Contents

Company Information / Breakdown of Capital

Quantity of Shares (Units)	Current Quarter 06/30/2020
Paid-in Capital	
Common	46,445,314
Preferred	42,043,312
Total	88,488,626
Treasury	
Common	0
Preferred	0
Total	0

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

Line Item	Account description	Current Quarter 06/30/2020	Previous Year 12/31/2019
1	Total assets	1,007,052	893,540
1.01	Current assets	357,776	323,978
1.01.01	Cash and cash equivalents	6,013	7,376
1.01.01.01	Cash and banks	311	227
1.01.01.02	Highly liquid short-term investments	5,702	7,149
1.01.02	Short-term investments	16	16
1.01.02.01	Short-term investments at fair value through profit or loss	0	0
1.01.02.01.01	Trading securities	0	0
1.01.02.01.02	Securities at fair value	0	0
1.01.02.02	Short-term investments at fair value through other comprehensive income	0	0
1.01.02.03	Short-term investments at amortized cost	0	0
1.01.03	Trade and other receivables	139,094	113,054
1.01.03.01	Trade receivables	139,094	113,054
1.01.03.02	Other receivables	0	0
1.01.04	Inventories	180,279	157,937
1.01.05	Biological assets	0	0
1.01.06	Recoverable taxes	16,059	25,448
1.01.06.01	Recoverable current taxes	16,059	25,448
1.01.07	Prepaid expenses	2,747	4,091
1.01.08	Other current assets	13,568	16,056
1.01.08.01	Noncurrent assets for sale	0	0
1.01.08.02	Assets of discontinued operations	0	0
1.01.08.03	Other	13,568	16,056
1.01.08.03.03	Related parties - Intragroup loan	331	660
1.01.08.03.04	Other receivables	13,237	15,396
1.02	Noncurrent assets	649,276	569,562
1.02.01	Long-term receivables	99,440	100,157
1.02.01.01	Short-term investments at fair value through profit or loss	0	0
1.02.01.01.01	Securities at fair value	0	0
1.02.01.02	Short-term investments at fair value through other comprehensive income	0	0
1.02.01.03	Short-term investments at amortized cost	0	1
1.02.01.04	Trade and other receivables	0	0
1.02.01.04.01	Trade receivables	0	0
1.02.01.04.02	Other receivables	0	0
1.02.01.05	Inventories	0	0
1.02.01.06	Biological assets	0	0
1.02.01.07	Deferred taxes	56,605	65,328
1.02.01.07.01	Deferred income tax and social contribution	56,605	65,328
1.02.01.08	Prepaid expenses	0	0
1.02.01.09	Due from related parties	29,454	21,728
1.02.01.09.01	Due from associates	0	0
1.02.01.09.02	Due from subsidiaries	0	0
1.02.01.09.03	Due from owners of the Company	0	0
1.02.01.09.04	Due from other related parties	29,454	21,728
1.02.01.10	Other noncurrent assets	13,381	13,100
1.02.01.10.01	Noncurrent assets for sale	0	0
1.02.01.10.02	Assets of discontinued operations	0	0
1.02.01.10.03	Recoverable tax	0	0
1.02.01.10.04	Other	13,381	13,100
1.02.02	Investments	428,516	364,441
1.02.02.01	Equity interests	428,516	364,441
1.02.02.01.01	Investments in associates	0	0
1.02.02.01.02	Equity interests in subsidiaries	428,326	364,251
1.02.02.01.03	Investments in joint ventures	0	0
1.02.02.01.04	Other investments	190	190
1.02.02.02	Investment property	0	0
1.02.03	Property, plant and equipment	103,836	92,985
1.02.03.01	Fixed assets in use	83,557	78,288
1.02.03.02	Lease right-of-use assets	0	0
1.02.03.03	Construction in progress	20,279	14,697
1.02.04	Intangible assets	17,484	11,979
1.02.04.01	Intangible assets	17,484	11,979
1.02.04.01.01	Concession agreement	0	0

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

Line Item	Account description	Current Quarter 06/30/2020	Previous Year 12/31/2019
2	Total liabilities and equity	1,007,052	893,540
2.01	Current liabilities	579,405	550,830
2.01.01	Payroll, benefits and taxes thereon	34,870	21,747
2.01.01.01	Payroll and related taxes	12,293	1,857
2.01.01.02	Employee benefits and related taxes	22,577	19,890
2.01.02	TRADE PAYABLES	68,946	70,359
2.01.02.01	Local suppliers	63,070	65,346
2.01.02.02	Foreign suppliers	5,876	5,013
2.01.03	Taxes payable	63,285	25,700
2.01.03.01	Federal tax liabilities	61,186	23,612
2.01.03.01.01	Income tax and social contribution payable	0	5,620
2.01.03.01.02	Other taxes	61,186	17,992
2.01.03.02	State tax liabilities	2,083	2,067
2.01.03.03	Municipal tax liabilities	16	21
2.01.04	Borrowings and financing	144,911	110,907
2.01.04.01	Borrowings and financing	131,033	97,617
2.01.04.01.01	In local currency	3,765	8,911
2.01.04.01.02	In foreign currency	127,268	88,706
2.01.04.02	Debentures	13,878	13,290
2.01.04.03	Lease financing	0	0
2.01.05	Other payables	222,548	260,880
2.01.05.01	Due to related parties	0	0
2.01.05.01.01	Due to associates	0	0
2.01.05.01.02	Due to subsidiaries	0	0
2.01.05.01.03	Due to owners of the Company	0	0
2.01.05.01.04	Due to other related parties	0	0
2.01.05.02	Other	222,548	260,880
2.01.05.02.01	Dividends and interest on capital payable	3	3
2.01.05.02.02	Mandatory minimum dividends payable	0	0
2.01.05.02.03	Share-based compensation	0	0
2.01.05.02.04	Intragroup borrowing	41,355	53,359
2.01.05.02.05	Foreign exchange drafts	106,206	78,196
2.01.05.02.07	Advance on receivables	22,254	73,516
2.01.05.02.08	Advances from customers	48,658	49,466
2.01.05.02.09	Other payables	4,072	6,340
2.01.06	Provisions	44,845	61,237
2.01.06.01	Tax, social security, labor and civil provisions	34,206	48,145
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	6,125	6,463
2.01.06.01.03	Accrued employee benefits	0	0
2.01.06.01.04	Civil provisions	392	13,993
2.01.06.02	Other provisions	10,639	13,092
2.01.06.02.01	Provisions for warranty	10,639	13,092
2.01.06.02.02	Provisions for restructuring	0	0
2.01.06.02.03	Provisions for environmental and decommissioning liabilities	0	0
2.01.07	Payables from noncurrent assets for sale and discontinued assets	0	0
2.01.07.01	Payables from noncurrent assets for sale	0	0
2.01.07.02	Payables from discontinued assets	0	0
2.02	Noncurrent liabilities	795,614	647,331
2.02.01	Borrowings and financing	632,384	491,757
2.02.01.01	Borrowings and financing	571,806	430,128
2.02.01.01.01	In local currency	13,099	13,362
2.02.01.01.02	In foreign currency	558,707	416,766
2.02.01.02	Debentures	60,578	61,629
2.02.01.03	Lease financing	0	0
2.02.02	Other payables	105,199	97,100
2.02.02.01	Due to related parties	87,176	79,460
2.02.02.01.01	Due to associates	0	0
2.02.02.01.02	Due to subsidiaries	20,546	6,492
2.02.02.01.03	Due to owners of the Company	0	0
2.02.02.01.04	Due to other related parties	66,630	72,968
2.02.02.02	Other	18,023	17,640
2.02.02.02.01	Share-based compensation	0	0
2.02.02.02.02	Advance for future capital increase	0	0
2.02.02.02.03	Taxes payable	81	164
2.02.02.02.04	Provision for negative equity	17,376	17,476

Line Item	Account description	Current Quarter 06/30/2020	Previous Year 12/31/2019
2.02.02.02.05	Other payables	0	0
2.02.02.02.06	Trade payables	566	0
2.02.03	Deferred taxes	0	0
2.02.03.01	Deferred income tax and social contribution	0	0
2.02.04	Provisions	58,031	58,474
2.02.04.01	Tax, social security, labor and civil provisions	58,031	58,474
2.02.04.01.01	Tax provisions	0	0
2.02.04.01.02	Social security and labor provisions	42,740	43,486
2.02.04.01.03	Accrued employee benefits	0	0
2.02.04.01.04	Civil provisions	15,291	14,988
2.02.04.02	Other provisions	0	0
2.02.04.02.01	Provisions for warranty	0	0
2.02.04.02.02	Provisions for restructuring	0	0
2.02.04.02.03	Provisions for environmental and decommissioning liabilities	0	0
2.02.05	Liabilities on noncurrent assets for sale and discontinued	0	0
2.02.05.01	Liabilities on noncurrent assets for sale	0	0
2.02.05.02	Liabilities on discontinued assets	0	0
2.02.06	Unearned profit and revenue	0	0
2.02.06.01	Unearned profit	0	0
2.02.06.02	Unearned revenue	0	0
2.02.06.03	Unearned investment grants	0	0
2.03	Equity	-367,967	-304,621
2.03.01	Issued capital	520,401	520,277
2.03.02	Capital reserves	-31,116	-31,116
2.03.02.01	Share premium	0	0
2.03.02.02	Special goodwill reserve on the merger	0	0
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	0	0
2.03.02.05	Treasury shares	0	0
2.03.02.06	Advance for future capital increase	0	0
2.03.02.09	Capital transactions	-40,996	-40,996
2.03.03	Revaluation reserves	0	0
2.03.04	Earnings reserves	0	0
2.03.04.01	Legal reserve	0	0
2.03.04.02	Bylaws reserve	0	0
2.03.04.03	Provisions for risks	0	0
2.03.04.04	Unrealized earnings reserve	0	0
2.03.04.05	Earnings retention reserve	0	0
2.03.04.06	Special reserve for undistributed dividends	0	0
2.03.04.07	Tax incentive reserve	0	0
2.03.04.08	Proposed additional dividends	0	0
2.03.04.09	Treasury shares	0	0
2.03.05	Retained earnings/accumulated losses	-1,086,880	-970,315
2.03.06	Valuation adjustments to equity	46,325	45,958
2.03.07	Cumulative translation adjustments	183,303	130,575
2.03.08	Other comprehensive income	0	0

