

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

CONDENSED INTERIM FINANCIAL STATEMENTS  
AS OF JUNE 30, 2023, DECEMBER 31, 2022, AND JUNE 30, 2022

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



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

ASSET	Note	As of June	As of	LIABILITY AND EQUITY	Note	As of June	As of
		30,	December 31,			30,	December 31,
		2023	2022			2023	2022
		USD 000	USD 000			USD 000	USD 000
<b>Current asset</b>				<b>Current liabilities</b>			
Cash and cash equivalents	9	141,473	88,746	Other financial liabilities	14	972,468	867,741
Trade accounts receivable	10	261,868	471,673	Trade accounts payable	15	1,154,454	1,096,309
Other accounts receivable	11	436,334	490,289	Accounts payable to related entities	16	656,530	134,591
Inventories	12	824,260	1,032,909	Other accounts payable		140,071	91,538
Other assets		3,347	9,064	Other provisions	17	54,109	51,273
<b>Total current assets</b>		<b>1,667,282</b>	<b>2,092,681</b>	Lease liabilities		17,249	18,500
				<b>Total current liabilities</b>		<b>2,994,881</b>	<b>2,259,952</b>
<b>Non-current assets</b>				<b>Non-current liabilities</b>			
Other accounts receivable	11	850,117	714,931	Other financial liabilities	14	4,028,652	4,099,706
Property, plant, and equipment	13	7,134,004	7,050,239	Accounts payable to related entities	15	298,526	751,297
Investment properties		9,529	9,535	Other provisions	17	12,601	12,574
Intangible assets		43,944	44,351	Deferred tax liabilities		113,776	152,945
Right-of-use assets		21,491	29,073	Lease liabilities		4,849	10,946
<b>Total non-current assets</b>		<b>8,059,085</b>	<b>7,848,129</b>	<b>Total non-current liabilities</b>		<b>4,458,404</b>	<b>5,027,468</b>
				<b>Total liabilities</b>		<b>7,453,285</b>	<b>7,287,420</b>
				<b>Equity</b>	18		
				Shareholder equity		1,660,586	1,660,586
				Additional capital		1,014,623	1,014,623
				Legal reserve		8,724	8,724
				Accumulated results		(410,851)	(30,543)
				<b>Total equity</b>		<b>2,273,082</b>	<b>2,653,390</b>
<b>TOTAL ASSET</b>		<b>9,726,367</b>	<b>9,940,810</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>9,726,367</b>	<b>9,940,810</b>

The accompanying notes on pages 6 to 40 are part of the condensed interim financial statements.



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

**CONDENSED INTERIM COMPREHENSIVE INCOME STATEMENT**

	Note	For the three-month period ended June 30,		For the six-month period ended June 30,	
		2023	2022	2023	2022
		USD 000	USD 000	USD 000	USD 000
Ordinary activities income	19	934,293	1,593,313	1,831,150	2,964,078
Other operating income		15,037	13,452	29,543	25,736
Total income		949,330	1,606,765	1,860,693	2,989,814
Sales cost	20	(1,082,489)	(1,437,998)	(2,084,530)	2,694,858
Gross profit		(133,159)	168,767	(223,837)	294,956
Selling and distribution expenses	21	(15,954)	(15,866)	(32,257)	(37,420)
Administration expenses	22	(37,869)	(41,587)	(71,254)	(87,673)
Other income	24	7,332	4,676	12,544	10,734
Other expenses	24	(11,614)	(12,122)	(12,354)	(12,150)
Total operation costs		(58,105)	(64,899)	(103,321)	(126,509)
Profit from operating activities		(191,264)	103,868	(327,158)	168,447
Financial income		944	6,160	2,752	11,522
Financial expenses		(59,664)	(70,058)	(117,025)	(80,188)
Net exchange difference		15,837	(14,214)	2,150	56,653
Profit before income tax		(234,147)	25,756	(419,281)	156,434
Income tax expense	25	11,886	(18,179)	38,973	(42,252)
Net income for the period and comprehensive income		(222,261)	7,577	(380,308)	114,182
Basic and diluted earnings per share	27	(0.042)	0.001	0.071)	0.021

The accompanying notes on pages 6 to 40 are part of the condensed interim financial statements.



PETROLÉOS DEL PERÚ - PETROPERÚ S.A.

CONDENSED INTERIM EQUITY CHANGES STATEMENT  
 FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023, AND 2022

	Number of shares	Social capital USD 000	Additional capital USD 000	Legal reserve USD 000	Accumulat ed results USD 000	Total equity USD 000
<b>Balance as of January 1, 2022</b>	5,368,412,525	1,599,443	-	1,930	345,879	1,947,252
Comprehensive results:						
Net income for the period	-	-	-	-	114,182	114,182
Total comprehensive income	-	-	-	-	114,182	114,182
Transactions with shareholders:						
Transfer to additional capital and legal reserve	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	114,182	114,182
<b>Balance as of June 30, 2022</b>	5,368,412,525	1,599,443	-	1,930	460,061	2,061,434
<b>Balance as of January 1, 2023</b>	5,572,168,000	1,660,586	1,014,623	8,724	(30,543)	2,653,390
Comprehensive results:						
Net income for the period	-	-	-	-	(380,308)	(380,308)
Total comprehensive income	-	-	-	-	(380,308)	(380,308)
Transactions with shareholders:						
Capital contribution						
Transfer to additional capital and legal reserve	-	-	-	-	-	-
Transfer of additional capital to social capital	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	(380,308)	(380,308)
<b>Balance as of June 30, 2023</b>	5,572,168,000	1,660,586	1,014,623	8,724	(410,851)	2,273,082

The accompanying notes on pages 6 to 40 are part of the condensed interim financial statements.



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

**INTERIM CASH FLOW STATEMENT**

	Note	For the six-month period ended June 30,	
		2023 USD 000	2022 USD 000
<b>OPERATING ACTIVITIES</b>			
Net cash provided by operating activities		283,154	(786,675)
Interest payment	14	(25,496)	(3,748)
Payment of income tax		(21,993)	(25,136)
Net cash provided by (applied to) operating activities		235,665	(815,559)
<b>INVESTMENT ACTIVITIES</b>			
Early refund of general sales tax related to investment activities		-	-
General sales tax related to investment activities		(38,972)	(45,955)
Payment for the purchase of property, plant, and equipment		(97,863)	(181,247)
Capitalized interest paid		(99,459)	(101,678)
Payment for the purchase of intangible assets		(1,225)	(480)
Withdrawal of investment from fixed-term deposits		-	-
Investment in fixed-term deposits		-	-
Net cash applied to investing activities		(237,519)	(329,360)
<b>FINANCING ACTIVITIES</b>			
Loans received from financial institutions	14	1,172,766	1,335,957
DU loan No. 010-2022		-	750,000
DU cancellation documents No. 010-2022		-	110,788
Payment of loans to financial institutions	14	(1,116,214)	(1,255,955)
Payment of lease liabilities		(7,786)	(4,768)
Net cash (applied to) provided by financing activities		48,766	936,022
Net decrease in cash and cash equivalents		46,912	(208,897)
Effect of exchange rate variation on cash		5,815	1,575
Cash and cash equivalents at the beginning of the period		88,746	239,557
Cash and cash equivalents at the end of the period		141,473	32,235
<b>TRANSACTIONS FROM FINANCING AND INVESTMENT ACTIVITIES THAT DID NOT GENERATE CASH FLOWS</b>			
- Unpaid accrued interest	14	(9,353)	(5,995)
- Works in progress to be paid		1,370	18,985
- Right-of-use asset and lease liability		281	14,034
- Reclassification of property, plant, and equipment to intangible assets		-	-

