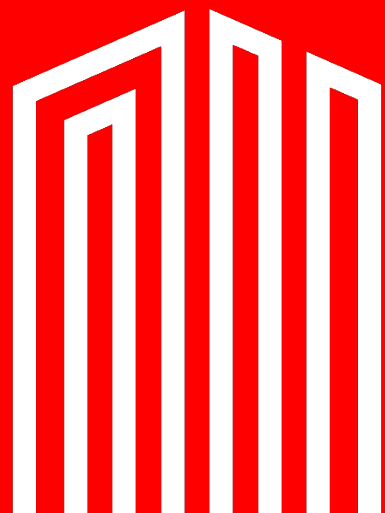




# MANAGEMENT COMMENTS



**UNACEM Perú S.A.**  
Management Comments  
Fourth Quarter, as of, December 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 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 December 31, 2022, are being compared with the balances as of January 1, 2022 (including the balances of the equity block received from UNACEM Corp).
- ▶ The volume of production and dispatches of clinker and cement, as well as some results as of December 31, 2022, has 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 fourth quarter of 4Q22 clinker production decreased by 4.7% compared to 3Q22, passing from 1,700,535 t to 1,621,005 t. On the other hand, 4Q21 clinker production decreased by 6.7% compared to 4Q22, mainly explained by the scheduled shutdown of kilns maintenance.

- CEMENT

Cement production as of 4Q22 increased by 0.1% compared to 3Q22. Likewise, cement production during 4Q22 decreased by 0.4% compared to 4Q21. In both cases, 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	3,713
	<b>I-IV</b>	<b>6,215</b>	<b>6,243</b>	<b>6,234</b>	<b>13,914</b>
2022	I	1,476	1,602	1,596	3,401
	II	1,477	1,629	1,625	3,374
	III	1,701	1,724	1,737	3,599
	IV	1,621	1,726	1,708	3,569
	<b>I-IV</b>	<b>6,275</b>	<b>6,681</b>	<b>6,666</b>	<b>13,943</b>
<b>Variation</b>					
22-I-IV/21-I-IV		1.0%	7.0%	6.9%	0.2%
22-IV/21-IV		-6.7%	-0.4%	-0.2%	-3.9%
22-IV/22-III		-4.7%	0.1%	-1.7%	-0.8%

\*2021 Proforma Information

## CEMENT DISPATCHES

- DOMESTIC MARKET

Cement dispatches from UNACEM Peru during 4Q22 decreased by 1.7% compared to 3Q22, going from 1,736,854 t to 1,708,105 t. Compared to 4Q21, in 4Q22 dispatches were slightly lower by 0.2%.

Cement dispatches in Peru, according to the information from the National Institute of Statistics and Informatics - INEI, during the fourth quarter of 2022 decreased by 0.8% compared to the previous quarter, going from 3,598,920 t to 3,569,049 t. Likewise, compared to 4Q21, national dispatches during 4Q22 were 3.9% lower.

The Company's market share in the domestic market increased, from 46.1% in 4Q21 to 47.9% in 4Q22.

## ■ PORT OPERATIONS

During 4Q22, clinker exports through the Conchán port terminal reached 101 thousand tons, 25.1% lower than those reached in 4Q21. Additionally, 106 tons of bulk solids were handled (0.4% lower than the volume registered in 4Q21) including: gypsum, coal and grains for third parties.

## FINANCIAL INFORMATION

### ■ LIQUIDITY

As of December 31, 2022, the Company's ability to meet short-term obligations is 0.80 per every sol owed.

### ■ CAPITAL AND FUNDING SOURCES

As of December 31, 2022, CAPEX amounted to S/ 233.6 millions. The main additions during the period correspond to disbursements made for the new bagging machine 8 and palletizers, reinforcement of the structure for chamber 2 of the multisilo, improvements in the primary crusher, improvements in the cement mill 3, corresponding to Atocongo plant. Likewise, disbursements made for the bagging machine 6 and palletizers, the dedusting projects of the kiln cooler 3, improvements to the roller press, modernization of Carpapata 1 and 2 substations, corresponding to Condorcocha plant.

The gross financial debt amounted to S/ 1,384.1 million, decreasing by 11.3% with respect to January 1, 2022, mainly explained by the 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, 43.5% of the total debt is held in the short term (23.2% as of January 1, 2022). Finally, 73.1% of the financing corresponds to bank loans and 26.9% to short term promissory notes (89.1% of the financing corresponded to bank loans and 10.9% to short term promissory notes as of January 1, 2022).

### ■ ECONOMIC RESULTS

Category	For the cumulative period from January 1st to September 30th, 2022	For the cumulative period from January 1st to September 30th, 2021
Incomes from ordinary activities	2,834,826	2,429,187
Cement Sales	2,654,820	2,217,332
Exports of clinker	100,176	112,520
Sale of blocks, pavers and concrete pavement	79,830	99,335
Cost of Sales	(1,804,307)	(1,558,805)
Profit (Loss) Gross	1,030,519	870,382
Gross margin	36.4%	35.8%

Dispatches from cement sales as of December 31, 2022, amounted to S/ 2,654.8 million, 19.7% 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 a higher average price, explained by the price increased of 2021 and 2022.

The cost of goods sold of cement as of December 31, 2022, amounted to S / 1,662.9 million, 20.2% higher than in the same period of 2021, mainly due to the greater physical volume of cement sold and the increase in fuel cost.

Export revenues decreased by 11.0% as of December 31, 2022, compared to the same period in 2021 due to lower volume sold. Revenues from Blocks, Pavers and Pavements decreased 19.6% compared to 2021.

The combined gross margin reached 36.4%, an increase compared to the 35.8% achieved in the same period of the previous year.

Operating expenses amounted to S/ 239.2 million as of December 31, 2022. Other operating results for 4Q22 amounted to S/ 143.6 million, mainly due to royalties granted to UNACEM Corp S.A.A.

As a result of the above, as of the fourth quarter of 2022, an operating profit of S/ 647.8 million and an EBITDA margin of 31.1% was obtained.

Net financial expenses amounted to S/ 59.5 million, mainly due to interest on bank loans.

At the end of 4Q22, a foreign exchange gain of S/ 33.5 million was obtained, explained mainly by the financial debt maintained in dollars and the revaluation of the sol during the period.

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

Net income amounted to S/ 421.5 million, for the reasons mentioned in previous paragraphs.

The most significant changes in the Company's Financial Statements as of December 31, 2022, compared to January 1, 2022, occurred in the following items:

- ▶ Increase in Commercial and Related Accounts Receivable by S/ 331.5 million, mainly due to transactions for the sale of clinker, cement, blocks, paving stones, and pavement.
- ▶ Increase in Inventories by S/ 107.2 million due mainly to an increase in the stock of clinker and bags.
- ▶ Increase in Commercial and Related Accounts Payable by S/ 293.5 million, mainly due to operations related to business.

- ▶ Decrease in Financial Debt by S/ 176.8 million, due to payment of loans and bank promissory notes.
- ▶ Increase in Income Tax Payable by S/ 170.4 million.
- ▶ Increase in Equity by S/ 195.1 million; due to the net effect of the period's result of S/ 421.5 million and the declaration of dividends to shareholders of S/ 240.1 million.