

# Management Discussion and Analysis of consolidated Financial Statements of Ferreycorp S.A.A. and Subsidiaries

## First Quarter 2023

Lima, April 26, 2023.- Ferreycorp S.A.A., a leading corporation which aims to carry out investment activities in the capital goods sector and complementary services, based in Peru and with presence in Latin America, announces its consolidated results for the first quarter of 2023. The financial statements in this report are reported on a consolidated basis in accordance with International Financial Reporting Standards and are expressed in Peruvian soles. Ferreycorp has been operating for one hundred years alongside its flagship company, Ferreyros.

In the first quarter of 2023, Ferreycorp showed a favorable evolution in its revenues and profits thanks to its leadership in the market and the resilience of its business model, even during a challenging scenario for businesses, due to social conflicts in some regions of the country and the effects of a series of climatic events. Both induced days of operational shutdowns and restrictions on the transportation of goods to the corporation's branches, causing some sales to be delayed by a few weeks. However, they were able to compensate for this thanks to the diversification of business lines and decentralized presence, as well as their ability to react thanks to their inventories and collaborator teams scattered throughout the Peruvian territory.

Ferreycorp, together with its companies Ferreyros and Unimaq, reaffirmed its solidarity with Peruvians affected by floods and landslides by supporting them in an ongoing effort with about 30 units of aid, including Caterpillar machines on loan and motor pumps as donations, amounting to half a million soles distributed in various parts of the country. Most of the units are currently being used, while others have already completed their work, being assigned to Piura, Chiclayo, Trujillo, Jicamarca, Cieneguilla, Chaclacayo, Chosica, Punta Hermosa, Pachacamac, Cercado de Lima, and San Juan de Lurigancho.

## **SALES**

Consolidated sales for the first quarter of 2023 amounted to US\$ 409 million, representing an 8.7% growth in foreign currency compared to US\$ 376 million in the first quarter of 2022. In soles, the sales for the first quarter of 2023 (S/ 1,560 million) increased by 9% compared to the same quarter of the previous year. The business lines that stood out in this growth were spare parts and services, with a significant increase of 24.8%, driven by the mining sector, followed by allied equipment, with an increase in sales up by 9.6%.

	First Quarter		Var%
	2023	2022	
(In millions)			
Net Sales \$	409	376	9%
Net Sales S/	1,560	1,434	9%

	1Q 2023		1Q 2022		% Var 1Q 2023/ 1Q 2022
		%		%	
(S/ millions)					
CAT Mining Trucks and Machines	57	4	57	4	-0.7
CAT Machines for other Sectors	243	16	274	19	-11.1
Allied Equipment	134	9	123	9	9.6
Rental and Used	104	7	100	7	4.6
Spare parts and Services	905	58	725	51	24.8
Other Lines	117	7	155	11	-25.0
<b>TOTAL</b>	<b>1,560</b>	<b>100</b>	<b>1,434</b>	<b>100</b>	<b>8.8</b>

	1Q 2023		1Q 2022		% Var 1Q 2023/ 1Q 2022
		%		%	
(\$ millions)					
CAT Mining Trucks and Machines	15	4	16	4	-0.7
CAT Machines for other Sectors	64	16	72	19	-11.1
Allied Equipment	35	9	32	9	9.6
Rental and Used	27	7	26	7	4.6
Spare parts and Services	237	58	189	51	24.8
Other Lines	31	7	41	11	-25.0
<b>TOTAL</b>	<b>409</b>	<b>100</b>	<b>376</b>	<b>100</b>	<b>8.8</b>

(Review Commercial Management section for sales variance explanation)

## GROSS PROFIT

In the first quarter of 2023, gross profit (S/ 427 million) was higher than that obtained in the same period of 2022, due to the higher gross margin. This gross margin was 27.3%, higher than the 23.5% of the same period of the previous year. It is worth noting that excluding the effect of the exchange rate, the adjusted margin is 28.2%, remaining higher than the adjusted margin of the first quarter of 2022 (26.2%), mainly due to the 58% share in sales of spare parts and services line in the first quarter of 2023 compared to 51% in the same quarter of the previous year.

	First Quarter		Var%
	2023	2022	
Gross Profit (S/ millions)	427	337	26%
Gross Margin	27.3%	23.5%	
Adjusted Gross Margin	28.2%	26.2%	

## OPERATING PROFIT

### Operating Expenses

Operating expenses for the first quarter of 2023 (S/ 259.1 million) were 8% higher compared to the first quarter of 2022 (S/ 239.2 million). This increase is mainly due to the rise in expenses directly related to sales growth (9%) and better margins of some subsidiaries. Among the most representative expense categories that have generated significant increases are personnel expenses and services provided by third parties (commercial concessions, inventory management, store maintenance, among the most important). Additionally, in this period, a provision for accounts receivable of approximately S/ 3 million has continued to be recorded in the subsidiary in Chile for a specific collection case, just as reported in the fourth quarter of 2022. The percentage of expenses related to sales represented 16.6% of sales, like that registered in the same quarter of 2022.

### Operating Margin

Operating margin for the first quarter of 2023 was 10.7%, higher than that of the same quarter in 2022, attributable to the increase in sales, improved gross margins, and stable operating expenses. Excluding the exchange rate effect, the operating margin would be 11.6%, also higher than the adjusted margin of 9.6% for the first quarter of 2022.

	First Quarter		Var%
	2023	2022	
Operating Profit (S/ millions)	168	100	67%
Operative Expenses / Sales	16.6%	16.7%	
Operating Margin	10.7%	7.0%	
Adjusted Operating Margin	11.6%	9.6%	

