

# Earnings Release



## PETROPERÚ<sup>1</sup> Announces Second Quarter 2023 Earnings Results - 2Q23

**Lima, Peru, August 02, 2023:** Petróleos del Perú - PETROPERÚ S.A. (OTC: PETRPE) announced financial and operating results for the second quarter ("2Q23") period ended June 30, 2023. For a more comprehensive financial analysis please refer to the Intermediate Financial Statements 2Q23<sup>2</sup> available on the *Superintendencia Mercado de Valores del Perú website - SMV* ([www.smv.gob.pe](http://www.smv.gob.pe)).

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### HIGHLIGHTS

- **Total Revenue** for 2Q23 decreased by 41% (US\$-658 million) compared to 2Q22.
- **Gross Profit** went from US\$169 million in 2Q22 to US\$-133 million in 2Q23 (reduction of more than 100% YoY<sup>3</sup>).
- **Operating Profit** decreased more than 100% YoY, from US\$104 million in 2Q22 to US\$-191 million in 2Q23.
- **Net Profit** in 2Q23 was US\$-222 million compared to US\$8 million in 2Q22 (more than 100% of reduction YoY).
- **Adjusted EBITDA<sup>4</sup>** decreased from US\$122 million in 2Q22 to US\$-121 million in 2Q23.
- Final **Cash Balance** reached US\$122 million at 2Q23 vs. US\$32 million at 2Q22.
- The **Cash Conversion Cycle (CCC)** as of 2Q23 reached -3 days. Accounts payable turnover has been extended to 101 days.
- **NTR<sup>5</sup> progress** as of June 2023 was 98.91%. Regarding the Process Units, there is a progress of 99.84%, and a progress of 96.87 regarding the Auxiliary Units.
- In 2Q23, **Net Refining Margin<sup>6</sup>** reached US\$8.6/BI vs. US\$12.8/BI in 2Q22.
- **Total Sales Volume** reached 98 KBPD<sup>7</sup> in 2Q23, lower in 18% than 2Q22 (118 KBPD).
- In reference to the **Norperuano Oil Pipeline (ONP)**, there have occurred six contingencies from January to June 2023.
- Regarding **hydrocarbon exploration and production activities**, in Block 64, the Environmental Impact Study (EIA) is currently being prepared. Regarding Block 192, since February 28, 2023, PETROPERÚ is the sole operator of Block 192. At the end of June 2023, PETROPERÚ managed to reach production levels of the order of 487 barrels of oil per day and 3.3 million cubic feet per day of natural gas in Block I.

It should be noted that the economic and financial results of PETROPERÚ will improve substantially with the commissioning of the conversion units (Catalytic Cracking Unit and Flexicoking Unit), which will allow converting products of low commercial value (fuel oil) into products of

<sup>1</sup> Petróleos del Perú-PETROPERÚ S.A. (hereinafter "PETROPERÚ" or "the Company").

<sup>2</sup> Intermediate Financial Statements for the Second Quarter 2023. Unless otherwise noted, all financial figures are presented in US\$, and references "Dollars" or "US\$". Quarterly Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB (International Accounting Standards Board).

<sup>3</sup> YoY: Year over Year, annual comparison.

<sup>4</sup> EBITDA is defined as Net Income plus Income Tax plus Workers' Profit Sharing minus Finance Income plus Finance Cost plus Amortization & Depreciation. Adjusted EBITDA is defined as EBITDA minus net other income & expenses, and net exchange differences.

<sup>5</sup> New Talara Refinery: which consists of the construction of a new refinery with the highest technological standards and competitiveness in the region. The new refinery will completely modify the current production structure of the Talara Refinery, through the incorporation of new refining processes, auxiliary services, and related facilities.

<sup>6</sup> Net Refining Margin =  $\sum \text{Product Sales Revenue} - \sum \text{Expenditures for Raw Material and Supplies Purchases} - \text{Operative Cost}$

<sup>7</sup> KBPD: Thousands of Barrels Per Day

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higher value in the market (LPG, Gasoline and Diesel), capturing a greater margin that will cover the incremental expenses of the operation of the New Talara Refinery (NTR).

## 1. ANALYSIS

### 1.1. MACROECONOMIC ENVIRONMENT

Global economic activity has grown stronger, driven mainly by the services sector. This is explained by key factors: i) the increase in private consumption, ii) reduction of restrictions in developed economies, iii) favorable conditions in the global supply chain and, iv) recovery of China after its reopening. Considering this, the World Bank revised the growth figures of the world economy, going from 2.4% to 2.5%. However, for 2024 the revision caused a slight setback, in line with expectations of a slowdown at the end of 2023, as a result, among other factors, of the adjustment of monetary policy and its lagged impact on demand.

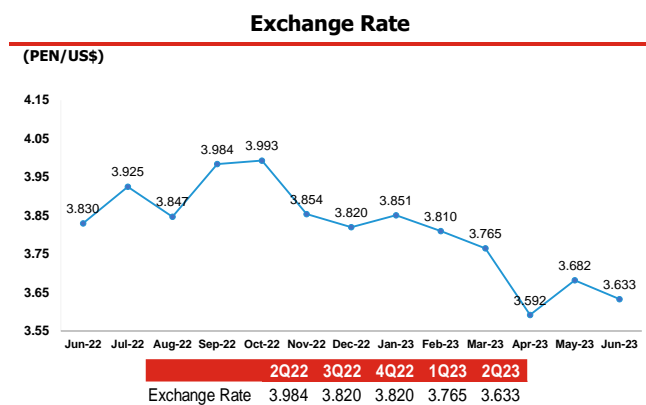
Regarding the economies of Latin America, economic activity has lost some dynamism, associated with the fall in commodity prices, explained by the lower growth of manufacturing globally and lower capital inflows affected by global financial conditions, related to the adjustment of monetary policy, the impact of inflation and the bankruptcy effect of Silicon Valley Bank. among others.

Regarding inflation, at the global level it continued its downward trend, although in most cases it remains above the target range.

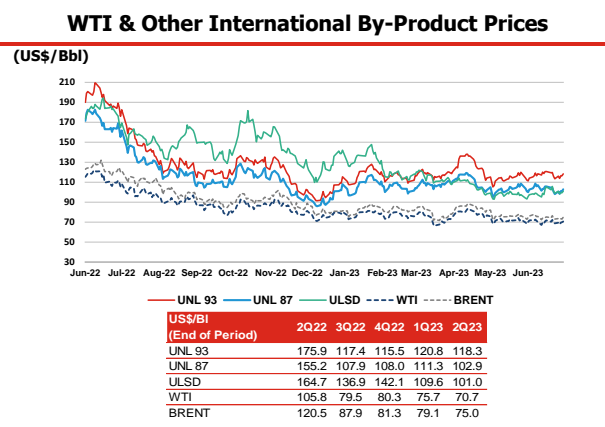
In the case of Peru, economic activity has contracted, mainly attributed to the blockade of roads and paralysis of activities, as a result of the social conflict, as well as to the rains that occurred. As a result, the economic projection suffered a downward revision from 2.6% to 2.2% by 2023.

Regarding year-on-year inflation, from May to June 2023 it registered a reduction from 7.89% to 6.46%. The items that contributed most to the variation in inflation in the last twelve months to May were meals away from home, local transportation, chicken meat, eggs and personal care products.

Regarding the exchange rate, at the end of June it stood at S/3,633 per dollar, lower than the closing of the previous month S/3,682 per dollar, which shows an appreciation of our currency, associated with the different operations carried out by the BCRP (spot sale operations, placement of CDRs, swaps, among others).



Source: SBS



Source: Platts

**Notes: The UNL87 USGC Regular Gasoline equals a 92-octane gasoline, and the Premium Gasoline UNL 93 USGC is equivalent to a 98-octane gasoline.**

In relation to oil prices, so far this year the average markers for Brent and WTI in 2Q23 were around US\$75 and US\$71/B, respectively. At the end of 2Q23, the accumulated average price of crude oil remains around US\$80/B in the case of Brent and US\$75/B in the case of WTI. This downward trend in the last quarter was mainly due to: i) an increase in the supply of crude oil and products by the United States; (ii) continued concerns about the recession and weakening global demand for oil and petroleum products; (iii) the bleak outlook for economic growth in the United States, Europe and Asia; and (iv) uncertainty over rising interest rates in the United States and Europe.

