



AHMSA Announces Second Quarter 2021 Results

Monclova, Coahuila – July 28th, 2021 - Altos Hornos de México, S.A.B. de C.V. and Subsidiaries (“AHMSA” or “the Company”) (BMV: AHMSA) reported financial results for the Second Quarter ended June 30, 2021 (2Q 2021). Financial and operating figures included in this report are unaudited and are based on AHMSA’s operating figures and financial statements, in accordance with International Financial Reporting Standards (IFRS), and are expressed in U.S. dollars (US\$) and metric tons (MT), unless otherwise indicated.

2Q 2021 Highlights

- **Adjusted EBITDA** was US\$ 114.5 million, a 276.9% increase compared to US\$ (64.7) million in 2Q 2020.
- **Adjusted EBITDA** for the **Steel Segment** was US\$ 125.2 million, a 423.5% increase compared to US\$ (38.7) million in 2Q 2020. This result is explained by the following:
 - *Net Sales grew 103.7% compared to 2Q 2020, driven by better market prices.*
 - *Average price per ton increased by 106.1%, due to a strengthening of the steel industry, which absorbed a 1.3% decrease in steel shipments.*
 - *Cost of sales increased by 45%, due to higher costs and consumption of imported raw material.*
- **Adjusted EBITDA** for the **Steam Coal Segment** is reported as a loss of US\$ (6.2) million, compared to a loss of US\$ (23.8) million in 2Q 2020.

IR Contacts:

In Mexico

Luis Guillermo Valdés Portales

Director of Financial Planning

Altos Hornos de México, S.A.B. de C.V.

Tel: 52 (866) 649-3366 | plan_financiera@gan.com.mx

Financial Highlights

	2Q 2021	2Q 2020	%Var
<i>Steel Segment</i>			
Sales volume (thousands of MT)			
Flat products	419,757	425,291	(1.3)
Coated products	22,479	21,831	3.0
Structural shapes	512	1,559	(67.2)
Steel slabs	26	65	(60.0)
Total volume of shipments	442,774	448,746	(1.3)
Average sales price (US\$ per MT)			
	1,210	587	106.1
<i>Steel financial highlights (thousands of US\$)</i>			
Net sales	560,501	275,188	103.7
Cost of sales	406,933	280,707	45.0
Depreciation	28,752	32,690	(12.0)
Operating costs	26,964	10,131	166.2
Operating (loss) profit	97,851	(48,340)	302.4
EBITDA			
	131,422	(29,147)	550.9
Currency fluctuation	(6,249)	(9,550)	34.6
Adjusted EBITDA	125,173	(38,697)	423.5
<i>Steam Coal Segment</i>			
Sales volume (thousands of MT)			
	0	406	(100.0)
Average sales price (US\$ per MT)			
	0	37	(100.0)
<i>Steam coal financial highlights (thousands of US\$)</i>			
Net sales	261	15,150	(98.3)
Cost of sales	4,564	33,668	(86.4)
Depreciation	5,577	6,121	(8.9)
Operating costs	2,685	(84)	3,281.7
Operating (loss) profit	(12,565)	(120,315)	89.6
EBITDA			
	(6,238)	(21,217)	70.6
Currency fluctuation	0	(2,540)	100.0
Adjusted EBITDA	(6,238)	(23,757)	73.7

Consolidated Financial Results

	2Q 2021	2Q 2020	Var %
Net Sales (thousands of US\$)	573,384	297,268	92.9
Cost of sales	425,276	322,932	31.7
Depreciation	34,274	40,089	(14.5)
SG&A	29,385	26,996	8.8
Other (income) expenses	3,742	(16,430)	122.8
Operating income	80,707	(172,080)	146.9
EBITDA	120,767	(52,653)	329.4
Currency fluctuation	(6,249)	(12,090)	48.3
Adjusted EBITDA	114,518	(64,743)	276.9

Consolidated net sales for 2Q 2021 were US\$ 573.4 million, a 92.9% increase compared to 2Q 2020, as a result of an increase in the average price per MT of steel, due to a strengthening of the steel industry, which outweighed effects of a lower sales volume and the the cancellation of contracts for the supply of steam coal to CFE.

