

# 2Q 2024 EARNINGS REPORT

Lima, Peru, July 23, 2024. Corporación Aceros Arequipa S.A. ("the Company" or "Aceros Arequipa") (BVL ticker: CORAREC1 and CORAREI1) announced its unaudited consolidated financial results corresponding to the Second Quarter ("2Q 2024") period ended June 30, 2024. 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 report 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/ 1,132.9 million** (-4.8% YoY) as a result of lower exports to non-recurring markets (mainly Rebar and Billets) and Bolivia, partially offset by higher sales in Peru and Ecuador.
- 2 Gross Profit and Gross Margin achieved S/ 197.9 million and 17.5%** (+850 bps vs 2Q23) due to recovery in Peru, Colombia and Bolivia driven by higher volume and lower costs as well as by-products sales.
- 3 EBITDA reached S/167.4 million**, while **EBITDA Margin** reached 14.8% (+720 bps vs 2Q23).
- 4 Net Profit reached S/ 51.3 million**, while **Net Margin** reached 4.5% (+300 bps vs 2Q23) mainly due to higher gross profit.
- 5 Operating Working Capital requirements increased from S/ 1,387 million to S/ 1,391 million**, mainly due to higher accounts receivable and lower accounts payable partially offset by lower inventories.
- 6 CAPEX reached S/ 100 million**, mainly explained by the new rolling mill, wire and nail plant, lime furnace enhancement, new scrap cleaning machines, and Lurin Distribution Center, among others.
- 7 As of June 30, 2024, the Net Debt / EBITDA ratio decreased to 3.7x**, lower than Dec 23 (4.6x) due to a higher EBITDA LTM (+14.1% YoY).
- 8 In July, the Board approved a dividend payment of US\$ 5.6 million**, which will be paid on August 15, 2024.



Revenue reached S/ 1,132.9 million

EBITDA of S/ 167.4 million, with a margin of 14.8%

Net Profit was S/ 51.3 million, and Net Margin was 4.5%

Net Debt / EBITDA ratio reached 3.7x as of June 2024

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## Financial Summary

(\$/ million)	2Q23	2Q24	YoY	YTD '23	YTD '24	YoY
<b>Financial Figures</b>						
Revenue	1,190.1	1,132.9	(4.8%)	2,410.3	2,263.9	(6.1%)
Gross Profit	106.8	197.9	85.3%	239.3	378.0	58.0%
Operating Profit	48.9	116.1	137.4%	119.1	226.4	90.0%
EBITDA	90.7	167.4	84.5%	218.8	330.2	50.9%
Net Profit	18.3	51.3	180.3%	52.8	111.5	110.9%
CAPEX	108.5	100.4	(7.4%)	209.6	199.4	(4.9%)
<b>Financial Margins &amp; ratio</b>						
Gross Margin	9.0%	17.5%	85 p.p	9.9%	16.7%	68 p.p
Operating Margin	4.1%	10.2%	61 p.p	4.9%	10.0%	51 p.p
EBITDA Margin	7.6%	14.8%	72 p.p	9.1%	14.6%	55 p.p
Net Margin	1.5%	4.5%	30 p.p	2.2%	4.9%	27 p.p
Earnings per share <sup>1</sup>	0.10	0.12	15.9%			
<b>Other Figures, as of</b>						
	Dec, 2023	Jun, 2024	YTD			
Net Debt <sup>2</sup>	2,001.6	2,003.1	0.1%			
Net Debt <sup>2</sup> / LTM <sup>3</sup> EBITDA	4.6x	3.7x	(0.9x)			

1. Earnings per share (EPS) is defined as Net Profit LTM / Total Stock at the end of the quarter. Expressed in \$/per share
2. Net Debt = Total Financial Debt (includes supplier leases) - Cash
3. LTM: last twelve months

### III. Income Statement

## Revenue

During 2Q24, revenue reached S/ 1,132.9 million (-4.8% YoY).

