.84%	1,465,196	1,465,196
Compañía Eléctrica El Platanal S.A.	Power and energy	Peru	90.00%	90.00%	567,829	567,829
UNACEM Chile S.A.	Production and sale of cement	Chile	99.89%	99.89%	122,378	122,378
Inversiones Nacionales y Multinacionales Andinas S.A.	Real estate services	Peru	99.81%	99.81%	102,538	102,538
Digicem S.A.	IT services	Peru	99.99%	99.99%	81,700	75,820
Inversiones en Concreto y Afines S.A.	Holding	Peru	93.38%	93.38%	67,036	67,036
ARPL Tecnología Industrial S.A.	Technological consulting and assistance services	Peru	100.00%	100.00%	32,071	32,071
Minera Adelaida S.A.	Extraction of non-ferrous metalliferous ores	Peru	100.00%	100.00%	31,183	31,183
Prefabricados Andinos S.A.	Production and sale of modular buildings	Chile	99.99%	50.00%	33,254	19,628
Prefabricados Andinos Perú S.A.C.	Production and sale of modular buildings	Peru	50.00%	50.00%	17,527	17,527
Depósito Aduanero Conchán S.A.	Warehousing services	Peru	99.99%	99.99%	3,913	3,913
Vigilancia Andina S.A.	Surveillance services	Peru	55.50%	55.50%	2,308	2,308
Generación Eléctrica Atocongo S.A.	Thermal power plant operation services	Peru	99.85%	99.85%	125	125
<b>Other investments</b>						
Ferrocarril Central Andino S.A.	Transportation services	Peru	16.49%	16.49%	3,273	3,273
Ferrovías Central Andino S.A.	Transportation services	Peru	15.00%	15.00%	2,762	2,762
Compañía de Inversiones Santa Cruz S.A.	Real estate services	Peru	8.85%	8.85%	180	180
CALCEM S.A.	Production and sale of lime	Peru	51.00%	51.00%	3,830	1
Others	-	-	-	-	474	274
					<b>6,260,447</b>	<b>6,236,912</b>
Estimated impairment of investments					(42,284)	(42,284)
					<b>6,218,163</b>	<b>6,194,628</b>

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- (a) The activity of this caption was as follows:

<i>In thousands of soles</i>	<b>As of March 31, 2024</b>	<b>As of December 31, 2023</b>
<b>Opening balance</b>	6,194,628	6,074,006
Capital contributions in cash (i)	23,535	99,100
Debt capitalization (ii)	-	23,331
Impairment of investments	-	(1,809)
<b>Closing balance</b>	<b>6,218,163</b>	<b>6,194,628</b>

- (i) During 2024, the Company made capital contributions mainly to the subsidiaries: Prefabricados Andinos S.A for PEN 11,358,000, Digicem S.A. for PEN 5,880,000 and CALCEM S.A for PEN 3,829,000.

During 2023, the Company made capital contributions mainly to the subsidiaries: Inversiones Imbabura S.A. for PEN 49,660,000, Skanon Investments Inc. for PEN 6,183,000 (equivalent to USD 1,625,000), Digicem S.A. for PEN 33,187,000 and Inversiones Nacionales y Multinacionales Andinas S.A for PEN 9,865,000.

- (ii) During 2023, the Company carried out debt capitalizations mainly to the subsidiaries: DIGICEM S.A. for PEN 12,503,000 and Inversiones Nacionales y Multinacionales Andinas S.A for PEN 10,828,000.

- (b) During the periods ended March 31, 2024 and March 31, 2023, the Company received dividends from its subsidiaries for PEN 71,269,000 and PEN 44,153,000, respectively, note 16 (a). Moreover, during the periods ended March 31, 2024 and March 31, 2023, the Company collected approximately PEN 69,364,000 and PEN 80,383,000, respectively.
- (c) The principal place of business where subsidiaries and the other investee companies perform their activities is their country of incorporation.
- (d) On January 26, 2024, the acquisition of 50% of the shares of Prefabricados Andinos S.A – Preansa Chile was completed, with which as of this date the Company is the owner of 99.99% of the shares of this subsidiary. The total price agreed upon for the acquisition was USD 602,000 (equivalent to PEN 2,268,000), paid directly by the Company.

