

# Eternit

a marca da coruja



Earnings Release  
**1Q23**

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São Paulo, May 9, 2023 – Eternit S.A. – Under Court-Supervised Reorganization (B3: ETER3, “Eternit” or “Company”) announces today its results for the 1<sup>st</sup> quarter of 2023 (1Q23). 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 March 31, 2023. All comparisons in this earnings release are with the 1<sup>st</sup> quarter of 2022, except where stated otherwise.

## Highlights

1Q23

**Eternit reports Recurring EBITDA of R\$42 million in 1Q23, up 86% from 4Q22.**

### MARKET CAP (03/31/2023)

R\$ 578 million

### CLOSING SHARE PRICE (03/31/2023)

R\$9.36

### NUMBER OF SHARES (03/31/2023)

61,776,575

### FREE FLOAT

98,16%

### INVESTOR RELATIONS

[ri@eternit.com.br](mailto:ri@eternit.com.br)

### Videoconference:

Wednesday, May 10, 2023.

3 p.m. (BRT) | 2 p.m. (EDT)

### Webcast:

[Click here to participate!](#)

### 1Q23 PERFORMANCE



**Net Revenue** of R\$296 million, **up 14%** from 1Q22.



**Gross Profit** of R\$84 million, **up 6%** from 4Q22.



**Gross Margin** of 28%, **up 3 p.p.** from 4Q22.



**Recurring EBITDA** of R\$42 million, **up 86%** from 4Q22.



**Recurring EBITDA Margin** of 14%, **up 7 p.p.** from 4Q22.



**Net Income** of R\$22 million, **up 57%** from 4Q22.

## Message from Management

The Company started 2023 with a significant recovery in its operational and financial performance, recording Net Income of R\$22 million in 1Q23, an increase of 57% from 4Q22.

In 1Q23, the Company recorded Net Revenue of R\$296 million and Gross Profit of R\$84 million, up 6% from 4Q22, and gross margin of 28%, 3 *p.p.* higher than in the previous quarter. Recurring EBITDA totaled R\$42 million, representing significant growth of 86%, while Recurring EBITDA margin was 14%, gaining 7 *p.p.* in relation to 4Q22.

Eternit's healthy performance was chiefly driven by sales volume in the fiber-cement segment, which totaled 164,000 tons in 1Q23, up 4% from 1Q22, and by chrysotile exports, which increased 14% from the same period in 2022.

Construction work on the greenfield project at the new fiber-cement roofing panels unit in Caucaia, Ceará, is in progress and the unit is slated for startup in 2H23. The unit's initial capacity is 6,500 tons per month, with estimated investments totaling R\$165 million, of which nearly R\$81 million have already been spent.

Continuing the development of solar roofing tiles technology, in 1Q23 the Company sold 42 kWp of concrete solar tiles, and advanced in the implementation of pilot projects for fiber-cement solar roofing tiles, which included the start of installation of a 300 kWp photovoltaic generator at its new fiber-cement plant in Ceará.

As part of the Court-Supervised Reorganization Plan, the Company paid R\$1.8 million to Class II and III bankruptcy creditors. As such, at the end of March 2023, Eternit's bankruptcy-related debt was approximately R\$38 million, of which around R\$32 million refer to the loan taken from Banco da Amazônia to build the polypropylene fiber unit in Manaus. To conclude the Court-Supervised Reorganization, the Company is awaiting the decision on its appeals against the divergent decision at the Superior Court of Justice (STJ) claiming the reestablishment of the conditions for payment to labor creditors established in the Plan approved at the general meeting of creditors.

This quarter, due to the resignation of certain members of the Board of Directors, the Extraordinary Shareholders Meeting held on March 21 elected, unanimously and without reservations, Fausto Ribeiro and Richard Doern as directors, with the former also occupying the position of Chairman of the Board.

Finally, the Eternit Board of Directors Meeting held on May 9, 2023 approved the payment of interest on equity of around R\$4.8 million related to the 1Q23 results, which represents gross remuneration of R\$0.78 per share, and should be paid on September 29, 2023, in accordance with the Company's Policy on Dividends and Interest on Equity.

## Main Indicators

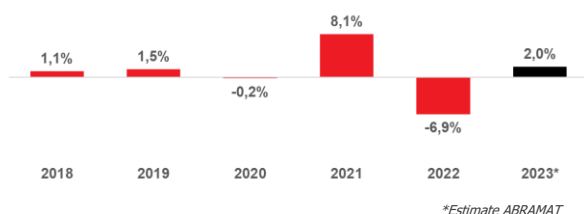
Consolidated - R\$ thousand	1Q23	1Q22	Chg. %	4Q22	Chg. %
<b>Gross Sales Revenue</b>	<b>360,276</b>	<b>324,291</b>	<b>11,1</b>	<b>379,701</b>	<b>(5,1)</b>
<b>Net revenue</b>	<b>296,376</b>	<b>259,693</b>	<b>14,1</b>	<b>312,556</b>	<b>(5,2)</b>
Gross profit	83,524	85,938	(2,8)	78,555	6,3
<i>Gross margin</i>	<i>28%</i>	<i>33%</i>	<i>- 5 p.p.</i>	<i>25%</i>	<i>3 p.p.</i>
<b>Net income (loss) for the period</b>	<b>22,006</b>	<b>42,297</b>	<b>(48,0)</b>	<b>14,032</b>	<b>56,8</b>
<i>Net margin</i>	<i>7%</i>	<i>16%</i>	<i>- 9 p.p.</i>	<i>4%</i>	<i>3 p.p.</i>
<b>Adjusted Net Income/Loss</b>	<b>23,137</b>	<b>31,838</b>	<b>(27,3)</b>	<b>13,006</b>	<b>77,9</b>
<i>Adjusted Net Margin</i>	<i>8%</i>	<i>12%</i>	<i>- 4 p.p.</i>	<i>4%</i>	<i>4 p.p.</i>
<b>EBITDA CVM 527/12</b>	<b>40,681</b>	<b>64,271</b>	<b>(36,7)</b>	<b>24,332</b>	<b>67,2</b>
<i>EBITDA Margin CVM 527/12</i>	<i>14%</i>	<i>25%</i>	<i>- 11p.p.</i>	<i>8%</i>	<i>6 p.p.</i>
<b>Adjusted EBITDA</b>	<b>42,394</b>	<b>48,424</b>	<b>(12,5)</b>	<b>22,778</b>	<b>86,1</b>
<i>Adjusted EBITDA Margin</i>	<i>14%</i>	<i>19%</i>	<i>- 5 p.p.</i>	<i>7%</i>	<i>7 p.p.</i>

## Economy and Market

The market's macroeconomic expectations disclosed in the Focus Report<sup>[1]</sup> published by the Brazilian Central Bank predict GDP growth of not over 1.0% in 2023, with inflation measured by IPCA of 6.05% and SELIC rate of 12.50% p.a. by the year-end.