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**PETROLÉOS DEL PERÚ - PETROPERÚ S.A.**  
**CONDENSED INTERIM CASH FLOW STATEMENT**

	Note	For the six-month period ended June 30,	
		2023 USD 000	2022 USD 000
Net profit for the period		(380,308)	114,182
Adjustments to reconcile the net profit for the period with the cash from operating activities:			
Provision for contingencies	17	1,028	1,077
Provision of plugging and environmental remediation		11,608	12,119.00
Depreciation of property, plant and equipment and investment property	13	96,624	30,274
Allowance for impairment of trade accounts receivable		71	-
Allowance for inventory impairment			6
Amortization		1,632	1,511
Right-of-use asset depreciation		6,751	4,076
Retirement and adjustments to property, plant and equipment and investment properties		743	32
Deferred income tax		(39,169)	(9,204)
Income from asset donation			-
Non-realizable exchange rate difference adjustment effect		(5,815)	(1,575)
		<u>(306,835)</u>	<u>152,498.00</u>
Net changes in operating assets and liabilities:			
Trade accounts receivable		209,735	(295,177)
Other accounts receivable		(42,258)	(110,989)
Inventories		208,648	(308,038)
Other assets		-	-
Expenses contracted in advance		5,716	(2,698)
Trade accounts payable		75,082	(231,732)
Other accounts payable and provisions		133,066	9,461
Net cash provided by (applied to) operating activities		<u>283,154</u>	<u>(786,675)</u>

The accompanying notes on pages 6 to 40 are part of the condensed interim financial statements.



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CONDENSED INTERIM FINANCIAL STATEMENTS  
AS OF JUNE 30, 2023, DECEMBER 31, 2022, AND JUNE 30, 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 (Superintendency 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 June 30, 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.

Supreme Decree No. 003-2021-EM, published on December 25, 2021, approved the Temporary License Agreement signed between the Company and PERÚPETRO S.A. for the Exploitation of Hydrocarbons in Block I, for a period of 22 months, with the Company assuming operations on December 27, 2021.

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 June 30, 2023, the Price Stabilization Fund represented -2.03% of the Company's revenue (3.50% of revenue as of June 2022).

c) Approval of financial statements -

The interim financial statements for the six-month period ended June 30, 2023 have been approved by the Company's General Management on July 31, 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 Gavoglio Aparicio y Asociados SCRL-PWC.



## 2 BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The condensed interim financial statements for the six-month period ended June 30, 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 390 thousand in the six-month period ended on June 30, 2023 (USD 515 thousand in the six-month period ended June 30, 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 June 30, 2023, the Company has short-term revolving credit lines granted by local and foreign banks for up to approximately USD 3,176,140 thousand, of which approximately USD 1,425,365 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 Gaveglío 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:

	<b>Book Value Flows</b>	<b>Not discounted Cash</b>	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>More than 2 years</b>
	<b>USD 000</b>	<b>USD 000</b>	<b>USD 000</b>	<b>USD 000</b>	<b>USD 000</b>
Other financial liabilities	5,001,120	8,237,979	1,221,895	334,694	6,681,390

### 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 June 30, 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 changed outlook to Negative from Stable. Pacific Credit Ratings (PCR) determined to grant the rating of the Financial Solvency and the First Short-Term Instruments Program in PEE; since, according to its regulations, PCR determined to exempt the rating until the 2022 financial statements audited by the company are available.

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, removed negative surveillance and revised outlook to negative.





As of June 30, 2023, and December 31, 2022, the leverage ratios were as follows:

	<u>2023</u> USD 000	<u>2022</u> USD 000
Other financial liabilities	5,001,120	4,967,447
Accounts payable to related parties	955,056	885,888
Cash and cash equivalents	( 141,473)	( 88,746)
Net debt (A)	5,814,703	5,764,589
Total equity (B)	2,273,082	2,653,390
Total capital (A) + (B)	8,087,785	8,417,979
Ratio (A/(A+B))	0.72	0.68

As of June 30, 2023, the leverage ratio increased to 0.72, explained by the increase in short-term liabilities for working capital and the monthly interest accrued on the monthly interest accrued on accounts payable to related parties, as well as the decrease in shareholders' equity, with the loss of USD 380 million generated as of June 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:

<u>Reportable segment</u>	<u>Operations</u>
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 (*) USD 000	Pipeline operations USD 000	Rented and privatized units USD 000	Total USD 000
<b>As of June 30, 2023</b>				
<b>Assets:</b>				
Current	1,553,631	79,249	34,403	1,667,282
Non-current	7,576,486	274,473	208,126	8,059,085
	<u>9,130,117</u>	<u>353,722</u>	<u>242,529</u>	<u>9,726,367</u>
<b>Liabilities:</b>				
Current	2,564,897	305,192	124,792	2,994,881
Non-current	4,440,972	17,432	-	4,458,404
	<u>7,005,869</u>	<u>322,624</u>	<u>124,792</u>	<u>7,453,285</u>
<b>As of June 30, 2022</b>				
<b>Assets:</b>				
Current	1,729,265	219,592	46,646	1,995,503
Non-current	6,981,820	315,806	202,692	7,500,318
	<u>8,711,085</u>	<u>535,398</u>	<u>249,338</u>	<u>9,495,821</u>
<b>Liabilities:</b>				
Current	2,844,494	163,984	26,710	3,035,188
Non-current	4,381,799	17,400	-	4,399,199
	<u>7,226,293</u>	<u>181,384</u>	<u>26,710</u>	<u>7,434,387</u>

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

c) Statement of comprehensive income by segment –

	Production and commercialization (*) USD 000	Pipeline operations USD 000	Rented and privatized units USD 000	Total USD 000
<b>For the six-month period ended June 30, 2023</b>				
Ordinary activities income	1,831,056	94	-	1,831,150
Other operating income	18,011	33	11,499	29,543
Total income	<u>1,849,067</u>	<u>127</u>	<u>11,499</u>	<u>1,860,693</u>
Sales cost	(2,057,278)	(24,564)	(2,688)	(2,084,530)
Transfers	(6,892)	6,892	-	-
Gross profit	<u>(215,103)</u>	<u>(17,545)</u>	<u>8,811</u>	<u>(223,837)</u>
Selling and distribution expenses	(29,073)	-	(3,184)	(32,257)
Administration expenses	(65,851)	(5,403)	-	(71,254)
Other income and expenses	10,957	(10,767)	-	190
Profit (loss) from operating activities	<u>(299,070)</u>	<u>(33,715)</u>	<u>5,627</u>	<u>(327,158)</u>
Financial, net	(92,422)	(366)	665	(92,123)
Profit before income tax	<u>(391,492)</u>	<u>(34,081)</u>	<u>6,292</u>	<u>(419,281)</u>
Income tax expense	39,017	(3)	(41)	38,973
Net result of the year	<u>(352,475)</u>	<u>(34,084)</u>	<u>6,251</u>	<u>(380,308)</u>





