Votorantim Cimentos 2023 Results

In 2023, Votorantim Cimentos achieved strong results, consequence of geographic diversification, growth in new businesses and capturing synergies from acquisitions in North America and Spain in recent years. The Company also invested in competitiveness, decarbonization and new businesses, maintaining financial discipline, translated into a level of leverage at its lowest historical level. In addition to the strong financial results, the Company reduced CO2 emissions by 4% throughout 2023, an all-time reduction, on a gross and net basis, as a result of the company's actions and investments in decarbonization.

+ 3%
Net Revenue
YoY 2022

+ 18%
Adjusted EBITDA
YoY 2022

+ 19%
CAPEX
YoY 2022

1.28x
Leverage Ratio

-4%
net CO2 emission
YoY 2022

Next Event: 1Q24 Earnings Call
05/14/2023
10:00 a.m. (Brasilia time) | 09:00 a.m. (NY time) | 2:00 p.m. (London time)

Investor Relations Channels
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Website: https://ri.votorantimcimentos.com.br/

Highlights

- All time high results from North American and European operations and New Business growth in Brazil.
- Investments aligned with the modernization and decarbonization strategy contribute to a 19% increase in CAPEX and a record reduction in CO2 emissions, on a net basis.
- Investment plan of roughly BRL 5 billion in Brazil for the next five years, with BRL 1.5 billion already in execution, focusing on capacity expansion, modernization, logistics and new businesses, improving our market position in a structural way.
- Leverage ratio at lowest historical level.
- Liability management strategy to strengthen liquidity and reduce short- and medium-term financing risk.
- The company received an A rating for climate changes by CDP.

Financial Highlights

BRL million	2023	2022	2023 vs. 2022
Cement sales volume (m tons)	**37.0**	**36.8**	**1%**
Net Revenue	**26,682**	**25,797**	**3%**
COGS	**(20,799)**	**(20,983)**	**(1%)**
SG&A	**(2,301)**	**(2,073)**	**11%**
Sales expenses	(948)	(826)	15%
General and administrative expenses	(1,353)	(1,246)	9%
Other Operational Results	**360**	**181**	**66%**
Net income	**2.618**	**1,145**	**123%**
Depreciation	**(1,869)**	**(1,847)**	**1%**
Dividends and non-recurring items	**2**	**151**	**(99%)**
Adjusted EBITDA	**5,812**	**4,920**	**18%**
EBITDA margin	**22%**	**19%**	**3p.p.**

ESG Highlights

Sustainability	2023	2022	2023 vs. 2022
CO2 Emission (kg/ton)	**556**	**579**	**(4%)**
Thermal Replacement (%)	**30.9%**	**26.5%**	**4.4 p.p.**
Clinical Factor (%)	**72.8%**	**73.9%**	**(1,1 p.p.)**
Renewable Energy (%)	**35.1%**	**22.9%**	**53.1%**

1 Net Revenue and Adjusted EBITDA

1.1 Consolidated

BRL million	2023	2022	2023 vs. 2022
Net Revenue	**26,682**	**25,797**	**3%**
Adjusted EBITDA	**5,812**	**4,920**	**18%**
EBITDA margin (%)	**22%**	**19%**	**3p.p.**

Consolidated net revenue in the 2023 period was BRL 26.7 billion, an increase of 3% compared to 2022, this is mainly due to operations in North America (VCNA) and Europe, Asia and Africa (VCEAA), with price increases and favorable market dynamics. In Brazil (VCBR) and Uruguay and Bolivia (VCLatam), results were also positive, with VCBR driven by new business and VCLatam with higher volumes.

Consolidated adjusted EBITDA reached BRL 5.8 billion, 18% higher than 2022, an all-time high result, mainly due to the margin management, in VCNA and VCEAA, cost decrease in all regions, in addition to the synergies that were already captured due to the last acquisitions.

