



AHMSA Announces Second Quarter 2022 Results

Monclova, Coahuila – July 28th, 2022 - Altos Hornos de México, S.A.B. de C.V. and Subsidiaries (“AHMSA” or “the Company”) (BMV: AHMSA) reported financial results for the First Quarter ended July 30, 2022 (Q2 2022). 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.

Q2 2022 Highlights

- **Adjusted EBITDA** was US\$ 58.4 million, a 49.0% decrease compared to US\$ 114.5 million in Q2 2021.
- **Adjusted EBITDA for the Steel Segment** was US\$ 62.9 million, a 49.8% decrease compared to US\$ 125.2 million in Q2 2021. This result is explained by a 43.8% increase in cost of sales, due to higher costs and consumption of external raw materials, which absorbed the benefits obtained from higher sales.
- **Adjusted EBITDA for the Non-Core Segment** is reported as a loss of US\$ (4.5) million, compared to a loss of US\$ (10.7) million in Q2 2021.

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Financial Highlights

	Q2 2022	Q2 2021	%Var
<i>Steel Segment</i>			
<i>Sales volume (thousands of MT)</i>			
Flat products	474,981	419,757	13.2
Coated products	20,305	22,479	(9.7)
Structural shapes	190	512	(62.9)
Steel slabs	28	26	7.7
Total volume of shipments	495,504	442,774	11.9
<i>Average sales price (US\$ per MT)</i>			
	1,322	1,210	9.2
<i>Financial highlights (thousands of US\$)</i>			
Net sales	671,874	560,501	19.9
Cost of sales	585,281	406,933	43.8
Depreciation	26,259	28,752	(8.7)
Operating costs	22,816	26,964	(15.4)
Operating (loss) profit	37,517	97,851	(61.7)
<i>EBITDA</i>			
	64,102	131,422	(51.2)
Currency fluctuation	(1,255)	(6,249)	79.9
Adjusted EBITDA	62,847	125,173	(49.8)
<i>Non-Core Segment</i>			
<i>Financial highlights (thousands of US\$)</i>			
Net sales	4,211	12,883	(67.3)
Cost of sales	6,722	18,342	(63.4)
Depreciation	4,040	5,522	(26.8)
Operating costs	2,152	6,162	(65.1)
Operating (loss) profit	(8,702)	(17,144)	49.2
<i>EBITDA</i>			
	(4,453)	(10,655)	58.2
Currency fluctuation	0	0	0
Adjusted EBITDA	(4,453)	(10,655)	58.2

Consolidated Financial Results

	Q2 2022	Q2 2021	Var %
Net Sales (thousands of US\$)	676,085	573,384	17.9
Cost of sales	592,003	425,276	39.2
Depreciation	30,298	34,274	(11.6)
SG&A	26,854	29,385	(8.6)
Other (income) expenses	(1,886)	3,742	(150.4)
Operating income	28,816	80,707	(64.3)
EBITDA	59,649	120,767	(50.6)
Currency fluctuation	(1,255)	(6,249)	79.9
Adjusted EBITDA	58,393	114,518	(49.0)

Steel Segment

Steel segment net sales for Q2 2022 were US\$ 671.9 million, a 19.9% increase from those of Q2 2021. This increase was the result of a higher sales volume and steel prices, which resulted in an increase of our average price per MT of steel of US\$ 111/MT (9.2%).

In Q2 2022, **cost of sales** was US\$ 585.3 million, an increase of US\$ 178.3 million (43.8%), compared to Q2 2021. The impact on the cost of sales was primarily due to a higher costs and consumption of external raw materials, such as scrap, HBI, coke and natural gas.

Selling, general and administration expenses (SG&A) for Q2 2022 was US\$ 25.0 million, representing 3.7% of net sales, an increase of US\$ 0.9 million compared to Q2 2021. This increase was principally due the annual increases in salaries and wages.

As a result of the aforementioned, the steel segment reported an **operating income** of US\$ 37.5 million in Q2 2022, a US\$ 60.3 million decrease versus the operating income reported in Q2 2021.

