

2Q 2022 EARNINGS REPORT

Lima, Peru, July 22, 2022. 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 2022") period ended June 30, 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 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/ 1,369.9 million (+13.8% YoY) due to higher prices, compared to 2Q 2021.
- 2 **Gross Profit** totaled S/ 255.5 million and **Gross Margin** was 18.6%, down from a 27.5% margin during 2Q 2021, mainly due to higher costs of raw materials and traded products.
- 3 **EBITDA** was S/ 225.2 million, (a reduction of S/ 39.9 million YoY); while **EBITDA Margin** reached 16.4%.
- 4 **Net Profit** reached S/ 90.4 million, affected by a lower gross profit and higher interest expenses.
- 5 **Operating Working Capital requirements** reached S/ 2,354.9 million, mainly due to higher inventories, higher accounts receivables, increased sales tax credit, and lower accounts payables.
- 6 **CAPEX** was S/ 94.8 million, mainly explained by the new melt shop plant and its related investments, and new warehouse and steel center in Lurin.
- 7 As of June 30, 2022, the **Net Debt / EBITDA** ratio increased to **2.48x**, higher than December 2021 (1.65x), primarily due to higher short-term financial liabilities and a lower EBITDA.
- 8 On July 22, the Board approved a cash dividend of US\$ 9.2 million.



Revenue
reached S/ 1,369.9
million
(+13.8% YoY)

EBITDA of
S/ 225.2 million,
with a margin of
16.4%

Net Profit was
S/ 90.4 million, and
Net Margin was
6.6%

Net Debt / EBITDA
ratio reached 2.5x
as of June 2022

CONTACT
INVESTOR RELATIONS

Ricardo Guzman
CFO, IRO

E-mail
accionistas@aasa.com.pe

Financial Summary

(\$/ million)	2Q 2021	2Q 2022	YoY	YTD 2021	YTD 2022	YTD
Financial Figures						
Revenue	1,203.4	1,369.9	13.8%	2,330.5	2,685.8	15.2%
Gross Profit	330.9	255.5	-22.8%	690.4	453.4	-34.3%
Operating Profit	235.6	181.2	-23.1%	505.5	314.6	-37.8%
EBITDA	265.1	225.2	-15.0%	562.3	404.9	-28.0%
Net Profit	170.0	90.4	-46.8%	365.3	186.6	-48.9%
CAPEX ¹	83.7	94.8	13.3%	198.0	223.8	-4.2%
Financial Margins						
Gross Margin	27.5%	18.6%	-8.8 p.p,	29.6%	16.9%	-12.7 p.p,
Operating Margin	19.6%	13.2%	-6.4 p.p,	21.7%	11.7%	-10.0 p.p,
EBITDA Margin	22.0%	16.4%	-5.6 p.p,	24.1%	15.1%	-9.1 p.p,
Net Margin	14.1%	6.6%	-7.5 p.p,	15.7%	6.9%	-8.7 p.p,
Earnings per share ²	0.51	0.50	-2.7%			
Other Figures, as of						
	Dec, 2021	Jun, 2022	YTD			
Net Debt ³	1,846.5	2,378.5	28.8%			
Net Debt ³ / LTM ⁴ EBITDA	1.65x	2.48x	0.82x			

1. YTD 2Q 2022 includes \$/31.5 million of the new melt shop plant financed through a capital lease agreement.
2. Earnings per share (EPS) is defined as Net Profit LTM / Total Stock at the end of the quarter. Expressed in \$/ per share
3. Total Financial Debt (includes supplier leases)
4. LTM: last twelve months