1.2 Brazil (VCBR)

BRL million	2023	2022	2023 vs. 2022
Net Revenue	**12,828**	**12,726**	**1%**
Adjusted EBITDA	**2,525**	**2,496**	**1%**

VCBR's net revenue increased 1% compared to 2022, reaching BRL 12.8 billion. This is due to slightly higher prices and historical revenues from new businesses but partially offset by the drop in demand seen in the market.

Adjusted EBITDA added up to 2.5 billion in 2023, an increase of 1% compared to the closing in 2022. The slight growth in operating income was mainly due to margin management, reduced fuel and energy costs, and strong growth in new businesses, which increased 58% in 2023 compared to 2022. Adjusted EBITDA from new businesses accounted for 17% of VCBR's total adjusted EBITDA versus 11% in 2022.

The cement sector in Brazil, according to the National Cement Industry Union (SNIC), had a 1.7% drop compared to 2022. Even after positive results in economic indicators throughout the year, the cement market has not yet felt the effects, affected by household income and indebtedness, in addition to the extreme weather conditions that the country experienced in 2023.

The sector's outlook is positive, influenced by advances in infrastructure and urban development projects, especially with housing and sanitation, in addition to the positive bias of the economy in Brazil, according to SNIC. Thus, the association is forecasting the growth recovery in cement demand at about 2% for 2024, recovering the accumulated losses in the last two years.

1.3 North America (VCNA)

BRL million	2023	2022	2023 vs. 2022
Net Revenue	**7,801**	**7,448**	**5%**
Adjusted EBITDA	**1,922**	**1,558**	**23%**

USD Million	2023	2022	2023 vs. 2022
Net Revenue	**1,570**	**1,446**	**9%**
Adjusted EBITDA	**394**	**307**	**30%**

In VCNA, net revenue reached BRL 7.8 billion, a 5% increase compared to 2022, mainly impacted by the increase in prices, which mitigated the slight slowdown in demand.

In the adjusted EBITDA result, the region reached BRL 1.9 billion, highest operating result achieved, influenced by price management in the region and combined with the reduction of costs throughout the year that mitigated the effect of the drop in demand in both countries, leading to the recovery in margins.

Both results were negatively impacted upon consolidation in reais due to the depreciation of the dollar in 2023.

The North American market is experiencing a positive cycle with high prices and stable demand, despite inflationary pressures and markets operating without stocks. The Portland Cement Association (PCA) estimates that cement consumption will resume in 2024, based on economic and credit improvements, and the expected growth in the infrastructure sector in the United States, influenced by President Biden's infrastructure program.

1.4 Europe, Africa and Asia (VCEAA)

BRL million	2023	2022	2023 vs. 2022
Net Revenue	**4,257**	**3,380**	**26%**
Adjusted EBITDA	**1,121**	**676**	**66%**

EUR Million	2023	2022	2023 vs. 2022
Net Revenue	**789**	**625**	**26%**
Adjusted EBITDA	**211**	**125**	**69%**

VCEAA's net revenue increased 26% in 2023, reaching BRL 4.3 billion compared to BRL 3.4 billion in 2022, mainly due to the market recovery in Turkey with higher volumes and prices, and additional volumes resulting from the integration of the new factory in Malaga.

The adjusted EBITDA of the region was a record of BRL 1.1 billion, a 66% increase compared to 2022. The strong result was driven by positive market dynamics in most regions of the cluster, price management, and synergies already captured from recent acquisition processes (*M&As*). In addition, cost reductions in the cluster, mainly fuel, energy, and freight, further boosted earnings in the year.

The Spanish market ended the year with a 3% drop in the cement sector compared to 2022, in line with the expectations of the local association. The economic and political instability in the country during the last three years has affected public investments and private investment decisions. The outlook for 2024, according to the association, is for cement consumption to be stable.
Turkey experienced positive market dynamics throughout 2023 with infrastructure investments and economic improvements boosting the market. In Morocco, market dynamics were stable, with exports and tourism boosting the economy. In Tunisia, cement demand fell in 2023 due to persistent political and economic challenges in the country, which brought high volatility to the market.

