

# Quarterly Financial Report

## June, 30, 2021

Release  
Financial Information  
Explanatory Notes  
Independent auditor's report



[www.tupy.com.br](http://www.tupy.com.br)



## 2Q21 Highlights

### Highest net revenue in the Company's history and payment of Interest on Equity

#### Earnings Conference Call

**Date:** August 06, 2021

**Portuguese/English**

**9:00 a.m. (EST) / 10:00 a.m.**  
(Brasília)

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- **Physical sales volume:** 129,000 tons, up 1% over 1Q21, with a strong performance in the domestic market (+16%); Volumes affected by customers' temporary stoppages resulting from the shortage of semiconductors, resulting in an impact of approximately 12,000 tons;
- **Revenues:** R\$1,645 million, the highest net revenue in the Company's history, up 7% from 1Q21, resulting from price increases, passing on of costs with materials, and a better product mix;
- **Adjusted EBITDA:** R\$186 million, with a margin of 11.3%, mainly affected by mismatch of raw materials and freight prices and costs, quality of materials and absenteeism – impacting operating indicators, and customers' temporary stoppages, which resulted in lower dilution of costs;
- **Net income:** R\$31 million, compared to losses of R\$15 million in 1Q21 and R\$83 million in 2Q20;
- **Operational cash generation e leverage:** R\$44 million, versus a generation of R\$9 million in 1Q21 and a cash consumption of R\$85 million in 2Q20. Net Debt at the of the period was R\$772 million, corresponding to 0.93x of LTM EBITDA;
- **Return on Invested Capital (ROIC):** 11.3% versus 6.7% in 1Q21 and 2.2% in 2Q20;
- **Interest on Equity:** payment of R\$19.6 million on August 26<sup>th</sup>, and payment of two equal installments in November 2021 and January 2022, to be dully approved.

Given the strong impact of COVID-19 in 2Q20 results, comparisons are based on the previous quarter (1Q21)

 **MESSAGE FROM MANAGEMENT**

The challenges we faced this quarter were significant and impacted our results. The economic recovery affected some links in the supply chain and the production of important inputs for our customers, who stopped their operations over the period. On the other hand, increases in demand for which we prepare our operation remain, sustained by the higher consumption and the need to build up inventories. With the integration with Teksid, which will occur in the fourth quarter, we will increase our production capacity, which will allow us to absorb the volume that follows the economic growth trend.

With the conclusion of the agreement with Stellantis, we will become the global leader in the segment. And to consolidate our position as reference, we continue to invest in R&D and strengthen our relationship with customers, suppliers, and the entire innovation system. All these actions are possible due to investor confidence in Tupy's fundamentals. Therefore, we are happy to announce the distribution of interest on equity.

To consolidate this position of reference, we continue to invest in Research & Development and strengthen our relationships with customers, suppliers and the entire innovation ecosystem. All of these actions are possible due to investor confidence in Tupy's fundamentals. That is why we are happy to announce the distribution of interest on equity.

**Consistent demand**

The strong economic indicators are reflected in the demand for commercial vehicles, machinery, and equipment, which are at historically high levels. Still, the undersupply of components, such as semiconductors, has impacted customers' production capacity. This effect had not been important since it impacted mainly passenger vehicles, but, in the second quarter, it was identified in the light commercial vehicle segment. As the Company prepared itself for volume growth by increasing its headcount, activating equipment, and making adjustments to production processes, the occasional stoppages impacted margins since they increased costs and reduced dilution.

The period was also affected by higher raw material costs, and this trend has been seen since the fourth quarter of 2020. Our contracts include pass-on mechanisms, but the recurring rise of input prices and the necessary terms to adjust them impacted results in the quarter. The unavailability of certain materials also affected quality indicators and impacted our margins.

The effects in the production chain are temporary and reflect a mismatch between supply and demand, caused by the pandemic. For this reason, the outlook is very promising for the segments in which we operate, with a demand that may be boosted by infrastructure programs that are being analyzed by the U.S. and other governments. We were able to mitigate the impacts identified thanks to the actions implemented over the last few quarters, which allow for greater flexibility, process improvements, and initiatives in the Procurement and Logistics areas.

We are exposed to perennial industries that are essential for society and that have benefited from the recovery of the global economy, leading us to achieve strong indicators. In 2Q21, we recorded the highest net revenue in the Company's history, in the amount of R\$1.6 billion. The financial leverage, measured by the net debt/Adjusted LTM EBITDA ratio stood below 1x, which allows us to create even more value for shareholders either through new strategic projects in the machining and component

assembly areas or through proceeds distribution. In this context, the Board of Directors approved the distribution of interest on equity of R\$19.6 million, to be paid on August 26<sup>th</sup>, 2021. Future payments totaling R\$39.3 million were also approved and payment dates will be duly approved.

### **An even more global company**

In early July, we announced the revision of the perimeter for the acquisition of Teksid's iron casting business, which includes the plants in Brazil and Portugal. This new configuration includes assets with high potential for synergy, enabling access to new customers and markets, and the necessary flexibility to capture growth opportunities in the markets where we operate. We are looking forward to welcoming Teksid's team and together we will continue as a committed and dedicated group, recognized for its expertise and composed of people who develop innovative solutions.

### **Technological knowledge and collaboration shape up our future**

Also, in 2Q21 we launched ShiftT, a startup accelerator that will boost businesses that contribute with the use of emerging technologies and new ways of addressing the challenges found in Tupy's value chains. This is one of Tupy Up's initiatives, which aims to convert, accelerate, and scale opportunities in new segments and revamp the existing ones through innovation and digital transformation.

The actions being carried out by Tupy Tech, a structure aimed at the development of disruptive R&D, allowed us to apply our expertise in metallurgical engineering, materials, complex geometries, and machining – areas in which we are a global reference – in new segments that require our technological solutions and offer opportunities for new businesses, such as the partnership with the University of São Paulo (USP), a project that boosts our incentive to scientific research in Brazil and abroad, and includes more than fifteen researchers. The project aims to develop lithium-ion battery recycling solutions with higher rates of material reuse and lower greenhouse gas emissions.

In addition to cooperating with startups and universities, we invest in research and development with partners who, similarly to Tupy, see technological innovation as a facilitator of a sustainable future. In the recently announced partnership with AVL and Westport, our role is to develop materials, geometries and machining techniques, contributing to the efficiency of a high-performance hydrogen engine. Understand the interaction of this and other alternative fuels with materials used in internal combustion engines is an important part of our role of helping customers in their decarbonization strategy in the next decades. Once again, knowledge is what accredits Tupy as an important strategic partner to overcome the challenges of this journey.

## SUMMARIZED RESULTS

### Consolidated (R\$ thousand)

SUMMARY	2Q21	2Q20	Var. [%]	1Q21	Var. [%]
<b>Revenues</b>	<b>1,645,453</b>	<b>644,872</b>	<b>155.2%</b>	<b>1,544,255</b>	<b>6.6%</b>
Cost of goods sold	(1,410,559)	(651,588)	116.5%	(1,304,282)	8.1%
<b>Gross Profit (Loss)</b>	<b>234,894</b>	<b>(6,716)</b>	<b>-</b>	<b>239,973</b>	<b>-2.1%</b>
<i>% on Revenues</i>	14.3%	-1.0%		15.5%	
Operating expenses	(123,067)	(73,347)	67.8%	(118,361)	4.0%
Other operating expenses	(58,170)	(27,673)	110.2%	(41,327)	40.8%
Impairment expenses	-	(3,404)	-	-	-
<b>Income before Financial Result</b>	<b>53,657</b>	<b>(111,140)</b>	<b>-</b>	<b>80,285</b>	<b>-33.2%</b>
<i>% on Revenues</i>	3.3%	-17.2%		5.2%	
Net financial income (loss)	(56,467)	(25,777)	119.1%	(58,708)	-3.8%
<b>Income (Loss) before Tax Effects</b>	<b>(2,810)</b>	<b>(136,917)</b>	<b>-97.9%</b>	<b>21,577</b>	<b>-</b>
<i>% on Revenues</i>	-0.2%	-21.2%		1.4%	
Income tax and social contribution	34,300	54,096	-36.6%	(36,483)	-
<b>Net Income (Loss)</b>	<b>31,490</b>	<b>(82,821)</b>	<b>-</b>	<b>(14,906)</b>	<b>-</b>
<i>% on Revenues</i>	1.9%	-12.8%		-	
<b>EBITDA (CVM Inst. 527/12)</b>	<b>141,514</b>	<b>(22,430)</b>	<b>-</b>	<b>172,632</b>	<b>-18.0%</b>
<i>% on Revenues</i>	8.6%	-3.5%		11.2%	
<b>Adjusted EBITDA</b>	<b>185,728</b>	<b>(2,304)</b>	<b>-</b>	<b>199,061</b>	<b>-6.7%</b>
<i>% on Revenues</i>	11.3%	-0.4%		12.9%	
Average exchange rate (R\$/US\$)	5.29	5.39	-1.8%	5.48	-3.5%
Average exchange rate (R\$/€)	6.38	5.93	7.6%	6.60	-3.4%

## SALES VOLUME

Consolidated (metric tons)					
	2Q21	2Q20	Var. [%]	1Q21	Var. [%]
<b>Domestic Market</b>	<b>29,478</b>	<b>9,800</b>	<b>200.8%</b>	<b>25,484</b>	<b>15.7%</b>
Transportation, Infrastructure, and Agriculture	26,104	7,937	228.9%	22,038	18.4%
Hydraulics	3,374	1,864	81.0%	3,447	-2.1%
<b>Foreign Market</b>	<b>99,264</b>	<b>50,811</b>	<b>95.4%</b>	<b>101,882</b>	<b>-2.6%</b>
Transportation, Infrastructure, and Agriculture	95,622	49,350	93.8%	98,718	-3.1%
Hydraulics	3,642	1,461	149.3%	3,164	15.1%
<b>Total Physical Sales</b>	<b>128,742</b>	<b>60,612</b>	<b>112.4%</b>	<b>127,366</b>	<b>1.1%</b>

Volumes continue on the gradual recovery path observed in the last 12 months, with increases of 1% in 2Q21 vs 1Q21 and 112% vs 2Q210 led by the recovery of applications for commercial and off-road vehicles.

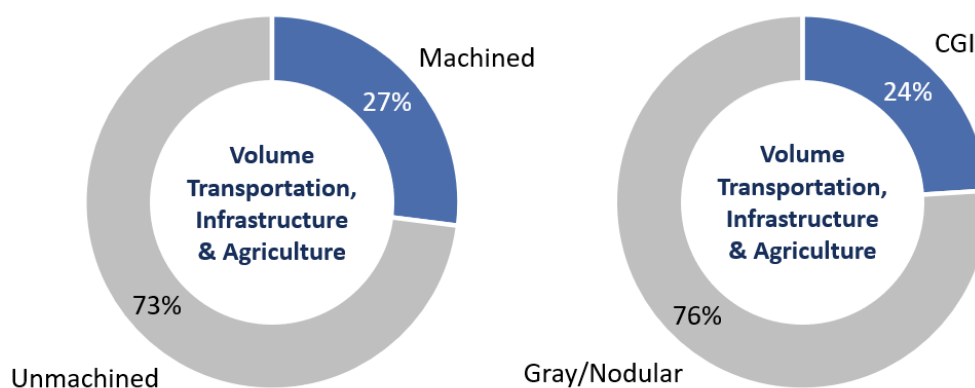
Compared to 1Q21, the result for the period was mainly impacted by the following factors:

- An 18% growth in domestic sales to the Transportation, Infrastructure and Agriculture segments, resulting from the markets upturn and the increase in indirect exports;
- In the foreign market, a decrease of 3% to the Transportation, Infrastructure and Agriculture segments, due to an undersupply of semiconductors and other inputs in our customers' production chain, especially in applications for light commercial vehicles;
- In the Hydraulic segment, a 2% decrease and a 15% increase in domestic and foreign markets, respectively, due to price restructuring and economic recovery.

Despite the growth and strong global demand for commercial vehicles, machinery, and equipment, volumes were impacted by our customers' stoppages, caused by interruptions in the supply of semiconductors and other inputs, causing an impact of approximately 12,000 tons in the period. Accordingly, the pent-up demand will be met over the next few quarters with the gradual return of the supply chain to normal levels.

### Share of CGI (Compacted Graphite Iron) and machining:

**Partially or fully machined goods** accounted for **27%** of the portfolio of the Transportation, Infrastructure and Agriculture segment (**vs. 25% in 1Q21 and 17% in 2Q20**). In terms of sales by type of goods, **CGI accounted for 24% of the total (vs. 25% in 1Q21 and 17% in 2Q20)**.



## REVENUES

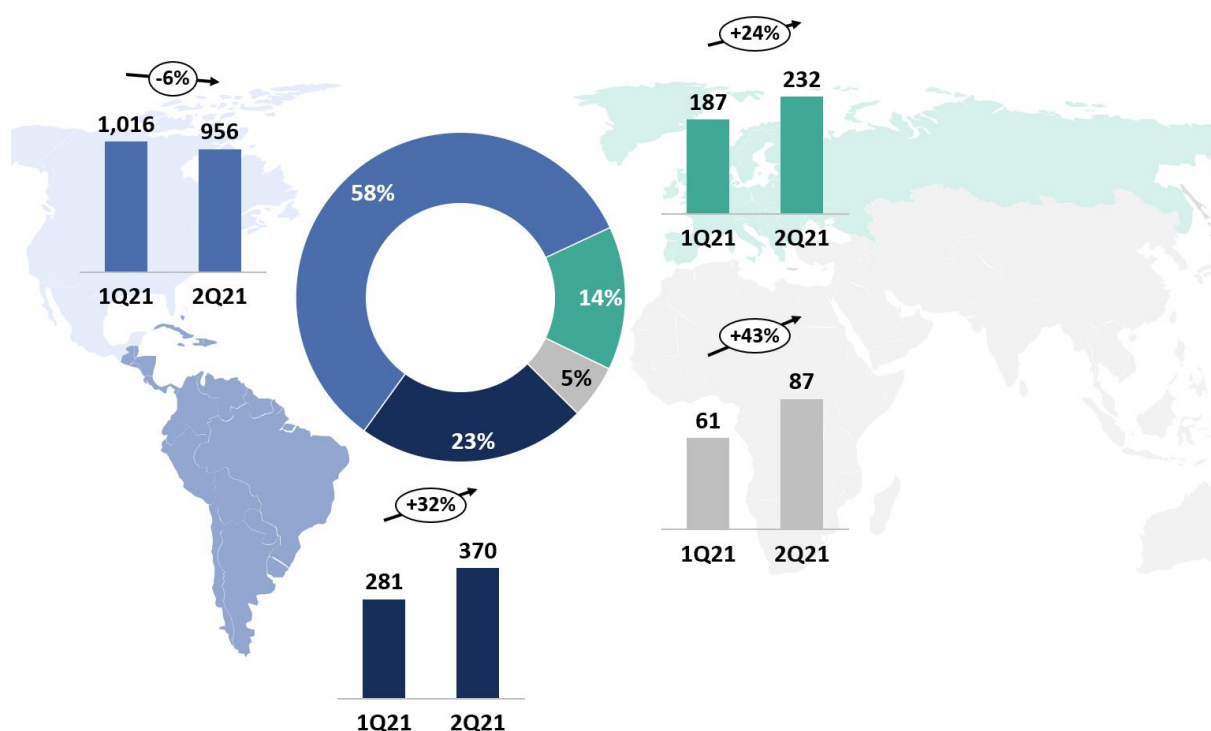
Revenues increased 7% and 155% compared to 1Q21 and 2Q20, respectively.

Consolidated (R\$ thousand)					
	2Q21	2Q20	Var.[%]	1Q21	Var.[%]
<b>Revenues</b>	<b>1,645,453</b>	<b>644,872</b>	<b>155.2%</b>	<b>1,544,255</b>	<b>6.6%</b>
Domestic market	357,355	87,226	309.7%	272,248	31.3%
Share (%)	21.7%	13.5%		17.6%	
Foreign market	1,288,098	557,646	131.0%	1,272,007	1.3%
Share (%)	78.3%	86.5%		82.4%	
<b>Revenues by segment</b>	<b>1,645,453</b>	<b>644,872</b>	<b>155.2%</b>	<b>1,544,255</b>	<b>6.6%</b>
Transportation, Infrastructure, and Agriculture	1,562,520	613,911	154.5%	1,477,321	5.8%
Share (%)	95.0%	95.2%		95.7%	
Hydraulics	82,933	30,961	167.9%	66,934	23.9%
Share (%)	5.0%	4.8%		4.3%	

### Revenues by market and performance in the period

In 2Q21, 58% of revenues originated in North America. The South and Central Americas accounted for 23%, and Europe for 14% of the total. The remaining 5% came from Asia, Africa, and Oceania.

The growth of the U.S. economy is reflected in the demand for capital goods used in the transportation, infrastructure, and agriculture segments in the country, in addition to being a major factor for the recovery of the global economy. It is worth noting that several customers in the U.S. export their products to many other countries. Therefore, a substantial portion of sales to that region meets the global demand for commercial vehicles, machinery, and equipment.



Consolidated (R\$ thousand)					
	2Q21	2Q20	Var. [%]	1Q21	Var. [%]
<b>Revenues</b>	<b>1,645,453</b>	<b>644,872</b>	<b>155.2%</b>	<b>1,544,255</b>	<b>6.6%</b>
<b>Domestic Market</b>	<b>357,355</b>	<b>87,226</b>	<b>309.7%</b>	<b>272,248</b>	<b>31.3%</b>
<b>Transportation, Infrastructure and Agriculture</b>	<b>311,480</b>	<b>67,305</b>	<b>362.8%</b>	<b>234,787</b>	<b>32.7%</b>
Passenger cars	39,181	4,906	698.6%	33,493	17.0%
Commercial vehicles	210,691	45,857	359.5%	156,103	35.0%
Off-road	61,608	16,542	272.4%	45,191	36.3%
<b>Hydraulics</b>	<b>45,875</b>	<b>19,921</b>	<b>130.3%</b>	<b>37,461</b>	<b>22.5%</b>
<b>Foreign Market</b>	<b>1,288,098</b>	<b>557,646</b>	<b>131.0%</b>	<b>1,272,007</b>	<b>1.3%</b>
<b>Transportation, Infrastructure and Agriculture</b>	<b>1,251,040</b>	<b>546,606</b>	<b>128.9%</b>	<b>1,242,534</b>	<b>0.7%</b>
Passenger cars	60,884	15,336	297.0%	63,070	-3.5%
Light commercial vehicles	499,527	191,613	160.7%	536,678	-6.9%
Medium and heavy commercial vehicles	314,208	131,925	138.2%	308,087	2.0%
Off-road	376,421	207,732	81.2%	334,700	12.5%
<b>Hydraulics</b>	<b>37,058</b>	<b>11,040</b>	<b>235.7%</b>	<b>29,473</b>	<b>25.7%</b>

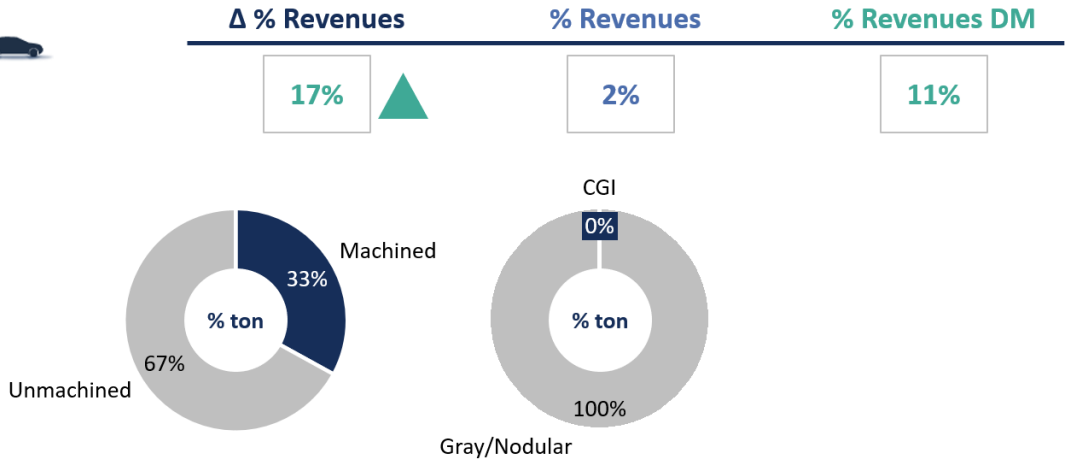
Note: The division among applications considers our best assumption for cases in which the same product is in two applications.

In addition to the pass-on of material costs, the period revenues were impacted by:



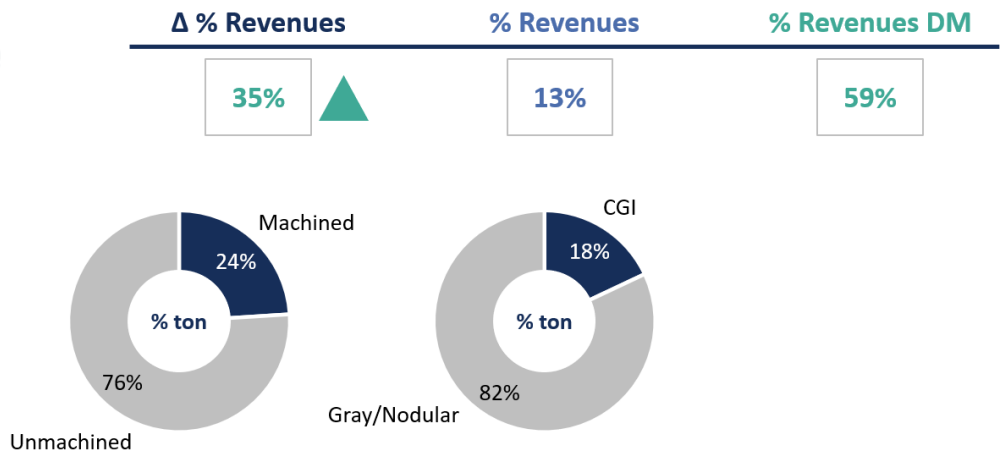
## DOMESTIC MARKET (DM)

### Passenger cars



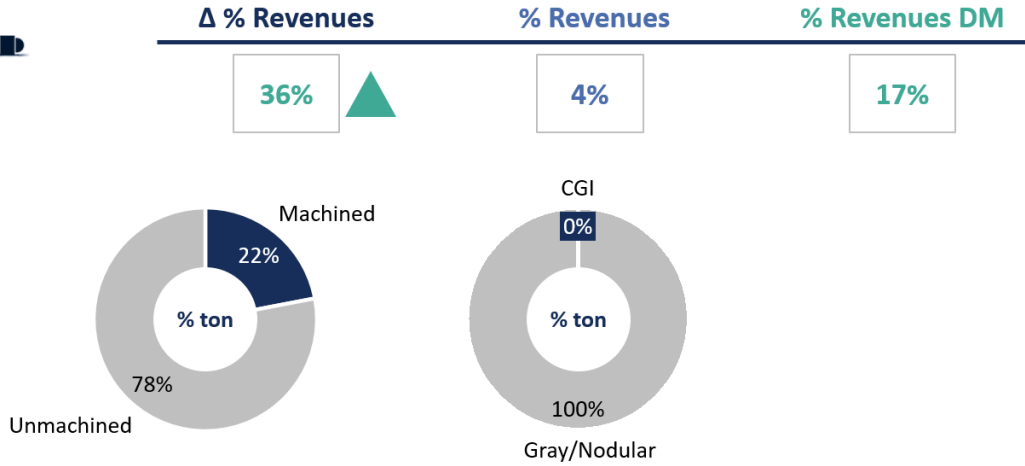
Revenue increased 17% over 1Q21, due to the market share gained by our customers and their strategy of transferring production to the Brazilian market.

