

From the world of mining to the world of people

nexa

2Q22 Results
July 29, 2022

NEXA
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2Q22 | Main Highlights



Strong Financial Performance

2Q22 solid results and highest-ever quarterly **Adjusted EBITDA**

- **Net revenue:** US\$829 million (21% increase y-o-y)
- **Adjusted EBITDA:** US\$286 million (23% increase y-o-y)



Production and sales guidance remain unchanged. Cash cost guidance updated



Aripuanã is in the ramp-up stage **Flagship Mine** (extended LoM)

- The first batch of copper was successfully produced
- Potential addition of new resources in 2022



Strong Balance Sheet

- Financial Leverage of **1.33x** at the end of 2Q22 compared with 1.53x at the end of March 2022.



ESG strategy



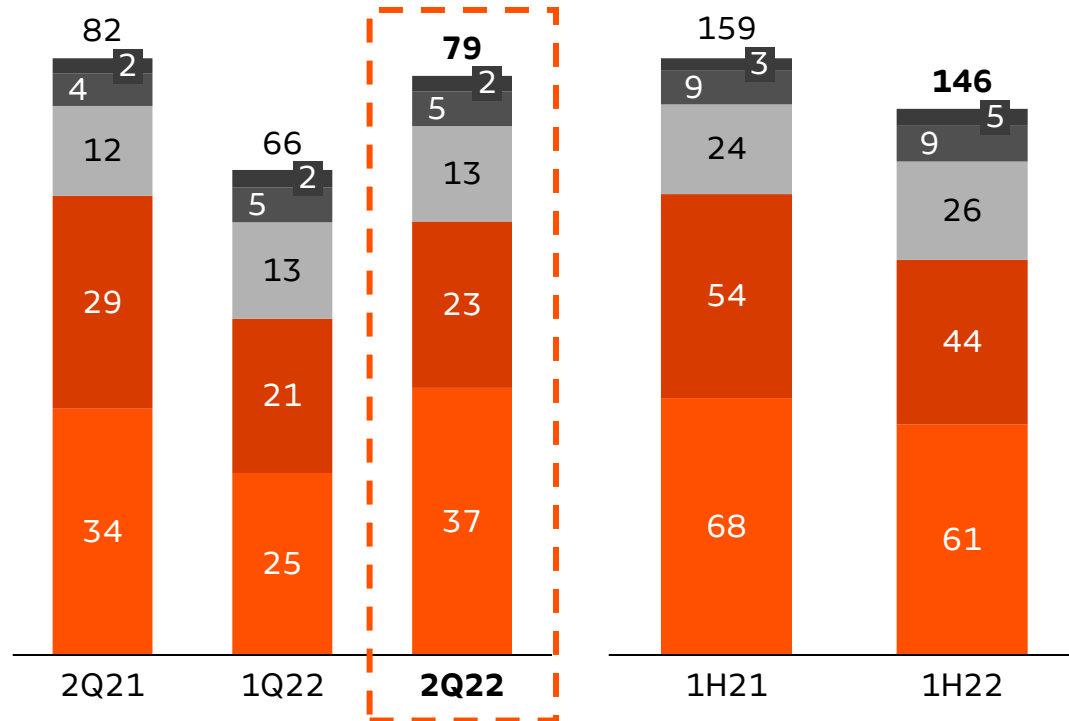
Organizational structure and growth strategy

Solid Operating Performance | Mining Segment

Underground polymetallic mines

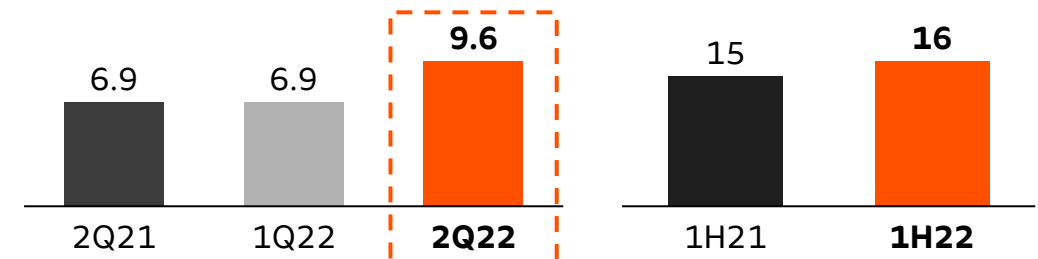
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Zinc Production (000 ton)

