Contents

Company Information / Breakdown of Capital

Quantity of Shares (Units)	Current Quarter 09/30/2020
Paid-in Capital	
Common	46,445,314
Preferred	42,609,796
Total	89,055,110
Treasury	
Common	0
Preferred	0
Total	0

Individual Financial Information / Balance Sheet - Assets
(In thousands of reais)

Line Item	Account description	Current Quarter 09/30/2020	Previous Year 12/31/2019
1	Total assets	1,136,756	893,540
1.01	Current assets	449,711	323,978
1.01.01	Cash and cash equivalents	7,934	7,376
1.01.01.01	Cash and banks	240	227
1.01.01.02	Highly liquid short-term investments	7,694	7,149
1.01.02	Short-term investments	17	16
1.01.02.01	Short-term investments at fair value through profit or loss	0	0
1.01.02.01.01	Trading securities	0	0
1.01.02.01.02	Securities at fair value	0	0
1.01.02.02	Short-term investments at fair value through other comprehensive income	0	0
1.01.02.03	Short-term investments at amortized cost	0	0
1.01.03	Trade and other receivables	218,340	113,054
1.01.03.01	Trade receivables	218,340	113,054
1.01.03.02	Other receivables	0	0
1.01.04	Inventories	192,026	157,937
1.01.05	Biological assets	0	0
1.01.06	Recoverable taxes	15,000	25,448
1.01.06.01	Recoverable current taxes	15,000	25,448
1.01.07	Prepaid expenses	1,141	4,091
1.01.08	Other current assets	15,253	16,056
1.01.08.01	Noncurrent assets for sale	0	0
1.01.08.02	Assets of discontinued operations	0	0
1.01.08.03	Other	15,253	16,056
1.01.08.03.03	Related parties - Intragroup loan	1,214	660
1.01.08.03.04	Other receivables	14,039	15,396
1.02	Noncurrent assets	687,045	569,562
1.02.01	Long-term receivables	101,569	100,157
1.02.01.01	Short-term investments at fair value through profit or loss	0	0
1.02.01.01.01	Securities at fair value	0	0
1.02.01.02	Short-term investments at fair value through other comprehensive income	0	0
1.02.01.03	Short-term investments at amortized cost	0	1
1.02.01.04	Trade and other receivables	0	0
1.02.01.04.01	Trade receivables	0	0
1.02.01.04.02	Other receivables	0	0
1.02.01.05	Inventories	0	0
1.02.01.06	Biological assets	0	0
1.02.01.07	Deferred taxes	56,659	65,328
1.02.01.07.01	Deferred income tax and social contribution	56,659	65,328
1.02.01.08	Prepaid expenses	0	0
1.02.01.09	Claims on related parties	31,491	21,728
1.02.01.09.01	Due from associates	0	0
1.02.01.09.02	Due from subsidiaries	0	0
1.02.01.09.03	Due from owners of the Company	0	0
1.02.01.09.04	Due from other related parties	31,491	21,728
1.02.01.10	Other noncurrent assets	13,419	13,100
1.02.01.10.01	Noncurrent assets for sale	0	0
1.02.01.10.02	Assets of discontinued operations	0	0
1.02.01.10.03	Recoverable tax	0	0
1.02.01.10.04	Other	13,419	13,100
1.02.02	Investments	453,827	364,441
1.02.02.01	Equity interests	453,827	364,441
1.02.02.01.01	Investments in associates	0	0
1.02.02.01.02	Equity interests in subsidiaries	453,637	364,251
1.02.02.01.03	Investments in joint ventures	0	0
1.02.02.01.04	Other investments	190	190
1.02.02.02	Investment property	0	0
1.02.03	Property, plant and equipment	112,435	92,985
1.02.03.01	Fixed assets in use	96,548	78,288
1.02.03.02	Lease right-of-use assets	0	0
1.02.03.03	Construction in progress	15,887	14,697
1.02.04	Intangible Assets	19,214	11,979
1.02.04.01	Intangible assets	19,214	11,979
1.02.04.01.01	Concession agreement	0	0

Individual Financial Information / Balance Sheet - Liabilities
(In thousands of reais)

Line Item	Account description	Current Quarter 09/30/2020	Previous Year 12/31/2019
2	Total liabilities and equity	1,136,756	893,540
2.01	Current liabilities	503,723	550,830
2.01.01	Payroll, benefits and taxes thereon	42,580	21,747
2.01.01.01	Payroll and related taxes	9,659	1,857
2.01.01.02	Employee benefits and related taxes	32,921	19,890
2.01.02	Trade payables	82,544	70,359
2.01.02.01	Local suppliers	75,248	65,346
2.01.02.02	Foreign trade payables	7,296	5,013
2.01.03	Taxes Payable	41,329	25,700
2.01.03.01	Federal tax liabilities	38,775	23,612
2.01.03.01.01	Income tax and social contribution payable	0	5,620
2.01.03.01.02	Other taxes	38,775	17,992
2.01.03.02	State tax liabilities	2,501	2,067
2.01.03.03	Municipal tax liabilities	53	21
2.01.04	Borrowings and financing	96,414	110,907
2.01.04.01	Borrowings and financing	86,921	97,617
2.01.04.01.01	In local currency	2,235	8,911
2.01.04.01.02	In foreign currency	84,686	88,706
2.01.04.02	Debentures	9,493	13,290
2.01.04.03	Lease financing	0	0
2.01.05	Other payables	196,402	260,880
2.01.05.01	Due to related parties	0	0
2.01.05.01.01	Due to associates	0	0
2.01.05.01.02	Due to subsidiaries	0	0
2.01.05.01.03	Due to owners of the Company	0	0
2.01.05.01.04	Due to other related parties	0	0
2.01.05.02	Other	196,402	260,880
2.01.05.02.01	Dividends and interest on capital payable	3	3
2.01.05.02.02	Mandatory minimum dividends payable	0	0
2.01.05.02.03	Share-based compensation	0	0
2.01.05.02.04	Intragroup borrowing	40,013	53,359
2.01.05.02.05	Foreign exchange drafts	109,229	78,196
2.01.05.02.07	Factoring	0	73,516
2.01.05.02.08	Advances from customers	45,100	49,466
2.01.05.02.09	Other payables	2,057	6,340
2.01.06	Provisions	44,454	61,237
2.01.06.01	Tax, social security, labor and civil provisions	34,809	48,145
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	6,545	6,463
2.01.06.01.03	Accrued employee benefits	0	0
2.01.06.01.04	Civil provisions	575	13,993
2.01.06.02	Other provisions	9,645	13,092
2.01.06.02.01	Provision for warranties	9,645	13,092
2.01.06.02.02	Provisions for restructuring	0	0
2.01.06.02.03	Provisions for environmental and decommissioning liabilities	0	0
2.01.07	Payables from noncurrent assets for sale and discontinued assets	0	0
2.01.07.01	Payables from noncurrent assets for sale	0	0
2.01.07.02	Payables from discontinued assets	0	0
2.02	Noncurrent liabilities	889,192	647,331
2.02.01	Borrowings and financing	689,385	491,757
2.02.01.01	Borrowings and financing	625,400	430,128
2.02.01.01.01	In local currency	13,894	13,362
2.02.01.01.02	In foreign currency	611,506	416,766
2.02.01.02	Debentures	63,985	61,629
2.02.01.03	Lease financing	0	0
2.02.02	Other payables	141,969	97,100
2.02.02.01	Due to related parties	90,486	79,460
2.02.02.01.01	Due to associates	0	0
2.02.02.01.02	Due to subsidiaries	21,514	6,492
2.02.02.01.03	Due to owners of the Company	0	0
2.02.02.01.04	Due to other related parties	68,972	72,968
2.02.02.02	Other	51,483	17,640
2.02.02.02.01	Share-based compensation	0	0
2.02.02.02.02	Advance for future capital increase	0	0

2.02.02.02.03	Taxes payable	33,313	164
2.02.02.02.04	Provision for negative equity	17,604	17,476
2.02.02.02.05	Other payables	0	0
2.02.02.02.06	Trade payables	566	0
2.02.03	Deferred taxes	0	0
2.02.03.01	Deferred income tax and social contribution	0	0
2.02.04	Provisions	57,838	58,474
2.02.04.01	Tax, social security, labor and civil provisions	57,838	58,474
2.02.04.01.01	Tax provisions	0	0
2.02.04.01.02	Social security and labor provisions	42,148	43,486
2.02.04.01.03	Accrued employee benefits	0	0
2.02.04.01.04	Civil provisions	15,690	14,988
2.02.04.02	Other provisions	0	0
2.02.04.02.01	Provision for warranties	0	0
2.02.04.02.02	Provisions for restructuring	0	0
2.02.04.02.03	Provisions for environmental and decommissioning liabilities	0	0
2.02.05	Payables from noncurrent assets for sale and discontinued assets	0	0
2.02.05.01	Payables from noncurrent assets for sale	0	0
2.02.05.02	Payables from discontinued assets	0	0
2.02.06	Unearned profit and revenue	0	0
2.02.06.01	Unearned profit	0	0
2.02.06.02	Unearned revenue	0	0
2.02.06.03	Unearned investment grants	0	0
2.03	Equity	-256,159	-304,621
2.03.01	Issued capital	523,239	520,277
2.03.02	Capital reserves	-31,116	-31,116
2.03.02.01	Share premium	0	0
2.03.02.02	Special goodwill reserve on the merger	0	0
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	0	0
2.03.02.05	Treasury shares	0	0
2.03.02.06	Advance for future capital increase	0	0
2.03.02.09	Capital transactions	-40,996	-40,996
2.03.03	Revaluation reserves	0	0
2.03.04	Earnings reserves	0	0
2.03.04.01	Legal reserve	0	0
2.03.04.02	Bylaws reserve	0	0
2.03.04.03	Provision for risks	0	0
2.03.04.04	Unrealized earnings reserve	0	0
2.03.04.05	Earnings retention reserve	0	0
2.03.04.06	Special reserve for undistributed dividends	0	0
2.03.04.07	Tax incentive reserve	0	0
2.03.04.08	Proposed additional dividends	0	0
2.03.04.09	Treasury shares	0	0
2.03.05	Retained earnings/accumulated losses	-984,406	-970,315
2.03.06	Valuation adjustments to equity	46,086	45,958
2.03.07	Cumulative translation adjustments	190,038	130,575
2.03.08	Other comprehensive income	0	0

Individual Financial Information/ Statement of Profit and Loss

(In thousands of reais)

Line Item	Account description	Current quarter 07/01/2020 to 09/30/2020	YTD 01/01/2020 to 09/30/2020	Same quarter of previous year 07/01/2019 to 09/30/2019	Previous YTD 01/01/2019 to 09/30/2019
3.01	Net operating revenue	324,692	760,699	197,639	521,343
3.02	Cost of sales	-158,918	-401,177	-130,277	-348,631
3.03	Gross profit	165,774	359,522	67,362	172,712
3.04	Operating (expenses) income	-23,201	-81,192	-43,800	-70,468
3.04.01	Selling expenses	-16,880	-46,910	-14,841	-38,792
3.04.02	General and administrative expenses	-25,925	-68,340	-19,061	-50,189
3.04.03	Impairment losses	-552	3,011	208	-573
3.04.04	Other operating income	3,412	7,484	840	38,769
3.04.05	Other operating expenses	-1,602	-6,231	-4,513	-14,345
3.04.06	Share of profit (loss) of subsidiaries	18,346	29,794	-6,433	-5,338
3.05	Profit before finance income (costs) and taxes	142,573	278,330	23,562	102,244
3.06	Finance income (costs)	-40,392	-285,515	-63,705	-76,246
3.06.01	Finance income	73,944	129,564	-225	33,042
3.06.02	Finance costs	-114,336	-415,079	-63,480	-109,288
3.07	Pretax income	102,181	-7,185	-40,143	25,998
3.08	Income tax and social contribution	54	-8,669	13,771	-4,695
3.08.01	Current	0	0	13,771	-4,695
3.08.02	Deferred	54	-8,669	0	0
3.09	Profit (loss) from continuing operations	102,235	-15,854	-26,372	21,303
3.10	Profit (loss) from discontinued operations	0	0	0	0
3.10.01	Profit (loss) from discontinued operations	0	0	0	0
3.10.02	Gains (losses) on assets of discontinued operations, net	0	0	0	0
3.11	Profit/loss for the period	102,235	-15,854	-26,372	21,303
3.99	Earnings per share (R$/share)	0	0	0	0
3.99.01	Basic earnings per share	0	0	0	0
3.99.01.01	Common shares (ON)	1	0	0	0
3.99.01.02	Preferred shares (PN)	1	0	0	0
3.99.02	Diluted earnings per share	0	0	0	0
3.99.02.01	Common shares (ON)	1	0	0	0
3.99.02.02	Preferred shares (PN)	1	0	0	0

Individual Financial Information / Statement of Comprehensive Income
(In thousands of reais)

Line Item	Account description	Current quarter 07/01/2020 to 09/30/2020	YTD 01/01/2020 to 09/30/2020	Same quarter of previous year 07/01/2019 to 09/30/2019	Previous YTD 01/01/2019 to 09/30/2019
4.01	Profit for the period	102,235	-15,854	-26,372	21,303
4.02	Other comprehensive income	6,735	59,463	11,913	10,396
4.02.01	Translation adjustments for the period	6,735	59,463	11,913	10,396
4.02.02	Realization of valuation adjustments to equity, net of taxes	0	0	0	0
4.02.03	Adjustments to financial instruments	0	0	0	0
4.03	Comprehensive income for the period	108,970	43,609	-14,459	31,699

Individual Financial Information / Statement of Cash Flow
(In thousands of reais)

Line Item	Account description	YTD 01/01/2020 to 09/30/2020	Previous YTD 01/01/2019 to 09/30/2019
6.01	Net cash from operating activities	160,414	54,316
6.01.01	Cash generated by operating activities	206,917	120,256
6.01.01.01	Profit (loss) for the year before income tax and social contribution	-7,185	25,998
6.01.01.02	Depreciation and amortization	9,887	4,061
6.01.01.03	Cost of capital assets written off	177	226
6.01.01.04	Allowance for doubtful debts	-3,011	573
6.01.01.05	Share of profit (loss) of investees	-29,794	5,338
6.01.01.06	Share of results of investees - discontinued operations	0	0
6.01.01.07	Provision for derivative financial Instruments	0	0
6.01.01.08	Accrued interest on borrowings and financing	22,692	26,259
6.01.01.09	Change in equity interests in subsidiaries	0	0
6.01.01.10	Allowance for inventory losses	1,298	-222
6.01.01.11	Provision for contingencies	-13,971	7,638
6.01.01.12	Provision for warranties	-3,447	2,071
6.01.01.13	Exchange differences on borrowings and other items	230,271	48,314
6.01.01.14	Write-off of goodwill on investment	0	0
6.01.01.15	Accrued freight and commissions	0	0
6.01.01.16	Fair value of held-for-sale asset	0	0
6.01.02	Changes in assets and liabilities	-46,175	-65,940
6.01.02.01	(Increase) decrease in trade receivables	-102,275	-36,788
6.01.02.02	(Increase) decrease in inventories	-33,496	-47,696
6.01.02.03	(Increase) decrease in other receivables	13,880	-37,561
6.01.02.04	(Decrease) increase in trade payables	12,751	19,499
6.01.02.05	(Decrease) increase in payables and provisions	62,965	36,606
6.01.03	Other	-328	0
6.01.03.01	Subsidiaries' profits and dividends received	0	0
6.01.03.02	Interest paid	0	0
6.01.03.03	Income tax and social contribution paid	-328	0
6.02	Net cash from investing activities	-46,511	-4,897
6.02.01	Due from related parties	-9,762	3,045
6.02.02	Other long-term receivables	0	0
6.02.03	In investments	0	0
6.02.04	In property, plant and equipment	-28,502	-5,463
6.02.05	In intangible assets	-8,247	-4,096
6.02.06	Short-term investments	0	1,617
6.03	Net cash from financing activities	-113,345	-52,030
6.03.01	Payment of interest on capital and dividends	0	0
6.03.02	Borrowings	139,825	61,378
6.03.03	Repayment of borrowings	-215,289	-115,908
6.03.04	Treasury shares	0	0
6.03.05	Capital increase	2,962	55,041
6.03.06	Payment of interest on borrowings	-26,065	-39,407
6.03.07	Mortgage loans	0	0
6.03.08	Interest paid on mortgage loans	0	0
6.03.09	Due to related parties	-14,778	-13,134
6.03.10	Advance for future capital increase	0	0
6.03.11	Other	0	0
6.04	Exchange differences on translating cash and cash equivalents	0	0
6.05	Increase (decrease) in cash and cash equivalents	558	-2,611
6.05.01	Cash and cash equivalents at the beginning of the year	7,376	5,157
6.05.02	Cash and cash equivalents at the end of the year	7,934	2,546

Individual Financial Information / Statement of Changes in Equity - 01/01/2020 to 09/30/2020
(In thousands of reais)

Line Item	Account description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	520,277	-31,116	0	-970,315	176,533	-304,621
5.02	Prior-year adjustments	0	0	0	0	0	0
5.03	Adjusted opening balances	520,277	-31,116	0	-970,315	176,533	-304,621
5.04	Shareholders' capital transactions	2,962	0	0	1,045	846	4,853
5.04.01	Capital increases	2,962	0	0	0	0	2,962
5.04.02	Share issuance costs	0	0	0	0	0	0
5.04.03	Recognized stock options granted	0	0	0	0	0	0
5.04.04	Treasury shares acquired	0	0	0	0	0	0
5.04.05	Treasury shares sold	0	0	0	0	0	0
5.04.06	Dividends	0	0	0	0	0	0
5.04.07	Interest on capital	0	0	0	0	0	0
5.04.08	Other transactions	0	0	0	1,045	846	1,891
5.05	Total comprehensive income	0	0	0	-15,136	58,745	43,609
5.05.01	Profit for the period	0	0	0	-15,854	0	-15,854
5.05.02	Other comprehensive income	0	0	0	718	58,745	59,463
5.05.02.01	Adjustments to financial instruments	0	0	0	0	0	0
5.05.02.02	Taxes on adjustments to financial instruments	0	0	0	0	0	0
5.05.02.03	Share of subsidiaries’ and associates’ comprehensive income	0	0	0	0	0	0
5.05.02.04	Translation adjustments for the period	0	0	0	0	59,463	59,463
5.05.02.05	Taxes on translation adjustments for the period	0	0	0	0	0	0
5.05.02.06	Realization of valuation adjustments to equity	0	0	0	718	-718	0
5.05.03	Reclassifications to profit or loss	0	0	0	0	0	0
5.05.03.01	Adjustments to financial instruments	0	0	0	0	0	0
5.06	Internal changes in equity	0	0	0	0	0	0
5.06.01	Recognition of reserves	0	0	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	0	0	0
5.07	Closing balances	523,239	-31,116	0	-984,406	236,124	-256,159

Individual Financial Information / Statement of Changes in Equity - 01/01/2019 to 09/30/2019
(In thousands of reais)

Line Item	Account description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	465,218	-31,170	0	-1,012,915	171,904	-406,963
5.02	Prior-year adjustments	0	0	0	0	0	0
5.03	Adjusted opening balances	465,218	-31,170	0	-1,012,915	171,904	-406,963
5.04	Shareholders' capital transactions	55,041	54	0	0	0	55,095
5.04.01	Capital increases	55,041	0	0	0	0	55,041
5.04.02	Share issuance costs	0	54	0	0	0	54
5.04.03	Recognized stock options granted	0	0	0	0	0	0
5.04.04	Treasury shares acquired	0	0	0	0	0	0
5.04.05	Treasury shares sold	0	0	0	0	0	0
5.04.06	Dividends	0	0	0	0	0	0
5.04.07	Interest on capital	0	0	0	0	0	0
5.04.08	Other transactions	0	0	0	0	0	0
5.05	Total comprehensive income	0	0	0	22,121	9,578	31,699
5.05.01	Profit for the period	0	0	0	21,303	0	21,303
5.05.02	Other comprehensive income	0	0	0	818	9,578	10,396
5.05.02.01	Adjustments to financial instruments	0	0	0	0	0	0
5.05.02.02	Taxes on adjustments to financial instruments	0	0	0	0	0	0
5.05.02.03	Share of subsidiaries’ and associates’ comprehensive income	0	0	0	0	0	0
5.05.02.04	Translation adjustments for the period	0	0	0	0	10,396	10,396
5.05.02.05	Taxes on translation adjustments for the period	0	0	0	0	0	0
5.05.02.06	Realization of valuation adjustments to equity	0	0	0	818	-818	0
5.05.03	Reclassifications to profit or loss	0	0	0	0	0	0
5.05.03.01	Adjustments to financial instruments	0	0	0	0	0	0
5.06	Internal changes in equity	0	0	0	0	0	0
5.06.01	Recognition of reserves	0	0	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	0	0	0
5.07	Closing balances	520,259	-31,116	0	-990,794	181,482	-320,169

Individual Financial Information / Statement of Value Added
(In thousands of reais)

Line Item	Account description	YTD 01/01/2020 to 09/30/2020	Previous YTD 01/01/2019 to 09/30/2019
7.01	Revenue	971,970	665,235
7.01.01	Sales of goods and services	961,475	627,039
7.01.02	Other income	7,484	38,769
7.01.03	Revenues related to the construction of own assets	0	0
7.01.04	Allowance for (reversal of) doubtful debts	3,011	-573
7.02	Inputs purchased from third parties	-368,134	-390,376
7.02.01	Cost of products, goods and services sold	-230,578	-347,438
7.02.02	Supplies, power, outside services and other inputs	-137,556	-42,938
7.02.03	Loss/recovery of assets	0	0
7.02.04	Other	0	0
7.03	Gross value added	603,836	274,859
7.04	Withholdings	-9,887	-4,063
7.04.01	Depreciation, amortization and depletion	-9,887	-4,063
7.04.02	Other	0	0
7.05	Wealth created	593,949	270,796
7.06	Wealth received in transfer	159,358	27,704
7.06.01	Share of results of investees	29,794	-5,338
7.06.02	Finance income	129,564	33,042
7.06.03	Other	0	0
7.07	Total wealth for distribution	753,307	298,500
7.08	Wealth distributed	753,307	298,500
7.08.01	Personnel	118,939	46,439
7.08.01.01	Wages	91,787	35,186
7.08.01.02	Benefits	20,784	8,734
7.08.01.03	Severance Pay Fund (FGTS)	6,368	2,519
7.08.01.04	Other	0	0
7.08.02	Taxes, fees and contributions	233,926	121,254
7.08.02.01	Federal	185,884	89,042
7.08.02.02	State	47,899	32,179
7.08.02.03	Municipal	143	33
7.08.03	Lenders and lessors	416,296	109,504
7.08.03.01	Interest on capital	415,079	109,287
7.08.03.02	Rentals	1,217	217
7.08.03.03	Other	0	0
7.08.04	Shareholders	-15,854	21,303
7.08.04.01	Interest on capital	0	0
7.08.04.02	Dividends	0	0
7.08.04.03	Retained earnings (accumulated losses)	-15,854	21,303
7.08.05	Other	0	0
7.08.05.01	Accumulated losses net of valuation adjustments to equity - continuing operation	0	0
7.08.05.02	Accumulated losses net of valuation adjustments to equity - discontinued operation	0	0

Consolidated Financial Information / Balance Sheet - Assets
(In thousands of reais)

Line Item	Account description	Current Quarter 09/30/2020	Previous Year 12/31/2019
1	Total assets	1,295,713	1,066,440
1.01	Current assets	870,870	694,536
1.01.01	Cash and cash equivalents	61,105	35,966
1.01.01.01	Cash and banks	52,028	28,416
1.01.01.02	Highly liquid short-term investments	9,077	7,550
1.01.02	Short-term investments	17	16
1.01.02.01	Short-term investments at fair value through profit or loss	0	0
1.01.02.01.01	Trading securities	0	0
1.01.02.01.02	Securities at fair value	0	0
1.01.02.02	Short-term investments at fair value through other comprehensive income	0	0
1.01.02.03	Short-term investments at amortized cost	0	0
1.01.03	Trade and other receivables	320,139	164,997
1.01.03.01	Trade receivables	320,139	164,997
1.01.03.02	Other receivables	0	0
1.01.04	Inventories	323,084	315,771
1.01.05	Biological assets	0	0
1.01.06	Recoverable taxes	19,392	31,078
1.01.06.01	Recoverable current taxes	19,392	31,078
1.01.07	Prepaid expenses	2,915	6,279
1.01.08	Other current assets	144,218	140,429
1.01.08.01	Noncurrent assets for sale	127,475	120,212
1.01.08.02	Assets of discontinued operations	0	0
1.01.08.03	Other	16,743	20,217
1.01.08.03.02	Other receivables	16,743	20,217
1.02	Noncurrent assets	424,843	371,904
1.02.01	Long-term receivables	106,018	110,521
1.02.01.01	Short-term investments at fair value through profit or loss	0	0
1.02.01.01.01	Securities at fair value	0	0
1.02.01.02	Short-term investments at fair value through other comprehensive income	0	0
1.02.01.03	Short-term investments at amortized cost	0	1
1.02.01.04	Trade and other receivables	0	0
1.02.01.04.01	Trade receivables	0	0
1.02.01.04.02	Other receivables	0	0
1.02.01.05	Inventories	0	0
1.02.01.06	Biological assets	0	0
1.02.01.07	Deferred taxes	91,220	96,226
1.02.01.07.01	Deferred income tax and social contribution	91,220	96,226
1.02.01.08	Prepaid expenses	0	0
1.02.01.09	Claims on related parties	0	0
1.02.01.09.01	Due from associates	0	0
1.02.01.09.03	Due from owners of the Company	0	0
1.02.01.09.04	Due from other related parties	0	0
1.02.01.10	Other noncurrent assets	14,798	14,294
1.02.01.10.01	Noncurrent assets for sale	0	0
1.02.01.10.02	Assets of discontinued operations	0	0
1.02.01.10.03	Recoverable taxes	0	0
1.02.01.10.04	Other	14,798	14,294
1.02.02	Investments	192	192
1.02.02.01	Equity interests	192	192
1.02.02.01.01	Investments in associates	0	0
1.02.02.01.04	Investments in joint ventures	0	0
1.02.02.01.05	Other investments	192	192
1.02.02.02	Investment property	0	0
1.02.03	Property, plant and equipment	220,241	181,247
1.02.03.01	Fixed assets in use	204,210	166,445
1.02.03.02	Lease right-of-use assets	0	0
1.02.03.03	Construction in progress	16,031	14,802
1.02.04	Intangible Assets	98,392	79,944
1.02.04.01	Intangible assets	98,392	79,944
1.02.04.01.01	Concession agreement	0	0
1.02.04.02	Goodwill	0	0

Consolidated Financial Information / Balance Sheet - Liabilities
(In thousands of reais)

Line Item	Account description	Current Quarter 09/30/2020	Previous Year 12/31/2019
2	Total Liabilities and Equity	1,295,713	1,066,440
2.01	Current liabilities	594,202	630,019
2.01.01	Payroll, benefits and taxes thereon	62,319	30,374
2.01.01.01	Payroll and related taxes	28,379	9,696
2.01.01.02	Employee benefits and related taxes	33,940	20,678
2.01.02	Trade payables	92,722	114,157
2.01.02.01	Local suppliers	75,460	61,189
2.01.02.02	Foreign trade payables	17,262	52,968
2.01.03	Taxes Payable	92,478	52,921
2.01.03.01	Federal tax liabilities	89,924	50,793
2.01.03.01.01	Income tax and social contribution payable	12,754	12,513
2.01.03.01.02	Other taxes	77,170	38,280
2.01.03.02	State tax liabilities	2,501	2,098
2.01.03.03	Municipal tax liabilities	53	30
2.01.04	Borrowings and financing	96,414	110,907
2.01.04.01	Borrowings and financing	86,921	97,617
2.01.04.01.01	In local currency	2,235	8,911
2.01.04.01.02	In foreign currency	84,686	88,706
2.01.04.02	Debentures	9,493	13,290
2.01.04.03	Lease financing	0	0
2.01.05	Other payables	192,000	249,124
2.01.05.01	Due to related parties	0	0
2.01.05.01.01	Due to associates	0	0
2.01.05.01.03	Due to owners of the Company	0	0
2.01.05.01.04	Due to other related parties	0	0
2.01.05.02	Other	192,000	249,124
2.01.05.02.01	Dividends and interest on capital payable	3	3
2.01.05.02.02	Mandatory minimum dividends payable	0	0
2.01.05.02.03	Share-based compensation	0	0
2.01.05.02.04	DERIVATIVE FINANCIAL INSTRUMENTS	0	0
2.01.05.02.05	Foreign exchange drafts	109,229	78,196
2.01.05.02.08	Factoring	0	73,516
2.01.05.02.09	Advances from customers	45,230	49,428
2.01.05.02.10	Payables from noncurrent assets for sale	25,902	27,742
2.01.05.02.11	Other payables	11,636	20,239
2.01.06	Provisions	58,269	72,536
2.01.06.01	Tax, social security, labor and civil provisions	42,196	54,431
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	9,127	9,478
2.01.06.01.03	Accrued employee benefits	0	0
2.01.06.01.04	Civil provisions	5,380	17,264
2.01.06.02	Other provisions	16,073	18,105
2.01.06.02.01	Provision for warranties	16,073	18,105
2.01.06.02.02	Provisions for restructuring	0	0
2.01.06.02.03	Provisions for environmental and decommissioning liabilities	0	0
2.01.07	Payables from noncurrent assets for sale and discontinued assets	0	0
2.01.07.01	Payables from noncurrent assets for sale	0	0
2.01.07.02	Payables from discontinued assets	0	0
2.02	Noncurrent liabilities	957,670	741,042
2.02.01	Borrowings and financing	794,199	639,074
2.02.01.01	Borrowings and financing	730,214	577,445
2.02.01.01.01	In local currency	13,894	13,362
2.02.01.01.02	In foreign currency	716,320	564,083
2.02.01.02	Debentures	63,985	61,629
2.02.01.03	Lease financing	0	0
2.02.02	Other payables	85,193	24,468
2.02.02.01	Due to related parties	0	0
2.02.02.01.01	Due to associates	0	0
2.02.02.01.03	Due to owners of the Company	0	0
2.02.02.01.04	Due to other related parties	0	0
2.02.02.02	Other	85,193	24,468
2.02.02.02.01	Share-based compensation	0	0
2.02.02.02.02	Advance for future capital increase	0	0
2.02.02.02.04	Taxes payable	33,316	177
2.02.02.02.05	Other payables	51,311	24,291
2.02.02.02.06	Trade payables	566	0

2.02.03	Deferred taxes	10,291	10,263
2.02.03.01	Deferred income tax and social contribution	10,291	10,263
2.02.04	Provisions	67,987	67,237
2.02.04.01	Tax, social security, labor and civil provisions	60,208	61,678
2.02.04.01.01	Tax provisions	0	0
2.02.04.01.02	Social security and labor provisions	44,518	46,690
2.02.04.01.03	Accrued employee benefits	0	0
2.02.04.01.04	Civil provisions	15,690	14,988
2.02.04.02	Other provisions	7,779	5,559
2.02.04.02.01	Provision for warranties	7,779	5,559
2.02.04.02.02	Provisions for restructuring	0	0
2.02.04.02.03	Provisions for environmental and decommissioning liabilities	0	0
2.02.05	Payables from noncurrent assets for sale and discontinued assets	0	0
2.02.05.01	Payables from noncurrent assets for sale	0	0
2.02.05.02	Payables from discontinued assets	0	0
2.02.06	Unearned profit and revenue	0	0
2.02.06.01	Unearned profit	0	0
2.02.06.02	Unearned revenue	0	0
2.02.06.03	Unearned investment grants	0	0
2.03	Consolidated equity	-256,159	-304,621
2.03.01	Issued capital	523,239	520,277
2.03.02	Capital reserves	-31,116	-31,116
2.03.02.01	Share premium	0	0
2.03.02.02	Special goodwill reserve on the merger	0	0
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	0	0
2.03.02.05	Treasury shares	0	0
2.03.02.06	Advance for future capital increase	0	0
2.03.02.09	Capital transactions	-40,996	-40,996
2.03.03	Revaluation reserves	0	0
2.03.04	Earnings reserves	0	0
2.03.04.01	Legal reserve	0	0
2.03.04.02	Bylaws reserve	0	0
2.03.04.03	Provision for risks	0	0
2.03.04.04	Unrealized earnings reserve	0	0
2.03.04.05	Earnings retention reserve	0	0
2.03.04.06	Special reserve for undistributed dividends	0	0
2.03.04.07	Tax incentive reserve	0	0
2.03.04.08	Proposed additional dividends	0	0
2.03.04.09	Treasury shares	0	0
2.03.05	Retained earnings/accumulated losses	-984,406	-970,315
2.03.06	Valuation adjustments to equity	46,086	45,958
2.03.07	Cumulative translation adjustments	190,038	130,575
2.03.08	Other comprehensive income	0	0
2.03.09	Noncontrolling interests	0	0

