



TERNIUM ARGENTINA S.A.

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## **Ternium Argentina Files Second Quarter and First Half 2025 Financial Reports with BYMA and CNV**

Buenos Aires, July 29, 2025 – Ternium Argentina S.A. (BYMA: TXAR) filed today its financial reports for the second quarter and first half ended June 30, 2025, with *Bolsas y Mercados Argentinos* (BYMA) and *Comisión Nacional de Valores* (CNV).

The financial and operational information contained in this press release is based on Ternium Argentina's operational data and consolidated condensed interim financial statements prepared in accordance with the Accounting Standards of the International Financial Reporting Standards (IFRS) and presented in Argentine Pesos (ARP) and metric tons (tons).

### **Summary**

In the second quarter of 2025, Ternium Argentina shipped 484 thousand tons of steel, representing a sequential increase of 18%. This improvement was primarily driven by higher demand in the domestic market, partly supported by a recovery in activity levels following a seasonally weak first quarter. Compared to the prior-year same period, sales volume rose 19% in the second quarter of 2025, reflecting an increase in domestic shipments partially offset by a decline in exports.

Ternium Argentina reported an operating profit of ARP4.1 billion in the second quarter, with an operating margin of 1% on net sales reflecting heightened costs alongside relatively low facility usage rates. The company's consolidated net income for the period was a gain of ARP22.9 billion, which includes a ARP75.0 billion profit from investments in associated companies, a ARP42.5 billion deferred tax expense, and a ARP17.2 billion provision adjustment charge, reflecting accrued interest and foreign exchange effects, in connection with the ongoing litigation related to the 2012 acquisition of a stake in Usiminas.

During the first half of 2025, steel shipments totaled 895 thousand tons, marking a 19% increase compared to the prior-year same period. At the operating level, Ternium Argentina posted a loss of ARP7.0 billion. The consolidated net income for the first half was a gain of ARP59.2 billion, which includes a ARP76.3 billion profit from investments in associated companies, a ARP32.0 billion deferred tax expense, and a ARP31.5 billion provision adjustment charge, reflecting accrued interest and foreign exchange effects, in connection with the ongoing litigation related to the 2012 acquisition of a stake in Usiminas.

Capital expenditures in property, plant and equipment, and intangible assets amounted to ARP91.6 billion in the first half of 2025. Off note in the period was the remaining investment in the wind farm inaugurated last December, along with investments in various projects focused on operational efficiency, environmental sustainability and safety.

## **Outlook**

In the third quarter of 2025, Ternium Argentina expects steel shipments to remain at levels similar to those achieved in the second quarter, with varying performances across sectors. The automotive industry continues to operate at a healthy pace. Meanwhile, construction activity shows no clear signs of recovery, and certain sectors of the metal-mechanical value chain, such as white goods and packaging, are being affected by a rise in finished goods imports. In this regard, unfair competition from China, which is not recognized as a market economy by many countries, is a subject of concern as it currently faces export restrictions in the main markets of the world.

Ternium Argentina remains committed to initiatives aimed at cost reduction and improved operational efficiency. In this regard, the company seeks to deepen its support to its value chain. However, the growing burden of distortionary taxes such as those over gross income and bank debits and credits, and municipal tariffs, undermine the competitiveness of local manufacturing penalizing value-added production.

## Analysis of Second Quarter of 2025 Results

	2Q 2025	1Q 2025	2Q 2024
Shipments (tons)	484,000	410,700	406,900
Domestic shipments	470,000	403,900	363,400
Export shipments	14,000	6,900	43,500
Net sales (ARP million)	600,672	488,616	464,067
Operating result (ARP million)	4,092	(11,069)	(2,859)
Financial result (ARP million)	6,851	49,821	3,953
Provision for ongoing litigation related to the acquisition of a participation in Usiminas (ARP million)	(17,169)	(14,309)	(186,716)
Equity result (ARP million)	74,966	1,349	(7,390)
Income tax result (ARP million)	(45,843)	10,527	55,058
Net result (ARP million)	22,897	36,319	(137,954)
Per share net result <sup>1</sup> (ARP)	5.07	8.04	(30.54)

**Net result** in the second quarter of 2025 was a gain of ARP22.9 billion, equivalent to a per share net gain<sup>1</sup> of ARP5.07.

**Net sales** in the second quarter of 2025 were ARP600.7 billion, compared to net sales of ARP464.1 billion in the second quarter of 2024. Shipments were 484,000 tons in the second quarter of 2025, a 77,100-ton increase compared to shipment levels in the prior-year second quarter.

