Quarterly Financial Report

September 30, 2020

Release
Financial Information
Explanatory Notes
Independent auditor´s report

www.tupy.com.br

3Q20 Highlights

Highest operating income, net income and EBITDA in the Company's history.

Earnings Conference Call

Date: October 29, 2020

Portuguese/English

11:00 a.m (Brasília) / **10:00 a.m** (EST)

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- **Revenues:** R$ 1,250.3 million, with progressive recover since June and growth of 93.9% over 2Q20;

- **Product mix:** significant recovery of the percentage of products in CGI and machined, which reached 27% and 26%, respectively (vs. 17%, both in 2Q20);

- **Gross profit:** R$ 281.8 million, with 22.5% gross margin;

- **EBITDA:** R$ 248.8 million, with 19.9% margin. The adjusted EBITDA reached R$ 257.5 million, with a 20.6% margin. This result is mainly due to structural efficiency gains obtained by the management team;

- **Net Income:** R$ 128.0 million, up 92.6% over 3Q19. Cash flow hedge operations (zero-cost collar) and mark-to-market of the financial instrument used to adjust the receivables from Eletrobrás together account for the financial revenue (accounting effect) of R$ 19.8 million;

- **Cash position:** R$ 1,433.7 million, an increase in cash availability of R$ 151.7 million compared to the previous quarter. Operational cash generation reached R$ 155.4 million, stable in relation to 3Q19. The decrease in volumes and the increase in the cash conversion cycle were offset by several management initiatives.

Note: Except when otherwise recorded, comparisons expressed by percentage changes are based on the same period of 2019.

MESSAGE FROM MANAGEMENT

The third quarter of this year was highlighted by the resumption of operations, generating expressive growth in our results, due to the recovery, even if partial, of the markets covered by the Company and the commitment and dedication of our employees, in addition to the support of customers and suppliers.

We are still facing the pandemic and we continue to take care of the people and communities in which we are integrated. The security protocol followed is very rigorous in the plants and we are keeping about 600 people at home identified as risk groups, as well as mothers with children under 10 years old. In addition, the Sorting and Testing Center based in our recreational facilities has already attended more than 20 thousand people, which contributes in an important manner to avoid overwhelming the public health system in the locations where we operate.

We have noticed the gradual recovery of volumes and, mainly, the strong growth of margins, which is the result of a series of projects and initiatives that have been developed over the last years and implemented by a high performance team, composed of new managers and executives with great experience in our key processes.

We have implemented measures to enhance the value of our products and increase efficiency through cost reduction, quality improvement and greater flexibility between lines, allowing the Company to adapt to the change in volumes that is essential to our business. These are the pillars of the Tupy Production System (SPT - Sistema de Produção Tupy), which enables our commercial strategy and positions us as a world reference in the development and manufacturing of structural components of high complexity.

Background of initiatives for permanent gains

One of several actions we have implemented in favor of operational efficiency was in the year 2017, when we stopped the foundry activities at the unit located in Mauá-SP and sold the steel shot unit. From the end of 2018 to the beginning of 2019, we began several large-scale machining projects of highly complex products in Mexico. We have faced some difficulties in the implementation, which are natural in this kind of process and that, in a first moment, caused the revenues from this project were not translated into gains in margins. We have overcome these issues and we are confident that additional services such as machining and component assembly will be an important driver of value in the coming years.

The implementation of new technologies and the use of the concept of open innovation, already used in product development, were also expanded. An example is the development of complex mathematical models that have allowed to optimize the combination of raw materials and equipment parameters, in order to make them more efficient, considering technical and economic criteria. Another project, still in the trial phase, uses artificial intelligence to analyze several parameters and with that, identify, in a predictive way, eventual problems in the process and indicate the necessary improvements, using machine learning techniques. These and other initiatives of insertion of the Industry 4.0 are conducted by a dedicated and highly qualified team, which should bring significant gains in the next years.

We also obtained significant gains with the review of the purchasing processes, led by a new team, which has implemented important changes and adopted global best practices.

Operational efficiency and volume recovery is the key to recovery

The effects of the COVID-19 pandemic had a significant impact on the Company's operations in April and May, due to the customers' stoppage. However, we are overcoming the crisis strengthened and with the sense of mission accomplished in each of the foundations of our plan of action. In this sense, we promote significant changes in the production process in Brazil and Mexico, such as the reallocation of products and equipment between the lines, redesign of flows, daily evaluation of the mix of materials used and the shutdown of less efficient equipment, in addition to the revision of contracts with suppliers of products and services.

These actions combined with the initiatives that were already being implemented, as well as the best product mix and currency devaluation, contributed to the strong performance of margins in this period in which we also achieved the highest operating profit, net profit and EBITDA in Tupy's history, despite the drop in volumes and inflation of materials and other costs. And most importantly, they have provided structural changes to operations, the benefits of which will continue in the coming quarters.

We continued to follow the gradual recovery of physical sales volumes, which in 3Q20 decreased by 26% in the annual comparison, but 79% higher than the previous quarter (2Q20). In September, the decrease was 16% over the same period last year and the net revenue for the month was slightly higher than in 2019. The progressive return of volumes and consequent dilution of fixed costs, as well as the prospect of increased participation of machined products and special alloys will also contribute to the growth of margins over time.

Our position in the ecosystem

This external view, which is a fundamental part of our culture, is also reflected in the development of technological solutions that enable customers to manufacture machines and equipment that build a better world by promoting access to infrastructure, drinking water, sanitation, food, energy, thus improving people's quality of life and life expectancy. We are aware of our importance in the chain and our role in reducing disparity and promoting sustainable growth. We have experienced transformations and our knowledge in engineering, research and development of new materials and complex geometries, with universities and other strategic partners, will be increasingly necessary. We are positioning ourselves for this scenario and we are confident that we will be an increasingly significant player in the chains in which we operate.

MAIN INDICATORS

Consolidated (R$ Mil)

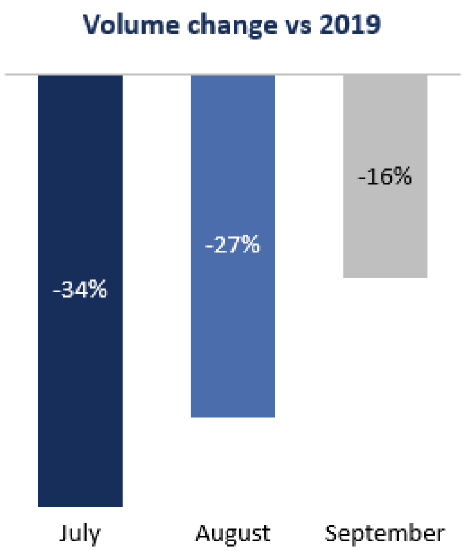
SUMMARY	3Q20	3Q19	Var. [%]	9M20	9M19	Var.[%]
Revenues	**1,250,336**	**1,339,132**	**-6.6%**	**2,987,772**	**4,025,276**	**-25.8%**
Cost of goods sold	(968,545)	(1,095,829)	-11.6%	(2,520,135)	(3,364,725)	-25.1%
Gross Profit	**281,791**	**243,303**	**15.8%**	**467,637**	**660,551**	**-29.2%**
% of revenues	*22.5%*	*18.2%*		*15.7%*	*16.4%*	
Operating expenses	(102,532)	(101,885)	0.6%	(275,720)	(305,160)	-9.6%
Other operating expenses	(19,653)	(34,157)	-42.5%	(74,652)	(105,488)	-29.2%
Impairment expenses	-	(920)	-	(37,804)	(920)	-
Income before financial results	**159,606**	**106,341**	**50.1%**	**79,461**	**248,983**	**-68.1%**
% of revenues	*12.8%*	*7.9%*		*2.7%*	*6.2%*	
Net financial result	(2,782)	8,023	-	(247,050)	14,464	-
Income (loss) before tax effects	**156,824**	**114,364**	**37.1%**	**(167,589)**	**263,447**	**-**
% of revenues	*12.5%*	*8.5%*		*-5.6%*	*6.5%*	
Income tax and social contribution	(28,795)	(47,883)	-39.9%	5,280	(57,076)	-
Net Income (Loss)	**128,029**	**66,481**	**92.6%**	**(162,309)**	**206,371**	**-**
% of revenues	*10.2%*	*5.0%*		*-5.4%*	*5.1%*	
EBITDA (CVM 527/12)	**248,756**	**187,743**	**32.5%**	**342,257**	**488,760**	**-30.0%**
% of revenues	*19.9%*	*14.0%*		*11.5%*	*12.1%*	
Adjusted EBITDA	**257,474**	**206,598**	**24.6%**	**419,737**	**547,942**	**-23.4%**
% of revenues	*20.6%*	*15.4%*		*14.0%*	*13.6%*	
Average exchange rate (USD/BRL)	5.38	3.97	35.5%	5.08	3.89	30.6%
Average exchange rate (USD/BRL)	6.29	4.41	42.5%	5.72	4.37	31.0%

SALES VOLUME

Consolidated (ton)

	3Q20	3Q19	Var. [%]	9M20	9M19	Var. [%]
Domestic market	**20,425**	**29,876**	**-31.6%**	**50,190**	**90,401**	**-44.5%**
Transportation, Infrastructure & Agriculture	17,100	25,756	-33.6%	42,531	79,354	-46.4%
Hydraulics	3,325	4,120	-19.3%	7,659	11,047	-30.7%
Foreign market	**88,358**	**116,836**	**-24.4%**	**230,345**	**357,217**	**-35.5%**
Transportation, Infrastructure & Agriculture	86,450	113,204	-23.6%	224,972	346,906	-35.1%
Hydraulics	1,908	3,632	-47.5%	5,373	0,311	-47.9%
Total sales volume	**108,782**	**146,712**	**-25.9%**	**280,535**	**447,618**	**-37.3%**

After the total or partial stoppage of customers in April and May, volumes continue the path of gradual recovery observed since June and recorded growth of 79.5% in relation to 2Q20, remaining at a level similar to that observed in 1Q20, with emphasis on the recovery of applications for light commercial vehicles. **There was also a reduction in the drop in volumes, in the annual comparison, over the quarter, as shown below:**



In relation to 3Q19, the result of the period was impacted, mainly, by the following factors:

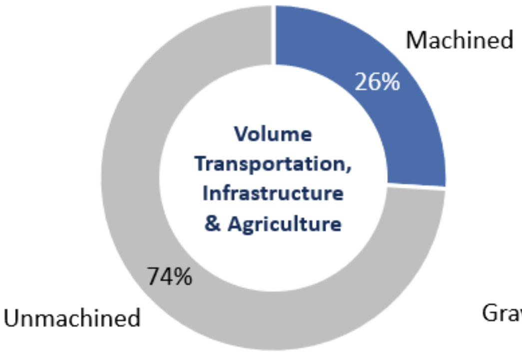
- A 33.6% sales reduction in the segments of Transportation, Infrastructure and Agriculture in the domestic market, due to the effects of the pandemic, including the drop in indirect imports and the product phase-out;

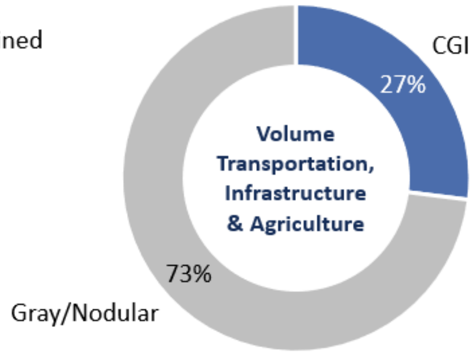
- Drop of 23.6% of sales in the foreign market in the segments of Transport, Infrastructure & Agriculture, reflecting the postponement of investments, with impact, mainly, in applications for off-road equipment;

- In the Hydraulic segment, reductions of 19.3% and 47.5%, in the internal and external markets, reflecting the slower recovery of the European economy.

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

- **Partially or fully machined goods accounted for 26%** of the portfolio of the Transportation, Infrastructure & Agriculture segment **(vs. 26% in 3Q19).** The distribution of goods by type of material also shows that **CGI goods accounted for 27% of sales volume (vs. 22% in 3Q19).**





A significant recovery can be observed in relation to 2Q20, period in which the shares of CGI and machined products reached 17%.

REVENUES

In comparison with the same period of the previous year, which was not impacted by external factors, in 3Q20 revenues showed a reduction of 6.6%, with **revenue/kg increasing 25.9% compared to 3Q19**, mainly due to the better product mix and exchange rate variation.

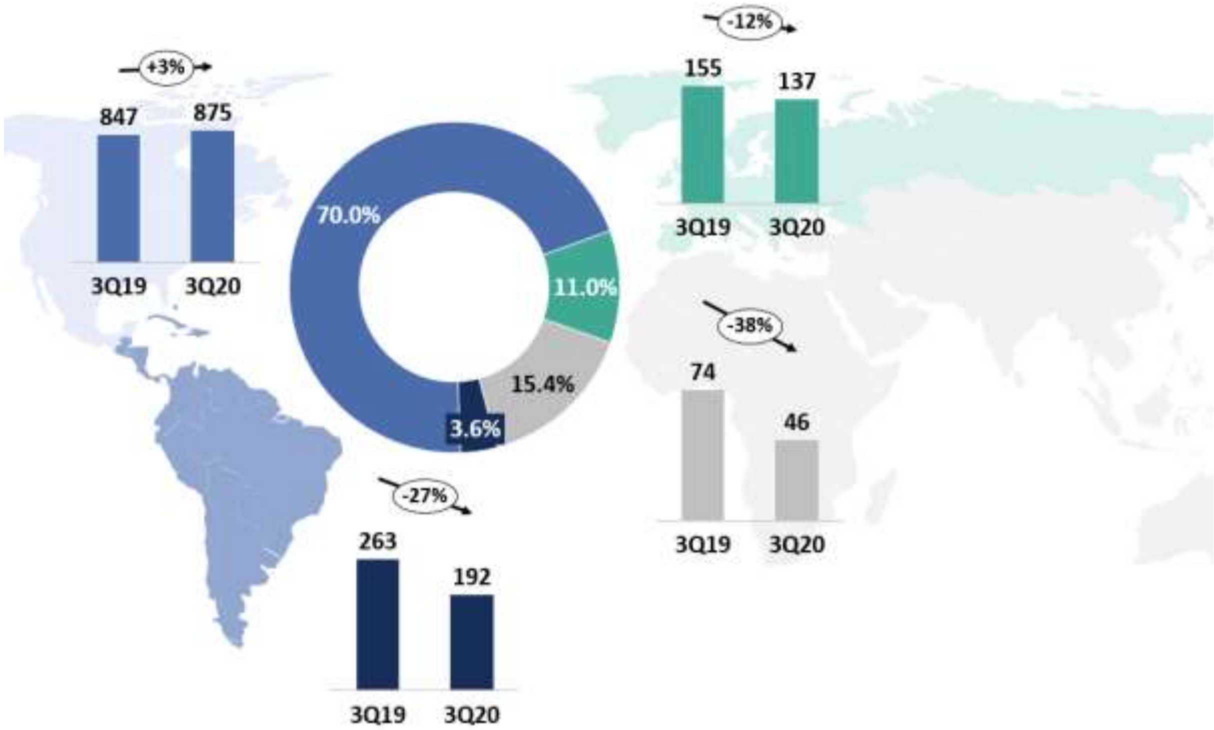
Consolidated (R$ Mil)

	3Q20	3Q19	Var.[%]	9M20	9M19	Var.[%]
Revenues	**1,250,336**	**1,339,132**	**-6.6%**	**2,987,772**	**4,025,276**	**-25.8%**
Domestic market	186,344	252,719	-26.3%	447,975	748,929	-40.2%
Share %	*14.9%*	*18.9%*		*15.0%*	*18.6%*	
Foreign market	1,063,992	1,086,413	-2.1%	2,539,797	3,276,347	-22.5%
Share %	*85.1%*	*81.1%*		*85.0%*	*81.4%*	
Revenues per segment	**1,250,336**	**1,339,132**	**-6.6%**	**2,987,772**	**4,025,276**	**-25.8%**
Transportation, Infrastructure & Agriculture	1,193,894	1,274,346	-6.3%	2,855,990	3,848,276	-25.8%
Share %	*95.5%*	*95.2%*		*95.6%*	*95.6%*	
Hydraulics	56,442	64,786	-12.9%	131,782	177,000	-25.5%
Share %	*4.5%*	*4.8%*		*4.4%*	*4.4%*	

Revenues by market and performance in the period

In 3Q20, 70.0% of revenues were originated in North America. South and Central America accounted for 15.4% and Europe 11.0%. The remaining 3.6% 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$ Mil)

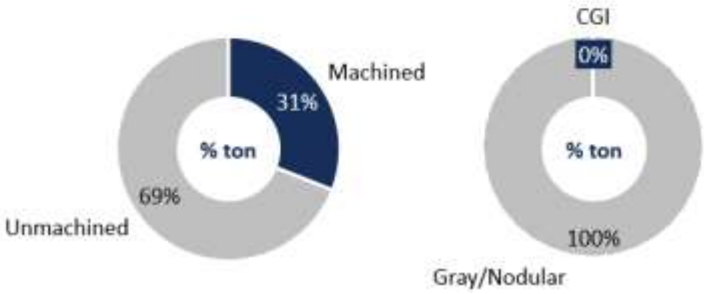
	3Q20	3Q19	Var. [%]	9M20	9M19	Var. [%]
Revenues	**1,250,336**	**1,339,132**	**-6.6%**	**2,987,772**	**4,025,276**	**-25.8%**
Domestic market	**186,344**	**252,719**	**-26.3%**	**447,975**	**748,929**	**-40.2%**
Transportation, Infrastructure & Agriculture	**150,326**	**216,673**	**-30.6%**	**367,037**	**647,589**	**-43.3%**
Passenger Cars	34,356	46,001	-25.3%	75,027	142,956	-47.5%
Commercial vehicles	89,709	148,554	-39.6%	226,805	436,053	-48.0%
Off road	26,261	22,118	18.7%	65,205	68,580	-4.9%
Hydraulics	**36,018**	**36,046**	**-0.1%**	**80,938**	**101,340**	**-20.1%**
Foreign market	**1,063,992**	**1,086,413**	**-2.1%**	**2,539,797**	**3,276,347**	**-22.5%**
Transportation, Infrastructure & Agriculture	**1,043,568**	**1,057,673**	**-1.3%**	**2,488,953**	**3,200,687**	**-22.2%**
Passenger Cars	53,343	57,525	-7.3%	114,621	171,348	-33.1%
Light Commercial Vehicles	559,495	512,052	9.3%	1,178,298	1,523,219	-22.6%
Medium and Heavy Commercial Vehicles	206,612	204,987	0.8%	532,602	634,760	-16.1%
Off road	224,118	283,110	-20.8%	663,433	871,360	-23.9%
Hydraulics	**20,424**	**28,740**	**-28.9%**	**50,844**	**75,660**	**-32.8%**

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

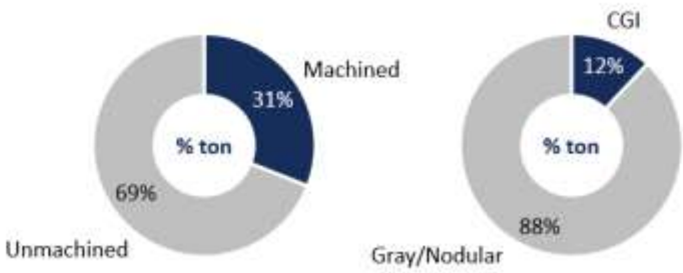
Δ % Revenues	% Revenues	% Revenues DM
-25.3% ▼	2.7%	18.4%



Revenues from sales of passenger cars fell by 25.3% year on year in 2Q20, reflecting the effects of the pandemic, besides the phase out of products.

