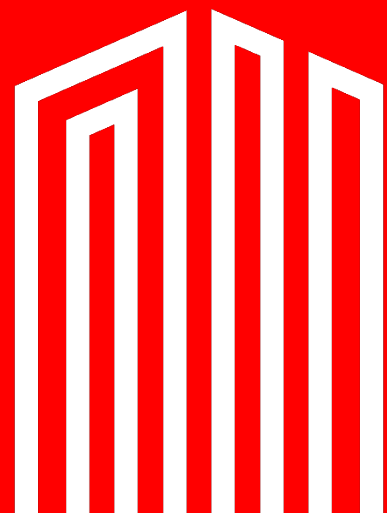




**UNACEM
CORP**

MANAGEMENT COMMENTS



UNACEM Corp S.A.A.
Management Comments
Second Quarter, as of, June 30, 2023

1. BACKGROUND

UNACEM Corp's main activity is the development of strategic guidelines for its companies' portfolio to generate long-term value for shareholders, facilitate synergies, and align its operating business units while focusing on human talent development, operational performance, sustainable finance and the group transformation process. Leveraging the knowledge gathered as Peru's cement market leader for more than 100 years.

In December 2021, the General Meeting of Shareholders of UNACEM Corp S.A.A. (formerly UNACEM S.A.A.) approved a Simple Reorganization that led to the creation of this holding that seeks to consolidate Grupo UNACEM through a value-creation-focused management for all its stakeholders.

2. RELEVANT EVENTS

■ **INVESTMENTS**

Energy generation in Peru

On December 29, UNACEM Corp informed the Securities Market Superintendence (SMV), that the offer of its subsidiary Compañía Eléctrica El Platanal S.A. (Celepsa) to acquire the shares and receivables (Senior debt and subordinated bonds) of Termochilca S.A. was accepted. On January 19, 2023, Celepsa entered into a share purchase agreement with La Fiduciaria S.A., under which Celepsa acquired – subject to authorization from the National Institute of Defense of Competition and Protection of Intellectual Property (INDECOPI), in compliance with the applicable regulations – 100% of the capital's stock representative shares.

On April 20, 2023, INDECOPI notified Celepsa the authorization of the corporate control structure operation with Termochilca S.A. On May 8, 2023, the transaction was closed.

The price agreed for this transaction was US\$ 141,000,000, paid by Celepsa, with a bank financing.

Termochilca S.A. is an electric power generation company that has a combined-cycle thermal power plant located in the district of Chilca, province of Cañete, department of Lima, with an installed capacity of 300 MW.

This transaction represents an important milestone for Grupo UNACEM and its subsidiary Celepsa, which had doubled its installed capacity, strengthening its position in the Peruvian energy market and renewing Grupo UNACEM's commitment with the country.

Quicklime production investment

In June 2023, the Company was notified by INDECOPI with the authorization of the operation of business concentration that consists of the constitution of a new company between UNACEM Corp S.A.A. (with 51% of the capital stock), and Grupo Calidra S.A., a Company from Mexico, with the remaining capital.

The purpose of the new society will be to build and operate an industrial plant in Condorcocha area, to produce quicklime and calcium carbonates, with an initial capacity of 600 tons per day of quicklime. This project has an estimated investment of USD 40 million. The construction of the plant would begin in the fourth quarter of this year and should start operation in the first half of 2025. The investment will be covered with its own resources and local bank financing.

■ CREDIT RATING

The Company maintains the local ratings of 1.pe category for common shares (UNACEMC1), by Moodys local and Apoyo Asociados. It should be noted that the last issuance of the Second Debt Instrument Issuance Program was canceled on March 8th, 2023. This last issuance's rating until its redemption was AAA.pe by Moodys Local and AA+(pe) por Apoyo Asociados.

Likewise, in June, S&P Global Ratings ratified the international rating of UNACEM Corp S.A.A. and subsidiaries, in BB with a positive outlook. The rating is based on the operational resilience demonstrated by Grupo UNACEM despite the challenging economic and political environment in some of the markets in which it operates.

