

01

ACEROS AREQUIPA: FORGING A FUTURE AS STRONG AS STEEL



1.1. Get to know us

WHO ARE WE? (GRI 2-1, 2-23, 2-24)

We are Corporación Aceros Arequipa S.A. (CAASA), a leading Peruvian-owned steel company in Peru, engaged in the manufacture, processing, marketing, distribution and sale of iron, steel and other GOALLs and their derivatives. For the last 59 years we have maintained a strong relationship and close communications with our customers, positioning ourselves as the leading company in the Peruvian market.

Our company is distinguished by a clear business vision, rigorous corporate governance, the continual development of our human resources and a constant search for technological innovation through an integral approach that prioritizes total quality, respect for the en-

vironment and contribution to the community. These principles are fundamental for meeting the demands of the domestic and international markets, offering a broad portfolio of products and services for the construction, automotive, industrial and mining sectors.

At CAASA, we generate long-term value for our shareholders and stakeholders. To this end we work upon a solid foundation of good corporate governance, ensuring integrity, competitiveness, profitability and transparency at all levels of our organization. Our corporate mission and vision are aligned with the context of our organization and the constant growth of our operations, guided by responsible resource management and positive contributions to society.



OUR IDENTITY:

Responsibility and commitment



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02 BUILDING SOLID FOUNDATIONS FOR TOMORROW

03 GENERATING SHARED VALUE

04 FORWARD-LOOKING GOVERNANCE

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Get to know us | Sustainable as steel | International presence | Leaders in steel production and integrated solutions | Financial results

MISSION

To offer steel solutions to our customers through sustainability, innovation, continual improvement and human development, contributing to the growth of the countries in which we operate and increasing value for our shareholders and stakeholders.

VISION

To be the leaders in the Peruvian steel market, among the most profitable in the region and with an active presence in the international market.

VALUES

Our corporate values allow us to operate in a responsible manner, achieving our business objectives and having a positive relationship with our employees, customers, shareholders, suppliers and other stakeholders, adopting an ethical and transparent approach in each of our operations.



PASSION FOR WORK
We contribute with passion to the development of the company and society.



FOCUS ON WHAT IS
We drive the business, prioritizing activities that add value.



WE WORK AS A TEAM
We work in a safe and integral manner towards a common goal.

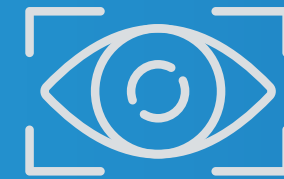


STRATEGIC PRIORITIES



PEOPLE

The lives and safety of our employees are our top priority. We rely on them and take part in their development to meet increasingly demanding challenges.



MARKET

We seek to lead all the markets in which we participate, and to be the best solution for our customers.



INTERNATIONAL GROWTH

We identify and take advantage of profitable opportunities for business growth and sourcing.



EXCELLENCE

We achieve high process efficiency and productivity through simplification, automation and cost optimization.



SUSTAINABILITY

We promote sustainable growth through the creation of shared value by adopting good environmental, social and governance practices.

1.2. Sustainable as steel

SUSTAINABILITY STRATEGY TO 2030 (GRI 2-14, 2-22)

In order to place ourselves at the forefront of international best practice and the current needs of society, the planet and the organization, we established and formalized our Sustainability Strategy in 2021.

Sustainable steel as the foundation for a better future



SUSTAINABLE DEVELOPMENT GOALS

SUSTAINABILITY STRATEGY TO 2030

Our sustainability strategy is based on the integration of aspects that are critical for the company and our stakeholders, addressing material issues, global industry trends and, in addition, our contribution to the Sustainable Development Goals. Through proactive risk management, we seek to prevent potential negative impacts and enhance positive impacts based on ESG (environmental, social and governance) guidelines.

The strategy is built around three pillars: solid business, environmental commitment and shared value. These, in turn, incorporate key issues, long-term objectives, targets and indicators.



- The circular economy
- Climate change
- Eco-efficiency

GMA
Gestión Medioambiental



- Ethics and integrity
- Corporate Governance
- Risk management
- Innovation and competitiveness

GE Gestión Ética
GR Gestión de Riesgos
GE Gestión Estratégica
GC Gestión de Calidad



- Extraordinary talent
- Health and safety
- Community development
- Responsible supply chain
- Human rights

GS Gestión Sostenible
GD Gestión de Desempeño
GSSO Gestión de Seguridad y Salud Ocupacional

OUR PILLARS

Each ESG pillar of our strategy reflects our working methodology for achieving the established objectives. Our goal is to generate sustainable profitability for shareholders, promote employee development, contribute to the growth of the community and safeguard the environment. By doing so we seek not only to comply with standards and regulations, but also to exceed expectations and actively contribute to sustainable development in all our operations. Each of the pillars of our strategy is described in detail below:

SOLID BUSINESS

We work ethically and transparently, guided always by our corporate values. We offer the best quality to our customers, using technological innovation that puts us in the lead.

ENVIRONMENTAL COMMITMENT

We promote a circular economy and innovation, which allow us to make more efficient use of resources, generate less waste and help to take care of our environment.

SHARED VALUE

We help to improve the quality of life of the different groups with which we interact.

MAIN SUSTAINABILITY POLICIES (GRI 2-23)

Using our management tools to implement our sustainability strategy, our processes are guided by the following policies:

Name of document	
Code of Ethics	
Code of Ethics for Suppliers and Contractors	
Code for the Prevention of Fraud and Corruption	
Corporate Social Responsibility Policy	
Corporate Human Resources Policy	
Corporate Occupational Health and Safety Policy	
Environmental Policy	
Corporate Human Rights and Diversity Policy	

SUSTAINABILITY COMMITTEE

Our Sustainability Committee celebrated its third year of operation in 2023; it plays a fundamental role in integrating the 2030 sustainability strategy into the management of the corporation's different departments.

During this period, the Committee held two meetings, in which critical aspects of sustainability in the company were addressed and spaces for dialogue were promoted to review, update and consolidate our sustainable goals and initiatives. Due to the Committee's

good performance during the year, CAASA has been recognized for our sustainable management in different indexes and rankings at national and international level.

The significant achievements made by CAASA include our entry, for the fourth consecutive year, to the Dow Jones Sustainability Index Sustainability MILA Pacific Alliance and the Sustainability Yearbook 2024, thus placing us among the most sustainable companies in the steel industry worldwide.

Among the Committee's main achievements are:

- Support for updating the double materiality process and stakeholder interviews 2023
- Closing gaps in our sustainability management in 2023
- Strengthening the company's culture of sustainability

Members of the Sustainability Committee



Ricardo Cillóniz Rey
Projects, Mining,
Corporate Social
Responsibility and
innovation manager^(*)



Tulio Silgado Consiglieri
CEO



Augusto Cornejo Cañedo
Chief Production
Officer



Mariana Talavera Rubina
Supply Chain Manager



Fernando Bustamante Cillóniz
Strategic Control
Manager



Ricardo Guzmán Valenzuela
CFO



Juan Manuel Otoya Wherrens
Human Resources
Manager

^(*)Chairman of the Committee

DOUBLE MATERIALITY (GRI 3-2)

During 2023, we undertook a double materiality review, a crucial initiative that examines the impact of our operations externally and internally, as reflected in our own performance. This process involves the identification and prioritization of environmental, social and governance issues, considered from the perspective of impact on stakeholders (impact materiality) and from a business point of view (financial materiality).

This exhaustive analysis included a review of the main sustainability standards and global commitments, an evaluation of the organizational context, collection of information on the industry's impacts (potential or real), and the expectations and interests of our employees, customers, suppliers, the communities with which we interact and the State.

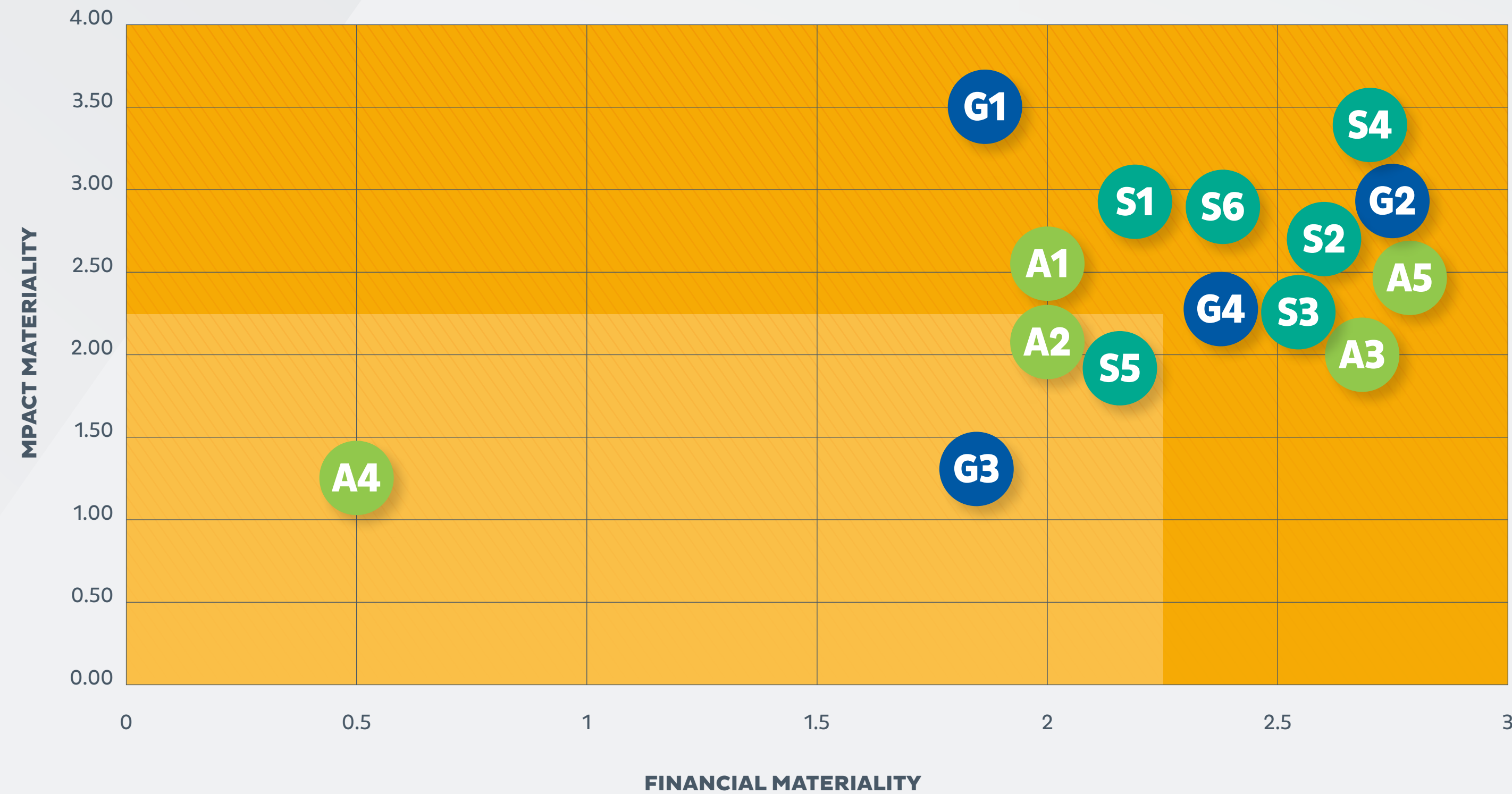
The priority issues identified during 2023 are actively managed, integrating them into our sustainability strategy and reporting mechanisms. This practice not only allows us to perform effective internal monitoring, but also provides us with the opportunity to report progress and challenges to our stakeholders in a transparent manner. The commitment to double materiality reflects our proactive approach to addressing critical concerns, ensuring that our actions and decisions are aligned with both community expectations and the organization's financial objectives. For additional details on the materiality process, please see the "List of material issues 2023" annex.