Shipments in the domestic Argentine market were 470,000 tons in the second quarter of 2025, a 106,600-ton increase compared to shipment levels during the prior-year second quarter. Exports totaled 14,000 tons in the second quarter of 2025, decreasing by 29,500 tons compared to the volumes exported in the second quarter of 2024. All exports during the second quarter of 2025 were shipped to South and Central America.

**Cost of sales** in the second quarter of 2025 totaled ARP523.7 billion, a ARP110.3 billion increase compared to the ARP413.4 billion recorded in the second quarter of 2024, reflecting a higher cost per ton and shipments. Of note in the cost per ton change were an increase in raw material and other input costs, higher maintenance costs, and an increase in labor and services costs.

**Selling, General and Administrative (SG&A) expenses** in the second quarter of 2025 totaled ARP70.5 billion, reaching a 11.7% SG&A expense to net sales ratio, compared to ARP53.2 billion expense and a ratio of 11.5% recorded in the same period in 2024.

<sup>1</sup> Per share net result was calculated based on 4.517.094.023 shares issued and outstanding during the period.

**Financial net results** in the second quarter of 2025 were a gain of ARP6.9 billion, compared to a gain of ARP4.0 billion in the second quarter of 2024. This included:

- A net interest results gain of ARP17.4 billion in the second quarter of 2025, compared to a gain of ARP13.6 billion in the prior-year second quarter.
- A net gain related to changes in the fair value of financial instruments of ARP12.8 billion in the second quarter of 2025, compared to a net loss of ARP10.3 billion in the second quarter of 2024.
- Net changes in foreign exchange that resulted in a loss of ARP22.7 billion in the second quarter of 2025, compared to a gain of ARP1.4 billion in the second quarter of 2024.

In the second quarter of 2025, the company recorded an increase of ARP17.2 billion in the **provision** for ongoing litigation related to the acquisition of a participation in Usiminas in 2012, on account for interest accrual and the appreciation of the Brazilian Real versus the U.S. dollar in the period.

**The equity in the result of associated companies** was a gain of ARP75.0 billion in the second quarter of 2025. The result of the investment in Ternium México was a gain of ARP72.5 billion, which included a deferred tax benefit in the period due to the appreciation of the Mexican peso against the U.S. dollar, the functional currency of this company, while the investment in Usiminas was a gain of ARP2.4 billion. In the second quarter of 2024, the equity in the result of associated companies had been a loss of ARP7.4 billion.

**Income tax expense** for the second quarter of 2025 amounted to ARP45.8 billion, including a deferred tax charge of ARP42.5 billion resulting from the depreciation of the Argentine Peso against the U.S. dollar, the company's functional currency, which in the period outweighed the inflation adjustment for tax purposes. In the second quarter of 2024, the income tax result was a gain of ARP55.1 billion, including a deferred tax gain of ARP35.9 billion.

## Analysis of First Half of 2025 Results

	1H 2025	1H 2024
Shipments (tons)	894,800	753,300
Domestic shipments	873,800	686,700
Export shipments	20,900	66,600
Net sales (ARP million)	1,089,288	900,461
Operating result (ARP million)	(6,977)	71,772
Financial result (ARP million)	56,672	1,641
Provision for ongoing litigation related to the acquisition of a participation in Usiminas (ARP million)	(31,478)	(186,716)
Equity result (ARP million)	76,315	77,222
Income tax result (ARP million)	(35,316)	114,735
Net result (ARP million)	59,216	78,654
Per share net result <sup>2</sup> (ARP)	13.11	17.41

**Net result** in the first half of 2025 was a gain of ARP59.2 billion, equivalent to a per share net gain<sup>2</sup> of ARP13.11.

**Net sales** in the first half of 2025 were ARP1,089.3 billion, compared to net sales of ARP900.5 billion in the first half of 2024. Shipments were 894,800 tons in the first half of 2025, a 141,500-ton increase compared to shipment levels in the prior-year first half.

Shipments in the domestic Argentine market were 873,800 tons in the first half of 2025, a 187,100-ton increase compared to shipment levels during the prior-year first half. Exports totaled 20,900 tons in the first half of 2025, decreasing by 45,700 tons compared to the volumes exported in the first half of 2024. All exports during the first half of 2025 were shipped to South and Central America.

