

4Q 2022 EARNINGS REPORT

Lima, Peru, January 27, 2023. Corporación Aceros Arequipa S.A. (“the Company” or “Aceros Arequipa”) (BVL: CORAREC1 and CORAREI1) announced its unaudited consolidated financial results corresponding to the Fourth Quarter (“4Q 2022”) period ended December 31, 2022. Financial figures are reported on a consolidated and individual basis in nominal Peruvian Soles (S/) and are in accordance with International Financial Reporting Standards (“IFRS”). The following consolidated statements should be read together with the Financial Statements and Notes, published at the Peruvian Securities and Exchange Commission (*Superintendencia del Mercado de Valores - SMV*).

I. Highlights

- 1 **Revenue** reached S/ 1,328.6 million (-8.3% YoY) mainly due to lower sales in rebars, sheets, and tubes, compared to 4Q 2021.
- 2 **Gross Profit** totaled S/ 142.5 million and **Gross Margin** was 10.7%, down from 16.4% during 4Q 2021, mainly due to higher costs of raw materials and traded products and lower sales.
- 3 **EBITDA** was S/ 101.7 million, (a reduction of S/ 84.2 million YoY); while **EBITDA Margin** reached 7.7%.
- 4 **Net Profit** reached S/ 11.2 million, mainly affected by a lower operating profit, and higher interest expenses.
- 5 **Operating Working Capital requirements** reached S/ 2,112.1 million, mainly due to higher inventories, and lower accounts payable.
- 6 **CAPEX** was S/ 138.8 million, mainly explained by the new warehouse and steel center in Lurin, real estate investment in Colombia, a new truck fleet for Transportes Barcino, and a tube plant in Bolivia, among others.
- 7 As of December 31, 2022, the **Net Debt / EBITDA** ratio increased to 3.62x, higher than as of December 2021 (1.65x), primarily due to higher short-term financial liabilities and a lower EBITDA.
- 8 On October 25 the Board approved a cash dividend of US\$ 9.5 million.



Revenue
reached S/ 1,328.6
million

EBITDA of
S/ 101.7 million,
with a margin of
7.7%

Net Profit was
S/ 11.2 million, and
Net Margin was
0.8%

Net Debt / EBITDA
ratio reached 3.6x
as of December
2022

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Financial Summary

(S/ million)	4Q 2021	4Q 2022	YoY	FY 2021	FY 2022	FY
Financial Figures						
Revenue	1,448.8	1,328.6	-8.3%	5,186.3	5,342.7	3.0%
Gross Profit	236.9	142.5	-39.8%	1,294.9	782.5	-39.6%
Operating Profit	161.4	67.3	-58.3%	1,023.3	507.7	-50.4%
EBITDA	185.9	101.7	-45.3%	1,118.1	665.3	-40.5%
Net Profit	101.9	11.2	-89.0%	712.4	242.4	-66.0%
CAPEX ¹	151.4	138.8	-8.2%	633.0	495.2	-21.8%
Financial Margins						
Gross Margin	16.4%	10.7%	-5.6 p.p,	25.0%	14.6%	-10.3 p.p,
Operating Margin	11.1%	5.1%	-6.1 p.p,	19.7%	9.5%	-10.2 p.p,
EBITDA Margin	12.8%	7.7%	-5.2 p.p,	21.6%	12.5%	-9.1 p.p,
Net Margin	7.0%	0.8%	-6.2 p.p,	13.7%	4.5%	-9.2 p.p,
Earnings per share ²	0.17	0.66	287.1%			
Other Figures, as of						
	Dec, 2021	Dec, 2022	YTD			
Net Debt ³	1,846.5	2,407.6	30.4%			
Net Debt ³ / LTM ⁴ EBITDA	1.65	3.62	1.97x			

1. FY 2022 includes capital lease agreements of S/31.5 million for the new melt shop plant (1Q 2022 and 2Q 2022) and S/28.3 million for a new truck fleet (4Q 2022).
2. Earnings per share (EPS) is defined as Net Profit LTM / Total Stock at the end of the quarter. Expressed in S/ per share
3. Total Financial Debt (includes supplier leases)
4. LTM: last twelve months