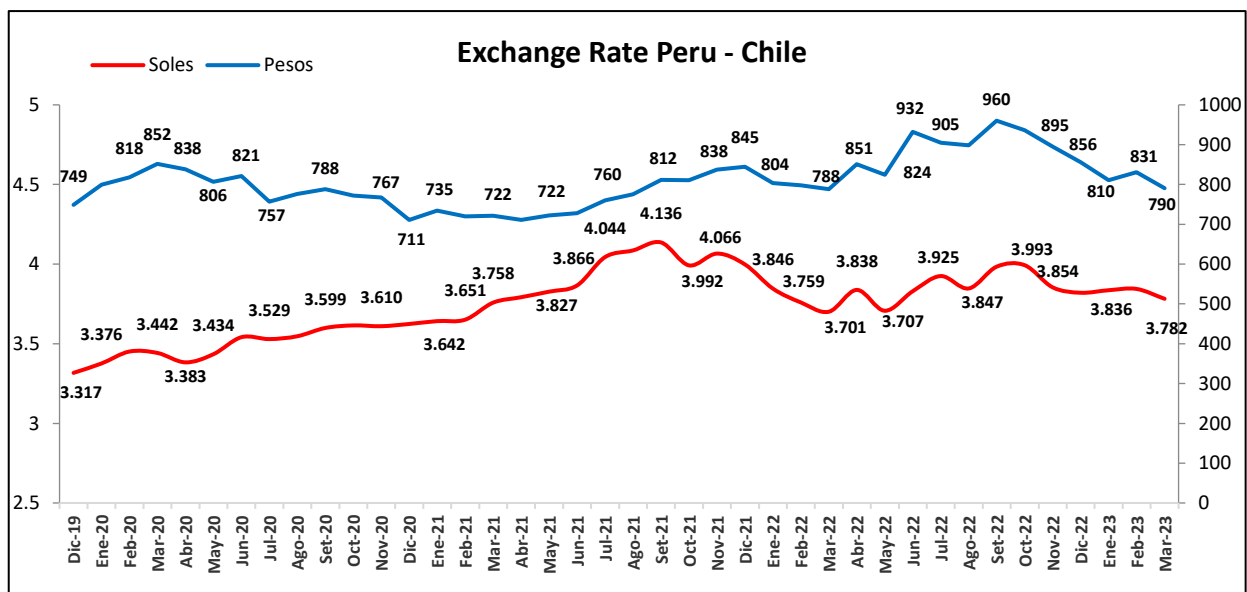
### NET FINANCIAL EXPENSES

The net financial expense for the first quarter of 2023 showed an increase of 64% compared to the same period of the previous year. In the first quarter of this year, there was an increase in the average financial liability compared to the first quarter of 2022, by 10% in soles and 11% in dollars respectively, and an increase of 32.5% in the average interest rate (average rate 1Q 2023: 3.98% versus 1Q 2022: 3.00%). If we disaggregate the increase in the interest rate, it can be observed that the main increase occurred in the average interest rate of short-term debt, which went from 2.07% in the first quarter of last year to 4.43% in the first quarter of 2023. On the other hand, the average rate of medium-term debt went from 3.28% to 3.75%.

(S/ millones)	Primer Trimestre		Var%
	2023	2022	
<b>Net Financial Expenses</b>	17	10	64%
Financial Earnings	8	6	35%
Financial Expenses	25	16	54%
<b>Average Liabilities S/</b>	2,121	1,937	10%
<b>Average Liabilities \$.</b>	559	503	11%

### FOREIGN EXCHANGE GAIN/LOSS

During the first quarter of 2023, a foreign exchange gain of S/ 27.7 million was recorded as a result of the appreciation of the Peruvian sol (5.83%) and the Chilean peso (7.65%), while in the first quarter of 2022, a higher foreign exchange gain of S/ 95.6 million was also recorded due to the appreciation of the Peruvian sol (7.43%) and the Chilean peso (6.71%).



The estimated inventory reserve at the close of March 2023 resulted in a negative balance of S/34 million, due to the appreciation of the sol against the dollar in the last two months. This reserve will be adjusted through the gross margin in the following months if the value of the Peruvian sol continues to increase.

	First Quarter		Var%
	2023	2022	
(S/ millions)			
<b>Fx Gain/Loss</b>	28	96	-71%

## NET PROFIT

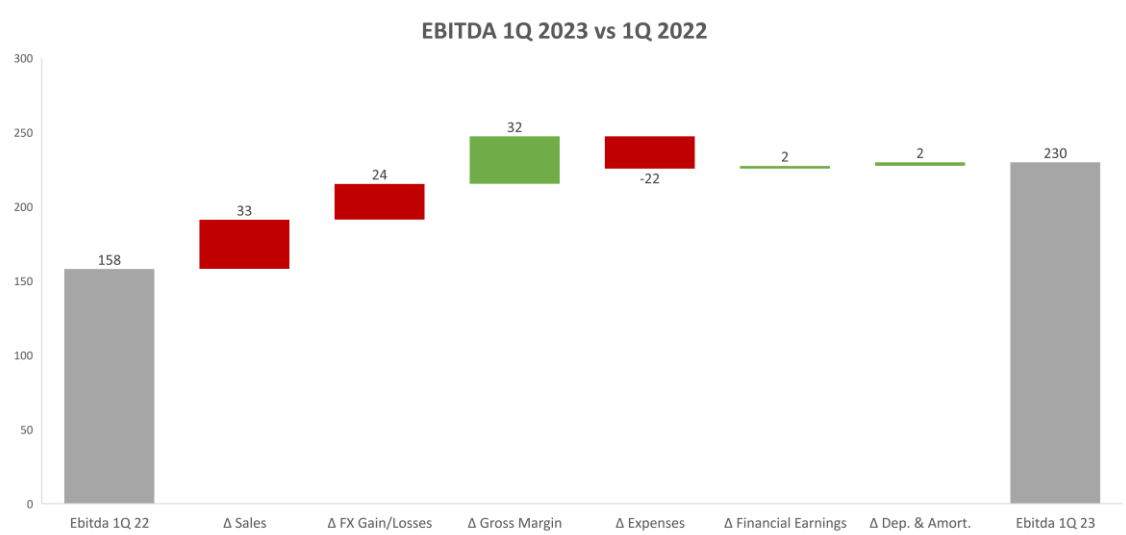
Net profit for the first quarter of 2023 reached S/121.0 million compared to S/127.8 million recorded in the first quarter of 2022, representing a decrease of 5.4%. However, when excluding the effect of the exchange rate difference in both periods, there is an increase of 27.4%.

	First Quarter		Var%
	2023	2022	
(S/ millions)			
<b>Net Profit</b>	<b>121</b>	<b>128</b>	-5%
Fx Gain/Loss	28	96	
Fx Recovery through GM	-14	-38	
Net Effect	14	58	
<b>Net Effect after tax</b>	<b>-10</b>	<b>-41</b>	
<b>Net Adjusted Profit</b>	<b>111</b>	<b>87</b>	27%

## EBITDA

The EBITDA for the first quarter of 2023 (S/230 million) showed a significant increase of 45% compared to the same period in 2022. The EBITDA margin also increased, reaching 14.7% in 1Q 2023 compared to 11% in 1Q 2022. Both the EBITDA and the EBITDA margin were higher due to the increase in operating profit. Excluding the effect of the exchange rate on gross profit, the adjusted EBITDA and EBITDA margin show significant increases compared to the first quarter of 2022.

