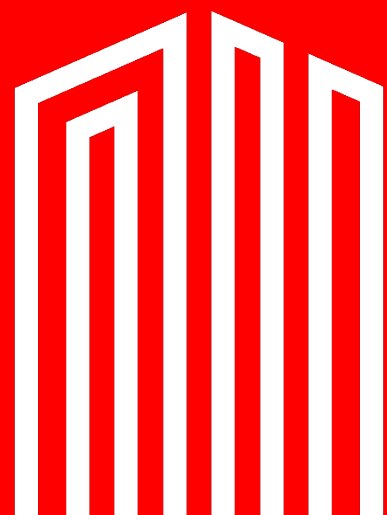




**UNACEM
CORP**

MANAGEMENT COMMENTS



UNACEM Corp S.A.A.

Management Comments

Third Quarter, as of, September 30, 2023

1. BACKGROUND

UNACEM Corp's main activity is the development of strategic guidelines for its companies' portfolio to generate long-term value for shareholders, facilitate synergies, and align its operating business units while focusing on human talent development, operational performance, sustainable finance and the group transformation process. Leveraging the knowledge gathered as Peru's cement market leader for more than 100 years.

In December 2021, the General Meeting of Shareholders of UNACEM Corp S.A.A. (formerly UNACEM S.A.A.) approved a Simple Reorganization that led to the creation of this holding that seeks to consolidate Grupo UNACEM through a value-creation-focused management for all its stakeholders.

2. RELEVANT EVENTS

■ SHARES AMORTIZATION

At the General Shareholders' Meeting held on August 31 approved the amortization of 38'127'611 treasury shares generated from the Buyback Program and the consequent capital reduction of UNACEM Corp from S/ 1,818'127,611 to 1,780'000,000; the excess paid over the nominal value of the 38'127'611 shares amortized, that amounted S/ 26,807,977, was charged to retained earning account.

■ INVESTMENTS

Energy generation in Peru

On December 29, UNACEM Corp 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 (Senior debt and subordinated bonds) 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 acquired – subject to authorization from the National Institute of Defense of Competition and Protection of Intellectual Property (INDECOPI), in compliance with the applicable regulations – 100% of the capital's stock representative shares.

On April 20, 2023, INDECOPI notified Celepsa the authorization of the corporate control structure operation with Termochilca S.A. On May 8, 2023, the transaction was closed.

The price agreed for this transaction was US\$ 141,000,000, paid by Celepsa, with a bank financing.

Termochilca S.A. is an electric power generation company that has a combined-cycle thermal power plant 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 Grupo UNACEM and its subsidiary Celepsa, which had doubled its installed capacity, strengthening its position in the Peruvian energy market and renewing Grupo UNACEM's commitment with the country.

Quicklime production in Perú

In June 2023, the Company was notified by INDECOPI with the authorization of the operation of business concentration that consists of the constitution of a new company between UNACEM Corp S.A.A. (with 51% of the capital stock), and Grupo Calidra S.A., a Company from Mexico, with the remaining capital.

The purpose of the new society, CALCEM S.A., will be to build and operate an industrial plant in Condorcocha area, to produce quicklime and calcium carbonates, with an initial capacity of 600 tons per day of quicklime. This project has an estimated investment of USD 40 million. The plant would begin operation in the first half of 2025. The investment will be covered with its own resources and local bank financing.

Cement and clinker production in the USA

In the Board Meeting held on August 24, 2023, it was approved the purchase and sale contract by Skanon Investments Inc to acquire by the North American companies Martin Marietta Materials, Inc and Martin Marietta Pacific District Cement, LLC (the sellers), 100% of the participation of Martin Marietta Southern California Cement, LLC., a company domiciled in Delaware, USA, and owner of the Tehachapi plant. This facility has a production capacity of one million short tons of cement and 940 thousand short tons of clinker.