DOUBLE MATERIALITY PROCESS (GRI 3-1)

Context analysis		Impact assessment		Impact validation and reporting	
Analysis of the macro and micro environment	<p>Macroenvironment:</p> <ul style="list-style-type: none"> Analysis of issues of importance to the industry both locally and globally in terms of sustainability Analysis of industry ESG policies and regulations <p>Microenvironment:</p> <ul style="list-style-type: none"> Review of internal documentation and the organization's direct environment. 	External relevance	<ul style="list-style-type: none"> Analysis of the priority issues of the main sustainability standards: Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), Dow Jones Sustainability Indexes (DJSI), the Sustainable Development Goals (SDGs), sector indicators for Socially Responsible Companies (SRC) and the principles of the Global Compact. Collecting stakeholder perceptions: 2022 stakeholder mapping and 11 stakeholder surveys that included members of adjacent communities, suppliers, customers, civil society and the government. 	Validation of prioritized material issues	<p>Impacts were grouped into environmental, social and governance issues, resulting in two prioritized lists: based on their positive and negative impacts.</p> <ul style="list-style-type: none"> Both lists were weighted. A final list of 10 topics was obtained.
Pre-selection of material topics	A preliminary list of ESG issues was generated from the analysis, in which positive and negative impacts were identified.	Internal Relevance	<ul style="list-style-type: none"> Employee survey, using a sample of 123 people. Interview with the CEO Leaders panel Workshop with managers 		

During the process 15 ESG issues were identified, of which eleven (11) were determined to be material issues and the following four (4) priority issues.

Double materiality matrix



ENVIRONMENTAL

- A1 Climate change response and energy management
- A2 Air quality management
- A3 Adoption of circular economy, waste management and product life cycle
- A4 Protection of biodiversity
- A5 Water management

SOCIAL

- S1 Strengthening occupational health and safety
- S2 Relationships with clients
- S3 Talent management
- S4 Protection of human rights
- S5 Managing relations with the surrounding population
- S6 Promoting diversity and equal opportunity

ECONOMIC AND GOVERNANCE

- G1 Research, development and innovation
- G2 Corporate governance and risk management
- G3 Creation of shareholder value
- G4 ESG supply chain management

LIST OF MATERIAL ISSUES 2023 (GRI 3-2)

Prioritization of ESG issues		
1	S4	Protection of human rights
2	G2	Corporate governance and risk management
3	A5	Water management
4	S2	Relationships with clients
5	S6	Promoting diversity and equal opportunity
6	S3	Talent management
7	G4	ESG supply chain management
8	A3	Adoption of circular economy, waste management and product life cycle
9	S1	Strengthening of occupational health and safety
10	A1	Climate change response and energy management
11	G1	Research, development and innovation



Sustainability milestones of the year

2023 was a period of significant achievements and progress for Corporación Aceros Arequipa S.A. (CAASA), we consolidated our position as a leader in the steel industry and reaffirmed our commitment to sustainability and innovation. The following are the most important milestones within the framework of our sustainability strategy:



ENVIRONMENTAL MANAGEMENT

- **Air:** we achieved an average reduction of 25.78% in scope 1, 2 and 3 greenhouse gas emissions compared with 2022.
- **Water:** we introduced the innovative practice of injecting water into the aquifer, contributing to responsible water resources management. We also implemented the first water footprint calculation, which allows us to analyze a product's life cycle.
- **Energy:** renewal of our energy contract to ensure 100% renewable energy until 2031.
- **Waste:** production in 2023 was remarkable for using 99% recycled material, mainly scrap, consolidating CAASA as a benchmark for sustainable waste management.

INNOVATIONS IN SUSTAINABILITY

- **Integral water footprint calculation:** The water footprint calculation was carried out both at the organizational level for the Steel Complex and at product level for our half-inch rebar. These analyzes provide us with a comprehensive view of our water impact, allowing us not only to understand the current situation, but also to establish a reliable baseline for future measurements. We will continue to expand this approach to include new

products, setting medium- and long-term goals.

- **Automation of the GHG inventory (Scope 1):** together with the Information Technology (IT) team, we have developed a bot that automates the monthly scope 1 calculation for the carbon footprint of the Steel Complex. This tool enables us to track our goals more frequently and implement timely corrective action to continuously improve our environmental management.
- **Industrial By-products Exchange:** launch of the IB Exchange on the company's website, aimed at providing technical information on the IBs available for sale. This public information is provided for marketing and research purposes, allowing us to reinsert our IBs into new production chains to replace virgin raw materials.

CIRCULAR ECONOMY

- We launched valuable circular economy initiatives such as the recovery of steel mill dust and the extraction of stainless aluminum from waste, promoting the reuse of materials and reducing environmental impacts.
- We invested US\$ 23.5 million in a lime plant using Italian technology, which should burn 30% less natural gas, thus freeing up the rotary kiln and enhancing the recovery of zinc oxide from steel mill dust.



STRATEGIC ALLIANCES

- The Aceros Arequipa National Mathematics Contest was held in collaboration with Concytec, the Peruvian Mathematical Society and Entrepreneurs for Education, in which more than 5,000 students participated, producing 44 finalists from 22 regions of the country.
- A pioneering agreement was established with the Municipality of Lima for a project entitled "Emergency Water", making us the first private company to join this initiative to benefit approximately 12,000 people in the Santa Rosita marginal settlement in the district of San Juan de Lurigancho.
- Other alliances were established to implement programs that directly impact our area of influence:
 - Educational development: We promote access to quality education through alliances with UTEC, SENATI, UGEL in Pisco and schools in the area.
 - Health prevention: we contribute to improving health and quality of life in alliance with the NGO Vida Peru.
 - The environment: We promote social awareness by working together with the local water authority, the Municipality of Pisco and other district municipalities and local schools.





COMMERCIAL PERFORMANCE

- We have diversified our product range with the introduction of high quality springs for the automotive industry.
- Exports increased by 20%, highlighting our competitive performance at the international level.

PLANT UPGRADES

- Strengthening our presence and production capacity in the region with the construction and commissioning of the following plants: :
 - Non-Ferrous Material Recovery Plant at the Pisco facility: this enables us to recover aluminum from waste.
 - New Tube Plant N° 2 at the Distribution and Steel Center in Lurín and relocation of Tube Plant N° 1 and Slitter from Callao to Lurín
 - Tube and merchant bar plant at the New Steel Center in Santa Cruz, Bolivia.
 - New high-speed nail plant in Callao
- Our truck fleet underwent a transition to greater sustainability, our goal is to have 50% of the vehicles running on gas by 2024.
- At the Pisco plant, significant investments were made in sta-

- te-of-the-art German, Austrian, Danish and Italian technology, enabling a 50% increase in the production capacity of annealed wire and nails for export to the entire region.
- A third rolling mill is under construction, which will produce low-carbon-footprint merchant bar.
- A new vertical lime kiln is also under construction, which will reduce natural gas consumption by 30%.

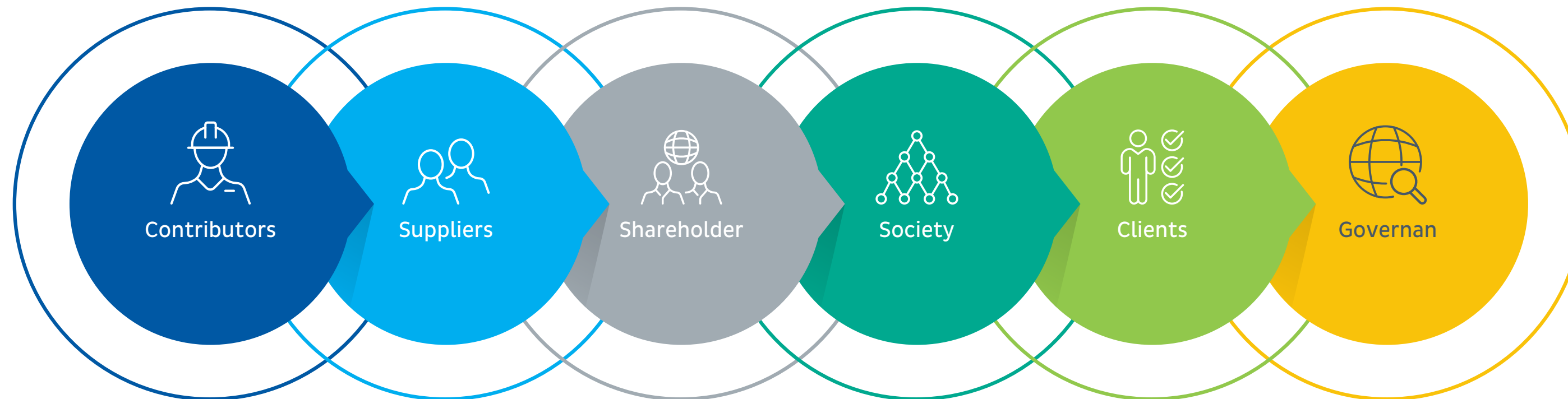


RELATIONSHIP WITH OUR STAKEHOLDERS (GRI 2-23, 2-29)

It is important for us to maintain a close, cordial and trusting relationship with our stakeholders, following the communication guidelines established by the company in our Communications Matrix (to learn more about relationship and communication mechanisms, see the annex entitled "Stakeholder Communication Matrix" appendix"). To bolster this relationship we carry out periodic updates of our stakeholder mapping in order to garner our stakeholders expectations, establish strategies to keep them up to date with our management and suggest improvements to our means of communication. We will do this again in 2024.

The last stakeholder update and mapping took place in 2022, addressing six categories of stakeholders linked to our productive, commercial and sustainable development activities. This process involves consultations and interviews with each group, giving them the opportunity to express their expectations and share their perspectives on relevant issues. The participation of our stakeholders was essential for us to address material issues and evaluate the positive and negative impacts they experience in relation to our organization.

