

3Q 2023 EARNINGS REPORT

Lima, Peru, October 25, 2023. Corporación Aceros Arequipa S.A. ("the Company" or "Aceros Arequipa") (BVL ticker: CORAREC1 and CORAREI1) announced its unaudited consolidated financial results corresponding to the Third Quarter ("3Q 2023") period ended September 30, 2023. 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/ 1,145.0 million, -13.8% YoY mainly due to lower prices, partially offset by exports to non-recurrent countries.
- 2 **Gross Profit** totaled S/ 115.2 million and **Gross Margin** was 10.1%, down from 14.0% during 3Q 2022, mainly due to lower prices.
- 3 **EBITDA** reached S/95.6 million, while **EBITDA Margin** reached 8.4%.
- 4 **Net Loss** reached S/ -9.0 million, S/ 53.5 million lower YoY affected by a lower operating profit and partially offset by a decrease in exchange rate loss and lower income tax.
- 5 **Operating Working Capital requirements** decreased S/ 430.9 million to S/ 1,681.3 million, mainly due to lower inventories.
- 6 **CAPEX for the quarter** was S/ 119.5 million, mainly explained by the new rolling mill, new distribution center in Lurin, lime furnace enhancement, and tube plant in Bolivia, among others.
- 7 As of September 30, 2023, the **Net Debt / EBITDA** ratio increased to **5.4x**, higher than as of December 2022 (3.6x) due to a lower LTM EBITDA.
- 8 In October the Board approved a dividend payment of US\$ 2.2 million, which will be paid in November 2023.



Revenue
reached S/ 1,145.0
million

EBITDA of
S/ 95.6 million,
with a margin of
8.4%

Net Loss was
S/ 8.9 million, and
Net Margin was
-0.8%

Net Debt / EBITDA
ratio reached 5.4x
as of September
2023

CONTACT
INVESTOR RELATIONS

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Financial Summary

| (S/ million) | 3Q 2022 | 3Q 2023 | YoY | YTD 2022 | YTD 2023 | YoY |
|---|------------------|------------------|------------|----------|----------------|-----------|
| Financial Figures | | | | | | |
| Revenue | 1,328.3 | 1,145.0 | -13.8% | 4,014.0 | 3,555.3 | -11.4% |
| Gross Profit | 186.6 | 115.2 | -38.3% | 640.0 | 354.5 | -44.6% |
| Operating Profit | 125.7 | 45.5 | -63.8% | 440.4 | 164.6 | -62.6% |
| EBITDA | 158.6 | 95.6 | -39.7% | 563.5 | 314.5 | -44.2% |
| Net Profit | 44.6 | -9.0 | -120.1% | 231.2 | 43.9 | -81.0% |
| CAPEX | 133.0 | 119.5 | -10.2% | 356.0 | 329.9 | -7.3% |
| Financial Margins | | | | | | |
| Gross Margin | 14.0% | 10.1% | -4.0 p.p. | 15.9% | 10.0% | -6.0 p.p. |
| Operating Margin | 9.5% | 4.0% | -5.5 p.p. | 11.0% | 4.6% | -6.3 p.p. |
| EBITDA Margin | 11.9% | 8.4% | -3.6 p.p. | 14.0% | 8.8% | -5.2 p.p. |
| Net Margin | 3.4% | -0.8% | -4.1 p.p. | 5.8% | 1.2% | -4.5 p.p. |
| Earnings per share ¹ | 0.31 | 0.05 | 83.5% | | | |
| Other Figures, as of | | | | | | |
| | Dec, 2022 | Sep, 2023 | YTD | | | |
| Net Debt ² | 2,407.6 | 2,230.0 | -7.4% | | | |
| Net Debt ² / LTM ³ EBITDA | 3.6x | 5.4x | 1.7x | | | |