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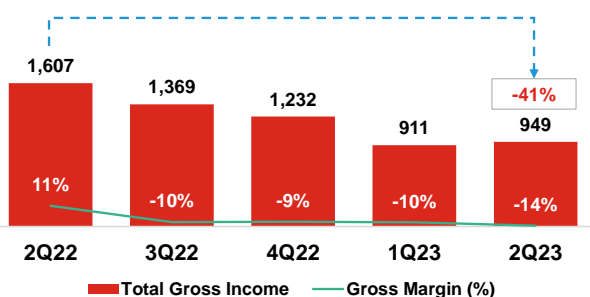
Peru has a Petroleum Fuels Price Stabilization Fund (FEPC) whose purpose is to prevent the high volatility of international oil prices from being passed on to local consumer prices, taking into account that a large part of the crude oil and products consumed locally are currently imported. The FEPC consists of a price band with an upper and a lower price limit, established by OSINERGMIN in such a way that the prices charged internally are within that band, so that, when the international price rises above the upper limit, consumers pay the equivalent of the upper limit, and the State uses the resources of the fund to pay the difference. However, if the international price falls below the lower limit, the consumer will pay the price of that limit and the difference would be paid to the fund by the companies trading petroleum products that are registered in the fund. Currently the products affected by the FEPC are the liquefied petroleum gas intended for bulk (LPG-G), the Fuel Oil 6 and BX diesel for vehicular use.

## 1.2. FINANCIAL RESULTS

### 1.2.1. INCOME STATEMENT

#### Quarterly Revenue & Gross Margin

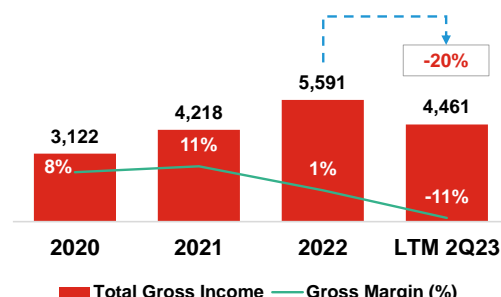
(In millions of US\$)



	2Q22	3Q22	4Q22	1Q23	2Q23
Total Sales (US\$ million)	1,593	1,357	1,213	897	934
Volume (MMbbl)	10.8	9.9	10.1	7.8	8.9

#### Annual Revenue & Gross Margin

(In millions of US\$)



	2020	2021	2022	LTM 2Q23
Total Sales (US\$ million)	3,045	4,156	5,534	4,401
Volume (MMbbl)	44.9	45.5	42.6	36.7

**Note:** For the calculation of the Unit Prices in US\$, Total Sales do not include Other Income.

Total Revenue reached US\$949 million in 2Q23, a reduction of 41% YoY, mainly as a result of lower sales in the domestic market (75 vs 103 MBDC in 2Q22), mainly due to the interruption of roads in the jungle area, flooding in several areas of the country, lower LPG sales in Talara due to prioritization of NTR consumption, in addition to aggressive competition, which offers greater commercial discounts, and the fall in international prices compared to 2Q22.

Local sales decreased by 42%, from US\$1,405 million in 2Q22 to US\$813 million in 2Q23. Also, the exports decreased 36% YoY, from US\$189 million to US\$122 million, due to the higher exports of fuel oil originated during the start-up process of the NTR (3,596 MB vs. 362 MB at Jun.22), at lower prices compared to the acquisition of the raw material (crude oil). Total Sales (excluding Other Income) decreased by -41% compared to 2Q22.

Cost of Sales as a proportion of Total Gross Income was greater than 100% in 2Q23 vs. 89% in 2Q22, resulting in negative Gross Margin in 2Q23. Gross Margin went from 11% in 2Q22 to -14% in 2Q23, this is mainly due to the lower volume of sales in the domestic market for the aforementioned reasons and the higher cost of sales, derived from the non-optimized operation of the NTR as it is in a progressive start-up period, related to operating expenses and Maintenance of Auxiliary Units, as well as the registration of the depreciation of assets of the NTR that have been capitalized since the end of 2022; so operating expenses increased. Cost of Sales decreased by -25% compared to 2Q22 while Total Income decreased -41%.

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## Analysis of the Product Portfolio:

SALES (In Millions of US\$)				
SALES	2Q22	2Q23	YoY	Weight on Total Sales
<b>LOCAL SALES</b>				
LPG <sup>(1) (2)</sup>	33	18	-45%	1.9%
Gasolines/Gasohols <sup>(1)</sup>	347	248	-29%	26.5%
Turbo A-1	25	24	-3%	2.6%
Diesel B5 <sup>(1) (2)</sup>	732	489	-33%	52.3%
Industrial Oil <sup>(1) (2)</sup>	33	12	-64%	1.3%
Bunkers (Marine Residual - IFO + Marine Diesel N°2) <sup>(1)</sup>	2	1	-34%	0.1%
Asphalt Liquid / Asphalt Solid <sup>(1)</sup>	28	15	-46%	1.6%
Others <sup>(1) (3)</sup>	206	6	-97%	0.7%
<b>Total Local Sales</b>	<b>1,405</b>	<b>813</b>	<b>-42%</b>	<b>87.0%</b>
<b>EXPORTS</b>				
Virgin Naphtha	0	0	-	0.0%
N°6 Fuel Oil, Reduced Crude, Industrial Oil 500	15	120	726%	12.9%
Diesel 2	36	0	-100%	0.0%
Others <sup>(4)</sup>	139	1	-99%	0.1%
<b>Total Exports</b>	<b>189</b>	<b>122</b>	<b>-36%</b>	<b>13.0%</b>
<b>Total Local Sales &amp; Exports</b>	<b>1,593</b>	<b>934</b>	<b>-41%</b>	
Other Operational Income <sup>(5)</sup>	13	15	12%	
<b>TOTAL REVENUE</b>	<b>1,607</b>	<b>949</b>	<b>-41%</b>	

<sup>(1)</sup> Discount Included

<sup>(2)</sup> FEPC Included

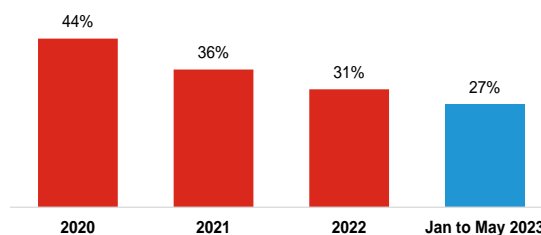
<sup>(3)</sup> Cutting material, Solvents, Gasoline Aviation and Naphthenic Acid.

<sup>(4)</sup> Turbo A-1, Gasolines, Asphalts, IFO's, Naphthenic Acid and crude oil.

<sup>(5)</sup> Includes terminal operation fees, oil transportation by oil pipeline, lease Savia Perú S.A. among others.

During 2Q23, PETROPERÚ had Sales Revenue of US\$949 million, 41% lower than in 2Q22, with 98% of sales concentrated in the domestic market, derived from the aforementioned social reasons, as well as the fall in the price of fuels.

## **PETROPERÚ Market Share Evolution**



At the end of May 2023, the domestic liquid fuel market share was estimated at 27%. Diesel and Gasolines are the best-selling fuels in PETROPERÚ. The share of diesel sales in the local market is approximately 33% and gasoline is approximately 44%.

The lower sales in the domestic market are mainly due to the social mobilizations at the beginning of the year that affected sales in the south, as well as in the jungle area due to road interruption, floods in several areas of the country, lower LPG sales in Talara due to prioritization of NTR consumption, in addition to aggressive competition, which offers greater commercial discounts and the postponement of the start of the NTR.

With the commissioning of the NTR complex, it is estimated to improve the competitiveness of products, allowing it to offer a more competitive commercial bid in the national market and recover greater participation in the fuel market.

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## Revenue Breakdown

(In millions of US\$)		LTM 2Q23	% Participation	
<b>LOCAL REVENUE</b>			<b>4 Products</b>	<b>78%</b>
LPG <sup>(1) (2)</sup>		82	Diesel B5 <sup>(1) (2)</sup>	53%
Gasolines/Gasohols <sup>(1)</sup>		836	Gasolines/Gasohols <sup>(1)</sup>	20%
Turbo A-1		101	LPG <sup>(1) (2)</sup>	2%
Diesel B5 <sup>(1) (2)</sup>		2,235	Turbo A-1	2%
Industrial Oil <sup>(1) (2)</sup>		60		
Bunkers (Marine Residual - IFO + Marine Diesel N°2) <sup>(1)</sup>		3	<b>2 Products</b>	<b>73%</b>
Asphalt Liquid / Asphalt Solid <sup>(1)</sup>		81	Diesel B5 <sup>(1) (2)</sup>	53%
Others <sup>(1) (3)</sup>		264	Gasolines/Gasohols <sup>(1)</sup>	20%
<b>Total Local Revenue</b>		<b>3,662</b>	<b>Local Revenue</b>	<b>87%</b>
<b>EXPORTS</b>			<b>Exports</b>	<b>13%</b>
Virgin Naphtha		26		
N°6 Fuel Oil, Reduced Crude, Industrial Oil 500		275		
Diesel 2		27		
Others <sup>(4)</sup>		209		
<b>Total Exports</b>		<b>537</b>		
<b>TOTAL REVENUE</b>		<b>4,199</b>		

<sup>(1)</sup> Discount Included

<sup>(2)</sup> FEPC Included

<sup>(3)</sup> Cutting material, Solvents, Gasoline Aviation and Naphthenic Acid.