The food inflation of 7.3% in the last 12 months, measured by IPCA - Food and Beverage, high household debt, which reached 78% in February 2023<sup>[2]</sup>, and high interest rate levels, with the basic interest rate (SELIC) at 13.75 p.a., affected credit supply and the disposable income of consumers, impacting the construction materials segment.

National construction material revenue - ABRAMAT



In March, revenue from the construction materials sector not adjusted for inflation, disclosed by ABRAMAT<sup>[3]</sup>, decreased 7.9% in relation to March 2022, for a total decline of 6.5% in 1Q23, after already decreasing significantly by 6.9% in 2022.

Despite the year-on-year decline in revenues across the sector in 1Q23, ABRAMAT<sup>[1]</sup> predicts sales growth of 2% in 2023, mainly driven by the resumption of construction works in the recent real estate cycle and by the Federal Government's initiatives as part of the "My Home, My Life" program.

[1] FOCUS Report – 04/28/2023

[2] PEIC/CNC

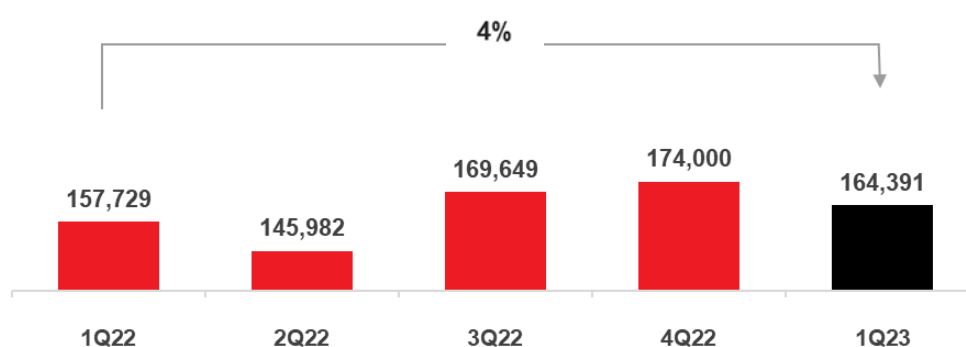
[3] ABRAMAT: [www.abramat.org.br](http://www.abramat.org.br) – ABRAMAT index – April 5, 2023

## Operating Performance

### | Eternit – Fiber-cement Segment

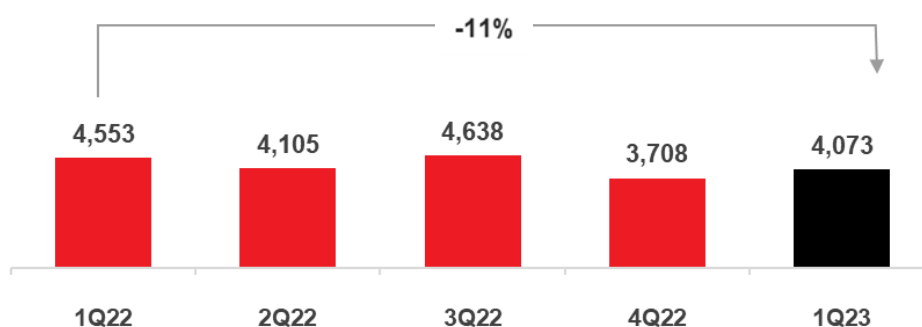
The fiber-cement segment remained resilient in 1Q23, ending the period with sales of 164,400 tons, an increase of 4% from 1Q22, despite the worsening scenario in the construction materials sector, as described earlier.

Fiber-Cement Roofing Panel Sales ( t )

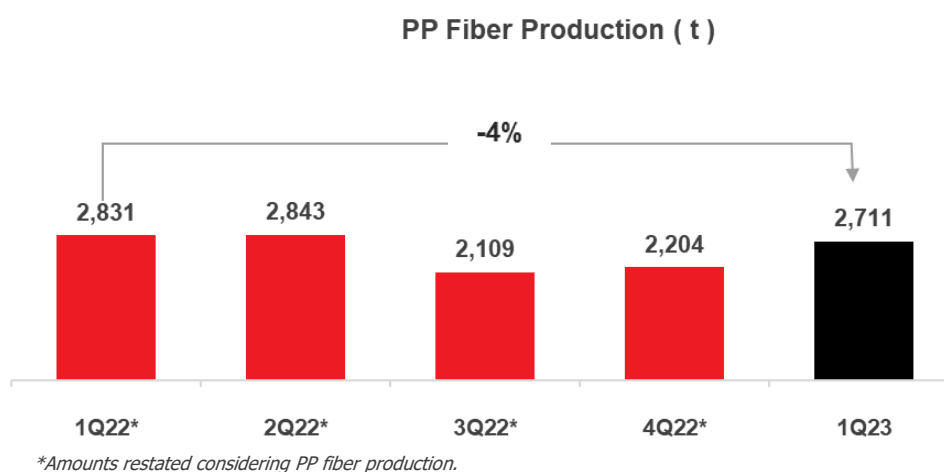


The construction systems segment, which includes cement cladding panels and wall cladding panels, sold 4,100 tons, 11% less than in 1Q22, though recovering 10% in relation to 4Q22.

Construction System Sales ( t )



Produced in Manaus mainly to meet the captive demand, polypropylene fiber (PP) production reached 2,700 tons in 1Q23, down 4% from 1Q22.