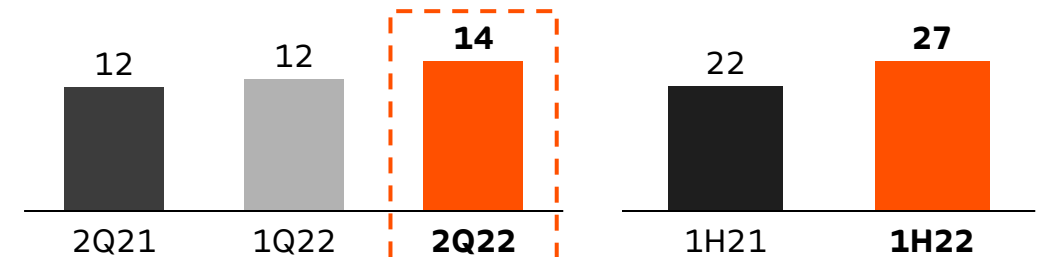


Atacocha Morro Agudo El Porvenir Cerro Lindo Vazante

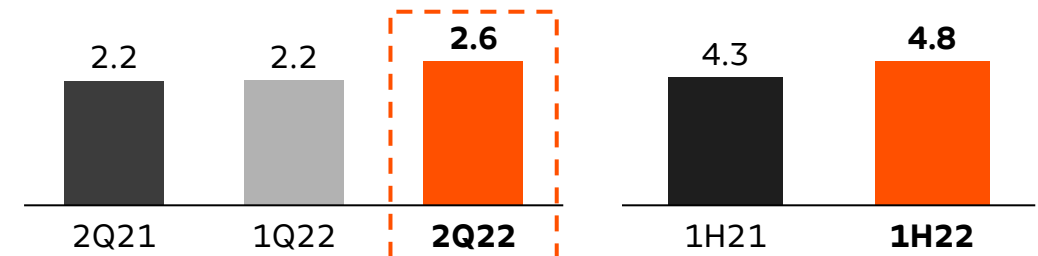
Copper Production (000 ton)



Lead Production (000 ton)



Silver Production (MMOz)

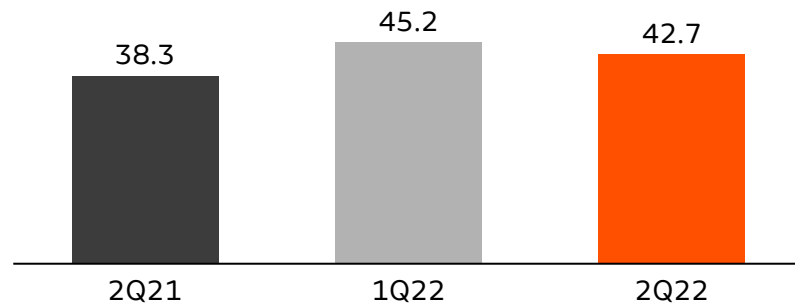


Solid Operating Performance | Mining Segment



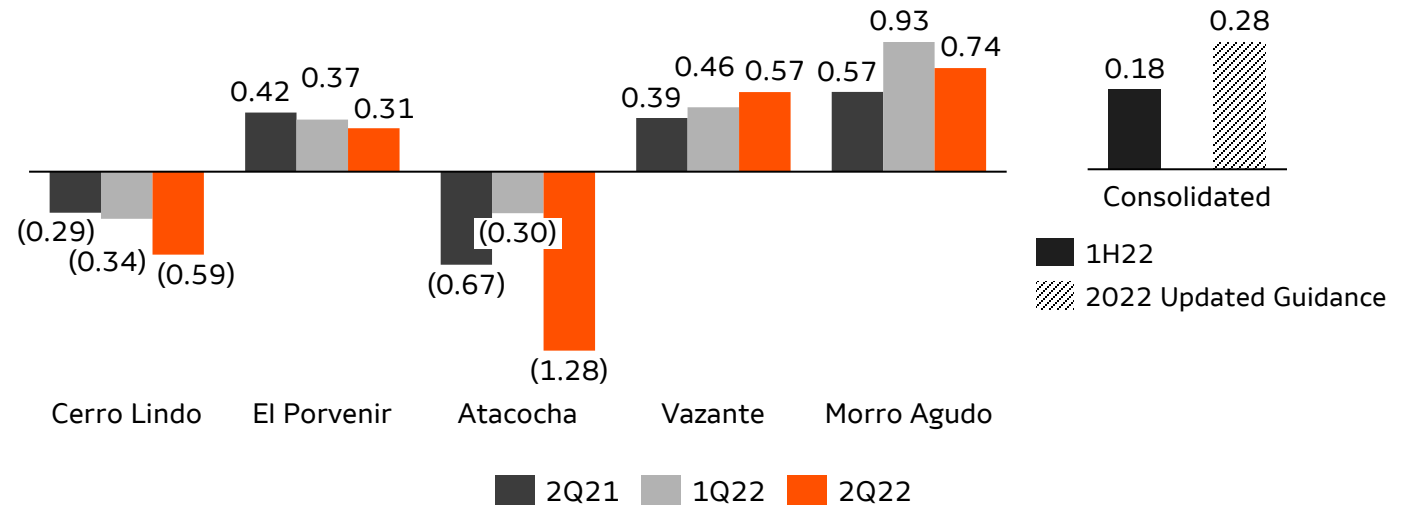
Costs

Consolidated Cost per ROM (US\$/ton)



- Run of mine mining cost in 2Q22 increased y-o-y reflecting both inflationary pressure on cost, and lower ore throughput.
- Compared to 1Q22, run of mine mining cash cost decreased by 4%, with improved volumes and our initiatives of costs control.

Cash cost (US\$/ton Zinc sold)

