



Pacasmayo



FOR MORE INFORMATION, PLEASE VISIT
www.cementospacasmayo.com/ or contact:

Claudia Bustamante, *Investor Relations Manager*
Tel: +(51) 958699760
E-mail: cbustamante@cpsaa.com.pe



CEMENTOS PACASMAYO S.A.A. ANNOUNCES CONSOLIDATED RESULTS FOR SECOND QUARTER 2022

Lima, Peru, July 22, 2022 - Cementos Pacasmayo S.A.A. and subsidiaries (NYSE: CPAC; BVL: CPACASC1) (“the Company” or “Pacasmayo”) a leading cement company serving the Peruvian construction industry, announced today its consolidated results for the second quarter (“2Q22”) and the six months (“6M22”) ended June 30, 2022. These results have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are stated in nominal Peruvian Soles (S/).

2Q22 FINANCIAL AND OPERATIONAL HIGHLIGHTS:

(All comparisons are to 2Q21, unless otherwise stated)

- **Revenues** increased 14.1%, mainly due to increase in average prices of bagged cement, as inflationary pressures have affected our costs of raw materials and energy.
- **Sales volume** of cement, concrete and precast decreased 1.9%, mainly due to a moderation in sales volume from the peak levels reached last year.
- **Consolidated EBITDA** of S/120.5 million, a 33.9% increase, mainly due to higher operating profit, since we were able to decrease costs by using less imported clinker.
- **Consolidated EBITDA margin** of 24.0%, a 3.6 percentage point increase
- **Net income** of S/ 48.0 million, a 73.3% increase mainly due to increased sales and operating profit as mentioned above.

6M22 FINANCIAL AND OPERATIONAL HIGHLIGHTS:

(All comparisons are to 6M21, unless otherwise stated)

- **Revenues** increased 13.5%, mainly due to increase in average prices of bagged cement, as inflationary pressures have affected our costs of raw materials and energy.
- **Sales volume** of cement, concrete and precast decreased 3.7%, mainly due to a moderation in sales volume of bagged cement for self-construction as well as decreased sales for reconstruction-related projects.
- **Consolidated EBITDA** of S/248 million, a 27.1% increase, mainly due to higher operating profit, since we were able to decrease costs by using less imported clinker.
- **Consolidated EBITDA margin** of 24.1%, a 2.6 percentage point increase
- **Net income** of S/ 93.7 million, a 57.5% increase mainly due to increased sales and operating profit as mentioned above.

**Financial and Operating Results**

	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Financial and Operating Results						
Cement, concrete and precast shipments (MT)	831.3	847.7	-1.9%	1,715.2	1,780.7	-3.7%
In millions of S/						
Sales of goods	502.9	440.9	14.1%	1,028.3	905.7	13.5%
Gross profit	158.1	116.4	35.8%	323.0	249.6	29.4%
Operating profit	85.9	56.1	53.1%	179.5	127.4	40.9%
Net income	48.0	27.7	73.3%	93.7	59.5	57.5%
Consolidated EBITDA	120.5	90.0	33.9%	248.0	195.1	27.1%
Gross Margin	31.4%	26.4%	5.0 pp.	31.4%	27.6%	3.8 pp.
Operating Margin	17.1%	12.7%	4.4 pp.	17.5%	14.1%	3.4 pp.
Net income Margin	9.5%	6.3%	3.2 pp.	9.1%	6.6%	2.5 pp.
Consolidated EBITDA Margin	24.0%	20.4%	3.6 pp.	24.1%	21.5%	2.6 pp.



MANAGEMENT COMMENTS

During this quarter, our financial performance remained very strong, achieving a substantial 33.9% increase in consolidated EBITDA when compared to the same period of last year, with a 24% margin. Although costs of raw materials such as coal continued increasing, we were able to mitigate those cost pressures with optimizations, allowing us to sustain profitability. We are confident that these measures will continue to help us navigate this difficult times successfully.

We are convinced that two of the most significant pillars for the success of our company today and in the future are sustainability and talent. In the sustainability front, we are very pleased to share that we have officially adhered to the UN Global Compact, one of the largest corporate sustainability initiatives in the world, made up of more than 16,000 companies. With this, Pacasmayo ratifies its commitment to doing business responsibly, aligning its strategies, policies and procedures with the UN Sustainable Development Goals. During this quarter, we also received the Distinction of Socially Responsible Company (DESR for its Spanish abbreviation) by Peru Sostenible, for the ninth consecutive year. This is an organization that evaluates environmental, social and governance (ESG) aspects in business through specific indicators aligned with international sustainability standards. It is especially relevant that this year, we obtained a distinction, awarded to only one Company per year, on the environmental category, for our initiatives aligned with our net zero goal by 2050. We are honored that our efforts are being recognized by third parties and we will continue to strive for improvement.

