2Q21 Highlights

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

Earnings Conference Call

Date: August 06, 2021

Portuguese/English

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

Dial in USA: +1 412 717-9627
Toll free USA: + 1 844 204-8942
Dial in Brazil: +55 11 3181-8565
Dial in Brazil: +55 11 4210-1803

Code: Tupy
Website: www.tupy.com.br/ir

Investor Relations

Thiago Fontoura Struminski
CFO

Hugo Zierth

Renan Oliveira

dri@tupy.com.br
+55 (11) 2763-7844

- **Physical sales volume:** 129,000 tons, up 1% over 1Q21, with a strong performance in the domestic market (+16%); Volumes affected by customers' temporary stoppages resulting from the shortage of semiconductors, resulting in an impact of approximately 12,000 tons;

- **Revenues:** R$1,645 million, the highest net revenue in the Company's history, up 7% from 1Q21, resulting from price increases, passing on of costs with materials, and a better product mix;

- **Adjusted EBITDA:** R$186 million, with a margin of 11.3%, mainly affected by mismatch of raw materials and freight prices and costs, quality of materials and absenteeism – impacting operating indicators, and customers' temporary stoppages, which resulted in lower dilution of costs;

- **Net income:** R$31 million, compared to losses of R$15 million in 1Q21 and R$83 million in 2Q20;

- **Operational cash generation e leverage:** R$44 million, versus a generation of R$9 million in 1Q21 and a cash consumption of R$85 million in 2Q20.Net Debt at the of the period was R$772 million, corresponding to 0.93x of LTM EBITDA;

- **Return on Invested Capital (ROIC):** 11.3% versus 6.7% in 1Q21 and 2.2% in 2Q20;

- **Interest on Equity:** payment of R$19.6 million on August 26th, and payment of two equal installments in November 2021 and January 2022, to be dully approved.

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

MESSAGE FROM MANAGEMENT

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

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

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

Consistent demand

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

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

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

We are exposed to perennial industries that are essential for society and that have benefited from the recovery of the global economy, leading us to achieve strong indicators. In 2Q21, we recorded the highest net revenue in the Company's history, in the amount of R$1.6 billion. The financial leverage, measured by the net debt/Adjusted LTM EBITDA ratio stood below 1x, which allows us to create even more value for shareholders either through new strategic projects in the machining and component assembly areas or through proceeds distribution. In this context, the Board of Directors approved the distribution of interest on equity of R$19.6 million, to be paid on August 26th, 2021. Future payments totaling R$39.3 million were also approved and payment dates will be dully approved.

An even more global company

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

Technological knowledge and collaboration shape up our future

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

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

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

SUMMARIZED RESULTS

Consolidated (R$ thousand)

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

SALES VOLUME

Consolidated (metric tons)

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

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

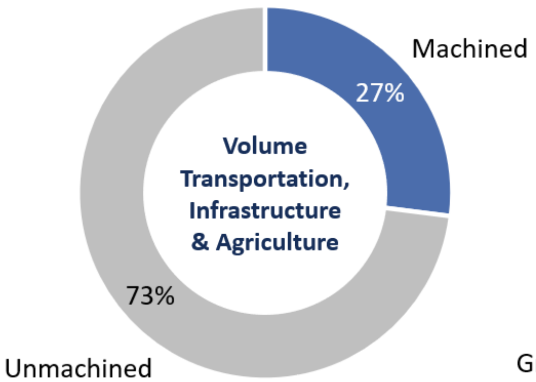
Compared to 1Q21, the result for the period was mainly impacted by the following factors:

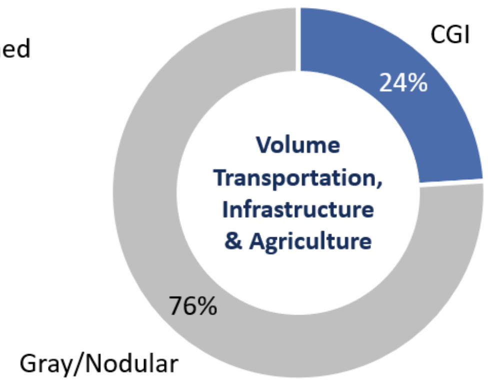
- An 18% growth in domestic sales to the Transportation, Infrastructure and Agriculture segments, resulting from the markets upturn and the increase in indirect exports;
- In the foreign market, a decrease of 3% to the Transportation, Infrastructure and Agriculture segments, due to an undersupply of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

