

Nexa Resources S.A.
Société anonyme

Annual accounts
As of December 31, 2021

37A, Avenue J.F. Kennedy
L-1855 Luxembourg
R.C.S. Luxembourg: B 185.489

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Audit report

To the Shareholders of
Nexa Resources S.A.

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of Nexa Resources S.A. (the "Company") as at 31 December 2021, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

What we have audited

The Company's annual accounts comprise:

- the balance sheet as at 31 December 2021;
 - the profit and loss account for the year then ended; and
 - the notes to the annual accounts, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;



- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 16 February 2022

Fabrice Goffin

NOTE 1 – GENERAL

Nexa Resources S.A. - hereafter the "Company" - was incorporated on February 26, 2014 as a "Société anonyme" within the definition of the Luxembourg Law of August 10, 1915, as amended, on commercial companies for an unlimited period of time.

The Company's registered office is established in Luxembourg.

The financial year of the Company runs from the 1st of January until the 31st of December of each year.

NOTE 2 – FINANCIAL PERFORMANCE

a. For the year ended December 31, 2021, the Company's net gain amounted to USD 5,754,771 compared to a net loss of USD 383,511,199 in the previous year.

b. The Company's total assets at December 31, 2021 are USD 3,050,062,829 versus USD 3,434,430,355 as at December 31, 2020.

c. On December 31, 2021, Nexa's cash at bank and in hand was USD 138,322,554 compared to USD 358,593,177 as at December 31, 2020.

d. The Company's shareholders' equity was USD 1,292,573,450 as at December 31, 2021 compared to USD 1,321,818,629 as at December 31, 2020. Refer to note 9 of the Annual Accounts for details on the changes in the 2021 fiscal year.

e. The Company's revenue increased by USD 188,151,126 (23.5%) mainly due to the maintained elevated LME zinc prices.

| Profit and Loss | 2021 | 2020 |
|--|---------------------|----------------------|
| Net revenue from products sold | 988,954,200 | 800,803,073 |
| Variation in stocks | 14,337,283 | (1,567,857) |
| Cost of products sold | (977,621,233) | (779,093,563) |
| Gross Profit | 25,670,250 | 20,141,654 |
| Gross Profit Margin (%) | 2.60% | 2.52% |
| Other Operating Income | 7,014,370 | 9,990,448 |
| Operating Expenses | (39,858,633) | (34,368,662) |
| Operating Income / (Loss) | (7,174,012) | (4,236,560) |
| Operating Margin (%) | -0.73% | -0.53% |
| Net Financial Results and Income/Impairment from Investments | 25,407,674 | (379,266,393) |
| Profit / (Loss) before Taxation | 18,233,662 | (383,502,953) |
| Taxes | (12,478,891) | (8,246) |
| Net Profit / (Loss) for the Period | 5,754,771 | (383,511,199) |
| Sales volume (metallic zinc, concentrates and by-products) - in metric tons | 450,600 | 476,961 |

NOTE 3 – IMPORTANT EVENTS OF THE YEAR

Interim Dividend Distribution by the Company to its Shareholders

On February 11, 2021, the Company's Board of Directors proposed to proceed with an advance on dividend to the Company's shareholders of record on March 12, 2021, which was paid on March 26, 2021, on the amount of USD 34,999,949. Refer to notes 1 and 9 of the Annual Accounts.

Acquisition of shares

During March and April, 2021 the Company acquired 30,550,512 shares in Tinka Resources Limited ("Tinka"), exploration company based in Vancouver, Canada, with projects in Central Peru, for an amount of CAD 7,943,133 (USD 6,366,143) representing 8.97% of Tinka's total outstanding common shares. Refer to note 5 of the Annual Accounts.

Termination of bank loans

In June, 2021, the Company repaid the remaining balance of USD 42,968,750 from the original USD 62,500,000 bank loan with SACE, with interest at a variable rate (LIBOR plus 1.10%) and which the original maturity date was June 2026. Please refer to note 11 of the Annual Accounts.

In July, 2021, the Company repaid the USD 100,000,000 bank loan with The Bank of Nova Scotia with interest rate of LIBOR 6M plus 1.27% and whose original maturity date was May 2023. Please refer to note 11 of the Annual Accounts.

NOTE 4 – EXPECTED EVOLUTION OF COMPANY'S BUSINESS

Investors' perception remains positive for base metals in 2022, as global economies are expected to continue to grow, albeit at a more moderate rate compared to 2021. Regarding zinc fundamentals, high energy prices in China and Europe, as well as the control of carbon emissions in China, should be the main points of attention for supply in 2022. Higher energy prices have started to impact metal production as some smelters are being idled, which should tighten the metal market. The zinc demand outlook in Latin America remains robust. Prices are expected to be at higher levels, although on average should be lower compared to 2021.

In 2022, Nexa's metal sales are estimated to decrease compared to 2021, following the forecasted decrease in production of our subsidiaries primarily driven by reduced raw material availability in Peru and lower production from our subsidiary in Brazil.

For upcoming years, Nexa's strategy will focus in maintaining a geographic hedge across all major markets, whilst economically optimizing its allocations to the immediate benefit on the Brazilian and Latin America markets, improving our subsidiaries results in these economic regions. Nexa continues to leverage its global position and international trading footprint in export markets, whilst maintaining dominance of the home markets. Refer to note 12 of the Annual Accounts for sales turnover per geographic market.

NOTE 5 – BOARD OF DIRECTORS

On June 10, 2021, in the Annual General Meeting of the Shareholders of the Company, ten members of the Board of Directors were re-elected. On August 26, 2021, one board member resigned after his relevant contributions to Nexa's growth strategy.

NOTE 6 – RISKS FACTORS

The Company's activities expose it to a variety of financial risks, such as (a) market risk (including currency risk, interest rate risk and commodities risk), (b) credit risk; and (c) liquidity risk.

a. Market Risk

Regarding market risk, the Company is highly dependent on the international market price of the metals produced, which are both cyclical and volatile. Historically, prices of metals have been subject to wide fluctuations and are affected by numerous factors, beyond the Company's control, including international economic and political conditions, the cyclical nature of consumption, actual or perceived changes in levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by users, actions of participants in the commodities markets and currency exchange rates. Nevertheless, in order to mitigate the potential adverse effects of each financial risk factor, the Company adopted a Financial Risk Management Policy (Group wide policy), that establishes governance and guidelines for the financial risk management process, as well as metrics for measurement and monitoring. For the commodity price risk, the Company's Financial Risk Management Policy establishes guidelines to mitigate the risk of fluctuations in commodity prices that could impact the cash flows of the Company. The exposure to the price of each commodity considers the monthly projections of purchases and sales of finished goods and the maturity flows of hedges associated with them.

Refer to note 13 of the Annual Accounts for details on the commodity hedge strategies, i.e., hedges for sales of zinc at a fixed price (Customer Hedge), hedges for mismatches of quotational periods (Hedge Book), and hedges for the operating margin of metals (Strategic Hedges).

b. Credit Risk

Trade receivables, derivative financial instruments, term deposits, bank deposit certificates ("CDBs") and repurchase transactions backed by debentures and government securities create exposure to credit risk with respect to the counterparties and issuers. The Company has a policy of making deposits in financial institutions that have, at least, a rating from two of the following international rating agencies: Fitch, Moody's or Standard & Poor's.

c. Liquidity risk

This risk is managed through the Company's Financial Risk Management Policy, which aims to ensure the availability of sufficient net funds to meet the Company's financial commitments. The main liquidity measurement and monitoring instrument is the cash flow projection, using a minimum projection period of 12 months from the benchmark date.

