

# Eternit

a marca da coruja



Earnings Release  
2Q21

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São Paulo, August 10, 2021 - Eternit S.A. - under Court-Supervised Reorganization (B3: ETER3, "Eternit" or "Company") announces today the results for the 2nd quarter of 2021. Except where indicated otherwise, the Company's operating and financial information are presented in millions of Brazilian reais (R\$), based on consolidated figures, and are prepared according to Brazilian accounting standards, notably Law 6404/76, and the pronouncements issued by the Accounting Pronouncements Committee ("CPC") and approved by the Brazilian Securities and Exchange Commission ("CVM"). The information herein should be read with the financial statements and notes for the period ended June 30, 2021. All comparisons made throughout this release take into account the 2nd quarter of 2020, unless otherwise specified.

## Highlights

2Q21

**Eternit records EBITDA of R\$171 million and Net Income of R\$118 million in 1H21, maintaining the good operating performance in 2Q21.**

### MARKET CAP (06/30/2021)

R\$1,526.5 million

### CLOSING PRICE (06/30/2021)

R\$24.71

### NUMBER OF SHARES (06/30/2021)

61,776,575

### FREE FLOAT

99%

### INVESTOR RELATIONS

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

### Videoconference:

August 11, 2021, at 3 p.m

### Webcast:

<https://choruscall.com.br/eternit/2t21.hm>

### 2Q21/2Q20 PERFORMANCE



**Net Revenue** of R\$287 million, growth of 106%.



**Gross Profit** of R\$133 million, growth of 370%.



**Gross Margin** of 46%, increase of 26 p.p.



**EBITDA** of R\$89 million, growth of 225%.



**Net Income** of R\$60 million, growth of 375%.



**Capital increase** of R\$110 million for the acquisition of Confibra.

## Message from Management

In 2Q21, the Company maintained the good operating and financial performance of the previous quarter, recording Net Income of R\$60 million in the period, including a 6.3% growth QoQ in Net Revenue. At the end of the semester, Net Income totaled R\$118 million, reversing the deficit situation registered for the same period in 2020.

Once again, the highlight of the quarter was the fiber-cement business result, which reached sales volume of 182 thousand tons in the period and 740 thousand tons in the last 12 months, with the units operating at a high occupancy rate.

Despite the increased prices of its main production inputs, the gross margin stood at 46% in 2Q21, remaining at the same level as the last two quarters, delivering an EBITDA of R\$89 million, 8% above 1Q21, and reaching R\$171 million year-to-date.

The Company took an important step in its growth and industry consolidation strategy with the successful completion of the capital call aimed at funding the acquisition of Confibra, which resulted in the issuance of 10,101 thousand new common shares, totaling a capital increase of R\$110 million. Due diligence activities were completed this quarter and the terms of the SPA are currently being discussed.

Regarding the photovoltaic roofing tile project, carrying on with the technology development, samples of the BIG-F10 concrete roofing tile were sent for tests at the PI Berlin laboratory in Germany, to assess its useful life. The Company expects to make the first sale of this product on the market in August 2021, albeit restricted to selected customers, as another stage in the development program.

Regarding the modernization program of the fiber-cement industrial park, the Company proceeded with the expansion of the units in Goiânia and Rio de Janeiro, among other projects, which together will represent an additional production capacity of around 7 thousand tons per month, or 10% of current capacity. The Company expects to complete the expansion of the industrial unit in Rio de Janeiro in 4Q21 and the one in Goiânia in 1Q22.

Under the Court-Supervised Reorganization Plan, in this quarter, the Company made payments of R\$92 million to Class III creditors, paying off all Option B credits and prepaying approximately 82% of the outstanding balance of Option A creditors eligible for payment on the occasion. Additionally, the Company held a court auction for the sale of the property located in Aparecida de Goiânia, with the winning bid being R\$24.5 million. Once available, the proceeds from the sale will be used to settle the Class III Option A pre-bankruptcy creditors, whose credit balance totaled R\$13.5 million on 06/30/21, and the excess cash will be allocated to the operation.

## Main Indicators

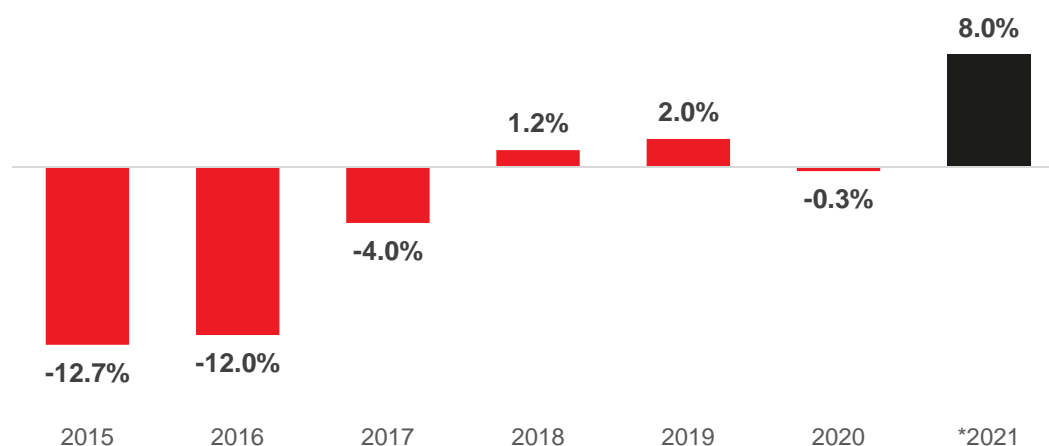
Consolidated - R\$ thousand	2Q21	2Q20	Chg. (%)	1Q21	Chg. (%)	1H21	1H20	Chg. (%)
<b>Gross Sales Revenue</b>	<b>350.645</b>	<b>173.463</b>	<b>102,1</b>	<b>338.614</b>	<b>3,6</b>	<b>689.260</b>	<b>320.249</b>	<b>115,2</b>
<b>Net Revenue</b>	<b>287.317</b>	<b>139.195</b>	<b>106,4</b>	<b>270.285</b>	<b>6,3</b>	<b>557.602</b>	<b>252.831</b>	<b>120,5</b>
Gross Profit	132.831	28.274	369,8	120.294	10,4	253.125	48.044	426,9
<i>Gross margin</i>	<i>46%</i>	<i>20%</i>	<i>26 p.p.</i>	<i>45%</i>	<i>1 p.p.</i>	<i>45%</i>	<i>19%</i>	<i>26 p.p.</i>
<b>Net Profit (loss) for the period</b>	<b>59.655</b>	<b>12.557</b>	<b>375,1</b>	<b>58.434</b>	<b>2,1</b>	<b>118.089</b>	<b>(2.299)</b>	<b>-</b>
<i>Net margin</i>	<i>21%</i>	<i>9%</i>	<i>12 p.p.</i>	<i>22%</i>	<i>- 1 p.p.</i>	<i>21%</i>	<i>-1%</i>	<i>22 p.p.</i>
<b>Adjusted net income (loss)</b>	<b>61.237</b>	<b>(534)</b>	<b>-</b>	<b>58.258</b>	<b>5,1</b>	<b>121.332</b>	<b>(12.111)</b>	<b>-</b>
<i>Adjusted net margin</i>	<i>21%</i>	<i>0%</i>	<i>21 p.p.</i>	<i>22%</i>	<i>- 1 p.p.</i>	<i>22%</i>	<i>-5%</i>	<i>27 p.p.</i>
<b>EBITDA (CVM Instruction 527/12)</b>	<b>88.798</b>	<b>27.328</b>	<b>224,9</b>	<b>82.427</b>	<b>7,7</b>	<b>171.225</b>	<b>22.600</b>	<b>657,6</b>
<i>EBITDA Margin (CVM Instruction 527/12)</i>	<i>31%</i>	<i>20%</i>	<i>11 p.p.</i>	<i>30%</i>	<i>1 p.p.</i>	<i>31%</i>	<i>9%</i>	<i>22 p.p.</i>
<b>Adjusted EBITDA</b>	<b>91.194</b>	<b>7.493</b>	<b>1.117,1</b>	<b>84.945</b>	<b>7,4</b>	<b>176.139</b>	<b>7.733</b>	<b>2.177,8</b>
<i>Adjusted EBITDA margin</i>	<i>32%</i>	<i>5%</i>	<i>27 p.p.</i>	<i>31%</i>	<i>1 p.p.</i>	<i>32%</i>	<i>3%</i>	<i>29 p.p.</i>