In 2Q 2021, **cost of sales** totaled US\$ 425.3 million, an increase of US\$ 102.3 million (31.3%) compared to 2Q 2020. This impact on the cost of sales was primarily due to an increased consumption of imported raw materials, and the closing of operations in the Steam Coal segment.

Selling, general and administrative expenses (SG&A) for 2Q 2021 represented 5.1% of net sales, an increase of US\$ 2.4 million compared to 2Q 2020. This increase was principally due to the annual increase in salaries and wages.

As a result, the Company reported an **operating income** of US\$ 80.7 million in 2Q 2021, an increase of US\$ 252.8 million compared with an operating loss reported for 2Q 2020.

Steel Segment

	2Q 2020	2Q 2019	Var %
Net Sales (thousands of US\$)	560,501	275,188	103.7
Cost of sales	406,933	280,707	45.0
Depreciation	28,752	32,690	(12.0)
SG&A	24,059	23,063	4.3
Other (income) expenses	2,905	(12,933)	122.5
Operating income	97,851	(48,340)	302.4
EBITDA	131,422	(29,147)	550.9
Currency fluctuation	(6,249)	(9,550)	34.6
Adjusted EBITDA	125,173	(38,697)	423.5

Steel segment net sales for 2Q 2021 were US\$ 560.5 million, a 103.7% increase from those of 2Q 2020. This increase was the result of better market conditions, which resulted in an increase of our average price per MT of steel of US\$ 623/MT (106.1%), offsetting a 1.3% decrease of steel shipments.

In 2Q 2021, **cost of sales** reached US\$ 406.9 million, an increase of US\$ 126.2 million (45.0%), compared to 2Q 2020. The impact on the cost of sales was primarily due to an increased consumption of imported raw materials, such as coke, pellet, scrap and iron ores.

Selling, general and administration expenses (SG&A) for 2Q 2021 reached US\$ 24.1 million, representing 4.3% of net sales, an increase of US\$ 1.0 million compared to 2Q 2020. This result was mainly due to the annual increase in salaries and wages.

As a result of the aforementioned, the steel segment reported an **operating income** of US\$ 97.9 million in 2Q 2021, a US\$ 146.2 million increase versus the operating loss reported in 2Q 2020.

As part of the Company's vertical integration, mineral production for our own internal demand was as follows:

Product (in MT)	2Q 2021	2Q 2020	% Var
Iron Ore	358,092	560,645	(36.1)
Metallurgical Coal	77,869	62,334	24.9

Steam Coal Segment

	2Q 2021	2Q 2020	% Var
Net Sales (thousands of US\$)	261	15,150	(98.3)
Cost of sales	4,564	33,668	(86.4)
Depreciation	5,577	6,121	(8.9)
SG&A	1,935	2,513	(23.0)
Other (income) expenses	750	(2,598)	128.9
Operating income	(12,565)	(120,315)	89.6
EBITDA	(6,238)	(21,217)	70.6
Currency fluctuation	0	(2,540)	100.0
Adjusted EBITDA	(6,238)	(23,757)	73.7

Steam Coal segment net sales for 2Q 2021 were US\$ 0.3 million, a 98.3% decrease compared to 2Q 2020, affected by the cancellation of contracts for the supply of steam coal by CFE.

