

Management Discussion & Analysis of the consolidated Financial Statements of Ferreycorp S.A.A. and its Subsidiaries

Fourth quarter 2023

Lima, February 15th, 2024.- Ferreycorp S.A.A., a leading corporation in the capital goods and complementary services sector, based in Peru with a presence in other countries in Latin America, and with over a hundred years of operations, announces its consolidated, unaudited results for the fourth quarter of 2023. The financial statements in this report are presented in consolidated form in accordance with International Financial Reporting Standards and are expressed in Peruvian Soles. Audited financial statements for the year 2023 will be published by the end of this month, and will be subject to approval by the shareholders' meeting in March.

Although the exchange rate at the end of the year was lower than at the beginning of the year, significant fluctuations were observed throughout 2023, resulting in distortions in some items of the financial statements, especially in profit and gross margin, which also generates distortions in operating profit. Therefore, it is important to consider the adjusted figures explained throughout this document, both for this quarter and for the figures accumulated at the end of the year 2023

SALES

The sales for the fourth quarter of 2023 amounted to US\$ 528 million, showing a growth of 10% compared to the fourth quarter of 2022 (US\$ 482 million). In Peruvian Soles, sales for the fourth quarter of 2023 (S/ 2,003 million) increased by 6% compared to the same period of the previous year. During the quarter, notable growth was observed in the construction Cat machinery line, primarily; spare parts and services, significantly driven by large-scale mining in Peru; and rentals.

Cumulative sales as of December 31, 2023, amounted to US\$ 1,865 million, a 9% increase compared to the previous year. In 2023, one of the lines that generated the highest growth was spare parts and services, especially promoted by large-scale mining, given the significant fleet of Caterpillar mining machinery in the country and its intensive use throughout the year. Other lines included mainly CAT machinery for construction, allied equipment; and the line of rent or used equipment. In local currency, revenues reached S/ 6,995 million, representing a 6% increase compared to December 2022 results.

(In millions)	Fourth Quarter			As of Dicember 2023		
	2023	2022	Var%	2023	2022	Var%
Net Sales \$	528	482	10%	1,865	1,715	9%
Net Sales S/	2,003	1,885	6%	6,995	6,593	6%

(In millions of \$/)	4Q 2023	%	3Q 2023	%	2Q 2023	%	1Q 2023	%	4Q 2022	%	% Var 4Q 2023/ 3Q 2023	% Var 4Q 2023/ 4Q 2022	As of Dic. 2023	%	As of Dic. 2022	% Var 2023 / 2022
CAT Mining Trucks and Machines	143	7	96	5	44	3	75	5	239	13	49.0	-40.0	359	5	536	-33.0
CAT Machines & Engines for other sectors	490	24	326	18	323	20	236	15	353	19	50.6	38.7	1,378	20	1,168	18.0
Allied Equipment	143	7	123	7	145	9	133	9	138	7	15.7	3.7	544	8	474	14.9
Rental and used	98	5	140	8	97	6	96	6	92	5	-29.7	6.8	429	6	420	2.1
Spare parts and services	1,007	50	990	55	916	56	904	58	911	48	1.8	10.5	3,817	55	3,386	12.7
Other lines	122	6	111	6	120	7	117	7	152	8	9.9	-19.9	468	7	609	-23.1
TOTAL	2,003	100	1,785	100	1,646	100	1,561	100	1,885	100	12.2	6.3	6,995	100	6,593	6.1

(In millions of \$/)	4Q 2023	%	3Q 2023	%	2Q 2023	%	1Q 2023	%	4Q 2022	%	% Var 4Q 2023/ 3Q 2023	% Var 4Q 2023/ 4Q 2022	As of Dic. 2023	%	As of Dic. 2022	% Var 2023 / 2022
CAT Mining Trucks and Machines	38	7	26	5	12	3	20	5	61	13	45.0	-38.2	95	1	139	-31.3
CAT Machines & Engines for other sectors	129	24	88	18	87	20	62	15	90	19	47.0	42.9	366	5	305	20.2
Allied Equipment	38	7	33	7	39	9	35	9	35	7	12.6	6.8	145	2	124	16.9
Rental and used	26	5	38	8	26	6	25	6	23	5	-31.6	10.0	115	2	110	4.9
Spare parts and services	265	50	268	55	247	56	237	58	233	48	-1.0	13.8	1,018	15	879	15.8
Other lines	32	6	30	6	32	7	31	7	39	8	6.1	-18.2	125	2	159	-21.5
TOTAL	528	100	483	100	445	100	409	100	482	100	9.2	9.4	1,865	27	1,715	8.7

(Review the Commercial Management section for sales variance explanation)

GROSS PROFIT

In the fourth quarter of 2023, gross profit (\$/ 510 million) was 8% higher than that achieved in the same period of 2022. The gross margin was 25.5%, slightly higher than the same period of the previous year (25.2%). It is noteworthy that the adjusted margin is 24.9%, similar to the adjusted margin in the fourth quarter of 2022 (25.1%).

As of December 31, 2023, there is an increase in gross profit, which amounted to \$/ 1,807 million, 7% higher than that achieved in the same period of 2022. Furthermore, the gross margin (25.8%) was slightly higher than that recorded in 2022 (25.7%). The adjusted gross margin, without the effect of the exchange rate, also shows growth (26.5% compared to 26.1% in 2022). The higher margin is primarily explained by the fact that sales of spare parts and services, which have a higher gross margin than other lines, increased by 15.8% in dollars while total sales increased by 8.7%.

	Fourth Quarter			Var%	As of December 2023		
	2023	2022			2023	2022	Var%
Gross Profit (\$/ millions)	510	474		8%	1,807	1,693	7%
Adjusted Gross Profit (\$/ millions)	500	474		5%	1,850	1,722	7%
Gross Margin	25.5%	25.2%			25.8%	25.7%	
Adjusted Gross Margin	24.9%	25.1%			26.5%	26.1%	

OPERATING PROFIT

Operating Expenses

In the fourth quarter of 2023, operating expenses (S/ 303.8 million) were 3.9% higher compared to the fourth quarter of 2022 (S/ 292.3 million), a percentage lower than the growth in sales, which was 10%. The increase in expenses is mainly explained by higher variable expenses associated with increased sales and personnel costs. The percentage of expenses relative to sales represented 15.2% of sales, slightly lower than that recorded in the same quarter of 2022 (15.6%).

The accumulated expense as of December 31, 2023, amounted to S/ 1,115 million, 7.7% higher than the same period of 2022, but lower than the 9% growth in sales.

Operating Margin

The operating margin for the fourth quarter of 2023 was 10.4%, higher than that presented in the same quarter of 2022. When adjusting these results excluding the effect of gains from currency exchange, an operating margin of 9.9% is obtained, compared to 9.5% in the fourth quarter of 2022.

