



Quarterly Results – 2Q23/1H23 | GRI 2-3, 2-6

HIGHLIGHTS

Pro-forma Adjusted and Recurring EBITDA of R\$500.0 million in 2Q23, and R\$984.3 million in 1H23, which includes 49.0% of the results arising from LD Celulose;

Dexco closed out 2Q23 with a positive Sustaining Cash Flow of R\$60.4 million, which reflects a significant improvement in Working Capital, due to a reduction in inventory.

A resilient, sustainable result was reported by the Wood Division, even in the face of a challenging market scenario.

WOOD

WOOD

Sales of 663.9k m³ in 2Q23 and of 1,310.1 m³ in 1H23, a fall of 8.1% and 10.0% vs 2022, respectively.

Panels volumes for the 2nd quarter grew 2.7% in relation to the 1st quarter.

Adjusted and Recurring EBITDA of R\$344.2 million in the quarter, with a margin of 27.6% and R\$675.8 million for the half, with a margin of 28.3%.

DISSOLVING WOOD PULP

Operating at full capacity and meeting expected quality standards;

Improvement in costs arising from the stabilization of production, following the shutdowns in 1Q23;

Pro-forma Recurring EBITDA pertaining to Dexco of R\$150.3 million in 2Q23, with a margin of 51.3% pertaining to Dexco

FINISHINGS FOR CONSTRUCTION

METALS & SAN. WARE

Unit Revenue fell by 1.1% in 2Q23 versus 2Q22, due mainly to price repositioning;

Structure related actions impacted the Division's margins;

Adjusted and recurring EBITDA of negative R\$2.6 million in 2Q23, but positive R\$19.4 million in 1H23.

TILES

Increase in sales volumes driven by market share;

Partial recovery in factory utilization, which had a positive impact on costs;

Adjusted and Recurring EBITDA of R\$8.0 million in 2Q23 and R\$5.7 million in 1H23.

As of 06/30/2023

MARKET CAP | GRI 102-7
R\$6,747.4 million

CLOSING SHARE PRICE
R\$8.35

SHARES IN ISSUE
820,566,246

TREASURY SHARES
12,491,389

INVESTOR RELATIONS

| GRI 102-53

Francisco Semeraro - Director of Adm., Finance & IR

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Live transmission

August 3, 2023 at 9 a.m.
(BRT Time) | GRI 102-50

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Consolidated Financial Results

In BRL '000	2Q23	2Q22	%	1Q23	%	1H23	1H22	%
Highlights								
Volume shipped Deca ('000 items)	5,739	7,464	-23.1%	4,304	33.3%	10,043	12,322	-18.5%
Volume shipped Ceramic tiles (m²)	4,147,714	5,188,084	-20.1%	3,496,802	18.6%	7,644,516	10,551,704	-27.6%
Volume shipped Wood (m³)	663,856	722,757	-8.1%	646,280	2.7%	1,310,136	1,455,731	-10.0%
Consolidated Net Revenue	1,953,755	2,213,567	-11.7%	1,712,018	14.1%	3,665,773	4,344,569	-15.6%
Gross profit	678,106	775,744	-12.6%	663,424	2.2%	1,341,530	1,518,690	-11.7%
Gross profit - Pro Forma ⁽¹⁾	706,256	781,906	-9.7%	663,424	6.5%	1,369,680	1,524,852	-10.2%
Gross margin	34.7%	35.0%		38.8%		36.6%	35.0%	
Gross margin - Pro Forma ⁽¹⁾	36.1%	35.3%		38.8%		37.4%	35.1%	
EBITDA according to CVM Resolution 156/22 ⁽²⁾	658,761	561,809	17.3%	635,679	3.6%	1,294,440	1,162,802	11.3%
EBITDA Mg CVM Resolution 156/22	33.7%	25.4%		37.1%		35.3%	26.8%	
Adjustments for non-cash events	(251,231)	(151,178)	66.2%	(238,490)	5.3%	(489,721)	(222,112)	N/A
Non-recurring events ⁽³⁾	29,150	5,060	N/A	(2,816)	N/A	26,334	5,060	N/A
Dissolving Wood Pulp	(86,989)	30,556	N/A	(43,244)	N/A	(130,233)	4,172	N/A
Adjusted and Recurring EBITDA ⁽⁴⁾	349,691	446,247	-21.6%	351,129	-0.4%	700,820	949,922	-26.2%
Adjusted and Recurring EBITDA margin ⁽⁴⁾	17.9%	20.2%		20.5%		19.1%	21.9%	
Net income	157,383	169,191	-7.0%	154,329	2.0%	311,712	392,906	-20.7%
Recurring Net Income ⁽¹⁾⁽⁸⁾	89,411	202,909	-55.9%	109,227	-18.1%	198,638	401,231	-50.5%
Recurring Net Margin ⁽¹⁾⁽⁸⁾	4.6%	9.2%		6.4%		5.4%	9.2%	
INDICATORS								
Current ratio ⁽⁵⁾	1.40	1.44	-2.8%	1.58	-11.4%	1.40	1.44	-2.8%
Net debt ⁽⁶⁾	4,561,850	3,689,344	23.6%	4,284,452	6.5%	4,561,850	3,689,344	23.6%
Net debt / EBITDA LTM ⁽⁷⁾	3.08	1.72	79.1%	2.71	13.7%	3.08	1.72	79.1%
Average Shareholders' equity	6,081,796	5,623,571	8.1%	5,998,374	1.4%	6,081,796	5,623,571	8.1%
ROE ⁽⁸⁾	10.4%	12.0%		10.3%		20.5%	14.0%	
Recurring ROE	5.9%	14.4%		7.3%		13.1%	14.3%	
SHARES								
Earnings per share (BRL) ⁽⁹⁾	0.1950	0.2306	-15.4%	0.1828	6.7%	0.3778	0.5317	-28.9%
Closing share price (BRL)	8.35	9.87	-15.4%	5.88	42.0%	8.35	9.87	-15.4%
Net equity per share (BRL)	7.58	7.82	-3.1%	7.47	1.5%	7.58	7.82	-3.1%
Treasury Shares	12,491,389	26,489,405	-52.8%	29,138,345	-57.1%	12,491,389	26,489,405	-52.8%
Market Cap (BRL1.000)	6,747,425	7,249,254	-6.9%	4,750,575	42.0%	6,747,425	7,249,254	-6.9%

- (1) Cost of Goods Sold; **2023:** Deca restructuring: (+) R\$28,150k; **2022:** Deca restructuring: (+) R\$5,610k; Tiles restructuring: (+) R\$552k; Sales expenses; **2022:** Deca restructuring: (+) R\$227k.
- (2) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): measure of operating performance in accordance with CVM Instruction 156/22.
- (3) Non-recurring events detailed in the attachment to this material.
- (4) EBITDA adjusted for non-cash events arising from variation in the fair value of biological assets and combination of businesses, in addition to extraordinary events.
- (5) Current liquidity: Current assets divided by current liabilities. Indicates the amount available in R\$ to cover each R\$ of short-term obligations.
- (6) Net Corporate Debt: Total Financial Debt (-) Cash.
- (7) Financial leverage calculated on the rolling EBITDA over the last 12 months, adjusted for events of a purely accounting and non-cash nature.
- (8) ROE (Return on Equity): measure of performance obtained by taking the annualized Net Earnings over the period, annualized, and dividing by Average Net Equity.
- (9) Net earnings per share is calculated by dividing the earnings attributable to the company's shareholders by the average weighted number of ordinary shares issued during the period, excluding the ordinary shares held by the Treasury.



MARKET & BUSINESS SCENARIO GRI 3-3

Even with the combined effects of a reduction in political and economic uncertainty during the quarter – reflecting a slight improvement in the consumer confidence index – the prospect of a moderate drop in interest rates in the 2nd semester, and the announcement of government initiatives for boosting the construction industry, these factors have yet to be reflected in the markets in which Dexco operates, which remain depressed versus 2022. Despite a slight upside in 2Q23 versus the first quarter, data for the sector still suggest Dexco is facing a challenging scenario. Year to date, the Associação Nacional dos Fabricantes de Cerâmicos para Revestimentos (ANFACER) data show a 15.8% drop in sales of ceramic tiles; Associação Brasileira da Indústria de Materiais de Construção (ABRAMAT) reported a 3.3% fall in gross deflated revenues; and the Indústria Brasileira de Árvores (IBÁ) reported that sales were 10.0% lower than for the first semester of 2022.

At Dexco, as in the previous quarter, the results for the Wood Division exceeded expectations, and were the stand out performance in the group, highlighting the Division's resilience in the face of market instability. The ability of the operation to respond deftly to the demand scenario, through optimizing the use of assets, serving its panel customers and profitably selling wood to third parties, led the Division to end 2Q23 with an Adjusted and Recurring EBITDA of R\$344.2 million, an increase of 32.3% versus 2Q22 and 3.8% versus 1Q23. The margin was 27.6%, 7.4 p.p. higher than in 2Q22, but 1.6 p.p. lower than for 1Q23. In the semester, the Adjusted and Recurring EBITDA was R\$675.8 million, with a margin of 28.3%, 9.1% and 4.8 p.p. higher than for the same period in 2022, respectively.

The Finishings for Construction Division remains the most impacted by the market downturn. Despite the growing market share since 1Q23, structuring internal actions focused on the medium and long term still had a significant impact on results, especially in the Metals and Sanitary Ware Division, which closed out 2Q23 with a negative Adjusted and Recurring EBITDA of R\$ 2.6 million for the quarter but positive R\$19.4 million for the first semester of 2023. Tiles Division saw a slight improvement in factory utilization, which translated into an improvement in costs. This effect leveraged its results, with a reported Adjusted and Recurring EBITDA of R\$8.0 million for 2Q23 and R\$5.7 million in the semester.

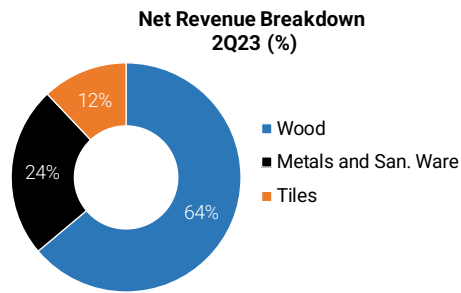
It should be noted that LD Celulose's operation was fully operational during the second quarter, following maintenance shutdowns at the beginning of the year. The improvement in costs due to the stabilization of production led to an Adjusted EBITDA of R\$307.6 million. Including Dexco's 49.0% stake in the operation, the Company's Adjusted and Recurring EBITDA should increase by R\$150.3 million in 2Q23.