Our stakeholders



1.3. International presence

(GRI 2-1, 2-2)

Building GLOBAL LINKS

OUR SITES

Initially established in the city of Arequipa in 1964, we were founded with the aim of providing Peru with the best steel. Today we have consolidated our position as a leading company in the Peruvian steel market and, thanks to our broad product portfolio, we have an increasingly important international presence. We have operations in different cities in Peru and Latin America to serve different market segments. In so doing we not only achieve a greater regional presence, but also take an important step towards reinforcing the supply of recycled inputs for our new melt shop in Pisco.

PERU

- Piura**
 - Client distribution
- Trujillo**
 - Client distribution
 - Metal stockyards
- Lima / Callao**
 - Head office
 - Distribution centers
 - Tube plant
 - Nail, wire and welded wire mesh plants
 - Metal stockyards
- Pisco**
 - Steel complex
 - Client distribution
- Arequipa**
 - Client distribution
 - Metal stockyards

USA

- Florida**
 - Metal stockyards

COLOMBIA

- Cali**
 - Offices
 - Distribution centers

ECUADOR

- Guayaquil**
 - Offices
 - Client distribution

BOLIVIA

- La Paz**
 - Offices
 - Distribution centers
 - Metal stockyards

Cochabamba

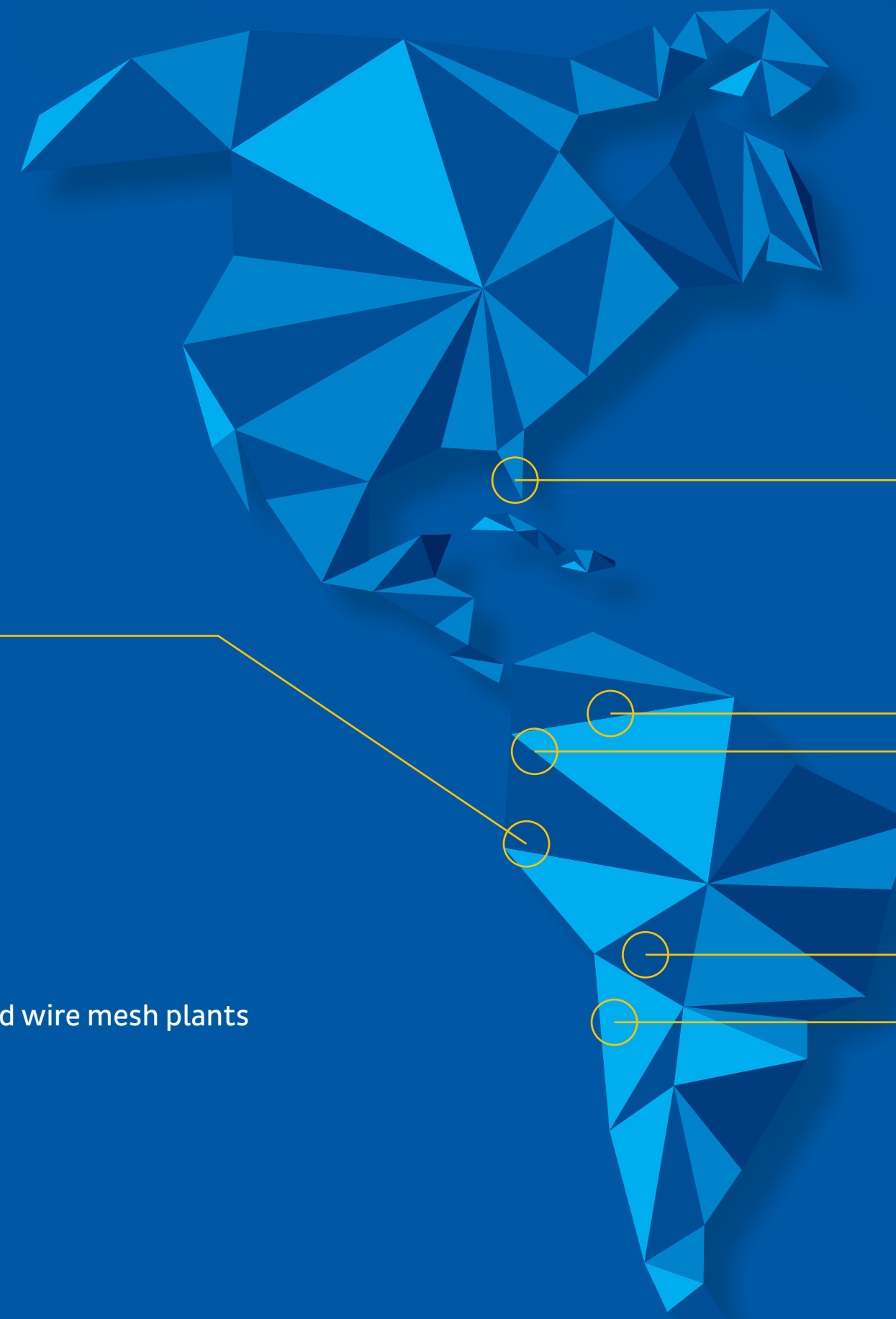
- Offices
- Distribution centers
- Metal stockyards

Santa Cruz

- Offices
- Distribution centers
- Metal stockyards

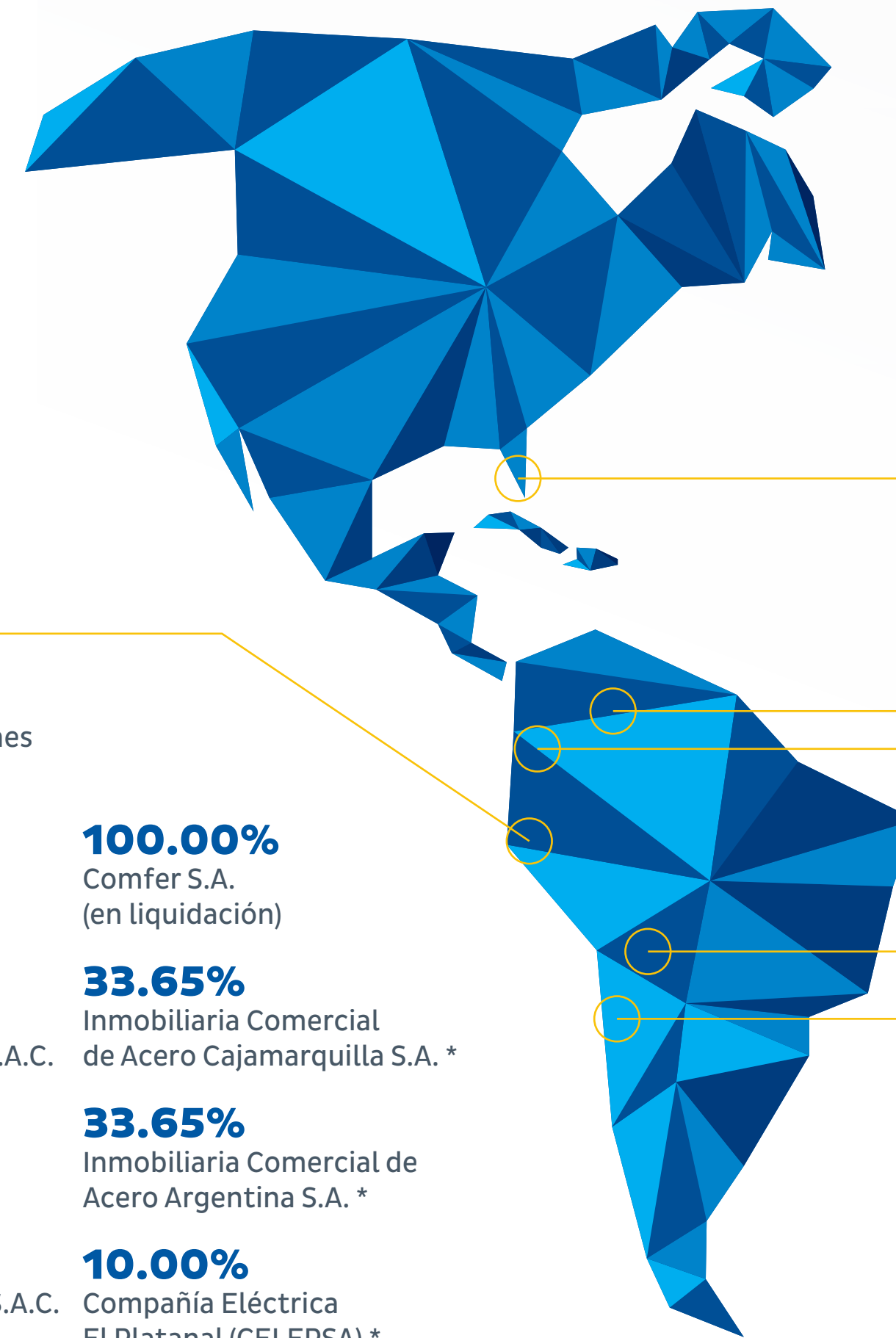
CHILE

- Antofagasta**
 - Offices
 - Metal stockyard



SUBSIDIARIES AND AFFILIATES

As part of our growth and development, Corporación Aceros Arequipa S.A. invests in companies that strengthen the value chain (supply, production processes, marketing, services) both locally and internationally; we also invest in companies that are not part of or related to our business. The company's investments are given below:



USA
100.00%
Aceros America Corporation
100.00%
Aceros America Port Manatee LLC
100.00%
Aceros America St. Pete LLC

COLOMBIA
100.00%
Aceros Arequipa S.A.S.

ECUADOR
100.00%
Corp. Aceros Arequipa AA S.A.S.

BOLIVIA
99.97%
Corp. Aceros Arequipa S.R.L.

CHILE
100.00%
Aceros America SpA

PERU

99.99%
Tecnología y Soluciones
Constructivas S.A.C.

99.99%
Transportes
Barcino

99.90%
Corporación Aceros
Arequipa de Iquitos S.A.C.

99.90%
Acero Instalado
S.A.C.

99.99%
Comercial del Acero S.A.C.
(en liquidación)

100.00%
Comfer S.A.
(en liquidación)

33.65%
Inmobiliaria Comercial
de Acero Cajamarquilla S.A. *

33.65%
Inmobiliaria Comercial de
Acero Argentina S.A. *

10.00%
Compañía Eléctrica
El Platanal (CELEPSA) *

(*) Not part of the value chain



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Information on the principal companies is shown below:



99.97%
Corporación Aceros Arequipa S.R.L.: A company incorporated in Bolivia (Santa Cruz) in 2016, in order to market bar and sheet products and, after investments made in 2023, to produce shaped tubes and profiles. The company also collects and exports scrap to Peru as raw material for Corporación Aceros Arequipa S.A.