The accumulated operating margin as of December 31, 2023, was 10.0%, equal to that recorded in the same period of 2022; however, when excluding the currency exchange effect, the adjusted operating margin rises to 10.6%, slightly higher than that generated in the same period of the previous year (10.4%).

	Fourth Quarter			As of December 2023		
	2023	2022	Var%	2023	2022	Var%
Operating Profit (S/ millions)	209	180	16%	700	659	6%
Adj. Operating Profit (S/ millions)	198	179	11%	743	689	8%
Operating Expenses / Sales	15.2%	15.5%		15.9%	15.7%	
Operating Margin	10.4%	9.5%		10.0%	10.0%	
Adj. Operating Margin	9.9%	9.5%		10.6%	10.4%	

NET FINANCIAL EXPENSES

The net financial expense for the fourth quarter of 2023 showed an increase of 47% compared to the same period of the previous year. This was mainly due to the significant rise in interest rates in international and local markets. The average interest rate reached 5.25% in Q4 2023, compared to 3.58% in Q4 2022, as previously anticipated and experienced in previous quarters. Upon disaggregation of the increase in interest rates, it can be observed that the average rate for short-term debt increased from 3.29% in the fourth quarter of 2022 to 6.69% in the same period of 2023. On the other hand, the average rate for medium-term debt stood at 3.90% in the fourth quarter of 2023, compared to 3.75% in a similar period of 2022, as a significant portion of medium-term liabilities were contracted before the rise. It is worth mentioning that debt restructuring did not occur during the year, with the expectation that interest rates will decrease in the coming months.

The accumulated net financial expense as of December 31, 2023, was 51% higher compared to 2022. While the average accumulated financial liability in dollars has increased by 3%, it has slightly decreased by 1% in Peruvian Soles due to the exchange rate effect. The average interest rate increased from 3.13% at the end of December 2022 to 4.66% at the end of December 2023.

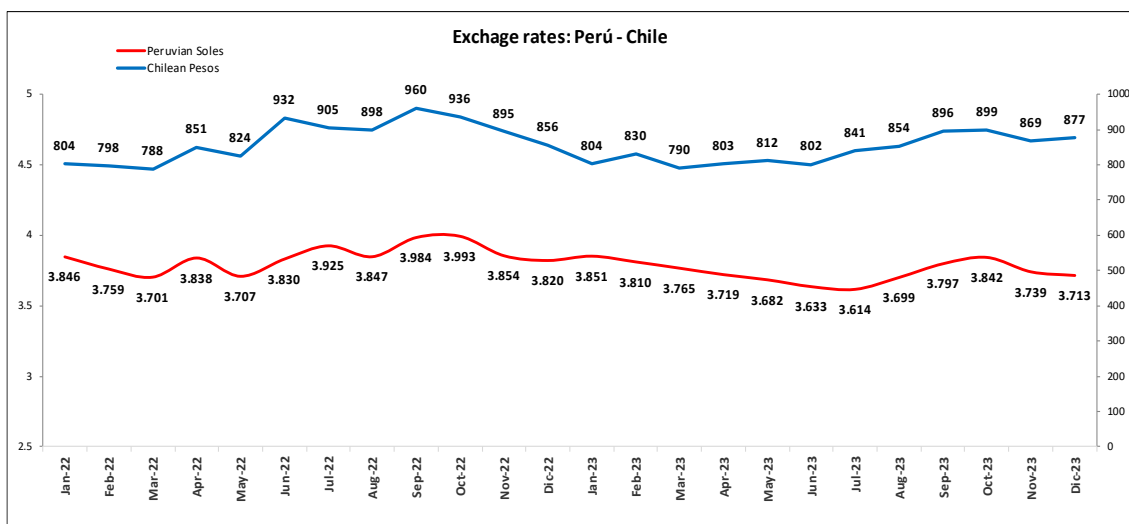
(S/ millions)	Fourth Quarter			As of December 2023		
	2023	2022	Var%	2023	2022	Var%
Net Financial Expenses	24	17	47%	78	52	51%
Financial earnings	9	8	13%	32	25	28%
Financial expenses	34	25	36%	111	76	46%
Average liabilities S/	2,213	2,277	-3%	2,081	2,094	-1%
Average liabilities \$	590	567	4%	560	545	3%

FOREX EXCHANGE GAIN (LOSS)

During the fourth quarter of 2023, a foreign exchange gain of S/ 27.7 million was recorded as a result of the Peruvian sol's appreciation of 2.21%. Meanwhile, in the fourth quarter of 2022, a foreign exchange gain of S/ 63.2 million was recorded, originating from the appreciation of the Peruvian sol (4.12%) and the Chilean peso (10.87%).

As of December 31, 2023, the accumulated result showed a foreign exchange gain of S/ 29.1 million. This reflects that the foreign exchange gains in the first half were offset by the foreign exchange loss in the third quarter of 2023, leaving practically the result of this last quarter as the foreign exchange gain for the year 2023. It is worth noting that the year-end exchange rate, S/ 3.713, was lower than the year-end exchange rate in 2022, which was S/ 3.820.

The estimated inventory reserve as of December amounted to S/ 12 million, due to the appreciation of the sol against the dollar in recent months. This reserve is negative, meaning it will be returned through the gross margin in the following months if the higher value of the sol is maintained.

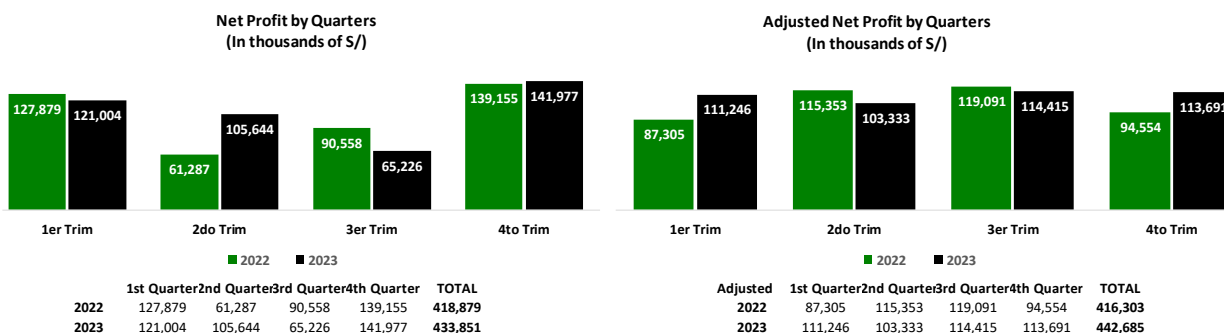


	Fourth Quarter		Var%	As of December 2023		Var%
	2023	2022		2023	2022	
(S/ millions)						
FX Gain/Loss	28	63	-56%	29	34	-13%

NET PROFIT

The evolution of the exchange rate throughout the year has had effects on net profit, so the graphs of quarterly net accounting profits and adjusted net profits are presented. The exchange rate started at S/ 3.823 and progressively decreased to S/ 3.633 in June 2023, positively impacting the net profit of the first semester with a gain from exchange rate differences. In the third quarter, on the contrary, the exchange rate maintained an upward trend, closing September at S/ 3.797, negatively impacting the result without having been recovered through the gross margin. In the fourth quarter, the exchange rate ended with a downward trend, closing at S/ 3.713, positively impacting the result, as in the first semester. The graphs show the adjusted net profit, and it is observed that the fourth quarter's adjusted net profit amounted to S/ 114 million, above the S/ 95 million of the same period in 2022 and higher than the average of S/ 111 million for the four quarters of 2023. It is worth remembering that the adjusted net profit is calculated by excluding the effect of the exchange rate on gross profit, as well as the gain or loss from exchange rate differences in the income statement.