Commercial Vehicles

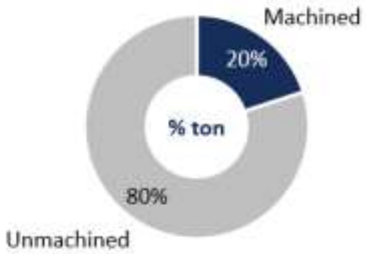
Δ % Revenues	% Revenues	% Revenues DM
-39.6% ▼	7.2%	48.1%

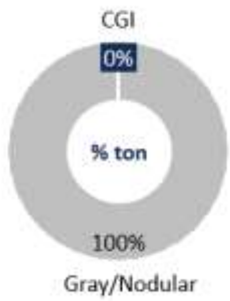


Revenues from commercial vehicle applications decline by 39.6% year over year. In addition to the decrease in truck and bus production in Brazil, performance was affected by the reduction in indirect exports to the European and North American markets.

Off road

Δ % Revenues	% Revenues	% Revenues DM
18.7%	2.1%	14.1%

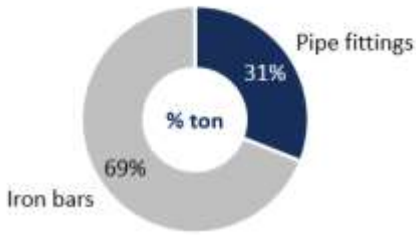




Tupy's revenues from sales of machinery and off-road vehicles advanced 18.7% in 3Q20, mainly due to indirect export opportunities and currency devaluation since some contracts are denominated in foreign currency.

Hydraulics

Δ % Revenues	% Revenues	% Revenues DM
-0.1%	2.9%	19.3%



Revenues from sales in the Hydraulics segment declined by 0.1% year on year in 3Q20. The 19.3% reduction on the physical sales volume was compensated by a better product mix.

FOREIGN MARKET (FM)

Passenger Cars

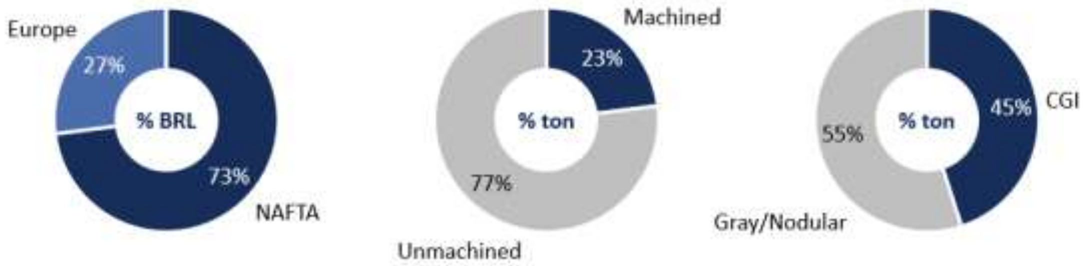
Revenues from products for passenger cars increased by 7.3% over 4Q19, due to the pandemic effects.

Light Commercial Vehicles

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 73% in 3Q19), reflecting the recovery of sectors of the economy that use these applications, such as residential construction and agribusiness, as well as product launches and aggressive commercial conditions offered by manufacturers. The revenue was also impacted by the increased share of products in CGI and the depreciation of the Real.

Medium and Heavy Commercial Vehicles

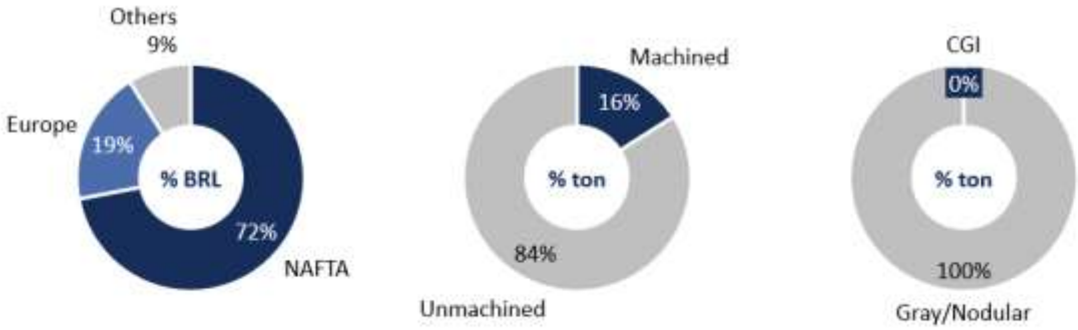
Δ % Revenues	% Revenues	% Revenues FM
0.8% ▲	16.5%	19.4%



The reduction in volumes in the third quarter of 2020 is mainly due to the downturn of relevant markets such as the European and Class 8 trucks in the U.S., offset by the depreciation of the Real and higher percentage of products in CGI. The annual comparison basis was also affected by a customer's stock formation in 3Q19.

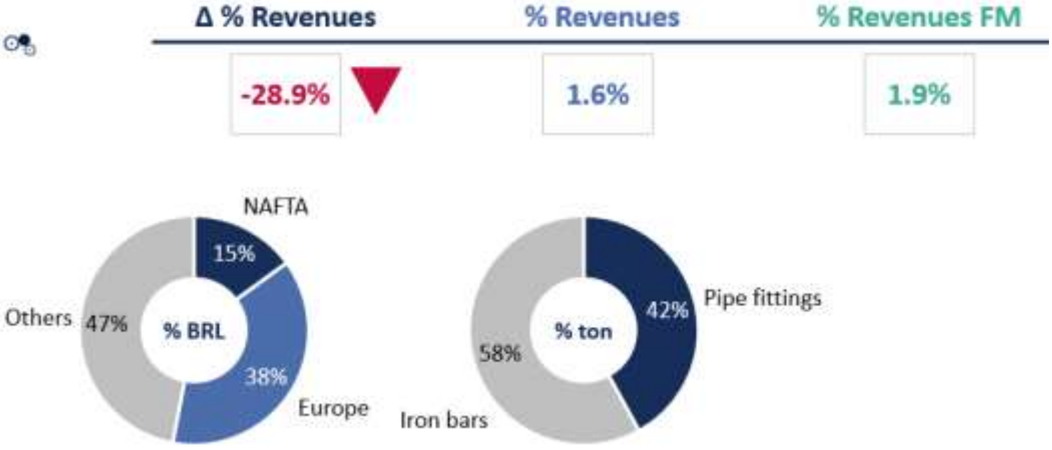
Off road

Δ % Revenues	% Revenues	% Revenues FM
-20.8% ▼	17.9%	21.1%



Sales for off-road applications in 3Q20 registered a drop of 20.8% compared to the same period of 2019, due to the slowdown in demand for this type of application, especially in the oil & gas and non-residential construction segments. The annual comparison was also affected by the effects of pre-purchases and stock building observed in 3Q19.

Hydraulics



During the third quarter of 2020, it was registered a 28.9% drop in net revenue from the hydraulics segment, with a 47.5% drop in physical volume partially compensated by the better mix of products and depreciation of the Real.

COST OF GOODS SOLD AND OPERATING EXPENSES

Cost of goods sold (COGS) in 3Q20 totaled R$968.5 million, down 11.6% from 3Q19.

Over the last quarters, several projects have been implemented by a new management team and have resulted in gains in operational efficiency, such as the transfer of production to better performing lines, the use of mathematical models to optimize the use and cost of materials, waste reduction and review of purchasing processes. To these initiatives were added the review of the production process flows in Brazil and Mexico, the shutdown of less efficient equipment and the renegotiation of numerous product and service supply contracts. These are structural changes whose benefits will be observed over the next quarters.

Despite the reduction in supply and the consequent inflation of materials and other costs resulting from the exchange depreciation, the **gross margin for the period reached 22.5%, the highest value in the Company's history**.

Consolidated (R$ Mil)

	3Q20	3Q19	Var. [%]	9M20	9M19	Var.[%]
Revenues	**1,250,336**	**1,339,132**	**-6.6%**	**2,987,772**	**4,025,276**	**-25.8%**
Cost of goods sold	**(968,545)**	**(1,095,829)**	**-11.6%**	**(2,520,135)**	**(3,364,725)**	**-25.1%**
Raw material	(519,763)	(595,652)	-12.7%	(1,235,906)	(1,877,924)	-34.2%
Labor, profit sharing and social benefits	(218,029)	(263,333)	-17.2%	(630,552)	(781,422)	-19.3%
Maintenance and third parties	(85,685)	(94,623)	-9.4%	(243,315)	(294,263)	-17.3%
Energy	(64,204)	(64,157)	0.1%	(162,369)	(190,227)	-14.6%
Depreciation	(75,175)	(62,150)	21.0%	(218,715)	(183,441)	19.2%
Others	(5,689)	(15,914)	-64.3%	(29,278)	(37,448)	-21.8%
Gross Profit	**281,791**	**243,303**	**15.8%**	**467,637**	**660,551**	**-29.2%**
% of revenues	*22.5%*	*18.2%*		*15.7%*	*16.4%*	
Operating expenses	**(102,532)**	**(101,885)**	**0.6%**	**(275,720)**	**(305,160)**	**-9.6%**
% of revenues	*8.2%*	*7.6%*		*9.2%*	*7.6%*	

- Decrease of 12.7% in raw material costs, due to the drop in volumes. The effect of exchange depreciation on inputs used in Mexican operations as well as the indirect effect on materials consumed in Brazil, in addition to the greater participation of products in CGI (which use more noble inputs), 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;

- A reduction of 17.2% in the labor account, mainly due to a decrease in headcount (restructuring and non-replacement of turnover) and overtime. The adoption of measures to reduce working days and salaries in Brazil (Provisional Measure 936) contributed to a cost reduction of R$27.5 million the period;

- Reduction of 9.4% in the maintenance and third-party services account. The comparison basis was affected by the receipt of overdue credits (PIS/COFINS) in 3Q19, in the amount of R$6.5 million. The impact of inflation and the depreciation of the Real in the period was offset by the reduction of third-party services and renegotiation of contracts;

- Increase of 0.1% in energy costs. 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.

Operating expenses, including administrative and commercial expenses, reached R$ 102.5 million, an increase of 0.6% in the annual comparison, affected by the higher use of freight resulting from the flexibility of production and exchange rate devaluation, as well as the collective bargaining agreement, among other expenses.

OTHER OPERATING INCOME (EXPENSES)

Other net operating expenses reached R$19.7 million in 3Q20, down 42.5% from R$34.2 million in 3Q19.

Consolidated (R$ Mil)

	3Q20	3Q19	Var. [%]	9M20	9M19	Var.[%]
Depreciation of non-operating assets	(158)	(193)	-18.1%	(491)	641	-23.4%
Amortization of intangible assets	(10,777)	(16,029)	-32.8%	(34,485)	(46,585)	-26.0%
Land sale	9,635	-	-	20,135	-	-
Others	(18,353)	(17,935)	2.3%	(59,811)	(58,262)	2.7%
Other operating expenses, net	**(19,653)**	**(34,157)**	**-42.5%**	**(74,652)**	**(105,488)**	**-29.2%**
Impairment of property, plant and equipment	-	(920)	-	(3,404)	(920)	-
Impairment loss of intangible assets	-	-	-	(34,400)	-	-
Total impairments adjustments	**-**	**(920)**	**-**	**(37,804)**	**(920)**	**-**

Expenses related to the amortization of intangible assets decline by 32.8%, due to a decrease in the asset base, as a result of the impairment in December 2019 and March 2020 in the amount of R$45.5 million and R$34.4 million, respectively.

The Company recorded revenues of R$9.6 million related to the sale of non-strategic assets (land) resulting from a long-term partnership for the development of allotment, which was announced in 3Q18. This amount refers to the advance on the project, and the Company will also receive an amount equivalent to 34% of the cash flow from sales of the land and its respective financing portfolio for the lots that will comprise the project.

The line "Others" is comprised of (i) R$8.7 million updating/constituting provisions (vs R$13.8 million in 3Q19), (ii) R$9.6 million related to the sale of fixed assets, non-operating and other costs (vs R$4.1 million in 3Q19).

NET FINANCIAL RESULT (LOSS)

In 3Q20, the Company recorded net financial loss of R$ 2.8 million, versus revenue of R$ 8.0 million in 3Q19.

Consolidated (R$ Mil)

	3Q20	3Q19	Var. [%]	9M20	9M19	Var. [%]
Financial expenses	(45,933)	(38,841)	18.3%	(156,135)	(90,462)	72.6%
Financial income	7,513	34,136	-78.0%	24,499	79,779	-69.3%
Net monetary and exchange rate variations	35,638	12,728	180.0%	(115,414)	25,147	-
Net Financial Income/Loss	**(2,782)**	**8,023**	**-**	**(247,050)**	**14,464**	**-**

Financial expenses were impacted mainly by the depreciation of the Real against the Dollar (average exchange rate of 5.38 in 3Q20 vs. 3.97 in 3Q19) 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 of R$ 494.4 million in March 2020. These effects totaled R$ 40.3 million in the period. The restatement of the derivative instrument effect used to adjust Eletrobras' receivables to present value (with no cash effect) accounted for R$ 3.0 million in expenses. Other financial expenses in the quarter totaled R$ 2.6 million.

The financial revenues reached R$ 7.5 million in the period, originated mainly from financial investments in Reais and restatement of tax credits.

The revenues of net monetary and exchange variations, in the amount of R$ 35.6 million, was due to (i) positive variation in the balance sheet accounts, in the amount of R$ 12.8 million and (ii) the result of hedge operations based on the zero-cost collar instrument, corresponding to an revenue of R$ 22.8 million in the period.

The cash effect of the derivative operations in the quarter was a disbursement of R$ 68.1 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 with maturity up to December 2020 (no cash effect) was R$ 90.9 million.

EARNINGS BEFORE TAXES AND NET INCOME

The Company recorded net income of R$ 128.0 million, compared to net income of R$ 66.5 million in 3Q19, **being the major amount in the Company's history**,

Consolidated (R$ Mil)

	3Q20	3Q19	Var. [%]	9M20	9M19	Var. [%]
Income (loss) before tax effects	**156,824**	**114,364**	**37.1%**	**(167,589)**	**263,447**	**-**
Tax effects before foreign exchange impacts	(33,818)	(42,652)	-20.7%	47,599	(59,917)	-
Income (loss) before exchange effects on the tax base	**123,066**	**71,712**	**71.5%**	**(119,990)**	**203,530**	**-**
Exchange effects on the tax base	5,023	(5,231)	-	(42,319)	2,841	-
Net Income (Loss)	**128,029**	**66,481**	**92.6%**	**(162,309)**	**206,371**	**-**
% of revenues	*10.2%*	*5.0%*		*-5.4%*	*5.1%*	

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 3Q20, revenues recorded R$ 5.0 million, with no cash effect, due to the appreciation of the Mexican peso against the dollar compared to the previous quarter (2Q20).

EBITDA

The aforementioned factors combined resulted in an EBITDA of R$ 248.8 million. Adjusted EBITDA for the effect of the constitution/update of provisions, write-off of property, plant and equipment and sale of land accounted for R$ 257.5 million, **representing the major figures 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, after overcoming the learning curve inherent to operations of this complexity.

Consolidated (R$ Mil)

RECONCILIATION OF NET INCOME TO EBITDA	3Q20	3Q19	Var. [%]	9M20	9M19	Var. [%]
Net Income (Loss) for the Period	**128,029**	**66,481**	**92.6%**	**(162,309)**	**206,371**	**-**
(+) Net financial result	2,782	(8,023)	-	247,050	(14,464)	-
(+) Income tax and social contribution	28,795	47,883	-39.9%	(5,280)	57,076	-
(+) Depreciation and amortization	89,150	81,402	9.5%	262,796	239,777	9.6%
EBITDA (CVM 527/12)	**248,756**	**187,743**	**32.5%**	**342,257**	**488,760**	**-30.0%**
% on Revenues	*19.9%*	*14.0%*		*11.5%*	*12.1%*	
(+) Other net operating expenses*	8,718	17,935	-51.4%	39,676	58,262	-31.9%
(+) Impairment	-	920	-	37,804	920	-
Adjusted EBITDA	**257,474**	**206,598**	**24.6%**	**419,737**	**547,942**	**-23.4%**
% on Revenues	*20.6%*	*15.4%*		*14.0%*	*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 no cash effect. These expenses totaled R$ 8.7 million in 3Q20 and consist of (i) R$ 8.7 million of updating/constituting provisions, (ii) R$ 9.6 write-off of fixed assets and other costs and (iii) recognition of non-operating land sale results, in the amount of R$ 9.6 million.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Investments in property, plant and equipment and intangible assets totaled R$ 32.0 million in 3Q20.

Consolidated (R$ Mil)

	3Q20	3Q19	Var. [%]	9M20	9M19	Var. [%]
PP&E						
Strategic investments	10,900	33,505	-67.5%	28,716	94,446	-69.6%
Maintenance and sustenance	12,166	21,610	-43.7%	54,323	73,399	-26.0%
Environment	730	1,050	-30.5%	2,119	2,277	-6.9%
Interest and financial expenses	355	459	-22.7%	1,239	1,244	-0.4%
Intangible assets						
Software	7,099	822	763.6%	8,584	5,702	50.5%
Projects under development	705	1,055	-33.2%	2,021	1,967	2.7%
Total	**31,955**	**58,501**	**-45.4%**	**97,002**	**179,035**	**-45.8%**
% on Revenues	*2.6%*	*4.4%*		*3.2%*	*4.4%*	

The 45.4% reduction was due to the suspension/postponement of projects arising from the Company's strategy to preserve cash and prioritize investments related to maintenance, safety and the environment.

WORKING CAPITAL

Consolidated (R$ Mil)

	3Q20	2Q20	1Q20	4Q19	3Q19
Balance Sheet					
Accounts receivable	836,020	547,149	796,215	672,356	909,148
Inventories	725,452	765,179	825,971	654,107	584,464
Accounts payable	538,689	343,151	645,820	627,565	642,209
Sales outstanding [days]	74	47	58	48	63
Inventories outstanding [days]	76	77	73	55	48
Payables outstanding [days]	57	35	55	52	52
Cash conversion cycle [days]	**93**	**89**	**76**	**51**	**59**

There was a four-day increase in working capital in the period compared to the previous quarter (2Q20). The main working capital lines presented the following variations:

- An increase of R$ 288.9 million in the line of accounts receivable, equivalent to 27 days of sales in the period, due to the expressive increase in sales volume compared to 2Q20, especially in the months of August and September, as well as the exchange devaluation of 3.0% in the conversion of accounts receivable into foreign currency, which represented about 86.9% of the total at the end of September;

- Inventory reduction in the amount of R$ 39.7 million, representing a reduction of 1 day in relation to the cost of products sold. The Company continues its strategy of flexible production between plants with the objective of increasing operational efficiency. There was an effect of the exchange rate variation on foreign currency inventories, corresponding to 70.2% of the total in 3Q20;

- An increase of R$ 195.5 million in accounts payable line, representing an increase of 22 days in relation to the previous quarter, due to the progressive increase in production providing an increase in the volume of raw material purchases in the period and a 3.0% exchange devaluation in our accounts payable in foreign currency, which corresponded to 55.3% of payables.

CASH FLOW

Consolidated (R$ Mil)

CASH FLOW SUMMARY	3Q20	3Q19	Var.[%]	9M20	9M19	Var.[%]
Cash and cash equivalents at the beginning of period	**1,281,999**	**492,259**	**160.4%**	**840,030**	**713,733**	**17.7%**
Cash from operating activities	155,405	155,276	0.1%	36,478	24,640	-83.8%
Cash used in investments	(22,154)	(52,226)	-57.6%	(94,433)	(167,684)	-43.7%
Cash used in financing activities	(6,230)	(4,202)	48.3%	474,874	(174,454)	-
Effect of the exchange rate on cash for the period	24,695	20,079	23.0%	176,766	14,951	1,082.3%
Increase (decrease) in cash and cash equivalents	**151,716**	**118,927**	**27.6%**	**593,685**	**(102,547)**	**-**
Cash and cash equivalents at the end of period	**1,433,715**	**611,186**	**134.6%**	**1,433,715**	**611,186**	**134.6%**

In 3Q20, the Company generated R$ 155.4 million in cash from operating activities, versus R$ 155.3 million in 3Q19. Despite the drop in volumes in the annual comparison and the consequent reduction in customer receipts, the result reflects several initiatives aimed at preserving cash, such as the containment of fixed costs and expenses, contract renegotiation, production flexibility and several initiatives for gains in operating efficiency, such as the redesign of flows and shutdown of less efficient equipment, among others. There was also a tax refund of R$ 9.9 million (PIS/COFINS) and the receipt of R$ 5.0 million from the sale of non-operating land. In relation to derivatives, payments were made to the maturity of cash flow hedge operations (zero cost collar), in the amount of R$ 68.1 million, partially offset by the positive effect of exchange devaluation on operating income.

