Contents

Company information / Breakdown of capital

Quantity of shares (Units)	Current quarter 03/31/2020
Paid-in capital	
Common	46,445,314
Preferred	42,042,380
Total	88,487,694
Treasury	
Common	0
Preferred	0
Total	0

Interim Financial Information - 03/31/2020

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

LINE ITEM	Account description	Current quarter 03/31/2020	Prior year 12/31/2019
1	Total assets	961,395.00	893,540.00
1.01	Current assets	341,099.00	323,978.00
1.01.01	Cash and cash equivalents	10,498.00	7,376.00
1.01.01.01	Cash and banks	2,106.00	227.00
1.01.01.02	Highly liquid short-term investments	8,392.00	7,149.00
1.01.02	Short-term investments	16.00	16.00
1.01.03	Accounts receivable	102,975.00	113,054.00
1.01.03.01	Trade receivables	102,975.00	113,054.00
1.01.04	Inventories	175,105.00	157,937.00
1.01.06	Recoverable taxes	16,156.00	25,448.00
1.01.06.01	Recoverable current taxes	16,156.00	25,448.00
1.01.07	Prepaid expenses	4,351.00	4,091.00
1.01.08	Other current assets	31,998.00	16,056.00
1.01.08.03	Other	31,998.00	16,056.00
1.01.08.03.03	Related parties - Intragroup loan	1,755.00	660.00
1.01.08.03.04	Other receivables	30,243.00	15,396.00
1.02	Noncurrent assets	620,296.00	569,562.00
1.02.01	Long-term receivables	98,874.00	100,157.00
1.02.01.03	Short-term investments at amortized cost	-	1.00
1.02.01.07	Deferred taxes	58,583.00	65,328.00
1.02.01.07.01	Deferred income tax and social contribution	58,583.00	65,328.00
1.02.01.09	Due from related parties	26,925.00	21,728.00
1.02.01.09.04	Due from other related parties	26,925.00	21,728.00
1.02.01.10	Other noncurrent assets	13,366.00	13,100.00
1.02.01.10.04	Other	13,366.00	13,100.00
1.02.02	Investments	410,654.00	364,441.00
1.02.02.01	Equity interests	410,654.00	364,441.00
1.02.02.01.02	Equity interests in subsidiaries	410,464.00	364,251.00
1.02.02.01.04	Other investments	190.00	190.00
1.02.03	Property, plant and equipment	96,646.00	92,985.00
1.02.03.01	Fixed assets in use	80,356.00	78,288.00
1.02.03.03	Construction in progress	16,290.00	14,697.00
1.02.04	Intangible assets	14,122.00	11,979.00
1.02.04.01	Intangible assets	14,122.00	11,979.00

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

LINE ITEM	Account description	Current quarter 03/31/2020	Prior year 12/31/2019
2	Total liabilities and equity	961,395.00	893,540.00
2.01	Current liabilities	602,489.00	550,830.00
2.01.01	Payroll, benefits and taxes thereon	27,414.00	21,747.00
2.01.01.01	Payroll and related taxes	3,644.00	1,857.00
2.01.01.02	Employee benefits and related taxes	23,770.00	19,890.00
2.01.02	Trade payables	77,317.00	70,359.00
2.01.02.01	Local suppliers	67,218.00	65,346.00
2.01.02.02	Foreign suppliers	10,099.00	5,013.00
2.01.03	Taxes payable	47,906.00	25,700.00
2.01.03.01	Federal tax liabilities	46,718.00	23,612.00
2.01.03.01.01	Income tax and social contribution payable	-	5,620.00
2.01.03.01.02	Other taxes	46,718.00	17,992.00
2.01.03.02	State tax liabilities	1,172.00	2,067.00
2.01.03.03	Municipal tax liabilities	16.00	21.00
2.01.04	Borrowings and financing	138,730.00	110,907.00
2.01.04.01	Borrowings and financing	125,031.00	97,617.00
2.01.04.01.01	In local currency:	6,133.00	8,911.00
2.01.04.01.02	In foreign currency	118,898.00	88,706.00
2.01.04.02	Debentures	13,699.00	13,290.00
2.01.05	Other payables	262,711.00	260,880.00
2.01.05.02	Other	262,711.00	260,880.00
2.01.05.02.01	Dividends and interest on capital payable	3.00	3.00
2.01.05.02.04	Intragroup borrowing	45,996.00	53,359.00
2.01.05.02.05	Foreign exchange drafts	100,823.00	78,196.00
2.01.05.02.07	Advance on receivables	59,302.00	73,516.00
2.01.05.02.08	Advances from customers	52,661.00	49,466.00
2.01.05.02.09	Other payables	3,926.00	6,340.00
2.01.06	Provisions	48,411.00	61,237.00
2.01.06.01	Tax, social security, labor and civil provisions	35,874.00	48,145.00
2.01.06.01.01	Tax provisions	27,689.00	27,689.00
2.01.06.01.02	Social security and labor provisions	6,782.00	6,463.00
2.01.06.01.04	Civil provisions	1,403.00	13,993.00
2.01.06.02	Other provisions	12,537.00	13,092.00
2.01.06.02.01	Provisions for warranty	12,537.00	13,092.00
2.02	Noncurrent liabilities	776,189.00	647,331.00
2.02.01	Borrowings and financing	608,938.00	491,757.00
2.02.01.01	Borrowings and financing	547,835.00	430,128.00
2.02.01.01.01	In local currency:	13,227.00	13,362.00
2.02.01.01.02	In foreign currency	534,608.00	416,766.00
2.02.01.02	Debentures	61,103.00	61,629.00
2.02.02	Other payables	110,041.00	97,100.00
2.02.02.01	Due to related parties	92,489.00	79,460.00
2.02.02.01.02	Due to subsidiaries	18,756.00	6,492.00
2.02.02.01.04	Due to other related parties	73,733.00	72,968.00
2.02.02.02	Other	17,552.00	17,640.00
2.02.02.02.03	Taxes payable	114.00	164.00
2.02.02.02.04	Provision for negative equity	17,438.00	17,476.00
2.02.04	Provisions	57,210.00	58,474.00
2.02.04.01	Tax, social security, labor and civil provisions	57,210.00	58,474.00
2.02.04.01.02	Social security and labor provisions	42,922.00	43,486.00
2.02.04.01.04	Civil provisions	14,288.00	14,988.00
2.03	Equity	- 417,283.00	- 304,621.00
2.03.01	Issued capital	520,396.00	520,277.00
2.03.02	Capital reserves	- 31,116.00	- 31,116.00
2.03.02.03	Disposal of subscription warrants	9,880.00	9,880.00
2.03.02.09	Capital transactions	- 40,996.00	- 40,996.00
2.03.05	Retained earnings/accumulated losses	- 1,126,154.00	- 970,315.00
2.03.06	Valuation adjustments to equity	46,564.00	45,958.00
2.03.07	Cumulative translation adjustments	173,027.00	130,575.00

Individual Financial Information/- Statement of Profit and Loss
(in thousands of reais)

LINE ITEM	Account description	01/01/2020 to 03/31/2020	01/01/2019 to 03/31/2019
3.01	Net operating revenue	170,178.00	160,167.00
3.02	Cost of sales and/or services	- 102,280.00	- 109,171.00
3.03	Gross profit	67,898.00	50,996.00
3.04	Operating (expenses) income	- 28,340.00	- 23,378.00
3.04.01	Selling expenses	- 13,649.00	- 12,250.00
3.04.02	General and administrative expenses	- 20,468.00	- 14,923.00
3.04.03	Impairment losses	2,680.00	- 1,456.00
3.04.04	Other operating income	2,502.00	527.00
3.04.05	Other operating expenses	- 3,203.00	- 1,151.00
3.04.06	Share of profit (loss) of subsidiaries	3,798.00	5,875.00
3.05	Profit before finance income (costs) and taxes	39,558.00	27,618.00
3.06	Finance income (costs)	- 189,937.00	- 11,593.00
3.06.01	Finance income	20,076.00	3,789.00
3.06.02	Finance costs	- 210,013.00	- 15,382.00
3.07	Pretax income	- 150,379.00	16,025.00
3.08	Income tax and social contribution	- 6,745.00	- 11,977.00
3.08.02	Deferred	- 6,745.00	-
3.09	Profit (loss) from continuing operations	- 157,124.00	4,048.00
3.11	Profit/loss for the period	- 157,124.00	4,048.00
3.99.01.01	Common shares (ON)	- 1.78	0.05
3.99.01.02	Preferred shares (PN)	- 1.78	0.05
3.99.02.01	Common shares (ON)	- 1.78	0.05
3.99.02.02	Preferred shares (PN)	- 1.78	0.05

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

LINE ITEM	Account description	SCSE - 01/01/2020 to 03/31/2020	SCSE - 01/01/2019 to 03/31/2019
4.01	Profit for the period	- 157,124.00	4,048.00
4.02	Other comprehensive income	42,452.00	919.00
4.02.01	Translation adjustments for the period	42,452.00	919.00
4.03	Comprehensive income for the period	- 114,672.00	4,967.00

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

LINE ITEM	Account description		01/01/2020 to 03/31/2020		01/01/2019 to 03/31/2019
6.01	Net cash from operating activities		40,516.00		37,158.00
6.01.01	Cash generated by operating activities		7,423.00		32,965.00
6.01.01.01	Profit (loss) before income tax and social contribution	-	150,379.00		16,025.00
6.01.01.02	Depreciation and amortization		3,152.00		1,905.00
6.01.01.03	Cost of capital assets written off		105.00		3.00
6.01.01.04	Allowance for doubtful debts	-	2,680.00	-	1,456.00
6.01.01.05	Share of profit (loss) of subsidiaries	-	3,798.00	-	5,875.00
6.01.01.08	Accrued interest on borrowings and intragroup borrowings		8,048.00		8,785.00
6.01.01.10	Allowance for inventory losses	-	2,360.00	-	491.00
6.01.01.11	Provision for warranties	-	555.00		534.00
6.01.01.12	Provision for civil, labor and tax risks	-	13,535.00		1,482.00
6.01.01.13	Exchange differences on borrowings and other items		169,425.00		12,053.00
6.01.02	Changes in assets and liabilities		33,093.00		4,193.00
6.01.02.01	(Increase) decrease in trade receivables		12,759.00		11,631.00
6.01.02.02	Decrease (increase) in inventories	-	12,917.00	-	13,246.00
6.01.02.03	Decrease (increase) in other receivables	-	7,157.00	-	1,111.00
6.01.02.04	(Decrease) increase in trade payables		6,958.00		16,437.00
6.01.02.05	Increase (decrease) in accounts payable		33,450.00	-	9,518.00
6.02	Net cash from investing activities	-	14,065.00	-	5,318.00
6.02.01	Due from related parties	-	5,005.00	-	3,314.00
6.02.04	In property, plant and equipment	-	6,629.00	-	2,780.00
6.02.05	In intangible assets	-	2,432.00	-	80.00
6.02.06	Short-term investments		1.00		856.00
6.03	Net cash from financing activities	-	23,329.00	-	34,246.00
6.03.02	Borrowings and intragroup borrowings		83,407.00		2,230.00
6.03.03	Repayment of borrowings	-	90,702.00	-	53,639.00
6.03.05	Capital increase		119.00		42,271.00
6.03.07	Payment of interest on borrowings and intragroup borrowings	-	11,685.00	-	20,558.00
6.03.10	Due to related parties	-	4,468.00	-	4,550.00
6.05	Increase (decrease) in cash and cash equivalents		3,122.00	-	2,406.00
6.05.01	Cash and cash equivalents at the beginning of the period		7,376.00		5,157.00
6.05.02	Cash and cash equivalents at the end of the period		10,498.00		2,751.00

Individual Financial Information / Statement of Changes in Equity - 01/01/2020 to 03/31/2020
(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	Shareholders' equity
5.01	Opening balances	520,277.00	-31,116.00	0	-970,315.00	176,533.00	-304,621.00
5.02	Prior-year adjustments	0	0	0	0	0	0
5.03	Adjusted opening balances	520,277.00	-31,116.00	0	-970,315.00	176,533.00	-304,621.00
5.04	Shareholders' capital transactions	119.00	0	0	1,045.00	846.00	2,010.00
5.04.01	Capital increases	119.00	0	0	0	0	119.00
5.04.02	Share issuance costs	0	0	0	0	0	0
5.04.03	Granted options recognized	0	0	0	1,045.00	846.00	1,891.00
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
5.05	Total comprehensive income	0	0	0	-156,884.00	42,212.00	-114,672.00
5.05.01	Profit for the period	0	0	0	-157,124.00	0	-157,124.00
5.05.02	Other comprehensive income	0	0	0	240.00	42,212.00	42,452.00
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	42,452.00	42,452.00
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	240.00	-240.00	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	520,396.00	-31,116.00	0	-1,126,154.00	219,591.00	-417,283.00

Individual Financial Information / Statement of Changes in Equity - 01/01/2019 to 03/31/2019
(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	Shareholders' equity
5.01	Opening balances	465,218.00	- 31,170.00	0	- 1,012,915.00	171,904.00	- 406,963.00
5.02	Prior-year adjustments	0	0	0	0	0	0
5.03	Adjusted opening balances	465,218.00	- 31,170.00	0	- 1,012,915.00	171,904.00	- 406,963.00
5.04	Shareholders' capital transactions	42,271.00	- 208.00	0	0	0	42,063.00
5.04.01	Capital increases	42,271.00	0	0	0	0	42,271.00
5.04.02	Share issuance costs	0	- 208.00	0	0	0	- 208.00
5.04.03	Granted options recognized	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
5.05	Total comprehensive income	0	0	0	4,048.00	919.00	4,967.00
5.05.01	Profit for the period	0	0	0	4,048.00	0	4,048.00
5.05.02	Other comprehensive income	0	0	0	0	919.00	919.00
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	919.00	919.00
5.05.02.05	Taxes on translation adjustments for the period	0	0	0	0	0	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	317.00	- 317.00	0
5.06.01	Recognition of reserves	0	0	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	317.00	- 317.00	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	0	0	0
5.07	Closing balances	507,489.00	- 31,378.00	0	- 1,008,550.00	172,506.00	- 359,933.00

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

LINE ITEM	Account description	01/01/2020 to 03/31/2020	01/01/2019 to 03/31/2019
7.01	Revenue	231,899.00	159,249.00
7.01.01	Sales of goods and services	226,717.00	160,178.00
7.01.02	Other income	2,502.00	527.00
7.01.04	Allowance for (reversal of) doubtful debts	2,680.00	-1,456.00
7.02	Inputs purchased from third parties	-93,423.00	-117,681.00
7.02.01	Cost of products, goods and services sold	-55,253.00	-106,979.00
7.02.02	Supplies, power, outside services and other inputs	-38,170.00	-10,702.00
7.03	Gross value added	138,476.00	41,568.00
7.04	Withholdings	-3,152.00	-1,904.00
7.04.01	Depreciation, amortization and depletion	-3,152.00	-1,904.00
7.05	Wealth created	135,324.00	39,664.00
7.06	Wealth received in transfer	23,874.00	9,664.00
7.06.01	Share of profit (loss) of subsidiaries	3,798.00	5,875.00
7.06.02	Finance income	20,076.00	3,789.00
7.07	Total wealth for distribution	159,198.00	49,328.00
7.08	Wealth distributed	159,198.00	49,328.00
7.08.01	Personnel	35,000.00	15,580.00
7.08.01.01	Wages	26,797.00	12,027.00
7.08.01.02	Benefits	6,348.00	2,775.00
7.08.01.03	Severance Pay Fund (FGTS)	1,855.00	778.00
7.08.02	Taxes, fees and contributions	71,057.00	14,245.00
7.08.02.01	Federal	53,920.00	14,233.00
7.08.02.02	State	17,090.00	1.00
7.08.02.03	Municipal	47.00	11.00
7.08.03	Lenders and lessors	210,265.00	15,455.00
7.08.03.01	Interest	210,012.00	15,382.00
7.08.03.02	Rentals	253.00	73.00
7.08.04	Shareholders	-157,124.00	4,048.00
7.08.04.03	Retained earnings (accumulated losses)	-157,124.00	4,048.00

