Translation of consolidated financial statements originally issued in Spanish – See note 33 to the consolidated financial statements

Ferreycorp S.A.A. and Subsidiaries

Consolidated financial statements as of December 31, 2024 and 2023 together with Independent auditors' report

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C o (s lite)
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an q

Shape the future with confidence

Translation of consolidated financial statements originally issued in Spanish – See note 33 to the consolidated financial statements

Ferreycorp S.A.A. and Subsidiaries

Consolidated financial statements as of December 31, 2024 and 2023 together with Independent auditors' report

Content

Translation of consolidated financial statements originally issued in Spanish – See note 33 to the consolidated financial statements

Independent Auditor's report

To the Shareholders of Ferreycorp S.A.A. and Subsidiaries

Opinion

We have audited the consolidated financial statements of Ferreycorp S.A.A. and Subsidiaries (hereinafter "the Group"), which comprise the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, December 2024, as well as its consolidated financial performance and its cash flows for the year then ended, in accordance with IFRS accounting standards.

Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) approved for its application in Peru by the Board of Deans of Peruvian Public Accounting Associations. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Peru, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Translation of consolidated financial statements originally issued in Spanish – See note 33 to the consolidated financial statements

Independent Auditor's report (continued)

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	Audit Response
Revenue Recognition The Group maintains a long-term contract, agreement with multiple elements (MARC), by which it undertakes to provide a maintenance service at all costs of its client's machinery and equipment. Revenue is recognized progressively based on the percentage of completion method. This method is measured by reference to costs incurred to date as a percentage of total estimated costs. The accounting policy on revenue recognition together with significant estimates and assumptions are described in notes 3.3(n) and 3.4 of the consolidated financial statements. During 2024, the Group recognized S/365.1 million in revenues related to this contract. We consider this area as a key audit matter because the determination of estimated costs over the life of the contract is a significant	Our audit procedures on revenue recognition on this contract were aimed at obtaining an understanding of the process, for which we reviewed the revenue policies, evaluated the design and the accuracy of the underlying data used by management to determine the estimate. Our detailed substantive audit procedures included, among others: (i) Evaluation of the initial estimated costs, as determined by Management, and review of key components of the total estimated cost of the contract, including labor and replacement parts. (ii) Review of significant variances in estimated costs compared to costs incurred in the current period to assess management's ability in estimating costs to complete contract agreements as of the closing date of the financial statements.

Translation of consolidated financial statements originally issued in Spanish – See note 33 to the consolidated financial statements

Independent Auditor's report (continued)

Key audit matter	Audit Response
judgment that could have a significant impact on margin and revenue recognition. These significant judgments are related to labor, materials and estimated overhead costs for the future performance of the contract, the subjectivity of which depends on the complexity and progress of the service at the closing date of the financial statements.	We also evaluate the disclosure of the Group's accounting policy for revenue recognition for service contracts as well as significant accounting estimates and assumptions related to such estimate in the consolidated financial statements.
Impairment of goodwill The goodwill registered by the Group comes from the difference between the estimated market value of the net assets acquired from the subsidiaries of Ferreycorp S.A.A. and the price paid for the assets, as described in note 3.3(a) and 11(b) to the financial statements. As of December 31, 2024, goodwill amounted to S/155,843, which represents 2.3 percent of total assets. Annually, Group Management must perform tests in order to identify any indication of permanent impairment and, if necessary, recognize a decrease in assets. Determining its recoverable amount is complex and usually requires a high level of judgement. The most significant judgments arise on the projected or future cash flows, the discount rate and the growth rate applied in the estimation of the value in use. Due to the factors mentioned above, the evaluation of goodwill for impairment is considered a key audit matter.	Our goodwill impairment assessment audit efforts focused on gaining an understanding of the value-in-use estimation process and we engaged valuation specialists to help us: (i) Evaluate the methodology and reasonableness of the assumptions used by the Group's Management, such as; the discount rate and growth rates used in the analysis of the impairment valuation model carried out by the Company. (ii) Raise awareness of the assumptions and verification of the financial projections used. (iii) Consider the historical performance and analysis of comparable as procedures to verify the existence of evidence contrary to what is used by the Company. In addition, we have made inquiries with key management about possible modifications or changes in the estimation model.

Translation of consolidated financial statements originally issued in Spanish – See note 33 to the consolidated financial statements

Independent Auditor's report (continued)

Other information included in the Group's 2024 Annual Report

Management is responsible for other information. Other information includes the Annual Report but does not include the consolidated financial statements or our audit report which is expected to be available after the date of this audit report.

Our opinion on the consolidated financial statements does not cover other information and we do not express any form of conclusion that provides a degree of assurance about it.

In connection with our audit of the consolidated financial statements, it is our responsibility to read the other information and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge gained in the audit or whether it otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the identified matter to those charged with governance of the Group.

We have read the other information and have nothing to report in this regard.

Responsibilities of the Company's management and those charged with corporate governance in relation to the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for the internal control that management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing as appropriate matters relating to the going concern and using the going concern basis of account, unless management intends to liquidate the Group or cease operations, or has no realistic alternative but to do so.

Those charged with governance of the Group are responsible for overseeing the Group's financial reporting process.

Independent Auditor's report (continued)

Auditor's responsibilities in relation to the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with ISAs approved for application in Peru will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make based on the consolidated financial statements.

As part of an audit in accordance with the International Auditing Standards (ISA) approved for its application in Peru by the Board of Deans of the Associations of Public Accountants of Peru, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Translation of consolidated financial statements originally issued in Spanish – See note 33 to the consolidated financial statements

Independent Auditor's report (continued)

We communicate to those charged with governance of the Group, among other matters, the planned scope and timing of the audit, significant audit findings, as well as any significant deficiencies in internal control identified during the audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lima, Peru
February 24, 2025

Countersigned by:

TANAKA, VALDIVIA & ASOCIADOS

Carlos Valdivia
Partner in charge
C.P.C.C. Registration No. 27255

Ferreycorp S.A.A. and Subsidiaries

Consolidated Statement of Financial Position

As of December 31, 2024 and December 31, 2023

	Notes	2024 S/(000)	2023 S/(000)
Current asset			
Cash and cash equivalents	5	248,259	219,097
Trade receivables, net	6	1,159,227	1,344,509
Other current assets	7	214,019	199,757
Inventories	8	2,519,944	2,256,442
Expenses paid in advance		32,057	33,991
		4,173,506	4,053,796
Non-current assets held for sale		792	2,777
Total current assets		4,174,298	4,056,573
Non-current assets			
Long-term trade receivables	6	27,077	36,798
Other non-current assets	7	23,241	40,089
Investments in joint venture and associates	9	34,341	23,318
Property, machinery and equipment	10	2,079,268	1,825,623
Intangibles assets, net	11(a)	181,280	208,761
Goodwill	11(b)	155,843	156,459
Deferred income tax asset, net	16	192,513	177,253
Total non-current assets		2,693,563	2,468,301
Total assets		6,867,861	6,524,874

	Notes	2024 S/(000)	2023 S/(000)
Current liabilities			
Financial obligations	12	1,326,943	1,563,124
Lease liabilities	13	20,694	26,843
Trade payables	14	670,519	791,976
Other liabilities	15	710,365	553,115
Income tax liability		15,714	23,486
Total current liabilities		2,744,235	2,958,544
Non-current liabilities			
Financial obligations	12	1,006,621	752,004
Lease liabilities	13	44,492	16,281
Other long-term liabilities	15	2,177	1,654
Deferred income tax liability, net	16	136,482	129,014
Deferred income		727	2,656
Total non-current liabilities		1,190,499	901,609
Total Liabilities		3,934,734	3,860,153
Equity	17		
Issued capital		946,063	946,063
Treasury shares		-	(12,311)
Additional capital		52,405	27,743
Legal reserve		211,631	211,631
Other reserves		344,091	341,150
Retained earnings		1,378,937	1,150,445
Equity attributable to equity holders of the parent		2,933,127	2,664,721
Non-controlling interest		-	-
Total Equity		2,933,127	2,664,721
Total liabilities and equity		6,867,861	6,524,874

The accompanying notes to the consolidated financial statements are an integral part of this statement.

Ferreycorp S.A.A. and Subsidiaries

Consolidated Statement of Income

As of December 31, 2024 and December 31, 2023

	Note	2024 S/(000)	2023 S/(000)
Operating revenues	18	7,582,216	6,941,855
Other operating income		764	2,656
Total operating income		7,582,980	6,944,511
Cost of sales	18	(5,586,671)	(5,137,031)
Gross profit		1,996,309	1,807,480
Selling expenses	19	(776,862)	(739,825)
Administrative expenses	20	(381,361)	(375,528)
Other income and expenses, net		17,241	7,916
Operating profit		855,327	700,043
Participation in net results in joint venture and associates	9(b)	2,689	2,617
Financial income	22	39,066	31,794
Financial expenses	23	(126,844)	(109,838)
Exchange difference, net	29(c)	(43,040)	29,066
Profit before income tax		727,198	653,682
Income tax expense	16	(239,871)	(221,730)
Profit for the year of continuing operations		487,327	431,952
Discontinued operations	27		
Profit for the year after tax from discontinued operations		1,476	1,899
Net income for the year		488,803	433,851
Earnings per share			
Basic and diluted net earnings per share (in soles)	24	0.520	0.461
Earnings per share from continuing operations			
Basic and diluted net earnings per share (in soles)		0.518	0.459

The accompanying notes to the consolidated financial statements are an integral part of this statement.

Translation of consolidated financial statements originally issued in Spanish – See note 33 to the consolidated financial statements

Ferreycorp S.A.A. and Subsidiaries

Consolidated Statement of Comprehensive Income

As of December 31, 2024 and December 31, 2023

	2024 S/(000)	2023 S/(000)
Profit of the year	488,803	433,851
Exchange differences on translation of subsidiaries	6,036	(10,128)
Other comprehensive income	(3,095)	9,976
Other comprehensive results of the year	2,941	(152)
Comprehensive results for the year	491,744	433,699

The accompanying notes to the consolidated financial statements are an integral part of this statement.

Ferreycorp S.A.A. and Subsidiaries

Consolidated statement of changes in equity
As of December 31, 2024 and December 31, 2023

			Equity attributable to equity holders of the parent												
							Other reserves								
	Note	Number of shares outstanding	Issued capital S/(000)	Treasury shares S/(000)	Additional capital S/(000)	Legal reserve S/(000)	Revaluation S/(000)	Unrealized results S/(000)	Cumulative translation reserve S/(000)	Other reserves S/(000)	Total other reserves S/(000)	Retained earnings S/(000)	Equity attributable to equity holders of the parent S/(000)	Non-controlling interest S/(000)	Total equity S/(000)
Balances as of January 1, 2023		944,959	946,063	(1,104)	42,521	211,631	251,966	(2,634)	70,940	30,416	350,688	938,538	2,488,337	-	2,488,337
Profit of the year		-	-	-	-	-	-	-	-	-	-	433,851	433,851	-	433,851
Other comprehensive results of the year:															
- Exchange difference on translation	17(e)	-	-	-	-	-	-	-	(10,128)	-	(10,128)	-	(10,128)	-	(10,128)
- Revaluation surplus		-	-	-	-	-	9,976	-	-	-	9,976	-	9,976	-	9,976
- Other comprehensive results		-	-	-	-	-	(9,385)	-	-	-	(9,385)	9,385	-	-	-
Comprehensive result for the year		-	-	-	-	-	591	-	(10,128)	-	(9,537)	443,236	433,699	-	433,699
Transactions with shareholders:															
- Distribution of dividends	17(f)	-	-	-	-	-	-	-	-	-	-	(231,328)	(231,328)	-	(231,328)
- Amortization of shares in treasury	17(b)	(11,207)	-	(11,207)	(14,778)	-	-	-	-	-	-	-	(25,985)	-	(25,985)
-Other		-	-	-	-	-	-	-	-	(1)	(1)	(1)	(2)	-	(2)
Balances as of December 31, 2023		933,752	946,063	(12,311)	27,743	211,631	252,557	(2,634)	60,812	30,415	341,150	1,150,445	2,664,721	-	2,664,721
Profit of the year		-	-	-	-	-	-	-	-	-	-	488,803	488,803	-	488,803
Other comprehensive results of the year:															
- Exchange difference on translation	17(e)	-	-	-	-	-	-	-	6,036	-	6,036	-	6,036	-	6,036
- Other comprehensive results		-	-	-	-	-	(3,095)	-	-	-	(3,095)	-	(3,095)	-	(3,095)
Comprehensive result for the year		-	-	-	-	-	(3,095)	-	6,036	-	2,941	488,803	491,744	-	491,744
Transactions with shareholders:															
- Distribution of dividends	17(f)	-	-	-	-	-	-	-	-	-	-	(260,311)	(260,311)	-	(260,311)
- Sale of treasury shares	17(b)	12,311	-	12,311	24,662	-	-	-	-	-	-	-	36,973	-	36,973
Balances as of December 31, 2024		946,063	946,063	-	52,405	211,631	249,462	(2,634)	66,848	30,415	344,091	1,378,937	2,933,127	-	2,933,127

The accompanying notes to the consolidated financial statements are an integral part of this statement.

Translation of consolidated financial statements originally issued in Spanish – See note 33 to the consolidated financial statements

Ferreycorp S.A.A. and Subsidiaries

Consolidated Statement of Cash Flows
As of December 31, 2024 and December 31, 2023

	Note	2024 S/(000)	2023 S/(000)
Operating activities			
Collections from customers and third parties		7,983,056	6,817,214
Payments to suppliers		(5,737,012)	(5,327,942)
Payments to workers and others		(895,754)	(861,677)
Income tax payments		(302,555)	(262,848)
Net cash from operating activities		1,047,735	364,747
Investment activities			
Acquisition of property, machinery and equipment	10(a)	(589,483)	(168,537)
Acquisition of investment in associate	2 (c) and 9	(8,334)	-
Acquisition of intangibles	11(a)	(5,545)	(10,506)
Sale of investments		-	35
Sale of property, machinery and equipment		4,727	4,532
Net cash used in investing activities		(598,635)	(174,476)
Financial activities			
Obtaining financial obligations	28	4,667,991	2,575,563
Payment of financial obligations	28	(4,684,967)	(2,307,711)
Lease liability payment	28	(38,823)	(50,085)
Interest paid	28	(114,487)	(107,187)
Payment of dividends	17(f)	(260,311)	(231,327)
Sale (purchase) of treasury shares	17(b)	36,973	(25,394)
Net cash used in financing activities		(393,624)	(146,141)
Net increase in cash and cash equivalents		55,476	44,130
Exchange difference in cash and cash equivalents		(26,314)	(17,048)
Balance of cash and cash equivalents at the beginning of the year		219,097	192,015
Balance of cash and cash equivalents at the end of the year		248,259	219,097
Transactions that did not generate cash flows			
Right-of-use assets - IFRS 16	10	57,302	18,757
Transfer from fixed asset to inventory	10	232,760	180,194

The accompanying notes to the consolidated financial statements are an integral part of this statement.

1. **Identification and business activity**

(a) Identification –

Ferreycorp S.A.A. (hereinafter, "the Parent Company" or "the Company") was incorporated in the city of Lima in September 1922 and is the holding entity of a group of companies operating in Peru and abroad, called "Ferreycorp Group", coordinating its policies and administration. The Ferreycorp Group ("the Group"), through its subsidiaries, is mainly engaged in the import and sale of machinery, engines, components and spare parts, the rental of machinery and equipment, and the provision of workshop and field services, as well as the provision of related services. To this end, the Group is an authorized representative to distribute Caterpillar brand products in Peru and other international brands.

The legal domicile of the Group, where its administrative offices are located, is Avenida Cristóbal de Peralta Norte No.820, Surco, Lima, Peru.

(b) Distribution contracts -

On April 13, 2012, the Ferreycorp Group, through its subsidiary Ferreyros S.A., signed the update of two non-exclusive distribution agreements for Caterpillar products in Peru with Caterpillar S.A.R.L. (Dutch Limited Partnership), represented by Caterpillar Americas C.V. (hereinafter "CAT"). The "Sales & Services Agreement" and "Distribution Agreement for Engine, Parts and Services" contracts, referring to the sale of machinery called "Prime" and the sale of engines, spare parts and services, respectively, are of indefinite term. For more than 75 years, the Ferreycorp Group has been marketing the entire line of machinery and spare parts, providing the factory warranty and providing after-sales services (preventive maintenance and repair). The Group's Management expects that the business relationship will continue to be maintained in the long term.

(c) Approval of Consolidated Financial Statements -

The consolidated financial statements as of December 31, 2024 have been issued with the authorization of the Company's Management and the Audit Committee on February 24, 2025 and approved by the Board of Directors on the same date, and will then be presented for consideration by the General Shareholders' Meeting to be held in the first quarter of 2025. for final approval.

The consolidated financial statements as of December 31, 2023 were approved by the Board of Directors on February 28, 2024 and by the General Shareholders' Meeting held on March 27, 2024.

2. Identifying the Group Structure

As of December 31, 2024 and 2023, the consolidated financial statements comprise the financial statements of Ferreycorp S.A.A., the subsidiaries in which it has control and an investment in a joint venture. The Group owns 100 percent of the stake in the subsidiaries, either through the Parent or other subsidiaries. The following are the main data of the companies that are part of consolidated financial statements as of December 31, 2024 and 2023, before the eliminations made for consolidation purposes:

		Percentage of Participation		Total Assets		Total Liabilities		Total Net Equity		Net Profit (Loss)	
		2024 %	2023 %	2024 S/000	2023 S/000	2024 S/000	2023 S/000	2024 S/000	2023 S/000	2024 S/000	2023 S/000
Ferreyros S.A.	Purchase and sale of machinery and spare parts and delivery of workshop services	99.99	99.99	4,307,173	3,909,713	2,937,876	2,574,768	1,369,297	1,334,945	490,148	455,796
Inti Inversiones Interamericanas Corp. and subsidiaries (a)	Holding company that groups the business in Central America	100.00	100.00	683,388	728,306	334,454	393,830	348,934	334,476	23,706	23,548
Unimaq S.A.	Purchase and sale of machinery and spare parts and delivery of workshop services	99.99	99.99	555,003	519,591	410,580	393,496	144,423	126,095	18,328	6,432
Trex Latin America SpA & Subsidiaries (b)	Holding company that groups the business in South America	100.00	100.00	341,373	441,897	300,951	425,172	40,422	16,725	(41,455)	(55,286)
Fargoline S.A.	Storage Services	99.91	99.91	149,897	115,626	108,726	74,226	41,171	41,400	3,971	4,200
Motored S.A. (in liquidation) (d)	Purchase and sale of automotive line, spare parts and delivery of automotive services	99.99	99.99	7,827	19,068	868	13,586	6,959	5,482	1,476	1,899
Orvisa S.A. and subsidiaries	Purchase and sale of machinery and spare parts and delivery of workshop services	99.37	99.37	153,947	143,134	113,992	104,261	39,955	38,873	1,114	(1,424)
Soltrak S.A.	Representative and distributor of tires, lubricants and safety equipment	99.99	99.99	217,137	202,467	151,605	137,093	65,532	65,374	158	(4,586)
Cresko S.A.	Purchase and sale of machinery, equipment and chemical supplies	99.99	99.99	1,002	1,006	-	-	1,002	1,006	(4)	(106)
Vixora S.A.(c)	Marketing of technology-related software and equipment	99.98	99.98	36,984	25,502	19,869	8,940	17,115	16,562	535	1,598
Forbis Logistics S.A.	Freight Forwarder	99.98	99.98	24,787	26,328	19,792	21,435	4,995	4,893	5,674	5,926
Xpedite Procurement Services S.A.C.	Wholesale and non-specialist retail	90.00	90.00	28,214	4,684	25,035	2,362	3,179	2,322	896	686

(a) This holding entity controls the subsidiaries in Central America and North America, which are: Compañía General de Equipos S.A. (El Salvador), Corporación General de Tractores S.A. (Guatemala), General Equipment Company (Belize), Mercado Centroamericano de Lubricantes S.A. in liquidation (Nicaragua), Forbis Logistics Corp. (United States of America) and Transportes Pesados S.A. de C.V. (El Salvador). These subsidiaries are dedicated to the purchase and sale of machinery, automobiles, spare parts and the delivery of workshop services.

