Votorantim Cimentos 1Q24 Earnings

Votorantim Cimentos ended the first quarter of 2024 with better margins, due to higher volumes and lower costs during the period. The Company continues to advance with investments in competitiveness, decarbonization and new businesses, maintaining financial discipline. As highlighted in the first months of the year, the Company carried out liability management operations, issuing bonds in the international market that added up to USD 500 million, accessing this market after eight years, combined with a tender offer to repurchase bonds maturing in 2027. The Company also opened the first unit dedicated to the Verdera and Viter businesses, in the State of Paraná, Brazil.

+1%
Cement Volume
vs 1Q23

+1 p.p
EBITDA Margin
vs 1Q23

-4% LfL[1]
Net Revenue
vs 1Q23

-1% LfL[1]
Adjusted EBITDA
vs 1Q23

+ 23%
CAPEX
vs 1T23

1.76x
Leverage
vs 1.78x in 1Q23

Next Event: 2Q24 Conference Call
08/13/2024
10:00 AM (Brasilia time) | 09:00 AM (NY time) | 02:00 PM (London time)

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[1] Like-for-like (LfL) in local currency, excluding exchange rate variation – considers average fixed exchange rate of 1Q24 in the period of 1Q23

Highlights

- Better margins due to increased volumes and lower costs.
- Liability management strategy with bonds new issuance in the international market, adding up to USD 500 million, and tender offer to repurchase bonds maturing in 2027.
- CAPEX increased 23% in 1Q24, aligned with the strategy of accelerating investments for structural competitiveness.
- In Paraná, inauguration of the first unit in Brazil dedicated exclusively to the Viter and Verdera businesses.

Financial Highlights

BRL million	1Q24	1Q23	1Q24 vs. 1Q23
Cement sales volume (m tons)	**8.1**	**8.0**	**1%**
Net Revenue	**5,451**	**5,796**	**(6%)**
COGS	**(4,654)**	**(4,961)**	**(6%)**
SG&A	**(585)**	**(584)**	**0%**
Sales expenses	(242)	(252).	(4%)
General and administrative expenses	(343)	(332)	3%
Other Operational Results	**51**	**43**	**20%**
Net income	**17**	**78**	**(78%)**
Depreciation	**468**	**469**	**(0%)**
Adjusted EBITDA	**766**	**779**	**(2%)**
EBITDA margin	**14%**	**13%**	**1p.p.**

VOTORANTIM cimentos

1 Net Revenue and Adjusted EBITDA

1.1 Consolidated

BRL million	1Q24	1Q23	1Q24 vs. 1Q23	1Q24 vs. 1Q23 LfL[2]
Net Revenue	**5,451**	**5,796**	**(6%)**	**(4%)**
Adjusted EBITDA	**766**	**779**	**(2%)**	**(1%)**
EBITDA Margin (%)	**14%**	**13%**	**1p.p.**	**1p.p.**

Consolidated net revenue in 1Q24 was BRL 5.5 billion, a 4% drop excluding FX effect compared to 1Q23. This result is mainly explained by the positive results in countries in Europe, Asia and Africa (VCEAA), and Latin America (VC Latam) compensated by softer results from North America (VCNA) and Brazil (VCBR).

Consolidated adjusted EBITDA reached BRL 766 million, a slight decrease in local currency than 1Q23. The slight drop in earnings is due to the exchange rate variation in the period, in addition to the drop in earnings in Brazil partially offset by the better results abroad in local currency and cost reductions in the consolidated numbers.

1.2 Brazil (VCBR)

BRL million	1Q24	1Q23	1Q24 vs. 1Q23
Net Revenue	**2,999**	**3,014**	**(0%)**
Adjusted EBITDA	**512**	**547**	**(6%)**

VCBR's net revenue was flat in the first quarter of 2024 compared to the same period in 2023, with volumes in line with the market and positive contribution from new businesses.

Adjusted EBITDA added up to BRL 512 million in 1Q24, a 6% drop compared to the same period in 2023. The operating result was impacted by the lower price and maintenance timing, which were sufficient to offset the reduction in costs and advancing in new businesses, which continued on a positive trend during this period, advancing 40% in adjusted EBITDA compared to the same period of the previous year.