For more than 20 years we have been working on producing cement with a lower carbon footprint, mainly through decreased clinker factor. However, this quarter we decided to go one step further, and introduce a cement in a new and innovative packaging, called EcoSaco. As you already know, Peru is a market that still sells mostly bagged cement, making this a very powerful initiative. The EcoSaco is a new technology that allows the bag to disintegrate completely within the concrete mix, achieving zero waste. This product is aligned with our vision and our intentions as a company, as we are able to provide a lower impact on the environment, dispose of less waste and provide greater security to our customers in the areas where we operate.

In terms of talent, we are extremely proud of our results in MERCO talento, which were recently released. For the fourth consecutive year we are the top ranked cement company, and furthermore we have improved 29 positions in the overall ranking, reaching 22nd place (from 51st place last year). This demonstrates once again our commitment, as we are convinced that the ability to recruit the best talent will be the most important competitive advantage in the future.

To sum up, this quarter we have continued to demonstrate that sustainability is part of our DNA, it is in every business decision and we are constantly challenging ourselves to think outside the box and develop high-impact initiatives that have the client as our focus. Moreover, as we have mentioned many times before, we are absolute believers that people are the driving force behind our company. It is thanks to their talent, commitment and determination that we can continue building the future you dream of.



ECONOMIC OVERVIEW 2Q22:

As of June, the Peruvian Central Bank (BCRP for its Spanish abbreviation) projects GDP growth of 3.1% for 2022, higher than 2019, which was 2.3%, despite of the external shocks and the drop in public and private investment. Globally, inflation, has continued to increase, due to the rise in the prices of oil, gas, gasoline, and also of food, such as wheat, corn, oil and fertilizers used for the agricultural sector. Similarly, the slowdown in the Chinese economy due to confinement after the implementation of the "zero COVID" policy has had consequences at a global level, and in particular for Peru, since it is one of its main export markets. Nonetheless, even though there has been an overall downward revision to the GDP estimate for the year, the construction GDP continues to be expected to grow 0.5% this year, which is remarkable considering that 2021 was a record year.

During this quarter, the second withdrawal of pension funds was also approved. The effects of this withdrawal are mixed, as access to these funds generate a greater availability of money to be injected into the economy, but this withdrawal may be rather negative for capital markets, since in order to make the withdrawals effective, the private pension funds (AFPs) will have to sell local bonds and shares, affecting their prices, and in turn, deteriorating the value of the pensions funds in the future.

In the political aspect, the corruption allegations for those in the President's closest circle continued, even resulting in the loss of support for President Castillo by Peru Libre, the party that brought him to the presidency. It is important to note that the cost of corruption in Peru, according to a recent study by the General Comptroller of the Republic, was S/ 24 billion in 2021, the estimated equivalent of two central highways.



PERUVIAN CEMENT INDUSTRY OVERVIEW:

The demand for cement in Peru is covered mainly by Pacasmayo, UNACEM and Cementos Yura, and to a lesser extent by Caliza Inca, imports and other small producers. Pacasmayo mainly covers the demand in the northern region of the country, while UNACEM covers the central region and Cementos Yura the southern region.

The northern region of Peru, according to the Instituto Nacional de Estadística e Informática (INEI) and Apoyo Consultoría, represents approximately 32.5% of the country’s population and 16.0% of national Gross Domestic Product (“GDP”). Despite the country’s sustained growth over the last 10 years, Peru continues to have a significant housing deficit, estimated at 1.9 million households throughout the country as per the Ministry of Housing, Construction and Sanitation.

In Peru, the majority of cement is sold to a highly fragmented consumer base of individuals that tend to gradually buy bags of cement to build or to improve their homes, a segment the industry refers to as “self-construction”.

