



## 1Q24 Earnings Release

*Eucatex (B3: EUCA3 and EUCA4), one of the largest manufacturers of panels in Brazil, with operations also in the paint, varnish, laminated flooring, partitions and doors segments, announces its results for the 1<sup>st</sup> quarter of 2024 (1Q24). The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS). Except where stated otherwise, the amounts are in millions of Brazilian real (R\$ million) and comparisons are with the same period the previous year.*

### 1Q24 Conference Call

(Portuguese only)

May 15, 2024  
11 a.m. (Brasília)

[www.eucatex.com.br/ri](http://www.eucatex.com.br/ri)

*An English transcript will be made available  
after the conference call*

## Highlights

### 1Q24

- Net Revenue of R\$641.0 million (-5.5%)
- Recurring EBITDA of R\$137.4 million (-7.6%), with Margin of 21.4%
- Recurring Net Income of R\$59.6 million (-30.9%)

Amounts in R\$ million	1Q24	1Q23	Var. (%)
Net Revenue	641.0	678.6	-5.5%
Gross Profit	214.5	221.5	-3.2%
<i>Gross Margin (%)</i>	33.5%	32.6%	0,8 p.p.
EBITDA adjusted by non-cash events	127.9	92.7	37.9%
<i>EBITDA Margin (%)</i>	20.0%	13.7%	6,3 p.p.
Net Income (Loss)	53.3	76.9	-30.6%
<b>Recurring Net Income (Loss)</b>	<b>59.6</b>	<b>86.2</b>	<b>-30.9%</b>
Net Debt	595.2	586.5	1.5%
Net Debt / EBITDA (LTM)	1.1	0.9	28.2%
<b>Recurring Adjusted EBITDA</b>	<b>137.4</b>	<b>148.8</b>	<b>-7.6%</b>
<b>Recurring Adjusted EBITDA Margin</b>	<b>21.4%</b>	<b>21.9%</b>	<b>-0.5 p.p.</b>

## Management Comments

The year 2024 began with data indicating strong economic activity in Brazil, with the highlights being credit expansion, increase in minimum wage with real gains and the continuing downtrend of the SELIC interest rate, which ensure that household consumption continues to be resilient. Moreover, the maintenance of unemployment at lower than last year levels generates a positive outlook regarding the evolution of employment and income levels, which should help drive the growth in consumption of goods and services during the year.

According to an economic study by Banco do Brasil, despite the ongoing deflation in Brazil, wholesale prices are expected to recover, which will result in the IGP-M index to rise from deflation of 3.5% in 2023 to inflation of 2.2% this year.

The indicator of activity in the wood panels sector, measured by the Brazilian Tree Industry Association (IBÁ), combined with MDF/HDF/MDP sales, pointed to 10.4% growth in 1Q24 compared to the same period in 2023. Exports increased significantly by 75.2% in 1Q24, which is a positive sign and helps decrease supply pressures in the panels segment.

In the construction sector, the Brazilian Construction Materials Industry Association (ABRAMAT) index, which measures the variation in construction material revenues excluding inflation, grew 2.8% in the year until March 2024 and is projected to grow 2.0% in 2024. According to the chairman of Abrammat *“the sector performed well in the last three months, which indicates a sustainable growth trend in revenues across the construction materials industry.”* The factors cited include: the advances made in tax reforms, the resumption of public and infrastructure works, the “Growth Acceleration Program (PAC),” the “Minha Casa Minha Vida” program and the “New Industry Brazil” program (especially mission 3, which refers to infrastructure).

Finally, according to the Brazilian Paint Manufacturers Association (ABRAFATI), the paint sector grew 0.7% compared to the previous quarter.

The Construction materials sector, currently the Company’s core business segment, accounted for 40% of sales.