## Economy and Market

Amid the recovery of the Brazilian economic activity, albeit unevenly across sectors, the civil construction segment maintained the accelerated pace of growth observed in recent quarters and continued on its upward trend during 2Q21. The Brazilian Construction Materials Industry Association (ABRAMAT) had previously reported a 24.4%<sup>1</sup> growth in consolidated sales in 1H21, compared to the same period in 2020.

Updated market projections<sup>2</sup> point to a GDP growth of 5.27% for 2021, with inflation measured by the IPCA rate at 6.31% and R\$5.05/US\$ at the end of the year. Despite the increase in the basic interest rate, with the market expectations of the SELIC rate at 6.75%<sup>3</sup> at the end of 2021, based on the preliminary results calculated in 1H21 by ABRAMAT, the Association revised its annual performance projection, which now point to an 8% growth<sup>4</sup> for the construction materials industry, thus suggesting that in 2021, the sector will have the best annual performance of the decade, with regard to deflated sales.

Deflated revenue evolution - ABRAMAT



(\*) ABRAMAT Estimate

## Operating Performance

### | Eternit - Fiber-cement Segment

The heated demand in the construction material industry, combined with the Company's commercial strategy focused on spreading sales and expanding its geographic footprint, sustained the good performance of the fiber-cement segment in 2Q21, with the units operating at a high occupancy level. The sales volume of fiber-cement roofing panels and construction systems reached 740 thousand tons in the last 12 months, representing an occupancy level of 88% of the installed capacity.

The sales volume of roofing panels totaled around 179 thousand tons in 2Q21, up 26% YoY. Year to date, sales amount to 370 thousand tons, the best half-year result since 2016, representing a growth of 39% compared to 1H20.

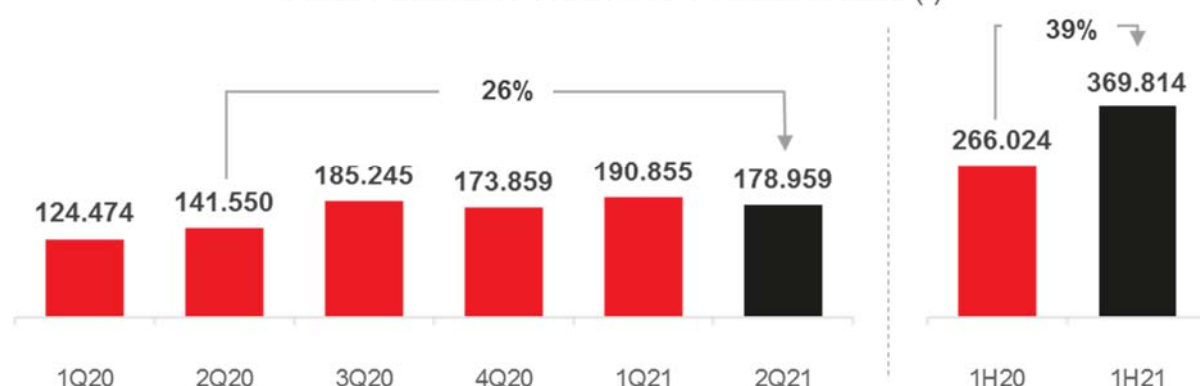
<sup>1</sup> ABRAMAT: CNN online - 07/08/2021

<sup>2</sup> BACEN: FOCUS Market Readout - 07/16/2021

<sup>3</sup> BACEN: FOCUS Market Readout - 07/16/2021

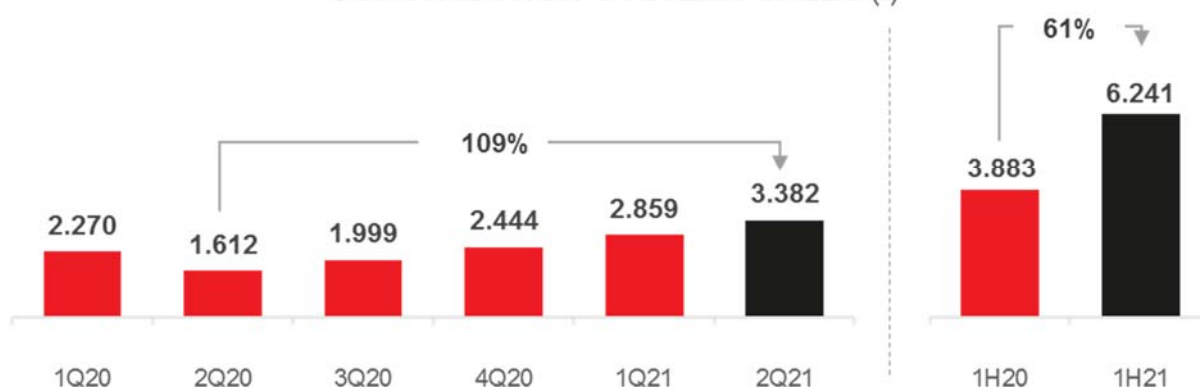
<sup>4</sup> ABRAMAT: CNN online - 07/08/2021

### FIBER-CEMENT ROOFING PANEL SALES (t)

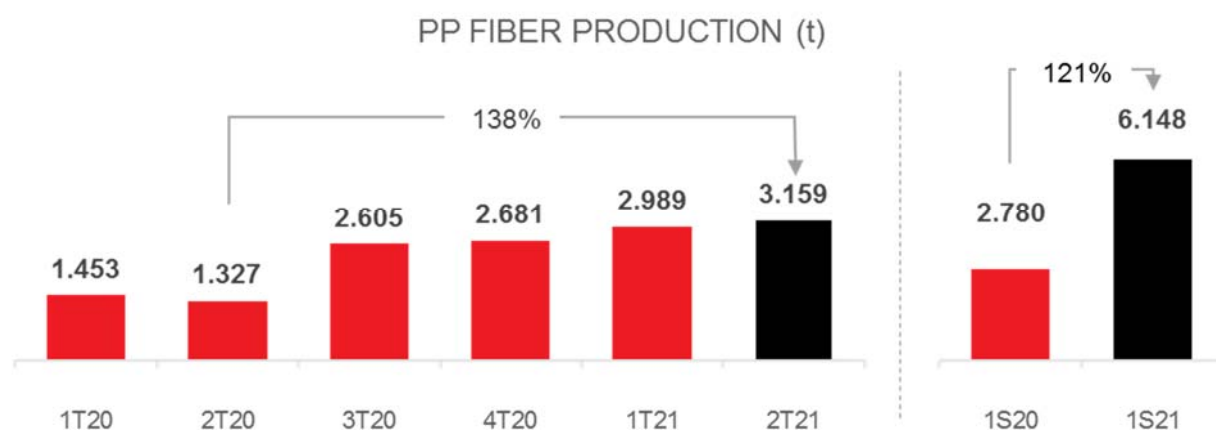


In the construction systems segment, which includes cement cladding panels and wall cladding panels, sales volume grew by 110% in 2Q21 vs. 2Q20 and 18% when compared to 1Q21. Year to date, sales volume for construction systems totaled around 6.3 thousand tons in 2021, 61% higher than the same period in 2020. As of 2Q20, the sales volume accumulates an average growth rate of 20% per quarter, reinforcing the strategic decision to diversify products based on fiber-cement technology

### CONSTRUCTION SYSTEMS SALES (t)



In 2Q21, polypropylene (PP) fiber production totaled 3,159 t, setting a new monthly production record at the Manaus unit, surpassing the 1,000 t/month mark. The unit has been operating at full capacity, with accumulated production reaching 6,148 tons in the year, 121% above 1H20.



