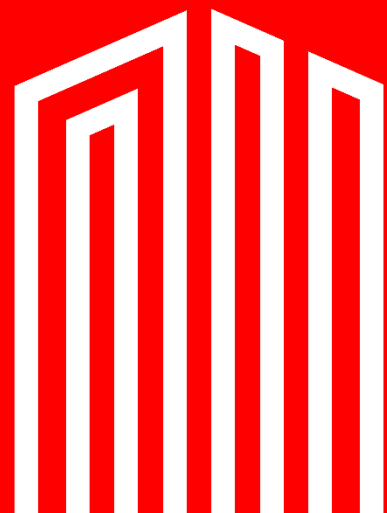




MANAGEMENT COMMENTS



UNION ANDINA DE CEMENTOS S.A.A.

Management Comments

First Quarter, March 31, 2022

1. RELEVANT EVENTS

■ SIMPLE REORGANIZATION

The General Shareholders' Meeting of UNACEM S.A.A. (hereinafter UNACEM CORP) dated on December 14, 2021, approved the Simple Reorganization Project, which became effective on January 1, 2022. The project was timely approved by the Committee of Independent Directors and by the Board of Directors.

The simple reorganization involved the segregation of 3 equity blocks that were transferred 100% to 3 subsidiaries of UNACEM CORP: UNACEM Peru S.A., Minera Adelaida S.A. and Inversiones Nacionales y Multinacionales Andinas S.A.

The business unit UNACEM Peru S.A. is the new company specialized in the production and sale of clinker and cement in the country and to export. All the assets and liabilities related to the cement business, such as the production plant, the operation of the port terminal, the mining operation, the hydroelectric plants and the thermal plant passed to UNACEM Perú S.A.

Minera Adelaida S.A. received through the transfer the mining concessions not related to the main economic activity of UNACEM Perú S.A. On the other hand, Inversiones Nacionales y Multinacionales Andinas S.A. received through the transfer the properties not related to the main economic activity of UNACEM Perú S.A.

The reorganization did not imply changes in the capital stock or in the shareholding structure of UNACEM CORP. The creation of this holding allows the consolidation of UNACEM Group through an administration more focused on creating value for investors.

Therefore, UNACEM CORP will develop strategic guidelines for the portfolio of companies seeking to generate long-term value for shareholders and will facilitate synergies and alignment of its operating business units, focusing on the development of human talent, operations, and sustainable finance, as well as in the transformation process of the Group, capitalizing on the knowledge gathered in its more than 100 years as the cement market leader in the country.

2. FINANCIAL INFORMATION

The presentation of the separate financial information as of 2022 financial year reflects the financial reality of a holding company.

- ▶ The separate statement of financial position reports in assets the portfolio of investments in the different business units (subsidiaries) of the UNACEM Group, including the investment in UNACEM Peru as a result of the simple reorganization. The liabilities report the debt of UNACEM CORP associated with investments in subsidiaries as of December 31, 2021.
- ▶ The separate income statement reports the income of UNACEM CORP holding from two types of sources: income from royalties and dividends from the business units; likewise, the administrative and other expenses of UNACEM CORP are indicated.

For the analysis of the information in the separate statement of financial position, the balances as of March 31, 2022, are considered against January 1, 2022, which is the effective date of the simple reorganization. For the separate income statement, the information is presented as of March 31, 2022 versus a similar period of the previous year; however, the figures are not comparable since beginning of this year, UNACEM CORP is a holding company that manages an investment portfolio.

For the analysis of the performance of the main business units, the information is presented as of March 31, 2022, against the same period of 2021.

The simple reorganization has no effect on the consolidated financial statements since it involves a distribution of assets and liabilities between UNACEM CORP. and its subsidiaries.

■ LIQUIDITY

As of March 31, 2022, the Company's capacity to meet short-term obligations reaches 0.63 for each sol of debt (as of January 1, 2022, it was 0.79), this lower ratio is the result of the higher dividend payment net of collections and payments for commercial operations pending at the end of 2021.

■ INVESTMENT AND FINANCING

The simple reorganization implied that UNACEM CORP became a holding company with investments in cement, concrete, energy, and services. Among the main business units of the UNACEM Group by segment are:

- ▶ Cement: UNACEM Peru, UNACEM Ecuador, UNACEM Chile and Drake Cement (USA).
- ▶ Concrete: UNICON Perú, UNICON Ecuador, UNICON Chile, CONCREMAX (Perú), Desert Ready Mix (EE. UU.), PREANSA Perú, PREANSA Chile and PREANSA Colombia.
- ▶ Electrical energy: El Platanal Electric Company S.A., Celepsa Renovables S.R.L. (CERE) and Generación Eléctrica Atocongo S.A., all in Peru.

