

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

## Second Quarter 2023

Lima, July 26, 2023 - Ferreycorp S.A.A., a leading corporation in the capital goods and complementary services sector, based in Peru with presence in other Latin American countries, and with over a century of operations alongside its flagship company Ferreyros, announces its consolidated results for the second quarter of 2023. The financial statements in this report are presented on a consolidated basis, following International Financial Reporting Standards (IFRS), and are expressed in Peruvian soles (S/).

### SALES

The sales for the second quarter of 2023 amounted to US\$ 445 million, showing a growth of 5% compared to the second quarter of 2022 (US\$ 423 million). In Peruvian soles, the sales for the second quarter of 2023 (S/ 1,646 million) increased by 4% compared to the same period of the previous year. The sales lines that stood out in this growth were Caterpillar equipment sales to clients primarily in the construction, underground mining, and medium-sized mining sector; the spare parts and services division was driven significantly by the large mining industry; and the allied equipment sales, with increases of 17%, 13%, and 30%, respectively.

The accumulated sales as of June 30, 2023, reached US\$ 854 million, which is 7% higher compared to the same semester of the previous year, highlighting the growth in the sales lines mentioned above. In local currency, the total revenues amounted to S/ 3,206 million, representing a growth of 6% compared to the first semester of 2022.

(In millions)	Second Quarter			As of June 30th		
	2023	2022	Var%	2023	2022	Var%
Net Sales \$	445	423	5%	854	799	7%
Net Sales S/	1,646	1,582	4%	3,206	3,016	6%

(\$ millions)	2Q 2023	%	1Q 2023	%	4Q 2022	%	3Q 2022	%	2Q 2022	%	1Q 2022	%	% Var 2Q 2023/ 1Q 2023	% Var 2Q 2023/ 2Q 2022
CAT Mining Trucks and Machines	30	2	65	4	175	9	107	6	91	6	57	4	-54.9	-67.7
CAT Machines for other sectors	334	20	243	16	400	21	262	15	285	18	274	19	37.4	17.3
Allied Equipment	145	9	134	9	138	7	104	6	112	7	123	9	7.9	29.5
Rental and used	101	6	96	6	108	6	128	8	129	8	100	7	5.3	-21.6
Spare parts and services	916	56	905	58	913	48	938	55	814	51	725	51	1.3	12.6
Other lines	120	7	117	7	152	8	152	9	151	10	155	11	3.0	-20.6
<b>TOTAL</b>	<b>1,646</b>	<b>100</b>	<b>1,560</b>	<b>100</b>	<b>1,885</b>	<b>100</b>	<b>1,691</b>	<b>100</b>	<b>1,582</b>	<b>100</b>	<b>1,434</b>	<b>100</b>	<b>5.5</b>	<b>4.0</b>

(\$ millions)	2Q 2023	%	1Q 2023	%	4Q 2022	%	3Q 2022	%	2Q 2022	%	1Q 2022	%	% Var 2Q 2023/ 1Q 2023	% Var 2Q 2023/ 2Q 2022
CAT Mining Trucks and Machines	8	2	17	4	45	9	28	6	26	6	15	4	-53.8	-69.2
CAT Machines for other sectors	90	20	64	16	102	21	67	15	76	18	73	19	41.5	18.8
Allied Equipment	39	9	35	9	35	7	27	6	30	7	32	9	11.2	31.2
Rental and used	27	6	25	6	27	6	33	8	34	8	26	7	8.5	-20.6
Spare parts and services	247	56	237	58	233	48	241	55	217	51	190	51	4.3	14.0
Other lines	32	7	31	7	39	8	39	9	39	10	42	11	6.1	-17.5
<b>TOTAL</b>	<b>445</b>	<b>100</b>	<b>409</b>	<b>100</b>	<b>482</b>	<b>100</b>	<b>434</b>	<b>100</b>	<b>423</b>	<b>100</b>	<b>378</b>	<b>100</b>	<b>8.7</b>	<b>5.3</b>

(Review Commercial Management section for sales variance explanation)

## GROSS PROFIT

In the second quarter of 2023, the gross profit (\$/ 403 million) was higher than the one obtained in the same period of 2022, driven by increased sales. The gross margin was 24.5%, which is close to the 24.9% of the same period in the previous year. It is worth noting that, excluding the exchange rate effect, the adjusted gross margin is 26.4%, surpassing the adjusted margin of the second quarter of 2022 (26.1%).

During the first half of 2023, the gross profit amounted to \$/ 830 million, a 13.5% increase compared to the profit achieved in the same semester of 2022. Additionally, the gross margin (25.9%) was higher than the one recorded in 2022 (24.2%). The adjusted gross margin, excluding the exchange rate effect, continued to grow (27.3% compared to 26.2% in 2022).

	Second Quarter			As of June 30th		
	2023	2022	Var%	2023	2022	Var%
Gross Profit (\$/ millions)	403	394	2%	830	731	13%
Adjusted Gross Profit (\$/ millions)	435	414	5%	876	789	11%
Gross Margin	24.5%	24.9%		25.9%	24.2%	
Adjusted Gross Margin	26.4%	26.1%		27.3%	26.2%	

## OPERATING PROFIT

### Operating Expenses

In the second quarter of 2023, the operating expenses (S/ 269.9 million) were 12.8% higher compared to the second quarter of 2022 (S/ 239.2 million). Several expense categories have contributed to these increased costs, including profit sharing with employees, commercial concessions, equipment and spare parts warranties, inventory management, and maintenance of premises, among others. Additionally, during this period, there has been a provision for accounts receivable of approximately S/ 3.7 million in the subsidiary in Chile due to a specific case where some expected payments did not materialize. The percentage of expenses relative to sales represented 16.4% of total sales, higher than the ratio recorded in the same quarter of 2022.

The accumulated expenses as of June 30, 2023, reached S/ 529 million, which is 10.6% higher compared to the same period in 2022.

### Operating Margin

The operating margin for the second quarter of 2023 was 8.6%, lower than the margin presented in the same quarter of 2022, primarily due to an increase in operating expenses. If these results are adjusted by excluding the exchange rate effect, the adjusted operating margin becomes 10.5%, still lower than the adjusted margin of 11.4% for the second quarter of 2022. However, the operating margin for the first half of 2023 was 9.6%, higher than the margin recorded in a similar period of 2022. Moreover, if the exchange rate effect is excluded, the adjusted margin also shows an improvement compared to the same semester of the previous year.