Interim Financial Information - 03/31/2020

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

LINE ITEM	Account description	Current quarter 03/31/2020	Prior year 12/31/2019
1	Total assets	1,170,335	1,066,440
1.01	Current assets	772,506	694,536
1.01.01	Cash and cash equivalents	66,532	35,966
1.01.01.01	Cash and banks	58,065	28,416
1.01.01.02	Highly liquid short-term investments	8,467	7,550
1.01.02	Short-term investments	16	16
1.01.03	Accounts receivable	197,827	164,997
1.01.03.01	Trade receivables	197,827	164,997
1.01.04	Inventories	326,156	315,771
1.01.06	Recoverable taxes	18,869	31,078
1.01.06.01	Recoverable current taxes	18,869	31,078
1.01.07	Prepaid expenses	10,965	6,279
1.01.08	Other current assets	152,141	140,429
1.01.08.01	Noncurrent assets for sale	118,376	120,212
1.01.08.03	Other	33,765	20,217
1.01.08.03.02	Other receivables	33,765	20,217
1.02	Noncurrent assets	397,829	371,904
1.02.01	Long-term receivables	108,344	110,521
1.02.01.03	Short-term investments at amortized cost	-	1
1.02.01.07	Deferred taxes	93,808	96,226
1.02.01.07.01	Deferred income tax and social contribution	93,808	96,226
1.02.01.10	Other noncurrent assets	14,536	14,294
1.02.01.10.04	Other	14,536	14,294
1.02.02	Investments	192	192
1.02.02.01	Equity interests	192	192
1.02.02.01.05	Other investments	192	192
1.02.03	Property, plant and equipment	199,100	181,247
1.02.03.01	Fixed assets in use	182,562	166,445
1.02.03.03	Construction in progress	16,538	14,802
1.02.04	Intangible assets	90,193	79,944
1.02.04.01	Intangible assets	90,193	79,944

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

LINE ITEM	Account description	Current quarter 03/31/2020	Prior year 12/31/2019
2	Total liabilities and equity	1,170,335.00	1,066,440.00
2.01	Current liabilities	713,024.00	630,019.00
2.01.01	Payroll, benefits and taxes thereon	35,730.00	30,374.00
2.01.01.01	Payroll and related taxes	11,083.00	9,696.00
2.01.01.02	Employee benefits and related taxes	24,647.00	20,678.00
2.01.02	Trade payables	134,075.00	114,157.00
2.01.02.01	Local suppliers	67,470.00	61,189.00
2.01.02.02	Foreign suppliers	66,605.00	52,968.00
2.01.03	Taxes payable	82,862.00	52,921.00
2.01.03.01	Federal tax liabilities	81,650.00	50,793.00
2.01.03.01.01	Income tax and social contribution payable	4,288.00	12,513.00
2.01.03.01.02	Other taxes	77,362.00	38,280.00
2.01.03.02	State tax liabilities	1,195.00	2,098.00
2.01.03.03	Municipal tax liabilities	17.00	30.00
2.01.04	Borrowings and financing	138,730.00	110,907.00
2.01.04.01	Borrowings and financing	125,031.00	97,617.00
2.01.04.01.01	In local currency	6,133.00	8,911.00
2.01.04.01.02	In foreign currency	118,898.00	88,706.00
2.01.04.02	Debentures	13,699.00	13,290.00
2.01.05	Other payables	260,088.00	249,124.00
2.01.05.02	Other	260,088.00	249,124.00
2.01.05.02.01	Dividends and interest on capital payable	3.00	3.00
2.01.05.02.05	Foreign exchange drafts	100,823.00	78,196.00
2.01.05.02.08	Advance on receivables	59,302.00	73,516.00
2.01.05.02.09	Advances from customers	52,622.00	49,428.00
2.01.05.02.10	Payables from noncurrent assets for sale	25,609.00	27,742.00
2.01.05.02.11	Other payables	21,729.00	20,239.00
2.01.06	Provisions	61,539.00	72,536.00
2.01.06.01	Tax, social security, labor and civil provisions	42,962.00	54,431.00
2.01.06.01.01	Tax provisions	27,689.00	27,689.00
2.01.06.01.02	Social security and labor provisions	9,598.00	9,478.00
2.01.06.01.04	Civil provisions	5,675.00	17,264.00
2.01.06.02	Other provisions	18,577.00	18,105.00
2.01.06.02.01	Provisions for warranty	18,577.00	18,105.00
2.02	Noncurrent liabilities	874,594.00	741,042.00
2.02.01	Borrowings and financing	765,872.00	639,074.00
2.02.01.01	Borrowings and financing	704,769.00	577,445.00
2.02.01.01.01	In local currency	13,227.00	13,362.00
2.02.01.01.02	In foreign currency	691,542.00	564,083.00
2.02.01.02	Debentures	61,103.00	61,629.00
2.02.02	Other payables	31,099.00	24,468.00
2.02.02.02	Other	31,099.00	24,468.00
2.02.02.02.04	Taxes payable	119.00	177.00
2.02.02.02.05	Other payables	30,980.00	24,291.00
2.02.03	Deferred taxes	10,291.00	10,263.00
2.02.03.01	Deferred income tax and social contribution	10,291.00	10,263.00
2.02.04	Provisions	67,332.00	67,237.00
2.02.04.01	Tax, social security, labor and civil provisions	60,162.00	61,678.00
2.02.04.01.02	Social security and labor provisions	45,874.00	46,690.00
2.02.04.01.04	Civil provisions	14,288.00	14,988.00
2.02.04.02	Other provisions	7,170.00	5,559.00
2.02.04.02.01	Provisions for warranty	7,170.00	5,559.00
2.03	Consolidated equity	- 417,283.00	- 304,621.00
2.03.01	Issued capital	520,396.00	520,277.00
2.03.02	Capital reserves	- 31,116.00	- 31,116.00
2.03.02.03	Disposal of subscription warrants	9,880.00	9,880.00
2.03.02.09	Capital transactions	- 40,996.00	- 40,996.00
2.03.05	Retained earnings/accumulated losses	- 1,126,154.00	- 970,315.00
2.03.06	Valuation adjustments to equity	46,564.00	45,958.00
2.03.07	Cumulative translation adjustments	173,027.00	130,575.00

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

LINE ITEM	Account description	01/01/2020 to 03/31/2020	01/01/2019 to 03/31/2019
3.01	Net operating revenue	298,320.00	252,085.00
3.02	Cost of sales and/or services	- 195,447.00	- 160,041.00
3.03	Gross profit	102,873.00	92,044.00
3.04	Operating (expenses) income	- 63,225.00	- 61,168.00
3.04.01	Selling expenses	- 29,387.00	- 27,911.00
3.04.02	General and administrative expenses	- 37,300.00	- 32,524.00
3.04.03	Impairment losses	3,222.00	- 922.00
3.04.04	Other operating income	2,629.00	831.00
3.04.05	Other operating expenses	- 2,389.00	- 642.00
3.05	Profit before finance income (costs) and taxes	39,648.00	30,876.00
3.06	Finance income (costs)	- 188,874.00	- 12,027.00
3.06.01	Finance income	20,284.00	4,213.00
3.06.02	Finance costs	- 209,158.00	- 16,240.00
3.07	Pretax income	- 149,226.00	18,849.00
3.08	Income tax and social contribution	- 8,354.00	- 14,275.00
3.08.01	Current	- 570.00	- 13,675.00
3.08.02	Deferred	- 7,784.00	- 600.00
3.09	Profit (loss) from continuing operations	- 157,580.00	4,574.00
3.10	Profit (loss) from discontinued operations	456.00	- 526.00
3.10.01	Profit (loss) from discontinued operations	456.00	- 526.00
3.11	Consolidated profit (loss) for the period	- 157,124.00	4,048.00
3.11.01	Attributable to owners of the Company	- 157,124.00	4,048.00
3.99.01.01	Common shares (ON)	- 1.78	0.05
3.99.01.02	Preferred shares (PN)	- 1.78	0.05
3.99.02.01	Common shares (ON)	- 1.78	0.05
3.99.02.02	Preferred shares (PN)	- 1.78	0.05

Consolidated Financial Information / Statement of Comprehensive Income
(in thousands of reais)

LINE ITEM	Account description	01/01/2020 to 03/31/2020	01/01/2019 to 03/31/2019
4.01	Consolidated profit (loss) for the period	- 157,124.00	4,048.00
4.02	Other comprehensive income	42,452.00	919.00
4.02.01	Translation adjustment for the period	42,452.00	919.00
4.03	Consolidated comprehensive income for the period	- 114,672.00	4,967.00
4.03.01	Attributable to owners of the Company	- 114,672.00	4,967.00

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

LINE ITEM	Account description	01/01/2020 to 03/31/2020	01/01/2019 to 03/31/2019
6.01	Net cash from operating activities	77,746.00	28,616.00
6.01.01	Cash generated by operating activities	27,016.00	52,111.00
6.01.01.01	Profit (loss) before income tax and social contribution	-149,226.00	18,849.00
6.01.01.02	Depreciation and amortization	5,832.00	7,640.00
6.01.01.03	Cost of capital assets written off	105.00	47.00
6.01.01.07	Allowance for doubtful debts	-3,222.00	-922.00
6.01.01.08	Allowance for inventory losses	-2,311.00	-
6.01.01.10	Accrued interest on borrowings and intragroup borrowings	7,420.00	8,788.00
6.01.01.12	Provision for civil, labor and tax risks	-13,923.00	1,530.00
6.01.01.17	Provision for warranties	-555.00	586.00
6.01.01.18	Exchange differences on translating borrowings and financing	180,153.00	12,053.00
6.01.01.20	Net cash from discontinued operations	2,743.00	3,540.00
6.01.02	Changes in assets and liabilities	47,803.00	-21,946.00
6.01.02.01	(Increase) decrease in trade receivables	-9,447.00	-10,297.00
6.01.02.02	(Increase) decrease in inventories	44,692.00	-13,786.00
6.01.02.03	(Increase) in other receivables	-12,813.00	-1,742.00
6.01.02.04	Increase in trade payables	1,358.00	10,381.00
6.01.02.05	Increase in accounts payable	24,013.00	-6,502.00
6.01.03	Other	2,927.00	-1,549.00
6.01.03.03	Held-for-sale assets and liabilities	2,927.00	-1,182.00
6.01.03.04	Income tax and social contribution paid	-	-367.00
6.02	Net cash from investing activities	-11,412.00	-4,805.00
6.02.04	In property, plant and equipment	-8,663.00	-6,433.00
6.02.05	In intangible assets	-1,002.00	1,238.00
6.02.06	Short-term investments	1.00	856.00
6.02.07	Net cash from discontinued investing activities	-1,748.00	-466.00
6.03	Net cash from financing activities	-27,645.00	-18,858.00
6.03.02	Borrowings and intragroup borrowings	94,021.00	14,960.00
6.03.03	Repayment of borrowings	-107,927.00	-53,639.00
6.03.05	Capital increase	119.00	42,271.00
6.03.10	Payment of interest on borrowings and intragroup borrowings	-10,845.00	-20,558.00
6.03.12	Net cash from discontinued financing activities	-3,013.00	-1,892.00
6.04	Exchange differences on translating cash and cash equivalents	-8,123.00	-
6.05	Increase (decrease) in cash and cash equivalents	30,566.00	4,953.00
6.05.01	Cash and cash equivalents at the beginning of the period	35,966.00	26,766.00
6.05.02	Cash and cash equivalents at the end of the period	66,532.00	31,719.00

Consolidated Financial Information / Statements of Changes in Equity - 01/01/2020 to 03/31/202(
(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	Shareholders' equity	Noncontrolling interests	Consolidated shareholders' equity
5.01	Opening balances	520,277.00	- 31,116.00	0	- 970,315.00	176,533.00	- 304,621.00	0	- 304,621.00
5.02	Prior-year adjustments	0	0	0	0	0	0	0	0
5.03	Adjusted opening balances	520,277.00	- 31,116.00	0	- 970,315.00	176,533.00	- 304,621.00	0	- 304,621.00
5.04	Shareholders' capital transactions	119.00	0	0	1,045.00	846.00	2,010.00	0	2,010.00
5.04.01	Capital increases	119.00	0	0	0	0	119.00	0	119.00
5.04.02	Share issuance costs	0	0	0	0	0	0	0	0
5.04.03	Granted options recognized	0	0	0	1,045.00	846.00	1,891.00	0	1,891.00
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
5.05	Total comprehensive income	0	0	0	- 156,884.00	42,212.00	- 114,672.00	0	- 114,672.00
5.05.01	Profit for the period	0	0	0	- 157,124.00	0	- 157,124.00	0	- 157,124.00
5.05.02	Other comprehensive income	0	0	0	240.00	42,212.00	42,452.00	0	42,452.00
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 subsidiaries' comprehensive income	0	0	0	0	0	0	0	0
5.05.02.04	Translation adjustments for the period	0	0	0	0	42,452.00	42,452.00	0	42,452.00
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	240.00	- 240.00	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	520,396.00	- 31,116.00	0	- 1,126,154.00	219,591.00	- 417,283.00	0	- 417,283.00

Consolidated Financial Information / Statements of Changes in Equity - 01/01/2019 to 03/31/2019
(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	Shareholders' equity	Noncontrolling interests	Consolidated shareholders' equity
5.01	Opening balances	465,218.00	-31,170.00	0	-1,012,915.00	171,904.00	-406,963.00	0	-406,963.00
5.02	Prior-year adjustments	0	0	0	0	0	0	0	0
5.03	Adjusted opening balances	465,218.00	-31,170.00	0	-1,012,915.00	171,904.00	-406,963.00	0	-406,963.00
5.04	Shareholders' capital transactions	42,271.00	-208.00	0	0	0	42,063.00	0	42,063.00
5.04.01	Capital increases	42,271.00	0	0	0	0	42,271.00	0	42,271.00
5.04.02	Share issuance costs	0	-208.00	0	0	0	-208.00	0	-208.00
5.04.03	Granted options recognized	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
5.05	Total comprehensive income	0	0	0	4,048.00	919.00	4,967.00	0	4,967.00
5.05.01	Profit for the period	0	0	0	4,048.00	0	4,048.00	0	4,048.00
5.05.02	Other comprehensive income	0	0	0	0	919.00	919.00	0	919.00
5.05.02.01	Adjustments to financial instruments	0	0	0	0	919.00	919.00	0	919.00
5.05.02.02	Taxes on adjustments to financial instruments	0	0	0	0	0	0	0	0
5.05.02.03	Share of subsidiaries' 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
5.05.03	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 accounts	0	0	0	317.00	-317.00	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	317.00	-317.00	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	0	0	0	0	0
5.07	Closing balances	507,489.00	-31,378.00	0	-1,008,550.00	172,506.00	-359,933.00	0	-359,933.00

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

LINE ITEM	Account description	01/01/2020 to 03/31/2020	01/01/2019 to 03/31/2019
7.01	Revenue	361,577.00	252,378.00
7.01.01	Sales of goods and services	355,726.00	252,352.00
7.01.02	Other income	2,629.00	831.00
7.01.04	Allowance for (reversal of) doubtful debts	3,222.00	-805.00
7.02	Inputs purchased from third parties	-213,984.00	-173,798.00
7.02.01	Cost of products, goods and services sold	-146,103.00	-149,108.00
7.02.02	Supplies, power, outside services and other inputs	-67,881.00	-24,690.00
7.03	Gross value added	147,593.00	78,580.00
7.04	Withholdings	-5,832.00	-7,587.00
7.04.01	Depreciation, amortization and depletion	-5,832.00	-7,587.00
7.05	Wealth created	141,761.00	70,993.00
7.06	Wealth received in transfer	20,740.00	3,687.00
7.06.02	Finance income	20,284.00	4,213.00
7.06.03	Other	456.00	-526.00
7.06.03.20	Wealth created by discontinued operations for distribution	456.00	-526.00
7.07	Total wealth for distribution	162,501.00	74,680.00
7.08	Wealth distributed	162,501.00	74,680.00
7.08.01	Personnel	36,350.00	33,768.00
7.08.01.01	Wages	27,806.00	26,078.00
7.08.01.02	Benefits	6,622.00	5,850.00
7.08.01.03	Severance Pay Fund (FGTS)	1,922.00	1,840.00
7.08.02	Taxes, fees and contributions	73,791.00	20,340.00
7.08.02.01	Federal	56,346.00	20,250.00
7.08.02.02	State	17,319.00	2.00
7.08.02.03	Municipal	126.00	88.00
7.08.03	Lenders and lessors	209,484.00	16,524.00
7.08.03.01	Interest	209,157.00	16,239.00
7.08.03.02	Rentals	327.00	285.00
7.08.05	Other	-157,124.00	4,048.00
7.08.05.01	Accumulated losses, net of valuation adjustments to equity - Continuing operation	-157,580.00	4,574.00
7.08.05.02	Accumulated losses, net of valuation adjustments to equity - discontinued operation	456.00	-526.00

1Q20 Earnings

TAURUS™

COMPROMISSO COM A EXCELÊNCIA

Taurus posts new record-setting EBITDA above R$45 million and keeps gross margin at 34.5%

São Leopoldo, June 29, 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 earnings for the* ***1st Quarter of 2020 (1Q20)****. Financial and operating information below, except as otherwise indicated, is expressed in Brazilian reais (R$), follow international financial reporting standards (IFRSs) and Brazilian accounting principles. Comparisons refer to the same period of 2019.*

Economic and financial highlights 1Q19

Production of 263 thousand firearms in the quarter, up 5.6% compared to 4Q19, keeping the manufacturing operation active and safe for employees since the beginning of the COVID-19 pandemic.

Sales growth in Brazil and the USA, totaling 366.5 thousand units. Increased demand in the USA, especially beginning March.

Net operating revenue of R$298.3 million, up 18.3% compared to 4Q19, including a 48.5% increase in domestic market net revenue.

Gross profit of R$102.9 million, the Company's best earnings in a quarter, up 11.8% compared to 4Q19.