[2] Like-for-like (LfL) in local currency, excluding exchange rate variation – considers average fixed exchange rate of 1Q24 in the period of 1Q23

The cement sector in Brazil, according to the National Cement Industry Association (SNIC), dropped 3.5% in calendar days and 1.1% considering sell in business day, both in 1Q24 compared to 1Q23. The extended period of intense rains in several regions in the country, added to the shorter period of working days in 2024, impacted product sales. In addition, the main drivers of cement consumption continue to slowdown due to the drop in populational income and household debt levels.

The sector remains optimistic with the recovery of demand in 2024, with the reduction of Selic, inflation control and the resumption of infrastructure and housing construction projects for the Minha Casa, Minha Vida (MCMV) program. 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	1Q24	1Q23	1Q24 vs. 1Q23	1Q24 vs. 1Q23 LfL[3]
Net Revenue	**1,123**	**1,210**	**(7%)**	**(3%)**
Adjusted EBITDA	**(17)**	**(47)**	**65%**	**63%**

At VCNA, net revenue reached BRL 1.1 billion, a 3% drop compared to 1Q23, excluding FX variation, mainly impacted by the slight slowdown in demand and the more intense winter, which was partially mitigated by the increase in prices.

Adjusted EBITDA was negative by BRL 17 million, compared to the negative result of BRL 47 million in the same period last year. The better adjusted EBITDA is due to higher prices and non-recurring gains, and is consistent with the seasonality period in the sector due to winter.

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, projecting growth of 0.9% for 2024, based on economic and credit improvement, and expected growth in the infrastructure sector in the United States, influenced by government incentive programs linked to infrastructure.

[3] Like-for-like (LfL) in local currency, excluding exchange rate variation – considers average fixed exchange rate of 1Q24 in the period of 1Q23

1.4 Europe, Africa and Asia (VCEAA)

BRL million	1Q24	1Q23	1Q24 vs. 1Q23	1Q24 vs. 1Q23 LfL[4]
Net Revenue	**975**	**1,000**	**(2%)**	**1%**
Adjusted EBITDA	**243**	**264**	**(8%)**	**(5%)**

VCEAA's net revenue increased 1% in 1Q24 comparing to 1Q24, excluding FX variation, adding up to BRL 975 million, due to higher volumes in Turkey and positive price management in most countries.

The region's adjusted EBITDA was BRL 243 million, 5% decrease compared to 1Q23, in local currency. The operating result was impacted by the seasonality of the period and by the Ramadan, in addition to the costs timing.

The Spanish market ended the first quarter with a 10% drop in the cement sector compared to 1Q23, according to the local association. External factors impacted the results in the first three months of the year, such as the Easter Holiday, which this year was in March, and the high rainfall levels during the period. Despite cement demand falling in the beginning of the year, a recovery is expected for the second half, considering the stable international and local economic situation, according to the local association.
Turkey experienced the mildest winter, favoring domestic cement sales with a resilient economy despite hyperinflation. In Morocco, despite a good start to the year, the market slowdown in March/24, related to heavy rains, meant that the accumulated demand was in line with 2023, according to the local cement association. In Tunisia, cement demand was - 8% in the 1Q24 period compared to 1Q23 due to persistent political and economic challenges in the country, which brings high volatility to the market, according to the local association, *Chambre Nationale des Producteurs de Ciment* (CNPC).

[4] Like-for-like (LfL) in local currency, excluding exchange rate variation – considers average fixed exchange rate of 1Q24 in the period of 1Q23

1.5 Latin America (VCLATAM)

BRL million	1Q24	1Q23	1Q24 vs. 1Q23	1Q24 vs. 1Q23 LfL[5]
Net Revenue	**195**	**194**	**0%**	**5%**
Adjusted EBITDA	**30**	**28**	**8%**	**13%**

VCLatam's net revenue increased 5% in the first quarter of 2024 compared to the same period in 2023, in local currency, results achieved due to better volumes and prices in Bolivia.

The region ended the 1Q24 with BRL 30 million in adjusted EBITDA, 13% higher than 1Q23, excluding FX variation. Positive results in Bolivia, intensified by the lower cost of raw materials.