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

Share of CGI (Compacted Graphite Iron) and machining:

Partially or fully machined goods accounted for **27%** of the portfolio of the Transportation, Infrastructure and Agriculture segment **(vs. 25% no 1Q21 and 17% in 2Q20.** In terms of sales by type of goods, **CGI accounted for 24% of the total (vs. 25% in 1Q21 and 17% in 2Q20).**





REVENUES

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

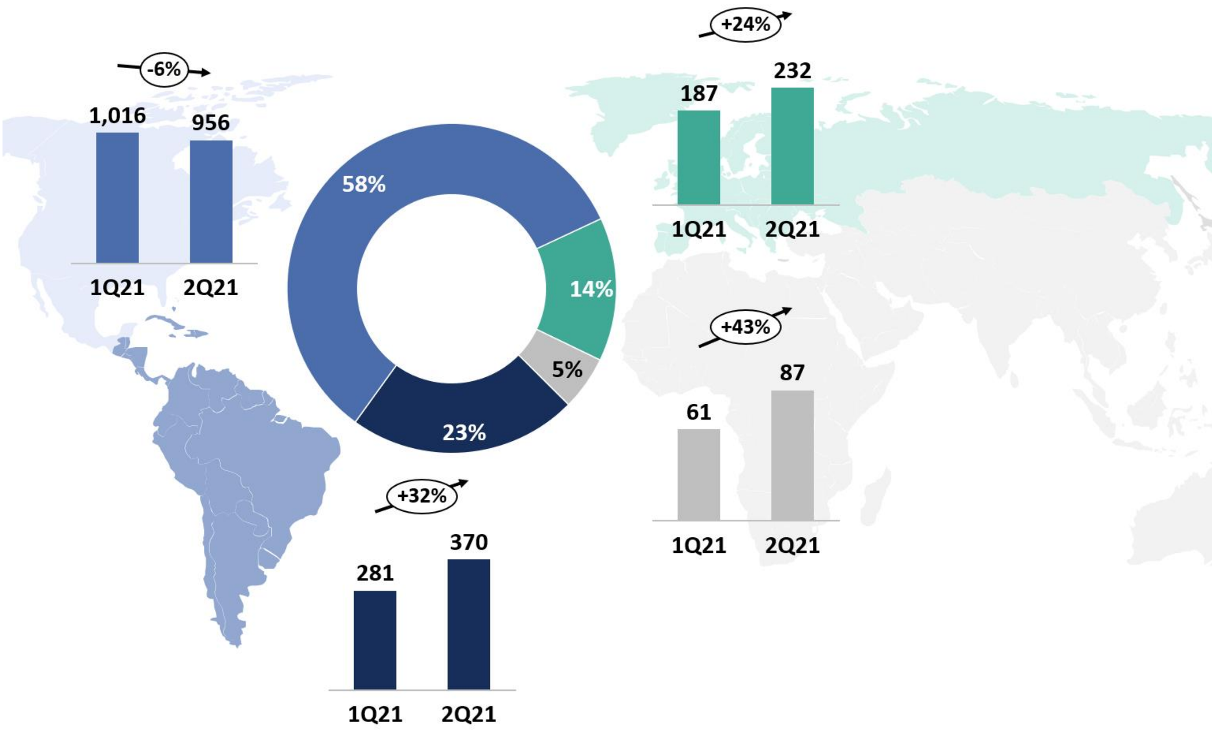
Consolidated (R$ thousand)

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

Revenues by market and performance in the period

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

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



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

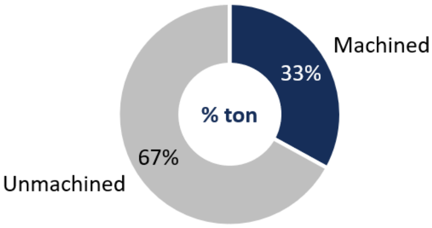
Note: The division among applications considers our best assumption for cases in which the same product is in two applications.