The Company remains cautiously optimistic about the performance of its operations in the second semester, which should be boosted by both the seasonality typical to the business and the prospect of returns arising from structure-focused actions carried out in the Metals, Sanitary Ware and Tiles Divisions running throughout the first semester. However, uncertainty remains over the level of traction in the market recovery seen to date.

Consolidated Financial Results Highlights GRI 3-3

NET REVENUE

The partial boost in market share across all the Divisions in comparison to 1Q23, reflecting the seasonality typical to the business, led to a 14.1% increase in Net Revenue versus the prior quarter, which more than offset the remaining price repositioning effects seen with Metals and Sanitary Ware. However, this quarterly increase was insufficient to compensate for the more challenging market conditions seen since 2022, resulting in a Net Revenue of R\$1,953.8 million, a drop of 11.7% versus 2Q22. For the semester, Net Revenue was R\$3,665.8 million, down 15.6% versus 1H22.



It should be noted that the strategy for optimizing the profitability of operations, particularly through the timely sale of standing wood to third parties in the Wood Division, has partially mitigated impacts arising from the adverse market scenario in the year-to-date results. Considering the exportation channel, volumes fell around 24.7% versus 2Q22, while revenues from this channel fell 26.9%.

BRL '000 - consolidated	2Q23	2Q22	%	1Q23	%	1H23	1H22	%
Net Revenue	1,953,755	2,213,567	-11.7%	1,712,018	14.1%	3,665,773	4,344,569	-15.6%
Domestic market	1,644,427	1,790,261	-8.1%	1,366,927	20.3%	3,011,354	3,450,162	-12.7%
Foreign Market	309,328	423,306	-26.9%	345,091	-10.4%	654,419	894,407	-26.8%

COST OF GOODS SOLD

The pro-forma Cash Cost, Cost of Goods Sold net of depreciation, amortization and exhaustion and of the net change in biological assets, ended the second quarter of the year at R\$1,236.1 million, down 10.8% compared to the same period in 2022. This result reflects lower sales volumes, and consequently lower expenditure on variable costs, as well as a reduction in the cost of key raw materials, such as urea and other chemicals. Conversely, versus the prior quarter, the COGS increased by 17.1%, due mainly to the increase in volumes across all Divisions in this period.

Since the end of 2022, Dexco has been readjusting the value of its biological assets, taking into consideration increases in the price of wood traded in the market, which has resulted in a 59.9% increase in the variation in the fair value of biological assets in relation to 2Q22. It should be noted that, for the calculation of the value of biological assets, the price of sales transactions in the market is considered, in addition to the productivity of the Company's forests. The variation in the value of biological assets has no cash effect on Dexco's results.

Despite the quarter ending with a 9.7% drop in Pro-forma Gross Income, the fall in the cost of raw materials and other manufacturing inputs seen, together with the positive result regarding the variation in biological assets, led to an increase in Dexco's Pro-Forma Gross Margin of 0.8 p.p. versus 2Q22.

In addition, the Company reported a drop of 14.2% in Pro-Forma Cash Cost for the first semester versus the first half of 2022, which led to a 10.2% fall in Pro-Forma Gross Income, albeit with an 2.3 p.p. increase in Pro-Forma Gross Margin for the period.

BRL'000 - Consolidated	2Q23	2Q22	%	1Q23	%	1H23	1H22	%
Cash COGS	(1,264,304)	(1,392,758)	-9.2%	(1,055,374)	19.8%	(2,319,678)	(2,676,334)	-13.3%
Non Recurring Event ⁽¹⁾	28,150	6,162	N/A	-	N/A	28,150	6,162	N/A
Cash COGS Pro Forma	(1,236,154)	(1,386,596)	-10.8%	(1,055,374)	17.1%	(2,291,528)	(2,670,172)	-14.2%
Variation in fair value of biological assets	248,866	155,617	59.9%	241,546	3.0%	490,412	226,709	N/A
Depletion of biological assets	(79,055)	(39,740)	98.9%	(70,911)	11.5%	(149,966)	(77,787)	92.8%
Depreciation, amortization and depletion	(181,156)	(160,942)	12.6%	(163,855)	10.6%	(345,011)	(298,467)	15.6%
Gross Profit	678,106	775,744	-12.6%	663,424	2.2%	1,341,530	1,518,690	-11.7%
Recurring Gross Profit ⁽¹⁾	706,256	781,906	-9.7%	663,424	6.5%	1,369,680	1,524,852	-10.2%
Gross Margin	34.7%	35.0%		38.8%		36.6%	35.0%	
Recurring Gross Margin ⁽¹⁾⁽²⁾	36.1%	35.3%		38.8%		37.4%	35.1%	

(1) Non-recurring events: 2Q23: Deca restructuring: (+) R\$28,150k. 2Q22: Deca restructuring: (+) R\$5,610k; Ceramic Tiles restructuring (+) R\$552k; (2) Pro-forma gross income / Consolidated Pro-forma net revenue.

SALES EXPENSES

Sales Expenses totaled R\$280.1 million for the quarter. This figure is down by 10.8% versus 2Q22, mainly due to lower sales volumes. However, investment in significant events in the sector, such as the Expo Revestir and Casacor, coupled with Deca’s own initiatives regarding the sell out of products, with price repositioning and volume increases, led to a 19.2% increase compared to the immediately preceding quarter.

For the semester, the drop in volumes led to a 13.7% fall in sales expenses compared to the same period of the previous year.

BRL'000 - Consolidated	2Q23	2Q22	%	1Q23	%	1H23	1H22	%
Sales Expenses	(280,075)	(313,986)	-10.8%	(234,890)	19.2%	(514,965)	(596,823)	-13.7%
% of Net Revenue	14.3%	14.2%		13.7%		14.0%	13.7%	

GENERAL AND ADMIN. EXPENSES

Pro-Forma General and Administrative Expenses closed out the quarter at R\$94.5 million, 21.8% higher than for 2Q22, following salary increases that came into effect in 4Q22 and the Company’s focus on digitalization and process automation.

Compared to the prior quarter, expenditure related to digitalization led to a General and Administrativa Expenses increase of 13.4% for the period, but with the effects dissolved when considered as a share of Revenue.

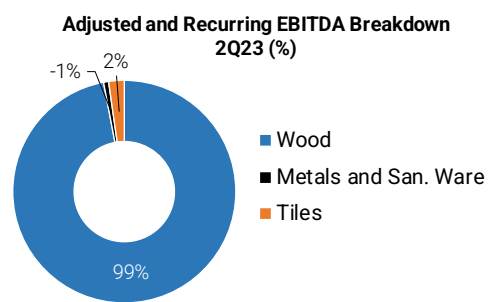
For the semester, General and Administrative Expenses totaled R\$177.8 million, an increase of 17.5% versus the same period in 2022, for the above-mentioned reasons.

BRL'000 – consolidated	2Q23	2Q22	%	1Q23	%	1H23	1H22	%
General and Administrative Expenses	(94,476)	(77,544)	21.8%	(83,284)	13.4%	(177,760)	(151,316)	17.5%
% of Net Revenue	4.8%	3.5%		4.9%		4.8%	3.5%	

EBITDA

The successful portfolio diversification carried out by the Wood Division sustained a healthy set of results, even under a challenging scenario, and offset the decrease in results from the Sanitary Ware, Metals and Tiles Divisions, leading Dexco to an Adjusted and Recurring EBITDA of R \$349.7 million, in line with the previous quarter, with a margin of 17.9%. However, compared to 2Q22, this represents a decrease of 21.6%, mainly driven by the weaker markets in which the Company operates over in the period.

Including the 49.0% from LD Celulose, Dexco's Adjusted and Recurring EBITDA was R\$500.0 million. Fully operational, LD ended 2Q23 with a Recurring EBITDA of R\$307.6 million and a margin of 51.3%. Of this figure, R\$150.3 million pertains to Dexco via its 49.0% stake in the company.



The timely sales of standing wood in the semester were not enough to offset adverse market conditions and the impact of structure-focused actions in the Metals, Sanitary Ware and Tiles Divisions. As a result, Dexco's semester Adjusted and Recurring EBITDA was R\$700.8 million, down 26.2% versus the same period in 2022, while the margin, at 19.1%, was down 2.7 p.p. on the same comparison.

It should be noted that, on June 21, 2023, the Company announced the closure of the sanitary ware operation in Queimados/RJ, as part of the structuring actions of the Metals and Chinaware Division to optimize its assets. However, the returns from this initiative are not yet reflected in the results due to the number of days after the end of 2Q23. However, the non-recurring effects of terminations and restructurings, in the amount of R\$ 29.2 million, have already been recognized as a non-recurring event.

The table below shows the reconciliation of EBITDA, in accordance with CVM Instruction 156/22. From this result, and in order to better convey the Company's potential operating cash generation, two adjustments have been made: the exclusion from EBITDA of events of an accounting and non-cash nature, and the disregard of events of an extraordinary nature. Thus, in line with best practices, we present below the calculation of the indicator that best reflects the Company's cash generation potential.

EBITDA reconciliation in BRL'000 – consolidated	2Q23	2Q22	%	1Q23	%	1H23	1H22	%
Net income	157,383	169,191	-7.0%	154,329	2.0%	311,712	392,906	-20.7%
Income tax and social contribution	21,478	80,833	-73.4%	39,613	-45.8%	61,091	156,793	-61.0%
Net financial result	186,859	94,373	98.0%	185,378	0.8%	372,237	204,097	82.4%
EBIT	365,720	344,397	6.2%	379,320	-3.6%	745,040	753,796	-1.2%
Depreciation, amortization and depletion	213,986	177,672	20.4%	185,448	15.4%	399,434	331,219	20.6%
Depletion of biological assets	79,055	39,740	98.9%	70,911	11.5%	149,966	77,787	92.8%
EBITDA according to CVM Resolution 156/22	658,761	561,809	17.3%	635,679	3.6%	1,294,440	1,162,802	11.3%
EBITDA margin CVM Resolution 156/22	33.7%	25.4%		37.1%		35.3%	26.8%	
Change in fair value of biological assets	(248,865)	(155,617)	59.9%	(241,546)	3.0%	(490,411)	(226,709)	N/A
Effect of variation in the Fair Value of Biological Assets - Caetex	-	4,133	N/A	-	N/A	-	4,133	N/A
Employee benefits	(2,366)	306	N/A	3,056	N/A	690	464	48.7%
Non-Recurring events ⁽¹⁾	29,150	5,060	N/A	(2,816)	N/A	26,334	5,060	N/A
Dissolving Wood Pulp	(86,989)	30,556	N/A	(43,244)	N/A	(130,233)	4,172	N/A
Adjusted and Recurring EBITDA ⁽¹⁾	349,691	446,247	-21.6%	351,129	-0.4%	700,820	949,922	-26.2%
Adjusted and Recurring EBITDA margin ⁽¹⁾	17.9%	20.2%		20.5%		19.1%	21.9%	

(1) Non-recurring events detailed in the addendum to this report.

