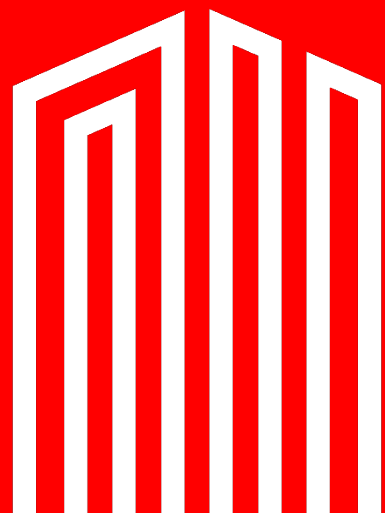




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# MANAGEMENT COMMENTS



## UNACEM Corp S.A.A.

### Management Comments

First Quarter, as of March 31, 2024

#### 1. BACKGROUND

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

In December 2021, the General Shareholders Meeting of UNACEM Corp S.A.A. (formerly UNACEM S.A.A.) approved a Simple Reorganization that led to the creation of this holding.

#### 2. RELEVANT EVENTS

##### ■ INVESTMENTS

##### **Acquisition of shares of Prefabricados Andinos S.A. – PREANSA Chile**

On February 2, 2024, UNACEM Corp completed the acquisition of 50% of the shares of Prefabricados Andinos S.A. – PREANSA Chile, from now on UNACEM Corp S.A.A. will control 100% of the ownership of this Company and will oversee all Chilean operations as we operate in cement, ready mix, aggregates as well as precast.

##### ■ CORPORATE REORGANIZATION

##### **Merge through absorption between Union de Concreteras S.A. (UNICON) and Concremax S.A.**

On November 16, 2023, the General Shareholders Meeting of Union de Concreteras S.A. (UNICON) and Concremax S.A. unanimously approved the merger project by which UNICON would absorb Concremax. Therefore, Concremax would be extinguished without liquidation, according to the Article 344 of the General Corporations Law. It should be noted that the merger became effective on January 1, 2024. UNICON owns 100% of the shares of Concremax, this is a simple merger and will not result in an increase in the equity of UNICON. The day to day operations will continue seamlessly but back office management will be simplified with this merger.

### ■ CREDIT RATING

The Company maintains the local ratings of 1.pe category for common shares (UNACEMC1), by Moodys local and Apoyo Asociados. Both credit agencies maintained unchanged their ratings on November 9 and 13 respectively.

Likewise, in November, S&P Global Ratings ratified the international rating of UNACEM Corp S.A.A. and subsidiaries, in BB with an updated outlook, going from Positive to Stable. The rating is supported by the integration of Tehachapi and the Group's operational and leverage outlook for the next 12 months.

## 3. FINANCIAL INFORMATION

### ■ LIQUIDITY

As of March 31, 2024, the Company's ability to meet short-term obligations reaches 0.56 for each sol owed (as of December 31, 2023, it was 0.52).

### ■ INVESTMENT AND FINANCING

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

- ▶ Cement: UNACEM Peru, UNACEM Ecuador, UNACEM Chile, and Drake Cement and Tehachapi Cement (USA).
- ▶ Concrete: UNICON (Peru), UNICON Chile, Desert Ready Mix (USA). Aggregates: Inversiones Mel 20 Ltda (Chile), Desert Aggregates (USA). Precast: PREANSA Peru, PREANSA Chile and PREANSA Colombia.
- ▶ Power generation: Compañía Elctrica El Platanal S.A. (Celepsa), Celepsa Renovables S.R.L. (CERE), and Termochilca S.A., all in Peru.
- ▶ Services: ARPL Tecnología Industrial S.A., Vigilancia Andina S.A. DIGICEM S.A. and Inversiones Nacionales y Multinacionales Andinas S.A. (INMA), all in Peru.

Gross financial debt as of March 31, 2024, amounted to S/ 1,140.3 million (S/ 1,042.8 million as of December 31, 2023) due to new debt, net of amortizations. Regarding currency, 91.8% of the debt is in soles (91.1% as of December 31, 2023). Likewise, short-term debt totals 45.3% (32.1% as of December 31, 2023). Finally, 78.7% of the debt structure is long term bank loans and 21.3% is promissory notes from banks (91.1% of the debt structure was bank loans and 8.9% was promissory notes as of December 31, 2023).