III. Income Statement

Revenue

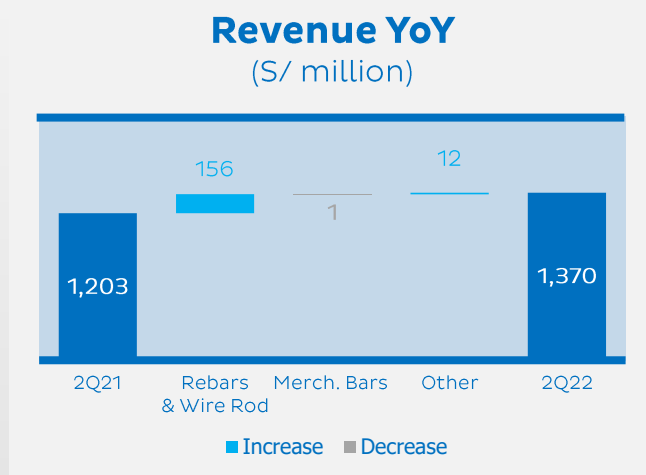
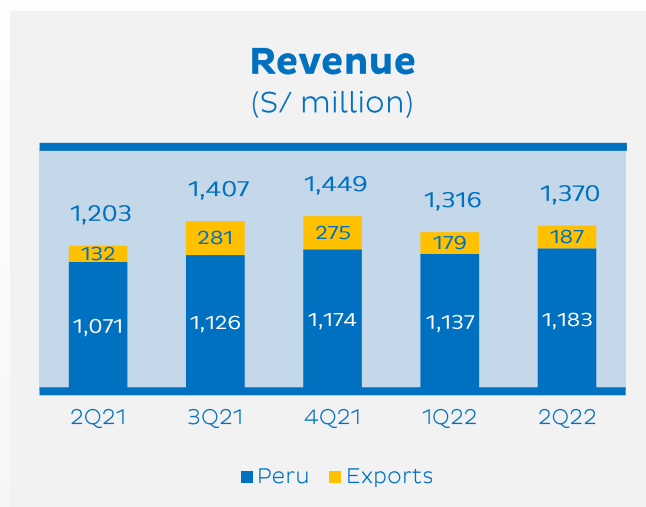
During 2Q 2022, Revenue reached S/ 1,369.9 million (+13.8% YoY)

Revenue increased due to higher prices .

Based on destination, domestic revenues increased by S/ 111.6 million (10.4%) YoY, and Exports by S/ 54.9 million (+41.5%) YoY.

During the quarter, Exports represented 13.7% of total revenue; up from 11.0% in 2Q 2021. The increase in exports was mainly due to a higher volume sold to Colombia. Bolivia remained as the main export market for the Company during the quarter.

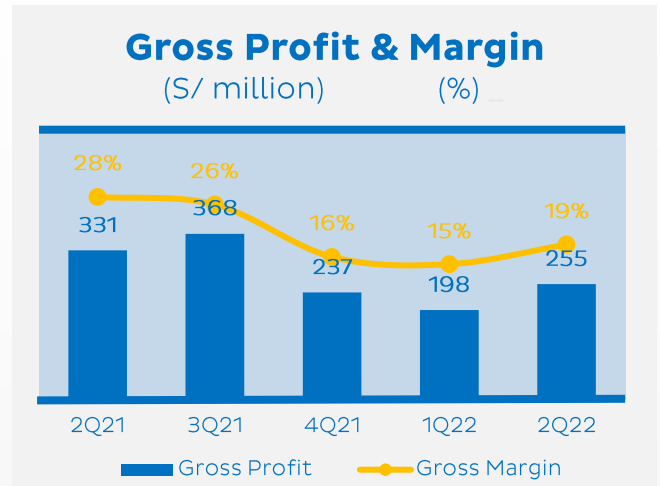
On a per-category basis, the “Rebars & Wire Rod” category increased S/ 155.5 million (+19.6%) YoY, followed by the “Other” products category, which increased S/ 12.3 million (+4.0%) YoY. On the other hand, the “Merchant bars” products category decreased S/ 1.2 million (-1.2%) YoY.



Gross Profit

Gross Profit reached S/ 255.5 million during 2Q 2022, lower than last year's 2Q, and reached a margin of 18.6%. Margins were lower as a result of higher costs of raw material and traded products.

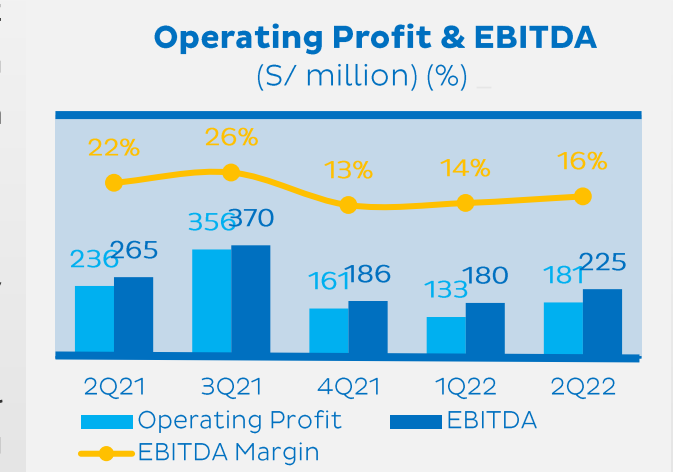
Furthermore, the rising trend in steel prices during the comparative period of 2021 had an historic positive effect on margins.