Consolidated Financial Information / Statement of profit and loss
(In thousands of reais)

Line Item	Account description	Current quarter 07/01/2020 to 09/30/2020	YTD 01/01/2020 to 09/30/2020	Same quarter of previous year 07/01/2019 to 09/30/2019	Previous YTD 01/01/2019 to 09/30/2019
3.01	Net operating revenue	490,802	1,212,930	242,301	727,371
3.02	Cost of sales	-262,417	-701,806	-158,439	-471,110
3.03	Gross profit	228,385	511,124	83,862	256,261
3.04	Operating (expenses) income	-82,519	-224,395	-65,239	-157,920
3.04.01	Selling expenses	-40,208	-108,196	-30,763	-87,517
3.04.02	General and administrative expenses	-44,234	-122,084	-31,488	-98,216
3.04.03	Impairment losses	-1,500	1,618	6	-262
3.04.04	Other operating income	4,166	8,071	2,085	42,268
3.04.05	Other operating expenses	-743	-3,804	-5,079	-14,193
3.04.06	Share of profit (loss) of subsidiaries	0	0	0	0
3.05	Profit before finance income (costs) and taxes	145,866	286,729	18,623	98,341
3.06	Finance income (costs)	-41,849	-286,093	-64,241	-77,762
3.06.01	Finance income	74,071	130,083	217	34,366
3.06.02	Finance costs	-115,920	-416,176	-64,458	-112,128
3.07	Pretax income	104,017	636	-45,618	20,579
3.08	Income tax and social contribution	-4,645	-19,968	18,401	-235
3.08.01	Current	-3,976	-7,546	15,982	-4,312
3.08.02	Deferred	-669	-12,422	2,419	4,077
3.09	Profit (loss) from continuing operations	99,372	-19,332	-27,217	20,344
3.10	Profit from discontinued operations	2,863	3,478	845	959
3.10.01	Profit from discontinued operations	2,863	3,478	845	959
3.10.02	Gains (losses) on assets of discontinued operations, net	0	0	0	0
3.11	Consolidated profit (loss) for the period	102,235	-15,854	-26,372	21,303
3.11.01	Attributable to owners of the Company	102,235	-15,854	-26,372	21,303
3.11.02	Attributable to noncontrolling interests	0	0	0	0
3.99	Earnings per share (R$/share)	0	0	0	0
3.99.01	Basic earnings per share	0	0	0	0
3.99.01.01	Common shares (ON)	1	0	0	0
3.99.01.02	Preferred shares (PN)	1	0	0	0
3.99.02	Diluted earnings per share	0	0	0	0
3.99.02.01	Common shares (ON)	1	0	0	0
3.99.02.02	Preferred shares (PN)	1	0	0	0

Consolidated Financial Information / Statement of Comprehensive Income

(In thousands of reais)

Line Item	Account description	Current quarter 07/01/2020 to 09/30/2020	YTD 01/01/2020 to 09/30/2020	Same quarter of previous year 07/01/2019 to 09/30/2019	Previous YTD 01/01/2019 to 09/30/2019
4.01	Consolidated profit for the period	102,235	-15,854	-26,372	21,303
4.02	Other comprehensive income	6,735	59,463	11,913	10,396
4.02.01	Translation adjustment for the period	6,735	59,463	11,913	10,396
4.02.02	Realization of valuation adjustments to equity, net of taxes	0	0	0	0
4.02.03	Adjustments to financial instruments	0	0	0	0
4.03	Consolidated comprehensive income for the period	108,970	43,609	-14,459	31,699
4.03.01	Attributable to owners of the Company	108,970	43,609	-14,459	31,699
4.03.02	Attributable to noncontrolling interests	0	0	0	0

Consolidated Financial Information / Statement of Cash Flow - Indirect Method
(In thousands of reais)

Line Item	Account description	YTD 01/01/2020 to 09/30/2020	Previous YTD 01/01/2019 to 09/30/2019
6.01	Net cash from operating activities	261,272	60,847
6.01.01	Cash generated by operating activities	284,283	130,349
6.01.01.01	Profit (loss) before income tax and social contribution	636	20,579
6.01.01.02	Depreciation and amortization	18,741	16,433
6.01.01.03	Cost of capital assets written off	3,223	1,995
6.01.01.05	Share of results of investees	0	0
6.01.01.06	Provision for derivative financial Instruments	0	0
6.01.01.07	Allowance for doubtful debts	-1,618	262
6.01.01.08	Write-off of valuation adjustment to equity	0	0
6.01.01.09	Noncontrolling interests	0	0
6.01.01.10	Accrued interest on borrowings and intragroup loans	21,455	26,259
6.01.01.11	Swap on financial transactions	0	0
6.01.01.12	Write-off of investments	0	0
6.01.01.13	Write-off of goodwill on investments	0	0
6.01.01.14	Provision for freight and commissions	0	0
6.01.01.15	Write-off of assets held for sale	0	0
6.01.01.16	Allowance for inventory losses	-2,683	-41
6.01.01.17	Provision for warranties	188	2,770
6.01.01.18	Net cash from discontinued operations	7,244	8,844
6.01.01.19	Provision for risks	-13,705	7,243
6.01.01.20	Exchange differences on translating borrowings and financing	250,802	46,005
6.01.02	Changes in assets and liabilities	-16,947	-64,786
6.01.02.01	(Increase) decrease in trade receivables	-125,733	-27,001
6.01.02.02	(Increase) decrease in inventories	67,580	-74,411
6.01.02.03	(Increase) in other receivables	900	-47,927
6.01.02.04	Increase in trade payables	-46,453	32,027
6.01.02.05	Increase in accounts payables and provisions	86,759	52,526
6.01.02.07	Held-for-sale assets	0	0
6.01.02.14	Provision for freight and commissions	0	0
6.01.02.19	Net cash from discontinued operations	0	0
6.01.02.20	Provision for risks	0	0
6.01.03	Other	-6,064	-4,716
6.01.03.01	Subsidiaries’ profits and dividends received	0	0
6.01.03.02	Income tax and social contribution paid	-419	-4,716
6.01.03.03	Held-for-sale assets	-5,645	0
6.02	Net cash from investing activities	-44,931	-23,940
6.02.01	Due from related parties	0	0
6.02.02	Other receivables	0	0
6.02.03	Sale of investments	0	0
6.02.04	In property, plant and equipment	-39,794	-20,503
6.02.05	In intangible assets	-6,773	-3,373
6.02.06	Short-term investments	0	1,924
6.02.07	Net cash from investing activities of discontinued operations	1,636	-1,988
6.03	Net cash from financing activities	-180,006	-37,248
6.03.01	Payment of interest on capital and dividends	0	0
6.03.02	Borrowings	145,419	74,108
6.03.03	Repayment of borrowings	-294,437	-120,357
6.03.04	Treasury shares	0	0
6.03.05	Capital increase	2,962	55,041
6.03.06	Advance for future capital increase	0	0
6.03.07	Interest paid on mortgage loans	0	0
6.03.09	Due to related parties	0	0
6.03.10	Payment of interest on borrowings	-25,090	-39,407
6.03.11	Mortgage loans	0	0
6.03.12	Other	0	0
6.03.13	Net cash generated by financing activities of discontinued operations	-8,860	-6,633
6.04	Exchange differences on translating cash and cash equivalents	-11,196	0
6.05	Increase (decrease) in cash and cash equivalents	25,139	-341
6.05.01	Cash and cash equivalents at the beginning of the year	35,966	26,766
6.05.02	Cash and cash equivalents at the end of the year	61,105	26,425

Consolidated Financial Information / Statements of Changes in Equity - 01/01/2020 to 09/30/2020
(In thousands of reais)

Line Item	Account description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	520,277	-31,116	0	-970,315	176,533	-304,621	0	-304,621
5.02	Prior-year adjustments	0	0	0	0	0	0	0	0
5.03	Adjusted opening balances	520,277	-31,116	0	-970,315	176,533	-304,621	0	-304,621
5.04	Shareholders' capital transactions	2,962	0	0	1,045	846	4,853	0	4,853
5.04.01	Capital increases	2,962	0	0	0	0	2,962	0	2,962
5.04.02	Share issuance costs	0	0	0	0	0	0	0	0
5.04.03	Recognized stock options granted	0	0	0	0	0	0	0	0
5.04.04	Treasury shares acquired	0	0	0	0	0	0	0	0
5.04.05	Treasury shares sold	0	0	0	0	0	0	0	0
5.04.06	Dividends	0	0	0	0	0	0	0	0
5.04.07	Interest on capital	0	0	0	0	0	0	0	0
5.04.08	Other transactions	0	0	0	1,045	846	1,891	0	1,891
5.05	Total comprehensive income	0	0	0	-15,136	58,745	43,609	0	43,609
5.05.01	Profit for the period	0	0	0	-15,854	0	-15,854	0	-15,854
5.05.02	Other comprehensive income	0	0	0	718	58,745	59,463	0	59,463
5.05.02.01	Adjustments to financial instruments	0	0	0	0	0	0	0	0
5.05.02.02	Taxes on adjustments to financial instruments	0	0	0	0	0	0	0	0
5.05.02.03	Share of associates’ comprehensive income	0	0	0	0	0	0	0	0
5.05.02.04	Translation adjustments for the period	0	0	0	0	59,463	59,463	0	59,463
5.05.02.05	Taxes on translation adjustments for the period	0	0	0	0	0	0	0	0
5.05.02.06	Realization of valuation adjustments to equity	0	0	0	718	-718	0	0	0
5.05.03	Reclassifications to profit or loss	0	0	0	0	0	0	0	0
5.05.03.01	Adjustments to financial instruments	0	0	0	0	0	0	0	0
5.06	Internal changes in equity	0	0	0	0	0	0	0	0
5.06.01	Recognition of reserves	0	0	0	0	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	0	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	0	0	0	0	0
5.07	Closing balances	523,239	-31,116	0	-984,406	236,124	-256,159	0	-256,159

Consolidated Financial Information / Statements of Changes in Equity - 01/01/2019 to 09/30/2019
(In thousands of reais)

Line Item	Account description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	465,218	-31,170	0	-1,012,915	171,904	-406,963	0	-406,963
5.02	Prior-year adjustments	0	0	0	0	0	0	0	0
5.03	Adjusted opening balances	465,218	-31,170	0	-1,012,915	171,904	-406,963	0	-406,963
5.04	Shareholders’ capital transactions	55,041	54	0	0	0	55,095	0	55,095
5.04.01	Capital increases	55,041	0	0	0	0	55,041	0	55,041
5.04.02	Share issuance costs	0	54	0	0	0	54	0	54
5.04.03	Recognized stock options granted	0	0	0	0	0	0	0	0
5.04.04	Treasury shares acquired	0	0	0	0	0	0	0	0
5.04.05	Treasury shares sold	0	0	0	0	0	0	0	0
5.04.06	Dividends	0	0	0	0	0	0	0	0
5.04.07	Interest on capital	0	0	0	0	0	0	0	0
5.04.08	Other transactions	0	0	0	0	0	0	0	0
5.05	Total comprehensive income	0	0	0	22,121	9,578	31,699	0	31,699
5.05.01	Profit for the period	0	0	0	21,303	0	21,303	0	21,303
5.05.02	Other comprehensive income	0	0	0	818	9,578	10,396	0	10,396
5.05.02.01	Adjustments to financial instruments	0	0	0	0	0	0	0	0
5.05.02.02	Taxes on adjustments to financial instruments	0	0	0	0	10,396	10,396	0	10,396
5.05.02.03	Share of associates’ comprehensive income	0	0	0	0	0	0	0	0
5.05.02.04	Translation adjustments for the period	0	0	0	0	0	0	0	0
5.05.02.05	Taxes on translation adjustments for the period	0	0	0	0	0	0	0	0
5.05.02.06	Realization of valuation adjustments to equity	0	0	0	818	-818	0	0	0
5.05.03	Reclassifications to profit or loss	0	0	0	0	0	0	0	0
5.05.03.01	Adjustments to financial instruments	0	0	0	0	0	0	0	0
5.06	Internal changes in equity	0	0	0	0	0	0	0	0
5.06.01	Recognition of reserves	0	0	0	0	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	0	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	0	0	0	0	0
5.07	Closing balances	520,259	-31,116	0	-990,794	181,482	-320,169	0	-320,169

Consolidated Financial Information - Statement of Value Added
(In thousands of reais)

Line Item	Account description	YTD 01/01/2020 to 09/30/2020	Previous YTD 01/01/2019 to 09/30/2019
7.01	Revenue	1,428,029	889,703
7.01.01	Sales of goods and services	1,418,340	847,697
7.01.02	Other income	8,071	42,268
7.01.03	Revenues related to the construction of own assets	0	0
7.01.04	Allowance for (reversal of) doubtful debts	1,618	-262
7.02	Inputs purchased from third parties	-767,626	-525,290
7.02.01	Cost of products, goods and services sold	-524,256	-479,597
7.02.02	Supplies, power, outside services and other inputs	-243,370	-45,693
7.02.03	Loss/recovery of assets	0	0
7.02.04	Other	0	0
7.03	Gross value added	660,403	364,413
7.04	Withholdings	-18,741	-16,433
7.04.01	Depreciation, amortization and depletion	-18,741	-16,433
7.04.02	Other	0	0
7.05	Wealth created	641,662	347,980
7.06	Wealth received in transfer	133,561	35,325
7.06.01	Share of results of investees	0	0
7.06.02	Finance income	130,083	34,366
7.06.03	Other	3,478	959
7.06.03.01	Profit from discontinued operation	0	0
7.06.03.20	Wealth created by discontinued operations for distribution	3,478	959
7.07	Total wealth for distribution	775,223	383,305
7.08	Wealth distributed	775,223	383,305
7.08.01	Personnel	122,743	106,653
7.08.01.01	Wages	94,786	81,933
7.08.01.02	Benefits	21,385	18,667
7.08.01.03	Severance Pay Fund (FGTS)	6,572	6,053
7.08.01.04	Other	0	0
7.08.02	Taxes, fees and contributions	250,807	142,411
7.08.02.01	Federal	201,375	109,045
7.08.02.02	State	49,051	33,101
7.08.02.03	Municipal	381	265
7.08.03	Lenders and lessors	417,527	112,938
7.08.03.01	Interest on capital	416,175	112,130
7.08.03.02	Rentals	1,352	808
7.08.03.03	Other	0	0
7.08.04	Shareholders	0	0
7.08.04.01	Interest on capital	0	0
7.08.04.02	Dividends	0	0
7.08.04.03	Retained earnings (accumulated losses)	0	0
7.08.04.04	Noncontrolling interests in retained earnings	0	0
7.08.05	Other	-15,854	21,303
7.08.05.01	Accumulated losses, net of realization of valuation adjustments to equity - continuing operatior	-19,332	20,344
7.08.05.02	Accumulated losses, net of realization of valuation adjustments to equity - discontinued operatior	3,478	959

3Q20 Earnings

TAURUS

COMPROMISSO COM A EXCELÊNCIA

Taurus Consolidates New Performance Threshold

With net income of R$102.2 million in 3Q20, we recorded gross margin higher than 46% and Ebitda of R$152.3 million for the period

São Leopoldo, November 12, 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* ***Third Quarter of 2020 (3Q20) and year-to-date for the first nine-months of 2020 (9M20)****. 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 3Q20/9M20

Taurus **consolidates a new performance threshold**, exceeding records every quarter. In 3Q20, we posted eight all-time records for Taurus, with the highest figures for a quarter in terms of production, sales volume, net revenue, gross profit, Ebitda, Ebitda margin, and **profit for the period**.

Record production: 488,000 firearms in 3Q20, totaling 1,103,000 units in 9M20, with the Georgia plant in the USA accelerating its ramp-up and already exceeding the volumes manufactured at the old plant in the USA compared to the same periods in 2019, and the plant in Brazil operating at full capacity.

Record sales volume: with the increased interest for Taurus products and a primarily seller's market in Brazil and the USA, the firearms sales volume in 9M20 totaled 1,290,000 units, up 28.4% compared to 9M19.

Record net operating revenue: R$490.8 million in 3Q20, more than double 3Q19 (+102.6%) and R$1,212.9 million in 9M20, exceeding net operating revenue for the entire year of 2019 by 21.3% and 9M19 by 66.8%.

Record gross profit: compared to the same periods in 2019, gross profit increased 172.3% in 3Q20 and 99.5% in 9M20. In the quarter, it totaled R$228.4 million with a 46.5% gross margin. In 9M20, gross profit was R$511.1 million and the gross margin was 42.1%. Performance in 9M20 exceeded the performance for the entire year of 2019 by 50.1%.

Record Ebitda: with a margin of 31.0%, the R$152.3 million Ebitda in 3Q20 exceeds Ebitda for the twelve months of 2019 by 19.0%. In 9M20, Ebitda totaled R$305.5 million, with a margin of 25.2%, up 166.3% and 9.4 percentage points compared to the performance in 9M19, respectively.

Finance costs, net: R$41.8 million in 3Q20, a quarter-on-quarter decrease of R$22.5 million (35.0%). However, foreign exchange losses, resulting from the impact of the Brazilian real depreciation on the US dollar-denominated debt, continue to pressure finance income and costs.

Record profit of R$102.2 million: for 3Q20, as a result of our current operating results pattern and offsetting almost entirely loss for the first half of 2020 caused by foreign exchange pressures on our debt, despite the persisting depreciation of the Brazilian real against the US dollar.

Reduction of financial leverage: with a significant drop in the **net debt-to-Ebitda ratio** under the Company's current management: from negative Ebitda in 2014-2017 to 11.2 times in 2018; 6.8 times in 2019; and 3.1 times at the end of September 2020.

Key Indicators

R$ million	3Q20	3Q19	% change	9M20	9M19	% change
Net operating revenue	490.8	242.3	*102.6%*	1,212.9	727.4	*66.7%*
Domestic market	121.4	48.3	*151.3%*	241.3	123.2	*95.9%*
Foreign market	369.4	194.0	*90.4%*	971.6	604.1	*60.8%*
Cost of Sales	-262.4	-158.4	*65.7%*	-701.8	-471.1	*49.0%*
Gross profit	228.4	83.9	*172.2%*	511.1	256.3	*99.4%*
Gross margin (%)	*46.5%*	*34.6%*	*11.9 p.p.*	*42.1%*	*35.2%*	*6.9 p.p*
Operating expenses - SG&A	-82.5	-65.2	*26.5%*	-224.4	-157.9	*42.1%*
Operating result (EBIT)	145.9	18.6	*684.4%*	286.7	98.3	*191.7%*
EBIT margin (%)	*29.7%*	*7.7%*	*22.0 p.p.*	*23.6%*	*13.5%*	*10.1 p.p*
Finance income (costs), net	-41.8	-64.2	*-34.9%*	-286.1	-77.8	*267.7%*
Income tax and social contribution	-4.6	18.4	*-125.0%*	-20.0	-0.2	*9900.0%*
Profit (loss) for the period (continuing operation	**99.4**	**-27.2**	-	**-19.3**	**20.3**	-
Profit (loss) from discontinued operations	2.9	0.8	*262.5%*	3.5	1.0	*250.0%*
Profit (loss) for the period	**102.2**	**-26.4**	-	**-15.9**	**21.3**	-
EBITDA	152.3	19.9	*665.3%*	305.5	114.7	*166.3%*
Ebitda margin	*31.0%*	*8.2%*	*22.8 p.p.*	*25.2%*	*15.8%*	*9.4 p.p.*
Adjusted Ebitda*	155.3	19.9	*680.4%*	309.6	114.7	*169.9%*
*Adjusted Ebitda margin**	*31.6%*	*8.2%*	*23.4 p.p*	*25.5%*	*15.8%*	*9.7 p.p.*
Net debt (at the end of the period)	938.7	821.6	*14.3%*	938.7	821.6	*14.3%*

** Excludes nonrecurring expenses associated to the COVID-19 pandemic (R$3 million in 3Q20 and R$4,1 million in 9M20)*

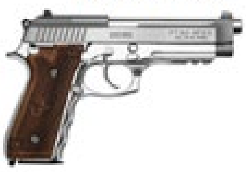
Note. - Ebitda or EBITDA is not an indicator used in accounting practices. Its calculation is presented in the Section "EBITDA" of this report.

Message from Management

We have definitely consolidated a new threshold of operational performance at Taurus. This is unquestionable! Currently, the success of the restructuring carried out since 2018 is a fact, confirmed by consistent, solid results of operations, coupled a growth of absolute amounts and profitability margins. And we reached the appropriate structure in terms of operating processes at the right time, so when the steep increase in demand for firearms in 2020 arrived, we were fully prepared to meet larger volumes and reach new consumers.

In recent quarters, we have recorded successive records in operating indicators. In 3Q20, we posted eight unprecedented figures for Taurus in a quarter: higher production volume, sales volume, net revenue, gross profit, Ebitda, Ebitda margin, and profit for the period. We manufactured more than 1 million firearms January-September, a volume that represents 92 percent of 2019's total production. In 3Q20, we manufactured 6,900 firearms per day on average, with our two highly busy plants: in Brazil, operating at full capacity; and in the USA, a plant opened approximately one year ago and, therefore, still in ramp-up, already exceeding the volumes produced in 3Q19 and 9M19 by the old plant.

92 INFO Wooden Handle
Special edition



We supply sturdy, quality products, at competitive prices, that provide what the consumers want. We also have a delivery operation, based on an efficient production and sales logistics process. As a result, at each quarter our sales exceed the record volume of the previous quarter, reaching 487,000 units on 3Q20. The market in Brazil is a seller's market, with 9M20 sales 132.7% over sales in 9M19; and in the US, the largest market for our firearms, we sold more than 1 million units in 9M20. The indicators point to the continuation of this seller's market. According to a *report from the market research firm Southwick Associates, more than 24 million Americans believe they will probably buy their first firearm in the next five years. We have strong backorders of around 1,026,000 firearms for the US market and 128,000 guns for the Brazilian market and we are confident that the novelties we are preparing for our portfolio will continue to surprise consumers.*

In 9M20, we posted net revenue of R$1,212.9 million, gross profit of R$511.1 million, and Ebitda of R$305.5 million, performance figures that exceed the figures for the entire 2019 by 50.1%, 121.3% and 138.6%, respectively. Our gross margin was 46.5% in 3Q20 and 42.1% in January-September 2020. Our EBITDA margin reached 31.0% in the quarter and 25.2% in 9M20. And we posted profit of R$102.2 million for 3Q20, which almost entirely offsets our accumulated losses for the year. As a result of these meaningful results, we are entirely certain that the operation alignment stage is completed and that its outcome is long-lasting. But we will not settle for that. We are now focusing n and preparing the future and the new achievements for Taurus. We will continue to grow while ensuring our operations' profitability, innovation, and product quality, always seeking opportunities that keep sustaining this growth, either organically or through acquisitions that would add value to our Company and, therefore, to our shareholders.

We entered into two important joint ventures that will expand Taurus's markets and, in both cases, without involving disbursement of Company capital. The plant in India, as part of the joint venture created between Taurus and the steel group Jindal, is being completed and should begin operations in the first half of 2021. Regarded today as the second largest firearms market in the world, India is extremely important for Taurus's international expansion plans. The potential in the defense sector is enormous: with a population of more than 1.3 billion people, the public security sector, including police and armed forces, totals approximately 3.7 million, in addition to roughly 7 million private security guards. The new plant implements the government's action plan to strengthen the strategic partnership between Brazil and India, especially in the defense and security area, under the bilateral cooperation agreements signed in January, and also reinforces Taurus's prominent position in the global firearms market, especially in the Asian region.

In Brazil, we entered into a final agreement for the creation of the joint venture with Joalmi steel for the manufacture and sale of clips and other light firearm stamped components. The products will meet Taurus's domestic demand, which today is around 5 million clips/year, with greater efficiency, agility and at lower costs. It will also allow us to access a new and promising market segment for the Company, which is the worldwide clip aftermarket, currently concentrated in a few foreign suppliers. Production is expected to start later this year, at Joalmi's plant in São Paulo, and to be transferred to the Taurus manufacturing center in São Leopoldo, RS in 2021.

Other novelties will come. We are still dedicated to expanding Taurus's potential. The strategy involves continuing to add value to the products and, as a result, to the Company as well. The sound operating performance, with growing cash generation, has allowed us to continue discharging our financial obligations, while preserving a comfortable cash flow. Data shows that the indebtedness issue is on the way to being definitively solved. Based on payments that fit better the Company's new and consistent cash flow, at the end of September we reached a level of financial leverage that was difficult to picture as feasible for Taurus just two years ago: a net debt-to-Ebitda ratio, using the 9M20 Ebitda, of ***3.1 times****. We also have the helmet factory and the land of the old plant in Porto Alegre for sale, in addition to approximately R$200 million in funds from the outstanding subscription warrants receivable. When received, these proceeds will be prioritized to reduce our debt. By simulating a situation in which these funds were already available at the end of 3Q20, thus lowering our total debt as at this date, our financial leverage at the end of September, measured by the net debt-to-Ebitda ratio,* ***would be 2.1 times****.*

The basic pillars supporting our strategy—sustainable profitability, product quality, and improved operating and financial indicators—are like a mantra at Taurus. We are continually pursuing these three key issues, which are achieved by investing in the people and new product development, and technologies, and sound production, quality and logistics processes. These processes ensure production stability, product integrity, high productivity, and low costs, perceived by our customers as fast deliveries, quality products, and competitive prices.

The success of the strategy adopted, which led us to a new performance level, would not be possible without the commitment and dedication of our employees. Even with all the limitations imposed by the pandemic, including movement restrictions, greater distancing between people, and other precautions, we posted record production levels. We strive to ensure maximum protection for our team, adopting the most rigorous prevention and hygiene measures in our facilities and offering our employees the necessary guidance and support so they can work safely. We counted on our employees during this period of strong Company growth in the middle of a pandemic and they responded accordingly. We wish to thank the entire Taurus team.

Elections in the United States: we could not publish this report without commenting on the results of the American elections. As everyone knows, the largest market for our firearms is in the US and political factors can influence people's responses, with consequences for the consumer market, including legislative issues. I think it is important to point out that Taurus management is very attentive to the changes arising from the elections and we believe that, as it happened when the then candidate Barack Obama to the White House was elected in 2008 and 2012, when there was a considerable increase in the demand for firearms compared to the years before the election, that effect should also happen now in 2021, because historically, in the years after the election of a Democrat candidate to the US presidency, there has been an increase in the demand for firearms.

Another important point that we must highlight is that the Second Amendment of the US Constitution guarantees US citizens the right to bear arms to protect themselves. Consequently, possible gun control restrictions would only be passed by majority vote in the House and Senate and if the President vetoes the bill, Congress can overrule the veto by taking a new vote and obtaining a two-third approval both in the House and the Senate. In that case, both Democrats and Republicans would have to reach an agreement, which would virtually preclude a stronger tendency for gun control in the United States.

Taurus is a Member of the National Shooting Sports Foundation (NSSF) and we have representatives monitoring all changes that may affect our industry and – certainly – we will make public all relevant matters affecting the entity.

We have an interesting and convincing story to tell: sound results and the beginning of a new phase in the Company's strategic planning. To learn more about this time of the life of Taurus, we invite our shareholders and all stakeholders to attend the public presentation we will hold on December 3. This year, due to the restrictions created by the COVID-19 pandemic, the event will be held online, broadcasted live on the Internet, and we will inform everyone how to access our channels. It will be a pleasure to talk and share our enthusiasm with you!

Salesio Nuhs

CEO

COVID-19

As a Strategic Defense Company (EAD), Taurus's activity was qualified as essential and, therefore, our operations were not interrupted because of the COVID-19 pandemic at any time. The Company's production was not affected and has even increased continuously during the first nine months of the year. Assertive measures were taken very quickly still at the beginning of March, which allowed operations to be maintained in a responsible manner, with investments primarily aimed at protecting the health and wellbeing of employees. It would be useless to be an essential activity if we did not keep our employees free from the pandemic.

Starting March 5, 2020 to the end of September, we have taken more than 70 preventive actions at our plant, consisting of social distancing and hygiene measures, the acquisition of 3,500 liters of hand sanitizer, weekly sanitization in all environments by a specialized company, and delivery of washable face masks to all employees. We have also taken several actions in support of society, such as the manufacture and donation of face shields to nine Brazilian states, including hiring new employees to manufacture these face shields, which will total 500,000 units, the donation of 14.3 tons of food to charitable entities, 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.

As a result of these measures, we incurred some nonrecurring expenses related to the donations made and additional expenditures on several items, such as the food program, healthcare, uniforms, PPE, freight, and others. Even though the amounts involved are not material and, therefore, were absorbed without significant impact on operating margins, the Company chose to highlight these amounts in the Ebitda presentation (earnings before interest, taxes, depreciation and amortization). Thus, in this report we show an adjusted Ebitda calculation excluding such nonrecurring expenses and costs, to provide better comparability with previous periods.

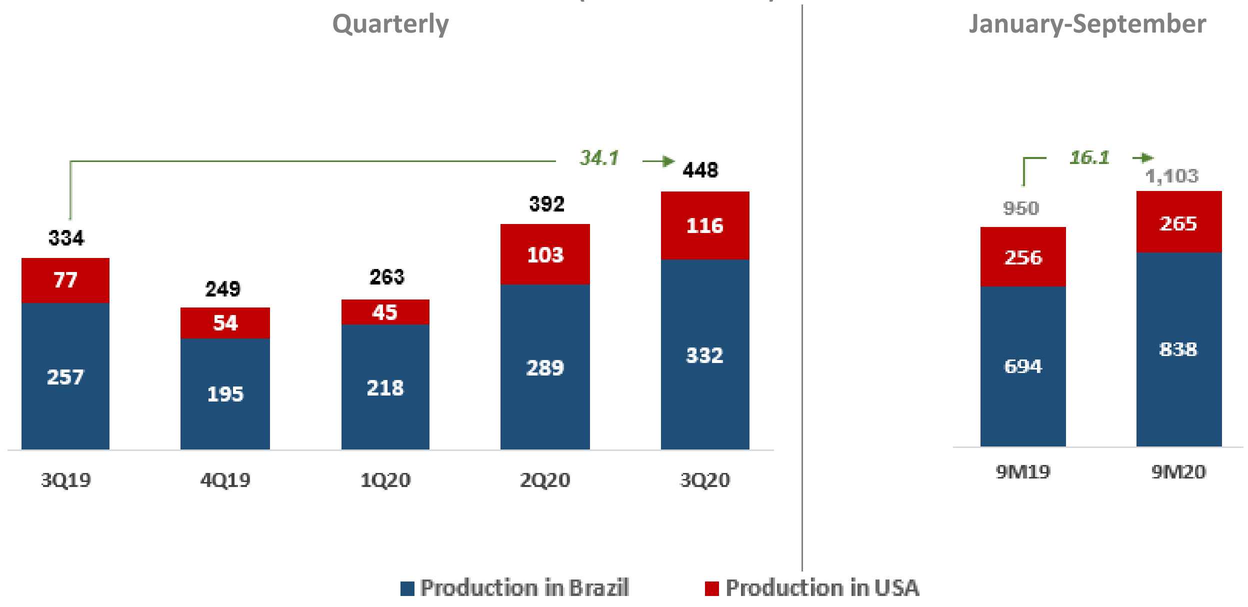
OPERATING PERFORMANCE

Our current physical structure includes the manufacture, in estimated capacity, of up to 1.8 million firearms per 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. During the first nine months of 2020, we launched 14 new products adding 279 new SKUs to our portfolio. Given the strong renewal of our product line, revenue from products launched in the last two years accounted for 35.3% of our total revenue from firearm sales in the 9M20.