### Commercial vehicles



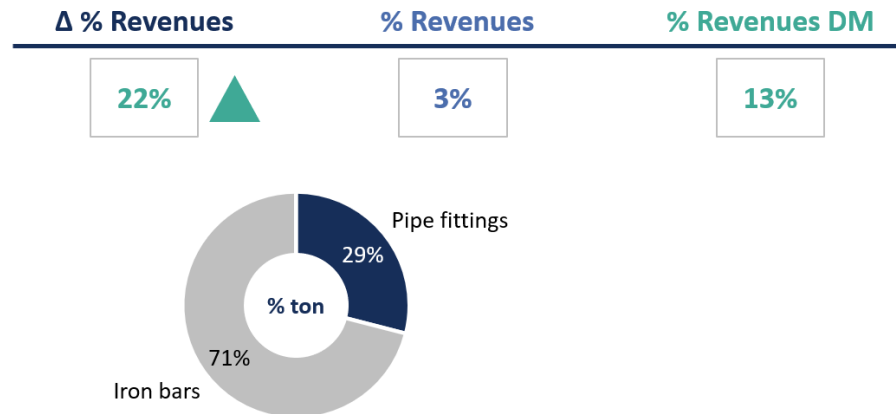
Revenues from commercial vehicle applications increased 35% versus 1Q21, due to higher demand in the domestic market and indirect exports.

### Off-road



Tupy's revenues from sales to machinery and off-road vehicles increased 36% over 1Q21, reflecting both the performance of the domestic market, especially agribusiness, and indirect exports.

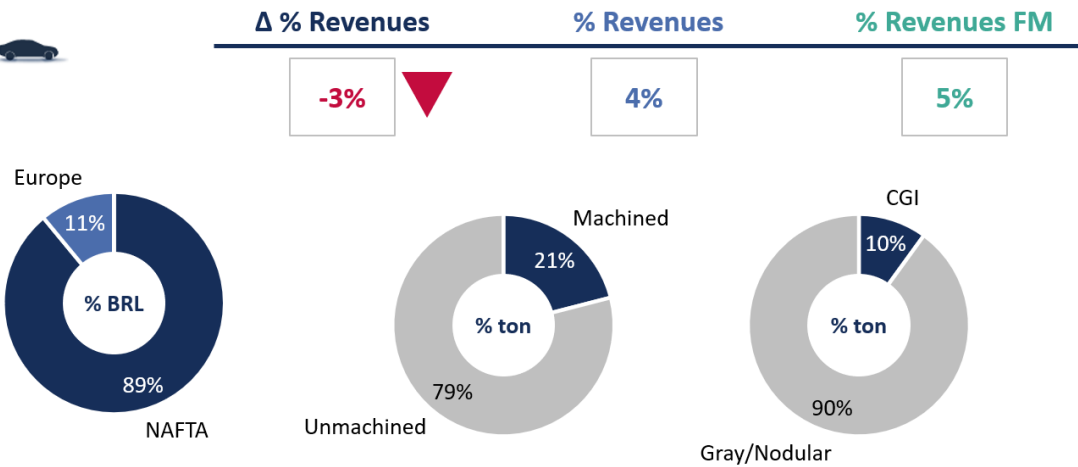
### Hydraulics



Durante o second quarter of 2021, sales revenues in the Hydraulics segment increased 22% over 1Q21 and 130% in relation to the same quarter in 2020, driven by the gradual improvement of the industrial activity and the heated construction industry, as well as by the price restructuring.

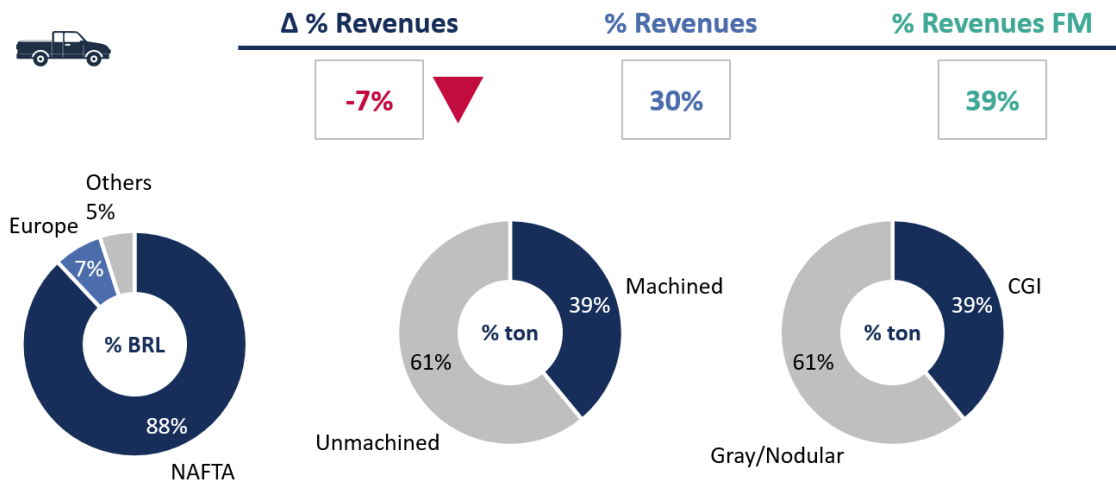
## FOREIGN MARKET (EM)

### Passenger cars



Revenues fell by 3% over 1Q21, as a result of interruptions in the production chain caused by the undersupply of semiconductors and other inputs, and the appreciation of the Brazilian real against the U.S. dollar.

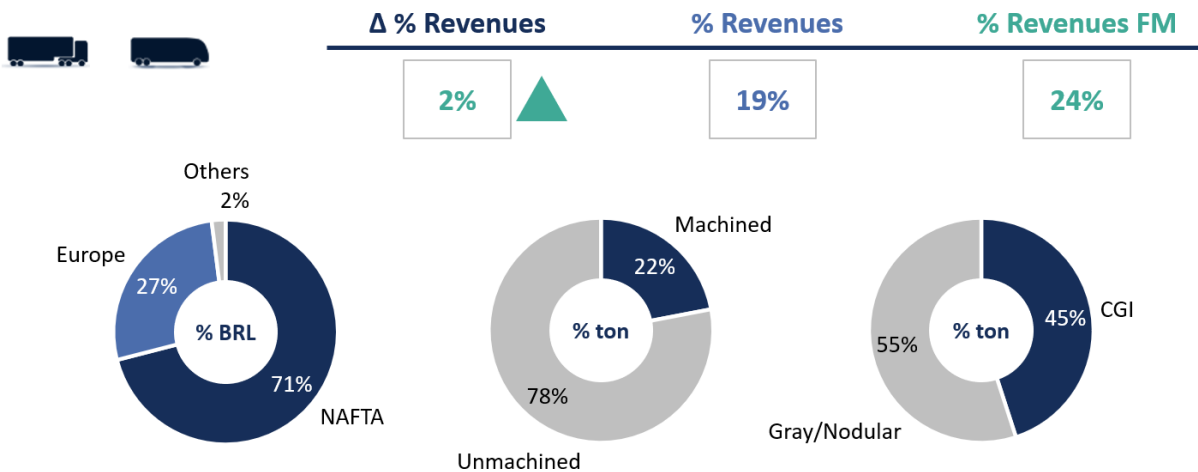
### Light commercial vehicles



Similarly to the previous quarters, pick-ups and SUVs accounted for a large share of sales in the “light vehicles” category in the USA (78%), reflecting the recovery of sectors of the economy that use these applications, especially the heaviest ones, such as residential construction and agribusiness.

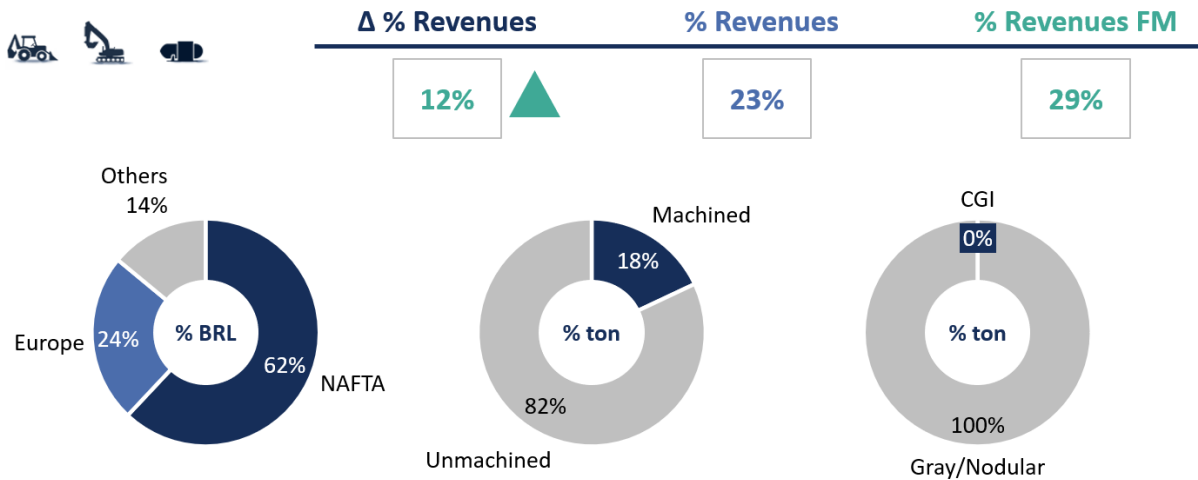
Despite the strong demand for this type of application, the period revenues were impacted by temporary customer stoppages caused by the undersupply of semiconductors and other inputs, leading to a 7% decline over 1Q21.

## Medium and heavy commercial vehicles



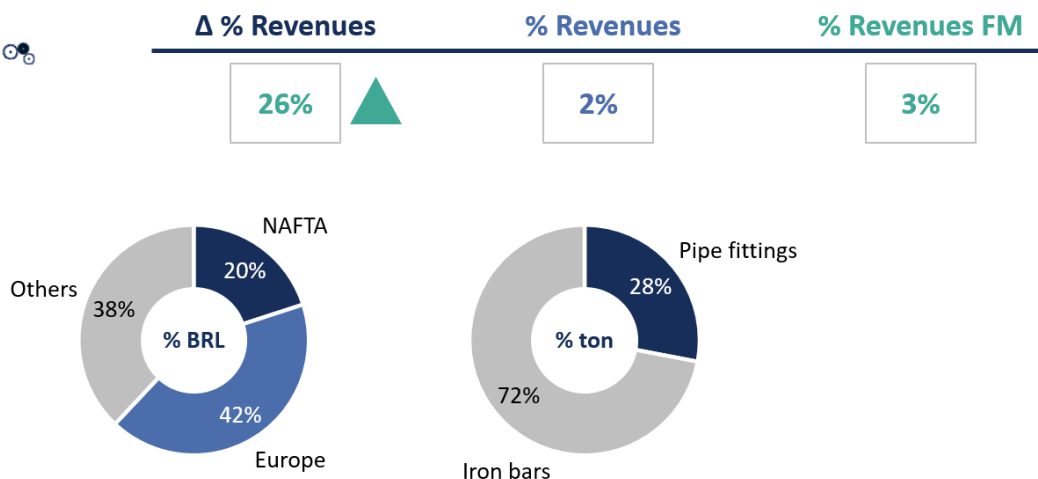
Despite the currency appreciation, revenues increased 2% over 1Q21, reflecting the good market momentum, especially in heavier applications.

## Off-road



Sales to off-road applications increased 13% in 2Q21 over 1Q21, driven by the global recovery and resumption of investments in important industries, such as infrastructure and mining.

## Hydraulics



Revenues increased 26% over 1Q21, in line with the recovery of the markets caused by pent-up demand in Europe and North America, as well as by a better product mix, and price restructuring.

## COST OF GOODS SOLD AND OPERATING EXPENSES

Cost of goods sold (COGS) totaled R\$1,411 million in 2Q21, up 8% over 1Q21. In the annual comparison, the increase was 117% over 2Q20.

This quarter was marked by a significant increase in raw material costs, observed since 4Q20. In some cases, costs varied by approximately 90% in the last 12 months and by more than 10% quarter on quarter, reflecting the heating up of the global economy. In addition to the material price variation, the undersupply of certain inputs, such as finer scrap, impacted the Company's quality indicators with subsequent cost increases. These effects on production process, plus the inflation of materials not yet passed on, impacted costs by approximately R\$35 million.

	Consolidated (R\$ thousand)				
	2Q21	2Q20	Var. [%]	1Q21	Var. [%]
<b>Revenues</b>	<b>1,645,453</b>	<b>644,872</b>	<b>155.2%</b>	<b>1,544,255</b>	<b>6.6%</b>
<b>Cost of goods sold</b>	<b>(1,410,559)</b>	<b>(651,588)</b>	<b>116.5%</b>	<b>(1,304,282)</b>	<b>8.1%</b>
Raw material	(829,821)	(287,793)	118.3%	(763,166)	8.7%
Labor, profit sharing and social benefits	(311,578)	(174,992)	78.1%	(278,656)	11.8%
Maintenance materials and third parties	(94,839)	(63,590)	49.1%	(88,482)	7.2%
Energy	(79,421)	(40,650)	95.4%	(73,714)	7.7%
Depreciation	(70,643)	(74,796)	-5.6%	(74,327)	-5.0%
Other	(24,257)	(9,767)	148.4%	(25,937)	-6.5%
<b>Gross profit (loss)</b>	<b>234,894</b>	<b>(6,716)</b>	<b>-</b>	<b>239,973</b>	<b>-2.1%</b>
<i>% on Revenues</i>	<i>14.3%</i>	<i>-1.0%</i>		<i>15.5%</i>	
<b>Operating expenses</b>	<b>(123,067)</b>	<b>(73,347)</b>	<b>67.8%</b>	<b>(118,361)</b>	<b>4.0%</b>
<i>% on Revenues</i>	<i>7.5%</i>	<i>11.4%</i>		<i>7.7%</i>	

The main effects, compared to 1Q21, were:

- A 9% rise in raw material costs as a result of the increase in production volumes, materials inflation in the period, and a better product mix, with subsequent demand for finer materials.
- A 12% rise in labor costs, mainly driven by an increase in headcount and overtime. The annual comparison was affected by the adoption of measures that allowed working hours and salaries to be flexible in 2Q20, which led to a cost reduction of R\$46 million in the period;
- An 8% increase in energy costs due to higher generation tariffs and a mix of finer products, with increased use of electric furnaces;
- A 5% decrease in depreciation costs, mainly due to the effect of currency appreciation on foreign assets.

Operating expenses, including selling and administrative expenses, reached R\$123 million, up 4% and 68% over 1Q21 and 2Q20, respectively. The main impacts arise from increased volumes and consequent use of freight and commissions on sales, in addition to the increase in the price of logistics services and personnel expenses.

## OTHER OPERATING INCOME (EXPENSES)

Other net operating expenses totaled R\$58 million in 2Q21, compared to R\$41 million in 1Q21 and R\$28 million in 2Q20.

	Consolidated (R\$ thousand)				
	2Q21	2Q20	Var. [%]	1Q21	Var. [%]
Depreciation of non-operating assets	(157)	(165)	-4.8%	(158)	-0.6%
Amortization of intangible assets	(13,799)	(10,786)	27.9%	(14,740)	-6.4%
Sale of land	-	10,500	-	-	-
Other	(44,214)	(27,222)	62.4%	(26,429)	67.3%
<b>Other operating expenses, net</b>	<b>(58,170)</b>	<b>(27,673)</b>	<b>110.2%</b>	<b>(41,327)</b>	<b>40.8%</b>
Impairment of property, plant and equipment	-	(3,404)	-	-	-
<b>Total impairments adjustments</b>	<b>-</b>	<b>(3,404)</b>	<b>-</b>	<b>-</b>	<b>-</b>

Expenses related to the amortization of intangible assets fell 6%, due to currency appreciation.

The "Others" account comprises (i) expenses of R\$30 million related to the sale of unusable assets and other costs (R\$19 million in 1Q21), mainly due to costs related to the acquisition of Teksid's iron casting business, (ii) constitution and update of provisions totaling R\$13 million (R\$7 million in 1Q21) and (iii) write-offs of property, plant and equipment items in the amount of R\$1 million.

## NET FINANCIAL INCOME (LOSS)

The Company recorded a net financial loss of R\$56 million in 2Q21, compared to losses of R\$26 million in 2Q20 and R\$59 million in 1Q21.

Consolidated (R\$ thousand)

	2Q21	2Q20	Var. [%]	1Q21	Var. [%]
Financial expenses	(31,567)	(43,759)	-27.9%	(89,756)	-64.8%
Financial income	6,419	11,544	-44.4%	3,939	63.0%
Eletrobrás Credits Marked-to-Market	19,629	18,643	5.3%	(3,082)	-
Monetary and exchange variations, net	(50,948)	(12,205)	317.4%	30,191	-
<b>Net Financial Result</b>	<b>(56,467)</b>	<b>(25,777)</b>	<b>119.1%</b>	<b>(58,708)</b>	<b>-3.8%</b>

Financial expenses were impacted by the depreciation of the real against the U.S. dollar (average exchange rate of R\$5.29 in 2Q21 vs. R\$5.39 in 2Q20 and R\$5.48 in 1Q21), which affected interest on loans denominated in U.S. dollar, as well as by the decrease in the amount and cost of debt, given the repayment of loans contracted in March 2020, and the issue of Senior Notes in February 2021, maturing in 10 years. The quarter-on-quarter comparison was affected by the premium on the early settlement and *pro-rata* interest of the Senior Notes maturing in 2024, in the amount of R\$58 million.

Financial income reached R\$6 million in the period, 44% lower in the annual comparison, due to the hiring of loans, in the amount of R\$494 million in the previous year and thus consequently increasing our cash position.

Expenses from net monetary and exchange variations totaled R\$51 million due to (i) negative variations of R\$62 million in the balance sheet accounts denominated in U.S. dollar, and (ii) the result of hedge operations based on the zero-cost collar instrument, corresponding to an income of R\$11 million in the period.

## EARNINGS BEFORE TAXES AND NET INCOME

The Company's net income totaled R\$31 million in 2Q21, compared to losses of R\$83 million in 2Q20 and R\$15 million in 1Q21. The impact of the tax benefit arising from the payment of interest on equity was R\$7 million.

	Consolidated (R\$ thousand)				
	2Q21	2Q20	Var. [%]	1Q21	Var. [%]
<b>Income (Loss) before Tax Effects</b>	<b>(2,810)</b>	<b>(136,917)</b>	<b>-97.9%</b>	<b>21,577</b>	<b>-</b>
Tax effects before currency impacts	15,907	31,358	-49.3%	(25,765)	-
<b>Income (loss) before the currency effects on the tax base</b>	<b>13,097</b>	<b>(105,559)</b>	<b>-</b>	<b>(4,188)</b>	<b>-</b>
Currency effects on the tax base	18,393	22,738	-19.1%	(10,718)	-
<b>Net Income (Loss)</b>	<b>(31,490)</b>	<b>(82,821)</b>	<b>-</b>	<b>(14,906)</b>	<b>-</b>
<i>% on Revenues</i>	<i>1.9%</i>	<i>-12.8%</i>		<i>-1.0%</i>	

The tax bases of the assets and liabilities of companies located in Mexico, where the functional currency is the U.S. dollar, are held in Mexican pesos at their historical values. Fluctuations in exchange rates affect the tax bases and, consequently, the currency effects are recorded as deferred income tax revenues and/or expenses. In 2Q21, the Company recorded a non-cash revenue of R\$18 million.

## EBITDA

The combination of the aforementioned factors resulted in EBITDA CVM of R\$142 million. EBITDA adjusted for constitution/update of provisions, write-off of sales of property, plant and equipment items, and sale of unserviceable assets reached R\$186 million, down 7% from the previous quarter (1Q21).

Consolidated (R\$ thousand)					
RECONCILIATION OF NET INCOME TO EBITDA	2Q21	2Q20	Var. [%]	1Q21	Var. [%]
<b>Net Income (Loss) for the Year</b>	<b>(31,490)</b>	<b>(82,821)</b>	-	<b>(14,906)</b>	-
(+) Net financial income (loss)	56,467	25,777	119.1%	58,708	-3.8%
(+) Income tax and social contribution	(34,300)	(54,096)	-36.6%	36,483	-
(+) Depreciation and amortization	87,857	88,710	-1.0%	92,347	3.8%
<b>EBITDA (CVM Instruction 527/12)</b>	<b>141,514</b>	<b>(22,430)</b>	-	<b>172,632</b>	<b>-18.3%</b>
<i>% on revenues</i>	<i>8.6%</i>	<i>-3.5%</i>		<i>11.2%</i>	
(+) Other Net Operating Expenses*	44,214	16,722	164.4%	26,429	67.3%
(+) Impairment	-	3,404	-	-	-
<b>Adjusted EBITDA</b>	<b>185,728</b>	<b>(2,304)</b>	-	<b>199,061</b>	<b>-6.7%</b>
<i>% on revenues</i>	<i>11.3%</i>	<i>-0.4%</i>		<i>12.9%</i>	

The adjustments made to EBITDA aim to offset the effects of items less similar to the Company's business, are non-recurring or have a non-cash effect. These costs totaled R\$44 million and comprise (i) R\$30 million in expenses related to the sale of unusable assets and other costs, (ii) R\$13 million in the constitution and update of provisions and (iii) R\$1 million in write-offs of property, plant and equipment items.

The period margins were impacted by a significant increase in raw material costs, with acceleration of the trend seen since the fourth quarter of 2020. Our contracts include pass-on mechanisms, but the continuous rise of input prices and the necessary terms to adjust them impacted margins. The undersupply of finer scrap also affected quality indicators, affecting the costs of the period. The 2Q21 result was also impacted by stoppages in the customers' supply chain because of the undersupply of semiconductors and other inputs. The stoppages affected our processes and led to a lower dilution of costs in several lines, such as labor.



## INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Investments in property, plant and equipment and intangible assets totaled R\$47 million in 2Q21, compared to R\$27 million in 2Q20.

Consolidated (R\$ thousand)					
	2Q21	2Q20	Var. [%]	1Q21	Var. [%]
<b>Property, Plant and Equipment</b>					
Strategic investments	20,357	10,729	89.7%	15,582	30.6%
Maintenance and renovation	20,494	15,534	31.9%	8,458	142.3%
Environment	3,027	215	1,308.0%	3,758	-19.4%
Interest and financial charges	407	449	-9.4%	396	2.8%
<b>Intangible assets</b>					
Software	1,823	2	91,050%	2,807	-35.1%
Projects under development	999	350	185.4%	815	22.6%
<b>Total</b>	<b>47,107</b>	<b>27,279</b>	<b>72.7%</b>	<b>31,816</b>	<b>48.1%</b>
<i>% on Revenues</i>	2.9%	4.2%		2.1%	

The Company invested in new programs and machining projects in the period, as well as in initiatives related to safety and the environment.

## WORKING CAPITAL

Consolidated (R\$ thousand)					
	2Q21	1Q21	4Q20	3Q20	2Q20
<b>Balance sheet</b>					
Accounts receivable	972,343	991,661	683,404	836,020	547,149
Inventories	843,982	746,272	754,486	725,452	765,179
Accounts payable	869,932	777,710	616,194	538,689	343,151
Sales outstanding [days]	62	77	59	74	47
Inventories [days]	65	68	77	76	77
Payables outstanding [days]	66	72	62	57	35
<b>Cash conversion cycle [days]</b>	<b>61</b>	<b>73</b>	<b>74</b>	<b>93</b>	<b>89</b>

The 12-day reduction in working capital in 2Q21 over 1Q21 was mainly due to:

- A decrease of R\$19 million in accounts receivables, equivalent to 15 days of sales. The decrease in the average sales outstanding was caused by the 12% currency appreciation (R\$/US\$ closing rate of R\$5.00 in June 2021 vs R\$5.70 in March 2021) in the translation of receivables denominated in foreign currency, which accounted for nearly 80% of the total at the end of June, as well as by the increase in the LTM net revenue, the indicator used to calculate the sales outstanding;
- An increase of R\$98 million in inventories, with a 3-day reduction in the cost of goods sold. Sudden customer stoppages also negatively affected the inventories of finished products;

- An increase of R\$92 million in accounts payable, mainly due to higher input prices, offset by the effect of the currency appreciation on accounts payable denominated in foreign currency, which accounted for 49% of the total at the end of June, leading to a 6-day reduction in payables outstanding.

