

2Q 2021 EARNINGS REPORT

Lima, Peru, July 22, 2021. Corporación Aceros Arequipa S.A. ("the Company" or "Aceros Arequipa") (BVL: CORAREC1 and CORAREI1) announced its unaudited consolidated financial results corresponding to the Second Quarter ("2Q 2021") period ended June 30, 2021. 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 in conjunction 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/ 1,203.4 million (+422.5% YoY), mainly due to higher local demand and exports, compared to 2Q 2021, a quarter under full national lockdown.
- 2 **Gross Profit** totaled S/ 330.9 million (an increase of S/334.7 million YoY) and **Gross Margin** was 27.5%.
- 3 **EBITDA** was S/ 265.1 million (an increase of S/279.5 million YoY); while **EBITDA Margin** reached 22.0%.
- 4 **CAPEX** was S/ 83.7 million, mainly allocated towards the new melt shop.
- 5 **Net Profit** reached S/ 170.0 million.
- 6 **Operating Working Capital** requirements reached S/ 1,177.1 million, mainly due to higher inventories and accounts receivables.
- 7 As of June 30, 2021, the **Net Debt / EBITDA** ratio increased to **1.48x**, compared to December 2020 (1.26x), primarily due to higher financial liabilities.
- 8 On June 24, 2021, the Board approved an extra dividend payment of US\$ 27.9 million, which was paid on July 15, 2021.



Revenue
reached S/ 1,203.4
million
(+422.5% YoY)

EBITDA was
S/ 279.5 million,
with a 22.0%
margin

Net Profit was
S/ 170.0 million,
and Net Margin
was
14.1%

Net Debt / EBITDA
ratio reached 1.5x
as of June 2021

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Financial Summary

(\$/ million)	2Q 2020	2Q 2021	YoY	YTD 2020	YTD 2021	YoY
Financial Figures						
Revenue	230.3	1,203.4	422.5%	867.5	2,330.5	168.6%
Gross Profit	-3.8	330.9	N/A	111.4	690.4	519.9%
Operating Profit	-42.6	235.6	N/A	14.3	505.5	3443.9%
EBITDA	-14.4	265.1	N/A	77.0	562.3	630.0%
Net Profit	-38.6	170.0	N/A	0.7	365.3	49198.4%
CAPEX ¹	65.1	83.7	28.5%	198.0	233.6	18.0%
Financial Margins						
Gross Margin	-1.7%	27.5%	29.2 p.p.	12.8%	29.6%	16.8 p.p.
Operating Margin	-18.5%	19.6%	38.1 p.p.	1.6%	21.7%	20.0 p.p.
EBITDA Margin	-6.3%	22.0%	28.3 p.p.	8.9%	24.1%	15.2 p.p.
Net Margin	-16.7%	14.1%	30.9 p.p.	0.1%	15.7%	15.6 p.p.
Earnings per share ²	0.11	0.51	366.0%			
Other Figures, as of						
	Dec, 2020	Jun, 2021	YTD			
Net Debt ³	518.3	1,329.6	156.5%			
Net Debt ³ / LTM ⁴ EBITDA	1.26x	1.48x	0.22x			

1. 2Q 2021 includes \$/32.5 million of the new melt shop plant financed through a capital lease agreement; and YTD 2021 includes \$/64.1 million corresponding to Comfer S.A. acquisition, and \$/72.3 million of the new melt shop plant financed through a capital lease agreement.
2. Earnings per share (EPS) defined as Net Profit LTM / Total Stock at the end of the quarter, excluding treasury stock. Expressed in \$/ per share.
3. Total Financial Debt (includes leases with suppliers)
4. LTM: last twelve months