1.5 Latin America (VCLATAM)

BRL million	2023	2022	2023 vs. 2022
Net Revenue	**869**	**812**	**7%**
Adjusted EBITDA	**164**	**138**	**18%**

USD Million	2023	2022	2023 vs. 2022
Net Revenue	**174**	**157**	**11%**
Adjusted EBITDA	**39**	**36**	**10%**

VCLatam's net revenue grew 7% in 2023 compared to 2022, reaching BRL 869 million. This was achieved due to better volumes in both countries, mitigated by the more challenging price scenario in Bolivia.

The region ended 2023 with BRL 164 million in adjusted EBITDA, 18% higher than 2022. Positive cement volume from Bolivia and Uruguay boosted the adjusted EBITDA results for the period, as well as the cost decrease in Uruguay. The Uruguay operation was also positively impacted by the operational synergies that are being captured due to the competitiveness project, that was started in early 2023.

The cement markets in Bolivia and Uruguay have been resilient and stable, with solid demands in 2023. Both countries have growth projections for 2024, according to the IMF's October/23 report, with stable macroeconomics and controlled inflation.

2 Cost of Goods Sold, Selling and Administrative Expenses

BRL million	2023	2022	2023 vs. 2022
COGS	**(20,799)**	**(20,983)**	**(1%)**
SG&A	**(2,301)**	**(2,073)**	**11%**
Sales expenses	(948)	(826)	15%
General and administrative expenses	(1,353)	(1,246)	9%

The consolidated cost of goods sold and services provided (COGS) decreased by 1% in 2023 when compared to 2022, due to the reduction in fuel, electricity, and freight costs, adding up to BRL 20.8 billion.

Consolidated selling expenses were BRL 948 million in 2023, an increase of 15%. This increase is mainly due to marketing investments intensification and commercial and logistics initiatives, as well as cost inflation in the period. Regarding general and administrative expenses, there was an increase of 9% compared to 2023 and 2022, reaching BRL 1.3 billion. The variation is mainly due to the inflation, IT infrastructure and consolidation of new assets.

3 Net income

BRL million	2023	2022	2023 vs. 2022
Adjusted EBITDA	5,812	4,920	18%
Depreciation	(1,869)	(1,847)	1%
Equity Method	55	52	5%
Net financial income	(998)	1,295	(23%)
Income Tax and Social Contribution	(380)	(534)	(29%)
Others	(2)	(151)	(99%)
Net income	**2.618**	**1,145**	**123%**

Net income was BRL 2.6 billion in 2023 compared to BRL 1.1 billion in 2022, the Company's all-time high earnings. 2023 earnings were mainly due to improvements in operating results. In addition, the improvement in the financial results and lower income tax and social contribution results also contributed to the increase in net income in the period.

The net financial results added up to an expense of BRL 998 million compared to BRL 1.3 billion in 2022, an improvement of 23%, mainly due to a positive variation in derivative instruments due to interest curve fluctuations and the payment of a premium from the tender-offer operation for Voto 41 that occurred in 2022.

Income tax and social contribution income added up to BRL 380 million, 29% lower than in 2022. 2023 expenses are due to taxes applied to profits in the period, partially offset by the recognition of deferred assets due to the difference between the account and fiscal rules on the revaluation of Turkey's assets due to hyperinflation and tax credits expected to be used in the future.

4 Free Cash Flow

BRL million	2023	2022	2023 vs. 2022
Adjusted EBITDA	5,812	4,920	18%
Working Capital/Others	(1,006)	37	N.A.
Taxes	(323)	107	N.A.
CAPEX	(2,392)	(2,006)	19%
Operational Cash Flow	**2,091**	**3,058**	**(32%)**
Investment / Divestment	(66)	(334)	(80 %)
Financial Results	(992)	(1,052)	6%
Exchange Effect on Cash	(106)	(177)	40%
Free Cash Flow to Shareholder	**927**	**1,495**	**(39%)**
Dividends for minority shareholders	(183)	(191)	(4%)
Dividends for controlling shareholders	(939)	(1,075)	(13%)
Free Cash Flow	**(195)**	**229**	**N.A.**

In 2023, the Operating Cash Flow was BRL 2.1 billion, a 32% drop when compared to 2022. This is due to the impact of working capital throughout the year, greater investments in Capex, focused on increased competitiveness, and taxes, partially mitigated by better operating results.