FINANCIAL RESULTS

For the second quarter, the Pro-forma Financial Result was negative R\$186.9 million, a variation of R\$92.5 million in relation to the same period of the previous year. This result arose mainly from the higher basic interest rate, given that 99.5% of gross debt is pegged to the CDI, and an increase in average net debt during the period, which directly impacted the Company's financing costs compared to 2Q22. Even with an increase in income from financial investments, improvement in the rates negotiated, and a reduction in the impact of exchange rates versus 2022, combined, these effects were not enough to offset the other factors mentioned above.

In 2Q23, the accumulated CDI was 3.1%, compared to 2.9% in 2Q22 (an increase of 0.2 p.p.), while the average gross debt increased by approximately 9.9%, which explains the additional financial expenses in the period. The above mentioned effects led to a financial result of R\$372.2 million for the half year, an increase of 83.7% versus the same period in 2022.

It should be noted that, in relation to 1Q23, there were no significant changes that would cause fluctuations in financial income and costs during the period, with the net financial result thus remaining stable.

BRL'000 – consolidated	2Q23	2Q22	%	1Q23	%	1H23	1H22	%
Financial Revenues	89,405	117,889	-24.2%	84,524	5.8%	173,929	179,201	-2.9%
Financial Expenses	(276,264)	(212,262)	30.2%	(269,902)	2.4%	(546,166)	(383,298)	42.5%
Financial Result	(186,859)	(94,373)	98.0%	(185,378)	0.8%	(372,237)	(204,097)	82.4%
Non-recurring events ⁽¹⁾	-	-	N/A	-	N/A	-	1,502	N/A
Recurring Financial Revenues ⁽¹⁾	89,405	117,889	-24.2%	84,524	5.8%	173,929	179,201	-2.9%
Recurring Financial Expenses ⁽¹⁾	(276,264)	(212,262)	30.2%	(269,902)	2.4%	(546,166)	(381,796)	43.1%
Recurring Financial Result ⁽¹⁾	(186,859)	(94,373)	98.0%	(185,378)	0.8%	(372,237)	(202,595)	83.7%

(1) Non-recurring event: 1Q22. Expense: Compensation (+) R\$1.502k;

NET INCOME

With a decrease in the operating result, Dexco closed out 2Q23 with Recurring Net Income of R\$89.4 million, and Recurring ROE of 5.9%, down by 55.9% versus 2Q22, and 18.1% versus the prior quarter. Adding in the results from the LD Celulose's operation, using the established equity method, Pro-Forma Recurring Net Income was R\$176.6 million for the quarter, 2.4% greater than 2Q22 and 15.8% greater than 1Q23.

For the semester, Recurring Net Income was 50.5% lower than 1H22, ending the period at R\$198.6 million, with Recurring ROE of 13.1%. Year to date, however, the positive impact of the LD Celulose operation could not offset the drop off in the wider operating result, with Pro-Forma Recurring Net Income in 1H23 being R\$329.1 million, 17.2% lower than for the same period in 2022.

BRL'000 – consolidated	2Q23	2Q22	%	1Q23	%	1H23	1H22	%
Net Income	157,383	169,191	-7.0%	154,329	2.0%	311,712	392,906	-20.7%
Non recurring event ⁽¹⁾	19,239	3,339	N/A	(1,858)	N/A	17,381	4,330	N/A
Dissolving Wood Pulp	(87,211)	30,379	N/A	(43,244)	N/A	(130,455)	3,995	N/A
Recurring Net Income ⁽¹⁾	89,411	202,909	-55.9%	109,227	-18.1%	198,638	401,231	-50.5%
ROE	10.4%	12.0%		10.3%		20.5%	14.0%	
Recurring ROE ⁽¹⁾	5.9%	14.4%		7.3%		13.1%	14.3%	

(1) Non-recurring events detailed in the addendum to this report.

CASH FLOW GRI 201-1

Dexco ended 2Q23 with positive Sustaining Cash Flow of R\$60.4 million, reflecting a significant improvement in Working Capital, arising mainly from a balancing of inventory levels, which partly offset the higher financing costs.

The inventory balancing initiatives carried out through adjusting factory utilization, together with an gain in volumes across all Divisions versus 1Q23, resulted in the generation of R\$93.2 million in Working Capital. This result, even against a high interest rate scenario, which directly impacts financing costs, led to Sustaining Free Cash Flow generation in the period and the maintenance of Working Capital/Net Revenue levels at 17.5%, slightly below 1Q23. However, the quarterly improvement in the Average Storage Term was not enough to achieve the level reported in 2Q22 and offset the effects arising from leveraging Suppliers, due to the strategic review of materials purchases carried out as part of the inventory balancing initiative. As a result, Dexco ended the period with a Cash Conversion Cycle 11 days higher than reported for the first semester of 2022.

With respect to projects, the Company remains focused on the projects in the Investment Cycle announced in 2021, which paired with the investment in other non-recurring projects led to a total expenditure in 2Q23 of R\$170.7 million. Including this investment, Dexco had a negative total free cash flow of R\$110.3 million.

Despite the positive performance in 2Q23, the Company ended the first half of the year with negative Sustaining Cash Flow of R\$57.2 million and a Cash Conversion Cycle of 53 days.

BRL millions	2Q23	2Q22	%	1Q23	%	1H23	1H22	%
Adjusted and Recurring EBITDA	349.7	446.2	-21.6%	351.2	-0.4%	700.8	950.0	-26.2%
CAPEX Sustaining	(142.0)	(211.4)	-32.8%	(139.6)	1.7%	(281.6)	(409.3)	-31.2%
Financial Flow	(165.6)	(82.1)	N/A	(166.3)	-0.4%	(331.9)	(74.0)	N/A
Income tax and social contribution paid	(75.2)	(25.3)	N/A	(5.2)	N/A	(80.4)	(50.0)	60.9%
Working Capital	93.2	(218.8)	N/A	(157.2)	N/A	(64.3)	(556.8)	-88.4%
Others	0.3	7.5	-95.7%	-	N/A	0.1	1.3	-92.2%
Free Cash Flow Sustaining	60.4	(83.7)	N/A	(117.1)	N/A	(57.2)	(138.7)	-58.8%
Projects ⁽¹⁾	(170.7)	(287.0)	-40.5%	(141.0)	21.1%	(311.7)	(531.0)	-41.3%
Free Cash Flow Total	(110.3)	(370.8)	-70.3%	(258.0)	-57.3%	(368.8)	(669.6)	-44.9%
Cash Conversion Ratio ⁽²⁾	17.3%	N/A		N/A		N/A	N/A	

(1) Projects: **2Q23:** Wood Debottlenecking: (+) R\$7.2 million, Acquisition of BP Lines: (+) R\$536.4k, Forestry Expansion: (+) R\$2.8 million, Expansion and Improvement to Deca mix: (+) R\$51.1 million, Tiles Expansion: (+) R\$83.6 million; DX Ventures: (+) R\$16.6 million; Other Projects: (+) R\$8.8 million; **1Q23:** Wood Debottlenecking (+) R\$4.2 million, Acquisition of BP Lines (-) R\$1.8 million, Forestry Expansion (-) R\$10.5 million; Expansion and Improvement to Deca mix (+) R\$20.9 million, Tiles Expansion (+) R\$15.6 million, Other Projects (+) R\$17.9 million, DX Ventures (+) R\$73.8 million; **2Q22:** Dissolving Wood Pulp (-) R\$153.6 million, Cetrisa acquisition (-) R\$10.7 million, Debottlenecking, Acquisition Lines BP Wood (-) R\$29.5 million; Expansion and Improvement to Deca mix: (-) R\$28.4 million, Expansion and automation Sanitary Ware (-) 16.2 million, Ceramic Tiles Expansion (-) R\$60.7 million. **1Q22:** DX Ventures (-) R\$9.2 million, Dissolving Wood Pulp R\$ (-) R\$93.3 million. Castelatatto acquisition (-) R\$103.6 million, Sale of assets (+) R\$6.3 million, Acquisition Lines de BP Wood (-) R\$13.2 million, Forestry Expansion (-) R\$ 4.7 million, Expansion and Improvement to Deca mix (-) R\$3.2 million, Ceramic Tiles Expansion (-) R\$22.3 million;

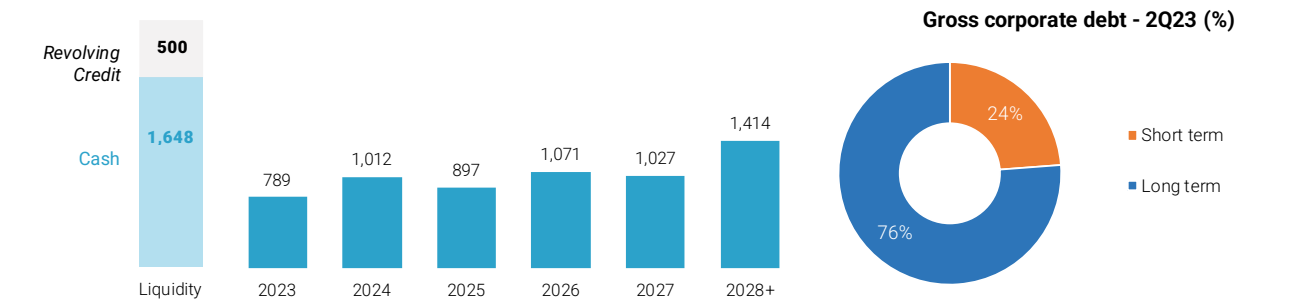
CORPORATE DEBT

The Company ended 2Q23 with consolidated debt of R\$6,210.0 million, an increase of 9.9% versus the same period of the previous year, and Net Debt of R\$4,561.9 million, an increase of 23.6% compared to 2Q22.