	Second Quarter			As of June 30th		
	2023	2022	Var%	2023	2022	Var%
Operating Profit (S/ millions)	141	161	-12%	309	261	18%
Adj. Operating Profit (S/ millions)	173	181	-4%	355	319	11%
Operating Expenses / Sales	16.4%	15.1%		16.5%	15.9%	
Operating Margin	8.6%	10.2%		9.6%	8.7%	
Adj. Operating Margin	10.5%	11.4%		11.1%	10.6%	

## NET FINANCIAL EXPENSES

The net financial expense for the second quarter of 2023 showed a significant increase of 53% compared to the same period of the previous year. During this quarter, there was a decrease in the average financial liability compared to the second quarter of 2022, both in Peruvian nuevos soles (8%) and US dollars (5%). However, there was a substantial 64% increase in the average interest rate (average rate for 2Q 2023: 4.42% versus 2Q 2022: 2.70%). If we break down the increase in the interest rate, we can observe that the most substantial rise occurred in the average rate for short-term debt, which increased from 1.67% in the second quarter of the previous year

to 5.75% in 2023. On the other hand, the average rate for medium-term debt increased from 3.28% to 3.85%.

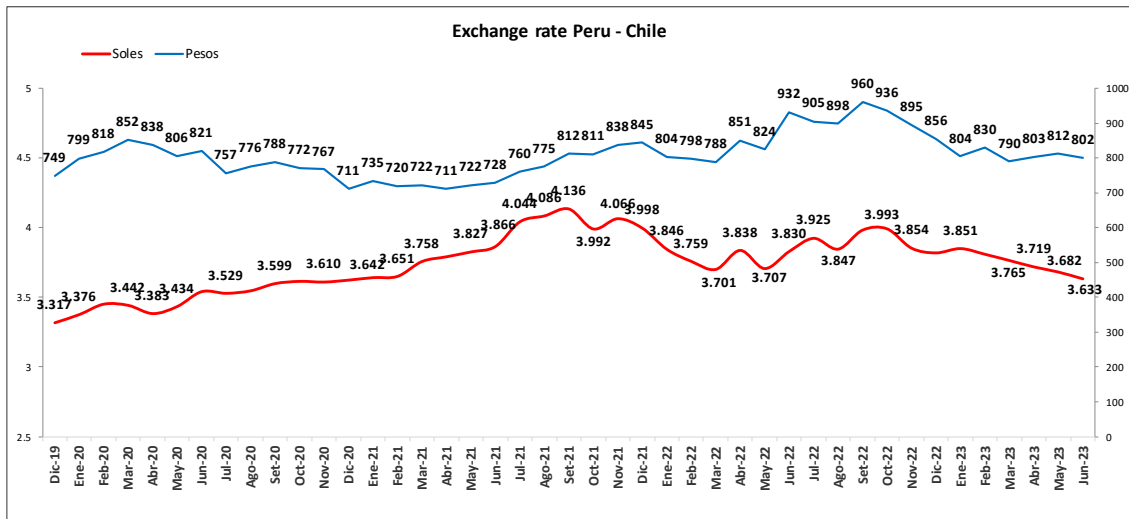
The accumulated net financial expense as of June 30, 2023, was 59% higher compared to 2022. Although the accumulated average financial liability has increased by 4% in Peruvian soles and 5% in US dollars, the average interest rate has increased by 48%, rising from 2.84% to 4.19%.

(S/ millions)	Second Quarter			As of June 30th		
	2023	2022	Var%	2023	2022	Var%
<b>Net Financial Expenses</b>	17	11	53%	34	21	59%
Financial earnings	7	5	41%	15	11	38%
Financial expenses	24	16	49%	49	32	52%
<b>Average liabilities S/</b>	1,824	1,977	-8%	1,933	1,856	4%
<b>Average liabilities \$</b>	496	522	-5%	516	491	5%

## FOREIGN EXCHANGE GAIN/LOSS

During the second quarter of 2023, there was a foreign exchange gain of S/ 35.2 million, which resulted from the appreciation of the Peruvian sol and was offset by the devaluation of the Chilean peso. The Peruvian sol appreciated by 3.51%, while the Chilean peso devalued by 1.42%. In contrast, during the second quarter of 2022, there was a foreign exchange loss of S/ 57.0 million, caused by the devaluation of the Peruvian sol by 3.49% and the devaluation of the Chilean peso by 18.29%.

In the first half of 2023, there was a foreign exchange gain of S/ 62.9 million. It is worth noting that the closing exchange rate in June 2023 was S/ 3.633, showing a downward trend from January 2023 when it was S/ 3.823, as shown in the following graph. According to our calculations, the foreign exchange gain for the semester has been offset by a decrease in gross margin of approximately S/ 45.8 million, leaving a balance of S/ 57.5 million in inventory that will impact gross profit in the coming months if the downward trend in the dollar price continues.



(S/ millions)	Second Quarter		Var%	As of June 30th		Var%
	2023	2022		2023	2022	
FX Gain/Loss	35	-57	-	63	39	63%

**NET PROFIT**

In the second quarter of 2023, the net profit reached S/ 105.6 million, compared to S/ 61.3 million recorded in the second quarter of 2022, representing a growth of 72%. However, if we isolate the foreign exchange effect in both periods, the adjusted net profit for the second quarter of 2023 would be S/ 103.3 million, and for the same period of the previous year, it would be S/ 115.4 million, resulting in a decrease of 10%. It is worth noting that the accumulated net profit for the first semester (S/ 227 million) showed a growth of 20% compared to the same period of the previous year. When excluding the foreign exchange effect, the growth reached 6%.

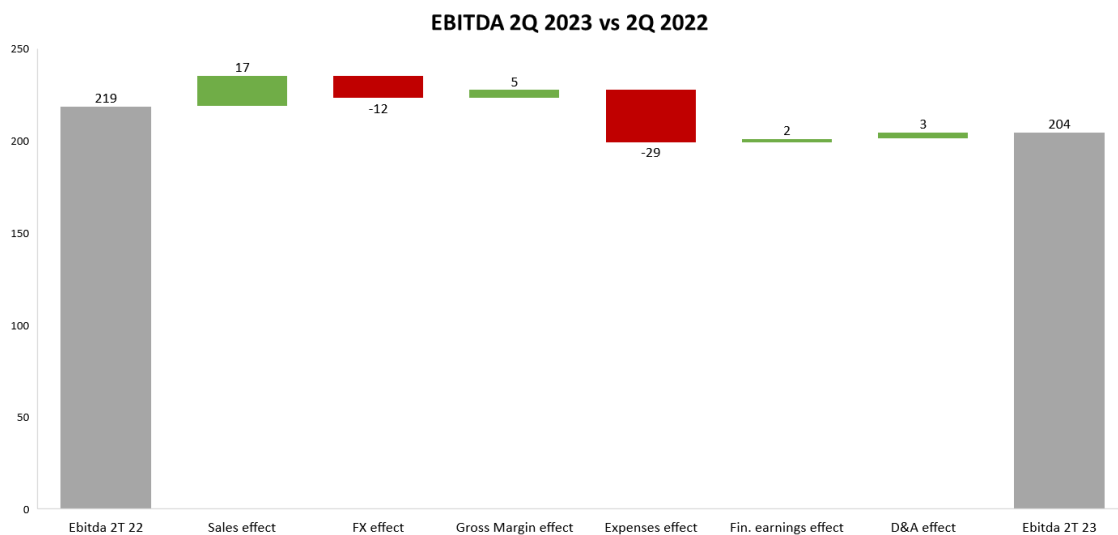
(S/ millions)	Second Quarter		Var%	As of June 30th		Var%
	2023	2022		2023	2022	
Net Profit	106	61	72%	227	189	20%
FX Gain/Loss	35	-57		63	39	
FX Recovery through GM	-32	-20		-46	-58	
Net Effect	3	-77		17	-19	
Net Effect After Tax	-2	54		-12	13	
Adjusted Net Profit	103	115	-10%	215	203	6%

