



2023 ANNUAL REPORT



INSTITUCIONAL

Mission, Vision, Values and Principles	4
Managements	5
Authorities	7
A Message from the President	8
A Message from the General Manager	10

RELEVANT ISSUES

An In-depth Intervention	13
Solutions Resulting from Teamwork	16
Clean Energy for the Future	17
Required Infrastructure	18
Ready to Explore	19
Bottled LPG	20

MANAGEMENT

Human Resources Management	22
Staff Selection	
Training	
Energy Transition	
Labor Relations	
Professional Career	
Telework	
Technology	23
Internal Structure	
On-call System of Work	
Electronic Travel	
ANCAP Hackaton	
Cloud e-mail	
Infrastructure for SAP S/4 HANA	24
Big Data	
Artificial Intelligence	
Anti-Malware Update	
WAF ModSecurity	
Public Key	
Audit and Risk	25

PRODUCTION

Production of Energy Products	27
Production of Portland	28

COMMERCIAL

Foreign Trade	30
Imports and Exports	
Freight	31
Domestic Market	33
Sales to UTE	
Lubricants	
Fuels	
LPG	34
Fuel Oil and Bunker	
Asphalts	
Solvents	
Pet coke	
Commercial assistance	
Marketing	
Business Planning	35
Natural Gas	
Business Strategy	

SUPPLY

Logistics	37
-----------	----

ENVIRONMENT, SAFETY, HEALTH AND QUALITY

Environment	39
Industrial Safety	41
Occupational Health	44
Quality Management	45

STRATEGIC ISSUES

Strategic Alignment	47
Portland Integral Association Project	
LPG Bottling Plants Project	
Energy Transition	48
Green Hydrogen	
Renewable Energies	49
Exploration and Production	

CORPORATE SOCIAL RESPONSIBILITY

On Sustainability	51
Social Investment	
Valor Compartido (Shared Value)	
Visits to the Plants	52
CharlaRSE	53
Active Breaks	

INSTITUTIONAL COMMUNICATION

Transparency	54
Communication of the Energy Transition	
International Events	
Specific Audiences	55
Internal Audience	

SOMOS ANCAP

Somos ANCAP	57
Adoption of SAP S/4 HANA	
ANCAP Group: My Place to Grow	
ALUR Proud	
A Value	58

RELATED COMPANIES

Related Companies	59
-------------------	----



INSTITUTIONAL



INSTITUTIONAL	RELEVANT ISSUES	MANAGEMENT	PRODUCTION	COMMERCIAL	SUPPLY	ENVIRONMENT, HEALTH, SAFETY AND QUALITY
STRATEGIC ISSUES	CORPORATE SOCIAL RESPONSIBILITY	INSTITUTIONAL COMMUNICATION	SOMOS ANCAP	RELATED COMPANIES	FINANCIAL STATEMENTS.	

MISSION

We are relevant actors to guarantee the availability of affordable and accessible energy for the population, with a focus on the promotion of energy efficiency and the reduction of carbon emissions. We guarantee the provision of our energy products based on the highest quality standards and society's needs. We work in the development of new forms of energy and the constant search for efficiency, competitiveness, and integral development of our staff, respecting the environment and being committed to our role in society.

VISION

To be a State-owned diversified, innovative and efficient energy company, leader in the Uruguayan market of fuels, and committed to the incorporation of renewable energies, sustainability, and the productive and social development of the country.

VALUES AND PRINCIPLES

INTEGRITY AND RESPECT

To act with uprightness, integrity, and honesty, maintaining an unquestionable ethical behavior and promoting a rigorous coherence between our actions and values. To recognize the dignity and rights of others, avoiding all forms of discrimination.

TRANSPARENCY

To be committed and willing to act in a clear, unambiguous manner, in accordance with known rules, disseminating appropriate data and information in a timely, faithful, and verifiable manner, facilitating control activities, both internally and externally, and in accordance with both the internal rules and the legislation in force.

HONESTY

To act always based on truth and justice, giving everyone their due, including oneself, with integrity and uprightness.

RESPONSIBILITY

To act diligently and with knowledge in the performance of the functions, duties and obligations entrusted, anticipating and assuming the consequences of the actions and decisions taken, making use of all our capacities.

EFFICIENCY AND EFFECTIVENESS

To meet the objectives set by means of the optimized use, both in time and form, of the available resources, to get the best results for the owners, customers, and employees.

INTEGRAL STAFF DEVELOPMENT

To promote the integral development and training of the people who make up the Company, developing and strengthening a work environment of trust and commitment, that promotes and facilitates participation, teamwork, and respect, as well as equal opportunities, non-discrimination and balance between work, personal and family life.

COMMITMENT TO SAFETY, HEALTH, AND ENVIRONMENTAL PRESERVATION

To guide the management of the Company so that its activities are carried out in conditions of safety for both the individuals and the material assets which are their responsibility. To ensure high standards of health for all workers. To guide the plans, programs, activities, and operations of the Company in all their stages, through the best practices available regarding environmental conservation and protection.

MANAGEMENTS

GENERAL MANAGER

Mr. Ignacio Horvath, Engineer

UNDER GENERAL MANAGEMENT CORPORATE ISSUES

Mr. Hubert Arbildi, Economist

- **Management Control Manager**
Ms. Laura Campos, Accountant

UNDER GENERAL MANAGEMENT STRATEGIC ISSUES

Mr. Ruben Schiavo, Engineer

- **Strategic Alignment Manager**
Ms. Claudia Velásquez, Engineer
- **Energy Transition Manager**
Mr. Santiago Ferro, Engineer

ENERGY PRODUCTS PRODUCTION MANAGER

Mr. José Pastorino, Engineer

- **Refining Manager**
Ms. Claudia Kalamar, Engineer
- **Planning and Control Manager**
Ms. Ventura Croce, Engineer
- **Maintenance Manager**
Mr. Mario Rodríguez, Engineer
- **Engineering Manager**
Mr. Diego Irabedra, Engineer
- **Lubricants Manager**
Mr. Rafael Palombo, Engineer

BUSINESS MANAGER

Mr. Mauricio Aguadé, Engineer

- **Foreign Trade Manager**
Ms. Nunzia Spagna, Engineer
- **Domestic Market Sales Manager**
Ms. Sylvia Borghini, Engineer
- **Business Development Manager**
Mr. Miguel Rabosto, Engineer

SUPPLY MANAGER

Mr. Ernesto Bastarrica, Engineer

- **Provision Manager**
Mr. Sergio Sierra, Expert Engineer
- **Logistics Manager**
Mr. Nicolás Spinelli, Engineer
- **Facilities Management Manager**
Ms. Graciela Crespo, Engineer

PORTLAND PRODUCTION MANAGER

Ms. Denise Akiki, Engineer

- **Portland Operations Manager**
Mr. Fernando Acuña, Engineer
- **Portland Development and Control Manager**
Ms. Silvana Pastorini, Engineer

DIGITAL TRANSFORMATION MANAGER

Ms. María Nela Moreno, Engineer

ECONOMY AND FINANCE MANAGER

Mr. Gustavo Mayola, Accountant

HUMAN RESOURCES MANAGER

Mr. Juan Romero, Engineer

ENVIRONMENT, SAFETY, HEALTH, AND QUALITY MANAGER

Mr. Miguel Nodar, Engineer

SECRETARY GENERAL

Mr. Rafael Brum, Lawyer and Notary Public

UNDER SECRETARY GENERAL

Ms. Claudia Saralegui, Lawyer

INSTITUTIONAL COMMUNICATION MANAGER

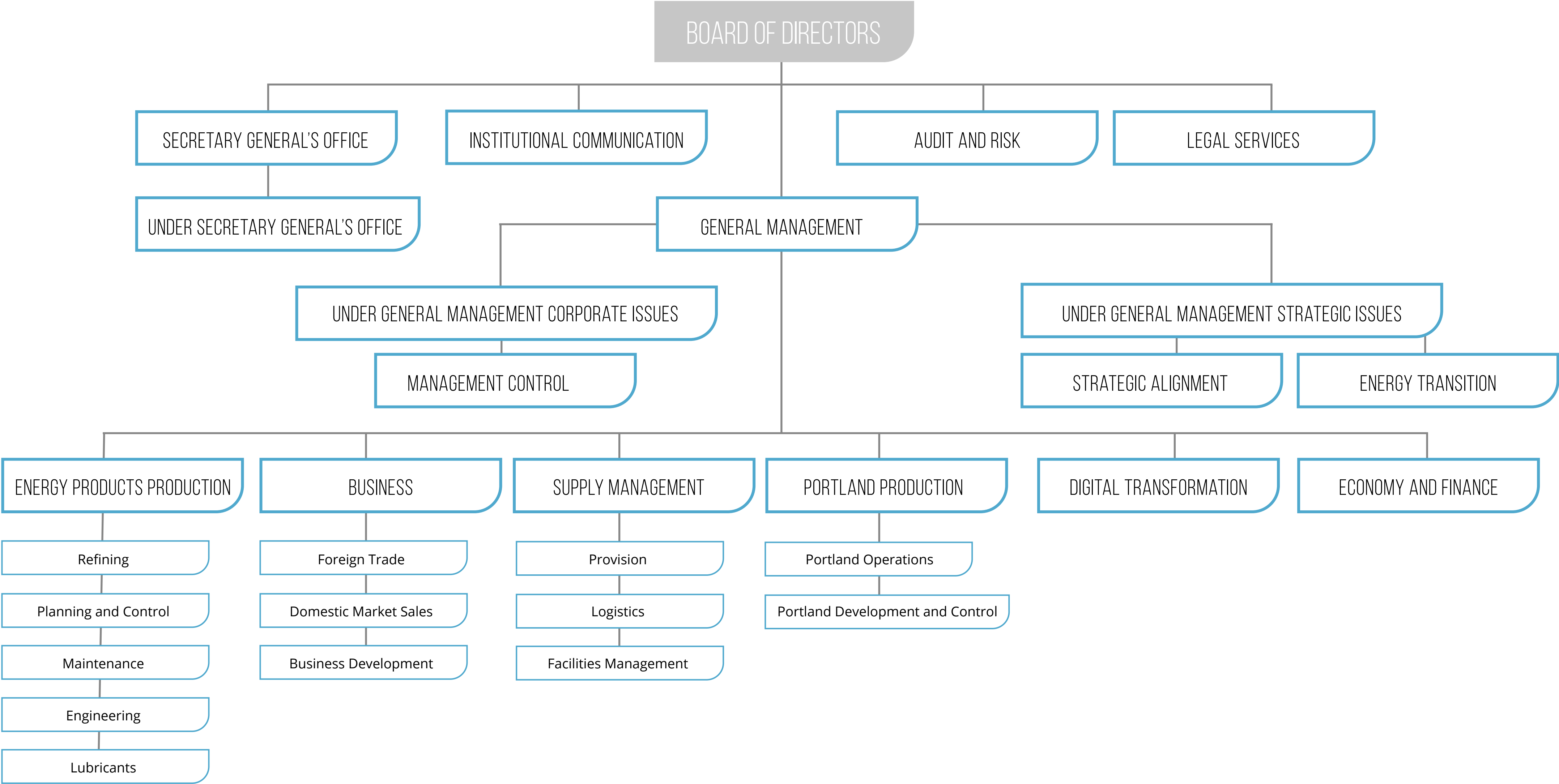
Ms. Natalia Arralde, Graduate

AUDIT AND RISK MANAGER

Ms. Estela Machín, Accountant

LEGAL SERVICES MANAGER

Mr. Leonardo Bianchi, Lawyer



AUTHORITIES

(from left to right)

MR. ALEJANDRO STIPANICIC, ENGINEER
PRESIDENT

MR. IGNACIO HORVATH, ENGINEER
GENERAL MANAGER

MR. VICENTE IGLESIAS, ENGINEER
DIRECTOR

MR. LEANDRO CLARAMUNT, LAWYER
DIRECTOR

MR. DANIEL LAMELA, LAWYER
DIRECTOR

MR. DIEGO DURAND, LAWYER
VICE PRESIDENT





MR. ALEJANDRO STIPANIGIC, ENGINEER

A MESSAGE FROM THE PRESIDENT

Since 2020, ANCAP has been working hard to honor its reputation for reliability and professionalism after being adversely affected by different events in recent history. We decided that the best way to do this was, first, to show good economic results, and, simultaneously, to generate a shared vision of the future role of the Company. And that is what happened during the previous three fiscal years and again in 2023: once again with selling prices below market prices, ANCAP did not need the monopoly income to subsist, up to the point that potential profits generated by market conditions were used to favor the economic activity of the country.

The 2023 fiscal year was one of deep transformations and important achievements, that will have very positive effects for the future of the Company. Due to a radical change in the LPG market, ANCAP has permanently abandoned its regulatory role and went on to rent its bottling plants through a public tender, causing an important change in the competitive conditions of the sector.

The new contracts stimulate efficiency and differentiated business strategies, thus benefiting consumers. The resulting savings allowed the Company to finance a business policy to assist lower-income families with gas bottles at half their price.

During the year, the staff selection and recruitment process was modified to fill vacancies in different areas of the Company that had been affected by a very severe restrictions policy that was first implemented in 2015 and led to downsizes in certain areas that were not essential to the productive activity. To solve this situation, an innovative and unprecedented plan was implemented to reinstate staff in ANCAP's most affected services, resulting in a staff increase of about 7% compared to the staff that was working at the Company at the beginning of the year. As of the first semester of the year, several internal competitions and external selection processes set the tone for a restructuring of staffing levels in order to guarantee that, as of 2024, the Company has the quality and quantity staff competencies that it needs to fulfill its role in society.

After 2022, 2023 was the second-best year for sugar cane harvests. Success was a direct consequence of the technical work carried out with a focus on the agricultural area management, and, most importantly, the change in the business paradigm set forth in the contracts between ALUR and the Bella Unión producers, implemented in 2022, which substituted a charity-based model with the consolidation of a model based on efficiency, merit and a work well done.

After 20 years of losses, during which ANCAP operated in a reality that was intended to be ignored, an arduous process was carried out to get a partner in the cement and lime business. Although the partnership the Company

was looking for could not be achieved, it was possible to settle a discussion which was necessary for the country, and the diagnosis of a reality which is relevant for the construction industry was clearly presented, arising the inevitable rethinking of the role of ANCAP in the cement sector.

A union dispute, which had a very high cost for the Company, with a 90-day delay in the carrying out of investment and maintenance works at La Teja refinery, was resolved. However, the highest cost was faced by workers, who lost dozens of wages.

We are confident that the lessons taught by this event will be the cornerstone of a readjustment and reestablishment of labor relations according to the best tradition in the history of ANCAP and in line with changes in society and work, and the challenges faced by labor market with the emergence of quantum computing and artificial intelligence (AI).

The most important achievement of the year, under a historical perspective, was the announcement of the selection of a developer for an innovative and groundbreaking project that will mean the largest investment in the history of the country up to this moment. This project is the production of synthetic gasoline from green hydrogen and carbon dioxide of biogenic origin, a compound that will have the same properties as gasoline made from oil and will be used in the same engines, but without increasing carbon emissions. The company that was selected from the call for expressions of interest and the submission of proposals was HIF Global. Construction is expected to begin in 2025, with an estimated investment of more than USD 4,000 million.

This project is the natural result of the last two years of ANCAP Group’s activities abroad, accompanying the Uruguayan State in the green hydrogen roadmap with concrete actions, calling on private operators who are willing to take risks in a market which, although emerging, is already envisaged as the most important energy vector in the future.

The responsible energy transition led by ANCAP had another milestone in 2023 with the beginning of the feasibility studies to introduce, for the first time, non-fossil cargo to the refinery to produce sustainable aviation fuels from the hydrogenation of vegetable oils, animal tallow, and used cooking oil through ALUR’s capabilities and facilities, and the territorial deployment and coverage of ANCAP service stations, managed by DUCSA.