## Operating Performance and Results

### Net Revenue

Net Revenue Breakdown (R\$ million)	1Q24	1Q23	Var. (%)
Furniture Industry and Resale Segment	239.8	272.7	-12.1%
Construction Segment	242.7	233.3	4.0%
Export Segment	135.5	161.1	-15.9%
Other (*)	23.1	11.5	101.5%
<b>Net Revenue</b>	<b>641.0</b>	<b>678.6</b>	<b>-5.5%</b>

(\*) Metal profiles, land and energy sales

Total net revenue in 1Q24 came to R\$641.0 million, compared to R\$678.6 million in 1Q23, down 5.5%.

### Furniture Industry and Resale Segment

In the Industry and Resale Segment, which consists of MDP/MDF/THDF panels and Fiberboard, revenue decreased 12.1% in 1Q24 compared to 1Q23, due to the realization of inventories built in 2022 and sold in 1Q23, which did not occur in 1Q24.

Eucatex has focused on launching new lines and new patterns in both the furniture industry and for resale, which have been well accepted by the market. Continuing this policy of new launches, combined with actions at points of sale, should enable the company to sustain its current sales levels while significantly improving the quality of its product mix.

IBÁ indicates growth in the domestic market of 10.4% in 1Q24 compared to 1Q23.

### Construction segment

In 1Q24, Net Revenue from the Construction Segment – composed of Laminated Flooring, Flooring Accessories, Vinyl Flooring, Doors, Wall Partitions and Architectural Paints – increased 4.0% in relation to 1Q23, chiefly driven by the paint, doors and panels sectors.

Eucatex has worked on diverse fronts to expand its operations in the architectural paints sector and has been expanding its customer base. In addition to marketing initiatives, the company has also launched products and worked on entering new market niches, which have helped in brand positioning.

According to IBÁ, the Laminated Flooring market declined 6.0% in 1Q24 in relation to 1Q23.

With regard to the Paint Market, ABRAFATI reported growth of 0.7% in 1Q24 from the same period last year.

### *Export segment*

Net Revenue from the Export Segment decreased 15.9% in 1Q24 compared to 1Q23, due to lower sales and the 4.5% decline in the U.S. dollar. Despite the reduction in the first quarter, the company believes that the launch of products and acquisition of new clients will significantly drive sales volume in the second half of 2024.

Other markets, especially Latin America, have seen demand for the Company's products, but the effective availability of resources and payment methods have hampered the closing of business deals.

According to IBÁ, Brazil's MDP and MDF panel exports increased 75.2% in 4Q23 in relation to 1Q23.

### **Recurring Cost of Goods Sold (COGS)**

COGS decreased 6.6% in 1Q24 compared to 1Q23, due to lower sales. COGs as a ratio of NOR was 69.6%, down 0.8 percentage points from 1Q23, basically due to the reductions in most prices of inputs in relation to 1Q23, which was partially offset by the increase in fixed costs and wood prices.

### **Fair Value of Biological Assets**

In 1Q24, fair value of biological assets remained stable despite the increase in wood prices. The upward trend in prices during the year appears to be slowing down, suggesting that cost pressures stemming from wood prices will ease, resulting in a lower impact on the fair value of biological assets in the future.

### **Recurring Gross Profit and Gross Margin**

Gross Profit reached R\$214.5 million in 1Q24, compared to R\$221.5 million in 1Q23, down 3.2%. The reduction in costs of certain inputs and the fair value of biological assets drove gross margin growth, from 32.6% in 1Q23 to 33.5% in 1Q24.

## Recurring Operating Expenses

Breakdown of Expenses (R\$ million)	1Q24	1Q23	Var. (%)
General and Administrative	(22.6)	(19.8)	14.1%
Selling	(94.6)	(88.2)	7.2%
<b>Total Operating Expenses</b>	<b>(117.1)</b>	<b>(108.0)</b>	<b>8.5%</b>
<b>% Net Revenue</b>	<b>18.3%</b>	<b>15.9%</b>	<b>2.4 p.p.</b>
Other Operating Income and Expenses	0.2	(0.0)	-8194.2%

In 1Q24, Own General Expenses corresponded to 18.3% of Net Revenue, compared to 15.9% from 1Q23. Marketing and distribution expenses increased due to the higher number of Distribution Centers, freight expenses and general export expenses, as well as the increase in personnel, IT and Other expenses. In 1Q24, the Company participated in two main fairs in the construction sector – Feicon and Revestir - which also increased costs during the period.