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

Line Item	Account description	Current quarter 04/01/2020 to 06/30/2020	YTD 01/01/2020 to 06/30/2020	Same quarter of previous year 04/01/2019 to 06/30/2019	Previous YTD 01/01/2019 to 06/30/2019
3.01	Net operating revenue	265,829	436,007	163,537	323,704
3.02	Cost of sales and/or services	-139,979	-242,259	-109,183	-218,354
3.03	Gross profit	125,850	193,748	54,354	105,350
3.04	Operating (expenses) income	-29,651	-57,991	-3,290	-26,668
3.04.01	Selling expenses	-16,381	-30,030	-11,701	-23,951
3.04.02	General and administrative expenses	-21,947	-42,415	-16,205	-31,128
3.04.03	Impairment losses	883	3,563	675	-781
3.04.04	Other operating income	1,570	4,072	37,402	37,929
3.04.05	Other operating expenses	-1,426	-4,629	-8,681	-9,832
3.04.06	Share of profit (loss) of subsidiaries	7,650	11,448	-4,780	1,095
3.05	Profit before finance income (costs) and taxes	96,199	135,757	51,064	78,682
3.06	Finance income (costs)	-55,186	-245,123	-948	-12,541
3.06.01	Finance income	35,544	55,620	29,478	33,267
3.06.02	Finance costs	-90,730	-300,743	-30,426	-45,808
3.07	Pretax income	41,013	-109,366	50,116	66,141
3.08	Income tax and social contribution	-1,978	-8,723	-6,489	-18,466
3.08.01	Current	0	0	-6,489	-18,466
3.08.02	Deferred	-1,978	-8,723	0	0
3.09	Profit (loss) from continuing operations	39,035	-118,089	43,627	47,675
3.10	Profit (loss) from discontinued operations	0	0	0	0
3.10.01	Profit (loss) from discontinued operations	0	0	0	0
3.10.02	Gains (losses) on assets of discontinued operations, net	0	0	0	0
3.11	Profit/loss for the period	39,035	-118,089	43,627	47,675
3.99	Earnings per share (R$/share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common shares (ON)	0.44	-1.33	0.51	0.59
3.99.01.02	Preferred shares (PN)	0.44	-1.33	0.51	0.59
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares (ON)	0.44	-1.33	0.51	0.54
3.99.02.02	Preferred shares (PN)	0.44	-1.33	0.51	0.54

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

Line Item	Account description	Current quarter 04/01/2020 to 06/30/2020	YTD 01/01/2020 to 06/30/2020	Same quarter of previous year 04/01/2019 to 06/30/2019	Previous YTD 01/01/2019 to 06/30/2019
4.01	Profit for the period	39,035	-118,089	43,627	47,675
4.02	Other comprehensive income	10,276	52,728	-2,436	-1,517
4.02.01	Translation adjustments for the period	10,276	52,728	-2,436	-1,517
4.02.02	Realization of valuation adjustments to equity, net of taxes	0	0	0	0
4.02.03	Adjustments to financial instruments	0	0	0	0
4.03	Comprehensive income for the period	49,311	-65,361	41,191	46,158

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

Line Item	Account description	YTD 01/01/2020 to 06/30/2020	Previous YTD 01/01/2019 to 06/30/2019
6.01	Net cash from operating activities	107,544	65,517
6.01.01	Cash generated by operating activities	89,449	89,424
6.01.01.01	Profit (loss) before income tax and social contribution	-109,366	66,141
6.01.01.02	Depreciation and amortization	6,458	3,778
6.01.01.03	Cost of capital assets written off	139	3
6.01.01.04	Allowance for doubtful debts	-3,563	834
6.01.01.05	Share of profit (loss) of subsidiaries	-11,448	-1,095
6.01.01.07	Provision for derivative financial Instruments	0	0
6.01.01.08	Accrued interest on borrowings and intragroup borrowings	12,883	15,738
6.01.01.09	Change in equity interests in subsidiaries	0	0
6.01.01.10	Allowance for inventory losses	669	-512
6.01.01.11	Provision for warranties	-2,453	861
6.01.01.12	Provision for civil, labor and tax risks	0	0
6.01.01.13	Exchange differences on borrowings and other items	210,512	-1,490
6.01.01.14	Provision for civil, labor and tax risks	-14,382	5,166
6.01.02	Changes in assets and liabilities	18,095	-23,907
6.01.02.01	(Increase) decrease in trade receivables	-22,477	14,566
6.01.02.02	Decrease (increase) in inventories	-21,120	-29,643
6.01.02.03	Decrease (increase) in other receivables	12,940	-73,417
6.01.02.04	(Decrease) increase in trade payables	-847	17,924
6.01.02.05	Increase (decrease) in accounts payable	49,599	46,663
6.01.02.06	Payment of income tax and social contribution	0	0
6.01.03	Other	0	0
6.01.03.01	Subsidiaries’ profits and dividends received	0	0
6.02	Net cash from investing activities	-30,678	-11,783
6.02.01	Due from related parties	-7,726	-5,848
6.02.02	Other long-term receivables	0	0
6.02.03	In investments	0	0
6.02.04	In property, plant and equipment	-16,815	-3,888
6.02.05	In intangible assets	-6,138	-2,888
6.02.06	Short-term investments	1	841
6.03	Net cash from financing activities	-78,229	-57,257
6.03.01	Payment of interest on capital and dividends	0	0
6.03.02	Borrowings and intragroup borrowings	97,962	17,293
6.03.03	Repayment of borrowings	-144,956	-89,989
6.03.05	Capital increase	124	55,035
6.03.06	Advance for future capital increase	0	0
6.03.07	Payment of interest on borrowings and intragroup borrowings	-18,032	-29,505
6.03.10	Due to related parties	-13,327	-10,091
6.03.11	Other	0	0
6.04	Exchange differences on translating cash and cash equivalents	0	0
6.05	Increase (decrease) in cash and cash equivalents	-1,363	-3,523
6.05.01	Cash and cash equivalents at the beginning of the year	7,376	5,157
6.05.02	Cash and cash equivalents at the end of the year	6,013	1,634

Individual Financial Information / Statement of Changes in Equity - 01/01/2020 to 06/30/2020
(In thousands of reais)

Line Item	Account description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	520,277	-31,116	0	-970,315	176,533	-304,621
5.02	Prior-year adjustments	0	0	0	0	0	0
5.03	Adjusted opening balances	520,277	-31,116	0	-970,315	176,533	-304,621
5.04	Shareholders' capital transactions	124	0	0	1,045	846	2,015
5.04.01	Capital increases	124	0	0	0	0	124
5.04.02	Share issuance costs	0	0	0	0	0	0
5.04.03	Recognized stock options granted	0	0	0	0	0	0
5.04.04	Treasury shares acquired	0	0	0	0	0	0
5.04.05	Treasury shares sold	0	0	0	0	0	0
5.04.06	Dividends	0	0	0	0	0	0
5.04.07	Interest on capital	0	0	0	0	0	0
5.04.08	Other transactions	0	0	0	1,045	846	1,891
5.05	Total comprehensive income	0	0	0	-117,610	52,249	-65,361
5.05.01	Profit for the period	0	0	0	-118,089	0	-118,089
5.05.02	Other comprehensive income	0	0	0	479	52,249	52,728
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	52,728	52,728
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	479	-479	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	520,401	-31,116	0	-1,086,880	229,628	-367,967

Individual Financial Information / Statement of Changes in Equity - 01/01/2019 to 06/30/2019
(In thousands of reais)

Line Item	Account description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	465,218	-31,170	0	-1,012,915	171,904	-406,963
5.02	Prior-year adjustments	0	0	0	0	0	0
5.03	Adjusted opening balances	465,218	-31,170	0	-1,012,915	171,904	-406,963
5.04	Shareholders' capital transactions	55,035	54	0	0	0	55,089
5.04.01	Capital increases	55,035	0	0	0	0	55,035
5.04.02	Share issuance costs	0	54	0	0	0	54
5.04.03	Recognized stock options granted	0	0	0	0	0	0
5.04.04	Treasury shares acquired	0	0	0	0	0	0
5.04.05	Treasury shares sold	0	0	0	0	0	0
5.04.06	Dividends	0	0	0	0	0	0
5.04.07	Interest on capital	0	0	0	0	0	0
5.05	Total comprehensive income	0	0	0	48,257	-2,099	46,158
5.05.01	Profit for the period	0	0	0	47,675	0	47,675
5.05.02	Other comprehensive income	0	0	0	582	-2,099	-1,517
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	-1,517	-1,517
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	582	-582	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	520,253	-31,116	0	-964,658	169,805	-305,716

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

Line Item	Account description	YTD 01/01/2020 to 06/30/2020	Previous YTD 01/01/2019 to 06/30/2019
7.01	Revenue	554,110	424,245
7.01.01	Sales of goods and services	546,475	387,097
7.01.02	Other income	4,072	37,929
7.01.03	Revenues related to the construction of own assets	0	0
7.01.04	Allowance for (reversal of) doubtful debts	3,563	-781
7.02	Inputs purchased from third parties	-222,657	-243,603
7.02.01	Cost of products, goods and services sold	-139,567	-214,896
7.02.02	Supplies, power, outside services and other inputs	-83,090	-28,707
7.02.03	Loss/recovery of assets	0	0
7.02.04	Other	0	0
7.03	Gross value added	331,453	180,642
7.04	Withholdings	-6,458	-3,778
7.04.01	Depreciation, amortization and depletion	-6,458	-3,778
7.04.02	Other	0	0
7.05	Wealth created	324,995	176,864
7.06	Wealth received in transfer	67,068	34,362
7.06.01	Share of profit (loss) of subsidiaries	11,448	1,095
7.06.02	Finance income	55,620	33,267
7.06.03	Other	0	0
7.07	Total wealth for distribution	392,063	211,226
7.08	Wealth distributed	392,063	211,226
7.08.01	Personnel	73,445	29,508
7.08.01.01	Wages	57,646	22,423
7.08.01.02	Benefits	11,765	5,465
7.08.01.03	Severance Pay Fund (FGTS)	4,034	1,620
7.08.01.04	Other	0	0
7.08.02	Taxes, fees and contributions	135,267	88,087
7.08.02.01	Federal	104,871	69,436
7.08.02.02	State	30,301	18,629
7.08.02.03	Municipal	95	22
7.08.03	Lenders and lessors	301,440	45,956
7.08.03.01	Interest	300,742	45,806
7.08.03.02	Rentals	698	150
7.08.03.03	Other	0	0
7.08.04	Shareholders	-118,089	47,675
7.08.04.01	Interest on capital	0	0
7.08.04.02	Dividends	0	0
7.08.04.03	Retained earnings (accumulated losses)	-118,089	47,675
7.08.05	Other	0	0

