

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-37839



TPI Composites, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-1590775
(I.R.S. Employer
Identification Number)

8501 N. Scottsdale Rd.
Gainey Center II, Suite 100
Scottsdale, AZ 85253
(480) 305-8910

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01	TPIC	NASDAQ Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 30, 2021, there were 37,248,140 shares of common stock outstanding.

TPI COMPOSITES, INC. AND SUBSIDIARIES

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities law. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. In many cases, you can identify forward-looking statements by terms such as “may,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar words. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- the potential impact of the COVID-19 pandemic on our business and results of operations;
- competition from other wind blade and wind blade turbine manufacturers;
- our ability to procure adequate supplies of raw materials and components in a cost-effective manner to fulfill our volume commitments to our customers;
- the discovery of defects in our products and our ability to estimate the future cost of warranty campaigns;
- growth of the wind energy and electric vehicle markets and our addressable markets for our products and services;
- the potential impact of the increasing prevalence of auction-based tenders in the wind energy market and increased competition from solar energy on our gross margins and overall financial performance;
- our future financial performance, including our net sales, cost of goods sold, gross profit or gross margin, operating expenses, ability to generate positive cash flow, and ability to achieve or maintain profitability;
- changes in domestic or international government or regulatory policy, including without limitation, changes in trade policy and a potential extension of the Production Tax Credit in the United States;
- the sufficiency of our cash and cash equivalents to meet our liquidity needs;
- our ability to attract and retain customers for our products, and to optimize product pricing;
- our ability to effectively manage our growth strategy and future expenses, including our startup and transition costs;
- our ability to successfully expand in our existing wind energy markets and into new international wind energy markets, including our ability to expand our field service inspection and repair services business and manufacture wind blades for offshore wind energy projects;
- our ability to successfully open new manufacturing facilities, take over existing facilities of our customers and expand our existing facilities on time and on budget;
- the impact of the accelerated pace of new product and wind blade model introductions on our business and our results of operations;
- our ability to successfully expand our transportation business and execute upon our strategy of entering new markets outside of wind energy;
- worldwide economic conditions and their impact on customer demand;
- our ability to maintain, protect and enhance our intellectual property;
- our ability to comply with existing, modified or new laws and regulations applying to our business, including the imposition of new taxes, duties or similar assessments on our products;
- the attraction and retention of qualified employees and key personnel;
- our ability to maintain good working relationships with our employees, and avoid labor disruptions, strikes and other disputes with labor unions that represent certain of our employees; and
- the potential impact of one or more of our customers becoming bankrupt or insolvent, or experiencing other financial problems.

These forward-looking statements are only predictions. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other important factors that may cause our actual results, levels of activity, performance or achievements to materially differ from any future results, levels of activity, performance or achievements expressed or

implied by these forward-looking statements. We have described in the “Risk Factors” section of our Annual Report on Form 10-K filed with the United States Securities and Exchange Commission (SEC) on February 25, 2021 the principal risks and uncertainties that we believe could cause actual results to differ from these forward-looking statements. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as guarantees of future events.

The forward-looking statements in this Quarterly Report on Form 10-Q represent our views as of the date of this Quarterly Report on Form 10-Q. We anticipate that subsequent events and developments will cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we undertake no obligation to update any forward-looking statement to reflect events or developments after the date on which the statement is made or to reflect the occurrence of unanticipated events except to the extent required by applicable law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date after the date of this Quarterly Report on Form 10-Q. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make.

PART I. FINANCIAL INFORMATION

ITEM I. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

TPI COMPOSITES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2021	December 31, 2020
	(in thousands, except par value data)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 123,107	\$ 129,857
Restricted cash	154	339
Accounts receivable	147,827	132,768
Contract assets	231,780	216,928
Prepaid expenses	21,019	29,507
Other current assets	20,520	27,921
Inventories	13,168	10,839
Total current assets	557,575	548,159
Property, plant and equipment, net	205,716	209,001
Operating lease right of use assets	148,991	158,827
Other noncurrent assets	28,232	40,270
Total assets	<u>\$ 940,514</u>	<u>\$ 956,257</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 310,320	\$ 295,992
Accrued warranty	47,462	50,852
Current maturities of long-term debt	56,137	32,551
Current operating lease liabilities	23,100	26,099
Contract liabilities	2,258	614
Total current liabilities	439,277	406,108
Long-term debt, net of current maturities	180,138	184,316
Noncurrent operating lease liabilities	152,059	155,925
Other noncurrent liabilities	8,143	8,873
Total liabilities	779,617	755,222
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common shares, \$0.01 par value, 100,000 shares authorized, 37,248 shares issued and 37,040 shares outstanding at June 30, 2021 and 100,000 shares authorized, 36,771 shares issued and 36,564 shares outstanding at December 31, 2020	372	368
Paid-in capital	359,527	349,472
Accumulated other comprehensive loss	(41,559)	(32,990)
Accumulated deficit	(151,310)	(109,716)
Treasury stock, at cost, 208 shares at June 30, 2021 and 207 shares at December 31, 2020	(6,133)	(6,099)
Total stockholders' equity	160,897	201,035
Total liabilities and stockholders' equity	<u>\$ 940,514</u>	<u>\$ 956,257</u>

See accompanying notes to unaudited condensed consolidated financial statements.

TPI COMPOSITES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(in thousands, except per share data)			
Net sales	\$ 458,841	\$ 373,817	\$ 863,521	\$ 730,453
Cost of sales	440,416	367,644	823,472	716,119
Startup and transition costs	10,099	10,920	24,453	22,954
Total cost of goods sold	450,515	378,564	847,925	739,073
Gross profit (loss)	8,326	(4,747)	15,596	(8,620)
General and administrative expenses	6,712	6,887	15,634	16,383
Loss on sale of assets and asset impairments	1,451	1,440	2,748	3,358
Restructuring charges, net	2,196	181	2,454	298
Loss from operations	(2,033)	(13,255)	(5,240)	(28,659)
Other income (expense):				
Interest expense, net	(2,691)	(2,545)	(5,395)	(4,316)
Foreign currency loss	(6,504)	(1,928)	(10,231)	(968)
Miscellaneous income	321	939	1,060	1,634
Total other expense	(8,874)	(3,534)	(14,566)	(3,650)
Loss before income taxes	(10,907)	(16,789)	(19,806)	(32,309)
Income tax provision	(28,890)	(49,312)	(21,788)	(34,284)
Net loss	<u>\$ (39,797)</u>	<u>\$ (66,101)</u>	<u>\$ (41,594)</u>	<u>\$ (66,593)</u>
Weighted-average common shares outstanding:				
Basic	36,881	35,299	36,742	35,256
Diluted	36,881	35,299	36,742	35,256
Net loss per common share:				
Basic	\$ (1.08)	\$ (1.87)	\$ (1.13)	\$ (1.89)
Diluted	\$ (1.08)	\$ (1.87)	\$ (1.13)	\$ (1.89)

See accompanying notes to unaudited condensed consolidated financial statements.

TPI COMPOSITES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(in thousands)			
Net loss	\$ (39,797)	\$ (66,101)	\$ (41,594)	\$ (66,593)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(4)	(2,289)	(5,295)	(11,513)
Unrealized gain (loss) on hedging derivatives, net of taxes of \$85, \$(939), \$736 and \$1,100, respectively	(239)	3,549	(3,274)	(4,120)
Comprehensive income (loss)	<u>\$ (40,040)</u>	<u>\$ (64,841)</u>	<u>\$ (50,163)</u>	<u>\$ (82,226)</u>

See accompanying notes to unaudited condensed consolidated financial statements.

TPI COMPOSITES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Six Months Ended June 30, 2021						
	Common		Paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Treasury stock, at cost	Total stockholders' equity
	Shares	Amount		(in thousands)			
Balance at December 31, 2020	36,771	\$ 368	\$ 349,472	\$ (32,990)	\$ (109,716)	\$ (6,099)	\$ 201,035
Net loss	—	—	—	—	(1,797)	—	(1,797)
Share-based compensation expense	—	—	2,494	—	—	—	2,494
Issuances under share-based compensation plan	149	1	1,235	—	—	—	1,236
Common stock repurchased for treasury	—	—	—	—	—	(34)	(34)
Other comprehensive loss	—	—	—	(8,326)	—	—	(8,326)
Balance at March 31, 2021	36,920	369	353,201	(41,316)	(111,513)	(6,133)	194,608
Net loss	—	—	—	—	(39,797)	—	(39,797)
Share-based compensation expense	—	—	2,836	—	—	—	2,836
Issuances under share-based compensation plan	328	3	3,490	—	—	—	3,493
Other comprehensive loss	—	—	—	(243)	—	—	(243)
Balance at June 30, 2021	<u>37,248</u>	<u>\$ 372</u>	<u>\$ 359,527</u>	<u>\$ (41,559)</u>	<u>\$ (151,310)</u>	<u>\$ (6,133)</u>	<u>\$ 160,897</u>

	Six Months Ended June 30, 2020						
	Common		Paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Treasury stock, at cost	Total stockholders' equity
	Shares	Amount		(in thousands)			
Balance at December 31, 2019	35,326	\$ 353	\$ 322,906	\$ (23,612)	\$ (90,689)	\$ (3,908)	\$ 205,050
Net loss	—	—	—	—	(492)	—	(492)
Share-based compensation expense	—	—	2,970	—	—	—	2,970
Issuances under share-based compensation plan	109	1	861	—	—	—	862
Common stock repurchased for treasury	—	—	—	—	—	(459)	(459)
Other comprehensive loss	—	—	—	(16,893)	—	—	(16,893)
Balance at March 31, 2020	35,435	354	326,737	(40,505)	(91,181)	(4,367)	191,038
Net loss	—	—	—	—	(66,101)	—	(66,101)
Share-based compensation expense	—	—	2,186	—	—	—	2,186
Issuances under share-based compensation plan	81	1	510	—	—	—	511
Common stock repurchased for treasury	—	—	—	—	—	(49)	(49)
Other comprehensive income	—	—	—	1,260	—	—	1,260
Balance at June 30, 2020	<u>35,516</u>	<u>\$ 355</u>	<u>\$ 329,433</u>	<u>\$ (39,245)</u>	<u>\$ (157,282)</u>	<u>\$ (4,416)</u>	<u>\$ 128,845</u>

See accompanying notes to unaudited condensed consolidated financial statements.

