Votorantim Cimentos 2Q22 Results

BRL million	2Q22	2Q21	2Q22 vs. 2Q21
Cement Sales Volume (m tons)	**9.6**	**9.8**	**(2%)**
Net Revenue	**6,700**	**5,809**	**15%**
COGS	**(5,352)**	**(4,364)**	**23%**
SG&A	**(494)**	**(465)**	**6%**
Selling expenses	(213)	(175)	21%
General and Administrative Expenses	(281)	(290)	(3%)
Other Operating Results	**44**	**280**	**(84%)**
Net Income	**366**	**692**	**(47%)**
Depreciation	**(426)**	**(410)**	**4%**
Dividends and non-recurring items	**29**	**(129)**	**N.A.**
Adjusted EBITDA	**1,354**	**1,542**	**(12%)**
EBITDA margin	**20%**	**27%**	**(7p.p.)**

Highlights

- Votorantim Cimentos net revenue grew 15% in 2Q22 compared to the same period in 2021, as a result of the significant price increase during the period.
- Adjusted EBITDA fell 12% in 2Q22 compared to 2Q21, mainly impacted by, decrease in volumes, cost pressure in all regions and the appreciation of the real.
- Tender Offer of USD 221.8 million for Voto41, including principal and premium amounts, and debenture issuance of BRL 1 billion.
- VC Investment Grade reinforced by Moody's and Fitch with a stable outlook.

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1 Net Revenue

Net Revenue (BRL million)	2Q22	2Q21	2Q22 vs.2Q21
VCBR	3,170	2,565	24%
VCNA	2,088	1,938	8%
VCEAA	841	742	13%
VCLatam	205	247	(17%)
Others[1]	396	317	25%
Consolidated	**6,700**	**5,809**	**15%**

Consolidated net revenue reached BRL 6.7 billion in 2Q22, a 15% increase when compared to 2Q21, mainly due to the favorable price dynamic and the additional volume resulting from the acquisitions completed in 2021 that mitigated the negative impact of the appreciation in the consolidation of the results from operations abroad.

VCBR's net revenue increased 24%, from BRL 2.6 billion in 2Q21 to BRL 3.2 billion in 2Q22, mainly due to the increase in prices, which offset the drop in the cement market demand in the period as a consequence of the challenging macroeconomic scenario.

At VCNA, net revenue reached BRL 2.1 billion in 2Q22, an increase of 8% compared to 2Q21, mainly due to continued strong market demand, higher prices and additional volume related to acquisitions finalized in 2021.

In Europe, Asia, and Africa (VCEAA), net revenue increased 13% in 2Q22 compared to 2Q21, reaching BRL 841 million, mainly due to better prices in all of the countries and increased volume in Spain, organic as well as the additional volume from *Cementos Balboa*, acquired in October 2021.

VC Latin America's net revenue fell 17% in 2Q22 compared to 2Q21, from BRL 247 million to BRL 205 million, mainly due to Uruguay's market dynamics after the entry of a new competitor in mid-2021 and the most favorable comparative base in 2021. The Bolivian market was positive in price dynamic, with stable cement volume demand.

2 COGS and SG&A

The consolidated COGS increased 23% in 2Q22 compared to 2Q21, reaching BRL 5.4 billion, mainly due to pressure from the sector's cost inflation. Cost pressure caused by the War between Ukraine and Russia is impacting all the countries Votorantim Cimentos operates in, mainly when it comes to fuel, freight, and energy, in addition to

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the consolidations impact of acquisitions that took place in 2021. The increase in COGS was partially mitigated by the real appreciation against the dollar in the period.

The selling expenses was BRL 213 million in 2Q22, 21% increase in 2Q22 compared to the 2Q21, mainly due to the recent acquisitions consolidation in the balance sheet. Regarding the general and administrative costs, there were a decrease of 3% due to the FX appreciation combined with the strong administrative cost management to hold the inflation impacts and synergies implementation. The consolidation of those two costs brought an increase of 6% in 2Q22 compared to 2Q21.