III. Income Statement

Revenue

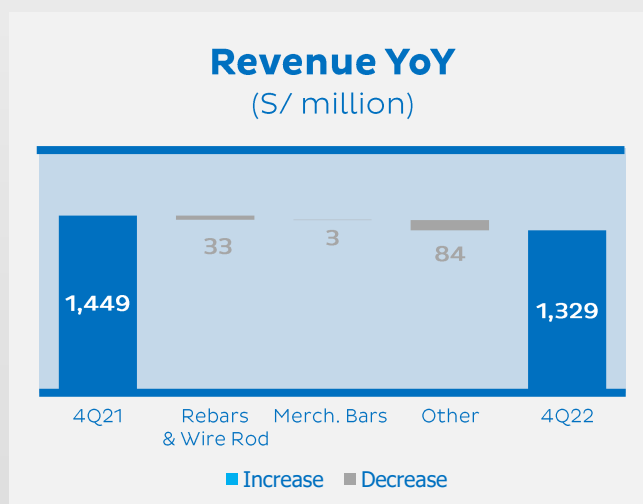
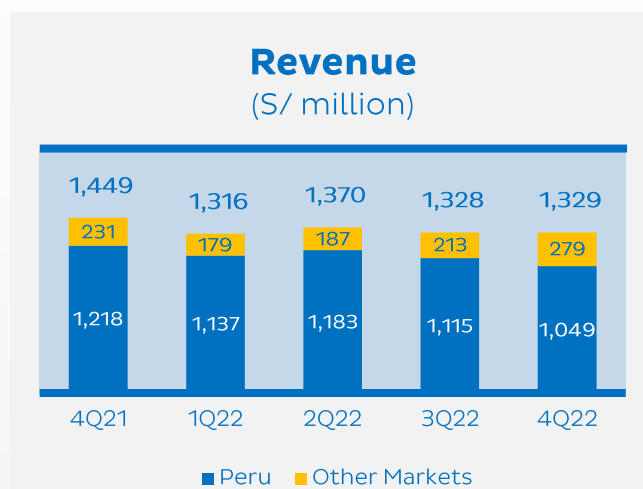
During 4Q 2022, Revenue reached S/ 1,328.6 million (-8.3% YoY).

Revenue decreased mainly due to lower sales of rebars, steel sheets, and tubes and the effect of a lower USD/PEN exchange rate.

Based on the destination, domestic revenues decreased by S/ 168.6 million (-13.8%) YoY because of a reduction in the volume sold, partially offset by an increase in “Other Markets” by S/ 48.4 million (+21.0%) YoY.

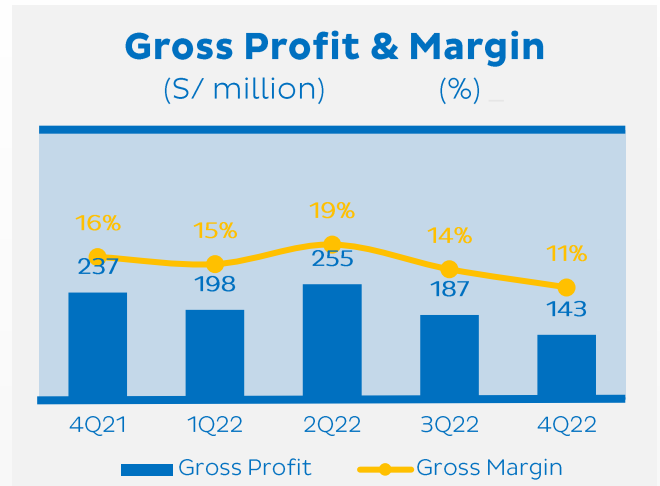
During the quarter, Revenue from Other Markets represented 21.0% of total Revenue; higher than 19.0% in 4Q 2021. The increase in Other Markets was mainly due to sales to non-core markets such as Brazil and USA. Bolivia remained the main destination in the “other markets” category for the Company during the quarter.

On a per-category basis, the “Other” products category decreased S/84.3 million (-24.3% YoY), “Rebars & Wire Rod” category decreased S/ 32.6 million (-3.3% YoY), while the “Merchant bars” products category lowered S/ 3.3 million (-2.9% YoY).