Working capital in 2023 was negative by BRL 1 billion, due to the increase in receivables accounts according to the bigger results of VCNA, VCEAA and new business in VCBR, as well as the reduction in the suppliers' account due to lower prices of inputs and dismantling of the working capital operations aligned with the Company' greater liquidity.

In 2023, dividends were paid to Votorantim S.A., the majority shareholder, which added up to BRL 939 million, following the Company's financial policy.

Free Cash Flow was negative by BRL 195 million, following the Company's decisio to increase reinvestment and shareholder compensation.

4.1 Investment and Divestment

At the end of 2023, Votorantim Cimentos' investments (Capex) added up to BRL 2.4 billion, 19% higher than 2022. This increase is mainly due to the global strategy for investments in modernization and competitiveness, which intend to increase productivity, such as the project at our Salto de Pirapora plant, in the interior of São Paulo, and projects linked to our decarbonization commitments. Sustaining and modernization projects represented 92% of the total CAPEX.

Expansion projects account for 8% of total capital invested in 2023. The main investments are related to projects in new businesses in Brazil, such as the Viter (agricultural solutions) and Verdera (total waste management) capacity increase project in Paraná, and marginal optimization of cement production capacity in North America.

Our medium-term capital allocation strategy in Brazil involves investments totaling R$5 billion, of which R$1.5 billion is already underway, and should further strengthen our operations throughout the country by combining three major investment fronts. The first involves structural competitiveness and decarbonization initiatives, whose gains are largely independent of exogenous factors. The second involves the acceleration of new businesses, which have a very positive risk/return ratio given the synergies with our industrial footprint and the addition of new sources of revenue uncorrelated with the demand for cement. And finally, our investments in capacity expansion will add 3 million tons of capacity in existing operations (brownfield), where we maximize our return through our operating leverage, with a more controlled risk profile. This combination of initiatives strengthens our market position in Brazil, and we expect a return of up to 50% in our results over the next five years, depending on the maturity of the projects and market conditions.