## ▼ CASH FLOW

Consolidated (R\$ thousand)					
CASH FLOW SUMMARY	2Q21	2Q20	Var.[%]	1Q21	Var.[%]
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,382,887</b>	<b>1,364,975</b>	<b>1.3%</b>	<b>1,425,113</b>	<b>-3.0%</b>
Cash from operating activities	43,836	(84,631)	-	9,112	381.1%
Cash used in investing activities	(45,563)	(30,373)	50.0%	(39,676)	14.8%
Cash used in financing activities	(4,856)	(5,350)	-9.2%	(121,773)	-96.0%
Currency effect on the cash position	(110,427)	37,378	-	110,071	-
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(117,010)</b>	<b>(82,976)</b>	<b>41.0%</b>	<b>(42,226)</b>	<b>177.1%</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,265,877</b>	<b>1,281,999</b>	<b>-1.3%</b>	<b>1,382,887</b>	<b>-8.5%</b>

The Company generated R\$44 million in cash from operating activities, due, among other factors, to improved working capital indicators and the R\$15 million tax refund in Brazil. The comparison with 2Q20 was affected by the drop in volumes in said period, as well as by the impact on customer receivables and working capital variation, in addition to the payment of adjustments on the maturity of derivative operations (zero-cost collar).

Investment activities consumed R\$46 million in 2Q21, up 15% over 1Q21, due to the resumption of investment projects throughout the year.

Financing activities consumed R\$5 million in 2Q21, due to disbursements with leases and amortization of bank loans in the period.

The exchange variation on cash consumed R\$110 million in 2Q21 and was the impact of the appreciation of the Brazilian real in the balance sheet lines denominated in foreign currency. The combination of these factors resulted in a R\$117 million decrease in cash in the period. Accordingly, we ended the first half of 2021 with a balance of R\$1,266 million.

## ▼ DEBT

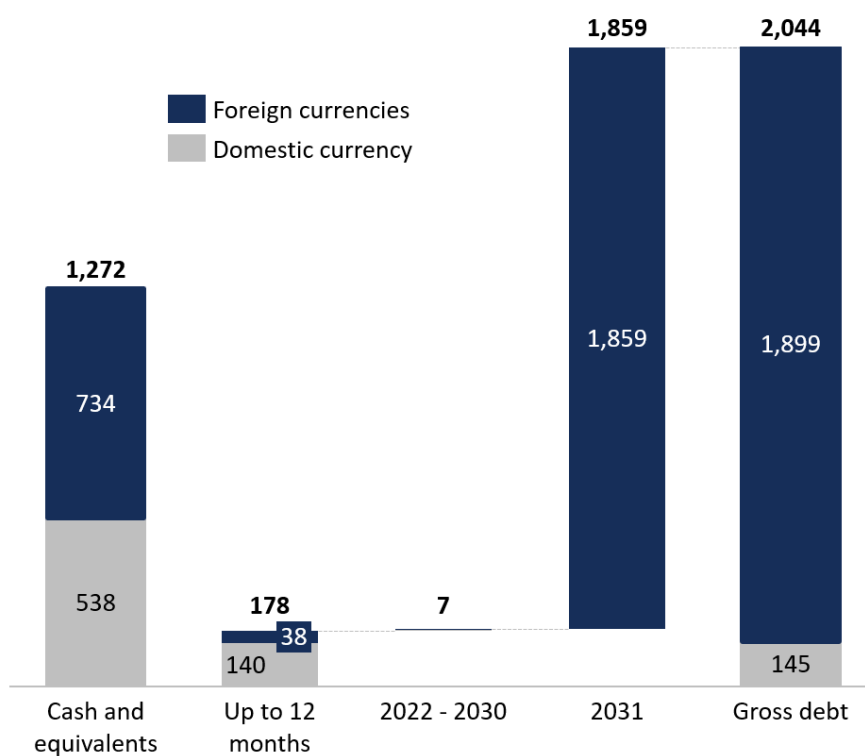
The Company ended 2Q21 with net debt of R\$772 million and a net debt/Adjusted LTM EBITDA ratio of 0.93x.

Liabilities in foreign currency accounted for 93% of the total amount (2% short-term and 98% long-term debt), while 7% of total debt is denominated in Brazilian reais (97% short-term and 3% long-term debt). As for the Company's cash balance, 42% of the total amount is denominated in Brazilian reais and 58% in foreign currency.

Consolidated (R\$ thousand)

DEBT	2Q21	1Q21	4Q20	3Q20	2Q20
Short-term	177,684	164,680	403,629	623,190	621,013
Financing and loans	177,012	158,486	401,924	550,665	456,928
Financial instruments and derivatives	672	6,194	1,705	72,525	164,085
Long-term	1,866,329	2,125,644	1,823,618	1,980,553	2,043,544
<b>Gross debt</b>	<b>2,044,013</b>	<b>2,290,324</b>	<b>2,227,247</b>	<b>2,603,743</b>	<b>2,664,557</b>
Cash and cash equivalents	1,265,877	1,382,887	1,425,113	1,433,715	1,281,999
Financial instruments and derivatives	5,978	129	1,236	-	-
<b>Net debt</b>	<b>772,158</b>	<b>907,308</b>	<b>800,898</b>	<b>1,170,028</b>	<b>1,382,558</b>
Gross debt/adjusted EBITDA	2.47x	3.58x	3.68x	4.55x	5.11x
<b>Net debt/Adjusted EBITDA</b>	<b>0.93x</b>	<b>1.42x</b>	<b>1.32x</b>	<b>2.05x</b>	<b>2.65x</b>

The Company's debt profile is as follows:



In R\$ million

## ACQUISITION OF TEKSID

On July 1, the Company announced the new perimeter for the acquisition of Teksid’s iron casting operations. The perimeter will include the units located in Brazil and Portugal, excluding those in Mexico, China, and Poland, as well as the administrative structures located in Italy and the United States. The Enterprise Value adjusted to the new perimeter is €67.5 million.

This configuration will allow the Company to add the plants with higher adherence to its business strategy, strengthening its positioning in the capital goods segment, and allowing access to new customers and markets.

Furthermore, most of the synergies of the original perimeter will be maintained, especially (i) the offer of high value-added services, such as machining and component assembly for Teksid’s customers; (ii) gains in operational efficiency through the transfer of best practices, optimization projects, and asset flexibilization; and (iii) optimization of procurement processes.

The transaction is expected to be completed in 4Q21, when Tupy will take over the operations.

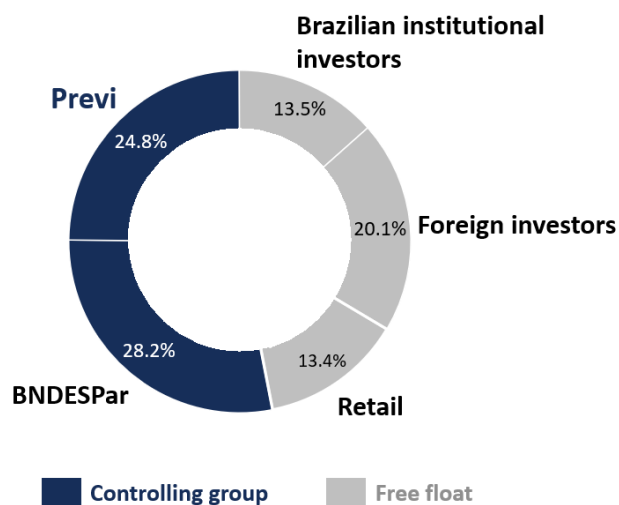
## PAYMENT OF INTEREST ON EQUITY

The Board of Directors’ Meeting approved the payment of interest on equity, in the amount of R\$19.6 million to its shareholders (gross amount) and intends to distribute R\$ 39.3 million in two installment of same amount, totaling R\$ 58.9 million.

The first installment, in the amount of R\$19.6 million, will be paid on August 26<sup>th</sup> , 2021, and the remaining installments, to be dully approved by the Board of Directors, will be paid in November 2021 and January 2022, depending on the Company’s financial situation and cash requirements for its operation and the execution of its strategic planning.

## OWNERSHIP STRUCTURE

Tupy’s ownership structure as of June 30, 2021, was as follows:



## EXECUTIVE OFFICER'S STATEMENT

In compliance with the provisions established under Article 25 of CVM Instruction No. 480, of December 7, 2009, Tupy S.A.'s Executive Board declares that it has reviewed, discussed and agreed with the opinion presented in the Independent Auditor's Report on the Quarterly Financial Report, issued on this date, and with the Quarterly Financial Report of June 30, 2021.

## Attachment I – Commercial vehicle production and sales in Brazil

	(Units)				
	2Q21	2Q20	Var. (%)	1Q21	Var. (%)
<b>Production</b>					
<b>Trucks</b>					
Semi-light	606	52	1065.4%	324	87.0%
Light	6,626	1,266	423.4%	5,491	20.7%
Medium	1,844	443	316.3%	1,634	12.9%
Semi-heavy	11,674	2,697	332.9%	9,680	20.6%
Heavy	20,890	5,574	274.8%	15,953	30.9%
<b>Total trucks</b>	<b>41,640</b>	<b>10,032</b>	<b>315.1%</b>	<b>33,082</b>	<b>25.9%</b>
Buses	5,148	3,000	71.6%	5,176	-0.5%
<b>Commercial Vehicles</b>	<b>46,788</b>	<b>13,032</b>	<b>259.0%</b>	<b>38,258</b>	<b>22.3%</b>
<b>Sales</b>					
<b>Trucks</b>					
Semi-light	1,767	993	77.9%	1,580	11.8%
Light	2,999	1,672	79.4%	2,517	19.1%
Medium	2,579	1,734	48.7%	2,246	14.8%
Semi-heavy	7,813	4,500	73.6%	6,578	18.8%
Heavy	17,500	8,826	98.3%	13,156	33.0%
<b>Total trucks</b>	<b>32,658</b>	<b>17,725</b>	<b>84.2%</b>	<b>26,077</b>	<b>25.2%</b>
Buses	4,207	2,055	104.7%	3,331	26.3%
<b>Commercial Vehicles</b>	<b>36,865</b>	<b>19,780</b>	<b>86.4%</b>	<b>29,408</b>	<b>25.4%</b>
<b>Export</b>					
<b>Trucks</b>					
Semi-light	211	8	2537.5%	123	71.5%
Light	697	333	109.3%	915	-23.8%
Medium	243	30	710.0%	346	-29.8%
Semi-heavy	1,526	382	299.5%	1,585	-3.7%
Heavy	2,775	1,287	115.6%	2,307	20.3%
<b>Total trucks</b>	<b>5,452</b>	<b>2,040</b>	<b>167.3%</b>	<b>5,276</b>	<b>3.3%</b>
Buses	1,044	717	45.6%	845	23.6%
<b>Commercial Vehicles</b>	<b>6,496</b>	<b>2,757</b>	<b>135.6%</b>	<b>6,121</b>	<b>6.1%</b>

Source: ANFAVEA

## Attachment II – Production and sales of light and commercial vehicles in foreign markets

	(Units)				
	2Q21	2Q20	Var. (%)	1Q21	Var. (%)
<b>North America</b>					
<b>Production</b>					
Passenger cars	643,552	351,531	83.1%	752,203	-14.4%
Light commercial vehicles – Class 1-3	2,522,066	1,162,697	116.9%	2,876,231	-12.3%
<b>% Light commercial vehicles</b>	<b>79.7%</b>	<b>76.8%</b>	<b>+2.9p.p.</b>	<b>79.3%</b>	<b>+0.4p.p.</b>
Light Duty – Class 4-5	24,771	11,017	124.8%	25,820	-4.1%
Medium Duty – Class 6-7	27,746	16,910	64.1%	29,205	-5.0%
Heavy Duty – Class 8	67,575	28,055	140.9%	65,305	3.5%
<b>Medium &amp; Heavy Duty</b>	<b>120,092</b>	<b>55,982</b>	<b>114.5%</b>	<b>98,790</b>	<b>21.6%</b>
<b>United States</b>					
<b>Vendas</b>					
Passenger cars	1,065,759	690,574	54.3%	886,724	20.2%
Light commercial vehicles – Class 1-3	3,367,839	2,272,492	48.2%	3,037,022	10.9%
<b>% Light commercial vehicles</b>	<b>76.0%</b>	<b>76.7%</b>	<b>-0.7p.p.</b>	<b>77.4%</b>	<b>-1.4p.p.</b>
Light Duty – Class 4-5	33,942	25,926	30.9%	32,850	3.3%
Medium Duty – Class 6-7	24,737	19,299	28.2%	29,792	-17.0%
Heavy Duty – Class 8	57,348	35,091	63.4%	54,255	5.7%
<b>Medium &amp; Heavy Duty</b>	<b>116,027</b>	<b>80,316</b>	<b>44.5%</b>	<b>116,897</b>	<b>-0.7%</b>
<b>Europe</b>					
<b>Sales</b>					
Passenger cars	2,801,527	1,801,432	55.5%	2,560,330	9.4%

Source: Automotive News; Bloomberg; ACEA

**Attachment III – Production and sales of agricultural machinery in global markets**

	<b>(Units)</b>				
	<b>2Q21</b>	<b>2Q20</b>	<b>Var. (%)</b>	<b>1Q21</b>	<b>Var. (%)</b>
<b>Sales</b>					
<b>Americas</b>					
United States and Canada	114,931	110,914	3.6%	70,091	64.0%
<b>Europe</b>					
Germany	15,498	13,794	12.4%	14,712	5.3%
United Kingdom	3,586	2,893	39.6%	3,259	10.0%

Source: ANFAVEA; Bloomberg; AEM



(A free translation of the original in Portuguese)

**TUPY S.A. AND SUBSIDIARIES****BALANCE SHEETS AT JUNE 30, 2021 AND DECEMBER 31, 2020**

(All amounts in thousands of reais)

**ASSETS**

	Note	Parent company		Consolidated	
		6/30/21	12/31/20	6/30/21	12/31/20
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	3	584,156	832,175	1,265,877	1,425,113
Derivative financial instruments	27	5,571	1,103	5,978	1,236
Trade account receivables	4	653,523	499,141	972,343	683,404
Inventories	5	373,325	262,446	843,982	754,486
Tooling		43,291	43,973	175,110	183,146
Income tax and social contribution recoverable	6	52,587	50,332	103,777	94,171
Other taxes recoverable	7	62,510	44,978	158,452	132,267
Other assets		33,959	46,024	52,260	55,999
<b>Total current assets</b>		<b>1,808,922</b>	<b>1,780,172</b>	<b>3,577,779</b>	<b>3,329,822</b>
<b>NON-CURRENT ASSETS</b>					
Income tax and social contribution recoverable	6	28,775	76,636	28,775	76,636
Other taxes recoverable	7	211,899	231,247	211,899	231,247
Deferred income tax and social contribution	8	332,106	316,080	465,982	428,733
Credits - Eletrobrás	10	97,993	81,446	97,993	81,446
Judicial deposits and other		52,500	47,738	53,592	48,824
Investments in equity instruments		2,749	2,350	11,839	11,645
Investments properties		-	-	5,716	6,363
Investments	11	2,196,624	2,307,818	-	-
Property, plant and equipment	12	605,648	621,083	1,617,460	1,726,857
Intangible assets	13	53,293	52,890	142,246	171,746
<b>Total non-current assets</b>		<b>3,581,587</b>	<b>3,737,288</b>	<b>2,635,502</b>	<b>2,783,497</b>
<b>Total assets</b>		<b>5,390,509</b>	<b>5,517,460</b>	<b>6,213,281</b>	<b>6,113,319</b>

All amounts in thousands of Reais unless otherwise stated.  
See accompanying notes

(A free translation of the original in Portuguese)

**TUPY S.A. AND SUBSIDIARIES****BALANCE SHEETS AT JUNE 30, 2021 AND DECEMBER 31, 2020****(All amounts in thousands of reais)****LIABILITIES**

	Note	Parent company		Consolidated	
		6/30/21	12/31/20	6/30/21	12/31/20
<b>CURRENT LIABILITIES</b>					
Trade accounts payables	14	491,208	336,604	869,932	616,194
Loans and financing	15	194,406	397,495	177,012	401,924
Derivative financial instruments	27	473	1,468	672	1,705
Income taxes payable		-	-	28,758	2,403
Other taxes payable		2,570	2,254	46,740	40,559
Salaries, social security charges and profit sharing		151,012	116,778	204,205	159,924
Advances from customers		15,144	27,366	148,226	169,689
Related parties	9	2,862	3,008	-	-
Dividends and interest on shareholders' equity		19,776	135	19,776	135
Provision for tax, civil, social security and labor proceedings	17	33,303	37,016	33,303	37,016
Other liabilities		61,338	66,534	79,012	84,509
<b>Total current liabilities</b>		<b>972,092</b>	<b>988,658</b>	<b>1,607,636</b>	<b>1,514,058</b>
<b>NON-CURRENT LIABILITIES</b>					
Loans and financing	15	1,750,606	1,821,422	1,866,329	1,823,618
Provision for tax, civil, social security and labor proceedings	17	157,582	149,451	160,934	151,818
Retirement benefit obligations		-	-	67,742	65,446
Other long term liabilities		3,752	4,472	4,163	4,922
<b>Total non-current liabilities</b>		<b>1,911,940</b>	<b>1,975,345</b>	<b>2,099,168</b>	<b>2,045,804</b>
<b>EQUITY</b>					
Share capital	18	1,060,301	1,060,301	1,060,301	1,060,301
Share issuance costs		(6,541)	(6,541)	(6,541)	(6,541)
Share-based payments		6,612	5,245	6,612	5,245
Treasury shares		-	(374)	-	(374)
Carrying value adjustments	11b	800,998	849,634	800,998	849,634
Income reserves		625,551	645,192	625,551	645,192
Retained earnings		19,556	-	19,556	-
<b>Total equity</b>		<b>2,506,477</b>	<b>2,553,457</b>	<b>2,506,477</b>	<b>2,553,457</b>
<b>Total liabilities and equity</b>		<b>5,390,509</b>	<b>5,517,460</b>	<b>6,213,281</b>	<b>6,113,319</b>

All amounts in thousands of Reais unless otherwise stated.  
See accompanying notes

(A free translation of the original in Portuguese)

**TUPY S.A. AND SUBSIDIARIES****STATEMENTS OF INCOME****QUARTERS ENDED JUNE 30, 2021 AND 2020****(All amounts in thousands of reais, except earnings per share)**

	Note	Parent company		Consolidated	
		4/1/21 6/30/21	4/1/20 6/30/20	4/1/21 6/30/21	4/1/20 6/30/20
NET REVENUE	19	975,554	429,268	1,645,453	644,872
Cost of products sold	20	(799,748)	(342,806)	(1,410,559)	(651,588)
GROSS (LOSS) PROFIT		175,806	86,462	234,894	(6,716)
Selling expenses	20	(25,816)	(20,273)	(61,702)	(35,587)
Administrative expenses	20	(41,795)	(25,663)	(56,903)	(34,747)
Management fees	9	(4,462)	(3,013)	(4,462)	(3,013)
Other operating expenses, net	22	(44,936)	(13,972)	(58,170)	(27,673)
Share of results of subsidiaries	11	21,641	(78,206)	-	-
PROFIT BEFORE IMPAIRMENTS		80,438	(54,665)	53,657	(107,736)
Impairment	22	-	(3,404)	-	(3,404)
PROFIT BEFORE FINANCE RESULTS AND INCOME TAXES		80,438	(58,069)	53,657	(111,140)
Finance costs	21	(36,445)	(22,962)	(31,567)	(25,116)
Finance income	21	25,288	10,272	26,048	11,544
Monetary and foreign exchange variations, net	21	(44,032)	(23,340)	(50,948)	(12,205)
PROFIT BEFORE INCOME TAXES		25,249	(94,099)	(2,810)	(136,917)
Income tax and social contribution	23	6,241	11,278	34,300	54,096
NET INCOME (LOSS) FOR THE QUARTER		31,490	(82,821)	31,490	(82,821)
EARNINGS PER SHARE					
Basic earnings (loss) per share	24	0.21842	(0.57485)	0.21842	(0.57485)
Diluted earnings (loss) per share	24	0.21720	(0.57245)	0.21720	(0.57245)

All amounts in thousands of Reais unless otherwise stated.  
See accompanying notes

(A free translation of the original in Portuguese)

**TUPY S.A. AND SUBSIDIARIES****STATEMENTS OF INCOME****PERIOD ENDED JUNE 30, 2021 AND 2020****(All amounts in thousands of reais, except earnings per share)**

	Note	Parent company		Consolidated	
		6/30/21	6/30/20	6/30/21	6/30/20
NET REVENUE	19	1,787,177	1,026,332	3,189,708	1,737,436
Cost of products sold	20	(1,460,619)	(827,053)	(2,714,841)	(1,551,590)
GROSS (LOSS) PROFIT		326,558	199,279	474,867	185,846
Selling expenses	20	(56,080)	(45,525)	(121,198)	(86,601)
Administrative expenses	20	(79,709)	(57,861)	(111,534)	(80,184)
Management fees	9	(8,696)	(6,403)	(8,696)	(6,403)
Other operating expenses, net	22	(71,697)	(27,806)	(99,497)	(54,999)
Share of results of subsidiaries	11	(23,695)	(218,141)	-	-
PROFIT BEFORE IMPAIRMENTS		86,681	(156,457)	133,942	(42,341)
Impairment	22	-	(3,404)	-	(37,804)
PROFIT BEFORE FINANCE RESULTS AND INCOME TAXES		86,681	(159,861)	133,942	(80,145)
Finance costs	21	(78,176)	(112,645)	(124,405)	(116,831)
Finance income	21	29,411	20,993	29,987	23,615
Monetary and foreign exchange variations, net	21	(11,499)	(89,121)	(20,757)	(151,052)
		(60,264)	(180,773)	(115,175)	(244,268)
PROFIT (LOSS) BEFORE INCOME TAXES		26,417	(340,634)	18,767	(324,413)
Income tax and social contribution	23	(9,833)	50,296	(2,183)	34,075
NET INCOME (LOSS) FOR THE PERIOD		16,584	(290,338)	16,584	(290,338)
EARNINGS PER SHARE					
Basic earnings (loss) per share	24	0.11503	(2.01520)	0.11503	(2.01520)
Diluted earnings (loss) per share	24	0.11439	(2.00677)	0.11439	(2.00677)

All amounts in thousands of Reais unless otherwise stated.  
See accompanying notes

(A free translation of the original in Portuguese)

**TUPY S.A. AND SUBSIDIARIES****STATEMENTS OF COMPREHENSIVE INCOME  
QUARTERS ENDED JUNE 30, 2021 AND 2020****(All amounts in thousands of reais, except earnings per share)**

	Parent company		Consolidated	
	4/1/21 6/30/21	4/1/20 6/30/20	4/1/21 6/30/21	4/1/20 6/30/20
<b>NET INCOME FOR THE PERIOD</b>	31,490	(82,821)	31,490	(82,821)
<b>Components of other comprehensive income to be reclassified to the results</b>				
Foreign exchange variation of investees located abroad	11	(284,046)	112,120	(284,046)
Hedge of net investment abroad	27b	238,236	(94,333)	238,236
Tax effect on hedge of net investment abroad	27b	(81,001)	32,073	(81,001)
		(126,811)	49,860	(126,811)
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER</b>		(95,321)	(32,961)	(95,321)

**TUPY S.A. AND SUBSIDIARIES****STATEMENTS OF COMPREHENSIVE INCOME  
PERIOD ENDED JUNE 30, 2021 AND 2020****(All amounts in thousands of reais, except earnings per share)**

