



2Q20 Earnings



Taurus breaks a double record: EBITDA above R\$107 million and gross margin higher than 42%

São Leopoldo, August 13, 2020 – Taurus Armas S.A. (“Taurus” or “Company”) (B3: TASA3; TASA4), listed on B3’s Corporate Governance Level 2 (Ticker symbols: TASA3, TASA4), one of the world’s largest firearm manufacturers, operating with the brands Taurus, Rossi and Heritage, hereby reports its results earnings for the **Second Quarter of 2020 (2Q20) and year-to-date for the first half of 2020 (1H20)**. Financial and operating information below, except otherwise indicated, is expressed in Brazilian reais (R\$), follow international financial reporting standards (IFRSs) and Brazilian accounting principles. Comparisons refer to the same periods of 2019.



Economic and financial highlights 2Q20/1H20

2Q20 earnings are better than earnings for the first half of 2019. This is the **new operating performance standard** of the Company.

Production of 655.000 firearms in 1H20, with the manufacturing operation in the USA accelerating its ramp-up and Brazilian unit operating at full capacity.

With the increased interest in Taurus products and a primarily buyer’s market in Brazil and the USA, the firearms sales volume in 1H20 totaled **804.000 units**, up 22.0% compared to 1H19 and a record volume for the Company.

Net operating revenue of R\$423.8 million for 2Q20 and R\$722.1 million for 1H20, up 81.9% and 48.9% compared to the same periods in 2019, respectively, reaching yet another record milestone.

Increase of gross profitability: **gross profit of R\$179.9 million for 2Q20**, up 123.8% compared to 2Q19, and margin of 42.4%. Performance for the quarter exceeds the accumulated gross profit for the entire 1H19, which was R\$172.4 million.

Record set also in EBITDA of R\$107.7 million for 2Q20, 91.0% higher than for 2T19, and margin of 25.4%. As in the case of gross profit, EBITDA for the quarter ended June 30, 2020 exceeded EBITDA for 1H19, which totaled R\$94.9 million.

Finance costs of R\$55.4 million for 2Q20, a **R\$133.5 million decrease** compared to 1Q20, which were also affected for changes in foreign exchange rates due to the depreciation of the Brazilian real against the US dollar.

Profit of R\$39.0 million for 2Q20 is the result of the strong operating performance.

KEY INDICATORS

<i>R\$ million</i>	2Q20	2Q19	% change	1Q20	% change	1H20	1H19	% change
Net operating revenue	423.8	233.0	81.9%	298.3	42.1%	722.1	485.1	48.9%
Domestic market	63.9	37.2	71.8%	56.0	14.1%	119.9	74.9	60.1%
Foreign market	359.9	195.8	83.8%	242.3	48.5%	602.2	410.2	46.8%
Cost of Sales	-243.9	-152.6	59.8%	-195.4	24.8%	-439.4	-312.7	40.5%
Gross profit	179.9	80.4	123.8%	102.9	74.8%	282.7	172.4	64.0%
<i>Gross margin (%)</i>	42.4%	34.5%	+7,9 p.p.	34.5%	+7,9 p.p.	39.2%	35.5%	+3,7 p.p.
Operating expenses - SG&A	-78.7	-31.5	149.8%	-63.2	24.5%	-141.9	-92.7	53.1%
Operating result (EBIT)	101.2	48.8	107.4%	39.6	155.6%	140.9	79.7	76.8%
<i>EBIT margin (%)</i>	23.9%	21.0%	+2,8 p.p.	13.3%	10,6 p.p.	19.5%	16.4%	+3,1 p.p.
Finance income (costs), net	-55.4	-1.5	3593.3%	-188.9	-70.7%	-244.2	-13.5	1708.9%
Income tax and social contribution	-7.0	-4.4	59.1%	-8.4	-16.7%	-15.3	-18.6	-17.7%
Profit (loss) for the period (continuing operations)	38.9	43.0	-9.5%	-157.6	-	-118.7	47.6	-
Profit (loss) from discontinued operations	0.2	0.6	-66.7%	0.5	-60.0%	0.6	0.1	500.0%
Profit (loss) for the period	39.0	43.6	-10.6%	-157.1	-	-118.1	47.7	-
EBITDA	107.7	56.4	91.0%	45.4	137.2%	153.2	94.9	61.4%
<i>EBITDA margin</i>	25.4%	24.2%	+1,2 p.p.	15.2%	10,2 p.p.	21.2%	19.6%	+1,6 p.p.
Net debt (at the end of the period)	930.9	821.6	13.3%	998.1	-6.7%	930.9	821.6	13.3%

Note - EBITDA is not an indicator used in accounting practices. Its calculation is presented in the Section "EBITDA" of this report.

MESSAGE FROM MANAGEMENT

We closed in the first half of 2020 at Taurus with more reason to celebrate, a situation that has been repeating itself every quarter. We keep breaking operating records: production volume, sales volume, revenue, gross profit, and EBITDA. Gross profit for the second quarter of 2020 was higher than gross profit for the first half of 2019—R\$179.9 million vs. R\$172.4 million—, which had already been a year with strong operating results. Further, the operating cash generation measured by EBITDA for 2Q20, which totaled R\$107.7 million, exceeded the R\$94.9 million accumulated in the first half of 2019. This was coupled with profitability gains, with an increase in gross margin, which reached 42.4% in 2Q20, and in EBITDA margin, which grew in the quarter by more than 10% age points compared to 1Q20, reaching 25.4%. With last quarter's earnings, we are setting a new operating performance standard for Taurus, based on a sound operating structure, with quality processes and products.

Our manufacturing units are in full production, with the new operation in the State of Georgia, USA, advancing rapidly in ramp-up production and counting on its processes' reliability to increase the volume of firearms produced. An assembly line of the G2 9mm pistol, a Taurus's sales success, has already been transferred to the US plant, without cutting production capacity in the Brazilian unit. In the second quarter of 2020, 103,000 units in our plant in the USA, compared to 45,000 in the first quarter, an increase of almost 130%, while in Brazil we manufactured 289,000 units in 2Q20. In total, by the end of June, we had manufactured 655,000 firearms in the two Taurus plants in 2020. Our goal is to promptly meet the strong increase in demand that we have been experiencing in recent months, both in the local market and, especially, in the North American market.

Demand from the American consumer for firearms has increased rapidly over the last few months due to the uncertainty generated by the wave of demonstrations in this country, which are still taking place, amid the insecurity caused by the COVID-19 pandemic. This generates significant earnings for the entire industry, since the US is the world's largest firearms market. The US firearms purchase intent index measured by the NICS (National Instant Criminal Background Check System) has been showing historical records and in the first half of 2020, reaching 10.3 million inquiries, compared to 13.3 million for the entire year of 2019. In Brazil, demand from CACs (hunters, sports shooters and collectors) has been growing, especially demand for calibers previously banned by the Brazilian law. The current demand scenario shows signs of sustainable growth, as shown by industry surveys.

In these high demand times, Taurus has shown to be ready to meet consumer expectations, with a wide range of modern quality, reliable products, at competitive prices. The drive to make structural changes in the Company by creating robust management, sales, and production processes, has allowed us to achieve these results. Once again, we have gained consumer respect for the

Taurus brand and offered the market products that meet consumer demands. We have set a new level of production for the Company, with an increase in capacity in our plants in Brazil and the USA, which has also allowed us to achieve a new level of results of operations and cash generation for the Company.

In Brazil, we sold 102,000 units in the 1H20, more than double the 50,000 units sold in the first half of 2019. Considering only the USA, our sales in this six-month period totaled 692,000 units, a volume that exceeds the Company's total firearms sales, i.e., US sales plus sales in Brazil and exports to other countries, for the first half of last year (659,000). If we made long-term valuation exercise, by comparing Taurus's half-yearly sales volume in the U.S. and the U.S. firearms purchase intention index measured by the NICS (National Instant Criminal Background Check System) since 1H14 to 1H20, our sales in the USA grew 177%, while the NICS was up 68%, evidencing Taurus's increased U.S. market share. We achieved a 15% share of the US light weapons market and are the 2nd largest exporter to this market, which is the largest in the world.