The accumulated net profit as of December 2023, amounting to approximately S/ 434 million, recorded a growth of 4% compared to the same period of the previous year (S/ 419 million). The accumulated adjusted net profit as of December 31, 2023, amounted to S/ 443 million, 6% higher than the same period of the previous year.



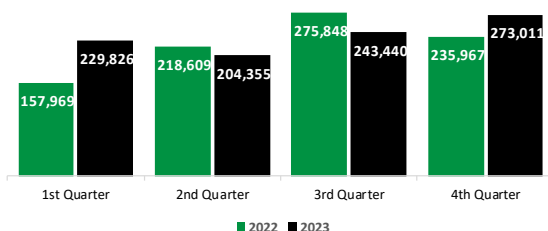
(S/ millions)	Cuarto Trimestre		Var%	Al 31 de diciembre		Var%
	2023	2022		2023	2022	
Net Profit	142	139	2%	434	419	4%
FX Gain/Loss	28	63		29	34	
FX Recovery through GM	10	1		-43	-29	
Net Effect	38	64		-14	4	
Net Effect After Tax	-27	-45		9	-3	
Adjusted Net Profit	114	94	22%	443	416	6%

EBITDA

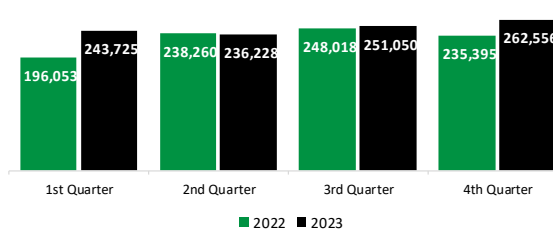
The accounting EBITDA for the fourth quarter of 2023 (S/ 273 million) showed an increase of 16% compared to the same period in 2022. The EBITDA margin stood at 13.6%, compared to 12.5% in the fourth quarter of 2022. Excluding the effect of exchange rate on gross profit, the adjusted EBITDA for 2023 increased by 12% compared to the fourth quarter of the previous year, while the adjusted EBITDA margin resulted in 13.1%, remaining higher than that of the fourth quarter of the previous year (12.5%).

Additionally, the accumulated EBITDA as of December 31, 2023 (S/ 951 million) was 7% higher compared to the same period of the previous year. Excluding the exchange rate effect on gross profit, the result shows an 8% increase. The accumulated EBITDA margin was 13.6%, slightly higher than the 13.5% in the same period of 2022. Excluding the exchange rate effect, the EBITDA margin is also higher than that of 2022 (14.2% in 2023 vs. 13.9% in 2022)

EBITDA by Quarters
(In thousands of S/)



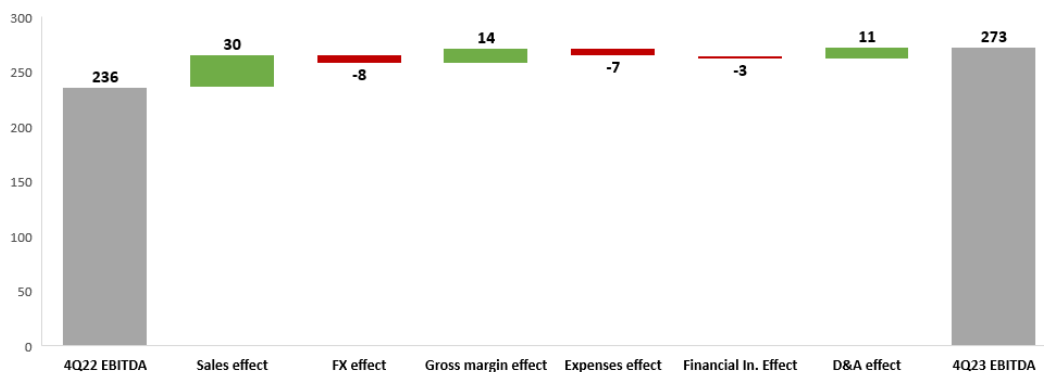
Adjusted EBITDA by Quarters
(In thousands of S/)



	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL	Adjusted	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL
2022	157,969	218,609	275,848	235,967	888,393	2022	196,053	238,260	248,018	235,395	917,725
2023	229,826	204,355	243,440	273,011	950,632	2023	243,725	236,228	251,050	262,556	993,558

	Fourth Quarter			Var%	As of December 2023			Var%
	2023	2022			2023	2022		
EBITDA (S/ millions)	273	236		16%	951	888		7%
Adjusted EBITDA (S/ millions)	263	235		12%	994	918		8%
EBITDA Margin	13.6%	12.5%			13.6%	13.5%		
Adjusted EBITDA Margin	13.1%	12.5%			14.2%	13.9%		