<sup>(4)</sup> Turbo A-1, Gasolines, Asphalts, IFO's and Naphthenic Acid.

PETROPERÚ maintains a network of approximately 734 affiliated service stations as of June 2023, which are distributed across the 24 regions of the country. Additionally, it can be verified that the most representative products of the Company and that have been contributing the highest income during the last 12 months to 2Q23 are Diesel B5 (Includes Diesel B5 S-50) and gasoline/gasohols with a participation with respect to total revenues of 53% and 20% respectively.

### **LOCAL MARKET**

Sales volume has decreased by approximately 27% compared to the same period of 2022, 2Q23 Revenues from domestic sales reached US\$813 million, a reduction of 42% YoY equivalent to US\$592 million, mainly due to the effect of the reduction of sales volume compared to the same period in 2022.

Sales in the domestic market are made through the Direct Channel (Retail and Industry sector) and through the Wholesale Channel. The largest sales are made through the Direct Channel. However, PETROPERÚ faces aggressive competition given that in recent years transnational oil companies have entered the market, which are vertically integrated and have greater competitive advantages, offering highly aggressive commercial conditions in search of capturing customers and sales.

### **EXTERNAL MARKET**

Export revenues were US\$122 million, which represented 13% of Total Sales Revenues in 2Q23. The Company exported a volume of 23 KBPD, 51% more compared to the same period in 2022. Among the products, the one most exported during 2023 was No. 6 Fuel Oil, mainly due to the marketing of residual surplus generated by the NTR start-up sequence.

### **SUPPLY CHAIN**

Between January and June 2023, a total of 247 port closure days were recorded, compared to the 258 days corresponding to the same period of the previous year. The TSM Terminals (Maritime Solids Discharge Terminal), Talara-MCL (Liquid Discharges Maritime Terminal), Eten, Salaverry and Ilo presented the highest number of port closure days in the period.

The progress situation of the projects related to the supply of fuels is as follows:

1. **Terminal Ilo:** as of May 2023, the comprehensive physical progress of 33.7% explained by the review of the baseline of the project. The deadline for the continuation of construction activities on the site of the New Terminal Ilo in favor of PETROPERÚ

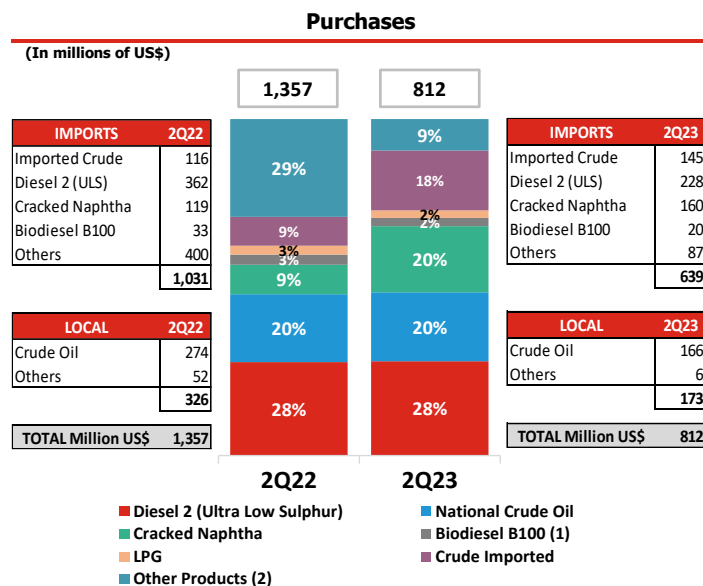
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was extended until December 31, 2023. In addition, the renewal of the Building License with the Municipality of Ilo was approved until June 15, 2024.

- Pasco - Ninacaca Supply Plant:** as of May 2023, the comprehensive physical progress of 47.5% explained by the review of the baseline of the project. In addition, there is a Building License valid until August 10, 2023.
- Puerto Maldonado Supply Plant:** as of May 2023, the comprehensive physical progress of 59.2% explained by the review of the baseline of the project. With respect to the progress of the Procurement and Construction service, it remains at 96% in general preliminary works, 85% in civil works, 92% in mechanical works and 57% in electrical works and instrumentation, due to the fact that activities are suspended until concluding the process of reviewing the scope and amount of investment of the project.

## PURCHASES



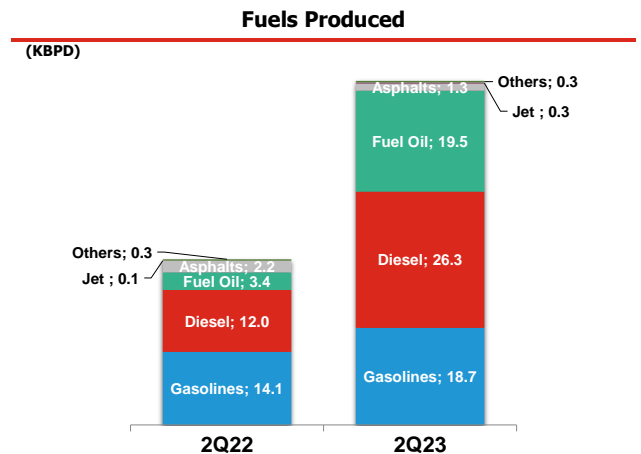
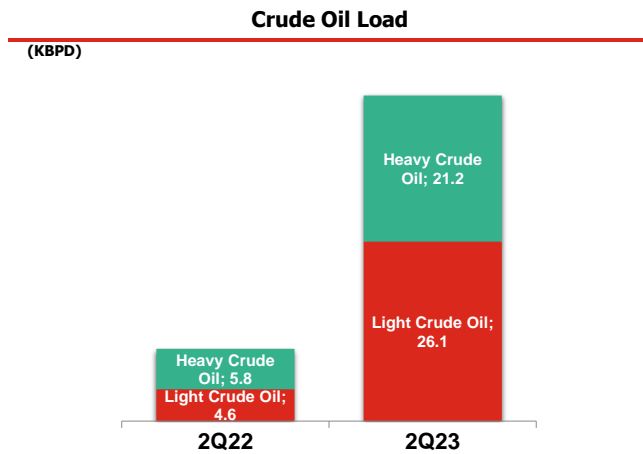
<sup>(1)</sup> Inputs for formulation of Diesel B5

<sup>(2)</sup> Includes: HOGBS, Gasoline Aviation, Alcohol Fuel, Natural Gas Condensate and Turbo A1

The oil processed in our refineries comes from the local or international market. Local crude oil comes mainly from the northwestern area, mainly in Talara, and is purchased considering a basket of average oil prices. Domestic crude (which includes crude from the Northwest of the country) during 2Q23 represented 20% of total purchases while import crude represented 18%. Year to date, 43 MBDC of crude oil has been purchased.

In relation to the purchase of products as a percentage of total purchases, imported products represented 61%, whereas local purchases represented 1%. Year to date, 50 KBPD of imported product and 3 KBPD of national product have been purchased.

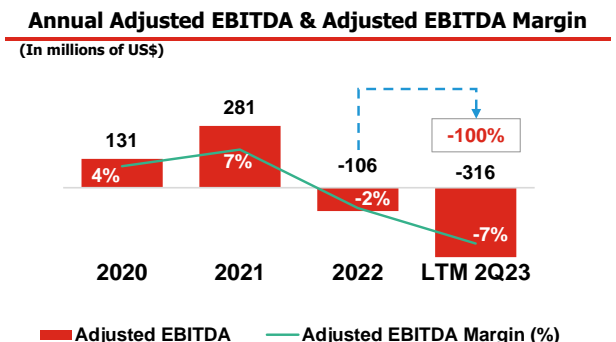
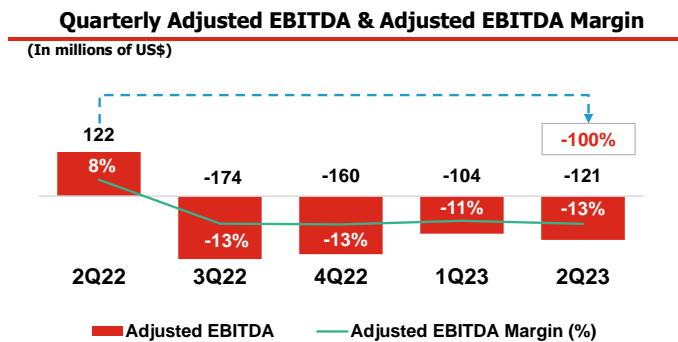
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During 2Q23, a higher percentage of Heavy and Light Crude was loaded in relation to the same period in 2022. After blending crude oil with other products, gasoline and diesel were obtained, which are higher value products. As it can be verified, there is no direct correlation between load and production since fuel production also includes the mix of intermediates products.