Investment activities consumed R$ 22.1 million in 3Q20, a 57.6% decrease over the same period of the previous year, due to the strategy of postponement and revaluation of investments, with priority to investments related to maintenance, safety and environment.

With regard to financing activities, during 3Q20, there was a consumption of R$ 6.2 million compared to R$ 4.2 million in 3Q19, impacted by increased expenditure on leasing contracts.

The combination between these factors and the exchange rate variation on cash, in the amount of R$ 24.7 million, resulted in an increase of R$ 151.7 million in cash in the period. Therefore, we ended the semester with a cash balance of R$ 1,433.7 million.

INDEBTEDNESS

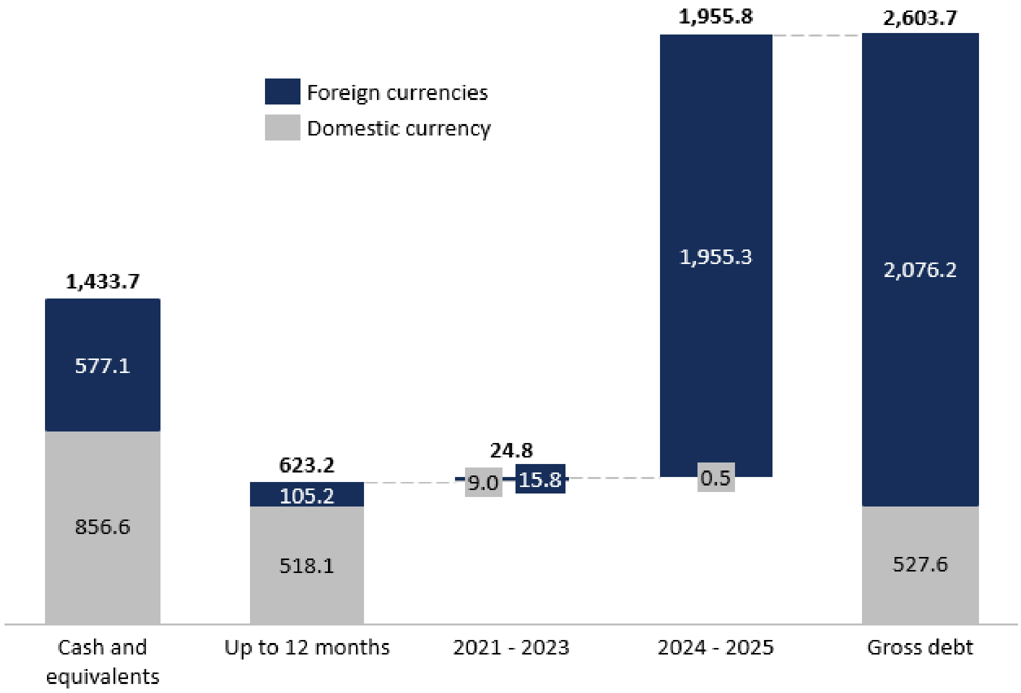
The Company closed 3Q20 with net debt of R$ 1,170.0 million and a net debt/LTM adjusted EBITDA ratio of 2.05x. The decline in leverage compared to the previous quarter was due to the cash generation during the quarter, resulting in an increase of R$ 151.7 million in cash in the period.

Foreign currency liabilities represented 79.7% of the total (5.1% short-term and 94.9% long-term debt), while 20.3% of the debt is denominated in BRL (98.2% short-term and 1.8% long-term debt). Regarding the cash balance, 59.7% is denominated in BRL and 40.3% in foreign currency.

Consolidated (R$ Mil)

INDEBTEDNESS	3Q20	2Q20	1Q20	4Q19	3Q19
Short-Term	623,190	621,013	651,268	62,920	41,557
Loans and financing	550,665	456,928	420,833	62,920	38,776
Derivative financial instruments	72,525	164,085	230,435	-	2,781
Long-term	1,980,553	2,043,544	1,948,534	1,421,061	1,468,802
Gross debt	**2,603,743**	**2,664,557**	**2,599,802**	**1,483,981**	**1,510,359**
Cash and cash equivalents	1,433,715	1,281,999	1,364,975	840,030	611,186
Derivative financial instruments	-	-	-	4,751	408
Net debt	**1,170,028**	**1,382,558**	**1,234,827**	**639,200**	**898,765**
Gross debt/adjusted EBITDA	4.55x	5.11x	3.57x	2.12x	2.16x
Net debt/adjusted EBITDA	**2.05x**	**2.65x**	**1.70x**	**0.91x**	**1.29x**

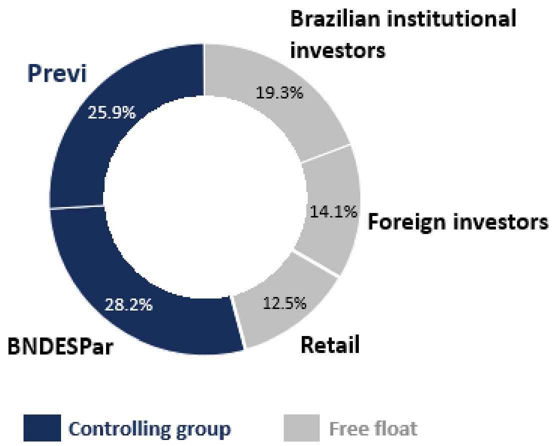
The Company's debt profile is as follows:



All amounts in R$ million.

OWNERSHIP STRUCTURE

Tupy's ownership structure as of September 30, 2020 was as follows:



EXECUTIVE OFFICER'S STATEMENT

In compliance with the provisions established under Article 25 of CVM Instruction No. 480, of December 7, 2009, Tupy S.A.'s Executive Board declares that it has reviewed, discussed and agreed with the opinion presented in the Independent Auditor's Report on the Quarterly Financial Report, issued on this date, and with the Quarterly Financial Report of September 30, 2020.

* * *

Attachment I – Commercial vehicle production and sales in Brazil

(Units)

	3Q20	3Q19	Var. (%)	9M20	9M19	Var. (%)
Production						
Trucks						
Semi-lights	165	277	-40.4%	460	803	-42.7%
Light	4,231	4,219	0.3%	9,577	13,285	-27.9%
Medium	1,329	1,847	-28.0%	2,710	4,608	-41.2%
Semi-heavy	8,311	8,029	3.5%	17,458	20,445	-14.6%
Heavy	9,530	17,684	-46.1%	28,099	48,311	-41.8%
Total trucks	**23,566**	**32,056**	**-26.5%**	**58,304**	**83,647**	**-33.3%**
Buses	5,274	7,719	-31.7%	14,248	21,783	-34.6%
Commercial vehicles	**28,840**	**39,775**	**-27.5%**	**72,552**	**105,430**	**-33.6%**
Sales						
Trucks						
Semi-lights	1,324	1,116	18.6%	3,360	3,758	-10.6%
Light	2,329	2,811	-17.1%	6,206	8,207	-24.4%
Medium	2,441	2,761	-11.6%	5,962	7,430	-19.8%
Semi-heavy	6,374	6,601	-3.4%	15,779	16,635	-5.1%
Heavy	12,460	14,184	-12.2%	31,481	38,225	-17.6%
Total trucks	**24,928**	**27,473**	**-9.3%**	**62,788**	**74,255**	**-15.4%**
Buses	4,253	5,577	-23.7%	9,969	15,196	-34.4%
Commercial vehicles	**29,181**	**33,050**	**-11.7%**	**72,757**	**89,451**	**-18.7%**
Exports						
Trucks						
Semi-lights	119	148	-19.6%	144	369	-61.0%
Light	732	667	9.7%	1,467	1,866	-21.4%
Medium	159	364	-56.3%	376	595	-36.8%
Semi-heavy	1,237	777	59.2%	2,364	2,410	-1.9%
Heavy	1,798	1,891	-4.9%	4,493	4,598	-2.3%
Total trucks	**4,045**	**3,847**	**5.1%**	**8,844**	**9,838**	**-10.1%**
Buses	1,091	1,422	-23.3%	2,817	5,219	-46.0%
Commercial vehicles	**5,136**	**5,269**	**-2.5%**	**11,661**	**15,057**	**-22.6%**

Source: ANFAVEA

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

(Units)

	3Q20	3Q19	Var. (%)	9M20	9M18	Var. (%)
North America						
Production						
Passenger cars	961,093	1,0327,321	-6.4%	2,346,221	3,389,334	-30.8%
Light commercial vehicles – Class 1-3	3,036,753	2,918,689	4.0%	7,016,616	9,085,735	-22.8%
% Light commercial vehicles	**76.0%**	**74.0%**	**+2.0p.p.**	**74.9%**	**72.8%**	**+2.1p.p.**
Light Duty – Class 4-5*	-	20,239	-	-	61,937	-
Medium Duty – Class 6-7*	-	37,201	-	-	119,843	-
Heavy Duty – Class 8	60,186	92,538	-35.0%	148,891	279,445	-46.7%
Medium & Heavy Duty[1]	**-**	**149,978**	**-**	**-**	**461,225**	**-**
United States						
Sales						
Passenger cars	944,954	1,169,316	-19.2%	2.564.966	3.693.050	-30.5%
Light commercial vehicles – Class 1-3	3,029,303	3,168,430	-4.5%	7.887.797	9.116.013	-13.5%
% Light commercial vehicles	**76.2%**	**73.0%**	**+3.2p.p.**	**75.5%**	**71.2%**	**+4.3p.p.**
Light Duty – Class 4-5	32,739	31,789	3.0%	89.712	93.968	-4.5%
Medium Duty – Class 6-7	25,817	37,590	-31.3%	71.062	108.546	-34.5%
Heavy Duty – Class 8	51,287	76,942	-33.3%	133.994	211.833	-36.7%
Medium & Heavy Duty[1]	**109,843**	**146,321**	**-24.9%**	**294.768**	**414.347**	**-28.9%**
Europe						
Sales						
Passenger cars	2,776,541	2,992,610	-7.2%	7,058,090	9,908,370	-28.8%

Source: Automotive News; Bloomberg; ACEA

**September/20 data not available.*

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

	(Units)					
	3Q20	3Q19	Var. (%)	9M20	9M19	Var. (%)
Production						
Americas						
Brazil	14,043	16,539	-15.1%	33,178	41,263	-19.6%
Sales						
Americas						
Brazil	13,646	13,099	4.2%	33,283	32,995	0.9%
United States and Canada	85,477	69,400	23.2%	241,457	212,722	13.5%
Europe						
Germany*	-	11,639	-	-	34,977	-
United Kingdom	2,675	3,225	-17.1%	7,870	10,127	-22.3%

Source: ANFAVEA; Bloomberg; AEM

**September/20 data not available.*

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

BALANCE SHEETS AT SEPTEMBER 30, 2020 AND DECEMBER 31, 2019
(All amounts in thousands of reais)

A S S E T S

		Parent company		Consolidated	
	Note	9/30/20	12/31/19	9/30/20	12/31/19
CURRENT ASSETS					
Cash and cash equivalents	3	888,462	362,600	1,433,715	840,030
Derivative financial instruments	27	-	2,635	-	4,751
Trade account receivables	4	628,389	422,012	836,020	672,356
Inventories	5	216,450	254,156	725,452	654,107
Tooling	6	42,636	38,052	212,213	141,128
Income tax and social contribution recoverable	7	52,689	50,118	80,182	65,004
Other taxes recoverable	8	97,164	94,000	184,625	162,854
Related parties	10	-	1,904	-	-
Notes and other receivables		32,866	49,058	53,327	59,112
Total current assets		1,958,656	1,274,535	3,525,534	2,599,342
NON-CURRENT ASSETS					
Income tax and social contribution recoverable	7	86,467	88,349	86,467	88,349
Other taxes recoverable	8	132,018	194,459	132,018	194,459
Deferred income tax and social contribution	9	353,632	139,304	442,335	195,887
Credits - Eletrobrás	11	118,722	152,149	118,722	152,149
Judicial deposits and other		48,657	41,175	49,743	42,261
Investments in equity instruments		1,981	2,429	12,031	9,461
Properties for investments		-	-	6,363	6,363
Investments	12	2,397,600	1,872,764	-	-
Property, plant and equipment	13	624,549	702,832	1,856,921	1,634,336
Intangible assets	14	54,827	52,110	171,779	201,560
Total non-current assets		3,818,453	3,245,571	2,876,379	2,524,825
Total assets		5,777,109	4,520,106	6,401,913	5,124,167

TUPY S.A. AND SUBSIDIARIES

BALANCE SHEETS AT SEPTEMBER 30, 2020 AND DECEMBER 31, 2019
(All amounts in thousands of reais)

L I A B I L I T I E S

		Parent company		Consolidated	
	Note	9/30/20	12/31/19	9/30/20	12/31/19
CURRENT LIABILITIES					
Trade accounts payables	15	257,214	276,374	538,689	627,565
Loans and financing	16	546,697	55,595	550,665	62,920
Derivative financial instruments	27	60,471	-	72,525	-
Income taxes payable		-	-	5,332	6,162
Other taxes payable		857	7,204	32,313	53,261
Salaries, social security charges and profit sharing		130,443	129,195	177,563	168,544
Advances from customers		24,496	21,320	170,297	121,687
Related parties	10	3,526	1,203	-	-
Dividends and interest on capital		185	191	185	191
Provision for tax, civil, social security and labor contingencies	17	36,489	40,536	36,489	40,536
Notes and other payables		48,907	38,610	86,724	45,629
Total current liabilities		1,109,285	570,228	1,670,782	1,126,495
NON-CURRENT LIABILITIES					
Borrowings	16	1,978,134	1,419,051	1,980,553	1,421,061
Provision for tax, civil, social security and labor contingencies	17	150,988	140,544	152,412	141,848
Retirement benefit obligations		-	-	59,016	44,069
Other long term liabilities		1,800	2,880	2,248	3,291
Total non-current liabilities		2,130,922	1,562,475	2,194,229	1,610,269
EQUITY					
Share capital	18	1,060,301	1,060,301	1,060,301	1,060,301
Share issuance costs		(6,541)	(6,541)	(6,541)	(6,541)
Share-based payments		9,717	7,968	9,717	7,968
Treasury shares		(2,944)	-	(2,944)	-
Carrying value adjustments		920,616	613,252	920,616	613,252
Income reserves		712,423	712,423	712,423	712,423
Retained earnings		(156,670)	-	(156,670)	-
Total equity		2,536,902	2,387,403	2,536,902	2,387,403
Total liabilities and equity		5,777,109	4,520,106	6,401,913	5,124,167

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

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
QUARTERS ENDED SEPTEMBER 30, 2020 AND 2019
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
		7/1/20	7/1/19	7/1/20	7/1/19
	Note	9/30/20	9/30/19	9/30/20	9/30/19
NET REVENUE	17	656,916	776,524	1,250,336	1,339,132
Cost of products sold	18	(466,877)	(583,017)	(968,545)	(1,095,829)
GROSS PROFIT		190,039	193,507	281,791	243,303
Selling expenses	18	(27,323)	(28,344)	(52,625)	(51,463)
Administrative expenses	18	(31,365)	(36,652)	(45,822)	(47,418)
Management fees	18	(4,085)	(3,004)	(4,085)	(3,004)
Other operating expenses, net	22	(18,178)	(18,921)	(19,653)	(35,077)
Share of results of subsidiaries	11	61,610	(8,331)	-	-
PROFIT BEFORE FINANCE RESULTS AND TAXES		170,698	98,255	159,606	106,341
Finance costs	21	(44,336)	(38,476)	(45,933)	(38,841)
Finance income	21	7,306	32,308	7,513	34,136
Monetary and foreign exchange variations, net	21	20,450	13,014	35,638	12,728
		(16,580)	6,846	(2,782)	8,023
PROFIT BEFORE TAXATION		154,118	105,101	156,824	114,364
Income tax and social contribution	23	(26,089)	(38,620)	(28,795)	(47,883)
NET INCOME FOR THE PERIOD		128,029	66,481	128,029	66,481
EARNINGS PER SHARE					
Basic earnings per share	24	0.88863	0.46111	0.88863	0.46111
Diluted earnings per share	24	0.88492	0.45969	0.88492	0.45969

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

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	9/30/20	9/30/19	9/30/20	9/30/19
NET REVENUE	19	1,683,248	2,182,303	2,987,772	4,025,276
Cost of products sold	20	(1,293,930)	(1,724,826)	(2,520,135)	(3,364,725)
GROSS (LOSS) PROFIT		389,318	457,477	467,637	660,551
Selling expenses	20	(72,848)	(89,740)	(139,226)	(160,780)
Administrative expenses	20	(89,226)	(105,666)	(126,006)	(135,913)
Management fees	10	(10,488)	(8,467)	(10,488)	(8,467)
Other operating expenses, net	22	(45,984)	(56,863)	(74,652)	(105,488)
Share of results of subsidiaries	12	(156,531)	33,254	-	-
PROFIT (LOSS) BEFORE FINANCE RESULTS AND TAXES		14,241	229,995	117,265	249,903
Impairment	22	(3,404)	(920)	(37,804)	(920)
PROFIT BEFORE FINANCE RESULTS AND TAXES		10,837	229,075	79,461	248,983
	21	(150,352)	(87,853)	(156,135)	(90,462)
Finance costs	21	21,670	75,211	24,499	79,779
Finance income	21	(68,671)	28,167	(115,414)	25,147
Monetary and foreign exchange variations, net		(197,353)	15,525	(247,050)	14,464
PROFIT (LOSS) BEFORE TAXATION		(186,516)	244,600	(167,589)	263,447
Income tax and social contribution	23	24,207	(38,229)	5,280	(57,076)
NET INCOME (LOSS) FOR THE PERIOD		(162,309)	206,371	(162,309)	206,371
EARNINGS PER SHARE					
Basic earnings (loss) per share	24	(1.12657)	1.43137	(1.12657)	1.43137
Diluted earnings (loss) per share	24	(1.12186)	1.42697	(1.12186)	1.42697

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

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
QUARTERS ENDED SEPTEMBER 30, 2020 AND 2019
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
		7/1/20 9/30/20	7/1/19 9/30/19	7/1/20 9/30/20	7/1/19 9/30/19
NET INCOME FOR THE PERIOD		128,029	66,481	128,029	66,481
Components of other comprehensive income to be reclassified to the results					
Foreign exchange variation of investees located abroad	12	75,412	143,413	75,412	143,413
Hedge of net investment abroad		(57,734)	(115,937)	(57,734)	(115,937)
Tax effect on hedge of net investment abroad		19,630	39,419	19,630	39,419
		37,308	66,895	37,308	66,895
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER		165,337	133,376	165,337	133,376

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	9/30/20	9/30/19	9/30/20	9/30/19
NET INCOME FOR THE YEAR		(162,309)	206,371	(162,309)	206,371
Components of other comprehensive income to be reclassified to the results					
Foreign exchange variation of investees located abroad	12	681,367	123,033	681,367	123,033
Hedge of net investment abroad		(558,607)	(101,069)	(558,607)	(101,069)
Tax effect on hedge of net investment abroad		189,927	34,364	189,927	34,364
		312,687	56,328	312,687	56,328
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		150,378	262,699	150,378	262,699

