**PETRÓLEOS DEL PERÚ - PETROPERÚ S.A.**

CONDENSED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2023, DECEMBER 31, 2022, AND MARCH 31, 2022

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USD = US Dollar
S/ = Peruvian Sol
EUR = Euro

**PETRÓLEOS DEL PERÚ - PETROPERÚ S.A.**
**CONDENSED INTERIM FINANCIAL POSITION STATEMENT**

| **ASSET** | **Note** | **As of March 31, 2023** | **As of December 31, 2022** |
|---|---|---|---|
| | | **USD 000** | **USD 000** |
| **Current asset** | | | |
| Cash and cash equivalents | 9 | 111,431 | 88,746 |
| Trade accounts receivable | 10 | 318,768 | 488,501 |
| Other accounts receivable | 11 | 487,660 | 487,809 |
| Inventories | 12 | 933,986 | 1,032,909 |
| Other assets | | 7,245 | 9,064 |
| **Total current assets** | | 1,859,090 | 2,107,029 |
| **Non-current assets** | | | |
| Other accounts receivable | 11 | 810,991 | 714,931 |
| Property, plant, and equipment | 13 | 7,091,724 | 7,050,239 |
| Investment properties | | 9,531 | 9,535 |
| Intangible assets | | 43,924 | 44,351 |
| Right-of-use assets | | 26,793 | 29,073 |
| **Total non-current assets** | | 7,982,963 | 7,848,129 |
| **TOTAL ASSET** | | 9,842,053 | 9,955,158 |

| **LIABILITY AND EQUITY** | **Note** | **As of March 31, 2023** | **As of December 31, 2022** |
|---|---|---|---|
| | | **USD 000** | **USD 000** |
| **Current liabilities** | | | |
| Other financial liabilities | 14 | 1,015,005 | 867,741 |
| Trade accounts payable | 15 | 956,150 | 1,096,309 |
| Accounts payable to related entities | 16 | 385,011 | 134591 |
| Other accounts payable | | 137,910 | 92,379 |
| Other provisions | 17 | 48,328 | 51,273 |
| Lease liabilities | | 20,000 | 18,500 |
| **Total current liabilities** | | 2,562,404 | 2,260,793 |
| **Non-current liabilities** | | | |
| Other financial liabilities | 14 | 4,100,194 | 4,099,706 |
| Accounts payable to related entities | 15 | 525,048 | 751,297 |
| Other provisions | 17 | 12,581 | 12,574 |
| Deferred tax liabilities | | 149,408 | 176,601 |
| Lease liabilities | | 7,224 | 10,946 |
| **Total non-current liabilities** | | 4,794,455 | 5,051,124 |
| **Total liabilities** | | 7,356,859 | 7,311,917 |
| **Equity** | 18 | | |
| Shareholder equity | | 60,586 | 1,660,586 |
| Additional capital | | 1,014,623 | 1,014,623 |
| Legal reserve | | 8,724 | 724 |
| Accumulated results | | (198,739) | (40,692) |
| **Total equity** | | 2,485,194 | 2,643,241 |
| **TOTAL LIABILITIES AND EQUITY** | | 9,842,053 | 9,955,158 |

The accompanying notes on pages 6 to 39 are part of the condensed interim financial statements.

**PETRÓLEOS DEL PERÚ - PETROPERÚ S.A.**

**CONDENSED INTERIM COMPREHENSIVE INCOME STATEMENT**

| | Note | For the three-month period ended March 31, 2023 USD 000 | 2022 USD 000 |
|---|---|---|---|
| Ordinary activities income | 19 | 896,857 | 1,370,765 |
| Other operating income | | 14,506 | 12,284 |
| Total income | | 911,363 | 1,383,049 |
| Sales cost | 20 | (1,002,041) | (1,256,859) |
| Gross profit | | (90,678) | 126,190 |
| Selling and distribution expenses | 21 | (16,303) | (21,554) |
| Administration expenses | 22 | (33,385) | (46,086) |
| Other income | 24 | 5,212 | 6,058 |
| Other expenses | 24 | (740) | (29) |
| Total operation costs | | (45,216) | (61,611) |
| Profit from operating activities | | (135,894) | 64,579 |
| Financial income | | 1,808 | 5,363 |
| Financial expenses | | (57,361) | (10,131) |
| Net exchange difference | | 6,313 | 70,866 |
| Profit before income tax | | (185,134) | 130,677 |
| Income tax expense | 25 | 27,087 | (24,072) |
| Net income for the period and comprehensive income | | (158,047) | 106,605 |
| Basic and diluted earnings per share | 27 | (0.029) | 0.020 |

The accompanying notes on pages 6 to 39 are part of the condensed interim financial statements.

**PETRÓLEOS DEL PERÚ - PETROPERÚ S.A.**

**CONDENSED INTERIM EQUITY CHANGES STATEMENT**
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023, AND 2022**

| | **Number of shares** | **Social capital** | **Additional capital** | **Legal reserve** | **Accumulated results** | **Total equity** |
|---|---|---|---|---|---|---|
| | | **USD 000** | **USD 000** | **USD 000** | **USD 000** | **USD 000** |
| **Balance as of January 1, 2022** | 5,368,412,525 | 1,599,443 | - | 1,930 | 345,879 | 1,947,252 |
| Comprehensive results: | | | | | | |
| Net income for the period | - | - | - | - | 106,605 | 106,605 |
| Total comprehensive income | - | - | - | - | 106,605 | 106,605 |
| Transactions with shareholders: | | | | | | |
| Loss-making application 2020 | - | - | | - | - | |
| Total transactions with shareholders | - | - | | - | 106,605 | 106,605 |
| **Balance as of March 31, 2022** | 5,368,412,525 | 1,599,443 | - | 1,930 | 452,484 | 2,053,857 |
| | | | | | | |
| **Balance as of January 1, 2023** | 5,572,168,000 | 1,660,586 | 1,014,623 | 8,724 | (40,692) | 2,643,241 |
| Comprehensive results: | | | | | | |
| Net income for the period | - | - | - | - | (158,047) | (158,047) |
| Total comprehensive income | - | - | - | - | (158,047) | (158,047) |
| Transactions with shareholders: | | | | | | |
| Capital contribution | | | | | | |
| Transfer to additional capital and legal reserve | - | | - | | - | - |
| Transfer of additional capital to social capital | - | - | - | - | - | - |
| Total transactions with shareholders | - | - | - | - | (158,047) | (158,047) |
| **Balance as of March 31, 2023** | 5,572,168,000 | 1,660,586 | 014,623 | 8,724 | (198,739) | 2,485,194 |

The accompanying notes on pages 6 to 39 are part of the condensed interim financial statements.

**PETRÓLEOS DEL PERÚ - PETROPERÚ S.A.**

**INTERIM CASH FLOW STATEMENT**

| | Note | For the three-month period ended March 31, 2023 USD 000 | 2022 USD 000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Net cash provided by operating activities | | 47,711 | 11,637 |
| Interest payment | 14 | (9,235) | (1,444) |
| Payment of income tax | | (11,686) | (2,496) |
| Net cash provided by (applied to) operating activities | | 26,790 | 7,697 |
| **INVESTMENT ACTIVITIES** | | | |
| Early refund of general sales tax related to investment activities | | - | - |
| General sales tax related to investment activities | | (17,411) | (42,625) |
| Payment for the purchase of property, plant, and equipment | | - | (136,201) |
| Capitalized interest paid | | (91,124) | (13) |
| Payment for the purchase of intangible assets | | (389) | (250) |
| Withdrawal of investment from fixed-term deposits | | - | |
| Investment in fixed-term deposits | | - | |
| Net cash applied to investing activities | | (108,924) | (179,089) |
| **FINANCING ACTIVITIES** | | | |
| Loans received from financial institutions | 14 | 674,386 | 577,665 |
| Payment of loans to financial institutions | 14 | (569,709) | (557,538) |
| Payment of lease liabilities | | (2,380) | (2,320) |
| Net cash (applied to) provided by financing activities | | 102,297 | 17,807 |
| Net decrease in cash and cash equivalents | | 20,163 | (153,585) |
| Effect of exchange rate variation on cash | | 2,522 | 3,177 |
| Cash and cash equivalents at the beginning of the period | | 88,746 | 239,557 |
| Cash and cash equivalents at the end of the period | | 111,431 | 89,149 |
| **TRANSACTIONS FROM FINANCING AND INVESTMENT ACTIVITIES THAT DID NOT GENERATE CASH FLOWS** | | | |
| - Unpaid accrued interest | 14 | 14,695 | 56,242 |
| - Works in progress to be paid | | 18,307 | 28,959 |
| - Right-of-use asset and lease liability | | 16,659 | 49 |
| - Reclassification of property, plant, and equipment to intangible assets | | - | |

The accompanying notes on pages 6 to 39 are part of the condensed interim financial statements.

**PETRÓLEOS DEL PERÚ - PETROPERÚ S.A.**

**CONDENSED INTERIM CASH FLOW STATEMENT**

| | Note | For the three-month period ended March 31, 2023 USD 000 | 2022 USD 000 |
|---|---|---|---|
| Net profit for the period | | (158,047) | 106,605 |
| Adjustments to reconcile the net profit for the period with the cash from operating activities: | | | |
| Provision for contingencies | 17 | 513 | 148 |
| Provision of plugging and environmental remediation | | | |
| Depreciation of property, plant and equipment and investment property | 13 | 32,708 | 13,790 |
| Allowance for impairment of trade accounts receivable | | 71 | |
| Allowance for inventory impairment | | | |
| Amortization | | 816 | 754 |
| Right-of-use asset depreciation | | 3,366 | 2,008 |
| Retirement and adjustments to property, plant and equipment and investment properties | | 740 | 29 |
| Deferred income tax | | (27,193) | (47,851) |
| Income from asset donation | | | |
| Non-realizable exchange rate difference adjustment effect | | (2,521) | (3,178) |
| | | (149,547) | 72,305.00 |
| Net changes in operating assets and liabilities: | | | |
| Trade accounts receivable | | 169,663 | (56,516) |
| Other accounts receivable | | (78,500) | 10,272 |
| Inventories | | 98,923 | (364,442) |
| Other assets | | - | |
| Expenses contracted in advance | | 1,819 | (945) |
| Trade accounts payable | | (123,225) | 279,533 |
| Other accounts payable and provisions | | 128,578 | 71,430 |
| Net cash provided by (applied to) operating activities | | 47,711 | 11,637 |

The accompanying notes on pages 6 to 39 are part of the condensed interim financial statements.

**PETRÓLEOS DEL PERÚ - PETROPERÚ S.A.**

CONDENSED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2023, DECEMBER 31, 2022, AND MARCH 31, 2022

**1 IDENTIFICATION AND ECONOMIC ACTIVITY**

a) Identification -

**Petróleos del Perú - PETROPERÚ S.A.** (hereinafter, the Company), was incorporated on July 24, 1969, under Decree Law No. 17753.

The Company is a state company under private law that carries out its activities in the energy and mining sector, and the hydrocarbon subsector. The Company is organized and operates as a public limited company in accordance with the provisions of Legislative Decree No. 043, Law of the Company Petróleos del Perú - PETROPERÚ S.A. published on March 4, 1981 and its amendments, which establish that the Peruvian State is the owner of all the representative shares of the Company's capital stock, and Article 12 of the Regulations of Law No. 28840 provides that each member of the General Meeting of Shareholders, will represent the number of shares of the Company's capital stock that results from dividing the total of the shares by the number of members appointed in representation of the Peruvian State.

The Company is registered with the *Superintendencia de Mercados de Valores* (Superintendency of Securities Markets (SMV).

The Company's main offices are located at Av. Enrique Canaval y Moreyra No. 150, San Isidro, Lima, Peru.