Gross Profit

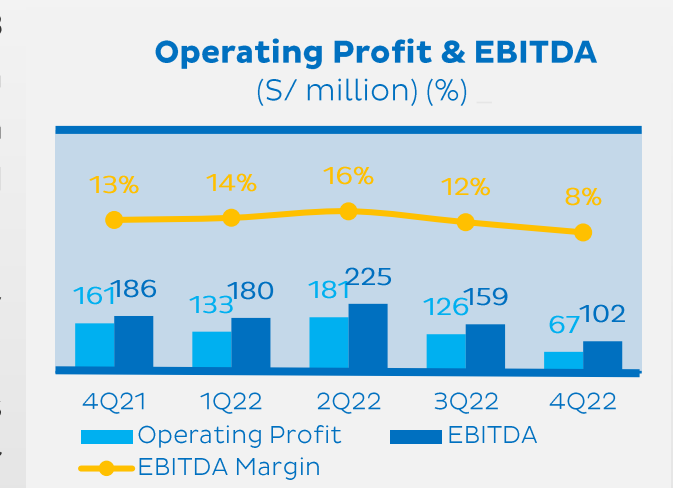
Gross Profit reached S/ 142.5 million during 4Q 2022, lower than last year's 4Q, representing a Gross Margin of 10.7%. Margin was lower mainly as a result of higher costs of raw materials and traded products, and lower volume sold.



Operating Profit & EBITDA

Operating Profit reached S/ 67.3 million during 4Q 2022, a S/ 94.1 million decrease compared to S/ 161.4 million in 4Q 2021. Operating Margin reached 5.1%, 6.1 p.p. lower compared to 4Q 2021.

Operating Profit decrease was partially offset by lower SG&A. The reduction in SG&A was driven by lower allowances for doubtful accounts and lower personnel expenses (variable expenses).



During 4Q 2022, EBITDA reached S/ 101.7 million, a decrease of S/ 84.2 million YoY, and represented an EBITDA Margin of 7.7%; 5.2 p.p. lower compared to 4Q 2021.

Net Financial Expenses

During 4Q 2022, Net Financial Expenses reached S/ 37.4 million, S/ 30.8 million higher compared to 4Q 2021, driven by higher Financial Expenses of S/ 35.7 million, mainly due to the interest payments of the melt shop's lease, an increase in working capital financing, and higher interest rates.

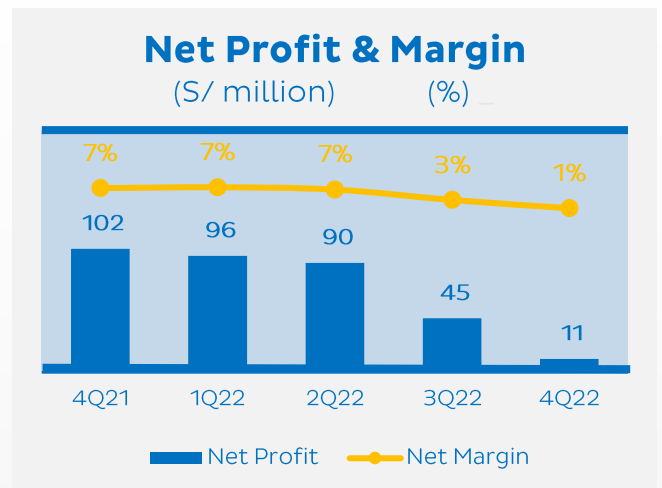
During the quarter, the Net Exchange Rate Difference was negative and totaled - S/ 4.9 million compared to a negative S/ 16.5 million in 4Q 2021.

Net Profit

Net Profit was S/ 11.2 million during 4Q 2022, S/ 90.7 million lower YoY as a result of a lower Operating Profit. Net Margin was 0.8%.

Net Profit was also negatively affected by higher Net Financial Expenses.

Earnings per Share, reached S/ 0.23 in 4Q 2022, lower compared to the S/ 0.66 reported in 4Q 2021.



IV. Balance Sheet

Assets

As of December 31, 2022, Total Assets reached S/ 6,799.2 million, representing an increase of S/ 486.8 million versus December 31, 2021. Asset increase was driven by current assets, which increased by S/ 149.3 million, and non-current assets by S/ 337.5 million.

Current Assets were higher as of December 31, 2022, mainly due to:

- i Inventories (+S/ 137.3 million, or +6.9% YTD)
- ii Income tax credit (+ S/ 94.0 million)
- iii Other accounts receivable (+ S/ 16.1 million, or +30.7% YTD) are mainly explained by advance municipal payments and others.

Days of Sales Outstanding reached 36.8 days as of December 31, 2022, lower than 44.1 days as of December 31, 2021. Days in Inventory decreased to 167.9 days as of December 31, 2022, compared to 184.1 days as of December 31, 2021.