The NTR is in start-up tests, so the volume of crude oil processed is included in the load and the values of the final products produced in this test period are included in the production.

## EBITDA



PETROPERÚ generated an Adjusted EBITDA of US\$-121 million in 2Q23, compared to US\$122 million in 2Q22 mainly derived from the Gross Loss of 2Q23 contrary to the Gross Profit obtained in 2Q22 (US\$-133 million vs US\$169 million). The main reasons for the Gross Loss are: i) delay in the completion of the start of NTR due to factors exogenous to PETROPERÚ (social, climatological, limitations in the availability of natural gas and other unforeseeable events); ii) lower domestic sales; iii) higher exports of fuel oil from Talara due to the start-up process of the NTR, placed at lower prices compared to the acquisition of the raw material, due to lack of tanking; iv) higher operating expenses resulting from the progressive start-up sequence of the NTR and v) lower inventory value, given the change in cargo structure in NTR, switching to crude oil instead of imported products for fuel production; in addition to the reduction of international prices.

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Operating expenses per business unit are as follows:

## OPEX: Operating Expenses

(In thousands of US\$)

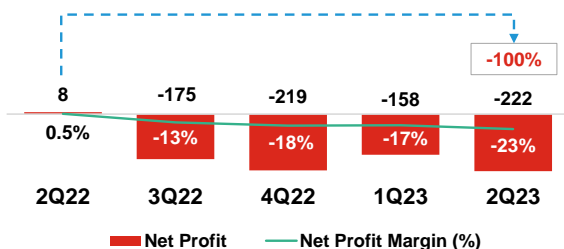
Business Unit	Executed as of	
	Jun22	Jun23
Refining	123,668	265,559
Distribution & Comercialization	70,826	67,193
Transportation through ONP	33,008	31,415
Exploration & Production (Block I)	4,086	5,767
Others <sup>(1)</sup>	41,605	36,824
<b>Total</b>	<b>273,193</b>	<b>406,760</b>

It doesn't include worker participation.  
(1) Main Office and Rented Units.

The refining operation represents the highest operating expenses among all the Company's business units (65% as of June 2023 and 45% as of June 2022); whereas the Distribution and Marketing unit concentrates only 17% through the Supply Plants and Storage Tanks throughout the country, followed by the ONP with 8%, among others. Currently, the Conchán and Iquitos refineries are in operation, whereas the NTR is in the process of gradual and progressive start-up.

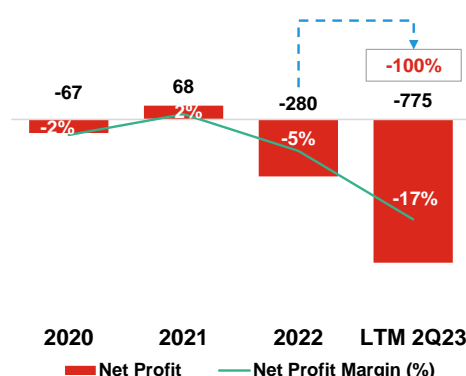
## Quarterly Net Profit & Net Profit Margin

(In millions of US\$)



## Annual Net Profit & Net Profit Margin

(In millions of US\$)



Net Loss in 2Q23 was US\$-222 million compared to Net Profit of US\$8 million in 2Q22, mainly due to lower sales revenues due to the lower volume sold in the domestic market due to aggressive competition and prioritization of LPG supply to continue with the NTR start-up process; also, due to higher exports of Residual the aforementioned process that must be disposed of by storage capacity and that has a low commercial value.

Additionally, a higher Cost of Sales was derived from the non-optimized operation of the NTR as it was in the final part of the progressive start-up period, related to operating expenses associated mainly with the consumption of Hydrotreated Naphtha for the Electric Cogeneration Unit and Operation and Maintenance Services of Auxiliary Units, as well as the recording of the depreciation of its assets, which have been capitalized since the end of 2022. Likewise, the lower value of the inventory influenced, given the change of cargo structure in the NTR, going to use crude oil instead of imported products for the production of fuels, obtaining a lower cost of production; In addition to the reduction in international prices that also impacted on valuation.

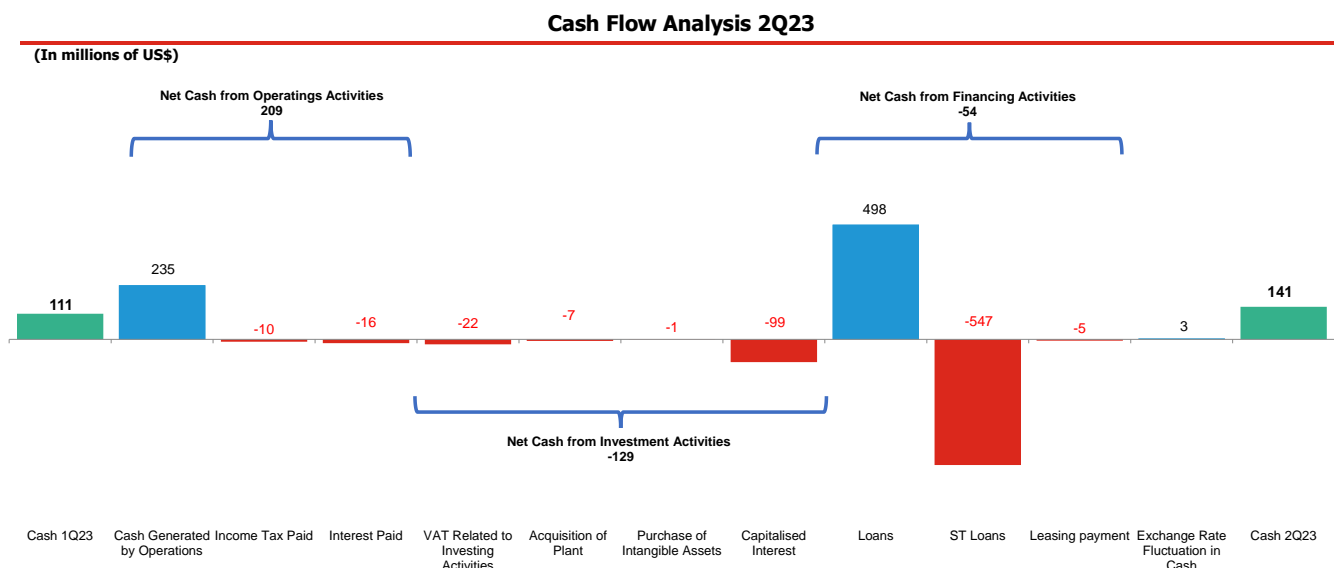
Also impacted were the higher financial expenses for financial obligations for working capital, interest on bonds and loan with CESCE guarantee, which correspond to the capitalized units of the NTR, which once construction has been completed are no longer part of the cost of the asset.



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## 1.2.2. CASH FLOW STATEMENT



PETROPERÚ registered a total of US\$141 million in cash at the end of 2Q23, compared to US\$32 million in 2Q22. Net Cash from Operating Activities was higher in 2Q23 than in 2Q22 (US\$209 million vs US\$-823 million), this is mainly due to: i) the period of payment of imports has been fitted with the availability of income generated by the Company (direct financing with suppliers), and iii) the recovery of the tax credit of the VAT, via the mechanism of Balance in favor of the exporter for S/ 60 million (equivalent to approximately US\$16.2 million).

On the other hand, at the end of 2Q23 there was a Cash Flow from Investment Activities of US\$-129 million versus US\$-150 million in 2Q22, due to the fact that the Company is in the last stage of commissioning the NTR, which causes lower payments for obligations related to investments in Property, Plant and Equipment, mainly destined to the NTR unlike 2Q22.

Likewise, the Cash Flow from Financing Activities went from US\$918 million in 2Q22 to US\$-54 million in 2Q23, mainly due to the fact that in 2Q23 loan repayments are higher than loans received, and purchases are being financed directly with suppliers. Unlike 2Q22 where the loan of US\$750 million was received from the State and S/500 million in Canceling Documents.

