

# SECURITIES AND EXCHANGE COMMISSION

## FORM 20-F

Annual and transition report of foreign private issuers pursuant to sections 13 or 15(d)

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### FILER

#### **CEMENTOS PACASMAYO SAA**

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-35401

CEMENTOS PACASMAYO S.A.A.  
(Exact name of Registrant as specified in its charter)

PACASMAYO CEMENT CORPORATION  
(Translation of Registrant's name into English)

Republic of Peru  
(Jurisdiction of incorporation or organization)

Calle La Colonia 150, Urbanización El Vivero  
Surco, Lima  
Peru  
(Address of principal executive offices)

Javier Durand, Esq., General Counsel  
Tel. +51-1-317-6000  
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(Name, telephone, email and/or facsimile number and address of company contact person)

Securities registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value S/1.00 per share, in the form of American Depositary Shares, each representing five Common Shares	CPAC	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

At December 31, 2023

423,868,449 common shares
4,238,397 investment shares*

\* Excluding 36,040,497 investment shares held in treasury.

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Note- Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 203.405 of this chapter) during the preceding 12 months (or for such other period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐  
Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act. ☐

<sup>†</sup> The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the Registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐

International Financial Reporting Standards as issued by the International Accounting Standards Board ☒

Other ☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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## PART I INTRODUCTION

### Certain Definitions

All references to “we,” “us,” “our,” “our company,” “Pacasmayo,” and “Cementos Pacasmayo” in this annual report are to Cementos Pacasmayo S.A.A., a publicly held corporation (*sociedad anónima abierta*) organized under the laws of Peru, and, unless the context requires otherwise, its consolidated subsidiaries. References to “our controlling shareholder” are to Inversiones ASPI S.A. The term “U.S. dollar” or “U.S. dollars” and the symbol “US\$” refer to the legal currency of the United States; and the term “sol” or “soles” and the symbol “S/” refer to the legal currency of Peru.

### Financial Information

Our consolidated financial statements included in this annual report have been prepared in *soles* and in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and audited in accordance with the standards of the Public Company Accounting Oversight Board (United States).

We have translated some of the *soles* amounts appearing in this annual report into U.S. dollars for convenience purposes only. Unless the context otherwise requires, the rate used to translate *soles* amounts to U.S. dollars was S/3.709 to US\$1.00, which was the average accounting exchange rate (*tipo de cambio contable*) reported on December 31, 2023, by the Peruvian Superintendence of Banks, Insurance and Private Pension Fund Administrators (*Superintendencia de Banca, Seguros y AFPs*, or “SBS”). The Federal Reserve Bank of New York does not report a noon buying rate for *soles*. The U.S. dollar equivalent information presented in this annual report is provided solely for convenience of the reader and should not be construed as implying that the *soles* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate.

Certain figures included in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregations of the figures that precede them.

In this annual report, we present EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin, which are financial measures that are not recognized under IFRS. We refer to such financial measures as “non-IFRS” financial measures. A non-IFRS financial measure is generally defined as one that purports to measure financial performance, financial position or cash flows of the subject reporting company but excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. We present EBITDA and adjusted EBITDA, and EBITDA margin and adjusted EBITDA margin because we believe they provide the reader with supplemental measures of the financial performance of our core operations that facilitate period-to-period comparisons on a consistent basis. EBITDA, adjusted EBITDA, EBITDA margin and adjusted EBITDA margin should not be used as an alternative to profit or operating profit, operating margin as an indicator of operating performance, as an alternative to cash flow provided by operating activities or as a measure of liquidity (in each case, as determined in accordance with IFRS). EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin, as calculated by us, may not be comparable to similarly titled measures reported by other companies, including those in the cement industry. For a calculation of EBITDA and adjusted EBITDA and a reconciliation of EBITDA and adjusted EBITDA to the most directly comparable IFRS financial measure, see “Item 4. Information on the Company—B. Business Overview—Overview.” EBITDA margin is equal to EBITDA divided by sales of goods. Adjusted EBITDA margin is equal to adjusted EBITDA divided by sales of goods.

## Market Information

We make estimates in this annual report regarding our competitive position and market share, as well as the market size and expected growth of the construction sector and cement industry in Peru. We have made these estimates on the basis of our management’s knowledge and statistics and other information available from the following sources:

- the Central Bank of Peru (*Banco Central de Reserva del Perú*, or the “BCRP”);
- the National Statistical Institute of Peru (*Instituto Nacional de Estadística e Informática*, or “INEI”);
- the Association of Cement Producers of Peru (*Asociación de Productores de Cemento*, or “ASOCEM”);

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- the Ministry of Housing, Construction and Sanitation (*Ministerio de Vivienda, Construcción y Saneamiento*);;
- ADUANET, a website administered by the Peruvian Tax Superintendence (*Superintendencia Nacional de Administración Tributaria*, or “SUNAT”);
- the Peruvian Chamber of Construction (*Cámara Peruana de la Construcción*); and
- the Global Competitiveness Index prepared by the World Economic Forum.

We believe these estimates to be accurate as of the date of this annual report.

## Forward-Looking Statements

This annual report contains forward-looking statements. Forward-looking statements convey our current expectations or forecasts of future events. These statements involve known and unknown risks, uncertainties and other factors, including those listed under “Item 3. Key Information – D. Risk Factors,” which may cause our actual results, performance or achievements to differ materially from the forward-looking statements that we make.

Forward-looking statements typically are identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “project,” “plan,” “believe,” “potential,” “continue,” “is/are likely to,” or other similar expressions. Any or all of our forward-looking statements in this annual report may turn out to be inaccurate. Our actual results could differ materially from those contained in forward-looking statements due to a number of factors, including:

- political, economic and social risk inherent to conducting business in Peru;
- exchange rates, inflation rates and interest rates;
- the entry of new competitors into the market we serve;
- construction activity levels, particularly in the northern region of Peru;
- private investment and public spending in construction projects;
- natural disasters, such as floods and earthquakes affecting the northern region of Peru, and global events, such as public health crises and epidemics/pandemics and the worldwide effects thereof and responses thereto;
- availability and prices of energy, admixtures and raw materials;
- changes in the regulatory framework, including tax, environmental and other laws;
- the successful expansion of our production capacity;
- our ability to compete with potential substitutes of cement products that may be introduced in the Peruvian construction industry;
- our ability to maintain and expand our distribution network;
- international conflicts, such as the current one between Russia and Ukraine and Israel and Hamas, and the worldwide effects and responses thereto
- our ability to retain and attract skilled employees; and
- other factors discussed under “Item 3. Key Information—D. Risk Factors.”

The forward-looking statements in this annual report represent our expectations and forecasts as of the date of the filing of this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this annual report.

#### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

#### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

#### ITEM 3. KEY INFORMATION

##### A. [Reserved]

##### B. Capitalization and Indebtedness

Not applicable.

##### C. Reasons for the Offer and Use of Proceeds

Not applicable.

##### D. Risk Factors

##### Global Macroeconomic Conditions

*Global macroeconomic conditions may have an adverse effect on our business, financial condition and results of operations.*

Our operations and customers are located in Peru. As a result, our business, financial condition and results of operations, like those of most companies in Peru, may be adversely affected by the level of economic activity in the country. However, economic activity in Peru is significantly affected by global factors. The United States, China and Europe are important recipients of Peru's exports, and therefore a slowdown in one or more of these economies will affect Peru's economic activity. Further, natural resources exports, particularly mining, are the main source of income of the Peruvian economy, and therefore any reduction in demand and/or pricing for these exports will have a significant effect on economic activity in Peru, and hence could adversely affect the demand for our products.

During 2023, world economic activity was affected by the continuing Russia-Ukraine war, as well as the war between Israel and Hamas, and by rising inflation rates. The world economy showed moderate growth, due in part to the dynamism of the economies of the United States and India, in spite of a sharp contraction in China and the unfavorable evolution of Europe. The global manufacturing sector remained stagnant during 2023, principally as a result of the lack of dynamism in global trade, particularly trade in goods, mainly due to the disruptions in maritime trade that raised transportation costs, particularly container shipping. Container shipping costs increased, in part, because the Panama Canal was affected by droughts, which led to restrictions and transportation delays. Separately, the attacks in the Red Sea area caused the major shipping companies to divert their ships away from transit through the Suez Canal to other routes, such as the circumnavigation of Africa through the Cape of Good Hope. Although these shipping transportation pressures have recently decreased, increases in shipping costs remains a risk factor for global growth. We produce and sell all of our products within Peru, and are therefore less exposed to these global factors, but an overall increase in freight costs could affect our ability to import some third-party raw materials and therefore affect our results of operations, and we may still experience indirect impacts, such as rising inflation rates.

The cement sector is closely related to the following main macroeconomic variables: (i) the expansion or contraction of the economy as measured by gross domestic product ("GDP"), (ii) domestic demand, (iii) private investment and (iv) public spending. In this regard, prolonged conditions, at the global level, that adversely affect one or more of these variables would negatively affect the cement sector, which may have an adverse effect on our business, financial condition and results of operations.

*International conflicts, such as the current war between Russia and Ukraine, and the war between Israel and Hamas, as well as other geopolitical tensions or conflicts have put upward pressure on international prices, increasing inflation, and therefore could adversely affect our business, financial condition, and results of operations.*

Russia's full-scale invasion of Ukraine in February 2022 and Israel's invasion of Gaza in October 2023 have created economic uncertainty, volatility and disruption in global markets. Although the length and impact of these conflicts are highly unpredictable, to date, they have had an adverse effect on global economic conditions and business activity globally and have led to (i) credit and capital market disruptions, (ii) increases in interest rates and inflation in the market in which we operate and (iii) lower global growth, among others. In addition, the Russia-Ukraine war has caused interruptions in the trade flows of goods produced in those countries (mainly energy and grains) which, in turn, generated upward pressure on international prices of those goods.

Similar pressures have been observed in the price of energy. Russia is a major producer of natural gas, oil and coal. Production and commercial activities have been affected by direct and indirect sanctions. Peru is a net importer of oil, and as such it has been affected by increased prices, which led to above-average inflation levels in 2023. Moreover, we use coal in our operations that, although mostly sourced locally, has a price that is correlated to the global price of energy. Likewise, according to our electricity contracts, payments for electricity are based on a formula that takes into consideration certain market variables, such as the U.S. purchase price index, the global price of oil, the local price of natural gas and the import price of bituminous coal. If energy prices increase globally, our local price of energy will also increase, therefore affecting our results of operation.

Geopolitical and economic risks have also increased over the past few years as a result of trade tensions between the United States and China, and the rise of populism and tensions in South America and Europe. The foregoing conflicts and any other geopolitical tensions may lead, among others, to a de-globalization of the world economy, an increase in protectionism or barriers to immigration, a general reduction of international trade in goods and services, or a reduction in the integration of financial markets. For our company, the inflationary pressures generated by these conflicts and/or de-globalization could adversely affect our business, financial condition and results of operations.

***Increases in global freight costs could adversely affect international prices, which, in turn, may increase inflation and therefore adversely affect our business, financial condition and results of operations.***

Although global freight prices have decreased from the peak levels experienced in the past two years, during 2023, certain adverse developments continued to put pressure on these prices. During the second half of the year, attacks on commercial vessels in the Red Sea caused increases in costs relating to re-rerouting commercial vessels away from the Suez Canal. Although this route does not directly affect our business, prolonged increased freight prices on this route can affect prices on other routes and therefore our business and results of operations. In addition, global risks to the supply chain relating to climate effects, which impact maritime transport (such as the low water levels in the Panama Canal), continue to adversely affect global freight prices. Likewise, geopolitical tensions in Europe, the Middle East and China, as well as continued trade tensions between China and the United States, could generate new risks to the supply chain and corresponding increases in freight prices.

## **Risks Relating to Peru**

***Political, social and economic developments in Peru including political instability, rates of inflation and unemployment could have a material adverse effect on our business, financial condition and results of operations.***

All of our operations and customers are located in Peru. Accordingly, our business, financial condition and results of operations depend on the level of economic activity in Peru. Our business, financial condition and results of operations could be affected by changes in economic and other policies of the Peruvian government (which has exercised and continues to exercise substantial influence over many aspects of the private sector), and by other economic and political developments in Peru, including devaluation or depreciation, currency exchange controls, inflation, economic downturns, political instability, corruption scandals, social disturbances and terrorism.

During the 1980s and the early 1990s, Peru experienced severe terrorist activity targeted against, among others, the government and the private sector. Since then, terrorist activity in Peru has been mostly confined to small-scale operations in the Huallaga Valley and the Valleys of the Rivers Apurimac, Ene and Mantaro, or “VRAEM,” areas, both in the Eastern part of the country. The Huallaga Valley and VRAEM constitute the largest areas of coca cultivation in the country and thus serve as a hub for the illegal drug trade. Terrorist activity and the illegal drug trade continue to be key challenges for Peruvian authorities. Any violence derived from the drug trade or a resumption of large-scale terrorist activities which may occur could hurt our operations and could disrupt the economy of Peru and our business. In addition, Peru has recently experienced social and political turmoil, including riots, nationwide protests, strikes and street demonstrations, as well as overall lack of safety in the streets, extortions, among other crimes that affect personal security, and could therefore have an effect on demand for our products and services and affect our business and results of operations.

In the past, Peru has experienced political instability that included a succession of regimes with disparate economic policies and programs that created uncertainty for domestic and foreign investors. Pedro Castillo became President of Peru, after a disputed election result in 2021. He faced political opposition in the Peruvian Congress, which was highly fragmented, as no political party had achieved a clear majority and at least 10 political parties had minority representation, which led some groups in the Peruvian Congress to ask for his resignation. On December 7, 2022, President Castillo announced his decision to dissolve Congress, to intervene in the Judiciary, the Public Ministry, the Attorney General’s Office, and the Constitutional Court, in addition to the scheduling of an election of a new Congress. These efforts by President Castillo failed due to the immediate rejection by all government bodies, including the cabinet and the armed and police forces. President Castillo was impeached that same day by Congress and arrested in transit to the Mexican embassy in Lima to request political asylum. The then Vice President Dina Boluarte was sworn in as President in accordance with the line of constitutional succession.

The initial days of President Boluarte’s term were characterized by strong protests in certain areas of the country. Her mandate is currently scheduled to end in 2026. However, since the political opposition in the Peruvian Congress remains strong, no assurance can be given that impeachment motions will not be presented to the Peruvian Congress against President Boluarte during the remainder of her term. We can provide no assurance that protests will not escalate in the future. In addition, the Peruvian government may seek to modify and reform the Peruvian Constitution to expand the role of the government in activities currently undertaken by the private sector in accordance with statements made during the campaign of former President Castillo. Although it is expected that a majority of the Peruvian Congress would oppose certain new policies and reforms, we can provide no assurance that policymaking by the government will not be unpredictable. We cannot assure you whether President Boluarte or any of her successors will pursue business-friendly and open-market economic policies that stimulate economic growth and stability, and that measures negatively impacting private investment, such as higher taxation or exchange controls, will not be implemented.

Economic activity of Peru in 2023 was affected by climatic anomalies, such as Cyclone Yaku in the North of Peru, and the overall effects of coastal El Niño Phenomenon, which lasted during much of the year (between April and November), and materialized in the form of rain in the north and anomalies of marine and environmental temperatures. Variations in economic indicators such as inflation, “GDP”, the balance of payments, the appreciation and depreciation of the national currency, access to credit, interest rates, investment and savings, consumption, spending and fiscal income and employment rates, among other variables, over which we have no control, could affect the development of the Peruvian economy and, therefore, could adversely affect our business, financial condition and results of operations.

Despite Peru’s ongoing economic growth and continued stabilization, the social and political tensions and high levels of poverty and proper employment continue. Future government policies to preempt or respond to social disturbances could include, among other things, expropriation, nationalization, suspension of the enforcement of creditors’ rights and new taxation policies. These policies could adversely and materially affect the Peruvian economy and our business.

***A depreciation or devaluation of the sol could have a material adverse effect on our business, financial condition and results of operations.***

A significant depreciation or devaluation of the sol may affect us due to the fact that our revenues are denominated in soles while 25.7% of our costs, as of December 31, 2023, was denominated in U.S. dollars. As a result, we are exposed to currency mismatch risks. We expect to continue reducing our U.S. dollar-denominated costs, since we stopped requiring imported clinker when our new kiln came on line during the second half of 2023. Nonetheless, a depreciation or devaluation of the sol against the U.S. dollar and

increased exchange rate volatility would increase the cost of our debt service obligations which could have a material adverse effect on our business, financial condition and results of operations.

***The implementation of restrictive exchange rate policies and other similar laws by the Peruvian government could adversely affect our business, financial condition and results of operations.***

Since 1991, the Peruvian economy has undergone a major transformation from a highly protected and regulated system to a free market economy. During this period, protectionist and interventionist laws and policies have been dismantled. Currently, foreign exchange rates are determined by market conditions, with regular open-market operations by the BCRP in the foreign exchange market to reduce volatility in the value of Peru's currency against the U.S. dollar.

We cannot assure you that the Peruvian government will not institute restrictive exchange rate policies in the future. Any such restrictive exchange rate policy could have a material adverse effect on our business, financial condition and results of operations and adversely affect our ability to repay debt or other obligations and restrict our access to international financing.

In addition, if the Peruvian government were to institute restrictive exchange rate policies in the future, we might be obligated to seek an authorization from the Peruvian government to make payments in U.S. dollars. We cannot assure you that such an authorization would be obtained. Any such exchange rate restrictions or the failure to obtain such an authorization could materially and adversely affect our ability to make payments under our U.S. dollar-denominated debt and to pay dividends on our common shares to holders of the American Depositary Shares ("ADSs") representing our common shares.

***Increased rates of inflation in Peru could have an adverse effect on the Peruvian long-term credit market, as well as the Peruvian economy generally and, therefore, on our business, financial condition and results of operations.***

In the past, Peru has suffered through periods of high and hyper-inflation, which has materially undermined the Peruvian economy and the government's ability to create conditions that support economic growth. In response to increased inflation, the BCRP, which sets the Peruvian basic interest rate, may increase or decrease the basic interest rate in an attempt to control inflation or foster economic growth. Increases in the base interest rate could adversely affect our results of operations, increasing the cost of certain funding. Additionally, a return to a high-inflation environment would also undermine Peru's foreign competitiveness, with negative effects on the level of economic activity and employment, while increasing our operating costs and adversely impacting our operating margins if we are unable to pass the increased costs on to our customers. Although inflation was 3.1% for 2023, below the previous five-year average of 4.4%, inflation rates in Peru may rise in the future as a result of supply shocks, including rises in prices of energy, increased freight costs, and/or an increase in domestic demand. Conflicts, such as the war between Russia and Ukraine and Israel and Hamas are likely to exacerbate these effects. In addition, there has been an increase in interest rates globally, which may have an effect on the cost of financing and adversely affect our business and financial condition if we were to require financing

***Changes in tax laws or their interpretation may increase our tax burden and, as a result, negatively affect our business.***

The Peruvian Congress and government regularly implement changes to tax laws that may increase our tax burden, or the tax burden of our subsidiaries. These changes may include modifications in our taxable base, tax rates and, on occasion, the enactment of temporary taxes that in some cases have become permanent taxes or changes to VAT (value added tax) exemptions applicable to certain of our operations in the Amazonian region. We are unable to estimate the outcomes that these changes may have on business. In that sense, the Peruvian government recently introduced several changes related to transfer pricing rules and formal obligations in order to comply with BEPS (base erosion and profit shifting) Guidelines on transactions performed between related parties or with the intervention of low or no-tax jurisdictions, such as the obligation to file new local-files, master-files and country-by-country reports with the Peruvian tax authority, and to adjust taxable bases accordingly for income tax purposes.

The effects of any tax reforms that could be proposed in the future and any other changes that result from the enactment of additional reforms have not been, and cannot be, quantified. However, any changes to our tax regime or interpretations thereof (including in connection with the tax rates, tax base (*base imponible*), deductions rules, payments in advance regime (*regimen de pagos a cuenta*), time of payment or the establishment of new taxes thereof) may result in increases in our overall costs and/or our overall compliance costs, which could negatively affect our results of operations.

***Our operations could be adversely affected by an earthquake, flood or other natural disasters.***

Severe weather conditions and other natural disasters in areas in which we operate may materially adversely affect our operations. Peru is affected by El Niño, an oceanic and atmospheric phenomenon that causes a warming of temperatures in the Pacific Ocean, resulting in heavy rains off the coast of Peru and various other effects in other parts of the world. The effects of El Niño, which typically occurs every two to seven years, and is occurring in 2024, include flooding and the destruction of fish populations and agriculture, and, accordingly, have a negative impact on Peru's economy. For example, in March 2023, Cyclone Yaku generated intense rainfall, which resulted in flooding and landslides, which severely damaged some areas in the north of Peru. Although our facilities were not significantly affected, our ability to ship cement was compromised by the destruction of infrastructure. Moreover, the road between our quarry and our plant in Piura was flooded and became inaccessible, potentially causing increased logistics costs. Since we had inventory of seashells from our quarry, we were able to use it while repairing the road. During the first quarter of 2024, we officially inaugurated a new road between our quarry and our plant in Piura that was rebuilt in a manner that will allow water to pass below in the event of heavy rains.

Peru also is located in an area that experiences seismic activity and occasionally is affected by earthquakes. For example, in 2007, an earthquake with a magnitude of 7.9 on the Richter scale struck the central coast of Peru, severely damaging the region south of Lima. Although the North is not typically affected by earthquakes, we cannot assure you that such an event will not occur and if it does, it could adversely affect our business and results of operations.

***Our operations could be adversely affected by government-mandated plant closures.***

Public health crises, such as epidemics or pandemics, as well as other events deemed to be public emergencies, may result in the government requiring us to cease our operations. For example, in March 2020, the Peruvian government ordered a state of emergency due to the COVID-19 outbreak, and required us to close our operations for approximately two months in 2020. This closure had a materially adverse effect on our business, financial condition, and results of operations, in particular during the state of emergency. Although our business recovered well following the required period of closure, we cannot assure you that the government will not take similar measures in the future as a result of public health crises or other public emergencies that may have an impact on the Peruvian economy as a whole, the construction sector, our customers' ability to purchase cement and cement-based products, and/or our customers' ability to pay for products we have previously sold to them.

***Our operations are subject to physical challenges related to climate change.***



Climate change may have an adverse impact on the regions where our operations are located. Some of the risks of climate change include heavy precipitation. Extreme precipitation, leading to flooding, may damage the roads and potentially reduce our productivity and increase our costs. Roads blocked as a consequence of floods could also affect our ability to both ship our finished products and receive raw materials, negatively affecting our business and results of operation.

***The Peruvian economy could be adversely affected by economic developments in regional or global markets.***

Financial and securities markets in Peru are influenced by economic and market conditions in regional and global markets. Although economic conditions vary from country to country, investors' perceptions of the events occurring in one country may adversely affect cash flows and securities from issuers in other countries, including Peru. For example, the announcement of rate increases by the U.S. Federal Reserve, the trade war between the United States and China, and, while our direct exposure to Russia is limited, Russia's large-scale continued military invasion of Ukraine, the military conflict between Israel and Hamas, among other factors, had an impact on the Peruvian economy by adding inflationary pressures, including in respect of high food and energy prices.

Any interruption to the recovery of the developed economies, the continued effects of the global crises, a worsening or resurgence of the debt crisis in Europe, a new geopolitical tension in Europe resulting in economic and/or financial crisis, or a combination of the above, could affect the Peruvian economy, and consequently, materially adversely affect our business. In particular, the Peruvian economy recently has suffered the effects of fluctuating commodity prices in the international markets, a decrease in export volumes, a decrease in foreign direct investment inflows and, as a result, a decline in foreign reserves and an increase in its current account deficit. Additionally, adverse developments in regional or global markets or an increase in the perceived risks associated with investing in emerging markets in the future could adversely affect the Peruvian economy and, as a result, adversely affect our business, financial condition and results of operations.

***A decline in the prices of certain commodities in the international markets could have a material adverse effect on our financial condition and results of operations.***

In 2023, traditional exports, in particular mineral products, fishing products, agricultural products and petroleum and its derivatives, represented 72.4% of Peru's total exports, according to the figures published by the BCRP. Changes in commodity prices in the international markets may have an adverse impact on Peruvian government finances, which could affect both investor confidence and the sustainability of government expenditure and social programs. Thus, a decline in commodity prices could, ultimately, affect the political environment in Peru, especially as regional and local governments are particularly reliant on tax revenue from mining operations. Lower commodity prices could also affect the retail sector, leading to, for example, a decline in purchasing power and consumer spending.

***Corruption and ongoing high-profile corruption investigations may hinder the growth of the Peruvian economy and have a negative impact on our business and operations.***

Starting in 2017, Peru has suffered a series of government institutional crises due to, among other things, several corruption scandals involving prominent political figures, mainly past Presidents, and some large construction companies. Some of these corruption scandals resulted in impeachments (Martin Vizcarra and Pedro Castillo) or resignation (Pedro Pablo Kuczynski).

In addition, several corruption scandals regarding authorities at municipal, regional and national government levels are also ongoing, and former and current government officials have been detained. Peruvian authorities are currently conducting several high profile corruption investigations relating to the activities of certain Brazilian companies and their Peruvian partners in the construction and infrastructure sectors, which have resulted in suspension or delay of important infrastructure projects, which were otherwise operational and permitted. Additional investigations and/or corruption scandals may arise as a result of the cooperation agreement signed between the Peruvian government and Odebrecht S.A. in 2019. We cannot predict how these or future corruption scandals or investigations may affect the Peruvian economy, hinder the growth of the Peruvian economy and indirectly have a material adverse effect on our business, financial condition and results of operations.

Although recent history indicates that the macroeconomic stability of the country may remain unaffected by political turmoil, we cannot provide any assurance that political turmoil will not in the future have a material effect on the political or economic stability of the country. See "—Economic, social and political developments in Peru including political instability, rates of inflation and unemployment could have a material adverse effect on our business, financial condition and results of operations."

***Public health crises, including epidemics/pandemics, such as the COVID-19 pandemic, have adversely affected Peru's economy and therefore our business, financial condition and results of operations.***

The COVID-19 pandemic had a material adverse impact on the Peruvian economy in 2020, resulting in volatility in the financial markets, reduced international trade and lower activity in certain of the key drivers of the economy. In addition, social distancing and stay-at-home quarantine measures imposed to minimize pressure on the healthcare system and contain social costs, adversely affected dynamism of various productive sectors of the economy. Reduced activity in these economic sectors resulted in reduced employment and less income for families and companies.

We cannot assure you that the measures adopted by the Peruvian government to counteract the effects of public health crises, such as the COVID-19 pandemic, or others, will be sufficient over the long term to restore public confidence or to restore economic growth.

## **Risks Relating to our Business and Industry**

***We are subject to the possible entry of domestic or international competitors into our market, which could decrease our market share and profitability.***

The cement market in Peru is competitive and is currently served mainly by three main groups, which together supply most of the cement consumed in the country, although there are two smaller producers and some imports. In the cement industry, the location of a production plant tends to limit the market a plant can serve because transportation costs are high, reducing profit margins. Historically, we have supplied the northern region of Peru while two other groups have supplied the central (which includes the Lima metropolitan area) and southern regions of Peru, driven principally by the location of production facilities and distribution focus. However, competition could intensify if other manufacturers decide to enter our market.



We may face increased competition if the other Peruvian cement manufacturers, despite incremental freight costs, expand their distribution of cement to the northern region of Peru, or if they develop a cement plant in the north, particularly if the cement markets in Lima or other areas of Peru become saturated. In the past, some foreign cement manufacturers have announced plans to build cement plants in the central region of the country. If competition intensifies in the central region of Peru due to the presence of foreign cement manufacturers or otherwise, it may have price repercussions in our market.

We also face the possibility of competition from the entry into our market of imported clinker for grinding facilities, cement or other materials or products from foreign manufacturers, which may have significantly greater financial resources than us, particularly as production capacity continues to exceed depressed demand in other parts of the world and transportation costs decrease.

We may not be able to maintain our market share if we cannot match our competitors' prices or keep pace with the development of new products. If any of these events were to occur, our business, financial condition and results of operations could be adversely affected.

***Demand for our cement products is highly related to housing construction in northern Peru, which, in turn, is affected by economic conditions in the region.***

Cement consumption is highly related to construction levels. Demand for our cement products depends, in large part, on residential construction in the north of Peru, which consists mostly of low-income families gradually building or improving their own homes without technical assistance, which we refer to as *auto-construcción*. We estimate that in 2023, *auto-construcción* accounted for approximately 73.0% of our cement sales. Residential construction, in turn, is highly correlated to prevailing economic conditions in Peru. A decline in economic conditions would reduce household disposable income and cause a significant reduction in residential construction, leading to a decrease in demand for cement. As a result, a deterioration of economic conditions in the northern region of Peru would have a material adverse effect on our financial performance and results of operations. We cannot assure you that growth in Peru's GDP, or the contribution to GDP growth attributable to the northern region of the country, will continue at the recent pace or at all, as the economy continues to be affected by external factors such as inflationary pressure, and political uncertainty continues.

***A reduction in private or public construction projects in the northern region of Peru would have a material adverse effect on our business, financial condition and results of operations.***

We estimate that in 2023, approximately 16.2% of our cement sales were derived from private construction (other than *auto-construcción*) and 10.8% from public construction in the north of Peru. Significant interruptions or delays in, or the termination of, private or public construction projects may adversely affect our business, financial condition and results of operations. Private and public construction levels in our market depend on investments in the region which, in turn, are affected by economic conditions.

The level of public infrastructure construction also depends, to a great extent, on the priorities and financial resources of the national, regional and local governmental authorities. Although the anticipated increase in Peru's large infrastructure projects has been delayed, this remains an important growth driver for the country and also a necessity due to Peru's significant infrastructure deficit. In the North, spending was directed towards reconstruction works to address the damage caused by Coastal El Niño, based on Peru's "Reconstruction with Changes" Plan. This Plan had an approved budget of S/25.7 billion (US\$7.6 billion), and in June 2020, the Peruvian government signed an agreement with the government of the United Kingdom, for the execution of a package of S/7 billion. Through the agreement, the United Kingdom provided the structure, strategy and governance processes necessary for the timely delivery of all works, promoting efficiency and avoiding corruption. This agreement expired on December 31, 2023. We cannot assure you that public spending for construction projects will continue in the upcoming years. A reduction in public infrastructure spending in our market would adversely affect our business, financial condition and results of operations.

***Our business, financial condition and results of operations may be adversely affected by increases in energy prices or shortages in the supply of energy, as well as third-party raw materials.***

Electricity and coal account for a significant percentage of our production costs. In 2023, the cost of electricity represented approximately 16.0% of our cement production costs, compared to 14.2% in 2022 and 13.5% in 2021, and coal represented approximately 23.1% of our cement production costs in 2023, compared to 16.8% in 2022 and 11.5% in 2021. The increase in the percentage of the total production cost that coal represents is related to an overall decrease in other costs, as we stopped using imported clinker and achieved overall savings in maintenance costs. We use a substantial amount of coal in our production process. Most of the coal we use is anthracite coal which we purchase from domestic suppliers and import a small amount of bituminous coal from suppliers primarily in Colombia, in each case, at market prices. We do not have long-term coal supply agreements, and we do not engage in hedging transactions in connection with the price of coal. Any shortage or interruption in the supply of coal could also disrupt our operations. In addition, the price of coal is largely driven by the price of oil, and, as a result, increases in international oil prices are likely to affect the price of coal and adversely affect our results of operations.

We have a long-term electricity supply agreement with Electroperú S.A. ("Electroperú"), a government-owned company, to serve the electricity requirements of our Pacasmayo and Piura facilities until 2026. We have also entered into a supply agreement with Electro Oriente S.A. ("ELOR") to supply the Rioja facility until November 2024 (subject to extension). During 2023, there was a disruption in the energy supply in the Rioja facility, initially estimated as maintenance works that should have lasted 2 to 3 days, but that ended up lasting around seven weeks. During this period, we were unable to operate our plant and had to transport the cement from our coastal plants in order to satisfy demand, resulting in increased costs.

Our business, financial condition and results of operations could be materially and adversely affected by higher costs, interruptions, and unavailability or shortage of electricity. We have no back-up power system at our plants and cannot assure you that, in case of interruption or failure in Electroperú's or ELOR's operations, we will have access to other energy sources at the same prices and conditions, which could adversely affect our business, financial condition and results of operations. Moreover, electricity to our plants is transmitted through the Peruvian Electricity Interconnection System (*Sistema Eléctrico Interconectado Nacional del Perú*, or "SEIN"). Any interruptions or failures in SEIN's system would also have a material adverse effect on our business, financial condition and results of operations.

In the recent years, we have experienced electricity rationing, limiting our use of electricity to certain times of the day. In such cases, we were forced to readjust our production schedules in order to ensure that our production process was not interrupted. In the event of any future rationing of electricity, we may not be able to readjust quickly enough, and our production process may be interrupted. Future shortages or efforts to respond to or prevent shortages, such as rationing, may adversely impact the cost or supply of electricity for our operations.

A significant increase in the prices of coal, gas or electricity would increase our costs of production. We may not be able to increase the prices of our cement products in the future if the prices of coal, gas or electricity rises, which would adversely affect our business, financial condition and results of operations.

***Changes in the cost or availability of admixtures and raw materials supplied by third parties may adversely affect our business, financial condition and results of operations.***

We use certain admixtures and raw materials in the production of cement, such as gypsum, blast furnace slag and iron that we obtain from third parties. In 2023, our cost of admixtures and raw materials supplied by third parties as a percentage of our cement production costs was approximately 5.3%, compared to approximately 5.1% in 2022. Moreover, although our need for imported clinker significantly declined in 2023, when compared to 2022, we still had to use some imported clinker, and the cost of this imported clinker as a percentage of our cement production costs was approximately 4.0%, compared to 16.3% in 2022. We do not have long-term contracts for the supply of admixtures or raw materials that we use and if existing suppliers cease operations or reduce or eliminate production of these products, our costs to procure these materials may increase significantly or we may be obligated to procure alternatives to replace these products.

***We may undertake future acquisitions that may not achieve expected benefits.***

Our strategic initiatives include pursuing acquisitions that tend to diversify our existing portfolio of products and services and expand our geographic footprint. In the future, we may decide to expand by acquiring other companies in Peru or abroad. Any future acquisitions will depend on our ability to identify suitable candidates, negotiate acceptable terms, and obtain financing for the acquisitions. If future acquisitions are significant, they could change the scale of our business and expose us to new geographic, political, operating and financial risks. In addition, each acquisition involves a number of risks, such as the diversion of our management's attention from our existing business to integrating the operations and personnel of the acquired business, possible adverse effects on our results of operations during the integration process, our inability to achieve the intended objectives of the combination and potential unknown liabilities associated with the acquired assets.

***We may not be able to obtain the funding required to implement future strategies.***

Our strategies to continue to expand our cement production capacity and distribution network require significant capital expenditures. We cannot assure you that we will generate sufficient cash flow from operations, or that we will have access to external financing sources, to adequately fund such capital expenditures. Our access to external sources of financing will depend on many factors, including factors beyond our control, such as conditions in the global capital markets and investors' risk perception of investing in Peru and in emerging markets generally. Any equity or debt financing, if available, may not be on terms that are favorable to us. If our access to external financing is limited, we may not be able to execute our strategy, which could adversely affect our business, financial condition and results of operations.

In addition, our local bonds due 2029 and 2034, and the "club deal" loan we entered into in 2021, contain covenants that limit our ability and that of our restricted subsidiaries to incur additional indebtedness if we do not meet certain financial ratios. If we are unable to incur additional debt to fund our future strategies, our business could be adversely affected.

***We are subject to risks related to litigation and administrative proceedings that could adversely affect our business and financial performance in the event of an unfavorable ruling.***

The nature of our business exposes us to litigation relating to product liability claims, labor, health and safety matters, environmental matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes, among other matters. In the past, we have been subject to antitrust and tax proceedings or investigations. While we contest these matters vigorously and make insurance claims when appropriate, litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome of actual or potential litigation. Although we establish provisions as we deem necessary, the amounts that we reserve could vary significantly from any amounts we actually pay due to the inherent uncertainties in the estimation process. We cannot assure you that these or other legal proceedings will not materially affect our ability to conduct our business, financial condition and results of operations in the event of an unfavorable ruling.

***Our business is subject to a number of operational risks, which may adversely affect our business, financial condition and results of operations.***

Our business is subject to several industry-specific operational risks, including accidents, natural disasters, labor disputes and equipment failures. Such occurrences could result in damage to our production facilities and equipment, and/or the injury or death of our employees and others involved in our production process. Moreover, such accidents or failures could lead to environmental damage, loss of resources or intermediate goods, delays or the interruption of production activities and monetary losses, as well as damage to our reputation. Our insurance may not be sufficient to cover losses from these events, which could adversely affect our business, financial condition and results of operations.

In addition, key equipment at our facilities, such as our mills and kilns, may deteriorate sooner than we currently estimate. Such deterioration of our assets may result in additional maintenance or capital expenditures and could cause delays or the interruption of our production activities. If these assets do not generate the cash flows we expect, and we are not able to procure replacement assets in an economically feasible manner, our business, financial condition and results of operations may be materially and adversely affected.

***Our business depends on the continued operation of our Pacasmayo and Piura facilities.***

Our production facilities in Pacasmayo and Piura are essential to our business. In 2023, approximately 91.2% of our total cement and all of our quicklime was produced at our Pacasmayo and Piura facilities. These plants are subject to normal hazards of operating any cement production facility, including accidents, natural disasters and unexpected malfunctioning of the equipment. Any interruption in our operation of our Pacasmayo or Piura facilities or a decrease in the effective capacity of these facilities would adversely affect our results of operations.

***The introduction of cement substitutes into the market and the development of new construction techniques could have a material adverse effect on our business, financial condition and results of operations.***

Materials such as plastic, aluminum, ceramics, glass, wood and steel can be used in construction as a substitute for cement. In addition, other construction techniques, such as the use of drywall, could decrease the demand for cement and concrete. In Peru, drywall has only been introduced into the housing construction market in recent years and it is not widely used. However, the use of drywall for housing construction could increase significantly in the future as it becomes more popular. In addition, research aimed at developing new construction techniques and modern materials may introduce new products in the future. The use of substitutes for cement could cause a significant reduction in the demand and prices for our cement products.

### ***Our success depends on key members of our management and board of directors***

Our success depends largely on the efforts and strategic vision of our executive management team and our board of directors. The loss of the services of some or all of our executive management team or members of our board of directors could have a material adverse effect on our business, financial condition and results of operations.

The execution of our business plan also depends on our ongoing ability to attract and retain additional qualified employees capable of operating our plants. Due to the limited pool of skilled workers in the north of Peru or workers from other regions willing to relocate to the north of Peru, we may not be successful in attracting and retaining the personnel we require. If we are unable to hire, train and retain qualified employees at a reasonable cost, we may be unable to successfully operate our business or reach full planned production levels in a timely manner and, as a result, our business, financial condition and results of operations could be adversely affected.

### ***Our operations and sales are highly concentrated in the northern region of Peru.***

All of our operations are located in the northern region of Peru, including our production facilities and the quarries from where we obtain limestone to produce cement. In addition, substantially all our cement products are sold to consumers in this market. As a result, any adverse economic, political, or social conditions affecting the northern region of Peru, as well as natural disasters and weather conditions, such as the El Niño climate pattern, among other factors that may affect this region, could have a material adverse effect on our business, financial condition and results of operations. For example, in March 2023, Cyclone Yaku generated intense rainfall, which resulted in flooding and mudslides, which severely damaged some areas in the north of Peru, particularly the city of Pacasmayo, where we operate. Although there was no severe physical damage to our properties, we were affected by temporary road interruptions, inadequate workforce turnout, temporary disruptions in the supply of products, delays in the delivery of our products.

### ***We are subject to environmental regulations and may be exposed to liability and political cost as a result of our handling of hazardous materials and potential costs for environmental compliance.***

We are subject to various environmental protection and health and safety laws and regulations that regulate, among other things, the generation, storage, handling, use and transportation of hazardous materials; emissions and discharge of hazardous materials; and the health and safety of our employees. Pursuant to Peruvian law, in order to conduct mining and industrial activities, we are required, among other things, to (i) submit an environmental impact assessment to the Ministry of Production (*Ministerio de la Producción*) and a mining closure plan to the Ministry of Energy and Mines (*Ministerio de Energía y Minas*, or “MINEM”) prior to initiating mining activities, (ii) comply with certain air emission and wastewater discharge standards, (iii) obtain approval from the water management authority to discharge wastewater into natural water sources or soil, (iv) dispose solid waste generated by us in special landfills exclusively through companies registered with the environmental agency, and (v) store fuel in compliance with environmental and safety standards. In addition, we are required to have a health and safety committee and develop an internal health and safety code. Although we believe we are in compliance with all these regulations in all material respects, we cannot assure you that we have been or will be at all times in full compliance with these laws and regulations. Any violation of such laws or regulations could result in substantial fines, criminal sanctions, revocations of operating permits and shutdowns of our facilities. In addition, current or future governments may also impose stricter regulations which may require us to incur higher compliance costs.

Pursuant to certain applicable environmental laws, we could be held liable for all or substantially all of the damages caused by pollution at our current or former facilities or those of our predecessors or at disposal sites. We could also be held liable for all incidental damages due to the health effects of exposure of individuals to hazardous substances or other environmental damage.

We cannot assure you that our costs of complying with current and future environmental and health and safety laws and regulations, and any liabilities arising from past or future releases of, or exposure to, hazardous substances will not adversely affect our business, financial condition and results of operations.

### ***Evolving expectations and/or requirements for reporting on or implementing environmental, social and governance (ESG) programs could increase our costs, and failure to meet expectations or requirements could adversely affect our sales and results of operations.***

Expectations from shareholders, customers, employees, and other third parties concerning ESG reporting have increased and are increasing, and our ability to meet those expectations may be dependent on third parties. Regulatory requirements are also increasing, including a new rule on the Enhancement and Standardization of Climate-Related Disclosures for Investors adopted by the U.S. Securities and Exchange Commission on March 6, 2024 which will require the disclosure of information including a registrant’s material climate-related risks, activities to mitigate that risk, oversight of climate-related risks, any material climate-related targets or goals, the financial statement impacts of severe weather events, and, for certain issuers, Scope 1 and 2 greenhouse gas emissions. Although this new rule was voluntarily stayed by the SEC on April 4, 2024, pending resolution of multiple challenges to be heard by the Eighth Circuit Court, we cannot assure you that the stay will not be lifted in the future. Meeting stakeholder expectations and regulatory requirements could require additional resources and compliance costs.

### ***Social disturbances by local communities may have an adverse effect on our business and results of operations.***

Mining is an important part of the Peruvian economy. As of December 31, 2023, mining and oil and gas accounted for approximately 11.6% of the country’s GDP, according to the BCRP. On several occasions, local communities have opposed these operations and accused them of polluting the environment and hurting agricultural and other traditional economic activities. In recent years, Peru has experienced protests against mining projects in several regions around the country. For example, since 2019, there have been on-and-off conflicts in Las Bambas between local communities and China Minmetals Corp, resulting in road blockages and halt in operations repeatedly throughout this period, and is still ongoing. We conduct some extraction activities in our quarries and operate in areas close to local communities. Although we have historically had very good relationships with the local communities where we operate and nearby, we provide no assurance that this will continue to be the case in the future. During 2022, certain local communities made social demands relating to agriculture, transportation, mining, which caused instability. Social disturbances, mainly in the center and south of the country after the impeachment of President Castillo, caused further instability and resulted in an overall slowdown in GDP growth until the first quarter of 2023.

Illegal mining has also generated conflicts. During the last three years, Compañía Minera Poderosa, a gold mining company operating in Peru, has suffered repeated attacks by illegal miners colluding with national and foreign criminal organizations. Although a state of emergency has been declared in the region, and Minera Poderosa has significantly increased its own security, there was a new attack on April 5, 2024.

Social disturbances, mainly in the center and south of the country after the impeachment of President Castillo, caused further instability and resulted in an overall slowdown in GDP growth until the first quarter of 2023. Further social demands and conflicts may have an effect on the Peruvian economy, and on our business and results of operations.

### ***International agreements related to climate change may result in an increase in our costs.***

There are ongoing international efforts to address greenhouse emissions. The United Nations and certain international organizations have taken action against activities that may increase the atmospheric concentration of greenhouse gases. Regulatory measures, such as the Kyoto Protocol, aimed at addressing greenhouse gas emissions and climate changes, are in various stages of negotiation and implementation. Such measures may result in increased costs to us for installation of new controls aimed at reducing greenhouse gas emissions, purchase of credits or licenses for atmospheric emissions, and monitoring and registration of greenhouse gas emissions from our operations. These measures, if adopted in Peru, could adversely affect our business, financial condition and results of operations.

***Changes in regulations or in the interpretation of regulations may adversely affect our business, financial condition and results of operations.***

Our business is subject to extensive regulation in Peru, including, among others, relating to tax, environmental, labor, health and safety, and mining matters. We believe that our facilities are currently operating in all material respects in accordance with all applicable concessions, laws and regulations. Future regulatory changes, changes in the interpretation of such regulations or stricter enforcement of such regulations, including changes to our concession agreements, may increase our compliance costs and could potentially require us to alter our operations. We cannot assure you that regulatory changes in the future will not adversely affect our business, financial condition and results of operations.

***Any dispute with the labor unions that represent our employees could have an adverse effect on our business, financial condition and results of operations.***

As of December 31, 2023, approximately 22.2% of our employees were members of employee unions. Although we consider our relations with our employees are currently positive, we cannot assure you that we will not experience work slowdowns, work stoppages, strikes or other labor disputes in the future, which could adversely affect our business, financial condition and results of operations.

***New projects may require the prior approval of local indigenous communities.***

On September 7, 2011, Peru enacted Law No. 29785, regarding the Prior Consultation Right of Local Indigenous Communities, in accordance with the International Labor Organization Convention No. 169 (*Ley del Derecho a la Consulta Previa a los Pueblos Indígenas y Originarios, Reconocido en el Convenio 169 de la Organización Internacional del Trabajo*). This law, which became effective on December 6, 2011, establishes a prior consultation procedure (*procedimiento de consulta previa*) that the Peruvian government must carry out with local indigenous communities, whose rights may be directly affected by new legislative or administrative measures, including the granting of new mining concessions. Local indigenous communities do not have a veto right; upon completion of this prior consultation procedure, the Peruvian government retains the discretion to approve or reject the applicable legislative or administrative measure. However, to the extent that in the future our new projects may require implementation of legislative or administrative measures that impact local indigenous communities, we may not be able to undertake such projects, unless the Peruvian government first conducts the foregoing consultation procedure. We cannot assure you that this law will not adversely affect our new projects and have an adverse effect on our business, financial condition and results of operations.

***The instruments pursuant to which our principal indebtedness was issued contain financial and other covenants, and any default under any of these instruments may have a material adverse effect on our financial condition and cash flows.***

In January 2019, we issued an aggregate of S/570 million in debt securities in two issuances under our local bond program: one in the aggregate principal amount of S/260 million bearing interest at a rate of 6.68750% with a term of 10 years, and another in the aggregate principal amount of S/310 million bearing interest at a rate of 6.84375% with a term of 15 years. These issuances contain the same restrictions and covenants as our 4.50% Senior Notes due 2023. And, in 2021, we entered into a “club deal” loan, which also contains restrictive covenants, as well as financial covenants requiring us to meet certain financial ratios tests. Failure to meet or satisfy any of these covenants could result in an event of default under the indenture, the agreements governing our local bonds or our “club deal” loan.

***Failures in our information technology systems and information security (cybersecurity) systems can adversely impact our operations and reputation.***

Our operations are to a certain extent dependent on information technology and automated operating systems to manage or support our operations. The proper functioning of these systems is critical to the efficient operation and management of our business. In addition, these systems may require modifications or upgrades as a result of technological changes or growth in our business. These changes may be costly and disruptive to our operations. Our systems may be vulnerable to damage, disruption or intrusion caused by circumstances beyond our control, such as physical or electronic break-ins, catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, unauthorized access and cyberattacks. Although we take actions to secure our systems and electronic information through cybersecurity tools, backup and recovery solutions, procedures and policies which are based on Cybersecurity framework NIST 1.1 and ISO/IEC 27001:2013, have disaster recovery plans in case of incidents that could cause major disruptions to our business, these measures may not be sufficient since cybersecurity threats continue to evolve. Any significant information leakage or theft of information could affect our compliance with data privacy laws and damage our relationship with our employees, customers and suppliers, and also adversely impact our business, financial condition and results of operations. Our insurance does not cover any risk associated with any cyber security risks.

***We are incorporating artificial intelligence technologies into our processes. These technologies may present business, compliance, and reputational risks.***

Recent technological advances in artificial intelligence and machine-learning technology both present opportunities and pose risks to us. If we fail to keep pace with rapidly evolving technological developments in artificial intelligence, our competitive position and business results may suffer. At the same time, use of artificial intelligence has recently become the source of significant media attention and political debate. The introduction of these technologies, particularly generative AI, into our operations may result in new or expanded risks and liabilities, including due to enhanced governmental or regulatory scrutiny, litigation, compliance issues, ethical concerns, confidentiality or security risks, as well as other factors that could adversely affect our business, reputation, and financial results. In addition, our personnel could, unbeknownst to us, improperly utilize artificial intelligence and machine learning-technology while carrying out their responsibilities. The use of artificial intelligence can lead to unintended consequences, including generating content that appears correct but is factually inaccurate, misleading or otherwise flawed, or that results in unintended biases and discriminatory outcomes, which could harm our reputation and business and expose us to risks related to inaccuracies or errors in the output of such technologies and the risk that using such technologies could result in leakage of our confidential information.

**Risks Relating to our Common Shares and ADSs**

***The market price of ADSs may fluctuate significantly, and you could lose all or part of your investment.***

Volatility in the market price of the ADSs may prevent you from being able to sell your ADSs at or above the price you paid for them. The market price and liquidity of the market for the ADSs may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, among others:

- actual or anticipated changes in our results of operations, or failure to meet expectations of financial market analysts and investors;
- investor perceptions of our prospects or our industry;
- operating performance of companies comparable to us and increased competition in our industry;
- new laws or regulations or new interpretations of laws and regulations applicable to our business;
- general economic trends in Peru;
- catastrophic events, such as earthquakes and other natural disasters; and
- developments and perceptions of risks in Peru and in other countries.

***Our controlling shareholder has significant influence over us and his interests could conflict with the interests of other shareholders.***

As of March 31, 2024, our controlling shareholder beneficially owned 50.01% of our outstanding common shares. As a result, our controlling shareholder has the ability to determine the outcome of substantially all matters submitted for a vote to our shareholders and thus exercise control over our business policies and affairs, including, among others, the following:

- the composition of our board of directors and, consequently, any determinations of our board with respect to our business direction and policy, including the appointment and removal of our executive officers;
- determinations with respect to mergers, other business combinations and other transactions, including those that may result in a change of control;
- whether dividends are paid or other distributions are made and the amount of any such dividends or distributions;
- whether we offer preemptive and accretion rights to holders of our common shares in the event of a capital increase;
- sales and dispositions of our assets; and
- the amount of debt financing we incur.

Our controlling shareholder may direct us to take actions that could be contrary to the interests of our other shareholders and may be able to prevent other shareholders from blocking these actions or from causing different actions to be taken. Also, our controlling shareholder may prevent change of control transactions that might otherwise provide the shareholders with an opportunity to dispose of or realize a premium on their investment in our common shares and ADSs. We cannot assure you that our controlling shareholder will act in a manner consistent with our other shareholders' best interests.

***Holders of ADSs may be unable to exercise voting rights with respect to our common shares underlying the ADSs at our shareholders' meetings.***

Holders of ADSs may exercise voting rights with respect to the common shares represented by the ADSs only in accordance with the deposit agreement relating to the ADSs. Holders of our common shares will receive notice of shareholders' meetings through publication of a notice 25 days in advance, pursuant to Peruvian law, in the official gazette in Peru, a Peruvian newspaper of general circulation, the bulletin of the Lima Stock Exchange and the website of the *Superintendencia del Mercado de Valores* (the "Peruvian Securities Commission"), and will be able to exercise their voting rights by either attending the meeting in person or voting by proxy. ADS holders will not receive notice directly from us. Instead, pursuant to the deposit agreement, we will notify the depositary, which will mail to holders of ADSs the notice of the meeting and a statement as to the manner in which voting instructions may be given. To exercise their voting rights, ADS holders must instruct the depositary how to exercise the voting rights for the common shares which underlie their ADSs. Due to these additional procedural steps involving the depositary, the process for exercising voting rights may take longer for ADS holders than for holders of our common shares.

Holders of ADSs also may not receive voting materials in time to instruct the depositary to vote the common shares underlying their ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions of the holders of ADS or for the manner of carrying out such instructions, unless such failure can be attributable to gross negligence, bad faith or willful misconduct on the part of the depositary or its agents. Accordingly, holders of ADSs may not be able to exercise voting rights, and they will have little, if any, recourse if the underlying common shares are not voted as requested.

***The ability of holders of ADSs to receive payments of cash dividends may be limited.***

Our shareholders' ability to receive cash dividends may be limited by the ability of the depositary to convert cash dividends paid in *soles* into U.S. dollars. Under the terms of our deposit agreement with the depositary for the ADSs, the depositary will convert any cash dividend or other cash distribution we pay on the common shares underlying the ADSs into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If this conversion is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. If the exchange rate fluctuates significantly during a time when the depositary cannot convert the foreign currency, holders of ADSs may lose some or all of the value of the dividend distribution.

***Holders of ADSs may be unable to exercise pre-emptive or accretion rights with respect to the common shares underlying their ADSs.***



Under Peruvian corporate law, if we issue new common shares as part of a capital increase, unless otherwise agreed to by holders of 40% of our outstanding common shares, our shareholders will generally have the right to subscribe to a proportional number of common shares of the class held by them to maintain their existing ownership percentage, which is known as preemptive rights. In addition, shareholders are entitled to the right to subscribe for the unsubscribed common shares of either the class held by them or other classes which remain unsubscribed at the end of a preemptive rights offering, on a pro rata basis, which is known as accretion rights. Holders of ADSs may not be able to exercise the preemptive or accretion rights relating to common shares underlying the ADSs unless a registration statement under the U.S. Securities Act of 1933, as amended (the “Securities Act”), is effective with respect to those rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement with respect to the common shares relating to these preemptive and accretion rights and we cannot assure you that we will file any such registration statement. Unless we file a registration statement or an exemption from registration is available, holders of ADSs may receive only the net proceeds from the sale of their preemptive and accretion rights by the depositary or, if the preemptive and accretion rights cannot be sold, they will be allowed to lapse. As a result, U.S. holders of ADSs may suffer dilution of their interest in our company upon future capital increases.

***We are entitled to amend the deposit agreement under which the ADSs were issued, and to change the rights of ADS holders under the terms of such agreement, without the prior consent of the ADS holders.***

We are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. Any change related to an increase in deposits or charges for book-entry securities services or any modification that might hinder the rights of the ADS holders will be effective within 30 days after the ADS holders have received notice of such change or modification and such holders will have no right to any compensation whatsoever.

***Our status as a foreign private issuer allows us to follow alternate standards to the corporate governance standards of the New York Stock Exchange, which may limit the protections afforded to investors.***

We are a “foreign private issuer” within the meaning of the New York Stock Exchange corporate governance standards. Under New York Stock Exchange rules, a foreign private issuer may elect to comply with the practices of its home country and not to comply with certain corporate governance requirements applicable to U.S. companies with securities listed on the exchange. We currently follow certain Peruvian practices concerning corporate governance and intend to continue to do so. Accordingly, holders of ADSs will not have the same protections afforded to shareholders of companies that are subject to all New York Stock Exchange corporate governance requirements.

For example, the New York Stock Exchange listing standards provide that the board of directors of a U.S. listed company must have a majority of independent directors at the time the company ceases to be a “controlled company.” Under Peruvian corporate governance practices, a Peruvian company is not required to have a majority of independent members on its board of directors.

The listing standards for the New York Stock Exchange also require that U.S. listed companies; at the time they cease to be “controlled companies,” have a nominating/corporate governance committee and a compensation committee (in addition to an audit committee). Each of these committees must consist solely of independent directors and must have a written charter that addresses certain matters specified in the listing standards. Under Peruvian law, a Peruvian company may, but is not required to, form special governance committees, which may be composed partially or entirely of non-independent directors.

In addition, New York Stock Exchange rules require the independent non-executive directors of U.S. listed companies to meet on a regular basis without management being present. There is no similar requirement under Peruvian law.

The New York Stock Exchange’s listing standards also require U.S. listed companies to adopt and disclose corporate governance guidelines. In November 2013, the Peruvian Securities Commission and a committee comprised of regulatory agencies and associations prepared and published a list of suggested non-mandatory corporate governance guidelines called the “Good Corporate Governance Code for Peruvian Companies.” Although we have implemented a number of these measures, we are not required to comply with the corporate governance guidelines by law or regulation, only to disclose whether or not we are in compliance.

***Minority shareholders in Peru are not afforded equivalent protections as minority shareholders in other jurisdictions and investors may face difficulties in commencing judicial and arbitration proceedings against our company or our controlling shareholder.***

Our company is organized and existing under the laws of Peru, and our controlling shareholder is resident in Peru. Accordingly, investors may face difficulties in serving process on our company, our officers and directors or our controlling shareholder in other jurisdictions, and in enforcing decisions granted by courts located in other jurisdictions against our company, our officers and directors or our controlling shareholder that are based on securities laws of jurisdictions other than Peru.

In Peru, there are no proceedings to file class action suits or shareholder derivative actions with respect to issues arising between minority shareholders and an issuer, its controlling shareholders or directors and officers. Furthermore, the procedural requirements to file actions by shareholders differ from those of other jurisdictions, such as in the United States. As a result, it may be more difficult for our minority shareholders to enforce their rights against us, our directors, officers or controlling shareholder as compared to the shareholders of a U.S. company. The deposit agreement provides that the depositary has no obligation to commence or become involved in any judicial proceedings and any other legal actions relating to the ADSs or the deposit agreement, either on behalf of the ADS holders or on behalf of any other person.

***The ability of investors to enforce civil liabilities under U.S. securities laws may be limited.***

Most of our directors or executive officers are not residents of the United States. All or a substantial portion of our assets and those of our directors and executive officers are located outside of the United States. As a result, it may not be possible for investors in our securities to affect service of process within the United States upon such persons or to enforce in U.S. courts or outside of the United States judgments obtained against such persons outside of the United States.

We are a company organized and existing under the laws of Peru, and there is no existing treaty between the United States and Peru for the reciprocal enforcement of foreign judgments. It is not clear whether a Peruvian court would accept jurisdiction and impose civil liability if proceedings were commenced in a foreign jurisdiction predicated solely upon U.S. federal securities laws.

## ITEM 4. INFORMATION ON THE COMPANY

### A. History and Development of the Company

#### Our History

Cementos Pacasmayo S.A.A. was incorporated in Lima, Peru in 1949, by a group of private investors that founded the company to serve the cement market in the northern region of Peru. Cementos Pacasmayo began its operations in 1957 and is a publicly held corporation (*sociedad anónima abierta*) organized under the laws of Peru. Our executive offices are located at Calle La Colonia 150, Urbanización El Vivero, Surco, Lima, Peru. Our telephone number at this location is + (511) 317-6000. Our website address is [www.cementospacasmayo.com.pe](http://www.cementospacasmayo.com.pe). Information on or accessible through our website is not a part of, nor incorporated by reference in, this annual report.

Cementos Pacasmayo S.A.A. and Hochschild Mining plc together constitute the two businesses of the Hochschild Group, which has operated in Latin America for more than 100 years. Hochschild Mining plc is incorporated in the United Kingdom and its shares have been listed on the London Stock Exchange since 2006. Cementos Pacasmayo has been listed on the Lima Stock Exchange since 1995. As of March 31, 2024, Eduardo Hochschild, directly and indirectly, owned and controlled 38.32% of the shares of Hochschild Mining plc. Through Inversiones ASPI S.A. (“ASPI”), as of that same date, Eduardo Hochschild, directly and indirectly, owned and controlled 50.01% of the outstanding common shares of Cementos Pacasmayo S.A.A.

The Hochschild Group traces its origins to 1911, when Mauricio Hochschild, a German mining engineer, founded a group of companies in South America that came to be known as the Hochschild Group. Following World War I, the Hochschild Group expanded into Bolivia where it developed significant interests in tin. The Hochschild Group commenced operations in Peru in 1925 and in 1945 Luis Hochschild, the nephew of Mauricio Hochschild (and the father of Eduardo Hochschild), joined the Hochschild Group’s Peruvian operations.

During the first decades of its operations, the Hochschild Group focused on the commercialization of minerals, although it later began operating its own mines and other industrial companies. During World War II, the Hochschild Group was a key supplier of tin and other metals to the allied forces.

The Hochschild Group acquired its initial ownership interest in us in 1956. Set forth below are key developments in our company’s history.

- In 1957, we began our operations with the installation of our first clinker line with an installed production capacity of approximately 110,000 metric tons per year.
- 1966 and 1977, we added a second and third clinker line, respectively, increasing our installed clinker production capacity to approximately 830,000 metric tons per year.
- In November 1984, the South American mining and industrial operations of the Hochschild Group were sold to the Anglo American Corporation of South Africa which, in the same month, sold the Peruvian operations of the Hochschild Group, including its interest in Cementos Pacasmayo and predecessors of Hochschild Mining plc, to a group of companies controlled by Luis Hochschild.
- In 1995, we launched our distribution network to commercialize and distribute our products throughout the northern region of Peru. In that same year, we also listed our common shares for trading on the Lima Stock Exchange, currently under the ticker symbol “CPACASC1.”
- In 1998, we acquired from the Peruvian government our Rioja facility, located in the northeast of Peru. At the time, the Rioja facility had one clinker line with an installed cement production capacity of approximately 35,000 metric tons per year.
- In 2003, we acquired Zemex Corporation, a U.S. company engaged in non-metallic mining and industrial activities in the United States and Canada, which we sold in 2007 in a series of transactions.
- In 2009, we created Fosfatos del Pacífico in order to explore phosphate rock deposits from our concession at Bayóvar in the north of Peru.

- In 2010, we reached an aggregate total installed cement production capacity of 3.1 million in our Pacasmayo and Rioja facilities and completed the conversion of our Waelz kiln, retrofitting it to produce quicklime or calcine zinc interchangeably. That same year, we also sold our copper mining concessions in the central region of Peru known as “Mina Raul,” which were previously leased to a third party, for US\$28.0 million.
- In December 2011, we sold a minority equity interest in Fosfatos to an affiliate of Mitsubishi to develop our phosphate deposits in the Bayóvar fields, in the northwest of Peru.
- In March 2012, we completed our initial equity offering of 22,296,800 ADSs in the United States and listed the ADSs on the New York Stock Exchange.
- In February 2013, we issued US\$300 million in our inaugural international bond offering. A portion of the proceeds from this offering were used to prepay amounts outstanding on our secured loan agreement with BBVA Banco Continental, and the remaining proceeds were used to fund a portion of the capital expenditures related to the construction and operation of our new Piura plant and our cement business.
- In September 2015, we began producing cement at our new plant in Piura. This was a very important milestone for us, since we have been investing in this project since 2012 and we have begun to reap the benefits of this investment.
- In January 2016, we began producing clinker at our new plant in Piura, finishing the start-up of the plant, adding one million metric tons of annual clinker production capacity.
- In March 2017, we completed the spin-off of Fosfatos del Pacífico.
- In December 2017, our board of directors resolved to focus our strategy on our core business of developing cement and building solutions. In furtherance of this strategy, we have focused on disposing of our non-core investments. In the fourth quarter of 2017, we discontinued our brine project.
- In March 2018, we launched our new brand image and updated its vision: to further enhance our position as a leader in developing building solutions and innovations that anticipate the needs of our clients and that contributes to the progress of our country.



During 2018, we implemented the ISO 37001 anti-bribery management systems, obtaining certification in January 2019. This certification confirms that our management systems are designed to help prevent, detect and respond to bribery and comply with anti-bribery laws and voluntary commitments applicable to our activities. This certification and related initiatives reiterate our commitment to global anti-bribery best practices and high standards of transparency and good corporate governance.

In November 2018, we launched an offer to purchase for cash a portion of the US\$300 million principal amount of our outstanding 4.50% Senior Notes due 2023. The offer expired on December 7, 2018 and we purchased a total of US\$168,388,000, or approximately 56.13% of the total outstanding amount of our 4.500% Senior Notes due 2023.

On January 8, 2019, the General Shareholders' Meeting approved the creation of a local bond program in an aggregate principal amount up to S/1,000 million. On January 31, 2019, we issued an aggregate principal amount of S/570 million in debt securities under our local bond program: one in the aggregate principal amount of S/260 million accruing interest at a rate of 6.68750% per annum with term to maturity of 10 years, and the other in the aggregate principal amount of S/310 million accruing interest at a rate of 6.84375% per annum with a term to maturity of 15 years. The proceeds were used to purchase a portion of our 4.50% Senior Notes due 2023. The rates and terms obtained reduce our financial cost structure, with lower cost of capital, an extended maturity and less exposure to exchange rate fluctuations.

In 2020, we were included on the Dow Jones Sustainability ("DJS") MILA Pacific Alliance Index for the second consecutive year. This index is made up of those companies that demonstrate superior performance among their peers based on social, environmental, and economic criteria.

In 2021, given the exponential growth in the demand for cement, in October 2021, the optimization of the capacity of our Pacasmayo plant was approved, in order to produce an additional estimated 660,000 metric tons of clinker, and thus reduce the consumption of imported clinker.

In 2022, for the fourth consecutive year, we managed to be part of the annual DJS MILA Pacific Alliance Index, achieving a score of 79 points, which was an improvement of four points compared to the previous year. We were the only Peruvian cement company present in DJS MILA Pacific Alliance Index for 2022. In addition, to strengthen our sustainability strategy and especially our commitment to reducing emissions, in 2022, we designated a Sustainability Manager and a Climate Change Managing Director. During 2022, we implemented the ISO 37301 compliance management system, obtaining the certification in January 2023.

In 2023, we finished investing approximately US\$ 83.5 million in a more efficient kiln for our Pacasmayo plant. This investment is fully aligned with our medium- and long-term strategy as it demonstrates on the one hand, our firm belief in the future growth of our country and, on the other hand, our commitment to carbon neutrality, as this new kiln lowers our emissions. In addition, for the fifth consecutive year we were part of the annual DJS MILA Pacific Alliance Index and for the fourth consecutive year we were included in The Sustainability Yearbook 2024. Finally, the Institutional Investor highlighted us within the top three in the construction sector in Latin America in the "2023 Latin American Executive Team" and in the categories: Best Investor Relations Program, Best Investor Relations Team, Best CEO, Best CFO, Best Investor Relations Professional and Best Board of Directors. We also achieved the "Most Honored Company" distinction in Peru and Latin America, for having the highest cumulative success in the rankings.

## Capital Expenditures

We expect to spend approximately S/ 75 million per year over the next three years on recurring capital expenditures necessary to operate our plants and equipment. During 2023, we incurred additional capital expenditures to finance the optimization of our plant in Pacasmayo. We financed these investments with our current and future cash flows.

The table below sets forth our total capital expenditures incurred in 2023, 2022 and 2021.

(in millions of S/)	Year ended December 31,		
	2023	2022	2021
Pacasmayo plant projects	251.1	149.7	45.4
Concrete and aggregates equipment	18.2	18.8	27.9
Rioja plant projects	9.4	4.5	8.9
Piura plant projects	17.6	17.1	15.1
Other investing activities	3.0	-	-
Total	299.3	190.1	97.3

## B. Business Overview

### Overview

We are a Peruvian cement company, and the only cement manufacturer in the northern region of Peru. With more than 65 years of operating history, we produce, distribute and sell cement and cement-related materials, such as precast products and ready-mix concrete. Our products are primarily used in construction, which has been one of the fastest growing segments of the Peruvian economy in recent years. We also produce and sell quicklime for use in mining operations, although it represents a very small percentage of our overall revenues.

In 2023, our cement, concrete and precast shipments were approximately 3.0 million metric tons, representing an estimated 24.0% share of total cement shipments in Peru. Our sales volumes in 2023 decreased by 13.9% compared to 2022, but are still above pre-pandemic levels, as the variation between 2023 and 2019 was 13.0%. We believe the construction sector has significant potential to grow with the continued deficit in infrastructure and the persistent housing deficit in the country, as well as the reconstruction of northern Peru following Cyclone Yaku in the first half of 2023

We own three cement production facilities, our flagship Pacasmayo facility located in the northwest region of Peru, our Piura facility located around 300 kilometers north of Pacasmayo, and our smaller Rioja facility located in the northeast. Our facilities have a total installed annual cement production capacity of approximately 4.9 million metric tons. We also have an installed annual production capacity of 240,000 metric tons of quicklime. We own concession rights to several quarries with reserves of limestone and other raw materials located near our facilities.

In 2023, we began producing clinker in our new kiln in Pacasmayo, optimizing our capacity in this plant and adding 660,000 metric tons of clinker capacity per year.

We provide consumers with high-quality and value-added cement products and, as a result, we believe we have developed strong brand recognition and customer loyalty in our market. We have developed one of the largest independent retail distribution networks for construction materials in Peru. Through our network of 285 independent retailers and 313 hardware stores as of December 31, 2023, we distribute our cement products as well as other construction materials manufactured by third parties, such as steel rebar, cables and pipes, in the northern region of Peru. We also sell our cement products directly to other retailers that are not part of our distribution network and to private construction companies and government entities.

The following table sets forth certain macroeconomic data for Peru and operating and financial data for our company for the periods indicated.

	As of and for the year ended December 31,		
	2023	2022	2021
<b>Economic data<sup>(1)</sup>:</b>			
Change in GDP	(0.7)%	2.9%	13.2%
Change in construction sector in Peru	(8.0)%	3.5%	34.7%
<b>Operating data:</b>			
<i>Capacity (thousands of metric tons per year):</i>			
Installed cement capacity	4,940	4,940	4,940
Installed clinker capacity	3,035	2,780	2,780
<i>Production (thousands of metric tons):</i>			
Cement production	2,946	3,436	3,632
Clinker production	2,097	2,198	2,036
<i>Utilization rate at Pacasmayo plant<sup>(2)</sup>:</i>			
Cement	57.1%	61.0%	67.9%
Clinker	61.6%	62.3%	58.6%
<i>Utilization rate at Rioja plant<sup>(2)</sup>:</i>			
Cement	58.8%	69.8%	76.8%
Clinker	69.0%	85.7%	94.4%
<i>Utilization rate at Piura plant<sup>(2)</sup>:</i>			
Cement	64.5%	85.1%	82.7%
Clinker	80.7%	100.0%	89.3%
Gross profit (\$/ million)	689.4	652.0	559.4
Gross profit margin <sup>(3)</sup> :	35.4%	30.8%	28.9%
EBITDA (\$/ million)	481.8	493.9	453.9
EBITDA margin <sup>(4)</sup>	24.7%	23.3%	23.4%
Adjusted EBITDA <sup>(5)</sup> (\$/ million)	518.3	493.9	453.9
Adjusted EBITDA margin <sup>(6)</sup>	26.6%	23.3%	23.4%
Profit (\$/ million)	168.9	176.8	153.2
Profit margin	8.7%	8.4%	7.9%

(1) Source: BCRP.

(2) Utilization rate is calculated by dividing production for the specified period by installed capacity of that period.

(3) Gross profit margin is equal to gross profit as a percentage of net sales.

(4) EBITDA margin is equal to EBITDA divided by sales of goods.

(5) Adjusted EBITDA excludes the effect of the impairment of our vertical kilns.

(6) Adjusted EBITDA margin is equal to adjusted EBITDA divided by sales of goods.

### Non-IFRS Financial Measures and Reconciliation

We define EBITDA as net profit minus finance income and plus finance costs, income tax expense, and depreciation and amortization, and plus or minus gain from exchange difference, net. We define adjusted EBITDA as EBITDA minus the impairment of our vertical kilns.

EBITDA and adjusted EBITDA should not be construed as alternatives to profit or operating profit, as indicators of operating performance, as alternatives to cash flow provided by operating activities or as measures of liquidity (in each case, as determined in accordance with IFRS). EBITDA and adjusted EBITDA, as calculated by us, may not be comparable to similarly titled measures reported by other companies, including those in the cement industry.

The following table sets forth the reconciliation of our profit to EBITDA and adjusted EBITDA:

	Year ended December 31,			
	2023	2023	2022	2021
	(in millions of US\$)(1)	(in millions of S/)	(in millions of S/)	(in millions of S/)

Net profit	45.5	168.9	176.8	153.2
Income tax expense	20.7	76.8	85.6	70.9
Finance income	(1.9)	(7.2)	(3.3)	(2.9)
Finance costs	28.0	104.0	95.2	89.0
Net (loss) gain derivative financial instruments recognized at fair value through profit or loss	—	—	0.1	1.0
(Gain) Loss from exchange difference, net	(1.3)	(4.9)	1.0	7.1
Depreciation and amortization	38.9	144.2	138.5	135.6
EBITDA	129.9	481.8	493.9	453.9
Impairment of vertical kilns	9.9	36.6	—	—
Adjusted EBITDA	139.7	518.3	—	—

(1) Calculated based on an average exchange rate of S/3.709 to US\$1.00 as of December 31, 2023.

## Peruvian Cement Market

Peru had a negative 0.7% GDP in 2023, mainly due to the effects of social conflicts, unfavorable climatic conditions and the outbreak of avian flu, which affected production capacity and had a second round effect on private sector income and confidence. Additionally, there was a decrease in the purchasing power of households due to the persistent and significant increase in food prices, as well as a lower demand for non-traditional products, mainly from the North American market. From 2019 to 2023 GDP grew at a compound annual growth rate, (“CAGR”), of 0.7%. Growth during this period was accompanied by low inflation, which averaged 4.4% per year. In addition, as of December 31, 2023, the government had accumulated foreign exchange reserves of approximately US\$75.6 billion, and the sovereign long-term debt rating was investment grade from each of the three major international credit rating agencies. Although this economic growth had resulted, among other key trends, in significant poverty reduction, with a decrease in the percentage of the country’s population living below the poverty line from approximately 48.6% in 2004 to approximately 27.2% in 2022.

We sell substantially all our cement in the northern region of Peru, which in 2023 accounted for approximately 32.9% of the country’s population and 20.0% of national GDP. Two other groups sold most of the cement consumed in each of the central and southern regions of Peru, with 1.7% of all the cement consumed in the country coming from imports, and approximately 3.4% coming from a small domestic producer. From 2019 to 2023, total cement consumption in Peru increased 1.2% according to the INEI. Peru continues to have a significant housing deficit, estimated by the INEI at 1.9 million homes nationwide. In Peru, cement is mainly sold to a highly fragmented consumer base, consisting primarily of households that buy cement in bags to gradually build or improve their own homes without professional technical assistance, a segment known in our industry as *auto-construcción*. We estimate that in 2023 sales to the *auto-construcción* segment accounted for approximately 73.0% of our total sales of cement, private construction projects accounted for 16.2%, and public construction projects accounted for the remaining 10.8%. Approximately 88.5% of our total cement sales in 2023 were in the form of bagged cement, substantially all of which was sold through retailers.

Even though our ready-mix sales are still a small proportion of our sales, we expect this trend to change as infrastructure becomes a bigger driver of demand in the upcoming years.

## Impairment of Vertical Kilns

At the end of 2023, our board of directors, advised by management, recognized a specific impairment for the net value of the assets of the vertical clinker kilns located at the Pacasmayo cement plant for a net cost of S/36,551,000. This deterioration estimate was carried out as a consequence of replacing the old technology of these kilns due to the entry into operation of a new horizontal kiln in the Pacasmayo plant, which is more efficient and produces fewer emissions. This amount was recorded in the impairment of property, plant and equipment item in the consolidated statement of profit or loss.

## Competitive Strengths

Our principal competitive strengths include the following:

### *Strong corporate governance standards and international recognition*

Our common shares are listed on the Lima Stock Exchange and the ADSs are listed on the New York Stock Exchange. We are subject to the disclosure requirements of the U.S. Securities and Exchange Commission (the “SEC”) and the Peruvian Securities Commission and we must comply with and adopt internal compliance standards to increase transparency and improve corporate governance standards including an audit committee and appointment of independent directors. Since 2009, every year we have been selected as part of the Good Corporate Governance Index of the Lima Stock Exchange (recently renamed S&P/BVL Peru General ESG Index), designed to measure the performance of securities in the S&P/BVL Peru General Index that meet sustainability criteria. Furthermore, we were included for the fifth consecutive year as part of the 2023 DJSI MILA Pacific Alliance Index. This index is made up of those companies that demonstrate superior performance among their peers under social, environmental and economic criteria. This achievement comes as a result of Pacasmayo’s effort to improve in all of these criteria and to work towards ambitious goals in terms of long-term sustainability. We are committed not only to remain in the Index but to improve our performance, as we are convinced that the focus on sustainability is key to our business and our stakeholders. Additionally, Institutional Investor highlighted us within the top 3 in the construction sector in Latin America in the “2023 Latin American Executive Team” and in the categories: Best Investor Relations Program, Best Investor Relations Team, Best CEO, Best CFO, Best Investor Relations Professional and Best Board of Directors. We also obtained the “Most Honored Company” distinction in Peru and Latin America, for having the highest cumulative success in the rankings.

In February 2024, we were selected to be part of The Sustainability Yearbook 2024, for the fourth consecutive year. To appear in the Yearbook, companies must score within the top 15% of their industry globally and have a gap of less than 30% from the leader’s Global ESG score. With around 9,400 companies evaluated around the world, an inclusion in the yearbook is a true statement of excellence in corporate sustainability.

### *Track record of cash flow generation and strong results through multiple business cycles*

We have historically generated strong cash flow and high profit margins mainly due to the following key factors:

- our leadership position in the northern region of Peru; and
- our extensive distribution network, operational flexibility and efficiency, and focus on innovation.

These factors helped us generate adjusted EBITDA of S/518.3 million during 2023, the highest in company history. This solid financial position and our ability to consistently generate operating cash flow also allows us to obtain relatively low interest rates.

**Leader in attractive and expanding market with solid macroeconomic fundamentals**

We are currently the only cement manufacturer in the northern region of Peru and we produce and sell substantially all of our cement in the region. In 2023, the northern region accounted for approximately 32.9% of the country’s population and 20.0% of its GDP. From 2019 to 2023, GDP in the northern region increased at a CAGR of 0.8%. During the same period, our cement sales volume grew at a CAGR of 3.1%, above northern region GDP mainly due to the resilience of the *auto-construcción* segment, driven by high employment levels in the agriculture, fishing and services sectors, which are prominent in the North.

**Best-in-class operating efficiencies with vertical integration and strong brand recognition**

Our quarries are located in close proximity to our plants, enabling us to minimize transportation costs. We strive to enhance our operational efficiency by focusing on lowering costs and improving profitability. We also benefit from our vertically integrated operations, participating in the entire chain of production from the quarries, which we own directly, to the related products such as quicklime, ready-mix, precast and our large distribution network. We have developed one of the largest independent retail distribution networks for construction materials in Peru, known as “DINO,” consisting of 285 independent retailers and 313 hardware stores as of December 31, 2023, primarily small, local stores in the northern region, through which we distribute our cement products, as well as construction materials manufactured by third parties. We use our distribution network, together with our strategically located commercial offices, to promote our products and stay abreast of market developments. We have developed this network through years of fostering relationships with retailers in the region, which we believe would be difficult for a competitor to replicate. Our distribution network has enabled us to build strong recognition for our Pacasmayo brand among retailers and end-consumers in our market, which we believe is important to our business, particularly because our cement is principally sold in bags to retail consumers.

**Disciplined capital expenditure plan with attractive risk / return profile**

We seek to minimize risk while securing an adequate return on our development projects. In 2015, we completed construction of our new plant in Piura, the third largest city in northern Peru, which has an annual production capacity of 1.6 million metric tons of cement. The Piura plant improved our competitive position in the northern region of Peru. With production from three plants, we are able to serve our market more efficiently. This state-of-the-art plant is one of the most modern in Latin America. It also reduces transportation costs by enabling the dispatching of cement from plants within closer proximity to the point of sale.

In 2021, we decided to invest approximately US\$83.5 million to optimize our current capacity at our Pacasmayo plant, in order to produce an additional estimated 660,000 metric tons of clinker per year. This optimization was completed during the second half of 2023, allowing us to stop using imported clinker, and therefore achieving higher margins.

**Emphasis on innovation**

We place significant emphasis on research and development to ensure our products meet the needs of consumers in our market and to improve the efficiency of our operations. For example, we have developed cement products suitable to coastal construction that tend to be more exposed to erosion from sulfate. We believe that, by educating retailers and end consumers of these attributes of our products, we have been successful in building demand and realizing higher margins for our differentiated product offering.

In July 2016, we created the Innovation Department with the main objective of systematizing the continuous transformation process of the business in order to ensure a sustainable growth for Cementos Pacasmayo and the improvement of its margins. To achieve this objective it is necessary to:

- Put the customer at the center of all our processes.
- Design a management innovation model.
- Promote an organizational culture that encourages entrepreneurship and innovation.

Given that customers, and consumption patterns can change quickly and unexpectedly we must quickly adapt in order to retain our customers.

During 2023, we continued developing, and in some cases, consolidating our digital platforms, shown in the following chart:

Name of the project	Description
MAVERICK	We have improved our concrete service to adapt to the unique needs of each client. We change the way of programming and create new tools to establish different prices according to what each client requires. Our digital transformation team is helping to lead and accelerate this process to achieve these goals.
APOLO Design System	During 2023, we partially launched our new B2B ecommerce platform that will support our digital transformation and CX strategy. We have developed and implemented the Pacasmayo “Bricks” Design System, a collection of reusable components, guidelines and resources used by designers and developers to create consistent and efficient user interfaces.
AYU	Project designed to help families in Peru build their dreams without incurring debt or interest. Through an intelligent purchasing method, families will be able to define their project and buy the materials that their project needs month by month. This year there were 500 registrations (potential self-construction projects).
DEDALO	Design and guide the implementation of a process automation model, accelerating the digital transformation of the company.
PACAS PRO	Is a digital platform aimed at the industrial segment. It aims to maximize the experience of construction companies during the execution of their projects through online and relevant information.

### ***Strong relationship with local communities***

Since we began operations over 65 years ago, we have been committed to improving the quality of life of the communities surrounding our plants, whose members we regularly employ. We have developed close and cooperative relationships with the local communities, which are supported by several social responsibility initiatives we have undertaken. For example, the family of our controlling shareholder founded, Asociación Tecsup, a leading non-profit institute in Peru that provides technical education to students as well as UTEC, a leading technical university. We provide scholarships and financial aid to local qualified students interested in studying at Tecsup.

As part of our Vision 2030 program, aimed at contributing to the progress of our country, in 2023, we built the Regional Archive of Cajamarca, through the mechanism of Works for Taxes (mechanism implemented by the Peruvian government that allows for quality public infrastructure and services executed by private sector companies, which are responsible for financing them through the payment of their income tax). This emblematic building was financed and built by our Company and stores all the historical documentation of the culture and tradition of the city.

In 2023, we also launched our “*Sueños en Concreto*” program to improve the infrastructure conditions of homes and thereby contribute to improving the quality of life and habitability conditions in the areas in which we operate. We started in 2022 with a pilot program and by the end of 2023 we have improved 296 homes.

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### ***Highly experienced and professional management and board of directors***

Our management team, with an average of 15 years of experience in the cement industry in Peru, has extensive technical and local market expertise and has led our company through our recent growth. We have developed a strong professional business culture and a team of highly qualified executives. We also have a well-regarded and experienced board of directors that includes some of Peru’s business leaders and former senior government officials.

### ***Our Strategies***

Our objective is to maximize shareholder value, while honoring our commitment to the environment and abiding by our social responsibility goals. We aim to be a leading company that provides building solutions anticipating the needs of our clients and that contributes to the continued development of our country. We intend to achieve our objective through the following principal strategies:

#### ***Continue to focus on our core business of supplying the demand for cement***

We plan to continue to meet the demand for cement in our market, while controlling production costs. We intend to continue to serve the current cement market, as well as increasing cement demand through the production of new cement-based products. Our principal goal is to maintain our market share in the northern region of Peru without reducing the profitability of our business, as to continue developing building solutions to satisfy our clients’ needs.

#### ***Deepen our commercial relationship with retailers and end-consumers***

We plan to enhance our commercial relationships with retailers and end-consumers in our market, both to maintain brand loyalty and to foster demand for our cement products. We will continue to support retailers in our DINO distribution network by providing product education, training sessions, rewards programs, and assistance in financing purchases of our products. In addition, we continue with our door-to-door commercial strategy for cement sales. We believe that these initiatives have been successful in strengthening our relationship with retailers and end-consumers.

#### ***Continue to focus on being the preferred provider of building solutions***

We strive to be the supplier of choice for cement consumers in the northern region of Peru, whether its individuals building their homes or private construction companies or governmental entities undertaking projects of any size. We continue to focus on providing consumers with efficient and customized building solutions for their construction needs. Over the past several years, we have evolved from being a single type cement manufacturer to offering six different types of cement products, under two brands, and other building solutions, such as assembly gravity walls, sheet piles, precast beams, among others. Moreover, in 2018 we launched a new corporate image and future vision, transforming ourselves from a cement producer to a building solutions company. We focus on innovation and are constantly searching for ways to improve building practices, inspired by our culture based on sustainability. For example, we offer cement that contains special properties that protect against sulfate erosion, as well as other products designed to meet the needs of consumers in the northern region of Peru. For the industrial segment and under our *PacasPro* brand, we continue with the digitalization of the purchasing process and of the use of our products and services. For our mass channel and self-builders we have *Mundo Experto*, an ecosystem that integrates physical and digital solutions, improves the purchasing experience and contributes to the professionalization and formalization of the construction market. Our mission is to provide a comprehensive solution for all project types and thus respond to the unique needs of each client, generating savings and efficiencies in the construction processes. During 2023, the company began the reconstruction of the two runways and the perimeter fence of Piura Airport, not only as a cement and concrete provider, but with direct involvement in the construction as well as part of a consortium. The modernization of the airport aims to stimulate the tourism industry in the region and exceed the 1.09 million passengers transported during 2023.

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### ***Selectively pursue acquisitions***

We will continue to evaluate and may selectively pursue strategic acquisitions of cement and complementary businesses that expand our geographic footprint and diversify our portfolio of products. Our management team has significant operating experience and industry knowledge in the production and commercialization of cement and cement-related materials, and we believe this experience will enable us to identify and pursue attractive acquisitions that will maximize shareholder value.

### ***Continue to strengthen our enterprise risk management***

We continue to strengthen our enterprise risk management methods and processes that allow us to identify, assess and monitor the legal, commercial, operational, financial and reputational risks, as well as fraud, corruption, bribery and money laundering and financing of terrorism risks, determining the existing controls and establishing a plan along

with other areas in order to mitigate existing risks. Along these lines, since 2018, we have implemented the ISO 37001 Anti-bribery management systems obtaining the certification every year since 2019. This certification confirms that our management system is designed to help prevent, detect and respond to bribery and comply with anti-bribery laws and voluntary commitments applicable to its activities. We believe this certification reiterates our commitment to global anti-bribery best practices and high standards of transparency and good corporate governance. Also, to continue to strengthen our management systems, during 2022 we implemented the ISO 37301 compliance management system, obtaining certification in January 2023, with a first audited follow-up in September 2023.

### **Maintain high environmental, social and governance standards**

We are committed to maintaining high environmental, social and corporate governance standards. We are focused on developing and strengthening a favorable social environment for the continuity and growth of our operations, prioritizing our social investment in innovative education, health and local development programs in coordination with other stakeholders to contribute to sustainable development. Since 2009, every year we have been selected as part of the S&P/BVL Peru General ESG Index (formerly known as the Good Corporate Governance Index of the Lima Stock Exchange), designed to measure the performance of securities in the S&P/BVL Peru General Index that meet sustainability criteria. Furthermore, we were included for the fifth consecutive year as part of the 2023 DJSI MILA Pacific Alliance Index. This index is made up of those companies that demonstrate superior performance among their peers under social, environmental and economic criteria. This achievement comes as a result of Pacasmayo's effort to improve in all of these criteria and to work towards ambitious goals in terms of long-term sustainability. We are committed not only to remain in the Index but to improve our performance, as we are convinced that the focus on sustainability is key to our business and our stakeholders.

In February 2024, we were selected to be part of The Sustainability Yearbook 2024, for the fourth consecutive year. To appear in the Yearbook, companies must score within the top 15% of their industry globally and have a gap of less than 30% from the leader's Global ESG score. With around 9,400 companies evaluated around the world, an inclusion in the yearbook is a true statement of excellence in corporate sustainability. This achievement is a recognition of our extraordinary efforts to improve in all of these criteria and to work towards ambitious goals in terms of long-term sustainability. We are committed not only to remain in the Index but to improve our performance, as we are convinced that the focus on sustainability is key to our business and our stakeholders.

In 2023, we launched the EcoSaco, a cement bag that completely disintegrates within the concrete mix, generating zero waste. For us, this is much more than a cement bag, it's a solution that has the potential to revolutionize the market, particularly the self-construction segment. As with any transformational change, it requires much effort in order to gradually change culturally established paradigms and consumer habits. This is precisely why we are so glad that the EcoSaco won the Semana Economica ESG Sustainability Prize, both in the Sustainable Product Innovation Category and the Grand Prize, awarded to the project with the greatest environmental, social and economic impact. The EcoSaco also obtained the "Gran Effie", as well as a Gold Effie that was awarded in the "Innovation in product marketing" category and a Silver Effie in the "Positive change in the environment" category. The Effie awards are a symbol of outstanding achievement, recognized worldwide, that honor all types of effective marketing.

## **Our Products**

Our core products are cement and other cement-related materials. We also produce quicklime. In 2023, cement, concrete, mortar and precast accounted for 92.8% of our net sales and quicklime accounted for 1.8%. We also sell and distribute construction materials, such as steel rebar, cables and pipes, manufactured by large third-party manufacturing companies, and others which in 2023 represented 5.4% of our net sales.

The following table sets forth a breakdown of our shipments by type of product for the periods indicated:

(in thousands of metric tons)	Year ended December 31,		
	2023	2022	2021
Cement, concrete, mortar and precast	2,953	3,432	3,632
Quicklime	30	46	69

The following table sets forth a breakdown of our total net sales by product for the periods indicated:

(in millions of S/)	Year ended December 31,		
	2023	2022	2021
Cement, concrete, mortar and precast	1,850.2	1,963.8	1,784.5
Construction Supplies (1)	74.1	114.0	113.9
Quicklime	25.7	37.9	39.1
Others	—	—	0.3
<b>Total</b>	<b>1,950.1</b>	<b>2,115.7</b>	<b>1,937.8</b>

- (1) Refers to construction materials manufactured by third parties that we distribute. Construction supplies include the following products: steel rebar, wires, nails, corrugated iron, electric conductors, plastic tubes and accessories, among others.

## **Cement**

Cement is a powdered mixture of ground minerals that, when mixed with water, adheres to other materials and hardens to form a rock-like substance. Cement is generally mixed with other materials, such as gravel and sand, forming concrete with a high degree of compressive strength that is able to withstand substantial pressure.

Cement types are generally classified as either Portland cement or blended hydraulic cement. Portland cement is a hydraulic cement produced by pulverizing clinker, consisting essentially of crystalline hydraulic calcium silicates and calcium sulfate. Blended hydraulic cement consists of a mixture of Portland cement clinker and mineral admixtures, such as blast furnace slag, pozzolanic materials and limestone.

We produce predominantly blended cement, which represented 86.3% of our cement sales in 2023. This type of cement requires less clinker and reduces carbon dioxide emissions of our operations and production. Our global clinker/cement ratio is estimated at 72%, below the average value for similar producers globally of approximately 77.6%, according to "Getting the Numbers Right (GNR)" by the Global Cement and Concrete Association (the "GCCA") in 2021.

We produce a range of cement products suitable for various uses, such as residential and commercial construction and civil engineering. We currently offer the following six types of cement products designed for specific uses:



- *Type ICo.* This type of cement is used for general purposes or when not required for a specific special condition. It is widely used due to its excellent workability and good development of compressive strength.
- *Type MS(MH).* This is the new formula for the type of cement that is used to protect against moderate sulfate action, such as drainage structures, with higher-than-normal, but not unusually severe, sulfate concentrations in groundwater. It is designed for sites and structures in humid areas that are exposed to sulfates and sea water. It also prevents thermal contraction cracking due to moderate heat hydration.

- *Type I.* This type of cement is for general purposes and suitable if special properties are not needed. It is generally used for constructing pavements, floors, reinforced concrete buildings, bridges, reservoirs, pipes, masonry units and precast concrete products.
- *Type V.* Type V cement is used in concrete exposed to severe sulfate action, principally in places where soil or ground water has high sulfate content. It is generally used in hydraulic construction, such as irrigation canals, tunnels, water conduits and drains.
- *Type HS.* Type HS cement is used in concrete that is exposed to severe sulfate action, principally where soil or ground water has high sulfate content. It is recommended for port construction, industrial plants and construction of sewage sites.
- *Type HE.* Cement designed to provide high early strengths at early ages. It is a cement with strengths similar to Type I but has a lower carbon footprint.

We believe that our Type V, Type MS(MH) and Type HS cement products are particularly suitable for construction in the northern coastal region of Peru, where sulfate and chloride concentrations from soil, ground water and sea water affect the durability of construction structures. By educating retailers about the different cement characteristics and conducting marketing campaigns, we believe we have been successful in building demand for our cement products. Our research and development department is also equipped to produce custom-tailored cement products on demand. In addition, through our dedicated research and development team we have significantly reduced the amount of clinker required for cement production minimizing our capital expenditures and significantly reducing our carbon dioxide emissions (CO<sub>2</sub>).

We market and distribute our cement primarily in 42.5 kilogram bags. Most of our bagged cement is sold to the retail sector consisting primarily of households that buy bags of cement to build or expand their own homes over time with little or no formal technical assistance (commonly referred to as *auto-construcción*). The bags are made of Kraft paper to preserve the quality of the cement. Our bags include information relating to the composition of our cement, handling instructions, production dates and storage instructions. Our cement bags have different colors to easily identify the different types of cement. Once bagged at our Pacasmayo, Rioja and Piura facilities, our cement is loaded onto trucks operated by third parties. Cement in bulk is sold to large industrial consumers.

During 2023, we began certifying all of our products under the rigorous scheme 5 of ICONTEC, an international certification body for products, services and management systems. We obtained this certification for our entire cement portfolio, complying with the most rigorous level for products established by the Supreme Decree that regulates the commercialization of cement in Peru. Product certification is carried out based on the requirements of the Cement Technical Regulations, which establish the characteristics that cement must meet at the production and marketing level. Likewise, the Cement Technical Regulations require that all cement producing and importing companies in Peru comply with the requirements indicated therein in order to be able to market their products. The certification process consisted of a rigorous audit of the quality management system at the production, manufacturing and marketing level in our three plants and at authorized points of sale.

### Concrete Products

We also produce and sell concrete products principally in the form of ready-mix concrete used in large construction sites, as well as precast, bricks, pavers and other precast materials.

- *Ready-mix concrete.* Ready-mix is a blend of cement, aggregates (sand and stone), admixtures and water. It is manufactured and delivered to construction sites in a form that is ready to use. This mixture hardens to form a building material, ranging from sidewalks to skyscrapers. We have 19 fixed and mobile ready-mix plants.

- *Concrete precast.* We produce and sell concrete precast, such as paving units, or paver stones for pedestrian walkways, as well as other bricks for partition walls and concrete precast for structural and non-structural uses. Some examples of concrete precast are:
  - o *New Jersey Walls:* safety barriers used to separate traffic flows.
  - o *Corner block:* a product that complements the structures built with our precast, giving better functionality to any corner.
  - o *Beam block:* a product that is used to confine the upper part of walls built with our precast.
- *Concrete pipes:* precast reinforced concrete pipes that are installed without the need to open pit ditches or dredging of maritime floors. The main use of concrete pipe is to collect seawater (inlet pipe) and to bring brackish water back out to sea (outfall pipe). We have built a 1.5 kilometer long underwater outfall project for the Talara Refinery, where it is necessary to build a water collection system for its fire and cooling system.
- *Sheet piles presented and assembled:* concrete piles that can be pre-stressed or reinforced (they are two different types of manufacturing) that sink one alongside the other, forming a containment structure, used as riparian defenses. We manufacture pre-stressed and reinforced sheet piles that can form a coastal defense for rivers, ensuring the containment of water during rainy events, reducing the vulnerability of cities to floods.
- *New cement based products.* We have developed, and are in the process of developing more cement-based products that are innovative and easy building solutions. Some of these products are:



- ? *Mortar for brick laying*: Pre-dosed and bagged dry masonry mortar for block and brick laying.
- ? *Mortar for plaster*: Pre-dosed mortar to plaster interiors and exteriors, walls and ceilings. Allows smooth finishes and thin applications
- ? *Caravista Concrete*: Concrete designed to be exposed without any additional coating or paint.
- ? *Tremie Concrete*: Concrete designed to be placed under water at depths greater than 1.5 meters.
- ? *Mortar for brick laying*: Pre-dosed and bagged dry masonry mortar for block and brick laying.
- ? *Viaforte Type MH*: Cement of moderate heat of special hydration for stabilization of soils and road bases. The cement provides greater workability and less risk of cracking on site, also ensuring greater durability to the structure
- ? *Bagged Dry Concrete*: Pre-dosed mixture of cement, aggregates (Stone and Sand) and additives, that only requires the addition of water indicated on the package and mixing (manual or mechanical) to be used immediately

### Quicklime

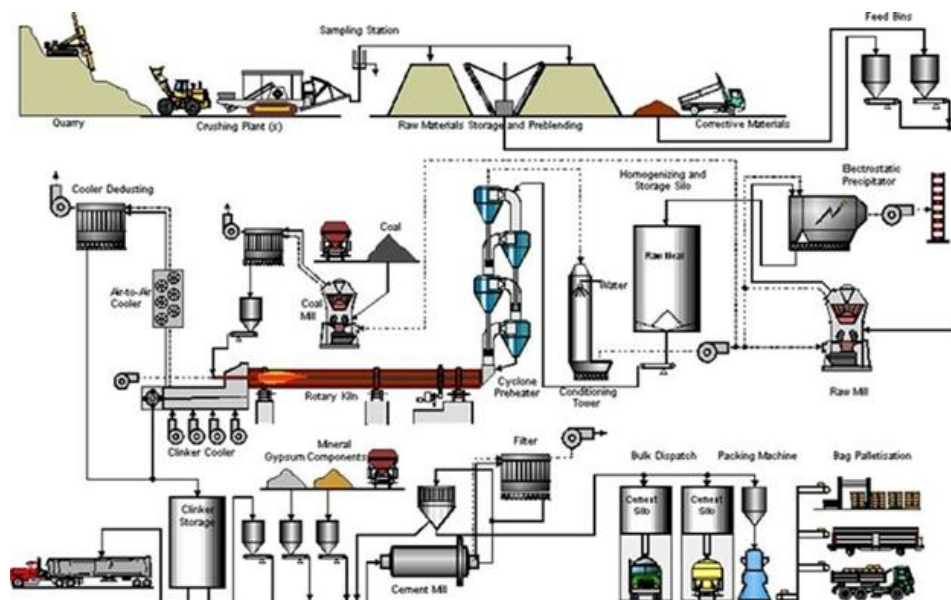
We produce and distribute quicklime, which has several industrial uses. Quicklime serves as a neutralizer, lubricant, drying and absorbing material, disinfectant, and as a raw material. Quicklime has various applications, including in the steel, food, fishing and chemical industries. It is also used in mining operations to treat water and industrial residues, in agriculture as a fertilizer enhancer and, to a lesser extent, in other industries. In Peru, quicklime is mainly used in the mining industry, as an additive to treat water residues. We produce quicklime in finely and coarsely ground varieties and sell it either in bags of one metric ton or in bulk, according to clients' requirement. Quicklime currently represents a small percentage of our revenues.

## Production Process

### Cement Production Process

The diagram below depicts the standard cement production process, which consists of the following main stages:

- extraction and transportation of limestone or coquina (seashells) from the quarry;
- grinding and homogenization to make the raw material of consistent quality;
- clinkerization;
- cement grinding;
- storage in silos; and
- packaging, loading and distribution.



*Extraction of raw materials.* To produce cement, limestone/coquina are extracted from our quarries. We use explosives to loosen the limestone and deploy bulldozers to remove dirt and the overburden covering the limestone. We crush the limestone in our primary and secondary cone crusher and the resulting limestone is loaded into trucks and hauled to our Pacasmayo or Rioja facilities from the adjacent quarry where it is stored. In the case of Piura, our surface miner drills out our coquina quarry and then it is also loaded into trucks and hauled to the Piura plant.

*Grinding and homogenization.* Limestone/coquina, clay and sand are mixed with iron that is acquired from third parties. The quality of the resulting raw meal is monitored by examining samples of each batch and processing them through our quality control x-ray software that automatically measures the mix of materials to confirm the blend is in compliance with our quality standards. Subsequently, the raw meal is sent to a blending silo and then to a storage silo from where it is fed into the pre-heater.

*Clinkerization.* The raw meal is heated at a temperature of approximately 1,450 degrees Celsius in our kilns. The intense heat causes the limestone and other materials in the mixture to react inside the kiln, turning the mixture into clinker. Clinker is then cooled to a temperature of approximately 200 degrees Celsius and stored in a silo or in an outdoor yard.

*Cement grinding.* After being cooled, clinker, together with gypsum and some admixtures, is fed into a ball mill or into a vertical roller mill where it is ground into a fine powder to produce cement. In this form, cement reacts as a binding agent that, when mixed with water, sand, stone and other aggregates, is transformed into concrete or mortar.

*Storage in silos.* After passing through the ball mills, the cement is transferred on conveyor belts and stored in concrete silos in order to preserve its quality until distribution.

*Packaging, loading and transport.* Cement is transferred through another conveyor belt from the silo to be packaged in 42.5 kilogram bags and then loaded into trucks operated by third parties to be transported for distribution. Bulk cement may be transported (unpackaged) on especially designed trucks that deliver large amounts of cement directly to the work site.

### ***Quicklime Production Process***

Quicklime is produced by crushing limestone with a calcium carbonate content of at least 95% by calcinating it in a rotary kiln. The limestone for quicklime comes from our quarries. The crushing of the limestone is done at the quarry and the calcination process takes place only at our Pacasmayo facility. We produce quicklime in finely and coarsely ground varieties and sell both varieties in big bags as well as in bulk.

### **Raw Materials and Energy Sources**

#### ***Limestone and Other Calcareous Resources***

We obtain limestone required to produce clinker and quicklime principally from land where we have concession rights. For our Pacasmayo plant, we extract limestone from our Acumulación Tembladera quarry located approximately 60 kilometers from the plant, and for our Rioja plant, we extract limestone from our Calizas Tioyacu quarry which is adjacent to our Rioja plant. For our Piura plant, we extract coquina from Virrilá quarry, located approximately 120 kilometers from the plant.

*Acumulación Tembladera.* We have a concession with an indefinite term to extract limestone and other minerals from our Acumulación Tembladera quarry, a 3,390 hectares open-pit mine located in the district of Yonan, in the department of Cajamarca. We acquired this concession in November 2002.

*Calizas Tioyacu.* For our Rioja production, we have a concession with an indefinite term to extract limestone and other minerals from a 400 hectares open-pit mine near our Rioja facility in the district of Elias Soplin Vargas, in the department of San Martín. We acquired this concession in February 1998.

*Virrilá.* For our Piura production, we also have a group of concessions with an indefinite term to extract coquina and other minerals from our Virrilá quarry, a 931 hectares open-pit mine located in the district of Sechura, in the department of Piura. We acquired these concessions between 2000 and 2008.

In addition to our Acumulación Tembladera, Calizas Tioyacu, Bayovar 4 and Virrilá quarries, we also own concession rights to various other calcareous material quarries consisting, in total, of approximately 40,767 hectares located in the northern region of Peru. None of these quarries are in operation as of the date of this annual report.

#### ***Clay, Sand and Other Raw Materials and Admixtures***

The other raw materials that we use to produce clinker are clay, sand, iron and diatomite.

##### *Clay*

For cement production in our Pacasmayo facility, we extract clay from our Cerro Pintura quarry, a 400 hectares open-pit concession located in the district and province of Pacasmayo, department of La Libertad. We were granted this concession by the MEM in 1996. The term of the concession is indefinite, provided we pay an annual concession fee and meet minimum annual production requirements.

For cement production in our Rioja facility, we extract clay from our Pajonal quarry, a 400 hectares open-pit concession located in the district and province of Rioja, department of San Martín. This concession was granted to us by the MEM in 1998. The term of the concession is indefinite, provided we pay an annual concession fee and meet minimum annual production requirements.

We have not calculated our clay reserves, as we believe there is an abundant supply of clay in our concessions and more broadly in the northern region where we operate.

##### *Sand*

For cement production in our Pacasmayo facility, we use sand extracted from our Cerro Pintura quarry. Our Rioja facility does not utilize sand as a raw material given the type of cement it produces.

We have not calculated our sand reserves, as we believe there is an abundant supply of sand in our concessions and more broadly in the northern region where we operate.

## *Iron*

We use small quantities of iron in our cement production, which we purchase from third parties at market prices.

## *Coal*

We purchase mostly anthracite coal from local suppliers and import small amounts of bituminous coal from suppliers mainly in Colombia, in each case at spot market prices. Anthracite coal tends to be less expensive than bituminous coal. We store coal at our premises and in our warehouse facilities, adjacent to the Salaverry port and in Trujillo, where we have sufficient stock of coal to maintain our production levels for the next year.

In December 2009 and February 2010, we entered into option agreements to acquire coal mining concessions as a means to secure a steady and reliable source for our coal requirements and to reduce the volatility in costs related to coal. In 2011, we exercised certain options under these agreements to acquire coal mining concessions for 908.5 hectares near our Pacasmayo facility for a total purchase price of US\$4.5 million. In 2013, we exercised our remaining options to purchase an additional coal mining concession for 501.2 hectares for US\$1.0 million, thereby completing the acquisition of the related coal mining concessions.

## *Pozzolan Materials and Other Admixtures*

Our cement production also requires small amounts of other admixtures, such as pozzolan materials, gypsum and blast furnace slag.

For cement production in our Pacasmayo facility, we use pozzolan materials obtained from our Cunyac quarry, a 200 hectares open-pit concession located in the district of Sexi, province of Santa Cruz, department of Cajamarca. The concession was granted to us by the MEM in 2008. The term of the concession is indefinite, provided we pay an annual concession fee and meet minimum annual production requirements.

For cement production in our Rioja facility, we use pozzolan materials obtained from our Fila Larga quarry, a 1,000 hectares open-pit concession located in the district of El Milagro, province of Utcubamba, department of Amazonas. The concession was granted to us by the MEM in 1998.

We also own several other concessions containing pozzolan material which have not been exploited. In addition, our use of pozzolan materials may be substituted with clinker or other admixtures. Other admixtures, such as gypsum and blast furnace slag, are purchased at market prices from third-party suppliers. If we are unable to acquire raw materials or admixtures from current suppliers, we believe that other sources of raw materials and admixtures would be available without significant interruption to our business.

## *Energy Sources*

### *Electricity*

As of December 31, 2023, all of the electricity requirements for our Pacasmayo and Piura facilities were supplied by Electroperú and for our Rioja facility by ELOR.

We have a long-term electricity supply contract with Electroperú currently valid until 2026. Electroperú has agreed to provide us with sufficient energy to operate our Pacasmayo and Piura facilities at pre-determined maximum amounts during the term of the contract. Payments for electricity are based on a formula that takes into consideration our energy consumption and certain market variables, such as the U.S. purchase price index, the global price of oil, the local price of natural gas and the import price of bituminous coal.

In addition, we have a medium-term electricity supply contract with ELOR to supply the Rioja facility, valid until November 2024 ELOR supplies the Rioja facility with 6.7 megawatts of electricity at peak hours and eight megawatts at non-peak hours. Payments for electricity are based on a formula that takes into consideration our energy consumption and certain market variables, such as the U.S. dollar price, the local price of natural gas, the global price of oil and the import price of bituminous coal.

## *Other Production Materials*

We use other materials in the cement production process, including paper bags to package cement, which we purchase principally from local suppliers; plastic bags used to package quicklime, which we purchase from local suppliers; and water to cool the kiln exhaust gases and for our crushing operations at our Acumulación Tembladera quarry, which we obtain principally from a well located at our Pacasmayo facility and from the Jequetepeque river. Water used in our production process is maintained in a closed system at our plants and re-processed for utilization in our production process.

## *Consumer Base*

The retail cement sector in Peru is characterized by households that purchase single bags of cement to gradually build or improve their homes with little or no professional assistance. This sector is known as *auto-construcción*. Families in this sector tend to invest a large portion of their savings in building or improving their own homes. *Auto-construcción* is often conducted with the help of a foreman (*maestro de obra*) who generally has experience in construction. Our retail marketing plans typically target the *maestro de obra* who is usually the decision maker when buying cement and other related construction materials.

We also sell directly to small, medium and large private construction companies working on a variety of construction projects, from housing complexes to commercial developments. In the public sector, we provide cement for national, regional and local governments carrying out construction projects including housing complexes and public construction, ranging from local schools and hospitals to large infrastructure.

## *Sales and Distribution*

### *Distribution*

Our market extends from the Ecuadorian border in the north of Peru to the city of Barranca in the south (approximately 180 kilometers north of Lima), to the rainforest in the east and the Pacific Ocean in the west. Our market covers the provinces of Amazonas, Cajamarca, La Libertad, Lambayeque, Piura and Tumbes in the north; and San Martín and Loreto in the northeast.

Our Pacasmayo, Piura and Rioja facilities supply the entire northern region of Peru, interchangeably subject to where it is most efficient to ship from at the moment, depending on the distance and type of cement being produced, among other factors.

In 2023, approximately 88.5% of our total cement shipments were in the form of bagged cement, substantially all of which was sold through retailers both within and outside of our distribution network. The remaining 11.5% of our cement was sold in bulk or in shipments of precast products or ready-mix concrete directly to large construction companies.

We have developed one of the largest independent retail distribution networks for construction materials in Peru, consisting of 313 hardware stores, with which we have a distribution agreement. In addition, we also distribute to other independent retailers located throughout the northern region of Peru with whom we do not have contractual relationships. We have built our distribution network by investing in strengthening our relationship with retailers.

Even though our ready-mix sales are still a small proportion of our sales, we expect this trend to change as infrastructure becomes a bigger driver of demand in the upcoming years. Additionally, we sell and distribute other construction materials manufactured by third parties that are used alongside cement, such as steel rebar, plastic pipes and electrical wires, among others.

### **Marketing and Brand Awareness**

We use our distribution network, together with our strategically located local commercial offices, to promote our products and brands, as well as to keep us informed of market developments. We believe our distribution network has enabled us to build strong recognition for our Pacasmayo brand among *maestros de obra*, retailers and end consumers which we believe is important to our business, particularly because our cement is principally sold in bags to retail consumers.

Our marketing expenses in 2023 were approximately S/7.5 million, or 0.4% of our sales. Historically, our marketing strategy has been to develop brand loyalty by providing high-quality products, tailored to the needs of our customers, and customer service accompanied by complimentary training for the *maestros de obra*, who are typically the decision makers in the *auto-construcción* segment.

We develop strong ties with our distributors by promoting income generating opportunities for them. For instance, we give them priority when hiring transportation to distribute our cement throughout our territory. Also, our large salesforce has the ability to cover most of the construction sites in northern Peru generating business opportunities that are then channeled through our distributors. Finally, our distributors enjoy various commercial and marketing benefits such as rebates, special promotions, special credit conditions, and loyalty programs.

We have been working consistently in recent years to focus time and attention on our client's needs, in an effort to go beyond just selling cement and its byproducts, to providing solutions and innovating. Consequently, we were well-positioned to leverage these initiatives during the ongoing pandemic period. The self-construction segment has been the primary driver behind the growth in sales volume during 2023. We have focused on several fronts to enhance the customer experience and to facilitate access to our solutions. We have developed *Mundo Experto*, which is a virtual ecosystem made up of digital solutions that serves to join supply and demand and offers a superior purchasing experience leveraged on intensive use of technology to generate more value for our users. The digital solutions are targeted and customized for the different users, such as foremen, hardware stores, and the self-builder.

### **Quality Control**

In Peru, cement production is subject to standardization (*normalización*) regulations approved by the National Institute for the Protection of Competition and Intellectual Property (*Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual*, or "INDECOPI"). Although the standardization regulations are not mandatory, they are useful in achieving an optimum level of management. As of the date of this annual report, we comply with all standardization regulations applicable to our products.

We have established a quality assurance program in accordance with ISO Standard 9001-2008, certified by SGS del Perú S.A.C., a company that provides inspection, verification, testing and certification services. We monitor quality at every stage of the cement production process. In our facilities, we periodically test the quality of our raw materials. These tests include chemical, physical and x-ray tests. We perform similar examinations of the clinker we produce. Additionally, we also perform regular quality tests on our finished products.

We have a quality control area with computerized systems to access real-time information on the quality of our products. As part of our quality control process, we monitor the performance of our different cement products, monitor the performance of additives in our cement and review monthly statistical analysis on the resistance of cement, among other things.

During 2023, we began certifying all of our products under the rigorous scheme 5 of ICONTEC, an international certification body for products, services and management systems. We obtained this certification for our entire cement portfolio, complying with the most rigorous level for products established by the Supreme Decree that regulates the commercialization of cement in Peru. Product certification is carried out based on the requirements of the Cement Technical Regulations, which establish the characteristics that cement must meet at the production and marketing level. Likewise, the Cement Technical Regulations require that all cement producing and importing companies in Peru comply with the requirements indicated therein in order to be able to market their products. The certification process consisted of a rigorous audit of the quality management system at the production, manufacturing and marketing level in our three plants and at authorized points of sale.

This certification is evidence that our corporate culture motivates us to exceed the quality standards of our products with focus on sustainability, as we are going above and beyond the legal requirements and using this certification as a tool for continuous improvement for the benefit of our clients and the sector as a whole.

### **Competitive Position**

Peru's cement production is segmented into three main geographic regions: the northern region, the central region, including Lima's metropolitan area, and the southern region. We are the only cement manufacturer in the northern region of Peru. The central region is principally served by UNACEM (formerly known as Cementos Lima and Cemento Andino), some imports, Caliza Cemento Inca and Mixercon. The south is principally served by Cementos Yura. In 2023, our cement shipments were approximately 2.9 million metric tons, representing an estimated 23.9% share of total cement shipments in Peru.

## Regulatory Matters

### Overview

Although our core business is the production of cement, we hold a number of mining concessions granted by the Peruvian government for the supply of limestone and other raw materials required for cement production. As a result, we are subject both to the mining and the general industrial legal framework in Peru. The regulatory framework applicable to our cement production may be divided into rules and regulations relating to (i) the mining and crushing of limestone and clay, and (ii) the production process.

### Mining Regulations

The General Mining Law (*Texto Único Ordenado de la Ley General de la Minería*) approved by Supreme Decree No. 014-92-EM, published in the Peruvian Official Gazette, *El Peruano*, on June 3, 1992, is the primary law governing both metallic and non-metallic mining activities in Peru and is supplemented by implementing guidelines and policies regarding mining and the processing of minerals enacted by the MEM. Under the General Mining Law, mining activities (except storage, reconnaissance, prospecting and trade) are carried out exclusively through various forms of concessions. Mining concessions are granted by the Geological, Mining and Metallurgical Institute (*Instituto Geológico Minero y Metalúrgico*, or "INGEMMET"), and all other concessions, including our mineral processing concessions, are granted by the Directorate General for Mining of the MEM. Any act, transfer, termination or agreement related to these concessions must be registered with the Mining Rights Registry, which is part of the National Public Registry System, to be effective against the Peruvian government and third parties.

Holders of concessions or mining claims must comply with several obligations, including the payment of an annual concession fee (*derecho de vigencia*) of US\$3.00 per applicable hectare. The annual concession fee is due and payable on or prior to June 30 of each year. Failure to pay the annual concession fee for two consecutive years will result in the termination of the mining concession.

Mining activities require holders to obtain title to the surface land from individual landowners, peasant communities or the Peruvian government. Mining concessions are granted for an unlimited period, subject to the achievement of minimum annual production levels. Two different regimes apply depending on the date the concession was granted:

Under Legislative Decree 1320 and Supreme Decree No. 011-2017-EM, since January 1, 2019, if the annual minimum production or investment has not been met, the annual penalty and the causes to terminate a mining concession will be determined by the General Mining Law for all concessions, as described below.

For concessions granted until 2008, the following rules apply:

- the minimum annual production target is equivalent to one tax unit (approximately S/4,950 or US\$1,335) per year per hectare, in case of metallic mining concessions, and 10% of one tax unit (approximately US\$134) per year per hectare, in the case of non-metallic mining concessions;
- the minimum production level is to be achieved no later than the end of the tenth year from the date of grant;
- if the minimum production level is not achieved within that period, an annual penalty equivalent to 2% of the minimum annual production level is due until such level is achieved;
- if the minimum production level is not achieved by the end of the fifteenth year, an annual penalty equivalent to 5% of the minimum annual production level is due until such level is achieved;
- if the minimum production level is not achieved by the end of the twentieth year, an annual penalty equivalent to 10% of the minimum annual production level is due until such level is achieved; and
- if the minimum production level is not achieved by the end of the thirtieth year, the mining concession expires.

Any penalty must be paid prior to June 30 of each year. Failure to pay the penalty for two consecutive years results in the termination of the mining concession.

Since January 1, 2020, these penalties will be applied for concessions granted in 2009 and thereafter.

The foregoing penalties and fines are not applicable to mining concessions granted by the government through private investment promotion initiatives, which will be subject to the minimum production and investment levels set forth in such contracts.

In addition to the payment of the annual concession fee and the penalty, holders of mining concessions must, pursuant to the Mining Royalty Law, pay a royalty for the exploitation of metallic and non-metallic resources. Prior to the amendment of the Mining Royalty Law described below, the amount of the royalty was determined on a monthly basis. For those minerals with an international market price (gold, silver, copper, zinc, lead and tin), the amounts were computed by applying the rates to the value of the concentrate or its equivalent, according to the applicable international market price. The historic rate scales were established in the Mining Royalty Law's regulations as shown in the following table:

Annual sales (in millions of US\$)	Rate
Up to 60	1%
Between 60 and up to 120	2%
More than 120	3%

In case of minerals without an international reference market price (minerals other than gold, silver, copper, zinc, lead and tin), the mining royalty amounted to 1% of the value of the final product obtained from the mineral separation process, net of any costs incurred in the mineral separation process (*componente minero*).

However, the Mining Royalty Law was amended on September 29, 2011 to increase the tax payable on metallic and non-metallic mineral resources. Effective October 1, 2011, the royalty for the exploitation of metallic and non-metallic resources is payable on a quarterly basis in an amount equal to the greater of (i) an amount determined in accordance with the following statutory scale of tax rates based on a company's operating profit margin and applied to the company's operating profit, as adjusted by certain non-deductible expenses, and (ii) 1% of a company's net sales, in each case, during the applicable quarter. The royalty rate applied to the company's operating profit is based on its operating profit margin according to the following statutory scale of rates:

Operating Margin	Applicable Rate (%)
0% - 10%	1.00
10% - 15%	1.75
15% - 20%	2.50
20% - 25%	3.25
25% - 30%	4.00
30% - 35%	4.75
35% - 40%	5.50
40% - 45%	6.25
45% - 50%	7.00
50% - 55%	7.75
55% - 60%	8.50
60% - 65%	9.25
65% - 70%	10.00
70% - 75%	10.75
75% - 80%	11.50
More than 80%	12.00

Mining royalty payments will be deductible for income tax purposes in the fiscal year in which such payments are made.

We believed that certain portions of the regulations of the Mining Royalty Law were unconstitutional, because they impose a mining royalty tax on non-mining activities. For instance, for cement companies, the amended Mining Royalty Law and its regulations established that the mining royalty tax was calculated based on the total operating profit or net sales, as opposed to operating profit or net sales attributable exclusively to mining products, such as limestone, used to produce cement. Accordingly, in December 2011, we filed a claim to declare that the mining royalty tax applicable for the exploitation of non-metallic mining resources be calculated based on the value of the final product obtained from the mineral separation process, net of any costs incurred in the mineral separation process ("*componente minero*").

In November 2013, the Peruvian Constitutional Court affirmed the constitutional challenge we filed against the new regulation of the Mining Royalty Law, in a final and unappealable ruling, on the grounds that the new regulation violates the constitutional right of property, as well as the principles of legal reserve and proportionality. Therefore, the new regulation is rendered inapplicable to our operation. As a result, we will continue to use as a basis for the calculation of the mining royalty the value of the concentrate or mining component, and not the value of the product obtained from the industrial or manufacturing process.

Finally, holders of mining concessions are required at the beginning of their operations to submit a mining closure plan that must contain a description of the steps to restore the areas and facilities of each mining operation area to pre-mining condition. Holders of mining concessions are required to secure completion of the restorative measures by means of the following guarantees: (i) banking guarantee or credit insurance; (ii) cash guarantees; (iii) trusts; or (iv) those indicated in the Peruvian Civil Code.

In August 2021, Law 31347, that modifies the Mine Closure Law (Law 28090), specifying aspects such as mandatory, administrative and oversight powers, opportunity for presentation and approval, applicable guarantees, periodic reports to be presented to various authorities, among others was approved.

As of the date of this annual report, we primarily owned non-metallic mining concessions and limited metallic mining concessions with respect to iron. Substantially all of our concessions were granted prior to 2008. Our mining rights and concessions are in full force and effect under applicable Peruvian laws. We believe that we are in compliance in all material respects with the terms and requirements applicable to our mining rights and concessions.

## Production Process

The cement production process along with other manufacturing activities are governed by General Industry Law (*Ley General de Industrias*), Law No. 23407, published in *El Peruano* on May 29, 1982, which establishes basic rules that promote and regulate activities in the manufacturing industry. The Ministry of Production is vested with authority to promote private investments in connection with industrial, processing and manufacturing activities, the surveillance of sustainable exploitation of natural resources (except for those extractive activities involving primary transformation of natural products), the protection of the environment, and the supervision of the quality of manufactured products. All industrial companies are subject to the General Industry Law and its regulations to the extent that the company's gross income is primarily derived from industrial activities. Pursuant to Supreme Decree No. 009-2011-MINAM, the supervisory and monitoring functions of the Ministry of Production were transferred to the OEFA in 2013.

### Technical Regulation on Hydraulic Cement

On January 21, 2022, the Government published D.S. 1-2022-PRODUCE, which approves the Technical Regulation on Hydraulic Cement Used in Buildings and Constructions in General, through which various aspects are regulated that will allow verification of compliance with the minimum safety requirements of cement. Originally, the Regulation entered into force six months after its publication, later extended to July 22, 2023 by D.S. 10-2022-PRODUCE, a period in which all the parties involved (public entities, national manufacturers, importers, laboratories, chain of supply, among others) must adapt their protocols to comply with the provisions of the Regulation.



## Environmental Regulations

Industrial companies, and in particular those in the cement sector, are required to comply with various environmental regulations, such as the Law on the National Environmental Impact Assessment System approved by Legislative Decree No. 27446 and its regulations approved by Supreme Decree No. 019-2009-MINAM, which establish the environmental impact assessment process. Public and private investment projects that involve activities, constructions or works that may cause negative environmental impacts must comply with this law. Projects are categorized according to environmental risk under this law.

The Environmental Management Regulations for the Manufacturing Industry and Internal Trade, approved by Supreme Decree No. 017-2015-PRODUCE, as amended, promote and regulate environmental management, as well as the conservation and sustainable use of natural resources in the development of manufacturing and domestic trade activities. It also regulates the application of management instruments, procedures, environmental protection measures and promotes cleaner production agreements, giving priority to the principle of prevention.

In terms of air emissions, the Ministry of the Environment has adopted legally binding environmental quality standards (*Maximum Permissible Limits*) for cement industries (approved by Supreme Decree No. 001-2020-MINAM). These standards are legally enforceable and must be met by all operations in the cement industry.

Resolution Nos. 004-2018-OEFA/CD and 006-2018-OEFA/CD define administrative infractions and establish a scale of penalties related to environmental management instruments and obligations related to monitoring, environmental management, the development of industrial activities and the handling of hazardous materials and inputs, applicable to those administered in the manufacturing industry and domestic trade sector that are under the scope of competence of the Environmental Assessment and Control Agency. Infractions are classified according to their severity as minor, serious and very serious offenses and the monetary penalty imposed will depend on this.

By means of Board of Directors Resolution No. 023-2013-OEFA/CD and No. 0312015-OEFA/CD, of the *Environmental Assessment and Control Agency* (OEFA), the OEFA assumes the functions of monitoring, supervision, control and sanction in environmental matters in the Cement and Concrete Sector of the Manufacturing Industry, of the Industrial Subsector of the Ministry of Production - PRODUCE.

The Law on Integrated Solid Waste Management approved by Decree Law No. 1278 and its regulations approved by Supreme Decree No. 014-2017-MINAM, seek to ensure the constant maximization of efficiency in the use of materials, and to regulate the management and handling of solid waste, which includes the minimization of the generation of solid waste at the source, the material and energy recovery of solid waste, as well as the proper final disposal of the same.

Law 30754, published on April 18, 2018, approved the Framework Law on Climate Change. This law establishes the principles, approaches, and general provisions for coordinating, articulating, designing, executing, informing, monitoring, evaluating, and disseminating public policies for the comprehensive, participatory, and transparent management of climate change adaptation and mitigation. It also established that the Ministry of the Environment *will establish* guidelines to incorporate climate risk and vulnerability analysis, as well as climate change mitigation and adaptation measures, in the evaluation of investment projects subject to the National Environmental Plan Impact Assessment System.

This law aims to reduce the country's vulnerability to climate change, take advantage of low-carbon growth opportunities, and comply with the international commitments assumed by the government of Peru before the United Nations Framework Convention on Climate Change, with an intergenerational approach.

The Regulations of the Framework Law on Climate Change were approved on December 31, 2019, by Supreme Decree No. 013-2019-MINAM. The objectives set out in these Regulations will be achieved through the implementation of climate change adaptation and mitigation measures, the creation of systems that contribute to the accounting of carbon dioxide emissions, the reduction of carbon dioxide emissions and the promotion of private sector participation in implementation, of sustainable and low-carbon projects. To date, however, no concrete measures or targets have been set, nor have any deadlines been set for their implementation.

There is no type of emissions trading scheme in Peruvian law.

On January 25, 2022, Supreme Decree No. 003-2022-MINAM was published, declaring a climate emergency of national interest and establishing guidelines and priority actions for climate change mitigation and adaptation.

In September 2023, the International Sustainability Standards Committee issued the first international sustainability and climate standards: IFRS S1 General Requirements for the Information to be Disclosed on Sustainability related to Financial Information and IFRS S2 Weather-related Disclosures. The purpose of these standards is for entities to disclose information about their risks and opportunities related to sustainability and climate that is useful to the primary users of financial information for decision-making. The Company is currently assessing these standards and the methodology for their implementation.

## Prior Consultation with Local Indigenous Communities

On September 7, 2011, Peru enacted Law No. 29785, Prior Consultation Right of Local Indigenous Communities. The law was enacted in order to implement Convention No. 169 of the International Labor Organization on Local Indigenous Communities in Independent Countries, previously ratified by Peru through Legislative Decree No. 26253. This law, which became effective on December 6, 2011, establishes a prior consultation procedure to be undertaken by the Peruvian government in favor of local indigenous communities, whose collective rights may be directly affected by new legislative or administrative measures, including the granting of new mining concessions. Regulation implementing this law was approved on April 3, 2012, by Supreme Decree No. 001-2012-MC, which defines the local indigenous communities that are entitled to the prior consultation rights and establishes the different stages that comprise the prior consultation procedure.

Consultation procedures for mining and processing concessions are carried out by the MEM prior to the granting of a new processing concession.

According to the recent practice of the Geologic Institute of Mining and Metallurgy (*Instituto Geológico Minero Metalúrgico*), the granting of mining concessions does not qualify as an "administrative measure" that potentially affects the rights of indigenous people because it does not grant *per se* a right to explore and exploit mineral deposits. Accordingly, the granting of mining concessions has not been included among measures that require consultation procedures with indigenous people. According to Ministerial Resolution No. 003-2013-MEM-DM, the MEM has established that consultation procedures are applicable prior to the commencement of: (i) exploration activities (*Autorización de inicio de actividades de exploración*); (ii) exploitation activities (*Autorización de inicio o reinicio de las actividades de desarrollo, preparación y explotación - incluye plan de minado y botaderos*); and (iii) processing concessions (*otorgamiento de concesión de beneficio*).



Local indigenous communities do not have a veto right; upon completion of this prior consultation procedure, the Peruvian government can discretionarily approve or reject the applicable legislative or administrative measure. In addition, any sale, lease or other act of disposal of surface land owned by local indigenous communities is subject to the approval of an assembly composed of the members of such communities according to the following rules:

- for local indigenous communities located on the coast, approval of not less than 50% of members attending the assembly is required; and
- for local indigenous communities located in the highlands and the Amazon region, approval of at least 2/3 of all members attending the assembly is required.

## **Permits and Licenses**

### *Mining Concessions*

According to the General Mining Law, a mining concession is required in order to extract mineral resources needed to produce cement. The mining concession grants the right to explore and exploit the mineral resources located in a solid of indefinite depth, limited by the vertical plane corresponding to the sides of square, rectangle or polygon referred to by the Universal Transversal Mercator coordinates. The Geological Mining and Metallurgical Institute (*Instituto Geológico Minero y Metalúrgico*) is in charge of managing the procedure of granting mining concessions, which includes the receipt of the request, the granting and the termination of mining concessions.

### *Explosives.*

Mining concessionaires are required to obtain the following permits to operate and store explosives:

- Certificate of Mining Operation (*Certificado de Operación Minera*), granted by the MEM;
- Semiannual Authorization for Use of Explosives, granted by the General Bureau of Explosives of the Ministry of Interior (*Superintendencia Nacional de Control de Servicios de Seguridad, Armas, Municiones y Explosivos de Uso Civil*, or “SUCAMEC”);
- Manipulation of Explosives License for each individual that intends to handle explosives, granted by the SUCAMEC; and
- Explosive’s Warehouse Operation License, granted by SUCAMEC.

### *Water and Wastewaters*

To use water resources in cement industry activities, it is necessary to obtain a water right granted by the Water Management Authority (*Autoridad Nacional del Agua*, or “ANA”) prior to the use of underground or fresh water sources. If the proposed activities will generate domestic or industrial wastewaters, which will be discharged into natural water sources or soil, authorization from ANA is required, with a favorable opinion of the General Bureau of Environmental Health (*Dirección General de Salud Ambiental*, or “DIGESA”).

### *Hazardous Waste*

Hazardous waste generated as a consequence of cement production activities must be disposed of in specialized landfills. The transportation of solid waste outside the limits of the industrial complex must be conducted exclusively through specialized companies registered with DIGESA and MINAM. Industries are free to contract with an EO-RS (a company that provides solid waste services such as transportation, treatment or disposal) or with an EC-RS (a company that carries out commercialization activities aiming at the reuse of solid waste). Yet in order to limit their liability in case of environmental harm, industries must make sure the EO-RS and EC-RS they retain count with all necessary permits to collect, transport and dispose of hazardous wastes.

### *Chemical Feedstock*

The commercialization, transportation and use of controlled chemical feedstock (*Insumos Químicos y Productos Fiscalizados*, or “IQPF”) is restricted, because of their potential use in the production of illegal drugs or controlled substances. Companies that require an IQPF must obtain an IQPF User Certificate (*Certificado de Usuario de IQPF*) from the General Bureau of Chemical Feedstock of the Ministry of Interior (*Unidad Antidrogas de la Policía Nacional del Perú*, or “DIRANDRO”). Companies such as ours are also required to register with the Ministry of Production any IQPF activities they plan to carry out (*Registro Único para el Control de IQPF*).

### *Fuel Storage*

Any company that purchases fuels for its own activities and has facilities to receive and store fuel with a minimum capacity of one meter cubed (264.170 gallons) is required to (i) receive from the Mining and Energy Investment Supervision Body (*Organismo Supervisor de la Inversión en Energía y Minería*, or “OSINERGMIN”) prior permission to build and operate said installations, and (ii) be registered with the Registry of Direct Fuel Consumers, in order to obtain the SCOP Code (*Código del Sistema de Control de Órdenes de Pedido*) necessary to purchase fuel.

### *Cultural Heritage Protection*

If the design and development of cement industry activities involves the removal of topsoil, a Certificate of Non-Existence of Archaeological Ruins (*Certificado de Inexistencia de Restos Arqueológicos*, or “CIRA”) from the Ministry of Culture (*Ministerio de Cultura*) with respect to the area under construction must be obtained. The CIRA will either certify that on the surface of the evaluated area no archaeological sites or features were discovered or will identify their exact location and extent in order to implement precautionary measures to protect the archaeological artifact. The CIRA is valid for an unlimited period but will become void should any archaeological artifacts be accidentally discovered during the construction works or due to any natural cause. In such an instance, the company must stop the construction work immediately and notify the Ministry of Culture. Failure to stop the construction work may generate civil and criminal liabilities. Under certain exceptional circumstances, Peruvian legislation allows the removal of archeological artifacts when the area is required for development of projects that are of national interest.

## Labor Regulations

Peruvian legislation allows hiring employees through: (i) a fixed-term contract, (ii) a contract for an indefinite duration; or (iii) a contract for part-time employment.

The minimum wage established in Peru is S/1,025 per month. Peruvian labor legislation establishes a maximum 8-hour work day or 48 hours per week for employees older than 18 years. For overtime, employers must pay at least an additional 25% and an additional 35% over the regular hourly wage for the first two hours and for any additional hours, respectively. Employees are entitled to a minimum rest of 24 consecutive hours per week.

Regardless of the type of employment contract, pursuant to Peruvian law full-time employees are entitled to receive:

(i) an additional 10% of the minimum wage, provided that they are responsible for (a) one or more children under the age of 18 or (b) persons who are up to 24 years of age if they are pursuing higher education,

(ii) two additional months' salary per year, one in July and one in December (pursuant to Law No. 29351, said payments were not subject to any social contribution, except for Income Tax; consequently, employers paid directly to their employees as an Extraordinary Bonus, the amount of the contribution to the Social Health Insurance (ESSALUD) for such payments, equivalent to 9% of the bonus paid),

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(iii) thirty calendar days of annual paid vacation per year,

(iv) life insurance, since the first day at work,

(v) a compensation for years of service (CTS) equal to 1.16% of a monthly salary and is deposited each year in May and November, provided they work an average of at least four hours per day for the same employer,

(vi) benefits from the Peruvian Social Health Insurance (ESSALUD) to which employers must contribute a rate equivalent to 9% of their employees' income, and

(vii) a percentage of the company's annual income net of taxes (10% in the case of income derived from industrial cement operations, and 8% in the case of income derived from our mining or commercial activities), provided the company has twenty or more employees.

On June 25, 2021, Law 31246 was published, which modified the current Law on Safety and Health at Work to guarantee the right of workers to safety and health at work in the face of epidemiological and health risk.

## Free and Fair Competition Protection

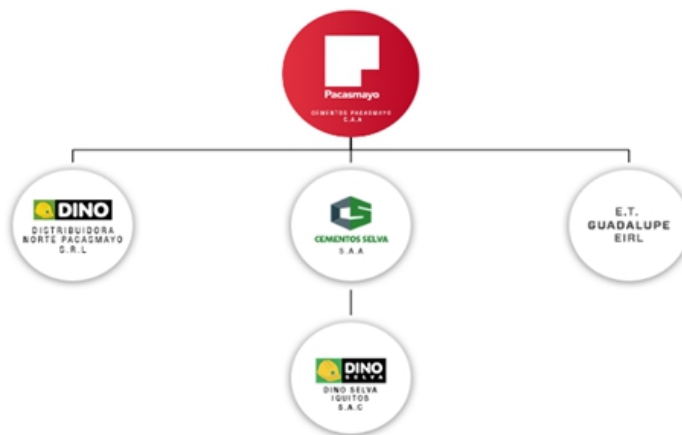
In Peru, businesses are generally not required to receive the prior authorization of the antitrust authority, which in Peru is INDECOPI. However, in order to promote economic efficiency and protect consumers, anti-competitive behavior is subject to sanctions under applicable law. Behavior that is prohibited according to national law includes: (i) the abuse of a dominant market position, (ii) concerted horizontal practices and (iii) concerted vertical practices. Moreover, under the Unfair Competition Law it is illegal to act in a way that may hinder the competitive process. An unfair behavior is one that is objectively contrary to the entrepreneurial good faith, ethical behavior and efficiency in a market economy.

On January 7, 2021, Law No. 31112, Law that establishes the Prior Control of Business Concentration Operations, was published in the Official Gazette "El Peruano", which entered into force in January 2021, together with its Regulations, approved by Supreme Decree No. 039-2021-PCM. This law establishes a system of prior control of business concentration operations in order to promote effective competition and economic efficiency in the markets for the welfare of consumers.

## C. Organizational Structure

Cementos Pacasmayo S.A.A. is part of the Hochschild Group. As of March 31, 2024, Eduardo Hochschild, directly and indirectly, owned and controlled 38.32% of the shares of Hochschild Mining plc. Through Inversiones ASPI, as of that same date, Eduardo Hochschild, directly and indirectly, owned and controlled 50.01% of the outstanding common shares of Cementos Pacasmayo.

All of our operating subsidiaries are incorporated in Peru. The following chart sets forth our simplified corporate structure, operating subsidiaries only, as of the date of this annual report.



The following is a brief description of the principal activities of our consolidated subsidiaries.

- Cementos Selva S.A.C. is engaged in the production and marketing of cement and other construction materials in the northeast region of Peru. It also owns all of the equity shares of Dinonselva Iquitos S.A.C. (a cement and construction materials distributor in the north of Peru, which also produces and sells precast, cement bricks and ready-mix concrete)
- Distribuidora Norte Pacasmayo S.R.L. is mainly engaged in selling cement produced by the Company. Additionally, it produces and sells precast, cement bricks and ready-mix concrete.
- Empresa de Transmisión Guadalupe S.A.C. is mainly engaged in providing electric energy transmission services to the Company.

#### Other immaterial, non-operating subsidiaries

- Salmueras sudamericanas S.A.C. (“Salmueras”) was engaged in the exploration of a brine project located in the northern region of Peru. In December 2017, the Company decided not to continue with the activities related to this project.
- Soluciones Takay S.A.C is a platform that connects families that want to build with certified professionals.
- 150Krea Inc. seeks to develop a business in the United States relating to digital innovation in the construction industry
- Acuicola Los Paiches is a social venture that focuses on fish farming.
- Corporación Materiales Piura S.A.C. is a non-operating company that owns some mining properties located in Piura.

#### Participation in Consortia

- Consorcio Constructor del Norte del Perú began operating during 2023 and is mainly dedicated to the execution of the project for the improvement of runways and perimeter fence of the Piura airport.

### D. Property, Plant and Equipment

#### Properties

We own our headquarters office in Lima, Peru, at Calle La Colonia 150, Urbanización El Vivero, Surco. We also own our plants, warehouses, transportation facilities and the office space at our production facilities, including our workers’ facilities occupying approximately 50,000 square meters at our Pacasmayo facility and a warehouse occupying approximately 25,000 square meters at the Salaverry port facility.

#### Area of Operation

We own and operate three cement production facilities. Our largest facility is located in the city of Pacasmayo, department of La Libertad, approximately 667 kilometers north of Lima. The second facility is located in the city of Piura, department of Piura, approximately 330 kilometers north of Pacasmayo. This facility started cement production in September 2015. We also own and operate a smaller cement facility, located in the city of Rioja, department of San Martín, approximately 468 kilometers east of the Panamericana Norte highway. From our Pacasmayo and Piura facilities we supply cement principally to the coastal and highland regions of northern Peru, including the cities of Piura, Chiclayo, Cajamarca, Trujillo and Chimbote. From our Rioja facility, we supply cement to the northeastern region of Peru, including the cities of Moyobamba, Tarapoto, Loreto, among others.



#### Pacasmayo Facility

As of December 31, 2023, our Pacasmayo facility had four horizontal kilns, which produce clinker (one of which also currently produces quicklime), and an additional Waelz rotary kiln that produces quicklime. One of these horizontal kilns with a total installed annual clinker production capacity of 660,000 metric tons was added in 2023. In addition, we formerly had six vertical shaft kilns with a total installed annual clinker production capacity of 465,120 metric tons. We made a provision for the impairment of these vertical shaft kilns at the end of 2023. As a result of these changes, the current clinker capacity at our Pacasmayo plant is 1,755,600 metric tons. Additionally, our facility has a primary and secondary cone crusher located near our Acumulación Tembladera limestone quarry. The main crusher has installed crushing capacity of 800 metric tons per hour and the secondary crusher has installed crushing capacity of 170 metric tons per hour. Our Pacasmayo facility also features three cement finishing mills with installed annual cement production capacity of 2.9 million metric tons. Our Pacasmayo facility is also equipped with silos containing storage capacity for 26,700 metric tons of cement.

As of December 31, 2023, our Pacasmayo facility had installed production capacity of approximately 240,000 metric tons of quicklime per year, including the annual installed capacity of one of our clinker kilns and our Waelz rotary kiln, which are equipped to also produce quicklime.

#### **Piura Facility**

Annual installed production capacity of our Piura plant is 1.6 million metric tons of cement and 990,000 metric tons of clinker. Our Piura plant operates with one horizontal kiln with installed clinker production capacity of 990,000 metric tons per year, as well as a cement mill with installed cement production capacity of 1.6 million metric tons per year. Our Piura plant also has three storage silos with storage capacity of 25,300 metric tons of cement.

#### **Rioja Facility**

Annual installed production capacity of our Rioja plant is 440,000 metric tons of cement and 289,080 metric tons of clinker.

Our Rioja facility currently operates with a small cone crusher and four vertical shaft kilns with total annual installed clinker production capacity of 289,080 metric tons and three cement finishing mills with total annual installed cement production capacity of 440,000 metric tons. Our Rioja plant is also equipped with silos with a storage capacity of 1,750 metric tons of cement.

#### **Ready-Mix Concrete Facilities**

We also have 22 fixed and mobile ready-mix concrete and precast facilities located in the northern cities of Chimbote, Trujillo, Chiclayo, Piura, Cajamarca, Pacasmayo and Tarapoto among others. These facilities allow us to supply ready-mix concrete and precast materials to small, medium and large construction projects throughout the entire northern region of Peru. As of December 31, 2023, our ready-mix operations had 167 mixer trucks, 34 concrete pumps and two pavers available to deliver ready-mix concrete.

#### **Capacity and Volumes**

The table below sets forth our clinker, cement and quicklime production capacity and volumes in our Pacasmayo and Rioja facilities for the periods indicated.

(in thousands of metric tons, except percentages)	As of and for the year ended December 31,								
	2023			2022			2021		
	Capacity	Production	Utilization rate <sup>(1)</sup>	Capacity	Production	Utilization rate <sup>(1)</sup>	Capacity	Production	Utilization rate <sup>(1)</sup>
<b>Cement:</b>									
Pacasmayo facility	2,900	1,656	57.1%	2,900	1,768	61.0%	2,900	1,970	67.9%
Piura facility	1,600	1,032	64.5%	1,600	1,361	85.1%	1,600	1,324	82.8%
Rioja facility	440	259	58.8%	440	307	69.8%	440	338	76.8%
<b>Total</b>	<b>4,940</b>	<b>2,946</b>	<b>59.6%</b>	<b>4,940</b>	<b>3,436</b>	<b>69.6%</b>	<b>4,940</b>	<b>3,632</b>	<b>73.5%</b>
<b>Clinker<sup>(2)</sup>:</b>									
Pacasmayo facility	1,756	1,098	61.6%	1,500	935	62.3%	1,500	879	58.6%
Piura facility	990	799	80.7%	1,000	1,023	100.0%	1,000	893	89.3%
Rioja facility	289	200	69.1%	280	240	85.7%	280	264	94.3%
<b>Total</b>	<b>3,035</b>	<b>2,097</b>	<b>68.5%</b>	<b>2,780</b>	<b>2,198</b>	<b>79.1%</b>	<b>2,780</b>	<b>2,036</b>	<b>73.2%</b>
<b>Quicklime<sup>(3)</sup>:</b>									
Pacasmayo facility	240	29	12.1%	240	46	19.2%	240	69	28.8%

(1) Utilization rate is calculated by dividing production for the specified period by installed capacity.

(2) Clinker capacity has been estimated using 330 production days.

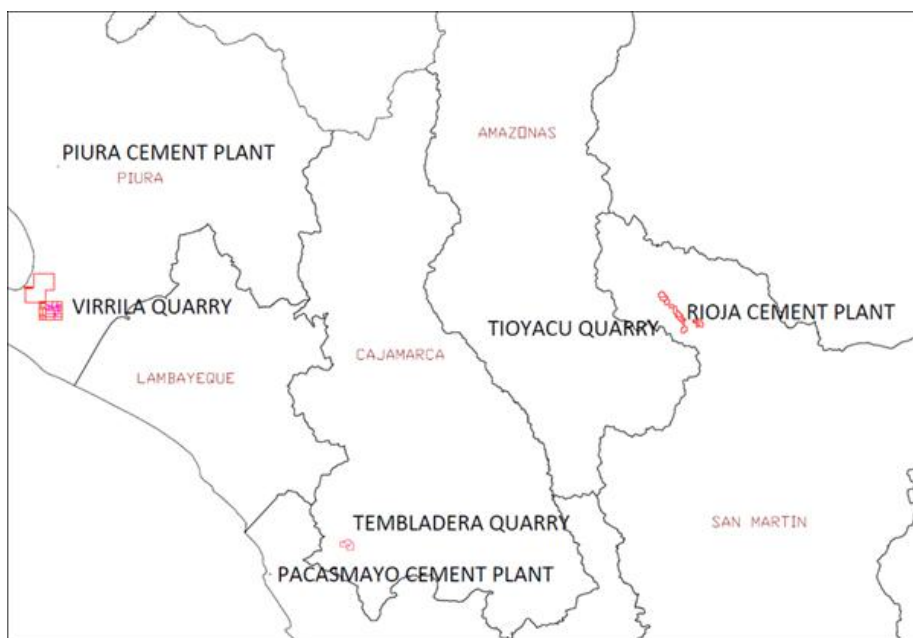
(3) Our Rioja facility does not produce quicklime. In addition, one of our clinker kilns and our Waelz rotary kiln are equipped to produce quicklime.

#### **Summary Disclosure (229.1303)**

*Map of Mining Concessions of Cementos Pacasmayo S.A.A. and subsidiaries.*

Figure 1 shows the map of Peru and the location of the Peruvian mining properties of Cementos Pacasmayo and subsidiaries, in the northern part of the country. The mining properties are located in Piura, Lambayeque, Cajamarca, Amazonas, Ica, Cusco, San Martin, La Libertad and Ancash regions.

Figure 1 General map of the mining properties and industrial facilities of Cementos Pacasmayo S.A.A. and subsidiaries



#### General description of mining properties and operations

Cementos Pacasmayo's access to its mining properties in Peru are obtained through mining rights granted by INGEMMET.

Mineral properties in Peru are classified according to the type of material (i.e. metallic and non-metallic).

Cementos Pacasmayo has mining properties in exploration, development and production stages. Cementos Pacasmayo has three material properties (Tembladera, Virrila, and Tioyacu), all of which are in the production stage.

Cementos Pacasmayo acquired Corporación de Materiales Piura S.A.C., whose mining concessions are shown in Annex 1.

Table 1 provides an overview of Cementos Pacasmayo's material properties, including relevant information for each quarry.

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Table 1 Main mining properties of Cementos Pacasmayo S.A.A. and subsidiaries

Mining Property	Mining concessions	Location of the mining concession	Percentage of ownership interests	Operator	Surface area (ha)	Stage of the mining concession	Permits	Key condition of permit	Type of mine / material	Beneficiation plant and other installations	Production 2023 (Ton)	Production 2022 (Ton)	Production 2021 (Ton)
Tembladera	Acumulación Tembladera	Cajamarca	100%	San Martin Contratistas Generales SA	3,391	Production	Yes	EIA <sup>(2)</sup> and others	Open Pit / Limestone	Industrial facilities <sup>(3)</sup>	1,842,375	1,727,182	1,629,895
Virrila	UEA <sup>(1)</sup> Virrila	Piura	100%	San Martin Contratistas Generales SA	38,226	Production	Yes	EIA <sup>(2)</sup> and others	Open Pit / Coquina	Industrial facilities <sup>(3)</sup>	932,933 <sup>(4)</sup>	1,766,003	1,465,709
Tioyacu	UEA <sup>(1)</sup> Rioja	San Martin	100%	Cementos Selva S.A.C	9,600	Production	Yes	EIA <sup>(2)</sup> and others	Open Pit / Limestone	Industrial facilities <sup>(3)</sup>	351,644 <sup>(5)</sup>	421,636	377,702

(1) Unidad Economica Administrativa represents a grouping of two or more mining concessions incorporated to the National Mining Cadastre with definitive character, of the same kind of substance and of the same mining owner.

(2) Environmental Impact Assessment (EIA).

(3) Cement plants are governed by the laws of the industrial sector.

(4) Production at the Virrila quarry was affected in 2023 because operations were interrupted between May and September of that year due to the interruption of traffic caused by the overflowing of the La Niña lagoon caused by Cyclone Yaku.

(5) The 2023 production of the Tioyacu quarry was lower compared to 2022, because no blasting activities were carried out in April and May.

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## A. SUMMARY OF MINERAL RESOURCES AND MINERAL RESERVES

Tables 2 and 3 summarize the mineral resources and reserves, respectively, of the mining properties of Cementos Pacasmayo and its subsidiaries.

**Table 2 Summary of Mineral Resources (exclusive of Reserves) of Cementos Pacasmayo S.A.A. and subsidiaries as of December 31, 2023.**

	Measured Mineral Resources		Indicated Mineral Resources		Measured + Indicated Mineral Resource		Inferred Mineral Resources	
	Amount (Million Tonnes)	Grades/ Qualities (% CaO)	Amount (Million Tonnes)	Grades/ Qualities (% CaO)	Amount (Million Tonnes)	Grades/ Qualities (% CaO)	Amount (Million Tonnes)	Grades/ Qualities (% CaO)
Limestone:								
Acumulación Tembladera	122.6	49.33	34.5	50.32	157.1	49.55	75.9	50.33
UEA Rioja	0.05	50.10	0.5	48.01	0.5	48.20	19.8	46.34
Coquina:								
UEA Virrila	19.9	49.68	28.0	48.92	47.9	49.24	4.4	46.67

Table 2 is based on the following cement prices: Tembladera/Pacasmayo (S/616.7 per ton) and Virrila/Piura (S/687.8 per ton). The mineral resource estimates are at the point of delivery to the cement plant (point of reference). Also the assumptions (e.g., prices, costs and other economic assumptions) used to establish prospects of economic extraction during the mineral resources estimation can be found in the Cementos Pacasmayo S.A.A. Technical Report Summaries (TRS) 20-F 229.601 (Item 601) Exhibits 96.1, 96.2 and 96.3 of this 20-F filing.

**Table 3 Summary of Mineral Reserves of Cementos Pacasmayo S.A.A. and subsidiaries' properties at December 31, 2023.**

	Proven Mineral Reserves		Probable Mineral Reserves		Total Mineral Reserves	
	Amount (Million Tonnes)	Grades/ Qualities (%CaO)	Amount (Million Tonnes)	Grades/ Qualities (%CaO)	Amount (Million Tonnes)	Grades/ Qualities (%CaO)
Limestone:						
Acumulación Tembladera	65.5	49.66	12.3	49.63	77.8	49.65
UEA Rioja	5.9	50.17	4.4	48.07	10.3	49.28
Coquina:						
UEA Virrila	40.3	51.87	2.7	49.78	43.0	51.73

Table 3 is based on the following cement prices: Tembladera/Pacasmayo (S/616.7 per ton), Virrila/Piura (S/687.8 per ton) and Tioyacu/Rioja (S/724.6 per ton). The mineral resource estimates are at the point of delivery to the cement plant (point of reference). Also the assumptions (e.g., prices, costs and other economic assumptions) used to establish economic viability during the mineral reserves estimation can be found in the Cementos Pacasmayo S.A.A. and Cementos Selva S.A.C Technical Report Summaries (TRS) 20-F 229.601 (Item 601) Exhibits 96.1, 96.2 and 96.3 of this 20-F filing.

## • ANNEX 1. LIST OF CEMENTOS PACASMAYO AND SUBSIDIARIES NEW CONCESSIONS.

Name of mineral concession	Location of the properties	Type and amount of ownership interests	Operator	Surface (Has)	Stage of Property	Permits	Type of mine / material	Beneficiation plant and other installations	Production of 2023	Production of 2022	Production of 2021
Gobernador 1	Piura	100%	NA	300	Exploration	No	Non Metallic	No	0	0	0
Gobernador 2	Piura	100%	NA	400	Exploration	No	Non Metallic	No	0	0	0
Gobernador 3	Piura	100%	NA	300	Exploration	No	Non Metallic	No	0	0	0
La Roca I	Piura	100%	NA	900	Exploration	No	Non Metallic	No	0	0	0
La Roca II	Piura	100%	NA	200	Exploration	No	Non Metallic	No	0	0	0
Luna de Paita	Piura	100%	NA	500	Exploration	No	Non Metallic	No	0	0	0
Meche 1	Piura	100%	NA	1,000	Exploration	No	Non Metallic	No	0	0	0
Meche 2	Piura	100%	NA	500	Exploration	No	Non Metallic	No	0	0	0
Meche 3	Piura	100%	NA	400	Exploration	No	Non Metallic	No	0	0	0
Mercedes 2	Piura	100%	NA	1,000	Exploration	No	Non Metallic	No	0	0	0
Mercedes 3	Piura	100%	NA	1,000	Exploration	No	Non Metallic	No	0	0	0
Mercedes 4	Piura	100%	NA	1,000	Exploration	No	Non Metallic	No	0	0	0
Mercedes 5	Piura	100%	NA	900	Exploration	No	Non Metallic	No	0	0	0
Mercedes 6	Piura	100%	NA	900	Exploration	No	Non Metallic	No	0	0	0
Mercedes 7	Piura	100%	NA	900	Exploration	No	Non Metallic	No	0	0	0
Sol de Colán	Piura	100%	NA	900	Exploration	No	Non Metallic	No	0	0	0

### Acumulación Tembladera Individual Disclosure (229.1304)

#### Property description

## Location

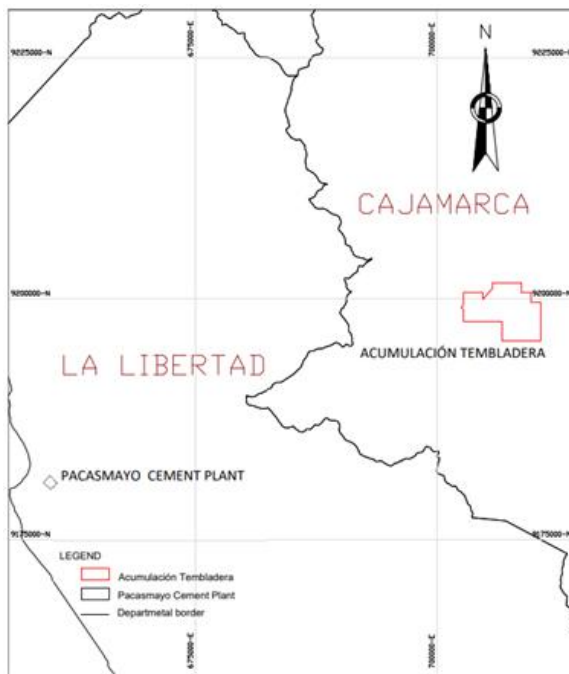
The Tembladera property is located in Yonan district, Contumaza province, Cajamarca region, Peru at longitude  $-79.123393^{\circ}$  and latitude  $-7.245671^{\circ}$ . It is located 60 kilometers from the cement plant.

The area of the mining concession is 3,390.97 hectares. The mining rights are granted by INGEMMET through a Presidential Resolution.

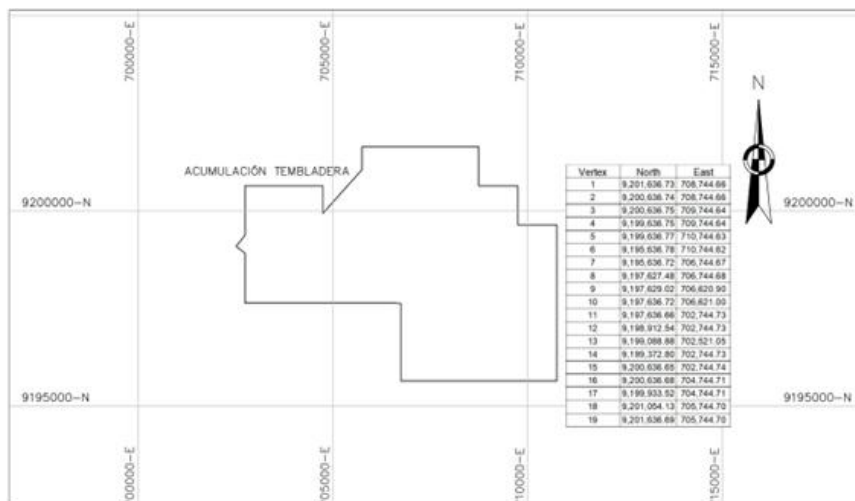
Cementos Pacasmayo S.A.A. owns the mining concession and it is registered with the name Acumulación Tembladera as a non-metallic mining concession.

