

# Eternit

a marca da coruja



Earnings Release  
**4Q22**

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São Paulo, February 14, 2023 - Eternit S.A. – Under Court-Supervised Reorganization (B3: ETER3, “Eternit” or “Company”) announces today its results for the 4<sup>th</sup> quarter of 2022 (4Q22). 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 December 31, 2022. All comparisons in this earnings release are with the 4<sup>th</sup> quarter of 2021, except where stated otherwise.

## Highlights

4Q22

**Eternit reports Net Revenue of R\$313 million in 4Q22 and R\$1.2 billion in 2022, up 6% from 2021.**

### MARKET CAP (12/31/2022)

R\$660 million

### CLOSING SHARE PRICE (12/31/2022)

R\$10.69

### NUMBER OF SHARES (12/31/2022)

61,776,575

### FREE FLOAT

98.41%

### INVESTOR RELATIONS

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

### Videoconference:

Wednesday, February 15, 2023.

9 a.m. (BRT) | 7 a.m. (EDT)

### Webcast:

[Click here to participate!](#)

### 4Q22/4Q21 PERFORMANCE



**Net revenue** of R\$313 million (+8%).



**Gross profit** of R\$79 million, with **Gross margin** of 25%.



**Recurring EBITDA** of R\$23 million and **Recurring EBITDA margin** of 7%.



**Net income** of R\$14 million.

## Message from Management

The Eternit Group reported Net revenue of R\$313 million in 4Q22, an increase of 8% from the same period in 2021. In the year, net revenue reached R\$1.2 billion, up 6% from 2021, and was achieved in a scenario of sales decline across the construction material industry, which registered a 7% drop in sales during the year, according to ABRAMAT, after posting record performance in 2021.

Recurring EBITDA in 4Q22 came to R\$23 million, down 70% from 4Q21, and R\$186 million in the year, decreasing 45% from 2021. Similarly, net income totaled R\$14 million in 4Q22, down 74% from 4Q21, and R\$138 million in 2022, down 49% from 2021.

Continuing the program to modernize the fiber-cement production facilities, in 4Q22 the Company concluded the expansion work at the Rio de Janeiro unit. The expansion of the Rio de Janeiro and Goiânia units will jointly represent an additional capacity of 7,000 tons per month.

The greenfield project related to the fiber-cement roofing panels unit in Caucaia, Ceará, is being implemented; in 4Q22 the earthwork stage was completed and infrastructure work (construction, electrical and hydraulic) began, for which 35% of the machinery and equipment budget was committed. Construction of the new unit, whose initial production capacity will be 6,500 tons per month, should be concluded in the second half of 2023.

Regarding the expansion of the PP unit in Manaus, which produces synthetic polypropylene fiber, the project to remove bottlenecks is on schedule, with the equipment already acquired and installation services being contracted. Expansion of the unit will increase its current capacity by 40%, which will be used to supply Confibra and the greenfield project in Ceará. The expansion of the Manaus unit should be concluded in late 2023.

At the end of 2022, Eternit's bankruptcy-related debt was approximately R\$39 million, of which around R\$33 million refers 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 the special appeal filed at the Superior Court of Justice (STJ) claiming the reestablishment of the payment conditions of labor creditors established in the Court-Supervised Reorganization Plan approved at the general meeting of creditors.

Finally, the Eternit Board of Directors Meeting held on December 13, 2022 approved the payment of interest on equity of around R\$10.6 million related to the 4Q22 results, in accordance with the Company's Dividend and Interest on Equity Policy. As such, during 2022, Eternit declared interest on equity in the gross amount of R\$38 million, related to its results during the year, representing gross remuneration of R\$0.61/per share.

## Main Indicators

Consolidated - R\$ thousand	4Q22	4Q21	Chg. %	3Q22	Chg. %	2022	2021	Chg. %
Gross Sales Revenue	379,701	359,741	5,5	388,640	(2,3)	1.443,665	1.393,132	3,6
Net revenue	312,556	289,545	7,9	323,048	(3,2)	1.187,383	1.123,125	5,7
Gross profit	78,555	119,216	(34,1)	99,990	(21,4)	371,941	491,050	(24,3)
Gross margin	25%	41%	- 16 p.p.	31%	- 6 p.p.	31%	44%	- 13 p.p.
Net income (loss) for the period	14,032	53,343	(73,7)	41,040	(65,8)	137,713	269,446	(48,9)
Net margin	4%	18%	- 14 p.p.	13%	- 9 p.p.	12%	24%	- 12 p.p.
Adjusted Net Income/Loss	13,006	54,866	(76,3)	43,260	(69,9)	129,573	251,059	(48,4)
Adjusted Net Margin	4%	19%	- 15 p.p.	13%	- 9 p.p.	11%	22%	- 11 p.p.
EBITDA CVM 527/12	24,332	73,906	(67,1)	53,444	(54,5)	198,826	362,070	(45,1)
EBITDA Margin CVM 527/12	8%	26%	- 18 p.p.	17%	- 9 p.p.	17%	32%	- 15 p.p.
Adjusted EBITDA	22,778	76,214	(70,1)	56,807	(59,9)	186,492	336,995	(44,7)
Adjusted EBITDA Margin	7%	26%	- 19 p.p.	18%	- 11 p.p.	16%	30%	- 14 p.p.

## Economy and Market

Inflation, measured by the Extended National Consumer Price Index (IPCA), reached 5.79% in 2022. In the last quarter of the year, the highest increase was recorded in December (0.62%). On the other hand, the basic interest rate (SELIC) increased continuously during the year, from 9.25% p.a. in December 2021 to 13.75% p.a. in December 2022. Market expectations disclosed in the Focus Report<sup>[1]</sup> disclosed by the Brazilian Central Bank predict mild GDP growth of 0.80% in 2023, with inflation measured by IPCA of 5.74% and SELIC rate of 12.50% p.a. by the year-end.



According to the Brazilian Construction Materials Industry Association (ABRAMAT)<sup>[2]</sup>, revenue from the construction materials sector not adjusted for inflation decreased 1.9% between November and December 2022. Compared to December 2021, the decline was 8.7%.

Unlike in 2021, when the sector actually recovered and grew 8.1% in relation to 2020, ABRAMAT's preliminary estimates point to a 7% decline in 2022 from 2021, mainly due to the high level of household debt in a scenario where the domestic budget is heavily disputed by food-related expenses, which has reduced the demand for construction materials.