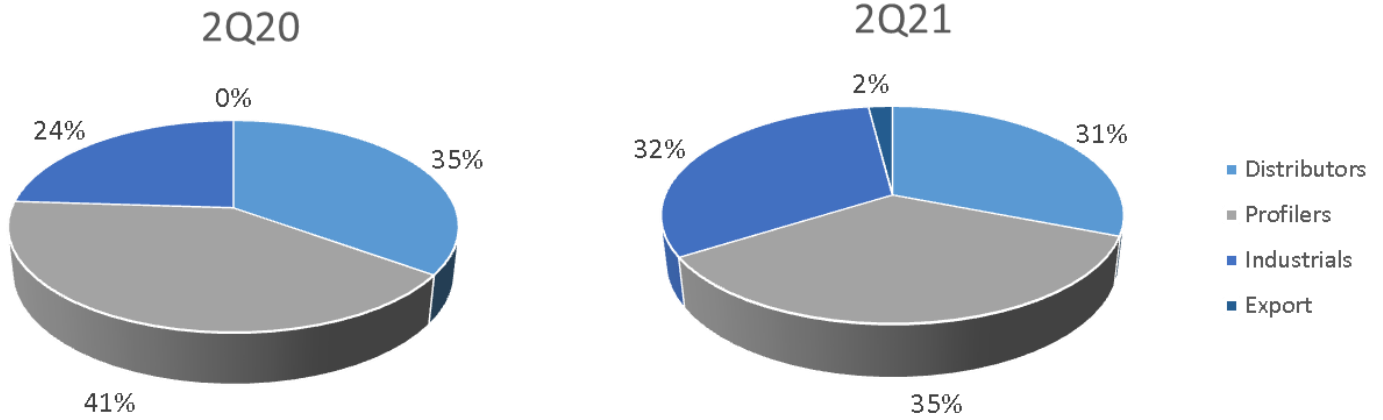
In 2Q 2021, **cost of sales** was US\$ 4.6 million, a decrease of US\$ 0.5 million compared to 2Q 2020. This result was mainly driven by the suspension of productive activities in the Steam Coal Segment.

Selling, general and administrative expenses (SG&A) in 2Q 2021 represented 740.8% of net sales, reaching US\$ 1.9 million. This represented a decline of US\$ 0.6 million compared to 2Q 2020, mainly due to lower payroll expenses.

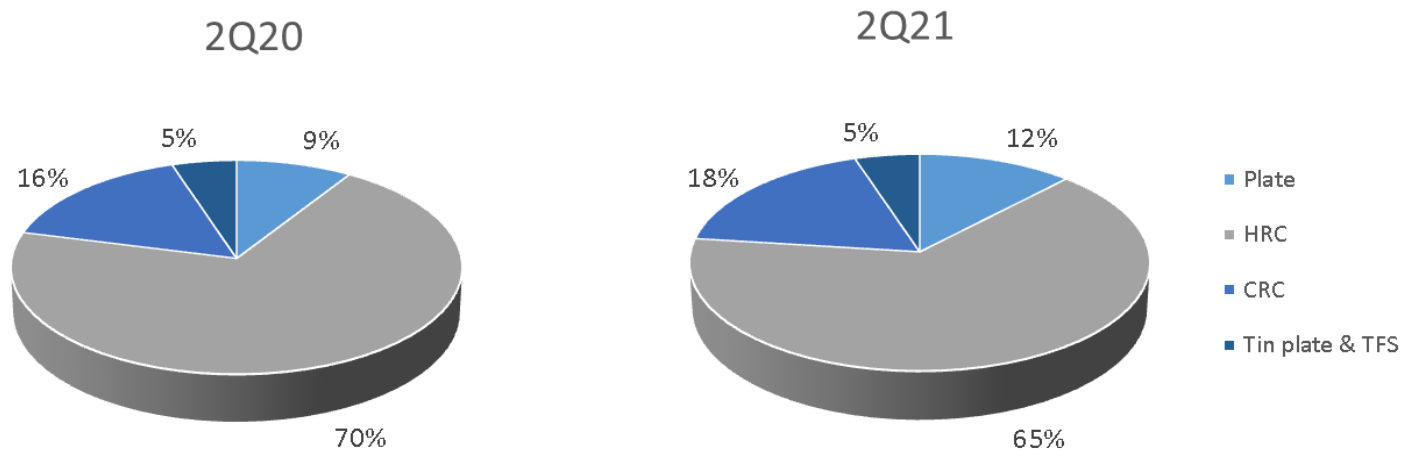
As a result of the above, **operating loss** for the steam coal segment during 2Q 2021 was US\$ (12.6) million, a decrease of US\$ 107.8 million compared with the loss registered in 2Q 2020.