## **7. Property, Plant and Equipment**

- (a) As of March 31, 2024 and December 31, 2023, the net carrying amount is approximately PEN 157,000 and PEN 143,000, respectively.
- (b) The depreciation for the periods ended March 31, 2024 and March 31, 2023 is approximately PEN 15,000 and PEN 9,000, respectively, and is recognized in the separate income statement under "Administrative Expenses," note 14.

## **8. Intangible Assets**

- (a) As of March 31, 2024 and December 31, 2023, the net carrying amount is approximately PEN 23,294,000 and PEN 22,708,000, respectively.

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- (b) The amortization for the periods ended March 31, 2024 and March 31, 2023 is approximately PEN 566,000 and PEN 959,000, respectively, and is registered in the separate income statement under "Administrative Expenses," note 14.

**9. Trade and Other Accounts Payable**

This caption comprises the following:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of March 31, 2024</b>	<b>As of December 31, 2023</b>
Dividends payable	12 E.	19,798	18,927
Interest payable	10(b) y (f)	10,442	8,646
Accounts payable to related parties	16(b)	10,117	7,806
Current income tax payable	18.B(f)	6,833	-
Trade accounts payable		5,305	9,607
Contributions and labor contributions payable		4,402	193
Compensation and vacation payable		3,967	10,081
Directors' compensation payable		842	2,168
Contingencies payable		736	736
Value added tax payable		-	10,538
Other accounts payable		220	882
		<b>62,662</b>	<b>69,584</b>
<b>Term</b>			
Current portion		58,695	66,081
Non-current portion		3,967	3,503
		<b>62,662</b>	<b>69,584</b>

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**10. Other Financial Liabilities**

(a) This caption comprises the following:

<i>In thousands of soles</i>	As of March 31, 2024			As of December 31, 2023		
	Current Portion	Non-current Portion	Total	Current Portion	Non-current Portion	Total
Bank promissory notes (b)	243,025	-	243,025	92,713	-	92,713
Bank loans (c)	273,327	623,981	897,308	242,114	707,933	950,047
	<b>516,352</b>	<b>623,981</b>	<b>1,140,333</b>	<b>334,827</b>	<b>707,933</b>	<b>1,042,760</b>

(b) As of March 31, 2024, and December 31, 2023 the bank promissory note refers to a working capital financing obtained has no specific guarantees and are renewed depending on the working capital needs of the Group. The balance of bank promissory notes is detailed below:

<i>In thousands of soles</i>	Currency	Maturity Date	As of March 31, 2024	As of December 31, 2023
<b>Financial entity</b>				
Scotiabank Perú	Dollars	April 2024	93,025	92,825
Banco Internacional del Perú	Soles	March 2025	80,000	-
Banco de Crédito del Perú	Soles	July 2024	70,000	-
			<b>243,025</b>	<b>92,825</b>
Amortized cost			-	(112)
<b>Total</b>			<b>243,025</b>	<b>92,713</b>

As of March 31, 2024 and December 31, 2023, interest payable on bank loans amounted to approximately PEN 2,389,000 and PEN 31,000, respectively, and are recognized in the separate statement of financial position under "Trade and other accounts payable," note 9.

As of March 31, 2024, the interest expenses from bank promissory notes maintained by the Company amounted to approximately PEN 2376,000, and are recognized in the separate income statement under "Financial Expenses," note 15.



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(c) The balance of bank loans is detailed below:

<i>In thousands of soles</i>	<b>Maturity Date</b>	<b>Original Amount</b>	<b>Currency</b>	<b>Use of Funds</b>	<b>As of March 31, 2024</b>	<b>As of December 31, 2023</b>
<b>Bank loans</b>						
Banco de Crédito del Perú	October 2026	502,500	Soles	Redemption of overseas bond	332,152	360,906
Scotiabank Perú	January 2027	671,547	Soles	Refinancing of financial liabilities	257,226	268,205
BBVA Banco Continental	January 2027	533,357	Soles	Refinancing of financial liabilities	230,010	239,828
Banco Internacional del Perú	January 2027	228,385	Soles	Refinancing of financial liabilities	80,675	84,119
					<b>900,063</b>	<b>953,058</b>
Amortized cost					(2,755)	(3,011)
<b>Total</b>					<b>897,308</b>	<b>950,047</b>

As of March 31, 2024 and December 31, 2023, the Company has provided a guarantee to the subsidiary UNACEM Perú S.A. for the bank loans transferred up to a limit of PEN 686,061,000 and PEN 779,232,000, respectively.