The Pacasmayo cement plant and Acumulación Tembladera mining concession are shown in Figure 1 while the locations of the Acumulación Tembladera and the Pacasmayo cement plant are shown separately in Figures 2 and 3, respectively.

**Figure 1 Pacasmayo cement plant and Acumulación Tembladera**



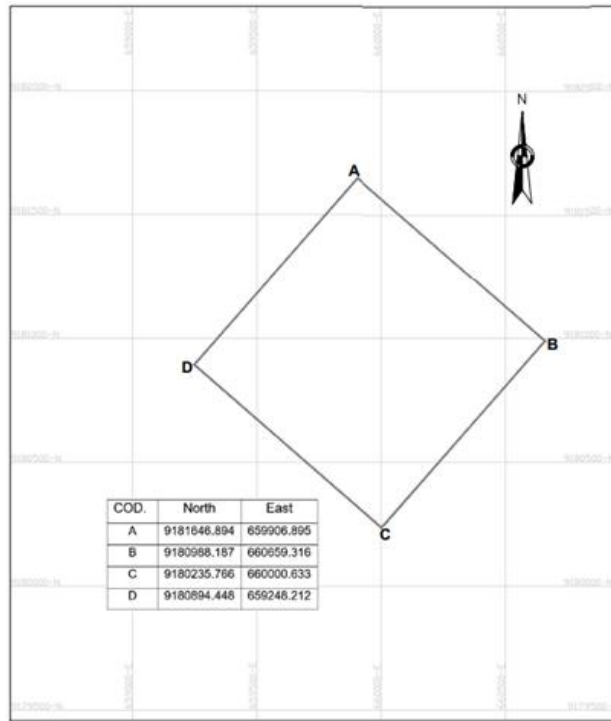
**Figure 2 Acumulación Tembladera**



Pacasmayo cement plant is shown in Figure 3.

**Figure 3 Pacasmayo cement plant**





### Infrastructure

The Tembladera quarry has the necessary infrastructure for normal operations. Facilities for electric power, water supply, fuel, access and roads have been installed.

Energy is supplied by Hidrandina S.A. Company, which obtains energy from the national grid. Energy distribution is overhead and at medium voltage of 2.3 kilovolts. The quarry also has an electrical sub-station. The sub-station area is 1,062 square meters.

Water is obtained from the village canal, which flows near the quarry. The water is used for minor activities within the quarry, such as access and road watering, limestone watering in mining areas, post-blasting watering, watering of green areas, and consumption by restrooms.

A contractor manages the fuel system. The fuel storage and dispatch system has the necessary equipment to supply fuel to the mobile and fixed units within the quarry. Trained personnel and safety measures are in place to handle fuel safely.

The Tembladera quarry can be accessed by air from Lima to Trujillo (1 hour) and by land from Trujillo to Tembladera Quarry. The route is from Trujillo to Pacasmayo (112.6 kilometers), from Pacasmayo to Ciudad de Dios (14.3 kilometers) and from Ciudad de Dios to Tembladera (50 kilometers) and Tembladera - Security point (0.8 kilometers), for a total of 747.1 kilometers. The entire route is paved. Alternatively, the quarry can be accessed by air from Lima to Chiclayo, time average 1.15 hrs. of flight, and from Chiclayo to Ciudad de Dios (86.8 kilometers) and from Ciudad de Dios to Tembladera (50 kilometers) and Tembladera – Security point (0.8 kilometers). The entire route is paved.

The Tembladera quarry's personnel come from the town of Tembladera, adjacent to the quarry. Others come from Cajamarca and La Libertad region.

Personnel from the town of Tembladera are transported to the quarry in buses and pickup trucks.

### Mining Concession Ownership and Area

The Tembladera Accumulation was granted by Resolution No. 01989-2002-INACC/J of the National Institute of Concessions and Cadastre (Instituto Nacional de Concesiones y Catastro).

The procedure to obtain a mining concession is established in the General Mining Law (Supreme Decree 014-92-EM) and its Regulation Legislative Decree 020-2020-EM.

The mining concession is in the owner's name of Cementos Pacasmayo S.A.A. and is also registered with the name Acumulación Tembladera as a non-metallic mine.

Cementos Pacasmayo S.A.A has the surface rights to the area of operation in the Tembladera quarry.

Cementos Pacasmayo S.A.A. pays the right of use for the concession Acumulación Tembladera with unique code 010001801L. These payments must be made from the first working day of January to June 30th of each year, providing the financial entities the unique code of its mining right. The Acumulación Tembladera concession payment is equivalent to US\$3.00 per hectare.

## Royalties

Law No. 28258 approved the Peruvian Mining Royalty Law on June 24, 2004, which was amended by Law No. 29788 of September 28, 2011. Cementos Pacasmayo S.A.A. currently pays the Mining Royalty (see note 24 to the consolidated financial statements).

The payment to the Peruvian government is made through SUNAT, which is the entity designated to control this consideration for the use of natural resources. Such payment is made through an application that the tax authority has made available to those required to pay.

If the mining royalty is not declared or paid, penalties for infractions and default interest for non-compliance are incurred. However, failure to pay these fines is not a cause for the loss of the mining concession.

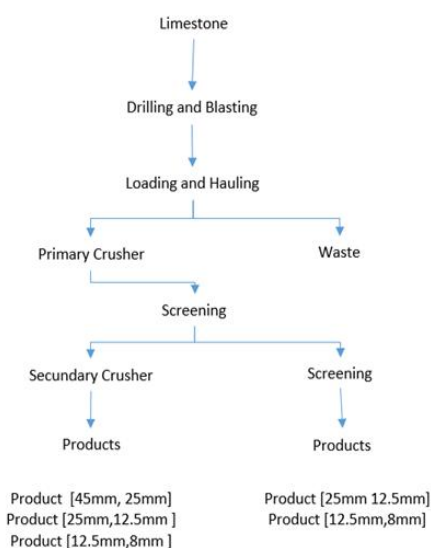
## Mining activities on the property and industrial in the cement plant

### Tembladera Quarry

The Tembladera quarry, located in the Acumulación Tembladera mining concession, is currently in the production stage. The Tembladera quarry is an open-pit mine that uses explosives to fragment the limestone rock. After crushing, the material is loaded onto trucks to be transported from the quarry to the cement plant located in Pacasmayo.

Figure 4 shows the flowsheet of mining processes at the Tembladera quarry. Further details of the process are provided in Exhibit 96.1 of this 20-F filing.

**Figure 4 Diagram of mining process of the Tembladera quarry**



The Tembladera quarry has been operating for 66 years. The amount of limestone to be mined is planned annually through the mining plan.

The equipment at the Tembladera quarry is in optimum condition to maintain continuity of operations. Maintenance and optimization of the equipment is carried out periodically and is supervised by the operator of the quarry. The equipment is in good condition and operational. Further details of the equipment are provided in Exhibit 96.1 of this 20-F filing.

## Pacasmayo industrial cement plant

The Pacasmayo cement plant is subject to the laws of the industrial sector, according to current Peruvian regulations.

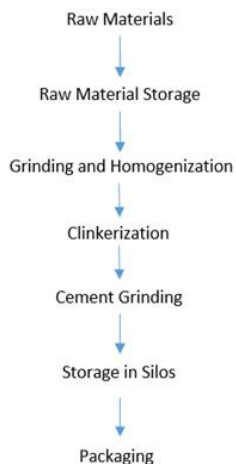
The Pacasmayo plant is located at Pacasmayo District, Pacasmayo Province, La Libertad Region. This plant is 67.3 kilometers from Tembladera quarry. This facility receives material from the Tembladera quarry. The Pacasmayo plant produces various products for the construction industry, the main product being cement. Different types of cement are produced depending on their applications, using limestone, sand, iron and clays as raw materials. The specific mix of raw materials produces the clinker necessary to produce cement.

- Extraction and transportation of limestone;
- Raw material storage;
- Grinding and homogenization to make the raw material of consistent quality;
- Clinkerization;
- Cement grinding;

- Storage in silos; and
- Packaging, loading and distribution.

Figure 5 shows the flowsheet for raw material processing, clinker and cement production. Further details of the process are provided in Exhibit 96.1 of this 20-F filing.

**Figure 5 Pacasmayo industrial plant process block diagram**



The Pacasmayo plant has been in operation for 66 years. The equipment at the Pacasmayo plant is in optimal condition to avoid any interruption in cement production. Maintenance and optimization of the equipment is carried out periodically and is supervised by Cementos Pacasmayo personnel. The Pacasmayo plant is currently being optimized with a modern, state-of-the-art clinker production line in order to increase production. The equipment is in good condition and operational. Further details of the equipment are provided in Exhibit 96.1 of this 20-F filing.

#### Facilities

The total cost of the mining concession, mine development costs, land, buildings and other facilities, machinery and equipment, furniture and fixtures, transportation units, computer equipment and tools, quarry rehabilitation costs, capitalized interest and work in progress amounted to S/.738,667,041 as of December 31, 2023.

#### Tembladera Quarry

The Tembladera quarry has facilities such as offices, explosives magazine for blasting, electrical substation, maintenance shop, lubricant warehouse, gas station, oil tank, guardhouse, limestone field, dining room, laboratory, truck scale, ore belt, loading tunnel, meteorological station, safety trench and septic tank.

#### Pacasmayo Plant

The Pacasmayo plant has facilities such as maintenance workshops, warehouses, laboratories, administrative offices, and cement production lines that support cement production.

#### History

By means of Resolution No. 01989-2002-INACC/J dated November 4, 2002, the National Institute of Mining Cadastre and Concessions granted Cementos Pacasmayo S.A.A., the non-metallic concession title called “Acumulación Tembladera” with code No. 01-00018-01-L.

The property dates back to its oldest integral concession: “Norte No. 1” granted by the Regional Mining Office of Cajamarca by ministerial resolution No. 267 of June 30, 1950, for the benefit of Cementos Portland del Norte S.A., starting operations as Cementos Pacasmayo S.A.A., from 1957 until 2013 when Calizas del Norte S.A.C. (CALNOR) was incorporated. CALNOR started activities from January 2014 until May 2016. San Martin Contratistas Generales S.A. started activities from October 2016 to the present.

In December 2022, Cementos Pacasmayo started a diamond drilling campaign of eight drill holes to confirm mineral resources and reserves. Drilling activities continue in the first month of 2023.

#### Property Encumbrances

Cementos Pacasmayo S.A.A. does not make any payments with respect to encumbrances for the Acumulación Tembladera property. The Acumulación Tembladera mining concession currently has no outstanding payments with respect to infractions and penalties.

#### Concessions

The Acumulación Tembladera mining concession is a production stage property with estimated mineral reserves.

#### Geology

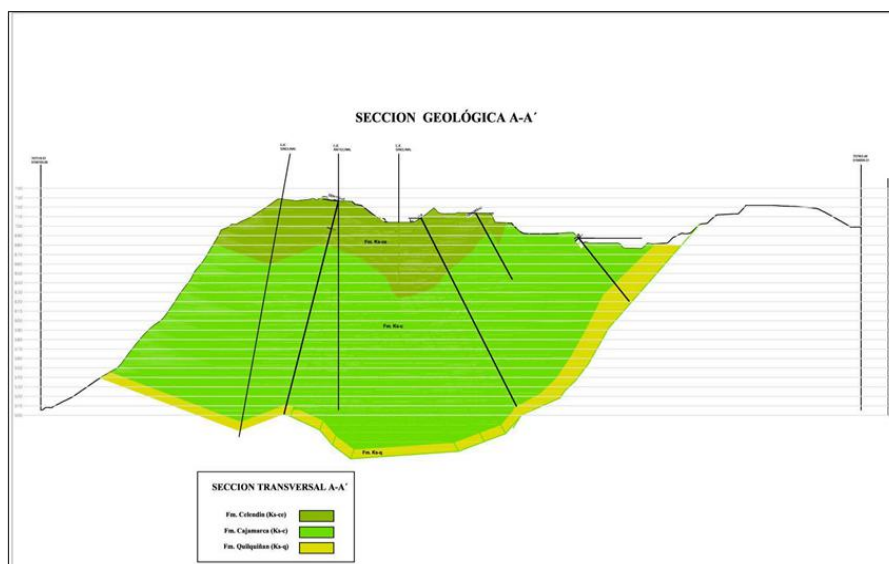
The ore deposit contains limestone with a grade suitable for cement production. The limestone is contained within the Cajamarca Formation, belonging to the Upper Cretaceous (Turonian floor, around 90 MA). This Formation overlies the Quilquiñan Group, and intrajacent to the Celendin Formation.

Table 1 shows the stratigraphic column of the area of the Tembladera quarry and briefly describes the Cajamarca Formation and the Upper Cretaceous Celendin Formation that outcrop in the project area. Figure 6 shows the local geology of the quarry.

**Table 1 Stratigraphic Column of the Tembladera quarry**

System	Series	Stratigraphic Unit		Intrusive rocks		Lithologic Description
Quaternary	Recent	Fluvial Deposit	Qr-fl			Fluvial origin
		Alluvial Deposit	Qr-al			Alluvial origin
Tertiary	Lower			Andesite	T-an	Intrusion of andesitic dykes longitudinally into the deposit rock mass.
Cretaceous	Upper	Celendin Formation	Ks-ce			Thin layers of clayey nodular limestone, interbedded with marls and lutites.
		Cajamarca Formation	Ks-c			Limestone of marine origin of whitish to light gray color.
		Quilquiñan Group	Ks-q			Lutites and marls with some calcareous intercalations.

**Figure 6 Geological section of Tembladera quarry**



## Resources and Reserves

Table 2 shows the mineral resources at the Tembladera quarry at the end of the 2023 fiscal year.

**Table 2 Mineral Resources (exclusive of Reserves) at the end of the 2023 fiscal year based on cement price of S/616.7 per ton. The mineral resource estimates are at the point of delivery to the cement plant (point of reference)**

	Amount (Million Tonnes)	Grades/ qualities (% CaO)	Grades/ qualities (% SO <sub>3</sub> )	Grades/ qualities (% MgO)	Grades/ qualities (% Al <sub>2</sub> O <sub>3</sub> )	Cut-off grades (% CaO)
Measured resources	122.6	49.33	1.83	1.82	4.76	48.60
Indicated resources	34.5	50.32	1.68	1.44	3.85	48.60
Measured + Indicated resources	157.1	49.55	1.80	1.74	4.56	48.60
Inferred resources	75.9	50.33	1.62	1.45	3.93	48.60

The mineral resources estimation considered the expected price of cement, the complete forecast horizon contemplates 30-year projection. Clinker is used for cement production through the addition of other non-metallic minerals.

Table 3 shows the mineral reserves at the Tembladera quarry.

**Table 3 Mineral Reserves at the end of the 2023 fiscal year based on cement price of S/616.7 per ton. Mineral reserve estimates are at the point of delivery to the cement plant (point of reference)**

	Amount (Million Tonnes)	Grades/ qualities (% CaO)	Grades/ qualities (% SO3)	Grades/ qualities (% MgO)	Grades/ qualities (% Al2O3)	Cut-off grades (% CaO)
Proven reserves	65.5	49.66	1.52	1.54	4.60	48.60
Probable reserves	12.3	49.63	1.57	1.56	4.91	48.60
Total Reserves	77.8	49.65	1.53	1.54	4.65	48.60

The mineral reserves estimation considered the expected price of cement. The complete forecast horizon contemplates a total of 30 years. Clinker is used for cement production through the addition of other non-metallic minerals.

#### Reconciliation of Mineral Resources and Reserves at the End of the Fiscal Year

Table 4 shows the difference between the mineral resource estimates at the end of 2023 and 2022.

**Table 4 Resources for the last two fiscal years expressed in millions of tons.**

	Resources as at Dec. 31, 2023	Resources as at Dec. 31, 2022	Discrepancy
Measured resources	122.6	127.4	The difference is due to the annual consumption of limestone used in the cement plant.
Indicated resources	34.5	35.7	The difference is due to the annual consumption of limestone used in the cement plant.
Measured + Indicated resources	157.1	163.1	The difference is due to the annual consumption of limestone used in the cement plant.
Inferred resources	75.9	74.1	The difference is due to readjustments in the calcareous horizons in the model update process.

The prices assumed for the Mineral Resources estimation in the economic model can be found in the Cementos Pacasmayo S.A.A. Technical Report Summary (TRS) of the  
 \* Tembladera Quarry and Pacasmayo Cement Plant 20-F 229.601 (Item 601) Exhibit 96.1 of this 20-F filing. All mineral resources are estimated at cement plant. The updated average price is S/616.7 per ton of cement at nominal values, perpetuity is included at the end of the 30-year projection.

Table 5 shows the difference between the mineral reserve estimates at the end of 2023 and 2022.

**Table 5 Reserves for the last two fiscal years expressed in millions of tons.**

	Reserves as at Dec. 31, 2023	Reserves as at Dec. 31, 2022	Discrepancy
Proven reserves	65.5	62.1	Mineral reserve estimation for 2023 considered 30 years as Life of Mine (LOM) due to economic issues of price and cost forecast. Main differences are supported by annual limestone consumption to produce cement.
Probable reserves	12.3	12.2	There is no difference in tons.

The prices assumed for the Mineral Reserves estimation in the economic model can be found in the Cementos Pacasmayo S.A.A. Technical Report Summary (TRS) Tembladera  
 \* Quarry and Pacasmayo plant 20-F 229.601 (Item 601) Exhibit 96.1 filing. All mineral Reserves are estimated at cement plant. The updated average price is S/616.7 per ton of cement, average of the 30-year projection, at nominal values.

Cementos Pacasmayo has previously disclosed mineral resources and reserves at the Tembladera quarry in its annual report on Form 20-F filed on April 27, 2023. Cementos Pacasmayo previously filed a TRS to support its disclosure of mineral resources and reserves at the Tembladera quarry as Exhibit 96.1 of its annual report on Form 20-F filed on April 28, 2022. Cementos Pacasmayo is updating that TRS with the new TRS filed as Exhibit 96.1 of this 20-F filing to ensure the material assumptions are current. The main reasons for this update are prices, costs, cement demand, kiln 4 optimization and other economic assumptions. Further details are provided in Exhibit 96.1 of that 20-F filing.

#### Other Activities

Cementos Pacasmayo S.A.A. has carried out drilling at the Tembladera quarry to confirm the mineral reserves. New drilling data is not included in the 2023 reserves model.

#### ***Virrilá Individual Disclosure (229.1304)***

##### *Property description*

##### Location

The Virrilá property is located in the Sechura District, Sechura Province, Piura Region, Peru at longitude -80.758952° and latitude -5.933999°. The concessions are registered in INGEMET (Instituto Geológico Minero y Metalúrgico) as Virrila 3, Virrila 4, Virrila 6, Virrila 7, Virrila 8, Virrila 9, Virrila 10, Virrila 11, Virrila 12, Virrila 13, Virrila 14, Virrila 15, Virrila 16, Virrila 17, Virrila 18, Virrila 19, Virrila 20, Virrila 21, Virrila 22, Virrila 23 and Bayovar N° 4 with mining activity.

The area of the mining property is 38,226.00 hectares. The mining rights are granted by INGEMMET through a Presidential Resolution.

Cementos Pacasmayo S.A.A. owns the mining property and it is registered with the name Unidad Económica Administrativa (UEA) Virrila as a non-metallic mining property.

Cementos Pacasmayo currently has an agreement with the Fundación Comunal San Martin de Sechura for the use of the surface land associated with the production area of the Virrila quarry.

Piura Cement Plant and UEA Virrila are shown in Figure 1 while the locations of the UEA Virrila property and Piura cement plant are shown in Figures 2 and 3, respectively.

Figure 1 Piura cement plant and UEA Virrila

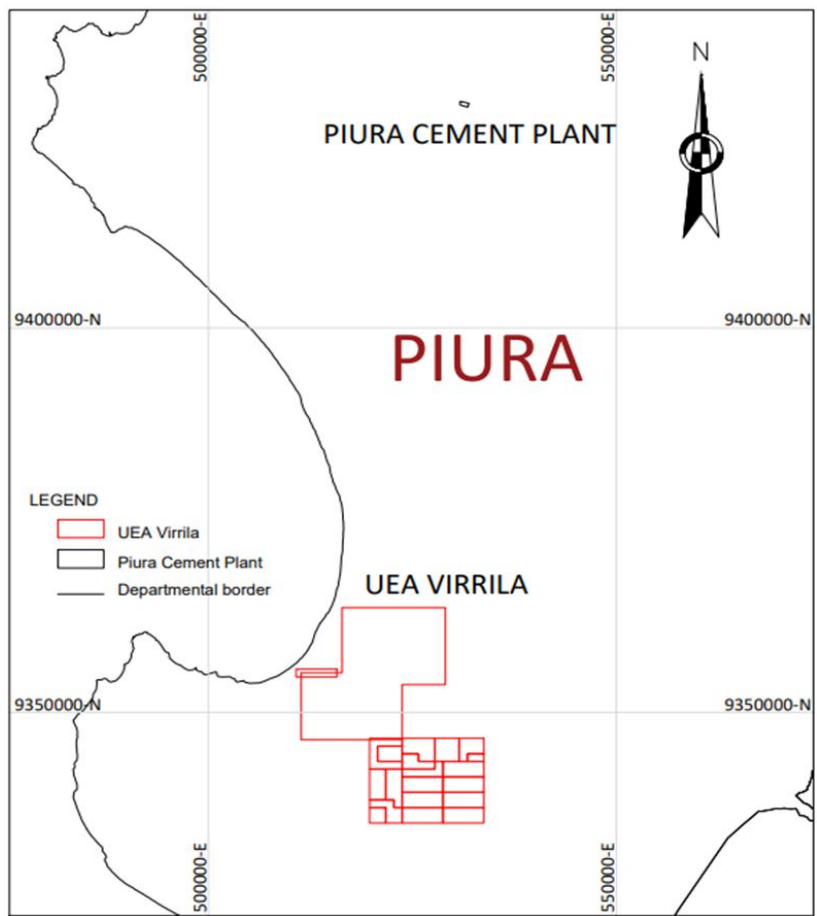


Figure 2 UEA Virrila property



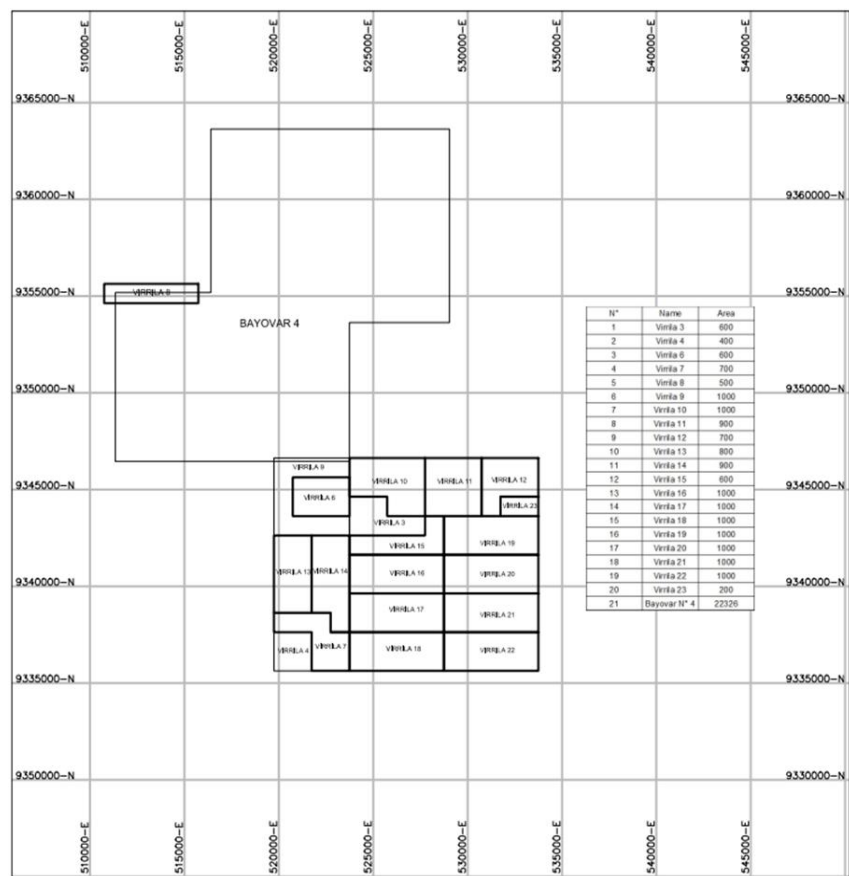
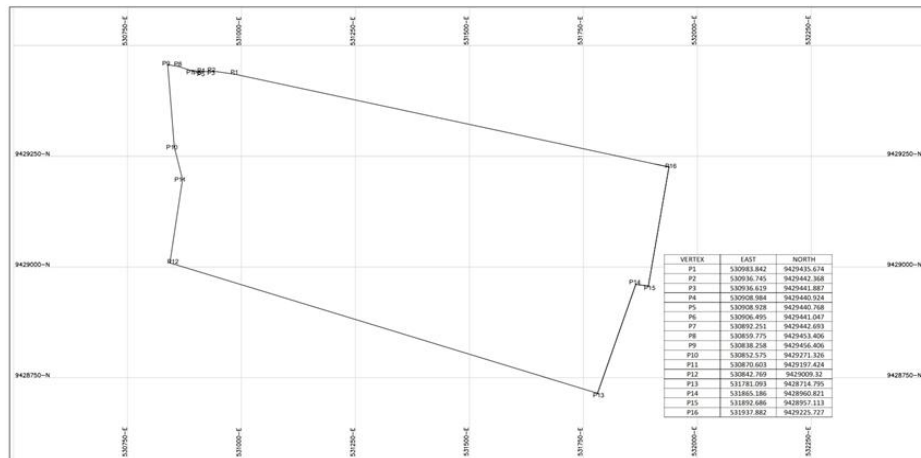


Figure 3 Piura cement plant



## Infrastructure

The Virila quarry has the necessary infrastructure for normal operations. Facilities for electric power, water supply, fuels, accesses and roads have been installed.

Virila quarry is supplied with fuel by diesel oil tanker trucks. Fuel distribution is the responsibility of an authorized contractor company.

The Virila quarry is supplied with energy by electric generators.

The Virila quarry can be accessed by paved road from Piura city, along the north Panamerican highway, to the Bayovar intersection and then to the Virila quarry. Estimated travel time is 2 hours.

Personnel for the Virila quarry come from the town of Sechura, near the quarry. Others are from Piura.

Personnel from the Sechura township are transported to the quarry in buses and pickup trucks. The contractor is responsible for the logistics of personnel operating in the quarry.

#### Mining Concession Ownership and Area

INGEMMET granted mining rights to Cementos Pacasmayo on March 31, 2016 by Presidential Resolution No. 0147-2016-INGEMMET/PCD/PM including nine (9) non-metallic mining rights in the "Unidad Económica Administrativa" (UEA) Virrila, with code No. 01-00011-00-U of Cementos Pacasmayo S.A.A.

Presidential Resolution No. 2869-2015-INGEMMET/PCD/PM dated September 30, 2015 added twelve (12) non-metallic mining rights to "Unidad Económica Administrativa" (UEA) Virrila, with code No. 01-00011-00-U of Cementos Pacasmayo S.A.A. bringing the total to 21 mining rights.

#### Royalties

Law No. 28258 approved the Peruvian Mining Royalty Law on June 24, 2004 and was amended by Law No. 29788 of September 28, 2011. Cementos Pacasmayo S.A.A. currently pays the Mining Royalty (see note 24 to the consolidated financial statements).

The payment to the Peruvian government is made through SUNAT, which is the entity designated to control this consideration for the use of natural resources. Such payment is made through an application that the tax authority has made available to those required to pay.

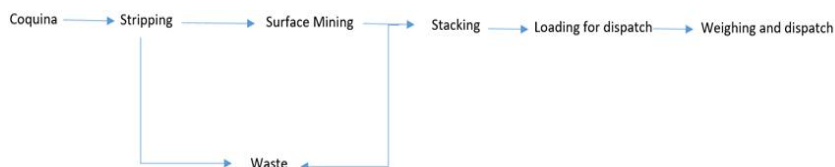
In case the mining royalty is not declared or paid, penalties for infractions and default interest for non-compliance are incurred. However, failure to pay these fines is not a cause for the loss of the mining concession.

#### Mining Activities on the Property

The Virrila quarry located in the Virrila EAU is currently in the production stage. This is an open-pit mine where surface miners are used to fragment the coquina, which is loaded onto trucks by front-end loaders and transported to the cement plant located in Piura which is 120 kilometers from UEA Virrila.

Figure 4 shows the flowsheet of mining processes at the Virrila quarry. Further details of the process are provided in Exhibit 96.2 of this 20-F filing.

**Figure 4 Diagram of mining process of the Virrila quarry**



The Virrila quarry has been operating for eight years. The amount of coquina to be mined is planned annually through the mining plan.

The equipment in operation at the Virrila quarry is in optimum condition to maintain continuity of operations. Maintenance and optimization of the equipment is carried out periodically and is supervised by the operator of the quarry. The equipment is in good condition and operational. Further details of the equipment are provided in Exhibit 96.2 of this 20-F filing.

#### Piura Cement Plant

The cement plant is under the laws of the industrial sector, according to current Peruvian regulations.

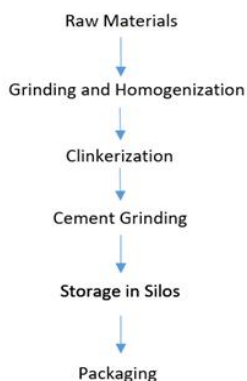
The cement plant is located at Veintiséis de Octubre District, Piura Province and Piura Region. This facility receives material from the Virrila quarry. The cement plant produces various products for the construction industry, the main product being cement. Different types of cement are produced depending on their applications, and using coquina, sand, iron and clays as raw materials. The specific mix of raw materials produces the clinker necessary to produce cement.

The standard cement production process consists of the following main stages:

- Extraction and transportation of coquina;
- Raw material storage;
- Grinding and homogenization to make the raw material of consistent quality;
- Clinkerization;
- Cement grinding;
- Storage in silos; and
- Packaging, loading and distribution.

Figure 5 shows the flowsheet for raw material processing, clinker and cement production. Further details of the process are provided in Exhibit 96.2 of this 20-F filing.

**Figure 5 Piura plant process block diagram**



The equipment in operation at the Piura plant is in optimal condition to avoid any interruption in cement production. Maintenance and optimization of the equipment is carried out periodically and is supervised by Cementos Pacasmayo S.A.A. personnel. The equipment is in good condition and operational. Further details of the equipment are provided in Exhibit 96.2 of this 20-F filing.

#### Facilities

The total cost of the mining concession, mine development costs, land, buildings and other facilities, machinery and equipment, furniture and fixtures, transportation units, computer equipment and tools, quarry rehabilitation costs, capitalized interest and work in progress amounted to S/858,282,298 as of December 31, 2023.

#### Virrilá Quarry

The Virrila quarry has facilities such as offices, dining room, infirmary, vehicle parking lots, lubricant warehouse, chemical baths, maintenance shop, sample preparation laboratory, industrial water tank, truck scale, hopper for weighing, wastewater treatment pond, and satellite and radio antenna.

#### Piura Plant

The Piura plant has facilities such as maintenance workshops, warehouses, laboratories, administrative offices, and cement production lines that support cement production.

#### History

The quarry is a non-metallic deposit of coquina material, source of different types of cements for construction; Cementos Pacasmayo S.A.A. owns the deposit.

The Virrila quarry started operations in 2015. The mining contractor San Martin Contratistas Generales S.A. was in charge of the production from the beginning of operations until March 14, 2020. The mining contractor Posada Perú S.A.C started operations at the Virrila quarry on September 14, 2020 until December 30, 2021.

On January 3, 2022, the mining contractor San Martin Contratistas Generales S.A. was hired to transport the coquina from the Virrila quarry to the Piura plant.

From May to June 2023 Cementos Pacasmayo carried out a drilling campaign in order to confirm mineral reserves in Zone 2 and 4 (see Exhibit 96.2 of 20-F filing).

From May to September 2023, Virrila quarry stopped operations due to the interruption of traffic caused by the overflow of the La Niña lagoon provoked by Cyclone Yaku. Likewise, the Piura plant stopped its clinker production operations (raw meal milling, coal milling and reception of raw materials) from July to September of that year to avoid exceeding the strategic inventories (clinker). The cement grinding, receiving (cement additions), packaging and dispatching processes remained active to cover the cement demand.

Virrila quarry restarted operations in October.

#### Property Encumbrances

Cementos Pacasmayo S.A.A. does not make any payments with respect to encumbrances for the UEA Virrila concessions. The UEA Virrila concessions currently have no outstanding payments with respect to infractions and penalties.

#### Concessions

The UEA Virrila is a production stage property with estimated mineral reserves.

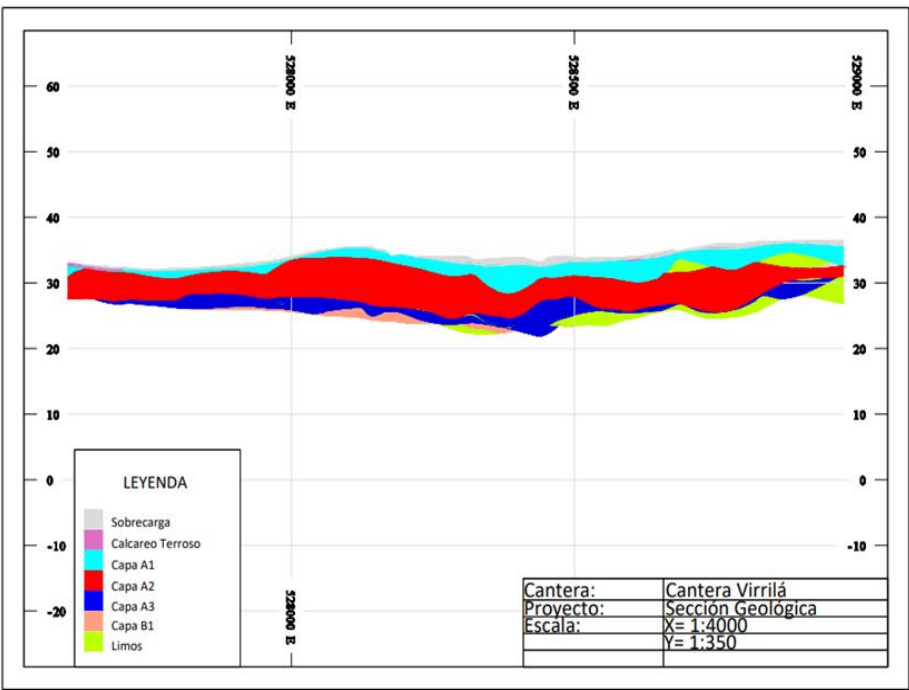
#### Geology

The lithostratigraphy of the area consists of Cenozoic sedimentary units, locally formed by Tertiary units and covered by Quaternary deposits; the Tablazo Lobitos and Quaternary deposits of ancient alluvial, lacustrine and Aeolian origin form these units. Table 1 shows the stratigraphic column of the area of the Virrilá quarry while Figure 6 shows a geologic section of the geology of the quarry.

Table 1 Stratigraphic Column of the Virrilá quarry

Era	System	Symbol	Serie	Stratigraphic Unit
Cenozoic	Quaternary	Qh-e	Holocene	Eolic deposits
		Qp-tt	Pleistocene	Tablazo Talara
	Tertiary	Tm-zi	Miocene	Lower Zapallal Formation

Figure 6 Geological section of the Virrilá quarry



## Resources and Reserves

Table 2 shows the Mineral Resources at the Virrilá quarry at the end of the 2023 fiscal year.

**Table 2 Mineral Resources (exclusive of Reserves) at the end of the 2023 fiscal year based on cement price of S/687.8 per ton. The mineral resource estimates are at the point of delivery to the cement plant (point of reference).**

	Amount (Million Tonnes)	Grades/ qualities (% CaO)	Grades/ qualities (% SO3)	Grades/ qualities (% MgO)	Cut-off grades (% CaO)
Measured resources	19.9	49.68	0.61	0.66	48.50
Indicated resources	28.0	48.92	1.11	1.17	48.50
Measured + indicated resources	47.9	49.24	0.90	0.96	48.50
Inferred resources	4.4	46.67	2.15	1.61	48.50

The mineral resource estimation considered the expected price of cement. The complete forecast horizon contemplates a total of 33 years of projection. Clinker is used for cement production through the addition of other non-metallic minerals.

**Table 3 Mineral Reserves at the end of the 2023 fiscal year based on cement price of S/687.8 per ton. Mineral reserve estimates are at the point of delivery to the cement plant (point of reference).**

	Amount (Million Tonnes)	Grades/ qualities (% CaO)	Grades/ qualities (% SO3)	Grades/ qualities (% MgO)	Cut-off grades (% CaO)
Proven reserves	40.3	51.87	0.35	0.70	48.50
Probable reserves	2.7	49.78	1.08	1.42	48.50
Total reserves	43.0	51.73	0.40	0.74	48.50

The mineral reserves estimation considered the expected price of cement. The complete forecast horizon contemplates a total of 30 years of projection. Clinker is used for cement production through the addition of other non-metallic minerals.

#### Reconciliation of Resources and Reserves at fiscal year-end

Table 4 shows the difference between the mineral resource estimates at the end of 2023 and 2022.

**Table 4 Resources for the last two fiscal years expressed in millions of tons.**

	Resources as of Dec. 31, 2023	Resources as of Dec. 31, 2022	Discrepancy
Measured Resources	19.9	17.4	The difference is due to the annual consumption of coquina used in the cement plant.
Indicated Resources	28.0	29.0	The difference is due to the annual consumption of coquina used in the cement plant.
Measured + Indicated Resources	47.9	46.4	The difference is due to the annual consumption of coquina used in the cement plant.
Inferred Resources	4.4	3.9	The difference is due to updating the geological model.

The prices assumed for the Mineral Resources estimation in the economic model can be found in the Cementos Pacasmayo S.A.A. Technical Report Summary (TRS) of the  
 \* Virrila Quarry and Piura plant 20-F 229.601 (Item 601) Exhibit 96.2 of this 20-F filing. All Resources are estimated at cement plant. The updated average price is S/687.8 per ton of cement, average of the 30-year projection, at nominal values.

Table 5 shows the difference between the mineral reserve estimates at the end of 2023 and 2022.

**Table 5 Reserves for the last two fiscal years expressed in millions of tons.**

	Reserves as of Dec. 31, 2023	Reserves as of Dec. 31, 2022	Discrepancy
Proven Reserves	40.3	42.6	The difference is due to the annual consumption of coquina used in the cement plant.
Probable Reserves	2.7	2.9	The difference is due to the annual consumption of coquina used in the cement plant.

The prices assumed for the Mineral Reserves estimation in the economic model can be found in the Cementos Pacasmayo S.A.A. Technical Report Summary (TRS) Virrila  
 \* Quarry and Piura Cement Plant 20-F 229.601 (Item 601) Exhibit 96.2 of this 20-F filing. All Reserves are estimated at cement plant. The updated average price is S/687.8 per ton of cement, average of the 30-year projection, at nominal values.

Cementos Pacasmayo has previously disclosed mineral resources and reserves at the Virrila quarry in its annual report on Form 20-F filed on April 27, 2023. Cementos Pacasmayo previously filed a TRS to support its disclosure of mineral resources and reserves at the Virrila quarry as Exhibit 96.2 of its annual report on Form 20-F filed on April 28, 2022. Cementos Pacasmayo is updating that TRS with the new TRS filed as Exhibit 96.2 of this 20-F filing to ensure the material assumptions are current. The main reasons for this update are prices, costs and cement demand. Further details are provided in Exhibit 96.2 of that 20-F filing.

#### Exploration

Cementos Pacasmayo S.A.A. has carried out exploration drilling in the Virrila quarry to confirm the mineral reserves. This activity will improve the accuracy of mineral reserves estimation. The drilling results, by themselves, do not constitute material information as the exploration drilling results are included in the analysis for estimating mineral resources and reserves.

#### ***Tioyacu Individual Disclosure (229.1304)***

##### *Property description*

##### Location

The Tioyacu property is located in Elias Soplin Vargas district, Rioja province, San Martin region, Peru at longitude -77.284376° and latitude -5.999057°. It is located 5 kilometers from the cement plant.

The mining rights registered with INGEMMET are as follows Moyobamba 98, Pajonal 2, Rioja 1, Rioja 2, Rioja 3, Rioja 5, Rioja 6, Rioja 7, Rioja 8, Rioja 9, Calizas Tioyacu, Arcillas el Pajonal, Pajonal 3 and Pajonal 4. The area of the mining property is 9,600 hectares.

The mining rights (the mining concession title) are granted by INGEMMET through a Presidential Resolution.

Cementos Selva S.A.C. owns the mining property and it is registered with the name Unidad Económica Administrativa (UEA) Rioja as a non-metallic mining property.

Rioja cement plant and UEA Rioja are shown in Figure 1 while the locations of the UEA Rioja property and Rioja cement plant are shown in Figures 2 and 3, respectively.

**Figure 1 Rioja cement plant and UEA Rioja**

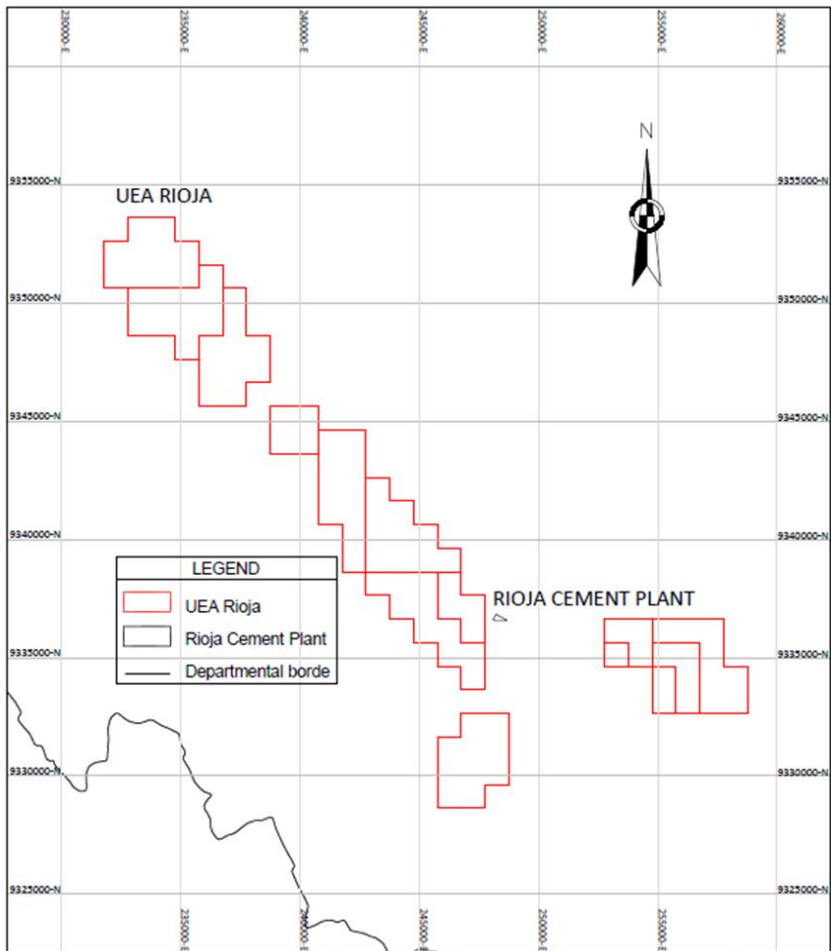


Figure 2 UEA Rioja property



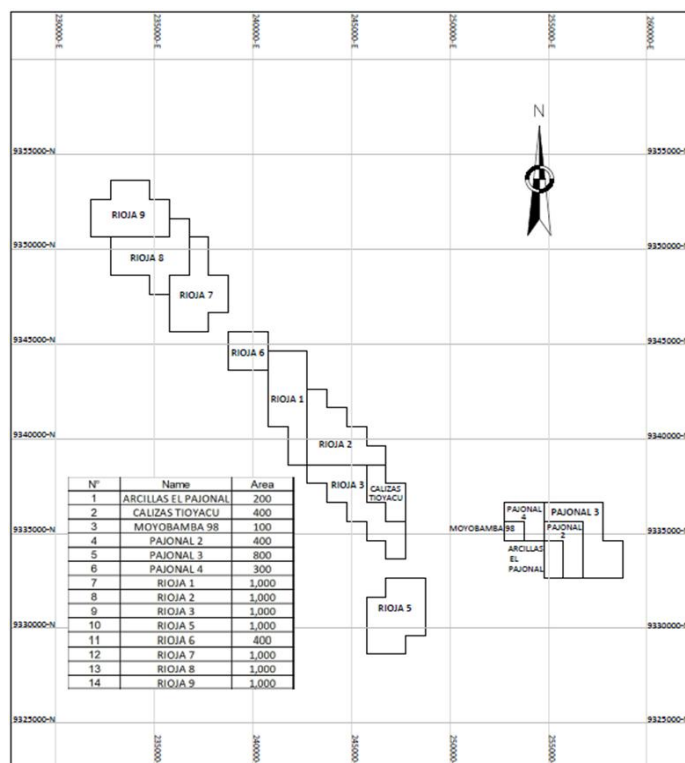
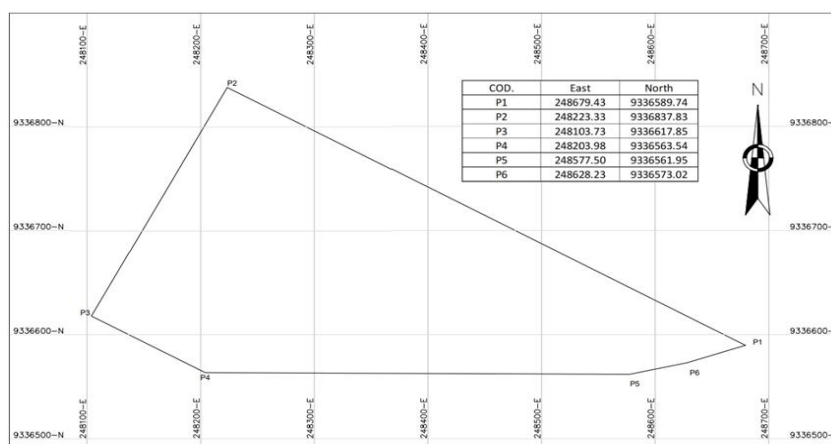


Figure 3 Rioja cement plant



## Infrastructure

The Tioyacu quarry has the necessary infrastructure for normal operations. Facilities for electric power, water supply, fuel, access and roads have been installed.

The Rioja plant owned by Cementos Selva S.A.C., a wholly-owned subsidiary of Cementos Pacasmayo, currently has adequate infrastructure (such as workshops, service stations, restrooms, and others).

The Tioyacu quarry can be accessed from the coast by air from Lima to Tarapoto, time average 1.10 hours of flight, and from Tarapoto to Rioja (139 kilometers) and from Rioja to the Cementos Selva S.A.C. plant (15 kilometers). Alternatively, one can access the site by road from Lima to Rioja, a distance of 1107 kilometers on paved road.

The personnel at Tioyacu quarry come from the Elias Soplin Vargas district. Others are from Rioja and Nueva Cajamarca.

## Mining Concessions Ownership and Area

Calizas Tioyacu concession was approved by Resolution 0960-96-RPM granted by the Public Mining Registry.

The procedure to obtain a mining concession is stipulated in the General Mining Law (Supreme Decree 014-92-EM) and its Regulation Legislative Decree 020-2020-EM.

Cementos Selva S.A.C. is the owner of the mining concession and is registered under the name Calizas Tioyacu as a non-metallic mine.

Tioyacu quarry has a Usufruct and Easement Agreement for the use and easement of the surface where mining activities are carried out. The agreement was signed with Corporación de Desarrollo de San Martín (COREDESAM).

Cementos Selva S.A.C. pays the concession fee for the Calizas Tioyacu concession with unique code 010912495. These payments must be made from the first working day of January to June 30th of each year, providing the Financial Entities the unique code of its mining right. In the case of the Calizas Tioyacu concession, the payment is equivalent to US\$3 per hectare.

#### Royalties

The Peruvian Mining Royalty Law was approved on June 24, 2004 by Law No. 28258, which was amended by Law No. 29788 of September 28, 2011. Cementos Selva S.A.C. currently pays the Mining Royalty (see note 24 to the consolidated financial statements).

The payment to the Peruvian government is made through the SUNAT, which is the entity designated to control this consideration for the use of natural resources. Such payment is made through an application that the tax authority has made available to those required to pay.

If the mining royalty is not declared or paid, fines for infractions and late payment interest for non-compliance are incurred. However, failure to pay these fines is not a cause for the loss of the mining concession.

#### Mining Activities on the Property

##### Tioyacu Quarry

The Tioyacu quarry located in the Calizas Tioyacu mining concession is currently in the production stage. The Tioyacu quarry is an open-pit mine that uses explosives to fragment the limestone rock, which is then loaded onto trucks by front-end loaders and transported to the Rioja plant.

Figure 4 shows a flowsheet of mining processes at the Tioyacu quarry. Further details of the process are provided in Exhibit 96.3 of this 20-F filing.

**Figure 4 Diagram of mining process of the Tioyacu quarry**



The Tioyacu quarry has been operating for 23 years for Cementos Selva S.A.C. The material extracted from the quarry is used to supply the Rioja Cement Plant, which has also been in operation for 23 years. The amount of limestone to be mined is planned annually through the mining plan.

The equipment in operation at the Tioyacu quarry is in optimum condition to maintain continuity of operations. Maintenance and optimization of the equipment is carried out periodically and is supervised by the operator of the quarry. The equipment is in good condition and operational. Further details of the equipment are provided in Exhibit 96.3 of this 20-F filing.

##### Rioja Cement Plant

It is important to mention that the cement plant is under the laws of the industrial sector, according to current Peruvian regulations.

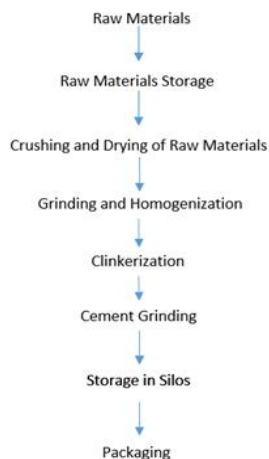
The Rioja cement plant is located in the district of Elías Soplin Vargas, La Rioja province, San Martín region, 5 kilometers from the quarry. This facility receives material from the Tioyacu quarry. The cement plant produces various products for the construction industry, the main product being cement. Different types of cement are produced depending on their applications, using limestone, sand, iron and clays as raw materials. The specific mix of raw materials produces the clinker necessary to produce cement.

The standard cement production process consists of the following main stages:

- Extraction and transportation of limestone;
- Raw material storage;
- Crushing and Drying of Raw Materials;
- Grinding and homogenization to make the raw material of consistent quality;
- Clinkerization;
- Cement grinding;
- Storage in silos; and
- Packaging, loading and distribution.

Figure 5 shows the flowsheet for raw material processing, as well as clinker and cement production. Further details of the process are provided in Exhibit 96.3 of this 20-F filing.

**Figure 5 Rioja plant process block diagram**



The equipment in operation at the Rioja plant is in optimal condition to avoid any interruption in cement production. Maintenance and optimization of the equipment is carried out periodically and is supervised by Cementos Selva S.A.C personnel. The equipment is in good condition and operational. Further details of the equipment are provided in Exhibit 96.3 of this 20-F filing.

#### Facilities

The total cost of the mining concession, mine development costs, land, buildings and other constructions, machinery and equipment, furniture and fixtures, transportation units, computer equipment and tools, quarry rehabilitation costs, capitalized interest and work in progress amounts to S/136,491,040 as of December 31, 2023.

#### Tioyacu Quarry

The Tioyacu quarry does not have maintenance and administrative facilities because the Cementos Selva S.A.C plant is near the quarry and provides the necessary facilities for quarry operations.

#### Rioja Plant

The Rioja plant has facilities such as maintenance workshops, warehouses, laboratories, administrative offices, and cement production lines that support cement production.

#### History

The Tioyacu quarry began operations as Cementos Rioja S.A. in 2000. Prior to this, Cementos Rioja S.A. had successfully won the bid for the “Cement Plant with Vertical Kiln of Rioja”, promoted by CEPRI Cemento Rioja at the Public Auction of February 6, 1998. Ownership was then transferred by the Regional Government of San Martin by public deed on March 28, 1988, to Cementos Rioja S.A.

The development of the project, and the non-metallic mining concession – Calizas Tioyacu, among others, were a part of the transfer in favor of Cementos Rioja S.A. by Empresa Minera del Perú, by public deed dated April 8, 1998.

According to the provisions of the ninth article of the General Mining Law (Supreme Decree No. 014-92-EM), the industrial cement plant is not an integral or accessory part of the mining concession, nor does it carry out mining activities, it is a different property dedicated to the industrial manufacturing of cement.

On March 1, 2022, Cementos Selva S.A. changed its corporate name to Cementos Selva S.A.C. (CSSAC).

In December 2023, Cementos Selva started a diamond drilling campaign of six drill holes to confirm mineral reserves.

#### Property Encumbrances

Cementos Selva S.A.C. does not make any payments with respect to encumbrances for the Tioyacu quarry. Tioyacu quarry currently has no outstanding payments with respect to infractions and penalties.

#### Concessions

The Calizas Tioyacu is a production stage property with estimated mineral reserves.

#### Geology

The ore deposit contains limestone with a grade suitable for cement production. The limestone is contained within the Condorsinga Formation. This Formation is part of the Pucará Group. Figure 6 shows the stratigraphic column of the area of the Tioyacu quarry while Figure 7 shows the local geology of the quarry.

Figure 6 Rioja plant process block diagram

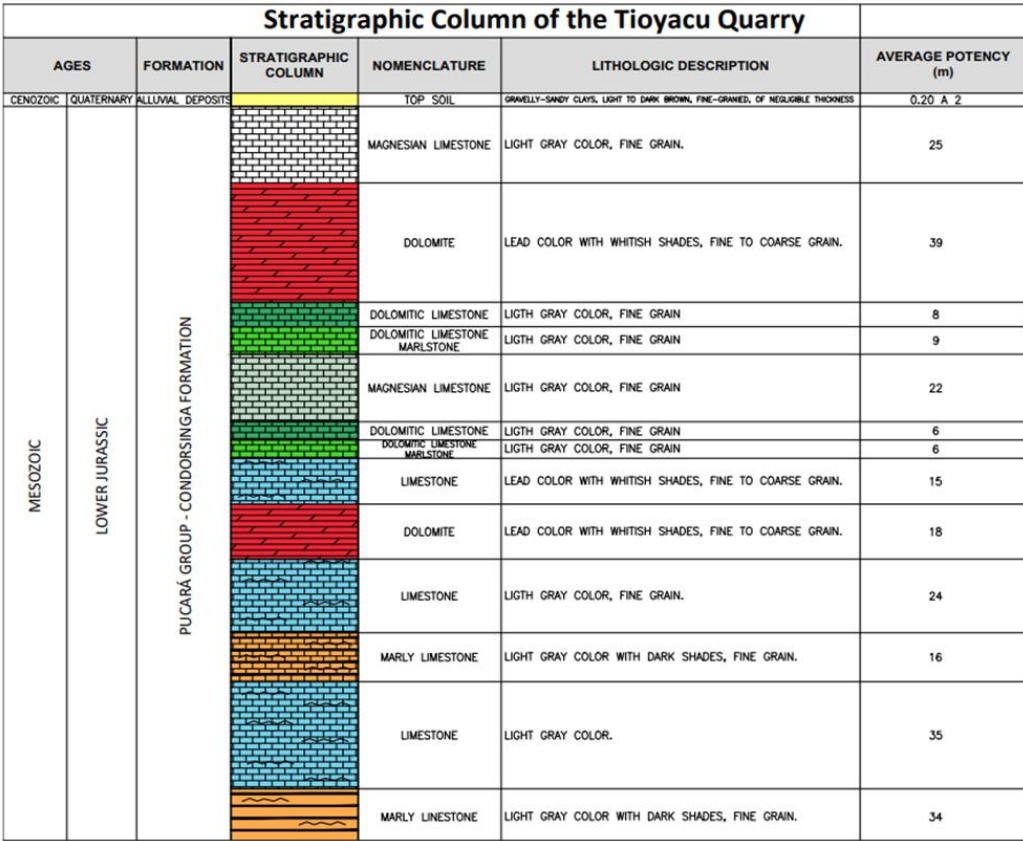


Figure 7 Geological section of the Tioyacu quarry

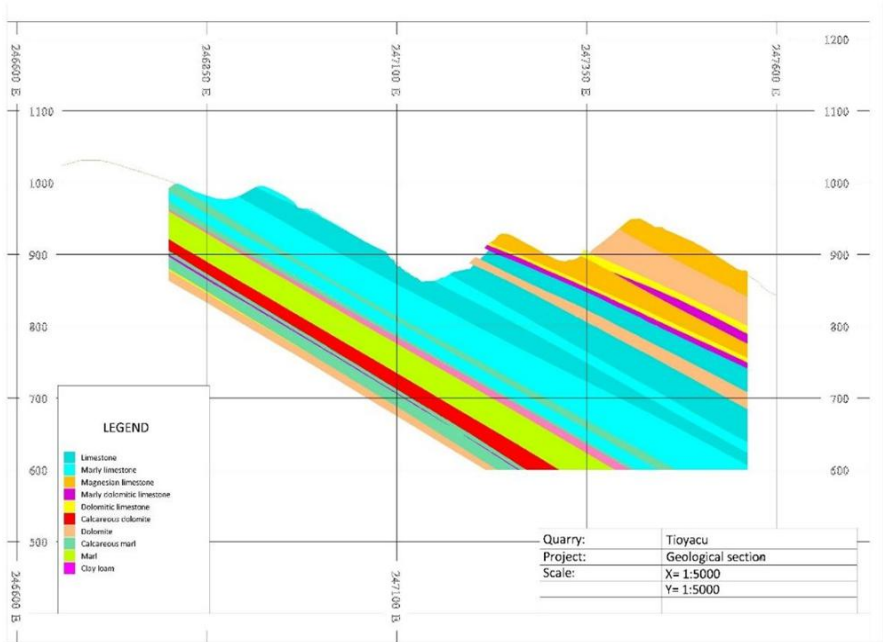


Table 1 shows the mineral resources at the Tioyacu quarry at the end of the 2023 fiscal year.

**Table 1 Limestone Resources (exclusive of Reserves) at the end of the 2023 fiscal year based on cement price of S/724.6 per ton. The mineral resource estimates are at the point of delivery to the cement plant (point of reference).**

	Amount (Million Ton)	Grades/ qualities (% CaO)	Grades/ qualities (% SiO <sub>2</sub> )	Grades/ qualities (% K <sub>2</sub> O)	Cut-off grades (%CaO)
Measured resources	0.05	50.10	5.82	0.22	51.00 <sup>(1)</sup>
Indicated resources	0.5	48.01	6.23	0.19	51.00 <sup>(1)</sup>
Measured + Indicated resources	0.5	48.20	6.19	0.20	51.00 <sup>(1)</sup>
Inferred resources	19.8	46.34	2.67	0.14	51.00 <sup>(1)</sup>

**Table 2 Limestone Reserves at the end of the 2023 fiscal year based on cement price of S/724.6 per ton. The mineral reserve estimates are at the point of delivery to the cement plant (point of reference).**

	Amount	Grades/ qualities (% CaO)	Grades/ qualities (% SiO <sub>2</sub> )	Grades/ qualities (% K <sub>2</sub> O)	Cut-off grades (%CaO)
Proven reserves	5.9	50.17	5.86	0.22	51.00 <sup>(1)</sup>
Probable reserves	4.4	48.07	6.84	0.21	51.00 <sup>(1)</sup>
Total reserves	10.3	49.28	6.28	0.22	51.00 <sup>(1)</sup>

<sup>(1)</sup> The quality restrictions established may vary according to the requirements of the material balance, associated with limestone and other raw materials.

The estimation of mineral reserves considered the expected price of cement. The complete forecast horizon contemplates a total of 24 years of projection. Clinker is used for cement production through the addition of other non-metallic minerals.

#### Reconciliation of Resources and Reserves at the end of the fiscal year

Table 3 shows the difference between the mineral resource estimates at the end of 2023 and 2022.

**Table 3 Resources for the two fiscal years expressed in millions of tons.**

	Resources as at December 31, 2023	Resources as at December 31, 2022	Discrepancy
Measured resources	0.05	0.1	Due to the limestone production plan.
Indicated resources	0.5	0.1	Due to the limestone production plan.
Measured + Indicated resources	0.5	0.2	Due to the limestone production plan.
Inferred resources	19.8	19.8	The inferred resources are the same as last year.

\* No economic analysis was performed for the Inferred Mineral Resources.

**Table 4 Reserves for the last two fiscal years expressed in millions of tons.**

	Reserves as at December 31, 2023	Reserves as at December 31, 2022	Discrepancy
Proven reserves	5.9	6.3	The difference is due to the annual consumption of limestone used in the cement plant.
Probable reserves	4.4	4.7	The difference is due to the annual consumption of limestone used in the cement plant.

The prices assumed for the Mineral Reserves estimation in the economic model can be found in the Cementos Selva S.A.C. Technical Report Summary (TRS) of the Tioyacu Quarry and Rioja Cement Plant 20-F 229.601 (Item 601) Exhibit 96.3 of this 20-F filing. All mineral reserves are estimated as quantities at cement plant. The updated average price is S/724.6 per ton of cement, average of the 24-year projection, at nominal values.

Cementos Pacasmayo has previously disclosed mineral resources and reserves at the Tioyacu quarry in its annual report on Form 20-F filed on April, 2023. Cementos Pacasmayo previously filed a TRS to support its disclosure of mineral resources and reserves at the Tioyacu quarry as Exhibit 96.3 of its annual report on Form 20-F filed on April 28, 2022. Cementos Pacasmayo is updating that TRS with the new TRS filed as Exhibit 96.3 of this 20-F filing to ensure the material assumptions are current. The main reasons for this update are price, cost and cement demand. Further details are provided in Exhibit 96.3 of that 20-F filing.

#### Other Activities

Cementos Selva S.A.C has carried out drilling at the Tioyacu quarry to confirm mineral reserves. This activity will improve the accuracy of mineral reserves estimation. New drilling data is not included in the 2023 reserves model.

## **Internal Control Disclosure (229.1305)**

Cementos Pacasmayo S.A.A, as part of its corporate policies and through its Vice-President of Operations, has implemented the necessary controls and procedures for quality assurance (QA) and quality control (QC) of the company's production activities and associated information for the estimation of mineral resources and reserves. Cementos Pacasmayo has also implemented quality management systems for its production activities and the quality management system has been ISO 9001 certified since 2015.

The QA and QC measures are applied to exploration, quarry production (mining), and cement plant processing activities. For laboratory analysis of exploration samples used in mineral resource and reserve estimates, Cementos Pacasmayo uses a program of duplicate samples, standards and blanks to evaluate the reliability of the laboratory results that its qualified persons rely on for mineral resource and reserve estimates. Its qualified persons also verify the data prior to using the data in their work.

As part of the quality control activities, Cementos Pacasmayo periodically hires an external laboratory to verify Cementos Pacasmayo's laboratory results obtained during the exploration activities, which are part of the geological database and subsequently used in the estimation of resources and reserves.

In each of its operations, Cementos Pacasmayo, following the Quality Management System, applies the quality control procedures specific to each stage of the process such as exploration activities, limestone/coquina production, reception of raw materials in the cement plant, crushing of raw materials, coal grinding, cement grinding and raw materials or products in the Cement Plants (e.g., clinker, other materials and cement).

Quality control procedures include sample security such as chain of custody for reliable information.

Cementos Pacasmayo has a chemical analysis laboratory at each of its cement plants where procedures based on international standards are used for the chemical and physical analysis of raw materials, clinker, and other materials; mainly used in limestone and cement production. Methodologies including the insertion of blanks, duplicates, and standards are applied as part of the quality plan.

Cementos Pacasmayo has a data management department whose goal is to verify the quality of the information and its incorporation into the geological database, so that it can be used in studies and interpretations, geological modeling, and estimation of mineral resources and reserves.

Data verification activities apply to exploration, limestone/coquina production and cement processing data.

At the cement plant, the quality plan uses the PDCA (Plan, Do, Check, Act) cycle, which allows Cementos Pacasmayo to verify the quality of information during cement production activities.

Cementos Pacasmayo has implemented internal controls to ensure its mineral Resource and Reserves estimates are compliant with Regulation S-K 1300 requirements, including ensuring that mineral resource and reserve estimates are prepared by qualified persons who are members of the Peruvian Engineers Association, an organization that regulates the legal professional practice of engineers in Peru.

Mineral resource and reserve estimates at the end of each fiscal year are and will continue to be reviewed by our Mining Operations Department to ensure compliance with S-K 1300. Cementos Pacasmayo engineers and geologists reconcile actual production with estimates of mineral resources and reserves annually to verify accuracy of the estimates. The comprehensive risk inherent in Cementos Pacasmayo's estimates of mineral resources and reserves are consistent with industry best practices.

## **Insurance**

We maintain a comprehensive insurance program that protects us from certain types of property and casualty losses. Our plants and equipment are insured against losses. Additionally, our insurance policy provides coverage for business interruption in our cement manufacturing facilities. We also purchase commercial insurance to cover risks associated with workers' compensation and other general liabilities. We believe our insurance programs and policy limits and deductibles are appropriate for the risks associated with our business and are in line with the insurance policies of similar cement manufactures that operate in Peru.

## **Sustainability Performance**

We report our sustainability performance information to the Getting the Numbers Right ("GNR") database, inspired by the guiding principles of the Cement Sustainability Initiative (the "CSI"), a sector-project of the World Business Council for Sustainable Development (the "WBCSD") among other cement companies in Latin America through the Inter-American Cement Federation (the "FICEM").

In August 2018, we joined the GCCA and the GCCA announced the formation of a strategic partnership with the WBCSD to facilitate sustainable development of the cement and concrete sectors and their value chains. As part of a new agreement, the work carried out by the CSI and the GNR database was transferred from the WBCSD to the GCCA on January 1, 2019. In 2023, our CEO, Humberto Nadal was elected board member of the GCCA for the 2024-2026 period.

In 2019, we became members of Innovandi Global Cement and Concrete Research Network which is GCCA's Innovation arm, which runs key programs to develop innovations to help the industry decarbonize and produce carbon neutral concrete by 2050.

In 2020, member companies of the Global Cement and Concrete Association came together as leaders in the sector to commit to producing carbon neutral concrete by 2050, in line with global climate targets – accelerating the Co2 reductions.

In 2022, we were included for the fourth consecutive year as part of the DJS MILA Pacific Alliance Index. This index is made up of those companies that demonstrate superior performance among their peers under social, environmental and economic criteria. This achievement comes as a result of Pacasmayo's effort to improve in all of these criteria and to work towards ambitious goals in terms of long-term sustainability. We are committed not only to remain in the Index but to improve our performance, as we are convinced that the focus on sustainability is key to our business and our stakeholders. We participated in the Carbon Disclosure Project (CDP) for the first time, and we are committed to participate every year in this project going forward. CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.



In 2023, we were included for the fifth consecutive year in the annual DJS MILA Pacific Alliance Index and remain the only Peruvian cement company in this prestigious index. In addition, this year we inaugurated a new kiln at our Pacasmayo plant, which, in addition to adding 660,000 metric tons of clinker capacity per year, will help us on our path to carbon neutrality and allow us to achieve energy efficiency. Cementos Pacasmayo and Dino SRL have been recognized by the Ministry of the Environment with the “Carbon Footprint Peru” seal. This is an official tool of the Peruvian State that acknowledges public and private organizations that manage their Greenhouse Gas Emissions (GHG) for the benefit of the environment. We are also part of the S&P/BVL Peru General ESG index, which recognizes us as one of the most sustainable companies in the Peruvian stock market.

In February 2024, we were selected to be part of The Sustainability Yearbook for the fourth consecutive year. To appear in the Yearbook, companies must score within the top 15% of their industry globally and have a gap of less than 30% from the leader's Global ESG score. 2021 was the first year that Peruvian companies were included as part of the Yearbook, and we are the only cement company that has been part of the Yearbook for four consecutive years. With around 9,400 companies evaluated around the world, an inclusion in the yearbook is a true statement of excellence in corporate sustainability.

## ***Social Performance***

We are committed to the development and quality of life of communities that surround the area where we operate. We have developed a good relationship with the local communities surrounding our plant facilities since we started operations in Pacasmayo. We have a number of social responsibility programs aimed at improving health and education in the area. Below is a brief description of a few of our social initiatives.

**Tecsup.** Tecsup is a leading not-for-profit institute in Peru that provides technical education. It was founded by the family of our controlling shareholder, and we support it by providing scholarships to promising students living near our plants to study at the Trujillo campus of Tecsup. Through its three campuses in Peru, Tecsup has graduated over 11,285 students in various technical fields, some of whom currently work for us and our affiliated companies.

**Center for Technological Training.** We have three training centers at our facilities where we teach students and adults business and technical skills. Our centers are staffed with instructors from Tecsup. The goal of the center is to help develop the professional skills of the local population, especially of students and teachers at the educational institutions in the towns of Tembladera, Pacasmayo and Sechura. In 2022, this program benefited over 1,909 stakeholders.

**Abilities Strengthening.** This program seeks to provide training to local stakeholders such as grassroots organizations, local entrepreneurs. The objective of the program is to strengthen their skills and knowledge by providing courses and seminars especially designed for that purpose. The program is funded by us and in 2022 benefited 186 stakeholders.

**Universidad de Ingeniería y Tecnología.** UTEC (University of Engineering and Technology) is an educational nonprofit proposal that since 2012 is aimed at the development of people in the engineering field, looking to satisfy the need for these types of professionals in the labor market by implementing a curriculum in line with the trends and demands that globalization poses to modern engineering, with an integrated approach to innovative teaching models. We support it by providing financial aid for its operations. To enhance students' knowledge, UTEC also has various national and international alliances with top organizations.

**Acuícola Los Paiches.** Through our social venture, Acuícola Los Paiches S.A.C., we studied the reproductive forms of the “paiche” (arapaima giga), a native fish species that was on the edge of extinction. After years of studies and scientific testing, we have successfully bred this species in captivity, and we have obtained thousands of fingerlings.

**Floor Improvement Project.** To promote the urban development of our areas of influence, we set out to improve the infrastructure conditions of homes, through the substitution of dirt floors for concrete floors to contribute to the improvement of the quality of life and habitability conditions of the towns surrounding our operations. This is how 203 families joined this initiative and with our support they have managed to build concrete floors in their homes. Likewise, we have contributed 4,290 bags of cement to build a total of 7,052.14 square meters of concrete floors. This project has motivated the participants to invest financial resources and contribute labor to improve their homes.

## **Risk Management**

### ***Risk Management Description***

Corporate Risk Management (GRC) is a structured approach that allows managing all of the important risks that could affect our long-term objectives. The purpose of this approach is to support senior management in the decision-making process, in order to reduce adverse impacts and take advantage of opportunities; as well as managing the action plans to mitigate the risks.

Therefore, Pacasmayo has processes and systems that analyze and evaluate the management of its business units, encouraging continuous improvement. Our management control systems include:

- Mapping of new emerging risks and definition of impact, probability and design of controls;
- Periodic review of current risks and update of impact probability and controls information;

- Quantification and effect of risk on EBITDA;
- Evaluation of external factors; and
- Periodic review of policies, procedures, regular internal audits and employee training.

### ***Risk Management Process***

The following are highlights of our risk management process.

- The risks are mapped considering the impact on profit, revenues, resources, employees, communities where we operate and our suppliers.
- An integrated risk management system and tools are used to collect information collaboratively with the functional areas and external sources of the company.
- These processes include the evaluation of risks related to operations, human rights, sustainability, fraud and corruption, in different areas such as commercial, operations, environment, health and safety, among others.
- The development of a risk management culture throughout the company in a decentralized manner, integrating the processes to the mapping of risks and the identification and mitigation of risks from the strategic level to the operational level.
- The foregoing is reinforced with training for employees and suppliers and communication plans for the entire company.

#### **Risk Management Organization**

<b>Managers responsible for risk metrics</b>	<b>Risk management team</b>	<b>Risks committee</b>	<b>Audit Committee</b>
<ul style="list-style-type: none"> <li>• Those responsible for the evaluation, management and prevention of the risk metrics of each area.</li> <li>• Risk management coordinates with them for the development and monitoring of these metrics.</li> </ul>	<ul style="list-style-type: none"> <li>• Group responsible for the implementation of the corporate risk management strategy, which includes activities such as risk identification, evaluation, quantification, and promotion of a risk management culture, among others.</li> </ul>	<ul style="list-style-type: none"> <li>• Group created to establish and supervise the implementation of the risk management strategy at th<sup>TM</sup>e corporate level.</li> <li>• It is made up by the CEO, the VPs and the Risks Manager</li> <li>• the Risks Committee reports to the Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Made up by 3 independent board members, reports directly to the Board</li> <li>• The participants are the external auditors, the internal auditor, the compliance officer, the CFO and the Risk Manager</li> <li>• Evaluates improvement opportunities and plans for the risk metrics.</li> </ul>

#### **Climate Related Risks**

ESG risk management includes risks related to climate change. Therefore, they are analyzed through the same risk management stages and are part of Pacasmayo's 2030 Sustainability Plan. This risk assessment includes risks that could occur in the short, medium or long term, and of different types, such as physical risks and transition risks, among others.

We have clear objectives to manage climate risks and opportunities, aiming to reduce our emissions by 20% and achieve more than 20% co-processing by 2030. All of this goes hand in hand with the implementation of operational contingency plans and the conditioning of plant infrastructure to ensure continuity, as well as the testing of emergency and crisis response plans.

For this purpose, we are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for risks related to climate change. For example, one risk would be that our employees' health would be affected by heat waves or lack of water, as well as the paralysis of our operations due to water stress, landslides or forest fires. We are also exposed to the possibility of not marketing finished products, as well as supplying raw materials to production plants due to disabled access roads.

In 2023, we have also identified and evaluated the risks and opportunities related to climate change and analyzed the impacts of these risks on our strategy. These risks have been incorporated into the risk matrix and our business continuity plan with measures for action and mitigation of impacts in the event of any of these risks.

The preparation of our business continuity plan has involved the development of a business impact analysis, the identification of risk scenarios, emergency plans, crisis management and response committees for each of the scenarios proposed. The scenarios include business interruptions as a result of the effects of climate change such as heavy rains and floods.

#### **Emerging Risks**

Emerging risks are those that have an impact in the long-term. The risks considered here include all recently identified risks that could have a long-term impact on the company's business or industry, although in some cases they may have already begun to impact the company's business.

<b>Risk Description</b>	<b>Potential Impact</b>	<b>Mitigation Actions</b>	<b>Evidence of Mitigation Actions</b>
<p>Economic Risk:</p> <p>At the ministerial level of the Peruvian government, technical working groups are being developed to implement a possible change in the regulations relating to the weight of cement bags. The new national regulation would aim to improve the safety and health of construction workers, trying to prevent injuries caused by lifting heavy loads.</p>	<p>Medium to high:</p> <p>Economic impact for Cementos Pacasmayo by changing the infrastructure of the dispatch process and adapting the capacity of each plant to comply with the standard. This new regulation would imply a total change in the process of bagging, handling, storage, distribution, and transportation of cement.</p>	<p>Cementos Pacasmayo has developed The Napoleon Project, which aims to evaluate all the variables that would be impacted by the change in national regulations.</p>	<p>Impacts on the packaging management and commercialization process along the entire cement bag journey.</p> <p>Expenditures, investments and returns on the different corporate fronts in the face of regulatory change.</p> <p>Pilot industrial production of 85,000 bags of cement in compliance with the new regulations.</p>

<p>Social Risk:</p> <p>The exacerbated social climate due to the political crisis in the country in 2023, led to several stoppages, uprisings and obstructions at the level of roads, and access to operations of various companies nationwide.</p>	<p>Medium to high:</p> <p>The impact on Cementos Pacasmayo was translated into constant uncertainty due to the stoppage of some of operations, not only affecting the continuity of Cementos Pacasmayo's operations as a whole, but also, and very importantly, the people who work directly or indirectly in the different locations of our company and therefore, their right to work.</p>	<p>Negotiation and signing of collective bargaining agreements with the different unions, regular meetings with union authorities, agreements and attention to their demands and claims. Work by the community relations group in neighboring communities.</p>	<p>Community projects defined in the strategic plan for social management.</p> <p>Talks and trainings to the communities with the program "Conociendo Pacasmayo".</p> <p>Monitoring of the social climate and assessment with the Social Information System (SIGS).</p>
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## ITEM 4A.UNRESOLVED STAFF COMMENTS

Not applicable.

## ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### A. Operating Results

#### Overview

We are a Peruvian cement company, and the only cement manufacturer in the northern region of Peru. With more than 65 years of operating history, we produce, distribute and sell cement and cement-related materials, such as precast products and ready-mix concrete. Our products are primarily used in construction. We also produce and sell quicklime for use in mining operations.

In 2023, our cement sales volume were approximately 3.0 million metric tons, representing an estimated 23.9% share of Peru's total cement sales that year. That same year, we also sold approximately 46 thousand metric tons of quicklime.

We own three cement production facilities, our Pacasmayo and Piura facilities located in the northwest region of Peru, and our smaller Rioja facility located in the northeast. Our facilities have a total installed annual cement production capacity of approximately 4.9 million metric tons and 3.1 million metric tons of clinker capacity. We also have installed annual production capacity of 240,000 metric tons of quicklime. We own concession rights to several quarries with reserves of limestone/coquina and other raw materials located near our facilities.

In 2021, due to the exponential growth in cement sales, we decided to invest approximately US\$83.5 million to optimize our current capacity at our Pacasmayo plant, in order to produce approximately 660,000 additional metric tons of clinker per year. This capacity came on line during the second half of 2023.

#### Factors Affecting our Results of Operations

##### Revenue Drivers

In 2023, approximately 88.5% of our total cement sales were in the form of bagged cement, substantially all of which was sold through retailers both within and outside of our distribution network. The remaining 11.5% of our cement was sold in bulk or in shipments of precast products or ready-mix concrete directly to large construction companies. Our retail sales are directed to both the *auto-construcción* segment and construction companies that buy cement for a variety of small construction works, including minor residential, commercial and infrastructure projects. Cement destined for large private and public projects, such as housing complexes, highways, irrigation channels, hospitals, schools, mining and industrial facilities, is typically sold in bulk or in shipments of precast products or ready-mix concrete.

We estimate that sales to the *auto-construcción* segment accounted for approximately 73.0% of our total cement sales in 2023, 73.6% in 2022 and 70.3% in 2021; private construction projects, both large and small, accounted for approximately 16.2% of our total cement sales in 2023, 12.7% in 2022, and 14.7% in 2021; and public construction projects accounted for the remaining 10.8% in of our total cement sales in 2023, 10.7% in 2022, and 15.0% in 2021. Since 2020, we have seen an increase in *auto-construcción* compared to other segments, mainly due to its resilience in times of crisis. As the Peruvian economy becomes less informal, and there is more stability and confidence from the private sector, private construction projects and infrastructure are expected to become increasingly more important to our business.

Our cement sales are largely driven by residential construction (both *auto-construcción* and small and large housing developments undertaken by construction companies), which is generally affected by economic conditions in the northern region of Peru. *Auto-construcción* is particularly affected by levels of disposable household income, as low-income families tend to invest most of their savings in developing their homes. Larger residential construction is more susceptible to the economic outlook, the availability of financing and prevailing investment levels in the region. GDP in the northern region of Peru is estimated to have increased by 0.8% in 2023, 1.7% in 2022, and 11.2% in 2021. Our cement volumes, which represented most of the cement sales in the northern region of Peru, contracted by 13.9% in 2023, contracted by 5.3% in 2022 and grew by 40.4% in 2021, in terms of metric tons.

Our cement sales are also driven, to a lesser extent, by commercial developments and infrastructure projects. Commercial and other private construction projects are also affected by the level of public and private investment in the region, while public infrastructure projects depend on the priorities and financial resources of the national, regional and local governments. Since 2020, there has been a significant reduction in activity relating to these projects, due initially to the economic impact of the COVID-19 pandemic, as well as subsequent political uncertainty. Private investment contracted by 7.4% in 2023, and public investment increased 1.4% in 2023.

##### Cost Drivers

Coal is one of the main raw materials used in our production process, in particular in our kilns. We purchase anthracite coal from nearby coal mines and import a small amount of bituminous coal primarily from Colombia. We do not have long-term coal supply agreements, and we do not engage in hedging transactions in connection with the price of coal. In the past, the price of bituminous coal has been related to the international price of oil, as it is used as a substitute for oil. Coal accounted for an estimated 23.1% of our costs of production in 2023, 16.8% in 2022 and 11.5% in 2021. The increase in the percentage of the total production cost that coal represents is related to an overall decrease in other costs, as we stopped using imported clinker and achieved overall savings in maintenance costs.

Electricity is used in our facilities mainly to power our cement mills. We power our Pacasmayo and Piura facilities with electricity purchased from Electroperú, with which we have a long-term supply agreement expiring in 2026. Our Rioja facility is powered primarily with electricity from ELOR, with which we have a medium-term supply agreement expiring in 2024. Under these agreements, the price of electricity is based on a formula that takes into consideration our consumption of electricity and certain market variables, including the international price of oil. Electricity accounted for approximately 16.0% of our cost of production in 2023, 14.2% in 2022 and 13.5% in 2021. Electricity costs tend to be lower during the rainy season, from January to March of each year, as our region is served primarily by hydro-electric power plants.

In addition, we purchase from third parties admixtures and certain raw materials that we use in our production process, including gypsum, blast furnace slag, iron and other materials. Admixtures and raw materials used in our cement production process do not include construction supplies that we acquire from third-parties for resale through our distribution network along with our cement products. The cost of admixtures and raw materials purchased from third parties, excluding imported clinker, accounted for approximately 5.3% of our cost of production in 2023, 5.1% in 2022, and 4.2% in 2021.

Starting in 2021, due to a sharp increase in demand, we had to use imported clinker while our new capacity was being built. In 2023 our new kiln in Pacasmayo began operating, significantly reducing our need for imported clinker. The cost of imported clinker as a percentage of our cement production costs was approximately 4.0% in 2023, compared to 16.3% in 2022 and 21.3% in 2021.

Personnel expenses represented 18.7% of our total costs and expenses in 2023, 16.2% in 2022 and 15.0% in 2021.

### ***Third-party Construction Supplies***

In addition to selling our own products, we also sell and distribute construction supplies manufactured by third parties, such as steel rebar, wires and pipes that are typically used in construction along with our cement. Our profit margins from the sale of third party construction supplies are significantly lower than the margins on our cement products and they are affected by fluctuations in product prices and the exchange rate between the *sol* and the U.S. dollar between the time we purchase these products and the time we resell them. We sell these products primarily as a service to retailers in our distribution network in an effort to support the sale of our cement products.

### ***Mining Royalty Tax***

The mining royalty tax for the exploitation of metallic and non-metallic minerals is payable on a quarterly basis in an amount equal to the greater of (i) an amount determined in accordance with a statutory scale of tax rates based on a company's operating profit margin that is applied to its operating profit, as adjusted by certain non-deductible expenses and (ii) 1% of a company's net sales, in each case during the applicable quarter. These amounts are determined based on our unconsolidated financial statements and those of our subsidiaries with operations that are under the scope of the Mining Royalty Law. Mining royalty payments are deductible for income tax purposes in the fiscal year in which such payments are made. For additional information, see note 29 to our consolidated financial statements included in this annual report.

### ***Operating Segments***

We have three operating segments: (i) cement, concrete, mortar and precast, (ii) quicklime and (iii) sales of construction supplies. For additional information on our operating segments, see note 27 to our consolidated financial statements included in this annual report.

### ***New Accounting Pronouncements***

For a description of new interpretations and improvements to IFRS in effect since 2023, see notes 2.3.16 and 4 to our consolidated financial statements included in this annual report.

## **Critical Accounting Policies**

The following is a discussion of our application of critical accounting policies that require our management to make certain assumptions about matters that are uncertain at the time the accounting estimate is made, where our management could reasonably use different estimates, or where accounting changes may reasonably occur from period to period, and in each case would have a material effect on our financial statements. For additional information, see note 3 to our annual audited consolidated financial statements included in this annual report.

### ***Determination of Useful Live of Assets for Depreciation and Amortization Purposes***

Depreciation of mining concessions and mine development costs are charged to cost of production on a units-of-production basis using proved reserves. Other assets are depreciated on a straight-line-basis over their estimated useful lives, as follows:

	Years
<b>Buildings and other construction:</b>	
Administrative facilities	Between 20 and 51
Main production structures	Between 20 and 56
Minor production structures	Between 20 and 35
<b>Machinery and equipment:</b>	
Mills and horizontal furnaces	Between 24 and 45
Vertical furnaces, crushers and grinders	Between 23 and 36
Electricity facilities and other minors	Between 10 and 35
Furniture and fixtures	10
<b>Transportation units:</b>	

Heavy units	Between 5 and 15
Light units	Between 5 and 10
Computer equipment	Between 3 and 10
Tools	Between 5 and 10

The assets' residual value, useful lives and methods of depreciation/amortization are reviewed at each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when recognition of the asset is derecognized.

### **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, discounts and excluding taxes or duty.

The following specific recognition criteria must also be met before revenue is recognized:

#### *Sales of goods*

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

We consider whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, we consider the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

#### *Rendering of services*

In the operating segments of cement, concrete, mortar, precast, quicklime and construction supplies, we provide transportation services. These services are sold together with the sale of the goods to the customer.

Transportation services are satisfied when the transport service is concluded, which coincides with the moment of delivery of the goods to the customers.

#### *Interest income*

For all financial instruments measured at amortized cost and interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the consolidated statement of profit or loss.

### **Impairment of Non-Financial Assets**

We assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, (goodwill and intangible assets with indefinite useful lives), we estimate the asset's recoverable amount. An asset's recoverable value is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate net cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset's cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

As of December 31, 2023, 2022 and 2021, goodwill related to the acquisition of assets made by our subsidiary Distribuidora Norte Pacasmayo S.R.L. amounted to S/4,459,000. We have assessed the recoverable amount of our goodwill and have determined that there are no indicators of an impairment loss of this asset as of December 31, 2023 and 2022. Management recognized a specific impairment to retirement for the net value of the assets of the vertical clinker kilns located at the Pacasmayo cement plant for a net cost of S/36,551,000. This deterioration estimate was carried out as a consequence of replacing the old technology of these kilns due to the entry into operation of the Clinker Lines Optimization Project – Kiln 4 in the Pacasmayo plant, which is more efficient and produces fewer emissions. This amount was recorded in the impairment of property, plant and equipment item in the consolidated statement of profit or loss. As of December 31, 2023, management had not identified additional signs of impairment for long-lived assets.

We base our impairment calculation on detailed budgets and forecast calculations, which are prepared separately from our cash generation units to which the individual assets are allocated. Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or have decreased. If such indication exists, we estimate the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss. Exploration and evaluation assets are tested for impairment annually as of December 31, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

### **Deferred Tax**

Deferred tax is provisioned using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in subsidiaries, where deferred assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax related to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### ***Derivative Financial Instruments and Hedge Accounting***

#### ***Initial Recognition and Subsequent Measurement***

We use derivative financial instruments, such as cross-currency swaps (CCS), to hedge our foreign currency exchange rate risk. Such derivative financial instruments are initially recognized at their fair value on the date on which the derivative contract is entered into and subsequently remeasured at their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when fair value is negative.

For the purpose of hedge accounting, hedges are classified as follows:

- “Fair value hedges” are those that hedge the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
- “Cash flow hedges” are those that hedge the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.
- “Hedges of a net investment in a foreign operation.”

At the inception of a hedge relationship, we formally designate and document the hedge relationship to which we wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how our management will assess the effectiveness of changes in the hedging instrument’s fair value in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is ‘an economic relationship’ between the hedged item and the hedging instrument;
- the effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are recorded as cash flow hedges.

#### ***Cash flow hedges***

Any gains or losses arising from changes in the fair value of derivatives is taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income (OCI) and later reclassified to profit or loss when the hedge item affects profit or loss.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.



If the cash flow hedge is discontinued, the amount accumulated in other comprehensive income must remain in other comprehensive income accumulated if the covered cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the covered cash flows are given, any amount that remains in other comprehensive accumulated results must be recorded considering the nature of the underlying transaction.

On February 8, 2023, we paid in full the outstanding US\$131,612,000 aggregate principal amount of our 4.50% Senior Notes due 2023 at maturity using proceeds from the Club Deal credit line, and we also settled the US\$132,000,000 in related derivative financial instruments.

## Results of Operations

### Comparison of Year Ended December 31, 2023 to Year Ended December 31, 2022

(amounts in millions of S/)	Year ended December 31,		Variation %
	2023	2022	
Sales of goods	1,950.1	2,115.7	(7.8)%
Cost of sales	(1,260.6)	(1,463.7)	(13.9)%
<b>Gross profit</b>	<b>689.5</b>	<b>652.0</b>	<b>5.7%</b>
Operating income (expenses):			
Administrative expenses	(234.7)	(227.6)	3.1%
Selling and distribution expenses	(66.8)	(65.2)	2.4%
Other operating (expense) income, net	(13.8)	(3.9)	N/A
Impairment of assets	(36.6)	-	N/A
<b>Total operating expenses, net</b>	<b>(351.9)</b>	<b>(296.7)</b>	<b>18.6%</b>
<b>Operating profit</b>	<b>337.6</b>	<b>355.3</b>	<b>(5.0)%</b>
Other income (expenses):			
Finance income	7.2	3.3	N/A
Finance costs	(104.0)	(95.1)	9.4%
Net (loss) gain on derivative financial instruments at fair value through profit or loss	-	(0.1)	N/A
Loss from exchange difference, net	4.9	(1.0)	N/A
Total other expenses, net	(91.8)	(92.9)	(1.1)%
<b>Profit before income tax</b>	<b>245.7</b>	<b>262.4</b>	<b>(6.4)%</b>
Income tax expense	(76.8)	(85.6)	(10.3)%
<b>Profit for the year</b>	<b>168.9</b>	<b>176.8</b>	<b>(4.5)%</b>

## Sales of Goods

The following table sets forth a breakdown of our sales of goods by segment for 2023 and 2022:

	Year ended December 31,			
	2023	%	2022	%
Cement, concrete, mortar and precast	1,850.2	94.9	1,963.8	92.8
Quicklime	25.7	1.3	37.9	1.8
Construction supplies	74.1	3.8	114.0	5.4
Other	0.1	0.0	-	-
<b>Total sales of goods</b>	<b>1,950.1</b>	<b>100.0</b>	<b>2,115.7</b>	<b>100.0</b>

Our total sales of goods decreased by 7.8%, or S/165.6 million, to S/1,950.1 million in 2023 from S/2,115.7 million in 2022. This decrease was primarily due to the following factors:

- a 5.8%, or S/113.6 million, decrease in sales of cement, concrete, mortar and precast mainly due to decreased public and private investment;
- a 32.2%, or S/12.2 million, decrease in quicklime sales, mainly due to decreased sales volume in 2023; and
- a 35.0%, or S/39.9 million, decrease in the sale of construction supplies, mainly due to the contraction in demand from the construction segment.

The following table sets forth the composition of our sales of cement, concrete, mortar and precast for 2023 and 2022:

	Year ended December 31,		Variation
	2023	2022	
	(in millions of S/)		%
Cement	1,642.4	1,742.7	(5.8)
Concrete and mortar	161.2	189.9	(15.1)
Pavement	21.1	-	N/A
Precast	25.5	31.2	(18.3)
<b>Total</b>	<b>1,850.2</b>	<b>1,963.8</b>	<b>(5.8)</b>

Our total sales of cement, concrete, mortar and precast decreased by 5.8%, or S/113.6 million, to S/1,850.2 million in 2023 from S/1,963.8 million in 2022. This decrease was primarily due to the following factors:

- cement sales revenue decreased 5.8%, or S/100.3 million, in 2023 due to lower sales volume ((14.5)%), partially offset by an increase in the average prices of cement due to both a price increase and a more favorable sales mix, as we started selling more of our higher-priced cements (8.7%);
- concrete and mortar sales revenue decreased 15.1%, or S/28.7 million, mainly due to a decrease in sales volume of concrete and mortar ((15.8)%), as public and private investment slowed down as a result of macroeconomic uncertainty, a low confidence levels from the private sector, partially offset by an increase in the average prices of concrete (0.7%); and
- pavement sales revenue are mainly due to the contract for the reconstruction of the two runways and the perimeter fence of the Piura Airport; and
- precast revenue decreased by 18.3%, or S/5.7 million, mainly due to a decrease in sales volume ((15.3)% for the public sector, as well as a decrease in the average price of precast products ((3.0)%), mainly due to sales mix as we sold higher margin products during 2022.

### Cost of Sales

The following table sets forth a breakdown of our cost of sales by segment for 2023 and 2022:

	Year ended December 31,			
	2023		2022	
	(in millions of S/)	%	(in millions of S/)	%
Cement, concrete, mortar and precast	(1,162.5)	92.2	(1,316.5)	89.9
Quicklime	(24.2)	1.9	(35.9)	2.5
Construction supplies	(73.4)	5.8	(110.4)	7.5
Other	(0.5)	0.1	(0.9)	0.1
<b>Total cost of sales</b>	<b>(1,260.6)</b>	<b>100.0</b>	<b>(1,463.7)</b>	<b>100.0</b>

Our total cost of sales decreased by 13.9%, or S/203.1 million, to S/1,260.6 million in 2023, from S/1,463.7 million in 2022, primarily due to the following factors:

- a 11.7%, or S/154.0 million, decrease in the cost of sales of cement, concrete, mortar and precast, mainly due to the lower production volumes, as well as the replacement of imported clinker with our own clinker, and to the decrease in the cost of coal;
- a 32.6%, or S/11.7 million, decrease in the cost of sales of quicklime, mainly due to lower production volumes, as well as lower costs of raw materials, such as coal; and
- a 33.5%, or S/37.0 million, decrease in the cost of sales of construction supplies, mainly due to sales lower volumes.

The following table sets forth the composition of our cost of sales of cement, concrete, mortar, pavement and precast for 2023 and 2022:

	Year ended December 31,		Variation
	2023	2022	
	(in millions of S/)	(in millions of S/)	%
Cement	(966.1)	(1,111.5)	(13.1)
Concrete and mortar	(148.4)	(169.6)	(12.5)
Pavement	(21.8)	-	N/A
Precast	(26.2)	(35.4)	(26.1)
<b>Total</b>	<b>(1,162.5)</b>	<b>(1,316.5)</b>	<b>(11.7)</b>

Our cost of sales represented 64.6% of our sales revenue in 2023, compared to 69.2% in 2022. Our total cost of sales of cement, concrete, mortar and precast decreased by 11.7%, or S/154.0 million, in 2023, primarily due to the following factors:

- cost of sales of cement decreased by 13.1%, or S/145.4 million, mainly due to a decrease in volume sold ((14.5)%), partially offset by a slight increase in production costs (1.4%) due to the increased freight costs to final consumers;
- cost of sales of concrete, and mortar decreased 12.5%, or S/21.2 million mainly due to a decrease in volume sold ((15.8)%), partially offset by an increase in production costs (3.3%);
- cost of sales of pavement is mainly due to the contract for the reconstruction of the two runways and the perimeter fence of the Piura Airport; and
- a 26.1% decrease in the cost of sales of precast, mainly due to decreased sales volume ((15.3)% and decrease in production cost ((10.8)%).

### Gross Profit

The following table sets forth a breakdown of our gross profit and gross profit margin (gross profit as a percentage of net sales) by segment for 2023 and 2022:

	Year ended December 31,			
	2023		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(in millions of S/)	%	(in millions of S/)	%
Cement, concrete, mortar and precast	687.7	37.2	647.3	33.0
Quicklime	1.5	5.8	2.0	5.3
Construction supplies	0.7	0.9	3.6	3.2
Other	(0.4)	N/A	(0.9)	N/A
<b>Total gross profit</b>	<b>689.5</b>	<b>35.4</b>	<b>652.0</b>	<b>30.8</b>

Total gross profit increased by 5.8%, or S/37.5 million, to S/ 689.5 million in 2023, from S/ 652.0 million in 2022, mainly due to the reduction in the use of imported clinker, as we started operating our new, more efficient kiln in the second half of 2023, as well as more favorable costs of raw materials. Our gross profit margin for 2023 was 35.4% compared to 30.8% for 2022.

The following table sets forth a breakdown of our gross profit and gross profit margin for the cement, concrete and mortar, pavement and precast segments for 2023 and 2022:

	Year ended December 31,				
	2023		2022		Gross profit margin variation percentage points
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	
	(in millions of S/)	%	(in millions of S/)	%	
Cement	676.3	41.2	631.2	36.2	5.0
Concrete and mortar	12.8	6.6	20.3	10.7	(2.7)
Pavement	(0.7)	(3.3)	-	-	-
Precast	(0.7)	(2.7)	(4.2)	(13.5)	10.7
<b>Total gross profit</b>	<b>687.7</b>	<b>37.2</b>	<b>647.3</b>	<b>33.0</b>	<b>4.2</b>

Gross profit margin for cement, concrete, pavement, mortar, and precast segment increased by 4.2 percentage points in 2023 compared to 2022. This increase was due mainly to an increase in cement margin (5.0 percentage points) mainly due to cost savings because of lower use of imported clinker and lower costs of raw materials, as well as higher average prices.

#### *Operating Income (Expenses)*

Our operating expenses primarily reflect administrative and selling and distribution expenses. In 2023, our operating expenses increased by S/55.2 million to S/351.9 million from S/296.7 million in 2022, mainly due to the impairment of our vertical kilns, a slight increase in administrative and selling expenses, and the expenses related to the reconstruction of La Niña road, explained below.

#### *Administrative Expenses*

The following table sets forth the composition of our administrative expenses for 2023 and 2022:

(in millions of S/)	Year ended December 31,	
	2023	2022
Personnel expenses	125.1	116.7
Third-part services	68.3	72.2
Board of directors compensation	6.8	6.1
Depreciation and amortization	18.0	16.7
Taxes	5.9	5.7
Other	10.6	10.2
<b>Total</b>	<b>234.7</b>	<b>227.6</b>

Our administrative expenses increased by 3.1%, or S/7.1 million, to S/234.7 million in 2023 from S/227.6 million in 2022. Personnel expenses increased by S/8.3 million in line with increased inflation.

Administrative expenses related to the cement, concrete, mortar and precast segment accounted for approximately 98.1% of total administrative expenses for 2023 remaining in line with 2022. Administrative expenses related to the construction supplies and other segments accounted for approximately 1.1% and 0.8%, respectively, of total administrative expenses for 2023 compared to approximately 1.2%, and 0.7%, respectively, for 2022.

#### *Selling and Distribution Expenses*

The following table sets forth the components of our selling and distribution expenses for 2023 and 2022:

(in millions of S/)	Year ended December 31,	
	2023	2022

Personnel expenses	41.6	42.3
Advertising and promotion expenses	7.5	6.4
Other	17.7	16.5
<b>Total</b>	<b>66.8</b>	<b>65.2</b>

Our total selling and distribution expenses increased by 2.5%, or S/1.6 million, to S/ 66.8 million in 2023 from S/65.2 million in 2022, primarily due to increased advertising expenses, as well as expenses related to the advancement of our digital strategy.

Selling and distribution expenses related to the cement, concrete, mortar and precast segment represented approximately 98.1% of total selling and distribution expenses for 2023 remaining in line with 2022. Selling and distribution expenses related to construction supplies and other segments represented approximately 1.1% and 0.8% respectively, of total selling and distribution expenses for 2023, compared to 1.2% and 0.7%, respectively, for 2022.

#### *Other Operating (Expense) Income, Net*

Our other operating income, net decreased S/9.9 million, to a net expense of S/13.8 million in 2023 from a net expense of S/3.9 million in 2022, mainly due to the expenses related to the reconstruction of La Niña road, which connects our main quarry and the Piura plant. During the first quarter of 2023, rains interrupted our ability to use this road normally and we therefore invested in its reconstruction in order to normalize transit between the quarry and our plant.

#### *Impairment of Our Vertical Kilns*

At the end of 2023, the board of directors, advised by management, recognized a specific impairment for the net value of the assets of the vertical clinker kilns located at the Pacasmayo cement plant for a net cost of S/36,551,000. This deterioration estimate was carried out as a consequence of replacing the old technology of these kilns due to the entry into operation of a new kiln in the Pacasmayo plant, which is more efficient and produces fewer emissions. This amount was recorded in the impairment of property, plant and equipment item in the consolidated statement of profit or loss.

#### *Total Other Expenses, Net*

Our total other expenses, net decreased by S/1.1 million, to S/91.8 million in 2023 from S/92.9 million in 2022.

#### *Income Tax Expense*

Our income tax expense decreased by 10.3%, or S/8.8 million, to S/76.8 million for 2023 from S/85.6 million for 2022, mainly due to a decrease in profit before income tax. Our effective tax rate for 2023 was 31.0% and 33.0% in 2022.

#### *Profit for the Year*

As a result of the foregoing, our profit for 2023 decreased by 4.5%, or S/7.9 million, from S/176.8 million for 2022 to S/168.9 million for 2023, mainly due to the S/36.6 million impairment of our vertical kilns.

For a comparison of our results of operations for the year ended December 31, 2022, to the year ended December 31, 2021, please see our annual report on Form 20-F, filed on April 29, 2023.

#### *Liquidity and Capital Resources*

Our main cash requirements are our operating expenses, capital expenditures relating to the maintenance and expansion of our facilities, the servicing of our debt, the payment of dividends and payment of taxes. Our primary sources of cash have been cash flow from operating activities, and our issuance of debt securities and, to a lesser extent, loans and other financings. We believe that these sources of cash will be sufficient to cover our working capital needs in the ordinary course of our business.

#### **Cash Flows**

The table below sets forth certain components of our cash flows for the years ended December 31, 2023, 2022 and 2021.

(in millions of S/)	Year ended December 31,		
	2023	2022	2021
Net cash flows from operating activities	412.3	111.8	170.6
Net cash flows used in investing activities	(289.4)	(176.2)	(91.8)
Net cash flows used in financing activities	(115.4)	(121.5)	(130.1)
<b>Increase (decrease) in cash</b>	<b>7.4</b>	<b>(185.8)</b>	<b>(51.4)</b>

#### **Cash Flows from Operating Activities**

Net cash flows from operating activities increased by 268.8% or S/300.5 million, to S/412.3 million in 2023 from S/111.8 million in 2022, mainly due to a decrease in inventory purchases, accounts payable and prepaid expenses.

Net cash flows from operating activities decreased by 34.5%, or S/58.8 million, to S/111.8 million in 2022 from S/170.6 million in 2021, mainly due to high inventory purchases and higher interest and tax payments as our results of operations and profits increased.

#### **Cash Flows used in Investing Activities**

Net cash flows used in investing activities were S/289.4 million for 2023, as compared to S/176.2 million for 2022, and were primarily related to the construction of the new kiln in our Pacasmayo plant.

Net cash flows used in investing activities were S/176.2 million for 2022, as compared to S/91.8 million for 2021, and were primarily related to purchases of property, plant and equipment for our cement plants.

### Cash Flows used in Financing Activities

Net cash flows used in financing activities were S/115.4 million for 2023, as compared to S/121.5 million for 2022 and were primarily due to dividends paid to our shareholders.

Net cash flows used in financing activities were S/121.5 million for 2022, as compared to S/130.1 million for 2021 and were primarily due to dividends paid to our shareholders and a higher payment of bank loans offset by a higher income from banks loans received in 2022.

### Indebtedness

On February 8, 2023, we repaid in full at scheduled maturity the outstanding US\$131,612,000 aggregate principal amount of our 4.50% Senior Notes due 2023 using proceeds from our “club deal” credit line described below, and we also settled the US\$132,000,000 in related derivative financial instruments.

As of December 31, 2023, the Company’s total outstanding debt reached S/1,573.0 million (equivalent to US\$424.1 million).

As of December 31, 2023	Amount (in millions of S/)	Interest Rate	Maturity Date
<b>Mid-term promissory notes:</b>			
Banco de Crédito del Perú	38.0	9.44%	January 22, 2024
BBVA Perú	38.0	9.78%	January 19, 2024
BBVA Perú	19.0	8.83%	March 15, 2024
BBVA Perú	19.0	8.83%	March 15, 2024
BBVA Perú	25.3	6.98%	December 12, 2024
BBVA Perú	25.3	6.98%	December 12, 2024
BBVA Perú	25.4	6.98%	December 12, 2024
BBVA Perú	19.0	7.32%	November 22, 2024
BBVA Perú	19.0	7.32%	November 22, 2024
<b>Club deal:</b>			
Banco de Crédito del Perú	387.9	5.82%	December 1, 2028
Scotiabank	387.9	5.82%	December 1, 2028
<b>Senior Notes due:</b>			
2029	259.7	6.69%	February 1, 2029
2034	309.5	6.84%	February 1, 2034

*International Bonds.* In February 2013, we issued US\$300,000,000 aggregate principal amount of our 4.50% Senior Notes due 2023 in our inaugural international bond offering. A portion of the proceeds from this offering were used to prepay amounts outstanding on our secured loan agreement with BBVA Banco Continental, and the remaining proceeds were used in capital expenditures incurred in connection with the construction and operation of the new Piura plant and our cement business. The Senior Notes were issued pursuant to Rule 144A under the Securities Act and in compliance with Regulation S under the Securities Act and listed on the Irish Stock Exchange.

The indenture pursuant to which the Senior Notes were issued contains certain covenants, including restrictions on our and our restricted subsidiaries’ ability to incur further indebtedness or issue disqualified stock and preferred stock, unless the following conditions are met:

- the fixed charge coverage ratio for our most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional indebtedness is incurred or such disqualified stock or such preferred stock is issued, as the case may be, would have been at least 2.5 to 1.0; and
- the consolidated debt to adjusted EBITDA ratio for our most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional indebtedness is incurred or such disqualified stock or such preferred stock is issued, as the case may be, would have been no greater than 3.5 to 1.0, in each case, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional indebtedness had been incurred or the disqualified stock or the preferred stock had been issued, as the case may be, at the beginning of such four fiscal quarters.

The indenture also contains restrictions on our ability and that of our restricted subsidiaries to incur liens and to merge, consolidate or transfer all or substantially all of our assets.

In management’s opinion, we were in compliance with all of applicable covenants under the indenture as of the date of this annual report.

The subsidiaries that guarantee the Senior Notes are those related to our cement business namely, Cementos Selva S.A.C., Distribuidora Norte Pacasmayo S.R.L., Empresa de Transmisión Guadalupe S.A.C., Dinosselva Iquitos S.A.C. and Calizas del Norte S.A.C. (liquidated during 2022).

In December 2018, we purchased US\$168,388,000, or approximately 56.13%, of the total outstanding Senior Notes by means of a partial cash tender offer using proceeds from the issuance of debt securities in the local market.

In February 2023, the remaining balance of the Senior Notes matured and were paid using proceeds from the issuance of the debt securities in the local market described below.

*Local Bonds.* On January 8, 2019, the General Shareholders' Meeting approved the issuance of a local bond program for up to S/1,000 million. On January 31, 2019, we issued two series of local bonds in the aggregate principal amount of S/570 million. One in the aggregate principal amount of S/260 million bearing interest at a rate of 6.68750% for a term of 10 years, and the other in the aggregate principal amount of S/310 million bearing interest at a rate of 6.84375% for a term of 15 years. The rates and terms obtained benefit our financial costs structure, with lower cost of capital, an extended maturity and less exposure to currency fluctuations.

*Medium-term "Club Deal" Corporate Loan.* On August 6, 2021, we entered into a medium-term corporate loan in a "Club Deal" format with Banco de Crédito del Perú S.A. and Scotiabank Perú S.A.A. The loan amounts to S/860,000,000 that allowed the payment of all the financial obligations that the Company maintains with a maturity until February 2023. The loan includes a grace / availability period of 18 months from August 6, 2021 and a payment term of seven years from the last disbursement in February 2023. The loan will be paid in 22 equal quarterly installments and amounts due under it accrue interest at an annual rate of 5.82 percent.

Under this loan, the Company must comply with the following financial covenants:

- maintain a debt ratio (Financial Debt / EBITDA) of no more than 3.50 to 1;
- maintain a debt service coverage ratio (FCSD / SD) of at least 1.15 to 1; and
- maintain a debt service coverage ratio (EBITDA / SD) of at least 1.50 to 1.

In addition, the Company is required to comply with certain customary restrictive and affirmative covenants. As of December 31, 2023 and 2022, the Company was in compliance with the ratios and other obligations contained in the Club Deal.

*Derivative Financial Instruments.* In February 2023, we canceled the cross currency swaps when we paid all of the outstanding international bond in US dollars.

*Short-term loans.* As of December 31, 2023, we had obtained nine loans, each in the amount of S/228,000,000, one with Banco de Crédito del Perú S.A. and eight with BBVA Perú, for working capital. Each of these loans has a medium-term maturity and accrues interest at an effective annual rate of between 6.98 and 9.78 percent.

During 2023, the net gain generated by the exchange difference was approximately S/4,933,000 and, during 2022, the net loss from exchange difference amounted to S/1,040,000. All these results are presented in the caption "Loss from exchange difference, net" of the consolidated statement of profit and loss.

## Capital Expenditures

See "Item 4—Information on the Company—A. History and Development of the Company—Capital Expenditures."

## B. Research and Development, Patents and Licenses, Etc.

Since 2016, Pacasmayo embarked on the path of innovation and digital transformation, a journey that has allowed us to explore new ways of doing things, interact with environments with a lot of uncertainty, as well as propose a cultural change. After all this time and with much experience gained, we were ready to rethink a new strategy, seeking to accelerate and extend the adoption of innovation and digital transformation initiatives in all areas of the company, making it necessary to decentralize their execution.

Pacasmayo has become a company that provides building solutions not only derived from cement, but that satisfy the needs of any actor in the construction sector. That is why today Pacasmayo complements its product research capacity with research focused on people. In other words, knowing who the hardware sellers, self-builders, construction foremen, transporters or construction residents really are, allows us to find new opportunities for Pacasmayo.

## C. Trend Information

### Cement Market

#### The Peruvian Cement Market

Peru's cement production is segmented into three principal geographic regions: the northern region, the central region, including Lima's metropolitan area, and the southern region. The table below sets forth selected data with respect to each region in Peru and the corresponding cement manufacturers. Market share data is based on metric tons of cement delivered during 2023.

#### Geographic Breakdown

##### Northern Region (thousands of metric tons)

Plant	% share	2023	2022	2021	2020	2019
Pacasmayo Group	23.9	2,951	3,437	3,614	2,576	2,615
Imports	-	-	2	40	38	13
<b>Total</b>	<b>23.9</b>	<b>2,951</b>	<b>3,439</b>	<b>3,654</b>	<b>2,614</b>	<b>2,628</b>

##### Central Region (thousands of metric tons)

Plant	% share	2023	2022	2021	2020	2019
UNACEM	45.4	5,617	6,297	5,838	4,172	5,316
Caliza Inca	4.7	585	515	492	382	513
Imports	1.2	145	202	691	493	663



<b>Total</b>	<b>51.3</b>	<b>6,347</b>	<b>7,014</b>	<b>7,021</b>	<b>5,047</b>	<b>6,492</b>
<b>Southern Region (thousands of metric tons)</b>						
<b>Plant</b>	<b>% share</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Grupo Yura	20.9	2,581	3,047	2,904	2,019	2,584
Imports	0.5	65	67	150	189	98
<b>Total</b>	<b>21.4</b>	<b>2,646</b>	<b>3,114</b>	<b>3,054</b>	<b>2,208</b>	<b>2,682</b>
<b>Others</b>	<b>3.4</b>	<b>423</b>	<b>427</b>	<b>877</b>	<b>732</b>	<b>769</b>
<b>Total Regions</b>	<b>100.00</b>	<b>12,367</b>	<b>13,994</b>	<b>14,606</b>	<b>10,601</b>	<b>12,571</b>

Sources: ASOCEN, INEI, ADUANET (SUNAT).

Although a large part of housing construction is mainly concentrated in the Lima metropolitan area, located in the central region of Peru, the housing market in the provinces of Peru, including the northern region, has grown significantly in recent years. Despite this trend, Peru continues to have significant shortages in housing, estimated by the INEI at 1.9 million homes nationwide. Economic growth, particularly in the mining and agribusiness sectors, rising employment levels and the implementation of real estate projects, resulted in the creation of higher paying jobs, which ultimately resulted in the expansion of the housing market. However, the COVID-19 pandemic took a toll on it and, in 2020, poverty levels increased 9.9 percentage points. Fortunately, poverty levels for 2021, which is the last available data, decreased by 4.2 percentage points, reaching 25.9%.

Peru continues to have a significant deficit in infrastructure. In recent years, significant efforts have been made to channel investments into the infrastructure sector through a series of initiatives that range from the creation of financial instruments (such as the infrastructure investment and trust funds) to regulatory changes, to promotion of more public private partnerships (for example “taxes for infrastructure” which allows private companies to use part of their tax payments to directly finance infrastructure works) to allowing for other executors, such as the government to government agreements that have recently been signed by Peru and other governments to ensure promptly execution without corruption.

### *Distribution and Logistics*

Peru’s cement market is divided into three regions circumscribed primarily by the location of established production facilities. Our facilities are located in the northern region of Peru, UNACEM is the main producer in the central region, and Yura in the southern region. Cement is mainly sold in bags of 42.5 kilograms (approximately 94 pounds). However, cement can also be sold in bulk according to customer requirements.

The transportation and storage of cement requires specialized equipment. A favorable location of the production facilities not only reduces the time required to transport cement products to distributors and third-party merchants but also diminishes the costs of necessary equipment and resources. The location of a cement plant relative to its distribution network provides operational efficiencies and advantages that translate into stronger market share.

Cement can be stored in silos for up to 12 months if the silo is completely humidity proof. The typical vehicles used for the transport of cement are adapted to maintain the necessary environment during shipment. The proximity of production plants and storage centers to distribution centers, third-party vendors and retail outlets, creates a more efficient supply chain and minimizes the time and resources required to transport products from the production line to the construction site. The streamlined nature of this process ensures that cement products in the northern region of Peru, for example, reach customers within approximately one week of production. A cement company’s success is inherently linked to the sophistication of its distribution network and its emphasis on quality assurance throughout the supply chain.

### *Competitive Dynamics*

The Peruvian cement market is comprised basically of three groups and 2 other plants:

- Cementos Pacasmayo and Cementos Selva, which principally serve the northern region;
- UNACEM, which principally serves the central region;
- Cementos Yura, which primarily serve the southern region;
- Caliza Cemento Inca, located in Cajamarquilla, Lima which principally serves the central region as well as other regions throughout the country; and
- Mixercon, located in the city of Lima, mainly serves this city, and to a lesser extent some provinces of the country.

Additionally, there are cement importers, according to the ADUANET, that mainly supply the cities of Lima and, to a lesser extent, other provinces of the country.

The level of competitiveness of cement companies generally depends on their cost structure, which is a function of the cost of energy, fuel, costs of raw materials and transportation. Cement companies in Peru generally compete within the limits of their distribution market, which is determined principally by their geographic locations.

The following are the main characteristics of the cement sector in Peru:

- highly fragmented consumer base;
- relatively low cost of energy and raw materials;
- operations and distribution primarily determined by geographic location; and
- high correlation to *auto-construcción* and public and private investments.

## D. Critical Accounting Estimates

Our consolidated financial statements are prepared in conformity with IFRS, as issued by the IASB. See note 3 to our consolidated financial statements included in this annual report.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior Management

#### General

Our business and affairs are managed by the board of directors in accordance with our by-laws and Peruvian Corporate Law No. 26887 (“Peruvian Corporate Law”). Our by-laws provide for a board of directors of between seven and eleven members. Between three and five alternate directors may be elected by the shareholders to act on behalf of any director who is absent from meetings or who is unable to exercise his or her duties, when and for whatever period fixed by the chairman of the board. Alternate directors have the same responsibilities, duties and powers of directors to the extent they are called to replace them.

Directors are elected at a shareholders’ meeting and hold office for three years. Directors may be elected to multiple terms. Our current board of directors is composed of seven directors. In the first board meeting held after the annual shareholders’ meeting where members of the board are elected, the board of directors must elect among its members a chairman and a vice chairman.

The board of directors typically meets in regularly scheduled bi-monthly meetings and when called by the chairman of the board or a person representing the chairman. Resolutions must be adopted by a majority of the directors present at the meeting and the chairman is entitled to cast the deciding vote in the event of a tie.

#### Duties and Liabilities of Directors

Pursuant to Article 177 of Peruvian Corporate Law, directors are jointly and severally liable to a corporation, shareholders and third parties for any damages caused by abuse of power, fraud, willful misconduct or gross negligence. In addition, pursuant to Article 3 of Law No. 29720, as of June 26, 2011, directors of companies listed on the Lima Stock Exchange are also strictly liable for any damages caused as a result of any transactions in which they were involved and which resulted in damages or other losses to the corporation. A director cannot be found liable if the director expressed disagreement at the time the vote was cast or upon learning of such transaction and if there is a record expressing such opposition.

Our by-laws prohibit a director from voting on matters in which such director has an interest. In addition, Article 180 of the Peruvian Corporate Law requires a director with a conflicting interest on a specific matter to disclose such interest and abstain from the deliberation and decision-making process with respect to such matter. A director who violates this requirement is liable for any damages caused to us and may be removed by a majority of the board of directors upon request of any member of the board or by a majority vote of the shareholders.

Our by-laws stipulate that Directors’ compensation is determined by the Mandatory Annual General Shareholders’ Meeting at the time it reviews our annual audited financial statements. The fixed portion of the Chairman’s compensation shall be twice the amount allocated to any other director. If directors are part of one or more Committees, their compensation may include an additional amount for the work performed as members of such Committees. The additional compensation of the directors may not exceed the aggregate fixed portion of the compensation that the directors are entitled to receive. Our by-laws do not restrict Directors from voting upon matters relating to their own compensation.

Our by-laws do not prohibit our directors from borrowing from us. However, Article 179 of the Peruvian Corporate Law provides that directors of a company may enter into an agreement with such company only if the related loan agreement relates to operations the company performs in the regular course of business and in an arms’-length transaction. Further, a company may provide a loan to a director or grant securities in such director’s favor only in connection with operations that the company usually performs with third parties. Agreements, credits, loans or guarantees that do not meet the requirements set forth above require prior approval from at least two thirds of the members of the Company’s Board of Directors. Directors are jointly liable to the company and the Company’s creditors for contracts, credit, loans or securities executed or granted without complying with Article 179 of the Peruvian Corporate Law.

Neither our by-laws nor Peruvian Corporate Law contain age limit requirements for the retirement or non-retirement of directors.

## Board of Directors

The following sets forth our directors and their respective positions as of December 31, 2023.

Name	Position	Year of Birth
Eduardo Hochschild Beeck	Chairman of the Board	1963
José Raimundo Morales Dasso	Vice Chairman of the Board	1946
Ana María Botella Serrano	Independent Director	1953
Esteban Chong León	Independent Director	1958
Ana Sofia Hochschild	Director	1998
Venkat Krishnamurthy	Independent Director	1971
Humberto Nadal Del Carpio	Director, Chief Executive Officer	1964

The following sets forth selected biographical information for each of the members of our board of directors. The average tenure of board members is 10.42 years. The business address of each of our current directors is Calle La Colonia 150, Urb. El Vivero, Surco, Lima, Peru.

*Eduardo Hochschild Beeck.* Mr. Hochschild has been a Director since April 1991 and is currently Chairman of the Board of Directors. He is a Mechanical Engineer from Tufts University, Boston, United States. Mr. Hochschild is also Chairman of Hochschild Mining plc, Aclara Resources Inc., ASPI. and the Board of Directors of UTEC and TECSUP and is an expert advisor to the Economic Council of the Episcopal Conference.

*José Raimundo Morales Dasso.* Mr. Morales has been a Director since March 2008. He holds a degree in Economics and Administration from the Universidad del Pacífico, and a Master's degree in Business Administration from the Wharton Graduate School of Finance from the University of Pennsylvania, United States. Between 1970 and 1989 he held various positions at Bank of America and Wells Fargo Bank. He joined Banco de Credito del Peru in 1980 and held senior management positions. He was CEO of BCP from October 1990 to April 2008. He is currently Vice Chairman of the Board of Directors of Credicorp LTD., Banco de Crédito del Perú S.A. and Pacifico Cía. Seguros y Reaseguros. He is also a member of the Board of Directors of Grupo Crédito, Atlantic Security Holding Corporation, and Fosfatos del Pacífico S.A.

*Ana María Botella Serrano.* Mrs. Botella has been a Director since July 9, 2020. Previously, she was Alternate Director from September 1, 2019 to July 9, 2020. She holds a degree in Law from the Complutense University of Madrid and belongs by competitive examination to the Senior Corps of Civil Administrators of the Spanish State. As a civil servant she has worked in the Ministry of the Interior, the Civil Government of La Rioja, the Ministry of Public Works, the Treasury Delegation of Valladolid and the Ministry of Finance. In 2003 she was elected Councilor of the City Council of Madrid, has been Second Deputy Mayor and has held the Government Delegations of Employment and Social Services and Environment and Mobility. In December 2011 she was sworn in as Mayor of Madrid City Council, a position she held until June 2015. She is currently Executive President of the Integra Foundation and Program Director of the Atlantic Institute of Government.

*Esteban Chong Leon.* Mr. Chong has been a Director since March 24, 2023. Mr. Chong holds a Bachelor's degree in Accounting from Universidad del Pacífico and a Master's in Business Administration from the University of Pittsburgh (United States). He holds a diploma in International Financial Reporting Standards from The Association of Chartered Certified Accountants (United Kingdom) and in Corporate Governance of Board of Directors from Northwestern University – Kellogg School of Management (United States). He is the Head Professor, Head of the Accounting Department, and President of the Admission Council at the Universidad del Pacífico. He is a retired partner at PricewaterhouseCoopers Peru with more than 36 years of professional experience, 20 of them as a partner. He held various positions at PricewaterhouseCoopers including Territory Senior Partner for Peru and Bolivia, Head of Assurance for Peru, partner in charge of Risk Management, Member of the Regional Executive Committee and Representative to the Regional Board (Theater Oversight Board), where he was Chairman of the Admissions Committee. He is currently a Director of Inmobiliaria Los Alerces, KR Comercial and KR Proyectos and is a member of the Audit, Risk and Finance Committee of CGIAR (formerly Consultative Group on International Agricultural Research).

*Ana Sofia Hochschild Correa.* Ms. Hochschild has been a Director since March 24, 2023. She holds a bachelor's degree in Psychology from IE University in Madrid, with a special focus on organizational psychology and knowledge in digital transformation. She has worked at Sony, Ernst & Young, Voxel School and XR Ventures. She is director of Voxel School. L.S. and participates in other initiatives linked to education. She is currently pursuing a Master's Degree at Harvard University, participating in the Education Leadership, Organizations, and Entrepreneurship program.

*Venkat Krishnamurthy.* Mr. Krishnamurthy has been a Director since July 9, 2020. He holds a Bachelor of Science from the Indian Institute of Technology in Kanpur, where he received the Presidential Gold Medal and a PhD in Computer Science from Stanford University. Mr. Krishnamurthy is a serial entrepreneur, who has created disruptive business and technology breakthroughs in Computer Graphics, Enterprise Software, Social Networks, Internet Marketing, IOT, CAD, Laser Scanning, Manufacturing, Metrology, Orthodontics, EAS/Security and Supply Chain. He is currently co-founder at Alignable, North America's largest network for small and medium businesses and Gita Krishnamurthy Vidyalaya, a free school for under-privileged children in South India, as well as board member at privately held internet travel business Grand Circle Corporation. He is an Academy Award winner for Technical Achievement (2001) for pioneering inventions in the area of animation-ready higher order (polynomial) surface reconstruction from 3-D scanners. Previously, he co-founded Invisalign, Paraform/Metris, now Nikon Metrology, CTO at OATSystems, now Checkpoint's RFID/IOT division and Instructor at MIT Professional Education on Radical Innovation.

*Humberto Nadal Del Carpio.* Mr. Nadal joined the Company as Corporate Development Manager in June 2007, has been a Director since March 2008 and CEO since April 2011. He is an economist graduated from Universidad del Pacífico and has an MBA from Georgetown University. He is also CEO of ASPI, Fosfatos del Pacífico and FOSSAL. He is currently Vice Chairman of Ferreycorp S.A.A. and Ferreyros S.A. since August 2020, and independent member of the Board of Directors of Ferreycorp S.A.A. and Ferreyros S.A. since March 2017. Director of the Asociación de Productores de Cemento (Asocem); and former president and current member of the Board of Trustees of Universidad del Pacífico. He is a director of the GCCA, a global association that brings together most of the world's cement producing companies. He is director of FICEM, an association of cement producers in Latin America that comprises 80% of the companies in the region. He is a member of the Advisory Board of the Faculty of Humanities, Arts and Social Sciences of the Universidad de Ingeniería y Tecnología (UTEC). Previously, he was Chairman of the Board of Directors of Fondo Mi Vivienda. Member of the G-50 group.

## Executive Officers

Our executive officers oversee our business and are responsible for the execution of the decisions of the board of directors. The following table presents information concerning the current executive officers of the company and their respective positions:

Name	Position	Year of Birth	Year of Appointment
Humberto Nadal Del Carpio	Chief Executive Officer	1964	2008
Manuel Bartolomé Ferreyros Peña	Chief Financial Officer	1966	2008
Jorge Javier Durand Planas	Legal Vice – President/General Counsel	1966	2008
Carlos Julio Pomarino Pezzia (1)	Vice – President of the Cement Business	1962	2009
Diego Arispe Silva	Corporate Social Responsibility Managing Director	1981	2021
Aldo Bertoli Estrella	Commercial Managing Director	1969	2016
Ibrahim Chahuan Riveros	Buildings Solutions Managing Director	1988	2021
Ely Hayashi Hirahoka	Finance Managing Director, Management Control and Asset Management Director	1982	2021
Tito Alberto Inope Mantero	Corporate Excellence Managing Director	1972	2015
Diego Reyes Pazos	Supply Chain, Administration and Risks Managing Director.	1977	2013
Hugo Villanueva Castillo (2)	Operations Managing Director	1962	2012
Inés Roggero	Innovation and Digital Transformation and Data and Analytics Managing Director	1981	2022
Julio Oropeza Reyes (2)	Operations Managing Director	1978	2022

(1) Mr. Pomarino retired on December 31, 2023.

(2) During 2023, Mr. Villanueva and Mr. Oropeza shared the role of Operations Managing Director, with Mr. Oropeza fully replacing him during the month of December 2023

The following sets forth selected biographical information for each of our executive officers:

See the information set forth under “Board of Directors” for biographical information for Mr. Nadal.

*Manuel Bartolomé Ferreyros Peña.* Mr. Ferreyros has been Chief Financial Officer since January 2008. He was Alternate Director from March 2008 until July 9, 2020. He is a member of the Board of Directors of Fosfatos del Pacífico S.A. and FOSSAL S.A.A. Mr. Ferreyros has a bachelor’s degree in business administration from the Universidad de Lima, a multinational MBA from the Adolfo Ibáñez School of Management, Miami and an MBA from the College of Insurance in New York. Mr. Ferreyros has participated in the Senior Management Program of the Central American Institute of Business Administration (INCAE) and in the CEO’s Management Program at the Kellogg School of Management, among others. Before joining the Company, Mr. Ferreyros was CEO at La Positiva Seguros y Reaseguros. Distinguished among the three best CFOs in the construction industry in Latin America by Institutional Investor magazine between 2014 and 2023.

*Jorge Javier Durand Planas.* Mr. Durand joined the Hochschild Group in 1994 and has been the General Counsel and Legal Vice President of the Company since 2008. Previously, he was Legal Vice President of Hochschild Mining plc. He is a lawyer graduated from the Universidad de Lima and a Master of Business Administration from the Universidad del Pacífico. Among other studies, he participated in the Management Program for Lawyers and in the Corporate Governance and Performance Program of the Yale School of Management (United States), in the Strategic Negotiations Program of Harvard Business School (United States) and in the Prince of Wales Business & Sustainability Program of the University of Cambridge Institute for Sustainability Leadership (United Kingdom). Currently, Mr. Durand is a member of the Board of Directors of ASPI, UTEC and TECSUP. He is also a member of the Board of Directors of Fosfatos del Pacífico S.A. since March 30, 2021 and of FOSSAL since March 24, 2023.

*Carlos Julio Pomarino Pezzia.* Mr. Pomarino was Vice - President of the Cement Business from July 2017 until December 2023. He has a Bachelor’s degree in Economic Engineering from the Universidad Nacional De Ingeniería and an MBA from the Adolfo Ibáñez Business School and ESAN. In addition, he has participated in the Senior Management Program (PAD) of the Universidad de Piura and completed the Certification of independent Board members at Centrum Católica. He was Vice President of the Cement Business from 2012 to 2017, Deputy General Manager from 2009 to 2012, Commercial Manager of the Company from 2002 to 2009 and General Manager of Distribuidora Norte Pacasmayo S.R.L. from 1998 to 2009. Before joining the Company, Mr. Pomarino worked as Administration and Finance Manager at Comercializadora de Alimentos S.A. and as Head of Finance at the Fabrica de Tejidos San Jacinto S.A.

*Diego Arispe Silva.* Mr. Arispe has been the Corporate Social Responsibility Managing Director since June 2019 and of Corporate Social Responsibility since January 2022. He holds a law degree from the Pontificia Universidad Católica del Perú (PUCP) and a MBA from Columbia Business School (United States). He has worked at the company for more than 15 years, having held various positions in the areas of Human Management, Social Responsibility, and Legal, and was part of the team in charge of the implementation of our cement plant in Piura, as Project Controller.

*Aldo Bertoli Estrella.* Mr. Bertoli has been the Commercial Managing Director since May 2016. He holds a degree in Business Administration from the Universidad del Pacífico and a master’s degree in Business Administration from the Universidad de Piura. Before joining our company, Mr. Bertoli worked for five years as Peru-Ecuador-Bolivia Sales Manager at Pepsico Inc. Previously, he spent 12 years at Procter & Gamble in various commercial positions, including four years in Bolivia as Country Manager.

*Ibrahim Chahuan Riveros.* Mr. Chahuan has been Buildings Solutions Managing Director since January 2022. He holds a bachelor’s degree in Business Administration from Universidad del Pacífico and an Executive MBA from Northwestern University - Kellogg School of Management. Mr. Chahuan has 11 years of experience with Cementos Pacasmayo, having held various positions mainly in the marketing, finance and operations. He participated in key corporate finance projects for the development of the company, such as the issuance of bonds in the international capital markets and for nearly seven years he has been in charge of promoting and developing building solutions.

*Ely Hayashi Hirahoka.* Ms. Hayashi has been the Finance Managing Director, Management Control and Asset Management Director since January 2022. She holds a Bachelor’s degree in Business Administration from Universidad del Pacífico and a Master’s degree in Business Administration (MBA) from IE Business School in Madrid, Spain. Ms. Hayashi joined Cementos Pacasmayo in 2006 and has held various positions in operational and financial areas throughout her more than 15 years with the company.

*Tito Alberto Inope Mantero.* Mr. Inope has been Corporate Excellence Managing Director since January 2022. Previously, he held the position of Construction Solutions Managing Director. He holds a degree in economics from the Universidad de Lima and holds a Master’s degree in Business Administration (MBA) from the Universidad de Ciencias Aplicadas (UPC), as well as the Programa de Alta Dirección (PAD). Mr. Inope joined Cementos Pacasmayo in 1996 and has held various management positions in Operations, Projects and Planning during his 27 years with the company.

*Diego Reyes Pazos.* Mr. Reyes has served as Supply Chain Manager since 2013 and subsequently assumed also the management of Administration and Risks. He has solid experience in supply chain, project development, system/process design and implementation, and financial analysis. He holds a bachelor’s degree in Business Administration from the Universidad de Lima and a master’s degree in Business Administration from the Universidad de Piura. Before joining the company, Mr. Reyes worked as Operations and Finance Manager at Belcorp, as senior business process expert for Latin America at SAB Miller, Project Manager in the Supply Chain Vice-Presidency at UCP Backus & Johnston, among others.

*Hugo Pedro Villanueva Castillo.* Mr. Villanueva was the Operations Managing Director from January 2012 until December 2023. Previously, he served as the Operations Manager at Cementos Selva for more than nine years. He worked at the company for more than 22 years and held various positions in the areas of quality, production and operations. He has a bachelor’s degree in chemical engineering from the Universidad Mayor de San Marcos. He holds an MBA from Tecnológico de Monterrey, Mexico, has participated in the General Management Program of the PAD of Universidad de Piura and in the Senior Management Program of INCAE in Costa Rica. Additionally, he has completed various industry specialization programs.

*Inés Roggero Cilloniz.* Ms. Roggero has been the Innovation and Digital Transformation Managing Director since June 2022. In January 2023 she was assigned the leadership of the Data and Analytics tribe. Before joining the company, she was the Corporate Innovation Manager at Alicorp, where she was in charge of identifying process improvement initiatives, new analog and digital products. In addition, Ms. Roggero has more than 17 years of experience in mass marketing in companies such as Johnson & Johnson and Coca-Cola company. During this time, she has won more than 10 marketing awards and has successfully launched more than 10 new products on the market. She holds a Master’s degree in Design Management from IED Barcelona.

*Julio Oropeza Reyes.* Mr. Oropeza has been the Operations Managing Director since November 2022. He is also in charge of the company's Climate Change and R&D Committees. He has 24 years of experience in the cement industry, holding different positions and functions in Venezuela, Ecuador, Chile, Argentina and Peru. His areas of expertise include: production, process optimization, quality control, KPI and cost optimization, high performance team building, environmental management, safety, innovation, project development and plant management. He holds a degree in Chemical Engineering from Universidad Nacional Experimental Francisco de Miranda (Venezuela, 2002), certified as Process Engineer (Holcim, 2012) and an MBA in Integrated Management System: Quality, Environment and Safety from Universidad de Viña del Mar (Chile, 2015).

## B. Compensation

As of December 31, 2023, the total short-term compensation paid to our executive officers amounted to S/28,922,000 (2022: S/26,066,000 and 2021: S/22,678,000) and the total long-term compensation paid to our executive officers amounted to S/7,632,000 (2022: S/8,272,000 and 2021: S/9,763,000). There were no post-employment or contract termination benefits or share-payments.

Since 2011, and still current, we have paid each of our directors a yearly compensation of US\$200,000 (US\$400,000 in the case of our Chairman). In addition, compensation paid to certain of our directors for serving on board committees will be, in aggregate per year, not higher than the total amount paid to our directors for serving on our board of directors. Our 2023 director compensation was approved at our annual shareholders' meeting.

Neither we nor any of our subsidiaries have entered into any agreement that provides for any benefit or compensation to any director or executive officer after expiration of his or her term.

### Executive Compensation Plan

Our business operates in a competitive environment where highly trained professionals and executives are in demand. Continued expansion of the Peruvian economy over the past several years has created new opportunities resulting in additional competition for local talent. As a result, we have in place compensation plan to retain our key executives and attract new executives with the skills and experience required to achieve our strategic objectives and create long-term value for our shareholders. We believe that executive compensation should reward individual performance and the achievement of our strategic objectives.

Our executive compensation plan has been designed to achieve the following primary objectives:

- recruit, retain and incentivize highly talented and dedicated executives with the skills and experience required to manage and operate our business and create long-term value for our shareholders;
- provide our executive officers with compensation opportunities that are fair, reasonable and competitive in the market;
- compensate based on our performance and individual performance;
- promote transparency by using clear and straightforward compensation metrics; and
- align the interests of our executive officers with the interests of our shareholders, both in the short-term and long-term.

Our executive compensation plan is in addition to workers' profit sharing requirements applicable to all of our employees, including our executive officers, under Peruvian labor laws.

Our compensation plan has been designed to compensate our executives through a combination of base salary, a cash bonus incentive and other benefits that we believe are fair and equitable to us and our shareholders and competitive in the market. We believe that the combination of salary, cash bonus incentive and other benefits help distinguish us from other companies in the cement industry in Peru and serve as an important retention tool as we compete for executive talent. We also believe that it will provide an appropriate compensation structure to retain our executives, reward them for individual performance, and induce them to contribute to the creation of long-term value. For more information about our Compensation Plan please see note 19 to our consolidated financial statements included in this annual report.

### Components of Executive Compensation

The key components of our executive compensation plan are:

- base salary;
- short-term cash bonus incentives; and
- long-term cash bonus incentives.

We believe that the use of few and straightforward compensation components promotes the effectiveness and transparency of our executive compensation plan and enables us to be competitive. No formula or specific weightings or relationships are used to allocate the various components in our executive compensation plan. Each component has an important role in implementing our executive compensation philosophy and in meeting the executive compensation objectives described above.

We compensate our executive officers and other employees with a base salary to compensate them for services rendered on a day-to-day basis during the fiscal year. Base salaries provide stable compensation to executives, allow us to recruit and retain highly talented and dedicated executives and, through periodic merit increases, provide a basis upon which executives may be rewarded for individual performance.

#### *Short-Term Cash Bonus Incentives*

As a key component of our compensation plan, we currently provide our executive officers the opportunity to earn annual cash bonuses based on the achievement of our short-term business objectives. As additional cash compensation that is contingent on achieving our business objectives, cash incentives augment the base salary component while being tied directly to corporate and individual performance objectives.

#### *Long-Term Cash Bonus Incentives*

In addition, as a tool to promote retention of our executive officers, we have implemented a deferred cash incentive program that we believe aligns compensation with corporate performance, allows us to recruit and retain competent executive talent, and rewards for superior performance measured over the long-term. Our plan provides for the payment of bonuses in addition to the annual bonuses that are paid to our executive officers.

Our long-term bonus incentive program features the following key components:

- available to senior executives who have been employed by our company at this level for at least four years;
- at the end of each year, the cash bonus will be accrued in a “personal virtual account” for the benefit of the relevant executive;
- at the beginning of the sixth year the relevant executive will receive the amount accrued during the first four years;
- additional annual bonuses will be accrued for the following four years and a final payout will be made at the end of the eighth year from the creation or beginning of the plan; and
- if the employee decides to voluntarily leave the company before a scheduled distribution, he will not receive this compensation.

Our plan provides that the executive must meet the following eligibility criteria:

- must be no older than 58 years at the time his or her participation in the incentive program begins;
- must have at least four years as senior executives with either our company, or our subsidiaries or affiliates;
- is a professional who is deemed to have characteristics that are attractive to the market; and
- the executive’s departure is deemed by the board of directors or a committee thereof to have an adverse effect on our performance.

### **C. Board Practices**

For information about the date of expiration of the current term of office and the period during which each director has served in such office, see “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management.”

### **Benefits upon Termination of Employment**

There are no contracts providing for benefits to directors upon termination of employment.

### **Board Committees**

We have four board committees composed by members of our board of directors, which are described below. The members of these committees were elected at the Board meeting held on April 17, 2023, for a three-year period.

#### *Executive Committee*

Our by-laws permit us to delegate an executive committee composed of three to five members of the board of directors. Mr. Eduardo Hochschild Beeck (chairman), Mr. Raimundo Morales Dasso and Mr. Humberto Nadal del Carpio are currently members of our executive committee. Our executive committee is mainly responsible for (i) supervising and supporting our management in executing the resolutions passed by our board of directors, (ii) executing the strategy approved by our board of directors, (iii) meeting short-term and medium-term goals, as well as designing action plans to meet such goals in accordance with the long-term strategy and goals approved by our board of directors, (iv) approving agreements or transactions involving amounts greater than US\$3 million but less than US\$20 million, (v) monitoring compliance with the annual budget and approving any significant deviations from approved levels of working capital, (vi) making strategic decisions that do not rise to the level of a full board approval, and (vii) approving and executing new projects in amounts up to US\$20 million.

Our executive committee also performs the functions of a compensation committee.

#### *Antitrust Best Practices Committee*

The antitrust best practices committee is composed of three members: Mr. Raimundo Morales Dasso, Mr. Humberto Nadal del Carpio and Mr. Eduardo Hochschild Beeck. The antitrust best practices committee is responsible for informing our employees about our competition best practices and for monitoring compliance with such practices, including compliance with antitrust regulations.

#### *Audit Committee*



Our audit committee is composed of three directors: Mr. Esteban Chong Leon, who is the chairman of the audit committee, Mr. Venkat Krishnamurthy and Mrs. Ana María Botella Serrano. All of the members of the audit committee qualify as independent in accordance with the SEC rules applicable to foreign private issuers. Mr. Esteban Chong Leon also qualifies as a financial expert under SEC rules. The audit committee is responsible for (i) reviewing our financial statements; (ii) evaluating our internal controls and procedures, and identifying deficiencies; (iii) the appointment, compensation, retention; and (iv) oversight of our external auditors. Additionally, it is responsible for informing our board of directors regarding any issues that arise with respect to the quality or integrity of our financial statements, our compliance with legal or regulatory requirements, the performance and independence of the external auditors, or the performance of the internal audit function; and overseeing measures adopted as a result of any observations made by our shareholders, directors, executive officers, employees or any third parties with respect to accounting, internal controls and internal and external audit, as well as any complaints regarding management irregularities, including anonymous and confidential methods for addressing concerns raised by employees.

#### ***Sustainability and Good Corporate Governance Committee***

Our sustainability and good corporate governance committee is composed of three directors. The current members are Mr. Eduardo Hochschild Beeck (chairman), Mr. Raimundo Morales Dasso and Mr. Humberto Nadal del Carpio. The Sustainability and Good Corporate Governance Committee is responsible for assisting the Board in its role of proposing and overseeing Sustainability measures, as well as overseeing Director nomination and Committee assignments, and Board and CEO successions. Similarly, it is responsible for assisting in the implementation of committee and Board self-assessment surveys and the review of governance principles.

#### **D. Employees**

As of December 31, 2023, we had a total of 1,772 permanent employees. The following table sets forth a breakdown of our employees by category as of the periods indicated.

	As of December 31,		
	2023	2022	2021
Senior Management	50	46	39
Administrative personnel	988	993	944
Plant workers (cement)	331	324	319
Plant workers (concrete)	403	350	390
<b>Total(1)</b>	<b>1,772</b>	<b>1,713</b>	<b>1,692</b>

(1) Workers from our social venture Acuicola Los Paiches S.A.C. are excluded from these calculations.

As of December 31, 2023, approximately 22.2% of our employees were members of labor unions (*Sindicato Único de Trabajadores de Cementos Pacasmayo S.A.A.*, *Sindicato de Trabajadores de Distribuidora Norte Pacamasyo S.R.L.*, *Sindicato Único de Trabajadores de la Empresa Distribuidora Norte Pacasmayo S.R.L.-Dino*) that represents its members in collective bargaining negotiations. Our management and administrative personnel are not members of a labor union. Labor relations for unionized and non-unionized employees in our production facilities, including compensation and benefits, are governed by a collective bargaining agreement that is renewed annually. In May 2022, three-year Union Agreements were signed with our largest union.

Under Peruvian law, it is illegal to lay off employees without cause or without following certain formal procedures. In addition, employees who are laid off are entitled to severance payments upon termination of their employment in an amount equal to one and a half month's salary for each full year of work performed with a maximum payment equal to 12 monthly salaries provided they are indefinite term employees. In case of fixed term employment relationship the severance payment is equal to 1.5 monthly salaries for each month, until the completion of the contract, with a maximum of 12 monthly salaries.

Our employees are enrolled in either the national public pension fund or a privately managed pension fund. In both cases the applicable payment (approximately 13%) is withheld by the employer from the employees' monthly salary. As of December 31, 2023, approximately 9.7% of our employees were enrolled with the national public pension fund and 89.5% with a private social pension plan.

We seek to build a company with a high level of engagement with collaborators, with the aim of achieving a sense of belonging for our people and, therefore, their happiness in the organization. Our engagement strategy seeks to measure the following components:

- Engagement - It measures the employee's strong connection with their work (a psychological state of energy, dedication and total involvement in their work).
- Leadership - It measures the leadership style adapted to the individual needs of its employees and that focuses on helping them grow and succeed.

This involvement and identification will allow us to consolidate ourselves as a committed team, that shares the same objectives and values, that co-creates the success of the company and at the same time focuses on growing and improving their personal well-being. The resources we use for our engagement strategy consist of two large measurements that are carried out in July and November, which are complemented with periodic measurements (pulses) to know the feeling and think about a specific dimension and/or situation. Our goal for 2023 was to have an Engagement Index of 85.70%, and thanks to the joint work of leaders, promoters and teams in general, we achieved an index of 86.40%.

We believe we have a good relationship with our employees. In the past, we have not experienced any material strikes, work stoppages or any other significant disruptions.

#### **E. Share Ownership**



As of March 31, 2024, persons who are currently members of our board of directors and our executive officers held as a group 1,426,553 of our common shares and no investment shares (not including common shares held by Mr. Eduardo Hochschild through ASPI). This amount represented less than 1% of our outstanding share capital as of March 31, 2024. Mr. Eduardo Hochschild through ASPI indirectly controlled 211,985,547 common shares, representing 50.01% of common shares.

Mr. Manuel Ferreyros, Mr. Humberto Nadal, Mr. Raimundo Morales, Mr. Carlos Pomarino own individually and in the aggregate less than 1% of our common shares.

## ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders

As of March 31, 2024, our issued and outstanding share capital was composed of 423,868,449 common shares. In addition, as of March 31, 2024, we had 40,278,894 non-voting investment shares outstanding, 36,040,497 of which were held in treasury.

The following table sets forth the beneficial ownership of our common shares and non-voting investment shares as of March 31, 2024.

Shareholder	As of March 31, 2024					
	Common shares		Investment shares		Total	
	Number of shares (in millions)	Percentage	Number of shares (in millions)	Percentage	Number of shares (in millions)	Percentage
ASPI <sup>(1)</sup>	211,985.5	50.0%	—	—	211,985.5	45.7%
Cementos Pacasmayo (treasury shares)	—	—	36,040.5	89.5%	36,040.5	7.8%
AFP Prima	39,972.6	9.4%	—	—	39,972.6	8.6%
AFP Integra	34,717.5	8.2%	—	—	34,717.5	7.5%
PROFUTURO AFP	24,675.1	5.8%	—	—	24,675.1	5.3%
AFP HABITAT	15,484.7	3.7%	—	—	15,484.7	3.3%
Directors and officers <sup>(2)</sup>	1,585.9	0.4%	—	—	1,585.9	0.3%
American Depositary Share Program	34,951.8	8.2%	—	—	34,951.8	7.5%
Other shareholders	60,495.3	14.3%	4,238.4	10.5%	64,733.7	13.9%
<b>Total</b>	<b>423,868.5</b>	<b>100.0%</b>	<b>40,278.9</b>	<b>100.0%</b>	<b>464,147.3</b>	<b>100.0%</b>

(1) ASPI is indirectly controlled by Mr. Eduardo Hochschild through Farragut Holdings, Inc. (Cayman Islands). Mr. Eduardo Hochschild is a member of the board of directors of our company. The shares expressed here include those held through ASPI.

See “Item 6. Directors, Senior Management and Employees—Share Ownership” for information regarding shares of our common stock owned by members of our board of

(2) directors and executive officers. The number of common shares held by directors and executive officers excludes any shares that may be deemed to be beneficially owned by Mr. Eduardo Hochschild through ASPI.

### Changes in Ownership

The following sets forth the composition of ownership from December 31, 2019 to December 31, 2023, including common share and investment (non-voting) shares.

Shareholder	As of December 31,				
	2023	2022	2021	2020	2019
ASPI	45.7%	45.7%	45.7%	45.7%	45.7%
Cementos Pacasmayo (treasury shares)	7.8%	7.8%	7.8%	7.8%	7.8%
IN—Fondo 2 (AFP Integra)	3.0%	-	-	-	-
RI—Fondo 2 (AFP Prima)	4.8%	5.0%	5.2%	4.6%	3.9%
RI—Fondo 3 (AFP Prima)	3.8%	4.0%	4.0%	-	4.1%
American Depositary Receipt Program	7.7%	7.3%	7.4%	6.8%	6.7%
IN—Fondo 3 (AFP Integra)	3.4%	4.3%	5.0%	4.1%	5.1%
PR—Fondo 3 (AFP Profuturo)	3.6%	4.2%	4.4%	3.7%	4.0%
Other shareholders	20.2%	18.4%	16.1%	22.7%	18.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Differences in Voting Rights

Our major shareholders do not have different voting rights.

### Securities Held in the Host Country

On February 7, 2012, we completed our initial public offering of 20,000,000 ADSs, each representing five common shares, in the United States. On March 2, 2012, we sold an additional 2,296,800 ADSs pursuant to an over-allotment option granted to the underwriters in that offering. The ADSs are listed on the New York Stock Exchange. As of March 31, 2024, we estimate that there were 6,966,356 ADSs outstanding, which represented 8.2% of our common shares outstanding as of such date.

### Arrangements for Change in Control

We are not aware of any arrangements that may, when in force, result in a change in control.

### B. Related Party Transactions

## Peruvian Law Concerning Related Party Transactions

Under Peruvian law, board members and executive officers of a publicly held company may not (i) engage in transactions with the company or any related party of the company, except for transactions entered into in the ordinary course of business and on an arm's length basis, (ii) appropriate for their own benefit a business opportunity that belongs to the company, or (iii) participate in any transaction or decision that presents a conflict of interest with the company.

Peruvian law sets forth certain restrictions and limitations on transactions with certain related parties.

For instance, from a tax standpoint, the value of those transactions must be equal to the fair market value assessed under transfer pricing rules (i.e., the value agreed to by unrelated parties under the same or similar circumstances). Similarly, companies with securities registered in the Peruvian Public Registry of Securities (*Registro Público del Mercado de Valores*), such as us, are required to comply with the following rules:

- The directors and managers of the company cannot, without the prior authorization of the board of directors, (i) receive in the form of a loan money or assets of the company; or (ii) use, for their own benefit or for the benefit of related parties, assets, services or credits of the company.
- The execution of agreements that involve at least 5% of the assets of the company with persons or entities related to directors, managers or shareholders that own, directly or indirectly, 10% of the share capital, requires the prior authorization of the board of directors (with no participation of the director involved in the transaction, if any).
- The execution of agreements with a party controlled by the company's controlling shareholder requires the prior authorization of the board of directors and an evaluation of the terms of the transaction by an external independent company (audit companies or other to be determined by the Peruvian Securities Commission).

The external independent company that reviews the transaction should not be related to the parties involved therein, nor to directors, managers or shareholders that own at least 10% of the share capital of the company.

## Related Party Transactions

As a general policy, we do not enter into transactions with related parties, including our board members and officers, on terms more favorable than what we would offer third parties. Any related party transaction we have entered into in the past has been in the ordinary course of business and on an arm's length basis.

As of December 31, 2023, we had no accounts payable balance with ASPI, our controlling shareholder.

The following transactions have been entered into by us with related parties:

- We lease a plot of land adjacent to our headquarters to our affiliate, Compañía Minera Ares S.A.C., a subsidiary of Hochschild Mining plc. We received rental payments of S/1,230,000 in 2021, S/1,200,000 in 2022 and S/1,150,000 in 2023.
- We provide back office management and administrative services to ASPI, Fossal and Fosfatos del Pacifico, for which we received S/305,000 in 2021, S/198,000 in 2022 and S/305,000 in 2023.
- We receive a reimbursement of security services from our affiliate Compañía Minera Ares S.A.C., a subsidiary of Hochschild Mining plc. We paid a total of S/2,836,000 in 2021, S/2,110,000 in 2022 and S/1,940,000 in 2023 for these services.

ASPI and Hochschild Mining plc are majority-owned and controlled, directly and indirectly, by Mr. Eduardo Hochschild.

For more information about our related-party transactions please see note 22 to our consolidated financial statements included in this annual report.

## C. Interests of Experts and Counsel

Not applicable.

## ITEM 8. FINANCIAL INFORMATION

### A. Consolidated Statements and Other Financial Information.

See "Item 19.—Exhibits."

### Legal and Administrative Proceedings

From time to time, we may become subject to various legal and administrative proceedings that are incidental to the ordinary conduct of our business. We are currently not party to any material legal or administrative proceedings.

### Dividends and Dividend Policy

Our ability to pay dividends is subject to our results of operations for each year. Holders of our common shares and investment shares are entitled to receive dividends on a pro rata basis in accordance with their respective number of shares held

Under our dividend policy, shareholders must take the following factors into consideration prior to declaring dividends: our financial and economic condition, including committed and budgeted expenses and obligations, and previously approved investments. In addition, our dividend policy states that (a) our board of directors may declare advanced dividends based on either the net income resulting from financial statements prepared for such purpose or the cumulative net income corresponding to previous years, provided that shareholders delegated such authority to the board of directors, and (b) holders of common shares representing no less than 20% of our total share capital may request the

distribution of dividends up to 50% of the net income corresponding to the previous year, net of any legal reserve requirements. Our board of directors makes a recommendation at the annual shareholders' meeting with respect to the amount and timing of dividend payments, if any, to be made on our common shares and investment shares.

Under Peruvian law, companies may distribute up to 100% of their profit (after payment of income tax) subject to a 10% legal reserve until the legal reserve equals 20% of shareholders' equity. According to Article 40 of the Peruvian Corporate Law, in order to distribute dividends, profits must be determined in accordance with the individual financial statements of the company.

## Payment of Dividends

Dividends are paid to holders of our common shares and investment shares, as of a record date determined by us. In order to allow for the settlement of securities, under the rules of the Peruvian Securities Commission, investors who purchase shares of a publicly held company three business days prior to a dividend payment date do not have the right to receive such dividend payment. Dividends on issued and outstanding common shares and investment shares are distributed pro rata.

Holders of common shares and investment shares are not entitled to interest on accrued dividends. In addition, under Article 232 of the Peruvian Corporate Law, the right to collect accrued dividends declared by a publicly held company expires 10 years from the original dividend payment date.

## Previous Dividend Payments

The following table sets forth the amounts of cash dividends declared and paid from 2012 through the date hereof for our common shares and our investment shares.

Year ended December 31,	Dividends paid (in S/)	Per share (in S/)
2023	190,300,411	0.41000
2022	194,941,884	0.42000
2021	366,676,401	0.79000
2020	106,753,888	0.23000
2019	154,118,465	0.36000
2018	161,396,280	0.37700
2017	149,837,396	0.35000
2016	155,236,000	0.28500
2015	162,950,000	0.28000

At the annual shareholders' meeting held on March 21, 2024, the shareholders of the Company approved the financial statements for fiscal year 2023 including the net income for such year and delegated to the Board of Directors the authority to decide the distribution of dividends from the retained earnings account and fiscal year 2023 operating results.

## B. Significant Changes

We are not aware of any changes bearing upon our financial condition since the date of the financial statements included in this annual report.

## ITEM 9. THE OFFER AND LISTING

### A. Offer and Listing Details

#### Market Price of Our Common Shares and ADSs

##### ADSs

On February 7, 2012, we completed our initial public offering of 20,000,000 ADSs, each representing five common shares, in the United States. On March 2, 2012, we sold an additional 2,296,800 ADSs pursuant to an over-allotment option granted to the underwriters in that offering.

The ADSs are listed on the New York Stock Exchange under the symbol "CPAC."

### B. Plan of Distribution

Not applicable.

## C. Markets

### Trading in the Peruvian Securities Market

#### The Lima Stock Exchange

As of December 31, 2023, there were 339 companies with securities listed on the Lima Stock Exchange. Established in 1970, the Lima Stock Exchange is Peru's only securities exchange. On November 19, 2003, the members of the Lima Stock Exchange approved to convert its corporate status to a publicly held corporation effective as of January

1, 2003. As of December 31, 2023, The Lima Stock Exchange had a share capital of S/13,010,000 divided into 13,010,000 shares with a par value S/1.00 each, fully subscribed and paid. As of December 31, 2023, the Lima Stock Exchange had 249 shareholders.

Trading on the Lima Stock Exchange is primarily done on an electronic trading system that became operational in August 1995. From the first Monday of November through the second Sunday of March of each year, trading hours are Monday through Friday (except holidays) as follows: 8:20 a.m.-8:30 a.m. (pre-market ordering); 8:30 a.m.-2:55 p.m. (trading); 2:55 p.m.-3:00 p.m. (after-market sales); and 3:00 p.m.-3:10 p.m. (after-market trading). At all other times, trading hours are from Monday to Friday (except holidays) as follows: 9:00 a.m.-9:30 a.m. (pre-market ordering); 9:30 a.m.-3:55 p.m. (trading); 3:55 p.m.-4:00 p.m. (after-market sales); and 4:00 p.m.-4:10 p.m. (after-market trading).

Transactions during the electronic sessions are executed through brokerage firms and stock brokers on behalf of their clients. Brokers submit orders in the order in which they are received. The orders must specify the type of security as well as the amount and price of the proposed sale or purchase. In order to control price volatility, for Peruvian companies there are volatility auctions for variations of +/- 7% during trading session and +/- 4% during the last half-hour of continuous trading, when a stock reaches the 15% limit there is an auction and a consequent price formation. For non-Peruvian companies there is no limit because it is the price in the foreign market the main reference.

### Regulation of the Peruvian Securities Market

The Securities Market Law regulates certain securities matters, such as transparency and disclosure, corporate takeovers, capital market instruments and operations, the securities markets and broker-dealers, and credit-rating agencies. In 1996, the Peruvian Securities Commission, “*Superintendencia del Mercado de Valores – SMV*”, formerly known as the National Supervisory Commission for Securities and Companies (*Comisión Nacional Supervisora de Empresas y Valores*, or “CONASEV”), was given additional responsibilities relating to the supervision, regulation and development of the securities market, while the Lima Stock Exchange was granted the status of a self-regulatory organization. Additionally, a unified system of guarantees and capital requirements was established for the Lima Stock Exchange.

