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**nexa**

**1Q22 Results**

April 29, 2022

NEXA  
LISTED  
NYSE

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# 1Q22 | Main Highlights



Overall, 1Q22 operating **performance** was as **expected** and **annual guidance** is expected to **be achieved**

- **Resumption of Vazante's operations** at **full capacity** in April following the underground mine dewatering



## Strong Financial Performance

- **Net revenue:** US\$722 million (20% increase y-o-y)
- **Adjusted EBITDA:** US\$208 million (16% increase y-o-y)



## A Strong Balance Sheet:

- Early full redemption of **2023 Notes**;
- Financial Leverage of **1.53x**.



## Aripuanã on track to become a **Flagship Mine** (extended LoM)

- Commercial production is expected in 3Q22
- Offtake agreement

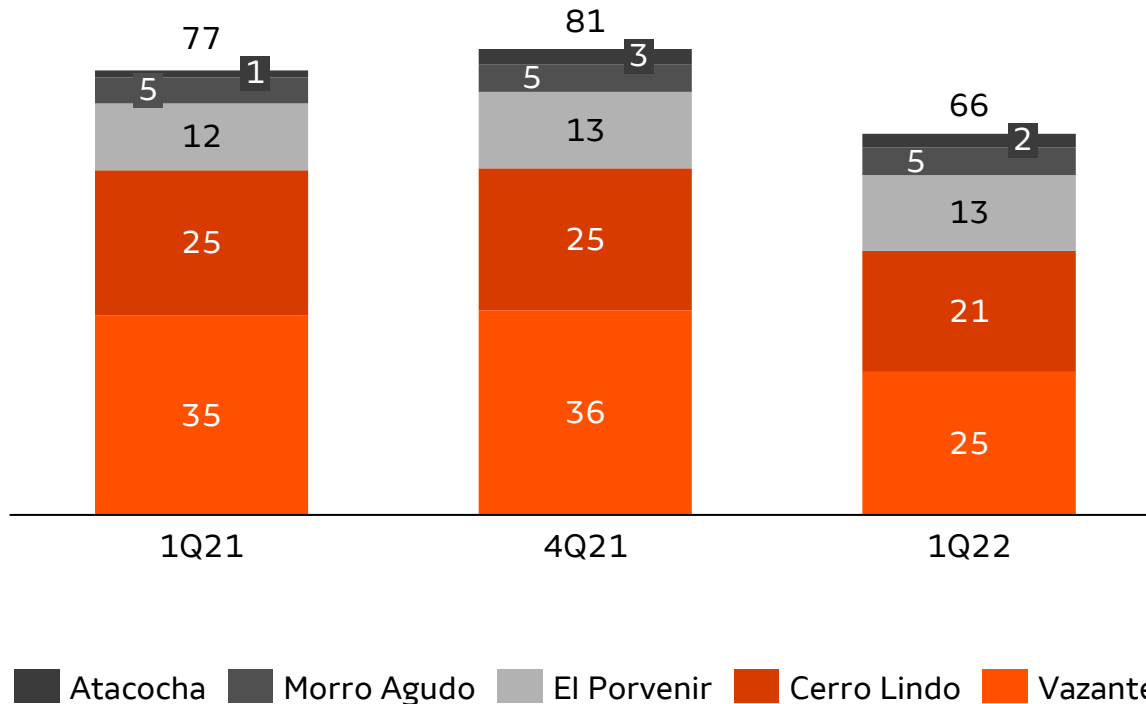


## Market Fundamentals

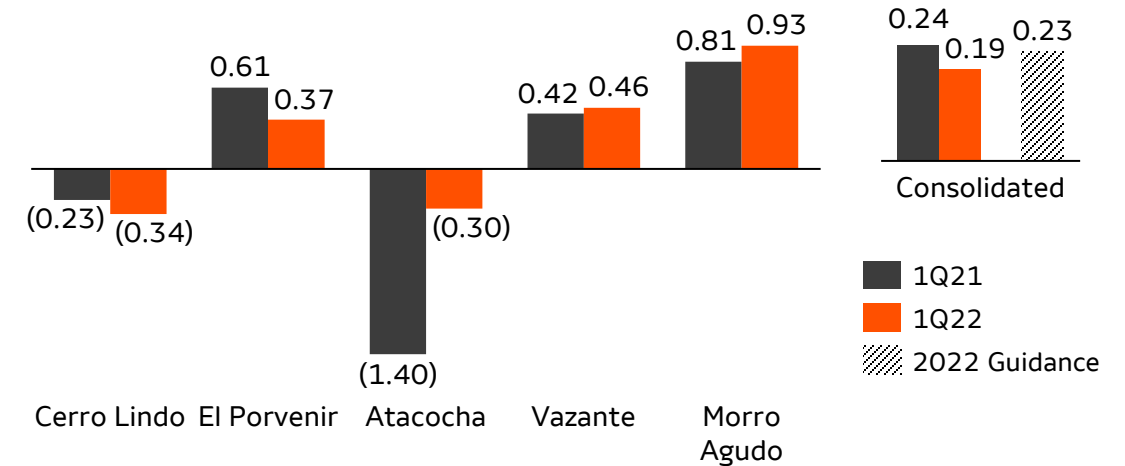
# Solid Operating Performance | Mining Segment