## Recurring EBITDA and EBITDA Margin

As a result of the above, recurring EBITDA totaled R\$137.4 million, down 7.6% from 1Q23. Recurring EBITDA Margin in 1Q24 was 21.4%, decreasing 0.5 p.p. from 1Q23.

EBITDA Reconciliation (R\$ million)	1Q24	1Q23	Var. (%)
Net Income (Loss)	53.3	76.9	-30.6%
Income Tax and Social Contribution	15.7	(9.2)	271.8%
Net Financial Income (Loss)	19.0	(10.1)	-287.3%
<b>EBIT</b>	<b>88.0</b>	<b>57.6</b>	<b>53.0%</b>
Depreciation and Amortization	59.5	56.1	6.1%
<b>EBITDA under CVM Res. 156/22</b>	<b>147.6</b>	<b>113.6</b>	<b>29.9%</b>
<b>EBITDA Margin</b>	<b>23.0%</b>	<b>16.7%</b>	<b>6,4 p.p.</b>
<b>Non-cash adjustments</b>			
Fair value variation in biological assets	(19.6)	(20.9)	-6.0%
<b>EBITDA adjusted by non-cash events</b>	<b>127.9</b>	<b>92.7</b>	<b>37.9%</b>
<b>Non-recurring operational events</b>	<b>9.5</b>	<b>56.0</b>	<b>-83.0%</b>
<b>Recurring adjusted EBITDA</b>	<b>137.4</b>	<b>148.8</b>	<b>-7.6%</b>
<b>Adjusted recurring EBITDA Margin</b>	<b>21.4%</b>	<b>21.9%</b>	<b>-0.5 p.p</b>

## Recurring net income

Recurring Net Income in 1Q24, excluding the effect of non-recurring expenses and net of income tax, totaled R\$59.6 million, down 30.9% from 1Q23.

In 1Q24, Non-Recurring Events resulted in income of R\$9.5 million, broken down as follows: a) R\$4.5 million related to labor lawsuits and indemnifications; and R\$5.2 million related to lawyers' fees for tax lawsuits and mediation agreements with the Prosecution Office, the São Paulo Municipal Government and BTG.

## Debt

The Company's net debt at the end of 1Q24 was R\$595.2 million, equivalent to 1.1 times its annualized recurring EBITDA, remaining practically stable (+1.5%) in relation to 2023.

Debt (R\$ Million)	1Q24	2023	Var. (%)
Short-Term Debt	323.4	309.3	4.5%
Long-Term Debt	411.6	407.5	1.0%
<b>Gross Debt</b>	<b>735.0</b>	<b>716.8</b>	<b>2.5%</b>
Cash and Cash Equivalents	139.7	130.3	7.2%
<b>Net Debt</b>	<b>595.2</b>	<b>586.5</b>	<b>1.5%</b>
% Short-Term Debt	44%	43%	1 p.p.
<b>Net Debt/Recurring EBITDA</b>	<b>1.1</b>	<b>1.1</b>	<b>0.8%</b>

## Investments

Investments in 1Q24 totaled R\$74.5 million and were allocated to maintaining the Company's industrial and, chiefly, forest operations. For 2024, investments of around R\$268.0 million are planned, an increase of 6.3% from 2023, due to the significant increase in the planting of new forests, the increase in prices of parts and services, as well as the acquisition of new forest harvesting machinery and new equipment to improve productivity at the Paint plant.

## Sustainability

Eucatex's forest sustainability is assured by 45,400 hectares of forests, all located in the state of São Paulo.