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- (d) The financial safeguards applicable to local financial liabilities are monitored quarterly and calculated based on: (i) combined quarterly financial information of the Company and its subsidiary UNACEM Perú S.A. (as if the reorganization had not been carried out), and (ii) consolidated quarterly financial information of the Company; considering the calculation methodologies required by each financial entity.

In the opinion of the Management, the Company has complied with the financial safeguards as of March 31, 2024 and December 31, 2023.

- (e) As of March 31, 2024 and December 31, 2023, interest payable on medium- and long-term bonds and debt with bank entities amounted to approximately PEN 8,053,000 and PEN 8,615,000, respectively, and is recognized in the separate statement of financial position under "Trade and other accounts payable," note 9.

Interest on medium- and long-term debt with bank entities for the years ended March 31, 2024 and December 31, 2023 amounted to approximately PEN 10,252,000 and PEN 11,952,000, respectively, and is recognized in the separate income statement under "Financial expenses," note 15.

- (f) As of March 31, 2024 and December 31, 2023, the Company maintains bank loans in soles at effective annual interest rates ranging from 4.30% to 4.92%.

**11. Deferred Income Tax Asset**

- (a) As of March 31, 2024 and December 31, 2023, the net carrying amount is approximately PEN 19,395,000 and PEN 17,498,000, respectively.
- (b) The income tax expense shown in the separate income statement for the years ended March 31, 2024 and December 31, 2023 amount to approximately PEN 8,653,000 and PEN 683,000, respectively.

**12. Net Stockholders' Equity****A. Issued capital**

As of March 31, 2024 and December 31, 2023, the issued capital is represented by 1,780,000,000 and 1,818,127,611 subscribed and paid-in ordinary shares, respectively, with a face value of PEN 1 per share. The ordinary shares of stock of the Company are traded on the Lima Stock Exchange.

<b>As of March 31, 2024</b>			
<b>Shareholder</b>	<b>Number of Shares</b>	<b>Shareholding Percentage</b>	
Inversiones JRPR S.A.	483,489,609	27.16%	
Nuevas Inversiones S.A.	459,129,497	25.79%	
Pension Fund Management Companies (AFP)	424,800,465	23.83%	
Others	412,580,429	23.18%	
	<b>1,780,000,000</b>	<b>100.00%</b>	

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<b>As of December 31, 2023</b>		
<b>Shareholder</b>	<b>Number of Shares</b>	<b>Shareholding Percentage</b>
Inversiones JRPR S.A.	483,489,609	27.16%
Nuevas Inversiones S.A.	459,129,497	25.79%
Pension Fund Management Companies (AFP)	422,287,829	23.73%
Others	415,093,065	23.32%
	<b>1,780,000,000</b>	<b>100.00%</b>

As of March 31, 2024, the stock market price of each ordinary share was PEN 1.71 (PEN 1.52 as of December 31, 2023).

**B. Additional Capital**

It refers to the difference between the capital increase made in 2019 as a result of the merger of the Company with Sindicato de Inversiones y Administración S.A., Inversiones Andino S.A., and Inmobiliaria Pronto S.A., and the recorded equity.

**C. Treasury stock**

The Board of Directors' meeting held on August 20, 2021 approved a treasury stock purchase program for up to PEN 36,400,000, without exceeding 2% of issued shares; said program was extended in the Board of Directors' meetings held on December 22, 2021, June 28, 2022, and December 28, 2022. The term of the purchase program was extended to June 30, 2023.

In the Board of Directors' meeting held on June 28, 2023, it was resolved to extend the program until June 30, 2025, extending the maximum amount to PEN 112,000,000, without exceeding the 4% of treasury shares.

The shares purchased are held in the portfolio for a maximum period of two (2) years and, during said period, all the rights attaching thereto shall be suspended.

