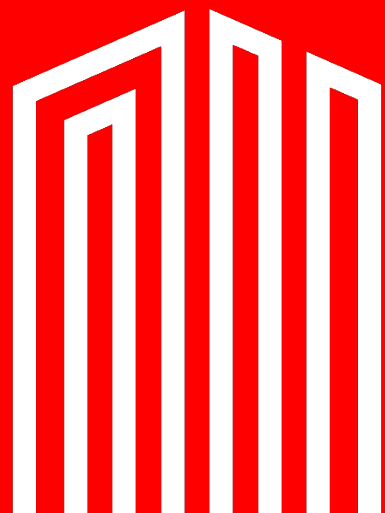




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# MANAGEMENT COMMENTS



## UNACEM CORP S.A.A.

### Management Comments

Fourth Quarter, as of, December 31, 2022

#### 1. RELEVANT EVENTS

##### ■ SIMPLE REORGANIZATION

At the General Shareholders' Meeting of UNACEM Corp S.A.A. (formerly UNACEM S.A.A) on December 14, 2021, the Simple Reorganization Project was approved, which entered into force on January 1, 2022. Said 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 assets and liabilities related to the cement business, such as the production plant, port terminal operation, mining operation, hydroelectric power plants and thermal power plant, were transferred to UNACEM Peru S.A.

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

The Simple Reorganization did not involve changes in the share capital or the shareholder structure of UNACEM Corp. The creation of this holding allows for the consolidation of the UNACEM Group through a more focused approach on creating value for investors and all its shareholder groups.

Therefore, UNACEM Corp will develop strategic guidelines for the company portfolio seeking long-term value generation for shareholders and will facilitate synergies and alignment of its operational business units by focusing on human talent development, operational performance, and sustainable finance as well as in the process of transformation of the UNACEM Group, capitalizing on the knowledge gathered in its over 100 years as a market leader in the cement industry in the country.

## ■ CREDIT RATING

On September 27, 2022, Class & Asociados S.A. ratified the rating of AAA.pe category for UNACEM Corp's Corporate Bonds of the Second Program of issuance of debt instruments. Likewise, the rating agency reaffirmed the 1.pe category for the common shares (UNACEMC1). Therefore, UNACEM Corp maintains a Stable outlook.

This rating is supported by the Company's leadership in its operations and sustainable market share, through its subsidiary UNACEM Perú S.A. that leads the supply of cement in Lima and the central zone of the country. Furthermore, highlighted that the production capacity of the subsidiaries generate synergies between them, and the generation of cash flows will allow to continue capital investments, dividend distribution, and maintaining appropriate levels of debt. Additionally, the financial backing, experience and track record of the parent Company of Grupo UNACEM in the local and regional market are added to this.

## ■ ACQUISITIONS

Through contracts dated November 21, 2022, the subsidiaries UNACEM Chile SA and UNICON Chile SA acquired from the companies Inversiones Majas Limitada and Inversiones Befeld Limitada, 100% of the shares of the Chilean company Constructora de Obras Civiles y Viales Limitada (CONOVIA) and other assets, for an amount of US\$ 3.7 million.

CONOVIA is a company located in the V Region of the Republic of Chile, that carries out the processing of aggregates through a production plant with an installed capacity of 15,000 tons per month.

This transaction strengthens the UNACEM Group's presence in the chilean market and completes the business model, by integrating self-supply of aggregates, which is important for the concrete operation in that country.

On December 29, the Company 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 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 will acquire, subject to authorization from the National Institute of Defense of Competition and the Protection of Intellectual Property (INDECOPI), in compliance with the applicable regulations, 100% of the shares representing the share capital, as well as the commitment to acquire together with the aforementioned shares, 100% of the guaranteed receivables (senior debt and subordinated bonds) of Termochilca S.A., according to the sale procedure regulated in the trust agreement of the respective Trust Patrimony. The total agreed price is USD 141,000,000.00, which will be paid directly by Celepsa using funds from bank financing.