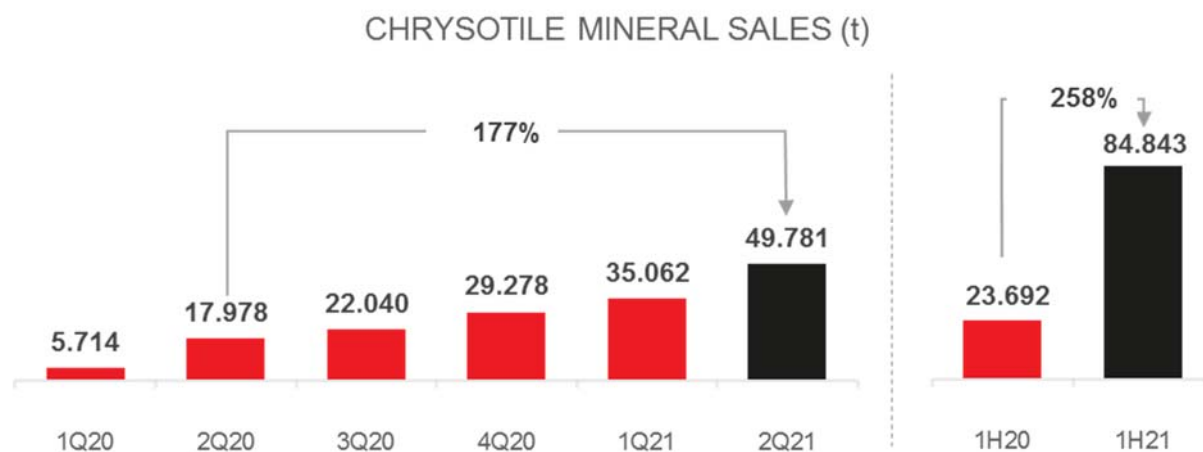
The gross margin of the fiber-cement segment, which considers the integrated production of polypropylene fiber, reached 41% in 2Q21, slightly above the gross margin achieved in 1Q21. In the semester, gross margin stood at 40%, representing a gain of 25 p.p. compared to the first semester of 2020.

Fiber-cement - R\$ thousand	2Q21	2Q20	Chg. (%)	1Q21	Chg. (%)	1H21	1H20	Chg. (%)
Net revenue	206,447	102,776	100.9	203,258	1.6	409,705	195,726	109.3
Gross profit	84,046	13,684	514.2	79,737	5.4	163,783	29,492	455.3
Gross margin	41%	13%	28 p.p.	39%	2 p.p.	40%	15%	25 p.p.

## | Sama - Chrysotile Mineral Segment

In 2Q21, around 50 thousand tons of chrysotile fiber were exported, corresponding to an increase of 177% YoY. Year to date, the volume exported totaled around 85 thousand tons, an increase of 258% compared to the same period in 2020.

All chrysotile fiber production was directed to the foreign market, as permitted by the State Law of Goiás No. 20,514, dated 07/16/2019.



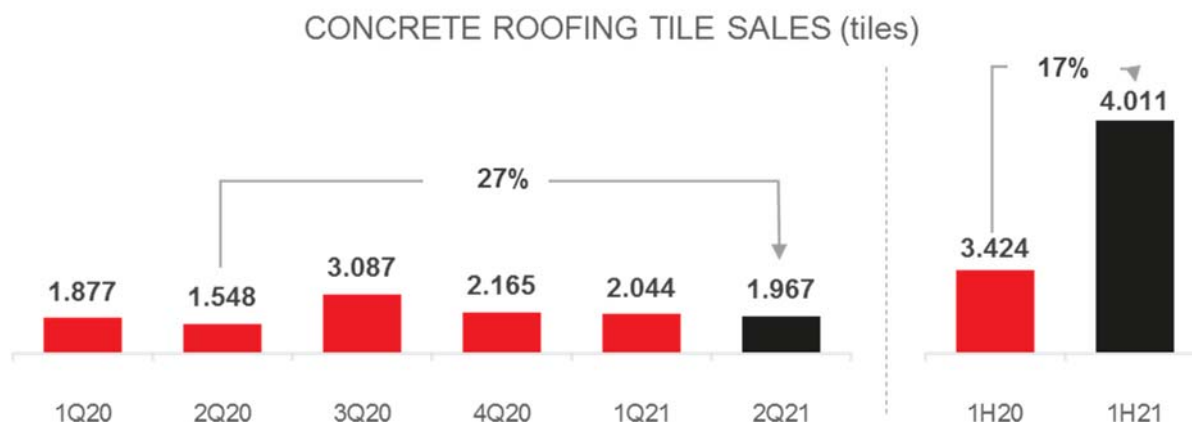
In 2Q21, gross margin on exports reached 62%, practically flat in relation to 1Q21.

Chrysotile Mineral - R\$ thousand	2Q21	2Q20	Chg. (%)	1Q21	Chg. (%)	1H21	1H20	Chg. (%)
Net revenue	76.780	29.670	158,8	62.986	21,9	139.766	40.711	243,3
Gross profit	47.940	22.163	116,3	40.473	18,4	88.413	26.897	228,7
Gross margin	62%	75%	- 13 p.p.	64%	- 2 p.p.	63%	66%	- 3 p.p.



## | Tégula - Concrete Roofing Tiles

In 2Q21, the sales volume of concrete roofing tiles totaled around 2 million tiles, a 27% increase over 2Q20 and a 4% decrease from 1Q21. However, the year-to-date sales volume showed a growth of 17% in 2021 compared to 1H20, totaling 4 million tiles.



The segment's gross margin of 21% in 2Q21 represented a growth of 9 p.p. compared to 1Q21, reversing the negative result of 2Q20 (-14%). Year to date, the segment registered gross margin of 17%, with a gain of 14 p.p. compared to the first half of 2020.