The cement market in Uruguay was negatively impacted by the heavy rains and floods that occurred in the period, in addition to the local economic effects. In Bolivia, the scenario was positive, with cement demand growing 24% in January/24 vs. January/23 and increasing 7% compared to December/23, according to INE (Instituto Nacional de Estatística).
Both countries have economic growth projections for 2024, according to the April/24 IMF report, considering the stable macroeconomics and controlled inflation.

2 Cost of Goods Sold, Selling and Administrative Expenses

BRL million	1Q24	1Q23	1Q24 vs. 1Q23
COGS	**(4,654)**	**(4,961)**	**(6%)**
SG&A	**(585)**	**(584)**	**0%**
Sales expenses	(242)	(252).	(4%)
General and administrative expenses	(343)	(332)	3%

The consolidated cost of goods sold and services provided (COGS) dropped 6% in 1Q24 when compared to 1Q23 due to the reduction in fuel, electricity and raw material costs, as well as the impact of the exchange rate variation for the period, reaching BRL 4.6 billion.

Consolidated selling expenses were BRL 242 million in 1Q24, 4% decrease due to better cost management. In relation to general and administrative expenses, there was an increase of 3% compared to 1Q23, reaching BRL 343 million, due to inflation adjustments in the period and third-party services. In addition, both fluctuations were impacted by the exchange rate variation for the period due to the appreciation of the real compared to the dollar and the euro.

[5] Like-for-like (LfL) in local currency, excluding exchange rate variation – considers average fixed exchange rate of 1Q24 in the period of 1Q23

3 Net income

BRL million	1Q24	1Q23	1Q24 vs. 1Q23
Adjusted EBITDA	766	779	(2%)
Depreciation	(468)	(469)	(0%)
Equity Method	26	29	(8%)
Net financial income	(350)	(182)	93%
Income Tax and Social Contribution	77	(62)	N.A.
Others	(34)	(17)	100%
Net income	**17**	**78**	**(78%)**

Net income was BRL 17 million in 1Q24 vs. BRL 78 million in 1Q23. The 1Q24 result is mainly due to the lower operating result, higher net financial results and mark-to-market for power contracts.

The net financial result added up to BRL 350 million in expenses, a variation that is mainly due to the reversal of monetary restatement of processes (positive impact in 1Q23), recognition of a guarantee due to the new securitization contract at VCNA and variation in the yield curve impacting the fair value of derivatives.

Income tax and social contribution added up to BRL77 million vs an expense of BRL 62 million in 1Q23, mainly due to the acceleration of the consumption of tax losses due to a decision by the Constitutional Court of Spain, which led the Company to recognize deferred income tax assets in 1Q24, and also due to the tax adjustment of the asset reassessment in Turkey due to the hyperinflation.

4. Free Cash Flow

BRL million	1Q24	1Q23	1Q24 vs. 1Q23
Adjusted EBITDA	766	779	(2%)
Working Capital/Others	(1,930)	(1,581)	22%
Taxes	(63)	(36)	75%
CAPEX	(413)	(336)	23%
Operational Cash Flow	**(1,640)**	**(1,174)**	**40%**
Investment / Divestment	(15)	(32)	(53%)
Financial Results	(172)	(180)	(4%)
Exchange Effect on Cash	60	(30)	N.A.
Free Cash Flow to Shareholder	**(1,767)**	**(1,416)**	**25%**
Dividends for minority shareholders	-	-	-
Dividends for controlling shareholders	(488)	(477)	2%
Free Cash Flow	**(2,255)**	**(1,893)**	**19%**

In 1Q24, Operating Cash Flow was - BRL 1.6 billion, a 40% drop vs. 1Q23. This result is mainly due to the negative variation in working capital and greater investment in Capex.

The working capital result in 1Q24 was - BRL 1.9 billion, due to the reduction in the suppliers' account due to lower fuel prices, an increase in the receivables line resulting from higher VCNA prices, and higher revenue in new businesses at VCBR.

In 1Q24, dividends were paid to Votorantim S.A., the majority shareholder, adding up to BRL 488 million.

Thus, the Free Cash Flow for the period was - BRL 2.3 billion. The negative result is expected in the first quarter due to the seasonality that operations face in the beginning of the year.