	Note	Parent company		Consolidated	
		6/30/21	6/30/20	6/30/21	6/30/20
<b>NET INCOME (LOSS) FOR THE YEAR</b>		16,584	(290,338)	16,584	(290,338)
<b>Components of other comprehensive income to be reclassified to the results</b>					
Foreign exchange variation of investees located abroad	11	(87,499)	605,955	(87,499)	605,955
Hedge of net investment abroad	27b	63,389	(500,873)	63,389	(500,873)
Tax effect on hedge of net investment abroad	27b	(21,554)	170,297	(21,554)	170,297
		(45,664)	275,379	(45,664)	275,379
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		(29,080)	(14,959)	(29,080)	(14,959)

All amounts in thousands of Reais unless otherwise stated.  
See accompanying notes

## (A free translation of the original in Portuguese)

## TUPY S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY  
(All amounts in thousands of reais)

Note	Share capital	Share issue cost	Shared based payments	Treasury stock	Carrying value adjustments		Revenue reserves		Retained earnings (losses)	Total
					Exchange variation of investees	Deemed cost of fixed assets	legal reserve	Reserve for investments		
<b>AT DECEMBER 31, 2019</b>	<b>1,060,301</b>	<b>(6,541)</b>	<b>7,968</b>	<b>-</b>	<b>580,123</b>	<b>33,129</b>	<b>95,756</b>	<b>616,667</b>	<b>-</b>	<b>2,387,403</b>
<b>Comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	-	-	(290,338)	(290,338)
Realization of carrying value adjustments	-	-	-	-	-	(3,387)	-	-	3,387	-
Foreign exchange variation of investees located abroad	-	-	-	-	605,955	-	-	-	-	605,955
Hedge of net investment abroad	-	-	-	-	(500,873)	-	-	-	-	(500,873)
Tax impact on hedge of net investment abroad	-	-	-	-	170,297	-	-	-	-	170,297
Total comprehensive income for the period	-	-	-	-	275,379	(3,387)	-	-	(286,951)	(14,959)
<b>Contributions from shareholders and distributions to shareholders</b>										
Management stock option plan	-	-	1,289	-	-	-	-	-	-	1,289
Realization of management stock option plan	-	-	(316)	-	-	-	-	-	316	-
(-) Shares in treasury acquired	-	-	-	(2,944)	-	-	-	-	-	(2,944)
Total contributions from shareholders and distributions to shareholders	-	-	973	(2,944)	-	-	-	-	316	(1,655)
<b>AT JUNE 30, 2020</b>	<b>1,060,301</b>	<b>(6,541)</b>	<b>8,941</b>	<b>(2,944)</b>	<b>855,502</b>	<b>29,742</b>	<b>95,756</b>	<b>616,667</b>	<b>(286,635)</b>	<b>2,370,789</b>
<b>AT DECEMBER 31, 2020</b>	<b>1,060,301</b>	<b>(6,541)</b>	<b>5,245</b>	<b>(374)</b>	<b>823,450</b>	<b>26,184</b>	<b>95,756</b>	<b>549,436</b>	<b>-</b>	<b>2,553,457</b>
<b>Comprehensive income for the period</b>										
Loss for the period	-	-	-	-	-	-	-	-	16,584	16,584
Realization of carrying value adjustments	-	-	-	-	-	(2,972)	-	-	2,972	-
Foreign exchange variation of investees located abroad	11	-	-	-	(87,499)	-	-	-	-	(87,499)
Hedge of net investment abroad	27b	-	-	-	63,389	-	-	-	-	63,389
Tax impact on hedge of net investment abroad	27b	-	-	-	(21,554)	-	-	-	-	(21,554)
Total comprehensive income for the year	-	-	-	-	(45,664)	(2,972)	-	-	19,556	(29,080)
<b>Contributions from shareholders and distributions to shareholders</b>										
Management stock option plan	-	-	1,741	-	-	-	-	-	-	1,741
(-) Stock options exercised	-	-	(374)	374	-	-	-	-	-	-
Allocation of loss:	-	-	-	-	-	-	-	(19,641)	-	(19,641)
Interest on capital	-	-	-	-	-	-	-	(19,641)	-	(19,641)
Total contributions from shareholders and distributions to shareholders	-	-	1,367	374	-	-	-	(19,641)	-	(17,900)
<b>AT JUNE 30, 2021</b>	<b>1,060,301</b>	<b>(6,541)</b>	<b>6,612</b>	<b>-</b>	<b>777,786</b>	<b>23,212</b>	<b>95,756</b>	<b>529,795</b>	<b>19,556</b>	<b>2,506,477</b>

All amounts in thousands of Reais unless otherwise stated.  
See accompanying notes

(A free translation of the original in Portuguese)

**TUPY S.A. AND SUBSIDIARIES****STATEMENTS OF CASH FLOW****PERIOD ENDED JUNE 30, 2021 AND 2020****(All amounts in thousands of reais, except earnings per share)**

	Note	Parent company		Consolidated	
		6/30/21	6/30/20	6/30/21	6/30/20
<b>Cash flow from operating activities:</b>					
Profit for the period before income tax and social contribution		26,417	(340,634)	18,767	(324,413)
Adjustment to reconcile profit (losses) with cash provided by operating activities:					
Depreciation and amortization	12 e 13	71,723	71,254	180,204	173,646
Impairment	12 e 13	-	3,404	-	37,804
Share of results of subsidiaries	11	23,695	218,141	-	-
Disposals of property, plant and equipment		123	778	1,873	3,342
Interest accrued and foreign exchange variations		81,815	158,155	132,852	222,333
Provision for impairment of trade receivables		(4,565)	3,613	(4,219)	4,983
Provision for losses on inventory		(941)	12,487	(406)	21,852
Provision for contingencies	17	18,670	18,407	19,655	18,527
Stock option plan		1,741	1,289	1,741	1,289
Change in Eletrobrás credit		(16,946)	30,835	(16,946)	30,835
		201,732	177,729	333,521	190,198
<b>Changes in operating assets and liabilities:</b>					
Trade accounts receivables		(172,819)	124,781	(387,353)	277,979
Inventories		(109,938)	6,037	(96,109)	(17,065)
Tooling		682	(11,462)	3,711	(14,469)
Other taxes recoverable		9	28,083	(3,470)	43,983
Other assets		11,015	15,101	2,534	(7,072)
Judicial deposits and other		(4,762)	(7,404)	(4,768)	(7,404)
Trade payables		159,244	(109,752)	281,610	(395,344)
Other taxes payable		316	(6,263)	8,409	(37,658)
Salaries, social security charges and profit sharing		34,234	(16,806)	46,585	(32,467)
Advances from customers		(12,222)	419	(18,157)	10,489
Notes and other payables		(5,196)	(64,037)	(5,465)	(43,297)
Retirement benefit obligations		-	-	5,095	(6,793)
Other liabilities		(14,972)	(11,673)	(15,011)	(11,652)
<b>Cash generated by operations</b>		<b>87,323</b>	<b>124,753</b>	<b>151,132</b>	<b>(50,572)</b>
Interest paid		(75,004)	(51,383)	(87,686)	(50,068)
Income tax and social contribution paid		-	-	(10,498)	(18,287)
<b>Net cash generated from operating activities</b>		<b>12,319</b>	<b>73,370</b>	<b>52,948</b>	<b>(118,927)</b>
<b>Cash flow from investing activities:</b>					
Additions to fixed assets or intangibles	12 e 13	(59,327)	(22,315)	(86,289)	(72,454)
Cash generated on PPE disposals		1,804	175	1,050	175
Subsidiaries and associates		(146)	(165)	-	-
<b>Net cash used in investing activities</b>		<b>(57,669)</b>	<b>(22,305)</b>	<b>(85,239)</b>	<b>(72,279)</b>
<b>Cash flow from financing activities:</b>					
Payment of loans		(197,157)	(2,371)	(2,136,541)	(2,371)
Loans and financing raised		-	494,412	2,018,063	494,412
Lease payment from right of use		(3,154)	(2,412)	(8,111)	(7,987)
Interest on capital and dividends paid		-	(6)	-	(6)
Treasury stock		-	(2,944)	-	(2,944)
<b>Net cash from (used) in financing activities</b>		<b>(200,311)</b>	<b>486,679</b>	<b>(126,589)</b>	<b>481,104</b>
Effect of exchange rate differences on cash for the period		(2,358)	6,242	(356)	152,071
<b>Increase in cash and cash equivalents</b>		<b>(248,019)</b>	<b>543,986</b>	<b>(159,236)</b>	<b>441,969</b>
Cash and cash equivalents at the beginning of the year		832,175	362,600	1,425,113	840,030
<b>Cash and cash equivalents at the end of the year</b>		<b>584,156</b>	<b>906,586</b>	<b>1,265,877</b>	<b>1,281,999</b>

All amounts in thousands of Reais unless otherwise stated.  
See accompanying notes

(A free translation of the original in Portuguese)

**TUPY S.A. AND SUBSIDIARIES****STATEMENT OF VALUE ADDED****PERIOD ENDED JUNE 30, 2021 AND 2020****(All amounts in thousands of reais, except earnings per share)**

	Note	Parent company		Consolidated	
		6/30/21	6/30/20	6/30/21	6/30/20
<b>Origination of value added</b>		1,941,821	1,091,750	3,344,006	1,801,484
Sale of products, net of returns and rebates	19	1,937,256	1,095,363	3,339,787	1,806,467
Provision for impairment of trade receivables		4,565	(3,613)	4,219	(4,983)
<b>(-) Inputs acquired from third parties</b>		(1,311,587)	(630,710)	(2,303,609)	(1,143,610)
Raw materials and processing material consumed		(1,022,693)	(424,091)	(1,451,777)	(592,501)
Materials, energy, third party services and other		(288,894)	(206,619)	(851,832)	(551,109)
<b>GROSS VALUE ADDED</b>		630,234	461,040	1,040,397	657,874
<b>Retentions:</b>		(71,723)	(74,658)	(180,204)	(211,450)
Depreciation and amortization	12 and 13	(71,723)	(71,254)	(180,204)	(173,646)
Impairment		-	(3,404)	-	(37,804)
<b>Net value added generated by the Company</b>		558,511	386,382	860,193	446,424
<b>Value added received through transfer</b>		5,716	(197,148)	29,987	23,615
Share of results of subsidiaries	11	(23,695)	(218,141)	-	-
Finance income	21	29,411	20,993	29,987	23,615
<b>VALUE ADDED TO DISTRIBUTE</b>		<b>564,227</b>	<b>189,234</b>	<b>890,180</b>	<b>470,039</b>
<b>Distribution of value added</b>					
<b>Personnel</b>		354,270	236,573	631,553	433,882
Employees		265,829	161,986	534,867	350,251
Social charges - Government Severance Indemnity Fund for Employees (FGTS)		17,247	12,709	17,247	12,709
Profit sharing		23,491	17,514	31,830	24,916
Management fees		8,696	6,403	8,696	6,403
Workplace healthcare and safety		24,219	28,017	24,219	28,017
Food		6,793	4,082	6,793	4,082
Professional education, qualification and development		423	322	307	958
Other amounts		7,572	5,540	7,594	6,546
<b>Government</b>		103,698	41,233	96,881	58,612
Federal taxes and contributions		71,946	8,851	65,100	26,223
State taxes and rates		26,315	26,950	26,315	26,950
Municipal taxes, rates and other		5,437	5,432	5,466	5,439
<b>Third party capital</b>		89,675	201,766	145,162	267,883
Finance costs	21	78,176	112,645	124,405	116,831
Monetary and foreign exchange variations, net	21	11,499	89,121	20,757	151,052
<b>Own capital</b>		16,584	(290,338)	16,584	(290,338)
Retained earnings (losses)		16,584	(290,338)	16,584	(290,338)
<b>TOTAL VALUE ADDED</b>		<b>564,227</b>	<b>189,234</b>	<b>890,180</b>	<b>470,039</b>

All amounts in thousands of Reais unless otherwise stated.  
See accompanying notes



(A free translation of the original in Portuguese)

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## 1. GENERAL INFORMATION

Tupy S.A. (the "Parent company") and its subsidiaries (together the "Company" or "Consolidated") have domestic and foreign operations in the iron casting markets, especially engine blocks and cylinder heads. The Company also operates in the transportation, infrastructure, and agriculture (blocks, cylinder heads and parts) and hydraulics (steel shots and iron bar) segments. With a diversified customer base in the Americas, Europe and Asia. The Company has plants in Brazil, at Joinville and Maua, and Mexico, at Saltillo and Ramos Arizpe. In addition, the Parent company has investments in companies abroad that operate in logistics, trading, technical assistance and centralization of foreign corporate operations.

Tupy S.A. is a publicly held corporation headquartered in Joinville, State of Santa Catarina, listed on the São Paulo Stock Exchange (ticker TUPY3) and in the Novo Mercado segment of B3.

On July 1st, the Company signed with Stellantis N.V., successor of Fiat Chrysler Automobiles N.V., and Teksid SpA, wholly owned subsidiary of Stellantis, an Amendment and Restatement of the Share Purchase and Sale Agreement, dated December 19, 2019 to acquire the Brazilian and Portuguese cast iron components operations of Teksid by way of the acquisition of Teksid interests in Teksid Iron do Brasil Ltda. and Funfrap-Fundição Portuguesa S.A.

The Company had announced on December 19, 2019 its agreement to acquire the global cast iron components operations of Teksid. Based on the review and input from U.S. antitrust authorities, the Company and Stellantis agreed to revise the transaction. In addition, the Company has decided that a revised perimeter for the transaction will focus on assets that better align with the Company strategy. Therefore, the Company will not proceed with the acquisition of the Mexican, Chinese and Polish operations of Teksid and its offices in Italy and in the United States.

The Company will maintain the strategic alliance for global supply with Stellantis, honoring the commitments previously agreed on with the Brazilian antitrust authority.

The Enterprise Value for the new perimeter is €67.5 million.

The Transaction has been approved by the Company Board of Directors on July 1<sup>st</sup>, and the Company received a communication from BNDES Participações S.A. – BNDESPAR and Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI, whose shares represent 28.2% and 24.8%, of the share capital of the Company respectively. BNDESPAR and PREVI have irrevocably committed to approving the Transaction at the Extraordinary Shareholders' Meeting. The Transaction is expected to be completed in the fourth quarter of 2021.

These interim condensed financial statements were approved for issuance by the Company's Board of Directors on August 05, 2021.

### 1.1 Impacts of the COVID-19 pandemic

The Company monitors the risks of the COVID-19 pandemic and the effects on the local and global economies, as well as the impact on its employees, operations, supply chain, demand for its products and the community.

The Company has been carrying out tests of recoverability of its relevant assets, in view of the impacts resulting from the pandemic on its operations, which have not resulted in the need to recognize significant losses in its financial statements.

The projections of operating income and cash flows indicate full conditions for the continuity of operations. The evolution of the entire economic context in the world is being monitored, as well as its implication in profitability and financial position, aiming to adapt the Company's operations to the evolving circumstances triggered by government regulations and market dynamics in the face of the COVID-19 pandemic. The profits achieved in the first quarter of 2021 demonstrate that the Company is successfully managing the crisis.

In view of the scenarios caused by the global pandemic COVID-19 the Company reinforced its inventory levels, moving its products to geographical positions close to its customers in order to avoid shortages due to geographic mismatches and different recovery cycles. This has allowed, until then, to keep regular delivery of orders to customers. At this moment, the contracts signed with clients do not present risks of being terminated and the receivables of not being paid.

## 2. PRESENTATION AND PREPARATION OF THE QUARTERLY INFORMATION

The Company presents the Parent company's interim financial statements in accordance with the Technical Pronouncement CPC 21 - "Interim Financial Reporting" and the Consolidated interim financial statements in accordance with Technical Pronouncement CPC 21 and International Financial Reporting Standard IAS 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), and presented in accordance with the rules and regulations issued by the Brazilian Securities Commission (CVM), applicable to the preparation of interim information, and are identified as "Parent company" and "Consolidated", respectively.

Circular Letter CVM/SNC/SEP 003, of April 28, 2011, permits entities to present selected explanatory notes in cases of redundancy or duplication relative to the information already presented in the Company's annual financial statements. These interim condensed financial statements do not include all of the disclosures required in a complete set of financial statements and should be read together with the annual financial statements for the year ended December 31, 2020.

Accordingly, the Company discloses below a list of the explanatory notes that are not partially or completely presented in the interim condensed financial statements at June 30, 2021:

<b><i>Not completely repeated</i></b>	<b><i>Not partially repeated</i></b>
Financial investments	Trade receivables
Investment properties	Income tax and social contribution recoverable
Salaries, social security charges and profit sharing	Other taxes recoverable
Defined benefit obligations	Property, plant and equipment
Insurance	Intangible assets
Business combination	Loans and financing
Commitments	Provision for tax, civil, social security and labor proceedings
	Share capital

## 2.1. Basis of preparation

The interim financial statements have been prepared based on the historical cost, except for certain financial instruments, which are measured at their fair values, as described in the accounting policies. The historical cost is generally based on the fair value of the consideration paid in exchange for assets.

The functional and presentation currency are with the same as those for the annual financial statements for the year ended December 31, 2020.

## 2.2. Use of critical accounting estimates and judgments

The preparation of Parent Company and Consolidated interim information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported for assets, liabilities, revenue and expenses.

In the preparation of these interim condensed financial statements, the decisions made by the Company regarding the application of accounting policies and the main sources of uncertainty in estimates and critical accounting judgments were the same as those for the annual financial statements for the year ended December 31, 2020 and are disclosed in Note 2.4.

## 2.3. Significant accounting policies

The accounting policies used in the preparation of these interim condensed financial statements for the period ended June 30, 2021 are consistent with those used to prepare the annual financial statements for the year ended December 31, 2020, these policies are disclosed in Note 2 in the annual financial statements.

## 3. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	Jun/21	Dec/20	Jun/21	Dec/20
Cash and banks	14,620	19,215	15,256	19,401
Financial investments in Brazil	517,133	753,293	517,378	753,533
Financial investments abroad	52,403	59,667	733,243	652,179
	<b>584,156</b>	<b>832,175</b>	<b>1,265,877</b>	<b>1,425,113</b>

The financial investments disclosed as cash and cash equivalents are highly liquid securities with an insignificant risk of changes in value. Those investments in Brazil are remunerated based on the variation of the Interbank Deposit Certificate (CDI) rate, with an average rate equivalent to 2.71% per annum (2.86% at December 31, 2020). The investments abroad are denominated mostly in U.S. dollars at the average rate of 0.20% per annum (0.42% per annum in December 2020) designed as time deposit and overnight.

The decrease presented in the period is substantially due to the payments of loans and financing (Export credit notes and Operation 4131) taken in March, 2020 in the amount of R\$195.000.

The Company operates with top tier institutions as detailed in note 28.1.

#### 4. TRADE ACCOUNT RECEIVABLES

The composition of trade account receivables from clients by market is as follows:

	Parent company		Consolidated	
	Jun/21	Dec/20	Jun/21	Dec/20
Domestic market	198,833	93,459	198,833	93,459
Foreign market	459,245	414,918	779,064	600,445
Provision for impairment of trade receivables	(4,555)	(9,236)	(5,554)	(10,500)
	<b>653,523</b>	<b>499,141</b>	<b>972,343</b>	<b>683,404</b>

Trade account receivables in the domestic market are denominated in Brazilian Reais and in the foreign market primarily in U.S. dollars.

The main variation in trade account receivables reflects the increase in the volume of sales in June 2021 when compared to December 2020, connected to the price raise effective in the period. The variation was partially offset by the appreciation of the Real against the U.S. dollars, which went from R\$5.1967 on December 31, 2020 to R\$5.0022 on June 30, 2021.

	Parent company		Consolidated	
	Jun/21	Dec/20	Jun/21	Dec/20
Falling due in up to 30 days	310,071	193,181	484,368	388,920
Falling due within 31 to 60 days	144,785	194,531	295,033	204,138
Falling due in more than 61 days	171,270	87,918	94,914	29,235
<b>Total falling due</b>	<b>626,126</b>	<b>475,630</b>	<b>874,315</b>	<b>622,293</b>
Overdue for up to 30 days	22,942	18,963	82,292	47,281
Overdue for 31 to 60 days	93	3,097	12,993	11,240
Overdue for more than 61 days	8,917	10,687	8,297	13,090
<b>Total overdue</b>	<b>31,952</b>	<b>32,747</b>	<b>103,582</b>	<b>71,611</b>
Provision for impairment of trade receivables	(4,555)	(9,236)	(5,554)	(10,500)
<b>Total</b>	<b>653,523</b>	<b>499,141</b>	<b>972,343</b>	<b>683,404</b>

The Company's trade account receivables in the foreign market include related party amounts which are eliminated upon consolidation, amounting R\$306,589 (R\$324,208 in December 31, 2020). (Note 9)

As of June 30, 2021, the estimated loss in accounts receivable from customers represented 0.6% of the consolidated balance (On December 31, 2020 was 1.5%).

The Company does not expect material adjustments due to the impacts caused by the Covid-19 pandemic in trade accounts receivables.

#### 5. INVENTORIES

	Parent company		Consolidated	
	Jun/21	Dec/20	Jun/21	Dec/20
Finished products	132,205	99,099	243,520	230,758
Work in progress	100,161	76,299	351,721	297,785
Raw materials	124,562	75,435	201,205	181,355
Maintenance and other materials	31,738	27,895	84,128	81,586
Provision for losses	(15,341)	(16,282)	(36,592)	(36,998)
	<b>373,325</b>	<b>262,446</b>	<b>843,982</b>	<b>754,486</b>

Inventories are carried at the average acquisition and/or production cost, considering the full manufacturing costs absorption method, adjusted to the net realizable value, when applicable.

The growth in the amount of inventories related to the raw material of the Parent Company, reflects the price increase in the period. The price increase seen in the Consolidated amount was partially offset by the appreciation of the Real against the U.S. dollars, which went from R\$5.1967 on December 31, 2020 to R\$5.0022 on June 30, 2021. This variation reflects the reduction of the inventories of the Mexican subsidiaries which has the U.S. dollar as functional currency.

The Company did not observe any indicators that require the constitution of an additional losses provision due to COVID-19.

As of June 30, 2021, the Company has offered finished product inventory as collateral for labor and social security litigation amounting to R\$9,344 (R\$9,584 as of December 31, 2020) in the Parent company and Consolidated. Currently, the Company adopts guarantee insurance.

## 6. INCOME TAX AND SOCIAL CONTRIBUTION RECOVERABLE

	Jun/21			Dec/20		
	Current	Non-current	Total	Current	Non-current	Total
<b>Parent Company</b>	<b>52,587</b>	<b>28,775</b>	<b>81,362</b>	<b>50,332</b>	<b>76,636</b>	<b>126,968</b>
Income tax	52,587	10,328	62,915	50,332	45,482	95,814
Social contribution	-	18,447	18,447	-	31,154	31,154
<b>Subsidiaries</b>	<b>51,190</b>	<b>-</b>	<b>51,190</b>	<b>43,839</b>	<b>-</b>	<b>43,839</b>
Income tax	51,190	-	51,190	43,839	-	43,839
<b>Consolidated</b>	<b>103,777</b>	<b>28,775</b>	<b>132,552</b>	<b>94,171</b>	<b>76,636</b>	<b>170,807</b>

## 7. OTHER TAXES RECOVERABLE

	Jun/21			Dec/20		
	Current	Non-current	Total	Current	Non-current	Total
<b>Parent company</b>	<b>62,510</b>	<b>211,899</b>	<b>274,409</b>	<b>44,978</b>	<b>231,247</b>	<b>276,225</b>
ICMS recoverable - São Paulo (a)	11,239	2,844	14,083	5,697	8,138	13,835
ICMS recoverable - Santa Catarina (a)	29,983	45,322	75,305	29,982	53,528	83,510
Reintegra benefit (b)	607	52,744	53,351	463	52,744	53,207
COFINS, PIS and IPI recoverable (c)	20,681	110,989	131,670	8,836	116,837	125,673
<b>Subsidiaries</b>	<b>95,942</b>	<b>-</b>	<b>95,942</b>	<b>87,289</b>	<b>-</b>	<b>87,289</b>
Value-added tax (VAT) (d)	95,942	-	95,942	87,289	-	87,289
<b>Consolidated</b>	<b>158,452</b>	<b>211,899</b>	<b>370,351</b>	<b>132,267</b>	<b>231,247</b>	<b>363,514</b>

### a. Value-added Tax on Sales and Services (ICMS) recoverable in São Paulo and in Santa Catarina

Credits arising from the purchase of raw materials used in the process of constructing and purchasing property, plant and equipment assets, originally realizable in 48 installments, according to applicable state legislation. The decrease in the Company's sales in the Brazilian market, observed in recent years as a result of the economic crisis, contributed to the increase in the credit balance.

