

TRONOX 



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TONOX PIGMENTOS DO BRASIL S/A Results Release 1Q21

TRONOX Results Release - 1Q21

NOTE - COVID-19

The Company, as well as all other companies and the population in general, has been facing the spread of the New Coronavirus (“virus” or “COVID-19”), requiring several preventive management measures, from isolation to the preparation for, if necessary, working in the operation and maintenance areas under confinement schemes.

In this context, as soon as the Company became aware of the spread of the virus in Brazil, it installed a permanent crisis committee, which immediately adopted the measures recommended by the health authorities and by its own medical area, to protect employees.

Accordingly, the Company started to work in a home office regime with regard to corporate activities. The operational activities have been maintained, but work-shift routines adjusted to maintain the normality of the operation and maintenance safely, and preventive measures have also been adopted, with emphasis to the following: (i) preparation, constant updating and wide dissemination of internal protocol, by the medical area, following guidelines from national and international health organizations; ii) preparation of a risk matrix foreseeing actions to be taken in view of different possible future scenarios; (iii) adequate spacing of people in transportation and in high frequency areas, such as cafeterias, changing rooms and control rooms; (iv) distribution of thermometers and masks to employees, with the appropriate guidelines on use and hygiene; (v) reinforcement in the routine of the cleansing of environments, equipment, tools and other work instruments; (vi) temporary suspension of travel, visits and face-to-face training; (vii) communication actions for guidance, transparency of information and awareness of employees; (viii) monitoring of employees to identify symptoms and provide immediate leave; (ix) measurement of body temperature at the entrance of plants; x) infection tests; xi) preparation of facilities for operation under a special regime, should it become necessary in view of the development of the spread of the virus; xii) actions aimed at the mental health of employees and their families to face the pandemic period, and xiii) direct and constant dialog with the outsourced companies that maintain teams working within the Company's plants, to ensure alignment of prevention measures, as well as monitoring the health status of their workers.

As an additional measure to support the fight against the effects of the pandemic, the Company participated in collective institutional efforts, organized by FIEB (Federation of Industries of the State of Bahia) to purchase respiratory/ventilation equipment. With the same objective, funds were donated to purchase gloves to be used by health professionals at Martagão Gesteira hospital, in Bahia.

The Company performed a technical evaluation and permanently monitors the evolution of the pandemic and keeps updated different unfolding scenarios and respective impacts on the operational, financial, and commercial aspects, having taken mitigating measures to ensure the continuity of its operations and financial liquidity.

For the first quarter of 2021, the Company did not suffer the effects of the COVID-19 impact on its operations and business. Sales volume of titanium dioxide pigment registered a 40% increase in the first quarter of 2021, when compared to the previous year. In addition, there was a 16% increase in the volume produced, when compared to the previous year.

The procedures performed by the Company, as mentioned above, served as a basis for the conclusion of Management that there are no indications, to the present moment, of significant impacts to the business plan of the Company which could significantly affect the estimated realization of assets and of future results.

TRONOX Results Release - 1Q21

Tronox announces accumulated net income for the first quarter of 2021 of R\$ 66,191, with a net margin of 28.6%.

Camaçari-Bahia, May 14, 2021 - Tronox Pigmentos do Brasil (B3: CRPG3, CRPG5 and CRPG6), a company of the Tronox Holdings plc group, the leading integrated global manufacturer of high-quality titanium dioxide and zircon pigments, announces today the results for the first quarter of 2021 ("1Q21").

The Company's financial information has been prepared and is presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee ("CPC"), in compliance with the provisions contained in the Securities and Exchange Commission ("CVM") and in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB).

Unless otherwise stated, monetary values are expressed in thousands of Brazilian Reais (R\$ thousand), and the comparisons made refer to the same period of the previous year (first quarter of 2020 - "1Q20").