(b) This holding entity controls the subsidiaries in South America, which are: Trex Latinoamérica SpA and its subsidiary Equipos y Servicios Trex SpA (both domiciled in Chile) and Trex Overseas Investments S.A. (domiciled in Chile) and its subsidiary domiciled in Colombia.

(c) As of December 31, 2024, the Group entered into the share purchase agreement through its subsidiary Vixora S.A., where it acquired 20 percent of the shares of the company Torsa Sistemas SL domiciled in Spain, for EUR 2,000,000 (equivalent to S/8,334,000).

(d) During 2021, the Company capitalized debts of the subsidiary Motored, to absorb its operating losses of S/25,099,000. On September 29, 2021, the Group's Management made the decision to discontinue the operation of Motored, see note 27.

(e) The Group has a joint venture for the 50 percent investment in Ferrenergy S.A., an entity jointly controlled through the subsidiary Ferreyros S.A., through an agreement signed with SoEnergy International Corporation, which is engaged in the generation and provision of electric power supply services. The Group's investment in its joint venture is accounted for using the equity method. Under this method, the investment in your joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's interest in the net assets of the joint venture since the date of the acquisition. As of December 31, 2024, the value of said investment by the equity method and its effect (gain) on the consolidated results for the year amounted to S/25,185,000 and S/2,008,000 respectively (S/23,178,000 and S/2,617,000, respectively, as of December 31, 2023).

3. Basis of preparation and summary of main accounting policies

The main accounting policies applied in the preparation of the consolidated financial statements are detailed below. These policies have been applied uniformly in all the years presented, unless otherwise indicated.

3.1 Basis for the preparation and presentation of the consolidated financial statements -

The Company's consolidated financial statements have been prepared in accordance with IFRS accounting standards issued by the International Accounting Standards Board (IASB).

The information contained in these consolidated financial statements is the responsibility of the Group's Management, which expressly confirms that all the principles and criteria contemplated in the IFRS issued by the IASB have been applied in their preparation.

The consolidated financial statements have been prepared on the basis of historical cost, based on the accounting records maintained by the Group, except for land, on which the fair value policy applies, see note 3.3(g). Consolidated financial statements are presented in thousands of soles (under the heading of S/000), except when a different monetary expression is indicated.

The Group has prepared its consolidated financial statements on a going concern basis

The accounting policies adopted by the Group are consistent with those applied in previous years.

3.2 Basis of consolidation -

The consolidated financial statements include the financial statements of the Group and those of the subsidiaries in which it controls, for all the years presented. Control is obtained when the Group is exposed to, or entitled to, variable returns from its stake in the entity in which it invests and has the ability to influence such returns through its power over that entity. The Group controls an entity if and only if it has:

- Power over the entity; that is, he has rights that grant him the present capacity to direct the relevant activities of the same,
- Exposure or rights to variable returns from their participation in the entity, and,
- Ability to use their power over the entity to significantly affect their returns.

The Group assesses whether or not it has control over an entity when the facts and circumstances indicate that there are changes in any of the elements of control. The consolidation of a subsidiary begins when the Group gains control of it and ceases to be consolidated from the date on which such control ceases. The consolidated financial statements include the assets, liabilities, income and expenses of the Group and its subsidiaries.

The result of the period and each component of other comprehensive income are attributed to the owners of the Parent and to shareholders who do not control (minority interest), even if this results in a minority interest with a negative balance. Where necessary, adjustments are made to the financial statements of the subsidiaries to align their accounting policies with the policies adopted by the Group. All assets and liabilities, equity, income, expenses and cash flows related to transactions between members of the Group are eliminated in consolidation.

A change in the participation of a subsidiary, without loss of control, is accounted for as an equity transaction.

3.3 Summary of material accounting policies -

(a) Business combinations and goodwill -

Business combinations are accounted for using the purchase method. Combinations can occur through the purchase of a separate entity or a group of assets and liabilities that qualify as a business. In the latter case, the cost of the purchase corresponds to the consideration transferred, measured at its fair value at the date of purchase. Acquisition costs incurred are expensed as incurred and presented as administrative expenses in the consolidated statement of income.

Goodwill is initially measured at cost, which is the excess of the consideration transferred over the fair value of the identifiable net assets acquired.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For purposes of performing the impairment test, goodwill acquired in a business combination is, as of the acquisition date, attributed to each of the Group's cash-generating units (CGU) that are expected to benefit from the business combination, regardless of whether other assets or liabilities of the acquiree have been distributed to these units.

If the goodwill has been distributed to a CGU and part of the assets with which said unit operates are sold or written off, the goodwill and the assets disposed of are included in the book value of the transaction when determining the result. of said transaction. Under these circumstances, the goodwill to be decreased is measured based on the relative value of the assets disposed of and the portion of the cash-generating unit retained. Goodwill is presented in these financial statements as a result of a business purchase made in previous years, resulting from the acquisition of various assets that qualified as a business.

Goodwill impairment is determined by evaluating the recoverable amount for each CGU (or group of CGUs) to which it is related. When the recoverable amount of the CGU is less than the book value, an impairment loss is recognized. Impairment losses related to goodwill cannot be reversed in future periods.

(b) Investment in joint venture -

Joint agreements are contracts in which two or more participants share control of the activity undertaken, which is called joint control. A joint venture is a type of arrangement whereby the parties that have joint control of the arrangement are entitled to the net assets of the arrangement. Joint control is the distribution of control contractually decided for a joint arrangement and that exists only when decisions about the relevant activities thereof require the unanimous consent of the parties that share control. As a result of the assessment of their joint arrangement, the Group has determined that it has a joint venture.

The Group's investments in its joint venture are accounted for using the equity method. Under this method, the investment in your joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of the net assets of its joint venture since the acquisition date.

The consolidated statement of income reflects the Group's participation in the results of the operations of its joint venture, after the effects of the adjustments made at the time of its purchase. Any change in 'other comprehensive income' of its joint venture is presented as 'other comprehensive income' of the Group. In addition, if there were changes recognized directly in the equity of the joint venture, the Group would recognize its participation in any of these changes, as appropriate, in the consolidated statement of changes in the equity of the Group.

When the participation in these investments exceeds the amount of the investment, the Group stops recognizing those losses unless it has the obligation to assume them.

The Group's participation in the results of its joint venture is presented in the caption "Share in the net results of the joint venture" of the consolidated income statement.

The financial statements of the joint venture are prepared for the same information period as that of the Company. If necessary, appropriate adjustments are made to bring its accounting policies into line with the Company's accounting policies.

(c) Financial Instruments: Recognition and Measurement -

(c.1) Financial Assets - Classification and Initial Measurement -

The Group classifies its financial assets in the following measurement categories:

- Measured at fair value (either through other comprehensive income or through results), and
- Measured at amortized cost.

The classification depends on the Group's business model for the management of its financial assets and whether the contractual terms represent only principal and interest payments.

At the time of initial recognition, financial assets are measured at fair value plus, in the case of a financial asset other than fair value through profit or loss (VRearnings), transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are recognized in the consolidated statement of income.

Subsequent measurement of debt instruments -
The subsequent measurement of debt instruments depends on the business model that the Group has established for the management of the asset and the characteristics of the cash flows derived from the asset. There are three measurement categories with which the Company classifies its debt instruments:

(i) Assets at amortized cost -
Assets held for the collection of contractual cash flows, provided that these cash flows represent only payments of principal and interest, are measured at amortized cost. Interest income generated by these financial assets is recognized as financial income using the effective interest rate method. Any gain or loss arising from the derecognition of this type of financial asset is recognized directly in results. Impairment losses are presented as a separate line item in the consolidated statement of income.

(ii) Assets at fair value through other comprehensive income -
Financial assets whose business model is mixed, that is, financial assets that are held both to collect their contractual cash flows and for sale and if their cash flows correspond solely to payments of principal and interest, are measured at fair value at through other comprehensive income (VR-ORI). Changes in the book value are recognized in other comprehensive income (through OCI), except for the recognition of losses (or reversal of losses) due to impairment, interest income and gains and losses due to exchange differences that are recognized in results. When the financial asset is derecognized, the accumulated gain or loss recognized in OCI is reclassified from equity to results and presented in the caption "Other income and expenses, net". Interests generated by these financial assets is recognized as financial income using the effective interest method. Gains or losses from exchange differences are recognized in income under the caption "Other income and expenses, net" and impairment losses are also recognized in income and presented in a separate line item in the consolidated statement of income.

(iii) Assets at fair value through profit or loss -
Assets that do not meet the criteria to use amortized cost or FV-ORI are measured at fair value through profit or loss. Changes in the fair value of

debt instruments in this category are recognized in income as "Other income and expenses, net".

The Group reclassifies debt instruments when its business model for managing these assets changes.

Impairment of value of financial assets -
The Group evaluates, with a future perspective, the expected credit losses associated with debt instruments measured at amortized cost and at FV-ORI. The methodology applied to determine impairment depends on whether the credit risk of an asset has experienced a significant increase.

For trade receivables, the main account measured at amortized cost, the Group applies the simplified approach allowed by IFRS 9, which requires estimating the credit loss of the account for the total duration of the instrument and recognizing it from its initial recording, based on in a provision matrix, directly in the results of the period (see note 29(c.1) on financial risk management for further details); additionally, to measure expected credit losses, accounts receivable are grouped based on shared credit risk characteristics and days past due.

(c.2) Financial Liabilities - Initial Recognition and Measurement -
The Group classifies its financial liabilities, for measurement purposes, at amortized cost. As an exception, in appropriate cases, they are classified to be measured at fair value through results. Management determines the classification of its financial liabilities at the time of initial recognition.

Financial liabilities are recognized when the Group is a party to the contractual agreements of the instrument. All financial liabilities are initially recognized at fair value, deducting, in the case of financial liabilities carried at amortized cost, the incremental costs that are directly attributed to the purchase or issue of the liability.

As of December 31, 2024 and 2023, the Group only presents liabilities measured at amortized cost, which include financial obligations, lease liabilities, trade payables, accounts payable to related parties and other liabilities.

Subsequent measurement -
After initial recognition, when the effect of the time value of money is significant, financial liabilities are measured at amortized cost using the effective interest rate method. The amortized cost is calculated considering any discount or premium in the issuance and the costs that are an integral part of the effective interest rate.

Financial liabilities are classified as short-term obligations unless the Group has the irrevocable right to defer the agreement of the obligations for more than twelve months after the date of the consolidated financial statements.

Derecognition -
A financial liability, or when applicable, a part of a financial liability or a part of a group of similar financial liabilities, is written off when the obligation specified in the corresponding contract has been paid or canceled or has expired. When an existing financial liability is replaced by another from the same creditor under substantially different conditions, or if the conditions of an existing liability are substantially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized directly in income.

(c.3) Compensation of financial instruments -
The financial assets and liabilities that are subject to compensation are presented net in the consolidated statement of financial position, only if there is a legally enforceable right to offset the recognized amounts, and there is the intention to settle them for the net amount, or to carry out the assets and pay off liabilities simultaneously.

(d) Foreign currency transactions -
Functional currency and presentation currency -
The items included in the Group's consolidated financial statements are expressed in soles, which in turn is the currency of the primary economic environment where the Company operates (functional currency).

The consolidated financial statements are presented in soles, which is the Group's functional and presentation currency.

Each subsidiary determines its functional currency and prepares its financial statements in that functional currency. The Group concluded in all its subsidiaries that the economic characteristics determine that the local currency of their country of origin corresponds to their functional currency. Due to this, the financial statements of subsidiaries with a functional currency other than that of the Parent Company are converted by applying the criteria described below.

Balances or transactions in foreign currency -
Balances or transactions in foreign currency are considered to be those carried out in a currency other than the functional currency. Foreign currency transactions are initially recorded in the functional currency using the exchange rates prevailing on the dates of the transactions in which they initially qualified for recognition.

Subsequently, the monetary assets and liabilities denominated in foreign currency are translated at the exchange rate on their settlement date or, if payment remains pending, on the closing date. The exchange differences generated by the translation of items in foreign currency are recognized in income, under the caption "Exchange difference, net". Non-monetary assets and liabilities acquired in foreign currency are translated at the exchange rate on the date of the initial transactions and are not remeasured.

Translation to presentation currency -
The consolidated financial statements have been prepared to present the activity of the Holding Company and its subsidiaries in a grouped manner, defining that the sol (the functional currency of the Holding Company) is the presentation currency of the Group. The balances of the financial statements of the subsidiaries that operate in countries whose functional currency is other than the sol were converted using the methodology established in IAS 21, "Effects of variations in foreign currency exchange rates", which is summarized next:

(i) The balances of assets and liabilities have been translated using the closing exchange rates at the date of each consolidated statement of financial position presented.

(iii) Income and expenses have been converted using the average monthly exchange rate that approximates the exchange rates on the date of recording of said transactions.

(iii) The differences resulting from the translation have been recognized as part of 'other comprehensive income' and presented in the consolidated statement of financial position under the heading “Other equity reserves”.

(e) Cash and cash equivalents -
For purposes of preparing and presenting the statement of cash flows under the direct method, cash and cash equivalents include cash available in fixed funds, checking accounts, and deposits in banks with an original maturity of less than 90 days. Such accounts are not subject to significant risk of changes in value.

(f) Inventories -

Inventories are measured at cost or net realizable value, whichever is lower. The cost is determined following the specific identification method, except spare parts that are recorded by the weighted average cost method. The cost of workshop services in process includes the costs of mechanical and repair workshop services. The net realizable value is the estimated sale price of an asset in the normal course of business, net of discounts and other costs and expenses incurred to put the inventories in a condition for sale and to market them.

The estimate of the net realizable value takes into account any depreciation that is observed on the inventories. To this end, the Group analyses, at each closing date, the conditions and rotation of inventories. In the case of spare parts and components that do not move, a provision is recognized based on an analysis by the Supply Chain Management, who determines the impaired value. This loss is recorded directly in results under the headings "Cost of sales" and "Sales expenses".

(g) Property, machinery, and equipment -

Property, machinery, and equipment, except land, are presented at cost, net of accumulated depreciation and, if applicable, of accumulated impairment losses. This cost includes the cost of replacing components of property, machinery and equipment. For significant components of property, plant and equipment that must be replaced periodically, the replaced component is written off and the new component is recognized with its corresponding useful life and depreciation.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that they will generate future economic benefits for the Group, and the cost of these assets can be measured reliably. Disbursements for ordinary maintenance and repairs are recognized in income as they are incurred.

The land is measured at its revaluation value (fair value), using appraisals carried out every two to three years by an independent expert appraiser, to ensure that the fair value does not differ materially from its carrying amount. When the variations in the fair value are not significant, the revaluations will be made every three or five years. As of December 31, 2024 and 2023, the variations in the fair value of the land have not been significant, so it has not been necessary to modify its book value.

Any increase due to revaluation is recognized in the consolidated statement of comprehensive income and is accumulated in consolidated equity under "Other equity reserves" for revaluation of assets in equity and in the consolidated statement of comprehensive income, unless such increase corresponds to the reversal of a revaluation decrease of the same asset previously recognized in the consolidated statement of income, in which case that increase is recognized in income. A revaluation decrease is recognized in the consolidated statement of income, except to the extent that such decrease offsets a revaluation increase of the same asset previously recognized in the asset revaluation reserve. At the time of the sale of the revalued asset, any revaluation reserves related to that asset are transferred to retained earnings.

The land does not depreciate. The depreciation of other assets is calculated on a straight-line basis over the estimated useful lives in years of the assets or based on machine-hours (h/m) used, in the terms shown below:

	Term
Buildings and other constructions:	
Structural work	between 30 and 80
Finishes and complementary works	between 15 and 20
Installations	between 5 and 10
Machinery and equipment	between 3 and 5
Rental machinery and equipment	m/h used
Transport units	5
Furniture and fixtures	between 3 and 10

Residual values, useful lives, and depreciation methods and rates of assets are reviewed at each annual closing date and adjusted prospectively.

A component of property, machinery and equipment or any significant part thereof initially recognized, is derecognized at the time of its sale or when no future economic benefits are expected to be obtained from its use or sale. Any gain or loss resulting from the time of derecognition of the asset (calculated as the difference between the net proceeds from the sale and the carrying amount of the asset) are included in profit or loss under "Other income and expenses, net".

(h) Leases-

The determination of whether an agreement constitutes or includes a lease is based on the substance of the agreement at the date of its execution, if the fulfillment of the agreement depends on the use of one or more specific assets; or if the agreement grants the right to use the asset, even if such right is not explicitly specified in the agreement.

The Group as a lessee -
Leases are recognized as a right-of-use asset and a lease liability, from the date on which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured based on present values. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including payments that, regardless of their form, are considered "in substance" fixed payments), less any balance receivable for incentives received to start the lease;
- Variable lease payments that are index or rate-based, which are initially measured using the index or rate in effect on the lease commencement date;
- The amounts of any residual value guarantee that the Group has been obliged to pay;
- The price of exercising call options, if the Group considers that it is reasonably certain that it will exercise them; and
- Compensation payments for terminating the lease, if the term of the lease has considered the assumption that the Group will exercise this option.

If it would be reasonably certain to extend the term of a lease, lease payments for the extended term are also included in the liability measurement.

Lease payments are discounted using the implicit interest rate in the lease. If that rate cannot be determined in a simple way, the lessee's incremental borrowing rate is used, which represents the rate that would be charged to the lessee to raise the necessary funds to acquire an asset of similar value to the asset underlying the right of use, in a similar economic context and under similar terms, regarding the term, guarantees and conditions.

To determine the incremental borrowing rate, the Group takes into account the following criteria:

- To the extent possible, it uses, as a reference point, the rates of recently obtained financing and adjusts them to reflect changes in conditions since the date such financing was obtained;
- If it does not have recent financing, it applies an accumulation approach based on a risk-free rate, which is adjusted for the Group's credit risk; and
- Apply specific adjustments to the calculated rate that reflect the specific terms of the lease; for example, regarding the term, country, currency and type of guarantees.

The lease payments are distributed between the portion that reduces the capital and the portion that corresponds to the financial cost. The financial cost is recognized in results during the lease term, in an amount that reflects a periodic and constant interest rate applied to the balance of the liability at the closing date.

Right-of-use assets are measured at cost, which includes:

- The value of the initial measurement of the lease liability;
- Any lease payment made on or before the lease commencement date; minus any rental incentives received;
- Initial direct costs; and
- The restoration or rehabilitation costs that the Group is obliged to incur.

Right-of-use assets are generally depreciated on a straight-line basis over the shorter of the useful life of the leased asset and the term of the lease. If the Group considers that it is reasonably safe to exercise its purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

Payments associated with short-term leases of real estate and vehicles and all leases of low-value assets are recognized in income on a straight-line basis. Short-term leases are leases with a lease term of 12 months or less. Low-value assets include technology equipment and miscellaneous equipment.