This operating consistency, with the growth in sales, led us to record in the first half of 2020 revenues of R\$722 million, a performance 49% higher than the good results achieved in the first half of last year, EBITDA of R\$153 million, an 61% increase compared to the same period last year, which is the highest EBITDA in a six-month period in the Company's history, and also the profit for the period of R\$39 million in 2Q20, which offset the first quarter losses caused by the negative effects of the devaluation of the Brazilian real against the US dollar on our finance costs.

While we are in this full manufacturing and commercial development, we have taken every precaution to protect our employees and society in general from COVID-19. Starting March 5, 2020 to the end of July, we have taken more than 50 preventive actions at our plant, consisting of social distancing and hygiene measures, the acquisition of 3,500 liters of hand sanitizer, and weekly sanitization in all environments by a specialized company. We have also taken several actions in support of society, such as the manufacture and donation of face shields to nine Brazilian states, which will total 500,000 units, the donation of 14.3 tons of food, five sets of respirators to be used in ICUs, seven multifunctional monitors, and twenty infusion pumps donated to Hospital Centenário in São Leopoldo, as well as 5,000 rapid tests donated to the City of São Leopoldo.

We are optimistic with regard to Taurus's performance in the coming months, as we have achieved a superior standard of operating performance that is not temporary but the Company's new standard. If on the one hand all market indicators show that demand should remain high, on the other we have the assurance that our products are quality products and have the characteristics approved by consumers, and that we are able to keep the plants in full production to meet these consumers' demand. In operating terms, we are keeping our products' excellence. This generates higher cash generation, which allows us to meet our financial obligations and keep deleveraging our debt. As announced to the market on June 25, 2020, in a Material Fact Notice, we signed a waiver on that date with the syndicate of creditor banks and, from then on, we negotiated an amendment to the contract to establish new payment terms. On August 10, 2020, we announced that the amendments to the original contract with the syndicate of creditor banks were signed, rescheduling the repayment of approximately R\$123 million in principal that would mature in June 2020. This payment was diluted in 31 monthly installments, which will be paid with our cash generation. The entire negotiation, from the initial waiver to the execution of the amendment, allowed us to preserve the Company's cash as a strategic reserve for this concerning times of the pandemic. This was another major step part of Taurus's restructuring process and proof of the creditor banks' confidence in the current management and the strategy adopted.

We delivered an excellent first half, but even more importantly is to highlight that 2Q20 was exceptional and that these indicators will be Taurus's new operating performance standard. We thank our employees for their commitment and achievements and our customers and investors for their confidence in our management.

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CEO

OPERATING PERFORMANCE

Taurus, the world leader in the revolver manufacturing and the fourth best-selling brand in the U.S. market, has two manufacturing plants that operate based on a sound manufacturing process, that ensures us quality and productivity: in Brazil, in São Leopoldo, RS, and in the new plant in the USA, in Bainbridge, Georgia, officially opened early December 2019, after closing of activities at the Company's old plant located in Florida. Our focus is the manufacture and sale of light weapons, sold to over 100 countries, under three brands.



We also have engaged in the manufacture and sale of MIM (Metal Injection Molding) parts, with production mostly for our own use, as well as sales to third parties. This segment was fully operated by our subsidiary Polimetal Metalurgia e Plásticos Ltda. On December 31, 2019, we carried out a partial spin-off of subsidiary Polimetal, followed by the upstream merger of the partial spun-off portion that engages in meeting internal demand, while the operations focused on third parties remained in the subsidiary.

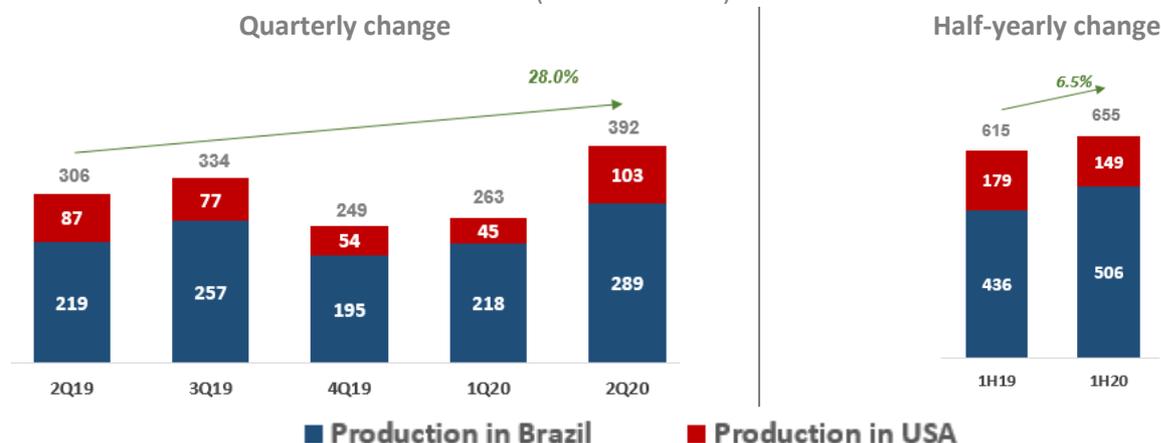
Our current physical structure includes the manufacture, in estimated capacity, of up to 1.8 million firearms/year. We have a full line of firearms and our manufacturing is based on the lean manufacturing process. In the past two years, we have continuously been launching new products in the market, with innovative quality products, at competitive prices.

In 1H20, 56 new products added 268 new SKUs to the Company's portfolio, with 46.3% of the firearms revenue coming from products launched in the last two years.

The Company's production was not affected by the restrictions caused by the COVID-19 pandemic and even increased production volume during the first two quarters of 2020, with new investments that prioritize protecting the health and wellbeing of employees. As a Strategic Defense Company (EAD), Taurus's activity was qualified as essential and, therefore, assertive measures were taken very quickly that allowed the Company to maintain its operations in a responsible manner throughout the first half of 2020.

In 2Q20, Taurus produced 392,000 firearm units, totaling 655,000 units in the first half of the year, 77.2% of which at the Brazilian plant. The US plant has been expanding its production volume and the plant in Brazil has been operating at full capacity in order to meet the growing demand for its products.

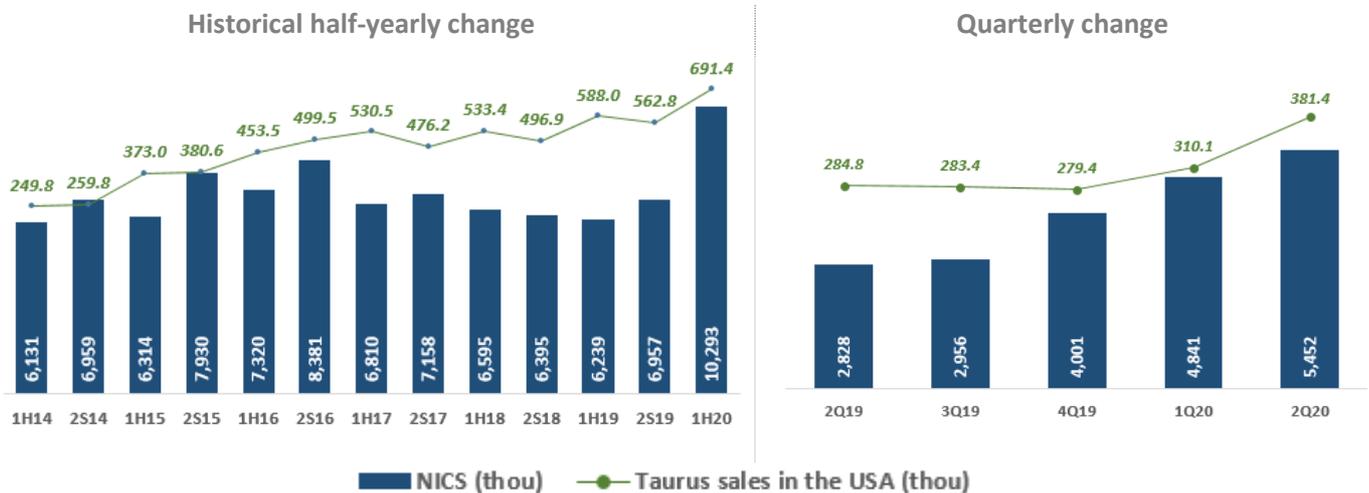
Taurus Production of Firearms – Brazil + USA
 (thousand units)



The **US firearms market** in the first half of 2020 showed a strong upturn after a long period of more restrained demand. The increase in demand for weapons, which was already seen in the first quarter, intensified in the second quarter of the year. This demand may be in part related to personal protection and household defense concerns caused by the COVID-19 pandemic. In addition, protests and demonstrations in several cities have contributed to this scenario, along with the local population's call for a reduction in the budget of law enforcement agencies. As a result of this strong demand, there was a reduction in the Company and distribution channels' product inventories.