III. Income Statement

Revenue

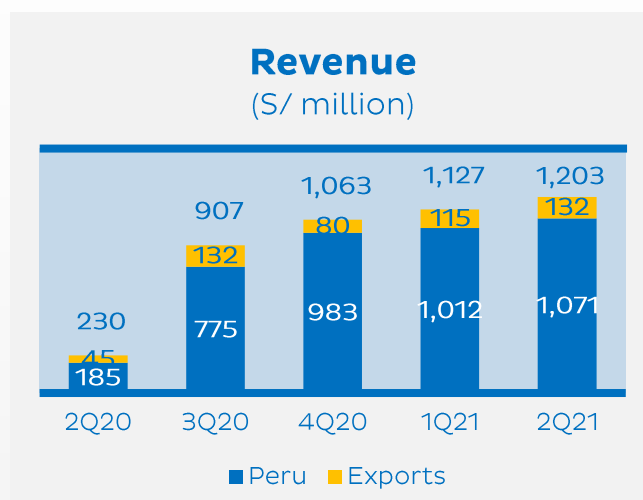
During 2Q 2021, Revenue reached S/ 1,203.4 million (+422.5% YoY)

Revenue increased due to the increased demand after the lift of the Peruvian lockdown restrictions and higher average selling prices compared to the figures of 2Q 2020, a period in which the quarantine took place and had a major impact on production.

Consequently, domestic revenues increased by S/ 885.5 million (477.7%) YoY, and Exports increased by S/ 87.5 million (+194.8%) YoY.

During the quarter, export revenue represented 11% of total revenue; an 8.5 p.p. decrease when compared to 19.5% in 2Q 2020. The increase in exports was mainly due to a higher volume sold to Bolivia, which remained as the main export market for the Company during the quarter.

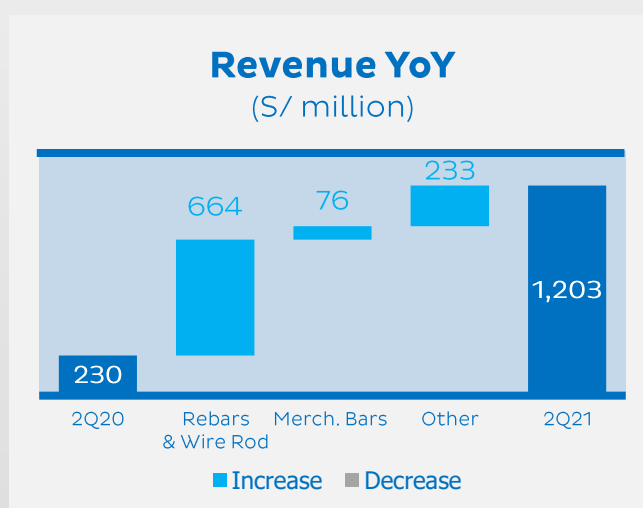
On a per-category basis, the “Rebars & Wire Rod” category increased S/ 663.7 million (+509.9%) YoY. This was followed by the “Other” products category, which increased S/ 233.0 million (+315.8%) YoY, and by “Merchant bars” category which increased S/ 76.4 million (+289.4%) YoY.



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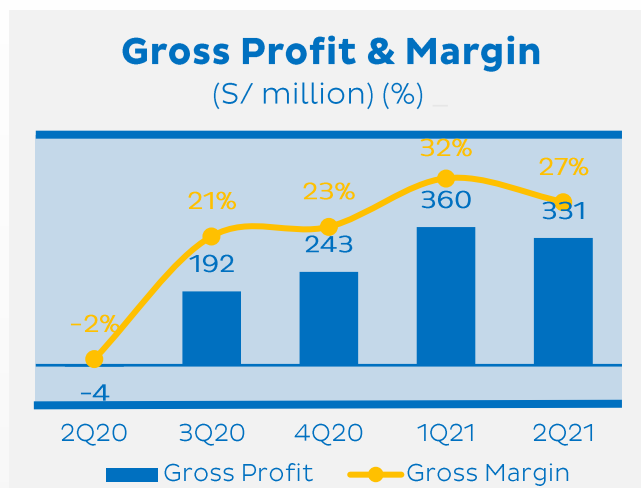
During the quarter, export revenue represented 11% of total revenue; an 8.5 p.p. decrease when compared to 19.5% in 2Q 2020. The increase in exports was mainly due to a higher volume sold to Bolivia, which remained as the main export market for the Company during the quarter.

