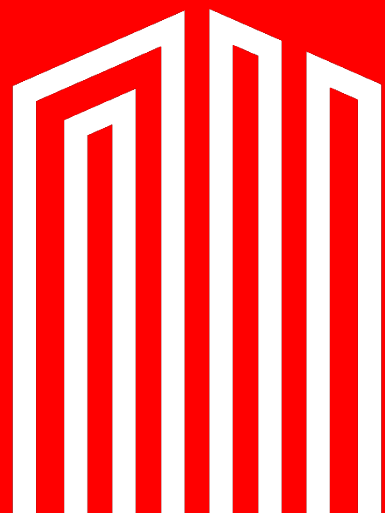




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# MANAGEMENT COMMENTS



## UNACEM Corp S.A.A.

### Management Comments

Fourth Quarter, as of December 31, 2024

#### 1. BACKGROUND

UNACEM Corp's main activity is the development of strategic guidelines for the portfolio of companies that are part of Grupo UNACEM, 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.

#### 2. RELEVANT EVENTS

##### ■ UNACEM Corp SHARE BUYBACK PROGRAM

By means of a Significant Event dated August 20, 2021, the Board of Directors approved the Share Buyback Program of 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 own shares (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 Buyback Program for an additional 50 million shares and for an additional amount of S/ 80 million.

Subsequently, on August 28, 2024, a new Share Buyback Program was approved for an amount of up to S/ 150 million, with a one-year term expiring in August 31, 2025.

The General Shareholder's Meeting held on October 10, 2024, approved the amortization of 132,000,000 treasury shares acquired through the aforementioned Buyback Programs, resulting in a reduction of the company's share capital from S/ 1,780,000,000 to S/ 1,648,000,000. The amount in excess paid over the nominal value of the shares was charged to the Retained Earnings account. This reduction was registered with the National Superintendency of Public Registries (SUNARP) on December 14, 2024.

## ■ INVESTMENTS

### **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 merger has no impact on the day-to-day operations, which continue seamlessly with a back office management that was simplified as a result of the merger.

### **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 then onwards, 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. This will strengthen the vertical integration of our operations and thus our competitive position in the Chilean market.

## ■ CREDIT RATING

The Company maintains local risk ratings in Category 1.pe with a “*Stable*” outlook for common shares (UNACEMC1), by Apoyo Asociados and Moody's Local, both updated in September and October 2024, respectively.

Likewise, for the international rating, in October 2024, S&P Global Ratings assigned UNACEM Corp S.A.A. and subsidiaries, a BB- rating, based on their expectations for the next 18 months.

## **3. FINANCIAL INFORMATION**

### ■ LIQUIDITY

As of December 31, 2024, the Company's ability to meet short-term obligations reaches 0.19 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 and Others: ARPL Tecnología 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), CALCEM S.A., all in Peru.

Gross financial debt as of December 31, 2024, amounted to S/ 1,057.9 million (S/ 1,042.8 million as of December 31, 2023) slightly higher than in the same period of 2023 (1.45%), 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), while short-term debt represents 65.8% (32.1% as of December 31, 2023). Finally, 66.9% of the debt structure corresponds to bank loans and 33.1% are promissory notes from banks (91.1% of the debt structure was bank loans and 8.9% were promissory notes as of December 31, 2023). The Company is in the process of medium-term refinancing of current short-term liabilities, which should be completed during 1Q25.

## ■ RELEVANT CHANGES IN THE FINANCIAL SITUATION

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

## STATEMENT OF FINANCIAL POSITION

(In thousands of Soles)

	As of 31.12.2024	As of 31.12.2023	Variation S/	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	3,906	3,044	862	28.3%
Trade Accounts Receivable and other accounts receivable	137,755	191,102	(53,347)	-27.9%
Other non financial assets	4,695	5,488	(793)	-14.4%
Income tax assets	4,931	10,782	(5,851)	-54.3%
<b>Total Current Assets</b>	<b>151,287</b>	<b>210,416</b>	<b>(59,129)</b>	<b>-28.1%</b>
INVESTMENTS IN SUBSIDIARIES AND OTHERS	6,219,673	6,194,628	25,045	0.4%
TRADE ACCOUNTS RECEIVABLES AND OTHER ACCOUNTS RECEIVABLES	52,239	67,844	(15,605)	-23.0%
INTANGIBLE ASSETS, NET	32,123	22,708	9,415	41.5%
PROPERTY, PLANT AND EQUIPMENT	168	143	25	17.5%
DEFERRED INCOME TAX	31,192	17,498	13,694	78.3%
<b>TOTAL ASSETS</b>	<b>6,486,682</b>	<b>6,513,237</b>	<b>(26,555)</b>	<b>-0.4%</b>