TPI COMPOSITES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2021	2020
	(in thousands)	
Cash flows from operating activities:		
Net loss	\$ (41,594)	\$ (66,593)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	24,110	22,644
Loss on sale of assets and asset impairments	2,748	3,358
Restructuring charges, net	2,454	298
Share-based compensation expense	5,324	5,316
Amortization of debt issuance costs	228	122
Deferred income taxes	13,221	28,134
Changes in assets and liabilities:		
Accounts receivable	(19,465)	44,864
Contract assets and liabilities	(16,007)	(53,089)
Operating lease right of use assets and operating lease liabilities	2,971	5,749
Inventories	(2,488)	(5,899)
Prepaid expenses	8,232	(6,272)
Other current assets	7,151	3,396
Other noncurrent assets	(1,767)	(957)
Accounts payable and accrued expenses	15,747	(19,117)
Accrued warranty	(3,390)	9,133
Other noncurrent liabilities	(730)	1,908
Net cash used in operating activities	(3,255)	(27,005)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(27,059)	(42,030)
Net cash used in investing activities	(27,059)	(42,030)
Cash flows from financing activities:		
Proceeds from revolving and term loans	2,106	80,000
Net repayments of accounts receivable financing	—	(3,829)
Proceeds from working capital loans	6,383	—
Principal repayments of finance leases	(2,803)	(2,837)
Net proceeds from other debt	13,362	23,788
Debt issuance costs	—	(730)
Proceeds from exercise of stock options	4,688	1,371
Repurchase of common stock including shares withheld in lieu of income taxes	(34)	(508)
Net cash provided by financing activities	23,702	97,255
Impact of foreign exchange rates on cash, cash equivalents and restricted cash	(323)	(2,525)
Net change in cash, cash equivalents and restricted cash	(6,935)	25,695
Cash, cash equivalents and restricted cash, beginning of year	130,196	71,749
Cash, cash equivalents and restricted cash, end of period	<u>\$ 123,261</u>	<u>\$ 97,444</u>

See accompanying notes to unaudited condensed consolidated financial statements.

TPI COMPOSITES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
(Unaudited)

	Six Months Ended			
	2021		2020	
	June 30,			
	(in thousands)			
Supplemental cash flow information:				
Cash paid for interest	\$	5,255	\$	3,976
Cash paid for income taxes, net of refunds		14,866		7,393
Noncash investing and financing activities:				
Right of use assets obtained in exchange for new operating lease liabilities		5,384		54,326
Property, plant, and equipment obtained in exchange for new finance lease liabilities		136		—
Accrued capital expenditures in accounts payable		3,682		7,970
Reconciliation of Cash, Cash Equivalents and Restricted Cash:				
	June 30,	December 31,	June 30,	December 31,
	2021	2020	2020	2019
	(in thousands)			
Cash and cash equivalents	\$ 123,107	\$ 129,857	\$ 96,657	\$ 70,282
Restricted cash	154	339	312	992
Restricted cash included within other noncurrent assets	—	—	475	475
Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows	<u>\$ 123,261</u>	<u>\$ 130,196</u>	<u>\$ 97,444</u>	<u>\$ 71,749</u>

See accompanying notes to unaudited condensed consolidated financial statements.

TPI COMPOSITES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Basis of Presentation

The condensed consolidated financial statements included herein have been prepared by us without audit, pursuant to the rules and regulations of the SEC and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020 included in our Annual Report on Form 10-K. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) have been condensed or omitted, as permitted by the SEC, although we believe the disclosures that are made are adequate to make the information presented herein not misleading. The accompanying condensed consolidated financial statements reflect, in the opinion of our management, all normal recurring adjustments necessary to present fairly our financial position at June 30, 2021, and the results of our operations, comprehensive income (loss) and cash flows for the periods presented. Interim results for the three and six months ended June 30, 2021 and 2020 are not necessarily indicative of the results to be expected for the full years. Certain prior period amounts in the condensed consolidated financial statements and accompanying notes have been reclassified to conform to the current period's presentation.

The preparation of these condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying condensed consolidated financial statements include the accounts of TPI Composites, Inc. and all of our majority owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

References to TPI Composites, Inc, the "Company," "we," "us" or "our" in these notes refer to TPI Composites, Inc. and its consolidated subsidiaries.

Accounting Pronouncements

Recently Adopted Accounting Pronouncements

Convertible Instruments

In August 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. This ASU is intended to simplify the accounting for certain convertible instruments with characteristics of both liability and equity. This ASU removes certain accounting models which separate the embedded conversion features from the host contract for convertible instruments. As a result, after the adoption of this guidance, an entity's convertible debt instrument will be wholly accounted for as debt. This ASU also expands disclosure requirements for convertible instruments and simplifies areas of the guidance for diluted earnings-per-share calculations by requiring the use of the if-converted method.

This ASU is effective for all public business entities (other than smaller reporting companies) for fiscal years beginning after December 15, 2021, with early adoption permitted for fiscal years beginning after December 15, 2020 and can be adopted on either a fully retrospective or modified retrospective basis. An entity should adopt the guidance at the beginning of its annual fiscal year. We adopted this standard on January 1, 2021 on a modified retrospective basis and it did not have a material effect on our condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. This ASU only applies to contracts, hedging relationships, and other transactions that reference the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform. This ASU is effective for all entities beginning on March 12, 2020 and entities may elect to apply the ASU prospectively through December 31, 2022. The FASB later issued ASU 2021-01, *Reference Rate*

TPI COMPOSITES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Reform (Topic 848): Scope, to clarify the scope of Topic 848 so that derivatives affected by the discounting transition are explicitly eligible for certain optional expedients and exceptions in Topic 848. We are currently evaluating the impact this guidance may have on our condensed consolidated financial statements and related disclosures.

Note 2. Revenue From Contracts with Customers

For a detailed discussion of our revenue recognition policy, refer to the discussion in Note 1, *Summary of Operations and Summary of Significant Accounting Policies – (c) Revenue Recognition*, to the Notes to Consolidated Financial Statements within our Annual Report on Form 10-K.

The following tables represents the disaggregation of our net sales revenue by product for each of our reportable segments:

	Three Months Ended June 30, 2021					
	U.S.	Asia	Mexico	EMEA	India	Total
	(in thousands)					
Wind blade sales	\$ 39,427	\$ 82,491	\$ 131,188	\$ 103,201	\$ 62,397	\$ 418,704
Precision molding and assembly systems sales	—	7,634	5,969	—	—	13,603
Transportation sales	12,227	—	2,688	—	—	14,915
Other sales	5,107	981	3,325	2,149	57	11,619
Total net sales	\$ 56,761	\$ 91,106	\$ 143,170	\$ 105,350	\$ 62,454	\$ 458,841

	Three Months Ended June 30, 2020					
	U.S.	Asia	Mexico	EMEA	India	Total
	(in thousands)					
Wind blade sales	\$ 26,309	\$ 141,540	\$ 78,193	\$ 87,162	\$ 14,859	\$ 348,063
Precision molding and assembly systems sales	—	3,576	3,318	—	—	6,894
Transportation sales	14,539	—	363	—	—	14,902
Other sales	1,231	802	1,546	379	—	3,958
Total net sales	\$ 42,079	\$ 145,918	\$ 83,420	\$ 87,541	\$ 14,859	\$ 373,817

	Six Months Ended June 30, 2021					
	U.S.	Asia	Mexico	EMEA	India	Total
	(in thousands)					
Wind blade sales	\$ 79,054	\$ 154,994	\$ 239,630	\$ 214,228	\$ 109,977	\$ 797,883
Precision molding and assembly systems sales	—	11,598	10,932	—	—	22,530
Transportation sales	18,651	—	4,395	—	—	23,046
Other sales	8,342	1,442	6,672	3,488	118	20,062
Total net sales	\$ 106,047	\$ 168,034	\$ 261,629	\$ 217,716	\$ 110,095	\$ 863,521

	Six Months Ended June 30, 2020					
	U.S.	Asia	Mexico	EMEA	India	Total
	(in thousands)					
Wind blade sales	\$ 62,242	\$ 227,416	\$ 193,379	\$ 175,643	\$ 25,720	\$ 684,400
Precision molding and assembly systems sales	—	8,637	5,020	—	—	13,657
Transportation sales	21,218	—	573	—	—	21,791
Other sales	6,050	1,002	2,698	855	—	10,605
Total net sales	\$ 89,510	\$ 237,055	\$ 201,670	\$ 176,498	\$ 25,720	\$ 730,453

For a further discussion regarding our operating segments, see Note 14, *Segment Reporting*. The geography of Europe, the Middle East and Africa comprises the EMEA segment.

TPI COMPOSITES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Contract Assets and Liabilities

Contract assets consist of the amount of revenue recognized over time for performance obligations in production where control has transferred to the customer but the contract does not yet allow for the customer to be billed. Typically, customers are billed when the product finishes production and meets the technical specifications contained in the contract. The majority of the contract asset balance relates to materials procured based on customer specifications. The contract assets are recorded as current assets in the condensed consolidated balance sheets. Contract liabilities consist of advance payments in excess of revenue earned. These amounts primarily represent progress payments received as precision molding and assembly systems are being manufactured. The contract liabilities are recorded as current liabilities in the condensed consolidated balance sheets and are reduced as we record revenue over time.

These contract assets and liabilities are reported on the condensed consolidated balance sheets net on a contract-by-contract basis at the end of each reporting period.

Contract assets and contract liabilities consisted of the following:

	June 30, 2021	December 31, 2020 (in thousands)	\$ Change
Gross contract assets	\$ 234,045	\$ 223,428	\$ 10,617
Less: reclassification from contract liabilities	(2,265)	(6,500)	4,235
Contract assets	<u>\$ 231,780</u>	<u>\$ 216,928</u>	<u>\$ 14,852</u>

	June 30, 2021	December 31, 2020 (in thousands)	\$ Change
Gross contract liabilities	\$ 4,523	\$ 7,114	\$ (2,591)
Less: reclassification to contract assets	(2,265)	(6,500)	4,235
Contract liabilities	<u>\$ 2,258</u>	<u>\$ 614</u>	<u>\$ 1,644</u>

Contract assets increased by \$14.9 million from December 31, 2020 to June 30, 2021 due to an increase in customer specific material purchases and incremental unbilled production during the six months ended June 30, 2021. Contracts liabilities increased by \$1.6 million from December 31, 2020 to June 30, 2021 primarily due to amounts billed to a customer in advance of the production of precision molding and assembly systems during the six months ended June 30, 2021.