	<b>Production and commercialization (* )</b>	<b>Pipeline operations</b>	<b>Rented and privatized units</b>	<b>Total</b>
	<b>USD 000</b>	<b>USD 000</b>	<b>USD 000</b>	<b>USD 000</b>
<b>For the six-month period ended June 30, 2022</b>				
Ordinary activities income	2,963,940	138	-	2,964,078
Other operating income	15,605	123	10,008	25,736
Total income from ordinary activities	2,979,545	261	10,008	2,989,814
Sales cost	( 2,664,288)	( 23,977)	(6,593)	( 2,694,858)
Transfers	( 6,825)	6,825	-	-
Gross profit	308,432	( 16,891)	3,415	294,956
Selling and distribution expenses	( 34,720)	( 1)	2,699	( 37,420)
Administration expenses	( 80,903)	( 6,589)	181	( 87,673)
Other income and expenses	9,003	( 10,419)	-	( 1,416)
Profit (loss) from operating activities	201,812	( 33,900)	535	168,447
Financial, net	( 15,442)	1,729	1,700	( 12,013)
Profit before income tax	186,370	( 32,171)	2,235	156,434
Income tax expense	( 52,094)	10,577	735	( 42,252)
Net result from the exercise	134,276	( 21,594)	1,500	114,182

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

d) Geographic income information -

As of June 30, 2023, and 2022, revenue from ordinary activities by segment is based on the geographical location of the clients:

	<b>2023</b>	<b>2022</b>
	<b>USD 000</b>	<b>USD 000</b>
Peru	1,650,506	2,688,387
Other countries	210,187	301,427
	<u>1,860,693</u>	<u>2,989,814</u>

## 7 SIGNIFICANT CHANGES IN THE CURRENT PERIOD

**Result for the period.**- The Company's financial position and performance were particularly affected by the following factors during the six-month period ended June 30, 2023: (i) Lower sales volume in the domestic market; due to the aggressive competition and prioritization of LPG supply to continue with the start-up of the New Talara Refinery – NRT, ii) Higher exports of residual originated by the start-up process of the NRT that must be disposed by storage capacity, iii) Higher cost of sales, derived from the optimization of the NRT as it is in the last stage of progressive start-up, iii) Higher financial expenses derived from debt for working capital, as well as the recording of interest on Bonds and CESCE loan, which correspond to the proportion of NRT's capitalized units, which are no longer part of the cost of the asset since construction has concluded.

The margins in the commercialization of fuels have improved with respect to previous months, due to the strategies that are being implemented in the acquisition of crude oil and products; as well as



the strict control over the realization of inventories by terminal and sales plant; nevertheless, the margins obtained in the commercialization of imported products are not sufficient to cover the incremental expenses of the commissioning of the NRT. It should be noted that the Company's economic and financial results will improve substantially with the start-up of the conversion units (Catalytic Cracking Unit and Flexicoking Unit), which will allow converting products of low commercial value (residual) into products of higher value in the market (LPG, Gasoline and Diesel), obtaining a higher margin that will cover the incremental expenses of the NRT operation.

**New Talara Refinery – NRT.-** The Company continues with the progressive start-up of the NRT, and is going through the stage of stabilization and obtaining products in specification, and therefore this stage absorbs these costs, which punish the gross margin in this period, but once completed, with the entry into full production of the project, it is expected that cash flows from operating activities of the Company will allow it to increase its profitability margins and maintain sufficient cash to meet its obligations and reverse the current negative working capital in the medium term.

As part of this progressive process, the Company continues to sell diesel and low sulfur gasoline at its plants and terminals in the north of the country and at the Conchán Plant. These volumes supplied to the local market will increase as the last process units enter the production stage. The last phase, which is the commissioning of the Conversion Units, is expected to be completed in the third quarter. It is necessary to indicate that the factors that have caused a delay in the progressive and gradual start-up of the NRT process units are derived from the period of political-social convulsion at the beginning of the year, which caused road closures, impacting the supply of hydrogen; limitations in the supply of natural gas in the area; climatological factors presented between February and March that caused restrictions in the supply of sea water and therefore, of steam; as well as unforeseeable events inherent to the complexity of the start-up.

**Continuity of operations.-** Within the framework of the objective of maintaining the continuity of the Company's operations as a strategic actor in the hydrocarbon sector value chain, on January 19, 2023, the international specialized consulting firm Arthur D Little-ADL in Consortium with Columbus Zuma Investment Banking was hired to present the Restructuring Plan required in numeral 4.1 of Emergency Decree No. 023-2022, in order to strengthen the governance and financial and operational sustainability of the company.

The Restructuring Plan considered the presentation of five deliverables: 1) Diagnosis and comprehensive proposal, 2) Strengthening governance, 3) Financial sustainability, 4) Sustainability of operations and 5) Implementation plan. It was approved on July 20, 2023, by Board of Directors' Agreement No. 083-2023-PP and presented to the General Shareholders' Meeting on July 25, 2023, complying with the provisions of numeral 4.1 of Emergency Decree No. 023-2022, which established the date July 31, 2023, as a deadline.

The implementation of the Plan has already begun, which includes actions to be executed in the period 2023 – 2029.

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

Statement of financial position as of December 31, 2022:

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ASSETS	Reported	Adjustment		Restated
		Charge	Payment	
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	88,773	-	27	88,746
Trade Accounts Receivable (Net)	488,501	-	16,828	471,673
Other Accounts Receivable (Net)	487,911	2,480	102	490,289
Inventories	1,032,909	-	-	1,032,909
Other Assets	9,064	-	-	9,064
<b>TOTAL CURRENT ASSETS</b>	<b>2,107,158</b>	<b>2,480</b>	<b>16,957</b>	<b>2,092,681</b>
<b>NON-CURRENT ASSETS</b>				
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
<b>TOTAL NON-CURRENT ASSETS</b>	<b>7,848,129</b>	<b>-</b>	<b>-</b>	<b>7,848,129</b>
<b>TOTAL ASSETS</b>	<b>9,955,287</b>	<b>2,480</b>	<b>16,957</b>	<b>9,940,810</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
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	926	-	91,538
Other provisions	51,273	-	-	51,273
Provision for right-of-use asset obligation	18,500	-	-	18,500
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,260,878</b>	<b>926</b>	<b>-</b>	<b>2,259,952</b>
<b>NON-CURRENT LIABILITIES</b>				
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	23,656	2,191	152,945
Provision for right-of-use asset obligation	10,946	-	-	10,946
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,048,933</b>	<b>23,656</b>	<b>2,191</b>	<b>5,027,468</b>
<b>TOTAL LIABILITIES</b>	<b>7,309,811</b>	<b>24,582</b>	<b>2,191</b>	<b>7,287,420</b>
<b>EQUITY</b>				
Shareholder equity	1,660,587	-	-	1,660,586
Additional capital	1,014,623	-	-	1,014,623
Legal reserve	8,724	-	-	8,724
Accumulated income	-38,458	2,234	10,149	-30,543
<b>TOTAL EQUITY</b>	<b>2,645,476</b>	<b>2,234</b>	<b>10,149</b>	<b>2,653,390</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>9,955,287</b>	<b>26,816</b>	<b>12,340</b>	<b>9,940,810</b>



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

	Reported	Adjustment		Restated
		Charge	Payment	
Income from ordinary activities	5,534,068	16,828	-	5,517,240
Other operating income	56,456	-	-	56,456
Total income	5,590,524	16,828	-	5,573,696
Cost of sales	(5,540,477)	-	409	(5,540,068)
Gross profit	50,047	16,828	409	33,628
Selling and distribution expenses	(70,771)	-	169	(70,602)
Administrative expenses	(178,373)	-	321	(178,052)
Other income	25,262	-	-	25,262
Other expenses	(39,918)	-	-	(39,918)
Total operating expenses	(263,800)	-	490	(263,310)
Income from operating activities	(213,753)	16,828	899	(229,682)
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)	16,828	899	(318,994)
Income tax expense	24,999	2,293	26,137	48,843
Net income for the period	(278,066)	19,121	27,036	(270,151)

**9 CASH AND CASH EQUIVALENT**

As of June 30, 2023, and December 31, 2022, this heading comprises:

	2023 USD 000	2022 USD 000
Current accounts (*)	141,464	88,734
Fixed funds	9	12
	141,473	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 1.86% - 7.55% in Peruvian soles and between 0.12% - 3.80% in US dollars during 2023.

