



Earnings Conference Call - 1Q23
05/15/2023



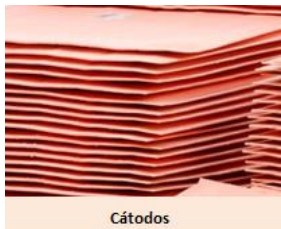
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Highlights 1Q23 1/2



- On February 16th, 2023, the company filed its Judicial Recovery Plan (PRJ), which provides for several means of recovery to reestablish its economic balance and resume its growth. The PRJ includes new payment conditions for its creditors, as well as the possibility of converting credits into Company's shares, the possibility of selling certain assets, as well as special payment conditions for creditors that continue to provide goods and services.

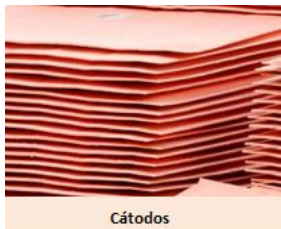


- Sales volume and production of 1Q23 were enabled through agreements signed prior to the Company's request for judicial recovery to meet part of the needs of the industrial plants in Dias D'Ávila (BA), Utinga (SP) and Serra, which allowed the increase in production compared to 4Q22 and ensured its going concern.



- Sales of copper products in 1Q23 totaled 12,463 tons, 31% above the sales volume of 4Q22, the quarter in which the Company filed its request for judicial recovery.

Highlights 1Q23 2/2



Cátodos

- Compared to the same period of the previous year (1Q22), when the company sold 18,192 tons of copper, there was a reduction of approximately 30%. Through its Judicial Recovery Plan (PRJ), the Company expects to grant access to additional working capital financing and increase its production and sales volume.



Laminação (vergalhões)

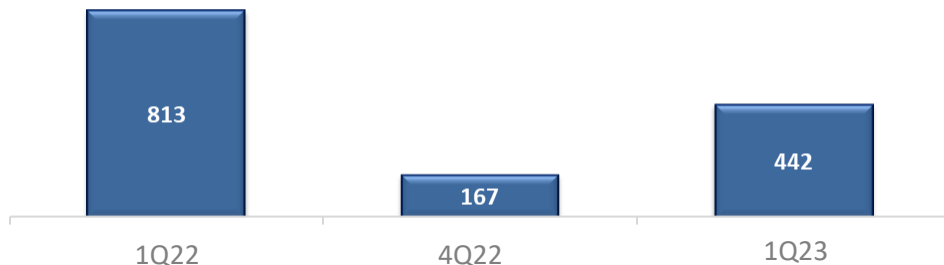
- Cost Reduction: In 1Q23, the Company has reduced its Fixed Costs including idleness in R\$ 14 million when compared to the same period of the previous year, representing a 12% reduction obtained through productivity gains, renegotiation of contracts and reduction of its fixed expenses



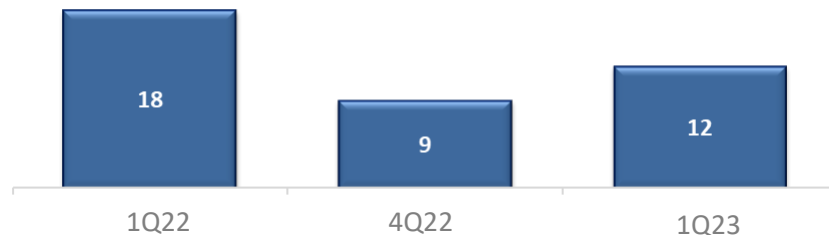
Tubos

Net Revenue and Sales Volume – 1Q23

Net Revenue (R\$ million)



Sales Volume (thousand tons)

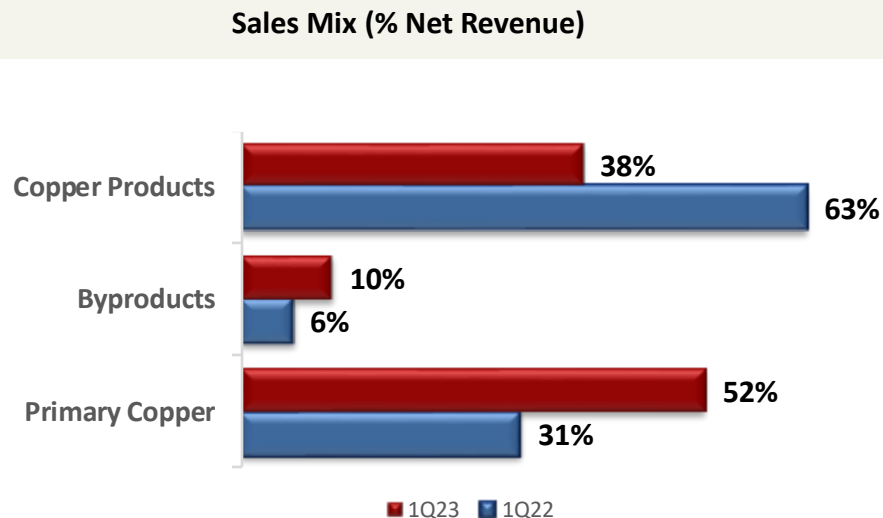


Sales of copper products in 1Q23 totaled 12,463 tons, 31% above the sales volume of 4Q22, the quarter in which the Company filed its request for judicial recovery.

