

# SUMMARY REPORT

**2Q23**

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

**VOTORANTIM**

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

VOTORANTIM

# A message from the CEO

Halfway through 2023, we continue to face an environment of persistent macroeconomic and market volatility, reflecting ongoing drags from monetary policy tightening and tighter bank lending in the US and Europe, as well as softer China growth, on top of geopolitical tensions.

China's economy has shown some red flags shortly after its post-Covid reopening had started to provide a boost to global trade: manufacturing has contracted in the quarter, and the country's property market has once again raised concerns, with a consequent impact on commodity prices.

In Brazil, capital markets have recovered amid easing fiscal policy concerns, optimism about the beginning of rate cuts and the expectations around a much-needed tax reform.

Such environment has brought more divergent performance across economies, markets, asset classes and companies, and we see the same dynamics in our portfolio.

We saw lower commodity prices during the quarter and our commodity exposure weighed negatively in the results. While such pricing environment may persist, our teams have worked diligently to address short term challenges and drive operational improvements. On the other hand, our cement businesses had a positive quarter, and our more recent investments add further diversification to the portfolio. All in all, our overall portfolio remains very resilient, our balance sheet and liquidity are strong, and we continue to push forward with our strategic goals.

We posted 2Q23 consolidated net revenues of R\$12.1 billion and adjusted EBITDA of R\$2.8 billion, with consolidated indebtedness at 1.39x EBITDA.

From a ratings perspective, Moody's reaffirmed Votorantim's rating as Baa3, with a stable outlook, and S&P revised Votorantim's BBB- rating outlook to positive from stable.

From a strategic perspective, we had important initiatives taking place during the quarter:

- **Acquisition of minority stake in **Hypera**:** Votorantim has recently concluded the acquisition of a 5.1% stake in Hypera (B3: HYPE3), Brazil's largest pharmaceutical company with a market capitalization of c. R\$27 billion. This investment marks Votorantim's entry into the healthcare sector, furthering our diversification strategy.
- **Auren:** through its subsidiary CESP, the company has concluded a landmark transaction whereby it has securitized on a non-recourse basis receivables related to the indemnification for the Três Irmãos hydro plant. Total proceeds to the company amount to R\$4.2 billion.
- **Altre:** the urban intervention project for Altre's flagship asset at Vila-Leopoldina (São Paulo) was approved, paving the way for the revitalization and urban requalification of properties in the area, including over 120,000 sqm owned by Altre. This is a key project for Altre, with the company being well-positioned to contribute to the urban transformation in a way that will also create opportunities for the community and the city as a whole.

Looking forward, we will be closely monitoring economic indicators and their impact on central bank policies and market dynamics. Inflation will remain the key data point in Brazil for additional easing. Greater volatility will continue to be a theme, leading to divergent performance across asset classes and businesses. We think such environment provides different but interesting capital allocation opportunities. While still cautious, we believe that the combination our leading businesses, a diversified portfolio, the strength of our balance sheet and the ability to partner up differentiates Votorantim and positions us for sustainable growth.



**João H. Schmidt**  
CEO

# Profile

Votorantim is a permanently capitalized investment holding company, with a long-term investment approach that seeks to deliver superior financial returns allied with positive social and environmental impacts.

With a 105-year history, Votorantim and its portfolio companies operate in various industries: building materials, banking, renewable energy, base metals, orange juice, infrastructure, long steel, real estate, investments and environmental services.

**+42,000**  
employees







**19**  
countries

**502**  
operating units  
worldwide

## Portfolio Overview

### Core holdings



#### Private Companies

Companies	Ownership	Description
 <b>VOTORANTIM</b> cimentos	100%	One of the largest global building materials companies, operating in 11 countries. It is the largest cement player in Brazil
 <b>BV</b> banco	50%	5th largest privately held bank in Brazil, with a leading position in auto finance and a fast-growing digital banking business
 <b>citrosuco</b>	50%	World's largest orange juice producer, operating from a highly competitive asset base in Brazil
 <b>acerbrag</b>	100%	More than 50 years of history in manufacturing high-quality long steel products in Argentina
 <b>altre</b>	100%	Created to generate impact through actively managed urban development projects and state-of-the-art commercial property management
 <b>reservas</b> <b>VOTORANTIM</b>	100%	Nature-based solutions, specialized in land management for both traditional and new economy businesses