**10 COMMERCIAL ACCOUNTS RECEIVABLE**

As of June 30, 2023, and December 31, 2022, this heading comprises:



	<u>2023</u> USD 000	<u>2022</u> USD 000
Wholesale distributors	78,249	119,690
Mining sector	55,388	54,087
Fuel marketers	20,031	20,158
Oil companies	27,522	25,462
External market	25,474	13,162
Armed Forces and National Police of Peru	8,245	8,933
Construction sector	2,350	10,355
Transport sector	837	921
Aviation business	9,626	775
Industrial sector	253	480
Fishing sector	-	2,329
Different customers	988	1,934
Doubtful accounts	13,797	13,109
	<u>242,760</u>	<u>271,396</u>
Price Stabilization Fund - Ministry of Energy and Mines (Note 1-c)	32,905	213,386
	<u>275,665</u>	<u>484,782</u>
Minus: Expected loss of trade receivables	<u>( 13,797)</u>	<u>( 13,109)</u>
	<u>261,868</u>	<u>471,673</u>

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 25 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 June 30, 2023, and December 31, 2022, amounts to USD 48,877 thousand and USD 228,576 thousand, respectively, generated by compensation and contribution operations. These amounts include, as of June 30, 2023, the Amparo Claim recorded in a Claims account for USD 15,972 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 32,905 thousand, receivable from Compensation (USD 213,386 thousand as of December 31, 2022).

As of June 30, 2023, and December 31, 2022, the movement of the total balance of the Price Stabilization Fund heading is explained as follows:

	<u>2023</u> USD 000	<u>2022</u> USD 000
Initial balance	213,386	28,511
Price compensation		165,405
Price contribution	(37,207)	(23,335)
Net (charged) credited to income from ordinary activities (note 19)	(37,207)	142,070
Compensation generated by importation of products	-	105,176
Contribution generated by importation of products	2,976	(9,709)
Collection and payments of compensation and/or contribution	(147,549)	(54,538)
Exchange rate difference	1,299	1,876
Final balance receivable (payable)	<u>32,905</u>	<u>213,386</u>



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 June 30, 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 June 30, 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	0.02	228,994	40	0.09	236,496	203
1 to 30 days	0.34	1	-	2.76	5,595	154
31 to 60 days	0.00	-	-	3.17	16,171	513
61 to 90 days	0.39	4	-	5.08	-	-
211 to 240 days	0.42	4	-	14.51	2	-
241 to 270 days	7.04	-	-	14.92	2	-
271 to 300 days	0.00	-	-	26.32	7	2
More than 360 days	100.00	13,757	13,757	95.25	13,123	12,237
Total (*)		<u>242,760</u>	<u>13,797</u>		<u>271,396</u>	<u>13,109</u>

(\*) Does not include the Price Stabilization Fund.

As of June 30, 2023, and December 31, 2022, the movement of the estimate of the expected loss of trade accounts receivable was as follows:

	2023	2022
	USD 000	USD 000
Initial balance	13,109	11,989
Expected loss	71	662
Exchange rate	617	468
Recoveries	-	(10)
Final balance	<u>13,797</u>	<u>13,109</u>

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 June 30, 2023, and December 31, 2022, this heading comprises:

	<u>2023</u> USD 000	<u>2022</u> USD 000
<b>Current</b>		
Tax credit - General Sales Tax and Income Tax (a)	349,186	408,069
Advances granted to suppliers	31,151	53,192
Investment in partnership with GeoPark	3,501	3,501
Staff loans	3,411	3,619
Restricted Funds	42,600	16,516
Derivative financial instrument assets	2,222	494
Loans	2,001	2,022
Miscellaneous	2,262	2,876
Doubtful collection accounts	34,206	33,466
	<u>470,540</u>	<u>523,755</u>
Expected loss on other accounts receivable (e)	( 34,206)	( 33,466)
Current part	<u>436,334</u>	<u>490,289</u>
<b>Non-current</b>		
Tax credit - General Sales Tax, long term (b)	819,836	685,561
Claims for the Price Stabilization Fund - Ministry of Energy and Mines (Note 1 (c)) - (c)	15,972	15,190
Claims to the Tax Administration Superintendency (d)	8,037	7,643
Other tributes, long term	6,272	6,537
Non-current part	<u>850,117</u>	<u>714,931</u>

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

As of June 30, 2023, it corresponds to the General Sales Tax of operations for USD 59,250 thousand (equivalent to S/ 215,257 thousand), General Sales Tax of the PMRT for an amount of USD 94,913 thousand (equivalent to S/ 344,821 thousands); tax credit for selective consumption tax for USD 168,026 (equivalent to S/ 610,437 thousand) and income tax credit for income tax payments on account for USD 26,997 (equivalent to S/ 98,080 thousand), which will be recovered in the short term through the operations.

From January to June 2023, SUNAT made General Sales Tax credit refunds for USD 45,804 thousand (equivalent to S/ 172,859 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 by means of a refund of the balance in favor of the exporter's benefit.

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

As of June 30, 2023, corresponds to the balance in favor of the General Sales Tax paid for the acquisition of goods and services related mainly to the Talara Refinery Modernization Project amounting to USD 366,377 thousand (equivalent to S/ 1,331,047 thousand) and the General Sales Tax for operations amounting to USD 453,460 thousand (equivalent to S/ 1,647,419 thousand).

As of December 31, 2022, corresponds to the balance in favor of the General Sales Tax paid for the acquisition of goods and services related mainly to the Talara Refinery Modernization Project amounting to USD 341,312 thousand (equivalent to S/ 1,303,812 thousand) and the General Sales Tax on 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 General Sales Tax 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, Resolution No. 16 was issued in which it was resolved to declare the claim inadmissible. By means of Resolution No. 17, the Appeal of the referred Judgment, filed by our party, was granted.

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, by means of Resolution No. 2021, the Company complies with the reasons why Resolution No. 075-2010-EM/DGH is not applicable retroactively, as requested by Resolution No. 19. By means of Resolution No 21 dated December 29, 2022, the claim was declared inadmissible, which was appealed on January 17, 2023. As of June 30, 2023, the granting of the appeal is pending.

In Management's opinion and based on the reports of our external legal advisors, we estimate that, once the judicial process is concluded in all its stages, the result will be favorable to the Company, and will allow the recovery of the entire recorded balance amounting to USD 15,972 thousand as of June 30, 2023 (USD 15,190 thousand as of December 31, 2022).