## EBITDA

The EBITDA for the second quarter of 2023 (S/ 204 million) exhibited a decline of 6.5% compared to the figure reported in the same period of 2022. The EBITDA margin stood at 12.4% in contrast to the 13.8% recorded in the second quarter of 2022. Excluding the impact of the exchange rate on gross profit, the adjusted EBITDA resulted in a decrease of 0.9% compared to the second quarter of the previous year, and the adjusted EBITDA margin remained at 14.4%, remaining below the EBITDA of the second quarter of 2022.

In the first semester of the year 2023, the accumulated EBITDA (S/ 434 million) was 15% higher compared to the same period of the previous year. When excluding the foreign exchange effect in gross profit, the result shows an increase of 11%. The accumulated EBITDA margin was 13.5%, which is higher than the 12.5% recorded in the same period of 2022, and it remains superior when excluding the foreign exchange effect.

	Second Quarter			As of June 30th		
	2023	2022	Var%	2023	2022	Var%
EBITDA (S/ millions)	204	219	-7%	434	377	15%
Adjusted EBITDA (S/ millions)	236	238	-1%	480	434	11%
EBITDA Margin	12.4%	13.8%		13.5%	12.5%	
Adjusted EBITDA Margin	14.4%	15.1%		15.0%	14.4%	



**SUMMARY OF MAIN FIGURES AND INDICATORS**

(In millions except for indicators per share)	Quarters						%Var. 2Q 2023/1Q 2023	%Var. 2Q 2023/2Q 2022
	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022		
<b>Net Sales</b>	<b>\$445</b>	<b>\$409</b>	<b>\$482</b>	<b>\$434</b>	<b>\$423</b>	<b>\$376</b>	<b>8.7%</b>	<b>5.1%</b>
Net Sales	S/. 1,646	S/. 1,560	S/. 1,885	S/. 1,691	S/. 1,582	S/. 1,434	5.5%	4.0%
<b>Gross Profit</b>	<b>S/. 403</b>	<b>S/. 427</b>	<b>S/. 474</b>	<b>S/. 487</b>	<b>S/. 394</b>	<b>S/. 337</b>	<b>-5.6%</b>	<b>2.3%</b>
Operating Expenses	S/. 270	S/. 259	S/. 292	S/. 264	S/. 239	S/. 239	4.2%	12.8%
<b>Operating Profit</b>	<b>S/. 141</b>	<b>S/. 168</b>	<b>S/. 180</b>	<b>S/. 218</b>	<b>S/. 161</b>	<b>S/. 100</b>	<b>-15.7%</b>	<b>-12.2%</b>
Net Financial Expenses	S/. -17	S/. -17	S/. -17	S/. -14	S/. -11	S/. -10	-3.4%	53.2%
FX Gain/Loss	S/. 35	S/. 28	S/. 63	S/. -68	S/. -57	S/. 96	26.7%	-161.6%
<b>Net Profit</b>	<b>S/. 106</b>	<b>S/. 121</b>	<b>S/. 140</b>	<b>S/. 91</b>	<b>S/. 61</b>	<b>S/. 128</b>	<b>-12.7%</b>	<b>73.9%</b>
<b>EBITDA</b>	<b>S/. 204</b>	<b>S/. 230</b>	<b>S/. 235</b>	<b>S/. 276</b>	<b>S/. 219</b>	<b>S/. 158</b>	<b>-11.1%</b>	<b>-6.5%</b>
Profit per Share	0.112	0.129	0.148	0.096	0.065	0.135	-12.9%	72.9%
EBITDA per Share	0.217	0.244	0.252	0.292	0.231	0.167	-11.3%	-6.3%
Free Cash Flow	S/. 195	S/. 236	S/. -121	S/. 15	S/. -67	S/. 83	-17.3%	-390.7%
Gross Margin	24.5%	27.3%	25.2%	28.8%	24.9%	23.5%		
<b>Adjusted Gross Margin</b>	<b>26.4%</b>	<b>28.2%</b>	<b>25.1%</b>	<b>27.1%</b>	<b>26.1%</b>	<b>25.5%</b>		
SG&A / Sales	16.4%	16.6%	15.5%	15.6%	15.1%	16.7%		
Operating Margin	8.6%	10.7%	9.5%	12.9%	10.2%	7.0%		
<b>Adjusted Operating Margin</b>	<b>10.5%</b>	<b>11.6%</b>	<b>9.5%</b>	<b>11.3%</b>	<b>11.4%</b>	<b>9.4%</b>		
Net Margin	6.4%	7.8%	7.4%	5.4%	3.8%	9.0%		
<b>Adjusted Net Margin</b>	<b>6.3%</b>	<b>7.1%</b>	<b>5.0%</b>	<b>7.0%</b>	<b>7.3%</b>	<b>5.9%</b>		
EBITDA Margin	12.4%	14.7%	12.5%	16.3%	13.8%	11.0%		
<b>Adjusted EBITDA Margin</b>	<b>14.4%</b>	<b>15.6%</b>	<b>12.5%</b>	<b>14.7%</b>	<b>15.1%</b>	<b>13.3%</b>		
Debt Ratio	0.64	0.71	0.82	0.89	0.79	0.68		
Net Debt / EBITDA	1.72	1.84	2.30	2.28	1.99	1.60		

## RESULTS BY BUSINESS GROUP

(In thousands of S/)

	CAT Dealers in Peru		Foreign CAT Dealers & Other Businesses		Other Businesses	
	2023	2022	2023	2022	2023	2022
Sales	1,319,662	1,222,575	143,382	145,196	182,950	214,617
Gross Profit	332,590	310,535	34,529	35,873	35,901	47,548
Adjusted Gross Profit	363,066	331,169	34,529	35,873	38,439	46,565
Gross Margin	25.2%	25.4%	24.1%	24.7%	19.6%	22.2%
Adjusted Gross Margin	27.5%	27.1%	24.1%	24.7%	21.0%	21.7%
Operating Expenses	207,273	179,910	21,490	22,061	34,771	32,898
Operating Profit	132,115	135,366	13,295	13,001	1,917	14,903
Operating Margin	10.0%	11.1%	9.3%	9.0%	1.0%	6.9%
Depreciations & Amortization	36,382	33,158	6,195	5,449	11,114	11,795
EBITDA	172,376	170,688	20,022	19,093	15,100	28,786
EBITDA Margin	13.1%	14.0%	14.0%	13.1%	8.3%	13.4%

## STATEMENT OF FINANCIAL POSITION

As of June 30, 2023, the total assets amounted to S/ 5,891.6 million, lower than the S/ 6,045.6 million in assets as of June 30, 2022. When comparing both periods, a decrease of S/ 64.7 million in inventory, primarily in the spare parts line, S/ 67.6 million in other accounts receivable due to the sale of the Punta Negra property in June 2022, S/ 44.4 million in intangibles and goodwill, S/ 32.3 million in fixed assets, among the most significant.