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

Line Item	Account Description	Current Quarter 06/30/2020	Prior Year 12/31/2019
1	Total assets	1,228,239	1,066,440
1.01	Current assets	817,598	694,536
1.01.01	Cash and cash equivalents	107,951	35,966
1.01.01.01	Cash and banks	101,727	28,416
1.01.01.02	Highly liquid short-term investments	6,224	7,550
1.01.02	Short-term investments	16	16
1.01.02.01	Short-term investments at fair value through profit or loss	0	0
1.01.02.01.01	Trading securities	0	0
1.01.02.01.02	Securities at fair value	0	0
1.01.02.02	Short-term investments at fair value through other comprehensive income	0	0
1.01.02.03	Short-term investments at amortized cost	0	0
1.01.03	Trade and other receivables	245,678	164,997
1.01.03.01	Trade receivables	245,678	164,997
1.01.03.02	Other receivables	0	0
1.01.04	Inventories	298,867	315,771
1.01.05	Biological assets	0	0
1.01.06	Recoverable taxes	20,225	31,078
1.01.06.01	Recoverable current taxes	20,225	31,078
1.01.07	Prepaid expenses	9,582	6,279
1.01.08	Other current assets	135,279	140,429
1.01.08.01	Noncurrent assets for sale	118,958	120,212
1.01.08.02	Assets of discontinued operations	0	0
1.01.08.03	Other	16,321	20,217
1.01.08.03.02	Other Receivables	16,321	20,217
1.02	Noncurrent assets	410,641	371,904
1.02.01	Long-term receivables	105,712	110,521
1.02.01.01	Short-term investments at fair value through profit or loss	0	0
1.02.01.01.01	Securities at fair value	0	0
1.02.01.02	Short-term investments at fair value through other comprehensive income	0	0
1.02.01.03	Short-term investments at amortized cost	0	1
1.02.01.04	Trade and other receivables	0	0
1.02.01.04.01	Trade receivables	0	0
1.02.01.04.02	Other receivables	0	0
1.02.01.05	Inventories	0	0
1.02.01.06	Biological assets	0	0
1.02.01.07	Deferred taxes	91,115	96,226
1.02.01.07.01	Deferred income tax and social contribution	91,115	96,226
1.02.01.08	Prepaid expenses	0	0
1.02.01.09	Due from related parties	0	0
1.02.01.09.01	Due from associates	0	0
1.02.01.09.03	Due from owners of the Company	0	0
1.02.01.09.04	Due from other related parties	0	0
1.02.01.10	Other noncurrent assets	14,597	14,294
1.02.01.10.01	Noncurrent assets for sale	0	0
1.02.01.10.02	Assets of discontinued operations	0	0
1.02.01.10.03	Recoverable tax	0	0
1.02.01.10.04	Other	14,597	14,294
1.02.02	Investments	192	192
1.02.02.01	Equity interests	192	192
1.02.02.01.01	Investments in associates	0	0
1.02.02.01.04	Investments in joint ventures	0	0
1.02.02.01.05	Other Investments	192	192
1.02.02.02	Investment property	0	0
1.02.03	Property, plant and equipment	208,754	181,247
1.02.03.01	Fixed assets in use	188,333	166,445
1.02.03.02	Lease right-of-use assets	0	0
1.02.03.03	Construction in progress	20,421	14,802
1.02.04	Intangible assets	95,983	79,944
1.02.04.01	Intangible assets	95,983	79,944
1.02.04.01.01	Concession agreement	0	0
1.02.04.02	Goodwill	0	0

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

Line Item	Account Description	Current Quarter 06/30/2020	Prior Year 12/31/2019
2	Total liabilities and equity	1,228,239	1,066,440
2.01	Current liabilities	700,923	630,019
2.01.01	Payroll, benefits and taxes thereon	53,159	30,374
2.01.01.01	Payroll and related taxes	29,725	9,696
2.01.01.02	Employee benefits and related taxes	23,434	20,678
2.01.02	Trade payables	100,168	114,157
2.01.02.01	Local suppliers	63,441	61,189
2.01.02.02	Foreign suppliers	36,727	52,968
2.01.03	Taxes payable	138,266	52,921
2.01.03.01	Federal tax liabilities	136,155	50,793
2.01.03.01.01	Income tax and social contribution payable	8,639	12,513
2.01.03.01.02	Other taxes	127,516	38,280
2.01.03.02	State tax liabilities	2,095	2,098
2.01.03.03	Municipal tax liabilities	16	30
2.01.04	Borrowings and financing	144,911	110,907
2.01.04.01	Borrowings and financing	131,033	97,617
2.01.04.01.01	In local currency	3,765	8,911
2.01.04.01.02	In foreign currency	127,268	88,706
2.01.04.02	Debentures	13,878	13,290
2.01.04.03	Lease financing	0	0
2.01.05	Other payables	206,730	249,124
2.01.05.01	Due to related parties	0	0
2.01.05.01.01	Due to associates	0	0
2.01.05.01.03	Due to owners of the Company	0	0
2.01.05.01.04	Due to other related parties	0	0
2.01.05.02	Other	206,730	249,124
2.01.05.02.01	Dividends and interest on capital payable	3	3
2.01.05.02.02	Mandatory minimum dividends payable	0	0
2.01.05.02.03	Share-based compensation	0	0
2.01.05.02.04	Intragroup borrowing	0	0
2.01.05.02.05	Foreign exchange drafts	106,206	78,196
2.01.05.02.08	Advances on Receivables	22,254	73,516
2.01.05.02.09	Advances from customers	48,629	49,428
2.01.05.02.10	Payables from noncurrent assets for sale	18,418	27,742
2.01.05.02.11	Other payables	11,220	20,239
2.01.06	Provisions	57,689	72,536
2.01.06.01	Tax, social security, labor and civil provisions	40,766	54,431
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	8,575	9,478
2.01.06.01.03	Accrued employee benefits	0	0
2.01.06.01.04	Civil provisions	4,502	17,264
2.01.06.02	Other provisions	16,923	18,105
2.01.06.02.01	Provisions for warranty	16,923	18,105
2.01.06.02.02	Provisions for restructuring	0	0
2.01.06.02.03	Provisions for environmental and decommissioning liabilities	0	0
2.01.07	Payables from noncurrent assets for sale and discontinued assets	0	0
2.01.07.01	Payables from noncurrent assets for sale	0	0
2.01.07.02	Payables from discontinued assets	0	0
2.02	Noncurrent liabilities	895,283	741,042
2.02.01	Borrowings and financing	765,543	639,074
2.02.01.01	Borrowings and financing	704,965	577,445
2.02.01.01.01	In local currency	13,099	13,362
2.02.01.01.02	In foreign currency	691,866	564,083
2.02.01.02	Debentures	60,578	61,629
2.02.01.03	Lease financing	0	0
2.02.02	Other payables	50,863	24,468
2.02.02.01	Due to related parties	0	0
2.02.02.01.01	Due to associates	0	0
2.02.02.01.03	Due to owners of the Company	0	0
2.02.02.01.04	Due to other related parties	0	0
2.02.02.02	Other	50,863	24,468
2.02.02.02.01	Share-based compensation	0	0
2.02.02.02.02	Advance for future capital increase	0	0
2.02.02.02.04	Provision for negative equity	84	177
2.02.02.02.05	Other payables	50,213	24,291
2.02.02.02.06	Trade payables	566	0
2.02.03	Deferred taxes	10,291	10,263

Line Item	Account Description	Current Quarter 06/30/2020	Prior Year 12/31/2019
2.02.03.01	Deferred income tax and social contribution	10,291	10,263
2.02.04	Provisions	68,586	67,237
2.02.04.01	Tax, social security, labor and civil provisions	61,034	61,678
2.02.04.01.01	Tax provisions	0	0
2.02.04.01.02	Social security and labor provisions	45,743	46,690
2.02.04.01.03	Accrued employee benefits	0	0
2.02.04.01.04	Civil provisions	15,291	14,988
2.02.04.02	Other provisions	7,552	5,559
2.02.04.02.01	Provisions for warranty	7,552	5,559
2.02.04.02.02	Provisions for restructuring	0	0
2.02.04.02.03	Provisions for environmental and decommissioning liabilities	0	0
2.02.05	Liabilities on noncurrent assets for sale and discontinued	0	0
2.02.05.01	Liabilities on noncurrent assets for sale	0	0
2.02.05.02	Liabilities on discontinued assets	0	0
2.02.06	Unearned profit and revenue	0	0
2.02.06.01	Unearned profit	0	0
2.02.06.02	Unearned revenue	0	0
2.02.06.03	Unearned investment grants	0	0
2.03	Equity	-367,967	-304,621
2.03.01	Issued capital	520,401	520,277
2.03.02	Capital reserves	-31,116	-31,116
2.03.02.01	Share premium	0	0
2.03.02.02	Special goodwill reserve on the merger	0	0
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	0	0
2.03.02.05	Treasury shares	0	0
2.03.02.06	Advance for future capital increase	0	0
2.03.02.09	Capital transactions	-40,996	-40,996
2.03.03	Revaluation reserves	0	0
2.03.04	Earnings reserves	0	0
2.03.04.01	Legal reserve	0	0
2.03.04.02	Bylaws reserve	0	0
2.03.04.03	Provisions for risks	0	0
2.03.04.04	Unrealized earnings reserve	0	0
2.03.04.05	Earnings retention reserve	0	0
2.03.04.06	Special reserve for undistributed dividends	0	0
2.03.04.07	Tax incentive reserve	0	0
2.03.04.08	Proposed additional dividends	0	0
2.03.04.09	Treasury shares	0	0
2.03.05	Retained earnings/accumulated losses	-1,086,880	-970,315
2.03.06	Valuation adjustments to equity	46,325	45,958
2.03.07	Cumulative translation adjustments	183,303	130,575
2.03.08	Other comprehensive income	0	0
2.03.09	Noncontrolling interests	0	0

Consolidated Financial Information / Statement of profit and loss

Line Item	Account Description	Current Quarter 04/01/2020 to 06/30/2020	DMPL - 01/01/2020 to 06/30/2020	Second Quarter Prior Year 04/01/2019 to 06/30/2019	DMPL - 01/01/2019 to 06/30/2019
3.04.06	Share of profit (loss) of subsidiaries	0.00	0.00	0.00	0.00
3.04.01	Selling expenses	-38,601.00	-67,988.00	-28,843.00	-56,754.00
3.11	Profit/loss for the period	39,035.00	-118,089.00	43,627.00	47,675.00
3.05	Profit before finance income (costs) and taxes	101,215.00	140,863.00	48,842.00	79,718.00
3.10	Profit (loss) from discontinued operations	159.00	615.00	640.00	114.00
3.10.01	Profit (loss) from discontinued operations	159.00	615.00	640.00	114.00
3.09	Profit (loss) from continuing operations	38,876.00	-118,704.00	42,987.00	47,561.00
3.07	Pretax income	45,845.00	-103,381.00	47,348.00	66,197.00
3.99.01.02	Preferred shares (PN)	0.44	- 1.33	0.51	0.54
3.99.02.02	Preferred shares (PN)	0.44	- 1.33	0.51	0.54
3.04.04	Other operating income	1,276.00	3,905.00	39,352.00	40,183.00
3.04.05	Other operating expenses	-672.00	-3,061.00	-8,472.00	-9,114.00
3.04	Operating (expenses) income	-78,651.00	-141,876.00	-31,513.00	-92,681.00
3.01	Net operating revenue	423,808.00	722,128.00	232,985.00	485,070.00
3.08	Income tax and social contribution	-6,969.00	-15,323.00	-4,361.00	-18,636.00
3.04.03	Impairment losses	-104.00	3,118.00	654.00	-268.00
3.03	Gross profit	179,866.00	282,739.00	80,355.00	172,399.00
3.04.02	General and administrative expenses	-40,550.00	-77,850.00	-34,204.00	-66,728.00
3.10.02	Gains (losses) on assets of discontinued operations, net	0.00	0.00	0.00	0.00
3.06	Finance income (costs)	-55,370.00	-244,244.00	-1,494.00	-13,521.00
3.06.01	Finance income	35,728.00	56,012.00	29,936.00	34,149.00
3.06.02	Finance costs	-91,098.00	-300,256.00	-31,430.00	-47,670.00
3.99	Earnings per share (R$/share)	0.00	0.00	0.00	0.00
3.99.02	Diluted earnings per share	-	-	-	-
3.08.02	Deferred	-3,969.00	-11,753.00	2,258.00	1,658.00
3.08.01	Current	-3,000.00	-3,570.00	-6,619.00	-20,294.00
3.02	Cost of sales and/or services	-243,942.00	-439,389.00	-152,630.00	-312,671.00
3.99.01.01	Common shares (ON)	0.44	- 1.33	0.51	0.54
3.99.02.01	Common shares (ON)	0.44	- 1.33	0.51	0.54
3.99.01	Basic earnings per share	-	-	-	-
3.11.01	Attributable to owners of the Company	39,035.00	-118,089.00	43,627.00	47,675.00
3.11.02	Attributable to noncontrolling interests	0.00	0.00	0.00	0.00