3. FINANCIAL INFORMATION

■ LIQUIDITY

As of June 30, 2023, the Company's ability to meet short-term obligations reaches 0.68 for each sol of debt (as of December 31, 2022, it was 0.98).

■ INVESTMENT AND FINANCING

UNACEM Corp is a holding with a portfolio of investments in cement, concrete, energy, and adjacent related service business units, which are present in the following units:

- ▶ Cement: UNACEM Peru, UNACEM Ecuador, UNACEM Chile, and Drake Cement (USA).

- ▶ Concrete: UNICON Peru, UNICON Chile, CONCREMAX (Peru), Desert Ready Mix (USA), PREANSA Peru, PREANSA Chile and PREANSA Colombia.
- ▶ Energy generation: Compañía Electrica El Platanal S.A. (Celepsa), Celepsa Renovables S.R.L. (CERE), and Termochilca S.A., all in Peru.
- ▶ Services: ARPL Tecnología Industrial S.A. and Vigilancia Andina S.A., both in Peru.

Gross financial debt as of June 30, 2023, amounted to S/ 1,106.4 million (S/ 1,090.1 million as of December 31, 2022) due to new debt, net of payments. Regarding the currency of origin, 91.8% of the debt is in soles (100% as of December 31, 2022). Likewise, short-term debt totals 24.6% (12.8% as of December 31, 2022). Finally, 91.8% of the debt structure is bank loans and 8.2% is promissory notes (98.3% of the debt structure is bank loans and 1.7% is corporate bonds as of December 31, 2022).

■ RELEVANT CHANGES IN THE FINANCIAL SITUATION

The main changes in the separate statement of financial position of the Company as of June 30, 2023, compared to December 31, 2022, are described below:

STATEMENT OF FINANCIAL POSITION (In thousands of Soles)

	As of 30.06.2023	As of 31.12.2022	Variation	
			S/	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	1,240	6,426	(5,186)	-80.7%
Trade Accounts Receivable and other accounts receivable	219,818	163,796	56,022	34.2%
Prepaid expenses	5,476	2,270	3,206	141.2%
Income tax assets	3,216	14,092	(10,876)	-77.2%
Total Current Assets	229,750	186,584	43,166	23.1%
INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES	6,129,850	6,074,006	55,844	0.9%
TRADE ACCOUNTS RECEIVABLES AND OTHER ACCOUNTS RECEIVABLES	97,143	97,143	-	0.0%
INTANGIBLE ASSETS, NET	20,031	20,939	(908)	-4.3%
PROPERTY, PLANT AND EQUIPMENT	152	62	90	145.2%
DEFERRED INCOME TAX	11,475	11,310	165	1.5%
TOTAL ASSETS	6,488,401	6,390,044	98,357	1.5%

- ▶ *Trade and other receivables* increased in S/ 56.0 million, mainly due to loans granted to subsidiaries that were partially offset by the collection of dividends and royalties.
- ▶ *Financial investments* increased in S/ 55.8 million, explained by capital contributions to subsidiaries: Inversiones Imbabura S.A. for S/ 49.7 million and Skanon Investments Inc. for S/ 6.2 million.

	As of 30.06.2023	As of 31.12.2022	Variation S/	%
LIABILITY AND EQUITY				
CURRENT LIABILITY				
Other financial liabilities	272,225	140,057	132,168	94.4%
Trade and other payables	67,658	48,852	18,806	38.5%
Provisions	470	550	(80)	-14.5%
Total Current Liability	340,353	189,459	150,894	79.6%
OTHER FINANCIAL LIABILITIES	834,181	950,047	(115,866)	-12.2%
OTHER PAYABLES	2,461	1,587	874	55.1%
TOTAL LIABILITY	1,176,995	1,141,093	35,902	3.1%
TOTAL EQUITY	5,311,406	5,248,951	62,455	1.2%
TOTAL LIABILITY AND EQUITY	6,488,401	6,390,044	98,357	1.5%

- ▶ *Other financial liabilities* increased S/ 132.2 million in the short term, mainly due to a new promissory note for S/ 90.8 million. The decrease of S/ 115.9 million in the long term is explained by the movement from non-current to current liabilities of financial obligations according to schedule.
- ▶ *Equity* growth in S/ 62.5 million; mainly explained by the results of the period by S/ 132.5 million, net of the dividends declarations to shareholders of S/ 72.2 million.

