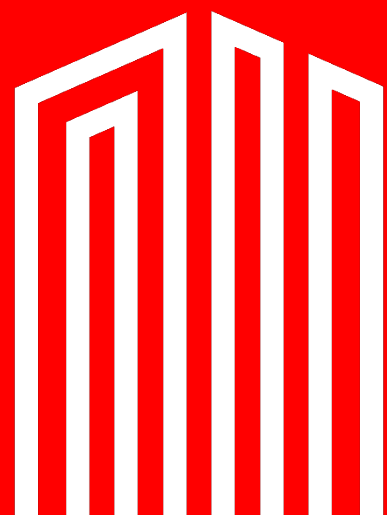




MANAGEMENT COMMENTS



UNACEM Perú S.A.
Management Comments
First Quarter, as of, March 31, 2023

RELEVANT EVENTS

- **SIMPLE REORGANIZATION**

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

PRODUCTION

- **CLINKER**

During the first quarter of 1Q23 clinker production increased by 9.6% compared to 1Q22, passing from 1,476,123 t to 1,617,898 t, mainly explained by the lower period of scheduled shutdown of kilns for maintenance in the quarter. On the other hand, 1Q23 clinker production decreased by 0.2% compared to 4Q22.

- **CEMENT**

Cement production as of 1Q23 decreased by 9.7% compared to 1Q22, passing from 1,602,143 t to 1,447,335 t. Likewise, cement production during 1Q23 decreased by 16.2% compared to 4Q22 (from 1,726,116 t to 1,447,335 t). In both cases, the decrease of cement production goes in accordance with the local demand of market in the quarter.

Production and Dispatches- Peru					
(in thousand tons)					
Period		Production		Dispatch	
Year	Qtr.	Clinker	Cement	UNACEM	Peru
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
	I-IV	6,275	6,681	6,666	13,943
2023	I	1,618	1,447	1,469	2,895
	I	1,618	1,447	1,469	2,895
Variation					
23-I / 22-I		9.6%	-9.7%	-8.0%	-14.9%
23-I/22-IV		-0.2%	-16.2%	-14.0%	-18.9%

CEMENT DISPATCHES

■ DOMESTIC MARKET

Cement dispatches from UNACEM Peru during 1Q23 decreased by 8.0% compared to 1Q22, going from 1,708,105 t to 1,469,469 t.

Total cement dispatches in Peru, according to the information from the National Institute of Statistics and Informatics - INEI, during the first quarter of 2023 decreased by 18.9% compared to the previous quarter, passing from 3,569,049 t to 2,895,005 t.

Therefore, the Company's market share in the domestic market increased, from 47.9% in 4Q22 to 50.8% in 1Q23. Although cement dispatches in the domestic market decreased due to social movements and strong rains mainly in the southern region of the country, UNACEM Peru's dispatches outperformed in the domestic market.

■ PORT OPERATIONS

During 1Q23, clinker exports through the Conchan port terminal reached 106 thousand tons, 29.6% lower than those reached in 1Q22. Additionally, 61 tons of bulk solids were handled (42.5% lower than the volume registered in 4Q22) including: coal and grains for third parties.

FINANCIAL INFORMATION

■ LIQUIDITY

As of March 31, 2023, the Company's ability to meet short-term obligations is 0.98 per every sol owed.

■ CAPITAL AND FUNDING SOURCES

As of March 31, 2022, CAPEX was S/ 35.0 million. The main projects during the period correspond to disbursements for the dedusting of the cooler 3 of the kiln, corresponding to Condorcocha plant. Likewise, the expansion of the packaging and dispatch capacity of products continued in both plants: Atocongo and Condorcocha.

Gross financial debt amounted to S/ 1,564.1 million, increasing by 13.0% with respect to December 31, 2022, mainly explained by the net effect of payments and new debt as promissory notes and overdrafts. It is worth mentioning that 23.8% of such debt is in foreign currency (28.0% as of December 31, 2022). Likewise, 41.5% of the total debt is held in the short term (43.5% as of December 31, 2022). Finally, 59.6% of the financing corresponds to bank loans, 38.3% to short term promissory notes, and 2.1% to overdrafts (73.1% of the financing corresponded to bank loans and 26.9% to short term promissory notes as of December 31, 2022).

■ ECONOMIC RESULTS

Category	For the cumulative period from January 1st to March 31st, 2023	For the cumulative period from January 1st to March 31st, 2022
Income from ordinary activities	667,129	673,100
Cement Sales	626,611	623,269
Exports of clinker	28,458	29,198
Sale of blocks, pavers and concrete pavemen	12,060	20,633
Cost of Sales	(422,192)	(414,120)
Profit (Loss) Gross	244,937	258,980
Gross margin	36.7%	38.5%

Cement sales as of March 31, 2023, were S/ 626.6 million, 0.5% higher than sales reached during the same period of the previous year. This increase is explained by higher average prices, in line with the price increase of 2023 and 2022, that partially offset the lower volume of cement sold.

Export revenues decreased by 2.5% as of March 31, 2023, compared to the same period in 2022 due to lower volume sold. Revenues from Blocks, Pavers and Pavements decreased 41.5% compared to 2022.

Cost of goods sold as of March 31, 2023, amounted to S /422.2 million, 1.9% higher than in the same period of 2022, mainly due to the fuel cost increase (+29.0%).

The combined gross margin reached 36.7% (38.5% in the same period of the previous year).

Operating expenses amounted to S/ 49.4 million as of March 31, 2023 (-11.8% compared to 1Q22). Other operating results for 1Q23 were S/ 28.6 million, mainly due to royalties granted to UNACEM Corp.

As a result of the above, as of the first quarter of 2023, operating profit was S/ 167.0 million (-5.8% compared to 1Q22) reaching an EBITDA margin of 33.5% (EBITDA margin of 35.6% in 1Q22).

Net financial expenses amounted to S/ 19.3 million (+2.5% compared to 1Q22), mainly due to interest on bank loans.

At the end of 1Q23, a foreign exchange gain of S/ 5.7 million was obtained (S/ 39.5 million in 1Q22), 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/ 108.7 million (-22.8% compared to 1T22), for the reasons mentioned previously.

The most significant changes in the Company's Financial Statements as of March 31, 2023, compared to December 31, 2022, occurred in the following items:

- ▶ Decrease in Cash and cash equivalents of S/ 47.1 million, mainly due to payments to suppliers and taxes, as well as investments in assets, partially offset by new financial obligations.
- ▶ Increase in Inventories by S/ 36.7 million due to an increase in the stock of clinker.
- ▶ Decrease in Trade Accounts Payable by S/ 60.5 million mainly due to payment to suppliers (mineral extraction services and fuel for the operation).
- ▶ Decrease in Related Accounts Payable by S/ 80.1 million mainly due to payment of dividends and royalties to UNACEM Corp.
- ▶ Decrease in Current Income tax by S/ 126.0 million explained by the payment of income tax for fiscal year 2022.
- ▶ Increase in Financial Debt by S/ 180.0 million, due to promissory notes for S/ 227.5 million and bank overdrafts. The increase of debt was partially offset by the amortization of debt according payment schedules.

- ▶ Increase in Equity by S/ 79.0 million; due to the net effect of the period result of S/ 97.8 million and the declaration of dividends to shareholders of S/ 29.3 million.