4Q20 Highlights

Highest net revenue, gross profit and EBITDA reported by the Company for a fourth quarter, with strong cash generation and lower leverage

- **Revenues:** R$1,269.8 million, up 11.6% over 4Q19;
- **Gross Profit:** R$217.4 million, increasing 24.6% in relation to the same period in 2019. Gross margin reached 17.1% in 4Q20 (vs. 15.3% in 4Q19);
- **EBITDA:** R$224.7 million, 17.7% margin vs. 17.0% in 4Q19. Adjusted EBITDA totaled R$185.5 million, with a margin of 14.6% (vs. 13.4% in the previous year), with results over the past two years were affected by non-recurring revenues;
- **Operational cash generation:** R$255.2 million, corresponding to 113.6% of the EBITDA recorded in the period;
- **Net Income:** R$86.1 million, with a net margin of 6.8% compared to R$72.6 million and a margin of 6.4% in 4Q19;
- **Cash position:** R$1,425.1 million in cash and cash equivalents at the end of the period, higher than before the pandemic, despite debt payments in the amount of R$180.6 million;
- **Leverage:** the net debt/LTM adjusted EBITDA ratio was 1.32x on December 31, 2020, a significant reduction in relation to the peak of the pandemic (2Q20), when this ratio reached 2.65x.

Earnings Conference Call

Date: March 05th, 2021

English/Portuguese

09:00 a.m. (EST) / **11:00** a.m. (BRT)

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MESSAGE FROM MANAGEMENT

We began 2020 discussing the Company's expansion after the announcement of the important step taken with the acquisition of Teksid and many other initiatives that were underway. Throughout the year, we advanced in these actions, even amidst the pandemic, which led us to revise our priorities. We geared our efforts towards preserving the health and safety of people and our business, while maintaining the Company's solid financial position and supplying our customers.

At Tupy, we faced the pandemic by sustaining ourselves on three fundamental pillars: planning, agility in decision-making processes and team engagement. These three points had already been enhanced over the past few years in our search for operational excellence and developing an organizational culture that is even more focused on results, but the Company was put to the test in an unprecedented way over the course of its history.

The Company's solid governance structure, backed by adequate risk management processes, enabled a Crisis Committee to be quickly assembled, in addition to the execution of a set of pre-defined actions that allowed us to take more agile and safe decisions. We call these initiatives our "defense rings" and they are triggered in response to sudden drops in demand to reduce fixed and variable costs. Our defense rings are comprised by the following:

- **Production flexibility:** products are transferred between production lines located in Brazil and Mexico. This way, we concentrated our production efforts on the most efficient lines, allowing margins to be maintained despite the drop in volumes;
- **Operational efficiency:** stoppage of less efficient units and readjustment of working hours;
- **Cost control:** renegotiation of contracts, suspension of non-essential expenses and investments.

The second half of the year was marked by the gradual recovery in volumes and a significant increase in margins, which resulted from a series of projects and initiatives developed and implemented by a high performance team comprised by new managers and executives with experience at the Company and its key processes. Tupy has become a much more agile Company and is able to adapt to various scenarios, such as the one experienced in the fourth quarter in which volumes fluctuated and raw material costs increased.

This resilience was reflected in the results recorded for 2020. Despite the decrease of approximately 31% in physical sales volumes, we showed a rapid recovery in important indicators, which achieved the best result for the second half in the Company's history. In its turn, the EBITDA margin was higher than in 2019 and operational cash generation, reached R$292 million (R$411 million in the second half of 2020, offsetting the cash consumption recorded for the first months of the year). The net debt/LTM Adjusted EBITDA ratio ended the year at 1.32x, a substantial reduction in relation to the peak of the pandemic, when this indicator reached 2.65x. This performance is even more impressive when considering that accumulated EBITDA includes the results for 2Q20, when this number was negative. Cash and cash equivalents ended December 31, 2020 at R$1.4 billion, higher than before the pandemic.

Our revenues and cash generation remain strong, demonstrating that the execution of our strategy was important for the Company to achieve solid results. We operate in perennial and fundamental sectors of society, such as all modalities of cargo transportation, infrastructure, construction, agriculture, and energy. For all these sectors, our technological leadership has been our differential.

People: the great foundation and competitive advantage

We were among the first companies to suspend operations and this allowed us to understand the situation and adapt our structures to comply with sanitary protocols, in addition to seeking the preservation of the physical and psychological health of our employees and their families. Throughout the quarters, we shared with you the initiatives carried out by employees and how we sought to extend them to the community, but what really made us proud is that we concluded the year of 2020 with a very united and committed team. Either at home or at the Company, exercising their duties or on leave of absence, everyone contributed with resilience and this was proved in the results we recorded at the end of the cycle.

Acting with the community

In addition to sponsoring the dissemination of safe information to promote awareness among the population, we immersed ourselves with the needs of communities in Brazil and Mexico, donating Personal Protective Equipment (PPE), food baskets and our knowledge and labor for the maintenance of hospital equipment, production of stretchers and even the development of software used to manage epidemiological data. The volunteers from the *Transformadores Tupy* group also mobilized and participated in these actions. The partnership with our headquarters in Joinville, Santa Catarina, and the municipal government gave rise to the COVID-19 Screening and Testing Center. Over 40,000 people were served held from April to December 2020. Initiatives will continue in 2021 and we will support vaccination and plasma donation, once again, in partnership with local governments.

Our vision of the future

The sectors in which we operate will benefit from the growth and enrichment of the population and urbanization, and the consequent increase this will bring in demand for construction, infrastructure, hydraulic maintenance, energy and food, as well as global trade. The stimulus packages adopted by several countries will also reflect the growth of the economy and demand for our products.

The Company’s future is based on the strength of our engineering, always attentive to market conditions and the possibilities that our acquired knowledge can provide us. For such, we will continue to increase our presence in our customers’ value chain by offering services such as machining and assembling. We will also play an increasingly strategic role in their decarbonization journey by developing complex materials and geometries that will be used in engines powered by fuels such as natural gas, biofuels, and hydrogen, among others.

Throughout its history, Tupy has displayed pioneering spirit and innovation, characteristics that are essential to develop solutions for an even more sustainable life cycle of the new economy, within and outside the markets we are currently part of.

With this objective in mind, we intensified our ecosystem performance, both in terms of our relationship with universities, research institutes and technological partners, as well as with startups that give us the opportunity to learn and teach.

These actions will be detailed and presented throughout 2021 and they are part of Tupy's Sustainability Vision on how we believe we can expand our contribution to building a more social, environmental, and economically sustainable world.