	First Quarter		Var%
	2023	2022	
Ebitda (S/mm)	230	158	45%
Adjusted Ebitda (S/mm)	244	196	24%
Ebitda Margin	14.7%	11.0%	
Adjusted Ebitda Margin	15.6%	13.7%	



## SUMMARY OF MAIN FIGURES AND INDICATORS

(In millions except for indicators per share)	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022	% Var. 1Q 2023/4Q 2022	% Var. 1Q 2023/1Q 2022
<b>Net Sales</b>	<b>\$409</b>	<b>\$482</b>	<b>\$434</b>	<b>\$422</b>	<b>\$376</b>	<b>-15.2%</b>	<b>8.7%</b>
Net Sales	S/. 1,560	S/. 1,885	S/. 1,691	S/. 1,582	S/. 1,434	-17.2%	8.8%
<b>Gross Profit</b>	<b>S/. 427</b>	<b>S/. 474</b>	<b>S/. 487</b>	<b>S/. 394</b>	<b>S/. 337</b>	<b>-10.0%</b>	<b>26.5%</b>
Gastos de operación	S/. 259	S/. 292	S/. 264	S/. 239	S/. 239	-11.4%	8.3%
<b>Operating Profit</b>	<b>S/. 168</b>	<b>S/. 180</b>	<b>S/. 218</b>	<b>S/. 161</b>	<b>S/. 100</b>	<b>-6.8%</b>	<b>67.4%</b>
Financial Expenses, Net	S/. -17	S/. -17	S/. -14	S/. -11	S/. -10	3.9%	64.3%
Fx Gain/Loss	S/. 28	S/. 63	S/. -68	S/. -57	S/. 96	-56.1%	-71.0%
<b>Net Profit</b>	<b>S/. 121</b>	<b>S/. 140</b>	<b>S/. 91</b>	<b>S/. 61</b>	<b>S/. 128</b>	<b>-13.3%</b>	<b>-5.7%</b>
<b>EBITDA</b>	<b>S/. 230</b>	<b>S/. 235</b>	<b>S/. 276</b>	<b>S/. 219</b>	<b>S/. 158</b>	<b>-2.3%</b>	<b>45.5%</b>
Profit per Share	0.129	0.148	0.096	0.065	0.135	-13.3%	-4.8%
EBITDA por acción	0.244	0.252	0.292	0.231	0.167	-2.9%	46.4%
Free Cash Flow	S/. 236	S/. -121	S/. 15	S/. -67	S/. 83	-294.7%	183.5%
Gross Margin	27.3%	25.2%	28.8%	24.9%	23.5%		
<b>Adjusted Gross Margin</b>	<b>28.2%</b>	<b>25.1%</b>	<b>27.1%</b>	<b>26.1%</b>	<b>26.2%</b>		
SG&A / Sales	16.6%	15.5%	15.6%	15.1%	16.7%		
Operating Margin	10.7%	9.5%	12.9%	10.2%	7.0%		
<b>Adjusted Operating Margin</b>	<b>11.6%</b>	<b>9.5%</b>	<b>11.3%</b>	<b>11.4%</b>	<b>9.6%</b>		
Net Margin	7.8%	7.4%	5.4%	3.8%	9.0%		
<b>Adjusted Net Margin</b>	<b>7.1%</b>	<b>5.0%</b>	<b>7.0%</b>	<b>7.3%</b>	<b>6.1%</b>		
EBITDA Margin	14.7%	12.5%	16.3%	13.8%	11.0%		
<b>Adjusted EBITDA Margin</b>	<b>15.6%</b>	<b>12.5%</b>	<b>14.7%</b>	<b>15.1%</b>	<b>13.7%</b>		
Indebtness Ratio	0.71	0.82	0.89	0.79	0.68		
Net Debt / EBITDA	1.84	2.30	2.28	1.99	1.60		

## ANALYSIS ACCORDING TO CORPORATE ORGANIZATION

(S/ Thousands)	CAT dealers in Peru		CAT dealers and Other businesses abroad		Other businesses	
	2023	2022	2023	2022	2023	2022
Net Sales	1,188,836	1,064,926	165,703	159,978	205,756	208,793
Gross Profit	350,379	256,335	39,447	37,065	36,913	44,012
Adjusted Gross Profit	362,219	292,510	39,447	37,065	38,971	45,921
Gross Margin	29.5%	24.1%	23.8%	23.2%	17.9%	21.1%
Adjusted Gross Margin	30.5%	27.5%	23.8%	23.2%	18.9%	22.0%
Operating Expenses	201,264	184,220	21,085	21,542	34,271	30,269
Operating Profit	149,194	75,989	18,554	16,064	3,065	14,188
Operating Margin	12.5%	7.1%	11.2%	10.0%	1.5%	6.8%
Depreciation & Amortization	34,207	32,241	7,275	6,007	11,372	12,448
EBITDA	186,434	110,285	26,581	22,574	16,876	29,664
EBITDA Margin	15.7%	10.4%	16.0%	14.1%	8.2%	14.2%

## STATEMENT OF FINANCIAL POSITION

As of March 31st 2023, the total assets amounted to S/ 6,063.4 million, slightly above the S/ 5,890.3 million in assets as of March 31, 2022. When comparing both periods, an increase of S/ 303.5 million in commercial accounts receivable is observed, mainly due to significant invoicing to large mining customers with specific special payment terms, as well as higher invoicing in the month of March.