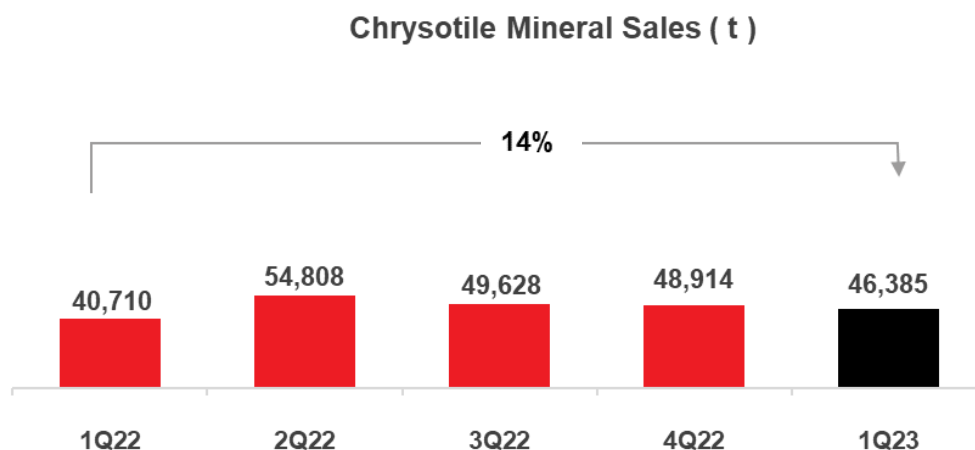
The fiber-cement segment, which considers the integrated production of polypropylene fiber, recorded gross margin of 24% in 1Q23, up 4 *p.p.* from 4Q22, mainly reflecting the improved efficiency in the industrial process, which resulted in increased productivity and reduced breakages, as well as replacement of product under warranty.

Fiber-cement - R\$ thousand	1Q23	1Q22	Chg. %	4Q22	Chg. %
Net revenue	199,360	188,298	5,9	203,257	(1,9)
Gross profit	46,857	61,209	(23,4)	40,517	15,6
Gross margin	24%	33%	- 9 <i>p.p.</i>	20%	4 <i>p.p.</i>

### | Sama – Chrysotile Mineral Segment

In 1Q23, chrysotile fiber exports were around 46,400 tons, growing 14% in relation to 1Q22.

The entire chrysotile fiber output is exported, based on Goiás State Law 20,514 of July 16, 2019.



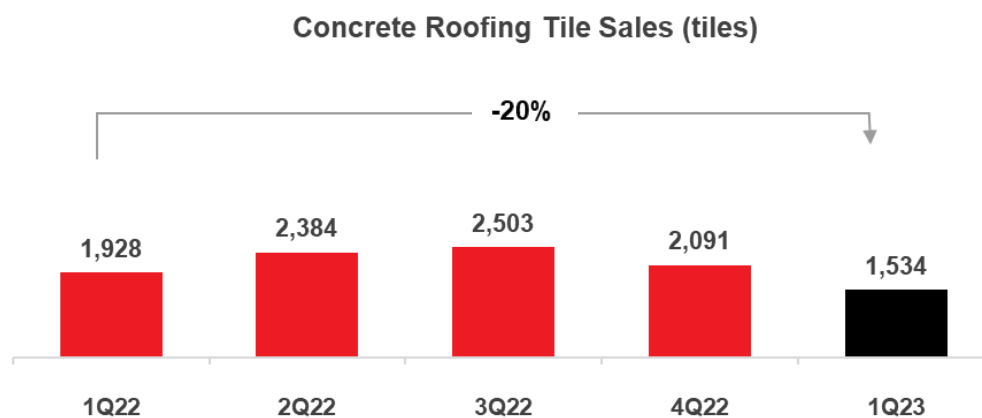
In 1Q23, gross margin from chrysotile fiber exports reached 40%, up 3 *p.p.* from 1Q22, due to the increase in fiber prices (ex-works) resulting from the sales mix in the period and the reduction in logistics costs.

Chrysotile mineral - R\$ thousand	1Q23	1Q22	Chg. %	4Q22	Chg. %
Net revenue	91,153	66,973	36,1	98,731	(7,7)
Gross profit	36,876	24,944	47,8	43,345	(14,9)
Gross margin	40%	37%	3 <i>p.p.</i>	44%	- 4 <i>p.p.</i>



## | Tégula – Concrete Roofing Tiles Segment

Sales of concrete roofing tiles in 1Q23 totaled around 1.5 million pieces, down 20% from 1Q22.



In 1Q23, gross margin was 18%, up 8 *p.p.* from 1Q22 and 3 *p.p.* from 4Q22, resulting from the price increases carried out by the commercial area.

Concrete Roofing Tiles - R\$ thousand	1Q23	1Q22	Chg. %	4Q22	Chg. %
Net revenue	4,789	4,286	11,7	5,521	(13,3)
Gross profit	865	414	108,9	819	5,6
Gross margin	18%	10%	8 <i>p.p.</i>	15%	3 <i>p.p.</i>

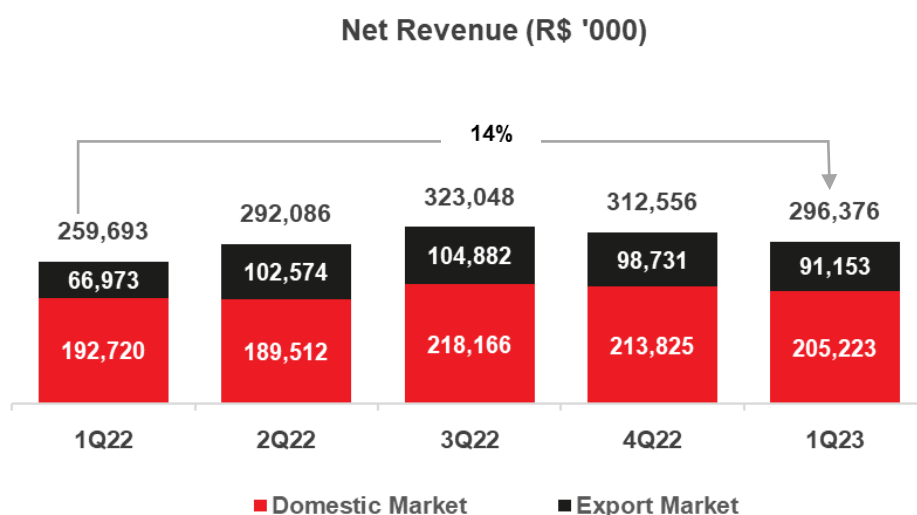
## Consolidated Financial Performance

### | Net Revenue

In 1Q23, Net Revenue came to approximately R\$296.4 million, representing a strong 14% growth from 1Q22, with the fiber-cement segment in the domestic market - the Company's core business - accounting for 69% of the revenue. Compared to 4Q22, Net Revenue declined 5% in the quarter.