In relation to 1Q23, there was a nominal increase of R\$277.4 million in Net Debt, explained by the consumption of cash through projects during the quarter. In addition, the Company also paid out R\$249.0 million, gross, in Interest on Equity related to the results for fiscal year 2022. Versus the previous quarter, the Company reported an uptick in its leverage of 0.37x, with Net Debt/Adjusted and Recurring EBITDA at 3.1x in 2Q23.

The average cost of financing for the period was 115.1% of CDI, an increase of 4.9 p.p. versus the prior quarter, with an average payment term of 3.6 years.

It should be mentioned that, in 2Q23, Moody's assigned the Company a 'AAA.br' long-term corporate rating, with a stable outlook. According to the Agency, the rating reflects the Company's market-leading competitive position and its financial strength. Fitch, meanwhile, reaffirmed its previous global corporate rating of 'BB+', with the Stable outlook revised to Negative, and a national scale rating of 'AAA (bra)', maintaining the Stable outlook.



BRL'000	30/06/2023	30/06/2022	Var R\$	31/03/2023	Var R\$	31/12/2022	Var R\$
Short-Term debt	1,279,539	1,506,163	(226,624)	713,624	565,915	761,916	517,623
Long-Term debt	4,691,405	4,029,456	661,949	4,838,573	(147,168)	4,837,703	(146,298)
Financial instruments	239,022	115,243	123,779	221,728	17,294	210,251	28,771
Total debt	6,209,966	5,650,862	559,104	5,773,925	436,041	5,809,870	400,096
Cash and equivalent	1,648,116	1,961,518	(313,402)	1,489,473	158,643	1,771,730	(123,614)
Net debt	4,561,850	3,689,344	872,506	4,284,452	277,398	4,038,140	523,710
Net debt/Adjusted and Recurring EBITDA	3.08	1.72		2.71		2.33	
Net debt/Equity (in %)	74.4%	64.3%		71.0%		67.7%	

STRATEGIC MANAGEMENT AND INVESTMENT

Dexco ended 2Q23 with total investment of R\$312.7 million in its operations, of which R\$74.0 million was allocated to the rebuilding of forestry assets and R\$68.0 million to maintenance, factory modernization and digitalization. The Company also reaffirmed its commitment to the Investment Cycle with investment of R\$161.8 million, of which R\$10.5 million was allocated to the Wood Division for debottlenecking projects, improvement to the mix (new panel coating lines) and expansion of the forestry base in the Northeast; R\$51.1 million to Deca; and R\$83.6 million to the construction of the new Tiles unit in Botucatu (SP).

In the quarter, an investment of R\$ 16.6 million was made in DX Ventures, the Corporate Venture Capital fund of Dexco, which aims to invest in startups and scale-ups at multiple stages. This allows them to follow the industry's macro-trends of transformation and innovation in the construction, renovation, and decoration sectors, through the development of relevant long-term business ventures. It is important to highlight that during this quarter, the

announced contributions related to this initiative and the acquisition of a minority stake in ABC da Construção, in approximately R\$ 240.0 million, invested since 2021.

In addition, the delivery of strategic projects related to Metals, Sanitary Ware and wood panels was carried out in the quarter, in view of capturing improvements in the mix and optimization of assets. The completion of these projects took place amid a reduction in the projection of approximately R\$ 300.0 million in investment mainly in the Metals and Sanitary Ware Division, referring to continuous efficiency gains in the execution process and negotiations with suppliers, together with the readjustment of productivity gains sought, given the forecasts of the macroeconomic scenario.

The company takes the opportunity to announce that it will conclude the ongoing projects in the Investment Cycle, announced in July 2021, by 2025, reducing the investment estimate by R\$ 300.0 million. The estimated cost, which was approximately R\$ 2.1 billion as of October 2022, will now be around R\$ 1.8 billion as of August 2023. The increased expenditure observed in the construction of the new ceramic coatings factory in Botucatu/SP was partially offset by gains in the projects related to de-bottlenecking and product mix improvement in the Wood division, as well as a reduction in the planned investments for the Metals and Sanitaryware divisions.

The second quarter of 2023 was also marked by the implementation of SAP S/4Hana in the Deca and Madeira Divisions, which went live in early July. This project represents a significant milestone for the Company in its digitization and data management journey, leveraging integration between Divisions and process improvement. Additionally, the system will enable connectivity with the best digital solutions available in the market.

Year to date, a total of R\$593.3 million has been invested, with R\$281.6 million allocated to forestry rebuilding, maintenance and digitalization, and R\$311.7 million to the Investment Cycle and other projects.

Operations GRI 2-2, 2-6

WOOD

Wood Panels

duratex durafloor

HIGHLIGHTS	2Q23	2Q22	%	1Q23	%	1H23	1H22	%
SHIPMENTS (in m³)								
STANDARD	359,826	405,948	-11.4%	340,237	5.8%	700,063	772,009	-9.3%
COATED	304,030	316,809	-4.0%	306,043	-0.7%	610,073	683,722	-10.8%
TOTAL	663,856	722,757	-8.1%	646,280	2.7%	1,310,136	1,455,731	-10.0%
FINANCIAL HIGHLIGHTS (BRL' 000)								
NET REVENUE	1,247,812	1,285,907	-3.0%	1,137,403	9.7%	2,385,215	2,635,368	-9.5%
DOMESTIC MARKET	985,020	922,667	6.8%	828,990	18.8%	1,814,010	1,854,063	-2.2%
FOREIGN MARKET	262,792	363,240	-27.7%	308,413	-14.8%	571,205	781,305	-26.9%
Net revenue per unit (BRL/m³ shipped)	1,879.6	1,779.2	5.6%	1,759.9	6.8%	1,820.6	1,810.3	0.6%
Cash cost per unit (BRL/m³ shipped)	(1,098.4)	(1,124.9)	-2.4%	(996.8)	10.2%	(1,048.3)	(1,107.5)	-5.3%
Gross profit	545,308	464,103	17.5%	538,683	1.2%	1,083,991	945,159	14.7%
Gross margin	43.7%	36.1%		47.4%		45.4%	35.9%	
Selling expenses	(135,182)	(181,193)	-25.4%	(137,224)	-1.5%	(272,406)	(359,011)	-24.1%
General and administrative expenses	(37,920)	(27,944)	35.7%	(33,057)	14.7%	(70,977)	(56,865)	24.8%
Operating profit before financial results	360,139	239,374	50.5%	368,291	-2.2%	728,430	519,700	40.2%
Depreciation, amortization and depletion	155,984	134,096	16.3%	134,488	16.0%	290,472	245,416	18.4%
Depletion tranche of biological assets	79,055	39,740	98.9%	70,911	11.5%	149,966	77,787	92.8%
EBITDA according to CVM Resolution 156/22 ⁽¹⁾	595,178	413,210	44.0%	573,690	3.7%	1,168,868	842,903	38.7%
EBITDA margin according to CVM Resolution 156/22	47.7%	32.1%		50.4%		49.0%	32.0%	
Variation in fair value of biological assets	(248,865)	(155,617)	59.9%	(241,546)	3.0%	(490,411)	(226,709)	N/A
Effect of the variation in fair value of biological assets - Caetex	-	4,133	N/A	-	N/A	-	4,133	N/A
Employee benefits	(2,091)	(706)	N/A	936	N/A	(1,155)	(257)	N/A
Non-recurring events ⁽²⁾	-	(754)	N/A	(1,534)	N/A	(1,534)	(754)	N/A
Adjusted and Recurring EBITDA	344,222	260,266	32.3%	331,546	3.8%	675,768	619,316	9.1%
Adjusted and Recurring EBITDA margin	27.6%	20.2%		29.1%		28.3%	23.5%	

(1) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): measure of operating performance in accordance with CVM Instruction 156/22.
(2) Non-recurring events: detailed in the addendum to this report.



Once again, the Wood Division demonstrated the resilience and sustainability of its results, even given a challenging market scenario. While reporting marginal growth quarter on quarter, the IBÁ data show that the market shrank 10.6% in the second quarter, with a 1.8% decrease in the domestic market and a 49.0% drop off in the external market versus 2Q22. For the half year, the market overall shrank 10.2%, 2.3% domestically and 45.2% externally.

Faced with this more competitive scenario, the Company maintained its focus on managing its operations proactively, with utilization balanced to serve customer needs and dilute costs. In addition, it carried out timely sales of surplus forest, monetizing its assets sustainably without compromising long term operations. This strategy once again made a fundamental contribution to the Adjusted and Recurring EBITDA for the quarter, which totaled R\$344.2 million for 2Q23 and R\$675.8 million for 1H23, an increase of 32.3% and 9.1%, respectively, versus the same period last year.

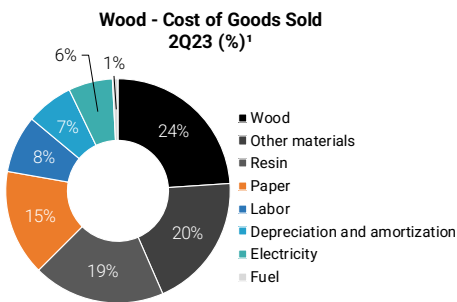
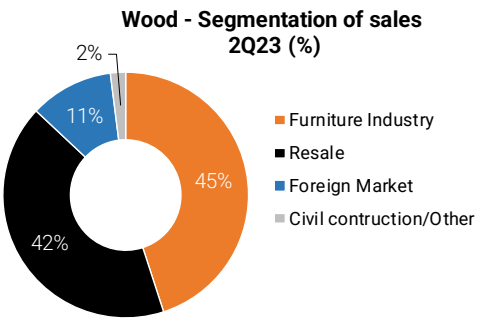
The focus on customer service and maintenance of market share, led Dexco to report an 8.1% drop off in volumes in 2Q23, a result that outperformed the market as a whole, with a total of 663.9k m³ sold, 27.7% of this volume being allocated to operations in Colombia and the external market. Year to date, there has been a 10.0% drop in volume versus the same period last year, in line with the sector as a whole. It should be noted that during this quarter factory maintenance shutdowns were carried out in Brazil and Colombia, which explains the slight drop off in capacity utilization, to levels close to 75.0%.

The successful price adjustments for coated products introduced in 1Q23, together with the sale of surplus forest (given the challenging market scenario for wood panels), led to an increase of 5.6% in Net Unit Revenue versus 2Q22, with the Division's Net Revenue coming in at R\$1,247.8 million, down 3.0% versus the same period. Year to date, Dexco sustained its Net Unit Revenue, but reported Net Revenue of R\$2,385.2 million, a decrease of 9.5% versus 1H22, due to market conditions.