**Cost of sales** in the first half of 2025 totaled ARP958.1 billion, a ARP226.6 billion increase compared to the ARP731.5 billion recorded in the first half of 2024, reflecting a higher cost per ton and shipments. Of note in the cost per ton change were an increase in maintenance costs, higher raw material and other input costs, and an increase in labor and services costs.

**Selling, General and Administrative (SG&A) expenses** in the first half of 2025 totaled ARP133.9 billion, reaching a 12.3% SG&A expense to net sales ratio, compared to ARP96.7 billion expense and a ratio of 10.7% recorded in the same period in 2024.

**Financial net results** in the first half of 2025 were a gain of ARP56.7 billion, compared to a gain of ARP1.6 billion in the first half of 2024. This included:

<sup>2</sup> Per share net result was calculated based on 4.517.094.023 shares issued and outstanding during the period.

- A net interest results gain of ARP38.1 billion in the first half of 2025, compared to a gain of ARP30.7 billion in the prior-year first half.
- A net gain related to changes in the fair value of financial instruments of ARP47.8 billion in the first half of 2025, mainly due to the divestment of securities, compared to a net loss of ARP33.5 billion in the first half of 2024.
- Net changes in foreign exchange that resulted in a loss of ARP28.1 billion in the first half of 2025, compared to a gain of ARP5.7 billion in the first half of 2024.

In the first half of 2025, the company recorded an increase of ARP31.5 billion in the **provision** for ongoing litigation related to the acquisition of a participation in Usiminas in 2012, on account for interest accrual and the appreciation of the Brazilian Real versus the U.S. dollar in the period.

**The equity in the result of associated companies** was a gain of ARP76.3 billion in the first half of 2025, including a gain of ARP70.1 billion in the investment in Ternium México and a gain of ARP6.3 billion in the investment in Usiminas. In the first half of 2024, the equity in the result of associated companies had been a gain of ARP77.2 billion.

**Income tax expense** in the first half of 2025 was ARP35.3 billion, including a deferred tax loss of ARP32.0 billion. In the first half of 2024, the income tax result was a gain of ARP114.7 billion, including a deferred tax gain of ARP97.0 billion.

## **Cash Flow and Liquidity**

Net cash provided by operating activities was ARP139.8 billion in the second quarter of 2025. Working capital decreased by ARP79.7 billion as a result of a ARP70.2 billion decrease in inventories and an aggregate ARP16.8 billion net decrease in trade and other receivables, partially offset by an aggregate ARP7.3 billion net decrease in accounts payable and other liabilities. The decrease in the value of inventories was the result of a reduction in volume and cost of steel products and raw materials.

Cash flow related to capital expenditures in the second quarter of 2025 totaled ARP35.8 billion. Net repayment of borrowings were ARP155.8 billion in the period. In addition, in the second quarter of 2025 Ternium Argentina reduced its investments in securities by ARP114.3 billion.

In the first half of 2025, net cash provided by operating activities was ARP111.3 billion. Working capital decreased by ARP3.2 billion as a result of a ARP117.3 billion decrease in inventories and an aggregate ARP12.1 billion net decrease in trade and other receivables, mostly offset by an aggregate ARP126.2

billion net decrease in accounts payable and other liabilities, partly in connection with the completion of works in the new wind farm. The decrease in the value of inventories was the result of a reduction in volume and cost of steel products and raw materials.

Cash flow related to capital expenditures in the first half of 2025 totaled ARP91.6 billion. Net repayment of borrowings were ARP143.9 billion in the period. In addition, in the first half of 2025 Ternium Argentina reduced its investments in securities by ARP225.4 billion.