Northern Region (thousands of metric tons)						
Plant	2018	2019	2020	2021	Apr-22 LTM	% part
Pacasmayo Group	2,364	2,615	2,576	3,625	3,570	24.2%
Importaciones	32	13	38	62	64	0.4%
Total	2,396	2,628	2,614	3,688	3,634	24.6%
Central Region (thousands of metric tons)						
Plant	2018	2019	2020	2021	Apr-22 LTM	% part
UNACEM	5,058	5,316	4,172	5,838	6,061	41.0%
Caliza Inca	448	513	382	518	516	3.5%
Imports	885	663	493	630	602	4.1%
Total	6,391	6,492	5,047	6,985	7,179	48.6%
Southern Region (thousands of metric tons)						
Plant	2018	2019	2020	2021	Apr-22 LTM	% part
Grupo Yura	2,597	2,584	2,019	2,895	3,012	20.4%
Imports	65	98	189	181	114	0.9%
Total	2,662	2,682	2,208	3,076	3,126	21.3%
Others	895	769	732	877	840	5.5%
Total, All Regions	12,344	12,571	10,601	14,627	14,779	100.0%



*Import figures are sourced from Aduanet. They represent quantities of imported cement, not shipped cement.
Source: INEI, Aduanet

OPERATING RESULTS:

Production:

Cement Production Volume

(thousands of metric tons)

	Production					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Pacasmayo Plant	426.4	509.7	-16.3%	876.1	977.2	-10.3%
Rioja Plant	73.1	83.1	-12.0%	151.5	174.4	-13.1%
Piura plant	315.6	274.2	15.1%	669.0	637.7	4.9%
Total	815.1	867.0	-6.0%	1,696.6	1,789.3	-5.2%

Cement production volume at the Pacasmayo plant decreased 16.3% in 2Q22 compared to 2Q21 and 10.3% in 6M22 compared to 6M21, mainly due to decreased cement demand from reconstruction related projects and some decrease in self-construction, as well as a shift in production from Pacasmayo to Piura, since we were able to optimize capacity at the Piura plant.

Cement production volume at the Rioja Plant decreased 12.0% in 2Q22 and 13.1% in 6M22, compared to 2Q21 and 6M21 respectively, mainly due to the decreased demand mentioned above.

Cement production volume at the Piura Plant increased 15.1% in 2Q22 and 4.9% in 6M22 compared to 2Q21 and 6M21 respectively, mainly due to the shift in production mentioned above.

Total cement production volume decreased 6.0% in 2Q22 compared to 2Q21 and 5.2% in 6M22 compared to 6M21, in line with the decrease in cement sales volume, as well as some inventory consumption.

Clinker Production Volume

(thousands of metric tons)

	Production					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Pacasmayo Plant	238.6	160.8	48.4%	470.4	392.8	19.8%
Rioja Plant	61.5	66.2	-7.1%	122.6	133.0	-7.8%
Piura Plant	266.5	139.2	91.5%	541.5	372.6	45.3%
Total	566.6	366.2	54.7%	1,134.5	898.4	26.3%

Clinker production volume at the Pacasmayo plant increased 48.4%, mainly due to low production in 2Q21 because of maintenance of its main kiln during that period.

Clinker production volume at the Rioja plant decreased 7.1% in 2Q22 compared to 2Q21 and 7.8% in 6M22 compared to 6M21, in line with decreased cement demand.

Clinker production volume at the Piura plant increased 91.5% in 2Q22 compared to 2Q21 and 45.3% in 6M22 compared to 6M21, mainly due to increased productivity of our kiln, after undergoing optimization, as well as a low comparative basis because of maintenance of the kiln during 2Q21.

Total clinker production volumes increased 54.7% in 2Q22 and 26.3% in 6M22, compared to 2Q21 and 6M21 respectively, for the above mentioned reasons.



Quicklime Production Volume

(thousands of metric tons)

	Production					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Pacasmayo Plant	6.1	8.0	-23.8%	24.7	26.9	-8.2%

Quicklime production volume in 2Q22 decreases 23.8% when compared to 2Q21 and 8.2% in 6M22 compared to 6M21, mainly due to the shortage of bituminous coal which we need to produce quicklime. This shortage has been resolved so we should see production volumes starting to increase in the upcoming months.

Installed Capacity:

Installed Cement and Clinker Capacity

Full year installed cement capacity at the Pacasmayo, Piura and Rioja plants remained stable at 2.9 million MT, 1.6 million MT and 440,000 MT, respectively.

Full year installed clinker capacity at the Pacasmayo, Piura and Rioja plants remained stable at 1.5 million MT, 1.0 million MT and 280,000 MT, respectively.

Full year installed quicklime capacity at the Pacasmayo plant remained stable at 240,000 MT.

