TUPY

3Q21: Strong operating result and margin recovery

Earnings Conference Call

Date: November 11, 2021

Portuguese/English

10:00 a.m. (EST) / **12:00 p.m.** (Brasília)

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- **Physical sales volume:** 132,000 tons, up 21% from 3Q20, despite the effect of temporary customer shutdowns due to a shortage of semiconductors. Growth in the domestic market (+49%) is a highlight;

- **Revenues:** R$1,834 million, an all-time high net revenue, due to pass-through of raw material costs from previous quarters, increased volumes and price adjustments;

- **Operating income:** an all-time high, reaching R$344 million, a growth of 22% compared to the previous year. Gross margin was 18.8%;

- **EBITDA:** R$276 million, a growth of 11% with a margin of 15.1%. Adjusted EBITDA was R$289 million, a 12% increase vs. the previous year and a margin of 15.8%. Recovery of margins to historic levels, despite sudden customer shutdowns that impacted volumes and cost dilution, and higher raw material prices.

- **Net income:** R$125 million, with a net margin of 6.8%

- **Return on Invested Capital (ROIC):** 11.9%, vs 11.3% in 2Q21 and 3.1% in 3Q20;

- **Interest on Equity:** payment of R$20.5 million on November 25, 2021 and a program for distribution of the same amount in January 2022, to be deliberated in due course, subject to the company's cash requirements.

MESSAGE FROM MANAGEMENT

Operating income and increased return on invested capital are the main highlights of this quarter, despite the disruption of global supply chains, impacting the supply of semiconductors and other important inputs for our customers. On the other hand, the strong demand for trucks, machinery and equipment, used in the cargo transport, infrastructure and agriculture segments, and the pass-through costs from previous quarters made Tupy present the highest net revenue, operating income and EBITDA in its history. These results, which include actions and commercial initiatives that have been implemented over the last few quarters, demonstrate that, despite short-term uncertainties, our competitive advantages and resilient business model have translated into returns for shareholders and other stakeholders.

Consistent demand

We are exposed to perennial industries that are essential for society and that have benefited from the recovery of the global economy. In order to manage the increase in demand, we prepared the operations with measures to promote greater production flexibility between plants and efficiencies in the operations, we hired employees and turned on equipment. However, despite the growth in our volumes, the solid economic indicators have not yet fully materialized into sales, due to the restrictions in the supply chains. Consequently, there was a rescheduling of production, which led to less cost dilution and impact on our margins.

Therefore, in addition to the payments provided for in the contracts, the Company has concentrated its efforts on anticipating payments and recovering costs incurred in previous quarters. This is due to the sudden and atypical increase in material prices observed in the last 12 months.

On the other hand, the discrepancy between supply and demand has generated two important effects, with positive consequences on our volumes for the coming years: (i) creation of pent-up demand and (ii) expressive reduction in our customers' inventory levels, and consequent need for restocking. These factors are expected to be driven by the growth of the economy and several infrastructure programs.

Operational coverage on three continents

On October 1, we announced the conclusion of the acquisition of Teksid's iron foundry units located in Brazil and Portugal. As a result of the integration, we have increased our production capacity by about 40%, and strengthened our global leadership and position as a strategic partner in the development of structural components that will be used in the decades to come.

We are now focused on implementing several opportunities for process improvements, capturing synergies and economies of scale in all areas, as well as understanding possible investment and working capital needs. Regarding production, we will focus the operations on the most efficient lines, according to each plant's vocation, besides sharing the best manufacturing and production engineering practices, optimizing the use of equipment and raw materials, contributing to the increase of quality and competitiveness.

Enabling present and future

The engineering and process knowledge acquired over the Company's existence, as well as the investment capacity, will allow it to capture new opportunities arising from the outsourcing trend. This also includes the advance in our offer of value-added services, such as component assembly and machining, with new contracts already confirmed for 2022.

Tupy Up and Tupy Tech's initiatives continue to advance, and the ecosystem has been expanded. Recently, we launched our open innovation portal, another way for us to connect with universities, researchers, startups, senior companies, students. The website brings together challenges that demand innovative and customized solutions. In partnerships, we have just applied for a patent for a new cast iron engine block concept that weighs about 5% less than aluminum. This solution is a great alternative for hybrid vehicles and will be presented at international motor conferences.

Tupy's current and future solutions have a common purpose: to dedicate the application of our technological knowledge to essential needs, contributing to the decarbonization journey of our customers towards the sustainable development.

SUMMARIZED RESULTS

Consolidated (R$ thousand)

SUMMARY	3Q21	3Q20	Var. [%]	9M21	9M20	Var. [%]
Revenues	**1,833,810**	**1,250,336**	**46.7%**	**5,023,518**	**2,987,772**	**68.1%**
Cost of goods sold	(1,489,915)	(968,545)	53.8%	(4,204,756)	(2,520,135)	66.8%
Gross Profit	**343,895**	**281,791**	**22.0%**	**818,762**	**467,637**	**75.1%**
% on Revenues	*18.8%*	*22.5%*		*16.3%*	*15.7%*	
Operating expenses	(126,619)	(102,532)	23.5%	(368,047)	(275,720)	33.5%
Other operating expenses	(26,669)	(19,653)	35.7%	(126,166)	(74,652)	69.0%
Impairment expenses	-	-	-	-	(37,804)	-
Income before Financial Result	**190,607**	**159,606**	**19.4%**	**324,549**	**79,461**	**308.4%**
% on Revenues	*10.4%*	*12.8%*		*6.5%*	*2.7%*	
Net financial income (loss)	(1,236)	(2,782)		(116,411)	(247,050)	-52.9%
Income (Loss) before Tax Effects	**189,371**	**156,824**	**20.8%**	**208,138**	**(167,589)**	**-**
% on Revenues	*10.3%*	*12.5%*		*4.1%*	*-5.6%*	
Income tax and social contribution	(64,221)	(28,795)	123.0%	(66,404)	5,280	-
Net Income (Loss)	**125,150**	**128,029**	**-2.2%**	**141,734**	**(162,309)**	**-**
% on Revenues	*6.8%*	*10.2%*		*2.8%*	*-5.4%*	
EBITDA (CVM Inst. 527/12)	**276,323**	**248,756**	**11.1%**	**590,470**	**342,257**	**72.5%**
% on Revenues	*15.1%*	*19.9%*		*11.8%*	*11.5%*	
Adjusted EBITDA	**288,980**	**257,474**	**12.2%**	**673,770**	**419,737**	**60.5%**
% on Revenues	*15.8%*	*20.6%*		*13.4%*	*14.0%*	
Average exchange rate (R$/US$)	**5.23**	5.38	**-2.8%**	**5.33**	5.08	**5.0%**
Average exchange rate (R$/€)	6.16	6.29	-2.0%	6.38	5.72	11.5%