In addition, on August 31, 2023, the Shareholders' Meeting approved the amortization of 38,127,611 treasury shares generated by the program and the consequent reduction of the Company's capital stock from PEN 1,818,127,611 to PEN 1,780,000,000, charging the excess paid over the par value for the 38,127,611 shares to be amortized, which amounted to PEN 26,808,000, to the retained earnings account.

As of March 31, 2024, the Company holds 14,828,000 treasury shares equivalent to PEN 22,948,000.

**D. Legal Reserve**

Pursuant to the Business Corporations Act, the Company shall transfer no less than 10% of its profits distributed in each period, less the income tax, to a legal reserve until it equals 20% of the issued capital. The legal reserve may be used to offset losses or may be capitalized, but it shall be refunded in both cases. As of March 31, 2024 and December 31, 2023, the legal reserve equals 20% of the issued capital.

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**E. Dividend distribution**

The information on the dividends distributed is provided below:

**2024 Dividends**

<b>Date of Board of Directors' Meeting</b>	<b>Dividends Declared PEN (000)</b>	<b>Date of Payment</b>	<b>Dividends per Ordinary Share</b>
January 31, 2024	35,303	March 4, 2024	0.02
	<b>35,303</b>		

**2023 Dividends**

<b>Date of Board of Directors' Meeting</b>	<b>Dividends Declared PEN (000)</b>	<b>Date of Payment</b>	<b>Dividends per Ordinary Share</b>
January 25, 2023	36,103	February 27, 2023	0.02
April 27, 2023	36,102	May 31, 2023	0.02
July 26, 2023	36,099	August 31, 2023	0.02
October 23, 2023	35,464	November 28, 2023	0.02
	<b>143,768</b>		

As of March 31, 2024 and December 31, 2023, the balance of dividends payable amounts to PEN 19,798,000 and PEN 18,927,000, respectively, note 9.

**13. Revenue from Ordinary Activities**

This caption comprises the following:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of March 31, 2024</b>	<b>As of December 31, 2023</b>
Dividend revenue	16(a)	71,269	44,153
Royalty revenue	16(a)	48,040	46,017
		<b>119,309</b>	<b>90,170</b>
<b>Timing of revenue recognition</b>			
Services transferred at a point in time		119,309	90,170
		<b>119,309</b>	<b>90,170</b>

**14. Administrative Expenses**

This caption comprises the following:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of March 31, 2024</b>	<b>As of December 31, 2023</b>
Third-party services		11,025	5,962
Personnel expenses		7,744	10,756
Amortization of intangible assets	8(b)	566	959
Taxes		407	345
Depreciation	7(b)	15	9
Others		640	1,634
		<b>20,397</b>	<b>19,665</b>

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**15. Financial Expenses**

It mainly refers to interest from medium- and long-term debt with bank entities. As of March 31, 2024 and December 31, 2023, it amounts to approximately PEN 12,628,000 and PEN 11,952,000, respectively, notes 10(b) and 10(e).

**16. Transactions with Related Companies**

(a) As of March 31, 2024 and December 31, 2023,, the main transactions with related companies were as follows:

<i>In thousands of soles</i>	<i>Note</i>	<b>2024</b>	<b>2023</b>
<b>Revenue</b>			
<b>Dividend revenue -</b>	<i>13</i>		
UNACEM Perú S.A.		36,418	29,303
ARPL Tecnología Industrial S.A.		14,000	13,243
Inversiones en Concreto y Afines S.A.		8,871	1,435
Compañía Eléctrica el Platanal S.A.		4,928	172
Ferrocarril Central Andino S.A.		7,052	-
<b>Royalty revenue -</b>	<i>13</i>		
UNACEM Perú S.A.		26,305	27,972
Skanon Investments Inc.		10,583	7,209
UNACEM Ecuador S.A.		5,307	5,615
Unión de Concreteras S.A. (i)		3,417	2,985
Compañía Eléctrica el Platanal S.A.		2,428	2,270
<b>Revenue from interest on loans granted to related parties-</b>			
Compañía Eléctrica el Platanal S.A.		1,495	-
Prefabricados Andinos Perú S.A.C.		463	461
Inversiones Nacionales y Multinacionales Andinas S.A.		14	280
Digicem S.A.		-	296
UNACEM Perú S.A.		-	13
<b>Other revenue and refunds -</b>			
UNACEM Perú S.A.		1,296	6,348
Compañía Eléctrica el Platanal S.A.		471	88
UNACEM Chile S.A.		249	11
ARPL Tecnología Industrial S.A.		234	-
<b>Purchases and costs</b>			
<b>Surveillance services -</b>			
Vigilancia Andina S.A.		181	141
<b>Administrative support services -</b>			
UNACEM Perú S.A.		802	474
<b>Interest expense on loans received from related parties -</b>			
UNACEM Perú S.A.		33	-
<b>Others -</b>			
UNACEM Ecuador S.A.		823	-
Inversiones Nacionales y Multinacionales Andinas S.A.		768	1,880
Compañía Eléctrica el Platanal S.A.		652	173