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Gross Profit

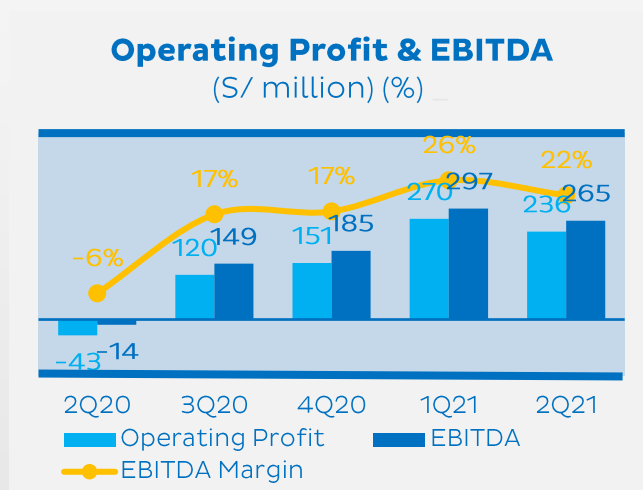
Gross Profit reached S/ 330.9 million during 2Q 2021, as Revenue increased due to a boost in sales volume following the lift of the COVID-19 restrictions and an increase in prices of finished products. Gross Margin was also higher and reached 27%.



Operating Profit & EBITDA

Operating Profit reached S/ 235.6 million during 2Q 2021, a S/ 278.2 million increase compared to S/ -42.6 million in 2Q 2020. Operating Margin was 19.6%, 15.7 p.p higher versus 2Q 2020.

The S/ 278.2 million increase in Operating Profit was mainly due to a higher Gross Profit which was partially offset by a S/ 59.2 million increase in SG&A.



SG&A increase was mainly due to higher Personnel Expenses, higher third party services expenses, and allowances for doubtful accounts. SG&A as a percentage of Revenue reached 7.4%, lower compared to 2Q 2020.

Other Net Operating Expenses decrease S/ 2.7 million mainly as a result of lower asset write-offs and a decrease in other expenses.

Consequently, during 2Q 2021, earnings before interest, taxes, depreciation, and amortization (EBITDA) reached S/ 265.1 million, with an increase of S/ 279.5 million YoY, and represented an EBITDA Margin of 22.0%; 28.3 p.p. higher compared to 2Q 2020.

Net Financial Expenses

During 2Q 2021, Net Financial Expenses reached S/ 3.4 million, S/ 5.4 million lower versus 2Q 2020, driven by lower Financial Expenses by S/ 5.4 million.

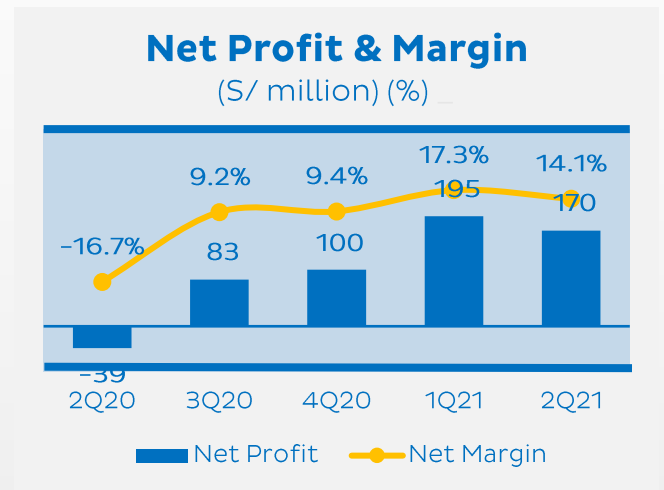
Additionally, during the quarter, the Net Exchange Rate Difference was a negative S/ 5.4 million, which represented an expense increase of S/ 3.1 million YoY.

Net Profit

Net Profit was S/ 170.0 million during 2Q 2021, S/ 208.6 million higher YoY. Net Margin was 14.1%.

This increase was a result of a higher Gross Profit, and was partially offset by higher SG&A by S/ 59.2 million, and an increase in Income Taxes by S/ 73.4 million.