By provision of Law No. 28840 - Law of Strengthening and Modernization of the Company Petróleos del Perú - PETROPERÚ S.A., the Company was expressly excluded from the scope of the *Fondo Nacional de Financiamiento de la Actividad Empresarial del Estado* (National Fund for the Financing of State Business Activity) - FONAFE and the *Sistema Nacional de Inversión Pública* (National Public Investment System) - SNIP. In addition, with the second final provision of Law No. 28840, Supreme Resolution No. 290-92-PCM was repealed, which included the Company in the process of promoting private investment, as well as any provision that opposed the Law No. 28840.

The Company is governed by its Organic Law approved by Legislative Decree No. 043, its Statute, Law No. 28840 - Law of Strengthening and Modernization of the Company Petróleos del Perú - PETROPERÚ S.A. (its Regulations, approved by Supreme Decree No. 012-2013-EM, on April 27, 2013) and additionally by the General Law of Companies, being subject only to the control of the *Contraloría General de la República* (Comptroller General of the Republic) (CGR), supervisory entities (Superintendence of Securities Markets – SMV) and regulatory entities (OSINERGMIN, OEFA, SUNAT, SUNAFIL, among others).

Likewise, in accordance with the provisions of the third final provision of Legislative Decree No. 1031, which promotes the efficiency of the state's business activity dated June 23, 2008, section 9.3 of Article 9 and Article 12 of said Legislative Decree No. 1031 are applicable. In the first case, the financial statements are audited annually by independent external auditors appointed by the General Shareholders 'Meeting, and in the second case, by resolution of the General Shareholders' Meeting, the minimum level of registration of its capital stock in the Public Registry of the Stock Market will be determined, subject to the provisions issued by the SMV.

The provisions of Law No. 30130 published on December 18, 2013, which was called “Law that declares of public necessity and national interest the priority execution of the modernization of the Talara Refinery to ensure the preservation of air quality and public health and adopts measures to strengthen the Corporate Governance of Petróleos del Perú - PETROPERÚ S.A.”, also apply to it, which provides that the Company execute the *Proyecto de Modernización de la Refinería de Talara* (Talara Refinery Modernization Project) (hereinafter, PMRT), as well as its Regulations, approved by Supreme Decree No. 008-2014-EM, published on March 24, 2014. According to Article 5 “Approval of guarantees’ granting” of Law No. 30130 it is approved the granting of guarantees by the National Government up to an amount of USD 200 million annually, up to a cumulative total of USD 1,000 million in support of the financial obligations derived from the financing contracted by the Company to execute the PMRT, in case the Company does not reach the financial flows to assume said obligations. As of March 31, 2023, and December 31, 2022, the use of said guarantees has not been required.

Additionally, on December 30, 2016, Legislative Decree No. 1292 was published, declaring the safe operation of the North Peruvian Pipeline to be of public necessity and of national interest and it provides the reorganization and improvement of the Company's Corporate Governance. On August 15, 2019, Law No. 30993 was published, which declared the preparation and execution of the *Proyecto de Afianzamiento y Modernización del Oleoducto North Peruvian* (North Peruvian Pipeline Strengthening and Modernization Project) to be of national interest, in order to guarantee the operation and efficient maintenance of the North Peruvian Pipeline, expand its extension, increase its transport capacity and profitability, safeguard the conservation of the environment and complement the Talara Refinery Modernization Project, as well as guarantee an adequate participation by way of taxes, fees and royalties in favor of the State.

b) Economic activity -

With Law No. 28244 of June 2, 2004, the Company was authorized to negotiate agreements with PERUPETRO S.A. in exploration and/or exploitation and operations or oil services according to law.

The Law of Strengthening and Modernization of the Company Petróleos del Perú - PETROPERÚ S.A. establishes that the Company will act with economic, financial, and administrative autonomy and in accordance with the annual and five-year objectives approved by the Ministry of Energy and Mines of Peru. The acts and agreements that it subscribes in the fulfillment of its corporate purpose will be subject to what is established in: i) Legislative Decree No. 043 and its amendments, ii) its Statute, iii) its internal regulations, iv) the agreements of its Board of Directors, v) the Standards of the National Control System and vi) the specific regulations for the Company.

The foreign trade operations carried out by the Company are governed by generally accepted international trade customs and traditions and by the generally accepted rules of International Law and the hydrocarbon and energy industry.

As part of its corporate purpose, the Company carries out activities provided for in Law No. 26221, Organic Law that regulates Hydrocarbon’s activity in the National Territory. These activities include all phases of the oil industry and trade, its derivatives, basic and intermediate petrochemicals, and other forms of energy.

With Law No. 29970 - Law that strengthens Energy Security and promotes the development of the petrochemical pole in the south of the country, the participation of the Company, individually or in association, is provided in the development of the petrochemical pole referred to in said Law.

Law No. 30130 authorizes the Company to sell or issue shares to be placed on the Stock Market. In this process, the State may incorporate a private participation of up to 49% of its outstanding capital stock. Likewise, it is established that the Company may carry out investment activities and projects, as long as they do not generate firm or contingent liabilities for the Company, present or future, do not affect the guarantees of the Talara Refinery Modernization Project (PMRT) and do not demand resources from the Public Treasury, which does not limit those projects that allow the Company to maintain its operations once the law enters into force. These restrictions will cease when the Company generates sufficient flows to guarantee the payment of the indebtedness to be contracted for the investments related to the PMRT and a private participation of at least 40% has been incorporated in its outstanding capital stock.

With Supreme Decree No. 031-2016-MEM of December 1, 2016, the assignment of the contractual position in the License Agreement for the Exploration and Exploitation of Hydrocarbons in Block 64 was approved by the Company in favor of Geopark Perú S.A.C., the latter being designated as the operator of the aforementioned agreement. Likewise, on December 2, 2016, the Public Deed of the aforementioned assignment was signed. In August 2020, the Company decided to accept the assignment of the 75% stake in the License Agreement for Block 64, held by Geopark Perú S.A.C., because in July it notified the Company that it irrevocably chose to exercise the option to withdraw the License Agreement. On September 28, 2021, Supreme Decree No. 024-2021-EM was published approving the modification of the License Agreement and, therefore, the assignment of Geopark's 75% interest in the License Agreement in favor of the Company.

Legislative Decree No. 1292, published on December 30, 2016, declared the safe operation of the North Peruvian Pipeline of public necessity and of national interest, providing the reorganization of the Company and the improvement of its corporate governance, granting a term of 720 calendar days from the date of publication of said Legislative Decree, for the elaboration of a plan that regulates, among others, the modification, execution of agreements and contracting of services related to the business units of the Company; the Company's participation in hydrocarbon exploration and exploitation agreements; the possibility of the Company to participate in social responsibility actions under the mechanism of works for taxes; the application of the capital increase referred to in section 8.1 of Article 8 of Law No. 29970 for the execution of the Talara Refinery Modernization Project and, the modification of Article 4 and the second complementary provision of Law No. 28840 - Law of Strengthening and Modernization of the Company Petróleos del Perú - PETROPERÚ S.A. to implement Legislative Decree No. 1292, approved by the Board of Directors. Said plan was approved by the Board of Directors with Agreement No. 067-2018-PP dated August 6, 2018.

On the other hand, on December 25, 2021, Supreme Decree 030-2021-EM was published approving the Temporary License Agreement for the Exploitation of Hydrocarbons in Block I, assuming the operation on December 27, 2021, which consists of the production of hydrocarbons from the Block for a period of 22 months.

Article 77 of the Organic Hydrocarbons Law establishes that activities and prices related to crude oil and its derivative products are governed by supply and demand.

- The Company's fuel price policy approved by its Board of Directors establishes the following:

  • The prices of liquid fuels and specialties are determined according to supply and demand, in compliance with the provisions of the Organic Hydrocarbons Law and regulations that modify or replace it.
  • The list prices of liquid fuels and specialties will be approved by the Executive Prices Committee chaired by the General Manager and made up of the Corporate Finance Manager, Corporate Supply Chain Manager, Corporate Operations Manager and Corporate Commercial Manager or whoever assumes their duties.
  • The determination of the prices of liquid fuels and specialties that the Company sells in the local market will consider the opportunity cost and will be set at prices that allow the Company to compete in the market and at the same time achieve its strategic and budget goals. In the case of liquid fuels, the opportunity cost corresponds to the Import Parity Price calculated with the methodology defined by the Company in its guidelines.
  • The Company's list prices of liquid fuels must be competitive with respect to other economic agents, producers, and importers, in the Sales Plants of the country where there is commercial operation, provided that there is commercial benefit.
  • In case of events or developments in the international market that significantly impact the prices of liquid fuels and specialties strongly

upwards or downwards, that negatively affect the reputational image of the Company or put it in a potentially risky economic situation, the Executive Prices Committee may decide to gradually transfer them to customers or leave without effect the variations presented in a conjunctural manner that occur for a very short time until the local or international market stabilizes, taking into account the financial sustainability of the Company.

- Fund for the stabilization of prices of petroleum derived fuels (hereinafter, the Price Stabilization Fund).

The Price Stabilization Fund was created by the Peruvian Government by Emergency Decree No. 010-2004, regulatory and amending standards. By this norm the Peruvian State constitutes a contingent fund to avoid that the volatility of the prices of the hydrocarbons is transferred to the final consumers; however, the Ministry of Energy and Mines (MEM) will compensate the Company for the spreads not transferred to customers.

In accordance with these regulations, the *Dirección General de Hidrocarburos* (General Directorate of Hydrocarbons) (DGH) of the Ministry of Energy and Mines establishes a price band for each fuel product that is marketed in the country. Article 6 of Supreme Decree No. 133-2010-EF (dated June 23, 2010) establishes that the *Organismo Supervisor de la Inversión en Energía y Minería* (Supervisory Agency of Investment in Energy and Mining) - OSINERGMIN will update and publish every two months, in the Official Gazette *El Peruano*, the bands of each of the products on the last Thursday of the second month, counted from the effective date of the last update.

Weekly, the Supervisory Agency of Investment in Energy and Mining - OSINERGMIN publishes for each fuel product marketed in the country a referential price called *Precio de Paridad de Importación* (Import Parity Price) (PPI). When the PPI is greater than the upper limit of the band, the difference constitutes the Compensation Factor and when the PPI is less than the lower limit of the band, the difference constitutes the Contribution Factor.

Supreme Decree No. 007-2020-EM, published on April 21, 2020, excluded LPG-E, Diesel B5 and Diesel S-50 as products subject to the PSF. On September 6, 2021, Supreme Decree No. 023-2021-EM was published incorporating LPG-E as a product subject to the PSF. Subsequently, on November 9, 2021, Supreme Decree No. 025-2021-EM was published incorporating Diesel BX for vehicle use as a product subject to the PSF.

Subsequently, through Supreme Decree No. 002-2022-EM, published on March 28, 2022, 84 and 90 octane Gasoline, 84 octane Gasohol and Liquefied Petroleum Gas for bulk use (LPG-G) were incorporated to the PSF.

As of March 31, 2023, the Price Stabilization Fund represented -1.53% of the Company's revenue (1.54% of revenue as of March 2022).

c) Approval of financial statements -

The interim financial statements for the three-month period ended March 31, 2023 have been approved by the Company's General Management on May 2, 2023.

The interim financial statements for the twelve-month period ended December 31, 2022 have been approved by the Company's General Management on February 15, 2023 and are currently being audited by SOA Gaveglio Aparicio y Asociados SCRL-PWC.

**2 BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS**

The condensed interim financial statements for the three-month period ended March 31, 2023, have been prepared in accordance with the International Accounting Standard No. 34, "Interim Financial Reporting" (IAS 34) issued by the International Accounting Standards Board (IASB).

The information in the statement of financial position as of December 31, 2022, and the corresponding notes are derived from the financial statements as of that date.