The Group as lessor -
When the Group acts as lessor determines, at the beginning of the lease, whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an assessment of whether it has transferred to the lessee substantially all the risks and rewards inherent to ownership of the underlying asset. If this is the case, then the lease is a finance lease; Otherwise, it is an operating lease. As part of this evaluation, the Group considers certain indicators, such as whether the lease contract covers most of the economic life of the asset.

Income from operating leases is recognized on a straight-line basis over the term of the lease.

When the Group sublease an asset, it reflects its role in the main lease and in the sub-lease separately. The lease classification of a sublease is assessed with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease, for the Group to apply the exemption described above, then the sublease is classified as an operating lease.

If a contract contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract among the different components.

(i) Intangibles -

Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in business combinations is measured at their fair value at the acquisition date. After initial recognition, intangible assets are carried at cost less accumulated amortization and, if applicable, any accumulated impairment loss.

Direct costs that are capitalized as part of the cost of computer programs include consulting costs, costs of employees who develop the software, complementary assistance, infrastructure and centralized licenses, user licenses and a portion of the corresponding indirect costs.

Other costs that do not meet these criteria are recognized in results as incurred.

Acquired computer program licenses are capitalized based on the costs incurred to acquire and put the specific program into use.

The useful lives of intangible assets may be finite or indefinite. Intangible assets with finite useful lives are amortized using the straight-line method over their useful lives, which fluctuate between two and thirty-nine years, and are reviewed to determine if they had any impairment in value to the extent that it exists. any indication that the intangible asset may have suffered such impairment.

The period and method of amortization 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 the asset are accounted for when the amortization period or method is modified, as appropriate, and are treated as changes in accounting estimates. The expense for amortization of intangible assets with finite useful lives is recognized in the consolidated statement of income under the heading of the category that is consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized but are subject to annual tests to determine whether they have suffered any impairment in value, either individually or at the level of the cash-generating unit to which they belong. An indefinite useful life is reviewed annually to determine if it is still appropriate. If not, the change in useful life from indefinite to finite is accounted for prospectively.

Amortization is calculated on a straight-line basis over the estimated useful lives in years of the assets, as shown below:

	Term
Customer relationship	2 to 28
Rights Of Use	2
Distribution contract	10
Relationship with suppliers	39
Non-compete agreement	4 to 5
Software licenses	3 to 10

The costs incurred in the development of software recognized as assets will be amortized over their estimated useful lives. Amortization will begin when the asset is available for use, that is, when it is in the location and condition necessary for it to operate as planned by Management.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net income from the sale and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized. respective, in the caption "Other income and expenses, net".

(j) Impairment of value of non-financial assets -

The net book value of property, plant and equipment and finite-lived intangible assets are reviewed to determine if there are signs of impairment at the end of each fiscal year. If such indications exist, the Group estimates the recoverable value of the asset, this being the higher of the fair value, less the expenses necessary to carry out the sale, and the value in use.

When the recoverable amount of an asset is below its book value, it is considered that there is value impairment.

The fair value corresponds to the amount that can be obtained in the sale of an asset in a free market, while the value in use is the present value of the estimated future net cash flows of the continuous use of an asset and its disposal to the end of its useful life. In determining value in use, future cash flows are discounted to their present value using a pre-tax discount rate that reflects an assessment of current market conditions, the time value of money, and the risks specific to the asset.

When new events occur, or changes in circumstances that already exist, that show that an impairment loss recorded in a previous period may no longer exist or may have been reduced, the Group makes a new estimate of the recoverable value of the corresponding asset. Previously recognized impairment losses are reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the date the impairment loss was last recognised. If this is the case, the asset's carrying amount is increased to its recoverable amount. Said increase may not exceed the book value that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. This reversal is recognized in results. After the reversal is made, the depreciation charge is adjusted in future periods by distributing the book value of the asset over its remaining useful life.

Goodwill and indefinite life brands -
Goodwill arises from the purchase of a group of assets that qualifies as a business. This goodwill represents the excess of the cost of acquisition with respect to the fair value of the net assets acquired at the date of acquisition of control. The book value of goodwill is tested annually to determine if there is an impairment in value (as of December 31), and when circumstances indicate that its book value could be impaired. The book value of goodwill is shown at cost less, if any, accumulated impairment losses. If the total or partial sale of the business that gave rise to the goodwill occurs, the gain or loss on said sale includes the book value of the goodwill.

Goodwill impairment is determined by evaluating the recoverable amount of each cash-generating unit (or a group of cash-generating units) to which it is related. When the recoverable amount of the cash-generating unit is less than its carrying amount, including the carrying amount of goodwill, an impairment loss is recognized.

Impairment losses related to goodwill cannot be reversed in future periods.

(k) Financing costs -
Financing costs directly attributable to the acquisition, construction or production of an asset that necessarily requires a considerable preparation period to be available for use or sale are capitalized as part of the cost of the respective asset. All other financing costs are recognized as an expense in results. Financing costs are made up of interest and other costs that the Group incurs in relation to the funds obtained.

In 2024 and 2023, the Group did not incur costs in the construction of assets that qualify for the capitalization of financing costs.

(l) Employee benefits -

Profit sharing -

The Group recognizes a liability and an expense for the participation of workers in the profits of the companies based on the legal provisions in force in each country where they operate, if applicable. In the case of entities in Peru, the participation of workers in profits is equivalent to between 5% and 8% of the taxable material determined in accordance with current income tax legislation. Under Peruvian law, there is a limit on the workers participation that an employee can receive, equivalent to eighteen monthly salaries.

The Group recognizes the participation of workers in accordance with the provisions of IAS 19, "Employee benefits", that is, as a short-term benefit that the entity provides to workers in exchange for their services. This benefit is recognized as a cost or expense depending on the function of each of them.

Guaranteed bonuses -

The Group recognizes a liability and an expense for employee bonuses based on the legal provisions in force in each country where it operates. In the case of entities in Peru, the bonuses correspond to two annual remunerations that are paid in July and December of each year.

Compensation for length of service -

The Group recognizes the compensation for length of service of the personnel that corresponds to their compensation rights calculated in accordance with the legislation in force in each country where it operates, if applicable. In the case of entities in Peru, that compensation must be deposited in the bank accounts designated by the workers in the months of May and November of each year. Compensation for staff service time is equivalent to the average monthly remuneration in effect on the date of deposit. The Group has no additional payment obligations once it makes the annual deposits of the funds to which the worker is entitled.

Vacations -

Annual vacations and other paid absences are recognized on an accrual basis and in accordance with the legislation in force in each country where the Group operates, if applicable. In the case of entities in Peru, the provision for the estimated obligation for annual employee vacations, which is calculated on the basis of remuneration for every twelve months of services provided by employees, is recognized at each closing date of the financial statements.

The Group does not provide post-employment benefits and does not operate a share-based equity compensation plan.

(m) Income tax -

Income tax for the period includes current and deferred income tax, and is recognized in the consolidated statement of income, except to the extent that it is related to items recognized as other comprehensive income or directly in equity.

Current income tax -

Income tax for the current period is calculated in accordance with the legal regulations in force in each country, based on the non-consolidated financial statements and for the amount expected to be paid to the tax authorities. The legal standards and rates used to calculate the amounts payable are those in force at the date of the consolidated financial statements.

Management periodically evaluates the tax regulations in which they are subject to interpretations and recognizes provisions on the amounts that it expects to be paid to the tax authorities.

When the Group makes payments in excess of what it considers to be its income tax payment obligations, for example, when it pays the Tax Administration under claim to avoid accumulating interest and penalties but considers that it is likely that it will obtain a refund, recognizes these amounts in the "Other assets" caption. The Company analyzes the estimated recovery period in order to identify the amounts to be presented as part of current assets and non-current assets.

Deferred income tax -

Income tax for future periods is recognized using the liability method, considering temporary differences between the tax base of assets and liabilities and their respective accounting balances at the date of the consolidated statement of financial position. Deferred assets and liabilities are measured using the tax rates (and legislation) that are expected to apply to taxable income in the years in which these differences are recovered or eliminated.

Deferred assets are recognized for all deductible differences and carryover tax losses, to the extent that it is probable that there is taxable income against which the deductible temporary differences can be offset, and carryover tax losses can be used. The book value of the deferred asset is reviewed at each closing date of the financial statements and is reduced to the extent that it is unlikely that there will be sufficient taxable income against which all or part of the deferred asset can be offset. Unrecognized deferred assets are reviewed at each financial statement date.

Deferred tax assets and liabilities are offset if there is a legal right to offset them and they are related to the same tax authority.

The Company recognizes a liability to make distributions of cash dividends to its shareholders when the distribution is duly authorized and is not at the Company's discretion. In accordance with the Company's policies, the distribution of dividends is authorized when approved by the General Shareholders' Meeting. The corresponding authorized amount is recorded directly with a charge to equity.

Uncertain tax positions -
An uncertain tax position is any tax treatment applied by an entity for which there is uncertainty as to whether it will be accepted by the tax authority. The recognition and measurement of current and deferred tax assets and liabilities may be affected in cases where an entity has uncertain tax positions associated with income tax, in which it is considered probable that the tax authority will not accept group treatment. The existence of uncertain tax positions may affect the determination of tax profit or loss, the tax base of assets and liabilities, tax credits or the tax rates used.

(n) Recognition of revenues, costs and expenses -
Revenue -
Revenues are measured based on the consideration specified in the contract with the client, and exclude amounts received on behalf of third parties. Revenues are presented net of sales taxes, rebates, discounts, bonuses and other items related to sales.

At the beginning of the contract, Management determines if the Group undertakes to deliver multiple goods or services and identifies which of them qualify as separable performance obligations, which will require recognizing income independently. This may cause the contract price to be distributed among various promises to deliver goods or services to the customer, which could be recognized as revenue at different times.

In the event that different separable performance obligations are identified, the Group distributes the contract price proportionally to each performance obligation based on their individual sales prices. If the Group does not have the individual sale price, it estimates it using a cost plus a reasonable market margin approach.

Unsatisfied performance obligations at the date of the financial statements, for which the Group has already received full or partial consideration from the client, are presented in the caption "Other current liabilities", in the consolidated statement of financial position, under the concept of "Customer advances" (note 15).

Revenue from the sale of machines, engines, equipment and spare parts is recognized when control of the goods is transferred, a situation that occurs when the product is delivered to the customer, the customer has total discretion over it and the Group does not assume any obligation that is pending to be satisfied and that could affect the acceptance of the product by the client. The product is considered delivered when the products are shipped to the location specified by the customer, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products in accordance with the terms of sale.

Service Delivery –
The Group provides machinery and component repair services; as well as equipment rental services.

The degree to which a transaction is completed can be determined by several methods. The Group uses the method that most reliably measures the services performed. Among the methods to be used are, depending on the nature of the operation:

- Inspection of the performed work;
- The proportion of services performed to date as a percentage of the total services to be provided that are entered into work orders;
- The proportion of the costs incurred to date in the total estimated cost of the operation, calculated so that only costs reflecting services already performed are included in the costs incurred to date and only costs reflecting services performed or to be performed are included in the estimate of the total costs of the operation.

Neither the payments on account nor the advances received from customers necessarily reflect the percentage of the service provided to date.

Services may be provided over a single period or over multiple accounting periods.

In the event that the services are provided through an indeterminate number of acts, over a specified period of time, the revenues are recognized based on the degree of performance at each time that the services are provided and that they can be reliably measured.

Multi-Element Agreements – The Company offers certain agreements where a customer can purchase a product in conjunction with a service agreement. Where multiple elements apply, the amount of revenue allocated to each performance obligation is based on the fair values of the identified performance obligations. The fair values of each obligation are determined based on the current market price of each of the items when sold separately. Revenue in connection with the sale of the product is recognized at a point in time when the inherent risks and benefits are passed on to the customer. Income in relation to service performance obligations is recognized over time according to the degree of performance of the same during the period of service, depending on whether or not the service-related activities are determinable.

MARC contract service provision –
Revenue is progressively recognized based on the percentage completion method over the term of the contract and any modifications to the contracted work. This method is measured by reference to costs incurred to date as a percentage of total estimated costs.

Contract costs include costs that are directly related to the specific contract and costs that are attributable to the contracting activity in general and can be imputed to the contract, among which we have: routine maintenance activities, repair activities, welding activities, inventory management, among others.

Costs and expenses -
The cost of sale, which corresponds to the cost of the products marketed by the Group, is recognized when the goods are delivered, simultaneously with the recognition of the proceeds from the corresponding sale.

The cost of services is capitalized as it is incurred and recognized in profit or loss simultaneously with the recognition of associated revenues. For presentation purposes, the Group incorporates capitalized costs as part of the "Inventories".

Other costs and expenses are recognized as they are accrued, regardless of when they are paid, and are recorded in the periods to which they relate.

(o) Provisions-

General -
A provision is recognized only when the Group has a present obligation (legal or implicit) as a result of a past event, it is probable that resources will be required to settle the obligation, and its value can be reliably estimated. Provisions are reviewed each period and adjusted to reflect the best estimate available at the annual closing date. When the effect of the value of money over time is important, the amount of the provision is determined by the present value of the disbursements that are expected to be incurred to cancel it.

Guaranties -
Provisions for costs related to guarantees granted to customers in sales of products or services are recognized when the product is sold, or the service is provided. Initial recognition is based on historical experience of the frequency and value of these events in the past. The initial estimate of costs related to guarantees is reviewed annually.

(p) Liabilities and contingent assets -

Contingent liabilities are not recognized in the financial statements. These are disclosed in notes to the financial statements, except when the possibility that an economic flow will be disbursed is remote. Contingent assets are not recognized in the financial statements and are only disclosed when it is probable that income will occur for the Group.

(q) Capital-

Social capital -

Common shares are classified in equity.

When the capital stock recognized as equity is repurchased, either by the Parent Company or by a subsidiary, the amount paid, including the direct costs attributable to the transaction (net of taxes), is recognized as a deduction from the consolidated equity. Own shares repurchased are classified as treasury shares and are presented as a deduction from equity. Any excess paid in the repurchase with respect to its nominal value, is presented affecting the Additional Capital item. When such shares are subsequently reissued or sold, any payment received, net of incremental costs directly attributable to the transaction and the corresponding effects of income tax expense, is included in equity attributable to holders of the Group's equity.

Treasury shares –

Repurchased own equity instruments (treasury shares or treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the income statement derived from the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration received, if reissued, is recognized as an issue premium. The votes corresponding to the shares in treasury are canceled for the Company and no dividends are assigned to them. Stock options exercised during the period are settled with treasury shares.

(r) Earning per share -

Basic and diluted earnings per share are calculated by dividing the earnings for the year by the weighted average number of common shares outstanding during the period, see note 24.

The shares that come from the capitalization of profits, or similar transactions, constitute a division of shares and, therefore, for the calculation of the weighted average of shares, it is considered that these shares were always in circulation, and the calculation of the profit by basic and diluted share is adjusted retrospectively.

(s) Fair value measurement -

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 assumption 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 main market, in the most advantageous market for the asset or liability.

The main or most advantageous market must be accessible by the Group. Also, the fair value of a liability reflects its risk of default.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is considered active if transactions for the asset or liability take place with sufficient frequency and volume to provide price information on a continuous basis.

All assets and liabilities for which fair values are determined or disclosed in the consolidated financial statements are classified within the fair value hierarchy described below, based on the lowest level of data used that is significant to the fair value measurement as a whole:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques whereby the lowest level of information that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level of information that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized at fair value in the consolidated financial statements on a recurring basis, the Group determines whether there have been transfers between the different levels within the hierarchy by reviewing the categorization at the end of each reporting period.

Management determines the policies and procedures for recurring and non-recurring fair value measurements. At each reporting date, Management analyzes the movements in the values of assets and liabilities that must be valued in accordance with the Group's accounting policies.

For fair value disclosure purposes, the Group has determined the asset and liability classes based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(t) Information by segments -

Information by operating segments is presented in a manner consistent with internal reports provided to the operating decision maker. The person in charge of making operational decisions, who is responsible for allocating resources and evaluating the performance of the operating segments, has been identified as the General Management, in charge of making strategic decisions.

An operating segment is a component of an entity that: (i) carries on business activities from which it may earn income and incur expenses (including income and expenses related to transactions with other components of the same entity), (ii) whose result is regularly reviewed by Management to make decisions about the resources that should be allocated to the segment and evaluate its performance, and (iii) for which the financial and operating information is available, see note 31.

(u) Subsequent events -

Events after the end of the period that provide additional information about the Group at the date of the consolidated statement of financial position (adjusting events) are included in the consolidated financial statements. Significant subsequent events that are not adjusting events are disclosed in the notes to the consolidated financial statements.

3.4 Significant accounting judgments, estimates and assumptions -

The preparation of the Company's consolidated financial statements requires Management to make judgments, estimates and accounting assumptions that affect the amounts of income and expenses, assets and liabilities, and related disclosures, the disclosure of contingent liabilities at the date of the financial statements as well as the reported figures of income and expenses.

Management considers that the estimates included in the consolidated financial statements were made based on its best knowledge of the relevant facts and circumstances at the date of their preparation; however, the final results may differ materially from the estimates included in the consolidated financial statements.

The significant judgments and estimates considered by Management in the preparation of the consolidated financial statements are:

(a) Judgements -

The transactions for the years ended December 31, 2024 and 2023 have not required the special application of critical professional judgment when applying the accounting policies adopted by the Company.

(b) Estimates and assumptions -

The main estimates of Management to prepare the consolidated financial statements are:

Revaluation of real estate, machinery and equipment (land) -

The Group measures its land at its fair value, for this purpose, it hired independent specialists who are experts in valuations to determine the fair values of these assets. For land, the appraiser relies on objective market evidence, using comparable prices adjusted for specific factors, such as nature, location, and condition. Management considers that performing sensitivity calculations on this estimate would be of little relevance since it is based on objective information and provided by independent sources.

Impairment of the value of non-financial assets -

The Group determines the recoverable amount of the CGUs, for the purpose of assessing impairment, based on the value in use. The value in use calculation is based on a discounted cash flow model. The cash flows arise from the estimated projections for the next ten years, excluding restructuring activities to which the Group has not yet committed, and significant future investments that will increase the operating performance of the asset or of the cash-generating unit subjected to impairment testing.

The calculation of the recoverable amount is very sensitive to any changes in the rate used to discount the cash flows, to changes in the expected future income from funds, and to the long-term growth rate used in the extrapolation. Management considers that performing sensitivity calculations on this estimate would be of little relevance due to the width of the gap when comparing the recoverable amount and the book value of its non-financial assets, see note 11.

Provision for impairment of trade receivables -

To measure expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and days past due. Expected loss rates are based on sales payment profiles over a 48-month period, corresponding historical credit losses experienced within this period (recovery trend), and the age of trade receivables. Historical loss rates are adjusted to reflect current and prospective macroeconomic factors that affect customers' ability to settle trade receivables. Management considers that performing sensitivity calculations on this estimate would be of little relevance since it is based mainly on historical and objective information.

Provision for estimation for impairment of inventories -
The cost of inventories may not be recoverable if the estimated costs to bring them into commercial condition and to carry out their marketing increase. The practice of writing down the balance of inventories, until their book value is equal to their net realizable value, is consistent with the criteria that assets should not be valued above the amounts that are expected to be recovered on their sale. The determination of the recoverable value of the inventories is made by Management based on the sales prices and the estimated sales expenses that will be incurred at the time they are made. Based on this evaluation, Management concluded that it is not necessary to increase the provision for inventory impairment.

