1Q21 Highlights

Record first-quarter operating income and EBITDA and highest-ever net revenues

- **Physical sales volume:** year-on-year growth of 15%, reaching 127,000 tons, with strong performance in all segments and regions;

- **Revenues:** R$1,544 million, up 41% over 1Q20, due to higher volume, depreciation of the real and pass-through of material costs. The highest net revenues ever;

- **Operating income:** gross profit of R$240 million, a first-quarter record; The 15.5% gross margin was impacted by raw material costs that have not yet been passed through, two-week stoppages in Mexico, caused by the electricity and natural gas supply instability, higher absenteeism (COVID-19 health and safety protocol) and foreign exchange variation on foreign-currency costs;

- **EBITDA:** R$173 million, up 49%, with an 11.2% margin, 60 bps higher than in 1Q20. Adjusted EBITDA reached R$199 million in the quarter, a first-quarter record, reflecting several efficiency gain initiatives. The adjusted EBITDA margin was 12.9%, as the aforementioned impacts related to materials and stoppages had an effect of approximately 320 bps on the indicator;

- **Net income (loss):** a loss of R$15 million (versus a loss of R$208 million in 1Q20), as a result of non-recurring financial expenses of R$58 million related to the prepayment of debt due in 2024. In February, the Company issued a bond due in 2031 at 4.5% p.a., with an annual reduction of US$6 million in financial expenses over the next 10 years.

Earnings Conference Call

Date: April 29, 2021

Portuguese/English

11:00 a.m. (EST) / **12:00 p.m.** (BRT)

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Note: Except when stated otherwise, comparisons expressed by percentage variations are based on the same period of 2020.

MESSAGE FROM MANAGEMENT

In the first quarter of 2021, we continued the recovery trend seen in the second half of last year. This performance was due to our exposure to perennial sectors, which have benefitted from higher demand for infrastructure, commodities, transport and logistics services, as well as several government stimulus packages.

The physical sales volume grew 15% in 1Q21 compared to 1Q20. This upturn, added to the depreciation of the real, the pass-through of cost increases – still in progress – and a better product mix, helped Tupy reach record revenues of R$1,544 million in the quarter.

Nevertheless, the first months of the year were characterized by a significant increase in raw material costs, with the acceleration of the trend seen in the fourth quarter of 2020. Our contracts establish pass-through mechanisms, but the continuous rise in input prices and the lag for price increases impacted the margins for the period. The 1Q21 result was also severely affected by the temporary stoppage of our operations in Northern Mexico in February. The stoppage, caused by the electricity and natural gas supply instability due to a snowstorm in Texas, had an impact of approximately R$22 million on EBITDA in the period.

These effects were partially offset by efficiency gains of several projects implemented over the last few quarters, which allow for greater flexibility, process improvements and initiatives in the Procurement and Logistics areas, which are increasingly strategic for our business, recently integrated into a new vice-presidency. These initiatives and the substantial increase in revenues **helped the Company reach its highest first-quarter operating income and EBITDA.**

Caring for the part and the whole

The health of our employees and communities continues to be a priority for the Company. In our operations, the protocols are constantly controlled and reviewed by the medical staff. Some of these initiatives, such as time off for employees who have had contact with infected people, have had an impact on absenteeism rates, but have enabled us to maintain a low number of contaminated people.

In Brazil, in addition to maintaining the operation of our Screening and Testing Center, we have contributed to the health system by donating 60 oxygen cylinders, an extremely important input for COVID-19 treatment. In Mexico, in addition to encouraging the donation of blood and plasma in our plants, we also donated more than 3,000 items to support the firefighting efforts in Sierra de Arteaga, in Coahuila state. In addition to solidarity, these actions have in common the work of our employees, 'Tupy Transformers', a volunteer group for which we have deep respect and admiration.

Sustainable development is built in partnership

We have just published our first Sustainability Report, prepared in accordance with the Global Reporting Initiative (GRI) guidelines and based on our materiality matrix, developed with inputs from more than 735 consultations with various stakeholders. We have thus defined key indicators aligned with the Company's environmental, social and governance (ESG) aspects.

In addition to giving visibility to the actions we conducted over the past year, the report serves as a management tool and will be published annually. Later this year, we will disclose our public commitments in order to contribute to global goals such as the Sustainable Development Goals (SDGs).

In the report, we highlight Tupy's positioning in circular economy and the importance of investing in technological knowledge in the pursuit of sustainable development. We believe in the strength of our Engineering team and the relationships fostered in the innovation ecosystem.

For example, we have recently signed a partnership agreement with the Polytechnic School of the University of São Paulo – USP, funding research into the application of hydrometallurgy for battery recycling. The expectation is that the results obtained will contribute to generate new business to the Company, according to the strategy of offering solutions to segments that could be benefit by our knowledge in complex metallurgy, considering our current portfolio. Besides entering a market with high growth potential, we reaffirm our commitment to promoting science and the circular economy, characteristics that have marked Tupy since its foundation.

We dedicate our technological knowledge to developing solutions that enable access to drinking water, sanitation, housing, health, energy and food, with a direct impact on a more dignified and longer life. However, we are aware that our role in this journey toward sustainable development goes beyond the sectors in which we operate, covering both our operations and the conditions in which our products are used.

At home or at work, #weareallTupy

MAIN INDICATORS

Consolidated (R$ thousand)

SUMMARY	1Q21	1Q20	Var. [%]
Revenues	**1,544,255**	**1,092,564**	**41.3%**
Cost of goods sold	(1,304,282)	(900,002)	44.9%
Gross Profit	**239,973**	**192,562**	**24.6%**
% of Revenues	*15.5%*	*17.6%*	
Operating expenses	(118,361)	(99,841)	18.5%
Other operating expenses	(41,327)	(27,326)	51.2%
Operating Income	**80,285**	**65,395**	**22.8%**
Impairment	-	(34,400)	-
Income before Financial Results	**80,285**	**30,995**	**159.0%**
% of Revenues	*5.2%*	*2.8%*	
Net financial income (loss)*	(58,708)	(218,491)	-73.1%
Income (Loss) before Tax Effects	**21,577**	**(187,496)**	**-**
% of Revenues	*1.4%*	*-*	
Income tax and social contribution	(36,483)	(20,021)	-
Net Income*	**(14,906)**	**(207,517)**	**-92.8%**
% of Revenues	*-*	*-*	
EBITDA (CVM Instruction 527/12)	**172,632**	**115,931**	**48.9%**
% of Revenues	*11.2%*	*10.6%*	
Adjusted EBITDA	**199,061**	**164,567**	**21.0%**
% of Revenues	*12.9%*	*15.1%*	
Average exchange rate (R$/US$)	5.48	4.47	23.0%
Average exchange rate (R$/€)	6.60	4.92	34.1%