100%
Aceros Arequipa S.A.S.: A company incorporated in Colombia in March 2020, in order to market bar and sheet products.



100%
Corporación Aceros Arequipa AA S.A.S.: A company incorporated in Ecuador in July 2022, in order to market bar and sheet products.



100%
Aceros America SPA: incorporated in Chile in November 2019 to stockpile and export scrap to Peru as raw material for Corporación Aceros Arequipa S.A.



100%
Aceros America Corporation: A holding company incorporated in Delaware, United States of America in July 2021 in which the Company holds 100% of the shares. This firm was incorporated to acquire the operating assets of two companies operating scrap facilities: Aceros America Port Manatee LLC and Aceros America St. Pete LLC, both in the state of Florida, USA, to secure part of the company's growing need for scrap for its new electric arc furnace and to sell non-ferrous products to other customers.



99.99%
Tecnología y Soluciones Constructivas S.A.C. (TSC Innovation): This company was incorporated in November 2018, to provide value-added services to the construction industry through detail engineering and virtual design services, and BIM (Building Information Modelling).



100%
Transportes Barcino S.A.: A company with several years of experience in the freight transport industry, which provides services to the company.



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10%

Compañía Eléctrica El Platanal S.A. (Celepsa): Our company has a 10% equity interest in CELEPSA, which operates the 227 MW El Platanal hydroelectric power plant in the Cañete river basin, the 19.92 MW Marañon hydroelectric power plant and a 300 MW thermal power plant in Chilca. In 2023, Celepsa's hydroelectric power plants (El Platanal and Marañon) contributed 2.2% of the production of Peru's national grid system (SEIN) and 4.5% of hydroelectric power generation. Celepsa's thermal power plant contributed 2.7% of the production of Peru's national grid system (SEIN) and 8.8% of thermoelectric power generation.

The company currently has four subsidiaries: i) CELEPSA Renovables SRL, owner of the Marañon Hydroelectric Power Station on the Marañon River; ii) Ambiental Andina S.A.C., a company that provides meteorological and hydrological services, in which the company has a 50% shareholding, iii) Ecorer S.A.C., a company that generates and sells energy from non-conventional renewable sources (solar, wind, geothermal and/or hydro) and iv) Termochilca, a thermal power plant located in Chilca.

Celepsa is also the promoter of the first private trust to be recognized by SERNANP, for the conservation of a protected natural area.

99.99%

(In liquidation)

Comercial del Acero S.A. (Comasa): in September 2018, the company acquired 66.35% of Comasa for the sum of S/. 84.6 million. With this purchase, the company increased its shareholding to 99.99%. The acquisition was made with the company's own funds. As a result of this transaction, the company increased its market share in the sheet, plate and tube market and entered the market for structural beams and plates. In January 2021, the liquidation of Comasa was approved, thus centralizing the marketing of these products with the company.

100%

(In liquidation)

Comfer S.A.: During 2021, the company acquired 100% of the shares for US\$ 17.5 million. The purchase was made in two tranches: one in February and one in September. This acquisition increased the company's market share in nails and wire. The transaction was carried out with the Company's own funds. In August 2021 the liquidation of Comfer was approved, thus centralizing the marketing of these with the company.



INTERNATIONAL PRESENCE

Our ability to offer customized solutions and specialized products has been the key to consolidating alliances with companies in different countries and industry sectors, allowing us to diversify our portfolio and adapt to the specific needs of each client. Thus we stand out as an integral supplier at a national and international level, including specialized products for the automotive industry and solutions for companies in the mining sector. This integrated approach has made us the second largest steel company on the Pacific coast and the fourth largest in Europe.

Although we are facing a 5% contraction in the domestic market, we have experienced a remarkable 20% increase in our exports. This international growth not only demonstrates CAASA's resilience and competitiveness, but also our ability to meet the demands of global markets, with operations in Bolivia, Colombia and Ecuador as well as customers in countries such as Canada, Brazil, Chile, Argentina and the Dominican Republic, where we provide raw materials and finished products, thus supporting strategic industry sectors. In addition, we have expanded our presence in Asian countries such as Malaysia and Indonesia where we supply industrial by-products.

This performance in global markets not only reinforces our position as a leader in the steel industry, but also underscores the confidence that international companies place in the quality of our products and services.

We stand out as an **integral supplier** at a national and international level, including specialized products for the automotive industry and solutions for companies in the mining sector.

1.4. Leaders in steel production and integrated solutions

DESCRIPTION OF CAASA'S PRESENCE IN THE SECTOR

The steel sector stands out for its focus on advanced technologies for the production of high-quality, high-strength products adapted to market requirements. For this reason, CAASA works with the latest technology available in the sector, seeking to optimize production ratios and reduce any negative impact on our area of influence. This commitment not only translates into the delivery of first-class products, but also into environmentally responsible management.

At the domestic level, the steel industry has two key companies that, together with importers, supply the local market with steel products. These products include rebar, wire rod, smooth bars,



Leading transformation with innovation and responsibility

merchant bar, beams, sheets and plates, corrugated steel sheets, tubes, steel mesh, nails and wire. Similar trends in the evolution of international steel prices were observed this year. In the case of rebar, the average FOB Turkey export price for 2023 fell by 15% compared with the average price in 2022. On the other hand, the 2023 average export price of hot-rolled coil FOB China also fell by 15% compared with the average price in 2022.

During 2023, the apparent demand for long products in the domestic market fell by 5% with respect to the previous year, and in the case of sheets and tubes, the market grew by 11% compared with the same year due to an increase in imports.



The steel cycle (GRI 2-6)



In our commitment to sustainability, we actively promote the responsible consumption of resources, adopting technologies and processes that prioritize the use of renewable or more efficient resources wherever feasible. Thus our production uses a circular economy approach to the steel life cycle, aimed at reducing the use of virgin raw materials and significantly reducing energy and water consumption in our plants.



We optimize the use of resources in the organization; This involves designing processes for remanufacturing, reconditioning and recycling in order to increase the efficiency of resource use.



We implement environmental criteria in the procurement of supplies and materials in order to reduce the environmental impact of their use to a minimum.



The properties of the steel we produce make it **100% recyclable**. In fact, most of the steel we use today is recycled and retains its original quality. Steel recycling saves raw materials and manufacturing resources.

OUR PLANTS AND TECHNOLOGY



Melt shops

DESCRIPTION

The fundamental purpose of the melt shop is the manufacture of steel billets through continuous process development aligned with care for the environment and the prioritization of our employees' safety, while meeting our organization's exacting standards of efficiency and operational effectiveness.

During 2023, we implemented a series of innovations and operational improvements to further strengthen our commitment to excellence and sustainability:

- The introduction of a positioning system for electric arc furnace gantry cranes used to charge the furnace with scrap, reduces the risk of accidents and improves melt shop productivity.
- Commissioning and development of a vacuum degasser (VD) designed for high carbon grades of steel improves the versatility and quality of our billets.
- Implementation of an advanced on-line temperature control system, together with liquid temperature measurement, to raise billet quality.

- Integral process optimization, focusing on the efficient management of electrical energy, electrode consumption and the use of slagging agents, thus contributing to a more sustainable and efficient operation.
- The commissioning of a state-of-the-art non-ferrous scrap recovery plant improves our recycling standards and also increases the value of the organization.

Since February 2022 we have concentrated our entire billet production in Melt Shop N° 2. However, we plan to implement significant improvements at Melt Shop N° 1, which will allow us to reach a total production capacity of 2.1 million tons of billets. This effort to increase our production capacity is part of our vision of sustainable growth and strengthening our presence in the market, while maintaining our commitment to quality, safety and respect for the environment.

YIELD
90.43%

1.28
million t/year (installed
capacity of the plant)

1,054,935
metric tons of billets produced in 2023

21,000
annual tons of billets for export

190.4 t/h
Production rate **Melt Shop 2**



Rolling mills

DESCRIPTION

The primary purpose of our rolling mill is the manufacture of rolled steel products, including bars, merchant bar and wire rod, to meet the demands of the domestic and international markets.

In order to meet market requirements and take on new challenges in developing innovative processes and products, we pursue a constant search for excellence. During 2023 we made significant changes that underscore our commitment to cutting edge technology and efficiency:

- We adopted new technologies, such as artificial intelligence and equipment automation, to optimize plant operation and costs. For example, the use of artificial intelligence in the wire rod coil packing area to help minimize accidents.
- On-line printing of the new logo on merchant bar from rolling mill 1, including angles and U-channels, to improve the traceability and identification of our products.
- Refurbishing of mechanical equipment, such as reducer gearboxes and drive shafts, in order to increase the reliability of the rebar rolling processes in rolling mill 2, thus ensuring optimum and consistent performance.

CAASA is committed to continually increasing its operating capacity, which is why we will be commissioning a new rolling mill in 2024, specifically for the production of merchant bar and rebar, which will strengthen our presence in the market and diversify our product range.

YIELD

96.35%

Yield **Rolling mill 1**

96.95%

Yield **Rolling mill 2**

1,097,000

tons of finished product
in 2023

123 t/h

Production rate
Rolling mill 2

51.7 t/h

Production rate
Rolling mill 1

1.2

million t/year (plant
capacity)



Dimensioned steel plant

DESCRIPTION

This is an integral system that designs, produces and delivers cut and bent construction steel, according to the needs of each project, such as stirrups, dimensioned bars, piles and pre-assembled structures.

Over the course of 2023, we have significantly improved our operation: the adoption of RTDP (Real Time Data Processing). This has been specially designed to enhance the traceability of dimensioned steel from the moment it leaves our plant until it is loaded onto trucks for transport. The use of this technology not only improves the efficiency of our supply chain management, but also ensures detailed and accurate tracking of each piece of steel throughout its journey, providing greater transparency and reliability to our customers.

GOAL YIELD

96.75%

47,283

tons per year in 2023



Tube plants

DESCRIPTION

Our tube plants manufacture steel tubes in different shapes and cross sections. After the tube plant was moved from Callao to Lurin, we now have three plants nationwide, one in Cajamarquilla and two in Lurín.

The process consists of cutting steel coils to obtain strips (steel strips) that form the raw material; this then goes through a mill where it is preformed and the edges of the strip are welded together.

Lurín Plant (formerly Callao): produces hot rolled galvanised tubes in round, square and rectangular sections.

GOAL YIELD

98.47% / **28,211**
tons per year in 2023

Cajamarquilla Plant: produces cold rolled tubes in round, square and rectangular sections.

GOAL YIELD

98.45% / **20,199**
tons per year in 2023



New tube plant: Lurin

DESCRIPTION

As part of our strategy to expand and modernise our facilities, during the second half of 2023 we commissioned a third tube plant located in Lurin. Like our other plants, this new facility manufactures steel tubes in different shapes and sections to suit specific customer needs.

An important innovation in this new plant is the installation of an oil spraying system, which applies the final coating (anti-corrosion oil) onto the manufactured tubes. This process is designed to improve the oxidation resistance of the tubes significantly, thus ensuring the durability and quality of our products.