3 Adjusted EBITDA

Adjusted EBITDA (BRL Million)	2Q22	2Q21	2Q22 vs. 2Q21
VCBR	606	662	(9%)
VCNA	520	585	(11%)
VCEAA	167	185	(9%)
VCLATAM	41	72	(42%)
Others[1]	20	38	(47%)
Consolidated Result	**1,354**	**1,542**	**(12%)**

Consolidated adjusted EBITDA reached BRL 1.4 billion in 2Q22, 12% lower than 2Q21. The consolidated operating result was negatively impacted by the decrease in volume, the appreciation of the exchange rate, and inflation in costs, partially mitigated by the positive price dynamic. The consolidated EBITDA margin was 20%, a 7 p.p. drop compared to the same period of last year.

In 2Q22, VCBR presented an adjusted EBITDA of BRL 606 million, a 9% reduction due to a drop in volumes and negative impact of other operating results (sale of assets in 2Q21 and the mark to market of long-term contracts). The cost pressure due to the rise in commodity prices, such as fuels and raw materials, and local inflation, was substantially mitigated by the price increase in the period, leading to the recovery of margins compared to 1Q22.

VCNA's adjusted operating result was BRL 520 million in 2Q22 versus BRL 585 million in 2Q21. Inlocal currency terms, EBITDA decreased by 5% compared to the previous year. The reduction in adjusted EBITDA was primarily due to inflationary impacts on variable costs, mainly in fuel, and energy, in addition to FX appreciation in

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the period. The negative effects were partially mitigated by solid market dynamics in Canada and the USA, along with strong price management during the period.

Adjusted EBITDA in VCEAA fell 9% in 2Q22 compared to 2Q21, reaching a total of BRL 167 million. This decrease in operating results is mainly a consequence of the exchange rate impact compared to last year, as the region took advantage of stable demand to perform price increases due to the inflationary rise, especially in fuel and energy. Considering the adjusted EBITDA result in Euros, there was an increase of 10% in 2Q22 compared with the same period last year.

Adjusted EBITDA at VCLatam fell 42% from BRL 72 million to BRL 49 million in 2Q22. Bolivia's result remained stable in local currency with the increase in prices. In the other hand, the dynamics in Uruguay remain challenging with the new player in the local market, in addition to the inflationary pressure on costs in the two countries and the appreciation of the BRL during the period.

4 Net Profit/Loss

Net Profit/Loss (BRL Million)	2Q22	2Q21	2Q22 vs. 2Q21
Adjusted EBITDA	1,354	1,542	(12%)
Depreciation	(426)	(410)	4%
Results from investees	9	(14)	N.A.
Financial Results, net	(437)	(312)	40%
Income tax and social contributions	(103)	(243)	(58%)
Others[1]	(31)	129	N.A.
Net Income	**366**	**692**	**(47%)**

Net income was positive, adding up to BRL 366 million in 2Q22 versus BRL 692 million in the same period last year. These results in 2Q22 are mainly due to the drop in operating results and the higher expenses in net financial results.

Depreciation increased 4% compared to 2Q21, totaled to BRL 426 million in 2Q22, due to the inclusion of recent business acquisitions, which were partially mitigated by the BRL appreciation during the period.

Financial results reached a total expense of BRL 437 million compared to BRL 312 million in 2Q21, a 40% increase, mainly due to the premium of the Voto41 tender offer transaction carried out within the second quarter.