EBITDA 4Q 2023 vs 4Q 2022



SUMMARY OF MAIN FIGURES AND INDICATORS

(In millions except for per share indicators)	Quarters								%Var. 4Q 2023/3Q 2023	%Var. 4Q 2023/4Q 2022
	4Q 2023	3Q 2023	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022		
Net sales	\$528	\$483	\$445	\$409	\$482	\$434	\$423	\$378	9.2%	9.4%
Net sales	S/. 2,003	S/. 1,786	S/. 1,646	S/. 1,560	S/. 1,885	S/. 1,691	S/. 1,582	S/. 1,434	12.2%	6.3%
Gross profit	S/. 510	S/. 468	S/. 403	S/. 427	S/. 474	S/. 487	S/. 394	S/. 337	9.0%	7.5%
Operating expenses	S/. 304	S/. 283	S/. 270	S/. 259	S/. 292	S/. 264	S/. 239	S/. 239	7.5%	3.9%
Operating profit	S/. 209	S/. 182	S/. 141	S/. 168	S/. 180	S/. 218	S/. 161	S/. 100	14.8%	16.2%
Net financial expenses	S/. -24	S/. -20	S/. -17	S/. -17	S/. -17	S/. -14	S/. -11	S/. -10	23.4%	47.2%
FX Gain / Loss	S/. 28	S/. -62	S/. 35	S/. 28	S/. 63	S/. -68	S/. -57	S/. 96	-145.0%	-56.2%
Net profit	S/. 142	S/. 65	S/. 106	S/. 121	S/. 140	S/. 91	S/. 61	S/. 128	117.7%	1.8%
EBITDA	S/. 273	S/. 243	S/. 204	S/. 230	S/. 235	S/. 276	S/. 219	S/. 158	12.1%	16.1%
Profit per share	0.151	0.069	0.112	0.129	0.148	0.096	0.065	0.135	118.2%	1.8%
EBITDA per share	0.290	0.258	0.217	0.244	0.252	0.292	0.231	0.167	12.4%	15.4%
Free cash flow	S/. -228	S/. -169	S/. 195	S/. 236	S/. -121	S/. 15	S/. -67	S/. 83	34.9%	88.4%
Gross margin	25.5%	26.2%	24.5%	27.3%	25.2%	28.8%	24.9%	23.5%		
Adj. Gross margin	24.9%	26.7%	26.4%	28.2%	25.1%	27.1%	26.1%	25.5%		
SG&A / Sales	15.2%	15.8%	16.4%	16.6%	15.5%	15.6%	15.1%	16.7%		
Operating margin	10.4%	10.2%	8.6%	10.7%	9.5%	12.9%	10.2%	7.0%		
Adj. Operating margin	9.9%	10.7%	10.5%	11.6%	9.5%	11.3%	11.4%	9.4%		
Net margin	7.1%	3.7%	6.4%	7.8%	7.4%	5.4%	3.8%	9.0%		
Adj. Net margin	5.7%	6.4%	6.3%	7.1%	5.0%	7.0%	7.3%	5.9%		
EBITDA margin	13.6%	13.6%	12.4%	14.7%	12.5%	16.3%	13.8%	11.0%		
Adj. EBITDA margin	13.1%	14.1%	14.4%	15.6%	12.5%	14.7%	15.1%	13.3%		
Debt ratio	0.80	0.70	0.64	0.71	0.82	0.89	0.79	0.68		
Net debt / EBITDA	2.25	2.01	1.72	1.84	2.30	2.28	1.99	1.60		

ANALYSIS ACCORDING TO CORPORATE ORGANIZATION

(\$/ thousands)

	CAT Dealers in Peru		CAT Dealers abroad and other businesses		Other businesses		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Sales	5,623,725	5,101,967	614,243	676,698	757,177	813,842	6,995,145	6,592,507
Gross profit	1,511,656	1,354,289	146,187	157,708	149,637	180,807	1,807,480	1,692,804
Adj. Gross profit	1,552,783	1,388,756	146,187	157,708	151,377	175,672	1,850,406	1,722,136
Gross margin	26.9%	26.5%	23.8%	23.3%	19.8%	22.2%	25.8%	25.7%
Adj. Gross margin	27.6%	27.2%	23.8%	23.3%	20.0%	21.6%	26.5%	26.1%
Operating expenses	835,021	765,873	91,668	95,914	169,164	159,107	1,115,353	1,034,603
Operating profit	683,411	607,713	56,664	68,196	-26,929	22,168	700,043	659,290
Adj. Operating profit	724,538	642,180	56,664	68,196	-25,189	17,033	742,969	688,622
Operating margin	12.2%	11.9%	9.2%	10.1%	-3.6%	2.7%	10.0%	10.0%
Adj. Operating margin	12.9%	12.6%	9.2%	10.1%	-3.3%	2.1%	10.6%	10.4%
Depreciation & Amortization	144,808	130,316	22,946	20,541	43,408	46,454	218,795	204,220
EBITDA	844,155	747,853	82,505	91,006	24,997	80,125	950,258	888,393
Adjusted EBITDA	885,282	782,320	82,505	91,006	26,737	74,990	993,184	917,725
EBITDA Margin	15.0%	14.7%	13.4%	13.4%	3.3%	9.8%	13.6%	13.5%
Adj. EBITDA margin	15.7%	15.3%	13.4%	13.4%	3.5%	9.2%	14.2%	13.9%
Net profit	460,804	411,625	29,745	43,338	-26,985	2,327	431,952	419,381
Adj. Net profit	460,044	407,023	29,745	43,338	-16,117	3,021	441,113	416,656
Net margin	8.2%	8.1%	4.8%	6.4%	-3.6%	0.3%	6.2%	6.4%
Adj. Net margin	8.2%	8.0%	4.8%	6.4%	-2.1%	0.4%	6.3%	6.3%

STATEMENT OF FINANCIAL SITUATION

As of December 31, 2023, the total assets amounted to S/ 6,525 million, 4.4% higher than the S/ 6,249 million in assets as of December 31, 2022. When comparing both periods, it is observed that the main increase is in fixed assets by S/ 178 million, due to the purchase of a property that was previously leased for the rental business operation, as well as the increase in units in the rental fleet.

The total liabilities amounted to S/ 3,860 million, slightly higher than the S/ 3,760 million in 2022, mainly explained by the increase in financial debt by S/ 155 million.

(\$/ millions)

	As of Dic 2023	%	As of Dic 2022	%	VAR%
Cash and equivalents	219	3	192	3	14.1
Accounts receivables - Trade	1,381	21	1,330	21	3.9
Inventory	2,256	35	2,207	35	2.2
Fix assets	1,826	28	1,648	26	10.8
Intangibles y Goodwill	365	6	390	6	-6.4
Other assets	477	7	481	8	-0.8
TOTAL ASSETS	6,525	100	6,249	100	4.4
Financial debt	2,315	60	2,160	57	7.2
Accounts payable - Trade	792	21	782	21	1.2
Lease liabilities	43	1	78	2	-44.9
Other liabilities	710	18	740	20	-4.1
TOTAL LIABILITIES	3,860	100	3,760	100	2.7

As of December 31, 2023, the asset turnover ratio was 1.10, higher than the 1.08 recorded on December 31, 2022. As part of the corporation's strategy, measures have been taken to optimize the use of assets, resulting in a slight improvement in this turnover indicator. However, significant challenges remain in import times, which is why inventory days still stand at 156 days, similar to the previous year.

The corporation's financial debt, which amounted to S/ 2,315 million as of December 31, 2023, was 7.2% higher than that recorded in the same period of the previous year. Similarly, in dollars (US\$ 624 million), it showed an increase of 10.4% compared to the balance in the same period of 2022 (US\$ 565 million). As explained, 2023 ends with higher current debt due to short-term financial obligations, which will need to be refinanced in 2024.

It is important to mention that the financial debt includes S/ 43.1 million (US\$ 11.6 million) corresponding to the application of IFRS 16 Leases, which decreased compared to the previous year (US\$ 20.1 million); this standard requires the recognition of right-of-use assets for the leased property.