Pursuant to Law No. 29782, published in the Peruvian Official Gazette, *El Peruano*, on July 28, 2011, the Peruvian Securities Commission is a governmental entity reporting to Peru’s Ministry of Economy and Finance with functional, administrative, economic, technical and budgetary autonomy.

The Peruvian Securities Commission is governed by the Superintendent and a five board-members confirmed by the Superintendent (who acts as President of the board) and four members appointed by the Peruvian Executive Power (one suggested by the Ministry of Economy and Finance, one suggested by the BCRP, one suggested by the Peruvian Superintendence of Banking, Insurance and Private Pension Funds and one independent member). The Peruvian Securities Commission has broad regulatory powers, including reviewing, promoting, and making rules regarding the securities market, supervising its participants, and approving the registration of public offerings of securities.

The Peruvian Securities Commission supervises the securities markets and the dissemination of information to investors. It also (i) governs the operations of the Public Registry of Securities, (ii) regulates mutual funds, publicly placed investment funds and their respective management companies and broker-dealers, (iii) monitors compliance with accounting regulations by companies under its supervision as well as the accuracy of financial statements and (iv) registers and supervises auditors who provide accounting services to those companies registered with the Peruvian Securities Commission.

Pursuant to the Securities Market Law, broker-dealers must maintain a guarantee fund. This guarantee fund must be managed by an entity supervised by the Peruvian Securities Commission. Contributions to the guarantee fund must be made by the 25 broker-dealers that are members of the Lima Stock Exchange and are based on the volume traded over the exchange. In addition to the guarantee fund managed, each broker-dealer is required to maintain a guarantee in favor of the Peruvian Securities Commission to guarantee any liability that broker-dealers may have with respect to their clients. Such guarantees are generally established through letters of credit issued by local banks.

### Disclosure Obligations

Issuers of securities registered with the Peruvian Securities Commission are required to disclose material information relating to the issuer. Pursuant to the Securities Market Law and relevant regulations enacted thereunder, all material information in connection with the issuer of registered securities (such as our common shares and investment shares), its activities or securities issued or secured by such issuer which may influence the liquidity or price of such securities must be disclosed. Accordingly, issuers must file with the Peruvian Securities Commission mainly two types of information: (a) financial information, including interim unaudited financial statements on a quarterly basis (which are not required to be subject to limited review), and annual audited consolidated financial statements on an annual basis, and (b) material information relating to the issuer and its activities that may significantly affect the price, offering or negotiation of the issued securities, and in general, all the information that may be relevant for investors to be able to make investment decisions.

In order to comply with the foregoing disclosure obligations, issuers must disclose reaffirmation to the Peruvian Securities Commission and, if the securities are listed, with the Lima Stock Exchange as soon as practicable but not later than one business day after having become aware of such information.

### D. Selling Shareholders

Not applicable.

### E. Dilution

Not applicable.

### F. Expenses of the Issue

Not applicable.

## ITEM 10. ADDITIONAL INFORMATION

## A. Share Capital

Not applicable.

## B. Memorandum and Articles of Association

Set forth below is certain information relating to our share capital, including brief summaries of the material provisions of our by-laws, Peruvian corporate law and certain related laws and regulations of Peru, all as in effect as of the date hereof.

### General

We are a publicly held corporation under Peruvian Corporate law registered with the Public Registry of Corporations in Lima. We are currently listed on the Lima Stock Exchange.

The second article of our by-laws provides that our principal corporate purpose is mining and the production and sale of cement, quicklime and other construction materials in Peru and internationally.

We have common shares and investment shares.

See “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management” for information regarding our Board of Directors.

### Common Shares

Common shares represent 100% of our voting shares. As of March 31, 2024, 423,868,449 of our common shares were outstanding. As of March 31, 2024, there were 34,952 owners of record of our common shares (considering the ADSs listed in the New York Stock Exchange are held by one registered owner). Our common shares have a par value of S/1.00 per share and have been fully subscribed and are fully paid. Our common shares are registered in the Securities Public Registry of the Peruvian Securities Commission and are listed on the Lima Stock Exchange.

### Investment Shares

As of March 31, 2024, 4,238,397 of our investment shares were outstanding excluding 36,040,497 investment shares that were held in treasury. Investment shares have no voting rights and are not, under Peruvian law and accounting regulations, characterized as share capital. However, investment shares are still considered part of a company’s equity. As of March 31, 2024, there were 421 owners of record of our investment shares. Our investment shares have a par value of S/1.00 per share and have been fully subscribed and are fully paid. Our investment shares are registered in the Securities Public Registry of the Peruvian Securities Commission and are listed on the Lima Stock Exchange.

### Shareholders’ Liability

Under Peruvian Corporate Law, holders of our common shares cannot vote on matters with respect to which they have a conflict of interest.

Under Article 133 of the Peruvian Corporate Law, a shareholder must abstain from voting if such shareholder has a conflict of interest. A resolution approved in disregard of this provision may be challenged under Article 139 of the Peruvian Corporate Law and any shareholder that participated in the determination in breach of this provision, if such shareholder’s vote was key in attaining the required majority, may be held liable individually, or jointly with any other shareholder voting in breach of the provision.

### Redemption and Rights of Withdrawal

Under Article 200 of the Peruvian Corporate Law, holders of our common shares have redemption rights if: (i) we change our corporate purpose; (ii) a change occurs in the place of organization to a foreign country; or (iii) any transformation, merger or significant spin-off occurs with respect to our company.

### Preemptive and Accretion Rights

If we increase our share capital, holders of our common shares and investment shares have the right to subscribe to new common shares and investment shares, respectively, on a pro rata basis. Holders of common shares have preemptive rights in order to maintain their share interest in our share capital, unless the capital increase (i) results from a conversion of debt to common shares; (ii) is approved by shareholders representing at least 40% of the subscribed voting shares provided that the capital increase does not favor, directly or indirectly, certain shareholders to the detriment of others; and (iii) results from a corporate reorganization. Holders of investment shares have preemptive rights to maintain their proportional ownership in our share capital.

Shareholders who are in default of any payments relating to a capital call may not exercise their preemptive rights.

Preemptive rights are exercised in two rounds. During the first round, shareholders may subscribe to the new shares on a pro rata basis. During the second round, shareholders who participated in the first round may subscribe to any remaining shares on a pro rata basis up to the amount of shares such shareholders subscribed for in the first round. The first round must remain open for at least 15 business days. The second round must remain open for at least three business days.

### Voting Rights and Dividends

#### Common Shares

Holders of common shares are entitled to one vote per share, with the exception of the election of the board of directors, where each holder is entitled to one vote per share per nominee. Each holder’s votes may be cast for a single nominee or distributed among the nominees at the holder’s discretion. To that effect, each of our common shares gives the holder the rights to as many votes as there are directors to be elected. Shareholders may pool votes in favor of one person or distribute them among various persons. Those candidates for the board who receive the most votes are elected directors. Holders of common shares may attend and vote at shareholders’ meetings either in person or through a proxy.

Holders of common shares have the right to participate in the distribution of dividends and shareholder equity resulting from liquidation. Our by-laws do not establish a maximum time limit for the payment of the dividends. However, according to Article 232 of the Peruvian Corporate law, the right to collect past-due dividends in the case of companies that are publicly held companies, such as ours, expires 10 years after the date on which the dividend payment was due.

Our share capital may be increased by a decision of holders of common shares at a shareholders' meeting. Capital reductions may be voluntary or mandatory and must be approved by holders of common shares at a shareholders' meeting. Capital reductions are mandatory when accumulated losses exceed 50% of the capital and to the extent such accumulated losses are not offset by accumulated earnings and capital increases within the following fiscal year. Capital increases and reductions must be communicated to the Peruvian Securities Commission, the Lima Stock Exchange and the SUNAT. Voluntary capital reductions must also be published in the official gazette *El Peruano* and in a widely circulated newspaper in the city in which we are located.

### **Investment Shares**

Under Peruvian Corporate Law, investment shares do not represent share capital. Accordingly, our balance sheet reflects the investment shares as a separate account from our share capital. Holders of investment shares are neither entitled neither to vote nor to participate in shareholders' meetings. However, investment shares confer upon the holders thereof the right to participate in the dividends distributed according to their par value, in the same manner as common shares. Investment shares also confer to the holders thereof the preemptive right to (i) maintain the current proportion of the investment shares in the case of a capital increase through new contributions; (ii) increase the number of investment shares upon capitalization of retained earnings, revaluation surplus or other reserves that do not represent cash contributions; (iii) participate in the distribution of assets resulting from a liquidation in the same manner as common shares; and, (iv) redeem the investment shares in case of a merger and/or change of business activity.

### **Liquidation Rights**

If we are liquidated, our shareholders have the right to receive net assets resulting from the liquidation, after we comply with our obligation to pay all our creditors and after discounting any existing dividend liabilities. For this reason, we cannot assure that we will be able to reimburse 100% of the book value of the common shares and investment shares in case of bankruptcy or liquidation.

### **Ordinary and Extraordinary Meetings**

Pursuant to Peruvian Corporate Law and our by-laws, the annual shareholders' meeting must be held during the three-month period after the end of each fiscal year. Additional shareholders' meetings may be held during the year. Because we are a publicly held corporation, we are subject to the special control of the Peruvian Securities Commission, as provided in Article 253 of the Peruvian Corporate Law. If we do not hold the annual shareholders' meeting during the three-month period after the end of each fiscal year or any other shareholders' meeting required by our by-laws, a public notary or a competent judge shall call for such a meeting at the request of at least one shareholder of the common shares. Such meeting will take place within a reasonable period of time.

Other shareholders' meetings are convened by the board of directors when deemed convenient by our company or when it is requested by the holders of at least 20% of our common shares. If, at the request of holders of 20% of the common shares, the shareholders' meeting is not convened by the board of directors within 15 business days of the receipt of such request, or the board expressly or implicitly refuses to convene the shareholders' meeting, a public notary or a competent judge will call pursuant to Law No. 29560 for such meeting at the request of holders of at least 20% of our common shares. If a public notary or competent judge calls for a shareholders' meeting, the place, time and hour of the meeting, the agenda and the person who will preside shall be indicated on the meeting notice. If the meeting called is other than the annual shareholders' meeting or a shareholders' meeting required by the Peruvian Corporate Law or the by-laws, the agenda will contain those matters requested by the shareholders who requested the meeting.

Holders of investment shares have no right to request the board to call a shareholders' meeting.

### **Notices of Meetings**

Since we are a publicly held corporation, notice of shareholders' meetings must be given by publication of a notice. The publication shall occur at least 25 days prior to any shareholders' meeting in the Peruvian Official Gazette, *El Peruano*, and in a widely circulated newspaper in the city in which we are located. The notice requirement may be waived at the shareholders' meeting by agreement of the holders of 100% of the outstanding common shares.

### **Quorum and Voting Requirements**

According to Article 25 of our by-laws and Article 257 of the Peruvian Corporate Law, shareholders' meetings called for the purpose of considering a capital increase or decrease, the issuance of obligations, a change in the by-laws, the sale in a single act of assets with an accounting value that exceeds 50% of our share capital, a merger, division, reorganization, transformation or dissolution, are subject to a first, second and third quorum call, each of the second and third quorum call to occur upon the failure of the preceding one. A quorum for the first call requires the presence of shareholders holding 50% of our total common shares. For the second call, the presence of shareholders holding at least 25% of our total common shares is adequate, while for the third call there is no quorum requirement. These decisions require the approval of the majority of the common shares represented at the shareholders' meeting. Shareholders' meetings convened to consider all other matters are subject to a first and second quorum call, the second quorum call to occur upon the failure of the first quorum.

In accordance with Peruvian Corporate Law, only those holders of common shares whose names are registered in our stock ledger not less than 10 days in advance of a meeting will be entitled to attend the shareholders' meeting and to exercise their rights.

### **Limitations on the Rights of Non-residents or Foreign Shareholders**

There are no limitations under our by-laws or Peruvian Corporate Law on the rights of nonresidents or foreign shareholders to own securities or exercise voting rights with respect to our securities.

## Disclosure of Shareholdings and Tender Offer Regulations

### Disclosure of Shareholdings

There are no provisions in our by-laws governing the ownership threshold above which share ownership must be disclosed.

However, according to Article 10 of CONASEV Resolution No. 090-2005-EF-94.10, as amended, we must inform the Peruvian Securities Commission of the members of our economic group and a list of our holders of common shares owning more than a 4% share interest, as well as any change to such information.

### Tender Offer Regulations

Peruvian security regulations include mandatory takeover rules applicable to the acquisition of control of a listed company.

Subject to certain conditions, such regulations generally establish the obligation to make a tender offer when a person or group of persons acquires a relevant interest in a listed company. According to Peruvian law, a person acquires a relevant interest in a listed company when such person (a) holds or has the power to exercise directly or indirectly 25%, 50% or 60% of the voting rights in a listed company, or (b) has the power to appoint or remove the majority of the board members or to amend its by-laws.

In general, the tender offer must be launched prior to the acquisition of the relevant interest. The tender offer may be launched after the “relevant interest” is acquired if it is acquired (a) by means of an indirect transaction, (b) as a consequence of a public sale offer, or (c) in no more than four transactions within a three-year period.

This mandatory procedure has the effect of alerting other shareholders and the market that an individual or financial group has acquired a significant percentage of a company’s voting shares, and gives other shareholders the opportunity to sell their shares at the price offered by the purchaser. The purchaser is required to launch a tender offer unless: (a) shareholders representing 100% of the voting rights consent in writing, (b) voting shares are acquired by a depositary in order to subsequently issue ADSs, or (c) voting shares are acquired pursuant to the exercise of preemptive rights.

### Changes in Capital

Our by-laws do not establish special conditions to increase or reduce our share capital beyond what is required under Peruvian Corporate Law.

### Anti-Takeover Provisions

Our by-laws do not contain any provision that would have the effect of delaying, deferring or preventing a change of control. However, acquisitions of shares of our capital stock that involve a change of control may be subject to Peruvian securities and exchange regulations (*Ley de Mercado de Valores y Reglamento de Oferta Pública de Adquisición y de Compra de Valores por Exclusión*) applicable to tender offers.

### Form and Transfer

Common shares and investment shares may be either physical share certificates in registered form or book-entry securities in the CAVALI S.A. ICLV book-entry settlement system, also in registered form.

Furthermore, the Peruvian Corporate Law forbids publicly held corporations, such as us, from including in their by-laws stipulations limiting the transfer of their shares or restraining their trading in other ways. In addition, pursuant to our by-laws, we cannot recognize a shareholders’ agreement that contemplates limitations, restrictions or preferential rights on the transfer of shares, even if such an agreement is recorded in our stock ledger (*matrícula de acciones*) or in CAVALI S.A. ICLV.

## C. Material Contracts

On December 31, 2007, we entered into a contract for the general management and provision of services with ASPI, pursuant to which we provide legal and corporate services to it. See “Item 7. Major Shareholders and Related Party Transactions—A. Related Party Transactions.”

On February 1, 2008, we entered into a surface rights agreement with Compañía Minera Ares S.A.C., pursuant to which we lease a plot of land adjacent to our headquarters to our affiliate, Compañía Minera Ares S.A.C., a subsidiary of Hochschild Mining plc. See “Item 7. Major Shareholders and Related Party Transactions—A. Related Party Transactions.”

On June 30, 2008, we entered into a property lease agreement with ASPI pursuant to which we lease part of our headquarters as office space to ASPI. See “Item 7. Major Shareholders and Related Party Transactions—A. Related Party Transactions.”

On June 3, 2010, we entered into a long-term electricity supply agreement with Electroperú, a government-owned company, which was set to expire in July 2020, to serve the electricity requirements of our Pacasmayo facility. Electroperú has agreed to provide us with sufficient energy to operate our Pacasmayo facility (later expanded to include our Piura facility) at pre-determined maximum amounts during the term of the contract. Payments for electricity are based on a formula that takes into consideration our energy consumption and certain market variables, such as the U.S. purchase price index, the global price of oil, the local price of natural gas and the import price of bituminous coal. We entered into an addendum to this agreement, effective February 1, 2016, which extended the term of the agreement until December 31, 2025, reduced the prices for the 2016-2020 period and established new prices for the 2020-2026 period. See “Item 4. Information on the Company—A. History and Development of the Company—Raw Materials and Energy Sources.” We subsequently entered into another addendum to extend this agreement until May 31, 2026.

On February 8, 2013, we issued US\$300,000,000 aggregate principal amount of our 4.50% Senior Notes due 2023, in our inaugural international bond offering, pursuant to an indenture. A portion of the proceeds were used to prepay amounts outstanding our secured loan agreement with BBVA Banco Continental, and the remaining proceeds were used to cover a portion of the capital expenditures in connection with the construction and development of the new Piura plant and our cement business. We prepaid a portion of the Senior Notes in a cash tender offer in 2018, and we repaid the remaining amount upon maturity in February 2023. See “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources.”



On January 31, 2019, we issued an aggregate principal amount of S/570,000,000 of debt securities in the local market in two issuances. One in the aggregate principal amount of S/260 million bearing interest at a rate of 6.68750% for a term of 10 years, and the other in the aggregate principal amount of S/310 million bearing interest at a rate of 6.84375% for a term of 15 years. The proceeds were used to purchase a portion of our 4.50% Senior Notes due 2023.

On August 6, 2021, we established the conditions of a medium-term corporate loan in the form of a “Club Deal” with Banco de Crédito del Perú S.A. and Scotiabank Perú S.A.A. The loan amounted to S / 860,000,000 that will allow the payment of all the financial obligations that the Company maintains with maturity until February 2023 and will be disbursed based on the maturity of each of them.

On November 29, 2021, we entered into a supply contract with FLSmith A/S for the supply of the equipment and engineering for a new 2000 tons per day pyro line for our Pacasmayo Plant for a total amount of €19,254,150.

On February 16, 2022, we entered into a construction and erection contract with Ingeniería y Construcción Sigdo Koppers Perú S.A.C. for the construction and erection required for our new 2000 tons per day pyro line for our Pacasmayo plant for a referential amount of S/ 66,083,227.

#### **D. Exchange Controls**

Since August 1990, there have been no exchange controls in Peru and all foreign exchange transactions are based on free market exchange rates. Prior to August 1990, the Peruvian foreign exchange market consisted of several alternative exchange rates. Additionally, during the 1990s, the Peruvian currency experienced a significant number of large devaluations, and Peru has consequently adopted, and operated under, various exchange rate control practices and exchange rate determination policies, ranging from strict control over exchange rates to market determination of rates. Current Peruvian regulations on foreign investment allow the foreign holders of equity shares of Peruvian companies to receive and repatriate 100 percent of the cash dividends distributed by such companies. Such investors are allowed to purchase foreign exchange at free market currency rates through any member of the Peruvian banking system and transfer such foreign currency outside Peru without restriction.

#### **E. Taxation**

The following summary contains a description of certain Peruvian and United States federal income tax consequences of the acquisition, ownership and disposition of common shares or ADSs, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase common shares or ADSs. The summary is based upon the tax laws of Peru and regulations thereunder and on the tax laws of the United States and regulations thereunder as in effect on the date hereof, which are subject to change.

Prospective holders of common shares or ADSs should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of common shares or ADSs in their particular circumstances.

#### **Peruvian Tax Considerations**

The following are the principal tax consequences of ownership of common shares or ADSs by non-resident individuals or entities (“Non-Peruvian Holders”) as of the date hereof. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming. Any such changes or interpretations could affect the tax consequences to holders of common shares or ADSs and could alter or modify the conclusions set forth herein. This summary is not intended to be a comprehensive description of all the tax consequences of acquisition, ownership and disposition of common shares or ADSs and does not describe any tax consequences arising under the laws of any taxing jurisdiction other than Peru or applicable to a resident of Peru or to a person with a permanent establishment in Peru.

For purposes of Peruvian taxation:

- individuals are residents of Peru, if they are Peruvian nationals who have established their principal place of residence in Peru or if they are foreign nationals with a permanence in Peru of 183 days in any 12-month period (the condition of Peruvian resident can only be acquired as of the 1st of January of the year following the fulfillment of residence conditions); and
- legal entities are residents of Peru if they are established or incorporated in Peru.

#### **Peruvian Income Tax Rate**

The Peruvian income tax rate is 29.5%.

#### **Cash Dividends and Other Distributions**

Cash dividends paid with respect to common shares and amounts distributed with respect to ADSs are currently subject to a Peruvian withholding tax, at a rate of 5.0% of the dividend paid. As a general rule, the distribution of additional common shares representing profits, distribution of shares which differ from the distribution of earnings or profits, as well as the distribution of preemptive rights with respect to common shares, which are carried out as part of a pro rata distribution to shareholders, will not be subject to Peruvian tax or withholding taxes.

#### **Capital Gains**

Pursuant to Article 6 of the Peruvian income tax law, individuals and entities resident in Peru are subject to Peruvian income tax on their worldwide income while Non-Peruvian Holders are subject to Peruvian income tax on Peruvian source income only.

The general rule of the Law of Income Tax in Peru provides that income derived from the disposal of securities issued by Peruvian entities is considered Peruvian source income and is therefore subject to income tax. Peruvian income tax law also provides that capital gains resulting from the disposal of ADSs that represent shares issued by Peruvian entities are considered Peruvian source income and therefore also subject to Peruvian income tax. Peruvian income tax law also provides that taxable income resulting from the disposal of securities is determined by the difference between the sale price of the securities at market value and the tax basis.

Notwithstanding the foregoing, capital gains resulting from the disposal of ADSs or beneficial interest in ADSs that represent shares issued by a Peruvian entity are not considered Peruvian source income as long as the ADSs issued by the foreign depositary are held in the name of a nominee and such ADSs are not transferred to a third party as a result of the disposal of the ADSs.

In the event ADSs are exchanged into common shares and such common shares are disposed of, capital gains resulting therefrom will be subject to an income tax rate of either 5% or 30%, depending on where the transaction takes place. If the transaction is consummated in Peru, the income tax rate is 5%; if the transaction is consummated outside of Peru, capital gains are taxed at a rate of 30%. Peruvian income tax law regulations have stated that transactions are deemed to be consummated in Peru if the common shares are transferred through the Lima Stock Exchange. Any gain resulting from the conversion of ADSs into common shares or common shares into ADSs will not be subject to taxation in Peru.

Any Non-Peruvian Holder who acquires common shares will have the following tax basis: (i) for common shares purchased by the transferor, the acquisition price paid for the shares; (ii) for common shares received by the transferor as a result of a share capital increase because of a capitalization of net profits, the face or nominal value of such common shares; (iii) for other common shares received free of any payment, the stock market value of such shares if listed on the Lima Stock Exchange or, if not, the face or nominal value of such common shares and (iv) for common shares of the same type acquired at different opportunities and at different values, the tax basis will be the weighted average cost. In cases where common shares are sold by Non-Peruvian Holders outside the Lima Stock Exchange, the tax basis must be certified by the Peruvian tax administration prior to the time payment is made to the transferor; otherwise it would not be possible to deduct the tax basis and a 30% Peruvian income tax would apply to the total sale price. Under Peruvian income tax law, tax basis certification is granted by the tax authorities within 30 days from the date of the application (which application must contain supporting evidence with respect to the tax basis) is made by the transferor. If the tax authorities do not respond within such 30 day period, the tax basis presented for approval by the transferor is deemed automatically approved.

On December 31, 2010, Law No. 29645 was enacted and took effect from January 1, 2011. This law states that in transactions relating to Peruvian securities through the Lima Stock Exchange, CAVALI S.A. ICLV (the Peruvian clearing house) will act as withholding agent to the extent that such transactions are settled in cash through CAVALI's account (*liquidación en efectivo*). The implementing regulations of Law No. 29645 enacted on July 9, 2011 provide that CAVALI began acting as a withholding agent as from November 1, 2011. As a result, while such regulations do not apply to securities transferred through the Lima Stock Exchange by a Non-Peruvian Holder, such transferor must still self-assess and pay its income tax liability directly to Peruvian tax authorities within the first 12 working days following the month in which Peruvian source income was earned. With respect to transactions of Peruvian securities conducted through the Lima Stock Exchange that are settled directly without CAVALI's intervention (*liquidación directa*), Non-Peruvian Holders are required to self-assess and pay income taxes directly to the Peruvian tax authorities within the first 12 working days following the month in which income from a Peruvian source was earned. Finally, if the purchaser is resident in Peru and the sale is not performed through the Lima Stock Exchange, the purchaser will act as withholding agent.

However, Law No. 30341 regulating an exception to the general rule was enacted on December 12, 2015, and entered into force on January 1, 2016, and Legislative Decree No. 1262, supplementing Law No. 30341, entered into force on January 1, 2017. This law was in force until December 31, 2019.

However, the validity of Law 30341 was initially extended until December 31, 2022, by Emergency Decree 005-2019. Then, Law No. 31662, published on December 30, 2022, again extended its validity until December 31, 2023. The exemption from income tax provided for by Law 30341, that promotes liquidity and integration of the Securities Market, now contains the following rules:

1. The exemption is applicable to capital gains generated by individuals and undivided succession or conjugal partnerships that chose to be taxed as such (not applicable to entities).
2. The exemption applies to up to 100 tax units (*Unidad Impositiva Tributaria*) of the capital gain generated in each taxable year.

The exemption regulated by the law applies to income from the sale of shares and other securities representing shares made through a centralized trading mechanism supervised by the Superintendency of Securities, when the shares do not represent 10% or more of the shares issued by a given company.

Law No. 30341 and the amendment by Legislative Decree No. 1262, Emergency Decree 005-2019 and Law 31662 include the following provisions:

- Securities covered by the exemption:
  - ? American Depositary Receipts (ADRs) representing ADSs and Global Depositary Receipts (GDRs);
  - ? Exchange Trade Fund (ETF) units having underlying shares and / or debt securities as underlying;
  - ? Debt securities;
  - ? Certificates of participation in mutual funds for investment in securities;
  - ? Certificates of participation in Investment Fund in Real Estate Income (FIRBI) and certificates of participation in Trust for Securitization for Investment in Real Estate Income (FIBRA); and
  - ? Negotiable invoices.
- Requirements that apply to the exemption:
  - ? No transfer of 10% or more of the shares or securities representing shares in a period of twelve (12) months. In the case of ADRs and GDRs, this requirement will be determined by considering the underlying shares;

- ? In the case of shares or securities representing shares, the calculation of the percentage shall be determined based on the total number of shares of capital or account of investment shares at the time of disposal;
- ? The law indicates those operations to be considered for calculating this percentage, as well as those that do not;
- ? The securities must have a stock market presence. To determine if the securities have a stock market presence, the following shall be taken into account:
  - Within 180 business days prior to the transfer, the number of days in which the daily-negotiated amount has exceeded the limit established in the regulation shall be determined. This limit cannot be less than six Tax Units (ITU) and will be established considering the volume of transactions that take place in the centralized negotiation mechanisms;
  - The number of days determined according to what is indicated in the previous section will be divided between 180 and multiplied by 100; and
  - The result cannot be less than the limit established by the regulation. This limit cannot exceed 45%.
- ? Those responsible for conducting centralized trading mechanisms must disseminate on their web pages the list of the securities that comply with having a presence in the stock market.

- Loss of exoneration:
  - ? If, after applying the waiver, the issuer delivers the values of the Securities Registry of the Stock Exchange, in whole or in part, in an act or progressively, within the 12 months following the sale, the exoneration applied with respect to the values listed; and
  - ? Those responsible for conducting the centralized trading mechanisms must notify SUNAT, in accordance with the procedure set forth in the regulations, of the securities whose registrations are canceled within 12 months of the sale.

#### ***Other Considerations***

No Peruvian estate or gift taxes are imposed on the gratuitous transfer of ADSs or common shares. No stamp, transfer or similar tax applies to any transfer of ADSs or common shares, except for commissions payable by seller and buyer to the Lima Stock Exchange (0.15% of value sold), fees payable to the Peruvian Securities Commission (0.05% of value sold), brokers' fees (about 0.05% to 1% of value sold) and Value Added Tax (at the rate of 18%) on commissions and fees. Any investor who sells its common shares on the Lima Stock Exchange will incur these fees and taxes upon purchase and sale of the common shares.

#### **United States Federal Income Tax Considerations**

The following are the material United States federal income tax consequences as of the date hereof to a United States Holder (as defined below) of the ownership and disposition of ADSs and our common shares. This summary deals only with ADSs and common shares held as capital assets (generally, property held for investment). As used herein, the term "United States Holder" means a beneficial owner of ADSs or common shares that is for United States federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a dealer or broker in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding ADSs or our common shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;

- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of our stock (by vote or value);
- a partnership or other pass-through entity for United States federal income tax purposes;
- a person required to accelerate the recognition of any item of gross income with respect to ADSs or our common shares as a result of such income being recognized on an applicable financial statement; or
- a person whose “functional currency” is not the U.S. dollar.

The discussion below is based upon the provisions of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in United States federal income tax consequences different from those discussed below. There is currently no income tax treaty between the United States and Peru that would provide for United States federal income tax consequences different from those discussed below. In addition, this summary assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

If a partnership (or other entity or arrangement treated as a partnership for United States federal income tax purposes) holds ADSs or our common shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner of a partnership holding ADSs or our common shares, you should consult your tax advisors.

This summary does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the Medicare tax on net investment income, United States federal estate and gift taxes or the effects of any state, local or non-United States tax laws. If you are considering the acquisition of ADSs or our common shares, you should consult your own tax advisors concerning the United States federal income tax consequences to you in light of your particular situation as well as any consequences arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

### **ADSs**

If you hold ADSs, for United States federal income tax purposes, you generally will be treated as the owner of the underlying common shares that are represented by such ADSs. Accordingly, deposits or withdrawals of common shares for ADSs will not be subject to United States federal income tax.

### **Taxation of Dividends**

The gross amount of distributions on the ADSs or common shares (including amounts withheld to reflect Peruvian withholding taxes) will be taxable as dividends, to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles.

To the extent that the amount of any distribution (including amounts withheld to reflect Peruvian withholding taxes) exceeds our current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the ADSs or common shares, and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. However, we do not expect to keep earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be reported as a dividend. Such dividends (including withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you, in the case of the common shares, or by the depository, in the case of ADSs. Such dividends will not be eligible for the dividends received deduction generally allowed to corporations under the Code.

Subject to applicable limitations (including a minimum holding period requirement), dividends received by non-corporate United States Holders from a qualified foreign corporation may be treated as “qualified dividend income” that is subject to reduced rates of taxation. A non-United States corporation is generally treated as a qualified foreign corporation with respect to dividends paid by that corporation on common shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that the ADSs, which are listed on the New York Stock Exchange, but not our common shares, are readily tradable on an established securities market in the United States. Thus, we believe that dividends we pay on our common shares that are represented by ADSs, but not our common shares that are not so represented, will be eligible for the reduced tax rates. There can be no assurance, however, that the ADSs will be considered readily tradable on an established securities market in the United States in later years. You should consult your own tax advisors regarding the application of these rules given your circumstances.

The amount of any dividend paid in *soles* will equal the U.S. dollar value of the *soles* received, calculated by reference to the exchange rate in effect on the date the dividend is actually or constructively received by you, in the case of the common shares, or by the depository, in the case of ADSs, regardless of whether the *soles* are converted into U.S. dollars at that time. If the *soles* received as a dividend are converted into U.S. dollars on the date they are received, you generally will not be required to recognize foreign currency gain or loss in respect of the dividend income. If the *soles* received as a dividend are not converted into U.S. dollars on the date of receipt, you will have a tax basis in the *soles* equal to their U.S. dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or other disposition of the *soles* will be treated as United States source ordinary income or loss.

Subject to certain conditions and limitations (including a minimum holding period requirement), Peruvian withholding taxes on dividends may be treated as foreign taxes eligible for credit against your United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on the ADSs or common shares will be treated as foreign source income and will generally constitute passive category income. However, Treasury regulations addressing foreign tax credits (the “Foreign Tax Credit Regulations”) impose additional requirements for foreign taxes to be eligible for a foreign tax credit, and there can be no assurance that those requirements will be satisfied. The United States Treasury Department and the Internal Revenue Service (the “IRS”) are considering proposing amendments to the Foreign Tax Credit Regulations. In addition, recent notices from the IRS provide temporary relief by allowing taxpayers that comply with applicable requirements to apply many aspects of the foreign tax credit regulations as they previously existed (before the release of the current Foreign Tax Credit Regulations) for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). Instead of claiming a foreign tax credit, you may be able to deduct Peruvian withholding taxes on dividends in computing your taxable income, subject to generally applicable limitations under United States law (including that a United States Holder is not eligible for a deduction for otherwise creditable foreign income taxes paid or accrued in a taxable year if such United States Holder claims a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year). The rules governing the foreign tax credit and deductions for foreign taxes are complex. You are urged to consult your tax advisors regarding the availability of a foreign tax credit or a deduction under your particular circumstances.

Distributions of ADSs, common shares or rights to subscribe for ADSs or common shares that are received as part of a pro rata distribution to all of our shareholders generally will not be subject to United States federal income tax.

### ***Taxation of Capital Gains***

For United States federal income tax purposes, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of ADSs or common shares in an amount equal to the difference between the amount realized for the ADSs or common shares and your tax basis in the ADSs or common shares, both as determined in U.S. dollars. Such gain or loss will generally be capital gain or loss. Capital gains of non-corporate United States Holders derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

If Peruvian income tax is withheld on the sale, exchange or other taxable disposition of ADSs or our common shares, your amount realized will include the gross amount of the proceeds of that disposition before deduction of the Peruvian income tax. Any gain or loss recognized by you will generally be treated as United States source gain or loss. Consequently, in the case of gain from the disposition of ADSs or common shares that is subject to Peruvian income tax, you may not be able to benefit from a foreign tax credit for that Peruvian income tax (i.e., because the gain from the disposition would be United States source), unless you can apply the credit (subject to applicable limitations) against United States federal income tax payable on other income from foreign sources. However, pursuant to the Foreign Tax Credit Regulations, any such Peruvian income tax would generally not be a foreign income tax eligible for a foreign tax credit (regardless of any other income that you may have that is from foreign sources). In such case, the non-creditable Peruvian income tax may reduce the amount realized on the sale, exchange or other taxable disposition of the ADSs or common shares. As discussed above, however, recent notices from the IRS provide temporary relief by allowing taxpayers that comply with applicable requirements to apply many aspects of the foreign tax credit regulations as they previously existed (before the release of the current Foreign Tax Credit Regulations) for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). If a Peruvian income tax is imposed on the sale, exchange or other taxable disposition of the ADSs or common shares and you apply such temporary relief, such Peruvian income tax may be eligible for a foreign tax credit or deduction, subject to the applicable conditions and limitations. You are urged to consult your tax advisors regarding the tax consequences if Peruvian income tax is imposed on a disposition of ADSs or common shares, including the availability of a foreign tax credit or a deduction under your particular circumstances.

### ***Passive Foreign Investment Company***

We do not believe that we are, for United States federal income tax purposes, a passive foreign investment company ("PFIC"), and we expect to operate in such a manner so as not to become a PFIC. If, however, we are or become a PFIC, you could be subject to additional United States federal income taxes on gain recognized with respect to the ADSs or common shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules. Non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us (as discussed above under "—Taxation of Dividends") if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

### ***Information Reporting and Backup Withholding***

In general, information reporting will apply to dividends in respect of ADSs or our common shares and the proceeds from the sale, exchange or other taxable disposition of ADSs or our common shares that are paid to you within the United States (and in certain cases, outside the United States), unless you establish that you are an exempt recipient. Backup withholding may apply to such payments if you fail to provide a taxpayer identification number and a certification that you are not subject to backup withholding or if you fail to report in full dividend and interest income.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is furnished to the IRS in a timely manner.

**The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership or disposition of ADSs or our common shares. You should consult your own tax advisors concerning the overall tax consequences to you, including the consequences under laws other than United States federal income tax laws, of an investment in ADSs or our common shares.**

### **F. Dividends and Paying Agents**

Not applicable.

### **G. Statement by Experts**

Not applicable.

### **H. Documents on Display**

We make our filings in electronic form under the EDGAR filing system of the SEC. Our filings are available through the EDGAR system at [www.sec.gov](http://www.sec.gov). In addition, our filings are available to the public over our website [www.cementospacasmayo.com.pe](http://www.cementospacasmayo.com.pe). Such filings and other information on our website are not incorporated by reference in this annual report. You may request a copy of this filing, and any other report, at no cost, by writing to us at the following address or telephoning us:

Investor Relations Department  
Calle La Colonia 150,  
Urbanización El Vivero, Surco,  
Lima, Peru

## I. Subsidiary Information

See note 1 to our consolidated financial statements included in this annual report for a description of our subsidiaries.

## ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a description of our market risks, see note 31 to our consolidated financial statements included in this annual report.

## ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

### A. Debt Securities

Not applicable.

### B. Warrants and Rights

Not applicable.

### C. Other Securities

Not applicable.

### D. American Depositary Shares

#### Fees and expenses

JPMorgan Chase Bank, N.A., as depositary, pursuant to our Deposit Agreement, dated as of February 7, 2012, and the amendment dated December 4, 2020 (as so amended the "Deposit Agreement"), may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of common shares, issuances in respect of common share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering ADSs for withdrawal of deposited securities or whose ADSs or American Depositary Receipts representing ADSs ("ADRs") are cancelled or reduced for any other reason, US\$5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, cancelled or surrendered, as the case may be. The depositary may sell (by public or private sale) sufficient securities and property received in respect of a common share distribution, rights and/or other distribution prior to such deposit to pay such charge.

The following additional charges shall be incurred by the ADR holders, by any party depositing or withdrawing common shares or by any party surrendering ADSs or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the ADRs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of US\$1.50 per ADR or ADRs for transfers of certificated or direct registration ADRs;
- a fee of US\$0.05 or less per ADS for any cash distribution made pursuant to the deposit agreement;
- a fee of US\$0.05 or less per ADS per calendar year (or portion thereof) for services performed by the depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders of ADRs as of the record date or record dates set by the depositary during each calendar year and shall be payable in the manner described in the next succeeding provision);
- reimbursement of such fees, charges and expenses as are incurred by the depositary and/or any of the depositary's agents (including, without limitation, the custodian and expenses incurred on behalf of holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the common shares or other deposited securities, the delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable law, rule or regulation (which charge shall be assessed on a proportionate basis against holders as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such holders or by deducting such charge from one or more cash dividends or other cash distributions);
- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to US\$0.05 per ADS issuance fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were common shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the depositary to those holders entitled thereto;
- stock transfer or other taxes and other governmental charges;
- cable and facsimile transmission and delivery charges incurred at your request in connection with the deposit or delivery of common shares;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities; and
- expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars.

We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary. The charges described above may be amended from time to time by agreement between us and the depositary.



Our depositary has agreed to reimburse us for certain expenses we incur that are related to establishment and maintenance of the ADR program, including investor relations expenses and exchange application and listing fees. The amounts of reimbursements available to us are not based upon the amounts of fees the depositary collects from investors. The depositary collects its fees for issuance and cancellation of ADSs directly from investors depositing common shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting on their behalf. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions, or by directly billing investors, or by charging the book-entry system accounts of participants acting for them. The depositary will generally set off the amounts owing from distributions made to holders of ADSs. If, however, no distribution exists and payment owing is not timely received by the depositary, the depositary may refuse to provide any further services to holders that have not paid those fees and expenses owing until such fees and expenses have been paid. At the discretion of the depositary, all fees and charges owing under the deposit agreement are due in advance and/or when declared owing by the depositary.

The Deposit Agreement is incorporated by reference as Exhibit 2.2 to this annual report, and Amendment No. 1 thereto is incorporated by reference in this annual report as Exhibit 2.2A, and Amendment No. 2 thereto is incorporated by reference in this annual report as Exhibit 2.2B. We encourage you to review these documents carefully if you are a holder of ADRs.

## **PART II**

### **ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

Not applicable.

### **ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

Not applicable.

### **ITEM 15. CONTROLS AND PROCEDURES**

#### **A. Disclosure Controls and Procedures**

As of the end of the period covered by this annual report, the Company's management, with the participation of our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2023, the design and operation of our disclosure controls and procedures were effective at the reasonable assurance level.

#### **B. Management's Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not necessarily prevent or detect some misstatements. It can only provide reasonable assurance regarding financial statement preparation and presentation. Also, projections of any evaluation of effectiveness for future periods are subject to the risk that controls may become inadequate because of changes in conditions or because the degree of compliance with the policies or procedures may deteriorate over time.

Management assessed the effectiveness of its internal control over financial reporting for the year ended December 31, 2023. The assessment was based on criteria established in the framework "Internal Controls—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (COSO). Based on this assessment, our management has concluded that as of December 31, 2023, our internal control over financial reporting was effective.

The effectiveness of internal control over financial reporting as of December 31, 2023, has been audited by Tanaka, Valdivia & Asociados SCRL, member firm of Ernst & Young Global Limited, an independent registered public accounting firm, as stated in their attestation report, which is included under "Item 15—Controls and Procedures —C. Attestation Report of Independent Registered Public Accounting Firm."

### **C. Attestation Report of the Independent Registered Public Accounting Firm**

#### **Report of the Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders of Cementos Pacasmayo S.A.A. and subsidiaries

#### **Opinion on Internal Control Over Financial Reporting**

We have audited Cementos Pacasmayo S.A.A. and subsidiaries' internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, Cementos Pacasmayo S.A.A. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.



We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2023 and 2022, the related consolidated statements of profit or loss, other comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and our report dated April 29, 2024 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Definition and Limitations of Internal Control over Financial Reporting.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Tanaka, Valdivia & Asociados Sociedad Civil de Responsabilidad Limitada  
A member practice of  
Ernst & Young Global Limited

Lima, Peru  
April 29, 2024

### **D. Changes in Internal Control Over Financial Reporting**

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required under Rules 13a-15 or 15d-15 that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### **ITEM 16. [RESERVED]**

### **ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our Board of Directors has determined that Mr. Esteban Chong Leon, President of the audit committee, is a "financial expert," as such term is defined in the SEC rules. We have determined that Ms. Ana Maria Botella, Mr. Venkat Krishnamurti and Mr. Esteban Chong Leon are independent under the standards of the New York Stock Exchange listing rules and Rule 10A-3 under the Exchange Act.

### **ITEM 16B. CODE OF ETHICS**

We have adopted a code of ethics that applies to our directors, officers and employees. Our code of ethics is available on our website <http://www.cementospacasmayo.com.pe>. Information on our website is not incorporated by reference in this annual report.

If we make any substantive amendment to our code of ethics or if we grant any waivers, including any implicit waiver, from a provision of the code of ethics, we will disclose the nature of such amendment or waiver by filing a current report on a Form 6-K or in our subsequent annual report on Form 20-F to be filed with the SEC. During the year ended December 31, 2023, no such amendment was made nor did we grant any waiver to any provision of our code of ethics.

### **ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

#### ***Audit and Non-Audit Fees***

The following table presents the aggregate fees for professional services and other services rendered by our independent auditors, Tanaka, Valdivia y asociados, SCRL, member firm of Ernst & Young Global Limited, responsible for auditing the annual consolidated financial statements included in the annual report, during the fiscal years ended December 31, 2023, 2022, and 2021.

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**Year Ended December 31,**

(in thousands of \$/)	2023	2022	2021
Audit fees	1,190	1,244	1,208
All other fees	117	45	-
Tax fees	206	497	256
<b>Total fees</b>	<b>1,513</b>	<b>1,786</b>	<b>1,464</b>

Audit fees in the above table are the aggregate fees billed and billable by our independent auditors in connection with the audit of our annual consolidated financial statements and review of our quarterly financial information.

Tax fees in the above table are fees billed relating to tax compliance services.

All other fees in the above table are fees billed relating to advisory services.

## Audit Committee Pre-Approval Policies and Procedures

We have adopted pre-approval policies and procedures under which our audit committee is responsible for the oversight of the independent auditors and has established pre-approval procedures for the engagement of its independent registered public accounting firm for audit and non-audit services. Such services can only be contracted if they are approved by the audit committee, they comply with the restriction provided under applicable rules and they do not jeopardize the independence of our auditors.

## ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

## ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

## ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

## ITEM 16G. CORPORATE GOVERNANCE

We are a "foreign private issuer" within the meaning of the New York Stock Exchange corporate governance standards. Under New York Stock Exchange rules, a foreign private issuer may elect to comply with the practices of its home country and not to comply with certain corporate governance requirements applicable to U.S. companies with securities listed on the exchange.

We currently follow certain Peruvian practices concerning corporate governance and intend to continue to do so. There are significant differences in the Peruvian corporate governance practices as compared to those followed by United States domestic companies under the New York Stock Exchange's listing standards.

The New York Stock Exchange listing standards provide that the board of directors of a U.S. listed company must have a majority of independent directors at the time the company ceases to be a "controlled company." Under Peruvian corporate governance practices, a Peruvian company is not required to have a majority of independent members on its board of directors.

The listing standards for the New York Stock Exchange also require that U.S. listed companies, at the time they cease to be "controlled companies," have a nominating/corporate governance committee and a compensation committee (in addition to an audit committee). Each of these committees must consist solely of independent directors and must have a written charter that addresses certain matters specified in the listing standards. Under Peruvian law, a Peruvian company may, but is not required to, form special governance committees, which may be composed partially or entirely of non-independent directors.

In addition, New York Stock Exchange rules require the independent non-executive directors of U.S. listed companies to meet on a regular basis without management being present. There is no similar requirement under Peruvian law.

The New York Stock Exchange's listing standards also require U.S. listed companies to adopt and disclose corporate governance guidelines. In November 2013, the Peruvian Securities Commission and a committee comprised of regulatory agencies and associations prepared and published a list of suggested non-mandatory corporate governance guidelines called the "Good Corporate Governance Code for Peruvian Companies." These principles are disclosed on the Peruvian Securities Commission web page at <http://www.smv.gob.pe/> and the Lima Stock Exchange web page at <http://www.bvl.com.pe>. Although we have implemented a number of these measures and are part of the Best Corporate Governance Practices Index of the Lima Stock Exchange, we are not required to comply with the referred corporate governance guidelines by law or regulation, only to disclose whether or not we are in compliance.

## ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

## ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

## ITEM 16K. CYBERSECURITY

### *Risk Management and Strategy*

Cementos Pacasmayo considers risk management to be a fundamental pillar of its strategy. The Company therefore evaluates threats and vulnerabilities, identifies its critical assets and quantifies the associated risk at least twice a year or sooner if warranted. Identified risks are confirmed at the senior management to determine whether, due to their importance, they should be considered strategic risks, and different remediation or mitigation mechanisms relating to such risks are evaluated. For example, cybersecurity risks have been evaluated and determined to be strategic risks for the following reasons:

- economic impact due to loss of information and interruption of our operations due to attacks on our information systems and failures of our systems that support business processes and guarantee continuity; and
- economic and reputational impact due to cyberattacks (phishing, malware, etc.) due to lack of patches or inadequate patch management, lack of secure identification and authentication mechanisms (AD authentication, complex passwords, tokens, captcha, etc.), poor password management and lack of protection against new generation threats.

Cementos Pacasmayo's cybersecurity strategy is based on the NIST 1.1 framework. Specifically, when referring to the identification and management of cybersecurity risks and threats that could compromise the Company, Cementos Pacasmayo has developed a methodology for risk management of information security based on ISO/IEC 27005. This systematic method allows the Company's management to make appropriate decisions. Besides that, during 2023, we underwent an assessment by KPMG, the purpose of which was to evaluate our information security management system maturity level, since we are opting for the ISO 270001 certification in 2024. Our overall risk management system maturity index is also evaluated by insurance companies such as MARSH PERU S.A.C. CORREDORES DE SEGUROS and RIMAC SEGUROS Y REASEGUROS.

The Company identifies and oversees risks internally. The audit committee of the Company has defined what a material cybersecurity risk is, so that the occurrence of a cybersecurity incident can be reported to the SEC. During 2023, Cementos Pacasmayo did not identify any threats that materially affected, or were reasonably likely to materially affect, its business strategy, results of operations or financial condition. As part of our information security policies, we have established the standards for access to and use of our information systems by employees or by third parties. In addition, we have established a new policy specifically relating to the access to and use of our information systems by third parties, which sets forth the conditions any third party must comply with in order to have any access to our information systems. We are in the process of establishing these policies as obligations in all of the Company's contracts during 2024.

Finally, twice a year we run ethical hacking and pen-testing to evaluate our risks and vulnerabilities, and we have engaged an ethical hacking service which runs automatically when we perform spot exercises in our information systems (in-house and third party solutions).

However, despite our efforts to identify and respond to cybersecurity threats, we cannot eliminate all risks from cybersecurity threats, or provide assurances that we have not experienced an undetected cybersecurity incident. For more information about these risks, see "Item 3D. Risk Factors—Risks Relating to Our Business and Industry—Failures in our information technology systems and information security (cybersecurity) systems can adversely impact our operations and reputation."

## Governance

### *Role of the Board*

The Board, in coordination with the audit committee, which is the corporate body in charge of centralizing corporate risks, oversees the Company's risk management program, which includes risks arising from cybersecurity threats. The audit committee is promptly apprised of any cybersecurity incident that meets established reporting thresholds by senior management and receives ongoing updates regarding any such incident until it has been resolved. The audit committee meets quarterly and reviews the corporate risk matrix in detail, including cybersecurity risks. At each regularly scheduled Board meeting, the chair of the audit committee provides the full Board with an update on all significant matters discussed, reviewed, considered and approved by the audit committee since the last regularly scheduled.

We have established a Policy for Response to Cybersecurity Incidents, and a related plan, which includes four playbooks (covering ransomware, phishing, DOS and malware) on how to respond to each type of incident and the specificities to communications matters, to our legal, compliance, risk management and audit committee. This policy and these plans are part of our Disaster Recovery Plan (DRP) which is also part of our Business Continuity Plan (BCP).

### *Role of Management*

Senior management is highly committed to maintaining corporate cybersecurity and is cognizant of cybersecurity risks and threats and the potential impact of the occurrence of cybersecurity incidents, which is evidenced by the review and oversight of such matters by the audit committee and the cybersecurity subcommittees and has provided the necessary resources for the mitigation of such risks. In addition to the audit committee at the Board level, we also have two cybersecurity subcommittees (IT & OT), each of which meets quarterly, with the presence of the Company's senior executive officers. All participants in the subcommittee meetings receive a copy of the presentation for each meeting, which sets forth the applicable subcommittee's role, strategy, project status (culture, risks, IT/OT and policies) and relevant information (our key performance metrics and POCs on cybersecurity technology, cybersecurity lab results, etc.), and meeting minutes, which include a summary of the information to be discussed and the principal action points.

Our chief information officer is principally responsible for overseeing our cybersecurity strategy and risk management, and he leads both of our cybersecurity subcommittees (IT & OT). Our chief information officer has been heading up our cybersecurity strategy since we formally established it three years ago, and he holds the following certifications:

- MIT Sloan School of Management – Cybersecurity for Managers Executive Program – August 2021
- Instituto Atlantico de Gobierno (Madrid, Spain) – Cybersecurity on a Daily Basis Executive Program – February 2021
- Instituto Atlantico de Gobierno (Madrid, Spain) – Cybersecurity Keys and trends 2020 Executive Program – May 2020

All of Cementos Pacasmayo's senior executive officers have been trained in cybersecurity matters and are the main promoters of our corporate cybersecurity culture and compliance with the established internal framework, which includes policies, guidelines and cybersecurity standards, among others.

## SECTION 1.02 PART III

## ITEM 17. FINANCIAL STATEMENTS

Not applicable.

## ITEM 18. FINANCIAL STATEMENTS

See our consolidated financial statements beginning at page F-1 of this annual report. Our financial statements have been prepared in accordance with IFRS as issued by the IASB.

## ITEM 19. EXHIBITS

The following documents are filed as part of this Annual Report on Form 20-F or incorporated by reference herein.

Exhibit Number	Description of Document
1.1	<a href="#">Amended and Restated By-laws of the Registrant, as currently in effect, incorporated by reference to Exhibit 1.1 of the Registrant's Annual Report on Form 20-F filed with the SEC on May 1, 2017 (File No. 001-35401)</a>
2.1	<a href="#">Registrant's Form of American Depositary Receipt, incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form F-1 filed with the SEC on January 6, 2012 (File No. 333-178922)</a>
2.2	<a href="#">Deposit Agreement dated January 19, 2012 among the Registrant, J.P. Morgan Chase N.A., as depositary, and the holders from time to time of American depositary shares issued thereunder, incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form F-1 filed with the SEC on January 6, 2012 (File No. 333-178922)</a>
2.2A	<a href="#">Amendment No. 1, dated as of February 21, 2017, to the Deposit Agreement dated as of February 7, 2012, among the Registrant, J.P. Morgan Chase Bank, N.A., as depositary, and all holders from time to time of American depositary receipts issued thereunder, incorporated by reference to the Registrant's Registration Statement on Form F-6 filed with the SEC on February 21, 2017 (File No. 333-216152)</a>
2.2B	<a href="#">Amendment No. 2, dated as of December 4, 2020, to the Deposit Agreement dated as of February 7, 2012, among the Registrant, J.P. Morgan Chase Bank, N.A., as depositary, and all holders from time to time of American depositary receipts issued thereunder, incorporated by reference to the Registrant's Registration Statement on Form F-6 filed with the SEC on December 4, 2020 (File No. 333-216152)</a>
2.3	<a href="#">Indenture, dated as of February 8, 2013, among the Registrant, the Subsidiary Guarantors named therein and Deutsche Bank Trust Company Americas incorporated by reference to Exhibit 2.3 of the Registrant's Annual Report on Form 20-F filed with the SEC on April 30, 2014 (File No. 001-35401)</a>
2.4	<a href="#">Local bond issuance agreement (Contrato Marco de Emisión de Bonos Corporativos correspondiente al Segundo Programa de Bonos Corporativos de Cementos Pacasmayo S.A.A.) dated January 8, 2019, between Scotiabank Perú S.A.A. as administrative agent and Cementos Pacasmayo S.A.A. as issuer (English summary of principal terms), providing for the issuance of up to S/1,000,000,000 in one or more series, and related issuances of series 1 in an aggregate principal amount of S/260,000,000 and series 2 in an aggregate principal amount of S/310 million, incorporated by reference to Exhibit 4.3 of the Registrant's Annual Report on Form 20-F filed with the SEC on April 30, 2019 (File No. 001-35401)</a>
2(d)	<a href="#">Description of securities registered under Section 12(d) of the Exchange Act incorporated by reference to Exhibit 2(d) of the Registrant's Annual Report on Form 20-F filed with the SEC on May 1, 2020 (File No. 001-35401)</a>
4.1	<a href="#">Power Supply Agreement, dated June 3, 2010, between the Registrant and Electroperú S.A., incorporated by reference to Exhibit 4.1 of the Registrant's Annual Report on Form 20-F filed with the SEC on April 30, 2012 (File No. 001-35401)</a>
4.2	<a href="#">Contract of General Management and Provision of Services, dated December 31, 2007, between the Registrant and Inversiones ASPI S.A. (formerly Inversiones Pacasmayo S.A.), incorporated by reference to Exhibit 4.2 of the Registrant's Annual Report on Form 20-F filed with the SEC on April 30, 2012 (File No. 001-35401)</a>

4.3	<a href="#">Property Lease Agreement, dated June 30, 2008, between the Registrant and Inversiones ASPI S.A. (formerly Inversiones Pacasmayo S.A.), incorporated by reference to Exhibit 4.3 of the Registrant's Annual Report on Form 20-F filed with the SEC on April 30, 2012 (File No. 001-35401)</a>
4.4	<a href="#">Surface Rights Agreement, dated February 1, 2008, between the Registrant and Compañía Minera Ares S.A.C., incorporated by reference to Exhibit 4.4 of the Registrant's Annual Report on Form 20-F filed with the SEC on April 30, 2012 (File No. 001-35401)</a>
4.5	<a href="#">Addendum, effective February 1, 2020, to the Power Supply Agreement, dated June 3, 2010, between the Registrant and Electroperú S.A., incorporated by reference to Exhibit 4.5 of the Registrant's Annual Report on Form 20-F filed with the SEC on May 1, 2020 (File No. 001-35401)</a>
4.6	<a href="#">Summary of Principal Terms for Equipment and Engineering supply contract between the Registrant and FL SMIDTTH A/S dated November 29, 2021, incorporated by reference to Exhibit 4.6 of the Registrant's Annual Report on Form 20-F filed with the SEC on April 28, 2022 (File No. 001-35401)</a>
4.7	<a href="#">Summary of Principal Terms for Construction and Assembly Contract between the Registrant and Ingeniería y Construcción Sigdo Koppers Perú S.A.C. dated February 16, 2022, incorporated by reference to Exhibit 4.7 of the Registrant's Annual Report on Form 20-F filed with the SEC on April 28, 2022 (File No. 001-35401)</a>
8.1	<a href="#">List of Subsidiaries, incorporated by reference to Exhibit 4.7 of the Registrant's Annual Report on Form 20-F filed with the SEC on April 27, 2023 (File No. 001-35401)</a>
12.1	<a href="#">Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2	<a href="#">Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1*	<a href="#">Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Chief Executive Officer</a>
13.2*	<a href="#">Certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Chief Financial Officer</a>
96.1	<a href="#">Technical Report Summary (TRS), Tembladera Quarry and Pacasmayo Cement Plant 20-F 229.601 (Item 601)</a>
96.2	<a href="#">Technical Report Summary (TRS), Virrilá Quarry and Piura Cement Plant 20-F 229.601 (Item 601)</a>
96.3	<a href="#">Technical Report Summary (TRS), Tiyoacu Quarry and Rioja Cement Plant 20-F 229.601 (Item 601)</a>
97	<a href="#">Compensation Recovery Policy</a>
101.INS	Inline XBRL Instance Document.

101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* This certification will not be deemed “filed” for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.

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## SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on Form 20-F on its behalf.

### CEMENTOS PACASMAYO S.A.A.

By: /s/ Humberto Nadal Del Carpio  
Humberto Nadal Del Carpio  
Chief Executive Officer

By: /s/ Manuel Bartolome Ferreyros Peña  
Manuel Bartolome Ferreyros Peña  
Chief Financial Officer

Date: April 29, 2024

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### Cementos Pacasmayo S.A.A. and Subsidiaries

Consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, together with the Report of Independent Registered Accounting Firm

### Cementos Pacasmayo S.A.A. and Subsidiaries

Consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, together with the Report of Independent Registered Accounting Firm

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## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Cementos Pacasmayo S.A.A. and subsidiaries

### *Opinion on the Financial Statements*

We have audited the accompanying consolidated statements of financial position of Cementos Pacasmayo S.A.A. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of profit or loss, other comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 29, 2024, expressed an unqualified opinion thereon.

### **Basis for opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### **Uncertain tax positions**

As disclosed in Note 7(c) to the consolidated financial statements, the Company has identified certain income tax-related contingencies associated to the mining royalties of years 2008 and 2009. In these years, relevant taxation authorities have challenged the tax treatment applied by the Company under the royalty law for metallic and non-metallic mining activity in Peru. As of December 31, 2023, the Company has recognized an asset for claims to the SUNAT for an amount of S/29,559,000, resulting from payments made to the taxation authorities as part of the tax claim process in Peru but for which the Company is disputing the validity of the taxation authorities’ assessment. The Company has disclosed, but has not recorded a provision, related to these matters as management has concluded that the criteria for recognition of an income tax liability under IFRS has not been met and that the amounts paid to date are recoverable based upon the technical merits of the income tax positions of royalty law for metallic and non-metallic mining activity taken by the Company.

#### *Description of the Matter*

Uncertainty in a tax position may arise where there is an uncertainty as to the meaning of the tax law, or the applicability of the tax law (General Mining Law) to a particular transaction, or both. The Company uses significant judgment to determine whether, based on the technical merits, a tax position is more likely than not to be sustained and in the determination of the recoverable amount of the mining royalties paid under protest.

Auditing the estimation of the outcome and measurement of the uncertain tax positions and the related recoverability of the claim for the payments made under protest, before the uncertain tax treatment is resolved, requires a high degree of auditor judgment and significant audit effort due to the complexity and judgement used by the Company in the assessment based on interpretations of the income tax legislation and legal rulings in Peru.

*How We Addressed the Matter in Our Audit* We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s accounting process for income taxes, including uncertain tax positions and tax contingencies. For example, we tested the controls over management’s review of the technical merits of tax positions, disputed tax assessments and the determination of the recoverable amount of the payments made under protest.

Our audit procedures included, among others, evaluating the assumptions used by the Company to develop its uncertain tax positions based on relevant Peruvian income tax laws, including the inspection of the Company's internal and external counsel analysis of these matters. In addition, we involved our tax subject matter professionals to assess the technical merits of the Company's tax position and to evaluate the application of relevant tax law and accounting guidance in assessing the recognition and recoverability of the related asset claim to the SUNAT.

Furthermore, we evaluated the disclosure of this matter in Note 7(c) to the consolidated financial statements.

/s/ Tanaka, Valdivia & Asociados Sociedad Civil de Responsabilidad Limitada  
A member practice of  
Ernst & Young Global Limited

We have served as the Company's auditor since 2002.

Lima, Peru  
April 29, 2024

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## Cementos Pacasmayo S.A.A. and Subsidiaries

Consolidated statement of financial position  
As of December 31, 2023 and 2022

	<u>Note</u>	<u>2023</u> S/(000)	<u>2022</u> S/(000)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	90,193	81,773
Other financial instruments	26	-	86,893
Trade and other receivables, net	7	99,688	101,491
Income tax prepayments		4,485	8,268
Inventories	8	791,074	884,969
Prepayments		6,809	25,059
<b>Total current assets</b>		<b>992,249</b>	<b>1,188,453</b>
<b>Non-current assets</b>			
Trade and other receivables, net	7	43,397	43,543
Financial investments designated at fair value through other comprehensive income		249	274
Property, plant and equipment, net	9	2,099,351	2,007,838
Intangible assets, net	10	62,920	56,861
Goodwill		4,459	4,459
Deferred income tax assets	14	11,428	9,005
Right of use assets		7,609	3,639
Other assets		73	89
<b>Total non-current assets</b>		<b>2,229,486</b>	<b>2,125,708</b>
<b>Total assets</b>		<b>3,221,735</b>	<b>3,314,161</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	11	231,511	284,554
Financial obligations	13	383,146	618,907
Lease liabilities		3,999	2,005
Income tax payable		14,222	16,340
Provisions	12	56,510	31,333
<b>Total current liabilities</b>		<b>689,388</b>	<b>953,139</b>
<b>Non-current liabilities</b>			
Financial obligations	13	1,189,880	974,264
Lease liabilities		4,130	2,350
Provisions	12	27,453	47,638
Deferred income tax liabilities	14	120,876	141,635
<b>Total non-current liabilities</b>		<b>1,342,339</b>	<b>1,165,887</b>
<b>Total liabilities</b>		<b>2,031,727</b>	<b>2,119,026</b>
<b>Equity</b>			
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Capital stock		423,868	423,868
Investment shares		40,279	40,279
Investment shares held in treasury		(121,258)	(121,258)
Additional paid-in capital		432,779	432,779
Legal reserve		168,636	168,636
Other accumulated comprehensive loss		(16,290)	(17,787)



Retained earnings	261,994	268,618
<b>Total equity</b>	<b>1,190,008</b>	<b>1,195,135</b>
<b>Total liabilities and equity</b>	<b>3,221,735</b>	<b>3,314,161</b>

The accompanying notes are an integral part of these consolidated financial statements.

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## Cementos Pacasmayo S.A.A. and Subsidiaries

Consolidated statement of profit or loss  
For the years ended December 31, 2023, 2022 and 2021

	<b>Note</b>	<b>2023</b> S/(000)	<b>2022</b> S/(000)	<b>2021</b> S/(000)
Sales of goods	16	1,950,075	2,115,746	1,937,767
Cost of sales	17	(1,260,623)	(1,463,715)	(1,378,336)
<b>Gross profit</b>		<b>689,452</b>	<b>652,031</b>	<b>559,431</b>
<b>Operating income (expenses)</b>				
Administrative expenses	18	(234,711)	(227,577)	(196,069)
Selling and distribution expenses	19	(66,825)	(65,237)	(51,520)
Other operating (expense) income, net		(13,810)	(3,899)	6,408
Impairment to retirement of property, plant and equipment	9(g)	(36,551)	-	-
<b>Total operating expenses, net</b>		<b>(351,897)</b>	<b>(296,713)</b>	<b>(241,181)</b>
<b>Operating profit</b>		<b>337,555</b>	<b>355,318</b>	<b>318,250</b>
<b>Other income (expenses)</b>				
Finance income		7,246	3,306	2,891
Finance costs	21	(104,045)	(95,105)	(88,965)
Net gain (loss) on derivative financial instruments recognized at fair value through profit or loss	26(a)	19	(59)	589
Net loss on settlement of derivative financial instruments recognized at fair value through profit or loss	26(a)	-	-	(1,569)
Gain (loss) from exchange difference, net	5	4,933	(1,040)	(7,086)
<b>Total other expenses, net</b>		<b>(91,847)</b>	<b>(92,898)</b>	<b>(94,140)</b>
<b>Profit before income tax</b>		<b>245,708</b>	<b>262,420</b>	<b>224,110</b>
Income tax expense	14	(76,808)	(85,592)	(70,940)
<b>Profit for the year</b>		<b>168,900</b>	<b>176,828</b>	<b>153,170</b>
<b>Earnings per share</b>				
Basic and diluted earnings per share attributable to equity holders of common shares and investment in shares of Cementos Pacasmayo S.A.A. (S/ per share)	23	0.39	0.41	0.36

The accompanying notes are an integral part of these consolidated financial statements.

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## Cementos Pacasmayo S.A.A. and Subsidiaries

Consolidated statement of other comprehensive income (loss)  
For the years ended December 31, 2023, 2022 and 2021

	<b>Note</b>	<b>2023</b> S/(000)	<b>2022</b> S/(000)	<b>2021</b> S/(000)
<b>Profit for the year</b>		<b>168,900</b>	<b>176,828</b>	<b>153,170</b>
<b>Other comprehensive income (loss)</b>				
<b>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent years:</b>				
Change in fair value of financial instruments designated at fair value through other comprehensive loss		(25)	(565)	(1,995)

Deferred income tax	14	7	167	589
<b>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:</b>				
Net gain on cash flows hedges	26(a)	2,154	3,838	20,836
Deferred income tax	14	(634)	(1,133)	(6,146)
<b>Other comprehensive income (loss) for the year, net of income tax</b>		<b>1,502</b>	<b>2,307</b>	<b>13,284</b>
<b>Total other comprehensive income for the year, net of income tax</b>		<b>170,402</b>	<b>179,135</b>	<b>166,454</b>

The accompanying notes are an integral part of these consolidated financial statements.

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## Cementos Pacasmayo S.A.A. and Subsidiaries

Consolidated statement of changes in equity  
For the years ended December 31, 2023, 2022 and 2021

	Capital stock	Investment shares	Treasury shares	Additional paid-in capital	Legal reserve	Unrealized loss on financial instruments designated at fair value	Unrealized gain (loss) on cash flow hedge	Retained earnings	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Balance as of January 1, 2021</b>	423,868	40,279	(121,258)	432,779	168,636	(14,463)	(18,915)	456,629	1,367,555
Profit for the year	-	-	-	-	-	-	-	153,170	153,170
Other comprehensive income (loss)	-	-	-	-	-	(1,406)	14,690	-	13,284
<b>Total comprehensive income</b>	-	-	-	-	-	(1,406)	14,690	153,170	166,454
Dividends, note 15(g)	-	-	-	-	-	-	-	(338,204)	(338,204)
<b>Balance as of December 31, 2021</b>	<u>423,868</u>	<u>40,279</u>	<u>(121,258)</u>	<u>432,779</u>	<u>168,636</u>	<u>(15,869)</u>	<u>(4,225)</u>	<u>271,595</u>	<u>1,195,805</u>
Profit for the year	-	-	-	-	-	-	-	176,828	176,828
Other comprehensive income (loss)	-	-	-	-	-	(398)	2,705	-	2,307
<b>Total comprehensive income</b>	-	-	-	-	-	(398)	2,705	176,828	179,135
Dividends, note 15(g)	-	-	-	-	-	-	-	(179,805)	(179,805)
<b>Balance as of December 31, 2022</b>	<u>423,868</u>	<u>40,279</u>	<u>(121,258)</u>	<u>432,779</u>	<u>168,636</u>	<u>(16,267)</u>	<u>(1,520)</u>	<u>268,618</u>	<u>1,195,135</u>
Profit for the year	-	-	-	-	-	-	-	168,900	168,900
Other comprehensive income (loss)	-	-	-	-	-	(18)	1,520	-	1,502
<b>Total comprehensive income</b>	-	-	-	-	-	(18)	1,520	168,900	170,402
Dividends, note 15(g)	-	-	-	-	-	-	-	(175,524)	(175,524)
Others	-	-	-	-	-	(5)	-	-	(5)
<b>Balance as of December 31, 2023</b>	<u>423,868</u>	<u>40,279</u>	<u>(121,258)</u>	<u>432,779</u>	<u>168,636</u>	<u>(16,290)</u>	<u>-</u>	<u>261,994</u>	<u>1,190,008</u>

The accompanying notes are an integral part of these consolidated financial statements.

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## Cementos Pacasmayo S.A.A. and Subsidiaries

Consolidated statement of cash flows  
For the years ended December 31, 2023, 2022 and 2021

	Note	2023 S/(000)	2022 S/(000)	2021 S/(000)
<b>Operating activities</b>				
Profit before income tax		245,708	262,420	224,110
<b>Non-cash adjustments to reconcile profit before income tax to net cash flows from operating activities</b>				
Depreciation and amortization		144,195	138,539	135,567
Finance costs	21	104,045	95,105	88,965

Impairment to retirement of property, plant and equipment	9(g)	36,551	-	-
Long-term incentive plan	12(c) y 20	7,632	8,272	9,763
Provision for inventory obsolescence	8(b)	2,956	1,977	3,348
Allowance for expected credit losses	7(d)	1,707	1,972	563
Net (gain) loss on derivative financial instruments recognized at fair value through profit or loss	26(a)	(19)	59	(589)
Accumulated net loss due to settlement of derivative financial instruments at fair value through profit or loss	26(a)	-	-	1,569
Finance income		(7,246)	(3,306)	(2,891)
Exchange difference related to monetary transactions		(973)	3,804	(9,114)
Net gain on disposal of property, plant and equipment and intangible assets		(813)	(591)	(1,775)
Other items that do not generate operating flows, net		18,021	10,413	3,761
<b>Working capital adjustments</b>				
Increase in trade and other receivables		(1,870)	(3,695)	(47,713)
Decrease (increase) in inventories		90,581	(282,554)	(151,530)
Decrease (increase) in prepayments		13,210	(10,099)	(12,956)
(Decrease) increase in trade and other payables		(48,680)	60,571	48,834
		605,005	282,887	289,912
Interest received		7,315	3,668	4,484
Interest paid		(96,907)	(80,573)	(68,433)
Income tax paid		(103,090)	(94,163)	(55,401)
<b>Net cash flows from operating activities</b>		<b>412,323</b>	<b>111,819</b>	<b>170,562</b>
<b>Investing activities</b>				
Opening of term deposits with original maturity greater than 90 days		(10,000)	-	-
Redemption of term deposits with original maturity greater than 90 days		10,000	-	-
Purchase of property, plant and equipment	9(a)	(272,600)	(162,785)	(85,594)
Purchase of intangible assets	10(a)	(16,707)	(15,712)	(8,953)
Purchase of investments available for sale		-	(363)	(1,779)
Loans granted		(1,679)	(141)	(174)
Loan to related party	22	-	-	(17,121)
Cash flow proceeds from sale of property, plant and equipment		1,392	2,664	4,152
Proceeds from loans		150	149	524
Collection of loans from related parties	22	-	-	17,121
<b>Net cash flows used in investing activities</b>		<b>(289,444)</b>	<b>(176,188)</b>	<b>(91,824)</b>
<b>Financing activities</b>				
Proceeds from bank overdraft		85,333	-	-
Payment of bank overdraft		(85,333)	-	-
Payment of bank loans	25	(661,520)	(448,984)	-
Dividends paid	25	(175,431)	(179,820)	(336,821)
Payment for hedging instrument	25	(7,708)	(15,390)	(15,214)
Lease payments		(3,564)	(2,511)	(2,419)
Bank loans received	25	639,000	525,000	220,000
Dividends returned	25	465	229	481
Cash flow from settlement of derivative financial instruments		93,323	-	3,879
<b>Net cash flows used in financing activities</b>		<b>(115,435)</b>	<b>(121,476)</b>	<b>(130,094)</b>
Net increase (decrease) in cash and cash equivalents		7,444	(185,845)	(51,356)
Net foreign exchange difference		976	(5,784)	15,846
<b>Cash and cash equivalents as of January 1</b>	<b>6</b>	<b>81,773</b>	<b>273,402</b>	<b>308,912</b>
<b>Cash and cash equivalents as of December 31</b>	<b>6</b>	<b>90,193</b>	<b>81,773</b>	<b>273,402</b>
<b>Transactions with no effect on cash flows:</b>				
Unrealized exchange difference related to monetary transactions		(973)	3,804	(9,114)
Outstanding accounts payable related to acquisition of property, plant and equipment	9(e)	9,379	14,560	7,615
Addition of right-of-use assets and lease liabilities		6,915	613	217
Additions of quarry rehabilitation costs	12	4,458	2,745	-

The accompanying notes are an integral part of these consolidated financial statements.

## Cementos Pacasmayo S.A.A. and Subsidiaries

Notes to the consolidated financial statements  
As of December 31, 2023, 2022 and 2021

### 1. Corporate information

Cementos Pacasmayo S.A.A. (hereinafter “the Company”) was incorporated in 1957 and, under the Peruvian General Corporation Law, is an open stock corporation, its shares are listed on the Lima and New York Stock Exchange. The Company is a subsidiary of Inversiones ASPI S.A., which holds 50.01 percent of the Company’s common

shares as of December 31, 2023, 2022 and 2021. The Company's registered address is Calle La Colonia No.150, Urbanización El Vivero, Santiago de Surco, Lima, Peru. All the subsidiaries are domiciled and operate in Peru.

The Company's main activity is the production and marketing of cement, blocks, concrete and other minors in La Libertad region of the northern of Peru.

The issuance of the consolidated financial statements of the Company and its subsidiaries (hereinafter "the Group") for the year ended December 31, 2023 were approved by the General Shareholder's Meeting on March 21, 2024. The consolidated financial statements as of December 31, 2022 and for the year then ended were approved by the General Shareholders' Meeting on March 24, 2023.

For the years ended December 31, 2023, 2022 and 2021, the consolidated financial statements comprise the financial statements of the Company and its subsidiaries: Cementos Selva S.A.C. and subsidiaries, Distribuidora Norte Pacasmayo S.R.L., Empresa de Transmisión Guadalupe S.A.C., Salmueras Sudamericanas S.A., Calizas del Norte S.A.C. (liquidated during 2022), Soluciones Takay S.A.C., 150Krea Inc. and Corporación Materiales Piura S.A.C. As of these dates, the Company maintained a 100 percent interest in all its subsidiaries.

The main activities of the subsidiaries incorporated in the consolidated financial statements are described as follows:

- Cementos Selva S.A.C. is engaged in production and marketing of cement and other construction materials in the northeast region of Peru. Also, it holds 100 percent of the shares in Dinosevta Iquitos S.A.C. (a cement and construction materials distributor in the north of Peru, which also produces and sells precast, cement bricks and ready-mix concrete) and in Acuicola Los Paiches S.A.C. (a fish farm entity).
- Distribuidora Norte Pacasmayo S.R.L. is mainly engaged in selling cement produced by the Company. Additionally, it produces and sells precast, cement bricks and ready-mix concrete. It is the main partner of Consorcio Constructor Norte del Peru.
- Empresa de Transmisión Guadalupe S.A.C. is mainly engaged in providing electric energy transmission services to the Company.
- Salmueras Sudamericanas S.A. ("Salmueras") In December 2017, the Company decided not to continue with the activities related to this project of Salmueras.

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#### Notes to the consolidated financial statements (continued)

- Calizas del Norte S.A.C. On May 31, 2016, the Company decided to liquidate the subsidiary Calizas del Norte S.A.C. This liquidation was completed during 2022.
- Soluciones Takay S.A.C., entity constituted on March 29, 2019 whose corporate purpose is to provide advisory services and information, promotion, acquisition and intermediation services for the management and development of real estate projects by natural and/or legal persons.
- 150Krea Inc., entity constituted on June 3, 2021 whose corporate purpose is the lease of intangible assets.
- Corporación Materiales Piura S.A.C., entity acquired on January 4, 2023 whose corporate purpose is the extraction of stone, sand and clay.

## 2. Significant accounting policies

### 2.1 Basis of preparation –

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments designated at fair value through other comprehensive income (OCI) and derivative financial instruments that have been measured at fair value. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in fair value attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Soles and all values are rounded to the nearest thousand (S/000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period or periods. There are certain standards and amendments applied for the first time by the Group during 2023 that did not require the restatement of previous financial statements, as explained in note 2.3.17.

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#### Notes to the consolidated financial statements (continued)

### Basis of consolidation -

- 2.2 The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if it has: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), (ii) exposure, or rights, to variable returns from its involvement with the investee, and (iii) the ability to use its power over the investee to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

## 2.3 Summary of significant accounting policies -

### 2.3.1 Cash and cash equivalents -

Cash and cash equivalents presented in the statement of financial position and statement of cash flows comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

### 2.3.2 Financial instruments-initial recognition and subsequent measurement –

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (i) Financial assets -

Initial recognition and measurement -

Financial assets are classified at initial recognition as measured at amortized cost, fair value through OCI or fair value through profit or loss.

The Group's financial assets include cash and cash equivalents, commercial and other receivables and financial assets at fair value through OCI.

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## Notes to the consolidated financial statements (continued)

Subsequent measurement -

For purposes of subsequent measurement, financial assets are classified into the following categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI without recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

The classification depends on the business model of the Company and the contractual terms of the cash flows.

Financial assets at amortized cost (debt instruments) -

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to collect contractual cash flows and not sale or trade it, and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets are not reclassified after their initial recognition, except if the Group changes its business model for its management.

As of December 31, 2023, 2022 and 2021, the Group held trade and other receivables in this category; because they meet the conditions described above.

Financial assets at fair value through OCI (equity instruments) -

Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As of December 31, 2023, 2022 and 2021 the Group elected to classify irrevocably its non-listed equity investments under this category.

(ii) Impairment of financial assets -

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(iii) Financial liabilities -

Initial recognition and measurement -

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing loans and borrowings.

Subsequent measurement -

The subsequent measurement of financial liabilities depends on their classification, the Group maintains Loans and Borrowings, which accounting treatment is explained below:

After their initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

As of December 31, 2023, 2022 and 2021, the Group included trade and other payables and financial liabilities in this category, for more information refer to notes 11 and 13.

Derecognition -

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized in the consolidated statement of profit or loss.

(iv) Derivative financial instruments and hedge accounting –

The Group used derivative financial instruments, cross currency swaps (CCS), to hedge its foreign currency exchange rate risk. These derivative financial instruments are initially recognized at their fair values on the date on which the derivative contract is entered into and subsequently are remeasured at their fair value. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges expect to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group uses to hedge that quantity of hedged item.

Cash flow hedges

Any gains or losses arising from changes in the fair value of derivatives is taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

In the case that the cash flow hedge is discontinued, the amount accumulated in other comprehensive income must remain in other comprehensive income accumulated if the covered cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flows are given, any amount that remains in other comprehensive accumulated results must be recorded considering the nature of the underlying transaction.

The Group maintained derivative financial instruments, cross currency swaps, to hedge its foreign currency exchange rate risk, these instruments were maintained until February 2023, date when there were paid in foreign currency. These derivative financial instruments were initially recognized at their fair values on the date on which the derivative contract was entered into and subsequently were remeasured at their fair value. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative, variation in fair value were registered in equity.

As of December 31, 2023, the Group did not maintain derivative financial instruments.

(v) Fair value measurement -

The Group measures financial instruments such as derivatives, and equity investments, at fair value at each period end.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.



The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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#### Notes to the consolidated financial statements (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value accounting hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for recurring and non-recurring fair value measurements.

At each reporting date, the Financial Management analyzes the changes in the values of the assets and liabilities that must be measured or determined on a recurring and non-recurring basis according to the Group's accounting policies. For this analysis, Management contrasts the main variables used in the latest assessments made with updated information available from valuations included in contracts and other relevant documents.

Management also compares the changes in the fair value of each asset and liability with the relevant external sources to determine whether the change is reasonable.

For purposes of disclosure of fair value, the Group has determined classes of assets and liabilities based on the inherent nature, characteristics and risks of each asset and liability, and the level of the fair value accounting hierarchy as explained above, see note 26(b).

#### 2.3.3 Foreign currencies -

The functional and presentation currency for the consolidated financial statements of the Group is soles, which is also the functional currency for its subsidiaries.

##### *Transactions and balances*

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

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#### Notes to the consolidated financial statements (continued)

#### 2.3.4 Inventories -

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

##### *Raw materials, spare parts and supplies*

- Initially at cost and are recorded at the lower of cost and net realizable value.

#### *Finished goods and work in progress*

- Cost of direct materials and supplies, services provided by third parties, direct labor and a proportion of manufacturing overheads is based on normal operating capacity, excluding borrowing costs and exchange currency differences.

#### *Inventory in transit*

- Cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs of inventory necessary to make the sale.

### 2.3.5 Borrowing costs -

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of interest rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

## Notes to the consolidated financial statements (continued)

### 2.3.6 Property, plant and equipment -

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met, see note 2.3.5. The capitalized value of a finance lease is also included within property, plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as operation cost or expense in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgments, estimates and assumptions, see note 3, and quarry rehabilitation cost provisions, see note 12.

Depreciation of assets is determined using the straight-line method over the estimated useful lives of such assets as follows:

	Years
<b>Buildings and other construction:</b>	
Administrative facilities	Between 20 and 51
Main production structures	Between 20 and 56
Minor production structures	Between 20 and 35
<b>Machinery and equipment:</b>	
Mills and horizontal furnaces	Between 24 and 45
Vertical furnaces, crushers and grinders	Between 23 and 36
Electricity facilities and other minors	Between 10 and 35
Furniture and fixtures	10
<b>Transportation units:</b>	
Heavy units	Between 5 and 15
Light units	Between 5 and 10
<b>Computer equipment</b>	Between 3 and 10
<b>Tools</b>	Between 5 and 10

The asset's residual value, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively if appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

### 2.3.7 Mining concessions -

Mining concessions correspond to the exploration rights in areas of interest acquired. Mining concessions are stated at cost, net of accumulated amortization and/or accumulated impairment losses, if any, and are presented within the "Property, plant and equipment" caption of consolidated statement of financial position. Those mining concessions are amortized following the straight-line method. In the event the Group abandons the concession, the costs associated, see note 9(b), are written-off in the consolidated statement of profit or loss.

Notes to the consolidated financial statements (continued)

2.3.8 Quarry development costs and stripping costs -

*Quarry development costs -*

Quarry development costs incurred are stated at cost and are the next step in development of quarries after the exploration and evaluation stage. Quarry development costs are, upon commencement of the production phase, presented net of accumulated amortization and/or accumulated impairment losses, if any, and are presented within the property, plant and equipment caption. The amortization is calculated using the straight-line method based on the useful life of the quarry to which it relates. Expenditures that significantly increase the economic life of the quarry under exploitation are capitalized.

*Stripping costs -*

Stripping costs incurred in the development of a mine before production commences are capitalized as part of mine development costs and subsequently amortized over the life of the mine on a units-of-production basis, using the proved reserves.

Stripping costs incurred subsequently during the production phase of its operation are recorded as part of cost of production.

2.3.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Notes to the consolidated financial statements (continued)

Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

The Group's intangible assets with finite useful lives are amortized over an average term between three and ten years.

Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Exploration and evaluation assets -

Exploration and evaluation activity involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity include:

- Researching and analyzing historical exploration data.
- Gathering exploration data through geophysical studies.
- Exploratory drilling and sampling.
- Determining and examining the volume and grade of the resource.
- Surveying transportation and infrastructure requirements.
- Conducting market and finance studies.

Once the legal right to explore has been acquired, exploration and evaluation costs are charged to the consolidated statement of profit or loss, unless management concludes that a future economic benefit is more likely than not to be realized, in which case such costs are capitalized, see note 10(b). These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating if costs meet the criteria to be capitalized, several different sources of information are used, including the nature of the assets, extension of the explored area and results of sampling, among others. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

## Notes to the consolidated financial statements (continued)

Exploration and evaluation costs are capitalized when the exploration and evaluation activity is within an area of interest for which it is expected that the costs will be recouped by future exploitation and active and significant operations in relation to the area are continuing or planned for the future.

All capitalized exploration and evaluation costs are monitored for indications of impairment. Where a potential impairment indicator is identified, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash generating unit) to which the exploration is attributed.

The Group assesses at each reporting date whether there is an indication that exploration and evaluation assets may be impaired, see note 10(c).

## 2.3.10 Ore reserve and resource estimates -

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties and concessions. The Group estimates its ore reserves and mineral resources, based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, provision for quarry rehabilitation and depreciation and amortization charges.

## 2.3.11 Provisions -

*General -*

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost in the consolidated statement of profit or loss.

## Notes to the consolidated financial statements (continued)

*Quarry rehabilitation provision -*

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. Quarry rehabilitation costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current risk-free rate. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of profit or loss as a finance cost. The estimated future costs of quarry rehabilitation are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

*Environmental expenditures and liabilities -*

Environmental expenditures that relate to current or future revenues are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognized when a clean-up is probable, and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognized is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognized is the present value of the estimated future expenditure.

## 2.3.12 Employees benefits -

The Group has short-term obligations for employee benefits including salaries, severance contributions, legal bonuses, performance bonuses and profit sharing. These obligations are recorded monthly on an accrual basis.

Additionally, the Group has a long-term incentive plan for key management. This benefit is settled in cash, measured on the salary of each officer and upon fulfilling certain conditions such as years of experience within the Group and permanency. The Group recognizes the long-term obligation at its present value at the end of the reporting period using the projected credit unit method. To calculate the present value of these long-term obligations the Group uses a government bond discount rate at the date of the consolidated financial statements. This liability is annually reviewed on the date of the consolidated financial statements, and the accrual updates and the effect of changes in discount rates are recognized in the consolidated statement of profit or loss.

### 2.3.13 Revenue recognition -

The Group is dedicated to the production and trading of cement, concrete, blocks and other minors, as well as trade of construction supplies. These goods are sold in contracts with customers.

Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties.

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#### Notes to the consolidated financial statements (continued)

The following specific recognition criteria must also be met before revenue is recognized:

##### *Sales of goods -*

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other terms in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

##### *Rendering of services -*

In the business segments cement, concrete, blocks and construction supplies, the Group provides transportation services. These services are sold together with the sale of the goods to the customer.

Transportation services are satisfied when the transport service is concluded, which coincides with the moment of delivery of the goods to the customers.

### 2.3.14 Taxes -

##### *Current income tax -*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in Peru, where the Group operates and generates taxable income.

##### *Deferred tax -*

Deferred tax is determined on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses.

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#### Notes to the consolidated financial statements (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax related to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

### 2.3.15 Treasury shares-

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### 2.3.16 Impairment of non-financial assets –

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required (goodwill and Intangible assets with indefinite useful lives), the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group supports its impairment calculation by using detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses related to continuing operations, including impairment on inventories, are recognized in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

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#### Notes to the consolidated financial statements (continued)

In addition, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or have decreased. If such an indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

Exploration and evaluation assets are tested for impairment annually as of December 31, either individually or at the cash-generating unit level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

As of December 31, 2023 and 2022 there were no signs of impairment for long-lived assets.

#### 2.3.17 New amended standards and interpretations –

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

##### *Definition of Accounting Estimates - Amendments to IAS 8*

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

##### *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their material accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

##### *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

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#### Notes to the consolidated financial statements (continued)

### 3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

If signs of impairment are identified, the most significant estimate considered by the Company's Management will correspond to the evaluation of the impairment of long-lived assets. As of December 31, 2023, 2022 and 2021, Management has not identified signs of impairment for long-lived assets, which is why it considers that there are no significant estimates for those dates.

#### 4. Standards issued but not yet effective

The standards and interpretations relevant to the Group, that will have effect at January 1, 2024 are below:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments are not expected to have a material impact on the Group's financial statements.

#### 5. Transactions in foreign currency

Transactions in foreign currency take place at the open-market exchange rates published by the Superintendence of Banks, Insurance and Pension Funds Administration. As of December 31, 2023 the exchange rates for transactions in United States dollars, published by this institution, were S/3.705 for purchase and S/3.713 for sale (S/3.808 for purchase and S/3.82 for sale as of December 31, 2022, S/3.975 for purchase and S/3.998 for sale as of December 31, 2021).

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Notes to the consolidated financial statements (continued)

As of December 31, 2023, 2022 and 2021, the Group had the following assets and liabilities in United States dollars:

	2023 US\$(000)	2022 US\$(000)	2021 US\$(000)
<b>Assets</b>			
Cash and cash equivalents	5,887	4,426	51,343
Trade and other receivables	3,259	3,262	4,946
Advances to suppliers for work in progress	4,829	18,899	10,175
	<u>13,975</u>	<u>26,587</u>	<u>66,464</u>
<b>Liabilities</b>			
Trade and other payables	(19,082)	(18,399)	(10,356)
Interest-bearing loans and borrowings	-	(131,612)	(149,612)
	<u>(19,082)</u>	<u>(150,011)</u>	<u>(159,968)</u>
Cross currency swap position	-	132,000	132,000
<b>Net monetary position</b>	<u>(5,107)</u>	<u>8,576</u>	<u>38,496</u>

As of December 31, 2022, the Group had cash currency hedging agreements for its bonds (denominated in US dollars), see note 16. Of the US\$132,000,000 shown in the swap position as of December 31, 2022, there were underlying liabilities in the amount of US\$131,612,000 and the difference of US\$388,000 was maintained as derivative financial instruments at fair value through profit or loss. In February 2023 the cross currency swaps were settled.

During 2023, the net gain originated by the exchange difference was approximately S/4,933,000 (the net loss from exchange difference amounted to S/1,040,000 and S/7,086,000 during 2022 and 2021, respectively). All these results are presented in the caption "Gain (loss) from exchange difference, net" in the consolidated statement of profit or loss.

#### 6. Cash and cash equivalents

(a) This caption was made up as follows:

	2023 S/(000)	2022 S/(000)
Cash on hand	182	161
Cash at banks (b)	46,611	39,112
Short-term deposits (c)	43,400	42,500
	<u>90,193</u>	<u>81,773</u>

(b) Cash at banks is denominated in local and foreign currency and U.S. dollars, is deposited in local and foreign bank are freely available. The demand deposits interest yield is based on daily bank deposit rates.



- (c) The short-term deposits held in domestic banks were freely available and earned interest at the respective short-term market rates and original maturity less than three months.

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Notes to the consolidated financial statements (continued)

## 7. Trade and other receivables

- (a) This caption was made up as follows:

	Current		Non-current	
	2023	2022	2023	2022
	S/(000)	S/(000)	S/(000)	S/(000)
Trade receivables (b)	83,840	78,519	-	-
Other accounts receivable	13,179	6,789	-	-
Accounts receivable from Parent company and affiliates, note 22	1,973	1,858	-	-
Funds restricted to tax payments	1,322	244	-	-
Interest receivable	1,091	1,163	-	-
Loans to employees	1,061	676	-	-
Loans granted	1,014	1,001	-	-
Other receivables from sale of fixed assets	82	215	-	-
Allowance for expected credit losses (d) and (e)	(9,014)	(7,433)	-	-
Financial assets classified as receivables (e)	94,548	83,032	-	-
Value-added tax credit	5,140	18,459	1,193	1,874
Claim to the SUNAT (c)	-	-	29,559	29,559
Other accounts receivable	-	-	12,645	12,110
Tax refund receivable	-	-	9,034	9,034
Allowance for expected credit losses (d)	-	-	(9,034)	(9,034)
Non-financial assets classified as receivables	5,140	18,459	43,397	43,543
	99,688	101,491	43,397	43,543

- (b) Trade account receivables presented net of discounts and bonuses, have current maturity (30 to 90 days) and those overdue bear interest.

- (c) On March 22, 2021, the Company received Tax Court Resolution N° 00905-4-21 that declares the calculation of Mining Royalty should be based on gross sale of the final product (cement) for the years 2008 and 2009. This is an opposite position to what is established by the Constitutional Court in the STC Exp. N° 1043-2013-PA/TC that declares founded the writ of protection presented by the Company and its right to calculate the Mining Royalty exclusively based on the value of the mining component, without considering in any way the value of the final products derived from industrial and manufacturing processes.

Company has made, under protest, payments of the debts arbitrarily placed in collection. These payments as of December 31, 2023 and 2022 amount to S/29,559,000. To date, the Company has initiated the corresponding legal actions to recover said payments and in the opinion of Management and its external legal advisors, it has a high probability of obtaining a favorable result.

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Notes to the consolidated financial statements (continued)

- (d) The movement of the allowance for expected credit losses is as follows:

	2023	2022	2021
	S/(000)	S/(000)	S/(000)
Opening balance	16,467	14,573	14,358
Additions, note 19	1,707	1,972	563
Recoveries	(126)	(78)	(348)
Ending balance	18,048	16,467	14,573

As of December 31, 2023, the additions include S/1,707,000 related to the provision for expected credit losses for trade receivables (S/1,972,000 and S/563,000 as of December 31, 2022 and 2021, respectively), which are presented in the caption "selling and distribution expenses" on the consolidated statement of profit and loss, see note 19.

- (e) The aging analysis of trade and other accounts receivable as of December 31, 2023 and 2022, is as follows:

As of December 31,	Neither past due nor		Past due but not impaired				
	Total	impaired	< 30 days	30-60 days	61-90 days	91-120 days	> 120 days
2023	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)

Expected credit loss rate	% 8.7	% 0.2	% 1.0	% 0.8	% 7.6	% 20.5	% 64.4
<b>Carrying amount 2023</b>	103,562	62,120	20,566	4,525	2,435	1,195	12,721
<b>Expected credit loss</b>	9,014	147	206	37	186	245	8,193

As of December 31, 2022	Neither past due nor impaired		Past due but not impaired				
	Total		< 30 days	30-60 days	61-90 days	91-120 days	> 120 days
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Expected credit loss rate	8.2%	0.1%	1.5%	3.5%	2.1%	-	59.4%
<b>Carrying amount 2022</b>	90,465	63,676	8,538	3,807	2,573	-	11,871
<b>Expected credit loss</b>	7,433	64	124	135	55	-	7,055

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Notes to the consolidated financial statements (continued)

## 8. Inventories

(a) This caption is made up as follows:

	2023 S/(000)	2022 S/(000)
Goods and finished products	16,488	18,903
Work in progress	173,569	186,281
Raw materials	329,598	397,096
Packages and packing	3,944	5,245
Fuel	3,899	3,642
Spare parts and supplies	251,006	260,742
Inventory in transit	12,570	13,060
	<u>791,074</u>	<u>884,969</u>

(b) As of December 31, 2023 and 2022, the amount of the provision for inventory obsolescence amounts to S/27,525,000 and S/24,905,000, respectively. In the years 2023, 2022 and 2021, the net effect recognized in the consolidated statement of profit or loss for S/2,956,000, S/1,977,000 and S/3,348,000, respectively.

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Notes to the consolidated financial statements (continued)

## 9. Property, plant and equipment

(a) The composition and movement in property, plant and equipment for two years ended December 31, 2023 and 2022 is presented below:

	Mining concessions (b)	Mine development costs (b)	Land	Buildings and other construction	Machinery, equipment and related spare parts	Furniture and accessories	Transportation units	Computer equipment and tools	Quarry rehabilitation costs	Capitalized interest (f)	Work in progress (d) and units in transit	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Cost</b>												
<b>As of January 1, 2022</b>	75,914	58,002	256,552	693,085	1,697,655	10,706	113,351	34,428	9,030	65,007	62,140	3,075,870
Additions	-	7,311	868	-	13,085	318	658	2,849	2,745	3,158	143,540	174,532
Sales and/or retirement	-	-	(2,285)	-	(4,978)	(14)	(2,654)	(228)	-	-	(398)	(10,557)
Disposals	-	-	-	(1,600)	(17,075)	(28)	(4,460)	(481)	-	-	-	(23,644)
Transfers, note 10	-	529	-	3,069	22,853	98	442	4,736	-	-	(32,461)	(734)
<b>As of December 31, 2022</b>	75,914	65,842	255,135	694,554	1,711,540	11,080	107,337	41,304	11,775	68,165	172,821	3,215,467
Additions	36,184	19,870	3,449	-	25,891	432	160	3,209	4,458	6,132	174,435	274,220
Sales and/or retirement	-	(101)	-	-	(41,075)	(162)	(2,064)	(316)	-	-	(559)	(44,277)
Transfers, note 10	-	(14,521)	-	127,675	186,727	(271)	(50)	990	-	-	(30,616)	(66)
<b>As of December 31, 2023</b>	112,098	71,090	258,584	822,229	1,883,083	11,079	105,383	45,187	16,233	74,297	46,081	3,445,344
<b>Accumulated depreciation</b>												
<b>As of January 1, 2022</b>	12,328	10,484	-	158,455	705,454	7,871	78,163	22,456	2,382	9,021	-	1,006,614
Additions	72	387	-	18,818	95,486	575	7,398	3,595	140	1,521	-	127,992

Sales and/or retirement	-	-	-	-	(3,990)	(12)	(2,269)	(194)	-	-	-	(6,465)
Disposals	-	-	-	(795)	(13,425)	(26)	(4,278)	(428)	-	-	-	(18,952)
Transfers, note 10	-	(3)	-	-	-	-	-	-	-	-	-	(3)
<b>As of December 31, 2022</b>	<b>12,400</b>	<b>10,868</b>	<b>-</b>	<b>176,478</b>	<b>783,525</b>	<b>8,408</b>	<b>79,014</b>	<b>25,429</b>	<b>2,522</b>	<b>10,542</b>	<b>-</b>	<b>1,109,186</b>
Additions	72	422	-	20,113	98,915	516	6,252	3,606	128	1,625	-	131,649
Sales and/or retirement	-	(56)	-	-	(22,620)	(153)	(1,896)	(201)	-	-	-	(24,926)
Transfers, note 10	-	-	-	2,065	(2,030)	-	(35)	-	-	-	-	-
<b>As of December 31, 2023</b>	<b>12,472</b>	<b>11,234</b>	<b>-</b>	<b>198,656</b>	<b>857,790</b>	<b>8,771</b>	<b>83,335</b>	<b>28,834</b>	<b>2,650</b>	<b>12,167</b>	<b>-</b>	<b>1,215,909</b>
<b>Impairment (g)</b>												
<b>As of December 31, 2022</b>	<b>42,859</b>	<b>24,048</b>	<b>3,624</b>	<b>13,579</b>	<b>12,918</b>	<b>200</b>	<b>26</b>	<b>454</b>	<b>-</b>	<b>-</b>	<b>735</b>	<b>98,443</b>
Additions (g)	9,197	525	361	17,459	17,669	8	1	-	-	1,413	2,686	49,319
Disposals	-	-	-	-	(17,669)	(8)	(1)	-	-	-	-	(17,678)
<b>As of December 31, 2023</b>	<b>52,056</b>	<b>24,573</b>	<b>3,985</b>	<b>31,038</b>	<b>12,918</b>	<b>200</b>	<b>26</b>	<b>454</b>	<b>-</b>	<b>1,413</b>	<b>3,421</b>	<b>130,084</b>
<b>Net book value</b>												
<b>As of December 31, 2022</b>	<b>20,655</b>	<b>30,926</b>	<b>251,511</b>	<b>504,497</b>	<b>915,097</b>	<b>2,472</b>	<b>28,297</b>	<b>15,421</b>	<b>9,253</b>	<b>57,623</b>	<b>172,086</b>	<b>2,007,838</b>
<b>As of December 31, 2023</b>	<b>47,570</b>	<b>35,283</b>	<b>254,599</b>	<b>592,535</b>	<b>1,012,375</b>	<b>2,108</b>	<b>22,022</b>	<b>15,899</b>	<b>13,583</b>	<b>60,717</b>	<b>42,660</b>	<b>2,099,351</b>

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## Notes to the consolidated financial statements (continued)

- (b) Mining concessions mainly include net acquisition costs of S/15,488,000 related to coal concessions acquired through a purchase option executed from 2011 to 2013. The caption also includes some concessions acquired by the Group for exploration activities related to the cement business, such as that acquired in January 2023 for S/34,350,000, through the purchase of the company Corporación Materiales Piura S.A.C.
- (c) The Group has assessed the recoverable amount of its remaining long-term assets and, except the assets as specifically mentioned in (b), did not find indicators of an impairment for these assets as of December 31, 2023 and 2022.
- (d) Work in progress included in property, plant and equipment as of December 31, 2023 and 2022 is mainly related to complementary facilities of the cement plants.
- (e) As of December 31, 2023, the Group maintains accounts payable related to the acquisition of property, plant and equipment for S/9,379,000 (S/14,560,000 as of December 31, 2022), see note 11.
- (f) The borrowing costs are mainly related to the construction of the cement plant located in Piura and to a lesser extent to the construction of the Clinker Lines Optimization Project – Kiln 4 in the city of Pacasmayo. Both plants are already in operation.
- (g) In previous years management recognized a full impairment related to the total net book value of a closed zinc mining unit which included concession costs, development costs and related facilities and equipment.

At the end of 2023, Management recognized a specific impairment to retirement for the net value of the assets of the vertical clinker kilns located at the Pacasmayo cement plant for a net cost of S/36,551,000. This deterioration estimate was carried out as a consequence of replacing the old technology of these kilns due to the entry into operation of the Clinker Lines Optimization Project – Kiln 4 in said plant, which is more efficient and produces fewer emissions. This amount was recorded in the impairment to retirement of property, plant and equipment item in the consolidated statement of profit or loss.

Likewise, Management recognized a specific impairment to retirement of the value of the coal concessions (northern zone) for S/11,393,000, recorded in other operating (expenses) income item of the consolidated statement of profit or loss.

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## Notes to the consolidated financial statements (continued)

### 10. Intangibles assets, net

- (a) The composition and movement of this caption as of the date of the consolidated statement of financial position is presented below:

	IT applications	Finite life intangible	Indefinite life intangible	Exploration cost and mining evaluation (b)	Total
Cost	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>As of January 1, 2022</b>	<b>41,423</b>	<b>24,543</b>	<b>1,975</b>	<b>51,279</b>	<b>119,220</b>

Additions	14,564	-	-	417	14,981
Disposals	) (27	-	-	-	) (27
Transfers and reclassifications, note 9	107	-	-	627	734
<b>As of December 31, 2022</b>	<b>56,067</b>	<b>24,543</b>	<b>1,975</b>	<b>52,323</b>	<b>134,908</b>
Additions	15,667	-	-	523	16,190
Sales and/or retirement	) (593	-	-	-	) (593
Transfers and reclassifications, note 9	66	-	-	-	66
<b>As of December 31, 2023</b>	<b>71,207</b>	<b>24,543</b>	<b>1,975</b>	<b>52,846</b>	<b>150,571</b>
<b>Accumulated amortization</b>					
<b>As of January 1, 2022</b>	<b>18,025</b>	<b>8,165</b>	<b>71</b>	<b>8,996</b>	<b>35,257</b>
Additions	5,833	2,454	-	575	8,862
Transfers and reclassifications, note 9	-	-	-	3	3
<b>As of December 31, 2022</b>	<b>23,858</b>	<b>10,619</b>	<b>71</b>	<b>9,574</b>	<b>44,122</b>
Additions	6,939	2,454	-	313	9,706
Sales and/or retirement	) (554	-	-	-	) (554
<b>As of December 31, 2023</b>	<b>30,243</b>	<b>13,073</b>	<b>71</b>	<b>9,887</b>	<b>53,274</b>
<b>Impairment</b>					
<b>As of December 31, 2022</b>	<b>456</b>	<b>-</b>	<b>-</b>	<b>33,469</b>	<b>33,925</b>
Additions	-	-	-	452	452
<b>As of December 31, 2023</b>	<b>456</b>	<b>-</b>	<b>-</b>	<b>33,921</b>	<b>34,377</b>
<b>Net Carrying Value</b>					
<b>As of December 31, 2022</b>	<b>31,753</b>	<b>13,924</b>	<b>1,904</b>	<b>9,280</b>	<b>56,861</b>
<b>As of December 31, 2023</b>	<b>40,508</b>	<b>11,470</b>	<b>1,904</b>	<b>9,038</b>	<b>62,920</b>

- (b) As of December 31, 2023 and 2022, the exploration cost and mining evaluation include mainly capital expenditures related to the coal project and to other minor projects related to the cement business.
- (c) As of December 31, 2023 and 2022, the Group evaluated the conditions of use of the projects related to the exploration and mining evaluation costs and its other intangibles, not finding any indicators of impairment in said assets, except specific additions to retirements for the year 2023.

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Notes to the consolidated financial statements (continued)

## 11. Trade and other payables

- (a) This balance is made up as follows:

	2023 S/(000)	2022 S/(000)
Trade payables (b)	107,327	156,586
Interest payable (d)	29,828	26,611
Remuneration payable	27,792	22,245
Advances from customers	15,726	14,702
Taxes and contributions	17,225	11,347
Dividends payable, note 15(g)	10,322	9,764
Accounts payable related to the acquisition of property, plant and equipment, note 9(e)	9,379	14,560
Board of Directors' fees	4,700	5,191
Guarantee deposits	3,488	4,127
Account payable to the principal and affiliates, note 22	516	2,686
Hedge finance cost payable	-	5,978
Other accounts payable	5,208	10,757
	<b>231,511</b>	<b>284,554</b>

- (b) Trade accounts payable result from the purchases of material, services and supplies for the Group's operations, and mainly correspond to invoices payable to domestic suppliers. Trade payables are non-interest bearing and are normally settled within 60 to 120 days term.
- (c) Other payables are non-interest bearing and have an average term of 3 months.
- (d) Interest payable is normally settled semiannually throughout the financial year.

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Notes to the consolidated financial statements (continued)

## 12. Provisions

(a) This balance is made up as follows:

	Workers' profit-sharing (b) S/(000)	Long-term incentive plan (c) S/(000)	Quarry Rehabilitation provision (d) S/(000)	Provision of legal contingencies S/(000)	Total S/(000)
<b>At January 1, 2022</b>	24,269	22,513	11,036	3,090	60,908
Additions (b), note 20	32,161	8,272	-	1,368	41,801
Exchange difference	-	-	(495)	-	(495)
Unwinding of discounts, note 21	-	1,200	91	-	1,291
Change in estimate	-	-	2,745	-	2,745
Payments and advances	(25,097)	-	-	(2,182)	(27,279)
<b>At December 31, 2022</b>	<b>31,333</b>	<b>31,985</b>	<b>13,377</b>	<b>2,276</b>	<b>78,971</b>
<b>Current portion</b>	<b>31,333</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,333</b>
<b>Non-current portion</b>	<b>-</b>	<b>31,985</b>	<b>13,377</b>	<b>2,276</b>	<b>47,638</b>
	<b>31,333</b>	<b>31,985</b>	<b>13,377</b>	<b>2,276</b>	<b>78,971</b>
<b>At January 1, 2023</b>	31,333	31,985	13,377	2,276	78,971
Additions (b), note 20	35,258	7,632	-	-	42,890
Exchange difference	-	-	(292)	-	(292)
Unwinding of discounts, note 21	-	1,691	133	-	1,824
Change in estimate	-	-	4,458	-	4,458
Payments and advances	(32,263)	(11,625)	-	-	(43,888)
<b>At December 31, 2023</b>	<b>34,328</b>	<b>29,683</b>	<b>17,676</b>	<b>2,276</b>	<b>83,963</b>
<b>Current portion</b>	<b>34,328</b>	<b>22,182</b>	<b>-</b>	<b>-</b>	<b>56,510</b>
<b>Non-current portion</b>	<b>-</b>	<b>7,501</b>	<b>17,676</b>	<b>2,276</b>	<b>27,453</b>
	<b>34,328</b>	<b>29,683</b>	<b>17,676</b>	<b>2,276</b>	<b>83,963</b>

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Notes to the consolidated financial statements (continued)

(b) Workers' profit sharing -

In accordance with Peruvian legislation, the Group is obliged to pay its employees profit sharing of between 8% and 10% of annual taxable income. Distributions to employees under the plan are based 50% on the number of days that each employee worked during the preceding year and 50% on proportionate annual salary levels.

The workers' profit sharing is recognized in the following line items:

	2023 S/(000)	2022 S/(000)	2021 S/(000)
Cost of sales, note 20	15,244	15,165	13,887
Administrative expenses, note 20	15,210	12,520	8,935
Selling and distribution expenses, note 20	3,804	3,287	2,227
Investment	1,000	1,189	116
	<b>35,258</b>	<b>32,161</b>	<b>25,165</b>

(c) Long-term incentive plan -

In 2011, the Group implemented a compensation plan for its key management. This long-term benefit is payable in cash, based on the salary of each officer and depends on the years of service of each officer in the Group. According to the latest plan update, the executive would receive the equivalent of an annual salary for each year of service beginning to accrue from 2019. This benefit accrues and accumulates for each officer and is payable in two installments: the first payment will be made on the sixth year after the creation of this bonus plan, and the last payment at the end of the ninth year from the creation of the plan. If the executive decides to voluntarily leave the Group before a scheduled distribution, they will not receive this compensation. The Group used the Projected Unit Credit Method to determine the present value of this deferred obligation and the related current deferred cost, considering the expected increases in salary base and the corresponding current government bond discount rate (risk-free rate).

(d) Quarry Rehabilitation provision -

As of December 31, 2023 and 2022, it corresponds to the provision for the future costs of rehabilitating the quarries exploited in Company's operations. The provision has been created based on studies made by internal specialists. Management believes that the assumptions used, based on current economic environment, are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to consider any material change to the assumptions.

However, actual quarry rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required to reflect future economic conditions.

Future cash flows have been estimated based on financial budgets approved by Management. The range of the risk-free discount rate in dollars used in the calculation of the provision as of December 31, 2023 was from 0.52 to 4.20 percent and the risk-free discount rate in dollars used in the calculation of the provision as of December 31, 2022 was from 0.54 to 4.14 percent.

Management expects to incur a significant part of this obligation in the medium and long-term. The Group estimates that this liability is sufficient according to the current environmental protection laws approved by the Ministry of Energy and Mines of Peru.

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Notes to the consolidated financial statements (continued)

### 13. Financial obligations

(a) This caption is made up as follows:

	Currency	Nominal interest rate	Maturity	2023 S/(000)	2022 S/(000)
<b>Short-term promissory notes</b>					
Banco de Crédito del Perú	S/	9.44%	January 22, 2024	38,000	-
BBVA Perú	S/	9.78%	January 19, 2024	38,000	-
BBVA Perú	S/	8.83%	March 15, 2024	19,000	-
BBVA Perú	S/	8.83%	March 15, 2024	19,000	-
BBVA Perú	S/	6.98%	December 12, 2024	25,300	-
BBVA Perú	S/	6.98%	December 12, 2024	25,300	-
BBVA Perú	S/	6.98%	December 12, 2024	25,400	-
BBVA Perú	S/	7.32%	November 22, 2024	19,000	-
BBVA Perú	S/	7.32%	November 22, 2024	19,000	-
Banco de Crédito del Perú	S/	8.93%	December 18, 2023	-	38,000
Banco de Crédito del Perú	S/	8.93%	December 18, 2023	-	38,000
				<u>228,000</u>	<u>76,000</u>
<b>Senior Notes (b)</b>					
Principal, net of issuance costs (b.2)	S/	6.69%	February 1, 2029	259,686	259,625
Principal, net of issuance costs (b.2)	S/	6.84%	February 1, 2034	309,506	309,457
Principal, net of issuance costs (b.1)	US\$	4.50%	February 8, 2023	-	502,699
				<u>569,192</u>	<u>1,071,781</u>
<b>Short and long-term Corporate Loan under "Club deal" (c)</b>					
Banco de Crédito del Perú	S/	5.82%	December 1, 2028	387,917	222,695
Scotiabank	S/	5.82%	December 1, 2028	387,917	222,695
				<u>775,834</u>	<u>445,390</u>
				<u>1,573,026</u>	<u>1,593,171</u>
<b>Maturity</b>					
Current				383,146	618,907
Non-current				1,189,880	974,264
				<u>1,573,026</u>	<u>1,593,171</u>

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Notes to the consolidated financial statements (continued)

(b) *Senior Notes-*

(b.1) *Senior Notes in US dollars*

Until February 2023, the Company had outstanding corporate bonds which were denominated in US dollars. These bonds were issued in January 2013. The cross currency swaps maintained by the Company to hedge the exchange rate variations of corporate bonds were executed and settled in full in correlation with the payment of these corporate bonds.

(b.2) *Senior Notes in Soles*

The General Shareholders' Meeting held on January 8, 2019, approved the issuance of Senior Notes denominated in soles in the local market up to the maximum amount of S/1,000,000,000 through the Second Corporate Bonds Program of Pacasmayo, whose purpose was to settle the mid-term loans described in the previous paragraph. On January 31, 2019, senior notes were issued for: i) S/260,000,000 at a rate of 6.688 percent per year and maturity of 10 years and; ii) S/310,000,000 at a rate of 6.844 percent per year and maturity of 15 years.

The Senior Notes in soles issued in 2019 are guaranteed by the following Company's subsidiaries: Cementos Selva S.A.C., Distribuidora Norte Pacasmayo S.R.L., Empresa de Transmisión Guadalupe S.A.C. and Dinosevsa Iquitos S.A.C.

(b.3) *Financial covenants*

The financial covenants related to the Senior Notes denominated issued in US dollars and soles state that if the Company and its guarantor subsidiaries issue debt or equity instruments, merges with another company or dispose or rents significant assets, the Senior Notes will trigger the following financial covenants, calculated based on the Company and Guarantee Subsidiaries annual consolidated financial statements:

- A fixed charge covenant ratio of at least 2.5 to 1.
- A consolidated debt-to-EBITDA ratio of no greater than 3.5 to 1.

As of December 31, 2023 and 2022, these covenants have not been activated because no situation has occurred that requires their measurement, as indicated in the previous paragraph.

For the years ended December 31, 2023, 2022 and 2021, senior notes generated interest that has been recognized in the consolidated statement of profit or loss for S/38,690,000, S/60,225,000 and S/63,333,000, respectively, see note 21.

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Notes to the consolidated financial statements (continued)

(c) Medium-term Corporate Loan under "Club Deal" modality:

On August 6, 2021, the Company established the conditions of a medium-term corporate loan under "Club Deal" modality with Banco de Crédito del Perú S.A. and Scotiabank Perú S.A.A. The loan amounts to S/860,000,000 that allowed the payment of all the financial obligations that the Company maintains with a maturity until February 2023. The loan conditions include a grace / availability period of 18 months from August 6 and a payment term of 7 years from the last disbursement, which was in February 2023. Since that date, the loan will be paid in 22 equal quarterly installments and has an annual interest rate of 5.82 percent.

As part of the loan conditions, the Company assumed the following obligations:

I. Comply with the following financial covenants:

- a. Debt Ratio (Financial Debt / EBITDA)  $\leq$  3.50x
- b. Debt Service Coverage Ratio (FCSD / SD)  $\geq$  1.15x
- c. Debt Service Coverage Ratio (EBITDA / SD)  $\geq$  1.50x

These financial safeguards will be calculated and verified at the end of each calendar quarter, considering the information of the consolidated financial statements of the Company for the last 12 months, prepared in accordance with IFRS.

As of December 31, 2023 and 2022, the Company complies with the ratios contained in the conditions of the Club Deal and corporate bonds and has certain do's and don'ts obligations that it has been complying with to date.

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Notes to the consolidated financial statements (continued)

14. **Deferred income tax assets and liabilities**

The following is the composition of the caption according to the items that originated it:

	As of January 1, 2022	Effect on profit or loss	Quarry rehabilitation provision	Effect on OCI	As of December 31, 2022	Effect on profit or loss	Effect on OCI	Quarry rehabilitation provision	As of December 31, 2023
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Movement of deferred income tax assets:</b>									
<b>Deferred income tax assets</b>									
Allowance for expected credit losses for trade receivables	1,533	555	-	-	2,088	473	-	-	2,561
Provision for vacations	1,905	196	-	-	2,101	114	-	-	2,215
Provision of discounts and bonuses to customers	2,227	(448)	-	-	1,779	85	-	-	1,864
Effect of differences between book and tax bases of fixed assets	(644)	986	-	-	342	934	-	-	1,276



Legal claim contingency	461	-	-	-	461	-	-	-	461
Lease liabilities	819	(119)	-	-	700	(259)	-	-	441
Estimate for devaluation of spare parts and supplies	432	3	-	-	435	(13)	-	-	422
Effect of differences between book and tax bases of inventories	55	-	-	-	55	-	-	-	55
Effect of tax-loss carry forward	1,711	(1,018)	-	-	693	(693)	-	-	-
Allowance for expected credit losses for other receivables	974	(974)	-	-	-	-	-	-	-
Other	604	290	-	-	894	1,537	-	-	2,431
	10,077	(529)	-	-	9,548	2,178	-	-	11,726
<b>Deferred income tax liabilities</b>									
Right of use assets	(648)	88	-	-	(560)	245	-	-	(315)
Other	17	-	-	-	17	-	-	-	17
	(631)	88	-	-	(543)	245	-	-	(298)
<b>Total deferred income tax assets</b>	9,446	(441)	-	-	9,005	2,423	-	-	11,428
<b>Movement of deferred income tax liabilities:</b>									
<b>Deferred income tax assets</b>									
Impairment on brine project assets Salmueras	17,818	212	-	-	18,030	215	-	-	18,245
Impairment of assets	-	-	-	-	-	8,928	-	-	8,928
Long-term incentive plan	6,641	2,794	-	-	9,435	(679)	-	-	8,756
Impairment of mining assets	6,704	951	-	-	7,655	(275)	-	-	7,380
Financial instruments designated at fair value through OCI	6,640	-	-	167	6,807	-	7	-	6,814
Provision for spare parts and supplies obsolescence	5,708	216	-	-	5,924	759	-	-	6,683
Quarry rehabilitation provision	2,726	27	810	-	3,563	802	-	1,373	5,738
Provision for vacations	3,681	203	-	-	3,884	336	-	-	4,220
Legal claim contingency	930	(502)	-	-	428	798	-	-	1,226
Allowance for expected credit losses for trade receivables	635	18	-	-	653	454	-	-	1,107
Lease liabilities	450	(240)	-	-	210	-	-	-	210
Other	328	-	-	-	328	1,118	-	-	1,446
	52,261	3,679	810	167	56,917	12,456	7	1,373	70,753
<b>Deferred income tax liabilities</b>									
Effect of differences between book and tax bases of fixed assets and in the depreciation rates	(190,178)	3,752	(810)	-	(187,236)	199	-	(1,373)	(188,410)
Effect of costs of issuance of senior notes	(2,685)	314	-	-	(2,371)	391	-	-	(1,980)
Right of use assets	(746)	354	-	-	(392)	(805)	-	-	(1,197)
Net gain on cash flow hedge	(7,414)	36	-	(1,133)	(8,511)	9,145	(634)	-	-
Other	(42)	-	-	-	(42)	-	-	-	(42)
	(201,065)	4,456	(810)	(1,133)	(198,552)	8,930	(634)	(1,373)	(191,629)
<b>Total deferred income tax liabilities, net</b>	(148,804)	8,135	-	(966)	(141,635)	21,386	(627)	-	(120,876)
		7,694		(966)		23,809	(627)		

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## Notes to the consolidated financial statements (continued)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities, and the tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The legal right is defined for each individual determination of the income tax of the Company and its Subsidiaries.

A reconciliation between tax expense and the product of the accounting profit multiplied by Peruvian tax rate for the years ended December 31, 2023, 2022 and 2021 are as follows:

	2023	2022	2021
	S/(000)	S/(000)	S/(000)
Profit before income tax	245,708	262,420	224,110
Income tax expense calculated at the statutory income tax rate of 29.5%	(72,484)	(77,414)	(66,112)
<b>Permanent differences</b>			
Non-deductible expenses, net	(2,369)	(7,415)	(4,070)
Effect of tax-loss carry forward not recognized	(1,955)	(763)	(758)
<b>Income tax expense the effective income tax rate of 31% in 2023 (2022: 33% and 2021: 32%)</b>	<b>(76,808)</b>	<b>(85,592)</b>	<b>(70,940)</b>

The components of the deferred income tax related to the items recognized in the OCI during the years ended December 31, 2023, 2022 and 2021, are as follow:

	2023	2022	2021
	S/(000)	S/(000)	S/(000)
<b>Consolidated statement of profit or loss</b>			
Current	(100,617)	(93,286)	(71,385)
Deferred	23,809	7,694	445
	<b>(76,808)</b>	<b>(85,592)</b>	<b>(70,940)</b>

As of December 31, 2023, 2022 and 2021, the Group had not recognized a deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's subsidiaries. The Group has determined that the timing differences will be reversed by means of dividends to be received in the future that, according to the current tax rules in effect in Peru, are not subject to income tax.

As of December 31, 2023, certain subsidiaries of the Group had tax loss carryforwards of S/44,725,000 (2022: S/25,424,000). These tax loss carryforwards do not expire, are related to subsidiaries that have a history of losses for some time and cannot be used to offset future taxable profits of other Group subsidiaries. No deferred tax assets have been recognized in relation to these tax loss carryforwards, since there are no possibilities of tax planning opportunities or other evidence of recovery in the near future.

For information purposes, the temporary difference associated with investments in subsidiaries, would generate an aggregate deferred tax liability amounting to S/126,972,000 (2022: S/104,842,000), which should not be recognized in the consolidated financial statements as it is not expected to reverse in the foreseeable future and the Company is in control of such reversal.

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Notes to the consolidated financial statements (continued)

## 15. Equity

### (a) Capital stock -

As of December 31, 2023 and 2022, share capital was represented by 423,868,449 authorized common shares subscribed and fully paid, with a nominal value of one Soles per share. As of December 31, 2023, the total outstanding common shares were as follows; 35,753,501 were listed on the New York Stock Exchange and 388,114,948 were listed on the Lima Stock Exchange. As of December 31, 2022 of the total outstanding common shares; 34,060,726 were listed on the New York Stock Exchange and 389,807,723 were listed on the Lima Stock Exchange.

### (b) Investment shares -

Investment shares do not have voting rights or participate in shareholder's meetings or the appointment of directors. Investment shares confer upon the holders thereof the right to participate in dividends distributed according to their nominal value, in the same manner as common shares. Investment shares also confer the holders thereof the right to:

- (i) maintain the current proportion of the investment shares in the case of capital increase by new contributions;
- (ii) increase the number of investment shares upon capitalization of retained earnings, revaluation surplus or other reserves that do not represent cash contributions;
- (iii) participate in the distribution of the assets resulting from liquidation of the Company in the same manner as common shares; and,
- (iv) redeem the investment shares in case of a merger and/or change of business activity of the Company.

As of December 31, 2023 and 2022, the Company had 40,278,894 investment shares subscribed and fully paid, with a nominal value of one Sol per share.

### (c) Treasury shares -

As of December 31, 2023 and 2022, the Company maintains 36,040,497 investment shares held in treasury amounting to S/121,258,000.

### (d) Additional paid-in capital -

As of December 31, 2023 and 2022, the additional capital amounted to S/432,779,000 and arises mainly as a result of the excess of total proceeds obtained versus par value in the issuance of 111,484,000 common shares and 927,783 investment shares corresponding to a public offering of American Depositary Shares (ADS) registered with the New York Stock Exchange and Lima Stock Exchange.

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Notes to the consolidated financial statements (continued)

### (e) Legal reserve -

Provisions of the General Corporation Law require that a minimum of 10 per cent of the distributable earnings for each period, after deducting the income tax, be transferred to a legal reserve until such is equal to 20 per cent of the capital. This legal reserve can offset losses or can be capitalized, and in both cases, there is the obligation to replenish it.

### (f) Other accumulated comprehensive results -

This reserve records fair value changes on available-for-sale financial assets and the unrealized results of cash flow hedges.

### (g) Distributions made and proposed –

	2023	2022	2021
Approval date by Board of Directors	November 7, 2023	October 10, 2022	April 29, 2021
Declared dividends per share to be paid in cash S/.	0.41000	0.42000	0.79000

Declared dividends S/(000):	175,524	179,805	338,204
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As of December 31, 2023 and 2022, dividends payable amounted to S/10,322,000 and S/9,764,000, respectively, see note 11.

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Notes to the consolidated financial statements (continued)

#### 16. Sales of goods

This caption is made up as follows:

For the year ended of December 31, 2023						
	Cement	Concrete and mortar	Precast	Construction supplies	Other	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Segments</b>						
Sale of cement, concrete, mortar and precast	1,642,420	182,278	25,540	-	-	1,850,238
Sale of construction supplies	-	-	-	74,096	-	74,096
Sale of other	-	-	-	-	25,741	25,741
	<u>1,642,420</u>	<u>182,278</u>	<u>25,540</u>	<u>74,096</u>	<u>25,741</u>	<u>1,950,075</u>
For the year ended of December 31, 2022						
	Cement	Concrete and mortar	Precast	Construction supplies	Other	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Segments</b>						
Sale of cement, concrete, mortar and precast	1,742,704	189,945	31,177	-	-	1,963,826
Sale of construction supplies	-	-	-	114,024	-	114,024
Sale of other	-	-	-	-	37,896	37,896
	<u>1,742,704</u>	<u>189,945</u>	<u>31,177</u>	<u>114,024</u>	<u>37,896</u>	<u>2,115,746</u>
For the year ended of December 31, 2021						
	Cement	Concrete and mortar	Precast	Construction supplies	Other	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Segments</b>						
Sale of cement, concrete, mortar and precast	1,534,867	213,565	36,055	-	-	1,784,487
Sale of construction supplies	-	-	-	113,905	-	113,905
Sale of other	-	-	-	-	39,375	39,375
	<u>1,534,867</u>	<u>213,565</u>	<u>36,055</u>	<u>113,905</u>	<u>39,375</u>	<u>1,937,767</u>

For all segments, performance obligations are met at the time of delivery of the goods and the terms of payment are usually between 30 and 90 days from the date of dispatch.

For all segments, the amounts presented as sales of the different products are already net of discounts and bonuses.

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Notes to the consolidated financial statements (continued)

#### 17. Cost of sales

This caption is made up as follows:

	2023	2022	2021
	S/(000)	S/(000)	S/(000)
Beginning balance of goods and finished products	20,037	25,304	12,877
Beginning balance of work in progress	186,937	135,008	114,246

Consumption of miscellaneous supplies	429,069	607,518	566,781
Maintenance and third-party services	244,722	277,250	242,412
Shipping costs	177,393	201,849	196,064
Depreciation and amortization	125,494	121,871	118,998
Personnel expenses, note 20(b)	125,318	125,683	113,513
Costs of packaging	66,456	81,023	71,580
Other manufacturing expenses	76,337	95,183	102,177
Ending balance of goods and finished products	(16,916)	(20,037)	(25,304)
Ending balance of work in progress	(174,224)	(186,937)	(135,008)
	<u>1,260,623</u>	<u>1,463,715</u>	<u>1,378,336</u>

#### 18. Administrative expenses

This caption is made up as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	S/(000)	S/(000)	S/(000)
Personnel expenses, note 20(b)	125,072	116,748	96,891
Third-party services	68,329	72,172	59,896
Depreciation and amortization	18,002	16,667	16,569
Donations	9,028	8,494	9,067
Board of Directors compensation	6,788	6,112	6,397
Taxes	5,941	5,669	5,563
Consumption of supplies	1,551	1,715	1,686
	<u>234,711</u>	<u>227,577</u>	<u>196,069</u>

#### 19. Selling and distribution expenses

This caption is made up as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	S/(000)	S/(000)	S/(000)
Personnel expenses, note 20(b)	41,642	42,300	33,867
Third-party services	12,270	11,106	9,733
Advertising and promotion	7,548	6,417	5,637
Allowance for expected credit losses, note 7(d)	1,707	1,972	563
Other	3,658	3,442	1,720
	<u>66,825</u>	<u>65,237</u>	<u>51,520</u>

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Notes to the consolidated financial statements (continued)

#### 20. Employee benefits expenses

(a) Employee benefits expenses are made up as follow:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	S/(000)	S/(000)	S/(000)
Wages and salaries	162,252	165,530	138,675
Workers 'profit sharing, note 12(b)	34,258	30,972	25,049
Social contributions	33,868	32,966	28,842
Legal bonuses	23,013	20,556	19,620
Vacations	22,226	18,481	18,032
Long-term incentive plan, note 12	7,632	8,272	9,763
Cessation payments	6,308	4,511	2,203
Training	1,332	2,307	1,408
Other	1,143	1,136	679
	<u>292,032</u>	<u>284,731</u>	<u>244,271</u>

(b) Employee benefits expenses are allocated as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	S/(000)	S/(000)	S/(000)
Cost of sales, note 17	125,318	125,683	113,513
Administrative expenses, note 18	125,072	116,748	96,891

Selling and distribution expenses, note 19	41,642	42,300	33,867
	<u>292,032</u>	<u>284,731</u>	<u>244,271</u>

## 21. Finance costs

This caption is made up as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	S/(000)	S/(000)	S/(000)
Interest on senior notes, note 13 (b.1) and 13 (b.2)	38,690	60,225	63,333
Interest on Club Deal promissory note and loan, note 13(c)	59,643	14,920	7,326
Finance cost on cross currency swaps	1,730	15,155	15,046
Expenses for the purchase and amortization of issuance costs of senior notes	1,249	1,027	815
Interest on lease liabilities	573	317	383
Counterparty credit risk in cross currency swaps	12	62	848
Interest for bank overdraft	31	-	-
Other	<u>293</u>	<u>2,108</u>	<u>479</u>
<b>Total interest expense</b>	102,221	93,814	88,230
Unwinding of discount of provisions, note 12	<u>1,824</u>	<u>1,291</u>	<u>735</u>
	<u>104,045</u>	<u>95,105</u>	<u>88,965</u>

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Notes to the consolidated financial statements (continued)

## 22. Related parties

Transactions with related entities -

During 2023, 2022 and 2021, the Company carried out the following transactions with its parent company Inversiones ASPI S.A. and its other related parties:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	S/(000)	S/(000)	S/(000)
<b>Income</b>			
<b>Parent</b>			
Inversiones ASPI S.A. (ASPI)			
Income from office lease	16	16	20
Fees for management and administrative services	88	100	98
<b>Other related parties</b>			
Compañía Minera Ares S.A.C. (Ares)			
Income from land lease, note 24	1,150	1,200	1,230
Income from office lease	259	244	332
Fossal S.A.A. (Fossal)			
Income from office lease	16	16	18
Fees for management and administrative services	44	52	52
Fosfatos del Pacífico S.A. (Fospac)			
Income from office lease	16	16	19
Fees for management and administrative services	143	46	155
Asociación Sumac Tarpuy			
Income from office lease	16	16	20
<b>Expense</b>			
<b>Other related parties</b>			
Security services provided by Compañía Minera Ares S.A.C.	(1,940)	(2,110)	(2,836)
<b>Loans</b>			
<b>Other related parties</b>			
Loans to Fossal S.A.A.	-	-	(14,252)
Loans to Fosfatos del Pacífico S.A.	-	-	(2,869)
Loan collection from Fossal S.A.A.	-	-	14,252
Loan collection from Fosfatos del Pacífico S.A.	-	-	2,869

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As a result of these transactions, the Company had the following rights and obligations as of December 31, 2023 and 2022:

	2023		2022	
	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
	S/(000)	S/(000)	S/(000)	S/(000)
<b>Parent</b>				
Inversiones ASPI S.A.	89	-	-	5
	89	-	-	5
<b>Other related parties</b>				
Fosfatos del Pacifico S.A.	1,413	305	1,123	461
Compañía Minera Ares S.A.C.	315	211	564	2,220
Fossal S.A.A.	52	-	75	-
Other	104	-	96	-
	1,884	516	1,858	2,681
	1,973	516	1,858	2,686

Terms and conditions of transactions with related parties -

Outstanding balances with related parties at the year-end are unsecured and interest free and settlement occurs in cash. For the years ended December 31, 2023, 2022 and 2021, the Group had not recorded an allowance for expected credit losses relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel of the Group –

The compensation paid to key management personnel includes expenses for profit-sharing, compensation and other concepts for members of the Board of Directors and the key management. For the year ended December 31, 2023, the total short-term compensation amounted to S/28,922,000 (2022: S/26,066,000 and 2021: S/22,678,000) and the total long-term compensation amounted to S/7,632,000 (2022: S/8,272,000 and 2021: S/9,763,000), and there were no post-employment or contract termination benefits or share-payments.

## 23. Earnings per share

Basic and diluted earnings per share amounts are calculated by dividing the profit for the year by the weighted average number of common shares and investment shares outstanding during the year.

The calculation of basic and diluted earnings per share is shown below:

	2023	2022	2021
<b>Numerator</b>			
Profit for the year (S/000)	168,900	176,828	153,170
<b>Denominator</b>			
Weighted average number of common and investment shares (thousands of shares)	428,107	428,107	428,107
<b>Basic and diluted earnings per share (S/)</b>	0.39	0.41	0.36

The Group had no dilutive potential ordinary shares as of December 31, 2023, 2022 and 2021.

There have been no other transactions involving common shares or investment shares between the reporting date and the date of the authorization of these consolidated financial statements.

## 24. Commitments and contingencies

### Operating lease commitments – Group as lessor

As of December 31, 2023 and 2022, the Group, as lessor, has a land lease with Compañía Minera Ares S.A.C. a related party of Inversiones ASPI S.A. This lease is renewable annually, and provided an annual rent expense for the years ended December 31, 2023, 2022 and 2021 of S/1,150,000, S/1,200,000 and S/1,230,000, respectively; see note 22.

### Consortium contract –

On December 19, 2022, Distribuidora Norte Pacasmayo S.R.L., subsidiary of the Group, had subscribed a collaboration contract with a third party, with the purpose to participate together in the project “Mejoramiento del Sistema de Pistas y Cerco Perimétrico del Aeropuerto de Piura”. The mentioned contract is valid for a maximum of 2 years and 11 months.

On this matter, the Company has communicated to the tax authority the subscription of the collaboration contract which will take independent accounting and Distribuidora Norte Pacasmayo S.R.L. will be the contracting party that will act as operator of the contract.

### Capital commitments

As of December 31, 2023 and 2022, the Group had no significant capital commitments.

### Usufruct Concessions

In December 2013, the Company signed an agreement with a third party, related to the use of the Virrilá concession, to carry out other non-metallic mining activities related to cement production. This agreement has a term of 30 years, with fixed annual payments of US\$600,000 for the first three years and variable payments for the rest of the contract. The related expense for the years ended December 31, 2023, 2022 and 2021 amounted to S/5,273,000, S/9,445,000 and S/7,280,000 respectively, and was recognized as part of cost of inventory production. As part of this agreement, the Company is required to pay an equivalent amount of S/4.5 for each metric ton of calcareous extracted that is indexed by inflation after the first year of exploitation; the annual royalty may not be less than the equivalent to 850,000 metric tons after the beginning of the fourth year of production.

The Company signed an agreement with two third parties in October 2007, related to usufruct of the Bayovar 4 concession for an indefinite period to extract seashells and other minerals. As consequence, the Group made payments amounting to US\$250,000 for each third party for the first five years and variable payments for the rest of the contract. The related expense as of December 31, 2023 and 2022 amounted to S/1,514,000 and S/1,582,000, respectively, and were recognized as part of the cost of inventory production. As part of this agreement, the Company is required to pay an equivalent amount of US\$5.1 to each third party for every metric ton of calcareous extracted, with the minimum production level for the calculation of 20,000 metric tons every six months following the beginning of the sixth year of production.

### Mining royalty

According with the Royalty Mining Law in force since October 1, 2011, the royalty for the exploitation of metallic and nonmetallic resources is payable on a quarterly basis in an amount equal to the greater of: (i) an amount determined in accordance with a statutory scale of rates based on operating profit margin that is applied to the quarterly operating profit, adjusted by certain items, and (ii) 1% of net sales, in each case during the applicable quarter. These amounts are estimated based on the unconsolidated financial statements of Cementos Pacasmayo S.A.A. and the subsidiaries affected by this mining royalty, prepared in accordance with IFRS. Mining royalty payments will be deductible for income tax purposes in the fiscal year in which such payments are made.

Mining royalty expense paid to the Peruvian Government for 2023, 2022 and 2021 amounted to S/983,000, S/1,193,000 and S/990,000 and, respectively, and is recognized as part of the cost of inventory production.

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## Notes to the consolidated financial statements (continued)

### Tax situation

The Company is subject to Peruvian tax law. As of December 31, 2023, 2022 and 2021, the income tax rate is 29.5 percent of the taxable profit after deducting employee participation, which is calculated at a rate of 8 to 10 percent of the taxable income.

For purposes of determining income tax, transfer pricing for transactions with related companies and companies resident in territories with low or no taxation, must be supported with documentation including information on the valuation methods used and the criteria considered for determination. Based on the operations of the Group, Management and its legal advisors believe that as a result of the application of these standards will not result in significant contingencies for the Group as of December 31, 2023 and 2022.

The tax authority has the power to review and, if applicable, adjust the income tax calculated by each company in the four years subsequent after the year of filing the tax return.

The statements of income tax and value added tax corresponding to the years indicated in the attached table are subject to review by the tax authorities:

Entity	Years open to review by Tax Authority	
	Income tax	Value-added tax
Cementos Pacasmayo S.A.A.	2018 - 2023	Dec. 2018 - 2023
Cementos Selva S.A.C.	2018 - 2023	Dec. 2018 - 2023
Distribuidora Norte Pacasmayo S.R.L.	2018 - 2023	Dec. 2018 - 2023
Empresa de Transmisión Guadalupe S.A.C.	2018 - 2023	Dec. 2018 - 2023
Salmueras Sudamericanas S.A.	2018 - 2023	Dec. 2018 - 2023
Calizas del Norte S.A.C. (liquidated during 2022)	2018 - 2022	Dec. 2018 - 2022
Soluciones Takay S.A.C.	2019 - 2023	May to Dec.2019 - 2023
Corporación Materiales Piura S.A.C.	2019 - 2023	Dec.2018- 2023

Due to possible interpretations that the tax authority may give to legislation in effect, it is not possible to determine whether or not any of the tax audits will result in increased liabilities for the Group. For that reason, tax or surcharge that could arise from future tax audits would be applied to the income of the period in which it is determined. However, in management's opinion and that of its legal advisors, any possible additional payment of taxes would not have a material effect on the consolidated financial statements as of December 31, 2023 and 2022.

### Environmental matters

The Group's exploration and exploitation activities are subject to environmental protection standards.



#### Environmental remediation -

Law No. 28271 regulates environmental liabilities in mining activities. This Law has the objectives of ruling the identification of mining activity's environmental liabilities and financing the remediation of the affected areas. According to this law, environmental liabilities refer to the impact caused to the environment by abandoned or inactive mining operations.

In compliance with the above-mentioned laws, the Group presented environmental impact studies (EIS), declaration of environmental studies (DES) and Environmental Adaptation and Management Programs (EAMP) for its mining concessions.

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#### Notes to the consolidated financial statements (continued)

The Peruvian authorities approved the EIS and EAMP presented by the Group for its mining concessions and exploration projects. A detail of plans and related expenses approved is presented as follows:

Project unit	Resource	Resolution Number	Year of approval	Program approved	Operating year expense		
					2023	2022	2021
					S/(000)	S/(000)	S/(000)
Rioja	Limestone	RD186-2014-PRODUCE/ DVMYPE-I/DIGGAM	2014	EIA	879	810	713
Tembladera	Limestone	RD304-18-PRODUCE/ DVMYPE-I/DIGAAMI	2018	PAMA	320	299	298
					1,199	1,109	1,011

As of December 31, 2023 and 2022, the Group had no liabilities related to environmental remediation expenses because all were paid before the end of the year.

#### Quarry rehabilitation provision -

The Law No. 28090 regulates the obligations and procedures that must be met by the holders of mining activities for the preparation, filing and implementation of Quarry Closure Plans, as well as the establishment of the corresponding environmental guarantees to secure fulfillment of the investments that this includes, subject to the principles of protection, preservation and recovery of the environment. In connection with this obligation, as of December 31, 2023 and 2022, the Group maintained a provision for the closing of the quarries exploited by its operations amounting to S/17,676,000 and S/13,377,000, respectively. The Group believes that this liability is adequate to meet the current environmental protection laws approved by the Ministry of Energy and Mines, refer to note 12.

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#### Notes to the consolidated financial statements (continued)

#### Legal claim contingency

As of December 31, 2023, the Group had received claims from third parties in relation with its operations which in aggregate represent S/966,000 that corresponded to labor claims from former employees.

Management expects that these claims will be resolved within the next five years based on prior experience; however, the Group cannot assure that these claims will be resolved within this period because the authorities do not have a maximum term to resolve cases.

The Group has been advised by its legal counsel that it is only possible, but not probable, that these actions will succeed. Accordingly, no provision for any liability has been made in these interim condensed consolidated unaudited financial statements.

#### 25. Financial risk management, objectives and policies

The Group's main financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's main financial assets include cash and short-term deposits and trade and other receivables that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by Financial Management that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial management provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

Management reviews and implements policies for managing each of these risks, which are summarized below.

#### Market risk -

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, foreign currency risk and other price risk (such as equity price risk and commodity risk).

The sensitivity analyses shown in the following sections relate to the Group's consolidated position as of December 31, 2023 and 2022. The sensitivity analyses have been prepared on the basis that the amount of net debts and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place as of December 31, 2023 and 2022.

Notes to the consolidated financial statements (continued)

**Interest rate risk -**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As of December 31, 2023 and 2022, all of the Group's borrowings are at a fixed rate of interest; consequently, the management evaluated that it is not relevant to do an interest rate sensitivity analysis.

**Foreign currency risk -**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

As of December 31, 2023 cross currency swaps were settled in full in correlation with the payment of international dollar bonds.

*Foreign currency sensitivity*

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant. The impact on the Group's profit before income tax is due to changes in the fair value of monetary assets and liabilities.

2023	Change in US\$ rate	Effect on consolidated profit before tax
U.S. Dollar	%	S/(000)
	+5	(948)
	+10	(1,896)
	-5	948
	-10	1,896
2022	Change in US\$ rate	Effect on consolidated profit before tax
U.S. Dollar	%	S/(000)
	+5	1,638
	+10	3,276
	-5	(1,638)
	-10	(3,276)
2021	Change in US\$ rate	Effect on consolidated profit before tax
U.S. Dollar	%	S/(000)
	+5	7,695
	+10	15,391
	-5	(7,695)
	-10	(15,391)

**Credit risk -**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to a credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Notes to the consolidated financial statements (continued)

### Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. As of December 31, 2023 and 2022, the Group had 4 customers, that owed the Group more than S/3,000,000 each accounting for approximately 29% and 23% of all trade receivables outstanding, respectively. There were 25 and 27 customers with balances greater than S/700,000 and less than S/3,000,000, which accounted for approximately 48% and 55% of the total trade receivables, respectively. The evaluation for allowance for expected credit losses is updated at the date of the consolidated financial statements and individually for the main customers. This calculation is based on actual historical data incurred.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 7. The Group does not hold collateral as security.

### Cash deposits and hedging derivative financial instruments or at fair value through profit or loss-

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties of first level. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. As of December 31, 2023 and 2022, the Group's maximum exposure to credit risk for the components of carrying amounts as showed in note 6. The Group's maximum exposure relating to financial derivative instruments is noted in the liquidity table below. The hedging derivative financial instruments were liquidated in February 2023.

### Liquidity risk -

The Group monitors its risk of shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and long term debentures. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over under the same conditions with existing lenders, if is necessary.

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### Notes to the consolidated financial statements (continued)

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Less than 3 months S/(000)	3 to 12 months S/(000)	1 to 5 years S/(000)	More than 5 years S/(000)	Total S/(000)
<b>As of December 31, 2023</b>					
Financial obligations	115,092	269,272	625,455	570,000	1,579,819
Interest	31,769	57,356	231,220	77,643	397,988
Trade and other payables	175,847	38,439	-	-	214,286
Lease liabilities	986	2,957	4,186	-	8,129
<b>As of December 31, 2022</b>					
Financial obligations	414,290	116,818	326,544	651,638	1,509,290
Interest	36,222	45,282	213,427	119,201	414,132
Derivative financial instruments	7,473	-	-	-	7,473
Trade and other payables	231,698	41,509	-	-	273,207
Lease liabilities	502	1,503	2,350	-	4,355

The financial derivative instruments disclosed in the table below are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation to those amounts to their carrying amounts:

	Less than 3 months S/(000)	3 to 12 months S/(000)	1 to 5 years S/(000)	Total S/(000)
<b>As of December 31, 2022</b>				
Inflows	88,968	-	-	88,968
Outflows	(1,627)	-	-	(1,627)
Net	87,341	-	-	87,341
Discounted at the applicable interbank rates	86,893	-	-	86,893

Changes in liabilities arising from financing activities:

Balance as of January 1,	Distribution of dividends	Finance cost on cross currency swaps	Cash inflow	Cash outflow	Movement of foreign currency	Amortization of costs of issuance of senior notes	Others	Balance as of December 31
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	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>2023</b>									
Hedge finance cost payable	5,978	-	1,730	-	(7,708)	-	-	-	-
Dividends payable	9,764	175,524	-	465	(175,431)	-	-	-	10,322
Interest-bearing loans	1,593,171	-	-	639,000	(661,520)	-	2,206	169	1,573,026
<b>2022</b>									
Hedge finance cost payable	6,213	-	15,155	-	(15,390)	-	-	-	5,978
Dividends payable	9,550	179,805	-	229	(179,820)	-	-	-	9,764
Interest-bearing loans	1,545,355	-	-	525,000	(448,984)	(25,407)	(2,793)	-	1,593,171

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Notes to the consolidated financial statements (continued)

#### Capital management -

For the purpose of the Group's capital management, capital includes capital stock, investment shares, additional paid-in capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Group's capital management is to maximize the shareholders' value.

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the creditors to immediately call the senior notes. There have been no breaches in the financial covenants of Senior Notes in any of the years presented.

The Group manages its capital structure and adjusts it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023 and 2022.

#### 26. Fair value of financial assets and liabilities

##### Financial assets -

Except for derivative financial instruments and financial instruments designated at fair value through OCI, all financial assets which included trade and other receivables are classified in the category of loans and receivables, which are non-derivative financial assets carried at amortized cost, held to maturity, and generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

##### Financial liabilities -

All financial liabilities of the Group including trade and other payables financial obligations are classified as loans and borrowings and are carried at amortized cost.

##### (a) Derivative financial instruments -

##### Hedging derivatives -

##### Foreign currency risk -

As of December 31, 2022, the Company maintained cross currency swaps agreements for a notional amount of US\$132,000,000, with maturity in 2023 and an average rate of 2.97%. Of this total, US\$131,612,000 has been designated as hedging instruments for Senior notes that are denominated in U.S. dollars, with the intention of hedging the foreign exchange risk.

The cash flow hedge of the expected future payments was assessed to be highly effective and resulted in an unrealized gain of S/2,154,000 for the year 2023 (unrealized gain of S/3,838,000 and S/20,836,000 during 2022 and 2021, respectively). The amounts retained in OCI of 2022 are expected to be recognized in the consolidated statement of profit or loss in 2023, the year of its maturity.

As of December 31, 2023, cross currency swaps were settled in full in correlation with the payment of international dollar bonds.

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Notes to the consolidated financial statements (continued)

##### Assets (liabilities) from financial instruments at fair value through profit or loss -

As of December 31, 2022 and 2021 the Company held cross currency swaps that do not have an underlying relationship amounts to US\$388,000. The effect on profit or loss of the change in their fair value was a loss of S/59,000 and gain of S/589,000 in the year 2022 and 2021.

In January 2021, derivative financial instruments at fair value through profit or loss were settled in the amount of US\$18,000,000, the result was a net loss amounting to S/1,569,000 presented in "Accumulated net loss on settlement of derivative financial instruments at fair value through profit or loss" caption in the consolidated statement of profit or loss.

In February 2023, cross currency swaps from trading have been settled and obtained a gain of S/19,000.

(b) Fair values and fair value accounting hierarchy -

Set out below is a comparison of the carrying amounts and fair values of financial instruments as of December 31, 2023 and 2022, as well as the fair value accounting hierarchy. The dates of valuations at fair value were as of December 31, 2023 and 2022, respectively.

	Carrying amount		Fair value		Fair value hierarchy 2023/2022
	2023 S/(000)	2022 S/(000)	2023 S/(000)	2022 S/(000)	
<b>Financial assets</b>					
Cash and cash equivalents	90,193	81,773	90,193	81,773	Level 1
Trade and other receivables	143,085	145,034	143,085	145,034	Level 2
Other financial instruments	-	86,893	-	86,893	Level 2
Financial investments designated at fair value through other comprehensive income	249	274	249	274	Level 3
<b>Total financial assets</b>	<b>233,527</b>	<b>313,974</b>	<b>233,527</b>	<b>313,974</b>	
<b>Financial liabilities</b>					
Trade and other payables	231,511	284,554	231,511	284,554	Level 2
Senior notes	569,192	1,071,781	532,987	996,156	Level 1
Promissory notes	1,003,834	521,390	931,014	459,117	Level 2
<b>Total financial liabilities</b>	<b>1,804,537</b>	<b>1,877,725</b>	<b>1,695,512</b>	<b>1,739,827</b>	

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Notes to the consolidated financial statements (continued)

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchies are those described in note 2.3.2 (v).

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy. As of December 31, 2023 and 2022, there were no transfers between the fair value hierarchies.

Management assessed that cash and cash equivalents; trade and other receivables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- The fair value of cross currency swaps was measured by using valuation techniques where inputs are based on market data and present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange, forward rates and interest rate curves.
- A credit valuation adjustment (CVA) is applied to the “Over-The-Counter” derivative exposures to consider the counterparty’s risk of default when measuring the fair value of the derivative. CVA is the mark-to market cost of protection required to hedge credit risk from counterparties in this type of derivatives portfolio. CVA is calculated by multiplying the probability of default (PD), the loss given default (LGD) and the expected exposure (EE) at the time of default.
- A debit valuation adjustment (DVA) is applied to incorporate the Group’s own credit risk in the fair value of derivatives (that is the risk that the Group might default on its contractual obligations), using the same methodology as for CVA.
- The fair value of the quoted senior notes is based on the current quotations value at the reporting date as they trade on the exchange.
- The fair value of the fixed rate promissory note it is calculated using the results of cash flow discounted at the average indebtedness rates effective as of the reporting date.
- The fair value of financial instruments at fair value with changes in OCI has been determined through the percentage of the Company’s shareholding in the equity of Fossal S.A.A.

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Notes to the consolidated financial statements (continued)

27. Segment information

For management purposes, the Group is organized into business units based on their products and activities and have three reportable segments as follows:

- Production and marketing of cement, concrete, mortar and blocks in the northern region of Peru.
- Sale of construction supplies (steel rebar and building materials) in the northern region of Peru.
- Production and marketing of quicklime in the northern region of Peru.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the profit before income tax of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before income tax and is measured consistently with profit before income tax in the consolidated statement of profit and loss.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	2023				2022				2021			
	Cement, concrete, mortar and blocks	Construction supplies	Others (*)	Total consolidated	Cement, concrete, mortar and blocks	Construction supplies	Others (*)	Total consolidated	Cement, concrete, mortar and blocks	Construction supplies	Others (*)	Total consolidated
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Revenues from external customers	1,850,238	74,096	25,741	1,950,075	1,963,826	114,024	37,896	2,115,746	1,784,487	113,905	39,375	1,937,767
Gross profit	687,727	723	1,002	689,452	647,285	3,670	1,076	652,031	550,816	3,501	5,114	559,431
Administrative expenses	(230,203)	(2,692)	(1,816)	(234,711)	(223,162)	(2,741)	(1,674)	(227,577)	(191,132)	(2,675)	(2,262)	(196,069)
Selling and distribution expenses	(65,542)	(766)	(517)	(66,825)	(63,971)	(786)	(480)	(65,237)	(50,223)	(703)	(594)	(51,520)
Other operating (expense) income, net	(13,813)	3	-	(13,810)	(2,964)	8	(943)	(3,899)	6,358	47	3	6,408
Finance income	7,160	9	77	7,246	3,252	20	34	3,306	2,874	17	-	2,891
Finance cost	(104,045)	-	-	(104,045)	(95,102)	(3)	-	(95,105)	(88,961)	(3)	(1)	(88,965)
Net (loss) gain on (settlement of) derivative financial instruments recognized at fair value through profit or loss	19	-	-	19	(59)	-	-	(59)	(980)	-	-	(980)
Impairment of assets	(36,551)	-	-	(36,551)	-	-	-	-	-	-	-	-
Gain (loss) from exchange difference, net	4,932	(6)	7	4,933	(1,030)	5	(15)	(1,040)	(6,987)	(30)	(69)	(7,086)
Profit before income tax	249,684	(2,729)	(1,247)	245,708	264,249	173	(2,002)	262,420	221,765	154	2,191	224,110
Income tax expense	(78,050)	853	389	(76,808)	(86,189)	(56)	653	(85,592)	(70,198)	(49)	(693)	(70,940)
Profit for the year	171,634	(1,876)	(858)	168,900	178,060	117	(1,349)	176,828	151,567	105	1,498	153,170

(\*) The "other" segment includes activities that do not meet the threshold for disclosure under IFRS 8.13 and represent non-material operations of the Group (including brine projects).

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Notes to the consolidated financial statements (continued)

	2023				2022				2021			
	Cement, concrete and blocks	Construction supplies	Others (*)	Consolidated	Cement, concrete and blocks	Construction supplies	Others (*)	Consolidated	Cement, concrete and blocks	Construction supplies	Others (*)	Consolidated
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Segment assets	3,074,279	46,941	100,266	3,221,486	3,086,104	38,353	102,537	3,226,994	2,940,888	42,578	111,229	3,094,695
Other assets (*)	-	-	249	249	86,630	-	537	87,167	106,280	-	797	107,077
Total assets	3,074,279	46,941	100,515	3,221,735	3,172,734	38,353	103,074	3,314,161	3,047,168	42,578	112,026	3,201,772
Operating liabilities	1,968,133	62,907	687	2,031,727	2,041,923	76,780	323	2,119,026	1,930,140	75,633	194	2,005,967
Capital expenditure (**)	299,326	-	-	299,326	190,126	-	-	190,126	97,288	-	-	97,288
Depreciation and amortization	(137,968)	(1,468)	(4,759)	(144,195)	(133,276)	(1,545)	(3,718)	(138,539)	(128,522)	(1,102)	(5,943)	(135,567)
Provision of inventory	(2,956)	-	-	(2,956)	(2,027)	-	-	(2,027)	(3,374)	-	-	(3,374)

(\*) As of December 31, 2023, corresponds to the financial investment designated at fair value through OCI for S/249,000. As of December 31, 2022, corresponds to the financial investment designated at fair value through OCI for approximately S/274,000 and the fair value of derivative financial instruments ("cross currency swap") for S/86,893,000. As of December 31, 2021, corresponds to the financial investment designated at fair value through OCI for approximately S/476,000 and the fair value of derivative financial instruments ("cross currency swap") for S/106,601,000. The fair value of derivative financial instruments of hedging is allocated to the segment of cement, and the financial investment designated at fair value through OCI and fair value of derivative financial instrument at fair value through profit or loss are not assigned to any segment.

(\*\*) Capital expenditure consists of S/299,326,000, S/190,126,000 and S/97,288,000 during the years ended as of December 31, 2023, 2022 and 2021, respectively, and are related to additions of property, plant and equipment, intangible and other minor non-current assets.

#### **Geographic information**

As of December 31, 2023 and 2022, all non-current assets are located in Peru and all revenues are from clients located in the north region of the country.



CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Humberto Nadal Del Carpio, certify that:

1. I have reviewed this annual report on Form 20-F of Cementos Pacasmayo S.A.A.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

2. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

3. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

4. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 29, 2024

/s/ Humberto Nadal Del Carpio

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Humberto Nadal Del Carpio  
Chief Executive Officer

CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Manuel Bartolome Ferreyros Peña, certify that:

1. I have reviewed this annual report on Form 20-F of Cementos Pacasmayo S.A.A.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

2. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

3. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

4. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 29, 2024

/s/ Manuel Bartolome Ferreyros Peña

Manuel Bartolome Ferreyros Peña  
Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cementos Pacasmayo S.A.A. (the “Company”) on Form 20-F for the fiscal year ended December 31, 2023, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Humberto Nadal Del Carpio, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2024

/s/ Humberto Nadal Del Carpio

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Humberto Nadal Del Carpio  
Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cementos Pacasmayo S.A.A. (the “Company”) on Form 20-F for the fiscal year ended December 31, 2023, as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), I, Manuel Bartolome Ferreyros Peña, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2024

/s/ Manuel Bartolome Ferreyros Peña

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Manuel Bartolome Ferreyros Peña  
Chief Executive Officer

CEMENTOS PACASMAYO S.A.A.  
 Technical Report Summary (TRS)  
 Tembladera Quarry  
 and  
 Pacasmayo Cement Plant  
 20-F 229.601 (Item 601)

January 2024

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## 1. Executive Summary

Cementos Pacasmayo S.A.A (CPSAA) is a Peruvian company, whose corporate purpose is the production of cement and other products associated with the construction sector. This Technical Report Summary summarizes a Pre-feasibility study of the Tembladera quarry located in the Cajamarca Region and the cement plant located in La Libertad Regional, both owned by CPSAA. Cementos Pacasmayo's qualified persons prepared this Report to support disclosure of limestone Resources and Reserves.