(S/ millions)

	As of June 2023	%	As of June 2022	%	VAR%
Cash and Equivalents	192	3	209	3	-8.2
Accounts Receivables - Trade	1,190	20	1,089	18	9.3
Inventory	2,044	35	2,109	35	-3.1
Fix Assets	1,622	28	1,654	27	-2.0
Intangibles & Goodwill	376	6	420	7	-10.6
Other Assets	468	8	565	9	-17.2
<b>TOTAL ASSETS</b>	<b>5,892</b>	<b>100</b>	<b>6,046</b>	<b>100</b>	<b>-2.5</b>
Financial Debt	1,308	39	1,271	35	2.8
Accounts Payable - Trade	794	24	807	22	-1.6
Lease Liabilities	69	2	85	2	-19.5
Other Liabilities	1,169	35	1,502	41	-22.2
<b>TOTAL LIABILITIES</b>	<b>3,339</b>	<b>100</b>	<b>3,665</b>	<b>100</b>	<b>-8.9</b>

As of June 30, 2023, the asset turnover ratio was 1.13, higher than the 1.07 recorded on June 30, 2022. As part of the corporation's strategy to optimize asset utilization, measures have been implemented, resulting in maintaining the asset turnover above 1 throughout the year 2023.



Additionally, the cash cycle has improved, reducing from 156 days to 145 days by the end of June 2023.

The corporation's financial debt as of June 30, 2023, amounted to S/ 1,819 million, representing a decrease of 13.4% compared to the same period in the previous year. Similarly, in US dollars (US\$ 501 million), the debt decreased by 8.7% compared to the balance at the same period in 2022 (US\$ 548 million). The debt structure remains balanced, with 51% of the financial obligations having a non-current maturity.

It is important to mention that the financial debt includes S/ 68.6 million (US\$ 18.9 million) corresponding to the application of IFRS 16 - Leases, which has decreased compared to the previous year (US\$ 22.3 million). This accounting standard requires the recognition of assets under the right of use for leased assets.

### INVESTMENT IN FIXED ASSETS (CAPEX) AND INTANGIBLES

As of June 30, 2023, investments in fixed assets and intangibles amounted to S/ 50.6 million, primarily corresponding to: i) S/ 24.0 million for investment in infrastructure, including S/ 15.1 million for new assets under the right of use (IFRS 16), and ii) S/ 15.9 million for the purchase of machinery and equipment for workshops. As of June 30, 2022, investments in fixed assets and intangibles were above S/ 89 million, mainly due to the purchase of machinery and equipment for rental purposes as part of Ferreyros' strategy to introduce new models of Caterpillar trucks to the market, as previously mentioned in the previous quarters.

As of June 2023, the recognition of assets under the right of use (such as leased premises, rental fleet, van fleet, among the most significant) is shown in the fixed assets category, in accordance with IFRS 16 - Leases.

### FINANCIAL RATIOS

Indicators	Jun-23	Mar-23	Dic-22	Set-22	Jun-22	Mar-22
Current Ratio	1.60	1.56	1.56	1.52	1.52	1.53
Financial Debt Ratio	0.64	0.71	0.82	0.89	0.79	0.68
Total debt Ratio	1.31	1.45	1.51	1.67	1.54	1.54
Net Financial Debt / EBITDA	1.72	1.84	2.3	2.28	1.99	1.6
Adjusted financial Debt / EBITDA	1.43	1.5	1.75	1.85	1.48	1.53
Financial Expense Coverage Ratio	8.81	9.27	11.63	12.49	11.75	9.84
Asset Turnover	1.13	1.12	1.08	1.02	1.07	1.09
Inventory Turnover	2.38	2.33	2.28	2.12	2.31	2.32
Inventory Days	151	154	158	170	156	155
Collection Days	52	48	55	56	50	45
Payable Days	58	54	58	61	49	50
Cash Conversion Cycle	145	149	156	165	157	150
ROE	18.50%	17.20%	17.30%	18.80%	18.60%	20.30%
ROA	8.40%	8.60%	7.60%	7.70%	8.30%	9.10%
ROIC	12.00%	12.80%	10.90%	11.30%	12.20%	14.10%
Book Value per Share	2.71	2.63	2.65	2.5	2.52	2.45

As of June 2023, the leverage ratios, in general, have shown a decrease compared to those recorded in the same period of 2022. There is an improvement in all the ratios, thanks to the reduction in debt in the second quarter of 2023 and the increase in EBITDA.

As of June 2023, the cash cycle has improved compared to the same period in 2022, with a duration of 145 days, mainly due to the decrease in accounts receivable and inventory.

The ROE for the second quarter of 2023 was 18.5%, similar to the one registered in the same period of the previous year, primarily driven by the increase in net income.

## **MAIN HIGHLIGHTS**

### **Dividend Payment**

According to the resolution of the General Shareholders' Meeting on March 29th, 2023, it was approved to distribute cash dividends amounting to S/ 251,327,666.14, corresponding to the maximum limit of the Dividend Policy. On September 29th, 2022, an interim dividend payment of S/ 120,000,000.00 was made, based on the earnings of the fiscal year 2022, leaving a balance of S/ 131,327,666.14 yet to be distributed. This amount represents a cash dividend of S/ 0.13897244736 per share, which was paid on May 5, 2023.

### **Share Buyback Program**

During the Board of Directors' meeting on May 31, 2023, it was approved to expand the share buyback program, increasing it from 50 million to 94 million shares, which is equivalent to 10% of the company's capital. The quantity of 94 million shares refers to the outstanding amount of repurchased shares while the program is in effect and not the total flow of purchases. The acquisition of shares may occur in stages, whenever market conditions and other factors warrant and are deemed beneficial to the interests of the company.

### **Ferreyros, a decade among the 10 best companies to work for**

Ferreyros, the flagship company of Ferreycorp, has achieved a remarkable feat by being consistently ranked among the top 10 companies for attracting and retaining talent in Peru for a decade, according to the renowned Merco Talento ranking. This centenary company holds the eighth position in the national ranking, with the participation of more than 25,000 respondents, and secures the first place in its category, reaffirming its commitment to the best human resources management practices.