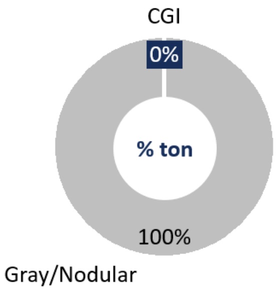
In addition to the pass-on of material costs, the period revenues were impacted by:

DOMESTIC MARKET (DM)

Passenger cars

Δ % Revenues	% Revenues	% Revenues DM
17% ▲	2%	11%

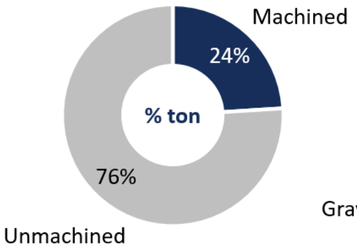


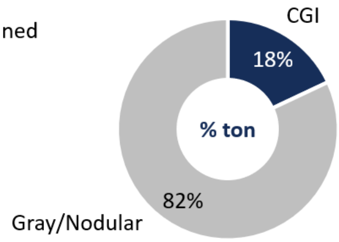


Revenue increased 17% over 1Q21, due to the market share gained by our customers and their strategy of transferring production to the Brazilian market.

Commercial vehicles

Δ % Revenues	% Revenues	% Revenues DM
35% ▲	13%	59%

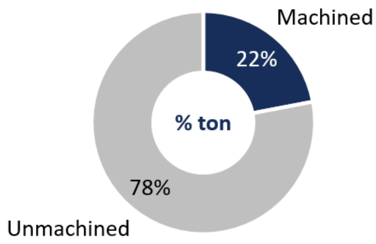


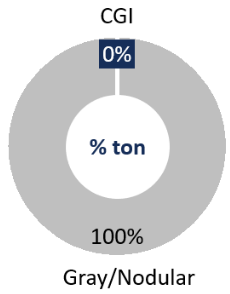


Revenues from commercial vehicle applications increased 35% versus 1Q21, due to higher demand in the domestic market and indirect exports.

Off-road

Δ % Revenues	% Revenues	% Revenues DM
36% ▲	4%	17%

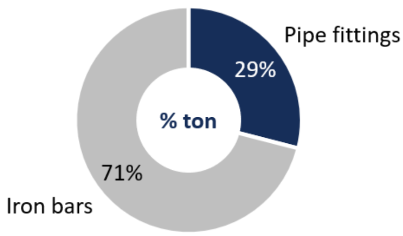




Tupy’s revenues from sales to machinery and off-road vehicles increased 36% over 1Q21, reflecting both the performance of the domestic market, especially agribusiness, and indirect exports.

Hydraulics

Δ % Revenues	% Revenues	% Revenues DM
22% ▲	3%	13%

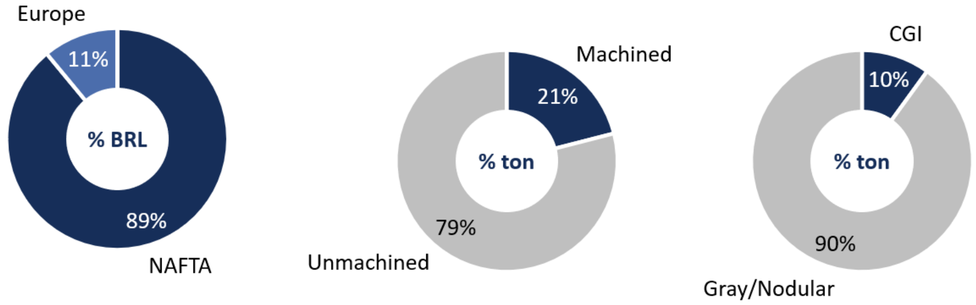


Durante o second quarter of 2021, sales revenues in the Hydraulics segment increased 22% over 1Q21 and 130% in relation to the same quarter in 2020, driven by the gradual improvement of the industrial activity and the heated construction industry, as well as by the price restructuring.

FOREIGN MARKET (EM)

Passenger cars

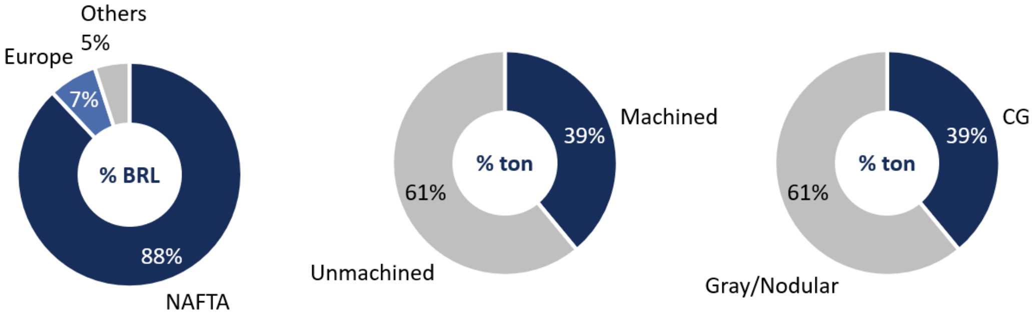
Δ % Revenues	% Revenues	% Revenues FM
-3%	4%	5%