5. Investment

At the end of 1Q24, Votorantim Cimentos' investments (Capex) reached BRL 413 million, 23% higher than in 1Q23. This increase is mainly due to the global strategy of investments in modernization and structural competitiveness, in addition to projects linked to our decarbonization commitments. The *sustaining* and modernization projects represent 92% of the total CAPEX.

Expansion projects account for 8% of the total capital invested in 1Q24. The main investments are related to projects in new businesses in Brazil, such as the capacity increase project at Viter (agricultural solutions) and Verdera (waste management and co-processing) in Paraná, which began in early April, with a total investment of BRL 145 million.

This amount is in line with out BRL 5 billion investment plan that has already been announced, which should further strengthen our operations throughout the country with a comprehensive program for growth and structural competitiveness for our operations in Brazil.

5.1 Debt Level and Liquidity

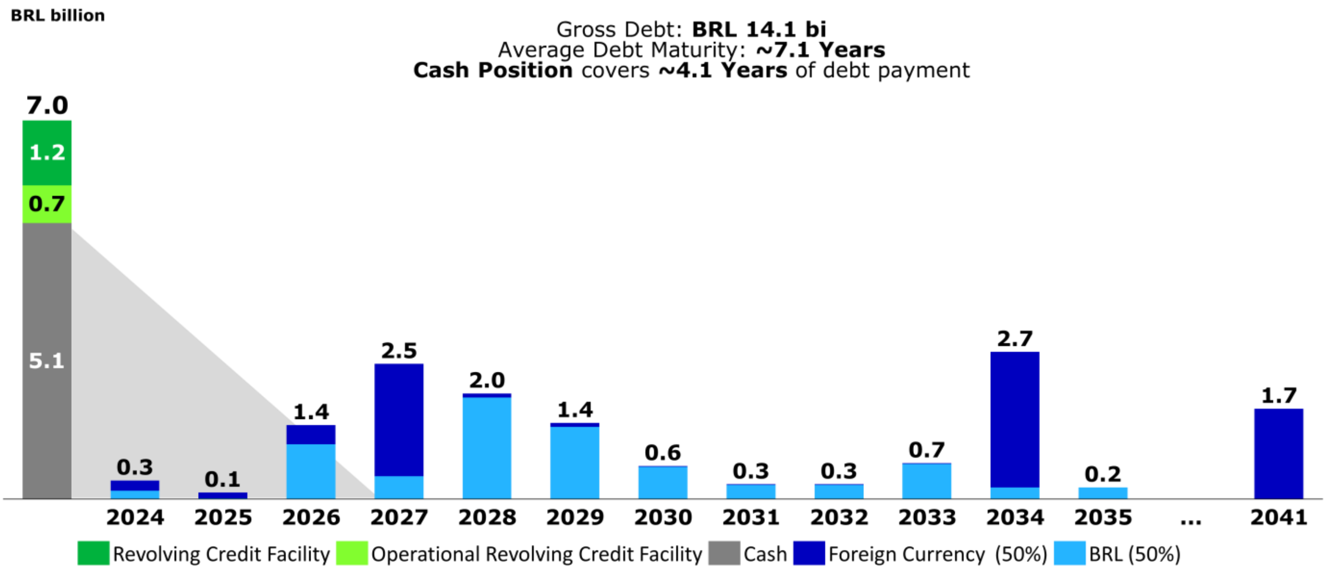
At the end of 1Q24, the gross debt added up to[6] BRL 13.4 billion, higher when compared to the closing in 2023, mainly due to funding from the use of the revolving operating credit facility and the exchange rate variation for the period. On March 31, 2024, the average debt term was approximately 6.0 years, and 97% of the gross debt was long term (non-current).

In March 2024, the Company had a net debt/adjusted EBITDA rate of 1.76 x, a reduction of 0.02 x compared to the leverage in 1Q23. The increase in this metric for the closing in 2023 closing is expected due to the seasonality in the period.

At the end of 1Q24, Votorantim Cimentos maintained solid liquidity with the amount of cash and financial investments reaching BRL 4.4 billion, which allows the Company to comply with its financial obligations for more than four years and be ready for strategic initiatives.