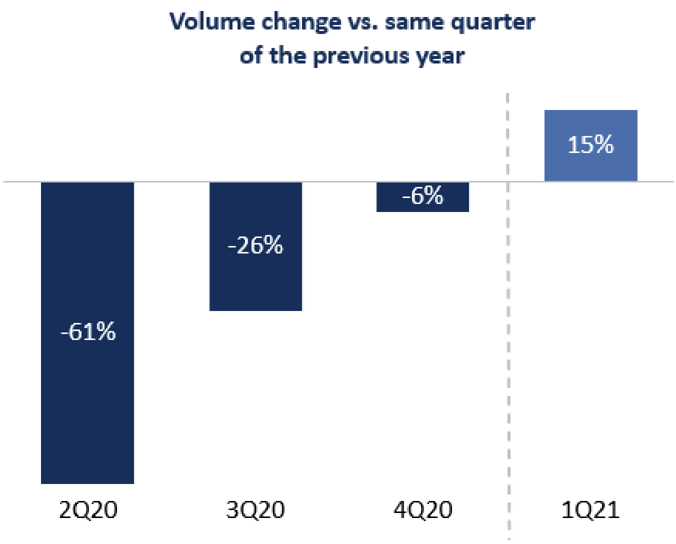
* The 1Q21 results was impacted by premium on early settlement and pro-rata interest of the Senior Notes due 2024, in the amount of R$ 58 million

SALES VOLUME

Consolidated (metric tons)

	1Q21	1Q20	Var. [%]
Domestic Market	**25,484**	**19,965**	**27.6%**
Transportation, Infrastructure and Agriculture	22,038	17,495	26.0%
Hydraulics	3,447	2,470	39.5%
Foreign Market	**101,882**	**91,177**	**11.7%**
Transportation, Infrastructure and Agriculture	98,718	89,171	10.7%
Hydraulics	3,164	2,005	57.8%
Total Sales Volume	**127,366**	**111,141**	**14.6%**

Volume continues the path of gradual recovery, which has been observed since June 2020, with year-on-year growth of 15% in 1Q21, led by the recovery of applications for commercial and off-road vehicles.

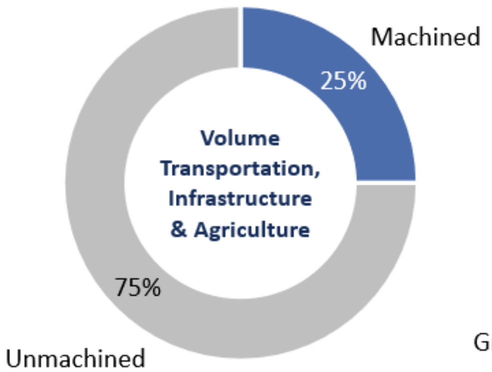


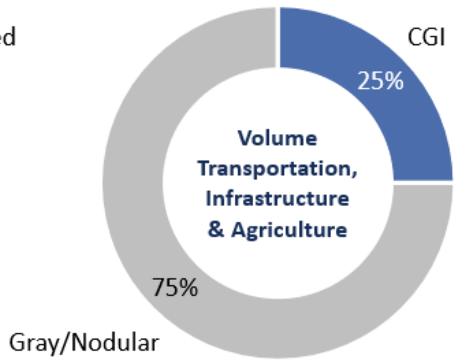
Compared to 1Q20, the result for the period was mainly impacted by the following factors:

- An increase of 26% in domestic sales to the Transportation, Infrastructure and Agriculture segments due to market recovery and the increase in indirect exports;
- In the foreign market, an increase of 11% in sales to the Transportation, Infrastructure and Agriculture segments due to positive market performance and inventory replenishment, especially in applications for off-road and medium and heavy commercial vehicles;
- In the Hydraulic segment, we recorded an increase of 40% and 58%, in the domestic and foreign markets, respectively, reflecting the economic recovery and pent-up demand.

Share of CGI (Compacted Graphite Iron) and machining:

Partially or fully machined goods accounted for **25%** of the portfolio of the Transportation, Infrastructure and Agriculture segment, **in line with the same period last year.** The distribution of goods by type of material shows that CGI goods accounted for **25% of sales volume (vs. 23% in 1Q20).**





REVENUES

Compared to the same period in 2020, revenues increased 41%, with **revenue/kilo rising 23% over 1Q20**.

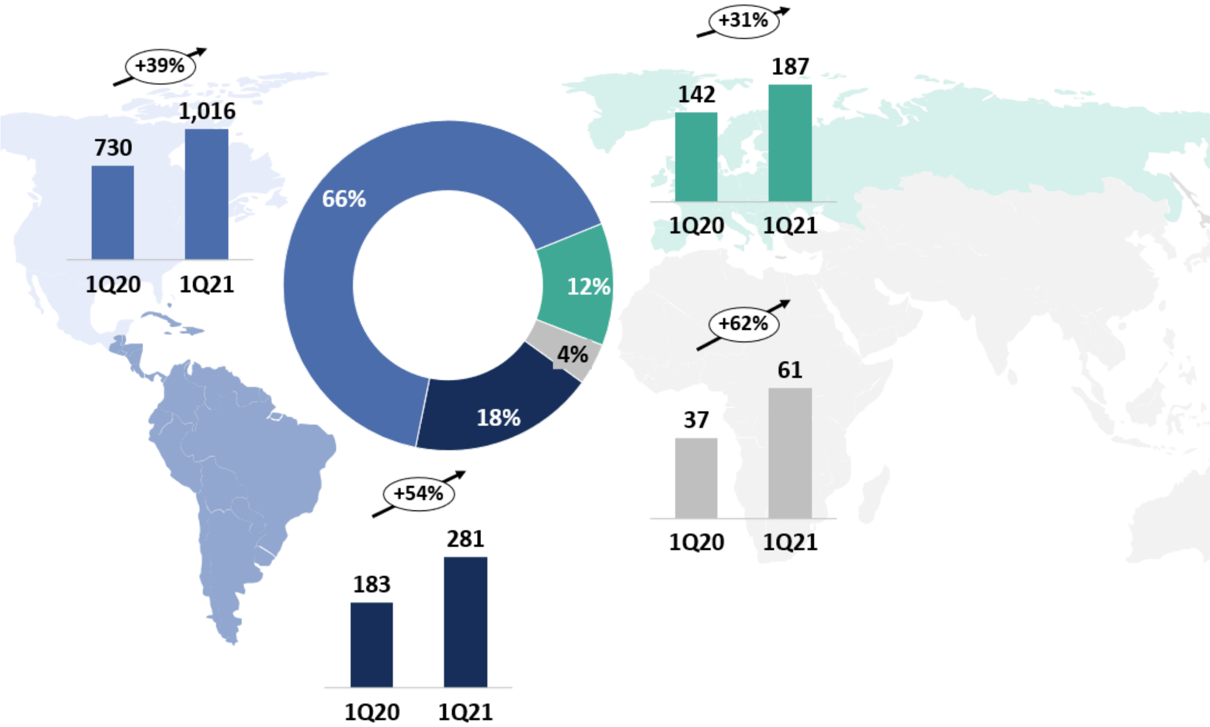
Consolidated (R$ thousand)