(i) On January 1, 2024, Concremax S.A. was merged with and into Unión de Concreteras S.A.

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- (b) As a consequence of these and other minor transactions, the Company reports the following related party balances:

<i>In thousands of soles</i>	<i>Nota</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Accounts receivable</b>			
Prefabricados Andinos Perú S.A.C.		4,426	3,889
Compañía Eléctrica el Platanal S.A.		1,778	-
UNACEM Perú S.A.		1,268	18
Unión de Concreteras S.A.		612	612
UNACEM Chile S.A.		-	11
Others		781	523
		<b>8,865</b>	<b>5,053</b>
<b>Dividends receivable</b>			
ARPL Tecnología Industrial S.A.		14,000	-
Inversiones Imbabura S.A.		12,411	13,417
UNACEM Perú S.A.		-	11,000
		<b>26,411</b>	<b>24,417</b>
<b>Royalties receivable</b>			
UNACEM Perú S.A.		28,129	8,677
Skanon Investments Inc.		20,209	9,702
UNACEM Ecuador S.A.		3,975	4,460
Unión de Concreteras S.A. (i)		3,418	3,488
Compañía Eléctrica el Platanal S.A.		2,395	1,472
		<b>58,126</b>	<b>27,799</b>
<b>Loans receivable</b>			
Compañía Eléctrica el Platanal S.A.		92,850	92,506
Prefabricados Andinos Perú S.A.C.		26,055	25,055
Inversiones Nacionales y Multinacionales Andinas S.A.		1,000	350
Generación Eléctrica de Atocongo S.A.		-	220
		<b>119,905</b>	<b>118,131</b>
<b>Total accounts receivable</b>	<b>5</b>	<b>213,307</b>	<b>175,400</b>
<b>Terms</b>			
Current portion		188,252	150,345
Non-current portion		25,055	25,055
		<b>213,307</b>	<b>175,400</b>
<b>Accounts payable</b>			
UNACEM Perú S.A.		1,572	-
Inversiones en Concreto y Afines S.A.		6,448	6,448
UNACEM Ecuador S.A.		959	753
UNACEM Chile S.A.		326	325
Inversiones Nacionales y Multinacionales Andinas S.A.		226	115
Compañía Eléctrica el Platanal S.A.		474	-
Others		112	165
<b>Total accounts payable</b>	<b>9</b>	<b>10,117</b>	<b>7,806</b>

(i) On January 1, 2024, Concremax S.A. was merged with and into Unión de Concreteras S.A.

- (c) As of March 31, 2024, the total compensation received by the key management officers and directors amounted to approximately PEN 5,709,000 (as of March 31, 2023, for approximately PEN 10,132,000); such compensation includes short-term employee benefits and severance pay.

The Company enters into related party transactions on terms equivalent to those applied in arm's length transactions; therefore, there is no difference in pricing policies or tax bases. Policies related to payment terms do not differ from those used in arm's length transactions.

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**17. Earnings per Share**

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of outstanding ordinary shares during the year.