- Services: ARPL Industrial Technology S.A. and Vigilancia Andina S.A., both in Peru.

The gross financial debt as of December 31, 2021, amounted to S/ 2,663.9 million. As a result of the separation of equity blocks due to the simple reorganization, the gross debt of UNACEM CORP as of March 31, 2022, is S/ 1,163.1 million (as of January 1, 2022, it was S/1,102.9 million). It is worth mentioning that the total debt at the end of the period is in soles. Likewise, 11.5% of the total debt is held in the short term (2.0% as of January 1, 2022). The debt structure is made up of 93.2% bank loans, 5.2% promissory notes and 1.6% bonds.

■ RELEVANT CHANGES IN THE FINANCIAL SITUATION

The main changes in the separate statement of financial position of the Company as of March 31, 2022, compared to January 1, 2022, are described below:

STATEMENT OF FINANCIAL POSITION (In thousands of Soles)

	As of 31.03.2022	As of 01.01.2022	As of 31.12.2021	Variation	
				S/.	%
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	2,312	54,588	54,588	(52,276)	-95.8%
Trade Accounts Receivable and other accounts receivable	168,361	279,412	287,499	(111,051)	-39.7%
Inventories	2,521	0	435,516	2,521	-
Other Non-Financial Assets	1,864	1,523	3,831	342	22.4%
Total Current Assets	175,058	335,523	781,434	(160,465)	-47.8%
INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES	6,057,209	6,057,206	3,792,826	3	0.0%
TRADE ACCOUNTS RECEIVABLES AND OTHER ACCOUNTS RECEIVABLES	94,699	94,699	105,078	-	0.0%
INTANGIBLE ASSETS, NET	22,897	23,550	26,796	(653)	-2.8%
PROPERTY, PLANT AND EQUIPMENT	110	133	3,777,673	(23)	-17.5%
DEFERRED INCOME TAX	8,437	3,060	0	5,377	175.7%
DEFERRED STRIPPING COST	0	0	102,528	-	-
ADDED VALUE	0	0	9,746	-	-
TOTAL ASSETS	6,358,409	6,514,170	8,596,082	(155,761)	-2.4%

- Decrease in "Trade accounts receivable and other accounts receivable" by S/ 111.1 million, mainly due to the collection of dividends and commercial operations for the sale of cement and clinker at the end of 2021.

	As of 31.03.2022	As of 01.01.2022	As of 31.12.2021	Variation	
				S/.	%
LIABILITY AND EQUITY					
CURRENT LIABILITY					
Other financial liabilities	133,703	21,911	383,635	111,792	510.2%
Trade and other payables	139,609	293,360	355,465	(153,751)	-52.4%
Current Income Tax	3,972	71,663	71,663	(67,691)	-94.5%
Provisions	242	35,211	41,358	(34,969)	-99.3%
Total Current Liability	277,526	422,145	852,120	(144,619)	-34.3%
OTHER FINANCIAL LIABILITIES	1,029,479	1,081,018	2,280,272	(51,539)	-4.8%
DEFERRED INCOME TAX LIABILITIES	0	0	401,849	-	-
PROVISIONS	0	0	25,405	-	-
FINANCIAL INSTRUMENTS	0	0	25,428	-	-
TOTAL LIABILITY	1,307,005	1,503,163	3,585,074	(196,158)	-13.0%
TOTAL EQUITY	5,051,404	5,011,008	5,011,008	40,396	0.8%
TOTAL LIABILITY AND EQUITY	6,358,409	6,514,170	8,596,082	(155,761)	-2.4%

- ▶ Increase of “Other financial liabilities” in S/ 111.8 million, mainly due to a short-term promissory note for S/ 60.0 million and a reclassification of debt from long to short-term for S/ 51.5 million.
- ▶ Decrease in “Trade and other accounts payable” by S/ 153.8 million, mainly due to payment to suppliers, related companies and dividends to shareholders.
- ▶ Increase in Equity of S/ 40.4 million, due to the net effect of the result of the period and the declaration of dividends to shareholders.

■ FINANCIAL PERFORMANCE

The main items of the separate income statement as of March 31, 2022, are described below; the information is not comparable with the same period of the previous year because as of the year 2022 UNACEM CORP reflects the financial reality of a holding company:

- ▶ Income from ordinary activities, for S/ 127.2 million corresponding to royalties and dividends received from the UNACEM Group companies.
- ▶ Administrative expenses, for S/ 14.1 million, mainly for staff compensation and Board of Directors' fees.
- ▶ Other operating income (expenses), for S/ 1.3 million, includes net income of costs for clinker export operations and others carried out by UNACEM CORP on an exceptional basis during the first quarter of the year. From now on, any foreign trade operation will be carried out by UNACEM Peru.