Within the framework of this process, which is measured over decades and in which various forms of energy coexist, another very important achievement took place in 2023: the award of all offshore blocks for hydrocarbon exploration. This is due to the confidence placed by the international business community on Uruguay’s ability to meet its long-term commitments and is also due to the interest aroused by the discovery of oil deposits found in Namibia, a country that has the same geological origin as Uruguay.





MR. IGNACIO HORVATH, ENGINEER

A MESSAGE FROM THE GENERAL MANAGER

2023 was a period of important achievements for ANCAP, which we want to highlight in our annual report. During this period, we have consolidated our positive economic results and achieved great progress in all our lines of business, maintaining a strong commitment to safety and the environment.

Regarding fuels production, we achieved a record production until the units’ shutdown due to the maintenance activities in the refinery in September. This shutdown, after almost seven years of continuing operation, was technically challenging and had to be very well planned. Additionally, a historic agreement was reached with the union to prevent labor conflicts. This year we could also overcome the water crisis, which risked production, thanks to the great collaborative effort performed by our teams, along with the OSE and UTE teams. We solved the problem by installing a water treatment plant at ANCAP.

In the LPG market, we have experienced an important change with ANCAP leaving the bottling associations, in compliance with the new market regulation. This change included the bidding for bottling plants lease, the signing of new contracts, and the bidding of the LPG bottling by DUCSA.

The cement industry had a challenging year, with a highly competitive domestic market due to its production overcapacity and an operation with a high level of conflict, which resulted in big economic losses for the business. In this context, we finished a bidding process for an integral association that, despite being unsuccessful, represents an important milestone and opens the way for the development of new strategies for the sustainability of the business.

The lubricants and natural gas businesses showed positive results, in line with the ones obtained in previous years.

Regarding the companies of the Group, DUCSA had extraordinary results and a record market share during the year. ALUR also had historically high levels of production, achieving significant progress in our energy transition strategy. The activity of Cementos del Plata in 2023 has been impacted by the challenges of the cement industry, despite of which the company could maintain the market position of the ANCAP brand thanks to the quality of the product and an active business presence. Finally, Carboclor also had a very positive year, despite the exchange market conditions and the pace of the inflation in Argentina, indicating that it is on the right track, consolidating its logistic activity.

One of the milestones of the year was the placement of all the offshore blocks for the exploration of hydrocarbons on the Uruguayan maritime platform. Top-tier companies have relied on ANCAP’s stability and technical capacity to invest in exploration, and the chances of success have greatly improved thanks to the discoveries in Namibia.

Looking forward, ANCAP has taken significant steps in projects which are part of our strategic agenda, especially in energy transition projects. On this regard, HIF, one of the leading producers of green fuels worldwide, was selected to produce green methanol, with the capture of biogenic CO2 from the ALUR biofuels plant, in Paysandú.

If the required approvals are fulfilled, it would be the biggest investment in the history of the country, which shall not only have a very positive impact on the economy but would also place Uruguay among the countries that are at the forefront of the energy transition. Also in this line, strong steps have been taken in the transition towards a biorefinery, with a project for the implementation, in La Teja, of a vegetable oils and animal fats hydrotreating plant, for the production of aviation fuel and green diesel.

At the end of 2023 began the construction of the pier in Paysandú, with an infrastructure investment that shall improve the logistic efficiency of the Company.

Progress was made in the implementation of SAP S/4 HANA, a cross-cutting project of the ANCAP Group that implies a change in the way we work, incorporating global best practices.

These achievements could not have been possible without the great effort performed by all ANCAP staff, who faced the challenges that arouse during the year with a high level of commitment, a responsible attitude, and professionalism. We thank all the people involved for their dedication and effort.



RELEVANT ISSUES





AN IN-DEPTH INTERVENTION

La Teja refinery stopped its industrial activity to perform a tune-up of the plant. The process began on September 4 and involved the work of about 1,500 people and about 30 contracts with different companies.

In any industrial installation, every certain time, it is necessary to stop the operation of the plant and to review the maintenance of the entire installation. The intervention is carried out in order to clean, make maintenance works, repairs, technological adaptations and a general inspection. The last maintenance shutdown at ANCAP refinery had been carried out in 2017.

The purpose of this type of procedure is to get the plant back to a condition as close to its original state as possible, in order to extend its lifetime in the best conditions.

Inspections were carried out that could not be performed with the plant in operation, as it was necessary to check the mechanical condition of all facilities, piping and rotating equipment, and equipment had to be disassembled to assess whether corrosive processes had caused any material deterioration.

The main contractors in the country participated in electro-mechanical assembly works, civil works, metallurgic and piping works. Foreign companies, with specializations that are not available in the country, also participated.

After an agreement was reached with the unions involved in the works, to prevent the conflict from affecting the deadlines, works continued as usual. At the end of the year, the refinery was expected to resume operations by March 2024.

The cost of the shutdown – without considering the loss of profits in the refinery – is about USD 79 million, of which a large part has to do with the investment in the technological update of the catalytic cracking unit, a machinery which is of utmost importance in the refining process, as it transforms the heaviest fractions of crude oil to obtain gasoline, diesel, and LPG.

This update is related to the environment, as it reduces emissions, besides improving performance and extending the lifetime of the unit.





SOLUTIONS RESULTING FROM TEAMWORK

The salinity values of OSE water during the 2023 water crisis were up to 13 times higher than normal, putting the operation of La Teja refinery in a tight spot. This situation made it necessary to double efforts and find innovative solutions to avoid the halting of operations, which would have resulted in losses in the millions for ANCAP and the country.

The crisis could be overcome based on a series of coordinated actions implemented both internally in ANCAP and externally with other state-owned companies. Production at the refinery was never affected, and the water quality specifications for the required uses in the refinery were always met.

The ANCAP refinery uses OSE water for steam generation in the refining process and also for its cooling system. The water used in both cases should be of a certain quality.

The methods needed to ensure that the water of the refinery equipment always maintained the necessary quality had to be drastically adapted, due to the high salinity conditions. Adaptation measures were taken incrementally, as the duration and dimension of the water crisis were not known.

The first focus was on the identification of the processes that needed the best water quality, and internal water circuits were prepared to adapt to this external condition. UTE immediately collaborated by providing ANCAP with treated water for steam generators, which partially met the needs of the refinery.

Afterwards, ANCAP bought a reverse osmosis plant (that decreases salt concentration in the water) which belonged to UTE and was not operative in the Batlle Central. ANCAP dismantled and prepared the plant, assembling it at the refinery.

OSE's collaboration was equally important, as it provided a water-treatment unit (UPA) for the refinery, which was operated by OSE officials. This unit was used to treat water of the Uruguay river that ANCAP transported in barges to La Teja refinery, and which was used to feed the cooling tower.

Another one of the many initiatives carried out was the preparation of the Company's own semi-artesian wells and the transport of well water from La Tablada to the refinery.

WORKING WITH A SENSE OF URGENCY

The acceleration of the processes was of vital importance. This was achieved through great coordination and an extraordinary workload on the part of the staff. It was a race against the clock, as salt concentration in the water was continuously increasing and every solution that was implemented was not enough a while later, being necessary to implement one solution after the other.



In a context of high levels of pressure, there were several brainstorming sessions and solutions that months before would have seemed inconceivable were implemented. The entire structure of the Company worked with an efficiency and speed that surprised even the teams that were in charge of implementing the different solutions.

They were times of unprecedented stress, and a new problem seemed to arise every day, but it was also a period of great satisfaction, with the pride of a team that never gave up.

One of the milestones occurred on March 18, when the operation of the osmosis plant prevented the Company from having to stop the refinery. It was Saturday and everyone was doing their job. The operation of that plant was a very important achievement for the whole team.



CLEAN ENERGY FOR THE FUTURE

In June 2023, the selection of HIF Global developer was announced with a project for the production of synthetic fuels in Paysandú, using green hydrogen and carbon dioxide generated from biogenic sources at ALUR’s ethanol plant. A USD 4 billion investment is expected for the construction of the production plant and the solar and wind farms that will provide the necessary energy.

The project consists of the installation of a methanol and synthetic gasoline production plant. The renewable energy will be obtained through contracts between HIF and private parties, who will develop the solar and wind farms and the required transmission lines. Biogenic CO₂ will be purchased from ALUR and will be supplemented by CO₂ produced by HIF from biomass waste. The plant will be located about 7 km north of Paysandú.

If the feasibility studies show positive results, the detailed engineering stage will be completed in 2024 and construction will begin the following year. Approximately 2 GW of solar and wind farms and an electrolysis capacity of 1 GW are expected to be installed. This will produce 100,000 TPY (tons per year) of hydrogen, which will be combined with 710,000 TPY of CO₂ (145,000 TPY captured from ALUR sources and the remainder produced by HIF from biomass residues) to produce 480,000 TPY of methanol, which is then sent to a MtG (methanol to gasoline) plant to produce 180,000 tons per year of gasoline.

In this project, ANCAP and ALUR have taken on the role of promoters of the country vis-à-vis private investors. ANCAP’s participation was one of the parameters that the developers had to propose. HIF proposed 30%, so ANCAP has the right, but not the obligation, to participate up to that percentage. This participation will be defined by ANCAP after the developer makes the final investment decision.

The project is oriented to export to regulated markets, mainly in Europe, where the legislation establishes a blending mandate of a progressively increasing percentage of synthetic fuels, and where subsidy mechanisms are available to cover the price difference.

It is estimated that 1,500 jobs will be generated during the construction phase and 300 permanent jobs during operations. To these, employment in related developments such as wind and solar plants, logistic chains, education, services, and professional training, should be added, which will determine a change in the department’s development matrix.

REQUIRED INFRASTRUCTURE

All the required approvals were obtained at the national and binational levels for the construction of a new pier at the Paysandú plant. Work began at the end of the year and is expected to finish in 2025.

The Paysandú plant is the most distant plant from La Teja refinery, and bioethanol is transferred from there, being distributed in all the plants where ANCAP sells fuel. Therefore, on the one hand, fuels travel from Montevideo to the Paysandú plant, to sell from there, and on the other hand, bioethanol is transferred from Paysandú and largely mixed in the La Tablada plant.

Based on a technical and economic feasibility analysis on which is the optimal dispatch, it was concluded that the best way to ship fuels from Paysandú – from the economic and the organization of the processes’ points of view – is for all the diesel to be transported by water, in barges, and for gasoline to be transported by tanker trucks, along the routes. These would be the same tanker trucks in which ethanol travels south.

To increase diesel supply, it is necessary to improve infrastructure, so that barges can arrive and moor without having to deal with the shortcomings of the current berth and its technologically obsolete infrastructure.

A new pier is essential from the operational, environmental and safety point of view, and it is also necessary from the business point of view, as its use will guarantee a more efficient availability of the product to distributors on the littoral of the country.

The pier will be built on concrete pillars attached to the riverbed, a work that requires an USD 8 million investment and will take 20 to 25 months to build.

The operation of the pier will provide the Paysandú plant with a greater area of influence, turning it more reliable in case of river floods or low water levels. It is expected that the primary distribution costs of ANCAP in Paysandú will decrease and, therefore, that the volume that will be dispatched from the plant will grow.

Several areas of ANCAP worked to obtain environmental permits for the construction and operation of this infrastructure. Several meetings were held with the community, and with all governmental actors and binational organizations, such as the Administrative Commission of the Uruguay River.

Given the concerns that this type of works always arise in the community, through a great communication work, we could explain that the work improves the care of the riverbed, that it is beneficial for the plant and the local population, and that it enables other types of projects that can be developed in the area, such as the production of synthetic fuel and logistics for its delivery from the department.



READY TO EXPLORE

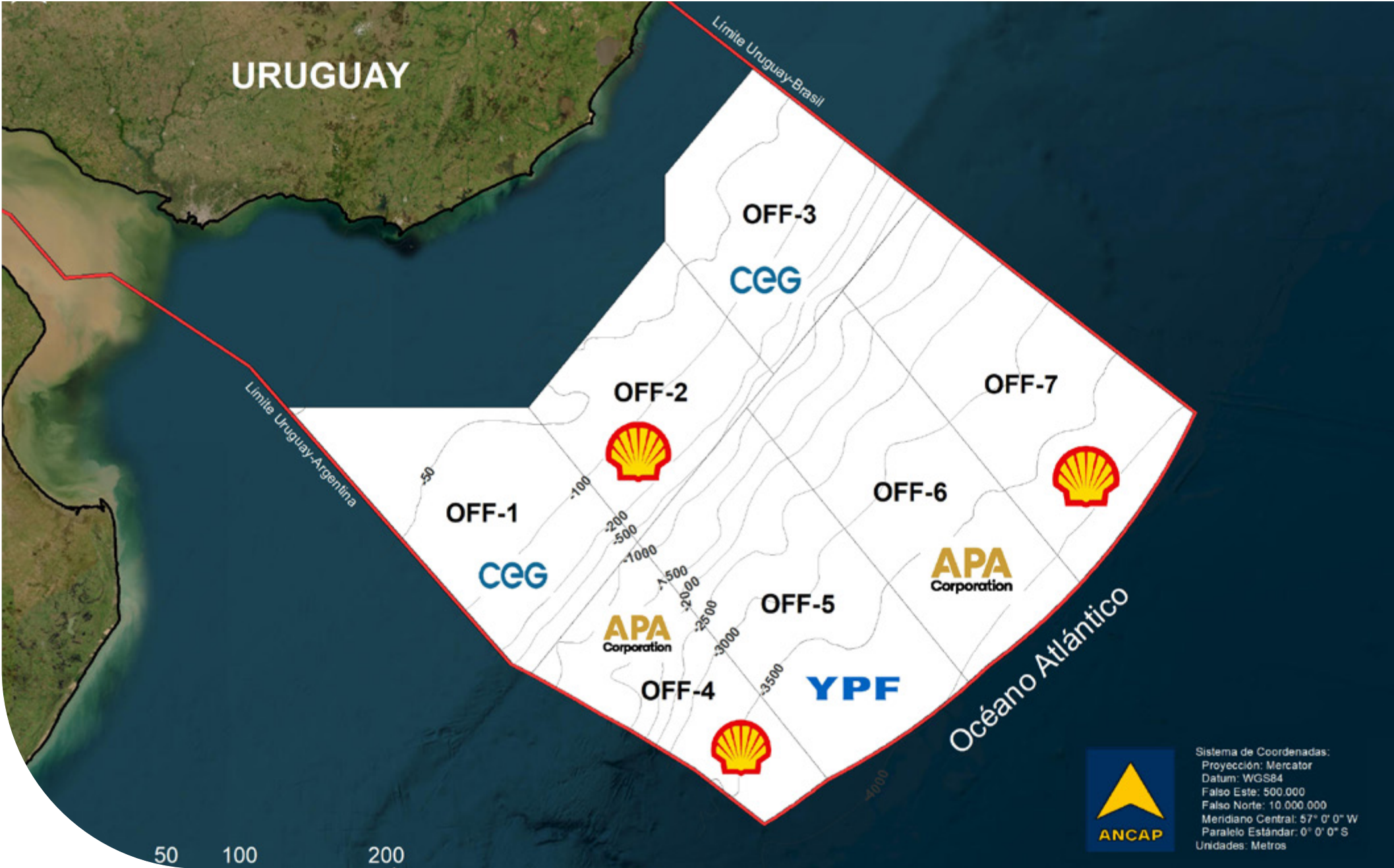
In 2023, ANCAP awarded all the blocks available on its maritime platform with the granting of seven oil and gas exploration licenses to four companies working in the sector: Shell and Challenger Energy Group (UK), APA (USA) and YPF (Argentina). The interest of these oil companies has a lot to do with the deposits recently found in Namibia, which has the same geological history as the Uruguayan coasts.

The contracts establish the commitment of these companies to invest around USD 130 million, a risk that they assume in its entirety. Each block has a 15,000 square kilometers surface and is located between 100 and 300 kilometers from the coast.

Since the discoveries in Namibia, the chances of finding deposits have increased significantly, with chances of success going from 10% to 25%.