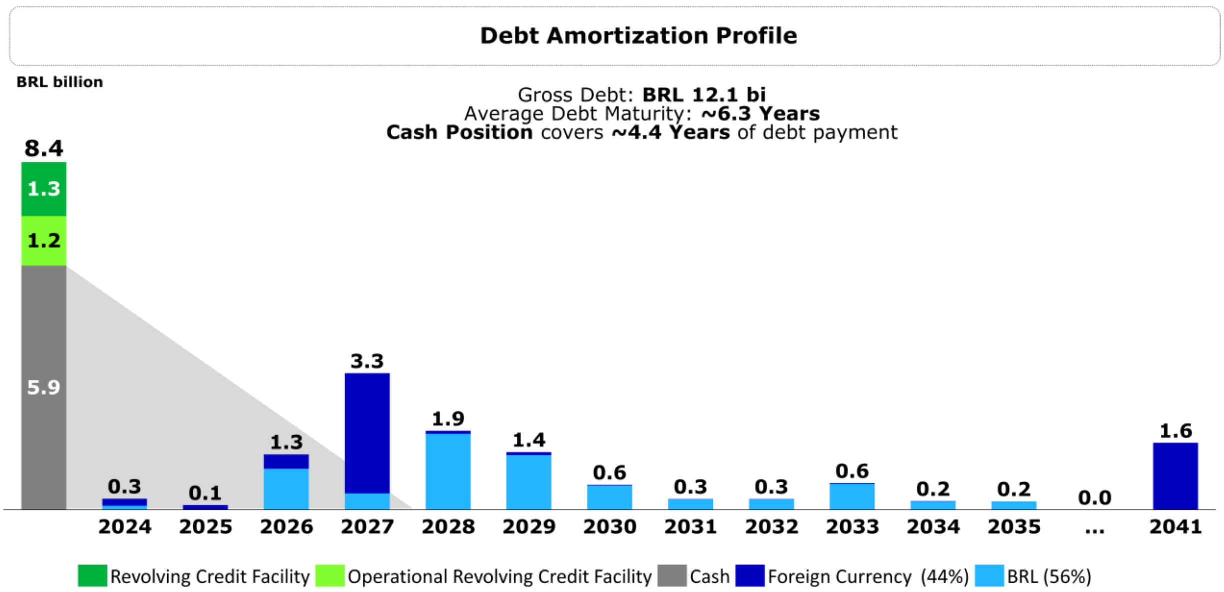
5 Debt Level and Liquidity

At the end of 2023, the gross debt[1] reached BRL 12.1 billion, a higher debt compared to the end of 2022, mainly due to new loans, partially mitigated by the exchange rate variation in the period and early settlements. On December 31, 2023, the average debt term was approximately 6.3 years, and 98% of the gross debt was long-term (non-current).

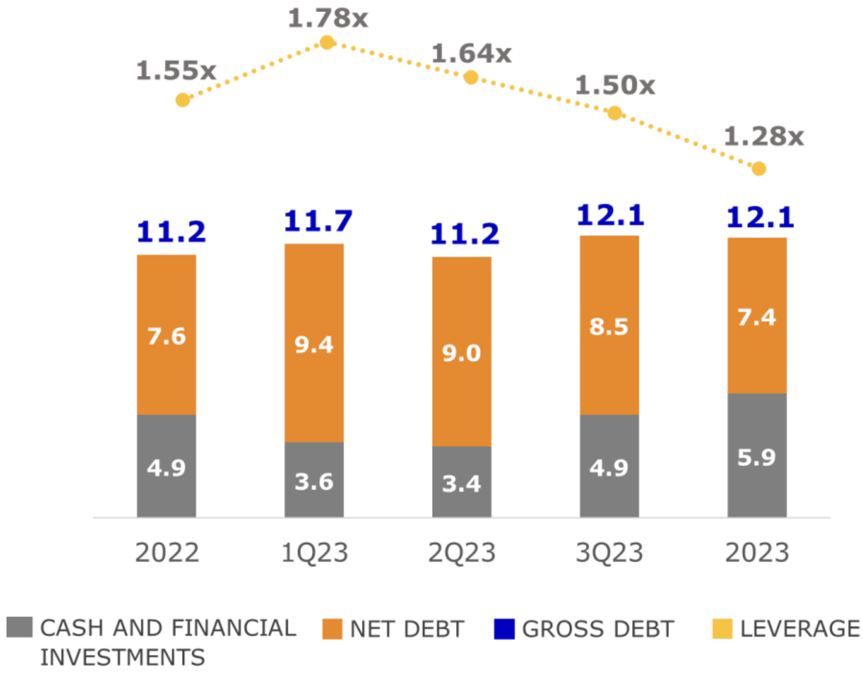
In December 2023, the Company presented a net debt to adjusted EBITDA (leverage) of 1.28 x, a reduction of 0.27 x compared to 2022. This metric decreased throughout the year, in line with improved operating results and lower net debt in the period.

At the end of 2023, Votorantim Cimentos maintained solid liquidity with the amount of cash and financial investments reaching BRL 5.9 billion, which allows the Company to comply with its financial obligations for more than four years and be ready for strategic initiatives.