NOTE 7 – FINANCIAL ASSETS

The Company holds investments in the following companies:

- Nexa Resources Cajamarquilla S.A. ("Nexa CJM"), Peru, participation of 99.92%.
- Nexa Recursos Minerais S.A. ("Nexa BR"), Brazil, participation of 100%.
- Nexa Resources US, Inc. ("NUS"), United States, participation of 100%.
- Exploraciones Chimborazo Metals & Mining, Ecuador, participation of 90%.
- Nexa Resources Peru S.A.A., securities of 0.17%, held as a fixed asset.
- Tinka Resources Limited, securities of 8.97%, held as a fixed asset.

Refer to note 5 of the Annual Accounts for more details on the investments.

NOTE 8 – RESEARCH AND DEVELOPMENT (R&D)

Research and Development activities are not directly managed by Nexa Resources S.A. All R&D activities are carried out by Nexa's entities in Peru and Brazil.

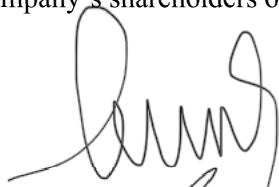
NOTE 9 – BRANCHES

As at December 31, 2021, the Company does not have any branch in its organization.

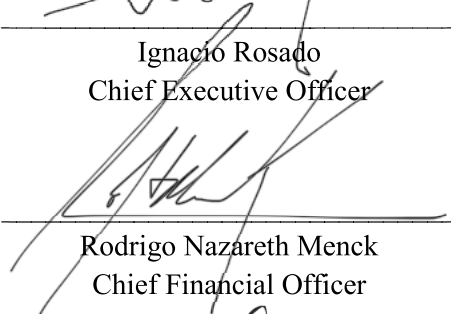
NOTE 10 – POST BALANCE SHEET EVENTS

On January 21, 2022, the Company signed an Offtake Agreement, in which it undertakes to sell 100% of the copper concentrate produced by its indirect subsidiary Mineração Dardanelos, which is a subsidiary of Nexa BR, in relation to the project Aripuanã for a 5-year period, at market price but subject to a price cap.

On February 15, 2022, the Company's Board of Directors approved, subject to ratification by the Company's shareholders at the 2023 annual shareholders' meeting in accordance with Luxembourg laws, a cash distribution to the Company's shareholders of approximately USD 50,000,000 to be paid on March 25, 2022.



Ignacio Rosado
Chief Executive Officer



Rodrigo Nazareth Menck
Chief Financial Officer



Claudia Torres
Controller

Annual Accounts Helpdesk :

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RCSL Nr. : B185489

Matricule : 2014 2205 190

eCDF entry date :

BALANCE SHEET

Financial year from ⁰¹ 01/01/2021 **to** ⁰² 31/12/2021 (in ⁰³ USD)

Nexa Resources S.A.

37A, Avenue J.F. Kennedy
 L-1855 Luxembourg

ASSETS

| | Reference(s) | Current year | Previous year |
|--|--------------------------|-----------------------------|-----------------------------|
| A. Subscribed capital unpaid | | | |
| I. Subscribed capital not called | 1101 _____ | 101 _____ | 102 _____ |
| II. Subscribed capital called but unpaid | 1103 _____ | 103 _____ | 104 _____ |
| | 1105 _____ | 105 _____ | 106 _____ |
| B. Formation expenses | 1107 _____ <u>Note 3</u> | 107 <u>3.594.871,59</u> | 108 <u>7.908.717,49</u> |
| C. Fixed assets | | | |
| I. Intangible assets | 1109 _____ | 109 <u>2.461.983.825,18</u> | 110 <u>2.717.891.397,90</u> |
| 1. Costs of development | 1111 _____ | 111 _____ | 112 _____ |
| 2. Concessions, patents, licences, trade marks and similar rights and assets, if they were | 1113 _____ | 113 _____ | 114 _____ |
| a) acquired for valuable consideration and need not be shown under C.I.3 | 1115 _____ | 115 _____ | 116 _____ |
| b) created by the undertaking itself | 1117 _____ | 117 _____ | 118 _____ |
| 3. Goodwill, to the extent that it was acquired for valuable consideration | 1119 _____ | 119 _____ | 120 _____ |
| 4. Payments on account and intangible assets under development | 1121 _____ | 121 _____ | 122 _____ |
| II. Tangible assets | 1123 _____ | 123 _____ | 124 _____ |
| 1. Land and buildings | 1125 _____ <u>Note 4</u> | 125 <u>373.044,87</u> | 126 <u>394.248,28</u> |
| 2. Plant and machinery | 1127 _____ | 127 _____ | 128 _____ |
| | 1129 _____ | 129 _____ | 130 _____ |

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Matricule : 2014 2205 190

| | Reference(s) | Current year | Previous year |
|---|--------------------|------------------|------------------|
| 3. Other fixtures and fittings, tools and equipment | 1131 | 373.044,87 | 394.248,28 |
| 4. Payments on account and tangible assets in the course of construction | 1133 | | |
| III. Financial assets | 1135 <u>Note 5</u> | 2.461.610.780,31 | 2.717.497.149,62 |
| 1. Shares in affiliated undertakings | 1137 | 2.360.393.152,81 | 2.466.620.224,13 |
| 2. Loans to affiliated undertakings | 1139 | 96.641.815,86 | 250.024.442,49 |
| 3. Participating interests | 1141 | | |
| 4. Loans to undertakings with which the undertaking is linked by virtue of participating interests | 1143 | | |
| 5. Investments held as fixed assets | 1145 | 4.575.811,64 | 852.483,00 |
| 6. Other loans | 1147 | | |
| D. Current assets | 1151 | 571.965.971,25 | 693.347.746,39 |
| I. Stocks | 1153 <u>Note 6</u> | 32.486.760,15 | 18.149.477,10 |
| 1. Raw materials and consumables | 1155 | | |
| 2. Work in progress | 1157 | | |
| 3. Finished goods and goods for resale | 1159 | 32.486.760,15 | 18.149.477,10 |
| 4. Payments on account | 1161 | | |
| II. Debtors | 1163 <u>Note 7</u> | 401.156.656,81 | 316.605.092,45 |
| 1. Trade debtors | 1165 | 81.764.060,19 | 63.343.713,99 |
| a) becoming due and payable within one year | 1167 | 81.764.060,19 | 63.343.713,99 |
| b) becoming due and payable after more than one year | 1169 | | |
| 2. Amounts owed by affiliated undertakings | 1171 | 316.263.755,31 | 248.907.670,84 |
| a) becoming due and payable within one year | 1173 | 316.263.755,31 | 248.907.670,84 |
| b) becoming due and payable after more than one year | 1175 | | |
| 3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests | 1177 | | |
| a) becoming due and payable within one year | 1179 | | |
| b) becoming due and payable after more than one year | 1181 | | |
| 4. Other debtors | 1183 | 3.128.841,31 | 4.353.707,62 |
| a) becoming due and payable within one year | 1185 | 3.128.841,31 | 4.353.707,62 |
| b) becoming due and payable after more than one year | 1187 | | |

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| | Reference(s) | Current year | Previous year |
|--------------------------------------|--------------------|-----------------------------|-----------------------------|
| III. Investments | 1189 _____ | 189 _____ | 190 _____ |
| 1. Shares in affiliated undertakings | 1191 _____ | 191 _____ | 192 _____ |
| 2. Own shares | 1209 _____ | 209 _____ | 210 _____ |
| 3. Other investments | 1195 _____ | 195 _____ | 196 _____ |
| IV. Cash at bank and in hand | 1197 _____ | 197 <u>138.322.554,29</u> | 198 <u>358.593.176,84</u> |
| E. Prepayments | 1199 <u>Note 8</u> | 199 <u>12.518.160,68</u> | 200 <u>15.282.493,00</u> |
| TOTAL (ASSETS) | | 201 <u>3.050.062.828,70</u> | 202 <u>3.434.430.354,78</u> |