Firearm production in the first nine months of 2020 was 1,103,000 weapons, equivalent to more than 92% of total production in 2019 and 16.1% higher than in 9M19. The US plant is already producing larger volumes than the former plant also in the US at all comparative indicators: quarter-on-quarter increase of 51.2% and 3.5% increase in 9M20 compared to 9M19. Despite this ramp-up, our figures show our assertiveness in the design of the new plant in Bainbridge, Georgia, USA. In Brazil, the plant responsible for 76.0% of the firearms manufactured from January to September 2020 has been operating at full capacity in order to meet the growing demand for our products.

Taurus Production in 3Q20:
448,000+ firearms/quarter
6,900+ firearms/day
12+ firearms/minute

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



The **US firearms market** continued to show an upturn in 3Q20, thus maintaining the trend observed since the beginning of the year. The market reaction, after a long period of sluggish demand, is explained by the following factors: the US population's concern with personal and family protection due to the COVID-19 pandemic and the protests and riots that took place in several cities, together with the call for a reduction in the budget of police authorities; and the possibility of changing policies regarding the weapon carrying in the country due to the result of the presidential election.

In 3Q20, the US firearm purchase intention index measured by the NICS (National Instant Criminal Background Check System) shows an increase of 74.7% in the number of consultations compared to the same period in 2019. In the 9M20, this index registered 15.5 million consultations in the US for firearm purchase purposes, the highest level already recorded in the first nine months of a given year. According to a report from the US market research firm Southwick Associates, more than 24 million Americans believe they will probably buy their first firearm in the next five years. Approximately 40% of all purchases made during the pandemic were made by new consumers, who had never purchased a firearm before, according to Giffords.

Some recent launchings

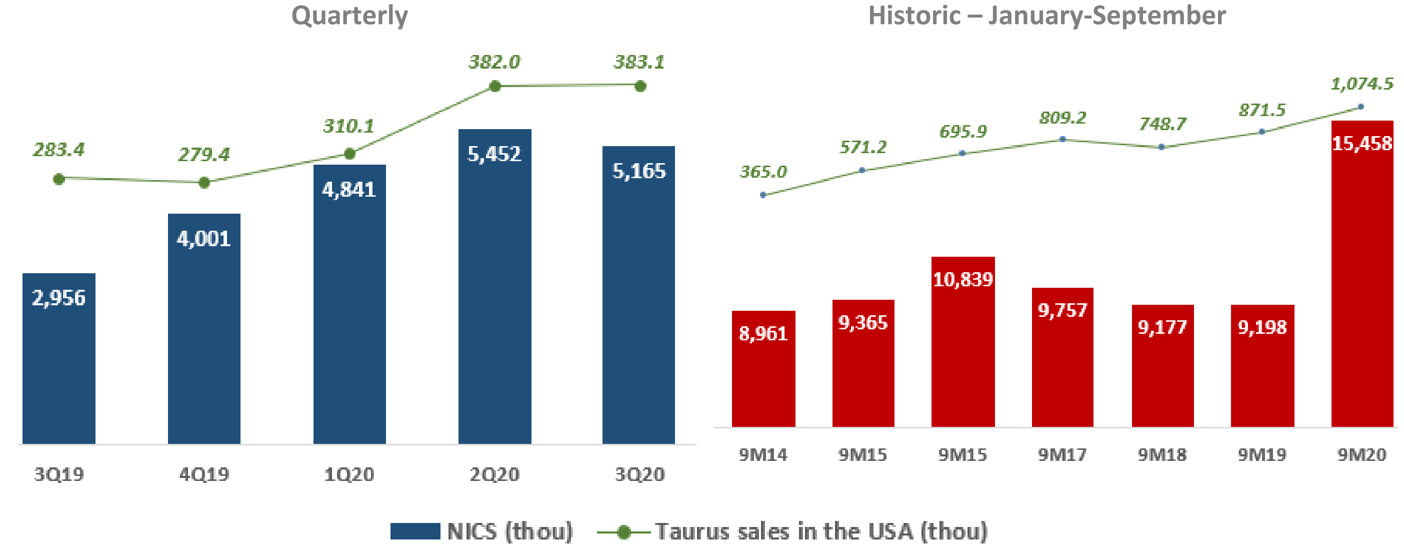
RT 608 Wooden Handle Special edition

RT 357H 6 ¾"

G2C 9mm

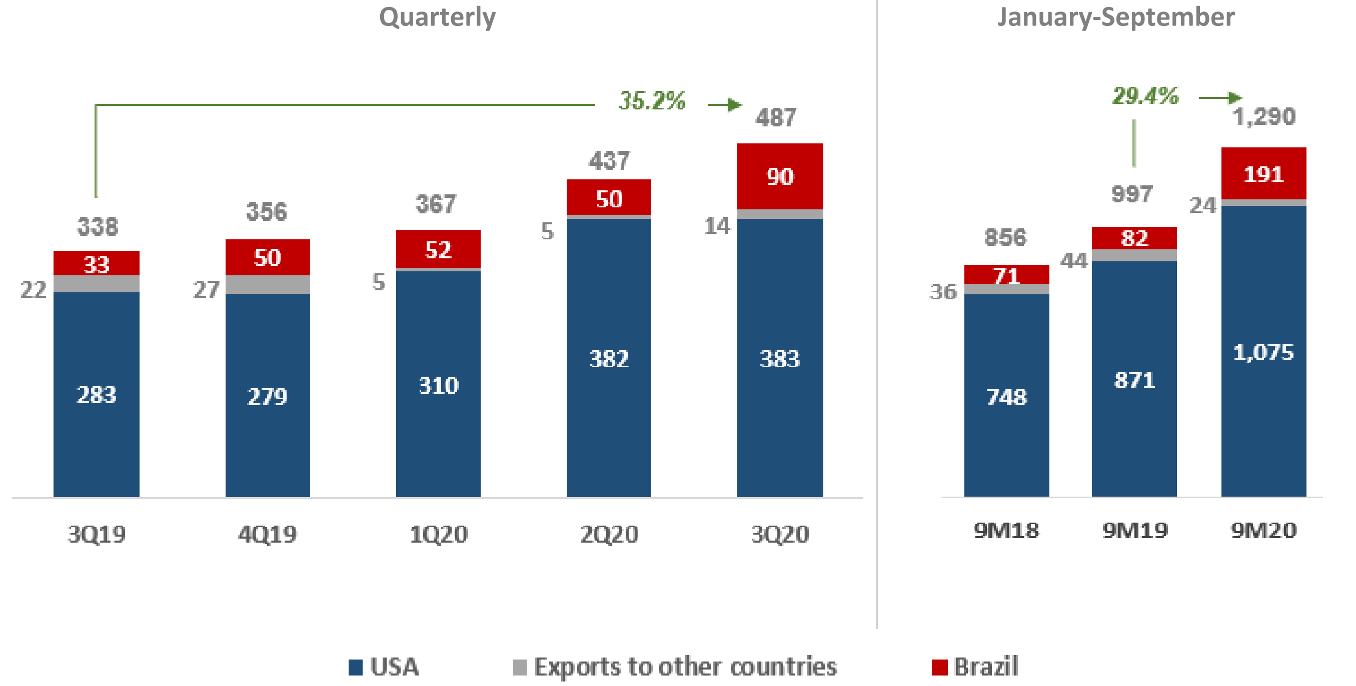
Taurus products sales in the US, which were already increasing even before the strong market response in 2020, followed the upward trend. With manufacturing activities aligned, drawing on an updated line of firearms that meets consumer demands, and with efficient logistics processes, the market found Taurus prepared to quickly respond to demand growth. There was a decrease in product inventories at the Company and distributors, while we were able to quickly meet our customers' demand by accelerating production both in Brazil and in the US.

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



In 9M20, we exceeded our historical sales record of more than 1 million weapons in the US from January to September. We sold 1,074,500 firearms, or 23.3% more than the number sold in the US in the same period of 2019. In 3Q20 sales of Taurus firearms in the US totaled 383,100 units, a level similar to the level recorded in the preceding quarter and up 35.2% compared to 3Q19. As our brand became more consolidated and recognized as the most cost effective, we reached a prominent position in the US light firearms market, as the 4th most purchased brand in the US. We have expanded our sales by reinforcing our market share in the US because in addition to meeting strong demand, our brand is the most desired by people who want to acquire their first gun.

Sales Volume – Total Taurus (thousand units)



In the **Brazilian market**, our firearm sales have also been increasing steadily and, although the volumes are much lower than the in the US, a country that concentrates the largest gun market in the world, the percentage growth of the units sold domestically are still the highlight, as in the previous quarter. We sold 89,700 units in Brazil in the 3Q20, a 174.3% quarter-on-quarter increase. As a result, accumulated sales in 9M20 totaled 191,500 units, compared to 82,300 units in 9M19, an increase of 132.7% in the period. The sales growth in the domestic market is primarily due to purchases made by individual consumers (hunters, shooters and collectors or CACs), police officers for private use, and magistrates—with the highest demand for calibers with restricted sale by previous Brazilian law, such as 9mm pistols and rifles. With the legal change regarding gun possession in Brazil, the consumer profile has changed, with increased demand for these models that have greater added value, providing greater profitability for the Company.

Despite with the market deregulation in Brazil, we continue to dominate the domestic market because we offer the best prices for equivalent quality products in all firearm segments. No imported brand can compete in terms of quality and price with Taurus.

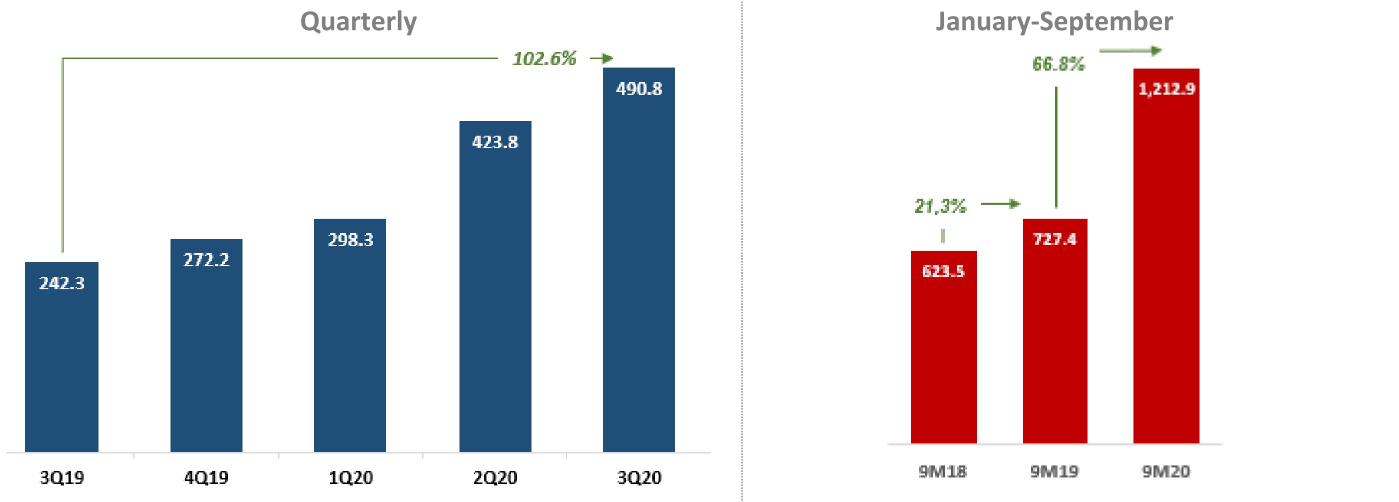
Economic and Financial Performance

Net operating revenue

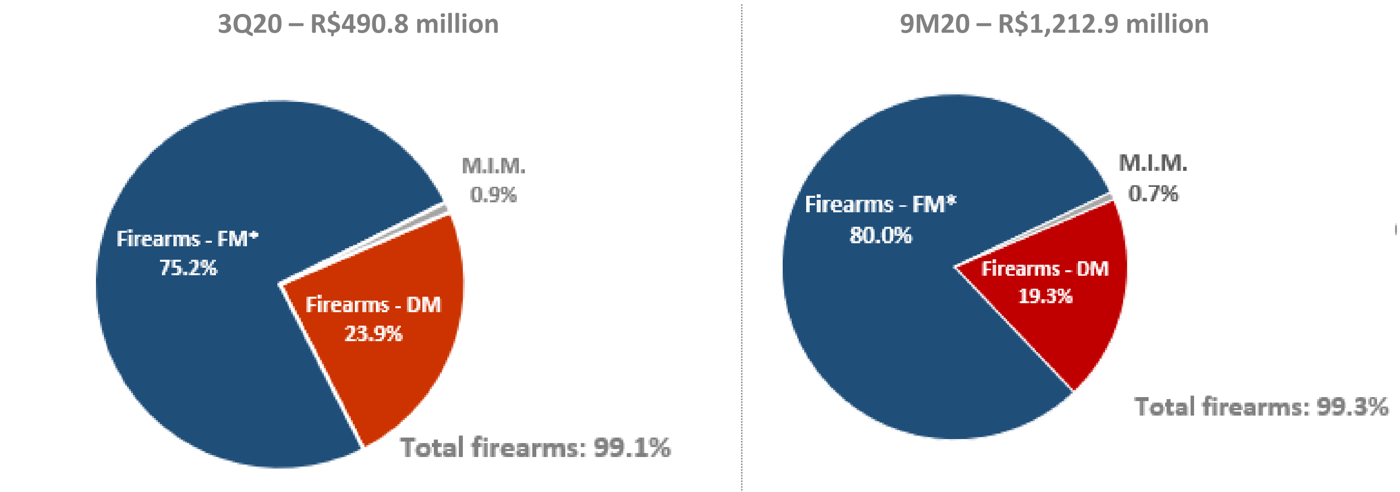
With the maintenance of a steady demand and the good acceptance of Taurus products by consumers, both in the Brazilian and US markets, and also of the new products launched, whose added value impacts directly our revenue, in 3Q20 we posted consolidated net revenue of R$490.8 million, considering sales of weapons and injected metal parts (M.I.M.). For another consecutive time, revenue performance exceeds record revenue posted in the previous quarter. Revenue increase by 15.8% compared to 2Q20 and quarter-on-quarter net revenue, increasing 102.6%.

Consecutive quarterly records allowed net revenue for 9M20 to exceed net revenue for the entire 2019 by 21.3%.

Consolidated Net Operating Revenue
(R$ million)



Per segment

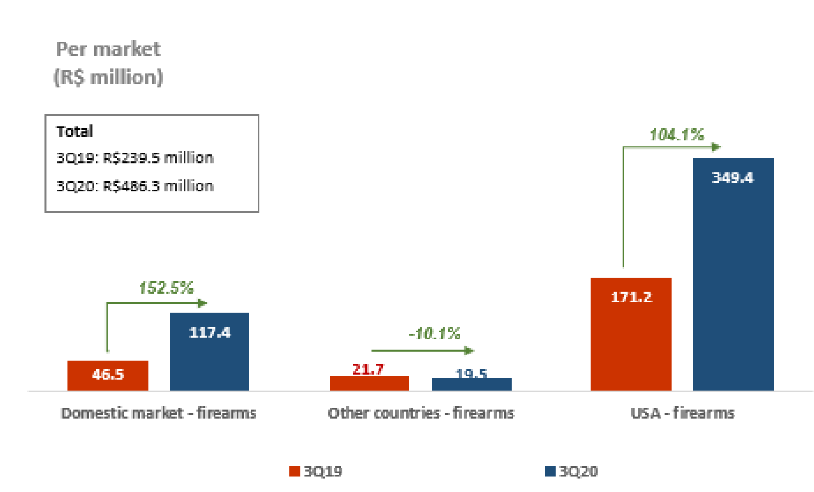


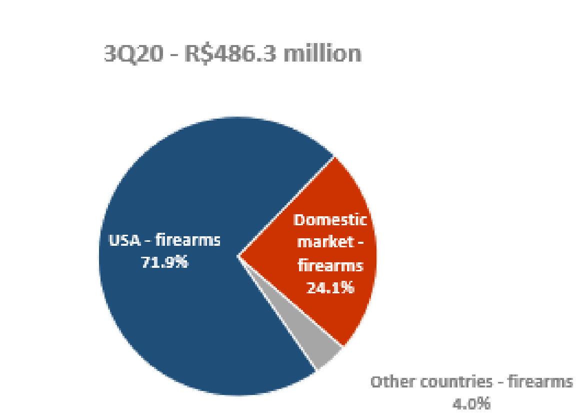
**Firearms – FM includes USA and exports to other countries*

By setting a strong pace to our operations and deliveries, based on sound, effective processes adopted in its pants, our sales kept on growing, which resulted in the revenue development above. In the period January-September 2020, net revenue totaled R$1.212.9 million, already exceeding the previous year by 21.3%.

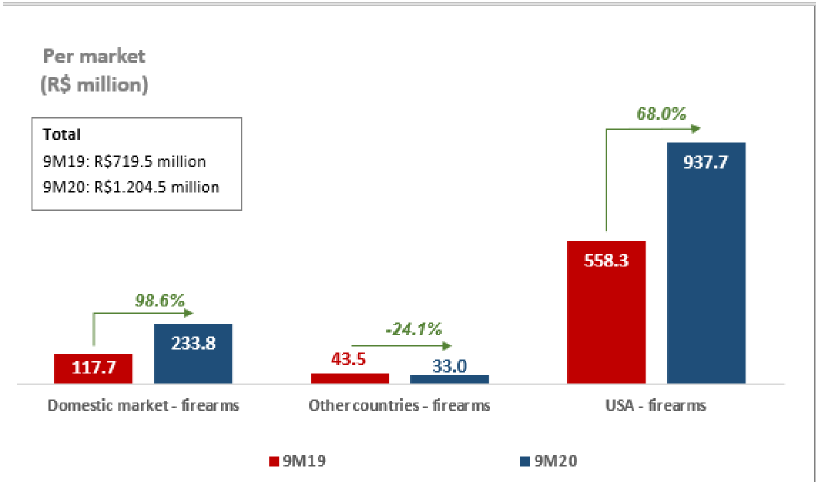
In addition to the mentioned drivers, such as the increase in demand for weapons in the US and Brazil, the brand's market recognition, with our current product line and production and delivery capacity to meet such demand, our revenue also benefits from foreign exchange gains. Both in 3Q20 and 9M20, sales abroad accounted for 80% of our consolidated net revenue. Because of the depreciation of the Brazilian real against the US dollar in 2020—35.6% in the quarterly comparison and 30.7% in the semiannual comparison, considering the average dollar rate for the periods, revenue from sales abroad include the foreign exchange gains, when accounted for in local currency.

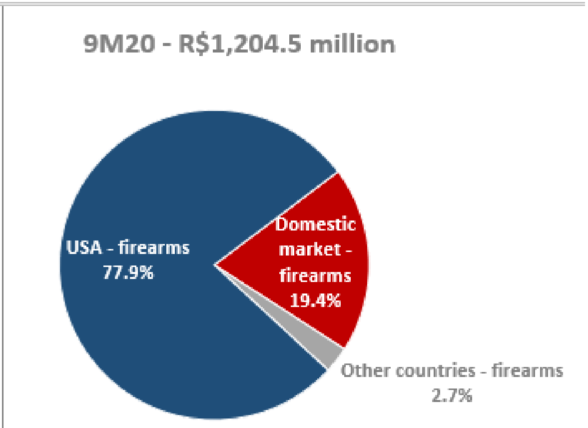
FIREARMS - Net Operating Revenue
Quarterly





January-September





Revenues from the firearms segment alone, of R$486.3 million in the 3Q20 and R$1,204.5 million in the first nine months of the year, increased 103.1% and 67.4%, 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 9M20 and 71.8% in 3Q20.

As we can see, the share of the USA in total revenue from firearm sales dropped some points, despite the accounting gain in the translation of this revenue into Brazilian reais and the increase in sales in this country. This is due to the significant increase of revenue from the firearm sales in the domestic market, which has reached R$117.4 million in 3Q20, a quarter-on-quarter increase of 152.2%, thus leading to the increase of domestic market share in revenue from firearm sales. In the same period, revenue from sales in the US also more than doubled, increasing 104.1%.

In January-September 2020, revenue from firearm sales increased 98.6% in the domestic market and 68.0% in the US market when compared with the same period of 2019.

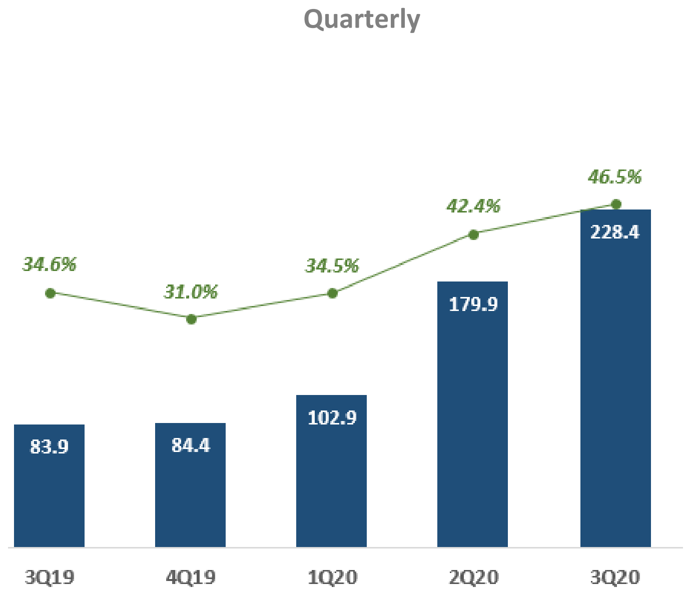
Sales in the US are made exclusively to individual consumers, through distributors in USA, and in Brazil our main costumer has been the CACs (collectors, shooters and hunters). On the other hand, sales to other countries are mostly made to police forces and the military of these customer countries, by participating in international bids held for the purchase of firearms. Because of the difficulties caused by the global COVID-19 pandemic, there was a reduction in these bids during the year, which should be resumed and offset in the coming months. Even though we continue to participate in international bids, we have also prioritized meeting the growing demand in our two main markets: the US and Brazil. Thus, our quarter-on-quarter revenue from the sale of arms to foreign countries other than the USA fell 10.1% and sales in 9M20 fell 24.1% compared to 9M19.

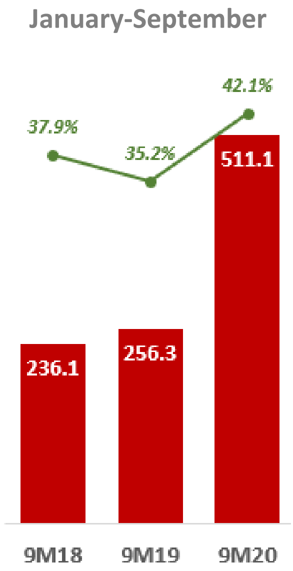
Our wide product portfolio and the renewal of our firearms line have attracted consumer interest in Brazil and abroad, contributing to increased sales and revenue growth. In 9M20, sales of new products launched in the previous two years accounted for 35.3% of our Company's revenue from firearm sales, or R$424.7 million.

Gross profit

The record gross profit is evidence of our management's firm actions regarding production costs and a better adjustment operating processes, and also results from the development of new products with greater added value and that meet the consumer demands. All these drivers are aligned with our strategic planning in progress and allowed for the progress of revenue recorded in 3Q20 to be accompanied by growth with a lower share of cost of sales, with a consequent increase in gross margin. Once again, our performance confirms that revenue growth was not due to sales efforts with pressure on profitability since the trend recorded in recent quarters of increasing gross profit with concurrent higher gross margin was maintained, further evidencing that we are committed to a new standard of operating performance.

Gross Profit (R$ million) and Gross Margin (%)





Gross profit (R$ million) — Gross Margin (%)

Quarter-on-quarter gross profit for 3Q20 was up 172.3%, totaling R$228.4 million, and exceeding gross profit for the previous quarter by 27.0%. Gross margin reached 46.5%, an unprecedented level in our history, exceeding the previous record reached in 2Q20 (42.4%) by 4.1 percentage points, and by 11.9 p.p. the margin recorded in 3Q19 (34.6%).

Our gross performance has shown a continuous positive development in the last quarters, which was intensified from 2Q20 onwards by the high demand in Brazil and in the US, the two largest Taurus firearms' markets, and the constant increase in the production pace at our two plant. As a result, gross profit accumulated in the first nine months of 2020 reached R$511.1 million, with a gross margin of 42.1%. This performance represents 99.4% and 6.9-percentage-point growth compared to the 9M19 performance. All the work done during the past three years in terms of realigning manufacturing processes, supplier management in terms of quality, supply cost and reliability, logistics process reviewing, and management of raw material and finished goods inventories and firm cost control, aligned with the readjustment of the product mix, allowed us to be prepared to meet the consumer requirements at this time of high demand.

Operating expenses

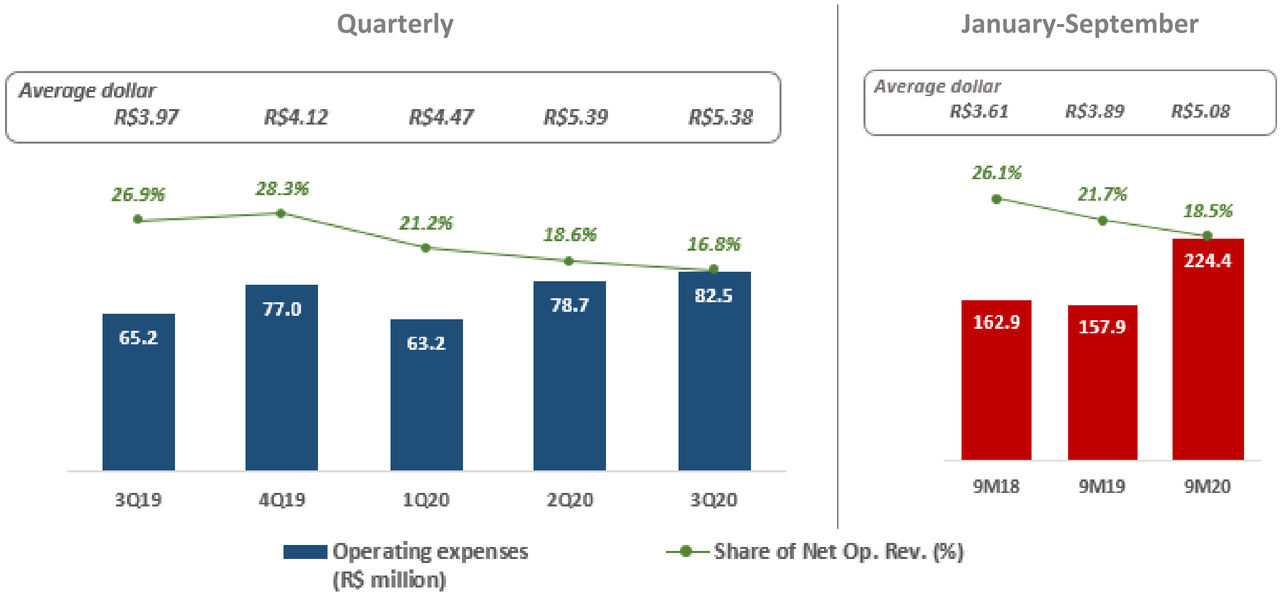
	3Q20	3Q19	3Q20 v. 3Q19 % change	2Q20	3Q20 v. 2Q20 % change	9M20	9M19	9M20 v. 9M19 % change
Selling expenses	40.2	30.8	*30.5%*	38.6	*4.1%*	108.2	87.5	*23.7%*
General and administrative expenses	44.2	31.5	*40.3%*	40.6	*8.9%*	122.1	98.2	*24.3%*
Asset impairment losses (income)	1.5	0.0	-	0.1	*1400.0%*	-1.6	0.3	-
Other operating income (expenses)	-3.4	3.0	-	-0.6	*466.7%*	-4.3	-28.1	*-84.7%*
Operating expenses (SG&A)	**82.5**	**65.3**	***26.3%***	**78.7**	***4.8%***	**224.4**	**157.9**	***42.1%***
Operating exp./Op. income, net (%)	*16.8%*	*26.9%*	*-10,1 p.p.*	*18.6%*	*-1,8 p.p.*	*18.5%*	*21.7%*	*-3,2 p.p.*
Ptax dollar exchange rate at end of period (R$)	5.38	3.97	*35.6%*	5.39	*-0.2%*	5.08	3.89	*30.7%*

Operational expenses totaled R$82.5 million in 3Q20, a quarter-on-quarter increase of 26.5%. As in the case of change of the cost of sales, the increase in operating expenses was lower than the increase in revenue over the period, of 102.6%, thus providing greater dilution of these expenses.

On the other hand, the Company's operating expenses are partially impacted by changes on foreign exchange rates, since both general and administrative expenses and sales expenses incurred by the plant in the US are denominated in US dollars and translated into the Brazilian legal tender for accounting purposes in our consolidated results of operations. In the last twelve months, the depreciation of the real was 35.6% when comparing the average US dollar exchange rate in 3Q20 with the exchange rate in 3Q19, adversely impacting this portion of our operating expenses.

When evaluating the accumulated performance in the first nine months of the year, total operating expenses grew 42.1% growth, which, as in the quarterly evolution, indicates a greater dilution of expenses, since this increase was lower than the increase in net revenue for the same period, of 66.8%. Thus, total operating expenses in 9M20, of $244.4 million, account for 18.5% of profit for the period, compared to 21.7% in 9M19. This occurred despite the fact that the 2019 comparison basis includes the positive revenue effect of R$28.1 million in line item 'Other operating expenses', which basically refers to nonrecurring revenue from recovered prior years' tax.