The unaudited condensed interim financial statements arise from accounting records and are prepared on a historical cost basis, with the exception of derivative financial instruments that are measured at fair value. The condensed interim financial statements are presented in thousands of United States dollars, except when a different monetary expression is indicated. The accounting policies applied are consistent with those of the 2022 year and the comparative interim period.

The condensed interim financial statements do not include all the information and disclosures required for the annual financial statements and should be read together with the financial statements for the year ended December 31, 2022, which were prepared in accordance with IFRS issued by the IASB.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Changes in the applicable regulations as of January 1, 2023 -**

Certain standards, amendments to standards and interpretations have been issued that are mandatorily applicable in future years and have not been early adopted by the Company. The following is a summary of those accounting changes that will be effective as of January 1, 2023.

- IFRS 17 – "Insurance contracts". This standard establishes a new measurement model for insurance contracts and is more relevant to the insurance industry. This standard is effective from January 1, 2023. The Company believes that due to the nature of its activities, this standard will not have an impact on the Company.

- Disclosure of accounting policies – Amendments to IAS 1 and Practice Statement 2. The amendment to IAS 1 clarifies that material accounting policies must be disclosed. Also, the amendment to Practice Statement 2 to provide guidance on how to apply the concept of materiality to disclosures of accounting policies. This amendment is effective from January 1, 2023.

- Amendment to IAS 8 – Definition of Accounting Estimates. This amendment clarifies how to distinguish changes in accounting policies from changes in accounting estimates. This amendment is effective from January 1, 2023.

- Amendment to IAS 12 – Deferred taxes related to assets and liabilities arising from a single transaction. This amendment establishes that deferred taxes arising from a single transaction that, on initial recognition, gives rise to taxable and deductible temporary differences of equivalent value should be recognized. This will generally apply to transactions such as leases (for lessees) and decommissioning or remediation obligations, where deferred tax assets and liabilities will be required to be recognized. Currently, there were different approaches to these types of transactions, with some companies recognizing deferred taxes and others not recognizing them. The Company has been recognizing deferred tax on temporary differences arising from its lease agreements, so it does not expect to be impacted by this change. This modification is effective from January 1, 2023.

• Amendment to IAS 1 – Classification of liabilities as current or non-current. In 2020 an amendment to IAS 1 was issued clarifying that liabilities should be classified as current or non-current depending on the rights existing at the date of the financial statements. It is established that the classification should not be affected by the entity's expectations or by events occurring after the date of the financial statements, for example, the receipt of a waiver from a financial entity following the breach of contractual commitments (covenants).

In 2022, another amendment to IAS 1 was issued that complements the previous one in relation to waivers received from a financial entity and specifies that the covenants that an entity must comply with after the date of the financial statements do not influence the classification of a debt as current or non-current at the date of the financial statements.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions in determining the classification for some liabilities that may be converted to equity.

The amendments should be applied retrospectively in accordance with the requirements of IAS 8 and are effective from January 1, 2024.

• Amendment to IFRS 16 – Sale and Leaseback. This amendment clarifies aspects applicable to the remeasurement of lease liabilities arising from "sale and leaseback" transactions, in which lease payments are variable, but do not depend on an index or a rate. It is specified that the portion of such remeasurement associated with the retained right-of-use should not affect profit or loss. This amendment is effective from January 1, 2024.

• Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture. These amendments clarify the accounting treatment of sales or contributions of assets between an investor and its associates or joint ventures. It is confirmed that the accounting treatment depends on whether the non-cash assets sold or contributed to an associate or joint venture constitute a "business" (as that term is defined in IFRS 3 – "Business Combinations").

If the non-monetary assets constitute a business, the investor must recognize the entire gain or loss arising from the sale or contribution of the asset. If the assets do not constitute a business, the gain or loss should be recognized only for the portion attributable to the other investors. This amendment is applied prospectively. The effective date of these amendments is in the process of being defined.

Except for the accounting changes where it is mentioned that the Company does not expect to have an impact on its financial statements, the other changes will be subject to evaluation during 2023.

**3.2 Significant accounting policies -**

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2022, as described therein, except for the accounting treatment of income tax in interim periods, which are accounted for using the tax rate that would be applicable to the total expected annual profit or loss (see Note 4). Income tax expense is recognized in each interim period according to the best estimate of the expected effective annual income tax rate for the full year. The Company's Management considers that the amount accrued for income tax expense in an interim period may have to be adjusted in a later interim period of that same year, if the estimate of the annual effective income tax rate changes.

**4 ESTIMATES AND CRITICAL ACCOUNTING CRITERIA**

The preparation of the condensed interim financial statements requires Management to make judgments, estimates and assumptions that may affect the application of accounting policies and the balances of assets and liabilities, income and expenses. Actual results could differ from those estimates.

In preparing the condensed interim financial statements, the relevant judgments and estimates made by Management in the application of the Company's accounting policies and in the critical information for estimating uncertainties were the same as those applied in the financial statements by the year ended December 31, 2022, except for changes in estimates that are required to determine the provision for income tax.

Income tax -

To determine income tax in interim periods, Management uses the effective tax rate that would be applicable to the total expected annual profit or loss (see Note 3.2 and Note 25), which requires Management's judgment to determine the expected results for tax purposes.

The Company performed a sensitivity analysis of the income tax expense in the interim periods based on the estimate of the effective income tax rate at the end of the year.

If the effective income tax rate had been +/- 1% different from Management's estimates, the Company would need to increase/decrease the income tax expense by USD 271 thousand in the three-month period ended on March 31, 2023 (USD 241 thousand in the three-month period ended March 31, 2022).

**5 FINANCIAL RISK MANAGEMENT**

**5.1 Financial risk factors -**

The Company's activities expose it to a variety of financial risks: market risks (mainly exchange rate risk, interest rate risk and oil price risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all the financial risk management information and disclosure required in the annual financial statements; should be read in conjunction with the Company's annual financial statements as of December 31, 2022, as there have been no changes in the related assessments of financial risks since the end of the year.

There have been no significant changes in the risk management department or in any risk management policy since the end of 2022.

**5.2 Liquidity risk -**

Management manages its liquidity risk by ensuring that it always has sufficient credit lines and by funding its working capital with cash flows from operating activities.

The Company has sufficient credit capacity to have access to lines of credit with the best rated financial institutions (institutions with no history of default and of local prestige) in terms of market. In addition, the Company develops new banking relationships in order to have adequate funds available at all times.

As of March 31, 2023, the Company has short-term revolving credit lines granted by local and foreign banks for up to approximately USD 3,173,572 thousand, of which approximately USD 1,486,556 thousand are used for crude oil and refined product purchases in the country and in foreign markets and other obligations related to working capital. These lines of credit have no maintenance cost requirements and do not require collateral. It should be noted that the auditing firm Gaveglio Aparicio y Asociados SCRL - PWC, is currently auditing the 2022 financial statements, within the framework of strengthening the Company's Good Corporate Governance.

The Company's Corporate Finance Management supervises the cash flow projections made on liquidity requirements to ensure that there is sufficient cash to meet operational needs while maintaining sufficient margin for unused lines of credit, so that the Company does not default on borrowing limits on any line of credit. Cash surpluses and balances above that required for the administration of working capital are invested in instruments that generate interest, choosing instruments with an appropriate maturity or sufficient liquidity.

The following table analyzes the Company's financial liabilities grouped on the basis of the remaining period as of the date of the statement of financial position until the maturity date. The amounts disclosed in the table are undiscounted cash flows:

| | Book Value Flows | Not discounted Cash | Less than 1 year | More than 1 year | More than 2 years |
|---|---|---|---|---|---|
| | USD 000 | USD 000 | USD 000 | USD 000 | USD 000 |
| Other financial liabilities | 5,115,199 | 8,158,245 | 1,165,874 | 332,097 | 6,660,274 |

**5.3 Capital risk -**

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern in order to generate returns to its shareholder, benefits to other stakeholders and to maintain an optimal structure to reduce the cost of capital.

The Company monitors its capital based on the leverage ratio, which is calculated by dividing its net debt by its total capital. Net debt corresponds to total financial obligations (including current and non-current) minus the balance of cash and cash equivalents. Total capital corresponds to equity as shown in the statement of financial position plus net debt.

As of March 31, 2023, Apoyo & Asociados Risk Rating Agency maintains the rating of "CP-1 (pe)" to the First Short-Term Instruments Program and "AA-(pe)" to the Long-Term Bonds of PETROPERÚ S.A., and a stable outlook. In turn, Pacific Credit Ratings (PCR) Risk Rating Agency maintains the rating of PE1 to the First Short-Term Instruments Program PETROPERÚ S.A. and PEAA to the financial solvency with a stable outlook.

S&P Global Ratings Risk Rating Agency maintains the BB rating for long-term debt in foreign currency, with a stable outlook, while Fitch Ratings maintains the BB+ rating for long-term debt in foreign currency with a negative outlook.

As of March 31, 2023, and December 31, 2022, the leverage ratios were as follows:

| | 2023<br>USD 000 | 2022<br>USD 000 |
|---|---|---|
| Other financial liabilities | 5,115,199 | 4,967,447 |
| Cash and cash equivalents | ( 111,431) | ( 88,746) |
| Net debt (A) | 5,003,768 | 4,878,701 |
| Total equity (B) | 2,485,194 | 2,643,241 |
| Total capital (A) + (B) | 7,488,962 | 7,521,942 |
| Ratio (A/(A+B) | 0.67 | 0.65 |

As of March 31, 2023, the leverage ratio increased to 0.67, explained by the increase in short-term liabilities for working capital and the monthly interest accrued on the Bond issue and the CESCE loan, as well as the decrease in shareholders' equity, with the loss of USD 158 million generated as of March 2023.

## 6 INFORMATION BY SEGMENTS

a) Description of the main segments and activities

The highest authority in making operating decisions (General Management), examines the performance of the Company in three strategic divisions, which correspond to its operating segments that must be reported on. These divisions offer different products and services and are managed separately since they require different business strategies, both commercial and financial.

The Company's segments are evaluated based on the activity of the following business segments: (i) Production and marketing, (ii) Pipeline operations, and (iii) Rented and privatized units.

Based on what is established by IFRS 8, the reportable operating segment due to its representativeness over income is: "Production and commercialization". However, on a voluntary basis, the Company has decided to report all its operating segments as detailed in this Note.

The following summary describes the operations of each reportable segment:

| Reportable segment | Operations |
|---|---|
| Production and commercialization | Exploration, exploitation, refining and marketing of crude oil and derivative products, and operations of Block I. |
| Pipeline operations | Crude oil transfer and custody service from the northern jungle of the country. |
| Rented and privatized units | Assets that originate cash inflows derived from rentals. |

The General Management of the Company reviews the internal management reports of each segment on a quarterly basis.