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

III. Income Statement

Revenue

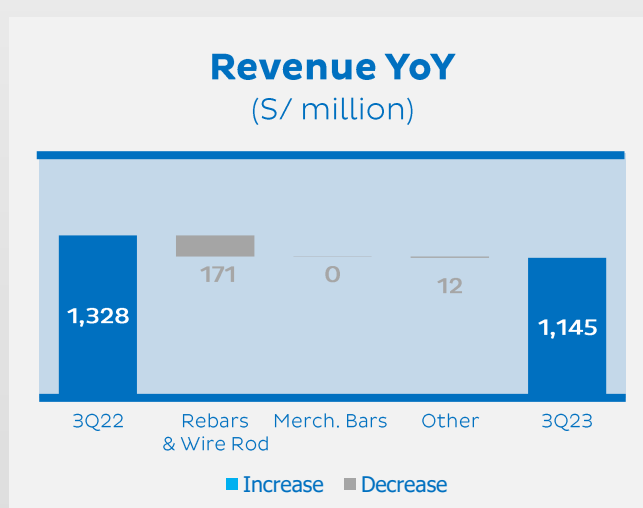
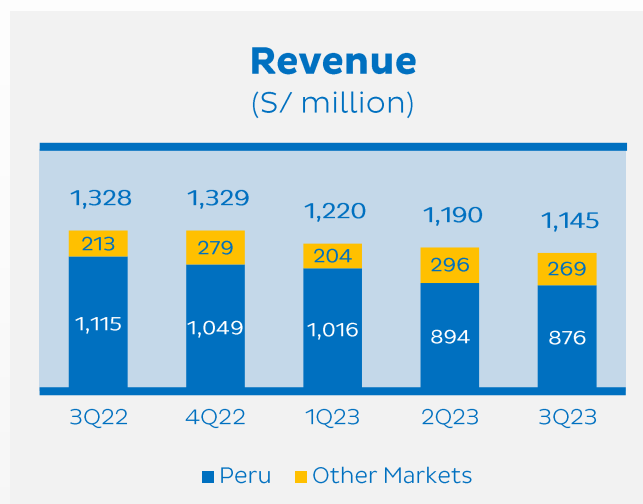
During 3Q 2023, Revenue reached S/ 1,145.0 million (-13.8% YoY).

Revenue decreased mainly due to local lower prices and lower volumes and prices in recurrent countries, partially offset by exports to non-recurrent countries.

Revenue in Peru decreased by S/ 239 million (-21.5%) YoY mostly due to lower prices. This was partially offset by an increase in sales to Other Markets by S/ 56 million (+26.4%) YoY. The Other Markets category is composed of sales in recurrent countries such as Bolivia, Colombia, and Ecuador and exports to other countries (non-recurrent countries).

During the quarter, Revenue from Other Markets represented 23.5% of total Revenue; 7.5% higher than in 3Q 2022. The increase in Other Markets was mainly explained by exports to non-recurrent markets. Bolivia remained the main source of Revenue among “other markets” for the Company during the quarter.

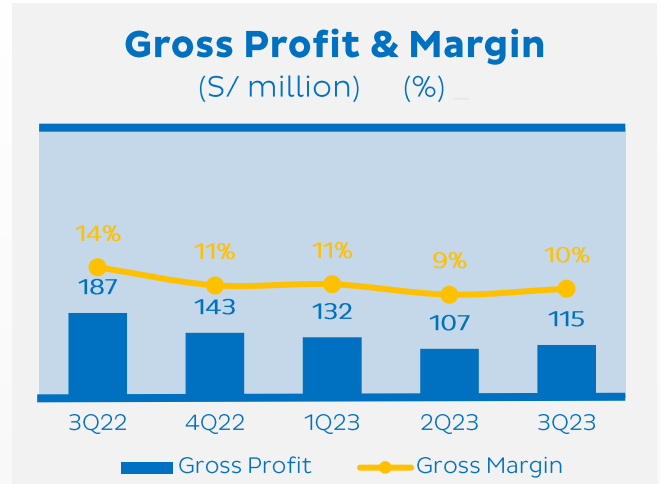
On a per-category basis, the “Rebars & Wire Rod” category decreased S/ 171 million (-17.9% YoY) due to lower volume and prices in the local and recurrent markets, partially offset by higher exports to non-recurrent markets; the “Other” products category decreased S/12 million (-4.7% YoY) mainly due to lower prices, partially compensated by higher volume sold.