The graphs below show the debt profile at the end of 2023 and the decreasing leverage:



[1] Does not include effects of IFRS 16 - *Leasing*



5.1 Operations in the period (Liability Management)

Votorantim Cimentos has two revolving credit facilities available. The first credit facility, adds up to USD 300 million, reaching maturity in June 2027, and supports the Company with short-term cash liquidity during the seasonal periods affecting the Northern Hemisphere-based subsidiaries. Thus, the operating credit facility had USD 33.9 million drawn at the end of 2023. The second revolving credit facility aims to provide liquidity to the Company in scenarios of greater uncertainty and volatility. This credit facility adds up to USD 250 million, maturing in 2026, and was 100% available at the end of 2023.

In July 2023, the Company signed a financing agreement for the modernization project of the cement plant located in Salto de Pirapora (SP). The new facility will be fully financed by the *International Finance Corporation* (IFC) adding up to USD 150 million which is equivalent to BRL 747 million, and a 10-year term. This facility has a sustainability performance indicator (KPI) associated with a reduction in the net emission of scope 1 greenhouse gas emissions (KgCO2/ ton of cement). If the Company reaches the agreed-upon CO2 reduction target by December 2026, it will benefit from a reduction in the interest rates of the financing contract and the operation will be considered a *sustainability-linked loan*.

In the last quarter of 2023, Votorantim Cimentos and its subsidiary VCNNE (Votorantim Cimentos Norte and Nordeste) issued, for the third time, a Real Estate Receivables Certificate ("CRI"), adding up to BRL 523.5 million and BRL 269.7 million, respectively. The annual cost of the operation is 11.5148% per year for the debentures in the 1st series and IPCA + 6.30% per year for the debentures in the 2nd series A. The operation has up to twelve years of maturity and also includes a swap contract resulting from the company's hedge strategy. The transaction had a higher-than-expected demand in a volatile market scenario, making it possible to compress the rate and increase the volume captured.

In addition, the Company issued its 16th debenture reaching BRL 500 million, with an annual cost of CDI + 1.48%, maturing in 2030 and has sustainability KPIs linked to the operation. The proceeds from this issuance were used to prepay the total amount of the 6th and 8th debenture issues, which added up to BRL 367 million, with the original maturity in March/2025. In addition to the prepayment already mentioned, the Company also settled a debt contract linked to Law No. 4.131/1962 adding up to approximately BRL 244 million (USD 50 million), which also had an original maturity for March/2025, the swap contracts that these operations had were also settled.

At the end of 2023, Votorantim Cimentos *International* S.A. ("VCI") repurchased in the secondary market the balance of USD 21,468 thousand (BRL 106,343) as the principal amount related to the *bond* issued by the parent company St. Marys which is due in 2027.

6 Business highlight

Rating Update

Throughout 2023, the Company received a credit rating update fro S&P Global Ratings, raising the grade of the Company's independent credit profile from "bb+" to "bbb-", considering the Company as an independent profile investment grade. S&P also raised the Company's global credit rating to "BBB" with a stable outlook.

Moody's and Fitch Ratings also reaffirmed the Company's global credit rating throughout 2023, as "Baa3" with a stable outlook and "BBB-" with an update of the outlook from stable to positive, respectively.

7 Environmental, Social, Governance

Sustainability

The Company continues to advance in its ESG journey. As part of this evolution, the first Sustainability and Innovation Committee meeting took place in mid-March, which aims to support the Board of Directors in implementing issues related to decarbonization and ESG, and to support monitoring and implementation of the main innovation initiatives.

The operations carried out throughout the year are in line with the Company's long-term strategy aimed at increasing its structural competitiveness, increasing its renewable energy matrix, and decarbonization.

In early 2023, the Company launched the Ventos do Piauí wind farm through a partnership with Auren, in the Northeast region of Brazil. The expectation is to add 55 MW to the Company's installed power generation capacity in Brazil, increasing the share of renewable energy in our energy matrix in Brazil to 49%.