There are different levels of transactions between the production and marketing segments and pipeline operations. These transactions include transfers of oil or some transportation products and services, respectively.

b) Statement of financial position by segment –

| | Production and commercialization (*) | Pipeline operations | Rented and privatized units | Total |
|---|---|---|---|---|
| | USD 000 | USD 000 | USD 000 | USD 000 |
| **As of March 31, 2023** | | | | |
| **Assets:** | | | | |
| Current | 1,586,670 | 248,696 | 23,724 | 1,859,090 |
| Non-current | 7,507,150 | 272,917 | 202,896 | 7,982,963 |
| | 9,093,820 | 521,613 | 226,620 | 9,842,053 |
| **Liabilities:** | | | | |
| Current | 2,228,505 | 191,011 | 142,888 | 2,562,404 |
| Non-current | 4,777,045 | 17,410 | - | 4,794,455 |
| | 7,005,550 | 208,421 | 142,888 | 7,356,859 |
| **As of March 31, 2022** | | | | |
| Assets: | | | | |
| Current | 1,410,869 | 344,114 | 26,919 | 1,781,902 |
| Non-current | 6,857,961 | 270,934 | 202,324 | 7,331,219 |
| | 8,268,830 | 615,048 | 229,243 | 9,113,121 |
| Liabilities: | | | | |
| Current | 2,516,741 | 89,739 | 26,816 | 2,633,296 |
| Non-current | 4,408,547 | 17,421 | - | 4,425,968 |
| | 6,925,288 | 107,160 | 26,816 | 7,059,264 |

(*) It includes Block I, refineries, a gas station, commercial area, and main office.

c) Statement of comprehensive income by segment –

| | Production and commercialization (*) | Pipeline operations | Rented and privatized units | Total |
|---|---|---|---|---|
| | USD 000 | USD 000 | USD 000 | USD 000 |
| **For the three-month period ended March 31, 2023** | | | | |
| Ordinary activities income | 896,804 | 53 | - | 896,857 |
| Other operating income | 8,528 | 16 | 5,962 | 14,506 |
| Total income | 905,332 | 69 | 5,962 | 911,363 |
| Sales cost | ( 988,228) | ( 12,469) | ( 1,344) | ( 1,002,041) |
| Transfers | ( 1,980) | 1,980 | - | - |
| Gross profit | ( 84,877) | ( 10,419) | 4,618 | ( 90,678) |
| Selling and distribution expenses | ( 14,610) | - | ( 1,693) | ( 16,303) |
| Administration expenses | ( 31,775) | ( 1,610) | - | ( 33,385) |
| Other income and expenses | 4,146 | 326 | - | 4,472 |
| Profit (loss) from operating activities | ( 127,114) | ( 11,704) | 2,925 | ( 135,894) |
| Financial, net | ( 49,100) | ( 329) | 189 | ( 49,240) |
| Profit before income tax | ( 176,215) | ( 12,033) | 3,114 | ( 185,134) |
| Income tax expense | 27,091 | ( 6) | 2 | 27,087 |
| Net result of the year | ( 149,124) | ( 12,039) | 3,116 | ( 158,047) |

| | Production and commercialization (*) USD 000 | Pipeline operations USD 000 | Rented and privatized units USD 000 | Total USD 000 |
|---|---|---|---|---|
| **For the three-month period ended March 31, 2022** | | | | |
| Ordinary activities income | 1,370,699 | 66 | - | 1,370,765 |
| Other operating income | 7,650 | (25) | 4,659 | 12,284 |
| Total income | 1,378,349 | 41 | 4,659 | 1,383,049 |
| Sales cost | ( 1,242,446) | ( 13,069) | ( 1,344) | ( 1,256,859) |
| Transfers | ( 2,145) | 2,145 | - | - |
| Gross profit | 133,758 | ( 10,883) | 3,315 | 126,190 |
| Selling and distribution expenses | ( 20,098) | - | ( 1,456) | ( 21,554) |
| Administration expenses | ( 42,263) | ( 3,823) | - | ( 46,086) |
| Other income and expenses | 4,773 | 1,256 | - | 6,029 |
| Profit (loss) from operating activities | 76,170 | ( 13,450) | 1,859 | 64,579 |
| Financial, net | 61,170 | 2,803 | 2,125 | 66,098 |
| Profit before income tax | 137,340 | ( 10,647) | 3,984 | 130,677 |
| Income tax expense | ( 27,525) | 5,858 | ( 2,405) | ( 24,072) |
| Net result from the exercise | 109,815 | ( 4,789) | 1,579 | 106,605 |

(*) It includes refineries, a service station, commercial area and main office.

d) Geographic income information -

As of March 31, 2023, and 2022, revenue from ordinary activities by segment is based on the geographical location of the clients:

| | 2023 USD 000 | 2022 USD 000 |
|---|---|---|
| Peru | 822,678 | 1,270,422 |
| Other countries | 88,685 | 112,627 |
| | 911,363 | 1,383,049 |

**7 SIGNIFICANT CHANGES IN THE CURRENT PERIOD**

The Company's financial position and performance were particularly affected by the following factors during the three-month period ended March 31, 2023:

- The international price of crude oil showed a downward trend at the end of March, closing at USD 75.67 per barrel (USD 100.28 per barrel as of March 31, 2022); this factor does not affect the realization margins; however, it does affect the value of inventories. This factor caused inventories to be renewed at a lower cost by USD 76,482 thousand as of March 2023, contrary to the increase of USD 105,541 thousand as of March 2022, being the main factor for the unfavorable result at the end of this period.

- Favorable situation due to the depreciation of the USD, from 3.820 in December 2022 to 3.765 in March 2023, which generates a reversal of provisions for deferred income tax affecting non-monetary items (mainly fixed assets) due to the fact that the Company pays income tax in a different currency (Peruvian Soles) than its functional currency (USD), generating deferred income tax income of USD 27,193. Likewise, this drop in the USD exchange rate generates an exchange rate adjustment gain of USD 6 million, due to having more monetary assets than monetary liabilities in Peruvian Soles, mainly the IGV tax credit of S/ 3,502 million.

## 8 MODIFICATION OF THE FINANCIAL STATEMENTS PUBLISHED AS OF THE FOURTH QUARTER 2022, AS A RESULT OF THE INCOME TAX RETURN FILED WITH SUNAT

Statement of financial position as of December 31, 2022:

| | | Adjustment | | |
|---|---|---|---|---|
| **ASSETS** | **Reported** | **Charge** | **Payment** | **Restated** |
| **CURRENT ASSETS** | | | | |
| Cash and cash equivalents | 88,773 | - | 27 | 88,746 |
| Trade Accounts Receivable (Net) | 488,501 | - | - | 488,501 |
| Other Accounts Receivable (Net) | 487,911 | - | 102 | 487,809 |
| Inventories | 1,032,909 | - | - | 1,032,909 |
| Other Assets | 9,064 | - | - | 9,064 |
| **TOTAL CURRENT ASSETS** | 2,107,158 | - | 129 | 2,107,029 |
| **NON-CURRENT ASSETS** | | | - | |
| Other accounts receivable | 714,931 | - | - | 714,931 |
| Property, plant, and equipment | 7,050,239 | - | - | 7,050,239 |
| Investment property | 9,535 | - | - | 9,535 |
| Intangible assets | 44,351 | - | - | 44,351 |
| Right-of-use assets | 29,073 | - | - | 29,073 |
| **TOTAL NON-CURRENT ASSETS** | 7,848,129 | - | - | 7,848,129 |
| **TOTAL ASSETS** | 9,955,287 | - | 129 | 9,955,158 |
| **LIABILITIES AND EQUITY** | | | | |
| **CURRENT LIABILITIES** | | | | |
| Other financial liabilities | 867,741 | - | - | 867,741 |
| Accounts payable to related entities | 1,096,309 | - | - | 1,096,309 |
| Trade accounts payable | 134,591 | - | - | 134,591 |
| Other accounts payable | 92,464 | 85 | - | 92,379 |
| Other provisions | 51,273 | - | - | 51,273 |
| Provision for right-of-use asset obligation | 18,500 | - | - | 18,500 |
| **TOTAL CURRENT LIABILITIES** | 2,260,878 | 85 | - | 2,260,793 |
| **NON-CURRENT LIABILITIES** | | | | |
| Other financial liabilities | 4,099,706 | - | - | 4,099,706 |
| Shareholder | 751,297 | - | - | 751,297 |
| Other provisions | 12,574 | - | - | 12,574 |
| Deferred tax liabilities | 174,410 | - | 2,191 | 176,601 |
| Provision for right-of-use asset obligation | 10,946 | - | - | 10,946 |
| **TOTAL NON-CURRENT LIABILITIES** | 5,048,933 | - | 2,191 | 5,051,124 |
| **TOTAL LIABILITIES** | 7,309,811 | 85 | 2,191 | 7,311,917 |
| **EQUITY** | | | | |
| Shareholder equity | 1,660,587 | - | - | 1,660,586 |
| Additional capital | 1,014,623 | | | 1,014,623 |
| Legal reserve | 8,724 | - | - | 8,724 |
| Retained earnings | -38,458 | 2,234 | - | -40,692 |
| TOTAL EQUITY | 2,645,476 | 2,234 | - | 2,643,241 |
| TOTAL LIABILITIES AND EQUITY | 9,955,287 | 2,319 | 2,191 | 9,955,158 |

**Statement of comprehensive income as of December 31, 2022**

| | Reported | Adjustment Charge | Adjustment Payment | Restated |
|---|---|---|---|---|
| Income from ordinary activities | 5,534,068 | - | - | 5,534,068 |
| Other operating income | 56,456 | - | - | 56,456 |
| Total income | 5,590,524 | - | - | 5,590,524 |
| Cost of sales | (5,540,477) | - | 38 | (5,540,439) |
| Gross profit | 50,047 | - | 38 | 50,085 |
| Selling and distribution expenses | (70,771) | - | 14 | (70,757) |
| Administrative expenses | (178,373) | - | 6 | (178,367) |
| Other income | 25,262 | - | - | 25,262 |
| Other expenses | (39,918) | - | - | (39,918) |
| Total operating expenses | (263,800) | - | 20 | (263,780) |
| Income from operating activities | (213,753) | - | 58 | (213,695) |
| Financial income | 19,509 | - | - | 19,509 |
| Interest expense | (165,849) | - | - | (165,849) |
| Net foreign exchange difference | 57,028 | - | - | 57,028 |
| Income before income tax | (303,065) | - | 58 | (303,007) |
| Income tax expense | 24,999 | 2,293 | - | 22,706 |
| Net income for the period | (278,066) | 2,293 | 58 | (280,301) |

## 9 CASH AND CASH EQUIVALENT

As of March 31, 2023 and December 31, 2022, this heading comprises:

| | 2023 USD 000 | 2022 USD 000 |
|---|---|---|
| Current accounts (*) | 111,421 | 88,734 |
| Fixed funds | 10 | 12 |
| | 111,431 | 88,746 |

(*) The Company maintains cash deposited in financial institutions in the form of current accounts in national currency and in foreign currency. The funds in these accounts are freely available and earn preferential interest rates, between 7.85% - 8.00% in Peruvian soles and between 4.35% - 4.75% in US dollars during 2023.

## 10 COMMERCIAL ACCOUNTS RECEIVABLE

As of March 31, 2023, and December 31, 2022, this heading comprises:

| | 2023<br>USD 000 | 2022<br>USD 000 |
|---|---|---|
| Wholesale distributors | 105,672 | 119,690 |
| Mining sector | 55,028 | 54,087 |
| Fuel marketeers | 21,230 | 20,158 |
| Oil companies | 26,624 | 25,462 |
| External market | 22,884 | 13,162 |
| Armed Forces and National Police of Peru | 10,853 | 8,933 |
| Construction sector | 1,613 | 10,355 |
| Transport sector | 1,081 | 921 |
| Aviation business | 732 | 775 |
| Industrial sector | 215 | 480 |
| Fishing sector | 95 | 2,329 |
| Different customers | 1,968 | 1,934 |
| Doubtful accounts | 13,366 | 13,109 |
| | 261,362 | 271,396 |
| Price Stabilization Fund - Ministry of Energy and Mines (Note 1-c) | 70,772 | 230,214 |
| | 332,134 | 501,610 |
| Minus: Expected loss of trade receivables | ( 13,366) | ( 13,109) |
| | 318,768 | 488,501 |

Trade accounts receivable balances correspond to invoices denominated in Peruvian soles and US dollars, mainly originated from the sale of refined products. Accounts receivable from the Armed Forces and the National Police of Peru have a maturity of 45 days. Accounts receivable from wholesale distributors and other customers have maturities between 7 and 45 days. Accounts receivable, in accordance with the Company's internal policies, are mostly guaranteed with letters of guarantee or with other instruments of the national financial system in accordance with the credit policy approved by the Board of Directors.