OPERATIONAL AND FINANCIAL HIGHLIGHTS

- ◆ Accumulated net revenue for 1Q21 was of R\$ 231,237.
- ◆ Net income for the 1Q21 was of R\$66,191, with a net margin of 28.6%.
- ◆ EBITDA presented in the 1Q21 was of R\$80,291, and a margin of 35%.

TRONOX Results Release - 1Q21

INVESTOR RELATIONS TEAM

- ◆ Viktor Maximiliano Augusto dos Santos Veras - Investor Relations Director
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OVERVIEW OF TRONOX

Tronox is the largest vertical producer of titanium dioxide (“TiO₂”) pigment in the world. It has 9 TiO₂ plants and 6 mines distributed across six continents.



OVERVIEW OF TRONOX PIGMENTOS DO BRASIL S/A.

Tronox Pigmentos do Brasil S/A., a publicly traded company listed on B3 (Brazil. Stock Exchange. Over-the-Counter), has three units: Guajú mine, in Mataraca, Paraíba; the plant in Camaçari, Bahia; and the commercial office in the capital of São Paulo, which meets demands from all over Latin America. The plant in Bahia uses titanium ore, or ilmenite, taken from Guajú mine as its main raw material.

The Company's control is directly held by the Brazilian company Millennium Inorganic Chemicals Holdings Brasil Ltda., with 71.65% shareholding in the capital of the organization, which is controlled by Tronox Holdings plc, controlling shareholder of Tronox Limited.

Additionally, 28.35% of its share capital is freely traded on the São Paulo Stock Exchange - B3, under the codes CRPG3, CRPG5 and CRPG6, complying with all the transparency and governance practices and recommendations required for this category.

TRONOX Results Release - 1Q21

Shareholding structure

Shareholders	Amount of common shares	Common shares	Amount of preferred shares	Preferred shares	Total amount of shares	Total shares
Millennium Holdings Brasil Ltda.	10,059,122	99.02%	10,731,917	56.90%	20,791,039	71.65%
Other	99,276	0.98%	8,128,432	43.10%	8,227,708	28.35%
Total	10,158,398	100.00%	18,860,349	100.00%	29,018,747	100.00%

Corporate Governance

The Company complies with the best current corporate governance practices and believes that it maintains a record of excellent communication and transparency with investors.

Members of the Board and Executive Committee	
Board of Directors	Position
Rodrigo Jacobina Assunção	Director
Roberto Garcia de Souza	Director
Viktor Maximiliano Augusto dos Santos Veras	Investor Relations Director
Executive Committee	Position
Roberto Garcia de Souza	President
Alejandro Hernan Tochilovsky	Full member
Marcelo Passos Doria	Full member
Audit Committee Member	Deputy member
Massao Fábio Oya	Maria Elvira Lopes Gimenez
Welhington Lancaster Lemos Andrade	Marcelo Pereira Fernandes de Barros
Antomar de Oliveira Rios	Armando Garrido Lopes de Sá

Bylaws and Policies

The Company has formalized and disclosed bylaws and policies, which guide the conduct of its operations in an ethical manner and in accordance with the laws, rules, and best market practices. Some of these main policies are highlighted below:

- ◆ Anti-Bribery and Anti-Corruption Policy
- ◆ Profit Sharing Policy
- ◆ Information Disclosure Policy
- ◆ Risk Management Policy
- ◆ Insider Trading Policy
- ◆ Securities Trading Policy
- ◆ Board and Executive Board Compensation Policy
- ◆ Related Party Transactions Policy

TRONOX Results Release - 1Q21

Code of Conduct and Ethics

The Company has a published Code of Conduct and Ethics, which guides its employees and stakeholders (suppliers, consultants, contractors, and the like) to act correctly and respect others.

The Code of Conduct and Ethics establishes behavioral principles that range from compliance with the law to combating money laundering and terrorism, including the relationship among employees, shareholders, the community and third parties (conflicts of interest and competition).

TRONOX Results Release - 1Q21

MANAGEMENT COMMENTS

TiO2 Segment

Tronox Brazil's 1T21 pigment sales results increased successively and continued to be positively impacted by the improvement in market conditions throughout the quarter.

