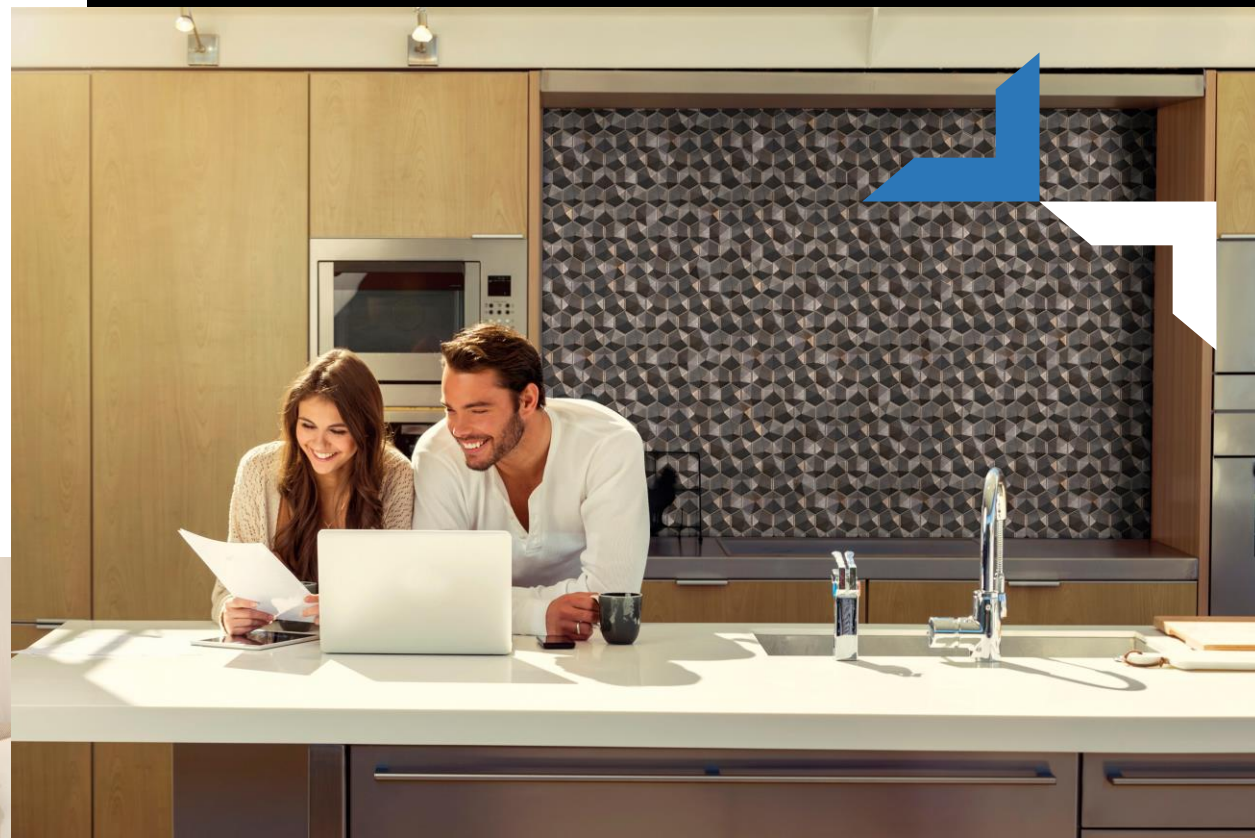


# Dexco



## Results Presentation 4Q22 / 2022

March 9, 2023

# *Disclaimer*

The information herein has been prepared by Dexco S.A. and does not represent any form of prospectus regarding the purchase or subscription to the company's shares or securities.

This material contains general information relating to Dexco and the markets in which the company operates.

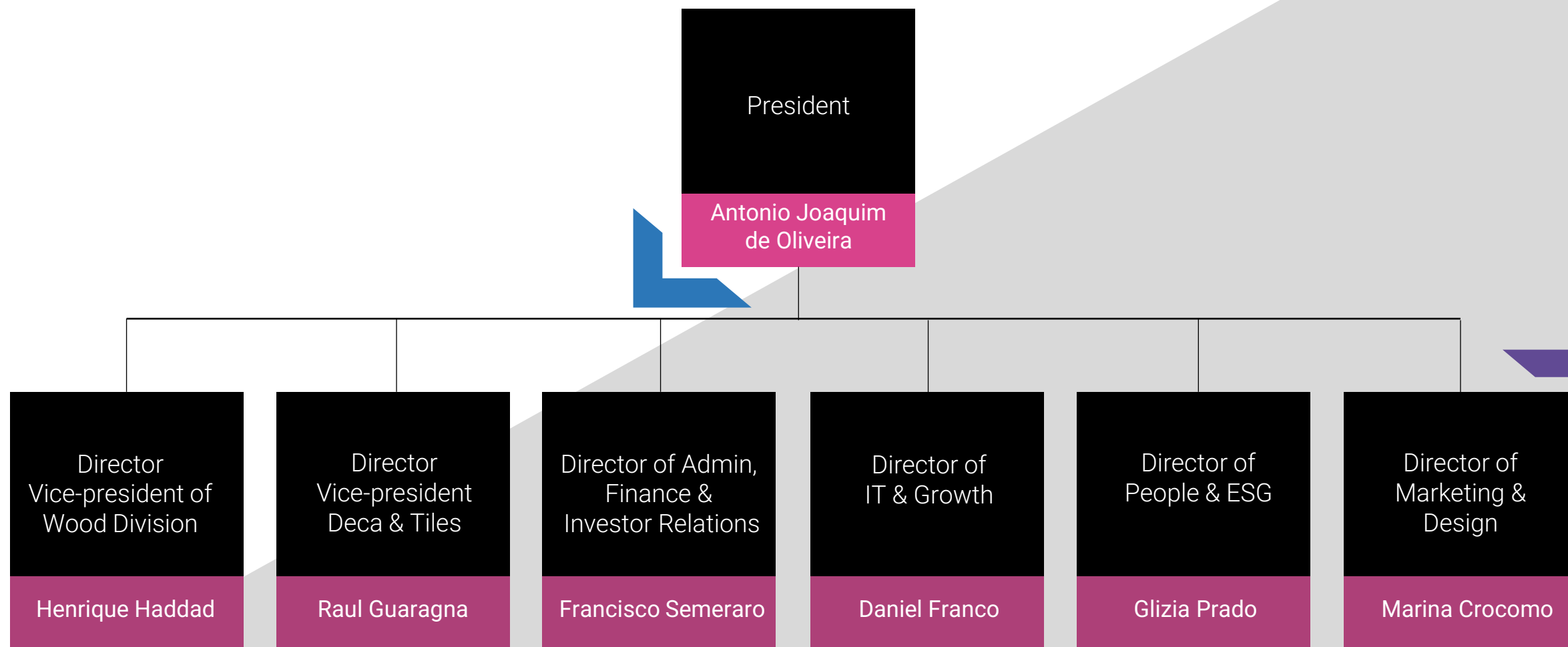
No representation or guarantee, expressed or implied, is made herein, and no reliance should be placed on the accuracy, justification or completeness of the information provided.