Non-Current Assets' increase was mainly a result of CAPEX.

Liabilities

As of December 31, 2022, Total Liabilities reached S/ 4,069.6 million, a S/ 390.6 million or 10.6% increase YTD, driven by higher Current Liabilities by S/ 369.0 million, and Non-Current Liabilities by S/ 21.6 million.

Current Liabilities increased mainly due to a higher working capital financing.

As of December 2022, Total Financial Debt (including supplier leases) reached S/ 3,040.0 million, higher than the figures as of December 2021.

Current Financial Debt as of December 31, 2022, was S/ 1,887.3 million, of which S/ 1,693.4 million represented short-term financing. Total current financial debt was S/ 497.7 million higher than the figures reported as of December 2021.

Non-Current Financial Debt was S/ 1,152.7 million, S/ 51.4 million higher than the figure reported as of December 2021.

As of December 2022, 55% of Total Debt was denominated in Peruvian Soles, while 40% was denominated in U.S. Dollars, 4% in Bolivianos, and the remaining 1% in Colombian Pesos.

Net Debt to EBITDA ratio was 3.62x as of December 2022, an increase of 1.97x compared to December 2021 mainly due to an increase in short-term financial debt, and lower EBITDA.

Shareholders' Equity

At the close of December 2022, Shareholders' Equity reached S/ 2,729.6 million, an increase of S/ 96.2 million compared to the figures as of December 2021, mainly explained by the accrued 4Q 2022 results after deducting cash dividends.

V. Cash Flow Statement

Cash Flow from Operations

As of December 31, 2022, Cash Flow from Operations was positive S/ 212.1 million, mainly explained by EBITDA generation and a decrease in accounts receivables, partially offset by higher inventory and payments to suppliers.

Cash Flow from Investing

As of December 31, 2022, Cash Flow from Investing was negative S/ 392.7 million which included investments in a new warehouse and Steel Center in Lurin, a New Melt shop in Pisco, a new Rolling Mill line, a tube plant in Bolivia, among other. These cash outflows were partly offset by S/ 22.3 million in dividends and S/ 20.0 million in interests received.

These figures do not consider S/ 59.8 million related to the new melt shop plant and the new truck fleet, financed through capital lease agreements.

Cash Flow from Financing

As of December 31, 2022, Cash Flow from Financing was S/ 168.5 million, which included net financing of S/ 476.4 million, interest payments of S/ 142.9 million, and S/ 164.9 million in dividends distribution.

These figures do not consider the capital leasing agreement for the new melt shop plant.

VI. Relevant Events

1. On October 25, the Board approved a cash dividend payment of approximately US\$ 9.5 million, following the Company's dividend policy.
2. The Board of Directors approved a US\$ 163 million financing to be destined for the construction of the new distribution center in Lurin; the Rolling Mill line #3; among other investments. After reviewing proposals from financial institutions, the financing was defined as a 9-year loan separated into two trenches: one trench of US\$ 75 million allocated to Interbank and another of S/ 343 million allocated to Banco de Credito del Perú; of which, during December, US\$ 17 million and S/ 96 million, respectively, were disbursed.
3. Aceros Arequipa was recognized as part of the top 5 most admired companies in the southern macroregion of Perú, and the winner within the Manufacture sector. The award is an initiative of the San Pablo Catholic University (UCSP), PricewaterhouseCoopers (PwC) Peru, and "G de Gestión" magazine.
4. TSC innovation, a technological subsidiary of Aceros Arequipa won the Tekla Global BIM Awards 2022. This competition gathers the most impressive constructive projects worldwide that have been implemented with BIM technology in structural engineering; recognizing the "Ovalo Monitor" bridge project as the best infrastructure project in the world.

Conference Call Information

Corporacion Aceros Arequipa S.A. cordially invites you to participate in its Fourth Quarter 2022 Earnings Conference Call.

Date: Thursday, January 30, 2023

Time: 12:00 pm ET / 12:00 pm Lima Time

To access the live presentation via Zoom, visit the following URL:

<https://tinyurl.com/tee326y4>

About CORPORACIÓN ACEROS AREQUIPA S.A.