When comparing 1T21 to the same period in the previous year (1Q20), the first quarter of 2021 showed a 77% increase in net revenue. When compared to the prior quarter (4Q20), there was a 9% reduction. This was due to specific seasonal effects and history of the month of January. In addition, in January 2021 the clients of the Company signed sales commitments for delivery in subsequent months. It should be observed that the Company had relevant increase in its net sales revenue in the months of February and March of 2021.

In the first quarter of 2021 the Company sales volumes increased 40%, when compared to the first quarter of 2020.

In addition to the recurring factors, the positive impacts on demand generated by the V-shaped recovery of the economy, after the reopening of large centers in the country, due to the combination of the recovery of the civil construction sector, the positive impact on the economy in view of the stimulus generated by the Federal Government, such as a measures to help families, as well as the lower inventory levels in the TiO2 inventories of large national buyers, already observed in the previous quarter, also explain the positive result of the first quarter of 2021.

Finally, another non-recurring factor observed in 4Q20, which contributed to the positive result in sales for the period and which should keep demand up for our pigment in the next quarter, is the current problem with international logistics due to the lower supply of containers and ships globally, and the consequent increase in cost, mainly on the China-Brazil route, which has prevented the import of products imported from the Asian country.

Lastly, another non-recurring factor observed in 1Q21, which contributed towards positive sales results in the period, and which should keep-up the demand for our pigment in the next quarter, is the current problem with international logistics due to the lower global supply of containers and ships and, consequently, increase in costs, mainly in the China-Brazil route, causing the importation of products from the Asian country to be unfeasible.

TRONOX Results Release - 1Q21

Mineral Ore Segment

In the first quarter of 2021 an increase in the volume of sales of zircon was observed, in the order of 58.6% when compared to the volume in the first semester of the previous year. This increase is related to the increase in demand and inventory replacement by the clients.

With reference to average sales prices in the current currency of zircon ore produced by the Company, a 21% increase was observed when comparing the first quarter of 2021 and the first quarter of 2020, resulting from an increase in the exchange rate as well as in the average dollar price when comparing both periods.

In accordance with the Material Fact disclosure on the depletion of the Guajú Mine, located in the Municipality of Mataraca - PB, the Company also informs that the production of Zircon, Rutile and Kyanite was terminated in 2020. The commercialization of these mineral ores, including Zircon, is expected to occur only through the second quarter of 2021, according to the present inventory levels.

The production of ilmenite is expected to terminate in 2021. The supply of ilmenite to the Bahia plant by the existing inventory is expected to last up until the year 2023. After such time, the plant is expected to be supplied through an alternative source, which could include the importation from one of the Tronox Global subsidiaries.

TRONOX Results Release - 1Q21

Operational performance and Results

Net Revenue

(R\$ thousand)	1Q21	1Q20	%	4Q20	%
Gross revenue	276,769	175,751	57%	331,711	-17%
Taxes on sales	(44,310)	(27,767)	60%	(48,371)	-8%
Discounts, rebates and other deductions	(1,222)	(2,957)	-59%	(1,656)	-26%
Net revenue	231,237	145,027	59%	281,684	-18%

In the 1Q21 gross revenue totaled R\$276,769, representing a 57% increase when compared to the same period of the previous year (1Q20). Net revenue for 1Q21 was of R\$231,237, a 59% increase when compared to the same period of the previous year (1Q20).

The increase was due to the following factors:

- ◆ Pigment: both in the comparison between the current quarter (1Q21) and the previous quarter (4Q20), as well as in the comparison between 1Q21 and 1Q20, the increase presented was mainly due to the recovery of the economy in the first quarter of 2021, as explained above, and the U.S. dollar appreciation relative to the Brazilian Real.
- ◆ Mineral ore: appreciation of the U.S. dollar, best average price of zircon and increase in the sale of rutile.