<sup>[1]</sup> FOCUS Report – 01/27/2023

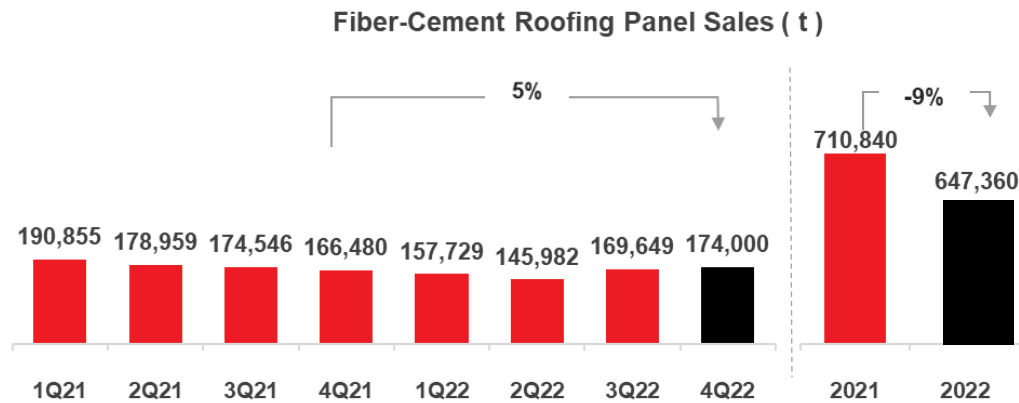
<sup>[2]</sup> ABRAMAT: [www.abramat.org.br](http://www.abramat.org.br) – ABRAMAT index 01/12/2023

## Operating Performance

### | Eternit – Fiber-cement segment

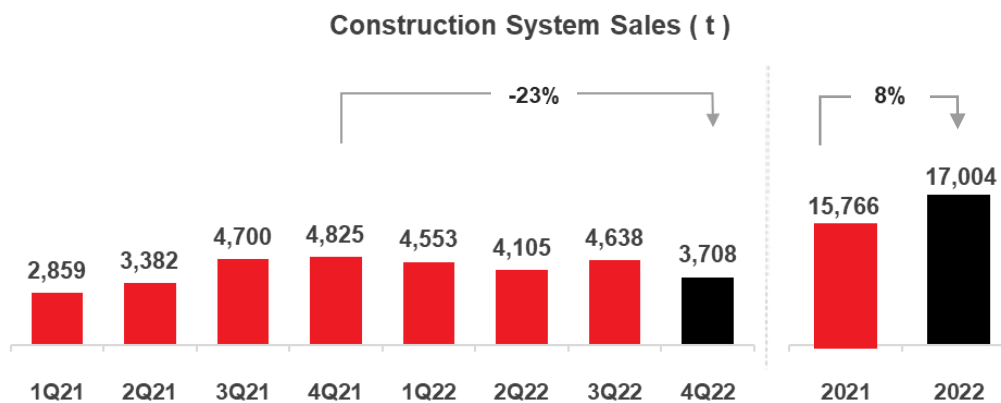
In 4Q22, sales of roofing panels totaled 174,000 tons, up 5% from 4Q21 and 3% from 3Q22.

In 2022, sales of fiber-cement roofing panels, including Confibra's sales from August to December, totaled approximately 647,000 tons, decreasing 9% from 2021, a year of record performance by the construction materials industry.



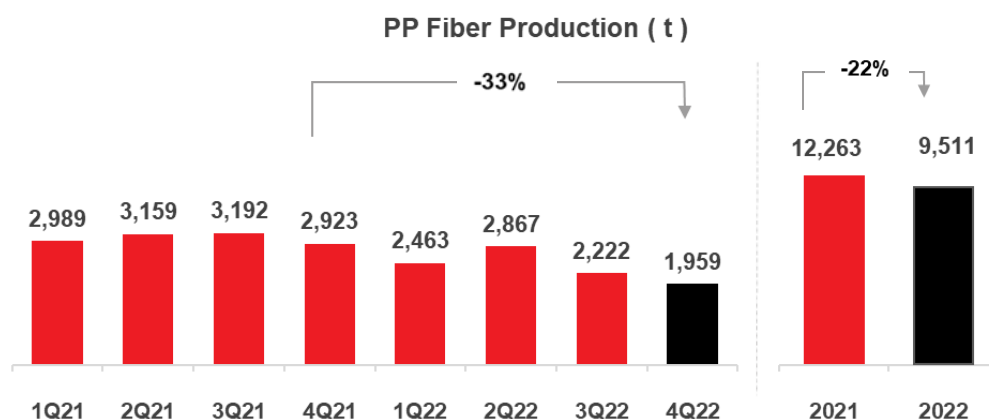
In 4Q22, the construction systems segment, which includes cement cladding panels and wall cladding panels, sold 3,700 tons, 23% less than in 4Q21, which was a quarter of record performance for the segment.

However, sales volume in 2022 totaled 17,000 tons, 8% higher than in 2021.



Used as a raw material in the production of fiber-cement roofing panels and construction systems, the polypropylene fiber (PP) produced at the Manaus unit totaled around 2,000 tons in 4Q22, down 33% from 4Q21.

In the year, production totaled 9.500 tons, down 22% from 2021, following the decline in the sales of fiber-cement roofing panels.



The fiber-cement segment ended 4Q22 with gross margin of 20%, down 2 *p.p.* from 3Q22, with selling prices remaining practically unchanged from the previous quarter and the increase in raw material costs slowing down.

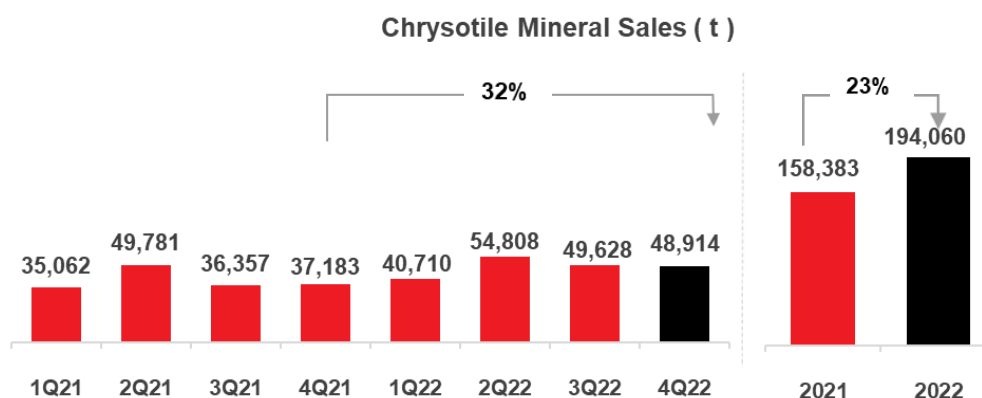
Compared to 4Q21, given the increase in the cost of raw materials and production inputs, gross margin declined 17 *p.p.* Similarly, in the year, gross margin stood at 25%, declining 14 *p.p.* from 2021.

Fiber-cement - R\$ thousand	4Q22	4Q21	Chg. %	3Q22	Chg. %	2022	2021	Chg. %
Net revenue	203,257	213,217	(4,7)	207,762	(2,2)	781,140	837,049	(6,7)
Gross profit	40,517	78,397	(48,3)	44,971	(9,9)	198,824	326,099	(39,0)
Gross margin	20%	37%	- 17 <i>p.p.</i>	22%	- 2 <i>p.p.</i>	25%	39%	- 14 <i>p.p.</i>

### | Sama – Chrysotile Mineral Segment

Chrysotile fiber exports totaled 49,000 tons in 4Q22, increasing 32% from 4Q21, and 194,000 tons in 2022, up of 23% from 2021.