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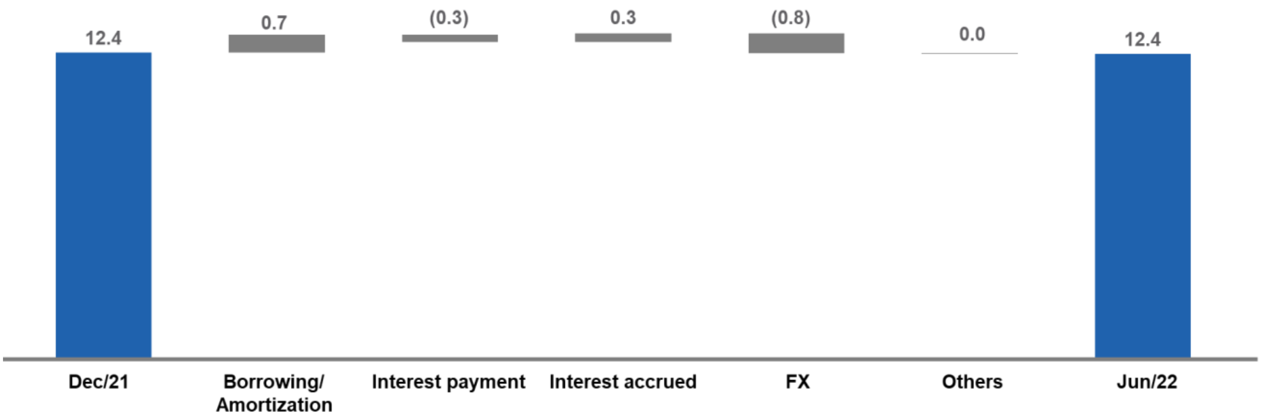
5 Indebtedness and Liquidity

At the end of the first half of 2022, gross debt reached BRL12.4 billion. VCNA's use of the committed credit facility was offset by the depreciation of the dollar during the period. As of June 30, 2022, 98% of the gross debt was long-term (non-current).



Votorantim Cimentos has two credit facilities available. The first credit facility, in the amount of USD 300 million, supports the Company´s need for short-term cash liquidity during seasonal periods in the Northern Hemisphere. This credit facility was renewed at the end of the quarter, with maturity in 2027, linked to the Company's ESG goals, including CO_2 emissions per ton of cement produced and the percentage of thermal substitution. At the end of 2Q22, USD 203.2M of the committed credit facility was drawn down. The second revolving credit facility aims to provide liquidity to the Company and its subsidiaries in scenarios with more significant uncertainty and volatility. This facility adds up to USD 250 million, with maturity in 2026 ("Global Revolving Facility").

In April 2022, the Company and its subsidiary VCNNE renegotiated the terms of two debt contracts under Law 4,131/1962, the first one added up to USD 100 million and the second one was of USD 50 million, respectively. Both contracts had their maturities postponed to 2028 and have a swap with the same financial institution to mitigate interest and currency exposure.

In May 2022, Votorantim Cimentos issued its 14th debenture in the local market, in the amount of BRL 1 billion, maturing in 2029. The debenture has ESG objectives linked to the transaction price if the Company decides to prepay the debt in advance (breakfund fee). The funds raised were used to finance the Voto41 tender offer program.