## ■ RELEVANT CHANGES IN THE FINANCIAL SITUATION

The main changes in the separate statement of financial position of the Company as of March 31, 2024, compared to December 31, 2023, are described below:

### STATEMENT OF FINANCIAL POSITION (In thousands of Soles)

	As of 31.03.2024	As of 31.12.2023	Variation S/	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	87,523	3,044	84,479	2775.3%
Trade Accounts Receivable and other accounts receivable	229,434	191,102	38,332	20.1%
Prepaid expenses	3,101	5,488	(2,387)	-43.5%
Income tax assets	-	10,782	(10,782)	-100.0%
<b>Total Current Assets</b>	<b>320,058</b>	<b>210,416</b>	<b>109,642</b>	<b>52.1%</b>
INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES	6,218,163	6,194,628	23,535	0.4%
TRADE ACCOUNTS RECEIVABLES AND OTHER ACCOUNTS RECEIVABLES	67,842	67,844	(2)	0.0%
INTANGIBLE ASSETS, NET	23,294	22,708	586	2.6%
PROPERTY, PLANT AND EQUIPMENT	157	143	14	9.8%
DEFERRED INCOME TAX	19,395	17,498	1,897	10.8%
<b>TOTAL ASSETS</b>	<b>6,648,909</b>	<b>6,513,237</b>	<b>135,672</b>	<b>2.1%</b>

- ▶ Increase in *Cash and cash equivalent* by S/ 84.5 million, due to new debt which was invested in bank deposits.
- ▶ *Trade and other receivables* increased in S/ 38.3 million, due to dividends declared by the companies of the Group.
- ▶ *Financial investments* increased in S/ 23.5 million, explained by capital contributions to subsidiaries: PREANSA Chile S.A., DIGICEM S.A. and CALCEM S.A.

	As of 31.03.2024	As of 31.12.2023	Variation S/	%
<b>LIABILITY AND EQUITY</b>				
<b>CURRENT LIABILITY</b>				
Other financial liabilities	516,352	334,827	181,525	54.2%
Trade and other payables	51,109	65,345	(14,236)	-21.8%
Provisions	8,357	1,214	7,143	588.4%
<b>Total Current Liability</b>	<b>575,818</b>	<b>401,386</b>	<b>174,432</b>	<b>43.5%</b>
OTHER FINANCIAL LIABILITIES	623,981	707,933	(83,952)	-11.9%
OTHER PAYABLES	3,967	3,503	464	13.2%
<b>TOTAL LIABILITY</b>	<b>1,203,766</b>	<b>1,112,822</b>	<b>90,944</b>	<b>8.2%</b>
<b>TOTAL EQUITY</b>	<b>5,445,143</b>	<b>5,400,415</b>	<b>44,728</b>	<b>0.8%</b>
<b>TOTAL LIABILITY AND EQUITY</b>	<b>6,648,909</b>	<b>6,513,237</b>	<b>135,672</b>	<b>2.1%</b>

- ▶ *Other financial liabilities* increased S/ 181.5 million in the short term and decreased in the long-term by S/ 84.0 million, mainly due to the changed from non-current to current of liabilities according to their maturity schedule. During the period, new short-term debt was issued for S/ 150.0 million and payments were made for S/ 53 million.
- ▶ *Equity growth* in S/ 44.7 million; explained by the results of the period by S/ 80.0 million, net of dividends declared to shareholders of S/ 35.3 million.

## ■ FINANCIAL PERFORMANCE

The main quarter over quarter changes in the separate income statement as of March 31, 2024, compared to March 31, 2023, are described below:

### INCOME STATEMENT (In thousands of Soles)

	From January, 1st to March 31st, 2024	From January, 1st to March 31st, 2023	Variation	
			S/	%
Operating income	119,309	90,170	29,139	32.3%
Administrative expenses	(20,397)	(19,665)	(732)	3.7%
Other operating expenses, net	431	(1,465)	1,896	-129.4%
<b>Operating income</b>	<b>99,343</b>	<b>69,040</b>	<b>30,303</b>	<b>43.9%</b>
Financial expenses, net	(10,839)	(11,099)	260	-2.3%
Exchange difference	172	(502)	674	-134.3%
<b>Income before taxes</b>	<b>88,676</b>	<b>57,439</b>	<b>31,237</b>	<b>54.4%</b>
Income tax expense	(8,653)	(683)	(7,970)	1166.9%
<b>Net income</b>	<b>80,023</b>	<b>56,756</b>	<b>23,267</b>	<b>41.0%</b>

- ▶ *Income from ordinary activities* increased S/ 29.5 million due to the higher dividends received from the companies of the Group.

