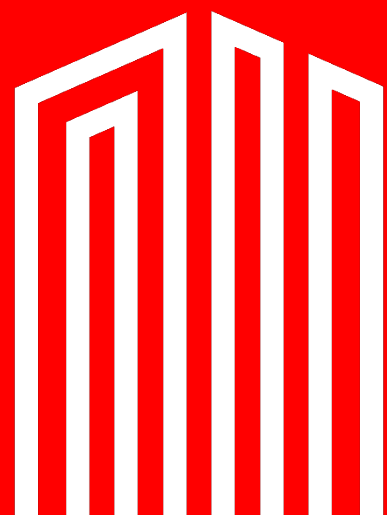




MANAGEMENT COMMENTS



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

RELEVANT EVENTS

- **SIMPLE REORGANIZATION**

UNACEM Peru S.A. (the Company) was incorporated in September 2021, as part of the simple reorganization of UNACEM Corp (formerly UNACEM S.A.A.), becoming the new company specialized in the production and commercialization of clinker and cement, and in the export of clinker in Peru. Therefore, as of January 1, 2022, UNACEM Corp transferred all the assets and liabilities related to this economic activity.

PRODUCTION

- **CLINKER**

During the quarter of 2Q23 clinker production decreased by 7.1% compared to 2Q22, passing from 1,477,168 t to 1,371,995 t, mainly explained by a longer period of scheduled shutdown of kilns for maintenance during the quarter. On the other hand, 2Q23 clinker production decreased by 15.2% compared to 1Q23.

- **CEMENT**

Cement production as of 2Q23 decreased by 11.7% compared to 2Q22, passing from 1,628,119 t to 1,437,735 t. Likewise, cement production during 2Q23 decreased by 0.6% compared to 1Q23 (from 1,447,335 t to 1,437,735 t). The decrease of cement production goes in accordance with the local demand of market in the quarter.

Production and Dispatches- Peru					
(in thousand tons)					
Period		Production		Dispatch	
Year	Qtr.	Clinker	Cement	UNACEM	Peru
2022	I	1,476	1,602	1,596	3,401
	II	1,477	1,629	1,625	3,374
	I-II	2,953	3,231	3,221	6,775
	III	1,701	1,724	1,737	3,599
	IV	1,621	1,726	1,708	3,569
	I-IV	6,275	6,681	6,666	13,943
2023	I	1,618	1,447	1,469	2,875
	II	1,372	1,438	1,411	2,935
	I-II	2,990	2,885	2,880	5,810
Variation					
23 I-II / 22 I-II		1.3%	-10.7%	-10.6%	-14.2%
23-II / 22-II		-7.1%	-11.7%	-13.2%	-13.0%
23-II/23-I		-15.2%	-0.6%	-3.9%	2.1%

CEMENT DISPATCHES

■ DOMESTIC MARKET

Cement dispatches from UNACEM Peru during 2Q23 decreased by 13.2% compared to 2Q22, going from 1,625,387 t to 1,411,360 t. With respect to the 1Q23, cement dispatches were 3.9% lower.

Total cement dispatches in Peru, according to the information from the National Institute of Statistics and Informatics - INEI, during the second quarter of 2023 decreased by 13.0% compared to 2Q22, passing from 3,373,756 t to 2,935,545 t.

Therefore, the Company's market share in the domestic market decreased, from 50.8% in 1Q23 to 49.6% in 2Q23. During the quarter, UNACEM Peru has maintained leadership in the domestic market, and the company has overcome the contraction in dispatches at the beginning of the year due to strong rains and social movements, which affected the north and south of the country, respectively.

■ PORT OPERATIONS

During 2Q23, clinker exports through the Conchan port terminal reached 138 thousand tons, 0.7% higher than those reached in 2Q22. Additionally, 142 thousand tons of bulk solids were handled including, coal, slag and grains for third parties.

FINANCIAL INFORMATION

■ LIQUIDITY

As of June 30, 2023, the Company's ability to meet short-term obligations is 1.07 per every sol owed.