The model Exploration and Production contract, approved in the Open Uruguay Round, is of the Shared Production Agreement type and can have a 30-year term, including potential production.

There is a commitment to carry out exploratory works, such as geological and prospective resources assessment and modeling, during the first four years, as well as licensing and reprocessing of existing seismic information. There is also a commitment to perform 2,500 km2 of 3D seismic by the APA-Shell consortium in the OFF-4 area, with an exploratory well committed by APA in the OFF-6 area.



The contract with ANCAP establishes that private companies assume all the risks, costs, and responsibilities of the activity, and that they will only be reimbursed in case there is commercial production. The Uruguayan State would capture income through three ways: The association of ANCAP; the percentage of profit oil; and the income tax on the contractor's income.

Hydrocarbon exploration and production projects are subject to national environmental regulations, and ANCAP promotes the industry best practices. These contracts do not allow actions such as venting or burning natural gas, so it is expected that, in case of a discovery, the intensity of carbon emissions will be among the lowest globally.



BOTTLED LPG

New LPG bottling contracts provide more transparency to the process and stimulate competition.

In February 2023, the 15-year contract between ANCAP and GASUR (owned 40% by ANCAP, 30% by Acodike and 30% by Riogas) expired for liquefied petroleum gas (LPG) bottling and supply.

Based on the provisions of the Urgent Consideration Law, enacted in 2020, ANCAP sells the product at the door of the plant, and, as a result, the new contracts refer only to the lease of the bottling plants, while the market regulation ceases to be the responsibility of ANCAP.

In this new context, after a tender process, contracts were awarded to Acodike and Riogas for the lease of ANCAP's bottling plants. These contracts, of different amounts and terms, have been in force since March 2023. In this way, the commercial strategies of the two awardees are differentiated, which encourages competition.

In the LPG market, in addition to Acodike and Riogas, there are two other distributors: Megal and DUCSA, which is almost entirely owned by ANCAP. Megal has its own bottling plant, while DUCSA agreed to bottle 70% of its bottles with Megal and the other 30% with Acodike. With these new contracts, DUCSA obtained a significant improvement in terms, which allows the company to implement more flexible commercial strategies than it had implemented until now, making it more competitive.

As of March 2023, GASUR only works as bulk propane distributor.



MANAGEMENT



HUMAN RESOURCES MANAGEMENT

STAFF SELECTION

In 2023, special emphasis was placed on external selection processes, with the purpose of hiring the necessary staff for different management areas. Definitions across all State’s divisions have determined, for many years, the implementation of very restricted hiring conditions, which has created important needs in some areas of ANCAP.

Based on processes already finished and those ongoing, it is estimated that around 150 new workers will join the Company from the beginning of the year until the beginning of the ban (February 29, 2024), since it is an electoral year.

TRAINING

The features and uses of ANCAP’s Moodle platform continued to be expanded. In addition to the wide training offer available to staff through the platform, courses defined as mandatory by the Board of Directors were developed for all the staff. The IT Security and First Aid courses were considered mandatory, as both are necessary to fulfil the goals in the Variable Compensation System.

ENERGY TRANSITION

Regarding strategic guidelines, progress was made in the “Strengthening of the Energy Transition Structure” initiative, collaborating with the corresponding management in specific training and coordinating different general dissemination activities for all the staff. Staff have participated widely in all the activities, and this guarantees that the Company is indeed working on the objective of preparing and informing the organization about energy transition.

Regarding Staff Management, the SAP-HCM Project finished at the beginning of the year, and the initiatives that were on-going became operative.

LABOR RELATIONS

Agreements were signed at the level of the Ministry of Work and Social Security with the key actors of the Refinery Units Shutdown. Additionally, agreements were signed with the unions (Agrupación Ex-Federación ANCAP, SUNCA and UNTMRA) and with the business chambers (Construction Chamber and Metallurgic Chamber). The agreements set forth the general working guidelines during the shutdown of the units and defined a conflict prevention protocol. All this has enabled the development of the units’ shutdown under proper conditions for the normal carrying out of the necessary tasks.

PROFESSIONAL CAREER

Several actions were carried out in relation to the initiative of the “Development of a Professional Career in ANCAP” Strategic Agenda. Meetings were held with local companies and a draft document was developed to hire, during 2024, a consulting firm specialized in this issue, which shall collaborate and carry out several tasks which are essential to the fulfilment of the initiative.

TELEWORK

The Telework Regulation continued to be applied. This Regulation is used by many management areas without affecting their operation. During the year, several control procedures were carried out to oversee the proper use of the Telework tool, detecting some minor deviations which were corrected.

TECHNOLOGY

INTERNAL STRUCTURE

During the year, work was carried out regarding the consolidation of the internal structure of the Digital Transformation Management, which was approved at the end of 2022. To this end, progress was made in the development of competitive examinations to fill vacancies in key posts.

On the other hand, considering the progressive exit of employees to a dynamic labor market, that has no unemployment and is attractive due to the conditions it provides, we worked together with the Management of the Company to define mechanisms that favor talent attraction and retention.

ON-CALL SYSTEM OF WORK

During the year, work was carried out on the reformulation, regulation, and implementation of a new on-call system of work that guarantees 24/7 support regarding computer solutions for critical processes.

IN THE GROUP

The adoption of corporate tools in the ANCAP Group was promoted in 2023, along with the automation and standardization of the payment process to suppliers and digital administrative management of contracts.

ELECTRONIC TRAVEL

The automation and digitization of the product dispatch processes under the Electronic Travel program continued, implementing a new channel for customers to digitally register their dispatch requirements, starting with the Marine Diesel and LPG businesses, as well as the management processes of the Portland laboratory, with the incorporation of the software which is already used in the other ANCAP laboratories.

ANCAP HACKATHON

A new edition of the ANCAP Hackathon was held. This is an event that promotes innovation in ANCAP and its related companies, where participants get together to solve problems using information and communication technologies (ICTs).



It is a day in which minimum viable products (MVPs) or prototypes are developed as a solution to any problem that either ANCAP or the companies of the ANCAP Group may have, proposed by the participants.

Four teams took part in the event this year, solving problems using technologies such as 3D printing, RPA, and ChatGPT.

2023 was a turning point in terms of digital transformation. The use of the cloud in its different modalities had a significant boost thanks to the projects which are detailed below:

CLOUD E-MAIL

In 2023, a decision was made to move corporate e-mail to the cloud and 50% of mailboxes were migrated, on the way to a deep digital transformation. With this paradigm shift, the capacity of mailboxes was improved from 3 and 5 GB to 50 GB for all ANCAP officials.

This enables the use of technologies associated with artificial intelligence to the extent that they are available. Other intrinsic service enhancements related to the use of the cloud are associated with continuity, lower costs, and operational improvements.

INFRASTRUCTURE FOR SAP HANA

Within the framework of the SAP HANA Program, it was defined that this solution should be implemented on cloud infrastructure and not on-premise (local) as it had been until then.

The IAAS model presents several challenges for public organizations as contracts apply to the consumption of various virtual devices and resources that are dynamically consumed. For this reason, similar experiences were studied in the region and work was carried out together with AGESIC, that has been closely following ANCAP’s process because of its innovative profile in the national public sphere.



BIG DATA

In terms of Big Data, during 2023 the entire ecosystem of that platform was migrated to the cloud. Thus, costs were lowered, and experience was gained in different public clouds, thus diversifying the experience and knowledge of the great players in the market.

ARTIFICIAL INTELLIGENCE

As a corollary to the 2023 Hackathon, the implementation of the winning proposal based on ChatGPT was carried out. The team that developed the AskToMe solution carried out a Proof of Concept (POC), this time with the aim of it being actually used at the Company.

ANTI-MALWARE UPDATE

After analyzing different tools, it was defined to change corporate anti-malware, both for ANCAP and related companies, and Crowdstrike cloud solution was selected. In this way, the level of control of behavior-based malware analysis is increased, with the aim of neutralizing threats of the ransomware type, a type of cyberattack that affects the most important operations of companies.

WAF MODSECURITY

The ModSecurity web applications control solution was implemented. Corporate web applications are published through ModSecurity in order to audit all types of activities and have traceability to respond to cybersecurity incidents.

PUBLIC KEY

The public key infrastructure was updated. This is a solution that issues digital certificates, internal to the ANCAP network, which authenticate the identity of the equipment that connects to the corporate wireless network and published websites, securing the encrypted connection that protects communication with the sites while browsing them.

AUDIT AND RISK

The Risks, Audit and Ethics and Compliance Committees were merged, starting from July 25, into the Audit and Risk Committee, which is currently chaired by the President of ANCAP.

During the year, 24 internal audits were conducted (excluding periodic audits, such as physical accounting of year-end inventories, union reports or the balance sheet of budget performance checking), resulting in 38 recommendations. Action was also taken, both as a link and a support in the work carried out to solve SAP segregation of duties, performed by an external auditing firm.

The bases and the bidding process were developed for the acquisition of an Audit and Risk software, implemented to digitize the processes of both areas. Participation also took place in the project for migration to SAP HANA system. Within the framework of the Anti-Money Laundering and Financing of Terrorism Policy and the controls required by law, those areas where risks arise were identified, the associated risk matrices were created and the general procedure draft was developed, detailing the due diligence controls of the different areas involved.

Arrangements were made with the Bank of the Oriental Republic of Uruguay (BROU) Compliance Office for the signing of an ANCAP-BROU cooperation agreement within the framework of the Anti-Money Laundering and Financing of Terrorism Policy.

A KRI (Key Risk Indicators) dashboard was developed for monitoring strategic, environmental, industrial safety and occupational health, credit, and compliance risks.

A study was carried out on the level of industrial cybersecurity maturity in ANCAP and ALUR plants, in relation to the process of production and distribution of fuels, and an action plan for ANCAP was developed for the mitigation of the most significant risks identified during the carrying out of the work.

The bases were developed and the procurement process was followed up for the hiring of a software service for staff training through interactive materials and simulations of attacks.

Training sessions were developed for ANCAP staff in Moodle to be carried out in 2024 with the aim of communicating the Information Security Policies and the main attack vectors.

A detailed proposal was prepared for the implementation of a complaint filing channel that would work together with the existing mechanisms for reporting situations that are unethical or do not comply with internal or external regulations.

Arrangements were made for the transfer of information and documents to the Technological Laboratory of Uruguay (LATU), following the transfer, based on the law, in April 2023, of those responsibilities related to the control of distilled alcoholic beverages and alcohols.



PRODUCTION



PRODUCTION OF ENERGY PRODUCTS

This is the area in which the production activities of ANCAP's primary business concentrate to achieve operational excellence, greater productivity, and higher quality products.

The management in this area has focused on guaranteeing the supply of the domestic market, including the control of manageable costs and the security of the supply chain operation. Opportunities have also been sought for the valuation of refinery flows within the regional context, particularly in the petrochemical industry.

Regarding the quality of the products, gasolines and 10S diesel produced by ANCAP are equivalent to the most demanding European quality. The bioethanol blending pattern remained at the same level as the previous year. As of January 1, 2020, ANCAP has been supplying international quality IMO 2020 marine fuel.

The shutdown for the maintenance of the units was carried out as planned from September 2023. During the shutdown, an important investment was made in the Catalytic Cracking Unit, with a technological reform to ensure its operability within the most demanding environmental standards. The previous maintenance shutdown was performed in 2017.

The international context has led to 2023 -and 2022- registering the highest refining margins in recent years. Therefore, production was increased to high inventories in order to maximize profitability. Once the units have come to a stop, the finished products that are supplied to ANCAP markets by sea in La Teja terminal, del Este terminal and La Tablada plant were imported.

In 2023, the supply of drinking water in Montevideo was critically affected because of a persistent drought. Consequently, reserves were reduced and, although the flow rate was not affected, the saline concentration in fresh water was significantly increased. This negatively impacted the capacity to produce water with the quality required by refinery processes at the level of steam generation and cooling water. By combining different strategies such as the installation of the desalination capacity, the transport of river water by barges, its storage and clarification (using an OSE Water Treatment Unit), the acquisition of treated water from UTE, and the exploitation of wells in the facilities, among other actions, it was possible to maintain the production capacity of the units from mid-February until the start of the maintenance shutdown, with the consequent economic benefit for the Company.

At the end of 2023, 1.9 million cubic meters of raw material had been processed, including the processing of crude oil (1.7 million) and other raw materials. A record 45,000 barrels per day of processed crude oil was reached in 2023, despite difficulties related to the supply of process water.

In line with the above, during 2022, 10.1 million barrels of crude oil were imported, bought in spot international markets. The average quality of the processed crude has been 38°API and 0.15% sulfur content in mass.

PRODUCTION OF PORTLAND

Among the milestones of the year in terms of Portland production, it is noteworthy that both the product certification according to the UNIT 20:2017 standard and the marketing certificate of structural cements for the domestic market were maintained.

Progress has also continued regarding the plan to strengthen the asset control environment, generating reliable and timely management information. ANCAP and PAMACOR S.A.'s mining permits portfolio optimization plan continued, while procedures were drafted, and progress was made in the configuration of systems to standardize information and work methodology.

Regarding actions aimed at reducing costs and optimizing the business's asset management system, cement production plants continued to operate under new quarrying contracts. Compared to previous contracts, this means savings of approximately 50% and 30%, for the Minas and Paysandú plants, respectively.

The third mill in the Minas plant showed a manufacturing defect in the ferrule at the beginning of the year, which prevented its use for the manufacture of cement throughout the year. A claim was made to the mill manufacturer, and the implementation of a new ferrule (sent by the manufacturer free of charge) was completed in December.

To migrate the sale of bulk cement from CPN to CPF, laboratory and production tests were carried out with concrete mixer customers in the South of the country, with partially satisfactory results. Since ANCAP plants were unable to supply all the Group's sales during 2023, these tests could not be continued. It is expected to resume them in 2024, once the plants' production is stabilized.

No proposals were received regarding the international public tender for a comprehensive industrial and commercial association of the cement business.

Goals for 2024 include maintaining both the product certification according to the UNIT 20:2017 standard and the marketing certificate of structural cements for the domestic market.

Work will also be carried out to meet the commercial goals defined in the sales budget prepared by Cementos del Plata S.A. with cement produced by ANCAP and to produce with the third cement mill in the Minas plant, thus balancing cement production with the demand in the Montevideo metropolitan area and reducing logistics and operational costs.

Additionally, laboratory and production tests will continue with concrete mixer customers in the South of the country and work will be carried out to expand the range of alternative fuels that can be processed at the Minas plant in order to reduce the energy costs of the process.



COMMERCIAL

FOREIGN TRADE

In the international market, during the year, the values of Dated Brent reference crude fluctuated between USD 71.71/bbl and USD 97.92/bbl. This variation was due to many factors, such as the USD 60 cap imposed by G7 to Russian oil; the OPEC+ decision, announced in April, regarding oil output cuts of 1.16 million barrels per day; the unilateral cuts of 1 million barrels per day by Saudi Arabia; and the 300,000 barrels reduction by Russia a month later.

The average Dated Brent reference barrel price in 2023 was USD 82.64 versus USD 101.32 in 2022. 2023 started with a value of USD 81.23 per barrel, reaching the minimum value of USD 71.71/bbl on March 20 and a maximum value of USD 97.92/bbl on September 27. Oil derivatives prices accompanied the evolution of crude oil prices.