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



In 4Q22, gross margin from chrysotile exports reached 44%, down 9 *p.p.* from 3Q22 and 17 *p.p.* from 4Q21.

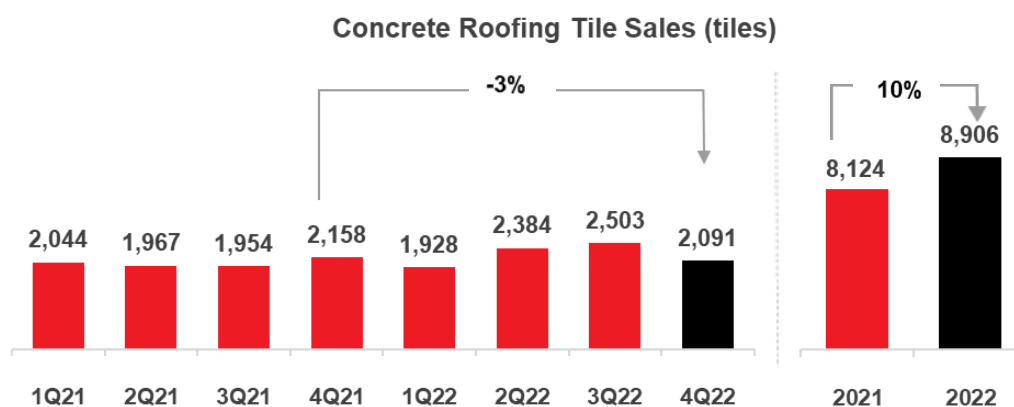
In 2022, gross margin from exports reached 48%, down 14 *p.p.* from 2021. The lower gross margin from the segment is mainly due to the appreciation of the Brazilian real against the U.S. dollar and the increase in logistics costs across all transportation modes caused by inflationary pressures from fuel prices mainly during 9M22.

Chrysotile mineral - R\$ thousand	4Q22	4Q21	Chg. %	3Q22	Chg. %	2022	2021	Chg. %
Net revenue	98,731	71,316	38,4	104,882	(5,9)	373,160	268,738	38,9
Gross profit	43,345	43,415	(0,2)	55,851	(22,4)	178,391	165,649	7,7
Gross margin	44%	61%	- 17 <i>p.p.</i>	53%	- 9 <i>p.p.</i>	48%	62%	- 14 <i>p.p.</i>



## | Tégula – Concrete Roofing Tiles Segment

The concrete roofing tiles segment sold 2.1 million pieces in 4Q22, 3% less than in 4Q21, and sold about 8.9 million pieces in the year, 10% more than in 2021.



Gross margin in 4Q22 was 15%, increasing 6 *p.p.* from 3Q22 and remaining stable in relation to 4Q21.

In the year, gross margin from the segment was 11%, down 7 *p.p.* from 2021, reflecting the increase in the cost of raw materials, especially cement (+35%) and sand (+26%).

Concrete Roofing Tiles - R\$ thousand	4Q22	4Q21	Chg. %	3Q22	Chg. %	2022	2021	Chg. %
Net revenue	5,521	4,540	21,6	6,286	(12,2)	21,725	16,719	29,9
Gross profit	819	693	18,2	594	37,9	2,425	3,000	(19,2)
Gross margin	15%	15%	-	9%	6 <i>p.p.</i>	11%	18%	- 7 <i>p.p.</i>

## Consolidated Financial Performance

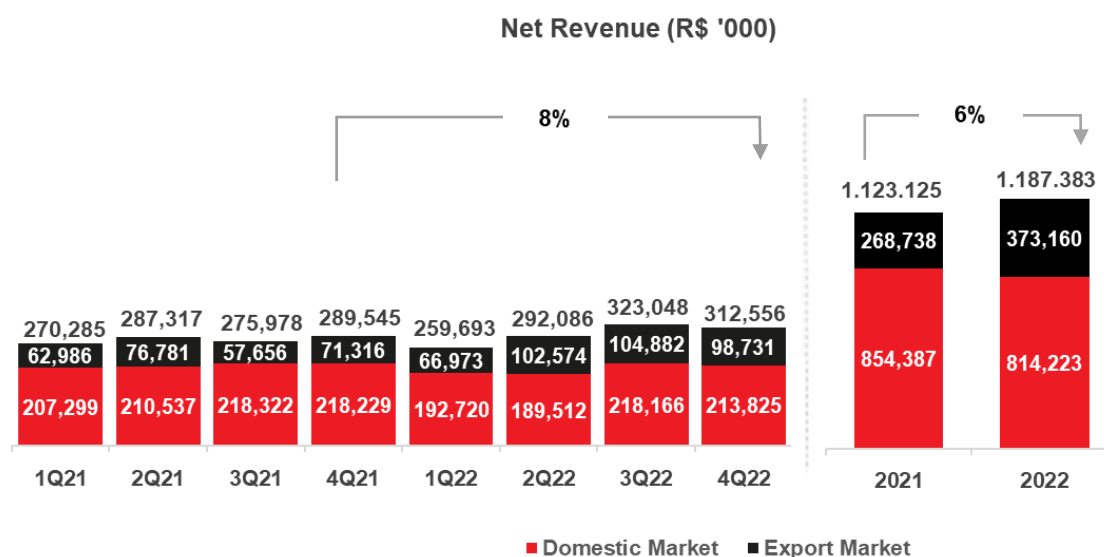
### | Net Revenue

The Company posted net revenue of about R\$313 million in 4Q22, an increase of 8% from 4Q21.

In the domestic market, net revenue in 4Q22 was approximately R\$214 million, down 2% from 4Q21 and 3Q22, reflecting the decline in fiber-cement sales caused by the slowdown in the construction materials sector.

In the export market, chrysotile fiber exports in 4Q22 generated net revenue of R\$99 million, an increase of 38% from 4Q21.

In the year, net revenue reached R\$1.2 billion, increasing 6% from 2021.



### | Costs of Goods and Products Sold

Costs of goods and products sold (COGS) totaled R\$234 million in 4Q22, increasing 37% from 4Q21 and 5% from 3Q22.

In 2022, COGS totaled R\$815 million, increasing 29% from 2021, chiefly due to the following factors: (i) increase in the prices of raw material used to produce fiber-cement (lime: +29%; cement: +28%; lime +29%; and PP resin: +22%); (ii) effect of inflation on materials and services used in plant maintenance; and (iii) rise in fuel prices.

