

Eternit

Earnings Release

2023

Videoconference:

Wednesday, August 9, 2023
3 p.m. (BRT) | 2 p.m. (EDT)

Webcast:

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São Paulo, August 8, 2023 – Eternit S.A. under Court-Supervised Reorganization (B3: ETER3, "Eternit" or "Company") announces today the results for the second quarter of 2023 (2Q23). Except where stated otherwise, the operational and financial information of the Company is presented on a consolidated basis in thousands of Brazilian reais, in accordance with the Brazilian accounting standards, especially Federal Law 6,404/76 and guidelines issued by the Accounting Pronouncements Committee ("CPC") and approved by the Securities and Exchange Commission of Brazil ("CVM"), which should be read together with the financial statements and notes for the quarter ended June 30, 2023. We inform that the results resented in 2023, consolidated the operation of Confibra. In this way all comparisons in this earnings release are with the second quarter of 2022 (2Q22), except where stated otherwise.

Eternit records Gross Revenue of R\$677 million in 2023, repeating 1H22 performance despite adverse.

Highlights

MARKET CAP (06/30/2023)

R\$ 685 million

CLOSING SHARE PRICE (06/30/2023)

R\$ 11.08

NUMBER OF SHARES (06/30/2023)

61,776,575

FREE FLOAT

98.23%

2023/2022 PERFORMANCE



Sales of fiber-cement roofing panels total **140,000 tons** (-4%)



Net Revenue of **R\$ 260 million** (-11%)



Gross Profit of **R\$ 67 million** (-38%)



Recurring EBITDA of **R\$ 16 million** (-73%)

Message from Management

Eternit demonstrated its resilience in the first half of 2023 (1H23), registering Net Revenue of R\$556 million, an increase of 1% from the first half of 2022 (1H22), despite the steep decline in demand from the construction materials industry during the period. In the fiber-cement segment, sales of roofing panels totaled 304,000 tons in 1H23, repeating the performance in 1H22. Chrysotile exports in 1H23 totaled 94,000 tons, down 2% from 1H22, mainly due to lower product supply caused by scheduled maintenance downtime of 15 days in April at the unit.

Gross Profit reached R\$150 million in 1H23, down 22% from 1H22. As a result, Recurring EBITDA in 1H23 was R\$58 million, down 46%, and Net Income was R\$23 million, down 72% from the same period in 2022.

Net Income in 2Q23 was R\$1.2 million, impacted by the booking of non-recurring events, provision for loss of receivables (R\$6.0 million) and demurrage expenses (R\$2.5 million) at SAMA, as well as inventory adjustment at the photovoltaic unit at Tégula (R\$1.8 million), totaling around R\$10.3 million, in addition to the above-mentioned scheduled maintenance downtime at SAMA in April. EBITDA in the quarter totaled R\$12 million, also impacted by the above factors.

Construction work on the greenfield project at the new fiber-cement roofing panels unit in Caucaia, Ceará, continued, with physical completion of 73% at the end of 1H23. With initial capacity of 78,000 tons/year and estimated investments of R\$165 million, of which around R\$113 million have already been made, the unit is slated for operations in 4Q23. Once the project is completed, Eternit will strengthen its market position in Northeastern Brazil.

A solar generator with 2,160 fiber-cement solar tiles was installed at the new Caucaia unit in the quarter, which will generate 41 MWh/month on average when in operation. The Company, together with the NGO Revolusolar, launched a pilot project to install photovoltaic fiber-cement tiles at a residence in the district of Chapéu-Mangueira in Rio de Janeiro, which should generate an estimated 200kWh/month.

Regarding the Court-Supervised Reorganization Plan, the Company paid R\$1.7 million to Class II and III bankruptcy creditors. As a result, Eternit's bankruptcy debt totaled around R\$37 million June 30, 2023, of which approximately R\$31 million pertains to the loan borrowed from Banco da Amazônia to set up the Manaus unit. To conclude the Court-Supervised Reorganization, the Company is still awaiting the decision on the appeals against the divergent decision at the Superior Court of Justice (STJ) claiming the reestablishment of the payment conditions of labor creditors (Class I) established in the Plan approved at the general meeting of creditors held on May 29, 2019.

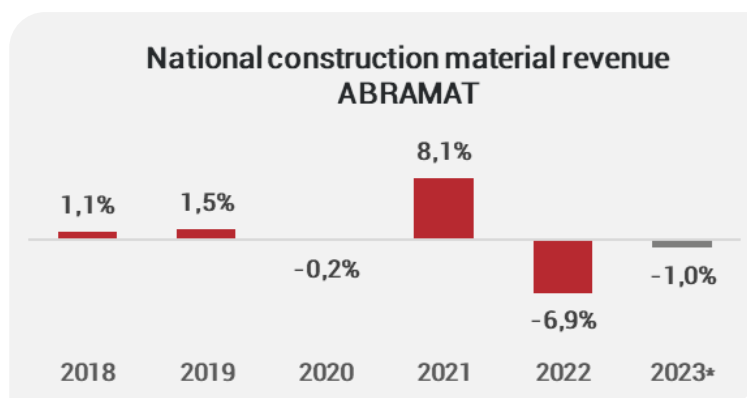
Main Indicators

Consolidated - R\$ thousand	2Q23	2Q22	Chg %	1Q23	Chg %	1H23	1H22	Chg %
Gross Sales Revenue	316,883	351,034	(9,7)	360,276	(12,0)	677,159	675,325	0,3
Net revenue	259,585	292,086	(11,1)	296,376	(12,4)	555,961	551,779	0,8
Gross profit	66,914	107,458	(37,7)	83,524	(19,9)	150,438	193,396	(22,2)
Gross margin	26%	37%	- 11 p.p.	28%	- 2 p.p.	27%	35%	- 8 p.p.
Net income (loss) for the period	1,149	40,346	(97,2)	22,006	(94,8)	23,155	82,643	(72,0)
Net margin	-	14%	-14 p.p.	7%	-7 p.p.	4%	15%	- 11 p.p.
Adjusted Net Income/Loss	3,864	41,470	(90,7)	23,137	(83,3)	27,001	73,308	(63,2)
Adjusted Net Margin	1%	14%	- 13 p.p.	8%	- 7 p.p.	5%	13%	- 8 p.p.
EBITDA CVM 527/12	11,574	56,781	(79,6)	40,681	(71,5)	52,255	121,052	(56,8)
EBITDA Margin CVM 527/12	4%	19%	- 15 p.p.	14%	- 10 p.p.	9%	22%	- 13 p.p.
Adjusted EBITDA	15,688	58,484	(73,2)	42,394	(63,0)	58,082	106,908	(45,7)
Adjusted EBITDA Margin	6%	20%	- 14 p.p.	14%	- 8 p.p.	10%	19%	- 9 p.p.