### 1.1. Location and access

The Tembladera quarry contains limestone, which is the main raw material for cement production. This quarry is located in the Yonan district of Contumaza province in Cajamarca Region. There is an access road to this quarry from Lima to Trujillo. The Cementos Pacasmayo plant is located at Kilometer 666 of the Panamericana Norte highway in the district and province of Pacasmayo in the region of La Libertad. The cement manufacturing plant is located 60 kilometers away from the Tembladera Quarry and 120 kilometers from the city of Trujillo.

### 1.2. Climate

The quarry is in the semi-arid climate of the region of the Andean lower level of northern Peru. Precipitation ranges from minimum values of 0 mm from June to September, to a maximum value of 26.3 mm in March. Temperatures throughout the year vary between 20°C from July to August, and 25°C in March. The maximum temperature is 27°C on average, but it can go up to 29°C (January - April). Minimum temperatures are around 15-17°C (July - September).

In the cement plant in Pacasmayo, the annual average temperature varies between 16.5 and 25.0°C. The monthly average temperature varies between 19 and 25°C. The annual relative humidity averages 85%.

### 1.3. History

Tembladera quarry is a limestone deposit, which is used to produce different types of cement for construction. The deposit is owned by Cementos Pacasmayo S.A.A.

In 2002, the National Institute of Cadastre and Mining Claims gave to Cementos Pacasmayo S.A.A., the title of non-metallic concession called "Acumulación Tembladera", which goes back in time to the date of the oldest claim "North N° 1" granted by the Mining Regional Office of Cajamarca by Ministerial Resolution N° 267, dated June 30, 1950, in favor of Cementos Portland del Norte S.A., starting operations as Cementos Pacasmayo S.A.A. from 1957 to 2013.

The Calizas del Norte S.A.C. company (CALNOR) operated the mine from January 2014 to May 2016. The Tembladera quarry did not operate from June to September 2016. Afterwards, Cementos Pacasmayo hired San Martin Contratistas Generales S.A. to operate the mine, which they have done since October 2016.

CPSAA conducted a major exploration project in March 2007, which consisted of a drilling campaign. MINTEC, a consulting company, was hired to create the 3D model of the deposit and estimate Mineral Resources.

In 2019, another campaign of eight diamond drill holes was carried out, to confirm the Mineral Resources and the Reserves in the eastern part of the deposit. Interpretation of the information obtained was used to prepare a new geological model. Cementos Pacasmayo oversaw the interpretation.

In December 2022, Cementos Pacasmayo started a diamond drilling campaign of eight (8) drill holes to confirm Mineral Resources and Reserves. Drilling activities continue during the first month of 2023.

### 1.4. Geological environment and mineralization

The deposit is contained within the so-called Cajamarca Formation, which belongs to the Upper Cretaceous (Turonian floor, around 90 MA). This formation overlies the Quilquiñán Group and underlies the Celendín Formation.

Sedimentary rocks corresponding to the Cajamarca Formation and the Upper Cretaceous Celendín Formation outcrop in the area.

On the other hand, the Cajamarca Formation is composed of thin limestones, well stratified, in strata of thin layers, with a coloration that goes from dark to light gray. It has a thickness of 230 meters.

#### 1.5. Exploration

Exploration activities at the Tembladera quarry were carried out in 2007 and 2019. The first diamond drilling campaign, in 2007, drilled 31 drill holes. In 2007, DCR Ingenieros S.R. Ltd determined the geotechnical guidelines of the Tembladera quarry and grouped them into seven (7) geotechnical zones. In 2019, the second diamond drilling campaign was carried out with eight (8) drill holes. In the same year, Walsh Peru S.A. carried out a hydrogeological study of the Tembladera quarry.

During 2021, Cementos Pacasmayo update of Hydrogeological studies in the Tembladera quarry was made; however, the works were office work. Likewise, the update of geotechnical studies on the stability of the pit slope and the waste disposal in the quarry. Those works involved sample collection and sample analysis to determine the rock strength, density, and other properties.

From December 2022 to early 2023, Cementos Pacasmayo drilled eight (8) more holes at the Tembladera quarry in order to confirm the Mineral Reserves.

#### 1.6. Sample preparation, analysis and security

Cementos Pacasmayo has implemented procedures for sample preparation, tests and security of the information on its operations. The cement plants and operations have been complying with ISO 9001 standards since 2015. The certification under this standard is renewed annually by means of an external audit.

With respect to the geology, CPSAA uses the XRF technique and other analytical methods to analyze the main chemical components in the limestone. In the cement plant, the raw materials for the production of clinker and cement are analyzed using methods specified in the A.S.T.M. and Peruvian Technical Standards for cement testing. The laboratory in the cement plant has properly calibrated equipment and a periodic maintenance plan.

At the Pacasmayo plant, the sampling and data verification plan applies to the processes of receiving raw materials, crushing of raw materials, coal grinding, crude grinding, clinkerization and cement grinding. Additionally, it is applied to the lime production, lime grinding and lime dispatch.

Cementos Pacasmayo S.A.A. had implemented quality assurance, quality control (QAQC) protocols for the development of the exploration and production activities in the Tembladera quarry and in the Pacasmayo plant to ensure the quality of the information that is used in the estimation of Mineral Resources and Reserves.

#### 1.7. Data verification

Concerning geological activities, CPSAA has a data verification unit for the geological database. This unit has as its main function, the verification of data to be used in the estimation of Mineral Resources and Reserves. For the appropriate administration of information, internal protocols have been implemented that are subject to internal audits. The stages within the verification activities for the geologic data are the data collection, the administration and validation of data received from internal and external laboratories, data tracking through the confirmation of custody chains and finally, validation of data in the database that will allow the development of the Mineral Resources and Reserves model.

The qualified persons followed the defined processes for information flows to support Mineral Resource and Reserve estimation. The qualified person followed the same process as a means of verifying and validating the geologic data. They found that the validated information is congruent in the interpretations of the same, with which the fundamental base geological models were generated for the estimation of the Mineral Resources.

No findings have been found that could invalidate the estimation of the Resources and Reserves of the deposit.

For data verification activities at the cement plant, the Plan, Do, Check and Act (PDCA) methodology is used. This is applied to the technical information received from the company's internal and external customers. The quality control laboratory compares the results with national and international laboratories as part of the verification procedures.

In the author's opinion, the methodologies used for collecting and processing data at the cement plant are accurate and free of important errors. The information can be used within the models' construction and estimates for cement production. Considering that the analyses of the main chemical components and physical properties of the raw materials and final products are made in external laboratories, the quality of the information is adequate for preparing mineral Resource and Reserve Estimates.

#### 1.8. Mineral processing and metallurgical tests

Cementos Pacasmayo has procedures for the development of products at the laboratory level and its scaling at the industrial level, as well as its own procedures for the preparation, review, issuance and control of laboratory test reports. Cementos Pacasmayo has a research and development laboratory located in the Pacasmayo plant to evaluate technical aspects of cement plant and quarry operations.

To have a representative sample of its raw materials and cement at the Pacasmayo plant, Cementos Pacasmayo performs the analysis of its samples in its internal Research and Development Laboratory located at the plant.

A significant percentage of Research and Development activities are focused on evaluating different ratios between clinker-mineral additions providing the best functional characteristics to our products and at the same time balancing the benefits generated for the company. Another objective is to identify other additions that can substitute for clinker: slag, pozzolana, fly ash, calcined clays, etc., to reduce its environmental footprint and the cost of cement production. Based on this work, the laboratory has determined (and confirmed with production estimates) that 1 tonne of limestone yields 0.74 tonnes of clinker and the clinker/cement factor of the main cements with additions is 0.72.

The Research Laboratory issues technical reports following the criteria of international standards to the operations area which evaluates the convenience of industrial implementation of the tests and validating what is reported at the laboratory level.

### 1.9. Estimation of Resources and Mineral Reserves

Qualified person (QP) has estimated limestone Resources and Reserves for this property. For the evaluation, the information from exploration activities from previous years has been used, and is the database for the Resources and Reserves model.

The limestone Resources are presented in Table 1. The Resource estimation considered the quality restrictions of limestone received in Pacasmayo cement plant, limits of the concessions, accessibility to the Resources and legal restrictions of the mining concessions, economic factors and modifying factors.

The minimum quality accepted is 48.6% CaO to be used as raw material for production and considering the sale prices of cement at the Pacasmayo plant, the economic evaluation used for Reserve evaluation is shown in Chapter 19 and considers the same criteria used for the estimation of Reserves.

*Table 1 Mineral Resources (exclusive of Reserves) of Tembladera quarry*

	Resources	Tonnes M	CaO (%)	MgO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	SO <sub>3</sub> (%)
Limestone	Measured	122.6	49.33	1.83	1.82	4.76	0.31
	Indicated	34.5	50.32	1.68	1.44	3.85	0.20
	Measured + Indicated	157.1	49.55	1.80	1.74	4.56	0.29
	Inferred	75.9	50.33	1.62	1.45	3.93	0.31

For Reserve estimation, the Resources and the quality criteria, modifying factors and limestone production costs were considered. The mining method used is open pit. The economic results are shown in Chapter 19.

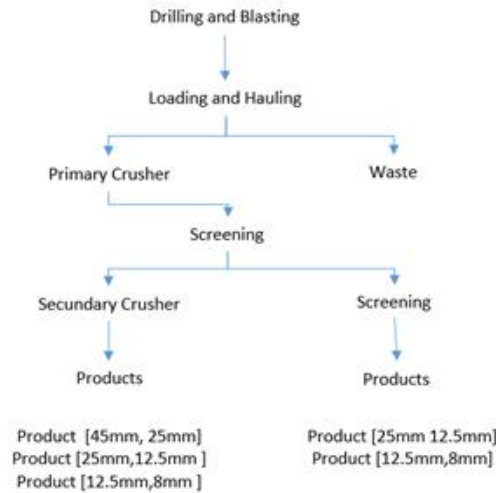
*Table 2 Mineral Reserves of Tembladera quarry*

	Reserves	Tonnes M	CaO (%)	MgO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	SO <sub>3</sub> (%)
Limestone	Proven	65.5	49.66	1.52	1.54	4.60	0.37
	Probable	12.3	49.63	1.57	1.56	4.91	0.28
	Total	77.8	49.65	1.53	1.54	4.65	0.36

### 1.10. Mining Methods

Cementos Pacasmayo S.A.A. is the current owner of the Tembladera quarry, which has outsourced its production to a specialized contractor. The limestone mining at the Tembladera quarry includes drilling, blasting, loading, hauling, and crushing.

*Figure 1 Tembladera quarry mining sequence*



The major equipment used for the production of limestone in the Tembladera quarry is a track drill, primary crusher, secondary crusher, excavator, tractor, front loader, and dump truck. Also, auxiliary equipment is necessary, like pickups, lubricator trucks, ambulance, and other equipment.

The mining plan of the Tembladera quarry considers an average annual production of 2.6 million tonnes of limestone for the next 30 years and a stripping rate of 0.17.

Based on the plant requirements and sales projection for the next 30 years, the pit design parameters for the Tembladera quarry are inter-ramp slope angle, bench slope, bench height, safety bench, width of ramps, safety berm height and ramp gradient.

#### 1.11. Processing Plant & Infrastructure

Cement production considers the stages of raw material extraction, grinding and homogenization, clinkerization, cement grinding, silo storage and packaging, loading and transportation. Cement is moved through conveyor belts to packing systems to be packed in bags and then loaded onto trucks operated by third parties for distribution.

Figure 2 Pacasmayo plant process block diagram



The raw materials and additions are considered for cement production at Pacasmayo plant. The raw materials for cement production are limestone, sand, iron, clay and coal. The mixture of these raw materials is crude which is fed to the calcination kiln to produce clinker. The limestone represents 86.18% by weight of the raw material.

Clinker and additional materials are used to produce cement. The additions used in cement production are slag, pozzolana, gypsum and limestone. Currently, the cement plant in Pacasmayo has a Clinker/Cement factor of 0.72.

The Pacasmayo plant has an electrical substation with a capacity of 105 MVA, the electric power is supplied from the national grid.

Cementos Pacasmayo has implemented a preventive and corrective maintenance plan to keep cement production uninterrupted.

Cementos Pacasmayo maintains operational efficiency to control costs and operating margins, and makes efforts to diversify energy sources and ensure supply when possible.

#### 1.12. Market studies

The Peruvian Cement Market is geographically segmented by regions: northern, central and southern region and every region is served by different companies, most of which are cement producers.

The main companies that supply the cement market in Peru are Cementos Pacasmayo S.A.A., UNACEM, Cemento Yura, Cementos Selva S.A.C. There are also companies that import cement or clinker, such as Cemento Inka, Cemento Nacional, and Cemex, among others.

The companies that commercialized cement in Peru follow the Peruvian Technical Standards associated with - technical specifications for cement.

Portland Cement is subdivided into Type I and Type V. Portland Cement is subdivided into Type ICO, Type IL, Type IP and Type 1 (PM); and finally, Hydraulic Cements specified by performance are Type GU, Type MS (MH), Type HS, Type HE, Type MH and Type LH.

Cementos Pacasmayo, being the leading company in the production and sale of cement in the Northern Region, has a market share in the following cities: Cajamarca, Chiclayo, Chiclayo, Jaén, Pacasmayo, Piura, Rioja, Tarapoto, Trujillo, Tumbes, Yurimaguas and Iquitos. Cementos Pacasmayo also has a Market Share above 93.8% in the northern region of the country.

Annual cement shipments at the national scale for the year 2023 reached a total of 12.2 million tonnes, while total cement shipments at the Pacasmayo plant for 2023 were 1,634.8 thousand tonnes. Pacasmayo plant meets almost 52.2% of the cement demand in the Northern Region of the country and its cement shipments represent 55.7% of the three cement plant's overall shipments.

Table 3 shows the projected demand and price per ton of cement for the next 30 years.

*Table 3 Projection of demand and price for the next 30 years*

	Shipments (tonnes)	Revenue S/ x t
2024P	1,860,241	447.9
2025P	2,262,148	421.5
2026P	2,307,390	432.6
2027P	2,069,164	444.1
2028P	2,069,164	455.9
2029P	2,069,164	467.9
2030P	2,069,164	480.3
2031P	2,069,164	493.1
2032P	2,182,171	506.1
2033P	2,257,814	519.5
2034P	2,334,970	533.3
2035P	2,413,670	547.4
2036P	2,493,943	562.0
2037P	2,575,822	576.8
2038P	2,659,338	592.1
2039P	2,744,525	607.8
2040P	2,831,416	623.9
2041P	2,920,044	640.5
2042P	3,005,252	657.4
2043P	3,034,110	674.9
2044P	3,060,320	692.7
2045P	3,060,320	711.1
2046P	3,060,320	729.9
2047P	3,060,320	749.3
2048P	3,060,320	769.1
2049P	3,060,320	789.5
2050P	3,060,320	810.4
2051P	3,060,320	831.9
2052P	3,060,320	854.0
2053P	3,060,320	876.6

### 1.13. Capital and operating costs & Economic Analysis

This document presents the cash flow analysis and an economic evaluation of the project based on the current operating costs of the cement plant in Pacasmayo and using information from the Tembladera quarry for limestone production.

For the Reserves evaluation, the general and macroeconomic assumptions used for the projection of the free/economic cash flows and for the valuation are:

- Projection horizon: 30 years (2024 to 2053) according to the estimated years of quarry life.
- Annual inflation rate, 2.90%, based on based on The International Monetary Fund as of October 2023: applies equally to sales price, costs, and expenses.
- Capital cost projections were determined using a historical ratio of annual investments and maintenance costs which also considers the increase in production volume.
- The company's capital structure is being considered in the discount rate (WACC) of 11.56%.
- Income tax rate: effective rate of actual (historical) business results, 29% - 30%.
- Workers' Profit Sharing: 10%.
- Exchange rate: exchange rate is assumed to remain at 3.80 (USD/PEN).

The economic analysis uses the economic assumptions listed in Chapter 19. The main variables considered in the economic model for the sensitivity analysis were cement price, production cost and CapEx.

For the economic analysis of Reserves, the free cash flow is constructed, which does not incorporate the financing structure, since the latter is considered in the weighted average cost of capital of the company (WACC) for discounting future cash flows. The following financial parameters were calculated:

- 30-year mine life
- Average plant throughput for cement production: 2.6 million tonnes per year over the 30-year projection.
- Average sales price: 616.7 Soles per ton of cement, an average of the 30-year projection, at nominal values.
- Revenues: 1,620 million Soles, an average of the 30-year projection.
- Average cash production cost: 409.3 Soles per ton of cement, an average of the 30-year projection, at nominal values.

The cash flow of the project is presented in Table 4 below. The NPV at a discount rate of 11.56% is 1,514 million Soles.

*Table 4 Free Cash Flow and valuation*

	FCF - Valuation (Thousand S/)			
	(-) Taxes (EBIT*t)	(-) CapEx	EBITDA Planta Pacasmayo	Free Cash Flow
2023P	-74,978	-27,225	243,201	140,999
2024P	-69,471	-28,015	229,018	131,532
2025P	-74,699	-28,827	244,165	140,639
2026P	-69,090	-29,663	218,964	120,212
2027P	-68,282	-30,523	214,075	115,270
2028P	-74,465	-31,408	227,865	121,992
2029P	-77,984	-32,319	234,531	124,228



2030P	-77,571	-33,256	230,120	119,293
2031P	-86,839	-34,221	258,134	137,074
2032P	-93,373	-35,213	277,424	148,837
2033P	-96,821	-36,234	286,264	153,209
2034P	-107,379	-37,285	314,738	170,074
2035P	-115,420	-38,367	336,806	183,019
2036P	-119,607	-39,479	348,546	189,460
2037P	-130,917	-40,624	380,042	208,500
2038P	-139,812	-41,802	405,251	223,637
2039P	-145,054	-43,014	420,260	232,191
2040P	-157,272	-44,262	455,154	253,620
2041P	-166,837	-45,545	482,918	270,535
2042P	-169,060	-46,866	489,374	273,447
2043P	-178,021	-48,225	514,484	288,238
2044P	-182,772	-49,624	527,426	295,030
2045P	-183,761	-51,063	529,282	294,457
2046P	-191,300	-52,544	550,074	306,230
2047P	-196,592	-54,068	563,792	313,132
2048P	-197,111	-55,636	565,322	312,575
2049P	-204,688	-57,249	586,751	324,814
2050P	-209,890	-58,909	601,888	333,089
2051P	-211,356	-60,618	606,018	334,044
2052P	-219,278	-62,375	628,477	346,823
WACC				11.56%
Economic NPV (Thousand S/)				1,513,634

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Sensitivity analysis was also made to show the influence of changes in prices, OpEx and CapEx on NPV.

Figure 3 Graph of slopes of the variables on the Economic Value

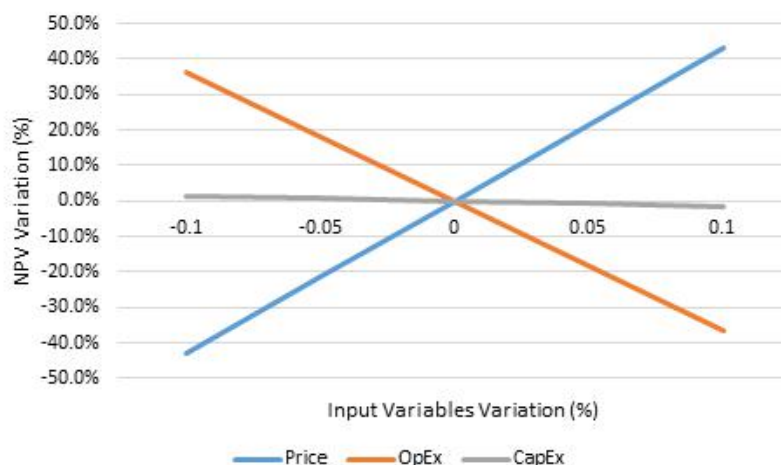
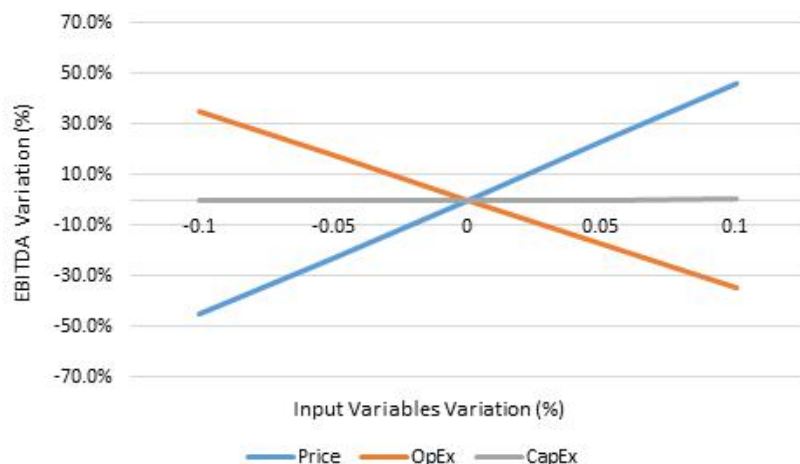


Figure 4 Sensitivity of EBITDA



#### 1.14. Adjacent properties

The Acumulación Tembladera property shares borders with private properties. No mining activities are being performed on these properties. The mining concession (EAGLE 1) overlaps with the Acumulación Tembladera property by 46.43 hectares; however, Cementos Pacasmayo owns the surface property; consequently, this concession does not restrict the Cementos Pacasmayo's activities in the current exploitation areas. Eagle 1 does not interfere with Cementos Pacasmayo S.A.A.'s operations, Resources or Reserve estimates. Also Julissa A concession does not interfere with the area of the mining rights in the Cementos Pacasmayo S.A.A. concession.

#### 1.15. Conclusions

- From a legal point of view, Cementos Pacasmayo S.A.A. has the ownership of the mining properties for the exploration, development and production of limestone to supply the cement plants for normal production during the life of the quarry.
- Cementos Pacasmayo S.A.A. has been complying with international ISO-9001 (Quality) standards since 2015 and has implemented Quality Assurance and Quality Control (QaQc). The controls are applied for the construction of the Geological Model, Resource Estimation and Reserves Estimation.
- Cementos Pacasmayo S.A.A. has a quality assurance system in its operations that includes sample preparation methods, procedures, analysis and safety of results which comply with the best practices in the industry.
- The information verification and validation processes are carried out following the procedures indicated in the information flows. The validated information is congruent with the one that generated the geological models, which are the fundamental basis for the estimation of Resources.
- The geological modeling of the limestone deposit is consistent with the relationship between the information and the geological model.
- The Reserves estimations consider the geologic and modifying factors as well as risks. The quality variable is the CaO content, which is very stable in the deposit, also there are along with other secondary variables that determine the quality of the Reserves.
- In the process of calculating Mineral Reserves and in the production plans of the quarry, these variables have been adequately considered in the mining plan, properly sequenced and with blending processes. There are sufficient proven and probable Mineral Reserves for the next 30 years.

- Table 5 shows the Mineral Resources of the Tembladera quarry. Likewise, the Mineral Reserves are shown in Table 6.

*Table 5 Resource Categorization (exclusive of Reserves) at the Tembladera quarry*

	Resources	Tonnes M	CaO (%)	MgO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	SO <sub>3</sub> (%)
Limestone	Measured	122.6	49.33	1.83	1.82	4.76	0.31
	Indicated	34.5	50.32	1.68	1.44	3.85	0.20
	Measured + Indicated	157.1	49.55	1.80	1.74	4.56	0.29

Inferred	75.9	50.33	1.62	1.45	3.93	0.31
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Table 6 Mineral Reserves expressed in millions of tonnes

	Reserves	Tonnes M	CaO (%)	MgO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	SO <sub>3</sub> (%)
Limestone	Proven	65.5	49.66	1.52	1.54	4.60	0.37
	Probable	12.3	49.63	1.57	1.56	4.91	0.28
	Total	77.8	49.65	1.53	1.54	4.65	0.36

- The cement plant located in Pacasmayo has equipment and facilities available for cement production using limestone from the Tembladera quarry and other necessary materials.
- The Health, Safety and Environment department is in charge of supervising compliance with the Company's corporate policies and the various legal requirements of the national regulatory bodies by all company áreas.
- Through its Social Responsibility area, Cementos Pacasmayo S.A.A. has generated relationships of trust with the communities surrounding its operations, which have a solid relationship with our communities, identifying their primary needs in health, education, urban development, and local development.
- The operation in Tembladera quarry and Pacasmayo plant, with regards to infrastructure, is technically and economically feasible due to the life of the quarry.
- The sensitivity analysis shows that the operation is economically robust.

#### 1.16. Recommendations

- Maintain the QAQC program for exploration, development and production activities associated with cement production.
- It is recommended to perform the technical interpretation of the data generated during the 2022 diamond drilling campaign, so that they can be incorporated into the resource and reserves model, which will provide greater support and robustness to these models.
- Complement the geotechnical monitoring of the quarry components with the implementation of the Geotechnical Monitoring Plan, which consists of the installation of slope displacement control landmark.
- Perform density tests for limestone in the next studies at the Tembladera quarry.
- For future diamond drilling campaigns, evaluate the rock density for each limestone horizon.

## 2. Introduction

### 2.1. Participants

This Technical Summary Report (TRS) was prepared for Cementos Pacasmayo by qualified persons (QPs) who work for Cementos Pacasmayo, who according to their qualifications and experience developed the chapters based on their expertise. Likewise, the aforementioned QPs used the Company's information sources, information validated and approved by the competent authorities in Peru and public information sources. Table 7 indicates the qualified persons who prepared this document as well as the chapters and information under their responsibility.

Marco Carrasco, who holds the position of Project Manager of Cementos Pacasmayo and is certified by the Mining and Metallurgical Society of America (MMSA) of the United States as a QP, served as the supervising QP. He acted as Project Manager, whose primary role was to compile the information received from the QPs of each chapter to have an integrated document. Each QP is responsible for the section they wrote.

### 2.2. Terms of Reference

This technical report summary was prepared as an exhibit to support disclosure of Mineral Resources and Reserves by Cementos Pacasmayo. This report summarizes the results of the Prefeasibility study of the "Acumulación Tembladera" property for the production of limestone using open pit mining methods. The report is effective December 31, 2023.

The limestone extracted from the Acumulación Tembladera property supplies raw material for the Pacasmayo plant where cement is produced. The annual cement production is 2.6 million tonnes per year (Mtpy). Actual operating costs have been considered for the estimates and used as a basis for economic projections within the economic analysis. This technical report summary estimates Mineral Resources and Reserves according to the regulations published in Securities Exchange Commission (SEC) Form 20-F and under subpart 1300 of Regulation S-K.

The report was prepared by the qualified persons listed in Table 7 using available studies and, in some cases (see Chapter 25), relying on information provided by Cementos Pacasmayo, the registrant.

*Table 7 List of Cementos Pacasmayo S.A.A. Professionals*

Item	Chapter	First and Last Names	Job Position	Profession
0	Compiled all	Marco Carrasco (*)	Project Manager	Chemical Engineer
1	Executive summary	All QPs (**)		
2	Introduction	All QPs (**)		
3	Property description	Henry Vargas (***)	Environmental Coordinator	Environmental Engineer
4	Accessibility, climate, local Resources, infrastructure and physiography	Henry Vargas (***)	Environmental Coordinator	Environmental Engineer
5	History	Jorge Vega	Mining Projects Superintendent	Mining Engineer
5	History	Jhonson Rodríguez	Senior Geologist	Geological Engineer
6	Geological setting, mineralization, and deposit	Jhonson Rodríguez	Senior Geologist	Geological Engineer
7	Exploration	Jhonson Rodríguez	Senior Geologist	Geological Engineer
8	Sample preparation, analyses, and security	Jhonson Rodríguez	Senior Geologist	Geological Engineer
8	Sample preparation, analyses, and security	Dennis Rodas	Quality Control Superintendent	Chemical Engineer
9	Data verification	Jhonson Rodríguez	Senior Geologist	Geological Engineer
9	Data verification	Dennis Rodas	Quality Control Superintendent	Chemical Engineer
10	Mineral processing and metallurgical testing	Dennis Rodas	Quality Control Superintendent	Chemical Engineer
11	Mineral resource estimates	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
12	Mineral reserve estimates	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
13	Mining methods	Jorge Vega	Mining Projects Superintendent	Mining Engineer
14	Processing and recovery methods	Dennis Rodas	Quality Control Superintendent	Chemical Engineer
15	Infrastructure	Jorge Vega	Mining Projects Superintendent	Mining Engineering
16	Market studies	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
17	Environmental studies, permitting, and plans, negotiations, or agreements with local individuals or groups	Henry Vargas (***)	Environmental Coordinator	Environmental Engineer

18	Capital and operating costs	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
19	Economic analysis	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
20	Adjacent properties	Henry Vargas (***)	Environmental Coordinator	Environmental Engineer
21	Other relevant data and information	All QPs (**)		
22	Interpretation and conclusions	All QPs (**)		

23	Recommendations	All QPs (**)
24	References	All QPs (**)
25	Reliance on information provided by the registrant	All QPs (**)

(\*) Marco Carrasco, who holds the position of Project Manager of Cementos Pacasmayo compiled the information received from the QPs of each chapter to have an integrated report. Each QP is responsible for the section they wrote.

(\*\*) Henry Vargas, Jorge Vega, Jhonson Rodríguez, Dennis Rodas and Jason Gamio

(\*\*\*) Henry Vargas joined Cementos Pacasmayo as Environmental Coordinator in December 2022.

(\*\*\*\*) Jason Gamio assumed new responsibilities as Chief of Planning and Evaluation of Resources and Reserves in April 2023.

### 2.3. Conventions

Unless otherwise indicated in the report, all currencies are in soles and all measurements and units are in the metric system. The Tembladera Accumulation property is represented by Universal Transverse Mercator (UTM) coordinates. All coordinates referenced in this report and in the accompanying figures, tables, maps and sections are provided in the WGS84 coordinate system, UTM 17S zone, unless otherwise indicated.

### 2.4. Previous Work and Sources of Information

The information used is sufficient to allow this TRS to be completed with the level of detail required by Regulation S-K subpart 1300. The information used included exploration results from the various drilling campaigns, actual information from Cementos Pacasmayo's operations, information submitted to and approved by the corresponding authorities and public information in organizations specialized in the cement industry. The list of sources of information is presented in Chapter 24 of this report.

### 2.5. Details of QP Personal Inspection

The QPs who developed this document visited the Tembladera quarry and Pacasmayo plant as part of their activities for 2023.

*Table 8 QP's field visit*

Item	First and Last Names	Job Position	Profession	Field visit
1	Henry Vargas	Environmental Coordinator	Environmental Engineer	Mr. Vargas has visited the Tembladera quarry and Pacasmayo plant multiple times. The last visit to the Tembladera quarry and Pacasmayo Plant was in September 2023. During this visit, Mr. Vargas inspected the environmental monitoring points, solid waste areas, raw material warehouse, and the administrative area of the Pacasmayo plant and Tembladera quarry to verify the environmental controls.
2	Jorge Vega	Mining Projects Superintendent	Mining Engineer	Mr. Vega has visited the Tembladera quarry on a regular basis, most recently on November 2023. During the most recent site visit, Mr. Vega inspected the production zones, the quarry design parameters and the equipment's condition.
3	Dennis Rodas	Quality Control Superintendent	Chemical Engineer	Pacasmayo plant, all year as part of his duties in the quality control department.
4	Jason Gamio	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer	Mr. Gamio has visited the Tembladera quarry and Pacasmayo plant regularly. The last visit to the Tembladera quarry and Pacasmayo plant was in July 2023, visiting core facilities, discussing grade control, geological mapping, exploration, and delineation drill practices, diamond drill core logging, quality assurance, and quality control (QA/QC), raw material storage and mineral reserve estimation practices.
5	Jhonson Rodríguez	Senior Geologist	Geological Engineer	Mr. Rodríguez has regularly visited the Tembladera quarry and Pacasmayo plant, most recently in October 2022. He visited core facilities and discussed grade control, geological mapping, exploration and delineation drill practices, diamond drill core logging, quality assurance, quality control (QA/QC), and laboratories. During 2023, he coordinated with operational staff about the items above.
6	Marco Carrasco	Project Manager	Chemical Engineer	From September to December 2023, Mr. Carrasco visited the Pacasmayo plant multiple times. His last visit to the Tembladera quarry was in 2022, but during 2023, he coordinated remotely with operational staff. His visit emphasized the operational cement process and equipment conditions (kilns, mills, storages (raw material and sub-products and products, etc.).

## 2.6. Previously Filed Technical Report Summary

This Technical Report Summary (TRS) updates the previously filed technical report summary for the property. The previously filed TRS is the “Technical Report Summary (TRS), Tembladera Quarry and Pacasmayo Cement Plant 20-F 229.601”, which was filed as Exhibit 96.1 of the CPSAA’s Annual Report on Form 20-F filed with the SEC on April 28, 2022 (File No. 001-35401).

## 3. Property description

### 3.1. Tembladera quarry

We refer to the non-metallic mining concession called Acumulación Tembladera. The mentioned mining property is located in the area of Tembladera, in the district of Yonan, province of Contumaza, Cajamarca region.

The quarry is located 60 km from the Pacasmayo district, Pacasmayo province, La Libertad region, where the cement plant is located. Consider the UTM coordinate of the center of the circle of the Acumulación Tembladera as follows:

*Table 9 Central coordinates of the Acumulación Tembladera property*

North	East	Radius	Zone
706744.79	9198636.74	5,000.00	17

The area of the property is 3,390.97 hectares and is shown in Figure 5. The mining rights (the mining concession title) are granted by INGEMMET (Geological Mining and Metallurgic Institute) of the Energy and Quarries Sector by means of a Presidential Resolution. In the particular case of the Acumulación Tembladera, the Director’s Resolution N° 01989-2002-INACC/J the State Organization that granted that title was the National Institute of Concessions and Mining Cadastre (Instituto Nacional de Concesiones y Catastro). Cementos Pacasmayo S.A.A has surface rights for the operation area in the Tembladera quarry.

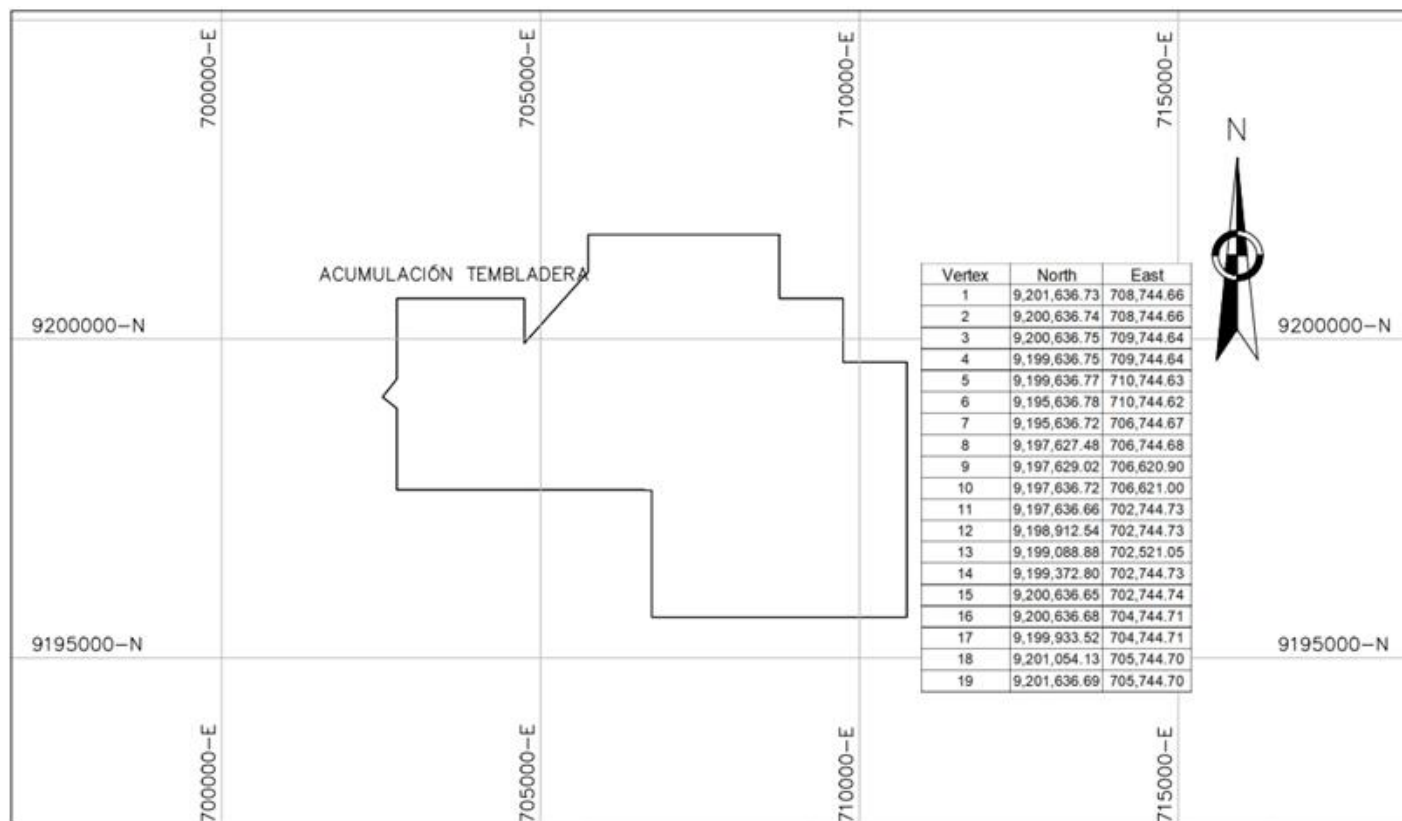
The mineral rights were issued based on the General Mining Law (DS-014-92-EM) and its Regulation D.L 020-2020-EM.

The property is in the name of Cementos Pacasmayo S.A.A., is also registered with the name Acumulación Tembladera, and with type of substance NON-METALLIC.

Cementos Pacasmayo S.A.A. pays the right of validity for the concession of Acumulación Tembladera with unique code 010001801L. These payments must be made from the first business day of January to June 30 of every year.

Cementos Pacasmayo S.A.A. pays royalties to the State according to regulations established by the Authority in Law N° 28258 and its amendment N° 29788, for the property called Acumulación Tembladera.

*Figure 5 Acumulación Tembladera Concession*



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### 3.2. Pacasmayo Industrial Cement Plant

The cement plant property is located in the Pacasmayo District, Pacasmayo Province, La Libertad Region. It is located at Kilometer 666 of the Panamericana Norte.

The property is shown in the Figure 6 and Table 10 shows the UTM coordinates of the center of the circle of the Pacasmayo plant:

Table 10 Central coordinates of the Pacasmayo cement plant

North	East	Radius	Zone
659953.76	9180941.32	700.00	17

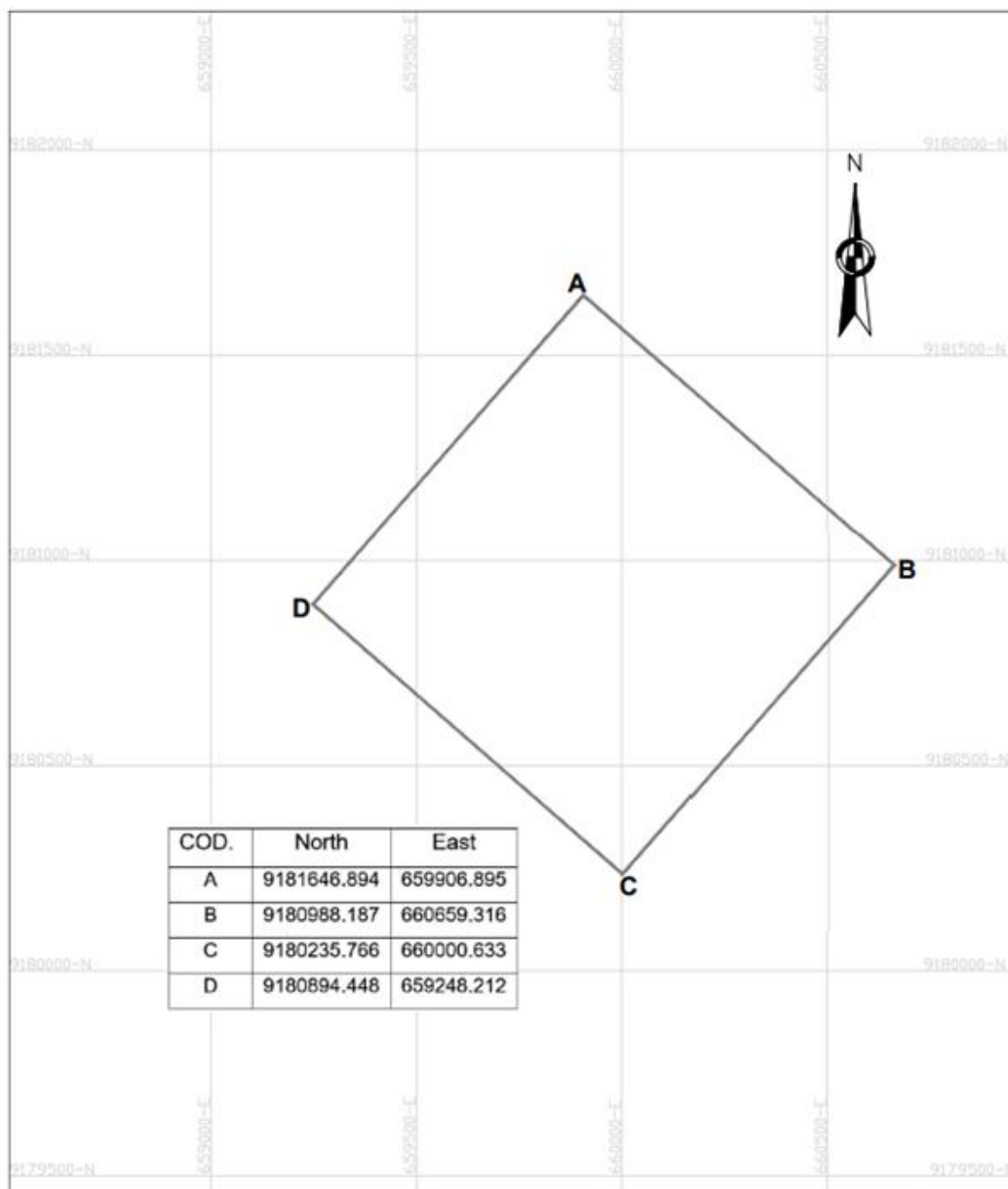
The area of the property is 86.7 hectares. The property is registered in the National Superintendency of Public Registries (Superintendencia Nacional de los Registros Públicos – SUNARP) under the registration number 11004542 in registry zone No. V TRUJILLO, Registry Office San Pedro de Lloc.

Cementos Pacasmayo S.A.A. pays taxes to the State according to that established by the Municipal Authority, for the Pacasmayo plant.

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Figure 6 Pacasmayo Industrial Plant map





#### 4. Accesibility, climate, local Resources, infrastructure and physiography

##### 4.1. Tembladera quarry

This chapter describes the accessibility, climate, local resources and infrastructure for the Tembladera quarry and Pacasmayo plant. The chapter uses information obtained from technical and environmental studies prepared by specialized companies and approved by the authorities.

##### Topography

Tembladera is located between 500 and 1000 masl. The topography shows steep surfaces and abrupt slopes. Drainage is dendritic and controlled by structural features; all the streams are tributaries of the Jequetepeque River.

##### Access

The main access is by land. The journey from the city of Lima to the Tembladera quarry is as follows: Lima – Pacasmayo (666 km), Pacasmayo – Ciudad de Dios (14.3 km), Ciudad de Dios – Tembladera (50 km) and Tembladera – Checkpoint (0.8 km), for a total of 747.1 km.

By air route is as follows: Lima – Trujillo in 1 hour flight, and from Trujillo to Tembladera quarry by land route for a journey of 2 hours.

Another alternative by air route is as follows: Lima – Chiclayo, in approx. 1:15 hrs. flight, and from Chiclayo to Tembladera by land route with a journey of 2.5 hrs.

#### Climate

The Tembladera quarry is located in the western slope of the Andes Mountains range of the Cajamarca Region. The climate is characteristic of semi-arid areas of the lower Andean floor of northern Peru.

Meteorological information is administered by the National Service of Meteorology and Hydrology, SENAMHI. The precipitation data from the Monte Grande Meteorological Station has minimum values 0 mm from June to September and maximum values of 26.3 mm in March, corresponding to the dry and wet periods of the year. The total annual precipitation averages 64.6 mm.

#### Temperature

The average monthly temperature fluctuates from 20 °C in July and August to 25 °C in March. The monthly thermal amplitude is less than 4 °C. The maximum average temperatures range from 27 °C to 29 °C (January – April), and the minimum temperatures range from 15 – 17 °C (July - September).

#### Physiography

The quarry area is located in northern Peru between the transition of the coast and the mountain range, a region characterized by hilly mountainous relief, cut by rivers and streams creating cultivated valleys and watercourses, where the current morpho-dynamic processes show a moderate to low activity, except during periods of the El Niño Phenomenon. The property groups physiographic units into three morphological classes: plains, mountains and hills and one class originated by human activity.

#### Local resources and infrastructure

The personnel of the quarry are divided into Cementos Pacasmayo S.A.A. and contractor personnel. Additionally, the quarry is located 5 kilometres from the Tembladera town, where there are local resources for a population such as housing, schools, hotels, electrical infrastructure, water supply, internet access, etc. The contractor accesses the Tembladera quarry by pickup trucks and buses.

The national electricity grid is the source of energy for the Tembladera quarry. A water channel supplies the Tembladera quarry with water, which is authorized by the National Water Authority (ANA).

### 4.2. Pacasmayo cement plant

#### Topography

The area is located in the alluvial pampas, with elevations between 25 and 100 m.a.s.l., consisting of extensive variety of conglomerate material that represent ancient dejection cones of the Copinsnique, Jequetepeque, Las Viejas, Zaña and Reque rivers. In general, these pampas are desert-like and are practically free of crops; they are equal to the high terraces created by the rivers in the area.

The continuity of these pampas is interrupted by the trenches eroded by the modern rivers. It is common to find minor terraces on the flanks of the valleys, especially in the inland sectors, such as the Jequetepeque valley.

The coastal morphology consists of an almost continuous line of ravines, interrupted only by the narrow valleys of the main rivers. The ravines are 20 to 50 metres high, almost vertical, consisting of conglomerate material belonging to the ancient dejection cones. The beaches are very narrow.

#### Access

The main access is by land. The journey from the city of Lima to Pacasmayo (682km). By air route is as follows. Lima – Trujillo, 1 hour flight, and by land route 1.5 hours from Trujillo to Pacasmayo. Another alternative by air route is Lima – Chiclayo, 1 hour flight and from Chiclayo to Pacasmayo 1.5 hours by land route.

#### Climate

Temperature: This coastal zone has average annual temperatures between 16.5 and 25.0 °C. The average monthly temperature ranges from 19 to 25 °C, based on data from the Meteorological Station of Cementos Pacasmayo S.A.A.

Precipitation: The area has very low precipitation for the most of the year, having an annual average of less than 10 mm.

The annual average Relative Humidity is 85%.

Atmospheric Pressure: The atmospheric pressure fluctuates from 1017 hPa to 1013 hPa in the period of November 2006, with a daily average of 1009 hPa. These pressure values are related to the influence of the South Pacific Anticyclone.

Sunshine is high at midday in summer, with an average of 7 hours of solar rays per day. In the winter, the sunshine decreases to 3.5 hours of solar rays, although it is worth noting that there are clouds that allow the diffuse radiation to pass through.

#### Local resources and infrastructure

The personnel of the plant are divided into Cementos Pacasmayo S.A.A. and contractor personnel. The cement plant is located next to Pacasmayo town where most of the personnel live. They are taken from Pacasmayo to the cement plant in buses provided by Cementos Pacasmayo.

Electricity is supplied by the national grid and there is a contract with Electro Perú, which supplies energy through a 60 KV transmission line.

Water supply at the Pacasmayo plant is provided by a groundwater well.

## 5. History

### 5.1. Tembladera quarry

Tembladera quarry is a limestone quarry mining limestone that is suitable for different types of cement. The quarry and deposit are owned by Cementos Pacasmayo S.A.A. By means of Director's Resolution No. 01989-2002-INACC/J dated on November 4, 2002, the National Institute of Cadastre and Mining Concessions granted to Cementos Pacasmayo S.A.A., the title of the non-metallic accumulation concession called "Acumulación Tembladera" with code No. 01-00018-01-L, whose antiquity goes back to the date of its oldest integral concession: "Norte No. 1" granted by the Regional Mining Headquarters of Cajamarca by Ministerial Resolution No. 267 of June 30, 1950, in favor of Cementos Portland del Norte S.A., starting operations as Cementos Pacasmayo S.A. from 1957 to 2013, the year in which Calizas del Norte S.A.C.(CALNOR) was constituted. CALNOR started activities from January 2014 to May 2016. San Martín Contratistas Generales S.A. started activities from October 2016 to the present.

In March 2007, MINTEC Consulting company was hired by Cementos Pacasmayo to perform the 3D modeling of the deposit and a preliminary estimation of the Mineral Resources. The geological information was obtained from 31 diamond drill holes. The samples obtained were analyzed in internal and external laboratories to obtain the content of CaO, MgO, Al<sub>2</sub>O<sub>3</sub>, SiO<sub>2</sub>, Fe<sub>2</sub>O<sub>3</sub>, SO<sub>3</sub>, Cl and CO<sub>3</sub>.

With the information generated, the geological interpretation was made and the structures which control or dominate the deposit were defined. The geological model was completed by Cementos Pacasmayo's QPs in the MineSight software from vertical sections.

In 2019, a campaign of eight (8) diamond drill holes was carried out to confirm the Mineral Resources and Reserves of the east area of the deposit. With the interpretation of information obtained, a new geological model was prepared. Cementos Pacasmayo oversaw the interpretation and the geologic modeling.

In December 2022, Cementos Pacasmayo started a diamond drilling campaign of eight (8) additional drill holes to confirm Mineral Resources and Reserves. Drilling activities continued during the first month of 2023.

### 5.2. Pacasmayo Plant

In 1957, Compañía Cementos Pacasmayo S.A. began operations in the Pacasmayo plant by installing the first clinker line, which had an installed production capacity of approximately 110,000 metric tons per year.

In 1966, CPSAA added a second clinker line of 150,000 metric tons per year, increasing the installed clinker production capacity.

In 1974, Cementos Norte Pacasmayo S.A. (CNP) was created to transfer gradually the shares to the Peruvian State.

In 1976, a third clinker line was added, increasing the installed clinker production capacity to 540,000 metric tons per year.

In 1994, CPSAA installed a new computerized process control and optimization system in the Pacasmayo plant, and the Management approved the expansion of the practical clinker production capacity from 540,000 metric tons per year to 690,000 metric tons per year. In 1995, CNP upgraded the third kiln technologically, allowing it to increase its capacity to 840,000 metric tons per year of clinker.

On December 10, 1998, a significant milestone was reached in our company's history. Cementos Pacasmayo S.A.A. was born due to the merger between Cementos Norte Pacasmayo, Cementos Selva (formerly Cementos Rioja), and Cordasa. This strategic move not only solidified our position in the market but also paved the way for our continued growth and success.

In 2023, we completed a significant investment in a more efficient kiln for our Pacasmayo plant. This strategic move underscores our unwavering belief in our country's future growth and, more importantly, our steadfast commitment to environmental sustainability. The new kiln, designed to significantly lower our emissions, is a testament to our dedication to carbon neutrality.

## 6. Geological setting, mineralization, and deposit

### 6.1. Regional geology

The strata of the district of Yonan, province of Contumaza, Cajamarca region consists of Cretaceous Age sedimentary strata of the Quilquiñán Group, Cajamarca Formation, Celendín Formation, and Recent Quaternary Deposits (Table 11).

Table 11 Regional stratigraphic column

ERATHM	SYSTEM	SERIES	FLATS	STRATIGRAPHIC UNITS	INTRUSIVE ROCKS
CENOZOIC	QUATERNARY	RECENT		Fluvial, alluvial and eolian deposits Disc. Ang	Qr-al Qr-e Qr-fl
	TERTIARY	LOWER		Volcanic Ullama Disc. Ang	Ti-vll
MESOZOIC	CRETACEOUS	UPPER			
		MIDDLE	Turonian	Cajamarca Formation	Km-c
				Quilquiñán Group	Km-q
			Cenomanian	Pullucana Group	Km-p
			Albian	Pariatambo Formation	Km-pa
				Inca Chulec Formation	Km-ich
				Disc. Por	
		LOWER	Aptian	Goyllarisquiza Group	Ks-g
		JURASSIC	Neoconian	Disc. Por	
				Volcanic Oyotun	J-vo
		LOWER		Disc. Ang	
PALEOZOIC	ORDOVICIAN			Salas Formation	Pl-s

Quilquiñán Group (Ks-q).

The Quilquiñán Group is composed of the Romirón and Coñor formations which together are represented by 100 to 200 m. of shales and marls with some calcareous intercalations.

The Quilquiñán Group overlies the Pullucana Group and underlies the Cajamarca Formation. Both contacts are concordant. It varies from a thickness of 120 m., in the Chongoyape quadrangle, to a known maximum of 281 m. in the Tembladera area (Cerro de Chapén). The group consists of dark gray friable shales and bluish marls in thin layers weathering to dark brown or reddish brown. The Quilquiñán Group is fossiliferous and contains a varied fauna of ammonites, lamellibranchs and echinoidea. BENAVIDES V., (1956) dated it to the Late Cenomanian-Early Turonian interval because of its ammonite content.

#### Cajamarca Formation (Ks-c).

The Cajamarca Formation is composed of 100 to 400 m. of limestone whose main outcrops are located in the Cutervo, Chota and Celendín quadrangles. The Cajamarca Formation is characterized by regular and uniform stratification and grayish or whitish colors.

The formation is limited by concordant contacts with the Celendín Formation in the upper part and with the Quilquiñán Group at the base. In both cases these are sharp contacts with abrupt lithology changes. The Cajamarca Formation has a fairly uniform lithology throughout the region. It consists of a thin, pure, light brown limestone weathering to whitish or light gray. The limestone is well stratified in thin to medium layers.

A nearly complete section at Tembladera (Cerro de Chapén) is 111 m thick. (BENAVIDES V., 1956). The Cajamarca Formation is characterized by the content of *Coilopoceras newelli* BENAVIDES, from the late Turonian (BENAVIDES, V. 1956); therefore it correlates with the upper part of the Jumasha Formation, from other parts of northern and central Peru.

#### Celendín Formation (Ks-ce).

The Celendín Formation outcrops only in the Cutervo, Chota and Celendín quadrangles generating a relief of hollows and low terrains characterized by yellowish and brownish tones produced by weathering. The formation concordantly overlies the Cajamarca Formation. The Celendín Formation is composed of thin layers of clayey nodular limestone, intercalated with marls and shales. In general, the marls and shales predominate over the limestones. The ammonites contained in the Celendín Formation indicate that the unit belongs to the Coniacian and early Santonian (BENAVIDES, B. 1956). The Celendín Formation correlates with other outcrops of the same unit in the north and center of the country and with the top of the Chota Formation in the Selva region.

#### Recent Quaternary Deposits.

Along the coastal strip and the Andean foothills, there are abundant alluvial and fluvial deposits made up of conglomerates, gravels, sands, silts, etc. forming the floors of the valleys and ravines located between San Pedro de Lloc, and Motupe, where the main population centers and farming areas of the area are located.

(Source: Bulletin No. 38 Series A. National Geological Chart by John Wilson - 1,984).

#### 6.2. Local Geology

The Tembladera quarry hosts a limestone deposit with a grade suitable for cement production. The deposit is contained within the so-called Cajamarca Formation, belonging to the Upper Cretaceous (Turonian floor, around 90 MA). This formation overlies the Quilquiñán Group and underlies the Celendín Formation.

Sedimentary rocks corresponding to the Cajamarca Formation and the Upper Cretaceous Celendín Formation outcrop in the area as described below. This formation overlies the Quilquiñán Group, and underlies the Celendín Formation.

#### Mesozoic

##### Quilquiñán Group (Ks-q).

Composed by a thin stratification of marly shales, thin layers of marly limestones, and marl nodules in thin layers, dark brown in color, it is not mineable. This formation is the limit of the Cajamarca Fm. limestones. Which represents the oldest rocks in the area, they are found outcropping in the northern part of the area of the quarry.

##### Cajamarca formation (Ks-c)

Composed of thin limestones, well stratified, in strata of thin layers, with a color ranging from dark to light gray, these limestones are mined for cement production because they meet quality standards. This formation lies concordant with the Quilquiñán group.

The average strike of these strata is N 75° W and dip varies from sub-horizontal to 50°. It has a thickness or power of 230 meters.

##### Celendín formation (Ks-ce)

It presents an interstratification of thin layers of light gray limestones, cream to dark brown nodular marly limestones and shales. This formation outcrops on the south-central side of the quarry, in a reduced area, with a thickness of 35 meters, which underlies concordant to the Cajamarca Fm. These types of limestones were considered as waste rock for not complying with the quality standards.

#### Cenozoic

In the quarry, intrusions of andesitic dikes of plutonic formation can be found, which intrude longitudinally in very localized areas of the limestone deposit rock mass. These dykes present aphanitic to porphyritic texture, with some plagioclase crystals visible in greenish gray to whitish matrix, showing moderate to high alteration, moderate poly directional fracturing degree.

#### Quaternary Deposits

Along the Andean foothills there are abundant alluvial and fluvial deposits made up of conglomerates, gravels, silty sands, etc. In the Tembladera quarry area, these deposits are restricted to the Jequetepeque riverbeds, stream mouths and some terraces.

*Table 12 Local stratigraphic column of the Tembladera quarry*

System	Series	Stratigraphic Unit		Intrusive rocks		Lithologic Description
Quaternary	Recent	Fluvial Deposit	Qr-fl			Fluvial origin
		Alluvial Deposit	Qr-al			Alluvial origin
Tertiary	Lower			Andesite	T-an	Intrusion of andesitic dykes longitudinally into the deposit rock mass.
Cretaceous	Upper	Celendin Formation	Ks-ce			Thin layers of clayey nodular limestone, interbedded with marls and lutites.
		Cajamarca Formation	Ks-c			Limestone of marine origin of whitish to light gray color.
		Quilquiñan Group	Ks-q			Lutites and marls with some calcareous intercalations.

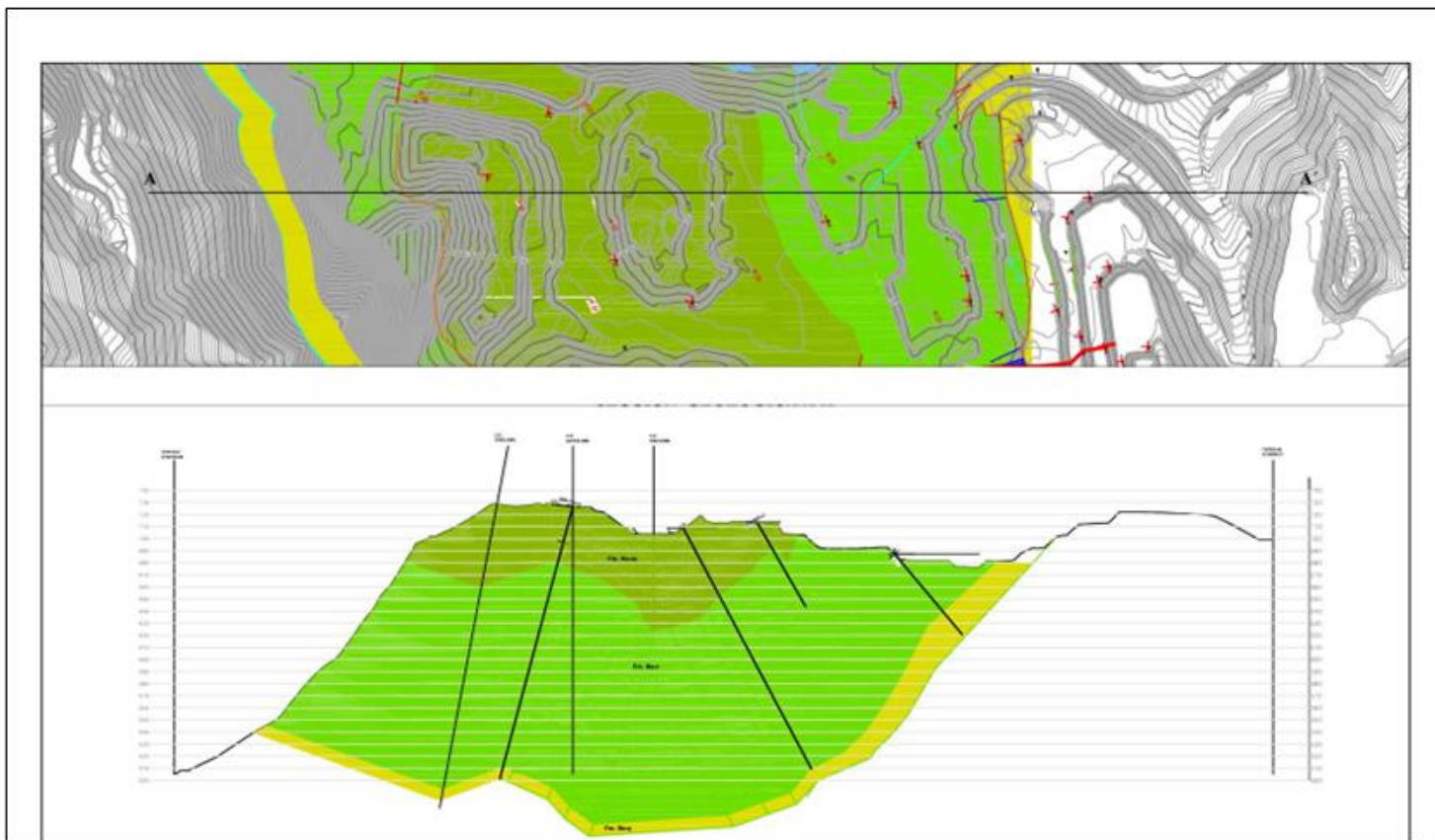
#### 6.3. Characteristics of the deposit

Table 13 shows the main characteristics of the deposit.

*Table 13 Characteristics of the Tembladera deposit*

Quarry	Average Width (m)	Total Length (m)	Thickness (m)	Average depth (m)		Continuity
				Top Elevation	Lower elevation	
Tembladera	800	1900	230	720	420	It is a sedimentary deposit whose continuity is controlled by a folded structure (syncline) whose limits are marked by its flanks.

*Figure 7 Geological Section of the Tembladera quarry*



## 7. Exploration

### 7.1. Drilling

Cementos Pacasmayo's exploration activities at the Tembladera quarry property involve diamond drilling to adequately characterize the geology. The holes range in depth from 80 to 150, with an average depth of 120.

*Table 14 Drilling campaigns in Tembladera quarry*

Drilling Campaign	Date	N° of holes	Hole Type	Holes diameter	N° of samples	Type of sampling	Objective
1	2007	31	Diamond Drilling	HQ	2515	Core sampling	Exploration
2	2019	8	Diamond Drilling	HQ	858	Core sampling	Exploration
3	2022 - 2023	8	Diamond Drilling	HQ	956	Core sampling	Reserves Confirmation

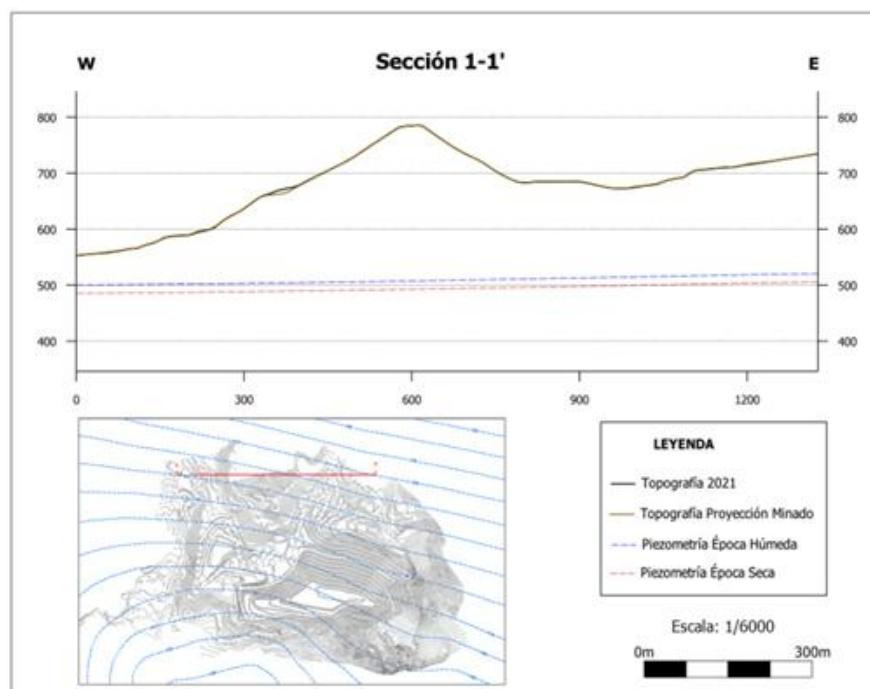
### 7.2. Hydrogeology

During 2023, Cementos Pacasmayo did not conduct hydrogeological studies. The last hydrogeological studies were conducted during 2021 and the information was presented in the previously filed TRS titled "Technical Report Summary (TRS), Tembladera Quarry and Pacasmayo Cement Plant 20-F 229.601", which was filed as Exhibit 96.1 of the CPSAA's Annual Report on Form 20-F filed with the SEC on April 28, 2022 (File No. 001-35401).

As stated in the previous TRS, Cementos Pacasmayo hired Magma Consulting S.A.C. in 2021 to update its previous hydrogeological surveys. The hydrogeological study included the evaluation of 5 piezometers. Magma Consulting S.A.C. concluded that the groundwater is 300 m above the current topographic elevation. Figure 8 shows the water table relative to ground surface (Magma Consulting S.A.C. 2021).



Figure 8 Water level at the Tembladera quarry



As per the previous TRS, CPSAA hired Walsh Perú S.A. to define the hydrogeological characteristics of the quarry. Their study (Walsh Perú S.A., 2009), which included evaluation of EC, TDS, S, pH, and T from 13 monitoring points. The evaluation concluded there is no water contamination from the current mining practices.

### 7.3. Geotechnical studies

During 2023, Cementos Pacasmayo did not conduct geotechnical studies. The update studies were conducted during 2021 and the information was presented in the previously filed TRS titled “Technical Report Summary (TRS), Tembladera Quarry and Pacasmayo Cement Plant 20-F 229.601”, which was filed as Exhibit 96.1 of the CPSAA’s Annual Report on Form 20-F filed with the SEC on April 28, 2022 (File No. 001-35401).

As per the previously filed TRS, the geotechnical studies concluded, based on the geotechnical test work that the current slopes at the Tembladera quarry are stable for static and pseudo-static loading conditions, with safety factors above the minimum recommended for operating conditions. The studies also recommended geotechnical design criteria including a single bench height of 10 m, inter-ramp angles between 35° and 45°, with berm widths ranging from 5.04 m to 6.40 m. The recommended bank angles is between 47° and 70° and bench angles is between 47° and 70°.

## 8. Sample preparation, analyses, and security

This Chapter describes the preparation, analysis and security of the samples used for the geology, quarry and cement plant operations.

### 8.1. Geology and quarry

Cementos Pacasmayo S.A.A. has implemented international standards in all its operations such as quarries and plants. The ISO 9001 standard has been implemented and certified since 2015. The certification is renewed annually through an external audit.

The SSOMASIG department (Security, Occupational Health, Environment and Management Systems), is part of the team that determines and gives the necessary support for the maintenance of the ISO 9001 (Quality) and the scope is in all the company’s activities.

The Geology department has protocols for the activities of sample preparation methods, quality control procedures, security and other activities.

#### 8.1.1. Preparation of samples, procedures, assays and laboratories

Samples obtained from the drill holes are placed in holders to be duly coded, cut, bagged and sent to the laboratory at the Pacasmayo plant and are occasionally sent to an external laboratory following the company’s procedures.

Certimin S.A. is used as an external laboratory for chemical analysis. Certimin S.A. is a Peruvian laboratory that is certified in ISO 9001, ISO 14001, ISO 45001, NTP-ISO/IEC 17025 Accreditation and has a membership in ASTM. This laboratory has modern facilities for the development of mining services associated with the cement industry and technical support in the geochemical field for national and international companies.

For the limestone samples, the laboratory analyses evaluate CaO, MgO, Al<sub>2</sub>O<sub>3</sub>, SiO<sub>2</sub>, Fe<sub>2</sub>O<sub>3</sub>, SO<sub>3</sub> and Cl. Once received in the laboratory, the properties of the limestone to be used in cement production are analyzed.

#### 8.1.2. Quality Assurance Actions

Cementos Pacasmayo S.A.A. has developed quality assurance actions, which guarantees the accuracy of the results in the sampling, in the preparation and analysis of the samples.

#### 8.1.3. Quality Plan

Cementos Pacasmayo S.A.A. has implemented QAQC protocols for the development of exploration and production activities in the Tembladera quarry to ensure the quality of the information that allows the estimation of Mineral Resources and Reserves of the deposit.

Based on the information and samples from the 2019 drilling campaign where limestone samples were obtained, Cementos Pacasmayo S.A.A. performed an audit for the validation of results as part of the quality assurance and quality control (QAQC) activities. For this purpose, it hired the Wiracocha Mining Services S.R.L., who conducted a re-sampling of a group of drill holes executed in Tembladera quarry in the past. Also, the work included the revision of the QAQC program. The samples and controls of this program were analyzed at Certimin S.A., an external laboratory.

The analysis of the results obtained for the different samples and controls inserted show a confidence level, with an acceptable bias that are within the standards of the sampling theory, which guarantees the accuracy of the results in the initial sampling, so it is concluded that both the preparation and analysis of the samples obtained initially in the laboratory of Cementos Pacasmayo S.A.A., has reliable processes and procedures.

The quality plan implemented by Cementos Pacasmayo for the quarries includes the insertion of blanks, duplicates and standards, in order to control the precision, accuracy and contamination in the samples.

*Table 15 Quality Plan of the Tembladera quarry*

Blanks	Duplicates	Standards	Remark
1 control sample for each batch of 20 samples.	2 control sample for each batch of 20 samples.	1 control sample for each batch of 20 samples.	Cementos Pacasmayo protocol "OM-GL-PRT-0023-R0".

#### 8.1.4. Sample security

Cementos Pacasmayo S.A.A. has implemented QAQC protocols for the development of exploration and production activities in the Tembladera quarry in order to ensure the quality of the information that allows the estimation of Resources and Reserves of the deposit.

Cementos Pacasmayo S.A.A has a specific area for the storage of the samples obtained during the drilling campaigns; the samples are properly stored to preserve their quality.

The necessary materials for storage and transport of the samples were implemented. Sampling cards were also implemented with information on the name of the project, name of the borehole to be sampled, date of sampling, sampling interval, sampling manager, sampling and type of sample or control sample.

All samples were labeled, and a photographic record is available. The photographic record of each sampling bag is made together with the weighing of the sample.

#### 8.1.5. Chain of custody

Cementos Pacasmayo has implemented actions to ensure the physical security of samples, data, and associated records. The traceability of the sample from its generation to its analysis and subsequent conservation of rejects and pulps. At the Tembladera quarry, core samples are duly stored in the coreshack.

#### 8.1.6. Qualified person's opinion on quarry QAQC

In the author's opinion, Cementos Pacasmayo has been complying with the international standards of ISO-9001 (Quality) since 2015 and implemented Quality Assurance and Quality Control (QAQC). Cementos Pacasmayo S.A.A. has used a QAQC check program comprising blank, standard and duplicate

samples. The QAQC shipping rate used complies with accepted industry standards for insertion rates, as well; the actual sample storage areas and procedures are consistent with industry standards.

Protocols in the different exploration and production processes are strictly complied with. There is information on sample preparation methods, quality control measures, sample security, and these results are accurate and free of significant error. The information in this report is adequate for use in the construction of the Geological Model, Resource Estimation and Reserve Estimation.

## 8.2. Pacasmayo plant

### 8.2.1. Samples preparation, procedures, assays and laboratories

Cementos Pacasmayo S.A.A. has a quality control plan for each of its operations that is part of the quality system.

As part of the quality control plan (P-CC-D-03 VE 05 Quality control - cement and lime), samples of raw materials such as limestone, sand, clay and iron are evaluated in the laboratory at the Pacasmayo plant, where they are analyzed to determine the chemical composition of each material for cement production.

The procedures applied are the chemical analysis of raw materials and crude, sampling of clinker, slag and pozzolana, physical testing of cement, chemical analysis by wet route for clinker and cement, preparation of coal samples, physical testing for additions, analyses, and operating procedures in the X-ray area, which are based on ASTM, NTP (Peruvian Technical Standard) and ISO standards.

#### 8.2.1.1. Raw materials sample preparation

For preparation of samples, it is considered the collection and preparation of samples procedure, which consists of primary and secondary crushing, and reduction of the sample by the quartering method, then the sample is pulverized in the ring mill.

#### 8.2.1.2. Analysis of Laboratory

The laboratory at Pacasmayo plant has implemented the ISO 9001 standard; also, it has calibrated equipment, with a calibration and maintenance program established by the laboratory area. The main equipment in the laboratory at Pacasmayo plant are the XRF fluorescence equipment and the compressive strength press, which are maintained annually.

The tests for air content, fineness, autoclave expansion, compressive strength and setting time, and vicat are made for all types of cements. The autoclave contraction, 14-days mortar expansion, 6-months sulfates expansion, SO<sub>3</sub>, MgO, loss on ignition, insoluble residue, and C<sub>3</sub>A and 2 C<sub>3</sub>A+ C<sub>4</sub>AF tests only apply to some specific cements.

### 8.2.2. Quality Assurance Actions

The sampling plan P-CC-D-04 VE 08 Sampling plan and frequency of tests and data verification applies to the processes of raw material reception, raw material crushing, coal milling, raw meal milling, clinkerization, cement milling, lime production, lime milling and lime dispatch.

*Table 16 Tests and frequency for each stage of the process*

Stage	Tests	Frequency
Receiving raw materials	Chemical analysis by X-ray, granulometry and humidity.	1 samples per 2 hour up to 1 time per day.
Crushing raw materials	Chemical analysis by X-ray.	2 samples by shift or depending on the material.
Coal grinding	Chemical analysis by X-ray, humidity, calorific value and proximate analysis.	1 samples per 2 hour up to 1 time per day.
Raw meal grinding	Chemical analysis for X-ray, Humidity, R70 and R170.	Each 1 hour up to 2 hours.
Clinkerization	Chemical analysis by X-ray.	Each hour up to 2 hours.
Cement and other grinding	Chemical analysis by X-ray, pozzolana, IAP pozzolana, IAP Slag, Blaine, R325, R450, loss on ignition, insoluble residue and chemical/physical tests.	Each 1 hour up to 1 time per shift.
Packaging of cement	Chemical analysis by X-ray, Blaine, R325, R450, loss on ignition, insoluble residue and chemical/physical tests.	2 samples per shift and depending on te type of cement

The quality plan implemented by Cementos Pacasmayo for the cement plants includes the insertion of blanks, duplicates and standards, in order to control the precision, accuracy and pollution in the samples.

*Table 17 Quality Plan of Pacasmayo cement plant*

Blanks	Duplicates	Standard	Comment
02	784	11 for cement (NIST) 05 for coal	Blanks only apply by performing spot checks by Classical methods.

The Pacasmayo plant has a QAQC plan, which includes the items mentioned in Table 17. Likewise, the results for the period 2023 show two blank samples, 784 duplicate samples, and 16 standard samples. They are below the error limits.

As part of the quality plan, the laboratory evaluates its performance through external interlaboratory; in this sense, the laboratory participates in 02 interlaboratory:

- CCRL: Compliance greater than 97% in qualification Z Score > 4
- XAMTEC: Qualification greater than 99%.

Likewise, quality assurance actions include control of finished products, control of non-conforming products, validation of silos, density analysis, QaQc program, quality plan and Quality control parameters for raw materials received at the Pacasmayo plant.

### 8.2.3. Security of the samples

Cementos Pacasmayo S.A.A. has implemented QAQC protocols for the development of cement production activities at the Pacasmayo plant, to ensure the quality of the information that allows the Estimation of the Resources and Reserves of the deposit.

Sample preparation methods are Sample collection and preparation, clinker, slag and pozzolan sampling and Coal sample preparation.

The testing procedures are: Chemical analysis of raw meal and raw materials, analysis by X-ray equipment, X-ray laboratory operation, physical tests for additions, physical chemical analysis for coal samples, physical tests for cement, wet testing of clinker and cement and quality plan.

Likewise, the control parameters are raw material parameters, pozzolana, slag, mineral reception parameters, clinker production parameters, raw material parameters for raw meal; raw meal feed parameters, raw meal milling parameters, coal milling parameters and cement milling parameters.

### 8.2.4. Qualified Person's Opinion on cement plant QaQc

Cementos Pacasmayo S.A.A. has a Quality Assurance, Research and Development area that ensures compliance with the requirements for finished products specified in Peruvian Technical Standards, which are traceable to the standards of the American Society for Testing and Materials (ASTM).

For quality assurance, the control parameters have been defined from the raw materials, products in process and finished products. Compliance with the requirements based on indicators of the quality assurance management system for the 2023 period is 0% of nonconforming products in the market. This is evaluated under the specification of Standards NTP 334.009, NTP 334.090, and NTP 334.082 (similar to ASTM C150 and ASTM C1157). Likewise, the level of customer satisfaction (D-COM-P-01 VE09 Customer satisfaction) is 90.82%.

In this sense, in the author's opinion, the quality assurance system at the Pacasmayo plant, which includes preparation methods, procedures, analysis and security, complies with the best practices in the industry, thus ensuring that the final customer has confidence in the quality level of the products marketed by Cementos Pacasmayo.

## 9. Data verification

This Chapter shows the data verification activities for the geology, quarry and cement plant areas.

### 9.1. Geology and quarry

#### 9.1.1. Data Verification procedure

CPSAA has an unit specialized in the compilation, verification and standardization of information for the geological database. It's main function is the validation of the data to be used in the estimation of mineral Resources and Reserves. For the proper management of the information, internal protocols have been implemented, which are subject to internal audits.

#### 9.1.2. Data collection

The data collection applies to exploration activities. For diamond drilling, the process flow for planning and executing drilling, survey methods for reporting drill collars and ddh / verification of the quality of information and recovery process of the core information. In addition, for geological sampling activities, the processes flowsheet, validation and consistency of sample information, sample preparation and testing, density, registration process and digital photographic storage are used.

#### 9.1.3. Management and Validation of Database

The stages for management and validation of database are the recovery, processing and storage of the database. Which includes database development process flow, information standardization and integration process, information storage strategy, appropriate database technology, structure and practicality of the database system that allows a fast and flexible access and input of information and validation of chemical results, which includes the QaQc report.

#### 9.1.4. Tracking Data

The consistency between the database records and the original registry was verified by the QPs in 2023. No differences were detected between the database and the log files. A digital copy of all records is kept as a pdf file. Digital certificates support the chemical analysis data.

The collection of the information considered the following: drill collars, survey, lithology, samples and assays.

#### 9.1.5. Validation of Data

The geology department provided copies of all Tembladera quarry drilling records, including Excel spreadsheets, driller's logs, field geologist's logs, quality results sheets from the Pacasmayo laboratory, collar sheets, and survey sheets. Data for each hole was individually checked in the database to confirm accuracy.

The reviews included:

- Drillhole lithology database comparison to geophysical logs
- Sample quality database comparison to quality certificates
- Survey sheets.
- Collar sheets.
- Core photographic record.

Typical errors may impact reserve and resource estimation related to discrepancies in original data entry. These errors may include:

- Incorrect drillhole coordinates (including elevation).
- Mislabeled drillhole lithology.
- Unnoticed erroneous quality analyses where duplicate analyses were not requested.
- Unrecorded drillhole core loss.

Data validation follows the field operational procedures that collect information from the source (collar, survey, lithology, samples, and assays).

Finally, when the information is transmitted and uploaded to the mining software for geological modeling and estimation, it is double-checked to eliminate any additional errors.

#### 9.1.6. Qualified Person's Opinion Geologic Data

The qualified persons followed the defined processes for information flows to support Resource and Reserve estimation. The qualified person followed the same process as a means of verifying and validating the geologic data. They found that the validated information is congruent in the interpretations of the same, with which the fundamental base geological models were generated for the estimation of the Resources.

No findings have been found that could invalidate the estimation of the Resources and Reserves of the unit.

## 9.2. Pacasmayo plant

The Quality Control Plan contemplates the following aspects: PDCA cycle, customer, person in charge, activities, risks, control methods, monitoring, measurement, analysis, evaluation and documentary evidence.

The PDCA cycle is:

- Plan, during this stage the following activities are considered: determination of characteristics of raw materials, product in process and finished product, elaboration of control and arrays parameters and determination of activities and results assurance program.
- Do, during this stage the following activities are considered: verification and compliance with the requirements and matrices, sampling and preparation.
- Check, during this stage the following activities are considered: chemical analysis by XRF, chemical analysis, physical analyses, recording of results, taking action on non-conformities.
- Act, during this stage the following activity is considered, acting to improve.
- The Quality Assurance Plan is applied to the following customers: production, quarry, provisions chain and external customer.

### 9.2.1. Data verification procedures

The XRF analysis, chemical analysis and physical analysis are made to verify the results of the samples, as part of the Quality Control Plan.

The data resulting from these three types of analysis are recorded and evaluated - to determine whether or not they comply with the technical specifications.

Data verification procedures include internal audits, check lists, statistical tables, reports, validation of data, certificates, interlaboratory test reports and compliance with quality protocols.

### 9.2.2. Data validation

Cementos Pacasmayo S.A.A. through its quality assurance and control unit participates in evaluations with international laboratories such as CCRL/ASTM (Concrete and Cement Reference Laboratory), which is an international reference laboratory for construction materials, and Xamtec of Colombia, an international interlaboratory, in order to report reliable data.

The Quality Control laboratories endorse their analysis methods by participating in interlaboratory analysis programs, which compare the results with national and foreign laboratories. The methods of analysis compared are X-ray fluorescence (XRF) and the physical cement tests, which are the methods used to control cement quality. In all the results of these interlaboratory programs, the companies always obtain the best results for each test.

### 9.2.3. Qualified Person's Opinion on cement plant

In the author's opinion, the methodologies used for collecting and processing data at the cement plant are accurate and free of important errors. The information can be used within the models' construction and estimates for cement production. Considering that the analyses of the main chemical components and physical properties of the raw materials and final products are made in external laboratories, the quality of the information is adequate for preparing mineral Resource and Reserve Estimates.

## 10. Mineral processing and metallurgical testing

### 10.1. Nature of Testing Program

Cementos Pacasmayo S.A.A. has a Quality Assurance and Research and Development department. The objective of the department is to develop, evaluate and research procedures for the development of products at laboratory level and their scaling up to industrial level. Another objective is to identify supplementary

cementitious materials (SCM) that can substitute for clinker: slag, pozzolana, fly ash, calcined clays, etc., to reduce their environmental footprint and the cost of cement production.

They have also implemented their own procedures for the preparation, review, issuance and control of test reports associated with cement production.

Cementos Pacasmayo has implemented the ISO 9001 standard since 2015. The Research and Development laboratory, located at the Pacasmayo plant, is responsible for technical aspects of cement plant and quarry operations.

Cementos Pacasmayo applies the procedures:

- P-ID-P-04 Preparation of raw materials.
- P-ID-P-05 Sampling of cement and raw materials.
- P-ID-P-13 Input, storage and disposal of samples.

A permanent control is carried out with other laboratories to give greater reliability to the results. Likewise, interlaboratory reports are issued with external laboratories such as CCRL (Cement and Concrete Reference Laboratory), which is a reference laboratory for construction materials at international level, and Xamtec from Colombia, an internal interlaboratory.

Cementos Pacasmayo S.A.A. has also obtained the certification that certifies compliance with Supreme Decree No. 001-2022, which validates compliance with the Technical Regulation on Hydraulic Cement used in Buildings and General Construction.

Cementos Pacasmayo SAA opted for the highest and most rigorous certification model (Type 5) granted by ICONTEC, which has extensive experience in the certification of products and services.

A significant percentage of Research and Development activities are focused on evaluating different ratios between clinker-mineral additions that provide the best functional characteristics to our products and at the same time keep balance with the benefits generated for the company. Whether it is a requirement or an internal initiative oriented to supply any previously identified need, the laboratory tests are developed with the objective to generate operational benefit to the company. Based on this work, the laboratory has determined (and confirmed with production estimates) that 1 tonne of limestone yields 0.74 tonnes of clinker and the clinker/cement factor with additions is 0.72.

The R&D Laboratory located at the Pacasmayo plant provides analysis and research services to all of the company's cement plants.

#### 10.2. Cement Manufacturing Test Results

At the Pacasmayo plant, the studies conducted in the Research and Development Laboratory and the Quality Control department include: reduction of the clinker/cement factor, substitution of slag for pozzolan, and substitution of fossil fuels for rice husks, the latter at the Rioja plant. The clinker/cement factor of the main cements with additions is 0.72.

The substitution of slag from blast furnace by natural pozzolanic materials was also analyzed, with the objective of improving the company's carbon footprint and reducing operating costs. The main test was the analysis of pozzolanic activity at laboratory level and subsequently at industrial level. By 2024, the objective is to further reduce slag consumption and further reduce CO<sub>2</sub>.

#### 10.3. Qualified Person's Opinion of the Adequacy of the Test Data

The Research Laboratory issues technical reports following the criteria of international standards for the operations area, identifying the correct data, defining the requirements that may vary but include accuracy, consistency, and validity through an evaluation of the data and implementation of solutions, and finally, validating the adequacy of the data.

The operations area then evaluates the convenience of industrially implementing the tests and validating what is reported at the laboratory level. The reliability in the integrity and adequacy of The data reported by the area is based not only on the technical competencies of the collaborators but also on the high scores obtained in the external interlaboratory of recognized entities such as XAMTEC and CCRL in their different programs.

#### 11. Mineral Resources estimates

The geological model was developed and structured using Leapfrog software. The model solids were generated considering the lithology of the deposit based on the geological characteristics and its quality.



Due to the nature of the deposit and its stratified nature and occurrence, the geological model was interpreted with the help of 56 E-W cross sections and 82 N-S sections, spaced every 20 meters.

Additionally, in the interpretation with the sectioning, a structural analysis has been considered defining a main NE-SW fault system whose effect on the terrain has been reflected in the displacement of blocks related to fault jumps of normal and inverse nature.

The geochemical analysis of the samples from the diamond drilling campaigns was performed by the geologists of Cementos Pacasmayo S.A.A., which has allowed grouping the calcareous stratigraphic sequence into 15 lithological groups or domains, establishing the following sequence to be considered in the geological modeling.

The lithological units have been grouped by assigning a numerical code to each, in the mining software, to simplify the modeling. Table 18 shows the lithological units with their respective Mine Sight code and numerical code.

*Table 18 Lithologic units of the Tembladera quarry geological model*

Lithologic Units	Mine Sight Code ITEM (USO)	Numeric Code (CUSO)
01 CALIZA MARGOSA	CM G	1
02 CALIZA IMPURA MARGOSA A	CIMA	2
03 MARGA DE ARENISCA	MGA R	3
04 CALIZA IMPURA MARGOSA B	CIMB	4
05 CALIZA TIPO I	C TI	5
06 CALIZA TIPO I	C TI	6
07 CALIZA CAL	CA L	7
08 CALIZA TIPO I	C TI	8
09 CALIZA ADICION	CA DI	9
10 CALIZA TIPO I	C TI	10
11 CALIZA ADICIÓN	CA DI	11
12 CALIZA TIPO I	C TI	12
13 CALIZA CAL	CA L	13
14 CALIZA TIPO I	C TI	14
15 CALIZA ADICION	CA DI	15
16 DIQUES	DQ	16

\* CALIZA means limestone.

The main criteria used for geological modeling are the lithological and quality aspects.

The lithological criteria are based on the macroscopic physical characteristics, such as color, texture, hardness, etc., of the calcareous rocks.

In relation to the quality criteria, the main reference is the content of calcium oxide (CaO) as the main oxide, and of economic interest, as well as the concentration of oxides and secondary elements and/or contaminants were also considered in classifying the type of rocks oriented to the final product.

In the Tembladera quarry, the referential cut off of the oxides that determine the classification of the final products of calcareous rock is shown in Table 19.

*Table 19 Pacasmayo plant material restrictions*

		Limestone Type I	Limestone Type V	Limestone Type Cal	Limestone Type Addition
Al <sub>2</sub> O <sub>3</sub> (%)	Min.	0	0	0	0
	Max.	2.50	1.30	0	0
	Target	1.50	0.80	0	0
CaO (%)	Min.	48.60	50.50	51.10	41.00
	Max.	0	0	0	0
	Target	50.20	52.00	52.50	44.00
MgO (%)	Min.	0	0	0	0
	Max.	2.50	2.50	0	2.50
	Target	1.50	1.50	0	1.50
SO <sub>3</sub> (%)	Min.	0	0	0	0
	Max.	0.35	0.35	0	1.10

SiO <sub>2</sub> (%)	Target	0.25	0.25	0	0.50
	Min.	0	0	0	0
	Max.	0	0	2.00	0
	Target	0	0	1.50	0

The block model was configured based on the dimensions and spatial distribution of the bodies containing the material of economic interest. Table 20 shows the extents of and dimensions of blocks in the block model (coordinates in UTM units).

*Table 20 Characteristics of the block model*

	Minimum (m)	Maximum (m)	Size (m)	Number
X	706700	708700	10	200
Y	9197800	9199200	10	140
Z	350	900	10	55

#### 11.1. Data base

A total of 396 samples from 39 diamond drill holes were used for the Resource estimation.

The data is managed in a database, where it is extracted and then loaded and used in MineSight software.

#### 11.2. Density

The density data for the estimation of the limestone Resources of the Tembladera quarry as of December 2023, were taken from the historical data of sampling results carried out in the first drilling campaigns, the density varies between 2.69 and 2.72 t/m<sup>3</sup>.

#### 11.3. Compositing

In general, each geological unit is estimated from the information of the composites belonging to that unit, the composites should not cross “hard” boundaries between different geological units, in this case units were established according to the quality.

The objective of compositing is to have uniform grades in each initial core, to reconstitute the grade profile of each drillhole. This means that when compositing we must be careful that the composites preserve the original nature of the sample. The calculated values considered in the compositing were for the SiO<sub>2</sub>, Al<sub>2</sub>O<sub>3</sub>, CaO, MgO and SO<sub>3</sub>.

Composites were made at different lengths to determine the optimum compositing size. The optimum value was 10 m. This size, which best fits the nature of the original sample, was included in the resource estimation process.

In addition, the length of the composites is considered based on an exact multiple of the height of the blocks used to model the deposit and is also matched to the bench height to be processed.

#### 11.4. Basic statistics of the data (Assay – Composites)

Table 21 shows the results of the basic statistics of the main oxides as CaO, SiO<sub>2</sub>, MgO, Al<sub>2</sub>O<sub>3</sub> and SO<sub>3</sub>, for the original data and for the composited data. The statistical analysis was performed for each defined body with the interpretation of deposit quality, which were also taken as criteria for modeling and estimation.

Table 21 shows the statistics for “Limestone Cal” as this is the one of greatest economic interest due to its CaO content and the main one in the estimation of Resources and Reserves.

*Table 21 Limestone Cal statistics*

Components	Origen	Valid	Rejected	Minimum	Maximum	Mean	Std. Devn.	Variance	Co. Of Variation
CaO	Assay	945	0	42.99	54.84	52.37	1.35	1.82	0.03
	Composito	186	0	48.03	54.04	52.33	0.83	0.70	0.02

SiO <sub>2</sub>	Assay	943	2	0.01	11.35	1.66	1.22	1.48	0.73
	Composito	186	0	0.11	6.17	1.58	0.82	0.66	0.52
MgO	Assay	945	0	0.19	5.79	1.47	0.80	0.64	0.54
	Composito	186	0	0.34	3.68	1.46	0.55	0.30	0.38
Al <sub>2</sub> O <sub>3</sub>	Assay	941	4	0.01	3.99	0.64	0.43	0.19	0.68
	Composito	186	0	0.09	2.31	0.60	0.29	0.09	0.49
SO <sub>3</sub>	Assay	916	29	0.01	1.03	0.19	0.13	0.02	0.68
	Composito	179	7	0.01	0.50	0.18	0.11	0.01	0.61

#### 11.5. Extreme values

Extreme values are those analysis results that are not representative of the unit being studied and are those that are above the mean plus twice the standard deviation.

In the analysis of the extreme values in the laboratory results for the calcareous lithologic units that are being estimated, no deviation has been found, all the results are coherent and representative of the levels to which they correspond.

#### 11.6. Variogram Analysis

The variographic analysis considered the composited data for each level corresponding to each body of economic interest of the Tembladera quarry; the variographic structures found indicate preferential directions in the correlation of the results, which allows us to analyze the spatial behavior of the variables, mainly of the CaO variable.

This has allowed us to obtain resulting experimental variographic structures that reflect the maximum distance or maximum range and the way in which one point has influence on another point at different distances.

*Table 22 Variogram modeling parameters*

Type of Variogram Model	Spherical
Nugget effect	0.2
Total Sill	1
Range	150 and 510

#### 11.7. Interpolation

The Ordinary Kriging Interpolation (OK) method was used for the main CaO variable, of Inverse Distance (ID2) for the secondary variables (Oxides, see Table 25) and Nearest Neighbor (NN) for validations, defining parameters for each estimator. Tables 23 and 24 show the main parameters used to define the interpolations of the main CaO variable of the CAL limestone layer and of the secondary variables, respectively.

The interpolations were performed in 3 consecutive processes.

- The first with a search radius of 1/3 the range of the variogram.
- The second with a search radius of 2/3 the range of the variogram.
- Finally, the third one considering the maximum range of the variogram.

Regarding the number of composites, we used a minimum of 2 per block and 5 as maximum, for the first interpolation and a minimum of 1 per block for the second and third pass with 3 and 5 as maximum, respectively.

Additionally, a maximum of 02 composites were considered for each borehole taken in the interpolation.

*Table 23 Estimation Parameters Secondary Variables*

Comment	Pass 1	Pass 2	Pass 3
Search dist. Block on Model -X	150	300	750
Search dist. Block on Model -Y	120	240	750

Search dist. Block on Model -Z	70	80	80
Max distance accept data	150	300	900
Min # comps per Block	2	1	1
Max # comps per Block	5	3	5
Min # comps per hole	2	2	2

Variable Model	SI13	SI13	SI13
Variable comp	SIO2	SIO2	SIO2
Pass	PASS1	PASS2	PASS3
Distance along major	30	60	90
Distance along minor	175	350	525
Distance along vert	85	170	260
ROT	0	0	0
DIPN	75	75	75
DIPE	45	45	45
Limiting Variable model	RT13	RT13	RT13
Code model	13	13	13
Limiting Variable composite	CUSO	CUSO	CUSO

Table 24 Estimation Parameters CaO

Comment	Pass 01	Pass 02	Pass 03
Search dis. Block on Model -X	150	300	750
Search dis. Block on Model -Y	120	240	750
Search dis. Block on Model -Z	70	80	80
Max distance accept data	150	300	900
Min # comps a Block	2	1	1
Max # comps a Block	5	3	5
Min # comps per hole	2	2	2
Variable Model	CA13	CA13	CA13
Variable comp	CAO	CAO	CAO
Variable Pass	PSC13	PSC13	PSC13
Pass 1	PASS1	PASS2	PASS3
Store Distance	DIC13	DIC13	DIC13
Store max # comp	NCC13	NCC13	NCC13
Store max # drillholes	NDC13	NDC13	NDC13
Store krigeage variance	SDC13	SDC13	SDC13
Distance along major	30	60	90
Distance along minor	175	350	525
Distance along vert	85	170	260
ROT	0	0	0

DIPN	75	75	75
DIPE	45	45	45
Limiting Variable model	RT13	RT13	RT13
Codigo model	13	13	13
Limiting Variable composite	CUSO	CUSO	CUSO
File variogram	allvar. var	allvar. var	allvar. var

The geological modeling of the limestone deposit of the Tembladera quarry has been modeled considering the quality and geological characteristics of the calcareous horizons, such interpretation was made based on the diamond drill holes carried out in the drilling campaigns, the relationship between the information and the geological model is consistent.

#### 11.8. Resources estimation

Mineral Resource estimates are effective December 31, 2023. All Mineral Resources are estimated as quantities at cement plant. For the estimation of Mineral Resources, the content of CaO was considered, in addition to the content of impurities. The impurities are restrictions determined by the cement production plant. Table 25 shows the quantity of Resources and the average values of their quality.

*Table 25 Resource Categorization (exclusive of Reserves) at the Tembladera quarry*

	Resources	Tonnes M	CaO (%)	MgO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	SO <sub>3</sub> (%)
Limestone	Measured	122.6	49.33	1.83	1.82	4.76	0.31
	Indicated	34.5	50.32	1.68	1.44	3.85	0.20
	Measured + Indicated	157.1	49.55	1.80	1.74	4.56	0.29
	Inferred	75.9	50.33	1.62	1.45	3.93	0.31

##### 11.8.1. Cut-off

For the determination of Resources, the costs of extraction, transportation, cement processing and cement dispatch were considered. The costs are based on actual sources of current operations in Cementos Pacasmayo S.A.A. and the selling price of cement during 2024 (447.9 S/. x t). Chapter 18 and 19 shows the costs and prices for the determination of Mineral Resources. The main factor for the determination of Resources is quality. The cut off can be seen in Table 19. The Tembladera quarry is a sedimentary deposit in that sense the model for the estimation of Resources has considered the Tembladera quarry as a unit, whose limestone production is carried out by 10 m banks.

##### 11.8.2. Reasonable Prospects of Economic Extraction

The evaluation of mineral resources has considered other modifying factors such as limestone production costs, cement sales prices and the environmental and social viability of our operations.

The updating of the geological knowledge of the site is in process, a diamond drilling campaign has been carried out whose interpretation is currently being prepared, this will allow us to deepen the geological knowledge of the quarry mainly in structures that deepen and cut the calcareous horizons such as andesitic dams which constitute contaminating structures of the economic material.

From an environmental and social point of view, Cementos Pacasmayo has been carrying out activities in Peru for more than 60 years and is recognized as a Peruvian company with a high reputation. Therefore, environmental and social viability is expected to continue.

In the near future, the inclusion of the new diamond drilling campaign developed in the eastern part of the pit (in production) will additionally help us to understand the geology of the deposit and will also help us to reclassify the Inferred Resources found in that area of the deposit.

##### 11.8.3. Mineral Resources classification

The parameters for Resource classification used by Cementos Pacasmayo S.A.A. were obtained from the experience of calculating the optimum drilling grid for sampling by geostatistical methods. Additionally, the variographic analysis was considered taking as reference the variogram range. After considering all these, resource classification was based on the following criteria:

- Measured Resource: 1/3 of the distance of the variogram range.
- Indicated Resource: 2/3 of the distance of the variogram range.
- Inferred Resource: The total distance of the variogram range.

From this basic configuration, several configurations have been defined, taking into account the number of holes and the average search distance. Other factors used for Mineral Resource estimation are the maximum number of composites used per block and the number of drill holes for each block, as shown in Table 23.

#### 11.9. Qualified Person's Opinion

The geological modeling of the limestone deposit of the Tembladera quarry has been modeled considering the quality and geological characteristics of the calcareous horizons, said interpretation was made based on the diamond drill holes carried out in the drilling campaigns, the relationship between information and data geological. model is consistent.

The revision of the model for this report has been based on the review of the modeled calcareous horizons, slight modifications of the solids with data related to the progress of production and the updating of the solids to the new topographical production base.

No fundamental changes in the estimation plans or strategies have been considered, such as ranges or interpolation distances that could considerably modify the resource model.

The Tembladera quarry resource estimate has been developed following the best standards and modeling and estimation techniques of the mining industry.

#### 12. Mineral Reserves estimates

The total estimated Mineral Reserves in the Tembladera quarry are 77.8 M tonnes which are detailed in Table 26 in their different categories.

In the periodic update of the Reserves of the Tembladera quarry, the Reserves produced within the update of the Resources and Reserves models are taken into account, along with any changes to assumptions about "modifying factors" or the change and entry of any new information if it had been generated.

The quality metric used in the Mineral Resources and Reserves estimation is the calcium oxide (CaO) content. It is a stable variable in the deposit, which develops in specific ranges depending on the lithological domain, and are characterized according to the strata or horizons as they were deposited, with varying degrees of concentration.

Based on the revised Mineral Resources model, the Mineral Reserves model was also updated with which the new design of the production pit was made and elaborated.

The Mineral Reserves estimated in the limestone deposit was 65.5 M of proven Reserves with 49.66% of CaO and 12.3 M of probable Reserves with 49.63% of CaO for a total of 77.8 M of Reserves that support the mining plans for its production and the supply to Cementos Pacasmayo S.A.A. plants.

A LOM of 30 years has been calculated for the quarry. This based on the estimated Reserves and the plant's limestone consumption projection for the following years, provided by the management and financial control area, and is incremental until 2044 and fixed consumption thereafter.

#### 12.1. Criteria for Mineral Reserves determination

The criteria used for the determination of Mineral Reserves are described below.

##### 12.1.1. Run of Mine (ROM) determination criteria

ROM is all material produced in the quarry that complies with the specifications and will be sent to the plant for cement production. For determining ROM tonnage, dilution is considered negligible. The recovery in the quarry was assumed to be 100%.

##### 12.1.2. Cement plant recovery

The limestone received at the Pacasmayo plant is properly stored and then mixed with other raw materials to obtain the raw meal feed (kiln feed). The use of limestone in the formulation of the raw meal is an average of 86.18%. After the crude is obtained, it is fed to the calcination kiln to obtain clinker. Finally, the clinker is mixed with additions to obtain cement.

## 12.2. Reserves estimation methodology

For the determination of the Mineral Reserves, the costs of extraction, transportation and cement processing, including the quality restrictions of the raw material, were considered. The costs are based on actual sources from the current operations of Cementos Pacasmayo S.A.A. in Tembladera quarry and Pacasmayo plant. Chapter 18 shows the costs to determine the Mineral Reserves.

- Proven and Probable Reserves are derived from Measured and Indicated Resources, respectively.
- Proven and Probable Reserves are within the pit designed for the Tembladera quarry.
- Reserves are those for which economic viability has been demonstrated by discounted cash flow analysis based on estimated capital and operating costs.
- Cementos Pacasmayo S.A.A. has permits for limestone production at the Tembladera quarry. All material considered to be Mineral Reserves are material for which CPSAA has mining permits.
- The effective date of the Reserve estimate is December 31, 2023.
- The Reserve estimate is the final product placed in the Pacasmayo plant.

## 12.3. Reserves estimates

The quality restrictions for limestone at the Pacasmayo cement plant are  $\text{Al}_2\text{O}_3$ ,  $\text{CaO}$ ,  $\text{MgO}$ ,  $\text{SO}_3$  and  $\text{SiO}_2$ . These restrictions are used for Limestone Type I, Limestone Type V, Limestone Type Cal and Limestone Type Adición.

From the quality point of view, the cut-off grade for limestone is 48.6%  $\text{CaO}$  and from the economic point of view, the results are shown in Chapter 19.

The economic analysis for the estimation of Mineral Resources and Reserves is presented in Chapter 19. Reserves are expressed in millions of tonnes and are shown in Table 26.

*Table 26 Mineral Reserves expressed in millions of tonnes*

	Reserves	Tonnes M	CaO (%)	MgO (%)	$\text{Al}_2\text{O}_3$ (%)	$\text{SiO}_2$ (%)	$\text{SO}_3$ (%)
Limestone	Proven	65.5	49.66	1.52	1.54	4.60	0.37
	Probable	12.3	49.63	1.57	1.56	4.91	0.28
	Total	77.8	49.65	1.53	1.54	4.65	0.36

The Reserves calculated for the quarry from the Mineral Resources consider the risk factors and modifying factors within which the quality factors are considered as the most sensitive ones that by their nature can affect the Reserves. Although the main variable is  $\text{CaO}$ , which is very stable in the deposit, there are others that determine the quality of the Reserves and could even affect the process if they are not adequately controlled, such as the  $\text{SO}_3$  content.

In the process of calculating Reserves, and in the quarry production plans, these variables have been adequately considered in the mining plan; properly sequenced, and with blending processes.

In addition to quality factors, ore reserves could change from operating performance-controlled production costs, allowing for maximization of the use of resources in the extractive processes for the use of resources in the extractive processes for the industrialists, guaranteeing the LOM of the quarry.

## 13. Mining methods

Cementos Pacasmayo S.A.A. is the current owner of the Tembladera quarry. The production of the quarry has been outsourced to a specialized contractor, San Martín Contratistas Generales S.A., who conducts limestone mining activities. Cementos Pacasmayo S.A.A. supervises the quarry to verify the activities and production according to the requirements of the Cement plant.

### 13.1. Mining Methods and Equipment

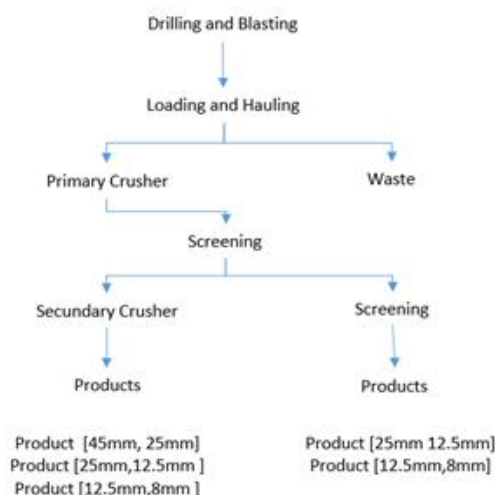


The mining method is open pit mining, which consists of mining in a series of benches with pit expansion possible both vertically and laterally. At Tembladera, mining generally proceeds top-down with a bench height of 10 metres and no more than 3 working benches open simultaneously. The materials are loaded by 3 excavators and transported to the primary crusher or waste dump by 10 trucks.

The transported material passes through the primary crusher, which reduces the fragments to a size of less than 4". The crushed limestone is accumulated in 2 piles to separate the products and/or ease the following secondary crushing operation, which is generally carried out for limestone lime-type, bringing the granulometry of that limestone to less than 45 mm.

The secondary crusher only processes limestone destined for lime production, after which the product is screened using meshes of size 24 mm, 12 mm and 8 mm. The two coarse products are used for lime and the fine product is used as raw material for Type V cement. As a request of Pacasmayo cement plant, the secondary crusher is processing Type I limestone.

Figure 9 Tembladera quarry mining sequence



The mining of limestone at the Tembladera quarry includes the following unit operations:

- **Drilling**

Drilling is mainly done with 1 hydraulic drill with a second one on standby and used if necessary. The work is done in two 12-hour shifts with 20 effective hours and 4.0 hours of operational and non-operational delays.

- **Blasting**

The Blasting fragments the rock to a suitable size for efficient loading, hauling and crushing operations. The operation mainly uses ANFO as the blasting agent, and non-electric detonators are used to mitigate vibration and sound.

- **Loading and hauling**

After blasting, the Quality Control staff delimits the zones according to the results of blast hole sampling to define the material destinations. The excavators then load the material into trucks, which transport it to the assigned destination (waste dump or crusher).

- **Crushing**

The purpose of crushing is to reduce the size of the rock as a result of blasting to the size required by the plant. The quarry has 2 types of crushers:

### Primary Crusher

The Primary crusher, which is an Allis Chalmers 7", is used to reduce the ROM limestone to sizes less than 4" at an average crushing rate of 700 tonnes/hour. After the primary crushing, the material is separated in two hoppers depending on the type of material and its granulometry.

## Secondary Crusher

The secondary crusher, which is a Symons 5 1/2, reduces limestone sizes further to less than 45 mm at an average of 130 tonnes per hour. The limestone then passes through screens and is classified into 3 sizes of 45mm-25mm, 25mm-12.5mm and 12.5mm-8mm. As a request of Pacasmayo cement plant, the secondary crusher is processing Type I limestone.

The main equipment used to carry out mining activities at the Tembladera quarry are shown in Table 27 and Table 28 shows the auxiliary equipment.

*Table 27 Main equipment of the Tembladera quarry*

Equipment	Quantity	Function	Description
Track Drill	1	Drilling	This machine is used to drill holes for blasting.
Primary Crusher	1	Material Crushing	This equipment allows to reduce the particulate size from 12" to 4".
Secondary Crusher	1	Material Crushing	This equipment allows to reduce the particulate size from 4" to 12.5mm and also to classify it by size.
Caterpillar tractor	1	Material Loading and Stacking	Equipment used to move the fragmented material resulting from blasting.
Front Loader and Excavator	5	Material Loading and Stacking	Material handling equipment.
Dump truck	10	Material hauling	Equipment for conveying material from the production areas to the primary crusher. Their capacity is 20 m <sup>3</sup> .

*Table 28 Auxiliary equipment of the Tembladera quarry*

Equipment	Quantity	Function	Description
Pickup van and Bus	4	Personnel Transportation	Personnel and material transport units.
Tanker truck, Lucanteraire, Lubricator truck, Mobile crane, Compressor, Welding machine, Ambulance and Fuel Tanker Truck.	11	Auxiliary equipment	Auxiliary equipment to ensure the operability of quarry equipment and personnel.
Motor grader, Compactor	2	Track maintenance	Equipment used for track maintenance.
Hydraulic Hammer	1	Breaking banks	Equipment used to reduce the fragment size greater than 12" in the primary crusher.

## 13.2. Geotechnical models

The stability study prepared by DCR Ingenieros S.R. Ltd in 2007 was used until 2020. The slope stability study established 10 zones within the deposit. For the period from 2021 and onwards, the update made by Magma Consulting S.A.C. shown in Tables 29 and 30 will be applied.

*Table 29 Parameters of design according to geotechnical zonification*

Domain	Bench height (m)	Design		Berm width (m)	Slope azimuth range
		BFA (°)	IRA (°)		
Domain 01	10	47	35	5.16	80-140
Domain 02	10	50	36	5.37	NA
Domain 03	10	47	35	5.04	80-130
	10	65	43	6.10	<80 and 130<
Domain 04	10	65	43	6.10	<105 and 170<
	10	48	35	5.27	105-170
Domain 05	10	70	45	6.40	NA

Domain 06	10	70	45	6.40	NA
Domain 07	10	70	45	6.40	NA
Domain 08	10	70	45	6.40	NA
Domain 09	10	58	41	5.30	NA
Domain 10	10	65	41	6.84	<10 and 50<
Domain 11	10	65	41	6.84	NA

\* Note:

BFA: Slope angle

IRA: Inter ramp angle

It is recommended to have a bench for each 150 m of slope, this bench should be at least 10.5m wide and for blocks 1, 2, 3 and 4 it should be at 602 m above sea level.

*Table 30 Reviewed Safety Factor 2021*

Section	Description	Safety factor	
		Static	Pseudo-static K=0.147g
S-1	Global Fault	4.23	3.29
S-2	Global Fault	3.49	2.72
S-3	Global Fault	2.92	2.30
S-4	Global Fault	2.90	2.29
S-5	Global Fault	3.14	2.52
S-6	Global Fault	3.42	2.77
S-7	Global Fault	3.33	2.69
S-8	Global Fault	4.90	3.97
S-9	Global Fault	6.21	4.78
S-10	Global Fault	5.00	4.06
S-11	Global Fault	5.02	3.91
S-12	Global Fault	3.04	2.43

### 13.3. Hydrological models

In 2021 the hydrogeological study was conducted by Magma Consulting S.A. and based on the hydrogeological interpretation, basin morphology, lithology, piezometric levels, recharge and discharge zones, and piezometry, groundwater is at a depth of 300 m with respect to the topographic elevation of the Tembladera quarry.

### 13.4. Other Mine Design and Planning Parameters

The limestone production achieved as of December 2023 is 1,842,375 tonnes and 118,316 tonnes of waste rock was removed, which gives a stripping ratio of 0.06. Based on the plant requirements and sales projection for the next 30 years, the pit design parameters for the Tembladera quarry are presented in Table 31.

*Table 31 Summary of Tembladera quarry design parameters*

Description	Value
Interramp slope angle	variable between 35° and 45°
Bench slope angle insitu	variable between 47° and 70°
Bench height	10 metres
Safety bench	5.04 to 6.40 meters
Width of ramps	12.0 meters (including safety berm and curb and gutter)
Safety berm height	1.30m
Ramp gradient	10% to 12%

### 13.5. Annual Production Rate

Considering that the cement plant demands an average annual production of 2.6 million tonnes per year of limestone, the plan for the following 30 years is shown in Table 32.

### 13.6. Mining Plan

The proposed mining plan for the next 30 years is presented in Table 32.

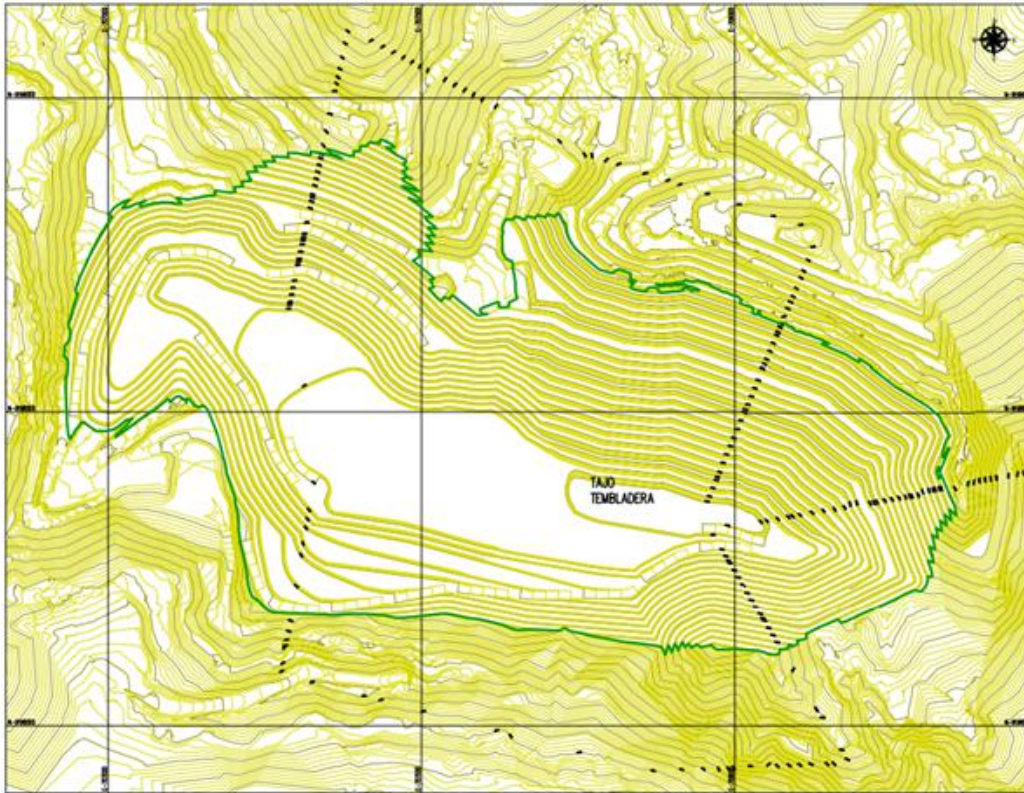
Table 32 Mining plan for the next years

Year	Year	Tonnes	CaO	MgO	SO <sub>3</sub>	Al <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>
1	2024	2,362,261	49.67	1.66	0.24	1.56	4.64
2	2025	2,543,433	50.02	1.56	0.25	1.44	4.33
3	2026	2,550,091	49.66	1.48	0.21	1.60	4.80
4	2027	2,515,031	49.85	1.39	0.30	1.54	4.63
5	2028	2,515,031	49.78	1.29	0.29	1.60	4.87
6	2029	2,515,031	49.71	1.39	0.37	1.61	4.73
7	2030	2,515,031	49.88	1.47	0.33	1.54	4.54
8	2031	2,515,031	50.01	1.43	0.31	1.54	4.49
9	2032	2,531,663	49.68	1.22	0.32	1.57	4.84
10	2033	2,542,796	49.23	1.35	0.39	1.56	5.42
11	2034	2,554,151	50.11	1.44	0.43	1.28	4.30
12	2035	2,565,734	50.08	1.55	0.37	1.28	4.30
13	2036	2,577,548	49.92	1.53	0.34	1.39	4.32
14	2037	2,589,598	49.92	1.56	0.38	1.38	4.30
15	2038	2,601,890	49.24	1.52	0.48	1.75	5.02
16	2039	2,614,427	50.08	1.52	0.39	1.43	4.31
17	2040	2,627,215	49.44	1.51	0.45	1.59	4.67
18	2041	2,640,258	49.86	1.59	0.39	1.50	4.38
19	2042	2,652,799	49.12	1.70	0.35	1.73	5.04
20	2043	2,657,046	49.99	1.57	0.40	1.48	4.33
21	2044	2,660,903	48.87	1.78	0.39	1.88	5.30
22	2045	2,660,903	49.57	1.54	0.38	1.60	4.56
23	2046	2,660,903	49.90	1.49	0.37	1.43	4.34
24	2047	2,660,903	49.56	1.62	0.34	1.67	4.59
25	2048	2,660,903	49.34	1.64	0.41	1.59	4.87
26	2049	2,660,903	49.92	1.54	0.36	1.48	4.25
27	2050	2,660,903	49.98	1.49	0.38	1.41	4.25
28	2051	2,660,903	49.40	1.72	0.35	1.64	4.54
29	2052	2,660,903	49.76	1.72	0.36	1.43	4.17
30	2053	2,660,903	49.90	1.67	0.34	1.49	4.26
<b>Total general</b>		77,795,094	49.71	1.53	0.36	1.53	4.58

\* Limestones that contain elements out of the design range, a dosage is made for the crude in the cement production.

In the same period of 30 years, the removal of waste rock will be a stripping average of 0.17 tonnes of waste rock/limestone, according to the mine plan.

Figure 10 Tembladera quarry final pit



#### 13.7. Life of Mine

The life of the Tembladera quarry is 30 years.

#### 13.8. Staff

Cementos Pacasmayo personnel develop its operations at the Tembladera quarry with its staff and contractors.

### 14. Processing and recovery methods

#### 14.1. Process plant

The cement production involves the following stages:

**Receiving raw materials:** the limestone is produced from the Tembladera quarry, as described in Chapter 13. The other raw materials are obtained from third party companies and in the case of clay, it is obtained from our own quarry on the Señor de los Milagros de Pacasmayo property.

**Grinding and homogenization:** once the limestone is received at the plant, it is mixed with clay, sand and iron. The mixture must comply with the quality standards to be sent to a storage silo from where it is fed the preheater of the clinker kiln.

**Clinkerization:** the blend is heated at a temperature of approximately 1,450 Celsius degrees in rotary kilns whose product is clinker. The clinker is then cooled at a temperature of approximately 200 Celsius degrees and is stored in a silo or in an open-air yard.

**Cement grinding:** after being cooled, the clinker, together with the additions, is entered into a mill to obtain a fine powder called cement.

**Storage in silos:** after passing through the mills, the cement is transferred on conveyor belts or grutters and stored in concrete silos to preserve its quality until distribution.

**Packaging, loading and transportation:** the cement is moved through conveyor belts and pneumatic conveyors to bagging systems to be packed into bags and then loaded to the trucks for distribution.

#### 14.2. Raw materials for the cement production

At the Pacasmayo plant, the following raw materials and additions are used in the production of cement.

### Raw materials

Limestone: a material composed largely of calcium carbonate, is used as raw material and also as additive in the production of cement.

Sand: inert material composed basically of crystalline silica, aluminum and alkalis, such as potassium and sodium.

Iron: inert material composed basically of iron oxide ( $\text{Fe}_2\text{O}_3$ ).

Clay: inert material composed basically of silicon, aluminum and a low proportion of alkalis such as potassium and sodium.

Coal: a solid, black or dark brown mineral that contains essentially carbon, as well as small amounts of hydrogen, oxygen and nitrogen.

Raw meal: the artificial mixture of limestone, clay, sand and iron, which is used to produce clinker.

Clinker: product obtained during the calcination of the mixture of limestone, sand, clays and iron.

### Fossil fuel

Bunker oil: fuel used as an energy source in the calcining kiln.

### Additions

Slag: artificial pozzolanic material that can set in contact with water and can develop compressive strength.

Pozzolan: materials containing silica and/or alumina, which can be of natural or artificial origin.

Gypsum: material composed of calcium sulfate hydrates. When gypsum is mixed with the clinker, it allows for better control of the setting time when the cement initiates the hydration reactions. The mineral gypsum may contain crystalline silica.

### 14.3. Flow sheet

Figure 11 shows the flow sheet for the cement production at the cement plant.

*Figure 11 Pacasmayo plant process block diagram*



### 14.4. Main equipment

Table 33 below shows the design and production capacities for clinker and cement.

*Table 33 Main equipment in Pacasmayo plant*

Equipment	Product	Capacity of production*	Unit
Raw meal Mill 1	Raw meal	594,000	tonnes/year
Raw meal Mill 2		1,425,600	
Raw meal Mill 3		633,600	
Miag 1	Coal	95,040	tonnes/year
Miag 2		126,720	
Kiln 2	Clinker I-V	264,000	tonnes/year
Kiln 3		831,600	
Kiln 4		660,000	
Cement Mill 4	Cement Type I-V	498,960	tonnes/year
Cement Mill 6		1,211,760	
Cement Mill 7		1,211,760	
Bagging system 3	Cement	1,080,000	bags/month
Bagging system 4		1,500,000	
Bagging system 5		1,500,000	
Bagging system 6		1,440,000	

\* The equipment capacities consider 330 days of production.

#### 14.5. Material balance cement plant

The following section presents information on the material balance at Pacasmayo plant for cement production.

##### 14.5.1. Material balance

Table 34 shows the balance of crude production, while Table 35 shows the material balance of clinker production at the Pacasmayo plant considering the use of limestone obtained from the Tembladera quarry, coal, clay, sand, and iron as part of the raw material for the production of clinker. Table 36 shows the balance for cement production considering the additions used for the mixture with clinker and consequently, cement production.

*Table 34 Balance for crude production*

Raw material	Annual quantity (tonnes/year)	Dosage
Limestone	1,473,764	86.18%
Others	236,263	13.82%
Crude Type I and Crude Type V	1,710,028	100%

*Table 35 Balance for clinker production*

Crude	Annual quantity (tonne/year)
Crude Type I, CrudeType V and Coal*	1,848,530
Clinker Type I and Clinker TypeV	1,195,802

\* Crude includes coal.

\* Additionally, clinker imported during 2023 amounted to a total of 63,993 tonnes.

*Table 36 Balance para producción de cemento.*

Raw Material	Annual quantity (tonnes/year)	Dosage
Clinker	1,195,802	72.22%
Additions	460,027	27.78%
Cement	1,655,829	100%



\* The amount of limestone used as an addition was 227,429 tonnes.

#### 14.6. Process losses

Losses in the cement production process associated with the raw material (limestone) are 0.53% due to the rainy season and the phenomenon of cyclone Yaku.

#### 14.7. Water consumption

Pacasmayo plant has a water treatment plant (PETAT) for the kiln cooling system during clinker production. The cooling water is used in the clinker and cement grinding processes. It is also used to irrigate green areas and accesses. 386,981 m<sup>3</sup> of water was consumed at the Pacasmayo Plant during its operations in 2023.

#### 14.8. Fossil fuel consumption

Liquid fuels are used for the various engines in the operation. Table 37 shows the consumption of liquid fuels used at the Pacasmayo plant.

*Table 37 Fuel consumption in Pacasmayo plant*

Fuel	Consumption	Description
Diésel	457,016 (gal/year)	P. Cal 41.2 Gj/t
Oil 6	540,352 (gal/year)	P. Cal 43.7 Gj/t

#### 14.9. Electric power consumption

The Pacasmayo plant has an electrical substation with a capacity of 105 MVA, which is supplied by the national grid. 653,578 GJ of energy was consumed at the Pacasmayo plant during its operations in 2023.

#### 14.10. Maintenance Plan

Cementos Pacasmayo has implemented a preventive and corrective maintenance plan with the purpose of not interrupting cement production.

Cementos Pacasmayo maintains the operational efficiency to control costs and operating margins. Cementos Pacasmayo has initiatives to diversify the energy sources and secure the supply when possible.

#### 14.11. Staff

Cementos Pacasmayo personnel develop its operations at the Pacasmayo plant with its staff and contractors.

### 15. Infrastructure

#### 15.1. Tembladera quarry

The quarry consumes electrical energy supplied by the national electricity system through Hidrandina S.A. company. The supply is aerial with medium voltage of 2.3 KV. The Tembladera quarry has electricity sub-stations located in coordinates UTM 707345 E and 9197947 N, it occupies a surface area of 1,062 m<sup>2</sup>.

The supply of liquid fuels to the Tembladera quarry is through a contractor.

The water is used to water the roads, limestone in loads, demolition, vegetation, consumption and sanitary facilities.

The Tembladera quarry has the following facilities:

- DME 01 waste dump
- DME 05 waste dump
- Low grade stockpile

DME 01 Dump

The current elevation of the upper platform of the DME-1 dump is 535 meters above sea level. To ensure the physical stability of this dump and increase its storage volume, it has been designed to reach an upper platform elevation of 545 meters above sea level at a slope of 2.5H:1V.

DME 05A Deposit

To ensure the physical stability of this future dump, it has been deemed convenient to maintain the upper platform at 740 masl at a slope of 2.5H:1V.

Low grade stockpile

The design has a low-grade stockpile with a slope angle of 35° and a berm width of 10m with a minimum elevation of 532 masl and a maximum elevation of 580 masl, reaching a capacity of 1 M m<sup>3</sup>.

The auxiliary facilities at the Tembladera quarry are administrative offices, explosives storage, key yard, power house, crushers and the auxiliary service facilities are interconnected to the electrical system of the Central-North system for power supply.

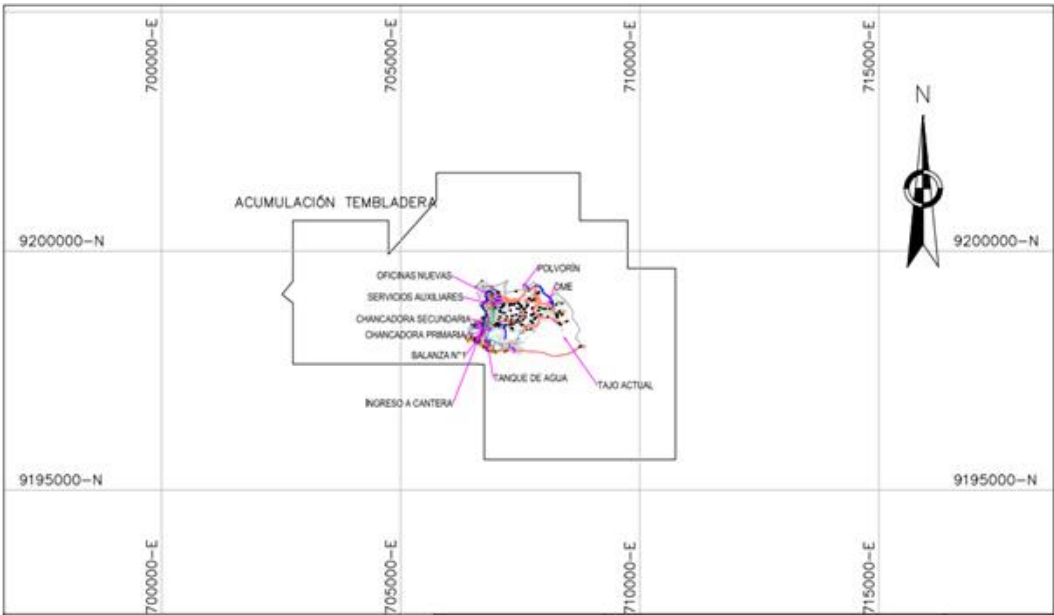
There are also additional facilities at the Tembladera quarry, as described in Table 38.

Table 38 Tembladera quarry Facilities\*

Facility	Area m <sup>2</sup>
Offices	972
Explosives warehouse 2-3	156
Truck Scale N°2	65
Loading Tunnel	78
Ore Belt N°4, 5 and 6	195
Meteorological Station	17
Septic Well	8
Recreational Complex	4,362

\* Source, EIA (Environmental Impact Study)

Figure 12 Mining Facilities



15.2. Pacasmayo plant

Electricity is supplied by the national grid and there is a contract with Electro Perú, which supplies energy through two 60 KV transmission line. There is also a sub-station with three power transformers of 30, 37.5 and 37.5 MVA at ONAF, equivalent to 28.8 MW, 36 MW and 36 MW of active power, respectively.

The Pacasmayo plant is supplied with fuel by a contractor and has a fuel tank for regular vehicle fueling.

Water supply at the Pacasmayo plant is provided by a groundwater well, Cementos Pacasmayo is allow to draw 561,932 m<sup>3</sup> per year.

## 16. Market Studies

Cementos Pacasmayo is a leading company in the cement production and other construction materials in the north of Peru. This chapter describes the cement market as well as the macro and microeconomic factors that define it.

For the description of the cement market in Peru, public information has been collected from different sources, such as the Central Reserve Bank of Peru (BCRP), National Institute of Statistics and Informatics (INEI), Association of Cement Producers (ASOCEM), Ministry of Housing, Construction and Sanitation, Superintendency of Tax Administration and the Peruvian Construction Chamber. In addition to this information, this chapter also relies on statistics provided by the company, CPSAA, to provide a better understanding of its specific market.

### 16.1. The cement market in Peru

The Peruvian cement market is geographically segmented by regions: north region, central region and south region. Diverse companies supply each region. Figure 13 is an illustration of the Peruvian map and of its 3 regions, according to the segmentation of cement market, where each region is the main area of influence of domestic cement companies.

*Figure 13 Segmentation of the cement market in Peru*



The main companies which deal with the cement market in Peru are: Cementos Pacasmayo S.A.A., UNION Andina de Cementos S.A.A., Yura S.A. and Cementos Selva S.A.C. Additionally, there are companies that import cement or clinker, such as Caliza Cemento Inca S.A., Distribuidora Cemento Nacional S.A.C., CEMEX Perú S.A., Cal & Cemento Sur S.A., amongst others.

Table 39 shows the cement shipments at domestic level (in thousand of tonnes):

*Table 39 Cement shipments at domestic level (in thousands of tonnes)*

	2021	2022	2023
National cement shipments	12,500.0	14,113.3	12,175.7
Overall cement shipments (CPSAA/CSSAC, 3 plants)	3,625.2	3,436.8	2,936.6
Pacasmayo plant shipments	1,970.9	1,766.7	1,634.8

Sources: ASOCEM and CPSAA/CSSAC.

The types of cement produced by the main cement companies of the country are Type I, Type V, Type ICO, Type IL, Type GU, Type MS (MH), Type HS, Type HE and Type MH.

It is important to mention that, according to the main requirement standards, Peruvian Technical Standards, cements are divided into five types:

- NTP 334. 009 2013. Cements Portland. Requirement. (ASTM C 150).

- NTP 334. 090 2013. Cements Portland Added. Requirements. (ASTM C595).
- NTP 334. 082 2011. Cements Portland. Performance Specification. (ASTM C1157).
- NTP 334. 050 2004. Cements Portland White. Requirements. (ASTM C150).
- NTP 334. 069 2007. Building Cements. Requirements. (ASTM C091).

Cementos Pacasmayo only produces cement that meets the first three NTP standards.

## 16.2. Industry and Macroeconomic Analysis

Producer and trading companies of cement compete mainly within the limits of their area of influence, which is determined by the geographical location of their plants, giving rise to segmentation of the national market. However, the north region presents a high demand potential because of the infrastructure gap, the housing deficit and a higher capillarity in terms of important adjacent cities with an urbanization level lower than in the central and south region.

On the other hand, it highlights the importance of transportation in the structure of cement costs; composed primarily of raw materials, fuels and transport.

The cement market and the industry in Peru have the following characteristics:

- Base of consumers highly segmented, informal and of low Resources.
- Low costs of energy and raw materials.
- Zone of influence / distribution determined by geographical location of the plant.
- High correlation level between public and private investment, and self-construction.

The construction sector and cement industry have a behavior directly related to the Gross Domestic Product (GDP) and Private Consumption. Figure 14 shows how the GDP of the construction sector (variation % monthly) accompanies the cyclic behavior of the Global GDP (variation % monthly), showing variations of lower significance than those of the Global GDP, but in the same direction. It is also noted that, in May 2020, the GDP of the construction sector had a positive variation of more than 200% (with regards to the previous month), whilst the Global GDP was only 10%. This was due to the confinement measures given by the Government to counter the Covid-19 pandemic. This reactivation was motivated primarily by the private-construction sector consumption. Under the uncertainty conditions caused by the sanitation and economic crisis in 2020, consumers showed savings behaviors, which meant that people preferred consumption of goods for home improvement, amongst them, cement. This trend was maintained throughout 2021. However, in 2023 there was a decrease in demand for public and private investment due to the political and social situation. As a result, cement volumes are returning to pre-covid levels.

Figure 14 Global GDP and Construction sector GDP MoM variation (%)



Source: INEI 2021

The cement industry is also motivated by housing sector growth, public and private investment in infrastructure, mining projects, shopping centers, construction of transportation systems, etc. Thus, one of the variables with more impact on cement industry and future demand is the infrastructure gap which remains high in the country. For the 2016 – 2025 period, the infrastructure gap is estimated at US\$ 160 billion, and this is present in the main economic sectors and services of public supply; that is: Transportation (36%), Energy (19%), Telecommunications (17%), Health (12%), Sewage System (8%), Irrigation (5%) and Education (3%). The 90% of the roads not comprised in the large national road network still remain unpaved; only 40% of schools have access to basic services such as water, electricity and sewage system. There are only 15 hospital beds for every 10,000 individuals, vs. 27 beds recommended by the WHO.

In 2023, the cement market contracted by 14% compared to 2022, while it grew by 20% in 2019 (pre-pandemic). However, by 2024, it is expected to have 2.6% growth compared to 2023. Climatic (cyclone Yaku) and social (protests and blockades) factors impacted domestic cement dispatches. In addition, regional and local and local governments began new administrations with lower-than-expected public spending than expected.

Given greater stability in the sector, a moderate growth of 2% in cement shipments is expected by 2024

### 16.3. The North Region Market

Cementos Pacasmayo, a leading company in the production and sales of cement in the North Region, has market presence in the following cities: Cajamarca, Chiclayo, Chimbote, Jaén, Pacasmayo, Piura, Rioja, Tarapoto, Trujillo, Tumbes, Yurimaguas and Iquitos. The company has a Market share of 93.8% in the north region of the country.

Overall shipments of Pacasmayo plant for 2023 were 1,634.8 thousand tonnes. Pacasmayo plant supplies almost 52.2% of the cement demand of the North Region.

Other companies with lower presence in the cement market of the North Region are:

- Quisqueya - Cemex
- Cemento Nacional
- Cemento Inka
- Cemento Tayka

These companies are competitors of Pacasmayo plant.

Cementos Pacasmayo S.A.A in its Pacasmayo plant produces different types of cement and it has in the National Market, different trademarks to deal with diverse segments of the market. Table 40 shows the products in Pacasmayo plant.

*Table 40 Types of products of Pacasmayo Cement plant*

Business Name	Use	Comment
<b>Cemento Portland</b>		
Cement Type I	Cement for general use.	The average result of resistance to compression is higher than the minimum requirement set forth in the technical standard NTP 334.009 / ASTM C150.
Cement Type V	For works, structures exposed to soils with high sulphate (salt residue).	The average result of resistance to compression is higher than the minimum requirement set forth in the technical standard NTP 334.009 / ASTM C150.
Qhuna Type I	For use in construction Works in general, manufacturing of bricks, sewage systems, paving stones, to lay bricks, plaster with cement, to cover with majolicas, preparation of concretes in foundations, over foundations, brake shoes, beams, columns and building roofs.	Complies with the requirements of technical standards NTP 334.009 and ASTM C 150.
<b>Cemento Portland Added</b>		
Cement Fortimax	Ideal for Works which require moderate heat, for Works exposed to sulphate action and for Works near to large water sources (sea, lakes, rivers, etc.)	The average result of resistance to compression is higher than the minimum requirement set forth in technical standard NTP 334.082 / ASTM C1157.
Cement Extra Forte	Ideal for the execution of structural Works, repairs, remodelings, home applications, floors, levelings, grouts, tips, prefabricated elements of small and medium size and concrete elements which require special characteristics.	The average result of resistance to compression is higher than the minimum requirement set forth in technical standard NTP 334.090.
Cement Ultra Armado	Ideal for the execution of structural Works, elaboration of mortars for floors, leveling, grouts and tips and production of prefabricated elements of small and medium size.	The average result of resistance to compression is higher than the minimum requirement set forth in technical standard NTP 334.090 / ASTM C595.
Cement Type HE		

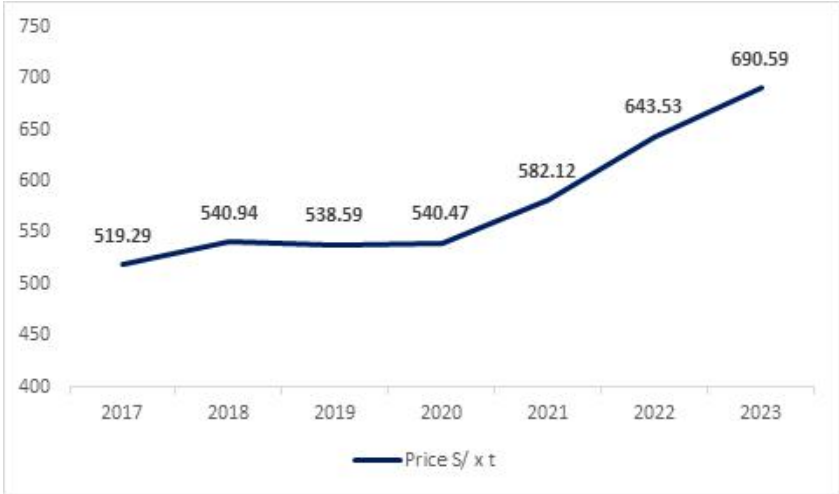
Cements fir Prefabrications	For construction elements.	The average result of resistance to compression is higher than the minimum requirement set forth in technical standard NTP 334.009 / ASTM C150.
Qhuna Structural <b>Hydraulic Cements specified by performance</b>		
Line Mochica MS	For structures in contact with environements and humid and salty soils.	
Line Mochica GU	Cement of general use.	
Qhuna MS	Structural elements and non-structural which are exposed to environments and humid salty soils.	Complies with the requirements set forth in standard ASTM C 1157 and NTP 334.082.

16.4. Cement price

The prices of cement in the Peruvian market vary pursuant to their type and their geographical location. The price difference of each type is explained primarily by the dosifications of raw materials and additions, whilst the variations for geographical location are caused by the freights for the distribution to the points of sale.

At domestic level, the cement price in 2023 was, on average, 690.59 S/ x t. Figure 15 shows the historic prices of cement in Peru.

Figure 15 Historic prices of cement in Peru



Source: Ministerio de Vivienda, Construcción y Saneamiento (December 2023).

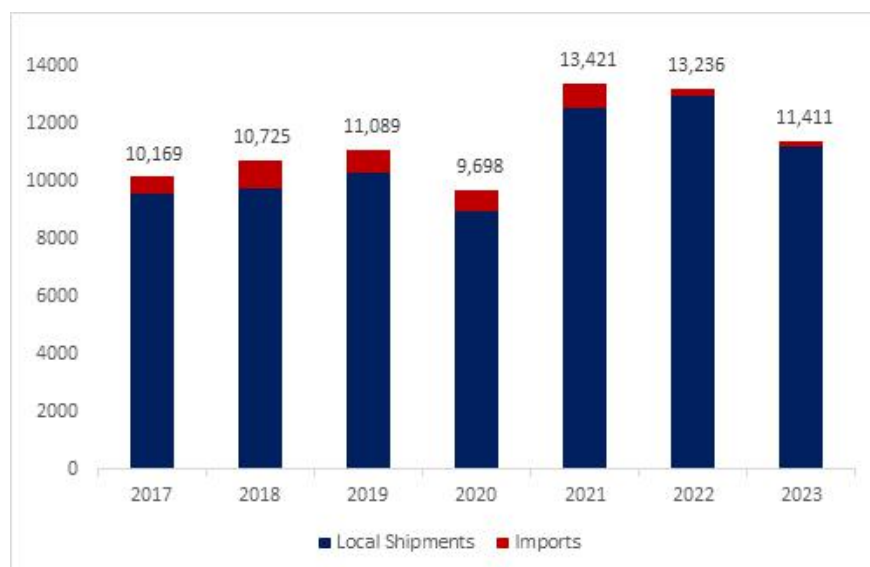
Figure 15 shows the sustained growth of the price of more than 4% per year, from 2017 until 2018, it fell slightly in 2019 to climb back up again in 2020.

16.5. Current and future demand

Cement demand at the national level is met by local shipments (local production), for the most part, and by imports. In 2023, 11.20 M tonnes were shipped locally; 13.6% less than in the same period of 2022 (12.97 M). Imports amounted to 0.21 M tonnes during 2023; 21.9% below the 2022 figure (0.27 M).

Figure 16 shows the evolution of the national demand of cement, expressed in thousand of tonnes, since 2017.

Figure 16 Evolution of the national demand of cement



Source: ASOCEM

It is noted that domestic demand has been growing, on average, at a rate of 3% per year, with the exception of 2020, which is considered an atypical year due to the adverse effects of the pandemic and the confinement measures, to then take a historic leap in 2021 with an annual increase of 38%. During 2023, shipments decreased by 13.8% compared to 2022 as a result of the political and social situation in the country.

According to our internal information, in terms of regional distribution, the Northern Region accounts for approximately 25.6% of domestic cement demand, the Central Region for 54.5%, and the Southern Region for 19.9%.

Cementos Pacasmayo's cement shipments (3 plants) reached 2,936.6 thousand tonnes in 2023, capturing a 24.1% share of total shipments in Peru and 93.8% in the Northern Region. This is 15% less than in 2022 (3,436.8 thousand tonnes).

The company invested US\$87.4 million in the clinker line optimization project at the Pacasmayo plant, which includes the construction of a new kiln that will increase clinker production capacity by 600,000 tons per year. The project will optimize production costs in the short term and medium term to meet market demand for cement.

Despite the decline in cement dispatches in 2023, demand is expected to increase due to the high infrastructure deficit in the northern region. For this reason, the company's strategic priority is investing in the new clinker line.

Table 41 shows the projection of future demand or shipments of cement for Pacasmayo plant. These projections are based on the 2024 shipments.

*Table 41 Forecast of future demand for Pacasmayo cement plant*

Year	Cement Shipments (Tonnes)	Variation (%)
2024	1,860,241	
2025	2,262,148	22%
2026	2,307,390	2%
2027	2,069,164	-10%
2028	2,069,164	0%
2029	2,069,164	0%
2030	2,069,164	0%
2031	2,069,164	0%
2032	2,182,171	5%
2033	2,257,814	3%
2034	2,334,970	3%
2035	2,413,670	3%
2036	2,493,943	3%



2037	2,575,822	3%
2038	2,659,338	3%
2039	2,744,525	3%
2040	2,831,416	3%
2041	2,920,044	3%
2042	3,005,252	3%
2043	3,034,110	1%
2044	3,060,320	1%
2045	3,060,320	0%
2046	3,060,320	0%
2047	3,060,320	0%
2048	3,060,320	0%
2049	3,060,320	0%
2050	3,060,320	0%
2051	3,060,320	0%
2052	3,060,320	0%
2053	3,060,320	0%

17. Environmental studies, permitting, and plans, negotiations, or agreements with local individuals or groups.

#### 17.1. Environmental Aspects

Cementos Pacasmayo holds Corporate Policies, which are applied to the operations of quarries and cement plants. Relevant policies include Safety Occupational Health Policy, Quality Policy and Environmental Policy.

Cementos Pacasmayo S.A.A. carries out activities in Tembladera quarry and Pacasmayo plant, in that sense, according to the environmental legislation. It has an environmental authority in the industrial sector and another authority (Ministry of Energy and Mines) that issues an opinion for the Closure of quarries.

Likewise, Cementos Pacasmayo complies with the provisions of the Regulation with Superno Decree No. 033-2005-EM - Regulation of the Mine Closure Law.

##### 17.1.1. Tembladera quarry

Tembladera quarry holds the environmental permit authorized by the Ministry of Production, dated November 08, 2018, through Directorate Resolution N° 304-2018-PRODUCE/DVMYPE-I/DGAAMI. It approved the updating of the Environmental Management Plan of the Adequation Program and Environmental Management (PAMA per its acronym in Spanish) of Tembladera quarry, this, pursuant to the Technical-Legal Report NO 979-2018-PRODUCE/DVMYPE-I/DGAAMI-DEAM and its annexes.

The updating of the Environmental Management Plan of the PAMA included the identification of potential environmental impacts for which, there were preventive, corrective and/or mitigation measures.

Additionally, it includes the environmental monitoring program taking into consideration the components of air quality, environmental noise and biological monitoring. There are 4 monitoring stations for air quality, 4 monitoring stations for environmental noise and 10 stations for biological monitoring.

In the Tembladera quarry, measurements of air quality and particulate matter parameters were considered. The results obtained in 2023 are under the environmental quality standard limit, ECA in compliance with the established Supreme Decree No. 003-2017-MINAM.

The environmental noise monitoring results obtained in 2023 are below the standards of the environmental quality standard, ECA, complying with the provisions of Supreme Decree N°085-2003-PCM.

Cementos Pacasmayo complies with Peruvian legislation on Closure Plans, which under current legislation is the Regulation of Environmental Management of the Manufacturing Industry and Domestic Trade, Supreme Decree No. 017-2015-PRODUCE. This standard establishes the environmental management of the activities covered by Ministerial Resolution No. 157-2011-MINAM, table of the first update of the list of inclusion of investment projects subject to the National System of Environmental Impact Assessment (SEIA).

For the Tembladera quarry, Directorial Resolution Number 265-2016-MEM/DGAAM approved the Updating of the Closure Plan for the Tembladera quarry mining unit of Cementos Pacasmayo S.A.A.

The Closure Plan submitted by Cementos Pacasmayo has included the necessary measures to ensure effectiveness or consistency with the requirements necessary for the protection of public health and the environment. The initial strategy has continued with the Closure of the components of Tembladera quarry mining unit, establishing temporary, progressive, final and post-Closure activities at the end and/or closure of operations.

Final closure activities have included physical stability in the mine, geochemical stability, water management facilities, dismantling for the removal of equipment and machinery. Also included are infrastructure demolition, reclamation, waste disposal, landform establishment, habitat rehabilitation, revegetation and social programs.

Post-closure activities such as physical maintenance, geochemical maintenance, hydrological maintenance, and biological maintenance will be carried out, and post-closure monitoring activities include physical stability monitoring, geochemical stability monitoring, water management monitoring, biological monitoring and social monitoring.

It is important to mention that the approval of the Mine Closure Plan involves the constitution of guarantees to ensure that the owner of the mining activity complies with the obligations derived from the Mine Closure Plan, in accordance with environmental protection regulations.

Cementos Pacasmayo has a guarantee of faithful compliance with the mine closure plan for the Tembladera quarry according to the approval of the updated mine closure plan for an amount of 421,941.00 USD.

We have a strong relationship with our communities and have identified their main needs such as health, education, urban development and local development. In this regard, we have a social investment program, which contributes to dealing with their necessities, based on good dialog and the compliance with our commitments.

The communities are a priority for Cementos Pacasmayo. For this reason, we promote periodic meetings with their representatives and create opportunities for dialog to know their expectations. In addition, we have established public and private alliances for development projects and programs, to contribute to a better quality of life, and to strengthen our relations. During 2023, we worked in partnership with the district authorities of Pacasmayo and Tembladera.

CPSAA has no commitments for local procurement and hiring although it does its best to hire local talent and do business with local businesses.

#### 17.1.2. Cement plant in Pacasmayo

Cementos Pacasmayo S.A.A. in compliance with current environmental regulations, it has been carrying out environmental monitoring through an accredited laboratory, the results are reported to the Environmental Evaluation Agency - OEFA, competent authority for environmental supervision and control activities, responsible for reviewing and validating the information presented by the industrial owner.

In the Pacasmayo plant, the measurements of air quality parameters and particulate air material were considered, the results obtained in 2023 are below the environmental quality standard limit (ECA) complying with that established in the Supreme Decree No. 003-2017-MINAM.

In the environmental noise monitoring, the results obtained in 2023 are below the limit of the environmental quality standard (ECA) in compliance with that established in the Supreme Decree N°085-2003-PCM.

Regarding atmospheric emissions at the source of emissions, the results obtained in 2023 are below the maximum permissible limit (MPL) in compliance with that established in Supreme Decree N°001-2020-MINAM.

Finally, in accordance with Environmental Management Regulation of the Manufacturing Industry and Domestic Trade, approved with Supreme Decree N° 017-2015-PRODUCE, companies that produce cement are required to submit Closure Plans when executing decommissioning activities. Cementos Pacasmayo in compliance with Peruvian legislation will submit the Closure Plan in a timely manner.

#### 17.2. Solid waste disposal

Cementos Pacasmayo S.A.A. has a Solid Waste Minimization and Disposal Plan for our production activities at the Pacasmayo plant and Tembladera quarry. Annually, our company declares the generation, storage, collection, and final disposal of hazardous and non-hazardous solid waste in compliance with environmental legislation.

In our solid waste minimization plan for 2023, we declared 24 tonnes of hazardous waste and 28.8 tonnes of non-hazardous waste for the Tembladera quarry. Likewise, for the Pacasmayo plant we declared 88.5 tonnes of hazardous waste and 1,079.8 tonnes of non-hazardous waste, which were disposed of in accordance with environmental legislation.

#### 17.3. Qualified Person's Opinion

Cementos Pacasmayo S.A.A. complies with national environmental standards applicable to the development of industrial activity and for the exploitation of non-metallic minerals carried out in the Tembladera quarry where limestone, the main material for the manufacture of cement, is produced.

The company has been complying with the provisions of the Environmental Management Regulation for the Manufacturing Industry and Internal Trade approved with Supreme Decree No. 017-2015-PRODUCE, which regulates the environmental management of the activities indicated in Ministerial Resolution No. 157- 2011-MINAM and investment projects subject to the National Environmental Impact Assessment System (SEIA) and its modifications.

Cementos Pacasmayo S.A.A. reports the environmental commitments, semiannually and quarterly to the Environmental Evaluation Agency - OEFA. The monitoring is carried out through external laboratories that provide comprehensive monitoring and analysis services and have double accreditation, by the IAS and the INACAL, both signatories of the ILAC-MRA international Mutual Recognition Agreement.

Cementos Pacasmayo S.A.A. strictly complies with the protocols in the different processes in compliance with environmental legislation and reporting to the OEFA.

The qualified person believes that CPSAA's current plans and management strategies are adequate for addressing any issues related to environmental compliance and maintaining its environmental permits. In addition, the qualified person believes that CPSAA has a good relationship with the local communities and that its social investment plans are adequate for reducing any social risks to the project.

## 18. Capital and operations costs

### 18.1. Basis for operating and capital cost for the quarry and plant

This section presents, in a tabular manner, the operating costs of Tembladera quarry for the extraction of limestone, the main raw material used in cement production at the Pacasmayo plant. The section also contains the operating costs for the cement plant where the whole industrial process to convert the raw material to cement takes place. The costs are mainly based on real historic costs which are the basis for estimating forecasted costs.

Similarly, this section reports the detail of the capital investments made in the quarry and plant, and the forecasted plan of investments, required to sustain all the activities in the quarry and plant, and to assure the supply of limestone Reserves for the production levels required to support forecasted cement sales of Pacasmayo plant.

Table 42 depicts the main components of the cost structure of Tembladera quarry and Pacasmayo plant and the sources used in their forecasts.

*Table 42 Concepts about cost structure of Tembladera quarry and Pacasmayo plant*

Concept	Description	Source
Quarry Operating Cost	Mineral Production, processing, fuel, Materials (Explosives), Maintenance, Insurances and Services	<ul style="list-style-type: none"> <li>Real, historic costs</li> <li>Suppliers' quotes</li> </ul>
Quarry Operating Cost	Royalties	<ul style="list-style-type: none"> <li>Contract of mining royalty payment with regional/state entities</li> </ul>
Quarry Operating Cost	Energy	<ul style="list-style-type: none"> <li>Historic, real costs</li> <li>Supply Contract</li> <li>Suppliers' quote</li> </ul>
Plant Operating Cost	Fuel, Materials, Maintenance, Wages and Insurances	<ul style="list-style-type: none"> <li>Historic, real costs</li> <li>Suppliers' quote</li> </ul>
Plant Operating Cost	Energy	<ul style="list-style-type: none"> <li>Historic, real costs</li> <li>Supply Contract</li> <li>Suppliers' quote</li> </ul>

Being an ongoing operation, actual historical costs are the primary basis of information to estimate forecasted costs. These actual costs in some cases are maintained, and in other cases are appropriately adjusted to account for factors specific to the quarry operation, conditions and obligations stipulated in supply and concession contracts, and other macroeconomic factors that could have an indirect impact on future operating costs, such as inflation and devaluation of the local currency against the US dollar.

### 18.2. Capital and Operating Cost Estimates

Table 43 details the operating costs of quarry and plant for the year 2023, and 30 years of forecast.

*Table 43 Operating costs forecast of quarry and plant*

#### **Production Data**

	Extracted Mineral tonnes '000	Cement Production tonnes '000	Total Operating Cost S/ '000	Cost per tonne of product S/ x tonne
2023	1,842	1,656	446,242	269.5
2024	2,191	1,860	487,362	261.99
2025	2,466	2,262	626,416	276.91
2026	2,346	2,307	655,898	284.26
2027	2,256	2,069	598,573	289.28
2028	2,256	2,069	618,537	298.93
2029	2,256	2,069	628,832	303.91
2030	2,256	2,069	645,358	311.89
2031	2,256	2,069	669,045	323.34
2032	2,272	2,182	724,359	331.94
2033	2,283	2,258	771,678	341.78
2034	2,294	2,335	825,864	353.69
2035	2,306	2,414	871,442	361.04
2036	2,318	2,494	924,391	370.65
2037	2,329	2,576	987,384	383.33
2038	2,342	2,659	1,043,518	392.40
2039	2,354	2,745	1,106,933	403.32
2040	2,367	2,831	1,180,855	417.05
2041	2,380	2,920	1,248,162	427.45
2042	2,392	3,005	1,321,046	439.58
2043	2,396	3,034	1,374,673	453.07
2044	2,400	3,060	1,418,478	463.51
2045	2,400	3,060	1,455,923	475.74
2046	2,400	3,060	1,499,248	489.90
2047	2,400	3,060	1,534,947	501.56
2048	2,400	3,060	1,577,305	515.41
2049	2,400	3,060	1,627,649	531.86
2050	2,400	3,060	1,668,429	545.18
2051	2,400	3,060	1,714,703	560.30
2052	2,400	3,060	1,768,915	578.02
2053	2,400	3,060	1,813,597	592.62

Table 43 shows the projection for the next 30 years, according to the production plan for 30 years of Reserves. Costs are adjusted annually by applying 2.90% inflation rate to the cost/tonne.

Table 44 shows the detail of capital investments in the quarry and plant, by type of investment, for 1 year of historical result (2023) and 30 years of projection.

Table 44 Investment forecast in quarry and plant

	Total Investments S/ '000
2023	12,495
2024	27,225
2025	28,015
2026	28,827
2027	29,663
2028	30,523
2029	31,408
2030	32,319
2031	33,256
2032	34,221
2033	35,213

2034	36,234
2035	37,285
2036	38,367
2037	39,479
2038	40,624
2039	41,802
2040	43,014
2041	44,262
2042	45,545
2043	46,866
2044	48,225
2045	49,624
2046	51,063
2047	52,544
2048	54,068
2049	55,636
2050	57,249
2051	58,909
2052	60,618
2053	62,375

In recent years, there have been no significant variations in investments related to maintenance and replacement of equipment in the quarry and plant to sustain operations.

As mentioned previously, the Company recently decided to invest an estimated US\$ 85 million for the project optimization of clinker lines in Pacasmayo plant and thus, optimize its installed production capacity of clinker. This investment has been made throughout 2022 and 2023. This explains the higher investments in those years in Table 44. Following that, the Company's investment plan does not consider any extraordinary activity. It is the sole plan to perform the necessary replacement for the quarry support and the maintenance of operations in plant, in such a manner that the investments are kept at levels similar to those registered throughout the last years. Future investments are at nominal values and consider an annual increase of 2.90% for inflation.

The costs described in this chapter are applied to estimate the Mineral Resources and Reserves of the Tembladera quarry as part of the analysis.

### 18.3. Capital and Operating Cost Estimation Risks

Considering that mine production and cement plant will continue in the same geological deposit and using the same mining and industrial methods, there is little risk associated with the specific engineering estimation methods used for capital and production costs. An assessment of accuracy of estimation methods is reflected in the sensitivity analysis in Section 19.