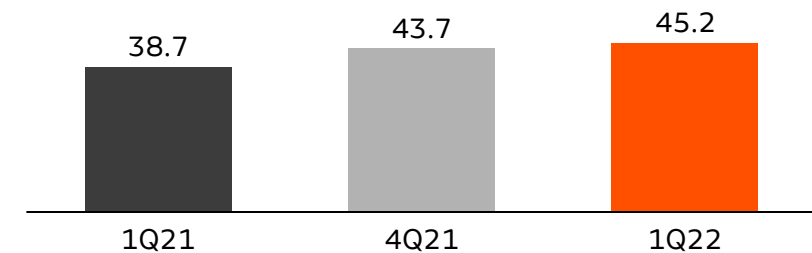
## Zinc Production (000 ton)



## Cash cost (US\$/ton Zinc sold)



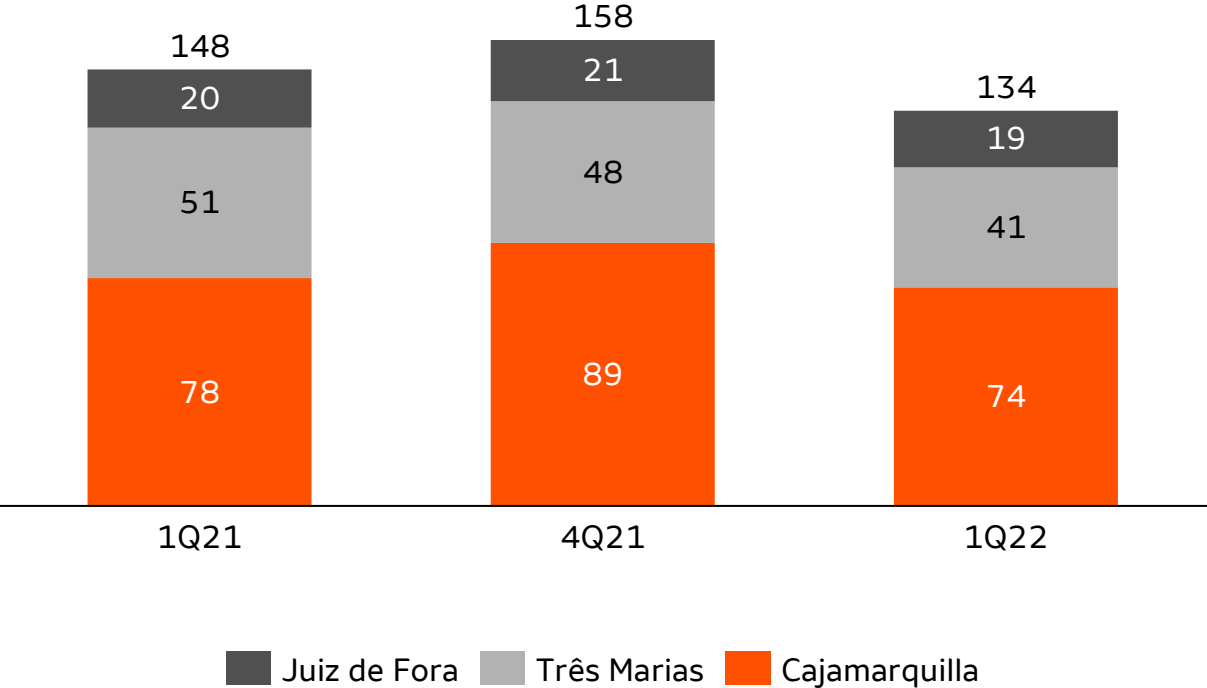
## Consolidated Cost per ROM (US\$/ton)