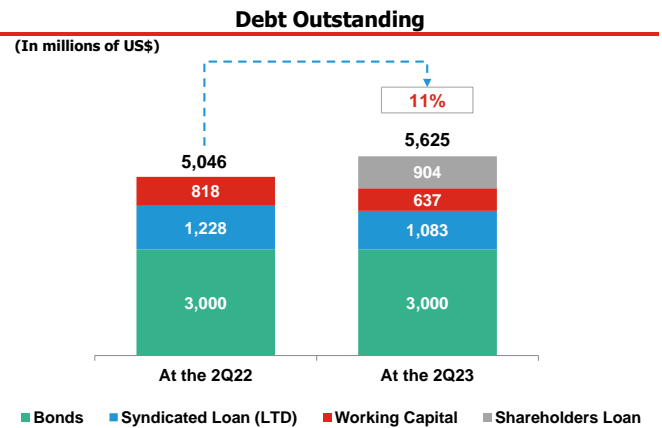
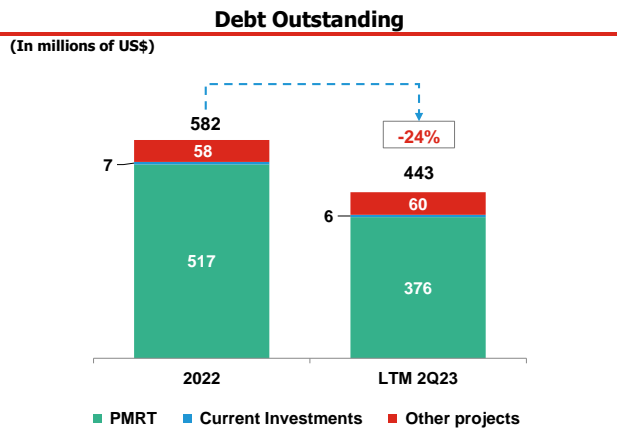
## 1.2.3. BALANCE SHEET

Total Assets as of 2Q23 amounted to US\$9,726 million, 3% higher than 2Q22, and the main variations are due to a lower inventory value, a reduction in Commercial Receivables due to the payment of the debit balance maintained by the General Directorate of Hydrocarbons with PETROPERÚ by the Fuel Price Stabilization Fund (S/ 568MM), the increase in works in progress of Property, Plant and Equipment due to the progress of work of the NTR, and the increase in the VAT tax credit derived from the increase of US\$179 million and the recovery of US\$45 million (equivalent to S/173 million), through the benefit balance mechanism, corresponding to the periods from November 2022 to April 2023.

Regarding CAPEX, in 2Q23 there was an execution of US\$145 million, slightly lower than that executed in the same period of 2022 (US\$284 million). In annual terms, in the last 12 months at the end of June 2023, a total of US\$443 million has been executed, lower than what was executed in 2022 (US\$582 million). The NTR represents 80% of execution in 2Q23 (US\$145 million).

Working Capital as of 2Q23 reached US\$-1,328 million compared to US\$-1,078 million as of 2Q22. The greater negative of Working Capital in relation to 2022 is mainly due to the higher consumption of materials due to the commissioning of the NTR.

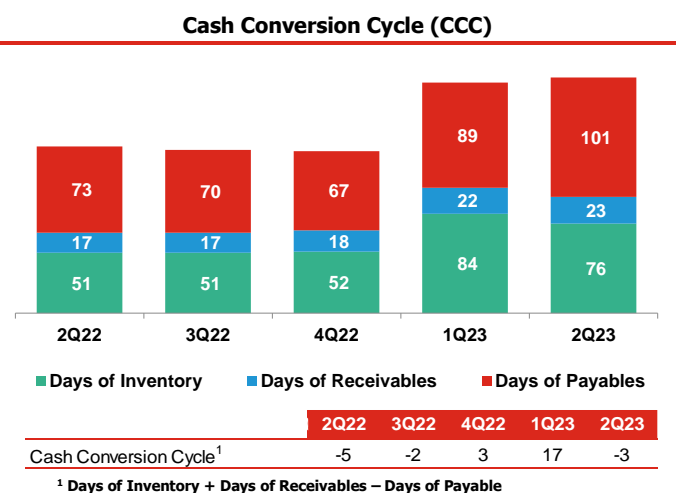
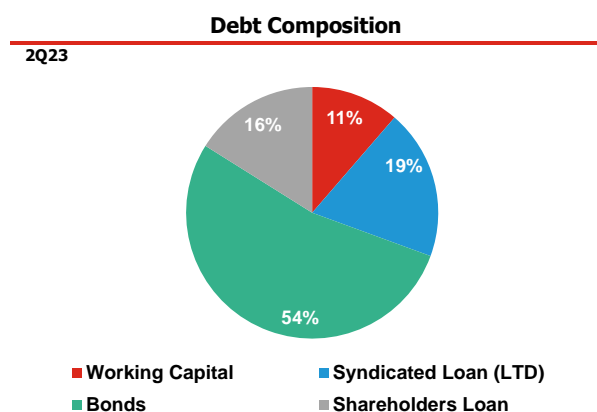
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As of 2Q23, Total Debt is 99% US dollars and 1% in soles. The Modified Duration of the 15-year bond is 6.98 years and 10.49 years for the 30-year bond. It is important to mention that the contract of the issued bonds does not contemplate the obligation to comply with the commitments beyond the delivery of financial information. These bonds do not have specific guarantees. It also includes the US\$740 million shareholder loan.

During 1Q23, it was possible to close the contract with the auditing company to carry out the audit of the 2022 Financial Statements, whose work began the first week of April 2023. Once the date was set, the consent of the bondholders was worked on to postpone the presentation of the Financial Statements until September 30, 2023, and in the request for amendment to the creditors of the syndicated loan with CESCE guarantee. After obtaining the amendment and the consent of the bondholders, work continued on improving the Company's liquidity, through greater transparency and a communication plan that shows the short-term achievements that have been made in order to generate greater confidence among its stakeholders.

To date, the Total Debt is distributed as follows: 55% Bonds, 20% Long-Term Syndicated Loans with CESCE guarantee, 14% Shareholders Loan and 11% Working Capital (the latter does not consider the short-term debt related to the NTR). As of June 30, 2023, US\$216.7 million of the syndicated loan with CESCE guarantee has been amortized.



The CCC in 2Q23 reached -3 days, given that the days of payment to suppliers continue to be long, it continues to leverage with debt to direct suppliers. Accounts payable turnover has increased more than proportionally to accounts receivable turnover, which partly explains the negative CCC.

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## 1.2.4. FINANCIAL INDICATORS

### Ratios

	2020	2021	2022	LTM 2Q23	2Q22	1Q23	2Q23	YoY	QoQ
EBITDA / Financial Expenses	5.8	12.5	-0.7	-2.8	2.9	-1.6	-2.8	-100%	-81%
Debt / Assets	61%	58%	58%	60%	62%	60%	60%	-2pp	0pp
EBITDA / Assets (LTM)	1.8%	3.2%	-1.1%	-5.7%	3.0%	-3.2%	-5.7%	-9pp	-3pp
Debt / EBITDA (LTM)	34x	18x	-54x	-11x	21x	-19x	-11x	-100%	44%
Current Rate	0.5x	0.6x	0.9x	0.6x	0.6x	0.7x	0.6x	-14%	-23%

Note: Financial Expenses only includes financial expenses for short-term credits. Financial expenses derived from long-term loans are capitalized in accordance with the provisions of IAS-23 Borrowing costs.

The Financial Debt includes the State loan according to DU N°010-2022 per State of US\$750 million and approximately US\$108 million in canceling documents plus accrued interest.

The EBITDA/Financial Expenses ratio evaluated in the last twelve months was reduced by less than 100% in 2Q23 compared to the same period in 2022, went from 2.9 to -2.8 mainly due to the reduction in EBITDA impacted mainly by: i) delay in the progressive and gradual implementation of the NTR processing units; ii) lower sales; and iii) higher exports of Fuel Oil from Talara due to the process of starting the NTR, placed at lower prices with respect to the acquisition of the raw material, due to lack of tanking.

Regarding the Financial Debt/Assets ratio, as of 2Q23 it stood similar compared to 2Q22, because financial debt, which includes loans granted by the State, and assets, increased in the same proportion. Considering the above lines regarding EBITDA and Financial Debt, as of 2Q23, the Company has a Financial Debt / EBITDA (LTM) ratio of -11x, less than 100% below 2Q22, this mainly to negative EBITDA (LTM) by more than 100% compared to the same period in 2022.

Finally, at the end of 2Q23 the Liquidity Ratio was slightly reduced compared to 2Q22, due to the lower amount of assets due to the fall in accounts receivable, while current liabilities have not changed significantly compared to the same period of 2022.

## 1.3. OPERATING RESULTS

PETROPERÚ focuses on three business lines, the participation of each business with respect to the total revenue of the Company as of 2Q23 is as follows: 1) refining and commercialization, which represented 99.28%, 2) leasing and sale of certain units, which represented 0.62%, 3) ONP which represented 0.01%, and 4) Block I represented 0.09%.