■ FINANCIAL PERFORMANCE

The main quarter over quarter changes in the separate income statement as of June 30, 2023, compared to June 30, 2022, are described below:

INCOME STATEMENT (In thousands of Soles)

	From January, 1st to June 30th, 2023	From January, 1st to June 30th, 2022	Variation S/	%
Operating income	208,916	255,634	(46,718)	-18.3%
Administrative expenses	(41,989)	(27,617)	(14,372)	52.0%
Other operating expenses	(770)	(436)	(334)	76.6%
Operating income	166,157	227,581	(61,424)	-27.0%
Financial expenses, net	(22,112)	(27,164)	5,052	-18.6%
Exchange difference	(2,177)	(1,611)	(566)	35.1%
Income before taxes	141,868	198,806	(56,938)	-28.6%
Income tax expense	(9,364)	(18,349)	8,985	-49.0%
Net income	132,504	180,457	(47,953)	-26.6%

- ▶ *Income from ordinary activities* decreased S/ 46.7 million due to the lower dividend received from the companies of the Group in the period.
- ▶ Increase in *Administrative Expenses* of S/ 14.4 million due to higher personnel expenses and related activities.

- ▶ The *Income tax* provision for the year was determined based on the accounting results for the period.

4. MAIN BUSINESS UNITS' PERFORMANCE

PERU

- ▶ UNACEM Peru: The volume of cement dispatches during the quarter reached 1,411 thousand tons (13.2% lower than 2Q22) with revenues of S/ 609.1 million (4.8% lower than 2Q22). This decrease is explained by lower volume dispatched, partially offset by a higher average price. This resulted in an EBITDA of S/ 199.5 million (slightly lower by 0.4% than 2Q22).
- ▶ UNICON Peru and Concremax: The volumes of ready-mix dispatched reached 600 thousand m³ (1.3% higher than 2Q22) with revenues of S/ 223.9 million (10.1% higher than 2Q22) and an EBITDA of S/ 10.7 million (22.2% lower than 2Q22). During this quarter, volumes increased due to a higher demand of infrastructure projects in Lima with a lower average price during the period.
- ▶ Celepsa: The energy sold during 2Q23 reached 487 GWh (2.8% lower than 2Q22), totaling revenues of USD 32.0 million (37.1% higher than 2Q22) and EBITDA of USD 9.0 million (13.0% lower than 2Q22). During 2Q23, 21% of its energy was dispatched to UNACEM Peru (105GWh) compared to the 29% in 2Q22.
- ▶ Termochilca: Sales volume during 2Q23 reached 463 GWh, with revenues of USD 20.1 million and EBITDA of USD 4.7 million. It is worth to note that this operation was incorporated to the group in May.

ECUADOR

- ▶ UNACEM Ecuador: In 2Q23, revenues were USD 41.3 million including the ready-mix operation (14.6% higher than 2Q22). The cement business unit reached 304 thousand tons (10.6% higher than 2Q22). EBITDA for the period was USD 10.7 million (59.7% higher than in 2Q22) It is important to note that during 2Q22 dispatches were affected by the slowdown in economic activity due to the 18-day national strike in June.

EE.UU.

- ▶ Skanon dispatched 164 thousand tons of cement in the quarter (7.4% lower than 2Q22). Ready mix dispatches recorded 267 thousand m³ (4.4% lower than 2Q22) and aggregates dispatches were 410 thousand tons (55.1% lower than 2Q22). The higher average prices allowed reaching revenues of USD 73.3 million (5.8% higher than 2Q22) and an EBITDA of USD 8.7 million in the quarter (28.1% lower than 2Q22).

