

ANDINO INVERSIONES GLOBAL S.A.



Management Report 2023

INDEX

MANAGEMENT REPORT ANDINO INVERSIONES GLOBAL S.A.	71
ABOUT THE GROUP	71
1. Airport Services and Infrastructure	71
2. Integrated Logistics	71
3. Real Estate Logistics	71
4. Financial Services	71
MAIN HALLMARKS OF 2023	73
AIG FINANCIAL PERFORMANCE	74
RISK MANAGEMENT POLICIES	77
CORPORATE SOCIAL RESPONSIBILITY	77
SIGNIFICANT EVENTS OCURRING AFTER THE REPORT'S CLOSING DATE:	78
2024 OUTLOOK	78
CORPORATE GOVERNANCE	78

Disclaimer: The following Management Report corresponds to AIG's operation for the year 2023. However, Andino Inversiones Global became a shareholder in Andino Investment Holding S.A.A in April, 2023. As a result, the following information corresponds to the period defined from May 1st 2023 to December 31st 2023.

MANAGEMENT REPORT ANDINO INVERSIONES GLOBAL S.A.

ABOUT THE GROUP

Andino Inversiones Global S.A. (“AIG”, the “Company”), founded in Spain in 2022, is the parent company of Andino Investment Holding S.A.A and its subsidiaries (Andino, “AIH” or the “Group”). AIH and its subsidiaries are leading companies in the international logistics sector and operate in Peru, Mexico and Spain. In April 2023, the Company exercised a Swap option through which it acquired a 52,01% Stake in AIH.

AIH’s main focus is organic and inorganic growth in the airport infrastructure, airport and maritime logistics sectors, while incorporating sustainability strategically in its operations. Through its ESG approach, Andino ensures the highest quality service, respecting the environment and the local communities. Andino is made up of 10 companies operating along four business units:

1. Airport Services and Infrastructure

Andino, through its subsidiaries, is dedicated to building, managing and maintaining airport concessions. In addition, it provides airport services such as ground support services, cargo services, FBO, amongst others. The business unit operates in Peru, Mexico and Spain and generates 48% of Andino’s turnover. During the months of May and December, the unit’s sales amounted to 29.90 million euros.

2. Integrated Logistics

The unit offers a wide array of logistics services for air, river and maritime transport. These include customs services, international transport of cargo, warehousing & distribution and others. The unit also provides maritime agency services, stowage & unstowage, piloting and towing, etc. It is the second largest business unit in terms of sales turnover, having registered a total of 27.08 million euros in 2023 – 45% of Andino’s total sales.

3. Real Estate Logistics

The unit develops real estate projects that are tailor-made to the logistics sector. From the building and management to the purchase, sale and leasing of real estate, the unit generated 2% of total revenues for Andino. However, despite its minor contribution to revenues, the business unit responds to a strategic initiative for AIG because its landbank has a total area of over 720 thousand square kilometres. These can be leased as free space or modified to create specialized warehouses.