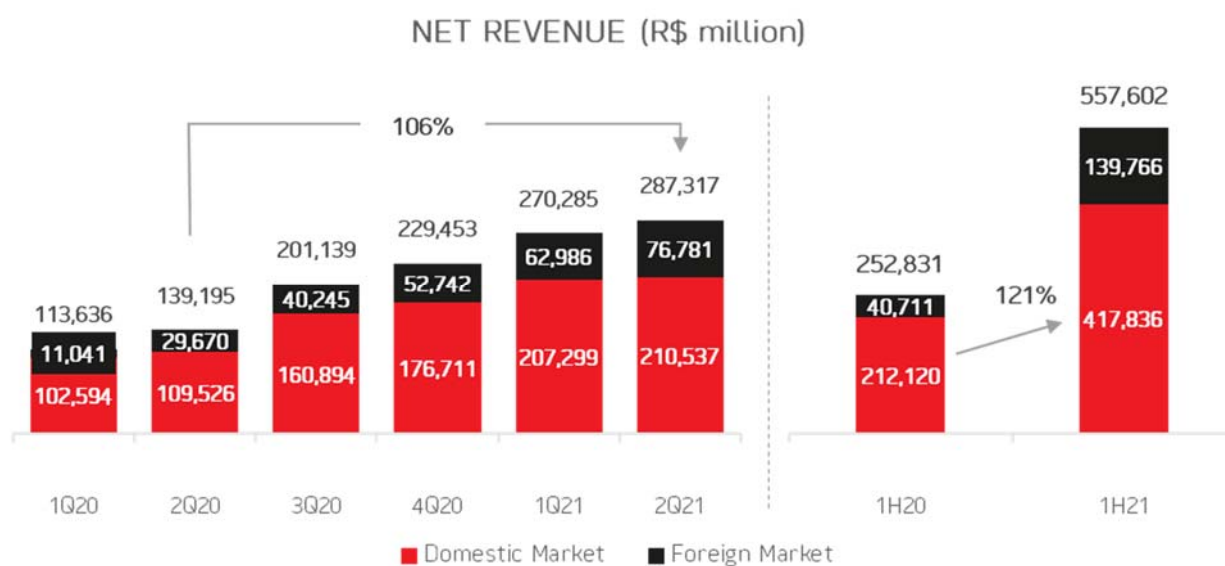
Concrete Roofing Tiles - R\$ thousand	2Q21	2Q20	Chg. (%)	1Q21	Chg. (%)	1H21	1H20	Chg. (%)
Net revenue	4.088	2.618	56,1	3.896	4,9	7.984	5.966	33,8
Gross profit	853	(365)	-	472	80,7	1.325	180	636,1
Gross margin	21%	-14%	35 p.p.	12%	9 p.p.	17%	3%	14 p.p.

## Consolidated Financial Performance

### | Net Revenue

Net Revenue continued the upward trend throughout 2Q21, showing a growth of 6% over 1Q21 and 106% over the same period in 2020, totaling R\$287.3 million. The main drivers of the increase in revenue in the period were the steady demand in the fiber-cement market, which remained heated with maintenance of price levels and margins, and the increase in chrysotile exports.

In 1H21, Net Revenue totaled R\$557.6 million, 121% higher than in 1H20, with a highlight on the domestic market as a result of the growth in sales volume and prices in the fiber-cement segment.



### | Cost of Goods Sold

In 2Q21, cost of goods sold (COGS) totaled R\$154.5 million, an increase of 39% YoY and 3% QoQ.

In 1H21, COGS totaled R\$304.5 million, 49% up on the same period in 2020. In addition to the significant increase in sales volume in the fiber-cement segment, such growth is also a result of the sharp rise in prices of raw materials in 2021 (PP resin: +45%; pulp: +32%; cement: +19%).

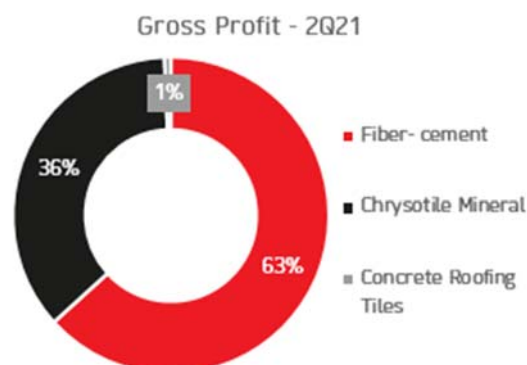
Consolidated - R\$ thousand	2Q21	2Q20	Chg. (%)	1Q21	Chg. (%)	1H21	1H20	Chg. (%)
Net revenue	287.317	139.195	106,4	270.285	6,3	557.602	252.831	120,5
Cost of goods sold	(154.486)	(110.921)	39,3	(149.991)	3,0	(304.477)	(204.787)	48,7
Gross profit	132.831	28.274	369,8	120.294	10,4	253.125	48.044	426,9
Gross margin	46%	20%	26 p.p.	45%	1 p.p.	45%	19%	26 p.p.

### | Gross Profit

In 2Q21, Gross Profit reached R\$132.8 million, a 10% growth when compared to the performance registered in 1Q21 and higher by 370% in relation to 2Q20. The fiber-cement segment accounted for 63% of the Gross Profit earned in the quarter.

Year to date, Gross Profit totaled R\$253.1 million, representing a growth of 427% compared to the same period in 2020.

Despite the challenging scenario amid rising prices of raw material, the gross margin recorded in the period stood at 46%, sustaining the same level recorded in 1Q21 and exceeding by 26 p.p. the gross margin of 2Q20.



### | Selling expenses

The exponential growth in sales volume and the increase in variable expenses of chrysotile mineral exports contributed to a significant increase in selling expenses in the period. In 2Q21, selling expenses totaled an increase of R\$12.7 million over 2Q20 (+101%) and R\$20.7 million over 1H20 (+89%).

On the other hand, when looking at selling expenses in relation to net revenue, it should be noted that, in 2Q21, selling expenses of 9% remained flat when compared to 2Q20. Year to date, selling expenses represented 8% of net revenue, a reduction of 1 p.p. compared to the same period of the previous year.

Consolidated - R\$ thousand	2Q21	2Q20	Chg. (%)	1Q21	Chg. (%)	1H21	1H20	Chg. (%)
Net Revenues	287,317	139,195	106.4	270,285	6.3	557,602	252,831	120.5
Selling expenses	25,189	12,526	101.1	18,617	35.3	43,806	23,150	89.2
% Net Revenue	9%	9%	-	7%	2 p.p.	8%	9%	- 1 p.p.

### | General and administrative expenses

General and administrative expenses totaled R\$21.2 million in 2Q21, remaining at the same level as that observed in 1Q21. The 36% increase compared to 2Q20 is mainly due to the variable compensation payable to employees and Management and the temporary reduction in salaries that took place during 2020, resulting from the application of the MP (Provisional Presidential Decree) no. 936/2020 due to the COVID-19 pandemic. Year-to-date expenses totaled R\$42.3 million, an increase of 24% over the same period in 2020, as a result of the events mentioned above.

## | Other operating revenues (expenses)

Other operating revenues (expenses) totaled R\$1.8 million in 2Q21. The R\$23.9 million change when compared to 2Q20 refers to the non-recurring effect of reversal of impairment recorded in 2020. Year to date, expenses totaled R\$4.1 million.

Consolidated - R\$ thousand	2Q21	2Q20	Chg. (%)	1Q21	Chg. (%)	1H21	1H20	Chg. (%)
<b>Selling expenses</b>	(25,189)	(12,526)	101.1	(18,617)	35.3	(43,806)	(23,150)	89.2
<b>General and administrative expenses<sup>(1)</sup></b>	(21,202)	(15,606)	35.9	(21,085)	0.6	(42,287)	(34,054)	24.2
<b>Other operating revenues (expenses)</b>	(1,759)	22,185	-	(2,344)	(25.0)	(4,103)	22,869	-
<b>Total operating expenses</b>	(48,150)	(5,947)	709.7	(42,046)	14.5	(90,196)	(34,335)	162.7

*(1) Includes Management compensation*

## | EBITDA

As a result of the good operating performance seen in 2Q21, with emphasis on the sales volume and margins of the fiber-cement business, Adjusted EBITDA, excluding non-recurring events, totaled R\$91.2 million in 2Q21, increasing by R\$6.2 million (+7.4%) the solid result registered in 1Q21, totaling R\$176 million YTD.

Likewise, EBITDA<sup>1</sup> reached R\$88.8 million in 2Q21 and R\$171.2 million in 1H21.