Record nonrecurring EBITDA of R$45.4 million, up 17.9% compared to 4Q19.

Finance costs impacted by the R$195.4 million of foreign exchange losses due to the 29.0% devaluation of the Brazilian real in the quarter, most of which refer to changes in foreign exchange rates with no immediate cash effect, only on the related maturities.

Cash flows: R$77.7 million in net cash generated by operating activities, the highest ever recorded by the Company in a quarter, with an increase of R$30.6 million in cash and cash equivalents in the period.

Key Indicators

R$ million	1Q20	1Q19	% change	4Q19	% change
Net operating revenue	298.3	252.1	18.3%	272.2	9.6%
Domestic market	56.0	37.7	48.5%	64.2	-12.8%
Foreign market	242.3	214.4	13.0%	208.0	16.5%
Cost of sales	-195.4	-160.0	22.1%	-187.8	4.0%
Gross profit	102.9	92.0	11.8%	84.4	21.9%
Gross margin (%)	*34.5%*	*36.5%*	*-2,0 p.p.*	*31.0%*	*+3,5 p.p.*
Operating expenses - SG&A	-63.2	-61.2	3.3%	-77.0	-17.9%
Operating result (EBIT)	39.6	30.9	28.2%	7.3	442.5%
EBIT margin (%)	*13.3%*	*12.2%*	*+1,1 p.p.*	*2.7%*	*+10,6 p.p.*
Finance income (costs), net	-188.9	-12.0		-2.7	
Income tax and social contribution	-8.4	-14.3	-41.3%	22.7	-137.0%
Profit (loss) for the period (continuing operation	**-157.6**	**4.6**		**27.3**	
Profit (loss) from discontinued operations	0.5	-0.5		-5.2	
Profit (loss) for the period	**-157.1**	**4.0**		**22.1**	**-810.9%**
EBITDA	45.4	38.5	17.9%	13.2	243.9%
EBITDA margin	*15.2%*	*15.3%*	*-0,1 p.p.*	*4.8%*	*+10,4 p.p.*
Net debt (at the end of the period)	998.1	835.5	19.5%	865.7	15.3%

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

Message from Management

We started 2020 with renewed enthusiasm for the solid earnings of 2019 and ready to pursue a successful strategy based on sound processes, production stability, reliable products and productivity coupled with cost management. We were soon surprised, like everyone else, by the spread and proportion taken by the COVID-19 pandemic and its impacts on people and the world economy. At Taurus, we strengthen the fulfillment of our Mission, Vision and Values and the basic concept that guides our strategy: **the commitment to excellence**. And this excellence begins by protecting life by taking care of the health and wellbeing of our employees and their families, and also by keeping our business healthier.

On March 3, we created the Taurus Crisis Committee to address the situation and prepared the 'COVID-19 Actions Protocol'. As a Strategic Defense Company (SDC), Taurus's activities are qualified as essential and, therefore, we continued to operate in a responsible manner. We immediately outlined several prevention and control actions, such as, among others, putting employees from the risk group in leave; checking of the body temperature of all those who access the São Leopoldo plant; complying with social distancing, area separation, implementing protective barriers and using PPE where necessary; donating to employees more than 100 thousand masks and 2 thousand face shields; adopting scale systems, work shift rotation, and work shift changes to reduce flows, contacts and gatherings, as well as implementing a home office scheme for administrative employees.

Aware of our responsibility toward society, we have decided to produce in our plant about 240 thousand face shields that were delivered to health units, hospitals, social work entities, police forces, municipal guards, in addition to the State Department of Health and Civil Defense for distribution in Rio Grande do Sul and several other states, such as Amazonas, Amapá, and Rio de Janeiro. It was a project carried out jointly with the Federal University of Rio Grande do Sul (UFRGS), partner companies that donated raw materials, and Brazilian Army soldiers who helped in the face shield assembly and packaging process in a production line implemented inside our facilities in São Leopoldo.

Further, guided by our duty to make a contribution during this difficult pandemic times, we have supplied meals to the members of the State Police and the Municipal Guard working in the city where our plant is located, during the time when retail (restaurants and fast food restaurants) was closed under a public calamity decree. We have also conducted an internal campaign 'Double Solidarity' by donating food to social institutions and projects. During this campaign, employees donated 4,770 kg of food and Taurus collaborated with double the amount collected, raising it to 14,310 kg of food donated.

With a strong health protection protocol, we were able to keep our manufacturing and sales activities without major setbacks, following the integrated quality system, from the supplier to the final consumer, which we have adopted at Taurus. We have manufactured 263 thousand weapons in the quarter, a quarter-on-quarter volume increase, and delivered our customers' orders, with the sale of 367 thousand firearms, 85% of which in the USA. The agility of the actions taken allowed us to overcome the difficulties imposed by the unexpected situation and thus close the first quarter of 2020 with operating earnings that makes us proud: increased revenue, higher gross profit generated exclusively by the firearms operation in the history of Taurus, growth in Ebit and a new record Ebitda, which totaled R$45.4 million. With the generation of R$77.7 million of cash from operating activities, we ended the quarter with R$66.5 million in Cash and Cash Equivalents, a position 85% higher than at the end of 2019.

In the USA, we are operating the new plant in the State of Georgia and have changed the local CEO, bringing new spirit to the company, which is already showing positive changes. In May, we transferred from Brazil to this unit the assembly line of the TS-9 pistol, adding 50 thousand guns/year to the production of the North American plant. Still in the U.S., the largest firearms market in the world and therefore also our largest market, the demand for firearms has increased steadily, as a cultural reaction of the U.S. population to the pandemic. And we are prepared to keep up with this growth in demand.

Our sales continue to grow in Brazil as well, even though it is a much smaller market than the U.S. market. Beginning November 2019, there was an increase in demand for CACs (collectors, sports shooters and hunters) and especially for calibers that were previously restricted, such as 9mm pistols, models that have higher added value. Compared to the first quarter of 2019, our revenue from firearm sales in the domestic market increased by 52%. Currently, Brazilian consumers have access to most of the products sold in the U.S. market by Taurus.


G3

The G3 9 mm pistol, which was introduced to the U.S. market in the second half of 2019 with great success, is already in the process of being released to the domestic market, having been recognized by the renowned specialized magazine Guns & Ammo as the best purchase of 2019 in its category. The model should be available to the Brazilian consumer in the coming months.

On June 15, we made our most recent launch in the USA: the G3c pistol, a compact version of this popular weapon in the personal defense segment. With the demand in the U.S. market on the rise, some stores sold out their stocks of the model on the first day of sales.

Also after the end of 1Q20, on June 25, our Board of Directors authorized the signature of waiver with the Bank Syndicate, extending the payment of part of the principal due in June 2020 to August 31. During this period, we will renegotiate the terms of the current agreement, in line with the current pandemic situation. Under the amendment, the amount of principal repayment installments to be paid will be diluted over the coming months. The other terms and conditions of the original agreement remain unchanged, so no new collateral will be added to those already in place. This deal will ensure us greater cash security at this time of uncertainty and guarantee that foreign exchange differences will not be recognized on the debt in cash. We have only been able to sign this amendment because of the trust we have built up with financial institutions, due to our aggressive and effective management model.

Taurus is reinventing itself to consolidate its position as one of the largest firearms manufacturers in the world. We have strengthened our engineering department in Brazil and consolidated it with the U.S. engineering, which will give more agility in developing new products. We work in an agile, continuous way in the development of innovative products and with the best cost-effectiveness for the purpose of meeting consumer demands. We have transformed Taurus into a company that is focused on a forward-looking project and process, always with an eye on market changes. The operating earnings are the result of this transformation.

Salesio Nuhs

CEO

Operating Performance

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

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

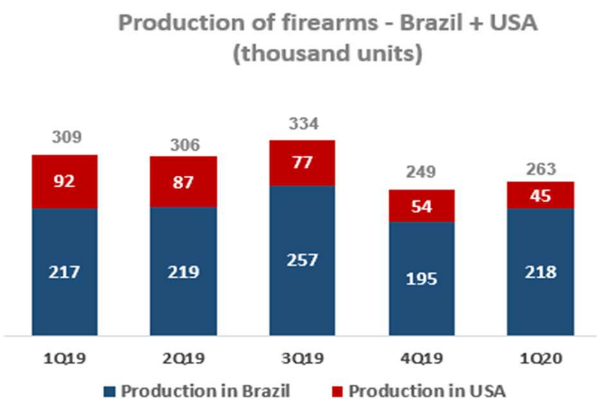
Our current physical structure includes the manufacture, in estimated capacity, of up to 1.8 million firearms/year. We have a full line of firearms and our manufacturing is based on the lean manufacturing process. In the past two years, we have continuously been launching new products in the market, with innovative quality products, at competitive prices. In 1Q20, 434 different SKUs were sold, 53.0% of which represented by new products, developed in the past two years.

RT 44H Board Edition
Limited Edition – 95 units

Lauching of G3c in the USA on June 15, 2020

Compact version of the G3 series, one of the most popular firearms of all times in the personal protection segment

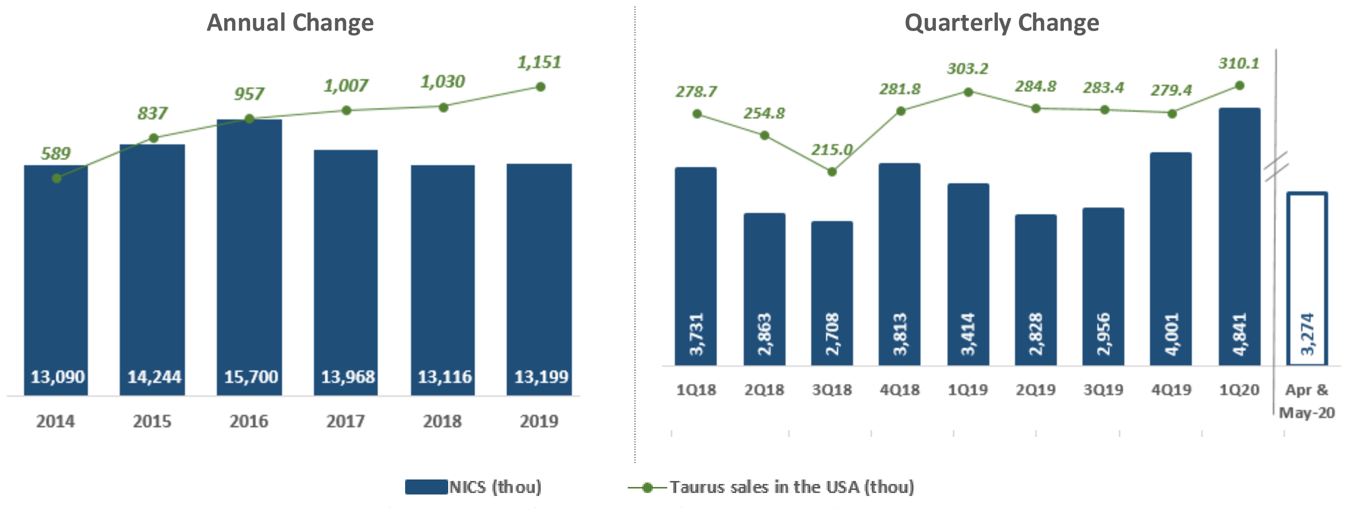
We manufactured 263 thousand units in 1Q20, 82.9% of which in the Brazilian plant and 17.1% in the new plant in the United States. The decrease in the number of firearms manufactured at the U.S. plant compared to previous quarters is mainly related to the transfer and learning curve of activities at the new plant. This trend should be reversed in the next quarters. The plant is also undergoing an operating and management restructuring already carried out at the Brazilian unit, with the adoption of efficient and sound manufacturing processes that should result in efficiency and productivity gains. Our Company had the support of Galeazzi & Associados for this process.



In 1Q20, the Company's production was not significantly affected by the restrictions originating from the Covid-19 pandemic. As a Strategic Defense Company (SDC), our activity was qualified as essential and, therefore, we proceeded with our operations in a responsible manner. To date, Taurus has not faced difficulties with regard to the supply of inputs and components. Our priority has been to protect the health and wellbeing of our employees, while minimizing the risks to the business. We have made some adjustments to the operation to reduce the flow, contact, and gathering of people, including by rotating shifts and introducing a stopover system, without prejudice to the level of employment or production.

Assessing the **U.S. market** based on the intention to purchase firearms in that country as measured by the NICS (National Instant Criminal Background Check System) in recent years, as shown in the graphs below, it can be seen that, after record consultations in 2016, when the market was thriving, there is a downturn in the following years. Taking into account the quarterly evolution, however, there is an indication of the beginning of a recovery trend in sales as from the second half of 2019.

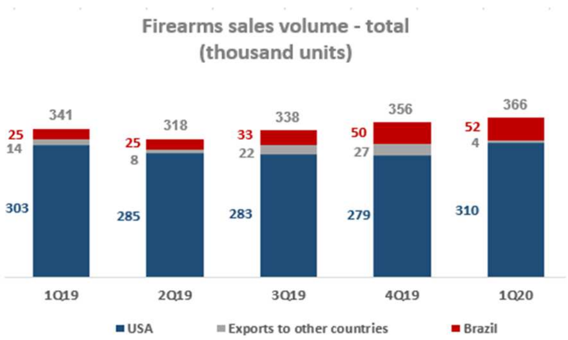
Adjusted NICS (National Instant Criminal Background Check System) and Taurus Sales in the USA



Even though historically the first quarter of the year, in this case 1Q20, is a lower sales volume period compared to the last quarter of the year, we took advantage of the upturn of the personal firearms market in the USA and increased sales by 11% compared to 4Q19, reaching 310,1 thousand units sold. This sales volume is justified by the increase in NICS consultations, which was up 21% in 1Q20 compared to 4Q19. The upturn of the personal firearms market in the USA happened primarily in March, as a result of the widespread pandemic caused by Covid-19, which led to higher demand from individual U.S. consumers.

The volume of Taurus firearm sales in the USA has remained high in recent years, despite being a very competitive market, indicating the growth of the brand's market share.

In the **domestic market**, sales totaled 52.1 thousand units in 1Q20, up 4.2% compared to the previous quarter and more than doubling (+111.2%) compared to the volume sold in the same quarter of the previous year. The higher sales in the domestic market reflect the growth of credibility and admiration for the Taurus brand and result from the increase in both institutional sales and, especially, for CACs (hunters, sports shooters and collectors), police in private use and judges. Demand has been higher for the calibers so far restricted, such as 9mm and rifles, which have higher added value and therefore better profitability for the Company.



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

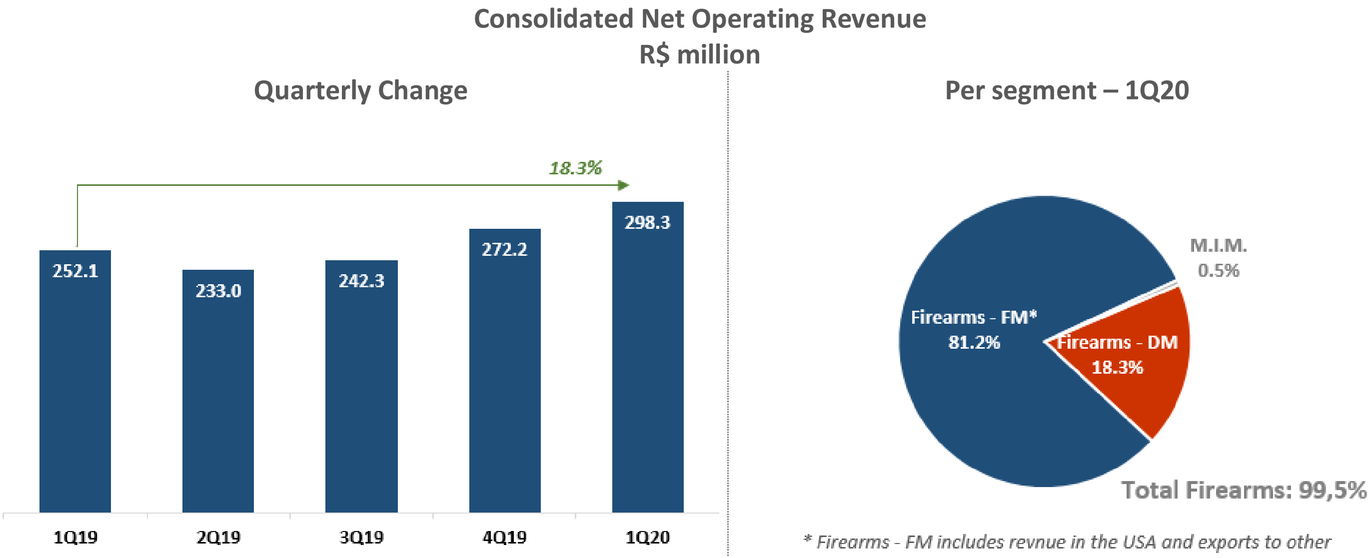
T4 Riffle – semiautomatic

Currently the most wanted firearm in the domestic market.