CORPORACIÓN ACEROS AREQUIPA S.A., founded in 1964, is the leading Peruvian company in the production and commercialization of steel products, with exports to Bolivia and other countries in the region. Its core products are rebars and wire rods and other products for the construction industry as well as merchant bars and flat steel products. The Company has an industrial facility located in Pisco, Peru with an average per-year capacity of 1,250 thousand tons for its new melt shop, 850 thousand tons for its old melt shop (which will stay on stand by), and 1,250 thousand tons in its steel rolling mills. Aceros Arequipa employs over 1,100 people across its operations in Peru and subsidiaries. The Company's common and investment (non-voting) shares are listed on the Lima Stock Exchange under the ticker symbols CORAREC1 and CORAREI1, respectively. Currently, Aceros Arequipa has a stake in the following companies:

• Aceros America (Bolivia):	99.99%
• Aceros America (Colombia):	100.00%
• Aceros America Corporation:	100.00%
• Aceros America (Chile):	100.00%
• Aceros America (Ecuador):	100.00%
• Aceros Arequipa Iquitos:	99.90%
• Acero Instalado:	99.90%
• Transportes Barcino:	99.92%
• Tecnología y Soluciones Constructivas:	99.99%
• Comfer S.A. (in liquidation process):	100.00%
• Comercial del Acero (in liquidation process):	99.99%
• Inmobiliaria Comercial del Acero Cajamarquilla:	33.65%
• Inmobiliaria Comercial del Acero Argentina:	33.65%
• Celepsa:	10.00%

Disclaimer

This Earnings Report may contain forward-looking statements concerning management's current expectations for future operating and financial performance, based on assumptions currently believed to be valid and recent acquisitions, its financial and business impact, management's beliefs and objectives with respect thereto. Forward-looking statements are all statements other than statements of historical facts. The words "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "intends," "likely," "will," "should," "to be," and any similar expressions or other words of similar meaning are intended to identify those assertions as forward-looking statements. It is uncertain whether the events anticipated will transpire, or if they do occur what impact they will have on the results of operations and financial condition of Aceros Arequipa whether individually or as a consolidated Company. Aceros Arequipa does not undertake any obligation to update the forward-looking statements included in this Earnings Report to reflect subsequent events or circumstances.

III. Unaudited Financial Statements

Corporación Aceros Arequipa S.A.	Consolidated Financial Statement of Financial Position (in thousands of Peruvian Soles)		
	Notes	December 31, 2022	December 31, 2021
Assets			
Current Assets			
Cash and Cash Equivalents	5	632,422	672,627
Accounts Receivable	6	515,516	607,487
Accounts Receivable from related parties	7	31,308	41,187
Other Accounts Receivable	8	68,748	84,711
Inventories	9	2,127,431	2,296,926
Deferred Income tax Assets		93,990	61,439
Other Assets	10	12,994	20,268
Assets classified as held for sale		-	-
Total Current Assets		3,482,409	3,784,645
Non-Current Assets			
Other financial assets	13	60,858	17,694
Investments in subsidiaries, affiliates or joint ventures	11	95,617	96,053
Accounts Receivable from related parties	7	-	-
Other Accounts Receivable	8	11,650	5,098
Investment Property	14	73,113	56,062
Property, Plant and Equipment, Net	12	2,955,109	2,876,861
Intangible Assets, Net	15	71,622	84,881
Deferred Assets	19	13,892	13,760
Other non-financial assets	16	34,922	35,017
Total Non-Current Assets		3,316,783	3,185,426
TOTAL ASSETS		6,799,192	6,970,071
Liabilities and Shareholders' Equity			
Current Liabilities			
Other Financial Liabilities	17	1,887,346	2,150,373
Accounts Payable	18	537,702	562,407
Accounts Payable to related parties	7	30,956	32,180
Other Accounts Payable	19	169,218	152,908
Current Income Tax	20	-	-
Total Current Liabilities		2,625,222	2,897,868
Non-Current Liabilities			
Other Financial Liabilities	17	1,152,688	1,031,574
Other Accounts Payable	31	59,319	61,519
Deferred Income Tax Liabilities	20	232,405	226,368
Total Non-Current Liabilities		1,444,412	1,319,461
Total Liabilities			
Shareholders' Equity			
Share Capital	21	890,858	890,858
Investment Shares	21	182,408	182,408
Treasury Shares		-	-
Other Capital Reserves		178,449	178,449
Retained Earnings		1,242,742	1,269,627
Other Shareholders' Equity Reserves		235,101	231,400
Non-controlling interest		-	-
Total Shareholders' Equity		2,729,558	2,752,742
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,799,192	6,970,071

Corporación Aceros Arequipa S.A.