GOAL YIELD

97.79%

14,137
tons per year in 2023



Wire, nails and electrowelded wire mesh plant

YIELD
100%
Wire plant

28,532
tons of finished product
Wire plant

YIELD
97.37%
Nail plant

4,806
tons of finished product
Nail plant

DESCRIPTION

This plant manufactures products such as nails, wire and electrowelded mesh. With this acquisition, Aceros Arequipa has strengthened its market presence and expanded its product range.

Nail line:

We offer our customers nails of the highest quality, meeting the appropriate standard. They are made in sizes from 1 inch to 7 inches. During 2023 we experienced sustained growth in our nail production capacity, thanks to the incorporation of high-speed, high technology nail making machines from Denmark. We also installed a fully automatic bagging machine, which has increased our bagging capacity from 100 tons to 400 tons per month. In terms of technology, the design of a new fully automated (with no operator) nail production process was completed in 2023. This process is scheduled to start production in the 2nd quarter of 2024.

Annealed wire line:

We have automated furnaces in which the annealing process is carried out to close tolerances and to established quality standards.

This wire is manufactured from SAE 1008 lo-carbon wire rod, drawn and annealed so that its ductility is in accordance with the standard.

Electrowelded mesh line:

This product is designed for use as structural reinforcement. In mining it is used as a reinforcement for tunnels, galleries, etc. The mesh is manufactured in 25 metre coils and 6-metre long panels.

It is made to the highest quality and safety standards and during 2023 we obtained ISO certifications in recognition of our efforts and commitments:

- ISO 9001 Quality Management Certification
- ISO 14001 Environmental Management Certification
- ISO 45001 Occupational Health and Safety Management Certification



Advances in metallurgy

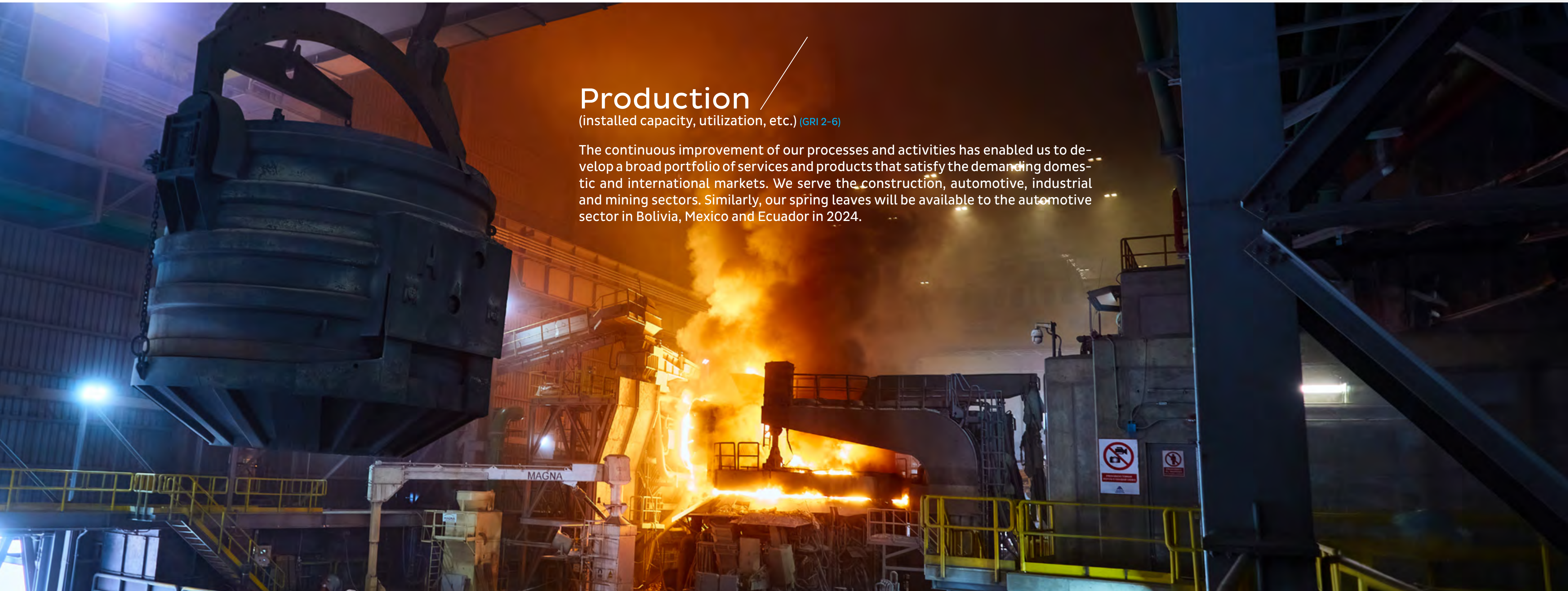
DESCRIPTION

In addition to our production plants, we have also made important strides in new product development. These advances include the creation of spring leaves and wire rods for spring manufacturing, thus extending our portfolio of specialist solutions. We have also developed new high-carbon bars specifically designed for making grinding balls and satisfying the most demanding mechanical requirements of the mining industry.

As far as quality control is concerned, our laboratory has proved itself by successfully passing rigorous audits by evaluating agencies from Brazil, Colombia and Chile, reaffirming our commitment to the highest international standards.

In a further drive for process efficiency and accuracy, we have implemented machine learning models to estimate the mechanical properties of the end products, based on their chemical composition.

In addition, we have modernised our operating systems by successfully implementing an electronic transfer system that directly links mechanical and dimensional test results to our SAP ERP. This integration significantly streamlines the processes and improves information traceability, supporting more efficient management.



Production

(installed capacity, utilization, etc.) (GRI 2-6)

The continuous improvement of our processes and activities has enabled us to develop a broad portfolio of services and products that satisfy the demanding domestic and international markets. We serve the construction, automotive, industrial and mining sectors. Similarly, our spring leaves will be available to the automotive sector in Bolivia, Mexico and Ecuador in 2024.

Our product portfolio

Our product portfolio is made to the highest quality standards to satisfy the needs of our customers; we provide products of great value:



REBAR



CORRUGATED
STIRRUPS



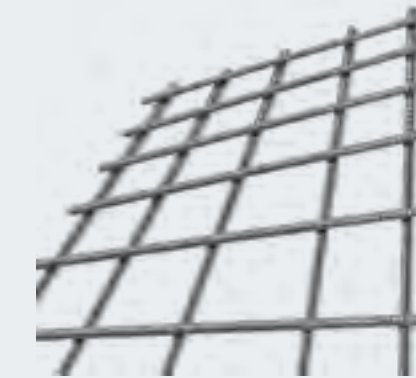
MECHANICAL
CONNECTORS



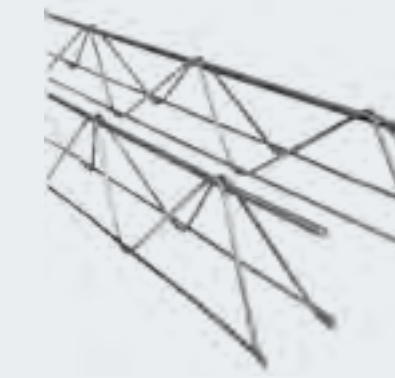
TRANSFER
VOUSOIRS AND
BASKETS



NAILS AND WIRES



MESH AND
ELECTROWELDED
PANELS



WELDED TRUSSES



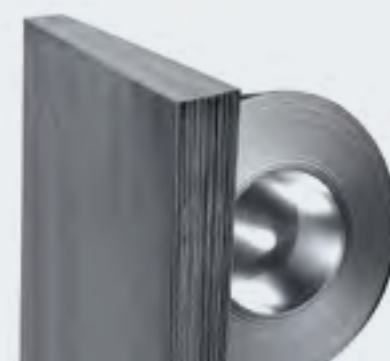
ROD FOR WIRE
DRAWING



PROFILES



BEAMS



SHEETS AND
PLATES



CALAMINE



TUBES



ROD FOR GRINDING
MILL BALLS



ROCK SUPPORT
BOLTS AND
ADAPTERS



TOOLS AND
HARDWARE

OUR MAIN SERVICES

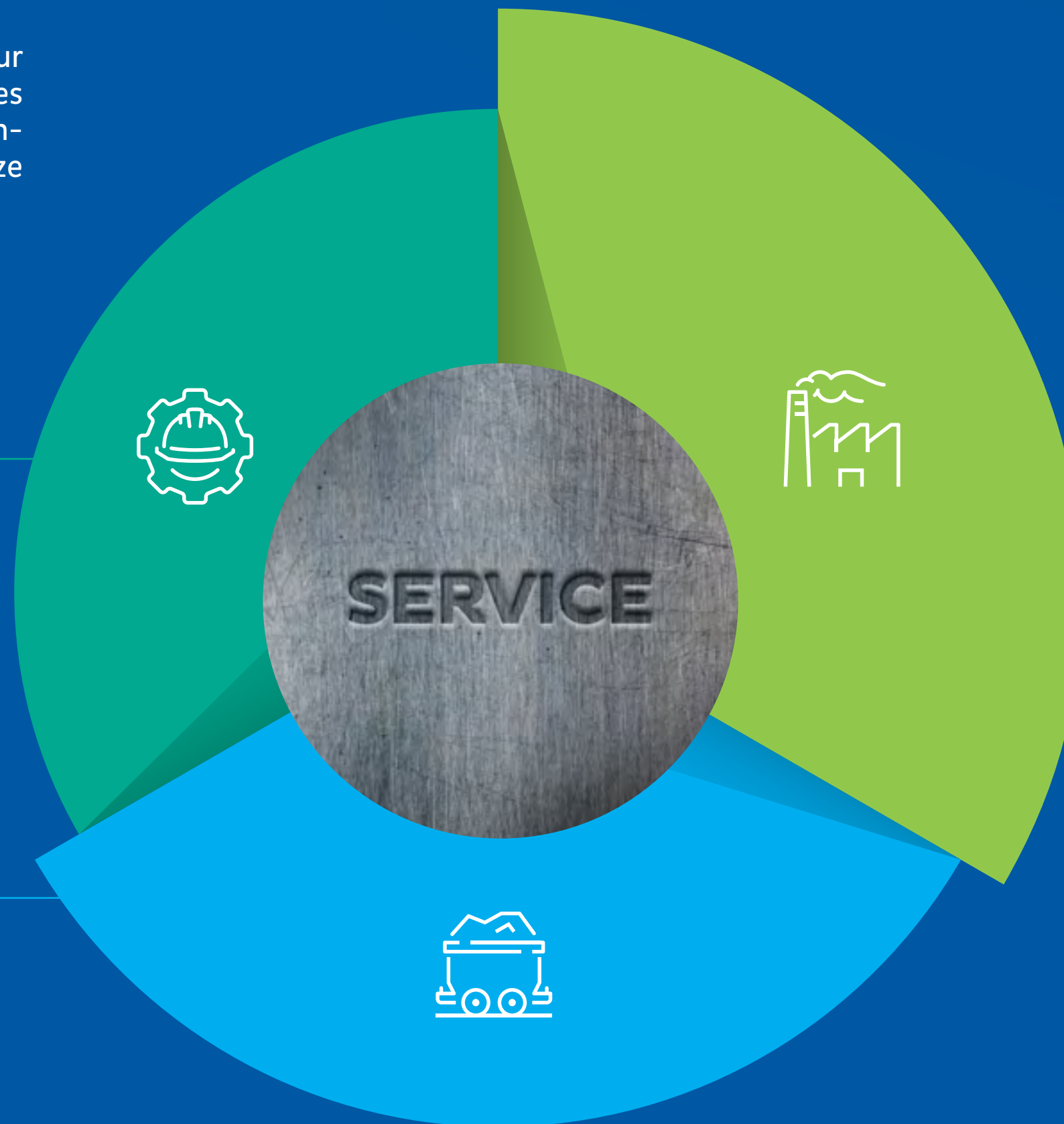
We are constantly innovating to provide solutions that meet our customers' needs and expectations. We have developed services with cutting-edge technology that complement our product range and allow our customers to optimize, streamline and monetize their projects.