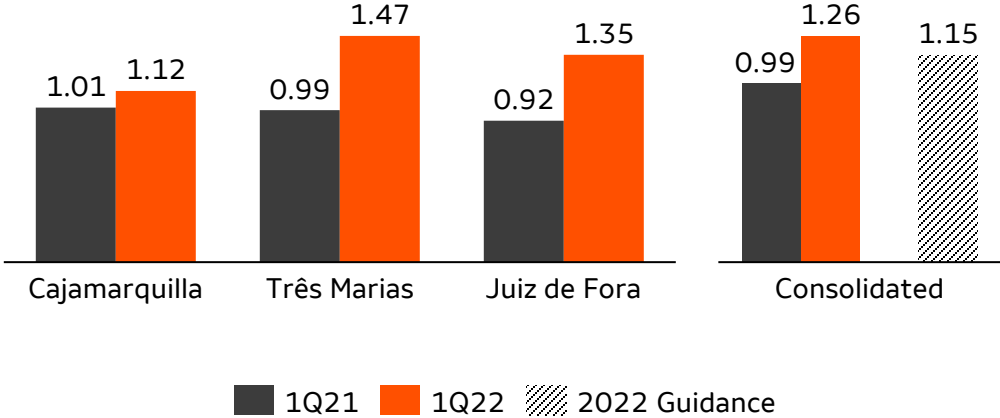
# Solid Operating Performance | Smelting Segment



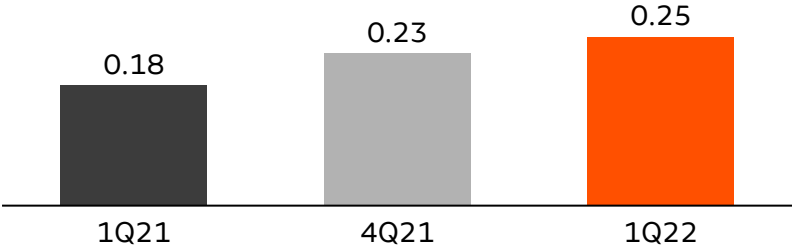
**Metal Sales**  
(000 ton)



**Cash cost**  
(US\$/ton Zinc sold)



**Consolidated Conversion Cost**  
(US\$/lb)





# Aripuanã | Project Update

World-class underground polymetallic mine with competitive cash cost position and attractive returns



- ✓ 100% overall physical progress
- ✓ Mechanical completion concluded
- ✓ Commissioning process (over 75% progress)



- On track to start commercial production in 3Q22
- Approximately 630kt of ore was stockpiled (3.3 months of production)



- Total CAPEX Guidance remains unchanged on US\$625 million.



- Aggressive Exploration Program in 2022-2023, to significantly increase Life of Mine.

# Exploration program | 1Q22 achievements

High quality pipeline of projects driving a sustainable, long-term business plan

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## Life of Mine (years)

8 years

11 years

11 years

7 Years  
(El Porvenir)

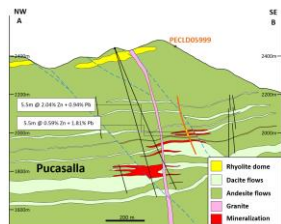
13.9 Mt  
(M+I Mineral Resources)

4.4 Mt  
(Inferred Mineral Resources)

### Cerro Lindo:

Meters Drilled<sup>1</sup>: 20,422m

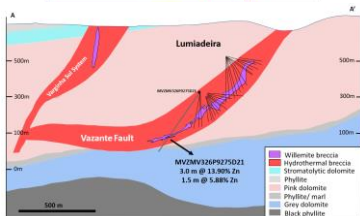
At the **mine site**, ore body 5B have **continued to be extended to the southeast** with (8.8m with 1.79% Zn and 0.80% Pb) and continuous drilling at **Pucasalla keep** confirming **continuity of zinc** and **lead** mineralization with intersections such as (5.5m with 2.04% Zn and 0.94% Pb).



### Vazante:

Meters Drilled<sup>1</sup>: 7,018m

The Lumiadeira area, drilled in 4Q21 confirmed deep **high-grade Zinc mineralization** over (3.0 meters with pending assays, 13% Zn and 0,19%Pb).

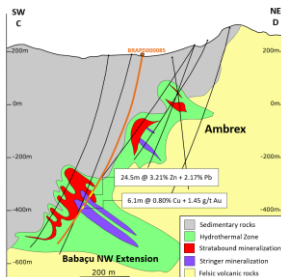


### Aripuanã:

Meters Drilled<sup>1</sup>: 9,510m

Drillholes **intercepted stringer** and **massive stratabound** mineralization in 4Q21 where assay results revealed grades, such as, (24.5m with 3.21% Zn and 2.17% Pb) in stratabound ore and (6.1m with 0.80% Cu and 1.45 g/t Au) in stringer ore.