# Portfolio Overview

## Core holdings



### Private Companies

Companies	Ownership	Description
	60%	Strategic partnership with Temasek to pursue and explore growth opportunities in Brazil
	50%	Strategic partnership with CPP Investments to accelerate energy transition

### Listed Companies

Companies	Ownership	Description
	68%	Only fully vertically integrated aluminum company in Brazil and an industry-leading producer of low-carbon aluminum
	38%	One of the largest renewable energy platforms in Brazil
	65%	Top 5 zinc producer globally, with over 60 years of experience operating and developing mining and smelting assets
	10%	Largest infrastructure platform in Brazil, operating in the segments of toll roads, urban mobility, airports, and services

### Equity Investments

Companies	Ownership
	1.9%
	5.1%

## Strategic

- **Acquisition of minority stake in Hypera:** Votorantim has recently concluded the acquisition of a 5.1% stake in Hypera (B3: HYPE3), Brazil's largest pharmaceutical company with a market capitalization of c. R\$27 billion. This investment marks Votorantim's entry into the healthcare sector, furthering our diversification strategy.
- **Credit Rating: Moody's** reaffirmed Votorantim's credit rating as **Baa3**, with a **stable outlook**. The rating agency emphasizes Votorantim's role as the holding company for one of the largest conglomerates in Brazil, alongside its diversified business portfolio that effectively mitigates the effects of specific sectors. Additionally, **S&P Global Ratings** has recently revised Votorantim's global scale **outlook** to **positive** from stable.
- **Auren:** through its wholly owned subsidiary CESP, the company has concluded a landmark transaction whereby it has securitized on a non-recourse basis receivables related to the indemnification for the Três Irmãos hydro plant. Total proceeds to the company amount to **R\$4.2 billion**.
- **Altre:** the urban intervention project for **Altre's flagship asset at Vila-Leopoldina** was approved, paving the way for the revitalization and urban requalification of properties in the area. This is a key project for Altre, with the company being well-positioned to contribute to the urban transformation in a way that will also create opportunities for the community and the city as a whole.
- **CCR:** new **CEO – Miguel Setas** – joined the company during the quarter.

## ESG

- **Reservas Votorantim** has unveiled an [institutional document](#) that serves as a comprehensive record of its operational journey and the evolution of its business model. The material presents Reservas' key achievements and illustrates its ability to deliver nature-based solutions while promoting the responsible and diverse use of territories. The document emphasizes the commitment to striking a balance between biodiversity conservation and the generation of revenue and shared value.
- As a responsible and engaged investor, we closely follow the **goals and commitments that each business adopts for the future**. Here are some of the goals driving the portfolio companies towards a more sustainable tomorrow:
  - **Votorantim Cimentos:** by 2030, the company aims to reduce CO2 emissions per ton of cement from 520kg to 475kg and introduce carbon-neutral concrete by 2050.
  - **Auren:** aspires to trade 8 million carbon credits by 2030, actively encouraging the growth and efficiency of the carbon market.
  - **Nexa:** By 2030, the company seeks absolute reduction of scope 1 emissions by 20%, taking significant steps towards achieving net neutrality by 2040 and net zero by 2050.
  - **CBA:** aims to ensure the supply of low-carbon aluminum and sustainable solutions to address global challenges by 2030, reducing casthouse emissions by 40% from a 2019 baseline and designing a roadmap to achieve net-zero by 2050.
  - **Citrosuco:** achieve 100% sustainable sourcing by 2030 and reduce 28% of scope 1 and 2 emissions by 2030.
  - **Banco BV:** offset 100% of direct GHG emissions and 100% of CO2 from financing used vehicles. Furthermore, they are committed to financing and distributing R\$80 billion reais to ESG businesses.