The acquisition price of USD 317 million is subject to certain contractual adjustments at the closing date. Additionally, the transaction is subject to approval of the Hart Scott Rodino Act Premerger Notification and will be submitted to the Federal Trade Commission of the United States (FTC) and the Antitrust Division of the US Department of Justice. Funds for this acquisition will be obtained through bank financing.

This transaction will double Grupo UNACEM's current clinker and cement production capacity in the US, with access to one of the most important markets on the West Coast, strengthening the Group's investment portfolio in its core business.

■ CREDIT RATING

The Company maintains the local ratings of 1.pe category for common shares (UNACEMC1), by Moodys local and Apoyo Asociados. It should be noted that the last issuance of the Second Debt Instrument Issuance Program was canceled on March 8th, 2023. This last issuance's rating until its redemption was AAA.pe by Moodys Local and AA+(pe) por Apoyo Asociados.

Likewise, in June, S&P Global Ratings ratified the international rating of UNACEM Corp S.A.A. and subsidiaries, in BB with a positive outlook. The rating is based on the operational resilience demonstrated by Grupo UNACEM despite the challenging economic and political environment in some of the markets in which it operates.

3. FINANCIAL INFORMATION

■ LIQUIDITY

As of September 30, 2023, the Company's ability to meet short-term obligations reaches 0.55 for each sol of debt (as of December 31, 2022, it was 0.98).

■ INVESTMENT AND FINANCING

UNACEM Corp is a holding with a portfolio of investments in cement, concrete, energy, and adjacent related service business units, which are present in the following units:

- ▶ Cement: UNACEM Peru, UNACEM Ecuador, UNACEM Chile, and Drake Cement (USA).
- ▶ Concrete: UNICON Peru, UNICON Chile, CONCREMAX (Peru), Desert Ready Mix and Desert Aggregates (USA), PREANSA Peru, PREANSA Chile and PREANSA Colombia.
- ▶ Energy generation: Compañía Eléctrica El Platanal S.A. (Celepsa), Celepsa Renovables S.R.L. (CERE), and Termochilca S.A., all in Peru.
- ▶ Services: ARPL Tecnología Industrial S.A. and Vigilancia Andina S.A., both in Peru.

Gross financial debt as of September 30, 2023, amounted to S/ 1,077.7 million (S/ 1,090.1 million as of December 31, 2022) due to payments, net of new debt. Regarding the currency of origin, 91.2% of the debt is in soles (100% as of December 31, 2022). Likewise, short-term debt totals 28.5% (12.8% as of December 31, 2022). Finally, 91.2% of the debt structure is bank loans and 8.8% is promissory notes (98.3% of the debt structure is bank loans and 1.7% is corporate bonds as of December 31, 2022).

■ **RELEVANT CHANGES IN THE FINANCIAL SITUATION**

The main changes in the separate statement of financial position of the Company as of September 30, 2023, compared to December 31, 2022, are described below:

STATEMENT OF FINANCIAL POSITION
(In thousands of Soles)

	As of 30.09.2023	As of 31.12.2022	Variation S/	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5,775	6,426	(651)	-10.1%
Trade Accounts Receivable and other accounts receivable	227,234	163,796	63,438	38.7%
Prepaid expenses	7,290	2,270	5,020	221.1%
Income tax assets	12,166	14,092	(1,926)	-13.7%
Total Current Assets	252,465	186,584	65,881	35.3%
INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES	6,129,850	6,074,006	55,844	0.9%
TRADE ACCOUNTS RECEIVABLES AND OTHER ACCOUNTS RECEIVABLES	97,143	97,143	-	0.0%
INTANGIBLE ASSETS, NET	20,207	20,939	(732)	-3.5%
PROPERTY, PLANT AND EQUIPMENT	144	62	82	132.3%
DEFERRED INCOME TAX	12,263	11,310	953	8.4%
TOTAL ASSETS	6,512,072	6,390,044	122,028	1.9%

- ▶ *Trade and other receivables* increased in S/ 63.4 million, mainly due to loans granted to subsidiaries that were partially offset by the collection of dividends and royalties.
- ▶ *Financial investments* increased in S/ 55.8 million, explained by capital contributions to subsidiaries: Inversiones Imbabura S.A. for S/ 49.7 million and Skanon Investments Inc. for S/ 6.2 million.