	1Q21	1Q20	Var.[%]
Revenues	**1,544,255**	**1,092,564**	**41.3%**
Domestic market	272,248	174,405	56.1%
Share (%)	*17.6%*	*16.0%*	
Foreign market	1,272,007	918,159	38.5%
Share (%)	*82.4%*	*84.0%*	
Revenues by segment	**1,544,255**	**1,092,564**	**41.3%**
Transportation, Infrastructure and Agriculture	1,477,321	1,048,185	40.9%
Share (%)	*95.7%*	*95.9%*	
Hydraulics	66,934	44,379	50.8%
Share (%)	*4.3%*	*4.1%*	

Revenues by market and performance in the period

In 1Q21, 66% of revenues originated in North America. South and Central America accounted for 18% and Europe for 12% of the total. The remaining 4% came from Asia, Africa and Oceania.

It is worth noting that multiple clients in the U.S. export their goods to other countries. Therefore, a substantial portion of sales to this region meets the global demand for commercial vehicles, machinery and equipment.



Consolidated (R$ thousand)

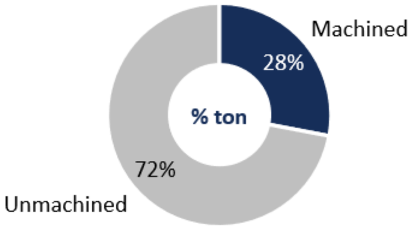
	1Q21	1Q20	Var. [%]
Revenues	**1,544,255**	**1,092,564**	**41.3%**
Domestic Market	**272,248**	**174,405**	**56.1%**
Transportation, Infrastructure and Agriculture	**234,787**	**149,406**	**57.1%**
Passenger cars	33,493	35,764	-6.4%
Commercial vehicles	156,103	91,240	71.1%
Off-road	45,191	22,402	101.7%
Hydraulics	**37,461**	**24,999**	**49.8%**
Foreign Market	**1,272,007**	**918,159**	**38.5%**
Transportation, Infrastructure and Agriculture	**1,242,534**	**898,779**	**38.2%**
Passenger cars	63,070	45,941	37.3%
Light commercial vehicles	536,678	427,190	25.6%
Medium and heavy commercial vehicles	308,087	194,065	58.8%
Off-road	334,700	231,583	44.5%
Hydraulics	**29,473**	**19,380**	**52.1%**

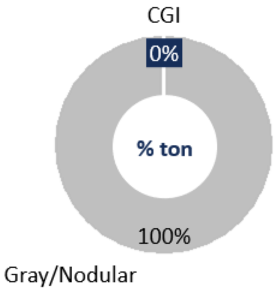
Note: The division among applications considers our best inference for cases in which the same product is categorized in two applications.

DOMESTIC MARKET (DM)

Passenger cars

Δ % Revenues	% Revenues	% Revenues DM
6% ▼	2%	12%

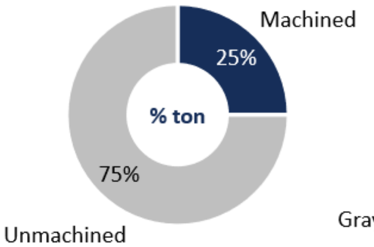


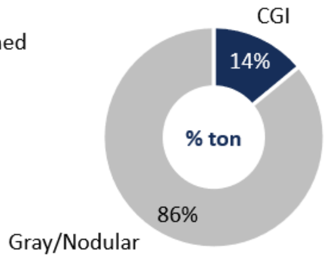


Revenues from sales of this application fell 6% year on year in 1Q21, reflecting the market performance and the phase out of certain products.

Commercial vehicles

Δ % Revenues	% Revenues	% Revenues DM
71% ▲	10%	57%

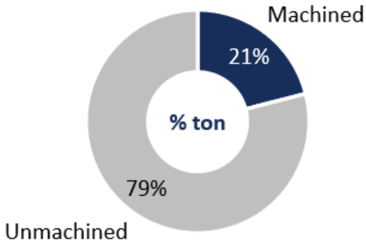


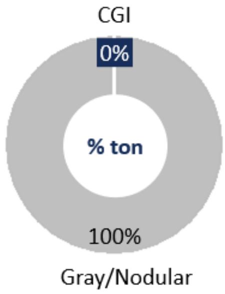


Revenues from commercial vehicle applications increased 71% year on year, due to higher demand in the domestic market and indirect exports.

Off-road

Δ % Revenues	% Revenues	% Revenues DM
102% ▲	3%	17%

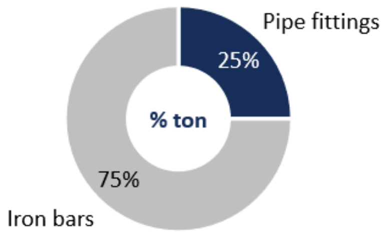




Tupy's revenues from off-road machinery and vehicles sales increased 102% in 1Q21, mainly due to indirect export opportunities, the ramp up of one of our products and currency depreciation since some of our contracts are denominated in foreign currency, in addition to the positive performance of the domestic market.