In Santa Catarina, the Company was accomplishing the credit balance by transfer to third parties and with a special regim "pro-emprego", which defers the payment of ICMS.

In São Paulo, realization takes place in normal sales operations.

The Company's projections identify the realization of credits in up to 4 years.

## b. Special System for Refund of Tax Amounts to Exporting Companies (Reintegra) benefit

Credits arising from the benefit established by Provisional Measure 540 of August 2, 2011, reestablished by Law 13,043/14 and regulated by Decree 8,543/15. The Company prepared reports that prove the existence of tax residue in the production chain which will be monetized after procedures to be initiated with the tax authorities.

## c. Social Contribution on Revenues (COFINS), Social Integration Program (PIS) and Excise Tax (IPI) recoverable

These are credits generated mainly the right to exclude the ICMS from the calculation basis of the contribution to PIS and COFINS, according with 2 (two) writ of mandamus, one at the judicial subsection of the Federal Justice in São Paulo/SP and another filed in the judicial subsection of Joinville/SC. Those credits were recognized after the final decision in 2019 and 2020. According with Financial Statements of December 31, 2020. (note 8 letter c)

The Company will realize the credit related to foreign sales offsetting federal tax values. The credit from domestic sales will be compensated in the account.

The Company projections indicate the credit will be realized up to 3 years.

The Company continues to evaluate the best options for use and has not identified any risk of loss in the realization of these credits.

## d. Value-added tax (VAT)

These are credits generated on the acquisition of inputs used in the production process of the subsidiaries in Mexico and are regularly reimbursed by the local tax authorities.

## 8. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION, NET

The composition of deferred tax assets and liabilities relating to income tax and social contribution, is as follows:

	Parent company		Consolidated	
	Jun/21	Dec/20	Jun/21	Dec/20
<b>Deferred assets</b>				
Income tax and social contribution losses	228,084	208,208	287,954	244,180
Provisions for contingencies	65,707	65,608	65,707	65,608
Taxes and contribution recoverable	39,453	39,629	39,453	39,629
Credits – Eletrobrás	5,328	10,881	5,328	10,881
Property, plant and equipment - impairment	30,288	30,288	30,288	30,288
Salaries, social security charges and profit sharing	6,350	10,066	31,904	39,870
Provision for impairment of trade receivables	8,184	11,206	8,184	11,206
Provision for inventory losses	7,507	5,989	7,507	5,989
Share-based payments	2,247	1,783	2,247	1,783
Tooling	-	-	34,260	40,051
Other items	14,607	14,448	26,412	30,085
Property, plant and equipment - tax base (México)	-	-	11,920	463
Unrealized profits in subsidiaries	-	-	3,709	12,738
<b>Subtotal</b>	<b>407,755</b>	<b>398,106</b>	<b>554,873</b>	<b>532,771</b>
<b>Deferred liabilities</b>				
Depreciation rate differences	63,692	68,537	63,692	68,537
Property, plant and equipment - carrying value adjustments	11,957	13,489	11,957	13,489
Deferred tax on intangible assets	-	-	13,242	22,012
<b>Subtotal</b>	<b>75,649</b>	<b>82,026</b>	<b>88,891</b>	<b>104,038</b>
<b>Total deferred liabilities, net</b>	<b>332,106</b>	<b>316,080</b>	<b>465,982</b>	<b>428,733</b>

All amounts in thousands of Reais unless otherwise stated.

The Mexican tax legislation allows the depreciation of property, plant and equipment on a tax basis, and accordingly, the Company records the temporary difference in the depreciation between the tax and the accounting bases. The temporary difference at June 30, 2021 was R\$11,920 (R\$463 at December 31, 2020). The change is due to the foreign exchange difference between the currency in which the taxes are charged in Mexican pesos and the functional currency (U.S. dollar) of the subsidiaries in Mexico.

During the period ended June 30, 2021 and June 30, 2020 the changes in deferred tax assets and liabilities were as follow:

	Parent company		Consolidated	
	Jun/21	Jun/20	Jun/21	Jun/20
<b>Opening balance</b>	<b>316,080</b>	<b>139,304</b>	<b>428,733</b>	<b>195,887</b>
<b>Recognized in profit (loss)</b>				
Recognized in profit (loss) for the year	37,580	50,296	65,650	30,381
Recognized in comprehensive income for the year	(21,554)	170,297	(21,554)	170,297
Effects of currency translation into presentation currency	-	-	(6,847)	35,274
<b>Closing balance</b>	<b>332,106</b>	<b>359,897</b>	<b>465,982</b>	<b>431,839</b>

## 9. RELATED PARTY TRANSACTIONS

The main transactions of the Company with related parties are summarized as follows:

### a. Subsidiaries:

<b>Assets</b>	<b>Jun/21</b>	<b>Dec/20</b>
<b>Trade account receivables</b>		
Tupy Mexico Saltillo, S.A. de C.V	88,194	180,357
Tupy American Foundry Corporation	200,467	132,771
Tupy Europe GmbH	16,713	10,438
Technocast, S.A. de C.V.	1,215	642
	<b>306,589</b>	<b>324,208</b>
<b>Liabilities</b>	<b>Jun/21</b>	<b>Dec/20</b>
<b>Loans and financing</b>	<b>1,800,347</b>	<b>1,871,373</b>
Tupy Overseas S.A	1,800,347	1,871,373
<b>Advances from customers</b>	<b>6,227</b>	<b>6,469</b>
Tupy American Foundry Co.	4,478	4,652
Tupy Europe GmbH	1,749	1,817
<b>Other liabilities</b>	<b>8,767</b>	<b>19,677</b>
Tupy México Saltillo S.A. de CV	3,119	10,126
Tupy Europe GmbH	3,319	3,843
Tupy American Foundry Co.	2,329	5,708
<b>Related parties – loans</b>	<b>2,862</b>	<b>3,008</b>
Tupy Agroenergética Ltda.	1,683	1,823
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "in liquidation"	1,179	1,185
	<b>1,818,203</b>	<b>1,900,527</b>

<b>Statement of income</b>	<b>2Q21</b>	<b>2Q20</b>	<b>1H21</b>	<b>1H20</b>
<b>Revenues</b>	<b>329,943</b>	<b>240,289</b>	<b>639,089</b>	<b>512,260</b>
Tupy American Foundry Corporation	198,566	127,453	392,833	247,693
Tupy Europe GmbH	58,380	14,800	112,974	69,061
Tupy Mexico Saltillo, S.A. de C.V	72,997	98,036	133,282	195,506
<b>Other operating expenses, net</b>	<b>664</b>	<b>-</b>	<b>1,020</b>	<b>-</b>
Technocast, S.A. de C.V.	654	-	1,010	-
Tupy Mexico Saltillo, S.A. de C.V	10	-	10	-
<b>Finance costs</b>	<b>(31,180)</b>	<b>(32,556)</b>	<b>(63,958)</b>	<b>(60,300)</b>
Tupy Overseas S.A.	(31,180)	(32,556)	(63,958)	(60,300)
	<b>299,427</b>	<b>207,733</b>	<b>576,151</b>	<b>451,960</b>

All amounts in thousands of Reais unless otherwise stated.



The receivables and sales revenue of the Company with its subsidiaries mainly represent sales of products from the transportation, infrastructure & agriculture segment. Prices charged are in compliance with the Company's price lists, and terms range from 60 to 90 days, as established by the parties. On June 30, 2021, the Company's related parties had no overdue receivables and, therefore, the Company did not record a provision for the impairment of these receivables.

Advances from customers correspond to amounts sent by the subsidiaries abroad for the future delivery of goods.

Notes and other payables to subsidiaries abroad represent the current accounts between the subsidiaries and the Parent company. Refers mainly, to quality assistance for transportation, infrastructure & agriculture products. With an unspecified maturity.

The loan conditions granted by Tupy Overseas S.A. to the Parent company are disclosed in Note 16.

The other operations refer to loan agreements between the subsidiaries in Brazil and the Company, with no defined maturities, which bear interest equivalent to the Referential Rate (TR).

Other operations expenses, net, refer to transfer by sale of fixed assets of the machining line to Technocast S.A. de C.V. and Tupy México Saltillo, S.A. de C.V. subsidiaries.

#### b. Main stockholders:

The Company's main stockholders are BNDES Participações S.A. – BNDESPAR 28.2% of the share capital and PREVI - Caixa de Previdência dos Funcionários do Banco do Brasil 24.2% of the share capital.

#### c. Management remuneration:

	Board of Directors		Board of Officers		Total	
	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20
Fixed remuneration	1,079	1,218	1,729	1,351	2,808	2,569
Variable remuneration	-	-	835	-	835	-
Stock option plan (Note 19)	118	153	701	291	819	444
	<b>1,197</b>	<b>1,371</b>	<b>3,265</b>	<b>1,642</b>	<b>4,462</b>	<b>3,013</b>

	Board of Directors		Board of Officers		Total	
	1H21	1H20	1H21	1H20	1H21	1H20
Fixed remuneration	2,140	1,844	3,260	2,511	5,400	4,355
Variable remuneration	-	-	1,909	1,045	1,909	1,045
Stock option plan	253	341	1,134	662	1,387	1,003
	<b>2,393</b>	<b>2,185</b>	<b>6,303</b>	<b>4,218</b>	<b>8,696</b>	<b>6,403</b>

The overall amount of the annual remuneration, net of taxes, approved at the Ordinary General Meeting for Board of Directors and Board of officers for the year of 2021 is up to R\$37,239 (R\$21,085 for the year ended at December 31, 2020) Since 2021 the amount of R\$11,645 has been integrated at annual remuneration, as termination accruals.

The statutory management remuneration is paid only at the Parent company level and, therefore, no management remuneration has been recorded in the subsidiaries.

The amounts recorded as variable remuneration of the Board of Officers are considered as a provision, based on the goals established for the period.

Information about the Stock option plans for the Company's statutory board members and the current Chairman of the Board of Directors (the "Plan"), approved in November 2014 and April 2019, are presented in the annual financial statements from the year ended December 31, 2020.

Officers receive additional corporate benefits, such as corporate vehicles, reimbursement of vehicle-related expenses, health insurance, pension plan and severance pay. In the quarter ended June 30, 2021, these benefits totaled R\$591 (R\$504 in the same period of the previous year).

The Company does not offer its officers a post-employment benefit plan.

#### **d. Interest on capital (JSCP)**

The Company Board of Directors approved the distribution of interest on capital (JSCP), in the amount of R\$19,641 (R\$0.1362 per share), supported by the reserves for investments existing on December 31, 2020. The amount will be considered as the mandatory minimum dividend of 2021

The effective payment date will be on August 26, 2021, as approved by the Board of Directors meeting on August 5, 2021.

#### **e. Other related parties:**

The Parent company sponsors the Associação Atlética Tupy (Tupy Athletic Association), a not-for-profit foundation that offers leisure activities and sports to the Company's employees. During the period of six months ended June 30, 2021, the Company recognized sponsorship expenses of R\$112 (R\$349 in the same period of the previous year).

## **10. CREDITS – ELETROBRÁS**

Referring to credits arising from the right to additional inflation adjustment of the Eletrobrás compulsory loan and related interest, based on Law n° 4.156/62.

In 2003, the right was recognized in a lawsuit moved by the Company, and in 2005, started the execution toward the Judicial Subsection from Joinville/SC.

In 2008, a technical inspection report was issued, which indicated the credit amount due in favor of the Company. The report has been ratified by the Judicial Subsection from Joinville/SC and by the Federal Regional Court of the fourth Region ("TRF4"), in 2011, when the cumulation of the interests was ratified.

In September 2016, the guarantee towards Eletrobrás assets, was specified in the amount of R\$224,000, and after, the referred amount was transferred to a bank account related to the lawsuit.

Eletrobrás was in disagreement with the amount being charged from the Company and claims that the amount due is of R\$72,470. In December 2019, the Judicial Subsection from Joinville/SC determined the payment of the undisputed amount in favor of the Company, being deducted the amount of the legal fees that resulted in a net amount of R\$63,049.

Despite the low probability of Eletrobrás following with the payment through shares, the credits are influenced by a derivative, which was valued at its realization value on the balance sheet date by the black-sholes criterion

reflecting the lowest and highest probable realization value in favor of the Company. The derivative has been actualized monthly, and the variation in the provision substantially reflects the change in market value of Eletrobrás shares and the decrease in the estimated credit realization term.

In December 2020, the ruling determined that the Judicial Accounting Office present a definitive update of the credit, which is still on going.

Currently, the credits registered by the Company correspond to the last update which is mentioned on the records issued by the Judicial Accounting Office, net of change in fair value of derivative as the derivative mentioned before.

The credit recognition of the updated amount and the variation regarding the fair value from the derivative instrument is recognized in the finance results.

Parent Company and Consolidated			
	Credits	Realizable value adjustment	Net realizable value
<b>AT DECEMBER 31, 2019</b>	<b>185,505</b>	<b>(33,356)</b>	<b>152,149</b>
Adjustment (nota 21)	(72,056)	-	(72,056)
Change in fair value of derivative (nota 21)	-	1,353	1,353
<b>AT DECEMBER 31, 2020</b>	<b>113,449</b>	<b>(32,003)</b>	<b>81,446</b>
Adjustment (nota 21)	214	-	214
Change in fair value of derivative (nota 21)	-	16,333	16,333
<b>AT JUNE 30, 2021</b>	<b>113,663</b>	<b>(15,670)</b>	<b>97,993</b>

## 11. INVESTMENTS

### a. Composition of investments

Parent company	Total assets	Equity	Goodwill	Profit (loss) for the period	Interest in capital (%)	Share in the results of subsidiaries (*)	Book value (*)
<b>AT JUNE 30, 2021</b>							
<b>investment in subsidiary company</b>							
Tupy Materials & Components B.V(**)	1,811,505	1,755,878	41,226	(15,041)	100,00	(2,872)	1,796,811
Tupy Overseas	1,879,045	(13,133)	-	(43,959)	100,00	(43,959)	(13,133)
Tupy American Foundry Co.	397,084	181,558	-	13,929	100,00	14,976	177,534
Tupy Europe GmbH	259,653	226,450	-	6,446	100,00	8,886	223,567
Tupy Agroenergética Ltda.	12,649	11,700	-	(730)	100,00	(730)	11,700
Sociedade Técnica de Fundições Gerais SA. - Sofunge "in liquidation"	2,511	145	-	4	100,00	4	145
						<b>(23,695)</b>	<b>2,196,624</b>

(\*) Adjusted by unrealized profits

(\*\*) Tupy S.A. 99% and Tupy Agroenergética 1%

Parent company	Total assets	Equity	Goodwill	Profit (loss) for the period	Interest in capital (%)	Share in the results of subsidiaries (*)	Book value (*)
<b>AT DECEMBER 31, 2020</b>							
<b>investment in subsidiary company</b>							
Tupy Materials & Components B.V(**)	2,875,152	1,840,257	41,226	(123,758)	100,00	(110,099)	1,870,202
Tupy Overseas	1,893,239	25,970	-	1,595	100,00	1,595	25,970
Tupy American Foundry Co.	320,893	175,272	-	5,329	100,00	13,554	169,494
Tupy Europe GmbH	259,537	237,245	-	1,865	100,00	12,583	229,580
Tupy Agroenergética Ltda.	12,444	12,431	-	8,714	100,00	8,714	12,431
Sociedade Técnica de Fundições Gerais SA. - Sofunge "em liquidação"	2,511	141	-	(1,057)	100,00	(1,057)	141
						<b>(74,710)</b>	<b>2,307,818</b>

(\*) Adjusted by unrealized profits

(\*\*) Tupy S.A. 99% and Tupy Agroenergética 1%

All amounts in thousands of Reais unless otherwise stated.

## b. Changes in investments

Parent company	
<b>AT DECEMBER 31, 2019</b>	<b>1,872,764</b>
Share in the results of subsidiaries	(74,710)
Exchange variations of investees located abroad	509,764
<b>AT DECEMBER 31, 2020</b>	<b>2,307,818</b>
Share in the results of subsidiaries	(23,695)
Exchange variations of investees located abroad	(87,499)
<b>AT JUNE 30, 2021</b>	<b>2,196,624</b>

## 12. PROPERTY, PLANT AND EQUIPMENT

Parent company	Machinery, facilities and equipment	Buildings	Land	Vehicles	Furniture, fittings and other	Right of use	Construction in progress	Total
<b>Cost</b>								
<b>AT DECEMBER 31, 2019</b>	<b>1,678,452</b>	<b>356,362</b>	<b>8,956</b>	<b>21,641</b>	<b>5,934</b>	<b>14,099</b>	<b>38,644</b>	<b>2,124,088</b>
Addition	-	-	-	-	-	5,625	54,682	60,307
Transfer to property, plant and equipment in use	50,722	8,187	-	885	161	-	(64,293)	(4,338)
Impairment	(3,404)	-	-	-	-	-	-	(3,404)
Disposal	(7,286)	(1,683)	(8)	(682)	(32)	-	-	(9,691)
<b>AT DECEMBER 31, 2020</b>	<b>1,718,484</b>	<b>362,866</b>	<b>8,948</b>	<b>21,844</b>	<b>6,063</b>	<b>19,724</b>	<b>29,033</b>	<b>2,166,962</b>
Addition	-	-	-	-	-	1,573	49,907	51,480
Transfer to property, plant and equipment in use	26,870	44	-	162	185	-	(27,261)	-
Disposal	(13,004)	-	-	-	(1)	-	-	(13,005)
<b>AT JUNE 30, 2021</b>	<b>1,732,350</b>	<b>362,910</b>	<b>8,948</b>	<b>22,006</b>	<b>6,247</b>	<b>21,297</b>	<b>51,679</b>	<b>2,205,437</b>
<b>Depreciation</b>								
<b>AT DECEMBER 31, 2019</b>	<b>(1,229,016)</b>	<b>(168,930)</b>	<b>-</b>	<b>(14,691)</b>	<b>(3,833)</b>	<b>(4,786)</b>	<b>-</b>	<b>(1,421,256)</b>
Depreciation in the year	(109,866)	(14,031)	-	(1,842)	(392)	(6,143)	-	(132,274)
Disposal	5,987	1,104	-	535	25	-	-	7,651
<b>AT DECEMBER 31, 2020</b>	<b>(1,332,895)</b>	<b>(181,857)</b>	<b>-</b>	<b>(15,998)</b>	<b>(4,200)</b>	<b>(10,929)</b>	<b>-</b>	<b>(1,545,879)</b>
Depreciation in the year	(56,017)	(5,287)	-	(895)	(195)	(3,644)	-	(66,038)
Disposal	12,127	-	-	-	1	-	-	12,128
<b>AT JUNE 30, 2021</b>	<b>(1,376,785)</b>	<b>(187,144)</b>	<b>-</b>	<b>(16,893)</b>	<b>(4,394)</b>	<b>(14,573)</b>	<b>-</b>	<b>(1,599,789)</b>
<b>Carrying amount</b>								
<b>AT DECEMBER 31, 2020</b>	<b>385,589</b>	<b>181,009</b>	<b>8,948</b>	<b>5,846</b>	<b>1,863</b>	<b>8,795</b>	<b>29,033</b>	<b>621,083</b>
<b>AT JUNE 30, 2021</b>	<b>355,565</b>	<b>175,766</b>	<b>8,948</b>	<b>5,113</b>	<b>1,853</b>	<b>6,724</b>	<b>51,679</b>	<b>605,648</b>

All amounts in thousands of Reais unless otherwise stated.

Consolidated	Machinery, facilities and equipment	Buildings	Land	Vehicles	Furniture, fittings and other	Right of use	Construction in progress	Total
<b>Cost</b>								
<b>AT DECEMBER 31, 2019</b>	<b>3,754,325</b>	<b>826,173</b>	<b>69,182</b>	<b>23,644</b>	<b>30,987</b>	<b>37,620</b>	<b>186,622</b>	<b>4,928,553</b>
Addition	-	-	-	-	-	9,198	122,754	131,952
Transfer to property, plant and equipment in use	199,241	19,623	-	1,475	1,276	-	(225,953)	(4,338)
Exchange variation	601,039	136,053	17,305	556	6,319	7,182	45,046	813,500
Impairment	(3,404)	-	-	-	-	-	-	(3,404)
Disposal	(23,777)	(1,957)	(8)	(682)	(32)	(158)	-	(26,614)
<b>AT DECEMBER 31, 2020</b>	<b>4,527,425</b>	<b>979,892</b>	<b>86,479</b>	<b>24,993</b>	<b>38,550</b>	<b>53,842</b>	<b>128,469</b>	<b>5,839,649</b>
Addition	-	-	-	-	-	2,479	72,479	74,958
Transfer to property, plant and equipment in use	70,449	44	-	181	399	-	(71,073)	-
Exchange variation	(108,478)	(23,085)	(2,886)	(118)	(1,106)	(1,573)	(1,616)	(138,862)
Disposal	(16,051)	-	-	-	(1)	-	-	(16,052)
<b>AT JUNE 30, 2021</b>	<b>4,473,345</b>	<b>956,851</b>	<b>83,593</b>	<b>25,056</b>	<b>37,842</b>	<b>54,747</b>	<b>128,259</b>	<b>5,759,693</b>
<b>Depreciation</b>								
<b>AT DECEMBER 31, 2019</b>	<b>(2,806,036)</b>	<b>(438,405)</b>	<b>-</b>	<b>(16,072)</b>	<b>(19,976)</b>	<b>(13,728)</b>	<b>-</b>	<b>(3,294,217)</b>
Depreciation in the year	(242,106)	(28,661)	-	(2,008)	(2,748)	(17,781)	-	(293,304)
Exchange variation	(457,465)	(78,019)	-	(403)	(4,691)	(2,619)	-	(543,197)
Disposal	16,262	1,104	-	535	25	-	-	17,926
<b>AT DECEMBER 31, 2020</b>	<b>(3,489,345)</b>	<b>(543,981)</b>	<b>-</b>	<b>(17,948)</b>	<b>(27,390)</b>	<b>(34,128)</b>	<b>-</b>	<b>(4,112,792)</b>
Depreciation in the year	(121,399)	(13,003)	-	(1,010)	(1,137)	(8,520)	-	(145,069)
Exchange variation	85,092	14,094	-	82	934	1,247	-	101,449
Disposal	14,178	-	-	-	1	-	-	14,179
<b>AT JUNE 30, 2021</b>	<b>(3,511,474)</b>	<b>(542,890)</b>	<b>-</b>	<b>(18,876)</b>	<b>(27,592)</b>	<b>(41,401)</b>	<b>-</b>	<b>(4,142,233)</b>
<b>Carrying amount</b>								
AT DECEMBER 31, 2020	1,038,080	435,911	86,479	7,045	11,160	19,714	128,469	1,726,857
AT JUNE 30, 2021	961,871	413,961	83,593	6,180	10,250	13,346	128,259	1,617,460

The Company offered property, plant and equipment items as collateral for loans and financing of R\$9,167 (R\$10.594 as of December 31, 2020) and R\$5,895 (R\$5,895 as of December 31, 2020) as collateral for tax proceeding.

Construction in progress mainly comprises several investments at capacity, environment, job safety program, and expansion of machining capacity in the Mexico plants.