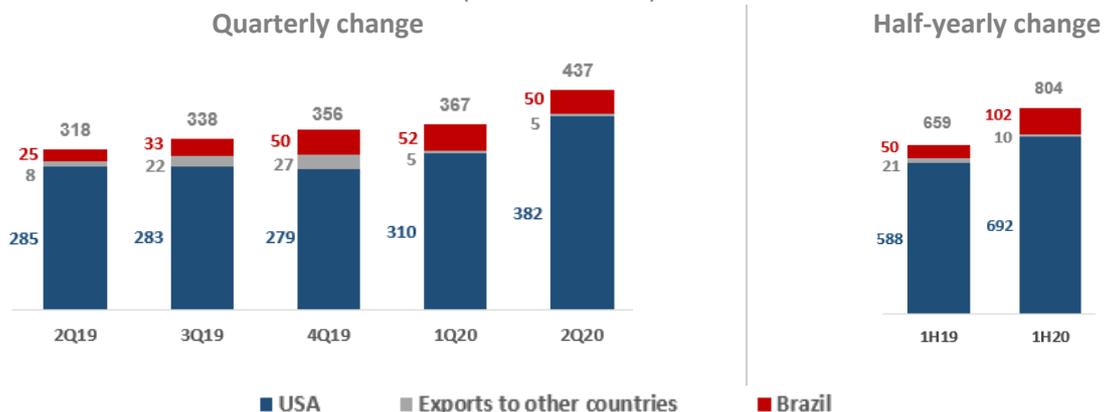
In 2Q20, the U.S. arms purchase intention index measured by the NICS (National Instant Criminal Background Check System) indicated a 92.8% increase in inquiries for the same period of 2019 and, considering the accumulated period from January to June, a 65.0% increase in the evolution between 1H20 and 1H19.

Adjusted NICS (National Instant Background Check System) and Taurus Sales in the USA



With the manufacturing activities aligned and drawing on an updated line of firearms, which offers the consumer recognized quality products, Taurus has been benefiting from the high demand trend. The Company's firearms sales in the USA, which had already been growing in recent years, reached 382,000 units in 2Q20, up 34.0% from the same period of the previous year, and totaled 692,000 units in the first half of 2020, reaching record volumes. Taurus thus consolidates its outstanding position in what is the world's largest firearms market, reaching a 15% share of the US light weapons market.

Sales Volume – Total Taurus (thousand units)



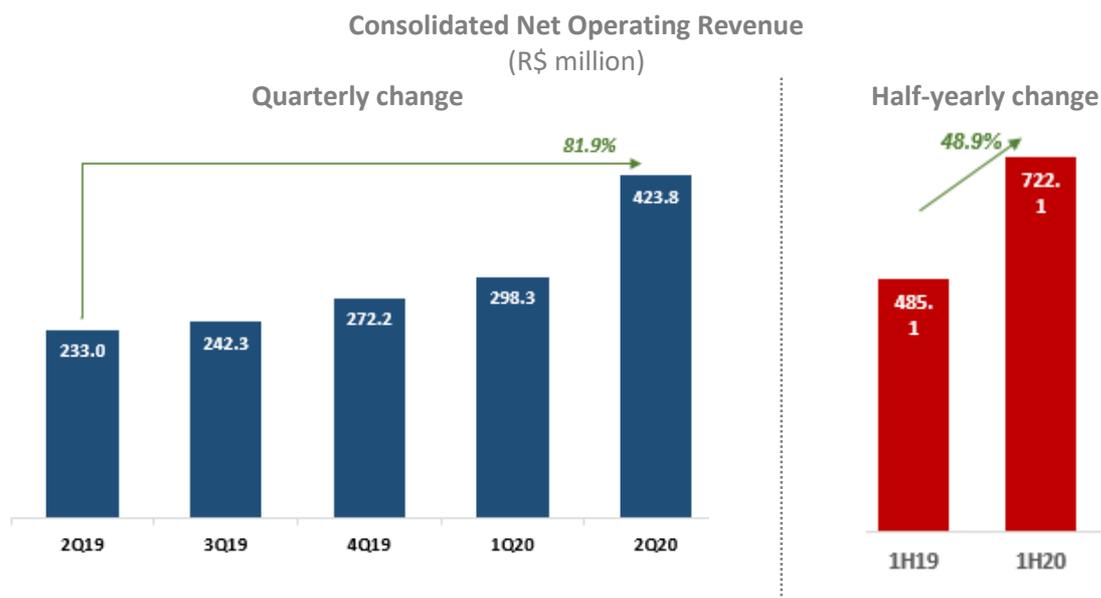
In the **domestic market**, firearm sales also continued booming, totaling 50,000 units in 2Q20 and 102,000 in the first half of 2020. The accumulated performance for the six-month period exceeded that performance recorded in the same period in 2019 by 105.0% and results mainly from purchases made by CACs (hunters, sport shooters and collectors), police for private use, and magistrates. The highest demand from individual Brazilian consumers has been for calibers that were restricted by previous Brazilian law, such as 9mm pistols and rifles, which have a higher value added and, therefore, are more profitable for the Company. This will certainly be the new behavior of the Brazilian consumer.

Taurus's online shopping portal (www.armasmunicoes.com.br) has been one of the main ways for Brazilian consumers to access our products and has been posting record numbers of visits every day.

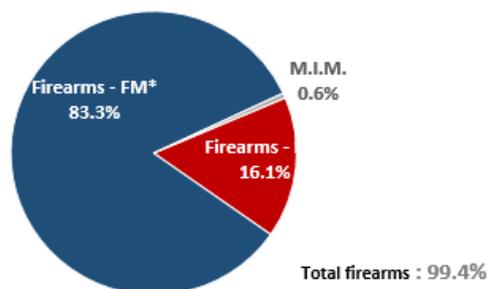
With the growing demand in the USA, the largest firearms market in the world, and therefore also for Taurus, as well as in Brazil, the Company has prioritized shipping its production to these markets. Exports to **countries other than the USA** totaled 5,000 units in 2Q20 and 10,000 units in 1H20, volumes lower than those recorded in the same periods in 2019.