Sales Analysis of Steel Segment

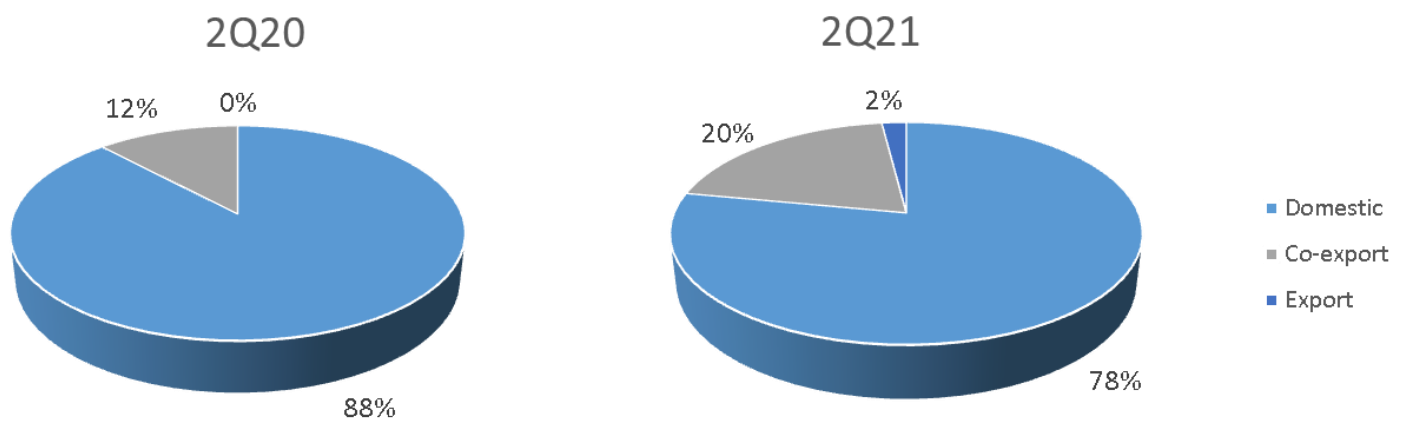
By Client Type:



By Product Type:



By Market:

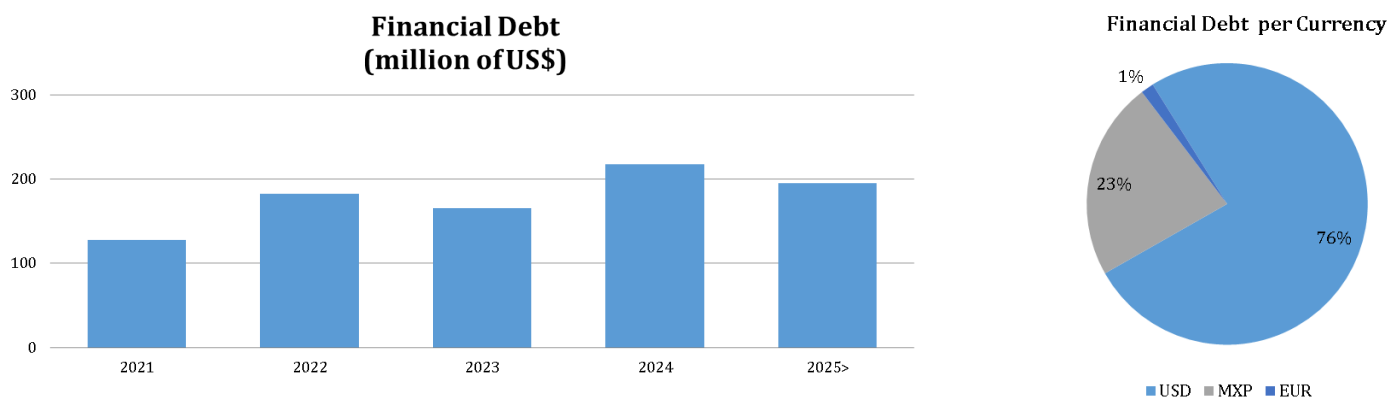


Financial Debt

As of June 30th 2021, financial debt was US\$ 837.9 million, a 6.1% decrease compared to the US\$ 892.0 million reported at the close of December 2020. Of this figure, US\$ 674.9 million (81%) corresponded to bank debt, and US\$ 163.0 million (19%) to financial and capital leases.