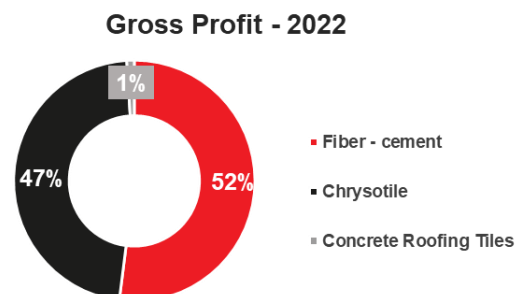
Consolidated - R\$ thousand	4Q22	4Q21	Var. %	3Q22	Chg. %	2022	2021	Chg. %
Net revenue	312,556	289,545	7,9	323,048	(3,2)	1.187,383	1.123,125	5,7
Costs of Goods and Products Sold	(234,001)	(170,329)	37,4	(223,058)	4,9	(815,442)	(632,075)	29,0
Gross profit	78,555	119,216	(34,1)	99,990	(21,4)	371,941	491,050	(24,3)
Gross margin	25%	41%	- 16 p.p.	31%	- 6 p.p.	31%	44%	- 13 p.p.

### | Gross Profit

Gross profit in 4Q22 totaled R\$79 million, down 34% from 4Q21 and 21% from 3Q22, reflecting the higher raw material costs and the drop in sales in the fiber-cement segment.

In 2022, gross profit totaled R\$372 million, down 24% from 2021, with fiber-cement segment, the Company's core business, accounting for 52% of the result.

Gross margin in 4Q22 was 25%, down 16 *p.p.* from 4Q21 and 6 *p.p.* from 3Q22. In the year, gross margin reached 31%, down 13 *p.p.* from 2021.



### | Selling Expenses

Selling expenses totaled approximately R\$31 million in 4Q22, increasing R\$3.7 million from 3Q22 (14%) and R\$2.7 million from 4Q21 (9%).

In the year, selling expenses totaled R\$109 million, up 15% from 2021. The increase in selling expenses is mainly due to the merger of Confibra in August (R\$6.5 million) and the increase in variable expenses with exports resulting from the sales growth in the chrysotile mineral segment (R\$7.5 million).

However, when analyzed as a ratio of net revenue, selling expenses in 4Q22 and 2022 remained at the same level.

Consolidated - R\$ thousand	4Q22	4Q21	Chg. %	3Q22	Chg. %	2022	2021	Chg. %
Net Revenue	312,556	289,545	7,9	323,048	(3,2)	1.187,383	1.123,125	5,7
Selling expenses	31,226	28,565	9,3	27,515	13,5	108,640	94,141	15,4
% of Net Revenue	10%	10%	-	9%	1 <i>p.p.</i>	9%	8%	1 <i>p.p.</i>

### | General and Administrative Expenses

General and administrative expenses totaled R\$29 million in 4Q22, 6% lower than in 4Q21 but 15% higher than in 3Q22.

In the year, general and administrative expenses totaled R\$103 million. The increase of R\$5.8 million from 2021 was chiefly due to the merger of Confibra in August (R\$1.1 million) and increase in expenses with labor and services due to inflation during the period (R\$5.5 million).

### | Other Operating (Income)/ Expenses

In 4Q22, Other operating (income)/expenses was an expense of R\$2.4 million, mainly due to the booking goodwill amortization (PPA) from the acquisition of Confibra (R\$4.1 million).

In 2022, Other operating (income)/expenses was an income of R\$16 million, largely impacted by the sale

of a non-operating fixed asset (R\$14.5 million) in 1Q22 and the booking of extemporaneous tax credits (R\$2 million).

Consolidated - R\$ thousand	4Q22	4Q21	Chg. %	3Q22	Chg. %	2022	2021	Chg. %
<b>Selling expenses</b>	<b>31,226</b>	<b>28,565</b>	<b>9,3</b>	<b>27,515</b>	<b>13,5</b>	<b>108,640</b>	<b>94,141</b>	<b>15,4</b>
<b>General and administrative expenses<sup>(1)</sup></b>	<b>28,511</b>	<b>30,449</b>	<b>(6,4)</b>	<b>24,737</b>	<b>15,3</b>	<b>102,647</b>	<b>96,855</b>	<b>6,0</b>
<b>Other operating income (expenses)</b>	<b>2,390</b>	<b>(9,654)</b>	<b>-</b>	<b>(461)</b>	<b>-</b>	<b>(15,950)</b>	<b>(45,595)</b>	<b>(65,0)</b>
<b>Total operating expenses</b>	<b>62,127</b>	<b>49,360</b>	<b>25,9</b>	<b>51,791</b>	<b>20,0</b>	<b>195,337</b>	<b>145,401</b>	<b>34,3</b>

(1) Includes management compensation

## | EBITDA

EBITDA<sup>1</sup> totaled R\$24 million in the quarter and R\$199 million in the year, decreasing 55% from 3Q22 and 67% from the same period in 2021.

Recurring EBITDA<sup>2</sup> in 4Q22 was R\$23 million, down 60% from 3Q22 and 70% from 4Q21. In the year, recurring EBITDA totaled R\$186 million and recurring EBITDA margin stood at 16%.

Consolidated - R\$ thousand	4Q22	4Q21	Chg. %	3Q22	Chg. %	2022	2021	Chg. %
<b>Net income (loss) for the period</b>	<b>14,032</b>	<b>53,343</b>	<b>(73,7)</b>	<b>41,040</b>	<b>(65,8)</b>	<b>137,713</b>	<b>269,446</b>	<b>(48,9)</b>
Income and social contribution taxes	(4,818)	19,586	-	7,281	-	27,291	77,578	-
Net financial income (loss)	7,214	(3,073)	-	(122)	-	11,600	(1,375)	-
Depreciation and amortization	7,904	4,050	95,2	5,245	50,7	22,222	16,421	35,3
<b>EBITDA CVM 527/12<sup>1</sup></b>	<b>24,332</b>	<b>73,906</b>	<b>(67,1)</b>	<b>53,444</b>	<b>(54,5)</b>	<b>198,826</b>	<b>362,070</b>	<b>(45,1)</b>
<b>Non recurring Events</b>	<b>(1,554)</b>	<b>2,308</b>	<b>-</b>	<b>3,363</b>	<b>-</b>	<b>(12,334)</b>	<b>(25,075)</b>	<b>-</b>
Expenses related to court-supervised reorganization	237	546	-	419	-	2,417	2,479	-
Estimated loss from asset impairment	-	-	-	-	-	-	(5,645)	-
Expenses related to discontinued units	222	120	-	104	-	599	797	-
Revenue from extemporaneous credits	(2,193)	-	-	-	-	(4,919)	(12,425)	-
Sale of fixed assets	(71)	(83)	-	2,252	-	(12,664)	(20,377)	-
Brokerage commission on the divestment of CSC	-	-	-	-	-	-	410	-
Exceptional provision for terminations of representatives	-	-	-	-	-	-	2,662	-
Receivables from sale of court-order debt	-	(416)	-	-	-	-	(1,558)	-
Loss due to unexpected realization of recoverable taxes at CSC	-	(4)	-	-	-	-	5,099	-
Other Nonrecurring Events	251	2,145	-	588	-	2,233	3,483	-
<b>Recurring EBITDA<sup>2</sup></b>	<b>22,778</b>	<b>76,214</b>	<b>(70,1)</b>	<b>56,807</b>	<b>(59,9)</b>	<b>186,492</b>	<b>336,995</b>	<b>(44,7)</b>
<i>Net margin</i>	<i>7%</i>	<i>26%</i>	<i>- 19 p.p.</i>	<i>18%</i>	<i>- 11 p.p.</i>	<i>16%</i>	<i>30%</i>	<i>- 14 p.p.</i>

(1) EBITDA: indicator 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

Financial income in 4Q22 totaled R\$2.3 million, reflecting the yield on financial investments, which was positively impacted by the increase in the SELIC rate.

