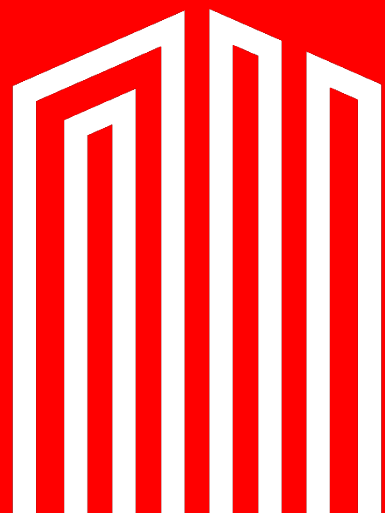




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# MANAGEMENT COMMENTS



**UNACEM Corp S.A.A.**  
Management Comments  
Second Quarter, as of June 30, 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

#### Share Buyback Program

By means of a Significant Event dated August 20, 2021, the Board of Directors approved the Share Repurchase Program up to S/ 36,400,000 and not to exceed 2% of the issued shares.

Likewise, on June 23, 2023, the Board of Directors agreed to extend the Program, increasing the maximum amount to S/ 112 million (One hundred and twelve million soles 00/100) and without exceeding 4% of the shares of own issuance (72.8 million shares), extending the term of the program until June 30, 2025.

On April 26, 2024, the Board of Directors agreed to a new extension of the Share Repurchase Program for an additional 50 million shares and for an additional amount of S/ 80 million, maintaining the term of the program, which expires on June 30, 2025.

#### 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 in cement, ready mix, aggregates and precast under a single management in order to strengthen the vertical integration of our operations and thus our competitive position in the market.

## ■ 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 extinguished without liquidation, according to Article 344 of the Peruvian 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 was a simple merger and did not result in an increase in the equity of UNICON. The day to day operations continue seamlessly with a back office management that was simplified by this merger.

## ■ CREDIT RATING

The Company maintains local risk ratings in Category 1.pe for common shares (UNACEMC1), by Apoyo Asociados and Moody's Local, both updated in May 2024.

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 June 30, 2024, the Company's ability to meet short-term obligations reaches 0.20 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) these two operations managed under UNA Cement.
- ▶ 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 Electrica El Platanal S.A. (Celepsa), Celepsa Renovables S.R.L. (CERE), and Termochilca S.A., all in Peru.

- ▶ Services: ARPL Tecnologia Industrial S.A., Vigilancia Andina S.A. DIGICEM S.A. and Inversiones Nacionales y Multinacionales Andinas S.A. (INMA), UNA Business Services S.A.C. (UBS), all in Peru.

Gross financial debt as of June 30, 2024, amounted to S/ 1,034.2 million (S/ 1,042.8 million as of December 31, 2023) due to new debt contracted for refinancing, net of amortizations. Regarding currency, 100.0% of the debt is in soles (91.1% as of December 31, 2023). Likewise, short-term debt totals 48.1% (32.1% as of December 31, 2023). Finally, 80.7% of the debt structure is long term bank loans and 19.3% 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 June 30, 2024, compared to December 31, 2023, are described below:

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

	As of 30.06.2024	As of 31.12.2023	Variation	
			S/	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	5,321	3,044	2,277	74.8%
Trade Accounts Receivable and other accounts receivable	95,084	191,102	(96,018)	-50.2%
Prepaid expenses	8,493	5,488	3,005	54.8%
Income tax assets	164.00	10,782	(10,618)	-98.5%
<b>Total Current Assets</b>	<b>109,062</b>	<b>210,416</b>	<b>(101,354)</b>	<b>-48.2%</b>
INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES	6,224,774	6,194,628	30,146	0.5%
TRADE ACCOUNTS RECEIVABLES AND OTHER ACCOUNTS RECEIVABLES	67,841	67,844	(3)	0.0%
INTANGIBLE ASSETS, NET	28,582	22,708	5,874	25.9%
PROPERTY, PLANT AND EQUIPMENT	180	143	37	25.9%
DEFERRED INCOME TAX	19,425	17,498	1,927	11.0%
<b>TOTAL ASSETS</b>	<b>6,449,864</b>	<b>6,513,237</b>	<b>(63,373)</b>	<b>-1.0%</b>

- ▶ Decrease in *Trade Accounts Receivable and other accounts receivable* by S/ 96.0 million, mainly due to the cancellation of CELEPSA loan.
- ▶ *Investments in subsidiaries* increased in S/ 30.1 million, explained by capital contributions to subsidiaries: PREANSA Chile, DIGICEM, CALCEM and UBS.

	As of 30.06.2024	As of 31.12.2023	Variation	
			S/	%
<b>LIABILITY AND EQUITY</b>				
<b>CURRENT LIABILITY</b>				
Other financial liabilities	497,612	334,827	162,785	48.6%
Trade and other payables	59,370	66,081	(6,711)	-10.2%
Provisions	557	478	79	16.5%
<b>Total Current Liability</b>	<b>557,539</b>	<b>401,386</b>	<b>156,153</b>	<b>38.9%</b>
<b>OTHER FINANCIAL LIABILITIES</b>	<b>536,570</b>	<b>707,933</b>	<b>(171,363)</b>	<b>-24.2%</b>
<b>OTHER PAYABLES</b>	<b>955</b>	<b>3,503</b>	<b>(2,548)</b>	<b>-72.7%</b>
<b>TOTAL LIABILITY</b>	<b>1,095,064</b>	<b>1,112,822</b>	<b>(17,758)</b>	<b>-1.6%</b>
<b>TOTAL EQUITY</b>	<b>5,354,800</b>	<b>5,400,415</b>	<b>(45,615)</b>	<b>-0.8%</b>
<b>TOTAL LIABILITY AND EQUITY</b>	<b>6,449,864</b>	<b>6,513,237</b>	<b>(63,373)</b>	<b>-1.0%</b>

- ▶ *Other financial liabilities* increased S/ 162.8 million in the short term and decreased in the long-term by S/ 171.4 million, mainly due to the change from non-current to current of liabilities according to their maturity schedule. During the period, payments were made for S/ 208.3 million, and new short-term debt was issued for S/ 200.0 million.
- ▶ Decrease in *Equity* by S/ 45.6 million; explained by dividends declared to shareholders of S/ 70.4 million, purchase of treasury shares for S/ 65.9 million, net of the results of the period by S/ 90.7 million.