Since 2014, Ferreyros has been continuously present in the Top 10 of Merco Talento since the ranking's inception. The evaluation encompasses three important dimensions: Work Quality, Employer Brand, and Internal Reputation, analyzing multiple variables such as professional development opportunities, talent attraction and recognition, ethical and professional values, fairness, leaders' reputation, and employee pride in being part of the company.

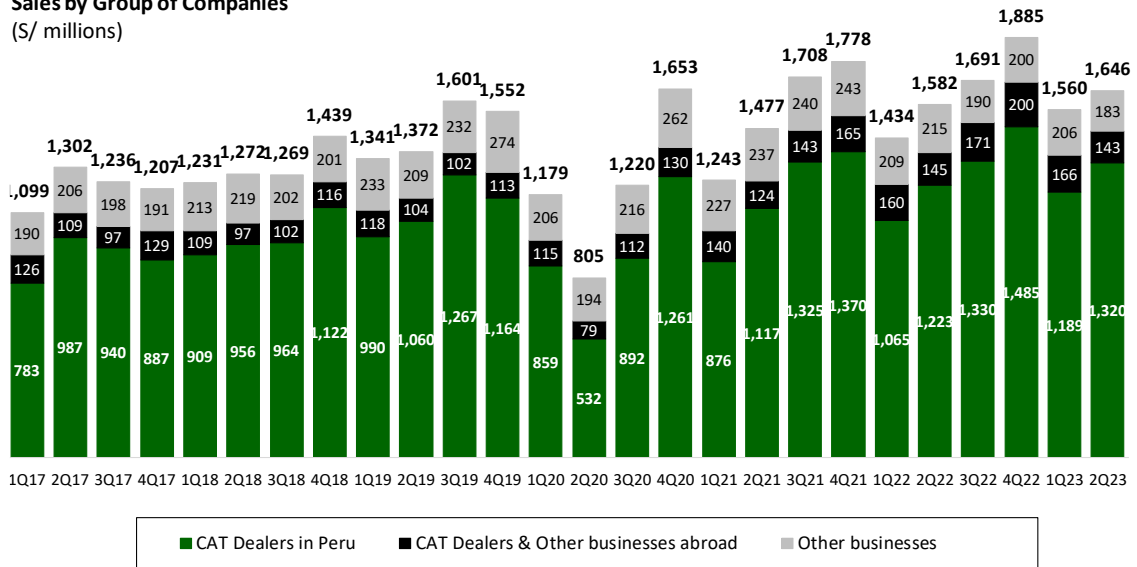
## COMMERCIAL MANAGEMENT

### 1. SALES BREAKDOWN ACCORDING TO CORPORATE ORGANIZATION

Sales by Group of Companies  
(S/million)

	2Q 2023	%	1Q 2023	%	4Q 2022	%	3Q 2022	%	2Q 2022	%	1Q 2022	%	% Var 2Q 2023/ 1Q 2023	% Var 2Q 2023/ 2Q 2022
Ferreycorp	1,133	69%	1,028	66%	1,321	70%	1,138	67%	1,047	66%	893	62%	10%	8%
Unimaq	151	9%	135	9%	128	7%	149	9%	157	10%	166	12%	12%	-3%
Orvisa	35	2%	26	2%	36	2%	42	2%	36	2%	37	3%	36%	-2%
<b>CAT Dealers in Peru</b>	<b>1,320</b>	<b>80%</b>	<b>1,189</b>	<b>76%</b>	<b>1,485</b>	<b>79%</b>	<b>1,330</b>	<b>79%</b>	<b>1,239</b>	<b>78%</b>	<b>1,096</b>	<b>76%</b>	<b>11%</b>	<b>6%</b>
<b>Total CAT Dealers &amp; Other businesses abroad</b>	<b>143</b>	<b>9%</b>	<b>166</b>	<b>11%</b>	<b>200</b>	<b>11%</b>	<b>171</b>	<b>10%</b>	<b>145</b>	<b>9%</b>	<b>160</b>	<b>11%</b>	<b>-13%</b>	<b>-1%</b>
Soltrak	73	4%	67	4%	72	4%	74	4%	79	5%	76	5%	8%	-8%
Trex (Chile)	75	5%	108	7%	76	4%	58	3%	75	5%	52	4%	-30%	-1%
Fargo	18	1%	20	1%	19	1%	26	2%	22	1%	24	2%	-9%	-18%
Forbis	10	1%	9	1%	15	1%	16	1%	19	1%	24	2%	10%	-46%
Otras	7	0%	2	0%	6	0%	5	0%	3	0%	2	0%	307%	156%
<b>other subsidiaries</b>	<b>183</b>	<b>11%</b>	<b>206</b>	<b>13%</b>	<b>200</b>	<b>11%</b>	<b>190</b>	<b>11%</b>	<b>198</b>	<b>12%</b>	<b>178</b>	<b>12%</b>	<b>-11%</b>	<b>-7%</b>
<b>TOTAL</b>	<b>1,646</b>	<b>100%</b>	<b>1,560</b>	<b>100%</b>	<b>1,885</b>	<b>100%</b>	<b>1,691</b>	<b>100%</b>	<b>1,582</b>	<b>100%</b>	<b>1,434</b>	<b>100%</b>	<b>5%</b>	<b>4%</b>

Sales by Group of Companies  
(S/ millions)



As shown in the previous tables, Ferreycorp distributes its businesses into three main groups:

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

In the second quarter of 2023, the sales of Caterpillar distributors in Peru recorded a notable increase of 6.5% compared to the same period in 2022. Among the lines that stood out with growth were the sales of spare parts and services, showing a remarkable increase of 13.8%. Sales of Caterpillar machines and engines to clients in the construction, medium-sized mining, and industrial sectors also experienced significant growth, with a 19.8% increase. Additionally, allied equipment sales surged with an impressive growth rate of 23.6%.

During this quarter, the combined contribution of these companies to the corporation's total sales reached 80%.

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

The sales of this second group of companies, with a presence in Central America, reported a slight decrease of 1.2% compared to the second quarter of the previous year. This decline was primarily due to the exclusion of certain minor product lines from the portfolio offered to customers.

Despite the decrease, this group of companies contributed 9% of the total sales of the corporation.

**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).**

The 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 product lines, experienced a decrease of 7.5% compared to the second quarter of 2022. This decline was primarily attributed to the impact of lower maritime freight rates in the logistics business compared to the previous year, as well as the postponement of certain shipments, and reduced sales of some consumables.