For the three and six months ended June 30, 2021, we recognized \$0.1 million and \$0.1 million, respectively, of revenue related to precision molding and assembly systems and wind blades, which was included in the corresponding contract liability balance at the beginning of the period.

Performance Obligations

Remaining performance obligations represent the transaction price for which work has not been performed and excludes any unexercised contract options. The transaction price includes estimated variable consideration as determined based on the estimated production output within the range of the contractual guaranteed minimum volume obligations and production capacity.

As of June 30, 2021, the aggregate amount of the transaction price allocated to the remaining performance obligations to be satisfied in future periods was approximately \$3.2 billion. We estimate that we will recognize the remaining performance obligations as revenue as follows:

	\$ (in thousands)	% of Total
Year Ending December 31,		
Remainder of 2021	\$ 874,559	27.3 %
2022	1,492,816	46.7
2023	712,885	22.3
2024	118,962	3.7
Total remaining performance obligations	<u>\$ 3,199,222</u>	<u>100.0 %</u>

TPI COMPOSITES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and six months ended June 30, 2021, net revenue recognized from our performance obligations satisfied in previous periods decreased by \$4.0 million and \$12.5 million, respectively, as compared to increases of \$5.8 million and \$0.6 million, respectively, in the same periods in 2020. The current year decreases primarily relates to changes in certain of our estimated total contract values and related direct costs to complete the performance obligations.

Note 3. Significant Risks and Uncertainties

Our revenues and receivables are earned from a small number of customers. As such, our production levels are dependent on these customers' orders. See Note 13, *Concentration of Customers*.

We may be required to reinstate temporary production suspensions or volume reductions at our manufacturing facilities to the extent there are new resurgences of COVID-19 cases in the regions where we operate or there is an outbreak of positive COVID-19 cases in any of our manufacturing facilities. In addition, our global supply chain may in the future be adversely affected if the COVID-19 pandemic persists.

In 2021, there have been both significant price increases and supply constraints with respect to resin and carbon fiber, which are key raw materials that we use to manufacture our products, as well as increases in logistics costs to obtain raw materials. We expect that the price of resin and carbon fiber will remain at elevated levels for the remainder of 2021. Approximately 55% of the resin and resin systems we use are purchased under contracts either controlled or borne by two of our customers and therefore these customers receive/bear 100% of any increase in resin prices. With respect to our other customer supply agreements, our customers typically bear 70% of any raw material price increases. If the supply of resin feedstocks and carbon fiber continue to be constrained for an extended period of time, such shortages could impact our ability to meet our customers' forecasted demand for our products for the remainder of 2021 and have a further material adverse impact on our results of operations.

We maintain our U.S. cash in bank deposit and money market accounts that, at times, exceed U.S. federally insured limits. U.S. bank accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) in an amount up to \$250,000 during 2021 and 2020. U.S. money market accounts are not guaranteed by the FDIC. At June 30, 2021 and December 31, 2020, we had \$55.2 million and \$68.9 million, respectively, of cash in bank deposit and money market accounts in high quality U.S. banks, which was in excess of FDIC limits. We have not experienced losses in any such accounts.

We also maintain cash in bank deposit accounts outside the U.S. with no insurance. At June 30, 2021, this included \$58.7 million in China, \$5.1 million in Turkey, \$2.3 million in Mexico, \$1.5 million in India and \$0.3 million in other countries. As of December 31, 2020, this included \$47.4 million in China, \$6.0 million in Turkey, \$5.0 million in India, \$2.1 million in Mexico and \$0.5 million in other countries. We have not experienced losses in these accounts. In addition, at June 30, 2021 and December 31, 2020, we had short-term deposits in interest bearing accounts in China of \$0.2 million and \$0.3 million, respectively, which are reported as restricted cash in our condensed consolidated balance sheets.

Certain of our debt agreements are either tied to LIBOR or the Euro Interbank Offered Rate (EURIBOR) and certain of them have associated interest rate hedges. Due to the relatively low LIBOR and EURIBOR rates in effect as of June 30, 2021, a 10% change in the LIBOR or EURIBOR rate would not have had a material impact on our future earnings, fair values or cash flows.

Note 4. Accrued Warranty

The warranty accrual activity for the periods noted consisted of the following:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2021	2020	2021	2020
	(in thousands)			
Warranty accrual at beginning of period	\$ 45,956	\$ 51,528	\$ 50,852	\$ 47,639
Accrual during the period	5,400	4,509	10,247	8,374
Cost of warranty services provided during the period	(3,781)	(5,267)	(11,352)	(8,482)
Changes in estimate for pre-existing warranties, including expirations during the period	(113)	6,002	(2,285)	9,241
Warranty accrual at end of period	<u>\$ 47,462</u>	<u>\$ 56,772</u>	<u>\$ 47,462</u>	<u>\$ 56,772</u>

TPI COMPOSITES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 5. Long-Term Debt, Net of Current Maturities

Long-term debt, net of current maturities, consisted of the following:

	June 30, 2021	December 31, 2020
	(in thousands)	
Senior revolving loan—U.S.	\$ 171,154	\$ 171,154
Unsecured financing—EMEA	45,913	30,040
Equipment financing—EMEA	2,101	4,335
Secured and unsecured working capital—India	6,383	—
Unsecured term loan—India	2,106	—
Equipment finance lease—Mexico	6,261	8,038
Equipment finance lease—EMEA	3,012	4,119
Other equipment finance leases	168	232
Total debt—principal	237,098	217,918
Less: Debt issuance costs	(823)	(1,051)
Total debt, net of debt issuance costs	236,275	216,867
Less: Current maturities of long-term debt	(56,137)	(32,551)
Long-term debt, net of debt issuance costs and current maturities	<u>\$ 180,138</u>	<u>\$ 184,316</u>

Note 6. Share-Based Compensation Plans

During the six months ended June 30, 2021, we issued to certain employees and non-employee directors an aggregate of 168,993 timed-based restricted stock units (RSUs), 58,396 performance-based restricted stock units (PSUs) that vest upon achievement of a cumulative, three-year Adjusted EBITDA target measured from January 1, 2021 through December 31, 2023, and 79,784 PSUs that vest upon achievement of certain stock price hurdles for the period of the grant date through December 31, 2023. All of the time-based RSUs vest on the third anniversary date of the grant date. Each of the time-based and performance-based awards are subject to the recipient's continued service with us, the terms and conditions of our stock option and incentive plan and the applicable award agreement.

The share-based compensation expense recognized in the condensed consolidated statements of operations was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Cost of goods sold	\$ 1,129	\$ 465	\$ 1,332	\$ 636
General and administrative expenses	1,796	1,909	3,992	4,680
Total share-based compensation expense	<u>\$ 2,925</u>	<u>\$ 2,374</u>	<u>\$ 5,324</u>	<u>\$ 5,316</u>

The share-based compensation expense recognized by award type was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
RSUs	\$ 1,772	\$ 1,181	\$ 3,027	\$ 2,137
Stock options	573	599	1,191	2,252
PSUs	580	594	1,106	927
Total share-based compensation expense	<u>\$ 2,925</u>	<u>\$ 2,374</u>	<u>\$ 5,324</u>	<u>\$ 5,316</u>

TPI COMPOSITES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 7. Leases

We have operating and finance leases for our manufacturing facilities, warehouses, offices, automobiles and certain of our machinery and equipment. Our leases have remaining lease terms of between one and 15 years, some of which may include options to extend the leases up to five years.

The components of lease cost were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Total operating lease cost	\$ 9,645	\$ 9,148	\$ 19,361	\$ 17,719
Finance lease cost				
Amortization of assets under finance leases	\$ 906	\$ 1,413	\$ 1,806	\$ 2,960
Interest on finance leases	169	256	358	535
Total finance lease cost	\$ 1,075	\$ 1,669	\$ 2,164	\$ 3,495

Total lease assets and liabilities were as follows:

	June 30, 2021	December 31, 2020
	(in thousands)	
Operating Leases		
Operating lease right of use assets	\$ 148,991	\$ 158,827
Current operating lease liabilities	\$ 23,100	\$ 26,099
Noncurrent operating lease liabilities	152,059	155,925
Total operating lease liabilities	\$ 175,159	\$ 182,024
Finance Leases		
Property, plant and equipment, gross	\$ 27,069	\$ 28,462
Less: accumulated depreciation	(13,341)	(12,461)
Total property, plant and equipment, net	\$ 13,728	\$ 16,001
Current maturities of long-term debt	\$ 6,104	\$ 6,018
Long-term debt, net of debt issuance costs and current maturities	3,337	6,371
Total finance lease liabilities	\$ 9,441	\$ 12,389

Future minimum lease payments under noncancelable leases as of June 30, 2021 were as follows:

	Operating Leases	Finance Leases
	(in thousands)	
Year Ending December 31,		
Remainder of 2021	\$ 18,046	\$ 2,955
2022	33,175	5,824
2023	31,374	904
2024	27,381	254
2025	27,076	37
Thereafter	100,393	7
Total future minimum lease payments	237,445	9,981
Less: interest	(62,286)	(540)
Total lease liabilities	\$ 175,159	\$ 9,441

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(Unaudited)

Supplemental cash flow information related to leases was as follows:

	2021	Six Months Ended June 30, 2020
	(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 18,297	\$ 14,651
Operating cash flows from finance leases	358	535
Financing cash flows from finance leases	2,803	2,837

Other information related to leases was as follows:

	June 30, 2021	December 31, 2020
Weighted-Average Remaining Lease Term (In Years):		
Operating leases	7.3	7.7
Finance leases	1.8	2.2
Weighted-Average Discount Rate:		
Operating leases	8.0%	7.9%
Finance leases	6.3%	6.4%

As of June 30, 2021, there were no material additional leases related to our manufacturing facilities, warehouses, offices, automobiles or our machinery and equipment which have not yet commenced.

Note 8. Financial Instruments

Interest Rate Swap

We use interest rate swap contracts to mitigate our exposure to interest rate fluctuations associated with our U.S. senior revolving credit agreement (the Credit Agreement). We do not use such swap contracts for speculative or trading purposes.

As of June 30, 2021, no interest rate swaps originally designated for hedge accounting were de-designated or terminated. No ineffectiveness on our interest rate swaps was recognized as of June 30, 2021, and none is anticipated over the remaining term of the agreement.