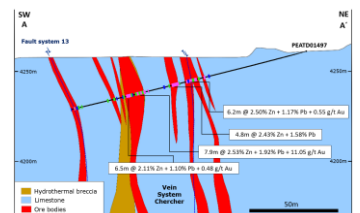
In Aripuanã, the Babaçu NW revealed **thick intersections** with still pending assay results.



### Cerro Pasco Complex:

Meters Drilled<sup>1</sup>: 11,547m (El Porvenir) and 2,843m (Atacocha)

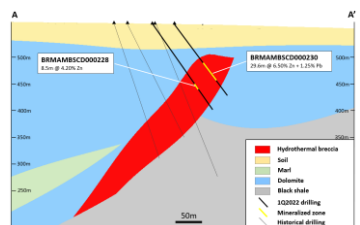
The Porvenir South and Integration orebodies **continue to be expanded** and at **Chercher orebody** in San Gerardo open pit we obtained **several mineralized drill intersections** such as (7.9m with 2.53% Zn, 1.92% Pb and 11.05 g/t Au).



### Morro Agudo/Bonsucesso:

Meters Drilled<sup>1</sup>: 4,845m

Infill and deep exploratory drilling continues revealing **thick mineralized intersections**, such as, with (29.6m 6.50% Zn and 1.25% Pb) and (20.5m 6.75% Zn and 1.70% Pb).



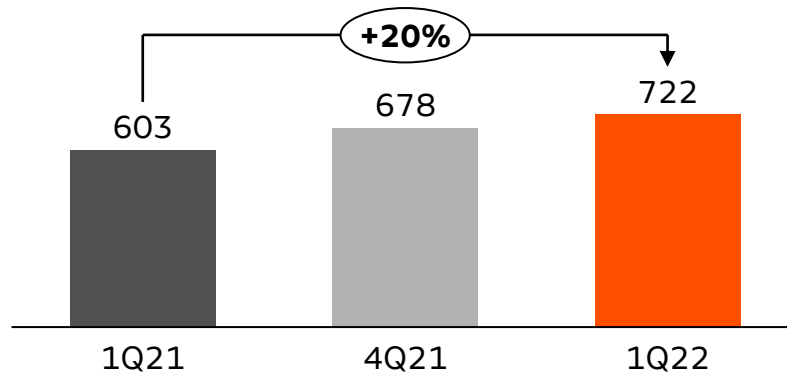
Note: Mine Life based on Mining Report 2021; mine life calculated by dividing reserves by ore mined capacity; <sup>(1)</sup> Includes: exploration and infill drilling; <sup>(2)</sup> Morro Agudo and Atacocha don't have calculated life of mine, because it has only resources; <sup>(3)</sup> Atacocha mineral resources include the open pit and underground mine operation resources.

# 1Q22 | Strong Performance

Consolidated Results



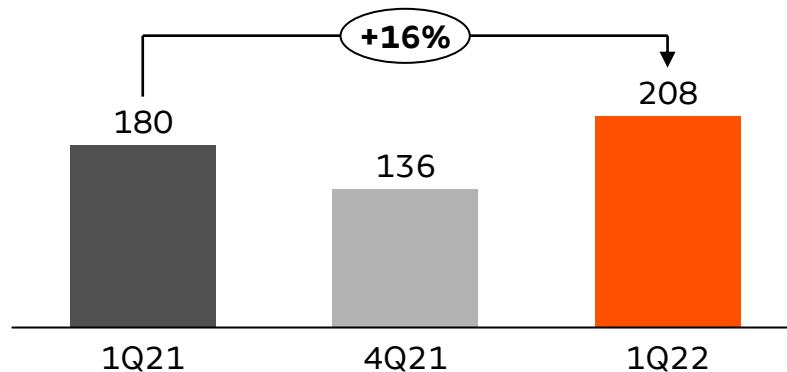
## Net Revenue<sup>1</sup>



**Higher net revenue** in **1Q22**, mainly driven by higher LME prices, across all metals.

**Compared to 4Q21**, net revenue **increased by 7%** also driven by **higher zinc** and **copper** prices.

## Adjusted EBITDA



**Adj. EBITDA in 1Q22** increased to US\$208 million due to **higher LME metal prices** and higher **by-products contribution**.

**Compared to 4Q21**, Adj. EBITDA **increased by 53%** also driven by the increase in prices and by-products contribution.