Dexco does not offer any assurances or guarantees regarding the fulfilment of expectations described.



# Organizational Structure

## Executive Committee



# Headlines

## 4Q22/2022

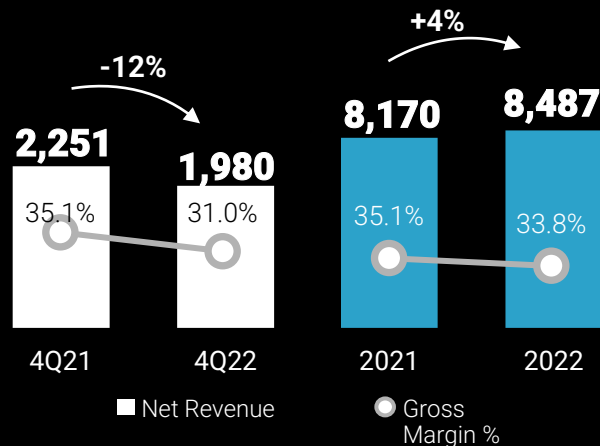
Pro-forma Adjusted & Recurring EBITDA of **R\$1.927 M** in 2022, including the 49% of LD Celulose's EBITDA



- Market shrinking which has impacted results, in particular, the Finishings For Construction sector;
- Pricing and product mix sustaining revenue levels for the year, despite the fall in 4Q22;
- EBITDA of R\$517million in 4Q22, including the 49% of LD Celulose's EBITDA;
- LD Celulose operating at full capacity, with Recurring EBITDA of R\$307 million and Margin of 56%, in 4Q22, with Dexco's part being R\$151 million.

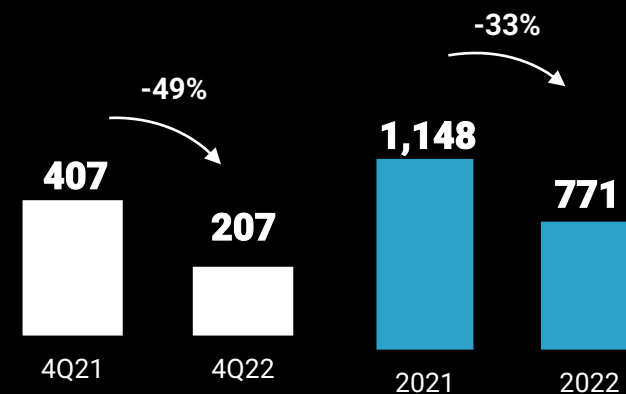
### Recurring Net Revenue and Gross Margin