For purposes of the Preliminary Feasibility Study completed relative to the Tembladera quarry and Pacasmayo plant, both capital and operating costs are estimated to an accuracy of +/- 25%.

## 19. Economic analysis

### 19.1. Methodology: Discounted Cash flow (Free)

The Economic Analysis chapter describes the assumptions, parameters and methodology used to demonstrate the economic viability or profitability of extracting the mineral Reserves and Resources. That is, the Pre feasibility level support for the determination of mineral Resources and Reserves, by means of a business valuation through the Discounted (Free or Economic) Cash Flow method.

In the economic the same evaluation criteria were considered for the estimation of Mineral Resources and Reserves.

For the cash flow projection, the forecast horizon is consistent with the life of the quarry, which is calculated based on the total declared Reserves and the annual production of the quarry. The cash flow for each period is approximated indirectly from the EBITDA (the latter is constructed in the Profit and Loss Statement), and the corresponding adjustments are made for taxes and capital costs (CapEx).

Finally, for this economic analysis we work with the free cash flow, since it does not incorporate the capital structure, and we apply the weighted average cost of capital (WACC) for discounting future cash flows.

### 19.2. Assumptions

#### 19.2.1. General and Macroeconomic Assumptions

For the Reserves evaluation, the general and macroeconomic assumptions used for the projection of the free/economic cash flows and for the valuation are:

- Projection horizon: 30 years (2024 to 2053) according to the estimated years of quarry life.
- Annual inflation rate, 2.90%, based on The International Monetary Fund as of October 2023: applies equally to sales price, costs and expenses.
- Capital cost projections were determined using a historical ratio of annual investments and maintenance costs which also considers the increase in production volume.

- The company's capital structure is being considered in the discount rate (WACC) of 11.56%.
- Income tax rate: effective rate of actual (historical) business results, 29% - 30%.
- Workers' Profit Sharing: 10%.
- Exchange rate: exchange rate is assumed to remain at 3.80 (USD/PEN).

#### 19.2.2. Income and Cost Assumptions

- The sales price of cement, expressed as S/ x t, is the sales price from Pacasmayo plant to Distribuidora Norte Pacasmayo, FOB at Pacasmayo plant; and this is lower than the sales price to the final customer in the market. This difference is explained by the distribution freight to the multiple points of sale and by the selling expenses associated with distribution and promotion in the different commercial channels.
- The base price used in the projection is an estimate for the year 2024 (447.9 S/ x t), which has been determined based on current market conditions and cement demand for 2024, among other factors.
- Starting in 2025 (year 2 of the projection), an annual price escalation rate of 2.90% is applied the sales prices.
- The cost of cement production, expressed as S/ x t, has been estimated for the year 2024 based on actual operating costs, the market situation of local inputs and services, plant demand for imported clinker and other factors. Cost of production for year 2024 is 262.0 S/ x t.
- In the case of imported clinker, the considered cost returns to regular pre-Russian-Ukrainian war levels. This means 65 USD x t for Type I clinker and 75 USD x t for Type V clinker. In this sense, the projection, starting in 2032 (the year in which clinker imports are resumed), assumes values more consistent with the historical average, plus an adjustment for inflation.
- Starting in 2025, an annual cost escalation rate of 2.90% is applied to the costs.
- The initial stock of products in the quarry and plant is assumed to be zero.

#### 19.3. Results of financial model

For the Mineral Reserves evaluation, the following financial parameters were calculated:

- NPV of 1,514 million soles at a discount rate of 11.56%.

- 30-year mine life.
- Average plant throughput for cement production: 2.6 million tonnes per year over the 30-year projection.
- Average sales price: 616.7 soles per ton of cement, an average of the 30-year projection, at nominal values.
- Revenues: 1,620 million soles annual, an average of the 30-year projection.
- Average cash production cost: 409.3 soles per ton of cement, an average of the 30-year projection, at nominal values.

The Table 45 shows the forecast of the Profit and Loss Statement of the operation of Tembladera quarry and Pacasmayo plant.

*Table 45 Profit and Loss Statement*

	Shipments (tonnes)	Revenue S/ x t	Gross Profit S/ '000	Gross Margin S/ x t	Gross Mg %	Operating Profit	(+) Depreciation	EBITDA Pacasmayo Plant	EBITDA Mg %
2024P	1,860,241	447.9	326,647	175.6	39%	180,271	42,161	222,432	27%
2025P	2,262,148	421.5	305,185	134.9	32%	156,484	52,956	209,440	22%
2026P	2,307,390	432.6	319,431	138.4	32%	170,305	52,407	222,712	22%
2027P	2,069,164	444.1	296,920	143.5	32%	144,054	50,288	194,343	21%
2028P	2,069,164	455.9	299,722	144.9	32%	139,802	48,644	188,446	20%
2029P	2,069,164	467.9	313,101	151.3	32%	151,105	48,208	199,313	21%
2030P	2,069,164	480.3	320,952	155.1	32%	154,518	49,535	204,053	21%
2031P	2,069,164	493.1	322,283	155.8	32%	148,427	50,976	199,402	20%
2032P	2,182,171	506.1	350,036	160.4	32%	175,082	51,282	226,365	20%
2033P	2,257,814	519.5	369,612	163.7	32%	190,206	53,915	244,120	21%
2034P	2,334,970	533.3	385,247	165.0	31%	198,098	53,682	251,780	20%
2035P	2,413,670	547.4	413,744	171.4	31%	224,432	52,919	277,351	21%
2036P	2,493,943	562.0	438,811	176.0	31%	244,990	52,383	297,373	21%
2037P	2,575,822	576.8	457,545	177.6	31%	255,841	52,130	307,971	21%
2038P	2,659,338	592.1	487,883	183.5	31%	283,472	52,753	336,224	21%
2039P	2,744,525	607.8	515,420	187.8	31%	305,907	53,019	358,926	22%
2040P	2,831,416	623.9	536,800	189.6	30%	318,885	53,537	372,422	21%
2041P	2,920,044	640.5	570,547	195.4	31%	349,670	54,460	404,131	22%
2042P	3,005,252	657.4	600,534	199.8	30%	374,362	55,112	429,474	22%
2043P	3,034,110	674.9	616,094	203.1	30%	381,517	53,284	434,801	21%
2044P	3,060,320	692.7	642,815	210.0	30%	405,191	51,969	457,160	22%
2045P	3,060,320	711.1	659,950	215.6	30%	417,056	51,533	468,589	22%
2046P	3,060,320	729.9	672,007	219.6	30%	420,442	49,249	469,691	21%
2047P	3,060,320	749.3	693,963	226.8	30%	438,980	49,122	488,102	21%
2048P	3,060,320	769.1	710,339	232.1	30%	449,395	50,260	499,655	21%
2049P	3,060,320	789.5	720,092	235.3	30%	449,107	51,503	500,610	21%
2050P	3,060,320	810.4	741,699	242.4	30%	466,727	52,911	519,637	21%
2051P	3,060,320	831.9	759,268	248.1	30%	478,691	54,363	533,054	21%
2052P	3,060,320	854.0	769,921	251.6	29%	480,363	55,814	536,177	21%
2053P	3,060,320	876.6	792,680	259.0	30%	498,821	57,277	556,098	21%

Cement sales at Pacasmayo Plant are on average S/ 1,620 million per year (for the period 2024-2053) and the average EBITDA margin for the same period is 21%.

The EBITDA margin remains relatively stable in the 30-year projection. The slight variations in the margin are mainly explained by the cost of remunerations, which has a behavior with peaks every three years due to union negotiations, the distribution of demand among plants and the consumption of imported clinker when reaching the maximum production capacity of the company's own clinker.

Table 46 shows the Free Cash Flow projection and the valuation of the cement business of Pacasmayo plant:

Table 46 Free Cash Flow and valuation

	FCF - Valuation (Thousand S/)			
	(-) Taxes (EBIT*t)	(-) CapEx	EBITDA Planta Pacasmayo	Free Cash Flow
2024P	-74,978	-27,225	243,201	140,999
2025P	-69,471	-28,015	229,018	131,532
2026P	-74,699	-28,827	244,165	140,639
2027P	-69,090	-29,663	218,964	120,212
2028P	-68,282	-30,523	214,075	115,270
2029P	-74,465	-31,408	227,865	121,992
2030P	-77,984	-32,319	234,531	124,228



2031P	-77,571	-33,256	230,120	119,293
2032P	-86,839	-34,221	258,134	137,074
2033P	-93,373	-35,213	277,424	148,837
2034P	-96,821	-36,234	286,264	153,209
2035P	-107,379	-37,285	314,738	170,074
2036P	-115,420	-38,367	336,806	183,019
2037P	-119,607	-39,479	348,546	189,460
2038P	-130,917	-40,624	380,042	208,500
2039P	-139,812	-41,802	405,251	223,637
2040P	-145,054	-43,014	420,260	232,191
2041P	-157,272	-44,262	455,154	253,620
2042P	-166,837	-45,545	482,918	270,535
2043P	-169,060	-46,866	489,374	273,447
2044P	-178,021	-48,225	514,484	288,238
2045P	-182,772	-49,624	527,426	295,030
2046P	-183,761	-51,063	529,282	294,457
2047P	-191,300	-52,544	550,074	306,230
2048P	-196,592	-54,068	563,792	313,132
2049P	-197,111	-55,636	565,322	312,575
2050P	-204,688	-57,249	586,751	324,814
2051P	-209,890	-58,909	601,888	333,089
2052P	-211,356	-60,618	606,018	334,044
2053P	-219,278	-62,375	628,477	346,823
WACC				11.56%
Economic NPV (Thousand S/)				1,513,634

The net present value (NPV) of Pacasmayo Plant cement business amounts to more than S/ 1,514 million at a discount rate of 11.56% and it is made up of the sum of the discounted cash flows of each period, for the 30-year projection. It is important to mention that the discounted recovery period (of the investment for the clinker line optimization) is 3 years.

For discounting of the cash flows, the weighted average cost of capital of the company (WACC for its acronym in English) was applied.

#### 19.4. Sensitivity Analysis

The sensitivity analysis considers a variation of +/- 5 and 10% in the variables that have the greatest impact on the NPV and EBITDA. These variables are the cement sales price, operating cost and CapEx.

Table 47 and 48 detail the sensitivity of the EBITDA and NPV to each variable, respectively, when the variables are varied independently. Figures 17 and 18 show the results of the sensitivity of NPV and EBITDA, respectively, to the three variables.

Table 47 Sensitivity analysis of the Net Present Value

Variable / Variation	-10%	-5%	0%	+5%	+10%
Price	-43.0	-21.5	0	21.5	43.0
Cost	36.5	18.2	0	-18.2	-36.5
CapEx	1.5	0.8	0	-0.8	-1.5

Table 48 Sensitivity analysis of EBITDA

Variable / Variation	-10%	-5%	0%	+5%	+10%
Price	-45.5	-22.8	0	22.8	45.5
Cost	34.7	17.3	0	-17.3	-34.7
CapEx	-0.1	0	0	0	0.1

Figure 17 Sensitivity of Net Present Value

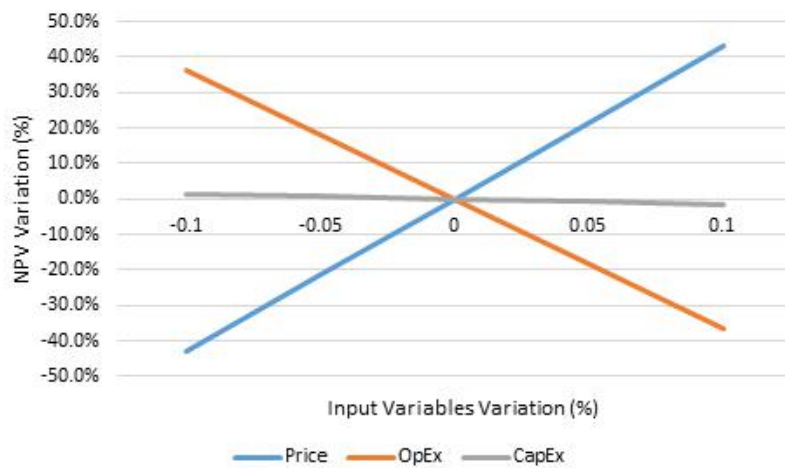
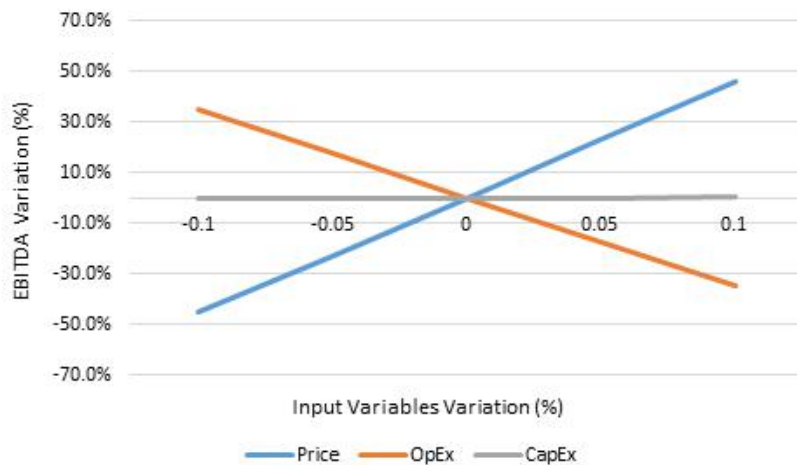


Figure 18 Sensitivity of EBITDA



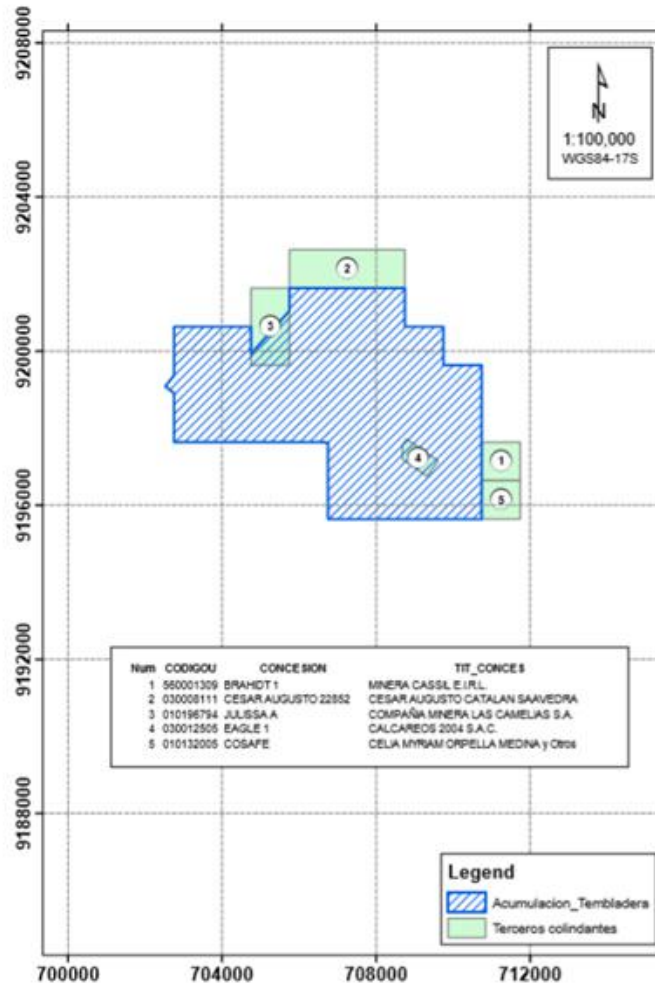
Based on these results, the NPV is most sensitive to cement price, followed by operating cost, and least sensitive to the CapEx. The EBITDA, on the other hand, is as sensitive to cement price as to the cost, and shows no sensitivity towards variations to the CapEx.

## 20. Adjacent properties

The information in this chapter was obtained from the competent authority Instituto Geológico, Minero Metalúrgico (INGEMMET) according to the document “Resumen del Derecho Minero Acumulación Tembladera”. Figure 19 shows adjacent mineral concessions. The Eagle 1 concession overlaps with the Cementos Pacasmayo S.A.A. concession by 46.43 hectares. The Julissa A concession does not interfere with the area of the mining rights in the Cementos Pacasmayo S.A.A. concession.

Eagle 1 does not interfere with Cementos Pacasmayo S.A.A.’s operations or Reserve estimates.

Figure 19 Concession Acumulación Tembladera and adjacent concessions.



21. Other relevant data and information

Not applicable

22. Interpretation and conclusions

- From a legal point of view, Cementos Pacasmayo S.A.A. has the ownership of the mining properties for the exploration, development and production of limestone to supply the cement plants for normal production during the life of the quarry.

Cementos Pacasmayo S.A.A. has been complying with international ISO-9001 (Quality) standards since 2015 and has implemented Quality Assurance and Quality Control (QAQC). The controls are applied for the construction of the Geological Model, Resource Estimation and Reserves Estimation.

- Cementos Pacasmayo S.A.A. has a quality assurance system in its operations that includes sample preparation methods, procedures, analysis and safety of results which comply with the best practices in the industry.
- The information verification and validation processes are carried out following the procedures indicated in the information flows. The validated information is congruent with the one that generated the geological models, which are the fundamental basis for the estimation of Resources.
- The geological modeling of the limestone deposit is consistent with the relationship between the information and the geological model.

- The Mineral Resources and Reserves estimation consider the geologic characteristics and modifying factors as well as due consideration of risk: geologic and associated with evaluation of modifying factors. The main quality variable is the CaO content, which is very stable in the deposit, also there are along with other secondary variables that determine the quality of the Reserves.

- In the process of estimating Mineral Reserves and in the production plans of the quarry, these variables have been adequately considered in the mining plan, properly sequenced and with blending processes. There are sufficient proven and probable Reserves for the next 30 years.
- Table 49 shows the Mineral Resources of the Tembladera quarry and the results of Mineral Resource classification. Likewise, the Mineral Reserves and the results of Mineral Reserve classification are shown in Table 50.

*Table 49 Resource Categorization (exclusive of Reserves) at the Tembladera quarry*

	Resources	Tonnes M	CaO (%)	MgO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	SO <sub>3</sub> (%)
Limestone	Measured	122.6	49.33	1.83	1.82	4.76	0.31
	Indicated	34.5	50.32	1.68	1.44	3.85	0.20
	Measured + Indicated	157.1	49.55	1.80	1.74	4.56	0.29
	Inferred	75.9	50.33	1.62	1.45	3.93	0.31

*Table 50 Mineral Reserves expressed in millions of tonnes*

	Reserves	Tonnes M	CaO (%)	MgO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	SiO <sub>2</sub> (%)	SO <sub>3</sub> (%)
Limestone	Proven	65.5	49.66	1.52	1.54	4.60	0.37
	Probable	12.3	49.63	1.57	1.56	4.91	0.28
	Total	77.8	49.65	1.53	1.54	4.65	0.36

- The cement plant located in Pacasmayo has equipment and facilities available for cement production using limestone from the Tembladera quarry and other necessary materials.
- The Health, Safety and Environment department is in charge of supervising compliance with the Company's corporate policies and the various legal requirements of the national regulatory bodies by all company areas.
- Through its Social Responsibility area, Cementos Pacasmayo S.A.A. has generated relationships of trust with the communities surrounding its operations, which have a solid relationship with our communities, identifying their primary needs in health, education, urban development, and local development.
- The operation in Tembladera quarry and Pacasmayo plant, with regards to infrastructure, is technically and economically feasible due to the life of the quarry.
- The sensitivity analysis shows that the operation is economically robust.

## 23. Recommendations

- Maintain the QAQC program for exploration, development and production activities associated with cement production.
- It is recommended to perform the technical interpretation of the data generated during the 2022 diamond drilling campaign, so that they can be incorporated into the Mineral Resource and Reserves model, which will provide greater support and robustness to these models.
- Complement the geotechnical monitoring of the quarry components with the implementation of the Geotechnical Monitoring Plan, which consists of the installation of slope displacement control landmark.
- Perform density tests for limestone in the next studies at the Tembladera quarry.
- For future diamond drilling campaigns, evaluate the rock density for each limestone horizon.

## 24. References

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25. Reliance on information provided by the registrant.

In preparing this report, the qualified persons relied upon data, written reports and statements provided by the registrant in accordance with 17 CFR § 229.1302(f). After careful review of the information provided, the QPs have no reason to believe that any material facts have been withheld or misstated. Cementos Pacasmayo provided the information as summarized in Table 51.

*Table 51 List of Cementos Pacasmayo S.A.A. information.*

Chapter	Chapter name	Information provided by CPSAA
3	Property description	Legal matters related to property rights and the authority “Instituto Geológico, Minero y Metalúrgico INGEMMET”
16	Market studies	Marketing information, ASOCEM, INEI, MEF and BCRP
17	Environmental studies, permitting, and plans, negotiations, or agreements with local individuals or groups	Environmental studies and information, Community Relations and agreements with stakeholders
18	Capital and operating costs	Historical data about cost, price and investments
19	Economic analysis	The International Monetary Fund, Economic model, Macroeconomic trends, data, assumptions, and interest rates
20	Adjacent properties	Legal matters related to property rights and the authority “Instituto Geológico, Minero y Metalúrgico “INGEMMET”

CEMENTOS PACASMAYO S.A.A.  
 Technical Report Summary (TRS)  
 Virrila Quarry  
 and  
 Piura Cement Plant  
 20-F 229.601 (Item 601)

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## 1. Executive summary

Cementos Pacasmayo S.A.A (CPSAA) is a Peruvian company whose corporate purpose is the production of cement and other products associated with the construction sector. This Technical Report Summary summarizes a Pre-feasibility study of the Virrila quarry and Cement Plant located in the Piura Region, both owned by CPSAA. Cementos Pacasmayo's qualified persons prepared this Report to support disclosure of coquina Resources and Reserves.

### 1.1. Location and access

The Virrila quarry contains coquina, the main raw material for cement production. This quarry is located in the Sechura district, of Sechura Province, in the Piura Region. There is an access road to this quarry from Lima to Piura. The Piura plant is located in Piura city, and is 192 km from Virrila quarry and 950 Km from Lima.

### 1.2. Climate

The quarry is in a temperate and humid climate, with little rainfall, mostly between February and April. Average annual temperatures vary between 17.8 °C and 29.5 °C. The highest temperatures were recorded in January, February, and March, and the lowest in August and September.

In the Piura plant, the climate is predominantly arid and warm, with no rain for most of the year. The average maximum temperature is 31.2 °C, and the minimum is 17.7 °C. When the El Niño phenomenon occurs, there is rainfall, especially between December and June.

### 1.3. History

The Virrila quarry is a production stage operation on a non-metallic deposit of calcareous material from marine shells that supply raw material to the cement plant in Piura. Cementos Pacasmayo S.A.A owns the mineral deposit.

The Virrila quarry started operations on September 17, 2015. The mining contractor San Martin Contratistas Generales S.A. was in charge of the production from the start of operations until March 14, 2020. The mining contractor Posada Perú S.A.C started operations at the Virrila quarry on September 14, 2020, until December 30, 2021. On January 3, 2022, the mining contractor San Martin Contratistas Generales S.A. was hired for the production of the coquina. The transport the coquina from the Virrila quarry to the Piura plant in in charge of other companies.

During the 2023 period, two mining contractors worked at the Virrilá quarry operations from January to April with San Martin Contratistas Generales S.A. and from October to December with Sechura Ingeniería y Construcción E.I.R.L.

From May to September 2023, Cantera Virrila stopped operations due to the interruption of traffic caused by the overflow of the La Niña lagoon provoked by cyclone Yaku. Likewise, the Piura plant stopped its clinker production operations (raw meal milling, coal milling and reception of raw materials) from July to September was to avoid exceeding the strategic inventories (clinker). The cement grinding, receiving (cement additions), packaging and dispatching processes remained active to cover the cement demand.

Virrila quarry restarted operations in October.

### 1.4. Geological environment and mineralization

Geologically, the study area is in the desert zone of Sechura and has sedimentary rocks from the Recent Quaternary.

It is composed of silty sand deposits with intercalations of medium to fine-grained sands and coquina horizons. Below the recent deposits, there are diagenetic eolian deposits in the sandy matrix with calcareous cement. Below these, there are intercalations of conglomerates with gray diatomites, intercalated with white reef sandstones, corresponding to the Talara Bedrock and the upper levels of the Zapallal Formation.

The Virrila quarry deposit is comprised of coquiniferous portions of the Talara Tablazo that undergo lateral variations in thickness and composition of calcareous remains.

### 1.5. Exploration

In 2007 and 2008 exploration activities were performed to obtain geological information from the Virrila quarry that would allow the production of coquina.

In 2013, exploration activities were carried out by means of test pits in the best areas of the mining concession.

In 2019, activities and sampling in the operation area were developed to validate the Mineral Reserves in the area of operation and update the inventory.

In 2021, drilling was conducted to confirm Reserves within the operations and to know in more detail the characteristics of the deposit.

In 2022, drilling was conducted to confirm Reserves in the same area that the 2021 campaign.

In 2023, from May to June Cementos Pacasmayo carry out a drilling campaign in order to confirm mineral Reserves of Virrila deposit.

#### 1.6. Sample preparation, analysis and security

Cementos Pacasmayo S.A.A., through its quality control group, performed quality assurance activities for the samples obtained at the Virrila deposit, applying the quality control plan, protocols, and measures necessary to get information on the coquina samples. Laboratory analyses were performed at the chemical laboratory of Piura plant and were applied for the estimation of Resources and Reserves of the deposit.

The Piura plant's Quality Assurance and Control Department has implemented a sampling and data verification plan for the following processes: raw material reception, raw mill scale, raw mill grinding, kiln feed, coal scale, coal grinding, preheater, kiln filter, clinkerization, cement grinding, mill scale, cement grinding, cement composting, packaging control, packaging-composting and by-pass.

Likewise, Cementos Pacasmayo S.A.A. has implemented quality assurance, quality control (QAQC) protocols to develop exploration and production activities in the Virrila quarry and in the Piura plant to ensure the quality of the information that is used in the estimation of Mineral Resources and Reserves.

Cementos Pacasmayo has procedures for sample preparation, testing, and information security in its operations. The cement plants and operations have implemented the ISO 9001 standard since 2015. Certification is renewed annually through an external audit.

#### 1.7. Data Verification

Concerning geological activities, CPSAA has a data verification unit for the geological database. This unit has as its main function, the verification of data to be used in the estimation of Mineral Resources and Reserves. For the appropriate administration of information, internal protocols have been implemented that are subject to internal audits. The stages within the verification activities for the geologic data are the data collection, the administration and validation of data received from internal and external laboratories, data tracking through the confirmation of custody chains and finally, validation of data in the database that will allow the development of the Mineral Resources and Reserves model.

The qualified persons followed the defined processes for information flows to support Mineral Resource and Reserve estimation. The qualified person followed the same process as a means of verifying and validating the geologic data. They found that the validated information is congruent in the interpretations of the same, with which the fundamental base geological models were generated for the estimation of the Mineral Resources.

No findings have been found that could invalidate the estimation of the Resources and Reserves of the deposit.

For data verification activities at the cement plant, the Plan, Do, Check and Act (PDCA) methodology is used. This is applied to the technical information received from the company's internal and external customers. The quality control laboratory compares the results with national and international laboratories as part of the verification procedures.

In the author's opinion, the methodologies used for collecting and processing data at the cement plant are accurate and free of important errors. The information can be used within the models' construction and estimates for cement production. Considering that the analyses of the main chemical components and physical properties of the raw materials and final products are made in external laboratories, the quality of the information is adequate for preparing mineral Resource and Reserve Estimates.

#### 1.8. Mineral processing and metallurgical test

Cementos Pacasmayo has procedures for developing products at the laboratory level and scaling at the industrial level: its guidelines for preparing, reviewing, insurance, and controlling laboratory test reports. Cementos Pacasmayo has a research and development laboratory located in the Pacasmayo plant to evaluate the technical operations of cement plant and quarry operations.

In order for its operations at the Piura plant to have a representative sample of its raw materials and cement, Cementos Pacasmayo performs the analysis of its samples in its internal Research and Development Laboratory located at the Pacasmayo plant.

A significant percentage of Research and Development activities are focused on evaluating different ratios between clinker-mineral additions providing the best functional characteristics to our products, and balancing the benefits generated for the company. Another objective is to identify other additions that can substitute for clinker: slag, pozzolana, fly ash, calcined clays, etc., to reduce our environmental footprint and the cost of cement production. Based on this work, the laboratory has

determined (and confirmed with production estimates) that 1 tonne of coquina yields 0.77 tonnes of clinker and the clinker/cement factor of the main cements with additions is 0.72.

The clinker/cement factor of the cement with additions: ICO and MS(MH) were investigated.

For ICO cement, the clinker/cement factor was reduced by 0.71 (2021), 0.67 (2022) and 0.68 (2023). For MS(MH) cement the clinker/cement factor was 0.72 (2021), 0.69 (2022) and 0.70 (2023).

The Research Laboratory issues technical reports following the criteria of international standards to the operations area, which evaluates the convenience of implementing the tests industrially and validating what is reported at the laboratory level.

1.9. Estimation of Resources and Mineral Reserves

The qualified persons (QPs) have estimated coquina Resources and Reserves for this property. The information from exploration in the previous years has been used for the evaluation, and is the database for the Resources and Reserves model.

The coquina Resources are presented in Table 1. The Resource estimation considered the quality restrictions of coquina received in the Piura plant, limits of the concessions, accessibility to the Resources and legal limits of the mining concessions, relevant economic factors, and modifying factors.

The minimum quality accepted is 48.5% CaO to be used as raw material for cement production. Considering the sales prices of cement at the Piura plant, the economic evaluation used for Resource evaluation is shown in Chapter 19 and uses the same criteria used to estimate Reserves.

Table 1 Mineral Resources (exclusive of Reserves) in the Virrila quarry

	Resources	Tonnes M	CaO (%)	SO <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	Na <sub>2</sub> O (%)	K <sub>2</sub> O (%)	Cl (ppm)
Coquina	Measured	19.9	49.68	0.61	0.66	7.21	0.23	0.20	0.08
	Indicated	28.0	48.92	1.11	1.17	7.42	0.21	0.22	0.08
	Measured + Indicated	47.9	49.24	0.90	0.96	7.33	0.22	0.21	0.08
	Inferred	4.4	46.67	2.15	1.61	9.80	0.23	0.25	0.06

For Reserve estimation, the Resources and the quality criteria, modifying factors, and coquina production costs were considered. The economic results are shown in Chapter 19. The mining method used is open pit mining.

Table 2 Ore Reserves in the Virrila quarry

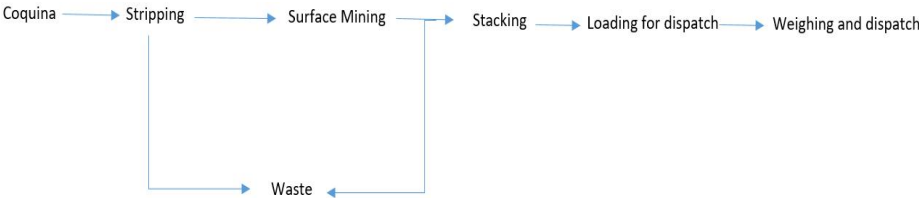
	Reserves	Tonnes M	CaO (%)	SO <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	Na <sub>2</sub> O (%)	K <sub>2</sub> O (%)	Cl (ppm)
Coquina	Proven	40.3	51.87	0.35	0.70	5.02	0.29	0.16	0.032
	Probable	2.7	49.78	1.08	1.42	6.45	0.25	0.20	0.096
	Total	43.0	51.73	0.40	0.74	5.11	0.29	0.16	0.036

1.10. Mining Methods

Cementos Pacasmayo S.A.A. is the current owner of the Virrila quarry and is in charge of the coquina’s production. The loading/transport of coquina has been outsourced to a contractor, Cementos Pacasmayo S.A.A. supervises the quarry to verify the activities and output according to the requirements of the Cement Plant.

The mining of coquina at the Virrila quarry consider the activities of Stripping, surface mining, stacking, loading for dispatch, weighing and dispatch.

Figure 1 Mining sequence of Virrila quarry



The main equipment used for the production of coquina in the Virrila quarry is a surface miner, front loader and dump truck. Also auxiliary equipment is necessary like pickup van, tanker truck and other equipment.

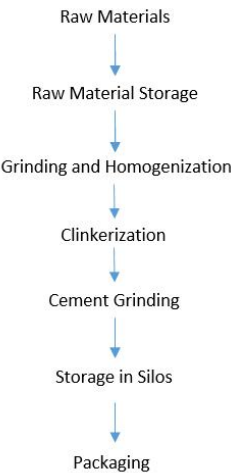
The mining plan of the Virrila quarry consider an average annual production of 1.43 million tonnes of coquina for the next 30 years and a stripping rate of 0.41.

Based on the plant requirements and sales projection for the next 30 years, the pit design parameters for the Virrila quarry are maximum pit height, maximum bench height and pit bank slope.

1.11. Processing Plant and Infrastructure

Cement production considers the stages of raw material extraction, raw material grinding and homogenization, clinkerization, cement grinding, silo storage and packaging, loading, and transportation. Cement is moved through pneumatic conveyors to bagging systems to be packed in bags and then loaded onto trucks operated by third parties for distribution.

Figure 2 Piura plant process block diagram



The raw materials for cement production are coquina, sand, iron, clay, and coal. The mixture of these raw materials is the ground material called raw meal, which is fed to the calcining kiln to produce clinker. Coquina represents 83.46% by weight of the raw meal.

Clinker and additions are used to produce cement. The additions used in cement production are slag, pozzolana, shale, and gypsum.

Currently, the Piura cement plant has a clinker/cement ratio of 0.71.

The Piura plant has an electrical substation of 37.50 MW and uses electricity supplied from the national grid.

Cementos Pacasmayo has implemented a preventive and corrective maintenance plan to prevent interruptions in cement production.

Cementos Pacasmayo maintains operating efficiency to control costs and operating margins, and has initiatives to diversify energy sources and secure supply when possible.

1.12. Market studies

The Peruvian cement market is geographically segmented by region: northern region, central region, and southern region, and each area is served by several companies, most of which are cement producers.

The main companies that supply the Peruvian cement market are Cementos Pacasmayo, UNACEM, and Cemento Yura. Some companies import cement or clinker, such as Cemento Inka, Cemento Nacional and Cemex, among others.

Companies that market cement in Peru follow the Peruvian Technical Standards associated with cement technical specifications.

Portland cement is subdivided into Type I and Type V cement. Portland Cement is subdivided into Type ICO, Type IL, Type IP, and Type I (PM); and finally, Hydraulic Cements specified by performance are Type GU, Type MS (MH), Type HS, Type HE, Type MH, and Type LH.

Cementos Pacasmayo, being the leading company in the production and sale of cement in the Northern Region, has a market share in the following cities: Cajamarca, Chiclayo, Chimbote, Jaén, Pacasmayo, Piura, Rioja, Tarapoto, Trujillo, Tumbes, Yurimaguas and Iquitos. Cementos Pacasmayo also has a market share of 93.8% in the country's northern region.

Annual cement deliveries nationwide for the year 2023 reached 12.2 million tons, while total cement deliveries of Piura plant for 2023 were 1.04 million tons. The Piura plant serves 33.4% of the cement demand in the country's Northern Region, and its cement dispatches represent almost 35.6% of the three cement plant's overall shipments.

Table 3 shows the projected demand and price per ton of cement for the next 30 years.

*Table 3 Projection of demand and price for the next 30 years*

	<b>Shipments (tonnes)</b>	<b>Revenue S/ x t</b>
<b>2024P</b>	<b>847,382</b>	497.8
<b>2025P</b>	<b>1,030,460</b>	470.1
<b>2026P</b>	<b>1,051,069</b>	482.6
<b>2027P</b>	<b>1,356,464</b>	495.4
<b>2028P</b>	<b>1,424,976</b>	508.5
<b>2029P</b>	<b>1,494,859</b>	522.0
<b>2030P</b>	<b>1,566,140</b>	535.8
<b>2031P</b>	<b>1,638,846</b>	550.0
<b>2032P</b>	<b>1,600,000</b>	564.6
<b>2033P</b>	<b>1,600,000</b>	579.6
<b>2034P</b>	<b>1,600,000</b>	594.9
<b>2035P</b>	<b>1,600,000</b>	610.7
<b>2036P</b>	<b>1,600,000</b>	626.9
<b>2037P</b>	<b>1,600,000</b>	643.5
<b>2038P</b>	<b>1,600,000</b>	660.5
<b>2039P</b>	<b>1,600,000</b>	678.0
<b>2040P</b>	<b>1,600,000</b>	696.0
<b>2041P</b>	<b>1,600,000</b>	714.5
<b>2042P</b>	<b>1,600,000</b>	733.4
<b>2043P</b>	<b>1,600,000</b>	752.8
<b>2044P</b>	<b>1,600,000</b>	772.8
<b>2045P</b>	<b>1,600,000</b>	793.3
<b>2046P</b>	<b>1,600,000</b>	814.3
<b>2047P</b>	<b>1,600,000</b>	835.9
<b>2048P</b>	<b>1,600,000</b>	858.0
<b>2049P</b>	<b>1,600,000</b>	880.7
<b>2050P</b>	<b>1,600,000</b>	904.1
<b>2051P</b>	<b>1,600,000</b>	928.0
<b>2052P</b>	<b>1,600,000</b>	952.6
<b>2053P</b>	<b>1,600,000</b>	977.9

### 1.13. Capital and operating costs and Economic Analysis

This document presents the cash flow analysis and an economic evaluation of the project based on the current operating costs of the cement plant in Piura. It uses the information on the Virrila quarry for coquina production.

For the Reserves evaluation, the general and macroeconomic assumptions used for the projection of the free/economic cash flows and for the valuation are:

- Projection horizon: 30 years (2024 to 2053) according to the estimated years of quarry life.
- Annual inflation rate, 2.90%, based on based on The International Monetary Fund as of October 2023: applies equally to sales price, costs, and expenses.



- Capital cost projections were determined using a historical ratio of annual investments and maintenance costs which also considers the increase in production volume.
- The company's capital structure is being considered in the discount rate (WACC) of 11.56%.
- Income tax rate: effective rate of actual (historical) business results, 29% - 30%.
- Workers' Profit Sharing: 10%.
- Exchange rate: exchange rate is assumed to remain at 3.80 (USD/PEN).

The economic analysis uses the economic assumptions listed in Chapter 19. The main variables considered in the economic model for the sensitivity analysis were cement price, production cost, and Capex. Some of these main assumptions are listed below here.

The free cash flow is constructed for the economic analysis, which does not incorporate the financing structure. The latter is considered in the weighted average cost of capital (WACC) to discount future cash flows. The following financial parameters were calculated:

- NPV of 1,664 million Soles at a discount rate of 11.56%.
- 30-year mine life
- Average plant throughput for cement production: 1.5 million tonnes per year over the 30-year projection.
- Average sales price: 687.8 Soles per ton of cement, an average of the 30-year projection, at nominal values.
- Revenues: 1,046 million Soles, an average of the 30-year projection.
- Average cash production cost: 428.6 Soles per ton of cement, an average of the 30-year projection, at nominal values.

The cash flow of the project is presented in Table 4 below. The net present value at a discount rate of 11.56% is 1,664 million Soles.

Table 4 Free Cash Flow and valuation

	FCF - Valuation (Thousand S/)			
	(-) Taxes (EBIT*t)	(-) CapEx	EBITDA Planta Pacasmayo	Free Cash Flow
2023P	-35,476	-15,488	139,332	88,367
2024P	-41,798	-15,938	162,619	104,884
2025P	-44,430	-16,400	171,473	110,643
2026P	-65,344	-16,875	241,057	158,837
2027P	-71,048	-17,365	257,410	168,998
2028P	-80,970	-17,868	283,543	184,705
2029P	-88,795	-18,386	307,358	200,177
2030P	-91,206	-18,920	315,968	205,842
2031P	-88,098	-19,468	304,740	197,175
2032P	-90,628	-20,033	312,631	201,969
2033P	-92,979	-20,614	315,883	202,290
2034P	-97,783	-21,212	327,775	208,780
2035P	-100,948	-21,827	336,490	213,715
2036P	-102,294	-22,460	340,598	215,845
2037P	-108,257	-23,111	353,369	222,001
2038P	-112,617	-23,781	362,696	226,297
2039P	-115,005	-24,471	367,421	227,945
2040P	-119,961	-25,181	380,815	235,673
2041P	-123,640	-25,911	390,845	241,294

2042P	-125,805	-26,662	396,237	243,770
2043P	-130,757	-27,436	410,304	252,111
2044P	-134,251	-28,231	420,956	258,474
2045P	-135,894	-29,050	427,025	262,081
2046P	-140,774	-29,892	441,793	271,127
2047P	-144,467	-30,759	453,142	277,916
2048P	-146,458	-31,651	460,439	282,330
2049P	-151,719	-32,569	476,463	292,175
2050P	-156,077	-33,514	489,098	299,508
2051P	-159,344	-34,486	497,218	303,389
2052P	-164,936	-35,486	514,082	313,661

WACC	11.56%
Economic NPV (Thousand S/)	1,663,683

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Sensitivity analysis was also made to show the influence of changes in prices, OpEx and CapEx on NPV.

Figure 3 Sensitivity of Net Present Value

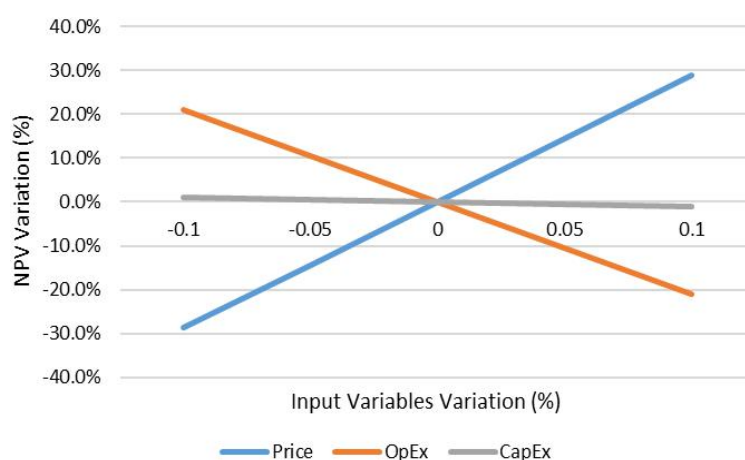
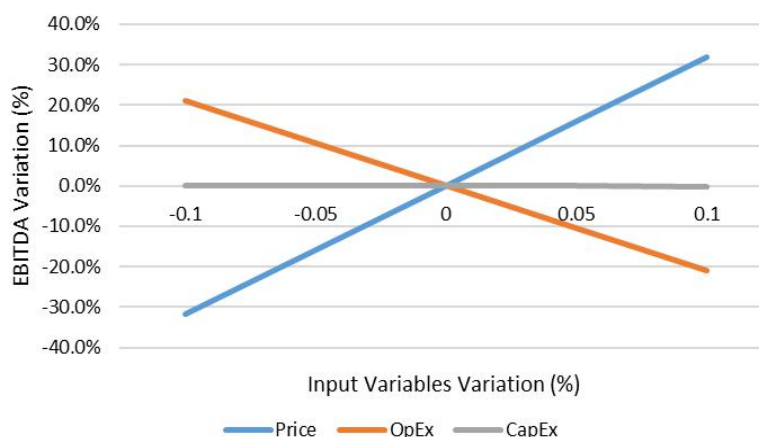


Figure 4 Sensitivity of EBITDA



#### 1.14. Adjacent properties

To the north of the Cementos Pacasmayo S.A.A. concession is the Bayovar N° 7 concession owned by Americas Potash Peru S.A. To the east of CPSAA's concession are concessions Virrila 12, Virrila 19, and Virrila 23 owned by Cementos Pacasmayo S.A.A. To the west are concessions Virrila 6, Virrila 9 and Virrila 14 owned by Cementos Pacasmayo S.A.A. and to the north is concession Virrila 16 owned by Cementos Pacasmayo S.A.A.

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### 1.15. Conclusions

- From a legal viewpoint, Cementos Pacasmayo S.A.A. has mining rights for the areas of exploration, development, and production of coquina to supply the cement plants for normal production during the quarry's life. It also has an agreement with Fundación Comunal San Martín de Sechura for the right of usufruct, surface and easement for the area of operations at the Virrila quarry.
- Cementos Pacasmayo S.A.A. has been complying with international ISO-9001 (Quality) standards since 2015 and has implemented Quality Assurance and Quality Control (QAQC). The controls are applied for the construction of the Geological Model, Resource Estimation and Reserves Estimation.
- Cementos Pacasmayo S.A.A. has a quality assurance system in its operations that includes sample preparation methods, procedures, analysis and security, which comply with the best practices in the industry.
- The information verification and validation processes are carried out following the procedures indicated in the information flows. The validated information is congruent with the one that generated the geological models, which are the fundamental basis for the estimation of Resources.
- The geological modeling of the coquina deposit is consistent with the relationship between the information and the geological model.
- The Reserves estimations consider the geologic and modifying factors as well as risk. The quality variable is the CaO content which is very stable in the deposit. There also are other secondary variables that determine the quality of the Reserves.
- In the process of calculating Mineral Reserves and in the production plans of the quarry, these variables have been adequately considered in the mining plan, properly sequenced, and with blending processes. There are sufficient proven and probable Mineral Reserves for the next 30 years.
- Table 5 shows the Mineral Resources of the Virrila quarry. Likewise, the Mineral Reserves are shown in Table 6.

*Table 5 Resource Categorization (exclusive of Reserves) at the Virrila quarry*

	Resources	Tonnes Mt	CaO (%)	SO <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	Na <sub>2</sub> O (%)	K <sub>2</sub> O (%)	Cl (ppm)
Coquina	Measured	19.9	49.68	0.61	0.66	7.21	0.23	0.20	0.08
	Indicated	28.0	48.92	1.11	1.17	7.42	0.21	0.22	0.08
	Measured + Indicated	47.9	49.24	0.90	0.96	7.33	0.22	0.21	0.08
	Inferred	4.4	46.67	2.15	1.61	9.80	0.23	0.25	0.06

*Table 6 Mineral Reserves expressed in millions of tonnes*

	Reserves	Tonnes M	CaO (%)	SO <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	Na <sub>2</sub> O (%)	K <sub>2</sub> O (%)	Cl (ppm)
Coquina	Proven	40.3	51.87	0.35	0.70	5.02	0.29	0.16	0.03
	Probable	2.7	49.78	1.08	1.42	6.45	0.25	0.20	0.10
	Total	43.0	51.73	0.40	0.74	5.11	0.29	0.16	0.04

- The cement plant located in Piura has all the equipment and facilities available to produce cement, using coquina from the Virrila quarry and other necessary materials.
- The Health, Safety and Environment department is in charge of supervising compliance with the Company's corporate policies and the various legal requirements of the national regulatory bodies by all company areas.
- Through its Social Responsibility area, Cementos Pacasmayo S.A.A. has generated relationships of trust with the communities surrounding its operations, which have translated into a solid relationship with our communities, identifying their primary needs in health, education, urban development, and local development.
- The operation at the Virrila quarry and Piura plant, and related infrastructure, is technically and economically feasible due to the quarry's life. The sensitivity analysis shows that the operation is economically robust.

### 1.16. Recommendations

- Develop a geological exploration program surrounding the Virrila quarry to discover new coquiferous zones and other materials related to cement production.
- Maintain the QaQc program for exploration, development and production activities associated with cement production.

- It is recommended to carry out the geological interpretation of the data generated during the 2023 diamond drilling campaign, which considered the confirmation of Reserves in zone 2 and zone 4, so that they can be incorporated into the respective models, which will provide them with greater support and robustness.
- Update and standardize the geological model with the information generated by the diamond drilling campaign, considering that some areas have test wells and other perforations as a source of information.
- Update the geological model and standardize the information for the estimation of Resources and Reserves, considering that some areas have test pits and other drillings as a source of information.
- Control the stripping ratio during the operation in order to achieve a reduction in production costs.

## 2. Introduction

### 2.1. Participants

This technical summary report (TRS) was prepared for Cementos Pacasmayo by qualified persons (QPs), who works for Cementos Pacasmayo, who according to their qualifications and experience, developed the chapters based on their expertise. Likewise, the aforementioned QP's used the Company information sources, information validated and approved by the competent authorities in Peru, and public information sources. Table 7 indicates the qualified persons who participated in the prepared this document and the chapters and information under their responsibility.

Marco Carrasco, who holds the position of Project Manager of Cementos Pacasmayo, is QP certified by the Mining and Metallurgical Society of America (MMSA) of the United States. He acted as Project Manager, whose primary role was compiled the information received from the QPs of each chapter to have an integrated document. Each QP is responsible for the section they wrote.

### 2.2. Terms of Reference

This report summarizes the Pre-feasibility study results of the "UEA Virrila" property for the production of coquina using open-pit mining methods. This technical report summary was prepared as an exhibit to support disclosure of Mineral Resources and Reserves by Cementos Pacasmayo. The information is effective December 31, 2023.

The coquina was produced from the UEA Virrila property located in the Sechura district. This property supplies raw material for the Piura plant where cement is produced. The annual cement production is 1.5 million tonnes per year (Mtpy). This technical report summary estimates Mineral Resources and Reserves according to the regulations published in Securities Exchange Commission (SEC) Form 20-F and under subpart 1300 of Regulation S-K. Actual operating costs have been considered for the estimates and used as a basis for economic projections within the financial analysis.

The report was prepared by the qualified persons listed in Table 7 using available studies and, in some cases (see Chapter 25), relying on information provided by Cementos Pacasmayo, the registrant.

*Table 7 List of Cementos Pacasmayo S.A.A. Professionals*

Item	Chapter	First and Last Names	Job Position	Profession
0	Compiled all	Marco Carrasco (*)	Project Manager	Chemical Engineer
1	Executive summary	All QPs (**)		
2	Introduction	All QPs (**)		
3	Property description	Henry Vargas (***)	Environmental Coordinator	Environmental Engineer
4	Accessibility, climate, local Resources, infrastructure and physiography	Henry Vargas (***)	Environmental Coordinator	Environmental Engineer
5	History	Jorge Vega	Mining Projects Superintendent	Mining Engineering
5	History	Jhonson Rodríguez	Senior Geologist	Geological Engineer
6	Geological setting, mineralization, and deposit	Jhonson Rodríguez	Senior Geologist	Geological Engineer
7	Exploration	Jhonson Rodríguez	Senior Geologist	Geological Engineer

8	Sample preparation, analyses, and security	Jhonson Rodríguez	Senior Geologist	Geological Engineer
8	Sample preparation, analyses, and security	Ivanoff Rojas	Production Superintendent	Chemical Engineer
9	Data verification	Jhonson Rodríguez	Senior Geologist	Geological Engineer
9	Data verification	Ivanoff Rojas	Production Superintendent	Chemical Engineer
10	Mineral processing and metallurgical testing	Ivanoff Rojas	Production Superintendent	Chemical Engineer
11	Mineral resource estimates	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
12	Mineral reserve estimates	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
13	Mining methods	Jorge Vega	Mining Projects Superintendent	Mining Engineering
14	Processing and recovery methods	Ivanoff Rojas	Production Superintendent	Chemical Engineer
15	Infrastructure	Jorge Vega	Mining Projects Superintendent	Mining Engineering
16	Market studies	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer

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17	Environmental studies, permitting, and plans, negotiations, or agreements with local individuals or groups	Henry Vargas (***)	Environmental Coordinator	Environmental Engineer
18	Capital and operating costs	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
19	Economic analysis	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
20	Adjacent properties	Henry Vargas (***)	Environmental Coordinator	Environmental Engineer
21	Other relevant data and information	All QPs (**)		
22	Interpretation and conclusions	All QPs (**)		
23	Recommendations	All QPs (**)		
24	References	All QPs (**)		
25	Reliance on information provided by the registrant	All QPs (**)		

- (\*) Marco Carrasco, who holds the position of Project Manager of Cementos Pacasmayo compiled the information received from the QPs of each chapter to have an integrated report. Each QP is responsible for the section they wrote.
- (\*\*) Henry Vargas, Jorge Vega, Jhonson Rodríguez, Ivanoff Rojas and Jason Gamio
- (\*\*\*) Henry Vargas has joined Cementos Pacasmayo as Environmental Coordinator (December 2022).
- (\*\*\*\*) Jason Gamio assumed new responsibilities as Chief of planning and evaluation of resources and reserves (April 2023).

### 2.3. Conventions

Unless otherwise indicated in the report, all currencies are in soles and all measurements and units are in the metric system. The UEA Virrila property is represented by Universal Transverse Mercator (UTM) coordinates. Unless otherwise indicated, all coordinates referenced in this report and the accompanying figures, tables, maps, and sections are provided in the WGS84 coordinate system, UTM 17S zone.

### 2.4. Previous Work and Sources of Information

The information used is sufficient to allow this TRS to be completed with the level of detail required by Regulation S-K subpart 1300. The information used included exploration results from the various drilling campaigns, actual information from Cementos Pacasmayo's operations, information submitted to and approved by the corresponding authorities and public information in organizations specialized in the cement industry. The list of sources of information is presented in Chapter 24 of this report.

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### 2.5. Details of QP Personal Inspection

The QP's who developed this document visited the Virrila quarry and the Piura plant as part of their activities for 2023.

*Table 8 QP's field visit*

Item	First and Last Names	Job Position	Profession	Field visit
1	Henry Vargas	Environmental Coordinator	Environmental Engineer	Mr. Vargas inspected the environmental monitoring points, solid waste areas, raw material warehouse, and the administrative area of the Piura plant and Virrila quarry to verify the environmental controls.
2	Jorge Vega	Mining Projects Superintendent	Mining Engineering	Mr. Vega has visited the Virrila quarry on a regular basis, most recently on June 2022. During the most recent site visit, Mr. Vega inspected the production zones, the quarry design parameters and the equipment's condition. During 2023, he coordinated with operational staff about the items above.
3	Jhonson Rodríguez	Senior Geologist	Geological Engineer	Mr. Rodríguez has regularly visited the Virrila quarry and Piura plant, most recently in October 2022. He visited core facilities and discussed grade control, geological mapping, exploration and delineation drill practices, diamond drill core logging, quality assurance, quality control (QA/QC), and laboratories. During 2023, he coordinated with operational staff about the items above.
4	Ivanoff Rojas	Production Superintendent	Chemical Engineer	Piura Plant, all year as part of his duties in the production department.
5	Jason Gamio	Chief of planning and evaluation of resources and reserves	Geological Engineer	Mr. Gamio has visited the Virrila quarry and Piura plant regularly. The last visit to the Virrila quarry and Piura plant was in July 2022, visiting core facilities, discussing grade control, geological mapping, exploration, and delineation drill practices, diamond drill core logging, quality assurance, and quality control (QA/QC), raw material storage and mineral reserve estimation practices. During 2023, he coordinated with operational staff about the items above.
6	Marco Carrasco	Project Manager	Chemical Engineer	From September to December 2023, Mr. Carrasco visited the Piura plant multiple times. His last visit to the Virrila quarry was in 2022, but during 2023, he coordinated remotely with operational staff. His visit emphasized the operational cement process and equipment conditions (kilns, mills, storages (raw material and sub-products and products, etc)).

## 2.6. Previously Filed Technical Report Summary

This Technical Report Summary (TRS) updates the previously filed technical report summary for the property. The previously filed TRS is the “Technical Report Summary (TRS), Virrila Quarry and Piura Cement Plant 20-F 229.601”, which was filed as Exhibit 96.2 of the CPSAA’s Annual.

## 3. Property description

### 3.1. Virrila quarry

The quarry is located in Sechura District, Sechura Province, Piura Region. It is located 192 Km from Cementos Pacasmayo S.A.A.’s Piura plant.

The Peruvian State granted the mining right to Cementos Pacasmayo S.A.A. to carry out exploration and production activities that allow non-metallic minerals found in the subsurface through mining concessions.

The mining rights registered with the authority, Instituto Geológico Minero y Metalúrgico (INGEMMET) are as follows Virrila 3, Virrila 4, Virrila 6, Virrila 7, Virrila 8, Virrila 9, Virrila 10, Virrila 11, Virrila 12, Virrila 13, Virrila 14, Virrila 15, Virrila 16, Virrila 17, Virrila 18, Virrila 19, Virrila 20, Virrila 21, Virrila 22, Virrila 23 y Bayovar N° 4. The area of the mining property is 38,226.00 Hectares.

The mining rights (the mining concession title) are granted by INGEMMET of the Energy and Mines Sector through a Presidential Resolution. It is determined to include the mining rights in the Virrila Economic-Administrative Unit (UEA).

On March 31, 2016, by Presidential Resolution No. 0147-2016-INGEMMET/PCD/PM, the competent authority granted to CPSAA the Virrila Economic-Administrative Unit (UEA), with code No. 01-00011-00-U of Cementos Pacasmayo S.A.A. These mining rights included 21 mining concessions.

Table 9 UEA Virrila Concessions

N°	Code	Name	Hectares	Material
1	010221599	Virrila 3	600.00	Non Metallic
2	010221699	Virrila 4	400.00	Non Metallic
3	010531406	Virrila 6	600.00	Non Metallic
4	010531306	Virrila 7	700.00	Non Metallic
5	010089707	Virrila 8	500.00	Non Metallic
6	010089807	Virrila 9	1000.00	Non Metallic
7	010089907	Virrila 10	1000.00	Non Metallic
8	010090007	Virrila 11	900.00	Non Metallic
9	010090107	Virrila 12	700.00	Non Metallic
10	010090207	Virrila 13	800.00	Non Metallic

11	010090307	Virrila 14	900.00	Non Metallic
12	010090407	Virrila 15	600.00	Non Metallic
13	010090507	Virrila 16	1000.00	Non Metallic
14	010090607	Virrila 17	1000.00	Non Metallic
15	010090707	Virrila 18	1000.00	Non Metallic
16	010090807	Virrila 19	1000.00	Non Metallic
17	010090907	Virrila 20	1000.00	Non Metallic
18	010091007	Virrila 21	1000.00	Non Metallic
19	010091107	Virrila 22	1000.00	Non Metallic
20	010479607	Virrila 23	200.00	Non Metallic
21	12000440Y01	Bayovar N° 4	22326.00	Non Metallic

The properties described above were granted by the authority (INGEMMET) from 2000 to 2008. Table 10 shows the UTM central coordinates of the Virrila Economic Administrative Unit (UEA).

*Table 10 Central coordinates of the UEA Virrila property*

North	East	Radius	Zone
9,350,000	526,000	20,000	17

In accordance with this, the Virrila UEA includes twenty-one (21) non-metallic mining rights with an extension of 38,226.00 hectares, in favor of Cementos Pacasmayo S.A.A., owner of said rights; located in the district of Sechura, province of Sechura and department of Piura.

Cementos Pacasmayo S.A.A. complies annually with the payments for the rights to the Virrila concessions.

These payments must be made from the first business day of January to June 30 of each year, CPSAA provides the Financial Entities in charge of receiving the payments with the SINGLE CODE (see Table 9) of its mining rights, to comply with its obligation.

In the case of Virrila concessions, the payment is equivalent to US\$3 per hectare.

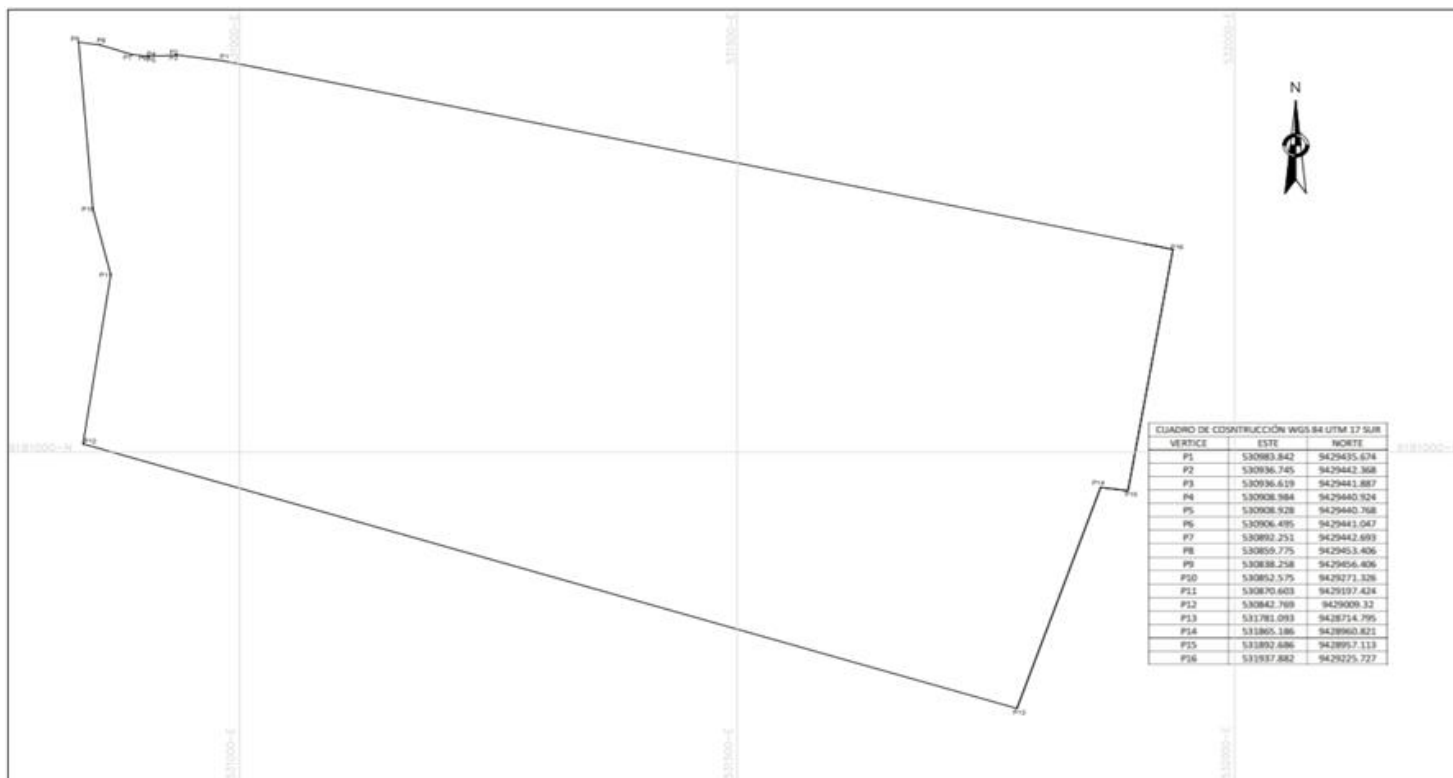
Likewise, Cementos Pacasmayo S.A.A. pays royalties to the State as established by the Authority in Law N° 28258 and its amendment N° 29788.

Cementos Pacasmayo S.A.A currently has an agreement with the Fundacion Comunal San Martin de Sechura for the use of the surface land associated with the production area of the Virrila quarry. The area of usufruct, surface and easement rights held by Fundación Comunal San Martín de Sechura is 14,842.800 hectares. Superintendencia Nacional de los Registros Públicos (SUNARP).

*Figure 5 UEA Virrila map*







#### 4. Accesibility, climate, local resources, infrastructure and physiography

This chapter describes the accessibility, climate, local resources and infrastructure for the Virrila quarry and Piura plant. Information obtained from technical and environmental studies.

##### 4.1. Virrila quarry

###### Topography

The topography of the study area is homogeneous, comprising a flat relief made up of a large plain belonging to the Sechura desert.

###### Access

There is an access road to this quarry from Lima to Piura. The Piura plant is located in Piura city, and it is located 192 km from Virrila quarry and 950 Km from Lima.

The main access is by land. The journey from Lima to the Virrila quarry is as follows: Lima - Sechura (950 km) for a total of 15 hours.

By air, the route is as follows: Lima - Piura in 1.5 hours flight and an additional 1 hour drive on the Panamerican Highway north.

###### Climate

The quarry has a temperate and wet climate, with little rainfall, mainly between February and April. Meteorological information was taken at the SENAMHI Chusis station, the closest to the quarry. According to the data from this station, the predominant wind direction is from the S and SE.

From the analysis of the information from 2010-2014, it is evident that there is rainfall in the area in March and April. The months with less precipitation are June, July, August, and September. The month of March has the highest rainfall in the years analyzed, with a monthly total of 54.11 mm.

###### Temperature

The highest temperature values were recorded in January, February, and March, and the lowest in August and September. Reported temperatures for 2010-2014 were evaluated, showing temperature variations between 17.8 °C and 29.5 °C on average.

#### Physiography

The quarry area is located in a basin where sedimentation was interrupted by tectonic movements with changes in accumulation styles until the Pliocene.

The lithostratigraphy of the area consists of Cenozoic sedimentary units corresponding to the Tertiary period that are not exposed on the surface and Quaternary deposits (Tablezo Lobitos, Quaternary deposits of ancient alluvial, recent alluvial, coastal, lacustrine, beach and eolian origin).

Other geomorphological units outside the quarry area were identified as the estuary and floodplain.

The degree of slope of the predominant land surface is flat to slightly sloping. According to its formation and dominant material type, the plain landscape is Aeolian and Marine Plain.

Floods and tsunamis form external geodynamics. Earthquakes form internal geodynamics.

#### Local resources and infrastructure

The quarry personnel is divided into Cementos Pacasmayo S.A.A. personnel and contractor personnel.

The quarry is located 61.7 kilometers from the town of Sechura, which has the resources of a town. Contractor personnel is transported by bus and pickup trucks for supervision personnel.

A powerhouse provides a power supply with a generator set installed.

#### 4.2. Piura industrial cement plant

The Piura plant is located in the province of Piura and region of the same name. The plant is located 192 km from the Virrila quarry.

#### Topography

The Piura plant area is located on the left bank of the Piura to Paita highway, 3 km from the city of Piura, and has a coastal plain topography, with thick banks of semi-compacted and compacted sands at an average depth of 0.50 m.

#### Climate

The Piura plant area has a predominantly arid and warm climate with no rainfall for most of the year. When the El Niño phenomenon occurs, there is rainfall, especially between December and June. The average maximum temperature is 31.2°C, and the minimum is 17.7°C.

The dry season is from May to December, and the rainy season is from January to April. The highest rainfall occurs in March, reaching a value of 448.4 mm.

The average annual relative humidity has 69.9%; the lowest value of 66.5% was recorded in February and the highest value of 74.4% in June.

Regarding wind speed data, the month with the lowest wind speed is March with 1.9 m/sec, and the month with the highest wind speed is September with 3.3 m/sec. Regarding the data on wind direction, the wind direction is predominantly from south to north.

#### Physiography

In the study area, the slope of the land is slightly inclined because it is covered by eolian materials made up of light gray silty sands and sands, with loose sands resulting from the transfer of alluvial and fluvial materials by the wind; these are accumulations of sands of variable thickness. It is possible to identify within the plains anthropic areas of recent works. Likewise, it is possible to distinguish the slope phase from flat to slightly inclined (0 - 4 %).

#### Geomorphology

The geomorphology of the Piura Region is the result of a succession of events related to processes of uplift, subsidence, erosion, sedimentation, and deformation of the materials deposited in the sedimentary basins. This scenario has identified the following geoforms: Ardisols Sands, Tablezos, Coastal Plain, Aeolian Sand Mantos.

#### Local resources and infrastructure

Personnel at the Piura plant are divided into Cementos Pacasmayo S.A.A. and contractors. Most of the personnel live in the city of Piura and travel to the cement plant in company buses or their own vehicles.

Power is supplied through the national grid. Cementos Pacasmayo has a contract with ENOSA (Electric Company), which provides power through a 60 KV transmission line.

A deep well supplies water to the Piura plant.

## 5. History

Virila quarry is a coquina quarry mining coquina that is suitable for different types of construction cement; Cementos Pacasmayo S.A.A owns the mineral deposit.

The Virila quarry started operations on September 17, 2015. Cementos Pacasmayo hired San Martin Contratistas Generales S.A. to be the contractor in charge of production from the start of operations until March 14, 2020.

Due to the Covid-19 pandemic, operations at the Virila quarry were suspended from March until September 2020.

After the suspension, the mining contractor Posada Perú S.A.C started operations at the Virila quarry on September 14, 2020, until December 30, 2021.

January 3, 2022, the mining contractor San Martin Contratistas Generales S.A. was hired for the production of the coquina. The transport the coquina from the Virila quarry to the Piura plant is in charge of TRC and Induamerica companies.

During the 2023 period, two mining contractors worked at the Virilá quarry operations from January to April with San Martin Contratistas Generales S.A. and from October to December with Sechura Ingenieria y Contrucción E.I.R.L.

In 2023, from May to June Cementos Pacasmayo carry out a drilling campaign in order to confirm Reserves in the zona 2 and zone 4.

From May to September 2023, Virila quarry stopped operations due to the interruption of traffic caused by the overflow of the La Niña lagoon provoked by cyclone Yaku. Likewise, the Piura plant stopped its clinker production operations (raw meal milling, coal milling and reception of raw materials) from July to September was to avoid exceeding the strategic inventories (clinker). The cement grinding, receiving (cement additions), packaging and dispatching processes remained active to cover the cement demand.

Virila quarry and Piura plant restarted operations.

## 6. Geological setting, mineralization, and deposit

### 6.1. Regional geology

The strata of the district of Sechura, province of Sechura, Piura region, consists of Cenozoic Age sedimentary strata of the Tablazo Talara deposit, Tablazo Lobitos deposit, Eolian deposits, Alluvial deposits and Recent deposits.

The lithostratigraphic units found in the area correspond to Quaternary-Pleistocene deposits (2.58 to 0.129 Ma). Within this category are first the tablazos, then the eolian deposits and old alluvial deposits with little diagenesis. The tablazos were first described by T.O. BOSWORTH (1922) in the Talara - Mancora region and finally followed by the recent deposits.

*Table 12 Regional stratigraphic column*

ERA	SYSTEM	SERIES	STRATIGRAPHIC UNITS				INTRUSIVE ROCKS
			SEDIMENTARY		METAMORPH		
CENOZOIC	QUATERNARY	RECENT	Wind deposits	Qr-e			
			Mixed deposits └─ The beach └─ Lacustrine └─ Coastal cordon	Qrm-pl			
				Qrm-la			
				Qrm-cl			
			Qr-al				
		PLEISTOCENE	Alluvial deposits	Qp-al			
			Wind deposits	Qp-e			
			Lobitos tablazo	Qp-tl			
			Talara tablazo	Qp-tt			
			-----Erosional discordance-----				
	TERTIARY	PLIOCENE	Hornillos formation	Ts-ho			
			-----Erosional discordance-----				
		MIOCENE	Miramar formation	Tms-mi			
Upper Zapallal formation			Tm-zas				
-----Erosional discordance-----							
Montera formation			Tm-mo				
EOCENE		-----Angular discordance-----					
		Chira formation	Ti-chi				
PALEOZOIC	LOWER	Verdun formation	Ti-ve				
		-----Angular discordance-----					
		Paleozoic Zocalo		Schists with high-grade metamorphism Phyllites and quartzites with low-grade metamorphism	Pi-es Pi-fc		
				Pi-mg Mienatites			
				PE-gri Gneisses			
	PRECAMBRIAN		Precambrian Zocalo			Pi-gr Granite	
						PE-to Tonalite	

## 6.2. Local geology

Geologically, the study area corresponds to the desert zone of Sechura and is represented by sedimentary materials from the Recent Quaternary.

It is made up of silty sand deposits with intercalations of medium to fine-grained sands and coquina horizons.

Below the recent deposits, there are diagenetic eolian deposits in a sandy matrix with calcareous cement. And underneath these are intercalations of conglomerates with gray diatomites, intercalated with white reef sandstones, corresponding to the Tablazo of Talara and the upper levels of the Zapallal Formation.

Cenozoic - Tertiary (Miocene)

Zapallal Formation (Tm-zas)

This lithostratigraphic unit is an outcrop only in its upper member in the southern and northeastern part of the quarry area. It comprises compact fine sand, coquina with fragments of reef shells, and conglomerate levels of diverse lithology with gravels smaller than 2" in a sandy matrix with little cement.

It is covered by light brown eolian sand, plant remains, and some very scarce remains of calcareous fragments due to erosion of its upper levels.

Cenozoic - Quaternary (Pleistocene)

Talara Tablazo (Qp - tt)

It is a Pleistocene-raised marine terrace. It has a significant extension in the region and constitutes 95% of the total area of the quarry. Its relief is essentially flat, with slight undulations due to wind action and the crossing of small streams, which are activated only during rainy periods. Topographically, this unit develops at an average elevation of 80 meters above sea level, with a slight inclination to the SE. The calcareous deposit of the Virrila quarry is formed by coquiferous portions of the Tablazo Talara that undergo lateral variations in thickness and composition of calcareous remains.

Cenozoic - Quaternary (Recent)

Aeolian Deposits (Qr - e)

These deposits are accumulations of fine to medium-grained sands transported from their sources of origin by the wind. They occur as small layers or stacks of 1 to 2 meters thick, and are composed of brown silty sand with fragments of reef shells, gravels and remains of roots at the deepest level. At the top, there are gray to dark brown eolian sands with few fragments of shells, reefs, gravels, and roots.

Table 13 Local stratigraphic column of the Virrila quarry

Era	System	Series	Lithostratigraphic units	Lithologic Description	
Cenozoic	Quaternary	Recent	Eolic deposits	SU	Gray to dark brown eolian sand, few fragments of coquina, gravels, remains of vegetation.
		Pleistocene	Tablazo Talara	CT	Earthy calcareous in beige to brown sandy matrix. Remnants of coquina, reefs, not very compact or loose and with some gravels.
				B1S	Fragments of bivalves, gray color, with remains of shells and presence of gravel.
				LM	Sandy silt with traces of calcareous, gray to beige color, medium dense, mostly occurring as large lenses within the CT, B1S and A1 layer.
				A1	Calcareous of fine matrix of beige to gray color, with presence of fragments of shells and reefs somewhat preserved of beige to gray color, friable or somewhat compact due to the presence of sulfates.
				A2-A	Semi-compact calcareous, with presence of coral reef and some sand.
				A2	Coral reef fragments of heterogeneous size and somewhat preserved, creamy beige to pinkish color, sometimes accompanied by a fine white calcareous matrix, friable and somewhat compact in contact with the A2-B layer.
				A2-B	Semi-compact coral reef fragments, with some gravel.
				A2-C	Fragments of coral reef, with some gravel.
				A3	Dark beige calcareous fine compact matrix with presence of voids and high magnesium, weak reaction to HCl.
				ARE	Silty sand with traces of calcareous minerals
				B1	Fine matrix calcareous, beige color with preserved coquina fragments of heterogeneous size and traces of gravels.
				B2	Sandy calcareous with remains of fragmented whitish gray shells and with presence of gravels.
				GRV	Conglomerate of sandy matrix, medium to coarse-grained, gray color, compact.
	Tertiary	Miocene	Zapallal Formation	DIA	Diatomite massive green color, semi compact.

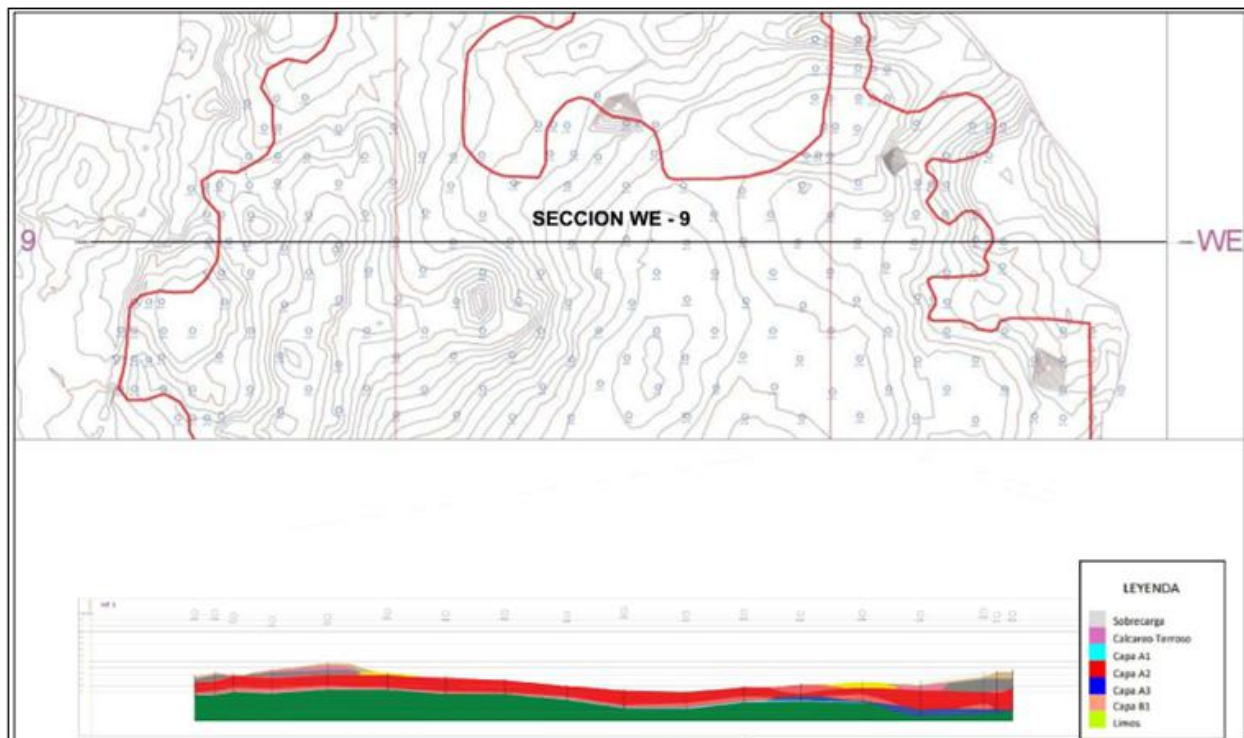
### 6.3. Characteristics of the deposit

Table 14 shows the characteristics of the deposit.

Table 14 Characteristics of the Virrila deposit

Quarry	Average Width (m)	Average Length (m)	Average Thickness (m)	Average depth (m)		Continuity
				Top Elevation	Lower Elevation	
Virrila	950-2000	3100-4000	7-20	37	20	Calcareous sedimentary deposit whose zones are controlled by the continuity of the quality of the strata.

Figure 6 Geological section of the Virrila quarry



## 7. Exploration

### 7.1. Drilling

During 2007 and 2008, exploration activities were performed to collect geological information from the Virrila quarry.

In 2013, exploration activities were carried out using test pits in the best areas of the concession.

In 2019, activities and sampling in the operation area were developed to validate the reserves in the area of operation and update the inventory.

During 2021, drilling was conducted to confirm Reserves within the operations. The work performed during 2021 aimed to:

- Obtain representative samples of drill core.
- Identify and recognize the lithological strata.
- Perform chemical tests to determine the qualities of the material.
- Reconfirm the volume and tonnage of the Reserves.

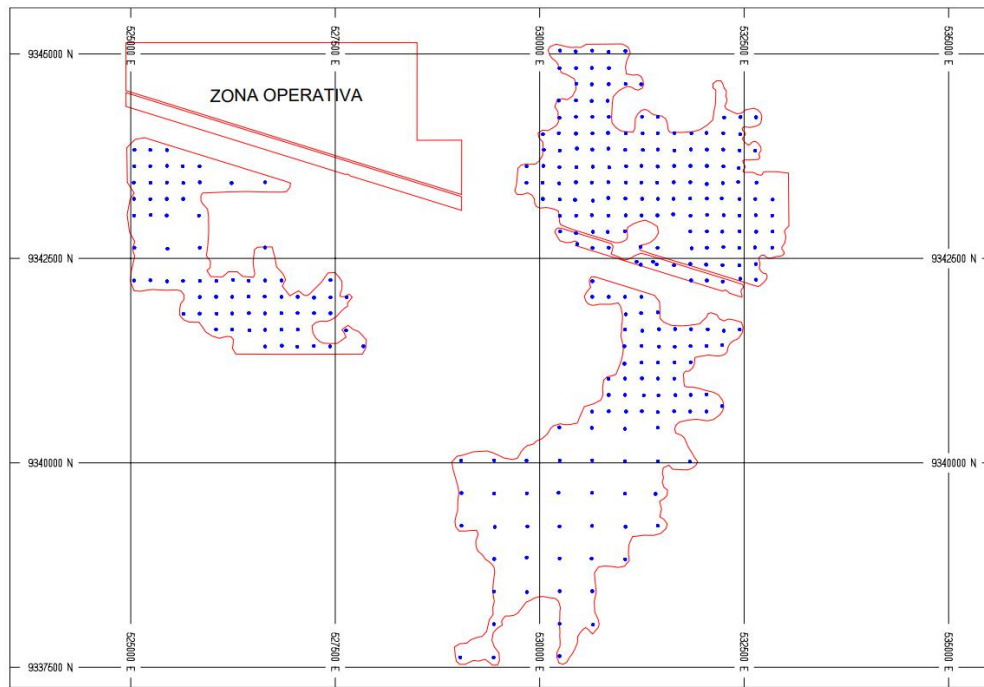
The drilling work was supervised by Cementos Pacasmayo S.A.A. personnel and executed by Ram Peru S.A.C.

Ram Peru S.A.C. executed the diamond drill holes of 10 m depth. The drill holes had a vertical orientation ( $-90^\circ$ ), and HQ pipe (63, 5 mm) was used.

In 2022, drilling was conducted to confirm Reserves in the same area that the 2021 campaign.

In 2023, drilling campaign was conducted to confirm Reserves in the zone 2 and zone 4. The drilling work was supervised by Cementos Pacasmayo S.A.A. personnel and executed by Ram Peru S.A.C.

Figure 8 Map of the location of drill holes in the Virrila quarry.



## 7.2. Hydrogeology

During 2023, Cementos Pacasmayo did not conduct hydrogeological studies. The last hydrogeological studies were conducted during 2012 and the information was presented in the previously filed TRS titled “Technical Report Summary (TRS), Virrila Quarry and Piura Cement Plant 20-F 229.601”, which was filed as Exhibit 96.2 of the CPSAA’s Annual Report on Form 20-F filed with the SEC on April 28, 2022 (File No. 001-35401).

As stated in the previous TRS, Cementos Pacasmayo hired IENDESA S.A.C to perform a hydrogeological study at the Virrila quarry .The hydrogeological study included the evaluation of 07 Electro Vertical Soundings (SEV).

The results showed that the yields oscillate between 13 to 17 l/s, and the depths range from 134.4 to 271.45 m, indicating the nappe is semi-confined in the Tertiary age sedimentary rocks.

## 7.3. Geotechnical studies

During 2023, Cementos Pacasmayo did not conduct geotechnical studies, The last geotechnical study was conducted 2013 and the information was presented in the previously filed TRS titled “Technical Report Summary (TRS), Virrila Quarry and Piura Cement Plant 20-F 229.601”, which was filed as Exhibit 96.2 of the CPSAA’s Annual Report on Form 20-F filed with the SEC on April 28, 2022 (File No. 001-35401).

As per the previously filed TRS, the geotechnical studies concluded, based on the geotechnical test work that the current slopes at the Virrila quarry are stable for static and pseudo-static loading conditions, with safety factors above the minimum recommended for operating conditions.

## 8. Sample preparation, analysis and security

This Chapter describes the preparation, analysis and security of the samples used for the geology, quarry and cement plant operations.

### 8.1. Geology and Quarry

Cementos Pacasmayo S.A.A. has implemented international standards in all its operations, such as quarries and plants. The ISO 9001 standard has been implemented and certified since 2015. The certification is renewed annually through an external audit.

The SSOMASIG department (Security, Occupational Health, Environment and Management Systems) is part of the team that determines and gives the necessary support for maintaining the ISO 9001 (Quality). The scope is in all the company’s activities.

The Geology department has protocols for the activities of sample preparation methods, quality control procedues, security and other activities.

#### 8.1.1. Preparation of samples, procedures, assays and laboratories

Samples obtained from the drill holes are placed in holders to be duly coded, cut, bagged and sent to the laboratory at the Piura plant and are occasionally sent to an external laboratory following the company's procedures.

Certimin S.A. is used as an external laboratory for chemical analysis. This laboratory has modern facilities for developing mining services associated with the cement industry and technical support in the geochemical field for national and international companies. Certimin S.A. is a Peruvian laboratory certified in ISO 9001, ISO 14001, ISO 45001, NTP-ISO/IEC 17025 Accreditation and membership in ASTM.

For the coquina samples, the laboratory analyses evaluate CaO, MgO, AlO<sub>3</sub>, SiO<sub>2</sub>, Fe<sub>2</sub>O<sub>3</sub> and SO<sub>3</sub>. Once received in the laboratory, the properties of the coquina to be used in cement production are analyzed

#### 8.1.2. Quality Assurance Actions

Cementos Pacasmayo S.A.A., through its Quality Control unit, performed quality assurance activities for the samples obtained in the Virrila deposit, applying the quality plan, procedures and measures necessary to obtain information from the coquina samples. The laboratory analyses were performed in the chemical laboratory of the Piura plant. The results were used for the estimation of Resources and Reserves of the deposit.

#### 8.1.3. Quality Plan

Cementos Pacasmayo S.A.A. has implemented QAQC protocols to develop exploration and production activities in the Virrila quarry to ensure the quality of the information that allows the estimation of Mineral Resources and Reserves in the deposit.

During the 2022 drilling campaign, the QAQC control protocols were applied, and the samples obtained were sent to the Piura plant laboratory for analysis. As part of the procedure, thick Duplicate and Twin samples were inserted, representing 3.22% and 24.8% as the insertion ratio. Calcium oxide (CaO), which is the main component of the seashell for cement production, was analyzed. The Coarse Duplicate samples represent 3.22% of the sample and 24.8% as the insertion ratio, the results present an error of 3% for the CaO. The percentage of good samples was 97%. On the other hand, the quality control results for the Twin samples showed an error of 3% for the CaO, which is below the permitted error of 30%. Also used were 33 samples of fine blanks and 34 standard samples prepared by an external laboratory (Certmin).

The quality plan implemented by Cementos Pacasmayo for the quarries includes the insertion of blanks, duplicates and standards to control the precision, accuracy, and contamination in the samples.

*Table 15 Quality Plan of the Virrila quarry*

Blanks	Duplicates	Standards	Remark
1 control sample for each batch of 20 samples.	2 control sample for each batch of 20 samples.	1 control sample for each batch of 20 samples.	Cementos Pacasmayo protocol "OM-GL-PRT-0023-R0".

#### 8.1.4. Sample security

Cementos Pacasmayo S.A.A. has implemented QAQC protocols to develop exploration and production activities in the Virrila quarry to ensure the quality of the information that allows the estimation of Resources and Reserves in the deposit.

During the drilling campaigns, Cementos Pacasmayo S.A.A. had built a core shack where the samples are correctly stored to preserve their quality.

CPSAA provided the necessary materials for the storage and transport of the samples. CPSAA also implemented sampling cards with information on the name of the project, name of the borehole to be sampled, date of sampling, sampling interval, sampling manager, sampling, and type of sample or control sample.

All samples were labeled and a photographic record is available. The photographic record of each sampling bag is made together with the weighing of the sample.

#### 8.1.5. Chain custody

CPSAA implemented chain-of-custody systems to guarantee the physical security of the samples, data and associated records. The traceability of the sample from its generation to its analysis and subsequent conservation of rejects and pulps. At the Virrila quarry, core samples are duly stored in the coreshack.



#### 8.1.6. Qualified Person's Opinion on Cement Plant QAQC

In the qualified person's opinion, Cementos Pacasmayo has been complying with the international standards of ISO-9001 (Quality) since 2015 and has implemented Quality Assurance and Quality Control (QAQC). Cementos Pacasmayo S.A.A. has used a QAQC check program comprising blank, standard, and duplicate samples.

The actual sample storage areas and procedures are consistent with industry standards.

There is information on sample preparation methods, quality control measures and sample security. These results are accurate and free of significant error. The protocols in the different exploration and production processes strictly comply with local and international best practices.

The sample preparation, security, and analytical procedures used to acquire the data in this report are adequate for use in the construction of the Geological Model, Resource Estimation, and Reserve Estimation.

#### 8.2. Piura Plant

##### 8.2.1. Samples preparation, procedures, assays and laboratories

Cementos Pacasmayo S.A.A. has a quality control plan for each of its operations as part of the corporate quality system.

The quality control plan (PI-CC-D-01/ Rev 05) describes the evaluation methods used in the Piura Plant's quality control laboratory, applied to samples of raw materials such as coquina, sand, clays, and iron ore; in-process products: raw meal, clinker, and cement; active additions: gypsum mineral, pozzolana, slag, and coquina; and finished products such as MS, ICO and Type I packaged cement.

Different analytical methods are applied for the physical and chemical characterization of raw materials, products in-process, and finished products, such as classical tests, X-ray fluorescence tests, X-ray diffractometry tests, potentiometry, among other analytical techniques supported by equipment designed for such specific purposes.

The analytical methods are based on guidelines described in ASTM, NTP (Peruvian Technical Standard), and ISO standards.

##### 8.2.1.1. Raw materials sample preparation

The sample preparation consists of the collection and preparation of samples. The sample preparation procedure consists of primary crushing, pulverization and reduction of the sample by the quartering method. The sample is pulverized in the ring mill.

##### 8.2.1.2. Laboratory analysis

The Piura plant laboratory has implemented the ISO 9001 standard; it has different instrumental equipment. The annual maintenance and calibration program is applied to ensure the reliability and traceability of the measurements performed.

The major equipment is X-ray fluorescence (XRF), which is used for chemical control of the different plant processes, such as:

- Reception and entry of raw materials.
- Grinding of raw meal and coal.
- Production of clinker.
- Grinding and packaging of cement.

Also, the hydraulic press is used to determine and analyze the compressive strength of the different types of cement produced in the plant.

For all types of cement, different physical characterization tests are performed, such as air content test, Blaine fineness, autoclave expansion, compressive strength, and setting time using the Vicat needle method.

Other complementary tests are autoclave shrinkage test, expansion in the mortar at 14 days, expansion by sulfates at six months, chemical tests by the classical method to determine loss on ignition and insoluble residue.

## 8.2.2. Quality Assurance Actions

The PI-CC-D-01/Rev 04 sampling and data verification plan applies to the processes of reception of raw materials, raw mill scale, raw meal milling, kiln feeding, coal scale, coal milling, preheater, kiln filter, Clinkerization, cement mill scale, cement grinding, composite cement grinding, packaging control and packaging – composite.

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*Table 16 Tests and frequency for each stage of the process*

Stage	Tests	Frequency
Reception of raw materials	XRF pellets, XRF beads, moisture, RM-3in, calorific power and Cl by potentiometry	Every 5 to 10 trucks
Raw mill scale	XRF pellets, XRF beads and Cl by potentiometry	1 time per shift
Crude milling	XRF pellets, RM 170 and loss on ignition.	Every hour or up to 1 time per shift.
Kiln feeding	XRF pellets, RM 170 and loss on ignition.	Every 2 hours
Coal scale	XRF pellets, calorific power and moisture.	Every 4 hours
Coal milling	XRF pellets, RM 63 um, calorific power and fine moisture.	Every 4 hours
Preheater	XRF beads, loss to fire, calcination and volatilization.	Every 2 hours
Kiln filter	Loss on ignition, XRF beads and Cl by potentiometry.	One sample per shift
Clinkerization	XRF pellets	Every hour
Cement Mill scale	XRF pellets, XRF beads for daily composting and XRF bead for daily composting	One sample per shift
Cement grinding	XRF pellets, Rm 325, RM 450, loss on ignition, Blaine and cal libre	Every 15 min or 1 time per shift
Composite cement grinding	XRF pellets, loss on ignition, insoluble residue (Type I), cal libre, Blaine, Rm 325, RM 450, compressive strength, setting, autoclave expansion and setting time using the Vicat needle method.	One sample per day
Packaging control	RM 1/2in, RM8 and XRF pellets	every 4 hours, every 100 big bags, every 5 trucks
Packaging – Composite	XRF pellets, loss on ignition, insoluble residue (Type I), cal libre, Blaine, Rm 325, RM 450, compressive strength, setting, autoclave expansion, setting time using the Vicat needle method, density, 14-day mortar bar expansion, sulfate resistance and heat of hydration (In Pacasmayo Cement Plant).	One sample per day

The quality plan implemented by Cementos Pacasmayo for the cement plants includes the insertion of standards to control the accuracy in the samples. As part of the quality plan, the laboratory evaluates its performance through external interlaboratory; in this sense, the laboratory participates in 02 interlaboratory:

- CCRL: Compliance greater than 97% in qualification Z Score > 4
- XAMTEC: Qualification greater than 99%.

Quality assurance actions include control of finished products, control of non-conforming products, validation of silos, density analysis, QAQC program, quality plan and quality control parameters for raw materials received at the Piura plant.

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## 8.2.3. Security of the samples

Cementos Pacasmayo S.A.A has implemented QaQc protocols to develop cement production activities at the Piura plant to ensure the quality of the information that allows the Estimation of the Resources and Reserves of the deposit.

Sampling of raw materials, raw meal and cement during the cement production process at the Piura plant is carried out by the contractor Bureau Veritas.

Sample preparation consists of sample collection and preparation for raw material, raw meal, coal, clinker and cement.

The testing procedures are physical testing for cement, wet chemical analysis, and operation of XRF equipment.

Likewise, the control parameters are raw material parameters, pozzolana, slag, mineral reception parameters, clinker production parameters, raw material parameters for raw meal; raw meal feed parameters, raw meal milling parameters, coal milling parameters, and cement milling parameters.

#### 8.2.4. Qualified Person's Opinion on cement plant QAQC

Cementos Pacasmayo S.A.A. has a Quality Assurance, Research and Development area that ensures compliance with the requirements for finished products specified in Peruvian technical standards, which are traceable to the standards of the American Society for Testing and Materials (ASTM).

The Research and Development area is located at the Pacasmayo plant, and its scope includes operations at the Piura plant.

Compliance with the requirements based on the quality assurance management system, the indicator was 0% of nonconforming products in the market. This evaluated under the specification of Standards NTP 334.009, NTP 334.090 and NTP 334.082 (similar to ASTM C150 and ASTM C1157). Likewise, the level of customer satisfaction (G-GH-F-03 / Rev. 03 Customer satisfaction) is 90.82%.

Based on the above, in the qualified person's opinion, the quality assurance system at the Piura plant, which includes preparation methods, procedures, analysis, and security, complies with the best practices in the industry, thus ensuring that the end customer has confidence in the level of quality of the products marketed by Cementos Pacasmayo.

### 9. Data verification

This Chapter shows the data verification activities for the geology, quarry, and cement plant areas.

#### 9.1. Geology and quarry

##### 9.1.1. Data Verification procedure

CPSAA has an unit specialized in the compilation, verification and standardization of information for the geological database. It's main function is the validation of the data to be used in the estimation of mineral Resources and Reserves. For the proper management of the information, internal protocols have been implemented, which are subject to internal audits.

##### 9.1.2. Data collection

The data collection applies to exploration activities. For diamond drilling, the process flow for planning and executing drilling, survey methods for reporting drill collars and ddh / verification of the quality of information and recovery process of the core information. In addition, for geological sampling activities, the processes flowsheet, validation and consistency of sample information, sample preparation and testing, density, registration process and digital photographic storage are used.

##### 9.1.3. Management and Validation of Database

The stages for management and validation of database are the recovery, processing and storage of the database. Which includes database development process flow, information standardization and integration process, information storage strategy, appropriate database technology, structure and practicality of the database system that allows a fast and flexible access and input of information and validation of chemical results, which includes the QaQc report.

##### 9.1.4. Tracking Data

The consistency between the database records and the original registry was verified by the QPs in 2023. No differences were detected between the database and the log files. A digital copy of all records is kept as a pdf file. Digital certificates support the chemical analysis data.

The collection of the information considered the following: drill collars, survey, lithology, samples and assays.

##### 9.1.5. Validation of Data

The geology department provided copies of all Virrila quarry drilling records, including Excel spreadsheets, driller's logs, field geologist's logs, quality results sheets from the Piura laboratory, collar sheets, and survey sheets. Data for each hole was individually checked in the database to confirm accuracy.

The reviews included:

- Drillhole lithology database comparison to geophysical logs
- Sample quality database comparison to quality certificates
- Survey sheets.
- Collar sheets.
- Core photographic record.

Typical errors may impact reserve and resource estimation related to discrepancies in original data entry. These errors may include:

- Incorrect drillhole coordinates (including elevation).
- Mislabeled drillhole lithology.
- Unnoticed erroneous quality analyses where duplicate analyses were not requested.
- Unrecorded drillhole core loss.

Data validation follows the field operational procedures that collect information from the source (collar, survey, lithology, samples, and assays). Finally, when the information is transmitted and uploaded to the mining software for geological modeling and estimation, it is double-checked to eliminate any additional errors.

#### 9.1.6. Qualified Person's Opinion Geologic Data

The qualified persons followed the defined processes for information flows to support Resource and Reserve estimation. The qualified person followed the same process as a means of verifying and validating the geologic data. They found that the validated information is congruent in the interpretations of the same, with which the fundamental base geological models were generated for the estimation of the Resources.

No findings have been found that could invalidate the estimation of the Resources and Reserves of the unit.

#### 9.2. Piura plant

The Quality Control Plan contemplates the following aspects: PDCA cycle, customer, a person in charge, activities, risks, control methods, monitoring, measurement, analysis, evaluation and documentary evidence.

The PDCA cycle is:

- Plan; during this stage, the following activities are considered: determination of characteristics of raw materials, product in-process and finished product, elaboration of control and matrices parameters, and determination of actions and results in assurance program.
- Do; during this stage, the following activities are considered: verification and compliance with the requirements and matrices, sampling, and preparation.
- Check: during this stage, the following activities are considered: chemical analysis by XRF, chemical analysis, physical analyses, recording of results, taking action on non-conformities.
- Act, during this stage, the following activity is considered, acting to improve.
- The Quality Assurance Plan is applied to the following customers: production, quarry, provisions chain, and external customer.

##### 9.2.1. Data verification procedures

The XRF analysis, chemical analysis, and physical analysis are made to verify the results of the samples as part of the Quality Control Plan.

The data resulting from these three types of analysis are recorded and evaluated to determine whether they comply with the technical specifications.

Data verification procedures include internal audits, checklists, statistical tables, reports, data validation, certificates, interlaboratory test reports, and compliance with quality protocols.

#### 9.2.2. Data validation

Cementos Pacasmayo S.A.A. through its quality assurance and control unit participates in evaluations with international laboratories such as CCRL/ASTM (Concrete and Cement Reference Laboratory), which is an international reference laboratory for construction materials, and Xamtec of Colombia, an international interlaboratory, in order to report reliable data.

The Quality Control laboratories endorse their analysis methods by participating in interlaboratory analysis programs, which compare the results with national and foreign laboratories. The methods of analysis compared are X-ray fluorescence (XRF) and the physical cement tests, which are the methods used to control cement quality. In all the results of these interlaboratory programs, the companies always obtain the best results for each test.

#### 9.2.3. Qualified Person's Opinion on cement plant

In the author's opinion, the methodologies used for collecting and processing data at the cement plant are accurate and free of fundamental errors. This information can be used for the model's construction and estimates for cement production.

Considering that the analyses of the main chemical components and physical properties of the raw materials and final products are made in external laboratories, the quality of the information is adequate for preparing mineral Resource and Reserve estimates.

### 10. Mineral processing and metallurgical testing

#### 10.1. Nature of testing program

Cementos Pacasmayo S.A.A. has a Quality Assurance and Control and a Research and Development department. The objective of the department is to develop, evaluate, and research procedures for developing products at the laboratory level, and they are scaling up to the industrial level. Another objective is to identify other additions that can substitute for clinker: slag, pozzolana, fly ash, calcined clays, etc., to reduce their environmental footprint and the cost of cement production.

They have also implemented procedures for preparing, reviewing, issuing, and controlling test reports associated with cement production in the Pacasmayo and Piura plants.

Cementos Pacasmayo has implemented the ISO 9001 standard since 2015. The Research and Development laboratory, located at the Pacasmayo plant, is responsible for technical aspects of cement plant and quarry operations (including the Virrila quarry).

A permanent control is carried out with other laboratories to further the results. Likewise, interlaboratory reports are issued with external laboratories such as CCRL (Cement and Concrete Reference Laboratory), a reference laboratory for construction materials at the international level, and Xamtec from Colombia, an internal interlaboratory.

Cementos Pacasmayo S.A.A. has also obtained the certification that certifies compliance with Supreme Decree No. 001-2022, which validates compliance with the Technical Regulation on Hydraulic Cement used in Buildings and General Construction.

Cementos Pacasmayo SAA opted for the highest and most rigorous certification model (Type 5) granted by ICONTEC, which has extensive experience in the certification of products and services.

A significant percentage of Research and Development activities are focused on evaluating different ratios between clinker-mineral additions that provide the best functional characteristics to our products and at the same time keep balance with the benefits generated for the company. Whether it is a requirement or an own initiative oriented to supply any previously identified need, the laboratory tests are developed continuously, seeking to generate an operational benefit to the company. Based on

this work, the laboratory has determined (and confirmed with production estimates) that 1 tonne of limestone yields 0.77 tonnes of clinker and the clinker/cement factor with additions is 0.72.

The R&D Laboratory located at the Pacasmayo plant provides analysis and research services to all of the company's cement plants.

## 10.2. Cement Manufacturing Test Results

At the Pacasmayo plant, the studies conducted in the Research and Development Laboratory and the Quality Control area include reducing the clinker/cement factor and substituting slag for pozzolan at the Piura plant. The clinker/cement factor of the cement is 0.71.

## 10.3. Qualified Peron Opinion of the Adequacy of the Test Data

The Research Laboratory issues technical reports following the criteria of international standards for the operations area, identifying the correct data, defining the requirements that may vary but include accuracy, consistency, and validity through an evaluation of the data and implementation of solutions, and finally, validating the adequacy of the data.

The operations area then evaluates the convenience of industrially implementing the tests and validating what is reported at the laboratory level. The reliability in the integrity and adequacy of The data reported by the area is based not only on the technical competencies of the collaborators but also on the high scores obtained in the external interlaboratory of recognized entities such as XAMTEC and CCRL in their different programs.

## 11. Mineral Resources Estimates

The geological model was developed and structured using Leapfrog software. The QP generated the model solids, taking into account the lithology of the deposit based on the geological characteristics and its quality.

Due to the nature of the deposit in its stratified nature and occurrence, the qualified persons interpreted the geological model with the help of a set of sections parallel to the two main directions of the deposit shape, spaced every 140 meters.

Considering the conceptual model of the project and based on the fieldwork carried out by Cementos Pacasmayo's geologists, the lithological descriptions were grouped into ten horizons (Table 17).

*Table 17 Lithologic units of the Virrila quarry geological model*

Lithologic Units	Mine Sight Code ITEM (TLITO)	Numeric Code ITEM (CODEM)
Aeolian sand, brown to brownish color, with coquina remains.	SU	1
Earthy calcareous, creamy beige color, scarce coquina and reefs.	CT	2
Calcareous with compact shell debris	A1	3
Coquina with presence of shells and beige corals	A2-A,A2,A2-B,A2-C	4,5,6,7
Massive compact beige coquina and beige corals	A3	8
Green clayey silt with intercalation of calcareous levels.	LM	9
Beige calcareous compact massive fine matrix.	B1S	10
Gray sand, with traces of calcareous, gravel.	ARE	11
Calcareous with remains of coquina and sand with some gravels.	B1	12
Gray sand, fine grain, friable.	GRV	13
Green diatomite	DIA	14

The main criterion for the geological model is the quality, supported and associated with the lithological aspect.

The lithological criteria are based on the macroscopic physical characteristics of the shell horizons and the percentage of important elements in their composition (oxides).

This analysis uses a quality cut-off of 48.5% of CaO based cement manufacturing technical specifications. In addition, other quality parameters were considered according to the technical specifications. All criteria together allowed the identification of good quality horizons, which were assigned the following codes in the CAPA item.

Table 18 shows the quality parameters for Domo coquina and Addition coquina.

Table 18 Quality Parameters for Dome and Additive coquina

		Domo Coquina	Addition Coquina
CaO (%)	Min.	48.50	NA
	Max.	-	NA
	Target	50.00	NA
MgO (%)	Min.	-	-
	Max.	2.00	2.00
	Target	1.50	1.50
SO <sub>3</sub>	Min.	-	-
	Max.	0.85	2.50
	Target	0.80	2.00
Cl	Min.	-	-
	Max.	0.035	0.035
	Target	0.030	0.030
Na <sub>2</sub> O (%)	Min.	-	-
	Max.	0.300	0.30
	Target	0.250	0.25
K <sub>2</sub> O (%)	Min.	-	-
	Max.	0.200	0.20
	Target	0.150	0.15

The block model was configured based on the dimensions and spatial distribution of the formations containing the material of economic interest.

Table 19 shows the extents of and dimensions of block in the model. (Coordinates in UTM units).

Table 19 Characteristics of the block model

	Minimum (m)	Maximum (m)	Size (m)	Number
X	528,430	533,170	10	474
Y	9,341,860	9,345,360	10	350
Z	20	45	0.5	90

### 11.1. Database

The Geological Model used 3,866 samples obtained from 536 diamond drilling wells executed in the current production areas for resource estimation.

The data is processed and managed in Data Shed software and then used in Mine Sight software.

### 11.2. Density

The density data for the estimation of the coquina Resources of the Virrila quarry as of December 2023, were taken from the historical data of sampling results carried out in the first drilling campaigns. The density ranges between 1.51 and 1.89 t/m<sup>3</sup>.

### 11.3. Compositing

In general, each geological unit is estimated from the composite data (the composites were restricted to not cross “hard” boundaries between different geological units).

The objective of compositing is to create a distribution of grades of equal support (volumes) from the initial samples in the drill hole. Thus, when compositing, one must be careful that the composites preserve the original nature of the sample. The calculated values considered in the compositing were for the SiO<sub>2</sub>, Al<sub>2</sub>O<sub>3</sub>, CaO, MgO, and SO<sub>3</sub>.

Composites were made at different lengths to determine the optimum compositing length, resulting in compositing at 1 m as the length that best fits the nature of the original sample and is included in the resource estimation process.

In addition, the length of the deposits is considered based on an exact multiple of the height of the blocks used to model the deposit and is also matched to the bench height to be operated.

#### 11.4. Basic statistics of the data (Assay – Composites)

Table 20 shows the results of the basic statistics of the principal oxides as CaO, SiO<sub>2</sub>, MgO, Al<sub>2</sub>O<sub>3</sub>, SO<sub>3</sub>, for the original data and the composited data.

QP performed the statistical analysis for each defined body with the interpretation of deposit quality, which were also taken as criteria for modeling and estimation.

Table 20 shows the statistics for “Horizon A2” as this is the main horizon for estimating the Reserves.

*Table 20 Basic data statistics*

Components	Origen	Valid	Rejected	Minimum	Maximum	Mean	Std. Devn.	Variance	Co. Of Variation
SiO <sub>2</sub>	Assay	1,769	3	0.46	99.58	5.718	4.394	19.310	0.769
	Composito	1,835	1	0.46	60.73	5.568	3.526	12.435	0.633
CaO	Assay	1,769	3	0.12	55.65	51.503	2.918	8.514	0.057
	Composito	1,835	1	21.25	55.59	51.630	2.353	5.535	0.046
MgO	Assay	1,768	4	0.28	1.76	0.725	0.131	0.017	0.181
	Composito	1,835	1	0.18	1.76	0.709	0.121	0.015	0.171
Na <sub>2</sub> O	Assay	1,768	4	0.02	0.95	0.302	0.072	0.005	0.238
	Composito	1,834	2	0.02	0.89	0.298	0.068	0.005	0.229
K <sub>2</sub> O	Assay	1,769	3	0.04	0.97	0.166	0.074	0.005	0.445
	Composito	1,835	1	0.05	0.95	0.159	0.060	0.004	0.377
SO <sub>3</sub>	Assay	1,759	13	0.01	2.47	0.306	0.243	0.059	0.794
	Composito	1,829	7	0.01	1.97	0.300	0.218	0.047	0.726
Cl	Assay	1,743	29	0.01	0.38	0.033	0.040	0.002	1.227
	Composito	1,814	22	0.01	0.37	0.033	0.037	0.001	1.121

#### 11.5. Extreme values

Extreme values are considered to be those analysis results that are not representative of the unit being studied and are above the mean plus twice the standard deviation.

Of the extreme values in the laboratory results for the calcareous lithologic units that are being estimated, no deviation has been found, all the results are coherent and representative of the levels to which they correspond.

#### 11.6. Variogram Analysis

In the variogram analysis of the composited data for each level corresponding to each body of economic interest at the Virrila quarry, the variogram structures found do not show any preferential direction in the correlation. With the variogram is not possible experimental reflects the maximum distance or range and how a point influences another point at different lengths. In this sense, for the Virrila quarry, the inverse of the distance method was applied.

#### 11.7. Interpolation

The Inverse Distance (ID2) method was used for all variables and Nearest Neighbor (NN) for validations, defining parameters for each estimator. Table 21 shows the main parameters used to define the interpolations of the main CaO variable of the A2 layer and of the secondary variables, respectively.

The interpolations were performed in 3 consecutive processes.

- The first with a search radius of 2 times the drilling grid.



- The second with a search radius of 1.5 times the drilling grid and
- Finally, the range corresponding to 1.0 times the drilling grid.

Regarding the number of composites, we used a minimum of 1 per block and 2 as maximum, for the first interpolation and a minimum of 2 per block and 3 as maximum for the second and a minimum of 3 per block and 4 as maximum, for the third interpolation.

Additionally, a maximum of 1 composite were considered for each borehole taken in the interpolation.

*Table 21 Estimation Parameters Secondary Variables*

Comment	Pass 1	Pass 2	Pass 3
Distance in X direction	200	200	200
Distance in Y Direction	200	200	200
Distance in Z directions	200	200	200
3D Distance	200	200	200
Min # Comp	1	2	3
Max # Comp	2	3	4
Max # Comp DDH	1	1	1
Element Model IDW	CA4	CA4	CA4
Element MComp IDW	CACA	CACA	CACA
Pass in Model	PSCA4	PSCA4	PSCA4
Pass in comp	PASS3	PASS2	PASS1
Dist comp	DICA4	DICA4	DICA4
# comp for Block	NCCA4	NCCA4	NCCA4
# comp for DHH	NDCA4	NDCA4	NDCA4
Local error	SDCA4	SDCA4	SDCA4
Major Axis	300	200	150
Minor Axis	200	150	100
Vertical Axis	20	20	20
ROT	320	320	320
DIPN	0	0	0
DIPE	0	0	0
Body	RT4	RT4	RT4
Body code	5	5	5
ORE comp	CODM	CODM	CODM
Run extension	1	2	3
Archive 09	vi309.dat	vi309.dat	vi309.dat

## 11.8. Resources estimation

Mineral Resource estimates are effective December 31, 2023. All Mineral Resources are estimated at cement plant. For the estimation of Mineral Resources, the analysis considered the CaO content as well as the content of impurities. The impurities are restrictions determined by the cement production plant. Table 22 shows the quantity of Resources and the average values of their quality.

*Table 22 Resource Categorization (exclusive of Reserves) at the Virrila quarry*

	Resources	Tonnes Mt	CaO (%)	SO <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	Na <sub>2</sub> O (%)	K <sub>2</sub> O (%)	Cl (ppm)
Coquina	Measured	19.9	49.68	0.61	0.66	7.21	0.23	0.20	0.08
	Indicated	28.0	48.92	1.11	1.17	7.42	0.21	0.22	0.08
	Measured + Indicated	47.9	49.24	0.90	0.96	7.33	0.22	0.21	0.08
	Inferred	4.4	46.67	2.15	1.61	9.80	0.23	0.25	0.06

### 11.8.1. Cut-off

For the determination of Resources, the costs of extraction, transportation, cement processing and cement dispatch were considered. The costs are based on actual sources of current operations in Cementos Pacasmayo S.A.A. and the selling price of cement in 497.8 S/. x t during 2024 (at cement plant). Chapter 18 shows the costs and prices for the determination of Mineral Resources. The main factor for the determination of Resources is quality. The cut off can be seen in Table 18, the Virrila

quarry is a sedimentary deposit and, thus, the model for the estimation of Resources considered the Virrila quarry as a unit, whose coquina production is carried out by 12 m benches.

#### 11.8.2. Reasonable prospects of economic extraction

The Mineral Resource estimation considers the Virrila deposit as a set of layers integrated into a single body, defined by the continuity of quality.

The definition of waste is based on the quality (CaO) as the main parameter. The waste is variable in thickness and quality throughout the deposit.

The area associated with the resource estimation is located in the central part of the UEA Virrila and away from the mining property boundaries.

On the other hand, the public road to Bayovar Bay, the transmission line owned by a third party company, and an oil supply pipeline that ends at the port of Petro Peru pass through our mining concessions. It is important to mention that these components do not interfere with the operations in the Virrila quarry nor with the estimation of coquina resources reported in this report.

The Mineral Resource evaluation has considered relevant technical and economic factors such as coquina production costs, cement sales prices, environmental and social viability at our operations.

From the environmental and social point of view, Cementos Pacasmayo has been developing activities in Peru for more than 60 years and is recognized as a Peruvian company with a high reputation, therefore, it is expected that the environmental and social viability will continue.

The economic analysis that shows the economic viability of Mineral Resources is presented in Chapter 19.

The information that supports the estimation of the quarry's Resources is consistent, which allows obtaining a robust Resource model.

#### 11.9. Mineral Resources classification

The parameters for Resource classification used by Cementos Pacasmayo S.A.A. were obtained from the experience of calculating the optimum drilling grid for sampling by geostatistical methods. Additionally, the variographic analysis was considered taking as reference the variogram range. After considering all these, resource classification was based on the following criteria:

- Measured Resource: One regular drilling grid.

- Indicated Resource: 2 regular perforation grids.
- Inferred Resource: up to 3 grids.

Several configurations have been defined from this basic configuration, taking into account the number of drill holes and the average search distance.

#### 11.10. Qualified person's opinion

The geological modeling of the Virrila quarry deposit has been developed considering four zones.

Currently, the production has migrated and is centered 90% in zone 3, the quality and geological characteristics of the calcareous horizons were considered as a basis for the interpretation and development of the model, taking into account the diamond drilling of the different drilling campaigns. . The relationship between drill hole information and the geological model is consistent.

The process of production in zone 1 is in its final phase, a gradual migration process to zone 3 should be initiated.

The model for zones 2 and 4 has been developed based on the geological interpretation supported by different drilling campaigns.

It is essential to homogenize the criteria for interpreting the geological information of the four zones so that the models that support the Resources can be standardized.

The information that supports the estimation of the quarry's Resources is consistent, allowing obtaining a robust resource model.

## 12. Mineral Reserves estimates

The total estimated Mineral Reserves in the Virrila quarry are 43 million tonnes which are detailed in Table 23 in their different categories.

In the periodic update of the Reserves of the Virrila quarry, the Reserves produced within the update of the Resource and Reserves models are taken into account. Also taken into account were any changes to assumptions about “modifying factors” (which should be evaluated), or the change and entry of any new data.

The quality metric used in the Mineral Resources and Reserves estimation is the calcium oxide (CaO) content, which is a stable variable in the deposit. Its specific values depend on the lithological domain with its concentration higher in some lithologies than in others.

Based on the revised Mineral Resources model, the Mineral Reserves were estimated as the indicated and measured resources in the life of mine pit that supports the mining plans for production and supply of coquina to the Cementos Pacasmayo S.A.A. plants.

The QPs estimated life of mine consumption of coquina over the 30 years of mine life is based on the estimated Reserves and the projection of plant needs provided by CPSAA management and finance control department. The projected consumption increases gradually each year.

At the end of 2023 a diamond drilling campaign was carried out in zone 2 and 4, the update of the models will be done for the following year.

### 12.1. Criteria for Mineral Reserves determination

The criteria used for the determination of Mineral Reserves are described below.

#### 12.1.1. Run of Mine (ROM) determination criteria

ROM is considered to be all material produced in the quarry that complies with the specifications and will be sent to the plant for cement production. For determining ROM tonnage, dilution was considered to be negligible. The recovery in the quarry was assumed to be 100%.

#### 12.1.2. Cement plant recovery

The coquina received at the Piura plant is properly stored and then mixed with other raw materials to obtain the raw meal feed (kiln feed). On average, the raw meal contains 83.46% coquina. After the raw meal is obtained, it is fed to the calcination kiln to obtain clinker. Finally, the clinker is mixed with additives to obtain cement.

### 12.2. Reserves estimation methodology

For the determination of the mineral Reserves, the costs of production, transportation, cement processing, and the quality restrictions of the raw material, were considered. The costs are based on actual sources from the current operations of Cementos Pacasmayo S.A.A. in Virrila quarry and Piura plant. Chapter 19 shows the economic analysis to determine the Mineral Reserves.

- Reserves meet the quality restrictions for coquina at the Piura plant (Table 23).
- Proven and Probable Reserves are derived from Measured and Indicated Resources, respectively.
- Proven and Probable Reserves are within the life-of-mine pit designed for the Virrila quarry.
- Reserves are those for which economic viability has been demonstrated by discounted cash flow analysis based on estimated capital and operating costs.
- Cementos Pacasmayo S.A.A. has an agreement with the San Martin de Sechura Community associated with the Virrila concession. The agreement allows Cementos Pacasmayo to produce coquina from year 2010 to year 2040.
- The effective date of the Reserve estimate is December 31, 2023.
- The point of reference is at the point of delivery to the Piura plant.

### 12.3. Reserves estimates

Reserves are expressed in tonnes and are shown in Table 23.

*Table 23 Ore Reserves expressed in million tons*

	Reserves	Tonnes M	CaO (%)	SO <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	Na <sub>2</sub> O (%)	K <sub>2</sub> O (%)	Cl (ppm)
Coquina	Proven	40.3	51.87	0.35	0.70	5.02	0.29	0.16	0.032
	Probable	2.7	49.78	1.08	1.42	6.45	0.25	0.20	0.096
	Total	43.0	51.73	0.40	0.74	5.11	0.29	0.16	0.036

The Reserves calculated for Virrila quarry from the Mineral Resources consider the risk factors and modifying factors. The quality factors are considered the most sensitive factors that, by their nature, can affect the Reserve estimates. Although the main variable is considered to be CaO, which is very stable in the deposit, there are others that determine the quality of the Reserves and could even affect the process if they are not adequately controlled, such as the Chlorine and SO<sub>3</sub> content.

However, in certain conditions the increase of SO<sub>3</sub> is acceptable, considering that its genesis, according to its geological nature, comes from gypsum. This is important because it allows a better balance in the cycle of alkalis (Na<sub>2</sub>O, K<sub>2</sub>O) considered in the sulfate module.

In the process of calculating Reserves and in the quarry production plans, these variables have been adequately considered in the mining plan by proper production sequencing with blending processes.

In addition to quality factors, ore reserves could change from operating performance-controlled production costs, allowing for maximization of the use of resources in the extractive processes for the use of resources in the extractive processes for the industrialists, guaranteeing the LOM of the quarry.

### 13. Mining methods

Cementos Pacasmayo S.A.A. is the current owner of the Virrila quarry and is in charge of the coquina's production. The loading/transport of coquina has been outsourced to a contractor, Cementos Pacasmayo S.A.A. supervises the quarry to verify the activities and output according to the requirements of the Cement Plant.

In 2013, Cementos Pacasmayo S.A.A. performed a geotechnical study at the Virrila quarry to understand the rock mass.

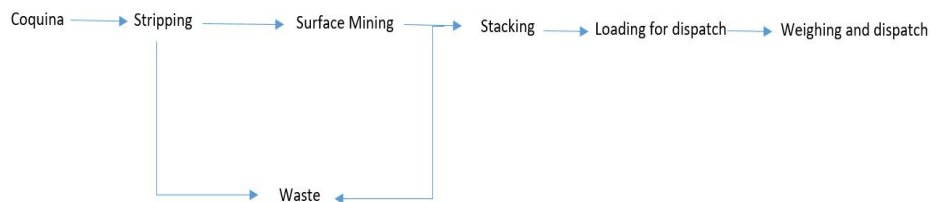
In 2015, Cementos Pacasmayo S.A.A. carried out hydrogeological studies at the Virrila quarry to understand hydrology.

#### 13.1. Mining methods and Equipment

The mining method is open-pit mining with benches, ramps, and access roads. The main production unit is a Surface Miner. The quarry does not require explosives. Figure 8 shows the overall production process. The main production activities are:

1. Production with a surface miner;
2. Stacking;
3. Loading for dispatch; and
4. Weighing and transport.

*Figure 8 Mining sequence of Virrila quarry*



- **Production with surface miner**

The surface miner is used in horizontal layers of 0.25 meters deep by 3.8 meters wide. Subsequently, it is sampled to assess the quality of the coquina.

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- **Stockpiles**

The material is stacked using a front-end loader. The stockpiles consider the angle of repose of the material and form slopes of 37°, maximum height of 3 m, and a maximum volume of 25,000 m<sup>3</sup> per stockpile.

- **Loading, Weighing and transport**

The dump trucks are weighed on an 80 tonnes capacity platform scale. The material is transported from Virrila quarry to Piura plant.

Table 24 shows the main equipment used to conduct production activities at the Virrila quarry.

*Table 24 Mining equipment at the Virrila Quarry*

Equipment	Quantity	Function	Description
Pickup van	04	Personnel Transportation	Personnel and material transport units.
Surface Miner	02	Continuous mining	Coquina production
Front Loader	04	Material Loading and Stacking	Material handling equipment.
Tanker truck	02	track watering	Auxiliary equipment to ensure the operability of quarry equipment and personnel.
Dump truck	04	Material hauling	Equipment for conveying material from the production areas to the primary crusher. Their capacity is 15 m <sup>3</sup> .

### 13.2. Geotechnical models

In 2013, Cementos Pacasmayo hired DCR Ingenieros S.A.C. to conduct geotechnical studies of the Virrila quarry. This serves as the basis of geotechnical assumptions used at the quarry to date. The main results are presented below.

During the study, DCR Ingenieros S.A.C noted that the lithological profile is stable when cut. With slopes between 75° to 80° of inclination, no slides or landslides occur. The stability analyses determine these conditions.

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*Table 25 Virrila quarry physical stability analysis summary*

Typical section	Typical section	Cutting slope angle (°)	Safety factor	
			Static	Pseudo-Static
Section A-A'	7	80	2.077	1.713
Section A-A'	8	75	2.323	1.827
Section B-B'	12	75	1.897	1.490
Section B-B'	16	75	2.477	1.920

### Analysis methodology

Stability analyses were performed using the Rocscience SLIDE software, version 5.014, which allows the user to perform limit equilibrium calculations.

The software used allowed engineers to search for the most critical failure surface with the lowest safety factor for a given geometry and materials.

The analysis considered the Morgenstern-Price and Spencer limit equilibrium methods, which satisfy the equilibrium of forces and moments.

It also considered that the material is homogeneous and isotropic and that plastic collapse would occur due to the progressive failure mechanism along the slip surface.

#### Factors of Safety

The safety factors recommended for the stability analyses are based on the recommendations of the Environmental Guide for Slope Stability of Solid Waste Deposit Slopes of the Ministry of Energy and Mines, the United States Society of Dam (USSD), and the United States Bureau of Reclamation (USBR).

According to the guidelines mentioned above, the following safety factors are considered:

- Minimum factor of safety in static conditions is 1.5.
- Minimum factor of safety in the pseudo-static condition is 1.0

#### Geotechnical Parameters

The geotechnical parameters used for the physical stability analysis were obtained from geotechnical field and laboratory investigations and based on a geomechanical evaluation using the RocLab program (Rocscience).

Table 26 summarizes the geotechnical parameters used in the static and pseudo-static stability analysis.

*Table 26 Geotechnical properties of materials*

Materials	Specific gravity(kN/m <sup>3</sup> )	Angle of friction ( $\phi^\circ$ )	Cohesion (c) (kPa)
Geotechnical unit UG-I (Quaternary deposit)	16	30	0
Geotechnical unit UG-II (Very weak to weak coquina)	20	24	23
Geotechnical unit UG-III (Weak to moderately weak sandstone)	22	40	61

Due to the characteristics of the calcareous material (cemented coquina) present in the Virilla quarry, as well as the depth at which the calcareous material to be produced is present, the physical stability of the quarry's production cuts has been analyzed, considering the following typical cutting geometry:

Cutting slopes: 75° - 85°.

The geotechnical aspects are those currently used in the virilla quarry.

#### 13.3. Hydrological models

Based on the study that DRC Ingenieros S.A.C conducted in 2013, Ram Perú S.A.C drilled two piezometers in the Virilla quarry to obtain information associated with the hydraulic tests being applied to date. The main results are presented below.

Topographically, this unit is developed at a maximum elevation of 80 meters above sea level, being slightly inclined to the SE. The quarry is located on a raised Pleistocene marine terrace, higher than 60 meters above sea level; Its relief is essentially flat, with slight undulations due to wind action. Though, it is under the influence of the Piura river basin; the quarry is not at risk of flooding.

#### 13.4. Other mine design and planning parameters

The coquina production achieved during the year 2023 is 0.9 million tonnes of coquina, and 0.3 million tonnes of waste rock, which gives a stripping ratio of 0.33.

Based on the plant requirements and sales projection for the next 30 years, the pit design parameters for the Virrila quarry are presented in Table 27.

Table 27 Mine design parameters

Description	Value
Maximum pit height	12 meters
Maximum bench height	6 meters
Pit bank slope	75° to 80°
Production (t/h)	500
Net production hours	10
Surface miner production (t/d)	5,000
Number of workdays per month	25
Production per month (t.)	132,000
Number of working months per year	12
Estimated annual production (t)	1,430,000

### 13.5. Annual production rate

Considering that the cement plant demands an average annual production of 1.43 million tonnes per year of coquina, the plan for the following 30 years is shown in Table 28.

### 13.6. Mining plan

The forecasted mining plan for the next 30 years is presented in Table 28.

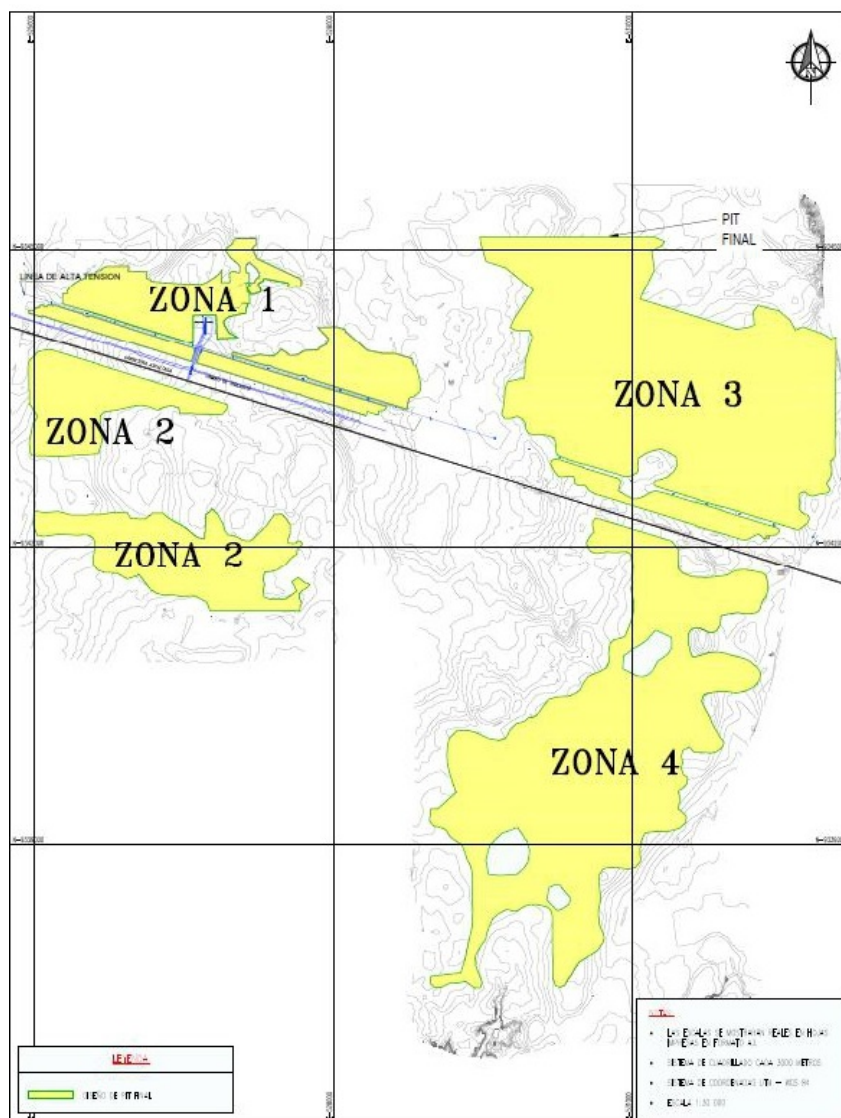
Table 28 Mining plan forecast

Year	Tonnes (t)	CaO	MgO	SO <sub>3</sub>	Cl	Na <sub>2</sub> O	K <sub>2</sub> O	SiO <sub>2</sub>
2024	1,430,000	51.92	0.76	0.37	0.022	0.29	0.16	4.99
2025	1,095,243	52.71	0.79	0.26	0.021	0.30	0.15	3.97
2026	1,117,148	52.91	0.76	0.32	0.025	0.29	0.14	3.84
2027	1,434,578	52.64	0.76	0.38	0.023	0.30	0.15	4.20
2028	1,441,942	52.81	0.77	0.35	0.022	0.30	0.14	3.85
2029	1,449,453	52.74	0.72	0.27	0.020	0.29	0.13	4.10
2030	1,457,114	51.62	0.77	0.38	0.021	0.31	0.17	5.43
2031	1,464,929	52.58	0.71	0.34	0.026	0.30	0.14	4.25
2032	1,460,753	52.29	0.74	0.35	0.020	0.30	0.15	4.77
2033	1,460,753	51.91	0.74	0.30	0.019	0.31	0.16	5.29
2034	1,460,753	51.76	0.74	0.38	0.018	0.30	0.16	5.44
2035	1,460,753	51.49	0.77	0.39	0.020	0.32	0.16	5.78
2036	1,460,753	51.51	0.72	0.29	0.021	0.30	0.17	5.79
2037	1,460,753	51.30	0.70	0.39	0.024	0.29	0.17	6.13
2038	1,460,753	51.64	0.64	0.27	0.033	0.26	0.16	5.47
2039	1,460,753	51.73	0.71	0.31	0.029	0.30	0.15	4.91
2040	1,460,753	51.91	0.70	0.29	0.020	0.30	0.16	5.39
2041	1,460,753	51.93	0.65	0.26	0.027	0.26	0.14	5.08
2042	1,460,753	52.56	0.64	0.30	0.032	0.25	0.13	3.85
2043	1,460,753	52.39	0.68	0.25	0.033	0.30	0.14	4.54
2044	1,460,753	52.13	0.71	0.30	0.021	0.33	0.16	5.03
2045	1,460,753	51.34	0.77	0.55	0.032	0.30	0.18	5.50

2046	1,460,753	51.29	0.77	0.40	0.030	0.29	0.17	5.81
2047	1,460,753	51.08	1.28	0.89	0.130	0.23	0.18	4.41
2048	1,460,753	51.28	0.86	0.70	0.037	0.26	0.17	4.67
2049	1,460,753	51.18	0.87	0.73	0.107	0.23	0.17	4.49
2050	1,460,753	50.21	0.48	0.69	0.085	0.21	0.19	6.27
2051	1,460,753	50.57	0.73	0.43	0.050	0.26	0.17	6.49
2052	1,460,753	50.45	0.74	0.42	0.051	0.28	0.18	6.44
2053	1,460,753	50.63	0.66	0.39	0.061	0.28	0.16	6.61
Total	43,026,973	51.73	0.74	0.40	0.036	0.28	0.16	5.11

In the same 30-year period, the removal of waste rock will have a stripping of 0.41 tonnes of waste rock/coquina.

Figure 10 Virrila quarry final pit



### 13.7. Life of Mine

The life of the Virrila quarry is 30 years.

### 13.8. Staff



The Cementos Pacasmayo personnel develop its operations at the Virrila quarry with its staff and contractors.

#### 14. Processing and recovery methods

##### 14.1. Process Plant

The cement production process includes different stages: quarry production, reception of raw materials, raw material grinding, clinkerization, cement grinding, cement packaging, and cement dispatch.

The process begins with the reception and storage of raw materials; then, the material is fed to the raw milling stage, where the raw materials (coquina, clay, bauxite, gypsum, sand, and iron ore) are mixed in specific quantities to obtain a material known as “raw meal.”

Piura plant has a vertical mill for the raw material grinding stage. This equipment allows pulverizing all raw materials to obtain an average fineness of less than 15% measured on a 170 µm mesh.

The raw meal obtained is transported to a homogenizing silo, where it is stored before feeding it to the kiln.

This stage aims to reduce the variability of the raw material mix and guarantees the uniformity of the quality of production in the clinkerization stage.

The homogenized raw material is fed into the rotary kiln. The temperature of the clinkering process reaches approximately 1450°C; the resulting product is called “clinker.”

The clinker obtained is then pulverized in a vertical mill, with small amounts of gypsum and other mineral additions (such as slag, pozzolana and coquina). Combining different proportions of these minerals makes it possible to obtain the different types of cement marketed.

The Piura plant has two silos for special cement and one silo for Type I cement for cement storage.

There is also finished product storage (APT) for storing cement packaged in bags and big bags.

Before shipment, the quality control laboratory evaluates the cement produced for all the physical and chemical characteristics required by current technical standards. After the validation process, the Quality Assurance unit approves the cement for bulk or 42.50 kg bags.

##### 14.2. Raw materials for the cement production

At the Piura plant, the following raw materials and additions are used to produce cement.

###### Raw materials

Coquina domo: Material composed mainly of calcium carbonate, used as raw material and as additive in cement production.

Sand: Inert material composed basically of crystalline silica, aluminum and alkalis such as potassium and sodium.

Iron: Inert material composed basically of iron oxide (Fe<sub>2</sub>O<sub>3</sub>).

Clay: Inert material composed of silicon, aluminum and a low proportion of alkalis such as potassium and sodium.

Bauxite: Material used as a source of alumina. Its primary function is an alumina corrector and melting effect in the clinkerization process.

Gypsum: Material composed of calcium sulfate hydrates. The mineral gypsum may contain crystalline silica. When gypsum is mixed with the clinker, it controls the setting time when the cement initiates the hydration reactions.

Coal: Solid, black, or dark brown mineral that contains carbon and small amounts of hydrogen, oxygen, and nitrogen for the most part.

Raw meal: Artificial mixture of coquina, clay, sand and iron used to produce clinker.

Clinker: Product obtained during the calcination of the mixture of coquina, sand, clays, and iron.

Fossil fuel

For the heating process of the rotary kiln, it is necessary to use fossil fuels that are easy to burn since this process starts at low temperatures. For this purpose, the Piura plant has systems that can use natural gas and DB5 diesel as complementary fuels for the clinker production process.

Mineral componets (MIC)

Slag: Artificial pozzolanic material that can be set in contact with water and develop compressive strength.

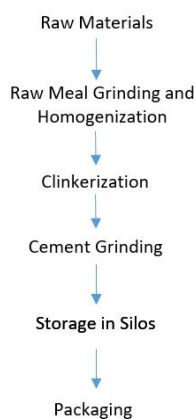
Pozzolan: Materials containing silica and/or alumina of natural or artificial origin.

Gypsum: Material composed of calcium sulfate hydrates. The mineral gypsum may contain crystalline silica. When gypsum is mixed with the clinker, it controls the setting time when the cement initiates the hydration reactions.

#### 14.3. Flow sheet

Figure 11 shows the flow sheet for the cement production at the cement plant.

*Figure 11 Piura plant process block diagram*



#### 14.4. Main equipment

Table 29 below shows the design capacities for clinker and cement production.

*Table 29 Main equipment in Piura plant*

Equipment	Product	Capacity of production*	Unit
Raw meal Mill 1	Raw meal	1,980,000	tonnes/year
Miag 1	Pulverized Coal	182,160	tonnes/year
Kiln 1	Clinker	990,000	tonnes/year
Mill 1	Cement	1,639,440	tonnes/year
Bagging system 1	Cement	1,009,800	tonnes/year
Bagging system 2	Cementca	1,009,800	tonnes/year

\* The capacities of each equipment consider a production of 330 days.

#### 14.5. Cement Plant Mass balance

Table 30 shows the balance of raw meal production. In addition, Table 31 also shows the balance for cement production considering the additions used for the mixture with clinker and, consequently, cement production.

*Table 30 Balance for raw meal production*

Raw material	Annual quantity (tonnes/year)	Dosage
Coquina	1,036,293	83.46%
Others	205,391	16.54%
Raw meal	1,241,648	100%

\* Raw meal includes coal.

The raw meal is fed to the rotary kiln. The production of 0.59 tons of clinker requires one ton of raw meal.

*Table 31 Balance for cement production*

Raw Material	Annual quantity (tonnes/year)	Dosage
Clinker	733,045	71%
Additions	298,824	29%
Cement	1,031,868	100%

#### 14.6. Process losses

Losses in the cement production process associated with the raw material (coquina) are 2.18% due to the rainy season and the phenomenon of cyclone Yaku.

#### 14.7. Water consumption

The Piura plant has a reverse osmosis plant for the water supply system for clinker production, which is used in the clinker and cement grinding processes. It is also used to irrigate green areas and access roads. 247,286 m<sup>3</sup> of water was consumed at the Pacasmayo Plant during its operations in 2023.

#### 14.8. Fossil fuel consumption

Liquid fuels and eventually natural gas (depending on availability) are used to generate the hot gases required in the production process. Table 32 shows the consumption of liquid fuels used in Cementos Pacasmayo S.A.A. - Piura plant, based on the volumes consumed during 2023.

*Table 32 Fuel Consumption for Cementos Pacasmayo S.A.A – Piura Plant*

Fuel	Consumption	Description
Natural Gas	0 m <sup>3</sup>	PC: 7.8 GJ/Nm <sup>3</sup>
Diesel B5	298,935 gal	PC 41.20 GJ/t

#### 14.9. Electric power consumption

Cementos Pacasmayo S.A.A. - Piura plant has an electrical substation with a nominal capacity of 37.50 MW, the energy is supplied by the national interconnected network. 396,857 GJ of energy was consumed at the Pacasmayo plant during its operations in 2023.

#### 14.10. Maintenance Plan

14.11. Staff

The Cementos Pacasmayo personnel develop its operations at the Piura plant with its staff and contractors.

## 15. Infrastructure

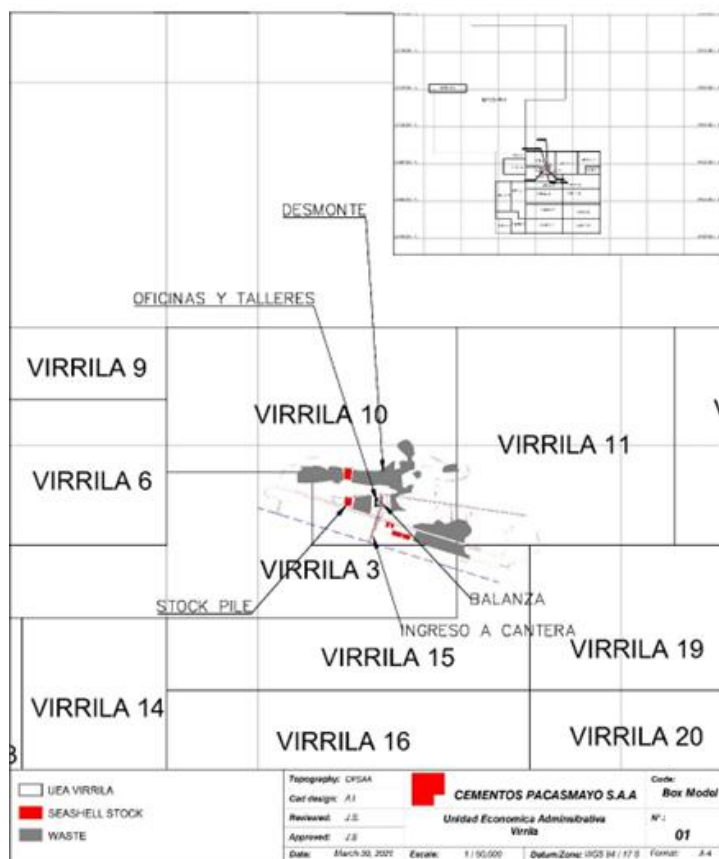
### 15.1. Virrila quarry

The fuel is supplied by a contractor using diesel oil trucks.

Water consumption in quarry operations is for human consumption and industrial use.

The quarry has offices and workshops for minor maintenance. No explosives is required, no crushers are used, and there is a scale for the dispatch of coquina trucks located in an area adjacent to the offices.

Figure 12 Virrila quarry facilities



15.2. Piura plant

The Piura plant has an installed power substation of 25 MW for use in electric motors and lighting of the plant.

Power is supplied through a 60 KV transmission line from ENOSA’s Piura Oeste sub-station to the plant’s substation. The plant’s substation is equipped with voltage transformers, protection, and energy metering equipment.

About the fuel infrastructure, there is a pipeline system for liquid fuels and natural gas.

The water supply comes from a deep well; the water is for industrial use, irrigation, and sanitary services. Drinking water which is supplied in drums, is used for human consumption.

16. Market Studies

Cementos Pacasmayo is a leading company in cement production and other construction materials in the north of Peru. This chapter describes the cement market and the macro and microeconomic factors that define it.

For the description of the cement market in Peru, public information has been collected from different sources, such as the Central Reserve Bank of Peru (BCRP), National Institute of Statistics and Informatics (INEI), Association of Cement Producers (ASOCEM), Ministry of Housing, Construction and Sanitation, Superintendency of Tax Administration and the Peruvian Construction Chamber. In addition to this information, this chapter also relies on statistics provided by the company (CPSAA) to understand its specific market better.

16.1. The cement market in Peru

The Peruvian cement market is geographically segmented by north, central, and south regions. Diverse companies supply each area. Figure 13 illustrates the Peruvian map and its three regions, according to the segmentation of the cement market, where each part is the area of influence of domestic cement companies.

Figure 13 Segmentation of the cement market in Peru



The main companies that supply Peru’s cement market are Cementos Pacasmayo S.A.A., UNION Andina de Cementos S.A.A., Yura S.A., and Cementos Selva S.A.C. Some companies import cement or clinker, such as Caliza Cemento Inca S.A., Distribuidora Cemento Nacional S.A.C., CEMEX Perú S.A., Cal & Cemento Sur S.A., amongst others.

Table 33 shows the cement shipments at the domestic level (in thousands of tonnes):

Table 33 Cement shipments at domestic level (in thousands of tonnes)

	2021	2022	2023
National cement shipments	12,500.0	14,113.3	12,175.7
Overall cement shipments (CPSAA/CSSAC, 3 plants)	3,625.2	3,436.8	2,936.6
Piura cement plant shipments	1,317.5	1,364.2	1,044.7

Sources: ASOCEM and CPSAA/CSSAC.

The cement produced by the main cement companies of the country is Type I, Type V, Type ICO, Type IL, Type GU, Type MS (MH), Type HS, Type HE, Type MH.

It is important to mention that, according to the main requirement standards, Peruvian Technical Standards, there are five cement types:

- NTP 334. 009 2013. Cements Portland. Requirement. (ASTM C 150).

- NTP 334. 090 2013. Cements Portland Added. Requirements. (ASTM C595).
- NTP 334. 082 2011. Cements Portland. Performance Specification. (ASTM C1157).
- NTP 334. 050 2004. Cements Portland White. Requirements. (ASTM C150).
- NTP 334. 069 2007. Building Cements. Requirements. (ASTM C091).

Cementos Pacasmayo only produces cement that meets the first three NTP standards.

## 16.2. Industry and Macroeconomic Analysis

Producers and trading companies of cement compete mainly within the limits of their area of influence, which is determined by the geographical location of their plants, giving rise to segmentation of the national market. However, the north region presents a high demand potential because of the infrastructure gap, the housing deficit, and a higher capillarity in terms of essential cities adjacent to one another, and with an urbanization level lower than in the central and south regions.

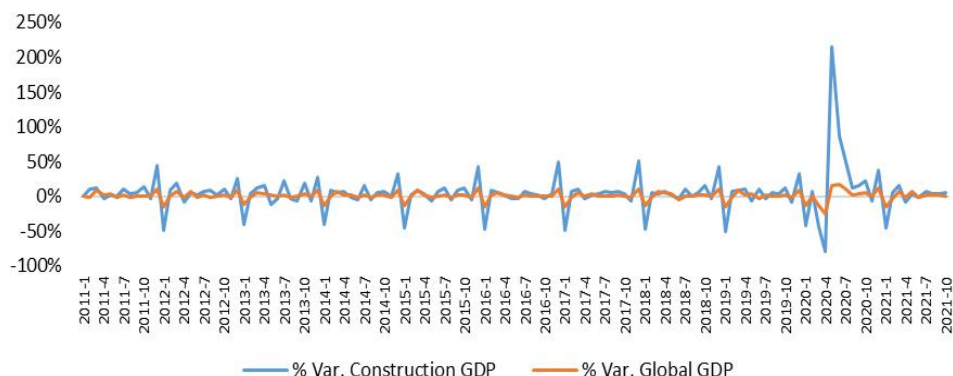
On the other hand, one should underline the importance of transportation in the structure of cement costs, which are composed primarily of raw materials, fuels, and transportation.

The cement market and the industry in Peru have the following characteristics:

- The base of consumers is highly segmented, informal, and of low resources.
- Low costs of energy and raw materials.
- Zone of influence/distribution determined by the geographical location of the plant.
- High correlation between public and private investment and self-construction.
- The construction sector and cement industry are directly related to the Gross Domestic Product (GDP) and Private Consumption.

Figure 14 shows how the Global of the construction sector (variation % monthly) accompanies the cyclic behavior of the Global GDP (variation % monthly), indicating variations of lower significance than those of the Global GDP, but in the same direction. It is also noted that, in May 2020, the GDP of the construction sector had a positive variation of more than 200% (compared to the previous month), while the Global GDP was only 10%. This situation was due to the confinement measures given by the Government to counter the Covid-19 pandemic. This reactivation was motivated primarily by the private-construction sector's consumption. Under the uncertain conditions caused by the health and economic crisis in 2020, consumers showed savings behaviors, which meant that people preferred consumption of goods for home improvement, including cement. This trend was maintained throughout 2021. However, in 2022 there was a decrease in demand for public and private investment due to the political and social situation. As a result, cement volumes are returning to pre-covid levels.

Figure 14 Global GDP and Construction sector GDP MoM variation (%)



Source: INEI 2022

The cement industry is also driven by housing sector growth, public and private investment in infrastructure, mining projects, shopping centers, construction of transportation systems, etc. Thus, one of the variables with more impact on the cement industry and future demand is the infrastructure gap which remains high in the country.

For the 2016 – 2025 period, the infrastructure gap is estimated at US\$ 160 billion, and this is present in the main economic sectors and services of public supply, that is, Transportation (36%), Energy (19%), Telecommunications (17%), Health (12%), Sewage System (8%), Irrigation (5%) and Education (3%). Ninety percent of the roads not included in the extensive national road network remain without pavement; only 40% of schools have access to essential services such as water, electricity, and sewage system; there are only 15 hospital beds for every 10,000 individuals, compared to 27 beds recommended by the WHO.

In 2023, the cement market contracted by 14% compared to 2022, while it grew by 20% in 2019 (pre-pandemic). However, by 2024, it is expected to have 2.6% growth compared to 2023. Climatic (cyclone Yaku) and social (protests and blockades) factors impacted domestic cement dispatches. In addition, regional and local and local governments began new administrations with lower-than-expected public spending than expected.

Given greater stability in the sector, a moderate growth of 2% in cement shipments is expected by 2024.

### 16.3. The North Region Market

Cementos Pacasmayo, a leading company in the production and sales of cement in the North Region, has market presence in the following cities: Cajamarca, Chiclayo, Chimbote, Jaén, Pacasmayo, Piura, Rioja, Tarapoto, Trujillo, Tumbes, Yurimaguas and Iquitos. CPSAA has a Market share of over 93.8% in the country's north region.

Piura plant supplies 33.4% of the cement demand of the country's North Region. Overall shipments of the Piura plant for 2023 were 1,044.7 thousand tonnes.

Other companies with lower presence in the cement market of the North Region are:

- Quisqueya - Cemex
- Cemento Nacional
- Cemento Inka
- Cemento Tayka

These companies are competitors of the Piura plant.

Cementos Pacasmayo S.A.A Piura plant produces different types of cement. It has placed in the National Market other trademark products to meet the needs of diverse segments of the market. Table 31 shows the products in the Piura plant.

*Table 34 Cement at Piura plant*

Business Name	Use	Comment
<b>Cemento Portland</b>		
Cement Type I	Cement of general use.	The average result of resistance to compression is higher than the minimum requirement set forth in the technical standard NTP 334.009 / ASTM C150.
<b>Cemento Portland Added</b>		
Cement Fortimax	Ideal for Works which require moderate hydration heat, for Works exposed to sulphate action and for Works near to large water sources (sea, lakes, rivers, etc.)	The average result of resistance to compression is higher than the minimum requirement set forth in technical standard NTP 334.082 / ASTM C1157.
Cement Extra Forte	Ideal for the execution of structural Works, repairs, remodelings, home applications, floors, levelings, grouts, tips, prefabricated elements of small and medium size and concrete elements which require special characteristics.	The average result of resistance to compression is higher than the minimum requirement set forth in technical standard NTP 334.090.
<b>Hydraulic Cements specified by performance</b>		
Line Mochica MS	For structures in contact with environment and humid and salty soils.	

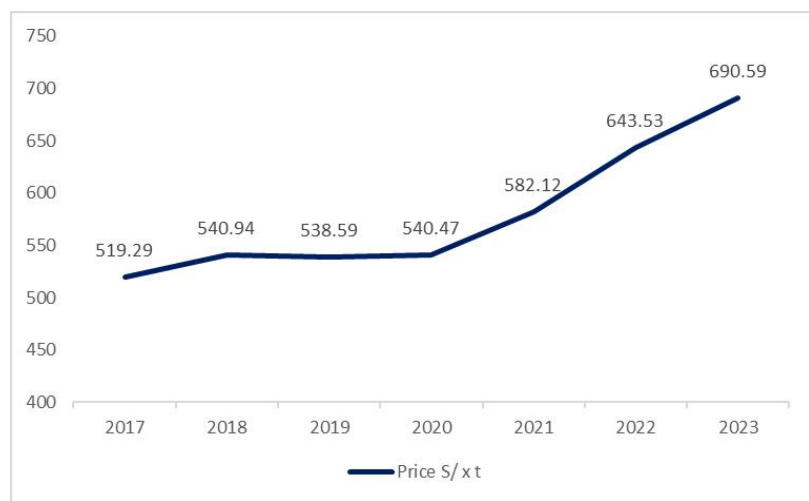
### 16.4. Cement price

The sale prices of cement in the Peruvian market vary according to their type and geographical location.

The price difference of each type is explained primarily by the dosifications of raw materials and additives. The variations for geographical location are caused by the freights for the distribution to the points of sale.

At the domestic level, the cement price in 2023 was, on average, 690.59 S/ x t. Figure 15 shows the historical prices of cement in Peru.

Figure 15 Historic prices of cement in Peru



Source: Ministerio de Vivienda, Construcción y Saneamiento (December 2023).

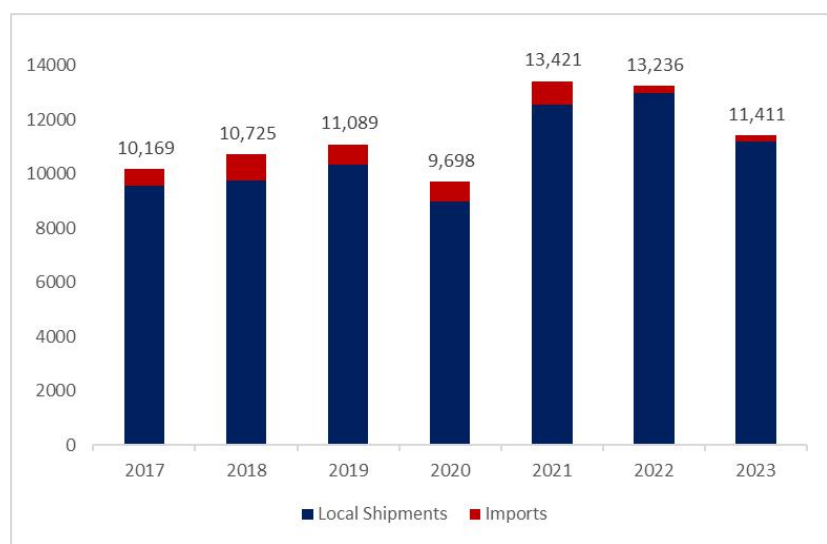
Figure 15 shows the sustained growth of the price of more than 4% per year, from 2017 until 2018, it fell slightly in 2019 to climb back up again in 2020.

16.5. Current and future demand

Cement demand at the national level is met by local shipments (local production), for the most part, and by imports. In 2023, 11.20 M tonnes were shipped locally; 13.6% less than in the same period of 2022 (12.97 M). Imports amounted to 0.21 M tonnes during 2023; 21.9% below the 2022 figure (0.27 M).

Figure 16 shows the evolution of the national demand of cement, expressed in thousand of tonnes, since 2017.

Figure 16 Evolution of the national demand of cement



Source: ASOCEM

It is noted that domestic demand has been growing, on average, at a rate of 3% per year, with the exception of 2020, which is considered an atypical year due to the adverse effects of the pandemic and the confinement measures, to then take a historic leap in 2021 with an annual increase of 38%. During 2023, shipments decreased by 13.8% compared to 2022 as a result of the political and social situation in the country.

According to our internal information, in terms of regional distribution, the Northern Region accounts for approximately 25.6% of domestic cement demand, the Central Region for 54.5%, and the Southern Region for 19.9%.



Cementos Pacasmayo's cement shipments (3 plants) reached 2,936.6 thousand tonnes in 2023, capturing a 24.1% share of total shipments in Peru and 93.8% in the Northern Region. This is 15% less than in 2022 (3,436.8 thousand tonnes).

Despite the decline in cement dispatches in 2023, demand is expected to increase due to the high infrastructure deficit in the northern region.

Table 35 shows the projection of future demand or shipments of cement for the Piura plant. These projections are based on the 2024 shipments, and a sustained growth of 2% per year until the maximum capacity of cement production is reached.

*Table 35 Forecast of future demand for Piura cement plant*

Year	Cement Shipments (Tonnes)	Variation (%)
2024P	847,382	
2025P	1,030,460	22%
2026P	1,051,069	2%
2027P	1,356,464	29%
2028P	1,424,976	5%
2029P	1,494,859	5%
2030P	1,566,140	5%
2031P	1,638,846	5%
2032P*	1,600,000	-2%
2033P	1,600,000	0%
2034P	1,600,000	0%
2035P	1,600,000	0%
2036P	1,600,000	0%
2037P	1,600,000	0%
2038P	1,600,000	0%
2039P	1,600,000	0%
2040P	1,600,000	0%
2041P	1,600,000	0%
2042P	1,600,000	0%
2043P	1,600,000	0%
2044P	1,600,000	0%
2045P	1,600,000	0%
2046P	1,600,000	0%
2047P	1,600,000	0%
2048P	1,600,000	0%
2049P	1,600,000	0%
2050P	1,600,000	0%
2051P	1,600,000	0%
2052P	1,600,000	0%
2053P	1,600,000	0%

\* As of 2032, Piura plant reaches its maximum production of cement.

17. Environmental studies, permitting, and plans, negotiations, or agreements with local individual or groups.

17.1. Environmental Aspects

Cementos Pacasmayo S.A.A has corporate policies applied to the operations of quarries and cement plants. Relevant policies include Safety Occupational Health Policy, Quality Policy, and Environmental Policy.

Cementos Pacasmayo S.A.A. carries out activities in Virrila quarry and Piura plant according to the environmental legislation. It has an environmental authority in the industrial sector and another authority (Ministry of Energy and Mines) that issues an opinion for the Closure of quarries.

Likewise, Cementos Pacasmayo complies with the provisions of the Regulation with Supremo Decree No. 033-2005-EM - Regulation of the Mine Closure Law.

#### 17.1.1. Virrila quarry

On February 02, 2023, by Directorial Resolution No. 031-2023-PRODUCE/DGAAMI, the Sixth Supporting Technical Report (ITS) of the Project to Modify the Project for the Exploitation of the Virrila Quarry, was approved, through which the modification of the area of exploitation zone 2 and 4 of the Virrila quarry was requested and the execution of 198 drillings in exploitation zone 2 and 395 drillings in exploitation zone 4.

According to current legislation, there is the Regulation of Environmental Management of the Manufacturing Industry and Internal Trade, approved with Supreme Decree No. 017-2015-PRODUCE. This standard establishes the environmental management of the activities contemplated in Ministerial Resolution No. 157-2011-MINAM, table of the first update of the list of inclusion of investment projects subject to the National Environmental Impact Assessment System (SEIA) and its amendments.

The Directorial Resolution Number 548-2015-PRODUCE/DVMYPE-I/DIGGAM approved the Closure Plan of the mining unit Virrila quarry.

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About water management, it is essential to mention that Virrila quarry does not have generate effluent discharges. The small water consumption is only for green area irrigation and road maintenance.

The Closure Plan submitted by Cementos Pacasmayo S.A.A. has included the necessary measures to ensure effectiveness or consistency with the requirements required to protect public health and the environment. The initial strategy has continued with the components of the Virrila quarry, establishing temporary, progressive, final, and post-Closure activities at the end and/or closure of operations.

