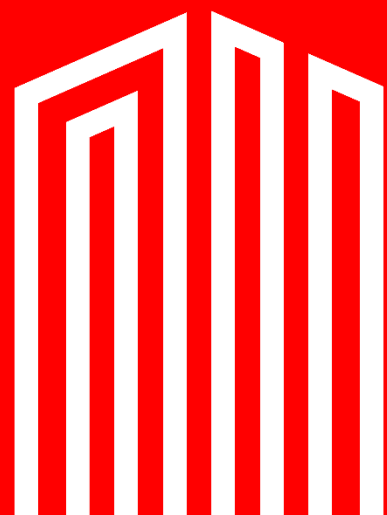




MANAGEMENT COMMENTS



UNACEM Perú S.A.
Management Comments
Second Quarter, as of June 30, 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. (today UNACEM Corp), becoming the new company specialized in the production and marketing of clinker and cement in the country, and in the export of clinker. Therefore, as of January 1, 2022, UNACEM Corp transferred all the 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 June 30, 2022, are being compared with the balances as of January 1, 2022 (include the balances of the equity block received from UNACEM Corp).
- ▶ The volumes of production and dispatches of clinker and cement, as well as some results as of June 30, 2022, have been compared with proforma information from the previous year, with the purpose of showing comparative information on the cement business as if it corresponded to the Company (the information for 2021 corresponds to UNACEM Corp).

PRODUCTION**■ CLINKER**

During the second quarter of 2022, the production of Clinker increased by 0.1%, from 1,476,123 t to 1,477,168 t. On the other hand, 2Q22 clinker production increased by 8.6% compared to 2Q21, mainly explained by higher cement demand.

■ CEMENT

Cement production as of 2Q22 increased by 1.7% compared to 1Q22. Likewise, cement production during 2Q22 increased by 14.5% compared to 2Q21. 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
	I-II	2,859	2,873	2,871	6,550
	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
	II	1,477	1,629	1,625	3,379
	I-II	2,953	3,231	3,221	6,785
<i>Variation</i>					
	22-I-II/21-I-II	3.3%	12.5%	12.2%	3.6%
	22-II/21-II	8.6%	14.5%	13.8%	4.6%
	22-II/22-I	0.1%	1.7%	1.9%	-0.8%

*2021 Proforma Information

CEMENT DISPATCHES

■ DOMESTIC MARKET

Cement dispatches from UNACEM Peru during 2Q22 increased by 1.9% compared to 1Q22, going from 1,595,758 t versus 1,625,387 t. Moreover, cement dispatches in the 2Q22 were 13.8% higher than in the 2Q21.

Cement dispatches in Peru, according to information from the National Institute of Statistics and Informatics - INEI, during the second quarter of 2022 decreased by 0.8% compared to the previous quarter, going from 3,405,898 t to 3,379,015 t. Likewise, cement dispatches in Peru were 4.6% higher than in the 2Q21. In both cases, UNACEM Peru outperformed the market.

The Company's share in the domestic market increased from 46.9% in 1Q22 to 48.1% in 2Q22.

■ PORT OPERATIONS

During 2Q22, clinker exports through the Conchán port terminal reached 137 thousand tons, 33.6% lower than those reached in 2Q21. Additionally, 102 thousand tons of bulk solids were unloaded (24.6% higher than what was registered in 2Q21) including: gypsum, coal and grains for third parties.

FINANCIAL INFORMATION

■ LIQUIDITY

As of June 30, 2022, the Company's ability to meet short-term obligations is 1.08 per every sol owed.

■ CAPITAL AND FUNDING SOURCES

As of June 30, 2022, CAPEX amounted to S/ 66.2 million. The main additions during the period correspond to disbursements made for the new bagging machine 8 and palletizers, change of top and crossbar of the primary crusher, reinforcement of the structure for chamber 2 of the multisilo, change of trunion of the cement mill 3, change of duct in kiln 2, change of collector sleeves in kiln 1 corresponding to the Atocongo plant. Likewise, disbursements made for the dedusting projects of the kiln cooler 2 and 3, new bagging machine. 6 and palletizers, reduction gear change in roller press, assembly of discs in hammer crusher 4, modernization of the Carpapata 1 and 2 hydroelectric power plants, change of reducer in cement roller press 7 corresponding to the Condorcocha plant.

Gross financial debt amounted to S/ 1,430.0 million, decreasing by 8.4% in relation to January 1, 2022, mainly explained by the net effect of promissory notes and bank loans payments. It is worth mentioning that 28.0% of such debt is in foreign currency (35.2% as of January 1, 2022). Likewise, 26.7% of the total debt is kept in short term (23.2% as of January 1, 2022). Finally, 86.0% of the financing corresponds to bank loans and 14.0% to promissory notes (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 Jun 30th, 2022	For the cumulative period from January 1st to Jun 30th, 2021
Incomes from ordinary activities	1,360,302	1,100,256
Cost of Sales	(862,124)	(722,267)
Profit (Loss) Gross	498,178	377,989
Gross margin	36.6%	34.4%

Dispatches from cement sales as of June 30, 2022, amounted to S/ 1,263.2 million, 24.5% higher than dispatches from sales reached during the same period of the previous year. This increase is mainly due to a higher physical volume of cement sold and an higher average price, due to price increased in 2021 and 2022.

The cost of cement sales as of March 31, 2022, amounted to S/ 789.6 million, 21.0% higher than in the same period of 2021, mainly due to the higher physical volume of cement sold and the increase in fuel costs.

Revenues from Exports increased by 22.0% as of June 30, 2022, compared to the same period in 2021, mainly explained by the increase in the price of clinker exports. Revenues from Blocks, Pavers and Pavements grew 3.3% compared to 2Q21.

The combined gross margin was 36.6% (34.4% in the previous year).

Operating expenses amounted to S/ 115.1 million as of June 30, 2022, mainly due to Personnel Expenses for S/ 43.9 million, Services provided by third parties for S/ 6.0 million, Taxes for S/ 7.8 million, Donations for S/ 8.2 million and Maintenance for S/ 5.1 million. Other Net Operating Expenses as of 2Q22 amounted to S/ 65.1 million, mainly due to royalties to UNACEM Corp S.A.A.

Because of the aforementioned as of the second quarter of 2022 an operating profit of S/ 317.9 million and an EBITDA margin of 32.3%.

Net financial expenses amounted to S/ 35.7 million, mainly due to interest on bank loans.

At the end of 2Q22, an exchange gain of S/ 28.5 million was obtained, mainly explained by the financial debt in dollars and the recovery of the sol.

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

Net profit amounted to S/218.1 million, for the reasons mentioned in preceding paragraphs.

The most important changes in the Company's balance sheet as of June 30, 2022, compared to January 1, 2022 can be observed in the following accounts:

- ▶ Increase in Cash and cash equivalents of S/ 113.2 million, due to the net effect of collections from customers, payment to suppliers and amortization of bank loans.
- ▶ Increase in Commercial and Related Accounts Receivable by S/ 233.2 million, due to higher commercial operations as of 2Q2022.
- ▶ Increase in Commercial and Related Accounts Payable for S/ 166.4 million, due to operations as of 2Q2022.
- ▶ Decrease in Financial Debt of S/ 131.0 million, due to payment of loans and bank notes.