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

As of June 30, 2023, and December 31, 2022, this heading comprises:

	<u>2023</u> USD 000	<u>2022</u> USD 000
File No. 17806-2012 (i)	8,037	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 General Sales Tax 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 June 30, 2023, this lawsuit, which is being processed before the 22<sup>nd</sup> Contentious-Administrative Court with Tax Sub-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 June 30, 2023, and December 31, 2022, the movement of the provision for the expected loss is as follows:

	<b>2023</b>	<b>2022</b>
	<b>USD 000</b>	<b>USD 000</b>
Opening balance	33,466	32,824
Exchange difference	740	652
Recoveries	-	( 10)
Closing balance	34,206	33,466

## 12 INVENTORIES

As of June 30, 2023, and December 31, 2022, this heading comprises:

	<b>2023</b>	<b>2022</b>
	<b>USD 000</b>	<b>USD 000</b>
Raw oil	285,834	311,086
Refined products:		
In process	146,904	188,589
Finished	216,448	220,710
Refined products purchased	86,393	233,971
Inventories in transit	23,981	29,534
Supplies	68,805	53,161
	828,366	1,037,051
Minus - Estimate for devaluation of supplies	( 4,106)	( 4,142)
	824,260	1,032,909



As of June 30, 2023, the cost of inventories recognized as an expense and included in the cost of sales amounted to USD 1,859,555 thousand (USD 2,536,931 thousand as of June 30, 2022), which is equivalent to the cost of sales minus production operating expenses (Note 20).

As of June 30, 2023, the price of crude oil had a downward trend, closing its price at USD 70.71 per barrel (USD 105.76 per barrel as of June 30, 2022). The average price during the month of June 2023 was USD 70.27 per barrel (USD 114.59 per barrel as of June 30, 2022).

As of June 30, 2023, and December 31, 2022, the movement of the provision for impairment of supplies is explained as follows:

	<u>2023</u> USD 000	<u>2022</u> USD 000
Initial balance	( 4,142)	( 4,251)
Impairment of supplies	-	( 247)
Recovery	36	-
Exchange difference	-	356
Final balance	<u>( 4,106)</u>	<u>( 4,142)</u>

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 June 30, 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
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)	-	-	-	(746,524)
Accumulated impairment	-	-	(309)	-	-	-	-	-	(71,446)	-	(71,755)
<b>As of December 31, 2022</b>	<b>211,011</b>	<b>381,365</b>	<b>1,505,436</b>	<b>25,027</b>	<b>1,003</b>	<b>104,975</b>	<b>-</b>	<b>-</b>	<b>4,814,852</b>	<b>6,570</b>	<b>7,050,239</b>
<b>Year 2023</b>											
Initial balance of net book cost	211,011	381,365	1,505,436	25,027	1,003	104,975	-	-	4,814,852	6,571	7,050,239
Additions	-	-	-	-	-	-	-	-	170,067	11,063	181,130
Capitalizations	-	313,217	1,009,082	70	376	55,918	-	-	(1,378,663)	-	-
Final disposition	-	-	(46)	-	(4)	-	35	-	-	-	(15)
Out-of-use	-	-	(2,037)	(27)	(10)	(314)	2,388	-	-	-	-
Depreciation of the period	-	(14,164)	(71,842)	(1,098)	(232)	(9,064)	-	-	-	-	(96,400)
Depreciation of previous years	-	-	(20)	-	-	(200)	-	-	-	-	(220)
Depreciation of retreats	-	-	44	-	4	-	(33)	-	-	-	15
Retreat due to out-of-use	-	-	-	-	-	-	(745)	-	-	-	(745)
Depreciation transfers	-	-	1,307	24	10	304	(1,645)	-	-	-	-
<b>As of June 30, 2023</b>	<b>211,011</b>	<b>680,418</b>	<b>2,441,924</b>	<b>23,996</b>	<b>1,147</b>	<b>151,619</b>	<b>-</b>	<b>-</b>	<b>3,606,256</b>	<b>17,634</b>	<b>7,134,004</b>
Cost	211,011	816,689	3,054,723	47,932	6,935	203,923	13,085	-	3,677,702	17,634	8,049,634
Accumulated depreciation	-	(136,271)	(612,490)	(23,936)	(5,788)	(52,304)	(13,085)	-	-	-	(843,874)
Accumulated impairment	-	-	(309)	-	-	-	-	-	(71,446)	-	(71,755)
<b>As of June 30, 2023</b>	<b>211,011</b>	<b>680,418</b>	<b>2,441,924</b>	<b>23,996</b>	<b>1,147</b>	<b>151,619</b>	<b>-</b>	<b>-</b>	<b>3,606,256</b>	<b>17,634</b>	<b>7,134,004</b>



**Talara Refinery Modernization Project - PMRT**

The status of the project as of June 30, 2023, is detailed below:

**a) Comprehensive Physical Progress of the PMRT**

The comprehensive progress of the PMRT is 98.91% Actual vs. 99.99% 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 June 30, 2023, is detailed below:

	June 30, 2023		Total budget	
	Disbursement USD 000	Percentage of completion %	Planned USD 000	Total percentage %
<b>Técnicas Reunidas (TR) -</b>				
Process units	3,302,812	98.50	3,353,171	53.93
<b>Cobra SCL Consortium -</b>				
Auxiliary units	816,147	87.75	930,113	14.96
Additional works	355,993	96.60	368,517	5.93
<b>Others -</b>				
Supervision	368,928	99.98	369,009	5.93
Management	232,597	86.38	269,257	4.33
Contingencies	-	-	-	-
Interest on financing	927,277	99.93	927,925	14.92
	<u>6,003,754</u>	<u>96.55%</u>	<u>6,217,992</u>	<u>100.00</u>

**b) Progress EPC Process Units – Agreement with Técnicas Reunidas (TR)**

The Comprehensive Progress in the EPC Agreement with TR is 99.84% Actual vs. 99.98% Scheduled. TR has recorded progress in the construction activity (C), as detailed:

- Engineering Progress: 100%
- Procurement Progress: 100% Actual vs. 100% Scheduled
- Construction Progress: 99.81% Actual vs. 99.98% Scheduled
- Commissioning Progress: 97.36% Actual vs. 99.72% Scheduled

As of June 30, 2023, the accumulated executed amount is USD 3,261.53 million.

**c) Advance EPC Auxiliary Units and Additional Works – Agreement with Cobra SCL UA&TC Consortium**

The Comprehensive Progress in the EPC Agreement with Cobra SCL UA&TC Consortium is 96.87% Actual vs. 100% Scheduled.

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



- Engineering Progress: 99.72% Actual vs. 100% Scheduled
- Procurement Progress: 96.26% Actual vs 100% Scheduled
- Construction Progress: 99.69% Actual vs. 100% Scheduled
- Commissioning Progress: 83.90% Actual vs. 100% Scheduled

As of June 30, 2023, the accumulated executed amount is USD 975.35 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: USD 1,155.3 million

**Social Responsibility and Community Relations.**

The total workforce as of June 30, 2023, was 1,163 jobs; local unskilled labor had a 97.2% share (out of a total of 121 unskilled), exceeding the minimum established in the EIA (70%). Meanwhile, the local skilled labor force had a 61.9% share (out of a total of 1,042 skilled).

**14 OTHER FINANCIAL LIABILITIES**

As of June 30, 2023, and December 31, 2022, this heading comprises:

	<u>2023</u> USD 000	<u>2022</u> USD 000
<b>Current liabilities</b>		
Unsecured bank loans	845,654	708,602
CESCE loan (ii)	144,444	144,444
Accrued interest	(17,630)	14,695
	<u>972,468</u>	<u>867,741</u>
<b>Non-current liabilities</b>		
Corporate securities (i)	3,120,329	3,126,936
CESCE loan (ii)	908,323	972,770
	<u>4,028,652</u>	<u>4,099,706</u>

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 5,329 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 8,694 thousand and the excess amount of the placement over par of the bonds at the time of the reopening amounts to USD 134,352 thousand.