R\$ million / %



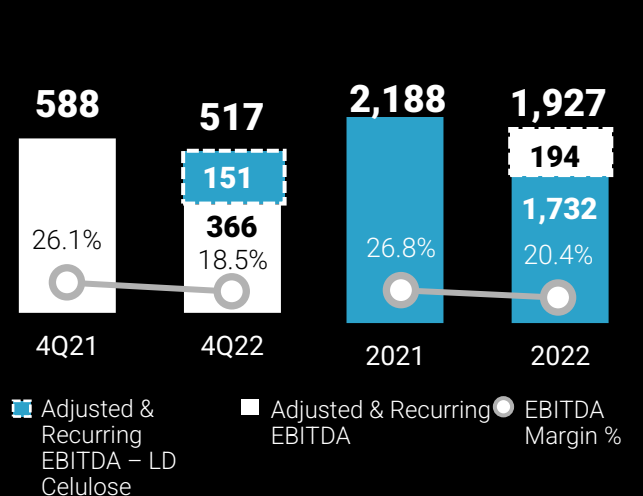
### Recurring Net Income

R\$ million



### Adjusted & Recurring EBITDA and Margin

R\$ million / %

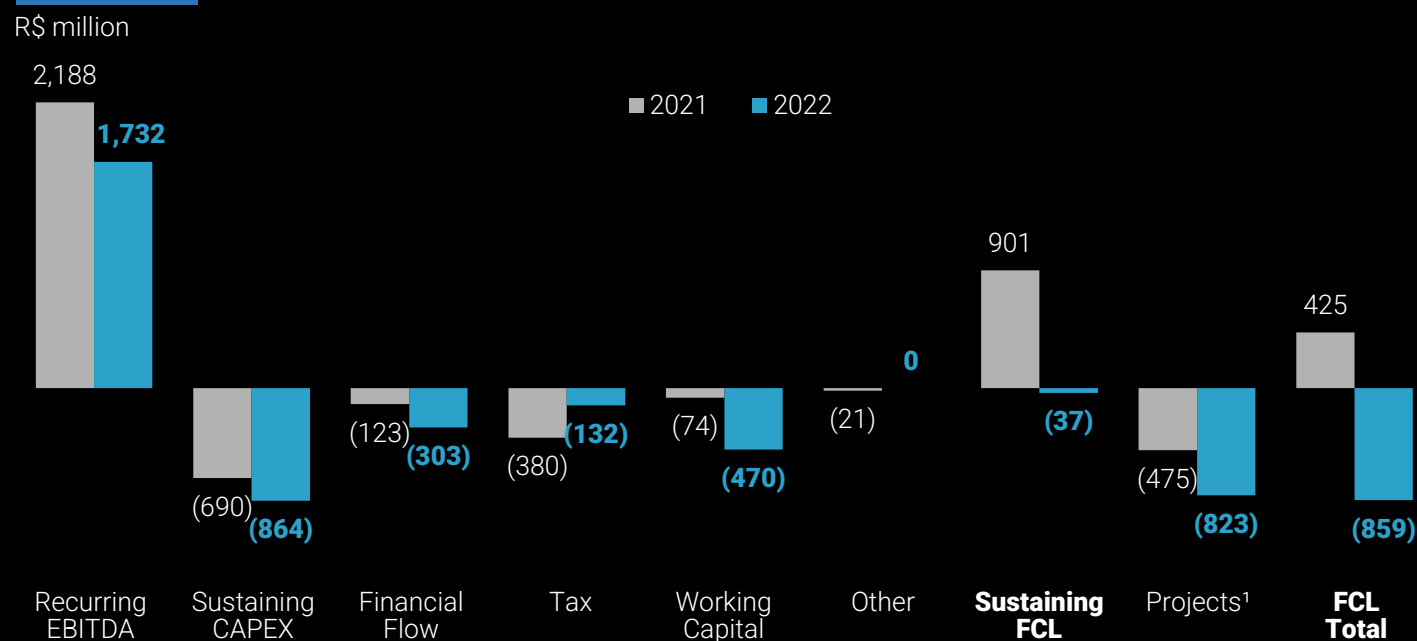


# Cash Flow 2022

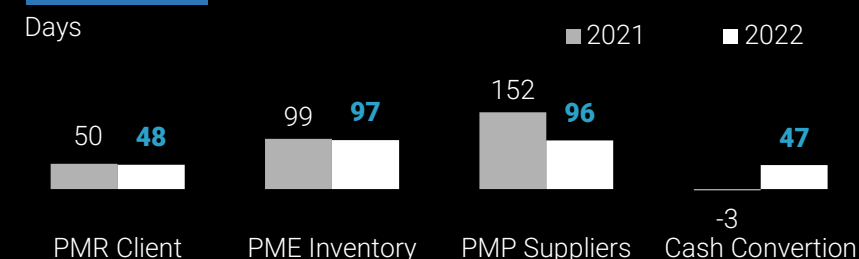
Working Capital/Net  
Revenue continues at low  
levels (~16%)

- Stabilization of cash flow following a significant fall in 2021;
- Focus on the reforestation process driving Sustaining Capex;
- Final contributions for ramping up LD Celulose of R\$312 million;
- Confirmation of investment in projects in 2022, including:
  - R\$190 million: New ceramic tiles unit in SP;
  - R\$116 million: Productivity projects, improvement in the mix and Deca automation;
  - R\$98 million: Improvement to the panels mix, factory debottlenecking and forestry expansion.

## Free Cash Flow YTD



## Cash Conversion Cycle



## CAPEX

R\$ million

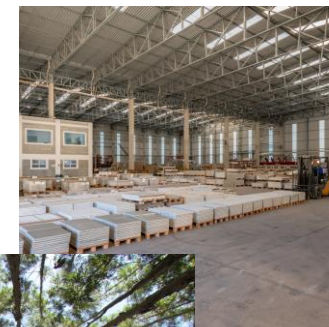
Investments	4Q21	4Q22	2021	2022
FORESTRY OPEX	141	101	296	430
MAINTENANCE	149	158	394	382
Sustaining CAPEX <sup>2</sup>	291	259	690	864
PROJECTS <sup>3</sup>	296	148	475	823



# Corporate Debt 4Q22/2022

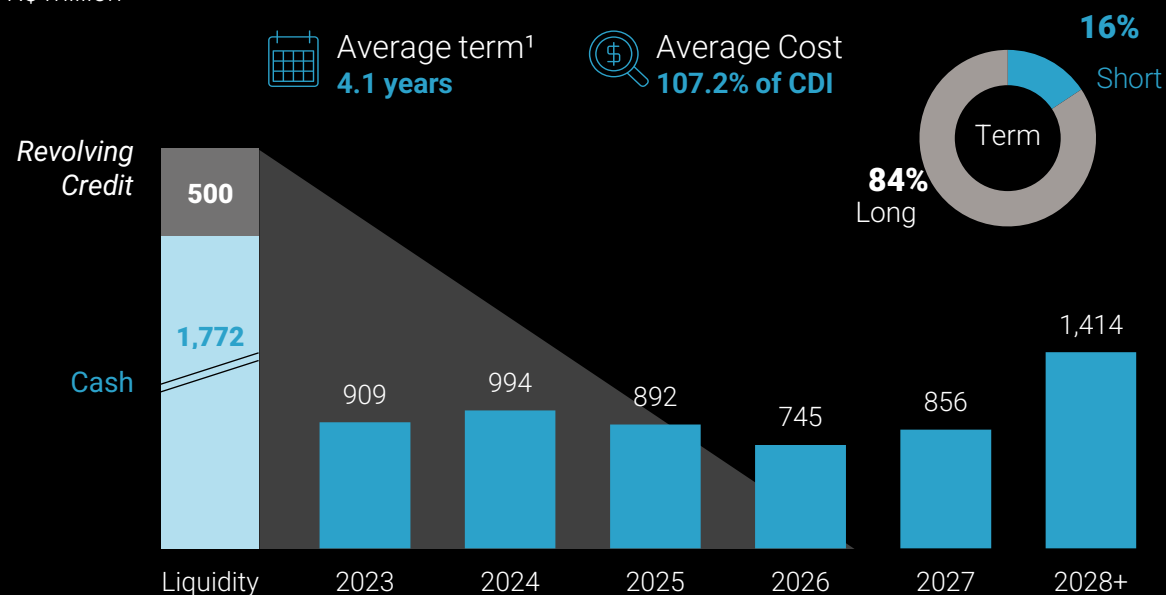
Successful process of extending the average debt term to 1.1 years

- Process of liability management resulting in an increase of 6 p.p in Long-Term debt over 4Q21;
- Greater spending on strategic projects leading to an increase in leverage;
- Significant impact on the financial cost due to an increase in interest rates versus 2021.