Economy and Market

The market's macroeconomic expectations disclosed in the Focus Report¹ published by the Brazilian Central Bank predict GDP growth of 2.24% in 2023, with inflation measured by IPCA of 4.84% and the basic interest rate (SELIC) of 12% p.a. by the year-end.

The maintenance of the Selic rate at high levels, the high level of household debt, which reached 79%² in June 2023 – the highest ever – and the consequent delinquency of 71.5 million Brazilians at the end of 1H23³, affected the consumption capacity of households and the construction materials sector, which witnessed a sharp decline in demand during the quarter.



*Estimated ABRAMAT

According to the ABRAMAT indicator⁴, revenue from the construction materials sector not adjusted for inflation fell 3.3% in 1H23 in relation to 1H22, after declining 6.9% in fiscal year 2022.

In this scenario, ABRAMAT revised its estimate for the construction materials sector in 2023, forecasting a decline of 1%.

Despite the drop in the sector's revenues in 1H23, the Consumer Confidence Index (ICC⁵) published by FGV/IBRE rose 4.1 points in June to 92.3 points - the highest level since February 2019 - suggesting a decline in pessimism about spending plans driven by expectations of easing inflation and a reduction in the SELIC rate.

Moreover, positive measures announced by the FGTS for the "My Home, My Life" program, such as the reduction of 0.25% p.a. in financing rates, the increase in cash subsidies for low-income consumers to R\$55,000, and the increase in the price ceiling of properties to R\$350,000, will make credit more accessible to low-income consumers, thus benefiting companies in the residential construction sector focused on this segment.

1 FOCUS Report – 07/28/2023

2 Agência Brasil CNC – 07/11/2023

3 "Mapa de Inadimplência e Negociação de Dívidas no Brasil", SERASA, June 2023

4 ABRAMAT: www.abramat.org.br - ABRAMAT Index – June 2023

5 FVG/IBRE Report – 06/26/2023

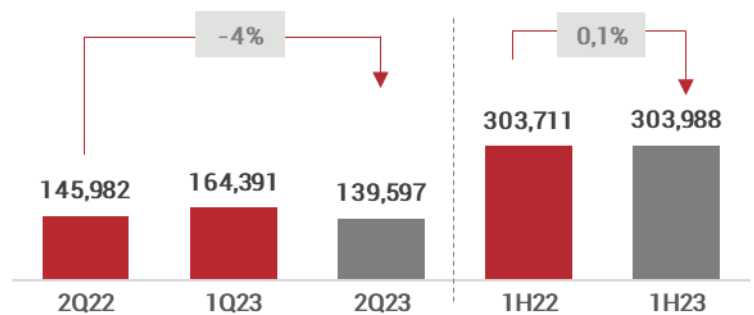
Operating Performance

Fiber-cement Segment

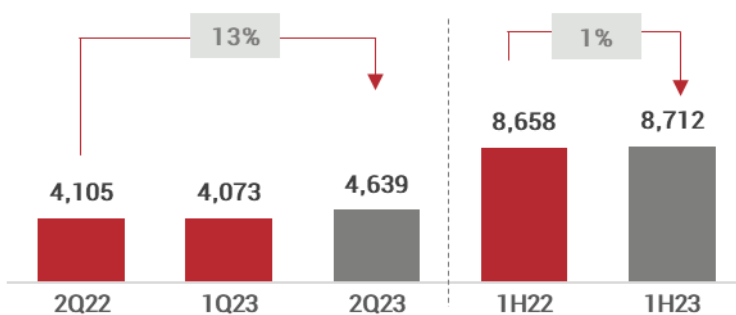
Sales of fiber-cement roofing panels totaled **140,000 tons** in **2Q23**, down 4% from 2Q22, reflecting the slowdown in the construction materials sector.

The Company demonstrated resilience throughout the year, with sales of fiber-cement roofing panels totaling **304,000 tons** in **1H23**, mirroring the performance in 2022, despite a scenario of weakening demand.

Fiber-Cement Roofing Panel Sales (t)



Construction System Sales (t)



Sales of cement cladding panels and wall cladding panels, which make up the construction systems segment, totaled **4,600 tons** in **2Q23**, growing significantly by 13% from 2Q22, reflecting the efforts to strengthen the technical sales channel.

Sales in **1H23** totaled around **8,700 tons**, up 1% from the same period in 2022.

Given the scenario of declining sales in the period, the fiber-cement segment ended **2Q23** with **gross margin of 20%**, down 9 p.p. from 2Q22, due to the reduction in the occupancy level of production capacity and its consequent impact of direct labor costs and fixed costs on gross result.

Similarly, in **1H23**, gross margin stood at **22%**, down 9 p.p. from 1H22.

Fiber-cement - R\$ thousand	2Q23	2Q22	Chg %	1Q23	Chg %	1H23	1H22	Chg %
Net revenue	170,753	181,823	(6,1)	199,360	(14,3)	370,113	370,121	-
Gross profit	34,086	52,127	(34,6)	46,857	(27,3)	80,943	113,336	(28,6)
Gross margin	20%	29%	- 9 p.p.	24%	- 4 p.p.	22%	31%	- 9 p.p.