As such, Net Revenue in the domestic market totaled R\$205.2 million, 6% higher year on year, thanks to the growth in fiber-cement sales, after booking Confibra's sales.

In the export market, chrysotile fiber exports in 1Q23 generated net revenue of R\$91.2 million, an increase of 36% from 1Q22.



### | Costs of Goods and Products Sold

Costs of goods and products sold (COGS) in 1Q23 totaled R\$213 million, increasing 23% from 1Q22 but 9% lower than in 4Q22.

The 23% increase incurred in 1Q23 compared to 1Q22 is mainly due to the increase in physical sales of chrysotile (+14%) and fiber-cement (+4%). Other factors were the increase in the prices of raw materials for the production of fiber-cement (cement: +17%; lime: +16%) and inflation on maintenance materials and services.

Compared to 4Q22, COGS declined 9% in 1Q23, reflecting the decline in physical sales of fiber-cement and chrysotile (-5%), the improved better performance of the industrial process, resulting in reduced breakages and replacement of product under warranty (fiber-cement), as well as the reduction in fixed costs, especially in the service and maintenance items.

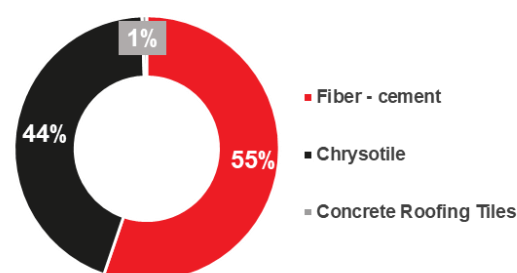
Consolidated - R\$ thousand	1Q23	1Q22	Chg. %	4Q22	Chg. %
Net revenue	296,376	259,693	14,1	312,556	(5,2)
Costs of Goods and Products Sold	(212,852)	(173,755)	22,5	(234,001)	(9,0)
Gross profit	83,524	85,938	(2,8)	78,555	6,3
Gross margin	28%	33%	- 5 p.p.	25%	3 p.p.

### | Gross Profit

Gross Profit in 1Q23 reached R\$84 million, increasing 6% from 4Q22, with fiber-cement accounting for 55% of the result.

Gross margin in 1Q23 was 28%, down 5 p.p. from 1Q22 but 3 p.p. higher than in 4Q22.

Gross Profit - 1Q23



### | Selling expenses

Selling expenses totaled R\$24.4 million in 1Q23, increasing R\$2 million (9%) from 1Q22.

In relation to Net Revenue, selling expenses decreased 1 p.p. in 1Q23 compared to 1Q22 and by 2 p.p. compared to 4Q22.

Consolidated - R\$ thousand	1Q23	1Q22	Chg. %	4Q22	Chg. %
Net Revenue	296,376	259,693	14,1	312,556	(5,2)
Selling expenses	24,360	22,430	8,6	31,226	(22,0)
% of Net Revenue	8%	9%	- 1 p.p.	10%	- 2 p.p.

### | General and administrative expenses

General and administrative expenses totaled R\$23.7 million in 1Q23, R\$ 1.6 million (+7%) higher than in 1Q22, with R\$2.1 million resulting from the merger of Confibra's operations in August 2022.

Compared to 4Q22, with the same industrial base, general and administrative expenses decreased significantly by around R\$ 4.8 million (-17%) in 1Q23.

## | Other Operating (Income)/ Expenses

Other operating expenses were R\$4 million in 1Q23, as against an income of R\$18.3 million in 1Q22. The income earned in 1Q22 largely resulted from the sale of a non-operating fixed asset (R\$14.5 million).

Consolidated - R\$ thousand	1Q23	1Q22	Chg. %	4Q22	Chg. %
<b>Selling expenses</b>	<b>24,360</b>	<b>22,430</b>	<b>8,6</b>	<b>31,226</b>	<b>(22,0)</b>
<b>General and administrative expenses (1)</b>	<b>23,730</b>	<b>22,092</b>	<b>7,4</b>	<b>28,511</b>	<b>(16,8)</b>
<b>Other operating income (expenses)</b>	<b>4,017</b>	<b>(18,347)</b>	<b>-</b>	<b>2,390</b>	<b>68,1</b>
<b>Total operating expenses</b>	<b>52,107</b>	<b>26,175</b>	<b>-</b>	<b>62,127</b>	<b>(16,1)</b>

(1) Includes management compensation

## | EBITDA

Recurring EBITDA<sup>2</sup> in 1Q23 totaled R\$42 million, increasing 86% from 4Q22. Recurring EBITDA margin<sup>2</sup> reached 14%, up 7 *p.p.* from the previous quarter.

EBITDA<sup>1</sup> totaled R\$41 million in the quarter, an increase of R\$16 million (+67%) from 4Q22.

Consolidated - R\$ thousand	1Q23	1Q22	Chg. %	4Q22	Chg. %
<b>Net income (loss) for the period</b>	<b>22,006</b>	<b>42,297</b>	<b>(48,0)</b>	<b>14,032</b>	<b>56,8</b>
Income and social contribution taxes	6,474	8,835	(26,7)	(4,818)	-
Net financial income (loss)	2,937	8,631	(66,0)	7,214	(59,3)
Depreciation and amortization	9,264	4,508	105,5	7,904	17,2
<b>EBITDA CVM 527/12<sup>1</sup></b>	<b>40,681</b>	<b>64,271</b>	<b>(36,7)</b>	<b>24,332</b>	<b>67,2</b>
<b>Non recurring Events</b>	<b>1,713</b>	<b>(15,847)</b>	<b>-</b>	<b>(1,554)</b>	<b>-</b>
Expenses related to court-supervised reorganization	403	477	-	237	-
Expenses related to discontinued units	15	284	-	222	-
Revenue from extemporaneous credits	-	-	-	(2,193)	-
Sale of fixed assets	596	(14,863)	-	(71)	-
Other Nonrecurring Events	699	(1,745)	-	251	-
<b>Recurring EBITDA<sup>2</sup></b>	<b>42,394</b>	<b>48,424</b>	<b>(12,5)</b>	<b>22,778</b>	<b>86,1</b>
<b>Net margin</b>	<b>14%</b>	<b>19%</b>	<b>- 5 p.p.</b>	<b>7%</b>	<b>7 p.p.</b>

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

(2) Recurring 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 non-recurring events.