The Company is recognized for its sustainable development practices and was the first in the industry to obtain the ISO 9001 certification, in 2000. It also holds the ISO 14001 certification and the Green Seal awarded by the Forest Stewardship Council (FSC), which certifies that its forests are managed in accordance with rigorous environmental, social and economic standards.

In another pioneering initiative, Eucatex became the first in the industry in South America to build a woodchip recycling line on an industrial scale. Its state-of-the-art equipment enables materials obtained within a radius of approximately 120 kilometers from the Salto (São Paulo) unit to be used as raw material for producing panels and as biomass for firing its boilers. Its total nominal processing capacity is 240,000 metric tons/year, which is equivalent to approximately 2 million trees, 470,000 m<sup>3</sup> of standing timber or 1,500 hectares of planted forests. Investments in land and planting to maintain this volume of wood, considering a seven-year cycle, would be around R\$200 million. Not only does it generate cost benefits, but recycling woodchips also prevents this material from being deposited in local landfills.

In another important step forward in its Environmental, Social and Governance (ESG) practices, the Company recently signed a long-term electricity purchase agreement (PPA) with the Comerc Energia Group, as part of investments of approximately R\$1 billion in the Castilho solar power plant, the biggest in the state of São Paulo, with generation capacity of 269 MWP in the self-production model. This clean and renewable energy will meet 50% of the consumption needs of the Company's production units.

## Capital Markets

Eucatex's common and preferred shares, listed on the B3 under the tickers EUCA3 and EUCA4, closed 1Q24 quoted at R\$16.90 and R\$17.25, respectively. The Company's market capitalization at the end of the period was R\$1,586.7 million, around 64% of its book value.

## About Eucatex

Eucatex S.A. Indústria e Comércio, which completed 73 years in 2024, is one of Brazil's largest manufacturers of flooring, wall partitions, doors, MDP/MDF/T-HDF panels, fiberboard, and paints and varnishes. It operates six plants in Botucatu and Salto (both in São Paulo) and Cabo de Santo Agostinho (Pernambuco), employing 3,138 people. Its products are exported to more than 37 countries. For further information, visit [www.eucatex.com.br/ri](http://www.eucatex.com.br/ri).



*This document contains forward-looking statements related to the business prospects, estimates of operating and financial results, and those related to the growth prospects of Eucatex. These are merely projections and as such are based exclusively on the expectations of Eucatex management concerning the future of the business. These forward-looking statements substantially depend on market conditions, the performance of the Brazilian economy, the sector and the international markets and therefore are subject to change without prior notice.*

## **Audit**

*The policy of the Eucatex Group regarding services provided by its independent auditors that are not related to the external audit of its financial statements is based on the principles of maintaining professional independence. These principles are based on the premise that the auditor must not examine their own work, perform managerial functions or practice law on behalf of clients. In 1Q24, the Eucatex Group did not engage Ernst & Young Auditores Independentes S/S. for services other than audit. Our independent auditors did not audit the operational and financial indicators.*

### IR Contacts

**José Antonio Goulart de Carvalho**  
Executive Vice President and Investor Relations Officer  
**Tatiana Pinho**  
Investor Relations  
+55 11 3049-2473  
ri@eucatex.com.br  
[www.eucatex.com.br/ri](http://www.eucatex.com.br/ri)