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

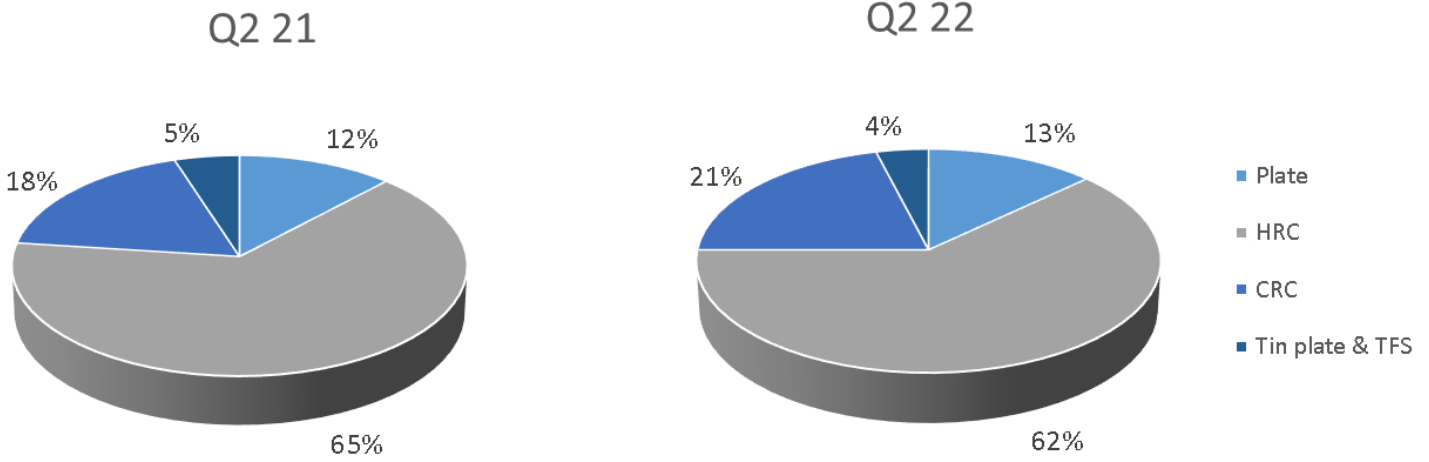
Product (in MT)	Q2 2022	Q2 2021	% Var
Iron Ore	450,037	358,092	25.7
Metallurgical Coal	84,947	77,869	9.1

Non-Core Segment

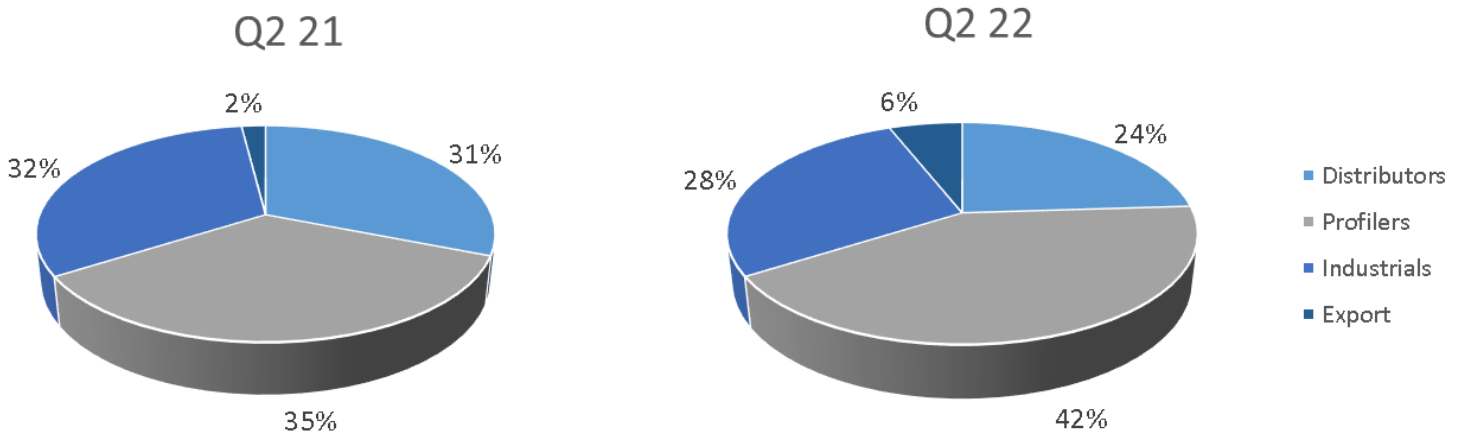
The contribution of the Segment in the consolidated **operating income** during Q2 2022 was US\$ (8.7) million, an increase of US\$ 8.4 million compared to Q2 2021, mainly as a result of a lower fixed cost from the suspension of productive activities in the Steam Coal business which absorbed a 67.3% decrease in sales.