Termochilca S.A. is an electric power generation company that has a combined cycle gas turbine 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 the subsidiary Celepsa, as it would double its current installed capacity, strengthening its position as a relevant player in the Peruvian electric market and renewing Grupo UNACEM commitment to the growth of the country.

## 2. FINANCIAL INFORMATION

The presentation of the separate financial information as of the 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 Grupo UNACEM, including the investment in UNACEM Peru because of the simple Reorganization. The liabilities report the debt of UNACEM Corp associated with investments in subsidiaries.
- ▶ 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 December 31, 2022, are considered versus January 1, 2022, the date on which the Simple Reorganization came into effect. For the separate income statement, the information as of December 31, 2022, is presented versus the same period of the previous year; however, the figures are not comparable since from this year UNACEM Corp is a holding managing a portfolio of investments.

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

The Simple Reorganization does not have an effect on the consolidated financial statements, since it only involved the distribution of assets and liabilities between UNACEM Corp and its subsidiaries.

### ■ LIQUIDITY

As of December 31, 2022, the Company's ability to meet short-term obligations reaches 0.98 for each sol of debt (on January 1, 2022 it was 0.79)

## ■ INVESTMENT AND FINANCING

The Simple Reorganization involved UNACEM Corp becoming a holding of an investment portfolio in cement, concrete, energy, and services in which we are present through the following units:

- ▶ 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: Compañía Eléctrica El Platanal S.A. and Celepsa Renovables S.R.L. (CERE), all in Peru.
- ▶ Services: ARPL Tecnología Industrial 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 December 31, 2022, was S/ 1,090.1 million, lower than S/ 1,102.9 million as of January 1, 2022. It should be noted that the total debt at the end of the period is in soles. Furthermore, 12.8% of the total debt is short-term (2.0% as of January 1, 2022). The debt structure is composed of 98.3% bank loans and 1.7% bonds.

## ■ RELEVANT CHANGES IN THE FINANCIAL SITUATION

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

### STATEMENT OF FINANCIAL POSITION (In thousands of Soles)

	As of 31.12.2022	As of 01.01.2022	As of 31.12.2021	Variation	
				S/	%
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6,426	54,588	54,588	(48,162)	-88.2%
Trade Accounts Receivable and other accounts receivable	163,796	279,412	287,499	(115,616)	-41.4%
Inventories	-	-	435,516	-	-
Other Non-Financial Assets	2,270	1,523	3,831	747	49.1%
Current receivable tax	14,092	-	-	14,092	-
<b>Total Current Assets</b>	<b>186,584</b>	<b>335,523</b>	<b>781,434</b>	<b>(148,939)</b>	<b>-44.4%</b>
<b>INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES</b>	<b>6,074,006</b>	<b>6,057,206</b>	<b>3,792,826</b>	<b>16,800</b>	<b>0.3%</b>
<b>TRADE ACCOUNTS RECEIVABLES AND OTHER ACCOUNTS RECEIVABLES</b>	<b>97,143</b>	<b>94,699</b>	<b>105,078</b>	<b>2,444</b>	<b>2.6%</b>
<b>INTANGIBLE ASSETS, NET</b>	<b>20,939</b>	<b>23,550</b>	<b>26,796</b>	<b>(2,611)</b>	<b>-11.1%</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>62</b>	<b>133</b>	<b>3,777,673</b>	<b>(71)</b>	<b>-53.3%</b>
<b>DEFERRED INCOME TAX</b>	<b>11,310</b>	<b>3,060</b>	<b>-</b>	<b>8,250</b>	<b>269.6%</b>
<b>DEFERRED STRIPPING COST</b>	<b>-</b>	<b>-</b>	<b>102,528</b>	<b>-</b>	<b>-</b>
<b>ADDED VALUE</b>	<b>-</b>	<b>-</b>	<b>9,746</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>6,390,044</b>	<b>6,514,170</b>	<b>8,596,082</b>	<b>(124,126)</b>	<b>-1.9%</b>

- ▶ Decrease in "Trade and other receivables" by S/115.6 million, mainly due to collection of dividends partially offset by royalties provision in the period.