(In thousands of reais)

Consolidated Financial Information / Statement of Comprehensive Income
(Reais Mil)

Line Item	Account Description	Current Quarter 04/01/2020 to 06/30/2020	DMPL - 01/01/2020 to 06/30/2020	Second Quarter Prior Year 04/01/2019 to 06/30/2019	DMPL - 01/01/2019 to 06/30/2019
4.01	Profit for the period	39,035	-118,089	43,627	47,675
4.02	Other comprehensive income	10,276	52,728	-2,436	-1,517
4.02.01	Translation adjustments for the period	10,276	52,728	-2,436	-1,517
4.02.02	Realization of valuation adjustments to equity, net of taxes	0	0	0	0
4.03	Comprehensive income for the period	49,311	-65,361	41,191	46,158
4.03.01	Attributable to owners of the Company	49,311	-65,361	41,191	46,158
4.03.02	Attributable to noncontrolling interests	0	0	0	0

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

Line Item	Account description	YTD 01/01/2020 to 06/30/2020	Previous YTD 01/01/2019 to 06/30/2019
6.01	Net cash from operating activities	217,976	43,480
6.01.01	Cash generated by operating activities	140,937	107,646
6.01.01.01	Profit (loss) before income tax and social contribution	-103,381	66,197
6.01.01.02	Depreciation and amortization	12,302	15,177
6.01.01.03	Cost of capital assets written off	2,835	256
6.01.01.04	Allowance for Impairment of property, plant and equipment	0	0
6.01.01.05	Share of profit (loss) of subsidiaries	0	0
6.01.01.06	Provision for derivative financial Instruments	0	0
6.01.01.07	Allowance for doubtful debts	-3,118	143
6.01.01.08	Allowance for inventory losses	743	3,468
6.01.01.09	Noncontrolling interests	0	0
6.01.01.10	Accrued interest on borrowings and intragroup loans	11,918	15,738
6.01.01.11	Swap on financial transactions	0	0
6.01.01.12	Provision for civil, labor and tax risks	0	0
6.01.01.13	Accrued interest on mortgage loans	0	0
6.01.01.15	Write-off of assets held for sale	0	0
6.01.01.17	Provision for warranties	811	757
6.01.01.18	Exchange differences on translating borrowings and financing	227,983	-3,799
6.01.01.19	Provision for civil, labor and tax risks	-14,309	3,641
6.01.01.20	Net cash from discontinued operations	5,153	6,068
6.01.02	Changes in assets and liabilities	85,708	-61,768
6.01.02.01	(Increase) decrease in trade receivables	-52,614	6,649
6.01.02.02	(Increase) decrease in inventories	79,286	-27,319
6.01.02.03	(Increase) in other receivables	-2,680	-80,339
6.01.02.04	Increase in trade payables	-36,389	-1,435
6.01.02.05	Increase in accounts payables and provisions	98,105	40,676
6.01.02.07	Held-for-sale assets	0	0
6.01.03	Other	-8,669	-2,398
6.01.03.01	Subsidiaries’ profits and dividends received	0	0
6.01.03.03	Held-for-sale assets and liabilities	-8,669	-849
6.01.03.04	Income tax and social contribution paid	0	-1,549
6.02	Net cash from investing activities	-24,588	-15,211
6.02.01	Due from related parties	0	0
6.02.02	Other receivables	0	0
6.02.03	In investments	0	0
6.02.04	In property, plant and equipment	-24,167	-12,146
6.02.05	In intangible assets	-4,664	-1,430
6.02.06	Short-term investments	1	1,148
6.02.07	Net cash from discontinued investing activities	4,242	-2,783
6.03	Net cash from financing activities	-111,352	-39,345
6.03.01	Payment of interest on capital and dividends	0	0
6.03.02	Borrowings and intragroup borrowings	107,126	30,023
6.03.03	Repayment of borrowings	-192,699	-90,161
6.03.04	Treasury shares	0	0
6.03.05	Capital increase	124	55,035
6.03.06	Advance for future capital increase	0	0
6.03.07	Interest paid on mortgage loans	0	0
6.03.08	Mortgage loans	0	0
6.03.09	Due to related parties	0	0
6.03.10	Payment of interest on borrowings and intragroup borrowings	-17,107	-29,505
6.03.11	Other	0	0
6.03.12	Net cash from discontinued financing activities	-8,796	-4,737
6.04	Exchange differences on translating cash and cash equivalents	-10,051	0
6.05	Increase (decrease) in cash and cash equivalents	71,985	-11,076
6.05.01	Cash and cash equivalents at the beginning of the year	35,966	26,766
6.05.02	Cash and cash equivalents at the end of the year	107,951	15,690

Consolidated Financial Information / Statements of Changes in Equity - 01/01/2020 to 06/30/2020
(In thousand 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	Shareholder's Equity	Noncontrolling interests	Consolidated Shareholder's Equity
5.01	Opening balances	520,277	-31,116	0	-970,315	176,533	-304,621	0	-304,621
5.02	Prior-year adjustments	0	0	0	0	0	0	0	0
5.03	Adjusted opening balances	520,277	-31,116	0	-970,315	176,533	-304,621	0	-304,621
5.04	Shareholders' capital transactions	124	0	0	1,045	846	2,015	0	2,015
5.04.01	Capital increases	124	0	0	0	0	124	0	124
5.04.02	Share issuance costs	0	0	0	0	0	0	0	0
5.04.03	Recognized stock options granted	0	0	0	0	0	0	0	0
5.04.04	Treasury shares acquired	0	0	0	0	0	0	0	0
5.04.05	Treasury shares sold	0	0	0	0	0	0	0	0
5.04.06	Dividends	0	0	0	0	0	0	0	0
5.04.07	Interest on capital	0	0	0	0	0	0	0	0
5.04.08	Other transactions	0	0	0	1,045	846	1,891	0	1,891
5.05	Total comprehensive income	0	0	0	-117,610	52,249	-65,361	0	-65,361
5.05.01	Profit for the period	0	0	0	-118,089	0	-118,089	0	-118,089
5.05.02	Other comprehensive income	0	0	0	479	52,249	52,728	0	52,728
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' and associates' comprehensive income	0	0	0	0	0	0	0	0
5.05.02.04	Translation adjustments for the period	0	0	0	0	52,728	52,728	0	52,728
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	479	-479	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	520,401	-31,116	0	-1,086,880	229,628	-367,967	0	-367,967

Consolidated Financial Information / Statements of Changes in Equity - 01/01/2019 to 06/30/2019
(In thousand 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	Shareholder's Equity	Noncontrolling interests	Consolidated Shareholder's Equity
5.01	Opening balances	465,218	-31,170	0	-1,012,915	171,904	-406,963	0	-406,963
5.02	Prior-year adjustments	0	0	0	0	0	0	0	0
5.03	Adjusted opening balances	465,218	-31,170	0	-1,012,915	171,904	-406,963	0	-406,963
5.04	Shareholders' capital transactions	55,035	54	0	0	0	55,089	0	55,089
5.04.01	Capital increases	55,035	0	0	0	0	55,035	0	55,035
5.04.02	Share issuance costs	0	54	0	0	0	0	0	0
5.04.03	Recognized stock options granted	0	0	0	0	0	54	0	54
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	48,257	-2,099	46,158	0	46,158
5.05.01	Profit for the period	0	0	0	47,675	0	47,675	0	47,675
5.05.02	Other comprehensive income	0	0	0	582	-2,099	-1,517	0	-1,517
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' and associates' comprehensive income	0	0	0	0	0	0	0	0
5.05.02.04	Translation adjustments for the period	0	0	0	0	-1,517	-1,517	0	-1,517
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	582	-582	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	520,253	-31,116	0	-964,658	169,805	-305,716	0	-305,716

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

Line Item	Account Description	YTD - 01/01/2020 to 06/30/2020	Previous YTD - 01/01/2019 to 06/30/2019
7.01	Revenue	841,742	596,762
7.01.01	Sales of goods and services	834,719	556,847
7.01.02	Other income	3,905	40,183
7.01.03	Revenues related to the construction of own assets	0	0
7.01.04	Allowance for (reversal of) doubtful debts	3,118	-268
7.02	Inputs purchased from third parties	-482,680	-348,859
7.02.01	Cost of products, goods and services sold	-332,263	-307,394
7.02.02	Supplies, power, outside services and other inputs	-150,417	-41,465
7.02.03	Loss/recovery of assets	0	0
7.02.04	Other	0	0
7.03	Gross value added	359,062	247,903
7.04	Withholdings	-12,302	-15,177
7.04.01	Depreciation, amortization and depletion	-12,302	-15,177
7.04.02	Other	0	0
7.05	Wealth created	346,760	232,726
7.06	Wealth received in transfer	56,628	34,263
7.06.01	Share of profit (loss) of subsidiaries	0	0
7.06.02	Finance income	56,012	34,149
7.06.03	Other	616	114
7.06.03.19	Total wealth created by continuing operations for distribution	0	0
7.06.03.20	Wealth created by discontinued operations for distribution	616	114
7.07	Total wealth for distribution	403,388	266,989
7.08	Wealth distributed	403,388	266,989
7.08.01	Personnel	75,951	67,531
7.08.01.01	Wages	59,624	52,007
7.08.01.02	Benefits	12,159	11,662
7.08.01.03	Severance Pay Fund (FGTS)	4,168	3,862
7.08.01.04	Other	0	0
7.08.02	Taxes, fees and contributions	144,456	103,553
7.08.02.01	Federal	113,363	84,142
7.08.02.02	State	30,840	19,235
7.08.02.03	Municipal	253	176
7.08.03	Lenders and lessors	301,070	48,230
7.08.03.01	Interest	300,254	47,667
7.08.03.02	Rentals	816	563
7.08.03.03	Other	0	0
7.08.04	Shareholders	0	0
7.08.04.01	Interest on capital	0	0
7.08.04.02	Dividends	0	0
7.08.04.03	Retained earnings (accumulated losses)	0	0
7.08.04.04	Noncontrolling interests in retained earnings	0	0
7.08.05	Other	-118,089	47,675
7.08.05.01	Accumulated losses, net of valuation adjustments to equity - Continuing operation	-118,705	47,561
7.08.05.02	Accumulated losses, net of valuation adjustments to equity - discontinued operations	616	114

2Q20 Earnings

TAURUS™

COMPROMISSO COM A EXCELÊNCIA

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

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

Economic and financial highlights 2Q20/1H20

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

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

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

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

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

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

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

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

KEY INDICATORS

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

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

MESSAGE FROM MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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.