ECONOMIC AND FINANCIAL PERFORMANCE

Net operating revenue



Revenue per segment - 1H20
R\$722.1 million

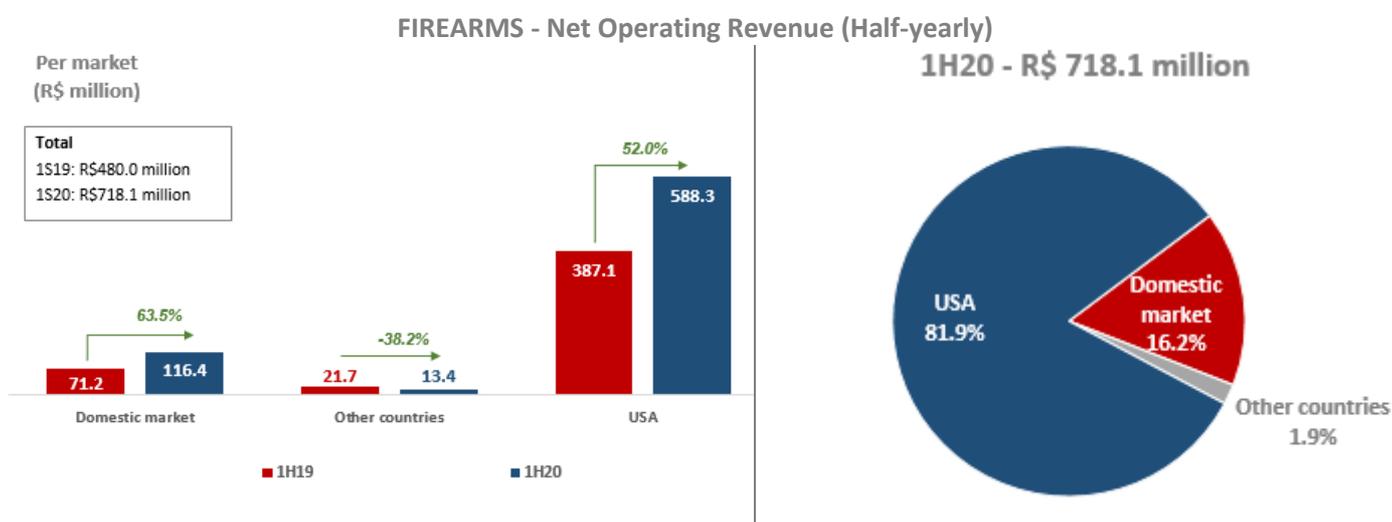


* Firearms - FM includes revenue in the USA and exports to other countries

Once again, Taurus breaks revenue records, both in the quarter and in the first half of 2020.

Taurus consolidated net revenue for 2Q20, including firearm and injected metal part (M.I.M) sales, totaled R\$423.8 million, thus keeping up with the continuous growth trend observed since the first quarter of 2018, upping 2Q19 net revenue by 81.9%. Taking into consideration the accumulated results for the six-month period, Taurus's total net revenue was R\$722.1 million, up 48.9% from 1H19, thus setting a new performance level of for the Company.

With the increase in demand in the Brazilian and North American markets and the robust manufacturing process adopted at its units, Taurus has been setting a strong pace for its activities and deliveries that has resulted in increased revenues. In addition to the increase in sales, the appreciation of the average dollar against the local currency in the period also contributed to the result obtained, leading to an income gain in translating firearms sales in the international market, in US dollars, into the local currency, since 84.9% of Taurus consolidated revenues in 2Q20 and 83.3% in 1H20 came from firearms sales in the foreign market.



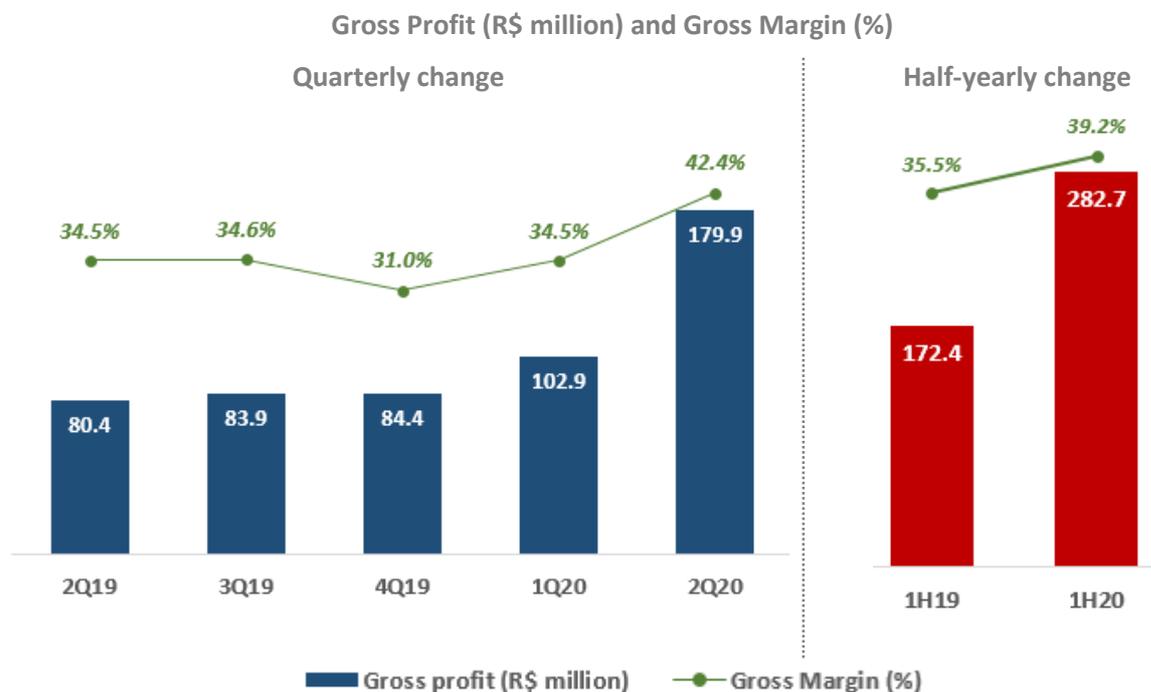
Revenues from the **firearms segment** alone, of R\$421.4 million in 2Q20 and R\$718.1 million in the first half of 2020, increased 82.9% and 49.6%, respectively, compared to the same periods in 2019. The performance reflects primarily the increase in revenue in the North American market since sales in the USA accounted for 81.9% of Taurus's revenue from firearm sales in 1H20. Our successful strategy in the USA is to set ourselves as a brand that incorporates innovation and reliability, while offering the consumer a quality option at affordable prices.

But it was in the domestic market, the second largest market for Taurus firearms, that the highest half-on-half revenue growth was recorded in percentage terms: 63.5% compared to the first half of 2019.

Our wide product portfolio and the renewal of our firearms line have attracted consumer interest in Brazil and abroad, contributing to increased sales and revenue growth. In 1H20, sales of new products launched in the previous two years accounted for 46.3% of our Company's revenue from firearm sales (R\$332.8 million).

Gross profit

Cost of sales increased at a lower rate than the increase in revenues, leading to an increase in gross profit and gross margin of 42.4% in 2Q20 and 39.2% in 1H20. Compared to the same periods in 2019, gross profit increased by 7.9 percentage points and 3.6 percentage points, respectively. The cost management model adopted at Taurus, with control over procurement and inventory turnover, both of raw materials and goods, and the our suppliers' quality certification, combined with adequate costs, have allowed us to keep our gross margin at a level higher than 30% over the last quarters. The adjustment to our manufacturing processes and product mix, component redesign, and the focus on product research and development that meet consumer demands have contributed to the new gross profit pattern.



In 2Q20, Taurus's gross profit was R\$179.9 million, up 123.8% from 2Q19 and 4.4% higher than the gross profit earned in the first half of 2019, which was already a year with rising results. Strengthening the indication that revenue performance was not due to sales efforts with pressure on profitability, gross margin in 2Q20 reached the record level of 42.4%.

Considering that in the first quarter of the year Taurus's gross profit showed a positive evolution, the accumulated gross profit in the first half of 2020 reached R\$282.7 million, with a gross margin of 39.2%. The growing gross profit reflects the increase in revenue, the firm management maintained over costs and the focus on production and sale of product lines that bring higher value added.