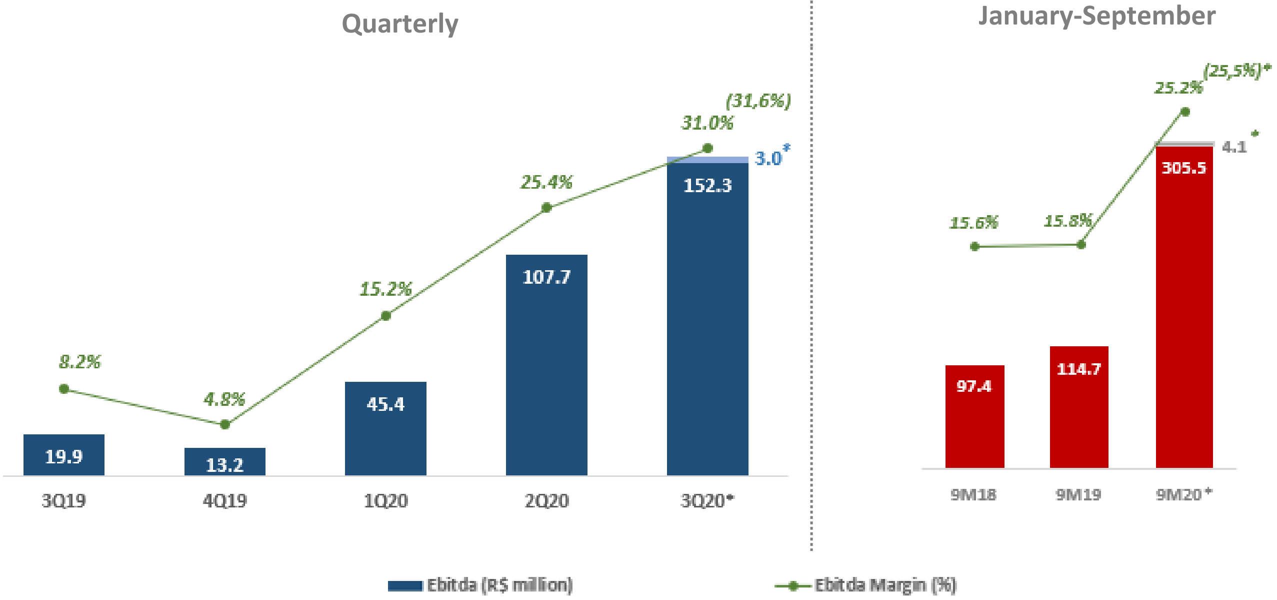
Operating Expenses (R$ million) and their share of Net Revenue



EBITDA

The operating cash generation measured by Ebitda (earnings before interest, taxes, depreciation and amortization) portray the net revenue growth, higher gross profitability, and greater dilution of operating expenses in relation to revenue, and as a result reached record levels for another consecutive quarter. The growing operating efficiency, coupled with a favorable market drove the 3Q20 Ebitda to reach R$152.3 million, which is 19.0% higher than Ebitda for the entire 2019. Quarter-on-quarter Ebitda increased more than seven times, or 665.3%. The growth in absolute figures was also accompanied by an increase in the Ebitda margin, which was 31.0% in the quarter, 22.8 percentage points higher than the Ebitda margin obtained in the previous quarter.

Ebitda (R$ million) and its margin



**3Q20 and 9M20: Adjusted Ebitda increased by R$3.0 million and R$4.1 million, respectively, relating to nonrecurring expenses incurred due to the COVID-19 pandemic*

We confirm that we have reached a consolidated new level of operational performance. Ebitda for January-September 2020 was R$305.5 million, more than the double of Ebitda for 9M19 (+166.3%), and an increase of 9.4 percentage points in the Ebitda margin, which reached 25.5% in 9M20.

The nonrecurring expenses and costs related to adjustments made due to the pandemic, which include donations and additional expenses such as food program, health, uniforms, PPE, freight and other, totaled R$3.0 million in the 3Q20 and R$4.1 million in 9M20. Adjusted Ebitda, i.e., by deducting these nonrecurring amounts from the calculation basis, would total R$155.3 million in 3Q20, with an Ebitda margin of 31.6%, and R$309.5 million in January-September 2020, with an Ebitda margin of 25.5%.

Ebitda calculation - reconciliation according to ICVM 527/12.

R$ million	3Q20	3Q19	% change *2Q20 v. 2Q19*	2Q20	% change *2Q20 v. 1Q20*	9M20	9M19	% change *1S20 v. 1S19*
Earnings before interest and taxes (Ebit)	145.9	18.6	*684.4%*	101.2	*44.2%*	286.7	98.3	*191.7%*
Depreciation and amortization	6.4	1.3	*392.3%*	6.5	*-1.5%*	18.7	16.4	*14.0%*
Ebitda	**152.3**	**19.9**	***665.3%***	**107.7**	***41.4%***	**305.5**	**114.7**	***166.3%***
Ebitda Margin	*31.0%*	*8.2%*	*+22,8 p.p.*	*25.4%*	*+5,6 p.p.*	*25.2%*	*15.8%*	*+9,4 p.p.*
Nonrecurring expenses relating to Covid-19	3.0	0.0				4.1	0.0	
Adjusted Ebitda	**155.3**	**19.9**	***680.4%***	**107.7**	***44.2%***	**309.5**	**114.7**	***169.8%***
Adjusted Ebitda margin	*31.6%*	*8.2%*		*25.4%*		*25.5%*	*15.8%*	

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)

Changes in foreign exchange rates, especially considering the significant devaluation of the local currency during the year, have a material impact on our results of operations. This impact generates both a positive effect, when US dollar revenues from sales abroad (80.1% of total revenues in 9M20) are accounted for in Brazilian reais, and also pressures finance costs related relating to our debt, most of which is foreign currency denominated (91.0% of our gross debt as at September 30, 2020). In the last twelve months, from 3Q19 to 3Q20, the average US dollar exchange rate for the quarter went from R$3.97 to R$5.38, which represents an increase of 35.5%. Considering the average US dollar rate for the first nine months of 2020 compared to the 9M19, the devaluation of the Brazilian real was 30.6%.

R$ million	**3Q20**	**3Q19**	% change ***3Q20 v. 3Q19***	**2Q20**	% change ***3Q20 v. 2Q20***	**9M20**	**9M19**	% change ***1S20 v. 1S19***
(+) Finance income	**74.1**	**0.2**	***36950.0%***	**35.7**	***107.6%***	**130.1**	**34.4**	***278.2%***
Foreign exchange gains	*73.9*	*-0.9*	-	*35.4*	*108.8%*	*129.5*	*3.9*	*3220.5%*
Interest IOF and other income	*0.1*	*1.1*	*-90.9%*	*0.3*	*-66.7%*	*0.6*	*30.5*	*-98.0%*
(-) Finance costs	**115.9**	**64.5**	***79.7%***	**91.1**	***27.2%***	**416.2**	**112.1**	***271.3%***
Foreign exchang losses	*96.6*	*49.7*	94.4%	*80.0*	20.8%	*372.0*	*62.5*	495.2%
Interest IOF and other costs	*19.4*	*14.7*	32.0%	*11.1*	74.8%	*44.2*	*49.6*	-10.9%
(+/-) Finance income (costs), net	**-41.8**	**-64.3**	*-35.0%*	**-55.4**	*-24.5%*	**-286.1**	**-77.8**	*267.7%*
Average US dollar Ptax rate for the period (R$)	**5.38**	**3.97**	*35.5%*	**5.39**	*-0.2%*	**5.08**	**3.89**	*30.6%*

As result of the US dollar appreciation against the Brazilian real, **finance costs** for 3Q20 totaled R$115.9 million, compared to R$64.5 million in the same period in 2019 (+(+ 79.7%), while in September year-to-date expenses were up 271.3% compared to 9M19. As we can see in the table above, foreign exchange losses represent the largest portion of the Company's finance costs and are the main driver for the posted increase. It is worth noting that these changes in foreign exchange rates on foreign currency-denominated debt have an accounting impact and do not have an immediate cash effect, but only at the related maturities.

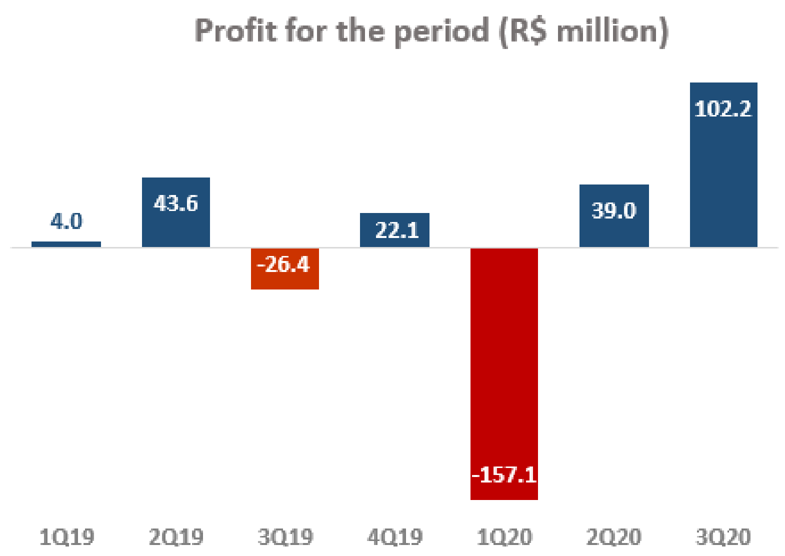
At the same time, there was an increase in finance income, which totaled R$74.1 million in 3Q20, compared to R$0.2 million in 3Q19, and R$130.1 million in 9M20, compared to R$34.4 million in the same period last year. Once again, the changes are basically due to the effect of foreign exchange differences, in this case with appositive impact and resulting in an increase in the finance income recorded for the periods.

In 3Q20 we posted **net finance expenses** of R$41.8 million, a balance 35.0% lower than net finance expenses for 3Q19, despite the 35.5% depreciation of the Brazilian real against the US dollar, considering the average dollar rate in both quarters. In addition to the increase in finance income, the improved performance reflects the new terms and conditions for the payment of obligations assumed with the Syndicate of our creditor banks, set with the execution of an amendment on August 10, 2020. 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 growing cash flows.

Profit for the period

We posted profit of R$102.2 million for 3Q20, including R$2.9 million in earnings generated by the helmet operation, classified as 'Discontinued operation'. This quarter's performance offsets the losses of R$26.4 million in 3Q19 and exceeds profit for the previous quarter by in R$63.2 million (or 162.1%). Our current and consolidated operating performance standard contributed to the result, which allows us to efficiently and profitably meet the increasing demand in US and Brazilian markets, and the reduction of net finance costs.

Profit for 3Q20 allowed us offset almost all the entirety of the accumulated net losses from previous months, relating of the R$157.1 million loss for 1Q20, when profit was pressured by finance costs. In 1Q20, foreign exchange losses calculated on our debt due to the depreciation of the Brazilian real against the US dollar educed profit by R$195.4 million. In 9M20, we accumulate a loss of R$15.9 million.



INDEBTEDNESS

The Company's debt is primarily denominated in US dollars and, therefore, the exchange rate of this currency against to the Brazilian real has had a significant impact on the indebtedness position. As at September 30, 2020, Taurus recorded gross debt of R$999.8 million, 10.9% higher than the position at the end of 2019. This increase, however, is lower that the foreign exchange differences since, taking into account that the US dollar Ptax rate went from R$4.0307 on December 31, 2019 to R$5.6407 on September 30, 2020, the local currency depreciated 39.9% in the period.

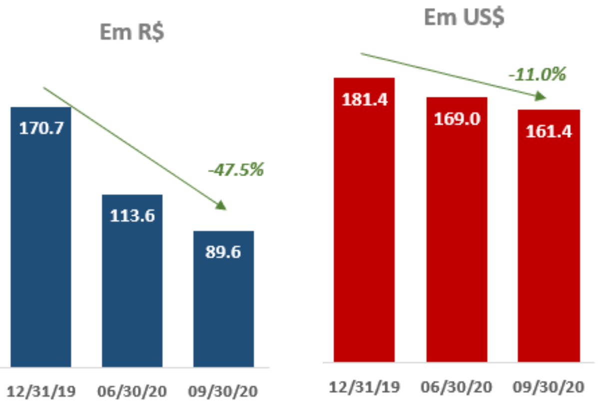
Since R$910.2 million, or 91.0%, of the total gross debt recorded in our balance sheet as at September 30, 2020 is denominated in foreign currency, the effect of changes in foreign exchange rates on the amount in local currency is material. In fact, the increase in indebtedness recorded in the period derives exclusively from foreign exchange differences on translating the debt portion denominated in foreign currency into Brazilian reais at the exchange rate on the related dates.

	09/30/2020			12/31/2019			% change
R$ million	Consolidate	*Brazil*	*USA*	Consolidated	*Brazil*	*USA*	Consolidated
Borrowings and financing	86.9	*86.9*	*0.0*	97.6	*97.6*	*0.0*	*-11.0%*
Debentures	9.5	*9.5*	*0.0*	13.3	*13.3*	*0.0*	*-28.6%*
Advance on receivables	0.0	*0.0*	*0.0*	73.5	*73.5*	*0.0*	-
Foreign exchange drafts	109.2	*109.2*	*0.0*	78.2	*78.2*	*0.0*	*39.6%*
Current	**205.6**	***205.6***	***0.0***	**262.6**	***262.6***	***0.0***	***-21.7%***
Borrowings and financing	730.2	*597.1*	*133.2*	577.4	*430.1*	*147.3*	*26.5%*
Debentures	64.0	*64.0*	*0.0*	61.6	*61.6*	*0.0*	*3.9%*
Noncurrent	**794.2**	***661.0***	***133.2***	**639.1**	***491.8***	***147.3***	***24.3%***
Gross debt	**999.8**	***866.6***	***133.2***	**901.7**	***754.4***	***147.3***	***10.9%***
Cash and short-term investments	61.1			36.0			*69.7%*
Net debt	**938.7**			**865.7**			***8.4%***
Ptax dollar exchange rate at end of period (R$)	**5.64**			**4.03**			***39.9%***
Gross debt translated into US dollars (US$ million)	**177.3**			**223.7**			***-20.8%***

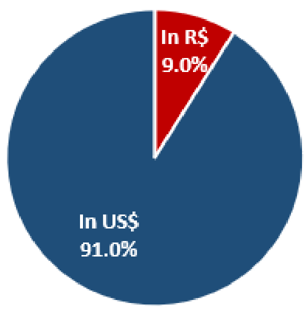
As we can see in the exercise shown in the table and graph below, when considering the different "blocks" of our gross debt in the currencies in which they are denominated, on a consolidated basis, the position at the end of 3Q20 is always lower when compared to the position in US dollars.

Gross debt

In the original currency



At 30/09/2020
R$999.8 million - per currency

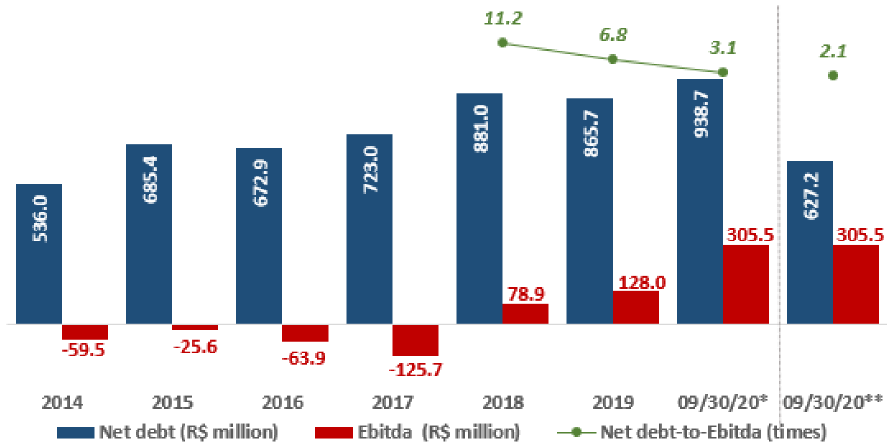


Because of our greater capacity to generate cash from operating activities, the balance of cash and short-term investments at the end of September was R$61.1 million, an amount 69.7% million higher than at the end of 2019. Accordingly, net debt as at September 30, 2020 was R$938.7 million, up 8.4% compared to the net debt at December 31, 2019.

As established in our strategic plan, our financial indicators are based on a new standard, as a result of the growing results of operations, with a new cash generation threshold. The financial leverage ratio (net debt-to-Ebitda) posted a significant increase: at the end of 2017, we posted presented negative Ebitda, burning cash in the operations; at the end of 2018, in the first year of the current management, this ratio was 11.2 times; and at the end of September 2020, with the Ebitda accumulated in only 9 months, it had already reached 3.1 times.

We also have two assets for sale and the proceeds of their sale, when completed, will be exclusively used to reduce our debt: helmet plant in Bahia, with an book value of R$50.1 million, and land of the old factory in Porto Alegre, with a book value of R$51.4 million, and the balance of the outstanding subscription warrants which should represent an inflow of roughly R$210.0 million. Making an exercise in which these amounts are deducted from total debt as at September 30, 2020, the net debt-to-Ebitda ratio would be 2.1 times.

The net debt-to-Ebitda ratio makes no sense when Ebitda is negative and, therefore, there is no cash generation by operating activities, as was the case in past years. The leverage ratio development graph shown below, from 2014 to September 2019, allows us to view the utter change in our performance over the last few years.

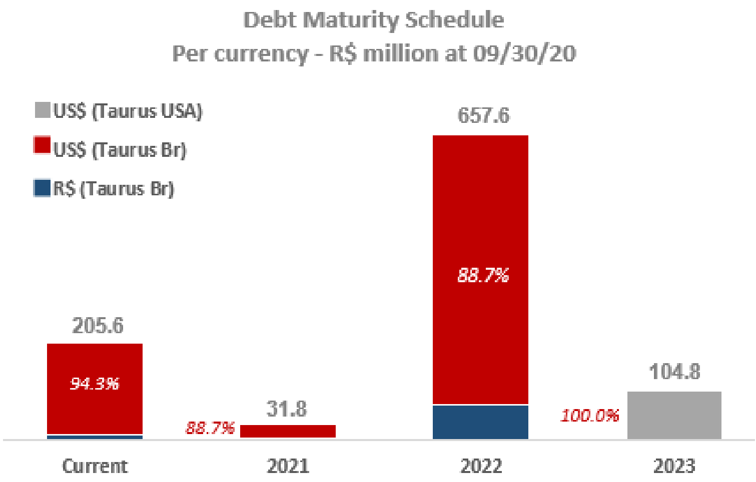


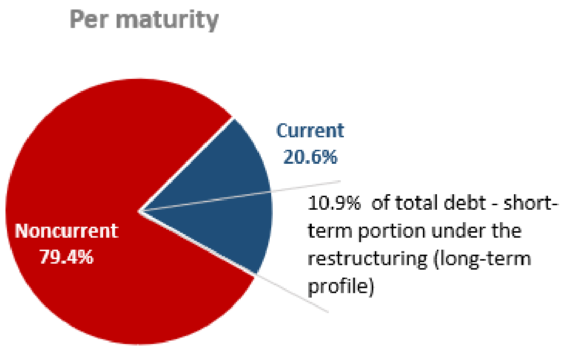
** Net debt at September 30, 2020 and Ebitda for 9M20*

*** Net debt as at September 30, 2020 less book values of the assets for sale (helmet plant: R$50.1 million; land: R$51.4 million), as per Note 13 to the interim financial statements, and the amount of outstanding subscription warrants (R$210.0 million) and Ebitda for 9M20*

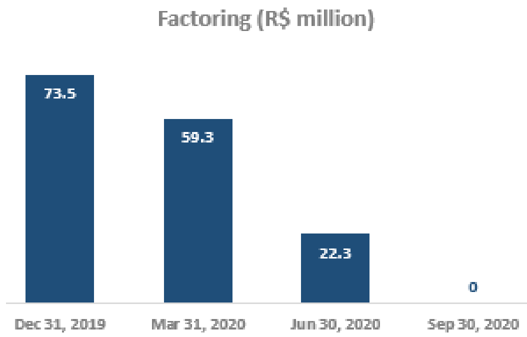
In terms of maturity, our debt is mostly long term, with 79.4% of total gross debt as at September 30, 2020 maturing between 2021 and 2023. The amendment to the agreement entered into with the creditor banks in early August contemplates the rescheduling of the payment of approximately R$123 million in principal that would mature in June 2020, diluting this payment over 31 months. This granted a greater financial buffer and allows payments to be better adjusted to our cash flows.

Gross debt at 09/30/2020 - R$999.8 million
Maturity profile

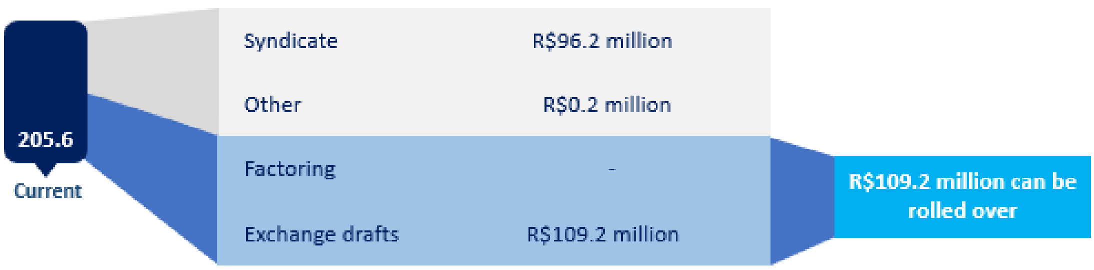




As at September 30, 2020, 53.1% (R$109.2 million) of the current portion of gross debt totaling R$205.6 million is represented by foreign exchange drafts under automatic renewal agreement at each maturity, with possible settlement by mid-October 2022. This agreement also involves the renewal of factoring agreements. However, with the growing cash flow generation, we have been reducing the need for this financial instrument and zeroed our position at the end of September. As a result, at the end of September 2020, the actual current portion of our debt was R$96.4 million, or 9.7% of the total gross debt at the same date.



Current gross debt as at September 30, 2020 - R$205.6 million



CAPITAL MARKET

In the twelve-month period ended September 30, 2020, our preferred shares (TASA4), which are listed on B3's Small Caps Index (SMLL) portfolio, appreciated 132.9%, and our common shares (TASA3) increased 135.1%, compared with Ibovespa's negative performance of 9.7% in the same period. Considering the performance during 2020, until the end of the third quarter, the appreciation of our common shares was 52.3% and our preferred shares 31.9%, while the Ibovespa depreciated 18.9%.

	TASA3	TASA4	Market value	Economic value (EV)*
09/30/2019	R$3.34	R$3.36	R$296.3 million	R$1,042.4 million
09/30/2020	R$7.78	R$7.90	R$698.0 million	R$1,509.2 million
Change	**+ 132.9%**	**+ 135.1%**	**+ 135.6%**	***+44.8%***

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

Statement of Value Added

The value added by Taurus from its activities in January-September 2020 was R$775.2 million, which exceeds the value added in the same period of 2019 by 102.2%. The increase reflects the Company's restructuring, with the actions taken since 2018, which allowed us to be ready to meet the increase in demand during the year.

Of the total of R$1.428.0 million in gross revenue for the first nine months of the year, 54.3% or R$775.2 million was generated by our operating and financing activities. Thus, of each R$1.00 received by us in the quarter, we added R$0.54, which were distributed as disclosed in the table below.

R$ million	9M20	9M19
Revenue	**1,428.0**	**889.7**
Inputs purchased from third parties	-767.6	-525.3
Gross value added	**660.4**	**364.4**
Depreciation, amortization and depletion	-18.7	-16.4
Wealth created	**641.7**	**348.0**
Finance income	130.1	34.4
Wealth created by discontinued operations for distr	3.5	1.0
Total wealth for distribution	**775.2**	**383.3**
Wealth distributed		
Personnel	122.7	106.7
Government (taxes, fees and contributions)	250.8	142.4
Lenders and lessors	417.5	112.9
Shareholders	0.0	0.0
Other	-15.9	21.3

Event After the End of the Reporting Period

Material Fact - Joint Venture for the production of firearm parts and accessories

On October 8, we disclosed a Material Fact informing that, after completing the relevant feasibility studies and obtaining the Board of Directors' authorization, we executed a final agreement for the creation of a joint venture focused on the manufacture and sale of clips and other stamped light firearm components for the domestic and foreign markets.

The partnership was entered into with Joalmi Indústria Metalúrgica Ltda., a company with more than 30 years' experience in the automotive industry and expertise in engineering, technology and development of stamped parts in ferrous and nonferrous metals, and the assembly of highly complex products, which has several local and foreign quality certifications. The joint venture will have share capital held by both companies, consisting of a 51% stake held by Taurus and 49% stake held by Joalmi.

The technology used in the manufacture of the magazines, besides being strategic for us, is key for the perfect functioning and safety of the weapons. The goal is to develop our proprietary technology consistent with the highest market quality standards. By creating this joint venture, we will become self-sufficient in the production of magazines, with volume flexibility, integrated logistics, and steep reduction of operating costs. It will also allow us to enter the magazine aftermarket segment, currently dominated by few foreign suppliers.

Our internal demand currently stands at approximately 5 million magazines per year, considering the plants in Brazil and the United States. This adds to the demand from other companies and the promising global aftermarket. The joint venture will have an installed capacity of 7.4 million units per year by the end of 2022 and its expansion may be anticipated, depending on the company's performance in the aftermarket.

The new magazine company will start its production still in 2020 at Joalmi's manufacturing center, in Guarulhos, São Paulo, and is expected to be transferred to Taurus manufacturing center in São Leopoldo, RS in 2021.

APPENDICES

Statement of Profit or Loss

R$ million	3Q20	3Q19	*% change*	2Q20	*% change*	9M20	9M19	*% change*
Net operating revenue	490.8	242.3	*102.6%*	423.8	*15.8%*	1212.9	727.4	*66.7%*
Cost of sales and/or services	-262.4	-158.4	*65.7%*	-243.9	*7.6%*	-701.8	-471.1	*49.0%*
Gross profit	**228.4**	**83.9**	***172.2%***	**179.9**	***27.0%***	**511.1**	**256.3**	***99.4%***
Operating (expenses) income	-82.5	-65.2	*26.5%*	-78.7	*4.8%*	-224.4	-157.9	*42.1%*
Selling expenses	-40.2	-30.8	*30.5%*	-38.6	*4.1%*	-108.2	-87.5	*23.7%*
General and administrative expenses	-44.2	-31.5	*40.3%*	-40.6	*8.9%*	-122.1	-98.2	*24.3%*
Impairment losses	-1.5	0.0	-	-0.1	*1400.0%*	1.6	-0.3	-
Other operating income	4.2	2.1	*100.0%*	1.3	*223.1%*	8.1	42.3	*-80.9%*
Other operating expenses	-0.7	-5.1	-	-0.7	-	-3.8	-14.2	*-73.2%*
Profit before finance income (costs) and taxes	**145.9**	**18.6**	***684.4%***	**101.2**	***44.2%***	**286.7**	**98.3**	***191.7%***
Finance income (costs)	-41.8	-64.2	*-34.9%*	-55.4	*-24.5%*	-286.1	-77.8	*267.7%*
Finance income	74.1	0.2	*36950.0%*	35.7	*107.6%*	130.1	34.4	*278.2%*
Finance costs	-115.9	-64.5	*79.7%*	-91.1	*27.2%*	-416.2	-112.1	*271.3%*
Pretax income	**104.0**	**-45.6**	-	**45.8**	***127.1%***	**0.6**	**20.6**	***-97.1%***
Income tax and social contribution	-4.6	18.4	-	-7.0	*-34.3%*	-20.0	-0.2	*9900.0%*
Current	-4.0	16.0	-	-3.0	*33.3%*	-7.5	-4.3	*74.4%*
Deferred	-0.7	2.4	-	-4.0	*-82.5%*	-12.4	4.1	-
Profit (loss) from continuing operations	**99.4**	**-27.2**	-	**38.9**	***155.5%***	**-19.3**	**20.3**	-
Profit (loss) from discontinued operations	2.9	0.8	*262.5%*	0.2	*1350.0%*	3.5	1.0	*250.0%*
Consolidated profit (loss) for the period	**102.2**	**-26.4**	-	**39.0**	***162.1%***	**-15.9**	**21.3**	-
Attributable to owners of the Company	102.2	-26.4	-	39.0	*162.1%*	-15.9	21.3	-
Earnings per share (R$/share)								
Basic earnings per share								
Common shares (ON)	*1.1555*	*-0.3367*	-	*0.4414*	*161.8%*	*-0.1792*	*0.2563*	-
Preferred shares (PN)	*1.1555*	*-0.3367*	-	*0.4414*	*161.8%*	*-0.1792*	*0.2563*	-
Diluted earnings per share								
Common shares (ON)	*1.1565*	*-0.2982*	-	*0.4412*	*162.2%*	*-0.1780*	*0.2408*	-
Preferred shares (PN)	*1.1565*	*-0.2981*	-	*0.4412*	*162.1%*	*-0.1780*	*0.2409*	-

Assets

R$ million	09/30/2020	12/31/2019	% change
Total assets	**1,295.7**	**1,066.4**	***21.5%***
Current assets	**870.9**	**694.5**	***25.4%***
Cash and cash equivalents	61.1	36.0	*69.7%*
Cash and banks	52.0	28.4	*83.1%*
Highly liquid short-term investments	9.1	7.6	*19.7%*
Short-term investments	0.0	0.0	-
Accounts receivable	320.1	165.0	*94.0%*
Inventories	323.1	315.8	*2.3%*
Recoverable taxes	19.4	31.1	*-37.6%*
Prepaid expenses	2.9	6.3	*-54.0%*
Other current assets	144.2	140.4	*2.7%*
Noncurrent assets	**424.8**	**371.9**	***14.2%***
Long-term receivables	106.0	110.5	*-4.1%*
Short-term investments at amortized cost	0.0	0.0	-
Deferred taxes	91.2	96.2	*-5.2%*
Other noncurrent assets	14.8	14.3	*3.5%*
Investments	0.2	0.2	*0.0%*
Property, plant and equipment	220.2	181.2	*21.5%*
Intangible assets	98.4	79.9	*23.2%*

Liabilities and equity

R$ million	09/30/2020	12/31/2019	% change
Total liabilities and shareholders' equity	**1,295.7**	**1,066.4**	***21.5%***
Current liabilities	594.2	630.0	*-5.7%*
Payroll, benefits and taxes thereon	62.3	30.4	*104.9%*
Payroll and related taxes	28.4	9.7	*192.8%*
Employee benefits and related taxes	33.9	20.7	*63.8%*
Trade payables	92.7	114.2	*-18.8%*
Local suppliers	75.5	61.2	*23.4%*
Foreign suppliers	17.3	53.0	*-67.4%*
Taxes payable	92.5	52.9	*74.9%*
Federal tax liabilities	89.9	50.8	*77.0%*
Income tax and social contribution payable	12.8	12.5	*2.4%*
Other taxes	77.2	38.3	*101.6%*
State tax liabilities	2.5	2.1	-
Municipal tax liabilities	0.1	0.0	-
Borrowings and financing	96.4	110.9	*-13.1%*
In local currency:	2.2	8.9	*-75.3%*
In foreign currency	84.7	88.7	*-4.5%*
Debentures	9.5	13.3	*-28.6%*
Other payables	192.0	249.1	*-22.9%*
Dividends and interest on capital payable	0.0	0.0	-
Derivative financial instruments	0.0	0.0	-
Foreign exchange drafts	109.2	78.2	*39.6%*
Advance on receivables	0.0	73.5	*-100.0%*
Advances from customers	45.2	49.4	*-8.5%*
Payables from noncurrent assets for sale	25.9	27.7	*-6.5%*
Other payables	11.6	20.2	*-42.6%*
Provisions	58.3	72.5	*-19.6%*
Tax, social security, labor and civil provisions	42.2	54.4	*-22.4%*
Other provisions	16.1	18.1	*-11.0%*
Noncurrent liabilities	957.7	741.0	*29.2%*
Borrowings and financing	794.2	639.1	*24.3%*
In local currency:	13.9	13.4	*4.0%*
In foreign currency	716.3	564.1	*27.0%*
Debentures	64.0	61.6	*3.8%*
Other payables	85.2	24.5	*248.2%*
Deferred taxes	10.3	10.3	*0.3%*
Provisions	68.0	67.2	*1.1%*
Social security, labor and civil provisions	60.2	61.7	*-2.4%*
Other provisions	7.8	5.6	*39.9%*
Consolidated shareholders' equity	-256.2	-304.6	*-15.9%*
Issued capital	523.2	520.3	*0.6%*
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	-984.4	-970.3	*1.5%*
Valuation adjustments to equity	46.1	46.0	*0.3%*
Cumulative translation adjustments	190.0	130.6	*45.5%*

1. General Information

Taurus Armas S.A. (“Company”), with registered head office in São Leopoldo, RS, was incorporated on November 17, 1939. Taurus is a Brazilian listed company since 1982 and since 2011 it is listed on Level 2 of Corporate Governance of B3 (ticker symbols TASA3, TASA4).

The Company operates in the Firearms and Accessories and M.I.M. (Metal Injection Molding) segments, with two manufacturing plants, one in Brazil, located in the State of Rio Grande do Sul, and another in Bainbridge, Georgia, United States.