# 2Q23 Highlights

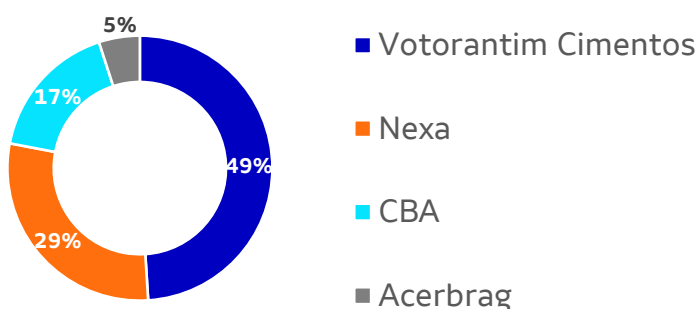
## Financial – Consolidated Results

Consolidated **net revenue** reached **R\$12.1 billion**, reflecting a 12% decline compared to 2Q22 on the back of lower commodity prices. Meanwhile, consolidated adjusted EBITDA reached **R\$2.8 billion**, and **net income stood at R\$20 million**.

Votorantim Cimentos reported higher net revenue and adjusted EBITDA due to increased sales prices compared to 2Q22. In contrast, Nexa, CBA, and Acerbrag experienced lower net revenue and adjusted EBITDA primarily driven by reduced sales prices, particularly with the decline in LME prices.

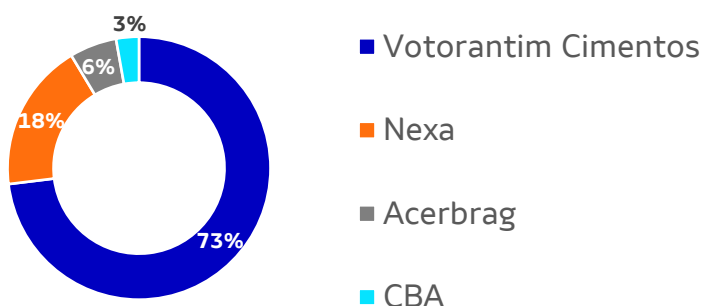
The consolidated **gross debt** totaled **R\$23.5 billion**, indicating a 3% increase from December 2022. **Cash, cash equivalents and financial investments** amounted to **R\$11.6 billion**, with 53% denominated in USD. **Net debt** reached **R\$13.0 billion**, and the financial leverage, measured by the **net debt/adjusted EBITDA** ratio, stood at **1.39x**.

### Net revenue by company (2Q23)<sup>(1)</sup>



(1) Considers Votorantim Cimentos, CBA, Nexa, Acerbrag, Altre, 23S Capital, Reservas Votorantim and holding. Banco BV, Auren, Citrusuco and CCR are recognized under the equity method.

### Adjusted EBITDA by company (2Q23)<sup>(1)</sup>



(1) Considers Votorantim Cimentos, CBA, Nexa, Acerbrag, Altre, 23S Capital, Reservas Votorantim and holding. Banco BV, Auren, Citrusuco and CCR are recognized under the equity method.