Sales Analysis of Steel Segment

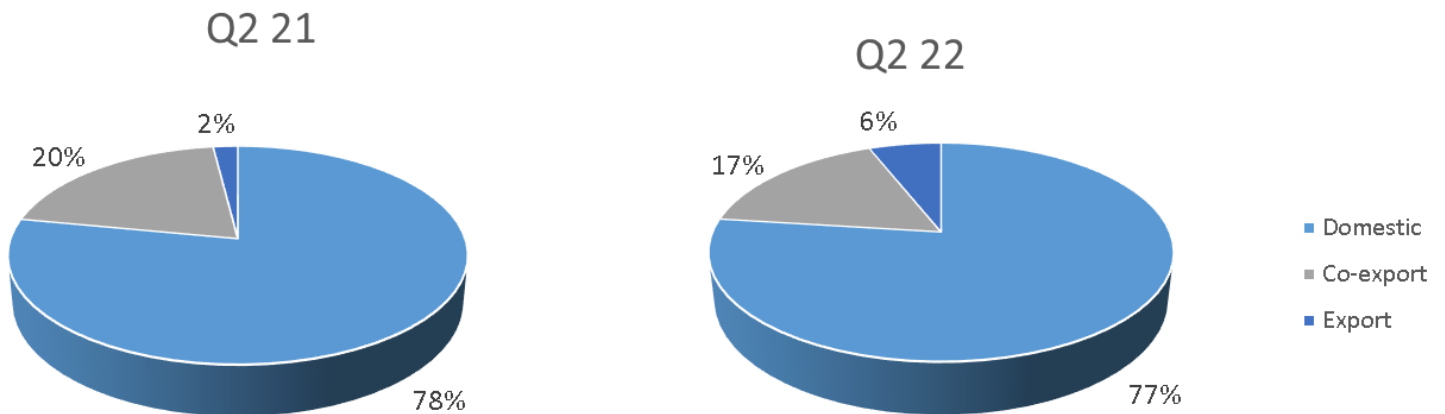
By Client Type:



By Product Type:



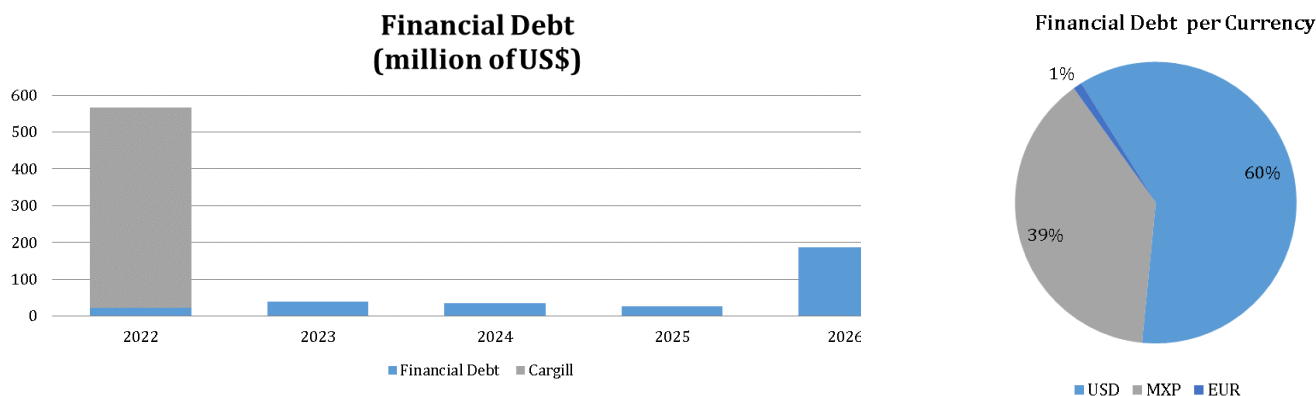
By Market:



Financial Debt

As of June 30th, 2022, financial debt was US\$ 937.4 million, a 5.1% decrease compared to the US\$ 996.1 million reported at the close of December 2021. Of this figure, US\$ 810.3 million (86%) corresponded to bank debt, and US\$ 127.1 million (14%) to financial and capital leases.