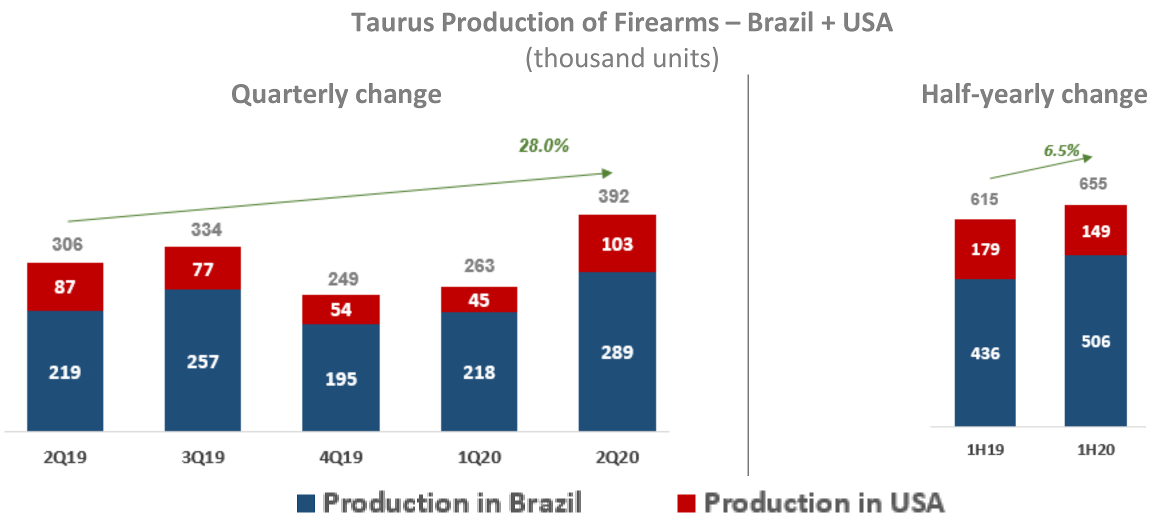
We also have engaged in the manufacture and sale of MIM (Metal Injection Molding) parts, with production mostly for our own use, as well as sales to third parties. This segment was fully operated by our subsidiary Polimetal Metalurgia e Plásticos Ltda. On December 31, 2019, we carried out a partial spin-off 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 1H20, 56 new products added 268 new SKUs to the Company's portfolio, with 46.3% of the firearms revenue coming from products launched in the last two years.

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

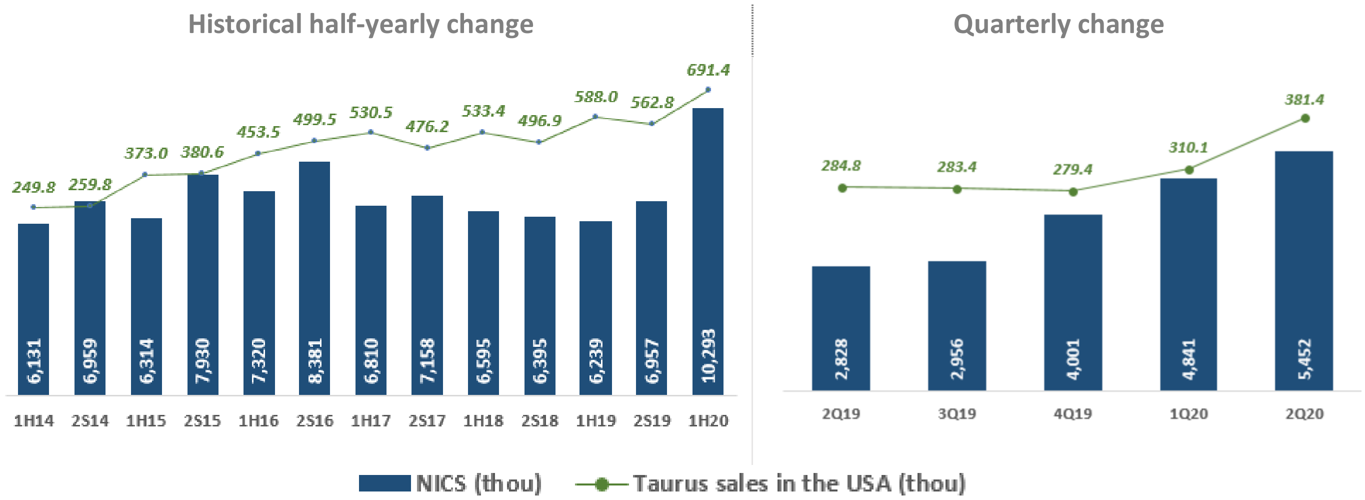
In 2Q20, Taurus produced 392,000 firearm units, totaling 655,000 units in the first half of the year, 77.2% of which at the Brazilian plant. The US plant has been expanding its production volume and the plant in Brazil has been operating at full capacity in order to meet the growing demand for its products.



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

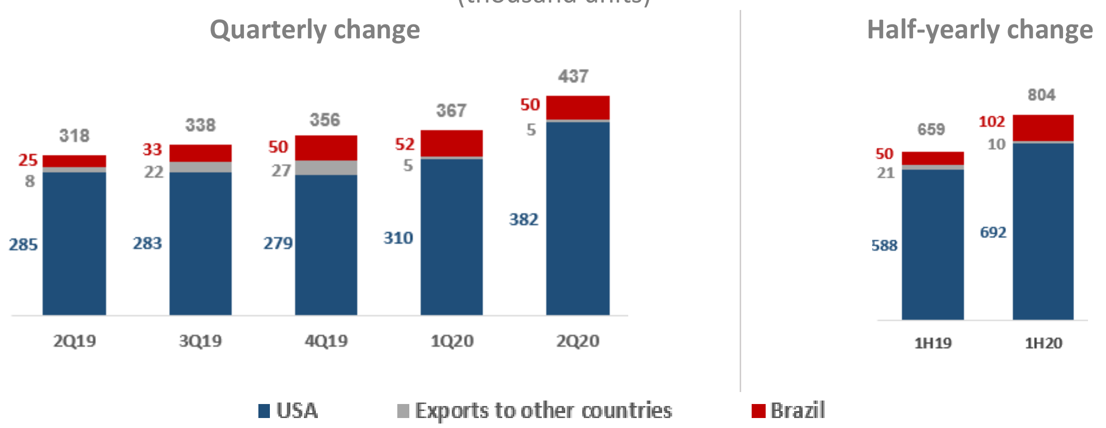
In 2Q20, the U.S. arms purchase intention index measured by the NICS (National Instant Criminal Background Check System) indicated a 92.8% increase in inquiries for the same period of 2019 and, considering the accumulated period from January to June, a 65.0% increase in the evolution between 1H20 and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

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



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

Sales Volume – Total Taurus
(thousand units)



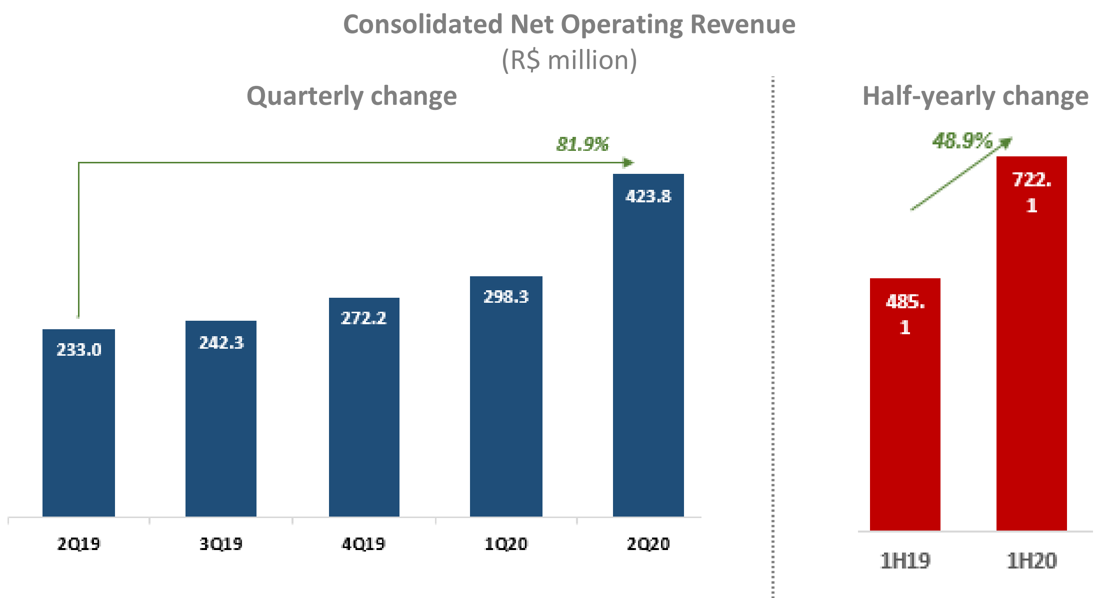
In the **domestic market**, firearm sales also continued booming, totaling 50,000 units in 2Q20 and 102,000 in the first half of 2020. The accumulated performance for the six-month period exceeded that performance recorded in the same period in 2019 by 105.0% and results mainly from purchases made by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

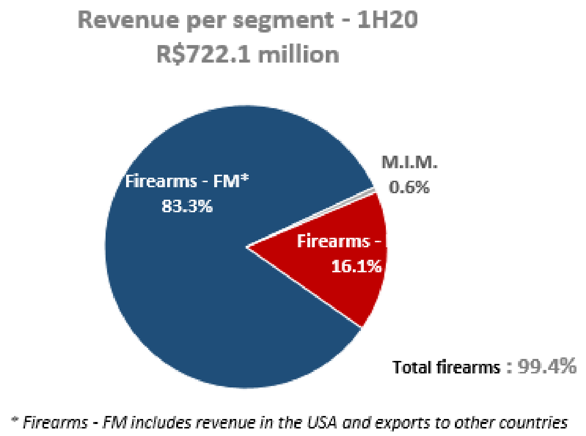
Taurus's online shopping portal (www.armasmunicoes.com.br) has been one of the main ways for Brazilian consumers to access our products and has been posting record numbers of visits every day.