	As of 30.09.2023	As of 31.12.2022	Variation S/	%
LIABILITY AND EQUITY				
CURRENT LIABILITY				
Other financial liabilities	306,625	140,057	166,568	118.9%
Trade and other payables	155,737	48,852	106,885	218.8%
Provisions	750	550	200	36.4%
Total Current Liability	463,112	189,459	273,653	144.4%
OTHER FINANCIAL LIABILITIES	771,057	950,047	(178,990)	-18.8%
OTHER PAYABLES	2,897	1,587	1,310	82.5%
TOTAL LIABILITY	1,237,066	1,141,093	95,973	8.4%
TOTAL EQUITY	5,275,006	5,248,951	26,055	0.5%
TOTAL LIABILITY AND EQUITY	6,512,072	6,390,044	122,028	1.9%

- ▶ *Other financial liabilities* increased S/ 166.6 million in the short term and decreased in the long term portion by S/ 179.0 million, mainly due to the reclassification of liabilities according to their maturity, and net from the effect of payments for S/ 107.9 million and new promissory note for S/ 94.0 million.

- ▶ *Equity* growth in S/ 26.1 million; mainly explained by the results of the period by S/ 186.9 million, net of the dividends declarations to shareholders of S/ 108.3 million and the purchase of treasury shares for S/ 52.6 million.

■ FINANCIAL PERFORMANCE

The main quarter over quarter changes in the separate income statement as of September 30, 2023, compared to September 30, 2022, are described below:

INCOME STATEMENT (In thousands of Soles)

	From January, 1st to September 30th, 2023	From January, 1st to September 30th, 2022	Variation S/	%
Operating income	289,934	333,342	(43,408)	-13.0%
Administrative expenses	(64,123)	(39,786)	(24,337)	61.2%
Other operating expenses, net	3,094	2,187	907	41.5%
Operating income	228,905	295,743	(66,838)	-22.6%
Financial expenses, net	(33,559)	(40,332)	6,773	-16.8%
Exchange difference	110	(1,486)	1,596	-107.4%
Income before taxes	195,456	253,925	(58,469)	-23.0%
Income tax expense	(8,606)	(27,159)	18,553	-68.3%
Net income	186,850	226,766	(39,916)	-17.6%

- ▶ *Income from ordinary activities* decreased S/ 43.4 million due to the lower dividend received from the companies of the Group in the period.
- ▶ Increase in *Administrative Expenses* of S/ 24.3 million due to advisory services.
- ▶ The *Income tax* provision for the year was determined based on the accounting results for the period.

4. MAIN BUSINESS UNITS' PERFORMANCE

PERU

- ▶ UNACEM Peru: The volume of cement dispatches during the quarter reached 1,498 thousand tons (13.8% lower than 3Q22) with revenues of S/ 704.0 million (5.1% lower than 3Q22). This decrease is explained by lower volume dispatched, partially offset by a higher average price. This resulted in an EBITDA of S/ 207.0 million (15.2% lower than 3Q22).
- ▶ UNICON Peru and Concremax: The volumes of ready-mix dispatched reached 597 thousand m³ (6.8% lower than 3Q22) with revenues of S/ 280.1 million (5.1% lower than 3Q22) and an EBITDA of S/ 18.2 million (41.5% lower than 3Q22).

- ▶ Celepsa: The energy sold during 3Q23 reached 485 GWh (2.4% lower than 3Q22), totaling revenues of USD 60.1 million (144.9% higher than 3Q22) and a negative EBITDA of USD 1.4 million (lower than 3Q22) explained by the lack of rains during the period.
- ▶ Termochilca: Sales volume during 3Q23 reached 693 GWh, with revenues of USD 34.9 million and EBITDA of USD 11.0 million. It is worth to note that this operation was incorporated to the group in May 2023.