Environmental closure activities include measures to ensure physical stability at the mine, geochemical stability, water management facilities, decommissioning for the removal of equipment and machinery, demolition of infrastructure, reclamation, disposal of waste, the establishment of geographical features, habitat rehabilitation and social and revegetation programs.

Cementos Pacasmayo S.A.A. will carry out Post-closure activities such as physical, geochemical, hydrological, and biological maintenance. Post-closure monitoring activities include physical stability monitoring, geochemical stability monitoring, water management monitoring, biological monitoring and social monitoring.

Considering that the land use before mining production was a barren area typical of the coastal geography of the Piura Region, forestation activities with native species have been considered part of the post-closure activities. Likewise, Cementos Pacasmayo S.A.A. will fulfill the commitments included in the Closure Plan approved by the above authority.

The approval of the Mine Closure Plan involves the constitution of guarantees to ensure that the owner of the mining activity complies with the obligations derived from the Mine Closure Plan by environmental protection regulations.

Cementos Pacasmayo has a guarantee of faithful compliance with the mine closure plan for the Tembladera quarry according to the approval of the updated mine closure plan for an amount of 60,907.70 USD.

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We have a strong relationship with our communities and have identified their main needs such as health, education, urban development and local development.

In this regard, we have a social investment program that contributes to dealing with their necessities based on good dialog and compliance with our commitments.

The communities are a priority for Cementos Pacasmayo. For this reason, we promote periodic meetings with their representatives, and we create opportunities for dialog to know their expectations. Also, we have established public and private alliances for development projects and programs to contribute to better life quality and strengthen our relations. In 2023, CPSAA worked in partnership with the district governments of Piura and Sechura.

CPSAA has no commitments for local procurement and hiring although it does its best to hire local talent and do business with local businesses.

#### 17.1.2. Piura plant

About water management, it is essential to mention that Piura plant does not have any discharges. The small water consumption is only for green area irrigation.

The Environmental Management regulation of the Manufacturing Industry and Domestic Trade, approved by Supreme Decree N° 017-2015-PRODUCE, companies that produce cement are required to submit Closure Plans when executing Decommissioning activities. Cementos Pacasmayo S.A.A in compliance with Peruvian legislation will submit the Closure Plan on time.

#### 17.2. Solid waste disposal

Cementos Pacasmayo S.A.A. has a Solid Waste Minimization and Disposal Plan for our production activities at the Piura plant and Virrila quarry. Annually, our company declares the generation, storage, collection, and final disposal of hazardous and non-hazardous solid waste in compliance with environmental legislation.

The solid waste minimization plan (2023), Cementos Pacasmayo S.A.A. declared 1.9 tons of hazardous waste and 3.1 tonnes of non-hazardous waste for the Virrila quarry.

Likewise, Cementos Pacasmayo S.A.A. declared 54.1 tonnes of hazardous waste for the Piura plant and 382.4 tonnes of non-hazardous waste disposed of in accordance with environmental legislation.

17.3. Qualified Person’s Opinion

Cementos Pacasmayo S.A.A. complies with national environmental standards in the industrial sector. In the Virrila quarry, coquina is produced, a raw material used for the manufacture of cement.

For the industrial and mining sector, our company complies with the Environmental Management Standards for the Manufacturing Industry and Internal Trade approved with Supreme Decree No. 017-2015-PRODUCE and its amendments that regulate the environmental management of the activities indicated in the Resolution Ministerial No. 157-2011-MINAM and investment projects subject to the National Environmental Impact Assessment System (SEIA), considered in Annex II of the Regulation of Law No. 27446, approved by Supreme Decree No. 019-2009- MINAM.

Cementos Pacasmayo S.A.A. semiannually reports the environmental commitments assumed in its Environmental Management Plan and its monitoring program to the Environmental Assessment Body - OEFA.

The monitoring is carried out through external laboratories that provide comprehensive monitoring and analysis services and have double accreditation by the international IAS (International Accreditation Service) and the national INACAL (National Institute of Quality), both signatories of the ILAC-MRA global Mutual Recognition Agreement.

Cementos Pacasmayo S.A.A. strictly complies with the different protocols in compliance with environmental legislation and are reported to the OEFA, according to the frequency established in its approved Environmental Instruments.

The qualified person believes that CPSAA’s current plans and management strategies are adequate for addressing any issues related to environmental compliance and maintaining its environmental permits. In addition, the qualified person believes that CPSAA has a good relationship with the local communities and that its social investment plans are adequate for reducing any social risks to the project.

18. Capital and operations costs

18.1. Basis for operating and capital cost for the quarry and plant

This section presents the operating costs of the Virrila quarry for the production of coquina, the primary raw material used in cement production at the Piura plant. It also exhibits the plant’s operating costs, for the whole industrial process, from the reception of raw material to its conversion to the final product (cement). Cost forecast is mainly based on actual historical costs.

Similarly, this section reports the detail of the capital investments made in the quarry and plant and the forecasted plan of assets required to sustain all the activities in the quarry and plant to assure the supply of coquina Reserves for the necessary products to support forecasted cement shipments of the Piura plant.

Table 36 depicts the main components of the cost structure of the Virrila quarry and Piura plant and the sources used in their forecasts.

Table 36 Concepts about cost structure of Virrila quarry and Piura plant

Concept	Description	Source
Quarry Operating Cost	Mineral Production, processing, fuel, Materials (Explosives), Maintenance, Insurances and Services	<ul style="list-style-type: none"><li>Real, historic costs</li><li>Suppliers’ quotes</li></ul>
Quarry Operating Cost	Royalties	<ul style="list-style-type: none"><li>Contract of mining royalty payment with regional/state entities</li></ul>
Quarry Operating Cost	Energy	<ul style="list-style-type: none"><li>Historic, real costs</li></ul>

		<ul style="list-style-type: none"> <li>• Supply Contract</li> <li>• Suppliers' quote</li> </ul>
Plant Operating Cost	Fuel, Materials, Maintenance, Wages and Insurances	<ul style="list-style-type: none"> <li>• Historic, real costs</li> <li>• Suppliers' quote</li> </ul>
Plant Operating Cost	Energy	<ul style="list-style-type: none"> <li>• Historic, real costs</li> <li>• Supply Contract</li> <li>• Suppliers' quote</li> </ul>

Considering that the Virrila quarry and the Piura plant are currently operating, the historical costs are the principal basis for estimating forecasted costs.

In this regard, the actual costs in some cases are maintained, and in other cases, are appropriately adjusted for factors specific to the quarry operation, conditions, and obligations stipulated in supply and concession contracts.

On the other hand, macroeconomic factors such as inflation and devaluation of the local currency against the US dollar could indirectly impact future operating costs estimation.

## 18.2. Capital and Operating Cost Estimates

Table 37 show the operating costs of quarry and plant for the year 2023, and 30 years of forecast:

*Table 37 Operating costs forecast of quarry and plant*

	Production Data		Total Operating Cost S/ '000	Cost per tonne of product S/ x tonne
	Extracted Mineral tonnes '000	Cement Production tonnes '000		
2023	891	1,032	289,774	280.82
2024	1,430	847	251,749	297.09
2025	919	1,030	318,409	309.00
2026	937	1,051	328,325	312.37
2027	956	1,356	419,386	309.18
2028	975	1,425	451,019	316.51
2029	994	1,495	477,409	319.37
2030	1,014	1,566	510,551	325.99
2031	1,035	1,639	560,111	341.77
2032	1,055	1,600	574,359	358.97
2033	1,076	1,600	589,839	368.65
2034	1,098	1,600	603,312	377.07
2035	1,120	1,600	614,684	384.18
2036	1,142	1,600	630,597	394.12
2037	1,165	1,600	649,823	406.14
2038	1,188	1,600	660,045	412.53
2039	1,212	1,600	673,365	420.85
2040	1,236	1,600	691,826	432.39
2041	1,261	1,600	708,042	442.53
2042	1,286	1,600	726,893	454.31
2043	1,312	1,600	747,116	466.95
2044	1,338	1,600	764,392	477.74
2045	1,365	1,600	785,014	490.63
2046	1,392	1,600	809,031	505.64
2047	1,420	1,600	828,653	517.91
2048	1,449	1,600	851,103	531.94
2049	1,478	1,600	877,000	548.13
2050	1,484	1,600	898,557	561.60
2051	1,487	1,600	922,047	576.28
2052	1,490	1,600	946,872	591.79
2053	1,493	1,600	970,281	606.43

Table 37 shows the forecast for the next 30 years, according to the production plan for 30 years of Reserves. Costs are adjusted annually by applying a 2.90% inflation rate to the cost/tonne.

Costs described in this chapter are applied to estimate the Mineral Resources and Reserves of the Virrila quarry as part of the analysis.

Table 38 shows the detail of capital investments in the quarry and plant, by type of investment, for one year of historical result (2023) and 30 years of projection:

*Table 38 Investment forecast in quarry and plant*

	<b>Total Investments S/ '000</b>
2023	14,341
2024	15,492
2025	15,938
2026	16,400
2027	16,875
2028	17,365
2029	17,868
2030	18,386
2031	18,920
2032	19,468
2033	20,033
2034	20,614
2035	21,212
2036	21,827
2037	22,460
2038	23,111
2039	23,781
2040	24,471
2041	25,181
2042	25,911
2043	26,662
2044	27,436
2045	28,231
2046	29,050
2047	29,892
2048	30,759
2049	31,651
2050	32,569
2051	33,514
2052	34,486
2053	35,486

In recent years, there have been no significant variations in capital investment, mainly for maintenance and replacement of equipment in the quarry and plant to sustain operations.

The Company's investment plan does not consider any unusual or expansion activity. The sole plan is to perform the necessary replacement for quarry support and the maintenance of operations in the plant. The investments are kept at levels similar to those registered throughout the last years

### 18.3. Capital and Operating cost estimation risks

There is a low risk associated with capital and production costs because mine production and cement plant will continue in the same geological deposit, using the same mining and industrial methods.

An assessment of the accuracy of estimation methods is reflected in the sensitivity analysis in Section 19.

For purposes of the Preliminary Feasibility Study completed relative to the Virrila quarry and Piura plant, capital and operating costs are estimated to an accuracy of +/- 25%.

## 19. Economic analysis

### 19.1. Methodology: for Discounted Cash flow (Free)

The Economic Analysis chapter describes the assumptions, parameters and methodology used to demonstrate the economic viability or profitability of extracting the Mineral Reserves and Resources. The economic analysis at the Pre-feasibility level supports the determination of Mineral Resources and Reserves through a business valuation through the Discounted (Free or Economic) Cash Flow method.

For the cash flow projection, the forecast horizon is considered to be consistent with the quarry's life, which is calculated based on the total declared Reserves and the annual production of the quarry. The cash flow for each period is approximated indirectly from the EBITDA (the latter is constructed in the Profit and Loss Statement), and the corresponding adjustments are made for taxes and capital costs (CapEx).

Finally, we work with the free cash flow for this economic analysis since it does not incorporate the financing structure. We apply the weighted average cost of capital (WACC) to discount said future cash flows.

The economic analysis considered the same evaluation criteria for Resource and Reserves estimation.

### 19.2. Assumptions

#### 19.2.1. General and Macroeconomic Assumptions

The general and macroeconomic assumptions used for the projection of economic cash flows and the valuation are:

- Projection horizon: 30 years (2024 to 2053), according to the estimated years of quarry life.
- The annual escalation rate; 2.90%, based on The International Monetary Fund as of October 2023: applies equally to the sales price, production costs, and expenses.
- Capital cost projections were determined using a historical ratio of annual investments and maintenance costs, which also considers the increase in production volume.
- The company's capital structure is being considered in the discount rate (WACC); 11.56%.
- Income tax rate: effective rate of actual (historical) business results, 29% - 30%.
- Workers' Profit Sharing: 10%.
- Exchange rate: exchange rate is assumed to remain at 3.80 (USD/PEN)

#### 19.2.2. Income and Cost Assumptions

- The sales price of cement, expressed as  $S/\text{x t}$ , is the sales price of Piura plant to Distribuidora Norte Pacasmayo, FOB at Piura plant; and it is lower than the sales price to the final customer in the market. The distribution freight explains this difference to the multiple points of sale and the selling expenses associated with distribution and promotion in the different commercial channels.
- The base price used in the projection is an estimate for the year 2024 (497.8  $S/\text{x t}$ ), which has been determined based on current market conditions and cement demand for 2024, among other factors.
- Starting in 2025 (year 2 of the projection), an annual price escalation rate of 2.9% is applied to the sales price.
- The cost of cement production, expressed as  $S/\text{x t}$ , has been estimated for 2024 based on actual operating costs, the market situation of local materials and services, plant demand for imported clinker, and other factors. The cost of production for the year 2024 is 297.1  $S/\text{x t}$ .
- Starting in 2025, an annual cost escalation rate of 2.9% is applied to the cost.
- The initial stock of products in the quarry and plant is assumed to be zero.

### 19.3. Results of financial model

The following financial parameters were calculated:

- NPV of 1,664 million soles at a discount rate of 11.56%.

- 30-year mine life
- Average plant throughput for cement production: 1.5 million tonnes per year over the 30-year projection.
- Average sales price: 687.8 soles per ton of cement, an average of the 30-year projection, at nominal values.
- Revenues: 1,046 million soles, an average of the 30-year projection.
- Average cash production cost: 428.6 soles per ton of cement, an average of the 30-year projection, at nominal values.

Table 39 shows the forecast of the Profit and Loss Statement of the operation of Virrila quarry and Piura plant:

*Table 39 Profit and Loss Statement*

	Shipments (tonnes)	Revenue S/ x t	Gross Profit S/ '000	Gross Margin S/ x t	Gross Mg %	Operating Profit	(+) Depreciation	EBITDA Piura Plant	EBITDA Mg %
2024P	847,382	497.8	146,458	172.8	35%	94,588	34,983	129,571	31%
2025P	1,030,460	470.1	155,453	150.9	32%	102,024	51,460	153,484	32%
2026P	1,051,069	482.6	166,691	158.6	33%	113,001	48,456	161,456	32%
2027P	1,356,464	495.4	237,151	174.8	35%	181,723	47,765	229,488	34%
2028P	1,424,976	508.5	256,872	180.3	35%	198,561	46,888	245,450	34%
2029P	1,494,859	522.0	284,837	190.5	37%	225,914	44,295	270,209	35%
2030P	1,566,140	535.8	309,150	197.4	37%	248,680	44,361	293,041	35%
2031P	1,638,846	550.0	320,528	195.6	36%	257,104	44,526	301,630	33%
2032P	1,600,000	564.6	308,134	192.6	34%	244,415	45,487	289,902	32%
2033P	1,600,000	579.6	315,763	197.4	34%	250,325	46,665	296,989	32%
2034P	1,600,000	594.9	325,895	203.7	34%	257,162	42,624	299,786	31%
2035P	1,600,000	610.7	338,850	211.8	35%	269,244	41,067	310,311	32%
2036P	1,600,000	626.9	347,824	217.4	35%	276,558	41,416	317,974	32%
2037P	1,600,000	643.5	354,161	221.4	34%	279,826	41,829	321,656	31%
2038P	1,600,000	660.5	370,208	231.4	35%	295,114	37,786	332,900	31%
2039P	1,600,000	678.0	383,720	239.8	35%	306,778	34,167	340,945	31%
2040P	1,600,000	696.0	392,837	245.5	35%	312,682	32,403	345,085	31%
2041P	1,600,000	714.5	405,097	253.2	35%	324,080	32,898	356,977	31%
2042P	1,600,000	733.4	415,324	259.6	35%	332,443	33,313	365,756	31%
2043P	1,600,000	752.8	425,063	265.7	35%	338,986	31,769	370,755	31%
2044P	1,600,000	772.8	438,739	274.2	35%	351,782	31,738	383,520	31%
2045P	1,600,000	793.3	449,838	281.1	35%	361,045	32,293	393,338	31%
2046P	1,600,000	814.3	458,370	286.5	35%	366,333	32,864	399,197	31%
2047P	1,600,000	835.9	472,345	295.2	35%	379,384	33,452	412,836	31%
2048P	1,600,000	858.0	484,237	302.6	35%	389,296	34,056	423,353	31%
2049P	1,600,000	880.7	494,127	308.8	35%	395,849	34,679	430,528	31%
2050P	1,600,000	904.1	509,426	318.4	35%	410,094	35,319	445,413	31%
2051P	1,600,000	928.0	523,574	327.2	35%	422,081	35,027	457,108	31%
2052P	1,600,000	952.6	537,384	335.9	35%	432,326	32,584	464,909	31%
2053P	1,600,000	977.9	553,826	346.1	35%	447,544	33,026	480,570	31%

Cement sales at the Piura plant are, on average, S/ 1,046 million per year (for the period 2024-2053), and the average EBITDA margin for the same period is 32%.

The EBITDA margin remains relatively stable in the 30-year projection. The slight variations in the margin are mainly explained by the cost of remunerations, which has a behavior with peaks every three years due to union negotiations.

Table 40 shows the Free Cash Flow projection and the valuation of the cement business of the Piura plant:

*Table 40 Free Cash Flow and valuation*

**FCF - Valuation (Thousand S/)**

	(-) Taxes (EBIT*t)	(-) CapEx	EBITDA Planta Pacasmayo	Free Cash Flow
2024P	-35,476	-15,488	139,332	88,367
2025P	-41,798	-15,938	162,619	104,884
2026P	-44,430	-16,400	171,473	110,643
2027P	-65,344	-16,875	241,057	158,837
2028P	-71,048	-17,365	257,410	168,998
2029P	-80,970	-17,868	283,543	184,705
2030P	-88,795	-18,386	307,358	200,177
2031P	-91,206	-18,920	315,968	205,842
2032P	-88,098	-19,468	304,740	197,175
2033P	-90,628	-20,033	312,631	201,969
2034P	-92,979	-20,614	315,883	202,290
2035P	-97,783	-21,212	327,775	208,780
2036P	-100,948	-21,827	336,490	213,715
2037P	-102,294	-22,460	340,598	215,845
2038P	-108,257	-23,111	353,369	222,001
2039P	-112,617	-23,781	362,696	226,297
2040P	-115,005	-24,471	367,421	227,945
2041P	-119,961	-25,181	380,815	235,673
2042P	-123,640	-25,911	390,845	241,294
2043P	-125,805	-26,662	396,237	243,770
2044P	-130,757	-27,436	410,304	252,111
2045P	-134,251	-28,231	420,956	258,474
2046P	-135,894	-29,050	427,025	262,081
2047P	-140,774	-29,892	441,793	271,127
2048P	-144,467	-30,759	453,142	277,916
2049P	-146,458	-31,651	460,439	282,330
2050P	-151,719	-32,569	476,463	292,175
2051P	-156,077	-33,514	489,098	299,508
2052P	-159,344	-34,486	497,218	303,389
2053P	-164,936	-35,486	514,082	313,661
WACC				11.56%
Economic NPV (Thousand S/)				1,663,683

The net present value (NPV) of Piura plant cement business amounts to more than S/ 1,664 million at a discount rate of 11.56% and is made up of the sum of the discounted cash flows of each period, for the 30-year projection. For the discount rate of the cash flows, the QPs applied the weighted average cost of capital (WACC) of the company.

#### 19.4. Sensitivity Analysis

The sensitivity analysis considers a variation of +/- 5 and 10% in the variables that have the greatest impact on the NPV and EBITDA. These variables are the cement sales price, operating cost, and CapEx.

Tables 41 and 42 detail the sensitivity of the EBITDA and NPV to each variable, respectively. Figures 17 and 18 show the results of the sensitivity of NPV and EBITDA, respectively, to the three variables.

Table 41 Sensitivity analysis of the Net Present Value

Variable / Variation	-10%	-5%	0%	+5%	+10%
Price	-28.7	-14.3	0	14.3	28.7
Cost	21	10.5	0	-10.5	-21
CapEx	1	0.5	0	-0.5	-1

Table 42 Sensitivity analysis of EBITDA

Variable / Variation	-10%	-5%	0%	+5%	+10%
Price	-31.7	-15.9	0	15.9	31.7



Cost	21.1	10.5	0	-10.5	-21.1
CapEx	0.1	0	0	0	-0.1

Figure 17 Sensitivity of Net Present Value

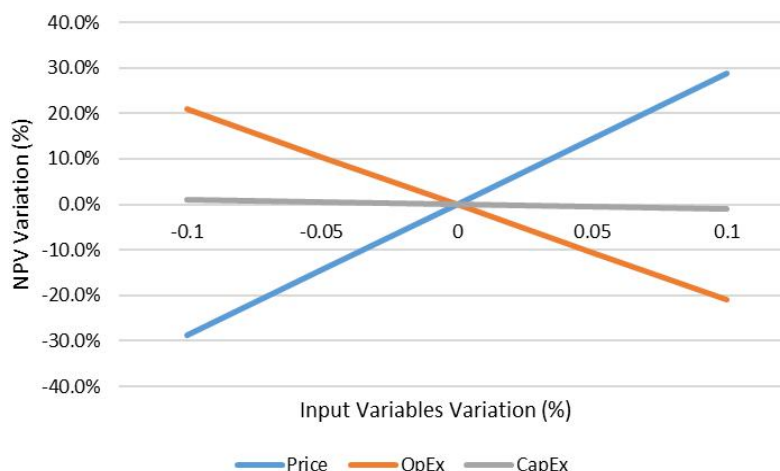
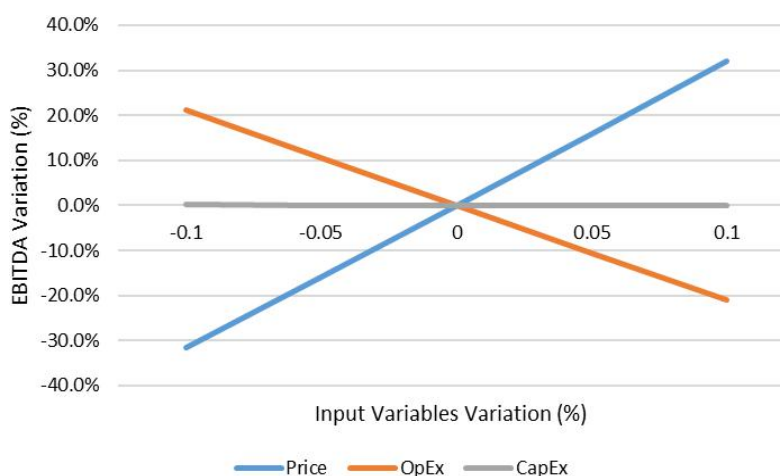


Figure 18 Sensitivity of EBITDA

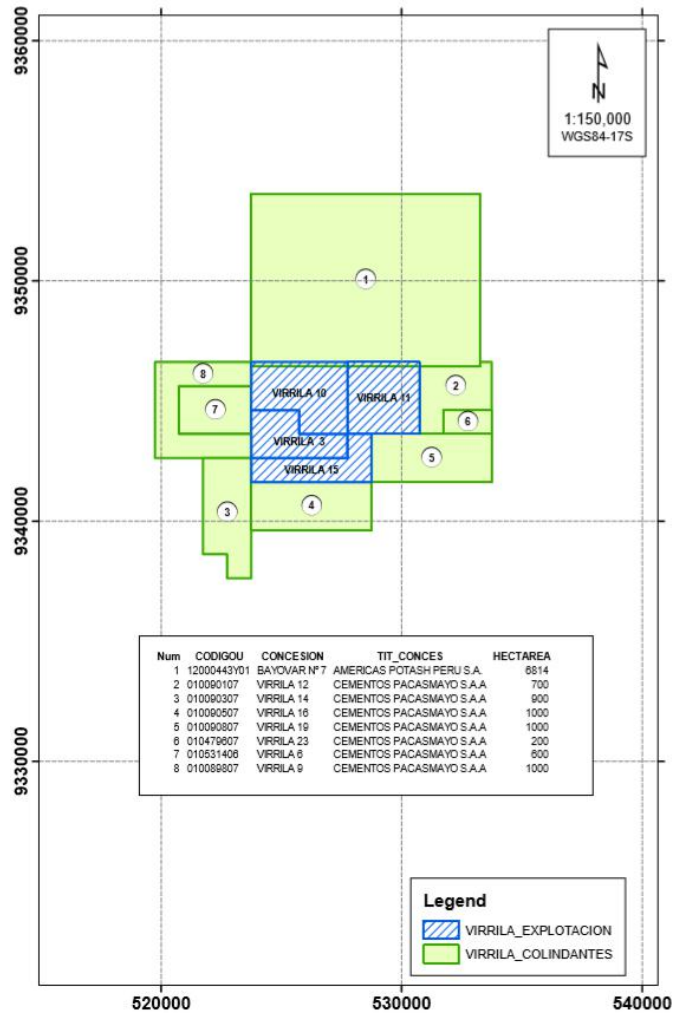


Based on these results, the NPV is most sensitive to cement price, followed by operating cost, and least susceptible to the CapEx. EBITDA has a similar sensitivity to NPV, being most exposed to cement price, followed by operating cost but shows no sensitivity towards variations to the CapEx.

## 20. Adjacent properties

The information in this chapter was obtained from the competent authority Instituto Geológico, Minero Metalúrgico (INGEMMET). Figure 19 shows adjacent mineral concessions. To the north of the Cementos Pacasmayo S.A.A., concession is the Bayovar N° 7 concession owned by Americas Potash Peru S.A. To the east of the concession are concessions Virrila 12, Virrila 19, and Virrila 23, owned by Cementos Pacasmayo S.A.A. To the west are concessions Virrila 6, Virrila 9 and Virrila 14 owned by Cementos Pacasmayo S.A.A. and to the north is the Virrila 16 concession owned by Cementos Pacasmayo S.A.A.

Figure 19 Adjacent properties map



21. Other relevant data and information

Not applicable.

22. Interpretation and conclusions

- From a legal viewpoint, Cementos Pacasmayo S.A.A. has mining rights for the areas of exploration, development, and production of coquina to supply the cement plants for normal production during the quarry's life. It also has an agreement with Fundación Comunal San Martín de Sechura for the right of usufruct, surface and easement for the area of operations at the Virrila quarry.
- Cementos Pacasmayo S.A.A. has been complying with ISO-9001 (Quality) standards since 2015 and has implemented Quality Assurance and Quality Control (QAQC). The controls are applied for the construction of the Geological Model, Resource Estimation and Reserves Estimation.
- Cementos Pacasmayo S.A.A. has a quality assurance system in its operations that includes sample preparation methods, procedures, analysis and security, which comply with the best practices in the industry.
- The information verification and validation processes are carried out following the procedures indicated in the information flows. The validated information is congruent with the one that generated the geological models, which are the fundamental basis for the estimation of Resources.
- The geological modeling of the coquina deposit is consistent with the relationship between the information and the geological model.

- The Mineral Resources and Reserves estimation consider the geologic characteristics and modifying factors as well as due consideration of risk: geologic and associated with evaluation of modifying factors. The main quality variable is the CaO content which is very stable in the deposit, also present are other secondary variables that determine the quality of the Reserves.
- In the process of estimating Mineral Reserves and in the production plans of the quarry these variables have been adequately considered in the mining plan, properly sequenced and with blending processes. There are sufficient proven and probable Reserves for the next 30 years.
- Table 43 shows the Mineral Resources of the Virrila quarry and the results of Mineral Resource classification. Likewise, the Mineral Reserves and the results of Mineral Reserves classification are shown in Table 44.

*Table 43 Resources at the Virrila quarry in millions of tonnes (exclusive of Reserves)*

	Resources	Tonnes M	CaO (%)	SO <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	Na <sub>2</sub> O (%)	K <sub>2</sub> O (%)	Cl (ppm)
Coquina	Measured	19.9	49.68	0.61	0.66	7.21	0.23	0.20	0.08
	Indicated	28.0	48.92	1.11	1.17	7.42	0.21	0.22	0.08
	Measured + Indicated	47.9	49.24	0.90	0.96	7.33	0.22	0.21	0.08
	Inferred	4.4	46.67	2.15	1.61	9.80	0.23	0.25	0.06

*Table 44 Mineral Reserves expressed in millions of tonnes*

	Reserves	Tonnes M	CaO (%)	SO <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	Na <sub>2</sub> O (%)	K <sub>2</sub> O (%)	Cl (ppm)
Coquina	Proven	40.3	51.87	0.35	0.70	5.02	0.29	0.16	0.032
	Probable	2.7	49.78	1.08	1.42	6.45	0.25	0.20	0.096
	Total	43.0	51.73	0.40	0.74	5.11	0.29	0.16	0.036

- The cement plant located in Piura has all the equipment and facilities available to produce cement, using coquina from the Virrila quarry and other necessary materials.
- Cementos Pacasmayo S.A.A. has the SSOMASIG department, which manage the environmental aspects for quarry and cement operations in compliance with current environmental legislation and in accordance with the company's corporate policies.
- Through its Social Responsibility unit, Cementos Pacasmayo S.A.A. has generated relationships of trust with the communities surrounding its operations, which have translated into a solid relationship with our communities, identifying their primary needs in health, education, urban development, and local development.
- Infrastructure-wise, the operation at the Virrila quarry and Piura plant is technically and economically feasible due to the quarry's life. The sensitivity analysis shows that the operation is economically robust.

## 23. Recommendations

- Develop a geological exploration program surrounding the Virrila quarry to discover new coquiferous zones and other materials related to cement production.
- Maintain the QaQc program for exploration, development and production activities associated with cement production.
- It is recommended to carry out the geological interpretation of the data generated during the 2023 diamond drilling campaign, which considered the confirmation of reserves in zone 2 and zone 4, so that they can be incorporated into the respective models, which will provide them with greater support and robustness.
- Update and standardize the geological model with the information generated by the diamond drilling campaign, considering that some areas have test wells and other perforations as a source of information.
- Update the geological model and standardize the information for the estimation of Mineral Resources and Reserves, considering that some areas have test pits and other drillings as a source of information.
- Control the stripping ratio during the operation in order to achieve a reduction in production costs.

## 24. References

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## 25. Reliance on information provided by the registrant

In preparing this report, the qualified persons relied upon the registrant’s data, written reports, and statements in accordance with 17 CFR § 229.1302(f). After carefully reviewing the information provided, the QPs have no reason to believe that any material facts have been withheld or misstated. Cementos Pacasmayo provided the information as summarized in Table 42.

*Table 42 List of Cementos Pacasmayo S.A.A. information.*

Chapter	Chapter name	Information provided by CPSAA
3	Property description	Legal matters related to property rights and the authority “Instituto Geológico, Minero y Metalúrgico INGEMMET”
16	Market studies	Marketing information, ASOCEM, INEI and BCRP
17	Environmental studies, permitting, and plans, negotiations, or agreements with local individuals or groups	Community Relations and agreements with stakeholders
18	Capital and operating costs	Historical data about cost, price and investments
19	Economic analysis	The International Monetary Fund, Economic model, Macroeconomic trends, data, and assumptions, and interest rates
20	Adjacent properties	Legal matters related to property rights and the authority “Instituto Geológico, Minero y Metalúrgico “INGEMMET”

CEMENTOS SELVA S.A.C.  
Technical Report Summary (TRS)  
Tioyacu Quarry  
and  
Rioja Cement Plant  
20-F 229.601 (Item 601)  
Exhibit 96

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## 1. Executive Summary

Cementos Selva S.A.C. (CSSAC), a wholly-owned subsidiary of Cementos Pacasmayo S. A.A., is a Peruvian company whose corporate purpose is the production of cement and other products associated with the construction sector. This Technical Report Summary summarizes the Pre-feasibility study of the Tioyacu quarry located in the San Martin Region and the Rioja plant located in the same region, both owned by CSAAC. Qualified professionals from Cementos Pacasmayo have prepared the report to support the Resources and Reserves Estimates.

### 1.1. Location and access

The Tioyacu quarry contains limestone, a non-metallic mineral that is primarily used as raw material in cement production. This quarry is located in the district of Elías Soplin Vargas, Rioja Province, San Martin Region. The access route to this quarry is by land through the Fernando Belaunde Terry highway. The cement plant located in the city of Rioja is adjacent to the Tioyacu quarry.

### 1.2. Climate

The vegetation is evergreen with lianas and vines, many of which are covered by epiphytes of the Bromeliaceae family. The forests have a very heterogeneous floristic composition.

The climate in this Amazon region in northern Peru is mainly influenced by the following factors: the Intertropical Convergence Zone (ITCZ), the presence of the Eastern Cordillera of the Andes and the Extratropical Fronts.

### 1.3. History

On February 6, 1998, the public auction of the Rioja Cement Plant was held, and Consorcio Pacasmayo was awarded the contract. To comply with the terms of the auction, Consorcio incorporated and subsequently transferred ownership of the plant to Cementos Rioja S.A. The award mentioned above included, by public deed dated April 8, 1998, the non-metallic mining concession “Calizas Tioyacu.” The Tioyacu quarry began operations as Cementos Rioja S.A. in 2000.

As historical information about the quarry, a campaign of 460 meters of drilling was carried out in 05 drill holes located in the eastern flank of the “Tioyacu” limestone-dolomitic massif executed by the company Andes Diamantina S.R.L., at the end of 1982 into early 1983. The objective was to determine the feasibility of a new portland cement plant in the region of San Martin. The exploration study identified significant limestone material suitable for cement manufacturing.

In 2015, Cementos Selva S.A. commissioned Geosym Consultores S.A.C. to carry out prospecting work through drilling. A total of 06 mixed drill holes were drilled, conveniently located and distributed along the Tioyacu quarry: 02 drill holes in the southern sector, 03 drill holes in the central area, and 01 drill hole in the northern sector, to geologically evaluate the deposit and know its conditions at depth. These 06 drillings carried out in the campaign in conjunction with blast hole information and geological evaluation work allowed the inventory of Mineral Resources and Reserves to be updated.

From 2018 to the present, Cementos Selva S.A., with the help and support of mining software such as Leapfrog and Minesight has developed the updated estimates of its Resources and Reserves at the Tioyacu quarry.

On March 1, 2022, Cementos Selva S.A. changed its corporate name to Cementos Selva S.A.C. (CSSAC).

From October to November, 2023, the Rioja plant stop its operations because there was general power outage in the area.

In December 2023, Cementos Selva started a diamond drilling campaign of 6 drill holes to confirm Resources and Reserves.

#### 1.4. Geological environment and mineralization

The strata of the district of Elias Soplin Vargas, province of Rioja, San Martin region consists of Paleozoic/Mesozoic Age sedimentary formations of the Mitu Group, Pucara Group, Chambara Formation, Celendin Formation, Aramachay Formation, Condorsinga Formation, Ipururo Formation, and Quaternary Deposits.

#### 1.5. Exploration

Cementos Selva S.A.C. did not carry out any exploration activities at the Tioyacu quarry during the current year. The exploration activities described in section 1.3 describe the exploration work at the Tioyacu quarry till date.

During 2023, Cementos Selva performed a drilling campaign in the Tioyacu quarry in order to estimate Reserves, the drilling activities will continue during the 2024.

#### 1.6. Preparation of samples, analysis and security

Cementos Selva S.A.C. has implemented international standards in all its operations such as quarries and plants. The ISO 9001 standards has been implemented and certified since 2015. The certification is renewed annually through an external audit.

The SSOMASIG (Security, Occupational Health, Environment and Management Systems) department, is part of the team that determines and gives the necessary support for the maintenance of the ISO 9001 and the scope is in all the company's activities.

Cementos Selva S.A.C. has implemented QaQc protocols to develop exploration and production activities in the Tioyacu quarry and Rioja plant to ensure the quality of the information used for estimation of limestone Resources and Reserves.

With respect to the geology, CSSAC uses the XRF technique and other analytical methods to analyze the main chemical components in the limestone. In the cement plant, the raw materials for the production of clinker and cement are analyzed using methods specified in the A.S.T.M. and Peruvian Technical Standards for cement testing. The laboratory in the cement plant has properly calibrated equipment and a periodic maintenance plan.

On the other hand, the Rioja plant, through its Quality Assurance and Control area, has implemented a sampling and data verification plan, which applies to the processes of receiving minerals, crushing of materials, drying of raw materials, grinding of crude, clinkerization, grinding of cement and cement packaging

#### 1.7. Data verification

CSSAC Concerning geological activities, CPSAA has a data verification department for the geological database. This department has as its main function, the verification of data to be used in the estimation of Mineral Resources and Reserves. For the appropriate administration of information, internal protocols have been implemented that are subject to internal audits. The stages within the verification activities for the geologic data are the data collection, the administration and validation of data received from internal and external laboratories, data tracking through the confirmation of custody chains and finally, validation of data in the database that will allow the development of the Mineral Resources and Reserves model.

For data verification activities at the cement plant, the Plan, Do, Check and Act (PDCA) methodology is used. This is applied to the technical information received from the company's internal and external customers. The quality control laboratory compares the results with national and international laboratories as part of the verification procedures.

#### 1.8. Mineral processing and metallurgical test

Cementos Pacasmayo has procedures for developing products at the laboratory level and scaling at the industrial level (including at Cementos Selva S.A.C. operations). It has guidelines for preparing, reviewing, insurance, and controlling laboratory test reports. Cemento Pacasmayo has a research and development laboratory located in the Pacasmayo plant to evaluate the technical aspects of cement plants and quarry operations.

At the Pacasmayo plant, the studies conducted in the Research and Development laboratory and the Quality Control area include the substitution of fossil fuels for rice husks at the Rioja plant.

The main objective of the substitution of fossil fuels is the reduction of CO<sub>2</sub> or greenhouse gas emissions.

In 2023, CSSAC used 4,645 t of Alternative Fuel (measured as coal equivalent) in the Rioja plant. This result represented 10.82% of the total fuels used by the plant for cement production and a reduction in emissions of 12,194 t of CO<sub>2</sub>.

A significant percentage of Research and Development activities are focused on evaluating different ratios between clinker-mineral additions providing the best functional characteristics to our products and at the same time balancing the benefits generated for the company. Another objective is to identify other additions that can substitute for clinker: slag, pozzolana, fly ash, calcined clays, etc., to reduce its environmental footprint and the cost of cement production. Based on this work, the laboratory has determined (and confirmed with production estimates) that 1 tonne of limestone yields 0.79 tonnes of clinker and the clinker/cement factor of the main cements with additions is 0.72.

The Research Laboratory issues technical reports following the criteria of international standards to the operations area, which evaluates the convenience of implementing the tests industrially and validating what is reported at the laboratory level.

#### 1.9. Mineral Resources and Reserves

Cementos Pacasmayo's QPs have developed the estimation of limestone Resources and Reserves. For the evaluation, information from exploration activities carried out until 2023 has been used.

The limestone Resources are presented in Table 1. The result of the estimation of Resources considered the quality restrictions of limestone received at Rioja plant, accessibility to the Resources and legal limits inherent to the mining concessions, relevant economic and technical factors.

The minimum quality accepted is 49% CaO to be used as raw material for production. Considering the selling prices of cement at the Rioja plant, the economic evaluation used for the estimates of Resources and Reserves is shown in Chapter 19.

*Table 1 Mineral Resources (exclusive of Reserves) of Tioyacu quarry*

	Resources	Tonnes M	CaO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	K <sub>2</sub> O (%)
Limestone	Measured	0.05	50.10	0.60	1.01	5.82	0.22
	Indicated	0.5	48.01	0.67	3.32	6.23	0.19
	Measured + Indicated	0.5	48.20	0.67	3.11	6.19	0.20
	Inferred	19.8	46.34	0.37	5.97	2.67	0.14

\* No economic evaluation was performed for the Tioyacu quarry because it only has inferred resources.

The Reserves calculation considered the Resources results and the quality criteria, modifying factors, and limestone extraction costs.

The mining method used is open pit mining. The financial results are shown in Chapter 19. Table 2 presents the estimation of Reserves.

*Table 2 Mineral Reserves of Tioyacu quarry*

	Reserves	Tonnes M	CaO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	K <sub>2</sub> O (%)
Limestone	Proven	5.9	50.17	0.61	1.01	5.86	0.22
	Probable	4.4	48.07	0.72	2.18	6.84	0.21
	Total	10.3	49.28	0.66	1.51	6.28	0.22

#### 1.10. Mining Methods

Cementos Selva S.A.C., a wholly-owned subsidiary of Cementos Pacasmayo S.A.A, is the current owner of the Tioyacu quarry. Cementos Selva S.A.C. carries out the planning, production, supervision and quality control of the quarry to verify the activities and production according to the requirements of Rioja plant.

*Figure 1 Tioyacu quarry mining sequence*



The major equipment used for the production of limestone in the Tioyacu quarry is a track drill, excavator, front loader, and dump truck. Also, auxiliary equipment is necessary, like pickups, lubricator trucks, and other equipment.

The mining plan of the Tioyacu quarry considers an average annual production of 0.4 million tonnes of limestone for the next 24 years.

Based on the plant requirements and sales projection for the next 24 years, the pit design parameters for the Tioyacu quarry are inter-ramp bench slope angle, bench height, safety bench and width of ramps.

#### 1.11. Processing Plant and Infrastructure

Cement production considers the stages of raw material extraction, grinding, homogenization, clinkerization, cement grinding, silo storage and packaging, loading, and transportation. Cement is moved through conveyor belts to bagging systems to be packed in bags and then loaded onto trucks operated by third parties for distribution.

The raw materials for cement production are Limestone, Sand, Iron, Clay, Coal. The mixture of these raw materials is crude and is fed to the calcination kiln to produce clinker.

Limestone represents 73.26% by weight of the crude. Anthracite coal is also used as part of the raw material for the production of clinker. Clinker and additions are used to produce cement. The additions used in cement production are slag, pozzolana, and gypsum. Currently, the cement plant in Rioja has a clinker/cement factor of 0.76.

The Rioja plant has an electrical substation with a capacity of 12 MVA. Rioja plant uses electric power, which is supplied from the national grid.

Cementos Selva has implemented a preventive and corrective maintenance plan for equipment to prevent interruptions to cement production. Additionally, operating efficiency controls costs and operating margins.

#### 1.12. Market studies

The Peruvian cement market is geographically segmented by regions: north region, central region and south region. Diverse companies supply each region.

The main companies that comprise the cement market in Peru are: Cementos Pacasmayo S.A.A., UNION Andina de Cementos S.A.A., Yura S.A. and Cementos Selva S.A.C. Additionally, there are companies that import cement or clinker, such as Caliza Cemento Inca S.A., Distribuidora Cemento Nacional S.A.C., CEMEX Perú S.A., and Cal & Cemento Sur S.A., amongst others.

Companies that market cement in Peru follow the Peruvian Technical Standards associated with cement technical specifications.

The types of cement produced by the main cement companies of the country are Type I, Type V, Type ICO, Type IL, Type GU, Type MS (MH), Type HS, Type HE, Type MH.

Cementos Pacasmayo, a leading company in the production and sales of cement in the North Region, has market presence in the following cities: Cajamarca, Chiclayo, Chimbote, Jaén, Pacasmayo, Piura, Rioja, Tarapoto, Trujillo, Tumbes, Yurimaguas and Iquitos. The company has a Market share of over 93.8% in the north region of the country.

For Cementos Selva S.A.C. the overall shipments of the Rioja plant for 2023 were 257 thousand tonnes. It supplied 8.2% of the country's North Region cement demand, and its cement sales represented 8.8% of the three cement plant's overall shipments.

Table 3 shows the projected demand and price per ton of cement for the next 24 years.

*Table 3 Projection of demand and price for the next 24 years*

	Shipments (tonnes)	Revenue S/ x t
<b>2024P</b>	<b>308,242</b>	561.2
<b>2025P</b>	<b>374,838</b>	540.6
<b>2026P</b>	<b>382,335</b>	554.9
<b>2027P</b>	<b>383,000</b>	569.7
<b>2028P</b>	<b>383,000</b>	584.8
<b>2029P</b>	<b>383,000</b>	600.2
<b>2030P</b>	<b>383,000</b>	616.2
<b>2031P</b>	<b>383,000</b>	632.5
<b>2032P</b>	<b>383,000</b>	649.2

2033P	383,000	666.4
2034P	383,000	684.1
2035P	383,000	702.2
2036P	383,000	720.8
2037P	383,000	739.9
2038P	383,000	759.6
2039P	383,000	779.7
2040P	383,000	800.3
2041P	383,000	821.6
2042P	383,000	843.3
2043P	383,000	865.7
2044P	383,000	888.6
2045P	383,000	912.2
2046P	383,000	936.3
2047P	383,000	961.1

### 1.13. Capital, Operating costs and Economic Analysis

This document presents the cash flow analysis and an economic evaluation of the project based on the current operating costs of the Rioja plant and using information on the Tioyacu quarry for limestone production.

For the Reserves evaluation, the general and macroeconomic assumptions used for the projection of the free/economic cash flows and for the valuation are:

- Projection horizon: 24 years (2024 to 2047) according to the estimated years of quarry life.
- The annual escalation rate; 2.90%, based on based on The International Monetary Fund as of October 2023: applies equally to the sales price, costs, and expenses.
- Capital cost projections were determined using a historical ratio of annual investments and maintenance costs, which also considers the increase in production volume.
- The company's financing structure is being considered in the discount rate (WACC), which is 11.56%, not in the cash flows.
- Income tax rate: effective rate of actual (historical) business results, 29% - 30%.
- Workers' Profit Sharing: 10%.
- Exchange rate: exchange rate is assumed to remain at 3.80 (USD/PEN).

The economic analysis considers the same evaluation criteria for estimating Resources and Reserves, considering that the Tioyacu quarry is one location using the same infrastructure and mining methods. The main variables considered in the economic model for the sensitivity analysis were cement price, production cost, and Capex.

The free cash flow is constructed for the economic analysis, which does not incorporate the financing structure. The latter is considered in the weighted average cost of capital of the company (WACC) to discount future cash flows. The following financial parameters were calculated:

- 24-year mine life
- Average plant throughput of 0.4 million tonnes per year over the 24-year projection.

- Average sales price of 724.6 soles per ton of cement, on average for the 24-year projection, at nominal values.
- Revenues of 275 million soles, on average for the 24-year projection.
- Average cash production cost of 469.4 soles per ton of cement, on average for the 24-year projection, at nominal values.

The cash flow of the project is presented in Table 3 below. The NPV at a discount rate of 11.56%, is 363 million soles.

*Table 3 Free Cash Flow and valuation*

---

FCF - Valuation (Thousand S/)

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	(-) Taxes (EBIT*t)	(-) CapEx	EBITDA Planta Pacasmayo	Free Cash Flow
2024P	-18,995	-5,139	62,295	38,161
2025P	-19,398	-5,288	63,961	39,274
2026P	-21,344	-5,441	68,459	41,674
2027P	-22,095	-5,599	70,203	42,508
2028P	-22,235	-5,762	69,933	41,937
2029P	-23,287	-5,929	72,991	43,775
2030P	-23,870	-6,101	74,831	44,860
2031P	-23,762	-6,277	74,698	44,659
2032P	-24,914	-6,460	77,904	46,531
2033P	-25,463	-6,647	79,896	47,786
2034P	-25,425	-6,840	79,921	47,656
2035P	-27,187	-7,038	83,291	49,066
2036P	-28,368	-7,242	85,457	49,846
2037P	-28,376	-7,452	85,649	49,820
2038P	-29,681	-7,668	89,188	51,839
2039P	-30,482	-7,891	91,522	53,149
2040P	-30,694	-8,119	91,896	53,083
2041P	-32,186	-8,355	95,622	55,081
2042P	-33,050	-8,597	98,142	56,495
2043P	-33,175	-8,846	98,705	56,684
2044P	-34,527	-9,103	102,622	58,992
2045P	-35,440	-9,367	105,341	60,535
2046P	-35,633	-9,639	106,107	60,835
2047P	-37,061	-9,918	110,231	63,252
WACC				11.56%
Economic NPV (Thousand S/)				362,968

Sensitivity analysis was also performed to show the influence of changes in prices, operating costs, and capital costs on NPV.

Figure 1 Sensitivity of Net Present Value

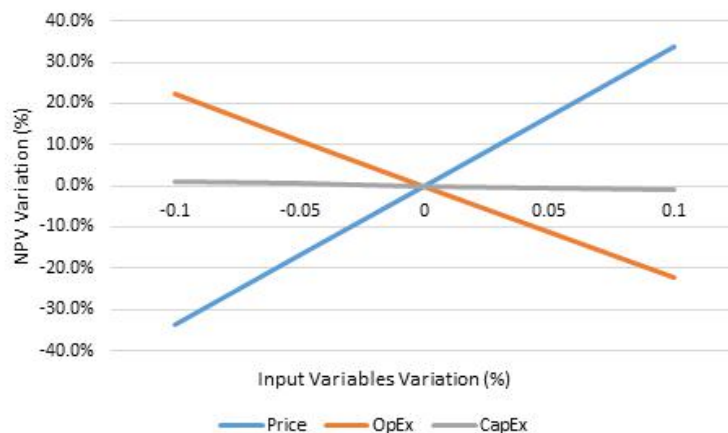
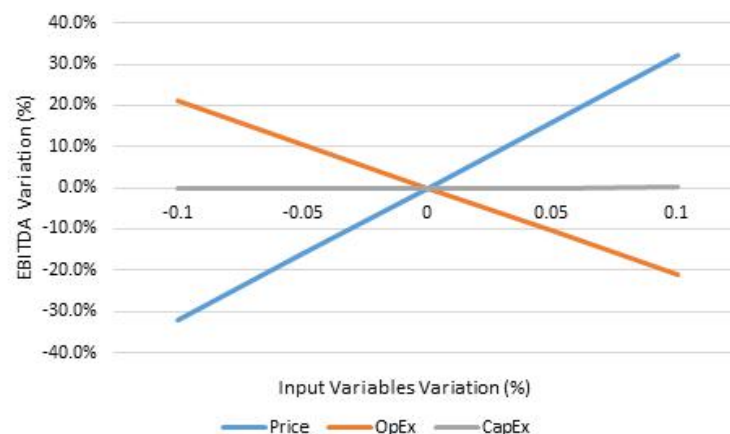


Figure 2 Sensitivity of EBITDA



#### 1.14. Adjacent properties

The Calizas Tioyacu borders to the north of the Cementos Selva S.A.C concession is the Rioja 2 concession owned by Cementos Selva S.A.C; to the east of the mining concession is the Rioja 4 concession owned by Cementos Selva S.A.C, to the southwest is the Rioja 3 concession owned by Cementos Selva S.A.C

#### 1.15. Conclusions

- From a legal point of view, Cementos Selva S.A.C has the ownership of the mining properties for the exploration, development and production of limestone to supply the cement plants for normal production during the life of the quarry.
- Cementos Selva S.A.C has been complying with international ISO-9001 standards since 2015 and has implemented Quality Assurance and Quality Control (QAQC). The controls are applied for the construction of the Geological Model, Resource estimation and Reserves estimation.
- Cementos Selva S.A.C has a quality assurance system in its operations that includes sample preparation methods, procedures, analysis and security, which comply with the best practices in the industry.
- The information verification and validation processes are carried out following the procedures indicated in the information flows. The validated information is congruent with the one that generated the geological models, and is the fundamental basis for the estimation of Resources.
- The geological modeling of the limestone deposit is consistent with the relationship between the information and the geological model.
- The Reserves estimates consider the geologic and modifying factors as well as risk. The quality variable is the CaO content which is very stable in the deposit. There also are other secondary variables that determine the quality of the Reserves.
- In the process of calculating Mineral Reserves and in the production plans of the quarry, these variables have been adequately considered in the mining plan, properly sequenced and with blending processes. There are sufficient proven and probable Mineral Reserves for the next 24 years.
- Table 5 shows the Mineral Resources of the Tioyacu quarry. Likewise, the Mineral Reserves are shown in Table 6.

Table 5 Mineral Resources (exclusive of Reserves) of Tioyacu quarry

	Resources	Tonnes M	CaO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	K <sub>2</sub> O (%)
Limestone	Measured	0.05	50.10	0.60	1.01	5.82	0.22
	Indicated	0.5	48.01	0.67	3.32	6.23	0.19
	Measured + Indicated	0.5	48.20	0.67	3.11	6.19	0.20
	Inferred	19.8	46.34	0.37	5.97	2.67	0.14

\* No economic evaluation was performed for the Tioyacu quarry because it only has inferred resources.

Table 6 Mineral Reserves of Tioyacu quarry

	Reserves	Tonnes M	CaO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	K <sub>2</sub> O (%)
Limestone	Proven	5.9	50.17	0.61	1.01	5.86	0.22
	Probable	4.4	48.07	0.72	2.18	6.84	0.21
	Total	10.3	49.28	0.66	1.51	6.28	0.22

- The cement plant located in Rioja has equipment and facilities available for cement production, using limestone from the Tiroyacu quarry and other necessary materials.
- The Health, Safety and Environment department is in charge of supervising compliance with the Company's corporate policies and the various legal requirements of the national regulatory bodies by all company areas.
- Through its Social Responsibility area, Cementos Selva S.A.C has generated relationships of trust with the communities surrounding its operations. We have a solid relationship with their communities, which includes identifying their primary needs in health, education, urban development, and local development.
- The operation in Tiroyacu quarry and Rioja plant, with respect to infrastructure, is technically and economically feasible due to the life of the quarry.
- The sensitivity analysis shows that the operation is economically robust.

#### 1.16. Recommendations

- Maintain the QAQC program for exploration, development and production activities associated with cement production.
- Include QAQC plans and density control for the subsequent diamond drilling campaigns.
- It is recommended to finish the drilling campaign that began in 2023 and carry out the geological interpretation of the data generated during the campaign, so that it can be incorporated into the Resource and Reserve model, which will provide greater support and robustness to these model.
- Implement the Geotechnical Monitoring Plan of the quarry components with the installation of slope displacement control landmarks.
- Maintain a permanent monitoring of the installed piezometers both for water levels and water quality, to evaluate the evolution of levels during the production of the Tiroyacu quarry.
- It is recommended that a geophysical study using the Georadar method to identify karst cavities within the quarry area be conducted, especially in areas of structural anomalies.

## 2. Introduction

### 2.1. Participants

This Technical Summary Report (TRS) was prepared for Cementos Selva by qualified persons (QP's) who work for Cementos Selva and Cementos Pacasmayo, who according to their qualifications and experience developed the chapters based on their expertise. Likewise, the aforementioned QPs used the Company's information sources, information validated and approved by the competent authorities in Peru and public information sources. Table 7 shows the qualified persons who prepared this document, as well as the chapters and information under their responsibility.

Marco Carrasco, who holds the position of Project Manager of Cementos Pacasmayo and is certified by the Mining and Metallurgical Society of America (MMSA) of the United States as a QP, served as the supervising QP. He acted as Project Manager, whose primary role was to compile the information received from the QPs of each chapter to have an integrated document. Each QP is responsible for the section they wrote.

### 2.2. Terms of Reference

This technical report summary was prepared as an exhibit to support disclosure of Mineral Resources and Reserves by Cementos Selva, a wholly-owned subsidiary of Cementos Pacasmayo SAA. This report summarizes the results of the Pre-feasibility study of the "Calizas Tiroyacu" property for the production of limestone using open pit mining methods. The report is effective December 31, 2023.

The limestone produced from the Calizas Tiroyacu property supplies raw material for the Rioja plant, located in the city of the same name, Cementos Selva produces cement. The annual cement production is 0.4 million tonnes per year (mtpy). Actual operating costs have been considered for the estimates and used as a basis for economic projections within the economic analysis. This technical report summary estimates Mineral Resources and Reserves according to the regulations published in Securities Exchange Commission (SEC) Form 20-F and under subpart 1300 of Regulation S-K.



The report was prepared by the qualified persons listed in Table 7 using available studies and, in some cases (see Chapter 25), relying on information provided by Cementos Pacasmayo, the registrant.

Table 7 List of Cementos Pacasmayo S.A.A. Professionals

Item	Chapter	First and Last Names	Job Position	Profession
0	Compiled all	Marco Carrasco (*)	Project Manager	Chemical Engineer
1	Executive summary	All QPs (**)		
2	Introduction	All QPs(**)		
3	Property description	Henry Vargas (***)	Environmental Coordinator	Environmental Engineer
4	Accessibility, climate, local Resources, infrastructure and physiography	Henry Vargas (***)	Environmental Coordinator	Environmental Engineer
5	History	Marco Alarcón	Quarry Superintendent	Mining Engineering
5	History	Jhonson Rodríguez	Senior Geologist	Geological Engineer
6	Geological setting, mineralization, and deposit	Jhonson Rodríguez	Senior Geologist	Geological Engineer
7	Exploration	Jhonson Rodríguez	Senior Geologist	Geological Engineer
8	Sample preparation, analyses, and security	Jhonson Rodríguez	Senior Geologist	Geological Engineer
8	Sample preparation, analyses, and security	Marco Alarcón	Quarry Superintendent	Mining Engineering
9	Data verification	Jhonson Rodríguez	Senior Geologist	Geological Engineer
9	Data verification	Marco Alarcón	Quarry Superintendent	Mining Engineering
10	Mineral processing and metallurgical testing	Marco Alarcón	Quarry Superintendent	Mining Engineering
11	Mineral resource estimates	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
12	Mineral reserve estimates	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
13	Mining methods	Marco Alarcón	Quarry Superintendent	Mining Engineering
14	Processing and recovery methods	Marco Alarcón	Quarry Superintendent	Mining Engineering
15	Infrastructure	Marco Alarcón	Quarry Superintendent	Mining Engineering

16	Market studies	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
17	Environmental studies, permitting, and plans, negotiations, or agreements with local individuals or groups	Henry Vargas (***)	Environmental Coordinator	Environmental Engineer
18	Capital and operating costs	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
19	Economic analysis	Jason Gamio (****)	Chief of Planning and Evaluation of Resources and Reserves	Geological Engineer
20	Adjacent properties	Henry Vargas (***)	Environmental Coordinator	Environmental Engineer
21	Other relevant data and information	All QPs (**)		
22	Interpretation and conclusions	All QPs (**)		
23	Recommendations	All QPs (**)		
24	References	All QPs (**)		
25	Reliance on information provided by the registrant	All QPs (**)		

(\*) Marco Carrasco, who holds the position of Project Manager of Cementos Pacasmayo compiled the information received from the QPs of each chapter to have an integrated report. Each QP is responsible for the section they wrote.

(\*\*) Henry Vargas, Jhonson Rodríguez, Marco Alarcón and Jason Gamio

(\*\*\*) Henry Vargas joined Cementos Pacasmayo as Environmental Coordinator in (December 2022).

(\*\*\*\*) Jason Gamio assumed new responsibilities as Chief of Planning and Evaluation of Resources and Reserves in April 2023.

### 2.3. Conventions

Unless otherwise indicated in the report, all currencies are in soles and all measurements and units are in the metric system. The Tioyacu quarry is located within the boundaries of the WGS84 two-dimensional geographic coordinate reference system, in the UTM 18S (Universal Transverse Mercator) zone. All coordinates referenced in this report and in the accompanying figures, tables, maps and sections are provided in the WGS84 coordinate system, UTM 18S zone, unless otherwise indicated.

### 2.4. Previous Work and Sources of Information

The information used is sufficient to allow this TRS to be completed with the level of detail required by Regulation S-K subpart 1300. The information used included exploration results from the various drilling campaigns, actual information from Cementos Selva's operations, information submitted to and approved by the corresponding authorities, and public information in organizations specialized in the cement industry. The list of sources of information is presented in Chapter 24 of this report.

### 2.5. Details of QP Personal Inspection

The QP's who developed this document visited the Tioyacu quarry and the Rioja plant as part of their activities for 2023.

*Table 7 QP's field visit*

Item	First and Last Names	Job Position	Profession	Field visit
1	Henry Vargas	Environmental Coordinator	Environmental Engineer	Mr. Vargas has visited the Tioyacu quarry and Rioja plant multiple times. The last visit to the Tioyacu quarry and Rioja Plant was in October 2023. During this visit, Mr. Vargas inspected the environmental monitoring points, solid waste areas, raw material warehouse, and the administrative area of the Pacasmayo plant and Tembladera quarry to verify the environmental controls.
2	Jhonson Rodríguez	Senior Geologist	Geological Engineer	Mr. Rodríguez has regularly visited the Tioyacu quarry and Rioja plant, most recently in November 2022. He visited core facilities and discussed grade control, geological mapping, exploration and delineation drill practices, diamond drill core logging, quality assurance, quality control (QA/QC), and laboratories. During 2023, he coordinated with operational staff about the items above.
3	Marco Alarcon	Quarry's Superintendent	Mining Engineering	Rioja plant and Tioyacu quarry, all year as part of his duties.
4	Jason Gamio	Chief of planning and evaluation of resources and reserves	Geological Engineer	Mr. Gamio has regularly visited the Tioyacu quarry and Rioja plant, most recently in November 2022, visiting core facilities, discussing grade control, geological mapping, exploration, and delineation drill practices, diamond drill core logging, quality assurance, and quality control (QA/QC), raw material storage and mineral reserve estimation practices.

### 2.6. Previously Filed Technical Report Summary

This Technical Report Summary (TRS) updates the previously filed technical report summary for the property. The previously filed TRS is the "Technical Report Summary (TRS), Tioyacu Quarry and Rioja Cement Plant 20-F 229.601", which was filed as Exhibit 96.3 of the CPSAA's Annual Report on Form 20-F filed with the SEC on April 28, 2022 (File No. 001-35401).

## 3. Property description

### 3.1. Tioyacu quarry

The quarry is located in Elías Soplin Vargas District, Rioja Province, San Martín Region close to the Rioja plant.

The Peruvian State granted the mining right to Cementos Selva S.A.C. to carry out exploration and production activities that allow non-metallic minerals found in the subsurface through mining concessions.

The mining rights registered with the authority, Instituto Geológico Minero y Metalúrgico (INGEMMET) are as follows Moyobamba 98, Pajonal 2, Rioja 1, Rioja 2, Rioja 3, Rioja 5, Rioja 6, Rioja 7, Rioja 8, Rioja 9, Calizas Tioyacu, Arcillas el Pajonal, Pajonal 3 and Pajonal 4. The area of the mining property is 9,600 hectares.

The mining rights (the mining concession title) are granted by INGGEMMET of the Energy and Mines Sector through a Presidential Resolution. It is determined to include the mining rights in the Rioja Economic-Administrative Unit (UEA).

On March 15, 2016, by Presidential Resolution No. 0140-2016-INGEMMET/PCD/PM, the competent authority granted to Cementos Selva S.A.C the Riojaa Economic-Administrative Unit (UEA), with code No. 01-00005-04-U of Cementos Selva S.A.C. These mining rights included 15 mining concessions.

*Table 9 UEA Rioja Concessions*

N°	Code	Name	Hectares	Material
1	10912695	ARCILLAS EL PAJONAL	200	Non Metallic
2	10912495	CALIZAS TIOYACU	400	Non Metallic
3	10062498	MOYOBAMBA 98	100	Non Metallic
4	10133998	PAJONAL 2	400	Non Metallic
5	10073705	PAJONAL 3	800	Non Metallic
6	10073605	PAJONAL 4	300	Non Metallic
7	10157996	RIOJA 1	1,000	Non Metallic
8	10158096	RIOJA 2	1,000	Non Metallic
9	10158196	RIOJA 3	1,000	Non Metallic
10	10158296	RIOJA 4	800	Non Metallic
11	10158396	RIOJA 5	1,000	Non Metallic
12	10158496	RIOJA 6	400	Non Metallic
13	10158596	RIOJA 7	1,000	Non Metallic
14	10158696	RIOJA 8	1,000	Non Metallic
15	10158796	RIOJA 9	1,000	Non Metallic

On February 09, 2022, by Report No. 1003-2022-INGEMMET/DCM/UTM, the competent authority has notified the exclusion of the Rioja 4 concession with code 10158296 from the Rioja UEA with code No. 01-00005-04-U.

The UEA Rioja is conformed by the following concessions:

*Table 10 UEA Rioja Concessions*

N°	Code	Name	Hectares	Material
1	10912695	ARCILLAS EL PAJONAL	200	Non Metallic
2	10912495	CALIZAS TIOYACU	400	Non Metallic
3	10062498	MOYOBAMBA 98	100	Non Metallic
4	10133998	PAJONAL 2	400	Non Metallic
5	10073705	PAJONAL 3	800	Non Metallic
6	10073605	PAJONAL 4	300	Non Metallic
7	10157996	RIOJA 1	1,000	Non Metallic
8	10158096	RIOJA 2	1,000	Non Metallic
9	10158196	RIOJA 3	1,000	Non Metallic
10	10158396	RIOJA 5	1,000	Non Metallic
11	10158496	RIOJA 6	400	Non Metallic
12	10158596	RIOJA 7	1,000	Non Metallic
13	10158696	RIOJA 8	1,000	Non Metallic
14	10158796	RIOJA 9	1,000	Non Metallic

Table 11 shows the UTM central coordinates of the Rioja Economic Administrative Unit (UEA).

*Table 11 Central coordinates of the UEA Rioja property*

North	East	Radius	Zone
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In accordance with this, the Rioja UEA includes fourteen (14) non-metallic mining rights with an extension of 9,600.00 hectares, in favor of Cementos Selva S.A.C., owner of said rights; located in the Districts of Rioja / Awajun / Elias Soplin Vargas / Nueva Cajamarca / Posic, Province of Rioja and department of San Martin.

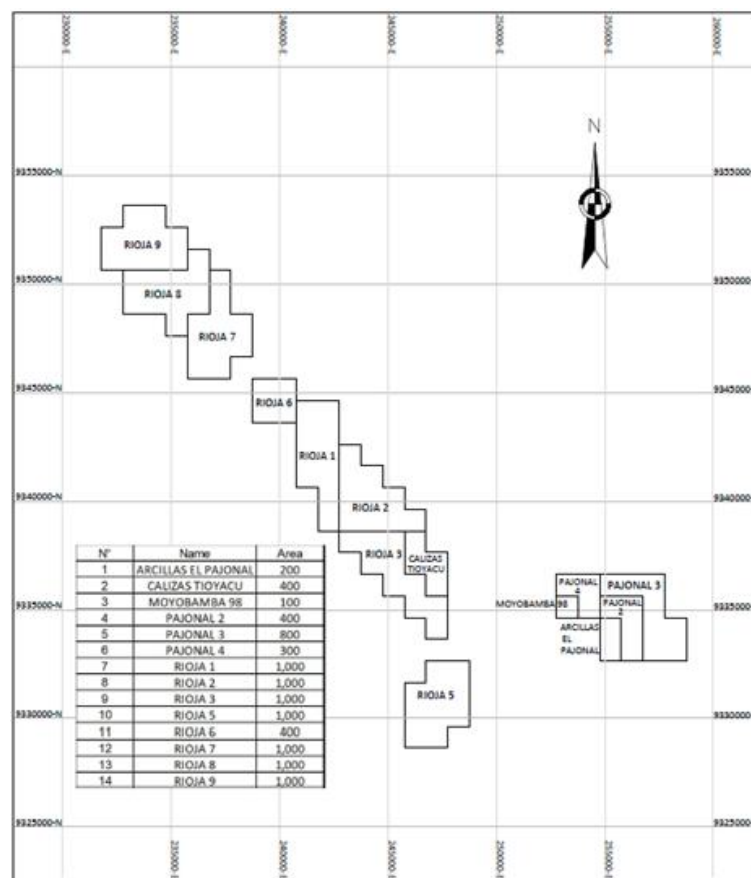
Cementos Selva S.A.C. complies annually with the payments for the rights to the UEA Rioja concessions.

These payments must be made from the first business day of January to June 30 of each year, CSSAC provides the Financial Entities in charge of receiving the payments with the SINGLE CODE (see Table 10) of its mining rights, to comply with its obligation.

In the case of Rioja concessions, the payment is equivalent to US\$3 per hectare.

Likewise, Cementos Selva S.A.C. pays royalties to the State as established by the Authority in Law N° 28258 and its amendment N° 29788.

Figure 4 UEA Rioja map



### 3.2. Rioja plant

The Rioja plant is located in the district of Elías Soplin Vargas, province of Rioja, San Martin region; on land owned by the Company that occupies a total area of 28.16 hectares, duly registered in File No. 4273, Electronic Record No. 05004085 of the Land Registry of Moyobamba, Registry Zone No. III, Moyobamba Headquarters.

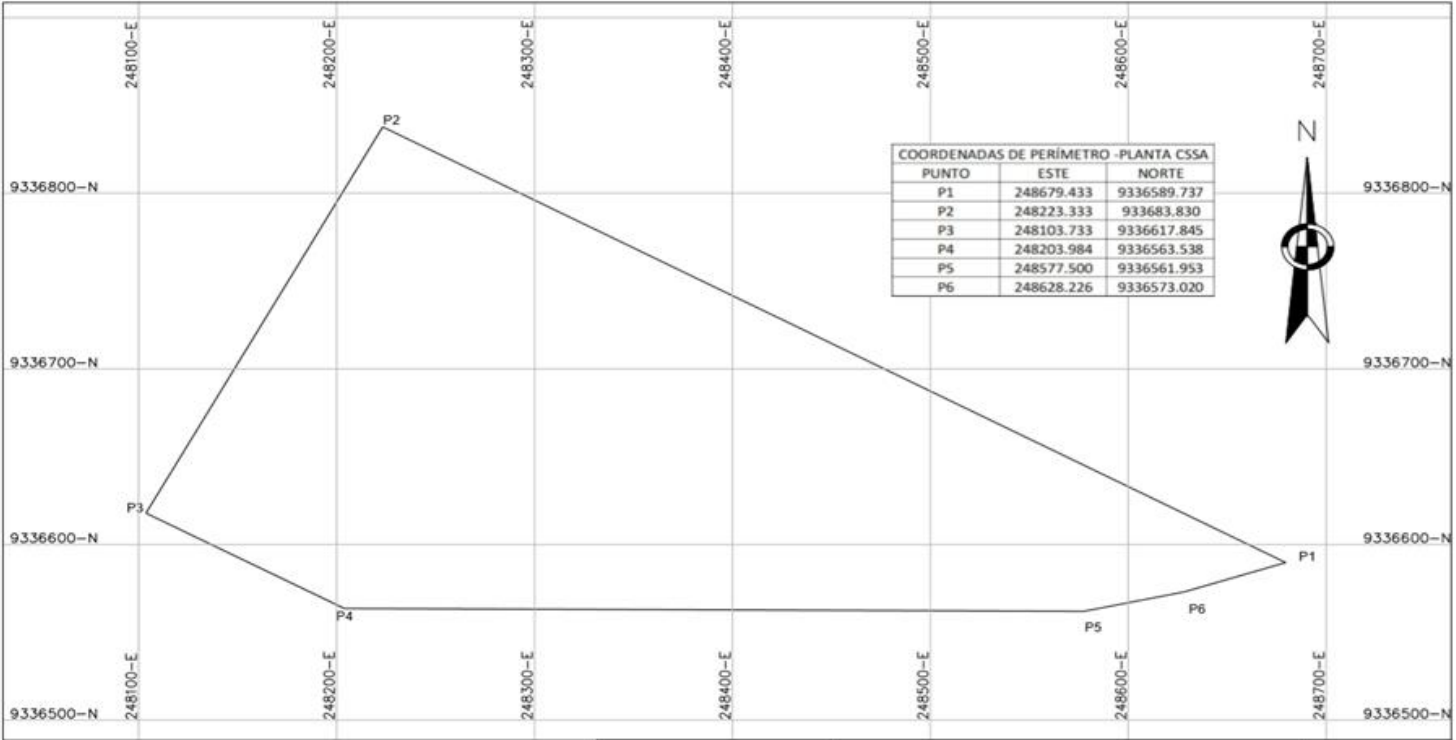
Table 11 shows the UTM coordinate of the centroid of the Rioja plant.

Table 11 Central coordinates of the Rioja plant

North	East	Radius	Zone
248338.19	9336658.96	200.00	18

According to the Organic Law of Municipalities (Law 27972), Cementos Selva S.A.C. must pay the annual property tax for the property described above.

Figure 4 Rioja plant map



4. Accesibility, climate, local resources, infrastructure and physiography

4.1. Tioyacu quarry and Rioja plant

Cementos Selva S.A.C. is an industrial company dedicated to the production of cement. Its Tioyacu quarry provides limestone as raw material for cement production.

The Tioyacu quarry is geographically located in the district of Elías Soplin Vargas, province of Rioja, department of San Martín, approximately 14.46 km from the city of Rioja.

Topography

The study area consists mainly of hillsides with slopes ranging from 25% to more than 75%, terraces of alluvial origin, with slopes of less than 8% and slightly undulating, and small hillsides. The Tioyacu quarry has an average altitude of 900 meters above sea level.

Vegetation

The vegetation is evergreen with lianas and vines, many of which are covered by epiphytes of the Bromeliaceae family. The forests present a very heterogeneous flora composition.

Access

By air is from Lima – Tarapoto in a 1.5 hour flight, and by land from Tarapoto to Tioyacu quarry for a journey of 3 hours.

Access to the Tioyacu quarry is via the Fernando Belaunde Terry highway, which crosses the district of Elías Soplin Vargas from south to north.

## Climate

The climate in this Amazon region in northern Peru is mainly influenced by the following factors: the Intertropical Convergence Zone (ITCZ), the presence of the Eastern Cordillera of the Andes and the Extratropical Fronts.

## Physiography

The study area has landforms that have been generally classified as large plains landscape and mountainous landscape (mountain slopes).

## Local Resources

The Tioyacu quarry is operated by Cementos Selva S.A.C personnel. The quarry is located 13.7 kilometers from the town of Rioja, which has the resources of a city.

Power is supplied by the 60 kV Rioja - Nueva Cajamarca transmission line owned by Electro Oriente.

The company has a water use license for industrial purposes, with its water catchment point located in the Tioyacu River. The National Water Authority issued the authorization R.A. N° 100-2010-ANA-ALA ALTOMAYO.

## 5. History

On February 6, 1998, the public auction of the Rioja plant was held, and Consorcio Pacasmayo was awarded the contract. To comply with the terms of the auction, Consorcio incorporated and subsequently transferred ownership of the plant to Cementos Rioja S.A. The award mentioned above included, by public deed dated April 8, 1998, the non-metallic mining concession "Calizas Tioyacu." The Tioyacu quarry began operations as Cementos Rioja S.A. in 2000.

At the end of 1982 and beginning of 1983 a campaign of 460 meters of drilling was carried out in 05 drill holes located in the eastern flank of the "Tioyacu" limestone-dolomitic massif executed by Andes Diamantina S.R.L. The objective was to determine the feasibility of a new portland cement plant in the department of San Martín. The exploration study identified limestone suitable for cement manufacturing.

In 2015, Cementos Selva S.A.C. commissioned Geosym Consultores S.A.C. to carry out prospecting work through drilling. A total of 06 drill holes were drilled, conveniently located and distributed along the Tioyacu quarry (02 holes in the southern sector, 03 holes in the central area, and 01 hole in the northern sector) to geologically evaluate the deposit and know its characteristics at depth.

These 06 drillings together with blast holes information and geological evaluation work allowed Cementos Pacasmayo to update the inventory of Mineral Resources and Reserves.

From 2018 to the present, Cementos Selva S.A.C., with the help and support of mining software such as Leapfrog and Minesight has updated its Resources and Reserves at the Tioyacu quarry.

On March 1, 2022, Cementos Selva S.A. changed its corporate name to Cementos Selva S.A.C. (CSSAC).

From October to November, 2023, the Rioja plant stop its operations because there was general power outage in the area. During 2023, Cementos Selva performed a drilling campaign in the Tioyacu quarry in order to confirm Reserves.

## 6. Geological setting, mineralization, and deposit

### 6.1. Regional geology

The strata of the district of Elías Soplin Vargas, province of Rioja, San Martín region consists of Paleozoic/Mesozoic Age sedimentary strata of the Mitu Group, Pucara Group, Chambara Formation, Celendín Formation, Aramachay Formation, Condorsinga Formation, Ipururo Formation, and Quaternary Deposits.

Figure 6 Regional stratigraphic column

ERAT	SYSTEM	SERIES	STRATIGRAPHIC UNITS		INTRUSIVE ROCKS
CENOZOIC	QUATERNARY	Holocene	Q-fl	Fluvial Deposit. - Gravels with rounded clasts enveloped in a Sandy matrix with small Sandy lenes found along the river forming terraces	
			Q-al	Alluvial Deposit. - Accumulations of gravel polymictic sand, silts with rounded, sub rounded clast, located in streams and with certain classification.	
	NEOGENE	Pliocene	Nmp-i	Ipururo Formation. - Silts with soft clasts of shales, Green shales, burole shales interbedded with quartz sandstones.	
	PALEOGENE			discordance	
MESOZOIC	CRETACEOUS	Upper	Ks-v	Vivian Formation. - Fine white quartz sandstone of fine to medium grain, intercalated very thin layers of siltstone.	Diorite
		Lower	Kls-ch	Chonta Formation - Cream to gray limestones, marls and greenish-gray shales.	
			Ki-o	Group Oriente. - White quartz sandstones, with intercalation of shales and greenish gray siltstones.	
	JURASSIC	Upper	Js-s	Sarayaquillo Formation. - Fine- to medium-grained reddish-brown sandstones and is cross-stratified with levels of red and green shales and red siltstones.	
		Middle			
		Lower	Ji-c	Condorsinga Formation. - Whitish-gray massive limestones in strata of 20 to 60 cm.	
	TRIASSIC		Ji-a	Aramachay Formation. - Yellowish gray limestone, intercalated with dark brown siltstones with ammonites.	
		Upper	Ts-ch	Chambara Formation. - Massive stratified limestones in strata of 1 to 3 m of dark gray odor.	
		Lower		discordance	
				Angular	
PALEOZOIC	PERMIAN	Upper	PET-m	Mitu Group. - Conglomerates with rounded to sub rounded quartzite clasts intercalated with levels of red sandstones.	
	CARBONIFEROUS		Co-t	Tarma Group. - Greenish-gray schists with presence of greenish-gray limestone levels.	

## 6.2. Local geology

A lithological series of continental marine facies of limestones, marls, and dolomites have been identified in the quarry area. The classification of carbonate rocks based on the percentage of magnesium carbonate and clays, proposed by J.R.V Brooks (1896) and modified by J.A. Martinez-Alvarez, was used.

In the Tioyacu quarry, ten types of rocks were classified, corresponding to a sequence of limestones, magnesian limestones, dolomitic limestones, dolomitic marly limestones, marly limestones, marls, calcareous marls, clayey marls, dolomites, and calcareous dolomites. Overlying this formation are recent Quaternary deposits, consisting mainly of alluvial deposits comprised of colluvium and terraces with blocks and gravels in a sandy clay matrix.

Figure 7 Local stratigraphic column of the Tioyacu quarry.

Stratigraphic Column of the Tioyacu Quarry					
AGES	FORMATION	STRATIGRAPHIC COLUMN	NOMENCLATURE	LITHOLOGIC DESCRIPTION	AVERAGE POTENCY (m)
DENOZOIC QUATERNARY	ALLUVIAL DEPOSIT		TOP SOIL	GRAVELLY-SANDY CLAYS, LIGHT TO DARK BROWN, FINE-GRAINED, OF NEGLECTABLE THICKNESS	0.20 A 2
MESOZOIC	LOWER JURASSIC	PUCARÁ GROUP - CONDORSINGA FORMATION	MAGNESIAN LIMESTONE	LIGHT GRAY COLOR, FINE GRAIN.	25
			DOLOMITE	LEAD COLOR WITH WHITISH SHADES, FINE TO COARSE GRAIN.	39
			DOLOMITIC LIMESTONE	LIGHT GRAY COLOR, FINE GRAIN	8
			DOLOMITIC LIMESTONE MARLSTONE	LIGHT GRAY COLOR, FINE GRAIN	9
			MAGNESIAN LIMESTONE	LIGHT GRAY COLOR, FINE GRAIN	22
			DOLOMITIC LIMESTONE	LIGHT GRAY COLOR, FINE GRAIN	6
			DOLOMITIC LIMESTONE MARLSTONE	LIGHT GRAY COLOR, FINE GRAIN	6
			LIMESTONE	LEAD COLOR WITH WHITISH SHADES, FINE TO COARSE GRAIN.	15
			DOLOMITE	LEAD COLOR WITH WHITISH SHADES, FINE TO COARSE GRAIN.	18
			LIMESTONE	LIGHT GRAY COLOR, FINE GRAIN.	24
			MARLY LIMESTONE	LIGHT GRAY COLOR WITH DARK SHADES, FINE GRAIN.	16
			LIMESTONE	LIGHT GRAY COLOR.	35
			MARLY LIMESTONE	LIGHT GRAY COLOR WITH DARK SHADES, FINE GRAIN.	34

### 6.3. Characteristics of the deposit

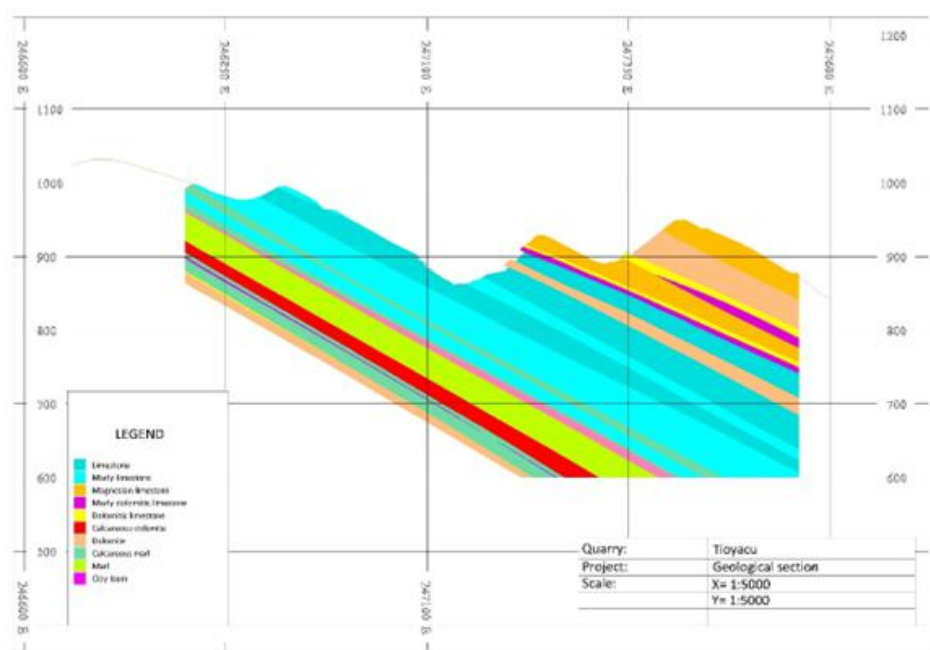
Table 13 shows the main characteristics of the deposit.

Table 13 Characteristics of Tioyacu quarry

Quarry	Average Width (m)	Total Length (m)	Thickness (m)	Average depth (m)		Continuity
				Top Elevation	Lower elevation	
Tioyacu	450	1200	150	1000	820	It is a sedimentary limestone deposit whose continuity is controlled longitudinally by the limestone outcrop, laterally by fault structures and at depth by the water table.

Figure 8 Geological Section of the Tioyacu quarry





## 7. Exploration

### 7.1. Drilling

Cementos Selva's exploration activities at the Tioyacu quarry property involve drilling to characterize the geology adequately.

Table 14 Drilling campaigns in Tioyacu quarry

Drilling Campaign	Date	N° of holes	Holes diameter	Type of sampling	Objective
1	1983	5	HQ	Core sampling	Exploration
2	2015	6	HQ	Core sampling	Exploration
3	2023	6	HQ	Core sampling	Reserves Confirmation

### 7.2. Hydrogeology

During 2023, Cementos Selva did not conduct hydrogeological studies. The last hydrogeological studies were conducted during 2015 and the information was presented in the previously filed TRS titled "Technical Report Summary (TRS), Tioyacu Quarry and Rioja Cement Plant 20-F 229.601", which was filed as Exhibit 96.3 of the CPSAA's Annual Report on Form 20-F filed with the SEC on April 28, 2022 (File No. 001-35401).

As stated in the previous TRS, Cementos Pacasmayo hired Geosym Consultores S.A.C (2015) to developed the investigations through 04 hydrogeological borings with piezometers, 19 Lefranc and Lugeon permeability tests were executed, 01 Slug Test, and 02 Air Lift tests, physical-chemical parameter readings, gauging with use of current meter and groundwater sampling. The hydrogeological study included the evaluation of 04 piezometers. Geosym Consultores S.A.C concluded that the groundwater is above the current topographic elevation.

As per the previous TRS, CPSAA hired Consultora Minera Minconsult S.R.L to define the hydrogeological characteristics of the quarry.

### 7.3. Geotechnical studies

During 2023, Cementos Pacasmayo did not conduct geotechnical studies. The last geotechnical studies were conducted during 2015 and the information was presented in the previously filed TRS titled "Technical Report Summary (TRS), Tioyacu Quarry and Rioja Cement Plant 20-F 229.601", which was filed as Exhibit 96.3 of the CPSAA's Annual Report on Form 20-F filed with the SEC on April 28, 2022 (File No. 001-35401).

As per the previously filed TRS, the geotechnical studies concluded, based on the geotechnical test work that the current slopes at the Tioyacu quarry are stable for static and pseudo-static loading conditions, with safety factors above the minimum recommended for operating conditions. The studies also recommended geotechnical design criteria including a single bench height between 4 and 6 m, inter-ramp angles between 35° and 44°. The recommended bank angles and bench angles are 65°.

## 8. Sample preparation, analysis, and security

This Chapter describes the preparation, analysis and security of the samples used for the geology, quarry and cement plant operations.

### 8.1. Geology and quarry

Cementos Selva S.A.C. has implemented international standards in all its operations such as quarries and plants. The ISO 9001 standard has been implemented and certified since 2015. The certification is renewed annually through an external audit.

The SSOMASIG department (Security, Occupational Health, Environment and Management Systems), is part of the team that determines and gives the necessary support for the maintenance of the ISO 9001 and the scope is in all the company's activities.

The Geology department has protocols for the activities of sample preparation methods, quality control procedures, security and other activities.

#### 8.1.1. Preparation of samples, procedures, assays and laboratories

Samples obtained from the drill holes are placed in holders to be duly coded, cut, bagged and sent to the laboratory at the Rioja plant and are occasionally sent to an external laboratory following the company's procedures.

Certimin S.A. is used as an external laboratory for chemical analysis. Certimin S.A. is a Peruvian laboratory that is certified in ISO 9001, ISO 14001, ISO 45001, NTP-ISO/IEC 17025 Accreditation, and has a membership in ASTM. This laboratory has modern facilities for the development of mining services associated with the cement industry and technical support in the geochemical field for national and international companies.

For the limestone samples, the laboratory analyses evaluate CaO, MgO, Al<sub>2</sub>O<sub>3</sub>, SiO<sub>2</sub>, Fe<sub>2</sub>O<sub>3</sub>, SO<sub>3</sub> and Cl. Once received in the laboratory, the properties of the limestone to be used in cement production are analyzed.

#### 8.1.2. Quality Assurance Actions

Cementos Selva S.A.C has developed quality assurance actions, which guarantees the accuracy of the results in the sampling, in the preparation and analysis of the samples.

#### 8.1.3. Quality Plan

Cementos Selva S.A.C. has implemented QAQC protocols for the development of exploration and production activities in the Tioyacu quarry in order to ensure the quality of the information used in the estimation of Resources and Reserves.

Based on the information and samples from the 2015 drilling campaign were re-analyzed to re-evaluate the deposit. As part of the procedure, twin and duplicate samples were inserted, representing 5.16% and 10.32% as insertion ratio. Calcium (CaO), which is the main component of the limestone for cement production, was analyzed. The quality control (CaO) results showed that the Twin samples had an error of 3.08%, which is within the acceptable range (30%). The percentage of good samples was 100%. On the other hand, the quality control results of the duplicate samples showed an error of 0.94% (Coarse Duplicate) and 1.72% (Fine Duplicate), which is below the allowable error of 20%. The percentage of acceptable samples was 100%.

The quality plan implemented by Cementos Selva for the quarries includes the insertion of blanks, duplicates and standards, in order to control the precision, accuracy and contamination in the samples.

*Table 15 Quality Plan of the Tioyacu quarry*

Blanks	Duplicates	Standards	Remark
1 control sample for each batch of 20 samples.	2 control sample for each batch of 20 samples.	1 control sample for each batch of 20 samples.	Cementos Pacasmayo protocol "OM-GL-PRT-0023-R0".

#### 8.1.4. Sample security

Cementos Selva S.A.C. has implemented QAQC protocols for the development of exploration and production activities in the Tioyacu quarry in order to ensure the quality of the information that allows the estimation of Resources and Reserves.

Cementos Selva S.A.C. has a specific area for the storage of the samples obtained during the drilling campaigns; the samples are properly stored in order to preserve their quality.

The necessary materials for storage and transport of the samples were provided. Sampling cards were also implemented with information on the name of the project, name of the borehole to be sampled, date of sampling, sampling interval, sampling management, sampling and type of sample or control sample.

All samples were labeled and a photographic record is available. The photographic record of each sampling bag is made together with the weighing of the sample.

#### 8.1.5. Chain custody

Cementos Selva S.A.C. has implemented actions to ensure the physical security of samples, data and associated records; the traceability of the sample from its generation to its analysis and subsequent conservation of rejects and pulps. At the Tioyacu quarry, core samples are duly stored in the coreshack.

#### 8.1.6. Qualified person's opinion on quarry QaQc

In the authors' opinion, Cementos Selva S.A.C. has been complying with the international standards of ISO-9001 since 2015 and implemented Quality Assurance and Quality Control (QAQC). Cementos Selva S.A.C. has used a QAQC check program comprising blank, standard and duplicate samples. The QAQC shipping rate used complies with accepted industry standards for insertion rates, as well as the actual sample storage areas and procedures are consistent with industry standards.

Protocols in the different exploration and production processes are strictly complied with. There is information on sample preparation methods, quality control measures, sample security and these results are accurate and free of significant error. The information in this report is adequate for use in the construction of the Geological Model, Resource estimation and Reserve estimation.

### 8.2. Rioja plant

#### 8.2.1. Sample preparation, procedures, assays and laboratories

Cementos Selva S.A.C. has a quality plan for each of its operations, part of the corporate quality system.

Within the quality plan (S-CC-D-05 - Quality Plan), samples of raw materials such as limestone, clay, iron and coal are evaluated in the Rioja plant laboratory, where they are analyzed to determine the chemical composition of each material for the production of cement.

The procedures applied are wet chemical analysis of clinker and cement, wet physical and chemical analysis of crude and raw materials, general XRF procedures, physical-chemical analysis for coal samples, and physical tests for cements based on ASTM, NTP (Peruvian Technical Standard), and ISO standards.

##### 8.2.1.1. Raw materials sample preparation

For preparation of samples, staff follow the sample collection and preparation procedure, which consists of primary and secondary crushing, and reduction of the sample size by coning and quartering followed by pulverizing the sample in a ring mill.

##### 8.2.1.2. Laboratory Analysis

The laboratory at Rioja plant has implemented the ISO 9001 standard; also, it has calibrated equipment, with a calibration and maintenance program established by the laboratory area. The main equipments in the laboratory at Rioja plant are the XRF fluorescence equipment and the compressive strength press, which are maintained annually and have inter-daily verification.

The tests for air content, fineness, autoclave expansion, compressive strength and setting time, and Vicat are made for all types of cements. The autoclave expansion, 14-day mortar expansion, SO<sub>3</sub>, MgO, loss on ignition, insoluble residue, and C3A and 2 C3A+ C4AF tests only apply to some specific cements.

### 8.2.2. Quality Assurance Actions

The sampling plan, frequency of tests and data verification applies to the processes of reception of raw materials, crushing of materials, drying of raw materials, grinding of raw materials, clinkerization, grinding of cement and packaging of cement.

*Table 16 Tests and frequency for each stage of the process*

Stage	Tests	Frequency
Reception of raw materials	X-ray Chemical Analysis, Moisture, Sulfur / Total Moisture, Ash, Calorific power, Chemical Analysis by XRF, R.I. (weekly).	Daily 1 time.
Crushing raw materials	Chemical Analysis by XRF, Moisture (every 2 hours), P.F (8 hours composite).	Every hour.
Drying raw materials	Moisture	Every 2 hours.
Crude grinding	XRF Chemical Analysis, Moisture (Every 2 hours), P.F , RM-170.	Each 2 hour up to 8 hours.
Clinkerization	Chemical Analysis by XRF, P.F, f-CaO / Liter Weight.	Every 2 hours.
Cement grinding	Chemical Analysis by XRF, P.F, f-CaO, Blaine, R.I., RM 325, RM 450, Setting time, Autoclave Expansion, Compressive Strength.	Every 2 hours up to 1 time per Silo.
Cement packing	Chemical Analysis by FRX, P.F, f-CaO, R.I. (in type I) / Blaine, RM 325, Setting, Autoclave Expansion, Compressive Strength, Air Content, Density and Expansion of the Mortar Bar (only in type GU).	1 time per day per type of cement.

The quality plan implemented by Cementos Selva for the cement plants includes the insertion of blanks, duplicates and standards, in order to control the precision, accuracy and pollution in the samples.

*Table 17 Quality Plan of Rioja plant*

Blanks	Duplicate	Standard	Comment
50	250	11 for cement (NIST) 01 for coal (LeCo)	Blanks only apply when spot-checks are performed by Classical methods

The Rioja plant has a QAQC plan, which includes the items mentioned in Table 17. Likewise, the results for the period 2023 show 50 blank samples, 250 duplicate samples, and 16 standard samples. They are below the error limits.

As part of the quality plan, the laboratory evaluates its performance through external interlaboratory; in this sense, the laboratory participates in 02 interlaboratory:

- CCRL: Compliance greater than 97% in qualification Z Score > 4
- XAMTEC: Qualification greater than 99%.

Likewise, quality actions includes control of finished products, control on non-conforming products, validation of silos, density analysis, QaQc program, quality plan and quality control parameters for raw materials received at the Rioja Plant.

### 8.2.3. Sample security

Cementos Selva S.A.C. has implemented QaQc protocols for the development of cement production activities at the Rioja plant, in order to ensure the quality of the information that allows the estimation of the Resources and Reserves of the deposit.

Sample preparation methods are; Sampling and preparation of crude, clinker, and cement samples, Sampling and preparation of raw material samples, and Preparation of coal samples for laboratory analysis.

The testing procedures are wet chemical analysis of clinker and cement, general XRF procedures, wet physical and chemical analysis of crude and raw materials, physical-chemical analysis for coal samples, physical tests for cements and quality plan.

Likewise, the control parameters are for raw material input, crude production, clinker production, cement grinding, sampling plan, frequency of tests for raw materials, and sampling plan and frequency of tests for cement.

### 8.2.4. Qualified Person's Opinion on cement plant QaQc

Cementos Selva S.A.C. has a Quality Assurance unit, which ensures compliance with the requirements for finished products specified in the technical product standards, based on Peruvian technical standards and traceable to the American Society for Testing and Materials (ASTM).

In this sense, in the author's opinion, the quality assurance system at the Rioja plant, which includes preparation methods, procedures, analysis and security, complies with the best practices in the industry, thus ensuring that the final customer has confidence in the quality level of the products marketed by Cementos Selva

## 9. Data verification

This Chapter shows the data verification activities for the geology, quarry and cement plant.

### 9.1. Geology and quarry

#### 9.1.1. Data Verification procedure

CSSA has a unit specialized in the compilation, verification and standardization of information for the geological database. Its main function is the validation of the data to be used in the estimation of Mineral Resources and Reserves. For the proper management of the information, internal protocols have been implemented which are subject to internal audits.

#### 9.1.2. Data collection

The Data collection applies to exploration activities. For diamond drilling, the process flow for planning and execution of drillings, survey methods for reporting drill collars and ddh / verification of the quality of information and recovery process of the core information. In addition, for geological sampling activities, the processes flowsheet, validation and consistency of sample information, sample preparation and testing, density, registration process and digital photographic storage are used.

#### 9.1.3. Management and Validation of Database

The stages for management and validation of database are the recovery, processing and storage of the database. Which includes database development process flow, information standardization and integration process, information storage strategy, appropriate database technology, structure and practicality of the database system that allows a fast and flexible access and input of information, and validation of chemical results, which includes the QaQc report.

#### 9.1.4. Tracking Data

The consistency between the database records and the original registry was verified by the QPs 2023. No differences were detected between the database and the log files. A digital copy of all records is kept as pdf files. Digital certificates support the chemical analysis data.

The collection of the information considered the following: drill collars, survey, lithology, samples and assays.

#### 9.1.5. Validation of Data

The geology department provided copies of all Tioyacu quarry drilling records, including Excel spreadsheets, driller's logs, field geologist's logs, quality results sheets from the Rioja laboratory, collar sheets, and survey sheets. Data for each hole was individually checked in the database to confirm accuracy.

The reviews included:

- Drillhole lithology database comparison to geophysical logs
- Sample quality database comparison to quality certificates
- Survey sheets.
- Collar sheets.
- Core photographic record.

Typical errors may impact reserve and resource estimation related to discrepancies in original data entry. These errors may include:

- Incorrect drillhole coordinates (including elevation).
- Mislabeled drillhole lithology.

- Unnoticed erroneous quality analyses where duplicate analyses were not requested.
- Unrecorded drillhole core loss.

Data validation follows the field operational procedures that collect information from the source (collar, survey, lithology, samples, and assays).

Finally, when the information is transmitted and uploaded to the mining software for geological modeling and estimation, it is double-checked to eliminate any additional errors.

#### 9.1.6. Qualified Person's Opinion Geologic Data

The qualified persons followed the defined processes for information flows to support Resource and Reserve estimation. The qualified person followed the same process as a means of verifying and validating the geologic data. They found that the validated information is congruent in the interpretations of the same, with which the fundamental base geological models were generated for the estimation of the Resources.

No findings have been found that could invalidate the estimation of the Resources and Reserves of the unit.

#### 9.2. Rioja plant

The Quality Control Plan contemplates the following aspects: PDCA cycle, customer, person in charge, activities, risks, control methods, monitoring, measurement, analysis, evaluation and documentary evidence.

The PDCA cycle is:

- Plan; during this stage the following activities are considered: determination of characteristics of raw materials, product in process and finished product, elaboration of control and matrices parameters and determination of activities and results assurance program.
- Do; during this stage the following activities are considered: verification and compliance with the requirements and matrices, sampling and preparation.
- Check: during this stage the following activities are considered: chemical analysis by XRF, chemical analysis, physical analyses, recording of results, taking action on non-conformities.
- Act, during this stage the following activity is considered, acting to improve.
- The Quality Assurance Plan is applied to the following customers: production, quarry, provisions chain and external customer.

##### 9.2.1. Data verification procedures

The XRF analysis, chemical analysis and physical analysis are made to verify the results of the samples, as part of the Quality Control Plan.

The data resulting from these three types of analysis are recorded and evaluated in order to determine whether or not they comply with the technical specifications.

Data verification procedures include internal audits, check lists, statistical tables, reports, validation of data, certificates, interlaboratory test reports and compliance with quality protocols.

##### 9.2.2. Data validation

Cementos Pacasmayo S.A.A. (Included Cementos Selva S.A.C.) through its quality assurance and control area participates in evaluations with international laboratories such as CCRL/ASTM (Concrete and Cement Reference Laboratory), which is an international reference laboratory for construction materials, and Xamtec of Colombia, an international interlaboratory, in order to report reliable data.

The Quality Control laboratories endorse their analysis methods by participating in interlaboratory analysis programs, which compare the results with national and foreign laboratories. The methods of analysis compared are X-ray fluorescence (XRF) and the physical cement tests, which are the methods used to control cement quality. In all the results of these interlaboratory programs, the companies always obtain the best results for each test.

##### 9.2.3. Qualified Person's Opinion on cement plant

In the author's opinion, the methodologies used for collection and processing data at the cement plant are accurate and free of significant errors. The information can be used for model construction and estimates for cement production. Considering that the analyses of the main chemical components and physical properties of the raw materials and final products are completed by external laboratories, the quality of the information is adequate for preparing Mineral Resource and Reserve estimates.

## 10. Mineral processing and metallurgical testing

### 10.1. Nature of Testing Program

Cementos Pacasmayo S.A.A. (included Cementos Selva S.A.C) has Quality Assurance, Research and Development department. The objective of these department is to develop, evaluate and research procedures for the development of products at laboratory scale and their scaling up to industrial scale. Another objective is to identify evaluations of fuel substitutes to reduce energy costs.

Cementos Pacasmayo S.A.A has also implemented their own procedures for the preparation, review, issuance and control of test reports associated with cement production.

The laboratory at Pacasmayo plant has implemented the ISO 9001 standard since 2015. The Research and Development laboratory located at the Pacasmayo plant is responsible for technical aspects of cement plant and quarry operations (including Tioyacu quarry and Rioja Plant).

Cementos Pacasmayo applies the procedures:

- P-ID-P-04 Preparation of raw materials.
- P-ID-P-05 Sampling of cement and raw materials.
- P-ID-P-13 Input, storage and disposal of samples.

A permanent control is carried out with other laboratories to give greater reliability to the results. Likewise, interlaboratory reports are issued with external laboratories such as CCRL (Cement and Concrete Reference Laboratory), which is a reference laboratory for construction materials at international level, and Xamtec from Colombia, an internal interlaboratory.

Cementos Pacasmayo S.A.A. has also obtained the certification that certifies compliance with Supreme Decree No. 001-2022, which validates compliance with the Technical Regulation on Hydraulic Cement used in Buildings and General Construction.

Cementos Pacasmayo SAA opted for the highest and most rigorous certification model (Type 5) granted by ICONTEC, which has extensive experience in the certification of products and services.

A significant percentage of R&D activities are focused on the evaluation of alternative fuels such as rice husks. Laboratory tests are developed always seeking to generate an operational benefit for the company. Based on this work, the laboratory has determined (and confirmed with production estimates) that 1 tonne of limestone yields 0.77 tonnes of clinker and the clinker/cement factor with additions is 0.72.

The R&D Laboratory located at the Pacasmayo plant provides analysis and research services to all of the company's cement plants.

### 10.2. Cement Manufacturing Test Results

To determine the cement design, which includes the clinker/cement factor, CPSAA uses the tests outlined in national technical standards such as NTP 334.009, NTP 334.090, and NTP 334.082. The cement design is modified when some of the chemical or physical requirements present a trend that could lead to non-compliance (non-conforming product). For the clinker/cement factor, priority is given to the compressive strength test at all ages (1, 3, 7, and 28 days). If the compressive strength shows a negative trend, even modifying the operating variables to correct it, the clinker/cement factor is modified.

At the Pacasmayo plant, the studies conducted in the Research and Development laboratory and the Quality Control units include the substitution of fossil fuels for rice husks at the Rioja plant.

The main objective of the substitution of fossil fuels is the reduction of CO<sub>2</sub> or greenhouse gas emissions.

In 2023, CSSAC used 4,645 t of Alternative Fuel (rice husk measured as coal equivalent) in the Rioja plant. This result represented 10.82% of the total fuels used by the plant for cement production and a reduction in emissions of 12,194 t of CO<sub>2</sub>.

### 10.3. Qualified Person's Opinion of the Adequacy of the Test Data

The Research Laboratory issues technical reports following the criteria of international standards for the operations area, identifying the correct data, defining the requirements that may vary but include accuracy, consistency, and validity through an evaluation of the data and implementation of solutions, and finally, validating the adequacy of the data.

The operations area then evaluates the convenience of industrially implementing the tests and validating what is reported at the laboratory level. The reliability in the integrity and adequacy of The data reported by the area is based not only on the technical competencies of the collaborators but also on the high scores obtained in the external interlaboratory of recognized entities such as XAMTEC and CCRL in their different programs.

# 11. Mineral Resources estimates

The geological model was developed and structured using Leapfrog software; the solids were generated considering the quality of the lithology based on the results of the analysis of the samples taken.

Because the deposit is a sedimentary one, the qualified persons interpreted the geological model with the help of a set of regularly-spaced sections parallel to and perpendicular to strike of the deposit shape.

According to the lithological characteristics and descriptions, ten lithological horizons were recognized.

The lithological units have been grouped by assigning a numerical code in the mining software to simplify the modeling. Table 18 shows the lithological units with their respective numerical codes.

*Table 18 Lithologic units of the Tioyacu quarry geological model*

Lithologic Units	Lithology Code
Limestone	1
Marly limestone	2
Magnesian limestone	3
Marly dolomitic limestone	4
Dolomitic limestone	5
Calcareous dolomite	7
Dolomite	6
Calcareous marl	8
Marl	9
Clay loam	10

The main criteria for geological modeling is the quality, such as the content of oxides in limestones.

The lithological criteria is based on the macroscopic physical characteristics of the limestone horizons and the percentage of essential elements in its composition (oxides) that determine the quality of the limestones. Based on the quality and specifications of the cement plant, the qualified persons used a cut off 51% of CaO.

Table 19 shows the referential cut-off of the oxides that determine the classification of the final limestone rock products.

*Table 19 Rioja plant material restrictions*

		Limestone Type I
CaO (%)	Min.	51.0
	Max.	-
SiO <sub>2</sub> (%)	Min.	-
	Max.	3.8
MgO (%)	Min.	-
	Max.	1.6
K <sub>2</sub> O (%)	Min.	-
	Max.	0.4

The qualified persons built a block model based on the dimensions and spatial distribution of the deposits containing the material of economic interest. Table 20 shows the characteristics of the model.

*Table 20 Characteristics of the block model*



	Minimum (m)	Maximum (m)	Size (m)	Number
X	246,789	247,637	4	212
Y	9,335,804	9,337,080	4	319
Z	720	1048	4	82

#### 11.1. Database

A total of 341 samples from 11 drill holes were used for resource estimation. Additionally, 7,855 blast hole control samples were used to strengthen the variogram analysis of the primary variable CaO.

The data is managed in a database, where it is extracted and then loaded and used in MineSight software.

#### 11.2. Density

For the bulk density of the rocks, diamond drilling samples were collected at the Tioyacu quarry, from which the bulk densities were determined by the wax method. The results of this determination and the bulk densities by lithological domain are shown in Table 21.

*Table 21 Limestone density per horizon*

Lithology	Density (g/cm3)
Limestone	2.71
Marly limestone	2.73
Magnesian limestone	2.69
Marly dolomitic limestone	2.69
Dolomitic limestone	2.73
Calcareous dolomite	2.70
Dolomite	2.64
Calcareous marl	2.61
Marl	2.62
Clay loam	2.10

#### 11.3. Compositing

The compositing was performed using control of the GEO Item (file 11 MS). In general, each geological unit is estimated from the information of the composites belonging to that unit. The composites should not cross “hard” boundaries between different geological units.

For compositing, the QPs assumed each initial core section has uniform grades in order to composite the grade profile of each borehole. During compositing, the goal was to preserve the original nature (variability) of the samples.

The calculated values considered in the compositing were for CaO, MgO, SO<sub>3</sub>, SiO<sub>2</sub>, Fe<sub>2</sub>O<sub>3</sub>, Al<sub>2</sub>O<sub>3</sub>, and K<sub>2</sub>O.

Composites were made at different lengths to determine the optimum compositing length. The 4 m composite is the size that best fits the nature of the original sample and so was used in resource estimation.

In addition, the modeling considered the length of the composites based on an exact multiple of the block height, which coincided with the bench height.

#### 11.4. Basic statistics of the data (Assay – Composites)

Tables 22 and 23 show the results of the basic statistics of the elements CaO, SiO<sub>2</sub>, MgO, SO<sub>3</sub>, K<sub>2</sub>O, Na<sub>2</sub>O, and Cl for the original and composite data. The statistical analysis was done separately for each defined orebody (limestone horizon).

Tables 22 and 23 show the statistics of the limestone and marly limestone horizons as these are the main ones for the estimation of the Resources and Reserves.

*Table 22 Basic statistics of the limestone horizon data*

Components	Origin	Valid	Rejected	Minimum	Maximum	Mean	Std. Devn.	Variance	Co. Of Variation
SiO <sub>2</sub>	Assay	2,596	6	0.18	32.04	3.39	3.02	9.14	0.89
	Composite	5,150	10	0.18	32.04	3.45	3.05	9.32	0.89

Al <sub>2</sub> O <sub>3</sub>	Assay	2,596	6	0.01	5.73	0.41	0.46	0.21	1.12
	Composite	5,150	10	0.01	5.73	0.42	0.47	0.22	1.12
CaO	Assay	2,601	1	30.49	55.38	51.84	2.22	4.94	0.04
	Composite	5,160	0	30.49	55.38	51.79	2.24	5.01	0.04
K <sub>2</sub> O	Assay	2,596	6	0.00	9.00	0.17	0.31	0.09	1.80
	Composite	5,150	10	0.00	9.00	0.17	0.31	0.10	791.0
MgO	Assay	2,596	6	0.07	10.21	1.18	0.54	0.29	0.46
	Composite	5,150	10	0.07	10.21	1.20	0.54	0.29	0.45

Table 23 Basic statistics of the data of the marly limestone horizon.

Components	Origin	Valid	Rejected	Minimum	Maximum	Mean	Std. Devn.	Variance	Co. Of Variation
SiO <sub>2</sub>	Assay	746	2	0.60	19.45	8.43	3.78	14.27	0.45
	Composite	1,358	2	0.63	19.45	8.18	3.79	14.33	0.46
Al <sub>2</sub> O <sub>3</sub>	Assay	746	2	0.12	4.43	0.94	0.63	0.39	0.67
	Composite	1,358	2	0.12	4.43	0.94	0.62	0.39	0.66
CaO	Assay	746	2	37.67	54.18	48.55	2.67	7.15	0.06
	Composite	1,358	2	37.67	54.18	48.67	2.70	7.29	0.06
K <sub>2</sub> O	Assay	746	2	0.06	2.28	0.42	0.35	0.12	0.83
	Composite	1,358	2	0.06	1.96	0.43	0.35	0.12	0.81
MgO	Assay	746	2	0.25	6.30	0.82	0.39	0.15	0.47
	Composite	1,358	2	0.25	6.30	0.82	0.39	0.15	0.47

#### 11.5. Extreme values

Extreme values are considered to be those analysis results that are not representative of the unit being studied and are defined in this work to be those that are above the mean plus twice the standard deviation.

In the analysis of the extreme values in the laboratory results for the calcareous lithologic units that are being estimated, no deviation has been found, all the results are coherent and representative of the levels to which they correspond.

#### 11.6. Variogram Analysis

In the variogram analysis of the composited data, each level corresponded to a body of economic interest at the Tioyacu quarry. From the variogram analysis, it was concluded that acceptable experimental variograms could only be obtained in two lithologies due to the amount of data.

The QPs considered an experimental variogram to be acceptable if the number of pairs used to estimate the semi-variances are greater than or equal to 200. The variogram modeling consisted of fitting the experimental variograms to valid variogram models in MineSight. Of these models, the most representative was the spherical model, present in 85% of the structures, followed by the Gaussian model. Table 24 shows the results of variogram modeling.

Table 24 Variogram modeling parameters

Type of Variogram Model	Spherical
Nugget effect	0.87
Total Sill	1.16
Range	82

#### 11.7. Interpolation

The Ordinary Kriging Interpolation (OK) method was used for the primary CaO variable, Inverse of the Distance (ID2) for the secondary variables, and Nearest Neighbor (NN) for validations. Table 25 shows the main parameters used to determine the interpolations of the primary CaO variable of the Limestone and Magnesian Limestone horizons.

- The interpolations were performed in two consecutive passes.
- The first with a search radius of twice the variogram range.
- The second with a search radius equal to the range.

During interpolation, a minimum of two and a maximum of 20 composites were used to estimate block qualities. Additionally, the QPs restricted the interpolation to using a maximum of two composites from each drill hole in all the passes.

Table 25 Ordinary Kriging Estimation Parameters CaO

Comment	PASS 1			PASS 2			PASS 3		
Search dis. Block on Model -X	90			135			180		
Search dis. Block on Model -Y	90			135			180		
Search dis. Block on Model -Z	90			135			180		
Max distance accept data	90			135			180		
Min # comps a Block	4			3			2		
Max # comps a Block	10			20			20		
Max # comps per hole	2			2			1		
Variable Model	CA1			CA1			CA1		
Variable comp	CAO			CAO			CAO		
Variable pasada	PSCA1			PSCA1			PSCA1		
Pasada	PASS1			PASS2			PASS3		
Store distance	DICA1			DICA1			DICA1		
Store max # comp	NCCA1			NCCA1			NCCA1		
Store max # drillholes	NDCA1			NDCA1			NDCA1		
Store krigage variance	SDCA1			SDCA1			SDCA1		
Model type variogram	SPH	SPH	SPH	SPH	SPH	SPH	SPH	SPH	SPH
Nugget effect	0.293			0.293			0.293		
Sill	0.038	0.278	0.391	0.038	0.278	0.391	0.038	0.278	0.391
Range along major axis	82	22	10	82	22	10	82	22	10
Range along minor axis	82	22	10	82	22	10	82	22	10
Range along vertical axis	16	6	2	16	6	2	16	6	2
Direction major axis	10	38	82	10	38	82	10	38	82
Plunge mayor axis	-4	-8	-16	-4	-8	-16	-4	-8	-16
Dip	25	46	82	25	46	82	25	46	82
Distance along major	90			135			180		
Distance along minor	90			135			180		
Distance along vert	12			16			32		
ROT	157.66			157.66			157.66		
DIPN	-7.22			-7.22			-7.22		
DIPE	32.29			32.29			32.29		
Limiting Variable model	RT1			RT1			RT1		
Code limiting variable	1			1			1		
Code matching comp vs model	GEO			GEO			GEO		

## 11.8. Resources estimation

Mineral Resource estimates are effective December 31, 2023. All Mineral Resources are estimated as quantities at cement plant. For the estimation of Mineral Resources, the CaO content was considered and the impurity content. The impurities are restrictions determined by the cement production plant. Table 26 shows the Resources and the average values of their quality.

Table 26 Resource categorization (exclusive of Reserves) at the Tiroyacu quarry

	Resources	Tonnes M	CaO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	MgO (%)	Si <sub>2</sub> O (%)	K <sub>2</sub> O (%)
Limestone	Measured	0.05	50.10	0.60	1.01	5.82	0.22
	Indicated	0.5	48.01	0.67	3.32	6.23	0.19
	Measured + Indicated	0.5	48.20	0.67	3.11	6.19	0.20
	Inferred	19.8	46.34	0.37	5.97	2.67	0.14

## 11.8.1. Cut-off

The main factor for the determination of Resources is quality. The costs of production, transportation, cement processing, and cement dispatch were considered to determine the Resources. The costs are based on real sources of the current operations of Cementos Selva S.A.C. Chapter 19 shows the economical analysis for determining the mineral Resources.

## 11.8.2. Reasonable Prospects of Economic Extraction

The Mineral Resource evaluation has considered relevant economic and technical factors such as limestone production costs, cement sales prices, and environmental and social viability at our operations.

The area associated with the Resource estimate is located at the lower boundary of the mining concession. Complement the geological information towards the S-SW zone of the quarry, considering future production activities.

The Resource estimate considers the Tioyacu deposit as 90 m. thickness, defined by quality and continuity.

The all material produced in the Tioyacu quarry is blended to be sent to the plant. The quality of this material is analyzed in the Rioja plant laboratory before blending.

Update the geomechanical and hydrogeological studies of the quarry to consider future open-pit mining to the south.

The information that supports the estimation of the quarry's Resources is consistent, which allows obtaining a robust resource model.

From the environmental and social point of view, Cementos Pacasmayo (included Cementos Selva) has been developing activities in Peru for more than 60 years and is recognized as a Peruvian company with a high reputation, therefore, it is expected that the environmental and social viability will continue.

### 11.8.3. Mineral Resources classification

Cementos Selva S.A.C. obtained the parameters for classifying Resources based on staff's experience designing the optimal drilling grid for sampling by geostatistical methods. Additionally, the variogram analysis was used as reference. Based on these, the following basic criterio is used to define the Resource classes:

- Measured Resource: 1/3 of the distance of the variogram range.
- Indicated Resource: 2/3 of the distance of the variogram range.
- Inferred Resource: The total distance of the variogram range.

Several configurations have been defined from this basic configuration, taking into account the number of drill holes and the average search distance.

Associated with the uncertainty, QP considered the criteria in Table 27 to categorize the Resources. The table shows the number of composites, drill holes and distance used for the various resource categories.

*Table 27 Criteria for Resource categorization*

	Measured	Indicate	Inferred
Minimum number of composites	2	2	1
Maximum number of composites	20	20	20
Number of composites drillhole	2	2	1
Average distance of composites (m)	90	135	180

### 11.9. Qualified Person's Opinion

The QP has considered the quality and geological characteristics of the limestone horizons to develop the geological model. Likewise, the QP's interpretation of the deposit was based on the diamond drill holes obtained in the drilling campaigns. The opinion of the QP is that there is consistency between the information and the geological model. As a producing mine, most of the relevant technical and economic factors have already been resolved.

The expansion of the pit towards the southern area of the deposit is necessary to guarantee the production of limestone in the future. It is important to start the development and preparation in that direction with the construction of the access ramp to complement the second phase of the diamond drilling campaign that started at the end of the year (2023), to allow the update that makes the geological model more robust and helps reduce uncertainty, as well as allowing the confirmation of resources and recategorizing inferred resources.

## 12. Mineral Reserves estimates

Total Mineral Reserves estimated at the Tioyacu quarry are 10.3 million tonnes, as detailed in Table 24 in their different categories.

Additionally, the periodic update of the Mineral Reserves of the Tioyacu quarry takes into account the Reserves extracted when updating the Mineral Resources and Reserves models, any new "modifying factors", or the change and entry of any new data.

The calcium oxide (CaO) content is the primary variable in the Mineral Resources and Reserves estimation. Its specific values depend on the lithological domain, with its concentration higher in some lithologies than in others.

The calculated Reserves in the limestone deposit was 5.9 M mt. of proven Reserves with 50.17% CaO and 4.4 M mt. of probable Reserves with 48.07% CaO for a total of 11.3 M mt. of Reserves with 49.28% CaO that support the mining plans for production and supply to the Cementos Selva S.A.C. plant.

Based on the estimated Reserves and the plant's projected limestone consumption, the QPs estimate a life of mine of 24 years for the quarry.

#### 12.1. Criteria for Mineral Reserves estimation

The criteria used for the determination of Mineral Reserves are described below.

##### 12.1.1. Run of Mine (ROM) determination criteria

ROM is considered to be all material produced in the quarry that complies with the specifications and will be sent to the plant for cement production. For determining ROM tonnage, dilution was considered to be negligible. The recovery in the quarry was assumed to be 100%.

##### 12.1.2. Cement Plant recovery

The limestone received at the Rioja plant is properly stored and then mixed with other raw materials to obtain the raw meal feed (kiln feed). The crude contains 73.26% limestone. After the crude is obtained, it is fed to the calcination kiln to obtain clinker. Finally, the clinker is mixed with additives to obtain cement.

#### 12.2. Reserves estimation methodology

The Mineral Reserve estimation considers the costs of production, transportation, cement processing, and the quality restrictions of the raw material. The costs are based on actual costs from the current operations of Cementos Selva S.A.C. at the Tioyacu quarry and Rioja plant. Chapter 19 shows the economical analysis used to determine the Mineral Reserves.

- Proven and Probable Reserves are derived from Measured and Indicated Resources, respectively.
- Proven and Probable Reserves are within the pit designed for the Tioyacu quarry.
- Reserves are those for which economic viability has been demonstrated by discounted cash flow analysis based on estimated capital and operating costs.
- Cementos Selva S.A.C. has permits for limestone production at the Tioyacu quarry. All material considered to be Mineral Reserves are material for which CSSAC has mining permits.
- The effective date of the Reserve estimate is December 31, 2023.
- The Reserve estimate is the final product placed in the Rioja plant.

#### 12.3. Reserves estimates

Reserves are expressed in tons and are shown in Table 28.

*Table 28 Mineral Reserves expressed in millions of tonnes*

	Reserves	Tonnes M	CaO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	K <sub>2</sub> O (%)
Limestone	Proven	5.9	50.17	0.61	1.01	5.86	0.22
	Probable	4.4	48.07	0.72	2.18	6.84	0.21
	Total	10.3	49.28	0.66	1.51	6.28	0.22

#### 12.4. QP's Opinion on Risk Factors affecting Reserve Estimates

In the QP's opinion, the Reserves estimated for the quarry from the Resources consider the relevant risk factors and modifying factors which affect the tonnage and quality estimates. The primary variable is considered to be CaO, which is very stable in the deposit. SiO<sub>2</sub> is viewed as a secondary variable that, without adequate control, can have an inverse effect on the CaO content in the Reserves. MgO is a secondary control variable that is also taken into account to define the reserves, in the current report its average is slightly above the recommended level, which with an efficient mixing process is manageable, also with the objective of improving the quality support in the reserves it is planned to carry out a diamond drilling program in the quarry.

In estimating Reserves and the production plans for the quarry, these variables have been adequately considered with production sequencing and blending processes.

Because the Cementos Selva has been operating the Tioyacu quarry for 23 years and the deposit is relatively stable in the main quality metrics, the QP is of the opinion that the risks associated with the Reserve estimate is low.

In addition to quality factors, ore reserves could change from operating performance-controlled production costs, allowing for maximization of the use of resources in the extractive processes for the use of resources in the extractive processes for the industrialists, guaranteeing the LOM of the quarry.

### 13. Mining methods

Cementos Selva S.A.C., a wholly-owned subsidiary of Cementos Pacasmayo S.A.A, is the current owner of the Tioyacu quarry. Cementos Selva S.A.C. carries out the planning, production, supervision and quality control of the quarry to verify the activities and production according to the requirements of Rioja plant.

#### 13.1. Mining methods and equipment

The production of the deposit begins with the drilling and blasting. The fragmented material is pushed with a dozer to create muckpiles before loading the material into dump trucks using a front loader. The material is transported to the cement plant.

The quarry activities allow the production of fragmented limestone smaller than 12" in diameter, with carbonate grades according to the plant's needs.

The sequence of limestone extraction is by benches, which are produced sequentially according to the annual requirement of the plant.

*Figure 9 Tioyacu quarry mining sequence*



Limestone mining at the Tioyacu quarry comprises the following unit operations:

- **Drilling**

Drilling activities at Tioyacu quarry are carried out with one diesel-powered drilling rig and one as stand-by.

- **Blasting**

Blasting allows the rock to be fragmented to a size suitable for loading, hauling, and crushing unit operations. Non-electric detonators and connectors are used to avoid vibration and sound.

- **Loading and Transportation**

There are 04 Volvo dump trucks of 14 m<sup>3</sup> capacity, 02 excavator CAT and 01 front loader CAT 962L.

The main equipment used to carry out mining activities at the Tioyacu quarry are shown in Table 29.

*Table 29 Equipment of the Tioyacu quarry*

Equipment	Quantity	Function	Description
Track Drill and RockDrill	02	Drilling	These machines are used to drill holes for blasting.
Front End Loader CATERPILLAR 962L (3.6 m <sup>3</sup> bucket capacity)	01	Material Loading and Stacking	Material handling equipment.
Excavator (1.16-2.69 m <sup>3</sup> bucket capacity)	02	Material Loading and Stacking	Material handling equipment.
Dump truck	04	Material hauling	Equipment for conveying material from the production areas to the primary crusher. Their capacity is 14 m <sup>3</sup> .

### 13.2. Geotechnical models

In 2022, Cementos Selva SAC hired Magma Consulting S.A.C, to carry out hydrological, hydrogeological, geotechnical and seismic risk of the Tioyacu quarry.

The study determined the maximum and minimum bank slope angles and inter-ramp angles based on stability analysis and kinematic analysis.

As a result of the study seven structural domains were defined. The Table 30 shows the design criteria in each geotechnical domain of the quarry.

*Table 30 Tioyacu quarry design criteria*

Domain		Bench height (m)	Design		Berm width (m)
			BFA (°)	IRA (°)	
Domain 01		8	65	43	4.84
Domain 02		8	65	43	4.84
Domain 03	Clay	8	60	35	7
	Rock	8	65	43	4.84
Domain 04		8	65	47	4.54
Domain 05		8	70	47	4.54
Domain 06		8	65	44	4.55
Domain 07		8	65	43	4.84

\* Note:

BFA: Face slope angle

IRA: Inter ramp angle

Magma Consulting S.A.C (2022), performed stability analyses, the results are shown in Table 31.

*Table 31 Stability Analysis*

Section	Description	Bench face angle	
		Static	Pseudo-static K=0.078g
S-1	Golbal Fault	2.85	2.54
S-2	Golbal Fault	2.67	2.37
S-3	Golbal Fault	2.58	2.32
S-4	Golbal Fault	2.67	2.35
S-5	Golbal Fault	2.08	1.87
S-6	Golbal Fault	2.80	2.52
S-7	Golbal Fault	4.01	3.64
S-8	Golbal Fault	4.35	3.96
S-9	Golbal Fault	5.02	4.55

### 13.3. Hydrological models

In 2021 the hydrogeological study was conducted by Magma Consulting S.A.C. The objectives of the hydrogeological study was to track the installed piezometric levels and evaluate the variations until the end of 2021.

*Table 32 2021 piezometric data*

Code	Water level (msnm)	Date	Type
DH-02	834.75	16/10/2021	Piezometer
DH-03	825.25	16/10/2021	Piezometer
DH-06	836.30	16/10/2021	Piezometer

### 13.4. Other Mine Design and Planning Parameters

The limestone production reached by December 2023 is 351,643.6 tonnes, and no waste rock was removed. Based on the plant requirements and sales projection for the next 24 years, the pit design parameters for the Tioyacu quarry are presented in Table 33.

*Table 33 Summary of Tioyacu quarry design parameters*

Description		Value
Safety bench	Rock	4.54 - 4.84 m

	Rock and clay	7 m
Bench slope angle		60° - 70°
Bench height		8 m
Width of ramps		12 m

### 13.5. Annual production rate

Considering that the cement plant demands an average of 0.4 million tonnes per year of limestone, the plan for the next 24 years is shown in Table 34.

### 13.6. Mining plan

The proposed mining plan for the next 24 years is presented in Table 34.

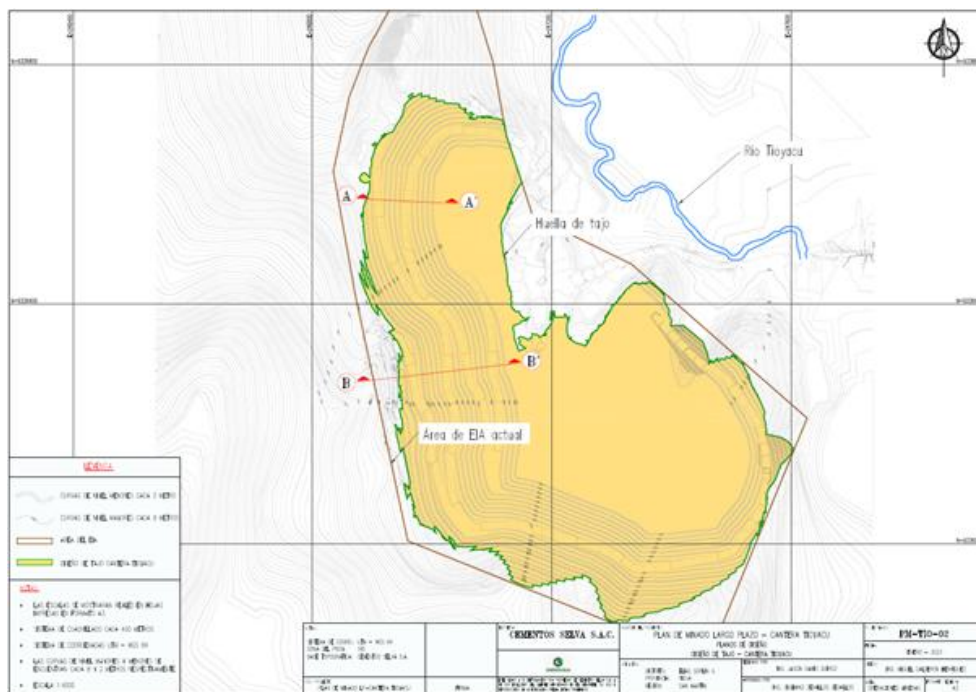
*Table 34 Mining plan for the next 24 years*

Year	Tonnes	CaO	SiO <sub>2</sub>	MgO	Al <sub>2</sub> O <sub>3</sub>	K <sub>2</sub> O
2024	412,000	49.06	7.40	0.98	0.69	0.22
2025	428,173	49.12	7.34	1.03	0.70	0.22
2026	434,862	49.18	7.35	0.90	0.69	0.22
2027	434,982	49.16	7.49	0.91	0.66	0.24
2028	434,982	49.26	6.08	1.69	0.66	0.18
2029	434,982	49.05	6.42	1.68	0.52	0.20
2030	434,982	49.14	3.72	3.13	0.47	0.15
2031	434,982	49.05	7.14	1.16	0.83	0.16
2032	434,982	49.05	7.85	0.83	0.60	0.22
2033	434,982	49.01	7.17	1.22	0.73	0.23
2034	434,982	49.07	4.47	2.70	0.59	0.20
2035	434,982	49.00	5.61	2.08	0.55	0.19
2036	434,982	49.07	7.01	1.25	0.85	0.30
2037	434,982	49.35	6.19	1.57	0.54	0.18
2038	434,982	49.16	4.56	2.37	0.82	0.34
2039	434,982	49.02	7.53	1.03	0.83	0.12
2040	434,982	49.36	7.45	0.85	0.60	0.19
2041	434,982	49.02	5.04	2.36	0.68	0.25
2042	434,982	49.22	4.27	2.53	0.60	0.23
2043	434,982	49.22	7.64	0.92	0.61	0.22
2044	434,982	49.13	6.06	1.74	0.69	0.29
2045	434,982	50.36	5.88	0.99	0.57	0.18
2046	434,982	50.04	5.89	1.06	0.82	0.26
2047	328,723	51.07	4.85	1.08	0.48	0.17
Total	10,303,398	49.28	6.28	1.51	0.66	0.22

\* Limestones that contain elements out of the design range, a dosage is made for the crude in the cement production.

*Figure 10 Tioyacu quarry final pit*





### 13.7. Life of Mine

The life of the Tioyacu quarry is 24 years.

### 13.8. Staff

Cementos Selva S.A.C. personnel develop its operations at the Tioyacu quarry with its staff and contractors.

## 14. Processing and recovery methods

### 14.1. Process Plant

Cement production involves the following stages:

**Production of raw materials.** Limestone is produced from the Tioyacu quarry, as described in Chapter 13.

**Milling and homogenization.** Once the limestone is received at the plant, it is dosed to the raw mill with clay, iron, and coal. The mixture must meet the quality standards to be sent to a storage silo from where it is fed to the crude storage silo. The crude is fed to the kiln for clinker production.

**Clinkerization.** The mixture is pelletized and then enters the vertical kiln where it reaches a temperature of approximately 1,450 degrees Celsius, the product of which is clinker. The clinker is then cooled to about 200 degrees Celsius and stored in silos or storage bins.

**Cement grinding.** After being cooled, the clinker, together with gypsum and some additives, is fed into a mill to obtain cement.

**Storage in silos.** After passing through the mills, the cement is transferred to conveyor channels and stored in concrete silos to preserve its quality until distribution.

**Packing, loading, and transportation.** Cement is transferred through chutes from the silo to be packed into 42.5-kilogram bags in bagging machines, and then stored or loaded onto trucks operated by third parties for distribution. Bulk cement is transported by trucks.

### 14.2. Raw materials for the cement production

The following raw materials and additives are used in the Rioja plant to produce cement.

#### Raw Materials

Limestone, is composed mainly of calcium carbonate and is used as raw material and an additive in cement production.

Iron, is inert material composed basically of iron oxide ( $\text{Fe}_2\text{O}_3$ ).

Clay, is inert material composed of silicon, aluminum, and a low proportion of alkalis such as potassium and sodium.

Coal, is a solid, black, or dark brown mineral that is essentially carbon with small amounts of hydrogen, oxygen and nitrogen.

Gypsum. It is a material composed of calcium sulfate hydrates. When gypsum is mixed with the clinker, it controls the setting time when the cement initiates the hydration reactions.

Crude, is an artificial mixture of limestone, clay, iron, and coal used to produce clinker.

Clinker is a product obtained from limestone, clay, iron, and coal.

#### Additives

Limestone. It is a material composed mainly of calcium carbonate, which, when finely ground, is used as an additive in cement production.

Gypsum. It is a material composed of calcium sulfate hydrates. When gypsum is mixed with the clinker, it controls the setting time when the cement initiates the hydration reactions.

#### 14.3. Flow sheet

The following is the block diagram of the cement plant for raw material processing, clinker and cement production.

Figure 11 Rioja plant process block diagram



#### 14.4. Main equipment

Table 35 shows the design and production capacities for clinker and cement.

Table 35 Main equipment in Rioja plant

Equipment	Product	Capacity of production*	Unit
Crusher	Limestone Iron Gypsum	792,000	tonnes/year
Dryer 1	Limestone Clay	792,000	tonnes/year
Dryer 2		396,000	tonnes/year
Raw meal mill 1	Raw meal	198,000	tonnes/year
Raw meal mill 2		440,000	
Kiln 1	Clinker	475,200	tonnes/year
Kiln 2	Clinker	43,560	tonnes/year
Kiln 3	Clinker	79,200	tonnes/year
		83,160	tonnes/year

Kiln 4	Clinker	83,160	tonnes/year
Cement mill 1	Cement	55,440	tonnes/year
Cement mill 2	Cement	118,800	tonnes/year
Cement mill 3	Cement	265,760	tonnes/year
Bagging system 1	Cement	8,316,000	Bags/year
Bagging system 2	Cement	8,316,000	Bags/year

\* The equipment capacities consider 330 days of production.

#### 14.5. Material balance cement plant

The following section presents information on the material balance at Rioja plant for cement production.

##### 14.5.1. Material balance

Below is the clinker production balance at the Rioja plant, considering the use of limestone obtained from the Tioyacu quarry, results of Mineral Resource classification. Likewise, the Mineral Reserves an clay, iron, and coal as part of the raw material for clinker production. Likewise, the balance for cement production is presented considering the additives used for the mixture with clinker and consequently cement production for the year 2023.

*Table 36 Balance for crude production*

Raw material	Annual quantity (tonnes/year)	Dosage
Limestone	253,617	73.26%
Others	92,581	26.74%
Crude	346,198	100%

Crude is fed to the vertical kiln. The production of 0.57 tons of clinker requires one ton of crude.

*Table 37 Balance for cement production.*

Raw Material	Annual quantity (tonnes/year)	Dosage
Clinker	196,793	76.12%
Additions	61,730	23.88%
Cement	258,523	100%

#### 14.6. Process losses

Losses in the cement production process associated with the raw material (limestone) are 1.68% due to handling and transport of the material during the production process.

#### 14.7. Water consumption

Water is mainly used for cooling in the milling processes and for the pelletizing process of the crude before it enters the vertical kilns. It is also used for watering green areas and accesses and restrooms. It is also used to irrigate green areas and accesses. 106,295 m<sup>3</sup> of water was consumed at the Pacasmayo Plant during its operations in 2023.

#### 14.8. Fossil fuel consumption

The cement production process consumes liquid fuels for heavy equipment within the operation. Biomass is used as energy in the raw material drying process.

*Table 38 Fuel consumption in Rioja plant*

Fuel	Consumption (tonnes/year)	Description
Diesel	283.34	P.Cal 9845 Kcal/kg

#### 14.9. Electric power consumption

The Rioja plant has an electrical substation with a capacity of 12MVA, which uses electrical energy supplied from the national grid. 120,314 GJ of energy was consumed at the Rioja plant during its operations in 2023.

#### 14.10. Maintenance Plan

Cementos Selva S.A.C. has implemented a preventive and corrective maintenance plan to prevent interruptions to the cement production process. Cementos Selva S.A.C. maintains operating efficiency to control costs and operating margins. Cementos Selva S.A.C. has initiatives to diversify energy sources and secure supply when possible. The equipment is in good condition and operational.

#### 14.11. Staff

Cementos Selva S.A.C. personnel develop its operations at the Rioja plant with its staff and contractors.

### 15. Infrastructure

#### 15.1. Tioyacu quarry

The Tioyacu quarry uses the infrastructure of the Rioja plant, such as administrative offices, workshops, utilities and other services. The quarry is located adjacent to the cement plant.

Explosive storage: Given the proximity of a military fort, the explosive storage is located inside the military fort and is very well guarded. Cementos Selva S.A.C. has to retrieve explosives every time it needs to blast in the quarry.

#### 15.2. Rioja Plant

The use of electrical energy is required; there is a high voltage electrical energy supply system of 60 Kv, 60 Hz transmission for the industrial facilities of Cementos Selva S.A.C.

There is a derivation from the 60 kV Rioja - Nueva Cajamarca transmission line owned by Electro Oriente, which runs in front of CSSAC's facilities at a distance of 345.8 m.

On the other hand, the company has a license to use water for industrial purposes. The National Water Authority issued the Alto Mayo Local Water Administration (R.A. N° 100-2010-ANA-ALA ALTOMAYO).

Water supply at the Rioja plant is provided by a groundwater well, Cementos Selva is allow to draw 567,648 m<sup>3</sup> per year.

### 16. Market Studies

Cementos Selva S.A.C is a subsidiary of Cementos Pacasmayo. Cementos Pacasmayo is a leading company in the cement production and other construction materials in the north of Peru. This chapter describes the cement market, as well as the macro and microeconomic factors that define it.

For the description of the cement market in Peru, public information has been collected from different sources, such as the Central Reserve Bank of Peru (BCRP), National Institute of Statistics and Informatics (INEI), Association of Cement Producers (ASOCEM), Ministry of Housing, Construction and Sanitation, Superintendence of Tax Administration and the Peruvian Construction Chamber. In addition to this information, this chapter also relies on statistics provided by the company (CPSAA) to provide a better understanding of its specific market.

#### 16.1. The cement market in Peru

The Peruvian cement market is geographically segmented by regions: north, central and south. Diverse companies supply each region. Figure 12 is an illustration of the Peruvian map and of its 3 regions, according to the segmentation of the cement market, where each region is the main area of influence of domestic cement companies.

*Figure 12 Segmentation of the cement market in Peru*



The main companies that comprise the cement market in Peru are: Cementos Pacasmayo S.A.A., UNION Andina de Cementos S.A.A., Yura S.A. and Cementos Selva S.A.C. Additionally, there are companies that import cement or clinker, such as Caliza Cemento Inca S.A., Distribuidora Cemento Nacional S.A.C., CEMEX Perú S.A., Cal & Cemento Sur S.A., amongst others.

Table 39 shows the domestic cement shipments (in thousands of tonnes):

*Table 39 Cement shipments at domestic level (in thousands of tonnes)*

	2021	2022	2023
National cement shipments	12,500.0	14,113.3	12,175.7
Overall cement shipments (CPSAA/CSSAC 3 plants)	3,625.2	3,436.8	2,936.6
Rioja plant shipments	336.8	305.8	257.1

Sources: ASOCEM, CPSAA/CSSAC

The types of cement produced by the main cement companies in the country are Type I, Type V, Type ICO, Type IL, Type GU, Type MS (MH), Type HS, Type HE, Type MH.

It is important to mention that, according to the main requirement standards, Peruvian Technical Standards, cements are divided into five types:

- NTP 334. 009 2013. Cements Portland. Requirement. (ASTM C 150).
- NTP 334. 090 2013. Cements Portland Added. Requirements. (ASTM C595).
- NTP 334. 082 2011. Cements Portland. Performance Specification. (ASTM C1157).
- NTP 334. 050 2004. Cements Portland White. Requirements. (ASTM C150).
- NTP 334. 069 2007. Building Cements. Requirements. (ASTM C091).

For Cementos Selva's cement products, only the first 3 NTP standards apply.

## 16.2. Industry and Macroeconomic Analysis

Producers and trading companies of cement compete mainly within the limits of their area of influence, which is determined by the geographical location of their plants, giving rise to segmentation of the national market. However, the northern region presents a high demand potential because of the infrastructure gap, the housing deficit and a higher capillarity in terms of important cities adjacent to one another and with an urbanization level lower than in the central and southern region. On the other hand, it is important to note the importance of transportation in the structure of cement costs, which are composed primarily of raw materials, fuels and transportation.

The cement market and industry in Peru have the following characteristics:

- Base of consumers highly segmented, informal and of low resources.
- Low costs of energy and raw materials.
- Zone of influence / distribution determined by geographical location of the plant.

- High correlation between public and private investment, and self-construction.

The construction sector and cement industry have a behavior directly related to the Gross Domestic Product (GDP) and Private Consumption. Figure 13 shows how the GDP of the construction sector (monthly variation %) tracks the cyclic behavior of the Global GDP (monthly variation %), showing variations of lower significance than those of the Global GDP, but in the same direction. It is also noted that, in May 2020, the GDP of the construction sector had a positive variation of more than 200% (compared to the previous month), whilst Global GDP went up only 10%. This was due to the reactivation of economic activity and consumption once the confinement measures given by the Government to counter the Covid-19 pandemic were loosened. This reactivation was motivated primarily by private-construction sector consumption. In the face of the uncertainty caused by the health and economic crisis in 2020, consumers showed savings behaviors, which meant that people preferred consumption of goods for home improvement, amongst them, cement. This trend was maintained throughout 2021. However, in 2023 there was a decrease in demand for public and private investment due to the political and social situation. As a result, cement volumes are returning to pre-covid levels.

Figure 13 Construction sector GDP variation



Source: INEI 2021

The cement industry is also motivated by housing sector growth, public and private investment in infrastructure, mining projects, shopping centers, construction of transportation systems, etc. Thus, one of the variables with more impact on cement industry and future demand is the infrastructure gap which remains high in the country.

For the 2016 – 2025 period, the infrastructure gap is estimated to be US\$ 160 billion and this is present in the main economic sectors and services of public supply, that is: Transportation (36%), Energy (19%), Telecommunications (17%), Health (12%), Sewage System (8%), Irrigation (5%) and Education (3%). The 90% of the roads not included in the large national road network still remain without pavement. Only 40% of schools have access to basic services such as water, electricity and sewage system. There are only 15 hospital beds for every 10,000 individuals compared to 27 beds recommended by the WHO.

In 2023, the cement market contracted by 14% compared to 2022, while it grew by 20% in 2019 (pre-pandemic). However, by 2024, it is expected to have x% growth compared to 2023. Climatic (cyclone Yaku) and social (protests and blockades) factors impacted domestic cement dispatches. In addition, regional and local and local governments began new administrations with lower-than-expected public spending than expected.

Given greater stability in the sector, a moderate growth of 2% in cement shipments is expected by 2024.

### 16.3. The North Region Market

Cementos Pacasmayo, a leading company in the production and sales of cement in the North Region, has market presence in the following cities: Cajamarca, Chiclayo, Chimbote, Jaén, Pacasmayo, Piura, Rioja, Tarapoto, Trujillo, Tumbes, Yurimaguas and Iquitos. The company has a Market share of over 93.8% in the northern region of the country.

Cementos Selva S.A.C.'s overall shipments from the Rioja plant were 257,132 tonnes. It supplied 8.2% of the country's North Region cement demand, and its cement sales represented 8.8% of the Company's overall shipments.

Other companies with lower presence in the cement market of the North Region are:

- Quisqueya - Cemex
- Cemento Nacional
- Cemento Inka

- Cemento Tayka

These companies are competitors of the Rioja plant.

Cementos Selva S.A.C.'s Rioja plant produces different types of cement and it has placed in the National Market different trademark products to meet the needs of diverse segments of the market. Table 40 shows the products in Rioja plant.

*Table 40 Types of products of Rioja plant*

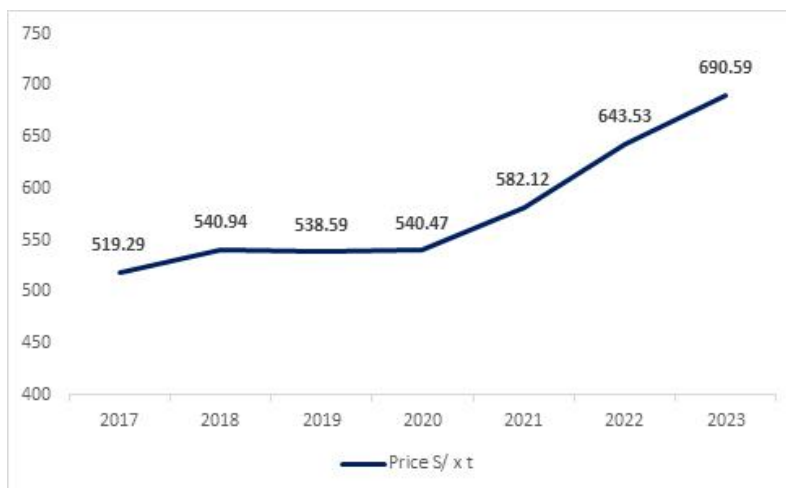
Cement type	Use	Comment
<b>Cemento Portland</b>		
Cement Type I	Cement of general use.	The average result of resistance to compression is higher than the minimum requirement set forth in the technical standard NTP 334.009 / ASTM C150.
<b>Cemento Portland with additives</b>		
Cement Extra Forte	Ideal for the execution of structural Works, repairs, remodelings home applications, floors, leveling, grouts, tips, prefabricated elements of small and medium size and concrete elements which require special characteristics.	The average result of resistance to compression is higher than the minimum requirement set forth in technical standard NTP 334.090.
<b>Hydraulic Cements specified by performance</b>		
Mochica GU Line	For structures in contact with environment and humid and salty soils.	
Amazonico GU Line	Cement for general purpose.	

#### 16.4. Cement price

The sale prices of cement in the Peruvian market vary pursuant to their type and their geographical location. The price difference between each type is explained primarily by the dosifications of raw materials and additives, whilst the variations for geographical location are caused by the freights for the distribution to the points of sale.

At domestic level, the cement price in 2023 was, on average, 690.59 S/ x t. Figure 14 shows the historical prices of cement in Peru.

*Figure 14 Historic prices of cement in Peru*



Source: Ministerio de Vivienda, Construcción y Saneamiento (December 2023).

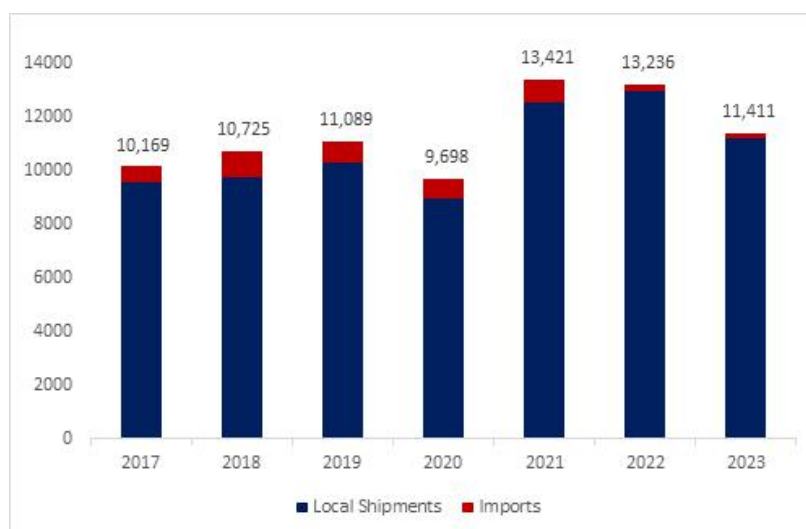
Figure 14 shows the sustained growth of the price of more than 4% per year, from 2017 until 2018, it fell slightly in 2019 to climb back up again in 2020.

#### 16.5. Current and future demand

Cement demand at the national level is met by local shipments (local production), for the most part, and by imports. In 2023, 11.20 M tonnes were shipped locally; 13.6% less than in the same period of 2022 (12.97 M). Imports amounted to 0.21 M tonnes during 2023; 21.9% below the 2022 figure (0.27 M).

Figure 15 shows the evolution of the national demand of cement, expressed in thousand of tonnes, since 2017.

Figure 15 Evolution of the national demand of cement



Source: ASOCEM

It is noted that domestic demand has been growing, on average, at a rate of 3% per year, with the exception of 2020, which is considered an atypical year due to the adverse effects of the pandemic and the confinement measures, to then take a historic leap in 2021 with an annual increase of 38%. During 2023, shipments decreased by 13.8% compared to 2022 as a result of the political and social situation in the country.

According to our internal information, in terms of regional distribution, the Northern Region accounts for approximately 25.6% of domestic cement demand, the Central Region for 54.5%, and the Southern Region for 19.9%.

Cementos Pacasmayo's cement shipments (3 plants) reached 2,936.6 thousand tonnes in 2023, capturing a 24.1% share of total shipments in Peru and 93.8% in the Northern Region. This is 15% less than in 2022 (3,436.8 thousand tonnes).

Despite the decrease in the volume of shipments in 2023, future demand is optimistic for the region due to the high infrastructure deficit.

Table 41 shows the projection of future demand or cement shipments for Cementos Selva S.A.C (Rioja plant). These projections are based on the 2024 estimated shipments.

Table 41 Forecast of future demand for Rioja cement plant

Year	Cement Shipments (Tonnes)	Variation (%)
2024	308,242	ppto
2025	374,838	22%
2026	382,335	2%
2027	383,000	0%
2028	383,000	0%
2029	383,000	0%
2030	383,000	0%
2031	383,000	0%
2032	383,000	0%
2033	383,000	0%
2034	383,000	0%
2035	383,000	0%
2036	383,000	0%
2037	383,000	0%



2038	383,000	0%
2039	383,000	0%
2040	383,000	0%
2041	383,000	0%
2042	383,000	0%
2043	383,000	0%
2044	383,000	0%
2045	383,000	0%
2046	383,000	0%
2047	383,000	0%

17. Environmental studies, permitting, and plans, negotiations, or agreements with local individuals or groups.

17.1. Environmental Aspects

Cementos Pacasmayo has Corporate Policies that apply to the operations of quarries and cement plants. Relevant policies include Safety Occupational Health Policy, Quality Policy, and Environmental Policy.

17.1.1. Tioyacu quarry

On May 19, 2022, through Directorial Resolution No. 215-2022-PRODUCE/DGAAMI, the authority approved the Update of the Environmental Impact Study of “Tioyacu quarry limestone” in compliance with the obligations established in environmental legislation, assuming commitments in order to guarantee the environmental viability of operations in the quarry.

Subsequently, on November 24, 2022, through Directorial Resolution No. 545-2022-PRODUCE/DGAAMI, the authority approved the Supporting Technical Report for the “Estimation of reserves” project in the Tioyacu Limestone Quarry to determine the existence of greater reserves of limestone for subsequent exploitation through diamond drilling.

In 2023, CSSAC carried out environmental monitoring through the Laboratorio Environmental Testing Laboratory S.A.C. - Envirotest, a company with accreditation before the International Accreditation Service (IAS) and the National Quality Institute (INACAL), both signatories of the ILAC-MRA International Mutual Recognition Agreement.

Envirotest was in charge of collecting and analyzing the samples, and presenting the results through reports to the Environmental Assessment and Enforcement Agency - OEFA, an institution of the Peruvian State in charge of reviewing and validating the information presented by the owner. At the Tioyacu quarry, parameters of gaseous emissions and particulate matter for air quality were measured every six months. The results obtained in 2023 are below the values established in the Environmental Quality Standard (ECA) for air approved with Supreme Decree No. 003-2017-MINAM.

The results obtained from the environmental noise measurement activities in 2023 are below the Environmental Quality Standard Limit (ECA) in compliance with the provisions of Supreme Decree N°085-2003-PCM.

The biological and hydrobiological monitoring in the Tioyacu quarry was carried out by the Analytical Laboratory Laboratorio E.I.R.L. - ALAB and Environmental Testing Laboratory S.A.C. - Environmental test. The objective was to characterize the Vegetation, Herpetofauna, Avifauna and Mastofauna. The results showed an abundance of birdlife, a species typical of this type of vegetation where forest predominates.

About water management, it is essential to mention that Tioyacu quarry does not have any discharges. The small water consumption is only for green area irrigation and road maintenance.

The Environmental Management of the Manufacturing Industry and Domestic Trade, Supreme Decree No. 017-2015-PRODUCE, establishes the environmental management procedures covered by Ministerial Resolution No. 157-2011-MINAM for investment projects subject to the National System of Environmental Impact Assessment (SEIA) and its amendments.

Law No. 28090 and its Regulation approved by Supreme Decree No. 033-2005-EM establishes the closure measures for non-metallic quarries. Directorial Resolution No. 178-2016-MEM-DGAAM, the Update of the Closure Plan of the Tioyacu quarry mining unit was approved, which establishes measures at the end of the useful life of the quarry.

The Closure Plan submitted by Cementos Selva S.A.C. has included the necessary measures to ensure effectiveness or consistency with the requirements necessary for the protection of public health and the environment. The initial strategy has continued with the Closure of the components of Tioyacu quarry mining unit, establishing temporary, progressive, final and post-Closure activities at the end and/or closure of operations.

Environmental closure activities have included physical stability in the mine, geochemical stability, water management facilities, decommissioning for the removal of equipment and machinery. Also infrastructure demolition, reclamation, waste disposal, landform establishment, habitat rehabilitation, revegetation and social programs.

Post-closure activities such as physical maintenance, geochemical maintenance, hydrological maintenance, and biological maintenance will be carried out, and post-closure monitoring activities include physical stability monitoring, geochemical stability monitoring, water management monitoring, biological monitoring, and social monitoring.

Considering that the land use before mining production was a secondary forest which was affected by other activities, forestation activities with native species have been considered part of the post-closure activities. Likewise, CSSAC will fulfill the commitments included in the Closure Plan approved by the above authority.

It is important to mention that the approval of the Mine Closure Plan involves the constitution of guarantees to ensure that the owner of the mining activity complies with the obligations derived from the Mine Closure Plan, in accordance with environmental protection regulations.

Cementos Pacasmayo has a guarantee of faithful compliance with the mine closure plan for the Tembladera quarry according to the approval of the updated mine closure plan for an amount of 441,584.00 USD.

We have a solid relationship with our communities and we have identified its main needs in health, education, urban development and local development.

We have a social investment program which contributes to dealing with their needs, based on good dialog and our compliance to our commitments to our communities.

The communities are a priority for Cementos Selva. For this reason, we promote periodic meetings with their representatives and we create opportunities for dialog to know their expectations. Also, we have established public and private alliances for development projects and programs to contribute to a better quality of life and to strengthen our relationship. In 2023, CSSAC worked in partnership with the district governments of Elias Soplin Vargas and Rioja.

CSSAC has no commitments for local procurement and hiring although it does its best to hire local talent and do business with local businesses.

#### 17.1.2. Rioja plant

On August 3, 2022, through Directorial Resolution No. 346-2022-PRODUCE/DGAAMI, the Supporting Technical Report (ITS) of the project "Expansion of surface components of the Rioja cement plant" for the expansion of storage areas was approved of raw materials, bagging and materials that are received in said areas.

About water management, it is essential to mention that Rioja plant does not have any discharges. The small water consumption is only for green area irrigation.

Finally, in accordance with environmental regulations and according to the Regulation of Environmental Management of the Manufacturing Industry and Domestic Trade, Supreme Decree N° 017-2015-PRODUCE, companies that produce cement are required to submit Closure Plans when executing Decommissioning activities. To meet that requirement, Cementos Selva in compliance with Peruvian legislation will submit the Closure Plan in a timely manner.

#### 17.2. Solid waste disposal

Cementos Selva S.A.C. has a Solid Waste Minimization and Disposal Plan for our production activities at the Rioja plant and Tioyacu quarry. Annually, our company declares the generation, storage, collection, and final disposal of hazardous and non-hazardous solid waste in compliance with environmental legislation.

The solid waste minimization plan (2023), we declared 0.2 tonnes of hazardous waste and 1 tonnes of non-hazardous waste for the Tioyacu quarry. Likewise, for the Rioja plant we declared 14.2 tonnes of hazardous waste and 771.6 tonnes of non-hazardous waste, which were disposed of in accordance with environmental legislation.

#### 17.3. Qualified Person's Opinion

Cementos Selva S.A.C. complies with national environmental standards in the industrial sector and to the International Standard Industrial Classification - ISIC 2694 for the non-metallic production of the limestone material for the manufacture of cement.

For the industrial and mining sector, the company specifically complies with the Environmental Management Regulations for the Manufacturing Industry and Domestic Trade, Supreme Decree No. 017-2015-PRODUCE, which is the rule that regulates the environmental management of the activities indicated in Ministerial Resolution No. 157-2011-MINAM and investment projects subject to the National System of Environmental Impact Assessment (SEIA), considered in Annex II of the Regulations of Law No. 27446, approved by Supreme Decree No. 019-2009-MINAM.

The company reports the environmental commitments, semiannually and quarterly to the Environmental Evaluation Agency - OEFA. The monitoring is carried out through external laboratories that provide comprehensive monitoring and analysis services and have double accreditation, by the international IAS (International Accreditation Service) and the national INACAL (National Institute of Quality), both signatories of the ILAC-MRA international Mutual Recognition Agreement.

Cementos Selva S.A.C. strictly complies with the protocols in the different processes in compliance with environmental legislation and reporting to the OEFA.

The qualified person believes that CSSAC's current plans and management strategies are adequate for addressing any issues related to environmental compliance and maintaining its environmental permits. In addition, the qualified person believes that CSSAC has a good relationship with the local communities and that its social investment plans are adequate for reducing any social risks to the project.

## 18. Capital and operations costs

### 18.1. Basis for operating and capital costs for the quarry and plant

In a tabular manner, this section presents the operating costs of Tioyacu quarry for the production of limestone - the primary raw material used for cement production at the Rioja plant. It also exhibits the plant's operating costs, for the whole industrial process; from the reception of raw material, to its conversion to the final product (cement). Cost forecast is mainly based on actual historical costs.