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

Economic and Financial Performance

Net operating revenue



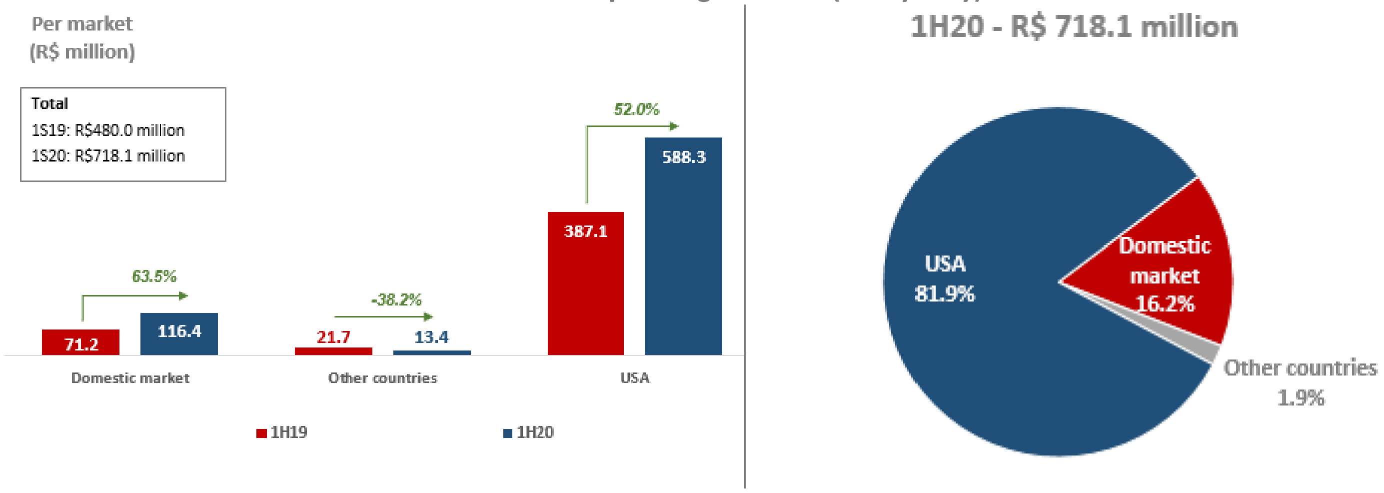


Once again, Taurus breaks revenue records, both in the quarter and in the first half of 2020.

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

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

FIREARMS - Net Operating Revenue (Half-yearly)



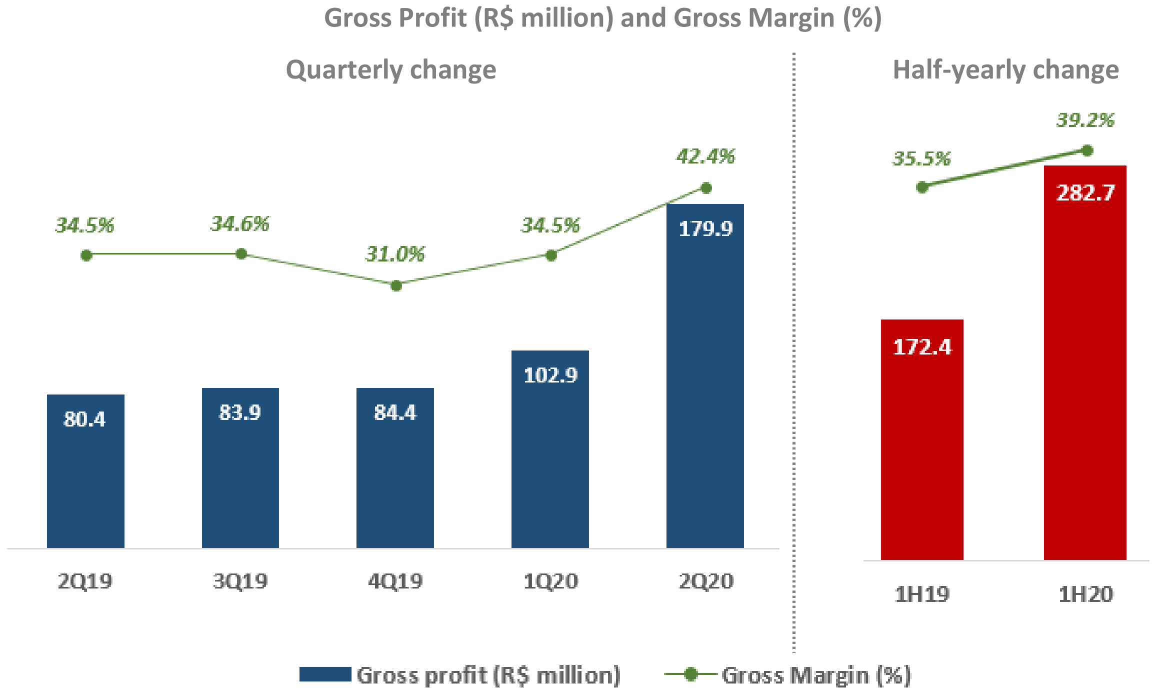
Revenues from the **firearms segment** alone, of R$421.4 million in 2Q20 and R$718.1 million in the first half of 2020, increased 82.9% and 49.6%, respectively, compared to the same periods in 2019. The performance reflects primarily the increase in revenue in the North American market since sales in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

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

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

Gross profit

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



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

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

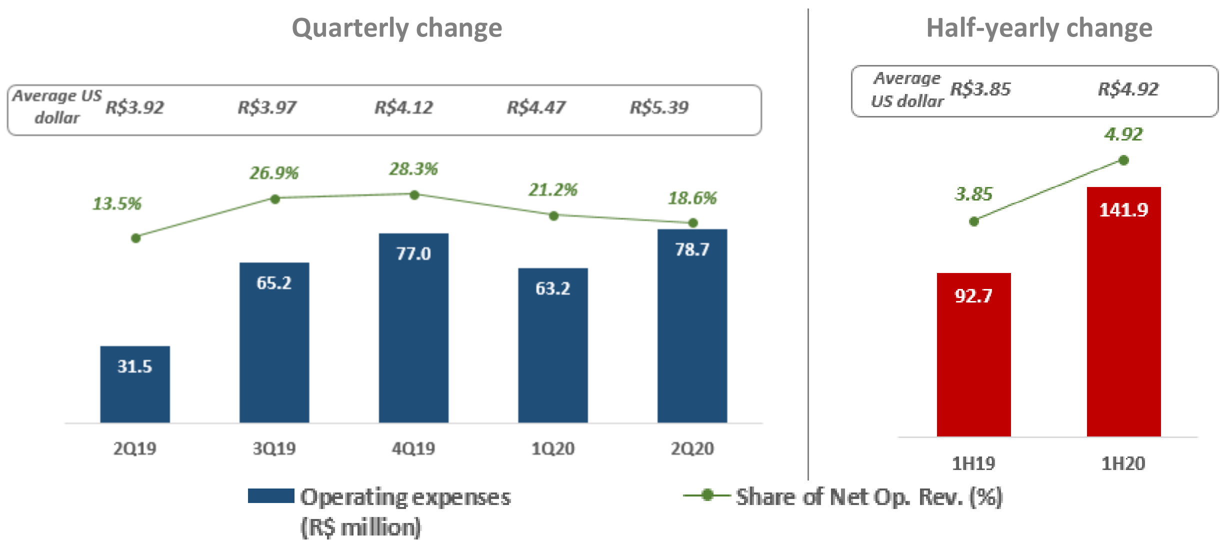
Operating expenses

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

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

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

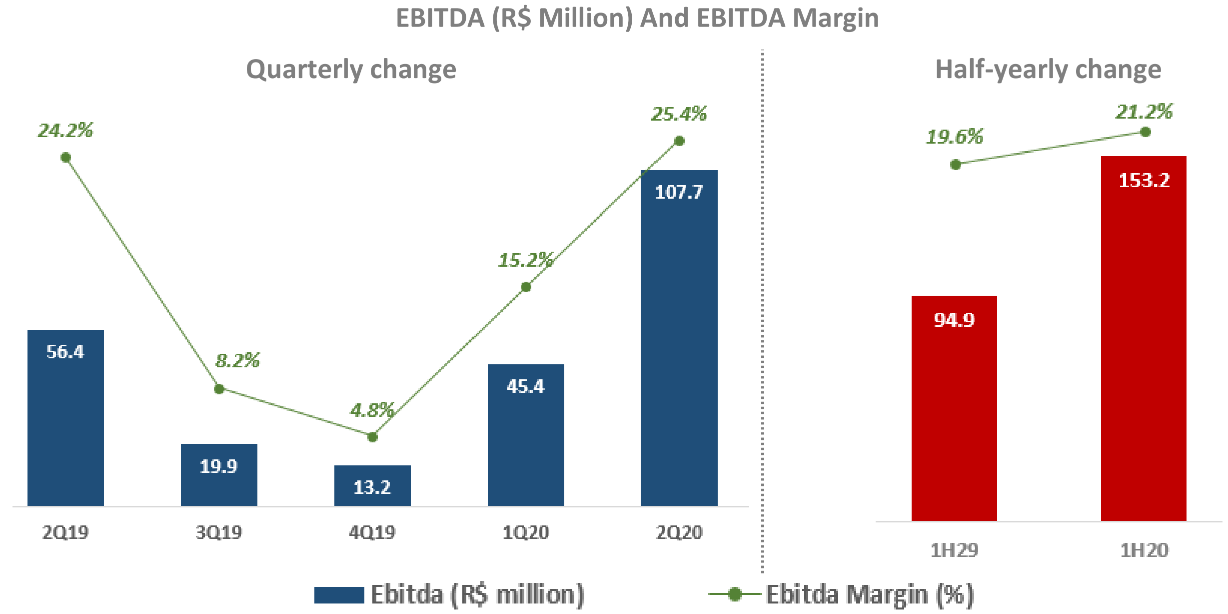
Operating Expenses (R$ million) and Their Share of Net Revenue



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

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

EBITDA



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

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

EBITDA calculation - reconciliation according to ICVM 527/12

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

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

Finance income (costs)

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

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

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

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

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

Profit for the period

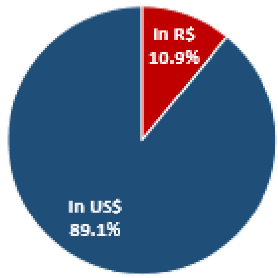
The increase in sales and the resulting increase in revenue and operating profits, allowed Taurus to offset the pressure caused by the changes in foreign exchange rates on finance costs lead to record a profit of R$39.0 million for 2Q20. For the first half of 2020, we posted a loss of R$118.1 million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

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

INDEBTEDNESS

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

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



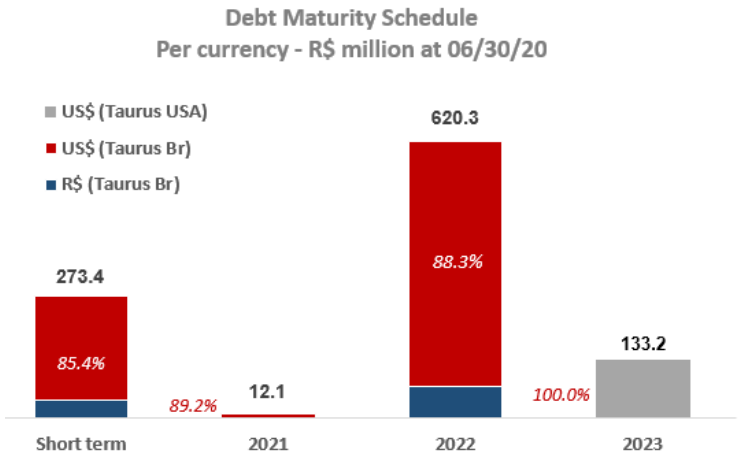
By translating the total gross debt to dollars, taking into account the Ptax rate for this currency on June 30, 2020 and December 31, 2019, net debt would be US$189.7 million at the end of 1H20 and US$223.7 million at the end of 2019, a decrease of US$34.0 million equivalent to 15.2% between the two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