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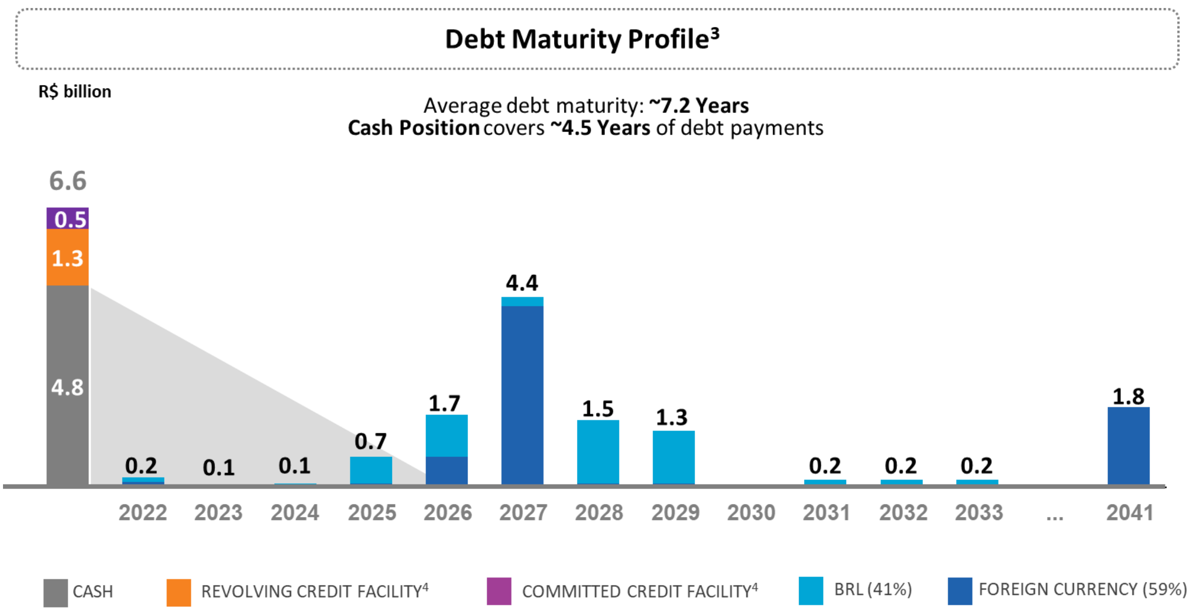
Also, in May 2022, the Company made a tender offer for Bonds maturing in 2041, outstanding debt in the international market, issued by the subsidiary Votorantim Cimentos International S.A. (VCI). VCI has received and accepted valid offers that totaled USD 221.8 million, including the principal and premium amounts. This operation aligns with the Company's strategy for managing liabilities and balancing currency exposure. The payment occurred on June 1st, 2022.

In June, the subsidiary Itacamba renegotiated a bilateral credit agreement with Bisa, a Bolivian financial institution, to reduce the cost of debt and extend the maturity of the debt to 2034.

At the end of June 2022, the Company maintains strong liquidity with a 45% cash position in strong currency, which mitigates the risk related to the depreciation of the real and allows the Company to cover its financial obligations for the next 4.5 years.

At the end of the first half of 2022, the Company had a net debt per adjusted EBITDA (leverage ratio) of 1.99x, an increase of 0.44x compared to the end of 2021 due to the seasonal period of the cash generation and reduction in adjusted EBITDA explained by the challenging scenario. However, the metric remains in line with the investment grade indicators and the Company's financial policy in a challenging global scenario.

The graph below summarizes the debt amortization profile as of June 30, 2022, which has an extended average term and no risk of refinancing in the short term:



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6 Investments and Divestments

During the second quarter of 2022, Votorantim Cimentos' capex reached BRL 344 million, 29% higher than the same period in 2021. This increase is mainly due to the more extensive asset base and the global modernization investment strategy, including the Uruguay project that started in 2021, inflation and several other projects linked to our ESG objectives, while the BRL appreciation partially offset those effects. Non-expansion projects represented 94% of the total CAPEX.

Expansion projects represents 6% of the total expansion capital invested in 2Q22. An example are the expansion projects for the aggregates plant and agricultural lime plant, both in the state of São Paulo, which will increase production capacity by 500 thousand tons per year and 50 thousand tons per year, respectively.

7 Free Cash Flow

BRL million	2Q22	2Q21	2Q22 vs. 2Q21
Adjusted EBITDA	1,354	1,542	(12%)
Working Capital/Others	(186)	102	N.A.
Taxes	(28)	(53)	(47%)
CAPEX	(344)	(244)	29%
Operating Cash Flow	**796**	**1,324**	**(40%)**
Investment / Divestment	59	(128)	N.A.
Financial Results	(297)	(197)	51%
Cash repatriation	(117)	(13)	800%
Dividends to majority shareholders	-	-	-
FX effect on Cash	178	(283)	N.A.
Free Cash Flow	**598**	**703**	**(15%)**

In 2Q22, Operating Cash Flow was positive, reaching BRL 796 million, BRL 528 million lower than 2Q21. The negative variation is mainly due to the seasonality negative impact in working capital and more significant investments in Capex. The negative financial results increased in 2Q22 mainly due to the premium paid in the Voto41 tender offer in May.