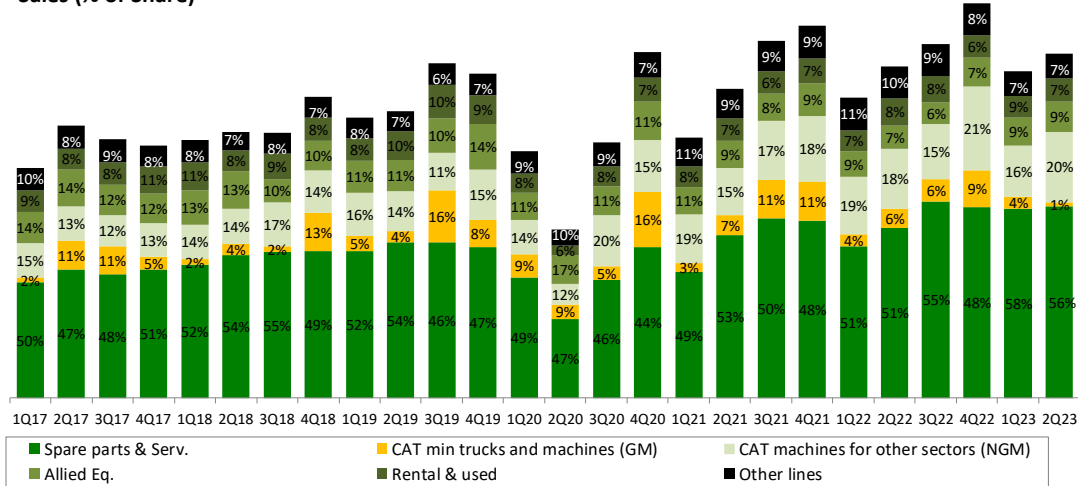
**2. SALES BREAKDOWN BY BUSINESS LINE**

(\$/ millions)	2Q 2023	%	1Q 2023	%	4Q 2022	%	3Q 2022	%	2Q 2022	%	1Q 2022	%	% Var 2Q 2023/ 1Q 2023	% Var 2Q 2023/ 2Q 2022
CAT Mining Trucks and Machines	30	2	65	4	175	9	107	6	91	6	57	4	-54.9	-67.7
CAT Machines for other sectors	334	20	243	16	400	21	262	15	285	18	274	19	37.4	17.3
Allied Equipment	145	9	134	9	138	7	104	6	112	7	123	9	7.9	29.5
Rental and used	101	6	96	6	108	6	128	8	129	8	100	7	5.3	-21.6
Spare parts and services	916	56	905	58	913	48	938	55	814	51	725	51	1.3	12.6
Other lines	120	7	117	7	152	8	152	9	151	10	155	11	3.0	-20.6
<b>TOTAL</b>	<b>1,646</b>	<b>100</b>	<b>1,560</b>	<b>100</b>	<b>1,885</b>	<b>100</b>	<b>1,691</b>	<b>100</b>	<b>1,582</b>	<b>100</b>	<b>1,434</b>	<b>100</b>	<b>5.5</b>	<b>4.0</b>

Compared to the same period of the previous year, the lines that experienced the most significant growth in the second quarter of 2023 were the spare parts and services division, driven by increased sales to large mining clients. Additionally, there was notable growth in the sales of

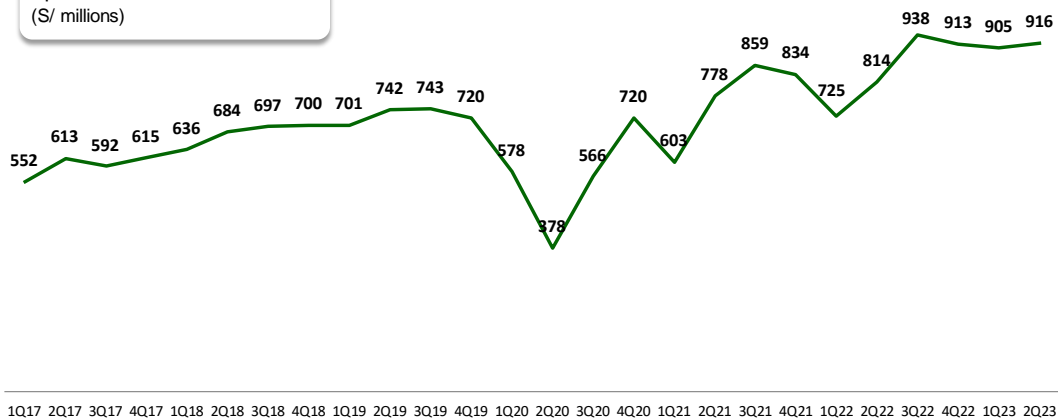
Caterpillar machines and engines to the construction and medium-sized mining sectors, as well as increased sales of allied equipment, particularly highlighting the sales of Trex equipment.

**Sales (% of Share)**

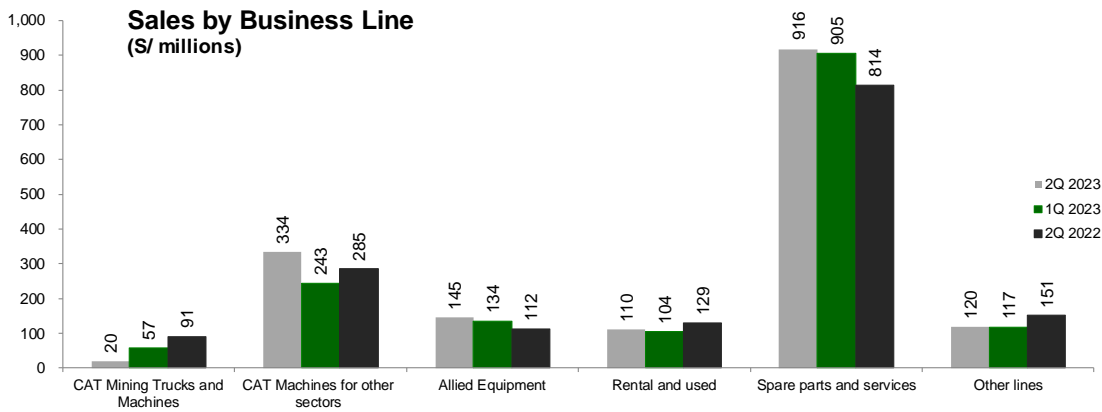
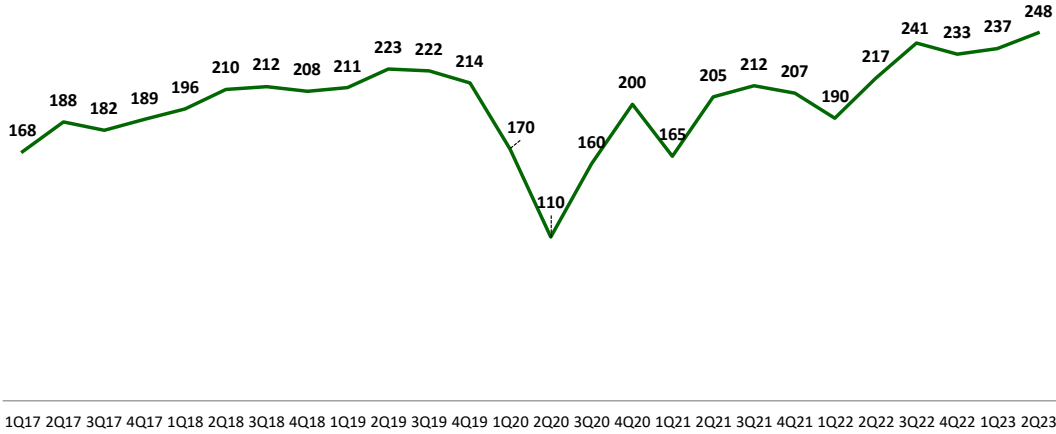