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

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

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

						Carrying value adjustments		Revenue reserves			
	Note	Share capital	Share issue cost	Shared based payments	Treasury stock	Exchange variation of investees	Deemed cost of fixed assets	legal reserve	Reserve for investments	Retained earnings (losses)	Total
AT DECEMBER 31, 2018		**1,060,301**	**(6,541)**	**8,564**	**(292)**	**548,092**	**41,818**	**81,809**	**466,212**	**-**	**2,199,963**
Comprehensive income for the period											
Profit for the period		-	-	-	-	-	-	-	-	206,371	206,371
Realization of carrying value adjustments		-	-	-	-	-	(6,789)	-	-	6,789	-
Foreign exchange variation of investees located abroad		-	-	-	-	123,033	-	-	-	-	123,033
Hedge of net investment abroad		-	-	-	-	(101,069)	-	-	-	-	(101,069)
Tax impact on hedge of net investment abroad		-	-	-	-	34,364	-	-	-	-	34,364
Total comprehensive income for the period		-	-	-	-	56,328	(6,789)	-	-	213,160	262,699
Contributions from stockholders and distributions to stockholders											
Management stock option plan		-	-	1,332	-	-	-	-	-	-	1,332
Realization of management stock option plan		-	-	(292)	292	-	-	-	-	-	-
Interest on capital		-	-	-	-	-	-	-	(125,000)	-	(125,000)
Total contributions from stockholders and distributions to stockholders		-	-	1,040	292	-	-	-	(125,000)	-	(123,668)
AT SEPTEMBER 30, 2019		**1,060,301**	**(6,541)**	**9,604**	**-**	**604,420**	**35,029**	**81,809**	**341,212**	**213,160**	**2,338,994**
AT DECEMBER 31, 2019		**1,060,301**	**(6,541)**	**7,968**	**-**	**580,123**	**33,129**	**95,756**	**616,667**	**-**	**2,387,403**
Comprehensive income for the period											
Profit (loss) for the period		-	-	-	-	-	-	-	-	(162,309)	(162,309)
Realization of carrying value adjustments		-	-	-	-	-	(5,323)	-	-	5,323	-
Foreign exchange variation of investees located abroad	12	-	-	-	-	681,367	-	-	-	-	681,367
Hedge of net investment abroad	27	-	-	-	-	(558,607)	-	-	-	-	(558,607)
Tax impact on hedge of net investment abroad	27	-	-	-	-	189,927	-	-	-	-	189,927
Total comprehensive income for the year		-	-	-	-	312,687	(5,323)	-	-	(156,986)	150,378
Contributions from stockholders and distributions to stockholders											
Management stock option plan		-	-	2,065	-	-	-	-	-	-	2,065
Realization of management stock option plan		-	-	(316)	-	-	-	-	-	316	-
(-) Treasury stock		-	-	-	(2,944)	-	-	-	-	-	(2,944)
Total contributions from stockholders and distributions to stockholders		-	-	1,749	(2,944)	-	-	-	-	316	(879)
AT SEPTEMBER 30, 2020		**1,060,301**	**(6,541)**	**9,717**	**(2,944)**	**892,810**	**27,806**	**95,756**	**616,667**	**(156,670)**	**2,536,902**

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TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOW
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
Cash flow from operating activities:	Note	9/30/20	9/30/19	9/30/20	9/30/19
Profit for the period before income tax and social contribution		(186,516)	244,600	(167,589)	263,447
Adjustment to reconcile profit (losses) with cash provided by operating activities:					
Depreciation and amortization	13 e 14	106,806	104,570	262,796	239,777
Impairment	13 e 14	3,404	920	37,804	920
Share of results of subsidiaries	12	156,531	(33,254)	-	-
Disposals of property, plant and equipment		1,835	(4,552)	5,250	1,692
Interest accrued and foreign exchange variations		178,635	42,491	234,464	44,287
Provision for impairment of trade receivables		8,183	(40)	9,553	(318)
Provision for losses on inventory		10,398	(4,306)	22,996	(3,636)
Provision for contingencies	17	27,132	47,777	27,252	49,081
Stock option plan		2,065	1,332	2,065	1,332
Change in Eletrobrás credit		33,875	(58,117)	33,875	(58,117)
		342,348	341,421	468,466	538,465
Changes in operating assets and liabilities:					
Trade accounts receivables		(94,494)	(32,042)	(19,826)	(175,678)
Inventories		27,308	(9,985)	34,402	(41,602)
Tooling		(4,584)	(8,015)	(28,700)	(12,119)
Other taxes recoverable		58,394	36,291	72,796	55,177
Notes and other receivables		15,492	(652)	4,892	5,758
Judicial deposits and other		(7,482)	(2,303)	(7,482)	(2,303)
Trade payables		(21,690)	21,448	(208,944)	(12,678)
Other taxes payable		(6,347)	(1,296)	(33,190)	(817)
Salaries, social security charges and profit sharing		1,248	29,411	(6,549)	36,056
Advances from customers		3,176	(3,868)	5,044	(2,816)
Notes and other payables		(107,980)	(90,787)	(81,218)	(12,257)
Retirement benefit obligations		-	-	(2,090)	10,382
Other long term liabilities		(21,815)	(24,183)	(21,778)	(24,250)
Cash generated by operations		**183,574**	**255,440**	**175,823**	**361,318**
Interest paid		(119,178)	(91,634)	(117,228)	(91,013)
Income tax and social contribution paid		-	-	(22,117)	(45,665)
Net cash generated from operating activities		**64,396**	**163,806**	**36,478**	**224,640**
Cash flow from investment activities:					
Additions to fixed assets or intangibles	13 e 14	(32,729)	(54,129)	(100,133)	(172,843)
Advances from investment property sales		-	-	5,000	5,000
Cash generated on PPE disposals		700	6,295	700	159
Subsidiaries and associates		4,227	4,284	-	-
Cash used in investment activities		**(27,802)**	**(43,550)**	**(94,433)**	**(167,684)**
Cash flow from financing activities:					
Payment of loans		(3,556)	(3,554)	(3,556)	(3,554)
Loans and financing raised		494,412	-	494,412	-
Lease payment from right of use		(4,455)	(2,172)	(13,032)	(8,468)
Interest on capital and dividends paid		(6)	(152,665)	(6)	(152,665)
Income tax of interest on capital and dividends paid		-	(9,767)	-	(9,767)
Treasury stock		(2,944)	-	(2,944)	-
Cash used in financing activities		**483,451**	**(168,158)**	**474,874**	**(174,454)**
Effect of exchange rate differences on cash for the period		5,817	2,736	176,766	14,951
Increase (decrease) in cash and cash equivalents		**525,862**	**(45,166)**	**593,685**	**(102,547)**
Cash and cash equivalents at the beginning of the period		362,600	328,350	840,030	713,733
Cash and cash equivalents at the end of the period		**888,462**	**283,184**	**1,433,715**	**611,186**

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

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENT OF VALUE ADDED

NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	9/30/20	9/30/19	9/30/20	9/30/19
Origination of value added		1,792,759	2,387,735	3,095,913	4,230,986
Sale of products, net of returns and rebates	19	1,800,942	2,387,695	3,105,466	4,230,668
Provision for impairment of trade receivables		(8,183)	40	(9,553)	318
(-) Inputs acquired from third parties		(1,026,463)	(1,449,737)	(1,923,296)	(2,657,137)
Raw materials and processing material consumed		(696,703)	(1,135,375)	(940,915)	(1,906,816)
Materials, energy, third party services and other		(329,760)	(314,362)	(982,381)	(750,321)
GROSS VALUE ADDED		766,296	937,998	1,172,617	1,573,849
Retentions:		(110,210)	(105,490)	(300,600)	(240,697)
Depreciation and amortization	13 and 14	(106,806)	(104,570)	(262,796)	(239,777)
Impairment		(3,404)	(920)	(37,804)	(920)
Net value added generated by the Company		656,086	832,508	872,017	1,333,152
Value added received through transfer		(134,861)	108,465	24,499	79,779
Share of results of subsidiaries	12	(156,531)	33,254	-	-
Finance income	21	21,670	75,211	24,499	79,779
VALUE ADDED TO DISTRIBUTE		**521,225**	**940,973**	**896,516**	**1,412,931**
Distribution of value added					
Personnel		364,218	469,616	666,510	915,996
Employees		254,992	340,872	542,544	775,286
Social charges - Government Severance Indemnity Fund for Employees (FGTS)		17,904	23,445	17,904	23,445
Profit sharing		23,227	32,546	35,557	43,438
Management fees		10,488	8,467	10,488	8,467
Workplace healthcare and safety		42,825	46,205	42,825	46,205
Food		6,056	9,230	6,056	9,230
Professional education, qualification and development		413	625	1,370	1,030
Other amounts		8,313	8,226	9,766	8,895
Government		100,293	205,300	120,766	225,249
Federal taxes and contributions		53,497	196,727	73,963	216,674
State taxes and rates		39,057	3,414	39,057	3,415
Municipal taxes, rates and other		7,739	5,159	7,746	5,160
Third party capital		219,023	59,686	271,549	65,315
Finance costs	21	150,352	87,853	156,135	90,462
Monetary and foreign exchange variations, net	21	68,671	(28,167)	115,414	(25,147)
Own capital		(162,309)	206,371	(162,309)	206,371
Retained earnings (losses)		(162,309)	206,371	(162,309)	206,371
TOTAL VALUE ADDED		**521,225**	**940,973**	**896,516**	**1,412,931**

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

(A free translation of the original in Portuguese)

NOTES TO THE FINANCIAL STATEMENTS

All amounts in thousands of Reais unless otherwise stated.

(A free translation of the original in Portuguese)

1. GENERAL INFORMATION

Tupy S.A. (the "Parent company") and its subsidiaries (together the "Company" or "Consolidated") have significant position in the domestic and foreign iron casting markets, with a diversified customer base in the Americas, Europe and Asia. The Company also operate in the transportation, infrastructure and agriculture (structural components) and hydraulics (steel shots and iron bar) segments. The Company has plants in Brazil, at Joinville- SC and Mauá (activities are suspended for undetermined time), and Mexico, at Saltillo and Ramos Arizpe. In addition to its plants, the Parent Company has investments in companies abroad that operate in logistics, trading and technical assistance.

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

This quarterly information was approved for issue by the Company's Board of Directors on October 28, 2020.

1.1 Impacts of the COVID-19 pandemic

The Company monitors the risks of the COVID-19 pandemic and this effects on the local and global economies, as well as the impact on its employees, operations, supply chain, demand for its products and the community. A Crisis Committee was created, which daily monitors the evolution of the pandemic and implements contingency plans in order to act quickly.

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

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

In view of the scenarios being monitored, the indicators for the year 2020 are expected to change in terms of orders and deliveries in the face of the impacts caused by the global pandemic. To mitigate these effects, the Company reinforced its inventory levels, moving its products to geographical positions close to its customers in order to avoid shortages due to geographic mismatches and different recovery cycles. This has allowed, until then, to keep regular delivery of orders to customers. At this moment, the contracts signed with clients do not present risks of being terminated and the receivables of not being paid.

2. PRESENTATION AND PREPARATION OF THE QUARTERLY INFORMATION

The Company presents the Parent company quarterly information prepared in accordance with Technical Pronouncement CPC 21 - "Interim Financial Reporting" and the Consolidated quarterly information in accordance with Technical Pronouncement CPC 21 and International Accounting Standard IAS 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR), and are identified as "Parent company" and "Consolidated", respectively.

Circular Letter CVM/SNC/SEP 003, of April 28, 2011, permits entities to present selected explanatory notes in cases of redundancy or duplication relative to the information already presented in the Company's annual financial statements.

The quarterly information does not include all of the disclosures required in a complete set of financial statements and should be read together with the annual financial statements for the year ended December 31, 2019.

Accordingly, the Company discloses below a list of the explanatory notes that are not partially or completely repeated in the quarterly information at September 30, 2020:

Not completely repeated	***Not partially repeated***
Financial investments	Trade receivables
Investment properties	Income tax and social contribution recoverable
Salaries, social security charges and profit sharing	Other taxes recoverable
Defined benefit obligations	Property, plant and equipment
Insurance	Intangible assets
Business combination	Borrowings
Commitments	Provision for tax, civil, social security and labor contingencies
	Share capital

2.1. Basis of preparation

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

The functional and presentation currency are with the same as those for the annual financial statements for the year ended December 31, 2019.

2.2. Use of critical accounting estimates and judgments

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

In the preparation of this quarterly information, the decisions made by the Company regarding the application of accounting policies and the main sources of uncertainty in estimates and critical accounting judgments were the same as those for the annual financial statements for the year ended December 31, 2019 and are disclosed in Note 2.4.

2.3. Significant accounting policies

The accounting policies used in the preparation of this quarterly information for the period ended September 30, 2020 are consistent with those used to prepare the annual financial statements for the year ended December 31, 2019, these policies are disclosed in Note 2 in the annual financial statements.

3. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	Sep/20	**Dec/19**	**Sep/20**	**Dec/19**
Cash and banks	4,659	1,723	4,789	1,754
Financial investments in Brazil	851,603	332,878	851,843	333,096
Financial investments abroad	32,200	27,999	577,083	505,180
	888,462	**362,600**	**1,433,715**	**840,030**

All amounts in thousands of Reais unless otherwise stated.

The financial investments disclosed as cash and cash equivalents are highly-liquid securities with an immaterial risk of changes in value. Those investments in Brazil are remunerated based on the variation of the Interbank Deposit Certificate (CDI) rate, with an average rate equivalent to 3.17% per annum (5.97% at December 31, 2019). The investments abroad are denominated mostly in US Dollars (US$) at the average rate of 0.51% per annum (2.55% per annum in December 2019) designed as time deposit and overnight.

The increase presented in the period is substantially due to the funding that took place during the first quarter, in the amount of R$494,412, to form a liquidity cushion, resulting from the pandemic.

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

4. TRADE ACCOUNT RECEIVABLES

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

	Parent company		Consolidated	
	Sep/20	Dec/19	Sep/20	Dec/19
Domestic market	102,263	71,121	102,263	71,121
Foreign market	536,003	351,004	745,668	602,624
Provision for impairment of trade receivables	(9,877)	(113)	(11,911)	(1,389)
	628,389	**422,012**	**836,020**	**672,356**

	Parent company		Consolidated	
	Sep/20	Dec/19	Sep/20	Dec/19
Falling due in up to 30 days	260,315	157,563	455,869	364,727
Falling due within 31 to 60 days	178,245	101,510	263,362	182,037
Falling due in more than 61 days	165,889	111,354	59,837	50,079
Total falling due	**604,449**	**370,427**	**779,068**	**596,843**
Overdue for up to 30 days	23,071	36,920	46,245	42,750
Overdue for 31 to 60 days	4,016	8,736	14,366	21,016
Overdue for more than 61 days	6,730	6,042	8,252	13,136
Total overdue	**33,817**	**51,698**	**68,863**	**76,902**
Provision for impairment of trade receivables	(9,877)	(113)	(11,911)	(1,389)
Total	**628,389**	**422,012**	**836,020**	**672,356**

Trade account receivable in the domestic market are denominated in Brazilian Reais and in the foreign market primarily in US Dollars.

The mainly variation in trade account receivable reflects the devaluation of the Real against the US Dollar (US$), which went from R$4.0307 on December 31, 2019 to R$5.6407 on September 30, 2020, representing a variation of 39.9%..

The Company's trade receivable in the foreign market include related party amounts which are eliminated upon consolidation, amounting of R$408,560 (R$209,164 in December 31, 2019). (Note 10)

As of September 30, 2020, the estimated loss in accounts receivable from customers represented 1.4% of the consolidated balance of accounts receivable (0.2% in December 31, 2019). The increase is mainly due to the recognition of a provision for eventual loss due to the impacts caused by the COVID-19 pandemic, exclusively in the hydraulics segment

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

5. INVENTORIES

	Parent company		Consolidated	
	Sep/20	Dec/19	Sep/20	Dec/19
Finished products	78,765	96,971	226,435	200,172
Work in progress	65,891	72,579	319,829	269,547
Raw materials	61,688	65,655	134,359	124,860
Maintenance and other materials	26,274	24,721	83,429	75,132
Provision for losses	(16,168)	(5,770)	(38,600)	(15,604)
	216,450	**254,156**	**725,452**	**654,107**

All amounts in thousands of Reais unless otherwise stated.

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

The evolution is due, in large part, to the exchange devaluation of the Real against the Dollar and, also, by the production to stock aiming at eliminating supply risks to our customers and preparing the factories for the post-pandemic resumption.

On June 30, 2020 as a result of the indefinite suspension of the finishing line at Mauá-SP unit (note 13), the Company recorded a provision for the devaluation of certain items of maintenance material stock intrinsically related to that unit in the amount of R$9,146, which now no longer have predictability of recoverability. The Company did not observe other indicators that justify the constitution of an additional loss estimate due to COVID-19.

On September 30, 2020 the Company offered finished product inventory as collateral for labor and social security litigation amounting to R$9,974 (R$7,770 as at December 31, 2019) in the Parent company and Consolidated.

6. TOOLING

	Parent company		Consolidated	
	Sep/20	Dec/19	Sep/20	Dec/19
Tooling of domestic market	8,443	8,262	8,443	8,262
Tooling of foreign market	34,193	29,790	203,770	132,866
	42,636	**38,052**	**212,213**	**141,128**

The variation that occurred in the period is mainly due to the devaluation of the Real against the US dollar (US$) which goes from 4.0307 on December 31, 2019 to 5.6407 on September 30, 2020.

7. INCOME TAX AND SOCIAL CONTRIBUTION RECOVERABLE

	Sep/20			Dec/19		
	Current	Non-current	Total	Current	Non-current	Total
Parent Company	**52,689**	**86,467**	**139,156**	**50,118**	**88,349**	**138,467**
Income tax	52,689	51,926	104,615	50,118	50,821	100,939
Social contribution	-	34,541	34,541	-	37,528	37,528
Subsidiaries	**27,493**	**-**	**27,493**	**14,886**	**-**	**14,886**
Income tax	27,493	-	27,493	14,886	-	14,886
Consolidated	**80,182**	**86,467**	**166,649**	**65,004**	**88,349**	**153,353**

8. OTHER TAXES RECOVERABLE

	Sep/20			Dec/19		
	Current	Non-current	Total	Current	Non-current	Total
Parent company	**97,164**	**132,018**	**229,182**	**94,000**	**194,459**	**288,459**
ICMS recoverable - São Paulo	7,443	12,686	20,129	10,143	12,777	22,920
ICMS recoverable - Santa Catarina	29,982	60,618	90,600	29,981	89,683	119,664
Reintegra benefit (a)	50,497	-	50,497	2,047	27,952	29,999
COFINS, PIS and IPI recoverable (b)	9,242	58,714	67,956	51,829	64,047	115,876
Subsidiaries	**87,461**	**-**	**87,461**	**68,854**	**-**	**68,854**
Value-added tax (VAT)	87,461	-	87,461	68,854	-	68,854
Consolidated	**184,625**	**132,018**	**316,643**	**162,854**	**194,459**	**357,313**

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

Credits arising from the benefit established by Provisional Measure 540 of August 2, 2011, reestablished by Law 13,043/14 and regulated by Decree 8,304/14. The legislation allows an increase of up to 2% in the benefit, provided that the existence of tax residue in the production chain. Considering appraisal that prove the existence of tax residue in the production chain, the Company recognized in the nine months of 2020 the additional amount related to the Reintegra in the amount of R$35,739 that will be used to offset federal taxes during the next 12 months.

All amounts in thousands of Reais unless otherwise stated.

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

These are credits generated on the acquisition of inputs used in the production process net of taxes levied on the sale of products in domestic market.

COFINS and PIS credits can be offset other federal taxes and, since 2019, also to offset social security contributions. They can also be reimbursed in cash in proportion to export revenue over total revenue. In this modality, the Company received R$26,456 in March and R$9.844 in July, 2020.

The Company expects to realize such credits in up to 5 years.

Exclusion of ICMS from the PIS and COFINS calculation base

The Company, is discussing the right to exclude the ICMS from the calculation basis of the contribution to PIS and COFINS, filed 2 (two) writ of mandamus, one at the judicial subsection of the Federal Justice in São Paulo/SP, the which became final, and another filed in the judicial subsection of Joinville/SC, which is still pending a final decision.