Construction

ACEDIM: a comprehensive dimensioned steel solution that designs and produces pre-assembled steel structures, and installs them on site for faster and more productive steel project delivery.

Mining

Geosorpote: geomechanical consultancy for the control of underground and surface instability. This service is based on training and field evaluations, and helps to ensure good practices in the installation of our products.



WE ARE CONSTANTLY INNOVATING
to provide solutions

Manufacturing

STEEL Center: a service solution that offers a wide range of machinery and equipment and allows us to provide our customers with greater process efficiency, reducing their costs and optimizing time.

Services:

- Coil to strip slitting
- Plate cutting and bending
- Plate corrugation
- CNC pantograph service
- Oxyacetylene and plasma cutting service
- Tube grooving

DIMENSIONED STEEL

Through **ACEDIM Solución Integral**, we provide a highly efficient service. From the initial stage of a project, the cost of steel is minimized, activities that do not generate value are removed thus achieving the desired effectiveness. We design, manufacture and install construction steel, using BIM technology, Lean Construction processes and VDC (Virtual Design Construction) methodology for the development of digital prototypes in concrete, reinforcing steel and inserts and management of industrial reinforcing processes.

We achieve this quality service in three stages:

01.

ACEDIM BIM. In this stage we used BIM technology, Lean Construction processes and VDC (Virtual Design Construction) methodology for the development of digital prototypes in concrete, reinforcing steel and inserts and the management of industrial reinforcing processes.

We also use our virtual platform "Steel Track" to integrate our process chain: engineering, commercial, planning, plant, supply, customer, installation or assembly associated with ACEDIM products, pre-assembled and installed.

02.

Pre-assembly. This stage of the service is the fastest and most industrialized way to provide steel reinforcement for any type of project. Reinforcement types include: roll-up mesh, piles, beams, columns, girders, pedestals, voussoirs, mesh. Pre-assembled reinforcement is manufactured in our factories using standardized procedures and permanent monitoring.

03.

Installation. Finally, in this stage we have a specialist team for installing dimensioned steel. This team works closely with the engineering and planning staff to meet project schedules. Progress is monitored through our "Trimble Connect" platform".



Benefits:

- Integral service allowing efficient control of on-site operations.
- Reduction of waste and labor during preparation and installation.
- Faster, reducing the time needed for our clients' projects.
- Increased productivity, as a result of better project planning and control.
- Higher quality, thanks to our specialized engineering service.



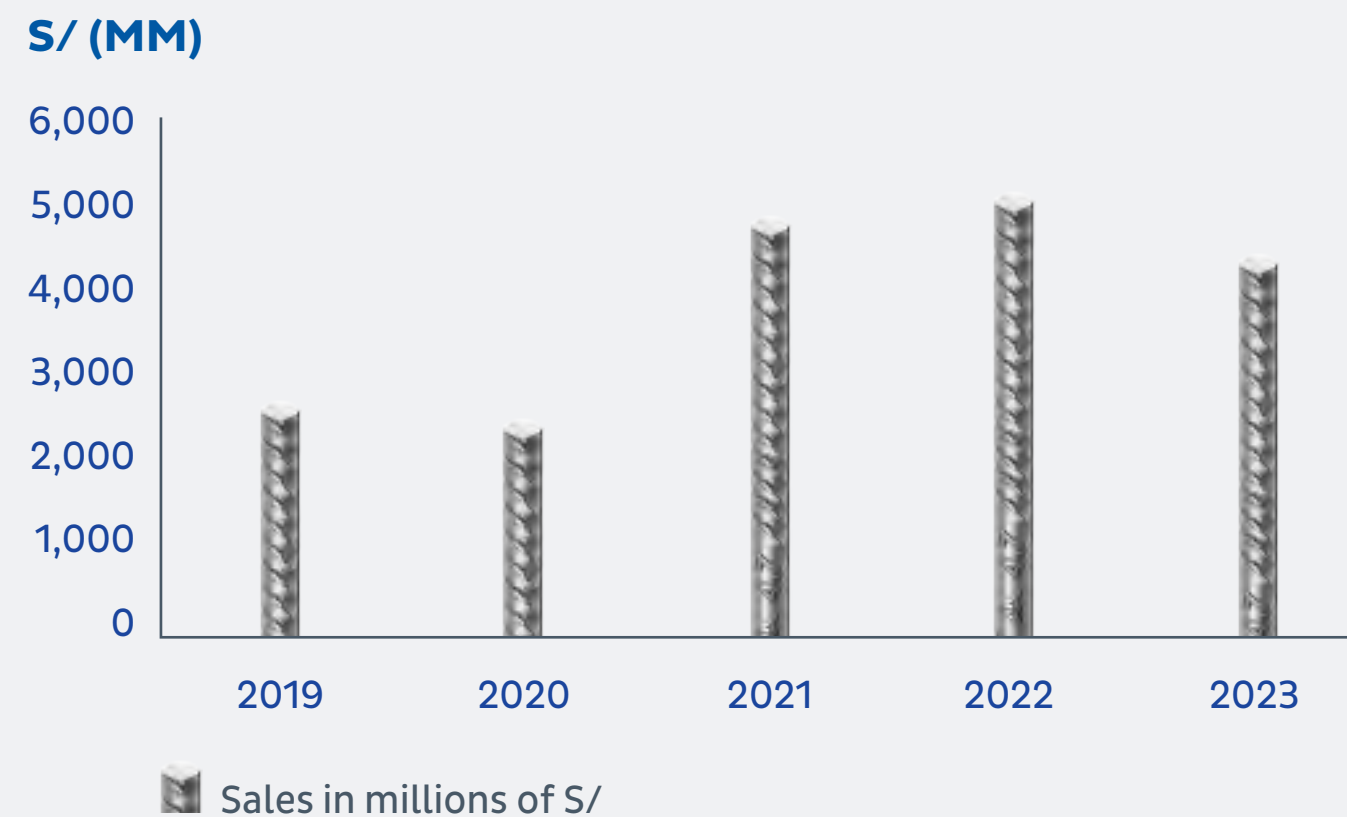
1.5. Financial results

PRODUCTIVITY AND GROWTH

During 2023 we sold 1.36 million MT of products. Volume sold was 1.5% higher than that of the previous year. This result is mainly explained by an increase in exports.

SUSTAINABLE GROWTH

for a lasting impact



The company's exports represented 17% of total sales, with the Bolivian market being the main export destination.

As far as sales by product family are concerned, rebar and wire rod accounted for 69% of sales, the balance being shared by merchant bars, smooth bars, plates and coils, among others.

S/ 4,505,013

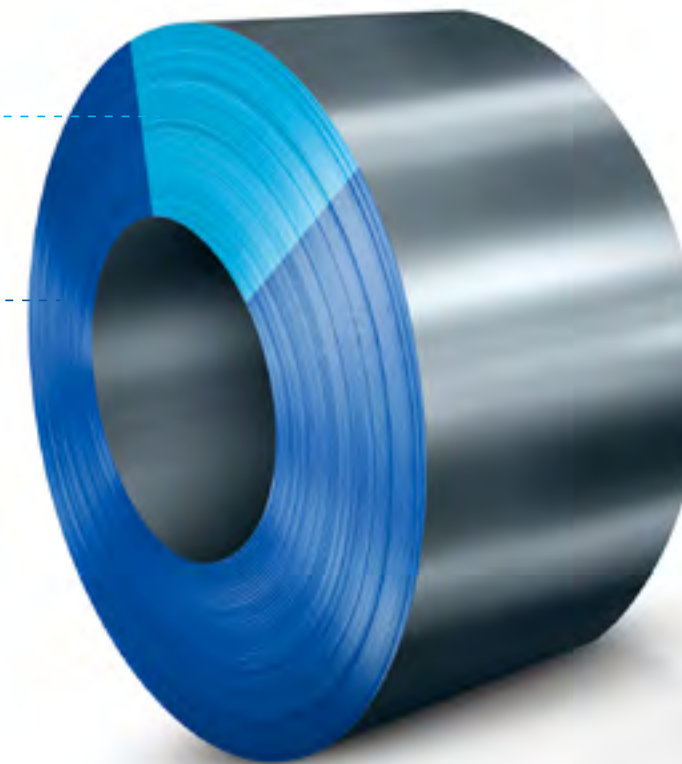
Revenue (in thousands)