- In April 2021, MINOSA entered into a 8 years credit restructuring agreement of the current debt with Almacenadora and Banca Afirme S.A. de C.V. at an annual interest rate of TIIE plus 3.5%. 60% of the debt shall be paid through montly payments as of April 2021 and the remaining 40% shall be paid in March 2029.
- In June 2021, MINOSA and AHMSA entered into a stand still agreement with Caterpillar Crédito, whereby the Company will continue paying the current financial and capital leases, and the overdue account shall be paid in 6 monthly payments starting in February 2022.

Financial Debt Profile



* This chart does not consider the early maturity of credits.

CAPEX

Capital Expenditures as of the 2Q 2021 were US\$ 4.7 million, a 55.5% decrease compared to the capital expenditures executed as of 2Q 2020. This figure includes the application of results from mining exploration expenses incurred to date. The main investments carried out during this period included those for the modernization and optimization processes, as well as technological updates and development of mines.

2Q20 Shareholder Composition

Shareholder	# of Shares	% Ownership
Grupo Acerero del Norte	302,370,249	64%
Board & Management	8,653,920	2%
Float	160,453,591	34%

About AHMSA

The Company was founded in 1942 and began operations in 1944. In December 1991, the Company was privatized and Grupo Acerero del Norte, S.A. de C.V. (GAN) assumed control. In December 1995, GAN incorporated into AHMSA the iron ore and coal mines to convert AHMSA into an integrated steel producer in Mexico with a nominal capacity of 3.8 million MT of liquid steel per year. Since 2007, it has managed the *Fénix* Project, the most ambitious investment program in the Company's history aimed at increasing installed capacity by at least 40% and enabling AHMSA to surpass 5 million MT of liquid steel per year following the incorporation of its new electric arc furnace. With this new equipment, AHMSA also expanded its ranges of steel and increased specifications, which allows the Company to enter new market niches.

In 2020, AHMSA held 8% share of the domestic steel market, 15% of the domestic market for flat products and 2% of exports from Mexico of finished steel products. The corporate headquarters and steel mills have an area of approximately 1,200 hectares and is located in Monclova, Coahuila de Zaragoza, 248 km from the U.S. border.

Forward-looking statements:

The information set forth in this presentation contains "forward-looking statements" within the meaning of applicable Mexican securities legislation and the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements") including but not limited to projections of revenues or losses, plans and objectives for future operations, products or services, and statements relating to future economic performance. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause AHMSA's actual results to differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include but are not limited to regional, national or global economic, business, market and regulatory conditions and the following: (i) AHMSA's ability to service its debt, including the outstanding non-transferable rights of each recognized creditor in the suspension of payments proceeding to receive certain payments; (ii) competition and loss of market shares; (iii) changes in AHMSA's relationships with customers and suppliers; (iv) increases in raw material costs or interruptions in supply; (v) declines in, and volatility affecting, global prices of steel; (vi) the existence or termination of free trade agreements, such as the North American Free Trade Agreement; (vii) foreign currency exchange fluctuations; (viii) the inherently dangerous nature of mining; (ix) work stoppages, strikes or other labor disputes; (x) changes in Mexican economic policy, as well as currency instability; (xi) inaccuracies in AHMSA's estimates of economically recoverable coal reserves; and (xii) AHMSA's dependence on certain raw materials.

The financial and operating projections, as well as estimates of assets, are based solely on the assumptions developed by AHMSA that it believes are reasonable based upon information available to AHMSA as of the date hereof. All projections and estimates are subject to material uncertainties, and should not be viewed as a prediction or an assurance of actual future performance. The validity and accuracy of AHMSA's projections will depend upon unpredictable future events, many of which are beyond AHMSA's control and, accordingly, no assurance can be given that AHMSA's assumptions will prove true or that its projected results will be achieved.