Considering the final decision of the process in the federal court of the 3rd region, the Company have the right to exclude ICMS from the calculation basis of the PIS and COFINS contribution. In December 2019, the amounting of R$46,567 was recognized.

In order to use the PIS and COFINS credits, the Company must submit, through administrative procedure, the credit for validation by the Federal Revenue of Brazil.

9. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION, NET

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

	Parent company		Consolidated	
	Sep/20	Dec/19	Sep/20	Dec/19
Deferred assets				
Income tax and social contribution losses	214,099	53,745	241,964	71,262
Provisions for contingencies	66,488	67,643	66,488	67,643
Taxes and contribution recoverable	39,738	39,472	39,738	39,472
Credits – Eletrobrás	26,022	11,341	26,022	11,341
Property, plant and equipment - impairment	30,288	29,131	30,288	29,131
Salaries, social security charges and profit sharing	6,421	14,525	35,918	34,890
Provision for impairment of trade receivables	13,272	3,544	13,272	3,544
Provision for inventory losses	7,587	2,348	7,587	2,348
Share-based payments	3,303	2,708	3,303	2,708
Tooling	-	-	36,772	24,946
Property, plant and equipment - tax base (México)	20,560	(896)	20,560	(896)
Other items	9,981	5,404	30,297	13,885
Property, plant and equipment - tax base (México)	-	-	-	4,889
Unrealized profits in subsidiaries	-	-	31,371	11,711
Subtotal	**437,759**	**228,965**	**583,580**	**316,874**
Deferred liabilities				
Depreciation rate differences	69,803	72,595	69,803	72,595
Property, plant and equipment - tax base (México)	-	-	35,880	-
Property, plant and equipment - carrying value adjustments	14,324	17,066	14,324	17,066
Deferred tax on intangible assets	-	-	21,238	31,326
Subtotal	**84,127**	**89,661**	**141,245**	**120,987**
Total deferred liabilities, net	**353,632**	**139,304**	**442,335**	**195,887**

The Mexican tax legislation allows the depreciation of property, plant and equipment on a tax basis, and the Company accordingly records the temporary difference in the depreciation between the tax and the accounting bases. The temporary difference at September 30, 2020 was R$35,880 (R$4,889 at December 31, 2019). The change in the year is due to the foreign exchange difference between the currency in which the taxes are charged in Mexico (Mexican pesos) and the functional currency (US Dollar) of the subsidiaries in Mexico.

All amounts in thousands of Reais unless otherwise stated.

As a result of COVID-19, the Company carried out a feasibility study on the realization of the balances referring to deferred tax assets and it is not expected any difficulties in realizing them.

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

	Parent company		Consolidated	
	Sep/20	Sep/19	Sep/20	Sep/19
Opening balance	**139,304**	**170,452**	**195,887**	**143,668**
Recognized in profit (loss)				
Recognized in profit (loss) for the year	24,401	(25,725)	16,086	13,100
Recognized in comprehensive income for the year	189,927	34,364	189,927	34,364
Effects of currency translation into presentation currency	-	-	40,435	2,986
Closing balance	**353,632**	**179,091**	**442,335**	**194,118**

10. RELATED PARTY TRANSACTIONS

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

a. Subsidiaries:

Assets	Sep/20	Dec/19
Trade account receivables	**408,560**	**209,164**
Tupy Mexico Saltillo, S.A. de C.V	256,296	110,257
Tupy American Foundry Corporation	147,624	76,178
Tupy Europe GmbH	4,516	22,297
Technocast, S.A. de C.V.	124	432
Related parties – loans	**-**	**1,904**
Tupy Agroenergética Ltda.	-	1,904
	408,560	**211,068**

Liabilities	Sep/20	Dec/19
Loans and financing	**1,997,152**	**1,451,487**
Tupy Overseas S.A	1,997,152	1,451,487
Advances from customers	**7,021**	**4,756**
Tupy American Iron & Alloys Corporation	5,049	3,608
Tupy American Foundry Corporation	-	-
Tupy Europe GmbH	1,972	1,148
Notes and other payables	**13,180**	**11,068**
Tupy México Saltillo S.A. de CV	4,131	4,789
Tupy Europe GmbH	3,505	3,435
Tupy American Foundry Co.	3,436	1,337
Tupy American Iron & Alloys Corporation	2,108	1,507
Related parties – loans	**3,526**	**1,203**
Tupy Agroenergética Ltda.	2,344	-
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "in liquidation"	1,182	1,203
	2,020,879	**1,468,514**

All amounts in thousands of Reais unless otherwise stated.

Statement of income	3Q20	3Q19	9M20	9M19
Revenues	**300.600**	**286.504**	**812.860**	**769.530**
Tupy American Foundry Corporation	112.101	166.638	359.794	500.578
Tupy Europe GmbH	35.596	60.215	104.657	172.678
Tupy Mexico Saltillo, S.A. de C.V	152.903	59.651	348.409	96.226
Technocast, S.A. de C.V.	-	-	-	48
Other operating expenses, net	**-**	**-**	**-**	**100**
Technocast, S.A. de C.V.	-	-	-	1
Tupy Mexico Saltillo, S.A. de C.V	-	-	-	99
Finance costs	**(33.016)**	**(24.048)**	**(93.316)**	**(69.354)**
Tupy Overseas S.A.	(33.016)	(24.048)	(93.316)	(69.354)
	267.584	**262.456**	**719.544**	**700.276**

The receivables and sales revenue of the Company with its subsidiaries mainly represent sales of products from the transportation, infrastructure & agriculture and hydraulic segments. Prices charged are in compliance with the Company's price lists, and terms range from 60 to 90 days, as established by the parties. At September 30, 2020, the Company's related parties had no overdue receivables and, therefore, the Company did not record a provision for the impairment of these receivables.

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

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

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

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

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

b. Main stockholders:

The Company's main stockholders are BNDES Participações S.A. - BNDESPAR and PREVI - Caixa de Previdência dos Funcionários do Banco do Brasil.

c. Management remuneration:

	Board of Directors		Board of Officers		Total	
	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19
Fixed remuneration	1,439	626	1,287	1,159	2,726	1,785
Variable remuneration	-	-	670	928	670	928
Stock option plan (Note 19)	134	79	555	212	689	291
	1,573	**705**	**2,512**	**2,299**	**4,085**	**3,004**

	Board of Directors		Board of Officers		Total	
	9M20	9M19	9M20	9M19	9M20	9M19
Fixed remuneration	3,283	1,776	3,798	3,098	7,081	4,874
Variable remuneration	-	-	1,715	2,261	1,715	2,261
Stock option plan (Note 19)	475	361	1,217	971	1,692	1,332
	3,758	**2,137**	**6,730**	**6,330**	**10,488**	**8,467**

The overall amount of the annual remuneration, net of taxes, for the year of 2020 was approved by the Extraordinary and Ordinary General Meeting was R$21,085.

All amounts in thousands of Reais unless otherwise stated.

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

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

Information about the Stock option plans for the Company´s statutory board members and the current Chairman of the Board of Directors (the "Plan"), approved in November, 2014 and April, 2019, are presented in the annual financial statements from the year ended December 31, 2019. (Note 19).

Officers receive additional corporate benefits, such as company vehicles, reimbursement of vehicle-related expenses, health insurance, pension plan and severance pay. In the quarter ended September 30, 2020, these benefits totaled R$744 (R$528 in the same period of the previous year).

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

d. Other related parties:

The Parent company sponsors the Associação Atlética Tupy (Tupy Athletic Association), a not-for-profit foundation that offers leisure activities and sports to the Company's employees. During the period of 9 months ended at September 30, 2020, the Company recognized sponsorship expenses of R$401 (R$656 in the same period of the previous year).

11. CREDITS – ELETROBRÁS

Refer to credits arising from the right to additional inflation adjustment of the Eletrobras compulsory loan and related interest, based on a final and unappealable court decision in 2003.

In December 2011, the Federal Regional Court of the 4th Region ("TRF4") confirmed the calculation made by the Company, based on a report signed by a professional expert, regarding the enforcement of the sentence. The Company and Eletrobras lodged appeals with the Superior Court of Justice ("STJ") and the Federal Supreme Court ("STF").

In October 2015, considering the pending proceedings (STJ/STF) does not suspending the proceeding progress. The Company filed petition, requiring compliance with the verdict, meaning that Eletrobras is summoned to deposit the executed value with the court or submitted a defense about the amount calculated by the Company.

In September 2016, the 6th Civil Court in Joinville determined the suspension of Eletrobras checking accounts (online seizure), in the full amount of R$224.0000 claimed by the Company in the respective lawsuit. Until the court final decision is published, such amount will remain retained, by the judicial authority until the final decision is publishe or the decision is reviewed.

Since the initial recognition of the assets in 2003, there are just pro Company effects in the Court, including (a) a receive of a small part in 2008 for Eletrobras, (b) the Company has the right of receive this amount (TRF4 decision at December 2011), (c) the blocking of the total amount of the Company´s right, in September 2016; and (d) a appealed by Eletrobras already judged to the STF, through which it was still sought to contest the calculation criteria.

In October 2018, an appeal filed by Eletrobras was judged considering the decision of the TRF4 of December 2011 (above mentioned), which closing of the legal proceedings for which Eletrobras could still discuss the criteria for calculating the appraisal report approved in court.

In regarding of the procedural acts listed above, in the last quarter of 2018, in addition to the right to full monetary restatement (which was already subject to final judge in 2003), the criteria for calculating the credit held by the Company were definitively established. Accordingly, based on a decision made in October 2018, the Company updated and recorded the full entitlement of the compulsory deposit credits, according to criteria and assumptions determined in an irrevocable judicial decision. In addition, an embedded derivative was identified from the option of realizing credit, partial or total, in cash or in shares of Eletrobras, which was valued at its realization value on the balance sheet date by the black-scholes criterion reflecting the lowest and highest probable realization value in favor of the Company. The Company had been using the weighted average of expected realization during the year of 2020. Due to the delays in the procedural process caused by the pandemic, as of September 30, the Company start to use the weighted average of the receipt during the year 2021.The derivative has been updated monthly. The variation in the period reflects, substantially, the change in the market value of the Eletrobras share and the decrease in the term of the credit realization estimate.

In August 2019, the 6th Federal Court of Joinville determined the updating, by the Judicial Accounting Office, of the amount indicated in the expert report, in order to indicate the amount to be paid in favor of the Company.

After the update carried out by the Judicial Accounting Office, the parties manifested themselves, and in December 2019, the undisputed amount was received by the Company, R$72,470, being deducted the amount of the legal fees that resulted in a net amount of R$63,049.

After the update of the referred amount, the case was referred to the Judicial Accounting Office, so that the manifestations of the parties presented a definitive update of the credit that does not fully correspond to the premises adopted in the report issued by the judicial expert, endorsed by the Company's technical assistant.

Although the Company confirm that the calculation made by the technical assistant hired by the Company is in line with:

(a) the criteria of the expert report approved by the Federal Court on which the final judgment has already taken place; and

(b) the best interpretation of the jurisprudence on the topic;

the Company petitioned the court to sent the case file to the institute responsible for preparing the expert report previously approved by judge, in the course of complying with the sentence, for the correct update, in the strict terms of the law that assists it according to judicial decisions and depending on matter of the value of the asset that is registered.

Despite the advanced stage of the process and the constant diligence by the Company before the Federal Court, the process was impacted by the effects of the pandemic. According to the Joinville Judicial Sub-section, in addition to suspending the procedural deadlines, the pandemic represented a significant increase in new demands linked with Covid-19, those causes was prioritized

Consolidated

	Credits	Realizable value adjustment	Net realizable value
AT DECEMBER 31, 2019	**250,473**	**(79,499)**	**170,974**
Monetary adjustment (nota 21)	7,502	-	7,502
Change in fair value of derivative (nota 21)	-	46,143	46,143
Received	(72,470)	-	(72,470)
AT DECEMBER 31, 2019	**185,505**	**(33,356)**	**152,149**
Monetary adjustment (nota 21)	9,751	-	9,751
Change in fair value of derivative (nota 21)	-	(43,178)	(43,178)
AT SEPTEMBER 30, 2020	**195,256**	**(76,534)**	**118,722**

All amounts in thousands of Reais unless otherwise stated.

12. INVESTMENTS

a. Composition of investments

Parent company	Total assets	Equity	Goodwill	Profit (loss) for the period	Interest in capital (%)	Share in the results of subsidiaries (*)	Book value (*)
AT SEPTEMBER 30, 2020							
investment in subsidiary company							
Tupy Mexico Saltillo, S.A. de C.V.	1,976,186	1,255,667	30,513	(98,762)	100.00	(102,886)	1,249,797
Technocast, S.A. de C.V.	1,076,795	679,140	10,713	(77,160)	100.00	(77,160)	689,853
Servicios Industriales Technocast, S.A. de C.V.	1,206	753	-	(98)	100.00	(98)	753
Tupy Overseas	2,020,945	27,654	-	1,068	100.00	1,068	27,654
Tupy American Foundry Co.	349,707	188,596	-	3,753	100.00	8,564	177,489
Tupy Europe GmbH	259,883	245,559	-	1,396	100.00	7,265	232,153
Tupy Materials & Components B.V(**)	6,452	6,044	-	(2,226)	100.00	(2,226)	6,044
Tupy Agroenergética Ltda.	13,090	12,773	-	9,056	100.00	9,056	12,773
Sociedade Técnica de Fundições Gerais SA. - Sofunge "in liquidation"	2,508	1,084	-	(114)	100.00	(114)	1,084
						(156,531)	**2,397,600**

(*) Adjusted by unrealized profits
(**) Tupy S.A. 99% and Tupy Agroenergética 1%

Parent company	Total assets	Equity	Goodwill	Profit (loss) for the period	Interest in capital (%)	Share in the results of subsidiaries (*)	Book value (*)
AT DECEMBER 31, 2019							
investment in subsidiary company							
Tupy Mexico Saltillo, S.A. de C.V.	1,561,537	964,093	30,513	65,328	100.00	53,854	983,008
Technocast, S.A. de C.V.	859,803	561,104	10,713	(68,055)	100.00	(68,055)	571,817
Servicios Industriales Technocast, S.A. de C.V.	1,054	657	-	(120)	100.00	(120)	657
Tupy Overseas	1,465,720	18,943	-	1,233	100.00	1,233	18,943
Tupy American Foundry Co.	213,462	126,200	-	7,766	100.00	6,257	120,636
Tupy American Iron & Alloys Co.	5,513	5,514	-	1	100.00	1	5,514
Tupy Europe GmbH	200,187	166,858	-	13,339	100.00	13,898	161,289
Tupy Materials & Components B.V(**)	6,046	5,985	-	-	100.00	-	5,985
Tupy Agroenergética Ltda.	10,640	3,717	-	(899)	100.00	(899)	3,717
Sociedade Técnica de Fundições Gerais SA. - Sofunge "em liquidação"	2,502	1,198	-	(1,338)	100.00	(1,338)	1,198
						4,831	**1,872,764**

(*) Adjusted by unrealized profits
(**) Tupy S.A. 99% and Tupy Agroenergética 1%

Parent company

Changes in investments

Parent company	
AT DECEMBER 31, 2018	**1,793,940**
Share in the results of subsidiaries	4,831
Additions to investments	6,053
Exchange variations of investees located abroad	67,940
AT DECEMBER 31, 2019	**1,872,764**
Share in the results of subsidiaries	(156,531)
Exchange variations of investees located abroad	681,367
AT SEPTEMBER 30, 2020	**2,397,600**

Share in the results is recognized in income for the year and the exchange variation of investees located abroad is recognized in comprehensive income and are recognize in the equity valuation adjustment account in shareholders' equity.

All amounts in thousands of Reais unless otherwise stated.

13. PROPERTY, PLANT AND EQUIPMENT

Parent company	Machinery, facilities and equipment	Buildings	Land	Vehicles	Furniture, fittings and other	Right of use	Construction in progress	Total
Cost								
AT DECEMBER 31, 2018	**1,612,990**	**346,950**	**8,956**	**22,308**	**5,563**	**-**	**36,710**	**2,033,477**
Addition	5,409	-	-	-	-	14,099	84,164	103,672
Transfer to property, plant and equipment in use	70,749	10,093	-	1,017	371	-	(82,230)	-
Impairment	(920)	-	-	-	-	-	-	(920)
Disposal	(9,776)	(681)	-	(1,684)	-	-	-	(12,141)
AT DECEMBER 31, 2019	**1,678,452**	**356,362**	**8,956**	**21,641**	**5,934**	**14,099**	**38,644**	**2,124,088**
Addition	-	-	-	-	-	5,308	27,554	32,862
Transfer to property, plant and equipment in use	25,748	3,486	-	719	123	-	(36,095)	(6,019)
Impairment	(3,404)	-	-	-	-	-	-	(3,404)
Disposal	(5,440)	(1,683)	(8)	(393)	(24)	-	-	(7,548)
AT SEPTEMBER 30, 2020	**1,695,356**	**358,165**	**8,948**	**21,967**	**6,033**	**19,407**	**30,103**	**2,139,979**
Depreciation								
AT DECEMBER 31, 2018	**(1,126,279)**	**(155,075)**	**-**	**(14,075)**	**(3,437)**	**-**	**-**	**(1,298,866)**
Depreciation in the year	(111,115)	(13,858)	-	(1,859)	(396)	(4,786)	-	(132,014)
Disposal	8,378	3	-	1,243	-	-	-	9,624
AT DECEMBER 31, 2019	**(1,229,016)**	**(168,930)**	**-**	**(14,691)**	**(3,833)**	**(4,786)**	**-**	**(1,421,256)**
Depreciation in the year	(82,983)	(10,611)	-	(1,391)	(294)	(4,608)	-	(99,887)
Disposal	4,288	1,104	-	302	19	-	-	5,713
AT SEPTEMBER 30, 2020	**(1,307,711)**	**(178,437)**	**-**	**(15,780)**	**(4,108)**	**(9,394)**	**-**	**(1,515,430)**
Carrying amount								
AT DECEMBER 31, 2019	449,436	187,432	8,956	6,950	2,101	9,313	38,644	702,832
AT SEPTEMBER 30, 2020	387,645	179,728	8,948	6,187	1,925	10,013	30,103	624,549

Consolidated	Machinery, facilities and equipment	Buildings	Land	Vehicles	Furniture, fittings and other	Right of use	Construction in progress	Total
Cost								
AT DECEMBER 31, 2018	**3,472,185**	**783,267**	**66,868**	**24,233**	**27,859**	**-**	**167,579**	**4,541,991**
Addition	5,409	-	-	-	-	36,965	255,533	297,907
Transfer to property, plant and equipment in use	215,454	26,209	-	821	2,363	-	(244,847)	-
Exchange variation	74,872	17,378	2,314	274	765	663	8,357	104,624
Impairment	(920)	-	-	-	-	-	-	(920)
Disposal	(12,675)	(681)	-	(1,684)	-	(8)	-	(15,048)
AT DECEMBER 31, 2019	**3,754,325**	**826,173**	**69,182**	**23,644**	**30,987**	**37,620**	**186,622**	**4,928,553**
Addition	-	-	-	-	-	5,308	86,397	91,705
Transfer to property, plant and equipment in use	130,023	10,868	-	1,309	926	-	(149,145)	(6,019)
Exchange variation	838,207	188,395	23,895	825	8,778	9,338	57,148	1,126,586
Impairment	(3,404)	-	-	-	-	-	-	(3,404)
Disposal	(11,684)	(1,957)	(8)	(393)	(24)	(158)	-	(14,224)
AT SEPTEMBER 30, 2020	**4,707,468**	**1,023,479**	**93,069**	**25,385**	**40,667**	**52,108**	**181,022**	**6,123,198**
Depreciation								
AT DECEMBER 31, 2018	**(2,549,057)**	**(403,420)**	**-**	**(15,290)**	**(16,932)**	**-**	**-**	**(2,984,699)**
Depreciation in the year	(208,813)	(24,769)	-	(1,974)	(2,450)	(13,574)	-	(251,580)
Exchange variation	(59,031)	(10,219)	-	(51)	(596)	(154)	-	(70,051)
Disposal	10,865	3	-	1,243	2	-	-	12,113
AT DECEMBER 31, 2019	**(2,806,036)**	**(438,405)**	**-**	**(16,072)**	**(19,976)**	**(13,728)**	**-**	**(3,294,217)**
Depreciation in the year	(181,365)	(21,460)	-	(1,501)	(2,049)	(13,506)	-	(219,881)
Exchange variation	(640,615)	(108,769)	-	(561)	(6,646)	(4,562)	-	(761,153)
Disposal	7,549	1,104	-	302	19	-	-	8,974
AT SEPTEMBER 30, 2020	**(3,620,467)**	**(567,530)**	**-**	**(17,832)**	**(28,652)**	**(31,796)**	**-**	**(4,266,277)**
Carrying amount								
AT DECEMBER 31, 2019	948,289	387,768	69,182	7,572	11,011	23,892	186,622	1,634,336
AT SEPTEMBER 30, 2020	1,087,001	455,949	93,069	7,553	12,015	20,312	181,022	1,856,921

The Company offered property, plant and equipment items as collateral for borrowing amounting to R$12,019 (R$16,297 as at December 31, 2019) and R$5,895 (R$5,895 as at December 31, 2019) as collateral for tax litigation.