- ▶ Financial Expenses for S/ 13.3 million mainly due to interest on bank loans.
- ▶ The income tax provision for the year was determined based on the accounting results for the period.

3. MAIN BUSINESS UNITS' PERFORMANCE

PERU

- ▶ Unacem Perú: Cement dispatch volumes reached 1,596 thousand tons, 10.5% higher, with revenues in soles of 673 million (24.0% higher) with a higher average sales price and an EBITDA of 239 million. This reflects the price increase made in October 2021 and January 2022, added to a solid self-construction performance in the quarter.
- ▶ UNICON Perú y Concremax: Ready-mix dispatch volumes reached 548 thousand m³, slightly lower (1.2%), with revenues in soles of 243 million (9.7% higher) and an EBITDA of 20.7 million. Better volumes in the following quarters are expected with the restart of the infrastructure projects already contracted.
- ▶ Celepsa: Sales volumes reached 499 GWh in the quarter (23.2% higher), with revenues of 24 million dollars and an EBITDA of 14.9 million dollars. The company has contracted 29% of its capacity with UNACEM Peru.

ECUADOR

- ▶ UNACEM Ecuador: Cement dispatch volumes were 12.9% higher (318 thousand t), with revenues in dollars of 40.5 million (15.4% higher) and an EBITDA of 12.5 million dollars. EBITDA was 6% below 1Q2021 due to higher fuel costs.

EE.UU.

- ▶ Skanon recovered its sales volumes in the quarter: cement 170 thousand tons (28.5% higher), ready-mix concrete 225 thousand m³ (22.6% higher) and aggregates 555 thousand tons (13.6% higher), reaching revenues of 55.9 million dollars and EBITDA of 7.6 million dollars. The market trend indicates robust demand for our area of influence.

CHILE

- ▶ UNACEM Chile had cement dispatches of 85 thousand tons, with revenues of 6,887 million CLP and an EBITDA of 248 million CLP; the information is not comparable with 2021 since the operations were integrated into the UNACEM Group at the end of March of that year. The new mill start operation in April 2022, so its expected higher volumes starting in the second quarter of the year.
- ▶ UNICON Chile registered dispatches of 259 thousand m³ of ready-mix concrete (59.5% higher than 1Q2021), revenues reached 16,703 million CLP (81.8% higher) with an

EBITDA of 773 million CLP (51.2% higher), the results of 2022 consider incorporating MEL20 operations.

4. MAIN RISKS AND UNCERTAINTIES

Within the UNACEM Group, internal control plays a fundamental role. It is designed to provide reasonable guarantees to management regarding the reliability of financial and commercial information, the protection of assets, compliance with regulations and internal rules and procedures, as well as the effectiveness and relevance of management. and control of the operations of each entity. The responsibility for the establishment, implementation and continuous management of internal control processes falls on the management of each Business Unit with the transversal supervision of UNACEM CORP. These processes include the maintenance of an adequate control environment, the evaluation of general and financial risks, the finalization of the controls. The internal audit carries out an independent evaluation of internal control processes and supervises the implementation of its recommendations at the level of each entity of the UNACEM Group. All our employees and directors must cooperate with the people who carry out 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 carried out 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 the General Accounting for the last two years.

On January 31, 2020, the UNACEM Board of Directors, with the prior agreement of the Audit and Risks Committee, unanimously approved the appointment of Mr. Pedro Lerner Rizo Patron, as its new General Manager, a position he assumed as of January 1 July 2020.

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

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

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

YEAR 2021					
COMMON SHARE					
Year - Month	Opening	Closure	Highest	Lowest	Average Price
2021 - 01	1.53	1.75	1.81	1.53	1.67
2021 - 02	1.74	1.84	1.90	1.70	1.82
2021 - 03	1.84	1.72	1.86	1.65	1.79

6. DIVIDEND POLICY APPROVED IN THE GENERAL MEETING OF SHAREHOLDERS DATED DECEMBER 14, 2021

As of December 14, 2021, a new dividend policy is established consisting of the distribution of quarterly dividends in cash, in soles or in US dollars, within a range between USD 0.005 and USD 0.01 per share issued by the Company, with charge to retained earnings, starting with the oldest and ending with the most recent.

Powers are delegated to the Board of Directors to agree on the distribution of quarterly dividends in cash, in soles or in US dollars, charged to accumulated profits and within the previously established range, if the Company's business situation allows it and has sufficient resources to do so, being able to distribute a lower dividend, if deemed necessary.

The dividend policy is permanently informed through the SMV website:

https://www.smv.gob.pe/Frm_SupDividendos.aspx?data=EAE3284A58D5428CADE638E8D08A3F292BC409917D

And on the UNACEM website:

<https://www.unacem.com.pe/wp-content/uploads/2021/12/Hdl-Acuerdo-Junta-General-de-Accionistas-VF.pdf>