Chrysotile Mineral Segment

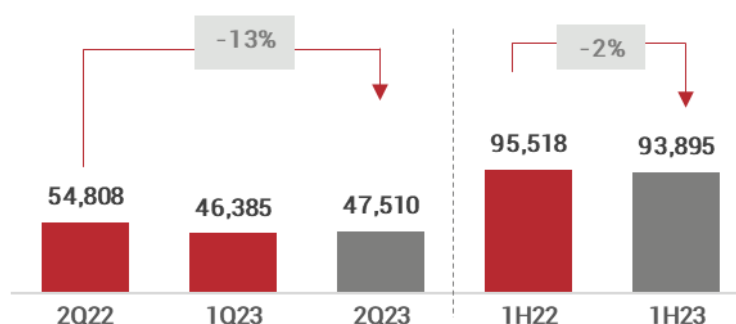
2023 was marked by the scheduled annual maintenance downtime at the industrial unit, which lasted 15 days, affecting product supply. In this context, chrysotile mineral exports totaled about **48,000 tons**, decreasing 13% from 2022.

In 1H23, sales totaled around **94,000 tons**, down 2% from 1H22.

In 2023, gross margin from exports stood at **41%**, declining 12 p.p. from 2022, due to: (i) expenses with maintenance and labor related to the scheduled maintenance downtime; (ii) the reduction in fiber prices (ex-works) as a result of the sales mix in the period; and (iii) the stronger real versus the dollar.

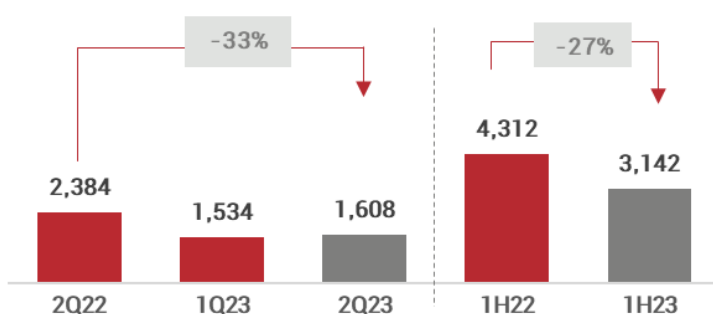
In 1H23, gross margin from the chrysotile segment reached **41%**, down 6 p.p. from 1H22.

Chrysotile Mineral Sales (t)



Chrysotile mineral- R\$ thousand	2Q23	2Q22	Chg %	1Q23	Chg %	1H23	1H22	Chg %
Net revenue	82,253	102,574	(19,8)	91,153	(9,8)	173,406	169,547	2,3
Gross profit	33,756	54,251	(37,8)	36,876	(8,5)	70,632	79,195	(10,8)
Gross margin	41%	53%	- 12 p.p.	40%	1 p.p.	41%	47%	- 6 p.p.

Concrete Roofing Tile Sales (tiles)



Concrete Roofing Tiles Segment

Sales of concrete roofing tiles in 2023 totaled around **1.6 million pieces**, down 33% from 2022. In 1H23, sales totaled **3.1 million pieces**, down 27% from 1H22.

On the other hand, gross margin in 2023 reached **34%**, up 23 p.p. from 2022, driven by higher average selling price. In 1H23, gross margin stood at **26%**, up 16 p.p. from 1H22.

Concrete Roofing Tiles - R\$ thousand	2Q23	2Q22	Chg %	1Q23	Chg %	1H23	1H22	Chg %
Net revenue	5,102	5,632	(9,4)	4,789	6,5	9,891	9,918	(0,3)
Gross profit	1,740	598	191,0	865	101,2	2,605	1,012	157,4
Gross margin	34%	11%	23 p.p.	18%	16 p.p.	26%	10%	16 p.p.

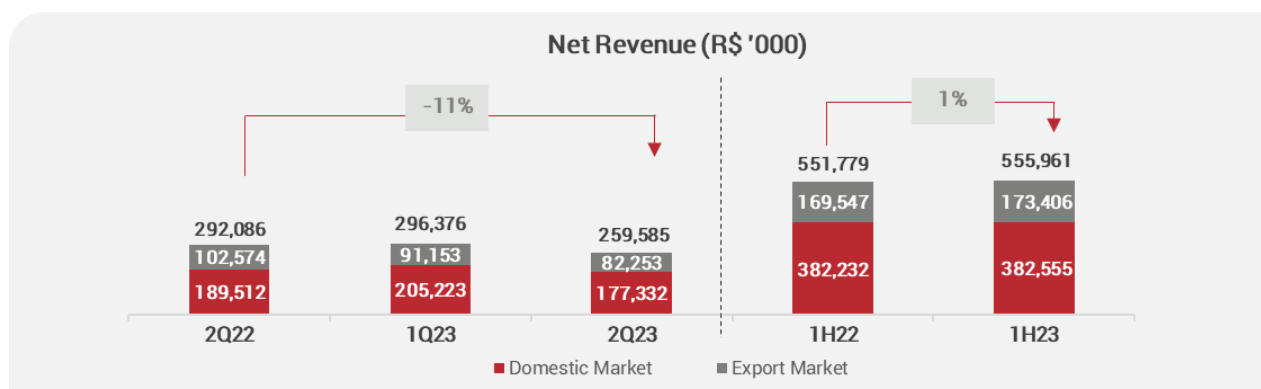
Consolidated Financial Performance

Net Revenue

The Company ended **2023** with net revenue of **R\$260 million**, down 11% from 2022, due to the lower volume of chrysotile exports as a result of the scheduled downtime, and lower sales of fiber-cement roofing panels resulting from weakening demand across the sector. Nevertheless, net revenue in **1H23** totaled **R\$556 million**, up 1% from the same period in 2022.

In the domestic market, net revenue reached **R\$177 million** in **2023**, down 6% from 2022, and **R\$383 million** in **1H23**, repeating the performance in **1H22**.

In the export market, net revenue totaled **R\$82 million** in **2023**, down 20% from 2022 and **R\$174 million**, up 2% from **1H22**.



Costs of Goods and Products Sold

Costs of goods and products sold (COGS) totaled **R\$193 million** in **2023**, up 4% from 2022. In **1H23**, COGS totaled about **R\$406 million**, an increase of 13% year on year.