Utilization Rate¹:

Pacasmayo Plant Utilization Rate

	Utilization Rate					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Cement	58.8%	70.3%	-11.5 pp.	60.4%	67.4%	-7.0 pp.
Clinker	63.6%	42.9%	20.7 pp.	62.7%	52.4%	10.3 pp.
Quicklime	10.2%	13.3%	-3.1 pp.	20.6%	22.4%	-1.8 pp.

Cement production utilization rate at the Pacasmayo plant decreased 11.5 percentage points in 2Q22 and 7.0 percentage points when compared to 2Q21 and 6M21 respectively, mainly due to decreased cement demand, as well as the shift in production mentioned above.

Clinker production utilization rate in 2Q22 increased 20.7 percentage points compared to 2Q21 and 10.3 percentage points in 6M22 compared to 6M21, mainly due to low comparative basis in 2Q21 because of kiln maintenance during that period.

Quicklime production utilization rate in 2Q22 decreased 3.1 percentage points and 1.8 percentage points in 6M22 compared to 2Q21 and 6M21 respectively, mainly due to decreased production due to raw material shortages mentioned above.

¹ The utilization rates are calculated by dividing production in a given period over installed capacity. The utilization rate implies annualized production, which is calculated by multiplying real production for each quarter by four.

RIOJA PLANT UTILIZATION RATE

	Utilization Rate					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Cement	66.4%	75.4%	-9.0 pp.	68.9%	79.3%	-10.4 pp.
Clinker	87.9%	94.6%	-6.7 pp.	87.6%	94.9%	-7.3 pp.

The cement production utilization rate at the Rioja plant was 66.4% in 2Q22 and 68.9% in 6M22; 9 percentage points lower than 2Q21 and 10.4 percentage points lower than 6M21 respectively, in line with decreased cement demand.

The clinker production utilization rate at the Rioja plant was 87.9% in 2Q22 and 87.6% in 6M22; 6.7 and 7.3 percentage points lower than 2Q21 and 6M21 respectively.

PIURA PLANT UTILIZATION RATE

	Utilization Rate					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Cement	78.9%	68.6%	10.3 pp.	83.6%	79.7%	3.9 pp.
Clinker	100.0%	55.7%	44.3 pp.	100.0%	74.5%	25.5 pp.

The cement production utilization rate at the Piura plant was 78.9% in 2Q22 and 83.6% in 6M22, a 10.3 and 3.9 percentage point increase when compared to 2Q21 and 6M21 respectively, mainly due to the shift in production from Pacasmayo to Piura mentioned above.

The clinker production utilization rate at the Piura plant was over 100% in 2Q22 and 6M22, as we continue to require our full capacity to satisfy the demand for clinker, and we were able to optimize our current capacity, reaching higher production levels.

CONSOLIDATED UTILIZATION RATE

	Utilization Rate					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Cement	66.0%	70.2%	-4.2 pp.	68.7%	72.4%	-3.7 pp.
Clinker	81.5%	52.7%	28.8 pp.	81.6%	64.6%	17.0 pp.

The consolidated cement production utilization rate was 66.0% in 2Q22 and 68.7% in 6M22, 4.2 and 3.7 percentage points lower than 2Q21 and 6M21 respectively, in line with decreased cement demand, after record levels in the post lockdown months, as well as inventory consumption.

The consolidated clinker production utilization rate was 81.5% in 2Q22 and 81.6% in 6M22, 28.8 and 17.0 percentage points higher than in 2Q21 and 6M21 respectively, mainly due to the optimization of our Piura plant, as well as a low comparative basis from maintenance in both the Pacasmayo and Piura plants during 2Q21.

FINANCIAL RESULTS:

Income Statement:

The following table shows a summary of the Consolidated Financial Results:

Consolidated Financial Results (in millions of Soles S/)

	Income Statement					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Sales of goods	502.9	440.9	14.1%	1,028.3	905.7	13.5%
Gross Profit	158.1	116.4	35.8%	323.0	249.6	29.4%
Total operating expenses, net	-72.2	-60.3	19.7%	-143.6	-122.2	17.5%
Operating Profit	85.9	56.1	53.1%	179.4	127.4	40.8%
Total other expenses, net	-15.9	-16.7	-4.8%	-44.7	-41.7	7.2%
Profit before income tax	70.0	39.4	77.7%	134.7	85.7	57.2%
Income tax expense	-22.0	-11.7	88.0%	-41.0	-26.2	56.5%
Profit for the period	48.0	27.7	73.3%	93.7	59.5	57.5%