<sup>(1)</sup> Includes intersegment revenues



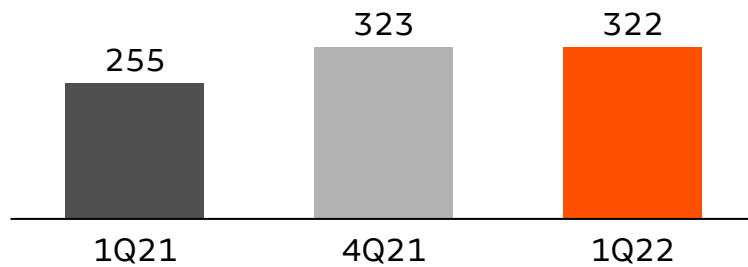
# 1Q22 | Higher Metal Prices

By Segment

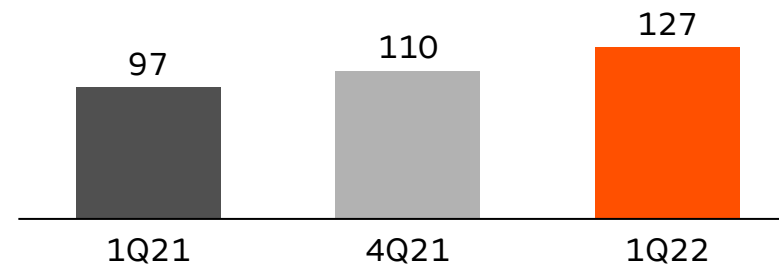


## Mining

### Net Revenue<sup>1</sup>

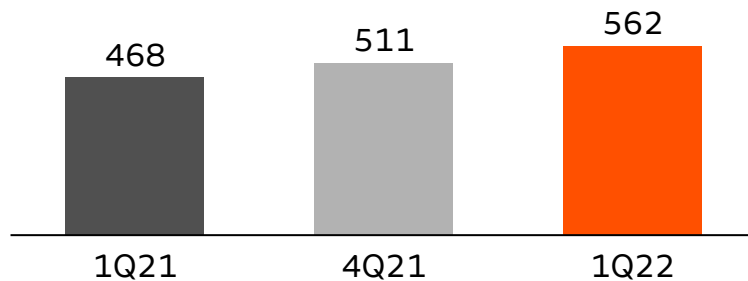


### Adjusted EBITDA

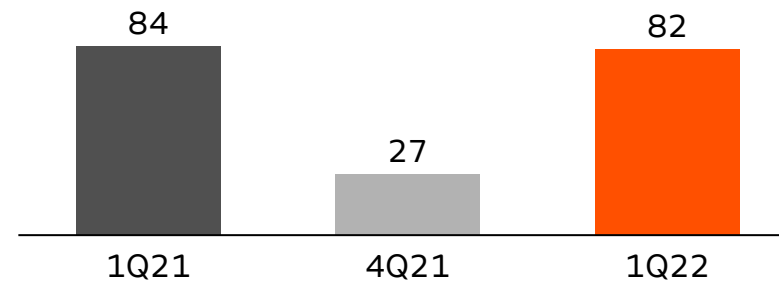


## Smelting

### Net Revenue<sup>1</sup>

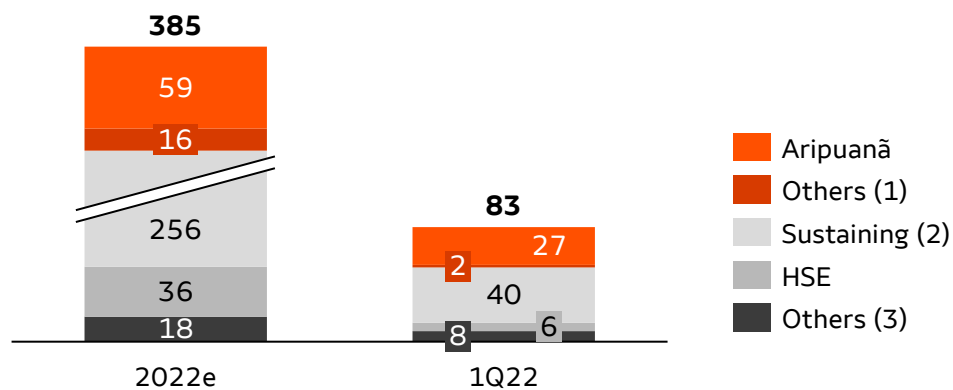


### Adjusted EBITDA



<sup>(1)</sup> Includes intersegment revenues

## Capital expenditures

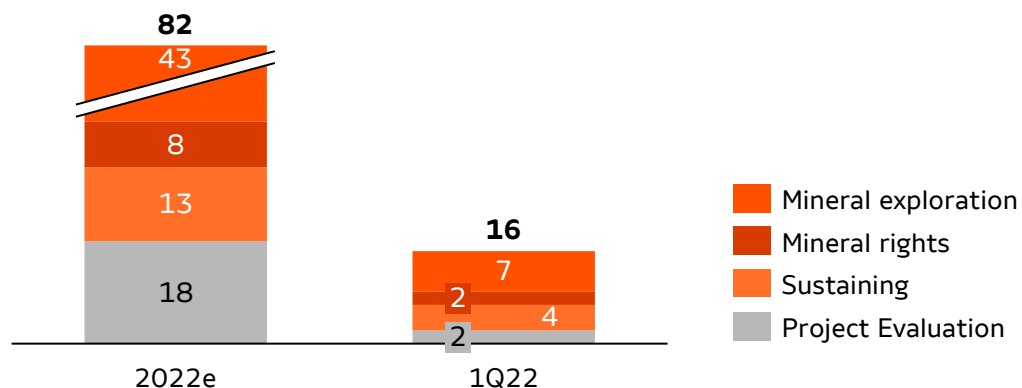