Likewise, Management performs a rotation analysis to determine if inventories (machines, engines and spare parts) require a provision for obsolescence and/or slow movement, which lowers the balance of the inventories item in the statement of financial position. The estimate for obsolescence of warehouse stock is determined based on a specific evaluation carried out by Management on a quarterly basis in the case of machinery and motors, and on the basis of items that are more than 24 months without rotation in the case of spare parts. Management considers that performing sensitivity calculations on this estimate would be of little relevance since it is based mainly on historical and objective information, which is reviewed at each closing date of the consolidated financial statements.

Current and deferred income taxes -
There are uncertainties regarding the interpretation of complex tax regulations, changes in tax rules and the amount and timing of future tax income.

The Group calculates provisions based on reasonable estimates of the possible consequences of the reviews carried out by the tax authority. The amount of such provisions is based on several factors, such as the experience in previous tax reviews, and the different interpretations of the tax regulations made by the entity subject to tax and by the responsible tax authority. Such differences in interpretation may arise on a wide variety of issues, depending on the circumstances and conditions in the jurisdiction of the Company and its subsidiaries.

Multi-element agreement service revenues -
A multi-element arrangement involves performing routine maintenance activities, repair activities, welding activities, inventory management, among others, which are estimated based on the estimated number of hours of use of the machinery and equipment by the customer.

Accrued revenue is recognized progressively using the percentage-of-completion method over the term of the contract. This method is measured by reference to costs incurred to date as a percentage of total estimated costs.

Management monitors financial indicators monthly to identify areas that may be directly or indirectly affecting the profitability of the contract and thus be able to make timely corrections to the progress of the service.

3.5 New accounting standards, interpretations and modifications –
The Group applied for the first time some rules and interpretations that apply to periods beginning on or after 1 January 2024 (unless otherwise indicated). The Group did not early adopt any other standards, interpretations or amendments that have been issued but were not in effect.

- *Amendments to IAS 7 and IFRS 7: Supplier Financing Agreements*
  Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier financing agreements and require additional disclosure of such arrangements. The amendments specify disclosure requirements to improve the current requirements, which are intended to help users of financial statements understand the effects of financing arrangements with suppliers on an entity's liabilities, cash flows and exposure to liquidity risk.

- *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback Transaction*
  The amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a subsequent sale-lease transaction, to ensure that the seller-lessee does not recognize any amount for the gain or loss that is related to the right of use it holds.

- *Amendments to IAS 1: Classification of Liabilities as Current or Non-Current* -
  The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following points:

  - The meaning of the right to defer the settlement of a liability
  - That the right to defer the settlement of liabilities must exist at the end of the period

- That the classification is not affected by the likelihood that the entity will exercise its right to defer the settlement of the liability
- That only if any derivative implicit in a convertible liability represents in itself a equity instrument, the terms of the liability would not affect its classification

In addition, a disclosure requirement was introduced when a liability arising from a contract of The loan is classified as non-current and the entity's right to defer settlement is subject to the fulfilment of future commitments within twelve months.

These amendments had no impact on the Group's financial statements.

3.6 International Financial Reporting Standards (IFRS) issued, but not yet effective -
The standards and interpretations issued that are relevant to the Group, but not yet effective, as of the date of issuance of the consolidated financial statements are detailed below. The Company intends to adopt these standards, as applicable, when they become effective:

- *Lack of interchangeability – Amendments to IAS 21*
  In August 2023, the IASB issued amendments to IAS 21 Effects of Changes in Foreign Currency Exchange Rates to clarify when entities should assess whether a currency is interchangeable with another currency and when it is not, and how an entity determines the exchange rate to be applied when a currency is not interchangeable. In addition, the amendments require information that allows users of their financial statements to assess how the lack of interchangeability of a currency affects or is expected to affect its financial performance, financial position and cash flows.

  The amendments will take effect for annual periods beginning on or after January 1, 2025. Early application is allowed as long as this fact is disclosed. When applying the modifications, the entities will not be able to re-express the comparative information.

  The amendments are not expected to have a material impact on the Company's financial statements.

- *IFRS 18 Presentation and disclosure in the financial statements*
  In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for reporting within the income statement, including specific totals and subtotals. In addition, entities must classify all income and expenses within the income statement into one of five categories: operating activities, investment activities, financing activities, income tax, and discontinued operations, of which the first three categories are new.

It also requires entities to disclose management's newly defined performance measures, revenue and expense subtotals and includes new requirements for aggregating and disaggregating financial information based on identified "functions" arising from primary financial statements and notes.

Limited-scope amendments were issued to IAS 7 Statement of Cash Flows, including changing the starting point when determining cash flows generated by operations using the indirect method, from "net profit or loss" to "operating profit or loss" and removing optionality around the classification of dividend and interest cash flows. Consequently, further amendments were made to many other standards.

IFRS 18 and amendments to the other standards are effective for periods beginning on or after January 1, 2027; however, early application is allowed as long as this fact is disclosed. IFRS 18 shall be applied retrospectively.

The Company is currently working to identify the full impact of the amendments to the primary financial statements and notes to the financial statements.

- *IFRS 19 Non-Publicly Liable Subsidiaries: Disclosures*

  In May 2024, the IASB issued IFRS 19, which allows eligible entities to choose to apply the reduced disclosure requirements while still applying the recognition, measurement and reporting requirements of other IFRS accounting standards. To be eligible, at the close of the reporting period, the entity:

  (i) must be a subsidiary as defined in IFRS 10, (ii) cannot have public liability, and (iii) must have a controlling entity (last level of consolidation or intermediate) that prepares consolidated financial statements, which are available for public use and comply with IFRS accounting standards.

  IFRS 19 is effective for periods beginning on or after January 1, 2027, and may be applied early.

These rules and amendments are expected to have no material impact on the Group's consolidated financial statements.

4. Financial instruments

4.1 Financial instruments by category -

The classification of financial instruments by category is as follows:

	2024 S/(000)	2023 S/(000)
Financial assets according to the consolidated statement of financial position-		
Financial assets at amortized cost:		
- Cash and cash equivalents	248,259	219,097
- Trade receivables and other assets (*)	1,354,099	1,551,738
	1,602,358	1,770,835
Financial liabilities according to the consolidated statement of financial position-		
Other liabilities:		
- Financial obligations	2,333,564	2,315,128
- Trade and other accounts payable and provisions (*)	1,009,747	1,133,219
	3,343,311	3,448,347

(*) It does not include advances, taxes or provisions.

4.2 Credit quality of financial assets -

The credit quality of financial assets that are neither past due nor impaired may be assessed with reference to external risk ratings (if any) or on the basis of historical information on the default rates of their counterparties.

The credit quality of financial assets is presented below:

	2024 S/(000)	2023 S/(000)
Cash and cash equivalents (*)		
Banco Internacional del Perú S.A.A. (A+)	71,612	7,853
Banco de Crédito del Perú S.A. (A+)	54,717	107,082
Banistmo – Panama (BB+)	15,875	540
Banco Santander Perú S.A. (A+)	3,561	20,644
Banco de la Nación (A)	13,772	11,065
BBVA Banco Continental S.A. (A+)	10,288	12,109
Banco Davivienda Salvadoreño, S.A. (AAA)	1,850	6,806
Citibank N.A. (A+)	16,338	8,564
Banco Agrícola S.A. (AAA)	2,077	6,646
Banco de América Central S.A. (AAA)	1,347	1,071
Scotiabank Perú S.A.A. (A+)	17,349	2,376
Banco Inter Banco, S.A. (AA-)	2,924	4,414
Heritage Bank Plc. - Belize (BBB+)	1,096	2,338
Davivienda - Central America (BB)	61	168
Banco Industrial, S.A. (BB)	569	1,942
Citibank del Perú S.A. (A+)	9,525	33
Citibank - El Salvador (B+)	198	262
Inter-American Bank of Finance S.A. (A)	344	1,112
Belize Bank (A)	5,198	-
Other minors	19,257	23,743
	247,958	218,768

The risk ratings in the chart above of "A", "A+" and "AAA" represent high-quality ratings. For banks in Peru, these risk ratings are obtained mainly from the risk rating agencies authorized by the Superintendence of Banking, Insurance and AFPs (SBS).

(*) The rest of the cash equivalents in the consolidated statement of financial position correspond to cash held in "cash" and "cash in transit".

	2024 S/(000)	2023 S/(000)
Trade Receivables -		
Counterparties with internal risk ratings:		
A	787,122	54,247
B	207,009	1,111,686
C	192,173	215,374
Total Trade Accounts Receivable	1,186,304	1,381,307
Other assets -		
Counterparties with internal risk ratings:		
A	5,543	3,740
B	162,252	166,691
Total Other Assets	167,795	170,431

The credit quality of customers is assessed in three categories (internal rating):

A: New clients/related parties (less than 6 months),

B: Existing customers / related parties (with more than 6 months of business relationship) with no breaches in the past, and

C: Existing customers / related parties (with more than 6 months of business relationship) with breaches in the past.

As of December 31, 2024 and 2023, most of the portfolio has been assessed as "B" risk category. Likewise, of the accounts that are in compliance with their contractual terms, there are some that have not been renegotiated.

5. Cash and cash equivalents

(a) This item includes:

	2024 S/(000)	2023 S/(000)
Cash	298	312
Current accounts (b)	231,053	177,028
Savings Accounts (b)	4,802	5,312
Term deposit (c)	12,103	36,428
Cash in transit	3	17
	248,259	219,097

(b) Bank checking and savings accounts are held in local and foreign banks, are denominated in national and foreign currency, are freely available and do not generate interest, except for savings accounts that earn market interest rates.

(c) Term deposits are held in local and foreign banks of the first order, are denominated in national and foreign currency, have a maturity of less than 30 days and accrue market interest rates.

6. Trade receivables, net

(a) This item includes:

	2024 S/(000)	2023 S/(000)
Invoices (b)	1,185,433	1,331,490
Letters (b)	259,824	285,965
Unearned interest	(9,531)	(15,162)
	1,435,726	1,602,293
Less - Estimate for doubtful collection accounts (d)	(249,422)	(220,986)
Total trade receivables	1,186,304	1,381,307
(-) Non-current portion	(27,077)	(36,798)
Current portion	1,159,227	1,344,509

(b) Trade receivables are denominated in domestic and foreign currencies and do not accrue interest, with the exception of bills receivable that accrue an annual interest rate in U.S. dollars between 10% and 20% and in soles between 13% and 24%.

Invoices and bills correspond mainly to accounts receivable originated by the sales of goods and services to various local and foreign companies. In general, invoices are current due (condition of due and payable) and bills have original maturities between 30 and 360 days, with some exceptions that are classified as non-current.

(c) The detail of the aging of the balance of trade receivables, without offsetting unearned interest, is as follows:

	Not provisioned S/000	Provisioned S/000	Total S/000
As of December 31, 2024 -			
Not due:	1,053,251	85,800	1,139,051
Due:			
- Up to 1 month	78,202	3,658	81,860
- From 1 to 3 months	51,942	3,298	55,240
- From 3 to 6 months	7,377	3,404	10,781
- More than 6 months	5,063	153,262	158,325
Total	1,195,835	249,422	1,445,257
As of December 31, 2023			
Not due:	1,145,969	21,811	1,167,780
Due:			
- Up to 1 month	153,308	2,938	156,246
- From 1 to 3 months	29,487	1,974	31,461
- From 3 to 6 months	35,941	1,254	37,195
- More than 6 months	31,764	193,009	224,773
Total	1,396,469	220,986	1,617,455

(d) The annual movement of the impairment allowance is as follows:

	2024 S/(000)	2023 S/(000)
Beginning balance	220,986	213,770
Estimate charged to profit or loss, note 19(a)	44,392	44,027
Discontinued operation - Motored	-	57
Recoveries	(7,027)	(4,625)
Writte-off	(5,398)	(22,258)
Effect per conversion	(3,582)	(9,985)
Translation adjustment	51	-
Ending balance	249,422	220,986

In Management's opinion, the provision for impairment on trade receivables adequately covers credit risk as of December 31, 2024 and 2023.

7. Other assets

(a) This item includes:

	2024 S/(000)	2023 S/(000)
Accounts receivable from Caterpillar (b)	52,304	42,769
Taxes to be recovered from the tax administration (d)	38,946	53,267
Credit for general sales tax (e)	26,490	38,966
Income Tax Credit (c)	23,112	19,021
Loan receivable from Ferrenergy S.A.	11,676	14,971
Receivable from personnel	9,782	10,913
Supplier claims	3,528	8,159
Advances to suppliers	15,456	5,708
Receivables for works program for taxes (f)	8,003	3,270
Claims to insurance companies and third parties	6,303	2,560
Guaranty deposit	1,137	2,503
Refunds of customs and tax duties	4,665	2,450
Receivable subleases - IFRS 16	1	140
Other	36,059	35,546
	237,462	240,243
Less - Estimate for doubtful collection accounts (h)	(202)	(397)
	237,260	239,846
Less: Non-current portion	(23,241)	(40,089)
Current portion	214,019	199,757

(b) As of December 31, 2024 and 2023, accounts receivable from Caterpillar include balances related to discounts earned on the purchase of Prime machinery and parts. It also includes balances related to reimbursements of guarantees agreed with the factory (Caterpillar) for the sale of machinery. These accounts do not earn interest and do not contain significant financing components.

(c) Corresponds to the credit balance for payments on account of income tax, which, in Management's opinion, will be recovered through the development of the Group's current commercial operations.

(d) As of December 31, 2024 and 2023, this item mainly includes payments under protest made by the company to the Tax Administration derived from a compliance intendancy resolution, which includes challenges and limitations to the income tax for the year 2001 for S/15,805,000 (S/30,035,000 as of December 31, 2023). In the opinion of the Management and its tax advisors, these amounts will be reimbursed to the Company, plus the corresponding interest, within the periods in which the administrative and/or judicial instances are exhausted.

(e) The general sales tax credit results primarily from disbursements for the purchase of inventory, fixed assets and other disbursements related to the Group's operations. In Management's opinion, the general sales tax credit will be recovered through the development of the Group's current business operations.

(f) As of December 31, 2024 and 2023, the item includes the tax credits generated in favor of the Group for disbursements made to finance the following projects within the framework of Law No.29230, "Law that promotes Regional and Local Public Investment with the participation of the private sector":

In April 2017, the Company signed an agreement with the Regional Government of Cusco to grant financing through contributions of money and execution activities for the development of various projects in its region. As of December 31, 2024, the item includes the contributions made through the consortium formed by the Company and Union of Peruvian Breweries Backus and Johnston S.A. with participation percentages of 50 percent each, to finance the project called "Improvement, Expansion of the Potable Water and Sewerage Services of the Piura and Corimanca Micro-basin - District of Chinchero - Urubamba - Cusco" for approximately S/1,087,000 (S/1,192,000 in 2023).

In January 2021, an agreement was signed with the Provincial Municipality of Coronel Portillo - Pucallpa, to grant financing through contributions of money and execution activities for the development of various projects in its region. As of December 31, 2024, the item includes the contributions made by the company to finance the project called "Improvement and expansion of the services of the Juana Alarco de Dammert Initial Educational Institution No. 283, District of Gallería - Province of Coronel Portillo - Department of Ucayali" for approximately S/469,000 (S/470,000 in 2023).

In November 2023, an agreement was signed with the Regional Government of Arequipa - Arequipa, to grant financing through contributions of money and execution activities for the development of various projects in its region. As of December 31, 2024, the item includes the contributions made by the company to finance the project called "Improvement of the educational service of the initial, primary and secondary level of the I.E.40220 Héroes del Cenepa in the district of Paucarpata, Province of Arequipa – Department of Arequipa" for S/1,996,000.

In July 2024, an agreement was signed with the District Municipality of Castilla – Piura, to grant financing through contributions of money and execution activities for the development of various projects in its region. As of December 31, 2024, the item includes the contributions made by the company to finance the project called "Improvement of the road service in the Campo Polo HP, District of Castilla - Piura - Piura" for S/2,275,000.

In June 2024, an agreement was signed with the Regional Government of La Libertad, to grant financing through contributions of money and execution activities for the development of various projects in its region. As of December 31, 2024, the item includes the contributions made by the company to finance the project called "Improvement of the basic health care service in Elio Jacobo Caffo, Moche district of the province of Trujillo of the department of La Libertad" for S/252,000.

(g) The detail of the age of the balance of other assets is as follows:

	2024 S/(000)	**2023** S/(000)
Not passed due	231,929	236,741
Overdue up to 180 days	684	1,493
Overdue more than 180 days	4,849	2,009
	237,462	240,243

(h) In Management's opinion, the estimate for other non-performing assets adequately covers credit risk as of December 31, 2024 and 2023, respectively.

8. Inventories

(a) This item includes:

	2024 S/(000)	2023 S/(000)
Machines, motors and automobiles (b)	895,177	807,934
Spare parts for sale (b)	954,738	897,846
Cost of workshop services in process (c)	189,839	188,103
Merchandise	89,145	91,597
Advances to suppliers	245,406	75,440
Miscellaneous supplies	10,946	10,492
Goods in transit (d)	210,821	251,683
	2,596,072	2,323,095
Less - Estimate for impairment of inventories (e)	(76,128)	(66,653)
	2,519,944	2,256,442

(b) It corresponds mainly to the items that the Group intends for sale. Caterpillar branded and non-Caterpillar branded machines, engines and equipment, and parts associated with those machines. It is estimated that the sale of these products will take place during the first quarter of the following year.

(c) It corresponds mainly to the costs incurred in mechanical workshop and repair services that the Group provides to customers (inventory in process), and that were pending completion at the date of the financial statements.

(d) It corresponds mainly to spare parts for Caterpillar machines, engines and equipment, as well as other brands, which the Group imports and then sells mainly to its mining, construction and agricultural customers, which are estimated to be received mainly during the first quarter of the following year.

(e) The annual movement of the estimate for inventory impairment is shown below:

	2024 S/(000)	2023 S/(000)
Beginning balance as of January 1	66,653	66,686
Estimate charged to cost of sales, note 18	60,311	41,123
Transfer from fixed assets	1,043	555
Recovery of provision, note 18	(33,289)	(28,170)
Destruction of spare parts and others	(14,733)	(13,604)
Estimate charged to sales expenses, note 19	989	2,074
Transfer to fixed assets	(339)	(521)
Translation effect	(4,507)	(1,490)
Ending balance as of December 31	76,128	66,653

The estimate for inventory impairment is determined based on inventory turnover levels and other characteristics, according to periodic evaluations by Management and the technical and financial areas. In Management's opinion, the balance of this estimate adequately covers the risk of impairment in inventories as of December 31, 2024 and 2023.

9. Investments in joint venture and associated

(a) This item includes:

	Main activity	Share capital participation percentage		Book value	
		2024	2023	2024	2023
		%	%	S/(000)	S/(000)
Joint Venture (b):					
Ferrenergy S.A.	Power generation and supply	50.00	50.00	25,185	23,178
Associates (c):					
Torsa Sistemas SL, note 2(c)	Electronic Component Manufacturing	20.00	-	9,009	-
Other investments:					
Other minor investments	Other			147	140
				34,341	23,318

(b) In 2024, the Group has recognized a total gain of S/2,689,000 (S/2,617,000, in 2023) under in the item "Participation in results of joint venture" of the consolidated statement of income.