Financial Debt Profile



- 2022 figure includes the overdue balance with Cargill Financial Services International, Inc., for US\$ 543.0 million as of June 30th.

CAPEX

Capital Expenditures as of the Q2 2022 were US\$ 5.6 million, a 20.6% increase compared to the capital expenditures executed as of Q2 2021. 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.

Q2 22 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%

Q2 22 Outstanding Events (only Spanish version available)

- 06/28/2022 [AHMSA confirms lawsuit against Deloitte.](#)
- 04/29/2022 [Q1 quarterly report.](#)
- 04/19/2022 [Report of independent auditors to the Board of Directors and Shareholders.](#)

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 2021, AHMSA held 6% share of the domestic steel market, 11% of the domestic market for flat products and 1% 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 2022	December 2021
ASSETS		
Cash and cash equivalents	7,896	14,554
Restricted cash	128	371
Clients, net	198,062	204,221
Due from related parties, net	19,836	17,373
Other accounts receivable, net	109,467	112,051
Inventories, net	317,038	287,843
Prepaid expenses	5,855	4,934
Total Current Assets	658,283	641,347
Due from related parties, net	24,658	23,966
Other accounts receivable, net	6,582	6,342
Guaranty deposits	21,465	21,042
Investments in shares of associates or joint ventures	92	2,655
Property, plant and equipment, net	1,486,608	1,498,247
Deferred tax	0	0
Intangible assets, net	82,992	78,031
Other assets, net	19,132	19,852
Total Non-Current Assets	1,641,529	1,650,135
TOTAL ASSETS	2,299,811	2,291,482
LIABILITIES		
Financial liabilities	665,501	767,895
Suppliers	576,598	557,157
Taxes payable	247,270	254,504
Due to related parties	3,594	4,218
Liabilities from SP Restructuring	36,964	39,923
Advances from customers	91,365	27,215
Other payables and provisions	347,778	339,694
Total Current Liabilities	1,969,069	1,990,605
Financial liabilities	271,384	227,774
Liabilities from SP restructure	0	0
Employee retirement obligations	337,652	439,939
Other payables and provisions	151,613	154,405
Deferred income taxes	0	782
Total long-term liabilities	760,649	822,900
TOTAL LIABILITIES	2,729,718	2,813,505
SHAREHOLDERS' EQUITY		
Capital stock	683,031	663,161
Retained earnings	(1,243,108)	(1,199,166)
Other comprehensive income concepts	95,222	(19,720)
Total controlling interest	(464,854)	(555,724)
Non-controlling interest	34,947	33,701
TOTAL SHAREHOLDERS' EQUITY	(429,907)	(522,024)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,299,811	2,291,482

Income Statement (thousands of US\$)

	Q2 2022	Q2 2021
Net Sales	676,085	573,384
Cost of Sales	622,302	459,550
GROSS PROFIT (LOSS)	53,783	113,834
Selling, general and administrative expenses	26,854	29,385
Other Expenses, net	(1,886)	3,742
Decaying of Thermal Coal Segment	0	0
OPERATING INCOME (LOSS)	28,816	80,707
Financial Expenses	58,840	69,551
Financial Products	(593)	(894)
Currency Fluctuation	404	(26,677)
Investments in shares of associates or joint ventures	0	116
INCOME (LOSS) BEFORE INCOME TAXES	(29,835)	38,611
Income Taxes	(407)	432
INCOME (LOSS) FOR THE PERIOD	(29,428)	38,179
EBITDA	59,649	120,767

Statement of Cash Flow (thousands of US\$)