The calculation of the weighted average of shares and of diluted and basic earnings per share is detailed below:

<i>In thousands of</i>	<b>Outstanding Shares</b>	<b>Basic Earnings for the Weighted Average</b>	<b>Number of Days in the Year</b>	<b>Weighted Average of Outstanding Shares</b>
<b>Year 2024</b>				
Balance as of January 1, 2024	1,765,172	1,765,172	365	1,765,172
<b>Balance as of March 31, 2024</b>	<b>1,765,172</b>	<b>1,765,172</b>		<b>1,765,172</b>
<b>Profit for the year (in thousands of soles)</b>				<b>80,023</b>
<b>Net basic and diluted earnings per share (expressed in soles)</b>				<b>0.045</b>

<i>In thousands of</i>	<b>Outstanding Shares</b>	<b>Basic Earnings for the Weighted Average</b>	<b>Number of Days in the Year</b>	<b>Weighted Average of Outstanding Shares</b>
<b>Year 2023</b>				
Balance as of January 1, 2023	1,805,161	1,805,161	365	1,805,161
Purchase of treasury stock	(57)	(57)	14	(2)
<b>Balance as of March 31, 2023</b>	<b>1,805,104</b>	<b>1,805,104</b>		<b>1,805,159</b>
<b>Profit for the year (in thousands of soles)</b>				<b>56,756</b>
<b>Net basic and diluted earnings per share (expressed in soles)</b>				<b>0.031</b>

As of March 31, 2024 and December 31, 2023, the Company holds 14,828,000 and 13,024,000 treasury shares, with an average of 726 and 412 days, respectively.

**18. Commitments and Contingencies****A. Financial commitments**

As of March 31, 2024, the Company's main financial commitments include:

- Corporate guarantee granted jointly by Unacem Corp, Unacem Peru, Desert Ready Mix and Desert Aggregates in favor of the subsidiary Skanon Investments, for a total of USD 345 million, maturing in October 2026, in favor of the syndicate of banks that granted the debt for the acquisition of Tehachapi Cement.
- Letters of guarantee in favor of SUNAT for a total of PEN 57,633,000 maturing in October 2024, in order to secure tax obligations related to income tax for the years 2008 and 2010.

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**B. Tax situation**

***Tax rates***

- (a) The Company is subject to the Peruvian tax system. As of March 31, 2024 and December 31, 2023, the income tax rate is 29.5% of the net taxable income determined by the Company.

The income tax rate applicable to the distribution of dividends and any other form of profit distribution is 5%, which is applicable to profit generated and distributed as of January 1, 2017.

***Value-Added Tax System***

- (b) As of March 31, 2024 and December 31, 2023, pursuant to the Peruvian tax system, the Value-Added Tax (VAT) rate is 18%.

***Temporary Tax on Net Assets (ITAN)***

- (c) The tax rate is 0.4% as of March 31, 2024 and December 31, 2023, and is applied to the amount of the net assets exceeding PEN 1 million. This tax may be paid in cash or in nine (9) consecutive monthly installments. The amount paid may be used as a credit against the advance payments of the income tax. If any balance remains unapplied, the refund of such balance may be requested.

The Company paid the Temporary Tax on Net Assets (ITAN) for the year 2023 in the amount of PEN 7,743,000. For the period ended on March 31, 2024 and December 31, 2023, no ITAN payments have been made.

***Transfer pricing***

- (d) In order to assess the income tax, the transfer pricing of transactions with related companies and with companies residing in low or zero taxation territories must be supported by documentation and information on the valuation methods used and the criteria used for their assessment.

Based on an analysis of the Company's operations, the Management and its legal advisors consider that no significant contingencies will result from the application of these regulations as of March 31, 2024 and December 31, 2023.

***Tax review by the Tax Authority***

- (e) The Tax Authority has the power to review and, if applicable, to correct the income tax calculated by the Company for the four years following the filing of the tax return. The income tax returns for the years 2019 to 2023 are open for review by the Tax Authority. Currently, a definitive audit and inspection process for the 2018 income tax return is in progress.

Due to the possible interpretations of the applicable statutory provisions by the Tax Authority, it is not possible to determine now whether or not any liabilities will result from future reviews for the Company. Therefore, any greater tax or surcharge that might arise from the tax reviews would be applied to the profit or loss for the year in which it is determined. In the opinion of the Company's Management and legal advisors, any



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possible additional settlement of taxes for such periods will not have a significant impact on the separate financial statements as of March 31, 2024 and December 31, 2023.