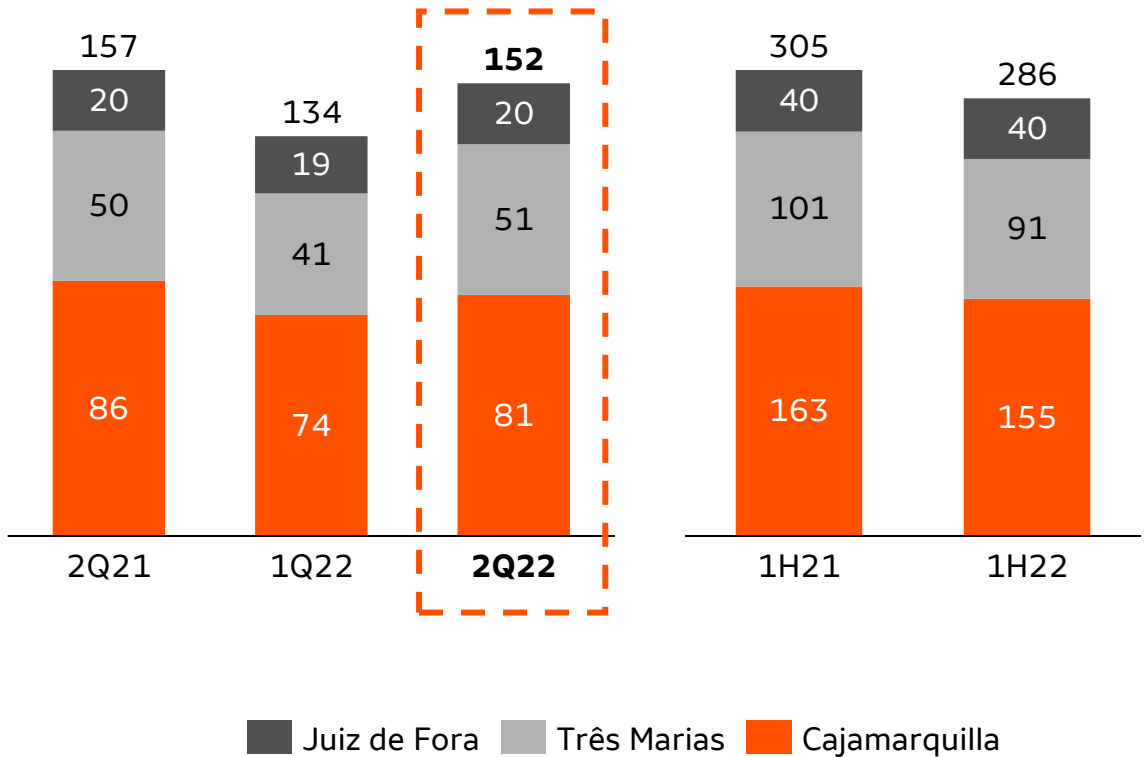


- Mining cash cost net of by-products in 2Q22 was US\$0.16/lb, increasing by US\$0.02/lb from 2Q21 mainly due to lower zinc volumes and higher operating costs, partially offset by higher by-products credits.
- Compared to 1Q22, cash cost decreased by 14%, positively affected by higher volumes and lower unit cost.

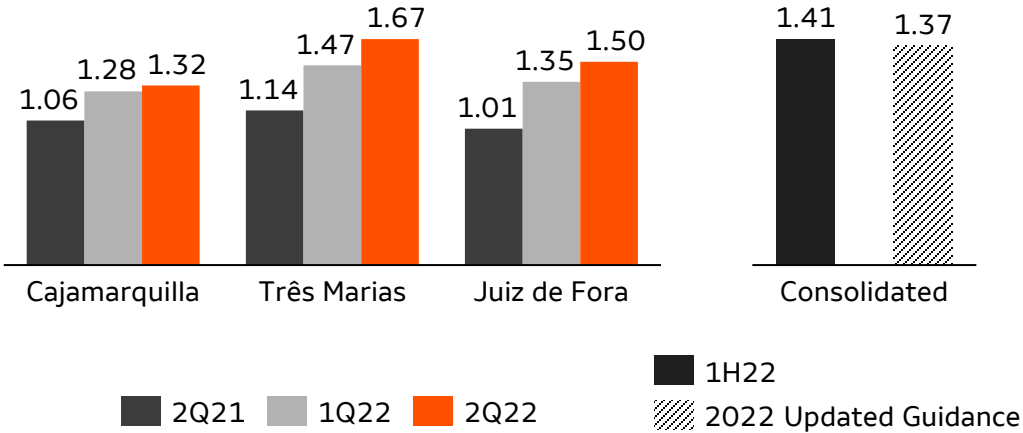
Solid Operating Performance | Smelting Segment



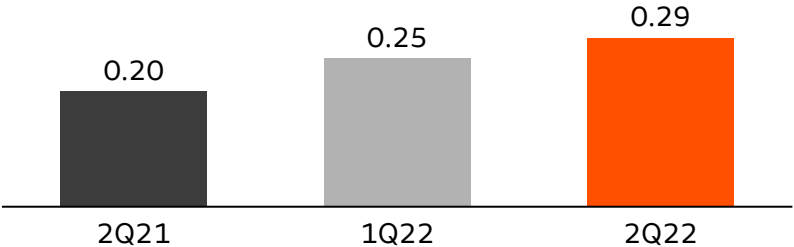
Metal Sales (000 ton)



Cash cost (US\$/ton Zinc sold)



Consolidated Conversion Cost (US\$/lb)



Cash cost guidance | new estimates 2022e

Mining cash cost (000 ton)

Operating costs	Cash cost ⁽¹⁾ net of by-product (US\$/lb)		
	1H22	2022e Previous	2022e Updated
Mining	0.18	0.23	0.28
Cerro Lindo	(0.47)	(0.41)	(0.26)
El Porvenir	0.34	0.43	0.39
Atacocha	(0.81)	(0.03)	(0.03)
Vazante	0.53	0.51	0.55
Morro Agudo	0.84	0.86	0.94

Smelting cash cost (000 ton)

Operating costs	Cash cost ⁽²⁾ net of by-product (US\$/lb)		
	1H22	2022e Previous	2022e Updated
Smelting	1.41	1.15	1.37
Cajamarquilla	1.30	1.07	1.38
Três Marias	1.58	1.22	1.44
Juiz de Fora	1.43	1.29	1.34

The main assumptions are:

- Mining and smelting **volumes are in the guidance range**;
- Commodities price assumptions have been updated (2H22e – Zn: US\$1.44/lb, Cu: US\$3.44/lb, Pb: US\$0.99/lb, Ag: US\$22.9/oz, Au: US\$1,850/oz versus 2022e – Zn: US\$1.36/lb, Cu: US\$4.22/lb, Pb: US\$1.00/lb, Ag: US\$25.2/oz, Au: US\$1,799/oz)
- **Foreign exchange** rates have been updated (2H22e BRL/USD: 5.10 and Soles/USD: 3.75 versus 2022e – BRL/USD: 5.50 and Soles/USD: 4.02);
- Zinc treatment charges (“TCs”) of **US\$230/t** concentrate versus 2022e US\$165/t concentrate;
- Additional cost pressures may emerge, **increasing** the average **cost of energy, materials, and other input costs in 2H22**.