CAPEX was US\$83 million in 1Q22.

- Aripuanã amounted to US\$27 million
- Essential sustaining (including HSE) investment of US\$46 million

2022 estimated CAPEX remains unchanged at US\$385 million.

## Exploration and Project evaluation



Exploration and Project Evaluation expenses in 1Q22 amounted to US\$16 million.

Investments are expected to continue to accelerate next quarters.

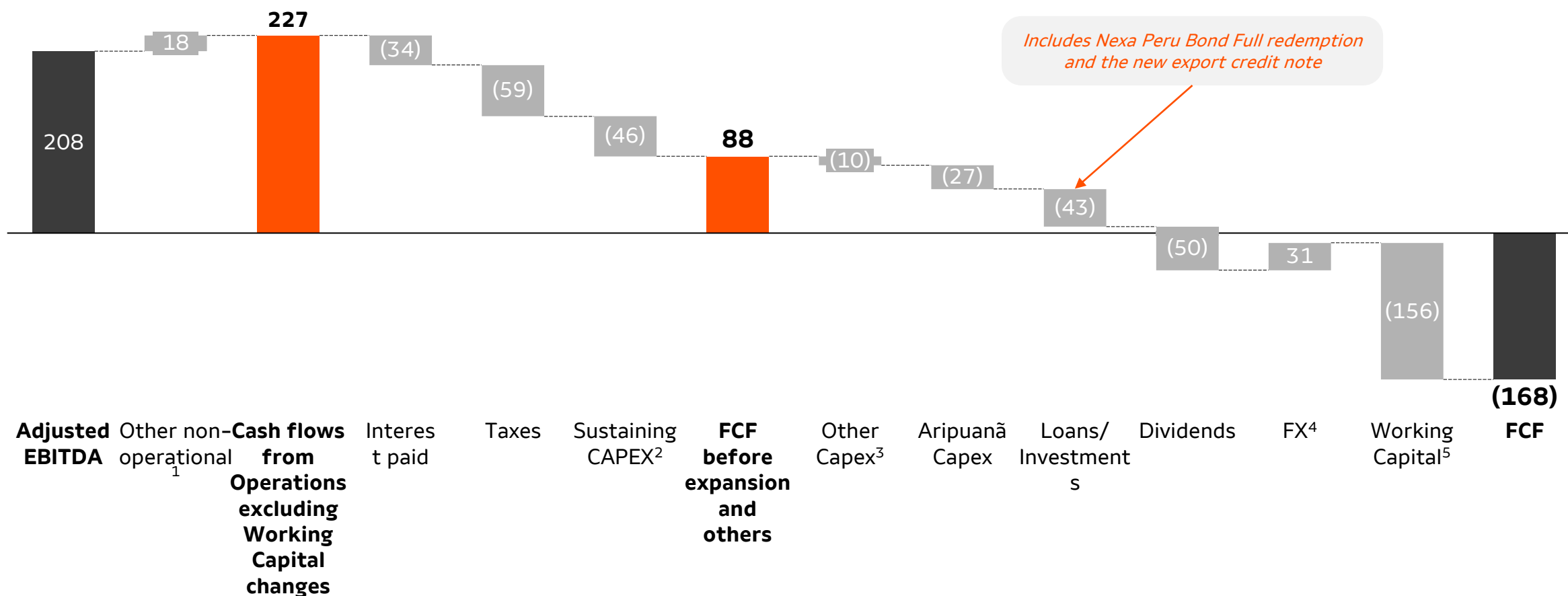
2022 guidance remains unchanged at US\$82 million.