Foreign Exchange Forward Contracts

We use foreign exchange forward contracts to mitigate our exposure to fluctuations in exchange rates between the functional currencies of our subsidiaries and the other currencies in which they transact. We do not use such forward contracts for speculative or trading purposes.

Mexican Peso

All of our remaining outstanding foreign exchange forward contracts (excluding those with call options) expired during the three months ended March 31, 2021. As of December 31, 2020, the notional values associated with our foreign exchange forward contracts qualifying as cash flow hedges were approximately 0.3 billion Mexican Pesos (approximately \$14.0 million).

With regards to our foreign exchange call option contracts, for the three and six months ended June 30, 2021, \$0.7 million and \$1.4 million, respectively, of premium amortization was recorded through cost of sales within our condensed consolidated statements of operations. The net income (loss) recognized in accumulated other comprehensive loss in our condensed consolidated statements of changes in stockholders' equity for our foreign exchange call option contracts is expected to be recognized in cost of sales in our condensed consolidated statements of operations during the next nine months.

TPI COMPOSITES, INC. AND SUBSIDIARIES
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As of June 30, 2021 and December 31, 2020, the notional values associated with our foreign exchange call option contracts qualifying as cash flow hedges were approximately 1.6 billion Mexican Pesos (approximately \$79.7 million) and approximately 0.4 billion Mexican Pesos (approximately \$17.3 million), respectively.

Chinese Renminbi

With regards to our foreign exchange forward contracts, for which hedge accounting does not apply, for the three and six months ended June 30, 2021, \$0.5 million and \$0.6 million, respectively, in gains were recorded through foreign currency loss within our condensed consolidated statements of operations.

India Rupee

With regards to our foreign exchange forward contracts and our foreign exchange call option contracts, for which hedge accounting does not apply, for the three and six months ended June 30, 2021, \$0.5 million and \$1.2 million, respectively, in gains were recorded through foreign currency loss within our condensed consolidated statements of operations. Additionally, with regards to our foreign exchange call option contracts, for the three and six months ended June 30, 2021, \$0.3 million and \$0.3 million, respectively, of premium amortization was recorded as losses through foreign currency loss within our condensed consolidated statements of operations.

The fair values and location of our financial instruments in our condensed consolidated balance sheets were as follows:

Financial Instrument	Condensed Consolidated Balance Sheet Line Item	June 30,	December 31,
		2021	2020
		(in thousands)	
Foreign exchange forward contracts	Other current assets	\$ 1,706	\$ 5,832
Foreign exchange forward contracts	Accounts payable and accrued expenses	1,218	2,096
Interest rate swap	Other noncurrent liabilities	3,365	4,414

The following table presents the pretax amounts reclassified from accumulated other comprehensive loss into our condensed consolidated statements of operations:

Accumulated Other Comprehensive Loss Component	Condensed Consolidated Statement of Operations Line Item	Three Months Ended June 30,		Six Months Ended June 30,	
		2021	2020	2021	2020
		(in thousands)			
Foreign exchange forward contracts	Cost of sales	\$ (1,035)	\$ 2,738	\$ (3,037)	\$ 2,516

Note 9. Income Taxes

The income tax provisions for the three and six months ended June 30, 2021 were lower than for the corresponding periods in 2020 primarily due to the change in the mix of earnings of foreign jurisdictions and U.S. tax on foreign earnings in the comparable periods, partially offset by the recording of a full U.S. valuation allowance during the three months ended June 30, 2021 and an increase in our uncertain tax positions for the three and six months ended June 30, 2021 as compared to the same periods in 2020.

No changes in tax law occurred during the six months ended June 30, 2021, which had a material impact on our income tax provision. We do not record a deferred tax liability related to unremitted foreign earnings as we maintain our assertion to indefinitely reinvest our unremitted foreign earnings.

TPI COMPOSITES, INC. AND SUBSIDIARIES
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Note 10. Net Income (Loss) Per Common Share

The following table sets forth the computation of basic and diluted net income (loss) per common share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
(in thousands, except per share data)				
Numerator:				
Net Loss	\$ (39,797)	\$ (66,101)	\$ (41,594)	\$ (66,593)
Denominator:				
Basic weighted-average shares outstanding	36,881	35,299	36,742	35,256
Effect of dilutive awards	—	—	—	—
Diluted weighted-average shares outstanding	<u>36,881</u>	<u>35,299</u>	<u>36,742</u>	<u>35,256</u>
Basic net loss per common share	\$ (1.08)	\$ (1.87)	\$ (1.13)	\$ (1.89)
Diluted net loss per common share	\$ (1.08)	\$ (1.87)	\$ (1.13)	\$ (1.89)
Potentially dilutive shares excluded from the calculation due to net losses in the period	1,607	1,154	1,864	1,117
Anti dilutive share-based compensation awards excluded from the calculation	—	6	—	55
Performance-based restricted stock units excluded from the calculation because the performance conditions had not been met	196	98	196	98

Note 11. Stockholders' Equity

Accumulated Other Comprehensive Loss

The following tables presents the changes in accumulated other comprehensive loss (AOCL) by component:

	Foreign currency translation adjustments	Six Months Ended June 30, 2021			Total AOCL
		Interest rate swap	Foreign exchange forward contracts	Total	
(in thousands)					
Balance at December 31, 2020	\$ (30,111)	\$ (3,443)	\$ 564	\$ (32,990)	
Other comprehensive income (loss) before reclassifications	(5,291)	597	(2,281)	(6,975)	
Amounts reclassified from AOCL	—	—	(2,002)	(2,002)	
Net tax effect	—	(139)	790	651	
Net current period other comprehensive income (loss)	(5,291)	458	(3,493)	(8,326)	
Balance at March 31, 2021	(35,402)	(2,985)	(2,929)	(41,316)	
Other comprehensive income (loss) before reclassifications	(4)	452	259	707	
Amounts reclassified from AOCL	—	—	(1,035)	(1,035)	
Net tax effect	—	(105)	190	85	
Net current period other comprehensive income (loss)	(4)	347	(586)	(243)	
Balance at June 30, 2021	<u>\$ (35,406)</u>	<u>\$ (2,638)</u>	<u>\$ (3,515)</u>	<u>\$ (41,559)</u>	

TPI COMPOSITES, INC. AND SUBSIDIARIES
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	Foreign currency translation adjustments	Six Months Ended June 30, 2020			Total AOCL
		Interest rate swap	Foreign exchange forward contracts		
(in thousands)					
Balance at December 31, 2019	\$ (22,012)	\$ (2,145)	\$ 545	\$ (23,612)	
Other comprehensive income (loss) before reclassifications	(9,223)	(2,550)	(6,936)	(18,709)	
Amounts reclassified from AOCL	—	—	(222)	(222)	
Net tax effect	—	535	1,503	2,038	
Net current period other comprehensive income (loss)	(9,223)	(2,015)	(5,655)	(16,893)	
Balance at March 31, 2020	(31,235)	(4,160)	(5,110)	(40,505)	
Other comprehensive income (loss) before reclassifications	(2,290)	—	1,750	(540)	
Amounts reclassified from AOCL	—	—	2,738	2,738	
Net tax effect	—	—	(938)	(938)	
Net current period other comprehensive income (loss)	(2,290)	—	3,550	1,260	
Balance at June 30, 2020	<u>\$ (33,525)</u>	<u>\$ (4,160)</u>	<u>\$ (1,560)</u>	<u>\$ (39,245)</u>	

Note 12. Commitments and Contingencies

Legal Proceedings

From time to time, we are party to various lawsuits, claims, and other legal proceedings that arise in the ordinary course of business, some of which may not be covered by insurance. Upon resolution of any pending legal matters, we may incur charges in excess of presently established reserves. Our management does not believe that any such charges would, individually or in the aggregate, have a material adverse effect on our financial condition, results of operations or cash flows.

Note 13. Concentration of Customers

Net sales from certain customers (in thousands) in excess of 10 percent of our total consolidated net sales are as follows:

Customer	Three Months Ended June 30,				Six Months Ended June 30,			
	2021		2020		2021		2020	
	Net sales	% of Total	Net sales	% of Total	Net sales	% of Total	Net sales	% of Total
Vestas	\$ 208,787	45.5 %	\$ 193,426	51.7 %	\$ 378,005	43.8 %	\$ 350,838	48.0 %
GE	105,937	23.1 %	71,176	19.0 %	210,789	24.4 %	171,308	23.5 %
Nordex	81,505	17.8 %	62,258	16.7 %	158,048	18.3 %	115,515	15.8 %

Trade accounts receivable from certain customers in excess of 10 percent of our total consolidated trade accounts receivable are as follows:

Customer	June 30, 2021	December 31, 2020
	% of Total	% of Total
Nordex	36.5 %	40.8 %
Vestas	32.9 %	35.0 %
Siemens Gamesa	10.8 %	5.9 %

Note 14. Segment Reporting

Our operating segments are defined geographically into five geographic operating segments—(1) the United States (U.S.), (2) Asia, (3) Mexico, (4) EMEA and (5) India. For a detailed discussion of our operating segments, refer to the discussion in Note 19, *Segment Reporting*, to the Notes to Consolidated Financial Statements within our Annual Report on Form 10-K.

All of our segments operate in their local currency except for the Mexico and Asia segments, which both include a U.S. parent company, and India and Switzerland, which operate in the U.S. dollar.

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The following tables set forth certain information regarding each of our segments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
(in thousands)				
Net sales by segment:				
U.S.	\$ 56,761	\$ 42,079	\$ 106,047	\$ 89,510
Asia	91,106	145,918	168,034	237,055
Mexico	143,170	83,420	261,629	201,670
EMEA	105,350	87,541	217,716	176,498
India	62,454	14,859	110,095	25,720
Total net sales	\$ 458,841	\$ 373,817	\$ 863,521	\$ 730,453
Net sales by geographic location ⁽¹⁾:				
United States	\$ 56,761	\$ 42,079	\$ 106,047	\$ 89,510
China	91,106	145,918	168,034	237,055
Mexico	143,170	83,420	261,629	201,670
Turkey	105,350	87,541	217,716	176,498
India	62,454	14,859	110,095	25,720
Total net sales	\$ 458,841	\$ 373,817	\$ 863,521	\$ 730,453
Income (loss) from operations:				
U.S. ⁽²⁾	\$ 148	\$ (12,045)	\$ (11,472)	\$ (27,631)
Asia	8,105	18,492	10,814	23,564
Mexico	(25,256)	(11,324)	(29,280)	(13,092)
EMEA	10,782	(1,145)	20,570	1,519
India	4,188	(7,233)	4,128	(13,019)
Total loss from operations	\$ (2,033)	\$ (13,255)	\$ (5,240)	\$ (28,659)

	June 30, 2021	December 31, 2020
(in thousands)		
Property, plant and equipment, net:		
U.S.	\$ 33,246	\$ 31,811
Asia (China)	41,143	46,075
Mexico	78,839	78,813
EMEA (Turkey)	22,154	28,312
India	30,334	23,990
Total property, plant and equipment, net	\$ 205,716	\$ 209,001

(1) Net sales are attributable to countries based on the location where the product is manufactured or the services are performed.