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

The bonds 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 June 30, 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 February 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 June 30, 2023, transaction costs amounted to USD 30,566 thousand. Interest is payable semi-annually starting May 2019 with maturity in 2030 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



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 June 30, 2023		As of December 31, 2022	
				Nominal value USD 000	Carrying amount USD 000	Nominal value USD 000	Carrying amount 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	9.95%-10.46%	2023	280,695	280,695	-	-
Unsecured bank loans	US Dollars	6.14%-8.90%	2023	564,957	564,957	-	-
CESCE loans	US Dollars	3.29%	2030	1,155,556	1,052,768	1,155,556	1,117,214
Corporate Securities	US Dollars	4.75%	2032	1,000,000	994,671	1,000,000	996,195
Corporate Securities	US Dollars	5.63%	2047	2,000,000	2,125,659	2,000,000	2,130,741
Accrued interest				-	(17,630)	-	14,695
				<u>4,928,986</u>	<u>5,001,120</u>	<u>4,864,158</u>	<u>4,967,447</u>

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 USD 000	Corporate securities USD 000	CESCE loan USD 000	Total USD 000
Balance as of January 1, 2023	718,022	3,126,514	1,122,911	4,967,447
New loans	1,172,766	-	-	1,172,766
Principal payments	(1,043,992)	-	(72,222)	(1,116,214)
Amortized cost	-	1,341	1,364	2,705
Share premium	-	(1,537)	-	(1,537)
Accrued interest	34,783	52,786	12,733	100,302
Paid interest	(25,158)	(80,000)	(19,191)	(124,349)
Balance as of June 30, 2023	<u>856,421</u>	<u>3,099,104</u>	<u>1,045,595</u>	<u>5,001,120</u>

**15 COMMERCIAL ACCOUNTS PAYABLE**

As of June 30, 2023, and December 31, 2022, this heading comprises:

	2023 USD 000	2022 USD 000
National suppliers of crude oil and refined products	118,422	160,355
Foreign suppliers of crude oil and refined products	909,190	783,260
Goods and service suppliers	89,072	122,536
Shipping companies and operators of terminals and sales plants	37,770	30,158
	<u>1,154,454</u>	<u>1,096,309</u>

As of June 30, 2023, the main domestic supplier of crude oil is Petrotal Perú S.R.L. whose balance amounts to USD 42,717 thousand equivalent to S/ 164,429 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 327,843 thousand equivalent to S/ 1,226,890 thousand (USD 367,231 thousand equivalent to S/ 1,410,687 thousand as of December 31, 2022).

As of June 30, 2023, the main service providers are: Mapfre Perú Compañía de seguros USD 4,161 thousand equivalent to S/ 15,165 thousand (USD 135 thousand equivalent to S/ 501,000 thousand as of December 31, 2022), Consorcio ODI whose balance amounts to USD 3,963 thousand equivalent to S/ 14,711 thousand (USD 839 thousand equivalent to S/ 3,219 thousand as of December 31, 2022), Rimac Seguros y Reaseguros whose balance amounts to USD 3,792 thousand equivalent to S/ 14,617 thousand (USD 11,888 thousand equivalent to S/ 45,885 thousand as of December 31, 2022), Consorcio Cobra SCL whose balance amounts to USD 3,763 thousand equivalent to S/ 13,844 thousand (USD 720 thousand equivalent to S/ 2,753 thousand as of December 31, 2022) and Quimtia S. A. whose balance amounts to USD 3,364 thousand equivalent to S/ 12,507 thousand (USD 809,000 thousand equivalent to S/ 3,124 thousand as of 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 June 30, 2023, and December 31, 2022, this heading includes:

	<u>2023</u> USD 000	<u>2022</u> USD 000
Interest and cancellation documents - short term (b)	145,484	134,591
Loan - long-term (a)	809,572	751,297
	<u>955,056</u>	<u>885,888</u>

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 750,000 thousand to meet short-term obligations during 2022, equivalent to S/ 2,785,000 thousand. This debt will be amortized in monthly installments from July 2023 to December 2024, so the current portion of this debt is USD 511 million, and the non-current portion is USD 255 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 June 30, 2023 was issued in full and is equivalent to USD 138 million.

#### 17 OTHER PROVISIONS

As of June 30, 2023, and December 31, 2022, this heading comprises:





	2023 USD 000	2022 USD 000
<b>Current</b>		
Provision for environmental improvements (a)	48,010	45,522
Provisions for civil claims (b)	1,891	1,812
Provisions for labor claims	3,416	3,187
Well plugging provision	531	505
Provision for retirement pensions	6	7
Provision of job separation	111	108
Other provisions	144	132
	54,109	51,273
<b>Non-current</b>		
Provision of improvements for the environment (a)	12,516	12,488
Provision of job separation	69	67
Provision for retirement pensions	16	19
	12,601	12,574

The movement of the other provisions is as follows:

	Provision for environme ntal improvements USD 000	Provision for civil claims USD 000	Provision for labor claims USD 000	Provision for well plugging USD 000	Provision for retirement pensions USD 000	Provisio n of job separati on	Other provisions USD 000	Total USD 000
Balances as of December 31, 2022	58,010	1,812	3,187	505	26	175	132	63,847
Provisions for the year	11,608	8	1,020	8	-	-	-	12,644
Payments	(10,872)	-	(972)	-	(5)	(5)	-	(11,854)
Reversal of unused provisions	-	(23)	-	-	-	-	-	(23)
Exchange rate difference	1,780	94	181	18	1	10	12	2,096
Balance as of June 30, 2023	60,526	1,891	3,416	531	22	180	144	66,710

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

From January to June 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 second quarter 2022, six (06) 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 USD 000	Payments USD 000	Provision and update USD 000	Balances as of March 31, USD 000
<b>Year 2023</b>				
Block 8	2,126	-	-	2,126
Block X	1,962	-	-	1,962
Pampilla	1,606	(46)	-	1,560
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	<u>7,982</u>	<u>(152)</u>	-	<u>7,861</u>
Talara Operations	2,050	(20)	-	2,030
Conchán Operations	876	(61)	-	815
Pipeline Operations	44,233	(10,639)	11,608	45,202
Iquitos Refinery Operations	1,392	-	-	1,392
Commercial operations	603	-	-	603
Exploration and Exploitation Management	959	-	-	959
Total Own Units	<u>50,113</u>	<u>(10,720)</u>	<u>11,608</u>	<u>51,001</u>
Total	<u>58,095</u>	<u>(10,872)</u>	<u>11,608</u>	<u>58,831</u>
Exchange rate difference	<u>(85)</u>	-	-	<u>1,695</u>
	<u>58,010</u>	-	-	<u>60,526</u>

## 18 EQUITY

### a) Share capital -

As of June 30, 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 June 30, 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
	<u>5,572,168,000</u>	<u>100</u>

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 June 30, 2023c, amounts to USD 8,724 thousand.