PHYSICAL SALES VOLUME

Consolidated (metric tons)

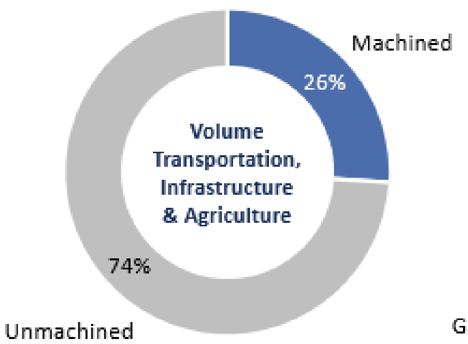
	3Q21	3Q20	Var. [%]	9M21	9M20	Var. [%]
Domestic Market	**30,420**	**20,425**	**48.9%**	**85,382**	**50,190**	**70.1%**
Transportation, Infrastructure, and Agriculture	27,033	17,100	58.1%	75,175	42,531	76.8%
Hydraulics	3,387	3,325	1.9%	10,207	7,659	33.3%
Foreign Market	**101,348**	**88,358**	**14.7%**	**302,494**	**230,345**	**31.3%**
Transportation, Infrastructure, and Agriculture	98,180	86,450	13.6%	292,520	224,972	30.0%
Hydraulics	3,168	1,908	66.1%	9,974	5,373	85.6%
Total Physical Sales	**131,768**	**108,782**	**21.1%**	**387,876**	**280,535**	**38.3%**

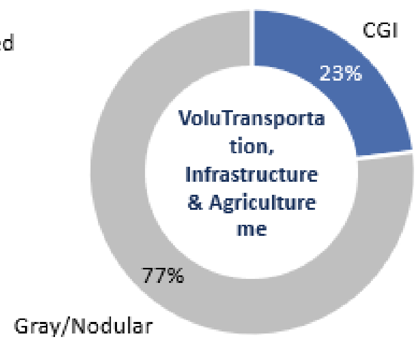
Volumes follow the recovery trajectory, presenting in 3Q21 a 21% growth in relation to the same period of the previous year, due to, mainly, by the following factors:

- An 58% growth in domestic sales to the Transportation, Infrastructure and Agriculture segments, resulting from the economy upturn and the increase in indirect exports;
- In the foreign market, an increase of 14% in sales to the Transportation, Infrastructure and Agriculture segments due to positive market performance, especially in applications for off-road and medium and heavy commercial vehicles;
- In the Hydraulic segment, a 66% increase, in the foreign market, reflecting the economic recovery and price adjustments.

Share of CGI (Compacted Graphite Iron) and machining:

Partially or fully machined goods accounted for 26% of the portfolio of the Transportation, Infrastructure and Agriculture segment, in line with the same period last year. In terms of sales by type of goods, CGI accounted for 23% of the total compared to 27% in 3Q20. This decrease reflects a product mix more affected by the reduced availability of semiconductors.





REVENUES

Compared to the same period in 2020, revenues increased 47%, with **revenue/kilo rising 21% over 3Q20**.

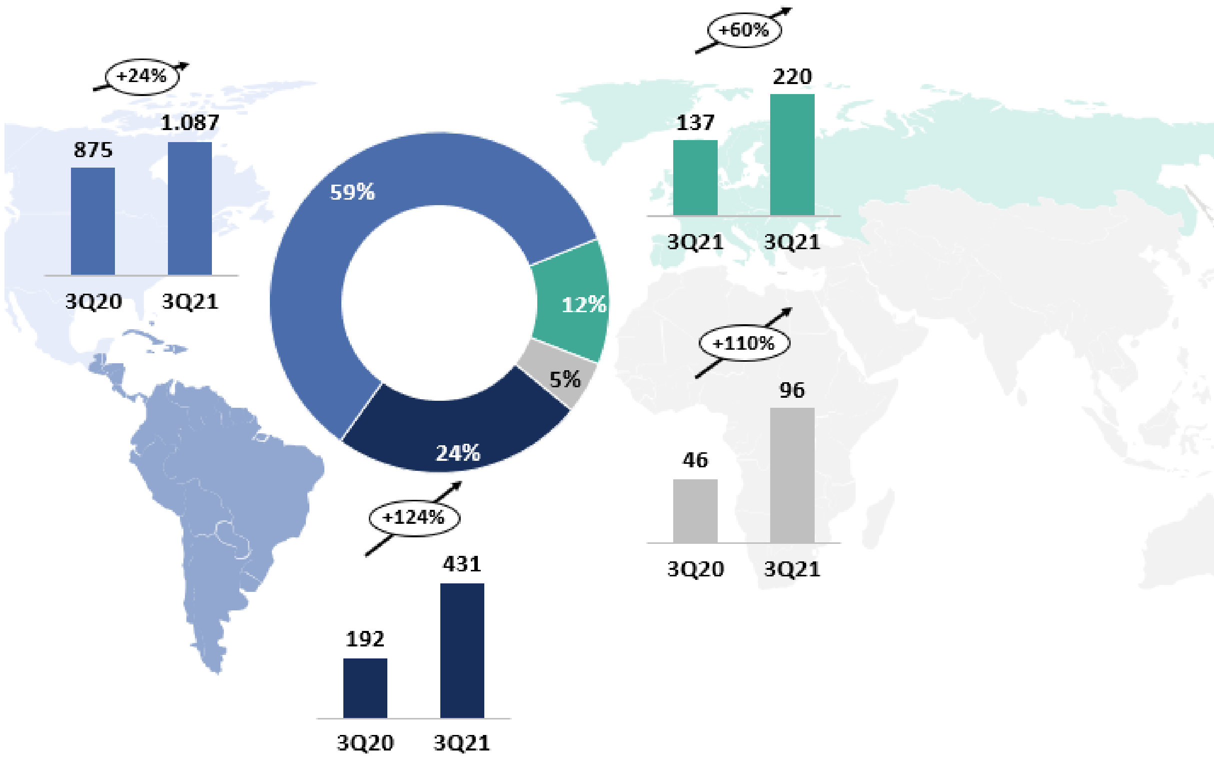
Consolidated (R$ thousand)