Similarly, this section reports the detail of the capital investments made in the quarry and plant, and the forecasted investment plan required to sustain all the activities in the quarry and plant and to assure the supply of limestone Reserves necessary to achieve the production levels according to the forecasted cement shipments of the Rioja plant.

Table 42 depicts the main components of the cost structure of Tioyacu quarry and Rioja plant and the sources used in their forecasts:

*Table 42 Concepts about cost structure of Tioyacu quarry and Rioja plant*

Concept	Description	Source
Quarry Operating Cost	Mineral Extraction /Exploitation, Processing, Fuel, Materials (Explosives), Maintenance, Insurance and Services	<ul style="list-style-type: none"> <li>Real, historic costs</li> <li>Suppliers' quotes</li> </ul>
Quarry Operating Cost	Royalties	<ul style="list-style-type: none"> <li>Contract of mining royalty payment with regional/state entities</li> </ul>
Quarry Operating Cost	Energy	<ul style="list-style-type: none"> <li>Historic, real costs</li> <li>Supply Contract</li> <li>Suppliers' quote</li> </ul>
Plant Operating Cost	Fuel, Materials, Maintenance, Wages and Insurance	<ul style="list-style-type: none"> <li>Historic, real costs</li> <li>Suppliers' quote</li> </ul>
Plant Operating Cost	Energy	<ul style="list-style-type: none"> <li>Historic, real costs</li> <li>Supply Contract</li> <li>Suppliers' quote</li> </ul>

Considering that the Tioyacu quarry and the Rioja plant are in operation, the historical costs are the principal basis for estimating forecasted costs.

In this sense, the actual costs in some cases are maintained, and in other cases, are appropriately adjusted for factors specific to the quarry operation, conditions, and obligations stipulated in supply and concession contracts.

On the other hand, macroeconomic factors such as inflation and devaluation of the local currency against the US dollar could indirectly impact future operating costs estimation.

### 18.2. Capital and Operating Cost Estimates

Table 43 details the operating costs of quarry and plant for the year 2023, and 24 years of forecast:

*Table 43 Operating costs forecast of quarry and plant*

Production Data		Total	Cost per
Extracted	Cement	Operating	tonne of
Mineral	Production	Cost	product
tonnes' 000	tonnes' 000	S/ '000	S/ x tonne

2023	381	260	96,683	371.16
2024	552	308	105,561	342.46
2025	358	375	133,888	357.19
2026	364	382	138,161	361.36
2027	364	383	141,665	369.88
2028	364	383	146,308	382.01
2029	364	383	148,635	388.08
2030	364	383	152,618	398.48
2031	364	383	158,523	413.90
2032	364	383	161,309	421.17
2033	364	383	165,755	432.78
2034	364	383	171,936	448.92
2035	364	383	174,621	455.93
2036	364	383	178,374	465.73
2037	364	383	184,948	482.89
2038	364	383	188,190	491.36
2039	364	383	193,003	503.93
2040	364	383	199,651	521.28
2041	364	383	202,919	529.81
2042	364	383	208,195	543.59
2043	364	383	215,488	562.63
2044	364	383	219,687	573.59
2045	364	383	225,417	588.56
2046	364	383	233,329	609.21
2047	364	383	238,113	621.70

Table 44 shows the projection for the next 24 years, according to the production plan for 24 years of Reserves. Costs are adjusted annually by applying a 2.90% inflation rate to the cost/tonne.

Costs described in this chapter are applied to estimate the Mineral Resources and Reserves of the Tioyacu quarry as part of the analysis.

Table 44 shows the detail of capital investments in the quarry and plant, by type of investment, for one year of historical result (2023), and 24 years of projection:

*Table 44 Investment forecast in quarry and plant*

	Total Investments S/ '000
2023	2,169
2024	5,139
2025	5,288
2026	5,441
2027	5,599
2028	5,762
2029	5,929
2030	6,101
2031	6,277
2032	6,460
2033	6,647
2034	6,840
2035	7,038
2036	7,242
2037	7,452
2038	7,668
2039	7,891
2040	8,119
2041	8,355
2042	8,597
2043	8,846
2044	9,103
2045	9,367
2046	9,639
2047	9,918
2048	5,139
2049	5,288
2050	5,441

In recent years, there have been no significant variations in capital investment, which correspond mainly to maintenance and replacement of equipment in the quarry and plant to sustain operations. The Company's investment plan does not consider any unusual or expansion activity. It is solely planned to perform the necessary replacement for the quarry support and the maintenance of operations in the plant. The investments are kept at levels similar to those registered throughout the last few years.

### 18.3. Capital and Operating Cost Estimation Risks

There is a low risk associated with capital and production costs because mine production and cement plant operation will continue in the same geological deposit and using the same mining and industrial methods.

An assessment of the accuracy of estimation methods is reflected in the sensitivity analysis in Section 19.

For purposes of the Preliminary Feasibility Study completed relative to the Tioyacu quarry and Rioja plant, capital and operating costs are estimated to an accuracy of +/- 25%.

## 19. Economic Analysis

### 19.1. Methodology: Discounted Cash Flow (Free)

The Economic Analysis chapter describes the assumptions, parameters and methodology used to demonstrate the economic viability or profitability of extracting the mineral Reserves. That is, the pre-feasibility level support for the determination of mineral Resources and Reserves, by means of a business valuation through the Discounted (Free or Economic) Cash Flow method.

The horizon of the cash flow projection is consistent with the life of the quarry, which is calculated based on the total declared Reserves and the annual production at the quarry. Each period's cash flow is approximated indirectly from the EBITDA (the latter is constructed in the Profit and Loss Statement), and the corresponding adjustments are made for taxes and capital costs (CapEx).

Finally, for this economic analysis we use the free cash flow, since it does not incorporate the company's capital structure, and we apply the weighted average cost of capital (WACC) for discounting future cash flows.

### 19.2. Assumptions

#### 19.2.1. General and Macroeconomic Assumptions

The general and macroeconomic assumptions used for the projection of economic cash flows and the valuation are:

- Projection horizon: 24 years (2024 to 2047) according to the estimated years of quarry life.
- The annual escalation rate; 2.90%, based on The International Monetary Fund as of October 2023: applies equally to the sales price, costs, and expenses.
- Capital cost projections were determined using a historical ratio of annual investments and maintenance costs, which also considers the increase in production volume.
- The company's financing structure is being considered in the discount rate (WACC), which is 11.56%.
- Income tax rate: effective rate of actual (historical) business results, 29% - 30%.
- Workers' Profit Sharing: 10%.
- Exchange rate: exchange rate is assumed to remain at 3.80 (USD/PEN).

#### 19.2.2. Income and Cost Assumptions

- The sales price of cement, expressed as  $S/t$ , is the sales price of the Rioja plant to Dino Selva Iquitos, FOB at Rioja plant; which is lower than the sales price to the final customer in the market. The distribution freight explains this difference to the multiple points of sale and the selling expenses associated with distribution and promotion in the different commercial channels.
- The base price used in the projection is an estimate for the year 2024 ( $561.2 S/t$ ), which has been determined based on current market conditions and cement demand for 2024, among other factors.
- Starting in 2025 (year 2 of the projection), an annual price escalation rate of 2.9% is applied the sales prices.

- The cost of cement production, expressed as S/ x t, has been estimated for 2024 based on actual operating expenses, the market situation of local materials and services, plant demand for imported clinker, and other factors. The cost of production for year 2024 is 342.5 S/ x t.
- Starting in 2025, an annual cost escalation rate of 2.9% is applied to the cost.
- The initial stock of products in the quarry and plant is assumed to be zero.

### 19.3. Financial Model Results

The following financial parameters were calculated:

- NPV of 363 million Soles at a discount rate of 11.56%.
- 24-year mine life, because of the update of the maximum capacities of the vertical kilns of Planta Rioja.
- Average plant throughput of 0.4 million tonnes per year over the 24-year projection.
- Average sales price of 724.6 Soles per ton of cement, on average for the 24-year projection, at nominal values.

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- Revenues of 275 million Soles, on average for the 24-year projection.
- Average cash production cost of 469.4 Soles per ton of cement, on average for the 24-year projection, at nominal values.

Table 45 shows the forecasted Profit and Loss Statement for the Tioyacu quarry and Rioja plant operation:

*Table 45 Profit and Loss Statement*

	Shipments (tonnes)	Revenue S/ x t	Gross Profit S/ '000	Gross Margin S/ x t	Gross Mg %	Operating Profit	(+) Depreciation	EBITDA Rioja Plant	EBITDA Mg %
2024P	308,242	561.2	61,290	198.8	35%	47,698	9,959	57,657	33%
2025P	374,838	540.6	62,213	166.0	31%	48,157	11,121	59,278	29%
2026P	382,335	554.9	66,957	175.1	32%	52,487	10,869	63,356	30%
2027P	383,000	569.7	69,208	180.7	32%	54,397	10,517	64,914	30%
2028P	383,000	584.8	70,230	183.4	31%	54,991	9,596	64,586	29%
2029P	383,000	600.2	73,508	191.9	32%	57,774	9,599	67,373	29%
2030P	383,000	616.2	75,421	196.9	32%	59,157	9,922	69,079	29%
2031P	383,000	632.5	75,730	197.7	31%	58,912	10,058	68,970	28%
2032P	383,000	649.2	79,032	206.3	32%	61,652	10,257	71,909	29%
2033P	383,000	666.4	80,976	211.4	32%	63,011	10,759	73,769	29%
2034P	383,000	684.1	81,489	212.8	31%	63,002	10,792	73,795	28%
2035P	383,000	702.2	85,353	222.9	32%	66,329	10,513	76,842	29%
2036P	383,000	720.8	88,411	230.8	32%	68,836	9,928	78,763	29%
2037P	383,000	739.9	89,068	232.6	31%	68,928	10,019	78,946	28%
2038P	383,000	759.6	92,939	242.7	32%	72,219	9,946	82,166	28%
2039P	383,000	779.7	95,558	249.5	32%	74,240	10,063	84,303	28%
2040P	383,000	800.3	96,690	252.5	32%	74,758	9,868	84,627	28%
2041P	383,000	821.6	101,093	264.0	32%	78,539	9,446	87,985	28%
2042P	383,000	843.3	103,862	271.2	32%	80,664	9,635	90,299	28%
2043P	383,000	865.7	104,994	274.1	32%	81,122	9,696	90,817	27%
2044P	383,000	888.6	109,152	285.0	32%	84,589	9,808	94,397	28%
2045P	383,000	912.2	112,126	292.8	32%	86,848	10,049	96,897	28%
2046P	383,000	936.3	113,329	295.9	32%	87,316	10,300	97,616	27%
2047P	383,000	961.1	117,605	307.1	32%	90,836	10,562	101,398	28%

Cement sales at Rioja plant are, on average, S/ 275 million per year (for the period 2024-2047), and the average EBITDA margin for the same period is 29%. Due to the increase in cement shipments, the installed capacity of clinker is exceeded, and it is necessary to start importing a minimum quantity from year 2026 until year 2047.

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Table 46 shows the Free Cash Flow projection and the valuation of the cement business of Rioja plant:

Table 46 Free Cash Flow and valuation

	FCF - Valuation (Thousand S/)			
	(-) Taxes (EBIT*t)	(-) CapEx	EBITDA Planta Pacasmayo	Free Cash Flow
2024P	-18,995	-5,139	62,295	38,161
2025P	-19,398	-5,288	63,961	39,274
2026P	-21,344	-5,441	68,459	41,674
2027P	-22,095	-5,599	70,203	42,508
2028P	-22,235	-5,762	69,933	41,937
2029P	-23,287	-5,929	72,991	43,775
2030P	-23,870	-6,101	74,831	44,860
2031P	-23,762	-6,277	74,698	44,659
2032P	-24,914	-6,460	77,904	46,531
2033P	-25,463	-6,647	79,896	47,786
2034P	-25,425	-6,840	79,921	47,656
2035P	-27,187	-7,038	83,291	49,066
2036P	-28,368	-7,242	85,457	49,846
2037P	-28,376	-7,452	85,649	49,820
2038P	-29,681	-7,668	89,188	51,839
2039P	-30,482	-7,891	91,522	53,149
2040P	-30,694	-8,119	91,896	53,083
2041P	-32,186	-8,355	95,622	55,081
2042P	-33,050	-8,597	98,142	56,495
2043P	-33,175	-8,846	98,705	56,684
2044P	-34,527	-9,103	102,622	58,992
2045P	-35,440	-9,367	105,341	60,535
2046P	-35,633	-9,639	106,107	60,835
2047P	-37,061	-9,918	110,231	63,252
WACC				11.56%
Economic NPV (Thousand S/)				362,968

The net present value (NPV) of Rioja plant cement business amounts to almost S/ 363 million and it is made up of the sum of the discounted cash flows of each period, for the 24-year projection.

For discounting of the cash flows, the weighted average cost of capital of the company (WACC for its acronym in English) was applied.

#### 19.4. Sensitivity Analysis

The sensitivity analysis considers a variation of +/- 5 and 10% in the variables that have the greatest impact on the NPV and EBITDA. These variables are the cement sales price, operating cost and CapEx.

Tables 47 and 48 detail the sensitivity of the NPV and EBITDA to each variable, respectively, when the variables are varied independently. Figures 16 and 17 show the results of the sensitivity of NPV and EBITDA, respectively, to the three variables:

Table 47 Sensitivity analysis of the Net Present Value

Variable / Variation	-10%	-5%	0%	+5%	+10%
Price	-33.6	-16.8	0	18.8	33.6
Cost	22.1	11.1	0	-11.1	-22.1
CapEx	1.1	0.5	0	-0.5	-1.1

Table 48 Sensitivity analysis of the EBITDA

Variable / Variation	-10%	-5%	0%	+5%	+10%
Price	-32.1	-16	0	16	32.1
Cost	21.2	10.6	0	-10.6	-21.2
CapEx	-0.1	0	0	0	0.1

Figure 16 Sensitivity of Net Present Value

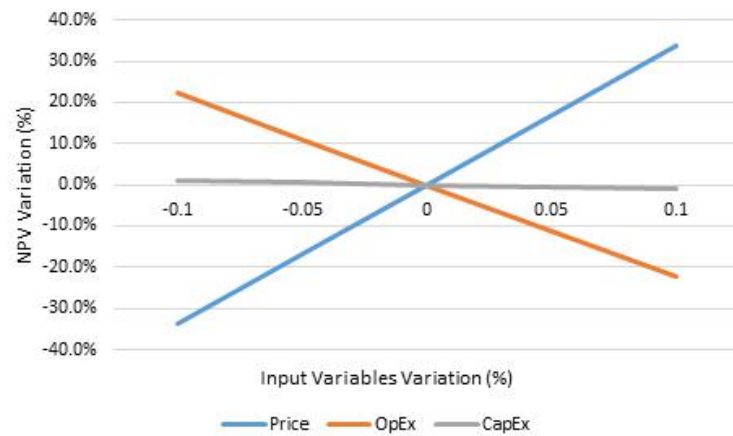
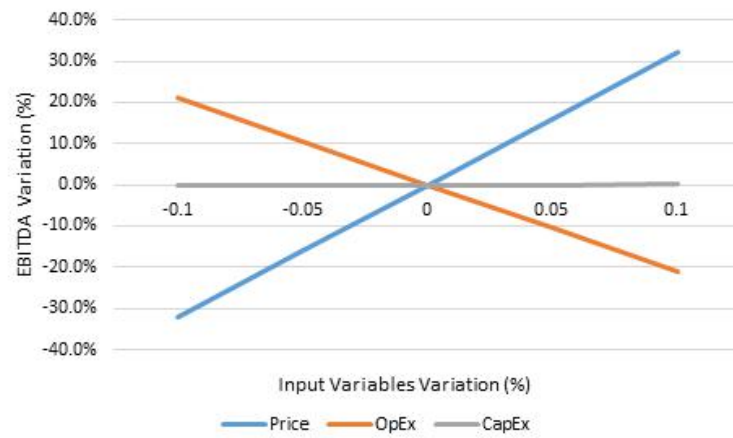


Figure 17 Sensitivity of EBITDA



Based on these results, the NPV is most sensitive to cement price, followed by operating cost, and least susceptible to the CapEx. EBITDA has a similar sensitivity to NPV, being most exposed to cement price, followed by operating cost, but shows no sensitivity towards variations to the CapEx.

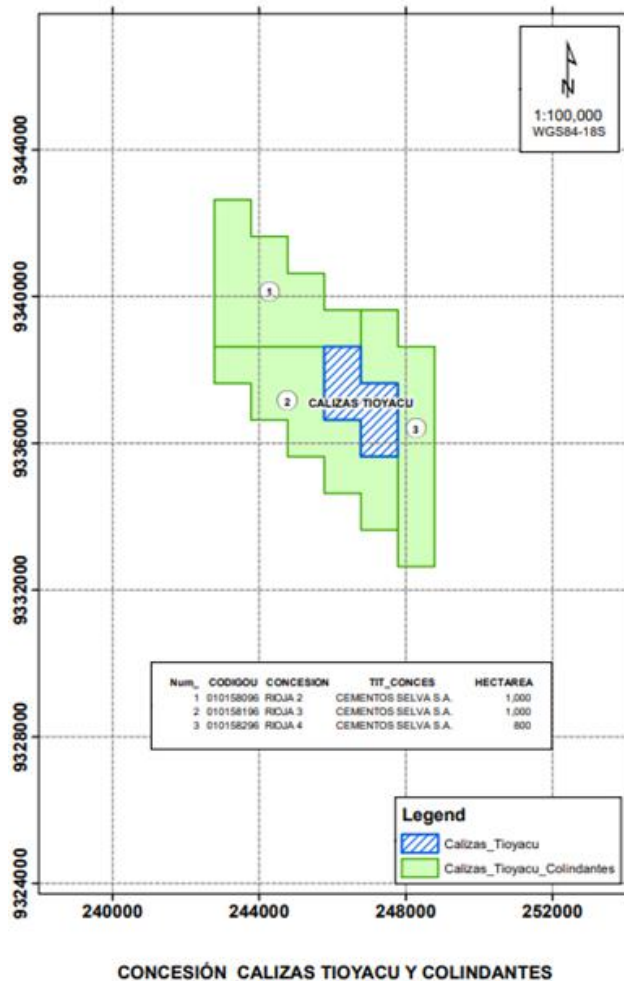
## 20. Adjacent properties

The information in this chapter was obtained from the competent authority: Instituto Geológico, Minero Metalúrgico (INGEMMET). The only public information obtained is shown in the Figure below.

To the north of the Cementos Selva S.A.C. concession is the Rioja 2 concession owned by Cementos Selva S.A.C.; to the east of the mining concession is the Rioja 4 concession owned by Cementos Selva S.A.C., and to the southwest is the Rioja 3 concession owned by Cementos Selva S.A.C.

Figure 18 Concession Calizas Tioyacu and adjacent concessions.





21. Other relevant data and information

Not applicable.

22. Interpretation and conclusions

- From a legal point of view, Cementos Selva S.A.C. has the ownership of the mining properties for the exploration, development and production of limestone to supply the cement plants for normal production during the life of the quarry.
- Cementos Selva S.A.C. has been complying with international ISO-9001 standards since 2015 and has implemented Quality Assurance and Quality Control (QAQC). The controls are applied for the construction of the Geological Model, Resource estimation and Reserves estimation.
- Cementos Selva S.A.C. has a quality assurance system in its operations that includes sample preparation methods, procedures, analysis and security, which comply with the best practices in the industry.
- The information verification and validation processes are carried out following the procedures indicated in the information flows. The validated information is congruent with the one that generated the geological models, which is the fundamental basis for the estimation of Resources.
- The geological modeling of the limestone deposit is consistent with the relationship between the information and the geological model.

- The Mineral Resource and Reserves estimation considers the geologic characteristic and modifying factors as well as due consideration of risk: geologic and associated with evaluation of modifying factors. The main quality variable is the CaO content which is very stable in the deposit. There are other secondary variables that determine the quality of the Reserves.
- In the process of estimating Mineral Reserves and in the production plans of the quarry these variables have been adequately considered in the mining plan, properly sequenced, and with blending processes. There are sufficient proven and probable Reserves for the next 24 years.

- Table 49 shows the Mineral Resources of the Tioyacu quarry the results of Mineral Resource classification. Likewise, the Mineral Reserves and the results of Mineral Reserve classification are shown in Table 50.

*Table 49 Mineral Resources (exclusive of Reserves) of Tioyacu quarry*

	Resources	Tonnes M	CaO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	K <sub>2</sub> O (%)
Limestone	Measured	0.05	50.10	0.60	1.01	5.82	0.22
	Indicated	0.5	48.01	0.67	3.32	6.23	0.19
	Measured + Indicated	0.5	48.20	0.67	3.11	6.19	0.20
	Inferred	19.8	46.34	0.37	5.97	2.67	0.14

\* No economic evaluation was performed for the Tioyacu quarry because it only has inferred resources.

*Table 50 Mineral Reserves of Tioyacu quarry*

	Reserves	Tonnes M	CaO (%)	Al <sub>2</sub> O <sub>3</sub> (%)	MgO (%)	SiO <sub>2</sub> (%)	K <sub>2</sub> O (%)
Limestone	Proven	5.9	50.17	0.61	1.01	5.86	0.22
	Probable	4.4	48.07	0.72	2.18	6.84	0.21
	Total	10.3	49.28	0.66	1.51	6.28	0.22

- The cement plant located in Rioja has equipment and facilities available for cement production, using limestone from the Tioyacu quarry and other necessary materials.
- The Health, Safety and Environment department is in charge of supervising and ensuring compliance with the Company's corporate policies and the various legal requirements of the national regulatory bodies by all company departments.
- Through its Social Responsibility department, Cementos Selva S.A.C. has built relationships of trust with the communities surrounding its operations, identifying their primary needs in health, education, urban development and local development.
- Infrastructure-wise, the operation in Tioyacu quarry and Rioja plant, in relation to infrastructure, is technically and economically feasible due to the life of the quarry.
- The sensitivity analysis shows that the operation is economically robust.

## 23. Recommendations

- Maintain the QaQc program for exploration, development and production activities associated with cement production.
- Include QaQc plans and density control for the subsequent diamond drilling campaigns.
- It is recommended to finish the drilling campaign that began in 2023 and carry out the geological interpretation of the data generated during the campaign, so that it can be incorporated into the Resource and Reserve model, which will provide greater support and robustness to these model.
- Implement the Geotechnical Monitoring Plan of the quarry components with the installation of slope displacement control landmarks.
- Maintain a permanent monitoring of the installed piezometers both for water levels and water quality, to evaluate the evolution of levels during the production of the Tioyacu quarry.
- It is recommended that a geophysical study using the Georadar method to identify karst cavities within the quarry area be conducted, especially in areas of structural anomalies.

## 24. References

Environmental Hygiene & Safety S.R.L. (2104). "Almacen de Materias Primas en Exteriores de Planta de Fabricación de Cementos – Rioja".

GEOSYM CONSULTORES S.A.C (2016). *Estudio Geológico, Geotécnico, Hidrológicos e Hidrogeológicos de La Cantera “Tioyacu” – Volumen I: Estudio Geológico.*

GEOSYM CONSULTORES S.A.C (2016). *Estudio Geológico, Geotécnico, Hidrológicos e Hidrogeológicos de La Cantera “Tioyacu” – Volumen II: Estudio Hidrogeológico.*

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GEOSYM CONSULTORES S.A.C (2016). *Estudio Geológico, Geotécnico, Hidrológicos e Hidrogeológicos de La Cantera “Tioyacu” – Volumen IV: Estudio Hidrológico.*

MINCONSULT S.R.Ltda, (2012). *Plan de Minado.*

SEGECO S.A. (1998). *Estudio de Impacto Ambiental De La Cantera de Calizas “Tioyacu” de Cementos Selva S.A.C.*

SEGECO S.A. (2011). *Estudio de Impacto Ambiental “Ampliación de Producción Línea 3 – Cementos Selva”.*

SEGECO S.A. (2012). *Estudio de Impacto Ambiental “Ampliación de Explotación de la Cantera Tioyacu”.*

Walsh Perú S.A. (2000). *Diagnóstico Ambiental Preliminar (DAP) de la Planta Industrial Rioja.*

25. Reliance on information provided by registrant

In preparing this report, the qualified persons relied upon data, written reports and statements provided by the registrant in accordance with 17 CFR § 229.1302(f). After careful review of the information provided, the QPs have no reason to believe that any material facts have been withheld or misstated. Cementos Selva provided the information as summarized in Table 51.

*Table 51 List of Cementos Selva S.A.C. information.*

Chapter	Chapter name	Information provided by CPSAA
3	Property description	Legal matters related to property rights and the authority “Instituto Geológico, Minero y Metalúrgico INGEMMET”
16	Market studies	Marketing information, CPSAA information, CSSA information, ASOCER, INEI and BCRP
17	Environmental studies, permitting, and plans, negotiations, or agreements with local individuals or groups	Community Relations and agreements with stakeholders
18	Capital and operating costs	Historical data about cost, price and investments
19	Economic analysis	The International Monetary Fund, Economic model, Macroeconomic trends, data, assumptions, and interest rates
20	Adjacent properties	Legal matters related to property rights and the authority “Instituto Geológico, Minero y Metalúrgico “INGEMMET”

INCENTIVE COMPENSATION CLAWBACK POLICY  
(As Adopted on November 17, 2023 Pursuant to NYSE Rule 303A.14)

**1. Overview.** The Board of Directors (the “Board”) of Cementos Pacasmayo S.A.A. (the “Company”) has adopted this Incentive Compensation Clawback Policy (the “Policy”) which requires the recoupment of certain incentive-based compensation in accordance with the terms herein and is intended to comply with Section 303A.14 of The New York Stock Exchange Listed Company Manual, as such section may be amended from time to time (the “Listing Rules”). Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms under Section 12 of this Policy.

**2. Interpretation and Administration.** The Committee shall have full authority to interpret and enforce the Policy; provided, however, that the Policy shall be interpreted in a manner consistent with its intent to meet the requirements of the Listing Rules. As further set forth in Section 10 below, this Policy is intended to supplement any other clawback policies and procedures that the Company may have in place from time to time pursuant to other applicable law, plans, policies or agreements.

**3. Covered Executives.** The Policy applies to each current and former Executive Officer of the Company who serves or served as an Executive Officer at any time during a performance period in respect of which Incentive Compensation is Received, to the extent that any portion of such Incentive Compensation is (a) Received by the Executive Officer during the last three completed Fiscal Years or any applicable Transition Period preceding the date that the Company is required to prepare a Restatement (regardless of whether any such Restatement is actually filed) and (b) determined to have included Erroneously Awarded Compensation. For purposes of determining the relevant recovery period referenced in the preceding clause (a), the date that the Company is required to prepare a Restatement under the Policy is the earlier to occur of (i) the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement. Executive Officers subject to this Policy pursuant to this Section 3 are referred to herein as “Covered Executives.”

**4. Recovery of Erroneously Awarded Compensation.** If any Erroneously Awarded Compensation is Received by a Covered Executive, the Company shall reasonably promptly take steps to recover such Erroneously Awarded Compensation in a manner described under Section 5 of this Policy.

**5. Forms of Recovery.** The Committee shall determine, in its sole discretion and in a manner that effectuates the purpose of the Listing Rules, one or more methods for recovering any Erroneously Awarded Compensation hereunder in accordance with Section 4 above, which may include, without limitation: (a) requiring cash reimbursement; (b) seeking recovery or forfeiture of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards; (c) offsetting the amount to be recouped from any compensation otherwise owed by the Company to the Covered Executive; (d) cancelling outstanding vested or unvested equity awards; or (e) taking any other remedial and recovery action permitted by law, as determined by the Committee. To the extent the Covered Executive refuses to pay to the Company an amount equal to the Erroneously Awarded Compensation, the Company shall have the right to sue for repayment and/or enforce the Covered Executive’s obligation to make payment through the reduction or cancellation of outstanding and future compensation. Any reduction, cancellation or forfeiture of compensation shall be done in compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

**6. No Indemnification.** The Company shall not indemnify any Covered Executive against the loss of any Erroneously Awarded Compensation for which the Committee has determined to seek recoupment pursuant to this Policy.

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**7. Exceptions to the Recovery Requirement.** Notwithstanding anything in this Policy to the contrary, Erroneously Awarded Compensation need not be recovered pursuant to this Policy if the Committee (or, if the Committee is not composed solely of Independent Directors, a majority of the Independent Directors serving on the Board) determines that recovery would be impracticable as a result of any of the following:

(a) the direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered; provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense

of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange;

(b) recovery would violate home country law where that law was adopted prior to November 28, 2022; provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange; or

(c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

**8. Committee Determination Final.** Any determination by the Committee with respect to the Policy shall be final, conclusive and binding on all interested parties.

**9. Amendment.** The Policy may be amended by the Committee from time to time, to the extent permitted under the Listing Rules.

**10. Non-Exclusivity.** Nothing in the Policy shall be viewed as limiting the right of the Company or the Committee to pursue additional remedies or recoupment under or as required by any similar policy adopted by the Company or under the Company's compensation plans, award agreements, employment agreements or similar agreements or the applicable provisions of any law, rule or regulation which may require or permit recoupment to a greater degree or with respect to additional compensation as compared to this Policy (but without duplication as to any recoupment already made with respect to Erroneously Awarded Compensation pursuant to this Policy). This Policy shall be interpreted in all respects to comply with the Listing Rules.

**11. Successors.** The Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

**12. Defined Terms.**

**"Covered Executives"** shall have the meaning set forth in Section 3 of this Policy.

**"Erroneously Awarded Compensation"** shall mean the amount of Incentive Compensation actually Received that exceeds the amount of Incentive Compensation that otherwise would have been Received had it been determined based on the restated amounts, and computed without regard to any taxes paid. For Incentive Compensation based on stock price or total shareholder return, where the amount of erroneously awarded Incentive Compensation is not subject to mathematical recalculation directly from the information in a Restatement:

(A) The calculation of Erroneously Awarded Compensation shall be based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive Compensation was Received; and

(B) The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

**"Exchange"** shall mean [The New York Stock Exchange] [The Nasdaq Stock Market].

**"Executive Officer"** shall mean the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent(s) or subsidiaries shall be deemed executive officers of the Company if they perform such policy-making functions for the Company.

**"Financial Reporting Measures"** shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures, including, without limitation, stock price and total shareholder return (in each case, regardless of whether such measures are presented within the Company's financial statements or included in a filing with the Securities and Exchange Commission).

**“Fiscal Year”** shall mean the Company’s fiscal year; provided that a Transition Period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months will be deemed a completed fiscal year.

**“Incentive Compensation”** shall mean any compensation (whether cash or equity-based) that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure, and may include, but shall not be limited to, performance bonuses and long-term incentive awards such as stock options, stock appreciation rights, restricted stock, restricted stock units, performance share units or other equity-based awards. For the avoidance of doubt, Incentive Compensation does not include (i) awards that are granted, earned and vested exclusively upon completion of a specified employment period, without any performance condition, and (ii) bonus awards that are discretionary or based on subjective goals or goals unrelated to Financial Reporting Measures. Notwithstanding the foregoing, compensation amounts shall not be considered “Incentive Compensation” for purposes of the Policy unless such compensation is Received (1) while the Company has a class of securities listed on a national securities exchange or a national securities association and (2) on or after October 2, 2023, the effective date of the Listing Rules.

**“Independent Director”** shall mean a director who is determined by the Board to be “independent” for Board or Committee membership, as applicable, under the rules of the Exchange, as of any determination date.

**“Listing Rules”** shall have the meaning set forth in Section 1 of this Policy.

Incentive Compensation shall be deemed **“Received”** in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

**“Restatement”** shall mean an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the Company’s previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

**“Transition Period”** shall mean any transition period that results from a change in the Company’s Fiscal Year within or immediately following the three completed Fiscal Years immediately preceding the Company’s requirement to prepare a Restatement.

**Document And Entity  
Information**

**12 Months Ended  
Dec. 31, 2023  
shares**

**Document Information Line Items**

<u>Entity Registrant Name</u>	CEMENTOS PACASMAYO SAA
<u>Document Type</u>	20-F
<u>Current Fiscal Year End Date</u>	--12-31
<u>Entity Common Stock, Shares Outstanding</u>	423,868,449
<u>Amendment Flag</u>	false
<u>Entity Central Index Key</u>	0001221029
<u>Entity Current Reporting Status</u>	Yes
<u>Entity Voluntary Filers</u>	No
<u>Entity Filer Category</u>	Accelerated Filer
<u>Entity Well-known Seasoned Issuer</u>	No
<u>Document Period End Date</u>	Dec. 31, 2023
<u>Document Fiscal Year Focus</u>	2023
<u>Document Fiscal Period Focus</u>	FY
<u>Entity Emerging Growth Company</u>	false
<u>Entity Shell Company</u>	false
<u>ICFR Auditor Attestation Flag</u>	true
<u>Document Registration Statement</u>	false
<u>Document Annual Report</u>	true
<u>Document Transition Report</u>	false
<u>Document Shell Company Report</u>	false
<u>Entity File Number</u>	001-35401
<u>Entity Incorporation, State or Country Code</u>	R5
<u>Entity Address, Address Line One</u>	Calle La Colonia 150
<u>Entity Address, Address Line Two</u>	Urbanización El Vivero
<u>Entity Address, City or Town</u>	Lima
<u>Entity Address, Country</u>	PE
<u>Entity Interactive Data Current</u>	Yes
<u>Document Financial Statement Error Correction [Flag]</u>	false
<u>Document Accounting Standard</u>	International Financial Reporting Standards
<u>Auditor Name</u>	Tanaka, Valdivia & Asociados Sociedad Civil de Responsabilidad Limitada
<u>Auditor Firm ID</u>	1315
<u>Auditor Location</u>	Lima, Peru
<u>Entity Address, Postal Zip Code</u>	00000
<u>Business Contact</u>	

**Document Information Line Items**

<u>Entity Address, Address Line One</u>	Calle La Colonia 150
<u>Entity Address, Address Line Two</u>	Urb. El Vivero
<u>Entity Address, City or Town</u>	Lima

Entity Address, Country

PE

Contact Personnel Name

Javier Durand, Esq., General Counsel

City Area Code

+51

Local Phone Number

1-317-6000

Entity Address, Postal Zip Code

00000



**Consolidated Statement of  
Financial Position - PEN (S/)  
S/ in Thousands**

**Dec. 31, 2023 Dec. 31, 2022**

**Current assets**

<u>Cash and cash equivalents</u>	S/ 90,193	S/ 81,773
<u>Other financial instruments</u>		86,893
<u>Trade and other receivables, net</u>	99,688	101,491
<u>Income tax prepayments</u>	4,485	8,268
<u>Inventories</u>	791,074	884,969
<u>Prepayments</u>	6,809	25,059
<u>Total current assets</u>	992,249	1,188,453

**Non-current assets**

<u>Trade and other receivables, net</u>	43,397	43,543
<u>Financial investments designated at fair value through other comprehensive income</u>	249	274
<u>Property, plant and equipment, net</u>	2,099,351	2,007,838
<u>Intangible assets, net</u>	62,920	56,861
<u>Goodwill</u>	4,459	4,459
<u>Deferred income tax assets</u>	11,428	9,005
<u>Right of use assets</u>	7,609	3,639
<u>Other assets</u>	73	89
<u>Total non-current assets</u>	2,229,486	2,125,708
<u>Total assets</u>	3,221,735	3,314,161

**Current liabilities**

<u>Trade and other payables</u>	231,511	284,554
<u>Financial obligations</u>	383,146	618,907
<u>Lease liabilities</u>	3,999	2,005
<u>Income tax payable</u>	14,222	16,340
<u>Provisions</u>	56,510	31,333
<u>Total current liabilities</u>	689,388	953,139

**Non-current liabilities**

<u>Financial obligations</u>	1,189,880	974,264
<u>Lease liabilities</u>	4,130	2,350
<u>Provisions</u>	27,453	47,638
<u>Deferred income tax liabilities</u>	120,876	141,635
<u>Total non-current liabilities</u>	1,342,339	1,165,887
<u>Total liabilities</u>	2,031,727	2,119,026

**Equity**

<u>Capital stock</u>	423,868	423,868
<u>Investment shares</u>	40,279	40,279
<u>Investment shares held in treasury</u>	(121,258)	(121,258)
<u>Additional paid-in capital</u>	432,779	432,779
<u>Legal reserve</u>	168,636	168,636
<u>Other accumulated comprehensive loss</u>	(16,290)	(17,787)

<u>Retained earnings</u>	261,994	268,618
<u>Total equity</u>	1,190,008	1,195,135
<u>Total liabilities and equity</u>	S/ 3,221,735	S/ 3,314,161

**Consolidated Statement of  
Profit or Loss - PEN (S/  
S/ in Thousands**

**12 Months Ended  
Dec. 31,    Dec. 31,    Dec. 31,  
2023        2022        2021**

**Profit or loss [abstract]**

Sales of goods

S/ 1,950,075    S/ 2,115,746    S/ 1,937,767

Cost of sales

(1,260,623) (1,463,715) (1,378,336)

Gross profit

689,452    652,031    559,431

**Operating income (expenses)**

Administrative expenses

(234,711) (227,577) (196,069)

Selling and distribution expenses

(66,825) (65,237) (51,520)

Other operating (expense) income, net

(13,810) (3,899) 6,408

Impairment to retirement of property, plant and equipment

(36,551)

Total operating expenses, net

(351,897) (296,713) (241,181)

Operating profit

337,555    355,318    318,250

**Other income (expenses)**

Finance income

7,246    3,306    2,891

Finance costs

(104,045) (95,105) (88,965)

Net gain (loss) on derivative financial instruments recognized at fair value through profit or loss

19    (59)    589

Net loss on settlement of derivative financial instruments recognized at fair value through profit or loss

(1,569)

Gain (loss) from exchange difference, net

4,933    (1,040)    (7,086)

Total other expenses, net

(91,847) (92,898) (94,140)

Profit before income tax

245,708    262,420    224,110

Income tax expense

(76,808) (85,592) (70,940)

Profit for the year

S/ 168,900    S/ 176,828    S/ 153,170

**Earnings per share**

Basic earnings per share attributable to equity holders of common shares and investment in shares of Cementos Pacasmayo S.A.A. (S/ per share) (in Nuevos Soles per share)

S/ 0.39    S/ 0.41    S/ 0.36

**Consolidated Statement of  
Profit or Loss  
(Parentheticals) - S/ / shares**

**12 Months Ended**  
**Dec.    Dec.    Dec.**  
**31,     31,     31,**  
**2023   2022   2021**

**Profit or loss [abstract]**

Diluted earnings per share attributable to equity holders of common shares and investment  
in shares of Cementos Pacasmayo S.A.A. (S/ per share) (in Nuevos Soles per share) S/ 0.39 S/ 0.41 S/ 0.36

**Consolidated Statement of  
Other Comprehensive  
Income (loss) - PEN (S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31,    Dec. 31,    Dec. 31,  
2023        2022        2021**

**Consolidated Statement of Other Comprehensive Income (loss) [Abstract]**

<u>Profit for the year</u>	S/ 168,900	S/ 176,828	S/ 153,170
<b><u>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent years:</u></b>			
<u>Change in fair value of financial instruments designated at fair value through other comprehensive loss</u>	(25)	(565)	(1,995)
<u>Deferred income tax</u>	7	167	589
<b><u>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:</u></b>			
<u>Net gain on cash flows hedges</u>	2,154	3,838	20,836
<u>Deferred income tax</u>	(634)	(1,133)	(6,146)
<u>Other comprehensive income (loss) for the year, net of income tax</u>	1,502	2,307	13,284
<u>Total other comprehensive income for the year, net of income tax</u>	S/ 170,402	S/ 179,135	S/ 166,454

Consolidated Statement of Changes in Equity - PEN (S/ S/ in Thousands	Capital stock	Investment shares	Treasury shares	Additional paid-in capital	Legal reserve	Unrealized loss on financial instruments designated at fair value	Unrealized gain (loss) on cash flow hedge	Retained earnings	Total
<a href="#">Balance as of at Jan. 01, 2021</a>	S/ 423,868	S/ 40,279	S/ (121,258)	S/ 432,779	S/ 168,636	S/ (14,463)	S/ (18,915)	S/ 456,629	S/ 1,367,555
<a href="#">Profit for the year</a>								153,170	153,170
<a href="#">Other comprehensive income (loss)</a>						(1,406)	14,690		13,284
<a href="#">Total comprehensive income</a>						(1,406)	14,690	153,170	166,454
<a href="#">Dividends, note 15(g)</a>								(338,204)	(338,204)
<a href="#">Balance as of at Dec. 31, 2021</a>	423,868	40,279	(121,258)	432,779	168,636	(15,869)	(4,225)	271,595	1,195,805
<a href="#">Profit for the year</a>								176,828	176,828
<a href="#">Other comprehensive income (loss)</a>						(398)	2,705		2,307
<a href="#">Total comprehensive income</a>						(398)	2,705	176,828	179,135
<a href="#">Dividends, note 15(g)</a>								(179,805)	(179,805)
<a href="#">Balance as of at Dec. 31, 2022</a>	423,868	40,279	(121,258)	432,779	168,636	(16,267)	(1,520)	268,618	1,195,135
<a href="#">Profit for the year</a>								168,900	168,900
<a href="#">Other comprehensive income (loss)</a>						(18)	1,520		1,502
<a href="#">Total comprehensive income</a>						(18)	1,520	168,900	170,402
<a href="#">Dividends, note 15(g)</a>								(175,524)	(175,524)
<a href="#">Others</a>						(5)			(5)
<a href="#">Balance as of at Dec. 31, 2023</a>	S/ 423,868	S/ 40,279	S/ (121,258)	S/ 432,779	S/ 168,636	S/ (16,290)		S/ 261,994	S/ 1,190,008

**Consolidated Statement of  
Cash Flows - PEN (S/)**

**12 Months Ended  
Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

**Operating activities**

<u>Profit before income tax</u>	S/	S/	S/
	245,708,000	262,420,000	224,110,000

**Non-cash adjustments to reconcile profit before income tax to net cash flows from operating activities**

<u>Depreciation and amortization</u>	144,195,000	138,539,000	135,567,000
<u>Finance costs</u>	104,045,000	95,105,000	88,965,000
<u>Impairment to retirement of property, plant and equipment</u>	36,551,000		
<u>Long-term incentive plan</u>	7,632,000	8,272,000	9,763,000
<u>Provision for inventory obsolescence</u>	2,956,000	1,977,000	3,348,000
<u>Allowance for expected credit losses</u>	1,707,000	1,972,000	563,000
<u>Net (gain) loss on derivative financial instruments recognized at fair value through profit or loss</u>	(19,000)	59,000	(589,000)
<u>Accumulated net loss due to settlement of derivative financial instruments at fair value through profit or loss</u>			1,569,000
<u>Finance income</u>	(7,246,000)	(3,306,000)	(2,891,000)
<u>Exchange difference related to monetary transactions</u>	(973,000)	3,804,000	(9,114,000)
<u>Net gain on disposal of property, plant and equipment and intangible assets</u>	(813,000)	(591,000)	(1,775,000)
<u>Other items that do not generate operating flows, net</u>	18,021,000	10,413,000	3,761,000
<b><u>Working capital adjustments</u></b>			
<u>Increase in trade and other receivables</u>	(1,870,000)	(3,695,000)	(47,713,000)
<u>Decrease (increase) in inventories</u>	90,581,000	(282,554,000)	(151,530,000)
<u>Decrease (increase) in prepayments</u>	13,210,000	(10,099,000)	(12,956,000)
<u>(Decrease) increase in trade and other payables</u>	(48,680,000)	60,571,000	48,834,000
<u>Adjustments to reconcile profit (loss)</u>	605,005,000	282,887,000	289,912,000
<u>Interest received</u>	7,315,000	3,668,000	4,484,000
<u>Interest paid</u>	(96,907,000)	(80,573,000)	(68,433,000)
<u>Income tax paid</u>	(103,090,000)	(94,163,000)	(55,401,000)
<u>Net cash flows from operating activities</u>	412,323,000	111,819,000	170,562,000

**Investing activities**

<u>Opening of term deposits with original maturity greater than 90 days</u>	(10,000,000)		
<u>Redemption of term deposits with original maturity greater than 90 days</u>	10,000,000		
<u>Purchase of property, plant and equipment</u>	(272,600,000)	(162,785,000)	(85,594,000)
<u>Purchase of intangible assets</u>	(16,707,000)	(15,712,000)	(8,953,000)
<u>Purchase of investments available for sale</u>		(363,000)	(1,779,000)
<u>Loans granted</u>	(1,679,000)	(141,000)	(174,000)
<u>Loan to related party</u>			(17,121,000)
<u>Cash flow proceeds from sale of property, plant and equipment</u>	1,392,000	2,664,000	4,152,000
<u>Proceeds from loans</u>	150,000	149,000	524,000
<u>Collection of loans from related parties</u>			17,121,000

<u>Net cash flows used in investing activities</u>	(289,444,000)	(176,188,000)	(91,824,000)
<b><u>Financing activities</u></b>			
<u>Proceeds from bank overdraft</u>	85,333,000		
<u>Payment of bank overdraft</u>	(85,333,000)		
<u>Payment of bank loans</u>	(661,520,000)	(448,984,000)	
<u>Dividends paid</u>	(175,431,000)	(179,820,000)	(336,821,000)
<u>Payment for hedging instrument</u>	(7,708,000)	(15,390,000)	(15,214,000)
<u>Lease payments</u>	(3,564,000)	(2,511,000)	(2,419,000)
<u>Bank loans received</u>	639,000,000	525,000,000	220,000,000
<u>Dividends returned</u>	465,000	229,000	481,000
<u>Cash flow from settlement of derivative financial instruments</u>	93,323,000		3,879,000
<u>Net cash flows used in financing activities</u>	(115,435,000)	(121,476,000)	(130,094,000)
<u>Net increase (decrease) in cash and cash equivalents</u>	7,444,000	(185,845,000)	(51,356,000)
<u>Net foreign exchange difference</u>	976,000	(5,784,000)	15,846,000
<u>Cash and cash equivalents as of January 1</u>	81,773,000	273,402,000	308,912,000
<u>Cash and cash equivalents as of December 31</u>	90,193,000	81,773,000	273,402,000
<b><u>Transactions with no effect on cash flows:</u></b>			
<u>Unrealized exchange difference related to monetary transactions</u>	(973,000)	3,804,000	(9,114,000)
<u>Outstanding accounts payable related to acquisition of property, plant and equipment</u>	9,379,000	14,560,000	7,615,000
<u>Addition of right-of-use assets and lease liabilities</u>	6,915,000	613,000	217,000
<u>Additions of quarry rehabilitation costs</u>	S/ 4,458,000	S/ 2,745,000	



## Corporate Information

**12 Months Ended  
Dec. 31, 2023**

### [General Information About Financial Statements](#)

#### [\[Abstract\]](#)

#### [Corporate information](#)

#### 1. Corporate information

Cementos Pacasmayo S.A.A. (hereinafter “the Company”) was incorporated in 1957 and, under the Peruvian General Corporation Law, is an open stock corporation, its shares are listed on the Lima and New York Stock Exchange. The Company is a subsidiary of Inversiones ASPI S.A., which holds 50.01 percent of the Company’s common shares as of December 31, 2023, 2022 and 2021. The Company’s registered address is Calle La Colonia No.150, Urbanización El Vivero, Santiago de Surco, Lima, Peru. All the subsidiaries are domiciled and operate in Peru.

The Company’s main activity is the production and marketing of cement, blocks, concrete and other minors in La Libertad region of the northern of Peru.

The issuance of the consolidated financial statements of the Company and its subsidiaries (hereinafter “the Group”) for the year ended December 31, 2023 were approved by the General Shareholder’s Meeting on March 21, 2024. The consolidated financial statements as of December 31, 2022 and for the year then ended were approved by the General Shareholders’ Meeting on March 24, 2023.

For the years ended December 31, 2023, 2022 and 2021, the consolidated financial statements comprise the financial statements of the Company and its subsidiaries: Cementos Selva S.A.C. and subsidiaries, Distribuidora Norte Pacasmayo S.R.L., Empresa de Transmisión Guadalupe S.A.C., Salmueras Sudamericanas S.A., Calizas del Norte S.A.C. (liquidated during 2022), Soluciones Takay S.A.C., 150Krea Inc. and Corporación Materiales Piura S.A.C. As of these dates, the Company maintained a 100 percent interest in all its subsidiaries.

The main activities of the subsidiaries incorporated in the consolidated financial statements are described as follows:

- Cementos Selva S.A.C. is engaged in production and marketing of cement and other construction materials in the northeast region of Peru. Also, it holds 100 percent of the shares in Dinosevsa Iquitos S.A.C. (a cement and construction materials distributor in the north of Peru, which also produces and sells precast, cement bricks and ready-mix concrete) and in Acuicola Los Paiches S.A.C. (a fish farm entity).
- Distribuidora Norte Pacasmayo S.R.L. is mainly engaged in selling cement produced by the Company. Additionally, it produces and sells precast, cement bricks and ready-mix concrete. It is the main partner of Consorcio Constructor Norte del Peru.
- Empresa de Transmisión Guadalupe S.A.C. is mainly engaged in providing electric energy transmission services to the Company.
- Salmueras Sudamericanas S.A. (“Salmueras”) In December 2017, the Company decided not to continue with the activities related to this project of Salmueras.
- Calizas del Norte S.A.C. On May 31, 2016, the Company decided to liquidate the subsidiary Calizas del Norte S.A.C. This liquidation was completed during 2022.

- Soluciones Takay S.A.C., entity constituted on March 29, 2019 whose corporate purpose is to provide advisory services and information, promotion, acquisition and intermediation services for the management and development of real estate projects by natural and/or legal persons.
- 150Krea Inc., entity constituted on June 3, 2021 whose corporate purpose is the lease of intangible assets.
- Corporación Materiales Piura S.A.C., entity acquired on January 4, 2023 whose corporate purpose is the extraction of stone, sand and clay.

## Significant Accounting Policies

12 Months Ended  
Dec. 31, 2023

### [Disclosure of significant accounting policies](#)

#### [\[Abstract\]](#)

#### [Significant accounting policies](#) 2.

#### Significant accounting policies

##### 2.1 Basis of preparation –

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments designated at fair value through other comprehensive income (OCI) and derivative financial instruments that have been measured at fair value. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in fair value attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Soles and all values are rounded to the nearest thousand (S/000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period or periods. There are certain standards and amendments applied for the first time by the Group during 2023 that did not require the restatement of previous financial statements, as explained in note 2.3.17.

##### Basis of consolidation -

2.2 The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if it has: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), (ii) exposure, or rights, to variable returns from its involvement with the investee, and (iii) the ability to use its power over the investee to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

## 2.3 Summary of significant accounting policies -

### 2.3.1 Cash and cash equivalents -

Cash and cash equivalents presented in the statement of financial position and statement of cash flows comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

### 2.3.2 Financial instruments-initial recognition and subsequent measurement –

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (i) Financial assets -

##### Initial recognition and measurement -

Financial assets are classified at initial recognition as measured at amortized cost, fair value through OCI or fair value through profit or loss.

The Group's financial assets include cash and cash equivalents, commercial and other receivables and financial assets at fair value through OCI.

##### Subsequent measurement -

For purposes of subsequent measurement, financial assets are classified into the following categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI without recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

The classification depends on the business model of the Company and the contractual terms of the cash flows.

##### Financial assets at amortized cost (debt instruments) -

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to collect contractual cash flows and not sale or trade it, and,

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets are not reclassified after their initial recognition, except if the Group changes its business model for its management.

As of December 31, 2023, 2022 and 2021, the Group held trade and other receivables in this category; because they meet the conditions described above.

Financial assets at fair value through OCI (equity instruments)  
-

Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As of December 31, 2023, 2022 and 2021 the Group elected to classify irrevocably its non-listed equity investments under this category.

(ii) Impairment of financial assets -

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk

since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(iii) Financial liabilities -

Initial recognition and measurement -

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing loans and borrowings.

Subsequent measurement -

The subsequent measurement of financial liabilities depends on their classification, the Group maintains Loans and Borrowings, which accounting treatment is explained below:

After their initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

As of December 31, 2023, 2022 and 2021, the Group included trade and other payables and financial liabilities in this category, for more information refer to notes 11 and 13.

#### Derecognition -

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized in the consolidated statement of profit or loss.

#### (iv) Derivative financial instruments and hedge accounting –

The Group used derivative financial instruments, cross currency swaps (CCS), to hedge its foreign currency exchange rate risk. These derivative financial instruments are initially recognized at their fair values on the date on which the derivative contract is entered into and subsequently are remeasured at their fair value. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges expect to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group uses to hedge that quantity of hedged item.

#### Cash flow hedges

Any gains or losses arising from changes in the fair value of derivatives is taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

In the case that the cash flow hedge is discontinued, the amount accumulated in other comprehensive income must remain in other comprehensive income accumulated if the covered cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flows are given, any amount that remains in other comprehensive accumulated results must be recorded considering the nature of the underlying transaction.

The Group maintained derivative financial instruments, cross currency swaps, to hedge its foreign currency exchange rate risk, these instruments were maintained until February 2023, date when there were paid in foreign currency. These derivative financial instruments were initially recognized at their fair values on the date on which the derivative contract was entered into and subsequently were remeasured at their fair value. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative, variation in fair value were registered in equity.

As of December 31, 2023, the Group did not maintain derivative financial instruments.

#### (v) Fair value measurement -

The Group measures financial instruments such as derivatives, and equity investments, at fair value at each period end.



Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value accounting hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for recurring and non-recurring fair value measurements.

At each reporting date, the Financial Management analyzes the changes in the values of the assets and liabilities that must be measured or determined on a recurring and non-recurring basis according to the Group's accounting policies. For this analysis, Management contrasts the main variables used in the latest assessments made with updated information available from valuations included in contracts and other relevant documents.

Management also compares the changes in the fair value of each asset and liability with the relevant external sources to determine whether the change is reasonable.

For purposes of disclosure of fair value, the Group has determined classes of assets and liabilities based on the inherent nature, characteristics and risks of each asset and liability, and the level of the fair value accounting hierarchy as explained above, see note 26(b).

### 2.3.3 Foreign currencies -

The functional and presentation currency for the consolidated financial statements of the Group is soles, which is also the functional currency for its subsidiaries.

#### *Transactions and balances*

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

### 2.3.4 Inventories -

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

#### *Raw materials, spare parts and supplies*

- Initially at cost and are recorded at the lower of cost and net realizable value.

#### *Finished goods and work in progress*

- Cost of direct materials and supplies, services provided by third parties, direct labor and a proportion of manufacturing overheads is based on normal operating capacity, excluding borrowing costs and exchange currency differences.

### *Inventory in transit*

- Cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs of inventory necessary to make the sale.

### 2.3.5 Borrowing costs -

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of interest rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

### 2.3.6 Property, plant and equipment -

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met, see note 2.3.5. The capitalized value of a finance lease is also included within property, plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as operation cost or expense in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgments, estimates and assumptions, see note 3, and quarry rehabilitation cost provisions, see note 12.

Depreciation of assets is determined using the straight-line method over the estimated useful lives of such assets as follows:

	<u>Years</u>
<b>Buildings and other construction:</b>	
Administrative facilities	Between 20 and 51
Main production structures	Between 20 and 56

Minor production structures	Between 20 and 35
<b>Machinery and equipment:</b>	
Mills and horizontal furnaces	Between 24 and 45
Vertical furnaces, crushers and grinders	Between 23 and 36
Electricity facilities and other minors	Between 10 and 35
Furniture and fixtures	10
<b>Transportation units:</b>	
Heavy units	Between 5 and 15
Light units	Between 5 and 10
<b>Computer equipment</b>	Between 3 and 10
<b>Tools</b>	Between 5 and 10

The asset's residual value, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively if appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

#### 2.3.7 Mining concessions -

Mining concessions correspond to the exploration rights in areas of interest acquired. Mining concessions are stated at cost, net of accumulated amortization and/or accumulated impairment losses, if any, and are presented within the "Property, plant and equipment" caption of consolidated statement of financial position. Those mining concessions are amortized following the straight-line method. In the event the Group abandons the concession, the costs associated, see note 9(b), are written-off in the consolidated statement of profit or loss.

For the years ended December 31, 2023, 2022 and 2021, mining concessions of the Group correspond to areas that contain raw material necessary for cement production.

#### 2.3.8 Quarry development costs and stripping costs -

##### *Quarry development costs -*

Quarry development costs incurred are stated at cost and are the next step in development of quarries after the exploration and evaluation stage. Quarry development costs are, upon commencement of the production phase, presented net of accumulated amortization and/or accumulated impairment losses, if any, and are presented within the property, plant and equipment caption. The amortization is calculated using the straight-line method based on the useful life of the quarry to which it relates. Expenditures that significantly increase the economic life of the quarry under exploitation are capitalized.

##### *Stripping costs -*

Stripping costs incurred in the development of a mine before production commences are capitalized as part of mine development costs and subsequently amortized over the life of the mine on a units-of-production basis, using the proved reserves.

Stripping costs incurred subsequently during the production phase of its operation are recorded as part of cost of production.

#### 2.3.9 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

The Group's intangible assets with finite useful lives are amortized over an average term between three and ten years.

Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Exploration and evaluation assets -

Exploration and evaluation activity involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity include:

- Researching and analyzing historical exploration data.
- Gathering exploration data through geophysical studies.
- Exploratory drilling and sampling.
- Determining and examining the volume and grade of the resource.
- Surveying transportation and infrastructure requirements.

- Conducting market and finance studies.

Once the legal right to explore has been acquired, exploration and evaluation costs are charged to the consolidated statement of profit or loss, unless management concludes that a future economic benefit is more likely than not to be realized, in which case such costs are capitalized, see note 10(b). These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating if costs meet the criteria to be capitalized, several different sources of information are used, including the nature of the assets, extension of the explored area and results of sampling, among others. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Exploration and evaluation costs are capitalized when the exploration and evaluation activity is within an area of interest for which it is expected that the costs will be recouped by future exploitation and active and significant operations in relation to the area are continuing or planned for the future.

All capitalized exploration and evaluation costs are monitored for indications of impairment. Where a potential impairment indicator is identified, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash generating unit) to which the exploration is attributed.

The Group assesses at each reporting date whether there is an indication that exploration and evaluation assets may be impaired, see note 10(c).

#### 2.3.10 Ore reserve and resource estimates -

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties and concessions. The Group estimates its ore reserves and mineral resources, based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, provision for quarry rehabilitation and depreciation and amortization charges.

#### 2.3.11 Provisions -

##### *General -*

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a

provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost in the consolidated statement of profit or loss.

#### *Quarry rehabilitation provision -*

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. Quarry rehabilitation costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current risk-free rate. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of profit or loss as a finance cost. The estimated future costs of quarry rehabilitation are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

#### *Environmental expenditures and liabilities -*

Environmental expenditures that relate to current or future revenues are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognized when a clean-up is probable, and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognized is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognized is the present value of the estimated future expenditure.

#### 2.3.12 Employees benefits -

The Group has short-term obligations for employee benefits including salaries, severance contributions, legal bonuses, performance bonuses and profit sharing. These obligations are recorded monthly on an accrual basis.

Additionally, the Group has a long-term incentive plan for key management. This benefit is settled in cash, measured on the salary of each officer and upon fulfilling certain conditions such as years of experience within the Group and permanency. The Group recognizes the long-term obligation at its present value at the end of the reporting period using the projected credit unit method. To calculate the present value of these long-term obligations the Group uses a government bond discount rate at the date of the consolidated financial statements. This liability is annually reviewed on the date of the consolidated financial statements, and the accrual updates and the effect of changes

in discount rates are recognized in the consolidated statement of profit or loss.

#### 2.3.13 Revenue recognition -

The Group is dedicated to the production and trading of cement, concrete, blocks and other minors, as well as trade of construction supplies. These goods are sold in contracts with customers.

Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties.

The following specific recognition criteria must also be met before revenue is recognized:

##### *Sales of goods -*

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other terms in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

##### *Rendering of services -*

In the business segments cement, concrete, blocks and construction supplies, the Group provides transportation services. These services are sold together with the sale of the goods to the customer.

Transportation services are satisfied when the transport service is concluded, which coincides with the moment of delivery of the goods to the customers.

#### 2.3.14 Taxes -

##### *Current income tax -*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in Peru, where the Group operates and generates taxable income.

##### *Deferred tax -*

Deferred tax is determined on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in



joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax related to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

#### 2.3.15 Treasury shares-

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### 2.3.16 Impairment of non-financial assets –

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required (goodwill and Intangible assets with indefinite useful lives), the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group supports its impairment calculation by using detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

Impairment losses related to continuing operations, including impairment on inventories, are recognized in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

In addition, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or have decreased. If such an indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

Exploration and evaluation assets are tested for impairment annually as of December 31, either individually or at the cash-generating unit level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

As of December 31, 2023 and 2022 there were no signs of impairment for long-lived assets.

#### 2.3.17 New amended standards and interpretations –

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

##### *Definition of Accounting Estimates - Amendments to IAS 8*

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

##### *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their material accounting policies and adding guidance on how entities

apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

*Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

**Significant Accounting  
Judgments, Estimates and  
Assumptions**

**12 Months Ended  
Dec. 31, 2023**

[Disclosure of Significant  
Accounting Judgments,  
Estimates and Assumptions  
\[Abstract\]  
Significant accounting  
judgments, estimates and  
assumptions](#)

**3. Significant accounting judgments, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

If signs of impairment are identified, the most significant estimate considered by the Company's Management will correspond to the evaluation of the impairment of long-lived assets. As of December 31, 2023, 2022 and 2021, Management has not identified signs of impairment for long-lived assets, which is why it considers that there are no significant estimates for those dates.

**Standards Issued But Not  
yet Effective**

**Standards Issued But Not yet  
Effective [Abstract]**

**Standards Issued But not Yet Effective** 4.

**12 Months Ended  
Dec. 31, 2023**

**Standards issued but not yet effective**

The standards and interpretations relevant to the Group, that will have effect at January 1, 2024 are below:

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments are not expected to have a material impact on the Group's financial statements.

**Transactions in Foreign  
Currency**

**12 Months Ended  
Dec. 31, 2023**

[Transactions in foreign  
currency \[Abstract\]](#)

[Transactions in foreign  
currency](#)

**5. Transactions in foreign currency**

Transactions in foreign currency take place at the open-market exchange rates published by the Superintendence of Banks, Insurance and Pension Funds Administration. As of December 31, 2023 the exchange rates for transactions in United States dollars, published by this institution, were S/3.705 for purchase and S/3.713 for sale (S/3.808 for purchase and S/3.82 for sale as of December 31, 2022, S/3.975 for purchase and S/3.998 for sale as of December 31, 2021).

As of December 31, 2023, 2022 and 2021, the Group had the following assets and liabilities in United States dollars:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	US\$(000)	US\$(000)	US\$(000)
<b>Assets</b>			
Cash and cash equivalents	5,887	4,426	51,343
Trade and other receivables	3,259	3,262	4,946
Advances to suppliers for work in progress	4,829	18,899	10,175
	<u>13,975</u>	<u>26,587</u>	<u>66,464</u>
<b>Liabilities</b>			
Trade and other payables	(19,082)	(18,399)	(10,356)
Interest-bearing loans and borrowings	-	(131,612)	(149,612)
	<u>(19,082)</u>	<u>(150,011)</u>	<u>(159,968)</u>
Cross currency swap position	-	132,000	132,000
<b>Net monetary position</b>	<u>(5,107)</u>	<u>8,576</u>	<u>38,496</u>

As of December 31, 2022, the Group had cash currency hedging agreements for its bonds (denominated in US dollars), see note 16. Of the US\$132,000,000 shown in the swap position as of December 31, 2022, there were underlying liabilities in the amount of US\$131,612,000 and the difference of US\$388,000 was maintained as derivative financial instruments at fair value through profit or loss. In February 2023 the cross currency swaps were settled.

During 2023, the net gain originated by the exchange difference was approximately S/4,933,000 (the net loss from exchange difference amounted to S/1,040,000 and S/7,086,000 during 2022 and 2021, respectively). All these results are presented in the caption "Gain (loss) from exchange difference, net" in the consolidated statement of profit or loss.

## Cash and Cash Equivalents

**12 Months Ended  
Dec. 31, 2023**

### Cash and Cash Equivalents

#### [Abstract]

#### Cash and cash equivalents

#### **6. Cash and cash equivalents**

- (a) This caption was made up as follows:

	<b>2023</b>	<b>2022</b>
	<u>S/(000)</u>	<u>S/(000)</u>
Cash on hand	182	161
Cash at banks (b)	46,611	39,112
Short-term deposits (c)	43,400	42,500
	<u>90,193</u>	<u>81,773</u>

- (b) Cash at banks is denominated in local and foreign currency and U.S. dollars, is deposited in local and foreign bank are freely available. The demand deposits interest yield is based on daily bank deposit rates.

- (c) The short-term deposits held in domestic banks were freely available and earned interest at the respective short-term market rates and original maturity less than three months.

## Trade and Other Receivables

12 Months Ended  
Dec. 31, 2023

### Trade and Other Receivables

#### [Abstract]

#### Trade and other receivables

#### 7. Trade and other receivables

(a) This caption was made up as follows:

	Current		Non-current	
	2023	2022	2023	2022
	S/(000)	S/(000)	S/(000)	S/(000)
Trade receivables (b)	83,840	78,519	-	-
Other accounts receivable	13,179	6,789	-	-
Accounts receivable from Parent company and affiliates, note 22	1,973	1,858	-	-
Funds restricted to tax payments	1,322	244	-	-
Interest receivable	1,091	1,163	-	-
Loans to employees	1,061	676	-	-
Loans granted	1,014	1,001	-	-
Other receivables from sale of fixed assets	82	215	-	-
Allowance for expected credit losses (d) and (e)	(9,014)	(7,433)	-	-
Financial assets classified as receivables (e)	94,548	83,032	-	-
Value-added tax credit	5,140	18,459	1,193	1,874
Claim to the SUNAT (c)	-	-	29,559	29,559
Other accounts receivable	-	-	12,645	12,110
Tax refund receivable	-	-	9,034	9,034
Allowance for expected credit losses (d)	-	-	(9,034)	(9,034)
Non-financial assets classified as receivables	5,140	18,459	43,397	43,543
	99,688	101,491	43,397	43,543

(b) Trade account receivables presented net of discounts and bonuses, have current maturity (30 to 90 days) and those overdue bear interest.

(c) On March 22, 2021, the Company received Tax Court Resolution N° 00905-4-21 that declares the calculation of Mining Royalty should be based on gross sale of the final product (cement) for the years 2008 and 2009. This is an opposite position to what is established by the Constitutional Court in the STC Exp. N° 1043-2013-PA/TC that declares founded the writ of protection presented by the Company and its right to calculate the Mining Royalty exclusively based on the value of the mining component, without considering in any way the value of the final products derived from industrial and manufacturing processes.

Company has made, under protest, payments of the debts arbitrarily placed in collection. These payments as of December 31, 2023 and 2022 amount to S/29,559,000. To date, the Company has initiated the corresponding legal actions to recover said payments and in the opinion of Management and its external legal advisors, it has a high probability of obtaining a favorable result.

(d) The movement of the allowance for expected credit losses is as follows:

2023	2022	2021
S/(000)	S/(000)	S/(000)



<b>Opening balance</b>	16,467	14,573	14,358
Additions, note 19	1,707	1,972	563
Recoveries	(126)	(78)	(348)
<b>Ending balance</b>	<u>18,048</u>	<u>16,467</u>	<u>14,573</u>

As of December 31, 2023, the additions include S/1,707,000 related to the provision for expected credit losses for trade receivables (S/1,972,000 and S/563,000 as of December 31, 2022 and 2021, respectively), which are presented in the caption “selling and distribution expenses” on the consolidated statement of profit and loss, see note 19.

- (e) The aging analysis of trade and other accounts receivable as of December 31, 2023 and 2022, is as follows:

As of December 31,  2023	Total	Neither past due nor impaired	Past due but not impaired				
			< 30 days	30-60 days	61-90 days	91-120 days	> 120 days
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Expected credit loss rate	8.7%	0.2%	1.0%	0.8%	7.6%	20.5%	64.4%
<b>Carrying amount 2023</b>	103,562	62,120	20,566	4,525	2,435	1,195	12,721
<b>Expected credit loss</b>	9,014	147	206	37	186	245	8,193

As of December 31,  2022	Total	Neither past due nor impaired	Past due but not impaired				
			< 30 days	30-60 days	61-90 days	91-120 days	> 120 days
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Expected credit loss rate	8.2%	0.1%	1.5%	3.5%	2.1%	-	59.4%
<b>Carrying amount 2022</b>	90,465	63,676	8,538	3,807	2,573	-	11,871
<b>Expected credit loss</b>	7,433	64	124	135	55	-	7,055

## Inventories

**12 Months Ended  
Dec. 31, 2023**

[Inventories \[Abstract\]](#)  
[Inventories](#)

### 8. Inventories

(a) This caption is made up as follows:

	<b>2023</b>	<b>2022</b>
	<u>S/(000)</u>	<u>S/(000)</u>
Goods and finished products	16,488	18,903
Work in progress	173,569	186,281
Raw materials	329,598	397,096
Packages and packing	3,944	5,245
Fuel	3,899	3,642
Spare parts and supplies	251,006	260,742
Inventory in transit	12,570	13,060
	<u>791,074</u>	<u>884,969</u>

(b) As of December 31, 2023 and 2022, the amount of the provision for inventory obsolescence amounts to S/27,525,000 and S/24,905,000, respectively. In the years 2023, 2022 and 2021, the net effect recognized in the consolidated statement of profit or loss for S/2,956,000, S/1,977,000 and S/3,348,000, respectively.

**Property, Plant and  
Equipment**

**12 Months Ended  
Dec. 31, 2023**

**Property, Plant and  
Equipment [Abstract]**

**Property, plant and equipment**

**9. Property, plant and equipment**

- (a) The composition and movement in property, plant and equipment for two years ended December 31, 2023 and 2022 is presented below:

	Mining concessions (b)	Mine development costs (b)	Land	Buildings and other construction	Machinery, equipment and related spare parts	Furniture and accessories	Transportation units	Computer equipment and tools	Quarry rehabilitation costs	Capitalized interest (f)	Work in progress (d) and units in transit	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Cost</b>												
<b>As of January 1, 2022</b>	75,914	58,002	256,552	693,085	1,697,655	10,706	113,351	34,428	9,030	65,007	62,140	3,075,870
Additions	-	7,311	868	-	13,085	318	658	2,849	2,745	3,158	143,540	174,532
Sales and/or retirement	-	-	(2,285)	-	(4,978)	(14)	(2,654)	(228)	-	-	(398)	(10,557)
Disposals	-	-	-	(1,600)	(17,075)	(28)	(4,460)	(481)	-	-	-	(23,644)
Transfers, note 10	-	529	-	3,069	22,853	98	442	4,736	-	-	(32,461)	(734)
<b>As of December 31, 2022</b>	75,914	65,842	255,135	694,554	1,711,540	11,080	107,337	41,304	11,775	68,165	172,821	3,215,467
Additions	36,184	19,870	3,449	-	25,891	432	160	3,209	4,458	6,132	174,435	274,220
Sales and/or retirement	-	(101)	-	-	(41,075)	(162)	(2,064)	(316)	-	-	(559)	(44,277)
Transfers, note 10	-	(14,521)	-	127,675	186,727	(271)	(50)	990	-	-	(300,616)	(66)
<b>As of December 31, 2023</b>	112,098	71,090	258,584	822,229	1,883,083	11,079	105,383	45,187	16,233	74,297	46,081	3,445,344
<b>Accumulated depreciation</b>												
<b>As of January 1, 2022</b>	12,328	10,484	-	158,455	705,454	7,871	78,163	22,456	2,382	9,021	-	1,006,614
Additions	72	387	-	18,818	95,486	575	7,398	3,595	140	1,521	-	127,992
Sales and/or retirement	-	-	-	-	(3,990)	(12)	(2,269)	(194)	-	-	-	(6,465)
Disposals	-	-	-	(795)	(13,425)	(26)	(4,278)	(428)	-	-	-	(18,952)
Transfers, note 10	-	(3)	-	-	-	-	-	-	-	-	-	(3)
<b>As of December 31, 2022</b>	12,400	10,868	-	176,478	783,525	8,408	79,014	25,429	2,522	10,542	-	1,109,186
Additions	72	422	-	20,113	98,915	516	6,252	3,606	128	1,625	-	131,649
Sales and/or retirement	-	(56)	-	-	(22,620)	(153)	(1,896)	(201)	-	-	-	(24,926)
Transfers, note 10	-	-	-	2,065	(2,030)	-	(35)	-	-	-	-	-
<b>As of December 31, 2023</b>	12,472	11,234	-	198,656	857,790	8,771	83,335	28,834	2,650	12,167	-	1,215,909
<b>Impairment (g)</b>												
<b>As of December 31, 2022</b>	42,859	24,048	3,624	13,579	12,918	200	26	454	-	-	735	98,443
Additions (g)	9,197	525	361	17,459	17,669	8	1	-	-	1,413	2,686	49,319
Disposals	-	-	-	-	(17,669)	(8)	(1)	-	-	-	-	(17,678)
<b>As of December 31, 2023</b>	52,056	24,573	3,985	31,038	12,918	200	26	454	-	1,413	3,421	130,084
<b>Net book value</b>												
<b>As of December 31, 2022</b>	20,655	30,926	251,511	504,497	915,097	2,472	28,297	15,421	9,253	57,623	172,086	2,007,838
<b>As of December 31, 2023</b>	47,570	35,283	254,599	592,535	1,012,375	2,108	22,022	15,899	13,583	60,717	42,660	2,099,351

- (b) Mining concessions mainly include net acquisition costs of S/15,488,000 related to coal concessions acquired through a purchase option executed from 2011 to 2013. The caption also includes some concessions acquired by the Group for exploration activities related to the cement business, such as that acquired in January 2023 for S/34,350,000, through the purchase of the company Corporación Materiales Piura S.A.C.

- (c) The Group has assessed the recoverable amount of its remaining long-term assets and, except the assets as specifically mentioned in (b), did not find indicators of an impairment for these assets as of December 31, 2023 and 2022.

- (d) Work in progress included in property, plant and equipment as of December 31, 2023 and 2022 is mainly related to complementary facilities of the cement plants.

- (e) As of December 31, 2023, the Group maintains accounts payable related to the acquisition of property, plant and equipment for S/9,379,000 (S/14,560,000 as of December 31, 2022), see note 11.

- (f) The borrowing costs are mainly related to the construction of the cement plant located in Piura and to a lesser extent to the construction of the Clinker Lines Optimization Project – Kiln 4 in the city of Pacasmayo. Both plants are already in operation.
- (g) In previous years management recognized a full impairment related to the total net book value of a closed zinc mining unit which included concession costs, development costs and related facilities and equipment.

At the end of 2023, Management recognized a specific impairment to retirement for the net value of the assets of the vertical clinker kilns located at the Pacasmayo cement plant for a net cost of S/36,551,000. This deterioration estimate was carried out as a consequence of replacing the old technology of these kilns due to the entry into operation of the Clinker Lines Optimization Project – Kiln 4 in said plant, which is more efficient and produces fewer emissions. This amount was recorded in the impairment to retirement of property, plant and equipment item in the consolidated statement of profit or loss.

Likewise, Management recognized a specific impairment to retirement of the value of the coal concessions (northern zone) for S/11,393,000, recorded in other operating (expenses) income item of the consolidated statement of profit or loss.

# Intangibles Assets, Net

12 Months Ended  
Dec. 31, 2023

[Intangibles Assets, Net](#)

[\[Abstract\]](#)

[Intangibles assets, net](#)

## 10. Intangibles assets, net

- (a) The composition and movement of this caption as of the date of the consolidated statement of financial position is presented below:

	IT applications	Finite life intangible	Indefinite life intangible	Exploration cost and mining evaluation (b)	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Cost</b>					
<b>As of January 1, 2022</b>	41,423	24,543	1,975	51,279	119,220
Additions	14,564	-	-	417	14,981
Disposals	(27)	-	-	-	(27)
Transfers and reclassifications, note 9	107	-	-	627	734
<b>As of December 31, 2022</b>	<u>56,067</u>	<u>24,543</u>	<u>1,975</u>	<u>52,323</u>	<u>134,908</u>
Additions	15,667	-	-	523	16,190
Sales and/or retirement	(593)	-	-	-	(593)
Transfers and reclassifications, note 9	66	-	-	-	66
<b>As of December 31, 2023</b>	<u>71,207</u>	<u>24,543</u>	<u>1,975</u>	<u>52,846</u>	<u>150,571</u>
<b>Accumulated amortization</b>					
<b>As of January 1, 2022</b>	18,025	8,165	71	8,996	35,257
Additions	5,833	2,454	-	575	8,862
Transfers and reclassifications, note 9	-	-	-	3	3
<b>As of December 31, 2022</b>	<u>23,858</u>	<u>10,619</u>	<u>71</u>	<u>9,574</u>	<u>44,122</u>
Additions	6,939	2,454	-	313	9,706
Sales and/or retirement	(554)	-	-	-	(554)
<b>As of December 31, 2023</b>	<u>30,243</u>	<u>13,073</u>	<u>71</u>	<u>9,887</u>	<u>53,274</u>
<b>Impairment</b>					
<b>As of December 31, 2022</b>	<u>456</u>	<u>-</u>	<u>-</u>	<u>33,469</u>	<u>33,925</u>
Additions	-	-	-	452	452
<b>As of December 31, 2023</b>	<u>456</u>	<u>-</u>	<u>-</u>	<u>33,921</u>	<u>34,377</u>
<b>Net Carrying Value</b>					
<b>As of December 31, 2022</b>	<u>31,753</u>	<u>13,924</u>	<u>1,904</u>	<u>9,280</u>	<u>56,861</u>
<b>As of December 31, 2023</b>	<u>40,508</u>	<u>11,470</u>	<u>1,904</u>	<u>9,038</u>	<u>62,920</u>

- (b) As of December 31, 2023 and 2022, the exploration cost and mining evaluation include mainly capital expenditures related to the coal project and to other minor projects related to the cement business.

- (c) As of December 31, 2023 and 2022, the Group evaluated the conditions of use of the projects related to the exploration and mining evaluation costs and its

other intangibles, not finding any indicators of impairment in said assets, except specific additions to retirements for the year 2023.

## Trade and Other Payables

12 Months Ended  
Dec. 31, 2023

### [Trade and other payables](#)

#### [\[Abstract\]](#)

### [Trade and other payables](#)

#### 11. Trade and other payables

(a) This balance is made up as follows:

	2023	2022
	S/(000)	S/(000)
Trade payables (b)	107,327	156,586
Interest payable (d)	29,828	26,611
Remuneration payable	27,792	22,245
Advances from customers	15,726	14,702
Taxes and contributions	17,225	11,347
Dividends payable, note 15(g)	10,322	9,764
Accounts payable related to the acquisition of property, plant and equipment, note 9(e)	9,379	14,560
Board of Directors' fees	4,700	5,191
Guarantee deposits	3,488	4,127
Account payable to the principal and affiliates, note 22	516	2,686
Hedge finance cost payable	-	5,978
Other accounts payable	5,208	10,757
	<u>231,511</u>	<u>284,554</u>

- (b) Trade accounts payable result from the purchases of material, services and supplies for the Group's operations, and mainly correspond to invoices payable to domestic suppliers. Trade payables are non-interest bearing and are normally settled within 60 to 120 days term.
- (c) Other payables are non-interest bearing and have an average term of 3 months.
- (d) Interest payable is normally settled semiannually throughout the financial year.

## Provisions

## 12 Months Ended Dec. 31, 2023

### [Provisions \[Abstract\]](#) [Provisions](#)

#### 12. Provisions

(a) This balance is made up as follows:

	Workers' profit- sharing (b)	Long- term incentive plan (c)	Quarry Rehabilitation provision (d)	Provision of legal contingencies	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>At January 1, 2022</b>	24,269	22,513	11,036	3,090	60,908
Additions (b), note 20	32,161	8,272	-	1,368	41,801
Exchange difference	-	-	(495)	-	(495)
Unwinding of discounts, note 21	-	1,200	91	-	1,291
Change in estimate	-	-	2,745	-	2,745
Payments and advances	(25,097)	-	-	(2,182)	(27,279)
<b>At December 31, 2022</b>	<u>31,333</u>	<u>31,985</u>	<u>13,377</u>	<u>2,276</u>	<u>78,971</u>
<b>Current portion</b>	31,333	-	-	-	31,333
<b>Non-current portion</b>	-	31,985	13,377	2,276	47,638
	<u>31,333</u>	<u>31,985</u>	<u>13,377</u>	<u>2,276</u>	<u>78,971</u>
<b>At January 1, 2023</b>	31,333	31,985	13,377	2,276	78,971
Additions (b), note 20	35,258	7,632	-	-	42,890
Exchange difference	-	-	(292)	-	(292)
Unwinding of discounts, note 21	-	1,691	133	-	1,824
Change in estimate	-	-	4,458	-	4,458
Payments and advances	(32,263)	(11,625)	-	-	(43,888)
<b>At December 31, 2023</b>	<u>34,328</u>	<u>29,683</u>	<u>17,676</u>	<u>2,276</u>	<u>83,963</u>
<b>Current portion</b>	34,328	22,182	-	-	56,510
<b>Non-current portion</b>	-	7,501	17,676	2,276	27,453
	<u>34,328</u>	<u>29,683</u>	<u>17,676</u>	<u>2,276</u>	<u>83,963</u>

(b) Workers' profit sharing -

In accordance with Peruvian legislation, the Group is obliged to pay its employees profit sharing of between 8% and 10% of annual taxable income. Distributions to employees under the plan are based 50% on the number of days that each employee worked during the preceding year and 50% on proportionate annual salary levels.

The workers' profit sharing is recognized in the following line items:

	2023 S/(000)	2022 S/(000)	2021 S/(000)
Cost of sales, note 20	15,244	15,165	13,887
Administrative expenses, note 20	15,210	12,520	8,935



Selling and distribution expenses, note 20	3,804	3,287	2,227
Investment	1,000	1,189	116
	<u>35,258</u>	<u>32,161</u>	<u>25,165</u>

(c) Long-term incentive plan -

In 2011, the Group implemented a compensation plan for its key management. This long-term benefit is payable in cash, based on the salary of each officer and depends on the years of service of each officer in the Group. According to the latest plan update, the executive would receive the equivalent of an annual salary for each year of service beginning to accrue from 2019. This benefit accrues and accumulates for each officer and is payable in two installments: the first payment will be made on the sixth year after the creation of this bonus plan, and the last payment at the end of the ninth year from the creation of the plan. If the executive decides to voluntarily leave the Group before a scheduled distribution, they will not receive this compensation. The Group used the Projected Unit Credit Method to determine the present value of this deferred obligation and the related current deferred cost, considering the expected increases in salary base and the corresponding current government bond discount rate (risk-free rate).

(d) Quarry Rehabilitation provision -

As of December 31, 2023 and 2022, it corresponds to the provision for the future costs of rehabilitating the quarries exploited in Company's operations. The provision has been created based on studies made by internal specialists. Management believes that the assumptions used, based on current economic environment, are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to consider any material change to the assumptions. However, actual quarry rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required to reflect future economic conditions.

Future cash flows have been estimated based on financial budgets approved by Management. The range of the risk-free discount rate in dollars used in the calculation of the provision as of December 31, 2023 was from 0.52 to 4.20 percent and the risk-free discount rate in dollars used in the calculation of the provision as of December 31, 2022 was from 0.54 to 4.14 percent.

Management expects to incur a significant part of this obligation in the medium and long-term. The Group estimates that this liability is sufficient according to the current environmental protection laws approved by the Ministry of Energy and Mines of Peru.

## Financial Obligations

12 Months Ended  
Dec. 31, 2023

### [Financial Obligations](#)

#### [\[Abstract\]](#)

#### [Financial obligations](#)

### 13. Financial obligations

(a) This caption is made up as follows:

	Currency	Nominal interest rate	Maturity	2023	2022
				S/(000)	S/(000)
<b>Short -term promissory notes</b>					
Banco de Crédito del Perú	S/	9.44%	January 22, 2024	38,000	-
BBVA Perú	S/	9.78%	January 19, 2024	38,000	-
BBVA Perú	S/	8.83%	March 15, 2024	19,000	-
BBVA Perú	S/	8.83%	March 15, 2024	19,000	-
BBVA Perú	S/	6.98%	December 12, 2024	25,300	-
BBVA Perú	S/	6.98%	December 12, 2024	25,300	-
BBVA Perú	S/	6.98%	December 12, 2024	25,400	-
BBVA Perú	S/	7.32%	November 22, 2024	19,000	-
BBVA Perú	S/	7.32%	November 22, 2024	19,000	-
Banco de Crédito del Perú	S/	8.93%	December 18,2023	-	38,000
Banco de Crédito del Perú	S/	8.93%	December 18,2023	-	38,000
				<u>228,000</u>	<u>76,000</u>
<b>Senior Notes (b)</b>					
Principal, net of issuance costs (b.2)	S/	6.69%	February 1, 2029	259,686	259,625
Principal, net of issuance costs (b.2)	S/	6.84%	February 1, 2034	309,506	309,457
Principal, net of issuance costs (b.1)	US\$	4.50%	February 8, 2023	-	502,699
				<u>569,192</u>	<u>1,071,781</u>
<b>Short and long-term Corporate Loan under “Club deal” (c)</b>					
Banco de Crédito del Perú	S/	5.82%	December 1,2028	387,917	222,695
Scotiabank	S/	5.82%	December 1,2028	387,917	222,695
				<u>775,834</u>	<u>445,390</u>
				<u>1,573,026</u>	<u>1,593,171</u>
<b>Maturity</b>					
Current				383,146	618,907
Non-current				<u>1,189,880</u>	<u>974,264</u>

(b) *Senior Notes-*

(b.1) *Senior Notes in US dollars*

Until February 2023, the Company had outstanding corporate bonds which were denominated in US dollars. These bonds were issued in January 2013. The cross currency swaps maintained by the Company to hedge the exchange rate variations of corporate bonds were executed and settled in full in correlation with the payment of these corporate bonds.

(b.2) *Senior Notes in Soles*

The General Shareholders' Meeting held on January 8, 2019, approved the issuance of Senior Notes denominated in soles in the local market up to the maximum amount of S/1,000,000,000 through the Second Corporate Bonds Program of Pacasmayo, whose purpose was to settle the mid-term loans described in the previous paragraph. On January 31, 2019, senior notes were issued for: i) S/260,000,000 at a rate of 6.688 percent per year and maturity of 10 years and; ii) S/310,000,000 at a rate of 6.844 percent per year and maturity of 15 years.

The Senior Notes in soles issued in 2019 are guaranteed by the following Company's subsidiaries: Cementos Selva S.A.C., Distribuidora Norte Pacasmayo S.R.L., Empresa de Transmisión Guadalupe S.A.C. and Dinospelva Iquitos S.A.C.

(b.3) *Financial covenants*

The financial covenants related to the Senior Notes denominated issued in US dollars and soles state that if the Company and its guarantor subsidiaries issue debt or equity instruments, merges with another company or dispose or rents significant assets, the Senior Notes will trigger the following financial covenants, calculated based on the Company and Guarantee Subsidiaries annual consolidated financial statements:

- A fixed charge covenant ratio of at least 2.5 to 1.
- A consolidated debt-to-EBITDA ratio of no greater than 3.5 to 1.

As of December 31, 2023 and 2022, these covenants have not been activated because no situation has occurred that requires their measurement, as indicated in the previous paragraph.

For the years ended December 31, 2023, 2022 and 2021, senior notes generated interest that has been recognized in the consolidated statement of profit or loss for S/38,690,000, S/60,225,000 and S/63,333,000, respectively, see note 21.

(c) *Medium-term Corporate Loan under "Club Deal" modality:*

On August 6, 2021, the Company established the conditions of a medium-term corporate loan under "Club Deal" modality with Banco de Crédito del Perú S.A. and Scotiabank Perú S.A.A. The loan amounts to S/860,000,000 that allowed

the payment of all the financial obligations that the Company maintains with a maturity until February 2023. The loan conditions include a grace / availability period of 18 months from August 6 and a payment term of 7 years from the last disbursement, which was in February 2023. Since that date, the loan will be paid in 22 equal quarterly installments and has an annual interest rate of 5.82 percent.

As part of the loan conditions, the Company assumed the following obligations:

I. Comply with the following financial covenants:

- a. Debt Ratio (Financial Debt / EBITDA)  $\leq 3.50x$
- b. Debt Service Coverage Ratio (FCSD / SD)  $\geq 1.15x$
- c. Debt Service Coverage Ratio (EBITDA / SD)  $\geq 1.50x$

These financial safeguards will be calculated and verified at the end of each calendar quarter, considering the information of the consolidated financial statements of the Company for the last 12 months, prepared in accordance with IFRS.

As of December 31, 2023 and 2022, the Company complies with the ratios contained in the conditions of the Club Deal and corporate bonds and has certain do's and don'ts obligations that it has been complying with to date.

# Deferred Income Tax Assets and Liabilities

12 Months Ended  
Dec. 31, 2023

## Deferred Income Tax Assets and Liabilities [Abstract]

### Deferred income tax assets and liabilities

### Deferred income tax assets and liabilities

The following is the composition of the caption according to the items that originated it:

	As of January 1, 2022	Effect on profit or loss	Quarry rehabilitation provision	Effect on OCI	As of December 31, 2022	Effect on profit or loss	Effect on OCI	Quarry rehabilitation provision	As of December 31, 2023
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Movement of deferred income tax assets:</b>									
<b>Deferred income tax assets</b>									
Allowance for expected credit losses for trade receivables	1,533	555	-	-	2,088	473	-	-	2,561
Provision for vacations	1,905	196	-	-	2,101	114	-	-	2,215
Provision of discounts and bonuses to customers	2,227	(448)	-	-	1,779	85	-	-	1,864
Effect of differences between book and tax bases of fixed assets	(644)	986	-	-	342	934	-	-	1,276
Legal claim contingency	461	-	-	-	461	-	-	-	461
Lease liabilities	819	(119)	-	-	700	(259)	-	-	441
Estimate for devaluation of spare parts and supplies	432	3	-	-	435	(13)	-	-	422
Effect of differences between book and tax bases of inventories	55	-	-	-	55	-	-	-	55
Effect of tax-loss carry forward	1,711	(1,018)	-	-	693	(693)	-	-	-
Allowance for expected credit losses for other receivables	974	(974)	-	-	-	-	-	-	-
Other	604	290	-	-	894	1,537	-	-	2,431
	10,077	(529)	-	-	9,548	2,178	-	-	11,726
<b>Deferred income tax liabilities</b>									
Right of use assets	(648)	88	-	-	(560)	245	-	-	(315)
Other	17	-	-	-	17	-	-	-	17
	(631)	88	-	-	(543)	245	-	-	(298)
<b>Total deferred income tax assets</b>	9,446	(441)	-	-	9,005	2,423	-	-	11,428
<b>Movement of deferred income tax liabilities:</b>									
<b>Deferred income tax assets</b>									

Impairment on brine project assets Salmueras	17,818	212	-	-	18,030	215	-	-	18,245
Impairment of assets	-	-	-	-	-	8,928	-	-	8,928
Long-term incentive plan	6,641	2,794	-	-	9,435	(679)	-	-	8,756
Impairment of mining assets	6,704	951	-	-	7,655	(275)	-	-	7,380
Financial instruments designated at fair value through OCI	6,640	-	-	167	6,807	-	7	-	6,814
Provision for spare parts and supplies obsolescence	5,708	216	-	-	5,924	759	-	-	6,683
Quarry rehabilitation provision	2,726	27	810	-	3,563	802	-	1,373	5,738
Provision for vacations	3,681	203	-	-	3,884	336	-	-	4,220
Legal claim contingency	930	(502)	-	-	428	798	-	-	1,226
Allowance for expected credit losses for trade receivables	635	18	-	-	653	454	-	-	1,107
Lease liabilities	450	(240)	-	-	210	-	-	-	210
Other	328	-	-	-	328	1,118	-	-	1,446
	<u>52,261</u>	<u>3,679</u>	<u>810</u>	<u>167</u>	<u>56,917</u>	<u>12,456</u>	<u>7</u>	<u>1,373</u>	<u>70,753</u>
<b>Deferred income tax liabilities</b>									
Effect of differences between book and tax bases of fixed assets and in the depreciation rates	(190,178)	3,752	(810)	-	(187,236)	199	-	(1,373)	(188,410)
Effect of costs of issuance of senior notes	(2,685)	314	-	-	(2,371)	391	-	-	(1,980)
Right of use assets	(746)	354	-	-	(392)	(805)	-	-	(1,197)
Net gain on cash flow hedge	(7,414)	36	-	(1,133)	(8,511)	9,145	(634)	-	-
Other	(42)	-	-	-	(42)	-	-	-	(42)
	<u>(201,065)</u>	<u>4,456</u>	<u>(810)</u>	<u>(1,133)</u>	<u>(198,552)</u>	<u>8,930</u>	<u>(634)</u>	<u>(1,373)</u>	<u>(191,629)</u>
<b>Total deferred income tax liabilities, net</b>	<u>(148,804)</u>	<u>8,135</u>	<u>-</u>	<u>(966)</u>	<u>(141,635)</u>	<u>21,386</u>	<u>(627)</u>	<u>-</u>	<u>(120,876)</u>
		<u>7,694</u>		<u>(966)</u>		<u>23,809</u>	<u>(627)</u>		

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities, and the tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The legal right is defined for each individual determination of the income tax of the Company and its Subsidiaries.

A reconciliation between tax expense and the product of the accounting profit multiplied by Peruvian tax rate for the years ended December 31, 2023, 2022 and 2021 are as follows:

<b>2023</b>	<b>2022</b>	<b>2021</b>
S/(000)	S/(000)	S/(000)

Profit before income tax	245,708	262,420	224,110
Income tax expense calculated at the statutory income tax rate of 29.5%	(72,484)	(77,414)	(66,112)
<b>Permanent differences</b>			
Non-deductible expenses, net	(2,369)	(7,415)	(4,070)
Effect of tax-loss carry forward not recognized	(1,955)	(763)	(758)
<b>Income tax expense the effective income tax rate of 31% in 2023 (2022: 33% and 2021: 32%)</b>	<b>(76,808)</b>	<b>(85,592)</b>	<b>(70,940)</b>

The components of the deferred income tax related to the items recognized in the OCI during the years ended December 31, 2023, 2022 and 2021, are as follow:

	2023	2022	2021
	S/(000)	S/(000)	S/(000)
<b>Consolidated statement of profit or loss</b>			
Current	(100,617)	(93,286)	(71,385)
Deferred	23,809	7,694	445
	<b>(76,808)</b>	<b>(85,592)</b>	<b>(70,940)</b>

As of December 31, 2023, 2022 and 2021, the Group had not recognized a deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's subsidiaries. The Group has determined that the timing differences will be reversed by means of dividends to be received in the future that, according to the current tax rules in effect in Peru, are not subject to income tax.

As of December 31, 2023, certain subsidiaries of the Group had tax loss carryforwards of S/44,725,000 (2022: S/25,424,000). These tax loss carryforwards do not expire, are related to subsidiaries that have a history of losses for some time and cannot be used to offset future taxable profits of other Group subsidiaries. No deferred tax assets have been recognized in relation to these tax loss carryforwards, since there are no possibilities of tax planning opportunities or other evidence of recovery in the near future.

For information purposes, the temporary difference associated with investments in subsidiaries, would generate an aggregate deferred tax liability amounting to S/126,972,000 (2022: S/104,842,000), which should not be recognized in the consolidated financial statements as it is not expected to reverse in the foreseeable future and the Company is in control of such reversal.

## Equity

**12 Months Ended  
Dec. 31, 2023**

[Equity \[Abstract\]](#)  
[Equity](#)

### 15. Equity

#### (a) Capital stock -

As of December 31, 2023 and 2022, share capital was represented by 423,868,449 authorized common shares subscribed and fully paid, with a nominal value of one Soles per share. As of December 31, 2023, the total outstanding common shares were as follows; 35,753,501 were listed on the New York Stock Exchange and 388,114,948 were listed on the Lima Stock Exchange. As of December 31, 2022 of the total outstanding common shares; 34,060,726 were listed on the New York Stock Exchange and 389,807,723 were listed on the Lima Stock Exchange.

#### (b) Investment shares -

Investment shares do not have voting rights or participate in shareholder's meetings or the appointment of directors. Investment shares confer upon the holders thereof the right to participate in dividends distributed according to their nominal value, in the same manner as common shares. Investment shares also confer the holders thereof the right to:

- (i) maintain the current proportion of the investment shares in the case of capital increase by new contributions;
- (ii) increase the number of investment shares upon capitalization of retained earnings, revaluation surplus or other reserves that do not represent cash contributions;
- (iii) participate in the distribution of the assets resulting from liquidation of the Company in the same manner as common shares; and,
- (iv) redeem the investment shares in case of a merger and/or change of business activity of the Company.

As of December 31, 2023 and 2022, the Company had 40,278,894 investment shares subscribed and fully paid, with a nominal value of one Sol per share.

#### (c) Treasury shares -

As of December 31, 2023 and 2022, the Company maintains 36,040,497 investment shares held in treasury amounting to S/121,258,000.

#### (d) Additional paid-in capital -

As of December 31, 2023 and 2022, the additional capital amounted to S/432,779,000 and arises mainly as a result of the excess of total proceeds obtained versus par value in the issuance of 111,484,000 common shares and 927,783 investment shares corresponding to a public offering of American Depositary Shares (ADS) registered with the New York Stock Exchange and Lima Stock Exchange.

#### (e) Legal reserve -



Provisions of the General Corporation Law require that a minimum of 10 per cent of the distributable earnings for each period, after deducting the income tax, be transferred to a legal reserve until such is equal to 20 per cent of the capital. This legal reserve can offset losses or can be capitalized, and in both cases, there is the obligation to replenish it.

(f) Other accumulated comprehensive results -

This reserve records fair value changes on available-for-sale financial assets and the unrealized results of cash flow hedges.

(g) Distributions made and proposed –

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Approval date by Board of Directors	November 7, 2023	October 10, 2022	April 29, 2021
Declared dividends per share to be paid in cash S/.	0.41000	0.42000	0.79000
Declared dividends S/(000):	175,524	179,805	338,204

As of December 31, 2023 and 2022, dividends payable amounted to S/10,322,000 and S/9,764,000, respectively, see note 11.

## Sales of Goods

**12 Months Ended  
Dec. 31, 2023**

### [Sales of Goods \[Abstract\]](#)

#### [Sales of goods](#)

#### 16. Sales of goods

This caption is made up as follows:

For the year ended of December 31, 2023						
	Cement	Concrete and mortar	Precast	Construction supplies	Other	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Segments</b>						
Sale of cement, concrete, mortar and precast	1,642,420	182,278	25,540	-	-	1,850,238
Sale of construction supplies	-	-	-	74,096	-	74,096
Sale of other	-	-	-	-	25,741	25,741
	<u>1,642,420</u>	<u>182,278</u>	<u>25,540</u>	<u>74,096</u>	<u>25,741</u>	<u>1,950,075</u>

For the year ended of December 31, 2022						
	Cement	Concrete and mortar	Precast	Construction supplies	Other	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Segments</b>						
Sale of cement, concrete, mortar and precast	1,742,704	189,945	31,177	-	-	1,963,826
Sale of construction supplies	-	-	-	114,024	-	114,024
Sale of other	-	-	-	-	37,896	37,896
	<u>1,742,704</u>	<u>189,945</u>	<u>31,177</u>	<u>114,024</u>	<u>37,896</u>	<u>2,115,746</u>

For the year ended of December 31, 2021						
	Cement	Concrete and mortar	Precast	Construction supplies	Other	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Segments</b>						
Sale of cement, concrete, mortar and precast	1,534,867	213,565	36,055	-	-	1,784,487
Sale of construction supplies	-	-	-	113,905	-	113,905
Sale of other	-	-	-	-	39,375	39,375

1,534,867	213,565	36,055	113,905	39,375	1,937,767
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For all segments, performance obligations are met at the time of delivery of the goods and the terms of payment are usually between 30 and 90 days from the date of dispatch.

For all segments, the amounts presented as sales of the different products are already net of discounts and bonuses.

**Cost of Sales****12 Months Ended  
Dec. 31, 2023**[Cost of Sales \[Abstract\]](#)[Cost of Sales](#)**17. Cost of sales**

This caption is made up as follows:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>S/(000)</b>	<b>S/(000)</b>	<b>S/(000)</b>
Beginning balance of goods and finished products	20,037	25,304	12,877
Beginning balance of work in progress	186,937	135,008	114,246
Consumption of miscellaneous supplies	429,069	607,518	566,781
Maintenance and third-party services	244,722	277,250	242,412
Shipping costs	177,393	201,849	196,064
Depreciation and amortization	125,494	121,871	118,998
Personnel expenses, note 20(b)	125,318	125,683	113,513
Costs of packaging	66,456	81,023	71,580
Other manufacturing expenses	76,337	95,183	102,177
Ending balance of goods and finished products	(16,916)	(20,037)	(25,304)
Ending balance of work in progress	(174,224)	(186,937)	(135,008)
	<b><u>1,260,623</u></b>	<b><u>1,463,715</u></b>	<b><u>1,378,336</u></b>

## Administrative Expenses

**12 Months Ended  
Dec. 31, 2023**

[Administrative Expenses \[Abstract\]](#)

[Administrative expenses](#)

### 18. Administrative expenses

This caption is made up as follows:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>
Personnel expenses, note 20(b)	125,072	116,748	96,891
Third-party services	68,329	72,172	59,896
Depreciation and amortization	18,002	16,667	16,569
Donations	9,028	8,494	9,067
Board of Directors compensation	6,788	6,112	6,397
Taxes	5,941	5,669	5,563
Consumption of supplies	1,551	1,715	1,686
	<u>234,711</u>	<u>227,577</u>	<u>196,069</u>

**Selling and Distribution  
Expenses**

**12 Months Ended  
Dec. 31, 2023**

**[Selling and Distribution Expenses \[Abstract\]](#)**

**[Selling and distribution expenses](#)**

**19. Selling and distribution expenses**

This caption is made up as follows:

	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b><u>S/(000)</u></b>	<b><u>S/(000)</u></b>	<b><u>S/(000)</u></b>
Personnel expenses, note 20(b)	41,642	42,300	33,867
Third-party services	12,270	11,106	9,733
Advertising and promotion	7,548	6,417	5,637
Allowance for expected credit losses, note 7(d)	1,707	1,972	563
Other	3,658	3,442	1,720
	<b><u>66,825</u></b>	<b><u>65,237</u></b>	<b><u>51,520</u></b>

## Employee Benefits Expenses

12 Months Ended  
Dec. 31, 2023

### [Employee Benefits Expenses \[Abstract\]](#)

#### [Employee benefits expenses](#)

#### 20. Employee benefits expenses

(a) Employee benefits expenses are made up as follow:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	S/(000)	S/(000)	S/(000)
Wages and salaries	162,252	165,530	138,675
Workers 'profit sharing, note 12(b)	34,258	30,972	25,049
Social contributions	33,868	32,966	28,842
Legal bonuses	23,013	20,556	19,620
Vacations	22,226	18,481	18,032
Long-term incentive plan, note 12	7,632	8,272	9,763
Cessation payments	6,308	4,511	2,203
Training	1,332	2,307	1,408
Other	1,143	1,136	679
	<u>292,032</u>	<u>284,731</u>	<u>244,271</u>

(b) Employee benefits expenses are allocated as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	S/(000)	S/(000)	S/(000)
Cost of sales, note 17	125,318	125,683	113,513
Administrative expenses, note 18	125,072	116,748	96,891
Selling and distribution expenses, note 19	41,642	42,300	33,867
	<u>292,032</u>	<u>284,731</u>	<u>244,271</u>

## Finance Costs

**12 Months Ended  
Dec. 31, 2023**

[Finance Costs \[Abstract\]](#)  
[Finance costs](#)

### 21. Finance costs

This caption is made up as follows:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>S/(000)</b>	<b>S/(000)</b>	<b>S/(000)</b>
Interest on senior notes, note 13 (b.1) and 13 (b.2)	38,690	60,225	63,333
Interest on Club Deal promissory note and loan, note 13(c)	59,643	14,920	7,326
Finance cost on cross currency swaps	1,730	15,155	15,046
Expenses for the purchase and amortization of issuance costs of senior notes	1,249	1,027	815
Interest on lease liabilities	573	317	383
Counterparty credit risk in cross currency swaps	12	62	848
Interest for bank overdraft	31	-	-
Other	293	2,108	479
<b>Total interest expense</b>	<b>102,221</b>	<b>93,814</b>	<b>88,230</b>
Unwinding of discount of provisions, note 12	1,824	1,291	735
	<b>104,045</b>	<b>95,105</b>	<b>88,965</b>



## Related Parties

**12 Months Ended  
Dec. 31, 2023**

[Related Parties \[Abstract\]](#)  
[Related parties](#)

### 22. Related parties

Transactions with related entities -

During 2023, 2022 and 2021, the Company carried out the following transactions with its parent company Inversiones ASPI S.A. and its other related parties:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	S/(000)	S/(000)	S/(000)
<b>Income</b>			
<b>Parent</b>			
Inversiones ASPI S.A. (ASPI)			
Income from office lease	16	16	20
Fees for management and administrative services	88	100	98
<b>Other related parties</b>			
Compañía Minera Ares S.A.C. (Ares)			
Income from land lease, note 24	1,150	1,200	1,230
Income from office lease	259	244	332
Fossal S.A.A. (Fossal)			
Income from office lease	16	16	18
Fees for management and administrative services	44	52	52
Fosfatos del Pacífico S.A. (Fospac)			
Income from office lease	16	16	19
Fees for management and administrative services	143	46	155
Asociación Sumac Tarpuy			
Income from office lease	16	16	20
<b>Expense</b>			
<b>Other related parties</b>			
Security services provided by Compañía Minera Ares S.A.C.	(1,940)	(2,110)	(2,836)
<b>Loans</b>			
<b>Other related parties</b>			
Loans to Fossal S.A.A.	-	-	(14,252)
Loans to Fosfatos del Pacífico S.A.	-	-	(2,869)
Loan collection from Fossal S.A.A.	-	-	14,252
Loan collection from Fosfatos del Pacífico S.A.	-	-	2,869

As a result of these transactions, the Company had the following rights and obligations as of December 31, 2023 and 2022:

	<u>2023</u>		<u>2022</u>	
	<u>Accounts</u>	<u>Accounts</u>	<u>Accounts</u>	<u>Accounts</u>
	<u>receivable</u>	<u>payable</u>	<u>receivable</u>	<u>payable</u>
	S/(000)	S/(000)	S/(000)	S/(000)
<b>Parent</b>				
Inversiones ASPI S.A.	89	-	-	5
	89	-	-	5

**Other related parties**

Fosfatos del Pacífico S.A.	1,413	305	1,123	461
Compañía Minera Ares S.A.C.	315	211	564	2,220
Fossal S.A.A.	52	-	75	-
Other	104	-	96	-
	<u>1,884</u>	<u>516</u>	<u>1,858</u>	<u>2,681</u>
	<u>1,973</u>	<u>516</u>	<u>1,858</u>	<u>2,686</u>

**Terms and conditions of transactions with related parties -**

Outstanding balances with related parties at the year-end are unsecured and interest free and settlement occurs in cash. For the years ended December 31, 2023, 2022 and 2021, the Group had not recorded an allowance for expected credit losses relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**Compensation of key management personnel of the Group –**

The compensation paid to key management personnel includes expenses for profit-sharing, compensation and other concepts for members of the Board of Directors and the key management. For the year ended December 31, 2023, the total short-term compensation amounted to S/28,922,000 (2022: S/26,066,000 and 2021: S/22,678,000) and the total long-term compensation amounted to S/7,632,000 (2022: S/8,272,000 and 2021: S/9,763,000), and there were no post-employment or contract termination benefits or share-payments.

## Earnings Per Share

**12 Months Ended  
Dec. 31, 2023**

### Earnings Per Share (EPS)

#### [Abstract]

#### Earnings per share

#### **23. Earnings per share**

Basic and diluted earnings per share amounts are calculated by dividing the profit for the year by the weighted average number of common shares and investment shares outstanding during the year.

The calculation of basic and diluted earnings per share is shown below:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Numerator</b>			
Profit for the year (S/000)	168,900	176,828	153,170
<b>Denominator</b>			
Weighted average number of common and investment shares (thousands of shares)	428,107	428,107	428,107
<b>Basic and diluted earnings per share (S/)</b>	<u>0.39</u>	<u>0.41</u>	<u>0.36</u>

The Group had no dilutive potential ordinary shares as of December 31, 2023, 2022 and 2021.

There have been no other transactions involving common shares or investment shares between the reporting date and the date of the authorization of these consolidated financial statements.

**24. Commitments and contingencies**

**Operating lease commitments – Group as lessor**

As of December 31, 2023 and 2022, the Group, as lessor, has a land lease with Compañía Minera Ares S.A.C. a related party of Inversiones ASPI S.A. This lease is renewable annually, and provided an annual rent expense for the years ended December 31, 2023, 2022 and 2021 of S/1,150,000, S/1,200,000 and S/1,230,000, respectively; see note 22.

**Consortium contract –**

On December 19, 2022, Distribuidora Norte Pacasmayo S.R.L., subsidiary of the Group, had subscribed a collaboration contract with a third party, with the purpose to participate together in the project “Mejoramiento del Sistema de Pistas y Cerco Perimétrico del Aeropuerto de Piura”. The mentioned contract is valid for a maximum of 2 years and 11 months.

On this matter, the Company has communicated to the tax authority the subscription of the collaboration contract which will take independent accounting and Distribuidora Norte Pacasmayo S.R.L. will be the contracting party that will act as operator of the contract.

**Capital commitments**

As of December 31, 2023 and 2022, the Group had no significant capital commitments.

**Usufruct Concessions**

In December 2013, the Company signed an agreement with a third party, related to the use of the Virrilá concession, to carry out other non-metallic mining activities related to cement production. This agreement has a term of 30 years, with fixed annual payments of US\$600,000 for the first three years and variable payments for the rest of the contract. The related expense for the years ended December 31, 2023, 2022 and 2021 amounted to S/5,273,000, S/9,445,000 and S/7,280,000 respectively, and was recognized as part of cost of inventory production. As part of this agreement, the Company is required to pay an equivalent amount of S/4.5 for each metric ton of calcareous extracted that is indexed by inflation after the first year of exploitation; the annual royalty may not be less than the equivalent to 850,000 metric tons after the beginning of the fourth year of production.

The Company signed an agreement with two third parties in October 2007, related to usufruct of the Bayovar 4 concession for an indefinite period to extract seashells and other minerals. As consequence, the Group made payments amounting to US\$250,000 for each third party for the first five years and variable payments for the rest of the contract. The related expense as of December 31, 2023 and 2022 amounted to S/1,514,000 and S/1,582,000, respectively, and were recognized as part of the cost of inventory production. As part of this agreement, the Company is required to pay an equivalent amount of US\$5.1 to each third party for every metric ton of calcareous extracted, with the minimum production level for the calculation of 20,000 metric tons every six months following the beginning of the sixth year of production.

**Mining royalty**

According with the Royalty Mining Law in force since October 1, 2011, the royalty for the exploitation of metallic and nonmetallic resources is payable on a quarterly basis in an amount equal to the greater of: (i) an amount determined in accordance with a statutory scale of rates based on operating profit margin that is applied to the quarterly operating profit, adjusted by certain items, and (ii) 1% of net sales, in each case during the applicable quarter. These amounts are estimated based on the unconsolidated financial statements of Cementos Pacasmayo S.A.A.

and the subsidiaries affected by this mining royalty, prepared in accordance with IFRS. Mining royalty payments will be deductible for income tax purposes in the fiscal year in which such payments are made.

Mining royalty expense paid to the Peruvian Government for 2023, 2022 and 2021 amounted to S/983,000, S/1,193,000 and S/990,000 and, respectively, and is recognized as part of the cost of inventory production.

### **Tax situation**

The Company is subject to Peruvian tax law. As of December 31, 2023, 2022 and 2021, the income tax rate is 29.5 percent of the taxable profit after deducting employee participation, which is calculated at a rate of 8 to 10 percent of the taxable income.

For purposes of determining income tax, transfer pricing for transactions with related companies and companies resident in territories with low or no taxation, must be supported with documentation including information on the valuation methods used and the criteria considered for determination. Based on the operations of the Group, Management and its legal advisors believe that as a result of the application of these standards will not result in significant contingencies for the Group as of December 31, 2023 and 2022.

The tax authority has the power to review and, if applicable, adjust the income tax calculated by each company in the four years subsequent after the year of filing the tax return.

The statements of income tax and value added tax corresponding to the years indicated in the attached table are subject to review by the tax authorities:

<b>Entity</b>	<b>Years open to review by Tax Authority</b>	
	<b>Income tax</b>	<b>Value-added tax</b>
Cementos Pacasmayo S.A.A.	2018 - 2023	Dec. 2018 - 2023
Cementos Selva S.A.C.	2018 - 2023	Dec. 2018 - 2023
Distribuidora Norte Pacasmayo S.R.L.	2018 - 2023	Dec. 2018 - 2023
Empresa de Transmisión Guadalupe S.A.C.	2018 - 2023	Dec. 2018 - 2023
Salmueras Sudamericanas S.A.	2018 - 2023	Dec. 2018 - 2023
Calizas del Norte S.A.C. (liquidated during 2022)	2018 - 2022	Dec. 2018 - 2022
Soluciones Takay S.A.C.	2019 – 2023	May to Dec.2019 - 2023
Corporación Materiales Piura S.A.C.	2019 – 2023	Dec.2018- 2023

Due to possible interpretations that the tax authority may give to legislation in effect, it is not possible to determine whether or not any of the tax audits will result in increased liabilities for the Group. For that reason, tax or surcharge that could arise from future tax audits would be applied to the income of the period in which it is determined. However, in management's opinion and that of its legal advisors, any possible additional payment of taxes would not have a material effect on the consolidated financial statements as of December 31, 2023 and 2022.

### **Environmental matters**

The Group's exploration and exploitation activities are subject to environmental protection standards.

#### *Environmental remediation -*

Law No. 28271 regulates environmental liabilities in mining activities. This Law has the objectives of ruling the identification of mining activity's environmental liabilities and financing the remediation of the affected areas. According to this law, environmental liabilities refer to the impact caused to the environment by abandoned or inactive mining operations.

In compliance with the above-mentioned laws, the Group presented environmental impact studies (EIS), declaration of environmental studies (DES) and Environmental Adaptation and Management Programs (EAMP) for its mining concessions.

The Peruvian authorities approved the EIS and EAMP presented by the Group for its mining concessions and exploration projects. A detail of plans and related expenses approved is presented as follows:

Project unit	Resource	Resolution Number	Year of approval	Program approved	Operating year expense		
					2023	2022	2021
					S/(000)	S/(000)	S/(000)
Rioja	Limestone	RD186-2014-PRODUCE/DVMYPE-I/DIGGAM	2014	EIA	879	810	713
Tembladera	Limestone	RD304-18-PRODUCE/DVMYPE-I/DIGAAMI	2018	PAMA	320	299	298
					<u>1,199</u>	<u>1,109</u>	<u>1,011</u>

As of December 31, 2023 and 2022, the Group had no liabilities related to environmental remediation expenses because all were paid before the end of the year.

#### Quarry rehabilitation provision -

The Law No. 28090 regulates the obligations and procedures that must be met by the holders of mining activities for the preparation, filing and implementation of Quarry Closure Plans, as well as the establishment of the corresponding environmental guarantees to secure fulfillment of the investments that this includes, subject to the principles of protection, preservation and recovery of the environment. In connection with this obligation, as of December 31, 2023 and 2022, the Group maintained a provision for the closing of the quarries exploited by its operations amounting to S/17,676,000 and S/13,377,000, respectively. The Group believes that this liability is adequate to meet the current environmental protection laws approved by the Ministry of Energy and Mines, refer to note 12.

#### Legal claim contingency

As of December 31, 2023, the Group had received claims from third parties in relation with its operations which in aggregate represent S/966,000 that corresponded to labor claims from former employees.

Management expects that these claims will be resolved within the next five years based on prior experience; however, the Group cannot assure that these claims will be resolved within this period because the authorities do not have a maximum term to resolve cases.

The Group has been advised by its legal counsel that it is only possible, but not probable, that these actions will succeed. Accordingly, no provision for any liability has been made in these interim condensed consolidated unaudited financial statements.

25. **Financial risk management, objectives and policies**

The Group's main financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's main financial assets include cash and short-term deposits and trade and other receivables that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by Financial Management that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial management provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

Management reviews and implements policies for managing each of these risks, which are summarized below.

**Market risk -**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, foreign currency risk and other price risk (such as equity price risk and commodity risk).

The sensitivity analyses shown in the following sections relate to the Group's consolidated position as of December 31, 2023 and 2022. The sensitivity analyses have been prepared on the basis that the amount of net debts and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place as of December 31, 2023 and 2022.

**Interest rate risk -**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As of December 31, 2023 and 2022, all of the Group's borrowings are at a fixed rate of interest; consequently, the management evaluated that it is not relevant to do an interest rate sensitivity analysis.

**Foreign currency risk -**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

As of December 31, 2023 cross currency swaps were settled in full in correlation with the payment of international dollar bonds.

*Foreign currency sensitivity*

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant. The impact on the Group's profit before income tax is due to changes in the fair value of monetary assets and liabilities.

2023	Change in US\$ rate	Effect on consolidated profit before tax
	%	S/(000)
U.S. Dollar		
	+5	(948)
	+10	(1,896)
	-5	948
	-10	1,896

2022	Change in US\$ rate	Effect on consolidated profit before tax
U.S. Dollar	%	S/(000)
	+5	1,638
	+10	3,276
	-5	(1,638)
	-10	(3,276)

2021	Change in US\$ rate	Effect on consolidated profit before tax
U.S. Dollar	%	S/(000)
	+5	7,695
	+10	15,391
	-5	(7,695)
	-10	(15,391)

#### Credit risk -

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to a credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

##### *Trade receivables*

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. As of December 31, 2023 and 2022, the Group had 4 customers, that owed the Group more than S/3,000,000 each accounting for approximately 29% and 23% of all trade receivables outstanding, respectively. There were 25 and 27 customers with balances greater than S/700,000 and less than S/3,000,000, which accounted for approximately 48% and 55% of the total trade receivables, respectively. The evaluation for allowance for expected credit losses is updated at the date of the consolidated financial statements and individually for the main customers. This calculation is based on actual historical data incurred.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 7. The Group does not hold collateral as security.

##### *Cash deposits and hedging derivative financial instruments or at fair value through profit or loss-*

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties of first level. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. As of December 31, 2023 and 2022, the Group's maximum exposure to credit risk for the components of carrying amounts as showed in note 6. The Group's maximum exposure relating to financial derivative instruments is noted in the liquidity table below. The hedging derivative financial instruments were liquidated in February 2023.

#### Liquidity risk -

The Group monitors its risk of shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and long term debentures. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over under the same conditions with existing lenders, if is necessary.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
S/(000)	S/(000)	S/(000)	S/(000)	S/(000)



**As of December 31, 2023**

Financial obligations	115,092	269,272	625,455	570,000	1,579,819
Interest	31,769	57,356	231,220	77,643	397,988
Trade and other payables	175,847	38,439	-	-	214,286
Lease liabilities	986	2,957	4,186	-	8,129

**As of December 31, 2022**

Financial obligations	414,290	116,818	326,544	651,638	1,509,290
Interest	36,222	45,282	213,427	119,201	414,132
Derivative financial instruments	7,473	-	-	-	7,473
Trade and other payables	231,698	41,509	-	-	273,207
Lease liabilities	502	1,503	2,350	-	4,355

The financial derivative instruments disclosed in the table below are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation to those amounts to their carrying amounts:

	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Total</b>
	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>
<b>As of December 31, 2022</b>				
Inflows	88,968	-	-	88,968
Outflows	(1,627)	-	-	(1,627)
Net	<u>87,341</u>	<u>-</u>	<u>-</u>	<u>87,341</u>
Discounted at the applicable interbank rates	<u>86,893</u>	<u>-</u>	<u>-</u>	<u>86,893</u>

Changes in liabilities arising from financing activities:

	<b>Balance as of January 1,</b>	<b>Distribution of dividends</b>	<b>Finance cost on cross currency swaps</b>	<b>Cash inflow</b>	<b>Cash outflow</b>	<b>Movement of foreign currency</b>	<b>Amortization of costs of issuance of senior notes</b>	<b>Others</b>	<b>Balance as of December 31</b>
	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>
<b>2023</b>									
Hedge finance cost payable	5,978	-	1,730	-	(7,708)	-	-	-	-
Dividends payable	9,764	175,524	-	465	(175,431)	-	-	-	10,322
Interest-bearing loans	1,593,171	-	-	639,000	(661,520)	-	2,206	169	1,573,026
<b>2022</b>									
Hedge finance cost payable	6,213	-	15,155	-	(15,390)	-	-	-	5,978
Dividends payable	9,550	179,805	-	229	(179,820)	-	-	-	9,764
Interest-bearing loans	1,545,355	-	-	525,000	(448,984)	(25,407)	(2,793)	-	1,593,171

**Capital management -**

For the purpose of the Group's capital management, capital includes capital stock, investment shares, additional paid-in capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Group's capital management is to maximize the shareholders' value.

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the creditors to immediately call the senior notes. There have been no breaches in the financial covenants of Senior Notes in any of the years presented.

The Group manages its capital structure and adjusts it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023 and 2022.

**Fair Value of Financial  
Assets and Liabilities**

**12 Months Ended  
Dec. 31, 2023**

**Fair Value of Financial  
Assets and Liabilities**

**[Abstract]**

**Fair value of financial assets  
and liabilities**

**26. Fair value of financial assets and liabilities**

Financial assets -

Except for derivative financial instruments and financial instruments designated at fair value through OCI, all financial assets which included trade and other receivables are classified in the category of loans and receivables, which are non-derivative financial assets carried at amortized cost, held to maturity, and generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

Financial liabilities -

All financial liabilities of the Group including trade and other payables financial obligations are classified as loans and borrowings and are carried at amortized cost.

(a) Derivative financial instruments -

Hedging derivatives -

*Foreign currency risk -*

As of December 31, 2022, the Company maintained cross currency swaps agreements for a notional amount of US\$132,000,000, with maturity in 2023 and an average rate of 2.97%. Of this total, US\$131,612,000 has been designated as hedging instruments for Senior notes that are denominated in U.S. dollars, with the intention of hedging the foreign exchange risk.

The cash flow hedge of the expected future payments was assessed to be highly effective and resulted in an unrealized gain of S/2,154,000 for the year 2023 (unrealized gain of S/3,838,000 and S/20,836,000 during 2022 and 2021, respectively). The amounts retained in OCI of 2022 are expected to be recognized in the consolidated statement of profit or loss in 2023, the year of its maturity.

As of December 31, 2023, cross currency swaps were settled in full in correlation with the payment of international dollar bonds.

*Assets (liabilities) from financial instruments at fair value through profit or loss*  
-

As of December 31, 2022 and 2021 the Company held cross currency swaps that do not have an underlying relationship amounts to US\$388,000. The effect on profit or loss of the change in their fair value was a loss of S/59,000 and gain of S/589,000 in the year 2022 and 2021.

In January 2021, derivative financial instruments at fair value through profit or loss were settled in the amount of US\$18,000,000, the result was a net loss amounting to S/1,569,000 presented in "Accumulated net loss on settlement of derivative financial instruments at fair value through profit or loss" caption in the consolidated statement of profit or loss.

In February 2023, cross currency swaps from trading have been settled and obtained a gain of S/19,000.

(b) Fair values and fair value accounting hierarchy -

Set out below is a comparison of the carrying amounts and fair values of financial instruments as of December 31, 2023 and 2022, as well as the fair value accounting hierarchy. The dates of valuations at fair value were as of December 31, 2023 and 2022, respectively.

	Carrying amount		Fair value		Fair value hierarchy
	2023	2022	2023	2022	2023/ 2022
	S/(000)	S/(000)	S/(000)	S/(000)	
<b>Financial assets</b>					
Cash and cash equivalents	90,193	81,773	90,193	81,773	Level 1
Trade and other receivables	143,085	145,034	143,085	145,034	Level 2
Other financial instruments	-	86,893	-	86,893	Level 2
Financial investments designated at fair value through other comprehensive income	249	274	249	274	Level 3
<b>Total financial assets</b>	<b>233,527</b>	<b>313,974</b>	<b>233,527</b>	<b>313,974</b>	
<b>Financial liabilities</b>					
Trade and other payables	231,511	284,554	231,511	284,554	Level 2
Senior notes	569,192	1,071,781	532,987	996,156	Level 1
Promissory notes	1,003,834	521,390	931,014	459,117	Level 2
<b>Total financial liabilities</b>	<b>1,804,537</b>	<b>1,877,725</b>	<b>1,695,512</b>	<b>1,739,827</b>	

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchies are those described in note 2.3.2 (v).

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy. As of December 31, 2023 and 2022, there were no transfers between the fair value hierarchies.

Management assessed that cash and cash equivalents; trade and other receivables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- The fair value of cross currency swaps was measured by using valuation techniques where inputs are based on market data and present value calculations. The models incorporate various inputs, including the credit quality of counterparties, foreign exchange, forward rates and interest rate curves.

A credit valuation adjustment (CVA) is applied to the “Over-The-Counter” derivative exposures to consider the counterparty’s risk of

default when measuring the fair value of the derivative. CVA is the mark-to market cost of protection required to hedge credit risk from counterparties in this type of derivatives portfolio. CVA is calculated by multiplying the probability of default (PD), the loss given default (LGD) and the expected exposure (EE) at the time of default.

A debit valuation adjustment (DVA) is applied to incorporate the Group's own credit risk in the fair value of derivatives (that is the risk that the Group might default on its contractual obligations), using the same methodology as for CVA.

- The fair value of the quoted senior notes is based on the current quotations value at the reporting date as they trade on the exchange.
- The fair value of the fixed rate promissory note it is calculated using the results of cash flow discounted at the average indebtedness rates effective as of the reporting date.
- The fair value of financial instruments at fair value with changes in OCI has been determined through the percentage of the Company's shareholding in the equity of Fossal S.A.A.

## Segment Information

12 Months Ended  
Dec. 31, 2023

[Segment Information](#)  
[\[Abstract\]](#)  
[Segment information](#)

### 27. Segment information

For management purposes, the Group is organized into business units based on their products and activities and have three reportable segments as follows:

- Production and marketing of cement, concrete, mortar and blocks in the northern region of Peru.
- Sale of construction supplies (steel rebar and building materials) in the northern region of Peru.
- Production and marketing of quicklime in the northern region of Peru.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the profit before income tax of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before income tax and is measured consistently with profit before income tax in the consolidated statement of profit and loss.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	2023				2022				2021			
	Cement, concrete, mortar and blocks	Construction supplies	Others (*)	Total consolidated	Cement, concrete, mortar and blocks	Construction supplies	Others (*)	Total consolidated	Cement, concrete, mortar and blocks	Construction supplies	Others (*)	Total consolidated
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Revenues from external customers	1,850,238	74,096	25,741	1,950,075	1,963,826	114,024	37,896	2,115,746	1,784,487	113,905	39,375	1,937,767
Gross profit	687,727	723	1,002	689,452	647,285	3,670	1,076	652,031	550,816	3,501	5,114	559,431
Administrative expenses	(230,203)	(2,692)	(1,816)	(234,711)	(223,162)	(2,741)	(1,674)	(227,577)	(191,132)	(2,675)	(2,262)	(196,069)
Selling and distribution expenses	(65,542)	(766)	(517)	(66,825)	(63,971)	(786)	(480)	(65,237)	(50,223)	(703)	(594)	(51,520)
Other operating (expense) income, net	(13,813)	3	-	(13,810)	(2,964)	8	(943)	(3,899)	6,358	47	3	6,408
Finance income	7,160	9	77	7,246	3,252	20	34	3,306	2,874	17	-	2,891
Finance cost	(104,045)	-	-	(104,045)	(95,102)	(3)	-	(95,105)	(88,961)	(3)	(1)	(88,965)
Net (loss) gain on (settlement of) derivative financial instruments recognized at fair value through profit or loss	19	-	-	19	(59)	-	-	(59)	(980)	-	-	(980)
Impairment of assets	(36,551)	-	-	(36,551)	-	-	-	-	-	-	-	-
Gain (loss) from exchange difference, net	4,932	(6)	7	4,933	(1,030)	5	(15)	(1,040)	(6,987)	(30)	(69)	(7,086)
Profit before income tax	249,684	(2,729)	(1,247)	245,708	264,249	173	(2,002)	262,420	221,765	154	2,191	224,110
Income tax expense	(78,050)	853	389	(76,808)	(86,189)	(56)	653	(85,592)	(70,198)	(49)	(693)	(70,940)
Profit for the year	171,634	(1,876)	(858)	168,900	178,060	117	(1,349)	176,828	151,567	105	1,498	153,170

(\*) The "other" segment includes activities that do not meet the threshold for disclosure under IFRS 8.13 and represent non-material operations of the Group (including brine projects).

	2023				2022				2021			
	Cement, concrete and blocks	Construction supplies	Others (*)	Consolidated	Cement, concrete and blocks	Construction supplies	Others (*)	Consolidated	Cement, concrete and blocks	Construction supplies	Others (*)	Consolidated
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Segment assets	3,074,279	46,941	100,266	3,221,486	3,086,104	38,353	102,537	3,226,994	2,940,888	42,578	111,229	3,094,695
Other assets (*)	-	-	249	249	86,630	-	537	87,167	106,280	-	797	107,077
Total assets	3,074,279	46,941	100,515	3,221,735	3,172,734	38,353	103,074	3,314,161	3,047,168	42,578	112,026	3,201,772
Operating liabilities	1,968,133	62,907	687	2,031,727	2,041,923	76,780	323	2,119,026	1,930,140	75,633	194	2,005,967
Capital expenditure (**)	299,326	-	-	299,326	190,126	-	-	190,126	97,288	-	-	97,288
Depreciation and amortization	(137,968)	(1,468)	(4,759)	(144,195)	(133,276)	(1,545)	(3,718)	(138,539)	(128,522)	(1,102)	(5,943)	(135,567)
Provision of inventory net realizable value and obsolescence	(2,956)	-	-	(2,956)	(2,027)	-	-	(2,027)	(3,374)	-	-	(3,374)

(\*) As of December 31, 2023, corresponds to the financial investment designated at fair value through OCI for S/249,000. As of December 31, 2022, corresponds to the financial investment designated at fair value through OCI for approximately S/274,000 and the fair value of derivative financial instruments ("cross currency swap") for S/86,893,000. As of December 31, 2021, corresponds to the financial investment designated at fair value through OCI for approximately S/476,000 and the fair value of derivative financial instruments ("cross currency swap") for S/106,601,000. The fair value of derivative financial instruments of hedging is allocated to the segment of cement, and the financial investment designated at fair value through OCI and fair value of derivative financial instrument at fair value through profit or loss are not assigned to any segment.

(\*\*) Capital expenditure consists of S/299,326,000, S/190,126,000 and S/97,288,000 during the years ended as of December 31, 2023, 2022 and 2021, respectively, and are related to additions of property, plant and equipment, intangible and other minor non-current assets.

**Geographic information**

As of December 31, 2023 and 2022, all non-current assets are located in Peru and all revenues are from clients located in the north region of the country.

**Accounting Policies, by  
Policy (Policies)**

**12 Months Ended  
Dec. 31, 2023**

**Accounting Policies**

**[Abstract]**

**Basis of preparation**

- 2.1 Basis of preparation –
- The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).
- The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments designated at fair value through other comprehensive income (OCI) and derivative financial instruments that have been measured at fair value. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in fair value attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Soles and all values are rounded to the nearest thousand (S/000), except when otherwise indicated.
- The consolidated financial statements provide comparative information in respect of the previous period or periods. There are certain standards and amendments applied for the first time by the Group during 2023 that did not require the restatement of previous financial statements, as explained in note 2.3.17.

**Basis of consolidation**

- Basis of consolidation -
- 2.2 The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if it has: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee), (ii) exposure, or rights, to variable returns from its involvement with the investee, and (iii) the ability to use its power over the investee to affect its returns.
- Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
- The accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
- A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

**Cash and cash equivalents**

- 2.3 Summary of significant accounting policies -
- 2.3.1 Cash and cash equivalents -
- Cash and cash equivalents presented in the statement of financial position and statement of cash flows comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.



[Financial instruments-initial recognition and subsequent measurement](#)

- 2.3.2 Financial instruments-initial recognition and subsequent measurement
- 
- A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- (i) Financial assets -
- Initial recognition and measurement -
- Financial assets are classified at initial recognition as measured at amortized cost, fair value through OCI or fair value through profit or loss.
- The Group's financial assets include cash and cash equivalents, commercial and other receivables and financial assets at fair value through OCI.
- Subsequent measurement -
- For purposes of subsequent measurement, financial assets are classified into the following categories:
- Financial assets at amortized cost (debt instruments).
  - Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
  - Financial assets designated at fair value through OCI without recycling of cumulative gains and losses upon derecognition (equity instruments).
  - Financial assets at fair value through profit or loss.
- The classification depends on the business model of the Company and the contractual terms of the cash flows.
- Financial assets at amortized cost (debt instruments) -
- The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to collect contractual cash flows and not sale or trade it, and,
  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding
- Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.
- Financial assets are not reclassified after their initial recognition, except if the Group changes its business model for its management.
- As of December 31, 2023, 2022 and 2021, the Group held trade and other receivables in this category; because they meet the conditions described above.
- Financial assets at fair value through OCI (equity instruments)
- 
- Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.
- Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment

has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As of December 31, 2023, 2022 and 2021 the Group elected to classify irrevocably its non-listed equity investments under this category.

(ii) Impairment of financial assets -

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(iii) Financial liabilities -

Initial recognition and measurement -

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing loans and borrowings.

Subsequent measurement -

The subsequent measurement of financial liabilities depends on their classification, the Group maintains Loans and Borrowings, which accounting treatment is explained below: After their initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

As of December 31, 2023, 2022 and 2021, the Group included trade and other payables and financial liabilities in this category, for more information refer to notes 11 and 13.

Derecognition -

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized in the consolidated statement of profit or loss.

- (iv) Derivative financial instruments and hedge accounting –  
The Group used derivative financial instruments, cross currency swaps (CCS), to hedge its foreign currency exchange rate risk. These derivative financial instruments are initially recognized at their fair values on the date on which the derivative contract is entered into and subsequently are remeasured at their fair value. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.  
For the purpose of hedge accounting, hedges are classified as:
  - Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
  - Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.
  - Hedges of a net investment in a foreign operation.
 At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges expect to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have been highly

effective throughout the financial reporting periods for which they were designated.

A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group uses to hedge that quantity of hedged item.

#### Cash flow hedges

Any gains or losses arising from changes in the fair value of derivatives is taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

In the case that the cash flow hedge is discontinued, the amount accumulated in other comprehensive income must remain in other comprehensive income accumulated if the covered cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flows are given, any amount that remains in other comprehensive accumulated results must be recorded considering the nature of the underlying transaction.

The Group maintained derivative financial instruments, cross currency swaps, to hedge its foreign currency exchange rate risk, these instruments were maintained until February 2023, date when there were paid in foreign currency. These derivative financial instruments were initially recognized at their fair values on the date on which the derivative contract was entered into and subsequently were remeasured at their fair value. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative, variation in fair value were registered in equity.

As of December 31, 2023, the Group did not maintain derivative financial instruments.

#### (v) Fair value measurement -

The Group measures financial instruments such as derivatives, and equity investments, at fair value at each period end.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value accounting hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group's management determines the policies and procedures for recurring and non-recurring fair value measurements.

At each reporting date, the Financial Management analyzes the changes in the values of the assets and liabilities that must be measured or determined on a recurring and non-recurring basis according to the Group's accounting policies. For this analysis, Management contrasts the main variables used in the latest assessments made with updated information available from valuations included in contracts and other relevant documents.

Management also compares the changes in the fair value of each asset and liability with the relevant external sources to determine whether the change is reasonable.

For purposes of disclosure of fair value, the Group has determined classes of assets and liabilities based on the inherent nature, characteristics and risks of each asset and liability, and the level of the fair value accounting hierarchy as explained above, see note 26(b).

Financial assets -

Initial recognition and measurement -

Financial assets are classified at initial recognition as measured at amortized cost, fair value through OCI or fair value through profit or loss.

## Financial assets

(i)

The Group's financial assets include cash and cash equivalents, commercial and other receivables and financial assets at fair value through OCI.

#### Subsequent measurement -

For purposes of subsequent measurement, financial assets are classified into the following categories:

- Financial assets at amortized cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI without recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

The classification depends on the business model of the Company and the contractual terms of the cash flows.

Financial assets at amortized cost (debt instruments) -

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to collect contractual cash flows and not sale or trade it, and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets are not reclassified after their initial recognition, except if the Group changes its business model for its management.

As of December 31, 2023, 2022 and 2021, the Group held trade and other receivables in this category; because they meet the conditions described above.

Financial assets at fair value through OCI (equity instruments)

- Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As of December 31, 2023, 2022 and 2021 the Group elected to classify irrevocably its non-listed equity investments under this category.

## Impairment of financial assets

### (ii) Impairment of financial assets -

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## Financial liabilities

### (iii) Financial liabilities -

#### Initial recognition and measurement -

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing loans and borrowings.

#### Subsequent measurement -

The subsequent measurement of financial liabilities depends on their classification, the Group maintains Loans and Borrowings, which accounting treatment is explained below:

After their initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral



part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

As of December 31, 2023, 2022 and 2021, the Group included trade and other payables and financial liabilities in this category, for more information refer to notes 11 and 13.

Derecognition -

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amount is recognized in the consolidated statement of profit or loss.

#### Derivative financial instruments and hedge accounting

- (iv) Derivative financial instruments and hedge accounting – The Group used derivative financial instruments, cross currency swaps (CCS), to hedge its foreign currency exchange rate risk. These derivative financial instruments are initially recognized at their fair values on the date on which the derivative contract is entered into and subsequently are remeasured at their fair value. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges expect to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.



- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group uses to hedge that quantity of hedged item.

#### Cash flow hedges

Any gains or losses arising from changes in the fair value of derivatives is taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

In the case that the cash flow hedge is discontinued, the amount accumulated in other comprehensive income must remain in other comprehensive income accumulated if the covered cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flows are given, any amount that remains in other comprehensive accumulated results must be recorded considering the nature of the underlying transaction.

The Group maintained derivative financial instruments, cross currency swaps, to hedge its foreign currency exchange rate risk, these instruments were maintained until February 2023, date when there were paid in foreign currency. These derivative financial instruments were initially recognized at their fair values on the date on which the derivative contract was entered into and subsequently were remeasured at their fair value. Derivatives are accounted for as financial assets when their fair value is positive and as financial liabilities when their fair value is negative, variation ay fair value were registered in equity.

As of December 31, 2023, the Group did not maintain derivative financial instruments.

#### (v) Fair value measurement -

The Group measures financial instruments such as derivatives, and equity investments, at fair value at each period end.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by

#### Fair value measurement

selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value accounting hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for recurring and non-recurring fair value measurements.

At each reporting date, the Financial Management analyzes the changes in the values of the assets and liabilities that must be measured or determined on a recurring and non-recurring basis according to the Group's accounting policies. For this analysis, Management contrasts the main variables used in the latest assessments made with updated information available from valuations included in contracts and other relevant documents.

Management also compares the changes in the fair value of each asset and liability with the relevant external sources to determine whether the change is reasonable.

For purposes of disclosure of fair value, the Group has determined classes of assets and liabilities based on the inherent nature, characteristics and risks of each asset and liability, and the level of the fair value accounting hierarchy as explained above, see note 26(b).

## Foreign currencies

### 2.3.3 Foreign currencies -

The functional and presentation currency for the consolidated financial statements of the Group is soles, which is also the functional currency for its subsidiaries.

#### *Transactions and balances*

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

## Inventories

### 2.3.4 Inventories -

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

*Raw materials, spare parts and supplies*

- Initially at cost and are recorded at the lower of cost and net realizable value.

*Finished goods and work in progress*

- Cost of direct materials and supplies, services provided by third parties, direct labor and a proportion of manufacturing overheads is based on normal operating capacity, excluding borrowing costs and exchange currency differences.

*Inventory in transit*

- Cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs of inventory necessary to make the sale.

## Borrowing costs

### 2.3.5 Borrowing costs -

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of interest rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

## Property, plant and equipment

### 2.3.6 Property, plant and equipment -

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met, see note 2.3.5. The capitalized value of a finance lease is also included within property, plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as operation cost or expense in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgments, estimates and assumptions, see note 3, and quarry rehabilitation cost provisions, see note 12.

Depreciation of assets is determined using the straight-line method over the estimated useful lives of such assets as follows:

	<b>Years</b>
<b>Buildings and other construction:</b>	
Administrative facilities	Between 20 and 51
Main production structures	Between 20 and 56
Minor production structures	Between 20 and 35
<b>Machinery and equipment:</b>	
Mills and horizontal furnaces	Between 24 and 45
Vertical furnaces, crushers and grinders	Between 23 and 36
Electricity facilities and other minors	Between 10 and 35
Furniture and fixtures	10
<b>Transportation units:</b>	
Heavy units	Between 5 and 15
Light units	Between 5 and 10
<b>Computer equipment</b>	Between 3 and 10
<b>Tools</b>	Between 5 and 10

The asset's residual value, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively if appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

## Mining concessions

- 2.3.7 Mining concessions -  
Mining concessions correspond to the exploration rights in areas of interest acquired. Mining concessions are stated at cost, net of accumulated amortization and/or accumulated impairment losses, if any, and are presented within the "Property, plant and equipment" caption of consolidated statement of financial position. Those mining concessions are amortized following the straight-line method. In the event the Group abandons the concession, the costs associated, see note 9(b), are written-off in the consolidated statement of profit or loss. For the years ended December 31, 2023, 2022 and 2021, mining concessions of the Group correspond to areas that contain raw material necessary for cement production.

## Quarry development costs and stripping costs

- 2.3.8 Quarry development costs and stripping costs -  
*Quarry development costs* -  
Quarry development costs incurred are stated at cost and are the next step in development of quarries after the exploration and evaluation stage. Quarry development costs are, upon commencement of the production phase, presented net of accumulated amortization and/or accumulated impairment losses, if any, and are presented within the property, plant and equipment caption. The amortization is calculated using the straight-line method based on the useful life of the quarry to which it relates. Expenditures that significantly increase the economic life of the quarry under exploitation are capitalized.  
*Stripping costs* -

## Intangible assets

### 2.3.9

Stripping costs incurred in the development of a mine before production commences are capitalized as part of mine development costs and subsequently amortized over the life of the mine on a units-of-production basis, using the proved reserves.

Stripping costs incurred subsequently during the production phase of its operation are recorded as part of cost of production.

#### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

The Group's intangible assets with finite useful lives are amortized over an average term between three and ten years.

Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

#### Exploration and evaluation assets -

Exploration and evaluation activity involve the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity include:

- Researching and analyzing historical exploration data.
- Gathering exploration data through geophysical studies.
- Exploratory drilling and sampling.
- Determining and examining the volume and grade of the resource.
- Surveying transportation and infrastructure requirements.
- Conducting market and finance studies.

Once the legal right to explore has been acquired, exploration and evaluation costs are charged to the consolidated statement of profit or loss, unless management concludes that a future economic benefit is more likely than not to be realized, in which case such costs are capitalized, see note 10(b). These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating if costs meet the criteria to be capitalized, several different sources of information are used, including the nature of the assets, extension of the explored area and results of sampling, among others. The information that is used to determine the probability of

future benefits depends on the extent of exploration and evaluation that has been performed.

Exploration and evaluation costs are capitalized when the exploration and evaluation activity is within an area of interest for which it is expected that the costs will be recouped by future exploitation and active and significant operations in relation to the area are continuing or planned for the future.

All capitalized exploration and evaluation costs are monitored for indications of impairment. Where a potential impairment indicator is identified, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash generating unit) to which the exploration is attributed.

The Group assesses at each reporting date whether there is an indication that exploration and evaluation assets may be impaired, see note 10(c).

## Ore reserve and resource estimates

### 2.3.10 Ore reserve and resource estimates -

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties and concessions. The Group estimates its ore reserves and mineral resources, based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, provision for quarry rehabilitation and depreciation and amortization charges.

## Provisions

### 2.3.11 Provisions - *General -*

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as finance cost in the consolidated statement of profit or loss.

#### *Quarry rehabilitation provision -*

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. Quarry rehabilitation costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current risk-free rate. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of profit or loss as a finance cost. The estimated future costs of quarry rehabilitation are reviewed annually and adjusted as appropriate. Changes in the

estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

*Environmental expenditures and liabilities -*

Environmental expenditures that relate to current or future revenues are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognized when a clean-up is probable, and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognized is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognized is the present value of the estimated future expenditure.

## Employees benefits

### 2.3.12 Employees benefits -

The Group has short-term obligations for employee benefits including salaries, severance contributions, legal bonuses, performance bonuses and profit sharing. These obligations are recorded monthly on an accrual basis.

Additionally, the Group has a long-term incentive plan for key management. This benefit is settled in cash, measured on the salary of each officer and upon fulfilling certain conditions such as years of experience within the Group and permanency. The Group recognizes the long-term obligation at its present value at the end of the reporting period using the projected credit unit method. To calculate the present value of these long-term obligations the Group uses a government bond discount rate at the date of the consolidated financial statements. This liability is annually reviewed on the date of the consolidated financial statements, and the accrual updates and the effect of changes in discount rates are recognized in the consolidated statement of profit or loss.

## Revenue recognition

### 2.3.13 Revenue recognition -

The Group is dedicated to the production and trading of cement, concrete, blocks and other minors, as well as trade of construction supplies. These goods are sold in contracts with customers.

Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties.

The following specific recognition criteria must also be met before revenue is recognized:

*Sales of goods -*

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other terms in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

*Rendering of services -*

In the business segments cement, concrete, blocks and construction supplies, the Group provides transportation services. These services are sold together with the sale of the goods to the customer.



## Taxes

Transportation services are satisfied when the transport service is concluded, which coincides with the moment of delivery of the goods to the customers.

### 2.3.14 Taxes -

#### *Current income tax -*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in Peru, where the Group operates and generates taxable income.

#### *Deferred tax -*

Deferred tax is determined on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax related to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

## Treasury shares

### 2.3.15 Treasury shares-

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

## Impairment of non-financial assets

### 2.3.16 Impairment of non-financial assets –

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required (goodwill and Intangible assets with indefinite useful lives), the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group supports its impairment calculation by using detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. Impairment losses related to continuing operations, including impairment on inventories, are recognized in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

In addition, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or have decreased. If such an indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

Exploration and evaluation assets are tested for impairment annually as of December 31, either individually or at the cash-generating unit level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

As of December 31, 2023 and 2022 there were no signs of impairment for long-lived assets.

## [New amended standards and interpretations](#)

### 2.3.17 New amended standards and interpretations –

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### *Definition of Accounting Estimates - Amendments to IAS 8*

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

#### *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their material accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

*Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

**Significant Accounting  
Policies (Tables)**

**12 Months Ended  
Dec. 31, 2023**

[Disclosure of significant  
accounting policies \[Abstract\]  
Schedule of Eestimated Useful  
Lives](#)

Depreciation of assets is determined using the straight-line method over the estimated useful lives of such assets as follows:

	<u>Years</u>
<b>Buildings and other construction:</b>	
Administrative facilities	Between 20 and 51
Main production structures	Between 20 and 56
Minor production structures	Between 20 and 35
<b>Machinery and equipment:</b>	
Mills and horizontal furnaces	Between 24 and 45
Vertical furnaces, crushers and grinders	Between 23 and 36
Electricity facilities and other minors	Between 10 and 35
Furniture and fixtures	10
<b>Transportation units:</b>	
Heavy units	Between 5 and 15
Light units	Between 5 and 10
<b>Computer equipment</b>	Between 3 and 10
<b>Tools</b>	Between 5 and 10

**Transactions in Foreign  
Currency (Tables)**

**12 Months Ended  
Dec. 31, 2023**

[Transactions in foreign  
currency \[Abstract\]](#)  
[Schedule of Assets and  
Liabilities](#)

As of December 31, 2023, 2022 and 2021, the Group had the following assets and liabilities in United States dollars:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	US\$(000)	US\$(000)	US\$(000)
<b>Assets</b>			
Cash and cash equivalents	5,887	4,426	51,343
Trade and other receivables	3,259	3,262	4,946
Advances to suppliers for work in progress	4,829	18,899	10,175
	<u>13,975</u>	<u>26,587</u>	<u>66,464</u>
<b>Liabilities</b>			
Trade and other payables	(19,082)	(18,399)	(10,356)
Interest-bearing loans and borrowings	-	(131,612)	(149,612)
	<u>(19,082)</u>	<u>(150,011)</u>	<u>(159,968)</u>
Cross currency swap position	-	132,000	132,000
<b>Net monetary position</b>	<u>(5,107)</u>	<u>8,576</u>	<u>38,496</u>

**Cash and Cash Equivalents  
(Tables)**

**12 Months Ended  
Dec. 31, 2023**

**Cash and Cash Equivalents**

**[Abstract]**

**Schedule of Cash and Cash  
Equivalents**

(a) This caption was made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>S/(000)</b>	<b>S/(000)</b>
Cash on hand	182	161
Cash at banks (b)	46,611	39,112
Short-term deposits (c)	43,400	42,500
	<u>90,193</u>	<u>81,773</u>

(b) Cash at banks is denominated in local and foreign currency and U.S. dollars, is deposited in local and foreign bank are freely available. The demand deposits interest yield is based on daily bank deposit rates.

(c) The short-term deposits held in domestic banks were freely available and earned interest at the respective short-term market rates and original maturity less than three months.

**Trade and Other Receivables**  
(Tables)

**12 Months Ended**  
**Dec. 31, 2023**

**Trade and Other Receivables**

**[Abstract]**

**Schedule of Trade and Other**  
**Receivables**

(a) This caption was made up as follows:

	<b>Current</b>		<b>Non-current</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>S/(000)</b>	<b>S/(000)</b>	<b>S/(000)</b>	<b>S/(000)</b>
Trade receivables (b)	83,840	78,519	-	-
Other accounts receivable	13,179	6,789	-	-
Accounts receivable from Parent company and affiliates, note 22	1,973	1,858	-	-
Funds restricted to tax payments	1,322	244	-	-
Interest receivable	1,091	1,163	-	-
Loans to employees	1,061	676	-	-
Loans granted	1,014	1,001	-	-
Other receivables from sale of fixed assets	82	215	-	-
Allowance for expected credit losses (d) and (e)	(9,014)	(7,433)	-	-
Financial assets classified as receivables (e)	94,548	83,032	-	-
Value-added tax credit	5,140	18,459	1,193	1,874
Claim to the SUNAT (c)	-	-	29,559	29,559
Other accounts receivable	-	-	12,645	12,110
Tax refund receivable	-	-	9,034	9,034
Allowance for expected credit losses (d)	-	-	(9,034)	(9,034)
Non-financial assets classified as receivables	5,140	18,459	43,397	43,543
	<u>99,688</u>	<u>101,491</u>	<u>43,397</u>	<u>43,543</u>

(b) Trade account receivables presented net of discounts and bonuses, have current maturity (30 to 90 days) and those overdue bear interest.

On March 22, 2021, the Company received Tax Court Resolution N° 00905-4-21 that declares the calculation of Mining Royalty should be based on gross sale of the final product (cement) for the years 2008 and 2009. This is an opposite position to what is established by the Constitutional Court in the STC Exp. N° 1043-2013-PA/TC that declares founded the writ of protection presented by the Company and its right to calculate the Mining Royalty exclusively based on the value of the mining component, without considering in any way the value of the final products derived from industrial and manufacturing processes.

Company has made, under protest, payments of the debts arbitrarily placed in collection. These payments as of December 31, 2023 and 2022 amount to S/29,559,000. To date, the Company has initiated the corresponding legal actions to recover said payments and in the opinion of Management and its external legal advisors, it has a high probability of obtaining a favorable result.

**Schedule of Movement of the**  
**Allowance for Expected Credit**  
**Losses**

(d) The movement of the allowance for expected credit losses is as follows:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>S/(000)</b>	<b>S/(000)</b>	<b>S/(000)</b>
<b>Opening balance</b>	16,467	14,573	14,358
Additions, note 19	1,707	1,972	563
Recoveries	(126)	(78)	(348)
<b>Ending balance</b>	<u>18,048</u>	<u>16,467</u>	<u>14,573</u>

Schedule of Analysis of Trade and Other Accounts Receivable (e)The aging analysis of trade and other accounts receivable as of December 31, 2023 and 2022, is as follows:

As of December 31,  2023	Total	Neither past due nor impaired	Past due but not impaired				
			< 30 days	30-60 days	61-90 days	91-120 days	> 120 days
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Expected credit loss rate	8.7%	0.2%	1.0%	0.8%	7.6%	20.5%	64.4%
Carrying amount 2023	103,562	62,120	20,566	4,525	2,435	1,195	12,721
Expected credit loss	9,014	147	206	37	186	245	8,193
As of December 31,  2022	Total	Neither past due nor impaired	Past due but not impaired				
			< 30 days	30-60 days	61-90 days	91-120 days	> 120 days
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Expected credit loss rate	8.2%	0.1%	1.5%	3.5%	2.1%	-	59.4%
Carrying amount 2022	90,465	63,676	8,538	3,807	2,573	-	11,871
Expected credit loss	7,433	64	124	135	55	-	7,055

## Inventories (Tables)

**12 Months Ended  
Dec. 31, 2023**

[Inventories \[Abstract\]](#)  
[Schedule of inventories](#)

(a) This caption is made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>S/(000)</b>	<b>S/(000)</b>
Goods and finished products	16,488	18,903
Work in progress	173,569	186,281
Raw materials	329,598	397,096
Packages and packing	3,944	5,245
Fuel	3,899	3,642
Spare parts and supplies	251,006	260,742
Inventory in transit	12,570	13,060
	<b>791,074</b>	<b>884,969</b>

- (b) As of December 31, 2023 and 2022, the amount of the provision for inventory obsolescence amounts to S/27,525,000 and S/24,905,000, respectively. In the years 2023, 2022 and 2021, the net effect recognized in the consolidated statement of profit or loss for S/2,956,000, S/1,977,000 and S/3,348,000, respectively.



**Property, Plant and  
Equipment (Tables)**

**12 Months Ended  
Dec. 31, 2023**

**Property, Plant and  
Equipment [Abstract]**

**Schedule of Property, Plant  
and Equipment**

(a) The composition and movement in property, plant and equipment for two years ended December 31, 2023 and 2022 is presented below:

	Mining concessions (b)	Mine development costs (b)	Land	Buildings and other construction	Machinery, equipment and related spare parts	Furniture and accessories	Transportation units	Computer equipment and tools	Quarry rehabilitation costs	Capitalized interest (f)	Work in progress (d) and units in transit	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Cost</b>												
<b>As of January 1, 2022</b>	75,914	58,002	256,552	693,085	1,697,655	10,706	113,351	34,428	9,030	65,007	62,140	3,075,870
Additions	-	7,311	868	-	13,085	318	658	2,849	2,745	3,158	143,540	174,532
Sales and/or retirement	-	-	(2,285)	-	(4,978)	(14)	(2,654)	(228)	-	-	(398)	(10,557)
Disposals	-	-	-	(1,600)	(17,075)	(28)	(4,460)	(481)	-	-	-	(23,644)
Transfers, note 10	-	529	-	3,069	22,853	98	442	4,736	-	-	(32,461)	(734)
<b>As of December 31, 2022</b>	75,914	65,842	255,135	694,554	1,711,540	11,080	107,337	41,304	11,775	68,165	172,821	3,215,467
Additions	36,184	19,870	3,449	-	25,891	432	160	3,209	4,458	6,132	174,435	274,220
Sales and/or retirement	-	(101)	-	-	(41,075)	(162)	(2,064)	(316)	-	-	(559)	(44,277)
Transfers, note 10	-	(14,521)	-	127,675	186,727	(271)	(50)	990	-	-	(300,616)	(66)
<b>As of December 31, 2023</b>	112,098	71,090	258,584	822,229	1,883,083	11,079	105,383	45,187	16,233	74,297	46,081	3,445,344
<b>Accumulated depreciation</b>												
<b>As of January 1, 2022</b>	12,328	10,484	-	158,455	705,454	7,871	78,163	22,456	2,382	9,021	-	1,006,614
Additions	72	387	-	18,818	95,486	575	7,398	3,595	140	1,521	-	127,992
Sales and/or retirement	-	-	-	-	(3,990)	(12)	(2,269)	(194)	-	-	-	(6,465)
Disposals	-	-	-	(795)	(13,425)	(26)	(4,278)	(428)	-	-	-	(18,952)
Transfers, note 10	-	(3)	-	-	-	-	-	-	-	-	-	(3)
<b>As of December 31, 2022</b>	12,400	10,868	-	176,478	783,525	8,408	79,014	25,429	2,522	10,542	-	1,109,186
Additions	72	422	-	20,113	98,915	516	6,252	3,606	128	1,625	-	131,649
Sales and/or retirement	-	(56)	-	-	(22,620)	(153)	(1,896)	(201)	-	-	-	(24,926)
Transfers, note 10	-	-	-	2,065	(2,030)	-	(35)	-	-	-	-	-
<b>As of December 31, 2023</b>	12,472	11,234	-	198,656	857,790	8,771	83,335	28,834	2,650	12,167	-	1,215,909
<b>Impairment (g)</b>												
<b>As of December 31, 2022</b>	42,859	24,048	3,624	13,579	12,918	200	26	454	-	-	735	98,443
Additions (g)	9,197	525	361	17,459	17,669	8	1	-	-	1,413	2,686	49,319
Disposals	-	-	-	-	(17,669)	(8)	(1)	-	-	-	-	(17,678)
<b>As of December 31, 2023</b>	52,056	24,573	3,985	31,038	12,918	200	26	454	-	1,413	3,421	130,084
<b>Net book value</b>												
<b>As of December 31, 2022</b>	20,655	30,926	251,511	504,497	915,097	2,472	28,297	15,421	9,253	57,623	172,086	2,007,838
<b>As of December 31, 2023</b>	47,570	35,283	254,599	592,535	1,012,375	2,108	22,022	15,899	13,583	60,717	42,660	2,099,351

- (b) Mining concessions mainly include net acquisition costs of S/15,488,000 related to coal concessions acquired through a purchase option executed from 2011 to 2013. The caption also includes some concessions acquired by the Group for exploration activities related to the cement business, such as that acquired in January 2023 for S/34,350,000, through the purchase of the company Corporación Materiales Piura S.A.C.
- (c) The Group has assessed the recoverable amount of its remaining long-term assets and, except the assets as specifically mentioned in (b), did not find indicators of an impairment for these assets as of December 31, 2023 and 2022.
- (d) Work in progress included in property, plant and equipment as of December 31, 2023 and 2022 is mainly related to complementary facilities of the cement plants.
- (e) As of December 31, 2023, the Group maintains accounts payable related to the acquisition of property, plant and equipment for S/9,379,000 (S/14,560,000 as of December 31, 2022), see note 11.
- (f) The borrowing costs are mainly related to the construction of the cement plant located in Piura and to a lesser extent to the construction of the Clinker Lines Optimization Project – Kiln 4 in the city of Pacasmayo. Both plants are already in operation.
- (g) In previous years management recognized a full impairment related to the total net book value of a closed zinc mining unit which included concession costs, development costs and related facilities and equipment.