In 4Q22, the financial result was an expense of R\$7.2 million, mainly reflecting the updated SELIC rate on the balance of tax installments in the amount of R\$3.0 million, which was booked under "Other Expenses".

In 2022, the financial result was an expense of R\$11.6 million, with an additional significant impact from the Brazilian real on export receivables, especially in 1Q22. In March 2022, the Company started contracting currency hedge for its entire exports using forward contracts.

Consolidated - R\$ thousand	4Q22	4Q21	Chg. %	3Q22	Chg. %	2022	2021	Chg. %
<b>Financial income</b>	<b>2,290</b>	<b>4,575</b>	<b>(49,9)</b>	<b>2,158</b>	<b>6,1</b>	<b>14,894</b>	<b>9,261</b>	<b>60,8</b>
Financial Investments	2,290	4,575	(49,9)	2,158	6,1	14,894	9,261	60,8
<b>Financial Expenses</b>	<b>(1,858)</b>	<b>(637)</b>	<b>191,7</b>	<b>(874)</b>	<b>112,6</b>	<b>(3,935)</b>	<b>(4,207)</b>	<b>(6,5)</b>
Interest on Bankruptcy-related Debt	(580)	(637)	(8,9)	(597)	(2,8)	(2,380)	(4,207)	(43,4)
Financing Interest	(1,278)	-	-	(277)	361,4	(1,555)	-	-
<b>Other</b>	<b>(5,831)</b>	<b>(1,227)</b>	<b>375,2</b>	<b>(809)</b>	<b>620,8</b>	<b>(9,498)</b>	<b>(3,989)</b>	<b>138,1</b>
<b>Net of exchange variations</b>	<b>(1,815)</b>	<b>362</b>	<b>-</b>	<b>(353)</b>	<b>414,2</b>	<b>(13,061)</b>	<b>310</b>	<b>-</b>
<b>Net financial income (loss)</b>	<b>(7,214)</b>	<b>3,073</b>	<b>-</b>	<b>122</b>	<b>-</b>	<b>(11,600)</b>	<b>1,375</b>	<b>-</b>

## | Net Income

Net income was R\$14 million in 4Q22 and R\$138 million in the year, down 49% from 2021.

Excluding non-recurring events, net income in 4Q22 totaled R\$13 million, down 70% from 3Q22 and 76% from 4Q21. Recurring net income<sup>1</sup> in the year totaled R\$130 million, 48% lower than in 2021.

Consolidated - R\$ thousand	4Q22	4Q21	Chg. %	3Q22	Chg. %	2022	2021	Chg. %
<b>Net income (loss) for the period</b>	<b>14,032</b>	<b>53,343</b>	<b>(73,7)</b>	<b>41,040</b>	<b>(65,8)</b>	<b>137,713</b>	<b>269,446</b>	<b>(48,9)</b>
Net margin	4%	18%	- 14 p.p.	13%	- 9 p.p.	12%	24%	- 12 p.p.
<b>Non recurring Events</b>	<b>(1,554)</b>	<b>2,308</b>	<b>-</b>	<b>3,363</b>	<b>-</b>	<b>(12,334)</b>	<b>(27,859)</b>	<b>-</b>
Expenses related to court-supervised reorganization	237	546	-	419	-	2,417	2,479	-
Estimated loss from asset impairment	-	-	-	-	-	-	(5,645)	-
Expenses related to discontinuity of units	222	120	-	104	-	599	797	-
Revenue from extemporaneous credits	(2,193)	-	-	-	-	(4,919)	(12,425)	-
Sale of fixed assets	(71)	(83)	-	2,252	-	(12,664)	(20,377)	-
Brokerage comission on the divestment of CSC	-	-	-	-	-	-	410	-
Exceptional provision for terminations of representatives	-	-	-	-	-	-	2,662	-
Receivables from sale of court-order debt	-	(416)	-	-	-	-	(1,558)	-
Loss due to unexpected realization of recoverable taxes at CSC	-	(4)	-	-	-	-	5,099	-
Other Nonrecurring Events	251	2,145	-	588	-	2,233	3,483	-
Inflation adjustment on receivables from the sale of court-order debt	-	-	-	-	-	-	-	-
<i>Effect of Income Tax/Social Contribution*</i>	528	(785)	-	(1,143)	-	4,194	9,472	(55,7)
<b>Adjusted Net Income/Loss</b>	<b>13,006</b>	<b>54,866</b>	<b>(76,3)</b>	<b>43,260</b>	<b>(69,9)</b>	<b>129,573</b>	<b>251,059</b>	<b>(48,4)</b>
Net margin	4%	19%	- 15 p.p.	13%	- 9 p.p.	11%	22%	- 11 p.p.

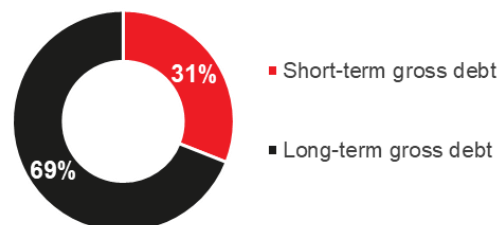
(1) Recurring net income is an indicator used by the Company excluding non-recurring events.  
 (\*) Income tax and social contribution (IR/CSLL) impact on nonrecurring events

### | Net Debt

Cash balance on December 31, 2022 was R\$28 million. Note that in July 2022, the Company acquired Confibra for R\$110 million.

The Company ended the year with gross debt of R\$85 million, consisting of: (i) discounting of export receivables – ACE (R\$20 million); (ii) the FINAME loan obtained from Banco Daycoval (R\$31 million); and (iii) the loan borrowed from Banco da Amazônia to fund the construction of Eternit’s unit in Amazônia (R\$34 million).

2022 Gross Debt (%)



Net (Cash) Debt - R\$ thousand	12/31/2022	12/31/2021	Chg. %	09/30/2022	Chg. %
Short-term gross debt	26,296	3,911	572,4	53,339	(50,7)
Long-term gross debt	58,295	33,485	74,1	30,525	91,0
<b>Total gross debt</b>	<b>84,591</b>	<b>37,396</b>	<b>126,2</b>	<b>83,864</b>	<b>0,9</b>
(-) Cash and cash equivalents	112,469	218,864	(48,6)	72,460	55,2
<b>Net (Cash) Debt</b>	<b>(27,878)</b>	<b>(181,468)</b>	<b>(84,6)</b>	<b>11,404</b>	<b>-</b>

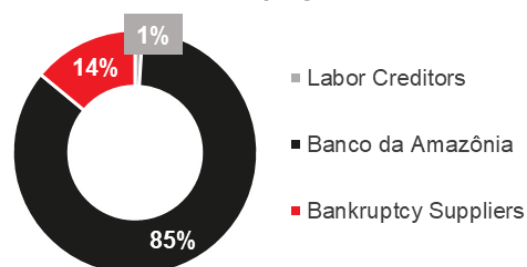
### | Bankruptcy-Related Debt

The Company continues to honor its court-supervised reorganization plan, which is part of the Eternit Group’s restructuring plan, designed to lay a solid operational foundation for the Company by modernizing its units, and by innovating and focusing on the profitability of its business.