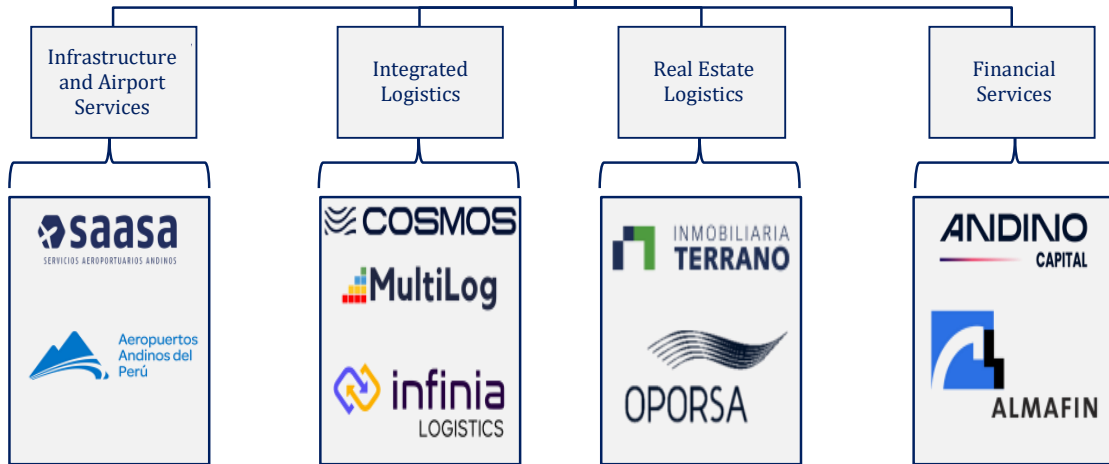
4. Financial Services

Andino has developed a Financial Services unit that provides customers in our sector with financing alternatives. This allows Andino to serve as a *one stop shop* for its clients, providing integrated solutions to their logistics needs. The unit finances short and mid-term needs through factoring, leasing, warrant emissions and certificates of deposit. It represents 4% of the Group’s turnover (2.34 million euros).

Andino Inversiones Global, its four business units and the companies composing each business unit are shown below:

ANDINO INVERSIONES GLOBAL

ANDINO



MAIN HALLMARKS OF 2023

Andino's business units grew more than their respective industries. This allowed us to pursue an ambitious international expansion plan.

SAASA, company belonging to the **Infrastructure and Airport Services** business unit, acquired Globalia Handling S.A.A – a Mexican firm dedicated to the airport services sector. Hence, Andino entered the Mexico market. In addition, during the second semester of 2023, another subsidiary was established: SAASA Global S.A. This subsidiary participated in and won a concession contract to build, operate and maintain a cargo terminal in the Adolfo Suárez airport, in Madrid (Spain). The terminal's construction will commence in late 2024 and the concession will allow SAASA Global to operate the terminal for 30 years following the construction. Andino expects that, in the future, this business unit will continue to lead the Group's international expansion through its participation and adjudication of more operations concessions in Peru, Mexico and Spain.

Integrated Logistics, the second largest business unit in terms of turnover, consolidated Infinia Operador Logístico – the unit's most recent venture. Infinia is a ground logistics operator and expectations are high regarding its future growth. In addition, the unit expects to keep expanding through continuing Cosmos Agencia Marítima's operation. Inorganic growth is also on the table in the form of new business units, additional projects or M&A transactions.

Moreover, **Real Estate Logistics** represents a constant and certain revenue stream for the Group because of its business model – leasing agreements. The business unit also played an important role in Andino's financial strategy, as Andino took advantage of the business model to finance a total of over 44 million USD through securitizing bonds along four different emission events. In the future, we expect to implement certain strategic initiatives such as the leasing fare negotiation and the construction of specialized warehousing to offer a value-added service.

Financial Services – the Group's most recent business unit – aims to maintain its accelerated growth on a regional scale through its factoring and leasing operations as well as the growth of its managed funds. The unit is expected to push Andino's growth in the future.

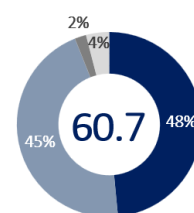
AIG FINANCIAL PERFORMANCE

During 2023, AIG generated turnover equivalent to 60.74 million euros. The gross margin obtained was 25,95%. The year ended with an operating loss generated by a one-time, non-recurring expense, but EBITDA was over 300 thousand euros. It is important to highlight that, since the Swap occurred in April, AIG's revenues only began to accrue in May 2023, so the revenues and profits only consider 8 months of operation.

A more representative view would be that of AIH, which did operate throughout all of 2023. AIH as a Group reported revenues of approximately 91 million euros. Additionally, it achieved a positive EBITDA of 7.2 million euros despite the aforementioned one-time extraordinary expense.

Below, the simplified balance sheet and income statement of AIG along with their respective comments.

