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

Fourth Quarter 2021

Lima, January 26, 2022.- 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 unaudited consolidated results for the fourth quarter 2021. The consolidated financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in soles.

EXECUTIVE SUMMARY

FOURTH QUARTER 2021 RESULTS

The analysis of 2021 results will be compared not only with year 2020, but also with 2019, in order to provide a perspective of evolution compared to the period prior to the pandemic.

- Consolidated sales for the fourth quarter 2021 amounted to S/ 1,778 million, 7.5% higher compared to fourth quarter of 2020 and 15.1% higher compared to same quarter of 2019. Consolidated sales for the quarter in dollars (\$452 million) recorded a 1.6% decrease compared to 4Q19. Nonetheless, it is worth mentioning that, in US dollars, *Caterpillar Mining Equipment* business line registered a sales increment of 24.9%, and *Caterpillar Equipment for Clients Other than Mining* business line registered a sales increment of 12.1%, both in comparison to the fourth quarter of 2019.

| | Fourth Quarter | | |
|--------------|----------------|-------|-------|
| | 2021 | 2020 | 2019 |
| (In million) | | | |
| Net sales \$ | 452 | 459 | 459 |
| Net sales S/ | 1,778 | 1,653 | 1,545 |

- Gross margin during the 4Q21 reached 25.5%, higher compared to gross margins of 4Q20 and 4Q19. The recovery of the FX loss affected the margin in S/ 19 million (representing 1.1% of total sales), therefore the adjusted margin would be 24.4%, still above the adjusted margin of 4Q20 and 4Q19. This result is partially explained by the total sales composition, in which *Spare Parts and Services* represented 48%, and in general by the increased gross margins of most business lines.

| | Fourth Quarter | | |
|-----------------------|----------------|-------|-------|
| | 2021 | 2020 | 2019 |
| Gross Margin | 25.5% | 24.0% | 21.7% |
| Adjusted Gross Margin | 24.4% | 22.7% | 21.4% |

- Operating margin in this fourth quarter reached 11.7%, higher than the operating margin in the same quarter of 2020 and 2019. Even when removing the effect of the FX recovery on gross profit, the margin obtained of 10.6% is higher than the two periods compared, which shows an operating leverage that has allowed an improvement in consolidated operating results.

| | Fourth Quarter | | |
|---------------------------|----------------|-------|------|
| | 2021 | 2020 | 2019 |
| Operating Margin | 11.7% | 11.2% | 4.8% |
| Adjusted Operating Margin | 10.6% | 9.8% | 4.4% |
| Adjusted Operating Margin | 249 | 210 | 255 |

- EBITDA in the fourth quarter of 2021 amounted to S/ 267 million, showing a significant increase compared to the last two periods analyzed (12.2% variation compared to 4Q20 and 102% compared to 4Q19) and delivering an EBITDA margin of 15.0%, higher than the fourth quarter of 2020 and 2019. This result is explained by sales increase, better margins, and controlled expenses growing at a lower rate than sales.

| | Fourth Quarter | | |
|------------------------|----------------|-------|------|
| | 2021 | 2020 | 2019 |
| Ebitda (million soles) | 267 | 238 | 133 |
| Ebitda Margin | 15.0% | 14.4% | 8.6% |

- Consolidated net profit for fourth quarter 2021 recorded S/ 152 million, an increase of 34.8% and 273% compared to fourth quarter of 2020 and 2019, respectively. Excluding the difference in exchange rate in the fourth quarter and its impact in gross margin, results are 18.7% and 342% higher compared to the same period in years 2020 and 2019, respectively.

| | Fourth Quarter | | |
|-------------------------------|----------------|------------|-----------|
| | 2021 | 2020 | 2019 |
| (In million soles) | | | |
| Net profit | 152 | 113 | 41 |
| FX gain/loss | 33 | 0 | 16 |
| Recovery FX through MB | 19 | 22 | 5 |
| Net effect | 52 | 22 | 21 |
| Net effect after taxes | 37 | 16 | 15 |
| Adjusted net profit | 115 | 97 | 26 |

ACCUMULATED RESULTS AS OF DECEMBER 2021

- In 2021, Ferreycorp and its subsidiaries reached accumulated sales for S/ 6,206 million, representing a 27.8% and 5.9% increase compared to the same periods of 2020 and 2019. Sales in US dollars, however, amounted to \$1,606, a decrease of 8.5% compared to 2019. Among the business lines that increased their sales in soles compared to 2019 are: *Caterpillar Equipment for Clients Other than Mining* (29.3%), *Spare Parts and Services* (6.2%), *Logistics Services* (54.2%), *Lubricants* (48.5%) and *Safety Equipment* (38.90%). It is important to note that the *Allied Equipment* business line registered a 19.8% sales reduction compared to 2019 due to lower sales in the automotive business line in Peru. This business line and the brands represented have been transferred to other representatives (detailed explanation below).

| | As of December 31st | | |
|---------------------|---------------------|--------------|--------------|
| | 2021 | 2020 | 2019 |
| (In million) | | | |
| Net sales \$ | 1,606 | 1,389 | 1,755 |
| Net sales S/ | 6,206 | 4,857 | 5,858 |

- Accumulated gross margin of 2021 amounted to 26.7%, higher than 2020 y 2019. Gross profit (S/ 1,655 million) showed an increase of 37.3% compared to 2020 and 20.3% compared to 2019, as a consequence of an increase in sales and better margins. The effect of FX loss recovery on the margin equaled to S/ 105 million (1.7% of total sales), therefore the adjusted margin is 25.0%, still above that of the same quarter of 2020 and 2019. This result is explained by total sales composition, in which *Spare Parts and Services* represented 50% of total sales, and by the increased gross margins of several business lines.

| | As of December 31st | | |
|------------------------------|---------------------|--------------|--------------|
| | 2021 | 2020 | 2019 |
| Gross Margin | 26.7% | 24.8% | 23.5% |
| Adjusted Gross Margin | 25.0% | 23.2% | 23.1% |

- Operating profit of 2021 amounted to S/ 753 million, 85.3% higher than the same period in 2020 (S/ 407 million) and 63.5% higher than 2019 (S/ 461 million). Due to expenses having increased at a slower pace than sales, operative margin reached 12.1%, higher than 2020 y 2019. Even excluding the recovery of the FX loss thru the gross margin, an operative margin of 10.5% remains above in comparison with both periods. Regarding operating expenses, these have increased in 0.8% compared to 2019. It is important to note that if we exclude the amortization of the ERP SAP S/4 HANA which launched in January 2021, and the provisions related to the reduced operations of the automotive business line (Peru), then the operating expenses would have decreased by 5.3%.

| | As of December 31st | | |
|---------------------------|---------------------|------|------|
| | 2021 | 2020 | 2019 |
| Operating Margin | 12.1% | 8.4% | 7.9% |
| Adjusted Operating Margin | 10.5% | 6.8% | 7.5% |
| Operating Expenses | 922 | 811 | 915 |

By the end of September, Motored subsidiary for Peruvian market, which is mainly focused on automotive business, left the representation of two global brands after several years of commercial agreement. This decision responded to lower growth prospects in these business lines and accompanies the definition of a restructuring business portfolio. The transition to the new representatives was done in an orderly manner such that guarantee the clients' operations and adequate supply of aftermarket service. Deactivating these business lines has generated extraordinary expenses and additional provisions in order to cover the possible negative impact on the coming months' results. Therefore, the results of Motored will be presented separately in the audited annual report for the year 2021, in which sales of S/ 96 million will be shown (considerably below sales of previous years) as well as the incremental expenses already explained.