### 1.3.1. New Talara Refinery (NTR)

It is an engineering, procurement and construction megaproject, which consists of the construction of a new refinery. PETROPERÚ has been carrying out various strategies jointly with the supervising company and in coordination with the project contractors, managing to restart activities in the works associated with the critical path, with which PETROPERÚ began the gradual and progressive start-up tests of the New Refinery Talara on April 12, 2022. In this sense, at the end of June 2023, the NTR registered a comprehensive progress of 98.91%.

#### Engineering, Procurement and Construction (EPC) Contract for the Process Units

Regarding the EPC Contract with Técnicas Reunidas (TR), there is a physical progress as of June 2023 of 99.84%.

The main advances for each component of the service were:

Detailed Engineering: Completed and certified.

Procurement: There is a 100% progress.

Construction: There is a progress of 99.81%.

Commissioning: Progress rate of 97.30%.

#### Auxiliary units and complementary works

The EPC Contract activities in charge of Consortium COBRA-SCL UA & TC have reached a progress rate of 94.17% as of June 2021.

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Engineering: Progress rate of 99.72%.

Procurement: Progress rate of 96.26%.

Construction: Progress rate of 99.67%.

Commissioning: Progress rate of 83.20%.

As part of the gradual and progressive start-up process, in February 2023 the NTR obtained the first samples of low-sulfur gasoline and diesel, for immediate commercialization, through its sales plants and terminals nationwide.

Commissioning and warranty testing of the conversion units (FCC) and deep conversion (FCK) continues, with the expectation of completing this safe start up process in 3Q23.

## Financing

The financing of the NTR is composed, on the one hand, by the issuance of bonds representing US\$3,000 million, of which US\$2,000 million were issued in 2017 (with maturities in 2032 and 2047) and the corresponding US\$1,000 million to the re-tap of the 2047 bond that took place during 1Q21 of which an additional US\$155 million were received for the return of US\$147 million and US\$8 million of interest, and, on the other hand, the financing with CESCE guarantee for US\$1,300 million. To date, different financing alternatives continue to be evaluated to complete the NTR financial closing.

## Local Labor Recruitment

As of 2Q23, the workforce was over 1,200 jobs, including personnel from both Contractors (TR and Cobra-SCL Consortium). Local unskilled labor had a participation of 97.2%, exceeding the minimum established by the EIA (70%).

### 1.3.2. NORPERUANO OIL PIPELINE (ONP)

The pumped crude oil volumes accumulated as of June 2023 are the following:

SECTION	PUMPED VOLUME AT JUNE (KBPd)
SECTION I	1.9
SECTION II	0
ORN	0

During the period January - June 2023, there was a lower volume transported compared to the same period of 2022. On January 02, 2023, the contingency for third parties was registered in the progressive Km 43+106 and Km 43+499. Immediately the Contingency Plan was activated, the definitive repair was executed 100%. From March 31, 2023, to April 04, 2023, the pressurization and line filling operation of Section I was carried out, subsequently, the crude oil transport operation was executed through Section I of the ONP from April 05, 2023, to April 29, 2023. In April, the total scheduled volume was pumped from Station 1 to Station 5. Continue to stop due to the contingencies that have occurred.

In addition, Section II is stopped mainly by low crude inventories in Station 5 and contingency at Km 404+650 (October 22, 2022); as well as the event registered at Km 390+210 (January 19, 2023).

On February 02, 2023, the contingency for third parties was registered in the progressive Km 399+865. The Contingency Plan was immediately activated. The final repair was executed 100%. In Station 5, crude oil pumped through Tranche I has been received during the month of April 2023, increasing its inventories for the next pumping schedule of Section II. In April 2023, no pumping restart of Section II was scheduled.

On the other hand, in May the following events were recorded in this section: Km 400+811 (May 10, 2023), Km 358+835 (May 15, 2023) and Km 392+487 (May 30, 2023), all due to third parties, immediately proceeded to activate the Contingency Plan. In these progressives, the definitive repair was executed 100%.

The North Branch Pipeline (ORN) remains unpumped since February 21, 2020.

The state of the contingencies occurred in 2023, were the following:

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DATE	LOCATION	SITUATION
30.05.2023	Km 392+483 - Section II	<ul style="list-style-type: none"> <li>- Final Repair: Executed (100%)</li> <li>- "Support service for containment activities, recovery of crude oil and preliminary cleaning of the area impacted in the emergency of Km 392 + 487 of Section II of the ONP". Containment barriers were installed in the area.</li> <li>- In revision of the First Response Plan (PPR) to upload it to OEFA's Plus D platform.</li> </ul>
15.05.2023	Km 358+835 - Section II	<ul style="list-style-type: none"> <li>- Final Repair: Executed (100%)</li> <li>- Works are carried out to collect hydrocarbon residues in the area.</li> <li>- In revision of the First Response Plan (PPR) to upload it to OEFA's Plus D platform.</li> </ul>
10.05.2023	Km 400+811 - Section II	<ul style="list-style-type: none"> <li>- Final Repair: Executed (100%)</li> <li>- Authorities of the San Pedro Native Community (Marañón River) request to be included in the hydrocarbon recovery work. He was told that he will coordinate with the Mayor of Tupac Amaru I.</li> <li>- The First Response Plan (PPR) was uploaded to OEFA's Plus D platform.</li> </ul>
02.02.2023	Km 399+865 - Section II	<ul style="list-style-type: none"> <li>- Final Repair: Executed (100%)</li> <li>- Verification of the barriers of control points 0, 1, 2, 3 and 4.</li> <li>- Night guarding is carried out at the temporary collection center for hazardous solid waste.</li> <li>- Custody and surveillance service runs smoothly.</li> </ul>
19.01.2023	Km 390+210 - Section II	<ul style="list-style-type: none"> <li>- Final Repair: Executed (100%)</li> <li>- Securing and sheltering activities are carried out in the area.</li> <li>- Cleaning, control and securing of containment barriers, in the sector of the WAMAK creek and KAYAMAS creek.</li> <li>- Daytime and hazardous waste warehouse custody verification.</li> </ul>
02.01.2023	Km 43+106 / Km 43+499 - Section I	<ul style="list-style-type: none"> <li>- Final Repair: Executed (100%).</li> <li>- On April 10, 2023, the "Service of assurance, control and protection of the areas affected by the crude oil spill at Km 43+190 and Km 43+499 Section I of the ONP" was started.</li> <li>- The following activities are carried out:               <ul style="list-style-type: none"> <li>➢ Control of three (03) containment barriers.</li> <li>➢ Patrolling, surveillance, cleaning and gathering of vegetation at checkpoints.</li> </ul> </li> </ul>

The historical statistics of the contingencies that occurred in the ONP can be seen on the PETROPERÚ website, which is updated when a new contingency arises. See the following link:

<https://oleoducto.petroperu.com.pe/en/contingency-plan/statistics/>

On the other hand, maintenance activities are carried out in compliance with the Annual Maintenance Plan that is prepared according to the recommendations of the Integrity and Reliability area of the ONP. Likewise, compliance with this Plan is also permanently supervised by Supervisory Agency for Investment in Energy and Mining (OSINERGMIN) with the aim of ensuring a permanent, safe and quality hydrocarbon transport service.

Additionally, in order to aspire to a safe and reliable operation of the ONP, the most relevant inspection and monitoring services are:

1. Internal Inspection Service of 16", 24" and 36" DN Pipeline of the ONP, which includes five high-resolution inspection techniques: geometric, inertial, thickness loss (UT), detection of longitudinal and circumferential cracks (UTCD).
2. Air Patrol Service and Topographic Survey with LIDAR of the ONP and ORN.
3. Integral Geotechnical Study of the KM 318 to KM 331 section of the ONP.
4. Topographic and Bathymetric Survey Service in the ONP and ORN (LIDAR, GREEN LIDAR and Multibeam Interferometric Echosounder).
5. Physical Verification and Engineering of the Maintenance of the Right of Way of the ORN and ONP.
6. External and Internal Corrosion Monitoring Service of the ONP.
7. Inspection Service, Quality Control of Pipe Reinforcements and Failure Analysis in the ONP and ORN.
8. General Inspection of the Port Facilities of the Bayóvar Maritime Terminal.
9. General Inspection Service of the Storage Tanks of the ONP and ORN.
10. Pipeline Inspection Service in ONP and ORN Stations.

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11. Update of the Study of Security Risks in the ONP and ORN.
12. Service of Inspection of Electrical Networks and Instrumentation in Stations of the ONP and ORN

Given the continuous attacks suffered by the ONP, the Government, through the Ministry of Energy and Mines (MINEM), considers it pertinent to carry out cross-cutting strategies and proposals for solutions with a multisectoral approach; such as, public interventions that improve the interpersonal relations of the population of the surrounding communities with the operations of hydrocarbon activities (oil corridor) in order to avoid situations (invasions, cuts, attacks, sabotage, takeovers or others) that affect their operation.