Consolidated - R\$ thousand	2Q21	2Q20	Chg. (%)	1Q21	Chg. (%)	1H21	1H20	Chg. (%)
<b>Net income (loss) for the period</b>	<b>59.655</b>	<b>12.557</b>	<b>375,1</b>	<b>58.434</b>	<b>2,1</b>	<b>118.089</b>	<b>(2.299)</b>	<b>-</b>
Income tax and social contribution	15.935	4.705	238,7	22.348	(28,7)	38.283	5.347	616,0
Net financial income (loss)	9.091	5.065	79,5	(2.534)	-	6.557	10.661	(38,5)
Depreciation and amortization	4.117	5.001	(17,7)	4.179	(1,5)	8.296	8.891	(6,7)
<b>EBITDA (CVM Instruction 527/12)<sup>1</sup></b>	<b>88.798</b>	<b>27.328</b>	<b>224,9</b>	<b>82.427</b>	<b>7,7</b>	<b>171.225</b>	<b>22.600</b>	<b>657,6</b>
<b>Non-recurring events</b>	<b>2.397</b>	<b>(19.835)</b>	<b>-</b>	<b>2.518</b>	<b>(4,8)</b>	<b>4.914</b>	<b>(14.867)</b>	<b>-</b>
Restructuring	-	77	(100,0)	-	-	-	778	(100,0)
Expenses related to court-supervised reorganization	609	698	(12,8)	775	(21,4)	1.383	1.117	23,8
Impairment of assets	-	(23.750)	(100,0)	(5.645)	(100,0)	(5.645)	(23.750)	(76,2)
Expenses related to discontinued units	(19)	9.209	-	4.107	-	4.088	13.057	(68,7)
Revenue related to late credits	-	(5.100)	(100,0)	-	-	-	(5.100)	(100,0)
Sale of fixed assets	(501)	(969)	(48,3)	(611)	(18,0)	(1.112)	(969)	14,7
Intermediation commission in the divestment of CSC	410	-	-	-	-	410	-	-
Exceptional provision for terminations of representatives	737	-	-	1.925	(61,7)	2.662	-	-
Sale of registered warrants	-	-	-	(1.142)	(100,0)	(1.142)	-	-
Tax recoverable loss (CSC)	-	-	-	3.109	(100,0)	3.109	-	-
Other non recurring events	1.160	-	-	-	-	1.160	-	-
<b>Adjusted EBITDA<sup>2</sup></b>	<b>91.194</b>	<b>7.493</b>	<b>-</b>	<b>84.945</b>	<b>7,4</b>	<b>176.139</b>	<b>7.733</b>	<b>-</b>

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

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

## | Financial Result

The Company recorded Loss of R\$9.1 million in 2Q21, mainly reflecting the impact of R\$8.8 million arising from the exchange rate variation, due to the appreciation of the Real against the Dollar on Sama's accounts receivable portfolio denominated in foreign currency.

The Company's cash balance reached R\$197 million as a result of funding for investment and operational generation, leading to a financial income of R\$1.5 million in 2Q21. On the other hand, the absence of short-term working capital financing limited financial expenses to the bankruptcy-related debt, totaling R\$444 thousand.

In 1H21, financial expenses decreased 38.5% from the same period in 2020, mainly as a result of income from financial investments and the reduction in interest on short-term loans.

Consolidated - R\$ thousand	2Q21	2Q20	Chg. (%)	1Q21	Chg. (%)	1H21	1H20	Chg. (%)
<b>Financial income</b>	<b>1,451</b>	<b>4</b>	<b>36175.0%</b>	<b>438</b>	<b>231.3%</b>	<b>1,889</b>	<b>6</b>	<b>31383.3%</b>
Financial Investments	1,451	4	36175.0%	438	231.3%	1,889	6	31383.3%
<b>Financial Expenses</b>	<b>(444)</b>	<b>(2,968)</b>	<b>-85.0%</b>	<b>(2,355)</b>	<b>-81.1%</b>	<b>(2,799)</b>	<b>(4,943)</b>	<b>-43.4%</b>
Interest on Bankruptcy-related Debt	(444)	(1,378)	-67.8%	(2,355)	-81.1%	(2,799)	(3,004)	-6.8%
Interest on Financing	-	(1,590)	-100.0%	-	n.a	-	(1,939)	-100.0%
<b>Other</b>	<b>(1,278)</b>	<b>(5,258)</b>	<b>-75.7%</b>	<b>523</b>	<b>-344.4%</b>	<b>(754)</b>	<b>(7,219)</b>	<b>-89.6%</b>
<b>Net of exchange variations</b>	<b>(8,820)</b>	<b>3,157</b>	<b>-379.4%</b>	<b>3,928</b>	<b>-324.5%</b>	<b>(4,892)</b>	<b>1,495</b>	<b>-427.2%</b>
<b>Net financial income (loss)</b>	<b>(9,091)</b>	<b>(5,065)</b>	<b>79.5%</b>	<b>2,534</b>	<b>-458.8%</b>	<b>(6,556)</b>	<b>(10,661)</b>	<b>-38.5%</b>

## Net Income (Loss)

Adjusted Net Income, excluding non-recurring effects, ended 2Q21 at R\$61 million, R\$3 million higher than the solid result achieved in 1Q21 and reversing the R\$0.5 million loss recorded in the same period in 2020. In the first half of the year, the amount recorded in 2021 was R\$121 million, reversing the R\$12 million loss of 1H20.

Likewise, Net Income reached R\$60 million in 2Q21 and R\$118 million year-to-date.

Consolidated - R\$ thousand	2Q21	2Q20	Chg. (%)	1Q21	Chg. (%)	1H21	1H20	Chg. (%)
<b>Net income (loss) for the period</b>	<b>59.655</b>	<b>12.557</b>	<b>375,1</b>	<b>58.434</b>	<b>2,1</b>	<b>118.089</b>	<b>(2.299)</b>	<b>-</b>
<i>Net margin</i>	<i>21%</i>	<i>9%</i>	<i>12 p.p.</i>	<i>22%</i>	<i>- 1 p.p.</i>	<i>21%</i>	<i>-1%</i>	<i>22 p.p.</i>
<b>Non-recurring events</b>	<b>2.397</b>	<b>(19.835)</b>	<b>-</b>	<b>(267)</b>	<b>-</b>	<b>4.914</b>	<b>(14.867)</b>	<b>-</b>
Restructuring	-	77	(100,0)	-	-	-	778	(100,0)
Expenses related to court-supervised reorganization	609	698	(13)	775	(21)	1.383	1.117	23,8
Impairment of assets	-	(23.750)	(100,0)	(5.645)	(100,0)	(5.645)	(23.750)	(76,2)
Expenses related to discontinued units	(19)	9.209	-	4.107	-	4.088	13.057	(68,7)
Revenue related to late credits	-	(5.100)	(100,0)	-	-	-	(5.100)	(100,0)
Sale of fixed assets	(501)	(969)	(48)	(611)	(18)	(1.112)	(969)	14,7
Intermediation commission in the divestment of CSC	410	-	-	-	-	410	-	-
Exceptional provision for terminations of representatives	737	-	-	1.925	(62)	2.662	-	-
Sale of registered warrants	-	-	-	(1.142)	(100,0)	(1.142)	-	-
Tax recoverable loss (CSC)	-	-	-	3.109	(100)	3.109	-	-
Other non recurring events	1.160	-	-	-	-	1.160	-	-
Inflation adjustment on the sale of registered warrants	-	-	-	(2.784)	(100)	-	-	-
Effect of income and social contributions taxes*	(815)	6.744	-	91	-	(1.671)	5.055	-
<b>Adjusted net income (loss)</b>	<b>61.237</b>	<b>(534)</b>	<b>-</b>	<b>58.258</b>	<b>5,1</b>	<b>121.332</b>	<b>(12.111)</b>	<b>-</b>

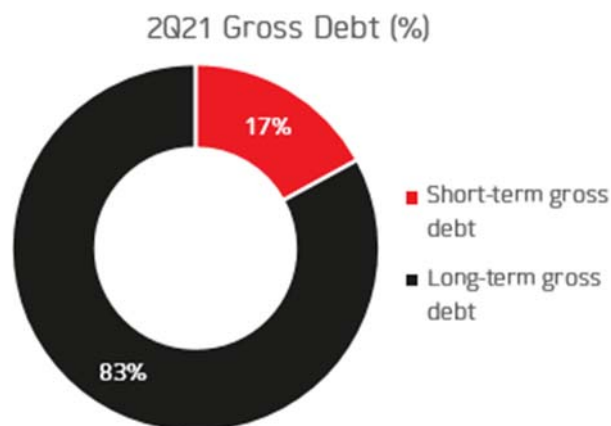
(\*) Effect of Income Tax/Social Contribution (34%) on non-recurring events

### | Net Cash e Indebtedness

In the period ended June 2021, the Company's gross debt totaled R\$44.5 million, consisting solely of the portion of the bankruptcy-related debt with financial institutions (Class II and III), which represents a 54% reduction when compared to 2Q20 and 33% compared to December 2020.