MAIN INDICATORS

Consolidated (R$ Thousand)

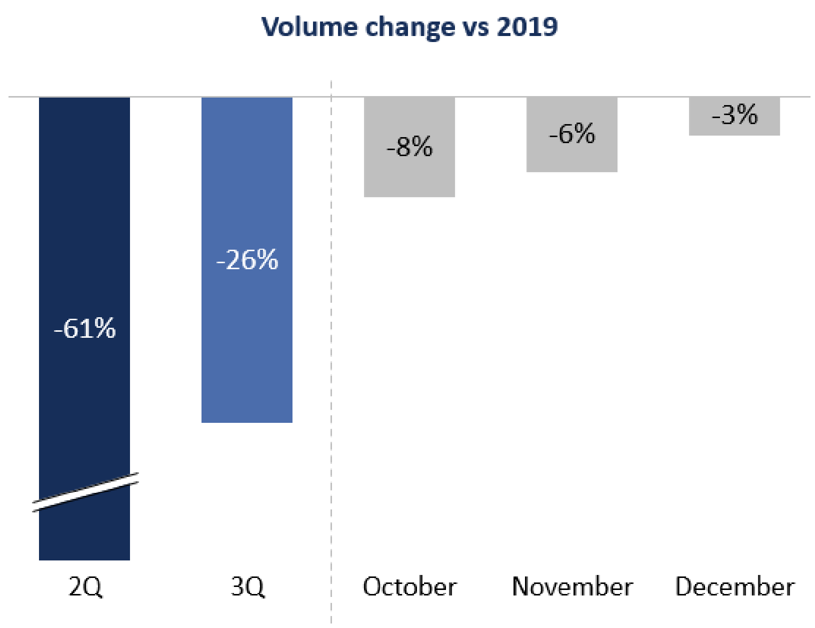
SUMMARY	4Q20	4Q19	Var. [%]	2020	2019	Var.[%]
Revenues	**1,269,824**	**1,138,309**	**11.6%**	**4,257,596**	**5,163,585**	**-17.5%**
Cost of goods sold	(1,052,461)	(963,908)	9.2%	(3,572,596)	(4,328,633)	-17.5%
Gross Profit	**217,363**	**174,401**	**24.6%**	**685,000**	**834,952**	**-18.0%**
% of Revenues	*17.1%*	*15.3%*		*16.1%*	*16.2%*	
Operating expenses	(108,305)	(92,012)	17.7%	(384,025)	(397,172)	-3.3%
Other operating expenses	9,842	70,703	-86.1%	(64,810)	(34,785)	86.3%
Impairments	18,450	(45,484)	-	(19,354)	(46,404)	-58.3%
Income before financial results	**137,350**	**107,608**	**27.6%**	**216,811**	**356,591**	**-39.2%**
% of Revenues	*10.8%*	*9.5%*		*5.1%*	*6.9%*	
Net financial result	(93,887)	(32,485)	189.0%	(340,937)	(18,021)	1,791.9
Income (loss) before tax effects	**43,463**	**75,123**	**-42.1%**	**(124,126)**	**338,570**	**-**
% of Revenues	*3.4%*	*6.6%*		*-2.9%*	*6.6%*	
Income tax and social contribution	42,636	(2,562)	-	47,916	(59,638)	-
Net Income (Loss)	**86,099**	**72,561**	**18.7%**	**(76,210)**	**278,932**	**-**
% of Revenues	*6.8%*	*6.4%*		*-1.8%*	*5.4%*	
EBITDA (CVM Instruction 527/12)	**224,694**	**193,882**	**15.9%**	**566,951**	**682,642**	**-16.9%**
% of Revenues	*17.7%*	*17.0%*		*13.3%*	*13.2%*	
Adjusted EBITDA	**185,479**	**152,202**	**21.9%**	**605,215**	**700,144**	**-13.6%**
% of Revenues	*14.6%*	*13.4%*		*14.2%*	*13.6%*	
Average exchange rate (BRL/USD)	5.39	4.12	31.0%	5.16	3.95	30.7%
Average exchange rate (BRL/EUR)	6.02	4.56	32.0%	5.90	4.42	33.6%

SALES VOLUME

Consolidated (ton)

	4Q20	4Q19	Var. [%]	2020	2019	Var. [%]
Domestic market	**23,397**	**20,156**	**16.1%**	**73,587**	**110,557**	**-33.4%**
Transportation, Infrastructure and Agriculture	20,192	17,200	17.4%	62,723	96,555	-35.0%
Hydraulics	3,205	2,956	8.4%	10,864	14,002	-22.4%
Foreign market	**88,277**	**98,399**	**-10.3%**	**318,622**	**455,615**	**-30.1%**
Transportation, Infrastructure and Agriculture	85,653	94,558	-9.4%	310,625	441,463	-29.6%
Hydraulics	2,624	3,841	-31.7%	7,997	14,152	-43.5%
Total Sales	**111,674**	**118,555**	**-5.8%**	**392,209**	**566,172**	**-30.7%**

After the total or partial stoppage of customers in March, and mainly in April and May, volumes continue on the path of a gradual recovery, which has been observed since June, and we recorded a growth of 2.7% over 3Q20, remaining at similar levels to that of 1Q20, with emphasis on the recovery of applications for commercial vehicles and off-road equipment.

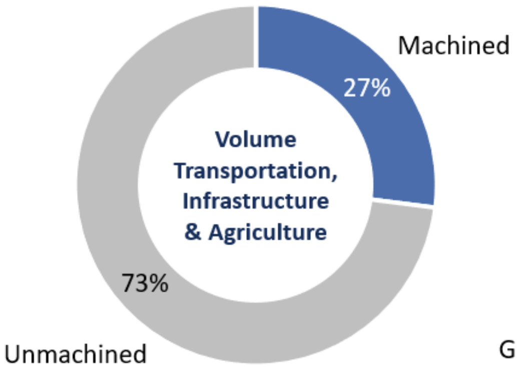


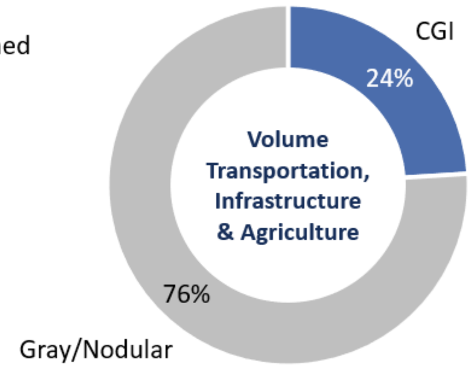
In relation to 4Q19, the result of the period was impacted, mainly, by the following factors:

- An increase of 17.4% in domestic sales for the Transportation, Infrastructure and Agriculture segments due to market recovery and the increase in indirect imports;
- A reduction of 9.4% in foreign market sales for the Transportation, Infrastructure and Agriculture segments due to the phase out of products, as well as adjustments in inventory and production restrictions by customers, mainly impacting applications for light commercial vehicles;
- In the Hydraulic segment, we recorded an increase of 8.4% and a reduction of 31.7%, in the domestic and foreign markets, respectively, reflecting the slower recovery of the European economy.

Share of CGI (Compacted Graphite Iron) and machined goods:

Partially or fully machined goods accounted for 27% of the portfolio of the Transportation, Infrastructure and Agriculture segment (vs 23% in 4Q19). The distribution of goods by type of material also shows that CGI goods accounted for 24% of sales volume, like the amounts recorded for the same period in 2019.