- EBITDA for 2021 (S/ 995 million) showed a 65.9% increment compared to 2020 and a 45.4% rise compared to 2019. A 16.0% EBITDA margin was achieved, higher than 2020 and 2019, originated by greater sales with a better gross margin and controlled expenses.

| | As of December 31st | | |
|------------------------|---------------------|-------|-------|
| | 2021 | 2020 | 2019 |
| Ebitda (million soles) | 995 | 600 | 684 |
| Ebitda Margin | 16.0% | 12.3% | 11.7% |

- Consolidated net profit for the year 2021 reached S/ 377 million, with a significant growth of 161.9% compared to 2020 and 53.0% to pre-pandemic 2019. Despite registering a loss due to exchange rates in the amount of S/ 128 million, if we adjust the figures to isolate this impact (in other words, exclude the loss in exchange rate and also the effect of the its recovery thru gross margin), the result for 2021 is still 153.4% higher than 2020 and 60.8% higher than 2019.

| (In million soles) | As of December 31st | | |
|-------------------------------|---------------------|------------|------------|
| | 2021 | 2020 | 2019 |
| Net profit | 377 | 144 | 246 |
| FX gain/loss | -128 | -106 | -2 |
| Recovery FX through MB | 79 | 80 | -12 |
| Net effect | -49 | -26 | -14 |
| Net effect after taxes | -35 | -19 | -10 |
| Adjusted net profit | 412 | 163 | 256 |

SUMMARY OF MAIN FIGURES AND INDICATORS

| (in million except ratios per share) | Fourth Quarter | | | As of December 31st | | |
|--------------------------------------|----------------|-----------|-----------|---------------------|-----------|-----------|
| | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 |
| Net sales | \$452 | \$459 | \$459 | \$1,606 | \$1,389 | \$1,755 |
| Net sales | S/. 1,778 | S/. 1,653 | S/. 1,545 | S/. 6,206 | S/. 4,857 | S/. 5,858 |
| Gross profit | S/. 453 | S/. 397 | S/. 336 | S/. 1,655 | S/. 1,205 | S/. 336 |
| SG&A expenses | S/. -249 | S/. -210 | S/. -255 | S/. -922 | S/. -811 | S/. -915 |
| Operating profit | S/. 207 | S/. 184 | S/. 74 | S/. 753 | S/. 407 | S/. 461 |
| Financial expenses | S/. -18 | S/. -21 | S/. -23 | S/. -72 | S/. -96 | S/. -96 |
| FX gain/loss | S/. 33 | S/. -0 | S/. 16 | S/. -128 | S/. -106 | S/. -2 |
| Net profit | S/. 152 | S/. 113 | S/. 41 | S/. 377 | S/. 144 | S/. 246 |
| EBITDA | S/. 267 | S/. 238 | S/. 133 | S/. 995 | S/. 600 | S/. 684 |
| Profit per-share | 0.160 | 0.117 | 0.042 | 0.398 | 0.150 | 0.251 |
| EBITDA per-share | 0.282 | 0.248 | 0.136 | 1.049 | 0.625 | 0.702 |
| Free cash flow | S/. 441 | S/. 80 | S/. 83 | S/. 198 | S/. 999 | S/. 85 |
| Gross margin | 25.5% | 24.0% | 21.7% | 26.7% | 24.8% | 23.5% |
| SG&A / sales | 14.0% | 12.7% | 16.5% | 14.9% | 16.7% | 15.6% |
| Operating margin | 11.7% | 11.2% | 4.8% | 12.1% | 8.4% | 7.9% |
| Net margin | 8.5% | 6.8% | 2.6% | 6.1% | 3.0% | 4.2% |
| EBITDA margin | 15.0% | 14.4% | 8.6% | 16.0% | 12.3% | 11.7% |
| Indebtedness ratio | | | | 0.77 | 0.73 | 1.02 |
| Net debt / EBITDA | | | | 1.81 | 2.64 | 3.21 |

MAIN HIGHLIGHTS

- On October 29, 2021, the corporation paid an advance cash dividend of S/100 million which corresponds to the 2021 results, as per approved by the Board meeting held on August 25, 2021, and in exercise of the Dividend Policy. This amount is equivalent to a cash dividend of S/ 0.1057 per share.
- Total shareholder return for 2021 was 31%, considering the increase in share price (which closed the year at S/ 2.05) as well as two cash dividend payments made during the year.
- On November 15, 2021, a Virtual General Shareholders' Meeting was held, approving the amortization of 16,788,791 treasury shares that had been in portfolio for two years, as well as the consequent capital reduction. The modification of Article Five of the Bylaws was also approved in order to reflect the new capital of S/ 958,894,238. This amortization, and therefore the capital reduction, is still pending registration, which will be finalized in the next few weeks.
- Ferreycorp was included in the new S&P/BVL Peru General ESG Index, the first index of its kind for Peruvian market. This index, launched by S&P Dow Jones Indices and the Lima Stock Exchange, provides an ESG benchmark that follows the “best in class” approach for the Peruvian stock market, seeking to promote sustainable business activities in the local market. Likewise, Ferreycorp is part of the Dow Jones Sustainability Index for the MILA-Pacific Alliance region for the fifth consecutive year, reaffirming its position as the only Peruvian company present in all editions, since its launch in 2017.
- Ferreycorp was recognized by Sustainability Leaders Agenda 2020 - ALAS20 with first place in the *Leading Company in Sustainability (Peru)* category, and second place in the *Leading Company in Corporate Governance (Peru)* category, Peru. Additionally, it obtained the recognition of the company ALAS20 Peru.

COMMERCIAL MANAGEMENT

1. SALES BREAKDOWN ACCORDING TO CORPORATE ORGANIZATION



Ferreycorp organizes its companies in three main groups:

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

During fourth quarter 2021, sales of Caterpillar authorized dealers in Peru (in soles) increased in 8.6% and 17.6% in comparison to the same period in 2020 and 2019, respectively. Sales in US dollars presented a slight increment of 0.6% in regards with fourth quarter of 2019. Business lines *Caterpillar Equipment for Mining* and *Caterpillar Equipment for Clients Other than Mining*, registered sales increments in dollars of 24.9% and 3.3%, respectively, in comparison to 4Q19.

The share of this first group of subsidiaries in the corporation's consolidated total sales is 77% during the fourth quarter.