In 2Q22, there was a distribution related to VCNA's 2021 results of BRL 117 million to CDPQ, the minority shareholder in St. Marys Cement Inc (Canada).

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Free Cash Flow was positive, adding up to BRL 598 million, BRL 105 million lower than the same period in the previous year.

8 ESG - Environment, Social, and Governance

Votorantim Cimentos joined the GCCA (Global Cement and Concrete Association) initiative named the *Innovandi Open Challenge Consortia*, which consists of formal working group partnerships between startups and GCCA members to accelerate breakthrough technologies that will help the cement and concrete industry achieve zero CO_2 emissions. The Company is supporting two initiatives focused on carbon capture technologies.

The Company has three ESG ratings, which underwent analysis considering the results in 2021: MSCI, Sustainalytics, and Moody's ESG. For the first rating, Votorantim Cimentos has a BBB score, above 50% of the peers. For Sustainalytics and Moodys, the Company is among the top five companies in the sector in the ranking, with scores of 20.8 (average risk) and 52 (robust level), respectively.

In North America, Votorantim Cimentos joined "*Plug and Play*," an innovation platform to leverage emerging technologies in early incubation stages in Silicon Valley. The partnership will enable VCNA and its business units to obtain and partner with leading-edge technology companies to support their innovation strategy for topics such as construction site optimization and decarbonization initiatives.

9 Subsequent Events

(a) Borrowing in accordance with Law 4,131/1962 by VCSA

In July 2022, the Company signed borrowing agreement under Law 4,131/1962 in the total amount of USD 80 million (R$ 435,504,000), maturing in 2028. This transaction includes a swap contract that exchanges a fixed US Dollar rate for a floating CDI rate, and exchanges US Dollars for Brazilian Reais This swap was contracted with the same financial institution as the borrowing (debt financing at fixed USD rate and swap to floating CDI rate + spread).

(b) Approval of the distribution of dividends by VCSA

At the Extraordinary General Meeting of VCSA held on July 06, 2022, the shareholders approved the distribution of dividends in the amount of R$ 540 million.

For more information, please access the 2Q22 VCSA Financial Statement.

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10 Macroeconomic Scenario

Global production slowed down in the second quarter this year due to declines in growth in China and Russia, while spending by US consumers fell short of expectations. Several shocks hit a world economy that was already weakened by the pandemic: inflation worldwide was higher than expected - especially in the United States and major European countries; tighter financial conditions; a worse-than-expected slowdown in China, reflecting the outbreaks and lockdowns due to Covid-19; and more negative repercussions from the war in Ukraine. World growth is forecasted to slow down from 6.1% last year to 3.2% in 2022, 0.4 percentage points lower than the world economic outlook for April 2022, according to the IMF[5].

The Brazilian cement market ended the second quarter of 2022 with a 3% drop compared to 2Q21, according to the country's national cement association (SNIC). The conflict between Russia and Ukraine and the uncertainty regarding the war's end continue to put pressure on the supply of energy and, consequently, the price in the market. Combined with the macroeconomic scenario, the Brazilian basic interest rate (Selic) and price inflation continue to rise, contributing to the sector's performance in the quarter. The debt level among Brazilian families remains high, and the increase in the interest rate makes real estate financing more expensive, consequently reducing the units sold by the real estate sector. The federal government is announcing some specific measures, such as the release of a portion of the *FGTS* (Length of Service Guarantee Fund) and the anticipation of the 13th salary for retirees by the federal government, thus increasing the government's financial aid to the population and creating economic stimulus in the first quarter. In line with the challenging period ahead, SNIC revised its forecast for cement consumption in 2022, from stable, between 0% and 0.5%, to a drop of between 1% and 2% compared to 2021.