During the quarter, interest of loans and financing was capitalized on property, plant and equipment in the amount of R\$803 (R\$884 on June 30, 2020).

On June 30, 2021, due to the impacts of COVID-19, the Company reviewed the assumptions for the impairment's calculation of its assets and did not identify the need for additional adjustments.

### 13. INTANGIBLE ASSETS

Parent company	Software	Internal projects	Projects in progress	Total
<b>AT DECEMBER 31, 2019</b>	<b>41,743</b>	<b>1,121</b>	<b>9,246</b>	<b>52,110</b>
Acquisition/costs	3,096	961	1,970	6,027
Transfers	6,019	661	(2,342)	4,338
Amortization	(8,968)	(617)	-	(9,585)
<b>AT DECEMBER 31, 2020</b>	<b>41,890</b>	<b>2,126</b>	<b>8,874</b>	<b>52,890</b>
Acquisition/costs	2,592	1,682	1,814	6,088
Transfers	-	1,661	(1,661)	-
Amortization	(4,878)	(807)	-	(5,685)
<b>AT JUNE 30, 2021</b>	<b>39,604</b>	<b>4,662</b>	<b>9,027</b>	<b>53,293</b>

Consolidated	Software	Contractual customer relationships	Goodwill	Internal projects	Projects in progress	Total
<b>AT DECEMBER 31, 2019</b>	<b>45,547</b>	<b>104,420</b>	<b>41,226</b>	<b>1,121</b>	<b>9,246</b>	<b>201,560</b>
Acquisition/costs	4,247	-	-	961	1,970	7,178
Transfers	6,019	-	-	661	(2,342)	4,338
Exchange variation	1,303	30,153	-	-	-	31,456
Disposal	(10,968)	(45,251)	-	(617)	-	(56,836)
Impairment	-	(15,950)	-	-	-	(15,950)
<b>AT DECEMBER 31, 2020</b>	<b>46,148</b>	<b>73,372</b>	<b>41,226</b>	<b>2,126</b>	<b>8,874</b>	<b>171,746</b>
Acquisition/costs	2,948	-	-	1,682	1,814	6,444
Transfers	-	-	-	1,661	(1,661)	-
Exchange variation	(117)	(692)	-	-	-	(809)
Amortization	(5,789)	(28,539)	-	(807)	-	(35,135)
<b>AT JUNE 30, 2021</b>	<b>43,190</b>	<b>44,141</b>	<b>41,226</b>	<b>4,662</b>	<b>9,027</b>	<b>142,246</b>

On June 30, 2021, the Company reviewed the assumptions for the impairment's calculation of its intangible assets and did not identify the need for additional adjustments.

### 14. SUPPLIERS

	Parent company		Consolidated	
	Jun/21	Dec/20	Jun/21	Dec/20
Domestic suppliers	444,137	311,815	444,138	311,816
Foreign suppliers	47,071	24,789	425,794	304,378
	<b>491,208</b>	<b>336,604</b>	<b>869,932</b>	<b>616,194</b>

The resulting variation observed in the period reflects the increase in the activity levels of Company as of December 31, 2020 and the products accrued inflation o in the period.

## 15. LOANS AND FINANCING

Parent company				
	Maturity	Effective rate	Jun/21	Dec/20
<b>Local currency</b>			<b>144,665</b>	<b>347,544</b>
(a) 4131 operation	Sep/2021	CDI+4.5% p.a.	130,391	225,903
(b) Export credit notes	Mar/2021	198% CDI	-	103,621
Sustainability	Jan/2025	5.89% p.a.	6,663	8,828
Leasing from right of use			7,611	9,192
<b>Foreign currency</b>			<b>1,800,347</b>	<b>1,871,373</b>
(c) Export prepayment - Tupy Overseas	Jul/2024	VC + 6.78% p.a.	1,800,347	1,871,373
Current portion			194,406	397,495
Non-current portion			1,750,606	1,821,422
			<b>1,945,012</b>	<b>2,218,917</b>
VC = Foreign exchange variation CDI = Interbank deposit certificate				
Consolidated				
	Maturity	Effective rate	Jun/21	Dec/20
<b>Local currency</b>			<b>144,665</b>	<b>347,544</b>
(a) 4131 operation	Sep/2021	CDI+4.5% p.a.	130,391	225,903
(b) Export credit notes	Mar/2021	198% CDI	-	103,621
Sustainability	Jan/2025	5.89% p.a.	6,663	8,828
Leasing from right of use			7,611	9,192
<b>Foreign currency</b>			<b>1,898,676</b>	<b>1,877,998</b>
(d) Senior unsecured Notes - US\$350.000	Jul/2024	VC + 6.63% a.a.	-	1,865,843
(e) Senior unsecured Notes - US\$375.000	Fev/2031	VC + 4.5% a.a.	1,890,655	-
Leasing from right of use			8,021	12,155
Current portion			177,012	401,924
Non-current portion			1,866,329	1,823,618
			<b>2,043,341</b>	<b>2,225,542</b>

Long term maturities are as follow:

Year	Parent company		Consolidated	
	Jun/21	Dec/20	Jun/21	Dec/20
2022-2023	4,327	28,745	6,583	28,745
2024	1,746,248	1,792,646	481	1,794,842
2025 - 2030	31	31	31	31
2031	-	-	1,859,234	-
	<b>1,750,606</b>	<b>1,821,422</b>	<b>1,866,329</b>	<b>1,823,618</b>

The fair value of the Company's loans and financing (classified at Level 2 of the fair value hierarchy) is calculated through the discount of the future payment flows based on the curves, interest rates and currencies observable in the financial market. At June 30, 2021, the fair value of loans and financing was R\$2,031,750 (R\$2,222,947 at December 31, 2020).

### a) 4131 operation

In March 2020, 4131 operations were contracted in the amount of R\$215,000 with Banco Santander, with an average term of 1.3 years, CDI rate + 4.5% per year and amortization at the end of the contracts.

In March 25, 2021 there is a payment of R\$95,000 from Banco Santander.

### b) Export credit notes – NCE

In March 2020, NCE operations were contracted in the amount of R\$178,000 with Banco Itaú BBA, maturing in December 2020, with a weighted rate of 192% CDI and amortization at the end of the contract. Those contracts were paid in November 30, 2020 amounting of R\$78,000 and R\$100,00 in March 25, 2021 from Banco Itaú BBA.

**c) Export Prepayments – Tupy Overseas S.A.**

In January 2021 the Company payed interest of R\$64,183 (in January of 2020 - R\$49,959). The impact of foreign exchange variations during the first semester on the export prepayment amount with Tupy Overseas S.A. was a gain of R\$70,802 (loss of R\$509,417 in the period ended June 30, 2020).

**d) Senior Unsecured Notes - US\$ 350,000**

In January 2021 the Company paid interest of R\$61,003 (R\$48,048 paid in January 2020). The foreign exchange variations reduction recognized in the period amounted to R\$120,762 (loss of R\$508,092 in the first half of 2020). In February the Company announced the repurchase of the senior unsecured notes due in July, 2024, the payment of this operation was R\$58,009 referring to the premium and pro-rata interest.

The Issuance includes covenants, the main financial indicator of which is the net debt/ adjusted EBITDA, and, up to March 03, 2021, the Company is in compliance with the covenant terms. According with financial statements of year end of December 31, 2020. (note 16).

**e) Senior Unsecured Notes - US\$ 375,000**

In February 2021, the Company completed the issuance of bonds ("Issuance") in the international market, through its subsidiary Tupy Overseas S.A. These bonds are guaranteed by the Parent company and amount to US\$375,000 (R\$2,018,063), with single amortization in 2031. Interest, at the coupon of 4.50% p.a., are paid on a semiannual basis, in February and August. The funds provided by the Issuance are being used to pay Senior unsecured notes USD 350,000, issue by Tupy Overseas in 2014, with maturity in 2024 and coupon of 6.625%, costs related to the issuance amounting US\$3,256, about R\$18,048 and the premium of repurchase of US\$7,728, about R\$42,822 and as well as for ordinary business management. The Senior Unsecured Notes are fully and jointly guaranteed by the Company.

The variation occurred in the period between the Issuance and June 30, 2021 was a gain of R\$25,810.

The Issuance includes covenants, the main financial indicator of which is the net debt/ adjusted EBITDA, and, on June 30, 2021, the Company is in compliance with the covenant terms. In the case on non-compliance by the Company, they would result in prohibition to: (i) obtaining new loans and financing; (ii) distributing dividends in excess of the minimum amount provided by law; (iii) making investments that are not related to the maintenance of production activities; and (iv) repurchasing shares issued by the Company.

Furthermore, the Issuance also includes non-financial Covenants. The main non-financial measure that could cause the early termination of the Issuance is the change in the Company's controlling interest in such a way that it decreases the external risk rating.



## 16. SALARIES, SOCIAL SECURITY CHARGES AND PROFIT SHARING

	Parent company		Consolidated	
	Jun/21	Dec/20	Jun/21	Dec/20
Salaries	26,457	20,220	35,184	27,550
Provision for vacation pay and 13th month salary	88,006	47,749	109,455	57,126
Social charges	17,301	15,822	34,772	31,547
Profit sharing	18,677	29,606	24,223	40,320
Private pension plan	571	3,381	571	3,381
	<b>151,012</b>	<b>116,778</b>	<b>204,205</b>	<b>159,924</b>

The Company's profit-sharing program applies proportionately according to time in service and is based on financial and operating indicators and individual performance goals. The Company introduced an optional private pension plan for all employees in Brazil. It is a defined contribution plan, for which the amount contributed by the employee, limited to an established percentage on the payroll, is matched with the same amount by the Company.

The variation occurred in the period represents the amounting of provision for vacation and 13th month salary.

## 17. PROVISIONS FOR TAX, CIVIL, SOCIAL SECURITY AND LABOR CONTINGENCIES

The Company is a party to ongoing proceedings arising in the normal course of its business and for which provisions for probable losses were recorded based on estimates made by its legal counsel.

The changes in the provisions for tax, civil, social security and labor proceedings in the three-month period ended June 30, 2021 and the related judicial deposits were as follows:

	Parent company					
	Civil	Tax	Labor	Social security	Judicial deposits	Total
<b>AT DECEMBER 31, 2019</b>	<b>52,949</b>	<b>71,267</b>	<b>77,342</b>	<b>11,139</b>	<b>(31,617)</b>	<b>181,080</b>
Additions	901	-	93	-	(2,050)	(1,056)
Restatements	(5,410)	2,236	38,728	456	-	36,010
Remuneration	-	-	-	-	(537)	(537)
Payments	(12)	(68)	(42,341)	(568)	-	(42,989)
Deposit Redemption	-	-	-	-	13,959	13,959
<b>AT DECEMBER 31, 2020</b>	<b>48,428</b>	<b>73,435</b>	<b>73,822</b>	<b>11,027</b>	<b>(20,245)</b>	<b>186,467</b>
Additions	-	-	(56)	-	(108)	(164)
Restatements	4,589	892	13,102	143	-	18,726
Remuneration	-	-	-	-	(180)	(180)
Payments	-	-	(16,759)	-	-	(16,759)
Deposit Redemption	-	-	-	-	2,795	2,795
<b>AT JUNE 30, 2021</b>	<b>53,017</b>	<b>74,327</b>	<b>70,109</b>	<b>11,170</b>	<b>(17,738)</b>	<b>190,885</b>
Current						33,303
Non-current						157,582
						<b>190,885</b>

All amounts in thousands of Reais unless otherwise stated.

## Consolidated

	Civil	Tax	Labor	Social security	Judicial deposits	Total
<b>AT DECEMBER 31, 2019</b>	<b>54,253</b>	<b>71,267</b>	<b>77,342</b>	<b>11,139</b>	<b>(31,617)</b>	<b>182,384</b>
Additions	901	-	93	-	(2,050)	(1,056)
Restatements	(4,347)	2,236	38,728	456	-	37,073
Remuneration	-	-	-	-	(537)	(537)
Payments	(12)	(68)	(42,341)	(568)	-	(42,989)
Deposit Redemption	-	-	-	-	13,959	13,959
<b>AT DECEMBER 31, 2020</b>	<b>50,795</b>	<b>73,435</b>	<b>73,822</b>	<b>11,027</b>	<b>(20,245)</b>	<b>188,834</b>
Additions	-	-	(56)	-	(108)	(164)
Restatements	5,568	898	13,102	143	-	19,711
Remuneration	-	-	-	-	(180)	(180)
Payments	-	-	(16,759)	-	-	(16,759)
Deposit Redemption	-	-	-	-	2,795	2,795
<b>AT JUNE 30, 2021</b>	<b>56,363</b>	<b>74,333</b>	<b>70,109</b>	<b>11,170</b>	<b>(17,738)</b>	<b>194,237</b>
Current						33,303
Non-current						160,934
						<b>194,237</b>

The aforementioned provisions are adjusted mainly based on the Special System for Settlement and Custody (SELIC) rate and the General Market Price Index (IGPM) e, the impact of which on profit or loss for the period is described in Note 22.

Generally, the Company's provisions for legal proceedings are long term provisions. Considering the period necessary to conclude judicial proceedings in the Brazilian judicial system, making accurate estimates about the specific year in which a certain proceeding will be concluded is difficult. For this reason, the Company does not disclose the settlement flows of these liabilities.

### Contingencies involving possible losses

	Parent company		Consolidated	
	Jun/21	Dec/20	Jun/21	Dec/20
IRPJ and CSLL processes	174,804	173,473	175,177	173,845
PIS, COFINS and IPI credits	145,805	152,403	145,805	152,403
ICMS credits	166,617	165,667	166,617	165,667
Expired tax debts	145,397	144,977	145,397	144,977
Reintegra credits	35,203	40,056	35,203	40,056
Social security	82,666	82,193	82,666	82,193
Labor lawsuits	72,843	67,386	72,914	67,457
Civil and other	68,840	42,332	69,219	42,723
	<b>892,175</b>	<b>868,487</b>	<b>892,998</b>	<b>869,321</b>

The proceedings involving a risk of loss deemed "possible" are, substantially, the same as those disclosed in Note 20 to the annual financial statements for the year ended December 31, 2020.

## 18. EQUITY

### a) Share capital

Share capital breakdown in number of shares	Jun/21		Dec/20	
	Number	%	Number	%
<b>Controlling stockholders</b>				
BNDES Participações S.A. – BNDESPAR	40,645,370	28.2%	40,645,370	28.2%
Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI	35,814,154	24.8%	35,814,154	24.8%
<b>Officers</b>	194,482	0.1%	170,482	0.1%
<b>Treasury stock</b>	-	0.0%	24,656	0.0%
<b>Non-controlling interests</b>				
Other stockholders	67,523,494	46.9%	67,522,838	46.9%
<b>Total outstanding shares</b>	<b>144,177,500</b>	<b>100.0%</b>	<b>144,177,500</b>	<b>100.0%</b>

### b) Treasury stock

During the year of 2020 the common shares was acquired to deliver to beneficiaries which exercise the option of the Stock Option Plan. This operation was carried out in accordance with rules approved by the Board of Directors at a meeting held on January 22, 2020. On this date it was defined that the repurchase program would be effective until December 30, 2020 and would be for the acquisition of up to 235,000 common shares.

	Value (R\$ thousand)	Quantidade de opções	
		Quantity	Share value (R\$)
<b>AT DECEMBER 31, 2019</b>	<b>(1,809)</b>	<b>(89,898)</b>	-
Shares repurchase (i)	3,169	150,406	21.07
Shares used of stock option plan (ii)	(2,794)	(125,750)	22.22
<b>AT DECEMBER 31, 2020</b>	<b>374</b>	<b>24,656</b>	<b>15.17</b>
Shares used of stock option plan (ii)	(374)	(24,656)	15.17
<b>AT JUNE 30, 2021</b>	-	-	-

(i) Shares used in the granting exercise provided for in the "Program for granting stock options".

(ii) Corresponds to repurchases made in the period in order to deliver common shares to Long-Term Incentive Plan (ILP) beneficiaries. The repurchases were made in accordance with rules approved by the Board of Directors, whose lowest and highest prices were R\$14.10 and R\$26.49, respectively.

## 19. REVENUE

The reconciliation between gross and net sales and service revenue for the period is as follows:

	Parent company		Consolidated	
	2Q21	2Q20	2Q21	2Q20
Gross revenue	1,071,953	457,833	1,764,619	688,704
Returns and rebates	(14,178)	(6,139)	(36,945)	(21,406)
<b>Revenue net of returns and rebates</b>	<b>1,057,775</b>	<b>451,694</b>	<b>1,727,674</b>	<b>667,298</b>
Sales taxes	(82,221)	(22,426)	(82,221)	(22,426)
<b>Net revenue</b>	<b>975,554</b>	<b>429,268</b>	<b>1,645,453</b>	<b>644,872</b>
<b>Net revenue</b>				
Domestic market	357,355	87,226	357,355	87,226
Foreign market	618,199	342,042	1,288,098	557,646
	<b>975,554</b>	<b>429,268</b>	<b>1,645,453</b>	<b>644,872</b>

All amounts in thousands of Reais unless otherwise stated.

	Parent company		Consolidated	
	1H21	1H20	1H21	1H20
Gross revenue	1,962,845	1,111,348	3,411,379	1,857,711
Returns and rebates	(25,589)	(15,985)	(71,592)	(51,244)
<b>Revenue net of returns and rebates</b>	<b>1,937,256</b>	<b>1,095,363</b>	<b>3,339,787</b>	<b>1,806,467</b>
Sales taxes	(150,079)	(69,031)	(150,079)	(69,031)
<b>Net revenue</b>	<b>1,787,177</b>	<b>1,026,332</b>	<b>3,189,708</b>	<b>1,737,436</b>
<b>Net revenue</b>				
Domestic market	629,603	261,631	629,603	261,631
Foreign market	1,157,574	764,701	2,560,105	1,475,805
	<b>1,787,177</b>	<b>1,026,332</b>	<b>3,189,708</b>	<b>1,737,436</b>

## 20. COSTS AND EXPENSES BY NATURE

The composition of costs and expenses by nature, reconciled with the costs and expenses by function presented in the statement of income, is as follows:

	Parent company		Consolidated	
	2Q21	2Q20	2Q21	2Q20
Raw and processing materials	(505,183)	(156,440)	(829,821)	(287,793)
Maintenance and consumption materials	(52,971)	(48,588)	(113,107)	(76,541)
Salaries, payroll taxes and profit sharing	(181,503)	(91,286)	(329,461)	(178,513)
Social benefits	(21,676)	(17,848)	(21,933)	(18,317)
Electricity	(39,676)	(23,284)	(80,108)	(41,185)
Freight and commission on sales	(22,399)	(12,042)	(50,965)	(22,046)
Management fees	(4,462)	(3,013)	(4,462)	(3,013)
Other costs	(8,748)	(4,121)	(29,868)	(19,768)
	<b>(836,618)</b>	<b>(356,622)</b>	<b>(1,459,725)</b>	<b>(647,176)</b>
Depreciation	(35,203)	(35,133)	(73,901)	(77,759)
<b>Costs and expenses total</b>	<b>(871,821)</b>	<b>(391,755)</b>	<b>(1,533,626)</b>	<b>(724,935)</b>
Cost of products sold	(799,748)	(342,806)	(1,410,559)	(651,588)
Selling expenses	(25,816)	(20,273)	(61,702)	(35,587)
Administrative expenses	(41,795)	(25,663)	(56,903)	(34,747)
Management fees	(4,462)	(3,013)	(4,462)	(3,013)
<b>Costs and expenses total</b>	<b>(871,821)</b>	<b>(391,755)</b>	<b>(1,533,626)</b>	<b>(724,935)</b>
	Parent company		Consolidated	
	1H21	1H20	1H21	1H20
Raw and processing materials	(893,578)	(402,760)	(1,592,987)	(716,143)
Maintenance and consumption materials	(104,170)	(98,522)	(217,628)	(182,531)
Salaries, payroll taxes and profit sharing	(343,294)	(229,202)	(626,543)	(427,475)
Social benefits	(38,377)	(37,677)	(38,756)	(38,678)
Electricity	(77,089)	(52,039)	(154,490)	(99,145)
Freight and commission on sales	(45,283)	(29,591)	(96,853)	(60,309)
Management fees	(8,696)	(6,403)	(8,696)	(6,403)
Other costs	(23,207)	(9,725)	(68,966)	(44,489)
	<b>(1,533,694)</b>	<b>(865,919)</b>	<b>(2,804,919)</b>	<b>(1,575,173)</b>
Depreciation	(71,410)	(70,923)	(151,350)	(149,605)
<b>Costs and expenses total</b>	<b>(1,605,104)</b>	<b>(936,842)</b>	<b>(2,956,269)</b>	<b>(1,724,778)</b>
Cost of products sold	(1,460,619)	(827,053)	(2,714,841)	(1,551,590)
Selling expenses	(56,080)	(45,525)	(121,198)	(86,601)
Administrative expenses	(79,709)	(57,861)	(111,534)	(80,184)
Management fees	(8,696)	(6,403)	(8,696)	(6,403)
<b>Costs and expenses total</b>	<b>(1,605,104)</b>	<b>(936,842)</b>	<b>(2,956,269)</b>	<b>(1,724,778)</b>

All amounts in thousands of Reais unless otherwise stated.

## 21. FINANCE RESULTS

Finance results	Parent company		Consolidated	
	2Q21	2Q20	2Q21	2Q20
<b>Financial liabilities at amortized cost</b>	<b>(32,212)</b>	<b>(39,945)</b>	<b>(25,728)</b>	<b>(39,416)</b>
Borrowing	(32,118)	(39,893)	(25,634)	(39,364)
Notes payable and other financial liabilities	(94)	(52)	(94)	(52)
<b>Financial assets at fair value through profit or loss</b>	<b>-</b>	<b>18,643</b>	<b>-</b>	<b>18,643</b>
Credits - Eletrobrás (note 10)	-	18,643	-	18,643
<b>Other finance costs</b>	<b>(4,233)</b>	<b>(1,660)</b>	<b>(5,839)</b>	<b>(4,343)</b>
<b>Finance costs</b>	<b>(36,445)</b>	<b>(22,962)</b>	<b>(31,567)</b>	<b>(25,116)</b>
<b>Financial assets at fair value through profit or loss</b>	<b>20,166</b>	<b>395</b>	<b>20,166</b>	<b>395</b>
Credits - Eletrobrás (note 10)	19,629	-	19,629	-
Investments in equity instruments	537	395	537	395
<b>Amortized cost</b>	<b>3,770</b>	<b>6,561</b>	<b>3,770</b>	<b>6,561</b>
Cash and cash equivalents	3,770	6,561	3,770	6,561
<b>Tax credits and other finance income</b>	<b>1,352</b>	<b>3,316</b>	<b>2,112</b>	<b>4,588</b>
<b>Finance income</b>	<b>25,288</b>	<b>10,272</b>	<b>26,048</b>	<b>11,544</b>
<b>Derivative financial instruments</b>				
Foreign exchange variations	(54,590)	16,996	(62,615)	4,368
Derivative financial instruments (note 27)	10,558	(40,336)	11,667	(16,573)
<b>Foreign exchange variations, net</b>	<b>(44,032)</b>	<b>(23,340)</b>	<b>(50,948)</b>	<b>(12,205)</b>
<b>Finance results</b>	<b>(55,189)</b>	<b>(36,030)</b>	<b>(56,467)</b>	<b>(25,777)</b>
Finance results	Parent company		Consolidated	
	1H21	1H20	1H21	1H20
<b>Financial liabilities at amortized cost</b>	<b>(70,967)</b>	<b>(72,353)</b>	<b>(111,824)</b>	<b>(71,373)</b>
Borrowing	(70,757)	(72,261)	(111,614)	(71,281)
Notes payable and other financial liabilities	(210)	(92)	(210)	(92)
<b>Financial assets at fair value through profit or loss</b>	<b>(3,082)</b>	<b>(30,454)</b>	<b>(3,082)</b>	<b>(30,454)</b>
Credits - Eletrobrás (note 10)	(3,082)	(30,454)	(3,082)	(30,454)
<b>Other finance costs</b>	<b>(4,127)</b>	<b>(9,838)</b>	<b>(9,499)</b>	<b>(15,004)</b>
<b>Finance costs</b>	<b>(78,176)</b>	<b>(112,645)</b>	<b>(124,405)</b>	<b>(116,831)</b>
<b>Financial assets at fair value through profit or loss</b>	<b>20,027</b>	<b>(381)</b>	<b>20,027</b>	<b>(381)</b>
Credits - Eletrobrás (note 10)	19,629	-	19,629	-
Investments in equity instruments	398	(381)	398	(381)
<b>Amortized cost</b>	<b>7,189</b>	<b>10,221</b>	<b>7,189</b>	<b>10,221</b>
Cash and cash equivalents	7,189	10,221	7,189	10,221
<b>Tax credits and other finance income</b>	<b>2,195</b>	<b>11,153</b>	<b>2,771</b>	<b>13,775</b>
<b>Finance income</b>	<b>29,411</b>	<b>20,993</b>	<b>29,987</b>	<b>23,615</b>
<b>Derivative financial instruments</b>				
Foreign exchange variations	(17,255)	90,122	(26,992)	110,512
Derivative financial instruments (note 27)	5,756	(179,243)	6,235	(261,564)
<b>Foreign exchange variations, net</b>	<b>(11,499)</b>	<b>(89,121)</b>	<b>(20,757)</b>	<b>(151,052)</b>
<b>Finance results</b>	<b>(60,264)</b>	<b>(180,773)</b>	<b>(115,175)</b>	<b>(244,268)</b>

All amounts in thousands of Reais unless otherwise stated.