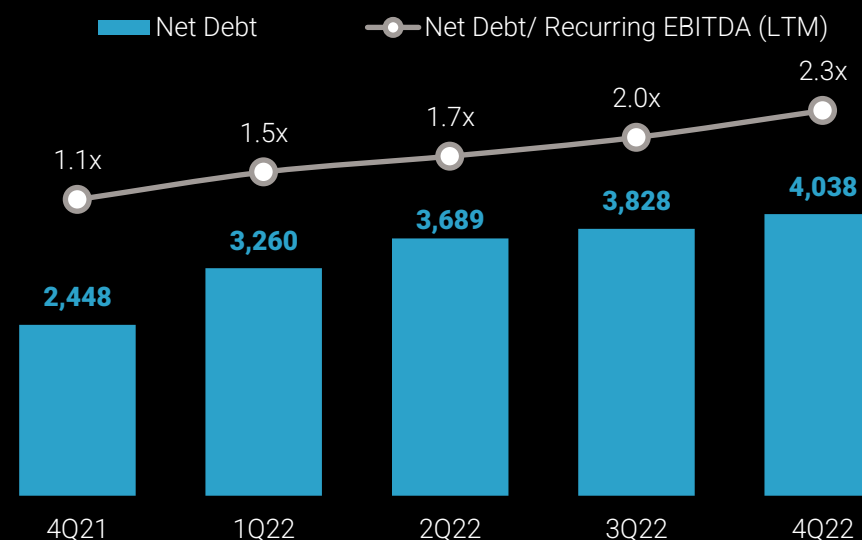
## Amortization Timeline

R\$ million



## Financial Leverage

R\$ million



Durafloor  
Duratex



WOOD



# Sector Environment

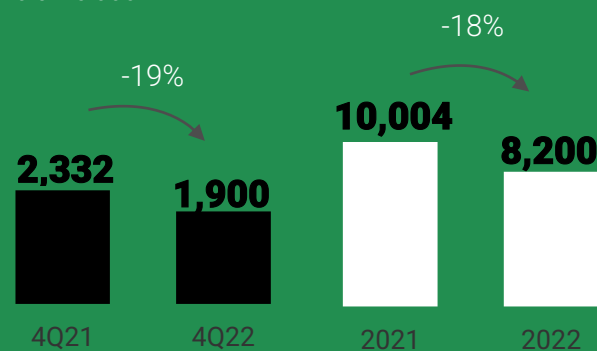
## Wood Panels

IBÁ data

- Market shrinking in relation to 2021, while continuing to exceed historical levels;
- 10% increase in export volumes for the year, despite the fall in 4Q22.

### Total Panels

Volume 000m³



Domestic Market

-15%

Foreign Market

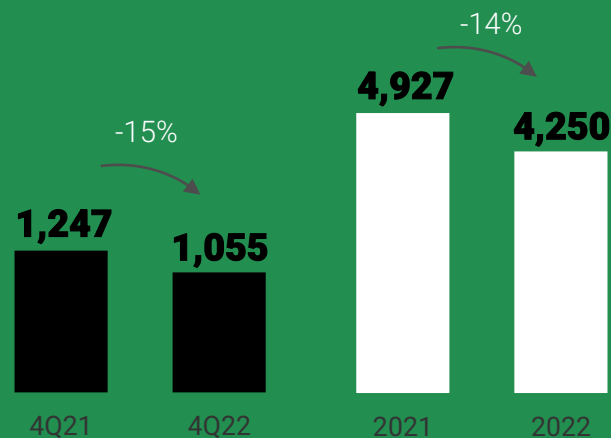
-43%

-15%

+10%

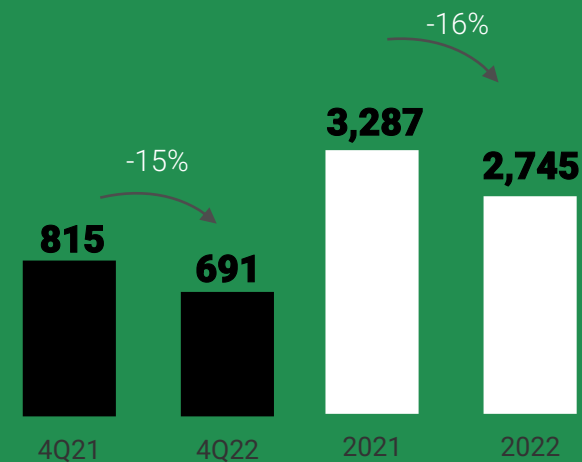
### MDF Domestic Market

Volume 000m³



### MDP Domestic Market

Volume 000m³

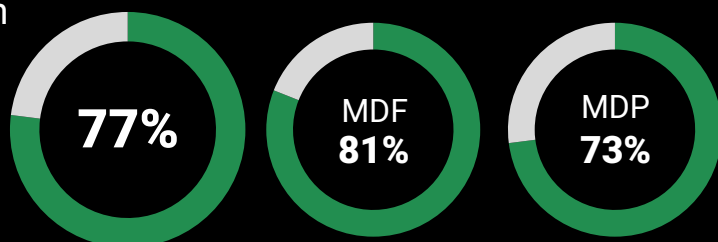




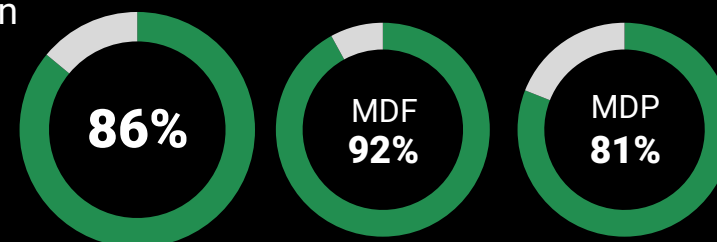
# Results Wood

- Seasonal factory shutdowns led to a drop in utilization levels during the quarter;
- Market share gains and improved mix – stemming from earlier investment – sustaining the revenue levels, despite inflationary pressures and freight costs impacting margins;
- Adjusted & Recurring EBITDA of R\$291 million in the quarter, a 5% improvement versus 3Q22 and R\$1,186 million in 2022.