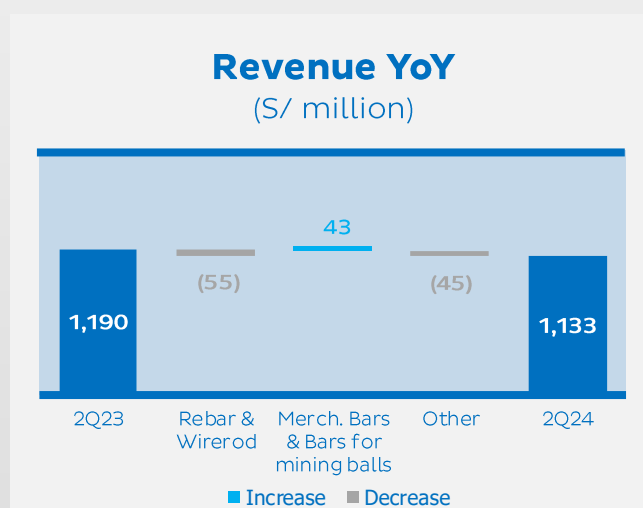
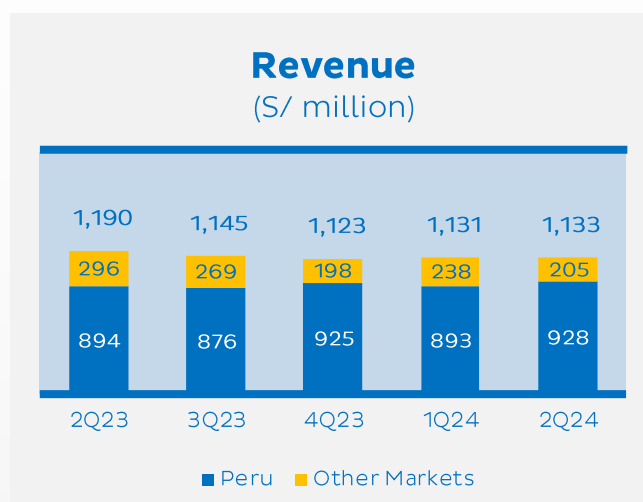
Revenue increased 4% YoY in Peru and decreased -31% YoY in Other Markets.

Domestic revenue increased due to a higher sale of round bars for mining balls partially offset by lower prices and volumes from other domestic products.

On the other hand, revenue from Other Markets decreased due to lower exports of Baco to non-recurring destinations and a one-time export of billets registered at 2Q23 as well as lower sales in Bolivia partially offset by higher sales to Ecuador and Colombia.

During the quarter, Revenue from Other Markets represented 18.1% of total Revenue. Bolivia remained the main source of Revenue among “Other Markets” for the Company during the quarter.

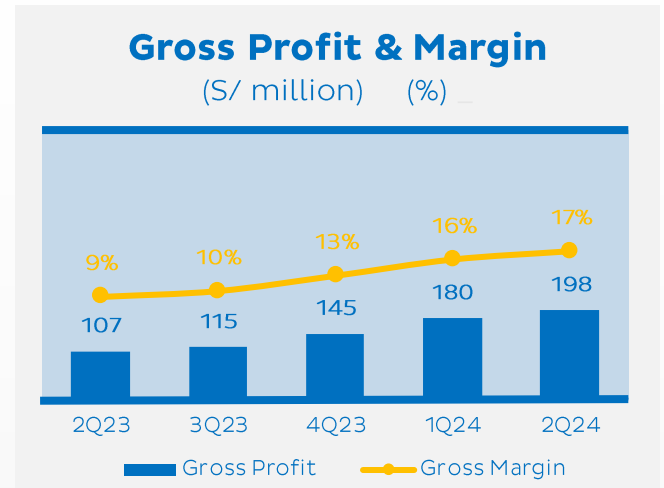
On a per-category basis, the “Rebars & Wire Rod” category decreased -6.9% YoY mainly due to lower volume and prices in non-recurrent markets and Bolivia, partially compensated by an increase in volume in Ecuador and Colombia; the “Merchant bars & Bars for mining balls” category increased +44.8% YoY due to volume increase in round bars for mining balls; and the “Other” products category decreased -14.8% YoY as a consequence of non-recurrent sale of billets last year and lower prices on other products partially offset by sales of by-products, nails and wire.



