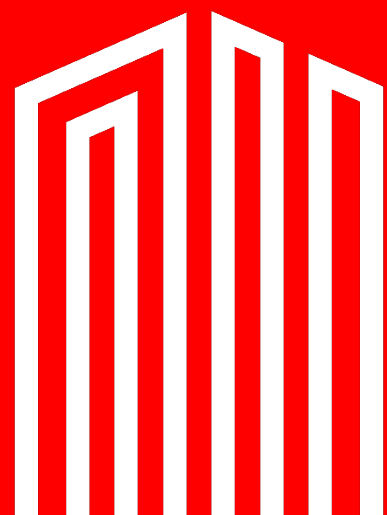




# MANAGEMENT COMMENTS



**UNACEM Perú S.A.**  
Management Comments  
Third Quarter, as of, September 30, 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 quarter of 3Q23 clinker production decreased by 22.8% compared to 3Q22, passing from 1,700,535 t to 1,313,059 t, mainly explained by a longer period of scheduled shutdown of kilns for maintenance during the quarter. On the other hand, 3Q23 clinker production decreased by 4.3% compared to 2Q23.

- **CEMENT**

Cement production as of 3Q23 decreased by 13.2% compared to 3Q22, passing from 1,724,446 t to 1,495,775 t. Likewise, cement production during 3Q23 increased by 4.0% compared to 2Q23 (from 1,437,735 t to 1,495,775 t). The increase of cement production goes in accordance with better performance of 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
	<b>I-III</b>	<b>4,654</b>	<b>4,955</b>	<b>4,958</b>	<b>10,374</b>
	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>
2023	I	1,618	1,447	1,469	2,874
	II	1,372	1,438	1,411	2,932
	III	1,313	1,496	1,498	3,222
	<b>I-III</b>	<b>4,303</b>	<b>4,381</b>	<b>4,378</b>	<b>9,028</b>
<i>Variation</i>					
23 I-III / 22 I-III		-7.5%	-11.6%	-11.7%	-13.0%
23-III / 22-III		-22.8%	-13.2%	-13.8%	-10.5%
23-III/23-II		-4.3%	4.0%	6.2%	9.9%

## CEMENT DISPATCHES

### ■ DOMESTIC MARKET

Cement dispatches from UNACEM Peru during 3Q23 decreased by 13.8% compared to 3Q22, going from 1,737,013 t to 1,497,800 t. With respect to the 2Q23, cement dispatches were 6.2% higher.

Total cement dispatches in Peru, according to the information from the National Institute of Statistics and Informatics - INEI, during the third quarter of 2023 decreased by 10.5% compared to 3Q22, passing from 3,599,529 t to 3,222,260 t. With respect to the 2Q23, cement dispatches were 9.9% higher.

Therefore, the Company's market share in the domestic market decreased, from 48.1% in 2Q23 to 46.5% in 3Q23. During the quarter, UNACEM Peru has maintained leadership in the domestic market.

### ■ PORT OPERATIONS

During 3Q23, clinker exports through the Conchan port terminal reached 174 thousand tons, 28.9% higher than those reached in 3Q22. Additionally, 140 thousand tons of bulk solids were handled including, coal, slag and grains for third parties.

## FINANCIAL INFORMATION

### ■ LIQUIDITY

As of September 30, 2023, the Company's ability to meet short-term obligations is 0.82 per every sol owed.

### ■ CAPITAL AND FUNDING SOURCES

As of September 30, 2022, CAPEX was S/ 126.4 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 lines continued in both plants; Atocongo and Condorcocha.

Gross financial debt amounted to S/ 1,592.4 million, increasing by 15.0% with respect to December 31, 2022, mainly explained by new debt as promissory notes and overdrafts, net of payments. It is worth mentioning that 20.7% of such debt is in foreign currency (28.0% as of December 31, 2022). Likewise, 63.3% of the total debt is held in the short term (43.5% as of December 31, 2022). Finally, 52.2% of the financing corresponds to bank loans, and 47.8% to short term promissory notes (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 cummulative period from January 1st to September 30th, 2023	For the cummulative period from January 1st to September 30th, 2022
<b>Income from ordinary activities</b>	<b>2,035,083</b>	<b>2,104,598</b>
Cement Sales	1,888,099	1,964,996
Exports of clinker	100,035	82,219
Sale of blocks, pavers and concrete paveme	46,949	57,383
<b>Cost of Sales</b>	<b>(1,342,065)</b>	<b>(1,326,447)</b>
<b>Profit (Loss) Gross</b>	<b>693,018</b>	<b>778,151</b>
<b>Gross margin</b>	<b>34.1%</b>	<b>37.0%</b>

Cement sales as of September 30, 2023, were S/ 1,888.1 million, 3.9% lower than sales reached during the same period of the previous year. This result is explained by the lower volume of cement sold, partially offset by higher average prices.

Export revenues increased by 21.7% as of September 30, 2023, compared to the same period in 2022. Revenues from Blocks, Pavers and Pavements decreased 18.2% compared to 2022.

Cost of goods sold as of September 30, 2023, amounted to S/ 1,342.1 million, 1.2% higher than in the same period of 2022, mainly due to the fuel cost increase and freight charges.

The combined gross margin reached 34.1% (37.0% in the same period of the previous year).

Operating expenses amounted to S/ 151.6 million as of September 30, 2023 (11.9% lower compared to 3Q22). Other operating expenses net for 3Q23 were S/ 80.4 million, mainly due to royalties granted to UNACEM Corp.

As a result of the above, as of the third quarter of 2023, operating profit was S/ 461.0 million (9.2% lower compared to 3Q22) reaching an EBITDA margin of 31.0% (EBITDA margin of 32.5% in 3Q22).

Net financial expenses amounted to S/ 64.3 million (20.5% higher compared to 3Q22), mainly due to the higher interest rates in the period on the bank debt.

At the end of 3Q23, a foreign exchange gain of S/ 6.6 million was obtained (S/ 17.6 million in 3Q22), explained mainly by the revaluation of the sol during the period, and the net effect of monetary accounts in dollars.

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

Net income amounted to S/ 279.1 million (16.3% lower compared to 3T22), for the reasons mentioned previously.

The most significant changes in the Company's Financial Statements as of September 30, 2023, compared to December 31, 2022, occurred in the following items:

- ▶ Increase in *Related Accounts Receivable* by S/ 116.7 million, mainly due to loans granted and sale of clinker.
- ▶ Increase in *Inventories* by S/ 43.7 million due to an increase in the stock of clinker.
- ▶ Increase in *Financial Debt* by S/ 208.2 million, due to promissory notes for S/ 388.9 million, partially offset by the amortization of debt according payment schedules.
- ▶ Decrease in *Related Accounts Payable* by S/ 81.3 million mainly due to payment of dividends and royalties to UNACEM Corp.
- ▶ Decrease in *Current Income tax* by S/ 140.0 million explained by the payment of income tax for fiscal year 2022.

- ▶ Increase in *Equity* by S/ 184.1 million; due to the net effect of results in the period of S/ 279.1 million and the declaration of dividends to shareholders of S/ 95.6 million.