For this reason, a working group has been formed to carry out actions to strengthen the Security and Integrity of the ONP. The working group is formed by: Ministry of Energy and Mines, PETROPERÚ, Supervisory Agency for Investment in Energy and Mining (OSINERGMIN), Environmental Evaluation and Control Agency (OEFA) and General Directorate of Captaincies and Coast Guard (DICAPE), Ministry of Defense, MEF, PCM, among others.

### **1.3.3. EXPLORATION AND PRODUCTION**

#### **Block 64**

Through Supreme Decree No. 024-2021-EM approved the assignment of GeoPark's participation in the Block in favor of PETROPERÚ. Thus, since September 2021 PETROPERÚ assumes 100% of the rights and obligations for the exploration and exploitation of hydrocarbons.

Currently, the Environmental Impact Study (EIA) of Development is being prepared with the ERM Consultant. Additionally, the Terms of Reference and Citizen Participation Plan of the Development EIA to be submitted to the authority are under review.

The problem remains regarding the lack of definition regarding whether or not Prior Consultation is required. In this regard, a meeting has been held with SERFOR, pending a meeting with MINCUL.

#### **Block 192**

Since February 28, 2023, PETROPERÚ is the sole operator of Block 192. The activities that PETROPERÚ executes in the field are pre-operational and include road maintenance, waste management, identification of environmental findings of responsibility of previous operators / administrators, attention to environmental events that are generated due to the state of the facilities, rehabilitation of the Andoas Camp to serve the personnel (food, hotels, fumigation), surveillance of the facilities, electricity generation, among others.

#### **Block I**

By Supreme Decree No. 030-2021-EM, published on December 25, 2021, the Temporary License Contract for the Exploitation of Hydrocarbons in Block I was approved. PETROPERÚ assumed the operation and production of hydrocarbons in Block I since December 27, 2021.

PETROPERÚ operates Block I with 11 specialized service contracts and some complementary services are provided by Talara Refinery in order to capitalize on synergies.

At the end of June 2023, PETROPERÚ managed to reach production levels of the order of 487 barrels of oil per day and 3.3 million cubic feet per day of natural gas, ensuring the operational continuity of Block I.

## **2. ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS**

### **2.1. ENVIRONMENTAL MATTERS**

PETROPERÚ frames its environmental management and performance under the strategic concept of generating shared economic value for the Company and its Stakeholders, with corporate responsibility and in permanent search for the sustainability of its businesses, the environments and populations where it operates, under the guidance of the UN Sustainable Development Goals (SDG 2030).

Regarding exploration and exploitation activities, in Block 64, the approval of the Collection Authorizations has been achieved by SERFOR and PRODUCE within the framework of the preparation of the Environmental Impact Study (EIA). To date, the Abandonment Plan for the Term of the Temporary License Contract for Block I is in the process of being prepared.

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In relation to the ONP, in terms of emergency care, it is reported that, in the last quarter, a total of three (03) environmental emergencies have been reported, in addition to the three (03) emergencies reported in the first quarter of 2023 and the sixteen (16) environmental emergencies reported in 2022, in the route of the pipeline of the North Peruvian Pipeline, according to the following detail:

N°	FECHA	PROGRESIVA	TRAMO	ORIGEN	ESTADO
1	21/01/2022	Km 59+131	Section I	Third Parties	Running primary cleanup actions.
2	27/02/2022	Km 609+510	Section II	Third Parties	Concluded, under verification by the Competent Authority
3	22/03/2022	Km 24+320	Section I	Third Parties	Running primary cleanup actions
4	31/03/2022	Km 20+189	Section I	Third Parties	Concluded, under verification by the Competent Authority
5	3/05/2022	Km 184+528	Section I	Third Parties	Concluded, under verification by the Competent Authority
6	23/06/2022	Km 24+259	Section I	Third Parties	Running primary cleanup actions
7	01/07/2022	Km 67+ 240	Section I	Third Parties	Assurance Stage
8	7/07/2022	Km 55+396	Section I	Third Parties	Running primary cleanup actions
9	29/07/2022	Km 235	Section I	Third Parties	Assurance Stage
10	4/09/2022	Km 104+190	Section I	Third Parties	Assurance Stage
11	10/09/2022	Km 177+670	North Branch	In investigation	First response in execution
12	16/09/2022	Km 42+092	Section I	Third Parties	Assurance Stage
13	18/10/2022	Km 285+300	Section I	Site impacted	First Response in execution
14	22/10/2022	Km 404+650	Section II	Third Parties	Concluded, pending visit by Competent Authority
15	22/10/2022	Km 15+476	Section I	Third Parties	Assurance Stage
16	26/12/2022	Km 51+798	Section I	Third Parties	First Response Running
17	2/01/2023	Km 43+106 y Km 43+499	Section I	Third Parties	Assurance Stage
18	18/01/2023	Km 390+184	Section II	Third Parties	Assurance Stage
19	2/02/2023	Km 399+860	Section II	Third Parties	Assurance Stage
20	10/05/2023	Km 400+818	Section II	Third Parties	First Response Running
21	15/05/2023	Km 358+835	Section II	Third Parties	First Response Running
22	30/05/2023	Km 392+483	Section II	Third Parties	First Response Running

Regarding this, PETROPERÚ has been acting in accordance with the emergency response scheme established in current legal regulations and in our Emergency Response Plans reported to the Competent Authority.

Finally, PETROPERÚ reported to date, on the completion of the works at Km 609+510, Km 20+189 and Km 184+528. Also, at Km 404+650, they are in stage 2, waiting for the OEFA view for sampling.

## 2.2. SOCIAL MATTERS

During 2Q23, PETROPERÚ has developed activities that reaffirm its commitment to its main stakeholders through risk management and seeking to contribute, through activities that contribute to local development, the improvement of education and health, the economic reactivation of its communities and the strengthening of initiatives in a joint work with the local authority. provincial and regional.

In relation to education projects, during the month of May 9320 educational packages were delivered for the benefit of students from 27 Educational Institutions of the primary level in Iquitos (2370), Conchan (2800), Oriente Plants (130), Central and South Plants and Terminals (4020). Additionally, in order to contribute to the habit of reading in schoolchildren, 600 books from the Copé publishing house were delivered in June to rural and urban educational institutions in the area of influence of Iquitos Refinery, which benefits more than five thousand primary and secondary students.

With regard to health, in May the Corporate Intervention Program for the Accompaniment of Pregnant Mothers and Families with Children up to 12 months of age was completed through the Strengthening of Community Health Strategies, benefiting 1,147 families (347 families in the area of influence of Conchan Refinery and 800 families in Talara) and managing to promote good care and

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nutrition practices. This program had the technical support of the Baltazar y Nicolás Foundation, a non-profit organization that seeks to promote the bond between the mother or father with their child.

PETROPERÚ is committed to micro-entrepreneurs through the Make Your Business Grow Program, through which, in June, more than 30 entrepreneurs from the area of influence of Conchan Refinery, were trained in financial, logistics and negotiation. This program seeks to repower their businesses through a permanent accompaniment that allows them to take their ventures to the next level, for their own benefit and that of their immediate environment. Additionally, they will receive personalized technical assistance.

In June, the Musical Training Program began, which seeks to promote artistic abilities among high school students from five educational institutions in Villa El Salvador, belonging to the area of influence of Conchan Refinery. The program includes face-to-face classes to learn various musical instruments, such as violin, double bass, cello, among others.

During the second quarter, in Talara, the environmental contest "Mi Cole Recycles" was developed, carried out in coordination with the Provincial Municipality of Talara. This initiative seeks greater environmental awareness in the student population and the improvement of the management and final disposal of usable solid waste, in order to take action against the problems that afflict that city. The Company delivered more than 60 state-of-the-art laptops to the 09 schools that had outstanding participation, evaluating the creativity and innovation of the proposals for recycling stations, as well as the collection of usable solid waste.

## 2.3. CORPORATE GOVERNANCE

On April 05, 2023, Mr. Edmundo Raúl Antonio Lizarzaburu Bolaños resigned from the Board of Directors, while on April 24, 2023, Mr. Carlos Edgar Vives Suárez and Víctor Murillo Huamán submitted their resignation. Likewise, the General Shareholders' Meeting incorporated Ms. Brigitt Bruna Bencich Aguilar to the Board of Directors, as of April 24, 2023, Mr. Pedro Augusto Méndez Milla and Mr. Artemio Reátegui Soria, as of April 26, 2023 and Mr. Pedro Oswaldo Chira Fernández was appointed as Chairman of the Board as of April 26, 2023. In addition, the election of Mr. Antonio Leonardo Manosalva Alarcón as workers' representative on the Board of Directors was formalized as of May 12, 2023.