Hydraulics

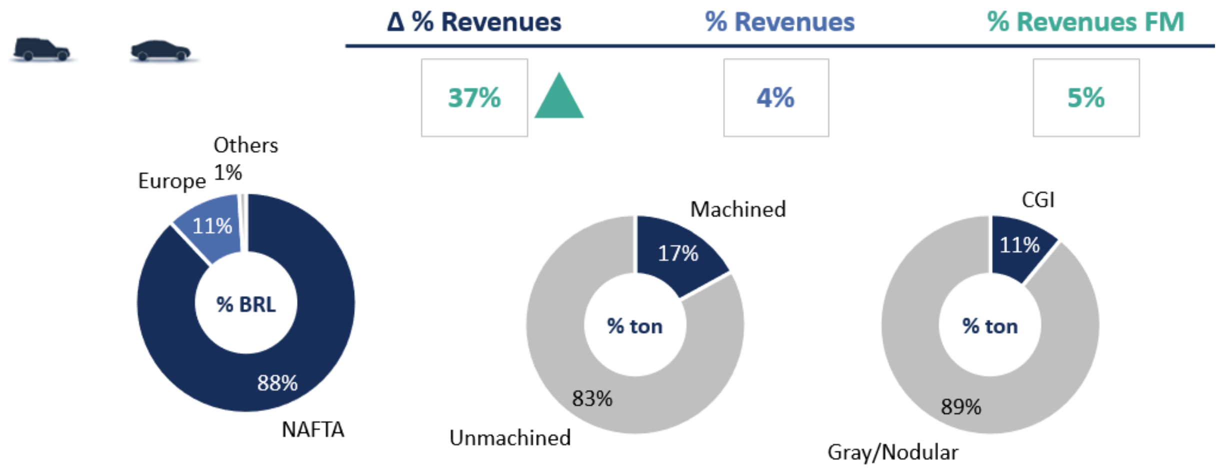
Δ % Revenues	% Revenues	% Revenues DM
50% ▲	2%	14%



During the first quarter of 2021, revenues from sale in the Hydraulics segment rose 50% over 1Q20, fueled by the recovery in demand, reflecting a 40% increase in physical sales volume and a better product mix.

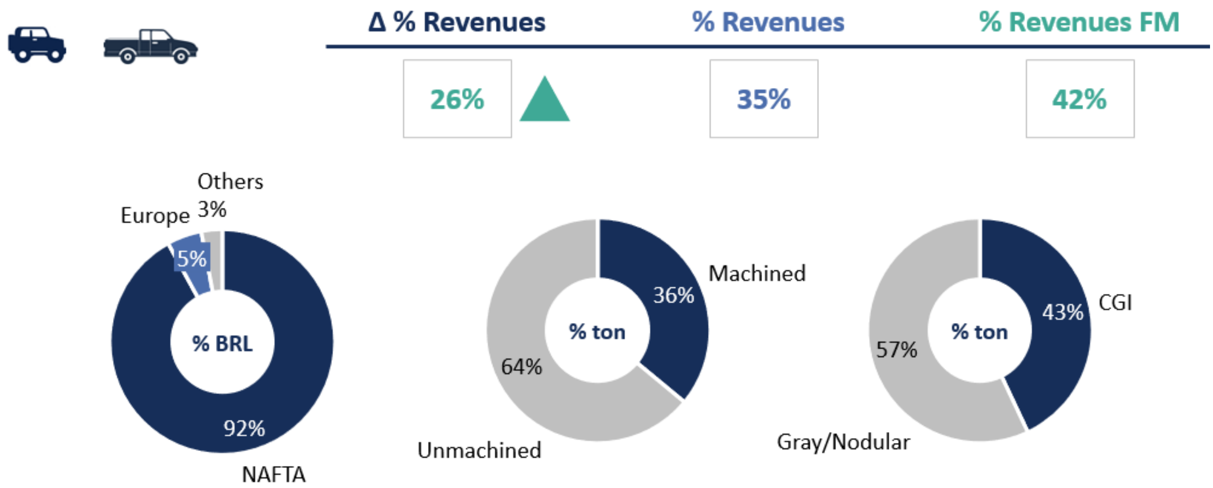
FOREIGN MARKET (FM)

Passenger cars



Revenues from products for passenger cars increased 37% over 1Q20, mainly impacted by the positive market performance and stock replenishment, in addition to currency depreciation.

Light commercial vehicles

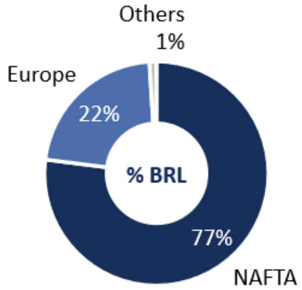


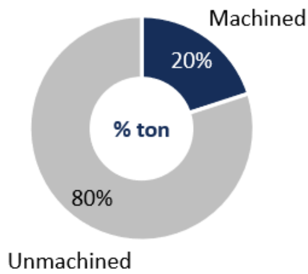
Similar to previous quarters, pick-ups and SUVs accounted for a large share of sales in the "light vehicles" category in the USA (78% vs 74% in 1Q20), reflecting the recovery of sectors of the economy that use these applications, especially the heaviest applications, such as residential construction and agribusiness.

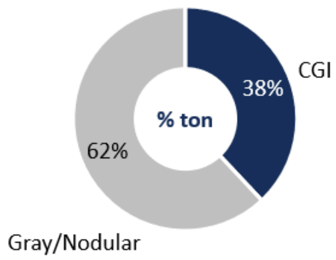
The year-on-year comparison was also affected by currency depreciation, in addition to the product phase out.

Medium and heavy commercial vehicles

Δ % Revenues	% Revenues	% Revenues FM
59% ▲	20%	24%



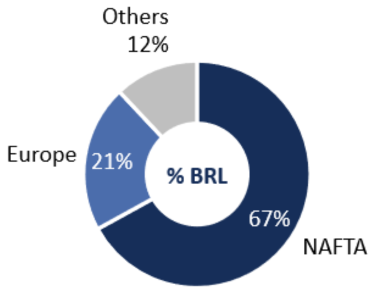


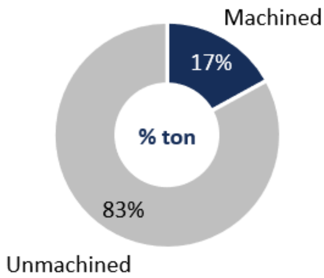


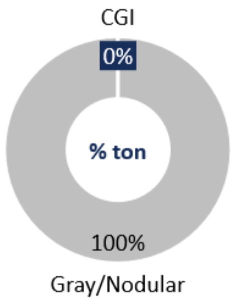
The 59% increase in sales in 1Q21 was mainly due to the global market recovery for this segment, as well as inventory replenishment and currency depreciation.