In Brazil, sales are aimed at state, federal, civil and military polices, in addition to the civilian market. Taurus is accredited as a Strategic Defense Company (EED) and is thus qualified to supply products to the Brazilian Armed Forces.

In March 2018, the Company’s Management made a commitment to sell the helmet operation. In order to conduct this process, Taurus hired specialized consulting services. In light of the divestment decision, the investment was classified as ‘held for sale’ and accounted for pursuant to technical pronouncement CPC 31 Non-current Assets Held for Sale and Discontinued Operations. The helmet operation has a plant in Mandirituba (PR).

Production Plant in Bainbridge (USA)

On April 12, 2018, the U.S. plant entered into a memorandum of understanding with the Georgia State Government for the relocation of the U.S. subsidiary’s headquarters from Miami, Florida to Bainbridge, Georgia, USA.

This relocation aims at optimizing production in the United States in order to better meet local demand in terms of production volume, new product development, and improved perception of the Taurus brand.<0} It is also expected that this relocation will bring cost reductions, from state government grants and incentives and, consequently, an increased profitability of the operation.

The new plant was opened on December 5, 2019 with the production lines in operation, and the total migration of operations to Georgia was completed at the end of 2019 when the plant became fully operational.

On May 7, 2020, the Company transferred the production line of the TS-9 pistol from its headquarters in São Leopoldo (RS), Brazil, to its plant in Bainbridge, USA. This was the first assembly line transferred by the Company to its U.S. subsidiary, after the investment made by the Georgia state government in this subsidiary.

The transfer of this line will increase production capacity of the U.S. plant by about 50 thousand firearms/year.

MoU of accessories joint venture

On May 28, 2020, Taurus, after being authorized by its Board of Directors, signed a non-binding Memorandum of Understanding (MoU) with an important Brazilian company in the automotive industry, operating in the domestic market, aiming at setting up a joint venture in Brazil to manufacture accessories for light weapons.

The purpose of the joint venture, if all statutory and legal authorizations are obtained, is the manufacture and sale of light weapon accessories for the domestic and foreign markets. With the execution of the MoU, the parties had until September 30, 2020 to complete the feasibility studies for the creation of the joint venture and the business plan to be developed, as well as to establish the conditions necessary for the implementation of the new business. On September 29, 2020, pursuant to the Material Fact Notice disclosed, an addendum to the memorandum of understanding (MoU) was signed, whereby the effective period was extended for an additional period of ten (10) days, so as to finally enter into the agreement for the setting up of the joint venture.

On October 8, 2020, after being authorized by its Board of Directors, the Company entered into a final agreement for the setting up of the joint venture, which will allow the manufacture and sale of clips and other light firearm stamped components.

The partnership was entered into with Joalmi Indústria Metalúrgica Ltda., a company with more than 30 years' experience in the automotive industry and expertise in engineering, technology and development of stamped parts in ferrous and nonferrous metals, and the assembly of highly complex products, mostly related to car safety systems.

The technology used in the manufacture of the magazines, besides being strategic for us, is key for the perfect functioning and safety of the weapons. By creating this joint venture, Taurus will become self-sufficient in the production of magazines, an aftermarket segment, currently dominated by few foreign suppliers. Also, it allows steep reduction of costs for the Company's operations, with integrated and efficient logistics, volume flexibility, adding value to Taurus Technology and Engineering Center.

The new magazine company will start its production still in 2020 and is fully aligned with Taurus global strategy of making the unit in Brazil the most efficient firearm plant in the global market and a parts distribution hub for all Group units, to support the efficient and lucrative production model. It will also allow Taurus to enter a new business segment, which is the aftermarket segment, currently not exploited by the Company.

Production will start at Joalmi's manufacturing center, in Guarulhos, São Paulo, and is expected to be transferred to Taurus manufacturing center in São Leopoldo, RS in 2021.

The joint venture will have share capital held by both companies, consisting of a 51% stake held by Taurus and 49% stake held by Joalmi. The goal is to develop our proprietary technology consistent with the highest market quality standards to meet Taurus global demand and also the global magazine aftermarket demand.

COVID-19

Since the beginning of the COVID-19 outbreak, the Company has taken several actions to protect the health of its employees and their families, ensure it would continue as a going concern, and contribute to the development of the local and global economy. So far, the Company has limited the outbreak's impact on its operations. During this period, the Company has not suspended its operations in Brazil and in its unit in the United States, as it is classified as an essential activity because of its status as a Strategic Defense Company. The Company has made changes in its operation in order to reduce the flow, contact and gathering of workers, as well as by providing instructions on the measures to be taken, strengthening cleaning measures, and supplying hygiene supplies, measuring the temperature of everyone who enters its units, and the mandatory use of masks, among other measures. Some activities started to adopt a home office scheme, the employees identified as at-risk were put in leave and Taurus also adopted a new system of work scales, work shift rotation, and changes in working hours, aiming at balancing production with people flows, to mitigate the risks of virus transmission and preserve social, economic and financial interests without changing their productive capacity.

The Company has not suffered significant changes in its operations, which guarantees the payment of its debt and its suppliers on due dates. The Company has also adopted measures to maintain its financial health such as:

• Investment prioritization;

• Creation of the Crisis Committee to discuss the impacts of COVID-19;

Review of the annual budget and periodical scenario updating and strict approval process for new expenses.

In compliance with CVM Circular Letter No. 02/2020 of March 10, 2020, which addresses the effects of the COVID19 pandemic on the Company's interim information, Management assessed the main risks and accounting impacts, as well as the uncertainties that could affect said information. Taurus reviewed its credit risks and assessed circumstances that would indicate an impairment of the Company's financial and nonfinancial assets, and identified no impacts due to the pandemic. Except for the costs arising from the increase of cleaning procedures, making face masks, and face shields, buying alcohol gel, sanitization, and other measures directly linked to COVID-19, which to date have totaled approximately R$1.035 million, however, no further costs or expenses were incurred. After all the inherent analyses made according to the legal, strategic and operational requirements of the Company, management did not identify contingencies or the need to recognize provisions linked to COVID-19.

Economic and Financial Restructuring

On July 18, 2018, the Company's Management completed the renegotiation process and execution of the debt agreements with the Bank Syndicate (Banco do Brasil, Banco Santander, Banco Itaú and Banco Bradesco), as well as the renegotiation process of its third issue of public debentures with Banco Haitong.

The Transaction has the following collaterals: (i) collateral assignment of all shares of Taurus Helmets Indústria de Capacetes Ltda. (formerly Taurus Blindagens Ltda.) and Taurus Blindagens Nordeste Ltda. ("Collateral Assignment"); (ii) second degree mortgage on two properties located in Mandirituba, PR and two properties located in Porto Alegre, RS and first degree mortgage on a property located in São Leopoldo, RS ("Mortgage"); and (iii) collateral assignment of receivables arising from all the funds resulting from the possible sale of the shares subject to the Collateral Assignment and the Mortgage, as well as rights inherent to the ownership of the Company's restricted account to be opened for the purpose of receiving the funds.

As an additional option to assist in the economic and financial restructuring, the Company maintains its strategy of: (a) divestment of non-core assets, namely: the helmet operation (historically cost-effective and profitable), whose decision to sell and authorize the sale efforts was made by the Board of Directors in March 2018, in addition to extensive land in a prime residential area of Porto Alegre, where the Company's former facilities were located; and (b) sound restructuring plan, already underway and conducted by a specialized consulting firm already hired.

This restructuring plan, which is in progress, showed positive results throughout 2018 with substantial improvements in 2019. The Company believes that it has obtained efficiency gains in 2020, such as greater reduction of production costs, increased production scale, better dilution of finance costs, considerable improvement of its product quality and strengthening of its processes, and it also expects to continue bringing gains over the next years, in particular for its new plant in Bainbridge, Georgia, in the United States. The plan is divided into four areas: (i) Debt Renegotiation, (ii) Operating Efficiency, (iii) Sales Efficiency, and (iv) Earnings Assessment. The following is a summary of the actions:

I Debt Renegotiation:

On June 8, 2020, the Board of Directors authorized the Company, in an extraordinary meeting, to enter into with the Bank Syndicate a waiver extending the debt repayment maturity until August 31, 2020. During this period, the parties renegotiated the terms of the current agreement for amendment in line with the pandemic scenario. This amendment to the agreement allowed the Company to dilute the principal repayment installments in its cash flow.

On August 10, 2020, the amendments to the agreement relating to the new payment terms and conditions of the obligations to the Bank Syndicate were entered into, which contemplate the rescheduling of the payment of the principal that would mature in June 2020, which decreased from 15.07% to 0.29%, whereas the December 2022 installment decreased from 63.81% to 60.00%. These two adjustments were diluted between the installments due from June 2020 and November 2022. There was a 0.50% annual prospective increase in the bank spread rate. Collaterals also include the pledge of the shares issued by Taurus USA. The amount will be adjusted to the Company's future cash flows and diluted over 31 months, including the other amounts and maturity dates already agreed in the previous agreement, as shown in the table below, in thousands of Brazilian reais (R$):

MATURITIES	CURRENT 1Q20	CURRENT After signature	NONCURRENT	
Year	**2020**	**2020**	**2021**	**2022**
Amounts	**R$135,600**	**R$96,218**	**R$31,819**	**R$657,565**

The table below shows the repayment installments in percentages, after the last renegotiation:

REPAYMENT SYSTEM BEFORE RENEGOTIATION	REPAYMENT SYSTEM AFTER RENEGOTIATION - 07.31.2018	REPAYMENT SYSTEM AFTER WAIWER RENEGOTIATION – JUNE 2020
PPEs and DEBENTURES, BANKS BRADESCO, BRASIL, SANTANDER, ITAÚ, HAITONG.	**PPEs and DEBENTURES, BANKS BRADESCO, BRASIL, SANTANDER, ITAÚ, HAITONG.**	**PPEs and DEBENTURES, BANKS BRADESCO, BRASIL, SANTANDER, ITAÚ, HAITONG.**
23.07% OF THE DEBT IN 2018	10.71% OF THE DEBT IN 2019	
30.76% OF THE DEBT IN 2019	15.90% OF THE DEBT IN 2020	2.41% OF THE DEBT IN 2020
30.76% OF THE DEBT IN 2020	2.80% OF THE DEBT IN 2021	14.03% OF THE DEBT IN 2021
15.41% OF THE DEBT IN 2021	70.59% OF THE DEBT IN 2022	72.86% OF THE DEBT IN 2022

Upon the execution of these amendments, the Company is in regular standing before its creditors, rescheduling the payment of its debt which will be solely supported by its own cash generation so as to continue with the financial deleverage process. Such negotiation was based on the banks' confidence in the Company's current management, strengthening the commitment to all stakeholders, especially at the present difficult period the world is undergoing due to the COVID-19 pandemic, and is fully aligned with Taurus restructuring strategy, based on sustainable profitability, quality and improvement of financial and operating indicators. Up to September 30, 2020, the payments made totaled R$120 million, which accounts for 12.26% relating to the total debt principal.

II – Operating Efficiency

On a macro basis, Management has revalued the Company's Organizational Structure by analyzing activities and processes, span of control, and average compensation:

Completed stages:

- Realigning the structure with the strategic goals;
- Clearly setting metrics;
- Streamlining hierarchical levels to increase decision-making agility;
- Standardizing functions to avoid conflicts and redundancies;
- Reviewing each position's roles and responsibilities;
- Reassessing service levels;
- Developing a collaborative environment conducive to change;
- Long-lasting and smart cost cutting;
- Remodeling the relationship with other Company units.

Etapas em andamento:

- Stages in progress:
- Reassessing outsourcing of noncore activities;
- Reassessing activity centralization;
- Eliminating activities that do not add value;
- Analyzing efficiency gains in processes.

Specifically, the planning and operating management will be segmented as follows, together with their related action plans already in progress:

Completed stages:

Operating Master Planning:

- Revisiting the S&OP model.
- Revisiting the production planning and inventory counting process and logical model.

Research and Development:

- Identifying Capex needs;
- Integrating with all manufacturing units.
- Action scheduling.

Stages in progress:

Cost of Sales (CoS):

- Analyze the evolution of Variable Costs and Manufacturing Overhead to identify the main deviations and opportunities.

Operating Master Planning:

- Improve the demand forecasting methodology;

Operating Management Effectiveness:

- Review metrics, goals and noting routines of results of key indicators of the processes;
- Map each process critical points for improvement and develop/implement the applicable corrective actions.

Material Losses (yield and scrap):

- Identify critical points for improvement and implement the applicable corrective actions.

Tools used:

- Explosion of Ideas;
- Data analysis;
- Scenario simulations;
- Cause/Effect Analysis;
- Compensation Matrix.

III - Sales Efficiency

In order to capture more efficiency gains in the sales area, Taurus is focusing on three areas, as follows:

Completed Stages:

Market Analysis

- Revisiting the pricing model.

Product Portfolio

- Analyze to streamline SKUs.
- Performance Analysis of Product Categories;
- Defining each category's positioning.

Sales Execution

- Assess the sales routine management model;
- Restructure the goal achievement monitoring model;
- Reassess and model a variable compensation program for the sales team.

Stages in Progress:

Market Analysis

- Mapping sales channels and analyzing the strategies per channel;
- Analyzing opportunities to reduce the number of layers and approaching the point of sale.

IV - Result Assessment (in progress)

The purpose of these initiatives is to adjust the Company's key processes in order to increase profitability and competitiveness.

Thus, by setting roles and responsibilities, *performance* metrics, and a culture of discipline in the implementation of action plans, the Company continues to take actions aimed at greater operating and financial efficiency, in order to meet the demand for its products, improve its margins, recover profitability, and balance its cash flows.

Management believes that the set of actions related to operating efficiency improvement described above, together with the sale of *non-core* assets, capital transactions, and the already noticeable improvement in the performance of operations will be sufficient to ensure its continuity as a going concern.

2. Presentation of Interim Financial Information

2.1. Basis of preparation

a) Statement of compliance

The Company presents its Parent and consolidated interim financial information, included in the Interim Financial Information Form (ITR), concurrently prepared in accordance with technical pronouncement CPC 21 and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR), and identified as “Parent” and “Consolidated”, respectively.

As there is no difference between the consolidated equity and the consolidated profit or loss attributable to the Parent’s shareholders, disclosed in the consolidated financial information prepared in accordance with IFRSs and the accounting practices adopted in Brazil, and the Parent’s equity and profit or loss, disclosed in the individual financial information prepared in accordance with IFRSs and the accounting practices adopted in Brazil, the Company opted for presenting this individual and consolidated financial information in a single set, using a side-by-side format.

The preparation of the Parent’s and consolidated interim financial information in accordance with technical pronouncement CPC 21 and international standard IAS 34 requires the Company’s Management to use certain accounting estimates.

The individual and consolidated interim financial information for the period ended September 30, 2020 has been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The interim financial information has been prepared based on the historical cost, except for the revaluation of certain properties and financial instruments measured at their revalued amounts or fair values at the end of each reporting period, as described in the accounting policies below. The historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

b) Management statement

The Company’s Management asserts that all relevant information for the interim financial information as at September 30, 2020, and only this information, is disclosed and that it corresponds to the information used in managing the Company.

These individual and consolidated interim financial information was authorized for issuance by the Board of Directors on November 06, 2020.

2.2. Basis of consolidation

The consolidated interim financial information includes the financial statements of the Company and the entities controlled by the Company (its subsidiaries) prepared up to December 31 of each year. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether it retains the control over an investee or not if facts and circumstances indicate the occurrence of changes in one or more than one of the three components of control described above.

		Equity interest	
	Country	2020	2019
Taurus Blindagens Ltda.*	Brazil	**100.00%**	**100.00%**
Taurus Blindagens Nordeste Ltda.*	Brazil	**100.00%**	**100.00%**
Taurus Holdings, Inc.	United States	**100.00%**	**100.00%**
Taurus Máquinas-Ferramenta Ltda.*	Brazil	**100.00%**	**100.00%**
Taurus Investimentos Imobiliários Ltda.*	Brazil	**100.00%**	**100.00%**
Polimetal Metalurgia e Plásticos Ltda. *	Brazil	**100.00%**	**100.00%**
T. Investments Co. Inc.*	Panama	**100.00%**	**100.00%**
Taurus Plásticos Ltda.*	Brazil	**100.00%**	**100.00%**

(*) The equity interests above represent the percentage rate held by the Company, both directly and indirectly, in the subsidiaries' capital.

The consolidation of balance sheet and statement of profit and loss line items is based on their nature, supplemented by the elimination of the following:

- Parent's interests in intragroup capital, reserves, and retained earnings (accumulated losses);
- Intragroup balances of assets and liabilities;
- Balances of revenues and expense arising from intragroup transactions; and
- Unrealized gains arising from transactions with investees recognized by the equity method proportionally to the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment of the asset.

2.3. Functional and presentation currency

The individual and consolidated financial information is stated in Brazilian reais (R$), which is the functional and presentation currency of the Company and its subsidiaries headquartered in Brazil, as it is the currency of the main economic environment in which the Company operates and which generates cash inflows and outflows. The functional currency of subsidiary Taurus Holdings, Inc., headquartered in the United States of America, and of subsidiary T. Investments Co. Inc., headquartered in Panama, is the US dollar, and their assets and liabilities are translated into Brazilian reais based on the exchange rate at the balance sheet date and their profit or loss are translated based on the monthly average exchange rate. Exchange differences arising from the translation process of the foreign subsidiary are recognized in other comprehensive income and recognized in equity.

Foreign currency-denominated transactions are translated into the Company's functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting periods are retranslated into the functional currency at the exchange rate prevailing on that date. All differences are recognized in the statement of profit and loss.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In applying the accounting policies, Management exercises judgments and makes estimates regarding the carrying amounts of assets and liabilities for which objective information is not easily obtained from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The information on critical judgments related to the accounting policies adopted that affect the amounts recognized in the individual and consolidated interim financial information and information on uncertainties, assumptions and estimates is disclosed in the following notes: 8 – Trade receivables (allowance for doubtful debts), 9 - Inventories (allowance for inventory losses), 12 – Income tax and social contribution, 13 – Assets held for sale (impairment), 15 – Property, plant and equipment (impairment), 16 – Intangible assets (impairment), 22 – Provision for civil, labor and tax risks and 23 – Financial instruments.

As a result of the COVID-19 pandemic, the Company has reassessed its accounting estimates that use performance projections and assessed the accounting impacts of other measures. The Company's main analyses and conclusions are as follows:

Trade receivables (allowance for doubtful debts): Sales are paid with credit cards and the Company has the option to advance receipts without risk of default because the contracts with the card company have a no return condition, while at the same time the Company increased its sales volume to its subsidiary CBC, which has no history of default and in the current scenario also experiences increase in potential demand.

Inventories (Allowance for inventory losses): Due to the market upturn, the Company is experiencing high demand for its finished products and the materials that make up its products, so that no changes are identified that would require special attention to this issue.

Income tax and social contribution: Despite the increase in sales because the existing debt is affected by foreign exchange rate fluctuations as recognized on the accrual basis, the finance costs end up absorbing the tax base, which still results in a tax loss, thus not resulting in material tax prepayment bases.

Held-for-sale assets, property, plant and equipment, and intangible assets (impairment): The Company, based on economic projection studies conducted by a specialized consulting firm, has demonstrated its ability to generate cash through its assets and thus do not point to the need for impairment adjustments or material and/or urgent efforts to realize its held-for-sale assets.

Provision for civil, labor and tax risks: The Company has a strong management of its risks, with appropriate technical evaluations that show that there are no specific implications related to the pandemic that may change or increase the existing and/or known risks.

Financial instruments. In contrast to other segments that have been affected by market downturns, the need to raise fund, among other issues, the high demand in the Company's segment has being allowing a better cash position, increasing the availability of credit facilities, and no possible changes also in its financial liabilities have been identified. The Company assessed its supply chain, current market demands, its customers' ability to settle their debts, its financial capacity and its ability to raise funds and continue as a going concern.

The Company reviewed its provisions, estimates, impairment calculations, and found no indication of changes, the need to recognize provisions, or changes in its figures.

The Company is classified as an essential activity for being a strategic defense company and its supply chain ends up being covered by these statutory provisions, which allows the normal continuity of its operations.

Due to special issues of the segment in adverse situations, in which important buyer countries feel unprotected since in lockdown situations the demand for the products offered by the Company increases.

Thus, unlike other markets, the Company is in a comfortable demand position and its exports are also benefiting from foreign exchange issues.

The Company was also one of the first companies to take all the sanitation and employee protection measures that allowed the continuity of its operations without exposing its employees to health risks.

In light of the circumstances listed and assessed, there are no impacts that, as already mentioned, would require changes in criteria or provisions, or any other applicable contingency.

(i) Fair value measurement

Several accounting policies and disclosures adopted by the Company require the measurement of financial and nonfinancial assets and liabilities assets at fair value.

The Company established fair value measurement controls that contemplate the periodic assessment of significant unobservable inputs and valuation adjustments.

In measuring the fair value of an asset or liability, the Company uses observable market inputs as much as possible. Fair values are classified at different levels according to a hierarchy based on information (inputs) used in valuation techniques, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities, which may be accessed by the entity on the measurement date.

Level 2: inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: inputs for assets or liabilities, which are not based on observable market inputs (unobservable inputs).

The Company uses the Level 2 for fair value measurement purposes.

4. Significant Accounting Policies

The Company’s individual and consolidated interim financial information for the quarter ended September 30, 2020 has been prepared in accordance with Brazilian accounting standard CPC 21 (R1) and IAS 34 issued by the IASB. Amounts are expressed in thousands of Brazilian reais (R$), unless otherwise stated.

The accounting policies and calculation methods adopted to prepare this interim financial information for the quarter ended September 30, 2020 are the same accounting policies used to prepare the annual financial statements for the year ended December 31, 2019.

In situations where there were no significant changes in the nature of the Company’s accounting balances or policies, the details disclosed in the annual financial statements for the year ended December 31, 2019 were not fully reproduced in this interim financial information. As a result, this interim financial information should be read together with the annual financial statements for the year ended December 31, 2019, approved by the Company's Management on March 26, 2020.

The presentation of the individual and consolidated Statements of Value Added (SVA) is required by the Brazilian Corporate Law and accounting practices adopted in Brazil applicable to publicly-traded corporations. IAS 34 does not require the presentation of this statement. As a result, this statement is presented as supplemental information for the purposes of IAS 34, without prejudice to the financial statements as a whole.

a) Financial instruments

Financial assets and financial liabilities are recognized in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, if applicable, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(i) Non-derivative financial assets
All regular way purchases or sales of financial assets are recognized and written off on the trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

All financial assets recognized are subsequently measured at amortized cost or at fair value, depending on their classification.

The Company has the following non-derivative financial assets: cash and cash equivalents, short-term investments and restricted accounts, trade receivables, due from related parties and other receivables.

(ii) Non-derivative financial liabilities
All financial liabilities are subsequently measured at amortized cost under the effective interest method or measured at fair value through profit or loss. However, financial liabilities arising when the transfer of a financial asset does not qualify for write-off or when the continuing involvement approach is applicable and the financial guarantee contracts issued by the Company are measured in accordance with the specific accounting policies described below.

The Company has the following non-derivative financial liabilities: borrowings and financing, non-convertible debentures, trade and other payables.

Based on the accounting policy, the Company classifies the interest paid as financing activity, consistently with its financial statements.

(iii) Impairment
The Company and its subsidiaries assess at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. An asset is accounted for at the amount exceeding its recoverable value if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is subject to the recognition of losses, and the technical pronouncement (CPC01) requires the entity to recognize an adjustment for impairment losses.

b) New effective standards, interpretations and revised standards
The main new standards or amendments to standards and interpretations effective for annual periods beginning on or after January 1, 2020 and adopted by the Company are as follows:

(i) **Amendments to CPC 26 and CPC 23 – Definition of Materiality**

The amendments to CPC 26 and CPC 23 clarify the definition of materiality and align the definition used in the conceptual framework and other accounting standards. These amendments came into effect on January 1, 2020. Management believes that these amendments do not significantly impact the Company's financial statements, as it applies technical guidance OCPC 7 and, consequently discloses material information only.

The main new standards or amendments to standards and interpretations not yet effective and not adopted by the Company are as follows:

(ii) **CPC 50 / IFRS 17– Insurance Contracts**

This standard will come into effect beginning January 1, 2021 and will supersede CPC 11 – Insurance Contracts that maintains the requirements set out in prevailing local rules. CPC 50 will provide a global, comprehensive model for accounting for insurance contracts in line with the international accounting standards. Management is assessing the impacts on the Company's financial statements.

(iii) **Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.**

In case of sale or contribution of assets between an investor and its associate or joint venture, the transaction effect would only be recognized in profit or loss to the extent the transaction is conducted with an unrelated third party. This standard has no defined adoption date.

(iv) **Amendment to IAS 1 – Classification of Liabilities as Current or Non-current**

Clarifies aspects to be considered for the classification of liabilities as current or non-current liabilities.

5. Financial Risk Management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, set limits and appropriate risk controls, and monitor risks and compliance with limits. The risk management policies and systems are regularly reviewed to reflect changes in the market conditions and the Company's activities. The Company is exposed to the following risks arising from the use of financial instruments:

5.1 Credit risk

Credit risk is the risk of the Company incurring financial losses if a customer or a counterparty to a financial instrument fails to perform its contractual obligations, which arises mainly from trade receivables and investment securities. With respect to financial institutions, the Company and its subsidiaries only conduct transactions with financial institutions considered by Management as low risk financial institutions.

Trade and other receivables

The Company and its subsidiaries adopt the procedure of analyzing the financial position of its counterparties, set credit limits, and constantly monitor the outstanding positions. In respect of the Company's revenue, sales are concentrated on related parties Taurus International and Companhia Brasileira de Cartuchos – CBC, and there is no credit risk concentration on other customers.

Credit approvals are individually analyzed before customary payment and delivery terms and conditions are offered. Such analysis includes external assessments and, in certain cases, bank references. Purchase limits are set for each customer, which represent the maximum outstanding amount without requiring credit approval; these limits are periodically reviewed. Customers that failed to comply with the credit limit set by the Company can only operate if receivables are settled. For public bodies, the Company's Management individually assesses the payment capacity and bidding requirements for making a sale. The consolidated statement excludes related-party transactions and, after excluding such transactions, the Company has no customers individually accounting for more than 5% of sales.

In monitoring the credit risk, customers are grouped according to their credit characteristics, including whether they are individuals or legal entities, retailers or public bodies, based on their geographic location, industry, and previous financial problems.

With regards to sales to individuals, the Company is able to receive in advance part of the sales amount upon purchase intention, and the product is only billed and delivered if there is no default.

Exposure to credit risks
At the end of the reporting period, the maximum credit risk exposure was as follows:

		Consolidated		Parent
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
Fair value through profit or loss				
Cash and cash equivalents	**61,105**	35,966	**7,934**	7,376
Amortized cost				
Trade receivables	**320,139**	164,997	**218,340**	113,054
Short-term investments and restricted account	**17**	17	**17**	17
Total	**381,261**	200,980	**226,291**	120,447

The maximum credit risk exposure for trade receivables per geographic region was as follows:

		Consolidated		Parent
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
Domestic – trade receivables	**173,326**	96,915	**164,642**	83,972
United States – trade receivables	**152,149**	79,411	**48,927**	-
Other	**9,974**	21,712	**7,659**	46,249
Total	**335,449**	198,038	**221,228**	130,221

***** The balances of trade receivables are disclosed without considering the allowance for doubtful debts (see note 8).

The maximum credit risk exposure on the balance sheet date per type of counterparty was as follows:

		Consolidated		Parent
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
Trade receivables – public bodies	**5,973**	6,594	**5,935**	6,511
Trade receivables – distributors	**289,129**	171,377	**186,296**	119,563
Final customers	**40,347**	20,067	**28,997**	4,147
Total	**335,449**	198,038	**221,228**	130,221

***** The balances of trade receivables are disclosed without considering the allowance for doubtful debts (see note 8).

Allowance for expected losses

In conformity with CPC 48/IFRS 9, the allowance for expected losses takes into consideration an internal risk rating indicator, which observes the customer behavior and the macroeconomic context uncertainties.

As at September 30, 2020, the aging list of trade receivables and the allowance for expected credit losses are as follows:

						Consolidated
			09/30/2020			12/31/2019
	Portfolio	Allowance	% Coverage	Portfolio	Allowance	% Coverage
Current	**219,009**	**(666)**	**0.3%**	**107,524**	**(840)**	**0.8%**
0-30 days past due	**77,401**	**(215)**	**0.3%**	**33,176**	**(758)**	**2.3%**
31-60 days past due(1)	**8,048**	**(152)**	**1.9%**	**14,388**	**(670)**	**4.7%**
61-90 days past due(1)	**3,588**	**(65)**	**1.8%**	**6,208**	**(83)**	**1.3%**
91-180 days past due(1)	**11,190**	**(1,195)**	**10.7%**	**3,253**	**(460)**	**14.1%**
181-360 days past due(1)	**4,737**	**(2,914)**	**61.5%**	**4,501**	**(1,632)**	**36.3%**
Over one year past due	**11,476**	**(10,103)**	**88.0%**	**28,988**	**(28,598)**	**98.7%**
Total	**335,449**	(15,310)		**198,038**	(33,041)	

						Controladora
			09/30/2020			12/31/2019
	Portfolio	Allowance	% Coverage	Portfolio	Allowance	% Coverage
Current	**152,960**	**(623)**	**0.4%**	**69,168**	**(808)**	**1.2%**
0-30 days past due	**56,482**	**(175)**	**0.3%**	**25,069**	**(752)**	**3.0%**
31-60 days past due(1)	**3,365**	**(93)**	**2.8%**	**14,175**	**(622)**	**4.4%**
61-90 days past due(1)	**366**	**(13)**	**3.6%**	**5,769**	**(55)**	**1.0%**
91-180 days past due(1)	**5,032**	**(69)**	**1.4%**	**1,322**	**(375)**	**28.4%**
181-360 days past due(1)	**1,452**	**(555)**	**38.2%**	**3,086**	**(1,574)**	**51.0%**
Over one year past due	**1,571**	**(1,360)**	**86.6%**	**11,632**	**(12,981)**	**111.6%**
Total	**221,228**	(2,888)		**130,221**	(17,167)	

5.2 Liquidity risk

Liquidity risk is the risk related to the Company's difficulty to perform its obligations associated with its financial liabilities, which are settled in cash or using another financial asset.

The Company and its subsidiaries monitor their operating cash flow requirements, which excludes the potential impact arising from extreme circumstances that cannot be reasonably predicted, such as natural disasters.

Contractual maturities of financial liabilities, including payment of estimated interest, are as follows:

					Consolidate d
					09/30/2020
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years
Non-derivative financial liabilities					
Trade payables	93,288	93,288	92,722	566	-
Borrowings and financing	817,135	845,414	86,921	649,319	109,174
Debentures	73,478	76,495	9,493	67,002	-
Foreign currency advances	109,229	109,229	109,229	-	-
	1,093,130	**1,124,426**	**298,365**	**716,887**	**109,174**

					Consolidated
					12/31/2019
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years
Non-derivative financial liabilities					
Trade payables	114,157	114,157	114,157	-	-
Borrowings and financing	675,062	738,455	97,617	471,707	169,131
Debentures	74,919	82,917	13,290	69,627	-
Foreign currency advances	78,196	78,196	78,196	-	-
Receivables advances	73,516	75,530	75,530	-	-
	1,015,850	**1,089,255**	**378,790**	**541,334**	**169,131**

				Parent
				09/30/2020
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years
Non-derivative financial liabilities				
Trade payables	83,110	83,110	82,544	566
Borrowings and financing	712,321	736,241	86,921	649,319
Debentures	73,478	76,495	9,493	67,002
Foreign currency advances	109,229	109,229	109,229	-
	978,138	**1,005,075**	**288,187**	**716,887**

				Parent
				12/31/2019
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years
Non-derivative financial liabilities				
Trade payables	70,359	70,359	70,359	-
Borrowings and financing	527,745	569,324	97,617	471,707
Debentures	74,919	82,917	13,290	69,627
Foreign currency advances	78,196	78,196	78,196	-
Receivables advances	73,516	75,530	75,530	-
	824,735	**876,326**	**334,992**	**541,334**

5.3 Market risk

Market risk is the risk that changes in market prices, such as exchange and interest rates, impact the Company's and its subsidiaries' profit or loss or the amount of their shares in financial instruments. The purpose of market risk management is to manage and control market risk exposures, within acceptable parameters, while maximizing return.