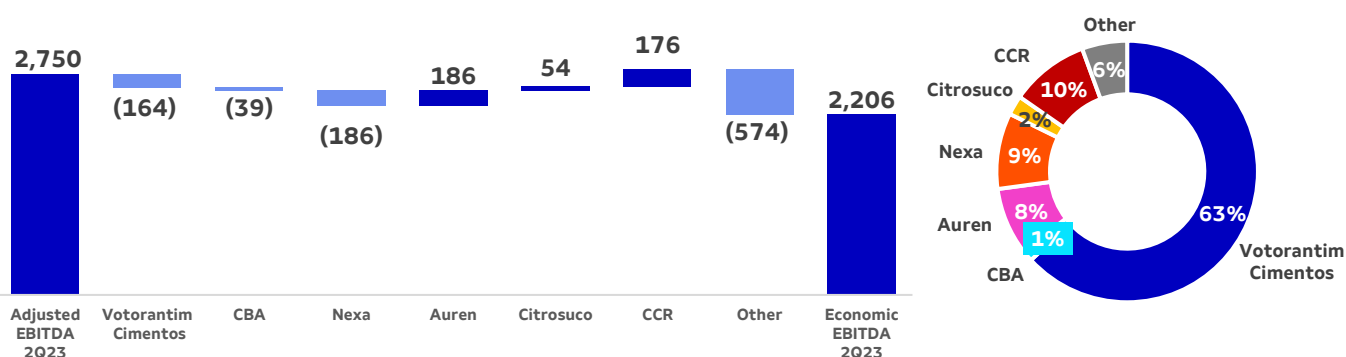
# 2Q23 Highlights

## Financial

### Economic EBITDA

- Our portfolio continues to evolve, particularly in new segments and through partnerships, and our consolidated financial statements do not include the EBITDA of companies that are reported according to the equity method. For that reason, we have recognized the need to monitor our results in a way that reflects Votorantim’s share in its businesses. A new business metric, which we have named “Economic EBITDA”, represents the operational performance of the portfolio as the sum of the proportionate EBITDA of each of the companies, based on the ownership stake of Votorantim. Considering this concept, Votorantim had an Economic EBITDA of R\$2.8 billion in 2Q23.

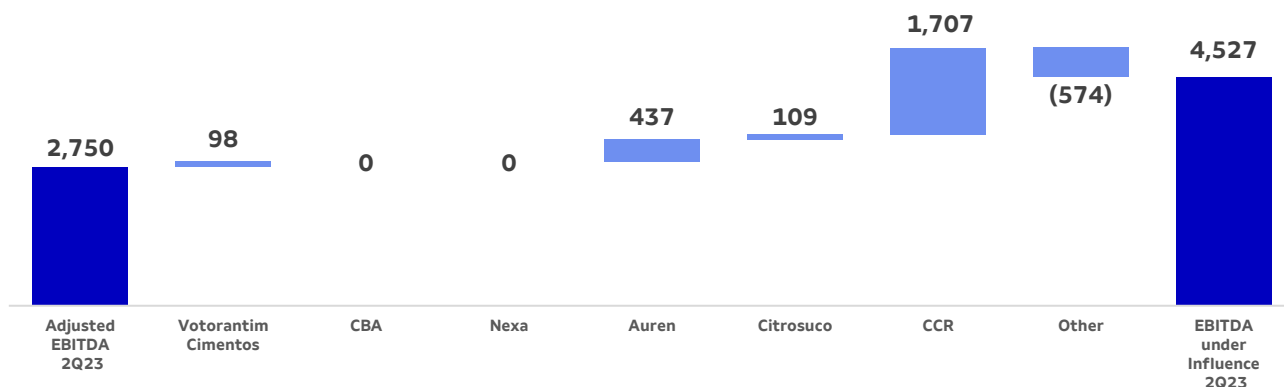
R\$ million



### EBITDA under Influence

- Another business metric we have started to monitor is referred to as “EBITDA under Influence”, which provides a broader view of the portfolio by considering 100% of the EBITDA of each of the companies where Votorantim is a reference shareholder, either as sole controlling shareholder or via shared control. Considering this concept, EBITDA under Influence in 2Q23 was R\$4.7 billion.