Sales to **other international markets, besides the USA**, were 4,4 thousand units in 1Q20, a volume lower than in previous quarters. During the quarter, we negotiated contracts that materialized after March (see the Events After the End of the Reporting Period section of this report). The destinations of these sales in the quarter included Germany, Saudi Arabia, as well as Zambia and Senegal. Due to the coronavirus pandemic, there was some issues in shipping firearm sales to other countries, except to the United States, which were solved by using alternative routes.

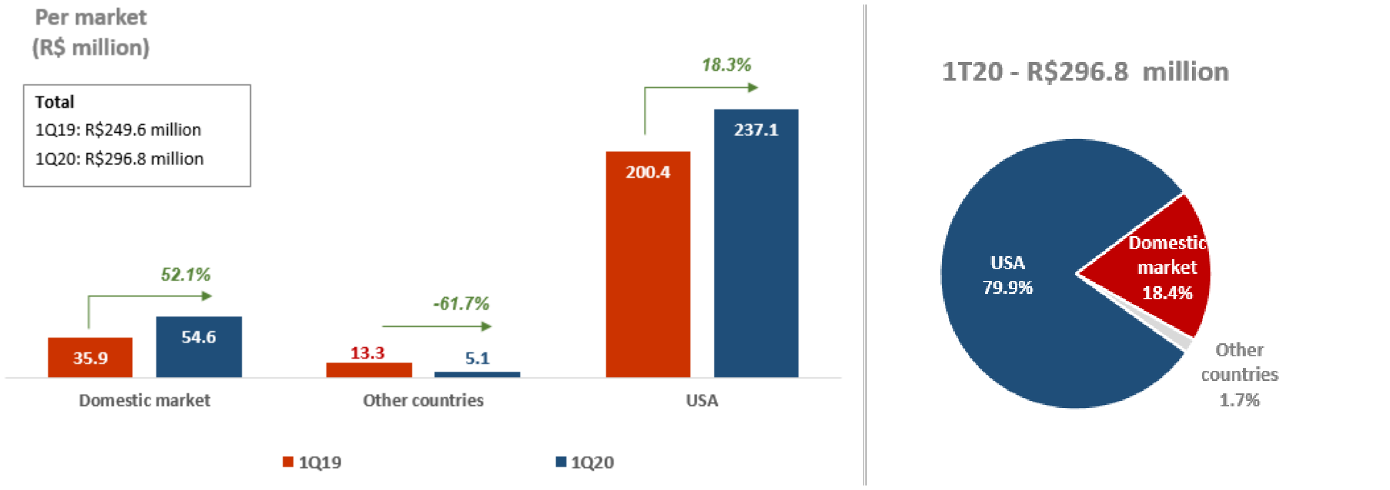
Economic and Financial Performance

Net operating revenue



Taurus consolidated net revenue for 1Q20, including firearm and injected metal part (M.I.M) sales, totaled R$298.3 million, thus keeping up with the continuous growth trend observed in the last quarters and upping 1Q19 net revenue by 18.3%. Given that 81.2% of total revenue for the quarter was generated from the sale of firearms in the international market, the average appreciation of the U.S. dollar against the local currency between 1Q19 and 1Q20 contributed to the Company's earnings when translating such revenue into Brazilian reais.

FIREARMS - Net Operating Revenue



If we consider revenue from the **firearms segment** alone, which totaled R$296.8 million in 1Q20, growth was 18.9% compared to 1Q19. This performance reflects primarily the increase in revenue generated in the U.S. market since this country, which has the largest firearms market in the world, made up 79.7% of Taurus's revenues in this segment in the quarter. Our successful strategy in the USA is to set ourselves as a brand that incorporates innovation and reliability, while offering the consumer a quality option at affordable prices.

But it was in the domestic market, the second largest market for Taurus firearms, that the highest revenue growth was recorded in percentage terms: 51.9% compared to the first quarter of 2019.

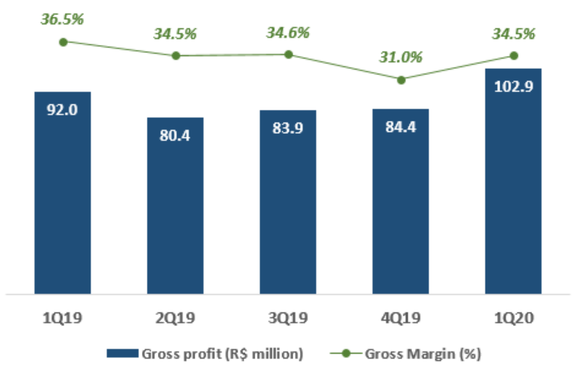
Our wide product portfolio and the renewal of our firearms line have attracted consumer interest in Brazil and abroad, contributing to increased sales and revenue growth. In 1Q20, sales of new products accounted for 42.3% of the Company's revenue (R$125.5 million).

Gross profit

The cost management model adopted at Taurus, with control over procurement and inventory turnover, both of raw materials and goods, and the our suppliers' quality certification, combined with adequate costs, have allowed us to keep our gross margin at a level higher than 30% over the last quarters. The adjustment to our manufacturing processes and product mix, component redesign, and the focus on product research and development that meet consumer demands have contributed to the new gross profit pattern.

In 1Q20, gross profit was R$102.9 million, up 11.8% compared to the same quarter of 2019, with a 34.5% margin. This gross margin level remained unchanged despite one-off costs incurred, related to the pandemic, such as adopting work shifts to ensure a greater physical distancing between employees at the plant, as we increased our focus on manufacturing product lines that have greater value added.

Gross Profit



Operating expenses

In 1Q20, the Company's operating expenses totaled R$63.2 million, up 3.3% compared to the same quarter of last year. The effect of the U.S. dollar appreciation against the Brazilian real had an impact on expenses at the U.S. unit. On the other hand, there was an 18.3% increase in net revenue in the same period. As a result, there was a greater dilution of expenses that contributed to the increase in operating profitability.

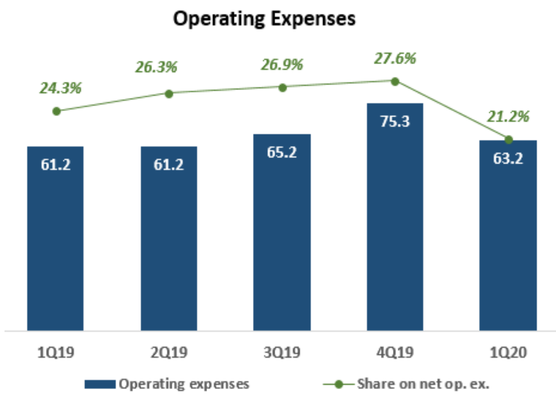
	1Q20	1Q19	% change	4Q19	% change
Selling expenses	29.4	27.9	*5.4%*	35.2	*-16.5%*
General and administrative expenses	37.3	32.5	*14.8%*	44.0	*-15.2%*
Asset impairment loss (income)	-3.2	0.9	-	2.4	-
Other operating income/expenses	-0.2	-0.2	*0.0%*	-4.5	*-95.6%*
Operating expenses (SG&A)	**63.2**	**61.2**	*3.3%*	**77.0**	*-17.9%*
Net operating expenses/Net operating income (%)	*21.2%*	*24.3%*	*-3,1 p.p.*	*27.6%*	*-6,4 p.p.*

The group with the highest share of Taurus's operating expenses, **general and administrative expenses**, totaled R$37.3 million in 1Q20, posting a 14.8% increase compared to 1Q19, also lower than the increase in revenues on the same basis of comparison. The moderate growth in general and administrative expenses is related to the restructuring and review of administrative processes carried out by the Company beginning 2018.

Selling expenses were also affected by the appreciation of the U.S. dollar against the Brazilian real, considering expenses incurred by the U.S. unit. However, this expense group totaled R$29.4 million in 1Q20, up 5.4% compared to 1Q19, also lower than the revenue increase in the period.

The line item that groups **other operating expenses and income** remained flat with a revenue balance of R$0.2 million.

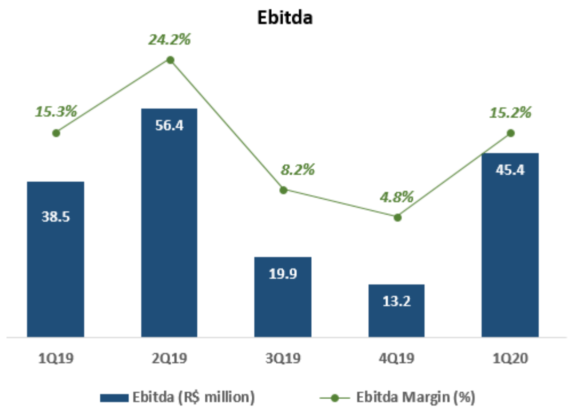
Partially offsetting the increase in general and administrative expenses and selling expenses, this line item relating to **asset recoverability** also posted a positive balance (income) of R$3.2 million due to the reversal of the allowance for impairment of financial assets.



EBITDA

The increase in revenue and keeping operating costs and expenses under control resulted in Ebitda of R$45.4 million in 1Q20, generated exclusively by the firearms operation and without including any one-off, nonrecurring effect. The increased operational efficiency also led to the Company's greater cash generation capacity. Ebitda for the quarter exceeds Ebitda posted in 1Q19 by 17.9%. Since 1Q18, the Company has been continuously recording positive Ebitda, considering the adjusted Ebitda of 4Q18, which excludes R$37.1 million in nonrecurring, one-off expenses related to a court settlement then signed in the USA.

The Ebitda margin over net revenue remained flat in the same period of comparison, reaching 15.2% in 1Q20, consistent with the margin posted by international companies in our industry.



Ebitda calculation - reconciliation according to ICVM 527/12.

R$ million	1Q20	1Q19	% change	4Q19	% change
Earnings before interest and taxes (Ebit)	39.6	30.9	*28.2%*	7.3	*442.5%*
Depreciation and amortization	5.8	7.6	*-23.7%*	5.9	*-1.7%*
Ebitda	**45.4**	**38.5**	***17.9%***	**13.2**	***243.9%***
Ebitda Margin	*15.2%*	*15.3%*	*-*	*4.8%*	*10,5 p.p.*

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

Finance income (costs)

Taurus's finance costs are highly influenced by the effect of the Brazilian real change against the U.S. dollar, since most of our indebtedness (85.6% as at March 31, 2020) is denominated in U.S. dollars. Between 1Q19 and 1Q20, the average U.S. dollar appreciation was 18.5% against the Brazilian real, and taking into account the closing exchange rate at the end of quarters (the exchange rate used for balance sheet accounts), appreciation was 33.4%.

Finance costs increased from R$16.2 million in 1Q19 to R$209.2 million in 1Q20, of which R$195.4 million, or 93.4%, refers to exchange losses. It is worth noting that the accounting impact of changes in foreign exchange rates does not have an immediate cash effect, but only at the related maturities. In the same period, the Company's other finance costs were down 5.5%, totaling R$13.7 million.

Finance income were also affected by changes in foreign exchange rates but positively, since most of Taurus's revenues (81.2% for 1Q20) are denominated in U.S. dollars, from sales abroad and accounted for in local currency. In 1Q20, the Company recorded a total of R$20.3 million in finance income, an amount almost 5 times higher than the R$4.2 million recorded in the first quarter of 2019, thus partially offsetting the increase in finance costs.

As a result, in light of the strong depreciation of the local currency in the period, in 1Q20 Taurus posted **net finance costs** of R$188.9 million, compared to the net finance costs of R$12.0 million posted in 1Q19.

Profit (loss) for the quarter

Taurus's operating performance for 1Q20 confirms the new level of earnings achieved by the Company arising from the restructuring and strategies adopted. Our sound and more efficient manufacturing process, the focus on product quality and the renewal of the firearms line, while maintaining a complete portfolio and adding innovative models at competitive prices that meet the demands of domestic and foreign consumers resulted in increased sales and revenue. In this first quarter of 2020, the Company posted a higher sales volume, revenue, gross profit and cash generation measured by Ebitda when compared to 1Q19.

Profit (loss) for the quarter, however, was strongly influenced by finance costs recorded due to the changes in foreign exchange rates on the Company's debt, primarily denominated in U.S. dollars, which burdened profit (loss) by R$195.4 million. It is worth emphasizing, however, that the effect recorded by the Brazilian real depreciation against the U.S. dollar is an accounting effect, without cash effect, except at the related maturities.

Taking into account the payment of R$8.3 million in income tax and social contribution and the R$0.5 million in earnings generated by the helmet operation, Taurus posted a loss of R$157.1 million for 1Q20.

INDEBTEDNESS

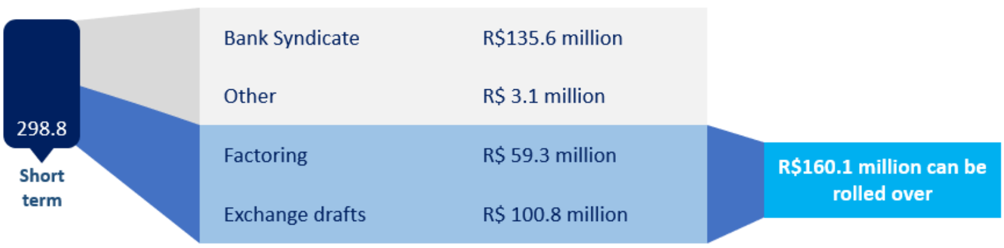
As at March 31, 2020, Taurus recorded gross debt of R$1,064.7 million, 18.1% higher than its position at the end of 2019. The Company's debt is primarily denominated in U.S. dollars and, therefore, the exchange rate of this currency against the Brazilian real has had a significant impact on the indebtedness position. At the end of 1Q20, the portion of total gross debt denominated in U.S. dollars was R$911.3 million, or 85.6%. Thus, the increase in the Company's total gross debt when measured in Brazilian reais—lower than the U.S. dollar appreciation in the period—results from the translation of the U.S. dollar-denominated debt amounts.

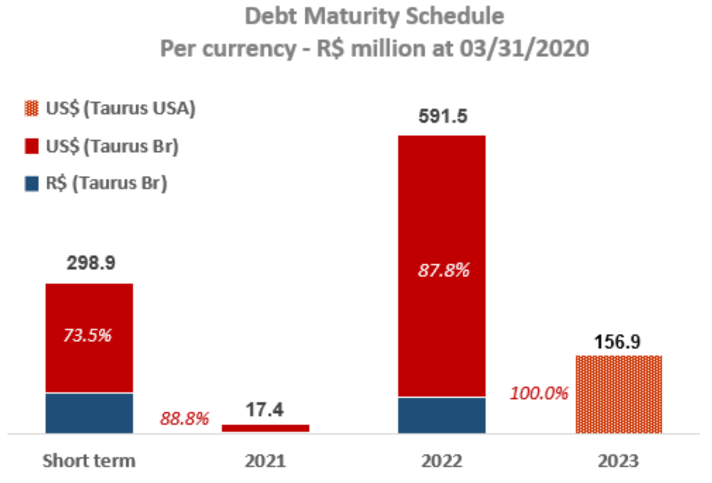
	03/31/2020			12/31/2019			% change
R$ million	**Consolidate**	***Brazil***	***USA***	**Consolidate**	***Brazil***	***USA***	**Consolidated**
Borrowings and financing	125.0	*125.0*	*0.0*	97.6	*97.6*	*0.0*	*128.1%*
Debentures	13.7	*13.7*	*0.0*	13.3	*13.3*	*0.0*	*103.0%*
Advance on receivables	59.3	*59.3*	*0.0*	73.5	*73.5*	*0.0*	*80.7%*
Foreign exchange drafts	100.8	*100.8*	*0.0*	78.2	*78.2*	*0.0*	*128.9%*
Short term	**298.8**	***298.9***	***0.0***	**262.6**	***262.6***	***0.0***	***13.8%***
Borrowings and financing	704.8	*547.9*	*156.9*	577.4	*430.1*	*147.3*	*22.1%*
Debentures	61.1	*61.1*	*0.0*	61.6	*61.6*	*0.0*	*-0.8%*
Long term	***765.9***	***609.0***	***156.9***	639.1	***491.8***	***147.3***	***19.8%***
Gross debt	**1,064.7**	***907.8***	***156.9***	**901.7**	***754.4***	***147.3***	***18.1%***
Cash and short-term investments	66.5			36.0			*84.7%*
Net debt	**998.1**			**865.7**			***15.3%***
Ptax dollar exchange rate at end of period (R$)	**5.2**			**4.0**			***29.0%***
Gross debt translated into US dollars (US$ million)	**204.8**			**223.7**			***-8.5%***

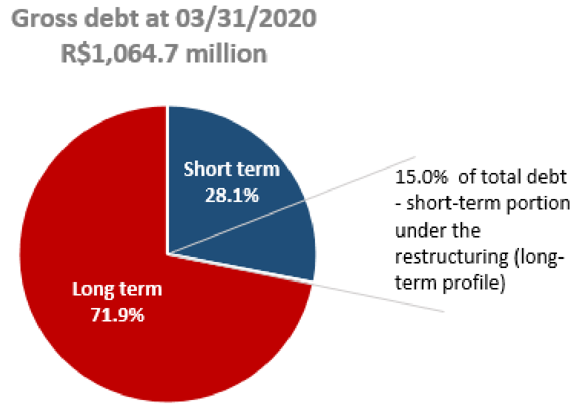
Because of our greater capacity to generate cash from operating activities, the balance of cash and short-term investments at the end of March was R$66.5 million, an amount R$30.5 million higher than at the end of 2019. Accordingly, net debt at the end of 1Q20 was R$998.1 million.