Cost of sales

(R\$ thousand)	1Q21	1Q20	%	4Q20	%
Net revenue	231,237	145,027	59%	281,684	-18%
Cost of sales	(147,532)	(96,272)	53%	(175,875)	-16%
Gross profit	83,705	48,755	72%	105,809	-21%
Gross margin	36%	34%		38%	

In the 1Q21, cost variation was 53% higher when compared to the same period in 2020, resulting from the increase in sales.

In the first quarter of 2021, the production of TiO₂ of the Company increased 15%, while minerals production increased 14%, when compared to the first quarter of 2020.

TRONOX Results Release - 1Q21

Gross Profit and Gross Margin

In the 1Q21, gross profit was of R\$83,705, 72% higher than in the 1Q21, representing a gross margin of 36% compared to 34% in the first quarter of the previous year.

The positive variations mentioned in the previous paragraph are due to increased production, growth of revenues, appreciation of the U.S. dollar, since the sales price is directly linked to the U.S. dollar.

Net income

(R\$ thousand)	1Q21	1Q20	%	4Q20	%
Net income	66,191	13,354	396%	85,663	-23%
Net margin	29%	9%		30%	

In the 1Q21 net income was of R\$66,191, representing a 396% increase when compared to the same period in the previous year, with a net margin of 29%. The continued upturn of the sales volume in the 1Q21 when compared to the results of the 1Q20, accompanied the previously mentioned upward trend of the market.

EBITDA and EBITDA margin

(R\$ thousand)	1Q21	1Q20	%	4Q20	%
Net income	66,191	13,354	396%	85,663	-23%
(+/-) Financial income	44	(2,093)	-102%	3,132	-99%
(+/-) Depreciation and amortization	5,935	5,403	10%	6,013	-1%
(+/-) Income tax (IR) and social contribution (CS)	8,121	2,083	290%	(65,216)	-112%
(=) EBITDA	80,291	18,747	328%	29,592	171%
EBITDA Margin	35%	13%		11%	

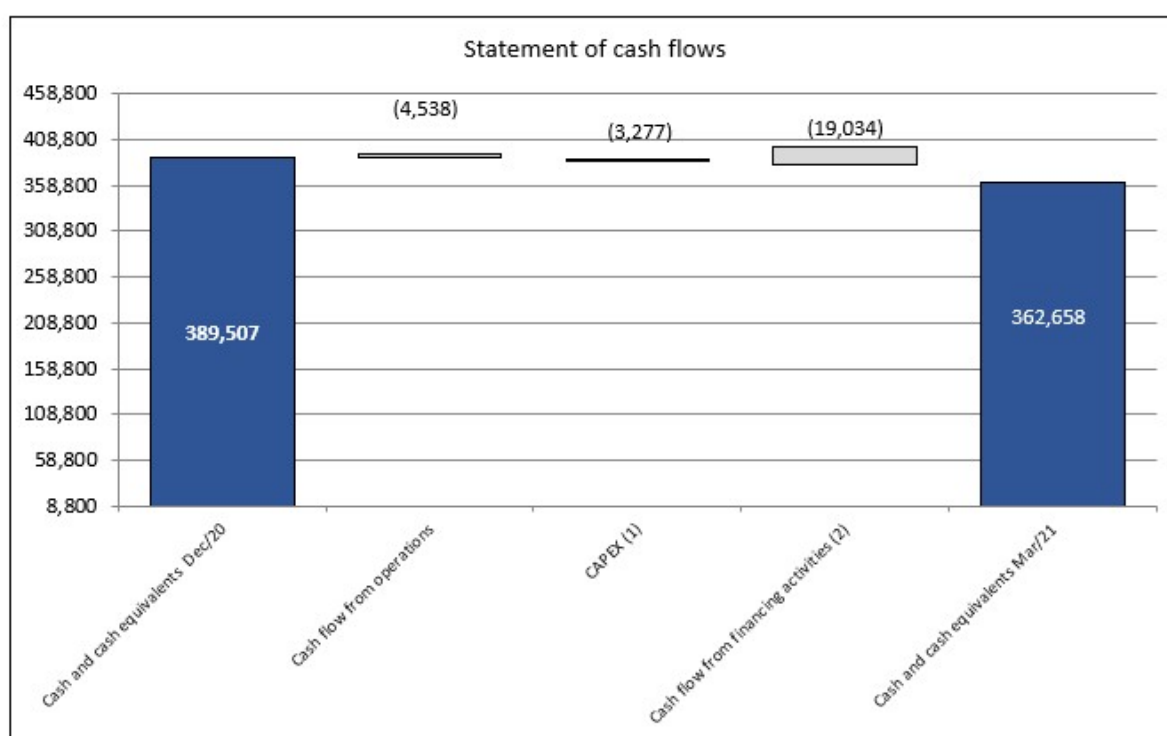
When comparing the 1Q21 with the 1Q20, the EBITDA presented a behavior similar to the gross margin. The EBITDA margin of the last quarter of 2020 was impacted by the provision registered for post-employment benefits, in the order of R\$72 million.