Operating Profit & EBITDA

Operating Profit reached S/ 181.2 million during 2Q 2022, a S/ 54.5 million decrease compared to S/ 235.6 million in 2Q 2021. Operating Margin reached 13.2%, 6.4 p.p. lower versus 2Q 2021.

Operating Profit decrease was partially offset by lower SG&A. The reduction in SG&A was driven by lower personnel expenses (mainly profit sharing expenses), lower allowance for doubtful accounts, and lower third party services.



During 2Q 2022, EBITDA reached S/ 225.2 million, a decrease of S/ 39.9 million YoY, and represented an EBITDA Margin of 16.4%; 5.9 p.p. lower compared to 2Q 2021.

Net Financial Expenses

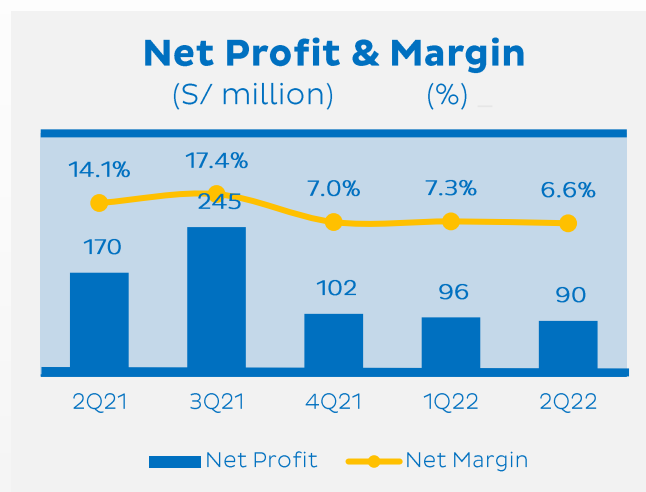
During 2Q 2022, Net Financial Expenses reached S/ 39.8 million, S/ 36.5 million higher compared to 2Q 2021, driven by higher Financial Expenses of S/ 38.9 million, mainly due to the interest of the melt shop's lease, an increase in working capital financing, and higher interest rates.

Additionally, during the quarter, the Net Exchange Rate Difference was negative and totaled -S/ 20.3 million compared to -S/ 5.4 million in 2Q 2021.

Net Profit

Net Profit was S/ 90.4 million during 2Q 2022, S/ 79.6 million lower YoY. Net Margin was 6.6%.

During 2Q 2022, Net Profit was lower than that as of 2Q 2021 as a result of a lower Operating Profit. Net Profit was also negatively affected by higher Net Financial Expenses and higher negative Exchange Rate Differences.



Earnings per Share, based on the Net Profit for the last twelve months (LTM), reached S/ 0.50 in 2Q 2022, similar to the S/ 0.51 reported in 2Q 2021.

IV. Balance Sheet

Assets

As of June 30, 2022, Total Assets reached S/ 6,799.8 million, representing an increase of S/ 487.4 million versus December 31, 2021. Asset increase was driven by Current Assets, which increased by S/ 370.1 million, and non-current assets by S/ 117.3 million.

Current Assets were higher as of June 30, 2022, mainly due to:

- i Inventories (+S/ 244.9 million, or +12.3% YTD)
- ii Accounts receivables including related parties (+S/ 22.8 million, or +3.6%) due to higher prices.
- iii Other accounts receivable (+ S/ 56.8 million, or +107.9% YTD) are mainly explained by sales tax credit.

Days of Sales Outstanding reached 42.8 days as of June 30, 2022, lower than 44.1 days as of December 31, 2021. Days in Inventory decreased to 179.5 days as of June 30, 2022, compared to 184.1 days as of December 31, 2021.

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

Liabilities

As of June 2022, Total Liabilities reached S/ 4,055.4 million, a S/ 376.3 million or 10.2% increase YTD, driven by higher Current Liabilities by S/ 450.3 million, partly offset by a decrease in Non-Current Liabilities of S/ 74.0 million.

Current Liabilities increased mainly due to a higher balance of working capital loans for inventories.

As of June 2022, Total Financial Debt (including supplier leases) reached S/ 3,041.3 million, higher than the figures as of December 2021.

Current Financial Debt as of June 30, 2022, was S/ 2,020.9 million, of which S/ 1,822.1 million represented short-term financing. Total current financial debt was S/ 631.2 million higher than the figures reported as of December 2021.

Non-Current Financial Debt was S/ 1,020.4 million, S/ 80.9 million lower than the figures reported in December 2021.