## 19 INCOME FROM ORDINARY ACTIVITIES

This heading includes:



	For the three-month period ended on June 30,		For the six-month period ended on June 30,	
	2023	2022	2023	2022
	USD 000	USD 000	USD 000	USD 000
National sales	825,169	1,310,700	1,636,622	2,537,188
Price Stabilization Fund (*) (Note 10)	(23,498)	82,659	(37,207)	103,773
Income related to ordinary activities	11,120	11,155	21,548	21,690
	<u>812,791</u>	<u>1,404,514</u>	<u>1,620,963</u>	<u>2,662,651</u>
Foreign sales	121,501	188,799	210,187	301,427
	<u>934,292</u>	<u>1,593,313</u>	<u>1,831,150</u>	<u>2,964,078</u>

As of June 30, 2023, and 2022, sales break down as follows:

	For the three-month period ended on June 30,		For the six-month period ended on June 30,	
	2023	2022	2023	2022
	USD 000	USD 000	USD 000	USD 000
<b>National sales:</b>				
Diesel	490,241	733,766	985,746	1,341,934
Miscellaneous	247,661	347,086	499,148	673,748
Gasoline	-	192,449	-	414,461
ONO Crude	17,783	32,609	30,579	81,195
LPG	24,666	25,410	43,114	41,428
Turbo A1	15,208	28,370	25,915	45,667
Asphalt	11,897	32,646	25,147	45,440
Industrial Petroleum	3,179	4,378	7,192	8,462
Solvents	854	1,530	1,751	1,530
Wet gas BLOCK I	-	5,247	-	5,247
Primary naphtha and others	-	-	-	-
Total national sales	<u>1,302</u>	<u>1,023</u>	<u>2,371</u>	<u>3,539</u>
	<u>812,791</u>	<u>1,404,514</u>	<u>1,620,963</u>	<u>2,662,651</u>
<b>Foreign sales:</b>				
Gran Tierra Crude	-	87,902	-	103,695
Oil Block 95	120,105	14,538	202,095	31,920
Industrial petroleum	-	35,505	-	67,289
Diesel miscellaneous	601	26,952	7,085	45,788
Turb a1	-	-	-	8,586
Primary residual/crude	-	21,468	-	34,558
Gasoline	-	1,314	-	7,200
ULSD (EXP)	795	1,120	1,007	2,391
Asphalts and solvents	<u>121,501</u>	<u>188,799</u>	<u>210,187</u>	<u>301,427</u>
Total foreign sales				

## 20 COST OF SALES

This heading includes:



	For the three-month period ended on June 30,		For the six-month period ended on June 30,	
	2023	2022	2023	2022
	USD 000	USD 000	USD 000	USD 000
Initial inventory of stock	877,874	883,745	954,356	579,580
Purchases of crude oil and refined products and supplies	811,850	1,356,690	1,640,778	2,836,479
Production operating expenses (a)	162,719	82,379	303,318	167,481
Consumption of supplies of	(34,375)	(5,688)	(78,343)	(9,554)
Closing inventory	(735,579)	(879,128)	(735,579)	(879,128)
	<u>1,082,489</u>	<u>1,437,998</u>	<u>2,084,530</u>	<u>2,694,858</u>

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

	For the three-month period ended on June 30,		For the six-month period ended on June 30,	
	2023	2022	2023	2022
	USD 000	USD 000	USD 000	USD 000
Third-party services (*)	65,412	46,923	111,408	85,096
Depreciation (Note 13)	59,720	13,530	88,242	24,378
Personnel charges (Note 23)	13,383	12,228	25,527	24,226
Insurance	5,358	3,889	10,182	8,907
Depreciation of right-of-use assets	3,005	1,737	6,074	3,487
Different management charges	1,168	1,196	2,366	1,519
Employee participation (Note 23)	14	(2,981)	32	8,211
Payment	64	5	127	8
Other production materials and supplies	14,280	5,465	58,249	10,116
Others	315	387	1,112	1,533
	<u>162,719</u>	<u>82,379</u>	<u>303,318</u>	<u>167,481</u>

(\*) It includes the following:

	For the three-month period ended on June 30,		For the six-month period ended on June 30,	
	2023	2022	2023	2022
	USD 000	USD 000	USD 000	USD 000
Freight and ground transportation expenses	20,988	18,559	33,363	34,958
Maintenance and repair services	16,216	9,101	19,726	12,381
Other freight	4,507	3,101	9,837	6,411
Energy and water	7,209	4,006	19,855	7,765
Product storage	2,970	3,420	5,967	6,990
Product dispatch	2,253	3,482	4,400	7,019
Freight and shipping expenses	3,799	-	3,799	-
Industrial security and protection	1,366	1,174	2,431	2,131
Food and accommodation	498	1,182	1,359	1,821
Storage and dispatch (PNP – Petrored)	1,068	783	2,043	1,525
Advertising	2,034	375	3,828	957
Miscellaneous	2,504	1,740	4,800	3,138
	<u>65,412</u>	<u>46,923</u>	<u>111,408</u>	<u>85,096</u>

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## 21 SALES AND DISTRIBUTION EXPENSES

This heading includes:

	For the three-month period ended on June 30,		For the six-month period ended on June 30,	
	2023 USD 000	2022 USD 000	2023 USD 000	2022 USD 000
Personnel charges (Note 23)	5,200	6,148	10,423	12,188
Taxes	3,896	4,911	8,053	9,961
Third-party services (*)	2,337	2,335	5,004	4,035
Depreciation (Note 13)	2,157	1,999	4,331	4,012
Insurance	1,229	981	2,314	2,236
Materials and supplies	1,017	518	1,895	1,580
Miscellaneous management charges	-	76	70	81
Depreciation of right-of-use	42	37	85	90
Expected loss from accounts receivable	71	-	71	-
Employee participation (Note 23)	5	(1,139)	11	3,237
	<u>15,954</u>	<u>15,866</u>	<u>32,257</u>	<u>37,420</u>

(\*) It includes the following:

	For the three-month period ended on June 30,		For the six-month period ended on June 30,	
	2023 USD 000	2022 USD 000	2023 USD 000	2022 USD 000
Maintenance and repair services	726	775	1,964	1,270
Miscellaneous third-party services	721	554	1,394	1,046
Industrial safety and protection	641	681	1,168	1,202
Rentals	38	79	77	140
Energy and water	96	64	209	137
Travel expenses and transfers	38	26	63	49
Freight and other expenses	40	8	61	14
Food and accommodation	37	148	68	177
	<u>2,337</u>	<u>2,335</u>	<u>5,004</u>	<u>4,035</u>

## 22 ADMINISTRATION EXPENSES

This heading includes:

	For the three-month period ended on June 30,		For the six-month period ended on June 30,	
	2023 USD 000	2022 USD 000	2023 USD 000	2022 USD 000
Personnel charges (Note 23)	15,052	19,076	29,859	37,131
Third-party services (*)	12,814	13,828	24,135	25,251
Miscellaneous management charges	4,952	7,974	6,259	9,600
Civil and administrative labor contingencies	444	929	1,028	1,077
Depreciation (Note 13)	2,040	955	4,052	1,884
Taxes	986	854	2,811	1,865
Amortization	753	752	1,505	1,504
Materials and supplies	239	199	513	356
Depreciation of right-of-use	337	295	592	499
Employee participation (Note 23)	12	(3,588)	26	7,932

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Insurance	241	313	474	574
	<u>37,869</u>	<u>41,587</u>	<u>71,254</u>	<u>87,673</u>

(\* ) It includes the following:

	For the three-month period ended on		For the six-month period ended on June	
	June 30,		30,	
	2023	2022	2023	2022
	USD 000	USD 000	USD 000	USD 000
Advice, expertise, and audits	4,532	5,534	8,650	10,898
Maintenance and repair services	2,780	1,384	3,831	2,609
IBM Outsourcing Services	1,609	1,886	2,669	2,875
Industrial safety and protection	1,412	849	2,391	1,799
Banking expenses	201	759	1,972	1,402
Freight and other freight	603	536	1,141	1,037
Temporary services	571	716	1,258	1,300
Advertising	121	786	235	970
Travel expenses and transfers	100	116	191	204
Medical services	158	157	314	308
Miscellaneous	727	1,105	1,483	1,849
	<u>12,814</u>	<u>13,828</u>	<u>24,135</u>	<u>25,251</u>