With respect to costs, the significant fall in the price of raw materials led to a 2.4% drop in Unit Cash Cost versus 2Q22. However, quarter-on-quarter, the maintenance shutdowns carried out in Colombia and Brazil significantly impacted the Unit Cash Cost. General and Administrative Expenses, meanwhile, were impacted by an increase in labor costs, arising from the collective bargaining agreement announced in 4Q22, and digitalization costs. As a

result G&A expenses increased 35.7%. On a quarterly basis, even with a 14.7% increase arising from expenses related to the replacement of IT systems, the total was diluted in relation to Revenue.

On the back of the timely sales of standing wood, which offset the decline in revenue, and a more stable cost base, there was significant improvement in the Adjusted and Recurring EBITDA Margin versus 2022, it closing out the quarter at 27.6%, an increase of 7.3 p.p versus 2Q22 and of 4.8 p.p. year on year.



1 – Colombia and Brazil operations.

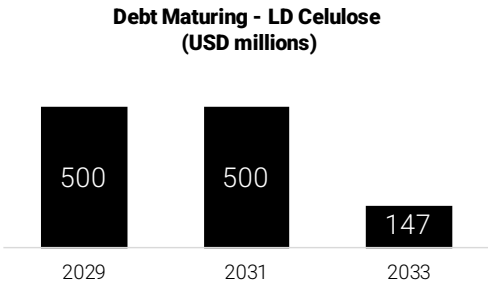
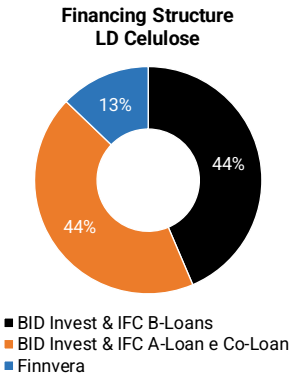
DISSOLVING WOOD PULP

HIGHLIGHTS	2Q23	2Q22	%	1Q23	%	1H23	1H22	%
FINANCIAL HIGHLIGHTS (BRL '000)								
Net Revenue	599,746	33,083	N/A	650,698	-7.8%	1,250,444	59,251	N/A
Adjusted and Recurring EBITDA	307,598	(26,976)	N/A	271,847	13.2%	579,445	(47,964)	N/A
Adjusted and Recurring EBITDA margin	51.3%	-81.5%		41.8%		46.3%	-81.0%	
Net Income	178,129	(61,792)	N/A	88,661	N/A	266,790	(18,880)	N/A
Net Income - Dexco Share	87,211	(30,379)	N/A	43,244	N/A	130,455	(3,995)	N/A
Financial Result	(84,943)	12,366	N/A	(92,141)	-7.8%	(177,084)	18,965	N/A
Cash position (USD '000)	28,300	109,758	-74.2%	32,900	-14.0%	28,300	109,758	-74.2%
Gross Debt (USD '000)	1,200,000	1,075,000	11.6%	1,200,000	0.0%	1,200,000	1,075,000	11.6%

(1) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): measure of operating performance in accordance with CVM Instruction 156/22.

Having undergone its first scheduled maintenance shutdown in 1Q23, LD Celulose operated at full capacity this quarter, achieving expected quality levels. Although the price of dissolving wood pulp fell during the quarter, the impact was more than offset by the improvement in costs arising from stable production. As a result, the Division closed out the quarter with an Adjusted and Recurring EBITDA of R\$307.6 million, and a margin of 51.3%.

LD Celulose’s results for the quarter generated an Adjusted and Recurring EBITDA, proportional to the 49.0% of the company pertaining to Dexco, of R\$150.3 million, which is reported via the equity equivalence method (net income for Dexco) at R\$87.2 million, included in the adjustments to the Company’s recurring results.



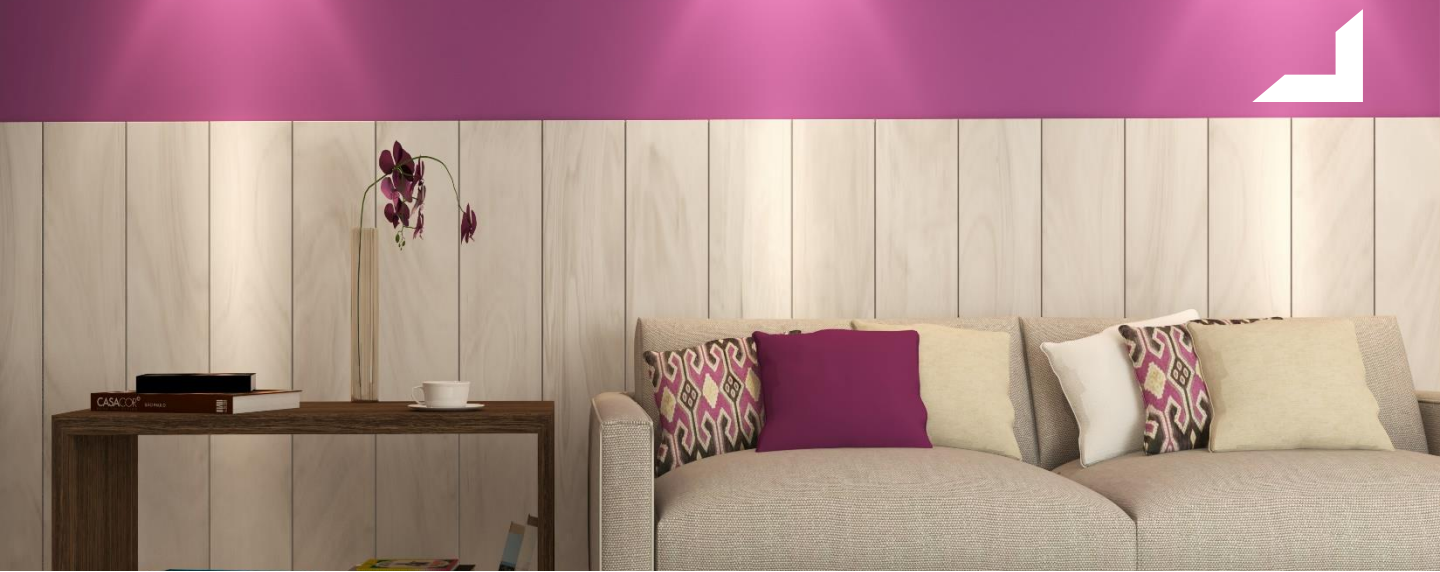
FINISHINGS FOR CONSTRUCTION

METALS & SANITARY WARE

deca hydra

HIGHLIGHTS	2023	2022	%	1Q23	%	1H23	1H22	%
SHIPMENTS (in '000 items)								
BASIC GOODS	2,002	2,378	-15.8%	1,969	1.7%	3,971	4,092	-3.0%
FINISHING GOODS	3,737	5,086	-26.5%	2,335	60.0%	6,072	8,230	-26.2%
TOTAL	5,739	7,464	-23.1%	4,304	33.3%	10,043	12,322	-18.5%
FINANCIAL HIGHLIGHTS (BRL1,000)								
NET REVENUE (sales in items)	471,050	29,150	1516.0%	378,576	24.4%	849,626	1,108,177	-23.3%
DOMESTIC MARKET	446,784	593,976	-24.8%	360,740	23.9%	807,524	1,057,580	-23.6%
FOREIGN MARKET	24,266	25,604	-5.2%	17,836	36.1%	42,102	50,597	-16.8%
Net revenue per unit (BRL/ per item shipped)	82.1	3.9	2001.7%	88.0	-6.7%	84.6	89.9	-5.9%
Cash cost per unit (BRL/ per item shipped)	(64.9)	(55.0)	18.0%	(61.6)	5.3%	(63.5)	(59.2)	7.2%
Cash cost per unit Pro Forma (BRL/per item shipped) ⁽¹⁾	(60.0)	(55.0)	9.1%	(61.6)	-2.7%	(60.7)	(59.2)	2.5%
Gross profit	74,704	186,477	-59.9%	88,531	-15.6%	163,235	332,900	-51.0%
Gross profit - Pro Forma ⁽¹⁾	102,854	192,087	-46.5%	88,531	16.2%	191,385	338,510	-43.5%
Gross margin	15.9%	639.7%		23.4%		19.2%	30.0%	
Gross margin - Pro Forma ⁽¹⁾	21.8%	31.0%		23.4%		22.5%	30.5%	
Selling expenses	(93,904)	(74,370)	26.3%	(59,604)	57.5%	(153,508)	(135,650)	13.2%
Selling expenses - Pro Forma ⁽²⁾	(93,904)	(74,143)	26.7%	(59,604)	57.5%	(153,508)	(135,423)	13.4%
General and administrative expenses	(40,228)	(33,561)	19.9%	(35,697)	12.7%	(75,925)	(64,685)	17.4%
Operating profit before financial results	(62,665)	78,776	N/A	(11,813)	N/A	(74,478)	123,775	N/A
Depreciation and amortization	30,935	27,766	11.4%	33,111	-6.6%	64,046	55,517	15.4%
EBITDA according to CVM Resolution 156/22 ⁽³⁾	(31,730)	106,542	N/A	21,298	N/A	(10,432)	179,292	N/A
EBITDA margin according to CVM Resolution 156/22	-6.7%	365.5%		5.6%		-1.2%	16.2%	
Employee benefits	-	1,052	N/A	1,921	N/A	1,921	739	N/A
Non-recurring events ⁽⁴⁾	29,150	5,262	N/A	(1,282)	0.0%	27,868	5,262	N/A
Adjusted and Recurring EBITDA	(2,580)	112,856	N/A	21,937	N/A	19,357	185,293	-89.6%
Adjusted and Recurring EBITDA margin	-0.5%	18.2%		5.8%		2.3%	16.7%	

(1) Cost of Goods Sold: 2023: Deca restructuring: (+) R\$28.150k ; 2022: Deca restructuring (+) R\$5.610k;
(2) Sales Expenses: : 2022: Deca restructuring (+) R\$227k;
(3) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): measure of operating performance in accordance with CVM Instruction 156/22.
(4) Non-recurring events: detailed in the addendum to this report.