In terms of maturities, the Company's debt is mostly long term, a profile gained since the completion of the bank debt renegotiation in July 2018. At the end of 1Q20, 71.9% of the total gross debt, or R$765.9 million, was due in the long term. Of the R$ 298.8 million recorded at the end of 1Q20, R$160.1 million are represented by factoring and exchange drafts, which can be rolled over. While recorded in the short term, the agreement signed with the creditor bank provides for automatic renewal at each maturity with the possibility of settlement by October 17, 2022. Thus, the debt portion that actually matures in the short term represented 13.1% of the total gross debt at the end of 1Q20.

Gross Debt – Short Term – as at March 31, 2020







CAPITAL MARKET

In the twelve-month period ended March 31, 2020, there was a depreciation of Taurus shares (B3: TASA3, TASA4) of 11.6% for common shares (TASA3) and 4.4% for preferred shares (TASA4), compared with an appreciation of 11.6% of the Ibovespa in the same period. The Company's market value at the end of 1Q20 was R$321.8 million.

	TASA3	TASA4	Market value	Enterprise value (EV)*
03/31/2019	R$4.05	R$3.87	R$338.4 million	R$1,084.6 million
03/31/2020	R$3.58	R$3.70	R$321.8 million	R$1,201.5 million
Change	**- 11.6%**	**- 4.4%**	**- 4.9%**	**+ 10.8%**

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

STATEMENT OF VALUE ADDED

In the first quarter of 2020, Taurus's activities generated R$162.5 million in wealth, up 117.5% compared to the same period of the previous year. The value added ratio compared to gross revenue of R$361.6 million in 1Q20 was 44.9%, i.e., R$0.45 of each R$1.00 received by the Company in the quarter was distributed among the Company's stakeholders, as shown below.

R$ million	1Q20	1Q19
Revenue	**361.6**	**252.4**
Inputs purchased from third parties	-214.0	-173.8
Gross value added	**147.6**	**78.6**
Depreciation, amortization and depletion	-5.8	-7.6
Wealth created	**141.8**	**71.0**
Finance income	20.3	4.2
Wealth created by discontinued operations for distr	0.5	-0.5
Total wealth for distribution	**162.5**	**74.7**
Wealth distributed		
Personnel	36.4	33.8
Government (taxes, fees and contributions)	73.8	20.3
Lenders and lessors	209.5	16.5
Shareholders	0.0	0.0
Retained earnings	-157.1	4.0

EVENTS AFTER THE END OF THE REPORTING PERIOD

Execution of Waiver Agreement

On June 25, 2020, the Company disclosed a Material Fact Notice informing that 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 to August 31, 2020. During this period, the parties will renegotiate the terms of the current agreement for amendment in line with the pandemic scenario. This amendment to the agreement will allow the Company to dilute the principal repayment installments in its cash flow for the coming months. It is worth noting that the provided collaterals remain unchanged, without any addition related to new asset disposals.

Sale of 1,000 rifles and 200 submachine guns to Senegal

On May 18, 2020, Taurus reported that it increased its share of the international market by selling 1,000 T4 rifles and 200 submachine guns to the Senegalese security forces (Gendarmerie Nationale Sénégalaise).

The weapons are part of the T Series line, specially developed for the military and police market. The 5.56 caliber T4 NATO rifle, whose design is based on the renowned M4/M16 platform, is widely used by military forces around the world and especially by NATO member countries, as it is considered an extremely reliable, light weapon, easy to use and maintain.

Production line transferred to U.S. plant

On May 7, 2020, the Company announced in the press the transfer of the production line of the TS-9 pistol from its headquarters in São Leopoldo (RS), Brazil, to its plant in Bainbridge, USA.

This is 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 will increase production capacity of the U.S. plant by about 50 thousand firearms/year.

MoU of accessories joint venture

On May 29, 2020, Taurus disclosed a Material Fact Notice informing that, after being authorized by our Board of Directors, it has signed a non-binding 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, will be the manufacture and sale of light weapon accessories for the domestic and foreign markets. With the execution of the MoU, the parties will have 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.

Execution of the Ameris Bank Loan Agreement

In June 2020 the US subsidiary Taurus Holdings took an important step to ensure the Company's liquidity and expand the banking relationship in the United States. The Company began its relationship with Ameris Bank in the State of Georgia and secured a US$3 million loan under the Paycheck Protection Program, a program launched by the U.S. government to secure jobs in U.S.-based companies.

The opening of the relationship with a local bank in Georgia shows the Company's improved financial indicators and its ability to win new partners interested in Taurus's growth potential.

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

APPENDICES

Statement of Profit and Loss

R$ million	1Q20	1Q19	*% change*	4Q19	*% change*
Net operating revenue	298.3	252.1	*18.3%*	272.2	*9.6%*
Cost of sales and/or services	-195.4	-160.0	*22.1%*	-187.8	*22.1%*
Gross profit	102.9	92.0	*11.8%*	84.4	*11.8%*
Operating (expenses) income	-63.2	-61.2	*3.3%*	-77.0	*3.3%*
Selling expenses	-29.4	-27.9	*5.4%*	-35.2	*5.4%*
General and administrative expenses	-37.3	-32.5	*14.8%*	-44.0	*14.8%*
Impairment losses	3.2	-0.9	-	-2.4	-
Other operating income	2.6	0.8	*225.0%*	8.9	*225.0%*
Other operating expenses	-2.4	-0.6	*300.0%*	-4.4	*300.0%*
Profit before finance income (costs) and taxes	**39.6**	**30.9**	***28.2%***	**7.3**	***442.5%***
Finance income (costs)	-188.9	-12.0	*1474.2%*	-2.7	-
Finance income	20.3	4.2	*383.3%*	2.1	*866.7%*
Finance costs	-209.2	-16.2	*1191.4%*	-4.8	*1191.4%*
Pretax income	**-149.2**	**18.8**	***-893.6%***	**4.6**	**-**
Income tax and social contribution	-8.4	-14.3	*-41.3%*	22.7	*-137.0%*
Current	-0.6	-13.7	*-95.6%*	-7.7	*-92.2%*
Deferred	-7.8	-0.6	*1200.0%*	30.4	-
Profit (loss) from continuing operations	**-157.6**	**4.6**	**-**	**27.3**	**-**
Profit (loss) from discontinued operations	0.5	-0.5	-	-5.2	-
Consolidated profit (loss) for the period	**-157.1**	**4.0**	**-**	**22.1**	***-810.9%***
Attributable to owners of the Company	-157.1	4.0	-	-1.8	*8627.8%*
Earnings per share (R$/share)					
Basic earnings per share					
Common shares (ON)	*-1.7761*	*0.0540*	-	*-0.3367*	*427.5%*
Preferred shares (PN)	*-1.7761*	*0.0540*	-	*-0.3367*	*427.5%*
Diluted earnings per share					
Common shares (ON)	*-1.7757*	*0.0475*	-	*-0.2982*	*495.5%*
Preferred shares (PN)	*-1.7757*	*0.0475*	-	*-0.2981*	*495.7%*

Assets

R$ million	03/31/2020	12/31/2019	% change
Total assets	**1,170.3**	**1,066.4**	***9.7%***
Current assets	**772.5**	**694.5**	***11.2%***
Cash and cash equivalents	66.5	36.0	*84.7%*
Cash and banks	58.1	28.4	*104.6%*
Highly liquid short-term investments	8.5	7.6	*11.8%*
Short-term investments	0.0	0.0	-
Accounts receivable	197.8	165.0	*19.9%*
Inventories	326.2	315.8	*3.3%*
Recoverable taxes	18.9	31.1	*-39.2%*
Prepaid expenses	11.0	6.3	*74.6%*
Other current assets	152.1	140.4	*8.3%*
Noncurrent assets	**397.8**	**371.9**	***7.0%***
Long-term receivables	108.3	110.5	*-2.0%*
Short-term investments at amortized cost	0.0	0.0	-
Deferred taxes	93.8	96.2	*-2.5%*
Other noncurrent assets	14.5	14.3	*1.4%*
Investments	0.2	0.2	*0.0%*
Property, plant and equipment	199.1	181.2	*9.9%*
Intangible assets	90.2	79.9	*12.9%*

Liabilities

R$ million	03/31/2020	12/31/2019	% change
Total liabilities and shareholders' equity	**1,170.3**	**1,066.4**	***9.7%***
Current liabilities	**713.0**	**630.0**	***13.2%***
Payroll, benefits and taxes thereon	35.7	30.4	*17.4%*
Payroll and related taxes	11.1	9.7	*14.4%*
Employee benefits and related taxes	24.6	20.7	*18.8%*
Trade payables	134.1	114.2	*17.4%*
Local suppliers	67.5	61.2	*10.3%*
Foreign suppliers	66.6	53.0	*25.7%*
Taxes payable	82.9	52.9	*56.7%*
Federal tax liabilities	81.7	50.8	*60.8%*
Income tax and social contribution payable	4.3	12.5	*-65.6%*
Other taxes	77.4	38.3	*102.1%*
State tax liabilities	1.2	2.1	-
Municipal tax liabilities	0.0	0.0	-
Loans and Financing	138.7	110.9	*25.1%*
In local currency:	6.1	8.9	*-31.5%*
In foreign currency	118.9	88.7	*34.0%*
Debentures	13.7	13.3	*3.0%*
Other payables	260.1	249.1	*4.4%*
Dividends and interest on capital payable	0.0	0.0	-
Derivative financial instruments	0.0	0.0	-
Foreign exchange drafts	100.8	78.2	*28.9%*
Advance on receivables	59.3	73.5	*-19.3%*
Advances from customers	52.6	49.4	*6.5%*
Payables from noncurrent assets for sale	25.6	27.7	*-7.6%*
Other payables	21.7	20.2	*7.4%*
Provisions	61.5	72.5	*-15.2%*
Tax, social security, labor and civil provisions	43.0	54.4	*-21.0%*
Other provisions	18.6	18.1	*2.8%*
Noncurrent liabilities	**874.6**	**741.0**	***18.0%***
Borrowings and financing	765.9	639.1	*19.8%*
In local currency:	13.2	13.4	*-1.0%*
In foreign currency	691.5	564.1	*22.6%*
Debentures	61.1	61.6	*-0.9%*
Other payables	31.1	24.5	*27.1%*
Deferred taxes	10.3	10.3	*0.3%*
Provisions	67.3	67.2	*0.1%*
Social security, labor and civil provisions	60.2	61.7	*-2.5%*
Other provisions	7.2	5.6	*29.0%*
Consolidated equity	**-417.3**	**-304.6**	***37.0%***
Issued capital	520.4	520.3	*0.0%*
Capital reserves	-31.1	-31.1	*0.0%*
Disposal of subscription warrants	9.9	9.9	*0.0%*
Capital transactions	-41.0	-41.0	*0.0%*
Retained earnings/accumulated losses	-1,126.2	-970.3	*16.1%*
Valuation adjustments to equity	46.6	46.0	*1.3%*
Cumulative translation adjustments	173.0	130.6	*32.5%*

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.

Abroad, in addition to distributing TAURUS and ROSSI brand products manufactured in Brazil, the Bainbridge unit manufactures TAURUS pistol models and HERITAGE revolvers. Sales to the United States mainly serve the US civilian market and governmental agencies in other regions.

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 two production plants, one in Mandirituba, PR and another in Simões Filho, BA.

On December 3, 2018, production activities at the Simões Filho/BA plant were discontinued.

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. 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.

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$600,000. 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 terms include extending the maturities of debts to creditors totaling approximately one hundred sixty-two million US dollars (US$162,000). The total repayment term of the transactions is now five (5) years, with a grace period for principal and interest payments in 2018. Principal and interest will be paid in monthly installments, beginning January 21, 2019. The transaction costs included monthly Libor + 3% p.a. for dollar-denominated transactions and CDI + 2.00% for the 3rd Issue of Debentures. The payments made up to March 31, 2020 total R$97.3 million.

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 expects to continue bringing efficiency gains in 2020, especially in its U.S. operation with the move to the new plant in Bainbridge, Georgia, USA. 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 (completed):

The debt restructuring was conducted through direct and extrajudicial renegotiation with creditors, comprising the following activities:

- Buildup, analysis and validation of operational and financial projections;
- Preparation of negotiation strategies in different scenarios;
- Negotiation with the creditors' committee by scheduling meetings and presentations;
- Completing the appropriate documentation of the process;

Together with the Bank Syndicate, for debt reprofiling, the Company obtained a reduction of interest rate of approximately 50% on the loans.

There was a significant change in the repayment schedule, which set the first principal repayment installment for 2018 and after quarterly repayment installments, with the renegotiation there was a grace period for principal repayment in 2018 and since 2019 the payments are being made monthly. The table below show the repayment installments in percentages.

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

In the renegotiation with Banco Pine, the Company also obtained a maturity extension and interest rate reduction. The renegotiation features were different, since the Bank did not have funding (foreign facility) to back the entire transaction and thus at each maturity of the Export Prepayment ("PPE") an Advance on Exchange Contract ("ACC") will be disbursed in the amount of the installment with an initial 180-day maturity and automatically renewed at each maturity for another 180 days. On the third and fourth maturities, the renewal will be 99.30% of the ACC transaction amount; on the fifth maturity, 99.10% of the ACC transaction amount will be renewed; on the next maturities, 97.20% of the ACC operation will be renewed; and until October 17, 2022 all ACC transactions will be settled. Before the renegotiation, the transaction's interest rate was 112.00% of CDI. For the new transactions renegotiated under the ACC scheme, the interest rate will be 5.50% p.a. + exchange fluctuation.

It should be noted that in the renegotiations, in addition to the debt extension, there will be a projected reduction of over R$120 million in charges on this debt during the five-year period. In 2019, the Company paid 10.58% of principal of the negotiated debt, showing that the improvement in its earnings is reflected in the generation of net cash. Up to March 31, 2020, the amount paid represents 10.78% of principal of the total debt.

The renegotiated debt provides for one-off repayments with amounts arising from sales of assets or share subscriptions. In these situations, the amounts are deposited in a special account called Escrow account, where once the amounts are transferred to this account, the Company no longer has any management power for any type of movement, and only the trustee may move it solely and exclusively for the repayment of the renegotiated agreements with the bank syndicate.

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:

<u>Completed stages</u>:

- 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.

<u>Stages in progress</u>:

- 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:

<u>Completed stages</u>:

Operating Master Planning:

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

<u>Research and development</u>:

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

<u>Stages in progress</u>:

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 these 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 March 31, 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 have 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 related to the interim financial information as at March 31, 2020, and only this information, is being disclosed and corresponds to the information used by the Company's Management in its management.

These individual and consolidated interim financial information were authorized for issue by the Board of Directors on June 25, 2020.

2.2. Basis of consolidation

The consolidated interim financial information include 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.

Due to the COVID-19 pandemic, the Company reassessed the accounting estimates based on performance projections and assessed the accounting impacts from other measures. The main analyses conducted and the Company’s conclusions are as follows:

Trade receivables (allowance for doubtful debts):
Inventories (allowance for inventory losses):
Income tax and social contribution:
Assets held for sale, Property, plant and equipment and Intangible assets (impairment):
Provision for civil, labor and tax risks:
Financial instruments.

The Company analyzed its supply chain, current market demands, its customer payment capacity, its financial condition and capacity to obtain financing, as well as its continuity as a going concern.

It has revised its allowances, estimates, impairment calculations, and they do not indicate any changes and need to recognize allowances or change its figures.

The Company is classified as essential because it is a strategic defense company and its supply chain is regulated by the related legal provisions, which allows it to continue to operate normally.
The demand for the Company's products increase due to special segment issues in adverse situations, in which important buying countries feel unprotected, such as during lockdown periods.
Accordingly, differently from other markets, the Company is in a comfortable demand situation and is also favored by foreign exchange matters with respect to exports.
It was also one of the first companies to adopt all sanitization and employee protection procedures, thus allowing the continuity of its operations without risking the health of its employees.

In light of all circumstances described and analyzed above, there are no impacts that, as already mentioned, give rise to changes in criteria, allowances 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 March 31, 2020 has been prepared in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 issued by the IASB.

All amounts are expressed in thousands of Brazilian reais (R$), unless otherwise stated.

The presentation of the individual and consolidated statement of value added (DVA) is required by the Brazilian Corporate Law and the accounting practices adopted in Brazil applicable to publicly-held companies. IAS 34 does not require the presentation of such statement. Consequently, the presentation of the statement of value added is considered by the IAS 34 as supplemental information, without prejudice to the set of financial statements.