(c) The following are the figures in the financial statements of Ferrenergy S.A. and Torsa Sistemas SL as of December 31, 2024 and 2023:

Ferrenergy S.A:

	2024	2023
	S/(000)	S/(000)
Statement of financial position:		
Total assets	135,064	94,258
Total liabilities	84,694	47,903
Equity	50,370	46,355
Statement of income:		
Total revenues	29,971	35,853
Operating profit	5,488	10,373
Net profit	4,099	5,781

Torsa Sistemas SL:

	2024
	S/(000)
Statement of financial position:	
Total assets	31,874
Total liabilities	6,252
Equity	25,622
Statement of income:	
Total revenues	14,246
Operating profit	1,142
Net profit	988

10. Property, machinery and equipment

(a) The composition and movement of the item for the years 2024 and 2023 is presented below:

	2024							
Description	Land S/(000)	Buildings and other constructions S/(000)	Machinery and Equipment S/(000)	Rental Fleet Machinery and Equipment S/(000)	Transport units S/(000)	Furniture and fixtures S/(000)	Work in progress/units to be received S/(000)	Total S/(000)
Cost								
Balance as of January 1	678,377	580,722	558,230	809,809	59,899	75,311	11,783	2,774,131
Right-of-Use Asset Additions – IFRS 16	-	34,307	-	-	22,995	-	-	57,302
Additions (c)	9,434	11,588	42,542	(20,790)	7,167	13,201	73,047	136,189
Withdrawals and/or sales (b)	(6,519)	(13,292)	(70,166)	(2,001)	(4,082)	(27,779)	(229)	(124,068)
IFRS 16 Withdrawals	-	(32,009)	-	-	(18,173)	-	-	(50,182)
Fair value	-	-	92	-	-	-	-	92
Transfer from inventory	-	-	46,346	307,201	-	-	99,747	453,294
Transfer to inventory	-	-	(13,464)	(219,296)	-	-	-	(232,760)
Other transfers	-	35,922	(1,292)	15,211	(604)	(1,127)	(59,855)	(11,745)
Translation effect	1,002	(4,988)	223	2,441	(482)	288	73	(1,443)
Balance as of December 31	682,294	612,250	562,511	892,575	66,720	59,894	124,566	3,000,810
Accumulated depreciation -								
Balance January 1	-	240,816	295,489	310,260	38,755	55,947	-	941,267
Right-of-use assets – IFRS 16(h)	-	12,582	138	6,858	11,106	-	-	30,684
Additions	-	21,365	44,682	96,865	2,981	8,823	-	174,716
Withdrawals and/or sales (b)	-	(10,611)	(69,767)	(1,501)	(3,514)	(27,177)	-	(112,570)
IFRS 16 Withdrawals (h)	-	(32,709)	-	-	(17,400)	-	-	(50,109)
Transfer to inventory	-	-	(3,497)	(73,931)	(315)	1	-	(77,742)
Other transfers	-	533	(3,860)	3,057	1,572	(1,146)	-	156
Translation effect	-	(66)	116	5,969	(662)	279	-	5,636
Balance as of December 31	-	231,910	263,301	347,577	32,523	36,727	-	912,038
Estimation for depreciation -								
Balance as of January 1	-	193	578	6,470	-	-	-	7,241
Additions	-	-	-	3,342	-	-	-	3,342
Transfers from Inventories	-	1	-	338	-	-	-	339
Withdrawals and/or sales	-	-	-	(411)	-	-	-	(411)
Transfer to inventory	-	-	-	(1,043)	-	-	-	(1,043)
Translation effect	-	-	-	36	-	-	-	36
Balance as of December 31	-	194	578	8,732	-	-	-	9,504
Net Cost	682,294	380,146	298,632	536,266	34,197	23,167	124,566	2,079,268

Description	Land S/(000)	Buildings and other constructions S/(000)	Machinery and Equipment S/(000)	Rental Fleet Machinery & Equipment S/(000)	Transport units S/(000)	Furniture and fixtures S/(000)	Work in progress/units to be received S/(000)	Total S/(000)
	2023							
Cost								
Balance as of January 1	600,408	546,719	485,520	723,898	61,376	68,846	18,658	2,505,425
Right-of-Use Asset Additions – IFRS 16	-	13,394	1,348	-	4,015	-	-	18,757
Additions (c)	68,652	8,925	34,291	(3,366)	4,244	13,362	42,429	168,537
Withdrawals and/or sales (b)	-	(3,135)	(12,798)	(1,675)	(8,120)	(2,539)	(2,891)	(31,158)
IFRS 16 Withdrawals	-	(16,047)	(3,002)	-	(2,073)	-	-	(21,122)
Fair value	11,084	-	-	-	-	-	-	11,084
Transfer from inventory	-	-	38,679	299,737	136	-	6,665	345,217
Transfer to inventory	-	-	(4,347)	(175,847)	-	-	-	(180,194)
Other transfers	(9)	33,104	19,472	(1,124)	(269)	(3,382)	(53,078)	(5,286)
Translation effect	(1,758)	(2,238)	(933)	(31,814)	590	(976)	-	(37,129)
Balance as of December 31	678,377	580,722	558,230	809,809	59,899	75,311	11,783	2,774,131
Accumulated depreciation -								
Balance January 1	-	218,917	275,815	264,435	37,651	55,141	-	851,959
Right-of-use assets – IFRS 16(h)	-	14,796	307	14,520	6,817	-	-	36,440
Additions	-	20,424	31,913	87,541	2,619	7,764	-	150,261
Withdrawals and/or sales (b)	-	(998)	(9,514)	(867)	(7,435)	(2,477)	-	(21,291)
IFRS 16 Withdrawals (h)	-	(12,013)	(1,253)	-	(2,073)	-	-	(15,339)
Transfer to inventory	-	-	(1,337)	(49,679)	-	-	-	(51,016)
Other transfers	-	2,031	420	(5,638)	1,303	(3,585)	-	(5,469)
Translation effect	-	(2,341)	(862)	(52)	(127)	(896)	-	(4,278)
Balance as of December 31	-	240,816	295,489	310,260	38,755	55,947	-	941,267
Estimation for depreciation -								
Balance as of January 1	-	193	578	4,697	-	-	-	5,468
Additions	-	-	-	1,958	-	-	-	1,958
Transfers from Inventories	-	-	-	521	-	-	-	521
Withdrawals and/or sales	-	-	-	(130)	-	-	-	(130)
Transfer to inventory	-	-	-	(555)	-	-	-	(555)
Translation effect	-	-	-	(21)	-	-	-	(21)
Balance as of December 31	-	193	578	6,470	-	-	-	7,241
Net Cost	678,377	339,713	262,163	493,079	21,144	19,364	11,783	1,825,623

(b) As of December 31, 2024, the Group sold and derecognized fixed assets whose net cost amounted to S/11,087,000 (S/9,867,000 as of December 31, 2023). The Group generated a profit from the sale of its fixed assets of S/4,006,000 (S/3,841,000 as of December 31, 2023) which is shown under the heading "Other income and expenses, net" of the consolidated income statement. As of December 31, 2024, the main sales comprise transportation units, machinery and equipment; and the main disposals comprise furniture and fixtures - computer equipment, machinery and equipment and buildings and facilities due to the termination of the lease agreement; (As of December 31, 2023, the main sales comprise transport units, machinery and equipment, and the main disposals comprise furniture and fixtures – computer equipment, machinery and equipment and building and facilities).

(c) As of December 31, 2024, the balances of the works in progress mainly four Mining Trucks for Operation Antamina for S/79,512,000 that is in the process of assembly and configuration, four minor tractors for rent for S/3,706,000 in the process of pre-delivery, as well as other works for projects in offices in Lima and Branches, which are estimated to be ready for use in the first half of 2025.

As of December 31, 2023, the balances of the works in progress mainly included the disbursements made for the Office Project in the Quellaveco Mining Operation for S/3,036,000, the Fluid Laboratory Project and workshops in La Joya for S/866,000, works in various mining operations for S/4,315,000, as well as other works for projects in offices in Lima and Central America for S/11,855,000.

(d) As of December 31, 2024 and 2023, the Group has taken out insurance for all of its assets. In Management's opinion, its insurance policies are consistent with international practice in the industry and the risk of eventual losses due to losses considered in the insurance policy is reasonable considering the type of assets held by the Group.

(e) In 2024, rental income amounted to S/261,496,000 (S/237,778,000, in 2023), which is related to the rental of rental fleet machinery and equipment and is included in the " Revenue from sales" item of the consolidated income statement.

(f) Depreciation expense for the years ended December 31, 2024 and 2023 has been recorded under the following items in the consolidated income statement:

	2024 S/(000)	2023 S/(000)
Cost of Sales, Note 18	99,061	90,039
Selling expenses, note 19	63,862	49,053
Administrative expenses, footnote 20	11,793	11,169
	174,716	150,261

(g) As of December 31, 2024 and 2023, Management carried out an assessment of the state of use of its property, machinery and equipment, and has found no indications of depreciation in these assets.

(h) The movement of the right-of-use asset and its corresponding accumulated depreciation is described below:

	Buildings and other constructions S/000	Machinery & Equipment S/000	Transport Units S/000	Total S/000
Year 2024:				
Cost-				
Initial balance as of January 1	65,774	105,878	25,259	196,911
Additions	34,307	-	22,995	57,302
Adjustments	336	1,585	115	2,036
Retirement/discharges	(32,009)	-	(18,173)	(50,182)
Balance as of December 31	68,408	107,463	30,196	206,067
Accumulated depreciation -				
Opening balance as of January 1	46,409	120,081	20,775	187,265
Additions	12,582	6,996	11,106	30,684
Adjustments	905	3,998	1,354	6,257
Retirement/discharges	(32,709)	-	(17,400)	(50,109)
Balance as of December 31	27,187	131,075	15,835	174,097
Year 2023:				
Cost-				
Opening balance as of January 1	66,768	120,331	23,406	210,505
Additions	13,394	1,348	4,015	18,757
Adjustments	1,659	(12,799)	(89)	(11,229)
Retirement/discharges	(16,047)	(3,002)	(2,073)	(21,122)
Balance as of December 31	65,774	105,878	25,259	196,911
Accumulated depreciation -				
Opening balance as of January 1	42,182	108,230	15,021	165,433
Additions	14,796	14,827	6,817	36,440
Adjustments	1,444	(1,723)	1,010	731
Retirement/discharges	(12,013)	(1,253)	(2,073)	(15,339)
Balance as of December 31	46,409	120,081	20,775	187,265

The expense generated by the depreciation of the right-of-use asset was distributed as follows:

	2024 S/(000)	2023 S/(000)
Cost of Sale, Note 18	13,539	21,385
Selling expenses, note 19	15,570	12,883
Administrative expenses, footnote 20	1,575	2,172
	30,684	36,440

In 2024 and 2023, the Group has not entered into contracts involving variable lease payments that are or are not dependent on an index or rate.

In 2024, the expense related to leases with a term of 12 months or less and low-value assets, for which the Group used the practical application allowed by IFRS 16, not to consider them as part of the lease liability, amounted to S/ 16,295,000 (S/22,064,000 in 2023) and is presented under the headings "Selling expenses" and "Administrative expenses" of the consolidated income statement.

11. Intangible assets and goodwill

(a) Intangible assets -

The composition and movement of the sector for the years 2024 and 2023 is presented below:

	Customer relations S/(000)	Brand Rights S/(000)	Distribution contract S/(000)	Computer programs S/(000)	Rights Of Use S/(000)	Relationship with suppliers S/(000)	Non-compete agreement S/(000)	Others S/(000)	Total S/(000)
Cost									
Balances as of January 1, 2023	58,899	9,283	13,770	312,723	17,552	2,230	5,220	9,388	429,065
Additions (ii)	-	-	-	10,171	-	-	-	335	10,506
Withdrawals and transfers	-	-	-	2,951	-	-	-	(93)	2,858
Translation effect	(436)	(190)	(372)	(35)	-	(113)	(178)	(7)	(1,331)
Balances as of December 31, 2023	58,463	9,093	13,398	325,810	17,552	2,117	5,042	9,623	441,098
Additions (ii)	-	-	-	5,315	-	-	-	230	5,545
Withdrawals and transfers	-	-	-	(490)	-	-	-	(14)	(504)
Translation effect	(80)	(60)	192	(354)	-	(227)	(104)	9	(624)
Balances as of December 31, 2024	58,383	9,033	13,590	330,281	17,552	1,890	4,938	9,848	445,515
Amortization									
Balances as of January 1, 2023	55,715	1,226	13,770	98,798	17,552	425	5,098	5,303	197,887
Additions	706	3,178	-	27,792	-	56	-	362	32,094
Discontinuous Operation Additions - Motored	-	-	-	177	-	-	-	-	177
Reclassifications and/or adjustments	-	-	-	2,967	-	-	-	-	2,967
Translation effect	(315)	(32)	(356)	(3)	-	(24)	(56)	(2)	(788)
Balances as of December 31, 2023	56,106	4,372	13,414	129,731	17,552	457	5,042	5,663	232,337
Additions	705	163	-	29,783	-	48	-	436	31,135
Discontinuous Operation Additions - Motored	-	-	-	144	-	-	-	-	144
Reclassifications and/or adjustments	-	-	-	369	-	-	-	-	369
Translation effect	55	61	192	90	-	(49)	(104)	5	250
Balances as of December 31, 2024	56,866	4,596	13,606	160,117	17,552	456	4,938	6,104	264,235
Net value									
As of December 31, 2024	1,517	4,437	(16)	170,164	-	1,434	-	3,744	181,280
As of December 31, 2023	2,357	4,721	(16)	196,079	-	1,660	-	3,960	208,761

(i) Intangible assets related to customer relationships, brand rights, distribution contracts, purchase orders, rights of use, relationships with suppliers and non-competition agreements were generated through various business combinations. As of December 31, 2024 and 2023, based on its cash flow projections of the cash-generating units to which these intangible assets were assigned, Management concludes that there are no indications that the book values of these intangible assets (including goodwill described later in this note) may not be recoverable.

(ii) The computer programs item corresponds mainly to the costs of the "SAP Business Project" that has been implemented in the Parent Company and in the main subsidiaries of the Group.

(iii) Depreciation expense for the year has been recorded under the following items in the consolidated statement of income:

	2024 S/(000)	2023 S/(000)
Selling expenses, note 19	2,335	1,873
Administrative expenses, footnote 20	28,800	30,221
	31,135	32,094

(b) Goodwill -

The composition of the item by cash-generating unit is presented below:

	2024 S/(000)	2023 S/(000)
Ferreyros S.A. (Bucyrus)	83,396	83,396
Inversiones Interamericanas Corp.	33,905	34,521
Trex Latin America SpA	19,340	19,340
Soltrak S.A.	13,912	13,912
Ferreycorp S.A.A. (Soltrak S.A.)	5,290	5,290
	155,843	156,459

Goodwill and intangibles impairment test -

For the purposes of the value impairment test, goodwill acquired through business combinations and intangibles with indefinite useful lives (brands) were assigned to the cash-generating units indicated below:

- Trex Latin America SpA (included in Ferreycorp S.A.A.)
- "Bucyrus" business line (included in Ferreyros S.A.)
- Inversiones Interamericanas Corp. - INTI (includes the line of business and companies acquired in Central America)
- Soltrak S.A.

The recoverable amount of each cash-generating unit (CGU) has been determined based on what the standards define as "value in use". To determine the value in use of the assets that makes up each CGU, there have been used cash flow projections obtained from the financial budgets approved by senior management.

As of December 31, 2024 and 2023, the carrying amount of intangibles and goodwill related to each CGU has been compared to the recoverable value; and Management has determined that it is not necessary to establish any provision for impairment for these assets at the dates of the consolidated statements of financial position.

Below, we present the main assumptions used in the assessment of impairment for each CGU as of December 31, 2024 and 2023, as follows:

CGU	Rate of discount %	Period	Growth rate %
Year 2024			
Bucyrus	8,85	10	2
Core	10,40	10	2
Trex	9,33	10	2
Soltrak S.A.	9,92	10	2
Year 2023			
Bucyrus	9,46	10	2
Core	11,89	10	2
Trex	8,90	10	2
Soltrak S.A.	11,13	10	2

Key assumptions used in value-in-use calculations -
The calculation of the value in use for the units evaluated is mainly sensitive to the following assumptions:

Gross margin -
It is based on the average values achieved in the three years prior to the beginning of the budget period that include future projects of each company, considered on the basis of projected revenues and costs based on the historical budget base of each Group company. Increases during the budget period for expected efficiency improvements are also considered. In the long term, the gross margin is decreased by 1% to 2%, depending on the company or line of business.

Discount rate -
Represents the current market assessment of the risks specific to each CGU, considering the time value of money and the particular risks of the underlying assets that were not incorporated into the cash flow estimates. The calculation of the discount rate is based on the specific circumstances of the Group and its operating segments and represents the average cost of capital. This average takes into account both debt and equity. The cost of equity is based on the return on investment that the Group's shareholders expect to obtain. The cost of debt is based on the Group's interest-bearing borrowings. Segment-specific risk is incorporated by applying individual beta factors. Beta factors are evaluated annually on the basis of publicly available market information.

Long-term growth rate -
The long-term growth rate is based on published market research and depends on each CGU.

The key assumptions described above may change if market conditions and the economy change. The Group finds that changes in these assumptions that would be reasonable to expect would not cause the recoverable amount of some CGUs to decrease below their carrying amount.

As of December 31, 2024 and 2023, the carrying amount of goodwill related to each CGU has been compared with the recoverable value and Management has determined that it is not necessary to constitute any provision for impairment.

12. Financial obligations

(a) This item includes:

	As of December 31, 2024			As of December 31, 2023		
	Current S/(000)	Non-current portion S/(000)	Total S/(000)	Current S/(000)	Non-current portion S/(000)	Total S/(000)
Bank loans (b)	983,566	-	983,566	1,209,707	-	1,209,707
Long-term bonds and debt with banks (c)	343,377	1,006,621	1,349,998	353,417	752,004	1,105,421
	1,326,943	1,006,621	2,333,564	1,563,124	752,004	2,315,128

(b) Bank loans –

Financial institution	Average effective interest rate Fixed annual 2024 %	2023 %	Currency of origin	2024 S/(000)	2023 S/(000)
BBVA Banco Continental	Between 4.60 and 6.80	Between 5.95 and 7.00	US$	291,685	252,608
Scotiabank	Between 4.80 and 5.05	Between 6.45 and 6.75	US$	271,440	29,705
Banco Crédito del Perú - BCP	Between 4.95 and 6.15	Between 5.90 and 8.00	US$	172,704	679,586
Banco GNB Peru	4.90	-	US$	67,860	-
Banco Bladex	Between 6.75 and 7.00	Between 7.40 and 8.60	US$	45,240	102,517
Banco Itau Corpbanca New York.	Between 6.75 and 7.00	Between 7.45 and 7.80	CLP	36,592	54,953
BBVA Banco Continental	Between 5.85 and 6.00	Between 7.05 and 7.10	S/	26,300	8,000
Interbanco Bank	Between 6.50 and 7.00	Between 6.45 and 6.55	GTQ	19,569	18,977
Agricultural Bank	Between 6.95 and 7.25	Between 7.00 and 7.25	US$	13,196	9,988
Bank of Central America	7.25	Between 6.45 and 6.55	US$	9,915	14,852
Banco de Occidente	7.20	-	COP	8,501	-
Banco Crédito del Perú - BCP	Between 5.50 and 5.80	-	S/	8,500	-
Industrial Bank	7.25	-	US$	7,540	-
Banco Davivienda	7.50	Between 7.90 and 8.00	US$	4,524	16,447
Caterpillar Leasing Chile	-	Between 8.55 and 8.60	US$	-	21,814
Banco Internacional del Perú - Interbank	-	Between 7.00 and 7.10	US$	-	260
				983,566	1,209,707

US$ = US Dollar S/ = Ground CLP = Chilean Peso

Interest expense accrued in 2024, related to debts with banks, amounts to S/72,776,000 (S/51,095,000, in 2023) and is presented in the caption "Financial expenses" of the consolidated income statement (note 23). Accrued interest pending payment as of December 31, 2024 amounts to S/8,149,000 (S/19,184,000, as of December 31, 2023) (note 15).