Fuel Price Stabilization Fund - Ministry of Energy and Mines -

The total amount receivable from the General Directorate of Hydrocarbons (DGH) as of March 31, 2023, and December 31, 2022 amounts to USD 86,184 thousand and USD 245,404 thousand, respectively, generated by compensation and contribution operations. These amounts include, as of March 31, 2023, the Amparo Claim recorded in a Claims account for USD 15,412 thousand (USD 15,190 thousand as of December 31, 2022), classified as other long-term accounts receivable (Note 11) and the amount receivable (compensation) of USD 70,772 thousand, receivable from Compensation (USD 230,214 thousand as of December 31, 2022).

As of March 31, 2023, and December 31, 2022, the movement of the total balance of the Price Stabilization Fund heading is explained as follows:

| | 2023 USD 000 | 2022 USD 000 |
|---|---|---|
| Initial balance | 230,214 | 28,511 |
| Price compensation | | 182,233 |
| Price contribution | (13,709) | (23,335) |
| Net (charged) credited to income from ordinary activities (note 19) | (13,709) | 158,898 |
| Compensation generated by importation of products | 2,213 | 105,176 |
| Contribution generated by importation of products | | ( 9,709) |
| Collection and payments of compensation and/or contribution | ( 147,549) | ( 54,538) |
| Exchange rate difference | ( 397) | 1,876 |
| Final balance receivable (payable) | 70,772 | 230,214 |

Expected loss of trade receivables -
To measure expected credit losses, the Company has classified its customers according to homogeneous risk characteristics that represent the payment capacity of each customer segment for the amounts owed. This classification has been made on the basis of segments that represent specific risks: wholesale sector, industrial sector, commercial sector and Armed Forces.

The Company considers it appropriate to exclude accounts receivable from wholesalers and commercial companies due to their high liquidity and the fact that there has been no historical loss incurred.

Expected loss rates are based on payment profiles for sales over a 12-month period prior to March 31, 2023, and December 31, 2022, and historical credit losses are adjusted to reflect current and prospective information of macroeconomic factors affecting the ability of customers to settle trade receivables.

On that basis, the provision for losses as of March 31, 2023, and December 31, 2022, was determined as follows:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Expected loss rate | Gross carrying amount | Expected loss | Expected loss rate | Gross carrying amount | Expected loss |
| | % | USD 000 | USD 000 | % | USD 000 | USD 000 |
| In force | 0.09 | 235,505 | 203 | 0.09 | 236,496 | 203 |
| 1 to 30 days | 2.82 | 382 | 11 | 2.76 | 5,595 | 154 |
| 31 to 60 days | 3.35 | 318 | 11 | 3.17 | 16,171 | 513 |
| 61 to 90 days | 4.88 | 2,980 | 145 | 5.08 | - | - |
| 211 to 240 days | 5.78 | 2,399 | 139 | 14.51 | 2 | - |
| 241 to 270 days | 9.69 | 6,406 | 620 | 14.92 | 2 | - |
| 271 to 300 days | 100.00 | 6 | 6 | 26.32 | 7 | 2 |
| More than 360 days | 93.50 | 13,366 | 12,231 | 95.25 | 13,123 | 12,237 |
| Total (*) | | 261,362 | 13,366 | | 271,396 | 13,109 |

(*) Does not include the Price Stabilization Fund.

As of March 31, 2023, and December 31, 2022, the movement of the estimate of the expected loss of trade accounts receivable was as follows:

| | 2023<br>USD 000 | 2022<br>USD 000 |
|---|---|---|
| Initial balance | 13,109 | 11,989 |
| Expected loss | 71 | 662 |
| Exchange rate | 186 | 468 |
| Recoveries | - | ( 10) |
| Final balance | 13,366 | 13,109 |

In Management's opinion, the estimate for doubtful accounts recognized in the financial statements and the guarantees requested are sufficient to cover any eventual risk in the recovery of trade accounts receivable as of the date of the statement of financial position.

Past due but not impaired trade accounts receivable are related to independent customers with whom letters of guarantee are maintained and/or whose debt has been reconciled and is expected to be collected in the short term.

## 11 OTHER ACCOUNTS RECEIVABLE

As of March 31, 2023, and December 31, 2022, this heading comprises:

| | 2023<br>USD 000 | 2022<br>USD 000 |
|---|---|---|
| **Current** | | |
| Tax credit - General Sales Tax and Income Tax (a) | 416,258 | 405,589 |
| Advances granted to suppliers | 20,437 | 53,192 |
| Investment in partnership with GeoPark | 3,501 | 3,501 |
| Staff loans | 3,081 | 3,619 |
| Restricted Funds | 38,739 | 16,516 |
| Derivative financial instrument assets | 984 | 494 |
| Loans | 2,006 | 2,022 |
| Miscellaneous | 2,654 | 2,876 |
| Doubtful collection accounts | 33,666 | 33,466 |
| | 521,326 | 521,275 |
| Expected loss on other accounts receivable (e) | ( 33,666) | ( 33,466) |
| Current part | 487,660 | 487,809 |
| **Non-current** | | |
| Tax credit - General Sales Tax, long term (b) | 781,246 | 685,561 |
| Claims for the Price Stabilization Fund - Ministry of Energy and Mines (Note 1 (c)) - (c) | 15,412 | 15,190 |
| Claims to the Tax Administration Superintendency (d) | 7,755 | 7,643 |
| Other tributes, long term | 6,578 | 6,537 |
| Non-current part | 810,991 | 714,931 |

(a) Tax credit - General Sales Tax and income tax, short term -

As of March 31, 2023, it corresponds to the General Sales Tax of operations for USD 60,901 thousand (equivalent to S/ 229,291 thousand), General Sales Tax of the PMRT for an amount of USD 87,976 thousand (equivalent to S/ 331,229 thousands); tax credit for selective consumption tax for USD 14,425 (equivalent to S/ 732,011 thousand) and payments on account of income tax for USD 72,971 (equivalent to S/ 274,735 thousand), which will be recovered in the short term through the operations.

From January to March 2023, SUNAT made General Sales Tax credit refunds for USD 29,590 thousand (equivalent to S/ 113,246 thousand) and during 2022, SUNAT made General Sales Tax credit refunds for USD 122,959 thousand (equivalent to S/ 475,586 thousand), the same ones that were requested by the Company through the regime of early recovery and return of the balance in favor of the benefit of the exporter.

(b) Tax credit - General Sales Tax, long term -

As of March 31, 2023, corresponds to the balance in favor of the IGV paid for the acquisition of goods and services related mainly to the Talara Refinery Modernization Project amounting to USD 351,729 thousand (equivalent to S/ 1,324,261 thousand) and the IGV for operations amounting to USD 429,502 thousand (equivalent to S/ 1,617,076 thousand).

As of December 31, 2022, it corresponds to the balance in favor of the IGV paid for the acquisition of goods and services related mainly to the Talara Refinery Modernization Project amounting to USD 341,326 thousand (equivalent to S/1,303,865 thousand) and the IGV for operations amounting to USD 344,249 thousand (equivalent to S/ 1,315,030 thousand).

This tax credit balance has no expiration date. The Company expects to recover this tax credit through the anticipated recovery of IGV in the long term.

(c) Claim from the Price Stabilization Fund to the Ministry of Energy and Mines -

In April 2010, the DGH issued Directorial Resolution 075-2010-EM/DG where it ordered fuel producers and importers to rectify their weekly affidavits filed since August 2008 and apply, retroactively, the reference values established in said Resolution. Given this, the Company, based on the opinion of Management and its lawyers, filed a Petition for Protection of the Court before the Second Constitutional Court of Lima, considering this resolution unconstitutional. Said action was signed with File No. 21022-2010-0-1801-JR-CI-02.

On November 28, 2018, the Judgment contained in Resolution No. 16 was issued by which the Second Specialized Constitutional Court of Lima decides to declare the claim inadmissible. With Resolution No. 17, the Appeal of said Judgment was granted to the second instance.

On December 17, 2020, by means of Resolution No. 5, issued by the Third Civil Chamber, Resolution No. 16, which declared the claim inadmissible, was declared NULL and VOID, ordering the Judge of first instance to issue a new resolution in accordance with the above.

On October 28, 2020, through Resolution No. 19, the court of first instance requested:

a) That the defendant complies with submitting a comparative table specifying the contribution and compensation factors that would have corresponded to it during the period August 19, 2008 to April 23, 2019.
b) Likewise, the plaintiff complies with factually and/or legally accrediting why it considers that Directorial Resolution No. 075-2010-EM/DGH is not applicable retroactively.

On March 4, 2021, through Resolution No. 20, the reasons why Resolution No. 075-2010-EM/DGH is considered not to be applicable retroactively, as requested by Resolution No. 19. By Resolution No. 21 dated December 29, 2022, the claim was declared inadmissible, which was appealed on January 17, 2023.

As of March 31, 2023, the granting of the appeal is pending.

In the opinion of the Management and based on the reports of our external legal advisors, we estimate that, once the legal process is concluded in all its instances, the result will be favorable to the Company, and will allow the total amount of the recorded balance to be recovered, amounting to USD 15,412 thousand as of March 31, 2023 (USD 15,190 thousand as of December 31, 2022).

d) Claims to the National Superintendency of Customs and Tax Administration (SUNAT) -

As of March 31, 2023, and December 31, 2022, this heading comprises:

| | 2023<br>USD 000 | 2022<br>USD 000 |
|---|---|---|
| File No. 17806-2012 (i) | 7,755 | 7,643 |

(i) In November 2012, the Company paid the amount of USD 8,651 thousand (equivalent to S/ 29,197 thousand), in response to different determination resolutions and fines issued for alleged omissions of payment of ISC and IGV corresponding to 2007. As of March 31, 2023, the process remains pending resolution by Court 4 of the Tax Court, signed with File No. 17806-2012. The expectation of the Company and the consulting attorneys to recover the claim is high, based on the resolution of other similar claims that were favorable. This amount is equivalent to USD 7,755 thousand at the closing exchange rate.

On February 4, 2022, in accordance with our right and being that in our opinion and that of the Company's legal advisors our sales of Turbo A-1 were made in accordance with the law, we have filed a contentious-administrative lawsuit against Resolution No. 09743-42021. As of December 31, 2022, and March 31, 2023, this lawsuit, which is being processed before the 22nd Contentious-Administrative Court with Tax Specialty (File No. 07442022-0-1801-JR-CA-22), is pending resolution.

e) Expected loss of other accounts receivable -

The expected loss is mainly related to claims made to the municipalities for property taxes and excise duties, of which the probability of recovery is low. In this regard, the Company applies the general model of IFRS 9 to measure expected credit losses on claims.

The Company considers the probability of default upon initial recognition of claims and whether there has been a significant increase in credit risk on an ongoing basis throughout each period. To assess whether there is a significant increase in credit risk, the Company compares the risk of default occurring on the asset at the reporting date with the risk of default at the date of initial recognition. The current and reasonable information available is considered. In particular, the internal credit rating is incorporated as an indicator.

Regardless of the above analysis, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making the claim payment. Regarding the other headings of the other accounts receivable, the Company considers that the credit risk of the counterparties is low, therefore it has not recorded an expected loss for these accounts as it is not significant.

As of March 31, 2023, and December 31, 2022, the movement of the provision for the expected loss is as follows:

| | 2023<br>USD 000 | 2022<br>USD 000 |
|---|---|---|
| Opening balance | 33,466 | 32,824 |
| Exchange difference | 200 | 652 |
| Recoveries | - | ( 10) |
| Closing balance | 33,666 | 33,466 |

## 12 INVENTORIES

As of March 31, 2023, and December 31, 2022, this heading comprises:

| | 2023<br>USD 000 | 2022<br>USD 000 |
|---|---|---|
| Raw oil | 296,947 | 311,086 |
| Refined products: | | |
| In process | 156,369 | 188,589 |
| Finished | 283,240 | 220,710 |
| Refined products purchased | 141,318 | 233,971 |
| Inventories in transit | 57 | 29,534 |
| Supplies | 60,163 | 53,161 |
| | 938,094 | 1,037,051 |
| Minus - Estimate for devaluation of supplies | ( 4,108) | ( 4,142) |
| | 933,986 | 1,032,909 |

As of March 31, 2023, the cost of inventories recognized as an expense and included in the cost of sales amounted to USD 905,410 thousand (USD 1,175,624 thousand as of March 31, 2022), which is equivalent to the cost of sales minus production operating expenses (Note 20).