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

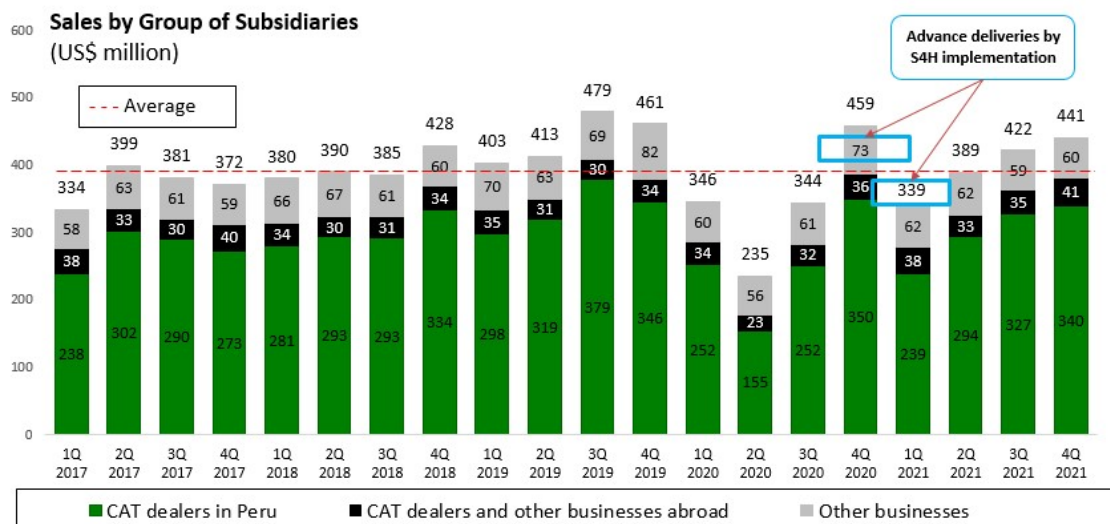
Sales of this second group of companies, in soles, went up 26.9% compared to fourth quarter 2020 and 47.1% compared to fourth quarter 2019. In dollars, sales of the fourth quarter 2021 reported an increment of 25.9% vs the same period 2019, originated by increments in the sales of almost all business lines.

This group of companies generated 9% 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 (Motored, Soltrak, Trex, Motriza, Fargoline, Forbis Logistics and Sitech).

These subsidiaries, which complement the supply of goods and services through equipment and vehicles, consumables and logistics solutions, among other lines, showed a decrease in their sales of 7.2% and 9.5% compared to fourth quarter 2020 and 2019, respectively. Sales in dollars for 4Q21 reflect a decrease of 22.6% in relation to the same period 2019. This decrease is caused by lower sales recorded in the *automotive* business line (63.5%), however compensated with the higher sales in *logistic services* (40.5%), *lubricants* (24.8), as well as *security equipment* (31.2%).

This group of companies currently represents 14% of the corporation's consolidated total sales.



2. SALES BREAKDOWN BY BUSINESS LINE

(S/ million)

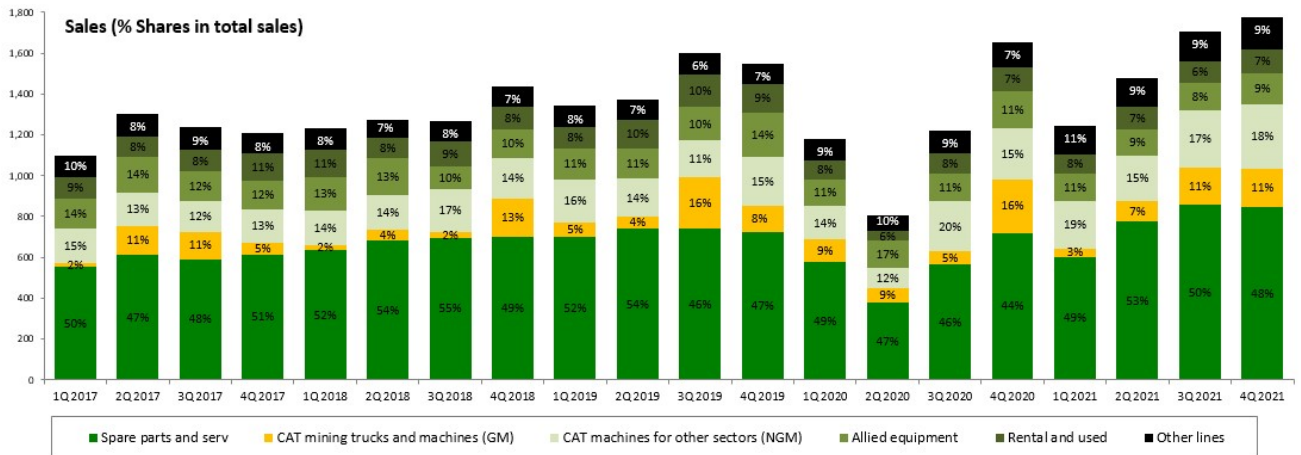
| | 4Q2021 | % | 3Q2021 | % | 4Q2020 | % | 4Q2019 | % | % Var 4Q2021 / 3Q2021 | % Var 4Q2021 / 4Q2020 | % Var 4Q2021 / 4Q2019 |
|--------------------------------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|-----------------------|-----------------------|-----------------------|
| CAT mining trucks and machines (GM) | 190 | 11 | 182 | 11 | 263 | 9 | 130 | 4 | 4.3 | -27.8 | 46.0 |
| CAT machines for other sectors (NGM) | 313 | 18 | 282 | 17 | 248 | 12 | 239 | 14 | 11.0 | 26.5 | 31.0 |
| Allied equipment | 154 | 9 | 132 | 8 | 184 | 17 | 218 | 11 | 16.2 | -16.2 | -29.6 |
| Rental and used | 119 | 7 | 106 | 6 | 116 | 6 | 137 | 10 | 11.9 | 2.7 | -13.3 |
| Spare parts and services | 845 | 48 | 859 | 50 | 720 | 47 | 720 | 54 | -1.6 | 17.3 | 17.5 |
| Other lines | 157 | 9 | 147 | 9 | 123 | 10 | 101 | 7 | 6.8 | 27.6 | 55.4 |
| TOTAL | 1,778 | 100 | 1,708 | 100 | 1,653 | 100 | 1,545 | 100 | 4.1 | 7.5 | 15.1 |

The business lines *Caterpillar Equipment for Mining* and *Caterpillar Equipment for Clients Other than Mining* presented increases in sales (in soles) of 46.0% and 31.0%, respectively, compared to results of fourth quarter 2019. Business lines *Logistic Services*, *Lubricants* and *Security Equipment*, showed sales increments in soles during 2021 of 64.2%, 45.9% and 53.4%, respectively, compared to 4Q19.