TRONOX Results Release - 1Q21

Cash and net cash generation

In the first quarter of 2021 the Company's cash was impacted by the payment of the balance of interest on own capital. Additionally, there was an increase in the inventory balance and increase in the balance of trade receivables. With the increase in sales revenue for the period, a relevant recovery of cash is expected for the end of the 2021 year.

Net cash of the Company as at 03/31/2021 was of R\$362,658. A more detailed view of the changes in the cash flow can be observed in Attachment IV to this document.



(1) Includes addition to property, plant and equipment and intangible assets.

(2) Payment of leasing, payment of dividends and interest on own capital.

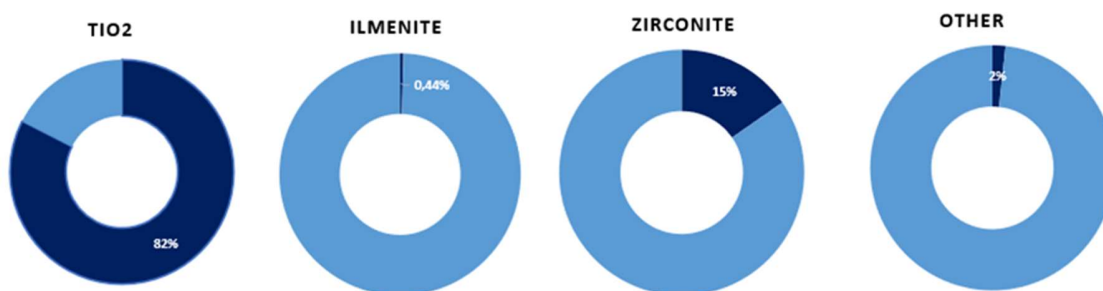
TRONOX Results Release - 1Q21

Business Segment Results

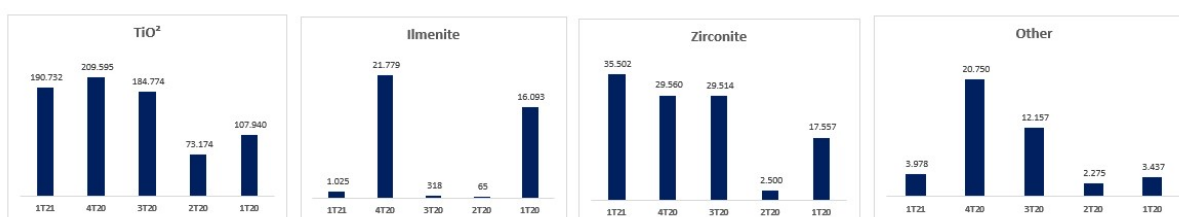
The Company operates in an integrated manner in two business segments: Titanium Pigments - TiO₂ and Mining, which can be subdivided into Ilmenite, Zircon and other.