(S/ millions)	As of March 2023	%	As of March 2022	%	VAR%
Cash & Equivalents	237	4	294	5	-19.5
Accounts Receivable - Trade	1,205	20	864	15	39.5
Inventory	2,118	35	2,084	35	1.6
Fix Assets	1,647	27	1,704	29	-3.3
Intangibles y Goodwill	384	6	426	7	-9.8
Other Assets	473	8	519	9	-8.9
<b>TOTAL ASSETS</b>	<b>6,063</b>	<b>100</b>	<b>5,890</b>	<b>100</b>	<b>2.9</b>
Financial Debt	1,397	39	1,328	37	5.2
Accounts Payable - Trade	715	20	782	22	-8.5
Liabilities Derived from Leases	80	2	99	3	-19.0
Other Liabilities	1,392	39	1,359	38	2.4
<b>TOTAL LIABILITIES</b>	<b>3,585</b>	<b>100</b>	<b>3,569</b>	<b>100</b>	<b>0.5</b>

As of March 31, 2023, the asset turnover ratio was 1.12, higher than the 1.09 recorded on March 31, 2022. Throughout 2022, measures were taken to improve the turnover, which remained above 1 for the entire year and even reached levels of 1.1x from January to June 2022, recovering that level in the first quarter of 2023.



The corporation's financial debt, which amounted to S/ 2,005 million as of March 31, 2023, was 7.4% higher than that recorded in the same period of the previous year, but 10.4% lower than in December 2022. In US dollars (US\$ 533 million), it also showed an increase of 5.6% compared to the balance in the same period of 2022 (US\$ 504 million) but recorded a decrease of 9.1% compared to December 2022 (US\$ 586 million). The debt structure remains balanced, with 51% of financial obligations due in the non-current period.

It is important to mention that the financial debt includes S/ 80.4 million (US\$ 21.4 million) corresponding to the application of the IFRS16 on Leases, which decreased compared to the previous year (US\$ 26.8 million); said standard requires the recognition of assets for the right to use the leased property.

## INVESTMENT IN FIXED ASSETS (CAPEX) AND INTANGIBLES

As of March 31, 2023, investments in fixed and intangibles assets amounted to S/ 21.3 million, mainly corresponding to: i) S/ 16.3 million for investment in infrastructure, including S/ 12.4 million for new assets under right of use (IFRS 16), and ii) S/ 3.9 million for the purchase of machinery and equipment for workshops. As of March 31, 2022, investments in fixed and intangibles assets were above S/37 million, mainly due to the purchase of rental machinery and equipment as part of Ferreyros' strategy to introduce new Caterpillar truck models to the market, as mentioned in previous quarters.

At the close of March 2023, the recognition of right-of-use fixed assets (such as leased premises, rental fleet, and van fleet, among the most important) is shown in the fixed asset category, as indicated by IFRS 16 Leases

## FINANCIAL RATIOS

Indicadores	Mar-23	Dic-22	Set-22	Jun-22	Mar-22
Current Ratio	1.56	1.56	1.52	1.52	1.53
Financial Debt Ratio	0.71	0.82	0.89	0.79	0.68
Indebtness Ratio	1.45	1.51	1.67	1.54	1.54
Net Debt / EBITDA	1.84	2.30	2.28	1.99	1.60
Adjusted Debt / EBITDA	1.50	1.75	1.85	1.48	1.53
Financial Expense Coverage Ratio	9.27	11.63	12.49	11.75	9.84
Asset Turnover	1.12	1.08	1.02	1.07	1.09
Inventory Turnover	2.33	2.28	2.12	2.31	2.32
Inventory Days	154	158	170	156	155
Collection Days	48	55	56	50	45
Payable Days	54	58	61	49	50
Cash Conversion Cycle	149	156	165	157	150
ROE	17.2%	17.3%	18.8%	18.6%	20.3%
ROA	8.6%	7.6%	7.7%	8.3%	9.1%
ROIC	12.8%	10.9%	11.3%	12.2%	14.1%
Book Value per Share	2.63	2.65	2.50	2.52	2.45

As of March 2023, the leverage ratios in general show a decrease compared to the same quarter in 2022 due to the increase in debt levels. However, if compared to December 2022, there is an

improvement in all ratios thanks to the decrease in debt in the first quarter of 2023 and the increase in EBITDA.

As of March 2023, the cash cycle has shown a slight improvement compared to the same quarter in 2022 and when compared to the end of December 2022, showing 149 days, mainly due to the decrease in accounts receivable and inventories.

The ROE for the first quarter of 2023 was 17.2%, lower than the same quarter of last year and similar to December 2022, explained mainly by the increase in accumulated results caused by a net profit that has been significantly increasing since 2020 to date

## MAIN HIGHLIGHTS

### **Mandatory Annual Shareholder's Meeting**

On Wednesday, March 29th, the Annual General Meeting of Shareholders was held remotely, with an installation quorum of 68.20% and a quorum during the event of 85.26%, approving all proposed agenda items, which were:

1. Examination and approval of the 2022 Annual Report, including the analysis and discussion of the financial statements, as well as the sustainability program report.
2. Distribution of profits.
3. Modification of Article 32 of the Bylaws and the term of the Board of Directors 2020-2023 and election of the board for the period 2023-2026.
4. Appointment of external auditors for the 2023 exercise.
5. Delegation of powers to subscribe public and/or private documents regarding the agreements adopted by this shareholders' meeting.

### **Election of Ferreycorp Board of Directors 2023-2026**

The Ferreycorp Annual General Meeting of Shareholders held on March 29th, 2023 elected the members of the Board of Directors for the period 2023-2026. The following directors were re-elected: Andreas Von Wedemeyer Knigge, Humberto Nadal del Carpio, Mariela García de Fabbri, Thiago de Orlando e Albuquerque, Raúl Ortiz de Zevallos Ferrand, Manuel Bustamante Olivares, Javier Otero Nosiglia, and Alba San Martín Piaggio. Additionally, Manuel del Rio Jimenez was appointed as a new director. Further information about the Board of Directors can be found at: <https://www.ferreycorp.com.pe/es/gobierno-corporativo/directorio>

### **Dividend distribution**

The General Shareholders' Meeting approved the distribution of cash dividends for the 2022 fiscal year in the amount of S/ 251'327,666.14, which corresponds to the upper limit of the Dividend Policy. On September 29, 2022, an advance dividend payment of S/ 120,000,000.00 was made on account of the 2022 profits. Therefore, the remaining amount to be distributed is S/ 131,327,666.14. This amount corresponds to a cash dividend of S/ 0.13897244736 per share, which will be paid on May 5, 2023, with April 19 as the record date.

### **Ferreycorp, the fifth leading company in sustainability in Peru according to Merco ESG**

Ferreycorp corporation was highlighted in the Merco Responsibility ESG 2022 ranking (The Most Responsible Companies in ESG criteria) as the fifth leading Peruvian company in terms of sustainability, for its social, governance, and environmental practices. It is worth noting the inclusion of the subsidiary Unimaq, an expert in light equipment within the corporation, as the ninth most outstanding company in the Industrial category of this ranking, which collected the opinions of more than 24,000 respondents.