As of December 31, 2024 and 2023, foreign currency bank loans obtained from local and foreign financial institutions were mainly used for working capital, have a maturity between 6 and 360 days, and can be renewed at maturity for up to 360 days. Interest rates for such bank loans fluctuate between 4.80% and 8.60%.

As of December 31, 2024, the Group maintains credit lines for working capital of up to S/5,388,155,000 (S/5,624,501,000, as of December 31, 2023) with most of the banks in the Peruvian financial system, which are intended for short-term financing. The Group has no specific conditions for using such credit facilities.

(c) Long-term bonds and debts with banks -

Bank	Maturity	Original currency	Annual effective interest rate %	As of December 31, 2024 Current portion S/(000)	Non-current portion S/(000)	Total S/(000)	As of December 31, 2023 Current portion S/(000)	Non-current portion S/(000)	Total S/(000)
Senior Bonuses									
Prudential Capital Group (i)	Until July 2027	US$	4.78(*)	67,871	135,263	203,134	66,489	199,617	266,106
Promissory notes-									
Caterpillar Leasing Chile, S.A.	Until July 2027	US$	Between 5.00 and 8.30	1,581	-	1,581	3,256	8,671	11,927
Promissory notes with local and foreign institutions	Until September 2044	US$	Between 2.50 and 8.80	222,214	825,961	1,048,175	238,790	463,622	702,412
Promissory notes with local and foreign institutions	Until June 2026	S/	Between 2.45 and 9.20	41,117	23,651	64,768	40,960	66,069	107,029
Promissory notes with local and foreign institutions	Until May 2028	GTQ	6.50	10,133	20,229	30,362	3,792	13,899	17,691
Financial leases (ii)	Until October 2029	US$	Between 6.55 and 7.00	461	1,517	1,978	130	126	256
				343,377	1,006,621	1,349,998	353,417	752,004	1,105,421

(*) Nominal rate of 4.45%.

US$ = US Dollar S/ = Ground GTQ = Quetzals

In 2024, interest expense on promissory notes and long-term obligations amounted to S/40,063,000 (S/42,419,000, in 2023), which are presented in the caption "Financial expenses" of the consolidated income statement (note 23). The accrued interest pending payment, as of December 31, 2024, amounts to S/8,255,000 (S/8,363,000, as of December 31, 2023) and is presented in the caption "Other liabilities" of the consolidated statement of financial position (note 15).

(i) On July 23, 2020, Ferreycorp S.A.A. together with some of its subsidiaries, they have placed bonds in the capital market and privately issued bonds with The Prudential Insurance Company of America (PGIM). The placement of the bonds took place under the laws of the State of New York, United States of America. This issuance was for a total of US$90 million at an annual nominal interest rate of 4.45% for a term of 7 years from the date of issuance, with quarterly installments and principal payment as of July 23, 2023 and maturing on July 23, 2027. The payment by the issuers of all amounts due and the fulfillment of their payment obligations will be, jointly and severally and unconditionally guaranteed by the subsidiary guarantors in accordance with the established guarantee. By virtue of the aforementioned issue, the amount disbursed will allow the Group to have resources that will be paid in the long term and under very advantageous conditions, to support its financial management and debt reprofiling

The bonds are backed by a generic equity guarantee and must meet the following covenants:

- Maintain a debt ratio Adjusted Debt / Ebitda not greater than 3.5 times.
- Maintain an interest coverage service index (Ebitda / Financial expenses) of not less than 3.0 times.
- Maintain an indebtedness ratio Net financial debt / Ebitda not greater than 3.75 times.

Compliance with the obligations described above is supervised by Management. Failure to comply with the aforementioned safeguards will result in early termination. In Management's opinion, the corporation is in compliance with these obligations as of December 31, 2024 and 2023.

(ii) Corresponds to financial lease contracts signed by the Group with different banking entities. The financial obligations related to leases are guaranteed by the property rights over the asset that revert to the lessor in the event of default by the Group.

(iii) As of December 31, 2024 and 2023, the amortization schedule of the non-current portion of long-term debt is as follows:

	2024 S/(000)	**2023** S/(000)
2025	-	318,267
2026	305,831	265,297
2027	646,112	118,201
2028	21,923	19,067
2029 onwards	32,755	31,172
	1,006,621	752,004

13. Lease liabilities

(a) This item includes:

	2024 S/(000)	2023 S/(000)
Current portion	20,694	26,843
Non-current portion	44,492	16,281
Total lease liabilities	65,186	43,124

The liabilities include the leases of real estate for the Group's operation. Lease contracts have maturities of up to 5 years and accrue interest at annual rates in dollars ranging from 3.50% to 9% and in soles from 5.66% to 11.54%.

(b) The movement of the liability for right of use, for the year 2024 and 2023, is as follows:

	2024 S/(000)	2023 S/(000)
Balance as of January 1	43,124	78,258
Lease additions	57,302	18,757
Withdrawals	(73)	(5,783)
Lease adjustments	-	598
Financial interest expenses, note 23	3,314	3,554
Lease payments	(38,823)	(50,085)
Difference in change	1,093	(1,726)
Translation effect	(751)	(449)
Balance as of December 31	65,186	43,124

14. Trade Payables

(a) This item includes:

	2024 S/(000)	2023 S/(000)
Invoices (b)	670,519	791,976

(b) As of December 31, 2024, balances of invoices payable mainly include accounts payable to the Caterpillar Group for US$72,964,000 (equivalent to S/275,077,000) for the purchase of products for sale. As of December 31, 2023, balances of invoices payable mainly included accounts payable to the Caterpillar Group for US$121,170,000 (equivalent to S/453,960,000) for the purchase of products for sale. These accounts payable have current maturities, no specific guarantees have been granted for these obligations and do not accrue interest.

15. Other liabilities

(a) This item includes:

	2024 S/(000)	2023 S/(000)
Customer advances (b)	361,905	206,287
Remuneration payable (c)	108,548	78,585
Liabilities for miscellaneous expenses (d)	58,843	96,603
Accrual of various services (e)	13,442	10,041
Provision for contingencies, note 25(c)	20,356	17,046
Participation of the workers	78,078	73,497
Taxes payable	11,409	7,239
Provision for guarantees (f)	23,801	19,452
Dues and contributions payable	19,073	17,873
Interest payable, note 12(b) and (c)	16,404	27,547
Dividends payable	683	599
	712,542	554,769
Less:		
Non-current portion	(2,177)	(1,654)
Current portion	710,365	553,115

The concepts that comprise this item mostly have current maturities, do not generate interest and no specific guarantees have been granted for them.

(b) Customer advances correspond mainly to advances received for S/314,572,000 (S/169,042,000 in 2023) and performance obligations under IFRS 15, "Revenue from Ordinary Activities from Contracts with Customers" for S/47,333,000 (S/37,245,000 in 2023); related to the sale of goods and services mainly from mining customers whose delivery and services will be made during the next year.

(c) Remuneration payable mainly includes vacation provisions, gratuities, compensation for time of service and compensation to personnel.

(d) This balance mainly comprises miscellaneous provisions recognized by the Group in accordance with the practice described in note 3.3(p), based on its best estimates of the disbursement that would be required to settle obligations for services received as of the date of the consolidated statement of financial position.

(e) This item mainly includes the accrual of services, freight and rentals related to the acquisition of machinery and spare parts.

(f) Corresponds to the provision for guarantees granted by the Group for sales of machinery and services, which are granted for a term, on average, of one year. This provision is reviewed annually in accordance with the policy described in Note 3.3(p).

16. Deferred income tax assets and liabilities

(a) The components that originate the asset and liability for deferred income taxes, as of December 31, 2024 and 2023 are detailed below:

	Balance as of 1 January 2023 S/(000)	(Charge) / credit to the consolidated income statement S/(000)	(Charge)/credit to the consolidated statement of changes in equity S/(000)	Balance as of December 31, 2023 S/(000)	(Charge) / credit to the consolidated income statement S/(000)	(Charge)/credit to the consolidated statement of changes in equity S/(000)	Balance as of December 31, 2024 S/(000)
Deferred Asset -							
Allowance for doubtful accounts receivable	42,945	(3,899)	8,017	47,063	6,765	(251)	53,577
Non-deductible provisions	33,686	(1,129)	-	32,557	(367)	-	32,190
Estimate for impairment of inventories	15,040	137	1,286	16,463	1,962	6	18,431
Tax credits for accumulated losses	14,490	16,902	(8,559)	22,833	(7,366)	3,252	18,719
Difference in depreciation rates	9,458	1,670	-	11,128	3,093	-	14,221
Vacation allowance	8,544	485	61	9,090	35	(3)	9,122
Estimate for impairment of fixed assets	1,888	354	(6)	2,236	572	11	2,820
Miscellaneous provisions	5,903	3,419	4,331	13,653	5,156	(59)	18,750
Differences in lease payments IFRS 16	1,173	350	(3)	1,521	(466)	3	1,058
Other	17,969	5,245	(2,505)	20,709	2,889	27	23,625
	151,096	23,534	2,622	177,253	12,274	2,986	192,513
Deferred Liabilities -							
Fair Value of Land	(96,450)	3,927	44	(92,479)	(3,095)	(23)	(95,597)
Differences in depreciation rates	(20,159)	-	(75)	(20,234)	1,941	(20)	(18,313)
Revaluation of buildings	(6,276)	(1,243)	88	(7,431)	97	(117)	(7,451)
Financial leasing operations	(3,760)	333	-	(3,427)	183	-	(3,244)
Valuation for business acquisition	(1,656)	-	962	(694)	-	(23)	(717)
Deferred sales gain, net	(757)	(13)	-	(770)	-	-	(770)
Change of useful life of the fixed asset	(357)	86	5	(266)	44	(2)	(224)
Other	(3,872)	128	31	(3,713)	(6,431)	(22)	(10,166)
	(133,287)	3,218	1,055	(129,014)	(7,261)	(207)	(136,482)
Deferred liabilities, net	17,809	26,752	3,677	48,239	5,013	2,779	56,031

(b) The income tax expense recognized in the consolidated income statement is composed as follows:

	2024 S/(000)	2023 S/(000)
Current	244,884	248,482
Deferred	(5,013)	(26,752)
	239,871	221,730

(c) The reconciliation of the effective income tax rate with the tax rate is explained as follows:

	2024		2023	
	S/(000)	%	S/(000)	%
Profit before income tax	727,198	100	653,682	100
Theoretical tax expense	214,523	29.50	192,836	29.50
Effect of participation in joint venture	(793)	(0.11)	(772)	(0.12)
Effect of permanent differences, net	26,141	3.59	29,666	4.54
Income tax expense	239,871	32.98	221,730	33.92

(d) The composition of the deferred income tax balance as of December 31, 2024 and 2023 is as follows:

	2024		2023	
	Net Assets S/(000)	Net liabilities S/(000)	Net Assets S/(000)	Net liabilities S/(000)
Companies:				
Ferreyros S.A.	110,621	2,418	103,622	2,323
Unimaq S.A.	14,348	6,127	17,420	6,127
Ferreycorp S.A.A. and subsidiaries	-	38,648	-	31,917
Trex Latin America SpA & Subsidiaries	43,965	-	33,871	2,743
Motored S.A.	3,477	-	4,446	-
Orvisa S.A. and subsidiaries	7,973	8,561	6,962	8,561
Soltrak S.A.	2,953	994	2,758	994
Ferreycorp S.A.A.	2,887	54,902	3,013	51,411
Soluciones Sitech Perú S.A.	819	126	511	-
Inti Inversiones Interamericanas Corp. and subsidiaries	4,661	8,607	3,761	8,797
Forbis Logistics S.A.	809	171	889	166
Fargoline S.A.	-	15,928	-	15,975
	192,513	136,482	177,253	129,014

17. Equity

(a) Issued capital -

As of December 31, 2024 and 2023, the Group's issued capital is represented by S/946,063,288 common shares, fully subscribed and paid, with a par value of S/1.00 each.

Stock market values and trading frequency were as follows:

	Quote stock market S/(000)	Frequency of Quotation %
As of December 31, 2024	2.93	100.00
As of December 31, 2023	2.48	100.00

As of December 31, 2024 and 2023, the shareholding structure in the Company's capital is as follows:

Percentage of individual participation in the capital	Number of shareholders		Participation percentage	
	2024	2023	2024 %	2023 %
Up to 1.00	6,977	3,967	26.35	25.74
From 1.01 to 4.00	16	15	45.92	43.08
From 4.01 to 10.00	4	5	27.73	31.18
	6,997	3,987	100.00	100.00

(b) Treasury Shares -

During 2024, the Company acquired 16,000 treasury shares for a total value of S/40,000. The nominal value of these shares is S/16,000 which is presented in this account and the excess paid, with respect to the nominal value is S/24,000 which is presented as a debit balance in the additional capital account. During 2024, the Company sold 12,326,817 shares it had in its portfolio for a total of S/37,013,000. The nominal value of the shares sold is S/12,327,000. The excess of the sale price over the nominal value of S/24,686,000 is presented as a credit balance in the additional capital account. The company closed 2024 with no treasury shares in its portfolio.

During 2023, the Company acquired 12,314,817 treasury shares for a value of S/28,365,000. The nominal value of these shares of S/12,315,000 is presented in this account and the excess paid, with respect to the nominal value, of S/16,050,000 is presented as a debit balance in the additional capital account. During 2023, the Company sold 1,107,618 treasury shares for a value of S/2,379,000. The nominal value of these shares of S/1,108,000 is presented in this account and the excess collected, with respect to the nominal value, of S/1,271,000 is presented as a credit balance in the additional capital account.

(c) Additional capital -

This item corresponds to the difference between the contribution received, after the conclusion of preferential subscription rounds by the shareholders, and the nominal value of the shares issued by the Company in 2012, reduced by partial capitalizations made in previous years and by the higher value with respect to the nominal value of the own shares of issue acquired. described in section b) above.

(d) Legal reserve -

As provided by the General Companies Law, a minimum of 10% of the distributable profit of each year, deducting income tax, is required to be transferred to a legal reserve until it is equal to 20% of the share capital. The legal reserve can offset losses or it can be capitalized, in both cases there being the obligation to replace it with the profits of subsequent years.

As of December 31, 2024 and December 31, 2023, the legal reserve constituted by the Company exceeds the amount required by the General Companies Law by S/22,418,000.

(e) Other reserves –

Revaluation surplus -

It corresponds to the increase in the value of investment properties with the opportunity to apply IFRS for the first time in 2011, in this process it was decided to consider fair value as assumed cost, based on appraisals carried out by independent appraisers. As of December 31, 2024, the revaluation surplus, net of its corresponding deferred income tax, amounts to S/249,462,000 (S/252,557,000 as of December 31, 2023). The revaluation surplus is transferred to the accumulated results to the extent that it is carried out, either through its depreciation or when the assets that gave rise to it are retired or sold.

Cumulative translation reserve -

Corresponds to the exchange difference resulting from the translation of the financial statements of foreign operations into the Group's presentation currency.

Unrealized results -

It corresponds mainly to the recognition of items that affect unrealized results, in application of the equity method in the joint venture held by the Group.

(f) Distribution of dividends -

Dividends distributed to shareholders other than domiciled legal entities are subject to income tax charged by these shareholders; Said tax is withheld and settled by the Company. There are no restrictions on the remittance of dividends or the repatriation of capital to foreign investors. Dividends that are distributed or paid on the profits of the 2024 and 2023 periods are subject to the rate of 5 percent.

At the General Shareholders' Meeting held on March 27, 2024, the payment of cash dividends of S/ 260,311,000 was approved. In this regard, on October 26, 2023, an advance of dividends was made for S/100,000,000 (S/0.1068 dividend per share) on account of the profits of the 2023 fiscal year; therefore, the remaining amount to be distributed was S/ 160,311,000 (S/ 0.1706 dividend per share). This amount was paid on April 26, 2024.

The Board of Directors, in a meeting held on July 24, 2024 and in exercise of the Dividend Policy, agreed to pay an advance of cash dividends for S/100,000,000 (S/0.1064 dividends per share) on account of the profits of the 2024 financial year. This amount was paid on August 27, 2024.

At the General Shareholders' Meeting held on March 29, 2023, the payment of cash dividends of S/251,327,666 was approved. In this regard, on September 29, 2022, an advance of dividends was made for S/120,000,000 (S/0.1270 dividend per share) on account of the profits of the 2022 financial year; therefore, the remaining amount to be distributed was S/ 131,327,666 (S/ 0.1390 dividend per share). This amount was paid on May 5, 2023.

18. Sales and cost of sales

Sales and cost of sales for the years ended as of December 31 comprise:

	2024 S/(000)	2023 S/(000)
Sales		
Sales of machinery, engines, equipment and vehicles	2,581,972	2,418,231
Sales for spare parts	3,440,317	3,134,559
Rental services of machinery, engines and equipment and workshop	1,050,789	920,662
Other income	509,138	468,403
	7,582,216	6,941,855
Cost of Sales:		
Initial balance of inventories, note 8	1,995,972	1,945,453
Purchase of stock	4,741,317	4,256,868
Labor, note 21(d)	336,622	288,936
Workshop expenses	269,964	236,150
Depreciation, notes 10(f) and 10(h)	112,600	111,424
Impairment of inventories, note 8(f)	60,311	41,123
Recoveries, note 8(f)	(33,289)	(28,170)
Rental fleet operating expenses	54,122	63,797
Rental fleet impairment	2,348	1,637
Services provided by third parties and other expenses	188,841	222,183
Discontinued operation – Motored S.A.	(2,292)	(6,398)
Closing balance of inventories, note 8	(2,139,845)	(1,995,972)
	5,586,671	5,137,031

19. Selling expenses

(a) Selling expenses for the years ended December 31 include:

	2024 S/(000)	2023 S/(000)
Personnel expenses, note 21(d)	382,327	353,884
Services provided by third parties (b)	146,096	153,735
Depreciation, notes 10(f) and 10(h)	79,432	61,936
Miscellaneous management charges	114,454	114,301
Allowance for doubtful collections, note 6(d) and 7(i)	44,397	44,269
Recoveries - impairment of inventories, note 8(f)	989	2,074
Tributes	6,832	7,753
Amortization of intangibles, note 11(a)	2,335	1,873
	776,862	739,825

(b) It corresponds mainly to miscellaneous expenses for the rental of real estate and transport units, maintenance of buildings, facilities and equipment, incurred by the Group's sales areas.