Bankruptcy-related debt on December 31, 2022 was around R\$38 million, including the installment of US\$125,000 converted at the rate of R\$5.22 to US\$1, of which:

- Class I: R\$18,000 related to new authorized labor claims;
- Class II: R\$33.4 million borrowed from Banco da Amazônia solely to finance the unit in Manaus, with monthly payments and fixed interest of 7% p.a.;
- Class III and IV: R\$4.8 million, related to creditors that did not file any claim for payment, with interest no longer being levied on the outstanding balance.

4Q22 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	-	-	3,917	-	(10,365)	0,018
Class II - Creditors with Secured Claims - R\$ thousand	36,225	-	-	-	9,435	(12,201)	33,459
Class III - Unsecured Creditors							
Option A - R\$ thousand	107,672	(17,314)	(40,400)	(1,386)	3,429	(48,206)	3,795
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>2,531</b>	<b>16,177</b>	<b>(123,948)</b>	<b>38,279</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 awaiting the final outcome on the proceedings at the Superior Court of Justice (STJ), currently pending judgment. The appeal filed by the Eternit Group, claiming the reestablishment of the payment conditions of labor claims (Class I) established in the Court-Supervised Reorganization Plan approved at the general meeting of creditors, ratified by the 2<sup>nd</sup> Bankruptcy and Judicial Reorganization Court of São Paulo on May 30, 2022.

## | Investments - Capex

Capex in 4Q22 totaled R\$18 million and was allocated to strategic projects (photovoltaic roofing tiles, program to modernize the fiber-cement industrial facilities and Manaus PP unit expansion project) as well as to meet working capital requirements.

### Photovoltaic Roofing Panels

The Company continued to sell concrete photovoltaic tiles, which totaled 64 kWp in 4Q22.

### Modernization of fiber-cement production

Expansion work at the Rio de Janeiro unit was concluded in 4Q22. The Company has thus concluded expansion works at the Goiânia and Rio de Janeiro units, which will jointly add 7,000 tons per month to its production capacity.

### Greenfield Project - Ceará

Work on installation of the new fiber-cement roofing panels unit in Caucaia, Ceará is on schedule. Earthworks were concluded in 2022 and infrastructure activities (construction, electrical and hydraulic) were started in 4Q22. Construction of the unit is scheduled for completion in 2H23.

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

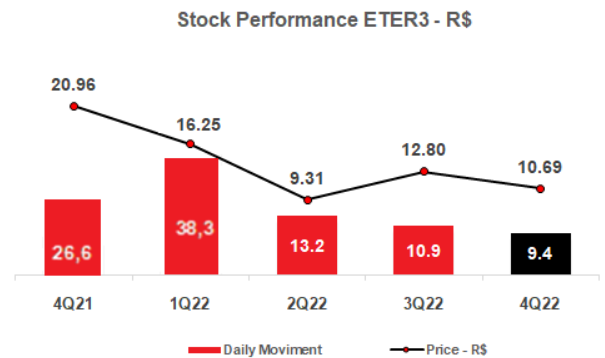
Work on removing the bottlenecks at the Manaus unit, which produces synthetic polypropylene fiber, is on schedule and the equipment has been acquired and services are being contracted.

## Capital Markets

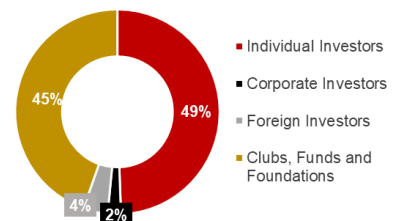
The market cap of the Company on December 31, 2022 was R\$660 million considering the closing share price of R\$10.69.

With fragmented stock ownership and no shareholders' agreement or controlling group, the shareholder base of the Company on December 31, 2022, had 26,242 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.

Average daily trading volume of the Company's shares in 4Q22 was R\$9.4 million.



**Ownership Structure 12/31/2022**



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



## Subsequent Events

### Confibra: Adjustment of acquisition price

Pursuant to the agreement for the purchase of shares and other covenants between Confibra and Eternit, on January 2, 2023, the Company paid the sellers of Confibra R\$25,295 related to the excess working capital available at Confibra on August 1, 2022, the date of assumption of controlling interest by Eternit, which exceeds the amount agreed to by the parties, with surplus receivables, inventories of raw materials and finished products and cash.

### SAMA – Supreme Court decision on Public-Interest Civil Action

On January 23, 2023, the Company became aware of the decision of the Supreme Court (STF) annulling the decision of the lower court on Public-Interest Civil Action no. 1002022-72.2021.4.01.3505, currently in progress at the Federal Court of Uruaçu-GO, and suspending the proceeding until the judgment on the merits of the Direct Action of Unconstitutionality 6200. As such, Sama Minerações Associadas (Sama) continues to operate based on State of Goiás Law 20,514/19, regulated by Decree 9,518.

### Resignation of the Chairman of the Board of Directors

On February 2, 2023, the Company received the resignation letter submitted by Marcelo Gasparino da Silva, resigning from the position of chairman and member of the Board of Directors of the Company. The letter also states that Mr. Silva will remain in office until March 21, 2023, the date when the Annual and Extraordinary Shareholders Meeting of Eternit will be held.

### Federal Supreme Court (“STF”) changes understanding related to res judicata in tax matters

The Management, jointly with its internal and external advisors, evaluated the possible effects of the STF’s decision and concluded that none of the tax proceedings, active or terminated, filed by the Company were affected by the recent judgment of the General Repercussion Matters 881 and 885 by the STF.

### Resignation of Director

In the Meeting of the Board of Directors held on February 14, 2023, the Management became aware of the Letter of Resignation tendered by Arlindo Porto Neto as Director of the Company and as member of the Non-Statutory Audit Committee. The letter also informs that Mr. Arlindo will continue to perform his functions normally until March 21, 2023, the date scheduled for Eternit’s Annual and Extraordinary Shareholders Meeting.