	3Q21	3Q20	Var.[%]	9M21	9M20	Change
Revenues	**1,833,810**	**1,250,336**	**46.7%**	**5,023,518**	**2,987,772**	**68.1%**
Domestic market	413,443	186,344	121.9%	1,043,046	447,975	132.8%
Share (%)	*22.5%*	*14.9%*		*20.8%*	*15.0%*	
Foreign market	1,420,367	1,063,992	33.5%	3,980,472	2,539,797	56.7%
Share (%)	77.5%	*85.1%*		79.2%	*85.0%*	
Revenues by segment	**1,833,810**	**1,250,336**	**46.7%**	**5,023,518**	**2,987,772**	**68.1%**
Transportation, Infrastructure, and Agriculture	1,741,386	1,193,894	45.9%	4,781,228	2,855,990	67.4%
Share (%)	*95.0%*	*95.5%*		*95.2%*	*95.6%*	
Hydraulics	92,424	56,442	63.8%	242,290	131,782	83.9%
Share (%)	*5.0%*	*4.5%*		*4.8%*	*4.4%*	

Revenues by market and performance in the period

In 3Q21, 59% of revenues originated in North America. The South and Central Americas accounted for 24%, and Europe for 12% of the total. The remaining 5% 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 that region meets the global demand for commercial vehicles, machinery, and equipment.



Consolidated (R$ thousand)

	3T2021	3Q20	Var. [%]	9M21	9M20	Var. [%]
Revenues	**1,833,810**	**1,250,336**	**46.7%**	**5,023,518**	**2,987,772**	**68.1%**
Domestic Market	**413,443**	**186,344**	**121.9%**	**1,043,046**	**447,975**	**132.8%**
Transportation, Infrastructure and Agriculture	**362,611**	**150,326**	**141.2%**	**908,878**	**367,037**	**147.6%**
Passenger cars	46,994	34,356	36.8%	119,668	75,027	59.5%
Commercial vehicles	254,853	89,709	184.1%	621,647	226,805	174.1%
Off-road	60,764	26,261	131.4%	167,563	65,205	157.0%
Hydraulics	**50,832**	**36,018**	**41.1%**	**134,168**	**80,938**	**65.8%**
Foreign Market	**1,420,367**	**1,063,992**	**33.5%**	**3,980,472**	**2,539,797**	**56.7%**
Transportation, Infrastructure and Agriculture	**1,378,775**	**1,043,568**	**32.1%**	**3,872,349**	**2,488,953**	**55.6%**
Passenger cars	61,249	53,343	14.8%	185,202	114,621	61.6%
Light commercial vehicles	544,443	559,495	-2.7%	1,580,648	1,178,298	34.1%
Medium and heavy commercial vehicles	334,084	206,612	61.7%	956,379	532,602	79.6%
Off-road	438,999	224,118	95.9%	1,150,119	663,433	73.4%
Hydraulics	**41,592**	**20,424**	**103.6%**	**108,123**	**50,844**	**112.7%**

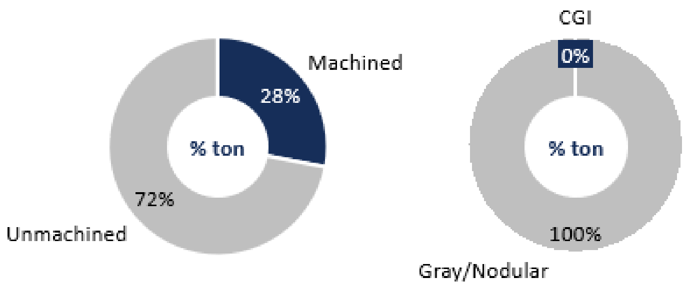
Note: The division among applications considers our best assumption for cases in which the same product is in two applications.

In addition to the pass-through of material costs, experienced in all segments, revenues for the period were impacted by the following factors.

DOMESTIC MARKET (DM)

Passenger cars

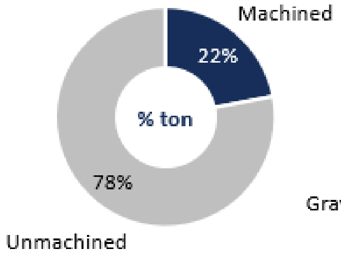
Δ % Revenues	% Revenues	% Revenues DM
37% ▲	3%	11%

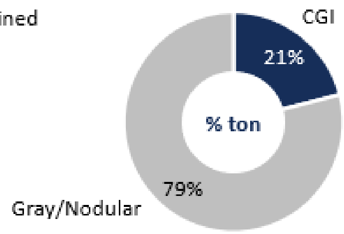


Sales revenues for this application recorded a 37% increase in the quarter over the same period last year, reflecting, among other factors, the performance of customers who have increased market share.

Commercial vehicles

Δ % Revenues	% Revenues	% Revenues DM
184% ▲	14%	62%

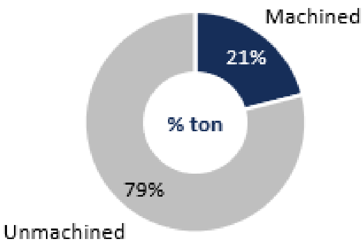


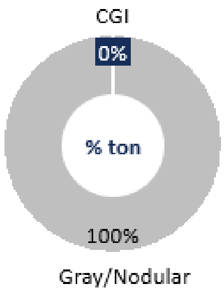


Revenues from commercial vehicle applications increased 184% compared to the same period of the previous year, due to increased demand in the domestic market and indirect exports, with the production of some customers directed to plants located in Brazil.