Consolidated Financial Statement of Comprehensive Income (in thousands of Peruvian Soles)

	Notes	4Q 2022	4Q 2021	FY 2022	FY 2021
Revenue	22	1,328,649	1,448,805	5,342,681	5,186,266
Cost of Goods Sold	23	(1,186,113)	(1,211,893)	(4,560,159)	(3,891,322)
Gross Profit (Loss)		142,536	236,912	782,522	1,294,944
Selling and Distribution Expenses	24	(41,089)	(54,320)	(152,197)	(178,511)
Administrative Expenses	25	(26,726)	(36,131)	(122,364)	(180,510)
Other Operating Income	27	10,655	62,984	56,003	187,712
Other Operating Expenses	27	(18,041)	(48,028)	(56,270)	(100,382)
Other Income (Expenses)		-	-	-	-
Operating Profit (Loss)		67,335	161,417	507,694	1,023,253
Financial Income	28	8,210	3,307	19,954	9,643
Financial Expenses	28	(45,631)	(9,909)	(142,945)	(27,114)
Other income (Expenses) from subsidiaries, affiliated and joint ventures	11	269	2,440	(4,701)	6,854
Exchange Rate Differences, Net	32	(4,914)	(16,523)	(25,682)	(8,380)
Profit (Loss) before taxes		25,268	140,732	354,319	1,004,256
Income Tax Expense	20	(14,081)	(38,802)	(111,957)	(291,884)
Profit (Loss) from Discontinued Operations		-	-	-	-
Net Profit (Loss)		11,187	101,930	242,362	712,372
Earnings Per Share					
Basic in Continued Operations of Common Stock		0.010	0.094	0.010	0.094
Basic in Discontinued Operations of Common Stock		-	-	-	-
Total Earnings Per Share of Common Stock		0.010	0.094	0.010	0.094
Basic in Continued Operations of Investment Stock (Non-voting)		0.010	0.094	0.010	0.094
Basic in Discontinued Operations of Investment Stock (Non-voting)		-	-	-	-
Total Earnings Per Share of Investment Stock (Non-Voting)		0.010	0.094	0.010	0.094

Corporación Aceros Arequipa S.A.

Consolidated Financial Statement of Cash Flow - Direct Method (in thousands of Peruvian Soles)

	Notes	FY 4Q 2022	FY 4Q 2021
Cash Flow from Operating Activities			
Collections due to Operating Activities			
Sales of Goods and Services Offered		5,414,729	4,960,577
Other Operating Collections		63,867	43,107
Payments due to Operating Activities			
Suppliers of Goods and Services		(4,837,156)	(4,950,336)
Payments and payments on account to employees		(295,051)	(299,246)
Income Tax		(134,302)	(237,029)
Net Cash Generated by Operating Activities		212,087	(482,927)
Cash Flow from Investing Activities			
Collections due to Investing Activities			
Sale of Property, Plant and Equipment	27	472	-
Interests Received	28	19,953	9,643
Dividends Received		22,262	1,734
Payments due to Investing Activities			
Acquire control of subsidiaries and other firms	1	(45)	(64,164)
Purchase of Subsidiaries, Net of Cash Acquired	1	-	45,274
Purchase of Property, Plant and Equipment	12	(433,908)	(357,402)
Purchase of Intangible Assets	15	(1,464)	(64,738)
Purchase of Other Long-Term Assets		-	-
Net Cash Generated by Investing Activities		(392,730)	(429,653)
Cash Flow from Financing Activities			
Collections due to Financing Activities			
Short term and long-term loans		3,018,490	2,868,801
Payments due to Financing Activities			
Short term and long-term loans amortization		(2,542,127)	(1,761,564)
Interests paid	28	(142,945)	(27,114)
Dividends paid	11	(164,894)	(330,271)
Other collections (payments) of cash related to financial activities		-	106,807
Net Cash Generated by Financing Activities		168,524	856,659
Net Increase (Reduction) of Cash and Equivalents before Exchange Rate Changes		(12,119)	(55,921)
Effects of Exchange Rate Changes on the balance of Cash Held in Foreign Currencies		-	-
Net Increase (Reduction) of Cash and Equivalents		(12,119)	(55,921)
Cash and Cash Equivalents at the beginning of the year		644,541	700,462
Cash and Cash Equivalents at the end of the period		632,422	644,541