REVENUES

Compared to the same period in 2019, which was not impacted by external factors such as the COVID-19 pandemic, revenues increased 11.6%, with **revenue/kilo rising 18.4% over 4Q19**.

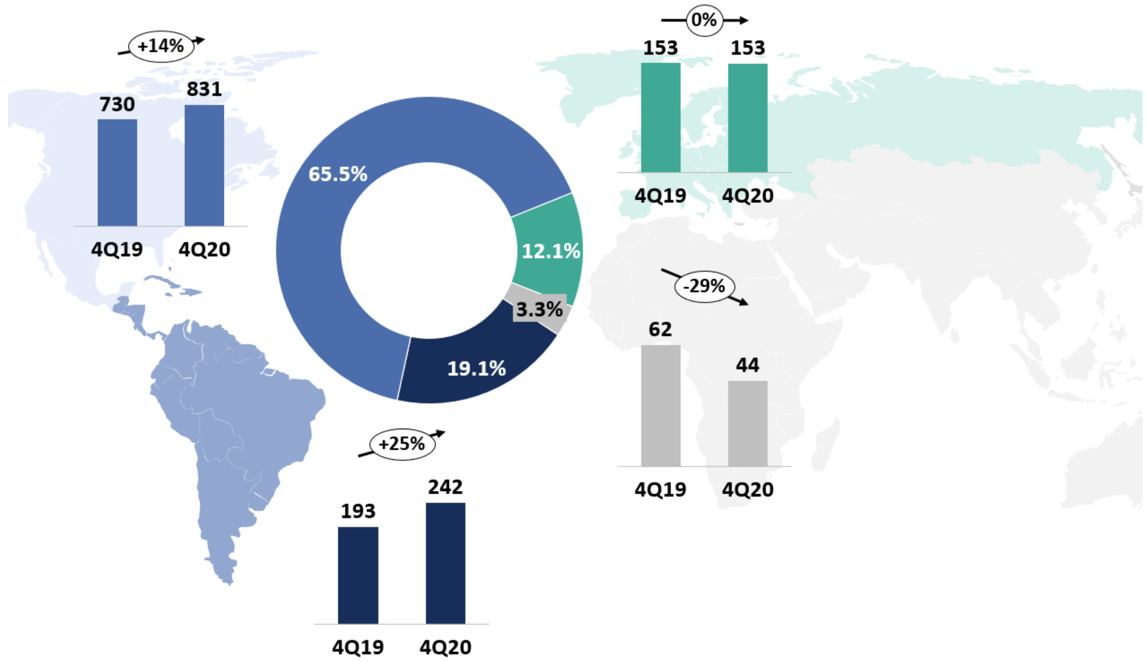
Consolidated (R$ thousand)

	4Q20	4Q19	Var.[%]	2020	2019	Var.[%]
Revenues	**1,269,824**	**1,138,309**	**11.6%**	**4,257,596**	**5,163,585**	**-17.5%**
Domestic Market	230,179	183,467	25.5%	678,154	932,396	-27.3%
Share %	*18.1%*	*16.1%*		*15.9%*	*18.1%*	
Foreign Market	1,039,645	954,842	8.9%	3,579,442	4,231,189	-15.4%
Share %	*81.9%*	*83.9%*		*84.1%*	*81.9%*	
Revenues per segment	**1,269,824**	**1,138,309**	**11.6%**	**4,257,596**	**5,163,585**	**-17.5%**
Transportation, Infrastructure and Agriculture	1,205,875	1,074,633	12.2%	4,061,866	4,922,909	-17.5%
Share %	*95.0%*	*94.4%*		*95.4%*	*95.3%*	
Hydraulics	63,949	63,676	0.4%	195,730	240,676	-18.7%
Share %	*5.0%*	*5.6%*		*4.6%*	*4.7%*	

Revenues by market and performance in the period

In 4Q20, 65.5% of revenues were originated in North America. South and Central America accounted for 19.1% and Europe 12.1%. The remaining 3.3% came from Asia, Africa and Oceania.

It is worth noting that multiple customers 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)

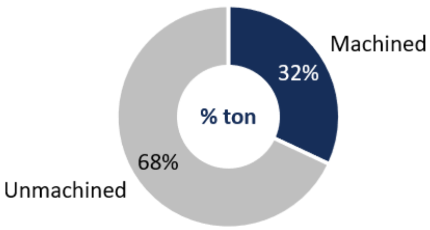
	4Q20	4Q19	Var. [%]	2020	2019	Var. [%]
Revenues	**1,269,824**	**1,138,309**	**11.6%**	**4,257,596**	**5,163,585**	**-17.5%**
Domestic market	**230,179**	**183,467**	**25.5%**	**678,154**	**932,396**	**-27.3%**
Transportation, Infrastructure and Agriculture	**193,126**	**149,683**	**29.0%**	**560,163**	**797,272**	**-29.7%**
Passenger cars	36,356	31,383	15.8%	111,384	174,339	-36.1%
Commercial vehicles	128,790	104,104	23.7%	355,595	540,157	-34.2%
Off-road	27,980	14,197	97.1%	93,185	82,776	12.6%
Hydraulics	**37,053**	**33,784**	**9.7%**	**117,991**	**135,124**	**-12.7%**
Foreign market	**1,039,645**	**954,842**	**8.9%**	**3,579,442**	**4,231,189**	**-15.4%**
Transportation, Infrastructure and Agriculture	**1,012,749**	**924,950**	**9.5%**	**3,501,702**	**4,125,637**	**-15.1%**
Passenger cars	52,346	51,826	1.0%	166,966	223,175	-25.2%
Light commercial vehicles	446,630	469,802	-4.9%	1,624,928	1,993,022	-18.5%
Medium and heavy commercial vehicles	237,125	169,129	40.2%	769,728	803,889	-4.2%
Off-road	276,648	234,192	18.1%	940,080	1,105,552	-15.0%
Hydraulics	**26,896**	**29,892**	**-10.0%**	**77,740**	**105,552**	**-26.3%**

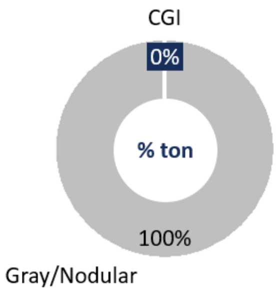
Note: The division among applications considers our best inference for cases in which the same product is categorized in two applications.

DOMESTIC MARKET (DM)

Passenger cars

Δ % Revenues	% Revenues	% Revenues DM
15.8% ▲	2.9%	15.8%

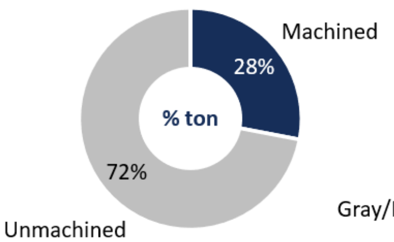


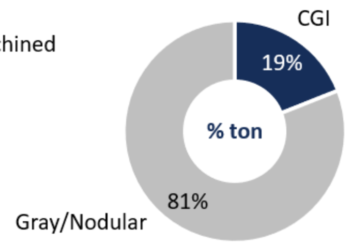


Revenues from sales of passenger cars increased by 15.8% in the quarter on year over year comparison, reflecting the market recovery and inventory rearrangement.