(1) 2022 C1 Weighted Cash cost net of by-products credits is measured with respect to zinc sold per mine; (2) 2022 C1 Weighted Cash cost net of by-products credits is measured with respect to zinc sold per smelter.

Aripuanã | Project Update

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



- ✓ Ramp-up activities have safely started
- ✓ The first batch of copper in concentrate delivered
- ✓ Mine fully operational
- ✓ Mine development has also achieved the expected monthly output of 1,000 meters (100% of capacity)



- Approximately 670kt of ore was stockpiled (6 months of the estimated ramp-up curve)
- Horizontal mine development of 21,079 meters, compared to 18,284 meters at the end of 1Q22



- Paste fill circuit commissioning is in progress, expected to be concluded in August with tests starting in September



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



Aripuanã Exploration program | 2Q22 achievements

The Babaçu northwest extension confirmed thick and high-grade intercept after assay results



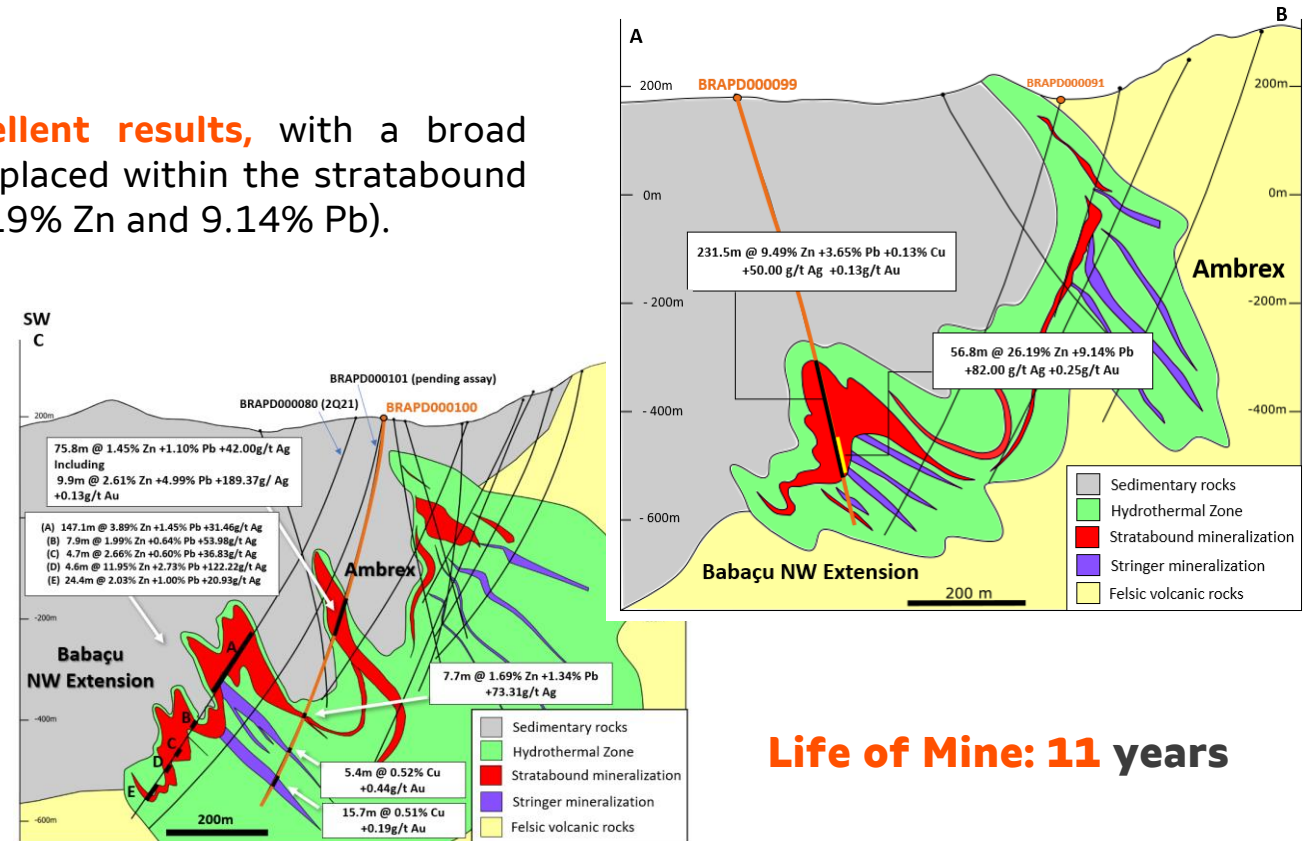
Meters Drilled¹: 15,532m

Assay results received from **Babaçu** confirmed **excellent results**, with a broad intersection of (231.5m with 9.49% Zn and 3.65% Pb) placed within the stratabound body, including a **high-grade zone** with (56.6m with 26.19% Zn and 9.14% Pb).