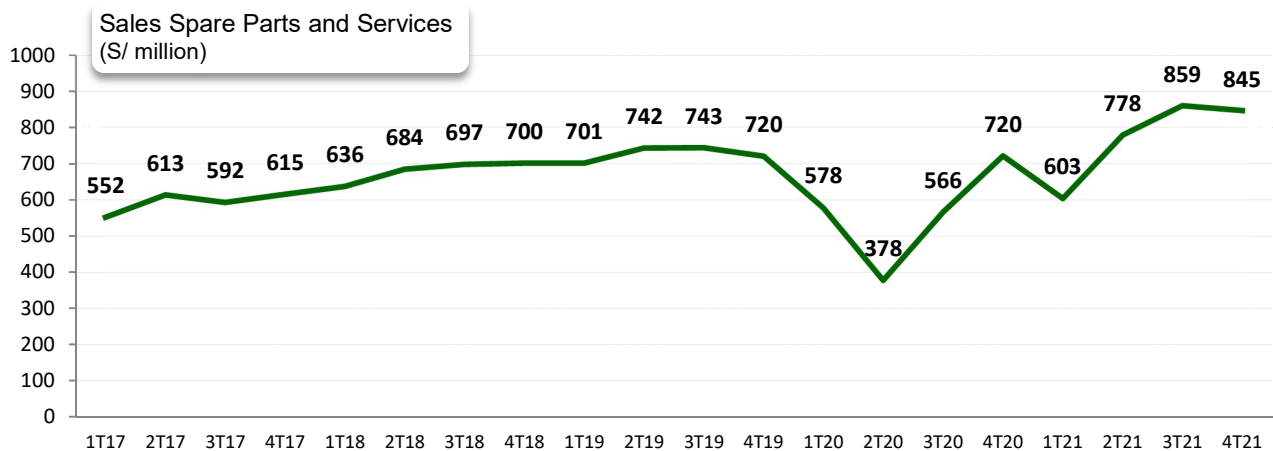
(S/ million)

| | As of Dec21 | % | As of Dec20 | % | As of Dec19 | % | %Var As of Dec21/As of Dec20 | %Var As of Dec21/As of Dec19 |
|--------------------------------------|--------------|------------|--------------|------------|--------------|------------|------------------------------|------------------------------|
| CAT mining trucks and machines (GM) | 509 | 8 | 505 | 10 | 508 | 9 | 0.7 | 0.1 |
| CAT machines for other sectors (NGM) | 1,053 | 17 | 753 | 16 | 815 | 14 | 39.8 | 29.3 |
| Allied equipment | 548 | 9 | 589 | 12 | 683 | 12 | -7.1 | -19.8 |
| Rental and used | 431 | 7 | 348 | 7 | 542 | 9 | 23.7 | -20.6 |
| Spare parts and services | 3,085 | 50 | 2,242 | 46 | 2,906 | 50 | 37.6 | 6.2 |
| Other lines | 580 | 9 | 419 | 9 | 404 | 7 | 38.4 | 43.4 |
| TOTAL | 6,206 | 100 | 4,857 | 100 | 5,858 | 100 | 27.8 | 5.9 |

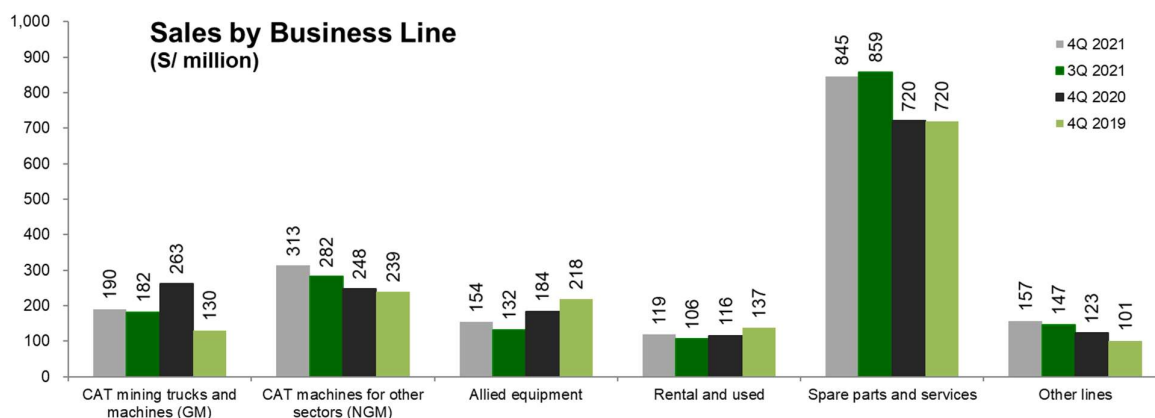
By December 2021, *Caterpillar Equipment for Clients Other than Mining* business line registered a 29.3% growth, compared to 2019. Business lines *Logistic Services*, *Lubricants* and *Security Equipment*, showed higher sales by 54.2%, 48.5 % and 38.9%, respectively, compared to 2019.



The strategy of the corporation is focused in serving the customers throughout the life of their equipment and other aspects of their business management. For this reason, great efforts are deployed to deliver the best quality aftermarket support through locations near customers. These capacities have allowed *Spare Parts and Services* business line, both Caterpillar and allied brands, to maintain the higher share in the composition of Ferreycorp’s total sales (48%), achieving in the 4Q21 the amount of S/ 845 million, higher than the results of 4Q20 (17.3%) and 4Q19 (17.5%). Nevertheless, this amount comes affected by a higher exchange rate, thus generating similar sales in US dollars as 4Q19 (0.5%).



The after-market provided by Ferreycorp to its customers is recognized by high quality standards, a key difference from the competition. It is important to mention that, in the context of isolation measures and limited capacity, all of the corporation’s subsidiaries have been able to resume their operations, such as service in shops, warehouses, branches and other headquarters of Ferreycorp, complying with all mandatory security protocols, but prioritizing health safety measures in benefit of all employees, representatives and stakeholders. As of December 2021, employees of all subsidiaries are working under the following schemes: 81% office and home, 18% completely home office, 1% under leave with payment.



As of December 2021, sales of Caterpillar brand by Ferreycorp's authorized dealers in Peru, Guatemala, El Salvador and Belize, account for 71% of total income. These sales include machinery and equipment (new, used and rental units) as well as spare parts and services.

3. SALES BREAKDOWN BY ECONOMIC SECTORS

As per sales distribution by economic sectors, *Open pit mining* sales during 4Q21 represented 45.7% of total sales, which is lower compared to fourth quarter 2020 but higher compared to fourth quarter 2019. In second place, sales linked to *Construction* sector account to 16.1% of total sales, lower than percentage share reached during the fourth quarter 2020 and 2019. Lastly, *Underground Mining* sector sales account to 13.2% of total sales, higher than percentage share reached during the fourth quarter 2020 and 2019.

| | 4Q2021 | 3Q2021 | 4Q2020 | 4Q2019 | As of 31/12/21 | As of 31/12/20 | As of 31/12/19 |
|-----------------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Open pit mining | 45.7% | 47.1% | 47.4% | 43.1% | 43.0% | 43.2% | 43.0% |
| Construction | 16.1% | 16.3% | 20.6% | 23.3% | 17.7% | 20.8% | 21.2% |
| Underground mining | 13.2% | 10.5% | 6.8% | 8.6% | 11.5% | 7.5% | 11.5% |
| Industry, commerce and serv | 10.9% | 12.5% | 10.3% | 10.2% | 12.9% | 13.2% | 10.0% |
| Agriculture and forestry | 2.4% | 2.2% | 2.7% | 2.1% | 2.6% | 3.0% | 2.2% |
| Transport | 2.4% | 1.9% | 3.8% | 3.8% | 2.5% | 3.7% | 3.7% |
| Fish and marine | 1.7% | 1.4% | 1.2% | 1.1% | 1.6% | 1.6% | 1.7% |
| Government | 1.6% | 1.7% | 2.5% | 5.1% | 1.9% | 2.5% | 2.5% |
| Hydrocarbons and energy | 1.0% | 1.3% | 0.6% | 0.7% | 0.9% | 1.1% | 0.7% |
| Others | 5.1% | 5.2% | 4.0% | 2.0% | 5.5% | 3.5% | 3.5% |
| Total | 100.1% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