Earnings per Share, based on the Net Profit for the last twelve months (LTM), reached S/ 0.51 in 2Q 2021, higher than the ratio of S/ 0.11 reported in 2Q 2020 (+366.0%).



IV. Balance Sheet

Assets

As of June 30, 2021, Total Assets reached S/ 5,737.3 million, representing an increase of S/ 1,177.2 million versus December 31, 2020. Asset increase was driven by Current Assets, which increased by S/ 991.7 million, and non-current assets by S/ 185.5 million.

Current Assets were higher as of June 30, 2021, mainly due to:

- i Inventories (+S/ 790.0 million, or +90.8% YTD), driven by higher volumes as a response to higher demand for our products, and higher local and international prices for finished products, billets, raw materials, and inventory in transit.
- ii Accounts receivables (+S/ 141.5 million, or +29.8%) due to higher volume sales and prices.
- iii Other accounts receivable (+ S/ 56.6 million, or +604.3% YTD) mainly explain by sale tax credit.

Days of Sales Outstanding decreased to 54.1 days as of June 30, 2021, from 64.1 days as of December 31, 2020. Days of Inventory on Hand increased to 188.3 days as of June 30, 2021, compared to 136.8 days as of December 31, 2020.

Non-Current Assets increase was driven by CAPEX, mainly due to investments in the new melt shop plant, which is currently under construction. Consequently, Net, Property, Plant, and Equipment increased by S/ 187.6 million (+8.7%) YTD.

Liabilities

As of June 2021, Total Liabilities reached S/ 3,337.8 million, a S/ 1,024.4 million or 44.3% increase YoY, driven by higher Current Liabilities by S/ 970.2 million, and an increase in Non-Current Liabilities of S/ 54.2 million.

Current Liabilities increased mainly due to a higher balance of working capital loans for inventories, and accounts payable, mainly explained by cash dividends approved on June 24.

As of June 2021, Total Financial Debt (including supplier leases) reached S/ 2,028.6 million, higher than the figure as of December 2020.

Current Financial Debt as of June 30, 2021, was S/ 1,060.9 million, of which S/ 991.8 million represented Working Capital Financing. Total current financial debt was S/ 743.8 million higher than the figure reported as of December 2020.

Non-Current Financial Debt was S/ 967.7 million, S/ 65.9 million higher than the figure reported in December 2020, mainly explained by the financial lease for the new melt shop.

As of June 2021, 64% of Total Debt was denominated in Soles, while 33% was denominated in U.S. Dollars, 3% in Bolivianos, and the remaining 0.1% in Chilean Pesos.

Net Debt to EBITDA ratio was 1.48x as of June 2021, an increase of 0.22x compared to December 2020, because of an increase in financial debt.

Shareholders' Equity

At the close of June 2021, Shareholders' Equity reached S/ 2,399.5 million, an increase of S/ 152.7 million compared to the figure as of December 2020.

V. Cash Flow Statement

Cash Flow from Operations

As of June 30, 2021, Cash Flow from Operations was -S/ 531.3 million, mainly explained by the increases in inventory and accounts receivables.

Cash Flow from Investing

As of June 30, 2021, Cash Flow from Investing was -S/ 156.8 million which included investments in the acquisition of Comfer S.A. of S/ 64.1 million, investments in Property, Plant, and Equipment of S/ 96.8 million, and investment in Intangibles of S/ 0.4 million. These cash outflows were partly offset by S/ 45.3 million ending Cash balance from the consolidation after Comfer acquisition, S/ 3.4 million in interests received, S/0.9 million in dividends received, and S/ 0.2 million in asset sales.

These figures do not consider S/ 72 million related to the new melt shop plant, which is financed through a capital lease agreement.

Cash Flow from Financing

As of June 30, 2021, Cash Flow from Financing was S/ 641.3 million, which included net financing of S/ 797 million, interest payments of S/ 9.8 million, and S/145.6 million of dividends.