Capacity Utilization  
4Q22

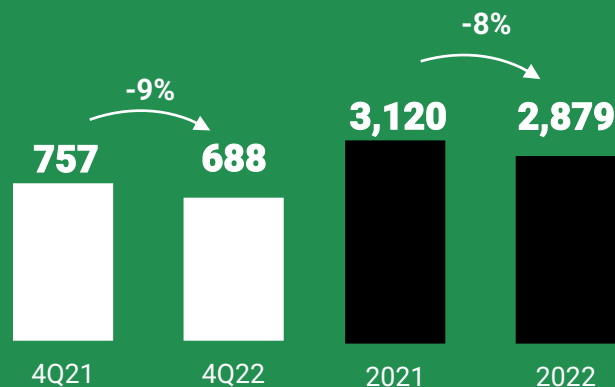


Capacity Utilization  
2022



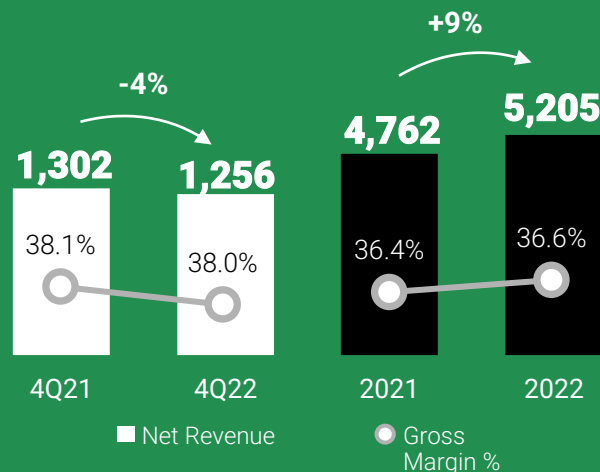
Volume

000m³



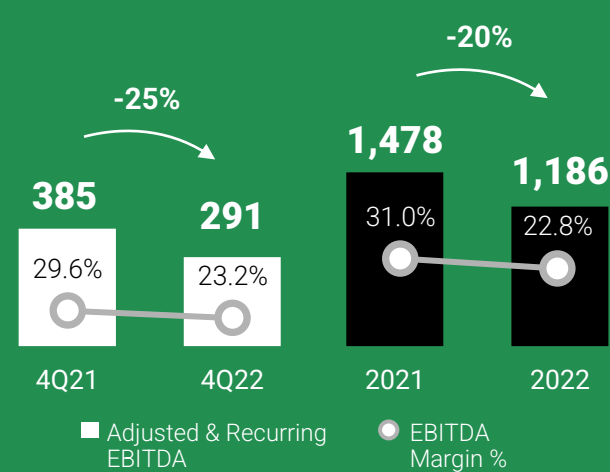
Recurring Net Revenue  
& Pro-Forma Gross Margin

R\$ million / %



Adjusted & Recurring EBITDA  
& Margin

R\$ million / %



# Results

## Wood Pulp

4Q22 first quarter fully operational.

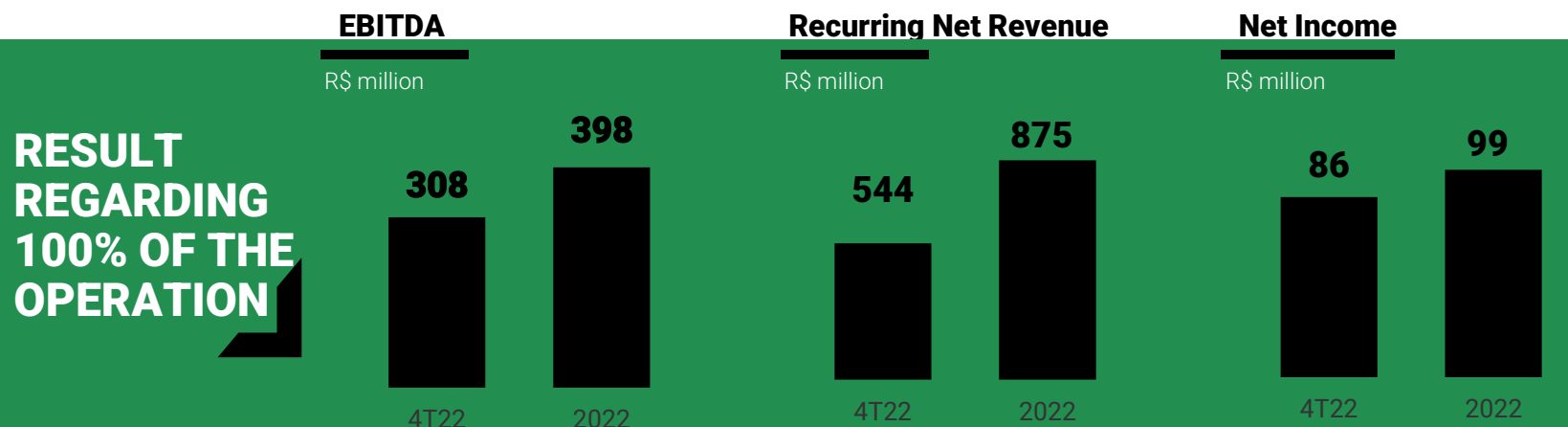


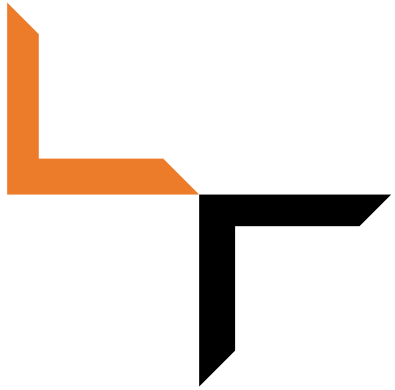
- Volume sold: 91k tons in 4Q22 and 140k tons in the year;
- Cost pressures from an increase in chemical prices and the ramping-up process;
- Recurring EBITDA of R\$150.7 million in 4Q22 and R\$194.1 million for the year relating to Dexco.