ANALYSIS OF FINANCIAL INFORMATION

1. Sales

| Million soles | 4Q 2021 | 4Q 2020 | %Var. | 4Q 2019 | %Var. | 2021 | 2020 | %Var. | 2019 | %Var. |
|---------------|---------|---------|-------|---------|-------|---------|---------|-------|---------|-------|
| Sales | 1,777.7 | 1,653.1 | 7.5 | 1,545.0 | 15.1 | 6,206.1 | 4,857.2 | 27.8 | 5,858.4 | 5.9 |

(See section "Commercial Management" for an explanation of this variation)

2. Gross profit

| Million soles | 4Q 2021 | 4Q 2020 | %Var. | 4Q 2019 | %Var. | 2021 | 2020 | %Var. | 2019 | %Var. |
|---------------|---------|---------|-------|---------|-------|---------|---------|-------|---------|-------|
| Gross profit | 452.7 | 397.3 | 14.0 | 335.6 | 34.9 | 1,655.2 | 1,205.4 | 37.3 | 1,375.6 | 20.3 |
| Gross margin | 25.5% | 24.0% | | 21.7% | | 26.7% | 24.8% | | 23.5% | |

Gross profit for the fourth quarter 2021 was greater if compared to the one obtained last year during the same period due to higher sales and gross margin. In percentage terms, gross margin was 25.5% higher than gross margin in 4Q2020 and 4Q2019. Moreover, if we exclude FX recovery thru the margin, the adjusted gross margin would be: 4Q2021, 24.8%; 4Q2020, 22.7%; y 4Q2019, 21.4%; maintaining the margin of the fourth quarter of 2021 above, mainly due to the participation of sales of *Spare Parts and Services* in 48%, and an increase in the rental and used margins.

3. SG&A Expenses

| Million soles | 4Q 2021 | 4Q 2020 | %Var. | 4Q 2019 | %Var. | 2021 | 2020 | %Var. | 2019 | %Var. |
|-------------------------------------|---------|---------|-------|---------|-------|--------|--------|-------|--------|-------|
| Selling and administrative expenses | 248.7 | 210.1 | 18.4 | 254.5 | -2.3 | 922.4 | 810.6 | 13.8 | 914.9 | 0.8 |
| As a % of total sales | 14.0% | 12.7% | | 16.5% | | -14.9% | -16.7% | | -15.6% | |

SG&A expenses during the fourth quarter 2021 went up if compared to the same quarter previous year but decreased if compared to the same quarter 2019 (-2.3%). Expenses as a percentage of total sales amounted to 14.0%. If compared to fourth quarter 2020, the increase in SG&A expenses is led by higher profit share, increase in personnel expenses (in 2020 expenses were reduced by temporary salary adjustments, reduction in working hours, vacation compensation, among others), amortization and other expenses related to the SAP S/4 HANA project (S/ 6.5 million) which were recorded as intangible assets during 2020. In comparison with the fourth quarter of 2019, expenses decreased by 2.3%, but if SAP amortization expenses and provisions for the reduction of operations of the automotive line in Peru are excluded, these decrease by 8.6%.

4. Financial Expenses

| Million soles | 4Q 2021 | 4Q 2020 | %Var. | 4Q 2019 | %Var. | 2021 | 2020 | %Var. | 2019 | %Var. |
|-----------------------|---------|---------|-------|---------|-------|-------|-------|-------|-------|-------|
| Financial expenses | 18.2 | 21.3 | -14.4 | 23.3 | -21.7 | 72.2 | 95.8 | -24.6 | 96.0 | -24.8 |
| As a % of total sales | 1.0% | 1.3% | | 1.5% | | -1.2% | -2.0% | | -1.6% | |

Financial expenses during the fourth quarter 2021 shrunk by 14.4% and 21.7% if compared to 4Q2020 and 4Q2019, respectively. In the fourth quarter 2021, there is a slight increase in the average financial liabilities if compared to the fourth quarter 2020 (2.9%), but a decrease if compared to the same period of 2019 (-22.3%); and a decrease in the average interest rate (4Q2021 average rate: 2.83% versus 4Q2020: 3.62% and 4Q2019: 3.19%).

5. Foreign Exchange Gain/Loss

| Million soles | 4Q 2021 | 4Q 2020 | %Var. | 4Q 2019 | 2021 | 2020 | %Var. | 2019 | %Var. |
|-----------------------|---------|---------|-------|---------|--------|--------|-------|------|-------|
| Foreign Exchange Loss | 33.4 | -0.1 | | 15.6 | -128.2 | -105.8 | | -1.8 | |

During the fourth quarter 2021, the company recorded an FX gain as a result of the FX appreciation in Peru. The appreciation of the sol against the dollar was 3.34% (went from S/ S/ 4.136 in September 2021 to S/ 3.998 in December 2021); in similar period 2020, a 0.69% nuevo sol devaluation was recorded; and in similar period 2019, a 2.01% nuevo sol appreciation was recorded. The devaluation of the Chilean peso against the dollar in the fourth quarter 2021 was 4.04%; in 4Q2020 the appreciation was 9.80%, meanwhile, in 4Q2019 a 2.82% a devaluation was recorded.

6. Net profit

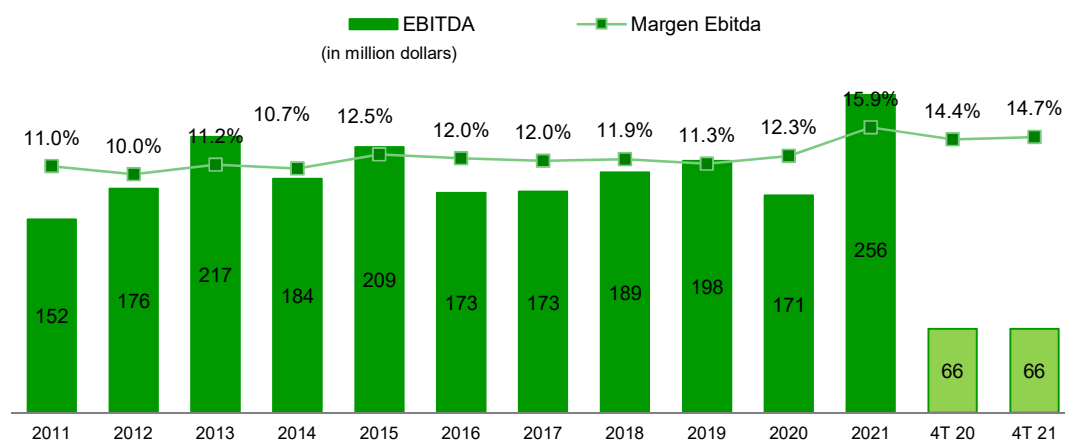
| Million soles | 4Q 2021 | 4Q 2020 | %Var. | 4Q 2019 | %Var. | 2021 | 2020 | %Var. | 2019 | %Var. |
|---------------|---------|---------|-------|---------|-------|-------|-------|-------|-------|-------|
| Net profit | 151.9 | 112.7 | 34.8 | 40.7 | 272.9 | 377.1 | 143.9 | | 246.4 | 53.0 |
| Net Margin | 8.5% | 6.8% | | 2.6% | | 6.1% | 3.0% | | 4.2% | |