As of March 31, 2023, the price of crude oil had a downward trend, closing its price at USD 75.67 per barrel (USD 100.28 per barrel as of March 31, 2022). The average price during the month of March 2023 was USD 73.37 per barrel (USD 108.58 per barrel as of March 31, 2022).

As of March 31, 2023, and December 31, 2022, the movement of the provision for impairment of supplies is explained as follows:

| | 2023<br>USD 000 | 2022<br>USD 000 |
|---|---|---|
| Initial balance | ( 4,142) | ( 4,251) |
| Impairment of supplies | - | ( 247) |
| Recovery | 34 | - |
| Exchange difference | - | 356 |
| Final balance | ( 4,108) | ( 4,142) |

This provision has been recognized as a result of analyzing the net realizable value of the inventories, taking into account the expectation of net flow that will be obtained from their sale or consumption, also taking into account their physical condition. As of March 31, 2023, and December 31, 2022, the Company considers that the provisioned amount reflects the risk of impairment of all its inventories due to both physical obsolescence and net realizable value.

## 13 PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings and other constructions | Machinery and equipment | Transport unit | Furniture and fixtures | Miscellaneous and computer equipment | Equipment out of use | Units to receive | Work in progress | Additional investments | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **USD 000** | **USD 000** | **USD 000** | **USD 000** | **USD 000** | **USD 000** | **USD 000** | **USD 000** | **USD 000** | **USD 000** | **USD 000** |
| **Year 2022** | | | | | | | | | | | |
| Cost | 211,011 | 503,472 | 2,047,724 | 47,888 | 6,573 | 148,319 | 10,662 | - | 4,886,298 | 6,570 | 7,868,517 |
| Accumulated depreciation | - | (122,107) | (541,979) | (22,861) | (5,570) | (43,344) | (10,662) | - | - | - | (746,523) |
| Accumulated impairment | - | - | (309) | - | - | - | - | - | (71,446) | - | (71,755) |
| **As of December 31, 2022** | 211,011 | 381,365 | 1,505,436 | 25,027 | 1,003 | 104,975 | - | - | 4,814,852 | 6,570 | 7,050,239 |
| **Year 2023** | | | | | | | | | | | |
| Initial balance of net book cost | 210,423 | 102,752 | 567,507 | 27,735 | 1,288 | 30,496 | - | - | 5,626,701 | 12,520 | 6,579,422 |
| Additions | - | - | - | - | - | - | - | - | 71,763 | 3,166 | 74,929 |
| Capitalizations | - | - | - | - | - | 272 | - | - | (272) | - | - |
| Retreats | - | - | (11) | - | (3) | - | - | - | - | - | (14) |
| Transfers | - | - | (2,031) | - | (10) | (295) | 2,336 | - | - | - | - |
| Depreciation of the period | - | (4,313) | (24,539) | (548) | (103) | (3,038) | - | - | - | - | (32,541) |
| Depreciation of previous years | | - | - | - | - | (164) | - | - | - | - | (164) |
| Depreciation of retreats | - | - | 11 | - | 3 | - | - | - | - | - | 14 |
| Depreciation transfers | - | - | 1,303 | - | 10 | 284 | (1,597) | - | - | - | - |
| Expenses for discontinued operations of fixed assets | - | - | - | - | - | - | (739) | - | - | - | (739) |
| **As of March 31, 2023** | 210,423 | 98,439 | 542,240 | 27,187 | 1,185 | 27,555 | - | - | 5,698,192 | 15,686 | 6,620,907 |
| Cost | 211,011 | 503,472 | 2,045,682 | 47,888 | 6,560 | 148,296 | 12,998 | - | 4,957,789 | 9,736 | 7,943,432 |
| Accumulated depreciation | - | (126,420) | (565,204) | (23,409) | (5,660) | (46,262) | (12,998) | - | - | - | (779,953) |
| Accumulated impairment | - | - | (309) | - | - | - | - | - | (71,446) | - | (71,755) |
| **As of March 31, 2023** | 211,011 | 377,052 | 1,480,169 | 24,479 | 900 | 102,034 | - | - | 4,886,343 | 9,736 | 7,091,724 |

**Talara Refinery Modernization Project - PMRT**
The status of the project as of March 31, 2023, is detailed below:

**a) Comprehensive Physical Progress of the PMRT**
The comprehensive progress of the PMRT is 98.75% Actual vs. 99.93% Scheduled.

To date, a Framework Agreement is being negotiated with Cobra to establish the new commitments for the delivery of the Auxiliary Units, which would modify the Framework Agreement II signed with the contractor Cobra SCL UA&TC on November 6, 2021.

To date, the Master Schedule Level III Revision 10 presented by Técnicas Reunidas and approved by the Board of Directors of Petroperu S.A. has been approved.

The composition of the Cost (Economic Progress) of the Project, compared to the disbursements incurred as of March 31, 2023, is detailed below:

| | **March 31, 2023** | | **Total budget** | |
|---|---|---|---|---|
| | **Disbursement** | **Percentage of completion** | **Planned** | **Total percentage** |
| | **USD 000** | **%** | **USD 000** | **%** |
| **Técnicas Reunidas (TR) -** Process units | 3,285,069 | 97.97 | 3,353,171 | 53.93 |
| **Cobra SCL Consortium -** Auxiliary units | 811,617 | 87.26 | 930,113 | 14.96 |
| | 337,979 | 91.71 | 368,517 | 5.93 |
| **Others -** | | | | |
| Supervision | 360,629 | 97.73 | 369,009 | 5.93 |
| Management | 228,565 | 84.89 | 269,257 | 4.33 |
| Contingencies | - | - | - | - |
| Interest on financing | 927,187 | 99.92 | 927,925 | 14.92 |
| | 5,951,046 | 95.71% | 6,217,992 | 100.00 |

**b) Advance EPC Auxiliary Units and Complementary Works - Agreement with Cobra SCL UA&TC Consortium**
The Comprehensive Progress in the EPC Agreement with TR is 99.77% Actual vs. 99.89% Scheduled. TR has recorded progress in the construction activity (C), as detailed:

- Engineering Progress: 100%
- Procurement Progress: 100% Actual vs 100% Scheduled
- Construction Progress: 99.79% Actual vs. 99.84% Scheduled
- Commissioning Progress: 95.42% Actual vs. 98.79% Scheduled

As of March 31, 2023, the accumulated executed amount is USD 3,250,20 million.

**c) Progress EPC Process Units - Agreement with Técnicas Reunidas (TR)**
The Comprehensive Progress in the EPC Agreement with Cobra SCL UA&TC Consortium is 96.62% Actual vs. 100% Scheduled. TR has registered progress in the construction activity (C), according to the following detail:

Cobra SCL UA&TC has recorded progress in the Engineering, Procurement and Construction (EPC) activities, as detailed:

- Engineering Progress: 99.71% Actual vs. 100% Scheduled
- Procurement Progress: 96.26% Actual vs. 100% Scheduled

• Construction Progress: 99.48% Actual vs. 100% Scheduled
• Commissioning Progress: 76.46% Actual vs. 100% Scheduled.

As of March 31, 2023, the accumulated executed amount is USD 971,59 million.

**d) Management**
**Financial structure of the PMRT**
The financial structure of the PMRT is as follows:

• Capital Contribution: USD 325 million
• Own Resources: USD 1,437,7 million
• Bond issue (15 and 30 years): USD 2,000 million
• Financing guaranteed by the Export Credit Insurance Company (CESCE): USD 1,300 million
• Bonds 2047: USD 1,155.3 million

**Social Responsibility and Community Relations.**
The total workforce as of March 31, 2023, was 2,024 jobs; local unskilled labor had a 96.6% share (out of a total of 254 unskilled), exceeding the minimum established in the EIA (70%). The local skilled labor force had a 65.0% share (out of a total of 1,770 skilled).

**14 OTHER FINANCIAL LIABILITIES**

As of March 31, 2023, and December 31, 2022, this heading comprises:

| | 2023<br>USD 000 | 2022<br>USD 000 |
|---|---|---|
| **Current liabilities** | | |
| Unsecured bank loans | 814,733 | 708,602 |
| CESCE loan (ii) | 144,444 | 144,444 |
| Accrued interest | 55,828 | 14,695 |
| | 1,015,005 | 867,741 |
| **Non-current liabilities** | | |
| Corporate securities (i) | 3,120,752 | 3,126,936 |
| CESCE loan (ii) | 979,442 | 972,770 |
| | 4,100,194 | 4,099,706 |

i) The Company issued bonds in the international market for USD 3,000,000 thousand under rule 144A and Regulation S, which are exceptions ("Safe-harbors") to the American regulatory framework (US Securities Act - 1933 and US Securities Exchange Act -1934) that allow foreign issuers to offer, place and/or resell securities, without the need to register them with the securities commission of securities registrants in the New York Stock Exchange (SEC). The funds received have been allocated to the Talara Refinery Modernization Project.

Here is a detail of the securities issued:

• 2032 Notes, principal amount of USD 1,000,000 thousand at a fixed annual rate of 4.750%, for a period of 15 years. The payment of the coupons is semi-annual, starting in December 2017, and the payment of the principal will take place on the maturity date of the securities. Transaction costs amounted to USD 5,288 thousand, which are net of the liability.

• 2047 Notes, principal amount of USD 2,000,000 thousand (USD 1,000,000 thousand received in the first issue in June 2017 and an additional USD 1,000,000 thousand resulting from the reopening of securities in February 2022), at a fixed rate of 5.625% annually, for a period of 30 years. The payment of the coupons is semi-annual, starting in December 2017, and the payment of the principal will take place on the maturity date of the securities. Transactional costs amounted to USD 8,826 thousand and the excess amount of the placement over par of the bonds at the time of the reopening amounts to USD 134,865 thousand.

The agreement for the securities issued does not contemplate the obligation to comply with financial covenants; however, it requires financial information to be provided to securityholders.

The securities issued do not have specific contractual guarantees; however, Law No. 30130 approves the granting of guarantees from the National Government for up to USD 1,000 million (Note 1-a).

ii) On January 31, 2018, the loan agreement for the *Compañía Española de Seguros de Crédito a la Exportación* (Spanish Export Credit Insurance Company) (CESCE) was signed with the administrative agent Deutsche Bank SAE for USD 1,300,000 thousand. As of March 31, 2023, the following were received:

- USD 1,236,717 thousand disbursed in 2018, destined to reimburse the different sources of financing used for the payment of PMRT invoices, corresponding to the EPC with Técnicas Reunidas until November 2018.
- USD 40,111 thousand disbursed in 2020, destined to reimburse the different sources of financing used for the payment of PMRT invoices, corresponding to the EPC with Técnicas Reunidas until December 2020.
- USD 14,088 thousand disbursed in 2020, destined to reimburse the different sources of financing used for the payment of PMRT invoices, corresponding to the EPC with Técnicas Reunidas until November 2020.
- USD 9,084 thousand disbursed in 2021, destined to reimburse the different sources of financing used for the payment of PMRT invoices, corresponding to the EPC with Técnicas Reunidas.

As of March 31, 2023, transaction costs amounted to USD 31,669 thousand. Interest is payable semi-annually starting May 2019 with maturity in 2031 based on the fixed interest rate of 3.285%.

The CESCE loan does not have specific contractual guarantees from the Company or the Peruvian state, however, it is 99% guaranteed by the Spanish Government through the CESCE.