- (f) As of March 31, 2024, the net income tax credit balance of PEN 6,833,000 is recognized in the separate statement of financial position under "Trade and other accounts receivable," note 9 (as of December 31, 2023, the net income tax credit balance of PEN 10,782,000 is recognized under "Trade and other accounts receivable," note 5).

### **C. Contingencies**

In the ordinary course of business, several tax, legal (labor and administrative) and regulatory claims have been filed against the Company, which are recorded and disclosed in accordance with the IFRS.

#### **(a) Tax proceedings:**

As a result of the tax audit and inspection processes performed on previous years, SUNAT has served the Company with several resolutions for alleged non-payments. In some cases, the Company has filed claim remedies before higher instances because it considers that such resolutions do not comply with the law; and, in other cases, the Company has paid the tax assessments received under protest.

As of March 31, 2024 and December 31, 2023, the main tax proceedings pending before the Tax Administration are related to the following matters:

- Income tax for the years 2000, 2001, 2004, 2005 and 2009
- Contribution to the supplementary retirement fund for mining, metallurgical and steel workers for the years 2013 to 2017
- Mining royalties of former Cementos Lima, years 2008 and 2009
- Mining royalties of former Cemento Andino, year 2008

As of March 31, 2024 and December 31, 2023, the Company records balances receivable related to such tax proceedings, note 5(a), given that, in the opinion of the Company's Management and legal advisors, there are sufficient grounds to believe that a result favorable to the Company's interests will be obtained.

## **19. Financial Risk Management Objectives and Policies**

It refers to the management of the main risks faced by the Company due to the nature of its operations, namely: market, credit and liquidity risks.

### **A. Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in the market prices. Market prices involve four types of risk: interest rate risk, exchange rate risk, commodity price risk, and other price risks. The financial instruments affected by market risk include bank deposits, bank loans, and other financial liabilities.

#### **i. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of March 31, 2024 and December 31, 2023, the Company does not have any interest-bearing financial instruments.

#### **ii. Exchange rate risk**

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in exchange rates. The Company's exposure to the exchange rate risk relates primarily to the Company's operating activities (when income and expenses are

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in a currency other than the Company's functional currency) and secondly to the obtaining of financing in U.S. dollars.

The Management monitors this risk by analyzing the country's macroeconomic variables. As of March 31, 2024 and December 31, 2023, the Management decided to accept the exchange risk of this position; consequently, it has not entered into any transactions using derivative instruments for hedging purposes.

As of March 31, 2024 and December 31, 2023, the fact of having balances in foreign currency resulted in a net gain of approximately PEN 172,000 (loss of approximately PEN 826,000 and gain of approximately PEN 998,000) and a net loss of PEN 502,000 (loss of approximately PEN 5,405,000 and gain of approximately PEN 4,903,000), respectively; they are recognized in the separate income statement under "Exchange difference, net."

***Sensitivity to exchange rates***

The table below shows the sensitivity to a reasonably possible change in the U.S. dollar exchange rate, assuming that all the other variables will remain constant, on the Company's before-tax profits (due to changes in the fair value of monetary assets and liabilities).

<i>Effect in thousands of soles</i>	<b>Profit or loss for the period</b>	
	<b>Devaluation</b>	<b>Devaluation</b>
<b>March 31, 2024</b>		
USD (5% movement)	1,989	(1,989)
USD (10% movement)	3,979	(3,979)
<b>March 31, 2023</b>		
USD (5% movement)	1,804	(1,804)
USD (10% movement)	3,607	(3,607)

**B. Credit risk**

Credit risk is the risk that a financial loss will be incurred if a counterparty to a financial instrument or commercial contract fails to discharge its obligations. The Company is exposed to the credit risk from its operating activities and financial activities, including deposits held in banks and financial institutions, foreign currency transactions and other financial instruments. The maximum exposure to credit risk for the items in the separate financial statements as of March 31, 2024 and December 31, 2023 is represented by the sum of the items of cash and cash equivalents, and trade and other accounts receivable.

***Cash and bank deposits***

The credit risk of cash at banks is administered by Management in accordance with the Company's policies. The counterparty credit limits are reviewed by Management and the Board of Directors. The limits are set to minimize risk concentration and, therefore, mitigate financial losses from potential breaches by the counterparty.