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

All amounts in thousands of Reais unless otherwise stated.

The Company carried out investment transactions that did not affect cash and which, therefore, were not recorded in the statement of cash flows. These transactions totals R$7,318 at September 30, 2020. (R$17,705 at December 31, 2019).

During the quarter, interest of loans and financing was capitalized on property, plant and equipment in the amount of R$355 (R$459 on September 30, 2019). In the period the amounting is R$1,239 (R$1,244 at the same period of 2019)

On June 30, 2020, due to the impacts of COVID-19, the Company assessed the indicators of impairment of its assets, redid the calculation to determine the recoverable values and identify the need for impairment adjustments amounting of R$3,404. This adjustment is due to the indefinite suspension of finishing activities at Mauá - SP unit.

The impacted plant is part of the block and heads unit, component of the transportation, infrastructure and agriculture segment of the plant in Brazil, whose main activities have been deactivated since May 2017 and with the respective impairment provisions set up.

At September 30, 2020 the Company reviewed the assumptions for the impairment´s calculation of its assets and did not identify the need for additional adjustments to those recorded on June 30, 2020.

14. INTANGIBLE ASSETS

Parent company	Software	Internal projects	Projects in progress	Total
AT DECEMBER 31, 2018	**47,744**	**879**	**6,219**	**54,842**
Acquisition/costs	2,361	606	3,027	5,994
Amortization	(8,362)	(364)	-	(8,726)
AT DECEMBER 31, 2019	**41,743**	**1,121**	**9,246**	**52,110**
Acquisition/costs	7,615	960	1,061	9,636
Amortization	(6,502)	(417)	-	(6,919)
AT SEPTEMBER 30, 2020	**42,856**	**1,664**	**10,307**	**54,827**

Consolidated	Software	Contractual customer relationships	Goodwill	Internal projects	Projects in progress	Total
AT DECEMBER 31, 2018	**50,647**	**205,866**	**41,226**	**879**	**6,219**	**304,837**
Acquisition/costs	5,999	-	-	606	3,027	9,632
Disposal	(104)	-	-	-	-	(104)
Exchange variation	244	6,906	-	-	-	7,150
Disposal	(11,239)	(62,868)	-	(364)	-	(74,471)
Impairment	-	(45,484)	-	-	-	(45,484)
AT DECEMBER 31, 2019	**45,547**	**104,420**	**41,226**	**1,121**	**9,246**	**201,560**
Acquisition/costs	8,584	-	-	960	1,061	10,605
Exchange variation	1,672	35,257	-	-	-	36,929
Amortization	(8,013)	(34,485)	-	(417)	-	(42,915)
Impairment	-	(34,400)	-	-	-	(34,400)
AT SEPTEMBER 30, 2020	**47,790**	**70,792**	**41,226**	**1,664**	**10,307**	**171,779**

Contractual customer relationships

The contractual relationship arises from the acquisition of Tupy México S.A. de C.V. and Technocast S.A. de C.V. on April 16, 2012 and was calculated based on the minimum estimate of customer portfolio maintenance, taking the sales volumes of periods prior to the acquisition and the market perspectives existing at the time into consideration.

The calculation used the Multi-period Excess Earnings Method (MEEM), which covers ten-year period, equivalent to the minimum term estimated for the maintenance of the commercial relationship with the customers. These intangible assets will be amortized on a straight-line basis.

All amounts in thousands of Reais unless otherwise stated.

The aggregate of the customer portfolios that compose the contractual relationship presents, and projects in the long term, volumes and profitability significantly higher than the initial recognition of the asset, which make the profitability of the plants reach the appropriate level.

Considering that the intangible asset was recognized by each portfolio, and according to IFRS is not allowed compensation between them, at the end of 2019, individual analysis was made, and the Company identify , due to the current economic scenario resulting from the COVID-19 pandemic, a reduction in the demand of the customers from intangible asset. Thus, the Company projects volumes and profitability lower than those that supported the calculation on December 31, 2019.

The methodology used in order to determine the fair value for the remain period of 2 years, was the value in use, considering the MEEM (*"Multi-period excess earnings methods"*) methodology.

The assumptions used by management at March 31, 2020 was the value in use, were as follows:

- Revenues were defined based on projections of demand by customer in the next 2 years.
- Operating margins were determined based on historical performance and on expectations arising from investments and operational improvements.
- Discount rate in real terms, before tax effects, of 6.5% p.y., which reflects the Company's specific risks.

At March 31, 2020 was necessary an impairment amounting of R$34,400, net of tax R$24,080. (note 22). The Company reviewed the analyses at September 30, 2020 and did not identify additional need to adjustment.

Goodwill

Intangible assets represented by the excess of the cost of an acquisition over the net fair value of assets and liabilities of the subsidiaries, Tupy Mexico S.A. de C.V. and Technocast S.A. de C.V., substantially generated by expected synergies.

Goodwill is allocated to the subsidiaries Tupy Mexico S.A., de C.V. and Technocast S.A., de C.V., which are considered as cash-generating units and operate in the automotive segment.

At the moment, considering COVID-19 pandemic impacts, the Company reviewed futures discounted cash flow projection and did not identify the need for impairment adjustment on the recorded goodwill.

15. TRADE ACCOUNTS PAYABLES

	Parent company		Consolidated	
	Sep/20	Dec/19	Sep/20	Dec/19
Domestic suppliers	240,992	252,254	240,993	252,258
Foreign suppliers	16,222	24,120	297,696	375,307
	257,214	**276,374**	**538,689**	**627,565**

The variation presented in the period is mainly due to the reduction in the Company's activity levels in the period as a result of the COVID-19 pandemic.

All amounts in thousands of Reais unless otherwise stated.

16. LOANS AND FINANCING

Parent company

	Maturity	Effective rate	Sep/20	Dec/19
Local currency			**527,679**	**23,159**
(a) 4131 operation	Sep/2021	CDI+4.5% p.a.	222,456	-
(b) Export credit notes	Mar/2021	192% CDI	182,475	-
(c) Export prepayment	Dec/2020	LIBOR 3M + 2,77%p.a.	113,124	-
(c) swap - export prepayment	Dec/2020	CDI + 3,55% p.a.	(10,823)	-
Sustainability	Jan/2025	5.89% p.a.	10,016	13,581
(d) Leasing from right of use			10,431	9,578
Foreign currency			**1,997,152**	**1,451,487**
(e) Export prepayment - Tupy Overseas	Jul/2024	VC + 6.78% p.a.	1,997,152	1,451,487
Current portion			546,697	55,595
Non-current portion			1,978,134	1,419,051
			2,524,831	**1,474,646**

*VC = Foreign exchange variation
*CDI = Interbank deposit certificate

Consolidated

	Maturity	Effective rate	Sep/20	Dec/19
Local currency			**527,679**	**23,159**
(a) 4131 operation	Sep/2021	CDI+4.5% p.a.	222,456	-
(b) Export credit notes	Mar/2021	192% CDI	182,475	-
(c) Export prepayment	Dec/2020	LIBOR 3M + 2,77%p.a.	113,124	-
(c) swap - export prepayment	Dec/2020	CDI + 3,55% p.a.	(10,823)	-
Sustainability	Jan/2025	5.89% p.a.	10,016	13,581
(d) Leasing from right of use			10,431	9,578
Foreign currency			**2,003,539**	**1,460,822**
(f) Senior unsecured Notes - US$350.000	Jul/2024	VC + 6.63% a.a.	1,992,052	1,445,782
(d) Leasing from right of use			11,487	15,040
Current portion			550,665	62,920
Non-current portion			1,980,553	1,421,061
			2,531,218	**1,483,981**

*VC = Foreign exchange variation
*CDI = Interbank deposit certificate

Long term maturities are as follow:

	Parent company		Consolidated	
Year	Sep/20	Dec/19	Sep/20	Dec/19
2020	-	705	-	705
2021-2023	28,745	17,085	28,745	17,085
2024	1,949,358	1,401,230	1,951,777	1,403,240
2025	31	31	31	31
	1,978,134	**1,419,051**	**1,980,553**	**1,421,061**

The fair value of the Company's borrowing (classified at Level 2 of the fair value hierarchy) is calculated through the discounting of the future payment flows based on the curves, interest rates and currencies observable in the financial market. At September 30, 2020, the fair value of borrowings was R$2,527,111 (R$1,481,359 at December 31, 2019).

On September 30, 2020, The Company is in compliance with the Covenant terms. These are presented in annual financial statements for the year ended December 31, 2019, Note 15.

a) 4131 operation

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

All amounts in thousands of Reais unless otherwise stated.

b) Export credit notes – NCE

In March 2020, NCE operations were contracted in the amount of R$178,000 with Banco IBBA, maturing in December 2020, with a weighted rate of 192% CDI and amortization at the end of the contract.

c) Export prepayment – PPE

In March 2020, the Company raised with Citibank the amount of US$ 20,000, equivalent to R $ 101,412, maturing in December 2020 with LIBOR 3M + 2.77%

To mitigate the exposure to the exchange rate variation of the contract, at the same time a swap instrument was also contracted with Citibank, the principal was locked in the amount of R$101,412, with a CDI rate + 3.55% in the same maturity terms as the original contract.

d) Leasing from right of use

The table below shows the segregation of such obligation:

	Parent company		Consolidated	
Liabilities	**Sep/20**	**Dec/19**	**Sep/20**	**Dec/19**
Current portion	3,056	2,179	9,050	11,960
Non-current portion	7,375	7,399	12,868	12,658
	10,431	**9,578**	**21,918**	**24,618**

e) Export Prepayments – Tupy Overseas S.A.

In January and july, was payed interest of R$113,942 (in January and July, 2019 R$89,241). The impact of foreign exchange variations during the third quarter on the export prepayment amount with Tupy Overseas S.A. was a loss of R$57,480 and the total amount fo 2019 was R$561,890. (loss of R$115,938 in the quarter and R$98,382 in the 9-months of 2019).

f) Senior Unsecured Notes

In July 2014, the Company completed the issuance of bonds ("Issuance") in the international market, through its subsidiary Tupy Overseas S.A. These bonds are guaranteed by the Parent company and amount to US$350,000 (R$776,649), with single amortization in 2024. Interest, at the coupon of 6.625% p.a., are paid on a semiannual basis, in January and July. In 2020 was payed interest of R$110,988 (R$86,481 was payed during the 9 months of 2019). The foreign exchange variations reduction recognized in the period from senior unsecured notes in the period amounted to R$57,588 (gain of R$115,098 in the same period of previously year). In the period of 9-months was recognized loss amouting of R$565,680 (gain of R$98,350 in the same period of last year).

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

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

The changes in the provisions for tax, civil, social security and labor contingencies in the period of 9 months ended September 30, 2020 and the related judicial deposits were as follows:

All amounts in thousands of Reais unless otherwise stated.

Parent company

	Civil	Tax	Labor	Social security	Judicial deposits	Total
AT DECEMBER 31, 2018	**57,349**	**60,305**	**64,849**	**17,918**	**(36,174)**	**164,247**
Additions	-	13,746	560	-	(27,059)	(12,753)
Restatements	5,855	(2,668)	41,128	191	-	44,506
Remuneration	-	-	-	-	(994)	(994)
Payments	(10,255)	(116)	(29,195)	(6,970)	-	(46,536)
Deposit Redemption	-	-	-	-	32,610	32,610
AT DECEMBER 31, 2019	**52,949**	**71,267**	**77,342**	**11,139**	**(31,617)**	**181,080**
Additions	901	-	93	-	(2,050)	(1,056)
Restatements	(1,851)	1,837	25,741	411	-	26,138
Remuneration	-	-	-	-	(391)	(391)
Payments	(12)	(68)	(29,881)	(568)	-	(30,529)
Deposit Redemption	-	-	-	-	12,235	12,235
AT SEPTEMBER 30, 2020	**51,987**	**73,036**	**73,295**	**10,982**	**(21,823)**	**187,477**
Current						36,489
Non-current						150,988
						187,477

Consolidated

	Civil	Tax	Labor	Social security	Judicial deposits	Total
AT DECEMBER 31, 2018	**57,360**	**60,305**	**64,849**	**17,918**	**(36,174)**	**164,258**
Additions	-	13,746	560	-	(27,059)	(12,753)
Restatements	7,159	(2,668)	41,128	191	-	45,810
Remuneration	-	-	-	-	(994)	(994)
Payments	(10,266)	(116)	(29,195)	(6,970)	-	(46,547)
Deposit Redemption	-	-	-	-	32,610	32,610
AT DECEMBER 31, 2019	**54,253**	**71,267**	**77,342**	**11,139**	**(31,617)**	**182,384**
Additions	901	-	93	-	(2,050)	(1,056)
Restatements	(1,731)	1,837	25,741	411	-	26,258
Remuneration	-	-	-	-	(391)	(391)
Payments	(12)	(68)	(29,881)	(568)	-	(30,529)
Deposit Redemption	-	-	-	-	12,235	12,235
AT SEPTEMBER 30, 2020	**53,411**	**73,036**	**73,295**	**10,982**	**(21,823)**	**188,901**
Current						36,489
Non-current						152,412
						188,901

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

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

All amounts in thousands of Reais unless otherwise stated.

Contingencies involving possible losses

	Parent company		Consolidated	
	Sep/20	Dec/19	Sep/20	Dec/19
IRPJ and CSLL processes	173,146	173,961	173,518	174,333
PIS, COFINS and IPI credits	145,971	135,031	145,971	135,031
ICMS credits	164,731	163,417	164,731	163,417
Expired tax debts	144,805	143,750	144,805	143,750
Social security	82,079	81,457	82,079	81,457
Labor lawsuits	62,755	71,888	62,825	71,957
Civil and other	63,486	54,054	64,417	54,944
	836,973	**823,558**	**838,346**	**824,889**

The contingencies involving a risk of loss deemed “possible” are, substantially, the same as those disclosed in Note 18 to the annual financial statements for the year ended in December 31, 2019.

18. SHARE CAPITAL

	Sep/20		Dec/19	
Share capital breakdown in number of shares	**Number**	**%**	**Number**	**%**
Controlling stockholders				
BNDES Participações S.A. – BNDESPAR	40,645,370	28.2%	40,645,370	28.2%
Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI	37,314,154	25.9%	37,314,154	25.9%
Officers	104,174	0.1%	86,274	0.1%
Treasury stock	139,691	0.1%	-	0.0%
Non-controlling interests				
Other stockholders	65,974,111	45.7%	66,131,702	45.8%
Total outstanding shares	**144,177,500**	**100.0%**	**144,177,500**	**100.0%**

a) Treasury stock

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

	Value (R$ thousand)	Quantity	Share value (R$)	Net result
AT DECEMBER 31, 2018	**292**	**13,527**	**21.56**	**9,898**
Shares used ofr stock option plan (i)	(292)	(13,527)	21.56	9,898
AT DECEMBER 31, 2019	**-**	**-**	**-**	**-**
Shares repurchase (ii)	2,944	139,691	-	
AT SEPTEMBER 30, 2020	**2,944**	**139,691**	**21.07**	**-**

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

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

As of September 30, 2020, the market value of treasury shares was R$2,426.

All amounts in thousands of Reais unless otherwise stated.

19. REVENUE

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

	Parent company		Consolidated	
	3Q20	3Q19	3Q20	3Q19
Gross revenue	716,968	855,407	1,336,032	1,441,856
Returns and rebates	(11,389)	(8,850)	(37,033)	(32,691)
Revenue net of returns and rebates	**705,579**	**846,557**	**1,298,999**	**1,409,165**
Sales taxes	(48,663)	(70,033)	(48,663)	(70,033)
Net revenue	**656,916**	**776,524**	**1,250,336**	**1,339,132**
Net revenue				
Domestic market	186,344	252,719	186,344	252,719
Foreign market	470,572	523,805	1,063,992	1,086,413
	656,916	**776,524**	**1,250,336**	**1,339,132**

	Parent company		Consolidated	
	9M20	9M19	9M20	9M19
Gross revenue	1,828,316	2,412,371	3,193,743	4,321,451
Returns and rebates	(27,374)	(24,676)	(88,277)	(90,783)
Revenue net of returns and rebates	**1,800,942**	**2,387,695**	**3,105,466**	**4,230,668**
Sales taxes	(117,694)	(205,392)	(117,694)	(205,392)
Net revenue	**1,683,248**	**2,182,303**	**2,987,772**	**4,025,276**
Net revenue				
Domestic market	447,975	748,929	447,975	748,929
Foreign market	1,235,273	1,433,374	2,539,797	3,276,347
	1,683,248	**2,182,303**	**2,987,772**	**4,025,276**

20. COSTS AND EXPENSES BY NATURE

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

	Parent company		Consolidated	
	3Q20	3Q19	3Q20	3Q19
Raw and processing materials	(246,112)	(324,904)	(519,763)	(595,652)
Maintenance and consumption materials	(49,158)	(45,960)	(99,540)	(109,436)
Salaries, payroll taxes and profit sharing	(122,275)	(164,246)	(228,577)	(278,915)
Social benefits	(19,560)	(18,249)	(20,098)	(18,485)
Electricity	(34,445)	(36,225)	(64,614)	(64,465)
Freight and commission on sales	(17,049)	(20,050)	(36,032)	(38,086)
Management fees	(4,085)	(3,004)	(4,085)	(3,004)
Other costs	(1,571)	(3,680)	(20,153)	(24,491)
	(494,255)	***(616,318)***	***(992,862)***	***(1,132,534)***
Depreciation	(35,395)	(34,699)	(78,215)	(65,180)
Costs and expenses total	**(529,650)**	**(651,017)**	**(1,071,077)**	**(1,197,714)**
Cost of products sold	(466,877)	(583,017)	(968,545)	(1,095,829)
Selling expenses	(27,323)	(28,344)	(52,625)	(51,463)
Administrative expenses	(31,365)	(36,652)	(45,822)	(47,418)
Management fees	(4,085)	(3,004)	(4,085)	(3,004)
Costs and expenses total	**(529,650)**	**(651,017)**	**(1,071,077)**	**(1,197,714)**

All amounts in thousands of Reais unless otherwise stated.