Non-GAAP Financial Measures:

This presentation provides information regarding EBITDA and Adjusted EBITDA. EBITDA and Adjusted EBITDA are not recognized terms or measures of financial performance under U.S. GAAP or IFRS and do not purport to be and should not be considered as alternatives to net income, as determined on a consolidated basis in accordance with IFRS, as indicators of AHMSA's operating performance or as net resources generated by operating activities as a measure of AHMSA's liquidity. AHMSA includes EBITDA and Adjusted EBITDA because it believes that they enhance the understanding of AHMSA's financial performance and its ability to satisfy principal and interest obligations with respect to its indebtedness as well as to fund capital expenditures and working capital requirements.

Exchange Rate disclaimer

This document includes certain exchange rate conversions from Mexican Pesos to U.S. Dollars, only for convenience of the user. The exchange rate used for the purposes of this translation is, for accounts related to the Income or Cash Flow statements, the average of the Official Exchange Rates published by Banco de Mexico each day during the months and the years ended, and the last day of each period for accounts related to the Balance Sheet.

Balance Sheet (thousands of US\$)

	June 2021	December 2020
ASSETS		
Cash and cash equivalents	18,624	13,434
Restricted cash	383	1,227
Clients, net	168,538	74,844
Due from related parties, net	14,880	14,796
Other accounts receivable, net	116,616	118,028
Inventories, net	256,819	186,635
Prepaid expenses	8,208	6,144
Total Current Assets	584,066	415,109
Due from related parties, net	24,781	24,575
Other accounts receivable, net	1,745	1,858
Guaranty deposits	23,213	20,083
Investments in shares of associates or joint ventures	2,589	2,887
Property, plant and equipment, net	1,648,040	1,720,341
Deferred tax	0	0
Intangible assets, net	90,798	91,128
Other assets, net	20,028	23,015
Total Non-Current Assets	1,811,193	1,883,886
TOTAL ASSETS	2,395,259	2,298,995
LIABILITIES		
Financial liabilities	776,986	782,816
Suppliers	647,343	701,055
Taxes payable	232,434	162,317
Due to related parties	3,859	3,589
Liabilities from SP Restructuring	41,630	42,150
Advances from customers	101,804	102,247
Other payables and provisions	297,687	262,227
Total Current Liabilities	2,101,743	2,056,400
Financial liabilities	244,126	108,112
Liabilities from SP restructure	0	0
Employee retirement obligations	450,778	435,207
Other payables and provisions	204,873	205,036
Deferred income taxes	813	807
Total long-term liabilities	900,589	749,162
TOTAL LIABILITIES	3,002,332	2,805,562
SHAREHOLDERS' EQUITY		
Capital stock	689,309	684,264
Retained earnings	(1,299,426)	(1,200,636)
Other comprehensive income concepts	(24,206)	(22,884)
Total controlling interest	(634,322)	(539,256)
Non-controlling interest	27,249	32,689
TOTAL SHAREHOLDERS' EQUITY	(607,073)	(506,567)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,395,259	2,298,995

Income Statement (thousands of US\$)

	2Q 2021	2Q 2020
Net Sales	573,384	297,268
Cost of Sales	459,550	363,021
GROSS PROFIT (LOSS)	113,834	(65,753)
Selling, general and administrative expenses	29,385	26,996
Other Expenses, net	3,742	(16,430)
Decaying of Thermal Coal Segment	0	95,761
OPERATING INCOME (LOSS)	80,707	(172,080)
Financial Expenses	69,551	65,901
Financial Products	(894)	(766)
Currency Fluctuation	(26,677)	(13,039)
Investments in shares of associates or joint ventures	116	516
INCOME (LOSS) BEFORE INCOME TAXES	38,611	(224,692)
Income Taxes	432	(37,854)
INCOME (LOSS) FOR THE PERIOD	38,179	(186,838)
EBITDA	120,767	(52,653)

Statement of Cash Flow (thousands of US\$)