Net profit for the fourth quarter 2021 amounted to S/ 151.9 million, higher to the one obtained in the fourth quarter 2020 and 2019. The result of the fourth quarter of 2021 is a consequence of higher sales with a better gross margin and controlled operating expenses that could offset the loss due to exchange difference. If we exclude the FX loss and the FX effect in the gross margin, net profit for the fourth quarter 2021 would amount to S/ 119.6 million and the net profit for the 4Q2019 becomes S/ 26.1 million, maintaining the net profit for the fourth quarter of 2021 above to the one of the same period of 2020 and 2019 (4Q2020, S/ 97.0 million, 4Q2019, S/ 26.1 million).

7. EBITDA

| Million sales | 4Q 2021 | 4Q 2020 | %Var. | 4Q 2019 | %Var. | 2021 | 2020 | %Var. | 2019 | %Var. |
|---------------|---------|---------|-------|---------|-------|-------|-------|-------|-------|-------|
| EBITDA | 267.4 | 238.3 | 12.2 | 132.5 | 101.7 | 994.6 | 599.7 | 65.9 | 684.3 | 45.4 |
| EBITDA Margin | 15.0% | 14.4% | | 8.6% | | 16.0% | 12.3% | | 11.7% | |

Fourth quarter 2021 EBITDA was higher if compared to the same period of 2020 and 2019 respectively, due to the increase in operating profit, which was impacted by higher sales, better gross margin and operating leverage (increase in expenses below the increase in sales).



ANALYSIS ACCORDING TO CORPORATE ORGANIZATION

(S/ thousand)

| | CAT Dealers in Peru | | | CAT Dealers and other businesses abroad | | | Other businesses | | |
|----------------------------------|---------------------|-----------|-----------|---|---------|---------|------------------|---------|---------|
| | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 | 2021 | 2020 | 2019 |
| Sales | 4,687,577 | 3,544,380 | 4,481,163 | 571,716 | 436,197 | 436,466 | 946,851 | 876,582 | 940,795 |
| Gross profit | 1,306,487 | 924,275 | 1,086,042 | 135,152 | 99,174 | 110,612 | 213,604 | 181,901 | 178,993 |
| Gross margin | 28% | 26% | 24% | 24% | 23% | 25% | 23% | 21% | 19% |
| SG&A | 672,502 | 593,739 | 679,028 | 90,149 | 72,726 | 81,484 | 145,944 | 139,102 | 146,314 |
| Operating profit | 649,088 | 344,994 | 419,928 | 46,584 | 28,455 | 30,768 | 71,278 | 44,257 | 35,661 |
| Operating margin | 14% | 10% | 9% | 8% | 7% | 7% | 8% | 5% | 4% |
| Depreciation and amortiz. | 133,492 | 88,794 | 122,832 | 22,010 | 20,042 | 18,941 | 54,862 | 56,345 | 52,454 |
| EBITDA | 793,181 | 444,571 | 553,958 | 70,795 | 50,923 | 51,339 | 136,748 | 108,316 | 96,109 |
| EBITDA margin | 17% | 13% | 12% | 12% | 12% | 12% | 14% | 12% | 10% |

Note: This results do not include Ferreycorp and Inti

ANALYSIS OF CONSOLIDATED FINANCIAL INFORMATION

As of December 31st, 2021, total assets amounted to S/ 6,003.8 million, a 6.5% increase from the S/ 5,638.4 million in 2020. Given the global logistics crisis experimented during the year, led by a backlog of orders, fuel prices increases, limited availability of containers, delays due to protocols in ports of origin and destination, the corporation decided to take the measures necessary in order to fulfil our value proposition to our customers. This resulted in an increase in inventories of S/ 402 million (+24%), which was mainly parts (54%). Also some investments in fixed assets which will be detailed later explain the increase as well.

As of December 31st, 2021, assets turnover accounted to 1.07 (considering Rolling 12 months); nevertheless, if we consider rolling 6 months, which better reflects the sales stabilization, assets turnover would be 1.12.

Financial debt as of December 31st, 2021, amounted S/ 2,018.4 million, or US\$ 505 million, which is 1.2% lower when compared to the same period 2020 (US\$ 511 million). 16% of the total debt in soles to balance some of the FX impact. Current maturities amount to 37% of total debt. It should be added that the 4Q2021 average financial liabilities amounted to US\$ 539 million, 2.9% greater if compared to the average financial liabilities of 4Q2020 (\$524 million) but lower in 22.3% if compared to average financial liabilities of 4Q2019 (\$694 million).

It is important to mention that the financial debt includes S/ 130.5 million (US\$ 32.6 million) related to IFRS16 application to Leases. This rule indicates that all lease contracts must be considered a liability, and also, an asset which represents the right of use of such good leased. A financial expense must be registered considering the present value of the obligation.

INVESTMENT IN FIXED ASSETS (CAPEX) AND INTANGIBLES

As of December 31st, 2021, the investment in fixed assets and intangibles amounted S/ 157.6 million, led mainly by: i) the repurchase of two facilities that were under operating lease with a financial entity, carried out by Ferreycorp. These properties correspond to investment assets located in Ate and Lurin, which are rented to subsidiaries (S/ 57.5 million). ii) the purchase of rental machinery and equipment by Ferreyros of S/ 72.3 million as part of the strategy to introduce new models of Caterpillar trucks to the market, specifically the 400 Ton 798 mining truck, which will be leased to mining clients, as a demo, and that will remain in the company's book for the duration of the program. iii) construction work in complimentary works (S/ 11.3 million); and iv) an additional S/ 5.3 million investment corresponding to the stabilization stage after the ERP SAP S/4 HANA launch.

As of December 2021, there are differences between the fixed assets in the Statement of Financial Position and the capital expenditures (CAPEX) related to additions derived from the recognition of leased assets (locations, rental fleet, vehicles fleet, among others) as fixed assets by right of use, according to Leases IFRS16 (S/ -3 million).