(2) The losses from operations in our U.S. segment includes corporate general and administrative costs of \$6.7 million and \$6.9 million for the three months ended June 30, 2021 and 2020, respectively, and \$15.6 million and \$16.4 million for the six months ended June 30, 2021 and 2020, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and the related notes and other financial information appearing elsewhere in this Quarterly Report on Form 10-Q (Form 10-Q). Some of the information contained in this discussion and analysis or set forth elsewhere in this Form 10-Q, including information with respect to plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those described in or implied by these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Form 10-Q or in our previously filed Annual Report on Form 10-K, particularly those under "Risk Factors."

OVERVIEW

Our Company

We are the only independent manufacturer of composite wind blades for the wind energy market with a global manufacturing footprint. We deliver high-quality, cost-effective composite solutions through long term relationships with leading original equipment manufacturers (OEM) in the wind and transportation markets. We also provide field service inspection and repair services to our OEM customers and wind farm owners and operators, and supply high strength, lightweight and durable composite products to the transportation market. We are headquartered in Scottsdale, Arizona and operate factories throughout the U.S., China, Mexico, Turkey, and India. We operate additional engineering development centers in Denmark and Germany.

Our business operations are defined geographically into five geographic operating segments—(1) the United States (U.S.), (2) Asia, (3) Mexico, (4) Europe, the Middle East and Africa (EMEA) and (5) India. See Note 14, *Segment Reporting*, to our condensed consolidated financial statements for more details about our operating segments.

KEY TRENDS AND RECENT DEVELOPMENTS AFFECTING OUR BUSINESS

The COVID-19 pandemic did not materially adversely affect our business and operations during the three and six months ended June 30, 2021. Although all of our manufacturing facilities currently are operating at or near normal production levels, we may be required to reinstate temporary production suspensions or volume reductions at our manufacturing facilities to the extent there are new resurgences of COVID-19 cases in the regions where we operate or there is an outbreak of positive COVID-19 cases in any of our manufacturing facilities. For example, India and Turkey recently experienced significant increases in positive COVID-19 cases although these resurgences did not have a material impact on our operations during the three months ended June 30, 2021. In addition, although we currently have not experienced any significant disruptions in our global supply chain due to the COVID-19 pandemic, our global supply chain may in the future be adversely affected if the COVID-19 pandemic persists.

We expect decreased demand for our wind blades from our customers during the remainder of 2021, in particular during the fourth quarter. We believe this decrease in demand is short term and due to the continued global renewable energy regulatory and policy uncertainty and raw material cost increases mentioned below. The result is an expected adverse impact to our Adjusted EBITDA in 2021 of approximately \$28 million. We believe that general optimism around potential legislation in the U.S. to extend the Production Tax Credit (PTC) on a long-term basis is causing developers to reevaluate project timelines in anticipation of being able to build projects at higher PTC levels once the expected extensions are in place and therefore are not purchasing wind blades or turbines to satisfy current PTC safe harbor requirements.

In 2021, there have been both significant price increases and supply constraints with respect to resin and carbon fiber, which are key raw materials that we use to manufacture our products, as well as increases in logistics costs to obtain raw materials. The resin price increases and supply constraints are due to a multitude of factors, including the extreme cold weather in Texas in February 2021, fires at resin manufacturing facilities in China and unplanned maintenance outages at resin manufacturing facilities in Europe. Carbon fiber prices have increased primarily due to the cost of raw material inputs as well as increased global demand for carbon fiber across multiple industries. These raw material price increases adversely affected our results of operations by approximately \$4.4 million for both the three and six months ended June 30, 2021. We expect that the price of resin and carbon fiber will remain at elevated levels for the remainder of 2021. Approximately 55% of the resin and resin systems we use are purchased under contracts either controlled or borne by two of our customers and therefore these customers receive/bear 100% of any increase in resin prices. With respect to our other customer supply agreements, our customers typically bear 70% of any raw material price increases. After taking into account our contractual share of any price increases for resin and carbon fiber, we estimate that the impact of these raw materials price increases, together with increased logistics costs, will adversely impact our results of operations by approximately \$20 million for 2021. If the supply of resin feedstocks and carbon fiber continue to be constrained for an extended period of time, such shortages could impact our ability to meet our customers' forecasted demand for our products for the remainder of 2021 and have a further material adverse impact on our results of operations for the remainder of 2021.

We are forecasting to incur a total of between \$22 million and \$37 million of restructuring charges associated with our global footprint alignment and consolidation in 2021 and 2022 relating to our China and North America operations. Between \$15 million and \$22 million of the total is forecasted to be incurred in 2021, with the remainder in 2022. We are forecasting that between 20% to 30% of the restructuring charges will be non-cash.

In July 2021, we commenced supplying wind blades to one of our customers at a manufacturing facility in Matamoros, Mexico pursuant to a 3-year supply agreement. In connection with the supply agreement, we will, among other things, (1) operate the manufacturing facility, and (2) utilize our workforce, procure raw materials and manufacture blades for the customer. The customer will resume management and operation of the wind blade manufacturing facility at the end of the 3-year term if the supply agreement is not extended and we will cease to operate and supply blades from the customer's manufacturing facility.

KEY METRICS USED BY MANAGEMENT TO MEASURE PERFORMANCE

For a detailed discussion of our key financial measures and our key operating metrics, refer to the discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Metrics Used By Management To Measure Performance" included in Part II, Item 7 of our Annual Report on Form 10-K.

KEY FINANCIAL MEASURES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Net sales	\$ 458,841	\$ 373,817	\$ 863,521	\$ 730,453
Net loss	\$ (39,797)	\$ (66,101)	\$ (41,594)	\$ (66,593)
EBITDA ⁽¹⁾	\$ 4,285	\$ (2,628)	\$ 9,699	\$ (5,349)
Adjusted EBITDA ⁽¹⁾	\$ 17,361	\$ 3,295	\$ 30,456	\$ 4,591
Capital expenditures			\$ 27,059	\$ 42,030
Free cash flow ⁽¹⁾			\$ (30,314)	\$ (69,035)

	June 30,	December 31,
	2021	2020
	(in thousands)	
Total debt, net of debt issuance costs	\$ 236,275	\$ 216,867
Net debt ⁽¹⁾	\$ (113,991)	\$ (88,061)

(1) See below for a reconciliation of EBITDA, adjusted EBITDA, free cash flow and net debt to net income (loss), net income (loss), net cash provided by (used in) operating activities and total debt, net of debt issuance costs, respectively, the most directly comparable financial measures calculated and presented in accordance with GAAP.

The following tables reconcile our non-GAAP key financial measures to the most directly comparable GAAP measures:

EBITDA and adjusted EBITDA are reconciled as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in thousands)			
Net loss	\$ (39,797)	\$ (66,101)	\$ (41,594)	\$ (66,593)
Adjustments:				
Depreciation and amortization	12,501	11,616	24,110	22,644
Interest expense, net	2,691	2,545	5,395	4,316
Income tax provision	28,890	49,312	21,788	34,284
EBITDA	4,285	(2,628)	9,699	(5,349)
Share-based compensation expense	2,925	2,374	5,324	5,316
Foreign currency loss	6,504	1,928	10,231	968
Loss on sale of assets and asset impairments	1,451	1,440	2,748	3,358
Restructuring charges, net	2,196	181	2,454	298
Adjusted EBITDA	<u>\$ 17,361</u>	<u>\$ 3,295</u>	<u>\$ 30,456</u>	<u>\$ 4,591</u>

Free cash flow is reconciled as follows:

	Six Months Ended June 30,	
	2021	2020
	(in thousands)	
Net cash used in operating activities	\$ (3,255)	\$ (27,005)
Less capital expenditures	(27,059)	(42,030)
Free cash flow	<u>\$ (30,314)</u>	<u>\$ (69,035)</u>

Net debt is reconciled as follows:

	June 30,	December 31,
	2021	2020
	(in thousands)	
Cash and cash equivalents	\$ 123,107	\$ 129,857
Less total debt, net of debt issuance costs	(236,275)	(216,867)
Less debt issuance costs	(823)	(1,051)
Net debt	<u>\$ (113,991)</u>	<u>\$ (88,061)</u>

KEY OPERATING METRICS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Sets	843	788	1,657	1,519
Estimated megawatts	3,303	2,655	6,375	4,984
Utilization	82 %	70 %	80 %	70 %
Dedicated manufacturing lines	50	52	50	52
Manufacturing lines installed	51	54	52	54

RESULTS OF OPERATIONS

The following table summarizes our operating results as a percentage of net sales for the three and six months ended June 30, 2021 and 2020 that have been derived from our condensed consolidated statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	96.0	98.4	95.4	98.0
Startup and transition costs	2.2	2.9	2.8	3.2
Total cost of goods sold	98.2	101.3	98.2	101.2
Gross profit (loss)	1.8	(1.3)	1.8	(1.2)
General and administrative expenses	1.5	1.8	1.8	2.2
Loss on sale of assets and asset impairments	0.3	0.4	0.3	0.5
Restructuring charges, net	0.5	0.1	0.3	0.0
Loss from operations	(0.5)	(3.6)	(0.6)	(3.9)
Total other expense	(1.9)	(0.9)	(1.7)	(0.5)
Loss before income taxes	(2.4)	(4.5)	(2.3)	(4.4)
Income tax provision	(6.3)	(13.2)	(2.5)	(4.7)
Net loss	(8.7) %	(17.7) %	(4.8) %	(9.1) %