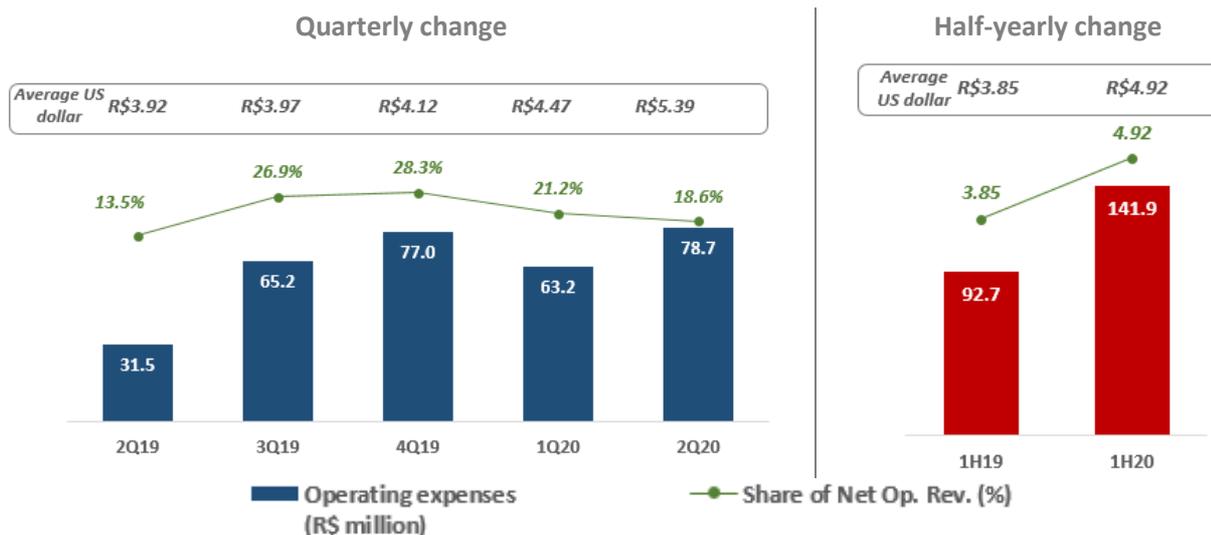
Operating expenses

	2Q20 v 2Q19			2Q20 v 1Q20		1H20 v 1H19		
	2Q20	2Q19	% change	1Q20	% change	1H20	1H19	% change
Selling Expenses	38.6	28.8	34.0%	29.4	31.3%	68.0	56.8	19.7%
General and Administrative Expenses	40.6	34.2	18.7%	37.3	8.8%	77.9	66.7	16.8%
Asset Impairment Loss (Income)	0.1	-0.7	-	-3.2	-	-3.1	0.3	-
Other Operating Income/Expenses	-0.6	-30.9	-98.1%	-0.2	200.0%	-0.8	-31.1	-97.4%
Operating Expenses (SG&A)	78.7	31.5	149.8%	63.2	24.5%	141.9	92.7	53.1%
<i>Net Operating Expenses/Net operating income (%)</i>	<i>18.6%</i>	<i>13.5%</i>	<i>-5,1 p.p.</i>	<i>21.2%</i>	<i>-2,6 p.p.</i>	<i>19.6%</i>	<i>19.1%</i>	<i>+0,5 p.p.</i>
<i>US Dollar Exchange Rate for the period (R\$)</i>	<i>5.39</i>	<i>3.92</i>	<i>37.3%</i>	<i>4.47</i>	<i>20.6%</i>	<i>4.9218</i>	<i>3.846</i>	<i>28.0%</i>

Operating expenses totaled R\$78.7 million in 2Q20, up 149.8% from the same quarter of 2019, which is basically explained by the fact that the comparison basis includes nonrecurring revenue of R\$30.9 million related to tax recovery from previous years, from the deduction of ICMS from the PIS and CONFINS tax base. If the amount of the nonrecurring effect were removed, half-on-half changes in expenses compared would be an increase of 14.6%. The US dollar's appreciation against the Brazilian real in the period is another driver increased operating costs in 2020 when translating the costs incurred by the Company's North American unit into Brazilian reais.

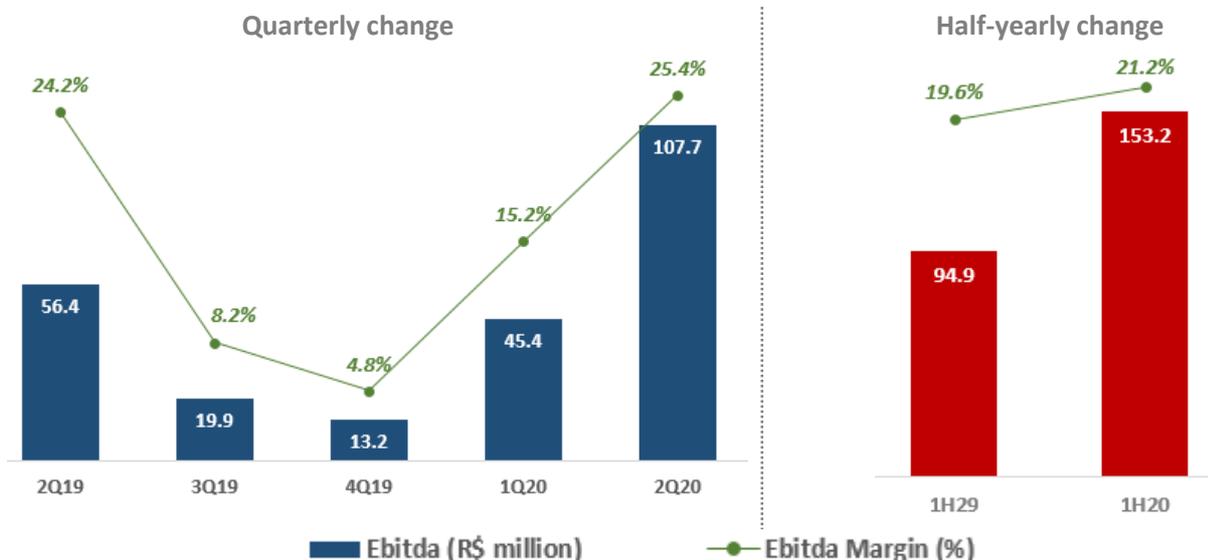
Also in the half-yearly valuation, the aforementioned nonrecurring revenue influences the comparison between the periods. In 1H20, total operating expenses amounted to R\$141.9 million, which represents an increase of 53.1% compared to 1H19. Even with the basis of comparison influenced by this nonrecurring factor, the percentage of increase in expenses is consistent with the 48.9% growth in net revenue between the two periods under analysis. Excluding the nonrecurring revenue of R\$30.9 million in 1H19, the half-on-half growth in operating expenses would be 14.8%.

Operating Expenses (R\$ million) and Their Share of Net Revenue



Considering the block of **general and administrative expenses**, there was moderate growth in the six-month period, totaling R\$77.9 million and a half-on-half increase of 16.8%. At the same time, the growth in sales expenses was lower than the increase of revenues, totaling R\$68.0 million, which represents a half-on-half increase of 19.7%. It is worth mentioning that during the first six months of 2020, the devaluation of the Brazilian real against the US dollar affected both general and administrative expenses and selling expenses at the Taurus unit in the United States, when translating these expenses into US dollars. Further, there was the impact of the one-off expenses incurred in prevention of COVID-19 and the protection of employees and health workers. The average US dollar exchange rate of 1H20 and 1H19 depreciated 28.0%.

Adding **other operating expenses and other operating income** and the **asset impairment** amount, in 1H20 the Company recorded income of R\$3.9 million, partially offsetting the increase of other operating expenses. In 1H19, the balance is positive by R\$30.8 million due to the nonrecurring income of R\$30.9 million related to the recovery of previous years' taxes accounted for in that period, as commented above.

EBITDA
EBITDA (R\$ Million) And EBITDA Margin


The growth in revenue, with gains in gross profit and keeping operating expenses under control, is reflected in the reported EBITDA (earnings before interest, taxes, depreciation and amortization). In 2Q20, this indicator reached R\$107.7 million, 91.0% above 2Q19 and even exceeding EBITDA performance by 13.5% in the first half of 2019. The increase in EBITDA was coupled with a 1.2 p.p. gain in its margin compared to EBITDA for 2Q19.

The record performance for the quarter contributed to the EBITDA for the first half of 2020 also setting a new record for the Company, totaling R\$153.2 million, up 61.4% from 1H19. The operating performance also generated an increase in profitability, with an EBITDA margin over net revenues in 1H20 of 21.2% or 1.6 p.p. higher than the EBITDA margin for the same six-month period of the previous year.