	Jan-Jun 2021	Jan-Jun 2020
Profit (loss) net	(93,068)	(583,409)
Depreciation and amortization	70,076	89,959
Equity in income of associated and joint ventures	313	434
Impairment of assets	0	87,257
Provisions	(233)	8,886
Loss on sales of property, plant and equipment, net	0	(28,259)
Low of sales of property, plant and equipment, net	4,930	0
Interest income	(1,420)	(1,746)
Currency fluctuation, Profit (loss)	116,394	108,436
Interest expense	(3,671)	143,531
	<u>93,321</u>	<u>(174,912)</u>
Trade accounts receivable, net	(91,945)	22,528
Due from related parties, net	1	33
Other short and long-term accounts receivable, net	2,577	(7,910)
Inventories, net	(67,553)	55,115
Advance payments	(4,049)	2,871
Suppliers	(44,275)	114,077
Taxes payable	55,698	31,181
Due to related parties	240	(2,295)
Other payables and provisions	(8,611)	45,936
Advances from customers	(1,187)	(15,126)
Employee retirement obligations, net	(9,225)	(12,049)
Other long term payables and provisions	0	0
Income tax (paid) recovered	(1,089)	(1,913)
Interest expenses paid	(2,479)	(4,435)
Interest income received	797	786
	<u>(171,101)</u>	<u>228,798</u>
Net cash flow provided by operating activities	<u>(77,779)</u>	<u>53,887</u>
Additions to property, plant and equipment	(4,672)	(10,503)
Cash provided by sales of property, plant and equipment	11,941	54,106
Investment in shares of associated companies	0	(0)
Guaranty deposits	(2,926)	9,889
Interest received	622	932
Restricted cash	837	12,760
Other assets	4,369	2,848
Purchase of equity of Non-controlling interest	(218)	9
Intangible assets	(1,012)	(3,216)
Net cash flow from financing activities	<u>8,941</u>	<u>66,826</u>
Financing debt	156,672	22,999
Financial debt paid	(33,050)	(97,303)
Payment released of lifting of Suspension of Payments	(815)	(12,913)
Interest paid	(35,438)	(56,478)
Revolving credit	142	0
Other payables and provisions	(5,912)	0
Net cash flow from financing activities	<u>81,599</u>	<u>(143,695)</u>
Increase (decrease) in cash and cash equivalents	<u>12,760</u>	<u>(22,982)</u>
Adjustments to cash flow due to exchange rate fluctuations	(7,765)	18,819
Beginning of year	<u>13,276</u>	<u>15,200</u>
End of period	<u>18,272</u>	<u>11,037</u>

Balance Sheet (thousands of PS\$)

	June 2021	December 2020
ASSETS		
Cash and cash equivalents	368,811	267,981
Restricted cash	7,578	24,471
Clients, net	3,337,498	1,493,050
Due from related parties, net	294,655	295,164
Other accounts receivable, net	2,309,303	2,354,511
Inventories, net	5,085,704	3,723,130
Prepaid expenses	162,531	122,574
Total Current Assets	11,566,079	8,280,881
Due from related parties, net	490,725	490,245
Other accounts receivable, net	34,548	37,057
Guaranty deposits	459,684	400,632
Investments in shares of associates or joint ventures	51,265	57,584
Property, plant and equipment, net	32,635,642	34,318,567
Deferred taxes	0	0
Intangible assets, net	1,798,044	1,817,882
Other assets, net	396,602	459,114
Total Non-Current Assets	35,866,510	37,581,081
TOTAL ASSETS	47,432,590	45,861,962
LIABILITIES		
Financial liabilities	15,386,414	15,616,156
Suppliers	12,819,131	13,985,135
Taxes payable	4,602,819	3,238,004
Due to related parties	76,423	71,596
Liabilities from SP Restructuring	824,389	840,847
Due to related parties	2,016,000	2,039,699
Other payables and provisions	5,895,005	5,231,078
Total Current Liabilities	41,620,181	41,022,515
Financial liabilities	4,834,355	2,156,687
Liabilities from SP restructure	0	0
Employee retirement obligations	8,926,619	8,681,823
Other payables and provisions	4,057,031	4,090,199
Deferred income taxes	16,096	16,096
Total long-term liabilities	17,834,101	14,944,805
TOTAL LIABILITIES	59,454,282	55,967,320
SHAREHOLDERS' EQUITY		
Capital stock	13,650,179	13,650,179
Retained earnings	(25,732,134)	(23,951,137)
Other comprehensive income concepts	(479,336)	(456,501)
Total controlling interest	(12,561,291)	(10,757,459)
Non-controlling interest	539,599	652,100
TOTAL SHAREHOLDERS' EQUITY	(12,021,692)	(10,105,359)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	47,432,590	45,861,962

