

CIMENTO TUPI S.A. - Under Court-Ordered Reorganization

MANAGEMENT REPORT – DECEMBER 31, 2020

DEAR SHAREHOLDERS:

Cimento Tupi S.A. – Under Court-Ordered Reorganization (“Company”), in compliance with the statutory and legal requirements, submits to you the Management Report and the Financial Statements for the year ended December 31, 2020.

1 - DESCRIPTION OF THE BUSINESS

The Company is engaged in manufacturing cement and mortars of all types in its manufacturing plants located in Volta Redonda - RJ, Pedra do Sino - MG and Mogi das Cruzes - SP, digging in reserves to obtain minerals, using cement byproducts, rendering concreting services, and holding interest in other companies.

2 - CEMENT MARKET

Due to the slowdown in civil construction as a result of the Brazilian economic crisis, in the last 6 years, there has been a reduction in the demand for cement and a consequent reduction in the average price of the product. In 2020, during the Covid-19 pandemic, do-it-yourself construction and residential and business renovations enabled the recovery of the cement market. The main drivers of growth were the government’s emergency aid program, do-it-yourself construction and real estate construction works, which guaranteed 80% of cement sales, ensuring the market’s good performance in the period, with a total of 60.8 million tons of cement sold at the end of the year, an increase of 10.9% compared to the previous year, corresponding to the same level of sales recorded in June 2016.

3 - CONSOLIDATED ECONOMIC AND FINANCIAL PERFORMANCE OF THE COMPANY

Operating revenue

The Company's net revenue was R\$ 385,069 thousand in 2020, compared to R\$ 233,827 thousand in 2019, representing an increase of 64.68%.

Gross profit and Ebitda

The consolidated gross income (loss) of the Company was R\$ 87,008 thousand in 2020, compared to consolidated loss of R\$ (10,177) thousand in 2019. In 2020, Ebitda amounted to R\$ 70,750 thousand, and in 2019, it amounted to R\$ (24,650).

(R\$ million)	2020	2019
Gross profit	87	(10)
Selling expenses	(11)	(14)
General and administrative expenses	(30)	(34)
Other operating revenues (expenses)	90	34
Operating profit*	136	(24)
Depreciation, amortization and depletion	20	21
Nonrecurring expenses (revenues)	(86)	(22)
EBITDA	70	(25)

* Before financial revenues and expenses

Income (loss) for the year

In spite of the significant Operating Profit obtained, due to the increase in financial expenses, mainly in interest and exchange rate losses on loans, the Company recorded loss of R\$ 748,079 thousand in 2020.

4 - INVESTMENTS

In 2020, the Company had investment expenses amounting to R\$ 22,953 thousand, of which R\$ 19,983 was on the production line, with acquisition and maintenance of equipment, and R\$ 2,970 in other areas.

5 - GENERAL AND ADMINISTRATIVE EXPENSES

The reduction in the amount of General and Administrative Expenses incurred by the Company between 2019 and 2020 was largely due to a reduction of R\$ 4,200 in legal expenses and expenses on its debt restructuring process.

6 - RELATIONSHIP WITH EXTERNAL AUDITORS

In compliance with CVM Instruction No. 381/2003, the Company informs that the audit company BDO RCS Auditores Independentes SS only rendered services related to the external audit in 2020.

7 - COURT-ORDERED REORGANIZATION

On 01/21/2021, the Company filed a request for court-ordered reorganization in view of the need to renegotiate its obligations with creditors and preserve its activities, which was judged favorably on 01/22/2021.

On 02/11/2021, the Company filed a request with the New York Court for recognition of its court-ordered reorganization, in progress in Brazil, as the main proceeding in the Company's restructuring process, based on Chapter 15 of the United States Bankruptcy Code. With the New York Court's recognition of the court-ordered reorganization, the lawsuit filed in the same jurisdiction by certain holders of notes against the Company will be suspended and, if the Company's Court-Ordered Reorganization Plan is approved by the Brazilian Court and accepted by the New York Court, its conditions will be mandatory and binding for all note holders, ending the lawsuit in progress in that country.

Management