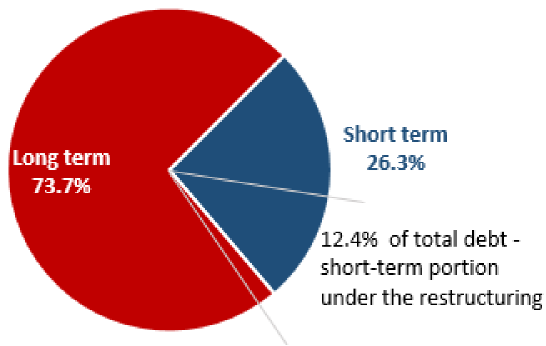
Because of our greater capacity to generate cash from operating activities, the balance of cash and short-term investments at the end of June was R$108.0 million, an amount 200.0% or R$72.0 million higher than at the end of 2019. Accordingly, net debt at the end of 1S20 was R$930.9 million, up 7.5% to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

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

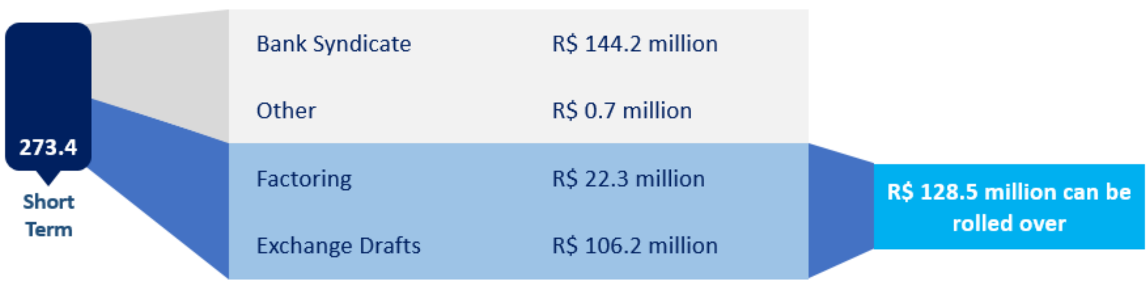
	06/30/2020			12/31/2019			% change
R$ million	**Consolidated**	***Brazil***	***USA***	**Consolidated**	***Brazil***	***USA***	**Consolidated**
Borrowings and financing	131.0	*131.0*	*0.0*	97.6	*97.6*	*0.0*	*34.2%*
Debentures	13.9	*13.9*	*0.0*	13.3	*13.3*	*0.0*	*4.5%*
Advance on receivables	22.3	*22.3*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

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





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



CAPITAL MARKET

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

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

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

STATEMENT OF VALUE ADDED

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

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

EVENTS AFTER THE END OF THE REPORTING PERIOD

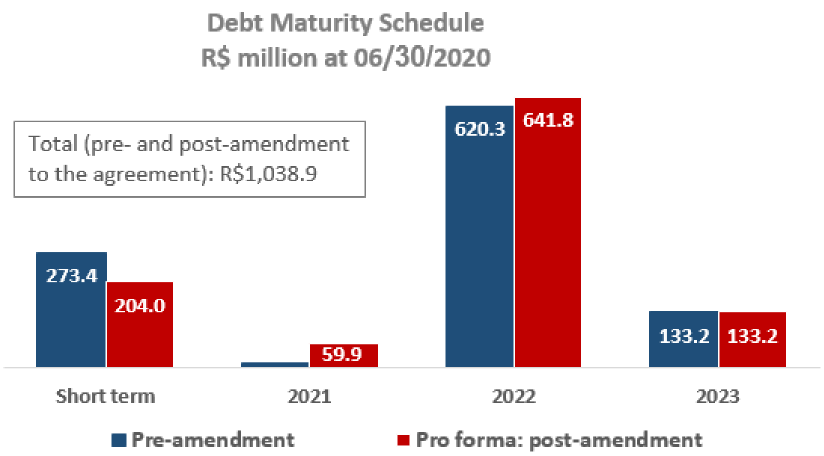
Execution of the contractual amendment entered into with the syndicate of creditor banks

On August 10, 2020, the Company published a Material Fact Notice informing that on this date the parties signed the contractual amendments referring to the new terms and conditions for the discharge of the obligations assumed with the Bank Syndicate, which provide for the rescheduling of the principal repayment that would be made in June 2020, amounting approximately to R$123 million. The amount will be consistent with Taurus's future cash flow and diluted over the next 31 months together with the other amounts and maturity dates already agreed in the previous agreed provisions. The other terms and condition of the original agreement, notably the collaterals pledged, remained unchanged, without any addition related to new asset disposals.

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

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

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



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

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

Short Term

	Effective – without amendment	Pro Forma – Including amendment
Bank Syndicate	144.2	74.9
Others	0.7	0.7
Factoring	22.3	22.3
Exchange Drafts	106.2	106.2
TOTAL	**273.4**	**204.0**

R$ 128.5 million can be rolled over

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

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

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

APPENDICES

Statement of Profit and Loss

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

Assets

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

Liabilities and Equity

R$ million

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

1. General Information

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

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

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

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

Production Plant in Bainbridge (USA)

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

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

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

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

This transfer will increase production capacity of the U.S. plant by about 50.000 firearms per year through this production line.

- MoU of accessories joint venture

On May 28, 2020, Taurus, after being authorized by its Board of Directors, signed a non-binding Memorandum of Understanding (MoU) with an important Brazilian company in the automotive industry, operating in the domestic market, aiming at setting up a joint venture in Brazil to manufacture accessories for light weapons. The purpose of the joint venture, if all statutory and legal authorizations are obtained, is the manufacture and sale of light weapon accessories for the domestic and foreign markets. With the execution of the MoU, the parties 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.

COVID-19

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

The Company has not suffered significant changes in its operations, which guarantees the payment of its debt and its suppliers on due dates. The Company has also adopted measures to maintain its financial health such as:
• Investment prioritization;
• Creation of the Crisis Committee to discuss the impacts of COVID-19;
Review of the annual budget and periodical scenario updating and strict approval process for new expenses.

In compliance with CVM Circular Letter No. 02/2020 of March 10, 2020, which addresses the effects of the COVID19 pandemic on the Company's interim information, Management assessed the main risks and accounting impacts, as well as the uncertainties that could affect said information. Taurus reviewed its credit risks and assessed circumstances that would indicate an impairment of the Company's financial and nonfinancial assets, and identified no impacts due to the pandemic.

Except for the costs arising from the increase of cleaning procedures, making face masks, and face shields, buying alcohol gel, sanitization, and other measures directly linked to COVID-19, which to date have totaled approximately R$1.035 million, even if no further costs or expenses are incurred. After all the inherent analyses made according to the legal, strategic and operational requirements of the Company, management did not identify contingencies or the need to recognize provisions linked to COVID-19.

Economic and Financial Restructuring

On July 18, 2018, the Company's Management completed the renegotiation process and execution of the debt agreements with the Bank Syndicate (Banco do Brasil, Banco Santander, Banco Itaú and Banco Bradesco), as well as the renegotiation process of its third issue of public debentures with Banco Haitong. The transaction 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 June 30, 2020 total R$106.3 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 NEGOTIATION	REPAYMENT SYSTEM AFTER NEGOTIATION
PPEs and DEBENTURES, BANKS BRADESCO, BRASIL, SANTANDER, ITAÚ, HAITONG.	**PPEs and DEBENTURES, BANKS BRADESCO, BRASIL, SANTANDER, ITAÚ, HAITONG.**
23.07 % OF THE DEBT IN 2018	10.71 % OF THE DEBT IN 2019
30.76 % OF THE DEBT IN 2019	15.90 % OF THE DEBT IN 2020
30.76 % OF THE DEBT IN 2020	2.80 % OF THE DEBT IN 2021
15.41 % 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 10.71% of principal of the negotiated debt, showing that the improvement in its earnings is reflected in the generation of net cash. Up to June 30, 2020, the amount paid represents 11.19% 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.

On June 8, 2020, the Board of Directors authorized the Company, in an extraordinary meeting, to enter into sign 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.

II - Operating Efficiency

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

Completed stages:

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

Stages in progress:

- Reassessing outsourcing of noncore activities;
- Reassessing activity centralization;
- Eliminating activities that do not add value;

- Analyzing efficiency gains in processes;

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

Completed stages:

Operating Master Planning:
- Revisiting the S&OP model.
- Revisiting the production planning and inventory counting process and logical model.

Research and development:
- Identifying Capex needs;
- Integrating with all manufacturing units.
- Action scheduling.

Stages in progress:

Cost of Sales (CoS):
- Analyze the evolution of Variable Costs and Manufacturing Overhead to identify the main deviations and opportunities.
- Operating Master Planning:
- Improve the demand forecasting methodology;
- Operating Management Effectiveness:
- Review metrics, goals and noting routines of results of key indicators of the processes;
- Map each process critical points for improvement and develop/implement the applicable corrective actions.

Material Losses (yield and scrap):
- Identify critical points for improvement and implement the applicable corrective actions.
- Tools used:
- Explosion of Ideas;
- Data analysis;
- Scenario simulations;
- Cause/Effect Analysis;
- Compensation Matrix.

III – Sales Efficiency

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

Completed Stages:

Market Analysis
- Revisiting the pricing model.
- Product Portfolio
- Analyze to streamline SKUs.
- Performance Analysis of Product Categories.
- Defining each category's positioning
- Sales Execution

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

Stages in Progress:

Market Analysis

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

IV - Result Assessment (in progress)

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

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

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

2. Presentation of interim financial information

2.1. Basis of preparation

a) Statement of compliance

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

As there is no difference between the consolidated equity and the consolidated profit or loss attributable to the Parent’s shareholders, disclosed in the consolidated financial information prepared in accordance with IFRSs and the accounting practices adopted in Brazil, and the Parent’s equity and profit or loss, disclosed in the individual financial information prepared in accordance with IFRSs and the accounting practices adopted in Brazil, the Company opted for presenting 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 June 30, 2020 has been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The interim financial information 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 for the interim financial information as at June 30, 2020, and only this information, is disclosed and that it corresponds to the information used in managing the Company.

The individual and consolidated interim financial information was authorized for issuance by the Board of Directors on August 10, 2020.

2.2. Basis of consolidation

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

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

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

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

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

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

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

2.3. Functional and presentation currency

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

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

3. Critical accounting judgments and key sources of estimation uncertainty

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

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

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

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

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

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

Held-for-sale assets, property, plant and equipment, and intangible assets (impairment): The

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

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

Financial instruments: In contrast to other segments that have been affected by market downturns, the need to raise fund, among other issues, the high demand in the Company’s segment has being allowing a better cash position, increasing the availability of credit facilities, and no possible changes also in its financial liabilities have been identified.

The Company assessed its supply chain, current market demands, its customers’ ability to settle their debts, its financial capacity and its ability to raise funds and continue as a going concern.

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

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

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

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

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

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

4. Significant accounting policies

The Company’s individual and consolidated interim financial information for the quarter ended June 30, 2020 were prepared in accordance with Brazilian accounting standard CPC 21 (R1) and IAS 34 issued by the IASB.

Amounts are expressed in thousands of Brazilian reais unless otherwise stated.