## | Financial Result

Returns on financial investments resulted in financial income of R\$2.1 million in 1Q23, down 59% from 1Q22, reflecting the reduction in cash balance caused by payments related to the acquisition of Confibra. Compared to 4Q22, financial income in the quarter remained stable.

Net financial result was an expense of about R\$3 million in 1Q23, down 66% from 1Q22 and 59% from 4Q22, mainly due to the lower impact of the appreciation of the Brazilian real against the dollar on receivables in foreign currency at the subsidiary Sama, resulting from the hedge policy, which prioritizes the use of forward contracts as the hedge instrument.

Consolidated - R\$ thousand	1Q23	1Q22	Chg. %	4Q22	Chg. %
<b>Financial income</b>	<b>2,146</b>	<b>5,200</b>	<b>(58,7)</b>	<b>2,290</b>	<b>(6,3)</b>
Financial Investments	2,146	5,200	(58,7)	2,290	(6,3)
<b>Financial Expenses</b>	<b>(1,189)</b>	<b>(602)</b>	<b>97,5</b>	<b>(1,858)</b>	<b>(36,0)</b>
Interest on Bankruptcy-related Debt	(550)	(602)	(8,6)	(580)	(5,2)
Financing Interest	(639)	-	-	(1,278)	(50,0)
<b>Other (1)</b>	<b>(2,893)</b>	<b>(1,788)</b>	<b>61,8</b>	<b>(5,831)</b>	<b>(50,4)</b>
<b>Net of exchange variations</b>	<b>(1,001)</b>	<b>(11,441)</b>	<b>(91,3)</b>	<b>(1,815)</b>	<b>(44,8)</b>
<b>Net financial income (loss)</b>	<b>(2,937)</b>	<b>(8,631)</b>	<b>(66,0)</b>	<b>(7,214)</b>	<b>(59,3)</b>

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

## | Net Income

Recurring Net Income<sup>1</sup> ended 1Q23 at R\$23 million, up R\$10 million (+77%) from 4Q22, while Net Income in 1Q23 reached R\$22 million, down 48% from 1Q22, but 57% higher than in 4Q22.

Consolidated - R\$ thousand	1Q23	1Q22	Chg. %	4Q22	Chg. %
<b>Net income (loss) for the period</b>	<b>22,006</b>	<b>42,297</b>	<b>(48,0)</b>	<b>14,032</b>	<b>56,8</b>
Net margin	7%	16%	- 9 p.p.	4%	3 p.p.
<b>Non recurring Events</b>	<b>1,713</b>	<b>(15,847)</b>	<b>-</b>	<b>(1,554)</b>	<b>-</b>
Expenses related to court-supervised reorganization	403	477	-	237	-
Expenses related to discontinuity of units	15	284	-	222	-
Revenue from extemporaneous credits	-	-	-	(2,193)	-
Sale/write-off of fixed assets	596	(14,863)	-	(71)	-
Other Nonrecurring Events	699	(1,745)	-	251	-
Effect of Income Tax/Social Contribution*	(582)	5,388	-	528	-
<b>Adjusted Net Income/Loss</b>	<b>23,137</b>	<b>31,838</b>	<b>(27,3)</b>	<b>13,006</b>	<b>77,9</b>
Net margin	8%	12%	- 4 p.p.	4%	4 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 Debt

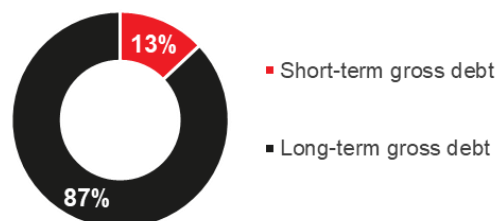
The Company ended 1Q23 with net debt of R\$33 million, though gross debt decreased R\$20 million.

The decline in cash balance compared to December 31, 2022 was due to the following payments made during the quarter: (i) R\$ 25 million related to adjustment of the acquisition price of Confibra; (ii) R\$21 million capex in strategic projects; (iii) R\$20 million for the settlement of ACE contracted in 4Q22; and (iv) R\$19 million for payment of interest on equity to shareholders.

At the end of the quarter, the Company's gross debt totaled R\$64 million, consisting of the loan from Banco da Amazônia to finance the construction of Eternit's unit in Amazônia (R\$32 million) and the FINAME financing contracted from Banco Daycoval (R\$31 million).

Net (Cash) Debt - R\$ thousand	03/31/2023	03/31/2022	Chg. %	12/31/2022	Chg. %
Short-term gross debt	8,046	3,911	105,7	26,296	(69,4)
Long-term gross debt	56,061	32,501	72,5	58,295	(3,8)
<b>Total gross debt</b>	<b>64,107</b>	<b>36,412</b>	<b>76,1</b>	<b>84,591</b>	<b>(24,2)</b>
(-) Cash and cash equivalents	30,764	236,724	(87,0)	112,469	(72,6)
<b>Net (Cash) Debt</b>	<b>33,343</b>	<b>(200,312)</b>	<b>-</b>	<b>(27,878)</b>	<b>-</b>

1Q23 Gross Debt (%)



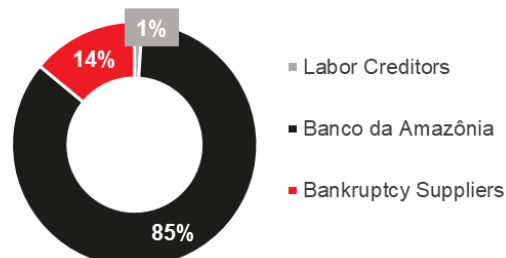
### | Bankruptcy-Related Debt

In 1Q23, the Company paid R\$1,769,000 to Classes II and III bankruptcy creditors.