### **PAR Ranking: Ferreycorp among the leading companies in equity, diversity and inclusion**

Ferreycorp, the parent company of the corporation, was recognized as one of the Peruvian organizations that best manages and promotes gender equity, diversity, and social inclusion, according to the PAR Ranking 2022 by the consulting firm Aequales. In this new edition, Ferreycorp was included among the top ten Peruvian companies in its category - up to 200 employees - after an analysis of various dimensions: goal management, organizational culture and structure, talent management, and gender and diversity. It should be noted that more than 700 organizations from 18 countries were evaluated in this ranking.

Ferreycorp, through its Pares+ program, promotes gender equity and ensures equal opportunities for its workers without distinction, covering good practices for non-discrimination based on different abilities, ethnicities and cultures, LGBTQI+ community, and generations. The program reaches its more than 7,000 employees within and outside of Peru.

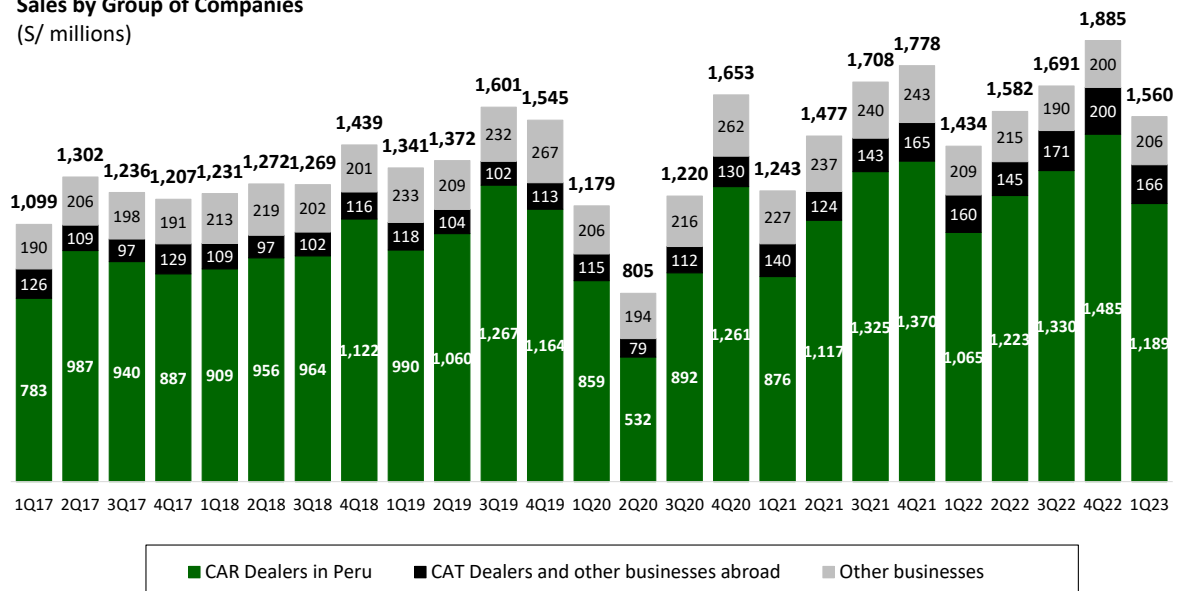
## COMMERCIAL MANAGEMENT

### 1. SALES BREAKDOWN ACCORDING TO CORPORATE ORGANIZATION

Sales by Group of Companies  
(S/million)

	1Q 2023	%	1Q 2022	%	% Var 1Q2023/ 1Q 2022
Ferreyros	1,208	66%	893	62%	15%
Unimaq	135	9%	166	12%	-18%
Orvisa	26	2%	37	3%	-31%
<b>Total Cat Dealers in Peru</b>	<b>1,189</b>	<b>76%</b>	<b>1,096</b>	<b>76%</b>	<b>9%</b>
<b>Total Cat Dealers and others businesses abroad</b>	<b>166</b>	<b>11%</b>	<b>160</b>	<b>11%</b>	<b>4%</b>
Soltrak	67	4%	76	5%	-12%
Trex (Chile)	108	7%	52	4%	108%
Fargo	20	1%	24	2%	-18%
Forbis	9	1%	24	2%	-62%
Otras	2	0%	2	0%	3%
<b>Total other subsidiaries</b>	<b>206</b>	<b>13%</b>	<b>178</b>	<b>12%</b>	<b>16%</b>
<b>TOTAL</b>	<b>1,560</b>	<b>100%</b>	<b>1,434</b>	<b>100%</b>	<b>9%</b>

Sales by Group of Companies  
(S/ millions)



As shown in the tables above, Ferreycorp organizes its companies into three main groups, each of which showed growth in the first quarter of 2023:

**Group I - Subsidiaries which are Caterpillar dealers and represent allied brands in Peru (Ferreyros, Unimaq and Orvisa)**

In the first quarter of 2023, sales of Caterpillar dealers in Peru increased by 8.5% compared to the same period in 2022. Among the lines that showed growth, spare parts and services sales stood out, with an increase of 26.6%.

The share of this first group of subsidiaries in the corporation's consolidated total sales is 76% during this first quarter.

**Group II - Caterpillar dealers and other businesses in Central America (Gentrac, Cogesa, Motored and Soltrak).**

Sales of this second group of companies, with a presence in Central America, reported a 3.6% increase compared to the first quarter of the previous year, driven mainly by growth in three lines: Caterpillar equipment for customers in the construction and government sectors, allied equipment, and spare parts and services, with increases of 13.7%, 43.5%, and 15.3%, respectively.

This group of companies generated 11% of the corporation's consolidated total sales.

**Group III - Other subsidiaries aimed to offer capital goods and services other than Caterpillar to different economic sectors in Peru and South America (Soltrak, Trex, Motriza, Fargoline, Forbis Logistics y Sitech).**

Sales of the third group of companies, which complements the offering of goods and services through the commercialization of equipment, consumables, and logistics solutions, among other lines, showed an increase of 15.5% compared to the first quarter of 2022. This increase is due to higher sales of Trex Chile.