## Annexes

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

R\$ thousand

ASSETS	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Total current assets</b>	<b>479,921</b>	<b>573,031</b>	<b>715,330</b>	<b>740,202</b>
Cash and cash equivalents	3,485	3,370	112,469	218,864
Accounts receivable	68,499	68,592	227,705	153,229
Inventories	114,237	116,112	209,822	185,268
Taxes recoverable	26,003	61,139	107,735	126,392
Related parties	261,101	316,442	-	-
Prepaid expenses	1,901	3,932	39,427	30,014
Other current assets	4,695	3,444	17,149	21,590
Assets held for sale	-	-	1,023	4,845
<b>Total non-current assets</b>	<b>566,798</b>	<b>361,295</b>	<b>506,937</b>	<b>271,729</b>
Judicial deposits	8,480	7,105	12,879	10,500
Taxes recoverable	2,695	1,781	37,268	10,629
Related parties	2,626	2,005	-	-
Other non-current assets	140	140	1,595	1,595
Investments	387,951	205,399	-	-
Right-of-use assets	-	-	15,920	7,758
Fixed assets	164,625	144,313	355,959	240,643
Intangible assets	281	552	83,316	604
<b>Total assets</b>	<b>1.046,719</b>	<b>934,326</b>	<b>1.222,267</b>	<b>1.011,931</b>

LIABILITIES AND EQUITY	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Total current liabilities</b>	<b>197,031</b>	<b>204,197</b>	<b>284,164</b>	<b>208,855</b>
Suppliers	27,769	33,096	65,116	50,201
Loans and financing	2,247	-	26,296	3,911
Related parties	48,016	69,703	-	-
Personnel expenses	20,631	22,692	29,480	29,530
Dividends of interest on equity	17,737	24,346	17,763	24,355
Taxes, charges and contributions payable	16,455	24,411	30,722	34,919
Provision for post-employment benefits	3,191	3,659	6,947	7,851
Lease obligations	-	-	3,607	6,572
Other current liabilities	60,985	26,290	104,233	51,516
<b>Total non-current liabilities</b>	<b>173,500</b>	<b>166,884</b>	<b>261,805</b>	<b>239,721</b>
Loans and financing	28,746	-	58,295	33,485
Related parties	26,722	37,201	-	-
Taxes, charges and contributions payable	6,666	12,249	22,377	32,893
Personnel expenses	6,385	6,216	6,779	7,007
Provisions for tax, civil and labor risks	50,656	53,543	69,914	71,205
Provision for post-employment benefits	29,399	36,209	61,241	73,773
Provision for decommissioning of mine	-	-	9,982	9,273
Provision for investment losses	24,926	10,282	-	-
Lease obligations	-	-	12,340	1,214
Deferred income tax and social contribution	-	11,184	20,877	10,871
<b>Equity attributable to controlling shareholders</b>	<b>676,188</b>	<b>563,245</b>	<b>676,188</b>	<b>563,245</b>
Share capital	438,082	438,082	438,082	438,082
Capital reserves	81,093	69,927	81,093	69,927
Treasury shares	(174)	(174)	(174)	(174)
Revenue reserves	164,674	75,859	164,674	75,859
Other comprehensive income (loss)	(7,487)	(20,449)	(7,487)	(20,449)
<b>Total equity</b>	<b>676,188</b>	<b>563,245</b>	<b>676,298</b>	<b>563,355</b>
Non-controlling interests	-	-	110	110
<b>Total liabilities and equity</b>	<b>1.046,719</b>	<b>934,326</b>	<b>1.222,267</b>	<b>1.011,931</b>

**ETERNIT S.A. - Under Court-Supervised Reorganization (PARENT COMPANY)**  
**Income Statement**

R\$ thousand	4Q22	4Q21	Chg. %	3Q22	Chg. %	2022	2021	Chg. %
<b>Net revenue</b>	<b>167,491</b>	<b>199,684</b>	<b>-16,1%</b>	<b>186,868</b>	<b>-10,4%</b>	<b>717,174</b>	<b>795,431</b>	<b>-9,8%</b>
Costs of goods and services sold	(138,777)	(134,995)	2,8%	(150,637)	-7,9%	(556,799)	(512,711)	8,6%
<b>Gross profit</b>	<b>28,714</b>	<b>64,689</b>	<b>-55,6%</b>	<b>36,231</b>	<b>-20,7%</b>	<b>160,375</b>	<b>282,720</b>	<b>-43,3%</b>
<b>Gross margin</b>	<b>17%</b>	<b>32%</b>	<b>- 15 p.p.</b>	<b>19%</b>	<b>- 2 p.p.</b>	<b>22%</b>	<b>36%</b>	<b>- 14 p.p.</b>
<b>Operating revenues (expenses)</b>	<b>(28,820)</b>	<b>(29,685)</b>	<b>-2,9%</b>	<b>(29,929)</b>	<b>-3,7%</b>	<b>(122,568)</b>	<b>(102,101)</b>	<b>20,0%</b>
Selling expenses	(14,650)	(14,994)	-2,3%	(13,616)	7,6%	(54,963)	(51,934)	5,8%
General and administrative	(15,608)	(16,564)	-5,8%	(14,057)	11,0%	(59,062)	(56,715)	4,1%
Other operating revenues (expenses), net	1,438	1,873	-23,2%	(2,256)	-163,7%	(8,543)	6,548	-
<b>Income (Loss) before equity pick-up (EBIT)</b>	<b>(106)</b>	<b>35,004</b>	<b>-</b>	<b>6,302</b>	<b>-101,7%</b>	<b>37,807</b>	<b>180,619</b>	<b>-79,1%</b>
<b>EBIT margin</b>	<b>0%</b>	<b>18%</b>	<b>- 18 p.p.</b>	<b>3%</b>	<b>- 3 p.p.</b>	<b>5%</b>	<b>23%</b>	<b>- 18 p.p.</b>
Equity pick-up	11,228	30,948	-63,7%	30,693	-63,4%	99,288	118,348	-16,1%
<b>Operating income (loss) before financial result</b>	<b>11,122</b>	<b>65,952</b>	<b>-83,1%</b>	<b>36,995</b>	<b>-69,9%</b>	<b>137,095</b>	<b>298,967</b>	<b>-54,1%</b>
Net financial income (loss)	(2,951)	(1,187)	148,6%	(1,274)	131,6%	(8,384)	(2,731)	207,0%
<b>Income (Loss) before income tax and social contribution</b>	<b>8,171</b>	<b>64,765</b>	<b>-87,4%</b>	<b>35,721</b>	<b>-77,1%</b>	<b>128,711</b>	<b>296,236</b>	<b>-56,6%</b>
Current income tax and social contribution	5,844	(6,265)	-	3,704	57,8%	(2,293)	(27,793)	-91,7%
Deferred income tax and social contribution	-	(5,193)	-	1,599	-	11,184	934	1097,4%
<b>Net income (loss) for the period</b>	<b>14,015</b>	<b>53,307</b>	<b>-73,7%</b>	<b>41,024</b>	<b>-65,8%</b>	<b>137,602</b>	<b>269,377</b>	<b>-48,9%</b>
<b>Net margin</b>	<b>8%</b>	<b>27%</b>	<b>- 19 p.p.</b>	<b>22%</b>	<b>- 14 p.p.</b>	<b>19%</b>	<b>34%</b>	<b>- 15 p.p.</b>