## 4. MAIN BUSINESS UNITS' PERFORMANCE

### PERU

- ▶ UNACEM Peru: Cement dispatches during the quarter reached 1,349 thousand tons (8.2% lower than 1Q23) with revenues of S/ 644.8 million (3.3% lower than 1Q23). Lower volume dispatched was partially offset by higher average prices. This resulted in an EBITDA of S/ 211.0 million (5.7% lower than 1Q23).
- ▶ UNICON Peru: Volume of ready-mix dispatched reached 717 thousand m<sup>3</sup> (14.0% higher than 1Q23) with revenues of S/ 341.0 million (22.6% higher than 1Q23) and an EBITDA of S/ 35.2 million (116.2% higher than 1Q23). The solid performance of the quarter is explained by a pick up in to the most important infrastructure projects.
- ▶ Celepsa: Energy sold during 1Q24 reached 624 GWh (16.7% higher than 1Q23), totaling revenues of USD 31.9 million (22.3% higher than 1Q23) and an EBITDA of USD 15.7 million (17.8% higher than 1Q23).

- ▶ Termochilca: Sales volume during 1Q24 reached 329 GWh, with revenues of USD 16.6 million and EBITDA of USD 0.5 million. It is worth noting that this operation was incorporated to the group in May 2023.

In line with our investment strategy, Celepsa's and Termochilca's results offset each other as Termochilca's thermal generation is a natural hedge to Celepsa's hydro energy. Our consolidated energy business unit recorded EBITDA of USD 16.2 million, 21.7% higher than 1Q23.

## ECUADOR

- ▶ UNACEM Ecuador: 1Q24 revenues were USD 35.6 million including the ready-mix operation (8.1% lower than 1Q23). The cement business unit reached 266 thousand tons (6.3% lower than 1Q23). EBITDA for the period was USD 9.0 million (9.6% lower than 1Q23). The political situation continues to affect business performance in the country.

## U.S.A.

- ▶ Skanon dispatched 244 thousand tons of cement in the quarter (66.8% higher than 1Q23) an important increase that is partially explained by the incorporation of Tehachapi since November 2023, which contributed with 103 thousand tons. Ready mix dispatches recorded 254 thousand m<sup>3</sup> (12.2% higher than 1Q23) and aggregates dispatches were 421 thousand tons (1.2% higher than 1Q23). The higher average prices supported revenues of USD 86.8 million (45.0% higher than 1Q23) and an EBITDA of USD 15.0 million in the quarter (100.3% higher than 1Q23).

## CHILE

- ▶ UNACEM Chile dispatched 131 thousand tons of cement in 1Q24 (11.2% higher than 1Q23). Revenues reached CLP 11,668.0 million (5.8% higher compared to 1Q23) and a negative EBITDA of CLP 868 million.
- ▶ UNICON Chile, in 1Q24, recorded dispatches for 201 thousand m<sup>3</sup> of ready-mix (5.2% higher than 1Q23). Ready mix revenues reached CLP 16,203 million (6.0% higher than 1Q23), with a negative EBITDA of CLP 213 million.

## 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:

<b>YEAR 2024</b>					
<b>COMMON SHARE</b>					
<b>Year - Month</b>	<b>Opening</b>	<b>Closure</b>	<b>Highest</b>	<b>Lowest</b>	<b>Average Price</b>
2024 - 01	1.52	1.58	1.61	1.50	1.57
2024 - 02	1.59	1.85	1.85	1.59	1.70
2024 - 03	1.82	1.71	1.90	1.71	1.85

<b>YEAR 2023</b>					
<b>COMMON SHARE</b>					
<b>Year - Month</b>	<b>Opening</b>	<b>Closure</b>	<b>Highest</b>	<b>Lowest</b>	<b>Average Price</b>
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

**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>