In the face of an adverse market scenario, ABRAMAT reported that the sector shrank by an average of 3.8% with respect to deflated revenues in 2Q23, and by 3.3% for the semester. For finished goods, the shrinkage was 9.4% and 8.6% respectively. Given the unfavorable economic scenario, the Company reported a drop in factory utilization levels, which ended the quarter at an average of 53%. However, the Company has sought to carry out internal initiatives focused on medium and long-term returns to offset the impact, such as the successful repositioning of metal sanitary ware prices, beginning in 1Q23.

The gain in market share arising from the repositioning of metal sanitary ware prices, together with the seasonality typical for the period, were still not enough to mitigate the market slowdown. The Division ended 2Q23 with 5,739k pieces sold, 23.1% below 2Q22, but 33.3% higher than for 1Q22. For the half year, the Division reported selling 10,043k pieces, an 18.5% decrease versus 2022.

Continuing initiatives focused on maintaining market share, this quarter's result reflects price positioning initiatives, especially with respect to the metal sanitary ware lines. These initiatives led to a 1.1% fall in Unit Net Revenue and a 24.0% fall in Net Revenue versus 2Q22, the latter ending the quarter at R\$471.1 million. In addition, year to date, the Division reported a 5.9% drop in Unit Net Revenue, which totaled R\$849.6 million.

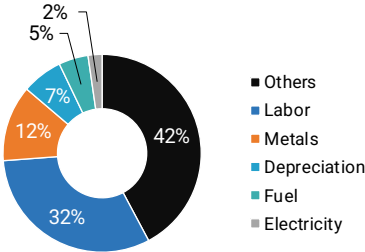
With the cost of the Division's raw materials and inputs having stabilized at the new higher levels, and factory utilization falling off in the period, there was an increase in the unitary Cost of Goods Sold of 9.1% versus 2Q22, 2.5% for the semester. It should also be noted that the seasonality typical to the business drives the sale of electric showers, which have a lower cost, which led to a 2.7% drop in the unit Cost of Goods Sold on a quarter-on-quarter comparison.

In addition to the sales initiatives focused on maintaining market share, the Company carried out price repositioning for client inventories, by means of accelerating price adjustments in sell-out. This action, together with investment in the Expo Revestir and Casacor events, led to an increase in Sales expenses, which ended 2Q23 at R\$93.9 million, an increase of 26.3% versus 2Q22. Year to date, there was a 13.2% increase versus 1H22.

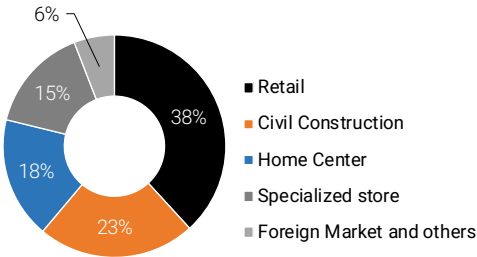
General and Administrative Expenses increased by 19.9% versus 2Q22, as a result of collective bargaining agreements announced at the end of 2022 and higher expenses relating to IT and digitalization at the Company. Year to date, there was a 17.4% increase.

Given the challenges presented by the macroeconomic scenario and the structural actions aiming to enhance competitiveness in the sector, the Division closed out 2Q23 with a negative Adjusted and Recurring EBITDA of R\$2.6 million, and a negative Adjusted and Recurring EBITDA margin of 0.5%. For the semester, the Adjusted and Recurring EBITDA of R\$19.4 million and margin of 2.3% represented a drop off of 89.6% and 14.4 p.p. versus 2022.

Metals and Sanitary Ware - Cost of Goods Sold 2Q23 (%)



Metals and Sanitary Ware - Segmentation of Sales 2Q23 (%)



On June 21, the Company announced the closure of its sanitary ware operation in Queimados/RJ, as part of its restructuring program focused on asset optimization. The associated costs arising from the closure of R\$29.2 million were recognized as a non-recurring event in the Division.

TILES

portinari

castelatto

ceusa

HIGHLIGHTS	2Q23	2Q22	%	1Q23	%	1H23	1H22	%
SHIPMENTS (in 'm²)								
FINISHING GOODS	4,147,714	5,188,084	-20.1%	3,496,802	18.6%	7,644,516	10,551,704	-27.6%
TOTAL	4,147,714	5,188,084	-20.1%	3,496,802	18.6%	7,644,516	10,551,704	-27.6%
FINANCIAL HIGHLIGHTS (BRL1,000)								
NET REVENUE	234,893	308,080	-23.8%	196,039	19.8%	430,932	601,024	-28.3%
Net Revenue - Pro Forma	234,893	308,080	-23.8%	196,039	19.8%	430,932	601,024	-28.3%
DOMESTIC MARKET	212,623	273,618	-22.3%	177,197	20.0%	389,820	538,519	-27.6%
FOREIGN MARKET	22,270	34,462	-35.4%	18,842	18.2%	41,112	62,505	-34.2%
Net revenue per unit (BRL per m² shipped)	56.6	59.4	-4.6%	56.1	1.0%	56.4	57.0	-1.1%
Cash cost per unit (BRL per m² shipped)	(39.2)	(32.6)	20.3%	(41.7)	-5.9%	(40.4)	(31.7)	27.3%
Gross profit	58,094	125,164	-53.6%	36,210	60.4%	94,304	240,631	-60.8%
Gross profit - Pro Forma ⁽¹⁾	58,094	125,164	-53.8%	36,210	60.4%	94,304	241,183	-60.9%
Gross margin	24.7%	40.6%		18.5%		21.9%	40.0%	
Gross margin - Pro Forma ⁽¹⁾	24.7%	40.8%		18.5%		21.9%	40.1%	
Selling expenses	(50,989)	(58,423)	-12.7%	(38,062)	34.0%	(89,051)	(102,162)	-12.8%
Selling expenses - Pro Forma ⁽¹⁾	(50,989)	(58,423)	-12.7%	(38,062)	34.0%	(89,051)	(102,162)	-12.8%
General and administrative expenses	(15,674)	(15,518)	1.0%	(14,530)	7.9%	(30,204)	(28,759)	5.0%
General and administrative expenses - Pro Forma ⁽²⁾	(15,674)	(15,518)	1.0%	(14,530)	7.9%	(30,204)	(28,759)	5.0%
Operating profit before financial results	(18,743)	56,803	N/A	(20,402)	-8.1%	(39,145)	114,493	N/A
Depreciation and amortization	27,067	15,810	71.2%	17,849	51.6%	44,916	30,286	48.3%
EBITDA according to CVM Resolution 156/22 ⁽³⁾	8,324	72,613	-88.5%	(2,553)	N/A	5,771	144,779	-96.0%
EBITDA margin according to CVM Resolution 156/22	3.5%	23.6%		-1.3%		1.3%	24.1%	
Employee benefits	(275)	(40)	N/A	199	N/A	(76)	(18)	N/A
Non-recurring events ⁽⁴⁾	-	552	N/A	-	N/A	-	552	N/A
Adjusted and Recurring EBITDA	8,049	73,125	-89.0%	(2,354)	N/A	5,695	145,313	-96.1%
Adjusted and Recurring EBITDA margin	3.4%	23.7%		-1.2%		1.3%	24.2%	

(1) Cost of Goods Sold: 2022: Ceramic Tiles restructuring (+) R\$552k;
(2) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): measure of operating performance in accordance with CVM Instruction 156/22.
(3) Non-recurring events: detailed in the addendum to this report.



The Ceramic Tiles market remains depressed, albeit with less traction than in the previous quarter. According to ANFACER, sales of ceramic tiles dropped by 13.3%, with wet sales down by approximately 8.2% versus 2Q22. Despite this scenario, there was a slight uptick in factory utilization in the sector, reported at 68.0%, albeit still below historical levels. Dexco's Tiles Division saw a slight upturn in factory utilization, while remaining attentive to the need to adapt inventory levels to market demand in optimizing its operations.

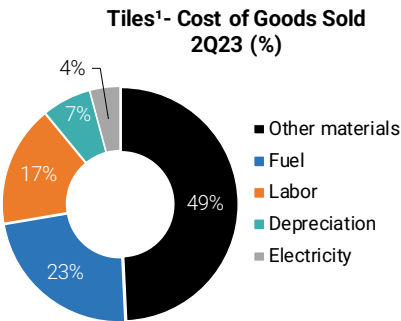
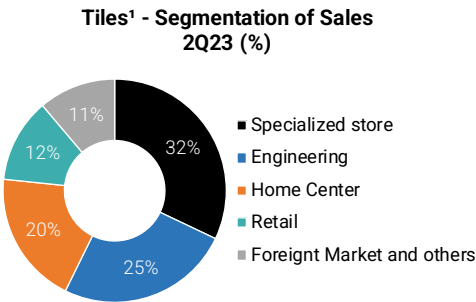
The Division showed a partial recovery in market share in the quarter versus 1Q23, arising from sales initiatives linked to the training of the team of salespeople and promoters, which led to a sales volume of 4,147.7k m² in 2Q23, 18.6% greater than for 1Q23, albeit 20.1% lower than for 2Q22. For the half year, Ceramic Tiles reported sales of 7,644.5k m², 27.6% lower than for 1H22.

In addition, the Division managed to maintain price levels higher than for 1Q23. However, as the large format sales shrank versus 2Q22, Net Unit Revenue fell by 4.6% in the annual comparison, coming in at R\$234.9 million. For the semester, the drop off was only 1.1% versus 1H22.

Given the downturn in factory utilization compared to 2022, on the back of adjustments to inventory levels, the Division's Unit Cash Cost was 20.3% higher than 2Q22. Quarter-on-quarter, the slight uptick in capacity utilization in 2Q23 resulted in greater dilution of fixed costs, which led to a 5.9% fall in unit cost for the period.

Due to the fall in volumes for the period, Sales Expenses closed out the quarter 12.7% and 12.8% lower than for the quarter and first semester of 2022 respectively.

As with other divisions, General and Administrative Expenses were impacted by investment in digitalization and a higher salary base resulting from the collective bargaining agreement reached at the end of 2022.



The restructuring activities that boosted market share, together with the partial resumption of factory utilization and consequent dilution of costs, led to a turnaround in results, back to positive levels, with an Adjusted and Recurring EBITDA at R\$8.0 million and a margin of 3.4% in 2Q22. For the semester, Adjusted and Recurring EBITDA was R\$5.7 million, with a margin of 1.3%.

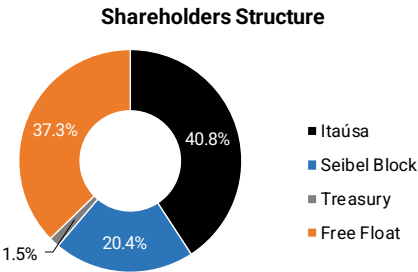
1 – Ceusa and Portinari brands.