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

VI. Relevant Events

1. During the second quarter, the Company invested S/ 48.9 million as part of the construction of its upcoming new melt shop facility, S/ 32.5 million was financed through a financial lease, and the remaining was financed through cash. This facility will have a capacity of over 1.25 million tons of liquid steel. The total investment will be US\$ 220 million with a complementary capex of US\$ 23 million. The start of operations is expected during 3Q 2021.
2. On July 14, 2021, the company acquired the assets of two business units to collect scrap metal in the United States, and expects to supply itself with 100,000 tons of raw material per year. The acquisition was made through two subsidiaries created in that country, Aceros America Port Manatee LLC and Aceros America St. Pete LLC.
3. On June 24, 2021, the Board approved an extra dividend payment of US\$ 27.9 million, which was paid on July 15, 2021.
4. In April, the firm donated two Medical Oxygen Plants to Pisco city to support health requirements from Covid-19 patients.
5. In July, for a fourth consecutive year, the firm received the ESR distinctive, recognizing it as a Social Responsible firm during 2020, and received a special mention in the environment category for its “circular economy strategy”.

Conference Call Information

Corporacion Aceros Arequipa S.A. cordially invites you to participate in its Second Quarter 2021 Earnings Conference Call.

Date: Monday, July 26, 2021

Time: 1:00 pm ET / 12:00 pm Lima Time

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

<https://tinyurl.com/9ykbzbu4y>

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 & profiles and flat steel products. The Company has an industrial facility located in Pisco, Peru with an average per-year capacity of 850 thousand tons for its melt shop 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:

• Comfer S.A.	96.00%
• Comercial del Acero (in liquidation):	99.99%
• Aceros del Altiplano:	99.00%
• Aceros America (Chile)	100.00%
• Aceros America (Colombia)	100.00%
• Aceros America Corporation	100.00%
• Transportes Barcino:	99.92%
• Aceros Arequipa Iquitos:	99.90%
• Acero Instalado:	99.90%
• Tecnología y Soluciones Constructivas:	99.90%
• 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	June 30, 2021	December 31, 2020
Assets			
Current Assets			
Cash and Cash Equivalents	5	698,962	700,462
Accounts Receivable	6	616,934	475,430
Accounts Receivable from related parties	7	29,410	29,726
Other Accounts Receivable	8	65,950	15,102
Inventories	9	1,660,404	870,411
Deferred Income tax Assets			
Other Assets	10	11,127	
Assets classified as held for sale			
Total Current Assets		3,082,787	2,091,131
Non-Current Assets			
Other financial assets	13	21,959	30,121
Investments in subsidiaries, affiliates or joint ventures	11	116,849	114,323
Accounts Receivable from related parties	7	4,197	4,197
Other Accounts Receivable	8	25,787	19,128
Investment Property	14	51,807	45,974
Property, Plant and Equipment, Net	12	2,348,016	2,160,395
Intangible Assets, Net	15	50,493	59,281
Other non-financial assets	16	35,450	35,641
Total Non-Current Assets		2,654,558	2,469,060
TOTAL ASSETS		5,737,345	4,560,191
Liabilities and Shareholders' Equity			
Current Liabilities			
Other Financial Liabilities	17	1,060,884	317,051
Accounts Payable	18	815,969	789,334
Accounts Payable to related parties	7	154,647	27,473
Other Accounts Payable	19	179,992	123,024
Current Income Tax	20	56,108	40,471
Total Current Liabilities		2,267,600	1,297,353
Non-Current Liabilities			
Other Financial Liabilities	17	967,682	901,758
Accounts Payable			
Other Accounts Payable	1	6,955	6,891
Deferred Income Tax Liabilities	20	95,613	107,427
Total Non-Current Liabilities		1,070,250	1,016,076
Total Liabilities		3,337,850	2,313,429
Shareholders' Equity			
Share Capital	21	890,858	890,858
Investment Shares	21	182,408	182,408
Treasury Shares			
Other Capital Reserves		178,293	178,293
Retained Earnings		909,817	774,014
Other Shareholders' Equity Reserves		234,230	221,189
Non-controlling interest		3,889	
Total Shareholders' Equity		2,399,495	2,246,762
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,737,345	4,560,191

Corporación Aceros Arequipa S.A.