Considering the changes in the Board of Directors, through Board Agreement No. 068-2023-PP of June 08, 2023, the appointment of the members in the committees of Good Practices of Corporate Governance, Administration, Audit and Control, and Innovation and Business Development was approved.

At its meeting on June 08, 2023, the Board of Directors approved the Biennial Corporate Governance Report 2021 – 2022, which sets out the strengths and limitations of PETROPERÚ's corporate governance in both periods.

## 3. COPORATIVE ACTIONS

In January 2023, the international specialized consulting service "PETROPERU Restructuring Plan" was initiated, in compliance with Emergency Decree No. 023-2022 of October 2022 carried out by the Arthur D. Little – Columbus HB Latam Consortium (hereinafter "the Consortium"). At the end of June 2023, the Consortium has been working hand in hand with the management of PETROPERÚ and so on 08.04.2023 it was granted conformity to the First Report: Diagnosis and Integral Proposal corresponding to the Deliverable of Phase No. 1 of the Restructuring Plan. On 03.05.2023 the Consortium presented the final version of the First Report: Diagnosis and Comprehensive Proposal, adjusted to the comments of the Board. On 02.05.2023 the Consortium presented the preliminary proposal of the Second Report: Strengthening Governance I - Proposal for Modification of Corporate Documents; on 10.06.2023 and 28.06.2023 the Consortium presented the updated versions of the Second Report – Governance I. On 29.05.2023 the Consortium presented the preliminary proposals of the Second Report: Strengthening Governance II, Third Report: Financial Sustainability, Fourth Report: Sustainability of Operations and Fifth Report: Results Implementation Plan; from June 13 to 15 and from June 28 to July 3, the Consultant presented the updated versions and continues to process the resolution of the additional comments submitted.

Regarding the ESG matters, PETROPERU has been developing three activities, which are in charge of the S&P Global Group, which seek to make the company visible in the ESG standard locally and internationally:

ESG Score: is an objective (quantitative) assessment of a company's performance based on environmental, social and governance criteria. In March 2023, an ESG score of 28 was obtained in the Corporate Sustainability Assessment (CSA). Preliminary steps are currently underway to start CSA 2023 for the second half of 2023.



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TCFD Report: is the Task Force on Climate-Related Financial Disclosures. S&P Global has prepared the estimate of political and market risks. It is estimated to conclude with the calculation of physical risks in the middle of the third quarter of 2023.

Sustainability Strategy and Plan with a focus on ESG: specialized support on ESG issues to develop the ESG strategy and sustainability plan. During the first half of the year S&P Global has held two Workshops in which initiatives focused on reducing CO2 emissions have been presented, which would have a positive impact in the short term (Quick Wins). The service is expected to conclude at third quarter of 2023.

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## 4. FINANCIAL SUMMARY

### 4.1. INCOME STATEMENT

In Millions of US\$	2020	2021	2022	LTM 2Q23	2Q22	1Q23	2Q23	YoY <sup>(1)</sup>	QoQ <sup>(2)</sup>
Domestic Sales	2,818	3,801	4,906	3,864	1,405	808	813	-42%	1%
Exports	228	356	628	537	189	89	122	-36%	37%
Other Revenue	76	62	56	60	13	15	15	12%	4%
<b>Total Revenue</b>	<b>3,122</b>	<b>4,218</b>	<b>5,591</b>	<b>4,461</b>	<b>1,607</b>	<b>911</b>	<b>949</b>	<b>-41%</b>	<b>4%</b>
COGS	-2,862	-3,764	-5,540	-4,930	-1,438	-1,002	-1,082	-25%	8%
COGS (% of Revenue)	92%	89%	99%	111%	-89%	-110%	-114%	25pp	4pp
<b>Gross Profit</b>	<b>259</b>	<b>454</b>	<b>50</b>	<b>-469</b>	<b>169</b>	<b>-91</b>	<b>-133</b>	<b>-100%</b>	<b>47%</b>
Gross Margin (%)	8%	11%	1%	-11%	11%	-10%	-14%	-25pp	-4pp
SG&A	-259	-194	-264	-241	-65	-45	-58	-10%	29%
SG&A (% of Revenue)	8%	5%	5%	5%	4%	5%	6%	2pp	1pp
<b>Operating Profit</b>	<b>0.2</b>	<b>260</b>	<b>-214</b>	<b>-709</b>	<b>104</b>	<b>-136</b>	<b>-191</b>	<b>-100%</b>	<b>-41%</b>
Operating Margin (%)	0.01%	6%	-4%	-16%	6%	-15%	-20%	-27pp	-5pp
<b>Net Profit</b>	<b>-67</b>	<b>68</b>	<b>-280</b>	<b>-775</b>	<b>8</b>	<b>-158</b>	<b>-222</b>	<b>-100%</b>	<b>-41%</b>
Net Profit Margin (%)	-2%	2%	-5%	-17%	0.5%	-17%	-23%	-24pp	-6pp
<b>Adj. EBITDA</b>	<b>131</b>	<b>281</b>	<b>-106</b>	<b>-558</b>	<b>122</b>	<b>-104</b>	<b>-121</b>	<b>-100%</b>	<b>-17%</b>
Adj. EBITDA Margin (%)	4%	7%	-2%	-13%	8%	-11%	-13%	-20pp	-1pp
<b>Adj. EBITDA (LTM)</b>	<b>131</b>	<b>281</b>	<b>-106</b>	<b>-558</b>	<b>286</b>	<b>-316</b>	<b>-558</b>	<b>-100%</b>	<b>-77%</b>

(1) Year-over-year (YoY): Compare financial results with those of the same period in the previous year.

(2) Quarter-on-quarter (QoQ): Compare financial results with those of the same period in the previous quarter.

### 4.2. CASH FLOW STATEMENT

In Millions of US\$	2020	2021	2022	LTM 2Q23	2Q22	1Q23	2Q23	YoY	QoQ
<b>Initial Balance</b>	<b>376</b>	<b>85</b>	<b>240</b>	<b>32</b>	<b>89</b>	<b>89</b>	<b>111</b>	<b>25%</b>	<b>26%</b>
Operating Cash Flow	455	363	-1,261	-210	-823	27	209	+100%	-100%
Capital Expenditures	-962	-825	-656	-564	-150	-109	-129	14%	-18%
Cash Flow from Financing	224	629	1,774	886	918	102	-54	-100%	-100%
Changes in the Exchange Rate	-8	-12	-8	-3	-2	3	3	+100%	31%
<b>Final Balance</b>	<b>85</b>	<b>240</b>	<b>89</b>	<b>141</b>	<b>32</b>	<b>111</b>	<b>141</b>	<b>+100%</b>	<b>27%</b>

Final Balance is affected by the exchange rate fluctuation on cash.

### 4.3. BALANCE SHEET

In Millions of US\$	2020	2021	2022	AS OF 2Q23	2Q22	1Q23	2Q23	YoY	QoQ
Current Assets	951	1,459	2,107	1,667	1,982	1,859	1,667	-16%	-10%
Non-Current Assets	6,308	7,227	7,848	8,059	7,500	7,983	8,059	7%	1%
<b>Total Assets</b>	<b>7,260</b>	<b>8,686</b>	<b>9,955</b>	<b>9,726</b>	<b>9,482</b>	<b>9,842</b>	<b>9,726</b>	<b>3%</b>	<b>-1%</b>
Short Term Debt	1,197	825	1,002	1,629	1,804	1,400	1,629	-10%	16%
Long Term Debt	3,218	4,241	4,762	4,237	4,083	4,536	4,237	4%	-7%
Total Debt	4,414	5,065	5,765	5,866	5,888	5,936	5,866	0%	-1%
Other Liabilities	1,004	1,711	2,298	1,885	1,572	1,946	1,885	20%	-3%
<b>Total Liabilities</b>	<b>5,419</b>	<b>6,777</b>	<b>7,312</b>	<b>7,453</b>	<b>7,459</b>	<b>7,357</b>	<b>7,453</b>	<b>-0.1%</b>	<b>1%</b>
Stockholders' Equity	1,841	1,909	2,643	2,273	2,023	2,485	2,273	12%	-9%
<b>Total Capitalization (Debt + Equity)</b>	<b>7,260</b>	<b>8,686</b>	<b>9,955</b>	<b>9,726</b>	<b>9,482</b>	<b>9,842</b>	<b>9,726</b>	<b>3%</b>	<b>-1%</b>
Current Liabilities	2,083	2,301	2,261	2,995	3,060	2,562	2,995	-2%	17%
Working Capital	-1,132	-843	-154	-1,328	-1,078	-703	-1,328	-23%	-89%
Debt / EBITDA (LTM)	34x	18x	-54x	-11x	21x	-19x	-11x	-100%	44%