The drillholes indicated that **mineralization has been confirmed** which should support the conversion of **Inferred to Indicated Mineral Resources**, in a thick **Ambrex** stratabound intercept.

For 3Q22:

- We expect to complete infill drilling at the Ambrex orebody.
- We plan to resume the exploration program at Babaçu target.



Life of Mine: 11 years

ARIPUANÃ 2Q22 - MAIN INTERSECTIONS									
Hole_id	Ore body	From	To	Length	Zn%	Pb%	Cu%	Ag g/t	Au g/t
BRAPD000099	Babaçu	509.9	741.4	231.5	9.49	3.65	0.13	50.00	0.13
Including	Babaçu	645.4	702.2	56.8	26.19	9.14	0.08	82.00	0.25
And	Babaçu	797.7	801.6	3.8	5.58	1.00	0.13	7.00	0.11
BRAPD000091	Babaçu	677.6	726.2	48.6	PAR	PAR	PAR	PAR	PAR
And	Babaçu	727.1	776.0	48.9	PAR	PAR	PAR	PAR	PAR

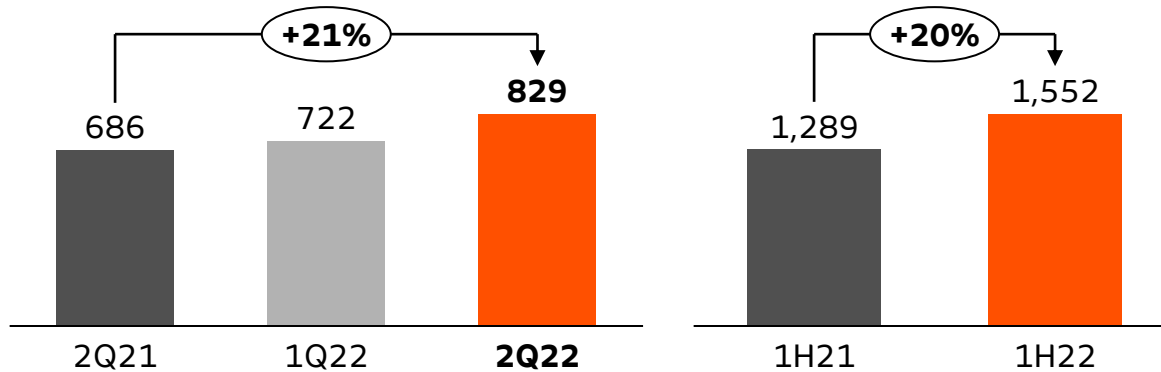
Note: Mine Life based on Mining Report 2021; mine life calculated by dividing reserves by ore mined capacity; ⁽¹⁾ Includes: exploration and infill drilling; ⁽²⁾ Morro Agudo and Atacocha don't have calculated life of mine, because it has only resources; ⁽³⁾ Atacocha mineral resources include the open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

2Q22 | Strong Performance

Consolidated Results

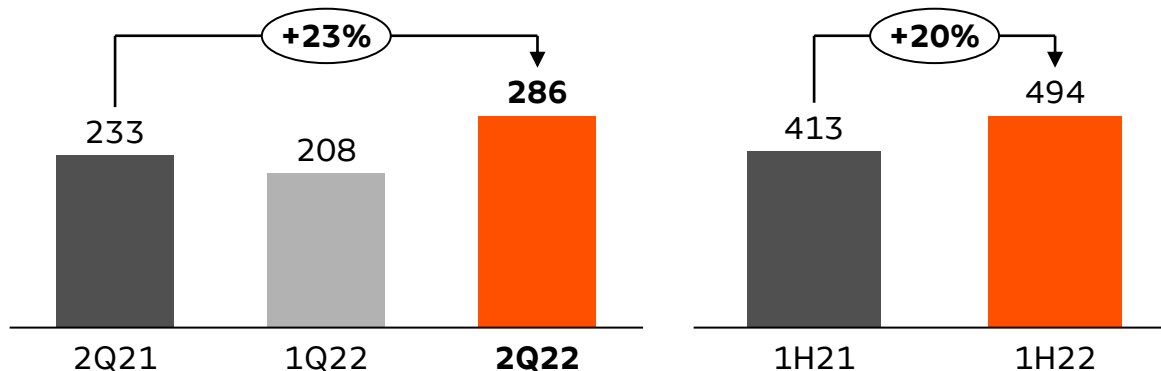


Net Revenue¹



- **Higher net revenue in 2Q22 increased** from 2Q21, mainly driven by higher LME metal prices.
- **Compared to 1Q22**, net revenue **increased by 15%** driven by **higher volumes** and **zinc prices**.
- **1H22 net revenue** was **up 20%** compared to 1H21, also primarily driven by **higher prices**.

Adjusted EBITDA



- **Record-high Adj. EBITDA in 2Q22** of US\$286 million.
- **In 1H22**, Adj. EBITDA **increased to** US\$494 million.