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

Light commercial vehicles

Δ % Revenues	% Revenues	% Revenues FM
-7%	30%	39%

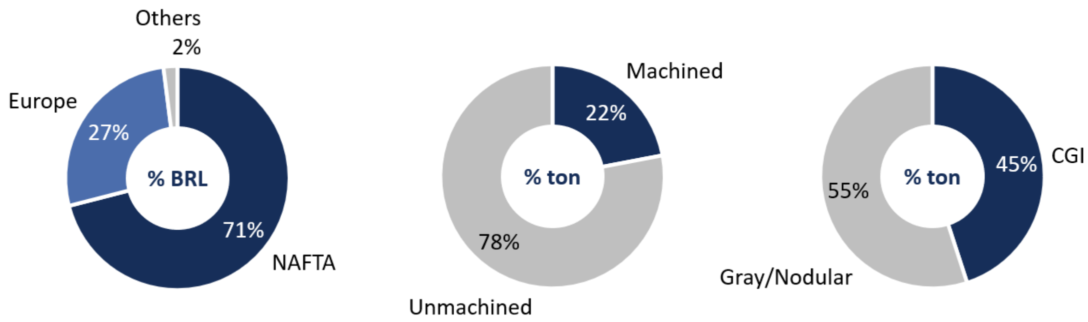


Similarly to the previous quarters, pick-ups and SUVs accounted for a large share of sales in the "light vehicles" category in the USA (78%), reflecting the recovery of sectors of the economy that use these applications, especially the heaviest ones, such as residential construction and agribusiness.

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

Medium and heavy commercial vehicles

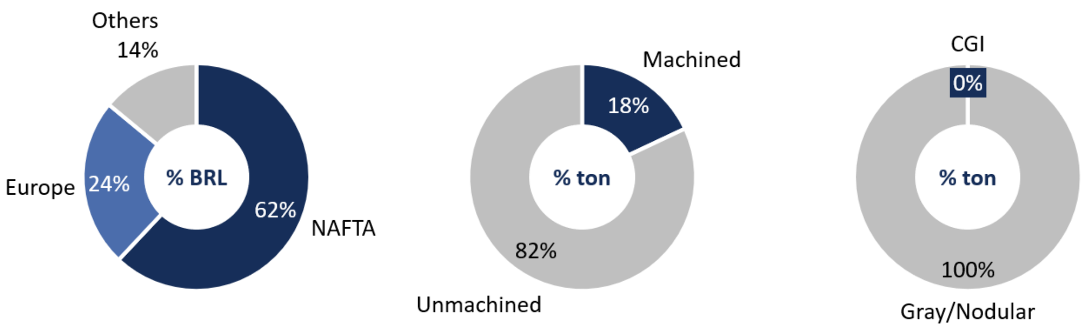
Δ % Revenues	% Revenues	% Revenues FM
2% ▲	19%	24%



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

Off-road

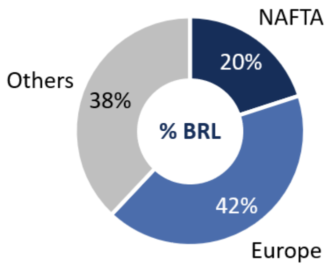
Δ % Revenues	% Revenues	% Revenues FM
12% ▲	23%	29%

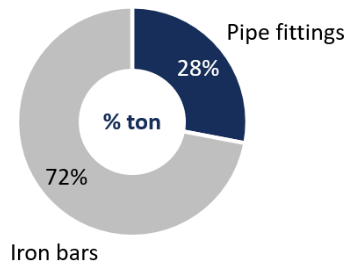


Sales to off-road applications increased 13% in 2Q21 over 1Q21, driven by the global recovery and resumption of investments in important industries, such as infrastructure and mining.