INVESTMENTS IN FIX ASSETS (CAPEX) AND INTANGIBLES

As of December 31, 2023, investments in fixed assets and intangibles amounted to S/ 371.7 million, mainly corresponding to: i) S/ 104.7 million for investment in infrastructure, including S/ 54.9 million for the acquisition of a new premises by the main company Ferreyros, which was previously rented for its rental business, ii) S/ 154.9 million for the purchase of machinery and equipment for the rental fleet, and iii) S/ 49.1 million for the purchase of machinery and equipment for workshops.

At the end of December 2023, the recognition of fixed assets by right of use (leased premises, rental fleet, van fleet, among the most important) is shown in the fixed assets category, as indicated by IFRS 16 Leases.

FINANCIAL RATIOS

Ratios	Dic-23	Sep-23	Jun-23	Mar-23	Dic-22	Sep-22	Jun-22	Mar-22
Current ratio	1.37	1.50	1.60	1.56	1.56	1.52	1.52	1.53
Financial debt ratio	0.80	0.70	0.64	0.71	0.82	0.89	0.79	0.68
Indepthedness ratio	1.45	1.37	1.31	1.45	1.51	1.67	1.54	1.54
Net debt / EBITDA	2.25	2.01	1.72	1.84	2.30	2.28	1.99	1.60
Adjusted debt / EBITDA	1.65	1.40	1.43	1.50	1.75	1.85	1.49	1.53
Financial expenses coverage ratio	8.65	8.87	8.92	9.27	11.63	12.49	11.75	9.84
Asset turnover	1.10	1.09	1.13	1.12	1.08	1.02	1.07	1.09
Inventory turnover	2.30	2.28	2.38	2.33	2.28	2.12	2.31	2.32
Inventory days	156	158	151	154	158	170	156	155
Collection days	59	55	52	48	55	56	50	45
Payable days	55	59	58	54	58	61	49	50
Cash cycle	160	154	145	149	156	165	157	150
ROE	16.8%	17.3%	18.5%	17.2%	17.3%	18.8%	18.6%	20.3%
ROA	7.7%	7.6%	8.4%	8.6%	7.6%	7.7%	8.3%	9.1%
ROIC	10.7%	10.7%	12.0%	12.8%	10.9%	11.3%	12.2%	14.1%
Book value per share	2.83	2.79	2.71	2.63	2.65	2.50	2.52	2.45

As of December 2023, the cash conversion cycle has recorded a slight increase compared to the same period in 2022, showing 160 days (vs 156 days in December 2022), mainly due to the increase in collection days and the reduction in payment days.

The Return on Equity (ROE) for the fourth quarter of 2023 was 16.8%, slightly below that recorded in the same period of the previous year, because despite the net profit increasing by 4%, the net equity increased by 7%.

MAIN HIGHLIGHTS

Advanced dividend payment

The Board of Directors, during its session on September 27, 2023, and in compliance with the Dividend Policy, resolved to distribute cash dividends amounting to S/ 100,000,000.00 from the profits of the fiscal year 2023. This amount corresponds to a cash dividend of S/ 0.1068 per share and was disbursed on October 26, 2023, with a record date of October 16.

Ferreyros Implements Robotic Automation at its Spare Parts Distribution Center

In a pioneering move within its industry, Ferreyros has automated the movement and storage of small parts at its Spare Parts Distribution Center (CDR in Spanish) to significantly expedite service and enhance efficiencies in the value chain for its customers. All minor spare parts within the CDR—approximately 700,000 units—are now managed through the automated control of 25 robots utilizing AutoStore technology, implemented for the first-time in our country.

Furthermore, a high-density cubic geometry is adopted for the storage of these minor parts, eliminating the need for shelves and aisles, thus facilitating on-demand expansion. It is noteworthy that the Spare Parts Distribution Center supplies the company's national network of warehouses and directly serves its customers.

Ferreycorp in Dow Jones Sustainability Index for Seventh Consecutive Year

For the seventh consecutive year, Ferreycorp has been included in the Dow Jones Sustainability Index for the MILA region - Pacific Alliance, maintaining its position as the only Peruvian company to be listed in all editions since its inception in 2017. Ferreycorp's presence in the aforementioned Dow Jones index reflects the high standards of its sustainable management, encompassing social, environmental, governance, and economic aspects.

Simultaneously, Ferreycorp is part of the latest edition of the S&P Global Sustainability Yearbook, a prestigious international publication by Standard & Poor's on sustainability, in its edition published in early 2023, evaluating 61 industries with over 7,800 companies.

Ferreyros to Undertake Tax-Credit Funded Project at School in Arequipa for S/ 24 Million

Ferreyros, a leader in heavy machinery, will finance and execute a project in Arequipa through the mechanism of Tax-Credit Funded Projects (Oxl in Spanish). This project involves the improvement and expansion of the 40220 "Héroes del Cenepa" initial, primary, and secondary education school in Paucarpata, with an investment of S/ 24 million, benefiting over 7,000 students over a ten-year period.

The project will be carried out under an agreement between the Regional Government of Arequipa and Ferreyros. Covering more than 7,500 square meters, it includes over 30 classrooms, five laboratories, three libraries, a psychomotor room, a multipurpose room, interior circulation

spaces, sports areas, administrative areas, furniture, equipment, and information and communication technologies.

Orvisa Marks 50 Years of Contribution to the Development of the Amazon

Orvisa, a leading provider of capital goods in the Amazon region and a subsidiary of the Ferreycorp corporation, celebrates half a century of operations, serving sectors such as construction, river transportation, hydrocarbons, forestry, as well as agriculture and agribusiness. Specializing in machinery, services, and consumables, Orvisa represents Caterpillar as its primary brand.

To serve the Amazon region, Orvisa operates branches and offices in Iquitos, Tarapoto, Pucallpa, Huánuco, Bagua, and Puerto Maldonado. Its portfolio includes the Caterpillar line of machines and engines, as well as SEM equipment, Massey Ferguson agricultural equipment, Shacman trucks, Terex cranes, Carmix self-loading concrete mixers, and other products tailored for specific applications in the jungle, with specialized support provided.