#### ■ FINANCIAL PERFORMANCE

The main quarter over quarter changes in the separate income statement as of June 30, 2024, compared to June 30, 2023, are described below:

#### INCOME STATEMENT (In thousands of Soles)

	From January, 1st to June 30th, 2024	From January, 1st to June 30th, 2023	Variation	
			S/	%
Operating income	219,221	208,916	10,305	4.9%
Administrative expenses	(43,198)	(41,989)	(1,209)	2.9%
Other operating expenses, net	(4,707)	(770)	(3,937)	511.3%
<b>Operating income</b>	<b>171,316</b>	<b>166,157</b>	<b>5,159</b>	<b>3.1%</b>
Financial expenses, net	(50,771)	(22,112)	(28,659)	129.6%
Exchange difference	1,000	(2,177)	3,177	-145.9%
<b>Income before taxes</b>	<b>121,545</b>	<b>141,868</b>	<b>(20,323)</b>	<b>-14.3%</b>
Income tax expense	(30,830)	(9,364)	(21,466)	229.2%
<b>Net income</b>	<b>90,715</b>	<b>132,504</b>	<b>(41,789)</b>	<b>-31.5%</b>

- ▶ *Operating income* increased S/ 10.3 million due to the higher royalties and dividends received from the companies of the Group.

- ▶ Higher *Financial expenses, net* by S/ 28.7 million, mainly due to interest on tax obligations.
- ▶ Higher *Income tax expenses* by S/ 21.5 million due to income tax 2010 recognized in the period.

#### 4. MAIN BUSINESS UNITS' PERFORMANCE

##### PERU

- ▶ UNACEM Peru: Cement dispatches during the quarter reached 1,372 thousand tons (2.8% lower than 2Q23) with revenues of S/ 653.4 million (1.6% lower than 2Q23). Lower volume dispatched was partially offset by higher average prices. This resulted in an EBITDA of S/ 232.0 million (15.4% higher than 2Q23), reflecting operational fuel efficiencies.
- ▶ UNICON Peru: Volume of ready-mix dispatched reached 729 thousand m<sup>3</sup> (21.5% higher than 2Q23) with revenues of S/ 333.0 million (18.5% higher than 2Q23) and an EBITDA of S/ 25.4 million (47.7% higher than 2Q23). The solid performance of the quarter is explained by a pick-up in the most important infrastructure projects.
- ▶ Celepsa: Energy sold during 2Q24 reached 568 GWh (16.6% higher than 2Q23), totaling revenues of USD 30.0 million (5.5% lower than 2Q23) and an EBITDA of USD 12.9 million (43.5% higher than 2Q23), in the 2Q23 energy production was lower due to dry season conditions.
- ▶ Termochilca: Sales volume during 2Q24 reached 302 GWh, with revenues of USD 15.7 million and negative EBITDA of USD 0.9 million. It is worth noting that this operation was incorporated to the portfolio 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 12.0 million, 12.8% lower than 2Q23. with lower marginal energy costs in the market (USD 34.3 MWh versus USD 40.2 MWh in 2Q23).

##### ECUADOR

- ▶ UNACEM Ecuador: 2Q24 total revenues were USD 41.1 million including the ready-mix operation (0.8% lower than 2Q23). The cement business unit reached 295 thousand tons (2.6% lower than 2Q23). EBITDA for the period was USD 8.6 million (4.8% lower than 2Q23).

##### U.S.A.

- ▶ UNACEM North America (formerly Skanon) dispatched 324 thousand tons of cement in the quarter (96.4% higher than 2Q23) an important increase that is partially explained by the incorporation of Tehachapi since November 2023, which contributed with 159 thousand tons. Ready mix dispatches recorded 254 thousand m<sup>3</sup> (5.1% lower than

2Q23) and aggregates dispatches were 406 thousand tons (1.0% lower than 2Q23). The higher average prices supported revenues of USD 103.6 million (41.3% higher than 2Q23) and an EBITDA of USD 14.5 million in the quarter (66.9% higher than 2Q23).

## CHILE

- ▶ UNACEM Chile dispatched 113 thousand tons of cement in 2Q24 (11.7% lower than 2Q23). Revenues reached CLP 12,481 million (12.5% higher compared to 2Q23) and a negative EBITDA of CLP 611 million.
- ▶ UNICON Chile, in 2Q24, recorded dispatches for 170 thousand m<sup>3</sup> of ready-mix (0.6% higher than 2Q23). Ready mix revenues reached CLP 14,148 million (3.9% higher than 2Q23), with a negative EBITDA of CLP 635 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	
2024 - 04	1.65	1.52	1.65	1.35	1.50	
2024 - 05	1.57	1.61	1.64	1.55	1.58	
2024 - 06	1.60	1.62	1.63	1.59	1.61	

<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	
2024 - 02	1.80	1.50	1.80	1.50	1.74	
2024 - 03	1.57	1.56	1.62	1.55	1.57	
2024 - 04	1.54	1.55	1.65	1.54	1.60	
2024 - 05	1.55	1.58	1.68	1.55	1.61	
2024 - 06	1.58	1.61	1.62	1.53	1.58	

## **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>