Net revenue per segment – 1st Quarter 2021



Net Revenue per Quarter (R\$/thousand) – 1st Quarter 2021



TRONOX Results Release - 1Q21

ATTACHMENT I – STATEMENT OF PROFIT AND LOSS

Statement of Profit and Loss	03/31/2021	12/31/2020	Var. (%)
Continuing operations			
Net sales revenue	231,237	145,027	59%
Cost of sales	(147,532)	(96,272)	53%
Gross profit	83,705	48,755	72%
Sales expenses	(5,011)	(7,647)	-34%
General and administrative expenses	(5,085)	(28,104)	-82%
Other operating income (expenses), net	747	340	120%
Operating income	74,356	13,344	457%
Financial expenses	1,922	2,046	-6%
Exchange variation gain	3,544	4,427	-20%
Financial expenses	(4,136)	(3,301)	25%
Exchange variation loss	(1,374)	(1,079)	27%
Income before taxes	74,312	15,437	381%
Current income tax and social contribution	(3,200)	(6,067)	-47%
Deferred income tax and social contribution	(4,921)	3,984	-224%
Net income for the period	66,191	13,354	396%
Total shares at the end of the period (in thousands)			
Common	10,159	10,159	
Preferred Class "A"	12,342	12,342	
Preferred Class "B"	6,518	6,518	
	29,019	29,019	
Basic and diluted earnings per thousand shares attributable to the shareholders of the Company - R\$			
Common	2.28	0.46	396%
Preferred Class "A"	2.28	0.46	396%
Preferred Class "B"	2.28	0.46	396%
Net income for the period	66,191	13,354	396%
Other comprehensive income not reclassified to net income of the period in subsequent periods	(861)	(4,024)	-79%
Total comprehensive income for the period	65,330	9,330	600%

TRONOX Results Release - 1Q21

ATTACHMENT II – STATEMENT OF FINANCIAL POSITION - ASSETS

Statement of Financial Position - Assets	03/31/2021	12/31/2020	Var. (%)
Current assets			
Cash and cash equivalents	362,658	389,507	-7%
Marketable securities	8,106	8,967	-10%
Trade accounts receivable	140,207	94,006	49%
Inventory	303,204	273,795	11%
Recoverable taxes	41,392	29,730	39%
Receivables from related parties	6,513	27,413	-76%
Other assets	15,101	8,836	71%
Total current assets	877,181	832,254	5%
Noncurrent assets			
Financial investments	7,736	7,852	-1%
Recoverable taxes	5,387	5,304	2%
Deferred income tax and social contribution	69,838	74,759	-7%
Escrow deposits	1,580	1,574	0%
Other assets	1,399	1,397	0%
Property, plant and equipment	132,729	134,360	-1%
Right-of-use assets	3,569	4,325	-17%
Intangible assets	1,420	1,575	-10%
Total noncurrent assets	223,658	231,146	-3%
Total assets	1,100,839	1,063,400	4%

- ◆ Cash and cash equivalents: the reduction in the balance is primarily related to the payment of interest on own capital in the quarter and to the increase in the inventory balance and increase in trade receivables of the Company.
- ◆ Trade Receivables: Increase in the balance is related to increase in sales with the recovery of the market and exchange rate rise to the U.S. dollar.
- ◆ Recoverable taxes: The increase in the balance is due primarily to the acquisition of raw materials from a related party of the Company. The balance will be compensated with sales in the period.
- ◆ Inventory: Increase in the balance due to the uptake in sales during the period.
- ◆ Related parties: Refers mainly to receivables from Tronox Ltd. France.
- ◆ Other assets: Increase in the balance is related to the recognition of prepaid expenses in the quarter and recognition of the balance of trade receivables resulting from client debt confessions.
- ◆ Right-of-use assets: Refers to the depreciation in the period.