The Company and its subsidiaries perform financial obligations to manage market risks. All these transactions are conducted based on the guidelines established by Management.

(i) Currency (foreign exchange) risk

The Company and its subsidiaries are subject to currency risk on sales, purchases and borrowings denominated in a currency other than the respective functional currencies of the Company's entities.

Sensitivity analysis

The probable baseline scenario for 2020 was defined based on market-available assumptions (source: Focus Report released by the Central Bank of Brazil) and sensitivity was calculated taking into consideration the changes in the balances caused by the fluctuation in the rates of the scenario projected for the remaining of 2020 and the rates in effect as at September 30, 2020.

The sensitivity analysis also considered a 25% and 50% fluctuation in the changes in foreign exchange rates used considered in the probable scenario.

Currencies and indices		Rate - 09/30/2020	Probable scenario	Possible scenario Δ 25%	Remote scenario Δ 50%
US dollar	Decrease	**5.6407**	5.2500	3.9375	2.6250
US dollar	Increase	**5.6407**	5.2500	6.5625	7.8750

Sensitivity of the foreign currency fluctuation:

					Consolidated
		Balance in US$	Probable scenario (R$)	Possible scenario (25%) (R$)	Remote scenario (50%) (R$)
Asset – US dollar depreciation					
Trade receivables	US dollar – US$	**28,742**	(11,229)	(48,953)	(86,676)
Deposit for exchange contract - imports	US dollar – US$	**4,054**	(1,584)	(6,904)	(12,225)
Liability – US dollar appreciation					
Borrowings and financing	US dollar – US$	**(142,005)**	55,481	(130,900)	(317,281)
Trade payables	US dollar – US$	**(3,060)**	1,196	(2,821)	(6,838)
Foreign currency advances	US dollar – US$	**(19,364)**	7,566	(17,850)	(43,266)
Other	US dollar – US$	**(410)**	160	(378)	(916)

					Parent
		Balance in 2020	Probable scenario (R$)	Possible scenario (25%) (R$)	Remote scenario (50%) (R$)
Asset – US dollar depreciation					
Trade receivables	US dollar – US$	**10,032**	(3,919)	(17,086)	(30,253)
Deposit for exchange contract - imports	US dollar – US$	**4,033**	(1,576)	(6,868)	(12,161)
Liability – US dollar appreciation					
Borrowings and financing	US dollar – US$	**(123,423)**	48,221	(113,771)	(275,764)
Trade payables	US dollar – US$	**(1,293)**	505	(1,192)	(2,890)
Foreign currency advances	US dollar – US$	**(19,364)**	7,566	(17,850)	(43,266)
Loans	US dollar – US$	**(7,494)**	2,928	(6,908)	(16,744)
Other	US dollar – US$	**(410)**	160	(378)	(916)

An analysis was carried out for the balances of assets considering a drop in the exchange rate and losses arising from the currency depreciation; as for the balances of liabilities, an analysis was carried out considering an increase in the exchange rate and losses arising from the currency appreciation.

(ii) Interest rate risk

The balances of instruments exposed to the changes in interest rates are summarized below.

The income from the Company's short-term investments and the finance costs arising on financing and borrowings are affected by changes in interest rates.

As at September 30, 2020, management considered a probable scenario in 2020 for the CDI rate of 2.00% and TJLP of 4.91%. The probable rate was then stressed by 25% and 50% to be used as benchmarks for the possible and remote scenarios, respectively. The scenarios below were estimated for a one-year period:

Currency	2020	Probable scenario - 2020	Possible scenario – ∆25%	Remote scenario - ∆50%
CDI – decrease	1.90%	2.00%	1.50%	1.00%
CDI – increase	1.90%	2.00%	2.50%	3.00%
TJLP	4.91%	4.55%	5.69%	6.83%
SELIC	2.00%	2.00%	2.50%	3.00%
LIBOR Overnight	0.08%	0.08%	0.10%	0.12%
LIBOR 30 days	0.15%	0.15%	0.19%	0.22%
LIBOR 3 months	0.23%	0.23%	0.29%	0.35%

					Consolidated Gain (loss)
	Index	**Balance 09/30/2020**	**Probable scenario**	**Possible scenario**	**Remote scenario**
Asset					
Short-term investments	CDI - decrease	9,094	9	(36)	(82)
Liability					
Borrowings	CDI - increase	(89,410)	(89)	(536)	(984)
Borrowings	TJLP	(197)	1	(2)	(4)
LIBOR 30 DAYS	LIBOR Overnight	(104,814)	-	(23)	(44)
LIBOR 3 months	LIBOR 3 months	(696,192)	-	(391)	(808)
Taxes in installments	SELIC	(41,881)	-	(209)	(419)

					Parent Gain (loss)
	Index	**Balance 09/30/2020**	**Probable scenario**	**Possible scenario**	**Remote scenario**
Asset					
Short-term investments	CDI - decrease	7,711	8	(31)	(69)
Liability					
Loans	CDI - decrease	(40,013)	(40)	160	360
Borrowings	CDI - increase	(89,410)	(89)	(536)	(984)
Borrowings	TJLP	(197)	1	(2)	(4)
LIBOR 3 months	LIBOR 3 months	(696,192)	-	(391)	(808)
Taxes in installments	SELIC	(41,850)	-	(209)	(419)

5.4 Capital management

The Company's Management policy is to maintain a solid capital structure for the business future development by adding value to shareholders, creditors and the market in general, through the monitoring of returns on capital. However, profit or loss for the past years has been deteriorating such parameter, according to the position below:

		Consolidated
	09/30/2020	**12/31/2019**
Total liabilities	**1,551,872**	1,328,119
Less: Cash and cash equivalents and short-term investments	**(61,122)**	(27,819)
Net debt (A)	**1,490,750**	1,300,300
Total negative equity (B)	**(256,159)**	(406,963)
Net debt-to-equity ratio as at September 30, 2020 and December 31, 2019 (A/B)	**(5.82)**	(3.21)

6. Operating Segments

The Company has four segments, two of which are reportable represented by strategic business units managed separately, as they differ based on the offer of products and services, technologies and marketing strategies. The other operations are consolidated in segment “Other”, as they are not classified within the quantity limits for separate reporting. The operations in each one of the Company´s reportable segments can be summarized as follows:

Firearms – The firearm production process, as it refers to a predominantly metallurgy industry, uses the following basic stages: machining (using premolds machined and shaped through machining centers, millers, drills and broaching machines, as the entire shaping process and some machining operations are outsourced), MIM - Metal Injection Molding (metal injected parts), finishing (basically polishing), thermal treatment, surface treatment, final assembly, functional test, engraving and packaging; these operations are conducted by Taurus Armas S.A., Taurus Holdings, Inc. and their subsidiaries.

Helmets – The helmet production process uses the following stages: injection (using ABS - Acrylonitrile Butadiene Styrene), coating and finishing (using injected parts, through manual and automated coating process), sewing (using fabrics, foam and polycarbonate sheets, through cutting, sewing and button sewing machines) and final assembly; these operations are conducted by Taurus Helmets Ltda. (former Taurus Blindagens Ltda.).

Other – Metal injected parts resulting from the MIM - Metal Injection Molding segment for third parties (Polimetal Metalurgia e Plásticos Ltda.) and small trunk boxes (Taurus Plásticos Ltda.). It also includes expenses on technical support and finance costs on the machinery operation, which was discontinued in June 2012, and other operations such as manufacturing and sale of glasses and provision of services. These segments were consolidated as they are not classified within the quantity limits for separate reporting as reportable segment.

Each segment performance is assessed on a quarterly basis based on the segment profit before income tax and social contribution, as included in internal reports, since the Company’s Management believes that such information is more significant in assessing the profit or loss from certain segments related to other entities that operate in these industries.

The reconciliation of revenue, profit and loss, assets and liabilities and other material components of reportable segments are disclosed below:

	Firearms		**Other**		**Total**		**Helmets(a)**		**Total**	
	09/30/2020	09/30/2019	**09/30/2020**	09/30/2019	**09/30/2020**	09/30/2019	**09/30/2020**	09/30/2019	**09/30/2020**	09/30/2019
Foreign revenue	**1,204,447**	719,515	**8,483**	7,856	**1,212,930**	727,371	**55,992**	61,062	**1,268,922**	788,433
Intercompany revenue	**492,752**	504,708	**5,481**	4,256	**498,233**	508,964	**-**	-	**498,233**	508,964
Cost of sales	**(694,425)**	(464,687)	**(7,249)**	(6,423)	**(701,674)**	(471,110)	**(34,978)**	(39,796)	**(736,652)**	(510,906)
Gross profit (loss)	**1,002,774**	759,536	**6,715**	5,689	**1,009,489**	765,225	**21,014**	21,266	**1,030,503**	786,491
Selling expenses	**(106,424)**	(87,717)	**(122)**	(41)	**(106,546)**	(87,758)	**(10,602)**	(11,247)	**(117,148)**	(99,005)
General and administrative expenses	**(110,006)**	(92,401)	**(1,590)**	(680)	**(111,596)**	(93,081)	**(4,980)**	(5,981)	**(116,576)**	(99,062)
Depreciation and amortization	**(10,982)**	(4,209)	**(1,461)**	(947)	**(12,443)**	(5,156)	**(361)**	(141)	**(12,804)**	(5,297)
Other operating income (expenses), net	**5,259**	27,876	**799**	199	**6,058**	28,075	**1**	(290)	**6,059**	27,785
Share of profit (loss) of subsidiaries	**-**	-	**-**	-	**-**	-	**-**		**-**	-
	(222,153)	(156,451)	**(2,374)**	(1,469)	**(224,527)**	(157,920)	**(15,942)**	(17,659)	**(240,469)**	(175,579)
Operating profit (loss)	**780,621**	603,085	**4,341**	4,220	**784,962**	607,305	**5,072**	3,607	**790,034**	610,912
Finance income	**128,774**	34,349	**1,309**	17	**130,083**	34,366	**1,835**	315	**131,918**	34,681
Finance costs	**(414,990)**	(112,035)	**(1,186)**	(93)	**(416,176)**	(112,128)	**(2,514)**	(2,565)	**(418,690)**	(114,693)
Finance income (costs), net	**(286,216)**	(77,686)	**123**	(76)	**(286,093)**	(77,762)	**(679)**	(2,250)	**(286,772)**	(80,012)
Profit (loss) from the reportable segment before income tax and social contribution	**494,405**	525,399	**4,464**	4,144	**498,869**	529,543	**4,393**	1,357	**503,262**	530,900
Elimination of intercompany revenue	**(492,752)**	(504,708)	**(5,481)**	(4,256)	**(498,233)**	(508,964)	**-**	-	**(498,233)**	(508,964)
Profit (loss) before income tax and social contribution	**1,653**	20,691	**(1,017)**	(112)	**636**	20,579	**4,393**	1,357	**5,029**	21,936
Income tax and social contribution	**(18,346)**	486	**(1,622)**	(721)	**(19,968)**	(235)	**(915)**	(398)	**(20,883)**	(633)
Profit (loss) for the year	**(16,693)**	21,177	**(2,639)**	(833)	**(19,332)**	20,344	**3,478**	959	**(15,854)**	21,303
Assets from reportable segments	**1,076,929**	925,213	**142,699**	89,005	**1,219,628**	1,014,218	**76,085**	70,615	**1,295,713**	1,084,833
Liabilities from reportable segments	**1,497,609**	1,355,763	**28,361**	19,377	**1,525,970**	1,375,140	**25,902**	29,862	**1,551,872**	1,405,002

(a) The Helmets operation was reclassified to discontinued operation pursuant to note 25.

(b) Geographic information

The information on net revenue below is based on the customer geographic location.

	Firearms		Helmets	
	09/30/2020	**09/30/2019**	**09/30/2020**	**09/30/2019**
Domestic market				
Southeast Region	**169,174**	72,261	**18,768**	17,271
South Region	**43,557**	25,744	**3,597**	3,859
Northeast Region	**9,612**	10,742	**16,321**	18,852
Midwest Region	**7,265**	5,028	**8,599**	10,117
North Region	**4,151**	3,944	**7,915**	10,354
	233,759	117,719	**55,200**	60,453
Foreign market				
United States	**937,721**	558,299	**514**	609
South Africa	**2,924**	6,168	**-**	-
Germany	**982**	717	**-**	-
Saudi Arabia	**1,706**	-	**-**	-
Argentina	**1,623**	839	**-**	-
Bangladesh	**-**	8,998	**-**	-
Burkina	**1,469**	3,350	**-**	-
Chile	**915**	893	**-**	-
Singapore	**-**	12	-	-
South Korea	**-**	-	**278**	-
El Salvador	**186**	225	**-**	-
Philippines	**4,870**	10,716	**-**	-
France	**3,256**	2,173	**-**	-
Guatemala	**2,675**	3,048	**-**	-
Honduras	**-**	1,391	**-**	-
Israel	**427**	106	**-**	-
Italy	**472**	752	**-**	-
Malaysia	**-**	10	-	-
Namibia	**-**	202	-	-
New Zealand	**-**	676	-	-
Peru	**1,372**	785	**-**	-
United Kingdom	**-**	332	-	-
Czech Republic	**380**	-	-	-
Senegal	**6,396**	368	**-**	-
Thailand	**599**	340	**-**	-
Taiwan	**462**	-	**-**	-
Turkey	**467**	-	**-**	-
Uruguay	**315**	-	**-**	-
Zambia	**539**	179	**-**	-
Other countries	**932**	1,217	**-**	-
	970,688	601,796	**792**	609
Total net revenue	**1,204,447**	719,515	**55,992**	61,062

The sales of the Company's other segments are concentrated on the domestic market and spread throughout all Brazilian regions. The Company's and its subsidiaries' sales do not show high level of concentration that can characterize significant dependence on governmental bodies or any other customer. Approximately 78% of consolidated revenues derive from the US civilian market and are subject to US regulations.

7. Cash and Cash Equivalents

Cash and cash equivalents comprise cash and highly liquid short-term investments, that is, redeemable within up to three months from the investment date, without any penalties for the Company, and subject to an insignificant risk of change in market value.

	Consolidated		Parent	
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
Cash	**82**	55	**62**	41
Demand deposits	**51,946**	28,361	**178**	186
Short-term investments	**9,077**	7,550	**7,694**	7,149
Cash and cash equivalents	**61,105**	35,966	**7,934**	7,376

Highly liquid short-term investments refer to automatic investments yielding interest ranging between 5% and 35% of CDI, and which can be converted into cash within less than 90 days and subject to low risk of change in value.

8. Trade Receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost less estimated expected losses.

The allowance for doubtful debts was recognized in an amount considered sufficient by Management to cover probable losses on the collection of receivables.

	Consolidated		Parent	
	09/302020	**12/31/2019**	**09/302020**	**12/31/2019**
Domestic customers	**173,326**	96,915	**164,642**	83,972
Foreign customers	**162,123**	101,123	**56,586**	46,249
	335,449	198,038	**221,228**	130,221
Allowance for doubtful debts - domestic	**(9,134)**	(24,656)	**(1,424)**	(14,785)
Allowance for doubtful debts - foreign	**(6,176)**	(8,385)	**(1,464)**	(2,382)
	(15,310)	(33,041)	**(2,888)**	(17,167)
	320,139	164,997	**218,340**	113,054

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables, including the aging list of trade receivables, are disclosed in note 5. The variations in the allowance for doubtful debts are as follows:

	Consolidated	Parent
Balance as at December 31, 2019	**(33,041)**	**(17,167)**
Additions	**(5,478)**	**(2,757)**
Reversal of allowance for doubtful debts	**7,096**	**5,768**
Uncollectible losses (Reclassification)	**13,990**	**11,617**
Exchange rate changes	**2,123**	**(349)**
Balance as at September 30, 2020	**(15,310)**	**(2,888)**

9. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle and includes expenses incurred on the acquisition of inventories, production and transformation costs (based on regular operational capacity) and other costs incurred to bring them to their locations and existing conditions.

The allowance for inventory losses is recorded for slow-moving products which sales price is below production cost.

	Consolidated		Parent	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Finished products	**116,637**	160,661	**38,338**	33,753
Raw material	**222,148**	173,494	**169,010**	142,283
Allowance for inventory losses	**(15,701)**	(18,384)	**(15,322)**	(18,099)
	323,084	315,771	**192,026**	157,937

Variations in the allowance for inventory losses	Consolidated	Parent
Balance as at December 31, 2019	**(18,384)**	**(18,099)**
Addition	**(3,054)**	**(3,029)**
Reversal	**1,662**	**1,731**
Write-offs	**4,075**	**4,075**
Balance as at September 30, 2020	**(15,701)**	**(15,322)**

10. Recoverable Taxes

On June 20, 2008, Taurus Armas S.A. has filed a lawsuit seeking the non-inclusion of State VAT (ICMS) in the taxes on revenue (PIS and COFINS) basis, based on the unconstitutionality of the matter, as the ICMS, as it is an indirect tax, does not comprise the Company's revenue.

In March 2017, the Federal Supreme Court has decided that the ICMS, as it does not comprise the Company's and its subsidiaries' income or gross revenue, must be excluded from the PIS and COFINS tax basis, judging it unconstitutional.

On April 1, 2019, the Company has obtained a final and unappealable decision on its lawsuit, which resulted in an original recoverable tax credit of R$37.2 million and inflation adjustment for the period of R$27.7 million, which were already offset.

	Consolidated		Parent	
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
State VAT (ICMS)	**7,361**	10,932	**5,969**	9,770
Federal VAT (IPI)	**2,159**	12,288	**2,154**	12,080
Tax on revenue (PIS)	**1,049**	516	**877**	459
Tax on revenue (COFINS)	**4,696**	772	**4,068**	670
Income tax and social contribution	**3,863**	6,318	**1,911**	2,448
Other	**264**	252	**21**	21
Total	**19,392**	31,078	**15,000**	25,448
Current	**19,392**	31,078	**15,000**	25,448

11. Other Assets

	Consolidated		Parent	
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
Advances to suppliers	**4,036**	12,842	**2,943**	12,337
Advances to employees	**1,341**	2,028	**1,326**	1,949
Advances for foreign bids	**8,824**	-	**8,824**	
Escrow deposits	**14,799**	14,294	**13,419**	13,100
Insurance receivables	**-**	2,382	**-**	-
Intragroup loans	**-**	-	**1,214**	660
Other receivables	**2,541**	2,965	**946**	1,110
Total	**31,541**	34,511	**28,672**	29,156
Current	**16,743**	20,217	**15,253**	16,056
Noncurrent	**14,798**	14,294	**13,419**	13,100

12. Income Tax and Social Contribution

Current and deferred income tax and social contribution for the year are calculated at the statutory rate of 34%, of which 15%, plus a 10% surtax on taxable income exceeding R$240 for income tax, and 9% on taxable income for social contribution. The limit of income tax loss and social contribution loss is 30% of annual taxable income.

For companies calculating income tax and social contribution based on deemed income, the same rates above are used, but assuming a gross revenue at 32%. The foreign subsidiaries are subject to an income tax rate of 21% in the United State and 25% in Panama, levied on taxable income, pursuant to the tax laws prevailing in each country.

a) Breakdown of impacts on deferred tax assets and liabilities	**Consolidated**		**Parent**	
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
On income tax and social contribution losses				
Income tax loss	8,691	8,818	5,818	5,818
Social contribution loss	3,129	3,094	2,094	2,094
On temporary differences – assets				
Billed and undelivered sale	494	300	496	300
Impairment loss of assets	212	212	212	212
Other allowances, provisions and accruals	2,088	2,071	973	1,357
Realization of revaluation reserve	488	-	488	-
Allowance for inventory losses	10,777	10,271	5,679	6,623
Accrued profit sharing	5,135	4,690	2,813	2,987
Accrued commissions	143	1,072	110	1,018
Tax provisions	35,241	26,356	2,341	2,680
Provision for civil, labor and tax risks	31,193	35,561	30,395	34,981
Provision for warranty	6,511	6,680	3,279	4,371
Provision for uncollectible receivables	1,993	2,536	982	1,871
Financial provisions	978	1,016	978	1,016
Unrealized profit - Taurus International	2,984	7,503	-	-
Total assets	**110,057**	**110,180**	**56,659**	**65,328**
On temporary differences - liabilities				
Goodwill on expected future earnings	(12,666)	(9,524)	-	-
Fair value of investment property	(16,462)	(14,693)	-	-
Total liabilities	**(29,128)**	**(24,217)**	**-**	**-**
Deferred assets, net	**80,929**	**85,963**	**56,659**	**65,328**

Current and deferred taxes are recognized in profit or loss unless they are related to business combination, items recognized directly in equity or in other comprehensive income.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the corresponding amounts used for taxation purposes. A deferred income tax and social contribution asset is recognized by unutilized tax losses, tax credits and deductible temporary differences when it is probable that future income subject to taxation will be available and against which they will be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes imposed by the same tax authority on the same entity subject to taxation.

Deferred income tax and social contribution assets are reviewed at the end of each reporting period and reduced to the extent that their realization is no longer probable.

b) Variation in deferred taxes	**Consolidated**	**Parent**
Opening balance of deferred taxes, net	85,962	65,328
Allocated to profit or loss	(12,422)	(8,669)
Translation adjustments	7,389	-
Closing balance of deferred taxes, net	**80,929**	**56,659**

The amount of tax loss carryforwards on which no deferred taxes are recognized total R$814.4 million in consolidated. In the Parent, tax loss carryforwards total R$425.5 million.

The main balances of income tax and social contribution losses are recognized in subsidiaries Polimetal and Taurus International.

c) Reconciliation of the effective rate of income tax and social contribution	Consolidated 09/30/2020	Consolidated 09/30/2019	Parent 09/30/2020	Parent 09/30/2019
Pretax profit (loss)	636	20,579	(7,185)	25,998
Income tax and social contribution at applicable tax rates	(216)	(6,997)	2,443	(8,839)
Permanent additions				
Non-deductible expenses	(227)	(996)	(227)	(911)
Share of loss of subsidiaries	(7,347)	-	(5,633)	5,338
Donations/sponsorship	(994)	-	(994)	-
Capital gain on property, plant and equipment	(91)	-	(91)	-
Thin Cap	(427)	-	(427)	-
Permanent deductions				
Reintegra	164	195	164	191
Deemed ICMS grant	4,562	110	4,562	-
Share of profit of subsidiaries	-	-	15,763	-
Other deductions	54	-	52	-
Unrecognized deferred tax on income tax and social contribution losses	(8,816)	7,453	(24,964)	(474)
Current and deferred income tax and social contribution from prior years	(4,517)	-	683	-
Unrecognized current income tax and social contribution of related parties	(2,113)	-	-	-
Income tax and social contribution in profit or loss for the year	**(19,968)**	(235)	**(8,669)**	(4,695)
Current	(7,546)	(4,312)	-	(4,695)
Deferred	(12,422)	4,077	(8,669)	-
	(19,968)	(235)	**(8,669)**	(4,695)
Effective tax rate	3,139.62%	1.14%	-120.65%	18.06%

The Company recognized its deferred tax assets only at the amount considered likely to be realized through projected future taxable income. Had expected future taxable income been higher, the amount of deferred taxes to be recognized would also be higher.

For this disclosure, in 2020 the Company better classified unrecognized deferred taxes from prior years and recognized deferred taxes in some line items according to the breakdown of deferred tax assets and liabilities.

								Consolidated
				09/30/2020				**12/31/2019**
	Basis	**25%**	**9%**	**Total**	**Basis**	**25%**	**9%**	**Total**
Valuation adjustment to equity	-	-	-	-	(627)	(157)	(56)	(213)
Fair value of investment property	-	-	-	-	(30,185)	(7,546)	(2,717)	(10,263)
Unshipped invoices	-	-	-	-	883	221	79	300
Other allowances, provisions and accruals	242	60	22	82	107	27	10	37
Provision for uncollectible receivables	7,580	1,895	682	2,577	6,200	1,550	558	2,108
Allowance for inventory losses	-	-	-	-	3,481	870	313	1,183
Allowance for loss – short-term investment	-	-	-	-	19,273	4,818	1,735	6,553
Allowance for loss on agreements receivable (*)	69,849	17,462	6,286	23,749	-	-	-	-
Tax provision	-	-	-	-	7,363	1,841	663	2,504
Profit sharing	-	-	-	-	9,004	2,251	810	3,061
Agents' commission	-	-	-	-	3,153	788	284	1,072
Accrued life pension	-	-	-	-	8,892	2,223	800	3,023
Provision for civil, labor and tax risks	4,456	1,114	401	1,515	98,930	24,732	8,903	33,635
Provision for warranty	1,468	367	132	499	12,855	3,214	1,157	4,371
Loss on other receivables	5,114	1,279	460	1,739	-	-	-	-
Provision for INSS credit offset	-	-	-	-	389	97	35	132
On income tax and social contribution losses								
Income tax and social contribution losses	814,404	203,601	73,296	276,897	502,180	125,545	45,196	170,741
	903,113	**225,778**	**81,279**	**307,058**	**641,898**	**160,474**	**57,770**	**218,244**

(*) Allowance for risk of loss on agreement relating to the sale of operations of Taurus Máquinas in 2012.

The unrecognized portion of amounts is represented by tax losses not supported by expected future taxable income generation.

13. Assets Held for Sale

Noncurrent assets or groups of noncurrent assets (including liabilities) held for sale are classified as "held for sale" if it is highly probable that they will be primarily recovered through sale instead of their continuing use.

The assets or group of assets held for sale should be measured at the lower of their carrying amount recognized until then or fair value less selling expenses, and the depreciation or amortization of these assets ceases.

Any impairment loss of a group of assets held for sale is initially allocated to goodwill and then for the remaining assets and liabilities on a pro rata basis, except that no loss should be allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, and biological assets, which continue to be measured pursuant to other Group accounting policies. Impairment losses determined on initial classification as held for sale or for distribution, and gains and losses from subsequent remeasurements are recognized in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

The Company has been receiving proposals for the realization of these assets, but due to market conditions business are progressing slowly.

Carrying amount reconciliation

	Consolidated	**Consolidated**
In thousands of reais	09/30/2020	12/31/2019
Buildings, land and improvements	51,390	51,390
Helmets operation – held-for-sale noncurrent assets	76,085	68,822
Total held-for-sale noncurrent assets	**127,475**	**120,212**
Helmets operation – held-for-sale liabilities	25,902	27,742
Total held-for-sale liabilities	**25,902**	**27,742**

Buildings, land and improvements.

In 2016, Taurus Armas S.A. transferred the operation from the Industrial Plant located in the city of Porto Alegre, RS to the Industrial Plant located in the city of São Leopoldo, RS. As a result and taking into consideration the provisions of CPC 28 - Investment Property, the Company reclassified the items formerly classified as Property, plant and equipment to Investment Property.

In 2017, as approved by the Board of Directors, Taurus decided for the sale and availability for intermediation of these assets by market specialists. Accordingly, these properties were reclassified to 'Assets held for sale'.

The fair value for impairment testing purposes was determined by outside independent real estate appraisers, with appropriate and recognized professional qualification, and recent experience in the location and category of the property that is being appraised.

Location: Avenida do Forte, nº 511 - Porto Alegre (RS)

Industrial complex, not occupied, with floor space of 18.600,00 m² in urban land and area of 29,900 m².

Held-for-sale asset – Helmets operation

On March 27, 2018, the Board of Directors unanimously authorized the offering of the Helmets business—consisting of the companies Taurus Helmets Indústria de Capacetes Ltda. (former Taurus Blindagens Ltda.) and Taurus Blindagens Nordeste Ltda.—to the market.

The preparation of a schedule and sales efforts was the responsibility of a specialized firm, according to the proposal already accepted by the Company.

As at September 30, 2020, the group of assets and liabilities held for sale was presented as shown in the table below and comprised the following assets and liabilities:

Property, plant and equipment/Intangible assets	21,362
Inventories	16,905
Trade and other receivables	37,818
Assets held for sale	**76,085**
Trade and other payables	25,902
Liabilities held for sale	**25,902**

The Company did not identify any impairment loss amounts to be recognized.

Profit or loss from transactions with assets held for sale are presented in the note on operating segments (note 6).

14. Investments

	Taurus Helmets Indústria de Capacetes Ltda.	Taurus Blindagens Nordeste Ltda.	Taurus Plásticos Ltda.	Taurus Holdings, Inc.	T. Investments Co. Inc.	Taurus Investimentos Imobiliários Ltda.	Polimetal Metalurgia e Plásticos Ltda.	Taurus Máquinas-Ferramenta Ltda. (1)	Parent 09/30/2020	Parent 12/31/2019
Current assets	46,964	5,562	1,066	385,485	7	73,684	155,880	251		
Noncurrent assets	102,182	55,584	3,933	149,352	-	42,716	61,567	1,337		
Current liabilities	27,429	7,655	1,111	147,173	-	3,325	46,501	4,089		
Noncurrent liabilities	3,542	697	27	163,904	-	16,973	14,002	25,440		
Capital	73,855	9,400	6,355	1,719	62,048	53,292	304,780	293,639		
Equity	118,175	52,794	3,861	223,760	7	96,102	156,944	(27,941)		
Net revenue	55,992	-	-	937,721	-	4,260	8,483	-		
Profit (loss) for the year	3,848	313	31	18,564	-	2,522	527	(203)		
Number of shares	14	9,400	636	302,505	11,000,000	43,623,159	304,779,837	185,007,117		
Direct interest percentage (%)	0.00%	0.10%	0.01%	100.00%	100.00%	81.86%	100.00%	63.00%		
Opening balances	1	52	-	131,173	5	80,217	152,803	-	**364,251**	**444,788**
Spin-off	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(82,040)**
Capital payment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share of profit (loss) of subsidiaries	**-**	**1**	**-**	**18,564**	**-**	**2,064**	**527**	**(128)**	**21,027**	**(5,591)**
Exchange differences arising on translating investments	**-**	**-**	**-**	**59,465**	**(2)**	**-**	**-**	**-**	**59,463**	**5,693**
Unrealized profit on inventories	**-**	**-**	**-**	**8,767**	**-**	**-**	**-**	**-**	**8,767**	**90**
Valuation adjustments to equity	**-**	**-**	**-**	**-**	**-**	**(3,615)**	**3,615**	**-**	**-**	**-**
Reclassified to provision for negative equity (1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**128**	**128**	**1,311**
Closing balances	**1**	**53**	**-**	**217,969**	**3**	**78,666**	**156,945**	**-**	**453,637**	**364,251**

(1) The negative equity of subsidiary Taurus Máquinas-Ferramentas Ltda., amounting to R$128, is presented on line item “Provision for negative equity” in noncurrent liabilities.

On December 31, 2019, in line with its strategy, the Company decided to be carried out a partial spin-off of subsidiary Polimetal, followed by the upstream merger with and into Taurus Armas of the spun-off portion that intended to meet internal demand, while the operations focused on third parties remained in the subsidiary.

In addition to tax benefits, the transaction increases synergy and production and administrative efficiency, improves internal controls, and cuts costs and expenses. The spun-off amount of subsidiary Polimetal merged with and into the parent company Taurus Armas was R$82,040 ad refers to 35.71% of the equity of the investee.