During 2Q22, revenues increased 14.1% and 13.5% in 6M22, compared to 2Q21 and 6M21 respectively, mainly due to increased average sales prices of bagged cement and concrete. Gross profit increased 35.8% in 2Q22 and 29.4% in 6M22, compared to 2Q21 and 6M21 respectively, mainly due to costs optimization, as we were able to optimize our own clinker production, and also decrease the amount of imported clinker used because of lower cement sales volume, as well as the above-mentioned increase in prices. Profit for the period increased 73.9% in 2Q22 and 57.5% in 6M22 when compared to 2Q21 and 6M21 respectively, primarily due to increased revenues, as well as higher operating profit and a favorable exchange rate difference.

SALES OF GOODS

The following table shows the Sales of Goods and their respective margins by business segment:

Sales: cement, concrete and precast (in millions of Soles S/)

	Cement, concrete and precasts					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Sales of goods	469.4	407.1	15.3%	947.0	839.1	12.9%
Cost of Sales	-309.6	-292.4	5.9%	-625.6	-593.0	5.5%
Gross Profit	159.8	114.7	39.3%	321.5	246.1	30.6%
Gross Margin	34.0%	28.2%	5.8 pp.	33.9%	29.3%	4.6 pp.

Sales of cement, concrete and precast increased 15.3% in 2Q22 and 12.9% in 6M22, when compared to 2Q21 and 6M21 respectively, mainly due to increased prices of cement and concrete. Gross margin increased 5.8 percentage points during 2Q22 and 4.6 percentage points during 6M22, when compared to 2Q21 and 6M21 respectively, mainly due to the decreased use of imported clinker because of lower volumes as well as optimization of our current capacity to achieve higher production levels.



Sales: cement

(in millions of Soles S/)

Sales of cement represented 88.2% of cement, concrete and precast sales during 2Q22

	Cement					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Sales of goods	414.1	350.5	18.1%	837.8	722.3	16.0%
Cost of Sales	-258.9	-238.5	8.6%	-523.1	-484.2	8.0%
Gross Profit	155.2	112.0	38.5%	314.7	238.1	32.2%
Gross Margin	37.5%	32.0%	5.5 pp.	37.6%	33.0%	4.6 pp.

Sales of cement increased 18.1% in 2Q22 compared to 2Q21 and 16% in 6M22 compared to 6M21 and gross margin increased 5.5 percentage points, mainly due to increased prices, and decreased costs because of lower use of imported clinker.

Sales: concrete, pavement and mortar

(in millions of Soles S/)

Sales of concrete, pavement and mortar represented 10.0% of cement, concrete and precast sales during 2Q22.

	Concrete, pavement and mortar					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Sales of goods	47.1	48.0	-1.9%	94.3	101.8	-7.4%
Cost of Sales	-41.9	-46.3	-9.5%	-84.9	-95.9	-11.5%
Gross Profit	5.2	1.7	N/R	9.4	5.9	59.3%
Gross Margin	11.0%	3.5%	7.5 pp.	10.0%	5.8%	4.2 pp.

Sales of concrete, pavement and mortar decreased 1.9% during 2Q22 and 7.4% in 6M22 compared to 2Q21 and 6M21 respectively, mainly due to decreased public and private investment, as well as a high comparative basis in 1Q21, as we were serving the Salaverry port construction. However, gross margin increased 7.5 percentage points in 2Q22 compared to 2Q21 and 4.2 percentage points in 6M22 compared to 6M21, mainly due to our decision to focus on higher margin products.

Sales: precast

(in millions of Soles S/)

Sales of precast represented 1.7% of cement, concrete and precast sales during 2Q22.

	Precast					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Sales of goods	8.2	8.6	-4.7%	14.9	15.0	-0.7%
Cost of Sales	-8.8	-7.6	15.8%	-17.6	-12.9	36.4%
Gross Profit	-0.6	1.0	N/R	-2.7	2.1	N/R
Gross Margin	-7.3%	11.6%	-18.9 pp.	-18.1%	14.0%	-32.1 pp.

During 2Q22, precast sales decreased 4.7% compared to 2Q21 and 0.7% in 6M22 compared to 6M21, mainly due to a slight decrease in sale volume for the public sector. Gross margin was negative, mainly due to the write off of past inventory during this quarter, which generated a cost increase, as well as higher prices of raw materials.