	As of 31.12.2022	As of 01.01.2022	As of 31.12.2021	Variation S/ %	
<b>LIABILITY AND EQUITY</b>					
<b>CURRENT LIABILITY</b>					
Other financial liabilities	140,057	21,911	383,635	118,146	539.2%
Trade and other payables	48,852	293,360	355,465	(244,508)	-83.3%
Current Income Tax	-	71,663	71,663	(71,663)	-100.0%
Provisions	550	35,211	41,358	(34,661)	-98.4%
<b>Total Current Liability</b>	<b>189,459</b>	<b>422,145</b>	<b>852,120</b>	<b>(232,686)</b>	<b>-55.1%</b>
<b>OTHER FINANCIAL LIABILITIES</b>	<b>950,047</b>	<b>1,081,018</b>	<b>2,280,272</b>	<b>(130,971)</b>	<b>-12.1%</b>
<b>DEFERRED INCOME TAX LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>401,849</b>	<b>-</b>	<b>-</b>
<b>OTHER ACCOUNTS PAYABLE</b>	<b>1,587</b>	<b>-</b>	<b>-</b>	<b>1,587</b>	<b>-</b>
<b>PROVISIONS</b>	<b>-</b>	<b>-</b>	<b>25,405</b>	<b>-</b>	<b>-</b>
<b>FINANCIAL INSTRUMENTS</b>	<b>-</b>	<b>-</b>	<b>25,428</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITY</b>	<b>1,141,093</b>	<b>1,503,163</b>	<b>3,585,074</b>	<b>(362,070)</b>	<b>-24.1%</b>
<b>TOTAL EQUITY</b>	<b>5,248,951</b>	<b>5,011,008</b>	<b>5,011,008</b>	<b>237,943</b>	<b>4.7%</b>
<b>TOTAL LIABILITY AND EQUITY</b>	<b>6,390,044</b>	<b>6,514,170</b>	<b>8,596,082</b>	<b>(124,126)</b>	<b>-1.9%</b>

- ▶ Decrease in “Trade accounts payable and other accounts payable” by S/ 244.51 million, mainly due to payment to suppliers, related companies, and dividends to shareholders.
- ▶ Increase in equity of S/ 237.9 million; due to the net effect of the period's results of S/ 412.4 million, the declaration of dividends to shareholders of S/ 162.6 million, and transactions in the share buyback program of S/ 11.9 million.

#### ■ FINANCIAL PERFORMANCE

The main items of the separate income statement as of December 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/ 534.6 million corresponding to dividends and royalties received from the Grupo UNACEM companies.
- ▶ Administrative expenses of S/57.5 million mainly due to staff remuneration, Board’s fees and consulting services.
- ▶ Other operating results, of S/7.3 million includes net income from clinker export operations carried out by UNACEM Corp exceptionally during the first quarter of the year and other operations carried out.
- ▶ Net financial expenses of S/51.8 million mainly due to interest on bank loans.

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

### 3. MAIN BUSINESS UNITS' PERFORMANCE

#### PERU

- ▶ Unacem Perú: The volume of cement dispatches during the quarter reached 1,708 thousand tons, 0.2% lower than 4Q21 with revenues of S/730.2 million (8.1% higher). This growth is explained by a higher average selling price, net of a slightly lower volume in the period mainly explained by the resilience of self-construction in the quarter. This resulted in an EBITDA of S/198.5 million for 4Q22.
- ▶ UNICON Perú y Concremax: Ready mixed dispatches reached 685 thousand m<sup>3</sup>, 12.5% higher than 4Q21, with revenues of S/307.5 million (13.0% higher) and an EBITDA of S/23.3 million. During this quarter, volumes were higher due to greater demand from the contracted infrastructure projects.
- ▶ Celepsa: The sales volumes during 4Q22 reached 521 GWh (10.7% higher than 4Q21), thanks to the addition of new clients, with revenues of USD 39.1 million and an EBITDA of USD 4.6 million. During 4Q22, the company dispatched 28% of its power to UNACEM Peru.