Cash balance ended 2Q21 at R\$196.6 million, consisting of funds from the capital call for the acquisition of Confibra (R\$110 million), from the remaining balance of the capital increase carried out in June/2020 to fund strategic investments (R\$ 26.2 million), and operating cash flow.

As a result, the Company recorded a positive net cash of R\$152 million at the end of the period, compared to the negative position of R\$62 million recorded in June 2020.



Net (Cash) Debt - R\$ thousand	30/06/2021	30/06/2020	Chg. (%)	31/12/2020	Chg. (%)
Short-term gross debt	7,598	31,875	-76.2%	-	0.0%
Long-term gross debt	36,946	65,027	-43.2%	66,388	-44.3%
<b>Total gross debt</b>	<b>44,544</b>	<b>96,902</b>	<b>-54.0%</b>	<b>66,388</b>	<b>-32.9%</b>
(-) Cash and cash equivalents	196,650	34,862	464.1%	81,175	142.3%
<b>Net (cash) debt</b>	<b>(152,106)</b>	<b>62,040</b>	<b>-</b>	<b>(14,787)</b>	<b>928.6%</b>



## | Bankruptcy-related Debt

In 2Q21, the Company made payments of R\$92 million to Class III creditors, paying off all Option B credits and prepaying approximately 82% of the outstanding balance of Option A creditors eligible for payment on the occasion.

At the end of the period ended June 30, 2021, bankruptcy-related debt totaled approximately R\$56.3 million (R\$5.00:1 USD).

Class	Balance Approved in CSR Plan	Haircut	Payment Guarantee	New Active (Inactive) Credits	Interest / Charges	Payments made	Final Balance
Class I - Labor Creditors - R\$ thousand	6,466	-	-	2,556	-	(6,647)	2,375
Class II - Creditors with Secured Claims - R\$ thousand	36,225	-	-	-	6,200	(3,070)	39,355
Class III - Unsecured Creditors							
Option A - R\$ thousand	107,672	(17,314)	(40,400)	(1,873)	3,131	(38,591)	12,625
Option A - R\$ thousand	953	-	-	(520)	1	(257)	177
Option B - R\$ thousand	84,097	(37,839)	-	-	3,242	(49,500)	0
Option B - R\$ thousand	1,696	(763)	-	-	5	(938)	0
Class IV - Micro and Small Company Creditors - R\$ thousand	4,612	-	-	-	71	(3,619)	1,064
<b>Total - R\$ thousand</b>	<b>239,072</b>	<b>(55,153)</b>	<b>(40,400)</b>	<b>683</b>	<b>12,644</b>	<b>(101,427)</b>	<b>55,419</b>
<b>Total - US\$ thousand</b>	<b>2,649</b>	<b>(763)</b>	<b>-</b>	<b>(520)</b>	<b>6</b>	<b>(1,195)</b>	<b>177</b>

## | Investments - CAPEX

In the first half of 2021, the Company's investments totaled R\$21.9 million, which was allocated to strategic projects (photovoltaic roofing tiles project and the modernization program for the fiber-cement industrial park) and investments in operational continuity.

Regarding the strategic projects, which were funded by the capital increase in June 2020, amounting to R\$46.6 million, of which R\$9.4 million were disbursed in 2Q21, totaling R\$20.4 million in investments in the project, leaving the balance of R\$ 26.2 million to be disbursed.

- (i) Photovoltaic Roofing Tiles - Eternit continues to validate its technology and this quarter sent samples of the BIG-F10 concrete roofing tile for tests at the PI Berlin laboratory in Germany, to assess its useful life. The Company expects to make the first sale of the BIG-F10 concrete photovoltaic roofing tiles on the market in August 2021, albeit still restricted to selected customers, thus fulfilling another stage in the development program.
- (ii) Fiber-cement Modernization - The Company has been complying with the plan for the modernization program of the fiber-cement industrial park, with a special highlight to the expansion of the installed capacity of the units in Rio de Janeiro and Goiânia, representing additional 7 thousand tons per month, approximately 10% of current capacity. Eternit expects to complete the expansion of the industrial unit in Rio de Janeiro in 4Q21 and the one in Goiânia in 1Q22.

R\$ thousand	Total Investment	Paid
Photovoltaic Roofing Tiles	5,800	5,402
Fiber-Cement Modernization Program	40,770	14,951
<b>Total</b>	<b>46,570</b>	<b>20,353</b>

## Capital Market

In 2006, Eternit joined the Novo Mercado Segment, the highest level of corporate governance at the Brazilian Stock Exchange B3, under the ticker ETER3.

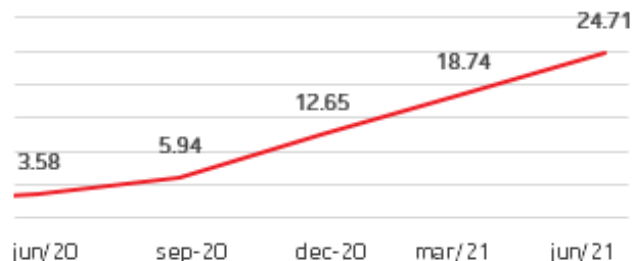
On 06/30/2021, the Company's market value was R\$1,526.5 million, considering the closing price of R\$24.71, representing an appreciation of 591% in relation to the share price on 06/30/2020.

2Q21 recorded an average daily trading of 3.3 million shares on the B3 spot market, which represented an average daily volume of R\$85 million.

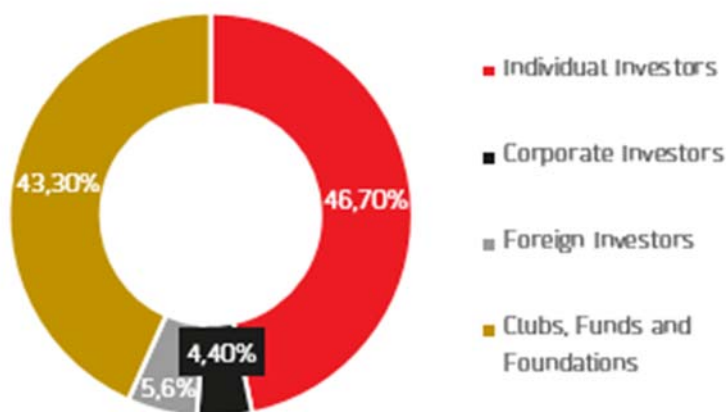
With a highly fragmented stock ownership and no shareholders' agreement or controlling group, the Company's shareholder base ended the quarter with 26,185 shareholders. At the end of the period, only three shareholders held more than 5% interest in the share capital, totaling approximately 38.5% of the total shares.

Visit the IR website for more information.