Brent (USD/bbl)



Volumen crudo importado (bbl) por origen

IMPORTS AND EXPORTS

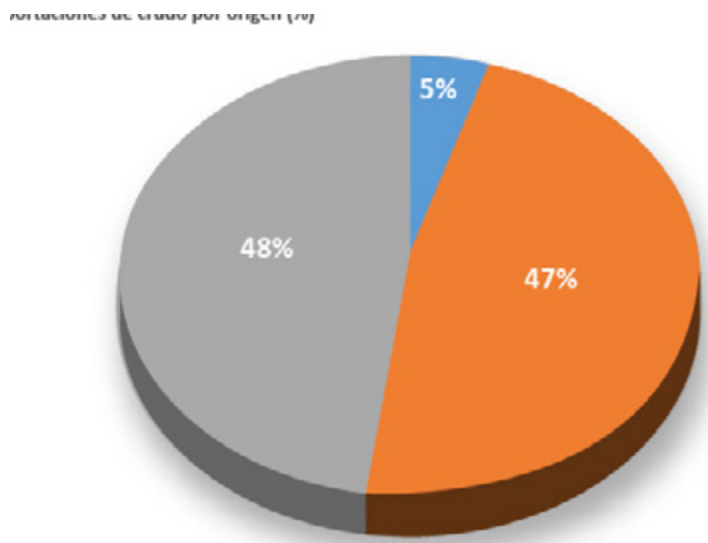
The supply of crude oil and derivatives to the country has been optimized through markets’ diversification and expansion.

The volume of crude oil received during 2023 was 10,099,451 bbls. The origins of the crude oil supply were Argentina, the United States, and Nigeria, all bought in the spot market.

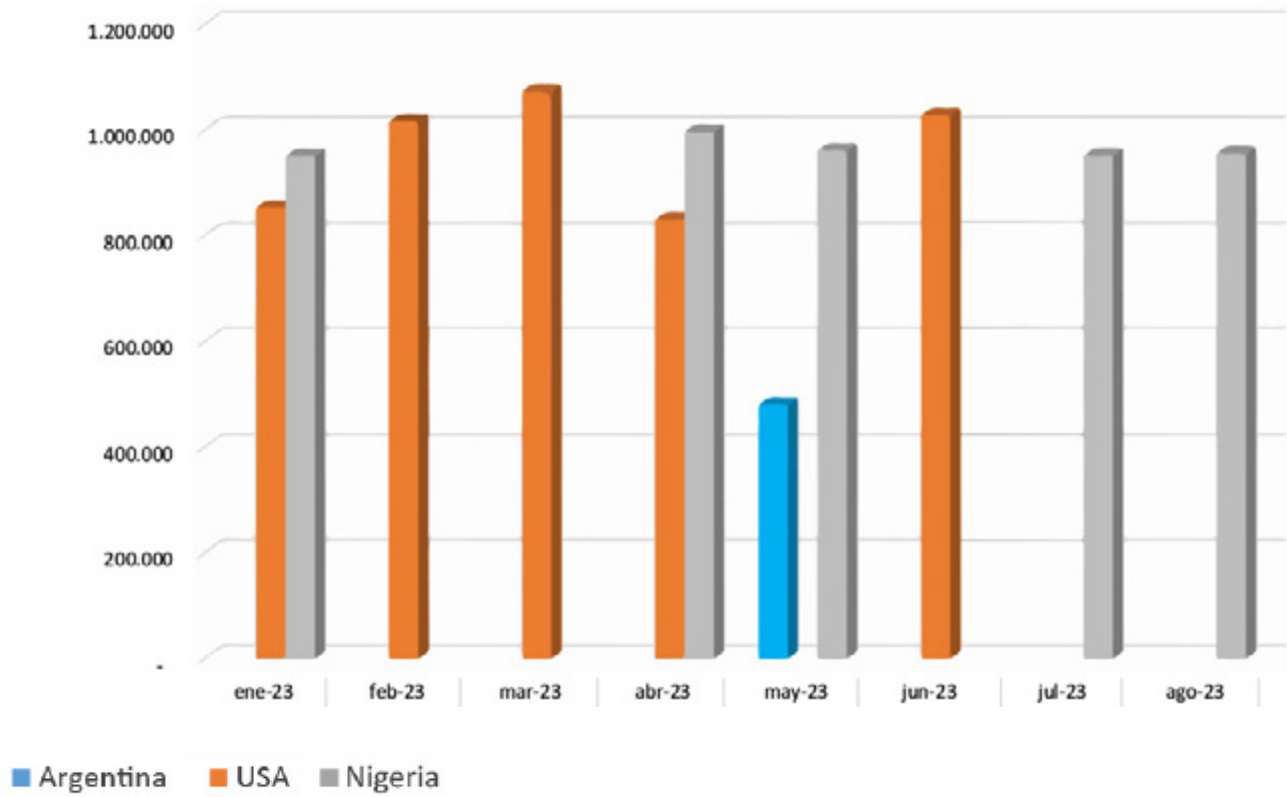
The average monthly price of crude oil received during 2023 (cost and freight) ranged from USD 77.00/bbl to USD 94.58/bbl.



Crude imports by origin (%)



Volume of imported crude (bbl) by origin



The volume of liquid derivatives was 1,137,038 m³. It is worth mentioning that, due to the units’ maintenance shutdown, derivatives imports have significantly increased during the year. Of the total imported derivatives, 56,8% correspond to diesel (642,132 m³) and 22,1% correspond to gasolines (249,508 m³).

Actual price of oil, cost, and freight (USD/bbl)



During the shutdown, since diesel imports represented the highest volume, and, so as not to congest La Teja maritime terminal, vessels carrying diesel unloaded at the José Ignacio terminal. This resulted in 70 and 80 USD/m³ savings in the diesel price, as plots ranged from 65,000 to 110,000 m³, while plots in La Teja are around 10,000 m³.

During the autumn-winter period, ANCAP has a propane/butane deficit, which is covered by extra-regional imports in floating storage mode and a bunker vessel that delivers to La Teja terminal. During 2023, propane/butane imports were extended until the end of the year due to the shutdown of the units for maintenance.

Summary of Propane/Butane Acquisitions during 2023

Volume	Unit	Vessel/Truck
26,135	m³	Storage / Bunker vessel
54,905	m³	Vessel
18,047	m³	Truck

La cantidad de petcoke importado con destino a las plantas de cemento Portland y cal de ANCAP y cementeras privadas durante el año 2023 ascendió a 149.841 tm. Los embarques arribaron a los puertos de Montevideo y de Nueva Palmira, y fueron transportados vía camión a las plantas de Minas, Paysandú y Treinta y Tres.

Se continúa utilizando la herramienta informática del portal web para la emisión, recepción y gestión interna hasta la adjudicación de las importaciones de crudo y derivados y exportaciones de derivados.

FREIGHT

No tankers were hired for the transport of crude oil since all deliveries were acquired under DAP José Ignacio and DAP La Teja condition.

The following Table shows crude oil imports by origin.

2023 Crude Oil Imports

Origin	Volume (bbls)
Argentina	481.889
USA	4.802.646
Nigeria	4.814.916
Total	10.099.451

2023 Pet Coke Imports

Origin	Volume (mt)
Belgium	28.592
Brazil	5.643
USA	115.606
Total	149.841

The following Table shows derivatives' imports by origin.

2023 Liquid Derivatives Imports

Product	Origin	Volume (m³)
Asphalt	Greece / Spain / USA / Italy / Türkiye	59.947
AVGAS	Brazil	1.948
Butane	Argentina / Estonia	50.297
Deodorized Butane	Argentina	78
Fuel Oil	Argentina / Brazil / USA / Canada	52.528
Diesel	Saudi Arabia / Belgium / Qatar / USA / UAE / India / Kuwait / Taiwan	642.132
Gasoline	Netherlands	249.508
Hexane	Argentina	452
Jet A1	Argentina / Bahrain / Brazil	31.361
Propane	Argentina / Estonia	12.637
Total		1.130.888





DOMESTIC MARKET

SISCONVE

The migration of 128 organizations and 18,500 vehicles of the official fleet to SISCONVE 22 was carried out. In 2023, a new commercial proposal was signed with the SISCONVE supplier to optimize the system and reduce costs. These changes with the supplier translate into a new model of contract with customers, resulting in shorter service response times and reduced costs for the customer. All customers are expected to have a new SISCONVE contract in 2024.

During the year, efforts were made to implement four new SISCONVE stations, which will add to the 156 already in existence. They will operate in the following locations: Villa del Carmen (Durazno), Tres Bocas and Fray Bentos (Soriano) and Fraile Muerto (Cerro Largo).

SALES TO UTE

During the year, 232.3 thousand m³ of fuel (diesel and fuel oil) for energy generation were sold to UTE, which means a 25% decrease compared to 2022. This was due to the fact that hydrological conditions were more favorable, and, as a result, UTE did not import electrical energy.

During 2023, a contract was signed with UTE setting forth new conditions for the supply of fuels (diesel and fuel oil) for energy generation, along with the after-sales service, which implies changes in the operation, in the technical and commercial relationship, in information flow and in the corresponding registers, involving multiple areas of ANCAP.

LUBRICANTS

ANCAP lubricants maintained their leadership in the Uruguayan domestic market in 2023, with a global stake of 37.5% among the companies that are members of the Uruguayan Lubricants Chamber. Additionally, in a market in which more than 30 imported brands compete freely, the business closed the year with an operating margin above 30%.

FUELS

The total number of fuels marketed in the domestic market accumulated as of December 2023 was 2,238 thousand m³, representing a 1.3% decrease compared to the same period in 2022. These volumes include direct sales, self-consumption, and donations, where applicable, and exclude sales to UTE for energy generation and pet coke for cement companies.

The total of white fuels registered a 0.8% decrease during the year. Within the diesel line, the decrease reached 0.97% during the year. 10-S diesel grew 26.5%.

The decrease in diesel is explained by a significant reduction in consumption in the cereals and fruit and vegetables sector, as the water deficit caused a reduction in the harvest area. The border effect due to the exchange rate difference also helped.

Gasolines also fell 0.3%. The decline is explained by the existence of a currency gap, growth in outbound tourism and decrease in inbound tourism. The increase in PREMIUM 97 petrol continued (+13%).

LPG

The sale of LPG (propane and LPG) amounts to 219.6 thousand m3. In conjunction with MIDES, work was carried out during the year on the LPG subsidy for vulnerable populations. Coordination and payment to the LPG supply chain was carried out to get the subsidy to the beneficiaries. An average of 85,000 households per month were granted this benefit. ANCAP granted a USD 666,567,598 discount.

FUEL OIL AND BUNKER

ANCAP supplied fuel oil to Montes del Plata and UPM paper mills, with sales of 111,298 m³ of paper mill quality fuel oil, which means a 1.2% increase compared to 2022.

In 2023, 118.8 thousand m³ of marine bunker and aviation bunker were sold (a 22% increase over the previous year).

A contract was signed with CAISA (Consorcio Aeropuertos Internacionales S.A.) to lease the Laguna del Sauce plant and sell aviation fuel to CAISA.

ASPHALTS

In 2023, 68,3 thousand m³ of AC30 asphalt cement and asphalt thinners were sold, representing a 25.8% increase compared to 2022.

SOLVENTS

The Company sold 2,466 m³ of solvents (aromatic, kerosene and solvents), a volume similar to 2022.

PET COKE

The pet coke business was developed in the Uruguayan domestic market during 2023 based on the management for ANCAP industrial plants and the sale to private customers. In 2023, 104,832 tons were sold, representing an 88% increase over the previous year.

COMMERCIAL ASSISTANCE

Training and technical advice are provided to clients, with UTE and CAISA standing out as new customers, with new contracts.

MARKETING

The ANCAP Visits to the Plant and Lubricants Laboratory program was resumed, along with the visits to La Teja refinery, with a wide variety of customers: managers and staff of ANCAP service stations; customers of several State agencies; official garages of different automotive brands; and DUCSA business representatives. The objective is to maximize the value of the ANCAP brand, debunk myths about lubricants, and exchange knowledge and experiences related to the fuel and lubricant business. More than a thousand visitors were received.

Work was carried on regarding the development and acquisition of a CRM (Customer Relationship Management) software for the Domestic Market Sales Management, especially designed for ANCAP business.



BUSINESS PLANNING

The Company continued working on the improvement and deepening of the role of assisting corporate decision-making.

Short- and medium-term fuel demand projections were carried out and the work of the LPG group was successfully completed. A complementary statistical model (SARIMA) was developed, based on neural networks, and focused on the months with the highest sales, which will enable to improve predictive capacity, anticipating in February of each year the monthly demand for LPG to bottle during the April-September period. This information is important for production planning and decision-making in general, both for ANCAP and from the country's perspective.

The measurement and evaluation of business results and monitoring of SRV indicators was carried out. The computerization of business results project was promoted, along with the definition and implementation of pricing policies processes.

The evaluation of sales volumes and the analysis of their variations was carried out; reports per client were developed as the tax on flammable products was repealed; new parameters for secondary freights were applied; and business characterization and sales reports were specifically made for statements of results.

A new load sheet of oil indicators and LPG price composition graphs were developed within the framework of Law 19.889; a review of the information related to published selling prices was performed.

In support of external customers, new sales statistical yearbooks were developed, along with sales information for consulting firms, distributors, and public bodies.

NATURAL GAS

A one-year transport contract was signed with Gasoducto Cruz del Sur for the volume sold to distributors.

The supply of natural gas to uninterruptible customers was maintained without any cuts or limitations attributable to the management of ANCAP.

The natural gas business showed a very positive net result during the year, with an EBITDA of around USD 4,4 million.

The Company could reach an agreement on and settle the dispute with CEGSA for operation and maintenance fees of the Entre Ríos pipeline, with significant economic savings, by using the cash settlement mechanism in Argentina.

The technical inspection of the conditions of the littoral gas pipeline – which must be inspected every ten years – was carried out without any difficulties and with positive results.

BUSINESS STRATEGY

A review of the long-term fuel demand model was carried out and the demand projection was updated to 2050.

The study of the potential market demand of diesel oil 10 ppm of sulfur was carried out for a price policy analysis.

Exchanges with different companies in the region continued in search of business opportunities.

We participated in the development of the synthetic fuel production project in Paysandú as part of the technical team and the monitoring committee.



SUPPLY



LOGISTICS

The distribution plants complied with the planning regarding fuel supply and dispatch to the country. During the water crisis, assets and operations were key to supporting the work of the refinery: River barges and tanker trucks transported water to supply consumption in the processes and minimize the use of OSE water.

After the water crisis and since the beginning of maintenance works in La Teja refinery, the terminals received exclusively derivatives. Significant improvements were achieved in these operations through modifications and several works carried out at the facilities.

Specifically, greater length, depth of water, and discharge flows were achieved at La Teja terminal, while in José Ignacio terminal, larger plots were achieved to receive diesel and transport crude oil more efficiently.

Fuel dispatch to the network was supplied in a greater proportion by La Tablada plant with an average of 5,200 trucks dispatched per month. Loading hours were extended until 8 p.m., with an additional extension planned until 10 p.m. for the first weeks of 2024.

The time extension of the Paysandú plant let us start with the new organization of work in the ANCAP tankers’ fleet (Backhaul system). The flooding of the Uruguay river in the last months of the year delayed the implementation of the new modality to the first days of 2024. For the transport of bioethanol and to strengthen its logistics, a La Tablada-Paysandú-Bella Unión-La Tablada triangular transport service was hired, through tender, to strengthen the Backhaul system.

All necessary approvals were obtained at national and binational level for the new pier in the Paysandú plant, and at the end of 2023 began the implementation of the work that is expected to finish in 2025.

In del Este terminal, significant reconstruction works of tanks 133, 131 and 136 were completed and more robust hoses were purchased for the unloading system. A specification was developed for the detailed engineering and construction of a support vessel to replace ANCAP VIII. Progress was also made in the hiring of a support consulting firm for the implementation of a new oil pumping system from the del Este terminal (José Ignacio) to La Teja refinery and the performance review of the crude reception system by sea was finalized, along with movements in storage tanks and the inventory control.

Maintenance of sphere 21 began at La Tablada plant. Consultancies were assigned in relation to the change in the dispatch system and another one related to the incorporation of bottom loading positions, both to be developed in 2024.

ON THE ROAD

In terms of land fleet, the fleet of tractors, tanker trucks, vans and cars was renewed, and tenders were extended to cover the rest of the needs.