Off-road

Δ % Revenues	% Revenues	% Revenues DM
131% ▲	3%	15%

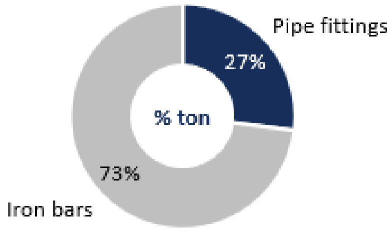




Tupy's revenues from machine and off-road vehicle sales advanced 131% in 3Q21, mainly due to the positive performance of the Brazilian market, indirect export opportunities and product ramp-up.

Hydraulics

Δ % Revenues	% Revenues	% Revenues DM
41% ▲	3%	12%

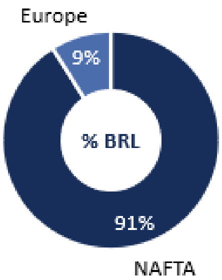


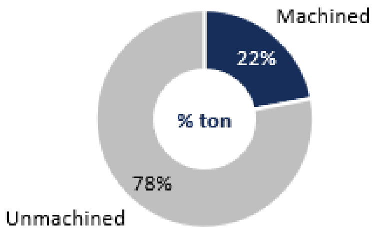
During the third quarter of 2021, sales revenues in the Hydraulics segment presented an increase of 41% compared to the same period of 2020, mainly due to increased demand for iron bars and price adjustments.

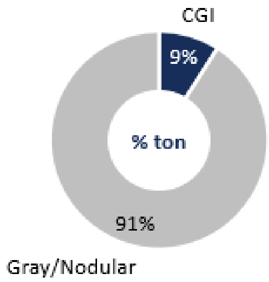
FOREIGN MARKET (EM)

Passenger cars

Δ % Revenues	% Revenues	% Revenues FM
15% ▲	3%	4%



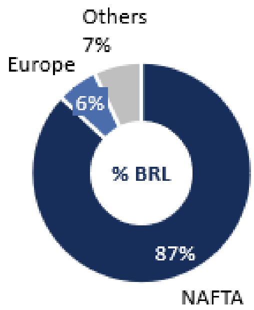


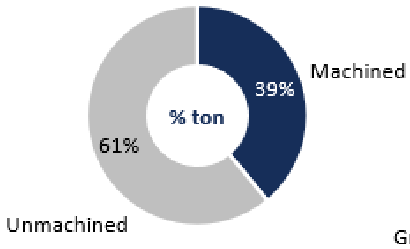


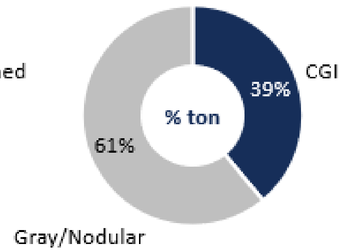
Revenues from products for passenger cars increased by 15% compared to 3Q20, due to mainly by a better product mix.

Light commercial vehicles

Δ % Revenues	% Revenues	% Revenues FM
-3%	30%	38%



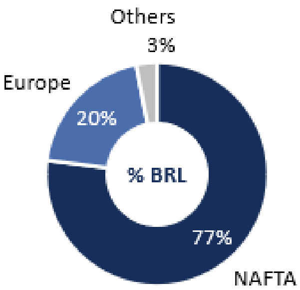


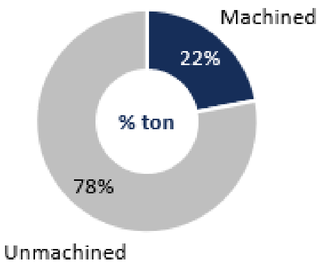


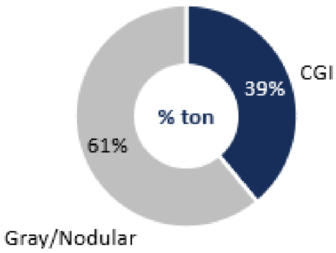
Despite the strong demand for this type of application, reflecting the recovery of some sectors of the economy, especially residential construction and agribusiness, revenues in the period were impacted by temporary customer downtime, due to the lack of semiconductors and other inputs, leading to a 3% decline when compared to 3Q20.

Medium and heavy commercial vehicles

Δ % Revenues	% Revenues	% Revenues FM
62%	18%	24%



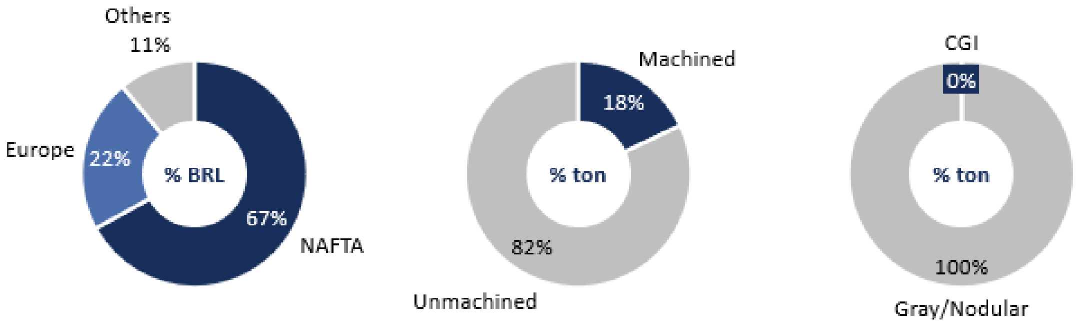




The 62% increase in sales in the third quarter of 2021 was caused mainly by the market recovery over the last 12 months, which reflects the improvement in macroeconomic indicators.

Off-road

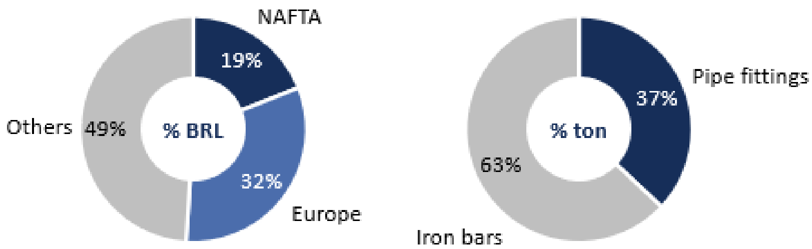
Δ % Revenues	% Revenues	% Revenues FM
96% ▲	24%	31%



Revenues from the off-road segment increased 96% year on year in 3Q21, due to the global recovery and the performance of important segments, such as agriculture and infrastructure.