## 22. OTHER OPERATING INCOME (EXPENSES)

	Parent company		Consolidated	
	2Q21	2Q20	2Q21	2Q20
Disposals of property, plant and equipment	(308)	10,500	(944)	10,500
Constitution and restatement of provision	(12,858)	(15,868)	(12,893)	(15,868)
Recognition of Reintegra (note 8)	-	17,155	-	17,155
Provision for devaluation of maintenance parts	-	(9,146)	-	(9,146)
Result on the sale of unusable and other assets	(31,614)	(16,449)	(30,377)	(19,363)
	<b>(44,780)</b>	<b>(13,808)</b>	<b>(44,214)</b>	<b>(16,722)</b>
Depreciation of non-operating assets	(156)	(164)	(157)	(165)
Amortization of intangible assets	-	-	(13,799)	(10,786)
<b>Total other operating expenses, net</b>	<b>(44,936)</b>	<b>(13,972)</b>	<b>(58,170)</b>	<b>(27,673)</b>
Fixed assets impairment	-	(3,404)	-	(3,404)
<b>Total impairment adjustments</b>	<b>-</b>	<b>(3,404)</b>	<b>-</b>	<b>(3,404)</b>
	1H21	1H20	1H21	1H20
Recognition of Reintegra	-	17,155	-	17,155
Disposals of property, plant and equipment	(513)	9,854	(1,509)	7,290
Provision for devaluation of maintenance parts	-	(9,146)	-	(9,146)
Constitution and restatement of provision	(18,670)	(18,407)	(19,655)	(18,527)
Result on the sale of unusable and other assets	(52,201)	(26,931)	(49,479)	(27,730)
	<b>(71,384)</b>	<b>(27,475)</b>	<b>(70,643)</b>	<b>(30,958)</b>
Depreciation of non-operating assets	(313)	(331)	(315)	(333)
Amortization of intangible assets	-	-	(28,539)	(23,708)
<b>Total other operating expenses, net</b>	<b>(71,697)</b>	<b>(27,806)</b>	<b>(99,497)</b>	<b>(54,999)</b>
Fixed assets impairment	-	(3,404)	-	(3,404)
Intangible asset impairment	-	-	-	(34,400)
<b>Total impairment adjustments</b>	<b>-</b>	<b>(3,404)</b>	<b>-</b>	<b>(37,804)</b>

## 23. INCOME TAX AND SOCIAL CONTRIBUTION IN THE RESULTS

	Parent company		Consolidated	
	2Q21	2Q20	2Q21	2Q20
<b>Net income (loss) before tax effects</b>	<b>25,249</b>	<b>(94,099)</b>	<b>(2,810)</b>	<b>(136,917)</b>
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	(8,585)	31,994	955	46,552
<b>Tax effect of permanent (additions) exclusions:</b>				
Additional income tax (Services Companies – Mexico)	-	-	4,740	(7,890)
Finance income from monetary assets	-	-	3,051	(10,978)
Reintegra – benefit	206	5,951	206	5,951
Effect of correction of fixed assets	-	-	(1,403)	402
Depreciation of non-operating assets	(53)	(56)	(53)	(56)
Interests on capital	6,678	-	6,678	-
Share of results of subsidiaries	7,358	(26,590)	-	-
Other permanent (additions) exclusions	637	(21)	1,733	(2,623)
<b>exchange effects</b>	<b>6,241</b>	<b>11,278</b>	<b>15,907</b>	<b>31,358</b>
<b>Effective rate of income tax before exchange effects</b>	<b>-25%</b>	<b>12%</b>	<b>566%</b>	<b>23%</b>
Effect of functional currency on tax base (a)	-	-	18,393	22,738
<b>Tax effects recorded in the statement of income</b>	<b>6,241</b>	<b>11,278</b>	<b>34,300</b>	<b>54,096</b>
<b>Effective rate of income tax</b>	<b>-25%</b>	<b>12%</b>	<b>1221%</b>	<b>40%</b>

All amounts in thousands of Reais unless otherwise stated.

	Parent company		Consolidated	
	1H21	1H20	1H21	1H20
<b>Net income (loss) before tax effects</b>	<b>26,417</b>	<b>(340,634)</b>	<b>18,767</b>	<b>(324,413)</b>
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	(8,982)	115,816	(6,381)	110,300
<b>Tax effect of permanent (additions) exclusions:</b>				
Additional income tax (Services Companies – Mexico)	-	-	9,049	2,315
Finance income from monetary assets	-	-	7,193	(27,123)
Reintegra – benefit	384	9,050	384	9,050
Depreciation of non-operating assets	(106)	(113)	(106)	(113)
Additional income tax (Subsidiaries)	-	-	-	(1,376)
Effect of correction of fixed assets	-	-	(5,838)	2,614
Interests on capital	6,678	-	6,678	-
Share of results of subsidiaries	(8,056)	(74,168)	-	-
Other permanent (additions) exclusions	249	(289)	(20,837)	(14,250)
<b>Tax effects recorded in the statement of income before</b>	<b>(9,833)</b>	<b>50,296</b>	<b>(9,858)</b>	<b>81,417</b>
<b>Effective rate of income tax before exchange effects</b>	<b>37%</b>	<b>15%</b>	<b>53%</b>	<b>25%</b>
Effect of functional currency on tax base (a)	-	-	7,675	(47,342)
<b>Tax effects recorded in the statement of income</b>	<b>(9,833)</b>	<b>50,296</b>	<b>(2,183)</b>	<b>34,075</b>
<b>Effective rate of income tax</b>	<b>37%</b>	<b>15%</b>	<b>12%</b>	<b>11%</b>

#### a) Effect of Functional currency on tax

The tax bases of assets and liabilities of the companies located in Mexico, where the functional currency is the U.S. dollar, are held in Mexican Pesos at their historical values. Fluctuations in exchange rates change the tax bases and consequently exchange effects are recognized as revenues and / or expenses for deferred income tax. The strong devaluation of the Mexican Peso against the U.S. dollar, caused by the COVID-19 pandemic, resulted in the recognition of a relevant (loss) impact in June 30, 2021 of approximately R\$47,342. The valuation observed during the first half of 2021, reflect a gain of R\$7,675.

#### b) Composition of the tax effects recorded in the statement of income:

	Parent company		Consolidated	
	2Q21	2Q20	2Q21	2Q20
<b>Tax effects recorded in the statement of income</b>				
Current income tax and social contribution	(47,413)	-	(50,771)	31,722
Deferred income tax and social contribution	53,654	11,278	85,071	22,374
	<b>6,241</b>	<b>11,278</b>	<b>34,300</b>	<b>54,096</b>

	Parent company		Consolidated	
	1H21	1H20	1H21	1H20
<b>Tax effects recorded in the statement of income</b>				
Current income tax and social contribution	(47,413)	-	(67,833)	3,694
Deferred income tax and social contribution	37,580	50,296	65,650	30,381
	<b>(9,833)</b>	<b>50,296</b>	<b>(2,183)</b>	<b>34,075</b>

## 24. EARNINGS PER SHARE

#### a) Basic:

Basic earnings per share is calculated by dividing profit or loss attributable to equity holders by the weighted average number of common shares outstanding during the period.

	2Q21	2Q20	1H21	1H20
Profit attributable to the stockholders of the Company	31,490	(82,821)	16,584	(290,338)
Outstanding shares	144,175,025	144,073,838	144,175,025	144,073,838
<b>Basic results per share - R\$</b>	<b>0.21842</b>	<b>(0.57485)</b>	<b>0.11503</b>	<b>(2.01520)</b>

All amounts in thousands of Reais unless otherwise stated.

**b) Diluted:**

Diluted earnings per share is measured by the weighted average number of common shares outstanding, with the addition of the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares. The Company issue a potential convertible stock option plan. The number of common shares that would be issued is determined from fair value, based on market price.

	2Q21	2Q20	1H21	1H20
Profit attributable to the stockholders of the Company	31,490	(82,821)	16,584	(290,338)
Outstanding shares	144,979,537	144,771,368	144,979,537	144,679,088
<b>Diluted results per share - R\$</b>	<b>0.21720</b>	<b>(0.57208)</b>	<b>0.11439</b>	<b>(2.00677)</b>

**25. SEGMENT REPORTING**

The Company discloses information by operating segment based on the information reported to management and utilized in decision-making, in order to allocate funds to the segments and to assess their performance, as described below:

**Transportation, infrastructure & agriculture** - manufacture, to order, of cast and machined products, with significant technological content, such as powertrain (blocks and cylinder heads), brake, transmission, steering, axle and suspension components for global manufacturers of engines, passenger vehicles, commercial vehicles (trucks, buses, etc.), construction machines, tractors, agricultural machines and power generators.

**Hydraulics** - manufacture of flexible iron connections for the construction industry and cast-iron shapes for general use

The following is the information on each reported segment:

**a) Reconciliation of revenue, costs, expenses and profit**

Consolidated	Transportation, infrastructure & agriculture		Hydraulics		Total	
	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20
Net revenue (Note 19)	1,562,520	613,911	82,933	30,961	1,645,453	644,872
Costs and expenses, except depreciation (Note 20)	(1,396,354)	(607,761)	(63,371)	(39,415)	(1,459,725)	(647,176)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 22)	(41,124)	(16,116)	(3,090)	(606)	(44,214)	(16,722)
Depreciation and amortization	(85,656)	(86,643)	(2,201)	(2,067)	(87,857)	(88,710)
Impairment	-	(3,404)	-	-	-	(3,404)
<b>Profit before finance results</b>	<b>39,386</b>	<b>(100,013)</b>	<b>14,271</b>	<b>(11,127)</b>	<b>53,657</b>	<b>(111,140)</b>
Finance results (Note 21)					(56,467)	(25,777)
<b>Profit before taxation</b>					<b>(2,810)</b>	<b>(136,917)</b>
Income tax and social contribution (Note 23)					34,300	54,096
<b>Loss for the quarter</b>					<b>31,490</b>	<b>(82,821)</b>

Consolidated	Transportation, infrastructure & agriculture		Hydraulics		Total	
	1H21	1H20	1H21	1H20	1H21	1H20
Net revenue (Note 19)	3,039,841	1,662,097	149,867	75,339	3,189,708	1,737,436
Costs and expenses, except depreciation (Note 20)	(2,679,975)	(1,498,835)	(124,944)	(76,338)	(2,804,919)	(1,575,173)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 22)	(67,553)	(28,334)	(3,090)	(2,624)	(70,643)	(30,958)
Depreciation and amortization	(175,855)	(169,481)	(4,349)	(4,165)	(180,204)	(173,646)
Impairment	-	(37,804)	-	-	-	(37,804)
<b>Profit before finance results</b>	<b>116,458</b>	<b>(72,356)</b>	<b>17,484</b>	<b>(7,789)</b>	<b>133,942</b>	<b>(80,145)</b>
Finance results (Note 21)					(115,175)	(244,268)
<b>Profit before taxation</b>					<b>18,767</b>	<b>(324,413)</b>
Income tax and social contribution (Note 23)					(2,183)	34,075
<b>Profit (loss) for the period</b>					<b>16,584</b>	<b>(290,338)</b>

All amounts in thousands of Reals unless otherwise stated.



**b) Reconciliation of costs and expenses by segment**

Consolidated	Tranportation, infrastructure					
	& agriculture		Hydraulics		Total	
	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20
Raw and processing materials	(791,862)	(276,950)	(37,959)	(10,843)	(829,821)	(287,793)
Maintenance and consumption materials	(109,515)	(73,092)	(3,592)	(3,449)	(113,107)	(76,541)
Salaries and payroll taxes	(313,041)	(166,762)	(16,420)	(11,751)	(329,461)	(178,513)
Social benefits	(21,503)	(17,992)	(430)	(325)	(21,933)	(18,317)
Electricity	(74,892)	(38,321)	(5,216)	(2,864)	(80,108)	(41,185)
Depreciation	(71,753)	(75,694)	(2,148)	(2,067)	(73,901)	(77,761)
Freight and commissions on sales	(45,862)	(19,683)	(5,103)	(2,363)	(50,965)	(22,046)
Management fees	(4,105)	(2,773)	(357)	(240)	(4,462)	(3,013)
Other costs	(35,521)	(14,646)	5,653	(5,119)	(29,868)	(19,765)
	<b>(1,468,054)</b>	<b>(685,912)</b>	<b>(65,572)</b>	<b>(39,022)</b>	<b>(1,533,626)</b>	<b>(724,934)</b>

Consolidated	Tranportation, infrastructure					
	& agriculture		Hydraulics		Total	
	1H21	1H20	1H21	1H20	1H21	1H20
Raw and processing materials	(1,524,504)	(689,254)	(68,483)	(26,889)	(1,592,987)	(716,143)
Maintenance and consumption materials	(210,366)	(175,773)	(7,262)	(6,758)	(217,628)	(182,531)
Salaries and payroll taxes	(594,178)	(403,307)	(32,365)	(24,168)	(626,543)	(427,475)
Social benefits	(37,956)	(37,913)	(800)	(765)	(38,756)	(38,678)
Electricity	(144,245)	(93,353)	(10,245)	(5,792)	(154,490)	(99,145)
Depreciation	(147,001)	(145,440)	(4,349)	(4,165)	(151,350)	(149,605)
Freight and commissions on sales	(86,884)	(54,568)	(9,969)	(5,741)	(96,853)	(60,309)
Management fees	(8,000)	(5,892)	(696)	(511)	(8,696)	(6,403)
Other costs	(73,842)	(38,775)	4,876	(5,714)	(68,966)	(44,489)
	<b>(2,826,976)</b>	<b>(1,644,274)</b>	<b>(129,293)</b>	<b>(80,504)</b>	<b>(2,956,269)</b>	<b>(1,724,778)</b>

**c) Reconciliation of assets and liabilities**

Consolidated	Tranportation, infrastructure					
	& agriculture		Hydraulics		Total	
	Jun/21	Dec/20	Jun/21	Dec/20	Jun/21	Dec/20
<b>ASSETS</b>						
Trade account receivables (Note 4)	932,356	646,023	39,987	37,381	972,343	683,404
Inventories (Note 5)	767,531	702,987	76,451	51,499	843,982	754,486
Tooling	175,110	183,146	-	-	175,110	183,146
Other assets	48,796	51,305	3,464	4,694	52,260	55,999
Property, plant and equipment (Note 12)	1,571,346	1,676,661	46,114	50,196	1,617,460	1,726,857
Intangible assets (Note 13)	142,246	171,746	-	-	142,246	171,746
Other assets not allocated	-	-	-	-	2,409,880	2,537,681
<b>Total assets</b>	<b>3,637,385</b>	<b>3,431,868</b>	<b>166,016</b>	<b>143,770</b>	<b>6,213,281</b>	<b>6,113,319</b>

Consolidated	Tranportation, infrastructure					
	& agriculture		Hydraulics		Total	
	Jun/21	Dec/20	Jun/21	Dec/20	Jun/21	Dec/20
<b>LIABILITIES</b>						
Trade accounts payables (Note 14)	825,437	593,218	44,495	22,976	869,932	616,194
Income taxes payable	46,457	40,311	283	248	46,740	40,559
Salaries, social security charges and profit sharing	192,124	150,582	12,081	9,342	204,205	159,924
Advances from customers	147,014	167,324	1,212	2,365	148,226	169,689
Other liabilities	71,763	84,509	7,249	-	79,012	84,509
Deferred tax on intangible assets (Note 8)	13,242	22,012	-	-	13,242	22,012
Income and social contribution tax	28,758	2,403	-	-	28,758	2,403
Other liabilities not allocated	-	-	-	-	2,316,689	2,464,572
Equity (Note 18)	-	-	-	-	2,506,477	2,553,457
<b>Total liabilities and equity</b>	<b>1,324,795</b>	<b>1,060,359</b>	<b>65,320</b>	<b>34,931</b>	<b>6,213,281</b>	<b>6,113,319</b>

Segment-specific assets and liabilities are allocated directly to each segment, and criteria relating to the applicability and origin are used for common assets and liabilities. The Company does not allocate cash and cash

equivalents, recoverable and deferred taxes, judicial and other deposits, and investments in companies to the reporting segments, as they are not directly related to the operations. For the same reason, loans and financing, dividends, provisions, deferred taxes and other long-term liabilities are also not allocated to the segments.

#### d) Major customers accounting for over 10% of the Company's total revenue

The Company has a diversified portfolio of local and foreign customers. The transportation, infrastructure & agriculture segment has customers that individually account for more than 10% of consolidated revenue, as follows:

Consolidated								
Revenue	2Q21	%	2Q20	%	1H21	%	1H20	%
<b>Transportation, infrastructure &amp; agricultur</b>	<b>1,562,520</b>	<b>95.0</b>	<b>613,911</b>	<b>95.2</b>	<b>3,039,841</b>	<b>95.4</b>	<b>1,662,097</b>	<b>95.7</b>
Customer A	318,741	19.4	27,793	4.3	633,347	19.9	139,666	8.0
Customer B	284,280	17.3	146,807	22.8	627,535	19.7	286,440	16.5
Customer C	155,684	9.5	47,805	7.4	314,419	9.9	155,163	8.9
Other customers	803,815	48.9	391,506	60.7	1,464,540	45.9	1,080,828	62.2
<b>Hydraulics</b>	<b>82,933</b>	<b>5.0</b>	<b>30,961</b>	<b>4.8</b>	<b>149,867</b>	<b>4.7</b>	<b>75,339</b>	<b>4.3</b>
<b>Total Revenue</b>	<b>1,645,453</b>	<b>100.0</b>	<b>644,872</b>	<b>100.0</b>	<b>3,189,708</b>	<b>100.1</b>	<b>1,737,436</b>	<b>100.0</b>

The sales in the Hydraulics segment are diversified.

#### e) Information on the countries from which the Company derives revenue

The revenue derived from customers in Brazil and from customers in each foreign country and their respective shares in the Company's total revenue for the period, are as follows:

Consolidated								
	2Q21	%	2Q20	%	1H21	%	1H20	%
<b>North America</b>	<b>956,365</b>	<b>58.1</b>	<b>427,859</b>	<b>66.4</b>	<b>1,971,915</b>	<b>61.8</b>	<b>1,158,096</b>	<b>66.7</b>
United States	563,376	34.2	234,451	36.4	1,141,678	35.8	598,850	34.5
Mexico	386,367	23.5	188,949	29.3	814,549	25.5	549,128	31.6
Canada	6,622	0.4	4,459	0.7	15,688	0.5	10,118	0.6
<b>South and Central Americ</b>	<b>370,226</b>	<b>22.5</b>	<b>90,093</b>	<b>13.9</b>	<b>651,477</b>	<b>20.4</b>	<b>272,859</b>	<b>15.7</b>
Brazil - head office	357,355	21.7	87,226	13.5	629,603	19.7	261,631	15.1
Other countries	12,871	0.8	2,867	0.4	21,874	0.7	11,228	0.6
<b>Europe</b>	<b>231,947</b>	<b>14.1</b>	<b>81,915</b>	<b>12.6</b>	<b>418,493</b>	<b>13.1</b>	<b>223,981</b>	<b>13.0</b>
United Kingdom	79,778	4.8	30,333	4.7	141,949	4.5	84,459	4.9
Sweden	46,151	2.8	7,255	1.1	89,376	2.8	38,002	2.2
Netherlands	40,001	2.4	11,855	1.8	66,513	2.1	25,243	1.5
Hungary	15,804	1.0	9,247	1.4	36,328	1.1	29,784	1.7
Italy	25,899	1.6	11,083	1.7	39,703	1.2	19,616	1.1
Germany	14,056	0.9	7,207	1.1	25,493	0.8	18,379	1.1
Other countries	10,258	0.6	4,935	0.8	19,131	0.6	8,498	0.5
<b>Asia, Africa and Oceania</b>	<b>86,915</b>	<b>5.3</b>	<b>45,005</b>	<b>7.1</b>	<b>147,823</b>	<b>4.7</b>	<b>82,500</b>	<b>4.6</b>
Japan	40,942	2.5	16,964	2.6	68,461	2.1	22,958	1.3
South Africa	25,036	1.5	1,857	0.3	41,417	1.3	10,761	0.6
China	16,779	1.0	11,631	1.8	30,371	1.0	20,364	1.2
Other countries	4,158	0.3	14,553	2.4	7,574	0.3	28,417	1.5
<b>Total</b>	<b>1,645,453</b>	<b>100.0</b>	<b>644,872</b>	<b>100.0</b>	<b>3,189,708</b>	<b>100.0</b>	<b>1,737,436</b>	<b>100.0</b>

All amounts in thousands of Reais unless otherwise stated.

## 26. FINANCIAL INSTRUMENTS

	Note	Parent company		Consolidated	
		Jun/21	Dec/20	Jun/21	Dec/20
<b>Financial assets at amortized cost</b>		<b>1,324,138</b>	<b>1,425,078</b>	<b>2,344,072</b>	<b>2,213,340</b>
Cash and cash equivalents	3	584,156	832,175	1,265,877	1,425,113
Trade account receivables(*)	4	653,523	499,141	972,343	683,404
Notes and other financial assets		86,459	93,762	105,852	104,823
<i>Effect on the Income Statement</i>		<i>11,754</i>	<i>6,608</i>	<i>11,408</i>	<i>5,238</i>
<b>Financial assets at fair value through profit or loss</b>		<b>106,313</b>	<b>84,899</b>	<b>115,810</b>	<b>94,327</b>
Credits - Eletrobrás		97,993	81,446	97,993	81,446
Investments in equity instruments		2,749	2,350	11,839	11,645
Derivative financial instruments	27	5,571	1,103	5,978	1,236
<i>Effect on the Income Statement</i>		<i>24,787</i>	<i>(3,016)</i>	<i>25,089</i>	<i>(4,277)</i>
<b>Financial liabilities at amortized cost</b>		<b>2,521,086</b>	<b>2,626,662</b>	<b>3,016,224</b>	<b>2,931,302</b>
Trade accounts payables		491,208	336,604	869,932	616,194
Loans and financing	15	1,945,012	2,218,917	2,043,341	2,225,542
Dividends and interest on capital		19,776	135	19,776	135
Notes payable and other financial liabilities		65,090	71,006	83,175	89,431
<i>Effect on the Income Statement</i>		<i>(70,967)</i>	<i>(72,353)</i>	<i>(111,824)</i>	<i>(71,373)</i>
<b>Financial liabilities at fair value through profit or loss</b>		<b>473</b>	<b>1,468</b>	<b>672</b>	<b>1,705</b>
Derivative financial instruments	25	473	1,468	672	1,705
<i>Effect on the Income Statement</i>		<i>996</i>	<i>(176,608)</i>	<i>1,173</i>	<i>(257,668)</i>

(\*) Includes the provision for impaired receivables

## 27. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE OF NET INVESTMENT ABROAD

### a) Derivative financial instruments

In order to minimize the impact of foreign exchange rate on future cash flows, the Company contracted derivative financial instruments such as: (i) ZCC - zero-cost collar, which consists of purchasing a "PUT" option and the sale of a "CALL" option. Those operations have the same notional value, same counterparty, same maturity and there is no net premium. The fair value of this instrument is determined by observable market pricing model (through market information providers) and widely used by market participants to measure similar instruments.