At the end of 2023, Management recognized a specific impairment to retirement for the net value of the assets of the vertical clinker kilns located at the Pacasmayo cement plant for a net cost of S/36,551,000. This deterioration estimate was carried out as a consequence of replacing the old technology of these kilns due to the entry into operation of the Clinker Lines Optimization Project – Kiln 4 in said plant, which is more efficient and produces fewer emissions. This amount was recorded in the impairment to retirement of property, plant and equipment item in the consolidated statement of profit or loss. Likewise, Management recognized a specific impairment to retirement of the value of the coal concessions (northern zone) for S/11,393,000, recorded in other operating (expenses) income item of the consolidated statement of profit or loss.

**Intangibles Assets, Net  
(Tables)**

**12 Months Ended  
Dec. 31, 2023**

**Intangibles Assets, Net**

**[Abstract]**

**Schedule of Intangible Assets**

(a) The composition and movement of this caption as of the date of the consolidated statement of financial position is presented below:

	IT applications	Finite life intangible	Indefinite life intangible	Exploration cost and mining evaluation (b)	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Cost</b>					
<b>As of January 1, 2022</b>	41,423	24,543	1,975	51,279	119,220
Additions	14,564	-	-	417	14,981
Disposals	(27)	-	-	-	(27)
Transfers and reclassifications, note 9	107	-	-	627	734
<b>As of December 31, 2022</b>	<u>56,067</u>	<u>24,543</u>	<u>1,975</u>	<u>52,323</u>	<u>134,908</u>
Additions	15,667	-	-	523	16,190
Sales and/or retirement	(593)	-	-	-	(593)
Transfers and reclassifications, note 9	66	-	-	-	66
<b>As of December 31, 2023</b>	<u>71,207</u>	<u>24,543</u>	<u>1,975</u>	<u>52,846</u>	<u>150,571</u>
<b>Accumulated amortization</b>					
<b>As of January 1, 2022</b>	18,025	8,165	71	8,996	35,257
Additions	5,833	2,454	-	575	8,862
Transfers and reclassifications, note 9	-	-	-	3	3
<b>As of December 31, 2022</b>	<u>23,858</u>	<u>10,619</u>	<u>71</u>	<u>9,574</u>	<u>44,122</u>
Additions	6,939	2,454	-	313	9,706
Sales and/or retirement	(554)	-	-	-	(554)
<b>As of December 31, 2023</b>	<u>30,243</u>	<u>13,073</u>	<u>71</u>	<u>9,887</u>	<u>53,274</u>
<b>Impairment</b>					
<b>As of December 31, 2022</b>	<u>456</u>	<u>-</u>	<u>-</u>	<u>33,469</u>	<u>33,925</u>
Additions	-	-	-	452	452
<b>As of December 31, 2023</b>	<u>456</u>	<u>-</u>	<u>-</u>	<u>33,921</u>	<u>34,377</u>
<b>Net Carrying Value</b>					
<b>As of December 31, 2022</b>	<u>31,753</u>	<u>13,924</u>	<u>1,904</u>	<u>9,280</u>	<u>56,861</u>
<b>As of December 31, 2023</b>	<u>40,508</u>	<u>11,470</u>	<u>1,904</u>	<u>9,038</u>	<u>62,920</u>

(b) As of December 31, 2023 and 2022, the exploration cost and mining evaluation include mainly capital expenditures related to the coal project and to other minor projects related to the cement business.

(c) As of December 31, 2023 and 2022, the Group evaluated the conditions of use of the projects related to the exploration and mining evaluation costs and its other intangibles, not finding any indicators of impairment in said assets, except specific additions to retirements for the year 2023.

**Trade and Other Payables**  
(Tables)

**12 Months Ended**  
**Dec. 31, 2023**

[Trade and other payables](#)

[\[Abstract\]](#)

[Schedule of Trade and Other Payables](#)

(a) This balance is made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>S/(000)</b>	<b>S/(000)</b>
Trade payables (b)	107,327	156,586
Interest payable (d)	29,828	26,611
Remuneration payable	27,792	22,245
Advances from customers	15,726	14,702
Taxes and contributions	17,225	11,347
Dividends payable, note 15(g)	10,322	9,764
Accounts payable related to the acquisition of property, plant and equipment, note 9(e)	9,379	14,560
Board of Directors' fees	4,700	5,191
Guarantee deposits	3,488	4,127
Account payable to the principal and affiliates, note 22	516	2,686
Hedge finance cost payable	-	5,978
Other accounts payable	5,208	10,757
	<b>231,511</b>	<b>284,554</b>

- (b) Trade accounts payable result from the purchases of material, services and supplies for the Group's operations, and mainly correspond to invoices payable to domestic suppliers. Trade payables are non-interest bearing and are normally settled within 60 to 120 days term.
- (c) Other payables are non-interest bearing and have an average term of 3 months.
- (d) Interest payable is normally settled semiannually throughout the financial year.

## Provisions (Tables)

**12 Months Ended  
Dec. 31, 2023**

### [Provisions \[Abstract\]](#) [Schedule of Provisions](#)

(a) This balance is made up as follows:

	<b>Workers' profit- sharing (b)</b>	<b>Long- term incentive plan (c)</b>	<b>Quarry Rehabilitation provision (d)</b>	<b>Provision of legal contingencies</b>	<b>Total</b>
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>At January 1, 2022</b>	24,269	22,513	11,036	3,090	60,908
Additions (b), note 20	32,161	8,272	-	1,368	41,801
Exchange difference	-	-	(495)	-	(495)
Unwinding of discounts, note 21	-	1,200	91	-	1,291
Change in estimate	-	-	2,745	-	2,745
Payments and advances	(25,097)	-	-	(2,182)	(27,279)
<b>At December 31, 2022</b>	<b>31,333</b>	<b>31,985</b>	<b>13,377</b>	<b>2,276</b>	<b>78,971</b>
<b>Current portion</b>	<b>31,333</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,333</b>
<b>Non-current portion</b>	<b>-</b>	<b>31,985</b>	<b>13,377</b>	<b>2,276</b>	<b>47,638</b>
	<b>31,333</b>	<b>31,985</b>	<b>13,377</b>	<b>2,276</b>	<b>78,971</b>
<b>At January 1, 2023</b>	31,333	31,985	13,377	2,276	78,971
Additions (b), note 20	35,258	7,632	-	-	42,890
Exchange difference	-	-	(292)	-	(292)
Unwinding of discounts, note 21	-	1,691	133	-	1,824
Change in estimate	-	-	4,458	-	4,458
Payments and advances	(32,263)	(11,625)	-	-	(43,888)
<b>At December 31, 2023</b>	<b>34,328</b>	<b>29,683</b>	<b>17,676</b>	<b>2,276</b>	<b>83,963</b>
<b>Current portion</b>	<b>34,328</b>	<b>22,182</b>	<b>-</b>	<b>-</b>	<b>56,510</b>
<b>Non-current portion</b>	<b>-</b>	<b>7,501</b>	<b>17,676</b>	<b>2,276</b>	<b>27,453</b>
	<b>34,328</b>	<b>29,683</b>	<b>17,676</b>	<b>2,276</b>	<b>83,963</b>

### [Schedule of Workers' Profit Sharing](#)

(b) Workers' profit sharing -

In accordance with Peruvian legislation, the Group is obliged to pay its employees profit sharing of between 8% and 10% of annual taxable income. Distributions to employees under the plan are based 50% on the number of days that each employee worked during the preceding year and 50% on proportionate annual salary levels.

The workers' profit sharing is recognized in the following line items:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	S/(000)	S/(000)	S/(000)
Cost of sales, note 20	15,244	15,165	13,887
Administrative expenses, note 20	15,210	12,520	8,935
Selling and distribution expenses, note 20	3,804	3,287	2,227
Investment	1,000	1,189	116
	<b>35,258</b>	<b>32,161</b>	<b>25,165</b>

**Financial Obligations  
(Tables)**

**12 Months Ended  
Dec. 31, 2023**

**Disclosure Of Financial  
Obligations [Abstract]**

**Schedule of financial  
obligations**

(a) This caption is made up as follows:

	<b>Currency</b>	<b>Nominal interest rate</b>	<b>Maturity</b>	<b>2023</b>	<b>2022</b>
				<u>S/(000)</u>	<u>S/(000)</u>
<b>Short -term promissory notes</b>					
Banco de Crédito del Perú	S/	9.44%	January 22, 2024	38,000	-
BBVA Perú	S/	9.78%	January 19, 2024	38,000	-
BBVA Perú	S/	8.83%	March 15, 2024	19,000	-
BBVA Perú	S/	8.83%	March 15, 2024	19,000	-
BBVA Perú	S/	6.98%	December 12, 2024	25,300	-
BBVA Perú	S/	6.98%	December 12, 2024	25,300	-
BBVA Perú	S/	6.98%	December 12, 2024	25,400	-
BBVA Perú	S/	7.32%	November 22, 2024	19,000	-
BBVA Perú	S/	7.32%	November 22, 2024	19,000	-
Banco de Crédito del Perú	S/	8.93%	December 18,2023	-	38,000
Banco de Crédito del Perú	S/	8.93%	December 18,2023	-	38,000
				<u>228,000</u>	<u>76,000</u>

**Senior Notes (b)**

Principal, net of issuance costs (b.2)	S/	6.69%	February 1, 2029	259,686	259,625
Principal, net of issuance costs (b.2)	S/	6.84%	February 1, 2034	309,506	309,457
Principal, net of issuance costs (b.1)	US\$	4.50%	February 8, 2023	-	502,699
				<u>569,192</u>	<u>1,071,781</u>

**Short and long-term  
Corporate Loan under  
“Club deal” (c)**

Banco de Crédito del Perú	S/	5.82%	December 1,2028	387,917	222,695
Scotiabank	S/	5.82%	December 1,2028	387,917	222,695
				<u>775,834</u>	<u>445,390</u>
				<u>1,573,026</u>	<u>1,593,171</u>

**Maturity**

Current				383,146	618,907
Non-current				1,189,880	974,264
				<u>1,573,026</u>	<u>1,593,171</u>

(b) *Senior Notes-*

(b.1) *Senior Notes in US dollars*

Until February 2023, the Company had outstanding corporate bonds which were denominated in US dollars. These bonds were issued in January 2013. The cross currency swaps maintained by the Company to hedge the exchange rate variations of corporate bonds were executed and settled in full in correlation with the payment of these corporate bonds.

(b.2) *Senior Notes in Soles*

The General Shareholders' Meeting held on January 8, 2019, approved the issuance of Senior Notes denominated in soles in the local market up to the maximum amount of S/1,000,000,000 through the Second Corporate Bonds Program of Pacasmayo, whose purpose was to settle the mid-term loans described in the previous paragraph. On January 31, 2019, senior notes were issued for: i) S/260,000,000 at a rate of 6.688 percent per year and maturity of 10 years and; ii) S/310,000,000 at a rate of 6.844 percent per year and maturity of 15 years.

The Senior Notes in soles issued in 2019 are guaranteed by the following Company's subsidiaries: Cementos Selva S.A.C., Distribuidora Norte Pacasmayo S.R.L., Empresa de Transmisión Guadalupe S.A.C. and Dinoseiva Iquitos S.A.C.

(b.3) *Financial covenants*

The financial covenants related to the Senior Notes denominated issued in US dollars and soles state that if the Company and its guarantor subsidiaries issue debt or equity instruments, merges with another company or dispose or rents significant assets, the Senior Notes will trigger the following financial covenants, calculated based on the Company and Guarantee Subsidiaries annual consolidated financial statements:

- A fixed charge covenant ratio of at least 2.5 to 1.
- A consolidated debt-to-EBITDA ratio of no greater than 3.5 to 1.

As of December 31, 2023 and 2022, these covenants have not been activated because no situation has occurred that requires their measurement, as indicated in the previous paragraph.

For the years ended December 31, 2023, 2022 and 2021, senior notes generated interest that has been recognized in the consolidated statement of profit or loss for S/38,690,000, S/60,225,000 and S/63,333,000, respectively, see note 21.

(c) Medium-term Corporate Loan under "Club Deal" modality:

On August 6, 2021, the Company established the conditions of a medium-term corporate loan under "Club Deal" modality with Banco de Crédito del Perú S.A. and Scotiabank Perú S.A.A. The loan amounts to S/860,000,000 that allowed the payment of all the financial obligations that the Company maintains with a maturity until February 2023. The loan conditions include a grace / availability period of 18 months from August 6 and a payment term of 7 years from the last disbursement, which was in February 2023. Since that date, the loan will be paid in 22 equal quarterly installments and has an annual interest rate of 5.82 percent. As part of the loan conditions, the Company assumed the following obligations:

- I. Comply with the following financial covenants:
  - a. Debt Ratio (Financial Debt / EBITDA)  $\leq$  3.50x
  - b. Debt Service Coverage Ratio (FCSD / SD)  $\geq$  1.15x
  - c. Debt Service Coverage Ratio (EBITDA / SD)  $\geq$  1.50x

These financial safeguards will be calculated and verified at the end of each calendar quarter, considering the information of the consolidated financial statements of the Company for the last 12 months, prepared in accordance with IFRS.

As of December 31, 2023 and 2022, the Company complies with the ratios contained in the conditions of the Club Deal and corporate bonds and has certain do's and don'ts obligations that it has been complying with to date.



# **Deferred Income Tax Assets and Liabilities (Tables)**

**12 Months Ended  
Dec. 31, 2023**

## **Deferred Income Tax Assets and Liabilities [Abstract]**

## **Schedule of Deferred Income Tax Assets and Liabilities**

The following is the composition of the caption according to the items that originated it:

	As of January 1, 2022	Effect on profit or loss	Quarry rehabilitation provision	Effect on OCI	As of December 31, 2022	Effect on profit or loss	Effect on OCI	Quarry rehabilitation provision	As of December 31, 2023
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Movement of deferred income tax assets:</b>									
<b>Deferred income tax assets</b>									
Allowance for expected credit losses for trade receivables	1,533	555	-	-	2,088	473	-	-	2,561
Provision for vacations	1,905	196	-	-	2,101	114	-	-	2,215
Provision of discounts and bonuses to customers	2,227	(448)	-	-	1,779	85	-	-	1,864
Effect of differences between book and tax bases of fixed assets	(644)	986	-	-	342	934	-	-	1,276
Legal claim contingency	461	-	-	-	461	-	-	-	461
Lease liabilities	819	(119)	-	-	700	(259)	-	-	441
Estimate for devaluation of spare parts and supplies	432	3	-	-	435	(13)	-	-	422
Effect of differences between book and tax bases of inventories	55	-	-	-	55	-	-	-	55
Effect of tax-loss carry forward	1,711	(1,018)	-	-	693	(693)	-	-	-
Allowance for expected credit losses for other receivables	974	(974)	-	-	-	-	-	-	-
Other	604	290	-	-	894	1,537	-	-	2,431
	<u>10,077</u>	<u>(529)</u>	<u>-</u>	<u>-</u>	<u>9,548</u>	<u>2,178</u>	<u>-</u>	<u>-</u>	<u>11,726</u>
<b>Deferred income tax liabilities</b>									
Right of use assets	(648)	88	-	-	(560)	245	-	-	(315)
Other	17	-	-	-	17	-	-	-	17
	<u>(631)</u>	<u>88</u>	<u>-</u>	<u>-</u>	<u>(543)</u>	<u>245</u>	<u>-</u>	<u>-</u>	<u>(298)</u>
<b>Total deferred income tax assets</b>	<u>9,446</u>	<u>(441)</u>	<u>-</u>	<u>-</u>	<u>9,005</u>	<u>2,423</u>	<u>-</u>	<u>-</u>	<u>11,428</u>
<b>Movement of deferred income tax liabilities:</b>									
<b>Deferred income tax assets</b>									
Impairment on brine project	17,818	212	-	-	18,030	215	-	-	18,245

assets									
Salmueras									
Impairment of assets	-	-	-	-	-	8,928	-	-	8,928
Long-term incentive plan	6,641	2,794	-	-	9,435	(679)	-	-	8,756
Impairment of mining assets	6,704	951	-	-	7,655	(275)	-	-	7,380
Financial instruments designated at fair value through OCI	6,640	-	-	167	6,807	-	7	-	6,814
Provision for spare parts and supplies obsolescence	5,708	216	-	-	5,924	759	-	-	6,683
Quarry rehabilitation provision	2,726	27	810	-	3,563	802	-	1,373	5,738
Provision for vacations	3,681	203	-	-	3,884	336	-	-	4,220
Legal claim contingency	930	(502)	-	-	428	798	-	-	1,226
Allowance for expected credit losses for trade receivables	635	18	-	-	653	454	-	-	1,107
Lease liabilities	450	(240)	-	-	210	-	-	-	210
Other	328	-	-	-	328	1,118	-	-	1,446
	<u>52,261</u>	<u>3,679</u>	<u>810</u>	<u>167</u>	<u>56,917</u>	<u>12,456</u>	<u>7</u>	<u>1,373</u>	<u>70,753</u>
<b>Deferred income tax liabilities</b>									
Effect of differences between book and tax bases of fixed assets and in the depreciation rates	(190,178)	3,752	(810)	-	(187,236)	199	-	(1,373)	(188,410)
Effect of costs of issuance of senior notes	(2,685)	314	-	-	(2,371)	391	-	-	(1,980)
Right of use assets	(746)	354	-	-	(392)	(805)	-	-	(1,197)
Net gain on cash flow hedge	(7,414)	36	-	(1,133)	(8,511)	9,145	(634)	-	-
Other	(42)	-	-	-	(42)	-	-	-	(42)
	<u>(201,065)</u>	<u>4,456</u>	<u>(810)</u>	<u>(1,133)</u>	<u>(198,552)</u>	<u>8,930</u>	<u>(634)</u>	<u>(1,373)</u>	<u>(191,629)</u>
<b>Total deferred income tax liabilities, net</b>	<u>(148,804)</u>	<u>8,135</u>	<u>-</u>	<u>(966)</u>	<u>(141,635)</u>	<u>21,386</u>	<u>(627)</u>	<u>-</u>	<u>(120,876)</u>
		<u>7,694</u>		<u>(966)</u>		<u>23,809</u>	<u>(627)</u>		

### Schedule of Reconciliation between Tax Expenses and the Product

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities, and the tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The legal right is defined for each individual determination of the income tax of the Company and its Subsidiaries.

A reconciliation between tax expense and the product of the accounting profit multiplied by Peruvian tax rate for the years ended December 31, 2023, 2022 and 2021 are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>
Profit before income tax	<u>245,708</u>	<u>262,420</u>	<u>224,110</u>

[Schedule of Income Tax Expenses](#)

Income tax expense calculated at the statutory income tax rate of 29.5%	(72,484)	(77,414)	(66,112)
<b>Permanent differences</b>			
Non-deductible expenses, net	(2,369)	(7,415)	(4,070)
Effect of tax-loss carry forward not recognized	(1,955)	(763)	(758)
<b>Income tax expense the effective income tax rate of 31% in 2023 (2022: 33% and 2021: 32%)</b>	<b>(76,808)</b>	<b>(85,592)</b>	<b>(70,940)</b>
The components of the deferred income tax related to the items recognized in the OCI during the years ended December 31, 2023, 2022 and 2021, are as follow:			
	<b>2023</b>	<b>2022</b>	<b>2021</b>
	S/(000)	S/(000)	S/(000)
<b>Consolidated statement of profit or loss</b>			
Current	(100,617)	(93,286)	(71,385)
Deferred	23,809	7,694	445
	<b>(76,808)</b>	<b>(85,592)</b>	<b>(70,940)</b>

## Equity (Tables)

## 12 Months Ended Dec. 31, 2023

[Equity \[Abstract\]](#)  
[Schedule of Equity](#)  
[Distribution](#)

	2023	2022	2021
Approval date by Board of Directors	November 7, 2023	October 10, 2022	April 29, 2021
Declared dividends per share to be paid in cash S/.	0.41000	0.42000	0.79000
Declared dividends S/(000):	175,524	179,805	338,204

## Sales of Goods (Tables)

### 12 Months Ended Dec. 31, 2023

#### [Sales of Goods \[Abstract\]](#) [Schedule of Sales of Goods](#)

This caption is made up as follows:

For the year ended of December 31, 2023						
	Cement	Concrete and mortar	Precast	Construction supplies	Other	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Segments</b>						
Sale of cement, concrete, mortar and precast	1,642,420	182,278	25,540	-	-	1,850,238
Sale of construction supplies	-	-	-	74,096	-	74,096
Sale of other	-	-	-	-	25,741	25,741
	<u>1,642,420</u>	<u>182,278</u>	<u>25,540</u>	<u>74,096</u>	<u>25,741</u>	<u>1,950,075</u>
For the year ended of December 31, 2022						
	Cement	Concrete and mortar	Precast	Construction supplies	Other	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Segments</b>						
Sale of cement, concrete, mortar and precast	1,742,704	189,945	31,177	-	-	1,963,826
Sale of construction supplies	-	-	-	114,024	-	114,024
Sale of other	-	-	-	-	37,896	37,896
	<u>1,742,704</u>	<u>189,945</u>	<u>31,177</u>	<u>114,024</u>	<u>37,896</u>	<u>2,115,746</u>
For the year ended of December 31, 2021						
	Cement	Concrete and mortar	Precast	Construction supplies	Other	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>Segments</b>						
Sale of cement, concrete, mortar and precast	1,534,867	213,565	36,055	-	-	1,784,487
Sale of construction supplies	-	-	-	113,905	-	113,905
Sale of other	-	-	-	-	39,375	39,375
	<u>1,534,867</u>	<u>213,565</u>	<u>36,055</u>	<u>113,905</u>	<u>39,375</u>	<u>1,937,767</u>

**Cost of Sales (Tables)****12 Months Ended  
Dec. 31, 2023**[Cost of Sales \[Abstract\]](#)  
[Schedule of cost of sales](#)

This caption is made up as follows:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	S/(000)	S/(000)	S/(000)
Beginning balance of goods and finished products	20,037	25,304	12,877
Beginning balance of work in progress	186,937	135,008	114,246
Consumption of miscellaneous supplies	429,069	607,518	566,781
Maintenance and third-party services	244,722	277,250	242,412
Shipping costs	177,393	201,849	196,064
Depreciation and amortization	125,494	121,871	118,998
Personnel expenses, note 20(b)	125,318	125,683	113,513
Costs of packaging	66,456	81,023	71,580
Other manufacturing expenses	76,337	95,183	102,177
Ending balance of goods and finished products	(16,916)	(20,037)	(25,304)
Ending balance of work in progress	(174,224)	(186,937)	(135,008)
	<u>1,260,623</u>	<u>1,463,715</u>	<u>1,378,336</u>

**Administrative Expenses**  
**(Tables)**

**12 Months Ended**  
**Dec. 31, 2023**

[Administrative Expenses \[Abstract\]](#)

[Schedule of Administrative Expenses](#)

This caption is made up as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	S/(000)	S/(000)	S/(000)
Personnel expenses, note 20(b)	125,072	116,748	96,891
Third-party services	68,329	72,172	59,896
Depreciation and amortization	18,002	16,667	16,569
Donations	9,028	8,494	9,067
Board of Directors compensation	6,788	6,112	6,397
Taxes	5,941	5,669	5,563
Consumption of supplies	1,551	1,715	1,686
	<u>234,711</u>	<u>227,577</u>	<u>196,069</u>

**Selling and Distribution  
Expenses (Tables)**

**12 Months Ended  
Dec. 31, 2023**

[Selling and Distribution Expenses \[Abstract\]](#)

[Schedule of Selling and Distribution Expenses](#)

This caption is made up as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	S/(000)	S/(000)	S/(000)
Personnel expenses, note 20(b)	41,642	42,300	33,867
Third-party services	12,270	11,106	9,733
Advertising and promotion	7,548	6,417	5,637
Allowance for expected credit losses, note 7(d)	1,707	1,972	563
Other	3,658	3,442	1,720
	<u>66,825</u>	<u>65,237</u>	<u>51,520</u>



**Employee Benefits Expenses  
(Tables)**

[Employee Benefits Expenses \[Abstract\]](#)  
[Schedule of Employee benefits expenses](#)

[Schedule of Allocation of Employee Benefits Expenses](#)

**12 Months Ended  
Dec. 31, 2023**

(a)Employee benefits expenses are made up as follow:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	S/(000)	S/(000)	S/(000)
Wages and salaries	162,252	165,530	138,675
Workers 'profit sharing, note 12(b)	34,258	30,972	25,049
Social contributions	33,868	32,966	28,842
Legal bonuses	23,013	20,556	19,620
Vacations	22,226	18,481	18,032
Long-term incentive plan, note 12	7,632	8,272	9,763
Cessation payments	6,308	4,511	2,203
Training	1,332	2,307	1,408
Other	1,143	1,136	679
	<u>292,032</u>	<u>284,731</u>	<u>244,271</u>

(b)Employee benefits expenses are allocated as follows:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	S/(000)	S/(000)	S/(000)
Cost of sales, note 17	125,318	125,683	113,513
Administrative expenses, note 18	125,072	116,748	96,891
Selling and distribution expenses, note 19	41,642	42,300	33,867
	<u>292,032</u>	<u>284,731</u>	<u>244,271</u>

## Finance Costs (Tables)

**12 Months Ended  
Dec. 31, 2023**

[Finance Costs \[Abstract\]](#)  
[Schedule of Finance Costs](#)

This caption is made up as follows:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<u>S/(000)</u>	<u>S/(000)</u>	<u>S/(000)</u>
Interest on senior notes, note 13 (b.1) and 13 (b.2)	38,690	60,225	63,333
Interest on Club Deal promissory note and loan, note 13(c)	59,643	14,920	7,326
Finance cost on cross currency swaps	1,730	15,155	15,046
Expenses for the purchase and amortization of issuance costs of senior notes	1,249	1,027	815
Interest on lease liabilities	573	317	383
Counterparty credit risk in cross currency swaps	12	62	848
Interest for bank overdraft	31	-	-
Other	293	2,108	479
	<u>102,221</u>	<u>93,814</u>	<u>88,230</u>
<b>Total interest expense</b>	102,221	93,814	88,230
Unwinding of discount of provisions, note 12	1,824	1,291	735
	<u><u>104,045</u></u>	<u><u>95,105</u></u>	<u><u>88,965</u></u>

## Related Parties (Tables)

**12 Months Ended  
Dec. 31, 2023**

### [Related Parties \[Abstract\]](#)

### [Schedule of Transactions with](#)

### [Other Related Parties](#)

#### Transactions with related entities -

During 2023, 2022 and 2021, the Company carried out the following transactions with its parent company Inversiones ASPI S.A. and its other related parties:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	S/(000)	S/(000)	S/(000)
<b>Income</b>			
<b>Parent</b>			
Inversiones ASPI S.A. (ASPI)			
Income from office lease	16	16	20
Fees for management and administrative services	88	100	98
<b>Other related parties</b>			
Compañía Minera Ares S.A.C. (Ares)			
Income from land lease, note 24	1,150	1,200	1,230
Income from office lease	259	244	332
Fossal S.A.A. (Fossal)			
Income from office lease	16	16	18
Fees for management and administrative services	44	52	52
Fosfatos del Pacífico S.A. (Fospac)			
Income from office lease	16	16	19
Fees for management and administrative services	143	46	155
Asociación Sumac Tarpuy			
Income from office lease	16	16	20
<b>Expense</b>			
<b>Other related parties</b>			
Security services provided by Compañía Minera Ares S.A.C.	(1,940)	(2,110)	(2,836)
<b>Loans</b>			
<b>Other related parties</b>			
Loans to Fossal S.A.A.	-	-	(14,252)
Loans to Fosfatos del Pacífico S.A.	-	-	(2,869)
Loan collection from Fossal S.A.A.	-	-	14,252
Loan collection from Fosfatos del Pacífico S.A.	-	-	2,869

### [Schedule of Rights and Obligations](#)

As a result of these transactions, the Company had the following rights and obligations as of December 31, 2023 and 2022:

	<b>2023</b>		<b>2022</b>	
	<b>Accounts receivable</b>	<b>Accounts payable</b>	<b>Accounts receivable</b>	<b>Accounts payable</b>
	S/(000)	S/(000)	S/(000)	S/(000)
<b>Parent</b>				
Inversiones ASPI S.A.	89	-	-	5
	89	-	-	5
<b>Other related parties</b>				
Fosfatos del Pacífico S.A.	1,413	305	1,123	461
Compañía Minera Ares S.A.C.	315	211	564	2,220
Fossal S.A.A.	52	-	75	-
Other	104	-	96	-

	<u>1,884</u>	<u>516</u>	<u>1,858</u>	<u>2,681</u>
	<u>1,973</u>	<u>516</u>	<u>1,858</u>	<u>2,686</u>

## Earnings Per Share (Tables)

**12 Months Ended**  
**Dec. 31, 2023**

### [Schedule of Earnings Per Share \(EPS\) \[Abstract\]](#)

### [Schedule of Basic and Diluted Earnings Per Share](#)

Basic and diluted earnings per share amounts are calculated by dividing the profit for the year by the weighted average number of common shares and investment shares outstanding during the year.

The calculation of basic and diluted earnings per share is shown below:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Numerator</b>			
Profit for the year (S/000)	168,900	176,828	153,170
<b>Denominator</b>			
Weighted average number of common and investment shares (thousands of shares)	428,107	428,107	428,107
<b>Basic and diluted earnings per share (S/)</b>	0.39	0.41	0.36

**Commitments and  
Contingencies (Tables)**

**12 Months Ended  
Dec. 31, 2023**

**Commitments and  
Contingencies Table**  
**[Abstract]**

**Schedule of Income Tax and  
Value Added Tax  
Corresponding to the Years**

The statements of income tax and value added tax corresponding to the years indicated in the attached table are subject to review by the tax authorities:

Entity	Years open to review by Tax Authority	
	Income tax	Value-added tax
Cementos Pacasmayo S.A.A.	2018 - 2023	Dec. 2018 - 2023
Cementos Selva S.A.C.	2018 - 2023	Dec. 2018 - 2023
Distribuidora Norte Pacasmayo S.R.L.	2018 - 2023	Dec. 2018 - 2023
Empresa de Transmisión Guadalupe S.A.C.	2018 - 2023	Dec. 2018 - 2023
Salmueras Sudamericanas S.A.	2018 - 2023	Dec. 2018 - 2023
Calizas del Norte S.A.C. (liquidated during 2022)	2018 - 2022	Dec. 2018 - 2022
Soluciones Takay S.A.C.	2019 – 2023	May to Dec.2019 - 2023
Corporación Materiales Piura S.A.C.	2019 – 2023	Dec.2018- 2023

**Schedule of Plans and Related  
Expenses**

The Peruvian authorities approved the EIS and EAMP presented by the Group for its mining concessions and exploration projects. A detail of plans and related expenses approved is presented as follows:

Project unit	Resource	Resolution Number	Year of approval	Program approved	Operating year expense		
					2023	2022	2021
					S/(000)	S/(000)	S/(000)
Rioja	Limestone	RD186-2014-PRODUCE/DVMYPE-I/DIGGAM	2014	EIA	879	810	713
Tembladera	Limestone	RD304-18-PRODUCE/DVMYPE-I/DIGAAMI	2018	PAMA	320	299	298
					<u>1,199</u>	<u>1,109</u>	<u>1,011</u>

**Financial Risk Management,  
Objectives and Policies  
(Tables)**

**12 Months Ended  
Dec. 31, 2023**

**Financial Risk Management,  
Objectives and Policies  
[Abstract]**

**Schedule of Changes in the  
Fair Value of Monetary Assets  
and Liabilities**

The impact on the Group's profit before income tax is due to changes in the fair value of monetary assets and liabilities.

<b>2023</b>	<b>Change in US\$ rate</b>	<b>Effect on consolidated profit before tax</b>
U.S. Dollar	%	S/(000)
	+5	(948)
	+10	(1,896)
	-5	948
	-10	1,896
<b>2022</b>	<b>Change in US\$ rate</b>	<b>Effect on consolidated profit before tax</b>
U.S. Dollar	%	S/(000)
	+5	1,638
	+10	3,276
	-5	(1,638)
	-10	(3,276)
<b>2021</b>	<b>Change in US\$ rate</b>	<b>Effect on consolidated profit before tax</b>
U.S. Dollar	%	S/(000)
	+5	7,695
	+10	15,391
	-5	(7,695)
	-10	(15,391)

**Schedule of Maturity Profile  
of the Group's Financial  
Liabilities based on  
Contractual Undiscounted  
Payments**

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
<b>As of December 31, 2023</b>					
Financial obligations	115,092	269,272	625,455	570,000	1,579,819
Interest	31,769	57,356	231,220	77,643	397,988
Trade and other payables	175,847	38,439	-	-	214,286
Lease liabilities	986	2,957	4,186	-	8,129
<b>As of December 31, 2022</b>					
Financial obligations	414,290	116,818	326,544	651,638	1,509,290
Interest	36,222	45,282	213,427	119,201	414,132
Derivative financial instruments	7,473	-	-	-	7,473
Trade and other payables	231,698	41,509	-	-	273,207
Lease liabilities	502	1,503	2,350	-	4,355

**Schedule of Financial  
Derivative Instruments in the  
Table below are the Gross  
Undiscounted Cash Flows**

The following table shows the corresponding reconciliation to those amounts to their carrying amounts:

	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>Total</b>
	S/(000)	S/(000)	S/(000)	S/(000)
<b>As of December 31, 2022</b>				
Inflows	88,968	-	-	88,968
Outflows	(1,627)	-	-	(1,627)

[Schedule of Changes in Liabilities Arising from Financing Activities](#)

Net	87,341	-	-	87,341
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Discounted at the applicable interbank rates	86,893	-	-	86,893
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Changes in liabilities arising from financing activities:

	Balance as of January 1,	Distribution of dividends	Finance cost on cross currency swaps	Cash inflow	Cash outflow	Movement of foreign currency	Amortization of costs of issuance of senior notes	Others	Balance as of December 31
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)

**2023**

Hedge finance cost payable	5,978	-	1,730	-	(7,708)	-	-	-	-
Dividends payable	9,764	175,524	-	465	(175,431)	-	-	-	10,322
Interest-bearing loans	1,593,171	-	-	639,000	(661,520)	-	2,206	169	1,573,026

**2022**

Hedge finance cost payable	6,213	-	15,155	-	(15,390)	-	-	-	5,978
Dividends payable	9,550	179,805	-	229	(179,820)	-	-	-	9,764
Interest-bearing loans	1,545,355	-	-	525,000	(448,984)	(25,407)	(2,793)	-	1,593,171



**Fair Value of Financial  
Assets and Liabilities  
(Tables)**

**12 Months Ended  
Dec. 31, 2023**

**Fair Values and Fair Value  
Accounting Hierarchy  
[Abstract]**

**Schedule of fair values and  
fair value accounting hierarchy**

Set out below is a comparison of the carrying amounts and fair values of financial instruments as of December 31, 2023 and 2022, as well as the fair value accounting hierarchy. The dates of valuations at fair value were as of December 31, 2023 and 2022, respectively.

	Carrying amount		Fair value		Fair value hierarchy
	2023	2022	2023	2022	2023/ 2022
	S/(000)	S/(000)	S/(000)	S/(000)	
<b>Financial assets</b>					
Cash and cash equivalents	90,193	81,773	90,193	81,773	Level 1
Trade and other receivables	143,085	145,034	143,085	145,034	Level 2
Other financial instruments	-	86,893	-	86,893	Level 2
Financial investments designated at fair value through other comprehensive income	249	274	249	274	Level 3
<b>Total financial assets</b>	<b>233,527</b>	<b>313,974</b>	<b>233,527</b>	<b>313,974</b>	
<b>Financial liabilities</b>					
Trade and other payables	231,511	284,554	231,511	284,554	Level 2
Senior notes	569,192	1,071,781	532,987	996,156	Level 1
Promissory notes	1,003,834	521,390	931,014	459,117	Level 2
<b>Total financial liabilities</b>	<b>1,804,537</b>	<b>1,877,725</b>	<b>1,695,512</b>	<b>1,739,827</b>	

**Segment Information  
(Tables)**

**12 Months Ended  
Dec. 31, 2023**

[Segment Information  
\[Abstract\]](#)

[Schedule of Transfer Prices  
Between Operating Segments](#)

For management purposes, the Group is organized into business units based on their products and activities and have three reportable segments as follows: - Production and marketing of cement, concrete, mortar and blocks in the northern region of Peru. - Sale of construction supplies (steel rebar and building materials) in the northern region of Peru. - Production and marketing of quicklime in the northern region of Peru. No operating segments have been aggregated to form the above reportable operating segments. Management monitors the profit before income tax of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before income tax and is measured consistently with profit before income tax in the consolidated statement of profit and loss.

	2023				2022				2021			
	Cement, concrete, mortar and blocks	Construction supplies	Others (*)	Total consolidated	Cement, concrete, mortar and blocks	Construction supplies	Others (*)	Total consolidated	Cement, concrete, mortar and blocks	Construction supplies	Others (*)	Total consolidated
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Revenues from external customers	1,850,238	74,096	25,741	1,950,075	1,963,826	114,024	37,896	2,115,746	1,784,487	113,905	39,375	1,937,767
Gross profit	687,727	723	1,002	689,452	647,285	3,670	1,076	652,031	550,816	3,501	5,114	559,431
Administrative expenses	(230,203)	(2,692)	(1,816)	(234,711)	(223,162)	(2,741)	(1,674)	(227,577)	(191,132)	(2,675)	(2,262)	(196,069)
Selling and distribution expenses	(65,542)	(766)	(517)	(66,825)	(63,971)	(786)	(480)	(65,237)	(50,223)	(703)	(594)	(51,520)
Other operating (expense) income, net	(13,813)	3	-	(13,810)	(2,964)	8	(943)	(3,899)	6,358	47	3	6,408
Finance income	7,160	9	77	7,246	3,252	20	34	3,306	2,874	17	-	2,891
Finance cost	(104,045)	-	-	(104,045)	(95,102)	(3)	-	(95,105)	(88,961)	(3)	(1)	(88,965)
Net (loss) gain on (settlement of) derivative financial instruments recognized at fair value through profit or loss	19	-	-	19	(59)	-	-	(59)	(980)	-	-	(980)
Impairment of assets	(36,551)	-	-	(36,551)	-	-	-	-	-	-	-	-
Gain (loss) from exchange difference, net	4,932	(6)	7	4,933	(1,030)	5	(15)	(1,040)	(6,987)	(30)	(69)	(7,086)
Profit before income tax	249,684	(2,729)	(1,247)	245,708	264,249	173	(2,002)	262,420	221,765	154	2,191	224,110
Income tax expense	(78,050)	853	389	(76,808)	(86,189)	(56)	653	(85,592)	(70,198)	(49)	(693)	(70,940)
Profit for the year	171,634	(1,876)	(858)	168,900	178,060	117	(1,349)	176,828	151,567	105	1,498	153,170

(\*) The “other” segment includes activities that do not meet the threshold for disclosure under IFRS 8.13 and represent non-material operations of the Group (including brine projects).

[Schedule of Non-Material  
Operations](#)

	2023				2022				2021			
	Cement, concrete and blocks	Construction supplies	Others (*)	Consolidated	Cement, concrete and blocks	Construction supplies	Others (*)	Consolidated	Cement, concrete and blocks	Construction supplies	Others (*)	Consolidated
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Segment assets	3,074,279	46,941	100,266	3,221,486	3,086,104	38,353	102,537	3,226,994	2,940,888	42,578	111,229	3,094,695
Other assets (*)	-	-	249	249	86,630	-	537	87,167	106,280	-	797	107,077
Total assets	3,074,279	46,941	100,515	3,221,735	3,172,734	38,353	103,074	3,314,161	3,047,168	42,578	112,026	3,201,772
Operating liabilities	1,968,133	62,907	687	2,031,727	2,041,923	76,780	323	2,119,026	1,930,140	75,633	194	2,005,967
Capital expenditure (**)	299,326	-	-	299,326	190,126	-	-	190,126	97,288	-	-	97,288
Depreciation and amortization	(137,968)	(1,468)	(4,759)	(144,195)	(133,276)	(1,545)	(3,718)	(138,539)	(128,522)	(1,102)	(5,943)	(135,567)
Provision of inventory net realizable value and obsolescence	(2,956)	-	-	(2,956)	(2,027)	-	-	(2,027)	(3,374)	-	-	(3,374)

(\*) As of December 31, 2023, corresponds to the financial investment designated at fair value through OCI for S/249,000. As of December 31, 2022, corresponds to the financial investment designated at fair value through OCI for approximately S/274,000 and the fair value of derivative financial instruments (“cross currency swap”) for S/86,893,000. As of December 31, 2021, corresponds to the financial investment designated at fair value through OCI for approximately S/476,000 and the fair value of derivative financial instruments (“cross currency swap”) for S/106,601,000. The fair value of derivative financial instruments of hedging is allocated to the segment of cement, and the financial investment designated at fair value through OCI and fair value of derivative financial instrument at fair value through profit or loss are not assigned to any segment.

(\*\*) Capital expenditure consists of S/299,326,000, S/190,126,000 and S/97,288,000 during the years ended as of December 31, 2023, 2022 and 2021, respectively, and are related to additions of property, plant and equipment, intangible and other minor non-current assets.

Corporate Information (Details)	12 Months Ended	
	Dec. 31, 2023	Dec. 31, 2022   Dec. 31, 2021
<a href="#">Corporate Information (Details) [Line Items]</a>		
<a href="#">Description of shares received upon spin-off</a>	Cementos Pacasmayo S.A.A. (hereinafter “the Company”) was incorporated in 1957 and, under the Peruvian General Corporation Law, is an open stock corporation, its shares are listed on the Lima and New York Stock Exchange.	
<a href="#">Percentage of interests in subsidiary</a>	100.00%	100.00% 100.00%
<a href="#">Inversiones ASPI S.A. [Member]</a>		
<a href="#">Corporate Information (Details) [Line Items]</a>		
<a href="#">Percentage of holding interests in subsidiary</a>	50.01%	50.01% 50.01%

**Significant Accounting  
Policies (Details) - Schedule  
of Estimated Useful Lives**

**12 Months  
Ended  
Dec. 31, 2023**

[Administrative facilities \[Member\]](#)

[Significant Accounting Policies \(Details\) - Schedule of Estimated Useful Lives \[Line Items\]](#)

[Estimated useful lives](#) 51 years

[Administrative facilities \[Member\] | Minimum \[Member\]](#)

[Significant Accounting Policies \(Details\) - Schedule of Estimated Useful Lives \[Line Items\]](#)

[Estimated useful lives](#) 20 years

[Main production structures \[Member\]](#)

[Significant Accounting Policies \(Details\) - Schedule of Estimated Useful Lives \[Line Items\]](#)

[Estimated useful lives](#) 56 years

[Main production structures \[Member\] | Minimum \[Member\]](#)

[Significant Accounting Policies \(Details\) - Schedule of Estimated Useful Lives \[Line Items\]](#)

[Estimated useful lives](#) 20 years

[Minor production structures \[Member\]](#)

[Significant Accounting Policies \(Details\) - Schedule of Estimated Useful Lives \[Line Items\]](#)

[Estimated useful lives](#) 35 years

[Minor production structures \[Member\] | Minimum \[Member\]](#)

[Significant Accounting Policies \(Details\) - Schedule of Estimated Useful Lives \[Line Items\]](#)

[Estimated useful lives](#) 20 years

[Mills and horizontal furnaces \[Member\]](#)

[Significant Accounting Policies \(Details\) - Schedule of Estimated Useful Lives \[Line Items\]](#)

[Estimated useful lives](#) 45 years

[Mills and horizontal furnaces \[Member\] | Minimum \[Member\]](#)

[Significant Accounting Policies \(Details\) - Schedule of Estimated Useful Lives \[Line Items\]](#)

[Estimated useful lives](#) 24 years

[Vertical furnaces, crushers and grinders \[Member\]](#)

[Significant Accounting Policies \(Details\) - Schedule of Estimated Useful Lives \[Line Items\]](#)

[Estimated useful lives](#) 36 years

[Vertical furnaces, crushers and grinders \[Member\] | Minimum \[Member\]](#)

[Significant Accounting Policies \(Details\) - Schedule of Estimated Useful Lives \[Line Items\]](#)

[Estimated useful lives](#) 23 years

[Electricity facilities and other minors \[Member\]](#)

**Significant Accounting Policies (Details) - Schedule of Eestimated Useful Lives [Line Items]**

Estimated useful lives 35 years

Electricity facilities and other minors [Member] | Minimum [Member]

**Significant Accounting Policies (Details) - Schedule of Eestimated Useful Lives [Line Items]**

Estimated useful lives 10 years

Furniture and fixtures [Member]

**Significant Accounting Policies (Details) - Schedule of Eestimated Useful Lives [Line Items]**

Estimated useful lives 10 years

Heavy units [Member]

**Significant Accounting Policies (Details) - Schedule of Eestimated Useful Lives [Line Items]**

Estimated useful lives 15 years

Heavy units [Member] | Minimum [Member]

**Significant Accounting Policies (Details) - Schedule of Eestimated Useful Lives [Line Items]**

Estimated useful lives 5 years

Light units [Member]

**Significant Accounting Policies (Details) - Schedule of Eestimated Useful Lives [Line Items]**

Estimated useful lives 10 years

Light units [Member] | Minimum [Member]

**Significant Accounting Policies (Details) - Schedule of Eestimated Useful Lives [Line Items]**

Estimated useful lives 5 years

Computer equipment [Member]

**Significant Accounting Policies (Details) - Schedule of Eestimated Useful Lives [Line Items]**

Estimated useful lives 10 years

Computer equipment [Member] | Minimum [Member]

**Significant Accounting Policies (Details) - Schedule of Eestimated Useful Lives [Line Items]**

Estimated useful lives 3 years

Tools [Member]

**Significant Accounting Policies (Details) - Schedule of Eestimated Useful Lives [Line Items]**

Estimated useful lives 10 years

Tools [Member] | Minimum [Member]

**Significant Accounting Policies (Details) - Schedule of Eestimated Useful Lives [Line Items]**

Estimated useful lives 5 years

Transactions in Foreign Currency (Details)	12 Months Ended				
	Dec. 31, 2023 PEN (S/)	Dec. 31, 2022 PEN (S/)	Dec. 31, 2022 USD (\$)	Dec. 31, 2021 PEN (S/)	Dec. 31, 2021 USD (\$)
<u>Transactions in foreign currency</u>					
<u>[Abstract]</u>					
<u>Transactions in foreign currency purchase</u>	3.705	3.808	3.808	3.975	3.975
<u>Transactions in foreign currency sale</u>	3.713	3.82	3.82	3.998	3.998
<u>Amount of swap position</u>			\$		\$
			132,000,000		132,000,000
<u>Amount of underlying liabilities</u>			131,612,000		131,612,000
<u>Derivative financial instruments</u>			\$ 388,000		\$ 388,000
<u>Net gain (loss) exchange difference amount</u>					
<u> S/</u>	S/ 4,933,000	S/ (1,040,000)		S/ (7,086,000)	

**Transactions in Foreign  
Currency (Details) -  
Schedule of Assets and  
Liabilities - USD [member] -  
USD (\$)  
\$ in Thousands**

**Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

**Schedule of Assets and Liabilities [Line Items]**

<u>Cash and cash equivalents</u>	\$ 5,887	\$ 4,426	\$ 51,343
<u>Trade and other receivables</u>	3,259	3,262	4,946
<u>Advances to suppliers for work in progress</u>	4,829	18,899	10,175
<u>Total assets</u>	13,975	26,587	66,464
<u>Trade and other payables</u>	(19,082)	(18,399)	(10,356)
<u>Interest-bearing loans and borrowings</u>		(131,612)	(149,612)
<u>Liabilities</u>	(19,082)	(150,011)	(159,968)
<u>Cross currency swap position</u>		132,000	132,000
<u>Net monetary position</u>	\$ (5,107)	\$ 8,576	\$ 38,496

**Cash and Cash Equivalents  
(Details)**

**12 Months Ended  
Dec. 31, 2023**

**Cash and Cash Equivalents**

**[Abstract]**

**Description of short term  
deposit**

The short-term deposits held in domestic banks were freely available and earned interest at the respective short-term market rates and original maturity less than three months.



**Cash and Cash Equivalents  
(Details) - Schedule of Cash  
and Cash Equivalents - PEN  
(S/)**

**S/ in Thousands**

**Dec. 31, 2023**

**Dec.  
31,  
2022**

**Cash and Cash Equivalents [Abstract]**

<u>Cash on hand</u>	S/ 182	S/ 161
<u>Cash at banks</u>	[1] 46,611	39,112
<u>Short-term deposits</u>	[2] 43,400	42,500
<u>Cash and cash equivalents</u>	S/ 90,193	S/ 81,773

[1] Cash at banks is denominated in local and foreign currency and U.S. dollars, is deposited in local and foreign bank are freely available. The demand deposits interest yield is based on daily bank deposit rates.

[2] The short-term deposits held in domestic banks were freely available and earned interest at the respective short-term market rates and original maturity less than three months.

**Trade and Other Receivables**  
**(Details) - PEN (S/)**

**12 Months Ended**  
**Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

**[Trade and Other Receivables \[Abstract\]](#)**

[Legal fee](#)

S/ 29,559,000 S/ 29,559,000

[Additions of provision for credit losses for trade receivables](#) S/ 1,707,000 S/ 1,972,000 S/ 563,000

**Trade and Other Receivables  
(Details) - Schedule of Trade  
and Other Receivables - PEN  
(S/  
S/ in Thousands**

**Dec. 31,  
2023**      **Dec.  
31,  
2022**

[Trade receivables \[Member\]](#)

**[Trade and Other Receivables \(Details\) - Schedule of Trade and Other Receivables  
\[Line Items\]](#)**

<a href="#">Current</a>	[1] S/ 83,840	S/ 78,519
<a href="#">Non-Current</a>	[1]	

[Other accounts receivable \[Member\]](#)

**[Trade and Other Receivables \(Details\) - Schedule of Trade and Other Receivables  
\[Line Items\]](#)**

<a href="#">Current</a>	13,179	6,789
<a href="#">Non-Current</a>		

[Accounts receivable from Parent company and affiliates \[Member\]](#)

**[Trade and Other Receivables \(Details\) - Schedule of Trade and Other Receivables  
\[Line Items\]](#)**

<a href="#">Current</a>	1,973	1,858
<a href="#">Non-Current</a>		

[Funds restricted to tax payments \[Member\]](#)

**[Trade and Other Receivables \(Details\) - Schedule of Trade and Other Receivables  
\[Line Items\]](#)**

<a href="#">Current</a>	1,322	244
<a href="#">Non-Current</a>		

[Interest receivable \[Member\]](#)

**[Trade and Other Receivables \(Details\) - Schedule of Trade and Other Receivables  
\[Line Items\]](#)**

<a href="#">Current</a>	1,091	1,163
<a href="#">Non-Current</a>		

[Loans to employees \[Member\]](#)

**[Trade and Other Receivables \(Details\) - Schedule of Trade and Other Receivables  
\[Line Items\]](#)**

<a href="#">Current</a>	1,061	676
<a href="#">Non-Current</a>		

[Loans granted \[Member\]](#)

**[Trade and Other Receivables \(Details\) - Schedule of Trade and Other Receivables  
\[Line Items\]](#)**

<a href="#">Current</a>	1,014	1,001
<a href="#">Non-Current</a>		

[Other receivables from sale of fixed assets \[Member\]](#)

**[Trade and Other Receivables \(Details\) - Schedule of Trade and Other Receivables  
\[Line Items\]](#)**

<a href="#">Current</a>	82	215
<a href="#">Non-Current</a>		
<a href="#">Allowance for expected credit losses [Member]</a>		
<b><a href="#">Trade and Other Receivables (Details) - Schedule of Trade and Other Receivables [Line Items]</a></b>		
<a href="#">Current</a>	(9,014)	(7,433)
<a href="#">Non-Current</a>		
<a href="#">Financial assets classified as receivables [Member]</a>		
<b><a href="#">Trade and Other Receivables (Details) - Schedule of Trade and Other Receivables [Line Items]</a></b>		
<a href="#">Current</a>	94,548	83,032
<a href="#">Non-Current</a>		
<a href="#">Value-added tax credit [Member]</a>		
<b><a href="#">Trade and Other Receivables (Details) - Schedule of Trade and Other Receivables [Line Items]</a></b>		
<a href="#">Current</a>	5,140	18,459
<a href="#">Non-Current</a>	1,193	1,874
<a href="#">Claim to the SUNAT [Member]</a>		
<b><a href="#">Trade and Other Receivables (Details) - Schedule of Trade and Other Receivables [Line Items]</a></b>		
<a href="#">Current</a>	[2]	
<a href="#">Non-Current</a>	[2] 29,559	29,559
<a href="#">Other accounts receivable [Member]</a>		
<b><a href="#">Trade and Other Receivables (Details) - Schedule of Trade and Other Receivables [Line Items]</a></b>		
<a href="#">Current</a>		
<a href="#">Non-Current</a>	12,645	12,110
<a href="#">Tax refund receivable [Member]</a>		
<b><a href="#">Trade and Other Receivables (Details) - Schedule of Trade and Other Receivables [Line Items]</a></b>		
<a href="#">Current</a>		
<a href="#">Non-Current</a>	9,034	9,034
<a href="#">Allowance for expected credit losses [Member]</a>		
<b><a href="#">Trade and Other Receivables (Details) - Schedule of Trade and Other Receivables [Line Items]</a></b>		
<a href="#">Current</a>		
<a href="#">Non-Current</a>	(9,034)	(9,034)
<a href="#">Non-financial assets classified as receivables [Member]</a>		
<b><a href="#">Trade and Other Receivables (Details) - Schedule of Trade and Other Receivables [Line Items]</a></b>		
<a href="#">Current</a>	5,140	18,459
<a href="#">Non-Current</a>	43,397	43,543
<a href="#">Total [Member]</a>		
<b><a href="#">Trade and Other Receivables (Details) - Schedule of Trade and Other Receivables [Line Items]</a></b>		

<a href="#">Current</a>	99,688	101,491
<a href="#">Non-Current</a>	S/ 43,397	S/ 43,543

[1] Trade account receivables presented net of discounts and bonuses, have current maturity (30 to 90 days) and those overdue bear interest.

[2] On March 22, 2021, the Company received Tax Court Resolution N° 00905-4-21 that declares the calculation of Mining Royalty should be based on gross sale of the final product (cement) for the years 2008 and 2009. This is an opposite position to what is established by the Constitutional Court in the STC Exp. N° 1043-2013-PA/TC that declares founded the writ of protection presented by the Company and its right to calculate the Mining Royalty exclusively based on the value of the mining component, without considering in any way the value of the final products derived from industrial and manufacturing processes.

**Trade and Other Receivables  
(Details) - Schedule of  
Movement of the Allowance  
for Expected Credit Losses -  
PEN (S/)**

**12 Months Ended**

**Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

**Trade and Other Receivables [Abstract]**

<u>Opening balance</u>	S/ 16,467,000	S/ 14,573,000	S/ 14,358,000
<u>Ending balance</u>	18,048,000	16,467,000	14,573,000
<u>Additions</u>	1,707,000	1,972,000	563,000
<u>Recoveries</u>	S/ (126,000)	S/ (78,000)	S/ (348,000)

**Trade and Other Receivables  
(Details) - Schedule of  
Analysis of Trade and Other  
Accounts Receivable - PEN  
(S/)**

**S/ in Thousands**

**Dec. 31,    Dec. 31,  
2023        2022**

**Trade and Other Receivables (Details) - Schedule of Analysis of Trade and Other Accounts Receivable [Line Items]**

<u>Expected credit loss rate</u>	8.70%	8.20%
<u>Carrying amount</u>	S/ 103,562	S/ 90,465
<u>Expected credit loss</u>	S/ 9,014	S/ 7,433

Financial assets neither past due nor impaired [Member]

**Trade and Other Receivables (Details) - Schedule of Analysis of Trade and Other Accounts Receivable [Line Items]**

<u>Expected credit loss rate</u>	0.20%	0.10%
<u>Carrying amount</u>	S/ 62,120	S/ 63,676
<u>Expected credit loss</u>	S/ 147	S/ 64

Less than one month [Member] | Financial assets past due but not impaired [member]

**Trade and Other Receivables (Details) - Schedule of Analysis of Trade and Other Accounts Receivable [Line Items]**

<u>Expected credit loss rate</u>	1.00%	1.50%
<u>Carrying amount</u>	S/ 20,566	S/ 8,538
<u>Expected credit loss</u>	S/ 206	S/ 124

Later than one month and not later than two months [Member] | Financial assets past due but not impaired [member]

**Trade and Other Receivables (Details) - Schedule of Analysis of Trade and Other Accounts Receivable [Line Items]**

<u>Expected credit loss rate</u>	0.80%	3.50%
<u>Carrying amount</u>	S/ 4,525	S/ 3,807
<u>Expected credit loss</u>	S/ 37	S/ 135

Later than two months and not later than three months [Member] | Financial assets past due but not impaired [member]

**Trade and Other Receivables (Details) - Schedule of Analysis of Trade and Other Accounts Receivable [Line Items]**

<u>Expected credit loss rate</u>	7.60%	2.10%
<u>Carrying amount</u>	S/ 2,435	S/ 2,573
<u>Expected credit loss</u>	S/ 186	S/ 55

Later than three months and not later than four months [Member] | Financial assets past due but not impaired [member]

**Trade and Other Receivables (Details) - Schedule of Analysis of Trade and Other Accounts Receivable [Line Items]**

<u>Expected credit loss rate</u>	20.50%	
<u>Carrying amount</u>	S/ 1,195	
<u>Expected credit loss</u>	S/ 245	

[Later Than Four Months \[Member\]](#) | [Financial assets past due but not impaired \[member\]](#)  
**[Trade and Other Receivables \(Details\) - Schedule of Analysis of Trade and Other Accounts Receivable \[Line Items\]](#)**

<a href="#">Expected credit loss rate</a>	64.40%	59.40%
<a href="#">Carrying amount</a>	S/ 12,721	S/ 11,871
<a href="#">Expected credit loss</a>	S/ 8,193	S/ 7,055



**Inventories (Details) - PEN**  
**(S/)**

**12 Months Ended**  
**Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

**Inventories [Line Items]**

Provision for inventory obsolescence S/ 27,525,000 S/ 24,905,000

Consolidated statement of profit or loss S/ 2,956,000 S/ 1,977,000 S/ 3,348,000

**Inventories (Details) -  
Schedule of inventories -  
PEN (S/  
S/ in Thousands**

**Dec. 31, 2023 Dec. 31, 2022**

**Schedule of inventories [Abstract]**

<u>Goods and finished products</u>	S/ 16,488	S/ 18,903
<u>Work in progress</u>	173,569	186,281
<u>Raw materials</u>	329,598	397,096
<u>Packages and packing</u>	3,944	5,245
<u>Fuel</u>	3,899	3,642
<u>Spare parts and supplies</u>	251,006	260,742
<u>Inventory in transit</u>	12,570	13,060
<u>Inventories</u>	S/ 791,074	S/ 884,969

**Property, Plant and  
Equipment (Details) - PEN  
(S/)**

**12 Months Ended  
Dec. 31, 2023 Dec. 31, 2022**

**Property, Plant and Equipment (Details) [Line Items]**

<u>Acquired amount</u>	S/ 34,350,000	
<u>Group maintains accounts payable</u>	9,379,000	S/ 14,560,000
<u>Net cost of plant</u>	36,551,000	
<u>Other operating income expenses</u>	11,393,000	
<u>Mining assets [member]</u>		

**Property, Plant and Equipment (Details) [Line Items]**

<u>Net acquisition costs related to coal concessions</u>	S/ 15,488,000
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**Property, Plant and  
Equipment (Details) -  
Schedule of Property, Plant  
and Equipment - PEN (S/)  
S/ in Thousands**

**12 Months Ended**  
  
**Dec. 31,    Dec. 31,**  
**2023        2022**

[Cost \[Member\] | Mining concessions \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>	[1]	S/ 75,914	S/ 75,914
<a href="#">Additions</a>	[1]	36,184	
<a href="#">Sales and/or retirement</a>	[1]		
<a href="#">Disposals</a>	[1]		
<a href="#">Transfers</a>	[1]		
<a href="#">Ending balance</a>	[1]	112,098	75,914

[Cost \[Member\] | Mine development costs \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>	[1]	65,842	58,002
<a href="#">Additions</a>	[1]	19,870	7,311
<a href="#">Sales and/or retirement</a>	[1]	(101)	
<a href="#">Disposals</a>	[1]		
<a href="#">Transfers</a>	[1]	(14,521)	529
<a href="#">Ending balance</a>	[1]	71,090	65,842

[Cost \[Member\] | Land \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>		255,135	256,552
<a href="#">Additions</a>		3,449	868
<a href="#">Sales and/or retirement</a>			(2,285)
<a href="#">Disposals</a>			
<a href="#">Transfers</a>			
<a href="#">Ending balance</a>		258,584	255,135

[Cost \[Member\] | Buildings and other construction \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>		694,554	693,085
<a href="#">Additions</a>			
<a href="#">Sales and/or retirement</a>			
<a href="#">Disposals</a>			(1,600)
<a href="#">Transfers</a>		127,675	3,069
<a href="#">Ending balance</a>		822,229	694,554

[Cost \[Member\] | Machinery, equipment and related spare parts \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>	1,711,540	1,697,655
<a href="#">Additions</a>	25,891	13,085
<a href="#">Sales and/or retirement</a>	(41,075)	(4,978)
<a href="#">Disposals</a>		(17,075)
<a href="#">Transfers</a>	186,727	22,853
<a href="#">Ending balance</a>	1,883,083	1,711,540

[Cost \[Member\] | Furniture and accessories \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>	11,080	10,706
<a href="#">Additions</a>	432	318
<a href="#">Sales and/or retirement</a>	(162)	(14)
<a href="#">Disposals</a>		(28)
<a href="#">Transfers</a>	(271)	98
<a href="#">Ending balance</a>	11,079	11,080

[Cost \[Member\] | Transportation units \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>	107,337	113,351
<a href="#">Additions</a>	160	658
<a href="#">Sales and/or retirement</a>	(2,064)	(2,654)
<a href="#">Disposals</a>		(4,460)
<a href="#">Transfers</a>	(50)	442
<a href="#">Ending balance</a>	105,383	107,337

[Cost \[Member\] | Computer equipment and tools \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>	41,304	34,428
<a href="#">Additions</a>	3,209	2,849
<a href="#">Sales and/or retirement</a>	(316)	(228)
<a href="#">Disposals</a>		(481)
<a href="#">Transfers</a>	990	4,736
<a href="#">Ending balance</a>	45,187	41,304

[Cost \[Member\] | Quarry rehabilitation costs \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>	11,775	9,030
<a href="#">Additions</a>	4,458	2,745
<a href="#">Sales and/or retirement</a>		
<a href="#">Disposals</a>		
<a href="#">Transfers</a>		
<a href="#">Ending balance</a>	16,233	11,775

[Cost \[Member\] | Capitalized interest \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>	[2]	68,165	65,007
<a href="#">Additions</a>	[2]	6,132	3,158
<a href="#">Sales and/or retirement</a>	[2]		
<a href="#">Disposals</a>	[2]		
<a href="#">Transfers</a>	[2]		
<a href="#">Ending balance</a>	[2]	74,297	68,165

[Cost \[Member\] | Work in progress and units in transit \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>	[3]	172,821	62,140
<a href="#">Additions</a>	[3]	174,435	143,540
<a href="#">Sales and/or retirement</a>	[3]	(559)	(398)
<a href="#">Disposals</a>	[3]		
<a href="#">Transfers</a>	[3]	(300,616)	(32,461)
<a href="#">Ending balance</a>	[3]	46,081	172,821

[Cost \[Member\] | Total \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>		3,215,467	3,075,870
<a href="#">Additions</a>		274,220	174,532
<a href="#">Sales and/or retirement</a>		(44,277)	(10,557)
<a href="#">Disposals</a>			(23,644)
<a href="#">Transfers</a>		(66)	(734)
<a href="#">Ending balance</a>		3,445,344	3,215,467

[Accumulated Depreciation \[Member\] | Mining concessions \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>	[1]	12,400	12,328
<a href="#">Additions</a>	[1]	72	72
<a href="#">Sales and/or retirement</a>	[1]		
<a href="#">Disposals</a>	[1]		
<a href="#">Transfers</a>	[1]		
<a href="#">Ending balance</a>	[1]	12,472	12,400

[Accumulated Depreciation \[Member\] | Mine development costs \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Beginning balance</a>	[1]	10,868	10,484
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<a href="#">Additions</a>	[1]	422	387
<a href="#">Sales and/or retirement</a>	[1]	(56)	
<a href="#">Disposals</a>	[1]		
<a href="#">Transfers</a>	[1]		(3)
<a href="#">Ending balance</a>	[1]	11,234	10,868
<a href="#">Accumulated Depreciation [Member]   Land [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Beginning balance</a>			
<a href="#">Additions</a>			
<a href="#">Sales and/or retirement</a>			
<a href="#">Disposals</a>			
<a href="#">Transfers</a>			
<a href="#">Ending balance</a>			
<a href="#">Accumulated Depreciation [Member]   Buildings and other construction [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Beginning balance</a>		176,478	158,455
<a href="#">Additions</a>		20,113	18,818
<a href="#">Sales and/or retirement</a>			
<a href="#">Disposals</a>			(795)
<a href="#">Transfers</a>		2,065	
<a href="#">Ending balance</a>		198,656	176,478
<a href="#">Accumulated Depreciation [Member]   Machinery, equipment and related spare parts [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Beginning balance</a>		783,525	705,454
<a href="#">Additions</a>		98,915	95,486
<a href="#">Sales and/or retirement</a>		(22,620)	(3,990)
<a href="#">Disposals</a>			(13,425)
<a href="#">Transfers</a>		(2,030)	
<a href="#">Ending balance</a>		857,790	783,525
<a href="#">Accumulated Depreciation [Member]   Furniture and accessories [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Beginning balance</a>		8,408	7,871
<a href="#">Additions</a>		516	575
<a href="#">Sales and/or retirement</a>		(153)	(12)
<a href="#">Disposals</a>			(26)
<a href="#">Transfers</a>			
<a href="#">Ending balance</a>		8,771	8,408
<a href="#">Accumulated Depreciation [Member]   Transportation units [Member]</a>			

**Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]**

<u>Beginning balance</u>	79,014	78,163
<u>Additions</u>	6,252	7,398
<u>Sales and/or retirement</u>	(1,896)	(2,269)
<u>Disposals</u>		(4,278)
<u>Transfers</u>	(35)	
<u>Ending balance</u>	83,335	79,014

Accumulated Depreciation [Member] | Computer equipment and tools [Member]

**Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]**

<u>Beginning balance</u>	25,429	22,456
<u>Additions</u>	3,606	3,595
<u>Sales and/or retirement</u>	(201)	(194)
<u>Disposals</u>		(428)
<u>Transfers</u>		
<u>Ending balance</u>	28,834	25,429

Accumulated Depreciation [Member] | Quarry rehabilitation costs [Member]

**Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]**

<u>Beginning balance</u>	2,522	2,382
<u>Additions</u>	128	140
<u>Sales and/or retirement</u>		
<u>Disposals</u>		
<u>Transfers</u>		
<u>Ending balance</u>	2,650	2,522

Accumulated Depreciation [Member] | Capitalized interest [Member]

**Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]**

<u>Beginning balance</u>	[2]	10,542	9,021
<u>Additions</u>	[2]	1,625	1,521
<u>Sales and/or retirement</u>	[2]		
<u>Disposals</u>	[2]		
<u>Transfers</u>	[2]		
<u>Ending balance</u>	[2]	12,167	10,542

Accumulated Depreciation [Member] | Work in progress and units in transit [Member]

**Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]**

<u>Beginning balance</u>	[3]		
<u>Additions</u>	[3]		
<u>Sales and/or retirement</u>	[3]		
<u>Disposals</u>	[3]		



<a href="#">Transfers</a>	[3]		
<a href="#">Ending balance</a>	[3]		
<a href="#">Accumulated Depreciation [Member]   Total [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Beginning balance</a>		1,109,186	1,006,614
<a href="#">Additions</a>		131,649	127,992
<a href="#">Sales and/or retirement</a>		(24,926)	(6,465)
<a href="#">Disposals</a>			(18,952)
<a href="#">Transfers</a>			(3)
<a href="#">Ending balance</a>		1,215,909	1,109,186
<a href="#">Impairment [Member]   Mining concessions [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Beginning balance</a>	[1],[4]	42,859	
<a href="#">Additions</a>	[1],[4]	9,197	
<a href="#">Disposals</a>	[1],[4]		
<a href="#">Ending balance</a>	[1],[4]	52,056	42,859
<a href="#">Impairment [Member]   Mine development costs [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Beginning balance</a>	[1],[4]	24,048	
<a href="#">Additions</a>	[1],[4]	525	
<a href="#">Disposals</a>	[1],[4]		
<a href="#">Ending balance</a>	[1],[4]	24,573	24,048
<a href="#">Impairment [Member]   Land [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Beginning balance</a>	[4]	3,624	
<a href="#">Additions</a>	[4]	361	
<a href="#">Disposals</a>	[4]		
<a href="#">Ending balance</a>	[4]	3,985	3,624
<a href="#">Impairment [Member]   Buildings and other construction [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Beginning balance</a>	[4]	13,579	
<a href="#">Additions</a>	[4]	17,459	
<a href="#">Disposals</a>	[4]		
<a href="#">Ending balance</a>	[4]	31,038	13,579
<a href="#">Impairment [Member]   Machinery, equipment and related spare parts [Member]</a>			

**Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]**

<u>Beginning balance</u>	[4]	12,918	
<u>Additions</u>	[4]	17,669	
<u>Disposals</u>	[4]	(17,669)	
<u>Ending balance</u>	[4]	12,918	12,918

Impairment [Member] | Furniture and accessories [Member]

**Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]**

<u>Beginning balance</u>	[4]	200	
<u>Additions</u>	[4]	8	
<u>Disposals</u>	[4]	(8)	
<u>Ending balance</u>	[4]	200	200

Impairment [Member] | Transportation units [Member]

**Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]**

<u>Beginning balance</u>	[4]	26	
<u>Additions</u>	[4]	1	
<u>Disposals</u>	[4]	(1)	
<u>Ending balance</u>	[4]	26	26

Impairment [Member] | Computer equipment and tools [Member]

**Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]**

<u>Beginning balance</u>	[4]	454	
<u>Additions</u>	[4]		
<u>Disposals</u>	[4]		
<u>Ending balance</u>	[4]	454	454

Impairment [Member] | Quarry rehabilitation costs [Member]

**Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]**

<u>Beginning balance</u>	[4]		
<u>Additions</u>	[4]		
<u>Disposals</u>	[4]		
<u>Ending balance</u>	[4]		

Impairment [Member] | Capitalized interest [Member]

**Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]**

<u>Beginning balance</u>	[2],[4]		
<u>Additions</u>	[2],[4]	1,413	
<u>Disposals</u>	[2],[4]		

<a href="#">Ending balance</a>	[2],[4]	1,413	
<a href="#">Impairment [Member]   Work in progress and units in transit [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Beginning balance</a>	[3],[4]	735	
<a href="#">Additions</a>	[3],[4]	2,686	
<a href="#">Disposals</a>	[3],[4]		
<a href="#">Ending balance</a>	[3],[4]	3,421	735
<a href="#">Impairment [Member]   Total [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Beginning balance</a>	[4]	98,443	
<a href="#">Additions</a>	[4]	49,319	
<a href="#">Disposals</a>	[4]	(17,678)	
<a href="#">Ending balance</a>	[4]	130,084	98,443
<a href="#">Net book value [member]   Mining concessions [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Net book value</a>	[1]	47,570	20,655
<a href="#">Net book value [member]   Mine development costs [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Net book value</a>	[1]	35,283	30,926
<a href="#">Net book value [member]   Land [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Net book value</a>		254,599	251,511
<a href="#">Net book value [member]   Buildings and other construction [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Net book value</a>		592,535	504,497
<a href="#">Net book value [member]   Machinery, equipment and related spare parts [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Net book value</a>		1,012,375	915,097
<a href="#">Net book value [member]   Furniture and accessories [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Net book value</a>		2,108	2,472
<a href="#">Net book value [member]   Transportation units [Member]</a>			
<b><a href="#">Property, Plant and Equipment (Details) - Schedule of Property, Plant and Equipment [Line Items]</a></b>			
<a href="#">Net book value</a>		22,022	28,297

[Net book value \[member\]](#) | [Computer equipment and tools \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Net book value</a>	15,899	15,421
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[Net book value \[member\]](#) | [Quarry rehabilitation costs \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Net book value</a>	13,583	9,253
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[Net book value \[member\]](#) | [Capitalized interest \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Net book value</a>	[2] 60,717	57,623
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[Net book value \[member\]](#) | [Work in progress and units in transit \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Net book value</a>	[3] 42,660	172,086
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[Net book value \[member\]](#) | [Total \[Member\]](#)

**[Property, Plant and Equipment \(Details\) - Schedule of Property, Plant and Equipment \[Line Items\]](#)**

<a href="#">Net book value</a>	S/ 2,099,351	S/ 2,007,838
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- [1] Mining concessions mainly include net acquisition costs of S/15,488,000 related to coal concessions acquired through a purchase option executed from 2011 to 2013. The caption also includes some concessions acquired by the Group for exploration activities related to the cement business, such as that acquired in January 2023 for S/34,350,000, through the purchase of the company Corporación Materiales Piura S.A.C.
- [2] The borrowing costs are mainly related to the construction of the cement plant located in Piura and to a lesser extent to the construction of the Clinker Lines Optimization Project – Kiln 4 in the city of Pacasmayo. Both plants are already in operation.
- [3] Work in progress included in property, plant and equipment as of December 31, 2023 and 2022 is mainly related to complementary facilities of the cement plants.
- [4] In previous years management recognized a full impairment related to the total net book value of a closed zinc mining unit which included concession costs, development costs and related facilities and equipment. At the end of 2023, Management recognized a specific impairment to retirement for the net value of the assets of the vertical clinker kilns located at the Pacasmayo cement plant for a net cost of S/36,551,000. This deterioration estimate was carried out as a consequence of replacing the old technology of these kilns due to the entry into operation of the Clinker Lines Optimization Project – Kiln 4 in said plant, which is more efficient and produces fewer emissions. This amount was recorded in the impairment to retirement of property, plant and equipment item in the consolidated statement of profit or loss. Likewise, Management recognized a specific impairment to retirement of the value of the coal concessions (northern zone) for S/11,393,000, recorded in other operating (expenses) income item of the consolidated statement of profit or loss.

**Intangibles Assets, Net  
(Details) - Schedule of  
Intangible Assets - PEN (S/  
S/ in Thousands**

**12 Months Ended  
Dec. 31,  
2023      Dec.  
31,  
2022**

Cost [Member] | IT applications [Member]  
**Schedule of Intangible Assets [Line Items]**

<u>Balance at beginning of period</u>	S/ 56,067	S/ 41,423
<u>Additions</u>	15,667	14,564
<u>Sales and/or retirement</u>	(593)	
<u>Disposals</u>		(27)
<u>Transfers and reclassifications</u>	66	107
<u>Balance at ending of period</u>	71,207	56,067

Cost [Member] | Finite life intangible [Member]  
**Schedule of Intangible Assets [Line Items]**

<u>Balance at beginning of period</u>	24,543	24,543
<u>Additions</u>		
<u>Sales and/or retirement</u>		
<u>Disposals</u>		
<u>Transfers and reclassifications</u>		
<u>Balance at ending of period</u>	24,543	24,543

Cost [Member] | Indefinite life intangible [Member]  
**Schedule of Intangible Assets [Line Items]**

<u>Balance at beginning of period</u>	1,975	1,975
<u>Additions</u>		
<u>Sales and/or retirement</u>		
<u>Disposals</u>		
<u>Transfers and reclassifications</u>		
<u>Balance at ending of period</u>	1,975	1,975

Cost [Member] | Exploration cost and mining evaluation [Member]  
**Schedule of Intangible Assets [Line Items]**

<u>Balance at beginning of period</u>	52,323	51,279
<u>Additions</u>	523	417
<u>Sales and/or retirement</u>	[1]	
<u>Disposals</u>		
<u>Transfers and reclassifications</u>	[1]	627
<u>Balance at ending of period</u>	52,846	52,323

Cost [Member] | Exploration and evaluation assets [Member]  
**Schedule of Intangible Assets [Line Items]**

<u>Balance at beginning of period</u>	134,908	119,220
<u>Additions</u>	16,190	14,981
<u>Sales and/or retirement</u>	(593)	
<u>Disposals</u>		(27)

<a href="#">Transfers and reclassifications</a>	66	734
<a href="#">Balance at ending of period</a>	150,571	134,908
<a href="#">Accumulated amortization [Member]   IT applications [Member]</a>		
<b><a href="#">Schedule of Intangible Assets [Line Items]</a></b>		
<a href="#">Balance at beginning of period</a>	23,858	18,025
<a href="#">Additions</a>	6,939	5,833
<a href="#">Sales and/or retirement</a>	(554)	
<a href="#">Transfers and reclassifications, note 9</a>		
<a href="#">Balance at ending of period</a>	30,243	23,858
<a href="#">Accumulated amortization [Member]   Finite life intangible [Member]</a>		
<b><a href="#">Schedule of Intangible Assets [Line Items]</a></b>		
<a href="#">Balance at beginning of period</a>	10,619	8,165
<a href="#">Additions</a>	2,454	2,454
<a href="#">Sales and/or retirement</a>		
<a href="#">Transfers and reclassifications, note 9</a>		
<a href="#">Balance at ending of period</a>	13,073	10,619
<a href="#">Accumulated amortization [Member]   Indefinite life intangible [Member]</a>		
<b><a href="#">Schedule of Intangible Assets [Line Items]</a></b>		
<a href="#">Balance at beginning of period</a>	71	71
<a href="#">Additions</a>		
<a href="#">Sales and/or retirement</a>		
<a href="#">Transfers and reclassifications, note 9</a>		
<a href="#">Balance at ending of period</a>	71	71
<a href="#">Accumulated amortization [Member]   Exploration cost and mining evaluation [Member]</a>		
<b><a href="#">Schedule of Intangible Assets [Line Items]</a></b>		
<a href="#">Balance at beginning of period</a>	9,574	8,996
<a href="#">Additions</a>	313	575
<a href="#">Sales and/or retirement</a>	[1]	
<a href="#">Transfers and reclassifications, note 9</a>	[1]	3
<a href="#">Balance at ending of period</a>	9,887	9,574
<a href="#">Accumulated amortization [Member]   Exploration and evaluation assets [Member]</a>		
<b><a href="#">Schedule of Intangible Assets [Line Items]</a></b>		
<a href="#">Balance at beginning of period</a>	44,122	35,257
<a href="#">Additions</a>	9,706	8,862
<a href="#">Sales and/or retirement</a>	(554)	
<a href="#">Transfers and reclassifications, note 9</a>		3
<a href="#">Balance at ending of period</a>	53,274	44,122
<a href="#">Impairment of assets [Member]   IT applications [Member]</a>		
<b><a href="#">Schedule of Intangible Assets [Line Items]</a></b>		
<a href="#">Balance at beginning of period</a>	456	
<a href="#">Additions</a>		
<a href="#">Balance at ending of period</a>	456	456
<a href="#">Impairment of assets [Member]   Finite life intangible [Member]</a>		

**Schedule of Intangible Assets [Line Items]**Balance at beginning of periodAdditionsBalance at ending of periodImpairment of assets [Member] | Indefinite life intangible [Member]**Schedule of Intangible Assets [Line Items]**Balance at beginning of periodAdditionsBalance at ending of periodImpairment of assets [Member] | Exploration cost and mining evaluation [Member]**Schedule of Intangible Assets [Line Items]**Balance at beginning of periodAdditionsBalance at ending of periodImpairment of assets [Member] | Exploration and evaluation assets [Member]**Schedule of Intangible Assets [Line Items]**Balance at beginning of periodAdditionsBalance at ending of periodNet Carrying Value [Member] | IT applications [Member]**Schedule of Intangible Assets [Line Items]**Net carrying valueNet Carrying Value [Member] | Finite life intangible [Member]**Schedule of Intangible Assets [Line Items]**Net carrying valueNet Carrying Value [Member] | Indefinite life intangible [Member]**Schedule of Intangible Assets [Line Items]**Net carrying valueNet Carrying Value [Member] | Exploration cost and mining evaluation [Member]**Schedule of Intangible Assets [Line Items]**Net carrying valueNet Carrying Value [Member] | Exploration and evaluation assets [Member]**Schedule of Intangible Assets [Line Items]**Net carrying value

33,469

452

33,921

33,469

33,925

452

34,377

33,925

40,508

31,753

11,470

13,924

1,904

1,904

[1] 9,038

9,280

S/ 62,920

S/  
56,861

[1] As of December 31, 2023 and 2022, the exploration cost and mining evaluation include mainly capital expenditures related to the coal project and to other minor projects related to the cement business.

**Trade and Other Payables  
(Details) - Schedule of Trade  
and Other Payables - PEN  
(S/)**

**S/ in Thousands**

**Schedule of Trade and Other Payables [Abstract]**

	<b>Dec. 31, 2023</b>	<b>Dec. 31, 2022</b>
<u>Trade payables</u>	[1] S/ 107,327	S/ 156,586
<u>Interest payable</u>	[2] 29,828	26,611
<u>Remuneration payable</u>	27,792	22,245
<u>Advances from customers</u>	15,726	14,702
<u>Taxes and contributions</u>	17,225	11,347
<u>Dividends payable</u>	10,322	9,764
<u>Accounts payable related to the acquisition of property, plant and equipment</u>	9,379	14,560
<u>Board of Directors' fees</u>	4,700	5,191
<u>Guarantee deposits</u>	3,488	4,127
<u>Account payable to the principal and affiliates</u>	516	2,686
<u>Hedge finance cost payable</u>		5,978
<u>Other accounts payable</u>	5,208	10,757
<u>Trade and other payables</u>	S/ 231,511	S/ 284,554

[1] Trade accounts payable result from the purchases of material, services and supplies for the Group's operations, and mainly correspond to invoices payable to domestic suppliers. Trade payables are non-interest bearing and are normally settled within 60 to 120 days term.

[2] Interest payable is normally settled semiannually throughout the financial year.



<b>Provisions (Details)</b>	<b>Dec. 31, 2023</b>	<b>Dec. 31, 2022</b>
<a href="#">Worker' Profit-Sharing [Member]</a>		
<b><a href="#">Provisions [Line Items]</a></b>		
<a href="#">Percentage of distributions to employees</a>	50.00%	50.00%
<a href="#">Proportionate annual salary levels</a>	50.00%	50.00%
<a href="#">Bottom of range [Member]   Worker' Profit-Sharing [Member]</a>		
<b><a href="#">Provisions [Line Items]</a></b>		
<a href="#">Percentage of employee profit</a>	8.00%	8.00%
<a href="#">Bottom of range [Member]   Rehabilitation Provision [Member]</a>		
<b><a href="#">Provisions [Line Items]</a></b>		
<a href="#">Risk-free discount rate percentage</a>	0.52%	0.54%
<a href="#">Top of range [Member]   Worker' Profit-Sharing [Member]</a>		
<b><a href="#">Provisions [Line Items]</a></b>		
<a href="#">Percentage of employee profit</a>	10.00%	10.00%
<a href="#">Top of range [Member]   Rehabilitation Provision [Member]</a>		
<b><a href="#">Provisions [Line Items]</a></b>		
<a href="#">Risk-free discount rate percentage</a>	4.20%	4.14%

**Provisions (Details) -  
Schedule of Provisions - PEN  
(S/  
S/ in Thousands**

**12 Months Ended  
Dec. 31, 2023 Dec. 31, 2022**

**Schedule of Provisions [Line Items]**

<u>Beginning Balance</u>	S/ 78,971	S/ 60,908
<u>Ending Balance</u>	83,963	78,971
<u>Current portion</u>	56,510	31,333
<u>Non-current portion</u>	27,453	47,638
<u>Provisions</u>	83,963	78,971
<u>Additions</u>	42,890	41,801
<u>Exchange difference</u>	(292)	(495)
<u>Unwinding of discounts</u>	1,824	1,291
<u>Change in estimate</u>	4,458	2,745
<u>Payments and advances</u>	(43,888)	(27,279)

Workers' profit-sharing [Member]

**Schedule of Provisions [Line Items]**

<u>Beginning Balance</u>	31,333	24,269
<u>Ending Balance</u>	34,328	31,333
<u>Current portion</u>	34,328	31,333
<u>Non-current portion</u>		
<u>Provisions</u>	34,328	31,333
<u>Additions</u>	35,258	32,161
<u>Exchange difference</u>		
<u>Unwinding of discounts</u>		
<u>Change in estimate</u>		
<u>Payments and advances</u>	(32,263)	(25,097)

Long-term incentive plan [Member]

**Schedule of Provisions [Line Items]**

<u>Beginning Balance</u>	31,985	22,513
<u>Ending Balance</u>	29,683	31,985
<u>Current portion</u>	22,182	
<u>Non-current portion</u>	7,501	31,985
<u>Provisions</u>	29,683	31,985
<u>Additions</u>	7,632	8,272
<u>Exchange difference</u>		
<u>Unwinding of discounts</u>	1,691	1,200
<u>Change in estimate</u>		
<u>Payments and advances</u>	(11,625)	

Quarry Rehabilitation provision [Member]

**Schedule of Provisions [Line Items]**

<u>Beginning Balance</u>	13,377	11,036
<u>Ending Balance</u>	17,676	13,377
<u>Current portion</u>		

<a href="#">Non-current portion</a>	17,676	13,377
<a href="#">Provisions</a>	17,676	13,377
<a href="#">Additions</a>		
<a href="#">Exchange difference</a>	(292)	(495)
<a href="#">Unwinding of discounts</a>	133	91
<a href="#">Change in estimate</a>	4,458	2,745
<a href="#">Payments and advances</a>		
<a href="#">Provision of legal contingencies [Member]</a>		
<b><a href="#">Schedule of Provisions [Line Items]</a></b>		
<a href="#">Beginning Balance</a>	2,276	3,090
<a href="#">Ending Balance</a>	2,276	2,276
<a href="#">Current portion</a>		
<a href="#">Non-current portion</a>	2,276	2,276
<a href="#">Provisions</a>	2,276	2,276
<a href="#">Additions</a>		1,368
<a href="#">Exchange difference</a>		
<a href="#">Unwinding of discounts</a>		
<a href="#">Change in estimate</a>		
<a href="#">Payments and advances</a>		S/ (2,182)

**Provisions (Details) -  
Schedule of Workers' Profit  
Sharing - PEN (S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

**Schedule of Workers' Profit Sharing [Abstract]**

<u>Cost of sales</u>	S/ 15,244	S/ 15,165	S/ 13,887
<u>Administrative expenses</u>	15,210	12,520	8,935
<u>Selling and distribution expenses</u>	3,804	3,287	2,227
<u>Investment</u>	1,000	1,189	116
<u>Working profit</u>	S/ 35,258	S/ 32,161	S/ 25,165

Financial Obligations (Details) - PEN (S/)	Jan. 08, 2019	12 Months Ended		
		Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
<a href="#">Financial Obligations (Details) [Line Items]</a> <a href="#">Description of financial covenants ratio</a>		<p>The financial covenants related to the Senior Notes denominated issued in US dollars and soles state that if the Company and its guarantor subsidiaries issue debt or equity instruments, merges with another company or dispose or rents significant assets, the Senior Notes will trigger the following financial covenants, calculated based on the Company and Guarantee Subsidiaries annual consolidated financial statements: -A fixed charge covenant ratio of at least 2.5 to 1. -A consolidated debt-to-EBITDA ratio of no greater than 3.5 to 1.</p>		
<a href="#">Profit or loss</a>		S/ 168,900,000	S/ 176,828,000	S/ 153,170,000
<a href="#">Medium-term Corporate Loan, description</a>		<p>On August 6, 2021, the Company established the conditions of a medium-term corporate loan under “Club Deal” modality with Banco de Crédito del Perú S.A. and Scotiabank Perú S.A.A. The loan amounts to S/860,000,000 that allowed the payment of all the financial obligations that the Company maintains with a maturity until February 2023. The loan conditions include a grace / availability period of 18 months from August 6 and a payment term of 7</p>		

years from the last  
disbursement, which was  
in February 2023.  
5.82%

[Annual interest rate](#)  
[Senior Notes in US dollars](#)  
[\[Member\]](#)  
**[Financial Obligations](#)**  
**[\(Details\) \[Line Items\]](#)**  
[Description of senior notes](#)

Until February 2023, the Company had outstanding corporate bonds which were denominated in US dollars. These bonds were issued in January 2013. The cross currency swaps maintained by the Company to hedge the exchange rate variations of corporate bonds were executed and settled in full in correlation with the payment of these corporate bonds.

[Senior Notes in Soles](#)  
[\[Member\]](#)  
**[Financial Obligations](#)**  
**[\(Details\) \[Line Items\]](#)**  
[Description of senior notes](#)

The General Shareholders' Meeting held on January 8, 2019, approved the issuance of Senior Notes denominated in soles in the local market up to the maximum amount of S/1,000,000,000 through the Second Corporate Bonds Program of Pacasmayo, whose purpose was to settle the mid-term loans described in the previous paragraph. On January 31, 2019, senior notes were issued for: i) S/260,000,000 at a rate of 6.688 percent per year and maturity of 10 years and; ii) S/310,000,000 at a rate of

6.844 percent per year and  
maturity of 15 years.

[Financial Guarantee Contracts](#)

[\[Member\]](#)

**[Financial Obligations](#)**

**[\(Details\)](#)** **[\[Line Items\]](#)**

[Profit or loss](#)

S/ 38,690,000

S/ S/  
60,225,000 63,333,000

**Financial Obligations  
(Details) - Schedule of  
financial obligations - PEN  
(S/)  
S/ in Thousands**

**12 Months  
Ended**

**Dec. 31, 2023      Dec. 31,  
2022**

**Short-term promissory notes**

**Total**

S/ 1,573,026      S/  
1,593,171

**Maturity, Current**

383,146      618,907

**Maturity, Non-current**

1,189,880      974,264

**Total maturity**

1,573,026      1,593,171

**Short-term promissory notes [Member]**

**Short-term promissory notes**

**Short-term promissory notes, Current**

[1] 228,000      76,000

**Senior notes [Member]**

**Short-term promissory notes**

**Long-term promissory notes, Non current**

569,192      1,071,781

**Short and long-term Corporate Loan [Member]**

**Short-term promissory notes**

**Short and long-term Corporate Loan**

S/ 775,834      445,390

**January 22, 2024 [Member] | Banco de Crédito del Perú [Member]**

**Short-term promissory notes**

**Currency**

[1] S/

**Nominal interest rate**

[1] 9.44%

**Maturity**

[1] January 22,  
2024

**Short-term promissory notes, Current**

[1] S/ 38,000

**January 19, 2024 [Member]] | BBVA Perú [Member]**

**Short-term promissory notes**

**Currency**

[1] S/

**Nominal interest rate**

[1] 9.78%

**Maturity**

[1] January 19,  
2024

**Short-term promissory notes, Current**

[1] S/ 38,000

**March 15, 2024 [Member] | BBVA Perú [Member]**

**Short-term promissory notes**

**Currency**

S/

**Nominal interest rate**

8.83%

**Maturity**

March 15,  
2024

**Short-term promissory notes, Current**

S/ 19,000

**March 15, 2024 [Member] | BBVA Perú [Member]**

**Short-term promissory notes**



<a href="#">Currency</a>	[1] S/
<a href="#">Nominal interest rate</a>	[1] 8.83%
<a href="#">Maturity</a>	[1] March 15, 2024
<a href="#">Short -term promissory notes, Current</a>	[1] S/ 19,000
<a href="#">December 12, 2024 [Member]   BBVA Perú [Member]</a>	
<b><a href="#">Short -term promissory notes</a></b>	
<a href="#">Currency</a>	S/
<a href="#">Nominal interest rate</a>	6.98%
<a href="#">Maturity</a>	December 12, 2024
<a href="#">Short -term promissory notes, Current</a>	S/ 25,300
<a href="#">December 12, 2024 [Member]   BBVA Perú [Member]</a>	
<b><a href="#">Short -term promissory notes</a></b>	
<a href="#">Currency</a>	[1] S/
<a href="#">Nominal interest rate</a>	[1] 6.98%
<a href="#">Maturity</a>	[1] December 12, 2024
<a href="#">Short -term promissory notes, Current</a>	[1] S/ 25,300
<a href="#">December 12, 2024 [Member]   BBVA Perú [Member]</a>	
<b><a href="#">Short -term promissory notes</a></b>	
<a href="#">Currency</a>	[1] S/
<a href="#">Nominal interest rate</a>	[1] 6.98%
<a href="#">Maturity</a>	[1] December 12, 2024
<a href="#">Short -term promissory notes, Current</a>	[1] S/ 25,400
<a href="#">November 22, 2024 [Member]   BBVA Perú [Member]</a>	
<b><a href="#">Short -term promissory notes</a></b>	
<a href="#">Currency</a>	S/
<a href="#">Nominal interest rate</a>	7.32%
<a href="#">Maturity</a>	November 22, 2024
<a href="#">Short -term promissory notes, Current</a>	S/ 19,000
<a href="#">November 22, 2024 [Member]   BBVA Perú [Member]</a>	
<b><a href="#">Short -term promissory notes</a></b>	
<a href="#">Currency</a>	[1] S/
<a href="#">Nominal interest rate</a>	[1] 7.32%
<a href="#">Maturity</a>	[1] November 22, 2024
<a href="#">Short -term promissory notes, Current</a>	[1] S/ 19,000
<a href="#">December 18, 2023 [Member]   Banco de Crédito del Perú [Member]</a>	
<b><a href="#">Short -term promissory notes</a></b>	

<a href="#">Currency</a>	S/	
<a href="#">Nominal interest rate</a>	8.93%	
<a href="#">Maturity</a>	December 18,2023	
<a href="#">Short -term promissory notes, Current</a>		38,000
<a href="#">December 18, 2023 [Member]   Banco de Crédito del Perú [Member]</a>		
<b><a href="#">Short -term promissory notes</a></b>		
<a href="#">Currency</a>	[1] S/	
<a href="#">Nominal interest rate</a>	[1] 8.93%	
<a href="#">Maturity</a>	[1] December 18,2023	
<a href="#">Short -term promissory notes, Current</a>	[1]	38,000
<a href="#">February 1, 2029 [Member]   Senior notes [Member]</a>		
<b><a href="#">Short -term promissory notes</a></b>		
<a href="#">Currency</a>	[2] S/	
<a href="#">Nominal interest rate</a>	[2] 6.69%	
<a href="#">Maturity</a>	[2] February 1, 2029	
<a href="#">Long-term promissory notes, Non current</a>	[2] S/ 259,686	259,625
<a href="#">February 1, 2034 [Member]   Senior notes [Member]</a>		
<b><a href="#">Short -term promissory notes</a></b>		
<a href="#">Currency</a>	[2] S/	
<a href="#">Nominal interest rate</a>	[2] 6.84%	
<a href="#">Maturity</a>	[2] February 1, 2034	
<a href="#">Long-term promissory notes, Non current</a>	[2] S/ 309,506	309,457
<a href="#">February 8, 2023 [Member]   Senior notes [Member]</a>		
<b><a href="#">Short -term promissory notes</a></b>		
<a href="#">Currency</a>	[3] US\$	
<a href="#">Nominal interest rate</a>	[3] 4.50%	
<a href="#">Maturity</a>	[3] February 8, 2023	
<a href="#">Long-term promissory notes, Non current</a>	[3]	502,699
<a href="#">December 1,2028 [Member]   Banco de Crédito del Perú [Member]   Short and long-term Corporate Loan [Member]</a>		
<b><a href="#">Short -term promissory notes</a></b>		
<a href="#">Currency</a>	[4] S/	
<a href="#">Nominal interest rate</a>	[4] 5.82%	
<a href="#">Maturity</a>	[4] December 1,2028	
<a href="#">Short and long-term Corporate Loan</a>	[4] S/ 387,917	222,695

**Short -term promissory notes**

<a href="#">Currency</a>	[4] S/	
<a href="#">Nominal interest rate</a>	[4] 5.82%	
<a href="#">Maturity</a>	[4] December 1,2028	
<a href="#">Short and long-term Corporate Loan</a>	[4] S/ 387,917	S/ 222,695

- [1] Senior Notes- (b.1) Senior Notes in US dollars Until February 2023, the Company had outstanding corporate bonds which were denominated in US dollars. These bonds were issued in January 2013. The cross currency swaps maintained by the Company to hedge the exchange rate variations of corporate bonds were executed and settled in full in correlation with the payment of these corporate bonds. (b.2) Senior Notes in Soles The General Shareholders' Meeting held on January 8, 2019, approved the issuance of Senior Notes denominated in soles in the local market up to the maximum amount of S/1,000,000,000 through the Second Corporate Bonds Program of Pacasmayo, whose purpose was to settle the mid-term loans described in the previous paragraph. On January 31, 2019, senior notes were issued for: i) S/260,000,000 at a rate of 6.688 percent per year and maturity of 10 years and; ii) S/310,000,000 at a rate of 6.844 percent per year and maturity of 15 years. The Senior Notes in soles issued in 2019 are guaranteed by the following Company's subsidiaries: Cementos Selva S.A.C., Distribuidora Norte Pacasmayo S.R.L., Empresa de Transmisión Guadalupe S.A.C. and Dinospelva Iquitos S.A.C. (b.3) Financial covenants The financial covenants related to the Senior Notes denominated issued in US dollars and soles state that if the Company and its guarantor subsidiaries issue debt or equity instruments, merges with another company or dispose or rents significant assets, the Senior Notes will trigger the following financial covenants, calculated based on the Company and Guarantee Subsidiaries annual consolidated financial statements: - A fixed charge covenant ratio of at least 2.5 to 1. - A consolidated debt-to-EBITDA ratio of no greater than 3.5 to 1. As of December 31, 2023 and 2022, these covenants have not been activated because no situation has occurred that requires their measurement, as indicated in the previous paragraph. For the years ended December 31, 2023, 2022 and 2021, senior notes generated interest that has been recognized in the consolidated statement of profit or loss for S/38,690,000, S/60,225,000 and S/63,333,000, respectively, see note 21.
- [2] (b.2) Senior Notes in Soles The General Shareholders' Meeting held on January 8, 2019, approved the issuance of Senior Notes denominated in soles in the local market up to the maximum amount of S/1,000,000,000 through the Second Corporate Bonds Program of Pacasmayo, whose purpose was to settle the mid-term loans described in the previous paragraph. On January 31, 2019, senior notes were issued for: i) S/260,000,000 at a rate of 6.688 percent per year and maturity of 10 years and; ii) S/310,000,000 at a rate of 6.844 percent per year and maturity of 15 years. The Senior Notes in soles issued in 2019 are guaranteed by the following Company's subsidiaries: Cementos Selva S.A.C., Distribuidora Norte Pacasmayo S.R.L., Empresa de Transmisión Guadalupe S.A.C. and Dinospelva Iquitos S.A.C.
- [3] (b.1) Senior Notes in US dollars Until February 2023, the Company had outstanding corporate bonds which were denominated in US dollars. These bonds were issued in January 2013. The cross currency swaps maintained by the Company to hedge the exchange rate variations of corporate bonds were executed and settled in full in correlation with the payment of these corporate bonds.

[4] Medium-term Corporate Loan under “Club Deal” modality: On August 6, 2021, the Company established the conditions of a medium-term corporate loan under “Club Deal” modality with Banco de Crédito del Perú S.A. and Scotiabank Perú S.A.A. The loan amounts to S/860,000,000 that allowed the payment of all the financial obligations that the Company maintains with a maturity until February 2023. The loan conditions include a grace / availability period of 18 months from August 6 and a payment term of 7 years from the last disbursement, which was in February 2023. Since that date, the loan will be paid in 22 equal quarterly installments and has an annual interest rate of 5.82 percent. As part of the loan conditions, the Company assumed the following obligations: I. Comply with the following financial covenants: a. Debt Ratio (Financial Debt / EBITDA)  $\leq 3.50x$  b. Debt Service Coverage Ratio (FCSD / SD)  $\geq 1.15x$  c. Debt Service Coverage Ratio (EBITDA / SD)  $\geq 1.50x$  These financial safeguards will be calculated and verified at the end of each calendar quarter, considering the information of the consolidated financial statements of the Company for the last 12 months, prepared in accordance with IFRS. As of December 31, 2023 and 2022, the Company complies with the ratios contained in the conditions of the Club Deal and corporate bonds and has certain do's and don'ts obligations that it has been complying with to date.

**Deferred Income Tax Assets  
and Liabilities (Details) -  
PEN (S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023   Dec. 31, 2022**

**Deferred Income Tax Assets and Liabilities [Abstract]**

<u>Tax loss carryforward</u>	S/ 44,725,000	S/ 25,424,000
<u>Aggregate deferred tax liability</u>	S/ 126,972,000	S/ 104,842,000

**Deferred Income Tax Assets  
and Liabilities (Details) -  
Schedule of Deferred Income  
Tax Assets and Liabilities -  
PEN (S/)  
S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023    Dec. 31, 2022**

[Total Deferred income tax liabilities \[Member\]](#)

**[Deferred income tax assets](#)**

<a href="#">Beginning balance</a>	S/ (543)	S/ (631)
<a href="#">Effect on profit or loss</a>	245	88
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	(298)	(543)

[Total Deferred Income Tax Assets, Net \[Member\]](#)

**[Deferred income tax assets](#)**

<a href="#">Beginning balance</a>	9,005	9,446
<a href="#">Effect on profit or loss</a>	2,423	(441)
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	11,428	9,005

[Movement of deferred income tax assets \[Member\] | Allowance for expected credit losses for trade receivables \[Member\]](#)

**[Deferred income tax assets](#)**

<a href="#">Beginning balance</a>	2,088	1,533
<a href="#">Effect on profit or loss</a>	473	555
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	2,561	2,088

[Movement of deferred income tax assets \[Member\] | Provision for vacations \[Member\]](#)

**[Deferred income tax assets](#)**

<a href="#">Beginning balance</a>	2,101	1,905
<a href="#">Effect on profit or loss</a>	114	196
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	2,215	2,101

[Movement of deferred income tax assets \[Member\] | Provision of discounts and bonuses to customers \[Member\]](#)

**[Deferred income tax assets](#)**

<a href="#">Beginning balance</a>	1,779	2,227
<a href="#">Effect on profit or loss</a>	85	(448)
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	1,864	1,779

Movement of deferred income tax assets [Member] | Effect of differences between book and tax bases of fixed assets [Member]

**Deferred income tax assets**

<u>Beginning balance</u>	342	(644)
<u>Effect on profit or loss</u>	934	986
<u>Quarry rehabilitation provision</u>		
<u>Effect on OCI</u>		
<u>Ending balance</u>	1,276	342

Movement of deferred income tax assets [Member] | Legal claim contingency [Member]

**Deferred income tax assets**

<u>Beginning balance</u>	461	461
<u>Effect on profit or loss</u>		
<u>Quarry rehabilitation provision</u>		
<u>Effect on OCI</u>		
<u>Ending balance</u>	461	461

Movement of deferred income tax assets [Member] | Lease liabilities [Member]

**Deferred income tax assets**

<u>Beginning balance</u>	700	819
<u>Effect on profit or loss</u>	(259)	(119)
<u>Quarry rehabilitation provision</u>		
<u>Effect on OCI</u>		
<u>Ending balance</u>	441	700

Movement of deferred income tax assets [Member] | Estimate for devaluation of spare parts and supplies [Member]

**Deferred income tax assets**

<u>Beginning balance</u>	435	432
<u>Effect on profit or loss</u>	(13)	3
<u>Quarry rehabilitation provision</u>		
<u>Effect on OCI</u>		
<u>Ending balance</u>	422	435

Movement of deferred income tax assets [Member] | Effect of differences between book and tax bases of inventories [Member]

**Deferred income tax assets**

<u>Beginning balance</u>	55	55
<u>Effect on profit or loss</u>		
<u>Quarry rehabilitation provision</u>		
<u>Effect on OCI</u>		
<u>Ending balance</u>	55	55

Movement of deferred income tax assets [Member] | Effect of tax-loss carry forward [Member]

**Deferred income tax assets**

<u>Beginning balance</u>	693	1,711
<u>Effect on profit or loss</u>	(693)	(1,018)
<u>Quarry rehabilitation provision</u>		
<u>Effect on OCI</u>		

<a href="#">Ending balance</a>		693
<a href="#">Movement of deferred income tax assets [Member]   Allowance for expected credit losses for other receivables [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>		974
<a href="#">Effect on profit or loss</a>		(974)
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>		
<a href="#">Movement of deferred income tax assets [Member]   Other [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	894	604
<a href="#">Effect on profit or loss</a>	1,537	290
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	2,431	894
<a href="#">Movement of deferred income tax assets [Member]   Total Deferred income tax assets [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	9,548	10,077
<a href="#">Effect on profit or loss</a>	2,178	(529)
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	11,726	9,548
<a href="#">Deferred income tax liabilities [Member]   Right of use assets [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	(560)	(648)
<a href="#">Effect on profit or loss</a>	245	88
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	(315)	(560)
<a href="#">Deferred income tax liabilities [Member]   Other [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	17	17
<a href="#">Effect on profit or loss</a>		
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	17	17
<a href="#">Movement of deferred income tax liabilities [Member]   Provision for vacations [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	3,884	3,681
<a href="#">Effect on profit or loss</a>	336	203
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		



<a href="#">Ending balance</a>	4,220	3,884
<a href="#">Movement of deferred income tax liabilities [Member]   Legal claim contingency [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	428	930
<a href="#">Effect on profit or loss</a>	798	(502)
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	1,226	428
<a href="#">Movement of deferred income tax liabilities [Member]   Lease liabilities [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	210	450
<a href="#">Effect on profit or loss</a>		(240)
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	210	210
<a href="#">Movement of deferred income tax liabilities [Member]   Right of use assets [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	(392)	(746)
<a href="#">Effect on profit or loss</a>	(805)	354
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	(1,197)	(392)
<a href="#">Movement of deferred income tax liabilities [Member]   Impairment on brine project assets Salmueras [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	18,030	17,818
<a href="#">Effect on profit or loss</a>	215	212
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	18,245	18,030
<a href="#">Movement of deferred income tax liabilities [Member]   Impairment of assets [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>		
<a href="#">Effect on profit or loss</a>	8,928	
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	8,928	
<a href="#">Movement of deferred income tax liabilities [Member]   Long-term incentive plan [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	9,435	6,641
<a href="#">Effect on profit or loss</a>	(679)	2,794
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	8,756	9,435

Movement of deferred income tax liabilities [Member] | Impairment of mining assets [Member]

**Deferred income tax assets**

<u>Beginning balance</u>	7,655	6,704
<u>Effect on profit or loss</u>	(275)	951
<u>Quarry rehabilitation provision</u>		
<u>Effect on OCI</u>		
<u>Ending balance</u>	7,380	7,655

Movement of deferred income tax liabilities [Member] | Financial instruments designated at fair value through OCI [Member]

**Deferred income tax assets**

<u>Beginning balance</u>	6,807	6,640
<u>Effect on profit or loss</u>		
<u>Quarry rehabilitation provision</u>		
<u>Effect on OCI</u>	7	167
<u>Ending balance</u>	6,814	6,807

Movement of deferred income tax liabilities [Member] | Provision for spare parts and supplies obsolescence [Member]

**Deferred income tax assets**

<u>Beginning balance</u>	5,924	5,708
<u>Effect on profit or loss</u>	759	216
<u>Quarry rehabilitation provision</u>		
<u>Effect on OCI</u>		
<u>Ending balance</u>	6,683	5,924

Movement of deferred income tax liabilities [Member] | Quarry rehabilitation provision [Member]

**Deferred income tax assets**

<u>Beginning balance</u>	3,563	2,726
<u>Effect on profit or loss</u>	802	27
<u>Quarry rehabilitation provision</u>	1,373	810
<u>Effect on OCI</u>		
<u>Ending balance</u>	5,738	3,563

Movement of deferred income tax liabilities [Member] | Allowance for expected credit losses for trade receivables [Member]

**Deferred income tax assets**

<u>Beginning balance</u>	653	635
<u>Effect on profit or loss</u>	454	18
<u>Quarry rehabilitation provision</u>		
<u>Effect on OCI</u>		
<u>Ending balance</u>	1,107	653

Movement of deferred income tax liabilities [Member] | Other [Member]

**Deferred income tax assets**

<u>Beginning balance</u>	328	328
<u>Effect on profit or loss</u>	1,118	
<u>Quarry rehabilitation provision</u>		

<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	1,446	328
<a href="#">Movement of deferred income tax liabilities [Member]   Total Deferred income tax assets [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	56,917	52,261
<a href="#">Effect on profit or loss</a>	12,456	3,679
<a href="#">Quarry rehabilitation provision</a>	1,373	810
<a href="#">Effect on OCI</a>	7	167
<a href="#">Ending balance</a>	70,753	56,917
<a href="#">Movement of deferred income tax liabilities [Member]   Effect of differences between book and tax bases of fixed assets and in the depreciation rates used for book purposes [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	(187,236)	(190,178)
<a href="#">Effect on profit or loss</a>	199	3,752
<a href="#">Quarry rehabilitation provision</a>	(1,373)	(810)
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	(188,410)	(187,236)
<a href="#">Movement of deferred income tax liabilities [Member]   Effect of costs of issuance of senior notes [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	(2,371)	(2,685)
<a href="#">Effect on profit or loss</a>	391	314
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	(1,980)	(2,371)
<a href="#">Movement of deferred income tax liabilities [Member]   Net gain on cash flow hedge [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	(8,511)	(7,414)
<a href="#">Effect on profit or loss</a>	9,145	36
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>	(634)	(1,133)
<a href="#">Ending balance</a>		(8,511)
<a href="#">Movement of deferred income tax liabilities [Member]   Other [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	(42)	(42)
<a href="#">Effect on profit or loss</a>		
<a href="#">Quarry rehabilitation provision</a>		
<a href="#">Effect on OCI</a>		
<a href="#">Ending balance</a>	(42)	(42)
<a href="#">Movement of deferred income tax liabilities [Member]   Total Deferred income tax liabilities [Member]</a>		
<b><a href="#">Deferred income tax assets</a></b>		
<a href="#">Beginning balance</a>	(198,552)	(201,065)

<u>Effect on profit or loss</u>	8,930	4,456
<u>Quarry rehabilitation provision</u>	(1,373)	(810)
<u>Effect on OCI</u>	(634)	(1,133)
<u>Ending balance</u>	(191,629)	(198,552)
<u>Movement of deferred income tax liabilities [Member]   Total deferred income tax liabilities, net [Member]</u>		
<b><u>Deferred income tax assets</u></b>		
<u>Beginning balance</u>	(141,635)	(148,804)
<u>Effect on profit or loss</u>	21,386	8,135
<u>Quarry rehabilitation provision</u>		
<u>Effect on OCI</u>	(627)	(966)
<u>Ending balance</u>	(120,876)	(141,635)
<u>Movement of deferred income tax liabilities [Member]   Total Deferred Income Tax Liabilities, Net [Member]</u>		
<b><u>Deferred income tax assets</u></b>		
<u>Effect on profit or loss</u>	23,809	7,694
<u>Effect on OCI</u>	S/ (627)	S/ (966)

**Deferred Income Tax Assets  
and Liabilities (Details) -  
Schedule of Reconciliation  
between Tax Expenses and  
the Product - PEN (S/  
S/ in Thousands**

**12 Months Ended**

<b>Dec. 31, 2023</b>	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>
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**Schedule of Reconciliation between Tax Expenses and the Product**

**[Abstract]**

<u>Profit before income tax</u>	S/ 245,708	S/ 262,420	S/ 224,110
<u>Income tax expense calculated at the statutory income tax rate of 29.5%</u>	(72,484)	(77,414)	(66,112)
<b><u>Permanent differences</u></b>			
<u>Non-deductible expenses, net</u>	(2,369)	(7,415)	(4,070)
<u>Effect of tax-loss carry forward not recognized</u>	(1,955)	(763)	(758)
<u>Income tax expense the effective income tax rate of 31% in 2023 (2022: 33% and 2021: 32%)</u>	S/ (76,808)	S/ (85,592)	S/ (70,940)

**Deferred Income Tax Assets  
and Liabilities (Details) -  
Schedule of Reconciliation  
between Tax Expenses and  
the Product (Parentheticals)**

**12 Months Ended**

**Dec. 31,      Dec. 31,      Dec. 31,  
2023          2022          2021**

**Schedule of Reconciliation between Tax Expenses and the Product**

**[Abstract]**

<u>Income tax expense calculated at the statutory income tax rate</u>	29.50%	29.50%	29.50%
<u>Income tax expense the effective income tax rate</u>	31.00%	33.00%	32.00%

**Deferred Income Tax Assets  
and Liabilities (Details) -  
Schedule of Income Tax  
Expenses - PEN (S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

**Schedule of Income Tax Expenses [Abstract]**

<u>Current</u>	S/ (100,617)	S/ (93,286)	S/ (71,385)
<u>Deferred</u>	23,809	7,694	445
<u>Income tax expense</u>	S/ (76,808)	S/ (85,592)	S/ (70,940)

**Equity (Details) - PEN (S/)****12 Months Ended**  
**Dec. 31, 2023   Dec. 31, 2022****Equity (Details) [Line Items]**

<u>Share capital authorized</u>	423,868,449	423,868,449
<u>Total outstanding shares</u>	35,753,501	34,060,726
<u>Nominal value per share (in Nuevos Soles per share)</u>	S/ 1	S/ 1
<u>Number of investment shares acquired</u>	36,040,497	36,040,497
<u>Value of investment shares acquired (in Nuevos Soles)</u>	S/ 121,258,000	S/ 121,258,000
<u>Additional paid in capitals (in Nuevos Soles)</u>	S/ 432,779,000	S/ 432,779,000
<u>Distributable earnings, percentage</u>	10.00%	10.00%
<u>Percentage of capital</u>	20.00%	20.00%
<u>Dividends payable (in Nuevos Soles)</u>	S/ 10,322,000	S/ 9,764,000

**Lima Stock Exchange [Member]****Equity (Details) [Line Items]**

<u>Total outstanding shares</u>	388,114,948	389,807,723
<u>Number of investment shares acquired</u>	927,783	927,783
<u>Issuance of common shares</u>	111,484,000	111,484,000

**Investment Shares [Member]****Equity (Details) [Line Items]**

<u>Investment shares subscribed and fully paid</u>	40,278,894	40,278,894
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**Equity (Details) - Schedule of  
Equity Distribution  
S/ / shares in Units, S/ in  
Thousands**

**12 Months Ended  
Dec. 31, 2023  
PEN (S/  
S/ / shares**

**[Schedule of Equity Distribution \[Abstract\]](#)**

[Declared dividends per share to be paid in cash S/. | S/ / shares](#) S/ 0.42

[Declared dividends S/\(000\): | S/](#) S/ 179,805

**Sales of Goods (Details) -  
Schedule of Sales of Goods -**

**12 Months Ended**

**PEN (S/)**

**Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

**S/ in Thousands**

**Segments**

<u>Sale of cement, concrete, mortar and precast</u>	S/ 1,850,238	S/ 1,963,826	S/ 1,784,487
<u>Sale of construction supplies</u>	74,096	114,024	113,905
<u>Sale of other</u>	25,741	37,896	39,375
<u>Total sales of goods</u>	1,950,075	2,115,746	1,937,767

**Cement [Member]**

**Segments**

<u>Sale of cement, concrete, mortar and precast</u>	1,642,420	1,742,704	1,534,867
<u>Sale of construction supplies</u>			
<u>Sale of other</u>			
<u>Total sales of goods</u>	1,642,420	1,742,704	1,534,867

**Concrete and mortar [Member]**

**Segments**

<u>Sale of cement, concrete, mortar and precast</u>	182,278	189,945	213,565
<u>Sale of construction supplies</u>			
<u>Sale of other</u>			
<u>Total sales of goods</u>	182,278	189,945	213,565

**Precast [Member]**

**Segments**

<u>Sale of cement, concrete, mortar and precast</u>	25,540	31,177	36,055
<u>Sale of construction supplies</u>			
<u>Sale of other</u>			
<u>Total sales of goods</u>	25,540	31,177	36,055

**Construction supplies [Member]**

**Segments**

<u>Sale of cement, concrete, mortar and precast</u>			
<u>Sale of construction supplies</u>	74,096	114,024	113,905
<u>Sale of other</u>			
<u>Total sales of goods</u>	74,096	114,024	113,905

**Other [Member]**

**Segments**

<u>Sale of cement, concrete, mortar and precast</u>			
<u>Sale of construction supplies</u>			
<u>Sale of other</u>	25,741	37,896	39,375
<u>Total sales of goods</u>	S/ 25,741	S/ 37,896	S/ 39,375

**Cost of Sales (Details) -  
Schedule of cost of sales -  
PEN (S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

**Schedule of Cost of Sales [Abstract]**

<u>Beginning balance of goods and finished products</u>	S/ 20,037	S/ 25,304	S/ 12,877
<u>Beginning balance of work in progress</u>	186,937	135,008	114,246
<u>Consumption of miscellaneous supplies</u>	429,069	607,518	566,781
<u>Maintenance and third-party services</u>	244,722	277,250	242,412
<u>Shipping costs</u>	177,393	201,849	196,064
<u>Depreciation and amortization</u>	125,494	121,871	118,998
<u>Personnel expenses, note 20(b)</u>	125,318	125,683	113,513
<u>Costs of packaging</u>	66,456	81,023	71,580
<u>Other manufacturing expenses</u>	76,337	95,183	102,177
<u>Ending balance of goods and finished products</u>	(16,916)	(20,037)	(25,304)
<u>Ending balance of work in progress</u>	(174,224)	(186,937)	(135,008)
<u>Total cost of sales</u>	S/ 1,260,623	S/ 1,463,715	S/ 1,378,336

**Administrative Expenses  
(Details) - Schedule of  
Administrative Expenses -  
PEN (S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

**Schedule of Administrative Expenses [Abstract]**

<u>Personnel expenses</u>	S/ 125,072	S/ 116,748	S/ 96,891
<u>Third-party services</u>	68,329	72,172	59,896
<u>Depreciation and amortization</u>	18,002	16,667	16,569
<u>Donations</u>	9,028	8,494	9,067
<u>Board of Directors compensation</u>	6,788	6,112	6,397
<u>Taxes</u>	5,941	5,669	5,563
<u>Consumption of supplies</u>	1,551	1,715	1,686
<u>Total administrative expenses</u>	S/ 234,711	S/ 227,577	S/ 196,069

**Selling and Distribution  
Expenses (Details) - Schedule  
of Selling and Distribution  
Expenses - PEN (S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

**Schedule of Selling and Distribution Expenses [Abstract]**

<u>Personnel expenses, note 20(b)</u>	S/ 41,642	S/ 42,300	S/ 33,867
<u>Third-party services</u>	12,270	11,106	9,733
<u>Advertising and promotion</u>	7,548	6,417	5,637
<u>Allowance for expected credit losses, note 7(d)</u>	1,707	1,972	563
<u>Other</u>	3,658	3,442	1,720
<u>Total selling and distribution expenses</u>	S/ 66,825	S/ 65,237	S/ 51,520

**Employee Benefits Expenses  
(Details) - Schedule of  
Employee Benefits Expenses  
- PEN (S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

**Schedule of Employee Benefits Expenses [Abstract]**

<u>Wages and salaries</u>	S/ 162,252	S/ 165,530	S/ 138,675
<u>Workers 'profit sharing, note 12(b)</u>	34,258	30,972	25,049
<u>Social contributions</u>	33,868	32,966	28,842
<u>Legal bonuses</u>	23,013	20,556	19,620
<u>Vacations</u>	22,226	18,481	18,032
<u>Long-term incentive plan, note 12</u>	7,632	8,272	9,763
<u>Cessation payments</u>	6,308	4,511	2,203
<u>Training</u>	1,332	2,307	1,408
<u>Other</u>	1,143	1,136	679
<u>Total employee benefits expenses</u>	S/ 292,032	S/ 284,731	S/ 244,271

**Employee Benefits Expenses  
(Details) - Schedule of  
Allocation of Employee  
Benefits Expenses - PEN (S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

**Schedule of Allocation of Employee Benefits Expenses [Abstract]**

<u>Cost of sales, note 17</u>	S/ 125,318	S/ 125,683	S/ 113,513
<u>Administrative expenses, note 18</u>	125,072	116,748	96,891
<u>Selling and distribution expenses, note 19</u>	41,642	42,300	33,867
<u>Total employee benefits expenses</u>	S/ 292,032	S/ 284,731	S/ 244,271

**Finance Costs (Details) -  
Schedule of Finance Costs -  
PEN (S/  
S/ in Thousands**

**12 Months Ended**

	<b>Dec. 31, 2023</b>	<b>Dec. 31, 2022</b>	<b>Dec. 31, 2021</b>
<a href="#"><u>Schedule of Finance Costs [Abstract]</u></a>			
<a href="#"><u>Interest on senior notes, note 13 (b.1) and 13 (b.2)</u></a>	S/ 38,690	S/ 60,225	S/ 63,333
<a href="#"><u>Interest on Club Deal promissory note and loan, note 13(c)</u></a>	59,643	14,920	7,326
<a href="#"><u>Finance cost on cross currency swaps</u></a>	1,730	15,155	15,046
<a href="#"><u>Expenses for the purchase and amortization of issuance costs of senior notes</u></a>	1,249	1,027	815
<a href="#"><u>Interest on lease liabilities</u></a>	573	317	383
<a href="#"><u>Counterparty credit risk in cross currency swaps</u></a>	12	62	848
<a href="#"><u>Interest for bank overdraft</u></a>	31		
<a href="#"><u>Other</u></a>	293	2,108	479
<a href="#"><u>Total interest expense</u></a>	102,221	93,814	88,230
<a href="#"><u>Unwinding of discount of provisions, note 12</u></a>	1,824	1,291	735
<a href="#"><u>Total finance costs</u></a>	S/ 104,045	S/ 95,105	S/ 88,965



Related Parties (Details) - PEN (S/)	12 Months Ended		
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021
<b><u>Related Parties [Line Items]</u></b>			
<u>Short-term compensations</u>	S/ 28,922,000	S/ 26,066,000	S/ 22,678,000
<u>Total long-term compensations</u>	S/ 7,632,000	S/ 8,272,000	S/ 9,763,000

**Related Parties (Details) -  
Schedule of Transactions  
with Other Related Parties -  
PEN (S/)  
S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023 Dec. 31, 2022 Dec. 31, 2021**

[Inversiones ASPI S.A. \(ASPI\) \[Member\]](#)

**Parent**

[Income from office lease](#) S/ 16 S/ 16 S/ 20

[Fees for management and administrative services](#) 88 100 98

[Compañía Minera Ares S.A.C. \[Member\]](#)

**Other related parties**

[Income from land lease, note 24](#) 1,150 1,200 1,230

[Income from office lease other related parties](#) 259 244 332

[Expense from Security services](#) (1,940) (2,110) (2,836)

[Fossal S.A.A.\(Fossal\) \[Member\]](#)

**Other related parties**

[Income from office lease other related parties](#) 16 16 18

[Fees for management and administrative services other related parties](#) 44 52 52

[Fosfatos del Pacífico S.A. \(Fospac\) \[Member\]](#)

**Other related parties**

[Income from office lease other related parties](#) 16 16 19

[Fees for management and administrative services other related parties](#) 143 46 155

[Asociación Sumac Tarpuy \[Member\]](#)

**Other related parties**

[Income from office lease other related parties](#) 16 16 20

[Loans to Fossal S.A.A. \[Member\]](#)

**Other related parties**

[Other related parties](#) (14,252)

[Loans to Fosfatos del Pacífico S.A. \[Member\]](#)

**Other related parties**

[Other related parties](#) (2,869)

[Loan collection from Fossal S.A.A. \[Member\]](#)

**Other related parties**

[Other related parties](#) 14,252

[Loan collection from Fosfatos del Pacífico S.A. \[Member\]](#)

**Other related parties**

[Other related parties](#) S/ 2,869

**Related Parties (Details) -  
Schedule of Rights and  
Obligations - PEN (S/  
S/ in Thousands**

**Dec. 31, 2023 Dec. 31, 2022**

**Related Parties (Details) - Schedule of Rights and Obligations [Line Items]**

<u>Accounts receivable</u>	S/ 89	
<u>Accounts payable</u>		5
<u>Total accounts receivable</u>	1,973	1,858
<u>Total accounts payable</u>	516	2,686
<u>Inversiones ASPI S.A. [Member]</u>		

**Related Parties (Details) - Schedule of Rights and Obligations [Line Items]**

<u>Accounts receivable</u>	89	
<u>Accounts payable</u>		5
<u>Fosfatos del Pacífico S.A. [Member]</u>		

**Related Parties (Details) - Schedule of Rights and Obligations [Line Items]**

<u>Accounts receivable</u>	1,413	1,123
<u>Accounts payable</u>	305	461
<u>Compañía Minera Ares S.A.C. [Member]</u>		

**Related Parties (Details) - Schedule of Rights and Obligations [Line Items]**

<u>Accounts receivable</u>	315	564
<u>Accounts payable</u>	211	2,220
<u>Fossal S.A.A. [Member]</u>		

**Related Parties (Details) - Schedule of Rights and Obligations [Line Items]**

<u>Accounts receivable</u>	52	75
<u>Accounts payable</u>		
<u>Other [Member]</u>		

**Related Parties (Details) - Schedule of Rights and Obligations [Line Items]**

<u>Accounts receivable</u>	104	96
<u>Accounts payable</u>		
<u>Other related parties [Member]</u>		

**Related Parties (Details) - Schedule of Rights and Obligations [Line Items]**

<u>Accounts receivable</u>	1,884	1,858
<u>Accounts payable</u>	S/ 516	S/ 2,681

**Earnings Per Share (Details)**  
**- Schedule of Basic and**  
**Diluted Earnings Per Share -**  
**PEN (S/)**  
**S/ / shares in Units, S/ in**  
**Thousands**

**12 Months Ended**

**Dec. 31,      Dec. 31,      Dec. 31,**  
**2023            2022            2021**

**Numerator**

Profit for the year (S/000)

S/ 168,900   S/ 176,828   S/ 153,170

**Denominator**

Weighted average number of common and investment shares (thousands of shares)

428,107      428,107      428,107

Basic and diluted earnings per share (S/)

S/ 0.39      S/ 0.41      S/ 0.36

Commitments and Contingencies (Details)	12 Months Ended			
	Dec. 31, 2023 PEN (S/)	Dec. 31, 2023 USD (\$)	Dec. 31, 2022 PEN (S/)	Dec. 31, 2021 PEN (S/)
<a href="#">Commitments and Contingencies (Details) [Line Items]</a>				
<a href="#">Annual rent</a>	S/ 1,150,000		S/ 1,200,000	S/ 1,230,000
<a href="#">Agreement of maturity term</a>	30 years	30 years		
<a href="#">Fixed annual payments (in Dollars)   \$</a>		\$ 600,000		
<a href="#">Related expense</a>	S/ 5,273,000		9,445,000	7,280,000
<a href="#">Mining royalty, description</a>	As consequence, the Group made payments amounting to US\$250,000 for each third party for the first five years and variable payments for the rest of the contract. The related expense as of December 31, 2023 and 2022 amounted to S/1,514,000 and S/1,582,000, respectively, and were recognized as part of the cost of inventory production. As part of this agreement, the Company is required to pay an equivalent amount of US\$5.1 to each third party for every metric ton of calcareous extracted, with the minimum production level for the calculation of 20,000 metric tons every six months following the beginning of the sixth year of production.	As consequence, the Group made payments amounting to US\$250,000 for each third party for the first five years and variable payments for the rest of the contract. The related expense as of December 31, 2023 and 2022 amounted to S/1,514,000 and S/1,582,000, respectively, and were recognized as part of the cost of inventory production. As part of this agreement, the Company is required to pay an equivalent amount of US\$5.1 to each third party for every metric ton of calcareous extracted, with the minimum production level for the calculation of 20,000 metric tons every six months following the beginning of the sixth year of production.		
<a href="#">Royalty expense</a>	S/ 983,000		1,193,000	990,000
<a href="#">Applicable tax rate</a>	29.50%	29.50%		
<a href="#">Other provision</a>	S/ 83,963,000		S/ 78,971,000	S/ 60,908,000
<a href="#">Received claims from third parties</a>	S/ 966,000			
<a href="#">Bottom of range [member]</a>				

**Commitments and Contingencies (Details) [Line Items]**

<a href="#">Percentage of employee profit sharing plan</a>	8.00%	8.00%	8.00%	8.00%
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[Top of range \[member\]](#)

**Commitments and Contingencies (Details) [Line Items]**

<a href="#">Percentage of employee profit sharing plan</a>	10.00%	10.00%	10.00%	10.00%
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[Peruvian Government \[Member\]](#)

**Commitments and Contingencies (Details) [Line Items]**

<a href="#">Description of annual royal payment</a>	According with the Royalty Mining Law in force since October 1, 2011, the royalty for the exploitation of metallic and nonmetallic resources is payable on a quarterly basis in an amount equal to the greater of: (i) an amount determined in accordance with a statutory scale of rates based on operating profit margin that is applied to the quarterly operating profit, adjusted by certain items, and (ii) 1% of net sales, in each case during the applicable quarter.	According with the Royalty Mining Law in force since October 1, 2011, the royalty for the exploitation of metallic and nonmetallic resources is payable on a quarterly basis in an amount equal to the greater of: (i) an amount determined in accordance with a statutory scale of rates based on operating profit margin that is applied to the quarterly operating profit, adjusted by certain items, and (ii) 1% of net sales, in each case during the applicable quarter.
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[Rehabilitation Provision \[Member\]](#)

**Commitments and Contingencies (Details) [Line Items]**

<a href="#">Other provision</a>	S/ 17,676,000	S/ 13,377,000
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[Contingent Liability Arising From Post-Employment Benefit Obligations \[Member\]](#)

**Commitments and Contingencies (Details) [Line Items]**

Agreement, description

As part of this agreement, the Company is required to pay an equivalent amount of S/4.5 for each metric ton of calcareous extracted that is indexed by inflation after the first year of exploitation; the annual royalty may not be less than the equivalent to 850,000 metric tons after the beginning of the fourth year of production.	As part of this agreement, the Company is required to pay an equivalent amount of S/4.5 for each metric ton of calcareous extracted that is indexed by inflation after the first year of exploitation; the annual royalty may not be less than the equivalent to 850,000 metric tons after the beginning of the fourth year of production.
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**Commitments and  
Contingencies (Details) -  
Schedule of Income Tax and  
Value Added Tax  
Corresponding to the Years**

**12 Months  
Ended  
  
Dec. 31, 2023**

[Cementos Pacasmayo S.A.A. \[Member\]](#)

**Commitments and Contingencies (Details) - Schedule of Income Tax and Value Added Tax  
Corresponding to the Years [Line Items]**

<a href="#">Income tax</a>	2018 - 2023
<a href="#">Value-added tax</a>	Dec. 2018 - 2023

[Cementos Selva S.A.C. \[Member\]](#)

**Commitments and Contingencies (Details) - Schedule of Income Tax and Value Added Tax  
Corresponding to the Years [Line Items]**

<a href="#">Income tax</a>	2018 - 2023
<a href="#">Value-added tax</a>	Dec. 2018 - 2023

[Distribuidora Norte Pacasmayo S.R.L. \[Member\]](#)

**Commitments and Contingencies (Details) - Schedule of Income Tax and Value Added Tax  
Corresponding to the Years [Line Items]**

<a href="#">Income tax</a>	2018 - 2023
<a href="#">Value-added tax</a>	Dec. 2018 - 2023

[Empresa de Transmisión Guadalupe S.A.C. \[Member\]](#)

**Commitments and Contingencies (Details) - Schedule of Income Tax and Value Added Tax  
Corresponding to the Years [Line Items]**

<a href="#">Income tax</a>	2018 - 2023
<a href="#">Value-added tax</a>	Dec. 2018 - 2023

[Salmueras Sudamericanas S.A. \[Member\]](#)

**Commitments and Contingencies (Details) - Schedule of Income Tax and Value Added Tax  
Corresponding to the Years [Line Items]**

<a href="#">Income tax</a>	2018 - 2023
<a href="#">Value-added tax</a>	Dec. 2018 - 2023

[Calizas del Norte S.A.C. \(liquidated during 2022\) \[Member\]](#)

**Commitments and Contingencies (Details) - Schedule of Income Tax and Value Added Tax  
Corresponding to the Years [Line Items]**

<a href="#">Income tax</a>	2018 - 2022
<a href="#">Value-added tax</a>	Dec. 2018 - 2022

[Soluciones Takay S.A.C. \[Member\]](#)

**Commitments and Contingencies (Details) - Schedule of Income Tax and Value Added Tax  
Corresponding to the Years [Line Items]**

<a href="#">Income tax</a>	2019 – 2023
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[Value-added tax](#)

May to  
Dec.2019 - 2023

[Corporación Materiales Piura S.A.C. \[Member\]](#)

[Commitments and Contingencies \(Details\) - Schedule of Income Tax and Value Added Tax  
Corresponding to the Years \[Line Items\]](#)

[Income tax](#)

2019 – 2023

[Value-added tax](#)

Dec.2018- 2023

**Commitments and  
Contingencies (Details) -  
Schedule of Plans and  
Related Expenses - PEN (S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023**

**Dec. 31, Dec. 31,  
2022 2021**

**Commitments and Contingencies (Details) - Schedule of  
Plans and Related Expenses [Line Items]**

Year expense S/ 1,199 S/ 1,109 S/ 1,011

Rioja [Member]

**Commitments and Contingencies (Details) - Schedule of  
Plans and Related Expenses [Line Items]**

Resource

Resolution Number

Limestone

RD186-2014-PRODUCE/  
DVMYPE-I/DIGGAM

Year of approval

2014

Program approved

EIA

Year expense

S/ 879

810

713

Tembladera [Member]

**Commitments and Contingencies (Details) - Schedule of  
Plans and Related Expenses [Line Items]**

Resource

Resolution Number

Limestone

RD304-18-PRODUCE/  
DVMYPE-I/DIGAAMI

Year of approval

2018

Program approved

PAMA

Year expense

S/ 320

S/ 299

S/ 298

**Financial Risk Management,  
Objectives and Policies  
(Details)**

**12 Months Ended  
Dec. 31, 2023 Dec. 31, 2022  
PEN (S/) PEN (S/)**

**Financial Risk Management, Objectives and Policies (Details) [Line Items]**

<u>Number of customer</u>	4	4
<u>Trade receivables (in Nuevos Soles)</u>	S/ 3,000,000	S/ 3,000,000
<u>Top of range [member]</u>		

**Financial Risk Management, Objectives and Policies (Details) [Line Items]**

<u>Trade receivables (in Nuevos Soles)</u>	700,000	700,000
<u>Bottom of range [member]</u>		

**Financial Risk Management, Objectives and Policies (Details) [Line Items]**

<u>Trade receivables (in Nuevos Soles)</u>	S/ 3,000,000	S/ 3,000,000
<u>Trade receivables [Member]</u>		

**Financial Risk Management, Objectives and Policies (Details) [Line Items]**

<u>Number of customer</u>	25	27
<u>Trade receivables [Member]   Customers Four [Member]</u>		

**Financial Risk Management, Objectives and Policies (Details) [Line Items]**

<u>Percentage of entity's</u>	29.00%	23.00%
<u>Trade receivables [Member]   Customers One [Member]</u>		

**Financial Risk Management, Objectives and Policies (Details) [Line Items]**

<u>Percentage of entity's</u>	48.00%	55.00%
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**Financial Risk Management,  
Objectives and Policies  
(Details) - Schedule of  
Changes in the Fair Value of  
Monetary Assets and  
Liabilities - Foreign  
Currency Risk [Member] -  
PEN (S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31,      Dec. 31,      Dec. 31,  
2023            2022            2021**

[Change in Exchange Rate +5 \[Member\]](#)

**[Schedule of Changes in the Fair Value of Monetary Assets and  
Liabilities \[Line Items\]](#)**

<a href="#">Change in US\$ rate</a>	5.00%	5.00%	5.00%
<a href="#">Effect on consolidated profit before tax</a>	S/ (948)	S/ 1,638	S/ 7,695

[Change in Exchange Rate +10 \[Member\]](#)

**[Schedule of Changes in the Fair Value of Monetary Assets and  
Liabilities \[Line Items\]](#)**

<a href="#">Change in US\$ rate</a>	10.00%	10.00%	10.00%
<a href="#">Effect on consolidated profit before tax</a>	S/ (1,896)	S/ 3,276	S/ 15,391

[Change in Exchange Rate -5 \[Member\]](#)

**[Schedule of Changes in the Fair Value of Monetary Assets and  
Liabilities \[Line Items\]](#)**

<a href="#">Change in US\$ rate</a>	(5.00%)	(5.00%)	(5.00%)
<a href="#">Effect on consolidated profit before tax</a>	S/ 948	S/ (1,638)	S/ (7,695)

[Change in Exchange Rate -10 \[Member\]](#)

**[Schedule of Changes in the Fair Value of Monetary Assets and  
Liabilities \[Line Items\]](#)**

<a href="#">Change in US\$ rate</a>	(10.00%)	(10.00%)	(10.00%)
<a href="#">Effect on consolidated profit before tax</a>	S/ 1,896	S/ (3,276)	S/ (15,391)

**Financial Risk Management,  
Objectives and Policies  
(Details) - Schedule of  
Maturity Profile of the  
Group's Financial Liabilities  
based on Contractual  
Undiscounted Payments -  
PEN (S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023    Dec. 31, 2022**

**Schedule of Maturity Profile of the Group's Financial Liabilities based on Contractual Undiscounted Payments [Line Items]**

<u>Financial obligations</u>	S/	S/
	1,579,819	1,509,290
<u>Interest</u>	397,988	414,132
<u>Trade and other payables</u>	214,286	273,207
<u>Lease liabilities</u>	8,129	4,355

**As of December 31, 2022**

<u>Derivative financial instruments</u>		7,473
<u>Less than 3 months [Member]</u>		

**Schedule of Maturity Profile of the Group's Financial Liabilities based on Contractual Undiscounted Payments [Line Items]**

<u>Financial obligations</u>	115,092	414,290
<u>Interest</u>	31,769	36,222
<u>Trade and other payables</u>	175,847	231,698
<u>Lease liabilities</u>	986	502

**As of December 31, 2022**

<u>Derivative financial instruments</u>		7,473
<u>3 to 12 months [Member]</u>		

**Schedule of Maturity Profile of the Group's Financial Liabilities based on Contractual Undiscounted Payments [Line Items]**

<u>Financial obligations</u>	269,272	116,818
<u>Interest</u>	57,356	45,282
<u>Trade and other payables</u>	38,439	41,509
<u>Lease liabilities</u>	2,957	1,503

**As of December 31, 2022**

<u>Derivative financial instruments</u>		
<u>1 to 5 years [Member]</u>		

**Schedule of Maturity Profile of the Group's Financial Liabilities based on Contractual Undiscounted Payments [Line Items]**

<u>Financial obligations</u>	625,455	326,544
<u>Interest</u>	231,220	213,427
<u>Trade and other payables</u>		
<u>Lease liabilities</u>	4,186	2,350

**As of December 31, 2022**

<u>Derivative financial instruments</u>		
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[More than 5 years \[Member\]](#)

**[Schedule of Maturity Profile of the Group's Financial Liabilities based on Contractual Undiscounted Payments \[Line Items\]](#)**

<a href="#">Financial obligations</a>	570,000	651,638
<a href="#">Interest</a>	77,643	119,201

[Trade and other payables](#)

[Lease liabilities](#)

**[As of December 31, 2022](#)**

[Derivative financial instruments](#)

**Financial Risk Management,  
Objectives and Policies  
(Details) - Schedule of  
Financial Derivative  
Instruments in the Table  
below are the Gross  
Undiscounted Cash Flows  
S/ in Thousands**

**Dec.  
31,  
2022  
PEN  
(S/)**

**Financial Risk Management, Objectives and Policies (Details) - Schedule of Financial Derivative  
Instruments in the Table below are the Gross Undiscounted Cash Flows [Line Items]**

<u>Inflows</u>	S/ 88,968
<u>Outflows</u>	(1,627)
<u>Net</u>	87,341
<u>Discounted at the applicable interbank rates</u>	86,893

Less than 3 months [Member]

**Financial Risk Management, Objectives and Policies (Details) - Schedule of Financial Derivative  
Instruments in the Table below are the Gross Undiscounted Cash Flows [Line Items]**

<u>Inflows</u>	88,968
<u>Outflows</u>	(1,627)
<u>Net</u>	87,341
<u>Discounted at the applicable interbank rates</u>	86,893

3 to 12 months [[Member]

**Financial Risk Management, Objectives and Policies (Details) - Schedule of Financial Derivative  
Instruments in the Table below are the Gross Undiscounted Cash Flows [Line Items]**

<u>Inflows</u>	
<u>Outflows</u>	
<u>Net</u>	
<u>Discounted at the applicable interbank rates</u>	

1 to 5 years [Member]

**Financial Risk Management, Objectives and Policies (Details) - Schedule of Financial Derivative  
Instruments in the Table below are the Gross Undiscounted Cash Flows [Line Items]**

<u>Inflows</u>	
<u>Outflows</u>	
<u>Net</u>	
<u>Discounted at the applicable interbank rates</u>	

**Financial Risk Management,  
Objectives and Policies  
(Details) - Schedule of  
Changes in Liabilities  
Arising from Financing  
Activities - PEN (S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31,  
2023**      **Dec. 31,  
2022**

[Hedge finance cost payable \[Member\]](#)

**[Schedule of Changes in Liabilities Arising from Financing Activities \[Line Items\]](#)**

<a href="#">Beginning balance</a>	S/ 5,978	S/ 6,213
<a href="#">Finance cost on cross currency swaps</a>	1,730	15,155
<a href="#">Cash outflow</a>	(7,708)	(15,390)
<a href="#">Ending Balance</a>		5,978

[Dividends payable \[Member\]](#)

**[Schedule of Changes in Liabilities Arising from Financing Activities \[Line Items\]](#)**

<a href="#">Beginning balance</a>	9,764	9,550
<a href="#">Distribution of dividends</a>	175,524	179,805
<a href="#">Cash inflow</a>	465	229
<a href="#">Cash outflow</a>	(175,431)	(179,820)
<a href="#">Ending Balance</a>	10,322	9,764

[Interest-bearing loans \[Member\]](#)

**[Schedule of Changes in Liabilities Arising from Financing Activities \[Line Items\]](#)**

<a href="#">Beginning balance</a>	1,593,171	1,545,355
<a href="#">Cash inflow</a>	639,000	525,000
<a href="#">Cash outflow</a>	(661,520)	(448,984)
<a href="#">Movement of foreign currency</a>		(25,407)
<a href="#">Amortization of costs of issuance of senior notes</a>	2,206	(2,793)
<a href="#">Others</a>	169	
<a href="#">Ending Balance</a>	S/ 1,573,026	S/ 1,593,171



Fair Value of Financial Assets and Liabilities (Details)	1 Months Ended	12 Months Ended					
	Feb. 28, 2023 PEN (S/)	Jan. 31, 2021 USD (\$)	Dec. 31, 2023 PEN (S/)	Dec. 31, 2022 PEN (S/)	Dec. 31, 2021 PEN (S/)	Dec. 31, 2022 USD (\$)	Jan. 31, 2021 PEN (S/)
<a href="#">Fair Value of Financial Assets and Liabilities [Line Items]</a>							
<a href="#">Notional amount (in Dollars)   \$</a>						\$ 132,000,000	
<a href="#">Average rate</a>						2.97%	
<a href="#">Hedging instruments for senior notes (in Dollars)   \$</a>						\$ 131,612,000	
<a href="#">Unrealized gain   S/</a>			S/ 2,154,000	S/ 3,838,000	S/ 20,836,000		
<a href="#">Change in fair value of gain   S/</a>				S/ 59,000	S/ 589,000		
<a href="#">Derivative financial instruments at fair value (in Dollars)   \$</a>	\$ 18,000,000						
<a href="#">Profit or loss of the change on fair value amounts   S/</a>							S/ 1,569,000
<a href="#">Cross Currency Swaps [Member]</a>							
<a href="#">Fair Value of Financial Assets and Liabilities [Line Items]</a>							
<a href="#">Underlying relationship amounts (in Dollars)   \$</a>						\$ 388,000	
<a href="#">Gain on currency swaps   S/</a>	S/ 19,000						

**Fair Value of Financial  
Assets and Liabilities  
(Details) - Schedule of fair  
values and fair value  
accounting hierarchy - PEN  
(S/)  
S/ in Thousands**

**Dec. 31,    Dec. 31,  
2023        2022**

**Fair values and fair value accounting hierarchy [Abstract]**

<u>Carrying amount, total financial assets</u>	S/	S/
	233,527	313,974
<u>Fair value, total financial assets</u>	233,527	313,974
<u>Carrying amount, total financial liabilities</u>	1,804,537	1,877,725
<u>Fair value, total financial liabilities</u>	1,695,512	1,739,827
<u>Trade and Other Payables [Member]   Level 2 [Member]</u>		
<b><u>Fair values and fair value accounting hierarchy [Abstract]</u></b>		
<u>Carrying amount, total financial liabilities</u>	231,511	284,554
<u>Fair value, total financial liabilities</u>	231,511	284,554
<u>Senior Notes [Member]   Level 1 [Member]</u>		
<b><u>Fair values and fair value accounting hierarchy [Abstract]</u></b>		
<u>Carrying amount, total financial liabilities</u>	569,192	1,071,781
<u>Fair value, total financial liabilities</u>	532,987	996,156
<u>Promissory Notes [Member]   Level 2 [Member]</u>		
<b><u>Fair values and fair value accounting hierarchy [Abstract]</u></b>		
<u>Carrying amount, total financial liabilities</u>	1,003,834	521,390
<u>Fair value, total financial liabilities</u>	931,014	459,117
<u>Cash and Cash Equivalents [Member]   Level 1 [Member]</u>		
<b><u>Fair values and fair value accounting hierarchy [Abstract]</u></b>		
<u>Carrying amount, total financial assets</u>	90,193	81,773
<u>Fair value, total financial assets</u>	90,193	81,773
<u>Trade and Other Receivables [Member]   Level 2 [Member]</u>		
<b><u>Fair values and fair value accounting hierarchy [Abstract]</u></b>		
<u>Carrying amount, total financial assets</u>	143,085	145,034
<u>Fair value, total financial assets</u>	143,085	145,034
<u>Other Financial Instruments [Member]   Level 2 [Member]</u>		
<b><u>Fair values and fair value accounting hierarchy [Abstract]</u></b>		
<u>Carrying amount, total financial assets</u>		86,893
<u>Fair value, total financial assets</u>		86,893
<u>Financial Investments Designated at Fair Value Through Other Comprehensive Income [Member]   Level 3 [Member]</u>		
<b><u>Fair values and fair value accounting hierarchy [Abstract]</u></b>		
<u>Carrying amount, total financial assets</u>	249	274
<u>Fair value, total financial assets</u>	S/ 249	S/ 274

Segment Information (Details)	12 Months Ended		
	Dec. 31, 2023 PEN (S/)	Dec. 31, 2022 PEN (S/)	Dec. 31, 2021 USD (\$)
<a href="#">Segment Information (Details) [Abstract]</a>			
<a href="#">Financial investment designated at fair value</a>	S/ 249,000	S/ 274,000	\$ 476,000
<a href="#">Fair value of derivative financial instruments</a>		86,893,000	106,601,000
<a href="#">Capital expenditures</a>	S/ 299,326,000	S/ 190,126,000	\$ 97,288,000

**Segment Information  
(Details) - Schedule of  
Transfer Prices Between  
Operating Segments - PEN  
(S/  
S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023    Dec. 31, 2022    Dec. 31, 2021**

Cement, concrete, mortar and blocks [Member]

**Schedule of Transfer Prices Between Operating Segments [Line Items]**

<u>Revenues from external customers</u>	S/	S/	S/
	1,850,238	1,963,826	1,784,487
<u>Gross profit</u>	687,727	647,285	550,816
<u>Administrative expenses</u>	(230,203)	(223,162)	(191,132)
<u>Selling and distribution expenses</u>	(65,542)	(63,971)	(50,223)
<u>Other operating (expense) income, net</u>	(13,813)	(2,964)	6,358
<u>Finance income</u>	7,160	3,252	2,874
<u>Finance cost</u>	(104,045)	(95,102)	(88,961)
<u>Net (loss) gain on (settlement of) derivative financial instruments recognized at fair value through profit or loss</u>	19	(59)	(980)
<u>Impairment of assets</u>	(36,551)		
<u>Net gain (loss) from exchange difference, net</u>	4,932	(1,030)	(6,987)
<u>Profit before income tax</u>	249,684	264,249	221,765
<u>Income tax expense</u>	(78,050)	(86,189)	(70,198)
<u>Profit for the year</u>	171,634	178,060	151,567

Construction supplies [Member]

**Schedule of Transfer Prices Between Operating Segments [Line Items]**

<u>Revenues from external customers</u>	74,096	114,024	113,905
<u>Gross profit</u>	723	3,670	3,501
<u>Administrative expenses</u>	(2,692)	(2,741)	(2,675)
<u>Selling and distribution expenses</u>	(766)	(786)	(703)
<u>Other operating (expense) income, net</u>	3	8	47
<u>Finance income</u>	9	20	17
<u>Finance cost</u>		(3)	(3)
<u>Net (loss) gain on (settlement of) derivative financial instruments recognized at fair value through profit or loss</u>			
<u>Impairment of assets</u>			
<u>Net gain (loss) from exchange difference, net</u>	(6)	5	(30)
<u>Profit before income tax</u>	(2,729)	173	154
<u>Income tax expense</u>	853	(56)	(49)
<u>Profit for the year</u>	(1,876)	117	105

Others [Member]

**Schedule of Transfer Prices Between Operating Segments [Line Items]**

<u>Revenues from external customers</u>	[1] 25,741	37,896	39,375
<u>Gross profit</u>	[1] 1,002	1,076	5,114

<a href="#">Administrative expenses</a>	[1](1,816)	(1,674)	(2,262)
<a href="#">Selling and distribution expenses</a>	[1](517)	(480)	(594)
<a href="#">Other operating (expense) income, net</a>	[1]	(943)	3
<a href="#">Finance income</a>	[1]77	34	
<a href="#">Finance cost</a>	[1]		(1)
<a href="#">Net (loss) gain on (settlement of) derivative financial instruments recognized at fair value through profit or loss</a>	[1]		
<a href="#">Impairment of assets</a>	[1]		
<a href="#">Net gain (loss) from exchange difference, net</a>	[1]7	(15)	(69)
<a href="#">Profit before income tax</a>	[1](1,247)	(2,002)	2,191
<a href="#">Income tax expense</a>	[1]389	653	(693)
<a href="#">Profit for the year</a>	[1](858)	(1,349)	1,498
<b>Total consolidated [Member]</b>			
<b><a href="#">Schedule of Transfer Prices Between Operating Segments [Line Items]</a></b>			
<a href="#">Revenues from external customers</a>	1,950,075	2,115,746	1,937,767
<a href="#">Gross profit</a>	689,452	652,031	559,431
<a href="#">Administrative expenses</a>	(234,711)	(227,577)	(196,069)
<a href="#">Selling and distribution expenses</a>	(66,825)	(65,237)	(51,520)
<a href="#">Other operating (expense) income, net</a>	(13,810)	(3,899)	6,408
<a href="#">Finance income</a>	7,246	3,306	2,891
<a href="#">Finance cost</a>	(104,045)	(95,105)	(88,965)
<a href="#">Net (loss) gain on (settlement of) derivative financial instruments recognized at fair value through profit or loss</a>	19	(59)	(980)
<a href="#">Impairment of assets</a>	(36,551)		
<a href="#">Net gain (loss) from exchange difference, net</a>	4,933	(1,040)	(7,086)
<a href="#">Profit before income tax</a>	245,708	262,420	224,110
<a href="#">Income tax expense</a>	(76,808)	(85,592)	(70,940)
<a href="#">Profit for the year</a>	S/	S/	S/
	168,900	176,828	153,170

[1] The “other” segment includes activities that do not meet the threshold for disclosure under IFRS 8.13 and represent non-material operations of the Group (including brine projects).

**Segment Information**  
**(Details) - Schedule of Non-**  
**Material Operations - PEN**  
**(S/)**  
**S/ in Thousands**

**12 Months Ended**

**Dec. 31, 2023   Dec. 31, 2022   Dec. 31, 2021**

[Cement, concrete and blocks \[Member\]](#)

[Schedule of Non-Material Operations \[Line Items\]](#)

[Segment assets](#)

S/ 3,074,279   S/ 3,086,104   S/  
2,940,888

[Other assets](#)

[1]   86,630   106,280

[Total assets](#)

3,074,279   3,172,734   3,047,168

[Operating liabilities](#)

1,968,133   2,041,923   1,930,140

[Capital expenditure](#)

[2]   299,326   190,126   97,288

[Depreciation and amortization](#)

(137,968)   (133,276)   (128,522)

[Provision of inventory net realizable value and obsolescence](#)

(2,956)   (2,027)   (3,374)

[Construction supplies \[Member\]](#)

[Schedule of Non-Material Operations \[Line Items\]](#)

[Segment assets](#)

46,941   38,353   42,578

[Other assets](#)

[1]   46,941   38,353   42,578

[Total assets](#)

46,941   38,353   42,578

[Operating liabilities](#)

62,907   76,780   75,633

[Capital expenditure](#)

[2]   62,907   76,780   75,633

[Depreciation and amortization](#)

(1,468)   (1,545)   (1,102)

[Provision of inventory net realizable value and obsolescence](#)

[Others \[Member\]](#)

[Schedule of Non-Material Operations \[Line Items\]](#)

[Segment assets](#)

[1]   100,266   102,537   111,229

[Other assets](#)

[1]   249   537   797

[Total assets](#)

[1]   100,515   103,074   112,026

[Operating liabilities](#)

[1]   687   323   194

[Capital expenditure](#)

[1],[2]

[Depreciation and amortization](#)

[1]   (4,759)   (3,718)   (5,943)

[Provision of inventory net realizable value and obsolescence](#)

[1]

[Consolidated \[Member\]](#)

[Schedule of Non-Material Operations \[Line Items\]](#)

[Segment assets](#)

3,221,486   3,226,994   3,094,695

[Other assets](#)

[1]   249   87,167   107,077

[Total assets](#)

3,221,735   3,314,161   3,201,772

[Operating liabilities](#)

2,031,727   2,119,026   2,005,967

[Capital expenditure](#)

[2]   299,326   190,126   97,288

[Depreciation and amortization](#)

(144,195)   (138,539)   (135,567)

Provision of inventory net realizable value and obsolescence

S/ (2,956)

S/ (2,027)

S/ (3,374)

- [1] As of December 31, 2023, corresponds to the financial investment designated at fair value through OCI for S/249,000. As of December 31, 2022, corresponds to the financial investment designated at fair value through OCI for approximately S/274,000 and the fair value of derivative financial instruments (“cross currency swap”) for S/86,893,000. As of December 31, 2021, corresponds to the financial investment designated at fair value through OCI for approximately S/476,000 and the fair value of derivative financial instruments (“cross currency swap”) for S/106,601,000. The fair value of derivative financial instruments of hedging is allocated to the segment of cement, and the financial investment designated at fair value through OCI and fair value of derivative financial instrument at fair value through profit or loss are not assigned to any segment.
- [2] Capital expenditure consists of S/299,326,000, S/190,126,000 and S/97,288,000 during the years ended as of December 31, 2023, 2022 and 2021, respectively, and are related to additions of property, plant and equipment, intangible and other minor non-current assets.



















