Exports

17%
Domestic Sales

83%
Foreign Sales

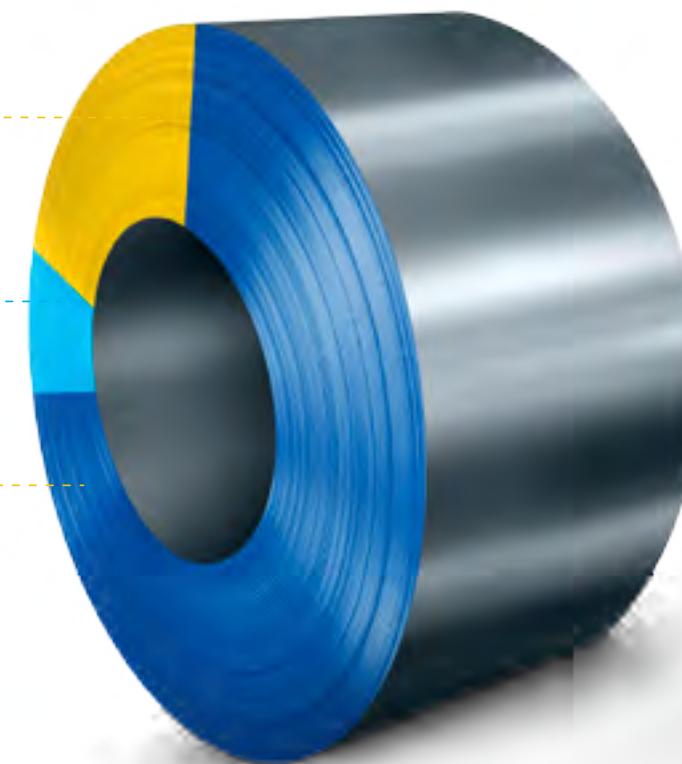


sales by product family

21%
Rebar and wire rod

9%
Merchant bars

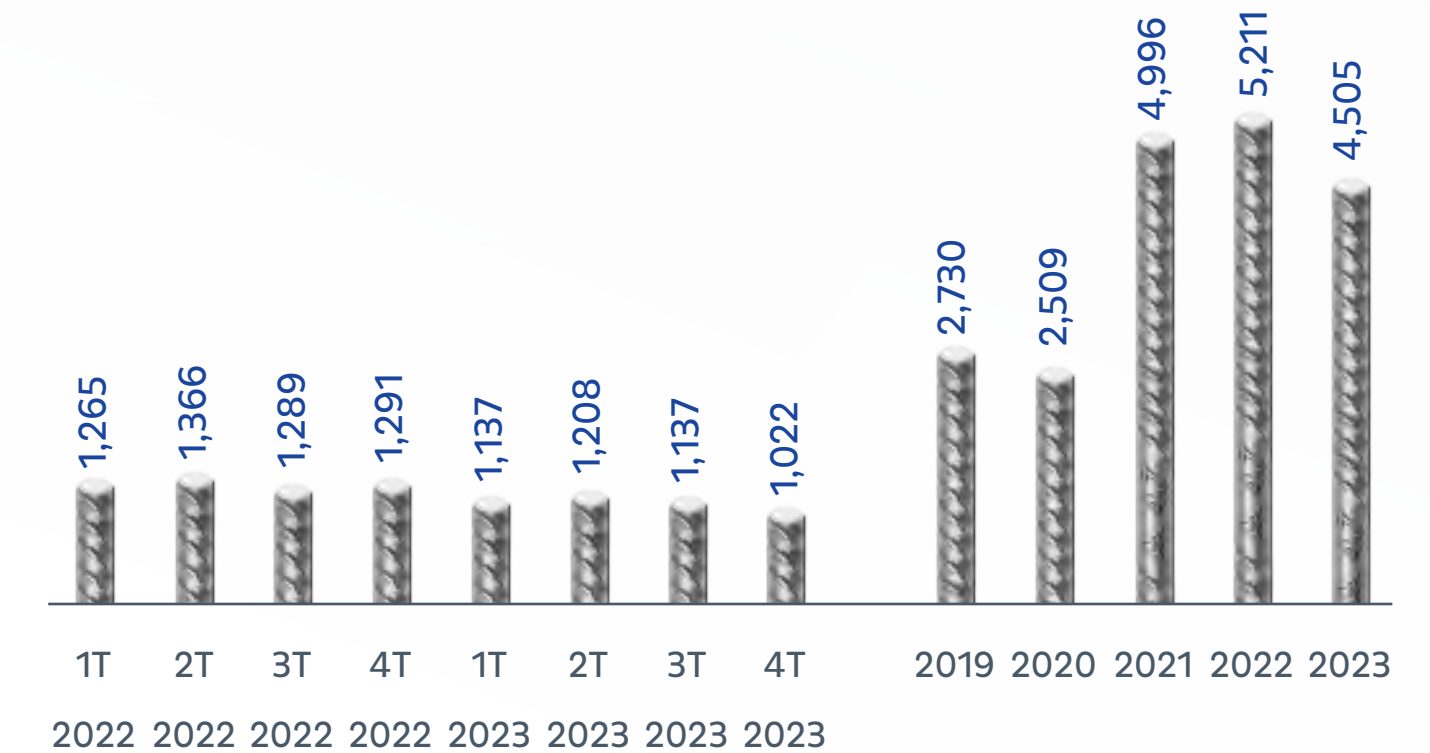
69%
Plates, coils
and others



FINANCIAL ASPECTS

Revenue for the year totaled S/ 4,505 million, a 13.6% reduction compared with the previous year, mainly explained by lower volumes and prices in the local market, Bolivia and Colombia, partially offset by exports to Ecuador and other destinations.

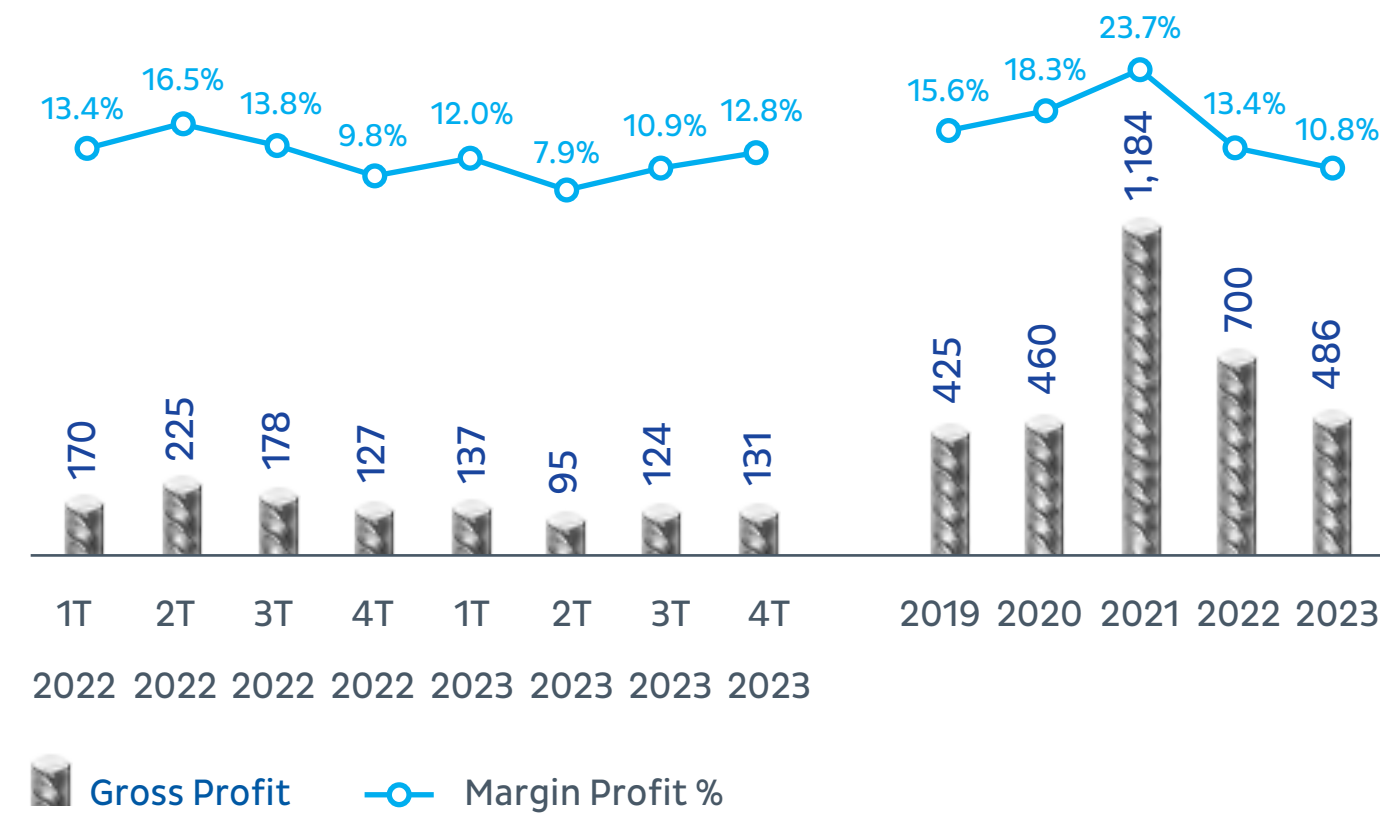
Net Sales (S/ million)



Gross earnings in 2023 (S/ 486 million) were 30% lower than gross earnings in the fiscal year 2022 (S/ 700 million). This was mainly due to sale prices falling more than costs, and lower local sales offset by exports to non-recurring markets, which included sales of lower-margin semi-finished products, that had lower-margin.

The company's gross margin was 10.8%, lower than that recorded in the fiscal year 2022 (13.4%).

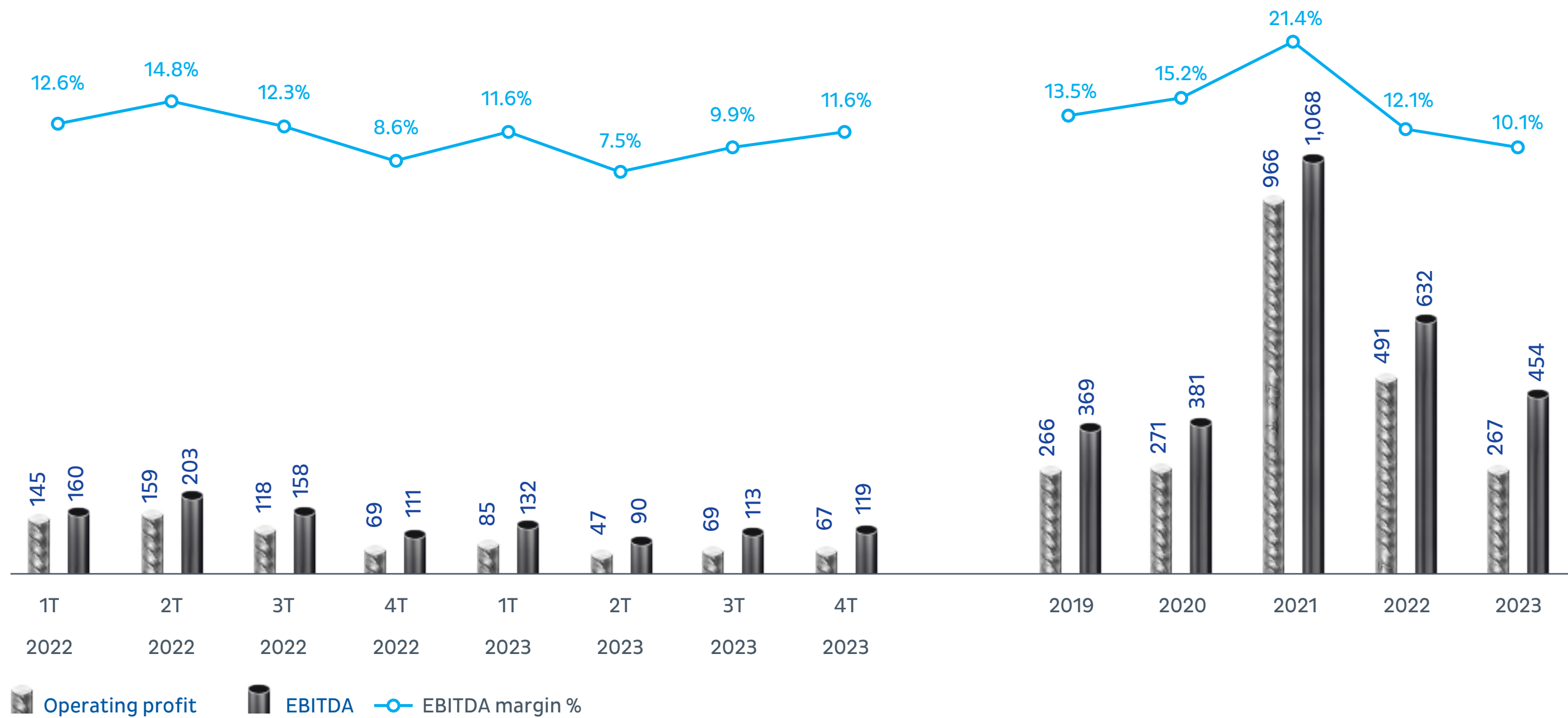
Gross Profit (S/ million)



Operating income and EBITDA recorded during 2023, were S/ 267 million and S/ 454 million, respectively. While EBITDA 2023 was lower than 2022, it still represents significant growth compared to the figures of 2019 and 2020.