ETER3 Stock Performance - R\$



Ownership Structure 06/30/2021



## Subsequent Events

### | Ratification of tax credits

In June 2021, the Company requested the Brazilian IRS for the release of court-ordered credits arising from a final and unappealable decision on 12/11/2020, regarding the refund of not yet time-barred Company and Personal Income Tax (IRPJ and IRRF, respectively) for the years 1998 and 1999, pursuant to the Complementary Law 118/2005.

In July/2021, through a decision order, the Brazilian IRS ratified the request totaling approximately R\$ 26.3 million. The approved credit will not affect the result or the Company's balance sheet, since its recognition took place at the time of the filing of the original lawsuit.

In this sense, the Company is able to carry out the financial compensation of said credit with other federal taxes, increasing the Company's cash.

### | Reduction of share capital

On August, 10, 2021 the Board of Directors approved the absorption of the losses as reduction of share capital in the amount of R\$ 57,455 based on article 173 of Brazilian legislation ("Lei das S/A").

## Exhibits

## ETERNIT S.A. - Under Court-Supervised Reorganization

### Balance Sheet

R\$ thousand

ASSETS	Parent Company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
<b>Total current assets</b>	<b>394,074</b>	<b>238,859</b>	<b>621,361</b>	<b>486,081</b>
Cash and cash equivalents	315	4,145	196,650	81,175
Accounts receivable	77,469	51,872	157,459	89,938
Inventories	68,361	52,136	104,327	73,470
Taxes recoverable	58,210	53,212	104,575	88,986
Related parties	182,945	68,920	-	-
Prepaid expenses	3,032	2,494	34,831	30,266
Other current assets	3,742	5,284	18,305	12,907
Assets held for sale	-	796	5,214	109,339
<b>Total non-current assets</b>	<b>398,127</b>	<b>342,678</b>	<b>272,800</b>	<b>259,187</b>
Judicial deposits	8,995	8,848	12,418	12,202
Taxes recoverable	25,988	25,086	34,831	34,694
Deferred income tax and social contribution	-	-	-	-
Related parties	2,004	3,447	-	-
Other non-current assets	825	814	2,281	2,270
Investments	236,223	192,425	-	-
Right-of-use assets	-	-	8,462	9,149
Fixed assets	123,333	110,951	214,029	199,730
Intangible assets	759	1,107	779	1,142
<b>Total assets</b>	<b>792,201</b>	<b>581,537</b>	<b>894,161</b>	<b>745,268</b>

LIABILITIES AND EQUITY	Parent Company		Consolidated	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020
<b>Total current liabilities</b>	<b>169,525</b>	<b>179,659</b>	<b>173,861</b>	<b>221,245</b>
Suppliers	24,564	31,434	44,120	60,536
Loans and financing	215	-	7,598	-
Related parties	72,052	71,753	-	-
Personnel expenses	18,004	15,746	24,559	19,981
Dividends and interest on equity	-	-	-	-
Taxes, charges and contributions payable	24,092	21,235	36,073	31,029
Provision for post-employment benefits	2,582	2,582	7,211	7,211
Lease obligations	-	-	5,324	4,106
Other current liabilities	28,016	36,909	48,976	98,382
<b>Total non-current liabilities</b>	<b>179,700</b>	<b>186,978</b>	<b>277,200</b>	<b>309,012</b>
Loans and financing	1,637	9,327	36,946	66,388
Related parties	40,082	44,178	-	-
Taxes, charges and contributions payable	17,761	15,938	41,161	42,356
Personnel expenses	6,356	7,230	7,848	9,006
Provision for tax, civil and labor risks	63,306	62,495	84,294	81,613
Provision for post-employment benefits	32,337	32,378	84,320	84,686
Provision for decommissioning of mine	-	-	7,125	7,125
Provision for investment losses	6,038	3,249	-	-
Lease obligations	-	-	3,165	5,070
Deferred income tax and social contribution	12,117	12,117	12,275	12,702
Other non-current liabilities	66	66	66	66
<b>Total equity</b>	<b>442,976</b>	<b>214,900</b>	<b>442,976</b>	<b>214,900</b>
Share capital	495,537	385,537	495,537	385,537
Capital reserves	33,808	20,686	33,808	20,686
Treasury shares	(174)	(174)	(174)	(174)
Profit reserves	(85)	(85)	(85)	(85)
Retained losses	(57,455)	(162,409)	(57,455)	(162,409)
Other comprehensive income (loss)	(28,655)	(28,655)	(28,655)	(28,655)
<b>Net equity attributable to controlling shareholders</b>	<b>442,976</b>	<b>214,900</b>	<b>443,100</b>	<b>215,011</b>
Non-controlling interests			124	111
<b>Total liabilities and equity</b>	<b>792,201</b>	<b>581,537</b>	<b>894,161</b>	<b>745,268</b>

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

R\$ thousand	2Q21	2Q20	Chg. (%)	1Q21	Chg. (%)	1H21	1H20	Chg. (%)
<b>Net revenue</b>	<b>198,732</b>	<b>101,931</b>	<b>95.0%</b>	<b>194,224</b>	<b>2.3%</b>	<b>392,956</b>	<b>194,416</b>	<b>102.1%</b>
Costs of goods and services sold	(124,959)	(89,360)	39.8%	(122,516)	2.0%	(247,475)	(169,897)	45.7%
<b>Gross profit</b>	<b>73,773</b>	<b>12,571</b>	<b>486.9%</b>	<b>71,708</b>	<b>2.9%</b>	<b>145,481</b>	<b>24,519</b>	<b>493.3%</b>
<b>Gross margin</b>	<b>37%</b>	<b>12%</b>	<b>25 p.p.</b>	<b>37%</b>	<b>-</b>	<b>37%</b>	<b>13%</b>	<b>24 p.p.</b>
<b>Operating revenue (expenses)<sub>1</sub></b>	<b>(28,036)</b>	<b>52,380</b>	<b>-153.5%</b>	<b>(24,980)</b>	<b>12.2%</b>	<b>(53,016)</b>	<b>33,973</b>	<b>-256.1%</b>
Selling expenses	(11,947)	(7,643)	56.3%	(11,776)	1.5%	(23,723)	(15,732)	50.8%
General and administrative <sub>2</sub>	(12,625)	(9,588)	31.7%	(13,901)	-9.2%	(26,526)	(19,946)	33.0%
Other operating revenues (expenses), net	(3,464)	69,611	-105.0%	697	-597.0%	(2,767)	69,651	-104.0%
<b>Income (Loss) before equity pick-up (EBIT)</b>	<b>45,737</b>	<b>64,951</b>	<b>70.4%</b>	<b>46,728</b>	<b>-2.1%</b>	<b>92,465</b>	<b>58,492</b>	<b>58.1%</b>
<b>EBIT margin</b>	<b>23%</b>	<b>64%</b>	<b>- 41 p.p.</b>	<b>24%</b>	<b>- 1 p.p.</b>	<b>24%</b>	<b>30%</b>	<b>- 6 p.p.</b>
Equity pick-up	20,346	(48,598)	-141.9%	20,663	-1.5%	41,009	(54,000)	-175.9%
<b>Operating income (loss) before financial result</b>	<b>66,083</b>	<b>16,353</b>	<b>304.1%</b>	<b>67,391</b>	<b>-1.9%</b>	<b>133,474</b>	<b>4,492</b>	<b>2871.4%</b>
Net financial income (loss)	(264)	(3,721)	-92.9%	453	-158.3%	189	(6,708)	-102.8%
<b>Income (Loss) before income tax and social contribution</b>	<b>65,819</b>	<b>12,632</b>	<b>421.0%</b>	<b>67,844</b>	<b>-3.0%</b>	<b>133,663</b>	<b>(2,216)</b>	<b>-6131.7%</b>
Current income tax and social contribution	(6,174)	-	n.a	(9,413)	-34.4%	(15,587)	-	n.a
Deferred income tax and social contribution	-	-	n.a	-	n.a	-	-	n.a
<b>Net income (loss) for the period</b>	<b>59,645</b>	<b>12,632</b>	<b>372%</b>	<b>58,431</b>	<b>2.1%</b>	<b>118,076</b>	<b>(2,216)</b>	<b>-5428%</b>
<b>Net margin</b>	<b>30%</b>	<b>12%</b>	<b>18 p.p.</b>	<b>30%</b>	<b>-</b>	<b>30%</b>	<b>-1%</b>	<b>31 p.p.</b>