RCSL Nr. : B185489

Matricule : 2014 2205 190

CAPITAL, RESERVES AND LIABILITIES

| | Reference(s) | Current year | Previous year |
|---|---------------------|-----------------------------|-----------------------------|
| A. Capital and reserves | | | |
| | 1301 <u>Note 9</u> | 301 <u>1.292.573.450,43</u> | 302 <u>1.321.818.628,59</u> |
| I. Subscribed capital | 1303 _____ | 303 <u>132.438.611,02</u> | 304 <u>132.438.611,02</u> |
| II. Share premium account | 1305 _____ | 305 <u>1.102.929.171,06</u> | 306 <u>1.102.929.171,06</u> |
| III. Revaluation reserve | 1307 _____ | 307 _____ | 308 _____ |
| IV. Reserves | 1309 _____ | 309 <u>13.332.051,30</u> | 310 <u>13.332.051,30</u> |
| 1. Legal reserve | 1311 _____ | 311 <u>13.332.051,30</u> | 312 <u>13.332.051,30</u> |
| 2. Reserve for own shares | 1313 _____ | 313 _____ | 314 _____ |
| 3. Reserves provided for by the articles of association | 1315 _____ | 315 _____ | 316 _____ |
| 4. Other reserves, including the fair value reserve | 1429 _____ | 429 _____ | 430 _____ |
| a) other available reserves | 1431 _____ | 431 _____ | 432 _____ |
| b) other non available reserves | 1433 _____ | 433 _____ | 434 _____ |
| V. Profit or loss brought forward | 1319 _____ | 319 <u>73.118.795,34</u> | 320 <u>506.629.940,78</u> |
| VI. Profit or loss for the financial year | 1321 _____ | 321 <u>5.754.770,75</u> | 322 <u>-383.511.199,44</u> |
| VII. Interim dividends | 1323 _____ | 323 <u>-34.999.949,04</u> | 324 <u>-49.999.946,13</u> |
| VIII. Capital investment subsidies | 1325 _____ | 325 _____ | 326 _____ |
| B. Provisions | | | |
| | 1331 <u>Note 10</u> | 331 <u>15.153.676,13</u> | 332 <u>2.025.940,39</u> |
| 1. Provisions for pensions and similar obligations | 1333 _____ | 333 _____ | 334 _____ |
| 2. Provisions for taxation | 1335 _____ | 335 _____ | 336 _____ |
| 3. Other provisions | 1337 _____ | 337 <u>15.153.676,13</u> | 338 <u>2.025.940,39</u> |
| C. Creditors | | | |
| | 1435 <u>Note 11</u> | 435 <u>1.742.335.702,14</u> | 436 <u>2.110.585.785,80</u> |
| 1. Debenture loans | 1437 _____ | 437 _____ | 438 _____ |
| a) Convertible loans | 1439 _____ | 439 _____ | 440 _____ |
| i) becoming due and payable within one year | 1441 _____ | 441 _____ | 442 _____ |
| ii) becoming due and payable after more than one year | 1443 _____ | 443 _____ | 444 _____ |
| b) Non convertible loans | 1445 _____ | 445 _____ | 446 _____ |
| i) becoming due and payable within one year | 1447 _____ | 447 _____ | 448 _____ |
| ii) becoming due and payable after more than one year | 1449 _____ | 449 _____ | 450 _____ |
| 2. Amounts owed to credit institutions | 1355 _____ | 355 <u>1.220.624.431,24</u> | 356 <u>1.366.548.955,77</u> |
| a) becoming due and payable within one year | 1357 _____ | 357 <u>20.624.431,24</u> | 358 <u>71.392.705,77</u> |
| b) becoming due and payable after more than one year | 1359 _____ | 359 <u>1.200.000.000,00</u> | 360 <u>1.295.156.250,00</u> |

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B185489

Matricule : 2014 2205 190

| | Reference(s) | Current year | Previous year |
|--|--------------|------------------|------------------|
| 3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks | 1361 | 361 | 362 |
| a) becoming due and payable within one year | 1363 | 363 | 364 |
| b) becoming due and payable after more than one year | 1365 | 365 | 366 |
| 4. Trade creditors | 1367 | 11.045.549,69 | 11.997.671,76 |
| a) becoming due and payable within one year | 1369 | 11.005.246,35 | 11.995.857,52 |
| b) becoming due and payable after more than one year | 1371 | 40.303,34 | 1.814,24 |
| 5. Bills of exchange payable | 1373 | 373 | 374 |
| a) becoming due and payable within one year | 1375 | 375 | 376 |
| b) becoming due and payable after more than one year | 1377 | 377 | 378 |
| 6. Amounts owed to affiliated undertakings | 1379 | 510.000.015,96 | 730.626.557,99 |
| a) becoming due and payable within one year | 1381 | 371.405.712,95 | 730.626.557,99 |
| b) becoming due and payable after more than one year | 1383 | 138.594.303,01 | 384 |
| 7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests | 1385 | 385 | 386 |
| a) becoming due and payable within one year | 1387 | 387 | 388 |
| b) becoming due and payable after more than one year | 1389 | 389 | 390 |
| 8. Other creditors | 1451 | 665.705,25 | 1.412.600,28 |
| a) Tax authorities | 1393 | 186.628,59 | 1.254.391,69 |
| b) Social security authorities | 1395 | 395 | 396 |
| c) Other creditors | 1397 | 479.076,66 | 158.208,59 |
| i) becoming due and payable within one year | 1399 | 479.076,66 | 158.208,59 |
| ii) becoming due and payable after more than one year | 1401 | 401 | 402 |
| D. Deferred income | 1403 | 403 | 404 |
| TOTAL (CAPITAL, RESERVES AND LIABILITIES) | 405 | 3.050.062.828,70 | 3.434.430.354,78 |

Annual Accounts Helpdesk :

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RCSL Nr. : B185489

Matricule : 2014 2205 190

eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2021 **to** 02 31/12/2021 (in 03 USD)

Nexa Resources S.A.

37A, Avenue J.F. Kennedy
L-1855 Luxembourg

| | Reference(s) | Current year | Previous year |
|--|------------------------|----------------------------|----------------------------|
| 1. Net turnover | 1701 <u>Note 12</u> | 701 <u>988.954.199,67</u> | 702 <u>800.803.073,44</u> |
| 2. Variation in stocks of finished goods and in work in progress | 1703 <u>Note 6</u> | 703 <u>14.337.283,05</u> | 704 <u>-1.567.856,51</u> |
| 3. Work performed by the undertaking for its own purposes and capitalised | 1705 _____ | 705 _____ | 706 _____ |
| 4. Other operating income | 1713 <u>Note 13</u> | 713 <u>7.014.370,45</u> | 714 <u>9.990.448,41</u> |
| 5. Raw materials and consumables and other external expenses | 1671 _____ | 671 <u>-999.287.376,24</u> | 672 <u>-793.949.263,01</u> |
| a) Raw materials and consumables | 1601 _____ | 601 <u>-977.621.232,56</u> | 602 <u>-779.093.563,20</u> |
| b) Other external expenses | 1603 <u>Note 14,15</u> | 603 <u>-21.666.143,68</u> | 604 <u>-14.855.699,81</u> |
| 6. Staff costs | 1605 _____ | 605 <u>-3.552.444,01</u> | 606 <u>-2.676.496,21</u> |
| a) Wages and salaries | 1607 _____ | 607 <u>-2.230.063,75</u> | 608 <u>-1.870.829,04</u> |
| b) Social security costs | 1609 _____ | 609 <u>-228.195,54</u> | 610 <u>-252.813,56</u> |
| i) relating to pensions | 1653 _____ | 653 _____ | 654 _____ |
| ii) other social security costs | 1655 _____ | 655 <u>-228.195,54</u> | 656 <u>-252.813,56</u> |
| c) Other staff costs | 1613 _____ | 613 <u>-1.094.184,72</u> | 614 <u>-552.853,61</u> |
| 7. Value adjustments | 1657 _____ | 657 <u>-7.043.289,86</u> | 658 <u>-6.416.772,15</u> |
| a) in respect of formation expenses and of tangible and intangible fixed assets | 1659 <u>Notes 3, 8</u> | 659 <u>-6.922.853,64</u> | 660 <u>-6.334.913,62</u> |
| b) in respect of current assets | 1661 _____ | 661 <u>-120.436,22</u> | 662 <u>-81.858,53</u> |
| 8. Other operating expenses | 1621 <u>Note 17</u> | 621 <u>-14.640.044,95</u> | 622 <u>-16.836.466,31</u> |