⁽¹⁾ Includes intersegment revenues

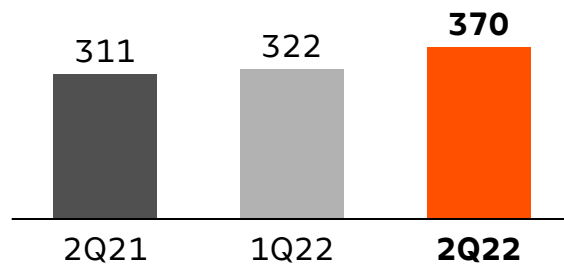
2Q22 | Higher Metal Prices

By Segment

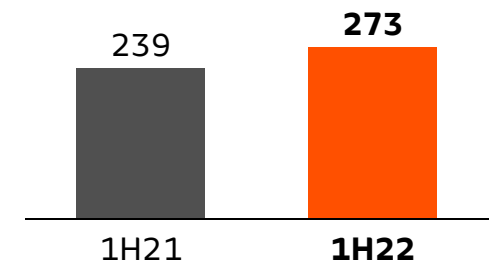
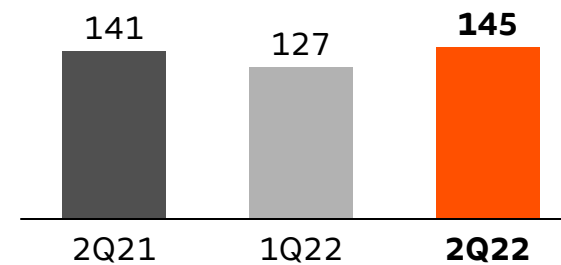
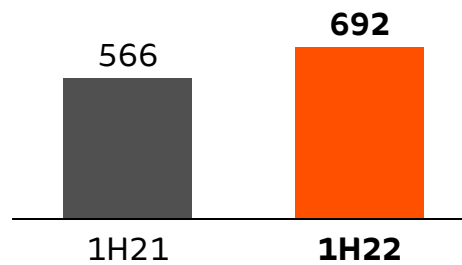


Mining

Net Revenue¹

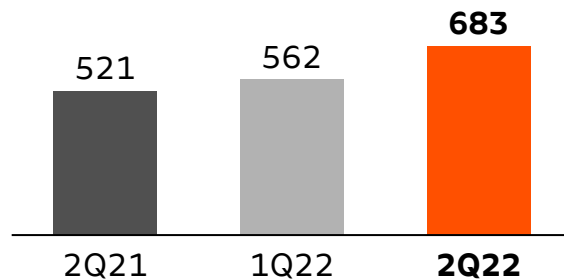


Adjusted EBITDA

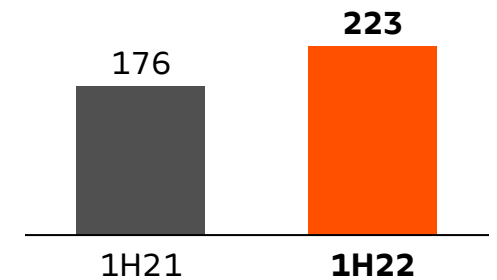
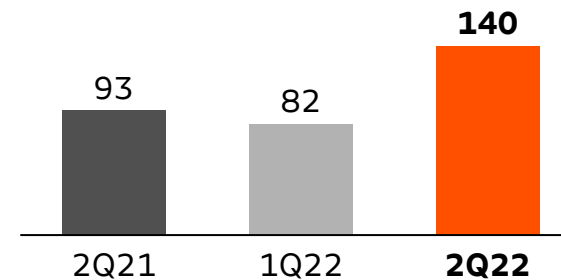
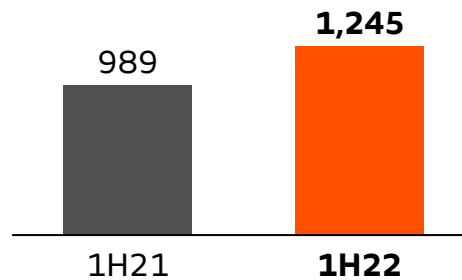