As part of the signed agreement, the Company is obliged to comply with financial covenants, said commitments are measured quarterly, being the following:

- Debt ratio
- Debt service coverage
- Direct financing for investment in the PMRT

As of March 31, 2023, the Company complied with the commitments established in the financing agreement.

a) Debt repayment terms and schedule -

The terms and conditions of the outstanding loans are as follows:

| | Original currency | Nominal interest rate | Expiration | As of March 31, 2023 Nominal value | Carrying amount | As of December 31, 2022 Nominal value | Carrying amount |
|---|---|---|---|---|---|---|---|
| | | | | USD 000 | USD 000 | USD 000 | USD 000 |
| Unsecured bank loans | Peruvian Soles | 5.89%-9.95% | 2023 | - | - | 72,481 | 72,481 |
| Unsecured bank loans | US Dollars | 0.29% - 0.77% | 2023 | - | - | 636,121 | 636,121 |
| Unsecured bank loans | Peruvian Soles | 5.89% - 9.95% | 2023 | 60,118 | 60,118 | - | - |
| Unsecured bank loans | US Dollars | 6.14%-8.40% | 2023 | 754,615 | 754,615 | - | - |
| CESCE loans | US Dollars | 3.29% | 2031 | 1,155,556 | 1,123,886 | 1,155,556 | 1,117;214 |
| Corporate Securities | US Dollars | 4.75% | 2032 | 1,000,000 | 994,712 | 1,000,000 | 996,195 |
| Corporate Securities | US Dollars | 5.63% | 2047 | 2,000,000 | 2,126,040 | 2,000,000 | 2,130,741 |
| Accrued interest | | | | - | 55,828 | - | 14,695 |
| | | | | 4,970,289 | 5,115,199 | 4,864,158 | 4,967,447 |

The carrying amount corresponds to the amortized cost of the financial obligations discounted at the effective rate.
b) Movement of financial obligations -

The movement of debt due to financial obligations has been as follows:

| | Unsecured bank loans | Corporate securities | CESCE loan | Total |
|---|---|---|---|---|
| | USD 000 | USD 000 | USD 000 | USD 000 |
| Balance as of January 1, 2023 | 718,022 | 3,126,514 | 1,122,911 | 4,967,447 |
| New loans | 674,386 | - | - | 674,386 |
| Principal payments | ( 569,709) | - | - | ( 569,709) |
| Amortized cost | - | 865 | 645 | 1,510 |
| Share premium | - | ( 1,023) | - | ( 1,023) |
| Accrued interest | 15,303 | 29,475 | 7,110 | 51,888 |
| Paid interest | ( 9,300) | - | - | ( 9,300) |
| Balance as of March 31, 2023 | 828,702 | 3,155,831 | 1,130,666 | 5,115,199 |

## 15 COMMERCIAL ACCOUNTS PAYABLE

As of March 31, 2023, and December 31, 2022, this heading comprises:

| | 2023 | 2022 |
|---|---|---|
| | USD 000 | USD 000 |
| National suppliers of crude oil and refined products | 112,190 | 160,355 |
| Foreign suppliers of crude oil and refined products | 729,049 | 783,260 |
| Goods and service suppliers | 83,803 | 122,536 |
| Shipping companies and operators of terminals and sales plants | 31,108 | 30,158 |
| | 956,150 | 1,096,309 |

As of March 31, 2023, the main domestic supplier of crude oil is Petrotal Perú S.R.L. whose balance amounts to USD 57,641 thousand equivalent to S/ 220,591 thousand (USD 72,496 thousand equivalent to S/ 277,571 as of December 31, 2022). The main foreign supplier is Trafigura PTE LTD, which is owed USD 345,791 thousand equivalent to S/ 1,325,582 thousand (USD 367,231 thousand equivalent to S/ 1,410,687 thousand as of December 31, 2022).

As of March 31, 2023, the main service providers are: Rimac Seguros y Reaseguros whose balance amounts to USD 8,677 thousand equivalent to S/ 33,373 thousand (USD 11,888 thousand equivalent to S/ 45,885 thousand at December 31, 2022), Consorcio ODI whose balance amounts to USD 3,926 thousand equivalent to S/ 14,949 thousand (USD 839 thousand equivalent to S/ 3,219 thousand at December 31, 2022), Gases del Norte del Perú S.A.C. whose balance amounts to USD 3,327 thousand equivalent to. S/ 12,591 thousand (USD 1,227 thousand equivalent to S/ 4,720 thousand at December 31, 2022) and Quimtia S.A. whose balance amounts to USD 3,239 thousand equivalent to S/ 12,290 thousand (USD 809 thousand equivalent to S/ 3,124 thousand at December 31, 2022).

This account reflects the Company's obligations related to the acquisition of crude oil and refined products, transportation services for plant operations and the acquisition of supplies and spare parts. Invoices are issued in US dollars, are current due, do not bear interest and the Company has not provided specific guarantees.

## 16 ACCOUNTS PAYABLE TO RELATED ENTITIES

As of March 31, 2023, and December 31, 2022, this heading includes:

| | 2023 | 2022 |
|---|---|---|
| | USD 000 | USD 000 |
| Interest and cancellation documents - short term (b) | 385,011 | 134,591 |
| Loan - long-term (a) | 525,048 | 751,297 |
| | 910,059 | 885,888 |

Emergency Decree No. 010-2022, which establishes extraordinary measures in economic and financial matters aimed at securing the local fuel market, provided for the Temporary Financial support granted by the Ministry of Economy and Finance through the General Directorate of the Public Treasury, through the following actions:

a) The transitory financial support from the Public Treasury to the Company up to the amount in Peruvian soles equivalent to USD 750 million to meet short-term obligations during 2022, equivalent to S/ 2,785 million. This debt will be amortized in monthly installments from July 2023 to December 2024, so the current portion of this debt is USD 247 million and the non-current portion is USD 525 million.
b) Authorize the Ministry of Economy and Finance, through the General Directorate of the Public Treasury, to issue Cancellation Documents - Public Treasury in favor of the Company, which are intended exclusively for the payment of customs duties and associated taxes to purchases of crude oil and fuel products, as well as any other tax charged by it for its fuel marketing operations. The aforementioned Cancellation Documents are issued, on a monthly basis, during fiscal year 2022, at the request of the Company. The outstanding balance may not exceed the amount of S/ 500 million, which as of March 31, 2023 was issued in full and is equivalent to USD 138 million.

## 17 OTHER PROVISIONS

As of March 31, 2023, and December 31, 2022, this heading comprises:

| | 2023 | 2022 |
|---|---|---|
| | **USD 000** | **USD 000** |
| **Current** | | |
| Provision for environmental improvements (a) | 42,361 | 45,522 |
| Provisions for civil claims (b) | 1,825 | 1,812 |
| Provisions for labor claims | 3,379 | 3,187 |
| Well plugging provision | 512 | 505 |
| Provision for retirement pensions | 6 | 7 |
| Provision of job separation | 106 | 108 |
| Other provisions | 139 | 132 |
| | 48,328 | 51,273 |
| **Non-current** | | |
| Provision of improvements for the environment (a) | 12,496 | 12,488 |
| Provision of job separation | 68 | 67 |
| Provision for retirement pensions | 17 | 19 |
| | 12,581 | 12,574 |

The movement of the other provisions is as follows:

| | Provision for environmental improvements | Provision for civil claims | Provision for labor claims | Provision for well plugging | Provision for retirement pensions | Provision of job separation | Other provisions | Total |
|---|---|---|---|---|---|---|---|---|
| | USD 000 | USD 000 | USD 000 | USD 000 | USD 000 | | USD 000 | USD 000 |
| Balances as of December 31, 2022 | 58,010 | 1,812 | 3,187 | 505 | 26 | 175 | 132 | 63,847 |
| Provisions for the year | - | 8 | 506 | 8 | - | - | - | 522 |
| Payments | (3,366) | - | (356) | - | (3) | (4) | - | (3,729) |
| Reversal of unused provisions | - | (23) | - | (23) | - | - | - | (46) |
| Exchange rate difference | 213 | 2<br>8 | 42 | 22 | - | 3 | 7 | 315 |
| Balance as of March 31, 2023 | 54,857 | 1,825 | 3,379 | 512 | 23 | 174 | 139 | 60,909 |

a) Provision for restoration of the environment and plugging of wells -

From January to March 2023, three (03) significant spills have been recorded, which are in the process of investigation with OSINERGMIN. Currently insurance work is being developed with companies in the area where this event occurred, in order to comply with current regulations and secure the area.

During the first quarter 2022, four (04) spills were recorded in the ONP that are in the process of investigation, first response and containment work was carried out, and these processes are in call.

The Company, as part of the application of its contingency plan, contracted specialized companies to carry out spill containment and environmental remediation tasks in the affected areas.

The movement of the provision for environmental improvements is detailed below:

| | Balances as of January 1 | Payments | Provision and update | Balances as of March 31 |
|---|---|---|---|---|
| | USD 000 | USD 000 | USD 000 | USD 000 |
| **Year 2023** | | | | |
| Block 8 | 2,126 | - | - | 2,126 |
| Block X | 1,962 | - | - | 1,962 |
| Pampilla | 1,606 | (15) | - | 1,591 |
| Lubricants | 118 | - | - | 118 |
| North Terminals | 341 | - | - | 341 |
| South Terminals | 85 | - | - | 85 |
| Center Terminals | 1,724 | (106) | - | 1,618 |
| Natural Gas Electric System | 20 | - | - | 20 |
| Total Privatized Units | 7,982 | (121) | - | 7,861 |
| | | | | |
| Talara Operations | 2,050 | (20) | - | 2,030 |
| Conchán Operations | 876 | (19) | - | 857 |
| Pipeline Operations | 44,233 | - | - | 44,233 |
| Iquitos Refinery Operations | 1,392 | (3,206) | - | -1,814 |
| Commercial operations | 603 | - | - | 603 |
| Exploration and Exploitation Management | 959 | - | - | 959 |
| Total Own Units | 50,113 | (3,245) | - | 46,868 |
| Total | 58,095 | (3,366) | - | 54,729 |
| Exchange rate difference | (85) | | | 128 |
| | 58,010 | | | 54,857 |

## 18 EQUITY

a) Share capital -

As of March 31, 2023, the authorized, subscribed and paid capital is represented by 5,572,168,000 common shares (5,572,168,000 as of December 31, 2022), whose nominal value is one Peruvian sol each. As of March 31, 2023, the composition of the shareholders that participate in the issued capital of the Company comprises:

| Class | Number of actions | Percentage |
|---|---|---|
| | | % |
| A | 4,457,734,400 | 80 |
| B | 1,114,433,600 | 20 |
| | 5,572,168,000 | 100 |

Class “A” shares have the right to vote, but they are indivisible, non-transferable and unattachable shares and may not be subject to a security interest, usufruct or any affectation.

Class “B” shares have voting rights and may be transferred through centralized negotiation mechanisms of the Stock Market.

b) Legal reserve -

In accordance with Article 229 of the General Law of Companies, a legal reserve must be established with the transfer of no less than 10% of the annual net profit until reaching 20% of the paid-in capital. In the absence of undistributed profits or unrestricted reserves, the legal reserve may be applied to offset losses, and must be replaced with profits from subsequent years.

In reference to the regulation, the legal reserve registered as of March 31, 2023 amounts to USD 8,724 thousand.