Despite an adverse scenario, the Company registered **gross margin** of **26%** in **2023**, practically in line with gross margin in **1Q23** (28%). Gross margin was impacted in the period mainly by: (i) the decline in fiber-cement sales volume, resulting in loss of scale due to lower occupancy of production capacity (operational deleveraging); and (ii) in the chrysotile mineral segment: (a) the suspension of operations for 15 days on account of scheduled maintenance downtime at the unit; (b) the reduction in fiber prices (ex-works) as a result of the sales mix in the period; and (c) the stronger real versus the dollar.

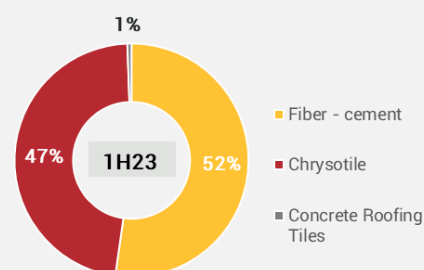
In **1H23**, gross margin reached **27%**, down 8 p.p. from **1H22**.

Consolidated - R\$ thousand	2023	2022	Chg %	1Q23	Chg %	1H23	1H22	Chg %
Net revenue	259,585	292,086	(11,1)	296,376	(12,4)	555,961	551,779	0,8
Costs of Goods and Products Sold	(192,671)	(184,628)	4,4	(212,852)	(9,5)	(405,523)	(358,383)	13,2
Gross profit	66,914	107,458	(37,7)	83,524	(19,9)	150,438	193,396	(22,2)
Gross margin	26%	37%	- 11 p.p.	28%	- 2 p.p.	27%	35%	- 8 p.p.

Gross Profit

In 2023, gross profit totaled **R\$67 million**, down 38% from 2022, mainly due to the drop in sales volume in the fiber-cement segment and the scheduled maintenance downtime at Sama.

In 1H23, gross profit totaled **R\$151 million**, down 22% from year on year, with **fiber-cement** - the Company's core business - accounting for **52%** of the result.



Selling expenses

Selling expenses totaled **R\$35 million** in 2023, increasing R\$7.6 million (28%) from 2022, due to the allowance for doubtful accounts of R\$5,6 million on the export receivables portfolio in the quarter. In 1H23, selling expenses totaled around **R\$59 million**, up R\$9.5 million (+19%) year on year, impacted by the allowance for doubtful accounts of R\$7.8 million.

Consolidated – R\$ thousand	2023	2022	Chg %	1Q23	Chg %	1H23	1H22	Chg %
Net Revenue	259,585	292,086	(11,1)	296,376	(12,4)	555,961	551,779	0,8
Selling expenses	35,072	27,469	27,7	24,360	44,0	59,432	49,899	19,1
% of Net Revenue	14%	9%	5 p.p.	8%	6 p.p.	11%	9%	2 p.p.

General and Administrative Expenses

In 2023, general and administrative expenses totaled **R\$31 million**, increasing R\$3.2 million (12%) from 2022, chiefly due to the merger of Confibra's operations (R\$1 million) in August 2022.

In 1H23, general and administrative expenses totaled **R\$54 million**, up R\$4.8 million (10%) from 1H22. The increase is mainly due to the increase in labor expenses resulting from collective bargaining agreements, the provision for variable compensation for employees and severance payments during the period, totaling R\$3 million. Moreover, the merger of Confibra's operations in August 2022 results in an additional expense of R\$2 million in 1H23.

Other Operating (Income)/ Expenses

In 2023, Other operating income totaled **R\$1.4 million**, positively impacted by the recovery of out-of-period tax credits and the reversal of provision for contingencies.

In 1H23, other operating expenses totaled **R\$2.6 million**, as against an income of R\$17.9 million in 1H22. The 2022 result benefitted from the sale of a non-operating fixed asset, which generated a positive result of R\$14.5 million.

Consolidated - R\$ thousand	2Q23	2Q22	Chg %	1Q23	Chg %	1H23	1H22	Chg %
Selling expenses	35,072	27,469	27,7	24,360	44,0	59,432	49,899	19,1
General and administrative expenses ⁽¹⁾	30,515	27,307	11,7	23,730	28,6	54,245	49,399	9,8
Other operating (income) expenses	(1,392)	466	-	4,017	-	2,625	(17,881)	-
Total operating expenses	64,195	55,242	16,2	52,107	23,2	116,302	81,417	42,8

(1) Includes Management compensation

EBITDA

Recurring EBITDA² in 2023 was **R\$16 million**, down 73% from 2Q22, mainly due to the decline in sales of fiber-cement roofing panels and chrysotile exports, combined with extraordinary selling expenses in the quarter (R\$8.5 million). In 1H23, Recurring EBITDA² reached **R\$58 million**, down 46% from 1H22, with recurring EBITDA margin of 10%.

In 2023, EBITDA¹ totaled **R\$12 million**, down 80% from 2Q22. In 1H23, EBITDA¹ totaled **R\$52 million**, down 57% from 1H22, when the sale of a non-operating fixed asset generated gains of around R\$14.5 million.

Consolidated - R\$ thousand	2Q23	2Q22	Chg %	1Q23	Chg %	1H23	1H22	Chg %
Net income (loss) for the period	1,149	40,346	(97,2)	22,006	(94,8)	23,155	82,643	(72,0)
Income and social contribution taxes	(527)	15,993	-	6,474	-	5,947	24,828	(76,0)
Net financial income (loss)	2,097	(4,123)	-	2,937	(28,6)	5,034	4,508	11,7
Depreciation and amortization	8,855	4,565	94,0	9,264	(4,4)	18,119	9,073	99,7
EBITDA CVM 527/12 ¹	11,574	56,781	(79,6)	40,681	(71,5)	52,255	121,052	(56,8)
Non recurring Events	4,114	1,703	-	1,713	-	5,827	(14,144)	-
Restructuring	171	-	-	-	-	171	-	-
Expenses related to court-supervised reorganization	426	1,283	-	403	-	829	1,761	-
Expenses related to discontinued units	112	(11)	-	15	-	127	273	-
Revenue from extemporaneous credits	(1,427)	(2,726)	-	-	-	(1,427)	(2,726)	-
Sale of fixed assets	54	18	-	596	-	650	(14,845)	-
Other Nonrecurring Events	4,778	3,139	-	699	-	5,477	1,394	-
Recurring EBITDA ²	15,688	58,484	(73,2)	42,394	(63,0)	58,082	106,908	(45,7)
Net margin	6%	20%	- 14 p.p.	14%	- 8 p.p.	10%	19%	- 9 p.p.