Hydraulics

Δ % Revenues	% Revenues	% Revenues FM
104% ▲	2%	3%



During the third quarter of 2021, there was an increase of 104% in net revenues from the Hydraulic segment, due to repressed demand from customers located in South America and Europe, and to price adjustments.

COST OF GOODS SOLD AND OPERATING EXPENSES

The cost of goods sold (COGS) totaled R$1,490 million in 3Q21, up 54% over 3Q20.

During this quarter there was a significant increase in raw material costs, compared to the same period last year. In some cases, there was a variation of more than 50% in the last 12 months. In comparison to the immediately preceding quarter (2Q21), the prices of several materials, such as scrap, remained stable. This effect, associated with the transfers of costs related to previous quarters, contributed to the Company's gross profit of R$344 million, **its all-time high.**

Consolidated (R$ thousand)

	3Q21	3Q20	Var. [%]	9M21	9M20	Var. [%]
Revenues	**1,833,810**	**1,250,336**	**46.7%**	**5,023,518**	**2,987,772**	**68.1%**
Cost of goods sold	**(1,489,915)**	**(968,545)**	**53.8%**	**(4,204,756)**	**(2,520,135)**	**66.8%**
Raw material	(911,585)	(519,763)	75.4%	(2,504,572)	(1,235,906)	102.7%
Labor, profit sharing and social benefits	(312,132)	(218,029)	43.2%	(902,366)	(630,552)	43.1%
Maintenance materials and third parties	(98,916)	(85,685)	15.4%	(282,237)	(243,315)	16.0%
Energy	(80,422)	(64,204)	25.3%	(233,557)	(162,369)	43.8%
Depreciation	(68,557)	(75,175)	-8.8%	(213,527)	(218,715)	-2.4%
Other	(18,303)	(5,689)	221.7%	(68,497)	(29,278)	134.0%
Gross profit	**343,895**	**281,791**	**22.0%**	**818,762**	**467,637**	**75.1%**
% on Revenues	*18.8%*	*22.5%*		*16.3%*	*15.7%*	
Operating expenses	**(126,619)**	**(102,532)**	**23.5%**	**(368,047)**	**(275,720)**	**33.5%**
% on Revenues	*6.9%*	*8.2%*		*7.3%*	*9.2%*	

- Increase of 75% in raw material costs due, mainly, to the increase in production volumes and the material inflation observed in the period. 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 43%, mainly, to an increase in the number of employees and overtime work to meet the increase in production volumes and to offset the increase in absenteeism, resulting from the protocols adopted by the company to fight the pandemic. The period was also affected by the negotiation of the annual pay rise date in the year-on-year comparison;

- Increase of 15% in the maintenance and third-party services account due to the impact of inflation and the increase in production volume in the period;

- Increase of 25% in energy expenses due to the increase in production volume and in generation and distribution tariffs in the yearly comparison;

- Depreciation costs were reduced by 8% due, mainly, to the exchange rate appreciation of the real against the dollar;

- Other costs rose R$13 million. The comparison base was affected by the receipt of residual amounts totaling R$9 million from the Reintegra benefit in 3Q20.

Operating expenses, including selling and administrative expenses, reached R$127 million, up 23% year on year due to higher use of freight (driven by higher sales, production flexibilization and negotiation of the annual pay rise date.

OTHER OPERATING INCOME (EXPENSES)

Other net operating expenses reached R$27 million in 3Q21, up 36% over R$20 million in 3Q20.

Consolidated (R$ thousand)

	3Q21	3Q20	Var. [%]	9M21	9M20	Var.[%]
Depreciation of non-operating assets	(154)	(158)	-2.5%	(469)	(491)	-4.5%
Amortization of intangible assets	(13,858)	(10,777)	28.6%	(42,397)	(34,485)	22.9%
Sale of land	-	9,635	-	-	20,135	-
Other	(12,657)	(18,353)	-31.0%	(83,300)	(59,811)	39.3%
Other operating expenses, net	**(26,669)**	**(19,653)**	**35.7%**	**(126,166)**	**(74,652)**	**69.0%**
Impairment of property, plant and equipment	-	-	-	-	(3,404)	-
Impairment of intangible assets	-	-	-	-	34,400	-
Total impairments adjustments	**-**	**-**	**-**	**-**	**(37,804)**	**-**

Expenses related to the amortization of intangible assets showed an increase of 29%, reflecting the increase in the base in relation to the same period of the previous year.

The item "Others" is composed by (i) constitution and updating of provisions in the amount of R$10 million (R$9 million in 3Q20) and (ii) R$3 million expenses related to the sale of unusable assets, write-off of fixed assets and other costs (R$10 million in 3Q20).

NET FINANCIAL INCOME (LOSS)

In 3Q21, the Company recorded a net financial loss of R$1 million, versus a loss of R$3 million in 3Q20.

Consolidated (R$ thousand)

	3Q21	3Q20	Var. [%]	9M21	9M20	Var. [%]
Financial expenses	(35,093)	(45,933)	-23.6%	(159,498)	(156,135)	2.2%
Financial income	7,692	7,513	2.4%	37,679	24,499	53.8%
Monetary and exchange variations, net	26,165	35,638	-26.6%	5,408	(115,414)	-
Net Financial Result	**(1,236)**	**(2,782)**	-55.6%	**(116,411)**	**(247,050)**	-52.9%

Financial expenses were impacted by the depreciation of the real against the U.S. dollar (average exchange rate of R$5.23 in 3Q21 vs. 5.38 in 3Q20), with an effect on interest on dollar-denominated loans. Another factor is the reduction in the amount and cost of debt, given the amortization of loans contracted in March 2020 and the issue of Senior Notes in February 2021, with a 10-year term, impacts that totaled R$25 million. The restatement of the derivative instrument effect used to adjust Eletrobras' receivable credits to present value (with no cash effect) accounted for R$4 million in expenses. Other financial expenses totaled R$6 million in the quarter.