### 23 STAFF LOADS

This heading includes:

	For the three-month period ended on		For the six-month period ended on June	
	June 30,		30,	
	2023	2022	2023	2022
	USD 000	USD 000	USD 000	USD 000
Wages and salaries	14,776	15,376	27,914	28,629
Bonuses	6,225	8,432	11,737	18,089
Social contributions	4,752	5,542	9,692	10,382
Gratuities	2,847	2,857	5,593	5,409
Compensation for length of service	1,943	1,785	4,036	3,755
Holidays	1,145	1,265	2,265	2,292
Feeding	928	860	1,843	1,638
Overtime	533	341	963	654
Mobility	282	249	542	427
Remote Work Compensation	-	85	-	85
Employee participation (Notes 20, 21 and 22)	31	(7,708)	69	19,380
Others	233	660	1,224	2,185
	<u>33,695</u>	<u>29,744</u>	<u>65,878</u>	<u>92,925</u>

### 24 OTHER INCOME AND EXPENSES

The other income and other expenses include:



	For the three-month period ended on June 30,		For the six-month period ended on June 30,	
	2023	2022	2023	2022
	USD 000	USD 000	USD 000	USD 000
<b>Other income</b>				
Claims and/or indemnities (insurance/default)	4,530	2,140	7,202	5,681
Maritime operations services	920	803	1,580	1,946
Service of operation of fuel stations and tanks to mining companies	746	1,007	1,378	1,007
Other income	577	450	1,070	1,505
Financial expense recognition	-	-	566	-
Regularization of provisions	540	-	540	-
Fee recovery for use of loading port in Pucallpa	49	247	169	585
Regularization of provisions	(30)	19	17	-
Recovery of civil provisions	-	-	22	-
Recovery of provision for doubtful trade receivables	-	10	-	10
	<b>7,332</b>	<b>4,676</b>	<b>12,544</b>	<b>10,734</b>

	For the three-month period ended on June 30,		For the six-month period ended on June 30,	
	2023	2022	2023	2022
	USD 000	USD 000	USD 000	USD 000
<b>Other expenses</b>				
Provision for oil pipeline losses	(11,608)	(12,118)	(11,608)	(12,118)
Net cost of disposal of assets held for sale	(6)	(4)	(746)	(32)
	<b>(11,614)</b>	<b>(12,122)</b>	<b>(12,354)</b>	<b>(12,150)</b>

## 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 9.3% and 27.0%, respectively.

## 26 CONTINGENCIES

As of June 30, 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 USD 000	2022 USD 000
Civil proceedings	69,813	37,984
Tax and customs processes	48,683	47,869
Labor processes	15,999	15,172
	<b>134,495</b>	<b>101,025</b>

The movement of contingencies is detailed below:



	<b>Balances as of January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance as of June 30</b>
	<b>USD 000</b>	<b>USD 000</b>	<b>USD 000</b>	<b>USD 000</b>
Civil proceedings (a)	37,984	46,921	(15,092)	69,813
Tax and customs processes (b)	47,869	814	-	48,683
Labor processes (c)	15,172	914	(87)	15,999
	<u>101,025</u>	<u>48,649</u>	<u>(15,179)</u>	<u>134,495</u>

a) As of June 30, 2023, the main civil lawsuits include: Lambayeque for USD 6,687 thousand (equivalent to S/ 20,000 thousand), SIMA for USD 5,403 thousand (equivalent to S/ 21,933 thousand), Consorcio FCC for USD 3,709 thousand (equivalent to S/ 14,235 thousand), P&D for USD 10,000 thousand (equivalent to S/ 37,190 thousand), Heaven Petroleum Operators for USD 31,771 thousand (equivalent to S/ 115,423 thousand), Carbajal Bernal for USD 2,177 thousand (equivalent to S/ 7,909 thousand) and Pluspetrol Norte for USD 826 thousand (equivalent to S/ 3,000 thousand). Proceedings with Consorcio Cobra for USD 10,000 thousand (equivalent to S/ 37,610 thousand), DEMEM for USD 2,916 thousand (equivalent to S/ 10,970 thousand) and PNP for USD 735 (equivalent to 2,765) were extinguished.

b) As of June 30, 2023, the main processes correspond to those maintained with the Tax Administration (SUNAT) for USD 48,682 thousand (equivalent to S/ 176,094 thousand), of which one of them is related to file No. 04315-2020-0-1801-JR-CA-21 for USD 15,414 thousand (equivalent to S/ 56,000 thousand) and two others are related to file No. 06305-2019-01801 for USD 17,086 thousand (equivalent to S/ 61,665 thousand) and file No. 06304-2019-01801 for USD 14,972 thousand (equivalent to S/ 54,033 thousand).

c) As of June 30, 2023, mainly comprises the process maintained with the Administrative Workers Union for USD 13,212 thousand (equivalent to S/ 48,000 thousand).

## 27 BASIC AND DILUTED PROFIT (LOSS) PER SHARE

The calculation of basic and diluted profit per share as of June 30, 2023, and 2022, which are expressed by the same value in the absence of shares with dilutive effect, is presented below:

	<b>Profit USD 000</b>	<b>Weighted average shares outstanding (in thousands)</b>	<b>Earnings per share</b>
<b>As of June 30, 2023</b>			
Basic and diluted profit / (loss) per share	( 380,308)	5,456,055	( 0.070)
<b>As of June 30, 2022</b>			
Basic and diluted profit / (loss) per share	114,182	5,368,412	0.021

## 28 GUARANTEES

Guarantees and letters of guarantee -

As of June 30, 2023, the Company maintains letters of guarantee issued by local financial institutions in favor of suppliers for USD 34,740 thousand (equivalent to S/ 126,213 thousand) and for USD 91,955 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 July 20, 2023, by means of Board of Directors Agreement No. 081-2023-PP, it was agreed the following:
  - To temporarily appoint, as of July 21, 2023, Mr. Gaspar Diaz Tello, to the position of General Manager, Level 1 position, qualified as Director and Trustworthy in addition to his duties as Talara Refinery Corporate Manager (e).
  - To leave without effect, as of July 21, 2023, the assignment of Ms. Beatriz Cristina Fung Quiñones, in the position of General Manager, Level 1 position, qualified as Director and Trustworthy, approved with Board of Directors' Agreement No. 041-2022-PP dated April 3, 2022.
- On July 25, 2023, at the Universal Shareholders' Meeting, the following items were discussed:
  - To take notice of the presentation of the Restructuring Plan of PETROPERÚ S.A. to the General Shareholders' Meeting, in accordance with the provisions of Emergency Decree No. 023-2022 and as stated in this meeting.
  - To approve the Selection Criteria for the appointment of the Auditing Company, which shall be included in the terms and conditions of the Public Merit Bidding conducted by the Office of the Comptroller General of the Republic; to carry out the Financial Audit of PETROPERÚ S.A. for the fiscal years 2023, 2024 and 2025.
  - To empower Mr. Gaspar Díaz Tello to sign the public or private documents required to formalize the preceding agreements.
- On July 28, 2023, a report from Standard & Poor's Global Ratings was published, updating the economic-financial analysis of PETROPERÚ. This report does not contemplate a rating action.

After June 30, 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.