Tenders were published for the purchase of five aluminum tanker trucks and five additional tractor trucks. Processes were carried out at the Ministry of Transport and Public Works to expand the loading limits for dangerous goods, so that the new tanker trucks carry more volume under conditions of maximum safety and efficiency. Significant improvements were made in the land transport garage, regarding equipment, building and organization of work.

Work was carried out along with the Ministry of Transport and Public Works to normalize railway operations to the Treinta y Tres and Durazno plants, and bidding processes began to arrange the storage capacity in Juan Lacaze plant for the storage of third-party cargo.

The transfer of the External Maintenance sector to Logistics was completed, and the development of new guidelines for organization and work planning in this area began, trying to significantly improve maintenance and operation of all logistics assets.

The fuel unloading service for La Teja was awarded, providing for the construction of a pipeline between the port of Montevideo and the refinery, which will allow the unloading of larger plots of fuels, significantly lowering bunker costs and improving safety conditions.

ENVIRONMENT, SAFETY, HEALTH, AND QUALITY





Changes were made to the organizational structure of the Management, including new responsibilities, particularly the coordination between different areas in cross-cutting processes of the organization. In this context, the Fire Safety Area – dependent on the Management – and the Environmental Projects and Environmental Management areas, which depend on the Head of Environment, were created.

Below is a brief description of the main activities and the most outstanding results in each area of the Management.

ENVIRONMENT

The following were the main activities carried out during the year:

- Reorganization of the Environment area approved by the Board of Directors.
- Implementation of service agreements with the different internal customers. 21 agreements were established.
- Maintenance of the ISO 17025 certification for the Environment Laboratory.
- Purchase of equipment for elemental fuel analysis.
- Provision of analytical services by the Environment Laboratory for the monitoring of effluents of operational plants; the characterization of solid waste for safe disposal; the survey of soil contamination in La Teja refinery, La Teja plant and del Este terminal; and the monitoring of quarry water.
- Beginning of execution of a contract for remediation of contaminated soils in two areas of La Teja plant.
- Submission to the Quality and Environmental Assessment National Directorate (DINACEA) of the updated Environmental Management Plan and an environmental improvement action plan, within the framework of the management of the special environmental authorization for La Teja plant.
- Installation of equipment for reactive energy compensation in La Teja refinery, under contract with ESCO.
- Progress in the implementation of additional effluent treatment plants in the Durazno and Treinta y Tres plants.
- Collaboration with the refinery for the selection of alternatives for water reuse.
- Management of the operation and maintenance contract of the effluent treatment plant of the refinery.
- Management of contracts for waste management (sale of scrap metal, dump services, transport, and final disposal).
- Technical support for the operation of del Este and La Tablada terminals' effluent treatment plants.

- Management of maintenance contracts for air quality monitoring stations located in the surroundings of La Teja, Portland Minas, and Portland Paysandú plants.
- Advice on pest control management in all ANCAP plants.
- Advice on environmental management of mining activities. Environmental monitoring in operating fields.
- Control of environmental management of contractors.
- Online training for contractors and ANCAP staff affected by the maintenance shutdown of La Teja refinery.
- Follow-up of action plans defined based on 2020 environmental audits on environmental liabilities; environmental management of DUCSA, ALUR-Bella Union and Cementos del Plata; management of industrial liquid effluents in La Teja plant and distribution plants; management of atmospheric emissions in La Teja refinery.
- Closing of the ALUR Bella Unión audit.
- Report of sustainability indicators in ANCAP official account on X (Twitter). A report of recovery of ALUR waste indicator was included.
- Establishment of environmental indicators to be reported by ALUR, DUCSA and Cementos del Plata.
- Advances in effluent management improvement projects in La Tablada plant.
- Definition of greenhouse gas emission baselines in ALUR plants, Cementos del Plata lime plant and DUCSA fleet.
- Definition of greenhouse gas emission mitigation measures at La Teja refinery and Portland plants. Joint work with the Ministry of Industry, Energy and Mining, the Ministry of Environment and the Ministry of Economy and Finances, for the inclusion of the measures in the second nationally determined contribution (NDC) to the Paris Agreement.
- Advances in the adaptation project of sanitary effluents at La Teja plant.
- Review of ANCAP contingency plan for hydrocarbon spills.
- Management of the prior environmental authorization for a new river terminal in Paysandú.
- Joining the Latin American Methane Emissions Observatory.
- Participation in the Pollutec trade fair in Lyon (France), the IAPG Argentina Oil & Gas congress, the AUDER congress, and the Natural Protected Areas congress.



- Support for the operation of effluent treatment plants in del Este and La Tablada terminals.
- Participation in activities of the Committee of Environment, Industrial Safety and Health of ARPEL.

STRATEGIC AGENDA

The strategic agenda launched at the end of 2022 included three projects led by the Environment area:

- Management of environmental liabilities, with the purpose of implementing the plan approved by the Board of Directors.
- Greenhouse gas emissions reduction plan.
- Waste recovery.

ENERGY TRANSITION

El plan consiste en participar en los diferentes proyectos desde el inicio de su desarrollo, dando apoyo en la identificación The plan is to participate in the different projects from the beginning of their development, providing support in the identification of environmental aspects, the evaluation of alternatives from an environmental point of view, the identification of the best available techniques, and the generation of environmental information, coordinating the relationship with environmental authorities.

The projects which are part of the strategic agenda include lines of action related to the energy transition. The most outstanding activities are:

- Interaction with DINACEA and DINABISE of the Ministry of Environment to exchange information on the environmental oceanographic campaign in the offshore exclusive economic zone (EEZ) hired by ANCAP and definition of ecologically relevant sectors in marine areas of the EEZ.
- Participation in the coordination of training activities carried out at the request of the Ministry of Environment, on seismic effects on fishing activities, environmental management of oil projects, and production of green hydrogen offshore.
- Participation in workshops for the selection of a carbon dioxide emissions capture and green hydrogen generation project to produce synthetic fuels.
- Participation in workshops for the definition of a biorefinery project (HVO).
- Review of the contract model for the green hydrogen offshore round.
- Monitoring of environmental aspects of abandonment activities in oil exploration wells onshore.
- Participation in ARPEL Energy Transitions Committee.

INDUSTRIAL SAFETY

During the year, intensive work was carried out to prepare for the shutdown of the refinery units, including among others the following activities: planning of preventive management; editing of materials for safety inductions; training sessions for 2,000 people, including both the Company and contractors’ staff; development of posters; purchasing of supplies; and developing of procedures and instructions.

The following are some of the activities that were carried out during the year in the Industrial Safety area:

- Continuation of the Accreditation Plan for Occupational Safety and Health Expertise to promote the Company’s safety culture. The value registered in the indicator associated with this plan was 100%.
- As part of the implementation of the Safe Work Standard for Operation and Maintenance of Electrical Equipment and Installations, training for electricians continued in NS1D standard (theoretical and practical) and work with low voltage systems (TCT BT).
- Evaluation of critical elements of the Risk Management Process System (SARP) of La Teja plant, using the latest version of the process safety self-assessment tool developed and updated in ARPEL.
- Compliance with the Safety Inspections Annual Program of the different plants.
- Completion of the compliance assessment regarding legal requirements, with the support of LATU-LSQA, and provision to the head of each area of feedback on the nonconformities, observations and opportunities for improvement found in each area.



- Continuation of the Risk Assessment by Task Program.
- Support for the creation of the new area of Fire Safety management.
- Compliance with the Fire Safety Inspection and Audit Program in the refinery and logistics plants.
- Continuation of the Program of Certification before the National Fire Direction (DNB), adapting the regulatory requirements to the different sectors and conducting consultations on its application. Certification of the following functional areas was obtained: La Teja Initial Education Center (renewal), Refinery Control Room, Diesel Desulfurization Unit (HDS), and Refinery Cooling Water System.
- Completion of installation works of the massive alarm system at La Teja plant, as well as the fire detection alarms in electrical rooms of La Teja, related to DNB certifications.
- Installation of the water network to be used in case of fire in the Yañez Pinzón premises.
- Progress in the implementation of the fire equipment maintenance program, including the foam boxes of hydrocarbon storage tanks, engines and pumps, vehicles, and hydraulic networks.
- Training on the Incident Command System, provided by DNB and coordinated by SINAIE.
- Theoretical and practical training in fire extinguishers management in the different ANCAP units, carried out in coordination with the DNB.
- Issuance of more than 13,000 work permits, including safety inspection (CIS) and area release (LA) certificates.
- In the field of Industrial Hygiene, full compliance with the physical and ergonomic contaminants (noise and lighting) monitoring program in all ANCAP plants.
- Selection, purchase, review, and adjustment of profiles in PPE (Personal Protective Equipment) management.
- Training, on multiple sessions, in the use of PPE, with support from suppliers (3M Uruguay, Power Services and Supply).
- Continuation of activities on the implementation of the Prevention Management Plan, within the framework of the ISO 45001 standard, in the ANCAP Portland business.
- Participation in bipartite commissions in SYSO and tripartite commissions in IGTSS.





OCCUPATIONAL SAFETY AND HEALTH STATISTICAL INDEXES

47 accidents occurred in 2023, injuring officials in different ANCAP units, and 1,121 working days were lost, out of a total of 4,430,058 hours worked.

Accidents with injuries were distributed as follows:

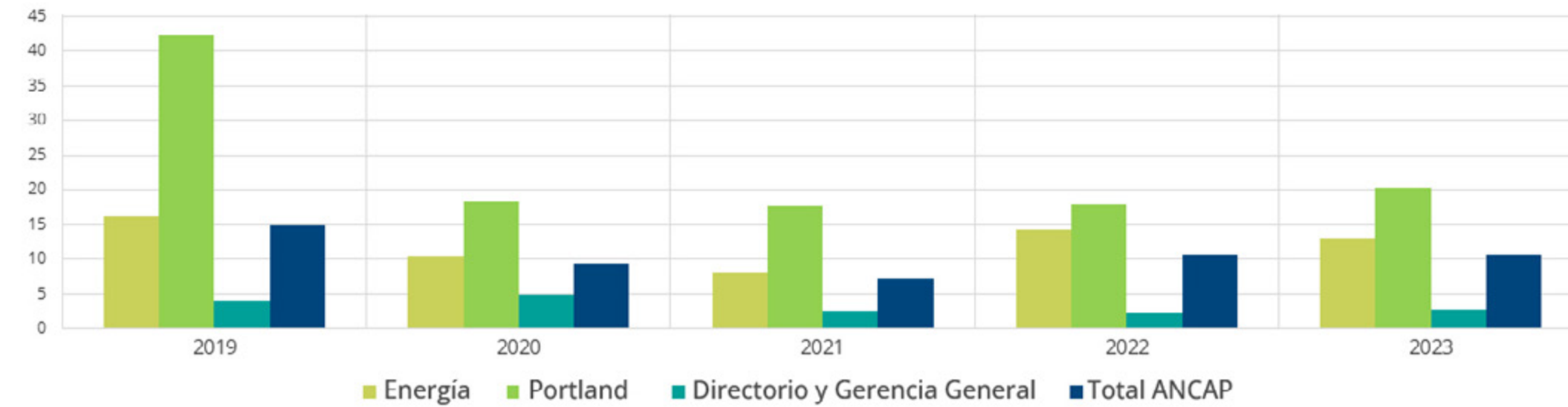
	Hours Worked	Accidents	Days Lost
Board of Directors and General Management	1.416.772	4	27
Energy	2.469.903	32	844
Portland	543.383	11	250
Total ANCAP	4.430.058	47	1.121

From this data, the statistical indexes for 2023 were as follows:

	Frecuency	Severity
Board of Directors and General Management	2,8	19
Energy	13,0	342
Portland	20,2	460
TOTAL ANCAP	10,6	253

- Frequency: Accidents with days lost per million of hours worked during the year.
- Severity: Days lost due to accident per million of hours worked during the year.

The following chart show the indexes of the last five years:



FIRE SAFETY

This area was recently created. Its main functions are to propose and lead the implementation of fire safety standards and procedures; to advise, assess and minimize fire risks together with the customers involved in the different work areas; to distribute and coordinate the performance of the different tasks in the fixed hydraulic systems maintenance area, as well as other fire detection and protection systems.

This area is building its team and implementing its processes. Supervised by the head of the area, a tour was carried out through different ANCAP units, and a preliminary diagnostic report has been prepared on the management and fire safety systems in general.

OCCUPATIONAL HEALTH

The organizational structure of the area has been improved during this period with the approval of two occupational health professional positions (occupational medical doctor profile), through external competition. This will allow planning and executing the evaluation of all staff members, and incorporating the assessment of new risks (height, crews, etc.). Changes were also made to the profile of the assistant position, valuing the person's activities with an approach to improving the management of the area.

The objectives set out in the processes were met in 2023, as detailed below.

- Crisis interventions that create a demand for support and guidance in the work context (serious accidents, injuries or deaths of officials and family members). Integration by professionals in the area into committees with impact on health (SySO, Workplace Environment Observatory, Gender Commission, Road Safety).
- Health surveillance management regarding specific risks (hydrocarbons, noise, non-fibrogenic dust, welding, electrical). Fitness to drive for A and B categories drivers (every 2 years) and assessment of fitness to drive, with a previous authorization in the Vehicle Control System (SISCONVE). Psychosocial risk assessment is added to electrical and vehicle driving risk assessments.
- Assessment of fitness for the task in more than 300 internal and external competitions.
- Management of and assistance in medical emergencies and medical centers: Availability of protected area service, medical kits, equipment, and training (RCB and DEA, first aid).
- Absenteeism and rehiring management: Admission certifications, study of absenteeism, medical-clinical meetings.
- Health promotion activities in different sessions and media (Intranet, days of specific health controls, exchange between areas).
- Implementation of an agreement with the Hemocentro blood center (Hemobus) for blood donation and access to the blood bank.
- Reinforcement of the assistance response for the shutdown of units: Expansion of coverage.
- Addition of new portable psychometric tests for time and resource optimization.
- Implementation, in relation to leveling in occupational safety and health issues, of the First Aid Module in virtual format and workshops.



QUALITY MANAGEMENT

The Quality Management area has carried out operational, deviation processing, and advice tasks, together with internal areas, aligned with corporate policies and strategic objectives, with a risk-based approach, following technical standards, the practices indicated by the reference management models, compliance with the applicable legal framework and internal rules. In this context, the main activities are summarized as follows:

- Elaboration, including the analysis and redesign of the process or sub-process involved, of more than 20 new management standards for several topics and areas of the organization. The following are particularly noteworthy: Procedures and instructions for the Current Accounts area; provision for litigation procedures; LPG loading and unloading procedure in La Tablada; RACI Matrix; fuels supply, custody, and transfer to UTE; control procedures for hired road freight; and criteria for the analysis and treatment of crude oil and fuel losses in internal operations.
- Management of the publication and dissemination of management standards, including the review and update of



more than 20 management standards that include corporate policies, procedures, instructions, and protocols. The following are particularly noteworthy: Corporate quality policy; unloading of imported fuels in La Teja plant; fuel loading procedure in tanker trucks at La Teja plant.

- Advice, operational and support activities for the maintenance of management systems according to ISO 9001:2015 standard.
- Participation or advice in different projects and committees, highlighting: Risk Committee; Travel Expenses Reduction Project; Somos ANCAP Program; Project for the creation and adoption of corporate policies; Workplace Environment Observatory.
- Advice, monitoring and reporting of quality incidents management, focusing on ANCAP fuel products, including description, cause analysis, corrective actions, effectiveness assessment and closure, based on the Quality Incidents module.
- Analysis and assessment of the Safety, Health at the Workplace and Environment requirements in the different contracts carried out by ANCAP.
- Advice, support, and implementation of a work plan for the preparation of management documents for personal account processes.
- Support in the development and implementation of risk indicators of the Environment, Safety, Health, and Quality Management, particularly the liquid and gaseous fuels quality incidents indicator, together with the Commercial Assistance area.
- Participation in the Quality and Conformity Assessment UNIT Specialized Committee and representation before Uruguayan Accreditation Bodies. Review of several draft UNIT standards under public consultation.
- Performance of an internal audit in the refining laboratory within the framework of its tests' accreditation according to ISO 17025:2017 standard.
- Management of the Vehicle Control System of the ANCAP Fleet. Provision of support and assistance to users, including data update, drivers' licensing control, and plans for communication with users.
- Offering of the Procedures Development and Process-based Management courses in an e-learning format. Offering of the Management of Nonconformities workshop in a synchronous format, using the Teams tool and the Capacitancap platform.
- Coordination of the Quality Incidents, Risk Management and Compliance webinar, with the participation of different managements and heads of offices, led by the Audit and Risk Management and the Environment, Safety, Health, and Quality Management.