Smelting

Net Revenue¹



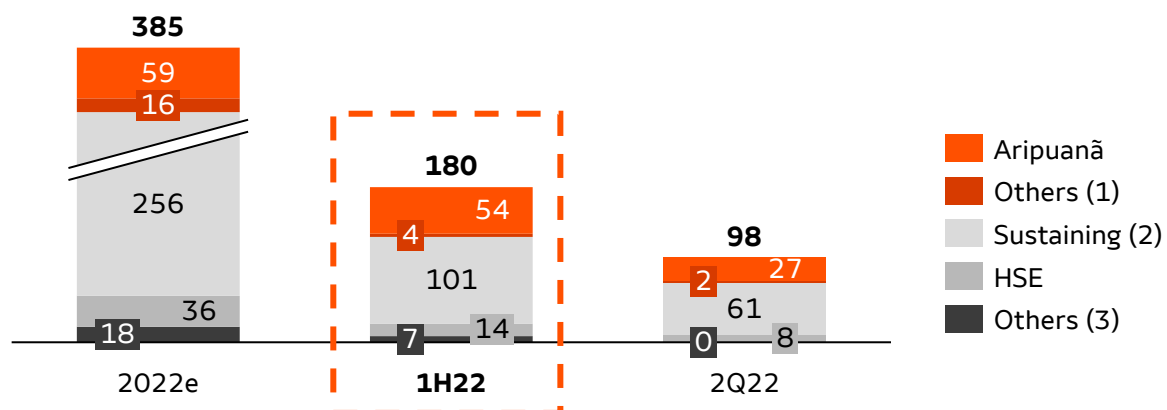
Adjusted EBITDA



⁽¹⁾ Includes intersegment revenues



Capital expenditures



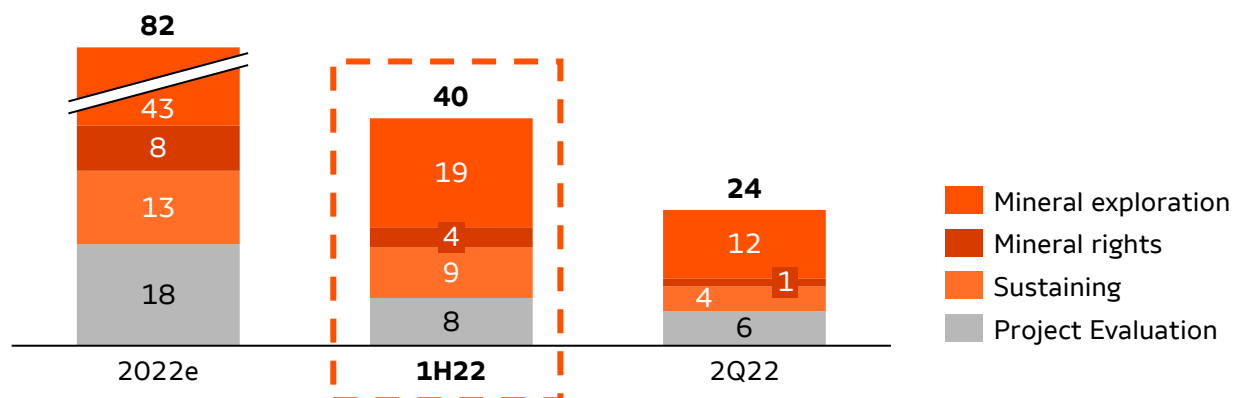
CAPEX was US\$98 million in 2Q22.

- Aripuanã investment amounted to US\$27 million
- Essential sustaining (including HSE) investment of US\$69 million

In 1H22, CAPEX amounted to US\$ 180 million, 32% was allocated to expansion projects, mainly driven by Aripuanã and 64% towards sustaining and HSE.

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

Exploration and Project evaluation



Exploration and Project Evaluation expenses in 2Q22 amounted to US\$24 million, totaling US\$40 million in 1H22.

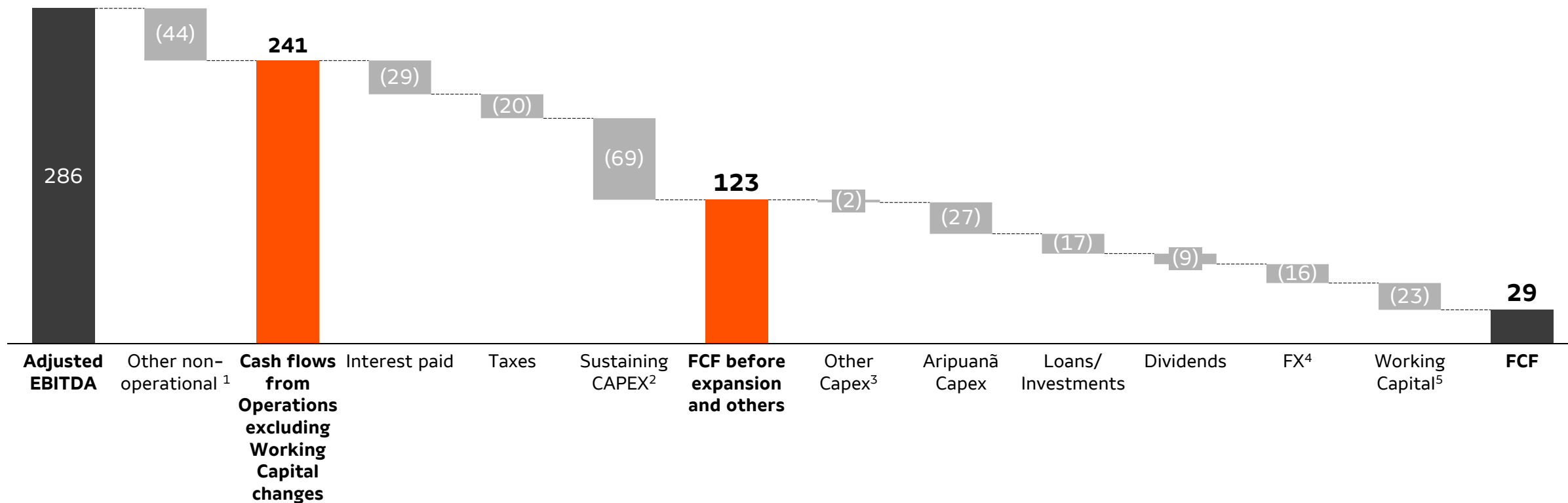
Investments are expected to continue to accelerate next quarters.

2022 guidance remains unchanged at US\$82 million.