EBITDA calculation - reconciliation according to ICVM 527/12

R\$ million	% change			% change		% change		
	2Q20	2Q19	2Q20 v 2Q19	1Q20	2Q20 v 1Q20	1H20	1H19	1H20 v 1H19
Earnings before interest and taxes (Ebit)	101.2	48.8	107.4%	39.6	155.6%	140.9	79.7	76.8%
Depreciation and amortization	6.5	7.6	-14.5%	5.8	12.1%	12.3	15.2	-19.1%
Ebitda	107.7	56.4	91.0%	45.4	137.2%	153.2	94.9	61.4%
Ebitda Margin	25.4%	24.2%	+1,2 p.p.	4.8%	+20,6 p.p.	21.2%	19.6%	+1,6 p.p.

Ebitda (earnings before interest, taxes, depreciation and amortization) is not a financial measurement according to the BR GAAP and International Financial Reporting Standards, or IFRS, and should not be considered on its own as an operating performance measurement or alternative to operating cash flow as liquidity measurement. This indicator is a managerial measurement, presented to offer additional information on operating cash generation. Other companies may calculate Ebitda differently.

Finance income (costs)

Taurus's financial expenses are highly influenced by the effect of the Brazilian real change against the US dollar, since most of our indebtedness (89.1% as at June 30, 2020) is denominated in US dollars and, between 2Q19 and 2Q20, the average dollar appreciated 37.31%. On the other hand, this exchange rate fluctuation also has a positive impact on the Company's profit or loss since most of the revenue is generated by foreign sales (83.4% in 1H20) and, therefore, denominated in US dollars.

R\$ million	% change			% change		% change		
	2Q20	2Q19	2Q20 v 2Q19	1Q20	2Q20 v 1Q20	1H20	1H19	1H20 v 1H19
(+) Finance income	35.7	29.9	19.4%	20.3	75.9%	56.0	34.1	64.2%
Foreign exchange gains	35.4	1.4	2428.6%	20.2	75.2%	55.6	4.8	1058.3%
Interest IOF and other income	0.3	28.5	-98.9%	0.1	200.0%	0.4	29.4	-98.6%
(-) Finance costs	91.1	31.4	190.1%	209.2	-56.5%	300.3	47.7	529.6%
Foreign exchange losses	80.0	11.1	620.7%	195.4	-59.1%	275.4	12.8	2051.6%
Interest IOF and other costs	11.1	20.4	-45.6%	13.7	-19.0%	24.8	34.9	-28.9%
(+/-) Finance income (costs), net	-55.4	-1.5	3593.3%	-188.9	-70.7%	-244.2	-13.5	1708.9%
Average US dollar Ptax rate for the period (R\$)	5.39	3.92	42.9%	4.47	5.3%	4.92	3.85	28.0%

As result of the US dollar appreciation against the Brazilian real, **finance costs** in 2Q20 totaled R\$91.1 million, compared to R\$31.4 million in the same period in 2019 (up 190.1%). When we assess the performance in 2Q20 compared to 1Q20, there was a R\$118.1 million decrease in finance costs, equivalent to 56.5%. In the half-yearly assessment, we posted a half-on-half increase of 529.6% in finance costs, driven basically by the performance in the first quarter of 2020, when there was a greater impact from foreign exchange gains. It is worth noting that these changes in foreign exchange rates have an accounting impact and do not have an immediate cash effect, but only at the related maturities.

At the same time, there was an increase in **finance income**, which totaled R\$35.7 million in 2Q20 and R\$56.0 million in 1H20, up 19.4% and 64.2% when compared to the corresponding periods of the previous year, also explained by the changes in foreign exchange rates, in this case, with a positive impact.

Thus, as a result of the strong depreciation of the Brazilian currency in 2020, in 2Q20 we posted net finance losses totaling R\$55.4 million, increasing the accumulated finance losses for the six-month period to R\$244.2 million, against R\$13.5 million in the 1H19, which was driven by recovery of taxes due to the deduction of ICMS from the PIS/COFINS tax base.

Profit for the period

The increase in sales and the resulting increase in revenue and operating profits, allowed Taurus to offset the pressure caused by the changes in foreign exchange rates on finance costs lead to record a profit of R\$39.0 million for 2Q20. For the first half of 2020, we posted a loss of R\$118.1 million since the loss for 1Q20 was highly pressured by finance costs recognized due to changes in foreign exchange rates.

Operating performance has been improving over the last few quarters and not only due to some one-off factors but also as a result of the restructuring that Taurus underwent recently. With efficient processes and by offering the consumer quality products at competitive prices, we have been delivering to domestic and foreign consumers the products that the market is demanding and, thus, regaining the strength of the Taurus brand, a traditional brand in its industry.

INDEBTEDNESS

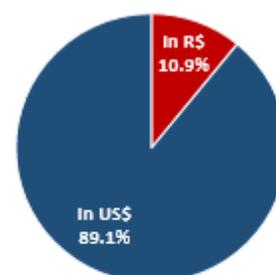
As at June 30, 2020, Taurus recorded gross debt of R\$1,038.9 million, 15.2% higher than its position at the end of 2019. The Company's debt is primarily denominated in U.S. dollars and, therefore, the exchange rate of this currency against the Brazilian real has had a significant impact on the indebtedness position. At the end of 1H20, the portion of total gross debt denominated in US dollars was R\$925.3 million, or 89.1%. Thus, the increase in the Company's total gross debt when measured in Brazilian reais—lower than the U.S. dollar appreciation in the period—results from the translation of the U.S. dollar-denominated debt amounts.

By translating the total gross debt to dollars, taking into account the Ptax rate for this currency on June 30, 2020 and December 31, 2019, net debt would be US\$189.7 million at the end of 1H20 and US\$223.7 million at the end of 2019, a decrease of US\$34.0 million equivalent to 15.2% between the two periods.

Because of our greater capacity to generate cash from operating activities, the balance of cash and short-term investments at the end of June was R\$108.0 million, an amount 200.0% or R\$72.0 million higher than at the end of 2019. Accordingly, net debt at the end of 1S20 was R\$930.9 million, up 7.5% to the net debt at December 31, 2019.

In terms of maturities, the Company's debt is mostly long term, a profile gained since the completion of the bank debt renegotiation in July 2018. At the end of the first half of 2020, R\$765.5 million, or 73.7%, of the total gross debt matured in the long term. Of the R\$ 273.4 million maturing in the short term, R\$128.5 million are represented by factoring and exchange drafts, which can be rolled over. While recorded in the short term, the agreement signed with the creditor bank provides for automatic renewal at each maturity with the possibility of settlement by October 17, 2022. Thus, the debt portion that actually matures in the short term represented 14.0% of the total gross debt at the first half of 2020.

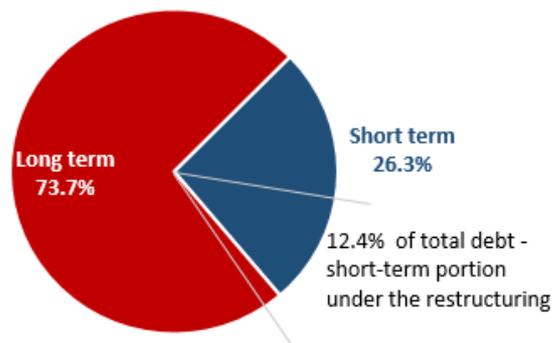
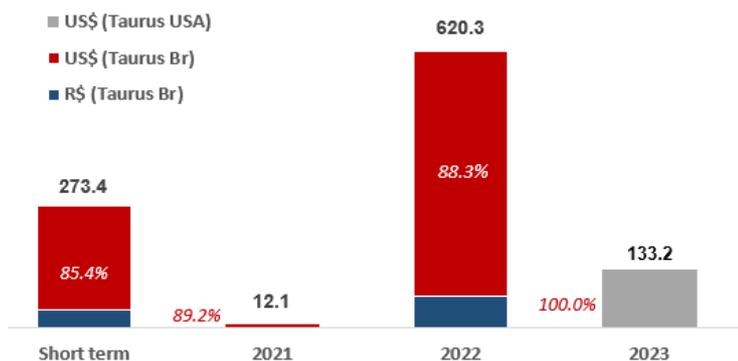
Gross debt at 06/30/2020
 R\$1,038.9 million - per currency