20. Administrative expenses

(a) Administrative expenses for the years ended December 31 include:

	2024 S/(000)	2023 S/(000)
Personnel expenses, note 21(d)	216,864	216,626
Services provided by third parties (b)	92,758	90,456
Depreciation, notes 10(f) and 10(h)	13,368	13,341
Miscellaneous management charges	13,862	15,074
Amortization of intangibles, note 11(a)	28,800	30,221
Tributes	15,709	9,810
	381,361	375,528

(b) It corresponds mainly to miscellaneous expenses for property rentals, maintenance of buildings and facilities, computer services, software licenses and advisory and consulting services incurred by the Group's administrative areas.

21. Personnel expenses

(a) The details of personnel expenses are as follows:

	2024 S/(000)	2023 S/(000)
Remuneration and shares (b)	676,720	612,318
Guaranteed bonuses	116,829	111,314
Employer charges	69,321	65,475
Assignment to workers	41,094	40,532
Trainings	17,354	14,696
Vacations	11,481	11,190
Other minors	3,014	3,921
	935,813	859,446

(b) It mainly includes salaries and contributions to Group personnel. In the case of Peru, in accordance with the current worker participation regime regulated by Legislative Decree 677, the workers of Peruvian companies have the right to receive a participation between 5% and 8% of the taxable income, which is distributed pro rata among all workers based on the days worked and the balance in proportion to the basic remuneration received in the year. The employee participation liability is presented in the caption "Other liabilities".

(c) During the years 2024 and 2023, the average number of employees in the Company is 7,978 and 7,464 people, respectively.

(d) Personnel expenses have been recorded in the following items of the consolidated income statement:

	2024 S/(000)	2023 S/(000)
Cost of Sales, Note 18	336,622	288,936
Selling expenses, note 19	382,327	353,884
Administrative expenses, footnote 20	216,864	216,626
	935,813	859,446

(e) Compensation to key personnel –
The total remuneration received by the directors and executives of the Management during the year 2024 amounted to approximately S/44,339,607 (approximately S/42,031,000 in 2023), which includes short-term benefits and compensation for time of service.

The Group does not provide post-employment benefits and does not operate a share-based estate compensation plan.

22. Financial income

Financial income for the years ended December 31 includes:

	2024 S/(000)	2023 S/(000)
Interest on bills receivable	29,282	22,534
Interest on bank deposits	8,158	5,841
Moratory interest	875	1,133
Other minors	751	2,286
	39,066	31,794

23. Financial expenses

Financial expenses for the years ended December 31 include:

	2024 S/(000)	2023 S/(000)
Interest on overdrafts and Loans, Note 12(a)	72,776	51,095
Interest on corporate bonds and long-term loans, note 12(b)	40,063	42,419
Interest on lease liabilities - IFRS 16, note 13(b)	3,314	3,554
Interest on financing from foreign suppliers	6,547	7,732
Financial transaction tax	1,441	861
Other minors	2,703	4,177
	126,844	109,838

24. Earnings per share

Basic and diluted earnings per share is calculated by dividing earnings for the year by the weighted average number of shares outstanding during the period.

The calculation of basic and diluted earnings per share is shown below:

	2024 S/(000)	2023 S/(000)
Numerator		
Profit for the year attributable to owners of the Company	488,803	433,851
	Thousands of shares	**Thousands of shares**
Denominator		
Weighted Average Common Stock	940,611	940,103
	Soles	**Soles**
Basic and diluted earnings per common share	0.520	0.461

As of December 31, 2024 and 2023, the Company does not have financial instruments that produce dilutive effects, so the basic and diluted earnings per share are the same.

25. Commitments, guarantees granted and contingencies

(a) Commitments-

The Group leases assets such as real estate and vehicles under non-cancellable operating leases expiring within a period of 2 to 3 years. The terms and conditions of the leases are negotiated on an individual basis.

(b) Guarantees granted -

The Group has the following guarantees granted:

Ferreycorp S.A.A:

- As of December 31, 2024, the Company has commitments for guarantees guaranteeing credit operations of subsidiaries for US$125,446,333 (US$120,641,469 as of December 31, 2023) and guarantees guaranteeing purchase operations with third parties for US$3,579,215 (US$5,929,524 as of December 31, 2023). It also maintains a cross-guarantee signed on July 23, 2020 between the Company and some of its subsidiaries as Co-Issuers, see note 12(c)(i).
- As of December 31, 2024, the company does not maintain letters of guarantee (the company held letters of guarantee that guaranteed the fulfillment of contracts and payment advances US$7,280,870 as of December 31, 2023) in favor of its subsidiaries.

Ferreyros S.A.:

- As of December 31, 2024, this subsidiary has guarantees for US$9,938,317 (US$14,291,154 in 2023) that guarantee third-party purchase operations.
- As of December 31, 2024, the subsidiary has bank guarantees in favor of financial institutions for US$ 21,765,833 (US$ 17,156,611 in 2023), which mainly guarantee the seriousness of the Group's offer and the faithful fulfillment of the delivery of the products sold through public tenders and the payment of customs obligations related to the import of goods.

Fargoline S.A.:

- As of December 31, 2024 and 2023, the subsidiary has contracted a surety policy in favor of the National Superintendence of Customs for merchandise under customs for US$200,000.

Soltrak S.A.:

- As of December 31, 2024, the subsidiary has guarantees for US$18,500,000 and S/10,800,000 (US$18,800,000 and S/ 14,300,000 in 2023), which guarantee third-party purchase operations and financial leases, respectively, with various maturities.
- As of December 31, 2024, the subsidiary has bank guarantees in favor of financial institutions for US$12,210,214 and S/ 300,000 (US$12,390,197 and S/ 300,000 in 2023), which mainly guarantee the seriousness of the Group's offer and the faithful fulfillment of the delivery of the products sold through public tenders, as well as the payment of customs obligations related to the import of goods, respectively.

Motored S.A.:

- As of December 31, 2024, the subsidiary has guarantees for US$43,548 (US$499,523 in 2023) that guarantee credit operations for third-party purchases.
- As of December 31, 2024, the subsidiary does not have bank bonds in favor of third parties. As of December 31, 2023, it maintained bank bonds for S/16,000 that mainly guaranteed the seriousness of the offer and the faithful fulfillment of the delivery of the products sold through public tenders.

Orvisa S.A.:

- As of December 31, 2024, the subsidiary has bank guarantees in favor of third parties for US$1,994,397 and S/1,782,342 (US$4,401,130 and S/ 4,513,781 in 2023), which mainly guarantee credit operations from subsidiaries and third-party purchase operations.

(c) Contingencies–

As of December 31, 2024 and December 31, 2023, the Company does not maintain tax proceedings on appeal or in contentious-administrative lawsuits.

In all cases, as of December 31, 2024, the Company has requested the advice of specialists, who have determined, together with Management, that there are some allowances for S/7,235,000 (S/7,988,000 as of December 31, 2023), which is recorded as a provision for such amounts, which is presented under the heading "Other current liabilities" of the consolidated statement of financial position. See note 11(a). This case is in the state of execution of the supreme court ruling. Having a high probability of success, the Management saw fit to conservatively reduce the provision.

26. Tax situation

(a) The Group is subject to the tax regime of each country in which it operates and is taxed on the basis of its unconsolidated results. As of December 31, 2024 and 2023, the income tax rate on taxable profit in the main countries in which the Group and its subsidiaries operate is:

	Tax rates	
	2024	**2023**
	%	%
Peru	29.5	29.5
Ecuador	22	22
Colombia	24	24
Chile (*)	25	25
Guatemala	25	25
El Salvador	30	30
Belize	25	25
Nicaragua	30	30
United States of America	15 and 28	15 and 28

(**) As a result of the tax reforms issued in Chile, the income tax rate for the following years will be:

	Regime	
	Art. 14 Letra A Tax rate	**Art. 14 Letra B Tax rate**
	%	%
Year		
2018 hereafter	25.0	27.0

As long as the subsidiaries in Chile do not express their intention to pay taxes under the regime of Art. 14 Letter "A", by means of an extraordinary meeting of shareholders, the Law establishes that by default it must be considered in the regime of Art. 14 Letter "B".

In accordance with the legal provisions in force in some countries as of December 31, 2024 and 2023, cash dividends in favor of non-domiciled shareholders are taxed with income tax at the following rates:

	Tax rates	
	2024 %	2023 %
Peru	5	5
Ecuador	10	10
Colombia	35	35
Chile (*)	5	5

(b) On January 27, 2023, Supreme Decree No. 008-2023-EF was published, amending the Regulations of the IGV Law regarding the formal requirements that must be met to exercise the right to the tax credit. In this sense, it is established that the tax credit is exercised with:

1. The proof of payment issued by the seller of the good, builder or service provider, in the acquisition in the country of goods, construction orders and services, or the settlement of the purchase, which must contain the information established by subsection b) of Article 19 of the Decree, the information provided for in Article 1 of Law No. 29215 and the requirements provided for in the regulatory standards regarding payment vouchers. In the case of cases in which purchase settlements are issued, the right to the tax credit is exercised with the document stating the payment of the respective tax.

2. The Customs Declaration of Goods or the Simplified Declaration, as well as the payment settlement, collection settlement or other documents issued by SUNAT that prove the payment of the Tax, on the importation of goods.

3. The proof of payment stating the value of the service provided by the non-domiciled person and the document stating the payment of the respective Tax, in the use of services in the country. In cases in which, in the case of operations in accordance with international uses and customs, payment vouchers are not issued, the tax credit is supported by the document stating the payment of the tax

4. Receipts issued in the name of the lessor or sublessor of the property for the public services of electricity and water supply, as well as for public telecommunications services. The lessee or sublessee may make use of the tax credit as a user of such services, provided that they comply with the conditions established in the Payment Voucher Regulations or in the regulations on the electronic issuance of payment vouchers, as applicable.

(c) For the purpose of determining the Income Tax and the General Sales Tax, the pricing and transfer rules must be applied and are in force in Peru, Nicaragua, Guatemala, El Salvador, Belize, Chile, Colombia and Ecuador and the United States of America and regulate that transactions with related local or foreign companies and with companies resident in territories with low or no taxation, they must be carried out at market values and supported by documentation and information on the valuation methods used and the criteria considered for their determination.

(d) The Tax Administration in Peru has the power to review and, if applicable, correct the income tax calculated by the Group in the four years following the year of filing the corresponding tax affidavit (years open to audit). The income tax and general sales tax affidavits for the years 2017 to 2021 are pending inspection by the Tax Administration in Peru. The affidavits corresponding to the years from 2001 to 2016 have already been audited.

Likewise, the income tax and general sales tax affidavits of the Group's main subsidiaries are subject to inspection by the Tax Administration of each country for the periods detailed below:

	Period subject to inspection
Foreign subsidiaries (country)	
Guatemala	2019 a 2024
El Salvador	2019 a 2024
Belize	2019 a 2024
Nicaragua	2019 a 2024
Chile, Colombia, Ecuador and the United States of America	2019 a 2024

	Period subject to inspection
Local Subsidiaries	
Ferreyros S.A.	2019 a 2024
Unimaq S.A.	2019 a 2024
Cresko S.A.	2019 a 2024
Soltrak S.A.	2019 a 2024
Fargoline S.A.	2019 a 2024
Orvisa S.A. and subsidiaries	2019 a 2024
Motored S.A.	2019 a 2024
Forbis Logistic S.A.	2019 a 2024
Soluciones Sitech Perú S.A.	2019 a 2024

Due to the possible interpretations that the corresponding tax authority may give to the legal regulations in force, it is not possible to determine, to date, whether or not the revisions carried out will result in liabilities for the Group, so any higher tax or surcharge that may result from eventual tax revisions would be applied to the results of the year in which the difference in criteria with the Tax Authority is resolved. In the opinion of Management and its legal advisors, any possible additional tax assessment, by the corresponding Tax Administration of each country, would not be material for the consolidated financial statements as of December 31, 2024 and 2023.

(e) In Peru, the Temporary Tax on Net Assets is levied on third-category income generators subject to the general income tax regime. The tax rate is 0.4% applicable to the amount of net assets that exceed S/1 million.
The amount effectively paid may be used as a credit against payments on account of the General Income Tax Regime or against the payment of regularization of Income Tax for the taxable year to which it corresponds.

27. Discontinued operations

On September 29, 2021, the Group made the decision to discontinue the operation of Motored S.A., which is a wholly owned subsidiary of the Group. The operations of Motored S.A. conclude within the following year from the closing date.

Due to the classification of Motored S.A. as a discontinued operation, such operations will no longer be presented in the automobiles, spare parts and services segment in the note of segments. The results of Motored S.A.'s financial year are as follows:

	2024 S/(000)	2023 S/(000)
Income from contracts with clients	1,994	6,450
Cost	(2,292)	(6,398)
Gross profit from discontinued operations	(298)	52
Selling expenses	(282)	(57)
Administration expenses	(519)	(1,161)
Other income and expenses, net	2,618	3,154
Operating profit from discontinued operations	1,519	1,988
Financial income	593	809
Exchange difference, net	331	16
Profit before tax from discontinued operations	2,443	2,813
Income tax expense	(967)	(914)
Profit from discontinued operations	1,476	1,899

The net cash flows incurred by Motored S.A. are as follows:

	2024 S/(000)	2023 S/(000)
Operation	7,550	19,818
Financing	(9,068)	(19,698)
Net cash income	(1,518)	120

	2024	2023
Earnings per share		
Basic and diluted for the year of discontinued operations (soles)	0.002	0.002

28. Changes in liabilities related to financing activities

The changes that have occurred in the liabilities related to financing activities for the year ended December 31 are as follows:

		Cash flows			Changes that do not generate cash flows			
	As of January 1 S/(000)	New loans S/(000)	Payment of loans S/(000)	Interest payment S/(000)	Accrued interest S/(000)	Lease liability S/(000)	Exchange difference S/(000)	As of December 31 S/(000)
Year 2024								
Financial obligations, note 12	2,315,129	4,667,991	(4,684,967)	-	-	-	35,411	2,333,564
Lease liabilities, note 13	43,124	-	(38,823)	-	-	60,543	342	65,186
Interest on financial obligations, note 15	27,547	-	-	(114,487)	103,344	-	-	16,404
	2,385,800	4,667,991	(4,723,790)	(114,487)	103,344	60,543	35,753	2,415,154
Year 2023								
Financial obligations, note 12	2,159,721	2,575,563	(2,307,711)	-	-	-	(112,445)	2,315,128
Lease liabilities, note 13	78,258	-	(50,085)	-	-	17,261	(2,310)	43,124
Interest on financial obligations, note 15	11,784	-	-	(107,187)	122,950	-	-	27,547
	2,249,763	2,575,563	(2,357,796)	(107,187)	122,950	17,261	(114,754)	2,385,800

29. Financial risk management and other aspects

Due to the nature of its activities, the Group is exposed to market risks (such as interest rate and exchange rate risks), credit risk and liquidity risk, which are managed through a process of identification, evaluation, treatment and continuous monitoring, subject to risk limits and other controls. This risk management process is critical to the Group's continued profitability and each area is responsible for risk exposures related to its responsibilities.

The comprehensive risk management process includes business risks such as business continuity, focus on competition, worker health and safety, changes in the environment, technology and industry, among others.

(a) Risk Management Structure -

The risk management structure is based on the Group's Board of Directors, which is ultimately responsible for identifying and controlling risks; in coordination with other areas as explained below:

(a.1) Directors-

He is responsible for the overall approach to risk management. The Board of Directors provides the principles for risk management, as well as the policies developed for specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments.

(A.2) Risk Committee -

Its mission is to assist the General Management and the Board of Directors, through the Audit Committee, in the supervision of the Group's risk management, monitor the internal environment and provide guidelines on action plans related to those risks that may negatively affect the achievement of the Group's objectives.

The function of the Committee is to supervise that the risk area develops its annual work plan and that the operational areas actively participate. This supervision is carried out through periodic sessions where the Risk Area reports on the status of the execution of the plan.

(A.3) Internal Audit -

He monitors the risk management processes in the Group and analyzes both the adequacy of the procedures and compliance with them. Internal Audit discusses the results of all evaluations with Management and reports its findings and recommendations to the Board of Directors.

(A.4) Management of administration and finance -

He is responsible for managing the Group's assets and liabilities and the entire financial structure. He is primarily responsible for the management of the Group's funds and liquidity risks; assuming the risks of liquidity, interest rates and currency exchange, according to the policies and limits in force.

(A.5) Corporate Risk Area -

It is responsible for facilitating comprehensive risk management based on the established methodology, defining the work schedule with the operational areas of the entire corporation and supporting them in the process of identifying, evaluating, responding, controlling and monitoring their most important risks. The operational areas of each subsidiary of the Group are responsible for complying with and executing the work schedule; as well as the implementation of the agreed action plans on the risks that may have a material impact on each individual company and on the Group.

Likewise, as part of the risks of the Group's strategic planning process, action plans are established to mitigate them, the risks of competition, recruitment, staff retention, equipment availability, product failure, social conflict and global financial crisis are considered.

(b) Risk mitigation -

As part of the total management of financial risks, the Group may use derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currency, capital risk and credit risks. The risk profile is assessed before hedging operations are carried out, which are authorized by the competent level within the Group. The other critical business risks are addressed through action plans executed by each Management of the subsidiary companies.

(c) Risk concentration –

(c.1) Credit risk -

Credit risk is the risk that a counterparty is unable to meet its obligations in relation to a financial instrument or sales contract, resulting in a financial loss. The Group is exposed to credit risk due to its operating activities (mainly accounts receivable) and its financing activities, including deposits with banks. Regarding deposits in banks, the Group, as of December 31, 2024, concentrates 99.88% (99.86% in 2023) of its cash and cash equivalents balances in financial institutions.

Credit risk related to accounts receivable: the credit risk of customers is managed by Management, subject to duly established policies, procedures and controls. Outstanding balances of accounts receivable are periodically reviewed to ensure recovery; likewise, the Group has a wide customer base. As of December 31, 2024, the Group's average collection term is 52 days on credit risk, which it controls and monitors continuously (59 days, as of December 31, 2023).

Credit risk related to financial instruments and bank deposits: credit risks of bank balances are managed by Management in accordance with the Group's policies. Investments of surplus cash are made with top-tier financial institutions. The maximum exposure to credit risk as of December 31, 2024 and 2023 is the carrying amount of the cash and cash equivalents balances shown in note 4.

As of December 31, 2024, Management has estimated that the maximum amount of credit risk to which the Group is exposed amounts to approximately S/1,602,000 (S/1,771,000 as of December 31, 2023), which represents the carrying amount of financial assets, see note 4.

In Management's opinion, the estimate of the provision for doubtful trade receivables adequately covers the risks of uncollectibility as of December 31, 2024 and 2023.

(c.2) Interest rate risk –

The Group's operating cash flows are substantially independent of market interest rate changes; due to the Group's individual credit rating, it can obtain competitive interest rates in the markets where it operates. It should be noted that the Group has not carried out significant financial operations at variable interest rates, therefore, in the opinion of Management, it does not have a material exposure to interest rate risks.