Sales turnover composition
(2023, %, EUR MM)



■ Infrastructure and Airport Services
■ Integrated Logistics
■ Real Estate Logistics
■ Financial Services

ASSETS (EUR 000)	31-Dec23	LIABILITIES & SHAREHOLDER EQUITY (EUR 000)	31-Dec23
<u>Current Assets</u>		<u>Current Liabilities</u>	
Cash and equivalents	6.983	Financial debt	13.528
Other financial assets	13.786	Trade payables and other	39.239
Trade receivables and other, net	25.132	Provisions	5.905
Inventories, net	602	Total current liabilities	58.672
Taxes recoverable	5.824	<u>Non-current liabilities</u>	
Prepaid expenses	1.398	Financial debt	53.747
Total current assets	53.725	Trade payables and other	15.571
<u>Non - current Assets</u>		Deferred income tax liability	60.697
Trade receivables and other, net	24.350	Total non -current liabilities	130.015
Investments in joint ventures and associates	10.277	Total liabilities	188.687
Property, plant and equipment	61.641	<u>Equity</u>	
Investment properties	209.325	Share capital	20.583
Right-of-use assets, net	3.571	Premium on share issuance	366
Intangibles, net	15.740	Other equity reserves	86.712
Goodwill	577	Retained earnings	(5.075)
Deferred income tax assets	6.174	Net equity attributable to net controlling interest	102.586
Total non- current assets	331.655	Minority interests	94.107
		Total equity	196.693
Total assets	385.380	Total liabilities and equity	385.380

In terms of balance sheet insights, more than 50% of AIG's assets are in the non-current account "Investment properties." This is because, as a parent company, its most valuable assets are its operating subsidiaries. Other significant assets include property, plant, and equipment and accounts receivable. On the liabilities side, there is an account payable corresponding to deferred taxes. The financial obligations include the debt of the Group's companies and are mostly explained by the USD 44 million placed in securitized bonds (from the logistics real estate unit).

Profit and loss account (EUR 000)	31Dic-23
Service rendered	60.741
Cost of services	(44.980)
Impairment losses of financial	(5)
Gross profit	15.761
Operating income (expenses)	
Administrative expenses	(14.903)
Sales expenses	(2.142)
Fair value expense of investment properties	(4.918)
Other income	2.996
Other expenses	(2.016)
Total operating expense	(20.983)
Operating loss	(5.222)
Other income (expenses), net	
Share of profits from joint ventures and associates	581
Financial income	1.692
Financial expenses	(4.959)
Exchange gains and losses, net	(95)
Loss before income taxes	(8.003)
Income tax	(1.305)
Net loss	(9.308)

Profit-wise, the Group incurred operating losses of 5.22 million euros. However, as mentioned above, this result is explained by non-recurring expenses such as the adverse effect of an appraisal, with no impact on cash. The adjusted operating profit is approximately 1 million euros.

BUSINESS UNITS DETAIL

INFRASTRUCTURE AND AIRPORT SERVICES: This business unit consists of Aeropuertos Andinos del Perú ("AAP") and Servicios Aeroportuarios Andinos del Perú ("SAASA").

AAP is the heart of southern Peru, the main airport operator connecting the southern regions with the country and the world. AAP has focused its efforts on designing, building, improving, operating, and maintaining the airports of Arequipa, Ayacucho, Juliaca, Puerto Maldonado, and Tacna through concession contracts with the Peruvian government. AAP's main services include airport and non-airport services, highlighting among the former the services provided to airlines and passengers, and among the latter the services aimed at meeting other consumption needs for passengers and users during their stay at the airports, provided by qualified suppliers, such as food services or the acquisition of goods and services.



During the years that AAP has managed the southern airports, it has managed to double the number of visitors to these cities, increasing from 1.768.000 passengers in 2011 to 3.596.000 passengers in 2023, generating dynamism in various activities related to tourism and travel. This growth has also empowered and fostered the growth of regional entrepreneurs, turning them into commercial partners. Regarding airport operation, in 2023, the recovery of operations observed in 2022 continues, allowing the company

to serve 3.6 million passengers and perform 27.700 airport operations, representing an increase of 8,33% and 6,20% respectively compared to the previous year.