Net sales

Consolidated discussion

The following table summarizes our net sales by product/service for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
	(in thousands)				(in thousands)			
Wind blade sales	\$ 418,704	\$ 348,063	\$ 70,641	20.3 %	\$ 797,883	\$ 684,400	\$ 113,483	16.6 %
Precision molding and assembly systems sales	13,603	6,894	6,709	97.3 %	22,530	13,657	8,873	65.0 %
Transportation sales	14,915	14,902	13	0.1 %	23,046	21,791	1,255	5.8 %
Other sales	11,619	3,958	7,661	193.6 %	20,062	10,605	9,457	89.2 %
Total net sales	\$ 458,841	\$ 373,817	\$ 85,024	22.7 %	\$ 863,521	\$ 730,453	\$ 133,068	18.2 %

The increase in net sales of wind blades during the three and six months ended June 30, 2021 as compared to the same periods in 2020 was primarily driven by a 7% and 9% increase in the number of wind blades produced, respectively, primarily as a result of increased production at our Mexico, India, Turkey and Iowa facilities. The increase was also due to a higher average sales price due to the mix of wind blade models produced during the three and six months ended June 30, 2021 as compared to the same periods in 2020 and foreign currency fluctuations. Additionally, when comparing our net sales during the three and six months ended June 30, 2021 against the comparable prior year periods, our net sales were negatively impacted by the removal of five contracted manufacturing lines that expired in China at the end of 2020, which was partially offset by the adverse impact that the COVID-19 pandemic had on our net sales in the prior year periods. Finally, the net sales increases in both periods were partially offset by a decrease in the year over year number of wind blades still in the production process at the end of the periods. The fluctuating U.S. dollar against the Euro in our Turkey operations and the Chinese Renminbi in our China operations had a favorable impact of 1.8% and 1.7% on consolidated net sales for the three and six months ended June 30, 2021, respectively, as compared to the 2020 periods.

Segment discussion

The following table summarizes our net sales by our five geographic operating segments for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	Change		2021	2020	Change	
	(in thousands)		\$	%	(in thousands)		\$	%
U.S.	\$ 56,761	\$ 42,079	\$ 14,682	34.9%	\$ 106,047	\$ 89,510	\$ 16,537	18.5%
Asia	91,106	145,918	(54,812)	-37.6%	168,034	237,055	(69,021)	-29.1%
Mexico	143,170	83,420	59,750	71.6%	261,629	201,670	59,959	29.7%
EMEA	105,350	87,541	17,809	20.3%	217,716	176,498	41,218	23.4%
India	62,454	14,859	47,595	NM	110,095	25,720	84,375	NM
Total net sales	<u>\$ 458,841</u>	<u>\$ 373,817</u>	<u>\$ 85,024</u>	22.7%	<u>\$ 863,521</u>	<u>\$ 730,453</u>	<u>\$ 133,068</u>	18.2%

NM - not meaningful

U.S. Segment

The following table summarizes our net sales by product/service for the U.S. segment for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	Change		2021	2020	Change	
	(in thousands)		\$	%	(in thousands)		\$	%
Wind blade sales	\$ 39,427	\$ 26,309	\$ 13,118	49.9%	\$ 79,054	\$ 62,242	\$ 16,812	27.0%
Transportation sales	12,227	14,539	(2,312)	-15.9%	18,651	21,218	(2,567)	-12.1%
Other sales	5,107	1,231	3,876	NM	8,342	6,050	2,292	37.9%
Total net sales	<u>\$ 56,761</u>	<u>\$ 42,079</u>	<u>\$ 14,682</u>	34.9%	<u>\$ 106,047</u>	<u>\$ 89,510</u>	<u>\$ 16,537</u>	18.5%

The increase in the U.S. segment's net sales of wind blades during the three and six months ended June 30, 2021 as compared to the same periods in 2020 was primarily due to a 35% and 17% increase in the number of wind blades produced, respectively, primarily due to the adverse impact of the COVID-19 pandemic in the prior year periods, as well as a higher average sales price of wind blade models produced in the two comparative periods.

Asia Segment

The following table summarizes our net sales by product/service for the Asia segment for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	Change		2021	2020	Change	
	(in thousands)		\$	%	(in thousands)		\$	%
Wind blade sales	\$ 82,491	\$ 141,540	\$ (59,049)	-41.7%	\$ 154,994	\$ 227,416	\$ (72,422)	-31.8%
Precision molding and assembly systems sales	7,634	3,576	4,058	113.5%	11,598	8,637	2,961	34.3%
Other sales	981	802	179	22.3%	1,442	1,002	440	43.9%
Total net sales	<u>\$ 91,106</u>	<u>\$ 145,918</u>	<u>\$ (54,812)</u>	-37.6%	<u>\$ 168,034</u>	<u>\$ 237,055</u>	<u>\$ (69,021)</u>	-29.1%

The decrease in the Asia segment's net sales of wind blades during the three months ended June 30, 2021 as compared to the same period in 2020 was primarily due to a 52% decrease in the number of wind blades produced, primarily due to the removal of five contracted manufacturing lines that expired in China at the end of 2020. The sales decrease during the three months ended June 30, 2021 was partially offset by an increase in the average sales price of wind blades due to a change in the mix of wind blades produced in the two comparative periods. Additionally, for the three months ended June 30, 2021, there was an increase in the period over period number of wind blades still in the production process at the end of the period. The fluctuating U.S. dollar against the Chinese Renminbi in our China operations had a favorable impact of 0.1% on consolidated net sales for the three months ended June 30, 2021 as compared to the 2020 period.

The decrease in the Asia segment's net sales of wind blades during the six months ended June 30, 2021 as compared to the same period in 2020 was primarily due to a 35% decrease in the number of wind blades produced, primarily due to the removal of five contracted manufacturing lines that expired in China at the end of 2020, partially offset by the adverse impact that the COVID-19 pandemic had on our net sales in the prior year period. In addition, for the six months ended June 30, 2021, there was a decrease in the period over period number of wind blades still in the production process at the end of the period. The sales decreases during the six months ended June 30, 2021 was partially offset by an increase in the average sales price of wind blades due to a change in the mix of wind blades produced in the two comparative periods. The fluctuating U.S. dollar against the Chinese Renminbi in our China operations had a favorable impact of 0.2% on consolidated net sales for the six months ended June 30, 2021 as compared to the 2020 period.

Mexico Segment

The following table summarizes our net sales by product/service for the Mexico segment for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	Change		2021	2020	Change	
	(in thousands)		\$	%	(in thousands)		\$	%
Wind blade sales	\$ 131,188	\$ 78,193	\$ 52,995	67.8 %	\$ 239,630	\$ 193,379	\$ 46,251	23.9 %
Precision molding and assembly systems sales	5,969	3,318	2,651	79.9 %	10,932	5,020	5,912	117.8 %
Transportation sales	2,688	363	2,325	NM	4,395	573	3,822	NM
Other sales	3,325	1,546	1,779	115.1 %	6,672	2,698	3,974	147.3 %
Total net sales	\$ 143,170	\$ 83,420	\$ 59,750	71.6 %	\$ 261,629	\$ 201,670	\$ 59,959	29.7 %

The increase in the Mexico segment's net sales of wind blades during the three and six months ended June 30, 2021 as compared to the same periods in 2020 reflects a 76% and 24% net increase in overall wind blade volume, respectively, primarily due to the adverse impact of the COVID-19 pandemic in the prior year periods, as well as an increase in the average sales price of wind blades due to the mix of wind blades produced in the two comparative periods.

EMEA Segment

The following table summarizes our net sales by product/service for the EMEA segment for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2021	2020	Change		2021	2020	Change	
	(in thousands)		\$	%	(in thousands)		\$	%
Wind blade sales	\$ 103,201	\$ 87,162	\$ 16,039	18.4 %	\$ 214,228	\$ 175,643	\$ 38,585	22.0 %
Other sales	2,149	379	1,770	NM	3,488	855	2,633	NM
Total net sales	\$ 105,350	\$ 87,541	\$ 17,809	20.3 %	\$ 217,716	\$ 176,498	\$ 41,218	23.4 %

The increase in the EMEA segment's net sales of wind blades during the three and six months ended June 30, 2021 as compared to the same periods in 2020 was driven by a 19% and 14% increase in wind blade production at our two Turkey plants, respectively, primarily due to transitions and the adverse impact of the COVID-19 pandemic in the prior year, as well as an increase in the average sales price of wind blades produced in the two comparative periods and foreign currency fluctuations. The sales increases for three months ended June 30, 2021 were partially offset by a decrease in the year over year number of wind blades still in the production process at the end of the period. The fluctuating U.S. dollar relative to the Euro had a favorable impact of 7.9% and 6.5% on net sales during the three and six months ended June 30, 2021, respectively, as compared to the 2020 periods.

India Segment

The following table summarizes our net sales by product/service for the India segment for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended				Six Months Ended			
	June 30,		Change		June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
	(in thousands)				(in thousands)			
Wind blade sales	\$ 62,397	\$ 14,859	\$ 47,538	NM	\$ 109,977	\$ 25,720	\$ 84,257	NM
Other sales	57	—	57	NM	118	—	118	NM
Total net sales	<u>\$ 62,454</u>	<u>\$ 14,859</u>	<u>\$ 47,595</u>	NM	<u>\$ 110,095</u>	<u>\$ 25,720</u>	<u>\$ 84,375</u>	NM

The increase in the India segment's net sales of wind blades during the three and six months ended June 30, 2021 as compared to the same period in 2020 was driven by the commencement of production in 2020, and the ramp up of such production in 2021.

Total cost of goods sold

The following table summarizes our total cost of goods sold for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended				Six Months Ended			
	June 30,		Change		June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
	(in thousands)				(in thousands)			
Cost of sales	\$ 440,416	\$ 367,644	\$ 72,772	19.8%	\$ 823,472	\$ 716,119	\$ 107,353	15.0%
Startup costs	4,504	6,897	(2,393)	-34.7%	9,056	14,753	(5,697)	-38.6%
Transition costs	5,595	4,023	1,572	39.1%	15,397	8,201	7,196	87.7%
Total startup and transition costs	10,099	10,920	(821)	-7.5%	24,453	22,954	1,499	6.5%
Total cost of goods sold	<u>\$ 450,515</u>	<u>\$ 378,564</u>	<u>\$ 71,951</u>	19.0%	<u>\$ 847,925</u>	<u>\$ 739,073</u>	<u>\$ 108,852</u>	14.7%
% of net sales	98.2%	101.3%		-3.1%	98.2%	101.2%		-3.0%

Total cost of goods sold as a percentage of net sales decreased by approximately three percentage points during the three and six months ended June 30, 2021 as compared to the same periods in 2020, driven primarily by a decrease in warranty costs and direct labor costs, partially offset by an increase in direct material costs and foreign currency fluctuations. The fluctuating U.S. dollar against the Euro, Turkish Lira, Chinese Renminbi and Mexican Peso had an unfavorable impact of 2.2% and 1.7% on consolidated cost of goods sold for the three and six months ended June 30, 2021, respectively, as compared to the 2020 periods.