	Parent company		Consolidated	
	9M20	9M19	9M20	9M19
Raw and processing materials	(648,872)	(950,103)	(1,235,906)	(1,877,924)
Maintenance and consumption materials	(147,680)	(145,935)	(282,071)	(333,928)
Salaries, payroll taxes and profit sharing	(351,477)	(475,893)	(656,052)	(819,283)
Social benefits	(57,237)	(61,047)	(58,776)	(62,043)
Electricity	(86,484)	(103,680)	(163,759)	(191,237)
Freight and commission on sales	(46,640)	(64,834)	(96,341)	(120,826)
Management fees	(10,488)	(8,467)	(10,488)	(8,467)
Other costs	(11,297)	(14,808)	(64,642)	(63,626)
	(1,360,175)	***(1,824,767)***	***(2,568,035)***	***(3,477,334)***
Depreciation	(106,317)	(103,932)	(227,820)	(192,551)
Costs and expenses total	**(1,466,492)**	**(1,928,699)**	**(2,795,855)**	**(3,669,885)**
Cost of products sold	(1,293,930)	(1,724,826)	(2,520,135)	(3,364,725)
Selling expenses	(72,848)	(89,740)	(139,226)	(160,780)
Administrative expenses	(89,226)	(105,666)	(126,006)	(135,913)
Management fees	(10,488)	(8,467)	(10,488)	(8,467)
Costs and expenses total	**(1,466,492)**	**(1,928,699)**	**(2,795,855)**	**(3,669,885)**

In the composition of costs and expenses in the period, there are extraordinary expenses amounting of R$55.455, related to the confrontation of COVID-19, especially with employees who had their contracts temporarily suspended or reduced hours and the amount of the order of R$142,502 for idleness due to low activity level. These values were not included in the valuation of inventories produced in the period.

21. FINANCE RESULTS

	Parent company		Consolidated	
Finance results	3Q20	3Q19	3Q20	3Q19
Financial liabilities at amortized cost	***(38,874)***	***(24,462)***	***(38,117)***	***(23,808)***
Borrowing	(38,743)	(24,445)	(37,986)	(23,791)
Notes payable and other financial liabilities	(131)	(17)	(131)	(17)
Financial liabilities at fair value through profit or loss	***(2,187)***	-	***(2,187)***	-
Borrowing	(2,187)	-	(2,187)	-
Financial assets at fair value through profit or loss	***(2,973)***	-	***(2,973)***	-
Credits - Eletrobrás (note 11)	(2,973)	-	(2,973)	-
Other finance costs	***(302)***	***(14,014)***	***(2,656)***	***(15,033)***
Finance costs	**(44,336)**	**(38,476)**	**(45,933)**	**(38,841)**
Financial assets at fair value through profit or loss	***(67)***	***30,073***	***(67)***	***30,073***
Credits - Eletrobrás (note 11)	-	29,690	-	29,690
Investments in equity instruments	(67)	383	(67)	383
Amortized cost	***4,405***	***2,694***	***4,405***	***2,694***
Cash and cash equivalents	4,405	2,694	4,405	2,694
Tax credits and other finance income	***2,968***	***(459)***	***3,175***	***1,369***
Finance income	**7,306**	**32,308**	**7,513**	**34,136**
Derivative financial instruments				
Foreign exchange variations	19,527	17,060	12,841	16,784
Derivative financial instruments	923	(4,046)	22,797	(4,056)
Foreign exchange variations, net	**20,450**	**13,014**	**35,638**	**12,728**
Finance results	**(16,580)**	**6,846**	**(2,782)**	**8,023**

All amounts in thousands of Reais unless otherwise stated.

	Parent company		Consolidated	
Finance results	**9M20**	**9M19**	**9M20**	**9M19**
Financial liabilities at amortized cost	***(106,196)***	***(70,767)***	***(104,459)***	***(69,543)***
Borrowing	(105,973)	(70,658)	(104,236)	(69,434)
Notes payable and other financial liabilities	(223)	(109)	(223)	(109)
Financial liabilities at fair value through profit or loss	***(3,991)***	-	***(3,991)***	-
Borrowing	(3,991)	-	(3,991)	-
Financial assets at fair value through profit or loss	***(33,427)***	-	***(33,427)***	-
Credits - Eletrobrás (note 11)	(33,427)	-	(33,427)	-
Other finance costs	***(6,738)***	***(17,086)***	***(14,258)***	***(20,919)***
Finance costs	**(150,352)**	**(87,853)**	**(156,135)**	**(90,462)**
Financial assets at fair value through profit or loss	***(448)***	***58,117***	***(448)***	***58,117***
Credits - Eletrobrás (note 11)	-	57,237	-	57,237
Investments in equity instruments	(448)	880	(448)	880
Amortized cost	***14,626***	***9,288***	***14,626***	***9,288***
Cash and cash equivalents	14,626	9,288	14,626	9,288
Tax credits and other finance income	***7,492***	***7,806***	***10,321***	***12,374***
Finance income	**21,670**	**75,211**	**24,499**	**79,779**
Derivative financial instruments				
Foreign exchange variations	109,649	15,765	123,353	7,881
Derivative financial instruments	(178,320)	12,402	(238,767)	17,266
Foreign exchange variations, net	**(68,671)**	**28,167**	**(115,414)**	**25,147**
Finance results	**(197,353)**	**15,525**	**(247,050)**	**14,464**

22. OTHER OPERATING INCOME (EXPENSES)

	Parent company		Consolidated	
	3Q20	**3Q19**	**3Q20**	**3Q19**
Disposals of property, plant and equipment	(1,057)	(435)	(1,908)	(435)
Constitution and restatement of provision	(8,725)	(13,833)	(8,725)	(13,833)
Property sale		-	9,635	
Result on the sale of unusable and other assets	(8,238)	(3,541)	(7,720)	(3,667)
	(18,020)	***(17,809)***	***(8,718)***	***(17,935)***
Depreciation of non-operating assets	(158)	(192)	(158)	(193)
Amortization of intangible assets	-	-	(10,777)	(16,029)
Total other operating expenses, net	**(18,178)**	**(18,001)**	**(19,653)**	**(34,157)**
Fixed assets impairment (note 13)	-	(920)	-	(920)
Total impairment adjustments	**-**	**(920)**	**-**	**(920)**

	Parent company		Consolidated	
	9M20	**9M19**	**9M20**	**9M19**
Recognition of Reintegra	17.155	-	17.155	-
Disposals of property, plant and equipment	8.797	(1.580)	5.382	(1.688)
Constitution and restatement of provision	(27.132)	(47.777)	(27.252)	(49.081)
Provision for devaluation of maintenance parts	(9.146)	-	(9.146)	-
Property sale	-	-	9.635	-
Result on the sale of unusable and other assets	(35.169)	(6.868)	(35.450)	(7.493)
	(45.495)	***(56.225)***	***(39.676)***	***(58.262)***
Depreciation of non-operating assets	(489)	(638)	(491)	(641)
Amortization of intangible assets	-	-	(34.485)	(46.585)
Total other operating expenses, net	**(45.984)**	**(56.863)**	**(74.652)**	**(105.488)**
Fixed assets impairment (note 13)	(3.404)	(920)	(3.404)	(920)
Intangible asset impairment (note 14)	-	-	(34.400)	-
Total impairment adjustments	**(3.404)**	**(920)**	**(37.804)**	**(920)**

All amounts in thousands of Reais unless otherwise stated.

23. INCOME TAX AND SOCIAL CONTRIBUTION IN THE RESULTS

	Parent company		Consolidated	
	3Q20	3Q19	3Q20	3Q19
Net income (loss) before tax effects	**154,118**	**105,101**	**156,824**	**114,364**
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	(52,400)	(35,734)	(53,320)	(38,884)
Tax effect of permanent (additions) exclusions:				
Reintegra – benefit	5,327	180	5,327	180
Effect of correction of fixed assets	-	-	(1,625)	(2,610)
Depreciation of non-operating assets	(53)	(65)	(53)	(65)
Finance income from monetary assets	-	-	16,724	(1,259)
Additional income tax (Services Companies – Mexico)	-	-	(4,497)	(2,973)
Share of results of subsidiaries	20,947	(2,833)	-	-
Other permanent (additions) exclusions	90	(168)	3,626	2,959
Tax effects recorded in the statement of income before exchange effects	**(26,089)**	**(38,620)**	**(33,818)**	**(42,652)**
Effective rate of income tax before exchange effects	**17%**	**37%**	**22%**	**37%**
Effect of functional currency on tax base (a)	-	-	5,023	(5,231)
Tax effects recorded in the statement of income	**(26,089)**	**(38,620)**	**(28,795)**	**(47,883)**
Effective rate of income tax	**17%**	**37%**	**18%**	**42%**

	Parent company		Consolidated	
	9M20	9M19	9M20	9M19
Net income (loss) before tax effects	**(186,516)**	**244,600**	**(167,589)**	**263,447**
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	63,415	(83,164)	56,980	(89,572)
Tax effect of permanent (additions) exclusions:				
Additional income tax (Services Companies – Mexico)	14,377	489	14,377	489
Reintegra – benefit	-	-	989	795
Share of results of subsidiaries	(166)	(217)	(166)	(217)
Additional income tax (Subsidiaries)	-	-	(1,376)	-
Finance income from monetary assets	-	-	(10,399)	(915)
Interests on capital	-	34,000	-	34,000
Effect of correction of fixed assets	-	-	(2,182)	(10,301)
Depreciation of non-operating assets	(53,221)	11,306	-	-
Effects of different rates in subsidiaries	(198)	(643)	(10,624)	5,804
Tax effects recorded in the statement of income before exchange effects	**24,207**	**(38,229)**	**47,599**	**(59,917)**
Effective rate of income tax before exchange effects	**13%**	**16%**	**28%**	**23%**
Effect of functional currency on tax base (a)	-	-	(42,319)	2,841
Tax effects recorded in the statement of income	**24,207**	**(38,229)**	**5,280**	**(57,076)**
Effective rate of income tax	**13%**	**16%**	**3%**	**22%**

a) Effect of Functional currency on tax

The tax bases of assets and liabilities of the companies located in Mexico, where the functional currency is the US Dollars, are held in Mexican Pesos at their historical values. Fluctuations in exchange rates change the tax bases and consequently exchange effects are recognized as revenues and / or expenses for deferred income tax. The strong devaluation of the Mexican Peso against the Dollar, caused by the COVID-19 pandemic, resulted in the recognition of a relevant impact of approximately R$42,.319.

All amounts in thousands of Reais unless otherwise stated.

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

	Parent company		Consolidated	
	3Q20	3Q19	3Q20	3Q19
Tax effects recorded in the statement of income				
Current income tax and social contribution	(194)	5,938	(14,500)	(18,063)
Deferred income tax and social contribution	(25,895)	(44,558)	(14,295)	(29,820)
	(26,089)	**(38,620)**	**(28,795)**	**(47,883)**

	Parent company		Consolidated	
	9M20	9M19	9M20	9M19
Tax effects recorded in the statement of income				
Current income tax and social contribution	(194)	(12,504)	(10,806)	(70,176)
Deferred income tax and social contribution	24,401	(25,725)	16,086	13,100
	24,207	**(38,229)**	**5,280**	**(57,076)**

24. EARNINGS PER SHARE

a) Basic:

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

	3Q20	3Q19	9M20	9M19
Profit attributable to the stockholders of the Company	128,029	66,481	(162,309)	206,371
Outstanding shares	144,073,838	144,177,500	144,073,838	144,177,500
Basic results per share - R$	**0.88863**	**0.46111**	**(1.12657)**	**1.43137**

b) Diluted:

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

	3Q20	3Q19	9M20	9M19
Profit attributable to the stockholders of the Company	128,029	66,481	(162,309)	206,371
Outstanding shares	144,679,088	144,771,368	144,679,088	144,622,019
Diluted results per share - R$	**0.88492**	**0.45921**	**(1.12186)**	**1.42697**

25. SEGMENT REPORTING

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

Transportation, infrastructure & agriculture - Manufacture, to order, of cast and machined products, with significant technological content, such as powertrain (blocks and cylinder heads), brake, transmission, steering, axle and suspension components for global manufacturers of engines, mainly aimed at the capital goods industry, with emphasis on the sectors of commercial vehicles (in all types), infrastructure, agriculture and power generation.

Hydraulics - Manufacture of flexible iron connections for the construction industry, and cast-iron shapes for general use.

All amounts in thousands of Reais unless otherwise stated.

The following is the information on each reported segment:

a) Reconciliation of revenue, costs, expenses and profit

Consolidated	Tranportation, infrastructure & agriculture		Hydraulics		Total	
	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19
Net revenue (Note 19)	1,193,894	1,274,346	56,442	64,786	1,250,336	1,339,132
Costs and expenses, except depreciation (Note 20)	(941,785)	(1,087,341)	(51,077)	(45,193)	(992,862)	(1,132,534)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 22)	(8,112)	(17,053)	(606)	(882)	(8,718)	(17,935)
Depreciation and amortization	(87,083)	(79,382)	(2,067)	(2,020)	(89,150)	(81,402)
Impairment (note 13)	-	-	-	-	-	(920)
Profit before finance results	**156,914**	**90,570**	**2,692**	**16,691**	**159,606**	**106,341**
Finance results (Note 22)					(2,782)	8,023
Profit before taxation					**156,824**	**114,364**
Income tax and social contribution (Note 21)					(28,795)	(47,883)
Profit (loss) for the quarter					**128,029**	**66,481**

Consolidated	Tranportation, infrastructure & agriculture		Hydraulics		Total	
	9M20	9M19	9M20	9M19	9M20	9M19
Net revenue (Note 19)	2,855,990	3,848,276	131,782	177,000	2,987,772	4,025,276
Costs and expenses, except depreciation (Note 20)	(2,442,770)	(3,316,615)	(125,265)	(160,719)	(2,568,035)	(3,477,334)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 22)	(36,620)	(55,617)	(3,056)	(2,645)	(39,676)	(58,262)
Depreciation and amortization	(256,480)	(233,901)	(6,316)	(5,876)	(262,796)	(239,777)
Impairment (note 13 and 14)	(37,804)	-	-	-	(37,804)	(920)
Profit before finance results	**82,316**	**242,143**	**(2,855)**	**7,760**	**79,461**	**248,983**
Finance results (Note 22)					(247,050)	14,464
Profit before taxation					**(167,589)**	**263,447**
Income tax and social contribution (Note 21)					5,280	(57,076)
Profit (loss) for the period					**(162,309)**	**206,371**

b) Reconciliation of costs and expenses by segment

Consolidated	Tranportation, infrastructure & agriculture		Hydraulics		Total	
	3Q20	3Q19	3Q20	3Q19	3Q20	3Q19
Raw and processing materials	(501,539)	(568,359)	(18,224)	(27,293)	(519,763)	(595,652)
Maintenance and consumption materials	(96,148)	(106,354)	(3,392)	(3,082)	(99,540)	(109,436)
Salaries and payroll taxes	(215,536)	(263,079)	(13,041)	(15,836)	(228,577)	(278,915)
Social benefits	(19,712)	(17,990)	(386)	(495)	(20,098)	(18,485)
Electricity	(60,273)	(60,375)	(4,341)	(4,090)	(64,614)	(64,465)
Depreciation	(76,065)	(63,249)	(2,150)	(1,931)	(78,215)	(65,180)
Freight and commissions on sales	(32,137)	(33,382)	(3,895)	(4,704)	(36,032)	(38,086)
Management fees	(3,758)	(2,796)	(327)	(208)	(4,085)	(3,004)
Other costs	(14,832)	(23,613)	(5,321)	(878)	(20,153)	(24,491)
	(1,020,000)	**(1,139,197)**	**(51,077)**	**(58,517)**	**(1,071,077)**	**(1,197,714)**

All amounts in thousands of Reais unless otherwise stated.

Consolidated	Tranportation, infrastructure & agriculture		Hydraulics		Total	
	9M20	9M19	9M20	9M19	9M20	9M19
Raw and processing materials	(1,190,793)	(1,801,575)	(45,113)	(76,349)	(1,235,906)	(1,877,924)
Maintenance and consumption materials	(271,921)	(324,373)	(10,150)	(9,555)	(282,071)	(333,928)
Salaries and payroll taxes	(618,843)	(773,504)	(37,209)	(45,779)	(656,052)	(819,283)
Social benefits	(57,625)	(60,621)	(1,151)	(1,422)	(58,776)	(62,043)
Electricity	(153,626)	(179,815)	(10,133)	(11,422)	(163,759)	(191,237)
Depreciation	(221,504)	(186,675)	(6,316)	(5,876)	(227,820)	(192,551)
Freight and commissions on sales	(86,705)	(107,936)	(9,636)	(12,890)	(96,341)	(120,826)
Management fees	(9,650)	(7,790)	(838)	(677)	(10,488)	(8,467)
Other costs	(53,607)	(61,000)	(11,035)	(2,626)	(64,642)	(63,626)
	(2,664,274)	**(3,503,290)**	**(131,581)**	**(166,595)**	**(2,795,855)**	**(3,669,885)**

c) Reconciliation of assets and liabilities

Consolidated	Tranportation, infrastructure & agriculture		Hydraulics		Total	
ASSETS	Sep/20	Dec/19	Sep/20	Dec/19	Sep/20	Dec/19
Trade account receivables (Note 4)	798,146	632,258	37,874	40,098	836,020	672,356
Inventories (Note 5)	679,890	593,900	45,562	60,207	725,452	654,107
Tooling (Note 6)	212,213	141,128	-	-	212,213	141,128
Notes and other receivables	49,975	54,108	3,352	5,004	53,327	59,112
Property, plant and equipment (Note 13)	1,806,601	1,578,106	50,320	56,230	1,856,921	1,634,336
Intangible assets (Note 14)	171,779	201,560	-	-	171,779	201,560
Other assets not allocated	-	-	-	-	2,546,201	1,761,568
Total assets	**3,718,604**	**3,201,060**	**137,108**	**161,539**	**6,401,913**	**5,124,167**

Consolidated	Tranportation, infrastructure & agriculture		Hydraulics		Total	
LIABILITIES	Sep/20	Dec/19	Sep/20	Dec/19	Sep/20	Dec/19
Trade accounts payables (Note 15)	522,535	602,126	16,154	25,439	538,689	627,565
Income taxes payable	32,219	52,469	94	792	32,313	53,261
Salaries, social security charges and profit sharing	167,128	158,208	10,435	10,336	177,563	168,544
Advances from customers	166,453	119,230	3,844	2,457	170,297	121,687
Notes and other payables	81,663	42,043	5,061	3,586	86,724	45,629
Deferred tax on intangible assets (Note 9)	21,238	31,326	-	-	21,238	31,326
Income and social contribution tax	5,332	6,162	-	-	5,332	6,162
Other liabilities not allocated	-	-	-	-	2,832,855	1,682,590
Equity (Note 18)	-	-	-	-	2,536,902	2,387,403
Total liabilities and equity	**996,568**	**1,011,564**	**35,588**	**42,610**	**6,401,913**	**5,124,167**

Segment-specific assets and liabilities are allocated directly to each segment, and criteria relating to the applicability and origin are used for common assets and liabilities. The Company does not allocate cash and cash equivalents, recoverable and deferred taxes, judicial and other deposits, and investments in companies to the reporting segments, as they are not directly related to the operations. For the same reason, borrowing, dividends, provisions, deferred taxes and other long-term liabilities are also not allocated to the segments.

All amounts in thousands of Reais unless otherwise stated.

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

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

Consolidated

Revenue	3Q20	%	3Q19	%	9M20	%	9M19	%
Tranportation, infrastructure & agriculture	**1,193,894**	**95.5**	**1,274,346**	**95.2**	**2,855,990**	**95.6**	**3,848,276**	**95.6**
Customer A	197,393	15.8	232,158	17.3	483,833	16.2	700,630	17.4
Customer B	116,857	9.3	113,414	8.5	315,759	10.6	353,055	8.8
Customer C	155,744	12.5	118,403	8.8	310,907	10.4	370,507	9.2
Cliente D	143,348	11.5	274,023	20.5	283,014	9.5	824,104	20.5
Other customers	580,552	46.4	536,348	40.1	1,462,477	48.9	1,599,980	39.7
Hydraulics	**56,442**	**4.5**	**64,786**	**4.8**	**131,782**	**4.4**	**177,000**	**4.4**
Total Revenue	**1,250,336**	**100.0**	**1,339,132**	**100.0**	**2,987,772**	**100**	**4,025,276**	**100**

The sales in the Hydraulics segment are diversified.