Commercial vehicles

Δ % Revenues	% Revenues	% Revenues DM
23.7% ▲	10.1%	56.0%

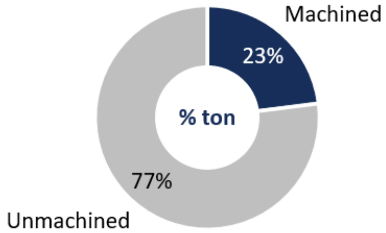


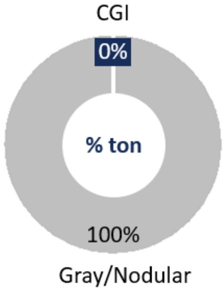


Revenues from commercial vehicle applications increased by 23.7% year over year. In addition to the positive result of truck production in Brazil, our performance in this segment was affected by the increase of our customers' market shares.

Off-road

Δ % Revenues	% Revenues	% Revenues DM
97.1% ▲	2.2%	12.2%

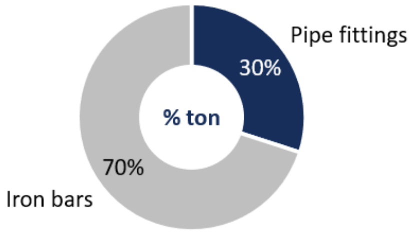




Tupy's revenues from off-road machinery and vehicles sales increased 97.1% in 4Q20, mainly due to indirect export opportunities, the ramp up of one of our products and exchange rate devaluation since some of our contracts are denominated in foreign currency, in addition to a positive performance of the domestic market.

Hydraulics

Δ % Revenues	% Revenues	% Revenues DM
9.7% ▲	2.9%	16.1%

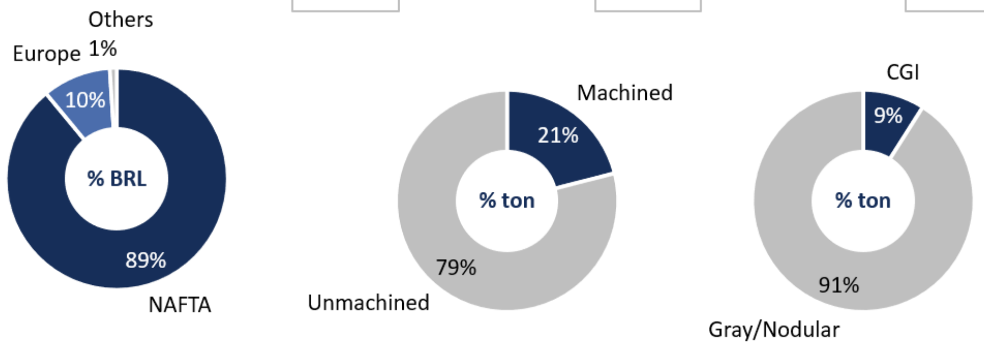


During the fourth quarter of 2020, revenues from sale in the Hydraulics segment increased 9.7% over 4Q19, reflecting the 8.4% increase in physical sales volume and a better product mix.

FOREIGN MARKET (FM)

Passenger cars

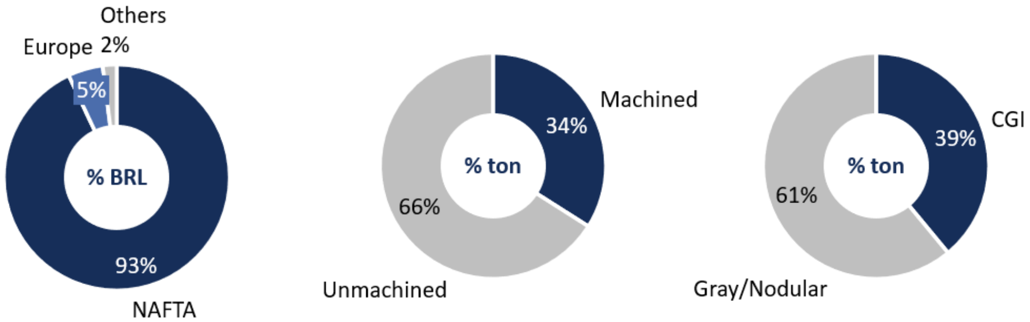
Δ % Revenues	% Revenues	% Revenues FM
1.0% ▲	4.1%	5.0%



Revenues from products for passenger cars increased by 1.0% over 4Q19, impacted by the effects of the pandemic and restriction in our customers' productive capacity due to the scarcity of parts distributed by other suppliers in the chain, which were mitigated by the currency devaluation.

Light commercial vehicles

Δ % Revenues	% Revenues	% Revenues FM
-4.9% ▼	35.2%	43.0%

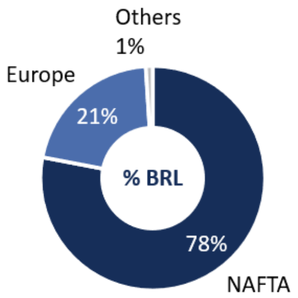


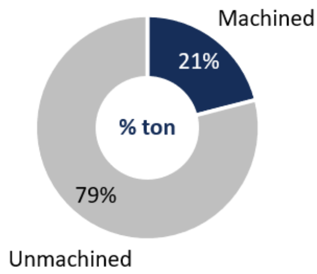
Similar to previous quarters, we observed a high participation of pick-ups and SUVs in the sales of the "light vehicles" category in the USA (77% vs 74% in 4Q19), reflecting the recovery of sectors of the economy that use these applications, such as residential construction and agribusiness,

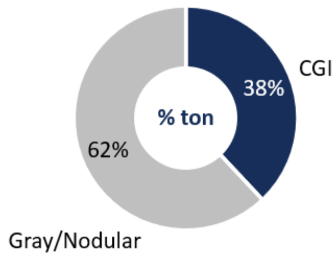
The annual comparison was affected by adjustments in our customer's production line for the launching of new products and to reduce inventories. We also observed a restriction in our customers' productive capacity due to the scarcity of parts distributed by other suppliers in the chain, in addition to the phase out of products.