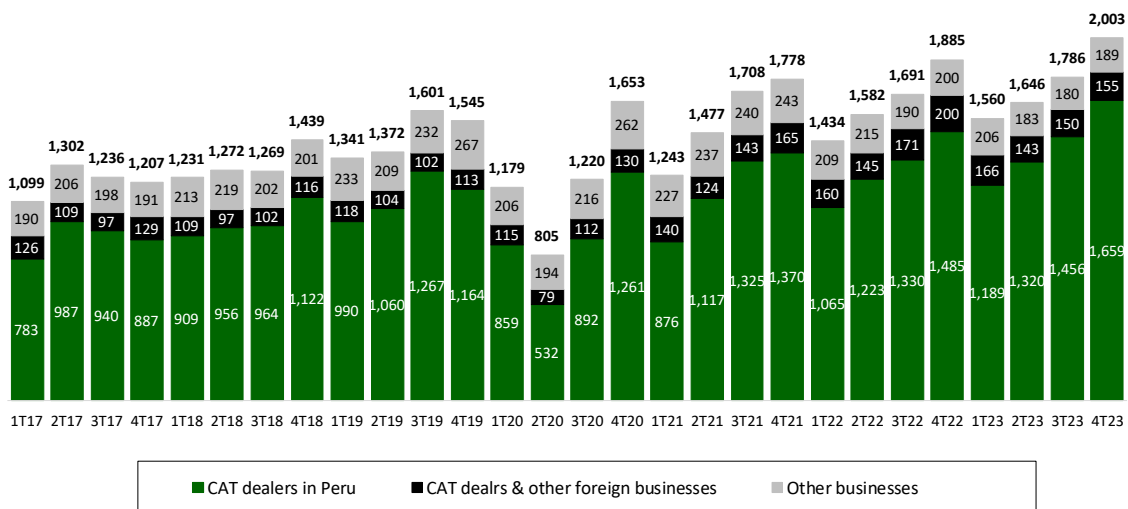
COMMERCIAL MANAGEMENT

1. COMPOSITION OF SALES BY BUSINESS GROUP

Sales by business group
(Millions of soles)

	4Q 2023	%	3Q 2023	%	2Q 2023	%	1Q 2023	%	4Q 2022	%	3Q 2022	%	2Q 2022	%	1Q 2022	%	% Var 4Q 2023/ 2023	% Var 4Q 2023/ 2022
Ferreyros	1,445	72	1,257	70	1,133	70	1,028	70	1,321	70	1,138	67	1,047	70	893	62	15.0	9.4
Unimaq	160	8	152	8	151	7	135	7	128	7	149	9	157	7	166	12	5.5	25.2
Orvisa	54	3	48	3	35	2	26	2	36	2	42	2	36	2	37	3	13.6	50.9
Total CAT dsistributors in Peru	1,659	83	1,456	82	1,320	79	1,189	79	1,485	79	1,330	79	1,239	79	1,096	76	14.0	11.8
Total CAT dsistributors in Peru and other foreign businesses	155	8	150	8	143	11	166	11	200	11	171	10	145	11	160	11	3.2	-22.6
Soltrak	67	3	72	4	73	4	67	4	72	4	74	4	79	4	76	5	-6.5	-6.6
Trex (Chile)	80	4	76	4	75	4	108	4	76	4	58	3	75	4	52	4	5.5	5.4
Fargo	20	1	19	1	18	1	20	1	19	1	26	2	22	1	24	2	5.3	2.0
Forbis	9	0	9	1	10	1	9	1	15	1	16	1	19	1	24	2	-0.8	-36.2
Otras	13	1	4	0	7	0	2	0	6	0	5	0	3	0	2	0	207.9	132.9
Total other subsidiaries	189	9	180	10	183	10	206	10	200	11	190	11	198	10	178	12	5.1	-5.7
TOTAL	2,003	100	1,786	100	1,646	100	1,560	100	1,885	100	1,691	100	1,582	100	1,434	100	12.2	6.3

Sales by business group
(\$/ millions)



As can be observed in the previous tables, Ferreycorp divides its businesses into three major groups:

Group I - Subsidiary companies responsible for representing Caterpillar and allied brands in Peru (Ferreyros, Unimaq, and Orvisa).

In the fourth quarter of 2023, sales of Caterpillar distributors in Peru increased by 11.8% compared to the same period in 2022. Among the lines that showed growth, spare parts and services sales stood out with an increase of 12.7%; sales of Caterpillar machinery and engines for non-large mining sectors increased by 33.6%, and rentals and used equipment increased by 88.0%.

In this quarter, the participation of this group of companies in the total sales composition of the corporation reached 82.8%.

Group II - Companies dedicated to representing Caterpillar and other businesses in Central America (Gentrac, Cogesa, and Motored).

The sales of this second group of companies, with a presence in Central America, reported a decrease of 22.6% compared to the fourth quarter of the previous year, mainly due to the exclusion of certain minor product lines from the portfolio offered to customers.

This group of companies accounted for 7.7% of the total corporation sales.

Group III - Companies that complement the offering of goods and services to Caterpillar's business in Peru and South America for various productive sectors (Soltrak, Trex, Fargoline, Forbis Logistics, and Sitech).

The sales of the third group of companies, which complement the offering of goods and services through the marketing of equipment, consumables, and logistical solutions, among other lines,

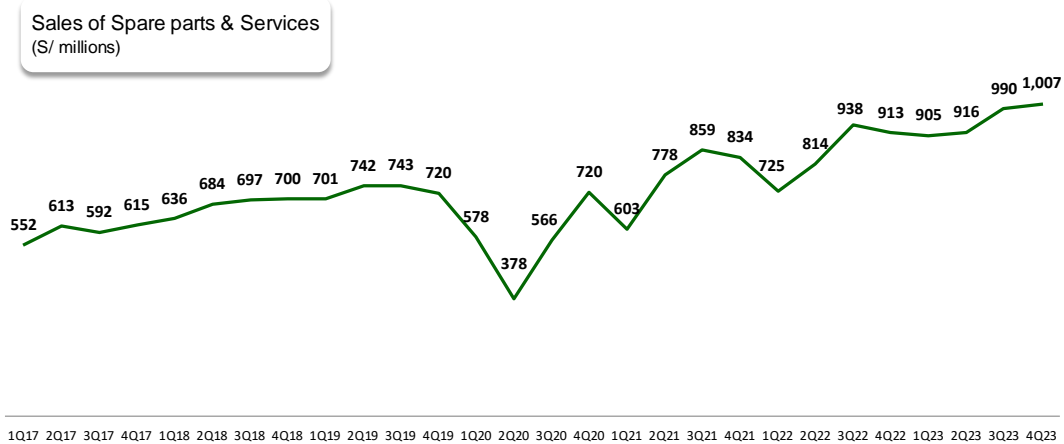
showed a slight decrease of 1% compared to the fourth quarter of 2022. This was primarily due to the effect on the logistical business of lower maritime freight rates compared to the previous year and lower sales of some consumables.