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

R\$ thousand	2Q21	2Q20	Chg. (%)	1Q21	Chg. (%)	1H21	1H20	Chg. (%)
<b>Net revenue</b>	<b>287,317</b>	<b>139,195</b>	<b>106.4%</b>	<b>270,285</b>	<b>6.3%</b>	<b>557,602</b>	<b>252,831</b>	<b>120.5%</b>
Costs of goods and services sold	(154,486)	(110,921)	39.3%	(149,991)	3.0%	(304,477)	(204,787)	48.7%
<b>Gross profit</b>	<b>132,831</b>	<b>28,274</b>	<b>369.8%</b>	<b>120,294</b>	<b>10.4%</b>	<b>253,125</b>	<b>48,044</b>	<b>426.9%</b>
<b>Gross margin</b>	<b>46%</b>	<b>20%</b>	<b>26 p.p.</b>	<b>45%</b>	<b>1 p.p.</b>	<b>45%</b>	<b>19%</b>	<b>26 p.p.</b>
<b>Operating revenues (expenses)</b>	<b>(48,150)</b>	<b>(5,947)</b>	<b>709.7%</b>	<b>(42,046)</b>	<b>14.5%</b>	<b>(90,196)</b>	<b>(34,335)</b>	<b>162.7%</b>
Selling expenses	(25,189)	(12,526)	101.1%	(18,617)	35.3%	(43,806)	(23,150)	89.2%
General and administrative <sub>1</sub>	(21,202)	(15,606)	35.9%	(21,085)	0.6%	(42,287)	(34,054)	24.2%
Other operating revenues (expenses), net	(1,759)	22,185	-107.9%	(2,344)	-25.0%	(4,103)	22,869	-117.9%
<b>Income (Loss) before equity pick-up (EBIT)</b>	<b>84,681</b>	<b>22,327</b>	<b>279.3%</b>	<b>78,248</b>	<b>8.2%</b>	<b>162,929</b>	<b>13,709</b>	<b>1088.5%</b>
<b>EBIT margin</b>	<b>29%</b>	<b>16%</b>	<b>13 p.p.</b>	<b>29%</b>	<b>-</b>	<b>29%</b>	<b>5%</b>	<b>24 p.p.</b>
Net financial income (loss)	(9,091)	(5,065)	79.5%	2,534	-458.8%	(6,557)	(10,661)	-38.5%
<b>Income (Loss) before income and social contribution taxes</b>	<b>75,590</b>	<b>17,262</b>	<b>337.9%</b>	<b>80,782</b>	<b>-6.4%</b>	<b>156,372</b>	<b>3,048</b>	<b>5030.3%</b>
Current income tax and social contribution	(16,366)	(4,576)	257.6%	(22,344)	-26.8%	(38,710)	(4,937)	684.1%
Deferred income tax and social contribution	431	(129)	-434.1%	(4)	n.a	427	(410)	-204.1%
<b>Net income (loss) for the period</b>	<b>59,655</b>	<b>12,557</b>	<b>375%</b>	<b>58,434</b>	<b>2.1%</b>	<b>118,089</b>	<b>(2,299)</b>	<b>-5237%</b>
<b>Net margin</b>	<b>21%</b>	<b>9%</b>	<b>12 p.p.</b>	<b>22%</b>	<b>- 1 p.p.</b>	<b>21%</b>	<b>-1%</b>	<b>22 p.p.</b>



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

R\$ thousand - Accumulated	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Cash flows from operating activities				
<b>Income (Loss) before income and social contribution taxes</b>	<b>133,663</b>	<b>(2,216)</b>	<b>156,372</b>	<b>3,048</b>
<b>Reconciliation of earnings before income tax and social contribution to net cash provided by operations:</b>				
Equity pick-up	(41,009)	54,000	-	-
Depreciation and amortization	5,475	2,536	8,296	8,891
Gain (Loss) on write-off of fixed and intangible assets	-	(864)	2,561	(864)
Allowance for doubtful accounts	(47)	619	(239)	1,430
Allowance for inventory write down to net realizable value	139	(5)	(1,212)	11,529
Estimated impairment losses	-	(71,635)	(2,194)	(25,602)
Provisions for tax, civil and labor risks	811	1,683	2,681	1,024
Provision for post-employment benefits	(41)	-	(366)	-
Financial charges and monetary and exchange variations	972	1,126	5,497	307
Right-of-use amortization	-	-	-	567
Net change in prepaid expenses	-	1,851	-	2,139
	<b>99,963</b>	<b>(12,905)</b>	<b>171,396</b>	<b>2,469</b>
<b>Decrease (increase) in operating assets:</b>				
Accounts Receivable	(25,550)	(6,745)	(68,605)	(36,168)
Related parties	(113,896)	(33,179)	-	-
Inventories	(16,364)	34,447	(29,645)	36,071
Taxes recoverable	(5,478)	(512)	(16,067)	(6,202)
Judicial deposits	(147)	(383)	(216)	(446)
Other assets	994	2,261	(9,975)	(3,375)
Assets held for sale	796	-	104,125	-
<b>Increase (decrease) in operating liabilities:</b>				
Suppliers	(6,937)	426	(16,720)	4,990
Related parties	(4,623)	(17,340)	-	-
Taxes, charges and contributions payable	1,942	3,679	50	4,041
Personnel expenses	1,384	2,135	3,420	1,782
Post-employment benefits	-	(305)	-	448
Other liabilities	(8,893)	(373)	(49,406)	2,464
<b>Cash provided by (used in) operating activities</b>	<b>(76,809)</b>	<b>(28,794)</b>	<b>88,357</b>	<b>6,074</b>

Interest paid	(64)	(327)	(1,517)	(502)
Income tax and social contribution paid	(13,268)	-	(35,391)	(3,091)
<b>Net cash provided by (used in) operating activities</b>	<b>(90,141)</b>	<b>(29,121)</b>	<b>51,449</b>	<b>2,481</b>
<b>Cash flows from investing activities</b>				
Related-party loan receivables	1,336	-	-	-
Additions to PP&E and intangible assets	(17,509)	(1,378)	(21,911)	(4,110)
<b>Net cash used in investing activities</b>	<b>(16,173)</b>	<b>(1,378)</b>	<b>(21,911)</b>	<b>(4,110)</b>
<b>Cash flow from financing activities</b>				
Loans and financing raised	569	27,600	1,594	47,721
Amortization of loans and financings	(8,085)	(47,117)	(24,361)	(66,619)
Lease obligations	-	-	(1,296)	(539)
Increase in share capital	110,000	46,570	110,000	46,570
<b>Net cash generated by financing activities</b>	<b>102,484</b>	<b>27,053</b>	<b>85,937</b>	<b>27,133</b>
<b>Increase (Reduction) in cash and cash equivalents</b>	<b>(3,830)</b>	<b>(3,446)</b>	<b>115,475</b>	<b>25,504</b>
At the beginning of the period	4,145	3,871	81,175	9,358
At the end of the period	315	425	196,650	34,862
<b>Increase (Reduction) in cash and cash equivalents</b>	<b>(3,830)</b>	<b>(3,446)</b>	<b>115,475</b>	<b>25,504</b>