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	
	03-31-2020	**12-31-2019**	**03-31-2020**	**12-31-2019**
Fair value through profit or loss				
Cash and cash equivalents	**66,532**	35,966	**10,498**	7,376
Amortized cost				
Trade receivables	**197,827**	164,997	**102,975**	113,054
Short-term investments and restricted account	**16**	17	**16**	17
Total	**264,375**	200,980	**113,489**	120,447

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

		Consolidated		Parent
	03-31-2020	12-31-2019	03-31-2020	12-31-2019
Domestic – trade receivables	**70,449**	96,915	**61,543**	83,972
United States – trade receivables	**139,610**	79,411	**-**	-
Other	**4,705**	21,712	**44,694**	46,249
Total	**214,764**	198,038	**106,237**	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
	03-31-2020	12-31-2019	03-31-2020	12-31-2019
Trade receivables – public bodies	**5,864**	6,594	**5,625**	6,511
Trade receivables – distributors	**193,336**	171,377	**98,011**	119,563
Final customers	**15,564**	20,067	**2,601**	4,147
Total	**214,764**	198,038	**106,237**	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 March 31, 2020, the aging list of the customer portfolio and allowance for expected losses is as follows:

						Consolidated
			03-31-2020			12-31-2019
	Portfolio	Allowance	% Coverage	Portfolio	Allowance	% Coverage
Current	**125,592**	**(555)**	**0.4%**	107,524	(840)	0.8%
0-30 days past due	**58,546**	**(197)**	**0.3%**	33,176	(758)	2.3%
31-60 days past due(1)	**3,723**	**(336)**	**9.0%**	14,388	(670)	4.7%
61-90 days past due(1)	**1,518**	**(181)**	**11.9%**	6,208	(83)	1.3%
91-180 days past due(1)	**7,354**	**(608)**	**8.3%**	3,253	(460)	14.1%
181-360 days past due(1)	**2,647**	**(208)**	**7.9%**	4,501	(1,632)	36.3%
Over one year past due	**15,384**	**(14,852)**	**96.5%**	28,988	(28,598)	98.7%
Total	**214,764**	**(16,937)**		198,038	(33,041)	

						Parent
			03-31-2020			12-31-2019
	Portfolio	Allowance	% Coverage	Portfolio	Allowance	% Coverage
Current	**52,978**	**(527)**	**1.0%**	**69,168**	**(808)**	**1.2%**
0-30 days past due	**40,138**	**(197)**	**0.5%**	**25,069**	**(752)**	**3.0%**
31-60 days past due[(1)]	**2,912**	**(336)**	**11.5%**	**14,175**	**(622)**	**4.4%**
61-90 days past due[(1)]	**541**	**(123)**	**22.7%**	**5,769**	**(55)**	**1.0%**
91-180 days past due[(1)]	**7,024**	**(546)**	**7.8%**	**1,322**	**(375)**	**28.4%**
181-360 days past due[(1)]	**1,047**	**(10)**	**1.0%**	**3,086**	**(1,574)**	**51.0%**
Over one year past due	**1,597**	**(1,523)**	**95.4%**	**11,632**	**(12,981)**	**111.6%**
Total	**106,237**	(3,262)		**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:

					Consolidated
					03-31-2020
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years
Non-derivative financial liabilities					
Trade payables	134,075	134,075	134,075	-	-
Borrowings and financing	829,800	868,389	125,031	586,424	156,934
Debentures	74,802	80,879	13,699	67,180	-
Foreign currency advances	100,823	100,823	100,823	-	-
Receivables advances	59,302	59,302	59,302	-	-
	1,198,802	**1,243,468**	**432,930**	**653,604**	**156,934**

					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**

	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years
				Parent
				03-31-2020
Non-derivative financial liabilities				
Trade payables	77,317	77,317	77,317	-
Borrowings and financing	672,866	711,455	125,031	586,424
Debentures	74,802	80,879	13,699	67,180
Foreign currency advances	100,823	100,823	100,823	-
Receivables advances	59,302	59,302	59,302	-
	985,110	**1,029,776**	**376,172**	**653,604**

	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years
				Parent
				12-31-2019
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 base scenario for 2020 was defined based on available market assumptions (source: Focus Central Bank of Brazil) and the sensitivity was calculated considering the balance variation arising from the fluctuation between the rates in the scenario expected for the remainder of 2020 and those prevailing as at March 31, 2020.

The sensitivity analysis has also considered a 25% and 50% change in exchange rates considered in the probable scenario.

Currencies and indices		Rate - 03/31/2020	Probable scenario	Possible scenario ∆ 25%	Remote scenario ∆ 50%
US dollar	Decrease	**5.1987**	5.4000	4.0500	2.7000
US dollar	Increase	**5.1987**	5.4000	6.7500	8.1000

Sensitivity of the foreign currency fluctuation:

		Balance in US$	Probable scenario	Possible scenario (25%)	Consolidated Remote scenario (50%)
Asset – US dollar depreciation					
Trade receivables	US dollar – US$	**27,760**	1,035	(7,874)	(25,690)
Liability – US dollar appreciation					
Borrowings and financing	US dollar – US$	**(155,893)**	(5,811)	(35,828)	(55,838)
Trade payables	US dollar – US$	**(12,812)**	(478)	(2,944)	(4,589)
Foreign currency advances	US dollar – US$	**(19,394)**	(723)	(4,457)	(6,947)
Advances from customers	US dollar – US$	**(549)**	(20)	(126)	(197)
Other	US dollar – US$	**(6,626)**	(247)	(1,523)	(2,373)

		Balance in US$	Probable scenario	Possible scenario (25%)	Parent Remote scenario (50%)
Asset – US dollar depreciation					
Trade receivables	US dollar – US$	**8,597**	320	(2,438)	(7,956)
Liability – US dollar appreciation					
Borrowings and financing	US dollar – US$	**(125,706)**	(4,686)	(28,890)	(45,026)
Trade payables	US dollar – US$	**(1,943)**	(72)	(446)	(696)
Foreign currency advances	US dollar – US$	**(19,394)**	(723)	(4,457)	(6,947)
Advances from customers	US dollar – US$	**(549)**	(20)	(126)	(197)
Other	US dollar – US$	**(6,648)**	(248)	(1,528)	(2,381)

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 interest rate fluctuation are summarized below.

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

As at March 31, 2020, Management has considered a probable scenario in 2020 for the CDI rate of 3.65% and TJLP rate of 5.09%. The probable rate was then stressed by 25% and 50% and used as benchmark 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	3.65%	2.90%	2.18%	1.45%
CDI - increase	3.65%	2.90%	3.63%	4.35%
TJLP	5.09%	4.94%	6.18%	7.41%
SELIC	3.65%	3.65%	4.56%	5.48%
LIBOR Overnight	0.12%	0.12%	0.15%	0.18%
LIBOR 30 days	0.99%	0.99%	1.24%	1.49%
LIBOR 3 months	1.45%	1.45%	1.81%	2.18%

					Consolidated Gain (loss)
	Index	Balance 03-31-2020	Probable scenario	Possible scenario	Remote scenario
Asset					
Short-term investments	CDI - decrease	8,483	(64)	(125)	(187)
Liability					
Borrowings	CDI - increase	(92,868)	697	19	(650)
Borrowings	TJLP	(1,294)	2	(14)	(30)
LIBOR 30 DAYS	LIBOR Overnight	(156,934)	-	(49)	(96)
LIBOR 3 months	LIBOR 30 days	(653,506)	-	(1,615)	(3,249)
Taxes in installments	SELIC	(305)	-	(3)	(6)

					Parent Gain (loss)
	Index	Balance 03-31-2020	Probable scenario	Possible scenario	Remote scenario
Asset					
Short-term investments	CDI - decrease	8,408	(63)	(124)	(185)
Liability					
Loans	CDI - decrease	(45,996)	345	676	1,012
Borrowings	CDI - increase	(92,868)	697	19	(650)
Borrowings	TJLP	(1,294)	2	(14)	(30)
LIBOR 3 months	LIBOR 3 months	(653,506)	-	(2,349)	(4,767)
Taxes in installments	SELIC	(274)	-	(2)	(5)

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
	03-31-2020	12-31-2019
Total liabilities	**1,587,618**	1,328,119
Less: Cash and cash equivalents and short-term investments	**(66,548)**	(27,819)
Net debt (A)	**1,521,070**	1,300,300
Total negative equity (B)	**(417,283)**	(406,963)
Net debt-to-equity ratio as at March 31, 2020 and December 31, 2019 (A/B)	(3.65)	(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	
	03-31-2020	03-31-2019	**03-31-2020**	03-31-2019	**03-31-2020**	03-31-2019	**03-31-2020**	03-31-2019	**03-31-2020**	03-31-2019
Foreign revenue	**296,776**	249,597	**1,544**	2,488	**298,320**	252,085	**18,443**	20,295	**316,763**	272,380
Intercompany revenue	**110,072**	153,587	**1,887**	1,323	**111,959**	154,910	**-**	-	**111,959**	154,910
Cost of sales	**(193,578)**	(160,041)	**(1,869)**	-	**(195,447)**	(160,041)	**(11,725)**	(13,429)	**(207,172)**	(173,470)
Gross profit (loss)	**213,270**	243,143	**1,562**	3,811	**214,832**	246,954	**6,718**	6,866	**221,550**	253,820
Selling expenses	**(26,599)**	(28,815)	**(227)**	1	**(26,826)**	(28,814)	**(3,444)**	(3,881)	**(30,270)**	(32,695)
General and administrative expenses	**(32,373)**	(28,187)	**(408)**	(645)	**(32,781)**	(28,832)	**(1,814)**	(2,107)	**(34,595)**	(30,939)
Depreciation and amortization	**(3,371)**	(3,188)	**(487)**	(523)	**(3,858)**	(3,711)	**(66)**	(58)	**(3,924)**	(3,769)
Other operating income (expenses), net	**162**	20	**78**	169	**240**	189	**(33)**	(97)	**207**	92
Share of profit (loss) of subsidiaries	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
	(62,181)	(60,170)	**(1,044)**	(998)	**(63,225)**	(61,168)	**(5,357)**	(6,143)	**(68,582)**	(67,311)
Operating profit (loss)	**151,089**	182,973	**518**	2,813	**151,607**	185,786	**1,361**	723	**152,968**	186,509
Finance income	**19,748**	4,212	**536**	1	**20,284**	4,213	**656**	84	**20,940**	4,297
Finance costs	**(208,876)**	(16,212)	**(282)**	(28)	**(209,158)**	(16,240)	**(1,151)**	(938)	**(210,309)**	(17,178)
Finance income (costs), net	**(189,128)**	(12,000)	**254**	(27)	**(188,874)**	(12,027)	**(495)**	(854)	**(189,369)**	(12,881)
Profit (loss) from the reportable segment before income tax and social contribution	**(38,039)**	170,973	**772**	2,786	**(37,267)**	173,759	**866**	(131)	**(36,401)**	173,628
Elimination of intercompany revenue	**(110,072)**	(153,587)	**(1,887)**	(1,323)	**(111,959)**	(154,910)	**-**	-	**(111,959)**	(154,910)
Profit (loss) before income tax and social contribution	**(148,111)**	17,386	**(1,115)**	1,463	**(149,226)**	18,849	**866**	(131)	**(148,360)**	18,718
income tax and social contribution	**(8,219)**	(14,092)	**(135)**	(183)	**(8,354)**	(14,275)	**(410)**	(395)	**(8,764)**	(14,670)
Profit (loss) for the year	**(156,330)**	3,294	**(1,250)**	1,280	**(157,580)**	4,574	**456**	(526)	**(157,124)**	4,048
Assets from reportable segments	**962,374**	787,071	**140,975**	89,751	**1,103,349**	876,822	**66,986**	71,598	**1,170,335**	948,420
Liabilities from reportable segments	**1,536,820**	1,254,136	**25,189**	20,401	**1,562,009**	1,274,537	**25,609**	33,815	**1,587,618**	1,308,352

(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	Firearms	Helmets	Helmets
	03-31-2020	**03-31-2019**	**03-31-2020**	**03-31-2019**
Domestic market				
Southeast Region	**40,398**	19,259	**5,777**	5,509
South Region	**7,150**	12,852	**1,126**	1,478
Northeast Region	**3,889**	1,418	**5,417**	6,101
Midwest Region	**1,939**	1,587	**3,329**	3,652
North Region	**1,177**	790	**2,500**	3,479
	54,553	35,906	**18,149**	20,219
Foreign market	**-**			
United States	**237,137**	200,419	**16**	76
South Africa	**212**	1,422	**-**	-
Germany	**806**	3	**-**	-
Saudi Arabia	**669**	-	**-**	-
Argentina	**346**	190	**-**	-
Burkina	**-**	2,324	**-**	-
Chile	**376**	-	**-**	-
South Korea	**-**	-	**278**	-
Philippines	**353**	7,791	**-**	-
France	**-**	156	**-**	-
Guatemala	**-**	504	**-**	-
Malaysia	**-**	10	**-**	-
New Zealand	**-**	322	**-**	-
Peru	**303**	249	**-**	-
Senegal	**590**	-	**-**	-
Thailand	**346**	-	**-**	-
Uruguay	**143**	-	**-**	-
Zambia	**668**	-	**-**	-
Other countries	**274**	301	**-**	-
	242,223	213,691	**294**	76
Total net revenue	**296,776**	249,597	**18,443**	20,295

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 80% 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**	
	03-31-2020	**12-31-2019**	**03-31-2020**	**12-31-2019**
Cash	**77**	55	**59**	41
Demand deposits	**57,988**	28,361	**2,047**	186
Short-term investments	**8,467**	7,550	**8,392**	7,149
Cash and cash equivalents	**66,532**	35,966	**10,498**	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	
	03-31-2020	**12-31-2019**	**03-31-2020**	**12-31-2019**
Domestic customers	**70,449**	96,915	**61,543**	83,972
Foreign customers	**144,315**	101,123	**44,694**	46,249
	214,764	198,038	**106,237**	130,221
Allowance for doubtful debts - domestic	**(8,202)**	(24,656)	**(1,569)**	(14,785)
Allowance for doubtful debts - foreign	**(8,735)**	(8,385)	**(1,693)**	(2,382)
	(16,937)	(33,041)	**(3,262)**	(17,167)
	197,827	164,997	**102,975**	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	**(1,720)**	**(1,009)**
Reversal of allowance for doubtful debts	**4,942**	**3,689**
Uncollectible losses	**13,990**	**11,617**
Exchange rate changes	**(1,108)**	**(392)**
Balance as at March 31, 2020	**(16,937)**	**(3,262)**

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	
	03-31-2020	**12-31-2019**	**03-31-2020**	**12-31-2019**
Finished products	**136,649**	160,661	**36,891**	33,753
Raw material	**205,580**	173,494	**153,953**	142,283
Allowance for inventory losses	**(16,073)**	(18,384)	**(15,739)**	(18,099)
	326,156	315,771	**175,105**	157,937

Variations in the allowance for inventory losses	**Consolidated**	**Parent**
Balance as at December 31, 2019	**(18,384)**	**(18,099)**
Addition	**-**	**-**
Reversal	**2,311**	**2,360**
Balance as at March 31, 2020	**(16,073)**	**(15,739)**

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	
	03-31-2020	**12-31-2019**	**03-31-2020**	**12-31-2019**
State Vat (ICMS)	**5,202**	10,932	**3,875**	9,770
Federal VAT (IPI)	**5,401**	12,288	**5,193**	12,080
Tax on revenue (PIS)	**888**	516	**808**	459
Tax on revenue (COFINS)	**3,952**	772	**3,753**	670
Income tax and social contribution	**3,167**	6,318	**2,506**	2,448
Other	**260**	252	**21**	21
Total	**18,869**	31,078	**16,156**	25,448
Current	**18,869**	31,078	**16,156**	25,448

11. Other assets

	Consolidated		Parent	
	03-31-2020	**12-31-2019**	**03-31-2020**	**12-31-2019**
Advances to suppliers	**27,059**	12,842	**26,531**	12,337
Advances to employees	**2,855**	2,028	**2,759**	1,949
Escrow deposits	**14,537**	14,294	**13,367**	13,100
Insurance receivables	**1,480**	2,382	**-**	-
Intragroup loans	**-**	-	**1,755**	660
Other receivables	**2,370**	2,965	**952**	1,110
Total	**48,301**	34,511	**45,364**	29,156
Current	**33,765**	20,217	**31,998**	16,056
Noncurrent	**14,536**	14,294	**13,366**	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	
	03-31-2020	**12-31-2019**	**03-31-2020**	**12-31-2019**
On income tax and social contribution losses				
Income tax loss	8,690	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	195	300	207	300
Impairment loss of assets	212	212	212	212
Other allowance, provisions and accruals	2,000	2,071	968	1,357
Allowance for inventory losses	10,514	10,271	5,821	6,623
Accrued profit sharing	6,003	4,690	3,809	2,987
Accrued commissions	179	1,072	151	1,018
Tax provisions	32,963	26,356	2,595	2,680
Provision for civil, labor and tax risks	31,264	35,561	30,549	34,981
Provision for warranty	7,241	6,680	4,262	4,371
Provision for uncollectible receivables	1,938	2,536	1,109	1,871
Financial provisions	988	1,016	988	1,016
Unrealized profit – TIMI	6,257	7,502	-	-
Total assets	**111,574**	**110,179**	**58,583**	**65,328**
On temporary differences - liabilities				
Goodwill on expected future earnings	(12,080)	(9,524)	-	-
Fair value of investment property	(15,976)	(14,693)	-	-
Total liabilities	**(28,057)**	**(24,217)**	**-**	**-**
Deferred assets, net	**83,517**	**85,962**	**58,583**	**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	85,963	65,328
Allocated to profit or loss	(6,540)	(6,745)
Allocated to equity	(1,244)	-
Translation adjustments	5,338	-
Closing balance of deferred taxes, net	**83,517**	**58,583**

Income tax and social contribution losses on which no deferred taxes are levied total R$651,923 in the consolidated. In the Parent, income tax and social contribution losses total R$182,915.