As a result, bankruptcy-related debt on March 31, 2023 totaled around R\$38 million, including US\$125,000 translated at 1 US\$: R\$ 5.08, broken down as follows:

- Class II: R\$32.5 million, which is the balance of the loan taken from BASA to fund Eternit Amazônia's investments (monthly repayments and fixed interest of 7% p.a.).
- Class I: R\$461 million, related to new authorized labor claims.
- Classes III and IV: R\$4.6 million, related to suppliers that did not file any claim for payment.

1Q23 Bankruptcy-Related Debt



Class	Balance Approved in CSR Plan	Haircut	Payment Guarantee	New Authorized (Unauthorized) Credits	Interest / Charges	Payments made	Balance at end of period
Class I - Labor Creditors - R\$ thousand	6,466	-	-	4,360	-	(10,365)	461
Class II - Creditors with Secured Claims - R\$ thousand	36,225	-	-	-	9,967	(13,717)	32,475
Class III - Unsecured Creditors							
Option A - R\$ thousand	107,672	(17,314)	(40,400)	(1,383)	3,448	(48,459)	3,564
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	(3,676)	1,007
<b>Total - R\$ thousand</b>	<b>239,072</b>	<b>(55,153)</b>	<b>(40,400)</b>	<b>2,977</b>	<b>16,728</b>	<b>(125,717)</b>	<b>37,507</b>
<b>Total - US\$ thousand</b>	<b>2,649</b>	<b>(763)</b>	<b>-</b>	<b>(520)</b>	<b>6</b>	<b>(1,247)</b>	<b>125</b>

## | 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 Court-Supervised Reorganization Plan approved at the general meeting of creditors, which were ratified on May 30, 2022 by the 2<sup>nd</sup> Bankruptcy and Judicial Recovery Court of São Paulo.

## | Investments - Capex

The Company's investments in 1Q23 totaled R\$31 million, allocated as follows: 75% for strategic projects (new fiber-cement unit in Ceará, photovoltaic roofing tiles and project for expansion of the PP fiber unit in Manaus) and 25% for working capital requirements.

### Photovoltaic Roofing Panels

This quarter, the Company continued to sell concrete solar tiles, which totaled 42 kWp in the period and about 213 kWp since it started selling the product.

Regarding the development of fiber-cement solar tiles, after the successful pilot project in the cattle feedlot in Mato Grosso do Sul, the Company started installing the product at its new fiber-cement plant in Ceará. The project will include a 300 kWp photovoltaic generator, supplying around 25% of the industrial unit's electricity consumption when in operation.

### Expansion Project at the Manaus Unit (PP)

Efforts to remove the bottleneck at the Manaus unit, which produces synthetic polypropylene fiber, are on schedule and the equipment has already been acquired and services already contracted. The project

to expand the unit’s production capacity to 18,000 tons p.a. is expected to be concluded by the year-end.

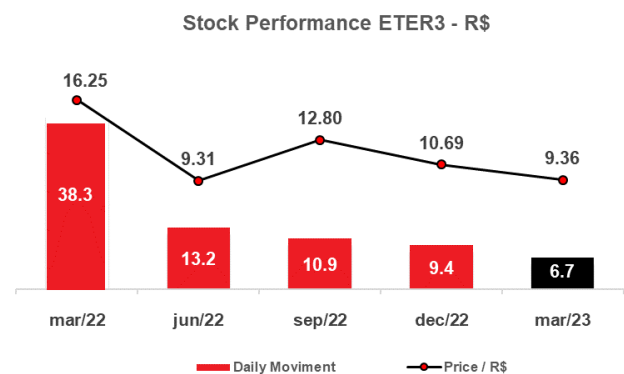
### Greenfield Project - Ceará

Construction, electrical and hydraulic works are in progress at the new fiber-cement roofing panels unit in Caucaia, Ceará, with production capacity of 78,000 tons p.a., and contracts have been signed for the supply of equipment. The project entails investments of R\$165 million, of which around R\$81 million have already been disbursed.

## Capital Markets

Eternit joined Novo Mercado, the highest level of corporate governance at B3, in 2006 under the ticker ETER3.

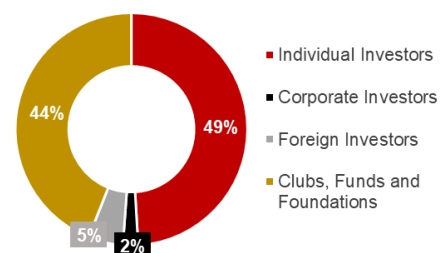
The market cap of the Company on March 31, 2023, was R\$578 million, considering the closing share price of R\$9.36, average daily trading volume was R\$6.7 million.



With fragmented stock ownership and no shareholders' agreement or controlling group, the shareholder base of the Company on March 31, 2023, had 25,631 shareholders. 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.

This quarter, the Company approved a share buyback program to repurchase up to 115,000 shares (0.2% of total outstanding shares) to meet the requirements of the Policy on Management Variable Compensation. During the period, 67,900 shares were acquired, which will be held in treasury until the exercise of options granted pursuant to the [policy](#).

Ownership Structure 03/31/2023



Visit the IR website ([ri.eternit.com.br](http://ri.eternit.com.br)) for more information.

## Events Subsequent to the Reporting Period

### Declaration of Interest on Equity

In accordance with the Policy on Dividends and Interest on Equity approved on June 30, 2022, the Board of Directors approved on May 9, 2023, the announcement of interest on equity related to 1Q23 results, in the amount of R\$4.8 million, corresponding to a gross amount of R\$0.078 per common share, which will be paid on September 29, 2023.