Off-road

Δ % Revenues	% Revenues	% Revenues FM
45% ▲	22%	26%



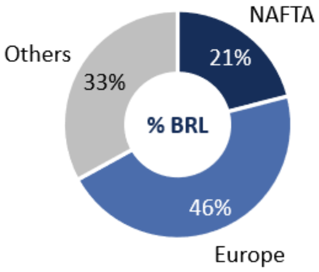


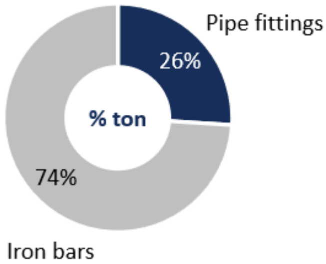


Revenues from the off-road segment increased 45% year on year in 1Q21, thanks to the global recovery and the performance of important segments, such as agriculture and infrastructure, in addition to the impact of currency depreciation.

Hydraulics

Δ % Revenues	% Revenues	% Revenues FM
52% ▲	2%	2%





During the first quarter of 2021, net revenues from the Hydraulics segment increased 52%, due to pent-up demand of customers in Europe and North America, a better product mix and the depreciation of the real.

COST OF GOODS SOLD AND OPERATING EXPENSES

The cost of goods sold (COGS) totaled R$1,304 million in 1Q21, up 45% over 1Q20.

This quarter was characterized by a significant increase in raw material costs over both 4Q20 and 1Q20, with an upturn of more than 80% in the last 12 months in some cases. According to the Material Fact published in February, the period was also affected by stoppages that affected our Mexican operations for about two weeks, due to problems in the supply of electricity and gas, with an impact on labor and energy costs, as well as lower dilution of fixed costs, totaling R$17 million.

These factors were partially mitigated by several initiatives implemented by the Procurement department, including the development of new suppliers in Brazil and abroad, and projects carried out by the new management team in recent quarters that led to operational efficiency gains, such as transfer of production to more efficient production lines; use of mathematical models to optimize material use and costs and reduce waste; stoppage of less efficient equipment; and renegotiation of supply and service contracts, among others.

Despite the stoppages, material inflation and other costs arising from the depreciation of the real, **gross profit totaled R$240 million, a first-quarter record for the Company.**

Consolidated (R$ thousand)	1Q21	1Q20	Var. [%]
Revenues	**1,544,255**	**1,092,564**	**41.3%**
Cost of goods sold	**(1,304,282)**	**(900,002)**	**44.9%**
Raw material	(763,166)	(428,350)	78.2%
Labor, profit sharing and social benefits	(278,656)	(237,531)	17.3%
Maintenance materials and third parties	(88,482)	(94,040)	-5.9%
Energy	(73,714)	(57,515)	28.2%
Depreciation	(74,327)	(68,744)	8.1%
Other	(25,937)	(13,822)	87.7%
Gross profit	**239,973**	**192,562**	**24.6%**
% of Revenues	*15.5%*	*17.6%*	
Operating Expenses	**(118,361)**	**(99,841)**	**18.5%**
% of Revenues	*7.7%*	*9.1%*	

- Raw material costs increased 78% due to higher production volume, material inflation in the period and the effect of currency depreciation on inputs used in our Mexican operations, as well as the indirect effect of exchange rate on materials consumed in Brazil. The substantial increase in costs, in particular scrap costs, reflects the global economic recovery and was partially mitigated by several initiatives added to the actions implemented over the last few quarters, such as optimized use of materials, reduction of waste and renegotiation of contracts with suppliers, among others;

- Labor costs rose 17%, mainly driven by an increase in headcount and overtime, as a result of higher production volume and higher absenteeism, due to protocols adopted by the Company to fight the pandemic, as well as the negotiation of the annual pay rise date in the year-on-year comparison and currency depreciation;

- Maintenance and third-party services fell 6%. The impact of inflation and currency depreciation in the period was mitigated by a decline in third-party services and contract renegotiations, as well as revenues from the sale of by-products (cost reducer);

- Energy costs climbed 28%, fueled by higher production volume and an increase in distribution and generation tariffs in the year-on-year comparison, as well as the exchange rate variation since part of the energy contracts in Mexico are denominated in U.S. dollars.

- Depreciation costs increased 8%, mainly due to the effects of currency depreciation on foreign assets;

- Other costs rose R$12 million. The comparison base was affected by the receipt of residual amounts totaling R$9 million from the *Reintegra* benefit in 1Q20.

Operating expenses, including selling and administrative expenses, reached R$118 million, up 19% year on year due to higher use of freight (driven by higher sales and production flexibilization), currency depreciation and negotiation of the annual pay rise date.

OTHER OPERATING INCOME (EXPENSES)

Other net operating expenses reached R$41 million in 1Q21, up 51% over R$27 million in 1Q20.

	Consolidated (R$ thousand)		
	1Q21	1Q20	Var. [%]
Depreciation of non-operating assets	(158)	(168)	-6.0%
Amortization of intangible assets	(14,740)	(12,922)	14.1%
Other	(26,429)	(14,236)	85.6%
Other net operating expenses	**(41,327)**	**(27,326)**	**51.2%**
Impairment of intangible assets	-	(34,400)	-
Total impairment adjustments	**-**	**(34,400)**	**-**

Expenses related to the amortization of intangible assets increased 14%, due to the appreciation of the real against the U.S. dollar in the period.

The "Others" account comprises (i) expenses amounting to R$ 19 million related to the sale of unusable assets and other costs (R$8 million in 1Q20, with the increase being due to expenses related to the acquisition of Teksid's iron casting business), (iii) constitution and update of provisions totaling R$7 million (R$3 million in 1Q20) and (iv) write-offs of property, plant and equipment items in the amount of R$ 1 million (R$3 million in 1Q20).

NET FINANCIAL INCOME (LOSS)

In 1Q21, the Company recorded a net financial loss of R$59 million, versus a loss of R$218 million in 1Q20.