## Income Statement

Income Statement (R\$ million)	1Q24	1Q23	Var. (%)
<b>Gross Revenue</b>	<b>754.0</b>	<b>794.0</b>	<b>-5.0%</b>
Sales Taxes	(113.0)	(115.5)	-2.2%
<b>Net Revenue</b>	<b>641.0</b>	<b>678.6</b>	<b>-5.5%</b>
Fair Value Variation in Biological Assets	19.6	20.9	-6.0%
Cost of Goods Sold	(446.2)	(477.9)	-6.6%
<b>Gross Profit</b>	<b>214.5</b>	<b>221.5</b>	<b>-3.2%</b>
<b>% Gross Margin</b>	<b>33.5%</b>	<b>32.6%</b>	<b>0.8 p.p</b>
Selling Expenses	(94.6)	(88.2)	7.2%
General and Administrative Expenses	(19.9)	(17.1)	16.2%
Management Compensation	(2.7)	(2.7)	0.8%
Other Operating Income / (Expenses)	0.2	(0.0)	8194.2%
<b>Operating Income (Expenses)</b>	<b>(116.9)</b>	<b>(108.0)</b>	<b>8.3%</b>
<b>Net Income before Financial Result</b>	<b>97.6</b>	<b>113.6</b>	<b>-14.1%</b>
Net Financial Income (Expense)	(19.0)	(31.7)	40.1%
Non-recurring Income (Expense)	(9.5)	(14.1)	32.6%
<b>Net Income (Loss) after Financial Result</b>	<b>69.1</b>	<b>67.7</b>	<b>2.0%</b>
Provision for Income Tax and Soc. Contr.	(15.7)	9.2	-271.8%
<b>Net Income (Loss) before Non-Controlling Interest</b>	<b>53.3</b>	<b>76.9</b>	<b>-30.6%</b>
<b>Net Income (Loss) from the Period</b>	<b>53.3</b>	<b>76.9</b>	<b>-30.6%</b>
<b>Net Margin</b>	<b>8.3%</b>	<b>11.3%</b>	<b>-3 p.p.</b>

\* Values of items: Cost of Goods Sold, Selling Expenses, General and Administrative Expenses, and Other Operating Expenses /Income are net of non-recurring expenses.

## Balance Sheet

Consolidated Balance Sheet (R\$ '000)	1Q24	2023	Var. (%)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	26.8	33.2	-19.3%
Marketable Securities	112.9	97.1	16.3%
Trade Accounts Receivable	618.4	609.9	1.4%
Inventories	536.3	528.5	1.5%
Taxes Recoverable	174.1	186.1	-6.4%
Prepaid Expenses	14.6	12.0	21.7%
Other Receivables	6.1	6.2	-1.4%
<b>Total Current Assets</b>	<b>1,489.4</b>	<b>1,473.1</b>	<b>1.1%</b>
<b>Non-Current Assets</b>			
Trade Accounts Receivable	14.4	15.6	-7.5%
Related Parties	-	-	0.0%
Taxes Recoverable	69.9	68.5	2.1%
Deferred Income Tax and Social Contribution	180.7	186.3	-3.0%
Held-for-Sale Assets	0.6	0.6	-0.9%
Investment Properties	23.5	23.5	0.1%
Judicial Deposits	43.8	44.0	-0.6%
Other Receivables	11.1	11.1	0.0%
<b>Total Long-Term Assets</b>	<b>344.0</b>	<b>349.6</b>	<b>-1.6%</b>
Investments	4.6	4.6	0.0%
Biological Assets	930.7	899.2	3.5%
Fixed Assets	1,375.3	1,363.2	0.9%
Intangible Assets	18.4	18.7	-1.4%
<b>Total Permanent Assets</b>	<b>2,329.1</b>	<b>2,285.7</b>	<b>3.0%</b>
<b>Total Non-Current Assets</b>	<b>2,673.1</b>	<b>2,635.3</b>	<b>1.4%</b>
<b>Total Assets</b>	<b>4,162.5</b>	<b>4,108.4</b>	<b>1.3%</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade Accounts Payable	210.7	227.2	-7.3%
Loans and Financing	323.4	309.3	4.5%
Labor Liabilities	49.1	45.9	7.1%
Tax Liabilities	31.9	21.5	48.7%
Tax Installments	15.6	23.2	-32.9%
Advances from Clients	22.9	30.9	-25.8%
Dividends and Interest on Equity Payable	68.8	68.7	0.1%
Accounts Payable	47.5	55.8	-14.9%
Lease Liabilities	36.1	46.4	-22.3%
<b>Total Current Liabilities</b>	<b>806.0</b>	<b>828.9</b>	<b>-2.8%</b>
<b>Non-Current Liabilities</b>			
Loans and Financing	411.6	407.5	1.0%
Trade Accounts Payable	-	-	0.0%
Tax Installments	3.2	3.9	-19.7%
Deferred Income tax and Soc. Contr.	105.6	107.4	-1.7%
Provision for Contingencies	81.9	81.9	0.0%
Lease Liabilities	283.3	271.5	4.3%
<b>Total Non-Current Liabilities</b>	<b>885.5</b>	<b>872.3</b>	<b>1.5%</b>
<b>Shareholders' Equity</b>			
Capital	851.9	851.9	0.0%
Revaluation Reserves	156.2	156.2	0.0%
Profit Reserve	1,376.5	1,315.8	4.6%
Asset Valuation Adjustment	81.9	81.9	0.0%
Other Comprehensive Income	7.4	4.4	69.5%
Treasury Stock	(2.9)	(2.9)	0.0%
<b>Total Shareholders' Equity</b>	<b>2,471.0</b>	<b>2,407.3</b>	<b>2.6%</b>
Non-controlling Interest	(0.1)	(0.1)	3.2%
<b>Total Shareholders' Equity &amp; Non-controlling Interest</b>	<b>2,471.0</b>	<b>2,407.2</b>	<b>2.6%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>4,162.5</b>	<b>4,108.4</b>	<b>1.3%</b>