Medium and heavy commercial vehicles

Δ % Revenues	% Revenues	% Revenues FM
40.2% ▲	18.7%	22.8%



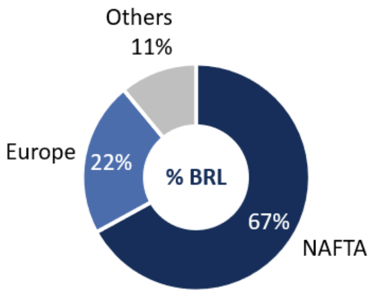


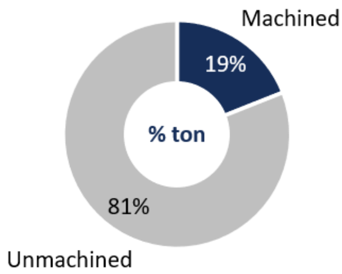


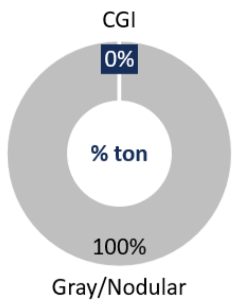
The increase in volumes during 4Q20 was mainly due to the market recovery for this segment, as well as inventory rearrangement and currency devaluation.

Off-road

Δ % Revenues	% Revenues	% Revenues FM
18.1% ▲	21.8%	26.6%



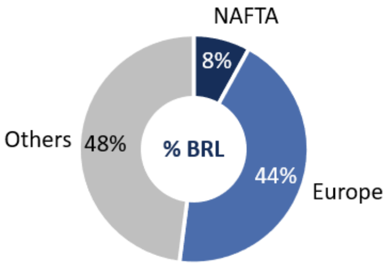


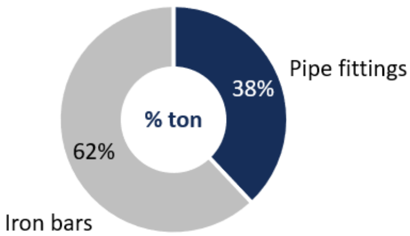


Revenues from the off-road segment increased 18.1% 4Q20 over the same in the quarter in 2019, reflecting the gradual market recovery and inventory rearrangement.

Hydraulics

Δ % Revenues	% Revenues	% Revenues FM
-10.0%	2.1%	2.6%





During the third quarter of 4Q20, net revenues from the hydraulics segment decreased 10.0%, of which 31.7% was due to lower physical volumes which were partially offset by a better product mix and depreciation of the Real.

COST OF GOODS SOLD AND OPERATING EXPENSES

The cost of goods sold (COGS) in 4Q20 totaled R$1,052.5 million, up 9.2% over 4Q19.

This quarter was characterized by a significant increase in raw material costs, especially in Brazil, which in some cases varied by more than 80% in the last 12 months. These impacts were mitigated by several initiatives implemented by the purchasing department, including the development of new suppliers in Brazil and abroad, and projects carried out by a new management team over the past quarters which led to gains in operational efficiencies, such as the transferring of products to more efficient production lines, mathematical models to optimize the use and costs of materials, reduction in waste, stoppage of less efficient equipment and the renegotiation of supply and service contracts, among others.

Despite the inflation in materials and other costs arising from currency devaluation, **gross margin for the period reached 17.1% Gross profit for the quarter, in the amount of R$217.4 million, was the highest recorded by the Company for a fourth quarter in its history.**

Consolidated (R$ thousand)	4Q20	4Q19	Var. [%]	2020	2019	Var.[%]
Revenues	**1,269,824**	**1,138,309**	**11.6%**	**4,257,596**	**5,163,585**	**-17.5%**
Cost of goods sold	**(1,052,461)**	**(963,908)**	**9.2%**	**(3,572,596)**	**(4,328,633)**	**-17.5%**
Raw material	(558,051)	(481,058)	16.0%	(1,793,957)	(2,358,982)	-24.0%
Labor, profit sharing and social benefits	(251,599)	(249,983)	0.6%	(882,151)	(1,031,405)	-14.5%
Maintenance materials and third parties	(95,884)	(90,306)	6.2%	(339,199)	(384,569)	-11.8%
Electricity	(59,903)	(54,951)	9.0%	(222,272)	(245,178)	-9.3%
Depreciation	(73,277)	(66,746)	9.8%	(291,992)	(250,187)	16.7%
Others	(13,747)	(20,864)	-34.1%	(43,025)	(58,312)	-26.2%
Gross Profit	**217,363**	**174,401**	**24.6%**	**685,000**	**834,952**	**-18.0%**
% of Revenues	*17.1%*	*15.3%*		*16.1%*	*16.2%*	
Operating expenses	**(108,305)**	**(92,012)**	**17.7%**	**(384,025)**	**(397,172)**	**-3.3%**
% of Revenues	*8.5%*	*8.1%*		*9.0%*	*7.7%*	

- Costs of raw materials increased 16.0% due to inflation on materials in the period and currency devaluation for inputs used in our Mexican operations, as well as the indirect effect of exchange rates on materials consumed in Brazil. These effects were mitigated by several initiatives that were implemented over the past quarters, such as optimization of the use of materials, reduction of waste, renegotiation of contracts with suppliers, among others;

- Labor costs increased 0.6%, mainly due to collective bargaining agreement for the annual comparison and currency devaluation;

- Maintenance and third-party services increased 6.2%. In addition to the impact of inflation on maintenance materials, the depreciation of the Real against the Dollar also impacted the period;

- Energy costs increased 9.0%. Despite the lower volume produced, energy costs were affected by the increase in distribution and generation tariffs in the annual comparison, as well as by the exchange rate variation since part of the energy contracts in Mexico are denominated in USD.

- Depreciation costs increased 9.8%, mainly because from currency depreciation on foreign assets.

Operating expenses, including administrative and commercial expenses, reached R$108.3 million and increased 17.7% in the annual comparison due to higher use of freight arising from production flexibilization and currency devaluation, in addition to collective bargaining agreement, among other expenses.

OTHER OPERATING INCOME (EXPENSES)

Other net operating expenses reached R$9.8 million in 4Q20, over R$70.7 million in 4Q19.

Consolidated (R$ thousand)

	4Q20	4Q19	Var. [%]	2020	2019	Var. [%]
Depreciation of non-operating assets	(158)	(178)	-11.2%	(649)	(819)	-20.8%
Amortization of intangible assets	(10,766)	(16,283)	-33.9%	(45,251)	(62,868)	-28.0%
Result from sale of real estate assets	-	-	-	20,135	-	-
Others	20,766	87,164	-76.2%	(39,045)	28,902	-
Other operating expenses	**9,842**	**70,703**	**-86.1%**	**(64,810)**	**(34,785)**	**86.3%**
Impairment of property, plant and equipment	-	-	-	(3,404)	(920)	270.0%
Reversal (creation) of impairment of Intangible assets	18,450	(45,484)	-	(15,950)	(45,484)	-64.9%
Total impairment adjustments	**18,450**	**(45,484)**	-	**(19,354)**	**(46,404)**	**-58.3%**

Expenses related to the amortization of intangible assets decreased 33.9% due to a lower asset base because of the impairment on March 2020, in the amount of R$34.4 million.

The "Others" account is comprised of (i) ICMS credits, in the amount of R$58.1 million, over the PIS/COFINS calculation basis, (ii) expenses related to the sale of unusable assets and others, in the amount of R$23.2 million, (iii) constitution and update of provisions, in the amount of R$10.8 million, and (iv) write-offs of fixed assets, in the amount of R$3.3 million.