	Consolidated (R$ thousand)		
	1Q21	1Q20	Var. [%]
Financial expenses	(92,838)	(91,715)	1.2%
Financial income	3,939	12,071	-67.4%
Net monetary and exchange rate variations	30,191	(138,847)	-
Net financial income (loss)	**(58,708)**	**(218,491)**	**-73.1%**

Financial expenses were impacted by the depreciation of the real against the U.S. dollar in the period (average exchange rate of R$5.48 in 1Q21 versus R$4.46 in 1Q20), which affected interest on borrowings denominated in U.S. dollars, as well as the recognition of interest on bank debt taken out in 1Q20. These factors, added to the premium on early settlement and pro-rata interest of the Senior Notes due 2024, in the amount of R$58 million, totaled expenses of R$86 million in the period. The restatement of the derivative instrument used to adjust receivables from Eletrobras to present value (non-cash effect) accounted for R$3 million in expenses. Other financial expenses totaled R$4 million in the quarter.

In February, the Company concluded the issue of international debt securities totaling US$375 million, at a coupon of 4.5% p.a. and amortization in 2031. **In addition to extending the Company's debt, the**

operation will result in an annual reduction of US$6 million in financial expenses (cash effect) for 10 years.

Financial income reached R$4 million in the period, arising from financial investments in reais and restatement of tax credits. The result was mainly impacted by the decline in the interest rates earned on our financial investments in reais.

Income from net monetary and exchange variations totaled R$30 million due to (i) a positive variation of R$36 million in the balance sheet accounts and (ii) the result of hedge operations based on the zero-cost collar instrument, corresponding to an expense of R$5 million in the period, as a result of mark-to-market (non-cash effect).

EARNINGS BEFORE TAXES AND NET INCOME

The Company recorded a net loss of R$15 million, compared to a net loss of R$208 million in 1Q20. The result was impacted by non-recurring financial expenses totaling R$58 million related to the premium on early settlement and pro-rata interest of the Senior Notes due 2024.

	Consolidated (R$ thousand)		
	1Q21	1Q20	Var. [%]
Income (loss) before tax effects	**21,577**	**(187,496)**	**-**
Tax effects before foreign exchange impacts	(25,765)	50,059	-
Income (loss) before exchange rate effects on the tax base	**(4,188)**	**(137,437)**	**-**
Exchange rate effects on the tax base	(10,718)	(70,080)	-
Net Income	**(14,906)**	**(207,517)**	**-**
% of Revenues	*-1.0%*	*-19.0%*	

The tax base 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 tax bases and, consequently, exchange rate effects are recognized in deferred income tax revenues and/or expenses. In 1Q21, the Company recorded a non-cash expense of R$11 million.

EBITDA

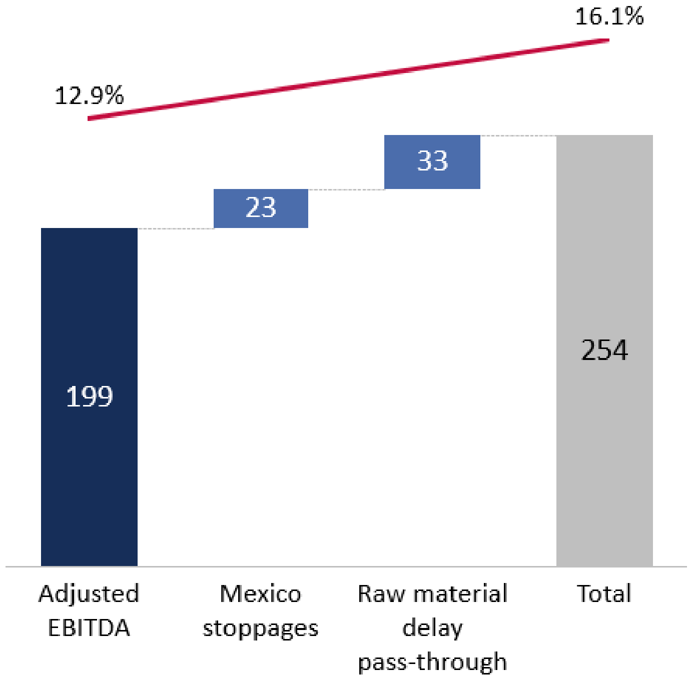
The combination of the aforementioned factors resulted in EBITDA of R$173 million, a 49% increase over the same period of the previous year. Adjusted EBITDA for the effect of the constitution/update of provisions, write-off of property, plant and equipment items, and sale of unserviceable assets reached R$199 million, **the highest figures for a first quarter in the Company's history.**

RECONCILIATION OF NET INCOME TO EBITDA	Consolidated (R$ thousand) 1Q21	1Q20	Var. [%]
Net Income (Loss) for the Period	**(14,906)**	**(207,517)**	**-92.8%**
(+) Net financial income (loss)	58,708	218,491	-73.1%
(+) Income tax and social contribution	36,483	20,021	82.2%
(+) Depreciation and amortization	92,347	84,936	8.7%
EBITDA (CVM Instruction 527/12)	**172,632**	**115,931**	**48.9%**
% of Revenues	*11.2%*	*10.6%*	
(+) Other net operating expenses*	26,429	14,236	85.6%
(–) Impairment	-	(34,400)	-
Adjusted EBITDA	**199,061**	**164,567**	**21.0%**
% of Revenues	*12.9%*	*15.1%*	

The adjustments made to EBITDA aim to offset the effect of items that present less correlation with the Company's business, are non-recurring or have a non-cash effect. These expenses totaled R$ 26 million in 1Q21 and comprise (i) R$ 19 million in expenses related to the sale of unusable assets and other costs, (iii) R$7 million in constitution and update of provisions and (iii) R$ 1 million in write-offs of property, plant and equipment items.

The margins for the period were impacted by a significant increase in raw material costs, with acceleration of the trend seen in the fourth quarter of 2020. Our contracts establish pass-through mechanisms, but the continuous rise in input prices and the necessary terms for price increases impacted the margins for the period. The 1Q21 result was also affected by the temporary stoppage of our operations in northern Mexico in February. The stoppage, caused by the electricity and natural gas supply instability resulting from a snowstorm in Texas, affected operations for around two weeks.

The following chart shows the effect of the stoppages (costs and volume loss) and the delay in the pass-through of material costs on adjusted EBITDA for the period (amount in R$ million and margin in relation to net revenues).



INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Investments in property, plant and equipment and intangible assets totaled R$32 million in 1Q21, versus R$38 million in 1Q20.

	Consolidated (R$ thousand)		
	1Q21	1Q20	Var. [%]
Property, Plant and Equipment			
Strategic investments	15,582	7,087	119.9%
Maintenance and modernization	8,458	26,623	-68.2%
Environment	3,758	1,174	220.1%
Interestand financial charges	396	435	-9.0%
Intangible Assets			
Software	2,807	1,483	89.3%
Projects under development	815	966	-15.6%
Total	**31,816**	**37,768**	**-15.8%**
% of Revenues	*2.1%*	*3.5%*	

In the period, the Company invested in new programs and machining projects, in addition to initiatives related to safety and the environment.

WORKING CAPITAL

	1Q21	4Q20	3Q20	2Q20	1Q20
Balance sheet					
Accounts receivable	991,661	683,404	836,020	547,149	796,215
Inventories	746,272	754,486	725,452	765,179	825,971
Accounts payable	777,710	616,194	538,689	343,151	645,820
Sales outstanding [days]	77	59	74	47	58
Inventories [days]	68	77	76	77	73
Payables outstanding [days]	72	62	57	35	55
Cash conversion cycle [days]	**73**	**74**	**93**	**89**	**76**

The one-day reduction in working capital observed in the period in relation to the previous quarter (4Q20) was mainly due to the increase in accounts payable and the reduction in inventories during the quarter. The main lines presented the following variations:

- An increase of R$308 million in the accounts receivable line, equivalent to 18 days of sales, due to seasonality and higher sales volume in March 2021 compared to December 2020. The increase in the average sales outstanding was also impacted by the 10% currency depreciation (the US$/R$ exchange rate was R$5.20 in 4Q20 vs. R$5.70 in 1Q21) in the conversion of accounts receivable in foreign currency, which represented around 86% of the total at the end of March;

- A decrease of R$8 million in inventories, with a 9-day reduction in relation to the cost of goods sold. The Company maintains its strategy of production flexibility at plants in order to increase operational efficiency. Throughout the pandemic, inventory levels increased in order to mitigate any risks related to shortages in customer supply due to their importance in the supply chain, a situation that is expected to normalize throughout 2021. The exchange rate variation also impacted inventories in foreign currency, which corresponded to 59% of the total in 1Q21;

- An increase of R$162 million in accounts payable, corresponding to a 10-day increase over the previous quarter, mainly due to the production increase and the consequent upturn in raw material purchase volume in the period. This line was also impacted by higher input prices and the effect of the depreciation of the real on accounts payable in foreign currency, which represented around 52% of the total at the end of March.

CASH FLOW

Consolidated (R$ thousand)

CASH FLOW SUMMARY	1Q21	1Q20	Var.[%]
Cash and cash equivalents at the beginning of the period	**1,425,113**	**840,030**	**69.7%**
Cash from operating activities	9,112	(34,296)	-
Cash used in investing activities	(39.676)	(41,906)	-5.3%
Cash used in financing activities	(121,773)	486,454	-
Effect of the exchange rate on cash for the period	110,071	114,693	-4.0%
Increase (decrease) in cash and cash equivalents	**(42,226)**	**524,945**	**-**
Cash and cash equivalents at the end of period	**1,382,887**	**1,364,975**	**1.3%**

The Company generated R$ 9 million in cash from operating activities, versus a cash consumption of R$34 million in 1Q20, mainly due to lower working capital variation. Due to sales seasonality, the first quarter usually presents lower operational cash generation, and the amount recorded in 2021 was the highest for the period in the last five years.

Investment activities consumed R$ 40 million in 1Q21, a 5% increase over the same period of the previous year.

In terms of financing activities, we recorded a consumption of R$122 million in 1Q21, versus generation of R$486 million in 1Q20, impacted by bank loans taken out in the amount of R$494 million to increase liquidity given the scenario of uncertainty regarding the recovery of the global economy. The result for the period was mainly impacted by the issue of debt securities in the international market in the amount of US$375 million, used to pay Senior Unsecured Notes totaling US$350 million issued in 2014. The Company also amortized R$195 million in bank loans.

The combination of these factors and the exchange rate variation on cash, in the amount of R$110 million, resulted in a decrease of R$42 million in cash and cash equivalents in the period. Therefore, we ended the first quarter of 2021 with a cash balance of R$1,383 million. This amount represents up 1% over 1Q20, with the annual comparison being affected by the amortization of loans in the amount of R$374 million in the last 12 months, related to loans contracted in March 2020.

DEBT

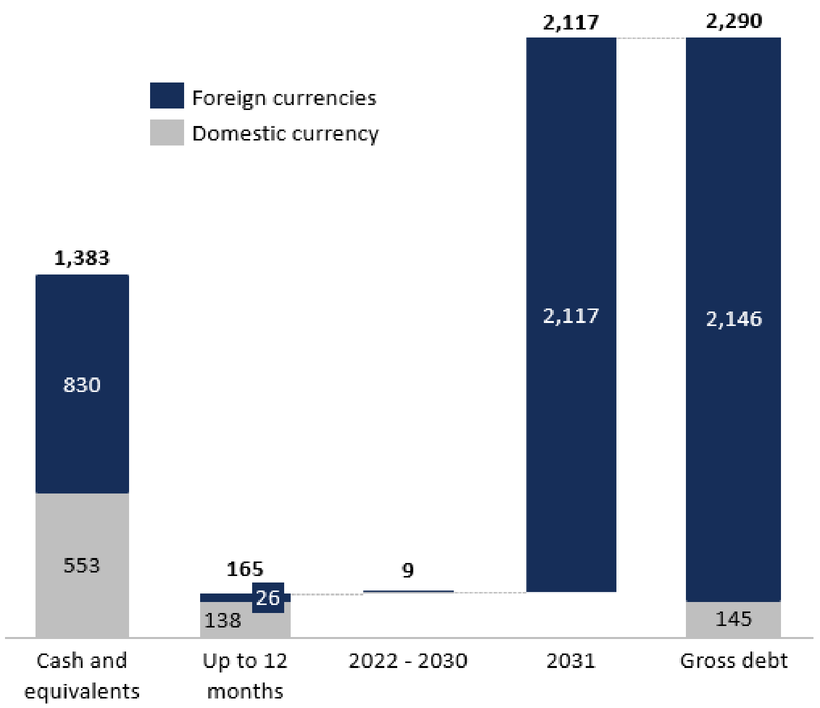
The Company closed 1Q21 with net debt of R$907 million and a net debt/LTM adjusted EBITDA ratio of 1.4x.