- ▶ Decrease in *Trade Accounts Receivable and other accounts receivable* by S/ 69.0 million, mainly due to the cancellation of CELEPSA loan and a provision for tax administration claims.
- ▶ *Investments in subsidiaries and others* increased in S/ 25.0 million, explained by capital contributions to subsidiaries: DIGICEM, PREANSA Chile, UBS and CALCEM.

	As of 31.12.2024	As of 31.12.2023	Variation S/	%
<b>LIABILITY AND EQUITY</b>				
<b>CURRENT LIABILITY</b>				
Other financial liabilities	696,181	334,827	361,354	107.9%
Trade Accounts Payable and other accounts payable	87,182	66,081	21,101	31.9%
Provisions	467	478.00	489	102.3%
<b>Total Current Liability</b>	<b>783,830</b>	<b>401,386</b>	<b>382,444</b>	<b>95.3%</b>
OTHER FINANCIAL LIABILITIES	361,752	707,933	(346,181)	-48.9%
TRADE ACCOUNTS PAYABLE AND OTHER ACCOUNTS PAYABLE	2,791	3,503	(712)	-20.3%
<b>TOTAL LIABILITY</b>	<b>1,148,373</b>	<b>1,112,822</b>	<b>35,551</b>	<b>3.2%</b>
<b>TOTAL EQUITY</b>	<b>5,338,309</b>	<b>5,400,415</b>	<b>(62,106)</b>	<b>-1.2%</b>
<b>TOTAL LIABILITY AND EQUITY</b>	<b>6,486,682</b>	<b>6,513,237</b>	<b>(26,555)</b>	<b>-0.4%</b>

- ▶ *Other financial liabilities* increased S/ 361.4 million in the short term and decreased in the long-term by S/ 346.2 million, mainly due to the debt's maturity schedule. During the period, new short-term debt was issued for S/ 420.0 million, and payments were made for S/ 408.6 million.

- ▶ Decrease in *Equity* by S/ 62.1 million; explained by the purchase of treasury shares for S/ 179.9 million and dividends declared to shareholders of S/ 137.7 million, compensated by the results of the period by S/ 255.4 million.

#### ■ FINANCIAL PERFORMANCE

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

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

	From January, 1st to December 31st, 2024	From January, 1st to December 31st, 2023	Variation S/	%
Operating income	507,142	515,191	(8,049)	-1.6%
Administrative expenses	(102,465)	(89,465)	(13,000)	14.5%
Other operating expenses, net	(29,818)	65	(29,883)	-45,973.8%
<b>Operating income</b>	<b>374,859</b>	<b>425,791</b>	<b>(50,932)</b>	<b>-12.0%</b>
Financial expenses, net	(89,126)	(53,178)	(35,948)	67.6%
Exchange difference	676	(1,379)	2,055	-149.0%
<b>Income before taxes</b>	<b>286,409</b>	<b>371,234</b>	<b>(84,825)</b>	<b>-22.8%</b>
Income tax expense	(30,970)	(11,677)	(19,293)	165.2%
<b>Net income</b>	<b>255,439</b>	<b>359,557</b>	<b>(104,118)</b>	<b>-29.0%</b>

- ▶ *Operating income* decreased 1.6%, S/ 8.0 million due to the lower dividends received from its subsidiaries.
- ▶ Higher *Administrative expenses* by S/ 13.0 million due to higher software licenses, and services contracted during the period.
- ▶ *Other operating expenses, net* increased S/ 29.9 million due to the impairment of investments and tax litigation expenses.
- ▶ Higher *Financial expenses, net* by S/ 35.9 million, mainly due to interest on tax processes.
- ▶ Higher *Income tax expenses* by S/ 19.3 million due to income tax 2010 recognized in the period for S/ 18.6 million.