R\$ million



# Exhibit I – Consolidated balance sheet

06/30/2023<sup>(1)</sup>

12/31/2022

R\$ million

<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	8,462	10,526
Financial investments	3,126	2,965
Derivative financial instruments	321	72
Trade receivables	3,330	3,284
Inventory	8,190	8,082
Taxes recoverable	1,582	1,545
Dividends receivable	420	401
	20	
Other assets	887	1,012
	26,338	27,887
Assets classified as held-for-sale	220	85
	<b>26,558</b>	<b>27,972</b>
<b>Non-current assets</b>		
<b>Long-term receivables</b>		
Financial instruments		383
Financial instruments - shares	7,924	6,613
Derivative financial instruments	671	813
Taxes recoverable	1,994	2,068
Related parties	237	239
Deferred income tax and social contribution	2,414	2,045
Judicial deposits	395	346
Electric power futures contracts	30	
Securitization of receivables	450	218
Other assets	612	634
	<b>14,727</b>	<b>13,359</b>
Investments	20,114	20,194
Advance for investment property	226	153
Property, plant and equipment	35,152	35,885
Intangible assets	13,349	14,501
Right to use assets arising from leases	1,042	1,211
Biological assets	63	72
	<b>84,713</b>	<b>85,375</b>
<b>Total assets</b>	<b>111,271</b>	<b>113,347</b>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Borrowing	743	647
Derivative financial instruments	328	326
Financial instruments – offtake agreement	9	9
Lease liabilities	172	206
Confirming payables	2,892	3,219
Trade payables	5,774	7,406
Salaries and payroll charges	1,104	1,329
Taxes payable	682	742
Advances from clients	132	164
Provision	413	190
Dividends payable	166	1,262
Use of public assets	142	119
Electric power futures contracts	260	153
Deferred revenue – silver streaming	126	137
Other liabilities	794	1,040
	<b>13,737</b>	<b>16,949</b>
Liabilities classified as held-for-sale	113	
	<b>13,850</b>	<b>16,949</b>
<b>Non-current liabilities</b>		
Borrowing	22,743	22,223
Derivative financial instruments	566	640
Financial instruments – offtake agreement	96	105
Lease liabilities	922	1,071
Deferred income tax and social contribution	4,305	3,966
Related parties	110	141
Provision	3,606	3,529
Use of public assets	1,649	1,744
Pension plan and post-employment health care benefits	394	417
Electric power futures contracts	126	94
Deferred revenue – silver streaming	450	553
Other liabilities	2,153	1,022
	<b>37,120</b>	<b>35,505</b>
<b>Total liabilities</b>	<b>50,970</b>	<b>52,454</b>
<b>Equity</b>		
Share capital	28,656	28,656
Revenues reserves	19,436	18,977
Profit accumulated	640	
Carrying value adjustments	4,097	5,236
Total equity attributable to owners of the company	<b>52,829</b>	<b>52,869</b>
Non controlling interests	7,472	8,024
<b>Total equity</b>	<b>60,301</b>	<b>60,893</b>
<b>Total liabilities and equity</b>	<b>111,271</b>	<b>113,347</b>

(1) Considers Votorantim Cimentos, CBA, Nexa, Acerbrag, Altre, 23S Capital, Reservas Votorantim and holding. Banco BV, Auren, Citrusuco and CCR are recognized under the equity method.



# Exhibit II – Consolidated income statement

R\$ million	2Q23 <sup>1</sup>	2Q22
<b>Continuing operations</b>		
Net revenues from products sold and services rendered	12,093	13,695
Cost of products sold, and services rendered	(10,012)	(10,115)
<b>Gross profit</b>	<b>2,081</b>	<b>3,580</b>
<b>Operating expenses (income)</b>		
Selling	(315)	(281)
General and administrative	(664)	(645)
Other operating income (expenses), net	(683)	109
	<b>(1,662)</b>	<b>(817)</b>
<b>Operating profit (loss) before equity results and finance results</b>	<b>419</b>	<b>2,763</b>
<b>Result from equity investments</b>		
Equity in the results of investees	222	139
	<b>222</b>	<b>139</b>
<b>Finance results, net</b>		
Finance income	680	469
Finance costs	(978)	(1,007)
Foreign exchange losses, net	42	(295)
	<b>(256)</b>	<b>(833)</b>
<b>Profit (loss) before income tax and social contribution</b>	<b>385</b>	<b>2,069</b>
Income tax and social contribution	(365)	(389)
<b>Profit (loss) for the period attributable to the owners of the company</b>	<b>20</b>	<b>1,680</b>
Profit (loss) attributable to the owners of the company	162	1,169
Profit (loss) attributable to non-controlling interests	(142)	511
<b>Profit (loss) for the period</b>	<b>20</b>	<b>1,680</b>

(1) Considers Votorantim Cimentos, CBA, Nexa, Acerbrag, Altre, 23S Capital, Reservas Votorantim and holding. Banco BV, Auren, Citrusuco and CCR are recognized under the equity method.