(1) EBITDA: operational performance measure calculated according to CVM Instruction 527/12.

(2) Adjusted EBITDA is an indicator used by the Company's Management to analyze the operational and financial performance of the Company's wholly-owned businesses, excluding equity pick-up as well as non recurring events.

Financial Result

In **2Q23**, the Company's financial income was R\$1 million, significantly lower than in 2Q22 due to the lower cash balance on account of the payment made for the acquisition of Confibra in August 2022 (R\$110 million). Also, during the quarter, the Company resumed its export receivables prepayment (ACE) operations and long-term bank financing to fund its strategic projects. As such, Net Financial Result in **2Q23** was an expense of R\$2 million, as against an income of R\$4 million in 2Q22.

In **1H23**, net financial result was an expense of **R\$5 million**, an increase of 12% from the same period in 2022, reflecting the reduction in income from financial investments (R\$7 million) and increase in interest on financing (R\$2.5 million), which were offset by the hedge contracted to reduce exchange variation on receivables in foreign currency (-R\$9 million), using forward contracts.

Consolidated - R\$ thousand	2Q23	2Q22	Chg %	1Q23	Chg %	1H23	1H22	Chg %
Financial income	992	5,246	(81,1)	2,146	(53,8)	3,138	10,446	(70,0)
Financial Investments	992	5,246	(81,1)	2,146	(53,8)	3,138	10,446	(70,0)
Financial Expenses	(2,424)	(601)	303,3	(1,189)	103,9	(3,613)	(1,203)	200,3
Interest on Bankruptcy-related Debt	(549)	(601)	(8,7)	(550)	(0,2)	(1,099)	(1,203)	(8,6)
Financing Interest	(1,875)	-	-	(639)	193,4	(2,514)	-	-
Other ⁽¹⁾	(663)	(1,070)	(38,0)	(2,893)	(77,1)	(3,556)	(2,858)	24,4
Net of exchange variations	(2)	548	-	(1,001)	(99,8)	(1,003)	(10,893)	(90,8)
Net Financial Income (loss)	(2,097)	4,123	-	(2,937)	(28,6)	(5,034)	(4,508)	11,7

(1) Includes bank charges and interest on tax payments in installments

Net Income

In **2Q23**, Net income totaled **R\$1.2 million**, down 97% from 2Q22, notably due to non-recurring entries made in the quarter: allowance for doubtful accounts (R\$6.0 million) and demurrage (R\$2.5 million) at SAMA and inventory value adjustment at the photovoltaic unit (R\$1.8 million), totaling R\$10.3 million. In **1H23**, net income totaled **R\$23 million**, down 72% year on year.

Excluding non-recurring events, Recurring net income¹ in **2Q23** came to **R\$4 million**, down 91% from 2Q22. In **1H23**, Recurring net income¹ totaled **R\$27 million**, decreasing 63% in relation to 1H22.

Consolidated - R\$ thousand	2023	2022	Chg %	1Q23	Chg %	1H23	1H22	Chg %
Net income (loss) for the period	1,149	40,346	(97,2)	22,006	(94,8)	23,155	82,643	(72,0)
Net margin	-	14%	-14 p.p	7%	-7 p.p	4%	15%	-11 p.p.
Non recurring Events	4,114	1,703	-	1,713	-	5,827	(14,144)	-
Restructuring	171	-	-	-	-	171	-	-
Expenses related to court-supervised reorganization	426	1,283	-	403	-	829	1,761	-
Expenses related to discontinuity of units	112	(11)	-	15	-	127	273	-
Revenue from extemporaneous credits	(1,427)	(2,726)	-	-	-	(1,427)	(2,726)	-
Sale/write-off of fixed assets	54	18	-	596	-	650	(14,845)	-
Other Nonrecurring Events	4,778	3,139	-	699	-	5,477	1,394	-
Effect of Income Tax/Social Contribution*	(1,399)	(579)	-	(582)	-	(1,981)	4,809	-
Adjusted Net Income/Loss ¹	3,864	41,470	(90,7)	23,137	(83,3)	27,001	73,308	(63,2)
Net margin	1%	14%	-13 p.p.	8%	-7 p.p.	5%	13%	-8 p.p.

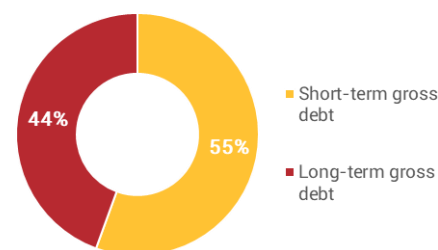
(1) Recurring Net income is an indicator used by the Company excluding non-recurring events

(*) Income tax and social contribution (IR/CSLL) impact (34%) on nonrecurring events

Net Cash and Debt

The Company ended 2023 with net debt of **R\$76 million**, compared to net cash balance of R\$114 million in 2022, which was positively impacted by funds raised through a capital call for the acquisition of Confibra (R\$110 million).