Sales: Quicklime

(in millions of Soles S/)

	Quicklime					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Sales of goods	7.4	7.6	-2.6%	21.8	16.1	35.4%
Cost of Sales	-9.0	-7.1	26.8%	-22.3	-14.5	53.8%
Gross Profit	-1.6	0.5	N/R	-0.5	1.6	N/R
Gross Margin	-21.6%	6.6%	-28.2 pp.	-2.3%	9.9%	-12.2 pp.

During 2Q22, quicklime sales decreased slightly, only 2.6%, when compared to 2Q21. During 6M22, revenues increased 35.4% when compared to the same period of the previous year, mainly due to increased prices in line with inflation and higher costs. However, gross margin was negative, both in 2Q22 and 6M22, due to the shortage in coal during this quarter. However, this issue has now been resolved and we expect margins to begin recovering in the upcoming months.

Sales: Construction Supplies²

(in millions of Soles S/)

	Construction Supplies					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Sales of goods	26.0	26.2	-0.8%	59.4	50.3	18.1%
Cost of Sales	-25.9	-25.1	3.2%	-57.0	-48.4	17.8%
Gross Profit	0.1	1.1	-90.9%	2.4	1.9	26.3%
Gross Margin	0.4%	4.2%	-3.8 pp.	4.0%	3.8%	0.2 pp.

During 2Q22, construction supply sales remained in line with 2Q21, and gross margin decreased 3.8 percentage points, mainly due to increased costs. In 6M22, construction supply sales increased 18.1% compared to 6M21, mainly due to higher volume and prices during 1Q22 and margin remained in line.

² Construction supplies include the following products: steel rebar, wires, nails, corrugated iron, electric conductors, plastic tubes and accessories, among others.

OPERATING EXPENSES:

Administrative Expenses

(in millions of Soles S/)

	Administrative expenses					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Personnel expenses	28.8	22.7	26.9%	55.6	46.8	18.8%
Third-party services	16.2	14.0	15.9%	33.0	26.6	24.1%
Board of directors	1.6	1.6	-	3.1	3.1	-
Depreciation and amortization	4.1	4.1	-	7.9	8.2	-3.7%
Other	4.2	4.8	-12.5%	8.7	9.6	-9.4%
Total	54.9	47.2	16.3%	108.3	94.3	14.8%

Administrative expenses increased 16.3% in 2Q22 compared to 2Q21 and 14.8% in 6M22 compared to 6M21, mainly due to increase in salaries, in line with increased inflation, an increase in personnel expenses due to the union's bonus that is negotiated every three years and has a larger impact during the first year, as well as higher expenses in software licenses and occupational health.

Selling Expenses

(in millions of Soles S/)

	Selling and distribution expenses					
	2Q22	2Q21	% Var.	6M22	6M21	% Var.
Personnel expenses	10.9	8.2	32.9%	21.3	16.4	29.9%
Advertising and promotion	2.2	2.6	-15.4%	4.2	5.2	-19.2%
Third party services	1.9	1.8	5.6%	3.6	3.4	5.9%
Other	2.0	1.6	25.0%	4.9	3.4	44.1%
Total	17.0	14.2	19.7%	34.0	28.4	19.7%

Selling expenses increased 19.7% both in 2Q22 and 6M22, compared to 2Q21 and 6M21 respectively, mainly due to increased personnel expenses derived from larger salesforce, the union's bonus mentioned above, and higher salaries and increased provision for doubtful payment.

EBITDA RECONCILIATION:

Consolidated EBITDA

(in millions of Soles S/)

	Consolidated EBITDA					
	2Q22	2Q21	Var %.	6M22	6M21	Var %.
Net Income	48.0	27.7	73.3%	93.7	59.5	57.5%
+ Income tax expense	22.0	11.7	88.0%	41.0	26.2	56.5%
- Finance income	-1.0	-0.3	N/R	-1.6	-0.8	100.0%
+ Finance costs	23.8	21.1	12.8%	46.6	41.9	11.2%
+/- Net loss on the valuation of trading derivative financial instruments	-	-	-	0.1	1.1	N/R
+/- Net loss from exchange rate	-6.9	-4.0	72.5%	-0.4	-0.4	-
+ Depreciation and amortization	34.6	33.8	2.4%	68.6	67.6	1.5%
Consolidated EBITDA	120.5	90.0	33.9%	248.0	195.1	27.1%

Consolidated EBITDA increased 33.9% in 2Q22 and 27.1% in 6M22 compared to 2Q21 and 6M21 respectively, mainly due lower costs because of decreased use of imported clinker, as we managed to optimize our clinker capacity at our Piura plant during 1Q22, as well as to increased revenues.