STRATEGIC ISSUES



STRATEGIC ALIGNMENT

During 2023, a new governance model for the ANCAP Group companies was designed and implemented to provide them with greater autonomy, considering the special characteristics of each one of these companies and the markets in which they participate, and looking forward to their alignment with the strategic plan that was established.

Based on the Strategic Agenda defined in 2022, the progress monitoring and dissemination of the 23 projects that guide the fulfillment of strategic objectives set at the corporate level, which is performed every four months, was carried out, and the implementation of AGESIC’s SIGES tool (Strategic Management System) began.

ANCAP defined a new set of corporate indicators, based on the review of the strategic map developed in 2022. Together with the Institutional Communication Management, a communication strategy was developed focused on the link between the strategic objectives of the map and the Strategic Agenda, to highlight the contribution of each person to said objectives through his or her participation in different projects of the agenda.

PORTLAND INTEGRAL ASSOCIATION PROJECT

A call for a comprehensive partnership in the Portland business was made in 2023, to look for a partner with a presence in the regional market to achieve the sustainability of the business. Although several companies showed their interest and participated in the first stage of the process (competitive dialogue), at the end, no bids were received in the international public tender call, and it was declared void.

LPG BOTTLING PLANTS PROJECT

New lease agreements for LPG bottling plants were signed during the year, after making the corresponding public tender. The transition went smoothly regarding supply and with more favorable conditions for ANCAP.

ENERGY TRANSITION

The objective of ANCAP is to promote the development and production of low-carbon molecules, aligned with the concept of a responsible energy transition, articulating the green hydrogen business, the development of renewable energies and the exploration and production of hydrocarbons.

GREEN HYDROGEN

ANCAP continued to work with energy companies to promote the H2U offshore Round and develop datarooms, capitalizing on data, contacts, and the management experience of previous E&P rounds. In particular, since the beginning of the exchange process with energy companies, meetings have been held with 79 companies and confidentiality agreements for access to datarooms have been signed with 16 of them.

At the same time, dissemination, exchange, and stakeholder involvement activities were carried out, as well as publications, research, and knowledge generation activities, among which the technical collaboration with the IFC – World Bank stands out.

A new version of the bases and model contract of the H2U offshore Round was developed, with ANCAP planning to tender in the first half of 2024, four areas for private energy companies to carry out feasibility studies and the potential installation of infrastructure for the production of green hydrogen or its derivatives from offshore renewable energy, entirely at its cost and risk.

Additionally, ALUR conducted a competitive process to select a developer and a conceptual project for the use of biogenic carbon dioxide (CO2) emitted by its Paysandú bioethanol plant. The project that was selected was the one presented by HIF Global, which foresees the use of CO2, combined with green hydrogen for the production of 180,000 tons per year of e-gasoline. In June, a Selection Agreement was signed that regulates the feasibility study stage carried out by HIF and that will finish in early 2024.

In addition, ANII approved a pilot project to produce green hydrogen to use in fuel cell heavy trucks for forest transport, which was presented by the H24U consortium. The project will be developed for ten years and has a contribution from the State of USD 10 million. For the purposes of monitoring and transfer of knowledge, ANCAP will participate in the Technical-Economic Monitoring Committee of the project.

ANCAP participated during 2023 in 15 of the main offshore wind energy and hydrogen events worldwide. The Uruguayan company organized road shows in Copenhagen and Hamburg, presenting the most important energy companies with the main characteristics of the offshore H2U Round. Presentations and exhibitions were held at various congresses and forums in the country, and outreach activities were held at universities, chambers, and public institutions.

During 2023, two technical papers related to hydrogen were published: At the Offshore Technology Conference, in Houston, USA, and at the Green Hydrogen Seminar, organized by LATU in October 2023.





RENEWABLE ENERGIES

ANCAP continued to move forward in the transformation of its refinery into a biorefinery. On this regard, the technical, economic-financial, and commercial pre-feasibility study is being carried out for the production of sustainable fuels (such as renewable diesel and sustainable aviation fuels), with a focus on exports, from raw materials of biological origin and hydrogen, in a new vegetable oil hydrotreating unit (HVO) to be installed in La Teja refinery.

This is a project of the ANCAP Group, in which ALUR will oversee the acquisition, preparation and conditioning of the raw materials (fatty materials of biological origin), with ANCAP overseeing the processing of those materials in La Teja refinery to turn them into renewable fuels, taking advantage of ALUR's capabilities and resources, as well as ANCAP facilities and the expertise of its technicians.

ANCAP has also continued working to promote and lead research and development activities in second-generation biofuels, betting on innovation, with projects that the ANCAP Group can replicate and scale in the medium and long term. To this end, we have the Second-Generation Biofuels Research and Development Center (CIDEB) which has been installed next to LATU.

Research lines developed in previous years continued to be deepened in 2023, with the execution of a project for the technical-economic and environmental assessment of lignocellulosic ethanol production (from eucalyptus) in the country, under the concept of biorefinery, together with the Bioengineering Department of the Chemical Engineering Institute of the University of the Republic.

EXPLORATION AND PRODUCTION

ANCAP continues promoting hydrocarbon exploration on Uruguay's offshore area. During 2023, we received USD 5.2 million for the sale of exploration and production data, share part of ANCAP for the sale of multi-client data, payments for exploration and production contracts, and the sale of specifications of the Open Uruguay Round.

ANCAP continues to work on the assessment of prospective oil and gas resources, based on its geological and geophysical data. The geological model was updated (particularly with reference to the latest discoveries in the Orange Basin in Namibia) and a methodology was developed to include the quantitative risk analysis of each prospect.

In terms of production and technical dissemination, one article was published in the peer-reviewed journal Tectonophysics; ten papers were presented at international conferences; and two technical articles were published in industry journals (Leading Edge and First Break), in addition to dozens of participations in panels and presentations at international and local events.



CORPORATE SOCIAL RESPONSIBILITY



ON SUSTAINABILITY

The meeting “How to Deepen Sustainability with the Companies of the Group: A look from the Sustainable Development Goals and the United Nations Global Compact” was carried out focusing on the internal public of the Company.

An interview was held with the Executive Director of the United Nations Global Compact in Uruguay, on the development agenda, the Sustainable Development Goals (SDGs), and the role of the companies. Around thirty people working in companies of the ANCAP Group participated, exchanging opinions and experiences on sustainability concepts, the importance for the Group and how to translate them into concrete actions.

SOCIAL INVESTMENT

As part of its Social Responsibility, ANCAP supports public bodies and private sector institutions with products, either directly or through calls for projects.

The organizations that have an annual support from the Company are the National Emergency System (SINAE), the Roosevelt School, the Horizon Center, and the Rescue Association (ADES).

Actions are framed within the corporate policy of community relations of the ANCAP Group, which prioritizes its actions towards the community, and support is provided in national emergency situations.

The policy also states that social investments shall be made through the development of sustainable projects, either by supporting concrete actions at the local level or through alliances with other organizations.

VALOR COMPARTIDO (SHARED VALUE)

The first edition of the Valor Compartido (Shared Value) local development program was launched in August 2023, with the purpose of promoting development through partnerships with the community, that would allow a sustained relationship over time and the generation of value for both organizations. ANCAP participates by contributing products for the development of different projects.

Civil society organizations, civil associations, foundations, municipal governments, national agencies, education centers, health centers, universities, and sports institutions throughout the country, among others, may apply.

For this first edition, initiatives from Montevideo, Colonia, Paysandú, Minas, and Maldonado were submitted. Proposals were related to education, sports, culture, health, disability, and recycling, and 25 projects were selected.





In the evaluation of the projects, factors such as the following were considered: the area of influence to which they belong; whether they were aligned to ANCAP's main lines of investment; the link to the strategic sustainable development goals defined for the Company; their sustainability; and, most importantly, the creation of shared value for both parties.

On December 21, the closing activity was carried out, along with a symbolic delivery of supports, with the attendance of representatives of the selected organizations and authorities of the company.

VISITS TO THE PLANTS

Visits to the plants throughout the country are carried out to show the activities of the Company and thus strengthen the relationship with stakeholders and contribute to its development.

These are visits with specialists that allow visitors to get to know the industry from the inside and witness the production processes. They are of great interest to the community in general and especially to the educational community.

More than 230 people visited La Teja refinery and del Este terminal, including students and teachers from ten educational institutions at all levels (primary, secondary and tertiary/university).



Institution	Plant
School of Chemistry	La Teja refinery
Crandon Institute	La Teja refinery
School No. 269	La Teja refinery
Engineers Association of Uruguay	La Teja refinery
Regina Martyrum School	La Teja refinery
School No. 405	La Teja refinery
School No. 142 (Full time)	La Teja refinery
Maldonado Higher Technical School (CBT Maldonado)	del Este terminal
UTU – Health & Safety Technician Engineer course	del Este terminal
St. JosephMary School	del Este terminal

CharlaRSE

In 2020 began a series of talks on topics of interest through the CharlaRSE digital platform. These are specific talks, with a maximum duration of two hours and groups of no more than 40 people, which allows the exchange of opinions and questions.

The talks take place in virtual or face-to-face format. 280 people participated in 2023.

Some of the topics addressed in this series of talks were:

- Critical and thoughtful use of social networks.
- Healthy diet.
- Awareness-raising and training on work, business and customer service regarding the LGBT+ community.
- Introduction to the world of volunteering.
- Circular economy.
- Oil recycling.
- Stress reduction based on Mindfulness.
- Active breaks.
- Prevention and care in the water.



ACTIVE BREAKS

This proposal arises as a shared concern with the Occupational Health area, looking to raise awareness from a prevention approach and reduce mental and physical load, putting a stop to staying in a bad posture, in addition to preventing diseases and bone and muscle discomfort.

Active breaks at work are understood as the interruption of work activity for 5 or 10 minutes.

Theoretical and practical sessions on active breaks have been organized since 2022, with regular face-to-face and virtual meetings supervised by physical education teachers, to create the habit and contribute to the staff's better physical and mental health.

In addition to the sessions with the teachers, virtual materials were developed which include prevention exercises and are available on the Company's portal.

INSTITUTIONAL	RELEVANT ISSUES	MANAGEMENT	PRODUCTION	COMMERCIAL	SUPPLY	ENVIRONMENT, HEALTH, SAFETY AND QUALITY
STRATEGIC ISSUES	CORPORATE SOCIAL RESPONSIBILITY	INSTITUTIONAL COMMUNICATION	SOMOS ANCAP	RELATED COMPANIES	FINANCIAL STATEMENTS.	



INSTITUTIONAL COMMUNICATION

Following a strategic definition process, ANCAP modified its Mission and adjusted its Vision to “a State-owned diversified, innovative and efficient energy company, leader in the Uruguayan market of fuels, and committed to the incorporation of renewable energies, sustainability, and the productive and social development of the country.”

This commitment to decarbonization and the development of renewable energies in a company traditionally associated with fossil fuels represents a great challenge for institutional communication. During 2023, this challenge was reflected in different actions that contributed to the identification of ANCAP within the second energy transition of Uruguay, as well as to the generation of new images associated with the ANCAP brand.

TRANSPARENCY

The Company continued working based on informative — non-advertising — communication, with a commitment to communicate the role of ANCAP in the energy transition based on concrete facts and the main milestones that demonstrate the company’s prominence in this direction. The creation of an Energy Transition Management; the HIF project in Paysandú, which has hydrogen as its main vector; or the promotion of synthetic fuels, are all part of the milestones that support both the entity’s transformation and the communication plan.

Workshops were organized with journalists and opinion leaders, with directors and technical teams explaining ANCAP’s projects regarding energy transition. After each workshop, the information appeared and was disseminated in the media. In line with transparency, La Teja refinery was also opened to the press twice.

COMMUNICATION OF THE ENERGY TRANSITION

ANCAP participated in the most important events of each Uruguayan Department. In Montevideo, Expo Sostenible was the appropriate framework to present the Company’s main projects regarding energy transition: Generation of e-fuels; green hydrogen; and decarbonization of the refinery. In addition, the HIF project in Paysandú was announced, being one of the largest investments in the country for the generation of e-fuels.

Expo Prado, due to its massive impact, was another high-profile event regarding ANCAP’s image, in which the Company aimed to strengthen its relationship and connect with primary school students, in addition to presenting ANCAP within the energy transition.

INTERNATIONAL EVENTS

In 2023, many leaders of the Company participated in events of international prestige, where they presented ANCAP's roadmap for the energy transition. The communication of these events, through institutional channels and the media, was relevant to positioning the Company from the sustainability point of view.

The World Energies Summit in London, the World Petroleum Congress in Calgary, the first Road Show of the H2U Round in Copenhagen, and the LATAM Renewables Congress, are some of the events in which ANCAP participated showing its leadership during 2023.

SPECIFIC AUDIENCES

In addition to the Company's orientation to the general public, several activities were carried out in 2023 for specific audiences, with the aim of reinforcing the image of ANCAP regarding its traditional role of supplying energy to the entire population, as well as its responsibility with the energy of the future.

The science and technology week, organized by the Ministry of Education and Culture, allowed the Company to approach primary school and high school students, with content developed by our scientists. Similarly, in coordination with CEIBAL, we have participated in the "Scientists in the Classroom" program.

We supported a group of high school students from Maldonado who were finalists in a science contest at NASA.

On Heritage Day, the doors of the Lithotheque and the Capurro Museum were opened, to remember the rich heritage of the Company and the history that drives it to a future of innovation.

INTERNAL AUDIENCE

Positioning ANCAP within the energy transition is an effort that is made both for the public and the Company's staff. Every piece of information that is sent to the media and all the different networks is previously published on the Intranet. The production of the Company's magazine +VOZ continued in 2023, telling news about the Company with the voices of officials and the audiovisual productions' cycle.

On February 11, in commemoration of the International Day of Women and Girls in Science, the sons and daughters of officials were invited to visit La Teja refinery. A tour was carried out in which ANCAP scientists explained the main processes and showed the facilities.



SOMOS ANCAP



INSTITUTIONAL	RELEVANT ISSUES	MANAGEMENT	PRODUCTION	COMMERCIAL	SUPPLY	ENVIRONMENT, HEALTH, SAFETY AND QUALITY
STRATEGIC ISSUES	CORPORATE SOCIAL RESPONSIBILITY	INSTITUTIONAL COMMUNICATION	SOMOS ANCAP	RELATED COMPANIES	FINANCIAL STATEMENTS.	

SOMOS ANCAP

The Somos ANCAP program was created within the framework of the Corporate Alignment focus of the strategic planning, to promote the development of the ANCAP Group vision as a synergistic economic group rather than as a conglomerate of independent companies, and to contribute to a corporate alignment in terms of processes, people, and brands.

The Adoption and Creation of Corporate Policies and the Strengthening of Internal Communication are proposed as central projects. The program also includes other projects, such as the adoption of the SAP S/4 HANA system, which promotes the integration and transformation of the management, as well as the ANCAP Group, My Place to Grow project, which aims to make the ANCAP Group, as an employer brand, more attractive to employees, promoting the sense of belonging and contributing to the improvement of the work environment.

Other projects, such as ALUR Proud, A Value, Strengthening of the Portland Leadership, and Workplace Environment Observatory, also contribute to corporate alignment. Great progress was made in all these areas, including the following:

Adoption and Creation of Corporate Policies closed the year with a diagnosis of the Group's policies, their current adoption, and a series of recommendations for the review of some policies, as well as actions for the adoption and creation of others. People who are referents were identified, multiple conversations took place, and a thorough analysis work was carried out.