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

Reconciliation of the effective rate of income tax and social contribution (continuing operation)

c) Reconciliation of the effective rate of income tax and social contribution

	Consolidated		Parent	
	03-31-2020	**03-31-2019**	**03-31-2020**	**03-31-2019**
Pretax profit (loss)	(149,226)	52,668	(150,379)	49,844
Income tax and social contribution at applicable tax rates	50,737	(17,907)	51,129	(16,947)
Permanent additions				
Non-deductible expenses	(139)	(832)	(139)	(691)
Share of loss of subsidiaries	(980)	-	(846)	-
Capital gain on property, plant and equipment	(21)	5,878	(21)	5,875
Permanent deductions				
Reintegra	34	(214)	34	(214)
Share of profit of subsidiaries	2,545	-	2,149	-
Unrecognized deferred tax on income tax and social contribution losses	(60,339)	-	(59,323)	-
Unrecognized deferred tax in subsidiaries	(370)	-	-	-
Deferred tax from prior months	(100)	-	-	-
Income tax and social contribution from prior years	281	-	273	-
Income tax and social contribution in profit or loss for the year	**(8,354)**	(13,075)	**(6,746)**	(11,977)
Current	570	13,675	1	11,977
Deferred	7,784	(600)	6,745	-
	8,354	13,075	**6,746**	11,977
Effective tax rate	-5.62%	24.83%	-4.49%	24.03%

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 better view purposes, we broke down the amount related to the allowance for loss on Renil Participações in a separate line as it refers to a significant amount. The temporary differences which deferred taxes had not been recognized in 2019 were adjusted in 2020.

Breakdown of all tax basis and respective deferred tax assets to be recognized:

								Consolidated
				03-31-2020				**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	252	63	23	86	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
Provision for tax incentive loss	38	10	3	13	-	-	-	-
Allowance for loss – short-term investment	-	-	-	-	19.273	4.818	1.735	6.553
Allowance for loss - Renil Participações	69.849	17.462	6.286	23.748	-	-	-	-
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 risks	5.320	1.330	479	1.809	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	562.302	140.576	50.607	191.183	502.180	125.545	45.196	170.741
	651.923	**162.982**	**58.672**	**221.654**	**641.898**	**160.474**	**57.770**	**218.244**

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.

Carrying amount reconciliation

	Consolidated	**Consolidated**
In thousands of reais	03/31/2020	12/31/2019
Buildings, land and improvements	51,390	51,390
Helmets operation – held-for-sale noncurrent assets	66,986	68,822
Total held-for-sale noncurrent assets	**118,376**	**120,212**
Helmets operation – held-for-sale liabilities	25,609	27,742
Total held-for-sale liabilities	**25,609**	**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 March 31, 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	22,144
Inventories	16,400
Trade and other receivables	28,442
Assets held for sale	**66,986**
Trade and other payables	25,609
Liabilities held for sale	**25,609**

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 03/31/2020	Parent 12/31/2019
Current assets	41,177	4,474	1,092	392,749	6	70,677	146,004	426		
Noncurrent assets	105,456	55,200	3,895	151,449	-	43,354	61,322	1,155		
Current liabilities	29,318	6,609	1,132	159,677	-	2,677	41,067	4,307		
Noncurrent liabilities	2,228	357	27	195,084	-	16,909	10,458	24,952		
Capital	73,855	9,400	6,355	1,584	57,186	53,292	304,780	293,639		
Equity	115,087	52,708	3,828	189,437	6	94,445	155,801	(27,678)		
Net revenue	18,443	-	-	237,137	-	1,420	1,543	-		
Profit (loss) for the year	761	227	(2)	1,253	-	865	(616)	60		
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	**-**	**-**	**-**	**1,253**	**-**	**707**	**(616)**	**38**	**1,382**	**(5.591)**
Exchange differences arising on translating investments	**-**	**-**	**-**	**42,454**	**(1)**	**-**	**-**	**-**	**42,453**	**5.693**
Unrealized profit on inventories	**-**	**-**	**-**	**2,416**	**-**	**-**	**-**	**-**	**2,416**	**90**
Valuation adjustments to equity	**-**	**-**	**-**	**-**	**-**	**(3,615)**	**3,615**	**-**	**-**	**-**
Reclassified to provision for negative equity (1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(38)**	**(38)**	**1.311**
Closing balances	**1**	**52**	**-**	**177,296**	**4**	**77,309**	**155,802**	**-**	**410,464**	**364.251**

(1) The negative equity of subsidiary Taurus Máquinas-Ferramentas Ltda., amounting to R$38, 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 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	
	03/31/2020	**12/31/2019**
Assets	**544,198**	**432,023**
Liabilities	**354,761**	**286,292**
Net revenue*	**237,137**	**200,419**
Profit for the year*	**1,251**	**2,951**

* Profit or loss information compared to March 31, 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	15-20 years
Dies and tools	5 years
Furniture	15 years
Other components	5-6 years

Consolidated

Cost or deemed cost	**Land**	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Company cars**	**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	632	306	2,715	259	-	4,747	4	8,663
Disposals	-	-	(926)	(20)	-	-	-	(946)
Transfers	-	6,429	2,062	(5,480)	-	(3,011)	-	-
Effect of changes in exchange rates	76	6,716	20,741	3,691	70	-	-	31,294
Balance as at March 31, 2020	**8,295**	**117,003**	**263,467**	**26,129**	**361**	**16,538**	**3,084**	**434,877**
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	-	(1,137)	(3,427)	(474)	-	-	-	(5,038)
Disposals	-	-	824	17	-	-	-	841
Transfers	-	(2,293)	-	2,293	-	-	-	-
Effect of changes in exchange rates	-	(63)	(13,883)	(2,945)	(70)	-	-	(16,961)
Balance as at March 31, 2020	**-**	**(29,233)**	**(187,815)**	**(18,368)**	**(361)**	**-**	**-**	**(235,777)**
Carrying amount								
December 2019	7,587	77,812	67,546	10,420	-	14,802	3,080	181,247
March 2020	**8,295**	**87,770**	**75,652**	**7,761**	**-**	**16,538**	**3,084**	**199,100**

							Parent
Cost or deemed cost	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Company cars**	**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 of 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	304	1,521	196	-	4,604	4	6,629
Disposals	-	(926)	(18)	-	-	-	(944)
Transfers	870	2,062	79	-	(3,011)	-	-
Balance as at March 31, 2020	**45,315**	**158,653**	**9,489**	**52**	**16,290**	**3,084**	**232,883**
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)
Effect of changes in exchange rates	-	-	-	-	-	-	-
Balance as at December 31, 2019	**(13,702)**	**(115,495)**	**(4,964)**	**(52)**	**-**	**-**	**(134,213)**
Depreciation in the year	(656)	(2,017)	(196)	-	-	-	(2,869)
Disposals	-	824	15	-	-	-	839
Transfers	-	-	6	-	-	-	6
Balance as at March 31, 2020	**(14,358)**	**(116,688)**	**(5,139)**	**(52)**	**-**	**-**	**(136,237)**
Carrying amount							
December 2019	30,439	40,501	4,268	-	14,697	3,080	92,985
March 2020	**30,957**	**41,965**	**4,350**	**-**	**16,290**	**3,084**	**96,646**

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 borrowing and financing transactions, historically these collaterals have never been enforced. As at March 31, 2020, the Company used R$44,874 in collaterals (R$44,942 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 intangible assets

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**
Acquisitions	1,225	-	-	-	(618)	397	1,004
Transfers	(5,315)	-	-	-	(2,796)	8,111	-
Exchange gains (losses)	-	3,688	4,944	3,604	1,958	-	14,194
Balance as at March 31, 2020	**6,136**	**26,450**	**22,549**	**48,666**	**9,342**	**8,508**	**121,651**
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	(240)	-	(453)	-	(101)	-	(794)
Exchange gains (losses)	-	-	(3,907)	-	(248)	-	(4,155)
Balance as at March 31, 2020	**(4,506)**	**(7,388)**	**(17,872)**	**-**	**(1,692)**	**-**	**(31,458)**
Carrying amount							
December 2019	5,960	15,374	4,093	45,062	9,455	-	79,944
March 2020	**1,630**	**19,062**	**4,677**	**48,666**	**7,650**	**8,508**	**90,193**

					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	-	6,095
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	1,311	-	724	397	2,432
Transfers	(5,315)	-	(2,796)	8,111	-
Balance as at March 31, 2020	**6,002**	**9,485**	**1,916**	**8,508**	**25,911**
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	(238)	-	(45)	-	(283)
Transfers	(7)	-	1	-	(6)
Balance as at March 31, 2020	**(4,372)**	**(6,840)**	**(577)**	**-**	**(11,789)**
Carrying amount					
December 2019	5,879	2,645	3,455	-	11,979
March 2020	**1,630**	**2,645**	**1,339**	**8,508**	**14,122**

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		**03/31/2020**		**12/31/2019**
Firearms	14.50%	4.40%	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 debt-to-equity ratio of 19.54% for the Firearms CGU at the market interest rate of 5.70% as at March 31, 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 3.5%, 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
					03/31/2020		**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**	**18,066**	28,897	20,407
FINAME	R$	2.50% to 8.70% p.a.	2021	**2,304**	**120**	2,304	188
BNDES	R$	3.50% p.a.	2020	**9,995**	**1,174**	9,995	1,677
Advance on receivables	R$	21.60% p.a.	2020	**59,302**	**59,302**	6,136	73,516
Foreign exchange advance	US$	5.5% p.a.	2020	**100,823**	**100,823**	50,198	78,196
Working capital	US$	Libor + 1.55%to 5.6% p.a.	2023	**499,162**	**810,440**	646,479	652,790
				Total	**989,925**		**826,774**
				Current liabilities	**285,156**		**249,329**
				Noncurrent liabilities	**704,769**		**577,445**

							Parent
					03/31/2020		**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**	**18,066**	28,897	20,407
FINAME	R$	2.50% to 5.50% p.a.	2021	**2,304**	**120**	2,304	188
BNDES	R$	3.5% p.a.	2020	**9,995**	**1,174**	9,995	1,677
Advance on receivables	R$	21.60% p.a.	2020	**59,302**	**59,302**	32,402	73,516
Foreign exchange advances	US$	5.5% p.a.	2020	**100,823**	**100,823**	50,198	78,196
Working capital	US$	Libor + 3.00% p.a.	2022	**424,162**	**653,506**	424,162	505,473
				Total	**832,991**		**679,457**
				Current liabilities	**285,156**		**249,329**
				Noncurrent liabilities	**547,835**		**430,128**

Flow of future debt payments disclosed in noncurrent liabilities:

	Consolidated		Parent	
Maturity year	**03/31/2020**	**12/31/2019**	**03/31/2020**	**12/31/2019**
2021	**15,849**	16,418	**15,849**	16,418
2022	**531,986**	413,710	**531,986**	413,710
2023	**156,934**	147,317	**-**	-
	704,769	577,445	**547,835**	430,128

Borrowings and financing are collateralized by promissory notes, short-term investments, collateral assignment of machinery and equipment, mortgages on properties, shares, and subsidiaries' sureties. The sureties granted by the parent company and its subsidiaries are disclosed in note 24 - 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.

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 March 31, 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	03/31/2020	12/31/2019
3rd Issue	100,000	06/13/2014	5.000	DI rate+2.00% (2016)	**74,802**	74,919
				Grand total	**74,802**	74,919
				Current liabilities	**13,699**	13,290
				Noncurrent liabilities	**61,103**	61,629
				Total	**74,802**	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 March 31, 2020, the Company was compliant with all said covenants.

19. Other payables

	Consolidated		Parent	
	03-31-2020	12-31-2019	03-31-2020	12-31-2019
Performance bonus	**17,397**	12,014	**-**	-
Sales commissions	**566**	3,075	**486**	2,916
Accrued interest	**1,102**	788	**-**	-
Insurance and freight	**893**	1,138	**770**	857
Parent and subsidiaries	**-**	-	**73,733**	72,968
Unrealized gain on government grant	**29,559**	23,111	**-**	-
Other	**3,192**	4,404	**2,670**	2,567
	52,709	44,530	**77,659**	79,308
Current	**21,729**	20,239	**3,926**	6,340
Noncurrent	**30,980**	24,291	**73,733**	72,968

20. Payroll and related taxes

	Consolidated		Parent	
	03-31-2020	**12-31-2019**	**03-31-2020**	**12-31-2019**
Payroll	**11,796**	9,178	**11,513**	8,935
Contributions payable	**11,083**	9,696	**3,644**	1,857
Accrued vacation pay	**12,851**	11,500	**12,257**	10,955
	35,730	30,374	**27,414**	21,747

21. Taxes, fees and contributions

	Consolidated		Parent	
	03-31-2020	**12-31-2019**	**03-31-2020**	**12-31-2019**
State VAT (ICMS)	**890**	1,682	**898**	1,682
Federal VAT (IPI)	**34,801**	11,788	**34,693**	11,716
Tax on revenue (PIS)	**1,109**	90	**1,016**	(2)
Tax on revenue (COFINS)	**5,112**	411	**4,683**	(13)
Special tax – FAET (USA)	**28,317**	17,575	**-**	-
Withholding income tax (IRRF)	**559**	958	**577**	563
Income tax and social contribution	**4,288**	12,513	**-**	5,621
Other installment payments	**343**	511	**307**	468
Other	**7,562**	7,570	**5,846**	5,829
	82,981	53,098	**48,020**	25,864
Current	82,862	52,921	47,906	25,700
Noncurrent	119	177	114	164

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 a reliable estimate can be made.

The Company also recognizes an amount equivalent to R$145,764 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
			03/31/2020	**12/31/2019**
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	55,474	(13,767)	41,707	42,643
Civil	19,961	(491)	19,470	31,761
Tax	27,689	(278)	27,411	27,411
	103,124	**(14,536)**	**88,588**	101,815
Classified in current liabilities	42,962			
Classified in noncurrent liabilities	60,162			

				Parent
			03/31/2020	**12/31/2019**
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	49,704	(12,597)	37,107	37,618
Civil	15,691	(491)	15,200	28,490
Tax	27,689	(278)	27,411	27,411
	93,084	**(13,366)**	**79,718**	93,519
Classified in current liabilities	35,874			
Classified in noncurrent liabilities	57,210			

(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	3,866	-	3,866
Derecognition of provision	(12,572)	-	(12,572)
Reversal of provision	(4,279)	-	(4,279)
Balance as at March 31, 2020	**75,435**	**27,689**	**103,124**

			Parent
	Civil and labor	Tax	Total
Balance as at December 31, 2019	78,930	27,689	106,619
Provisions recognized during the year	3,480	-	3,480
Derecognition of provision	(13,495)	-	(13,495)
Reversal of provision	(3,520)	-	(3,520)
Balance as at March 31, 2020	**65,395**	**27,689**	**93,084**

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 recognition of such provision, as shown below:

	Consolidated				Parent			
	03/31/2020		12/31/2019		03/31/2020		12/31/2019	
	Possible	Remote	Possible	Remote	Possible	Remote	Possible	Remote
Tax	58,623	-	58,429	-	51,142	-	29,456	-
Civil	115,911	303	96,843	273	102,560	267	83,683	237
Labor	41,878	43,456	40,077	41,911	19,578	39,968	12,859	29,760
Other	2	-	-	-	2	-	-	-
	216,414	43,759	195,349	42,184	173,280	40,235	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$50.8 million.

Civil Class 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, 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, 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$52,9 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. Taurus will take all the actions necessary to prove that the allegations are unjustified and that the products traded do not have manufacturing defects. The Company believes that the likelihood of loss in this lawsuit is possible and its adjusted amount is R$12.1 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, as mentioned in note 32 - Events After the Reporting Period.

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, according to its legal counsel, the likelihood of a loss in this lawsuit is possible.

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.