**Production Volume** 500k tons per year, with potential debottlenecking of +10% in the medium term

Following maintenance shutdown, will operate at **full capacity in 2023**

Generation of **clean energy**, with surplus to be sold in the market





Deca portinari ceusa  
Hydra castelatto

FINISHINGS FOR  
CONSTRUCTION

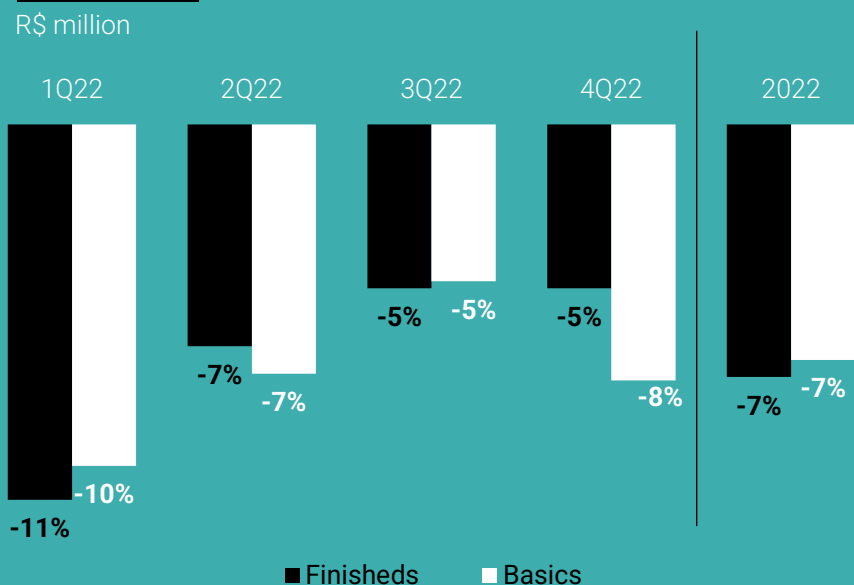
# Sector Environment

## Metals & Sanitary Ware

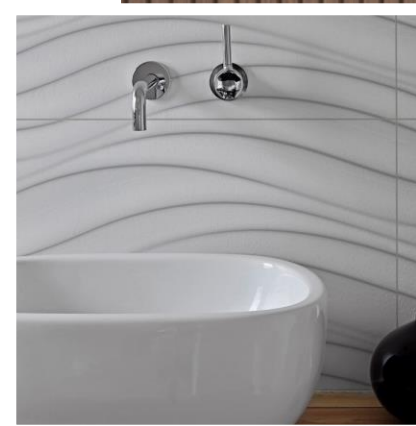
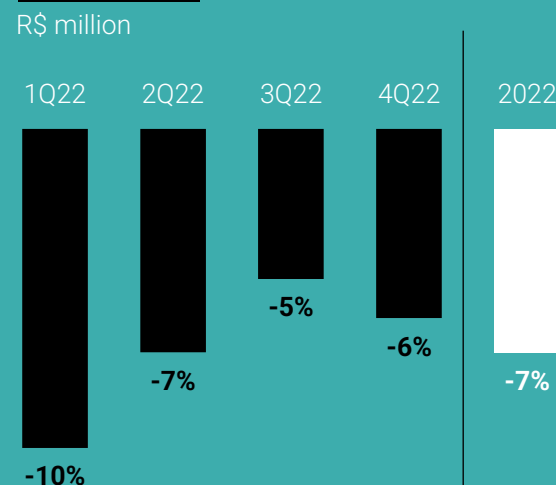
ABRAMAT data

- Gradual decline in sector revenues observed since the beginning of the year;
- Despite the drop off in revenues, ABRAMAT expects growth in 2023.

**Deflated gross revenue by product type vs 2021<sup>1</sup>**



**Sector revenue for building materials vs 2021<sup>1</sup>**





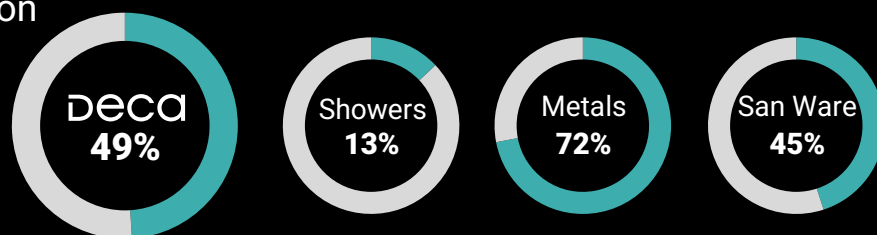
# Results

## Metals & San Ware

- Decline in the market led to a drop off in sales for the quarter and 2022;
- Unit revenue increased 9% in 4Q22 and 20% in 2022, with an improvement in the mix and pricing strategy review;
- Adjusted & Recurring EBITDA of R\$52 million in 4Q22 and R\$311 million for the year.

