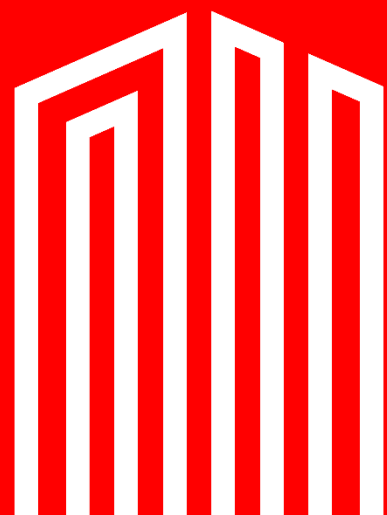




MANAGEMENT COMMENTS



UNACEM Perú S.A.
Management Comments
First Quarter, March 31, 2022

RELEVANT EVENTS**■ SIMPLE REORGANIZATION**

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

For management analysis purposes, the following comparisons are being made:

- ▶ The balances of assets and liabilities as of March 31, 2022, are being compared with the balances as of January 1, 2022 (include the balances of the equity block received from UNACEM CORP).
- ▶ As of March 31, 2022, the volumes of production and dispatch of clinker and cement, as well as some results have been compared with pro forma information from the previous year, with the purpose of showing comparative information on the cement business as if it corresponded to the Company (the 2021 information corresponds to UNACEM CORP).

PRODUCTION**■ CLINKER**

Clinker production decreased during 1Q22 by 1.6% compared to 1Q21, reaching 1,476,123 t, explained by the overhaul of the kilns due to scheduled maintenance during the period. On the other hand, clinker production as of 1Q22 decreased 15.0% compared to 4Q21.

■ CEMENT

Cement production as of 1Q22 increased by 10.5% compared to the same period of the previous year. Likewise, cement production during the 1Q22 decreased by 7.5% compared to 4Q21. In both cases, the production goes in accordance with the demand.

Production and Dispatches- Peru					
(in thousand tons)					
Period		Production		Dispatch	
Year	Qtr.	Clinker	Cement	UNACEM	Peru
2021	I	1,500	1,450	1,444	3,320
	II	1,360	1,423	1,428	3,229
	III	1,618	1,637	1,650	3,652
	IV	1,737	1,733	1,712	3,706
	I-IV	6,214	6,243	6,233	13,908
2022	I	1,476	1,602	1,596	3,406
	I	1,476	1,602	1,596	3,406
<i>Variation</i>					
	22-I/21-I	-1.6%	10.5%	10.5%	2.6%
	22-I/21-IV	-15.0%	-7.5%	-6.8%	-8.1%

*2021 figures are Proforma

CEMENT DISPATCHES

■ DOMESTIC MARKET

Cement dispatches from UNACEM Peru during 1Q22 increased by 10.5% compared to 1Q21, reaching 1,595,758 t against 1,443,531 t in 1Q21.

Cement dispatches in Peru, according to information from the National Institute of Statistics and Informatics - INEI, during the first quarter of 2022 decreased by 8.1% compared to the previous quarter, from 3,706,109 t to 3,405,898 t.

The Company's participation in the domestic market increased, from 46.2% in 4Q21 to 46.9% in 1Q22.

■ PORT OPERATIONS

During 1Q22, clinker exports through the Conchán port terminal reached 150 thousand tons, 41.4% higher than those reached in 1Q21. Additionally, 189 tons of bulk solids were unloaded (25.4% less than what was registered in 1Q21) including: gypsum, coal and grains for third parties.

FINANCIAL INFORMATION

■ LIQUIDITY

As of March 31, 2022, the Company's ability to meet short-term obligations is 1.10 per every sol owed.

■ CAPITAL AND FUNDING SOURCES

As of March 31, 2022, CAPEX amounted to S/ 21.3 million; the main additions during the period correspond to disbursements made for the new bagger 8 and palletizers, change of top and crossbar of the primary crusher, reinforcement of the structure for chamber 2 of the multisilo, change of sleeves in the collector, change of chain and reducer of the elevator system, change of conveyor belt to clinker field and change of reducer in roller press 2 corresponding to the Atocongo plant. Likewise, disbursements made for the dedusting projects of the kiln 2 cooler, new bagger 6 and palletizers, replacement of the cement conveyor belt, replacement of the rotor and discs of the Titan crusher, modernization of the Carpapata 1 and 2 hydroelectric power plants, migration of the kiln 2 control system corresponding to the Condorcocha plant.

The gross financial debt amounted to S/ 1,479.9 million, decreasing by 5.2% in relation to January 1, 2022, mainly explained by the net effect of loan payments and bank overdrafts. It is worth mentioning that 26.5% of such debt is in foreign currency (35.2% as of January 1, 2022). Likewise, 22.4% of the total debt is held in the short term (23.2% as of January 1, 2022). Finally, 83.4% of the financing corresponds to bank loans, 11.5% to bank promissory notes and 5.1% to bank overdrafts (89.1% of the financing corresponded to bank loans and 10.9% to promissory notes as of January 1, 2022).

■ ECONOMIC RESULTS

Category	For the cumulative period from January 1st to March 31st, 2022	For the cumulative period from January 1st to March 31st, 2021
Incomes from ordinary activities	673,100	542,844
Cost of Sales	-414,120	-335,731
Profit (Loss) Gross	258,980	207,113
Gross margin	38.5%	38.2%

*2021 figures are Proforma

The invoiced dispatches for cement as of March 31, 2022, amounted to S/. 673.1 million, 24.0% higher than the sales dispatches achieved during the same period of the previous year. This increase is mainly due to a higher physical volume of cement sold and an increase in price.

The cost of sales of cement as of March 31, 2022, amounted to S / 414.1 million, 23.3% higher than in the same period of 2021, mainly due to the greater physical volume of cement sold and an increase in the cost of fuels.

Export revenues increased by 85.7% as of March 31, 2022, compared to the same period in 2021 mainly explained by higher clinker exports. Revenues from Blocks, Paving and Pavements grew 18.7% compared to 1Q21.

The combined gross margin was 38.5% (38.2% in the previous year).

Operating expenses amounted to S/ 56.0 million as of March 31, 2022, mainly due to personnel expenses for S/ 25.5 million, services provided by third parties for S/ 5.6 million and Taxes for S/ 5.8 million. Other Net Operating Expenses as of 1Q22 amounted to S/ 25.7 million, mainly due to royalties to be paid to UNACEM S.A.A.

Due to the aforementioned, in the first quarter of 2022 an operating profit of S/ 177.3 million and an EBITDA margin of 35.6% were obtained.

Net financial expenses amounted to S/ 18.8 million, mainly due to interest on bank loans.

At the end of 1Q22, an exchange gain of S/ 39.6 million was obtained, mainly explained by the financial debt in dollars and the recovery of the sol.

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

Net profit amounted to S/140.9 million, for the reasons mentioned in preceding paragraphs.

The most important changes in the Company's Statement of Financial Position as of March 31, 2022, with respect to January 1, 2022, took place in the following items:

- ▶ Increase in Cash and cash equivalents of S/ 66.7 million, due to the net effect of collections from customers, payment to suppliers and amortization of bank loans.
- ▶ Increase of Commercial and Related Accounts Receivable in S/ 277.7 million, due to the operation of the quarter.
- ▶ Increase in Commercial and Related Accounts Payable for S/ 185.6 million, due to the operation of the quarter.
- ▶ Decrease in Financial Debt of S/ 81.1 million, due to payment of loans and bank overdrafts.