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

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

Consolidated

	3Q20	%	3Q19	%	9M20	%	9M19	%
North America	**875,407**	**70.0**	**847,139**	**63.2**	**2,041,298**	**68.3**	**2,556,620**	**63.4**
United States	416,584	33.3	451,515	33.7	1,060,645	35.5	1,318,166	32.7
Mexico	455,571	36.4	386,209	28.8	967,830	32.4	1,204,506	29.9
Canada	3,252	0.3	9,415	0.7	12,823	0.4	33,948	0.8
South and Central Americas	**192,242**	**15.4**	**263,075**	**19.7**	**465,101**	**15.6**	**773,853**	**19.2**
Brazil - head office	186,344	14.9	252,719	18.9	447,975	15.0	748,929	18.6
Other countries	5,898	0.5	10,356	0.8	17,126	0.6	24,924	0.6
Europe	**137,128**	**11.0**	**155,046**	**11.6**	**358,029**	**12.1**	**466,880**	**11.6**
United Kingdom	40,066	3.2	78,686	5.9	121,881	4.1	230,419	5.7
Hungary	17,494	1.4	21,485	1.6	47,278	1.6	74,712	1.9
Italy	12,520	1.0	15,302	1.1	32,136	1.1	33,778	0.8
Netherlands	13,227	1.1	14,439	1.1	38,472	1.3	49,071	1.2
Sweden	39,164	3.1	15,917	1.2	80,390	2.7	42,170	1.0
Germany	10,083	0.8	4,396	0.3	28,462	1.0	10,281	0.3
Other countries	4,574	0.4	4,821	0.4	9,410	0.3	26,449	0.7
Asia, Africa and Oceania	**45,559**	**3.6**	**73,872**	**5.5**	**123,344**	**4.0**	**227,923**	**5.8**
South Africa	18,591	1.5	24,014	1.8	29,352	1.0	73,379	1.8
Thailand	1,927	0.2	11,731	0.9	24,021	0.8	51,651	1.3
Japan	7,581	0.6	24,439	1.8	30,498	1.0	58,113	1.4
China	11,313	0.9	9,812	0.7	26,701	0.9	34,164	0.8
Other countries	6,147	0.4	3,876	0.3	12,772	0.3	10,616	0.5
Total	**1,250,336**	**100.0**	**1,339,132**	**100.0**	**2,987,772**	**100.0**	**4,025,276**	**100.0**

All amounts in thousands of Reais unless otherwise stated.

26. FINANCIAL INSTRUMENTS

		Parent company		Consolidated	
	Note	Sep/20	Dec/19	Sep/20	Dec/19
Loans and receivables		**1,598,374**	**874,845**	**2,372,805**	**1,613,759**
Cash and cash equivalents	3	888,462	362,600	1,433,715	840,030
Trade account receivables(*)	4	628,389	422,012	836,020	672,356
Notes and other financial assets		81,523	90,233	103,070	101,373
Effect on the Income Statement		*6,443*	*12,940*	*5,073*	*13,280*
Financial assets at fair value through profit or loss		**120,703**	**157,213**	**130,753**	**166,361**
Credits - Eletrobrás		118,722	152,149	118,722	152,149
Investments in equity instruments		1,981	2,429	12,031	9,461
Derivative financial instruments	27	-	2,635	-	4,751
Effect on the Income Statement		*(3,083)*	*74,228*	*(4,344)*	*80,842*
Financial liabilities at amortized cost		**2,730,636**	**1,792,701**	**3,056,763**	**2,160,657**
Trade accounts payables		257,214	276,374	538,689	627,565
Loans and financing	16	2,422,530	1,474,646	2,428,917	1,483,981
Dividends and interest on capital		185	191	185	191
Notes payable and other financial liabilities		50,707	41,490	88,972	48,920
Effect on the Income Statement		*(106,196)*	*(95,775)*	*(104,459)*	*(93,883)*
Financial liabilities at fair value through profit or loss		**102,301**	**-**	**102,301**	**-**
Loans and financing	16	102,301	-	102,301	-
Effect on the Income Statement		*(3,991)*		*(3,991)*	

(*) Includes the provision for impaired receivables

27. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE OF NET INVESTMENT ABROAD

a) Derivative financial instruments

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

The COVID-19 pandemic caused great volatility in the global financial markets, with a strong increase in risk aversion, which led to a depreciation of 40% of the Real and 17% of the Mexican Peso against the US Dollar in the comparison between December 31, 2019 and September 30, 2020.

The calculation of the fair value of derivatives (MTM) is performed using the closing rate for the quarter, (Ptax-Bacen for Brazilian operations, and FIX-Banxico for Mexican operations), which, due to the strong devaluation, had a negative impact on the result of the contracted position by marking to market.

However, that the contracted derivatives position has maturities distributed in future months, with a coverage horizon until December 2020. The Company has not contracted new derivative operations since March 2020 due to the atypical volatility and uncertainties regarding the global economic scenario.

i. Parent company

On September 30, 2020, financial instruments totaled the amount of US$61,000 in zero-cost collar operations, consisting of: purchase of PUT with average exercise price of R$4.1489 and sales of CALL with average price average of R$4.6587, maturing up to December 30, 2020.

All amounts in thousands of Reais unless otherwise stated.

In the 9-month period ended September 30, 2020, the Company recognized in financial results a loss of R$178,320, of which R$115,214 was payment from settlement of contracts in the period and a loss of R$63,106 due to the mark-to-market of these instruments. In the same period of the previously year the Company recognized in financial results as net gain of R$12,402, of which R$21,858 was received from settlement of contracts in the period and a loss of R$9,456 due to the mark-to-market of these instruments.

ii. Subsidiaries

In September 30, 2020, the Subsidiaries derivative financial instruments in the zero-cost collar type totaled the amount of US$43,000. Which were made purchasing "PUT" with an average weighted price of exercise of MXN18.7956 and sales "CALL" with an average weighted price of exercise of MXN21.4469, with a due date at December 18, 2020.

On September 30, 2020, the Mexican subsidiaries recognized in their finance results as loss the amount of R$60,448. Considering, loss of R$60,458 from the settlement of contracts in the period and R$10 due to the gains for the mark to market of these instruments. On September 30, 2019, the Mexican subsidiaries recognized in their finance results as net profit the amount of R$4,864. Considering, gain of R$8,488 from the settlement of contracts in the period and R$3,569 due to the losses for the mark to market of these instruments.

iii. Consolidated

In the 9-month period ended September 30, 2020, loss of R$238,768 was recognized in the Consolidated financial result, with payment of R$175,672 from the settlement of contracts in the period and loss of R$63,096 for the mark-to-market of these instruments. In the same period of previously year net income of R$17,266 was recognized in the Consolidated financial result, with R$30,346 from the settlement of contracts in the period and loss of R$13,025 for the mark-to-market of these instruments.

Below are the net open positions at September 30, 2020 and December 31, 2019:

	Parent company	Subsidiaries	Consolidated
Recognized in financial results	(178,320)	(60,448)	(238,768)
Settlement	115,214	60,458	175,672
Market to market	(63,106)	10	(63,096)
Foreign exchange impact	-	(14,180)	(14,180)
AT December 31, 2019	2,635	2,116	4,751
AT September 30, 2020	**(60,471)**	**(12,054)**	**(72,525)**
Maturity date			
Due December 31, 2020	(60,471)	(12,054)	(72,525)
AT September 30, 2020	**(60,471)**	**(12,054)**	**(72,525)**

	Parent company		Consolidated	
	Sep/20	Dec/19	Sep/20	Dec/19
Financial derivative instruments				
Assets	-	2,635	-	4,751
Liabilities	(60,471)	-	(72,525)	-
Financial derivative instruments, net	**(60,471)**	**2,635**	**(72,525)**	**4,751**

b) Hedges of net investments abroad

With the objective of mitigating the effects of foreign exchange volatility on the results, the Company adopted hedges for the net investments abroad on January 10, 2014, as presented in the annual financial statement of year ended December 31, 2019 note 31.b.

All amounts in thousands of Reais unless otherwise stated.

In September 30, 2020, the Company has export prepayment contracts amounting to US$349,000, equivalent to R$1,968,604 as hedges of the investments in the subsidiaries in Mexico, Tupy México Saltillo, S.A. de C.V. and Technocast, S.A. de C.V., the functional currency of which is the US Dollar (US$), and which had net assets of US$342,995, equivalent to R$1,934,730 representing 101.8% effectiveness.

During the third quarter an in the period of 9 months ended at September 30, 2020, the Company recognized in carrying value adjustments, within equity, a loss of R$57,734 and R$558,607 respectively, result of the conversion of the prepayment contracts designated as hedge instruments. As a result, the investments in Mexicans subsidiaries resulted in a gain of R$75,412 and R$681,367 respectively, the net result was a gain of R$17,678 and R$122,760 respectively. Considering the net fiscal effect, the amount of loss of exchange rate R$19,630 and R$189,927, and the net gain was R$37,308 for the third quarter and R$312,687 for 9-month recognized as comprehensive income.

28. FINANCIAL RISK MANAGEMENT

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

28.1 Credit risk

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

The Company sets exposure limits for each customer to limit the credit risk on trade receivables and risks are managed according to specific credit rating criteria, which include an analysis of customers in based on their payment ability, indebtedness level, market behavior and history with the Company. Furthermore, the Company carries out quantitative and qualitative analyses of its portfolio of trade receivables in order to determine the estimate for probable losses on receivables. As at September 30, 2020, estimated losses on trade receivables amounted to R$11,911 (R$1,389 as at December 31, 2019), representing 1.4% of the consolidated balance of outstanding receivables at that date (0.2% as at December 31, 2019).

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

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

Credit quality of financial assets

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

	Parent company		Consolidated	
	Sep/20	Dec/19	Sep/20	Dec/19
Counterparties with external credit ratings*				
Cash and cash equivalents	**888.462**	**362.600**	**1.433.715**	**840.030**
AAA	187.194	15.447	243.562	97.105
AA+ / AA / AA-	511.592	319.380	668.482	487.023
A+ / A / A-	189.676	27.773	521.671	255.902
Derivative financial	**-**	**2.635**	**-**	**4.751**
AA+ / AA / AA-	-	2.635	-	4.751
Credits - Eletrobrás	**118.722**	**152.149**	**118.722**	**152.149**
AA	118.722	152.149	118.722	152.149
Counterparties without external credit rating				
Trade receivables	**628.389**	**422.012**	**836.020**	**672.356**
Low risk	603.089	400.793	799.989	640.184
Moderate risk	23.368	21.204	34.099	22.393
High risk	11.809	128	13.843	11.168
Provision for impairment of trade receivables	(9.877)	(113)	(11.911)	(1.389)
Other financial assets	**83.504**	**92.662**	**115.101**	**110.834**
Total	**1.719.077**	**1.032.058**	**2.503.558**	**1.780.120**

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

The risk assessment of trade receivables is as follows:

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

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

28.2 Liquidity risk

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

In order to ensuring that, the Company has sufficient liquidity to settle its obligations without incurring losses or affecting its operations. This minimum cash amount corresponds to a two-month projection of: operating cash generation in in an unfavorable scenery, plus the balance of the short-term borrowing, net of derivative instruments. Moreover, the Company manages its investment portfolio using criteria for concentration in financial institutions, in addition to global and local ratings.

The contractual maturities of financial liabilities are as follow:

Consolidated		Contractual cash flow				
FINANCIAL LIABILITIES	**Carrying amount**	**6 months or less**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**Total flow**
Borrowings	2,531,218	451,115	191,675	133,949	2,238,716	3,015,455
Financial derivative instruments	72,525	72,525	-	-	-	72,525
Trade payables and notes and other payables	625,413	625,413	-	-	-	625,413
Dividends payable	185	185	-	-	-	185
	3,229,341	**1,149,238**	**191,675**	**133,949**	**2,238,716**	**3,713,578**

All amounts in thousands of Reais unless otherwise stated.

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

28.3 Market risk

Market risk is the risk of changes in the value of the Company's financial instruments as a result of changes in interest and foreign exchange rates and market prices. The objective of market risk management is to maintain exposure to market risks within acceptable levels, while optimizing returns.

Interest rate risk

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

Consolidated

	Note	Sep/20	Dec/19
Floating-rate instruments		**323,973**	**333,052**
Financial assets		853,123	333,052
Financial liabilities	16	(529,150)	-
Fixed-rate instruments		**(1,421,476)**	**(977,003)**
Financial assets		580,592	506,978
Financial liabilities	16	(2,002,068)	(1,483,981)

Sensitivity analysis of variations in floating interest rates

The Company has financial investments and derivative financial instruments exposed to the CDI rate variation, as well as borrowing linked to the TJLP and LIBOR rates.

The fluctuations in interest rates may affect the Company's future results. Presented below are the impacts that would have been generated by changes in interest rates to which the Company is exposed.

Interest rate risk — **Consolidated**

			Scenarios - Normative Instruction 475				
Floating rate instruments	**Risk**	**Disclosed**	**Probable**	**+25%**	**+50%**	**-25%**	**-50%**
In Brazilian reais							
Investments	**Interest rate (CDI - % p.a.)**	**1.90**	**1.90**	**2.38**	**2.85**	**1.43**	**0.95**
Financial assets		853,123	853,123	853,123	853,123	853,123	853,123
Potential impact		-	-	3,977	7,954	(3,995)	(8,028)
Borrowings	**Interest rate (TJLP - % p.a.)**	**1.90**	**1.90**	**2.38**	**2.85**	**1.43**	**0.95**
Financial liabilities		529,150	529,150	529,150	529,150	529,150	529,150
Potential impact		-	-	(2,467)	(4,934)	2,478	4,981

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings denominated in currencies other than the Company's functional currency, the Brazilian Real. The main currency in which these transactions are denominated is the US Dollar.

In addition, considering the importance of the Company's operations in Mexico, the devaluation of the Mexican Peso has an impact on the income tax. Since the functional currency of the subsidiaries in Mexico is the U.S. Dollars (US$). Net exchange variation from monetary assets and liabilities has significant impact on the basis for calculating this tax. (Note 23)

The Company manages its exposure to exchange rates through a combination of debts, financial investments, accounts receivable and export revenues in foreign currency, derivative transactions and hedges of the net investments abroad. The

All amounts in thousands of Reais unless otherwise stated.

Company's exposure to foreign currency risk considering the subsidiaries that use the Real (R$) as their functional currency, is as follows:

Parent company

Net exposure impacting profit	Note	Sep/20	Dec/19
Assets		**568,203**	**379,003**
Cash and cash equivalents abroad	3	32,200	27,999
Customers in the foreign market	4	536,003	351,004
Liabilities		**(127,334)**	**(92,871)**
Borrowings in foreign currency	16	(1,997,152)	(1,451,487)
Hedge of net investment abroad	27	1,968,604	1,406,714
Other amounts		(98,786)	(48,098)
Net exposure impacting profit			
In thousands of R$		440,869	286,132
In thousands of US$		78,159	70,988

The exposure of subsidiaries that use a functional currency U.S. Dollars (US$, is demonstrated bellow:

Subsidiaries

Net exposure impacting profit	Sep/20	Dec/19
Assets	**132,510**	**107,983**
Cash and cash equivalents abroad	4,580	15,669
Customers in the foreign market	31,809	23,391
Tax return	96,121	68,923
Liabilities	**(228,801)**	**(253,169)**
Trade accounts payables	(87,201)	(93,397)
Other amounts	(141,600)	(159,772)
Net exposure impacting profit		
In thousands of R$	(96,291)	(145,186)
In thousands of MXN	(377,168)	(680,347)

Sensitivity analysis of foreign exchange exposure, except derivatives

This analysis is based on the foreign exchange rate fluctuation, pursuant to CVM Normative Instruction 475, in which the risk variables are evaluated with a 25% and 50% fluctuation compared to the probable scenario estimated by the Company. This analysis assumes that all other variables, especially the interest rates, will remain constant.

Consolidated

			Scenarios - Normative Instruction 475			
	Disclosed	Probable	+25%	+50%	-25%	-50%
U.S. Dollar rate	**5.641**	**5.2800**	**6.60**	**7.92**	**3.96**	**2.64**
Asset position	568,203	531,869	664,836	797,803	398,902	265,934
Liability position	(127,334)	(119,191)	(148,989)	(178,787)	(89,393)	(59,596)
Net exposure (R$ thousand)	440,869	412,678	515,847	619,016	309,509	206,338
Net exposure (US$ thousand)	78,159	78,159	78,159	78,159	78,159	78,158
Potential impact (R$ thousand)	**-**	**(28,191)**	**74,978**	**178,147**	**(131,360)**	**(234,531)**

Sensitivity analysis of foreign exchange exposure of derivatives

This analysis is based on the foreign exchange rate fluctuation against "CALL" and 'PUT", pursuant to CVM Normative Instruction 475, in which the risk variables are evaluated with a 25% and 50% fluctuation compared to the probable scenario estimated by the Company. This analysis assumes that all other variables will remain constant.

			Scenarios - Normative Instruction 475				
Parent company	Disclosed	Probable	+25%	+50%	-25%	-50%
U.S. Dollar rate	5.6407	5.28	6.60	7.92	3.96	2.64
MTM Controladora	(60,471)	(39,272)	(118,752)	(199,259)	14,552	91,719
Potential impact (R$ thousand)		21,199	(58,281)	(138,788)	75,023	152,190

			Scenarios - Normative Instruction 475			
Subsidiaries	Disclosed	Probable	+25%	+50%	-25%	-50%
U.S. Dollar rate vs. Mexican peso	22,1438	22,00	27,50	33,00	16,50	11,00
MTM Subsidiaries (US$ mil)	(2.137)	(1.944)	(9.651)	(15.207)	5.767	30.066
MTM Subsidiaries (R$ mil)	(12.054)	(10.263)	(63.697)	(120.437)	22.837	79.375
Potential impact (R$ thousand)		1.791	(51.643)	(108.383)	34.891	91.428
Consolidated potential impact (R$ thousand)		22.990	(109.924)	(247.171)	109.914	243.619

Price risk

This risk relates to the possibility of fluctuations in the market prices of the inputs used in the manufacturing process, especially scrap, pig iron, metal alloys, coke and electricity. These price fluctuations could have an impact on the Company's costs. The Company monitors these prices, in order to pass on to customers any changes in its input prices.

28.4 Operating risk

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

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

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

28.5 Capital management

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

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

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

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

All amounts in thousands of Reais unless otherwise stated.

Consolidated

	Note	Sep/20	Dec/19
Own capital		**2,536,902**	**2,387,403**
Equity	18	2,536,902	2,387,403
Third party capital		**2,431,296**	**1,896,734**
Total current and non-current liabilities		3,865,011	2,736,764
Cash and cash equivalents	3	(1,433,715)	(840,030)
Own capital versus third-party capital ratio		**1.04**	**1.26**

28.6 Fair value

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

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

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

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

Sensitivity analysis of the fair value of embedded derivatives

The Company performed a sensitivity analysis considering the receipt of equity shares in Eletrobras. Varying the share value and volatility and keeping all other variables in the model constant. In this context, share value scenarios between R$15.60 and R$46.80 and volatility between 28.2% and 93.1% per year were used, resulting in estimates of minimum and maximum receipts between R$62.984 and R$152.793, respectively.

* * *

All amounts in thousands of Reais unless otherwise stated.

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Tupy S.A. ("Company"), contained in the Quarterly Information (ITR) Form for the quarter ended September 30, 2020, which comprises the statement of financial position as at September 30, 2020 and the related statements of profit or loss and of comprehensive income, for the three-month and the nine-month period then ended, and of changes in equity and of cash flows for the nine month periods then ended, including explanatory notes.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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

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Other matters

Statements of value added

The abovementioned quarterly information referred to above includes the individual and consolidated Statements of Value Added (SVA) for the nine-month periods ended September 30, 2020, prepared under the responsibility of the Company management and presented as supplementary information for purposes of IAS 34. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information in order to conclude whether they are reconciled with the interim financial information and accounting records, as applicable, and if their form and content are consistent with the criteria defined in NBC TG 09 - Statement of Added Value. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria defined in the aforementioned Standard and consistently with the overall accompanying individual and consolidated interim financial information.

Blumenau, October 28, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP 015199/O-6

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