TRONOX Results Release - 1Q21

ATTACHMENT III – STATEMENT OF FINANCIAL POSITION – LIABILITIES

Statement of Financial Position - Liabilities and Net Equity	03/31/2021	12/31/2020	Var. (%)
Current liabilities			
Suppliers	38,373	31,784	21%
Lease liabilities	3,068	3,343	-8%
Payroll and related charges	18,548	22,600	-18%
Taxes, fees and contributions	8,939	18,237	-51%
Payables to related parties	11,475	8,881	29%
Dividends payable	13,169	31,282	-58%
Provision for contingencies and other provisions	12,816	13,783	-7%
Provision for mine decommissioning costs	14,670	20,287	-28%
Other liabilities	6,025	7,674	-21%
Total current liabilities	127,083	157,871	-20%
Noncurrent liabilities			
Lease liabilities	1,117	1,678	-33%
Provision for contingencies	6,389	6,188	3%
Environmental provision	6,437	6,326	2%
Provision for post-employment benefits	98,218	96,544	2%
Provision for mine decommissioning costs	68,555	67,084	2%
Total noncurrent liabilities	180,716	177,819	2%
Net equity			
Share capital	206,929	206,929	0%
Capital reserves	136,307	136,307	0%
Profit reserve	390,980	390,980	0%
Other comprehensive income	(7,367)	(6,506)	13%
Retained earnings	66,191	-	100%
Net equity	793,040	727,710	9%
Total liabilities and net equity	1,100,839	1,063,400	4%

- ◆ Suppliers: The increase in the balance refers primarily to the increase in balance payable for the acquisition of inventory and technical material for plant maintenance.
- ◆ Taxes, fees, and contributions: The reduction of the balance is related to the compensation of the balance with recoverable taxes. The previously mentioned importation of raw materials generated ICMS, PIS and COFINS tax credits.
- ◆ Payables to related parties: increase in the balance payable is due to the acquisition of raw material, due to importations.
- ◆ Dividends payable: Refers to the payment in the period of the balance of interest on own capital.
- ◆ Provision for mine decommissioning costs: variation of the balance in the period refers to write-offs, net of adjustment to present value.
- ◆ Other liabilities: Decrease in the balance during the quarter refers primarily to the payment of sales bonus.

TRONOX Results Release - 1Q21

ATTACHMENT IV – STATEMENT OF CASH FLOWS

Statement of cash flows	03/31/2021	12/31/2020	Var. (%)
Cash flows from operating activities			
Income before taxes	74,312	15,437	381%
Adjustment to reconcile income (loss) for the period to cash provided by operating activities:			
Depreciation and amortization	5,935	5,403	10%
Interest and monetary and foreign exchange variations, net	1,691	(2,907)	-158%
Loss on write-off or disposal of property, plant and equipment	-	78	-100%
Provision for inventory impairment or loss	(140)	-	100%
Adjustment to present value - mine decommissioning expenses	1,646	2,056	-20%
Provision for expected credit loss	-	(731)	-100%
Recording of provisions, net	1,019	20,990	-95%
Changes in operating assets and liabilities	84,463	40,326	109%
Trade accounts receivable	(46,201)	(8,883)	420%
Inventory	(29,272)	(75,095)	-61%
Suppliers	6,589	(5,078)	-230%
Related Parties	21,933	(16,926)	-230%
Payroll and related charges	(4,052)	(4,611)	-12%
Taxes, fees and contributions	(24,313)	(3,154)	671%
Other assets and liabilities	(13,685)	3,109	-540%
Net cash used in operating activities	(4,538)	(70,312)	-94%
Cash flows from investment activities			
Additions of property, plant and equipment	(3,393)	(4,150)	-18%
Financial investments	116	-	100%
Net cash used in investment activities	(3,277)	(4,150)	-21%
Cash flows from financing activities			
Proceeds from leasing	-	268	-100%
Amortization of leasing	(921)	(1,295)	-29%
Interest on own capital paid	(18,113)	-	100%
net cash used in financing activities	(19,034)	(1,027)	1753%
Changes in cash and cash equivalents	(26,849)	(75,489)	-64%
Cash and cash equivalents at the beginning of the period	389,507	195,564	99%
Cash and cash equivalents at the end of the period	362,658	120,075	202%