On the other hand, **SAASA** was established in 2012 to develop the project of building, equipping, and operating an air cargo terminal on a property owned by the Group, with a direct connection to the Jorge Chávez airport platform. In 2019, it processed its first cargo and began its operations. After 5 years in this market, it has achieved growth in both operation volumes and sales, as well as market share (25,2% share in 2023 in imports and 12,5% in exports).

As of today, SAASA has operations in Peru (with an annual turnover of USD 25 million in 2023) and Mexico. In Colombia, SAASA has a team developing the commercial area with the aim of activating Passenger services (FBO). Additionally, the company has won a concession to build and operate a Cargo terminal at Adolfo Suárez Airport in Madrid.

SAASA has 3 business units:

- **Ramp:** Ground support and aircraft platform. It provides support to airplanes using specialized equipment (towing, loading/unloading baggage and cargo, power supply, cleaning, refueling, among others).
- **Passengers (FBO = Fixed Base Operator):** Package of services for passengers, including check-in/counters, wheelchairs, lost luggage, delayed flights, transportation to hotels, etc.
- **Cargo and airmail:** Storage of Import and Export cargo, and related services.

INTEGRATED LOGISTICS: his business unit consists of Cosmos Agencia Marítima and Infinia Operador Logístico.

Cosmos operates since 1972, providing vessel reception and dispatch services at the Port of Callao. Today, it is a leading company, offering maritime and port services nationwide, as well as specialized logistics services in remote areas, with a portfolio of top-tier clients.

During 2023, Cosmos continued to provide a diverse range of services to clients such as Transmares Group/ZIM, Network Shipping (Del Monte Fresh), SAAM/Hapag Lloyd, Maersk Line, Ocean Network Express – ONE, Shell, British Petroleum, DPW Callao, DPW Logistic, APM Terminals, amongst others.

In March, it started providing river agency services in Iquitos, providing services to passenger ships (cruises) and Brazilian-owned shipowners.

Regarding financial results, in 2023, Cosmos achieved a 16% growth in revenue, primarily driven by increased maritime agency services and offshore barge operations. Improved sales, expense control, and cost efficiency resulted in a 36% growth in EBITDA and a 45% increase in net profit.

Infinia is a logistics operator that provides comprehensive solutions to foreign trade operations, offering services such as freight forwarding, customs brokerage, national and international transportation, integrated import and export logistics services, simple and bonded warehousing, BPA merchandise warehousing, and liquid merchandise transportation in flex tanks.

The company is characterized by offering directly integrated services that cover the entire supply chain and meet all the needs of its clients, from initial consulting to implementation and ongoing support, ensuring traceability at every stage of the process. Infinia's value proposition is based on reliability, direct service integration, traceability, and efficiency, with the solid support of the Andino Group.

REAL ESTATE LOGISTICS: This business unit consists of Operadora Portuaria S.A. ("Oporsa") and Inmobiliaria Terrano S.A. ("Terrano").

Oporsa is a real estate company that owns a 58-hectare plot of land located in the industrial zone of the Ventanilla district, 14 km north of the Port of Callao. Oporsa has Lease Contracts with logistics warehouse operators occupying an area of over 369.000 square meters, more than 90% of which are leased by DPW Logistics and Infinia Operador Logístico S.A. Additionally, Oporsa maintains lease contracts for yards and offices with Multilog S.A. and Triton Trading S.A. During 2023, a new container storage terminal of 75.733 square



meters was delivered and leased to DP World Logistics.

Terrano is a real estate company dedicated to developing projects for the logistics industry. The main business development model is built-to-suit (BTS), which is a real estate proposal that responds to current company demands. It offers advantages such as leasing infrastructure for medium and long term, areas designed for all administrative and storage activities, and infrastructure designed to comply with regulations and environmental standards (optimization of natural light usage and air circulation). Terrano owns strategically located land with direct access to the Jorge Chávez International Airport (AIJCH) and in close proximity to the Port of Callao.

The company is developing the Limahub logistics center, where the air cargo infrastructure for Servicios Aeroportuarios Andinos (SAASA) has been implemented, and it holds great commercial and logistical potential. The logistics development project will include, among other things, terminals for air cargo, as well as various logistics facilities intended to serve operators in the air and maritime sectors.