The consequences of the COVID-19 pandemic on the economy continue to cause great volatility in global financial markets. In the comparison between June 30, 2021 and December 31, 2020, the value of the Real increased 3.7% against the US dollar, while the Mexican Peso remained stable. On the other hand, in the comparison between June 30, 2021 and the immediately previous quarter - which ended March 31, 2021 - the Real appreciated 12.2% and the Mexican Peso 2.6% against the US Dollar.

The appreciation of both currencies during the period had a positive impact on the financial result of the Company, due to the mark-to-market of the instruments, with a partial impact on cash flow.

The COVID-19 pandemic caused great volatility in the global financial markets, which led to a depreciation of 9.6% of the Brazilian Real and 2.7% of the Mexican Peso against the U.S. dollar in the comparison between March 31, 2021 and December 31, 2020.

Due to the strong devaluation, had a negative impact on the result of the contracted position by marking to market of the instruments, however it does not impact the cash flow.

### i. Parent company

On June 30, 2021, financial instruments totaled the amount of US\$81,900 in zero-cost collar operations, consisting of: purchase of PUT with average exercise price of R\$4.8893 and sales of CALL with average price average of R\$5.9822, maturing up to May 30, 2022.

In the period ended in June 30, 2021, the Company recognized in financial results a gain of R\$5,756, considering R\$292 was received of settlement of contracts in the period and gain R\$5,464 due to the mark-to-market of these instruments. In the same period of the previously year the Company recognized in financial results as loss of R\$179,243, of which R\$63,022 was payment of settlement of contracts in the period and R\$116,221 due to the mark-to-market of these instruments.

### ii. Subsidiaries

In June 30, 2021, the subsidiaries derivative financial instruments in the zero-cost collar type totaled the amount of US\$45,900. Which were made purchasing "PUT" with an average weighted price of exercise of MXN19.1103 and sales "CALL" with an average weighted price of exercise of MXN22.9215, with a due date at May 06, 2022.

On June 30, 2021, the Mexican subsidiaries recognized in their finance results as gain the amount of R\$479 due to the mark to market of these instruments. On June 30, 2020, the Mexican subsidiaries recognized in their finance results as loss the amount of R\$82,321. Considering, R\$44,531 from the payment of settlement of contracts in the period and R\$37,790 due to the losses for the mark to market of these instruments

### iii. Consolidated

In the period ended June 30, 2021, a gain of R\$6,235 was recognized in the Consolidated financial result, considering R\$292 was received of settlement of contracts in the period and gain R\$5,943 due to the mark to market of these instruments. In the same period of the previously year was recognized loss of R\$261,564, R\$107,553 from the settlement of contracts in the period and loss of R\$154,011 for the mark-to-market of these instruments.

Below are the net open positions at June 30, 2021 and December 31, 2020:

	Parent company		Consolidated	
	Jun/21	Dec/20	Jun/21	Dec/20
<b>Financial derivative instruments</b>				
Liabilities	(473)	(1,468)	(672)	(1,705)
Assets	5,571	1,103	5,978	1,236
<b>Financial derivative instruments, net</b>	<b>5,098</b>	<b>(365)</b>	<b>5,306</b>	<b>(469)</b>

Below are the demonstrate the variation in the period and the due position at June 30, 2021:

	Parent company	Subsidiaries	Consolidated
Recognized in financial results	5,756	479	6,235
Settlement	(292)	-	(292)
Market to market	5,463	479	5,942
Foreign exchange impact	-	(167)	(167)
AT December 31, 2020	(365)	(104)	(469)
<b>AT June 30, 2021</b>	<b>5,098</b>	<b>208</b>	<b>5,306</b>
<b>Maturity date</b>			
Due September 30, 2021	2,506	-	2,506
Due December 31, 2021	1,606	179	1,785
Due March 31, 2022	815	58	873
Due June 30, 2022	171	(29)	142
<b>AT June 30, 2021</b>	<b>5,098</b>	<b>208</b>	<b>5,306</b>

## b) Hedges of net investments abroad

With the objective of mitigating the effects of foreign exchange volatility on the results, the Company adopted hedges for the net investments abroad on January 10, 2014, as presented in the annual financial statement of year ended December 31, 2020 note 32.b.

In June 30, 2021, the Company has export prepayment contracts amounting to US\$349,000, equivalent to R\$1,745,768 as hedges of the investments in the subsidiaries in Mexico, Tupy México Saltillo, S.A. de C.V. and Technocast, S.A. de C.V., the functional currency of which is the U.S. dollar, and which had net assets of US\$331,113, equivalent to R\$1,656,296 representing 105.4% effectiveness.

In the period of 3 months ended on June 30, 2021, the Company recognized in carrying value adjustments, within equity, a gain of R238,236 result of the conversion of the prepayment contracts designated as hedge instruments. As a result, the investments in the Mexicans subsidiaries resulted in a loss of R\$284,046. Considering the net fiscal effect, the amount of gain of exchange rate R\$81,001, and the net loss was R\$45,664.

During the first half of 2021, the Company recognized in carrying value adjustments, within equity, a gain of R\$63,389 result of the conversion of the prepayment contracts designated as hedge instruments. As a result, the investments in the Mexicans subsidiaries resulted in a loss of R\$87,499. Considering the net fiscal effect, the amount of gain of exchange rate R\$21,554, and the net loss was R\$45,664.

## 28. FINANCIAL RISK MANAGEMENT

The Company has a financial management policy and internal procedures monitored by Risk and internal controlling area, which determines practices to identify, monitoring and controlling the exposure to financial risk.

### 28.1 Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and financial investments, as well from credit exposure to customers, including outstanding trade receivables.

The Company sets exposure limits for each customer to limit the credit risk on trade receivables and risks are managed according to specific credit rating criteria, which include an analysis of customers in based on their payment ability, indebtedness level, market behavior and history with the Company. Furthermore, the Company carries out quantitative and qualitative analyses of its portfolio of trade receivables in order to determine the estimate for expected losses on receivables. As at June 30, 2021, expected losses on trade receivables amounted

to R\$5,554 (R\$10,500 as at December 31, 2020), representing 0.6% of the consolidated balance of outstanding receivables at that date (1.5% as at December 31, 2020).

The Company does not expect other material adjustments due to the impacts caused by the COVID-19 pandemic.

Considering the assets nature and historical indicators, the Company does not hold credit guarantee to cover credit risks related to its financial assets.

### Credit quality of financial assets

The credit quality of financial assets is assessed by reference to external credit ratings (if available) or based on historical information about counterparty default rates.

	Parent company		Consolidated	
	Jun/21	Dec/20	Jun/21	Dec/20
<b>Counterparties with external credit ratings*</b>				
<b>Cash and cash equivalents</b>	<b>584,156</b>	<b>832,175</b>	<b>1,265,877</b>	<b>1,425,113</b>
AAA	33,096	190,102	43,691	195,550
AA+ / AA / AA-	497,306	495,005	744,859	662,992
A+ / A / A-	53,754	147,068	477,327	566,571
<b>Derivative financial</b>	<b>5,571</b>	<b>1,103</b>	<b>5,978</b>	<b>1,236</b>
AA+ / AA / AA-	5,571	1,103	5,978	1,236
<b>Credits - Eletrobrás</b>	<b>97,993</b>	<b>81,446</b>	<b>97,993</b>	<b>81,446</b>
AA	97,993	81,446	97,993	81,446
<b>Counterparties without external credit rating</b>				
<b>Trade receivables</b>	<b>653,523</b>	<b>499,141</b>	<b>972,343</b>	<b>683,404</b>
Low risk	614,371	468,408	933,353	646,185
Moderate risk	39,769	29,569	39,769	35,261
High risk	3,938	10,400	4,775	12,458
Provision for impairment of trade receivables	(4,555)	(9,236)	(5,554)	(10,500)
<b>Other financial assets</b>	<b>89,208</b>	<b>96,112</b>	<b>117,691</b>	<b>116,468</b>
<b>Total</b>	<b>1,430,451</b>	<b>1,509,977</b>	<b>2,459,882</b>	<b>2,307,667</b>

(\* ) The Company considers, for the classification of risk, the lowest rating between the rating agencies.

The risk assessment of trade receivables is as follows:

- Low risk - transportation, infrastructure & agriculture segment customers, except those customers with a history of losses.
- Moderate risk - hydraulics segment customers, except those who already have a history of losses.
- High risk - customers with provisioned balances and historical losses.

The other financial assets held by the Company are considered of high quality and do not present indications of losses.

## 28.2 Liquidity risk

Liquidity risk is the risk that the Company will have difficulty complying with its obligations associated with financial liabilities that are to be settled in cash or other financial assets. The Company's approach to managing this risk is the maintenance of a minimum cash.

The Company is a counterparty to some financial agreements, which require the maintenance of financial ratios, or compliance with other specific clauses. The main operation, the Senior Unsecured Notes issued in 2021 require the Company to meet the Financial Debt / EBITDA financial index, if not complied with, may impose restrictions, which are detailed in Note 16.

Conform is determined in the financial management policy, which aims at ensuring that the Company has sufficient liquidity to settle its obligations without incurring losses or affecting its operations. This minimum cash amount corresponds to the projection of two-month of payments to trade accounts, salaries and social security, tax obligations, deducted 50% discount, for the same period plus the balance of the short-term loans and financing, net of derivative instruments. Moreover, the Company manages its investment portfolio using criteria for maximum concentration in financial institutions, in addition to global and local ratings.

The contractual maturities of financial liabilities are as follow:

Consolidated	Contractual cash flow						Total flow
	Carrying amount	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years	
<b>FINANCIAL LIABILITIES</b>							
Borrowings	2,043,341	180,191	49,387	91,148	254,457	2,297,886	2,873,069
Financial derivative instruments	672	672	-	-	-	-	672
Trade payables and notes and other	948,944	948,944	-	-	-	-	948,944
Dividends payable	19,776	19,776	-	-	-	-	19,776
	<b>3,012,733</b>	<b>1,149,583</b>	<b>49,387</b>	<b>91,148</b>	<b>254,457</b>	<b>2,297,886</b>	<b>3,842,461</b>

The Company does not expect that the cash outflows included in its maturity analyses will occur significantly sooner or at amounts, which are significantly different. Furthermore, the Company generates sufficient cash to cover future payment obligations.

### 28.3 Market risk

The Brazilian Federal Government's economic policies can have important effects on Brazilian companies, including on Tupy, as well as market conditions and the prices of securities of Brazilian companies. Considering the nature of the Company's business and operations, the level of exports and the distribution of sales by market, a decrease in the North American economy, especially in the capital goods sector, may impact sales and revenues and, consequently, the profitability of the Company.

The main market risk factors to which it is exposed are related to: Exchange Rate, Interest Rate, Inflation in the main inputs, Credit Risk and Liquidity Risk. The objective of market risk management is to maintain exposure to market risks within acceptable levels, while optimizing returns.

#### Interest rate risk

This risk refers to the Company's financial investments and loans and financing. The financial instruments with floating rates expose the Company to cash flow variation risk, whereas the financial instruments with fixed rates expose the Company to fair value risk. The Company uses derivative financial instruments, as follow:

Consolidated			
	Note	Jun/21	Dec/20
<b>Floating-rate instruments</b>		<b>387,613</b>	<b>425,401</b>
Financial assets		518,003	754,925
Financial liabilities	15	(130,390)	(329,524)
<b>Fixed-rate instruments</b>		<b>(1,165,077)</b>	<b>(1,225,830)</b>
Financial assets		747,874	670,188
Financial liabilities	15	(1,912,951)	(1,896,018)

All amounts in thousands of Reais unless otherwise stated.

## Sensitivity analysis of variations in floating interest rates

The Company has financial investments exposed to the CDI (Interbank Deposit Certificate) rate variation. The fluctuations in interest rates may affect the Company's future results. Presented below are the impacts that would have been generated by changes in interest rates to which the Company is exposed.

Interest rate risk		Consolidated					
Floating rate instruments	Risk	Disclosed	Scenarios				
			Probable	+25%	+50%	-25%	-50%
<b>In Brazilian reais</b>							
<b>Investments</b>	<b>Interest rate (CDI - % p.a.)</b>	<b>4.15</b>	<b>6.53</b>	<b>8.16</b>	<b>9.80</b>	<b>4.90</b>	<b>3.27</b>
Financial assets		518,003	518,003	518,003	518,003	518,003	518,003
Potential impact		-	11,837	7,938	15,876	(8,062)	(16,378)
<b>Borrowings</b>	<b>Interest rate (TJLP - % p.a.)</b>	<b>4.15</b>	<b>6.53</b>	<b>8.16</b>	<b>9.80</b>	<b>4.90</b>	<b>3.27</b>
Financial liabilities		130,390	130,390	130,390	130,390	130,390	130,390
Potential impact		-	(2,980)	(1,998)	(3,997)	2,029	4,124

## Foreign currency risk

The Company is exposed to foreign currency risk on sales, purchases and loans and financing denominated in currencies other than the Company's functional currency, the Brazilian Real, while the Mexican subsidiary is exposed to foreign currency risk on costs and expenses denominated in a currency other than its functional currency, the U.S. dollar. Transactions of the Company are carried out in foreign currency are mainly denominated in U.S. dollar and the transactions in Mexican subsidiaries are mainly denominated in Mexican Peso.

In addition, considering the importance of the Company's operations in Mexico, the variation of the Mexican Peso has an impact on the income tax. Since the functional currency of the subsidiaries in Mexico is the U.S. dollar (US\$). Note 27

The Company manages its exposure to foreign currency risk through a combination of debts, financial investments, accounts receivable and export revenues in foreign currency, hedges of the net investments abroad. The Company's exposure to foreign currency risk, considering the subsidiaries that use the Real (R\$) as their functional currency, is as follows:

Parent company			
Net exposure impacting profit	Note	Jun/21	Dec/20
<b>Assets</b>		<b>511,648</b>	<b>474,585</b>
Cash and cash equivalents abroad	3	52,403	59,667
Customers in the foreign market	4	459,245	414,918
<b>Liabilities</b>		<b>(213,209)</b>	<b>(119,555)</b>
Borrowings in foreign currency	15	(1,800,347)	(1,871,373)
Hedge of net investment abroad	27	1,745,768	1,813,648
Other amounts		(158,630)	(61,830)
<b>Net exposure impacting profit</b>			
In thousands of R\$		298,439	355,030
In thousands of US\$		59,662	68,318

All amounts in thousands of Reals unless otherwise stated.



The exposure of subsidiaries that use the U.S. dollar as functional currency is demonstrated below:

<b>Subsidiaries</b>		
<b>Net exposure impacting profit</b>	<b>Jun/21</b>	<b>Dec/20</b>
<b>Assets</b>	<b>145,526</b>	<b>105,763</b>
Cash and cash equivalents abroad	12,592	7,627
Customers in the foreign market	7,511	7,793
Tax return	125,423	90,343
<b>Liabilities</b>	<b>(323,450)</b>	<b>(214,441)</b>
Trade accounts payables	(126,300)	(83,191)
Other amounts	(197,150)	(131,250)
<b>Net exposure impacting profit</b>		
In thousands of R\$	(177,924)	(108,678)
In thousands of MXN	(708,296)	(416,391)

### Sensitivity analysis of foreign exchange exposure, except derivatives

This analysis is based on the foreign exchange rate fluctuation, in which the risk variables are evaluated with a 25% and 50% fluctuation compared to the probable scenario estimated by the Company. This analysis assumes that all other variables, especially the interest rates, will remain constant.

<b>Consolidated</b>	<b>Scenarios</b>					
	<b>Disclosed</b>	<b>Probable</b>	<b>+25%</b>	<b>+50%</b>	<b>-25%</b>	<b>-50%</b>
<b>U.S. Dollar rate</b>	<b>5.0022</b>	<b>5.28</b>	<b>6.60</b>	<b>7.92</b>	<b>3.96</b>	<b>2.64</b>
Asset position	511,648	540,063	675,079	810,095	405,047	270,032
Liability position	(213,209)	(225,050)	(281,312)	(337,575)	(168,787)	(112,525)
Net exposure (R\$ thousand)	298,439	315,013	393,767	472,520	236,260	157,507
Net exposure (US\$ thousand)	59,662	59,662	59,662	59,662	59,662	59,662
<b>Potential impact (R\$ thousand)</b>	<b>-</b>	<b>16,574</b>	<b>95,328</b>	<b>174,081</b>	<b>(62,179)</b>	<b>(140,932)</b>

### Sensitivity analysis of foreign exchange exposure of derivatives

This analysis is based on the foreign exchange rate fluctuation against "CALL" and "PUT", in which the risk variables are evaluated with a 25% and 50% fluctuation compared to the probable scenario estimated by the Company. This analysis assumes that all other variables will remain constant.

<b>Parent company</b>	<b>Scenarios</b>					
	<b>Disclosed</b>	<b>Probable</b>	<b>+25%</b>	<b>+50%</b>	<b>-25%</b>	<b>-50%</b>
<b>U.S. Dollar rate</b>	<b>5.0022</b>	<b>5.28</b>	<b>6.60</b>	<b>7.92</b>	<b>3.96</b>	<b>2.64</b>
MTM Controladora	5,098	(2,744)	(62,613)	(165,585)	70,986	178,756
<b>Potential impact (R\$ thousand)</b>	<b>-</b>	<b>(7,842)</b>	<b>(67,711)</b>	<b>(170,683)</b>	<b>65,888</b>	<b>173,658</b>

<b>Subsidiaries</b>	<b>Scenarios</b>					
	<b>Disclosed</b>	<b>Probable</b>	<b>+25%</b>	<b>+50%</b>	<b>-25%</b>	<b>-50%</b>
<b>U.S. Dollar rate vs. Mexican peso</b>	<b>19.9062</b>	<b>22.05</b>	<b>27.56</b>	<b>33.08</b>	<b>16.54</b>	<b>11.03</b>
MTM Subsidiaries (US\$ mil)	42	(1,045)	(8,248)	(14,510)	6,463	32,585
MTM Subsidiaries (R\$ mil)	208	(5,515)	(54,439)	(114,915)	25,592	86,024
<b>Potential impact (R\$ thousand)</b>	<b>-</b>	<b>(5,723)</b>	<b>(54,647)</b>	<b>(115,123)</b>	<b>25,384</b>	<b>85,816</b>
<b>Consolidated potential impact (R\$ thousand)</b>	<b>-</b>	<b>(13,566)</b>	<b>(122,357)</b>	<b>(285,806)</b>	<b>91,272</b>	<b>259,474</b>

### Price risk

This risk relates to the possibility of fluctuations in the market prices of the inputs used in the manufacturing process, especially scrap, pig iron, metal alloys, coke and electricity. These price fluctuations could have an

impact on the Company's costs. The Company monitors these prices, in order to pass on to customers any changes in its input prices.

## 28.4 Operating risk

This risk arises from all of the Company's operations and can cause direct or indirect losses associated with a variety of factors, such as processes, personnel, technology, infrastructure and external factors.

The Company's objective is to manage the operating risk to avoid losses and damages to its reputation, and to seek cost efficiencies.

The primary responsibility for developing and implementing operating risk controls lies with a centralized area of internal controls reporting to senior management.

## 28.5 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, management can make (or can propose to the shareholders, when their approval is required) adjustments to the amount of dividends paid to shareholders, capital return to shareholders, issue new shares or sell assets to reduce, for example, debt.

The Company's management monitors the relationship between the Company's own capital (equity) and third-party capital that the Company utilizes to finance its operations. To mitigate liquidity risks and optimize the average cost of capital, the Company monitors its compliance with financial ratios required under loans and financing agreements.

The relationship between own capital versus third-party capital, at the end of each year, was as follows:

Consolidated			
	Note	Jun/21	Dec/20
<b>Own capital</b>		<b>2,506,477</b>	<b>2,553,457</b>
Equity	18	2,506,477	2,553,457
<b>Third party capital</b>		<b>2,440,927</b>	<b>2,134,749</b>
Total current and non-current liabilities		3,706,804	3,559,862
Cash and cash equivalents	3	(1,265,877)	(1,425,113)
<b>Own capital versus third-party capital ratio</b>		<b>1.03</b>	<b>1.20</b>

## 28.6 Fair value

The carrying values of cash and cash equivalents and trade accounts receivables and payables, less impairment in the case of trade accounts receivables, are assumed to approximate their fair values.

All financial instruments classified as financial assets and financial liabilities at fair value through profit or loss (Note 26) and the fair value of loans and financing disclosed in Note 16 are calculated by discounting the future contractual cash flow at the current market interest rate that is available to the Company for similar financial instruments.

The valuations technique used by the Company are classified at Level 2 of the fair value hierarchy. The fair value of financial instruments that are not traded in an active market (Level 2) is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely to the minimum extent possible on the Company-specific estimates.

Specifically, for the case of the embedded credit derivative of Eletrobras (convertibility into shares), a valuation technique is used with inputs classified as level 3 of the fair value hierarchy. The effect of the option of conversion into shares is measured based on a stock pricing model (Black-Scholes) by including unobservable data, such as the historical volatility and equity value of the share. Unobservable data are used to measure fair value to the extent that relevant observable data are not available, thus admitting situations in which there is little or no market activity for the asset or liability on the measurement date. These unobservable data, however, reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

### **Sensitivity analysis of the fair value of embedded derivatives**

The Company performed a sensitivity analysis considering the receipt of equity shares in Eletrobras. Varying the share value and volatility and keeping all other variables in the model constant. In this context, share value scenarios between R\$21.65 and R\$64.95 and volatility between 19.8% and 59.3% per year were used, resulting in estimates of minimum and maximum receipts between R\$52,367 and R\$111,785, respectively.

\* \* \*

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## **A free translation from Portuguese into English of Independent auditor's review report on individual and consolidated interim financial information prepared in Brazilian currency in accordance with Accounting Pronouncement NBC TG 21 and IAS 34 - Interim Financial Reporting**

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### **Independent auditor's review report on individual and consolidated interim financial information**

To the Shareholders, Board of Directors and Officers of

**Tupy S.A.**

Joinville, Santa Catarina

#### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of Tupy S.A. ("Company"), contained in the Quarterly Information (ITR) Form for the quarter ended June 30, 2021, which comprises the statement of financial position as at June 30, 2021 and the related statements of profit or loss and of comprehensive income, for the three-month and the six-month period then ended, and of changes in equity and of cash flows for the six month periods then ended, including explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

#### **Scope of review**

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion on the individual and consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

## Other matters

### Statements of value added

The abovementioned quarterly information referred to above includes the individual and consolidated Statements of Value Added (SVA) for the six-month periods ended June 30, 2021, prepared under the responsibility of the Company management and presented as supplementary information for purposes of IAS 34. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information in order to conclude whether they are reconciled with the interim financial information and accounting records, as applicable, and if their form and content are consistent with the criteria defined in NBC TG 09 - Statement of Added Value. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria defined in the aforementioned Standard and consistently with the overall accompanying individual and consolidated interim financial information.

Blumenau, August 05, 2021.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC SC-000048/F-0

Alexandre Rubio  
Accountant CRC-1SP 223.361/O-2