## 19 INCOME FROM ORDINARY ACTIVITIES

This heading includes:

| | For the three-month period ended on March 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **USD 000** | **USD 000** |
| National sales | 811,453 | 1,226,488 |
| Price Stabilization Fund (Note 10) | ( 13,709) | 21,115 |
| Income related to ordinary activities | 10,428 | 10,535 |
| | 808,172 | 1,258,138 |
| Foreign sales | 88,685 | 112,627 |
| | 896,857 | 1,370,765 |

As of March 31, 2023, and 2022, sales break down as follows:

| | For the three-month period ended on March 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **USD 000** | **USD 000** |
| **National sales:** | | |
| Diesel Miscellaneous | 495,505 | 608,168 |
| Gasoline | 251,487 | 326,662 |
| Crude ONO | - | 222,012 |
| LPG | 12,796 | 48,586 |
| Turbo A1 | 18,448 | 16,018 |
| Asphalt | 10,707 | 17,297 |
| Industrial Petroleum | 13,250 | 12,795 |
| Solvents | 4,013 | 4,084 |
| Wet gas BLOCK I | 897 | - |
| Primary naphtha and others | 1,069 | 2,516 |
| Total national sales | 808,172 | 1,258,138 |
| **Foreign sales:** | | |
| Industrial petroleum | 81,990 | 17,382 |
| Turb a1 | 6,483 | 18,836 |
| Asphalts and solvents | 212 | 873 |
| Diesel miscellaneous | - | 31,784 |
| Gasoline | - | 13,090 |
| ULSD (EXP) | - | 5,887 |
| Reduced crude oil | - | 8,586 |
| Cracked naphtha ADQ (Exp) | - | 397 |
| Total foreign sales | 88,685 | 112,627 |

## 20 COST OF SALES

This heading includes:

| | For the three-month period ended on March 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **USD 000** | **USD 000** |
| Initial inventory of stock | 954,356 | 579,580 |
| Purchases of crude oil and refined products and supplies | 828,928 | 1,479,789 |
| Production operating expenses (a) | 96,631 | 81,235 |
| Ending inventory of stock | (877,874) | (883,745) |
| | 1,002,041 | 1,256,859 |

(a) The composition of production operating expenses is as follows:

| | For the three-month period ended on March 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **USD 000** | **USD 000** |
| Third-party services (*) | 45,997 | 38,173 |
| Depreciation (Note 13) | 28,522 | 10,848 |
| Personnel charges (Note 23) | 12,144 | 11,999 |
| Insurance | 4,824 | 5,018 |
| Depreciation of right-of-use assets | 3,068 | 1,750 |
| Different management charges | 1,198 | 322 |
| Employee participation (Note 23) | 18 | 11,193 |
| Payment | 64 | 3 |
| Other production materials and supplies | - | 786 |
| Others | 797 | 1,143 |
| | 96,631 | 81,235 |

(*) It includes the following:

| | For the three-month period ended on March 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **USD 000** | **USD 000** |
| Freight and ground transportation expenses | 19,802 | 16,415 |
| Maintenance and repair services | 8,650 | 4,196 |
| Other freight | 4,522 | 3,310 |
| Energy and water | 3,230 | 3,576 |
| Product storage | 3,421 | 3,122 |
| Product dispatch | 3,232 | 2,655 |
| Industrial security and protection | 1,331 | 779 |
| Food and accommodation | 913 | 934 |
| Storage and dispatch (PNP – Petrored) | 989 | 1,113 |
| Advertising | 162 | 396 |
| Miscellaneous | 1,694 | 1,209 |
| | 47,946 | 37,705 |

## 21 SALES AND DISTRIBUTION EXPENSES

This heading includes:

| | For the three-month period ended on March 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **USD 000** | **USD 000** |
| Personnel charges (Note 23) | 5,223 | 6,040 |
| Taxes | 4,157 | 5,049 |
| Third-party services (*) | 2,668 | 1,699 |
| Depreciation (Note 13) | 2,174 | 2,013 |
| Insurance | 1,085 | 1,256 |
| Materials and supplies | 878 | 1,062 |
| Miscellaneous management charges | 69 | 4 |
| Depreciation of right-of-use | 43 | 54 |
| Employee participation (Note 23) | 6 | 4,377 |
| | 16,303 | 21,554 |

(*) It includes the following:

| | For the three-month period ended on March 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **USD 000** | **USD 000** |
| Maintenance and repair services | 1,238 | 494 |
| Miscellaneous third-party services | 673 | 492 |
| Industrial safety and protection | 527 | 521 |
| Advertising | 11 | - |
| Rentals | 38 | 61 |
| Energy and water | 113 | 73 |
| Travel expenses and transfers | 25 | 22 |
| Freight and other expenses | 10 | 7 |
| Food and accommodation | 33 | 29 |
| | 2,668 | 1,699 |

## 22 ADMINISTRATION EXPENSES

This heading includes:

| | For the three-month period ended on March 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **USD 000** | **USD 000** |
| Personnel charges (Note 23) | 14,807 | 18,055 |
| Third-party services (*) | 11,319 | 11,422 |
| Miscellaneous management charges | 1,307 | 1,626 |
| Civil and administrative labor contingencies (Note 17) | 584 | 148 |
| Depreciation (Note 13) | 2,012 | 929 |
| Taxes | 1,825 | 1,011 |
| Amortization | 753 | 752 |
| Materials and supplies | 275 | 157 |
| Depreciation of right-of-use | 255 | 204 |
| Employee participation (Note 23) | 14 | 11,520 |
| Insurance | 234 | 262 |
| | 33,385 | 46,086 |

(*) It includes the following:

| | For the three-month period ended on March 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **USD 000** | **USD 000** |
| Advice, expertise, and audits | 4,119 | 5,365 |
| Maintenance and repair services | 1,051 | 1,224 |
| IBM Outsourcing Services | 1,059 | 989 |
| Industrial safety and protection | 979 | 950 |
| Banking expenses | 1,770 | 643 |
| Freight and other freight | 538 | 501 |
| Temporary services | 687 | 583 |
| Advertising | 113 | 183 |
| Travel expenses and transfers | 92 | 89 |
| Medical services | 155 | 150 |
| Miscellaneous | 756 | 745 |
| | 11,319 | 11,422 |

## 23 STAFF LOADS

This heading includes:

| | For the three-month period ended on March 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **USD 000** | **USD 000** |
| Wages and salaries | 13,170 | 13,253 |
| Bonuses | 5,511 | 9,657 |
| Social contributions | 4,940 | 4,839 |
| Gratuities | 2,747 | 2,552 |
| Compensation for length of service | 2,093 | 1,970 |
| Holidays | 1,120 | 1,026 |
| Feeding | 915 | 778 |
| Overtime | 429 | 313 |
| Mobility | 260 | 178 |
| Employee participation (Notes 20, 21 and 22) | 38 | 27,090 |
| Others | 989 | 1,528 |
| | 32,212 | 63,184 |

## 24 OTHER INCOME AND EXPENSES

The other income and other expenses include:

| | For the three-month period ended on March 31, | |
|---|---|---|
| | **2023** | **2022** |
| | **USD 000** | **USD 000** |
| **Other income** | | |
| Claims and/or indemnities (insurance/default) | 2,672 | 3,541 |
| Maritime operations services | 659 | 1,137 |
| Service of operation of fuel stations and tanks to mining companies | 632 | - |
| Financial expense recognition | 566 | - |
| Other income | 495 | 728 |
| Fee recovery for use of loading port in Pucallpa | 119 | 338 |
| Regularization of provisions | 47 | 314 |
| Recovery of civil provisions | 22 | - |
| | 5,212 | 6,058 |

**Other expenses**

| | | |
|---|---|---|
| Net cost of disposal of assets held for sale | ( 740) | ( 29) |

## 25 INCOME TAX

The income tax expense is recognized in accordance with Management's estimate of the annual income tax rate expected for the full financial year. The estimated annual effective rate used for the years 2023 and 2022 is 14.6% and 18.4%, respectively.

## 26 CONTINGENCIES

As of March 31, 2023, and December 31, 2022, the Company has pending resolution the following labor, civil, tax and customs claims of a contingent nature considered as possible:

| | 2023 | 2022 |
|---|---|---|
| | USD 000 | USD 000 |
| Civil proceedings | 23,823 | 37,984 |
| Tax and customs processes | 48,100 | 47,869 |
| Labor processes | 15,306 | 15,172 |
| | 87,229 | 101,025 |

The movement of contingencies is detailed below:

| | Balances as of January 1 | Additions | Deductions | Balances as of March 31 |
|---|---|---|---|---|
| | USD 000 | USD 000 | USD 000 | USD 000 |
| Civil proceedings (a) | 37,984 | 931 | (15,092) | 23,823 |
| Tax and customs processes (b) | 47,869 | 231 | - | 48,100 |
| Labor processes (c) | 15,172 | 221 | (87) | 15,306 |
| 87,229 | 101,025 | 1,383 | (15,179) | |

a) As of March 31, 2023, the main civil proceedings include Lambayeque for USD 6,687 (equivalent to S/ 20,000), SIMA for USD 5,403 (equivalent to S/ 21,933), FCC Consortium process was added for USD 3,709 thousand (equivalent to S/ 14,235 thousand). Proceedings with Cobra Consortium for USD 10,000 thousand (equivalent to S/ 37,610 thousand) and DEMEM for USD 2,916 thousand (equivalent to S/ 10,970 thousand) were extinguished.

b) As of March 31, 2023, the main processes correspond to those maintained with the Tax Administration (SUNAT) for USD 48,100 thousand (equivalent to S/177,299 thousand), of which one of them is related to file No. 04315 -2020-0-1801-JR-CA-21 for USD 14,874 thousand (equivalent to S/56,000 thousand) and two others are related to files 06305-2019-01801 for USD 17,086 thousand (equivalent to S/62,864 thousand) and file 06304-2019-01801 for USD 14,972 thousand (equivalent to S/54,033 thousand).

d) As of March 31, 2023, it mainly includes the process maintained with the Administrative Workers Union for USD 12,750 thousand (equivalent to S/ 48,000 thousand).

## 27 BASIC AND DILUTED EARNINGS (LOSSES) PER SHARE

The calculation of basic and diluted earnings per share as of March 31, 2023, and 2022, which are expressed by the same value in the absence of shares with dilutive effect, is presented below:

| | Profit USD 000 | Weighted average shares outstanding (in thousands) | Earnings per share |
|---|---|---|---|
| **As of March 31, 2023**<br>Basic and diluted earnings / (loss) per share | ( 158,047) | 5,405,256 | ( 0.029) |
| **As of March 31, 2022**<br>Basic and diluted earnings / (loss) per share | 106,605 | 5,368,412 | 0.020 |

## 28 GUARANTEES

Guarantees and bonds -

As of March 31, 2023, the Company maintains letters of guarantee issued by local financial institutions in favor of suppliers for USD 31,784 thousand (equivalent to S/ 119,668 thousand) and for USD 91,825 thousand.

## 29 RELATED PARTIES

The Peruvian Government owns the capital shares of the Company and is represented by each member of the General Shareholders' Meeting. According to the twenty-third article of the PETROPERU S.A. Statute, the General Shareholders' Meeting is made up of five members representing class "A" and "B" shares owned by the Peruvian State: The Ministry of Energy and Mines, which will preside it, and four members representing the Peruvian State designated by Supreme Decree. Transactions between the Company and the Peruvian government and the Ministry of Energy and Mines are related to transactions with shareholders.

## 30 SUBSEQUENT EVENTS

On April 24, 2023, Mr. Carlos Edgar Vives Suárez resigned as Chairman and Member of the Board of Directors of PETROPERÚ S.A.; likewise, Mr. Víctor Murillo Huamán resigned as Member of the Board of Directors.

On April 25, 2023, the Universal Shareholders' Meeting appointed Mr. Pedro Oswaldo Chira Fernández as Chairman of the Board of Directors of Petróleos del Perú - PETROPERÚ S.A. as of April 26, 2023, maintaining his status as Independent Director. Likewise, Mr. Pedro Augusto Méndez Milla, in the category of Independent Director, and Mr. Artemio Reátegui Soria, in the category of Non-Independent Director, were appointed as members of the Board of Directors.

After March 31, 2023, and the date of approval of the financial statements, no other events have occurred, in addition to the one mentioned in the preceding paragraphs, that require adjusting the items of the financial statements or being disclosed in their notes.