At the end of 2023, the Company's gross debt totaled **R\$126 million**, and consisted of:



- (i) Long-term lines
 - a. Loan from Banco da Amazônia (BASA) to fund the Eternit unit in the Amazon region (R\$31.5 million);
 - b. FINAME working capital financing from Banco Daycoval (R\$33 million);
 - c. CCE from Banco Sofisa for the acquisition of vehicles by the subsidiary Sama (R\$3 million); and
- (ii) Advance on Foreign Exchange Delivered (ACE), whose proceeds were allocated to working capital to fund the new fiber-cement plant in Caucaia, Ceará (R\$58 million)

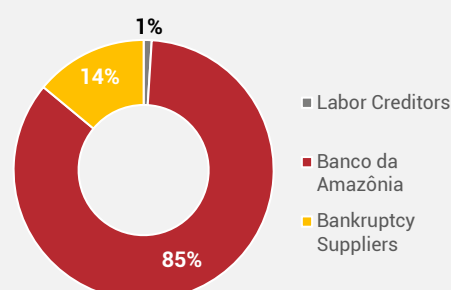
Net (Cash) Debt - R\$ thousand	06/30/2023	06/30/2022	Chg %	12/31/2022	Chg %
Short-term gross debt	69,073	3,911	-	26,296	162,7
Long-term gross debt	56,828	31,509	80,4	58,295	(2,5)
Total gross debt	125,901	35,420	255,5	84,591	48,8
(-) Cash and cash equivalents	49,653	149,220	(66,7)	112,469	(55,9)
Net (Cash) Debt	76,248	(113,800)	-	(27,878)	-

Bankruptcy-Related Debt

In 2023, the Company paid **R\$1.7 million** to bankruptcy creditors, as follows: (i) R\$1.5 million to Class II (BASA financing), and (ii) R\$163,000 to Class III creditors.

Bankruptcy-related debt on June 30, 2023 totaled around **R\$37.5 million**, including the installment of US\$125,000 converted at the rate of R\$4.82 to 1US\$, of which:

- Class II (Banco da Amazônia): R\$31.5 million to finance the unit in Manaus, with monthly payments and fixed interest of 7% p.a.;
- Class I Creditors: R\$711,000 related to new authorized labor claims;
- Class III and IV creditors: R\$4.6 million, related to suppliers that did not file any claim for payment, with interest no longer being levied on the outstanding balance.



Class	Balance Approved in CSR Plan	Haircut	Payment Guarantee	New Authorized (Unauthorized)	Interest / Charges	Payments made	Balance at end of period
Class I - Labor Creditors - R\$ thousand	6,466	-	-	4,610	-	(10,365)	711
Class II - Creditors with Secured Claims - R\$ thousand	36,225	-	-	-	10,488	(15,229)	31,484
Class III - Unsecured Creditors	-	-	-	-	-	-	-
Option A - R\$ thousand	107,672	(17,314)	(40,400)	(1,160)	3,476	(48,622)	3,652
Option A - US\$ thousand	953	-	-	(520)	1	(309)	125
Option B - R\$ thousand	84,097	(37,839)	-	-	3,242	(49,500)	-
Option B - US\$ thousand	1,696	(763)	-	-	5	(938)	-
Class IV - Micro and Small Company Creditors - R\$ thousand	4,612	-	-	-	71	(3,677)	1,006
Total - R\$ thousand	239,072	(55,153)	(40,400)	3,450	17,277	(127,393)	36.853
Total - US\$ thousand	2,649	(763)	-	(520)	6	(1,247)	125

Court-Supervised Reorganization

The Company is currently awaiting judgment by the Superior Court of Justice (STJ) on the appeal filed by it against a divergent decision, requesting the reestablishment of conditions of payment to labor creditors (Class I) established in the Judicial Reorganization Plan approved at the general meeting of creditors, which were ratified on May 30, 2022 by the 2nd Bankruptcy and Judicial Recovery Court of São Paulo.

Strategic Projects

The Company's investments during the quarter totaled R\$63 million, of which 90% went to its strategic projects (Ceará greenfield, Expansion of Manaus and Solar Tiles).

In 1H23, the Eternit Group's investments totaled R\$94 million, with 71% allocated to the new fiber-cement project in Ceará.



Ceará greenfield project

Construction, electrical, hydraulic and equipment installation works are in progress at the new fiber-cement unit in Caucaia, Ceará, with production capacity of 78,000 tons p.a.

During 2Q23, 2,160 Eternit Solar roofing panels were installed, making up a solar generator with capacity of 307 kWp. Photovoltaic power generation should supply nearly 25% of the plant's total electricity consumption.

The physical progress of the project reached 73% on June 30, 2023, with conclusion and start-up of the unit slated for 4Q23.

The project entails investments of R\$165 million, of which approximately R\$113 million had been disbursed by the end of 2Q23, representing financial progress of 68%.



Solar Roofing Panels

This quarter, the Company concluded the installation of 2,160 fiber-cement solar roofing panels at its new fiber-cement plant in Caucaia, Ceará. The plant, whose installed capacity is 307 kWp, is expected to generate 41 MWh/month on average.

In partnership with the NGO Revolusolar, the Company is implementing a pilot project to install photovoltaic fiber-cement tiles at a residence in the district of Chapéu-Mangueira in Rio de Janeiro. The project, which should be concluded in August 2023, should generate around 200kWh/month of electricity.



Expansion of Manaus Unit

Work on capacity expansion of the Manaus unit, which produces polypropylene (PP) fiber, is on schedule.

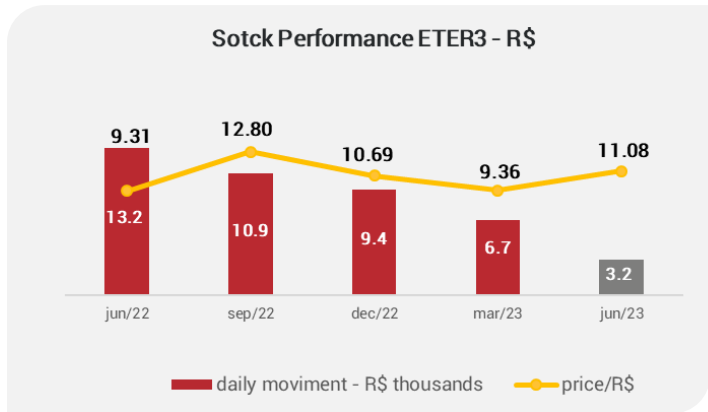
The first pieces of equipment and the preparation of the infrastructure to receive the cutting and packing machines should be concluded in August 2023.

At an investment of R\$24 million, the expansion will increase the unit's capacity by 40% and should be concluded in early 2024.