The corporation's strategy is focused on increasing its customers' productivity in the use of the delivered equipment and in the management of their projects. To achieve this, significant efforts are made to provide high-quality after-sales support, conveniently located near our customers, which sets us apart from the competition. These aspects have contributed to the continued strong performance of the spare parts and services business, both for Caterpillar and allied brands, representing a significant portion (56%) of Ferreycorp's total sales. In the second quarter of 2023, this segment achieved sales of S/ 916 million, reaching a record-breaking figure in dollar sales at \$248 million, with an impressive growth rate of 14.1% compared to the second quarter of 2022.

Spare Parts & Services Sales (S/ millions)



Spare Parts & Services Sales  
 (US\$ millions)



As of June 30, 2023, the sales of the Caterpillar brand, represented by the corporation through exclusive distributors in Peru, Guatemala, El Salvador, and Belize, account for 72% of the total revenue. These sales include the selling and renting of machines and engines, as well as the supply of spare parts and services for this brand.

### 3. SALES BREAKDOWN BY ECONOMIC SECTORS

	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Open Pit Mining	43.6%	44.9%	46.2%	46.8%	40.1%	39.4%
Construction	20.6%	19.1%	17.4%	21.0%	22.8%	21.6%
Underground Mining	14.3%	11.8%	13.4%	11.0%	13.2%	12.7%
Industry, Commerce & Services	11.8%	12.4%	12.6%	11.0%	12.7%	13.9%
Agriculture & Forestry	2.5%	2.9%	3.4%	3.0%	3.4%	3.7%
Transport	2.3%	4.7%	1.4%	1.5%	2.4%	3.3%
Fish & Marine	2.1%	1.6%	0.8%	2.5%	2.0%	1.6%
Government	1.8%	1.3%	2.9%	1.6%	1.8%	2.7%
Hydrocarbons & Energy	0.8%	0.9%	1.7%	1.3%	1.2%	0.8%
Others	0.3%	0.3%	0.4%	0.2%	0.4%	0.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Regarding the distribution of sales by economic sectors, open-pit mining accounted for 43.6% of the total sales in the second quarter of 2023, surpassing the same quarter of the year 2022. The construction sector occupied the second position with a 20.6% share, which was lower than the one achieved in the second quarter of 2022. Underground mining reached a 14.3% share, higher than that of the second quarter of 2022, securing the third position. The fourth position was held by the sector of industry, commerce, and services, with an 11.8% share, lower than the second quarter of 2022.

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

**APPENDIX 1**

**Income Statement (NOTES)**

(In thousands of S/)

	2Q 2023	%	2Q 2022	%	Var %	As of June 2023	%	As of June 2022	%	Var %
Net Sales	1,645,994	100.0	1,582,388	100.0	4.0	3,206,289	100.0	3,016,085	100.0	6.3
<b>Sales Profit</b>	<b>403,020</b>	<b>24.5</b>	<b>393,956</b>	<b>24.9</b>	<b>2.3</b>	<b>829,759</b>	<b>25.9</b>	<b>731,368</b>	<b>24.2</b>	<b>13.5</b>
Operating Expenses	-269,924	-16.4	-239,212	-15.1	12.8	-528,985	-16.5	-478,380	-15.9	10.6
Net Other Income (Expenses)	8,267	0.5	6,335	0.4	30.5	8,237	0.3	8,265	0.3	-0.3
<b>Operating Profit</b>	<b>141,363</b>	<b>8.6</b>	<b>161,079</b>	<b>10.2</b>	<b>-12.2</b>	<b>309,011</b>	<b>9.6</b>	<b>261,253</b>	<b>8.7</b>	<b>18.3</b>
Net Financial Expenses	-16,642	1.3	-10,860	0.9	53.2	-33,871	1.4	-21,345	0.9	58.7
FX Gain/Loss	35,151	2.1	-57,039	-3.6	-161.6	62,891	2.0	38,597	1.3	62.9
Participation in the Results of Associates	915	0.1	-414	-0.0		1,363	0.0	-438	-0.0	
<b>Income Before Income Tax</b>	<b>160,787</b>	<b>9.8</b>	<b>92,766</b>	<b>5.9</b>	<b>73.3</b>	<b>339,394</b>	<b>10.6</b>	<b>278,067</b>	<b>9.2</b>	<b>22.1</b>
Income Tax	-54,483	-3.3	-32,025	-2.0	70.1	-112,081	-3.5	-88,994	-3.0	25.9
<b>Net Income Cont. Oper.</b>	<b>106,304</b>	<b>6.5</b>	<b>60,741</b>	<b>3.8</b>	<b>75.0</b>	<b>227,313</b>	<b>7.1</b>	<b>189,073</b>	<b>6.3</b>	<b>20.2</b>
Net Income Cont. Oper.	-660	-0.0	546	0.0	-220.9	-665	-0.0	93	0.0	-815
<b>Net Income</b>	<b>105,644</b>	<b>6.4</b>	<b>61,287</b>	<b>3.9</b>	<b>72.4</b>	<b>226,648</b>	<b>7.1</b>	<b>189,166</b>	<b>6.3</b>	<b>19.8</b>
<b>EBITDA</b>	<b>204,355</b>	<b>12.4</b>	<b>218,609</b>	<b>13.8</b>	<b>-6.5</b>	<b>434,181</b>	<b>13.5</b>	<b>376,578</b>	<b>12.5</b>	<b>15.3</b>

NOTE: Some figures have been reclassified in this document to include the allocation of gross profit from purchase orders, such as sales and cost of sales. In the Income Statement that is presented to the SMV, only the gross profit obtained in said operations is shown under the heading of other operating income.