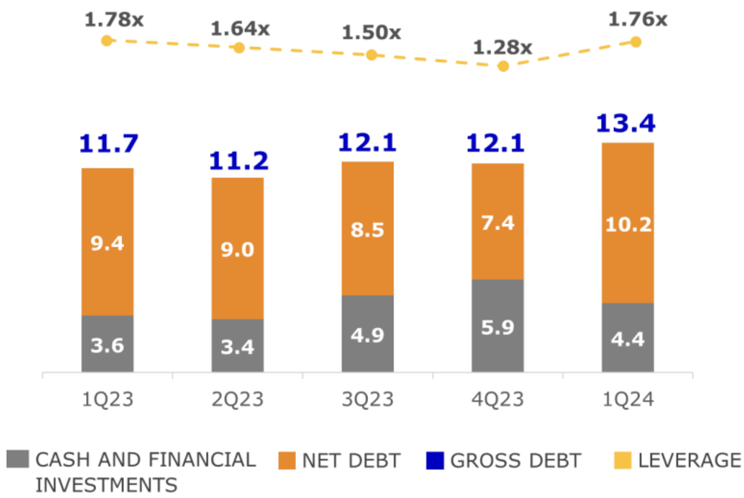
The graph below show the pro forma debt profile[7], which ended in March 2024 with the subsequent events in the period and then the leverage evolution graph:

Debt Amortization Profile – Pro Forma[7]



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

[7] Includes subsequent events: 1. New Bond issue US$ 500 MM, maturing in 2034; 2. Tender Offer Voto 27 adding up to US$262 MM; 3. CCF prepayment reaching CAD 65 MM and US$40 MM;



5.2 Period Operations (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 needs during the seasonal periods affecting the Northern Hemisphere-based subsidiaries. Thus, the operating credit facility was drawn at USD 226.2 million at the end of March 2024. The second revolving credit facility aims to provide liquidity for 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 closing of 1Q24.

At the beginning of April 2024, the St. Marys subsidiary issued a new *bond* in the international market, with a full and irrevocable guarantee from the Company, adding up to USD 500 million, with a *coupon* of 5.75% per year, to be paid every six months, and maturing on April 2, 2034. The emission has an environmental performance indicator (KPI) associated with (i) net CO_2 emission intensity in scope 1 (in kg CO_2/ton cement), and (ii) thermal replacement (in %), which characterizes the debt as a sustainability-linked *bond* and evidences the Company's commitment to the decarbonization process, converging towards the implementation of its sustainability targets to be achieved in 2030.

Along with the issuance of the bonds, the Company made a buyback offer for bonds maturing in 2027, an outstanding debt in the international market, issued by the St. Marys subsidiary. The subsidiary received and accepted valid offers as the principal amount of USD 261.6 million, approximately 52% of the notes. This operation is in line with the Company's strategy for managing liabilities and extending the average term of debt. The settlement of the Repurchase Offer took place on April 4, 2024.

6. Environmental, Social, Governance

Sustainability

As mentioned in the Investment item, the Company opened, in the state of Paraná, Brazil, a new Verdera waste crushing plant and a new agricultural limestone production line, which will allow Viter to launch two new products. Verdera's new crushing plant in the municipality of Itaperuçu (PR) will expand its capacity to offer services to customers in the region. The site has the capacity to crush 48,000 tons of waste per year, almost triple the current installed capacity of 17,000 tons of waste per year.

Viter's new plant has the capacity to produce 600,000 tons of agricultural limestone. With the new unit in Itaperuçu, added to the existing operation in the neighboring city of Rio Branco do Sul (PR), the Company's agricultural inputs unit reached an installed capacity to produce 1.5 million tons of agricultural limestone per year in the State of Paraná. The new Viter unit is equipped with modern and powerful filters to control the emission of gases and solid particles and will use renewable fuel (biomass) as an energy source for the production process.

Change in the Board of Directors, Committees and Executive Board

In March 2024, we announced the end of Bianca Nasser Patrocinio´s term, as the Chief Financial and Investor Relations Officer, by May 1, 2024. Osvaldo Ayres Filho, Chief Executive Officer, temporarily took on the role as Chief Financial and Investor Relations Officer in May, until a new name is appointed for the position.

7. Subsequent events

For more information on subsequent events, see note 26 of the 1Q24 Financial Statement.

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