FINANCIAL RATIOS

| Ratios | Dec-21 | Sep-21 | Jun-21 | Mar-21 | Dec-20 | Dec-19 |
|-----------------------------------|--------|--------|--------|--------|--------|--------|
| Current ratio | 1.61 | 1.34 | 1.38 | 1.30 | 1.42 | 1.42 |
| Financial debt ratio | 0.77 | 0.96 | 0.88 | 0.78 | 0.73 | 1.02 |
| Indebtedness ratio | 1.56 | 1.85 | 1.75 | 1.66 | 1.61 | 1.66 |
| Net debt / EBITDA | 1.81 | 2.21 | 2.35 | 2.53 | 2.64 | 3.21 |
| Adjusted debt / EBITDA | 1.81 | 1.69 | 1.71 | 1.92 | 2.37 | 2.36 |
| Financial expenses coverage ratio | 13.78 | 13.47 | 11.96 | 10.44 | 6.26 | 7.13 |
| Assets turnover | 1.07 | 0.98 | 0.91 | 0.85 | 0.85 | 1.04 |
| Inventory turnover | 2.41 | 2.14 | 1.97 | 1.87 | 2.00 | 2.39 |
| Inventory days | 149 | 168 | 183 | 193 | 180 | 150 |
| Collection days | 51 | 56 | 56 | 60 | 69 | 62 |
| Payable days | 51 | 52 | 46 | 57 | 55 | 48 |
| Cash cycle | 149 | 172 | 192 | 195 | 193 | 165 |
| ROE | 16.7% | 15.9% | 14.2% | 10.3% | 6.7% | 11.5% |
| ROA | 9.1% | 8.4% | 7.0% | 5.6% | 5.0% | 5.8% |
| ROIC | 14.0% | 13.2% | 11.4% | 9.0% | 7.4% | 7.9% |
| Book value per-share | 2.47 | 2.33 | 2.31 | 2.22 | 2.25 | 2.21 |

Note: See description of each ratio in the section "Glossary of terms".

It is important to mention that all ratios were impacted by the operations halt since the second half of March 2020.

The leverage ratios considered within the covenants of the medium-term loans, in particular the adjusted debt covenant, show a significant decrease due to a reduction of financial debt.

Cash cycle decreased by the end of December 2021 to an average of 149 days, below the one obtained at the end of 2019.

Profitability ratios have improved if compared to 2019 and 2020, led by higher operating profit.

GLOSSARY OF TERMS

1) Current Ratio:

Evaluates the liquidity of the company to face its short- term liabilities with its short-term assets. It is calculated as follows: Current Assets / Current Liabilities.

2) Equity debt

Evaluates the company's level of debt. It shows the proportions of debt and capital that a company uses. It is calculated as follows: Total Liabilities / Total Equity.

3) Indebtedness Ratio:

Indicates which assets of the company have been financed with debt, either short or long term. It is calculated as follows: Total Assets / Total Liabilities.

4) Adjusted Financial Debt / EBITDA Ratio

This ratio shows how many years Ferreycorp would take in order to pay its debt excluding its short term debt related to inventories. It is calculated as follows: (Total Financial Debt – Short Term debt related to inventories acquisition) / EBITDA.

5) Financial expenses coverage

Indicates how many times the profit generated by the operations of the company are able to cover their financial expenses for the period. It is calculated as follows: EBITDA / Financial expenses.

6) Assets turnover

Ratio used as a performance indicator to measure how the company is using its assets to generate income. It is calculated as follows: Sales / Average Assets.

7) Inventory turnover

Shows the efficiency of the company to manage its inventory. It measures the number of times inventory is sold and replaced within a period of time. It is calculated as follows: Cost of Goods Sold / Average Inventory.

8) Return on Equity - ROE

This ratio measures the corporation's profitability in a period by revealing how much profit is generated with shareholders' investments. It is calculated as follows: Net Income / Shareholder's Equity.

9) Return on Assets - ROA

Measures the profitability of the company in a period based on the total assets of the corporation. It is calculated as follows: (Operating profit x (1 -T)) / Average Assets.

10) Return on Invested Capital - ROIC

This ratio is used by the company in order to make investment decisions and allocate resources. It is calculated as follows: EBIT (last twelve months) / Average Invested Capital.

11) Receivable days

Establish the approximate time (in days) it takes for a company to carry out the collection of accounts receivables. It is calculated as follows: $360 * \text{Sales} / \text{Average Accounts Receivable}$.

12) Payable days

Establish the approximate time (in days) it takes the business to pay its payable accounts. The ratio is calculated as follows: $360 * \text{Cost of Sales} / \text{Average Accounts Payable}$.

13) Cash cycle

Is the difference between the operating cycle and payment cycle. It is a rough calculation that measures how long it takes the company to convert its cash resources. It is calculated as follows: Days of inventory + Accounts receivable days - Accounts payable days.

14) Book value per share

It is the net value of equity divided by the number of shares issued by the company. The calculation is: Equity / Number of shares.

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 1

Income Statement

(In thousand soles)

| | 4Q 2021 | % | 4Q 2020 | % | Var % | 4Q 2019 | % | Var % | As of Dec21 | % | As of Dec20 | % | Var % | As of Dec19 | % | Var % |
|--------------------------------------|----------------|-------------|----------------|-------------|-------------|----------------|-------------|--------------|------------------|-------------|------------------|-------------|--------------|------------------|-------------|-------------|
| Net sales | 1,777,725 | 100.0 | 1,653,114 | 100.0 | 7.5 | 1,545,005 | 100.0 | 15.1 | 6,206,144 | 100.0 | 4,857,159 | 100.0 | 27.8 | 5,858,424 | 100.0 | 5.9 |
| Gross profit | 452,726 | 25.5 | 397,260 | 24.0 | 14.0 | 335,628 | 21.7 | 34.9 | 1,655,243 | 26.7 | 1,205,350 | 24.8 | 37.3 | 1,375,647 | 23.5 | 20.3 |
| Selling and administrative expens | -248,682 | -14.0 | -210,061 | -12.7 | 18.4 | -254,522 | -16.5 | -2.3 | -922,442 | -14.9 | -810,558 | -16.7 | 13.8 | -914,917 | -15.6 | 0.8 |
| Other income (expenses), net | 3,288 | 0.2 | -2,770 | -0.2 | -218.7 | -7,525 | 3.0 | | 20,607 | 0.3 | 11,868 | 0.2 | 73.6 | 6 | 0.0 | |
| Operating profit | 207,332 | 11.7 | 184,429 | 11.2 | 12.4 | 73,581 | 4.8 | 181.8 | 753,408 | 12.1 | 406,660 | 8.4 | 85.3 | 460,736 | 7.9 | 63.5 |
| Financial income | -11,837 | 0.9 | -14,996 | 1.2 | -21.1 | -17,436 | 1.4 | -32.1 | -48,769 | 1.1 | -75,085 | 2.1 | -35.0 | -74,211 | 1.7 | -34.3 |
| Gain (Loss) to exchange rate | 33,384 | 1.9 | -89 | - | | 15,612 | 1.0 | 113.8 | -128,187 | -2.1 | -105,848 | -2.2 | 21.1 | -1,822 | -0.0 | 6,936.0 |
| Participation in the results of assc | 735 | - | 542 | 0.0 | 35.6 | 788 | 0.1 | -6.7 | 1,863 | - | 1,667 | - | 11.8 | 3,336 | 0.1 | -44.2 |
| Profit before income tax | 229,614 | 12.9 | 169,886 | 10.3 | 35.2 | 72,545 | 4.7 | 216.5 | 578,315 | 9.3 | 227,394 | 4.7 | 154.3 | 388,039 | 6.6 | 49.0 |
| Net profit | 151,864 | 8.5 | 112,676 | 6.8 | 34.8 | 40,728 | 2.6 | 272.9 | 377,057 | 6.1 | 143,948 | 3.0 | 161.9 | 246,436 | 4.2 | 53.0 |
| EBITDA | 267,379 | 15.0 | 238,295 | 14.4 | 12.2 | 132,535 | 8.6 | 101.7 | 994,619 | 16.0 | 599,663 | 12.3 | 65.9 | 684,263 | 11.7 | 45.4 |