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

Free Cash Flow | 2Q22

US\$ million



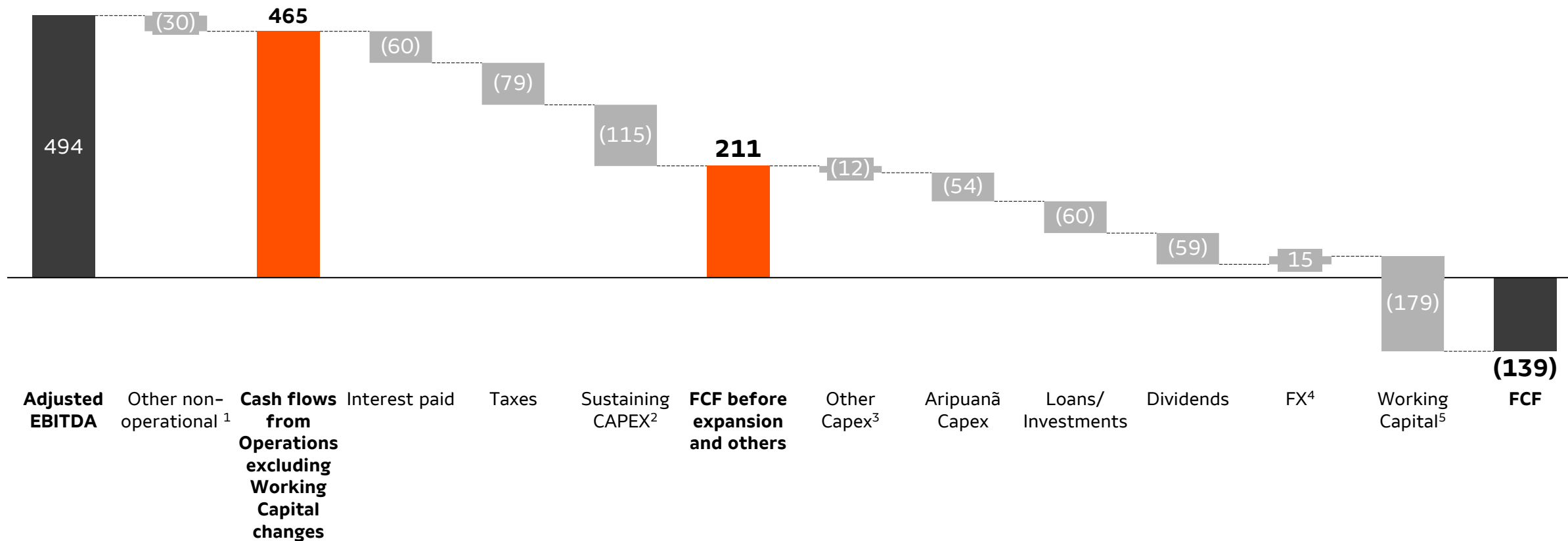
FCF before expansion was US\$123 million

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; (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".

Free Cash Flow | 1H22

US\$ million



FCF before expansion was US\$211 million

We are working to revert working capital burn in 1H22

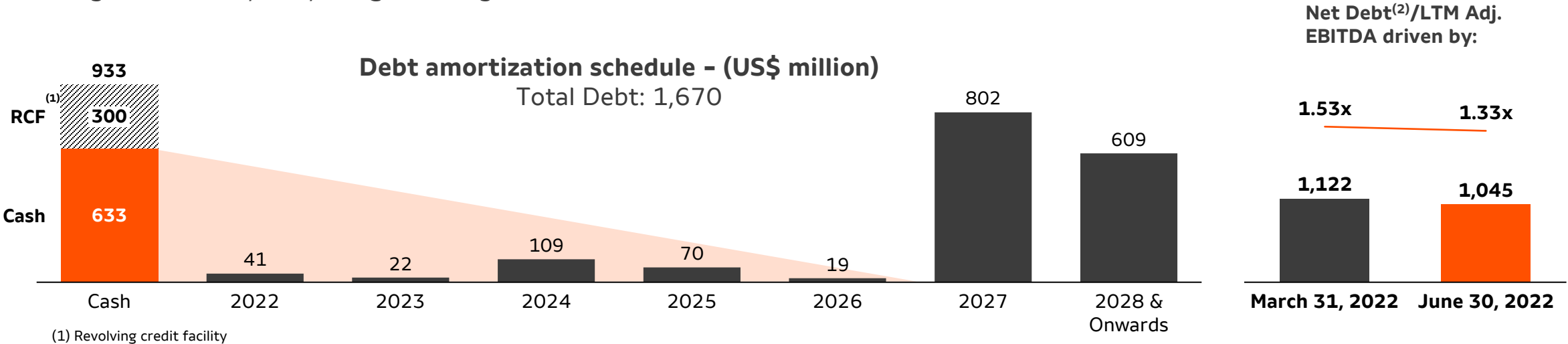
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Liquidity and Indebtedness



Debt profile (as of June 30, 2022)

Average debt maturity: 5.1 years @5.06% avg. cost



- Solid balance sheet with a long-term debt profile
- Leverage decreased to 1.33x

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

⁽²⁾ Gross debt (US\$1,670 million) minus cash and cash equivalents (US\$605 million), minus financial investments (US\$27 million), plus negative derivatives (US\$8 million), plus Lease Liabilities (US\$16 million).

ESG

Final remarks



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ESG Strategy Structure

Highlights



Climate change



Natural capital



People & culture



Health, safety & well-being



Social Legacy



- Between 2021 and the 1H22, we developed a broad study, and several internal discussions were held to support our ESG strategy update.
- The updated strategy is based on 9 topics (or “levers”), including 5 that will be key: Climate change; Natural capital; Social legacy; Health, safety & well-being; and People & culture.
- During 2H22, we expect to disclose our main goals by 2030, including KPIs.
- These commitments will be aligned with the United Nations (UN) Sustainable Development Goals (SDGs) and the Paris Agreement.



Ramping-up Aripuanã's mine and delivery commercial production. The exploration strategy focuses on increasing Mineral Resources, as well as life of mine;



Focus on cost control, efficiency, and cash flow generation, in addition to continuing to **deliver on guidance**;



Exploration programs are advancing toward expansion of our exploration portfolio and potentially increasing life of mine in our mining operations;



Strategic steps in our **ESG journey**, enhancing our public commitment to long-term value creation and sustainable development;



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

Although short-term scenario should remain volatile, mid-long-term market fundamentals are positive. We're confident that our balance sheet is solid to navigate this uncertain situation and we believe Nexa has a unique position to generate value for all its stakeholders





thank you
thank_you

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nexa