## Gross Profit

Gross Profit reached S/ 197.9 million (+85.3% YoY) with a margin of 17.5%.

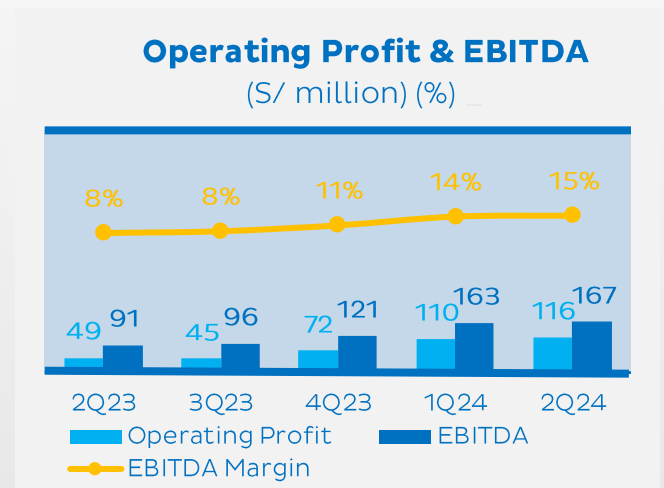
Gross profit increase as a result of margins recovery in Peru, Colombia and Bolivia due to higher volumes and lower costs, highlighting rebar, non-ferrous, flats and tubes and round bars for mining balls. Additionally, Ecuador's operations positively impacted gross margin since during 2Q23 was not in operations.



## Operating Profit & EBITDA

Operating Profit reached S/ 116.1 million (+137% YoY), while operating Margin reached 10.2% (+610 bps vs 2Q23).

The Operating Profit increase was explained by a better Gross Profit, partially offset by higher SG&A and Other Operating expenses. The increase in SG&A was driven by higher personnel expenses (variable) and depreciation.



EBITDA reached S/ 167.4 million (+84% YoY), while EBITDA Margin reached 14.8% (+720 bps vs 2Q23).

## Net Financial Expenses

Net Financial Expenses reached S/ 27.2 million (-23% YoY). Financial Expenses decreased -22.3% YoY due to lower working capital financing and lower interest rates.

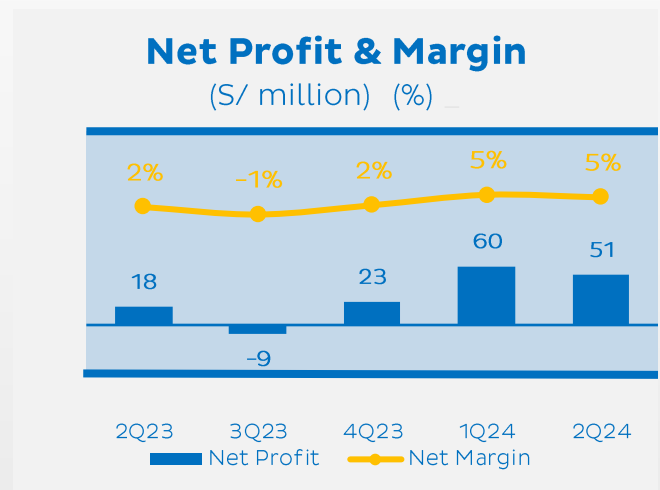
Net Exchange Rate Difference was -S/ 20.7 million, lower than the S/ 8.8 million Exchange Rate difference in 2Q23.

## Net Profit

Net Profit was S/ 51.3 million (+ 180% YoY) while Net Margin reached 4.5% (+300 bps vs 2Q23).