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| | Reference(s) | Current year | Previous year |
|---|------------------------|---------------------------|----------------------------|
| 9. Income from participating interests | 1715 <u>Note 5</u> | 715 <u>6.552.405,18</u> | 716 _____ |
| a) derived from affiliated undertakings | 1717 _____ | 717 <u>6.552.405,18</u> | 718 _____ |
| b) other income from participating interests | 1719 _____ | 719 _____ | 720 _____ |
| 10. Income from other investments and loans forming part of the fixed assets | 1721 _____ | 721 <u>5.738.133,63</u> | 722 <u>9.156.897,30</u> |
| a) derived from affiliated undertakings | 1723 <u>Notes 5, 7</u> | 723 <u>5.738.133,63</u> | 724 <u>9.156.897,30</u> |
| b) other income not included under a) | 1725 _____ | 725 _____ | 726 _____ |
| 11. Other interest receivable and similar income | 1727 _____ | 727 <u>9.052.712,61</u> | 728 <u>7.739.893,00</u> |
| a) derived from affiliated undertakings | 1729 <u>Note 7</u> | 729 <u>8.718.753,62</u> | 730 <u>6.639.877,84</u> |
| b) other interest and similar income | 1731 _____ | 731 <u>333.958,99</u> | 732 <u>1.100.015,16</u> |
| 12. Share of profit or loss of undertakings accounted for under the equity method | 1663 _____ | 663 _____ | 664 _____ |
| 13. Value adjustments in respect of financial assets and of investments held as current assets | 1665 <u>Note 5</u> | 665 <u>101.730.722,98</u> | 666 <u>-308.931.384,64</u> |
| 14. Interest payable and similar expenses | 1627 <u>Note 11</u> | 627 <u>-90.623.010,50</u> | 628 <u>-80.815.026,77</u> |
| a) concerning affiliated undertakings | 1629 _____ | 629 <u>-16.918.218,06</u> | 630 <u>-13.821.416,76</u> |
| b) other interest and similar expenses | 1631 _____ | 631 <u>-73.704.792,44</u> | 632 <u>-66.993.610,01</u> |
| 15. Tax on profit or loss | 1635 _____ | 635 _____ | 636 _____ |
| 16. Profit or loss after taxation | 1667 _____ | 667 <u>18.233.662,01</u> | 668 <u>-383.502.953,45</u> |
| 17. Other taxes not shown under items 1 to 16 | 1637 <u>Note 19</u> | 637 <u>-12.478.891,26</u> | 638 <u>-8.245,99</u> |
| 18. Profit or loss for the financial year | 1669 _____ | 669 <u>5.754.770,75</u> | 670 <u>-383.511.199,44</u> |

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NOTE 1 – GENERAL

Nexa Resources S.A. - hereafter the "Company" - was incorporated on February 26, 2014 as a "Société anonyme" within the definition of the Luxembourg Law of August 10, 1915, as amended, on commercial companies for an unlimited period of time.

Since October 27, 2017 the Company is listed and has its common shares traded on the New York Stock Exchange (NYSE) under the ticker symbol "NEXA". As a result of a voluntary delisting, November 30, 2021 was the last trading day of the Company's shares on the Toronto Stock Exchange ("TSX"), and the Company also intends to cease to be a reporting issuer under Canadian securities laws, when applicable.

The Company's registered office is established in Luxembourg.

The financial year of the Company runs from the 1st of January until the 31st of December of each year.

The Company's purpose is:

- 1) To take participations and interests, in any form whatsoever, in any commercial, industrial, financial or other, Luxembourg or foreign companies or enterprises;
- 2) To acquire through participations, contributions, underwriting, purchases or options, negotiation or in any other way any securities, rights, patents and licenses and other property, rights and interest in property as the Company shall deem fit;
- 3) Generally to hold, manage, develop, sell or dispose of the same, in whole or in part, for such consideration as the Company may think fit, and in particular for shares or securities of any company purchasing the same;
- 4) To enter into, assist or participate in financial, commercial and other transactions;
- 5) To grant to any holding company, subsidiary, or fellow subsidiary, or any other company which belong to the same group of companies than the Company (the "Affiliates") any assistance, loans, advances or guarantees (in the latter case, even in favor of a third-party lender of the Affiliates);
- 6) To borrow and raise money in any manner and to secure the repayment of any money borrowed;
- 7) To carry out any trade, business, or commercial activities whatsoever, including but not limited to the purchase, exchange, and sale of goods and/or services to third parties; and

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NOTE 1 – GENERAL

8) Generally, to do all such other things as may appear to the Company to be incidental or conducive to the attainment of the above objects or any of them.

The Company can perform all commercial, technical, and financial operations, connected directly or indirectly in all areas as described above in order to facilitate the accomplishment of its purpose, provided always that the Company will not enter into any transaction which would constitute a regulated activity of the financial sector without due authorization under Luxembourg Law.

The Company is required to establish consolidated accounts as it is a parent company according to Article 1711-1 of the Luxembourg Law of August 10, 1915, as amended, on commercial companies. Those consolidated financial statements have been prepared separately and are subject to filing and publication as prescribed by the Luxembourg law.

Main transactions for the year:

1. On February 11, 2021, the Company's Board of Directors proposed to proceed with an advance on dividend to the Company's shareholders of record on March 12, 2021, which was paid on March 26, 2021, on the amount of USD 34,999,949. Refer to note 9.
2. On May 27, 2021, the Board of Directors approved a capital reduction in its subsidiary Nexa Cajamarquilla amounting to USD 210,529,456. The operation was approved by the Shareholders on June 10, 2021. Refer to note 5.
3. During March and April, 2021 the Company acquired 30,550,512 shares in Tinka Resources Limited ("Tinka"), for an amount of CAD 7,943,133 (USD 6,366,143) representing 8.97% of Tinka's total outstanding common shares. Refer to note 5.
4. In June, 2021, the Company repaid the remaining balance of USD 42,968,750 from the original USD 62,500,000 bank loan with SACE, with interest at a variable rate of LIBOR plus 1.10% and in which the original maturity date was June 2026. Refer to note 11.
5. In July, 2021, the Company repaid the USD 100,000,000 bank loan with The Bank of Nova Scotia, with interest at variable rate of LIBOR 6M plus 1.27% and in which the original maturity date was May 2023. Refer to note 11.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General principles

These annual accounts have been prepared in accordance with Luxembourg generally accepted accounting principles and in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the amended Law of December 19, 2002, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates and assumptions. It also requires judgement in the process of applying the accounting policies. Changes in estimates and assumptions may have a significant impact on the annual accounts in the period in which such estimates and assumptions changed.