# Exhibit III – Consolidated cash flow

	2Q23 <sup>1</sup>	2Q22
R\$ million		
<b>Cash flow from operating activities</b>		
Profit (loss) before income tax and social contribution	385	2,069
<b>Adjustments of items that do not represent changes in cash and cash equivalents</b>		
Depreciation, amortization and depletion	981	926
Equity in the results of investees	(222)	(139)
Interest, indexation and foreign exchange variations	103	668
Provisions (reversal) for the impairment of fixed and intangible assets	327	(155)
Reversal for the impairment of investments		
Gain (loss) on sale of fixed and intangible assets, net	5	(45)
Adjustment to fair value of loans and financing	9	(70)
Constitution (reversal) of provision, net	299	109
Derivative financial instruments	(63)	(32)
Derivative financial instruments – Offtake agreement	(67)	(145)
Electric power future contracts	76	25
Loss (gain) net revenue on sale of investments		
Gain from valuation at fair value of assets on loss of control of investee		
Charges for debt renegotiation	1	
	<b>1,834</b>	<b>3,211</b>
<b>Decrease (increase) in assets</b>		
Financial investments	1,175	104
Derivative financial instruments	(11)	(6)
Trade accounts receivable	(414)	339
Inventory	54	(446)
Taxes to recover	79	(41)
Related parties	(28)	(6)
Judicial deposits	4	(41)
Other accounts receivable and other assets	(68)	(608)
<b>Increase (decrease) in liabilities</b>		
Trade payables	105	118
Salaries and social charges	149	162
Use of public assets	(20)	27
Taxes payable	(48)	(196)
Advances from customers	54	(6)
Confirming payables	(108)	(105)
Other obligations and other liabilities	(20)	(261)
<b>Cash provided by (used in) operating activities</b>	<b>2,737</b>	<b>2,245</b>
Interest paid on borrowing	(433)	(381)
Interest paid on borrowing and use of public assets	(50)	(56)
Income tax and social contribution paid	(113)	(191)
<b>Net cash provided by (used in) operating activities</b>	<b>2,141</b>	<b>1,617</b>
<b>Cash flow from investment activities</b>		
Proceeds from disposals of fixed and intangible assets	41	153
Acquisition of financial instruments – shares	(1,392)	(33)
Dividends received	705	257
Acquisitions of property, plant and equipment	(1,084)	(1,070)
Acquisition of investment property	(46)	
Receipt for sale of investments		904
Increase (decrease) in biological assets	9	(4)
Acquisition of investments	(141)	
Acquisition of intangible assets	(56)	(122)
<b>Net cash used in investment activities</b>	<b>(1,964)</b>	<b>85</b>
<b>Cash flow from financing activities</b>		
New borrowing	675	2,658
Repayment of borrowing	(223)	(2,182)
Repayment of leasing contracts	(59)	(65)
Derivative financial instruments	130	28
Dividends paid	(1)	(105)
<b>Net cash provided by (used in) financing activities</b>	<b>522</b>	<b>334</b>
<b>Increase/Decrease in cash and cash equivalents</b>	<b>699</b>	<b>2,036</b>
Effect of companies included from consolidation		
Effect of companies excluded from consolidation		
Effect of fluctuations in exchange rates	557	732
<b>Cash and cash equivalents at the beginning of the period</b>	<b>8,320</b>	<b>9,530</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>8,462</b>	<b>12,298</b>

(1) Considers Votorantim Cimentos, CBA, Nexa, Acerbrag, Altre, 23S Capital, Reservas Votorantim and holding. Banco BV, Auren, Citrusuco and CCR are recognized under the equity method.

**Votorantim S.A**

Rua Amauri, 255 – 13th floor  
São Paulo (SP) – Brazil  
Zip code: 01448-000  
Phone: + 55 11 3704-3300

[votorantimri@votorantim.com](mailto:votorantimri@votorantim.com)

6th Avenue, 1330 – 30th floor  
New York, NY  
Zip code: 10019

**VOTORANTIM**