CAPITAL MARKETS | GRI 2-1

At the end of the second quarter of 2023, the Company had a market value of R\$6.747.4 million, with a closing share price of R\$8.35 on 06/30/2023.

In May, the Company announced the cancellation of 16,493,000 shares held in treasury. With this, the total number of shares now stands at 820,566,246 common shares. Ibovespa closed out the period up 15.9%, while the final price of Dexco’s shares rose by 42.0% compared to 1Q23, boosted by the improved macroeconomic prospects.

628,662 trades were carried out on the B3 spot market in the quarter, which represents turnover of approximately R\$2.3 billion, that is, a daily average trade value of R\$35.4 million.



Attachments

Financial Statements - Assets

CURRENT	5,008,402	31.0%	4,925,599	31.5%	5,173,901	33.1%
Cash and cash equivalents	1,648,116	10.2%	1,489,473	9.5%	1,771,730	11.3%
Trade accounts receivable	1,321,218	8.2%	1,265,280	8.1%	1,372,680	8.8%
Related parties accounts receivable	13,086	0.1%	23,442	0.2%	52,681	0.3%
Inventories	1,616,997	10.0%	1,706,849	10.9%	1,604,707	10.3%
Other receivables	38,306	0.2%	38,559	0.2%	40,151	0.3%
Recoverable taxes and contributions	248,514	1.5%	288,064	1.8%	219,134	1.4%
Other credits	64,694	0.4%	56,434	0.4%	55,230	0.4%
Non current assets available for sale	57,471	0.4%	57,498	0.4%	57,588	0.4%
NON-CURRENT	11,145,852	69.0%	10,699,834	68.5%	10,450,910	66.9%
Restricted deposits	106,660	0.7%	103,718	0.7%	112,151	0.7%
Other receivables	110,690	0.7%	114,130	0.7%	111,622	0.7%
Pension plan credits	111,341	0.7%	108,097	0.7%	110,274	0.7%
Recoverable taxes and contributions	501,591	3.1%	545,838	3.5%	596,241	3.8%
Deferred income tax and social contribution	516,771	3.2%	437,946	2.8%	381,969	2.4%
Marketable securities	135,837	0.8%	120,310	0.8%	49,605	0.3%
Derivative financial instruments	97,863	0.6%	27,467	0.2%	33,023	0.2%
Investments in subsidiaries and associates	1,723,658	10.7%	1,699,864	10.9%	1,747,130	11.2%
Other investments	2,588	0.0%	2,588	0.0%	2,588	0.0%
Property, plant and equipment	4,068,754	25.2%	3,962,933	25.4%	3,951,337	25.3%
Assets of use rights	576,819	3.6%	586,552	3.8%	560,502	3.6%
Biological assets	2,315,268	14.3%	2,127,183	13.6%	1,916,633	12.3%
Intangible assets	878,012	5.4%	863,208	5.5%	877,835	5.6%
TOTAL ASSETS	16,154,254	100.0%	15,625,433	100.0%	15,624,811	100.0%

Financial Statements - Liabilities

CONSOLIDATED LIABILITIES AND STOCKHOLDERS' EQUITY	30/06/2023	AV%	31/03/2023	AV%	31/12/2022	AV%
CURRENT	3,574,845	22.1%	3,117,576	20.0%	3,264,920	20.9%
Loans and financing	659,304	4.1%	650,529	4.2%	119,122	0.8%
Related parts loans and financing	-	0.0%	-	0.0%	622,589	4.0%
Debentures	620,235	3.8%	63,095	0.4%	20,205	0.1%
Suppliers	837,147	5.2%	866,557	5.5%	905,138	5.8%
Related parties suppliers	2,329	0.0%	1,416	0.0%	5,232	0.0%
Suppliers - drawn risk	260,484	1.6%	257,616	1.6%	325,285	2.1%
Lease liability	49,023	0.3%	45,458	0.3%	37,293	0.2%
Personnel	207,838	1.3%	170,822	1.1%	187,988	1.2%
Accounts payable	590,069	3.7%	527,855	3.4%	495,405	3.2%
Related parties accounts payable	4,200	0.0%	4,200	0.0%	4,200	0.0%
Taxes and contributions	143,160	0.9%	168,501	1.1%	188,756	1.2%
Dividends and interest on capital	2,468	0.0%	205,757	1.3%	206,001	1.3%
Derivative financial instruments	198,588	1.2%	155,770	1.0%	147,706	0.9%
NON-CURRENT	6,451,002	39.9%	6,472,673	41.4%	6,398,327	40.9%
Loans and financing	4,092,141	25.3%	3,639,361	23.3%	3,638,592	23.3%
Debentures	599,264	3.7%	1,199,212	7.7%	1,199,111	7.7%
Lease liability	544,532	3.4%	552,069	3.5%	530,914	3.4%
Lease liability of Related Parties	34,137	0.2%	34,182	0.2%	34,226	0.2%
Contingencies	325,066	2.0%	342,377	2.2%	361,389	2.3%
Deferred income tax and social contribution	384,808	2.4%	286,551	1.8%	205,976	1.3%
Accounts payable	270,082	1.7%	258,811	1.7%	261,918	1.7%
Related parties	11,200	0.1%	12,250	0.1%	13,300	0.1%
Income tax and social contribution	51,475	0.3%	54,435	0.3%	57,333	0.4%
Derivative financial instruments	138,297	0.9%	93,425	0.6%	95,568	0.6%
STOCKHOLDERS' EQUITY	6,128,407	37.9%	6,035,184	38.6%	5,961,564	38.2%
Capital	3,370,189	20.9%	3,370,189	21.6%	3,370,189	21.6%
Costs on issue of shares	(7,823)	0.0%	(7,823)	-0.1%	(7,823)	-0.1%
Capital reserves	380,242	2.4%	377,769	2.4%	376,695	2.4%
Capital transactions with partners	(18,731)	-0.1%	(18,731)	-0.1%	(18,731)	-0.1%
Revaluation reserves	33,588	0.2%	34,091	0.2%	34,274	0.2%
Revenue reserves	1,986,661	12.3%	2,111,486	13.5%	1,963,650	12.6%
Carrying value adjustments	429,024	2.7%	449,535	2.9%	532,105	3.4%
Treasury shares	(140,457)	-0.9%	(378,017)	-2.4%	(378,017)	-2.4%
Noncontrolling interests	95,714	0.6%	96,685	0.6%	89,222	0.6%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	16,154,254	100.0%	15,625,433	100.0%	15,624,811	100.0%

Income Statement

INCOME STATEMENT	2023	2022	%	1Q23	%	1H23	1H22	%
CONTINUING OPERATIONS								
Gross Income	2,394,866	2,717,347	-11.9%	2,107,998	13.6%	4,502,864	5,328,681	-15.5%
Domestic Market	2,055,564	2,251,075	-8.7%	1,727,265	19.0%	3,782,829	4,347,176	-13.0%
Wood	1,220,610	1,164,859	4.8%	1,041,147	17.2%	2,261,757	2,355,441	-4.0%
Deca	563,806	744,050	-24.2%	459,828	22.6%	1,023,634	1,319,282	-22.4%
Ceramic Tiles	271,148	342,166	-20.8%	226,290	19.8%	497,438	672,453	-26.0%
Foreign Market	339,302	466,272	-27.2%	380,733	-10.9%	720,035	981,505	-26.6%
Wood	292,766	406,207	-27.9%	344,056	-14.9%	636,822	868,402	-26.7%
Deca	24,264	25,604	-5.2%	17,835	36.0%	42,099	50,598	-16.8%
Ceramic Tiles	22,272	34,461	-35.4%	18,842	18.2%	41,114	62,505	-34.2%
Taxes and Sale Contributions	(441,111)	(503,780)	-12.4%	(395,980)	11.4%	(837,091)	(984,112)	-14.9%
Wood	(265,563)	(285,157)	-6.9%	(247,800)	7.2%	(513,363)	(588,473)	-12.8%
Deca	(117,022)	(150,076)	-22.0%	(99,087)	18.1%	(216,109)	(261,705)	-17.4%
Ceramic Tiles	(58,526)	(68,547)	-14.6%	(49,093)	19.2%	(107,619)	(133,934)	-19.6%
NET INCOME FOR THE PERIOD	1,953,755	2,213,567	-11.7%	1,712,018	14.1%	3,665,773	4,344,569	-15.6%
Domestic Market	1,644,427	1,790,261	-8.1%	1,366,927	20.3%	3,011,354	3,450,162	-12.7%
Wood	985,020	922,667	6.8%	828,990	18.8%	1,814,010	1,854,063	-2.2%
Deca	446,784	593,976	-24.8%	360,740	23.9%	807,524	1,057,580	-23.6%
Ceramic Tiles	212,623	273,618	-22.3%	177,197	20.0%	389,820	538,519	-27.6%
Foreign Market	309,328	423,306	-26.9%	345,091	-10.4%	654,419	894,407	-26.8%
Wood	262,792	363,240	-27.7%	308,413	-14.8%	571,205	781,305	-26.9%
Deca	24,266	25,604	-5.2%	17,836	36.1%	42,102	50,597	-16.8%
Ceramic Tiles	22,270	34,462	-35.4%	18,842	18.2%	41,112	62,505	-34.2%
Biological asset	248,866	155,617	59.9%	241,546	3.0%	490,412	226,709	N/A
Cost of goods sold	(1,264,304)	(1,392,758)	-9.2%	(1,055,374)	19.8%	(2,319,678)	(2,676,334)	-13.3%
Depreciation/amortization/depletion	(181,156)	(160,942)	12.6%	(163,855)	10.6%	(345,011)	(298,467)	15.6%
Depletion of biological assets	(79,055)	(39,740)	98.9%	(70,911)	11.5%	(149,966)	(77,787)	92.8%
GROSS PROFIT	678,106	775,744	-12.6%	663,424	2.2%	1,341,530	1,518,690	-11.7%
Selling expenses	(280,075)	(313,986)	-10.8%	(234,890)	19.2%	(514,965)	(596,823)	-13.7%
General and administrative expenses	(94,476)	(77,544)	21.8%	(83,284)	13.4%	(177,760)	(151,316)	17.5%
Management compensation	(4,595)	(5,167)	-11.1%	(5,229)	-12.1%	(9,824)	(10,125)	-3.0%
Other operating results, net	(20,927)	(4,747)	N/A	(3,773)	N/A	(24,700)	(3,597)	N/A
Equity Equivalence Results	87,687	(29,903)	N/A	43,072	N/A	130,759	(3,033)	N/A
OPERATING PROFIT BEFORE FINANCIAL RESULTS	365,720	344,397	6.2%	379,320	-3.6%	745,040	753,796	-1.2%
Financial revenues	89,405	117,889	-24.2%	84,524	5.8%	173,929	179,201	-2.9%
Financial expenses	(276,264)	(212,262)	30.2%	(269,902)	2.4%	(546,166)	(383,298)	42.5%
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	178,861	250,024	-28.5%	193,942	-7.8%	372,803	549,699	-32.2%
Income tax and social contribution - current	(10,633)	(42,242)	-74.8%	(16,357)	-35.0%	(26,990)	(75,529)	-64.3%
Income tax and social contribution - deferred	(10,845)	(38,591)	-71.9%	(23,256)	-53.4%	(34,101)	(81,264)	-58.0%
NET INCOME FOR THE PERIOD	157,383	169,191	-7.0%	154,329	2.0%	311,712	392,906	-20.7%