There was a partial reversal of impairments related to the contractual portfolio with customers (intangible assets) in this quarter, arising from the acquisition of operations in Mexico in April 2012. The reversal, in the amount of R$18.5 million, was caused by higher sales volumes observed at these plants when compared to the volumes originally projected at the time of the acquisition.

NET FINANCIAL INCOME (LOSS)

In 4Q20, the Company recorded net financial loss of R$93.9 million, versus expenses of R$32.5 million in 4Q19.

Consolidated (R$ thousand)

	4Q20	4Q19	Var. [%]	2020	2019	Var. [%]
Financial expenses	(79,395)	(29,717)	167.2%	(235,529)	(120,179)	96.0%
Financial income	15,114	10,307	46.6%	39,612	90,086	-56.0%
Net monetary and exchange rate var.	(29,606)	(13,075)	126.4%	(145,020)	12,072	-
Net Financial Result	**(93,887)**	**(32,485)**	**189.0%**	**(340,937)**	**(18,021)**	**-**

Financial expenses were impacted mainly by the depreciation of the Real against the Dollar (average exchange rate of R$5.39 in 4Q20 vs. R$4.12 in 4Q19) in the period, which affected the recognition of interest on borrowings denominated in USD, as well as the recognition of interest on bank debts assumed in 1Q20, totaling R$37.5 million in the period. The restatement of the derivative instrument effect used to adjust Eletrobras' receivable credits to present value (non-cash effect) accounted for R$37.3 million in expenses. Other financial liabilities in the quarter totaled R$4.6 million.

The financial revenues reached R$15.1 million in the period, originated mainly from financial investments in Reais and restatement of tax credits.

Expenses from net monetary and exchange variations, in the amount of R$29.6 million, was due to (i) negative variation in the balance sheet accounts, in the amount of R$54.8 million and (ii) the result of hedge operations based on the zero-cost collar instrument, corresponding to an revenue of R$25.2 million in the period.

The cash effect of the derivative operations in the quarter was a disbursement of R$46.7 million, which was partially offset by the positive impact of foreign exchange on operating income and foreign exchange variation on cash. On the other hand, the positive effect of the mark-to-market of operations (non-cash effect) was R$71.9 million.

EARNINGS BEFORE TAXES AND NET INCOME

The Company recorded a net income of R$86.1 million in 4Q20, compared to a net income of R$72.6 million in 4Q19.

Consolidated (R$ thousand)

	4Q20	4Q19	Var. [%]	2020	2019	Var. [%]
Income (loss) before tax effects	**43,463**	**75,123**	**-42.1%**	**(124,126)**	**338,570**	**-**
Tax effects before foreign exchange impacts	(3,598)	(14,939)	-75.9%	44,001	(74,856)	-
Income (loss) before tax effects exchange effects on the tax base	**39,865**	**60,184**	**-33.8%**	**(80,125)**	**263,714**	**-**
Exchange effects on the tax base	46,234	12,377	273.5%	3,915	15,218	-74.3%
Net Income (Loss)	**86,099**	**72,561**	**18.7%**	**(76,210)**	**278,932**	**-**
% of Revenues	*6.8%*	*6.4%*		*-1.8%*	*5.4%*	

The tax basis of the assets and liabilities of companies located in Mexico, where the functional currency is the Dollar, are held in Mexican Pesos for their historical values. Fluctuations in exchange rates modify tax bases and, consequently, exchange effects are recognized as deferred income tax profit and/or loss. In 4Q20, non-cash revenues totaled R$46.2 million due to the appreciation of the Mexican peso against the dollar compared to the previous quarter (3Q20).

EBITDA

The combination of the aforementioned factors resulted in EBITDA of R$224.7 million, an increase of 15.9% 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 and sale of land and non-operating assets reached R$185.5 million, **the highest figures for a fourth quarter in the Company's history.**

This result reflects the several initiatives of operational efficiency gains and cost reduction implemented, as well as a product mix with higher added value products, after overcoming the learning curve inherent to operations of this complexity and despite the impacts caused by the increase in raw material costs.

	Consolidated (R$ thousand)					
RECONCILIATION OF NET INCOME TO EBITDA	**4Q20**	**4Q19**	**Var. [%]**	**2020**	**2019**	**Var. [%]**
Net Income (Loss) for the Year	**86,099**	**72,561**	**18.7%**	**(76,210)**	**278,932**	**-**
(+) Net financial result	93,887	32,485	189.0%	340,937	18,021	1,791.9%
(+) Income tax and social contribution	(42,636)	2,562	-	(47,916)	59,638	-
(+) Depreciation and amortization	87,344	86,274	1.2%	350,140	326,051	7.4%
EBITDA (CVM Instruction 527/12)	**224,694**	**193,882**	**15.9%**	**566,951**	**682,642**	**-16.9%**
% of Revenues	*17.7%*	*17.0%*		*13.3%*	*13.2%*	
(+) Other net operating expenses*	(20,765)	(87,164)	-76.2%	18,910	(28,902)	-31.9%
(+/-) Constitution/reversal of impairments	(18,450)	45,484	-	19,354	46,404	-58.3%
Adjusted EBITDA	**185,479**	**152,202**	**21.9%**	**605,215**	**700,144**	**-13.6%**
% of Revenues	*14.6%*	*13.4%*		*14.2%*	*13.6%*	

The adjustments made to EBITDA have the purpose of offsetting 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$20.8 million in 4Q20 and are comprised of (i) ICMS credits, in the amount of R$58.1 million, over the PIS/COFINS calculation basis, (ii) expenses related to the sale of unusable assets and others, in the amount of R$23.2 million, (iii) constitution and update of provisions, in the amount of R$10.8 million, and (iv) write-offs of fixed assets, in the amount of R$3.3 million.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Investments in property, plant and equipment and intangible assets totaled R$39.6 million in 4Q20, versus R$91.5 million in 4Q19.

Consolidated (R$ thousand)

	4Q20	4Q19	Var. [%]	2020	2019	Var. [%]
PP&E						
Strategic investments	12,997	35,637	-63.5%	41,713	130,083	-67.9%
Maintenance and sustenance	20,791	49,184	-57.7%	75,114	122,583	-38.7%
Environment	2,191	4,260	-48.6%	4,310	6,537	-34.1%
Interest and financial expenses	378	495	-23.6%	1,617	1,739	-7.0%
Intangible assets						
Software	1,682	297	466.3%	10,266	5,999	71.1%
Projects under development	1,571	1,666	-5.7%	3,592	3,633	-1.1%
Total	**39,610**	**91,539**	**-56.7%**	**136,612**	**270,574**	**-49.5%**
% of Revenues	*3.1%*	*8.0%*		*3.2%*	*5.2%*	

The 56.7% reduction was caused by the suspension/renewal of projects arising from the Company's strategy to preserve cash. However, we maintained priority for investments related to maintenance, safety, and the environment.