The results in Termochilca offset Celepsa's, our energy business unit recorded an EBITDA of USD 9.6 million a consolidated basis, 32.9% higher than 3Q22.

ECUADOR

- ▶ UNACEM Ecuador: In 3Q23, revenues were USD 43.2 million including the ready-mix operation (12.3% lower than 3Q22). The cement business unit reached 321 thousand tons (15.7% lower than 3Q22). EBITDA for the period was USD 7.9 million (34.7% lower than 3Q22).

EE.UU.

- ▶ Skanon dispatched 156 thousand tons of cement in the quarter (7.6% lower than 3Q22). Ready mix dispatches recorded 252 thousand m³ (9.7% higher than 3Q22) and aggregates dispatches were 481 thousand tons (40.1% lower than 3Q22 and only operating one quarry). The higher average prices allowed reaching revenues of USD 71.1 million (8.7% higher than 3Q22) and an EBITDA of USD 8.9 million in the quarter (10.9% higher than 3Q22).

CHILE

- ▶ UNACEM Chile dispatched 112 thousand tons of cement in 3Q23 (5.7% lower than 3Q22). Revenues reached CLP 10,225.3 million (3.7% lower compared to 3Q22) and negative EBITDA of CLP 119.3 million lower than 3Q22.
- ▶ UNICON Chile, in 3Q23, recorded dispatches for 161 thousand m³ of ready-mix (30.2% less than 3Q22) explained by a general contraction of the construction sector. Ready mix revenues reached CLP 12,805 million (24.3% less than 3Q22), with an negative EBITDA of CLP 147 million (lower than 3Q22).

5. MAIN RISKS AND UNCERTAINTIES

Within Grupo UNACEM, internal control plays a fundamental role. Internal control is designed to provide management with reasonable guarantees regarding the reliability of financial and commercial information, asset protection, 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, and completing controls.

Internal audit conducts an independent evaluation of internal control processes and oversees the implementation of its recommendations at the level of each entity of Grupo UNACEM. All our staff and managers must cooperate with the people who conduct 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 conducted 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 General Management or General Accounting for the last two years.

6. INFORMATION RELATED TO THE MARKET OF SECURITIES REGISTERED IN THE STOCK MARKET PUBLIC REGISTRY. (10100)

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

YEAR 2023						
COMMON SHARE						
Year - Month	Opening	Closure	Highest	Lowest	Average Price	
2023 - 01	1.81	1.80	1.81	1.79	1.80	
2023 - 02	1.80	1.50	1.80	1.50	1.74	
2023 - 03	1.57	1.56	1.62	1.55	1.57	
2023 - 04	1.54	1.55	1.65	1.54	1.60	
2023 - 05	1.55	1.58	1.68	1.55	1.61	
2023 - 06	1.58	1.61	1.62	1.53	1.58	
2023 - 07	1.60	1.65	1.66	1.60	1.63	
2023 - 08	1.67	1.67	1.68	1.60	1.64	
2023 - 09	1.67	1.59	1.67	1.57	1.62	

YEAR 2022						
COMMON SHARE						
Year - Month	Opening	Closure	Highest	Lowest	Average Price	
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	

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

On December 14, 2021, a new dividend policy was approved for the quarterly distribution of cash dividends, in soles or American dollars, ranging between USD 0.005 and USD 0.01 per share issued by the Company based on accumulated profits, starting with the oldest and ending with the most recent.

The Board of Directors has the power to agree on the quarterly distribution of cash dividends, in soles or American dollars, based on accumulated profits and within the abovementioned range, if the situation of the Company allows and when there are enough funds. The Company may distribute a lower dividend, if necessary.

The dividend policy is permanently posted on SMV's website:

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

And on UNACEM website:

<https://grupounacem.com/wp-content/uploads/2023/06/ESP-Politica-dividendos-14122021.pdf>