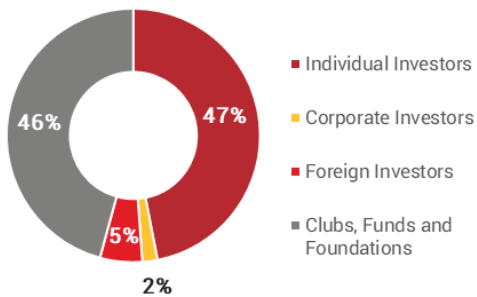
Capital Markets

On June 30, 2023, the market cap of the Company was **R\$685 million**, considering the closing share price of **R\$11.08**, average trading volume was **R\$3.2 million**.

With fragmented stock ownership and no shareholders' agreement or controlling group, the shareholder base of the Company on June 30, 2023, had **25,540** shareholders.



Ownership Structure



At the end of the period, only three shareholders held more than 5% interest in the capital stock, with an aggregate interest of 39% of the total capital stock.

Visit the IR website (ri.ternit.com.br) for more information.

Events Subsequent

Loan from Banco Sofisa

On July 5, 2023, the Controlled took a loan of R\$5,873 from Banco Sofisa, due on June 30, 2028. Interest on the loan was 4.9070 p.a. + 100% of the variation in CDI, with a grace period of six months for payment of the principal. The loan is used to acquire trucks for Sama.

Annexes

Eternit S.A. – Under Court-Supervised Reorganization

Balance Sheet

ASSETS -R\$ THOUSAND	Parent Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Total current assets	423,670	479,921	636,387	715,330
Cash and cash equivalents	1,012	3,485	49,653	112,469
Accounts receivable	64,565	68,499	186,406	227,705
Inventories	123,731	114,237	223,327	209,822
Taxes recoverable	27,783	26,003	122,949	107,735
Related parties	197,979	261,101	-	-
Prepaid expenses	2,790	1,901	34,579	39,427
Other current assets	5,810	4,695	18,450	17,149
Assets held for sale	-	-	1,023	1,023
Total non-current assets	590,075	566,798	578,375	506,937
Judicial deposits	8,281	8,480	12,685	12,879
Taxes recoverable	2,495	2,695	29,724	37,268
Related parties	4,818	2,626	-	-
Other non-current assets	140	140	1,595	1,595
Investments	409,526	387,951	-	-
Right-of-use assets	-	-	16,803	15,920
Fixed assets	164,614	164,625	435,455	355,959
Intangible assets	201	281	82,113	83,316
Total assets	1,013,745	1,046,719	1,214,762	1,222,267

LIABILITIES AND EQUITY - R\$ THOUSAND	Parent Company		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Total current liabilities	144,699	197,031	269,426	284,164
Suppliers	26,091	27,769	74,107	65,116
Loans and financing	6,755	2,247	69,073	26,296
Related parties	50,847	48,016	-	-
Personnel expenses	19,523	20,631	34,547	29,480
Dividends of interest on equity	4,557	17,737	4,583	17,763
Taxes, charges and contributions payable	10,781	16,455	26,385	30,722
Provision for post-employment benefits	3,191	3,191	6,947	6,947
Lease obligations	-	-	3,607	3,607
Other current liabilities	22,954	60,985	50,177	104,233
Total non-current liabilities	174,963	173,500	251,111	261,805
Loans and financing	26,247	28,746	56,828	58,295
Related parties	28,192	26,722	-	-
Taxes, charges and contributions payable	7,122	6,666	19,729	22,377
Personnel expenses	5,149	6,385	5,422	6,779
Provisions for tax, civil and labor risks	47,737	50,656	68,624	69,914
Provision for post-employment benefits	29,384	29,399	61,003	61,241
Provision for decommissioning of mine	-	-	7,465	9,982
Provision for investment losses	31,132	24,926	-	-
Lease obligations	-	-	13,292	12,340
Deferred income tax and social contribution	-	-	18,748	20,877
Equity attributable to controlling shareholders	694,083	676,188	694,083	676,188
Share capital	438,082	438,082	438,082	438,082
Capital reserves	84,053	81,093	84,053	81,093
Treasury shares	(590)	(174)	(590)	(174)
Revenue reserves	180,025	164,674	180,025	164,674
Other comprehensive income (loss)	(7,487)	(7,487)	(7,487)	(7,487)
Total equity	694,083	676,188	694,225	676,298
Non-controlling interests	-	-	142	110
Total liabilities and equity	1,013,745	1,046,719	1,214,762	1,222,267

Income Statement (Parent Company)

R\$ thousand	2023	2022	Chg. %	1Q23	Chg. %	1H23	1H22	Chg. %
Net revenue	149,850	176,775	-15,2%	170,848	-12,3%	320,698	362,815	-11,6%
Costs of goods and services sold	(121,055)	(132,058)	-8,3%	(134,273)	-9,8%	(255,328)	(267,385)	-4,5%
Gross profit	28,795	44,717	-35,6%	36,575	-21,3%	65,370	95,430	-31,5%
Gross margin	19%	25%	- 6 p.p.	21%	- 2 p.p.	20%	26%	- 6 p.p.
Operating revenues (expenses)	(25,814)	(35,732)	-27,8%	(27,022)	-4,5%	(52,836)	(63,819)	-17,2%
Selling expenses	(12,779)	(13,817)	-7,5%	(12,807)	-0,2%	(25,586)	(26,697)	-4,2%
General and administrative	(13,122)	(15,903)	-17,5%	(12,195)	7,6%	(25,317)	(29,397)	-13,9%
Other operating revenues (expenses), net	87	(6,012)	-	(2,020)	-	(1,933)	(7,725)	-75,0%
Income (Loss) before equity pick-up (EBIT)	2,981	8,985	-66,8%	9,553	-68,8%	12,534	31,611	-60,3%
EBIT margin	2%	5%	- 3 p.p.	6%	- 4 p.p.	4%	9%	- 5 p.p.
Equity pick-up	276	33,031	-99,2%	15,093	-98,2%	15,369	57,367	-73,2%
Operating income (loss) before financial result	3,257	42,016	-92,2%	24,646	-86,8%	27,903	88,978	-68,6%
Net financial income (loss)	(4,026)	(2,288)	76,0%	(2,560)	57,3%	(6,586)	(4,159)	58,4%
Income (Loss) before income tax and social contribution	(769)	39,728	-	22,086	-	21,317	84,819	-74,9%
Current income tax and social contribution	96	(3,306)	-	(96)	-	-	(11,841)	-
Deferred income tax and social contribution	1,806	3,884	-53,5%	-	-	1,806	9,585	-81,2%
Net income (loss) for the period	1,133	40,306	-97,2%	21,990	-94,8%	23,123	82,563	-72,0%
Net margin	1%	23%	- 22 p.p.	13%	- 12 p.p.	7%	23%	- 16 p.p.