Gross Profit

Gross Profit was lower YoY and reached S/ 115.2 million with a margin of 10.1%.

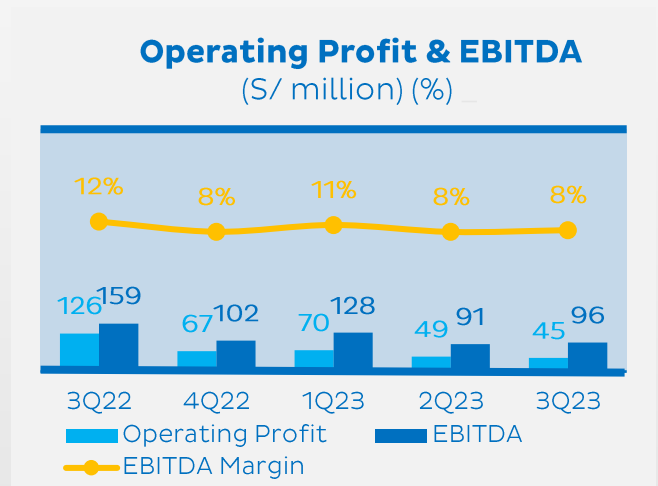
Gross profit was lower mainly because of lower prices in Peru, lower volumes and prices in recurrent markets and an increase of exports to non-recurrent export markets.



Operating Profit & EBITDA

Operating Profit reached S/ 45.5 million during 3Q 2023, a S/ 80.2 million decrease compared to 3Q 2022. Operating Margin reached 4.0%, 5.5 p.p. lower compared to 3Q 2022.

During 3Q 2023, EBITDA reached S/ 95.6 million, a decrease of S/ 63.0 million YoY, and represented an EBITDA Margin of 8.4%; 3.6 p.p. lower compared to 3Q 2022.



Net Financial Expenses

During 3Q 2023, Net Financial Expenses reached S/ 42.4 million, S/ 6.1 million higher compared to 3Q 2022. Financial Expenses increased S/6.2 million due to higher interest rates, and higher long-term debt partially offset by lower working capital financing.

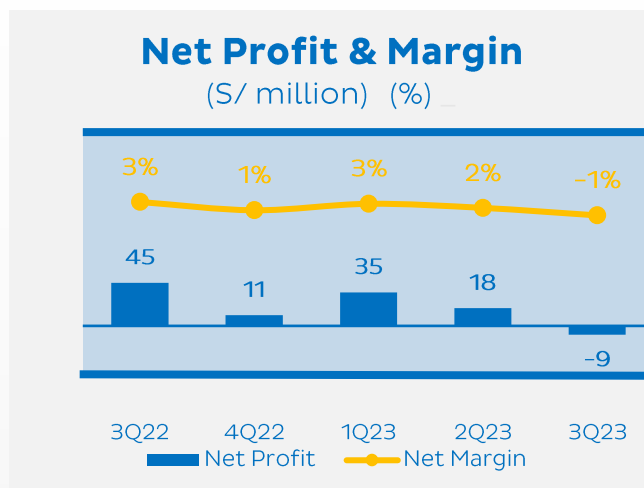
During the quarter, the Net Exchange Rate Difference totaled -S/ 7.8 million, a lower loss than the -S/ 31.1 million in 3Q 2022.

Net Profit

Net Profit was $-\$$ 9.0 million during 3Q 2023, $\$$ 53.5 million lower YoY. Net Margin was -0.8% .

During 3Q 2023, Net Profit was lower YoY as a result of a lower Operating Profit. Operating Profit was partially offset by a lower loss in net exchange difference and lower income taxes.

Earnings per Share, based on the Net Profit for the last twelve months (LTM), reached $\$$ 0.05 in 3Q 2023, lower compared to the $\$$ 0.31 reported at the end of 3Q 2022.



IV. Balance Sheet

Assets

As of September 30, 2023, Total Assets reached S/ 6,278.6 million, representing a reduction of S/ 520.6 million versus December 31, 2022.

Asset decrease was driven by a reduction of current assets, which lowered S/ 743.2 million. Non-current assets were S/ 222.7 million higher.