## 4. MAIN BUSINESS UNITS' PERFORMANCE

### PERU

- ▶ UNACEM Peru: Cement dispatches during the quarter reached 1,446 thousand tons (0.7% lower than 4Q23). Clinker exports were 57.2% lower than 4Q23. Total revenues were S/ 687.7 million (3.0% lower than 4Q23). The decrease in revenues is explained by

lower volume of exports. EBITDA was S/ 223.5 million (0.7% higher than 4Q23), due to higher cement average prices and operating efficiencies.

- ▶ UNICON Peru: Volume of ready-mix dispatched reached 573 thousand m<sup>3</sup> (18.1% lower than 4Q23) with revenues of S/ 293.9 million (13.0% lower than 4Q23) and an EBITDA of S/ 21.9 million (54.0% lower than 4Q23). The performance of the quarter is explained by the lower volume served to the important infrastructure projects.
- ▶ Celepsa: Energy sold during 4Q24 reached 679 GWh (33.2% higher than 4Q23), due to the incorporation of new clients to the portfolio, with revenues of USD 35.1 million (34.2% higher than 4Q23). The EBITDA of USD 11.1 million (50.6% higher than 4Q23) due to better volume as result favorable hydrological conditions.
- ▶ Termochilca: Sales volume during 4Q24 reached 374 GWh (19.4% lower than 4Q23) due to lower dispatch in the spot market. Nevertheless, revenues reached USD 28.4 million, including non-recurrent income of USD 11 million. EBITDA was USD 10.2 million.

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 21.3 million (168.5% higher than 4Q23), with lower marginal energy costs in the market (USD 27.7 MWh versus USD 31.8 MWh in 4Q23) and a non-recurrent income in Termochilca.

## ECUADOR

- ▶ UNACEM Ecuador: 4Q24 total revenues were USD 45.0 million including the ready-mix operation (15.6% higher than 4Q23) with slightly higher average prices. The cement business unit reached 300 thousand tons (3.4% higher than 4Q23), which resulted in an EBITDA in 4Q24 of USD 11.2 million (76.9% higher than 4Q23).

## U.S.A.

- ▶ UNACEM North America (formerly Skanon) dispatched 304 thousand tons of cement in the quarter (29.1% higher than 4Q23), an important increase that is partially explained by the incorporation of Tehachapi, which contributed with 170 thousand tons (compared to 80 thousand tons of cement in 4Q23 due to its incorporation in November 2023). Ready mix dispatches recorded 204 thousand m<sup>3</sup> (9.4% lower than 4Q23) and aggregates dispatches were 349 thousand tons (24.8% lower than 4Q23). The higher cement dispatches and average prices supported revenues of USD 89.7 million (5.1% higher than 4Q23) and an EBITDA of USD 11.7 million in the quarter (70.9% higher than 4Q23).

## CHILE

- ▶ UNACEM Chile dispatched 154 thousand tons of cement in 4Q24 (11.7% higher than 4Q23). Revenues reached CLP 16,714 million (41.0% higher compared to 4Q23) and an EBITDA of CLP 146.8 million.

- ▶ UNICON Chile, in 4Q24, recorded dispatches for 224 thousand m<sup>3</sup> of ready-mix (17.1% higher than 4Q23). Ready mix revenues reached CLP 20,040 million (32.0% higher than 4Q23), with an EBITDA of CLP 1,332 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:



YEAR 2024					
COMMON SHARE					
Year - Month	Opening	Closure	Highest	Lowest	Average Price
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
2024 - 07	1.62	1.60	1.62	1.57	1.60
2024 - 08	1.59	1.45	1.59	1.41	1.48
2024 - 09	1.48	1.53	1.55	1.45	1.49
2024 - 10	1.53	1.59	1.61	1.50	1.56
2024 - 11	1.56	1.59	1.60	1.55	1.58
2024 - 12	1.60	1.55	1.60	1.53	1.57

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
2023 - 10	1.59	1.48	1.60	1.48	1.56
2023 - 11	1.48	1.47	1.48	1.42	1.46
2023 - 12	1.50	1.52	1.53	1.46	1.50

## 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>