Foreign currency liabilities represented 94% of the total (1% short-term and 99% long-term debt), while 6% of the debt is denominated in Brazilian reais (96% short-term and 4% long-term debt). As for the cash balance, 40% is denominated in Brazilian reais and 60% in foreign currency.

In February, the Company concluded the issue, through its subsidiary Tupy Overseas S.A., backed by the Parent Company, of international debt securities totaling US$375 million (R$2,018 million), with a one-time amortization in February 2031. The interest, at a coupon of 4.5% p.a., is paid on a semi-annual basis in February and August. The proceeds from the issue were used to pay US$350 million in Senior Unsecured Notes issued by the subsidiary Tupy Overseas in 2014, due in 2024 at 6.625%.

	Consolidated (R$ thousand)				
INDEBTEDNESS	**1Q21**	**4Q20**	**3Q20**	**2Q20**	**1Q20**
Short-term	164,680	403,629	623,190	621,013	651,268
Financing and loans	158,486	401,924	550,665	456,928	420,833
Financial instruments and derivatives	6,194	1,705	72,525	164,085	230,435
Long-term	2,125,644	1,823,618	1,980,553	2,043,544	1,948,534
Gross debt	**2,290,324**	**2,227,247**	**2,603,743**	**2,664,557**	**2,599,802**
Cash and cash equivalents	1,382,887	1,425,113	1,433,715	1,281,999	1,364,975
Financial instruments and derivatives	129	1,236	-	-	-
Net debt	**907,308**	**800,898**	**1,170,028**	**1,382,558**	**1,234,827**
Gross debt/adjusted EBITDA	3.58x	3.68x	4.55x	5.11x	3.57x
Net debt/Adjusted EBITDA	**1.42x**	**1.32x**	**2.05x**	**2.65x**	**1.70x**

The Company's debt profile is as follows:



In R$ million

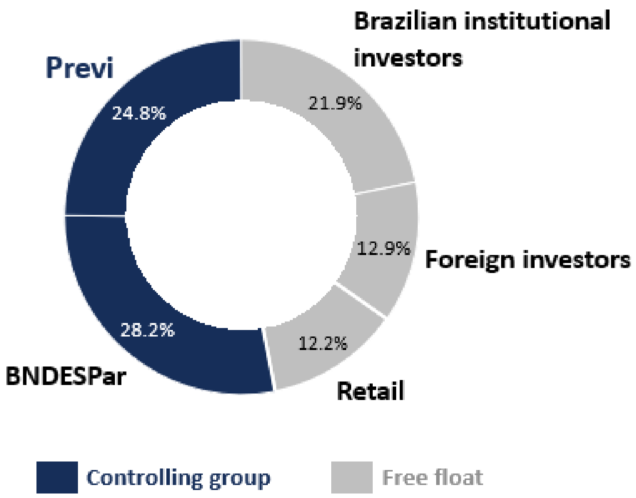
TEKSID ACQUISITION

On April 14, 2021, the Brazilian Antitrust Authority (Conselho Administrativo de Defesa Econômica – CADE) approved the acquisition of the iron casting business of Teksid S.p.A. by the Company.

The approval of the transaction was subject to the formalization of a Concentration Control Agreement to be signed by the parties to address competitive concerns identified by CADE, and the completion of the transaction is pending approval by U.S. and Mexican authorities.

OWNERSHIP STRUCTURE

Tupy’s ownership structure as of March 31, 2021, was as follows:



Attachment I – Commercial vehicle production and sales in Brazil

	(Units)		
	1Q21	**1Q20**	**Var. (%)**
Production			
Trucks			
Semi-light	324	243	33,3%
Light	5,491	4,080	34.6%
Medium	1,634	938	74.2%
Semi-heavy	9,680	6,450	50.1%
Heavy	15,953	12,995	22.8%
Total trucks	**33,082**	**24,706**	**33.9%**
Buses	5,176	5,974	-13.4%
Commercial vehicles	**38,258**	**30,680**	**24.7%**
Sales			
Trucks			
Semi-light	1,580	1,043	51.5%
Light	2,517	2,205	14.1%
Medium	2,246	1,787	25.7%
Semi-heavy	6,578	4,905	34.1%
Heavy	13,156	10,195	29.0%
Total trucks	**26,077**	**20,135**	**29.5%**
Buses	3,331	3,661	-9.0%
Commercial vehicles	**29,408**	**23,796**	**23.6%**
Exports			
Trucks			
Semi-light	123	17	623.5%
Light	915	402	127.6%
Medium	346	187	85.0%
Semi-heavy	1,585	745	112.8%
Heavy	2,307	1,408	63.8%
Total trucks	**5,276**	**2,759**	**91.2%**
Buses	845	1,009	-16.3%
Commercial vehicles	**6,121**	**3,768**	**62.4%**

Source: ANFAVEA

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

	(Units)		
	1Q21	1Q20	Var. (%)
North America			
Production			
Passenger cars	752,203	1,033,884	-27.2%
Light commercial vehicles – Class 1-3	2,876,231	2,834,804	1.5%
Heavy Duty – Class 8	65,305	60,650	7.7%
Medium & Heavy Duty[1]	**98,790**	**113,554**	**-13.0%**
United States			
Sales			
Passenger cars	886,724	922,853	-3.9%
Light commercial vehicles – Class 1-3	3,037,022	2,589,931	17.3%
% Light commercial vehicles	**77.4%**	**73.7%**	**+3.7p.p.**
Light Duty – Class 4-5	32,850	30,047	9.3%
Medium Duty – Class 6-7	29,792	25,946	14.8%
Heavy Duty – Class 8	54,255	47,616	13.9%
Medium & Heavy Duty[1]	**116,897**	**103,609**	**12.8%**
Europe			
Sales			
Passenger cars	2,560,330	2,480,186	3.2%

Source: Automotive News; Bloomberg; ACEA

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

	(Units)		
	1Q21	**1Q20**	**Var. (%)**
Sales			
Americas			
United States and Canada	70,091	45,905	52.7%
Europe			
Germany	14,712	10,540	39.6%
United Kingdom	3,259	2,893	12.7%

Source: ANFAVEA; Bloomberg; AEM