## Annexes

### ETERNIT SA. - Under Court-Supervised Reorganization Balance Sheet

R\$ thousand

ASSETS	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Total current assets</b>	<b>456,686</b>	<b>479,921</b>	<b>642,321</b>	<b>715,330</b>
Cash and cash equivalents	666	3,485	30,764	112,469
Accounts receivable	73,180	68,499	208,372	227,705
Inventories	117,609	114,237	220,084	209,822
Taxes recoverable	26,522	26,003	117,635	107,735
Related parties	230,694	261,101	-	-
Prepaid expenses	1,716	1,901	39,767	39,427
Other current assets	6,299	4,695	24,676	17,149
Assets held for sale	-	-	1,023	1,023
<b>Total non-current assets</b>	<b>584,332</b>	<b>566,798</b>	<b>526,154</b>	<b>506,937</b>
Judicial deposits	8,525	8,480	12,924	12,879
Taxes recoverable	2,596	2,695	32,603	37,268
Related parties	3,396	2,626	-	-
Other non-current assets	139	140	1,595	1,595
Investments	406,219	387,951	-	-
Right-of-use assets	-	-	17,170	15,920
Fixed assets	163,216	164,625	378,145	355,959
Intangible assets	241	281	83,717	83,316
<b>Total assets</b>	<b>1.041,018</b>	<b>1.046,719</b>	<b>1.168,475</b>	<b>1.222,267</b>



LIABILITIES AND EQUITY	Parent Company		Consolidated	
	03/31/2023	12/31/2022	03/31/2023	12/31/2022
<b>Total current liabilities</b>	<b>174,173</b>	<b>197,031</b>	<b>219,754</b>	<b>284,164</b>
Suppliers	31,290	27,769	61,218	65,116
Loans and financing	4,136	2,247	8,046	26,296
Related parties	62,671	48,016	-	-
Personnel expenses	18,230	20,631	31,332	29,480
Dividends of interest on equity	4,232	17,737	4,258	17,763
Taxes, charges and contributions payable	17,148	16,455	36,503	30,722
Provision for post-employment benefits	3,191	3,191	6,947	6,947
Lease obligations	-	-	3,607	3,607
Other current liabilities	33,275	60,985	67,843	104,233
<b>Total non-current liabilities</b>	<b>174,149</b>	<b>173,500</b>	<b>255,899</b>	<b>261,805</b>
Loans and financing	27,497	28,746	56,061	58,295
Related parties	27,459	26,722	-	-
Taxes, charges and contributions payable	6,400	6,666	21,106	22,377
Personnel expenses	5,146	6,385	5,492	6,779
Provisions for tax, civil and labor risks	50,155	50,656	69,880	69,914
Provision for post-employment benefits	29,391	29,399	61,122	61,241
Provision for decommissioning of mine	-	-	9,982	9,982
Provision for investment losses	28,101	24,926	-	-
Lease obligations	-	-	13,625	12,340
Deferred income tax and social contribution	-	-	18,631	20,877
<b>Equity attributable to controlling shareholders</b>	<b>692,696</b>	<b>676,188</b>	<b>692,696</b>	<b>676,188</b>
Share capital	438,082	438,082	438,082	438,082
Capital reserves	82,737	81,093	82,737	81,093
Treasury shares	(844)	(174)	(844)	(174)
Revenue reserves	180,208	164,674	180,208	164,674
Other comprehensive income (loss)	(7,487)	(7,487)	(7,487)	(7,487)
<b>Total equity</b>	<b>692,696</b>	<b>676,188</b>	<b>692,822</b>	<b>676,298</b>
Non-controlling interests	-	-	126	110
<b>Total liabilities and equity</b>	<b>1.041,018</b>	<b>1.046,719</b>	<b>1.168,475</b>	<b>1.222,267</b>

## ETERNIT S.A. - Under Court-Supervised Reorganization (PARENT COMPANY)

## Income Statement

R\$ thousand	1Q23	1Q22	Chg. %	4Q22	Chg. %
<b>Net revenue</b>	<b>170,848</b>	<b>186,040</b>	<b>-8,2%</b>	<b>167,491</b>	<b>2,0%</b>
Costs of goods and services sold	(134,273)	(135,327)	-0,8%	(138,777)	-3,2%
<b>Gross profit</b>	<b>36,575</b>	<b>50,713</b>	<b>-27,9%</b>	<b>28,714</b>	<b>27,4%</b>
<b>Gross margin</b>	<b>21%</b>	<b>27%</b>	<b>- 6 p.p.</b>	<b>17%</b>	<b>4 p.p.</b>
<b>Operating revenues (expenses)</b>	<b>(27,022)</b>	<b>(28,087)</b>	<b>-3,8%</b>	<b>(28,820)</b>	<b>-6,2%</b>
Selling expenses	(12,807)	(12,880)	-0,6%	(14,650)	-12,6%
General and administrative	(12,195)	(13,494)	-9,6%	(15,608)	-21,9%
Other operating revenues (expenses), net	(2,020)	(1,713)	17,9%	1,438	-240,5%
<b>Income (Loss) before equity pick-up (EBIT)</b>	<b>9,553</b>	<b>22,626</b>	<b>-57,8%</b>	<b>(106)</b>	<b>-</b>
<b>EBIT margin</b>	<b>6%</b>	<b>12%</b>	<b>- 6 p.p.</b>	<b>-</b>	<b>-</b>
Equity pick-up	15,093	24,336	-38,0%	11,228	34,4%
<b>Operating income (loss) before financial result</b>	<b>24,646</b>	<b>46,962</b>	<b>-47,5%</b>	<b>11,122</b>	<b>121,6%</b>
Net financial income (loss)	(2,560)	(1,871)	36,8%	(2,951)	-13,2%
<b>Income (Loss) before income tax and social contribution</b>	<b>22,086</b>	<b>45,091</b>	<b>-51,0%</b>	<b>8,171</b>	<b>170,3%</b>
Current income tax and social contribution	(96)	(8,535)	-98,9%	5,844	-101,6%
Deferred income tax and social contribution	-	5,701	-	-	-
<b>Net income (loss) for the period</b>	<b>21,990</b>	<b>42,257</b>	<b>-48,0%</b>	<b>14,015</b>	<b>56,9%</b>
<b>Net margin</b>	<b>13%</b>	<b>23%</b>	<b>- 10 p.p.</b>	<b>8%</b>	<b>5 p.p.</b>