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

	Notes	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Revenue	22	1,203,373	230,322	2,330,483	867,525
Cost of Goods Sold	23	-872,506	-234,141	-1,640,095	-756,157
Gross Profit (Loss)		330,867	-3,819	690,388	111,368
Selling and Distribution Expenses	24	-43,057	-20,469	-84,770	-49,203
Administrative Expenses	25	-46,072	-9,465	-90,452	-29,972
Other Operating Income	27	-1,598	973	4,658	3,345
Other Operating Expenses	27	-4,509	-9,806	-14,324	-21,274
Other Income (Expenses)		0	0	0	0
Operating Profit (Loss)		235,631	-42,586	505,500	14,264
Financial Income	28	1,602	1,603	3,593	4,573
Financial Expenses	28	-4,958	-10,380	-9,775	-18,318
Other income (Expenses) from subsidiaries, affiliated and joint ventures	11	1,473	-16	3,455	1,181
Exchange Rate Differences, Net	32	-5,357	-2,215	-2,952	-2,982
Profit (Loss) before taxes		228,391	-53,594	499,821	-1,282
Income Tax Expense	20	-58,401	15,034	-134,521	2,023
Profit (Loss) from Discontinued Operations		0	0	0	0
Net Profit (Loss)		169,990	-38,560	365,300	741
Earnings Per Share					
Basic in Continued Operations of Common Stock		0.157	-0.036	0.338	0.001
Basic in Discontinued Operations of Common Stock		0.000	0.000	0.000	0.000
Total Earnings Per Share of Common Stock		0.157	-0.036	0.338	0.001
Basic in Continued Operations of Investment Stock (Non-voting)		0.157	-0.036	0.338	0.001
Basic in Discontinued Operations of Investment Stock (Non-voting)		0.000	0.000	0.000	0.000
Total Earnings Per Share of Investment Stock (Non-Voting)		0.157	-0.036	0.338	0.001

Corporación Aceros Arequipa S.A.

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

	Notes	Jan 01 – Jun 30 2021	Jan 01 – Jun 30 2020
Cash Flow from Operating Activities			
Collections due to Operating Activities			
Sales of Goods and Services Offered		2,168,407	1,035,972
Other Operating Collections		5,911	-36,123
Payments due to Operating Activities			
Suppliers of Goods and Services		-2,404,694	-1,094,483
Payments and payments on account to employees		-158,834	-108,558
Income Tax		-142,124	-50,945
Net Cash Generated by Operating Activities		-531,334	-254,137
Cash Flow from Investing Activities			
Collections due to Investing Activities			
Sale of Property, Plant and Equipment	27	242	33,730
Interests Received	28	3,356	4,572
Dividends Received		937	0
Payments due to Investing Activities			
Purchase of Financial Instruments from Other Entities	1	-64,083	0
Purchase of Subsidiaries, Net of Cash Acquired		45,251	0
Purchase of Property, Plant and Equipment	12	-96,816	-69,634
Purchase of Intangible Assets	15	-395	-1,374
Purchase of Other Long-Term Assets		0	1
Net Cash Generated by Investing Activities		-111,508	-32,706
Cash Flow from Financing Activities			
Collections due to Financing Activities			
Short term and long-term loans		1,253,810	1,574,312
Payments due to Financing Activities			
Short term and long-term loans amortization		-457,070	-1,215,692
Interests paid	28	-9,798	-18,318
Dividends paid		-145,490	0
Net Cash Generated by Financing Activities		641,342	340,302
Net Increase (Reduction) of Cash and Equivalents before Exchange Rate Changes		-1,500	53,459
Effects of Exchange Rate Changes on the balance of Cash Held in Foreign Currencies		0	0
Net Increase (Reduction) of Cash and Equivalents		-1,500	53,459
Cash and Cash Equivalents at the beginning of the year		700,462	445,501
Cash and Cash Equivalents at the end of the period		698,962	498,960