	Jan-Jun 2022	Jan-Jun 2021
Profit (loss) net	(12,207)	(93,068)
Depreciation and amortization	59,151	70,076
Equity in income of associated and joint ventures	0	313
Impairment of assets	0	0
Provisions	(3,819)	(233)
Loss on sales of property, plant and equipment, net	0	0
Low of sales of property, plant and equipment, net	(393)	4,930
Interest income	(1,226)	(1,420)
Currency fluctuation, Profit (loss)	113,552	116,394
Interest expense	(22,382)	(3,671)
	<u>132,675</u>	<u>93,321</u>
Trade accounts receivable, net	11,209	(91,945)
Due from related parties, net	(1,526)	1
Other short and long-term accounts receivable, net	5,058	2,577
Inventories, net	(42,203)	(67,553)
Advance payments	(2,417)	(4,049)
Suppliers	37,593	(44,275)
Taxes payable	(22,872)	55,698
Due to related parties	25	240
Other payables and provisions	0	(8,611)
Advances from customers	62,512	(1,187)
Employee retirement obligations, net	(17,918)	(9,225)
Other long-term payables and provisions	(19,553)	0
Income tax (paid) recovered	(1,353)	(1,089)
Interest expenses paid	(29,476)	(2,479)
Interest income received	289	797
	<u>(20,632)</u>	<u>(171,101)</u>
Net cash flow provided by operating activities	<u>112,043</u>	<u>(77,779)</u>
Additions to property, plant and equipment	(5,636)	(4,672)
Cash provided by sales of property, plant and equipment	393	11,941
Investment in shares of associated companies	0	0
Guaranty deposits	204	(2,926)
Interest received	936	622
Restricted cash	249	837
Other assets	(205)	4,369
Purchase of equity of non-controlling interest	12	(218)
Intangible assets	(3,592)	(1,012)
Net cash flow from financing activities	<u>(7,638)</u>	<u>8,941</u>
Financing debt	0	156,672
Financial debt paid	(54,558)	(33,050)
Payment released of lifting of Suspension of Payments	(314)	(815)
Interest paid	(32,073)	(35,438)
Revolving credit	(20,014)	142
Other payables and provisions	0	(5,912)
Net cash flow from financing activities	<u>(106,958)</u>	<u>81,599</u>
Increase (decrease) in cash and cash equivalents	<u>(2,553)</u>	<u>12,760</u>
Adjustments to cash flow due to exchange rate fluctuations	<u>(4,406)</u>	<u>(7,765)</u>
Beginning of year	<u>14,752</u>	<u>13,276</u>
End of period	<u>7,793</u>	<u>18,272</u>

Balance Sheet (thousands of PS\$)

	June 2022	December 2021
ASSETS		
Cash and cash equivalents	157,797	299,570
Restricted cash	2,567	7,627
Clients, net	3,958,218	4,203,590
Due from related parties, net	396,415	357,602
Other accounts receivable, net	2,187,662	2,306,409
Inventories, net	6,335,908	5,924,809
Prepaid expenses	117,013	101,564
Total Current Assets	13,155,579	13,201,171
Due from related parties, net	492,791	493,307
Other accounts receivable, net	131,532	130,538
Guaranty deposits	428,975	433,120
Investments in shares of associates or joint ventures	1,833	54,656
Property, plant and equipment, net	29,709,416	30,839,167
Deferred taxes	0	0
Intangible assets, net	1,658,571	1,606,141
Other assets, net	382,340	408,616
Total Non-Current Assets	32,805,457	33,965,544
TOTAL ASSETS	45,961,036	47,166,715
LIABILITIES		
Financial liabilities	13,299,837	15,805,959
Suppliers	11,523,147	11,468,240
Taxes payable	4,941,612	5,238,581
Due to related parties	71,825	86,813
Liabilities from SP Restructuring	738,708	821,763
Due to related parties	1,825,893	560,170
Other payables and provisions	6,950,229	6,992,091
Total Current Liabilities	39,351,251	40,973,617
Financial liabilities	5,423,527	4,688,395
Liabilities from SP restructure	0	0
Employee retirement obligations	6,747,877	9,055,479
Other payables and provisions	3,029,943	3,178,200
Deferred income taxes	0	16,096
Total long-term liabilities	15,201,347	16,938,170
TOTAL LIABILITIES	54,552,599	57,911,787
SHAREHOLDERS' EQUITY		
Capital stock	13,650,179	13,650,179
Retained earnings	(24,843,131)	(24,683,028)
Other comprehensive income concepts	1,902,982	(405,899)
Total controlling interest	(9,289,970)	(11,438,748)
Non-controlling interest	698,407	693,675
TOTAL SHAREHOLDERS' EQUITY	(8,591,563)	(10,745,072)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	45,961,036	47,166,715