■ CAPITAL AND FUNDING SOURCES

As of June 30, 2022, CAPEX was S/ 75.0 million. The main projects during the period correspond to disbursements for the dedusting of the cooler 3 of the kiln, corresponding to Condorcocha plant. Likewise, the expansion of the packaging and dispatch lines continued in both plants; Atocongo and Condorcocha.

Gross financial debt amounted to S/ 1,555.2 million, increasing by 12.4% with respect to December 31, 2022, mainly explained by new debt as promissory notes and overdrafts, net of payments. It is worth mentioning that 20.8% of such debt is in foreign currency (28.0% as of December 31, 2022). Likewise, 39.2% of the total debt is held in the short term (43.5% as of December 31, 2022). Finally, 56.3% of the financing corresponds to bank loans, 41.4% to short term promissory notes, and 2.3% to overdrafts (73.1% of the financing corresponded to bank loans and 26.9% to short term promissory notes as of December 31, 2022).

■ ECONOMIC RESULTS

Category	For the cumulative period from January 1st to June 30th, 2023	For the cumulative period from January 1st to June 30th, 2022
Income from ordinary activities	1,331,048	1,360,302
Cement Sales	1,235,696	1,263,186
Exports of clinker	62,497	58,467
Sale of blocks, pavers and concrete pavemen	32,855	38,649
Cost of Sales	(864,834)	(862,124)
Profit (Loss) Gross	466,214	498,178
Gross margin	35.0%	36.6%

Cement sales as of June 30, 2023, were S/ 1,235.7 million, 2.2% lower than sales reached during the same period of the previous year. This result is explained by the lower volume of cement sold, partially offset by higher average prices.

Export revenues increased by 6.9% as of June 30, 2023, compared to the same period in 2022. Revenues from Blocks, Pavers and Pavements decreased 15.0% compared to 2022.

Cost of goods sold as of June 30, 2023, amounted to S/864.8 million, 0.3% higher than in the same period of 2022, mainly due to the fuel cost increase (+14.0%).

The combined gross margin reached 35.0% (36.6% in the same period of the previous year).

Operating expenses amounted to S/ 97.6 million as of June 30, 2023 (-15.3% compared to 2Q22). Other operating results for 2Q23 were S/ 58.9 million, mainly due to royalties granted to UNACEM Corp.

As a result of the above, as of the second quarter of 2023, operating profit was S/ 309.8 million (-2.5% compared to 2Q22) reaching an EBITDA margin of 31.8% (EBITDA margin of 32.3% in 2Q22).

Net financial expenses amounted to S/ 42.6 million (+19.3% compared to 2Q22), mainly due to interest on bank loans.

At the end of 2Q23, a foreign exchange gain of S/ 14.9 million was obtained (S/ 28.5 million in 2Q22), explained mainly by the revaluation of the sol during the period, and the net effect of monetary accounts in dollars.

The income tax provision for the fiscal year was determined based on the accounting results of the period.

Net income amounted to S/ 199.1 million (-8.7% compared to 2T22), for the reasons mentioned previously.

The most significant changes in the Company's Financial Statements as of June 30, 2023, compared to December 31, 2022, occurred in the following items:

- ▶ Decrease in *Cash and cash equivalents* of S/ 55.0 million, mainly due to payments to suppliers and taxes, as well as investments in assets, partially offset by new financial obligations.
- ▶ Increase in *Inventories* by S/ 57.0 million due to an increase in the stock of clinker.
- ▶ Decrease in *Trade Accounts Payable* by S/ 55.6 million mainly due to payment to suppliers (mineral extraction services and fuel for the operation).
- ▶ Decrease in *Related Accounts Payable* by S/ 67.2 million mainly due to payment of dividends and royalties to UNACEM Corp.

- ▶ Decrease in *Current Income tax* by S/ 131.3 million explained by the payment of income tax for fiscal year 2022.
- ▶ Increase in *Financial Debt* by S/ 171.0 million, due to promissory notes for S/ 480.0 million and bank overdrafts. The increase of debt was partially offset by the amortization of debt according payment schedules.
- ▶ Increase in *Equity* by S/ 134.1 million; due to the net effect of results in the period of S/ 179.2 million and the declaration of dividends to shareholders of S/ 65.5 million.