Regarding Strengthening of Internal Communication, a synergy was developed between the responsible areas in ANCAP and Matriz, which allowed to draft an action procedure for internal communications of the group (including channels, issuers and approval rules); to identify opportunities to work together during the year; to implement calls for actions directed to all the people in the Group; and to design a plan to develop the role of leaders in the communication process within the organization. On the other hand, the bases were set to design the production and execute a campaign that contributes to the integration of the Group.

SAP S/4 HANA ADOPTION

This is a great challenge for the entire ANCAP Group, as it is the largest management project the Group has ever had. It is a process transformation involving a deep change in the management of the five companies: ALUR, DUCSA, MATRIZ, Cementos del Plata and ANCAP.

Three hundred people have been involved since its inception in 2020 with the definition of vision and principles and strategy. In 2023 it has required significant dedication and has mobilized the entire Group with the definition of processes in what has become known as the Explore Project. In total, ten large-scale projects will be developed under the program, totaling an investment of approximately USD 30 million. In addition to an in-house team, five suppliers support the tasks, which also shows the scale of this change process that is expected to end in 2029.

Program Dimension



ANCAP GROUP: MY PLACE TO GROW

Progress was made in getting to know the existing benefits and agreements in ANCAP and the controlled companies, beginning an analysis to create opportunities together. A basic procedure has been developed to deal with this type of agreement in order to facilitate their implementation and their reaching the whole ANCAP Group. Companies from different fields were approached, which are interested in offering discounts to the employees of the ANCAP Group, only getting in return the promotion of their different offers within the Company.

Regarding Training, efforts are also being carried out jointly, with initiatives such as the administrative, professional, and managerial Skills Development Program that was carried out with workers from all over the country. Joint work is under way to plan training activities for next year, on the premise of capturing synergies that generate benefits for all parties.

ALUR PROUD

The purpose of this program is to make the valuable elements of ALUR's identity visible, impacting work environment and integration, as well as institutional relations and communications.

The objective is to promote corporate alignment and encourage, through the actions already implemented and to be implemented in the future, a Group feeling. Different initiatives coexist in the conception of ALUR Proud, designed for ALUR's employees with a Company and Group perspective.

In 2023, work was carried out in two lines: one oriented towards the collective development of the principles and values that give shape and content to the program, and the other focused on the creation of a new image that reflects the strategy and objectives that ALUR set for itself for the coming years, with a focus on the development of new businesses and the key role of the Company in energy transition.

Within the first line, a series of workshops were held together with Matriz to identify those aspects of ALUR's identity that are considered positive and are useful to leverage the actions of the program.

Three workshops were held in the different plants (Capurro, Paysandú and Bella Union), with the participation of managers and directors, who contributed their vision and their knowledge of their work teams to the development of the bases of the program.

From this work, inputs were obtained to feed the conception of the program and define the lines of action for next year. The workshops were successfully carried out, with an average evaluation of 4.5 over 5, and the activity also allowed the integration of people in a playful way, very different from the usual approach.



A VALUE

The objective of this program is to improve the idea linked to how the organization takes care of its people. The purpose is to generate, promote, and disseminate activities that encourage people's development, beyond their work performance. The program aims to provide experiences that generate a sense of belonging and commitment to the Company, that add value to the people and their relationship with ANCAP, identifying the corporate values that we want to promote.

The initiatives are grouped into the following areas: Identity and belonging, People's development and Values.

The implementation of the program requires joint work and coordination of the promoting areas: Corporate Social Responsibility, Human Resources, Institutional Communication, Occupational Health and Workplace Environment Observatory. The integration of other areas of the Company for the development of specific projects is also planned.

Corporate Change Management

In 2023, ANCAP launched a Corporate Change Management area in the Deputy General Manager Office for Corporate Affairs to continue integrating and consolidating the ANCAP Group from the people, processes, values, behaviors, and brand perspective, adopting the changes that the context demands.

MATRIZ coordinates actions with the Corporate Change Management area of ANCAP, participating in Group-level initiatives and supporting ANCAP if required, aligning methodologies and tools, and sharing experiences. This contributes to the corporate alignment of the Group and deepens its integration and the use of synergies.

Activities are also coordinated with Human Resources, Communication, Social Responsibility, Health and Safety and Projects Office, to implement the best strategy among all and manage change in a comprehensive way.

In addition to articulating and cooperating with the mentioned areas, they also feed on different currents to offer more comprehensive advice or support, especially considering the needs of each process of change.

The Corporate Change Management area works in ANCAP with the projects of the Strategic Agenda, in coordination with the Deputy General Manager Office for Strategic Affairs, especially with the Projects Office. The projects of the Agenda are evaluated from the perspective of Change Management, making recommendations to their sponsors and leaders and selecting those with the greatest impact to provide them with a especial support.

In 2023, work was performed on SAP S/4 HANA Adoption, Strengthening of Internal Communication, Corporate Policies, Optimization of the Installed Capacity in Logistics Plants, and Construction of the Pier in Paysandú.

In Matriz, support was provided to several projects and initiatives of ANCAP and its related companies. Work is being carried out on the consolidation of the Shared Services Center, which involved the integration of work teams from four different companies to centralize 22 support processes, to which the Change Management process has been added. ALUR has also been supported in its ALUR Proud program and work is being done on Work Teams Management with Production managers and directors.

RELATED COMPANIES



ALUR

ALUR is a public limited company in which ANCAP owns 90.79% of the shares and Petróleos de Venezuela S.A. Uruguay owns 9.21%. Its main activities include the production, industrialization, and marketing of alcohol, sugar, molasses, biodiesel and derivatives and by-products of the agro-industrial chains generated therefrom. Alcohol production is incorporated to gasolines marketed by ANCAP to comply with Law 18.195.



ANCSOL

ANCSOL is wholly owned by ANCAP. Its main activity is participating in Argentina, directly or as part of other corporations, in the different phases of the oil operation: prospecting, exploration, production, refining, storage, distribution, transport and marketing.



CABA

CABA is wholly owned by ANCAP and is undergoing a liquidation process. It used to work on the production, industrialization, fractioning, marketing, distribution, import and export of alcoholic beverages, alcohols, sugar, molasses, grain alcohol, derivatives, and by-products.



CARBOCLOR

CARBOCLOR is an Argentine company, controlled by ANCAP through ANCSOL S.A., which owns 84.11% of its shares. The other 15.89% is owned by private shareholders listed on the Buenos Aires Stock Exchange. The company works in port logistics and storage, on the banks of the Paraná river, in the city of Campana, Province of Buenos Aires.



CEMENTOS DEL PLATA

ANCAP's stake in the shares package of CEMENTOS DEL PLATA is 99.831%, while Loma Negra owns 0.169%. Its main activity is the purchase, distribution and marketing of cements, clinker and other products produced by ANCAP's Portland Division, and the production and sale of lime in the Department of Treinta y Tres.



CONECTA

CONECTA is a Uruguayan company composed by ANCAP (45%) and the Natural Gas Distribution Trust (55%). It is the concessionaire for the inland distribution of gas by pipeline, with a contract until the year 2032. It projects, builds, and operates pipeline gas distribution systems inland.



DUCSA

DUCSA is a public limited company in which ANCAP owns 99.77% of the shares, while 0.23% is owned by Petrouuguay S.A., also owned by the ANCAP Group. DUCSA is responsible for the distribution of liquid fuels, ANCAP and CHEVRON TEXACO lubricants, and ANCAP LPG, among other products, competing in every market in which it participates.



GASODUCTO CRUZ DEL SUR

ANCAP owns 20% of the shares of GASODUCTO CRUZ DEL SUR. 40% of the shares belong to BG Netherlands Holdings B.V., 30% to Pan American Energy LLC and 10% to Wintershall Holding GmbH. The main activity of Gasoducto Cruz del Sur S.A. is the transportation of natural gas from Punta Lara, Argentina, to the Departments of Colonia, San José, Canelones, and Montevideo, supplying industries, distributors, and thermoelectric plants.



INSTITUTIONAL	RELEVANT ISSUES	MANAGEMENT	PRODUCTION	COMMERCIAL	SUPPLY	ENVIRONMENT, HEALTH, SAFETY AND QUALITY
STRATEGIC ISSUES	CORPORATE SOCIAL RESPONSIBILITY	INSTITUTIONAL COMMUNICATION	SOMOS ANCAP	RELATED COMPANIES	FINANCIAL STATEMENTS.	

Gas Sayago S.A.

GAS SAYAGO

This company, of which ANCAP owned 20.65% of the shares and UTE owned 79.35%, has finished its liquidation process. Law 20.181, issued on August 17, 2023, established the full transfer of its remaining assets and liabilities to UTE and ANCAP, based on their stake holdings, being both autonomous bodies considered for all purposes as universal successors of Gas Sayago S.A., based on their respective shares.



GASUR

GASUR is a company composed of ANCAP (40%), Acodike (30%) and Riogas (30%). Its main activity until February 28, 2023, was the bulk supply of propane and the bottling of LPG through the management of two bottling plants owned by ANCAP. As of March 1, 2023, ANCAP signed Leasing and Operation agreements of its two bottling plants with Riogas and Acodike. Thus, as of that date, GASUR works exclusively on the bulk supply of propane.

MATRIZ

MATRIZ

MATRIZ is 99% the property of ANCAP and 1% the property of DUCSA. It provides consulting, advising, and technical assistance services regarding strategy, processes, organizational structure, culture and people, technical and behavioral competencies development, quality and continuous improvement management systems, business solutions development and implementation, and identification, analysis, and monitoring of financial flows, costs, indicators, and reports. The Shared Services Center began operating in MATRIZ in 2021, centralizing 22 processes from three of the ANCAP Group's main companies: ALUR, DUCSA and Cementos del Plata.

PAMACOR S.A.

PAMACOR

PAMACOR is 99% the property of ANCAP and 1% the property of Cementos del Plata. It works on prospection, exploration, and exploitation of mineral resources and their subproducts.



PETROURUGUAY

PETROURUGUAY is an Argentine company, 100% owned by ANCAP, that works on the prospection, exploration, drilling, exploitation, elaboration, production, marketing, import, and export of gas and liquid hydrocarbons and their derivatives.

TALOBRAS

TALOBRAS

ANCAP owns one third of the shares of TALOBRAS, another third is owned by DISA URUGUAY S.A., and the remaining third is owned by ORODONE S.A. While its purpose is to provide into-plane services of aviation fuels, Jet A1 and Avgas at the Carrasco International Airport terminal, the company has never begun operating in relation to said purpose.

FINANCIAL STATEMENTS



SUMMARY OF EXPLANATORY ANNUAL REPORT OF THE MAIN VARIATIONS IN THE CONSOLIDATED FINANCIAL STATEMENTS OF ANCAP AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2023.

The *total assets* of ANCAP as of December 31, 2023, amounted to \$ 72,317,258,548, 3.84% lower than the total assets registered at the closing of the previous year. This decrease represents a \$ 2,890,232,398 variation.

The total variation in assets is mainly explained by a 8.22% decrease in current assets for an amount of \$ 3,538,801,168, while the non-current assets increased by \$ 648,568,770 (2.02%).

The \$ 648,568,770 variation in *non-current assets*, was mainly due to the \$ 483,932,455 increase in the value of Plant and Equipment Property and the \$ 267,877,113 increase in the value of Investment Properties.

The increase in the *Properties, Plant and Equipment (PPE)* chapter is primarily due to the combined effect of the \$ 3,462,968,806 increase in PPE, provisions for a net amount of \$ 847,369,345, net deterioration of \$ 76,368,297, amortizations recorded during the period for \$ 1,957,424,576, and, finally, the net effect of conversion and adjustment due to inflation for \$ 97,874,133.

The variation in the *Investment Properties* chapter originates in the reclassification of ANCAP Properties leased and given on bailment.

The \$ 3,538,801,168 (8.22%) decrease in current assets corresponds mainly to the decrease in Inventories, Cash and Cash Equivalents, offset by the increase in Current Tax Assets and Trade Credits and Other Accounts Receivable.

The \$ 1,645,078,493 decrease registered in the *Inventories* chapter is mainly composed of the \$ 958,993,014 variations in ALUR Inventories, which had a decrease in Raw Material Stocks and Products in Process typical of the operation of the Company.

On the other hand, there was a \$ 654,152,430 decrease in ANCAP stock resulting from the combined effect of the reduction in raw materials, and the increase in semi-finished and finished products. The \$ 3,005,185,434 decrease of raw materials is mainly due to the reduction of the stock in the crude oil physical units because of the shutdown at the refinery and the reduction of unit values of said product. Products in Process had a \$ 821,426,262 increase, mainly as a result of the increase in stock and the price of ethanol at the closing of fiscal year 2023. Meanwhile, the \$ 1,655,228,170 increase in the balance of Finished Products corresponds to the increase in the stocks of physical volumes of derivatives, also due to the units' shutdown.

The \$ 3,367,899,285 decrease in the *Cash and Cash Equivalents* chapter is largely due to the \$ 2,826,639,609 decrease in ANCAP balance, related to the refinery's shutdown and the loss of funding days as the Company stopped importing crudes, which have a 90-day payment term, to begin importing derivatives, which have a 30-day payment term.

The \$ 507,409,297 increase in *Current Tax Assets* is mainly explained by the change in ANCAP, which, as at December 31, 2023, registers a \$ 538,620,814 balance, corresponding to current IRAE credit. At the end of the previous year, the Current Tax Assets balance was a liability.



INSTITUTIONAL	RELEVANT ISSUES	MANAGEMENT	PRODUCTION	COMMERCIAL	SUPPLY	ENVIRONMENT, HEALTH, SAFETY AND QUALITY
STRATEGIC ISSUES	CORPORATE SOCIAL RESPONSIBILITY	INSTITUTIONAL COMMUNICATION	SOMOS ANCAP	RELATED COMPANIES	FINANCIAL STATEMENTS.	

Finally, the variation of the *Trade Credits and Other Accounts Receivable* chapter was \$ 783,275,409 due to the increase of i) the simple debtors in the market for \$ 581,946,461, where the main movements are registered in ANCAP for \$ 308,673,998 and in DUCSA for \$ 235,989,584, due to the decrease in the sales in the last few days because it was announced to the public that the price would drop as of January 1; ii) the fiscal credits for \$ 508,399,829, corresponding mainly to the variations of IMESI and VAT Advances and VAT Credits for Purchases in ANCAP, offset by the decrease in iii) Bunkers Debtors, by \$ 127,830,234; and iv) Accounts Receivable from related parties by \$ 106,819,483, whose detail is included in Note 29.2 Related Parties (Related Parties advances are included in Note 15 Advance Payments).

Total liabilities decreased by \$ 5,637,208,239 compared to the closing of the previous year, which, in percentages, equals to 15.75%. This variation is mainly due to the decrease in Commercial Debts and Other Debts and Provisions and in Current Tax Liability, offset by the increase in Financial Debts.

Commercial Debts and Other Debts showed a \$ 8,347,387,832 decrease. The variation corresponds to the Commercial Debts Abroad chapter which presents a \$ 8,065,193,798 decrease. At the closing of 2023, there are no loads pending payment due to the Refinery's Shutdown. Additionally, as it was mentioned under Cash and Cash Equivalents, payments terms have been reduced, with an impact on the chapter.

The *Current Tax Liability* decreased by \$ 836,565,206 compared to 2022. This variation comes mainly from ANCAP, mentioned under Current Tax Asset.

Financial debts showed a \$ 3,467,503,503 increase. The variation was mainly due to net effect of new financial debt for \$ 8,647,421,992 and the payment of debts by \$ 4,455,479,935, as well as the effect of the exchange differences and result by conversion of \$ 391,519,010 and the adjustment to a reasonable value, by \$ 427,353,560, of the debt with CAF/MEF which was converted into pesos in September 2023.