The Board of Directors believes that the underlying estimates and assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the financial year. Estimates and assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting policies

The main accounting policies applied by the Company are the following:

Translation of currencies

The Company maintains its accounting records in US dollars (USD) and the annual accounts are prepared in this currency.

The transactions made in a currency other than USD are translated into USD at the exchange rate prevailing at the transaction date.

As of year-end:

- formation expenses and financial assets expressed in a currency other than USD have been translated at the historical exchange rate;

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- cash at bank and in hand are valued at the exchange rate applicable at the balance sheet date, considering exchange rate differences as realized;

- all other assets and liabilities expressed in a currency other than USD are translated individually at the exchange rate prevailing at the balance sheet date.

Income and expenses expressed in currencies other than USD are converted at the exchange rate applicable at the date of the transactions.

All realized and unrealized foreign exchange losses, and realized gains, are taken into account in the profit and loss account. Where there is a direct link between an asset and a liability, these are valued in total according to the method described above and the net unrealized losses are recorded in the profit and loss account whereas the net unrealized exchange gains are not recorded.

Formation expenses

The formation expenses are amortized on a straight-line basis over a period of 5 years.

Tangible assets

Tangible assets are recorded at their acquisition price, which includes the ancillary expenses, or at production cost. The tangible assets are amortized on a straight-line basis over their estimated useful life.

Where the Board of Directors considers that a tangible asset has suffered a durable depreciation in value, an additional value adjustment is recorded to reflect this loss.

The value adjustment may not be continued if the reasons for which it was made have ceased to apply.

Financial assets

Shares in affiliated undertakings and investments held as fixed assets are valued at purchase price including the expenses incidental thereto. The Board of Directors relies on the financial statements of the underlying companies and/or other information and documents available for its valuation.

In the case of durable depreciation in value according to the Board of Directors' opinion, value adjustments are made in respect of the financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Loans granted to affiliated undertakings are stated at their nominal value.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A value adjustment is recorded at the end of each year in case the recoverable value is estimated to be lower than the nominal value and in case the diminution in value which is considered by the Board of Directors to be of durable nature.

These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Stocks

Stocks of goods for resale are valued at the lower of purchase price calculated on the basis of weighted average prices method and fair market value.

A value adjustment is recorded at the end of each year in case the purchase price is estimated to be higher than the fair market value.

These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Debtors

Debtors are stated at their nominal value.

A value adjustment is recorded when the estimated realizable value is lower than the nominal value.

The realizable value is estimated based on the information available to the Board of Directors.

These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Derivative financial instruments

The Company may enter into derivative financial instruments such as options, swaps, futures or foreign exchange contracts. The Company records initially derivative financial instruments at cost.

At each balance sheet date, derivatives financial instruments are fair valued based on valuation techniques that are based on market data, assumptions made by the Board of Directors, and market conditions existing at the balance date. Unrealized losses are recorded in the profit and loss account, whereas gains are accounted for when realized.

Prepayments

Prepayments such as cost of financing fees are capitalized and amortized on a straight-line basis over the duration of the loans.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Provisions

At the end of each period, provisions are recorded to cover all foreseeable liabilities and charges. Provisions relating to previous periods are regularly reviewed and released if the reasons for which the provisions were recorded have ceased to apply.

Creditors

Debts are stated at their repayment value. Where the amount repayable on account is greater than the amount received, the difference is shown as prepayments and is written off over the period of the debt based on a linear method.

Deferred Income

This liability item includes income received during the financial year but related to a subsequent financial year.

Net turnover

The net turnover comprises the amounts derived from the sale of products falling within the Company's ordinary activities, after deductions of sales rebates and value added tax and other taxes directly linked to the turnover.

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NOTE 3 – FORMATION EXPENSES

| | 2021 | 2020 |
|---|------------------|------------------|
| | USD | USD |
| Formation expenses at the beginning of the year | 21,580,337 | 21,580,337 |
| Additions / Write-offs | 0 | 0 |
| Formation expenses at the end of the year | 21,580,337 | 21,580,337 |
| Amortization at the beginning of the year | (13,671,618) | (9,357,772) |
| Amortization during the year | (4,313,846) | (4,313,846) |
| Amortization at the end of the year | (17,985,464) | (13,671,618) |
| Net book value at the end of the year | 3,594,872 | 7,908,717 |

The formation expenses at the beginning and at the end of the year are essentially based on the underwriting fees of USD 21,569,230 incurred in 2017 in relation with the initial public offering. The Company decided to capitalize and amortize them on a straight-line basis over a 5-year period.

NOTE 4 – TANGIBLE ASSETS

| | 2021 | 2020 |
|--|----------------|----------------|
| | USD | USD |
| Cost at the beginning of the year | 725,820 | 726,965 |
| Additions | 81,807 | - |
| (Disposals) | (95,177) | (1,145) |
| Cost at the end of the year | 712,4500 | 725,820 |
| Depreciation at the beginning of the year | (331,572) | (228,838) |
| Depreciation during the year | (99,766) | (102,734) |
| Disposals | 91,932 | - |
| Depreciation at the end of the year | (339,406) | (331,572) |
| Net book value at the end of the year | 373,044 | 394,248 |

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NOTE 5 – FINANCIAL ASSETS

| | Shares in affiliated undertakings | Loans to affiliated undertakings | Investments held as fixed assets | Total |
|--|--|---|---|-----------------------------|
| | USD | USD | USD | USD |
| Acquisition cost at the beginning of the year | 3,091,581,784 | 250,024,442 | 852,483 | 3,342,458,710 |
| Acquisitions / Subscription | 720 | 434,040 | 6,366,143 | 6,984,236 |
| Disposals / Reimbursements | (210,529,456) | (153,816,667) | - | (364,529,456) |
| Acquisition cost at the end of the year | <u>2,881,053,048</u> | <u>96,641,815</u> | <u>7,218,626</u> | <u>2,984,913,490</u> |
| Value adjustments at the beginning of the year | (624,961,560) | - | - | (624,961,560) |
| Increase / Reversals during the year | 104,301,664 | - | (2,642,814) | 101,658,851 |
| Value adjustments at the end of the year | (520,659,896) | - | (2,642,814) | (523,302,709) |
| Net book value as of December 31, 2021 | <u>2,360,393,152</u> | <u>96,641,815</u> | <u>4,575,812</u> | <u>2,461,610,780</u> |
| Net book value as of December 31, 2020 | <u>2,466,620,224</u> | <u>250,024,442</u> | <u>852,483</u> | <u>2,717,497,150</u> |

The Company holds investments in the following companies:

| Name | Registered office | % held | Net book value as of December 31, 2021 | Amount held in equity* | Of which net result* | Closing date |
|---|--|--------|--|------------------------|----------------------|--------------|
| | | | USD | USD | USD | |
| Nexa Resources Cajamarquilla S.A. (“Nexa Cajamarquilla”) Peru | Car. Central Km. 9.5 (Desvío a Huachipa)- Cajamarquilla, Lurigancho, Chosica, Peru | 99.92% | 1,330,097,847 | 1,363,364,988 | 93,774,870 | 31/12/2021 |
| Nexa Recursos Minerais S.A. (“Nexa BR”) Brazil | Av. Engenheiro Luís Carlos Berrini, 105, 6th floor, 04571-010, São Paulo, Brazil | 100% | 1,025,314,586 | 1,025,314,586 | 114,216,184 | 31/12/2021 |
| Nexa Resources US, Inc. (“NUS”) United States of America | 3200 Southwest Freeway, Suite 3030, TX77027, Houston, United States of America | 100% | 4,980,000 | 9,081,019 | 994,123 | 31/12/2021 |
| Exploraciones Chimborazo Metals & Mining Ecuador | Distrito Metropolitano de Quito, Provincia de Pichincha, Republic of Ecuador | 90% | 720 | 506 | (158) | 30/11/2021 |

*The above financial information of affiliated undertakings is proportionate to the ownership % of the Company and they are extracted from the audited accounts, except for NUS and Exploraciones Chimborazo that are not subject to statutory audit.