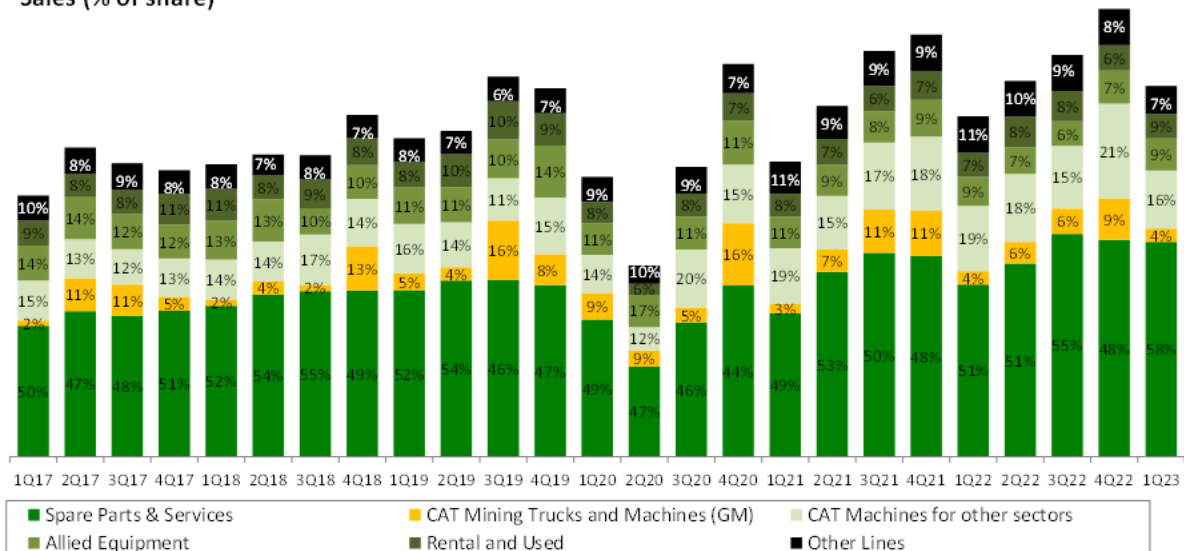
This group of companies reached a 13% share of the corporation's consolidated total sales.

**2. SALES BREAKDOWN BY BUSINESS LINE**

(S/ millions)	1Q 2023	%	1Q 2022	%	% Var 1Q 2023/ 1Q 2022
CAT Mining Trucks and Machines	57	4	57	4	-0.7
CAT Machines for other Sectors	243	16	274	19	-11.1
Allied Equipment	134	9	123	9	9.6
Rental and Used	104	7	100	7	4.6
Spare parts and Services	905	58	725	51	24.8
Other Lines	117	7	155	11	-25.0
<b>TOTAL</b>	<b>1,560</b>	<b>100</b>	<b>1,434</b>	<b>100</b>	<b>8.8</b>

Compared to the same period last year, the business lines that showed the highest increase in the first quarter of 2023 were spare parts and services, where the sales to large mining customers stood out; allied equipment, with sales of Trex equipment being prominent; and rentals and used equipment, due to demand from the construction and other sectors.

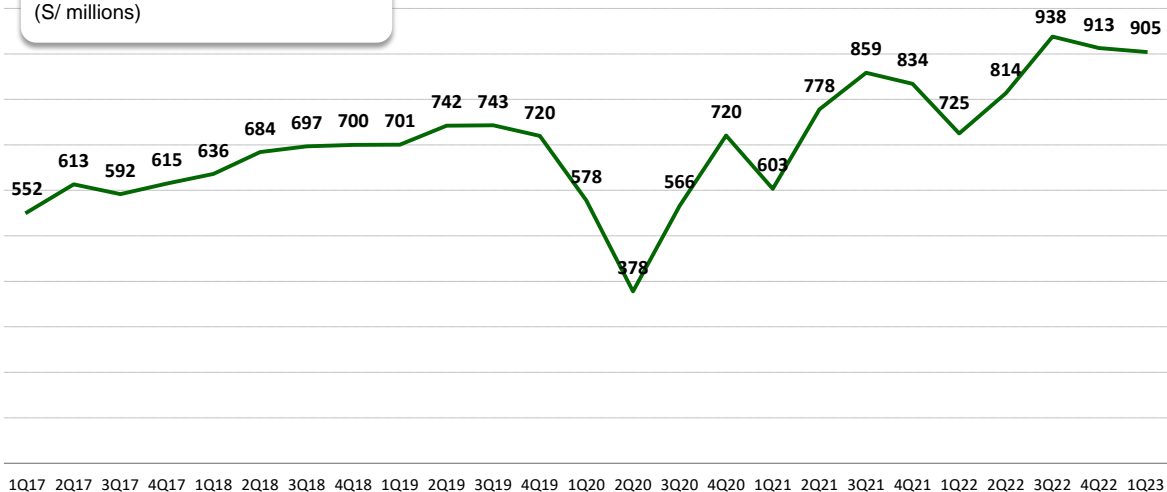
Sales (% of share)



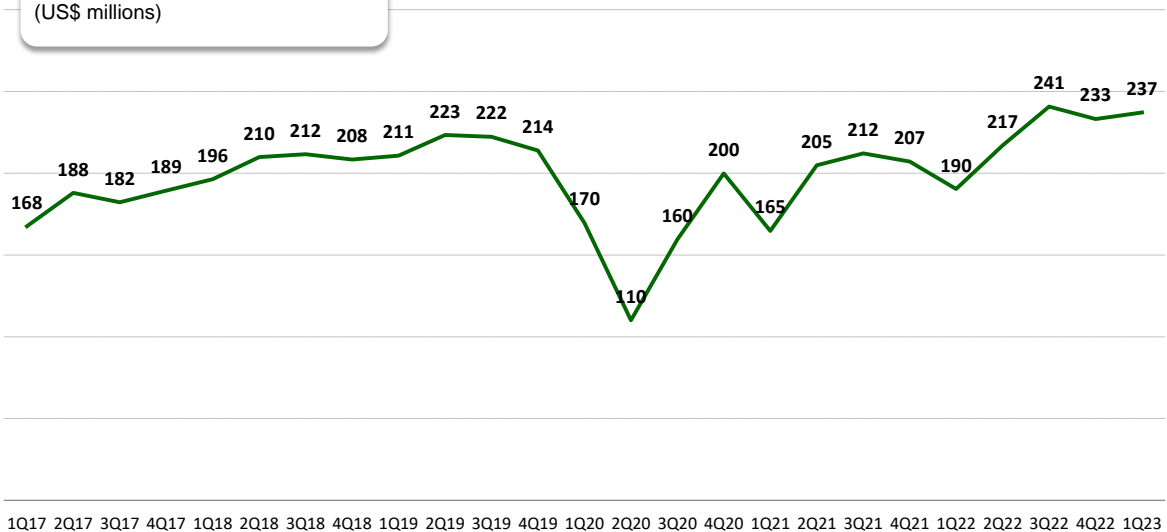
The strategy of the corporation is focused in improving client productivity through both equipment usage and project management; therefore, great efforts are made to provide high-quality after-sales support in locations close to customers, which sets us apart from the competition. These factors have allowed the spare parts and services business line, both for Caterpillar and allied brands, to continue to maintain a significant share in Ferreycorp's total sales (58%), reaching