Income Statements (Consolidated)

R\$ thousand	2023	2022	Chg. %	1Q23	Chg. %	1H23	1H22	Chg. %
Net revenue	259,585	292,086	-11,1%	296,376	-12,4%	555,961	551,779	0,8%
Costs of goods and services sold	(192,671)	(184,628)	4,4%	(212,852)	-9,5%	(405,523)	(358,383)	13,2%
Gross profit	66,914	107,458	-37,7%	83,524	-19,9%	150,438	193,396	-22,2%
Gross margin	26%	37%	- 11 p.p.	28%	- 2 p.p.	27%	35%	- 8 p.p.
Operating revenues (expenses)	(64,195)	(55,242)	16,2%	(52,107)	23,2%	(116,302)	(81,417)	42,8%
Selling expenses	(35,072)	(27,469)	27,7%	(24,360)	44,0%	(59,432)	(49,899)	19,1%
General and administrative	(30,515)	(27,307)	11,7%	(23,730)	28,6%	(54,245)	(49,399)	9,8%
Other operating revenues (expenses), net	1,392	(466)	-	(4,017)	-	(2,625)	17,881	-
Income (Loss) before equity pick-up (EBIT)	2,719	52,216	-94,8%	31,417	-91,3%	34,136	111,979	-69,5%
EBIT margin	1%	18%	- 17 p.p.	11%	- 10 p.p.	6%	20%	- 14 p.p.
Net financial income (loss)	(2,097)	4,123	-	(2,937)	-28,6%	(5,034)	(4,508)	11,7%
Income (Loss) before income and social contribution taxes	622	56,339	-98,9%	28,480	-97,8%	29,102	107,471	-72,9%
Current income tax and social contribution	(2,108)	(20,645)	-89,8%	(11,228)	-81,2%	(13,336)	(34,633)	-61,5%
Deferred income tax and social contribution	2,635	4,652	-43,4%	4,754	-44,6%	7,389	9,805	-24,6%
Net income (loss) for the period	1,149	40,346	-97,2%	22,006	-94,8%	23,155	82,643	-72,0%
Net margin	-	14%	-14 p.p.	7%	-7 p.p.	4%	15%	- 11 p.p.

STATEMENT OF CASH FLOWS

R\$ thousand - Accrued	Parent Company		Consolidated	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Cash flows from operating activities				
Income (Loss) before income and social contribution taxes	21,317	84,819	29,102	107,471
Reconciliation of earnings before income tax and social contribution to net cash provided by operations:				
Equity pick-up	(15,369)	(57,367)	-	-
Depreciation and amortization	7,818	6,342	18,119	9,073
Gain (Loss) on write-off of fixed and intangible assets	312	-	636	-
Allowance for doubtful accounts	2,183	928	10,253	1,410
Allowance for inventory write down to net realizable value	(315)	(478)	1,420	(1,002)
Estimated impairment losses	-	-	(1,868)	-
Provisions for tax, civil and labor risks	(2,919)	14	(1,290)	(202)
Provision for post-employment benefits	(15)	130	(238)	86
Provision for decommissioning of mine	-	-	(2,517)	-
Financial charges and monetary and exchange variations	1,054	1,606	6,158	8,243
	14,066	35,994	59,775	125,079
Decrease (increase) in operating assets:				
Accounts receivable	1,751	(4,717)	28,766	(76,730)
Related parties	60,930	37,727	-	-
Inventories	(9,179)	(30,353)	(14,925)	(32,331)
Taxes recoverable	(1,473)	36,080	(10,770)	13,258
Judicial deposits	199	(134)	194	(135)
Other assets	(2,003)	(969)	3,565	(5,195)
Assets held for sale	-	-	-	3,822
Increase (decrease) in operating liabilities:				
Suppliers	(1,725)	(5,451)	7,616	338
Related parties	4,301	1,152	-	-
Taxes, charges and contributions payable	(3,412)	(3,807)	(4,232)	(4,773)
Personnel expenses	(2,344)	(2,773)	3,710	(1,505)
Other liabilities	(38,032)	(1,689)	(54,058)	1,751
Cash provided by (used in) operating activities	23,079	61,060	19,641	23,579
Interest paid	(368)	-	-	-
Income tax and social contribution paid	(107)	(14,529)	(7,762)	(30,637)
Net cash provided by (used in) operating activities	22,604	46,531	11,879	(7,058)
Cash flows from investing activities				
Additions to fixed and intangible assets	(8,039)	(22,319)	(94,430)	(30,761)
Net cash used in investing activities	(8,039)	(22,319)	(94,430)	(30,761)
Cash flow from financing activities				
Loans and financing raised	2,619	-	61,794	-
Amortization of loans and financings	(1,249)	-	(21,923)	(3,161)
Payments of dividends and interest on equity	(17,992)	(27,030)	(17,992)	(27,030)
Lease obligations	-	-	(1,728)	(1,634)
Increase in share capital	(416)	-	(416)	-
Net cash generated by financing activities	(17,038)	(27,030)	19,735	(31,825)
Increase (Reduction) in cash and cash equivalents	(2,473)	(2,818)	(62,816)	(69,644)
At the beginning of the period	3,485	3,370	112,469	218,864
At the end of the period	1,012	552	49,653	149,220
Increase (Reduction) in cash and cash equivalents	(2,473)	(2,818)	(62,816)	(69,644)