General and administrative expenses

The following table summarizes our general and administrative expenses for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended				Six Months Ended			
	June 30,		Change		June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
	(in thousands)				(in thousands)			
General and administrative expenses	\$ 6,712	\$ 6,887	\$ (175)	-2.5%	\$ 15,634	\$ 16,383	\$ (749)	-4.6%
% of net sales	1.5%	1.8%		-0.3%	1.8%	2.2%		-0.4%

The decreases in general and administrative expenses as a percentage of net sales for the three and six months ended June 30, 2021 as compared to the same periods in 2020 were primarily driven by our continued focus on reducing costs.

Restructuring costs, net

The increases in restructuring costs, net for the three and six months ended June 30, 2021 as compared to the same periods in 2020 were associated with the optimization of our global footprint, comprised of \$2.2 million and \$2.5 million, respectively, of severance benefits to terminated employees. All severance benefits were paid to the terminated employees by the end of July 2021.

Income (loss) from operations

Segment discussion

The following table summarizes our income (loss) from operations by our five geographic operating segments for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended				Six Months Ended			
	June 30,		Change		June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
	(in thousands)				(in thousands)			
U.S.	\$ 148	\$ (12,045)	\$ 12,193	101.2%	\$ (11,472)	\$ (27,631)	\$ 16,159	58.5%
Asia	8,105	18,492	(10,387)	-56.2%	10,814	23,564	(12,750)	-54.1%
Mexico	(25,256)	(11,324)	(13,932)	-123.0%	(29,280)	(13,092)	(16,188)	-123.6%
EMEA	10,782	(1,145)	11,927	NM	20,570	1,519	19,051	NM
India	4,188	(7,233)	11,421	157.9%	4,128	(13,019)	17,147	131.7%
Total loss from operations	<u>\$ (2,033)</u>	<u>\$ (13,255)</u>	<u>\$ 11,222</u>	84.7%	<u>\$ (5,240)</u>	<u>\$ (28,659)</u>	<u>\$ 23,419</u>	81.7%
% of net sales	-0.4%	-3.5%		3.1%	-0.6%	-3.9%		3.3%

U.S. Segment

The decrease in the loss from operations in the U.S. segment for the three and six months ended June 30, 2021 as compared to the same periods in 2020 was primarily due to the increase in wind blade volume, an increase in the average sales price of wind blades and a decrease in direct labor costs, partially offset by an increase in direct material costs at our Newton, Iowa blade facility.

Asia Segment

The decrease in the income from operations in the Asia segment for the three and six months ended June 30, 2021 as compared to the same periods in 2020 was primarily due to the decrease in the net sales of wind blades and foreign currency fluctuations, partially offset by an increase in the average sales price of wind blades. In addition, for the six months ended June 30, 2021, there was a decrease in startup and transition costs. The fluctuating U.S. dollar against the Chinese Renminbi had an unfavorable impact of 6.7% and 6.5% on cost of goods sold for the three and six months ended June 30, 2021, respectively, as compared to the 2020 periods.

Mexico Segment

The increase in the loss from operations in the Mexico segment for the three and six months ended June 30, 2021 as compared to the same periods in 2020 was primarily due to an increase in direct material costs and startup and transition costs, partially offset by the increase in wind blade volume and an increase in the average sales price of wind blades. In addition, for the three and six months ended June 30, 2021, there was an increase and a decrease, respectively, in warranty costs as compared to the 2020 periods. The fluctuating U.S. dollar relative to the Mexican Peso had an unfavorable impact of 2.1% and 1.1% on cost of goods sold for the three and six months ended June 30, 2021, respectively, as compared to the 2020 periods.

EMEA Segment

The increase in the income from operations in the EMEA segment for the three and six months ended June 30, 2021 as compared to the same periods in 2020 was primarily driven by increased wind blade production at our two Turkey manufacturing facilities, an increase in the average sales price of wind blades, and a decrease in warranty costs. In addition, for the three months ended June 30, 2021, there was a decrease in startup and transition costs as compared to the 2020 period. Additionally, for the six months ended June 30, 2021, there was an increase in direct material costs as compared to the 2020 period. The fluctuating U.S. dollar relative to the Turkish Lira and Euro had an unfavorable impact of 1.1% and 0.4% on cost of goods sold for the three and six months ended June 30, 2021, respectively, as compared to the 2020 periods.

India Segment

The increase in the income from operations in the India segment for the three and six months ended June 30, 2021 as compared to the same periods in 2020 was driven by the commencement of production in 2020, and the ramp up of such production in 2021.

Other income (expense)

The following table summarizes our total other income (expense) for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended				Six Months Ended			
	June 30,		Change		June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
	(in thousands)				(in thousands)			
Interest expense, net	\$ (2,691)	\$ (2,545)	\$ (146)	-5.7%	\$ (5,395)	\$ (4,316)	\$ (1,079)	-25.0%
Foreign currency loss	(6,504)	(1,928)	(4,576)	NM	(10,231)	(968)	(9,263)	NM
Miscellaneous income	321	939	(618)	-65.8%	1,060	1,634	(574)	-35.1%
Total other expense	<u>\$ (8,874)</u>	<u>\$ (3,534)</u>	<u>\$ (5,340)</u>	-151.1%	<u>\$ (14,566)</u>	<u>\$ (3,650)</u>	<u>\$ (10,916)</u>	NM

The increase in the total other expense for the three and six months ended June 30, 2021 as compared to the same periods in 2020 were primarily due to an increase in the foreign currency loss primarily due to net Euro liability exposure against the Turkish Lira in the current year periods as compared to the same periods in 2020.

Income taxes

The following table summarizes our income taxes for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended				Six Months Ended			
	June 30,		Change		June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
	(in thousands)				(in thousands)			
Income tax provision	\$ (28,890)	\$ (49,312)	\$ 20,422	41.4%	\$ (21,788)	\$ (34,284)	\$ 12,496	36.4%
Effective tax rate	-264.9%	-293.7%			-110.0%	-106.1%		

See Note 9, *Income Taxes*, to our condensed consolidated financial statements for more details about our income taxes for the three and six months ended June 30, 2021 and 2020.

Net loss

The following table summarizes our net loss for the three and six months ended June 30, 2021 and 2020:

	Three Months Ended				Six Months Ended			
	June 30,		Change		June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
	(in thousands)				(in thousands)			
Net loss	\$ (39,797)	\$ (66,101)	\$ 26,304	39.8%	\$ (41,594)	\$ (66,593)	\$ 24,999	37.5%

The decrease in the net loss for the three and six months ended June 30, 2021 as compared to the same periods in 2020 was primarily due to the reasons set forth above. The diluted net loss per share was \$1.08 for the three months ended June 30, 2021, compared to a diluted net loss per share of \$1.87 for the three months ended June 30, 2020. The diluted net loss per share was \$1.13 for the six months ended June 30, 2021, compared to a diluted net loss per share of \$1.89 for the six months ended June 30, 2020.

LIQUIDITY AND CAPITAL RESOURCES

As a result of the uncertainty relating to: (i) the evolving nature, magnitude and duration of the COVID-19 pandemic, (ii) the variety of measures implemented by governments around the world to address its effects and (iii) the impact on our manufacturing operations, we have and will continue to manage our liquidity to ensure our long-term viability until the COVID-19 pandemic abates.

Our primary needs for liquidity have been, and in the future will continue to be, capital expenditures, new facility startup costs, the impact of transitions, working capital, debt service costs, warranty costs and restructuring costs associated with the optimization of our global footprint. Our capital expenditures have been primarily related to machinery and equipment at our new facilities and expansion and improvements at our existing facilities. Historically, we have funded our working capital needs through cash flows from operations, the proceeds received from our credit facilities and from proceeds received from the issuance of stock. We had net proceeds under our financing arrangements of \$19.0 million for the six months ended June 30, 2021 as compared to net proceeds under our financing arrangements of \$97.1 million in the comparable period of 2020. As of June 30, 2021 and December 31, 2020, we had \$237.1 million and \$217.9 million in outstanding indebtedness, excluding debt issuance costs, respectively. As of June 30, 2021,

we had an aggregate of \$115.9 million of remaining capacity and \$91.1 million of remaining availability under our various credit facilities. Working capital requirements have increased as a result of our overall growth and the need to fund higher accounts receivable and inventory levels as our business volumes have increased, as well as increased raw material costs primarily related to resin, carbon fiber and logistics. Based upon current and anticipated levels of operations, we believe that cash on hand, available credit facilities and cash flows from operations will be adequate to fund our working capital and capital expenditure requirements and to make required payments of principal and interest on our indebtedness over the next twelve months.

We anticipate that any new facilities and future facility expansions will be funded through cash flows from operations, the incurrence of other indebtedness and other potential sources of liquidity. At June 30, 2021 and December 31, 2020, we had unrestricted cash, cash equivalents and short-term investments totaling \$123.1 million and \$129.9 million, respectively. The June 30, 2021 balance includes \$67.9 million of cash located outside of the United States, including \$58.7 million in China, \$5.1 million in Turkey, \$2.3 million in Mexico, \$1.5 million in India, and \$0.3 million in other countries.

Our ability to repatriate funds from China is subject to a number of restrictions imposed by the Chinese government. We repatriate funds through several technology license and corporate/administrative service agreements. We are compensated quarterly based on agreed upon royalty rates for such intellectual property licenses and quarterly fees for those services. Certain of our subsidiaries are limited in their ability to declare dividends without first meeting statutory restrictions of China, including retained earnings as determined under Chinese-statutory accounting requirements. Until 50% (\$26.6 million as of June 30, 2021 and December 31, 2020) of registered capital is contributed to a surplus reserve, our China operations can only pay dividends equal to 90% of after-tax profits (10% must be contributed to the surplus reserve). Once the surplus reserve fund requirement is met, our China operations can pay dividends equal to 100% of after-tax profit assuming other conditions are met. At June 30, 2021 and December 31, 2020, the amount of the surplus reserve fund was \$9.4 million and \$7.0 million, respectively. In July 2021, China paid a dividend of approximately \$19.5 million, net of withholding taxes, to our subsidiary in Switzerland.