Current Assets were lower as of September 30, 2023, mainly due to:

- i Inventories (-S/ 552.7 million, or -26.0% YTD)
- ii Cash (- S/ 177.2 million, or -28.0% YTD)
- iii Accounts receivable (- S/ 21.5 million, or -3.4% YTD). This item includes Accounts Receivables, Accounts Receivables from related parties, Other accounts receivables, and other assets.

Days of Sales Outstanding reached 36.4 days as of September 30, 2023, similar to 36.8 days as of December 31, 2022.

Days in Inventory decreased to 129.2 days as of September 30, 2023, compared to 167.9 days as of December 31, 2022.

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

Liabilities

As of September 30, 2023, Total Liabilities reached S/ 3,539.0 million, a S/ 530.7 million or 13.0% reduction YTD, driven by lower Current Liabilities by S/ 519.2 million and Non-Current Liabilities by S/ 11.5 million.

Current Liabilities lowered YTD mainly due to a lower working capital financing.

As of September 2023, Total Financial Debt (including supplier leases) reached S/ 2,685.2 million, lower than that as of December 2022.

Current Financial Debt as of September 30, 2023, was S/ 1,503.4 million, of which S/ 1,304.2 million represented working capital financing. Total current financial debt was S/ 384.0 million lower than the figures reported as of December 2022.

Non-Current Financial Debt was S/ 1,181.8 million, S/ 29.1 million higher than the figures reported as of December 2022.

As of September 2023, 49% of Total Debt was denominated in Peruvian Soles, while 42% was denominated in U.S. Dollars, 5% in Bolivianos, and the remaining 3% in Colombian and Chilean Pesos.

Net Debt to EBITDA ratio was 5.4x as of September 2023, an increase of 1.7x compared to December 2022 mainly due to a lower LTM EBITDA.

Shareholders' Equity

At the close of September 2023, Shareholders' Equity reached S/ 2,739.7 million, an increase of S/ 10.1 million compared to the figures as of December 2022, mainly explained by the accrued 3Q 2023 results after deducting cash dividends.

V. Cash Flow Statement

Cash Flow from Operations

As of September 30, 2023, Cash Flow from Operations was positive S/ 705.9 million, mainly explained by a reduction of inventories and EBITDA generation.

Cash Flow from Investing

As of September 30, 2023, Cash Flow from Investing was negative S/ 303.3 million which included S/329.9 million investments partially offset by S/ 23.6 million in interests received, and others by S/3.0 million. The investments were mainly explained by the following capex: new rolling mill, Lurin distribution center, lime furnace enhancement, tube plant in Bolivia, and non-ferrous recovery process, among others.

Cash Flow from Financing

As of September 30, 2023, Cash Flow from Financing was negative S/ 579.9 million, which included net financing of -S/ 409.8 million, interest payments of S/ 134.8 million, and cash dividend payment of S/35.2 million.

VI. Relevant Events

1. In October, the Board approved a cash dividend payment of approximately S/ 8.7 million which will be paid in US\$ (US\$ 2.2 million). The cash payment has been scheduled to be paid on November the 15th 2023.
2. In October, Aceros Arequipa was recognized among the 100 companies with the best reputation in Peru, achieving the 33rd position and consolidating its leadership in the steel industry by MERCO Empresas 2023.
3. In September, Aceros Arequipa together with Concytec, “Sociedad Matemática Peruana” (Peruvian Math Society), and “Empresarios por la Educación” (Businessmen in favor of Education), executed the “National Math Contest Aceros Arequipa” initiative to assess the mathematical competencies of Regular Basic Education students and to strengthen the development of scientific culture.

Conference Call Information

Corporacion Aceros Arequipa S.A. cordially invites you to participate in its Third Quarter 2023 Earnings Conference Call.