2. SALES BREAKDOWN BY BUSINESS LINE

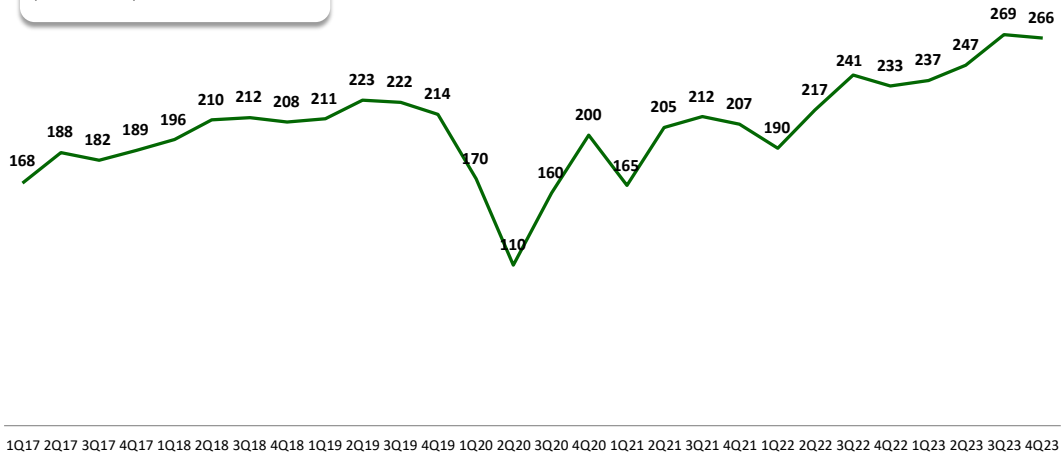
(In millions of \$/)	4Q 2023	%	3Q 2023	%	2Q 2023	%	1Q 2023	%	4Q 2022	%	% Var 4Q 2023/ 3Q 2023	% Var 4Q 2023/ 4Q 2022	As of Dic. 2023	%	As of Dic. 2022	% Var 2023/ 2022
CAT Mining Trucks and Machines	143	7	96	5	44	3	75	5	239	13	49.0	-40.0	359	5	536	-33.0
CAT Machines & Engines for other sectors	490	24	326	18	323	20	236	15	353	19	50.6	38.7	1,378	20	1,168	18.0
Allied Equipment	143	7	123	7	145	9	133	9	138	7	15.7	3.7	544	8	474	14.9
Rental and used	98	5	140	8	97	6	96	6	92	5	-29.7	6.8	429	6	420	2.1
Spare parts and services	1,007	50	990	55	916	56	904	58	911	48	1.8	10.5	3,817	55	3,386	12.7
Other lines	122	6	111	6	120	7	117	7	152	8	9.9	-19.9	468	7	609	-23.1
TOTAL	2,003	100	1,785	100	1,646	100	1,561	100	1,885	100	12.2	6.3	6,995	100	6,593	6.1

Compared to the same period of the previous year, the lines that showed the highest increase in the fourth quarter of 2023 were Caterpillar construction machinery and engines, primarily; and the spare parts and services line, where sales to large-scale mining customers stood out.

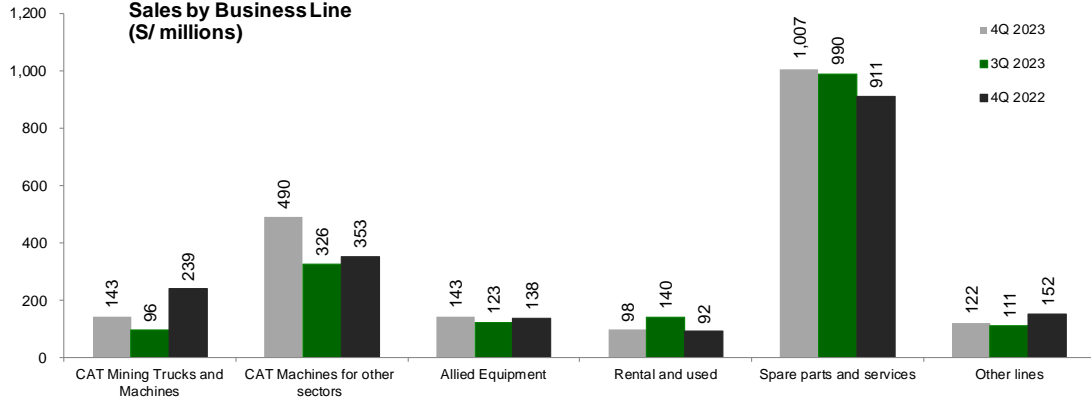
The corporation's strategy is to increase the productivity of its clients in the use of the equipment provided and in the management of their projects; therefore, significant efforts are made to deliver post-sales support with high-quality standards and in locations close to the clients, which sets it apart from the competition. These aspects have allowed the parts and services business line, both for Caterpillar and allied brands, to continue to hold a significant share in Ferreycorp's total sales composition (50%), reaching a new record figure of S/ 1,007 million in sales in soles in the fourth quarter of 2023, showing a 10% increase compared to the same period of the previous year. Likewise, sales in dollars amounted to US\$ 266 million, showing a 14% increase compared to the fourth quarter of 2022.



Sales of Spare parts & Services
(US\$ millions)



Sales by Business Line
(S/ millions)



As of December 31, 2023, sales of the Caterpillar brand, represented by the corporation through exclusive distributors in Peru, Guatemala, El Salvador, and Belize, account for 75% of total revenue. They include the sale and rental of machinery and engines, as well as the provision of spare parts and services for this brand.

3. SALES BREAKDOWN BY ECONOMIC SECTOR

	4Q 2023	3Q 2023	2Q 2023	1Q 2023	4Q 2022
Open Pit Mining	43.2%	51.4%	43.6%	44.9%	46.2%
Construction	19.0%	19.7%	20.6%	19.1%	17.4%
Underground Mining	9.8%	8.4%	14.3%	11.8%	13.4%
Industry, Commerce & Services	8.4%	7.4%	11.8%	12.4%	12.6%
Agriculture & Forestry	2.0%	3.0%	2.5%	2.9%	3.4%
Transport	1.9%	0.1%	2.3%	4.7%	1.4%
Fish & Marine	1.3%	0.9%	2.1%	1.6%	0.8%
Government	13.3%	8.5%	1.8%	1.3%	2.9%
Hydrocarbons & Energy	0.7%	0.5%	0.8%	0.9%	1.7%
Others	0.4%	0.2%	0.3%	0.3%	0.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

As shown in the table, in the fourth quarter, the sector with the highest participation is mining. However, compared to the previous year, there is a slight increase in the construction sector due to sales to clients undertaking projects in different regions of the country. Another sector showing significant growth is sales to the government sector, which made purchases from machinery suppliers to optimize its capabilities and address infrastructure improvements needed in the country, as well as to address the effects of the rainy season and the El Niño phenomenon.