Income Statement (thousands of PS\$)

	2Q 2021	2Q 2020
Net Sales	11,494,982	6,959,373
Cost of Sales	9,213,260	8,467,106
GROSS PROFIT (LOSS)	2,281,722	(1,507,733)
Selling, general and administrative expenses	589,129	625,147
Other Expenses, net	74,998	(366,312)
Decaying of Thermal Coal Segment	0	2,132,523
OPERATING INCOME (LOSS)	1,617,595	(3,899,091)
Financial Expenses	1,394,889	1,509,512
Financial Products	(17,916)	(17,833)
Currency Fluctuation	(536,063)	(319,291)
Investments in shares of associates or joint ventures	2,334	12,542
INCOME (LOSS) BEFORE INCOME TAXES	774,349	(5,084,022)
Income Taxes	8,668	(866,968)
INCOME (LOSS) FOR THE PERIOD	765,681	(4,217,054)
EBITDA	2,420,815	(1,197,048)

Statement of Cash Flow (thousands of Ps\$)

	Jan-Jun 2021	Jan-Jun 2020
Profit (loss) net	(1,878,549)	(12,536,461)
Depreciation and amortization	1,414,469	1,943,939
Equity in income of associated and joint ventures	6,319	10,914
Impairment of assets	0	1,940,513
Provisions	(4,702)	192,012
Loss on sales of property, plant and equipment, net	0	(610,658)
Low of sales of property, plant and equipment, net	99,504	0
Interest income	(28,657)	(37,133)
Currency fluctuation, Profit (loss)	2,349,383	2,356,740
Interest expense	(74,104)	3,050,271
	<u>1,883,663</u>	<u>(3,689,863)</u>
Trade accounts receivable, net	(1,855,880)	486,810
Due from related parties, net	29	715
Other short and long-term accounts receivable, net	52,010	(170,930)
Inventories, net	(1,363,536)	1,190,977
Advance payments	(81,725)	62,029
Suppliers	(893,685)	2,465,104
Taxes payable	1,124,243	673,793
Due to related parties	4,837	(49,597)
Other payables and provisions	(173,808)	992,639
Advances from customers	(23,963)	(326,855)
Employee retirement obligations, net	(186,211)	(260,366)
Other long term payables and provisions	1	0
Income tax (paid) recovered	(21,988)	(41,328)
Interest expenses paid	(50,035)	(95,847)
Interest income received	16,095	16,985
	<u>(3,453,616)</u>	<u>4,944,129</u>
Net cash flow provided by operating activities	<u>(1,569,953)</u>	<u>1,254,266</u>
Additions to property, plant and equipment	(94,298)	(226,959)
Cash provided by sales of property, plant and equipment	241,020	1,169,176
Investment in shares of associated companies	0	(1)
Guaranty deposits	(59,052)	213,688
Interest received	12,562	20,148
Restricted cash	16,893	275,737
Other assets	88,184	61,540
Purchase of equity of Non-controlling interest	(4,410)	200
Intangible assets	(20,429)	(69,485)
Net cash flow from financing activities	<u>180,470</u>	<u>1,444,044</u>
Financing debt	3,162,372	496,985
Financial debt paid	(667,099)	(2,102,633)
Payment released of lifting of Suspension of Payments	(16,458)	(279,038)
Interest paid	(715,309)	(1,220,432)
Revolving credit	2,867	0
Other payables and provisions	(119,333)	0
Net cash flow from financing activities	<u>1,647,040</u>	<u>(3,105,118)</u>
Increase (decrease) in cash and cash equivalents	257,557	(406,808)
Adjustments to cash flow due to exchange rate fluctuations	(156,727)	373,891
Beginning of year	267,981	286,455
End of period	<u>368,811</u>	<u>253,538</u>