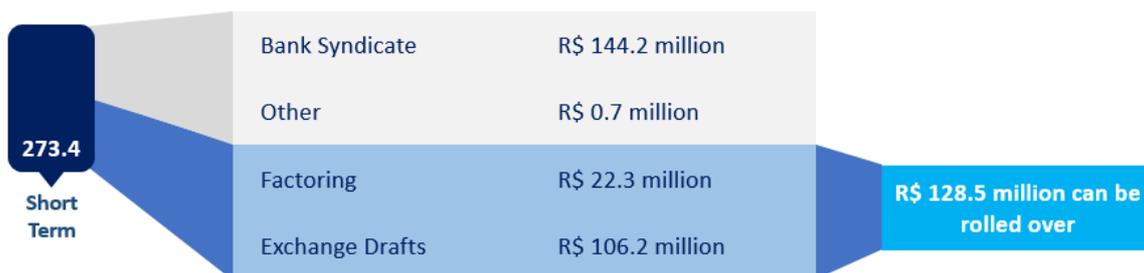
R\$ million	06/30/2020			12/31/2019			% change Consolidated
	Consolidated	Brazil	USA	Consolidated	Brazil	USA	
Borrowings and financing	131.0	131.0	0.0	97.6	97.6	0.0	34.2%
Debentures	13.9	13.9	0.0	13.3	13.3	0.0	4.5%
Advance on receivables	22.3	22.3	0.0	73.5	73.5	0.0	-69.7%
Foreign exchange drafts	106.2	106.2	0.0	78.2	78.2	0.0	35.8%
Short term	273.4	273.4	0.0	262.6	262.6	0.0	4.1%
Borrowings and financing	705.0	571.8	133.2	577.4	430.1	147.3	22.1%
Debentures	60.6	60.6	0.0	61.6	61.6	0.0	-1.6%
Long term	765.5	632.4	133.2	639.1	491.8	147.3	19.8%
Gross debt	1,038.9	905.8	133.2	901.7	754.4	147.3	15.2%
Cash and short-term investments	108.0			36.0			200.0%
Net debt	930.9			865.7			7.5%
Ptax dollar exchange rate at end of period (R\$)	5.48			4.03			35.9%
Gross debt translated into US dollars (US\$ million)	189.7			223.7			-15.2%

Gross Debt as at June 30, 2020 – R\$1,038.9 million
 Debt maturity profile

Debt Maturity Schedule
 Per currency - R\$ million at 06/30/20



Short-term gross debt as at June 30, 2020 – R\$273.4 million



CAPITAL MARKET

The performance of Taurus shares (B3: TASA3, TASA4) in the twelve-month period ended June 30, 2020 was an appreciation of 73.8% in the Company's market value, which was R\$522.9 million at the end of 1H20. In the same twelve-month period ended June 30, 2020, IBOVESPA (São Paulo stock exchange index) depreciated 6.2%, primarily due to the uncertainty regarding the effects of the pandemic on the economy since March 2020.

	TASA3	TASA4	Valor de mercado	Valor da firma (EV)*
06/28/2019	R\$3.40	R\$3.40	R\$300.8 milhões	R\$1,000.2 milhões
06/30/2020	R\$5.51	R\$6.35	R\$522.9 milhões	R\$1,334.8 milhões
Variação	+ 62.1%	+ 86.8%	+ 73.8%	+33.5%

* Market value + net debt - non-operating assets (noncurrent assets for sale)

STATEMENT OF VALUE ADDED

In the first half of 2020, Taurus's activities generated R\$403.4 million in wealth, up 51.1% compared to the same period of the previous year. The value added ratio compared to gross revenue of R\$841.7 million for the six-month period was 47.9%, i.e., for each R\$1.00 received by the Company in the quarter, we added R\$0.48 that were distributed among the Company's stakeholders, as shown below.

<i>R\$ million</i>	1H20	1H19
Revenue	841.7	596.8
Inputs purchased from third parties	-482.7	-348.9
Gross value added	359.1	247.9
Depreciation, amortization and depletion	-12.3	-15.2
Wealth created	346.8	232.7
Finance income	56.0	34.1
Wealth created by discontinued operations for distr	0.6	0.1
Total wealth for distribution	403.4	267.0
Wealth distributed		
Personnel	76.0	67.5
Government (taxes, fees and contributions)	144.5	103.6
Lenders and lessors	301.1	48.2
Shareholders	0.0	0.0
Retained earnings	-118.1	47.7

EVENTS AFTER THE END OF THE REPORTING PERIOD
Execution of the contractual amendment entered into with the syndicate of creditor banks

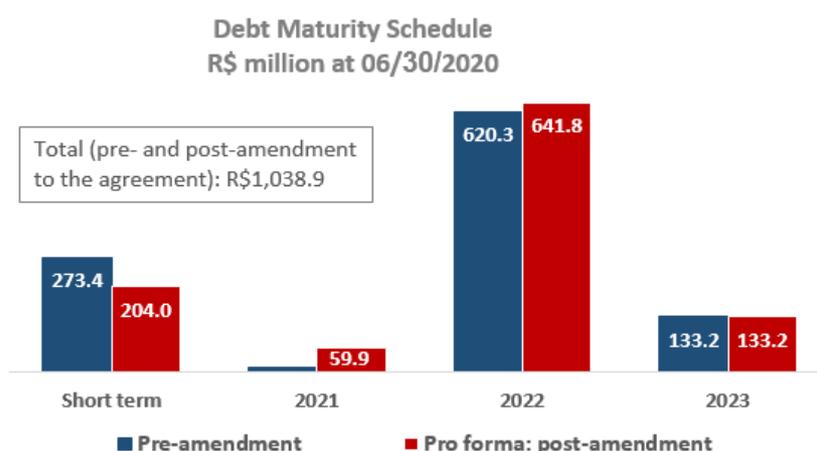
On August 10, 2020, the Company published a Material Fact Notice informing that on this date the parties signed the contractual amendments referring to the new terms and conditions for the discharge of the obligations assumed with the Bank Syndicate, which provide for the rescheduling of the principal repayment that would be made in June 2020, amounting approximately to R\$123 million. The amount will be consistent with Taurus's future cash flow and diluted over the next 31 months together with

the other amounts and maturity dates already agreed in the previous agreed provisions. The other terms and condition of the original agreement, notably the collaterals pledged, remained unchanged, without any addition related to new asset disposals.

With the execution of these additions, the Company remains in full compliance with its creditors by rescheduling the repayment of our debts that will be supported exclusively by our own cash generation to continue the financial deleveraging process. This negotiation was based on the banks' confidence in our current management, strengthening the commitment with all our stakeholders, especially at this difficult times that the world is going through as a result of COVID-19, and we are fully aligned with the Taurus restructuring strategy, based on sustainable profitability, quality, and improved financial and operating indicators.

We show below the position and comments on the **pro forma** indebtedness as at June 30, 2020, considering the terms of the executed amendments.

Taking into consideration the **pro forma** gross debt position as at June 30, 2020, the total debt would remain unchanged but with a 25.4% reduction in the portion maturing in the short term, which would decrease to R\$204.0 million from R\$273.4 million. The new debt profile in terms of maturity schedule grants us greater financial space to allow payments that are better in line with the Company's cash flows.



Also, the debt's short-term portion is represented by factoring and exchange drafts that are automatically rolled over up to 2022 and, therefore, have an actual long-term maturity. Excluding this portion, which as at June 30, 2020 totaled R\$125.8 million, the **pro forma** debt with effective maturity in the short term as at this date would be R\$75.6 million, or 7.2% of the total gross debt.

Gross debt maturing in the short term – as at June 30, 2020

	Effective – without amendment	Pro Forma – Including amendment
Short Term	Bank Syndicate	74.9
	Others	0.7
	Factoring	22.3
	Exchange Drafts	106.2
	TOTAL	273.4
		204.0

R\$ 128.5 million can be rolled over

Notice to Shareholders - Reduction of the Exercise Period of Series C and D Subscription Warrants

On July 30, 2020, we announced in a Notice to Shareholders that, beginning August 1, 2020, the conversion of series C and D subscription warrants carried out through custody agents ceased to be paid monthly and began to be paid fortnightly, thus unifying the conversion of all the warrants on the same dates. Detailed information, with the dates for the performance of the warrant conversion requests through custody agents and their related settlements, with the delivery of the shares, is found in the aforementioned Notice to Shareholders, available on our website (taurusri.com.br), B3's website (b3.com.br), and CVM's website (cvm.gov.br).