Cash Flow Statement

CASH FLOW	2Q23	2Q22	%	1Q23	%	1H23	1H22	%
Profit before tax. Income and Social Contribution	178,861	250,024	-28.5%	193,942	-7.8%	372,803	549,699	-32.2%
Depreciation, amortization and depletion	293,018	217,472	34.7%	256,382	14.3%	549,400	409,006	34.3%
Change in the fair value of biological assets	(248,866)	(155,617)	59.9%	(241,546)	3.0%	(490,412)	(226,709)	N/A
Interest, net exchange and monetary variations	196,474	20,562	N/A	216,369	-9.2%	412,843	208,346	98.2%
Interest on leases	2,392	1,614	48.2%	2,586	-7.5%	4,978	2,833	75.7%
Equity Income	(87,687)	29,903	N/A	(43,072)	N/A	(130,759)	3,033	N/A
Impairment of trade accounts receivable	6,129	13,748	-55.4%	5,795	5.8%	11,924	17,328	-31.2%
Provisions, write-off of assets	50,260	514	N/A	18,484	N/A	68,744	(16,258)	N/A
Accounts receivable from customers	110,100	(259,376)	N/A	(132,545)	N/A	(22,445)	(674,200)	-96.7%
(Increase) decrease in assets								
Accounts receivable from customers	(49,938)	(171,584)	-70.9%	131,260	N/A	81,322	(227,219)	N/A
Stocks	63,680	(93,223)	N/A	(103,279)	N/A	(39,599)	(366,004)	-89.2%
Other Assets	76,445	(2,964)	N/A	21,901	N/A	98,346	37,757	N/A
Increase (decrease) in liabilities								
Providers	(25,013)	(36,013)	-30.5%	(109,238)	-77.1%	(134,251)	(149,646)	-10.3%
Staff Obligations	33,075	22,661	46.0%	(17,264)	N/A	15,811	13,611	16.2%
Bills to pay	31,465	(4,847)	N/A	38,028	-17.3%	69,493	27,202	N/A
Taxes and Contributions	(10,766)	23,254	N/A	(26,320)	-59.1%	(37,086)	23,520	N/A
Other Liabilities	(8,848)	3,340	N/A	(67,633)	-86.9%	(76,481)	(33,421)	N/A
Cash from Operations	500,681	118,844	N/A	276,395	81.1%	777,076	273,078	N/A
Income Tax and Social Contribution Paid	(30,678)	(26,384)	16.3%	(14,027)	N/A	(44,705)	(37,444)	19.4%
Interest Paid	(173,209)	(56,567)	N/A	(189,381)	-8.5%	(362,590)	(64,943)	N/A
Cash generated by operating activities	296,794	35,893	N/A	72,987	N/A	369,781	170,691	N/A
Investment Activities								
Marketable Securities	(21,922)	1,030	N/A	(70,705)	-69.0%	(92,627)	(8,163)	N/A
Investments in Fixed Assets	(190,833)	(223,728)	-14.7%	(100,698)	89.5%	(291,531)	(318,980)	-8.6%
Investments in Intangible Assets	(23,826)	(15,975)	49.1%	(21,824)	9.2%	(45,650)	(24,240)	88.3%
Investments in Biological Assets	(68,242)	(86,970)	-21.5%	(81,902)	-16.7%	(150,144)	(213,451)	-29.7%
Receipt for Sale of Fixed Assets	3,000	3,000	0.0%	3,000	0.0%	6,000	7,900	-24.1%
Acquisition of subsidiaries, net of cash acquired	-	-	N/A	-	N/A	-	(96,199)	N/A
Capital Contribution / Capital Increase	-	(153,027)	N/A	-	N/A	-	(246,373)	N/A
Cash Used in Investing Activities	(301,823)	(475,670)	-36.5%	(272,129)	10.9%	(573,952)	(899,506)	-36.2%
Interest on own capital and dividends								
Funding Tickets	501,036	800,160	-37.4%	500,000	0.2%	1,001,036	1,719,247	-41.8%
Amortization of the principal amount of financing	(16,643)	49,341	N/A	(524,226)	-96.8%	(540,869)	(124,823)	N/A
Debt Derivatives Payment	(41,859)	-	N/A	(30,867)	35.6%	(72,726)	-	0.0%
Amortization of Lease Liabilities	(31,731)	(20,071)	58.1%	(29,355)	8.1%	(61,086)	(37,246)	64.0%
Interest on Equity and Dividends	(248,740)	(5)	N/A	-	N/A	(248,740)	(5)	N/A
Treasury and other shares	-	(66)	N/A	-	N/A	-	(274,904)	N/A
Cash Generated (used) in Financing Activities	162,063	829,359	-80.5%	(84,448)	N/A	77,615	1,282,269	-93.9%
Exchange variation on cash and cash equivalents	1,609	778	N/A	1,333	20.7%	2,942	(13,238)	N/A
Increase (decrease) in cash in the period / year	158,643	390,360	-59.4%	(282,257)	N/A	(123,614)	540,216	N/A
Opening balance	1,489,473	1,571,158	-5.2%	1,771,730	-15.9%	3,261,203	1,421,302	N/A
Final balance	1,648,116	1,961,518	-16.0%	1,489,473	10.7%	3,137,589	1,961,518	60.0%

Non-recurring events (Adjusted and Recurring EBITDA)

In BRL '000 - Consolidated	2Q23	2Q22	1Q23	1H23	1H22
EBITDA according to CVM No. 527/12	658,761	561,809	635,679	1,294,440	1,162,686
Extemporaneous Tax Credit	-	(1,329)	(2,816)	(2,816)	(1,329)
Deca and Ceramic Tiles restructuring	29,150	6,389	-	29,150	6,389
Dissolving Wood Pulp	(86,989)	30,556	(43,244)	(130,233)	4,172
Change in fair value of biological assets - Caetex	-	4,133	-	-	4,133
Change in fair value of biological assets	(248,865)	(155,617)	(241,546)	(490,411)	(226,709)
Employee benefits	(2,366)	306	3,056	690	580
Adjusted and Recurring EBITDA	349,691	446,247	351,129	700,820	949,922
In BRL '000 - Wood	2Q23	2Q22	1Q23	1H23	1H22
EBITDA according to CVM No. 527/12	595,178	413,210	573,690	1,168,868	842,903
Extemporaneous Tax Credit	-	(754)	(1,534)	(1,534)	(754)
Change in fair value of biological assets - Caetex	-	4,133	-	-	4,133
Change in fair value of biological assets	(248,865)	(155,617)	(241,546)	(490,411)	(226,709)
Employee benefits	(2,091)	(706)	936	(1,155)	(257)
Adjusted and Recurring EBITDA	344,222	260,266	331,546	675,768	619,316
In BRL '000 - Deca	2Q23	2Q22	1Q23	1H23	1H22
EBITDA according to CVM No. 527/12	(31,730)	106,542	21,298	(10,432)	179,176
Extemporaneous Tax Credit	-	(575)	(1,282)	(1,282)	(575)
Deca restructuring	29,150	5,837	-	29,150	5,837
Employee benefits	-	1,052	1,921	1,921	855
Adjusted and Recurring EBITDA	(2,580)	112,856	21,937	19,357	185,293
In BRL '000 - Tiles	2Q23	2Q22	1Q23	1H23	1H22
EBITDA according to CVM No. 527/12	8,324	72,613	(2,553)	5,771	144,779
Tiles restructuring	-	552	-	-	552
Employee benefits	(275)	(40)	199	(76)	(18)
Adjusted and Recurring EBITDA	8,049	73,125	(2,354)	5,695	145,313

Non-recurring events (Recurring Net Income)

In BRL '000 - Consolidated	2Q23	2Q22	1Q23	1H23	1H22
Net Income	157,383	169,191	154,329	311,712	392,906
Extemporaneous Tax Credit	-	(877)	(1,858)	(1,858)	(877)
Deca and Ceramic Tiles restructuring	19,239	4,216	-	19,239	4,216
Provisions	-	-	-	-	991
Dissolving Wood Pulp	(87,211)	30,379	(43,244)	(130,455)	3,995
Recurring Net Income	89,411	202,909	109,227	198,638	401,231

Summary of GRI Content¹ | GRI 102-55

Declaration of Use	Dexco reported the information mentioned in this GRI content summary for the period from January 1 to June 30, 2023, based on the GRI Standards. To learn more, please access Dexco's Integrated Report for 2022 at: https://www.dex.co/en/esg/integrated-report/
GRI 1 Used	GRI 1 – Fundamentals 2021

GRI Standard	CONTENT	LOCATION/PAGE
GRI 2: General Disclosures 2021	2-1 Details of the organization	17
GRI 2: General Disclosures 2021	2-2 Entities included in the organization's sustainability report	10
GRI 2: General Disclosures 2021	2-3 Reporting period, frequency, and contact point	1
GRI 2: General Disclosures 2021	2-6 Activities, value chain, and other business relationships	1, 10
GRI 3: Material Topics 2021	3-3 Management of material topics - Material topic: Profitability and financial performance	3, 4
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	7

¹ Update of the GRI Standards according to the rules of the Global Sustainability Standards Board - GSSB that came into force in January 2023, in line with the publication of Dexco's 2022 Integrated Report, published on May 23, 2023.