Financial income reached R$8 million in the period, arising from financial investments in reais and restatement of tax credits. The result was mainly influenced by the increase in the interest rate that remunerates financial investments in reais.

Income from net monetary and exchange variations totaled R$26 million due to (i) a positive variation of R$35 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$9 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 income of R$125 million, compared to a net income of R$128 million in 3Q20. The impact of the tax benefit arising from the payment of interest on equity was R$7 million.

Consolidated (R$ thousand)

	3Q21	3Q20	Var. [%]	9M21	9M20	Var. [%]
Income (Loss) before Tax Effects	**189,371**	**156,824**	**20.8%**	**208,138**	**(167,589)**	**-**
Tax effects before currency impacts	(51,938)	(33,818)	53.6%	(61,796)	47,599	-
Income (loss) before the currency effects on the tax base	**137,433**	**123,006**	**11.7%**	**146,342**	**(119,990)**	**-**
Currency effects on the tax base	(12,283)	5,023	-	(4,608)	(42,319)	-89.1%
Net Income (Loss)	**125,150**	**128,029**	**-2.2%**	**141,734**	**(162,309)**	**-**
% on Revenues	*6.8%*	*10.2%*		*-5.4%*	*-5.4%*	

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 3Q21, the Company recorded a non-cash expense of R$12 million.

EBITDA

The combination of the above-mentioned factors resulted in EBITDA of R$276 million, an increase of 11% 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$289 million. **Both represent the highest amounts in the company's history.** Margins came to 15.1% and 15.8%, respectively, in line with historical levels.

	Consolidated (R$ thousand)					
RECONCILIATION OF NET INCOME TO EBITDA	**3Q21**	**3Q20**	**Var. [%]**	**9M21**	**9M20**	**Var. [%]**
Net Income (Loss) for the Year	**125,150**	**128,029**	**-2.2%**	**141,734**	**(162,309)**	**-**
(+) Net financial income (loss)	1,236	2,782	-55.6%	116,411	247,050	-52.9%
(+) Income tax and social contribution	64,221	28,795	123.0%	66,404	(5,280)	-
(+) Depreciation and amortization	85,717	89,150	-3.9%	265,921	262,796	1.2%
EBITDA (CVM Instruction 527/12)	**276,324**	**248,756**	**11.1%**	**590,470**	**342,257**	**72.5%**
% on revenues	*15.1%*	*19.9%*		11.8%	*11.5%*	
(+) Other Net Operating Expenses*	12,657	8,718	45.2%	83,300	39,676	110.0%
(+) Impairment	-	-		-	37,804	
Adjusted EBITDA	**288,980**	**257,474**	**12.2%**	**673,770**	**419,737**	**60.5%**
% on revenues	15.8%	*20.6%*		13.4%	*14.0%*	

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 expenses totaled R$13 million in 3Q21 and refer to (i) constitution and updating of provisions in the amount of R$10 million and (ii) R$3 million expenses related to the sale of unusable assets, write-off of fixed assets and other costs.

As in 2Q21, result in 3Q21 was also impacted by stoppages in the customers' supply chain because of the undersupply of semiconductors and other inputs. These stoppages have affected our processes and resulted in efficiency losses, as well as lower cost dilution, since our structure is sized to meet a volume that has not yet materialized. Meanwhile, the prices of raw materials continue at high levels.

Despite these effects, the 3Q21 EBITDA was benefited by contractual pass-through, related to the strong increase in costs incurred in the first semester, as well as by contractual negotiations. Excluding the one-time effect of these negotiations, the Adjusted EBITDA margin would be close to historical levels of approximately 14%.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Total investments in property, plant and equipment and intangible assets amounted to R$62 million in 3Q21, compared to R$32 million in 3Q20, the comparison basis being affected by the postponement of investments due to the COVID-19 pandemic.

	Consolidated (R$ thousand)					
	3Q21	3Q20	Var. [%]	9M21	9M20	Var. [%]
Property, Plant and Equipment						
Strategic investments	24,291	10,900	122.8%	60,229	28,716	109.7%
Maintenance and renovation	30,623	12,166	151.7%	59,575	54,323	9.7%
Environment	1,859	730	154.7%	8,645	2,119	308.0%
Interest and financial charges	739	355	108.2%	1,542	1,239	24.5%
Intangible assets						
Software	3,328	7,099	-53.1%	7,958	8,584	-7.3%
Projects under development	996	705	41.3%	2,810	2,021	39.0%
Total	**61,836**	**31,955**	**93.5%**	**140,759**	**97,002**	**45.1%**
% on Revenues	*3.4%*	*2.6%*		*2.8%*	*3.2%*	

The amounts refer mainly to new foundry and machining programs, IT and automation systems, and initiatives related to safety and the environment.

WORKING CAPITAL

	Consolidated (R$ thousand)				
	3Q21	2Q21	1Q21	4Q20	3Q20
Balance sheet					
Accounts receivable	1,203,582	972,343	991,661	683,404	836,020
Inventories	997,192	843,982	746,272	754,486	725,452
Accounts payable	838,137	869,932	777,710	616,194	538,689
Sales outstanding [days]	70	62	77	59	74
Inventories [days]	69	65	68	77	76
Payables outstanding [days]	57	66	72	62	57
Cash conversion cycle [days]	**82**	**61**	**73**	**74**	**93**

There was a 21-day increase in working capital in the period in relation to the previous quarter (2Q21), due to the increase in accounts receivable and inventories, and a reduction in the amount of accounts payable. The main lines presented the following variations:

- R$231 million increase in accounts receivables, equivalent to 8 days of sales. The increase in the average term was caused by the 9% exchange rate depreciation (closing rate US$/R$ 5.44 in Sept/21 vs. 5.00 in June/21) when converting to BRL the accounts receivable in foreign currency, which represented about 82% of the amount at the end of September, as well as by the increase in sales in the period;

- An increase of R$ 153 million in inventories, representing a 4-day increase in relation to the cost of goods sold. The exchange rate variation impacted inventories in foreign currency, which corresponded to 53% of the total in 3Q21. The sudden shutdowns of customers, due to a shortage of semiconductors, also contributed to the increase in inventories of finished products, given the maintenance of production;

- A decrease of R$32 million in the accounts payable line, representing a reduction of 9 days, resulting, mainly, from specific actions with suppliers in this period.