Net Profit increased as a result of higher Gross Profit and lower Net Financial Expenses, partially offset by a negative Exchange rate difference (compared to a positive effect on 2Q 2023), higher SG&A, and higher income taxes.

Earnings per Share, based on the Net Profit for the last twelve months (LTM), reached S/ 0.12 in 2Q24, higher compared to the S/ 0.10 reported at the end of 2Q23.



## IV. Balance Sheet

### Assets

As of June 30, 2024, Total Assets reached S/ 6,247 million, a S/ 71 million or 1% reduction YTD.

The decrease in assets was driven by a S/ 172 million reduction in current assets, partially offset by an increase in non-current assets by S/ 101 million.

Current Assets were lower mainly due to:

- i Cash (-S/ 113 million, or -18% YTD)
- ii Inventories (-S/ 88 million, or -6% YTD)
- iii Income tax assets (-S/ 38 million, or -37% YTD).
- iv Other Accounts receivables (-S/ 14 million, or -12% YTD)

Days of Sales Outstanding reached 40 days as of Jun 24 (vs 33 days as of Dec 23).

Days in Inventory reached 124 days as of Jun 24, in line with days on Dec 23.

Days Payable Outstanding reached 49 days as of Jun 24 (vs 53 days as of Dec 23).

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

## Liabilities

As of June 30, 2024, Total Liabilities reached S/ 3,411 million, a S/ 170 million or 5% reduction YTD, driven by a S/ 128 million reduction in Current Liabilities, and S/ 42 million reduction in Non-Current Liabilities.

Current Liabilities decreased mainly due to a lower working capital financing.

Total Financial Debt (including supplier leases) reached S/ 2,516 million (-4.3% YTD vs Dec 23).

Current Financial Debt reached S/ 1,320 million, of which S/ 1,136 million represented working capital financing. Total current financial debt was S/ 65 million lower than December 2023.

Non-Current Financial Debt amounted to S/ 1,196 million, S/ 47 million lower than December 2023.

As of June 2024, 49% of Total Financial Debt was denominated in Peruvian Soles, while 42% was denominated in U.S. Dollars, 6% in Bolivianos, and the remaining 3% in Colombian and Chilean Pesos.

Net Debt to EBITDA ratio reached 3.7x as of Jun 24, a 0.9x reduction compared to December 2023 mainly due to a higher EBITDA LTM.

## Shareholders' Equity

At the close of June 2024, Shareholders' Equity reached S/ 2,836 million, an increase of S/ 99 million compared to December 2023, mainly explained by 2024 accrued results after deducting cash dividends.

## V. Cash Flow Statement

### Cash Flow from Operations

As of June 2024, Cash Flow from Operations amounted to S/ 290 million, mainly explained by EBITDA generation and a reduction in inventories.

### Cash Flow from Investing

As of June 2024, Cash Flow from Investing amounted to -S/ 178 million which included S/199 million in capital expenditures and intangibles partially offset by S/ 15 million in interest received, S/ 5 million in sale asset and S/ 1 million in dividends received. Investments were mainly explained by the new rolling mill, wires and nails plant, lime furnace enhancement, new scrap cleaning machines, and Lurin distribution center, among others.

### Cash Flow from Financing

As of June 2024, Cash Flow from Financing amounted to -S/ 225 million, which included net financing of -S/ 138 million, interest payments of -S/ 74 million and dividend payment of -S/ 14 million.



## VI. Relevant Events

1. In July, the Board approved a cash dividend payment of approximately S/ 21.2 million which will be paid in US\$ (US\$ 5.6 million) on August the 15<sup>th</sup> 2024.
2. 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. The S&P/BVL General ESG Index comprises 16 companies that represent a benchmark for transparency and sustainable corporate practices within the Stock Exchange in Peru.

## Conference Call Information

Corporacion Aceros Arequipa S.A. cordially invites you to participate in its Second Quarter 2024 Earnings Conference Call.