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NOTE 5 – FINANCIAL ASSETS

Shares in affiliated undertakings

In 2021 the Company recognized a dividend receivable from Nexa BR amounting to USD 6,552,405 (2020: Nil). Refer to note 7.

The accumulated value adjustments relate to the impairment in the value of the investment in Nexa BR, and is primarily due to the depreciation of the Brazilian Real (currency of Nexa BR) against the US Dollar in the past years. During year 2021, due to an improvement in the operational circumstances and projections, the Company recognized a reversal of impairment amounting to USD 49,274,944 (2020: impairment of USD 253,904,664).

On May 27, 2021, the Board of Directors approved a capital reduction in the investment on Nexa Cajamarquilla amounting to USD 210,529,456. The operation was approved by the Shareholders on June 10, 2021.

During 2021, a reversal of the value adjustment was recorded for its subsidiary Nexa Cajamarquilla amounting to USD 55,026,721 (2020: impairment of USD 55,026,721).

The Board of Directors is of the opinion that no additional value adjustment/reversal of value adjustment is required on the investments held.

Investments held as fixed assets

As of December 31, 2021 the Company holds securities in Nexa Resources Peru S.A.A. (“Nexa Peru”), an indirect subsidiary of the Company, for an amount of USD 852,483 representing 0.17% of interest in Nexa Peru.

As of December 31, 2021 the Company holds 30,550,512 shares acquired during March and April, 2021 in Tinka, for an amount of CAD 7,943,133 (USD 6,366,143) representing 8.97% of Tinka’s total outstanding common shares.

During 2021, a value adjustment amounting to USD 2,570,942 related to the investment in Tinka was recognized, primarily due to the negative market value variation of the owned the shares. No further value adjustment/reversal is required to the investment held in Tinka.

The Board of Directors is of the opinion that no additional value adjustment/reversal of value adjustment is required on the investments held.

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NOTE 5 – FINANCIAL ASSETS

Loans to affiliated undertakings

Export Pre-Payment Receivables and Other Accounts Receivables:

The Company has various export pre-payment intercompany receivables against Nexa BR, that bear interest at variable rates (LIBOR 6M plus 2.00% to LIBOR 1M plus 3.35%) and have maturity dates in 2024 and 2026.

As of December 31, 2021, the balance of the receivables is USD 96,641,816 (2020: USD 250,024,442) and the interest accrued on the export pre-payment intercompany receivables amount to USD 388,227 (2020: USD 591,951). Refer to note 7. The total interest income of the year for such receivables amounts to USD 5,738,381 (2020: USD 9,156,895). Refer to note 20. The Board of Directors is of the opinion that no value adjustment is required on the loans to affiliated undertakings.

NOTE 6 – STOCKS

| | 2021 | 2020 |
|------------------|--------------------------|--------------------------|
| | USD | USD |
| Goods for resale | 32,486,760 | 18,149,477 |
| | <u>32,486,760</u> | <u>18,149,477</u> |

NOTE 7 – DEBTORS

| | 2021 | 2020 |
|---|---------------------------|---------------------------|
| | USD | USD |
| Trade debtors | 81,764,060 | 63,343,714 |
| Amounts owed by affiliated undertakings | 316,263,755 | 248,907,671 |
| Other debtors | 3,128,841 | 4,353,708 |
| | <u>401,156,657</u> | <u>316,605,092</u> |

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NOTE 7 – DEBTORS

Trade debtors

As of December 31, 2021, the Company has outstanding invoices for an amount of USD 81,764,060 owed by third party clients.

Forfaiting

The Company entered into non-recourse factoring with certain banks in relation to part of the trade debtors' balance. As of December 31, 2021, the amount transferred to the banks and not yet paid by the third-party clients amounts to USD 10,652,651 (2020: Nil). These have been derecognized from the balance sheet of the Company, in line with the terms and conditions of the agreements in place that transfer the risks and rewards (associated with the receivables) to the banks.

Amounts owed by affiliated undertakings

Trade debtors owed by affiliated undertakings

As of December 31, 2021, the Company has outstanding invoices for an amount of USD 304,791,909 (2020: USD 239,525,661) owed by related parties, plus an interest receivable of USD 4,531,214 (2020: USD 8,790,058) from Nexa BR related to interest on trade receivables of zinc concentrates due to the payment term of 360 days. The intercompany interest income of the year related to the payment term on the trade receivables of zinc concentrates is USD 8,718,753 (2020: USD 6,639,878). Refer to note 20.

The figures for the financial year 2020 relating to items *10.a) Income from other investments and loans forming part of the fixed assets* have been reclassified under *11.a) Other Interest receivable and similar income* to ensure comparability with the figures for the year 2021.

As of December 31, 2021, interest accrued on the export pre-payment intercompany receivables amount to USD 388,227 (2020: USD 591,951). Refer to note 5.

The Board of Directors is of the opinion that the above-mentioned receivables are fully recoverable at closing date.

Other receivables owed by affiliated undertakings

As of December 31, 2021, the Company has a dividend receivable from Nexa BR amounting to USD 6,552,405 (2020: Nil). Refer to note 5.

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NOTE 8 – PREPAYMENTS

| | Loan issue costs USD |
|--------------------------------------|---------------------------------------|
| Opening Balance | 15,282,493 |
| Addition | - |
| Amortization | (2,439,393) |
| Write-offs | (324,939) |
| Closing Balance | 12,518,161 |
| Total as of December 31, 2021 | 12,518,161 |
| Total as of December 31, 2020 | 15,282,493 |

As of December 31, 2021, the balance of prepayments is composed of the cost of financing fees for the bonds issued in 2017 and 2020, and cost of financing fees of transferred loans. The Board of Directors decided to capitalize the cost of financing fees and to amortize them on a straight-line basis over the duration of the Bonds and of the bank debt.

The figures for the financial year 2020 relating to items 7.b) *Value Adjustments in respect of current assets* have been reclassified under 7.a) *Value Adjustments in respect of formation expenses and of tangible and intangible fixed assets* to ensure comparability with the figures for the year 2021.

NOTE 9 - CAPITAL AND RESERVES

| | Subscribed Capital | Share Premium | Legal Reserve | Profit or Loss Brought Forward | Profit/Loss for Financial Year | Interim Dividends | Total |
|--|-------------------------------|--------------------------|--------------------------|---|---|------------------------------|---------------|
| | USD | USD | USD | USD | USD | USD | USD |
| Balance as of December 31.12.2020 | 132,438,611 | 1,102,929,171 | 13,332,051 | 506,629,941 | (383,511,199) | (49,999,946) | 1,321,818,629 |
| Dividend distribution | | | | | | (34,999,949) | (34,999,949) |
| Allocation Prior Year Results | | | | (433,511,146) | 383,511,199 | 49,999,946 | - |
| Profit or Loss financial Year | | | | | 5,754,771 | | 5,754,771 |
| Balance as of December 31.12.2021 | 132,438,611 | 1,102,929,171 | 13,332,051 | 73,118,795 | 5,754,771 | (34,999,949) | 1,292,573,450 |

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NOTE 9 - CAPITAL AND RESERVES

Subscribed capital

As of December 31, 2021, the subscribed and fully paid up capital amounted to USD 132,438,611 (2020: USD 132,438,611) and is represented by 132,438,611 shares of a nominal value of USD 1.00 each.