WORKING CAPITAL

Consolidated (R$ thousand)

	4Q20	3Q20	2Q20	1Q20	4Q19
Balance Sheet					
Accounts receivables	683,404	836,020	547,149	796,215	672,356
Inventories	754,486	725,452	765,179	825,971	654,107
Accounts payable	616,194	538,689	343,151	645,820	627,565
Sales outstanding [days]	59	74	47	58	48
Inventories [days]	77	76	77	73	55
Payables outstanding [days]	62	57	35	55	52
Cash conversion cycle [days]	**74**	**93**	**89**	**76**	**51**

The 19-day reduction in working capital observed in the period in relation to the previous quarter (3Q20) was mainly due to the decrease in accounts receivable from customers during the quarter. The main lines presented the following variations:

- A reduction of R$152.6 million in the accounts receivable line, equivalent to 15 days of sales in the period, due to seasonality and sales receipts during 3Q20, which showed a significant recovery in relation to the peak of the crisis. The decrease in the average days was also impacted by the 7.9% currency appreciation (the USD/BRL exchange rate was R$5.64 at the closing of 3Q20 vs. R$5.20 in 4Q20) in the conversion of accounts receivable into foreign currency, which accounted for approximately 86.3% of the total at the end of December 2020;

- Increases in inventory, in the amount of R$29.0 million, resulted in a 1-day increase over the cost of products sold. The Company maintains its strategy of production flexibility between facilities to increase operating efficiency. Throughout the pandemic, inventory levels increased to mitigate any risks related to the shortage 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 67.7% of the total amount in 4Q20;

- An increase of R$77.5 million in accounts payable, corresponding to a 5-day increase over the previous quarter, mainly due to the gradual increase in production which caused an increase in the volume of purchases of raw materials in the period, in addition to the increase in the price of inputs.

CASH FLOW

Consolidated (R$ thousand)

CASH FLOW SUMMARY	4Q20	4Q19	Var.[%]	2020	2019	Var.[%]
Cash and equivalents at the beginning of the period	**1,433,715**	**611,186**	**134.6%**	**840,030**	**713,733**	**17.7%**
Cash from operating activities	255,181	342,016	-25.4%	291,659	566,656	-48.5%
Cash used in investments	(28,335)	(100,863)	-71.9%	(122,768)	(268,547)	-54.3%
Cash from financing activities	(185,157)	(5,155)	3491.8%	289,717	(179,609)	-
Effects of exchange rate on cash for the period	(50,292)	(7,154)	602.9%	126,475	7,797	1522.2%
Increase (decrease) in cash and cash equivalents	**(8,602)**	**228,844**	**-**	**585,083**	**126,297**	**363.3%**
Cash and cash equivalents at the end of period	**1,425,113**	**840,030**	**69.7%**	**1,425,113**	**840,030**	**69.7%**

In 4Q20, the Company generated R$255.2 million in cash from operating activities, over a cash generation of R$342.0 million in 4Q19, with the comparison base impacted by the refund of PIS/COFINS credits, in the amount of R$64.9 million, and the receipt of R$63.0 million in credits from Eletrobrás, both during 4Q19. The Company continues with several initiatives aimed at preserving cash, such as control of fixed costs and expenses, renegotiation of contracts and flexibilization of production lines and several actions geared towards the promotion of gains in operational efficiency, including the redesigning of flows and stoppage of less efficient equipment, among others. In relation to derivatives, adjustments were made to the maturity of cash flow hedge operations (zero cost collar), in the amount of R$46.7 million, which were partially offset by the positive effect of exchange devaluation on operating income. Given the currency protection strategy adopted by the Company over the past few months, no significant adjustment in payments are expected for 2021.

Investment activities consumed R$28.3 million in 4Q20, 71.9% lower than the same period in 2019, due to the strategy to postpone and revaluate investment projects, with priority given to those related to maintenance, safety, and environment.

In terms of financing activities, during 4Q20, we recorded a consumption of R$185.2 million versus R$5.2 million in 4Q19, impacted by the amortization of bank loans, in the amount of R$180.6 million.

The combination between these factors and the negative exchange rate variation on cash, in the amount of R$50.3 million, resulted in a decrease of R$8.6 million in cash in the period. Therefore, we ended the fourth quarter of 2020 with a balance of R$1,425.1 million, higher than before the pandemic.

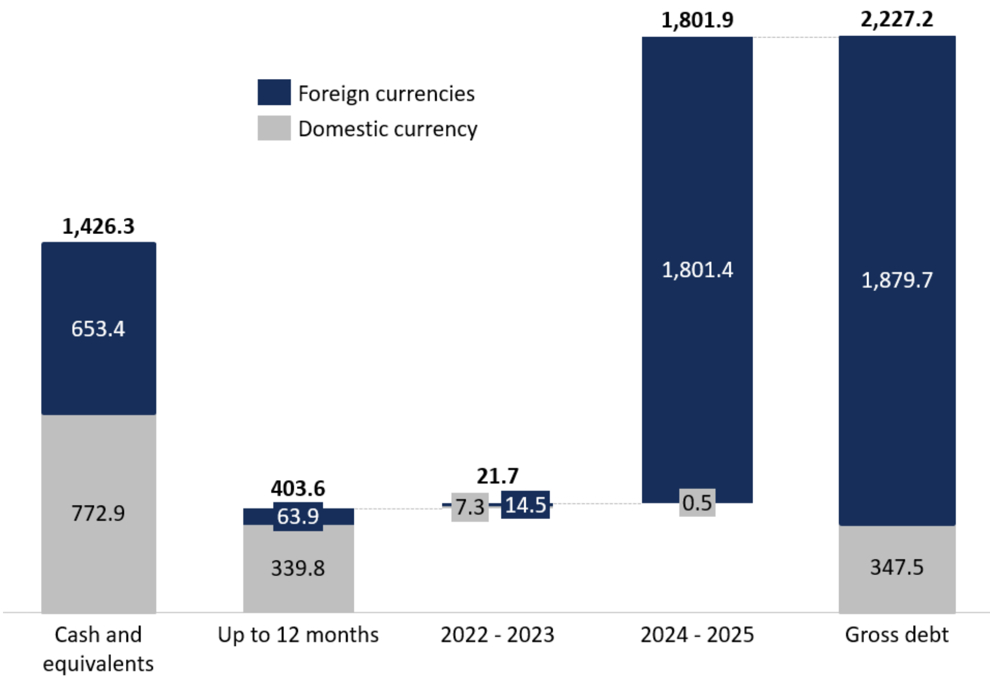
INDEBTEDNESS

The Company ended the fourth quarter of 2020 with net debt of R$800.9 million and a net debt/LTM Adjusted EBITDA ratio of 1.32x.

Liabilities in foreign currency represented 84.4% of the total amount (3.4% short-term and 96.6% long-term debt), while 15.6% of total debt is denominated in BRL (97.8% short-term and 2.2% long-term debt). Regarding the cash balance, 54.2% is denominated in BRL and 45.8% in foreign currency.