In line with the Company's sustainable growth strategy, Votorantim Cimentos has been issuing and hiring debts with linked sustainability indicators since 2019, in all, the Company has already carried out more than ten operations involving these types of financing instruments. In May 2023, the Company published its financing structure linked to sustainability (*framework*) on the Investor Relations website. During the same year, the Company signed a financing agreement with a *sustainability-linked loan* with the *International Finance Corporation* (IFC), as mentioned. This partnership means the possibility of exchanging experiences on the emission reduction market with one of the most specialized institutions working on this subject. In addition to financial benefits, such as more attractive rates than those established in the market and the prospect of reducing interest rates in 2026, depending on the achievement of CO2 emission reduction targets, the Company has the opportunity to carry out additional action plans and partnerships with IFC on the decarbonization agenda.

In the beginning of 2024, we announced that Votorantim Cimentos signed an agreement for a joint venture, which will build a solar energy park in the municipality of Paracatu (MG) with an estimated installed capacity for the Company of 470 MWp. The Company also signed a *Power Purchase* Agreement for the supply of 100 MWm of solar power over 15 years, starting in 2026, to contribute to the supply of the Company's production units located in Brazil, under the self-production regime.

The Company has been actively seeking the best solutions and continuing to make progress with carbon sequestration studies, especially in North America and Spain operations. As a first step, we are developing a pilot carbon sequestration project at one of our cement plants in Spain; this initiative seeks to enhance our knowledge on new technologies that can intensify the journey toward our 2030 sustainability goals.

In addition, Votorantim Cimentos received recognition from Sustainalytics with the *Top-Rated Industry Ranking* regarding its ESG rating analysis performance in 2023, as the only company in the construction materials sector in Latin America present in the ranking. At the beginning of 2024, we received an A rating during the assessment on corporate transparency and climate change performance by the global non-profit environmental organization CDP, referring to the Company's climate performance throughout 2023. Since 2018, the Company has been classified in the leadership category in CDP (A-) and with the current revision it joined the "*A list*" for the first time.

Change in the Board of Directors, Committees and Executive Board

In May 2023, we announced the election of Osvaldo Ayres Filho, who was the previous Chief Operating Officer for Cement, Logistics and Adjacent Businesses, to the position of Chief Executive Officer in the Company, succeeding Marcelo Strufaldi Castelli who joined the Board of Directors, the Audit Committee and the Sustainability and Innovation Committees.

In addition, in 2023, we announced Cinthia Bossi as the global director for People, Management and Communication, and Euridice Mason as the global legal director for Votorantim Cimentos.

In line with the improvements in governance and diversity, Votorantim Cimentos announced at the beginning of 2023, the following new members of the Committees and the Board of Directors: José Roberto Ermírio de Moraes Filho who took on the position as a director at Votorantim Cimentos replacing José Roberto Ermírio de Moraes, who ended his term. In addition, we would like to register that Markus Akermann, who contributed to Votorantim Cimentos for almost 10 years, has left the Board. At the beginning of 2024, we announced that Alexandre Scripilitti Noschese took a position on the Board of Directors and on the Sustainability and Innovation Committee.

In the Finance Committee we would also like to announce the arrival of Helena Velloso and Felipe Noschese also joined the Compensation and People Committee and in the Audit Committee the entrance of Luciana Bacci.

Category A Registration

In May/23 we announced that Votorantim Cimentos was registered as a Publicly-Held Company in Category A with the Brazilian Securities and Exchange Commission (CVM), which represented another step in corporate governance. As a result, the company is authorized to trade any securities issued in regulated markets in Brazil. The Registration as a Publicly-Held Company in category A at CVM will enable

Votorantim Cimentos to expand access to the fixed-income market in Brazil, in line with its strategy of diversifying funding sources and the investor base, as well as greater readiness for a potential initial public offering (IPO) in the future.

8 Subsequent events

Repurchase of bonds Voto 27 by Votorantim Cimentos International ("VCI")

During January 2024, VCI repurchased the balance of USD 20,000 thousand (BRL 99,070) in the secondary market referring to the *bonds* at St Marys that were maturing in 2027. As of January 31, 2024, the remaining principal balance of bonds maturing in 2027 was approximately USD 458,532 thousand (BRL 2,271,338).

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