The EBITDA margin obtained during the fiscal year 2023 was 10.1%, compared with 12.1% for the previous year, which was affected by high-cost inventories that have been consumed throughout the year, higher sales to other markets with lower margins, and a downward trend in international prices.

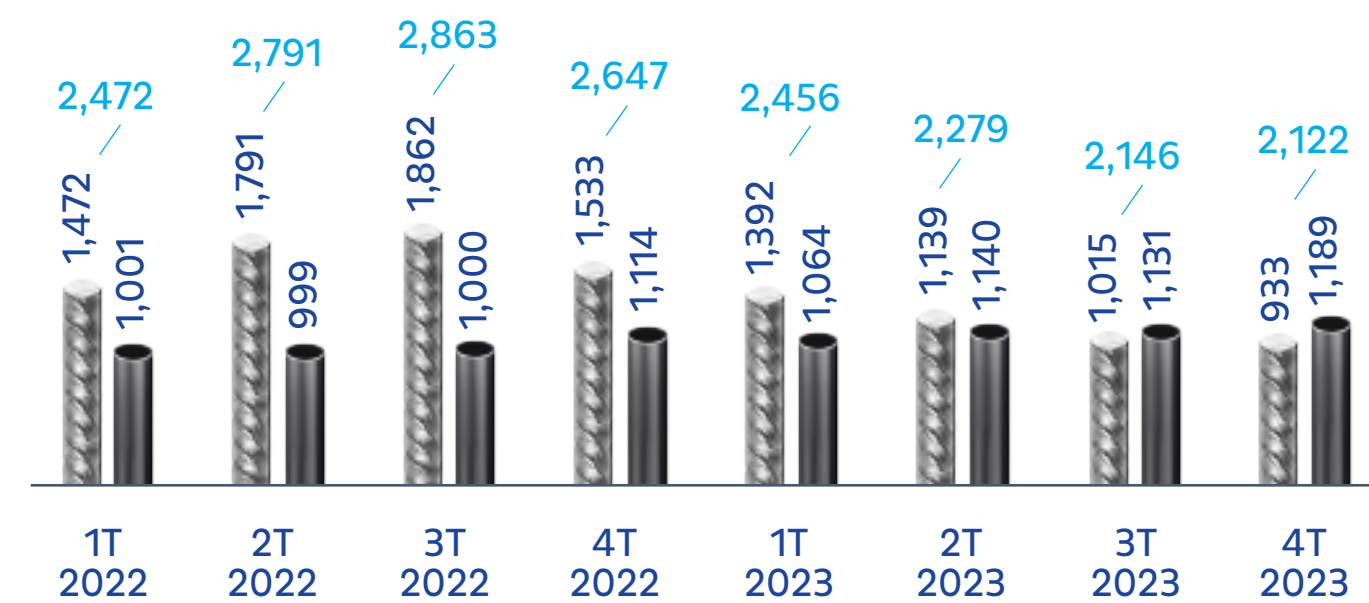
Operating Income and EBITDA (S/ million)



Financial expenses in 2023 were higher than in the previous year due to higher interest rates. It is worth mentioning that part of this increase was partially offset by higher financial income due to higher interest rates on our deposits.

As of December 2023, the leverage indicator, defined as Net Financial Debt / EBITDA, was 3.48x, higher than the figure achieved in December 2022, due to a reduction in EBITDA. The evolution of financial liabilities (excluding operating leases) is shown below.

Financial Liabilities (S/ million)



Short term Leasing + Long Term

Note: operating leases are not included

At the end of 2023 the Company made a profit of S/ 83 million, which was lower than the profit recorded in the previous year (S/ 246 mi-

llion). This fall is explained by lower operating income, higher financial expenses and higher losses by associates. These expenses were partially offset by positive exchange rate differences (versus negative ones obtained in 2022) and higher financial income. It is important to note that the company has a debt policy that minimizes the gap between its US dollar-denominated assets and liabilities, thus partially mitigating the impact of exchange rate fluctuations.

As at December 2023, current assets had fallen by 25% (S/ 854 million) compared with December 2022, totaling S/ 2,513 million. This reduction was mainly due to a S/. 732 million reduction in inventories and, to a lesser extent, in accounts receivable.

Current liabilities fell by 27% (S/ 668 million) compared to those at the end of 2022, amounting to S/ 1,771 million. This variation is mainly explained by lower bank financing for working capital, in line with the decrease in inventory.

The company's working capital was reduced by 20% with respect to the end of 2022, amounting to S/ 742 million; this was mainly due to a reduced inventory. The liquidity indicator (current assets divided by current liabilities) had increased as of December 2023 to 1.42 compared to 1.38 at the end of 2022.

Likewise, net assets in property, plant and equipment amounted to S/ 2,932 million, higher than the figure for December 2022 (S/ 2,653 million), which is explained by the investment in rolling mill N°3, the new distribution center in Lurin and the nail and wire plant, among others. As at the same date, intangible assets totaled S/. 5.5 million.

The book value of investments in subsidiaries and associates amounted to S/ 228 million, higher than the S/ 219 million figure for the end of 2022.

As far as the debt ratio (total liabilities minus deferred taxes divided by equity) was concerned this figure was 1.06, a reduction compared with that recorded in December 2022 (1.30); this was mainly due to lower borrowings for working capital.

The company's equity (S/ 24 million) grew as a result of profit for the year after taxes, minus dividends.

It is worth mentioning that, as at the 31st December 2023, Banco de Crédito del Perú, BBVA and Interbank held more than 10% of the company's equity, with aggregate figures of S/ 1,348 million, S/ 455 million and S/ 410 million, representing 50%, 17% and 15% of equity, respectively. This exposure includes promissory notes, capital leases, medium-term financing and letters of credit.

The company has also created a trust fund consisting of the Pisco plant's machinery and real estate, to support loans granted by Banco de Crédito del Perú S.A., Banco Santander Perú and Banco Internacional del Perú S.A.A. – Interbank. As at December, the realizable value of assets in the trust amounted to US\$ 399 million (excluding the value of the land), which represents 55% of the company's equity.

Finally, Messrs. Tanaka, Valdivia & Asociados Sociedad Civil de R.L., representatives of EY International, was appointed by the board of directors as the company's external auditors for the fiscal year 2023.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

Our economic performance during the year helped to generate value for our various stakeholders. This positive impact can be seen in the following table:

	2022 (thousands of soles)	2023 (thousands of soles)
Direct Economic Value Generated (EVG)	5,294,263	4,531,980
Direct Economic Value Distributed (EVD)	5,185,093	4,482,065
Operating costs	4,555,196	4,062,621
Employee salaries and benefits	232,269	191,712
Payments to capital providers	131,237	147,322
Payment to the government (income tax + other taxes)	101,045	35,420
Investments in our area of influence	452	1,033
Shareholders (Dividends)	164,894	43,957
Retained Economic Value (VEG - VED)	109,170	49,915

Direct Economic Value Distributed (EVD)

90.64%
Operating Costs

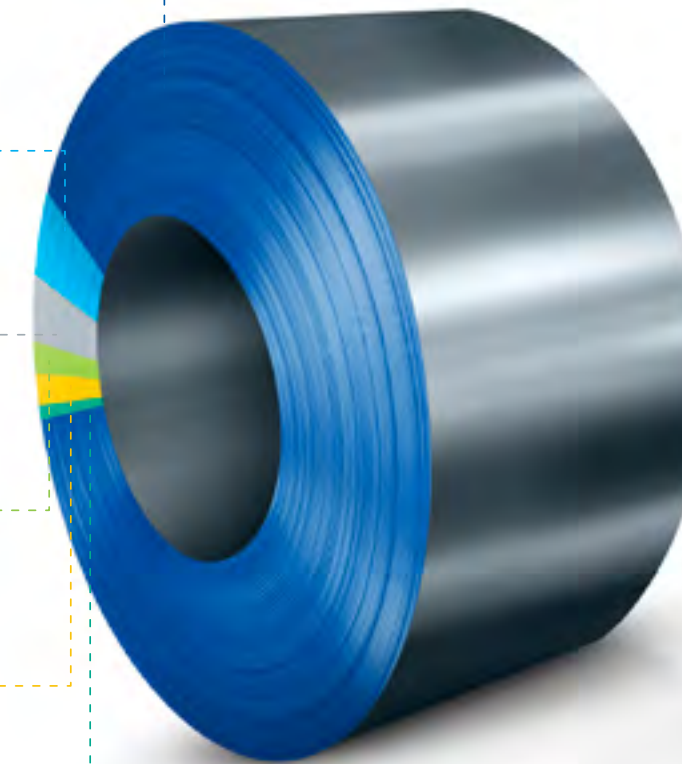
4.28%
Employees

3.29%
Capital providers

0.98%
Shareholders

0.79%
Government

0.02%
Community



S/ 4,482,065
(Thousands)

TAX (GRI 207-1)

Our tax strategy is to comply with tax regulations issued by the corresponding agencies in the countries where we operate. We thus minimize tax risks and protect the corporation's reputation, based on a reasonable interpretation of the tax regulations applicable in each country.

Our accounting and tax departments are responsible for the implementation and execution of our tax strategy.

Effective tax rate in S/ (in millions)	2022	2023
Income before taxation	362	129
Taxes reported	116	46
Actual taxes paid	127.5	42