Income Statement (thousands of PS\$)

	Q2 2022	Q2 2021
Net Sales	13,553,014	11,494,982
Cost of Sales	12,472,284	9,213,260
GROSS PROFIT (LOSS)	1,080,729	2,281,722
Selling, general and administrative expenses	538,291	589,129
Other Expenses, net	(37,742)	74,998
Decaying of Thermal Coal Segment	0	0
OPERATING INCOME (LOSS)	580,181	1,617,595
Financial Expenses	1,179,134	1,394,889
Financial Products	(11,885)	(17,916)
Currency Fluctuation	4,114	(536,063)
Investments in shares of associates or joint ventures	0	2,334
INCOME (LOSS) BEFORE INCOME TAXES	(591,183)	774,349
Income Taxes	(8,069)	8,668
INCOME (LOSS) FOR THE PERIOD	(583,114)	765,681
EBITDA	1,198,103	2,420,815

Statement of Cash Flow (thousands of Ps\$)

	Jan-Jun 2022	Jan-Jun 2021
Profit (loss) net	(247,593)	(1,878,549)
Depreciation and amortization	1,199,713	1,414,469
Equity in income of associated and joint ventures	0	6,319
Impairment of assets	0	0
Provisions	(77,462)	(4,702)
Loss on sales of property, plant and equipment, net	0	0
Low of sales of property, plant and equipment, net	(7,981)	99,504
Interest income	(24,857)	(28,657)
Currency fluctuation, Profit (loss)	2,303,076	2,349,383
Interest expense	(453,956)	(74,104)
	<u>2,690,940</u>	<u>1,883,663</u>
Trade accounts receivable, net	227,343	(1,855,880)
Due from related parties, net	(30,947)	29
Other short and long-term accounts receivable, net	102,594	52,010
Inventories, net	(855,966)	(1,363,536)
Advance payments	(49,023)	(81,725)
Suppliers	762,460	(893,685)
Taxes payable	(463,902)	1,124,243
Due to related parties	516	4,837
Other payables and provisions	0	(173,808)
Advances from customers	1,267,879	(23,963)
Employee retirement obligations, net	(363,407)	(186,211)
Other long-term payables and provisions	(396,586)	1
Income tax (paid) recovered	(27,448)	(21,988)
Interest expenses paid	(597,836)	(50,035)
Interest income received	5,868	16,095
	<u>(418,455)</u>	<u>(3,453,616)</u>
Net cash flow provided by operating activities	<u>2,272,485</u>	<u>(1,569,953)</u>
Additions to property, plant and equipment	(114,305)	(94,298)
Cash provided by sales of property, plant and equipment	7,981	241,020
Investment in shares of associated companies	0	0
Guaranty deposits	4,145	(59,052)
Interest received	18,989	12,562
Restricted cash	5,060	16,893
Other assets	(4,165)	88,184
Purchase of equity of non-controlling interest	250	(4,410)
Intangible assets	(72,863)	(20,429)
Net cash flow from financing activities	<u>(154,908)</u>	<u>180,470</u>
Financing debt	0	3,162,372
Financial debt paid	(1,106,555)	(667,099)
Payment released of lifting of Suspension of Payments	(6,372)	(16,458)
Interest paid	(650,503)	(715,309)
Revolving credit	(405,922)	2,867
Other payables and provisions	0	(119,333)
Net cash flow from financing activities	<u>(2,169,352)</u>	<u>1,647,040</u>
Increase (decrease) in cash and cash equivalents	(51,775)	257,557
Adjustments to cash flow due to exchange rate fluctuations	(89,366)	(156,727)
Beginning of year	299,198	267,981
End of period	<u>158,057</u>	<u>368,811</u>