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

R\$ thousand	4Q22	4Q21	Chg. %	3Q22	Chg. %	2022	2021	Chg. %
Net revenue	312,556	289,545	7,9%	323,048	-3,2%	1.187,383	1.123,125	5,7%
Costs of goods and services sold	(234,001)	(170,329)	37,4%	(223,058)	4,9%	(815,442)	(632,075)	29,0%
<b>Gross profit</b>	<b>78,555</b>	<b>119,216</b>	<b>-34,1%</b>	<b>99,990</b>	<b>-21,4%</b>	<b>371,941</b>	<b>491,050</b>	<b>-24,3%</b>
<b>Gross margin</b>	<b>25%</b>	<b>41%</b>	<b>- 16 p.p.</b>	<b>31%</b>	<b>- 6 p.p.</b>	<b>31%</b>	<b>44%</b>	<b>- 13 p.p.</b>
<b>Operating revenues (expenses)</b>	<b>(62,127)</b>	<b>(49,360)</b>	<b>25,9%</b>	<b>(51,791)</b>	<b>20,0%</b>	<b>(195,337)</b>	<b>(145,401)</b>	<b>34,3%</b>
Selling expenses	(31,226)	(28,565)	9,3%	(27,515)	13,5%	(108,640)	(94,141)	15,4%
General and administrative	(28,511)	(30,449)	-6,4%	(24,737)	15,3%	(102,647)	(96,855)	6,0%
Other operating revenues (expenses), net	(2,390)	9,654	-	461	-618,4%	15,950	45,595	-65,0%
<b>Income (Loss) before equity pick-up (EBIT)</b>	<b>16,428</b>	<b>69,856</b>	<b>-76,5%</b>	<b>48,199</b>	<b>-65,9%</b>	<b>176,604</b>	<b>345,649</b>	<b>-48,9%</b>
<b>EBIT margin</b>	<b>5%</b>	<b>24%</b>	<b>- 19 p.p.</b>	<b>15%</b>	<b>- 10 p.p.</b>	<b>15%</b>	<b>31%</b>	<b>- 16 p.p.</b>
Net financial income (loss)	(7,214)	3,073	-	122	-	(11,600)	1,375	-
<b>Income (Loss) before income and social contribution taxes</b>	<b>9,214</b>	<b>72,929</b>	<b>-87,4%</b>	<b>48,321</b>	<b>-80,9%</b>	<b>165,004</b>	<b>347,024</b>	<b>-52,5%</b>
Current income tax and social contribution	2,550	(14,914)	-	(8,707)	-	(40,790)	(79,409)	-48,6%
Deferred income tax and social contribution	2,268	(4,672)	-	1,426	59,0%	13,499	1,831	-
<b>Net income (loss) for the period</b>	<b>14,032</b>	<b>53,343</b>	<b>-73,7%</b>	<b>41,040</b>	<b>-65,8%</b>	<b>137,713</b>	<b>269,446</b>	<b>-48,9%</b>
<b>Net margin</b>	<b>4%</b>	<b>18%</b>	<b>- 14 p.p.</b>	<b>13%</b>	<b>- 9 p.p.</b>	<b>12%</b>	<b>24%</b>	<b>- 12 p.p.</b>

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

R\$ thousand - Accrued	Parent Company		Consolidated	
	09/30/2022	09/30/2021	09/30/2022	09/30/2021
Cash flows from operating activities				
<b>Income (Loss) before income and social contribution taxes</b>	<b>128,711</b>	<b>296,236</b>	<b>165,003</b>	<b>347,024</b>
<b>Reconciliation of earnings before income tax and social contribution to net cash provided by operations:</b>				
Equity pick-up	(99,288)	(118,348)	-	-
Depreciation and amortization	14,283	10,854	22,222	16,421
Gain (Loss) on write-off of fixed and intangible assets	2,178	-	1,981	2,529
Allowance for doubtful accounts	2,036	530	2,406	446
Allowance for inventory write down to net realizable value	(560)	(1,197)	95	(7,007)
Estimated impairment losses	-	-	-	(2,191)
Provisions for tax, civil and labor risks	(2,780)	(8,952)	(1,592)	(10,408)
Provision for post-employment benefits	(466)	(1,800)	(474)	(2,067)
Provision for decommissioning of mine	-	-	709	2,148
Financial charges and monetary and exchange variations	4,588	2,412	11,642	3,441
	<b>48,702</b>	<b>179,735</b>	<b>201,992</b>	<b>350,336</b>
<b>Decrease (increase) in operating assets:</b>				
Accounts receivable	(1,872)	(17,249)	(52,410)	(62,801)
Related parties	32,556	(247,394)	-	-
Inventories	2,435	(62,779)	8,549	(104,791)
Taxes recoverable	45,002	17,735	10,820	(16,421)
Judicial deposits	(1,482)	1,743	(1,869)	1,702
Other assets	784	1,075	(4,927)	(7,756)
Assets held for sale	-	796	3,822	104,494
<b>Increase (decrease) in operating liabilities:</b>				
Suppliers	(5,381)	1,197	7,012	(10,156)
Related parties	(13,257)	(10,999)	-	-
Taxes, charges and contributions payable	(9,710)	(4,447)	(16,749)	(8,669)
Personnel expenses	(1,892)	5,932	(859)	7,550
Other liabilities	34,695	(10,683)	30,257	(46,923)
<b>Cash provided by (used in) operating activities</b>	<b>130,580</b>	<b>(145,338)</b>	<b>185,638</b>	<b>206,565</b>
Income tax and social contribution paid	(16,902)	(26,213)	(57,187)	(73,303)
<b>Net cash provided by (used in) operating activities</b>	<b>113,678</b>	<b>(171,551)</b>	<b>128,451</b>	<b>133,262</b>
<b>Cash flows from investing activities</b>				
Related-party loan receivables	-	1,335	-	-
Declared dividends receivable	81,893	-	-	-
Additions to PP&E and intangible assets	(36,577)	(43,662)	(90,428)	(55,743)
Acquisition of subsidiary net of cash in the business combination	-	-	(137,852)	-
Additions to investments	(144,363)	-	-	-
<b>Net cash used in investing activities</b>	<b>(99,047)</b>	<b>(42,327)</b>	<b>(228,280)</b>	<b>(55,743)</b>
<b>Cash flow from financing activities</b>				
Loans and financing raised	29,997	569	109,119	1,594
Amortization of loans and financings	(282)	(9,896)	(68,204)	(33,802)
Payments of dividends and interest on equity	(44,231)	112,430	(44,214)	(14,892)
Lease obligations	-	-	(3,267)	(2,730)
Increase in share capital	-	110,000	-	110,000
<b>Net cash generated by financing activities</b>	<b>(14,516)</b>	<b>213,103</b>	<b>(6,566)</b>	<b>60,170</b>
<b>Increase (Reduction) in cash and cash equivalents</b>	<b>115</b>	<b>(775)</b>	<b>(106,395)</b>	<b>137,689</b>
At the beginning of the period	3,370	4,145	218,864	81,175
At the end of the period	3,485	3,370	112,469	218,864
<b>Increase (Reduction) in cash and cash equivalents</b>	<b>115</b>	<b>(775)</b>	<b>(106,395)</b>	<b>137,689</b>