Compared to the same period of the previous year (1Q22), when the company sold 18,192 tons of copper, there was a reduction of approximately 30%.

Company expects to grant access to additional working capital financing and increase its production and sales volume.

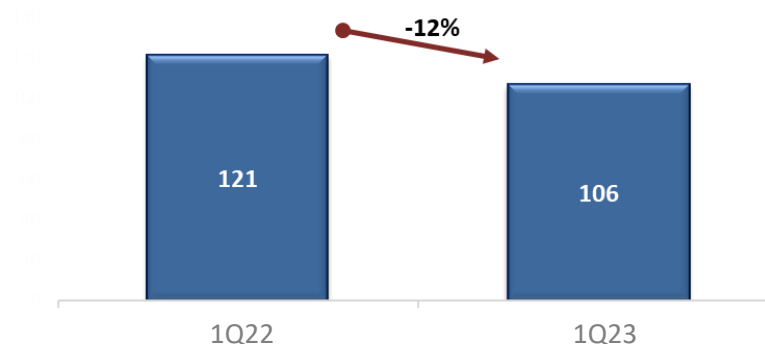
Sales of Copper and Byproducts – 1Q23



The share of primary copper revenue within the total mix in 1Q23 was 52%, providing a faster inventory turnover and contributing to the improvement of the cash conversion cycle for the quarter.

Fixed costs– 1Q23

Fixed costs – (R\$ million)

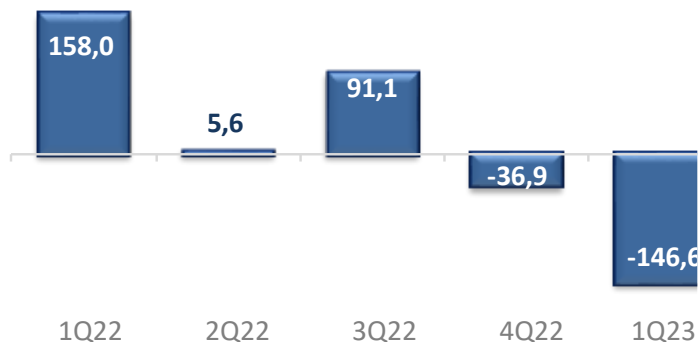


In R\$ thd, except otherwise stated	1Q22	1Q23	Δ %
Fixed Costs including idleness	(120.810)	(106.376)	-12%

In 1Q23, the Company has reduced its Fixed Costs including idleness in R\$ 14 million when compared to the same period of the previous year, representing a 12% reduction obtained through productivity gains, renegotiation of contracts and reduction of its fixed expenses.

Operating Cash Generation

Operating Cash Generation (R\$ million)



In 1Q23 the Company obtained a negative operating cash generation of R\$ 147 million due to the increase in inventory levels to ensure the sales of the period.

The increase in inventory and operational levels were totally financed by financial partners

Judicial Recovery - Paranapanema

Milestones of the plan until approval.



The detailed Judicial Recovery Plan is available on the company's Investor Relations website and includes the following General Recovery Items:

- Increase of Operations.
- Granting of special terms and conditions for the payment of Credits
- Partial sale of the assets of the Paranapanema
- Obtaining New Financing
- Summary of the list of Creditors: As per official report from April 10th, 2023

Class	Amount (R\$ million)	QTY
I Labor	R\$ 195,98	736
II credit with guarantee	R\$ 9,95	1
III unsecured	R\$ 269,15	1011
IV SME	R\$ 4,63	121
TOTAL	R\$ 479,71	

Indebtedness and Global Agreement - Paranapanema

- Due to the non-payment of the debt portion of the Global Agreement in 4Q22, the debts related to the Global Agreement was reclassified to short-term liabilities in accordance with CPC 26.
- In the 1Q23 liabilities position, the amount reclassified is R\$ 2,202.1 million, which makes the debt profile with 89% at the short-term liabilities.
- The Company continues negotiating with the Creditors to obtain a waiver of covenants and a standstill agreement while discussing new conditions with such creditors for the settlement of its liabilities

<i>In R\$ thd, except otherwise stated</i>	1Q22	2Q22	3Q22	4Q22	1Q23
Net Debt	2.951.368	3.120.272	3.046.078	3.092.806	3.338.397
Short Term (%)	16%	22%	22%	88%	89%
Long Term (%)	84%	78%	78%	12%	11%

A full-page background image of a steel mill. A worker in a protective suit and helmet is standing next to a large, glowing orange molten metal ladle. The scene is industrial with heavy machinery and structural elements visible. The lighting is dominated by the intense orange and yellow glow of the molten metal.

Q&A

Investor Relations

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