<sup>(1)</sup> Including Vazante LOM extension, Magistral FEL3 and Bonsucesso FEL3 studies completion. <sup>(2)</sup> Investments in tailing disposal are included in sustaining expenses. <sup>(3)</sup> Modernization, IT and others; including reconciliation of advance payment of imported materials and capitalization of interest net of advanced payments.

# Free Cash Flow | 1Q22

US\$ million

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*FCF before expansion was US\$88 million*

*We were in a **comfortable balance sheet cash position** to pay **loans** and invest in expansion **CAPEX***

(1) Adjustments to reconcile Adjusted EBITDA to cash provided by operations, including FX (2) "Sustaining CAPEX" includes Sustaining, HS&E, Tailing Dams; (3) "Other CAPEX" includes Expansion/Greenfield (ex-Aripuanã), Modernization, IT & Others (detailed breakdown available in the Earnings Release); (4) Foreign exchange effects on cash and cash equivalents; (5) Breakdown available at Financial Statement explanatory note "Changes in operating assets and liabilities".

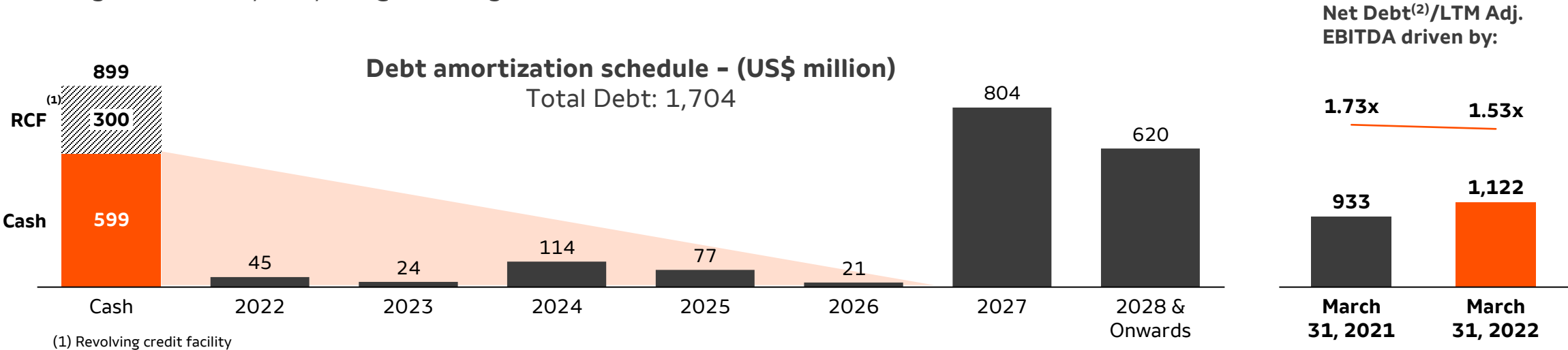


# Liquidity and Indebtedness



## Debt profile (as of March 31, 2022)

Average debt maturity: 5.4 years @5.16% avg. cost



- Solid balance sheet with a long-term debt profile
- Leverage of 1.53x

### Rating agencies

### Rating

### Outlook

S&P	BB+	Stable
Fitch	BBB-	Stable
Moody's	Ba2	Stable

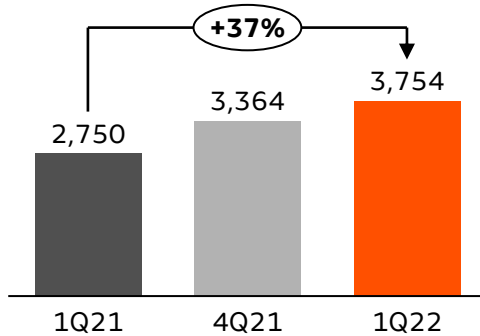
<sup>(2)</sup> Gross debt (US\$1,704 million) minus cash and cash equivalents (US\$576 million), minus financial investments (US\$23 million), plus negative derivatives (US\$3 million), plus Lease Liabilities (US\$20 million).