Date: Thursday, October 26, 2023

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

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

<https://tinyurl.com/57dc5vcj>

Or scan the following QR:



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 (Colombia): | 100.00% |
| • Aceros America Corporation: | 100.00% |
| • Aceros America (Chile): | 100.00% |
| • Corporación Aceros Arequipa AA (Ecuador): | 100.00% |
| • Aceros Arequipa Iquitos: | 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, 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 | September 30, 2023 | December 31, 2022 |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 5 | 455,211 | 632,422 |
| Accounts Receivable | 6 | 491,858 | 515,516 |
| Accounts Receivable from related parties | 7 | 1,376 | 31,308 |
| Other Accounts Receivable | 8 | 96,381 | 68,748 |
| Inventories | 9 | 1,574,724 | 2,127,431 |
| Deferred Income tax Assets | 20 | 102,165 | 93,991 |
| Other Assets | 10 | 17,451 | 12,994 |
| Assets classified as held for sale | | - | - |
| Total Current Assets | | 2,739,166 | 3,482,410 |
| Non-Current Assets | | | |
| Other financial assets | 13 | 54,667 | 55,512 |
| Investments in subsidiaries, affiliates or joint ventures | 11 | 93,269 | 95,617 |
| Accounts Receivable from related parties | 7 | - | - |
| Other Accounts Receivable | 8 | 11,765 | 11,650 |
| Investment Property | 14 | 72,648 | 73,113 |
| Property, Plant and Equipment, Net | 12 | 3,166,340 | 2,955,109 |
| Intangible Assets, Net | 15 | 74,987 | 76,967 |
| Deferred Assets | 20 | 31,162 | 13,892 |
| Other non-financial assets | 16 | 34,638 | 34,922 |
| Total Non-Current Assets | | 3,539,476 | 3,316,782 |
| TOTAL ASSETS | | 6,278,642 | 6,799,192 |
| Liabilities and Shareholders' Equity | | | |
| Current Liabilities | | | |
| Other Financial Liabilities | 17 | 1,503,361 | 1,887,346 |
| Accounts Payable | 18 | 475,672 | 537,702 |
| Accounts Payable to related parties | 7 | 9,412 | 30,956 |
| Other Accounts Payable | 19 | 117,614 | 169,218 |
| Current Income Tax | | - | - |
| Total Current Liabilities | | 2,106,059 | 2,625,222 |
| Non-Current Liabilities | | | |
| Other Financial Liabilities | 17 | 1,181,807 | 1,152,688 |
| Other Accounts Payable | 19 | 9,010 | 59,319 |
| Deferred Income Tax Liabilities | 20 | 242,088 | 232,405 |
| Total Non-Current Liabilities | | 1,432,905 | 1,444,412 |
| Total Liabilities | | 3,538,964 | 4,069,634 |
| Shareholders' Equity | | | |
| Share Capital | 21 | 890,858 | 890,858 |
| Investment Shares | 21 | 182,408 | 182,408 |
| Treasury Shares | | - | - |
| Other Capital Reserves | 21 | 178,635 | 178,449 |
| Retained Earnings | 21 | 1,271,844 | 1,262,841 |
| Other Shareholders' Equity Reserves | 21 | 215,933 | 215,002 |
| Non-controlling interest | | - | - |
| Total Shareholders' Equity | | 2,739,678 | 2,729,558 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 6,278,642 | 6,799,192 |

Corporación Aceros Arequipa S.A.