As of June 2022, 56% of Total Debt was denominated in Peruvian Soles, while 40% was denominated in U.S. Dollars, and the remaining 4% in Bolivianos.

Net Debt to EBITDA ratio was 2.48x as of June 2022, an increase of 0.82x compared to December 2021 mainly due to an increase in short-term financial debt to meet working capital requirements, and lower EBITDA.

Shareholders' Equity

At the close of June 2022, Shareholders' Equity reached S/ 2,744.5 million, an increase of S/ 111.1 million compared to the figures as of December 2021, mainly explained by the accrued 2Q 2022 results after deducting the cash dividend of US\$ 24.4 million.

V. Cash Flow Statement

Cash Flow from Operations

As of June 30, 2022, Cash Flow from Operations was negative S/ 209.9 million, mainly explained by higher inventory levels, an increase in accounts receivables, sales tax credit and payments to suppliers.

Cash Flow from Investing

As of June 30, 2022, Cash Flow from Investing was negative S/ 163.7 million which included investments in the new Rolling Mill line (S/ 20 million), the New Melt shop in Pisco, new warehouse and steel centers in Lurín, among others. These cash outflows were partly offset by S/ 22.3 million in dividends received and S/ 6.3 million in interests received.

These figures do not consider S/ 31.5 million related to the new melt shop plant, financed through a capital lease agreement.

Cash Flow from Financing

As of June 30, 2022, Cash Flow from Financing was S/ 391.9 million, which included net financing of S/ 538.4 million, interest payments of S/ 55.6 million and S/ 91.0 million in dividends.

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

VI. Relevant Events

1. On July 22, the Board approved a cash dividend payment of approximately US\$ 9.2 million, following the Company's dividend policy.
2. In June Aceros Arequipa was admitted as part of the United Nations Global Compact, a voluntary leading platform that develops, implements, and promotes corporate sustainability best practices worldwide. The firms that are part of the United Nations Global Compact pledge to respect 10 principles based on human rights, labor rights, environment, and anti corruption practices.
3. In June Aceros Arequipa obtained for fifth consecutive year the Socially Responsible Distinction (DESR). This recognition was granted by Peru Sostenible together with Centro Mexicano de Filantropía (CEMEFI).
4. In May loans obtained by the Companies' subsidiaries in the US, were labeled as Green Loans. The green loan label was granted to the working capital line and a long term loan for a total amount of US\$ 30 million. The green loan assessment was executed by Pacific Credit Sustainability (PCS) and the criteria was the alignment with the Green Loan Principles of the Loan Market Association.
5. In May the Lima Stock Exchange (BVL) reassessed the S&P/BVL Peru General ESG index, and confirmed that Aceros Arequipa through its ticker CORAREI1 will remain as a component of this index. Aceros Arequipa has been a component of this index since its creation last year. The S&P/BVL General ESG Index comprises 17 companies that represent a benchmark for transparency and sustainable corporate practices in Peru.

Conference Call Information

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

Date: Monday, July 25, 2022

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

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

<https://tinyurl.com/bdz4jkht>

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	June 30, 2022	December 31, 2021
Assets			
Current Assets			
Cash and Cash Equivalents	5	662,760	644,541
Accounts Receivable	6	626,891	596,440
Accounts Receivable from related parties	7	31,785	39,483
Other Accounts Receivable	8	109,387	52,606
Inventories	9	2,235,057	1,990,122
Deferred Income tax Assets		20,699	-
Other Assets	10	16,631	9,963
Assets classified as held for sale		-	-
Total Current Assets		3,703,210	3,333,155
Non-Current Assets			
Other financial assets	13	21,071	27,428
Investments in subsidiaries, affiliates or joint ventures	11	95,384	119,485
Accounts Receivable from related parties	7	-	4,197
Other Accounts Receivable	8	18,810	19,482
Investment Property	14	55,309	55,554
Property, Plant and Equipment, Net	12	2,782,570	2,621,809
Intangible Assets, Net	15	83,132	88,390
Deferred Assets	19	5,246	7,624
Other non-financial assets	16	35,101	35,270
Total Non-Current Assets		3,096,623	2,979,239
TOTAL ASSETS		6,799,833	6,312,394
Liabilities and Shareholders' Equity			
Current Liabilities			
Other Financial Liabilities	17	2,020,931	1,389,691
Accounts Payable	18	505,867	579,466
Accounts Payable to related parties	7	25,290	82,082
Other Accounts Payable	19	154,415	177,144
Current Income Tax	20	-	27,862
Total Current Liabilities		2,706,503	2,256,245
Non-Current Liabilities			
Other Financial Liabilities	17	1,020,374	1,101,311
Other Accounts Payable	31	109,931	114,289
Deferred Income Tax Liabilities	20	218,546	207,202
Total Non-Current Liabilities		1,348,851	1,422,802
Total Liabilities		4,055,354	3,679,047
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		1,261,364	1,165,605
Other Shareholders' Equity Reserves		231,400	216,027
Non-controlling interest		-	-
Total Shareholders' Equity		2,744,479	2,633,347
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,799,833	6,312,394

Corporación Aceros Arequipa S.A.