## Consolidated condensed interim income statement

ARP million	2Q 2025	2Q 2024	1H 2025	1H2024
Net sales	600,672	464,067	1,089,288	900,461
Cost of sales	<u>(523,677)</u>	<u>(413,421)</u>	<u>(958,126)</u>	<u>(731,493)</u>
Gross profit	76,995	50,646	131,162	168,968
Selling, general and administrative expenses	(70,514)	(53,162)	(133,941)	(96,657)
Other operating expenses, net	<u>(2,389)</u>	<u>(343)</u>	<u>(4,198)</u>	<u>(539)</u>
Operating income	4,092	(2,859)	(6,977)	71,772
Financial expense	(7,788)	(6,721)	(12,485)	(10,395)
Financial income	25,164	20,326	50,567	41,098
Other financial (expense) income, net	(10,525)	(9,652)	18,590	(29,062)
Provision for ongoing litigation related to the acquisition of a participation in Usiminas	(17,169)	(186,716)	(31,478)	(186,716)
Result of the equity in associated companies	<u>74,966</u>	<u>(7,390)</u>	<u>76,315</u>	<u>77,222</u>
Income (loss) before income tax result	68,740	(193,012)	94,532	(36,081)
Income tax result	(45,843)	55,058	(35,316)	114,735
<b>Profit (loss) for the period</b>	<b>22,897</b>	<b>(137,954)</b>	<b>59,216</b>	<b>78,654</b>
Attributable to:				
<b>Equity holders of the Company</b>	<b>22,898</b>	<b>(137,946)</b>	<b>59,217</b>	<b>78,662</b>
Non-controlling interest	<u>(1)</u>	<u>(8)</u>	<u>(1)</u>	<u>(8)</u>
	22,897	(137,954)	59,216	78,654

## Consolidated condensed interim statement of financial position

ARP million	June 30, 2025	December 31, 2024
Property, plant and equipment, net	1,068,448	890,690
Intangible assets, net	61,832	55,266
Investments in associated companies	2,965,710	2,421,942
Deferred tax assets	190,484	131,587
Other receivables	17,222	14,464
Other investments	215	200
Total non-current assets	4,303,911	3,514,149
Other receivables	202,660	212,788
Derivative financial instruments	-	4,078
Inventories, net	741,492	758,247
Trade receivables	120,451	86,209
Other investments	1,023,229	1,273,228
Cash and cash equivalents	181,848	60,515
Total current assets	2,269,680	2,395,065
<b>Total assets</b>	<b>6,573,591</b>	<b>5,909,214</b>
Capital and reserves attributable to the company's equity holders	5,935,258	5,093,492
Non-controlling interest	4	3
<b>Total equity</b>	<b>5,935,262</b>	<b>5,093,495</b>
Provisions	6,717	3,058
Other liabilities	19,889	17,167
Leasing liabilities	54,524	49,767
Total non-current liabilities	81,130	69,992
Provisions	156,048	110,630
Other liabilities	83,255	67,660
Trade payables	244,035	361,155
Leasing liabilities	8,913	7,296
Borrowings	64,948	198,986
Total current liabilities	557,199	745,727
Total liabilities	638,329	815,719
<b>Total equity and liabilities</b>	<b>6,573,591</b>	<b>5,909,214</b>

## Consolidated condensed interim statement of cash flows

ARP million	2Q 2025	2Q 2024	1H 2025	1H 2024
Profit for the period	22,897	(137,954)	59,216	78,654
Adjustments for:				
Depreciation and amortization	30,354	22,889	57,064	44,226
Income tax accruals less payments	41,430	(161,638)	10,902	(241,597)
Interest accruals less payments	(470)	1,365	(5,494)	2,385
Changes in value of derivative financial instruments	(390)	(132)	(604)	(132)
Changes in provisions for contingencies	19,796	187,012	36,191	187,663
Result of the equity in associated companies	(74,966)	7,390	(76,315)	(77,222)
Changes in working capital	79,731	(46,822)	3,211	(110,959)
Net foreign exchange results and others	21,404	(2,298)	27,138	(8,010)
<b>Net cash provided by (used in) operating activities</b>	<b>139,786</b>	<b>(130,188)</b>	<b>111,309</b>	<b>(124,992)</b>
Capital expenditures	(35,762)	(104,793)	(91,574)	(151,245)
Investments in associated companies	-	(809)	-	(809)
Dividends received and proceeds from the sale of associated companies	-	2,541	-	2,541
Disposals of property, plant and equipment	888	94	1,567	192
Decrease in other investments	114,326	115,392	225,445	104,128
<b>Net cash provided by (used in) investing activities</b>	<b>79,452</b>	<b>12,425</b>	<b>135,438</b>	<b>(45,193)</b>
Proceeds from borrowings	3,121	143,850	54,570	199,769
Repayments of borrowings	(158,941)	(21,105)	(198,440)	(21,105)
Payments for leasing	(2,030)	(1,482)	(3,867)	(2,823)
Payments for derivative financial products, net	456	244	4,728	244
<b>Net cash (used in) provided by financing activities</b>	<b>(157,394)</b>	<b>121,507</b>	<b>(143,009)</b>	<b>176,085</b>
<b>Increase in cash and cash equivalents</b>	<b>61,844</b>	<b>3,744</b>	<b>103,738</b>	<b>5,900</b>