Date: Wednesday, July 24, 2024

Time: 1:00 pm ET / 12:00 pm PET (UTC-5)

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

[https://us02web.zoom.us/meeting/register/tZ0qd-uspj0uE9bq7R\\_olBqa9rEMHMjtC4rX](https://us02web.zoom.us/meeting/register/tZ0qd-uspj0uE9bq7R_olBqa9rEMHMjtC4rX)

## 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 its 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:

• Corporación Aceros Arequipa S.R.L. (Bolivia):	99.00%
• Aceros America S.A.S. (Colombia):	100.00%
• Aceros America Corporation:	100.00%
• Corporación Aceros Arequipa S.P.A. (Chile):	100.00%
• Corporación Aceros Arequipa AA S.A.S. (Ecuador):	100.00%
• Corporación Aceros Arequipa Iquitos S.A.C.:	99.90%
• Acero Instalado:	99.90%
• Transportes Barcino:	99.99%
• 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, their financial and business impact, and 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, 2024	December 31, 2023
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	513,267	626,550
Accounts Receivable	6	472,055	424,590
Accounts Receivable from related parties	7	30,633	780
Other Accounts Receivable	8	105,306	119,620
Inventories	9	1,345,502	1,433,910
Deferred Income tax Assets	20	64,457	102,675
Other Assets	10	15,741	11,310
Assets classified as held for sale		-	-
<b>Total Current Assets</b>		<b>2,546,961</b>	<b>2,719,435</b>
<b>Non-Current Assets</b>			
Other financial assets	13	39,155	49,850
Investments in subsidiaries, affiliates, or joint ventures	11	97,029	94,240
Accounts Receivable from related parties	7	-	-
Other Accounts Receivable	8	11,880	11,803
Investment Property	14	80,458	81,015
Property, Plant and Equipment, Net	12	3,341,633	3,233,431
Intangible Assets, Net	15	75,072	74,003
Deferred Assets	20	20,476	19,928
Other non-financial assets	16	34,423	34,576
<b>Total Non-Current Assets</b>		<b>3,700,126</b>	<b>3,598,846</b>
<b>TOTAL ASSETS</b>		<b>6,247,087</b>	<b>6,318,281</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current Liabilities</b>			
Other Financial Liabilities	17	1,320,042	1,384,612
Accounts Payable	18	517,597	599,040
Accounts Payable to related parties	7	14,925	12,322
Other Accounts Payable	19	110,109	94,785
Current Income Tax		-	-
<b>Total Current Liabilities</b>		<b>1,962,673</b>	<b>2,090,759</b>
<b>Non-Current Liabilities</b>			
Other Financial Liabilities	17	1,196,312	1,243,578
Other Accounts Payable	19	9,152	9,074
Deferred Income Tax Liabilities	20	242,852	237,399
<b>Total Non-Current Liabilities</b>		<b>1,448,316</b>	<b>1,490,051</b>
<b>Total Liabilities</b>		<b>3,410,989</b>	<b>3,580,810</b>
<b>Shareholders' Equity</b>			
Share Capital	21	890,858	890,858
Investment Shares	21	182,408	182,408
Treasury Shares		-	-
Other Capital Reserves	21	178,927	178,742
Retained Earnings	21	1,383,703	1,286,468
Other Shareholders' Equity Reserves	21	200,202	198,995
Non-controlling interest		-	-
<b>Total Shareholders' Equity</b>		<b>2,836,098</b>	<b>2,737,471</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,247,087</b>	<b>6,318,281</b>