EQUITY

In compliance with Ordinance No. 89 of the Court of Auditors, we hereby inform that the reserves set forth under Equity and detailed in the Statement of Changes in Equity correspond to the following concepts:

The *reinvestment reserve* corresponds to the investment exemption reserve of Art. 447 of Law No. 15,903 and as of December 31, 2023, as at the closing of the previous year, amounts to \$ 1,252,629,057. During 2023 financial year, no reserves were constituted under this concept since the exemption will only cover taxpayers whose income in the fiscal year immediately preceding the year to which the investment is carried out, does not exceed the equivalent of 10:000,000 IU (ten million indexed units.)

The \$ 1,951,340,135 conversion reserve includes all exchange differences arising from the conversion and restatement to the purchasing value of the currency, the financial statements of businesses abroad, including subsidiaries, associates and joint businesses with an operating currency different from the one of their parent company.

During 2023 financial year, \$ 460,351,001 were transferred to General Income.

Pursuant to Ordinance No. 89, it is hereby reported that the relationships between related controlled or controlling companies and the corresponding share rates are detailed in note 1.3 of the Financial Statements. Additionally, the detail of the balances and transactions between the companies of the Group are included in note 27.2 of the Individual Financial Statements and in note 29.2 of the Consolidated Financial Statements.

Explanation or Guidance on the Perspective Regarding Future Operations

With regard to the economic and regulatory context of the fuel market, in 2021 entered into force Law No. 19.889, under which the so-called “transition phase” is still ongoing.

In 2023, the LPG market joins this regulatory transition stage. As of January 2023, ANCAP assumes the economic cost of the subsidy of bottled LPG focused on the vulnerable population, with a 50% discount in 13 k bottles.

ALUR continues with the Canola Plan with the aim of selling biodiesel or oil to foreign markets.



INSTITUTIONAL	RELEVANT ISSUES	MANAGEMENT	PRODUCTION	COMMERCIAL	SUPPLY	ENVIRONMENT, HEALTH, SAFETY AND QUALITY
STRATEGIC ISSUES	CORPORATE SOCIAL RESPONSIBILITY	INSTITUTIONAL COMMUNICATION	SOMOS ANCAP	RELATED COMPANIES	FINANCIAL STATEMENTS.	

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2023
In Uruguayan Pesos

ER 31122023	39,022
ER 31122022	40,071

ASSETS

	dec. 23	dec. 22
Non-current assets		
Property, plant and equipment	24.372.824.547	23.888.892.092
Intangible assets and goodwill	726.591.125	708.448.841
Trade credits and other accounts receivable	199.611.824	204.971.719
Investment properties	344.130.246	76.253.133
Investments in subsidiaries, associated companies and joint businesses	733.768.284	762.923.599
Other investments, including derivatives	111.130.730	148.901.637
Deferred Tax Assets	6.290.076.474	6.292.120.161
Advance payments	23.454.337	70.507.615
Total non-current assets	32.801.587.567	32.153.018.797
	-	-
Current assets		
Inventories	19.780.690.670	21.425.769.163
Other investments, including derivatives	453.154.133	407.261.491
Current Tax Assets (IRAE)	544.674.921	37.265.624
Trade credits and other accounts receivable	6.941.583.201	6.158.307.792
Advance payments	873.261.555	735.662.293
Cash and cash equivalents	10.922.306.501	14.290.205.786
Total current assets	39.515.670.981	43.054.472.149
TOTAL ASSETS	72.317.258.548	75.207.490.946

EQUITY

Capital	15.683.193.851	15.683.193.851
Reserves of conversion	1.951.340.135	2.091.816.988
Reserves of reinvestment	1.252.629.057	1.252.629.057
Cumulative results	19.269.386.398	13.193.421.127
Fiscal year result	3.329.544.346	6.527.893.312
Equity attributable to the Company's owners	41.486.093.787	38.748.954.335
Minority holding	681.945.580	672.109.191
TOTAL EQUITY	42.168.039.367	39.421.063.526

LIABILITIES

	dec. 23	dec. 22
Non-current liabilities		
Financial debts	3.870.840.607	7.293.225.448
Employees' benefits	174.846.334	176.209.313
Commercial debts and other debts	97.388.071	155.846.403
Provisions	1.108.204.957	889.821.313
Deferred Tax Liabilities	84.000.583	64.616.821
Investments in subsidiaries, associated companies and joint businesses liabilities	-	224.824.368
Total non-current liabilities	5.335.280.552	8.804.543.666
Bank overdrafts		
Current Tax Assets (IRAE)	113.506.266	950.071.472
Financial debts	10.882.077.465	3.992.189.121
Employees' benefits	20.724.083	20.080.000
Commercial debts and other debts	13.222.127.781	21.511.057.281
Liabilities available for sale	-	-
Deferred income	215.122.954	137.273.404
Provisions	360.380.080	371.212.476
Total current liabilities	24.813.938.629	26.981.883.754
TOTAL LIABILITIES	30.149.219.181	35.786.427.420
TOTAL LIABILITIES AND EQUITY	72.317.258.548	75.207.490.946



INSTITUTIONAL	RELEVANT ISSUES	MANAGEMENT	PRODUCTION	COMMERCIAL	SUPPLY	ENVIRONMENT, HEALTH, SAFETY AND QUALITY
STRATEGIC ISSUES	CORPORATE SOCIAL RESPONSIBILITY	INSTITUTIONAL COMMUNICATION	SOMOS ANCAP	RELATED COMPANIES	FINANCIAL STATEMENTS.	

CONSOLIDATED RESULTS STATEMENT AS AT DECEMBER 31, 2023
In Uruguayan Pesos

CONTINUED OPERATIONS	2023	2022
Net income	103.644.083.588	119.857.397.901
Selling cost	(90.191.707.268)	(104.078.711.279)
Gross revenue	13.452.376.320	15.778.686.622
Other income	841.376.430	940.837.281
Distribution expenses	(484.269.805)	(450.559.583)
Management and selling expenses	(9.237.892.478)	(8.666.470.051)
Other expenses	(462.756.514)	(1.119.383.691)
Result from impairment of trade receivables and other receivable accounts	(23.594.536)	(14.776.772)
Operating result	4.085.239.417	6.468.333.806
Financial income		
Financial costs		
Net Financial Results	334.247.827	1.869.177.611
Result from participation in associated companies and joint businesses	(1.295.815)	132.401.457
Result before taxes	4.418.191.429	8.469.912.874
Income tax expenses	(1.064.352.901)	(1.920.827.083)
Continued operations result	3.353.838.528	6.549.085.791

DISCONTINUED OPERATIONS	2023	2022
Result of discontinued operations, net of taxes	(5.224.508)	(16.257.801)
Result of the period	3.348.614.020	6.532.827.990
Result attributable to:		
Company's owners	3.329.544.346	6.527.893.312
Minority holding	19.069.674	4.934.678
Fiscal year result	3.348.614.020	6.532.827.990



INSTITUTIONAL	RELEVANT ISSUES	MANAGEMENT	PRODUCTION	COMMERCIAL	SUPPLY	ENVIRONMENT, HEALTH, SAFETY AND QUALITY
STRATEGIC ISSUES	CORPORATE SOCIAL RESPONSIBILITY	INSTITUTIONAL COMMUNICATION	SOMOS ANCAP	RELATED COMPANIES	FINANCIAL STATEMENTS.	

PROFIT AND LOSS STATEMENT AND OTHER INTEGRAL RESULTS AS AT DECEMBER 31, 2023

In Uruguayan Pesos

	2023	2022
Fiscal year result	3.348.614.020	6.532.827.990
Other integral results		
Items that shall never be reclassified to results		
Adjustments for benefits	8.950.202	11.928.999
Property, plant and equipment revaluation	8.950.202	11.928.999
Items that are or may be reclassified to results		
Reserves of business abroad-Difference by conversion	(150.237.380)	(819.844.887)
Reserve of hedge of flow and cash	-	(375.637.504)
	(150.237.380)	(1.195.482.391)
Other integral results, net of income tax	(141.287.178)	(1.183.553.392)
Total integral result	3.207.326.842	5.349.274.598
Total integral result attributable to:		
Company's owners	3.197.490.453	5.409.296.875
Minority holding results	9.836.389	(60.022.277)
	3.207.326.842	5.349.274.598



INSTITUTIONAL	RELEVANT ISSUES	MANAGEMENT	PRODUCTION	COMMERCIAL	SUPPLY	ENVIRONMENT, HEALTH, SAFETY AND QUALITY
STRATEGIC ISSUES	CORPORATE SOCIAL RESPONSIBILITY	INSTITUTIONAL COMMUNICATION	SOMOS ANCAP	RELATED COMPANIES	FINANCIAL STATEMENTS.	

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2023
In US Dollars (*)

ASSETS	dec. 23	dec. 22
Non-current assets		
Property, plant and equipment	624.591.885	596.164.111
Intangible assets and goodwill	18.620.038	17.679.839
Trade credits and other accounts receivable	5.115.366	5.115.213
Investment properties	8.818.878	1.902.951
Investments in subsidiaries, associated companies and joint businesses	18.803.964	19.039.295
Other investments, including derivatives	2.847.899	3.715.945
Deferred Tax Assets	161.193.083	157.024.286
Advance payments	601.054	1.759.567
Total non-current assets	840.592.167	802.401.207
Current assets		
Inventories	506.911.247	534.695.145
Other investments, including derivatives	11.612.786	10.163.497
Current Tax Assets (IRAE)	13.958.150	929.990
Trade credits and other accounts receivable	177.888.965	153.684.904
Advance payments	22.378.698	18.358.970
Cash and cash equivalents	279.901.248	356.622.140
Total current assets	1.012.651.094	1.074.454.646
TOTAL ASSETS	1.853.243.261	1.876.855.853

ER 31122023	39,022
ER 31122022	40,071

EQUITY	dec. 23	dec. 22
Capital	401.906.459	391.385.138
Reserves for conversion	50.006.154	52.202.765
Reserves for reinvestment	32.100.586	31.260.239
Cumulative results	493.808.272	329.251.107
Fiscal year results	85.324.800	162.908.171
Equity attributable to the Company's owners	1.063.146.271	967.007.420
Minority holding	17.475.926	16.772.958
TOTAL EQUITY	1.080.622.197	983.780.378

LIABILITIES		
Non-current liabilities		
Financial debts	99.196.366	182.007.573
Employees' benefits	4.480.712	4.397.427
Trade debts and other debts	2.495.722	3.889.257
Provisions	28.399.491	22.206.117
Deferred Tax Liabilities	2.152.647	1.612.558
Investments in subsidiaries, associated companies and joint businesses	-	5.610.650
Total non-current liabilities	136.724.938	219.723.582

Bank overdrafts		
Current Tax Assets (IRAE)	2.908.776	23.709.702
Financial debts	278.870.316	99.627.889
Employees' benefits	531.089	501.109
Commercial debts and other debts	338.837.778	536.823.570
Deferred income	5.512.863	3.425.754
Provisions	9.235.305	9.263.869
Total current liabilities	635.896.127	673.351.893
TOTAL LIABILITIES	772.621.065	893.075.475
TOTAL LIABILITIES AND EQUITY	1.853.243.261	1.876.855.853

(*) Amounts in Uruguayan pesos at the exchange rate at the closing of each fiscal year.



INSTITUTIONAL	RELEVANT ISSUES	MANAGEMENT	PRODUCTION	COMMERCIAL	SUPPLY	ENVIRONMENT, HEALTH, SAFETY AND QUALITY
STRATEGIC ISSUES	CORPORATE SOCIAL RESPONSIBILITY	INSTITUTIONAL COMMUNICATION	SOMOS ANCAP	RELATED COMPANIES	FINANCIAL STATEMENTS.	

CONSOLIDATED RESULTS STATEMENT FOR THE FISCAL YEAR ENDED ON DECEMBER 31, 2023
In US Dollars (*)

ER 31122023	39,022
ER 31122022	40,071

CONTINUED OPERATIONS	2023	2022
Net income	2.656.042.325	2.991.125.699
Selling cost	(2.311.304.066)	(2.597.357.472)
Gross revenue	344.738.259	393.768.227
Other income	21.561.592	23.479.256
Distribution expenses	(12.410.174)	(11.244.031)
Management and selling expenses	(236.735.495)	(216.277.858)
Other expenses	(11.858.862)	(27.935.008)
Loss from impairment of bad debts	(604.648)	(368.765)
Operating result	104.690.672	161.421.821
Net Financial Results	8.565.625	46.646.642
Result from participation in associated companies and joint businesses	(33.207)	3.304.172
Result before taxes	113.223.090	211.372.635
Income tax expenses	(27.275.714)	(47.935.591)
Continued operations result	85.947.376	163.437.044
DISCONTINUED OPERATIONS		
Result of discontinued operations, net of taxes	(133.886)	(405.725)
Result of the period	85.813.490	163.031.319
Result attributable to:		
Company's owners	85.324.800	162.908.171
Minority holding	488.690	123.148
Fiscal year result	85.813.490	163.031.319

(*) Amounts in Uruguayan pesos at the exchange rate at the closing of each fiscal year.



INSTITUTIONAL	RELEVANT ISSUES	MANAGEMENT	PRODUCTION	COMMERCIAL	SUPPLY	ENVIRONMENT, HEALTH, SAFETY AND QUALITY
STRATEGIC ISSUES	CORPORATE SOCIAL RESPONSIBILITY	INSTITUTIONAL COMMUNICATION	SOMOS ANCAP	RELATED COMPANIES	FINANCIAL STATEMENTS.	

PROFIT AND LOSS STATEMENT AND OTHER INTEGRAL RESULTS
FOR THE FISCAL YEAR ENDED IN DECEMBER 31, 2023

In US Dollars (*)

ER 31122023	39,022
ER 31122022	40,071

	2023	2022
Fiscal year result	85.813.490	163.031.319
Other integral results		
<i>Items that shall never be reclassified to results</i>		
Adjustments for benefits	229.363	297.697
Property, plant and equipment revaluation		
	229.363	297.697
<i>Items that are or may be reclassified to results</i>		
Reserves of business abroad-Difference by conversion	(3.850.069)	(20.459.806)
Reserve of hedge of flow and cash	-	(9.374.298)
	(3.850.069)	(29.834.104)
Other integral results, net of income tax	(3.620.706)	(29.536.408)
Total integral result	82.192.785	133.494.911
Total integral result attributable to:		
Company's owners	81.940.712	134.992.810
Minority holding	252.073	(1.497.898)
	82.192.785	133.494.911

(*) Amounts in Uruguayan pesos at the exchange rate at the closing of each fiscal year.



INSTITUTIONAL	RELEVANT ISSUES	MANAGEMENT	PRODUCTION	COMMERCIAL	SUPPLY	ENVIRONMENT, HEALTH, SAFETY AND QUALITY
STRATEGIC ISSUES	CORPORATE SOCIAL RESPONSIBILITY	INSTITUTIONAL COMMUNICATION	SOMOS ANCAP	RELATED COMPANIES	FINANCIAL STATEMENTS.	

CONVERSION INTO PESOS OF THE DEBT WITH CAF

In 2023, ANCAP achieved the total conversion into pesos of the debt with CAF - Development Bank of Latin America and the Caribbean (USD 150 million). The currency conversion operation replaced debt in dollars at an annual 2,57% fixed rate with an annual 6,95% nominal fixed rate in pesos.

After this operation, the financial debt of the Company in domestic currency represents 96% of the total of its financial liabilities (in 2017 it was 6% of the total).

ANCAP's debt with CAF was contracted in September 2016 for USD 300 million, with maturity in September 2028. In 2020, the interest rate risk associated to this debt was mitigated with the transfer from a variable rate to a fixed rate in dollars. In September 2023 this liability was converted into Uruguayan pesos at a fixed rate.

The conversion into pesos of the debt with CAF is a relevant milestone for ANCAP in its financial strategy, with the objective of mitigating the volatility risk of the exchange rate associated to financial liabilities.