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

	Notes	2Q 2022	2Q 2021	YTD 2022	YTD 2021
Revenue	22	1,369,942	1,203,373	2,685,777	2,330,483
Cost of Goods Sold	23	(1,114,460)	(872,506)	(2,232,393)	(1,640,095)
Gross Profit (Loss)		255,482	330,867	453,384	690,388
Selling and Distribution Expenses	24	(36,864)	(43,057)	(74,061)	(84,770)
Administrative Expenses	25	(33,714)	(46,072)	(67,599)	(90,452)
Other Operating Income	27	5,826	(1,598)	32,144	4,658
Other Operating Expenses	27	(9,555)	(4,509)	(29,220)	(14,324)
Other Income (Expenses)		-	-	-	-
Operating Profit (Loss)		181,175	235,631	314,648	505,500
Financial Income	28	4,014	1,602	6,341	3,593
Financial Expenses	28	(43,852)	(4,958)	(55,574)	(9,775)
Other income (Expenses) from subsidiaries, affiliated and joint ventures	11	3,579	1,473	(6,025)	3,455
Exchange Rate Differences, Net	32	(20,268)	(5,357)	10,335	(2,952)
Profit (Loss) before taxes		124,648	228,391	269,725	499,821
Income Tax Expense	20	(34,285)	(58,401)	(83,139)	(134,521)
Profit (Loss) from Discontinued Operations		-	-	-	-
Net Profit (Loss)		90,363	169,990	186,586	365,300
Earnings Per Share					
Basic in Continued Operations of Common Stock		0.0084	0.157	0.173	0.338
Basic in Discontinued Operations of Common Stock		0.000	0.000	0.000	0.000
Total Earnings Per Share of Common Stock		0.084	0.157	0.173	0.338
Basic in Continued Operations of Investment Stock (Non-voting)		0.084	0.157	0.173	0.338
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)		0.084	0.157	0.173	0.338

Corporación Aceros Arequipa S.A.

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

	Notes	YTD 2Q 2022	YTD 2Q 2021
Cash Flow from Operating Activities			
Collections due to Operating Activities			
Sales of Goods and Services Offered		2,669,658	2,168,407
Other Operating Collections		37,787	5,911
Payments due to Operating Activities			
Suppliers of Goods and Services		-2,628,597	-2,404,694
Payments and payments on account to employees		-182,398	-158,834
Income Tax		-106,393	-142,124
Net Cash Generated by Operating Activities		-209,943	-531,334
Cash Flow from Investing Activities			
Collections due to Investing Activities			
Sale of Property, Plant and Equipment	27	0	242
Interests Received	28	6,341	3,356
Dividends Received		22,262	937
Payments due to Investing Activities			
Acquire control of subsidiaries and other firms	1	-58	-64,083
Purchase of Subsidiaries, Net of Cash Acquired	1	0	45,251
Purchase of Property, Plant and Equipment	12	-192,042	-96,816
Purchase of Intangible Assets	15	-206	-395
Purchase of Other Long-Term Assets		0	0
Net Cash Generated by Investing Activities		-163,703	-111,508
Cash Flow from Financing Activities			
Collections due to Financing Activities			
Short term and long-term loans		1,738,947	1,253,810
Payments due to Financing Activities			
Short term and long-term loans amortization		-1,200,515	-457,180
Interests paid	28	-55,576	-9,798
Dividends paid	11	-90,991	-145,490
Other collections (payments) of cash related to financial activities		0	0
Net Cash Generated by Financing Activities		391,865	641,342
Net Increase (Reduction) of Cash and Equivalents before Exchange Rate Changes		18,219	-1,500
Effects of Exchange Rate Changes on the balance of Cash Held in Foreign Currencies		0	0
Net Increase (Reduction) of Cash and Equivalents		0	0
Cash and Cash Equivalents at the beginning of the year		644,541	700,462
Cash and Cash Equivalents at the end of the period		662,760	698,962