	Consolidated (R$ thousand)				
DEBT	**4Q20**	**3Q20**	**2Q20**	**1Q20**	**4Q19**
Short term	403,629	623,190	621,013	651,268	62,920
Financing and loans	401,924	550,665	456,928	420,833	62,920
Derivative financial instruments	1,705	72,525	164,085	230,435	-
Long term	1,823,618	1,980,553	2,043,544	1,948,534	1,421,061
Gross debt	**2,227,247**	**2,603,743**	**2,664,557**	**2,599,802**	**1,483,981**
Cash and cash equivalents	1,425,113	1,433,715	1,281,999	1,364,975	840,030
Derivative financial instruments	1,236	-	-	-	4,751
Net debt	**800,898**	**1,170,028**	**1,382,558**	**1,234,827**	**639,200**
Gross debt/Adjusted EBITDA	3.68x	4.55x	5.11x	3.57x	2.12x
Net debt/Adjusted EBITDA	**1.32x**	**2.05x**	**2.65x**	**1.70x**	**0.91x**

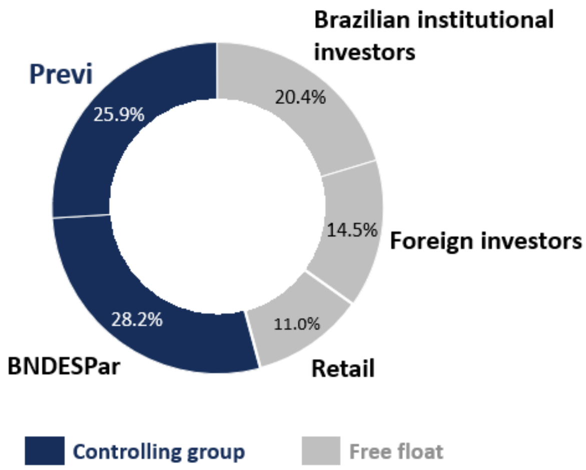
The Company's debt profile is as follows:



All amounts in R$ million.

OWNERSHIP STRUCTURE

Tupy's ownership structure as of December 31, 2020 was as follows:



Attachment I – Commercial vehicle production and sales in Brazil

(Units)

	4Q20	4Q19	Var. (%)	2020	2019	Var. (%)
Production						
Trucks						
Semi-lights	195	165	18.2%	619	968	-36.1%
Light	5,268	4,726	11.5%	14,728	18,011	-18.2%
Medium	1,533	1,037	47.8%	4,280	5,645	-24.2%
Semi-heavy	9,857	6,693	47.3%	27,212	27,138	0.3%
Heavy	16,008	13,403	19.4%	44,097	61,714	-28.5%
Total trucks	**32,861**	**26,024**	**26.3%**	**90,936**	**113,476**	**-19.9%**
Buses	4,521	5,888	-23.2%	18,405	27,671	-33.5%
Commercial vehicles	**37,382**	**31,912**	**17.1%**	**109,341**	**141,147**	**-22.5%**
Sales						
Trucks						
Semi-lights	1,499	1,321	13.5%	4,859	5,079	-4.3%
Light	2,843	3,035	-6.3%	9,049	11,242	-19.5%
Medium	2,395	2,639	-9.2%	8,357	10,069	-17.0%
Semi-heavy	7,341	6,592	11.4%	23,120	23,227	-0.5%
Heavy	12,812	13,493	-5.0%	44,293	51,718	-14.4%
Total trucks	**26,890**	**27,080**	**-0.7%**	**89,678**	**101,335**	**-11.5%**
Buses	3,962	5,736	-30.9%	13,931	20,932	-33.4%
Commercial vehicles	**30,852**	**32,816**	**-6.0%**	**103,609**	**122,267**	**-15.3%**
Exports						
Trucks						
Semi-lights	155	46	237.0%	247	415	-40.5%
Light	880	528	66.7%	2,280	2,394	-4.8%
Medium	246	206	19.4%	593	801	-26.0%
Semi-heavy	1,134	1,204	-5.8%	3,502	3,614	-3.1%
Heavy	2,128	1,730	23.0%	6,621	6,328	4.6%
Total trucks	**4,543**	**3,714**	**22.3%**	**13,243**	**13,552**	**-2.3%**
Buses	1,302	1,917	-32.1%	4,119	7,136	-42.3%
Commercial vehicles	**5,845**	**5,631**	**3.8%**	**17,362**	**20,688**	**-16.1%**

Source: ANFAVEA

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

(Units)

	4Q20	4Q19	Var. (%)	2020	2019	Var. (%)
North America						
Production						
Passenger cars	891,206	1,016,514	-12.3%	3,237,427	4,405,848	-26.5%
Light commercial vehicles – Class 1-3	3,013,200	2,872,774	4.9%	10,029,816	11,958,509	-16.1%
% Light commercial vehicles	**77.2%**	**73.9%**	**+3.3p.p.**	**75.6%**	**73.1%**	**+2.5p.p.**
Light Duty – Class 4-5	21,880	20,138	8.7%	81,456	82,075	-0.8%
Medium Duty – Class 6-7	27,266	29,400	-7.3%	100,349	149,243	-32.8%
Heavy Duty – Class 8	66,136	68,598	-3.6%	215,027	348,043	-38.2%
Medium & Heavy Duty	**115,282**	**118,136**	**-2.4%**	**396,832**	**579,361**	**-31.5%**
United States						
Sales						
Passenger cars	961,099	1,096,892	-12.4%	3,526,065	4,789,942	-26.4%
Light commercial vehicles – Class 1-3	3,231,187	3,198,837	1.0%	11,118,984	12,314,850	-9.7%
% Light commercial vehicles	**77.1%**	**74.5%**	**+2.6p.p.**	**75.9%**	**72.0%**	**+3.9p.p.**
Light Duty – Class 4-5	37,892	34,032	11.3%	127,604	128,000	-0.3%
Medium Duty – Class 6-7	30,049	33,960	-11.5%	101,111	142,506	-29.0%
Heavy Duty – Class 8	58,007	64,677	-10.3%	192,001	276,510	-30.6%
Medium & Heavy Duty	**125,948**	**132,669**	**-5.1%**	**420,716**	**547,016**	**-23.1%**
Europe						
Sales						
Passenger cars	2,884,419	3,120,578	-7.6%	9,942,509	13,028,948	-23.7%

Source: Automotive News; Bloomberg; ACEA

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

	(Units)					
	4Q20	4Q19	Var. (%)	2020	2019	Var. (%)
Production						
Americas						
Brazil	14,791	11,862	24.7%	47,919	53,125	-9.8%
Sales						
Americas						
Brazil	13,803	10,860	27.1%	47,077	43,855	7.3%
United States and Canada	80,119	63,767	25.6%	321,687	276,489	16.3%
Europe						
Germany	11,872	9,032	31.4%	50,766	44,009	15.4%
United Kingdom	2,111	1,913	10.4%	10,380	12,040	-13.8%

Source: ANFAVEA; Bloomberg; AEM.