Cash and Debt Position:

Consolidated Cash (in millions of Soles S/)

As of June 30, 2022, the Company's cash position was S/ 278.0 million (US\$ 72.8 million). This balance includes certificates of deposit in the amount of S/ 46.0 million (US\$ 12.0 million), distributed as follows:

Certificates of deposits in Soles

Bank	Amount (S/)	Interest Rate	Initial Date	Maturity Date
Banco de Crédito del Perú	S/ 10.0	5.43%	June 30, 2022	July 1, 2022
Banco de Crédito del Perú	S/ 13.0	5.45%	June 30, 2022	July 4, 2022
Banco de Crédito del Perú	S/ 10.0	5.45%	June 30, 2022	July 7, 2022
Banco de Crédito del Perú	S/ 10.0	5.20%	June 24, 2022	July 5, 2022
BBVA Continental	S/ 3.0	5.70%	June 30, 2022	July 4, 2022
S/ 46.0				

The remaining balance of S/ 232.0 million (US\$ 60.8 million) is held mainly in the Company's bank accounts, of which US\$ 51.8 million are denominated in US dollars and the balance in Soles.

DEBT POSITION:

Consolidated Debt

(in millions of Soles S/)

Below are the contractual obligations with payment deadlines related to the Company's debt, including interest.

	Payments due by period				Total
	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years	
Indebtedness	703.2	57.8	57.8	613.4	1,432.2
Future interest payments	72.1	92.7	86.0	137.7	388.5
Total	775.3	150.5	143.8	751.1	1,820.7

As of June 30, 2022, the Company's total outstanding debt, as shown in the financial statements, reached S/ 1,519.4 million (US\$ 396.7 million). This debt is primarily composed by the outstanding part of the international bond issued in February 2013, the two issuance of the local bond issued in January, 2019 and part of the club deal obtained last year.

As of June 30, 2022, the Company maintains cross currency swap hedging agreements for US\$ 132 million in order to mitigate foreign exchange risks related to US dollar-denominated debt. The adjusted debt in soles considering the exchange rate of the cross currency swap hedging agreements amounts to S/1,432.2 (US\$ 373.9 million)

As of June 30, 2022, Net Adjusted Debt/EBITDA ratio was 2.3 times.

Capex

(in millions of Soles S/)

As of June 30, 2022, the Company invested S/ 42.8 million (US\$ 11.2 million), allocated to the following projects:

Projects	6M22
Pacasmayo Plant Projects	29.4
Concrete and aggregates equipment	7.3
Rioja Plant Projects	1.5
Piura Plant Projects	4.6
Total	42.8



ABOUT CEMENTOS PACASMAYO S.A.A.

Cementos Pacasmayo S.A.A. is a cement company, located in the Northern region of Peru. In February 2012, the Company's shares were listed on The New York Stock Exchange - Euronext under the ticker symbol "CPAC". With more than 65 years of operating history, the Company produces, distributes and sells cement and cement-related materials, such ready-mix concrete and precast materials. Pacasmayo's products are primarily used in construction, which has been one of the fastest-growing segments of the Peruvian economy in recent years. The Company also produces and sells quicklime for use in mining operations.

For more information, please visit: <http://www.cementospacasmayo.com.pe/>

Note: The Company presented some figures converted from Soles to U.S. Dollars for comparison purposes. The exchange rate used to convert Soles to U.S. dollars was S/ 3.830 per US\$ 1.00, which was the average exchange rate, reported as of June 30, 2022 by the Superintendencia de Banca, Seguros y AFP's (SBS). The information presented in U.S. dollars is for the convenience of the reader only. Certain figures included in this report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregations of the figures presented in previous quarters.