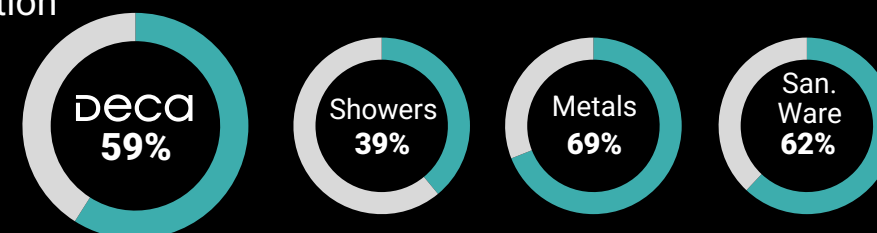
Capacity Utilization  
4Q22

%



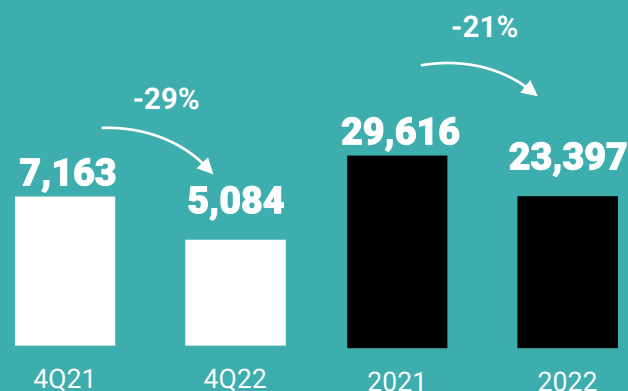
Capacity Utilization  
2022

%



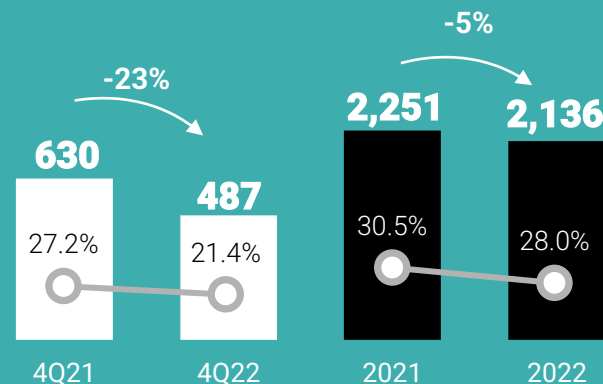
Volume

Pieces



Recurring Net Revenue  
& Pro-Forma Gross Margin

R\$ million / %

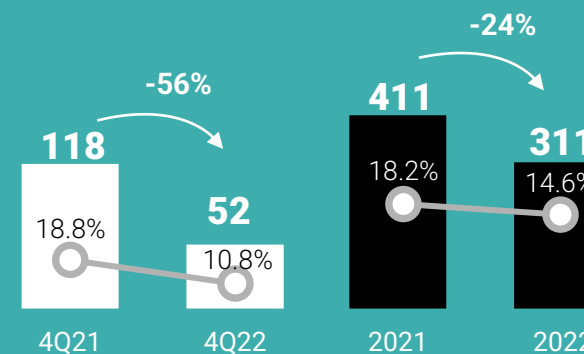


■ Net Revenue

● Gross Margin %

Adjusted & Recurring EBITDA  
& Margin

R\$ million / %



■ Adjusted & Recurring EBITDA

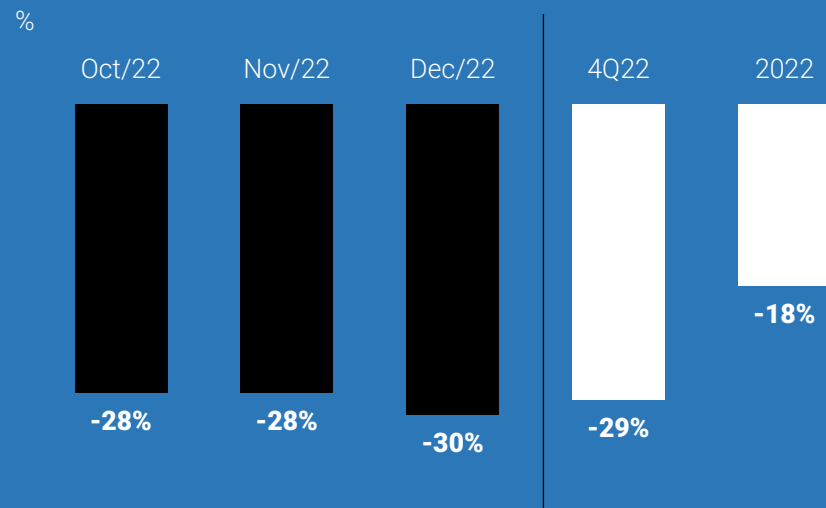
● EBITDA Margin %

# Sector Environment Tiles

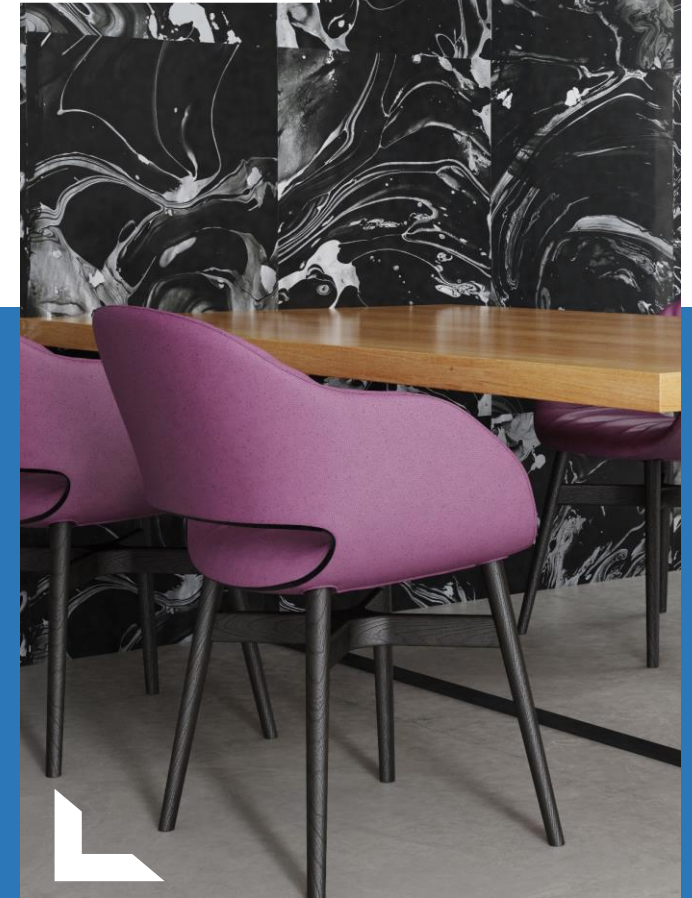
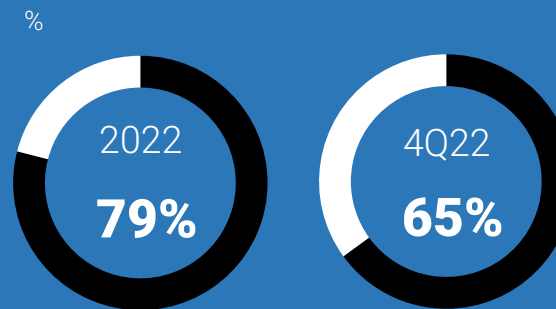
ANFACER data

- Significant decline in sales in 4Q22 impacting the performance of the sector for the year;
- Low levels of utilization arising from factory shutdowns intended to compensate for loss of sales;
- Inventory levels in the sector up 80% versus 2021 (in days).

**Sales volume of the ceramic tiles sector vs 2021**



**Capacity utilization**

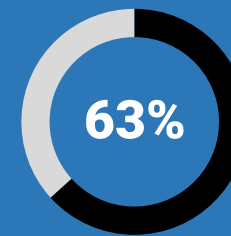


# Results Tiles

- Fall in demand and in sales activities led to a closure of all units, which is reflected in the low utilization and pressure on margins;
- Price increases introduced in 3Q22 drove a 12% increase in Unit Revenue for the quarter, and 27% for the year;
- Adjusted & Recurring EBITDA of R\$23 million in 4Q22 and R\$234 million for the full year.