CHILE

- ▶ UNACEM Chile dispatched 128 thousand tons of cement in 2Q23 (20.8% higher than 2Q22). Revenues reached CLP 11,090.9 million (26.2% growth compared to 2Q22) and EBITDA of CLP 63.3 million.

- ▶ UNICON Chile, in 2Q23, recorded dispatches for 169 thousand m³ of ready-mix (27.8% less than 2Q22) explained by a general contraction of the construction sector. Ready mix revenues reached CLP 13,619 million (14.8% less than 2Q22), with an EBITDA of CLP 146 million.

5. MAIN RISKS AND UNCERTAINTIES

Within Grupo UNACEM, internal control plays a fundamental role. Internal control is designed to provide management with reasonable guarantees regarding the reliability of financial and commercial information, asset protection, compliance with regulations and internal rules and procedures, as well as the effectiveness and relevance of the management and control of the operations of each entity. The responsibility for the establishment, implementation, and ongoing management of internal control processes lies with the management of each Business Unit with the cross-supervision of UNACEM Corp. These processes include maintaining an appropriate control environment, evaluating general and financial risks, and completing controls.

Internal audit conducts an independent evaluation of internal control processes and oversees the implementation of its recommendations at the level of each entity of Grupo UNACEM. All our staff and managers must cooperate with the people who conduct internal controls or audit procedures and respond correctly to possible requests for information. In addition, they are prohibited from hindering internal control and auditing processes in any way, including those conducted by external auditors, or hiding any information in this regard.

Change of those responsible for the preparation and review of the financial information (8300)

No changes have been made in General Management or General Accounting for the last two years.

6. INFORMATION RELATED TO THE MARKET OF SECURITIES REGISTERED IN THE STOCK MARKET PUBLIC REGISTRY. (10100)

The following is a summary of the stock information, all figures are in current soles per share:

YEAR 2023					
COMMON SHARE					
Year - Month	Opening	Closure	Highest	Lowest	Average Price
2023 - 01	1.81	1.80	1.81	1.79	1.80
2023 - 02	1.80	1.50	1.80	1.50	1.74
2023 - 03	1.57	1.56	1.62	1.55	1.57
2023 - 04	1.54	1.55	1.65	1.54	1.60
2023 - 05	1.55	1.58	1.68	1.55	1.61
2023 - 06	1.58	1.61	1.62	1.53	1.58

YEAR 2022					
COMMON SHARE					
Year - Month	Opening	Closure	Highest	Lowest	Average Price
2022 - 01	2.36	2.48	2.49	2.36	2.42
2022 - 02	2.48	2.34	2.64	2.34	2.52
2022 - 03	2.37	2.16	2.45	2.15	2.25
2022 - 04	2.20	2.00	2.20	1.77	2.01
2022 - 05	1.95	1.58	1.95	1.55	1.65
2022 - 06	1.60	1.51	1.68	1.50	1.59

7. DIVIDEND POLICY APPROVED IN SHAREHOLDERS' GENERAL MEETING OF 14 DECEMBER 2021

On December 14, 2021, a new dividend policy was approved for the quarterly distribution of cash dividends, in soles or American dollars, ranging between USD 0.005 and USD 0.01 per share issued by the Company based on accumulated profits, starting with the oldest and ending with the most recent.

The Board of Directors has the power to agree on the quarterly distribution of cash dividends, in soles or American dollars, based on accumulated profits and within the abovementioned range, if the situation of the Company allows and when there are enough funds. The Company may distribute a lower dividend, if necessary.

The dividend policy is permanently posted on SMV's website:

<https://www.smv.gob.pe/ConsultasP8/temp/Pol%c3%adtica%20de%20dividendos.pdf>.

And on UNACEM website:

<https://www.unacem.com/wp-content/uploads/2022/06/ESP-Politica-dividendos-2022-web-grupo.pdf>