Share premium account

As of December 31, 2021, the share premium account is USD 1,102,929,171 (2020: USD 1,102,929,171)

Legal reserve

In accordance with the Luxembourg Law of August 10, 1915, as amended, on commercial companies, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the Shareholders.

Allocation of prior year results

In June 2021, the Shareholders decided to approve the accounts as of December 31, 2020, the advance on dividends of USD 49,999,946 which has been made in respect of financial year 2020, and to carry forward the total losses of year ended December 31, 2020, in the amount of USD 383,511,199.

Interim Dividend Distribution

In March 2021, the Company paid USD 34,999,949 of interim dividends to its shareholders, as approved by the Board of Directors in February 2021. This distribution will be approved by the shareholders in the 2022 Shareholders' Meeting.

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NOTE 10 – PROVISIONS

| | 2021 | 2020 |
|--------------------------------|-------------------|------------------|
| | USD | USD |
| Other provisions - Derivatives | 15,153,676 | 2,025,940 |
| | 15,153,676 | 2,025,940 |

As of December 31, 2021, the Company registered a USD 15,153,676 (2020: USD 2,025,940) provision related to unrealized losses on derivative financial instruments for hedge purposes. Refer to note 13 for further details about the hedge categories.

NOTE 11 – CREDITORS

| | Less than 1 year | More than 1 year and within 5 years | More than 5 years | Total |
|---|-----------------------------|--|------------------------------|----------------------|
| | USD | USD | USD | USD |
| Amounts owed to credit institutions | 20,624,431 | - | 1,200,000,000 | 1,220,624,431 |
| Trade creditors | 11,005,246 | 40,303 | - | 11,045,549 |
| Amounts owed to affiliated undertakings | 371,405,713 | 138,594,303 | - | 510,000,016 |
| Tax and social security debts | 186,629 | - | - | 186,629 |
| Other creditors | 479,077 | - | - | 479,077 |
| Balance as of December 31, 2021 | 403,701,096 | 138,634,606 | 1,200,000,000 | 1,742,335,702 |
| Balance as of December 31, 2020 | 815,427,722 | 91,251,814 | 1,203,906,250 | 2,110,585,786 |

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NOTE 11 – CREDITORS

Amounts owed to credit institutions correspond to:

Bonds

In 2017, the Company issued an aggregate principal amount of USD 700,000,000 in unsecured bonds set to mature in 2027 at an interest rate of 5.375% per year, and such securities are guaranteed by Nexa BR, Nexa Peru and Nexa CJM. As of December 31, 2021, the outstanding bonds and the related accrued interest amount to USD 700,000,000 and USD 5,957,292 respectively. The interest charge of the year amounts to USD 37,625,000.

In June, 2020, the Company issued an aggregate principal amount of USD 500,000,000 in unsecured bonds set to mature in 2028 at an interest rate of 6.5% per year, and such securities are guaranteed by Nexa BR, Nexa Peru and Nexa CJM. As of December 31, 2021, the outstanding bonds and the related accrued interest amount to USD 500,000,000 and USD 14,715,277 respectively. The interest charge of the year amounts to USD 32,500,000.

Bank debt

As at December 31, 2021, the Company has no bank debt outstanding (2020: USD 142,968,750). During 2021, the company incurred in interest bank debt charges amounting to USD 1,108,917 (2020: USD 6,582,078) related to bank loans liquidated during the year, as follows:

- a) In July, 2021, the Company repaid the USD 100,000,000 bank loan with The Bank of Nova Scotia with interest rate of LIBOR 6M plus 1.27% and whose original maturity date was May 2023. The interest charge of the year for such bank loan is USD 817,558 (2020: USD 2,384,135).
- b) In June, 2021, the Company repaid the remaining balance of USD 42,968,750 from the original USD 62,500,000 bank loan with SACE, with interest at a variable rate of LIBOR plus 1.10% and in which the original maturity date was June 2026. The bank loan was guaranteed by Nexa BR. The interest charge of the year amounts to USD 291,358 (2020: USD 1,124,449).

On 25 October 2019, the Company entered into a revolving credit facility with a syndicate of lenders, which allows the Company to borrow up to USD 300,000,000. The revolving credit facility is to be used for general corporate purposes and provides the Company with increased liquidity and additional flexibility. The revolving credit facility has a term of five years and the amounts drawn are subject to an interest rate of 1.0% + LIBOR 3M. The transaction costs were capitalized and are amortized over the contractual term (refer to note 8).

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NOTE 11 – CREDITORS

Amounts owed to credit institutions correspond to:

Bank debt

During 2021, no amounts were drawn from the Revolving Credit Facility and as at December 31, 2021, there is no outstanding balance (2020: Nil). The interest charge accrued during the year is Nil (2020: USD 1,643,722). The Revolving Credit Facility remains available for the Company until October 2024.

Trade Creditors

As of December 31, 2021, the Company has a payable of USD 11,045,549 (2020: USD 11,997,672) to trade creditors, mainly related to suppliers such as logistics, utilities, and insurance.

Amounts owed to affiliated undertakings correspond to:

As of December 31, 2020, the amount due to Votorantim Andina S.A. ("VASA") was USD 470,594,303 related to the purchase of shares of CJM in June 2014. During 2021 the Company settled part of this intercompany payable with payments of USD 332,000,000. As of December 31, 2021, the outstanding balance amounts to USD 138,594,303 (2020: USD 470,594,303). The intercompany payable is interest free and repayable on March 31, 2023.

As of December 31, 2021, the Company has an outstanding balance of USD 1,046,667 (2020: USD 1,046,667) to related parties Nexa CJM and Nexa Peru corresponding to guarantee fees on the bonds. The intercompany guarantee charge of the year is USD 11,800,000 (2020: USD 8,580,000). Refer to note 20.

As of December 31, 2021, the Company received invoices for a total amount of USD 367,100,018 (2020: USD 251,678,161) from related parties that remain unpaid at closing date.

As of December 31, 2021, the Company has a payable of USD 3,259,027 (2020: USD 7,307,427) to Nexa CJM and Nexa Peru related to interest on the payment terms of the zinc concentrates purchases, whose payment term is 360 days. The interest charge of the year for is USD 5,118,217 (2020: USD 5,241,417). Refer to note 20.