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

| | Notes | 3Q 2023 | 3Q 2022 | YTD 2023 | YTD 2022 |
|---|-------|---------------|--------------|--------------|--------------|
| Revenue | 22 | 1,144,996 | 1,328,255 | 3,555,271 | 4,014,032 |
| Cost of Goods Sold | 23 | -1,029,792 | -1,141,653 | -3,200,804 | -3,374,046 |
| Gross Profit (Loss) | | 115,204 | 186,602 | 354,467 | 639,986 |
| Selling and Distribution Expenses | 24 | -42,110 | -37,047 | -113,691 | -111,108 |
| Administrative Expenses | 25 | -22,939 | -28,039 | -70,038 | -95,638 |
| Other Operating Income | 27 | 4,240 | 13,204 | 15,656 | 45,348 |
| Other Operating Expenses | 27 | -8,934 | -9,009 | -21,783 | -38,229 |
| Other Income (Expenses) | | - | - | - | - |
| Operating Profit (Loss) | | 45,461 | 125,711 | 164,611 | 440,359 |
| Financial Income | 28 | 5,485 | 5,403 | 24,195 | 11,744 |
| Financial Expenses | 28 | -47,904 | -41,740 | -134,827 | -97,314 |
| Other income (Expenses) from subsidiaries, affiliates, and joint ventures | 11 | -3,018 | 1,055 | 232 | -4,970 |
| Exchange Rate Differences, Net | 32 | -7,807 | -31,103 | 12,656 | -20,768 |
| Profit (Loss) before taxes | | -7,783 | 59,326 | 66,867 | 329,051 |
| Income Tax Expense | 20 | -1,172 | -14,737 | -22,978 | -97,876 |
| Profit (Loss) from Discontinued Operations | | - | - | - | - |
| Net Profit (Loss) | | -8,955 | 44,589 | 43,889 | 231,175 |
| Earnings Per Share | | | | | |
| Basic in Continued Operations of Common Stock | | -0.008 | 0.041 | 0.041 | 0.214 |
| Basic in Discontinued Operations of Common Stock | | - | - | - | - |
| Total Earnings Per Share of Common Stock | | -0.008 | 0.041 | 0.041 | 0.214 |
| Basic in Continued Operations of Investment Stock (Non-voting) | | -0.008 | 0.041 | 0.041 | 0.214 |
| Basic in Discontinued Operations of Investment Stock (Non-voting) | | - | - | - | - |
| Total Earnings Per Share of Investment Stock (Non-Voting) | | -0.008 | 0.041 | 0.041 | 0.214 |

Corporación Aceros Arequipa S.A.

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

| | Notes | YTD 2023 | YTD 2022 |
|--|-------|-----------------|-----------------|
| Cash Flow from Operating Activities | | | |
| Collections due to Operating Activities | | | |
| Sales of Goods and Services Offered | | 3,578,929 | 4,116,507 |
| Other Operating Collections | | 17,840 | 24,431 |
| Payments due to Operating Activities | | | |
| Suppliers of Goods and Services | | -2,633,923 | -3,893,595 |
| Payments and payments on account to employees | | -212,954 | -238,541 |
| Income Tax | | -43,961 | -124,644 |
| Net Cash Generated by Operating Activities | | 705,931 | -115,842 |
| Cash Flow from Investing Activities | | | |
| Collections due to Investing Activities | | | |
| Sale of Property, Plant and Equipment | 27 | 352 | 0 |
| Interests Received | 28 | 23,603 | 11,744 |
| Dividends Received | 11 | 2,679 | 22,262 |
| Payments due to Investing Activities | | | |
| Acquire control of subsidiaries and other firms | 1 | - | - |
| Purchase of Subsidiaries, Net of Cash Acquired | 1 | | |
| Purchase of Property, Plant and Equipment | 12 | -326,896 | -323,806 |
| Purchase of Intangible Assets | 15 | -2,993 | -925 |
| Purchase of Other Long-Term Assets | | 0 | -86 |
| Net Cash Generated by Investing Activities | | -303,255 | -290,811 |
| Cash Flow from Financing Activities | | | |
| Collections due to Financing Activities | | | |
| Short-term and long-term loans | | 2,493,658 | 2,482,967 |
| Payments due to Financing Activities | | | |
| Short-term and long-term loans amortization | | -2,903,475 | -1,824,094 |
| Interests paid | 28 | -134,827 | -97,314 |
| Dividends paid | 21 | -35,243 | -126,820 |
| Other collections (payments) of cash related to financial activities | | | |
| Net Cash Generated by Financing Activities | | -579,887 | 434,739 |
| Net Increase (Reduction) of Cash and Equivalents before Exchange Rate Changes | | -177,211 | 28,086 |
| Effects of Exchange Rate Changes on the balance of Cash Held in Foreign Currencies | | | |
| Net Increase (Reduction) of Cash and Equivalents | | -177,211 | 28,086 |
| Cash and Cash Equivalents at the beginning of the year | | 632,422 | 644,541 |
| Cash and Cash Equivalents at the end of the period | | 455,211 | 672,627 |