FINANCIAL SERVICES: The financial services business unit comprises Almacenes Financieros S.A. (Almafin) and Andino Capital Holding ("Andino Capital", "ACSA")

Almafin was established in 2009 as a General Warehouse of Deposit (GWD) authorized by the Superintendencia de Banca, Seguros y AFPs (SBS). The company is mainly dedicated to the issuance of Warrants and Certificates of Deposit on stored merchandise, both in its facilities and in clients' warehouses (Field Warehouses).

Warrants serve as collateral for working capital financing obtained by companies from both national financial entities and foreign entities, as well as non-financial companies. The main products for which the company issues Warrants are diversified, with the main ones being fishmeal, canned goods, frozen hydrobiological products, frozen fruits, wood, cotton, corn, wheat, paper rolls, minerals, vehicles, among others.



Andino Capital is an Investment Fund Manager, specialized in providing integrated financing solutions in the short, medium, and long term. With over four years in the Peruvian market, it offers various financing options. During 2023, through the GAPIF FUND, Andino Capital's first Private Debt Fund, the company provided financing alternatives to companies across various sectors of the Peruvian market, generating a solid portfolio focused on working with clients belonging to the medium and large enterprise segments with a good credit history, healthy economic profile, and oriented towards foreign trade.

RISK MANAGEMENT POLICIES

- **Market Risk** - Market risk is the risk that the fair value of future cash flows of financial instruments fluctuates due to changes in market prices. Market risks comprise two types of risks: currency risk and interest rate risk. Financial instruments affected by market risks include cash and cash equivalents, as well as accounts receivable and payable in general.
- **Exchange rate Risk** - Transactions conducted in foreign currency expose the Group to the risk of fluctuations in the exchange rate against the Sol. Management monitors this risk through the analysis of the country's macroeconomic variables.

CORPORATE SOCIAL RESPONSIBILITY

At AIG, we promote a corporate culture that seeks to generate synergies while not neglecting the individuality of each company. In the social sphere, we drive the development of our talent and seek to ensure their safety and well-being at all times. We manage the diversity inherent in the variety and versatility of our businesses. Additionally, we actively participate in the development of the ecosystem of the industries in which we operate and the communities with which we share our locations.

SIGNIFICANT EVENTS OCURRING AFTER THE REPORT'S CLOSING DATE:

During 2024, Andino Inversiones Global S.A. issued shares on the Euronext Access+ stock market. At an average price of EUR 3,49 per share, the Company reached a market capitalization of USD 76 million.

On February 2nd, 2024, Servicios Aeroportuarios Andino Global S.L., a subsidiary of Andino Inversiones Global S.A., won a tender called upon by AENA for the construction of an area to be used for handling and self-handling activities of goods, storage, transportation, and distribution of goods and air cargo, including the preliminary project with the general characteristics of the work and its operation for a period of 30 years at the Barajas Airport in Madrid.

As of May 17th, 2024, AIG's stake in AIH stands at 67,24%, as a result of share transfers in which AIG acquired shares from multiple minority shareholders.



2024 OUTLOOK

In 2024, it is expected that the economic deceleration will continue, with growth rates even lower than those in 2023. However, global inflation is expected to decrease as the measures taken by governments in 2023 take effect and the effects of the armed conflict in Eastern Europe are further mitigated.

CORPORATE GOVERNANCE

The sectors in which we operate present various ethical risks. To address them, at AIG, we have an Ethics Code that must be known and signed by all our staff, including directors. Additionally, we provide constant training and reinforcement messages. We are committed to maintaining integrity and do not tolerate cases of corruption, bribery, money laundering, or involvement in the transportation of illicit goods.

In 2023, a Supplier Payment Policy was approved at AIG and all its companies to establish clear and transparent guidelines and conditions in the relationship with one of our main stakeholders, our suppliers.

Non-financial information report:

The parent company, in accordance with Article 262.5 of the Companies Act, has opted for the preparation of a separate report that includes the non-financial information of the Group, which deposits its consolidated annual accounts in the Commercial Registry of Madrid.