This document may contain forward-looking statements of the Company's business. Projections, future earnings, and their impacts depend on estimates, information or methods that may be inaccurate and not be realized. These estimates are also subject to risks, uncertainties and assumptions, including, but not limited to: general economic, political and commercial conditions in Brazil and in the foreign markets where the Company operates and current and future government regulations. Shareholders and possible investors are hereby advised that none of these forecasts and/or expectations is guarantee of future performance, since they involve risks and uncertainties. Future earnings and the prospects of creating shareholders value may differ significantly from that expressed or suggested in the forward-looking statements. Many factors that will determine these earnings and amounts are beyond our capacity to control or predict. We do not assume and specifically deny any obligation to update any forecasts, which make sense only on the date in which they had been made.

APPENDICES

Statement of Profit and Loss

<i>R\$ million</i>	2Q20	2Q19	% change	1Q20	% change	1H20	1H19	% change
Net operating revenue	423.8	233.0	81.9%	298.3	42.1%	722.1	485.1	48.9%
Cost of sales and/or services	-243.9	-152.6	59.8%	-195.4	24.8%	-439.4	-312.7	40.5%
Gross profit	179.9	80.4	123.8%	102.9	74.8%	282.7	172.4	64.0%
Operating (expenses) income	-78.7	-31.5	149.8%	-63.2	24.5%	-141.9	-92.7	53.1%
Selling expenses	-38.6	-28.8	34.0%	-29.4	31.3%	-68.0	-56.8	19.7%
General and administrative expenses	-40.6	-34.2	18.7%	-37.3	8.8%	-77.9	-66.7	16.8%
Impairment losses	-0.1	0.7	-	3.2	-	3.1	-0.3	-
Other operating income	1.3	39.4	-96.7%	2.6	-50.0%	3.9	40.2	-90.3%
Other operating expenses	-0.7	-8.5	-91.8%	-2.4	-70.8%	-3.1	-9.1	-65.9%
Profit before finance income (costs) and taxes	101.2	48.8	107.4%	39.6	155.6%	140.9	79.7	76.8%
Finance income (costs)	-55.4	-1.5	3593.3%	-188.9	-70.7%	-244.2	-13.5	1708.9%
Finance income	35.7	29.9	19.4%	20.3	75.9%	56.0	34.1	64.2%
Finance costs	-91.1	-31.4	190.1%	-209.2	-56.5%	-300.3	-47.7	529.6%
Pretax income	45.8	47.3	-3.2%	-149.2	-	-103.4	66.2	-256.2%
Income tax and social contribution	-7.0	-4.4	59.1%	-8.4	-16.7%	-15.3	-18.6	-17.7%
Current	-3.0	-6.6	-54.5%	-0.6	400.0%	-3.6	-20.3	-82.3%
Deferred	-4.0	2.3	-	-7.8	-48.7%	-11.8	1.7	-
Profit (loss) from continuing operations	38.9	43.0	-9.5%	-157.6	-	-118.7	47.6	-349.4%
Profit (loss) from discontinued operations	0.2	0.6	-66.7%	0.5	-60.0%	0.6	0.1	500.0%
Consolidated profit (loss) for the period	39.0	43.6	-10.6%	-157.1	-	-118.1	47.7	-347.6%
Attributable to owners of the Company	39.0	43.6	-10.6%	-157.1	-	-118.1	47.7	-
<i>Earnings per share (R\$/share)</i>								
<i>Basic earnings per share</i>								
Common shares (ON)	0.4414	0.5116	-13.7%	-1.7761	-	-1.3347	0.5656	-
Preferred shares (PN)	0.4414	0.5116	-13.7%	-1.7761	-	-1.3347	0.5656	-
<i>Diluted earnings per share</i>								
Common shares (ON)	0.4412	0.5116	-13.8%	-1.7757	-	-1.3345	0.5591	-
Preferred shares (PN)	0.4412	0.5116	-13.8%	-1.7757	-	-1.3345	0.5591	-

Assets

<i>R\$ million</i>	06/30/2020	12/31/2019	% change
Total assets	1,228.2	1,066.4	15.2%
Current assets	817.6	694.5	17.7%
Cash and cash equivalents	108.0	36.0	200.0%
Cash and banks	101.7	28.4	258.1%
Highly liquid short-term investments	6.2	7.6	-18.4%
Short-term investments	0.0	0.0	-
Accounts receivable	245.7	165.0	48.9%
Inventories	298.9	315.8	-5.4%
Recoverable taxes	20.2	31.1	-35.0%
Prepaid expenses	9.6	6.3	52.4%
Other current assets	135.3	140.4	-3.6%
Noncurrent assets	410.6	371.9	10.4%
Long-term receivables	105.7	110.5	-4.3%
Short-term investments at amortized cost	0.0	0.0	-
Deferred taxes	91.1	96.2	-5.3%
Other noncurrent assets	14.6	14.3	2.1%
Investments	0.2	0.2	0.0%
Property, plant and equipment	208.8	181.2	15.2%
Intangible assets	96.0	79.9	20.2%

Liabilities and Equity

R\$ million

	06/30/2020	12/31/2019	% change
Total liabilities and shareholders' equity	1,228.2	1,066.4	15.2%
Current liabilities	700.9	630.0	11.3%
Payroll, benefits and taxes thereon	53.2	30.4	75.0%
Payroll and related taxes	29.7	9.7	206.2%
Employee benefits and related taxes	23.4	20.7	13.0%
Trade payables	100.2	114.2	-12.3%
Local suppliers	63.4	61.2	3.6%
Foreign suppliers	36.7	53.0	-30.8%
Taxes payable	138.3	52.9	161.4%
Federal tax liabilities	136.2	50.8	168.1%
Income tax and social contribution payable	8.6	12.5	-31.2%
Other taxes	127.5	38.3	232.9%
State tax liabilities	2.1	2.1	-
Municipal tax liabilities	0.0	0.0	-
Borrowings and financing	144.9	110.9	30.7%
In local currency:	3.8	8.9	-57.3%
In foreign currency	127.3	88.7	43.5%
Debentures	13.9	13.3	4.5%
Other payables	206.7	249.1	-17.0%
Dividends and interest on capital payable	0.0	0.0	-
Derivative financial instruments	0.0	0.0	-
Foreign exchange drafts	106.2	78.2	35.8%
Advance on receivables	22.3	73.5	-69.7%
Advances from customers	48.6	49.4	-1.6%
Payables from noncurrent assets for sale	18.4	27.7	-33.6%
Other payables	11.2	20.2	-44.6%
Provisions	57.7	72.5	-20.4%
Tax, social security, labor and civil provisions	40.8	54.4	-25.0%
Other provisions	16.9	18.1	-6.6%
Noncurrent liabilities	895.3	741.0	20.8%
Borrowings and financing	765.5	639.1	19.8%
In local currency:	13.1	13.4	-2.0%
In foreign currency	691.9	564.1	22.7%
Debentures	60.6	61.6	-1.7%
Other payables	50.9	24.5	107.9%
Deferred taxes	10.3	10.3	0.3%
Provisions	68.6	67.2	2.0%
Social security, labor and civil provisions	61.0	61.7	-1.0%
Other provisions	7.6	5.6	35.9%
Consolidated shareholders' equity	-368.0	-304.6	20.8%
Issued capital	520.4	520.3	0.0%
Capital reserves	-31.1	-31.1	0.0%
Disposal of subscription warrants	9.9	9.9	0.0%
Capital transactions	-41.0	-41.0	0.0%
Retained earnings/accumulated losses	-1,086.9	-970.3	12.0%
Valuation adjustments to equity	46.3	46.0	0.8%
Cumulative translation adjustments	183.3	130.6	40.4%