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 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 managed 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
	03/31/2020		12/31/2019	
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**829,800**	**791,110**	675,062	673,466
Debentures	**74,802**	**72,591**	74,919	74,919
Foreign exchange advances	**100,823**	**100,823**	78,196	78,196
	1,005,425	**964,524**	828,177	826,581

				Parent
	03/31/2020		12/31/2019	
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**672,866**	**639,264**	527,745	531,095
Debentures	**74,802**	**72,591**	74,919	74,919
Foreign exchange advances	**100,823**	**100,823**	78,196	78,196
	848,491	**812,678**	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	-	141
Taurus Blindagens Nordeste Ltda.	33	-	33	819	44,999 (iv)	45,818	-	360
Taurus Holdings, Inc.	20,815	-	20,815	41,936	6,492	48,428	110,989	-
Taurus Investimentos Imobiliários Ltda.	114	-	114	9,312	8,874 (iv)	18,186	-	540
Taurus Máquinas-Ferramenta Ltda.	-	21,728	21,728	10	-	10	283	-
Taurus Plásticos Ltda.	47	-	47	22	1,947	1,969	-	-
Polimetal Metalurgia e Plásticos Ltda.	-	-	-	-	-	-	-	42,598
	21,488	21,728	43,216	53,531	79,460	132,991	111,272	43,639
March 31, 2020								
Taurus Helmets Indústria de Capacetes Ltda.	**481**	**-**	**481**	**1,503**	**17,722** (iv)	**19,225**	**-**	**173**
Taurus Blindagens Nordeste Ltda.	**33**	**-**	**33**	**822**	**45,104** (iv)	**45,926**	**-**	**454**
Taurus Holdings, Inc.	**39,548**	**-**	**39,548**	**32,894**	**18,756**	**51,650**	**110,072**	**1,568**
Taurus Investimentos Imobiliários Ltda.	**455**	**-**	**455**	**10,247**	**8,944** (iv)	**19,191**	**-**	**1,024**
Taurus Máquinas-Ferramenta Ltda.	**-**	**22,160**	**22,160**	**10**	**-**	**10**	**221**	**-**
Taurus Plásticos Ltda.	**47**	**-**	**47**	**22**	**1,963** (iv)	**1,985**	**-**	**20**
Polimetal Metalurgia e Plásticos Ltda.	**1,474**	**4,766**	**6,240**	**1,646**	**-**	**1,646**	**494**	**-**
	42,038	**26,926**	**68,964**	**47,144**	**92,489**	**139,633**	**110,787**	**3,239**

(i) Refers to amounts recorded in line items trade payables - R$564, other payables - R$45,996 and advances from customers - R$159
(ii) Refers to amounts recorded in line items trade receivables - R$40,283 and other receivables - R$1,755
(iii) Refers to amounts recognized in line items intragroup loans - R$26,926 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate.
(iv) Represent intragroup loans totaling R$73,733 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 March 31, 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 March 31, 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	**664**	**18,035**	**1,100**	**5,655**
CBC Brasil Comércio e Distribuição	**11,035**	**-**	**62,503**	**-**
	11,699	**18,035**	**63,603**	**5,655**

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

	Consolidated		Parent	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Statutory officer's compensation and benefits	**833**	589	**833**	589
Directors' compensation and benefits	**120**	120	**120**	120
Supervisory Board members' compensation and benefits	**58**	42	**58**	42
	1,011	751	**1,011**	751

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$156,934 (R$147,317 as at December 31, 2019) to Taurus USA and Taurus Helmets Indústria de Capacetes Ltda. granted sureties equivalent to R$845,360 (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

	03/31/2020	**03/31/2019**
Net sales revenue	18,443	20,295
Foreign revenue	18,443	20,295
Finance costs, net	(17,577)	(20,426)
Foreign expenses	(17,577)	(20,426)
Profit (loss) from operating activities	866	(131)
Taxes on income	(410)	(395)
Profit (loss) before income tax and social contribution	**456**	**(526)**
Basic earnings (loss) per share (in R$)	**0.006174**	**(0.007122)**

Profit (loss) from discontinued operations as at March 31, 2020 is R$456 thousand (-R$526 thousand as at March 31, 2019) and is fully attributed to owners of the Company.

(b) Cash flows generated by discontinued operations

	03/31/2020	03/31/2019
Net cash generated by operating activities	**2,743**	3,540
Net cash generated by investing activities	**(1,748)**	(466)
Net cash used in financing activities	**(3,013)**	(1,892)
Net cash generated by discontinued operations	**(2,018)**	1,182

26. Equity (negative equity)

a) Capital

As at March 31, 2020, the Company's issued capital is R$520,396 thousand (R$520,259 thousand as at December 31, 2019), represented by 88,487,694 book-entry, registered shares, divided into 46,445,314 common shares and 42,042,380 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.

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):

	03/31/2020	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 March 31, 2020				
Common: R$3.58; Preferred: R$3.70*	**46,445**	166,273	**42,042**	155,555

*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

Accumulated 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 03/31/2020
	Common shares (ON)	**Preferred shares (PN)**	**Total**
Denominator			
Weighted average of the total number of shares	46,445	42,019	88,464
Weighted average number of outstanding shares	**46,445**	**42,019**	**88,464**
% of shares to total	**52,50%**	**47,50%**	**100,00%**
Numerator			
Profit (loss) attributable to each share class (R$)	(82,732)	(74,848)	(157,580)
Weighted average number of outstanding shares	46,445	42,019	88,464
Basic earnings (loss) per share (R$) - Continuing operations	**(1,78129)**	**(1,78129)**	
Profit (loss) attributable to each share class (R$)	239	217	456
Weighted average number of outstanding shares	46,445	42,019	88,464
Basic earnings per share (R$) - Discontinued operations	**0,00515**	**0,00516**	
Profit (loss) attributable to each share class (R$)	(82,493)	(74,631)	(157,124)
Weighted average of the number of outstanding shares	46,445	42,019	88,464
Basic earnings (loss) per share (R$)	**(1,77614)**	**(1,77613)**	

Profit (loss) attributable to shareholders (basic)			Parent and consolidated 03/31/2019
	Common shares (ON)	**Preferred shares (PN)**	**Total**
Denominator			
Weighted average of the total number of shares	46,445	28,533	74,978
Weighted average number of outstanding shares	**46,445**	**28,533**	**74,978**
% of shares to total	**61,94%**	**38,06%**	**100,00%**
Numerator			
Profit attributable to each share class (R$)	2,833	1,741	4,574
Weighted average number of outstanding shares	46,445	28,533	74,978
Basic earnings per share (R$) - Continuing operations	**0,06100**	**0,06102**	
Profit (loss) attributable to each share class (R$)	(326)	(200)	(526)
Weighted average number of outstanding shares	46,445	28,533	74,978
Basic earnings (loss) per share (R$) - Discontinued operations	**(0,00702)**	**(0,00701)**	
Profit attributable to each share class (R$)	2,508	1,540	4,048
Weighted average number of outstanding shares	46,445	28,533	74,978
Basic earnings per share (R$)	**0,05400**	**0,05397**	

Profit attributable to shareholders (diluted)	Parent and consolidated 03/31/2020

	Common shares (ON)	Preferred shares (PN)	Total
Denominator			
Share balance at the end of the year	46,445	42,042	88,487
Weighted average of outstanding shares	**46,445**	**42,042**	**88,487**
% of shares to total	**52,49%**	**47,51%**	**100,00%**
Numerator			
Profit (loss) attributable to each share class (R$)	(82,710)	(74,870)	(157,580)
Weighted average number of outstanding shares	46,445	42,042	88,487
Diluted earnings (loss) per share (R$) - Continuing operations	**(1,78082)**	**(1,78084)**	
Profit attributable to each share class (R$)	239	217	456
Weighted average number of outstanding shares	46,445	42,042	88,487
Diluted earnings per share (R$) - Discontinued operations	**0,00515**	**0,00516**	
Profit (loss) attributable to each share class (R$) - Continuing operations	(82,471)	(74,653)	(157,124)
Weighted average number of outstanding shares	46,445	42,042	88,487
Diluted earnings (loss) per share (R$)	**(1.77567)**	**(1.77568)**	

Profit attributable to shareholders (diluted)			**Parent and consolidated**
			03/31/2019
	Common shares (ON)	**Preferred shares (PN)**	**Total**
Denominator			
Weighted average of the total number of shares	46,445	38,824	85,269
Weighted average number of outstanding shares	**46,445**	**38,824**	**85,269**
% of shares to total	**54.47%**	**45.53%**	**100.00%**
Numerator			
Profit attributable to each share class (R$)	2,491	2,083	4,574
Weighted average number of outstanding shares	46,445	38,824	85,269
Diluted earnings per share (R$) - Continuing operations	**0.05363**	**0.05365**	
Profit (loss) attributable to each share class (R$)	(287)	(239)	(526)
Weighted average number of outstanding shares	46,445	38,824	85,269
Diluted earnings (loss) per share (R$) - Discontinued operations	**(0.00618)**	**(0.00616)**	
Profit attributable to each share class (R$) - Continuing operations	2,205	1,843	4,048
Weighted average number of outstanding shares	46,445	38,824	85,269
Diluted earnings per share (R$)	**0.04748**	**0.04747**	

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 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 prior to the elapse of the return period or before it is possible to make a reasonable estimate. 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%-7.6%
Tax on revenue (PIS)	0.65%-1.65%

	Consolidated		Parent	
	03/31/2020	03/31/2019	03/31/2020	03/31/2019
Sales of goods	379,584	302,832	227,218	191,865
Provision of services	4	3	4	3
Total gross revenue	**379,588**	302,835	**227,222**	191,868
Sales taxes	**(80,598)**	(49,683)	**(56,810)**	(30,768)
Returns and discounts	**(670)**	(1,067)	**(234)**	(933)
Total operating revenue, net	**298,320**	**252,085**	**170,178**	**160,167**

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 information.

28. Expenses by nature

	Consolidated			Parent
	03/31/2020	**03/31/2019**	**03/31/2020**	**03/31/2019**
Expenses by function				
Cost of sales	**(195,447)**	(160,041)	**(102,280)**	(109,171)
Selling expenses	**(29,387)**	(27,911)	**(13,649)**	(12,250)
Losses on unrecoverable assets	**3,222**	(922)	**2,680**	(1,456)
General and administrative expenses	**(37,300)**	(32,524)	**(20,468)**	(14,923)
Other operating expenses	**(2,389)**	(642)	**(3,203)**	(1,151)
	(261,301)	**(222,040)**	**(136,920)**	**(138,951)**
Expenses by nature	**03/31/2020**	**03/31/2019**	**03/31/2020**	**03/31/2019**
Depreciation and amortization	(5,832)	(7,640)	(3,152)	(1,905)
Personnel expenses	(65,103)	(67,705)	(39,946)	(20,658)
Tax expenses	(1,114)	(2,036)	(26)	(869)
Raw material and supplies and consumables	(115,167)	(79,914)	(52,651)	(90,355)
Auxiliary materials and upkeep and maintenance supplies	(10,200)	(10,973)	(9,861)	(1,702)
Freight and insurance	(12,532)	(10,799)	(7,893)	(7,469)
Outside services	(10,395)	(9,715)	(7,372)	(5,903)
Advertising and publicity	(4,956)	(5,554)	(774)	(1,387)
Expenses on product warranty	(1,701)	(724)	(1,569)	(534)
Water and power	(3,077)	(2,200)	(107)	(146)
Travel and lodging	(3,104)	(2,535)	(1,183)	(1,157)
Expenses on commissions	(5,330)	(5,450)	(1,037)	(1,083)
Cost of property, plant and equipment written off	(105)	(47)	(105)	(3)
Provision for risks	(2,970)	(3,847)	(3,210)	(2,073)
Rentals	(2,373)	(1,205)	(2,809)	(474)
Other expenses	(17,342)	(11,696)	(5,225)	(3,233)
	(261,301)	**(222,040)**	**(136,920)**	**(138,951)**

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
	03/31/2020	**03/31/2019**	**03/31/2020**	**03/31/2019**
Finance costs				
Interest	**(10,667)**	(9,885)	**(11,795)**	(9,767)
Foreign exchange losses	**(195,435)**	(1,699)	**(195,229)**	(1,793)
Tax on financial transactions (IOF)	**(201)**	366	**(143)**	386
Other costs	**(2,855)**	(5,022)	**(2,846)**	(4,208)
	(209,158)	(16,240)	**(210,013)**	(15,382)
Finance income				
Interest	**-**	788	**326**	350
Foreign exchange gains	**20,198**	3,372	**19,665**	3,389
Other income	**86**	53	**85**	50
	20,284	4,213	**20,076**	3,789
Finance income (costs), net	**(188,874)**	(12,027)	**(189,937)**	(11,593)

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 March 31, 2020, insurance coverage for the Company was as follows:

	03/31/2020	
	Consolidated	**Parent**
Property damages	605,589	80,000
Civil liability	266,357	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 March 31, 2020 and December 31, 2019, the balances are as follows:

	Consolidated		**Parent**	
	03/31/2020	**12/31/2019**	**03/31/2020**	**12/31/2019**
Domestic market	**14,005**	14,560	**12,537**	13,092
Foreign market	**11,742**	9,104	**-**	-
Total	**25,747**	**23,664**	**12,537**	**13,092**
Current liabilities	**18,577**	18,105	**12,537**	13,092
Noncurrent liabilities	**7,170**	5,559	**-**	-

32. Events After the Reporting Period

- Sale of 1000 rifles and 200 submachine guns to Senegal

On May 18, 2020, Taurus reported that it has increased its share of the international market by selling 1,000 T4 rifles and 200 submachine guns to the Senegalese security forces (Gendarmerie Nationale Sénégalaise).

The weapons are part of the T Series line, specially developed for the military and police market. The 5.56 caliber T4 NATO rifle, whose design is based on the renowned M4/M16 platform, is widely used by military forces around the world and especially by NATO member countries, as it is considered an extremely reliable, light weapon, easy to use and maintain.

- Production lines transferred to the USA

On May 7, 2020, the Company announced in the press the transfer of the production line of the TS-9 pistol from its headquarters in São Leopoldo (RS), Brazil, to its plant in Bainbridge, USA.

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

- MoU of accessories joint venture

On May 29, 2020, Taurus disclosed a Material Fact Notice informing that, after being authorized by its Board of Directors, it has signed a non-binding 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, will be the manufacture and sale of light weapon accessories for the domestic and foreign markets. With the execution of the MoU, the parties will have 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.

- Execution of Waiver Agreement

On June 25, 2020, the Company disclosed a Material Fact Notice informing that 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 will renegotiate the terms of the current agreement for amendment in line with the pandemic scenario. This amendment to the agreement will allow the Company to dilute the principal repayment installments in its cash flow for the coming months. It is worth noting that the provided collaterals remain unchanged, without any addition related to new asset disposals.

- Administrative Proceeding and Lawsuit – PMESP

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

- Execution of the Ameris Bank Loan Agreement

In June 2020 the US subsidiary Taurus Holdings took an important step to ensure the Company's liquidity and expand the banking relationship in the United States. The Company began its relationship with Ameris Bank in the State of Georgia and secured a US$3 million loan under the Paycheck Protection Program, a program launched by the U.S. government to secure jobs in U.S.-based companies.

The opening of the relationship with a local bank in Georgia shows the Company's improved financial indicators and its ability to win new partners interested in Taurus's growth potential.

(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 March 31, 2020, which comprises the balance sheet as at March 31, 2020, and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of this 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 Quarterly 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 is 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 - ITR, and presented in accordance with the standards issued by the CVM.

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 three-month period ended March 31, 2020, prepared under the responsibility of the Company's Management and disclosed as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the Quarterly Information - ITR to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are in accordance with the criteria set forth 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 such statements of value added were not prepared, in all material respects, in accordance with the criteria set forth in that standard and consistently with the individual and consolidated interim financial information taken as a whole.

Review of the interim financial information for the quarter ended March 31, 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, of comprehensive income, of changes in equity, of cash flows and of value added for the three-month period ended March 31, 2019, obtained from the Quarterly Information - ITR for the quarter then ended, as well as the balance sheet as at December 31, 2019, obtained from the financial statements for the year ended December 31, 2019, presented for comparison purposes. The review of the interim financial information for the quarter ended March 31, 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 May 8, 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, June 25, 2020

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Jonas Dal Ponte
Engagement Partner

Supervisory Board's Opinion

Supervisory Board's Opinion of Taurus Armas S.A., in compliance with legal and statutory provisions, reviewed the information for the first quarter of 2020. Based on this review and information contained in the unqualified Report on Review of Interim Financial Information issued by Deloitte Touche Tohmatsu Auditores Independentes, dated June 25, 2020, in addition to information and clarifications received from the Company's Management, it represents that the mentioned documents are appropriate for disclosure.

São Leopoldo, June 25, 2020.

Haroldo Zago
Chairman

Mauro César Medeiros de Mello
Board Member

Edson Pereira Ribeiro
Board Member

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

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Eduardo Minghelli, and Ricardo Machado, Executive 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 March 31, 2020.

São Leopoldo, June 25, 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

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, and Ricardo Machado, Executive 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 March 31, 2020, issued on June 25, 2020.

São Leopoldo, June 25, 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