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 2

Statement of Financial Position

(In thousand soles)

| | As of 31-12-2021 | As of 31-12-2020 | | As of 31-12-2021 | As of 31-12-2020 |
|--|---------------------|---------------------|--|---------------------|---------------------|
| Cash and cash equivalents | 215,992 | 256,188 | Short term debt | 315,224 | 381,339 |
| Accounts receivables - trade | 1,018,476 | 975,252 | Liabilities derived from leases (IFRS16) | 45,623 | 41,517 |
| Inventories | 2,085,686 | 1,684,076 | Other current liabilities | 1,859,629 | 1,846,924 |
| Accounts receivables - other | 199,250 | 257,114 | Current liabilities | 2,220,476 | 2,269,780 |
| Assets available for sale | 15,671 | 13,863 | Long term debt | 1,183,877 | 913,706 |
| Investment in shares | - | - | Other payables | 8,222 | 553 |
| Prepaid expenses | 40,253 | 32,863 | Liabilities derived from leases (IFRS16) | 84,861 | 98,226 |
| Current assets | 3,575,328 | 3,219,356 | Deferred income tax | 163,192 | 195,196 |
| Long term accounts receivables - trade | 35,956 | 61,490 | Total Liabilities | 3,660,628 | 3,477,461 |
| Long term accounts receivables - other | 49,080 | 33,331 | Equity | 2,343,129 | 2,160,896 |
| Property | 1,282,710 | 1,183,389 | Total Liabilities and Equity | 6,003,757 | 5,638,357 |
| Rental fleet | 609,683 | 596,797 | | | |
| Machinery | 471,759 | 461,256 | Other financial information | | |
| Other fixed assets | 165,234 | 124,773 | Depreciation | 188,638 | 163,602 |
| | 2,529,386 | 2,366,215 | Amortization | 29,141 | 8,722 |
| Accrued depreciation | -821,656 | -736,157 | | | |
| Property, plant and equipment | 1,707,730 | 1,630,058 | | | |
| Investments | 19,757 | 18,005 | | | |
| Intangible assets, net and goodwill | 437,712 | 454,245 | | | |
| Deferred income tax | 178,194 | 221,872 | | | |
| Non current assets | 2,428,429 | 2,419,001 | | | |
| Total Assets | 6,003,757 | 5,638,357 | | | |

FERREYCORP S.A.A. AND SUBSIDIARIES
APPENDIX 3
Total Liabilities as of December 31st, 2021

(In thousand US\$)

| | Total Liabilities | Current Liabilities | Long term Liabilities | | Financial Liabilities |
|--|--------------------------|----------------------------|------------------------------|------------------|------------------------------|
| | | | Current | Long term | |
| | | | | | (A) |
| Local banks (short term) | 72,511 | 72,511 | - | - | 72,511 |
| Foreign banks (short term) | 36,146 | 36,146 | - | - | 36,146 |
| Local banks (long term) | 198,381 | - | 38,796 | 159,586 | 198,381 |
| Foreign banks (long term) | 61,091 | - | 18,468 | 42,624 | 61,091 |
| Local and foreign banks (Leasing Fin) | 244 | - | 185 | 60 | 244 |
| Suppliers: | | | | | |
| Accounts payable to Caterpillar | 120,532 | 120,532 | - | - | - |
| Accounts payable to Caterpillar | - | - | - | - | - |
| Others | 74,585 | 74,585 | - | - | - |
| Corporate bonds | 89,304 | - | - | 89,304 | 89,304 |
| Caterpillar Financial | 14,531 | - | 9,986 | 4,545 | 14,531 |
| Liabilities derived from leases (IFRS16) | 32,637 | - | 11,411 | 21,226 | 32,637 |
| Other Liabilities | 215,653 | 172,778 | - | 42,875 | - |
| Total (US\$) | 915,615 | 476,551 | 78,845 | 360,218 | 504,845 |
| Total (S/.) | 3,660,628 | 1,905,252 | 315,224 | 1,440,152 | 2,018,370 |

(A) Subject to interest payment

FERREYCORP S.A.A. Y SUBSIDIARIAS

APPENDIX 4

Cash Flow Statement

(In thousand of nuevos soles)

| | 4Q2021 | 4Q2020 | As of 31-12-2021 | As of 31-12-2020 |
|---|-----------------|-----------------|---------------------|---------------------|
| Cashflow from operating activities | | | | |
| Collection from customers and third parties | 1,885,624 | 1,488,300 | 5,979,482 | 5,462,583 |
| Payment to suppliers | -1,157,948 | -1,037,652 | -4,668,554 | -3,458,396 |
| Payment to employers and others | -166,542 | -181,418 | -643,579 | -590,210 |
| Payment of taxes and income tax | -75,395 | -105,232 | -218,985 | -128,796 |
| Net cash provided by operating activities | 485,739 | 163,998 | 448,363 | 1,285,181 |
| Cashflow from investing activities | | | | |
| Acquisition of property, plant and equipment | -7,201 | -77,692 | -104,308 | -91,156 |
| Sale/Contribution of financial instruments (mutual funds) | - | 53,925 | - | 9,303 |
| Intangible acquisitions | -1,261 | -15,114 | -6,856 | -63,724 |
| Sale of property, plant and equipment | - | - | - | 1,338 |
| Net cash used in investing activities | -8,462 | -38,881 | -111,164 | -144,239 |
| Cashflow from financing activities | | | | |
| Financial liabilities | 1,130,830 | 437,443 | 3,367,701 | 2,504,540 |
| Payment of financial liabilities | -1,496,513 | -510,936 | -3,364,042 | -3,131,820 |
| Payment of lease liabilities | -15,794 | 9,120 | -65,392 | -64,653 |
| Interests paid | -20,154 | -14,481 | -74,016 | -88,975 |
| Dividends paid | -97,983 | -148,127 | -186,407 | -148,127 |
| Share repurchase | -80 | -922 | -23,588 | -23,549 |
| Cash from financing activities | -499,695 | -227,903 | -345,744 | -952,584 |
| Cash increase, net | -22,417 | -102,786 | -8,545 | 188,358 |
| Cash at the beginning of the year | - | - | 256,188 | 84,433 |
| Cash due to exchange variation | -4,060 | -3,518 | -31,651 | -16,603 |
| Cash at the end of the year | -26,477 | -106,304 | 215,992 | 256,188 |