**ETERNIT S.A. - Under Court-Supervised Reorganization (CONSOLIDATED)**  
**Income Statements**

R\$ thousand	1Q23	1Q22	Chg. %	4Q22	Chg. %
<b>Net revenue</b>	<b>296,376</b>	<b>259,693</b>	<b>14,1%</b>	<b>312,556</b>	<b>-5,2%</b>
Costs of goods and services sold	(212,852)	(173,755)	22,5%	(234,001)	-9,0%
<b>Gross profit</b>	<b>83,524</b>	<b>85,938</b>	<b>-2,8%</b>	<b>78,555</b>	<b>6,3%</b>
<b>Gross margin</b>	<b>28%</b>	<b>33%</b>	<b>- 5 p.p.</b>	<b>25%</b>	<b>3 p.p.</b>
<b>Operating revenues (expenses)</b>	<b>(52,107)</b>	<b>(26,175)</b>	<b>99,1%</b>	<b>(62,127)</b>	<b>-16,1%</b>
Selling expenses	(24,360)	(22,430)	8,6%	(31,226)	-22,0%
General and administrative	(23,730)	(22,092)	7,4%	(28,511)	-16,8%
Other operating revenues (expenses), net	(4,017)	18,347	-121,9%	(2,390)	68,1%
<b>Income (Loss) before equity pick-up (EBIT)</b>	<b>31,417</b>	<b>59,763</b>	<b>-47,4%</b>	<b>16,428</b>	<b>91,2%</b>
<b>EBIT margin</b>	<b>11%</b>	<b>23%</b>	<b>- 12 p.p.</b>	<b>5%</b>	<b>6 p.p.</b>
Net financial income (loss)	(2,937)	(8,631)	-66,0%	(7,214)	-59,3%
<b>Income (Loss) before income and social contribution taxes</b>	<b>28,480</b>	<b>51,132</b>	<b>-44,3%</b>	<b>9,214</b>	<b>209,1%</b>
Current income tax and social contribution	(11,228)	(13,988)	-19,7%	2,550	-540,3%
Deferred income tax and social contribution	4,754	5,153	-7,7%	2,268	109,6%
<b>Net income (loss) for the period</b>	<b>22,006</b>	<b>42,297</b>	<b>-48,0%</b>	<b>14,032</b>	<b>56,8%</b>
<b>Net margin</b>	<b>7%</b>	<b>16%</b>	<b>- 9 p.p.</b>	<b>4%</b>	<b>3 p.p.</b>

**ETERNIT S.A. - Under Court-Supervised Reorganization**  
**STATEMENT OF CASH FLOWS**

R\$ thousand - Accrued	Parent Company		Consolidated	
	03/31/2023	03/31/2022	03/31/2023	03/31/2022
Cash flows from operating activities				
<b>Income (Loss) before income and social contribution taxes</b>	<b>22,086</b>	<b>45,091</b>	<b>28,480</b>	<b>51,132</b>
<b>Reconciliation of earnings before income tax and social contribution to net cash provided by operations:</b>				
Equity pick-up	(15,093)	(24,336)	-	-
Depreciation and amortization	3,999	3,144	9,264	4,508
Gain (Loss) on write-off of fixed and intangible assets	260	-	583	-
Allowance for doubtful accounts	672	240	2,806	97
Allowance for inventory write down to net realizable value	(471)	(594)	(753)	(579)
Estimated impairment losses	-	-	(1,065)	-
Provisions for tax, civil and labor risks	(501)	(617)	(32)	(842)
Provision for post-employment benefits	(8)	65	(119)	43
Financial charges and monetary and exchange variations	1,026	874	3,509	6,556
	<b>11,970</b>	<b>23,867</b>	<b>42,673</b>	<b>60,915</b>
<b>Decrease (increase) in operating assets:</b>				
Accounts receivable	(5,353)	(15,069)	15,815	(14,466)
Related parties	29,637	3,347	-	-
Inventories	(2,901)	(18,747)	(9,509)	(27,633)
Taxes recoverable	(433)	17,327	(1,118)	8,419
Judicial deposits	(45)	(27)	(47)	(26)
Other assets	(1,418)	(875)	(7,860)	3,585
Assets held for sale	-	-	-	3,822
<b>Increase (decrease) in operating liabilities:</b>				
Suppliers	3,503	(78)	(4,725)	3,204
Related parties	15,392	1,156	-	-
Taxes, charges and contributions payable	382	935	(1,732)	783
Personnel expenses	(3,640)	2,699	565	3,808
Other liabilities	(27,710)	2,188	(36,390)	581
	<b>19,384</b>	<b>16,723</b>	<b>(2,328)</b>	<b>42,992</b>
<b>Cash provided by (used in) operating activities</b>	<b>19,384</b>	<b>16,723</b>	<b>(2,328)</b>	<b>42,992</b>
Interest paid	(368)	-	-	-
Income tax and social contribution paid	(39)	(9,821)	(6,611)	(11,933)
	<b>18,977</b>	<b>6,902</b>	<b>(8,939)</b>	<b>31,059</b>
<b>Net cash provided by (used in) operating activities</b>	<b>18,977</b>	<b>6,902</b>	<b>(8,939)</b>	<b>31,059</b>
<b>Cash flows from investing activities</b>				
Additions to fixed and intangible assets	(2,809)	(8,812)	(30,991)	(10,799)
	<b>(2,809)</b>	<b>(8,812)</b>	<b>(30,991)</b>	<b>(10,799)</b>
<b>Net cash used in investing activities</b>	<b>(2,809)</b>	<b>(8,812)</b>	<b>(30,991)</b>	<b>(10,799)</b>
<b>Cash flow from financing activities</b>				
Loans and financing raised	-	-	-	-
Amortization of loans and financings	-	-	(21,924)	(1,582)
Payments of dividends and interest on equity	(18,317)	-	(18,317)	-
Lease obligations	-	-	(864)	(818)
Increase in share capital	(670)	-	(670)	-
	<b>(18,987)</b>	<b>-</b>	<b>(41,775)</b>	<b>(2,400)</b>
<b>Net cash generated by financing activities</b>	<b>(18,987)</b>	<b>-</b>	<b>(41,775)</b>	<b>(2,400)</b>
<b>Increase (Reduction) in cash and cash equivalents</b>	<b>(2,819)</b>	<b>(1,910)</b>	<b>(81,705)</b>	<b>17,860</b>
At the beginning of the period	3,485	3,370	112,469	218,864
At the end of the period	666	1,460	30,764	236,724
<b>Increase (Reduction) in cash and cash equivalents</b>	<b>(2,819)</b>	<b>(1,910)</b>	<b>(81,705)</b>	<b>17,860</b>