FERREYCORP S.A.A. & SUBSIDIARIES

APPENDIX 1

Income Statement (NOTES)

(In thousands of S/)

	4Q 2023	%	4Q 2022	%	Var %	As of Dic. 23	%	As of Dic. 22	%	Var %
Net Sales	2,003,189	100.0	1,885,058	100.0	6.3	6,995,145	100.0	6,592,507	100.0	6.1
Costo de Ventas	-1,493,184	-74.5	-1,410,641	-74.8	5.9	-5,187,665	-74.2	-4,899,703	-74.3	5.9
Sales Profit	510,005	25.5	474,417	25.2	7.5	1,807,480	25.8	1,692,804	25.7	6.8
Operating Expenses	-303,845	-15.2	-292,355	-15.5	3.9	-1,115,353	-15.9	-1,034,603	-15.7	7.8
Net Other Income (Expenses)	2,787	0.1	-2,176	-0.1	-228.1	7,916	0.1	1,089	0.0	626.9
Operating Profit	208,947	10.4	179,886	9.5	16.2	700,043	10.0	659,290	10.0	6.2
Net Financial Expenses	-24,401	1.6	-16,575	1.2	47.2	-78,044	1.5	-51,529	1.1	51.5
FX Gain/Loss	27,714	1.4	63,211	3.4	-56.2	29,066	0.4	33,505	0.5	-13.2
Participation in the Results of Associates	919	0.0	1,098	0.1		2,617	0.0	917	0.0	
Income Before Income Tax	213,179	10.6	227,620	12.1	-6.3	653,682	9.3	642,183	9.7	1.8
Income Tax	-72,876	-3.6	-88,120	-4.7	-17.3	-221,730	-3.2	-222,802	-3.4	-0.5
Net Income Cont. Oper.	140,303	7.0	139,500	7.4	0.6	431,952	6.2	419,381	6.4	3.0
Net Income Cont. Oper.	1,674	0.1	-345	-0.0	-585.2	1,899	0.0	-502	-0.0	-478
Net Income	141,977	7.1	139,155	7.4	2.0	433,851	6.2	418,879	6.4	3.6
EBITDA	273,011	13.6	235,967	12.5	15.7	950,632	13.6	888,393	13.5	7.0
Adj. EBITDA	262,556	13.1	235,395	12.5	11.5	993,558	14.2	917,725	13.9	8.3

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 31.12.2023	As of 31.12.2022	Var %
Cash and Equivalents	219,097	192,015	14.1
Accounts Receivables - Trade	1,344,509	1,292,084	4.1
Inventory	2,256,442	2,207,441	2.2
Other Account Receivables	199,757	208,814	-4.3
Assets Available for Sale	2,777	14,750	-81.2
Prepaid Expenses	33,991	39,588	-14.1
Current Assets	4,056,573	3,954,692	2.6
Long Term Account Receivable - Trade	36,798	37,915	-2.9
Other Long Term Account Receivable	40,089	46,024	-12.9
Property	1,259,099	1,147,127	9.8
Rental Fleet	809,809	761,523	6.3
Machinery & Equipment	564,668	485,520	16.3
Other Fixed Asstets	141,381	111,255	27.1
	2,774,957	2,505,425	10.8
Accumulates Depreciation	-949,334	-857,427	10.7
Net Property, Plant & Equipment	1,825,623	1,647,998	10.8
Investments	23,318	20,702	12.6
Net Intangible Asset & Goodwill	365,220	390,329	-6.4
Deferred Income Tax	177,253	151,096	17.3
Non Current Assets	2,468,301	2,294,064	7.6
Total Assets	6,524,874	6,248,756	4.4

	As of 31.12.2023	As of 31.12.2022	Var %
Short Term Debt	1,563,124	1,111,638	40.6
Liabilities Derived from Leases (NIIF16)	26,843	36,785	-27.0
Other Current Liabilities	1,368,577	1,381,137	-0.9
Current Liabilities	2,958,544	2,529,560	17.0
Long Term Debt	752,004	1,048,083	-28.2
Other Payables	4,310	8,016	-46.2
Liabilities Derived from Leases (NIIF16)	16,281	41,473	-60.7
Deffered Tax Income	129,014	133,287	-3.2
Total Liabilities	3,860,153	3,760,419	2.7
Equity	2,664,721	2,488,337	7.1
Total Liabilites & Equity	6,524,874	6,248,756	4.4
Other Financial Information			
Depreciation	186,701	173,930	7.3
Amortization	32,094	30,699	4.5

FERREYCORP S.A.A. & SUBSIDIARIES

APPENDIX 3

Total Liabilities as of December 2023

(In thousands of USD)

	Total Liabilities	Current Liabilities	Long Term Liabilities		(A)
			Short Term	Long Term	Financial Liabilities
Local Banks (Short Term)	236,061	236,061	-	-	236,061
Foreign Banks (Short Term)	73,616	73,616	-	-	73,616
Local Banks (Long Term)	196,808	-	69,298	127,510	196,808
Foreign Banks (Long Term)	41,985	-	23,093	18,892	41,985
Local & Foreign Banks (Fin. Leasing)	69	-	35	34	69
Suppliers:		-	-	-	
Accounts Payable to Caterpillar	122,262	122,262	-	-	-
Accounts Payable to Caterpillar	-	-	-	-	-
Others	91,036	91,036	-	-	-
Corporate Bonds	71,769	-	18,007	53,762	71,769
Caterpillar Financial	3,212	-	877	2,335	3,212
Liabilities Derived from Leases (NIIF16)	11,614	-	7,230	4,385	11,614
Other Liabilities	191,200	155,292	-	35,907	-
Total (US\$)	1,039,632	678,267	118,540	242,825	635,134
Total (S/.)	3,860,153	2,518,407	440,137	901,610	2,358,253

(A) Subject to interest payments

FERREYCORP S.A.A. & SUBSIDIARIES
APPENDIX 4
Cashflow Statement

(In thousands of soles)

	4Q 2023	4Q 2022	As of 31.12.2023	As of 31.12.2022
Cashflow from operating activities				
Collections from customers & third parties	1,876,938	3,157,483	6,817,214	6,128,911
Payment to suppliers	-1,654,337	-2,737,871	-5,328,086	-5,133,281
Payment to employees and others	-245,036	-383,159	-861,677	-785,098
Payments of taxes and income tax	-93,644	-108,980	-262,848	-214,113
Net Cash provided by operating activities	-116,079	-72,527	364,603	-3,581
Cashflow from investing activities				
Acquisitions of property, plant & equipment	-56,397	-21,711	-168,537	-59,890
Acquisitions of intangibles	-3,928	-3,881	-10,505	-4,878
Sale of property, plant & equipment	-10,041	53,360	4,532	101,036
Sale / Contributions of financial instruments	-1	-	35	-
Net cash provided by investing activities	-70,367	27,768	-174,475	36,268
Cashflow from financing activities				
Financial liabilities	1,036,926	1,629,077	2,618,078	2,946,947
Payment of financial expenses	-730,330	-1,391,619	-2,350,226	-2,582,767
Payment of lease activities	-9,150	-25,311	-50,085	-54,613
Interest payments	-32,573	-35,916	-107,187	-67,801
Dividend payments	-100,001	-119,944	-231,184	-245,577
Share buybacks	-5,744	-597	-25,394	-2,293
Net cash from financing activities	159,128	55,690	-145,998	-6,104
Net cash increase	-27,318	10,931	44,130	26,583
Cash at the beginning of the year	-	-	192,015	215,761
Cash due to exchange variation	12,063	-27,531	-17,048	-50,329
Cash at the end of the year	-15,255	-16,600	219,097	192,015