# Corporación Aceros Arequipa S.A.

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

	Notes	1Q 2024	1Q 2023	January to June 2024	January to June 2023
Revenue	22	1,132,930	1,190,124	2,263,934	2,410,276
Cost of Goods Sold	23	-934,995	-1,083,322	-1,885,889	-2,171,012
Gross Profit (Loss)		197,935	106,802	378,045	239,264
Selling and Distribution Expenses	24	-41,101	-36,691	-77,239	-71,582
Administrative Expenses	25	-30,895	-22,891	-58,382	-47,099
Other Operating Income	27	9,332	8,121	12,176	11,417
Other Operating Expenses	27	-19,180	-6,448	-28,177	-12,851
Other Income (Expenses)		-	-		
Operating Profit (Loss)		116,091	48,893	226,423	119,149
Financial Income	28	8,271	10,219	15,241	18,710
Financial Expenses	28	-35,491	-45,699	-73,544	-86,923
Other income (Expenses) from subsidiaries, affiliates, and joint ventures	11	3,070	1,517	4,185	3,250
Exchange Rate Differences, Net	32	-20,660	8,758	-16,153	20,462
Profit (Loss) before taxes		71,281	23,688	156,152	74,648
Income Tax Expense	20	-20,022	-5,398	-44,680	-21,805
Profit (Loss) from Discontinued Operations					
Net Profit (Loss)		51,259	18,290	111,472	52,843
Earnings Per Share					
Basic in Continued Operations of Common Stock		0.048	0.017	0.103	0.049
Basic in Discontinued Operations of Common Stock					
<b>Total Earnings Per Share of Common Stock</b>		<b>0.048</b>	<b>0.017</b>	<b>0.103</b>	<b>0.049</b>
Basic in Continued Operations of Investment Stock (Non-voting)		0.048	0.017	0.103	0.049
Basic in Discontinued Operations of Investment Stock (Non-voting)					
<b>Total Earnings Per Share of Investment Stock (Non-Voting)</b>		<b>0.048</b>	<b>0.017</b>	<b>0.103</b>	<b>0.049</b>

# Corporación Aceros Arequipa S.A.

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

	Notes	January to June 2024	January to June 2023
<b>Cash Flow from Operating Activities</b>			
<b>Collections due to Operating Activities</b>			
Sales of Goods and Services Offered		2,186,616	2,459,929
Other Operating Collections		1,638	766
<b>Payments due to Operating Activities</b>			
Suppliers of Goods and Services		-1,804,990	-1,892,591
Payments and payments on account to employees		-122,012	-133,696
Income Tax		38,218	-34,664
Other Payments		-9,832	
<b>Net Cash Generated by Operating Activities</b>		<b>289,638</b>	<b>399,744</b>
<b>Cash Flow from Investing Activities</b>			
<b>Collections due to Investing Activities</b>			
Sale of Property, Plant and Equipment	27	5,054	124
Interests Received	28	15,199	18,686
Dividends Received	11	1,409	855
<b>Payments due to Investing Activities</b>			
Acquire control of subsidiaries and other firms	1	-	-
Purchase of Subsidiaries, Net of Cash Acquired	1		
Purchase of Property, Plant and Equipment	12	-199,476	-209,896
Purchase of Intangible Assets	15	0	-533
Purchase of Other Long-Term Assets		0	0
<b>Net Cash Generated by Investing Activities</b>		<b>-177,814</b>	<b>-190,764</b>
<b>Cash Flow from Financing Activities</b>			
<b>Collections due to Financing Activities</b>			
Short-term and long-term loans		2,290,107	1,625,022
<b>Payments due to Financing Activities</b>			
Short-term and long-term loans amortization		-2,427,839	-1,812,860
Interests paid	28	-73,544	-86,908
Dividends paid	21	-13,831	-24,663
Other collections (payments) of cash related to financial activities			
<b>Net Cash Generated by Financing Activities</b>		<b>-225,107</b>	<b>-299,409</b>
Net Increase (Reduction) of Cash and Equivalents before Exchange Rate Changes		-113,283	-90,429
Effects of Exchange Rate Changes on the balance of Cash Held in Foreign Currencies			
Net Increase (Reduction) of Cash and Equivalents		-113,283	-90,429
Cash and Cash Equivalents at the beginning of the year		626,550	632,422
<b>Cash and Cash Equivalents at the end of the period</b>		<b>513,267</b>	<b>541,993</b>