Foreign operation

Taurus Holdings, Inc., a subsidiary located in the United States, is the parent company of Taurus International Manufacturing Inc., Braztech International L.L.C. and other subsidiaries also located in the United States, mainly engaged in the resale of firearms imported from Taurus Armas S.A., to wholesalers in the U.S. market. The main account balances of the subsidiary are presented below:

	Taurus Holdings, Inc. Consolidated	
	09/30/2020	**12/31/2019**
Assets	**534,837**	**432,023**
Liabilities	**311,077**	**286,292**
Net revenue*	**937,721**	**558,300**
Profit (loss) for the year*	**18,563**	**(19,986)**

* Profit or loss information compared to September 30, 2019.

15. Property, Plant and Equipment

Property, plant and equipment items are measured at the historical acquisition or construction cost, less accumulated depreciation and accumulated impairment losses.

The Company elected to measure its property, plant and equipment items at the deemed cost at the opening of 2009. The net effects of deemed cost increased property, plant and equipment and had as a contra entry equity, less taxes.

Cost includes expenditure directly attributable to the purchase of an asset. The cost of assets built by the entity itself includes costs of materials and direct labor, and any other costs for bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management, the costs of dismantling the item and restoring the site where it is located, as well as borrowing costs on qualifying assets for which the capitalization start date is January 1, 2009 or later.

Any gains or losses arising on the disposal of a property, plant and equipment item are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognized at their net amounts as ‘Other income’ in profit or loss.

Depreciation is recognized on a straight-line basis in profit or loss based on the estimated useful life of each property, plant and equipment item. The approximated estimated useful lives for current and comparative periods are as follows:

Group	**Useful life**
Buildings	27 years
Machinery and equipment	10-20 years
Dies and tools	5 years
Furniture	10-15 years
Other components	5-6 years

									Consolidated
Cost or deemed cost	**Land**	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Company cars**	**Other**	**Construction in progress**	**Advances to suppliers**	**Total**
Balance as at December 31, 2018	8,726	81,068	237,373	24,814	283	-	4,292	215	356,771
Additions	424	25,622	18,073	4,169	-	-	10,934	2,865	62,087
Impairment	-	-	(623)	-	-	-	-	-	(623)
Disposals	(1,620)	(3,500)	(20,789)	(2,037)	-	-	2,389	-	(25,557)
Transfers	-	347	2,137	329	-	-	(2,813)	-	-
Effect of changes in exchange rates	57	15	2,704	404	8	-	-	-	3,188
Balance as at December 31, 2019	**7,587**	**103,552**	**238,875**	**27,679**	**291**	**-**	**14,802**	**3,080**	**395,866**
Additions	-	2,810	15,948	2,148	-	30	15,436	3,422	39,794
Impairment	-	-	-	-	-	-	-	-	-
Write-offs	-	(2)	(7,063)	(304)	-	-	(90)	-	(7,459)
Transfers	3,285	3,136	(2,699)	(6,158)	-	-	(7,039)	-	(9,475)
Effect of changes in exchange rates	-	9,257	28,591	5,089	97	-	106	-	43,140
Balance as at September 30, 2020	**10,872**	**118,753**	**273,652**	**28,454**	**388**	**30**	**23,215**	**6,502**	**461,866**
Depreciation									
Balance as at December 31, 2018	-	(22,826)	(171,876)	(17,357)	(283)	-	-	-	(212,342)
Depreciation in the year	-	(4,023)	(13,565)	(1,387)	-	-	-	-	(18,975)
Disposals	-	1,111	15,803	1,847	-	-	-	-	18,761
Effect of changes in exchange rates	-	(2)	(1,691)	(362)	(8)	-	-	-	(2,063)
Balance as at December 31, 2019	**-**	**(25,740)**	**(171,329)**	**(17,259)**	**(291)**	**-**	**-**	**-**	**(214,619)**
Depreciation in the year	-	(3,802)	(10,531)	(1,628)	-	-	-	-	(15,961)
Disposals	-	-	3,926	310	-	-	-	-	4,236
Transfers	-	(2,232)	970	9,934	-	-	-	-	8,672
Effect of changes in exchange rates	-	(171)	(17,784)	(5,901)	(97)	-	-	-	(23,953)
Balance as at September 30, 2020	**-**	**(31,945)**	**(194,748)**	**(14,544)**	**(388)**	**-**	**-**	**-**	**(241,625)**
Carrying amount									
December 2019	7,587	77,812	67,546	10,420	-	-	14,802	3,080	181,247
September 2020	**10,872**	**86,808**	**78,904**	**13,910**	**-**	**30**	**23,215**	**6,502**	**220,241**

									Parent
Cost or deemed cost	**Land**	**Building s**	**Machinery and facilities**	**Furniture and computers**	**Compan y cars**	**Other**	**Construction in progress**	**Advances to suppliers**	**Total**
Balance as at December 31, 2018	-	17,306	65,784	7,618	33	-	2,398	46	93,185
Additions	-	924	4,616	1,391	-	-	3,622	3,034	13,587
Disposals	-	(753)	(7,295)	(1,574)	-	-	597	-	(9,025)
Transfers	-	235	643	310	-	-	(1,188)	-	-
Acquisition through business combination	-	26,429	92,871	1,487	19	-	9,268	-	130,074
Impairment	-	-	(623)	-	-	-	-	-	(623)

Balance as at December 31, 2019	**-**	**44,141**	**155,996**	**9,232**	**52**	**-**	**14,697**	**3,080**	**227,198**
Additions	-	1,488	13,469	1,741	-	30	8,352	3,422	28,502
Write-offs	-	-	(3,292)	(209)	-	-	-	-	(3,501)
Transfers	-	1,021	6,039	102	-	-	(7,162)	-	-
Balance as at September 30, 2020	**-**	**46,650**	**172,212**	**10,866**	**52**	**30**	**15,887**	**6,502**	**252,199**
Depreciation									
Balance as at December 31, 2018	-	(4,827)	(50,659)	(5,067)	(33)	-	-	-	(60,586)
Depreciation in the year	-	(906)	(3,090)	(565)	-	-	-	-	(4,561)
Disposals	-	156	5,547	1,478	-	-	-	-	7,181
Acquisition through business combination	-	(8,125)	(67,293)	(810)	(19)				(76,247)
Balance as at December 31, 2019	**-**	**(13,702)**	**(115,495)**	**(4,964)**	**(52)**	**-**	**-**	**-**	**(134,213)**
Depreciation in the year	-	(2,008)	(6,249)	(624)	-	-	-	-	(8,881)
Disposals	-	-	3,141	183	-	-	-	-	3,324
Transfers	-	-	-	6	-	-	-	-	6
Balance as at September 30, 2020	**-**	**(15,710)**	**(118,603)**	**(5,399)**	**(52)**	**-**	**-**	**-**	**(139,764)**
Carrying amount									
December 2019	-	30,439	40,501	4,268	-	-	14,697	3,080	92,985
September 2020	**-**	**30,940**	**53,609**	**5,467**	**-**	**30**	**15,887**	**6,502**	**112,435**

Construction in Progress

The balance of construction in progress refers to machinery and equipment still in the implementation stage and current construction works. These assets should come into operation during 2020.

Collateral

The Company uses its assets as collaterals for the funds raised with financial institutions. Even though most property, plant and equipment items are collateralized in borrowings and financing transactions, historically these collaterals have never been enforced. As at September 30, 2020, the Company used R$38.9 million in collaterals (R$44.9 million as at December 31, 2019).

16. Intangible Assets

Goodwill

Goodwill arising on the acquisition of investments, after appropriately allocated, is added to intangible assets. In the Parent's financial information goodwill is allocated to investments.

Goodwill arising on business combinations are classified as intangible assets and was determined in accordance with accounting practices in force at the time of each business combination, adjusted for the reclassification of certain intangible assets. Goodwill is measured at cost, less impairment losses.

Other intangibles

Separately acquired intangible assets are measured at cost on initial recognition, while the cost of intangible assets acquired in a business combination corresponds to their fair value at the acquisition date. The stated balances are net of accumulated amortization and impairment losses.

Development expenditures that involve a plan or project aiming at the production of new products or substantially enhanced products are only capitalized if development costs can be measured reliably, if the product or process is technically and commercially feasible, if the future economic benefits are probable, and if the Company has the intention and sufficient funds to complete the development process and use or sell the asset.

The amortization of intangible assets, other than goodwill, is based on their estimated useful lives and is recognized in profit or loss on a straight-line basis. The estimated useful lives for the current and comparative periods are approximately 5 years for system development and implementation costs.

We also clarify that the recovery of the carrying amount of goodwill and intangible assets with indefinite useful life is tested for impairment annually or when there are indications that they might be impaired, using the "value in use" concept through discounted cash flow models of the cash-generating units.

							Consolidated
	Software	**Trademarks and patents**	**Customer relationship**	**Goodwill**	**Product development**	**Intangible assets in progress**	**Total**
Cost							
Balance as at December 31, 2018	5,926	22,270	16,945	44,581	8,725	-	98,447
Acquisitions	4,300	-			1,795	-	6,095
Exchange gains (losses)	-	492	660	481	278	-	1,911
Balance as at December 31, 2019	**10,226**	**22,762**	**17,605**	**45,062**	**10,798**	**-**	**106,453**

							Consolidated
	Software	Trademarks and patents	Customer relationship	Goodwill	Product development	Intangible assets in progress	Total
Acquisitions	2,032	-	-	-	(1,388)	6,129	6,773
Transfers	5,471	-	-	-	(2,072)	6,076	9,475
Exchange gains (losses)	-	5,084	6,816	4,968	2,698	-	19,566
Balance as at September 30, 2020	**17,729**	**27,846**	**24,421**	**50,030**	**10,036**	**12,205**	**142,267**
Amortization							
Balance as at December 31, 2018	(3,333)	(7,388)	(11,298)	-	(649)	-	(22,668)
Amortization in the year	(933)	-	(1,791)	-	(676)	-	(3,400)
Exchange gains (losses)	-	-	(423)	-	(18)	-	(441)
Balance as at December 31, 2019	**(4,266)**	**(7,388)**	**(13,512)**	**-**	**(1,343)**	**-**	**(26,509)**
Amortization in the year	(904)	-	(1,525)	-	(351)	-	(2,780)
Transfers	(8,672)	-	-	-	-	-	(8,672)
Exchange gains (losses)	-	-	(5,545)	-	(369)	-	(5,914)
Balance as at September 30, 2020	**(13,842)**	**(7,388)**	**(20,582)**	**-**	**(2,063)**	**-**	**(43,875)**
Carrying amount							
December 2019	5,960	15,374	4,093	45,062	9,455	-	79,944
September 2020	**3,887**	**20,458**	**3,839**	**50,030**	**7,973**	**12,205**	**98,392**

					Parent
	Software	Trademarks and patents	Product development	Intangible assets in progress	Total
Cost					
Balance as at December 31, 2018	4,422	9,481	1,530	-	15,433
Acquisitions	4,098	-	2,125	-	6,223
Acquisition through business combination	1,486	4	333	-	1,823
Balance as at December 31, 2019	**10,006**	**9,485**	**3,988**	**-**	**23,479**
Acquisitions	2,118	-	-	6,129	8,247
Transfers	(4,004)	-	(2,072)	6,076	-
Balance as at September 30, 2020	**8,120**	**9,485**	**1,916**	**12,205**	**31,726**
Amortization					
Balance as at December 31, 2018	(2,498)	(6,840)	(40)	-	(9,378)
					-
Amortization in the year	(692)	-	(175)	-	(867)
Acquisition through business combination	(937)	-	(318)	-	(1,255)
Balance as at December 31, 2019	**(4,127)**	**(6,840)**	**(533)**	**-**	**(11,500)**
Amortization in the year	(879)	-	(127)	-	(1,006)
Transfers	(7)	-	1	-	(6)
Balance as at September 30, 2020	**(5,013)**	**(6,840)**	**(659)**	**-**	**(12,512)**
Carrying amount					
December 2019	5,879	2,645	3,455	-	11,979
September 2020	**3,107**	**2,645**	**1,257**	**12,205**	**19,214**

Impairment test of cash-generating units containing goodwill

For impairment testing purposes, goodwill is allocated to the Group's operating divisions, which represent the lowest level inside the Group at which the goodwill is monitored for purposes of internal management, never above the Group's operating segments.

Cash-generating unit	2019
Firearms	45,062

The impairment test of the CGUs referred to above is conducted annually based on the fair value, less selling expenses, which is estimated using discounted cash flows. Because of the current issues involving the COVID-19 pandemic, as mentioned in notes 1 and 3, the calculations performed as at December 31, 2019 were reperformed and updated considering the current moment. The updated tests continue to indicate that there is no need for allowances for impairment losses on goodwill and intangible assets with indefinite useful lives.

Main assumptions used in the discounted cash flow projections

The main assumptions used to determine the recoverable value are the discount rate of cash flows and growth rates. The assumptions used are as follows:

	WACC discount rate	Average growth rate	WACC discount rate	Average growth rate
Cash-generating unit		**09/30/2020**		**12/31/2019**
Firearms	14.00%	5.76%	14.40%	5.40%

Discount rate

The discount rate for the CGU is represented by a post-tax rate based on 20-year US Treasury Bond rate, adjusted for a risk premium that reflects the risks of investments in equity securities and the systematic risk of the related unit. The Company estimated, based on Management's experience with the assets of this CGU, the Weighted Average Cost of Capital of the industry in which this CGU operates, which was calculated based on a possible debt-to-equity ratio of 20.25% for the Firearms CGU at the market interest rate of 7.60% as at December 31, 2019.

Total de debt-to-shareholders' equity ratio of 19.54% for the Firearms CGU at the market interest rate of 5.82% as at September 30, 2020.

Growth rate and perpetuity

The projections are in line with the Business Plan prepared by the Company's Management. It is expected that the projected sales growth be in line with the curve observed in previous years and in line with the economic growth of the country. After the projection period, the Company considered the growth and constant percentage of economic growth (growth in perpetuity).

To calculate perpetuity, the Company used a nominal growth rate of 3.25%, in line with the expected long-term inflation projected by the Central Bank of Brazil (BACEN) and macroeconomic indicators released in BACEN's Focus report and in the Country Forecast report of the Economist Intelligence Unit (EIU).

17. Borrowings and Financing

The terms and conditions of outstanding borrowings and financing were as follows:

							Consolidated
				09/30/2020			12/31/2019
	Currency	**Statutory interest rate**	**Maturity year**	**Contractual amount**	**Carrying amount**	**Contractual amount**	**Carrying amount**
Borrowings and Financing							
Working capital	R$	CDI + 2.00% p.a.	2022	**28,897**	**15,932**	28,897	20,407
FINAME	R$	2.50% to 8.70% p.a.	2021	**2,304**	**29**	2,304	188
BNDES	R$	3.50% p.a.	2020	**9,995**	**168**	9,995	1,677
Receivables advances	R$	21,60% p.a.	2020	**-**	**-**	6,136	73,516
Foreign currency advance	US$	5,5% p.a.	2020	**109,229**	**109,229**	50,198	78,196
Working capital	US$	Libor + 1.55% to 5.6% p.a.	2023	**579,066**	**801,006**	646,479	652,790
				Total	**926,364**		**826,774**
				Current liabilities	**196,150**		**249,329**
				Noncurrent liabilities	**730,214**		**577,445**

							Parent
				09/30/2020			12/31/2019
	Currency	**Statutory interest rate**	**Maturity year**	**Contractual amount**	**Carrying amount**	**Contractual amount**	**Carrying amount**
Secured bank loans							
Working capital	R$	CDI + 2.00% p.a.	2022	**28,897**	**15,932**	28,897	20,407
FINAME	R$	2.50% to 5.50% p.a.	2021	**2,304**	**29**	2,304	188
BNDES	R$	3,5% p.a.	2020	**9,995**	**168**	9,995	1,677
Receivables advances	R$	21,60% p.a.	2020	**-**	**-**	32,402	73,516
Foreign currency advances	US$	5,5% p.a.	2020	**109,229**	**109,229**	50,198	78,196
Working capital	US$	Libor + 3.00% p.a.	2022	**424,162**	**696,192**	424,162	505,473
				Total	**821,550**		**679,457**
				Current liabilities	**196,150**		**249,329**
				Noncurrent liabilities	**625,400**		**430,128**

Flow of future debt payments disclosed in noncurrent liabilities:

	Consolidated		Parent	
Maturity year	**09/30/2020**	**12/31/2019**	**09/30/2020**	**12/31/2019**
2021	**28,849**	16,418	**28,849**	16,418
2022	**596,551**	413,710	**596,551**	413,710
2023	**104,814**	147,317	**-**	-
	730,214	577,445	**625,400**	430,128

Borrowings and financing are guaranteed by promissory notes, short-term investments, collateral assignment of machinery and equipment, mortgages on property, shares, and subsidiaries' sureties. The sureties granted by the parent company and its subsidiaries are disclosed in Note 25 - Related parties.

Certain borrowings and financing agreements entered into by the Company and its subsidiaries contain restrictive covenants that restrict certain changes in the shareholding structure, including: changes in the Company's direct or indirect control, capital reductions in the Company and/or its parent company, dividend distributions, payment of interest on capital or any other payments to shareholders by the Company and/or its parent company in the event of default on any obligations, and reduction of the Company's capital. If such restrictions are breached, creditors may accelerate the maturity of their claims.

As mentioned in note 1 (General information), in June 2020 the Company singed a waiver with the Bank Syndicate extending the debt repayment due date up to August 31, 2020.

The renegotiation proposes not changing the maturity dates and change instead the redistribution of the amounts of these installments, resulting in a possible small change in the interest rates compared to the current rates.

As soon as the renegotiation agreement is closed and signed, its effects will be reflected in accounting.

Covenants

As described in note 1, the new debt renegotiation process with the Bank Syndicate was completed on July 18, 2018. The executed agreement, which was included in debt reprofiling process, provides for accelerated maturity in cases of noncompliance of covenants that required, among other obligations: meeting certain financial ratios, such as: net debt-to-adjusted EBITDA of 13x or lower in 2018, 8x or lower in 2019, 7x or lower in 2020, and 6x or lower beginning 2021, as well as an adjusted EBITDA-to-finance costs ratio of 0.90 or higher as at December 31, 2018 and 1.20 or higher beginning 2019.

These ratios are monitored by the Company's Management and the underlying agreements require that such ratios be measured annually. As at June 30, 2020, the Company was compliant with all said covenants.

18. Debentures

The debentures issued by the Company in a single series are nonconvertible and distributed in the secondary market through the National Debenture System, with restricted placement efforts referring to the 3rd issue intended for banking institutions.

Debentures	Principal in R$	Issue Date	Outstanding	Finance charges	09/30/2020	12/31/2019
3rd Issue (a)	100,000	06/13/2014	5,000	DI rate + 2.00%(2016)	**73,478**	74,919
				Total principal	**73,478**	74,919
				Current liabilities	**9,493**	13,290
				Noncurrent liabilities	**63,985**	61,629
				Total	**73,478**	74,919

Covenants

As described in Note 1, the new debt renegotiation process with the Bank Syndicate was completed in 2018. The executed agreement, which was included in debt reprofiling process, provides for accelerated maturity in cases of noncompliance of covenants that required, among other obligations: meeting certain financial ratios, such as: net debt-to-adjusted EBITDA of 13x or lower in 2018, 8x or lower in 2019, 7x or lower in 2020, and 6x or lower beginning 2021, as well as an adjusted EBITDA-to-finance costs ratio of 0.90 or higher as at December 31, 2018 and 1.20 or higher beginning 2019.

These ratios are monitored by Management and the underlying agreements require that such ratios be measured annually. As at September 30, 2020 was compliant with all said covenants.

19. Other Payables

	Consolidated		Parent	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Performance bonus	**-**	12,014	**-**	-
Sales commissions	**314**	3,075	**219**	2,916
Accrued interest	**161**	788	**-**	-
Insurance and freight	**743**	1,138	**118**	857
Marketing	**6,587**	1,508	**-**	-
Parent and subsidiaries	**-**	-	**68,972**	72,968
Unrealized gain on government grant	**48,886**	23,111	**-**	-
Other	**6,256**	2,896	**1,720**	2,567
	62,947	44,530	**71,029**	79,308
Current	**11,636**	20,239	**2,057**	6,340
Noncurrent	**51,311**	24,291	**68,972**	72,968

20. Payroll and Related Taxes

	Consolidated		Parent	
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
Payroll	**10,028**	9,178	**9,829**	8,935
Contributions payable	**28,379**	9,696	**9,659**	1,857
Accrued vacation pay	**23,912**	11,500	**23,092**	10,955
	62,319	30,374	**42,580**	21,747

21. Taxes, Fees and Contributions

	Consolidated		Parent	
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
State VAT (ICMS)	**2,501**	1,682	**2,501**	1,682
Federal VAT (IPI) (*)	**17,333**	11,788	**16,960**	11,716
Tax on revenue (PIS)	**1,321**	90	**1,211**	(2)
Tax on revenue (COFINS)	**6,086**	411	**5,578**	(13)
Special tax – FAET (USA)	**35,646**	17,575	**-**	-
Withholding income tax (IRRF)	**632**	958	**617**	563
Income tax and social contribution	**12,754**	12,513	**-**	5,621
Other installment payments (*)	**41,881**	511	**41,850**	468
Other	**7,640**	7,570	**5,925**	5,829
	125,794	53,098	**74,642**	25,864
Current	92,478	52,921	41,329	25,700
Noncurrent	33,316	177	33,313	164

(*) In September 2020, the Company elected to make installment payments pursuant to IN 1891/2019 to regularize IPI debts, which tax base periods comprise from December 2019 to March 2020.

22. Provision for Civil, Labor and Tax Risks

Provisions are recognized for all contingencies arising on lawsuits for which it is probable that an outflow of funds will be required to settle the contingency or obligation, when they a reliable estimate can be made.

The Company also holds an amount equivalent to R$150,526 in ongoing lawsuits, which are classified as contingent assets and are not recognized in accounting.

The Company, based on information from its legal counsel and the analysis of ongoing lawsuits, recognized a provision for losses on lawsuits in an amount considered sufficient to cover the estimated losses, as shown below:

				Consolidated
			09/30/2020	**12/31/2019**
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	53,646	(13,949)	39,697	42,643
Civil	21,070	(571)	20,499	31,761
Tax	27,689	(278)	27,411	27,411
	102,405	**(14,798)**	**87,607**	101,815
Classified in current liabilities	42,196			
Classified in noncurrent liabilities	60,208			

(1) Recognized in other noncurrent assets,

				Parent
			09/30/2020	12/31/2019
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	48.694	(12.569)	36.125	37.618
Civil	16.265	(571)	15.694	28.490
Tax	27.689	(278)	27.411	27.411
	92.648	**(13.418)**	**79.230**	93.519
Classified in current liabilities	34.809			
Classified in noncurrent liabilities	57.838			

(1) Recognized in other noncurrent assets,

Variations in the provision:

			Consolidated
	Civil and labor	**Tax**	**Total**
Balance as at December 31, 2019	88,420	27,689	116,109
Provisions recognized during the year	14,176	-	14,176
Provisions used during the year	(13,869)	-	(13,869)
Reversal of provision	(14,011)	-	(14,011)
Balance as at September 30, 2020	**74,716**	**27,689**	**102,405**

			Parent
	Civil and labor	**Tax**	**Total**
Balance as at December 31, 2019	78,930	27,689	106,619
Provisions recognized during the year	10,412	-	10,412
Provisions used during the year	(13,822)	-	(13,822)
Reversal of provision	(10,561)	-	(10,561)
Balance as at September 30, 2020	**64,959**	**27,689**	**92,648**

The Company and its subsidiaries are parties to other lawsuits assessed by the Company's legal counsel as having a possible or remote likelihood of loss for which no provision has been recognized since accounting practices adopted in Brazil do not require the calculation of such provision, as shown below:

	Consolidated				Parent			
	09/30/2020		12/31/2019		09/30/2020		12/31/2019	
	Possible	Remote	Possible	Remote	Possible	Remote	Possible	Remote
Tax	57,907	-	58,429	-	56,482	-	29,456	-
Civil	121,911	6,370	96,843	273	117,911	6,335	83,683	237
Labor	36,574	38,395	40,077	41,911	16,069	35,831	12,859	29,760
	216,392	44,765	195,349	42,184	190,462	42,166	125,998	29,997

a) Labor lawsuits

The Company is a party to labor lawsuits. None of these lawsuits refers to individually significant amounts and the discussions mainly involve lawsuits claiming the payment of overtime, hazardous duty and health-hazard premiums, salary differences due to salary equalization, compensation for occupational accidents and diseases, among others.

b) Civil lawsuits

Except for the civil lawsuits listed below, no other civil lawsuit refers to individually significant amounts and the discussions mainly involve individual lawsuits related to the Company's civil liability for the products it manufactures and sells, and these other lawsuits classified as possible risk of loss total R$36.8 million for consolidated purposes.

Public Civil Action – State of Goiás

The State of Goiás has filed a public civil action with motion for injunction against the Company, which is in progress before the 4th Court of the Goiânia Public Revenue Service, relating to 704 PT 24/7 PRO DS pistols supplied by the Company to the Civil Police of the Goiás State in 2015. In summary, they claim an alleged defect in the products. Therefore, the State of Goiás requires the granting of urgent relief for the immediate replacement of the 704 PT 24/7 PRO DS pistols for 704 TH40C (compact) .40 pistols and; in the merits of the case, it requires the ratification of the relief and that Taurus be sentenced to pay (i) statutory late payment interest on the amount paid for the acquisition of the pistols, adjusted by the IPCA-E from March 1, 2017 up to the effective replacement date which, according to the plaintiff, totals R$622,631.21 (adjusted up to May 2020); (ii) indemnity for material damages borne by the State on the payment of functional rights to the victims under sick leave from public service due to alleged accidental/involuntary firing; (iii) refund of expenses on training for the use of the PT 24/7 PRO DS pistol by the Civil Police of the Goiás State; (v) indemnification for damages arising from the hours that the State would have spent on negotiations with Taurus; and (v) indemnity for collective pain and suffering.

On August 9, 2020, a decision was handed down granting the injunction requested by the State of Goiás, determining that the Company should deliver 704 new TH 40C pistols, under penalty of daily fine. In a bill of review filed by Taurus, the Court of Justice of the State of Goiás has granted stay effects and the injunction will have no immediate effects. On September 10, 2020, the State of Goiás has filed counterarguments to the appeal and is currently waiting for the decision.

In the opinion of its legal counsel, this action was classified with a possible likelihood of loss and its adjusted amount Is R$2.2 million.

Public Civil Action - Attorney General of Sergipe for the Federal Public Prosecutor's Office
The Company became aware of the filing by the Attorney General of Sergipe for the Federal Public Prosecutor's Office of a Civil Class Action against Taurus and also against the Federal Government (Brazilian Army), before the Judge of the 2nd Federal Court of the Judiciary Section of Sergipe. The requests are related to alleged defects in a few models of firearms produced by Taurus. In the Civil Class Action, the Federal Public Prosecutor's Office pleads that i) Taurus be prevented from selling some models of firearms in Brazil; ii) Taurus makes a national recall for replacement and/or indemnity according to the market value of these models of firearms and iii) the Federal Government be prohibited from applying the restriction of import of models that have local similar products, under penalty of daily fine of R$10. Finally, the Federal Public Prosecutor's Office pleads i) the conviction of the Federal Government to the obligation to modify R-105 or to issue a new substitutive regulation that does not create regime of monopoly of sales of firearms in Brazil, which adversely affects the free competition; ii) the conviction of Taurus to the obligation to make a national recall within 20 days, for the repair, replacement and/or indemnity according to the market value of these models of firearm; (iii) the conviction of the Federal Government and Taurus to the payment of collective pain and suffering in amount to be defined by the judge, not below R$40 million. In preliminary injunction, in a decision handed down in July 2017, the Judge of the 2nd Federal Court of the Judiciary Section of Sergipe determined the obligation by Taurus to submit a detailed plan of recall of the supposedly defective models of firearms within 90 days. The preliminary injunctions for suspension of the sale of the models allegedly defective and prohibition of restriction of import of firearms by the Federal Government were rejected by the Judge. In the judgment of the bill of review filed by Taurus, in November 2017, the Federal Court of the 5th Region suspended the effectiveness of the decision granted by the Judge of the 2nd Federal Court of the Judiciary Section of Sergipe, with respect to the part that establishes the submission, by Taurus, of a plan of recall within ninety (90) days. Currently, the lawsuit is in its evidence submission stage. In the opinion of Taurus' legal counsel, this class action is classified with a possible likelihood of loss and its adjusted amount is R$57.8 million.

Civil Class Action – Public Prosecutor's Office of the Federal District and Territories
The Public Prosecutor's Office of the Federal District ("MPDFT") filed a Civil Class Action with motion for injunction against the Company due to alleged supply to the Civil Police of the Federal District of pistols that had not met the contractual specifications. Through this action, it requires that Taurus should be convicted to indemnify for material damages caused, temporary suspension of the Company to bid and contract with the Public Administration for a period of two years, as well as to pay for collective pain and suffering in the amount of R$10 million. Based on the injunction, it required the freezing of the claimed amounts in the Company's bank accounts.

The Judge of the 8th Civil Court of Brasília rejected the motion for injunction of freezing of the Company's bank accounts in the absence of evidence as to the alleged need of immediate freezing of the amounts claimed in the lawsuit. The MPDFT filed bill of review, received by the Federal Regional Court of the 1st Region without stay effect and, on this date, awaits judgment.

After the filing of Taurus's objection, the Judge accepted the request of qualification of the Federal District as co-plaintiff of the MPDFT and determined the forwarding of the lawsuit to one of the Public Treasury Courts of the Federal District, since it considers itself unqualified to judge the action. Lawsuit is now in the 1st Court of the Federal District's Public Revenue Service and closing arguments are being presented by the parties.

On July 7, 2020, the court awarded a ruling that considered the claim groundless and issued a final decision on the case merits. According to the judge's ruling, the supplied pistols are within the domestic firearms manufacturing control standards and there is no evidence of noncompliance with the contract by the Company.

This decision was appealed by the Federal District and the Public Prosecutor's Office of the Federal District, for which Taurus has filed counterarguments. The appeal awaits judgment. The Company believes that the likelihood of loss in this lawsuit is possible and its adjusted amount is R$12.4 million.

Administrative Proceeding and Lawsuit – PMESP

The Company was summoned to present defense in an administrative proceeding filed by the São Paulo State Military Police ("PMESP") (Sanctioning Proceeding CSMAM-002/30/16) which challenges the possibility or not of partial or full noncompliance with the agreement for acquisition and supply of ninety-eight thousand, four hundred and sixty-five (98,465) firearms, pistol type, models 24/7 and 640, between 2007 and 2011. On May 18, 2020, a decision was issued imposing a R$12.7 million fine on Taurus, as well as a penalty suspending the Company from bidding and signing any contract with the São Paulo State Public Administration during two (2) years. It is worth clarifying that this is an administrative decision, with no immediate effects, due to the stay effect granted on the appeal filed by the Company.

According to the Company's legal counsel's assessment, the likelihood of the above sentences being confirmed is considered possible and therefore no provision is recognized.

In any case, the declaration of suspension of the right to sign any contract with the State administration, if confirmed, should be restricted to this plaintiff's State (São Paulo), not affecting contracts with other states.

Finally, it should be noted that the Company has not made any sales to the São Paulo State Government in the past three years, which is why the Company believes that such decision will not have a direct impact on its revenue.

On December 19, 2017, the Company received court subpoena in a lawsuit where the State of São Paulo requires the termination of the supply contract of 5,931 submachine guns, model SMT-40, entered into in 2011 with the São Paulo State Military Police and the return of the amount paid at the time, totaling R$21.7 million, plus inflation adjustment and other legal fees. The Company has filed its defense in the lawsuit and, the case record has been currently requested for examination to the Public Prosecutor's Office .