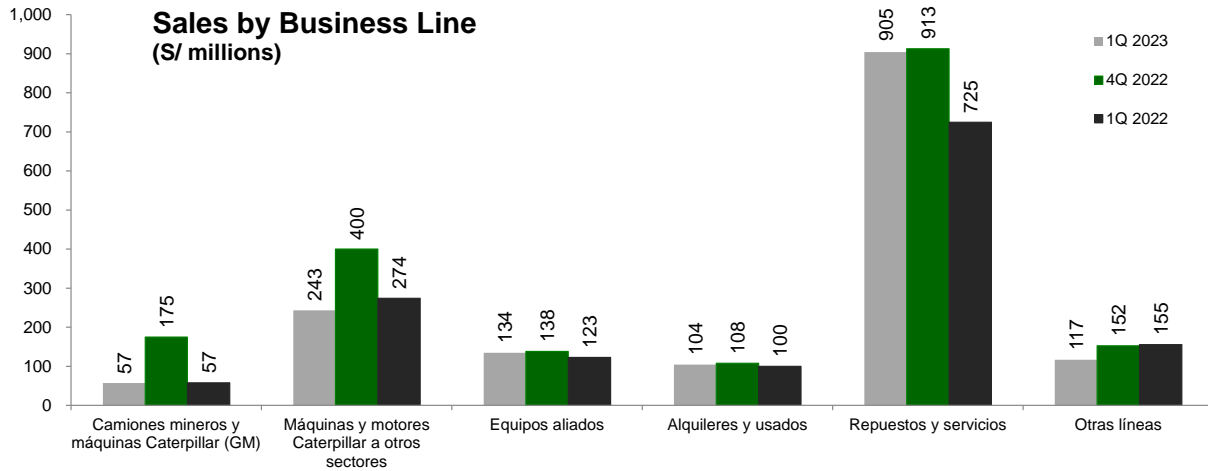
sales of S/ 905 million (US\$ 237 million) in the first quarter of 2023, with a significant increase of 24.8% compared to the first quarter of 2022.

Sales Spare Parts and Services  
(S/ millions)



Sales Spare Parts and Services  
(US\$ millions)





As of March 31, 2023, Caterpillar brand sales, represented by the corporation through authorized dealers in Peru, Guatemala, El Salvador, and Belize, account for 72% of total sales. These include the sale and rental of machines and engines, as well as the provision of spare parts and services for this brand.

#### SALES BREAKDOWN BY ECONOMIC SECTORS

	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Open Pit Mining	46.7%	42.2%	47.1%	39.9%	39.4%
Construction	18.0%	24.6%	17.3%	15.8%	19.2%
Industry, Commerce & Serv.	14.1%	11.7%	12.4%	13.5%	14.6%
Underground Mining	11.9%	12.2%	11.4%	13.2%	12.7%
Agriculture and Forestry	2.5%	2.4%	2.9%	3.1%	3.2%
Government	1.3%	2.6%	1.7%	1.8%	2.7%
Transport	1.7%	1.7%	1.8%	2.1%	3.1%
Fish and Marine	1.6%	0.7%	2.5%	2.0%	1.6%
Hydrocarbons and Energy	1.0%	1.5%	1.3%	1.2%	0.8%
Others	1.1%	0.4%	1.6%	7.4%	2.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

As per the distribution of sales by economic sectors, open pit mining generated 46.7% of the total sales during the first quarter of 2023, which is higher than any quarter in 2022. The construction sector came in second place with a 18.0% share, lower than what was seen in the first quarter of 2022. Occupying third place, Industry, Commerce and Services sector with a 14.1% share, lower than the first quarter of 2022 but higher than the rest of the quarters. Occupying fourth place, Underground mining accounted for 11.9% of the total sales, lower than the first quarter of 2022.



**FERREYCORP S.A.A. & SUBSIDIARIES**

**APPENDIX 1**

**INCOME STATEMENT (NOTE)**

(In thousands of Nuevos Soles)

	<b>1Q 2023</b>	<b>%</b>	<b>1Q 2022</b>	<b>%</b>	<b>Var %</b>
Net Sales	1,560,295	100.0	1,433,697	100.0	8.8
Cost of Good Sales	-1,133,556	-72.7	-1,096,285	-76.5	3.4
<b>Sales Profit</b>	<b>426,739</b>	<b>27.3</b>	<b>337,412</b>	<b>23.5</b>	<b>26.5</b>
Operating Expenses	-259,061	-16.6	-239,168	-16.7	8.3
Other Income (Expenses), net	-30	-0.0	1,930	0.1	
<b>Operating Profit</b>	<b>167,648</b>	<b>10.7</b>	<b>100,174</b>	<b>7.0</b>	<b>67.4</b>
Financial Expenses, net	-17,229	1.5	-10,485	1.0	64.3
FX Gain/Loss	27,740	1.8	95,636	6.7	-71.0
Participation in the results of associates	448	0.0	-24	-0.0	
<b>Income before Income Tax</b>	<b>178,607</b>	<b>11.4</b>	<b>185,301</b>	<b>12.9</b>	<b>-3.6</b>
Income Tax	-57,598	-3.7	-56,969	-4.0	1.1
<b>Net Income Cont. Oper.</b>	<b>121,009</b>	<b>7.8</b>	<b>128,332</b>	<b>9.0</b>	<b>-5.7</b>
Net Income Disc. Oper.	-5	-0.0	-453	-0.0	-98.9
<b>Net Income</b>	<b>121,004</b>	<b>7.8</b>	<b>127,879</b>	<b>8.9</b>	<b>-5.4</b>
<b>EBITDA</b>	<b>229,826</b>	<b>14.7</b>	<b>157,969</b>	<b>11.0</b>	<b>45.5</b>

NOTE: Some numbers had been reclassified on this document to include purchase order's gross profit; such as sales and cost of good sold. On the Income Statement that is presented to the SMV, it only expose, on the gap of other operating income, the operating profit obtained on those operations.