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NOTE 12 - NET TURNOVER

The turnover of the Company can be broken down as follows:

| Categories of activity | 2021 USD | 2020 USD |
|-------------------------------|---------------------|---------------------|
| Merchandise | 988,954,200 | 800,803,073 |
| | 988,954,200 | 800,803,073 |
| Geographic Markets | | |
| Brazil | 218,386,953 | 160,234,399 |
| United States | 128,039,047 | 114,022,158 |
| Luxembourg | 91,472,973 | 76,072,239 |
| South Korea | 83,407,130 | 67,801,385 |
| Switzerland | 61,370,835 | 68,912,423 |
| Japan | 58,164,207 | 46,617,929 |
| Taiwan | 57,639,396 | 28,763,403 |
| Austria | 45,056,700 | 35,197,063 |
| South Africa | 42,523,969 | - |
| Singapore | 37,194,073 | 76,723,999 |
| Turkey | 34,493,153 | 25,004,620 |
| Malaysia | 25,680,791 | 13,947,949 |
| Bangladesh | 19,684,675 | 151,002 |
| Netherlands | 16,381,282 | 10,867,835 |
| Italy | 14,833,973 | 9,895,073 |
| Indonesia | 11,773,304 | 8,609,158 |
| Romania | 11,760,287 | 14,556,096 |
| Vietnam | 10,668,640 | 10,798,225 |
| France | 8,544,780 | 2,863,997 |
| China | 4,912,962 | 1,286,297 |
| Peru | 2,414,096 | - |
| Germany | 2,192,401 | - |
| United Kingdom | 1,060,963 | 856,224 |
| Belgium | 514,987 | 4,733,872 |
| Denmark | - | 20,884,895 |
| Others | 782,625 | 2,002,831 |
| Grand Total | 988,954,200 | 800,803,073 |

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 As of December 31, 2021
 (expressed in USD)

NOTE 13 - OTHER OPERATING INCOME

| | 2021 | 2020 |
|---------------------------|------------------|------------------|
| | USD | USD |
| Hedge Operational results | 7,014,370 | 9,990,448 |
| | 7,014,370 | 9,990,448 |

The Company enters into derivative financial instruments to protect its operational transactions and during year 2021 the realized gains amounted to USD 7,014,370 (2020: USD 9,990,448). As of December 31, 2021, the total amount of unrealized gains related to derivative financial instruments is USD 3,986,453 (2020: USD 2,657,862). These will be accounted for when realized, in line with the Company's accounting policy. For Hedge Operational Losses, refer to note 17.

Commodity prices hedge transactions are classified into the following hedging strategies:

1) Hedges for sales of zinc at a fixed price (Customer Hedge)

The objective is to convert fixed prices sales to floating prices, observed on the London Metal Exchange (LME). The purpose of the strategy is to maintain the revenues of a business unit linked to the LME prices. These transactions usually relate to purchases of zinc for future settlement on the over-the-counter market.

2) Hedges for mismatches of quotational periods (Hedge Book)

The objective is to hedge quotational periods mismatches arising between the purchases of metal concentrate or processed metal and the sale of the processed metal. These transactions usually relate to purchases and sales of zinc and silver for future trading on the over-the-counter market.

3) Hedges for the operating margin of metals (Strategic Hedges)

The objective is to reduce the volatility of the cash flow from LME prices for zinc, copper and silver and ensure a more predicable operating margin. This strategy is carried out through the sale of zinc forward contracts.

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NOTE 14 - OTHER EXTERNAL EXPENSES

| | 2021 | 2020 |
|-----------------------------|--------------------------|--------------------------|
| | USD | USD |
| Professional Fees | 5,696,560 | 4,891,087 |
| Transportation Costs | 11,541,431 | 6,314,546 |
| Marketing and Communication | 478,660 | 411,798 |
| Rents and leasing | 315,783 | 307,647 |
| Insurance | 2,832,088 | 1,836,273 |
| Other external expenses | 801,622 | 1,094,349 |
| | <u>21,666,144</u> | <u>14,855,700</u> |

Professional fees include legal, audit and corporate assistance costs. Transportation costs include mainly ocean freight related to the trading of metals and concentrates.

NOTE 15 - REMUNERATION OF AUDITORS

| | 2021 | 2020 |
|---------------|-----------------------|-----------------------|
| | USD | USD |
| Auditor fees* | 275,850 | 280,543 |
| | <u>275,850</u> | <u>280,543</u> |

* The Auditor fees include fees in connection to the statutory audit of the annual accounts and the consolidated financial statements. The audit fees for the full group level auditor are disclosed in the consolidated financial statements.

NOTE 16 – STAFF

As of December 31, 2021, the Company employed 19 full-time employees (2020: 20).

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Notes to the annual accounts
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NOTE 17 - OTHER OPERATING EXPENSES

| | 2021 | 2020 |
|------------------------|--------------------------|--------------------------|
| | USD | USD |
| Hedge Operating Losses | 12,268,949 | 14,872,302 |
| Directors fees | 2,183,583 | 1,906,033 |
| Other duties and taxes | 187,512 | 58,131 |
| | <u>14,640,045</u> | <u>16,836,466</u> |

The Company enters into derivative financial instruments to protect its operational transactions and during year 2021 total losses amounted to USD 12,268,949 (2020: USD 14,872,302).

For further details of hedge strategies, refer to note 13.

NOTE 18 - REMUNERATION GRANTED TO THE DIRECTORS

During the year, the Company made payments to directors on the total amount of USD 2,183,583 (2020: USD 1,906,033).

NOTE 19 – TAXATION

The Company is subject in Luxembourg to the applicable general tax regulation.

The tax charges consist in the following:

| | 2021 | 2020 |
|----------------|--------------------------|---------------------|
| | USD | USD |
| Other Taxes | 12,472,979 | - |
| Net Wealth Tax | 5,912 | 8,246 |
| | <u>12,478,891</u> | <u>8,246</u> |

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NOTE 19 – TAXATION

The Company was subject to the minimum Net Wealth Tax for year 2021 of EUR 4,815 (2020: EUR 4,815), equivalent to USD 5,912 (2020: USD 5,355).

On July 19, 2021, the Company paid the equivalent to USD 10,526,339 on Peruvian Withholding Tax on the proceedings of a capital reduction in its subsidiary Nexa Cajamarquilla executed on June 10, 2021. Refer to note 5.

On December 29, 2021, the Company paid USD 1,946,639 related to Brazilian Withholding Tax on the intercompany interest amount paid by the subsidiary Nexa BR to the Company.

NOTE 20 - TRANSACTIONS WITH RELATED PARTIES

The following significant transactions were entered into with related parties:

| | 2021 | 2020 |
|-----------------------|--------------------|--------------------|
| | USD | USD |
| Sales | 337,047,687 | 267,816,295 |
| Interest Income | 14,456,887 | 15,796,773 |
| Total Income | 351,504,574 | 283,613,068 |
| Purchases | 897,662,323 | 725,410,525 |
| Interest Expense | 5,118,218 | 5,241,417 |
| Guarantee Fees | 11,800,000 | 8,580,000 |
| Total Expenses | 914,580,541 | 739,231,942 |

NOTE 21 - OFF-BALANCE SHEET COMMITMENTS

Guarantees provided

As of December 31, 2021, the Company has provided bank guarantees of USD 212,382 (2020: USD 215,926), equivalent to EUR 183,915 (2020: EUR 175,965), being the majority (USD 169,186) related to the lease office.


The Company provided guarantees to its direct and indirect subsidiaries Nexa BR and Mineração Dardanelos in the context of bank loans that have an aggregate amount of USD 313,407,834 (2020: USD 383,022,181). The Board of Directors has assessed as remote the possibility of the Company being required to settle the guaranteed obligations. Therefore, as of December 31, 2021, these financial guarantees are not accounted for in the balance sheet.

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NOTE 22 - POST BALANCE SHEET EVENTS

On January 21, 2022, the Company signed an Offtake Agreement, in which it undertakes to sell 100% of the copper concentrate produced by its indirect subsidiary Mineração Dardanelos, which is a subsidiary of Nexa BR, in relation to the project Aripuanã for a 5-year period, at market price but subject to a price cap.

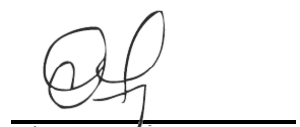
On February 15, 2022, the Company's Board of Directors approved, subject to ratification by the Company's shareholders at the 2023 annual shareholders' meeting in accordance with Luxembourg laws, a cash distribution to the Company's shareholders of approximately USD 50,000,000 to be paid on March 25, 2022.



Ignacio Rosado
Chief Executive Officer



Rodrigo Nazareth Menck
Chief Financial Officer



Claudia Torres
Controller