## Cash Flow

Operating Cash Flow (RS '000)	1Q24	1Q23
<b>Net Income (Loss) before Income Tax and Social Contribution</b>	<b>53.3</b>	<b>76.9</b>
<b>Adjustments to reconcile the result to cash and cash equivalents generated by operating activities</b>		
Depreciation and Amortization	33.1	24.0
Depletion of Biological Assets	26.5	32.1
Write-off of Investments	(0.0)	0.0
Fair Value Variation in Biological Assets	(19.6)	(20.9)
Interest, Monetary and Exchange Variations, net	22.7	11.0
Income Tax and Social Contribution	11.9	4.4
Provision for Tax Gains	-	(10.0)
Deferred Income and Social Contribution Taxes	3.8	(13.6)
Other Provisions	2.7	2.1
<b>Changes in operating assets and liabilities</b>		
Marketable Securities	(15.8)	(19.3)
Trade Accounts Receivable	(4.7)	(47.2)
Inventories	(7.9)	85.9
Recoverable Taxes	10.5	23.6
Deferred Expenses	(2.6)	(1.4)
Judicial Deposits	0.3	0.0
Other Receivables	0.1	(0.2)
Trade Accounts Payable	(16.5)	(11.9)
Labor and Tax Liabilities	(0.5)	(19.3)
Tax Installments	(8.0)	(7.8)
Advances from Clients	(8.0)	(26.9)
Accounts Payable	(6.9)	54.7
<b>Net cash from operating activities</b>	<b>74.3</b>	<b>136.4</b>
<b>Cash flow from investing activities</b>		
Capital Decrease in Subsidiaries	7.4	-
Addition to Fixed Assets	(45.0)	(96.2)
Addition to Biological Assets	(38.3)	(33.2)
<b>Net cash used in investing activities</b>	<b>(75.9)</b>	<b>(129.5)</b>
<b>Cash flow from financing activities</b>		
Amortization of Loans and Financing	(76.6)	(65.7)
Amortization of Leases	-	-
New Loans and Financing	71.7	70.5
Distribution of Dividends/Interest on Equity	0.0	(0.7)
<b>Net cash used in financing activities</b>	<b>(4.9)</b>	<b>4.1</b>
<b>Net increase (reduction) in cash and cash equivalents</b>	<b>(6.4)</b>	<b>11.0</b>
<b>Cash and cash equivalents</b>		
Opening Balance of Cash and Cash Equivalents	33.2	22.8
Closing Balance of Cash and Cash Equivalents	26.8	33.7
<b>Net increase (reduction) in cash and cash equivalents</b>	<b>(6.4)</b>	<b>11.0</b>