Financing Facilities

Our total principal amount of debt outstanding as of June 30, 2021 was \$237.1 million, including our Credit Agreement, secured and unsecured financing agreements and equipment finance leases. See Note 5, *Long-Term Debt, Net of Current Maturities*, to our condensed consolidated financial statements for more details on our debt balances.

Cash Flow Discussion

The following table summarizes our key cash flow activity for the six months ended June 30, 2021 and 2020:

	Six Months Ended		
	June 30,		
	2021	2020	\$ Change
	(in thousands)		
Net cash used in operating activities	\$ (3,255)	\$ (27,005)	\$ 23,750
Net cash used in investing activities	(27,059)	(42,030)	14,971
Net cash provided by financing activities	23,702	97,255	(73,553)
Impact of foreign exchange rates on cash, cash equivalents and restricted cash	(323)	(2,525)	2,202
Net change in cash, cash equivalents and restricted cash	<u>\$ (6,935)</u>	<u>\$ 25,695</u>	<u>\$ (32,630)</u>

Operating Cash Flows

Net cash used in operating activities decreased by \$23.8 million for the six months ended June 30, 2021 as compared to the same period in 2020 primarily as a result of higher operating results and favorable working capital usage.

Investing Cash Flows

Net cash used in investing activities decreased by \$15.0 million for the six months ended June 30, 2021 as compared to the same period in 2020 as a result of a decrease in capital expenditures.

We anticipate fiscal year 2021 capital expenditures of between \$55 million to \$65 million and we estimate that the cost that we will incur after June 30, 2021 to complete our current projects in process will be approximately \$8.5 million. We have used, and will

continue to use, cash flows from operations, the proceeds received from our credit facilities and the proceeds received from the issuance of stock for major projects currently being undertaken, which include new manufacturing facilities in Chennai, India and the continued investment in our existing Tukey, Mexico, China and U.S. facilities.

Financing Cash Flows

Net cash provided by financing activities decreased by \$73.6 million for the six months ended June 30, 2021 as compared to the same period in 2020 primarily as a result of decreased net borrowings on our revolving loans.

OFF-BALANCE SHEET TRANSACTIONS

We are not presently involved in any off-balance sheet arrangements, including transactions with unconsolidated special-purpose or other entities that would materially affect our financial position, results of operations, liquidity or capital resources, other than our accounts receivable assignment agreements described below. Furthermore, we do not have any relationships with special-purpose or other entities that provide off-balance sheet financing; liquidity, market risk or credit risk support; or engage in leasing or other services that may expose us to liability or risks of loss that are not reflected in the condensed consolidated financial statements and related notes.

Our segments enter into accounts receivable assignment agreements with various financial institutions. Under these agreements, the financial institution buys, on a non-recourse basis, the accounts receivable amounts related to our segment's customers at an agreed-upon discount rate.

The following table summarizes certain key details of each of the accounts receivable assignment agreements in place as of June 30, 2021:

Year Of Initial Agreement	Segment(s) Related To	Current Annual Interest Rate
2014	Mexico	LIBOR plus 0.75%
2019	Asia and Mexico	LIBOR plus 1.00%
2019	Asia	Fixed rate of 3.85%
2020	EMEA	EURIBOR plus 1.95%
2020	India	LIBOR plus 1.00%
2020	U.S.	LIBOR plus 1.25%
2021	Mexico	LIBOR plus 1.25%

As the receivables are purchased by the financial institutions under the agreements noted above, the receivables are removed from our condensed consolidated balance sheet. During the three months ended June 30, 2021 and 2020, \$360.8 million and \$235.7 million, respectively, and during the six months ended June 30, 2021 and 2020, \$654.9 million and \$459.9 million, respectively, of receivables were sold under the accounts receivable assignment agreements described above.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no significant changes to our critical accounting policies as disclosed in our Annual Report on Form 10-K.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 1, *Basis of Presentation*, under the heading "Accounting Pronouncements" to our condensed consolidated financial statements for a discussion of recent accounting pronouncements.

CONTRACTUAL OBLIGATIONS

During the six months ended June 30, 2021, there have been no material changes to the contractual obligations reported in our Annual Report on Form 10-K, other than in the ordinary course of business.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the ordinary course of our business. These market risks are principally limited to changes in foreign currency exchange rates and commodity prices.

Foreign Currency Risk. We conduct international operations in China, Mexico, Turkey and India. Our results of operations are subject to both currency transaction risk and currency translation risk. We incur currency transaction risk whenever we enter into either a purchase or sale transaction using a currency other than the local currency of the transacting entity. With respect to currency translation risk, our financial condition and results of operations are measured and recorded in the relevant domestic currency and then translated into U.S. dollars for inclusion in our condensed consolidated financial statements. In recent years, exchange rates between these foreign currencies and the U.S. dollar have fluctuated significantly and may do so in the future. A hypothetical change of 10% in the exchange rates for the countries above would have resulted in a change to income from operations of approximately \$15.7 million for the six months ended June 30, 2021.

Commodity Price Risk. We are subject to commodity price risk under agreements for the supply of our raw materials. We have not hedged our commodity price exposure. We generally lock in pricing for most of our key raw materials for 12 months which protects us from price increases within that period, which we believe helps to mitigate the impact of raw material price increases. As many of our raw material supply agreements have meet or release clauses, if raw materials prices decrease, we are able to benefit from the reductions in price.

Resin and resin systems are the primary commodities for which we do not have fixed pricing. Approximately 55% of the resin and resin systems we use are purchased under contracts either controlled or borne by two of our customers and therefore they receive/bear 100% of any increase or decrease in resin costs further limiting our exposure to price fluctuations.

Prior to taking into account any contractual obligations of our customers to share with us the cost savings or increases resulting from a change in the current forecasted price of resin and resin systems, we believe that a 10% change in the current forecasted price of resin and resin systems for the customers in which we are exposed to fluctuating prices would have had an impact to income from operations of approximately \$11.8 million for the full year 2021. Under our customer supply agreements, our customers typically receive 70% of the cost savings or increases resulting from a change in the price of resin and resin systems.

Interest Rate Risk. As of June 30, 2021, our Credit Agreement includes interest on the unhedged principal amount of \$96.2 million which is tied to the London Interbank Offered Rate (LIBOR), our India segment has two credit agreements outstanding which are tied to LIBOR, and our EMEA segment has one general credit agreement outstanding which is tied to the Euro Interbank Offered Rate (EURIBOR). For a discussion of the interest rate swap arrangement we entered into related to our Credit Agreement, see Note 13, *Financial Instruments*, to the notes to the consolidated financial statements within our 2020 Annual Report on Form 10-K. The India credit agreements had secured and unsecured working capital financing of \$6.4 million and unsecured term loan financing of \$2.1 million outstanding as of June 30, 2021. The two EMEA credit agreements had unsecured financing of \$5.9 million and financing of capital expenditures of \$2.1 million outstanding as of June 30, 2021. Our Credit Agreement, the two India credit agreements, and the one EMEA general credit agreement are the only variable rate debt agreements that we had outstanding as of June 30, 2021 as all remaining working capital loans, secured and unsecured financing and finance lease obligations are fixed rate instruments and are not subject to fluctuations in interest rates. Due to the relatively low LIBOR and EURIBOR rates in effect as of June 30, 2021, a 10% change in the LIBOR or EURIBOR rate would not have had a material impact on our future earnings, fair values or cash flows.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized, and reported within the time period specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(b) promulgated under the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the design and operating effectiveness as of June 30, 2021 of our disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2021.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended June 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See Note 12, *Commitments and Contingencies*, under the heading “Legal Proceedings” to our condensed consolidated financial statements for a discussion of legal proceedings and other related matters.

Item 1A. RISK FACTORS

Except as noted below, there have been no material changes to the Risk Factors (Part I, Item 1A) in our Annual Report on Form 10-K, which could materially affect our business, financial condition, and/or future results.

Our business, operations and financial condition during the six months ended June 30, 2021 were not materially adversely affected by the COVID-19 pandemic however we cannot estimate the duration of the COVID-19 pandemic and our business may be adversely affected in the future if the COVID-19 pandemic persists.

The COVID-19 pandemic did not materially adversely affect our business and operations during the six months ended June 30, 2021. Although all of our manufacturing facilities currently are operating at or near normal production levels, we may be required to reinstate temporary production suspensions or volume reductions at our manufacturing facilities to the extent there are new resurgences of COVID-19 cases in the regions where we operate or there is an outbreak of positive COVID-19 cases in any of our manufacturing facilities. For example, India and Turkey recently experienced significant increases in positive COVID-19 cases although these resurgences did not have a material impact on our operations during the six months ended June 30, 2021. In addition, although we are not currently experiencing any significant disruptions in our global supply chain due to the COVID-19 pandemic, our global supply chain may in the future be adversely affected if the COVID-19 pandemic persists.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

Not applicable.

Use of Proceeds

Not applicable.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

Exhibit Number	Exhibit Description
31.1*	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1**	<u>Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2**	<u>Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*)

* Filed herewith.

** The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TPI COMPOSITES, INC.

Date: August 5, 2021

By: /s/ Adan Gossar
Adan Gossar
Chief Accounting Officer
(Principal Accounting Officer)

CERTIFICATION

I, William E. Siwek, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TPI Composites, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2021

By: /s/ William E. Siwek

William E. Siwek

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION

I, Bryan R. Schumaker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TPI Composites, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2021

By: /s/ Bryan R. Schumaker

Bryan R. Schumaker

Chief Financial Officer

(Principal Financial Officer)

**Certification Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002**

I, William E. Siwek, Chief Executive Officer of TPI Composites, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the report on Form 10-Q of TPI Composites, Inc. for the three months ended June 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m or 78o(d)); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of TPI Composites, Inc.

Date: August 5, 2021

By: /s/ William E. Siwek

William E. Siwek

Chief Executive Officer

(Principal Executive Officer)

**Certification Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002**

I, Bryan R. Schumaker, Chief Financial Officer of TPI Composites, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the report on Form 10-Q of TPI Composites, Inc. for the three months ended June 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m or 78o(d)); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of TPI Composites, Inc.

Date: August 5, 2021

By: /s/ Bryan R. Schumaker

Bryan R. Schumaker

Chief Financial Officer

(Principal Financial Officer)