# Market Fundamentals

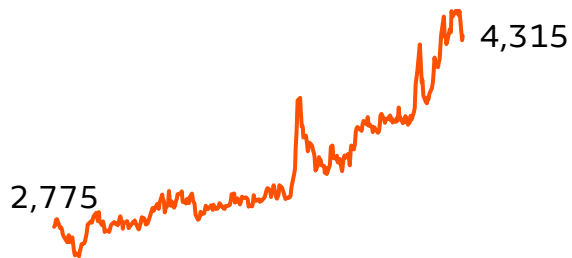
Base metals are expected to remain at high levels in 2022

## Zinc

LME average price<sup>1</sup>  
US\$/ton

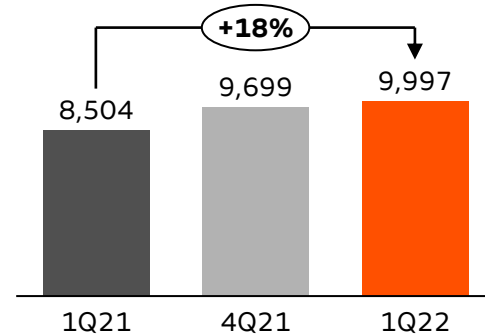


LME price evolution<sup>2</sup>  
US\$/ton

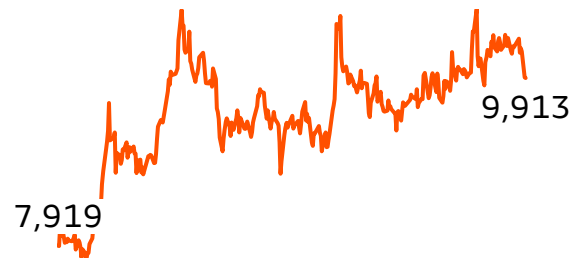


## Copper

LME average price<sup>1</sup>  
US\$/ton

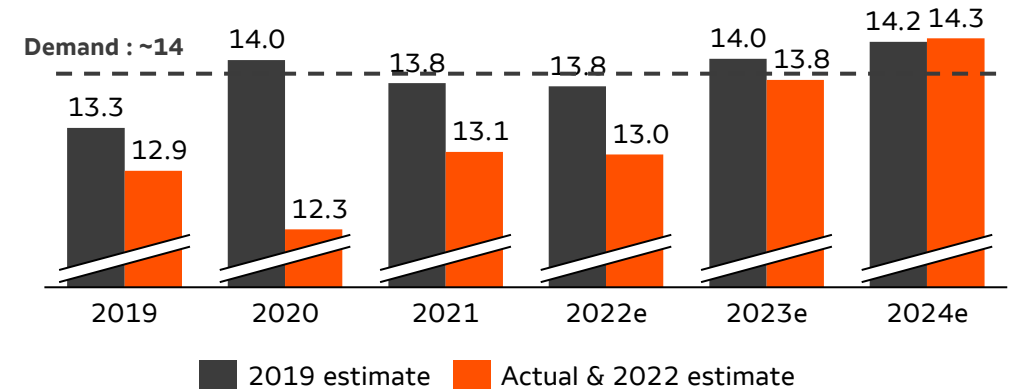


LME price evolution<sup>2</sup>  
US\$/ton



## Zinc concentrate supply<sup>3</sup>

Million ton



## Comments:

- **Zinc price:** short-term prices are supported by a tight refined market. And, more recently, the Russia-Ukraine war help to boost base metal prices. Higher inflation rates could impact prices and demand in 2H22. In the medium-long terms, favorable supply-demand balance should continue to support higher prices.
- **Copper price:** prices in 1Q22 followed the upward trend for base metals prices. Rising energy prices and inflation could affect demand in the short-term, impacting prices. However, in the mid to long-term, the outlook for copper demand also remains positive, given its role in the energy transition and the potential lack of supply that is projected from 2025 onwards.

(<sup>1</sup>) Based on daily prices, as traded in the London Metal Exchange. (<sup>2</sup>) Based on daily prices until April 26<sup>th</sup>, as reported by the London Metal Exchange and Shanghai Futures Exchange. (<sup>3</sup>) Wood Mackenzie forecast for total stocks (LME+SHFE+Shadow) for 1Q22.

**ESG**

## **Final remarks**



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**ESG**

**Final remarks**



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# We are on a journey to build an **ESG-focused** mining company







**Start-up** of **Aripuanã's** mine and plant. Continue to advance in our **drill** program to **increase LOM**



**Improve** cash flow generation and **continue to deliver** on guidance



**Invest** in **exploration** in operating mines and projects to continuously **extend** and **increase LOM**



**Develop** a **growth strategy** in **copper** by **assessing** our **pipeline** and by being active in the **M&A** market



**Support** our host **communities** and local **governments**



**Financial discipline** with focus on **balance sheet** strength and **leverage** ratios

***We remain positive in industry fundamentals and we're confident***

***Nexa has a unique position to generate value for all its stakeholders***







thank you

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**nexa**