The following tables summarize the Group's exposure to interest rate risks. The Group's financial instruments are shown at their carrying amounts, classified according to their different contractual terms:

	As of December 31, 2024					
	Fixed rate					
	Up to 3 months S/(000)	From 3 to 12 months S/(000)	From 1 to 5 years S/(000)	No interest accrues S/(000)	Total S/(000)	Average Fixed Interest Rate 2024 %
Active:						
Cash and cash equivalents	12,103	-	-	236,156	248,259	Between 3.61 and 8.02%
Trade Receivables	49,882	44,521	17,293	1,074,608	1,186,304	Between 10% and 20%
Other assets (*)	-	-	-	167,795	167,795	
Total assets	61,985	44,521	17,293	1,478,559	1,602,358	
Liabilities						
Financial obligations	521,919	788,866	1,022,779	-	2,333,564	Between 2.50 and 6.15%
Lease liabilities	8,595	22,045	34,546	-	65,186	Between 3.50% to 9.00%
Trade payables	-	-	-	670,519	670,519	
Other liabilities (*)	-	-	-	339,228	339,228	
Total liabilities	530,514	810,911	1,057,325	1,009,747	3,408,497	
Marginal gap	(468,529)	(766,390)	(1,040,032)	468,812	(1,806,139)	
Accumulated gap	(468,529)	(1,234,919)	(2,274,951)	(1,806,139)	-	

	As of December 31, 2023					
	Fixed rate					
	Up to 3 months S/(000)	From 3 to 12 months S/(000)	From 1 to 5 years S/(000)	No interest accrues S/(000)	Total S/(000)	Average Fixed Interest Rate 2023 %
Active:						
Cash and cash equivalents	35,133	-	-	183,964	219,097	Between 5.05% and 6.25%
Trade Receivables	143,649	33,202	13,994	1,190,462	1,381,307	Between 14% and 24%
Other assets (*)	-	-	-	170,431	170,431	
Total assets	276,740	17,566	6,605	1,469,924	1,770,835	
Liabilities						
Financial obligations	308,885	1,254,238	752,005	-	2,315,128	Between 2.45% and 9.20%
Lease liabilities	5,686	14,584	22,854	-	43,124	Between 1.84% and 11.54%
Trade Accounts Payable	-	-	-	791,976	791,976	
Other liabilities (*)	-	-	-	341,243	341,243	
Total liabilities	314,571	1,268,822	774,859	1,133,219	3,491,471	
Marginal gap	(37,831)	(1,251,256)	(768,254)	336,705	(1,720,636)	
Accumulated gap	(37,831)	(1,289,087)	(2,057,341)	(1,720,636)	-	

(*) As of December 31, 2024 and 2023, the "Other assets" and "Other liabilities" included in this table exclude the amounts corresponding to the general sales tax payable, tax refunds, income tax, advances, and all those that do not qualify as financial instruments, see note 4

Overall, the Group has a high exposure to interest rate risk, due to its current level of long-term indebtedness. Variable rate borrowing exposes the Group to interest rate risk on its cash flows. Fixed-rate borrowing exposes the Group to interest rate risk on the fair value of its liabilities. As of December 31, 2024 and 2023, the Group only maintains short- and long-term debt for financial obligations and lease liabilities, which have been agreed at fixed interest rates, so it is exposed to interest rate risk on the fair value of liabilities. However, the Group assumes fair value risk because it considers it to be of little relevance as it does not expect market rates in the future to deviate materially from contractual rates.

(c.3) Liquidity risk -

Liquidity risk is the risk that the Group will not be able to meet its payment obligations related to financial liabilities at maturity and replace the funds when they are withdrawn. The consequence would be the default in the payment of its obligations to third parties. The Group has adequate levels of cash and cash equivalents and credit facilities available.

The Group controls the required liquidity through the proper management of the maturities of its assets and liabilities, in such a way as to achieve the match between the flow of income and future payments, which allows it to carry out its activities normally.

The Group's main source of cash income is collections from sales of domestic and imported merchandise. The average payment term to its main suppliers was 47 days and 55 days for the years 2024 and 2023, respectively. The Group finds that the management of collection and payment terms tends to improve due to the improvements made to its collection management policies.

In the event that the Group does not have, at any given time, the necessary resources to meet its obligations in the short term, it has lines of credit with financial institutions and, due to its economic solvency, it has been able to acquire short and medium-term loans at rates below the market average.

The following table presents the cash flows payable by the Group in accordance with the contractual terms agreed on the dates of the consolidated statement of financial position. These cash flows are expressed at undiscounted values; so they include the interest that would be generated in the future:

	From 1 to 3 months S/(000)	From 3 to 12 months S/(000)	From 1 to 5 years S/(000)	From 5 years old but S/(000)	Total S/(000)
As of December 31, 2024					
Other liabilities:					
- Financial obligations (capital)	521,919	805,024	974,995	31,626	2,333,564
- Financial obligations (interest)	13,467	51,438	46,204	63	111,172
- IFRS 16 lease liability (equity)	8,595	22,045	34,546	-	65,186
- IFRS 16 lease liability (interest)	535	1,306	1,473	-	3,314
- Trade accounts payable	615,790	54,729	-	-	670,519
- Other liabilities	660,697	51,845	-	-	712,542
	1,821,003	986,387	1,057,218	31,689	3,896,297
As of December 31, 2023					
Other liabilities:					
- Financial obligations (capital)	308,885	1,248,973	725,326	31,944	2,315,128
- Financial obligations (interest)	12,597	48,115	43,219	59	103,990
- IFRS 16 lease liability (equity)	5,686	14,584	22,854	-	43,124
- IFRS 16 lease liability (interest)	528	1,410	1,898	-	3,836
- Trade accounts payable	529,944	262,032	-	-	791,976
- Other liabilities	437,713	117,056	-	-	554,769
	1,295,353	1,692,170	793,297	32,003	3,812,823

(c.4) Exchange rate risk -

The Group is exposed to the effects of fluctuations in the prevailing foreign currency exchange rate on its financial position and cash flows. Management sets limits on exposure levels per currency and total daily trades.

Active and passive transactions are basically carried out in the functional currency of the parent company (Sol), which is the one used by the Group to measure its performance, so that if the foreign currency exchange position (for example, the U.S. dollar) is positive, any depreciation of the Sol would positively affect the Group's consolidated statement of financial position. Foreign currency transactions are carried out at bid and ask rates.

The Group manages foreign currency exchange risk by monitoring and controlling the values of the position that is not held in soles (functional currency) and that are exposed to movements in exchange rates. The Group measures its performance in each country's currency so that, if the foreign currency exchange position is positive, any depreciation of the U.S. dollar would adversely affect the Group's consolidated statements of financial position. Any devaluation/revaluation of the foreign currency would affect the consolidated income statement.

Transactions in foreign currency in Peru are carried out at the free market exchange rates published by the Superintendence of Banking and Insurance and AFP. As of December 31, 2024, the free market exchange rates for transactions made in U.S. dollars, published by this institution, were S/3,758 and S/3,770 per US$1 for assets and liabilities, respectively (S/3,705 and S/3,713 per US$1 for assets and liabilities, respectively, as of December 31, 2023).

As of December 31, 2024 and 2023, the Group had the following monetary assets and liabilities in foreign currency presented in soles:

	2024						
	Soles S/(000)	Dollars S/(000)	Quetzal S/(000)	Cordoba S/(000)	Chilean Pesos S/(000)	Belize Dollar S/(000)	Total S/(000)
Active							
Cash and cash equivalents	115,444	129,502	1,213	-	958	1,143	248,260
Trade Receivables	189,882	923,522	28,969	-	43,931	-	1,186,304
Other assets	154,084	74,554	7,879	-	86	657	237,260
	459,410	1,127,578	38,061	-	44,975	1,800	1,671,823
Passive							
Financial obligations	440,017	1,652,105	54,540	-	186,902	-	2,333,564
Lease liabilities	22,679	34,708	5,347	-	2,452	-	65,186
Trade Accounts Payable	160,570	416,247	54,252	-	37,244	2,206	670,519
Other liabilities	547,646	162,566	-	-	2,330	-	712,542
	1,170,912	2,265,626	114,139	-	228,928	2,206	3,781,811
Net Passive Position	(711,502)	(1,138,047)	(76,079)	-	(183,953)	(406)	(2,109,987)

	2023						
	Soles S/(000)	Dollars S/(000)	Quetzal S/(000)	Cordoba S/(000)	Chilean Pesos S/(000)	Belize Dollar S/(000)	Total S/(000)
Active							
Cash and cash equivalents	101,067	103,823	3,716	940	8,584	967	219,097
Trade Receivables	425,843	823,533	37,272	-	94,659	-	1,381,307
Other assets	181,122	55,916	2,768	-	-	40	239,846
	708,032	983,272	43,757	940	103,243	1,007	1,840,250
Passive							
Financial obligations	434,289	1,573,244	73,256	-	234,339	-	2,315,128
Lease liabilities	10,300	15,763	5,283	-	11,778	-	32,824
Trade Accounts Payable	192,913	490,483	77,897	-	27,751	2,932	791,976
Other liabilities	495,454	49,509	-	-	9,806	-	554,769
	1,132,956	2,129,000	156,436	-	283,674	2,932	3,704,997
Net Passive Position	(424,924)	(1,145,728)	(112,679)	940	(180,431)	(1,925)	(1,864,747)

The Group does not have a specific policy regarding foreign currency futures contracts to hedge foreign currency exposure. In 2024 and 2023, the strategy has been to buy foreign currency in the spot market. The Group has no foreign currency futures contracts in effect as of the date of the financial statements, other than those described in the preceding paragraph.

As of December 31, 2024, the Group has recorded a net loss due to exchange difference amounting to approximately S/43,040,000 (net income amounting to approximately S/29,006,000 in 2023), which is presented under the heading "Exchange difference, net" of the consolidated income statement.

The following table shows the sensitivity analysis of U.S. dollars, the currency to which the Group has significant exposure as of December 31, 2024 and 2023, in its monetary assets and liabilities and its estimated cash flows. The analysis determines the effect of a reasonably possible change in the exchange rate of the U.S. dollar, considering the other constant variables in the consolidated statement of comprehensive income before income tax.

A negative amount shows a net potential reduction in the consolidated statement of pre-tax income, while a positive amount reflects a net potential increase:

Sensitivity analysis	**Change in US$ rates**	**2024**	**2023**
	%	S/(000)	S/(000)
Devaluation			
Soles	5	76,642	77,199
Soles	10	153,284	154,397
Revaluation			
Soles	5	(76,642)	(77,199)
Soles	10	(153,284)	(154,397)

(d) Money Management -

The Group actively manages a capital base to cover the risks inherent in its activities. The adequacy of the Group's capital is monitored using, among other measures, the ratios established by Management.

The Group's objectives when handling capital, which is a broader concept than "Equity" shown in the consolidated statement of financial position, are: (i) to safeguard the Group's ability to continue operating in a manner that continues to provide returns to shareholders and benefits to the other participants; and (ii) maintain a strong capital base to support the development of its activities.

The Group also monitors its capital on the basis of the leverage ratio. As of December 31, 2024 and 2023, the leverage ratio was as follows:

	2024 S/(000)	2023 S/(000)
Financial obligations, note 12(a)	2,333,564	2,315,128
Lease liability, note 13(a)	65,186	43,124
Less: Cash and cash equivalents, note 5	(248,259)	(219,097)
Net financial debt (A)	2,150,491	2,139,155
Net equity (B)	2,933,127	2,664,721
Leverage ratio (A) / (B)	0.733	0.803

30. Fair value of financial instruments

The carrying amount of short-term financial assets and liabilities are close to their fair values due to their maturity in the short term. In the case of long-term debts, here is an indication of their fair value:

	2024		2023	
	Book value S/(000)	**Fair value** S/(000)	**Book value** S/(000)	**Fair value** S/(000)
Short-term financial obligations	1,326,943	1,326,943	1,563,124	1,563,124
Short-term lease liabilities	20,694	20,694	26,843	26,843
Long-term financial obligations	1,006,621	1,014,568	752,004	777,278
Long-term lease liability	44,492	41,874	16,281	15,462

The carrying amounts of the other short-term financial liabilities (financial obligations and lease liabilities) are close to their fair value. As of December 31, 2024, the fair values of long-term financial obligations have been determined by applying the average annual rate of 5.09% for bonds, 4.45% for medium- and long-term notes and 6.25% for lease liabilities (4.45% for bonds, 4.66% for medium- and long-term notes and 5.30% for lease liabilities in 2023).

31. Information by segments

For management purposes, the Group is organized into business units on the basis of their products and activities, and has five differentiable segments organized as follows:

- Heavy equipment, which includes the purchase and sale of equipment, its respective spare parts and maintenance and repair services.
- Automotive, which includes the purchase and sale of automotive vehicles, their respective spare parts and maintenance and repair services.
- Equipment rental.
- Agricultural equipment, which includes the purchase and sale of agricultural equipment, its respective spare parts and maintenance and repair services.
- Other business units.

No other operation segments have been added as part of the operation segments described above.

Management monitors pre-tax profit for each business unit separately for the purpose of making decisions on resource allocation and financial performance evaluation. A segment's financial performance is evaluated on the basis of profit before income tax, using the same preparation bases as financial statements.

Transfer pricing between transaction segments is based on market conditions between independent parties in a similar way to those agreed with third parties.

In 2024 and 2023, the information on the results of the operating segments is as follows:

	Sales and Services S/(000)	Other Operating Income S/(000)	Total Revenue S/(000)	Gross margin S/(000)	Selling expenses S/(000)	Administrative expenses S/(000)	Other net income and expenses S/(000)	Financial expenses S/(000)	Financial income S/(000)	Net exchange difference S/(000)	Participation in the results with joint venture S/(000)	Profit before income tax S/(000)	Income tax S/(000)	Net profit S/(000)
2024														
Heavy equipment, spare parts and services	6,688,276	304	6,688,580	1,755,463	(664,274)	(317,445)	20,987	(106,272)	35,950	(36,833)	2,008	689,584	(222,423)	467,161
Automotive, spare parts and services	81,452	-	81,452	23,929	(14,150)	(2,066)	488	(1,820)	48	-	-	6,429	(2,165)	4,264
Equipment rental	217,722	-	217,722	67,675	(37,287)	(1,512)	213	(7,461)	1,285	(2,976)	-	19,937	(9,007)	10,930
Agricultural equipment, parts and services	115,531	460	115,991	22,455	(18,784)	(1,496)	(87)	(2,495)	230	(1,981)	-	(2,158)	625	(1,533)
Others	479,235	-	479,235	126,787	(42,367)	(58,842)	(4,360)	(8,796)	1,553	(1,250)	681	13,406	(6,901)	6,505
Consolidated total	7,582,216	764	7,582,980	1,996,309	(776,862)	(381,361)	17,241	(126,844)	39,066	(43,040)	2,689	727,198	(239,871)	487,327
2023														
Heavy equipment, spare parts and services	6,177,071	1,932	6,179,003	1,585,612	(619,957)	(323,379)	(422)	(89,027)	28,139	36,033	2,617	619,616	(210,728)	408,888
Automotive, spare parts and services	80,958	-	80,958	23,560	(13,357)	(1,953)	120	(1,782)	126	-	-	6,714	(2,310)	4,404
Equipment rental	201,306	-	201,306	53,346	(32,334)	(2,734)	71	(8,202)	1,739	(7,843)	-	4,043	(1,451)	2,592
Agricultural equipment, parts and services	130,348	724	131,072	28,733	(22,216)	(1,873)	634	(3,004)	326	(798)	-	1,802	(544)	1,258
Others	352,171	-	352,171	116,229	(51,961)	(45,589)	7,513	(7,823)	1,464	1,674	-	21,507	(6,697)	14,810
Consolidated total	6,941,854	2,656	6,944,510	1,807,480	(739,825)	(375,528)	7,916	(109,838)	31,794	29,066	2,617	653,682	(221,730)	431,952

In 2024 and 2023, the information by operation segments by country is as follows:

	Sales and Services S/(000)	Other Operating Income S/(000)	Total Revenue S/(000)	Gross margin S/(000)	Selling expenses S/(000)	Administrative expenses S/(000)	Other net income and expenses S/(000)	Financial expenses S/(000)	Financial income S/(000)	Net exchange difference S/(000)	Participation in the results with joint venture S/(000)	Profit before income tax S/(000)	Income tax S/(000)	Net profit S/(000)
2024														
Peru	6,948,565	460	6,949,025	1,801,687	(661,177)	(382,390)	68,719	(89,017)	26,790	(28,071)	2,689	739,230	(234,154)	505,076
Guatemala	344,964	304	345,268	69,504	(30,357)	(12,529)	339	(10,830)	1,491	1,318	-	18,936	(5,287)	13,649
El Salvador	251,425	-	251,425	63,325	(33,020)	(8,393)	(439)	(8,926)	512	-	-	13,059	(5,222)	7,837
Belize	23,133	-	23,133	6,232	(2,105)	(2,289)	100	-	356	334	-	2,628	(400)	2,228
United States of America	58,650	-	58,650	10,584	(345)	(5,697)	769	(183)	137	-	-	5,265	(1,451)	3,814
Nicaragua	107	-	107	103	(32)	(1,990)	84	-	489	(4)	-	(1,350)	(122)	(1,472)
Honduras	7,763	-	7,763	2,197	(1,564)	(64)	(24)	(180)	7	-	-	372	(115)	257
Panama	-	-	-	-	-	(3,040)	534	(192)	91	-	-	(2,607)	-	(2,607)
Chile	252,816	-	252,816	42,677	(48,262)	(18,422)	612	(20,395)	12,072	(16,617)	-	(48,335)	6,880	(41,455)
Intercompany transactions	(305,207)	-	(305,207)	-	-	53,453	(53,453)	2,879	(2,879)	-	-	-	-	-
Consolidated total	7,582,216	764	7,582,980	1,996,309	(776,862)	(381,361)	17,241	(126,844)	39,066	(43,040)	2,689	727,198	(239,871)	487,327
2023														
Peru	6,259,043	2,290	6,261,333	1,619,828	(630,109)	(360,503)	66,583	(73,150)	21,749	44,927	2,617	691,942	(227,699)	464,243
Guatemala	307,073	366	307,439	64,818	(27,356)	(11,267)	688	(8,057)	1,574	(94)	-	20,306	(6,124)	14,182
El Salvador	262,921	-	262,921	64,696	(32,211)	(8,592)	511	(8,353)	930	-	-	16,981	(5,942)	11,039
Belize	24,409	-	24,409	6,934	(2,205)	(2,199)	(16)	-	304	383	-	3,201	(422)	2,779
United States of America	53,932	-	53,932	7,000	(313)	(4,578)	178	(256)	120	-	-	2,151	(625)	1,526
Nicaragua	6,890	-	6,890	712	(243)	(1,564)	517	(20)	348	-	-	(248)	(324)	(572)
Honduras	8,002	-	8,002	2,371	(1,257)	(53)	4	(176)	2	-	-	886	(273)	613
Panama	-	-	-	-	-	(6,090)	(522)	(12)	50	-	-	(6,572)	-	(6,572)
Chile	300,402	-	300,402	41,121	(46,131)	(31,783)	(8,926)	(20,583)	7,486	(16,150)	-	(74,965)	19,679	(55,286)
Intercompany transactions	(280,817)	-	(280,817)	-	-	51,101	(51,101)	769	(769)	-	-	-	-	-
Consolidated total	6,941,855	2,656	6,944,511	1,807,480	(739,825)	(375,528)	7,916	(109,838)	31,794	29,066	2,617	653,682	(221,730)	431,952

32. Subsequent events to the date of the consolidated statement of financial position

Between January 1, 2025 and the date of approval of the consolidated financial statements, no subsequent relevant events have occurred that, in Management's opinion, require any additional disclosure or material adjustment to the amounts presented in the consolidated financial statements.

33. Explanation added for English translation

The accompanying consolidated financial statements were originally issued in Spanish and are presented on the basis of International Financial Reporting Standards, as described in note 2. These consolidated financial statements should be read in conjunction with the Spanish consolidated financial statements, in the event of a discrepancy the Spanish language version prevails.

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