#### ECUADOR

- ▶ UNACEM Ecuador: In 4Q22, the volume of cement dispatches remained solid and was 4.7% higher than 4Q21, reaching 351 thousand t, with revenues of USD 39.7 million (6.4% higher than 4Q21) and an EBITDA of USD 10.0 million. The EBITDA was 30.4% lower than 4Q21, mainly due to the higher cost of fuels.

#### USA

- ▶ Skanon reached overall solid sales volume in the quarter compared to 4Q21: the contraction in the cement volume, that reached 151 thousand tons (4.5% lower), was offset by higher ready mix volume of 228 thousand m<sup>3</sup> (10.0% higher) and aggregates 676 thousand tons (1.1% lower), which allowed it to reach revenues of USD 63.1 million and an EBITDA of USD 10.9 million in the quarter.

#### CHILE

- ▶ UNACEM Chile cement dispatches in the 4Q22 recorded 120 thousand tons, with revenues of CLP 11,082.8 million and an EBITDA of CLP 676.8 million; the information is not comparable to 2021 since the operations of the second mill were integrated into Grupo UNACEM only this year. Dispatches of UNACEM Chile during this quarter remained solid compared to 3T22.

- ▶ UNICON Chile, in 4Q22, recorded dispatches of 217 thousand m<sup>3</sup> of ready mix (14.9% lower than 4Q21), revenues reached CLP 16,571 million (8.1% higher), the results of 2022 consider the incorporation of the operations of MEL20.

#### **4. MAIN RISKS AND UNCERTAINTIES**

Within Grupo UNACEM, 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 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, completing controls.

Internal audit carries out an independent evaluation of internal control processes and oversees the implementation of its recommendations at the level of each entity of the Grupo UNACEM. All our staff and managers 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 Management or in the General Accounting for the last two years.

#### **5. INFORMATION RELATING TO THE MARKET OF SECURITIES REGISTERED IN THE PUBLIC MARKET OF VALUES.**

**(10100)**

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



<b>YEAR 2022</b>						
<b>COMMON SHARE</b>						
<b>Year - Month</b>	<b>Opening</b>	<b>Closure</b>	<b>Highest</b>	<b>Lowest</b>	<b>Average Price</b>	
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	
2022 - 07	1.53	1.71	1.71	1.53	1.60	
2022 - 08	1.74	1.65	1.80	1.61	1.72	
2022 - 09	1.53	1.68	1.68	1.53	1.60	
2022 - 10	1.70	1.70	1.75	1.70	1.73	
2022 - 11	1.70	1.71	1.80	1.69	1.74	
2022 - 12	1.71	1.80	1.80	1.70	1.75	

<b>YEAR 2021</b>						
<b>COMMON SHARE</b>						
<b>Year - Month</b>	<b>Opening</b>	<b>Closure</b>	<b>Highest</b>	<b>Lowest</b>	<b>Average Price</b>	
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	
2021 - 04	1.73	1.53	1.75	1.24	1.53	
2021 - 05	1.50	1.47	1.60	1.42	1.51	
2021 - 06	1.41	1.34	1.55	1.17	1.31	
2021 - 07	1.32	1.22	1.35	1.20	1.27	
2021 - 08	1.17	1.40	1.40	1.00	1.16	
2021 - 09	1.39	1.46	1.48	1.39	1.44	
2021 - 10	1.46	1.71	1.72	1.46	1.58	
2021 - 11	1.70	1.90	1.90	1.65	1.75	
2021 - 12	1.90	2.40	2.45	1.90	2.31	

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

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

Delegating to the Board of Directors, the powers to agree on the distribution of quarterly cash dividends, in soles or American dollars, charged to accumulated profits and within the previously established range, provided that the situation of the Company's business allows

it and has sufficient resources for it, being able to distribute a lower dividend, if it deems it necessary.

The dividend policy is permanently informed through the SMV website:

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

And on the UNACEM website:

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