**FERREYCORP S.A.A. AND SUBSIDIARIES**
**APPENDIX 2**
**Statement of Financial Position**

(In thousands of nuevos soles)

	As of 31-03-2023	As of 31-03-2022	Var %
Cash and Equivalents	236,556	293,905	-19.5
Account Receivables - Trade	1,173,077	863,799	35.8
Inventories	2,117,870	2,083,704	1.6
Account Receivables - Others	196,912	177,486	10.9
Assets Available for Sale	14,750	15,474	-4.7
Prepaid Expenses	47,440	43,564	8.9
<b>Current Assets</b>	<b>3,786,605</b>	<b>3,477,932</b>	<b>8.9</b>
Long Term Account Receivables - Trade	32,216	37,971	-15.2
Long Term Account Receivables - Others	44,423	48,069	-7.6
Property	1,162,981	1,216,970	-4.4
Rental Fleet	751,163	704,292	6.7
Machinery and Equipment	502,666	471,655	6.6
Other Fixed Assets	113,343	145,862	-22.3
	2,530,153	2,538,779	-0.3
Accrued Depreciation	-883,051	-834,656	5.8
Property, Plant and Equipment, net	1,647,102	1,704,123	-3.3
Investments	21,135	19,837	6.5
Intangible Assets, net and Goodwill	383,893	425,822	-9.8
Deferred Income Tax	148,051	176,555	-16.1
<b>Non Current Assets</b>	<b>2,276,820</b>	<b>2,412,377</b>	<b>-5.6</b>
<b>Total Assets</b>	<b>6,063,425</b>	<b>5,890,309</b>	<b>2.9</b>

	As of 31-03-2023	As of 31-03-2022
Short Term Debt	423,864	276,854
Liabilities derived from Leases (NIIF16)	33,024	27,543
Other Current Liabilities	1,971,840	1,970,534
<b>Current Liabilities</b>	<b>2,428,728</b>	<b>2,274,931</b>
Long Term Debt	973,338	1,051,428
Other Payables	7,751	1,685
Liabilities derived from Leases (NIIF16)	47,403	71,713
Deferred Income Tax	127,543	168,838
<b>Total Liabilities</b>	<b>3,584,763</b>	<b>3,568,595</b>
<b>Equity</b>	<b>2,478,662</b>	<b>2,321,714</b>

<b>Total Liabilities and Equity</b>	<b>6,063,425</b>	<b>5,890,309</b>
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**Other Financial Information:**

Depreciation	46,654	44,767
Amortization	8,005	7,589

**FERREYCORP S.A.A. AND SUBSIDIARIES**

**APPENDIX 3**

**Total Liabilities as of March 31th, 2023**

(In thousands of US\$)

		(A)			
	<b>Total Liabilities</b>	<b>Current Liabilities</b>	<b>Long Term Short Term</b>	<b>Liabilities Long Term</b>	<b>Financial Liabilities</b>
<b>Local Banks (Short Term)</b>	100,388	100,388	-	-	100,388
<b>Foreign Banks (Short Term)</b>	48,449	48,449	-	-	48,449
<b>Local Banks (Long Term)</b>	223,820	-	62,720	161,100	223,820
<b>Foreign Banks (Long Term)</b>	46,884	-	22,299	24,585	46,884
<b>Local and Foreign Banks (Leasing Fin)</b>	123	-	63	60	123
<b>Suppliers:</b>					
<b>Account Payables to Caterpillar</b>	148,122	148,122	-	-	-
<b>Account Payables to Caterpillar</b>	-	-	-	-	-
<b>Others</b>	41,879	41,879	-	-	-
<b>Corporate Bonds</b>	89,673	-	18,058	71,615	89,673
<b>Caterpillar Financial</b>	1,832	-	669	1,162	1,832
<b>Liabilities Derived from Leases (NIIF16)</b>	21,362	-	8,771	12,591	21,362
<b>Other Liabilities</b>	229,598	193,663	-	35,935	-
<b>Total (US\$)</b>	<b>952,128</b>	<b>532,500</b>	<b>112,580</b>	<b>307,048</b>	<b>532,529</b>
<b>Total (S/.)</b>	<b>3,584,763</b>	<b>2,004,864</b>	<b>423,864</b>	<b>1,156,035</b>	<b>2,004,973</b>

(A) Subject to Interest Payments

**FERREYCORP S.A.A. AND SUBSIDIARIES**

**APPENDIX 4**

**Cash Flow Statement**

(In thousands of nuevos soles)

	1Q 2023	1Q 2022
<b>Cashflow from operating expenses</b>		
Collection from customers and third parties	1,646,878	1,543,558
Payment to suppliers	-1,094,265	-1,183,637
Payment to employers and other	-199,309	-192,011
Payment of taxes and income tax	-68,789	-46,086
<b>Net Cash provided by operating activities</b>	<b>284,515</b>	<b>121,824</b>
<b>Cashflow from investment activities</b>		
Acquisition of property, plant and equipment	-18,553	-7,951
Intangible acquisitions	-1,909	-378
Sale of property, plant and equipment	7,774	1,245
Sale of investments	34	-
<b>Net cash used in investment activities</b>	<b>-12,654</b>	<b>-7,084</b>
<b>Cashflow from financing activities</b>		
Financial liabilities	520,668	428,365
Payment of financial liabilities	-726,239	-425,919
Payment of lease activities	-10,956	-15,091
Interest paid	-25,237	-16,539
Share repurchased	64	-
<b>Cash from financing activities</b>	<b>-241,700</b>	<b>-29,183</b>
Cash increase, net	30,161	85,557
Cash at the beginning of the year	192,015	215,761
Cash due to exchange variation	14,380	-7,414
<b>Cash at the end of the year</b>	<b>236,556</b>	<b>293,905</b>