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, Company performance and financial results. Also, certain reclassifications have been made to make figures comparable for the periods. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2022 (unaudited) and December 31, 2021 audited

Assets	As of jun-22	As of Dec-21
	S/ (000)	S/ (000)
Current Assets		
Cash and cash equivalents	277,990	273,402
Derivative financial instruments	84,900	-
Trade and other receivables	91,756	102,718
Income tax prepayments	3,494	9,288
Inventories	720,603	605,182
Prepayments	32,173	18,800
Total current assets	1,210,916	1,009,390
Non-current assets		
Trade and other receivables	41,824	41,206
Financial instruments designated at fair value through other comprehensive income	476	476
Derivative financial instruments	-	106,601
Property, plant and equipment	1,947,571	1,974,931
Intangible assets	51,716	50,494
Goodwill	4,459	4,459
Deferred income tax assets	10,164	9,446
Right of use assets	4,164	4,668
Other assets	94	101
Total non-current assets	2,060,468	2,192,382
Total assets	3,271,384	3,201,772
Liability and equity		
Current liabilities		
Trade and other payables	249,286	227,554
Financial obligations	792,602	450,964
Lease liabilities	1,860	1,856
Income tax payable	5,971	17,517
Provisions	15,322	24,269
Total current liabilities	1,065,041	722,160
Non-current liabilities		
Financial obligations	726,754	1,094,391
Lease liabilities	3,118	3,973
Non-current provisions	40,620	36,639
Deferred income tax liabilities	146,067	148,804
Total non-current liabilities	916,559	1,283,807
Total liabilities	1,981,600	2,005,967
Equity		
Capital stock	423,868	423,868
Investment shares	40,279	40,279
Investment shares held in treasury	-121,258	-121,258
Additional paid-in capital	432,779	432,779
Legal reserve	168,636	168,636
Other accumulated comprehensive results	-19,819	-20,094
Retained earnings	365,299	271,595
Total Equity	1,289,784	1,195,805
Total liability and equity	3,271,384	3,201,772



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the three-month and six months periods ended June 30, 2022 and 2021 (both unaudited)

	2Q22 S/ (000)	2Q21 S/ (000)	6M22 S/ (000)	6M21 S/ (000)
Sales of goods	502,886	440,923	1,028,295	905,728
Cost of sales	-344,804	-324,522	-705,248	-656,101
Gross profit	158,082	116,401	323,047	249,627
Operating income (expenses)				
Administrative expenses	-54,861	-47,213	-108,250	-94,302
Selling and distribution expenses	-17,025	-14,172	-33,995	-28,355
Other operating income (expenses), net	-311	1,107	-1,335	429
Total operating expenses, net	-72,197	-60,278	-143,580	-122,228
Operating profit	85,885	56,123	179,467	127,399
Other income (expenses)				
Finance income	1,012	279	1,570	780
Financial costs	-23,813	-21,054	-46,608	-41,890
Cumulative net loss due on settlement of derivative financial instruments	-	-	-	-1,569
Net profit for valuation of trading derivative financial instruments	45	45	-64	500
Gain (loss) from exchange difference, net	6,865	3,967	351	417
Total other expenses, net	-15,891	-16,763	-44,751	-41,762
Profit before income tax	69,994	39,360	134,716	85,637
Income tax expense	-22,015	-11,696	-41,012	-26,172
Profit for the period	47,979	27,664	93,704	59,465
Earnings per share				
Basic profit for period attributable to equity holders of common shares and investment shares of the parent (S/ per share)	0.11	0.06	0.22	0.14



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

	Attributable to equity holders of the parent								
	Capital stock S/ (000)	Investment shares S/ (000)	Treasury shares S/ (000)	Additional paid- in capital S/ (000)	Legal reserve S/ (000)	Unrealized gain (loss) on financial instruments designated at fair value S/ (000)	Unrealized gain (loss) on cash flow hedge S/(000)	Retained earnings S/ (000)	Total S/ (000)
Balance of January 1, 2021	423,868	40,279	-121,258	432,779	168,636	-14,463	-18,915	456,629	1,367,555
Profit for the period	-	-	-	-	-	-	-	59,465	59,465
Other comprehensive income	-	-	-	-	-	-	4,535	-	4,535
Total comprehensive income	-	-	-	-	-	-	4,535	59,465	64,000
Dividends	-	-	-	-	-	-	-	-338,204	-338,204
Balance as of June 30, 2021	423,868	40,279	-121,258	432,779	168,636	-14,463	-14,380	177,890	1,093,351
Balance as of January 1, 2022	423,868	40,279	-121,258	432,779	168,636	-15,869	-4,225	271,595	1,195,805
Profit for the period	-	-	-	-	-	-	-	93,704	93,704
Other comprehensive income	-	-	-	-	-	-	275	-	275
Total comprehensive income	-	-	-	-	-	-	275	93,704	93,704
Balance as of June 30, 2022	423,868	40,279	-121,258	432,779	168,636	-15,869	-3,950	365,299	1,289,784