In the opinion of its legal counsel, this action was classified with a possible likelihood of loss.

c) Tax lawsuits:

Except for the tax lawsuit listed below, no other lawsuit refers to individually significant amounts and/or is still in its administrative stage. These other lawsuits classified with possible likelihood of loss total R$40.5 million.

Tax collection lawsuit - Municipality of São Leopoldo

The Municipality of São Leopoldo has filed for tax collection lawsuit seeking to collect the credit registered as an tax executable debt under No. 2016/1997, relating to the collection of Service Tax (ISS) for the assessment period January 2012-December 2014. The tax collection lawsuit is being processed at the 4th Civil Court of the São Leopoldo (RS) Court District, under Case No. 033/1.16.0014529-9, and the disputed amount is R$17.4 million. The lawsuit is pending judgment of the objection to the tax collection filed by the Company. The likelihood of loss in this lawsuit is possible.

d) Other lawsuits

Djibouti

There is a criminal lawsuit on judicial secrecy at the 11th Federal Court of Porto Alegre, filed against two former Company employees and a Yemeni national, due to alleged irregular sale of firearms in 2013 to the Government of Djibouti, whose final destination would be Yemen. Although the Company and its officers are not parties to the lawsuit, as soon as the Company became aware of the prosecution, potentially harmful to its reputation, it has requested and has been granted its inclusion as a an interest party to the lawsuit, for the purpose of clarifying to the Judge the facts known by the Company and providing the necessary support to the investigations. There are no estimated effects or provisions concerning this issue that are or should be duly reflected in the Company's interim financial information at this date.

23. Financial Instruments

The Company's Management determines the classification of its non-derivative financial assets and financial liabilities at the time of their initial recognition, pursuant to the criteria set forth in CPC 48/IFRS 9 as regards the characteristics of the Company's cash flows and business model used to manage the financial assets. Financial liabilities are measured according to their nature and purpose.

a) Fair value versus carrying amount

The fair values of financial assets and financial liabilities, together with the carrying amounts reported in the balance sheet, are as follows:

				Consolidated
		09/30/2020		12/31/2019
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and Financing	**817,135**	**812,227**	675,062	673,466
Debentures	**73,478**	**72,992**	74,919	74,919
Foreign currency advances	**109,229**	**109,229**	78,196	78,196
	999,842	**994,448**	828,177	826,581

				Parent
		09/30/2020		12/31/2019
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and Financing	**712,321**	**707,598**	527,745	531,095
Debentures	**73,478**	**72,992**	74,919	74,919
Foreign currency advances	**109,229**	**109,229**	78,196	78,196
	895,028	**889,819**	680,860	684,210

In light of the short-term cycle, it is assumed that the fair value of cash and cash equivalents, short-term investments, trade receivables, trade payables, other payables, and advances of receivables approximates their carrying amounts.

The fair value, which is determined for disclosure purposes, is calculated based on the present value of the principal and future cash flows, discounted using a market interest rate determined at the reporting date.

According to the hierarchical classification criteria used to determine fair value: Level 1: prices quoted (unadjusted) in active markets, net and visible for identical assets and liabilities, which are accessible at the measurement date; Level 2: prices quoted (that can be adjusted or not) for similar assets or liabilities in active markets; and Level 3: assets and liabilities that are not based on observable market inputs (unobservable inputs). The Company classified the fair values of financial instruments as Level 2.

24. Related Parties

The Parent, its subsidiaries, and related parties carry out transactions among themselves, involving financial, sales and operating aspects of the Company. We describe below the most relevant transactions.

	Outstanding balances of subsidiaries with the parent							Effect on the result of transactions of subsidiaries with the parent	
	Current assets (ii)	Noncurrent assets (iii)	Total assets	Current liabilities (i)	Noncurrent liabilities		Total liabilities	Revenue (v)	Expense (v)
December 31, 2019									
Taurus Helmets Indústria de Capacetes Ltda.	479	-	479	1,432	17,148	(iv)	18,580	-	320
Taurus Blindagens Nordeste Ltda.	33	-	33	819	44,999	(iv)	45,818	-	723
Taurus Holdings, Inc.	20,815	-	20,815	41,936	6,492		48,428	230,605	-
Taurus Investimentos Imobiliários Ltda.	114	-	114	9,312	8,874	(iv)	18,186	-	1,086
Taurus Máquinas-Ferramenta Ltda.	-	21,728	21,728	10	-		10	590	-
Taurus Plásticos Ltda.	47	-	47	22	1,947		1,969	-	-
Polimetal Metalurgia e Plásticos Ltda.	-	-	-	-	-		-	173	90,608
	21,488	21,728	43,216	53,531	79,460		132,991	231,368	92,737
September 30, 2020									
Taurus Helmets Indústria de Capacetes Ltda.	**-**	**-**	**-**	**864**	**12,418**	(iv)	**13,282**	**-**	**331**
Taurus Blindagens Nordeste Ltda.	**-**	**-**	**-**	**789**	**45,540**	(iv)	**46,329**	**-**	**1,018**
Taurus Holdings, Inc.	**60,256**	**-**	**60,256**	**18,768**	**21,514**		**40,282**	**492,752**	**4,067**
Taurus Investimentos Imobiliários Ltda.	**564**	**-**	**564**	**11,632**	**9,031**	(iv)	**20,663**	**-**	**3,004**
Taurus Máquinas-Ferramenta Ltda.	**-**	**23,314**	**23,314**	**10**	**-**		**10**	**501**	**-**
Taurus Plásticos Ltda.	**24**	**-**	**24**	**-**	**1,982**	(iv)	**1,982**	**-**	**44**
Polimetal Metalurgia e Plásticos Ltda.	**2,618**	**8,177**	**10,795**	**5,973**	**-**		**5,973**	**2,000**	**673**
	63,462	**31,491**	**94,953**	**38,036**	**90,485**		**128,521**	**495,253**	**9,137**

(i) Refers to amounts recorded in line items trade payables - R$1,695, other payables - R$40,013
(ii) Refers to amounts recorded in line items trade receivables - R$62,247 and other receivables - R$1,215
(iii) Refers to amounts recognized in line items intragroup loans - R$31,491 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate.
(iv) Represent intragroup loans totaling R$68,971 from subsidiaries Taurus Helmets de Capacetes Ltda., Taurus Blindagens Nordeste Ltda., Taurus Investimentos Imobiliários Ltda., and Taurus Plásticos Ltda. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate.
(v) Comparative balance with September 30, 2019

Transactions involving the Company and subsidiary Taurus Holdings, Inc. refer to sales of firearms to be marketed by the subsidiary in the U.S. market.

As for transactions involving the Company and subsidiary Polimetal Metalurgia e Plásticos Ltda., these refer to the purchase of work in process, since the subsidiary carries out a part of the production process in the firearms segment.

The transactions conducted with related parties follow the price conditions and terms agreed between the parties and cannot be compared to those under transactions with unrelated parties.

As at September 30, 2020, transactions involving Taurus Armas S.A. and CBC (indirect parent company) refer mainly to sales of firearms for sale and purchase of ammunition. The amount of these transactions is shown below:

	Current assets	Current liabilities	Revenue	Expenses
Companhia Brasileira de Cartuchos	**1,874**	**17,115**	**8,123**	**22,923**
CBC Brasil Comércio e Distribuição	**144,814**	**-**	**262,093**	**-**
	146,688	**17,115**	**270,216**	**22,923**

Officers' and Directors' compensation
The compensation of officers and directors includes salaries, management fees, and benefits:

	Consolidated		Parent	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Statutory officer's compensation and benefits	**5,694**	4,319	**5,694**	4,319
Directors' compensation and benefits	**420**	152	**420**	152
Supervisory Board members' compensation and benefits	**181**	360	**181**	360
	6,295	4,831	**6,295**	4,831

The Company does not have compensation benefit policies for key management personnel that could be characterized as: postemployment benefits, termination benefits, share-based compensation, or other long-term benefits.

Officers' and Directors' transactions
Officers and directors hold an immaterial percentage of the Company's voting shares..

Sureties between related parties
Borrowings and financing are guaranteed by promissory notes, collateral assignment of machinery and equipment, and mortgages on properties.

The parent company granted sureties in amounts equivalent to R$104,814 (R$147,317 as at December 31, 2019) to Taurus USA and Taurus Helmets Indústria de Capacetes Ltda. granted sureties equivalent to R$894,832 (R$678,729 as at December 31, 2019) to Taurus Armas S.A.

25. Discontinued Operations

A discontinued operation is a component of the Group's business that comprises transactions and cash flows that can be clearly separated from the rest of the Group and that:

- Represents a separate major business line or geography of operations;
- Is part of a single coordinated plan to sell a separate major business line or geography of operations; or
- Is a subsidiary acquired exclusively for the purpose of resale.

The classification as a discontinued operation is made at the earlier of its disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statements of profit and loss and of value added are restated as if the operation had been discontinued since the beginning of the comparative period.

In March 2018, the Board of Directors unanimously authorized the offering of the helmets business, consisting of the companies Taurus Helmets Indústria de Capacetes Ltda. and Taurus Blindagens Nordeste Ltda., to the market.

While intragroup transactions were fully eliminated from consolidated profit or loss, the Company's Management elected to attribute the elimination of transactions between continuing and discontinued operations prior to disposal in order to reflect the continuity of these operations after disposal, since Management believes that the information is useful to the users of the financial information. To achieve this presentation, the Company's Management, based on the profit (loss) from discontinued operations, eliminated intersegment sales (and costs resulting from these sales, less unrealized profit) made prior to their disposal.

(a) Profit (loss) from discontinued operations, net

	09/30/2020	09/30/2019
Net sales revenue	55,992	61,062
Elimination of intersegment revenue	-	-
Foreign revenue	55,992	61,062
Finance costs, net	(51,599)	(59,705)
Elimination of intersegment expenses	-	-
Foreign expenses	(51,599)	(59,705)
Profit (loss) from operating activities	4,393	1,357
Taxes on income	(915)	(398)
Profit (loss) before income tax and social contribution	**3,478**	**959**
Basic earnings (loss) per share (in R$)	**0.047092**	**0.012985**

Profit (loss) from discontinued operations as at September 30, 2020 is R$3,5 million (R$959 thousand as at September 30, 2019) and is fully attributed to owners of the Company.

(b) Cash flows generated by discontinued operations

	09/30/2020	09/30/2019
Net cash generated by operating activities	**7,244**	8,844
Net cash generated by investing activities	**1,636**	(1,988)
Net cash used in financing activities	**(8,860)**	(6,633)
Net cash generated by discontinued operations	**20**	223

26. Equity (Negative Equity)

a) Capital

As at September 30, 2020, the Company's issued capital is R$523,239 thousand (R$520,259 thousand as at December 31, 2019), represented by 89,055,110 book-entry, registered shares, divided into 46,445,314 common shares and 42,609,796 preferred shares, without par value.

On October 5, 2018, the Company issued four series of subscription warrants, where each warrant may be converted into one (1) share, as follows: (i) 25 million in series A, (ii) 20 million in series B, (iii) 20 million in series C, and (iv) 9 million in series D. Subscription fixed prices are R$4.00, R$5.00, R$6.00, and R$7.00, respectively.

On March 31, 2019, the warrants exercised up to that date were automatically converted into capital, in an amount equivalent to R$42.3 million, and this was ratified in the minutes of the Board of Directors' Meeting held on April 29, 2019.

On June 30, 2019, the warrants exercised up to that date were automatically converted into capital, in an amount equivalent to R$12.8 million, and this was ratified in the minutes of the Board of Directors' Meeting held on July 17, 2019.

On September 30, 2019, the warrants exercised up to that date were automatically converted into capital, in an amount equivalent to R$6 thousand, and this was ratified in the minutes of the Board of Directors' Meeting held on October 24, 2019.

On December 31, 2019, the warrants exercised up to that date were automatically converted into capital, in an amount equivalent to R$18 thousand, and this was ratified in the minutes of the Board of Directors' Meeting held on March 26, 2020.

On March 31, 2020, the warrants exercised up to that date were automatically converted into capital, in an amount equivalent to R$119 thousand, and this was ratified in the minutes of the Board of Directors' Meeting held on May 13, 2020.

On June 30, 2020, the warrants exercised were automatically converted into capital, in an amount equivalent to R$5 thousand, and this was ratified in the minutes of the Board of Directors' Meeting held on July 21, 2020.

On September 30, 2020, the warrants exercised were automatically converted into capital, in an amount equivalent to R$2.8 million, and this was ratified in the minutes of the Board of Directors' Meeting held on October 22, 2020.

Preferred shares

Preferred shares are not entitled to different dividends and have preemptive rights in the liquidation of its interest in the capital.

Pursuant to Article 5, paragraph 4, of the Company's Bylaws, preferred shares are entitled to vote in any resolutions made at a Shareholders' Meeting on the matters listed below, in which case each preferred share correspond to one vote:

(i) Company's transformation, merger, consolidation or spin-off;
(ii) Approval of agreements between the Company and its Controlling Shareholder, as defined in the Level 2 Regulation, directly or through third parties, as well as other companies in which the Controlling

Shareholder has an interest, whenever, as set forth in an legal or bylaws provision, these matters are required to be approved at a shareholders' meeting;

(iii) Appraisal of assets for the Company's capital increase;

(iv) Selection of a specialized company to determine of the Company's economic value, under Chapter VII of the Company's Bylaws; and

(v) Change or revocation of bylaws provisions which change or modify any requirement prescribed in item 4.1 of the Level 2 Regulations, except that this voting right shall prevail only while the Level 2 of Corporate Governance Participation Agreement remains in force.

Authorized shares (in thousands of shares):

	09/30/2020	12/31/2019
Common shares	51,851	51,851
Preferred shares	103,702	103,702
	155,553	155,553

Issued, fully paid-in shares:

	Common		**Preferred**	
	In thousands	**Amount in R$ thousands**	**In thousands**	**Amount in R$ thousands**
As at December 31, 2019 Common: R$5.11; Preferred: R$5.99*	46,445	237,334	42,019	251,694
As at September 30, 2020 **Common: R$7.78; Preferred: R$7.90***	**46,445**	361,342	**42,610**	336,619

*Closing share quotation on the indicated date, multiplied by the total shares outstanding on the same date.

b) Valuation adjustments to equity

Deemed cost

The line item valuation adjustments to equity in equity includes adjustments due to the adoption of the deemed cost of property, plant and equipment at the date of transition to IFRSs. The amounts recognized in valuation adjustments to equity are fully or partially reclassified to full or partial profit or loss for the year upon the depreciation of the related line items or the disposal of the assets.

Fair value of investment properties

As described in note 14, in 2016 the Company recognized the fair value of its investment property, pursuant to the Brazilian accounting policies (BR GAAP) and IFRSs. The investment property at fair value is initially recognized in equity. After initial recognition, the fair value should be reviewed annually and changes in fair value are recognized directly in profit or loss for the year.

Cumulative translation adjustments

Cumulative translation adjustments include all foreign exchange differences arising on translating the financial statements of foreign operations.

c) Earnings (loss) per share

Profit attributable to shareholders (basic)

	Parent and consolidated		
			09/30/2020
	Common shares (ON)	Preferred shares (PN)	Total
Denominator			
Weighted average of the total number of shares	46,445	42,037	88,482
Weighted average number of outstanding shares	**46,445**	**42,037**	**88,482**
% of shares to total	**52.49%**	**47.51%**	**100.00%**
Numerator			
Loss attributable to each share class (R$)	(10,148)	(9,184)	(19,332)
Weighted average number of outstanding shares	46,445	42,037	88,482
Basic loss per share (R$) - Continuing operations	**(0,21849)**	**(0,21847)**	
Profit attributable to each share class (R$)	1,826	1,652	3,478
Weighted average number of outstanding shares	46,445	42,037	88,482
Basic earnings per share (R$) - Discontinued operations	**0,03932**	**0,03930**	
Loss attributable to each share class (R$)	(8,322)	(7,532)	(15,854)
Weighted average number of outstanding shares	46,445	42,037	88,482
Basic loss per share (R$)	**(0.17918)**	**(0.17918)**	

Profit attributable to shareholders (basic)

	Parent and consolidated		
			09/30/2019
	Common shares (ON)	Preferred shares (PN)	Total
Denominator			
Weighted average of the total number of shares	46,445	36,670	83,115
Weighted average number of outstanding shares	**46,445**	**36,670**	**83,115**
% of shares to total	**55.88%**	**44.12%**	**100.00%**
Numerator			
Profit attributable to each share class (R$)	11,368	8,976	20,344
Weighted average number of outstanding shares	46,445	36,670	83,115
Basic earnings per share (R$) - Continuing operations	**0,24476**	**0,24478**	
Profit attributable to each share class (R$)	536	423	959
Weighted average number of outstanding shares	46,445	36,670	83,115
Basic earnings per share (R$) - Discontinued operations	**0,01154**	**0,01154**	
Profit attributable to each share class (R$)	11,904	9,399	21,303
Weighted average number of outstanding shares	46,445	36,670	83,115
Basic earnings per share (R$)	**0.25630**	**0.25631**	

Profit attributable to shareholders (diluted)			Parent and consolidated
			09/30/2020
	Common shares (ON)	**Preferred shares (PN)**	**Total**
Denominator			
Share balance at the end of the year	46,445	42,610	89,055
Weighted average number of outstanding shares	**46,445**	**42,610**	**89,055**
% of shares to total	**52.15%**	**47.85%**	**100.00%**
Numerator			
Loss attributable to each share class (R$)	(10,082)	(9,250)	(19,332)
Weighted average number of outstanding shares	46,445	42,610	89,055
Diluted loss per share (R$) - Continuing operations	**(0,21707)**	**(0,21709)**	
Profit attributable to each share class (R$)	1,814	1,664	3,478
Weighted average number of outstanding shares	46,445	42,610	89,055
Diluted earnings per share (R$) - Discontinued operations	**0,03906**	**0,03905**	
Loss attributable to each share class (R$) - Continuing operations	(8,268)	(7,586)	(15,854)
Weighted average number of outstanding shares	46,445	42,610	89,055
Diluted loss per share (R$)	**(0.17802)**	**(0.17803)**	

Profit attributable to shareholders (diluted)			Parent and consolidated
			09/30/2019
	Common shares (ON)	**Preferred shares (PN)**	**Total**
Denominator			
Weighted average of the total number of shares	46,445	42,015	88,460
Weighted average number of outstanding shares	**46,445**	**42,015**	**88,460**
% of shares to total	**52.50%**	**47.50%**	**100.00%**
Numerator			
Profit attributable to each share class (R$)	10,681	9,663	20,344
Weighted average number of outstanding shares	46,445	42,015	88,460
Diluted earnings per share (R$) - Continuing operations	**0,22997**	**0,22999**	
Profit attributable to each share class (R$)	504	455	959
Weighted average number of outstanding shares	46,445	42,015	88,460
Diluted earnings per share (R$) - Discontinued operations	**0,01085**	**0,01083**	
Profit attributable to each share class (R$) - Continuing operations	11,185	10,118	21,303
Weighted average number of outstanding shares	46,445	42,015	88,460
Diluted earnings per share (R$)	**0.24082**	**0.24082**	

d) Capital transactions
The corporate restructuring undertaken on May 27, 2011 involving subsidiary Polimetal Metalurgia e Plásticos Ltda. and the Company resulted in changes in the ownership interests between the parties involved in the amount of R$40,996, which was recognized in unsecured liabilities in the capital transaction account.

27. Net Operating Revenue

Pursuant to CPC 47/IFRS 15, revenue is recognized when control of the goods is Pursuant to CPC 47/IFRS 15, revenue is recognized when control of the goods is transferred to the customer. If a reasonable estimate of potential return of goods cannot be made, when allowed, revenue recognition is deferred until the return period expires or a reasonable estimate of the returns can be made.

Pursuant to CPC 47/IFRS 15, revenue for these contracts will be recognized to the extent that it is probable that there will be no significant reversal in the accumulated revenue amount. As a result, for contracts where the Company is unable to make a reasonable estimate of the returns, revenue is expected to be recognized after the elapse of the return period. A liability for reimbursement and an asset for recovery will be recognized for these contracts and stated separately on the balance sheet.

The Company adopted CPC 47/IFRS 15 using the cumulative effect method (without practical expedients), and recognized the first-time adoption effects on the first-time adoption date (i.e., January 1, 2018). No amount for adjustment was determined.

Sales taxes
Sales revenues are subject to the following taxes and contributions at the following statutory rates:

	Tax rates
State VAT (ICMS)	0%-25%
Federal VAT (IPI)	0%-45%
Tax on revenue (COFINS)	3% and 7.6%;
Tax on revenue (PIS)	0.65% and 1.65%;

	Consolidated		Parent	
	09/302020	09/30/2019	09/302020	09/30/2019
Sales of goods	**1,509,574**	896,433	**962,725**	610,468
Provision of services	**4**	4	**-**	4
Total gross revenue	**1,509,578**	896,437	**962,725**	610,472
Sales taxes	**(294,702)**	(161,516)	**(200,982)**	(82,194)
Returns and discounts	**(1,946)**	(7,550)	**(1,044)**	(6,935)
Total operating revenue, net	**1,212,930**	**727,371**	**760,699**	**521,343**

As the Company's sales have a short-term maturity and the effects of present value adjustments are immaterial, the Company no longer presents the calculation of present value in its financial statements.

28. Expenses by Nature

	Consolidated		Parent	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Expenses by function				
Cost of sales	**(701,806)**	(471,110)	**(401,177)**	(348,631)
Selling expenses	**(108,196)**	(87,517)	**(46,910)**	(38,792)
Allowance for impairment of financial instruments	**1,618**	(262)	**3,011**	(573)
General and administrative expenses	**(122,084)**	(98,216)	**(68,340)**	(50,189)
Other operating expenses	**(3,804)**	(14,193)	**(6,231)**	(14,345)
	(934,272)	**(671,298)**	**(519,647)**	**(452,530)**
Expenses by nature	**09/30/2020**	**09/30/2019**	**09/30/2020**	**09/30/2019**
Depreciation and amortization	(18,741)	(16,433)	(9,887)	(4,061)
Personnel expenses	(218,186)	(218,735)	(137,642)	(73,934)
Tax expenses	(4,830)	(10,655)	(840)	(6,611)
Raw material and supplies and consumables	(440,537)	(226,033)	(230,293)	(288,236)
Auxiliary materials and upkeep and maintenance supplies	(47,629)	(35,103)	(46,191)	(5,073)
Freight and insurance	(69,203)	(31,041)	(33,152)	(20,661)
Outside services	(32,915)	(34,773)	(26,000)	(20,256)
Advertising and publicity	(19,668)	(17,204)	(2,441)	(4,657)
Expenses on product warranty	(5,138)	(3,922)	(4,450)	(3,359)
Water and power	(19,325)	(7,882)	(6,732)	(729)
Travel and lodging	(3,634)	(7,252)	(1,660)	(3,582)
Expenses on commissions	(20,976)	(17,568)	(3,010)	(5,182)
Cost of property, plant and equipment written off	(3,223)	(1,995)	(177)	(226)
Provision for risks	(7,746)	(7,916)	(8,175)	(7,638)
Rentals	(2,465)	(3,447)	(4,004)	(1,401)
Other expenses	(20,056)	(31,339)	(4,993)	(6,924)
	(934,272)	**(671,298)**	**(519,647)**	**(452,530)**

29. Finance Income (Costs), Net

Finance income (costs) consists primarily of interest income from investment funds and changes in the fair value of financial assets measured at fair value through profit or loss. Finance income (costs) is recognized within the reporting period.

	Consolidated		Parent	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Finance costs				
Interest and fines	**(38,437)**	(35,683)	**(38,497)**	(32,955)
Foreign exchange losses	**(371,960)**	(62,490)	**(370,914)**	(62,456)
Other costs	**(5,779)**	(13,955)	**(5,668)**	(13,877)
	(416,176)	(112,128)	**(415,079)**	(109,288)
Finance income				
Interest	**432**	30,328	**1,182**	29,242
Foreign exchange gains	**129,524**	3,895	**128,259**	3,702
Other income	**127**	143	**123**	98
	130,083	34,366	**129,564**	33,042
Finance income (costs), net	**(286,093)**	(77,762)	**(285,515)**	(76,246)

30. Insurance

The Company has the policy of insuring risk-exposed assets to cover probable losses, in light of the nature of its business. The adequacy of insurance coverage is determined by the Company's Management, which considers it sufficient to cover probable losses.

As at September 30, 2020, insurance coverage for the Company was as follows:

		09/30/2020
	Consolidated	**Parent**
Property damages	650,275	80,000
Civil liability	287,728	15,000
Loss of profits	276,055	276,055

31. Provision for Product Warranty

The Company quantifies and recognizes an estimate for the warranty-related costs, according to history of and current repair costs. The provision for product warranty ensures that the repair costs in case of replacement or repair do not affect the results of operations for the periods in which these additional costs were incurred. Therefore, amounts are recognized on an accrual basis. As at September 30, 2020 and December 31, 2019, the balances are as follows:

		Consolidated		**Parent**
	09/30/2020	**12/312019**	**09/30/2020**	**12/312019**
Domestic market	**11,113**	14,560	**9,645**	13,092
Foreign market	**12,739**	9,104	**-**	-
Total	**23,852**	**23,664**	**9,645**	**13,092**
Current liabilities	**16,073**	18,105	**9,645**	13,092
Noncurrent liabilities	**7,779**	5,559	**-**	-

32. Events After the Reporting Period

- Execution of joint venture agreement

Pursuant to the Material Fact Notice disclosed on October 8, 2020, Taurus, after being authorized by its Board of Directors, entered into a final agreement for the setting up of the joint venture, which will allow the manufacture and sale of clips and other light firearm stamped components for the domestic and foreign markets.

The technology used in the manufacture of the magazines, besides being strategic for us, is key for the perfect functioning and safety of the weapons. By creating this joint venture, Taurus will become self-sufficient in the production of magazines, an aftermarket segment, currently dominated by few foreign suppliers. Also, it allows steep reduction of costs for the Company’s operations, with integrated and efficient logistics, volume flexibility, adding value to Taurus Technology and Engineering Center.

The new magazine company will start its production still in 2020 and is fully aligned with Taurus global strategy of making the unit in Brazil the most efficient firearm plant in the global market and a parts distribution hub for all Group units, to support the efficient and lucrative production model. It will also allow Taurus to enter a new business segment, which is the aftermarket segment, currently not exploited by the Company.

Production will start at Joalmi's manufacturing center, in Guarulhos, São Paulo, and is expected to be transferred to Taurus manufacturing center in São Leopoldo, RS in 2021.

The joint venture will have share capital held by both companies, consisting of a 51% stake held by Taurus and 49% stake held by Joalmi. The goal is to develop our proprietary technology consistent with the highest market quality standards to meet Taurus global demand and also the global magazine aftermarket demand.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Directors and Management of
Taurus Armas S.A.

Introduction

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

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of Interim Financial Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Quarterly Information Form - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM.

Deloitte.

Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added - DVA for the nine-month period ended September 30, 2020, prepared under the responsibility of the Company's Management and disclosed as supplemental information for purposes of the international standard IAS 34. These statements were subject to review procedures performed together with the review of the Quarterly Information Form - ITR to reach a conclusion on whether they were reconciled with the individual and consolidated interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not appropriately prepared, in all material respects, in relation to the interim financial information taken as a whole.

Review of the interim financial information for the quarter and nine-month periods ended September 30, 2019 and audit of the financial statements for the year ended December 31, 2019

The interim financial information referred to above includes the corresponding financial information comprising the statements of profit and loss and of comprehensive income for the three- and nine-month periods ended September 30, 2019, and the statements of changes in equity, of cash flows and of value added for the nine-month period ended September 30, 2019, obtained from the Quarterly Information Form - ITR for the quarter then ended, as well as the balance sheets as at December 31, 2019, obtained from the financial statements for the year ended December 31, 2019, presented for purposes of comparison. The review of the interim financial information for the quarter and nine-month period ended September 30, 2019 and the audit of the financial statements for the year ended December 31, 2019 were conducted under the responsibility of other independent auditors, who issued an unmodified report on review of interim financial information and an unmodified independent auditor's report, dated November 7, 2019 and March 26, 2020, respectively.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Porto Alegre, November 6, 2020

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Jonas Dal Ponte
Engagement Partner

2020PA001822_6 - REV_2020PA001342_Relatório do Auditor - III TRI Revisado Jonas e Atualizado sem marcas dágua.docx

AUDIT AND RISK BOARD'S OPINION

The main duties of the Audit and Risk Board of Taurus Armas S.A., the statutory advisory body of the Board of Directors, in conformity with its Internal Regulation, are to assess the effectiveness of the accounting and internal control system, of the internal audit and independent audit and of the risk management framework and process and to issue an opinion on the financial statements prior to their disclosure.

In order to fulfill its duties and in compliance with its annual work plan, it has held a meeting to discuss the financial statements for the period ended September 30, 2020.

The Board has audited the Management Report, the Interim Financial Information for the period ended September 30, 2020, including the explanatory notes, and the unqualified report issued by Deloitte Touche Tohmatsu.

Based on the activities performed in the period, in reliance upon its duties and limitations inherent in its work scope, the Audit and Risk Board, without identifying any event that could affect the quality and completeness of the information to be disclosed, recommends to the Board of Directors the approval and disclosure of the Interim Financial Information as at September 30, 2020 and the respective Performance Report.

Porto Alegre, November 05, 2020.

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SÉRGIO LAURIMAR FIORAVANTI
Coordinating Board Member

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MAGNO NEVES FONSECA
Board Member

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LUCIANO LUIZ BARSI
Board Member

STATEMENT OF THE EXECUTIVE COMMITTEE OF TAURUS ARMAS S.A. ON THE FINANCIAL STATEMENTS FOR THE THIRD QUARTER OF 2020

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Eduardo Minghelli, Ricardo Machado and Leonardo Brum Sesti, Officers of Taurus Armas S.A., a company with registered head office at Av. São Borja, 2181/Prédio A, CEP: 93.032-000, São Leopoldo, RS, enrolled with Corporate Taxpayer Identification (CNPJ/MF) under No. 92.781.335/0001-02, in compliance with provisions of Article 25, V and VI, of CVM Instruction 480, of December 7, 2009, hereby declare that they have reviewed, discussed and agreed with the Financial Statements of Taurus Armas S.A. and consolidated companies for the period from January 1, 2020 to September 30, 2020.

São Leopoldo, November 6, 2020.

Salesio Nuhs Chief Executive Officer

Sergio Castilho Sgrillo Filho

Chief Finance and Administrative Officer
Investor Relations Director

Eduardo Minghelli

Executive Officer without specific designation

Ricardo Machado

Executive Officer without specific designation

Leonardi Brum Sesti

Executive Officer without specific designation

STATEMENT OF THE EXECUTIVE COMMITTEE OF TAURUS ARMAS S.A. ON THE INDEPENDENT AUDITOR'S REPORT

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Eduardo Minghelli, Ricardo Machado and Leonardo Brum Sesti, Officers of Taurus Armas S.A., a company with registered head office at Av. São Borja, 2181/Prédio A, CEP: 93.032-000, São Leopoldo, RS, enrolled with Corporate Taxpayer Identification (CNPJ/MF) under No. 92.781.335/0001-02, in compliance with provisions of Article 25, V and VI, of CVM Instruction 480, of December 7, 2009, hereby declare that they have reviewed, discussed and agreed with the opinions expressed by Deloitte Touche Tohmatsu Auditores Independentes, in its Independent Auditor's Review Report on the Financial Statements for the period from January 1, 2020 to September 30, 2020, issued on November 6, 2020.

São Leopoldo, November 6, 2020.

Salesio Nuhs
Chief Executive Officer

Sergio Castilho Sgrillo Filho

Chief Finance and Administrative Officer
Investor Relations Director

Eduardo Minghelli
Executive Officer without specific designation

Ricardo Machado
Executive Officer without specific designation

Leonardo Brum Sesti
Executive Officer without specific designation