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

**APPENDIX 2**

**Statement of Financial Position**

(In thousands of S/)

	As of 30-06-2023	As of 30-06-2022	Var %
Cash and Equivalents	191,602	208,615	-8.2
Accounts Receivables - Trade	1,154,263	1,050,382	9.9
Inventory	2,043,981	2,108,724	-3.1
Other Account Receivables	189,418	250,363	-24.3
Assets Available for Sale	14,750	15,485	-4.7
Prepaid Expenses	52,431	47,220	11.0
<b>Current Assets</b>	<b>3,646,445</b>	<b>3,680,789</b>	<b>-0.9</b>
Long Term Account Receivable - Trade	35,909	38,277	-6.2
Other Long Term Account Receivable	42,934	49,566	-13.4
Property	1,164,302	1,148,005	1.4
Rental Fleet	687,481	736,325	-6.6
Machinery & Equipment	512,317	452,803	13.1
Other Fixed Asstets	154,120	131,671	17.0
	2,518,220	2,468,804	2.0
Accumulates Depreciation	-896,180	-814,431	10.0
Net Property, Plant & Equipment	1,622,040	1,654,373	-2.0
Investments	22,046	19,343	14.0
Net Intangible Asset & Goodwill	376,007	420,394	-10.6
Deferred Income Tax	146,173	182,861	-20.1
<b>Non Current Assets</b>	<b>2,245,109</b>	<b>2,364,814</b>	<b>-5.1</b>
<b>Total Assets</b>	<b>5,891,554</b>	<b>6,045,603</b>	<b>-2.5</b>

	As of 30-06-2023	As of 30-06-2022	Var %
Short Term Debt	412,855	257,674	60.2
Liabilities derived from Leases (NIIF16)	35,518	23,095	53.8
Other Current Liabilities	1,828,510	2,133,544	-14.3
<b>Current Liabilities</b>	<b>2,276,883</b>	<b>2,414,313</b>	<b>-5.7</b>
Long Term Debt	894,710	1,013,660	-11.7
Other Payables	6,597	3,564	85.1
Liabilities derived from Leases (NIIF16)	33,114	62,180	-46.7
Deferred Income Tax	127,600	171,446	-25.6
<b>Total Liabilities</b>	<b>3,338,904</b>	<b>3,665,163</b>	<b>-8.9</b>
<b>Equity</b>	<b>2,552,650</b>	<b>2,380,440</b>	<b>7.2</b>
<b>Total Liabilities &amp; Equity</b>	<b>5,891,554</b>	<b>6,045,603</b>	<b>-2.5</b>
<b>Other Financial Information</b>			
Depreciation	94,525	89,827	5.2
Amortization	15,860	15,086	5.1

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

**APPENDIX 3**

**Total Liabilities as of June 2023**

(In thousands of USD)

		(A)			
	<b>Total Liabilities</b>	<b>Current Liabilities</b>	<b>Long Term Liabilities</b>		<b>Financial Liabilities</b>
			Short Term	Long Term	
<b>Local Banks (Short Term)</b>	83,591	83,591	-	-	83,591
<b>Foreign Banks (Short Term)</b>	47,932	47,932	-	-	47,932
<b>Local Banks (Long Term)</b>	206,892	-	59,261	147,631	206,892
<b>Foreign Banks (Long Term)</b>	49,663	-	25,368	24,295	49,663
<b>Local &amp; Foreign Banks (Fin. Leasing)</b>	88	-	17	71	88
<b>Suppliers:</b>		-	-	-	
<b>Accounts Payable to Caterpillar</b>	140,843	140,843	-	-	-
<b>Accounts Payable to Caterpillar</b>	-	-	-	-	-
<b>Others</b>	77,704	77,704	-	-	-
<b>Corporate Bonds</b>	89,720	-	18,368	71,352	89,720
<b>Caterpillar Financial</b>	3,774	-	849	2,925	3,774
<b>Liabilities Derived from Leases (NIIF16)</b>	18,891	-	9,777	9,115	18,891
<b>Other Liabilities</b>	199,950	163,012	-	36,938	-
<b>Total (US\$)</b>	<b>919,049</b>	<b>513,082</b>	<b>113,640</b>	<b>292,326</b>	<b>500,551</b>
<b>Total (S/.)</b>	<b>3,338,904</b>	<b>1,864,028</b>	<b>412,855</b>	<b>1,062,021</b>	<b>1,818,503</b>

(A) Subject to interest payments

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

**APPENDIX 4**

**Cashflow Statement**

(In thousands of \$/)

	2Q 2023	2Q 2022	as of 30-06-2023	as of 30-06-2022
<b>Cashflow from operating activities</b>				
Collections from customers & third parties	1,607,543	1,427,869	3,254,420	2,971,428
Payment to suppliers	-1,094,394	-1,211,773	-2,188,659	-2,395,410
Payment to employees and others	-200,157	-209,928	-399,466	-401,939
Payments of taxes and income tax	-67,283	-59,047	-136,072	-105,133
<b>Net cash provided by operating activities</b>	<b>245,709</b>	<b>-52,879</b>	<b>530,223</b>	<b>68,946</b>
<b>Cashflow from investing activities</b>				
Acquisitions of property, plant & equip.	-15,776	-30,228	-34,329	-38,179
Acquisitions of intangibles	-2,240	-619	-4,149	-997
Sale of property, plant & equip.	2,254	46,431	10,028	47,676
Sale/Contributions of financial instruments	-	-	34	-
<b>Net cash provided by investing activities</b>	<b>-15,762</b>	<b>15,584</b>	<b>-28,416</b>	<b>8,500</b>
<b>Cashflow from financing activities</b>				
Financial liabilities	765,407	889,505	1,286,075	1,317,870
Payment of financial expenses	-871,789	-765,230	-1,598,028	-1,191,148
Payment of lease activities	-11,795	-14,211	-22,751	-29,302
Interest payments	-23,383	-15,346	-48,620	-31,885
Dividend payments	-131,185	-125,633	-131,185	-125,633
Share buybacks	-15,260	-1,696	-15,196	-1,696
<b>Net cash from financing activities</b>	<b>-288,004</b>	<b>-32,611</b>	<b>-529,705</b>	<b>-61,794</b>
Net cash increase	-58,058	-69,906	-27,898	15,652
Cash at the beginning of the year	-	-	192,015	215,761
Cash due to exchange variation	13,105	-15,384	27,484	-22,798
<b>Cash at the end of the year</b>	<b>-44,953</b>	<b>-85,290</b>	<b>191,602</b>	<b>208,615</b>

**DISCLAIMER**

This report may contain certain forward-looking statements. These statements are non-historical facts and are based on the current views of Ferreycorp S.A.A. management and estimates of future economic circumstances, industry conditions, company performance, and financial results. Words such as "anticipated," "believes," "estimates," "expects," "plans," and other similar expressions related to the corporation are intended to identify estimates or forecasts. Statements concerning the corporation's activities, projects, financial conditions, and/or operating results, as well as the implementation of the main operation and financial strategies, and capital investment plans, future operational direction, and the factors and trends affecting the financial condition, liquidity, or operating results are examples of stated estimates; such statements reflect the current views of management and are subject to various risks and uncertainties. There is no guarantee that the expected events, trends, or results will occur. The statements are based on various assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any change in such assumptions or factors could cause actual results to materially differ from current expectations.