Demand for cement in North America remained strong in 2Q22. Cement supply generally remains tight despite some economic headwinds and high inflationary pressures. A downturn in the US economy is expected later in 2022 or in 2023, but only just avoiding a recession, according to the IMF[5]. Demand in the US is expected to slow, combined with a global monetary downturn scenario, according to IMF[5]. Inflation in Canada and the United States is higher than the local Central Banks expected, and monetary tightening remains on the financial policy agenda. The Canadian central bank raised the country's base interest rate by 100 basis points (bps) in July, from 1.0% to 2.0%. In the US, President Biden's infrastructure project is still in the process of being approved and is expected to begin impacting the industry in 2023. For 2022, the Portland Cement Association (PCA) latest estimate (Summer forecast) is for cement consumption to be near zero despite a strong first half of the year, when compared to the same period in 2021, a decrease compared to the earlier projection of an increase of 1.2% for the current year.

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In Spain, cement consumption increased 2.5% in the first half of 2022 compared to the same period in 2021, according to the country's cement association, Oficemen (*Agrupación de fabricaciones de cemento de España*). 2Q22 had 1.4% growth compared to 2Q21, mainly due to the repressed demand in 1Q22, which suffered from a truck drivers' strike and an intense winter. Although the country is experiencing a slightly positive demand, a slowdown in growth has been observed over the months. The country has suffered from high inflation in the supply chain, mainly for energy prices. Despite the challenging scenario, the cement association in the country remains optimistic that the cement demand will be in line with 2021 figures.

In Turkey, according to the association of cement manufacturers, cement consumption is undergoing a challenging situation in the country, as are other sectors. The currency has weakened, inflation is high, and Ukraine's war with Russia brings greater pessimism to an already challenging market. The inflation forecast at the end of 2022 is 68.4%. Demand in 2Q22 was high due to the repressed demand in the first quarter's local winter, but much lower than last year, around 14%, due to the increase in inflationary pressure costs.

In Morocco, according to the local cement association, *L'Association Professionnelle des Cimentiers* (APC), in 2Q22, cement sales dropped 9.9% compared to 2Q21, mainly due to the challenging macroeconomic scenario resulting in high inflationary pressure. According to the IMF[5] report issued on April/22, the country's growth forecast was revised from 3.0% to 1.1% in 2022 due to cost pressure arising from the Ukraine-Russia war.

In Tunisia, cement consumption in 2Q22 dropped 8.2% compared to the same period last year, according to the local association, *Chambre Nationale des Producteurs de Ciment* (CNPC). The country is facing a challenging scenario, with rising inflation and unemployment, and the political system and volatile commodity prices adding greater risk.

In Bolivia, according to the latest data provided by INE (National Institute for Statistics), in the first four months of 2022, there was a 12% increase compared to the same period in 2021. Still, an impact on cement consumption in the country is perceived due to cost pressure and macroeconomic challenges. The IMF[5] April/22 report forecasts 3.8% growth for the country in the year.

In Uruguay, according to the country's cement association, *Camara de Industrias del Uruguay* (CIU), the cement market grew 2% in 2Q22 compared to 2Q21 due to repressed demand in 1Q22, which was impacted by heavy rains.

In Argentina, cement market dynamics continued optimistic in the second quarter of 2022, with substantial volumes. In 2Q22, cement consumption grew 16% compared to the same period in 2021, according to the local association, *Associación de*

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Fabricantes de Cemento Portland (AFCP). Despite the worsening macroeconomic situation, the local construction materials sector remains resilient. The association keeps the forecast of a stable market for cement consumption in 2022.

CONTACTS INVESTOR RELATIONS

E-mail: **ri@vcimentos.com**

Website: **https://ir.votorantimcimentos.com.br/**

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