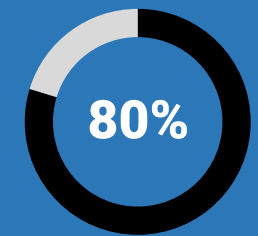
Capacity Utilization  
4Q22

%



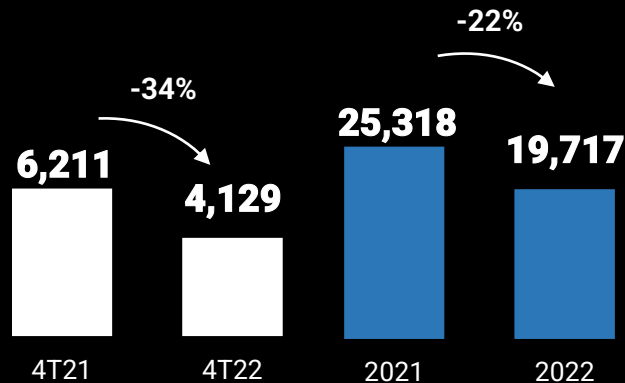
Capacity Utilization  
2022

%



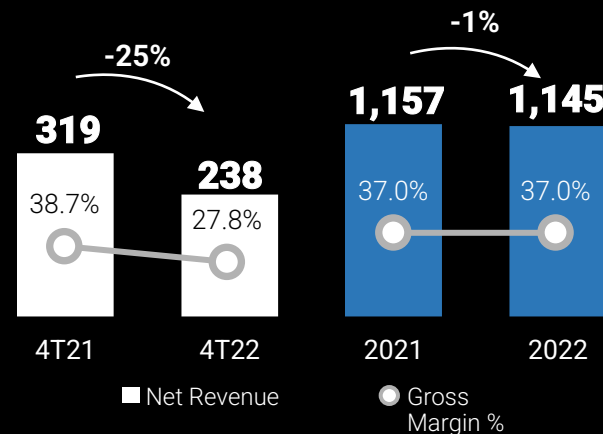
Volume

000m²



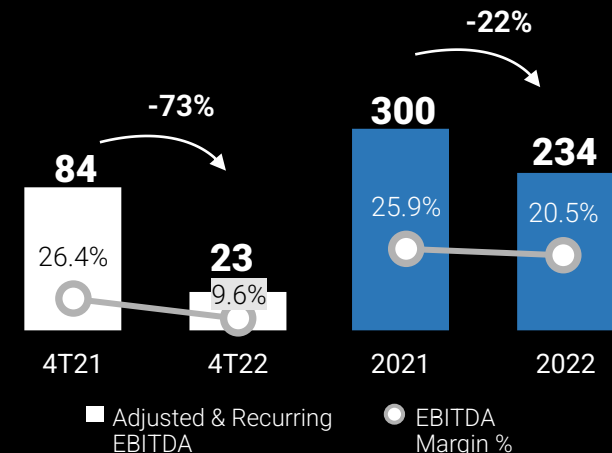
Recurring Net Revenue  
& Pro-Forma Gross Margin

R\$ million / %



Adjusted & Recurring EBITDA  
& Margin

R\$ million / %



# Sustainability in focus

**2022 was the year in which we reaffirmed our commitment to ESG, through:**

- Rolling out the latest round of Dexco's corporate culture program, Our Way of Being and Doing, training the leaders and sharing with every level of the hierarchy;
- Approving the Company's Social Responsibility Charter;
- Revisiting Dexco's materials themes, with more than 700 internal and external stakeholders involved, signed off by COMEX;
- Progressed the Sustainability Strategy 2025 targets and commitments.

## WITH MARKET RECOGNITION

### ISEB3

**15 years on the Business Sustainability Index**, demonstrating Dexco's commitment to good business practices.

T E | **Mulheres**  
V A | **na Liderança**

Member of the **Teva Mulheres na Liderança®**, women in leadership index, the first quantitative study into the **presence of women in governance** of all listed Brazilian companies.



Awarded once again **1<sup>st</sup> place in Brazil for ESG transparency** among companies in the wood and pulp sector.



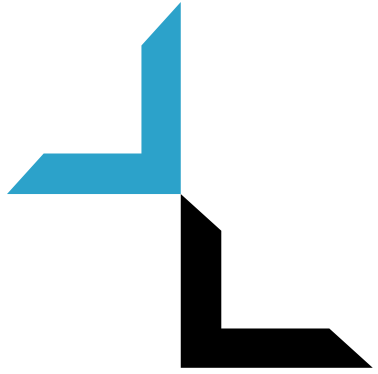
Recognized on the **CDP 2022 A-List for best practices in forestry management** and corporate initiatives countering deforestation.



We have reached  
the mark of **30%**  
of women in  
**leadership  
positions**

Over  
**R\$2.5  
million**  
invested in  
**incentive projects**





# PROSPECTS

2023



# Prospects

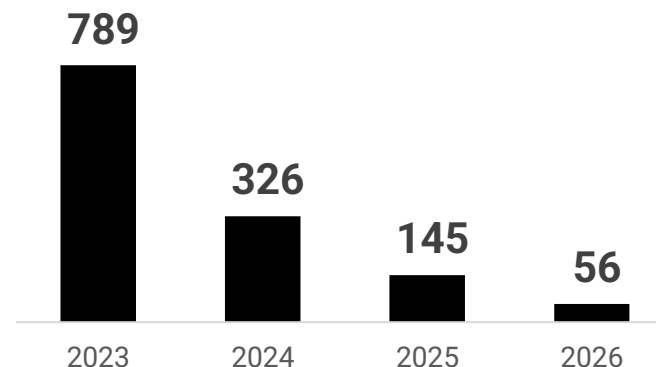
## MACRO SCENARIO

- Instability in the macroeconomic scenario impacting demand and confidence levels;
- Beginning of 2023 has seen a significant deterioration since the end of 2022;
- Expectation is of a gradual recovery in the second half of the year, supported by higher volumes arising from the delivery of new real estate projects in progress over the last few years;
- Challenging scenario to continue given the availability and prices of wood in the market – opportunity for Dexco;
- Expected rebalancing of costs and international logistics – exportation.

# Dexco

- Greater control of costs, expenses and investment, with focus on productivity and factory efficiency, especially Deca and Tiles;
- Growth and differentiated design to continue reinforcing the brands in the market;
- Continual focus on channel diversification, especially export, for the Wood and Tiles divisions;
- Market share recovery on the back of corporate restructuring, involving improvements to the execution of sales activities and operations;
- First full year of operations for the Dissolving Wood Pulp facility with a significant improvement in Dexco's results.

## ESTIMATED CAPEX TIMELINE (PROJECTS) R\$million



**~R\$ 2.1B**

in projects offering high returns

Dexco continues to invest in its strategic projects, as they offer long term returns.



# INVESTOR

## RELATIONS

# Dexco

deca portinari hydra duratex castelatto ceusa durafloor

Francisco Semeraro – Director of Adm., Finance & IR

Natasha Utescher – IR Manager

Alana Santos – IR Specialist

Carolina Mulet- IR Analyst

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