

# **CIMENTO TUPI S.A. –Under Court-Ordered Reorganization**

## **MANAGEMENT REPORT – DECEMBER 31, 2022**

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### **DEAR SHAREHOLDERS:**

Cimento Tupi S.A. – Under Court-Ordered Reorganization (“Company”), in compliance with the corporate and legal provisions, submits to you the Management Report and the Financial Statements for the year ended December 31, 2022.

### **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 period from 2014 to 2017, there has been a reduction in the demand for cement and a consequent reduction in the average price of the product. From 2018 to 2021, there was an improvement in average price as well as a recovery in the cement market, which resulted in a 6.6% growth of the cement industry in 2021 compared to the previous year. However, in 2022, there was a reduction of 2.8% in relation to the same period of 2021, due to the rise of production costs in the cement industry, in addition to an increase in inflation and interest rates.

### **3 - CONSOLIDATED ECONOMIC AND FINANCIAL PERFORMANCE OF THE COMPANY**

#### **Operating revenue**

The Company’s net revenue was R\$ 596,309 thousand in 2022, compared to R\$ 491,573 thousand in 2021, representing an increase of 21.31%.

#### **Gross profit and EBITDA**

The Company’s consolidated gross profit in 2022 was R\$ 162,564 thousand, compared to R\$ 142,169 thousand in 2021. EBITDA in 2022 was R\$ 125,420 thousand compared to R\$ 118,776 in 2021.

	<b>2022</b>	<b>2021</b>
Gross profit	162,564	142,169
Selling expenses	(12,428)	(11,204)
General and administrative expenses	(88,022)	(47,214)
Other operating revenues (expenses)	302	(5,675)
<b>Operating income</b>	<b>62,416</b>	<b>78,076</b>
Depreciation, amortization and depletion	22,886	21,460
Non-recurring expenses (revenues)	40,118	19,240
<b>EBITDA</b>	<b>125,420</b>	<b>118,776</b>

\* Before financial revenues and expenses

### **Income (loss) for the year**

The Company recorded Operating Profit of R\$ 58,584 thousand in 2022. Due to the drop in the US Dollar rate, compared to 2021, resulting in exchange rate gains on loans amounting to R\$ 324,779 plus other revenues, recorded due to certain creditors' choice of payment options provided for in the Court-Ordered Reorganization Plan (PRJ) that provided for a haircut, in the amount of R\$ 1,074,183, as debt forgiveness, reducing its liabilities by this amount, the Company ended 2022 with profits of R\$ 1,530,517 thousand.

### **4 - INVESTMENTS**

In 2022, the Company had investment expenses amounting to R\$ 34,793 thousand, of which R\$ 24,004 was on the production line, with acquisition and maintenance of equipment, R\$ 5,517 on logistics and R\$ 5,273 on other areas.

### **5 - GENERAL AND ADMINISTRATIVE EXPENSES**

The increase in the amount incurred by the Company as General and Administrative Expenses between 2022 and 2021 was largely due to expenses on the Company's court-ordered reorganization process, mainly related to the legal area.

### **6 - RELATION WITH EXTERNAL AUDIT**

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 2022.

### **7 - COURT-ORDERED REORGANIZATION**

On January 21, 2021, the Company filed a request for court-ordered reorganization in view of the need to renegotiate its obligations with creditors and maintain its activities.

The Court-Ordered Reorganization Plan (PRJ) presented by the Company at the General Creditor's Meeting of October 14, 2021, was approved by the majority of the creditors, and ratified by the Judge of the Court-Ordered Reorganization on February 04, 2022. Since the Company's notification on the ratification of the PRJ on February 22, 2022, the Company has been making payments to creditors, as established in the mentioned Plan.

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 approved by the Brazilian Court on February 04, 2022, is 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. The hearing related to this procedure, initially scheduled for the month of August, was postponed more than once, due to the Interlocutory Appeal filed by certain foreign Funds that are holders of Notes dependent on the approval of the Court-Ordered Reorganization Plan. Considering that the interlocutory appeal has not yet been judged, the hearing was postponed to March 2023.

On October 14, 2022, the Company received correspondence sent by Megeve Capital LLC, assignee of the first-priority claim originally held by Banco de Desenvolvimento de Minas Gerais (BDMG), through which it informed that it considered the Company's debt to said creditor to be overdue in advance, based exclusively on the Company's request for Court-Ordered Reorganization. The Company promptly responded to the creditor regarding the unfounded allegation, since the request for Court-Ordered Reorganization took place in January 2021, long before Megeve acquired the credit in question, and BDMG had never used such an event to try to collect the debt in advance, in addition to the fact that the Company has been regularly and punctually complying with the contract's obligations, including the payment of monthly installments since November 2021, without any remark or opposition from Megeve.

## **Management**