Hydraulics

Δ % Revenues	% Revenues	% Revenues FM
26% ▲	2%	3%





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

COST OF GOODS SOLD AND OPERATING EXPENSES

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

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

Consolidated (R$ thousand)

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

The main effects, compared to 1Q21, were:

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

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

OTHER OPERATING INCOME (EXPENSES)

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

Consolidated (R$ thousand)

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

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

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

NET FINANCIAL INCOME (LOSS)

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

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

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

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

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

EARNINGS BEFORE TAXES AND NET INCOME

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

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

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

EBITDA

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

Consolidated (R$ thousand)

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

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

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

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

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

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

WORKING CAPITAL

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

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

- A decrease of R$19 million in accounts receivables, equivalent to 15 days of sales. The decrease in the average sales outstanding was caused by the 12% currency appreciation (R$/US$ closing rate of R$5.00 in June 2021 vs R$5.70 in March 2021) in the translation of receivables denominated in foreign currency, which accounted for nearly 80% of the total at the end of June, as well as by the increase in the LTM net revenue, the indicator used to calculate the sales outstanding;

- An increase of R$98 million in inventories, with a 3-day reduction in the cost of goods sold. Sudden customer stoppages also negatively affected the inventories of finished products;

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

CASH FLOW

Consolidated (R$ thousand)

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

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

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

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

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

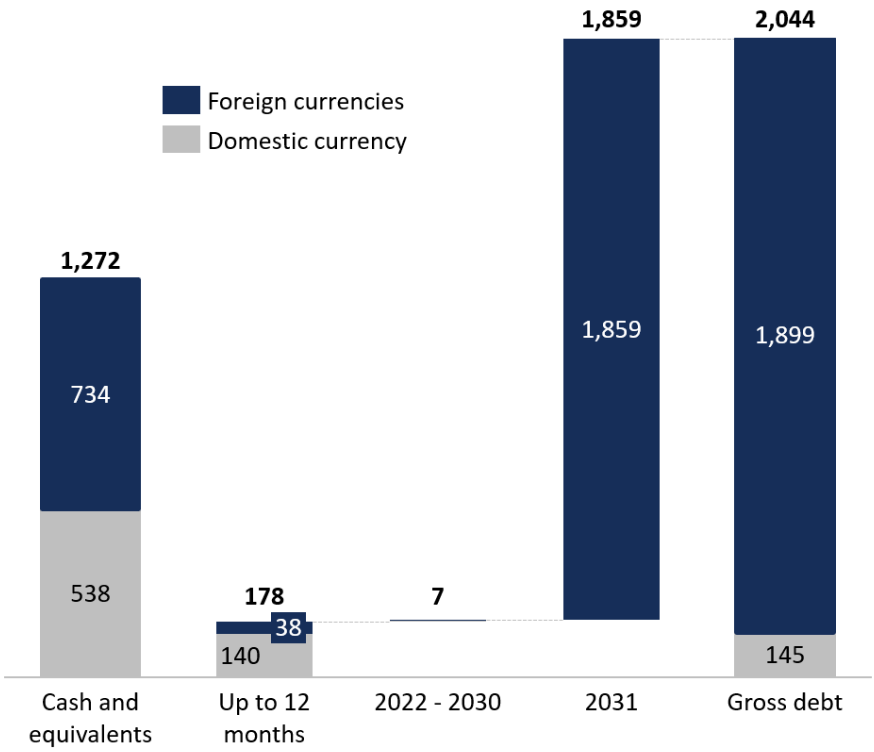
DEBT

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

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

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

The Company's debt profile is as follows:



In R$ million

ACQUISITION OF TEKSID

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

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

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

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

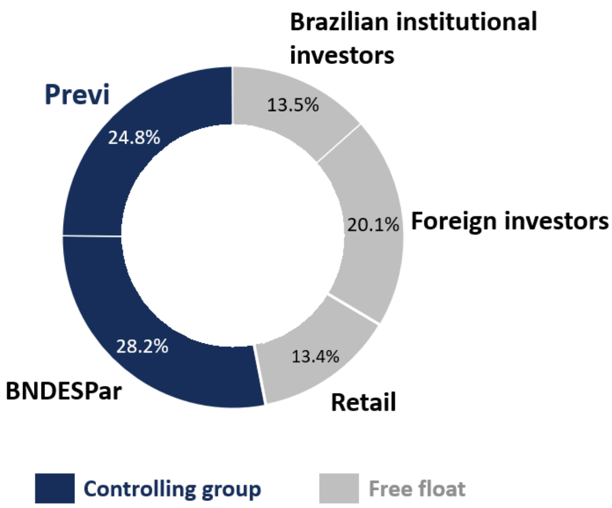
PAYMENT OF INTEREST ON EQUITY

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

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

OWNERSHIP STRUCTURE

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



Attachment I – Commercial vehicle production and sales in Brazil

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

Source: ANFAVEA

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

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

Source: Automotive News; Bloomberg; ACEA

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

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

Source: ANFAVEA; Bloomberg; AEM