***Other accounts receivable from related parties***

Other accounts receivable from related parties mainly refer to dividends and royalties. As of March 31, 2024 and December 31, 2023, dividends receivable are collected in the short term and are therefore measured at cost.

***Other accounts receivable***

Other accounts receivable refer to outstanding balances for items not related to the Company's main operating activities. As of March 31, 2024 and December 31, 2023, other accounts receivable mainly correspond to: claims to the Tax Administration and advance payments of income tax. The Company's Management continuously monitors the credit risk of these items

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and periodically assesses debts evidencing an impairment to determine the required provision for bad debts.

**C. Liquidity risk**

The Company monitors the risk of a deficit of funds using a liquidity planning tool on a recurring basis.

The Company's objective is to maintain a balance between continuity and flexibility of financing by using overdrafts in checking accounts, bank loans, and other financial liabilities.

The tables below summarize the maturity terms of the Company's financial liabilities based on the undiscounted payments under the respective contracts:

<i>In thousands of soles</i>	<i>Note</i>	Carrying Amount	As of March 31, 2024		
			Less than 12 months	2 - 3 years	Total
Trade and other accounts payable	9	62,662	58,695	3,967	62,662
<b>Other financial liabilities</b>					
Amortization of principal	10	1,140,333	516,352	623,981	1,140,333
Cash flows from payment of interest		-	45,049	30,331	75,380
<b>Total liabilities</b>		<b>1,202,995</b>	<b>620,096</b>	<b>658,279</b>	<b>1,278,375</b>

<i>In thousands of soles</i>	<i>Note</i>	Carrying Amount	As of December 31, 2023			Total
			Less than 12 months	2 - 3 years	4 - 8 years	
Trade and other accounts payable	9	69,584	66,081	3,503	-	69,584
<b>Other financial liabilities</b>						
Amortization of principal	10	1,042,760	334,827	638,675	69,258	1,042,760
Cash flows from payment of interest		-	40,635	37,599	745	78,979
<b>Total liabilities</b>		<b>1,112,344</b>	<b>441,543</b>	<b>679,777</b>	<b>70,003</b>	<b>1,191,323</b>

**D. Capital management**

The Company's objectives in managing capital are to safeguard its ability to continue as a going concern in order to provide the expected returns to its shareholders and the respective benefits to other stakeholders and to maintain an optimal capital structure to reduce capital cost.

For the purposes of maintaining or adjusting the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to the shareholders, issue new shares or sell assets to reduce its debt.

The Company monitors its capital based on the debt-to-equity ratio. Such ratio is calculated by dividing the net debt by the total equity. The net debt corresponds to the total debt (including current and non-current debt) less cash and cash equivalents. The total equity corresponds to the net stockholders' equity, as shown in the separate statement of financial position, plus the net debt.

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**20. Fair Values**

The Management considers that there are no significant differences between the carrying amount and the fair value of the Company's financial instruments as of March 31, 2024 and December 31, 2023, mainly due to their short-term maturity.

**A. Financial instruments not measured at fair value**

Below are the other financial instruments that are measured at amortized cost and which fair value is disclosed in this note, as well as the level of such fair value in the accounting hierarchy.

**Level 1**

- Cash and cash equivalents are not significantly exposed to credit or interest rate risks. Therefore, their carrying amounts approximate their fair value.
- Accounts receivable are net of the estimated provision for bad debts and have mainly maturities of less than three (3) months. Therefore, in the opinion of the Management, their fair value does not differ materially from their carrying amount.
- Trade and other accounts payable have current maturities; for this reason, in the opinion of the Management, their accounting balance approximates their fair value.

**Level 2**

- The fair values of the other financial liabilities have been determined comparing the market interest rates at their initial recognition and the current market rates related to similar financial instruments. The table below provides a comparison between the carrying amounts and the fair values of these financial instruments:

<i>In thousands of soles</i>	<b>As of March 31, 2024</b>		<b>As of December 31, 2023</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Bank promissory notes	243,025	245,067	92,713	93,004
Bonds and bank loans	897,308	898,584	950,047	946,553

**21. Subsequent Events**

In the opinion of the Company's Management, between April 1, 2024 and the date of issuance of these separate financial statements, no significant financial and accounting events have occurred that could affect the interpretation of these financial statements.