CASH FLOW

Consolidated (R$ thousand)

CASH FLOW SUMMARY	3Q21	3Q20	Var.[%]	9M21	9M20	Var.[%]
Cash and cash equivalents at the beginning of the period	**1,265,877**	**1,281,999**	**-1.3%**	**1,425,113**	**840,030**	**69.7%**
Cash from operating activities	(29,316)	155,405	-	23,632	36,478	-35.2%
Cash used in investing activities	(61,375)	(22,154)	177.0%	(146,614)	(94,433)	55.3%
Cash used in financing activities	(144,180)	(6,230)	-	(270,769)	474,874	-
Currency effect on the cash for the year	60,717	24,695	145.9%	60,361	176,766	-65.9%
Increase (decrease) in cash and cash equivalents	**(174,154)**	**151,716**	**-**	**(333,390)**	**593,685**	**-**
Cash and cash equivalents at the end of the period	**1,091,723**	**1,433,715**	**-23.9%**	**1,091,723**	**1,433,715**	**-23.9%**

The Company registered a cash consumption of R$29 million from operating activities, compared to R$155 million generation in 3Q20, due to an increase in working capital, especially in accounts receivable and inventories. And the latter is impacted, mainly, due to the unavailability of semiconductors, resulting in a discrepancy between sales and production. Comparison basis was also affected by tax refunds of R$10 million and the receipt of R$5 million from the land sale in 3Q20.

Regarding investment activities, R$61 million were expended in 3Q21, an increase of 177% compared to the same period of the previous year, resulting from investments in programs and projects related to new products, machining, safety, and the environment.

In terms of financing activities, during 3Q21, there was a consumption of R$144 million compared to R$6 million in 3Q20, impacted by the amortization of bank loans and payment of interest on equity, in the amounts of R$120 million and R$20 million, respectively.

The combination of these factors and the exchange rate variation on cash, in the amount of R$61 million, resulted in a decrease of R$174 million in cash and cash equivalents in the period. Therefore, we ended the third quarter of 2021 with a cash balance of R$1,092 million.

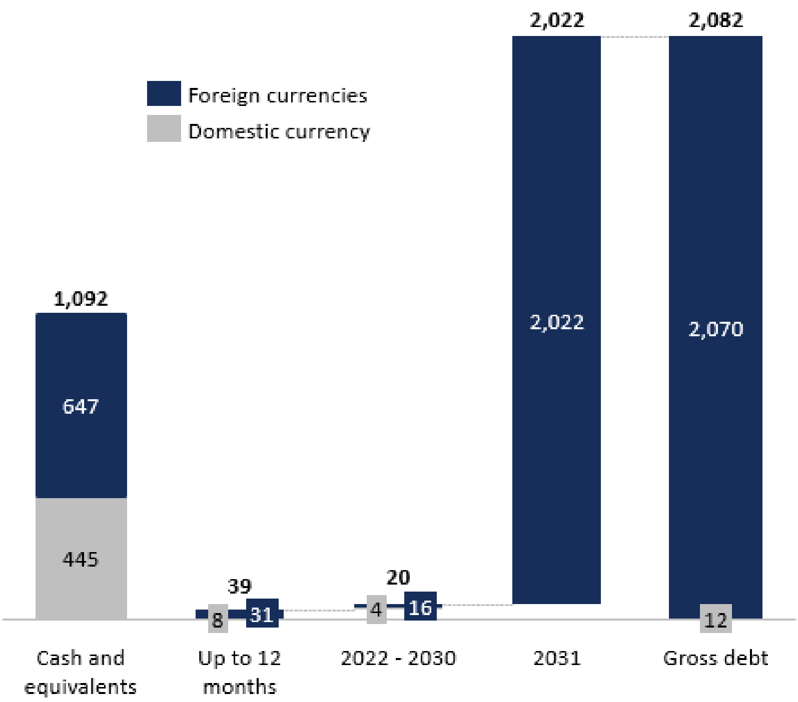
DEBT

The Company ended 3Q21 with net debt of R$990 million and a net debt/Adjusted LTM EBITDA ratio of 1.15x.

Foreign currency debt represents 99% of the total. As for the Company's cash balance, 41% of the total amount is denominated in Brazilian reais and 59% in foreign currency.

	Consolidated (R$ thousand)				
DEBT	**3Q21**	**2Q21**	**1Q21**	**4Q20**	**3Q20**
Short-term	39,370	177,684	164,680	403,629	623,190
Financing and loans	35,204	177,012	158,486	401,924	550,665
Financial instruments and derivatives	4,166	672	6,194	1,705	72,525
Long-term	2,042,549	1,866,329	2,125,644	1,823,618	1,980,553
Gross debt	**2,081,919**	**2,044,013**	**2,290,324**	**2,227,247**	**2,603,743**
Cash and cash equivalents	1,091,723	1,265,877	1,382,887	1,425,113	1,433,715
Financial instruments and derivatives	241	5,978	129	1,236	-
Net debt	**989,955**	**772,158**	**907,308**	**800,898**	**1,170,028**
Gross debt/adjusted EBITDA	2.42x	2.47x	3.58x	3.68x	4.55x
Net debt/Adjusted EBITDA	**1.15x**	**0.93x**	**1.42x**	**1.32x**	**2.05x**

The Company's debt profile is as follows:



All amounts in R$ million.

ACQUISITION OF TEKSID

On October 1, we announced the conclusion of the acquisition of Teksid's iron foundry operations located in Brazil and Portugal. As a result, the company now owns five plants on three continents, with a combined capacity of more than 950,000 tons per year, reinforcing its position with customers as a global partner. In addition to access to new customers and contracts, the transaction will allow the offer of high value-added services, such as machining and assembly of components, gains in operational efficiency through the sharing of best practices, optimization projects and asset flexibility, and synergies in procurement processes.

The integration process between the companies has already begun, including actions aimed at capturing the synergies and the results will be communicated to the market in due course.

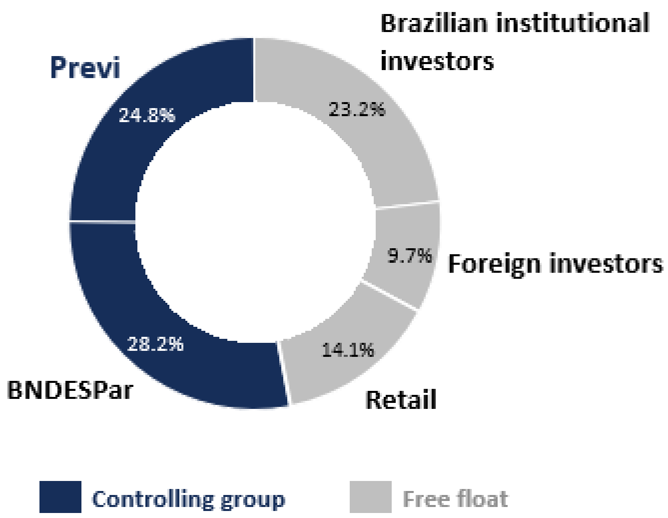
PAYMENT OF INTEREST ON EQUITY (IoE)

The Board of Directors approved the distribution of interest on equity in the amount of R$20.5 million to its shareholders (gross amount), with payment on November 25, 2021. Additionally, it has scheduled a future distribution of the same amount, which will be paid in January 2022, subject to the Company's financial situation and cash requirements for the operation and execution of its strategic planning.

These amounts, added to the amount of R$19.6 million distributed on August 26, 2021, total an IOE payment of R$60.6 million, referring to the year 2021.

OWNERSHIP STRUCTURE

Tupy's ownership structure as of September 30, 2021 was as follows:



Attachment I – Commercial vehicle production and sales in Brazil

			(Units)			
	3Q21	**3Q20**	**Var. (%)**	**9M21**	**9M20**	**Var. (%)**
Production						
Trucks						
Semi-light	567	129	339.5%	1,497	424	253.1%
Light	7,114	4,114	72.9%	19,077	9,460	101.7%
Mdium	2,232	1,366	63.4%	5,864	2,747	113.5%
Semi-heavy	12,772	8,208	55.6%	34,126	17,355	96.6%
Heavy	20,895	9,520	119.5%	57,738	28,089	105.6%
Total trucks	**43,580**	**23,337**	**86.7%**	**118,302**	**58,075**	**103.7%**
Buses	4,241	4,910	-13.6%	14,565	13,884	4.9%
Commercial Vehicles	**47,821**	**28,247**	**69.3%**	**132,867**	**71,959**	**84.6%**
Sales						
Trucks						
Semi-light	2,235	1,324	68.8%	5,582	3,360	66.1%
Light	3,551	2,329	52.5%	9,067	6,206	46.1%
Medium	3,310	2,441	35.6%	8,135	5,962	36.4%
Semi-heavy	9,131	6,374	43.3%	23,521	15,779	49.1%
Heavy	18,327	12,460	47.1%	48,984	31,481	55.6%
Total trucks	**36,554**	**24,928**	**46.6%**	**95,289**	**62,788**	**51.8%**
Buses	3,400	4,253	-20.1%	10,938	9,969	9.7%
Commercial Vehicles	**39,954**	**29,181**	**36.9%**	**106,227**	**72,757**	**46.0%**
Export						
Trucks						
Semi-light	247	67	268.7%	581	92	531.5%
Light	872	665	31.1%	2,487	1,400	77.6%
Mdium	282	130	116.9%	871	347	151.0%
Semi-heavy	1,503	1,241	21.1%	4,614	2,368	94.8%
Heavy	3,024	1,798	68.2%	8,106	4,493	80.4%
Total trucks	**5,928**	**3,901**	**52.0%**	**16,659**	**8,700**	**91.5%**
Buses	961	1,091	-11.9%	2,850	2,817	1.2%
Commercial Vehicles	**6,889**	**4,992**	**38.0%**	**19,509**	**11,517**	**69.4%**

Source: ANFAVEA

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

(Units)

	3Q21	3Q20	Var. (%)	9M21	9M20	Var. (%)
North America						
Production						
Passenger cars	584,522	964,547	-39.4%	1,980,277	2,349,711	-15.7%
Light commercial vehicles – Class 1-3	2,412,430	3,097,797	-22.1%	7,810,727	7,095,298	10.1%
% Light commercial vehicles	**80.5%**	**76.3%**	**+4.2p.p.**	**79.8%**	**75.1%**	**+4.7p.p.**
Light Duty – Class 4-5	26,191	24,274	7.9%	76,782	59,576	28.9%
Medium Duty – Class 6-7	22,119	27,554	-19.7%	79,070	73,083	8.5%
Medium Duty – Class 8	58,712	60,186	-2.4%	191,592	148,891	28.7%
Medium & Heavy Duty	**107,022**	**112,014**	**-4.5%**	**347,444**	**281,550**	**23.4%**
United States						
Sales						
Passenger cars	778,871	910,520	-14.5%	2,731,147	2,524,076	8.2%
Light commercial vehicles – Class 1-3	2,636,013	3,007,253	-12.3%	9,041,294	7,868,966	14.9%
% Light commercial vehicles	**77.2%**	**76.8%**	**+0.4p.p.**	**76.8%**	**75.7%**	**+1.1p.p.**
Light Duty – Class 4-5	33,179	32,739	1.3 %	99,971	89,712	11.4%
Medium Duty – Class 6-7	24,839	25,825	-3.8%	79,368	71,070	11.7%
Medium Duty – Class 8	52,155	51,287	1.7%	163,758	133,994	22.2%
Medium & Heavy Duty	**110,173**	**109,851**	**0.3%**	**343,097**	**294,776**	**16.4%**
Europe						
Sales						
Passenger cars	2,164,756	2,776,309	-22.0%	7,526,613	7,057,927	6.6%

Source: Automotive News; Bloomberg; ACEA

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

	(Units)					
	3Q21	3Q20	Var. (%)	9M21	9M20	Var. (%)
Sales						
Americas						
United States and Canada	89,357	85,517	4.5%	274,379	242,336	13.2%
Europe						
United Kingdom	3,007	2,808	7.1%	9,852	8,269	19.1%

Source: ANFAVEA; Bloomberg; AEM.