The accounting policies and calculation methods adopted to prepare this interim financial information for the quarter ended June 30, 2020 are the same accounting policies used to prepare the annual financial statements for the year ended December 31, 2019.
In situations where there were no significant changes in the nature of the Company’s accounting balances or policies, the details disclosed in the annual financial statements for the year ended December 31, 2019 were not fully reproduced in this interim financial

information. As a result, this interim financial information should be read together with the annual financial statements for the year ended December 31, 2019, approved by the Company's management on March 26, 2020.

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

a) <u>Financial instruments</u>

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 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.

(ii) 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.

a) <u>New effective standards, interpretations and revised standards.</u>

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:

b) <u>New effective standards, interpretations and revised standards</u>

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	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Fair value through profit or loss				
Cash and cash equivalents	**107,951**	35,966	**6,013**	7,376
Amortized cost				
Trade receivables	**197,827**	164,997	**139,094**	113,054
Short-term investments and restricted account	**16**	17	**16**	17
Total	**353,645**	200,980	**145,123**	120,447

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

	Consolidated		Parent	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Domestic – trade receivables	**93,252**	96,915	**83,837**	83,972
United States – trade receivables	**159,008**	79,411	**-**	-
Other	**8,093**	21,712	**57,580**	46,249
Total	**260,353**	198,038	**141,417**	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	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Trade receivables – public bodies	**4,805**	6,594	**4,610**	6,511
Trade receivables – distributors	**224,369**	171,377	**121,894**	119,563
Final customers	**31,179**	20,067	**14,913**	4,147
Total	**260,353**	198,038	**141,417**	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 June 30, 2020, the aging list of trade receivables and the allowance for expected credit losses are as follows:

						Consolidated
			06/30/2020			12/31/2019
	Portfolio	Allowance	% Coverage	Portfolio	Allowance	% Coverage
Current	**174,032**	**(809)**	**0.5%**	107,524	(840)	0.8%
0-30 days past due	**54,674**	**(216)**	**0.4%**	33,176	(758)	2.3%
31-60 days past due(1)	**7,837**	**(41)**	**0.5%**	14,388	(670)	4.7%
61-90 days past due(1)	**2,996**	**(17)**	**0.6%**	6,208	(83)	1.3%
91-180 days past due(1)	**2,804**	**(296)**	**10.6%**	3,253	(460)	14.1%
181-360 days past due(1)	**2,407**	**(815)**	**33.9%**	4,501	(1,632)	36.3%
Over one year past due	**15,603**	**(12,481)**	**80.0%**	28,988	(28,598)	98.7%
Total	**260,353**	(14,675)		**198,038**	(33,041)	

						Parent
			06/30/2020			12/31/2019
	Portfolio	Allowance	% Coverage	Portfolio	Allowance	% Coverage
Current	**77,482**	**(764)**	**1.0%**	**69,168**	**(808)**	**1.2%**
0-30 days past due	**53,676**	**(202)**	**0.4%**	**25,069**	**(752)**	**3.0%**
31-60 days past due(1)	**3,405**	**(11)**	**0.3%**	**14,175**	**(622)**	**4.4%**
61-90 days past due(1)	**962**	**(12)**	**1.2%**	**5,769**	**(55)**	**1.0%**
91-180 days past due(1)	**1,529**	**(266)**	**17.4%**	**1,322**	**(375)**	**28.4%**
181-360 days past due(1)	**1,120**	**(558)**	**49.8%**	**3,086**	**(1,574)**	**51.0%**
Over one year past due	**3,243**	**(510)**	**15.7%**	**11,632**	**(12,981)**	**111.6%**
Total	**141,417**	(2,323)		**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
					06/30/2020
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years
Non-derivative financial liabilities					
Trade payables	100,734	100,734	100,168	566	-
Borrowings and financing	835,998	869,353	131,033	598,982	139,338

Debentures	74,456	74,456	13,878	60,578	-
Foreign currency advances	106,206	106,206	106,206	-	-
Receivables advances	22,254	22,254	22,254	-	-
	1,139,648	**1,173,003**	**373,539**	**660,126**	**139,338**

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

				Parent
				06/30/2020
	Carrying amount	**Contractual cash flow**	**Up to 1 year**	**1-2 years**
Non-derivative financial liabilities				
Trade payables	69,512	69,512	68,946	566
Borrowings and financing	702,839	730,015	131,033	598,982
Debentures	74,456	74,456	13,878	60,578
Foreign currency advances	106,206	106,206	106,206	-
Receivables advances	22,254	22,254	22,254	-
	975,267	**1,002,443**	**342,317**	**660,126**

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

5.3 Market risk

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

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

(i) Currency (foreign exchange) risk

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

Sensitivity analysis

The probable baseline scenario for 2020 was defined based on market-available assumptions (source: Focus Report released by the Central Bank of Brazil) and sensitivity was calculated taking into consideration the changes in the balances caused by the fluctuation in the rates of the scenario projected for the remaining of 2020 and the rates in effect as at June 30, 2020.
The sensitivity analysis also considered a 25% and 50% fluctuation in the changes in foreign exchange rates used considered in the probable scenario.

Currencies and indices		Rate - 06/30/2020	Probable scenario	Possible scenario ∆ 25%	Remote scenario ∆ 50%
US dollar	Decrease	**5.4760**	5.2000	3.9000	2.6000
US dollar	Increase	**5.4760**	5.2000	6.5000	7.8000

Sensitivity of the foreign currency fluctuation:

					Consolidated
		Balance in US$	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Asset – US dollar depreciation					
Trade receivables	US dollar - US$	**30,515**	(1,620)	(12,331)	(33,754)
Liability – US dollar appreciation					
Borrowings and financing	US dollar - US$	**(149,586)**	7,940	(23,566)	(44,569)
Trade payables	US dollar - US$	**(6,707)**	356	(1,057)	(1,998)
Foreign currency advances	US dollar - US$	**(19,395)**	1,029	(3,055)	(5,779)
Advances from customers	US dollar - US$	**(744)**	39	(117)	(222)
Other	US dollar - US$	**(6,016)**	319	(948)	(1,792)

					Parent
		Balance in US$	Probable scenario	Possible scenario (25%)	Remote scenario (50%)
Asset – US dollar depreciation					
Trade receivables	US dollar - US$	**10,515**	(558)	(4,249)	(11,631)
Liability – US dollar appreciation					
Borrowings and financing	US dollar - US$	**(125,269)**	6,649	(19,735)	(37,324)
Trade payables	US dollar - US$	**(1,073)**	57	(169)	(320)
Foreign currency advances	US dollar - US$	**(19,395)**	1,029	(3,055)	(5,779)
Advances from customers	US dollar - US$	**(744)**	39	(117)	(222)
Other	US dollar - US$	**(6,037)**	320	(951)	(1,799)

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

(ii) Interest rate risk

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

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

deAs at June 30, 2020, management considered a probable scenario in 2020 for the CDI rate of 2.00% and TJLP of 4.91%. The probable rate was then stressed by 25% and 50%

to be used as benchmarks for the possible and remote scenarios, respectively. The scenarios below were estimated for a one-year period:

Currency	2020	Probable scenario - 2020	Possible scenario – Δ25%	Remote scenario - Δ50%
CDI - decrease	2.15%	2.00%	1.50%	1.00%
CDI - increase	2.15%	2.00%	2.50%	3.00%
TJLP	4.94%	4.91%	6.14%	7.37%
SELIC	2.15%	2.00%	2.50%	3.00%
LIBOR Overnight	0.08%	0.08%	0.10%	0.12%
LIBOR 30 days	0.16%	0.16%	0.20%	0.24%
LIBOR 3 months	0.30%	0.30%	0.38%	0.45%

					Consolidated Gain (loss)
	Index	Balance 06/30/2020	Probable scenario	Possible scenario	Remote scenario
Asset					
Short-term investments	CDI - decrease	6,240	(9)	(41)	(72)
Liability					
Borrowings	CDI - increase	(90,598)	136	(317)	(770)
Borrowings	TJLP	(722)	0	(9)	(18)
LIBOR 30 DAYS	LIBOR Overnight	(133,159)	-	(25)	(52)
LIBOR 3 months	LIBOR 30 days	(685,975)	-	(259)	(533)
Taxes in installments	SELIC	(214)	0	(1)	(2)

					Parent Gain (loss)
	Index	Balance 06/30/2020	Probable scenario	Possible scenario	Remote scenario
Asset					
Short-term investments	CDI - decrease	5,718	(9)	(37)	(66)
Liability					
Loans	CDI - decrease	(41,355)	62	269	476
Borrowings	CDI - increase	(90,598)	136	(317)	(770)
Borrowings	TJLP	(722)	0	(9)	(18)
LIBOR 3 months	LIBOR 3 months	(685,975)	-	(535)	(1,015)
Taxes in installments	SELIC	(183)	0	(1)	(2)

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	
	06/30/2020	**12/31/2019**
Total liabilities	**1,603,448**	1,328,119
Less: Cash and cash equivalents and short-term investments	**(107,967)**	(27,819)
Net debt (A)	**1,495,481**	1,300,300
Total negative equity (B)	**(367,967)**	(406,963)
Net debt-to-equity ratio as at June 30, 2020 and December 31, 2019 (A/B)	(4.06)	(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.

Notes to the Interim Financial Information
Taurus Armas S.A.

Quarterly information
June 30, 2020

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**	
	06/30/2020	06/30/2019	**06/30/2020**	06/30/2019	**06/30/2020**	06/30/2019	**06/30/2020**	06/30/2019	**06/30/2020**	06/30/2019
Foreign revenue	**296,776**	249,597	**3,991**	5,030	**722,128**	485,070	**32,286**	41,802	**754,414**	526,872
Intercompany revenue	**305,564**	321,213	**3,431**	2,819	**308,995**	324,032	**-**	-	**308,995**	324,032
Cost of sales	**(434,914)**	(308,425)	**(4,475)**	(4,246)	**(439,389)**	(312,671)	**(20,342)**	(27,212)	**(459,731)**	(339,883)
Gross profit (loss)	**588,787**	492,828	**2,947**	3,603	**591,734**	496,431	**11,944**	14,590	**603,678**	511,021
Selling expenses	**(65,107)**	(56,965)	**258**	(35)	**(64,849)**	(57,000)	**(6,265)**	(7,713)	**(71,114)**	(64,713)
General and administrative expenses	**(68,753)**	(59,508)	**(902)**	(587)	**(69,655)**	(60,095)	**(3,057)**	(4,343)	**(72,712)**	(64,438)
Depreciation and amortization	**(7,241)**	(5,873)	**(975)**	(782)	**(8,216)**	(6,655)	**(303)**	(88)	**(8,519)**	(6,743)
Other operating income (expenses), net	**773**	30,842	**71**	227	**844**	31,069	**27**	(162)	**871**	30,907
Share of profit (loss) of subsidiaries	**-**	-	**-**	-	**-**	-		-	**-**	-
	(140,328)	(91,504)	**(1,548)**	(1,177)	**(141,876)**	(92,681)	**(9,598)**	(12,306)	**(151,474)**	(104,987)
Operating profit (loss)	**448,459**	401,324	**1,399**	2,426	**449,858**	403,750	**2,346**	2,284	**452,204**	406,034
Finance income	**55,080**	34,145	**932**	4	**56,012**	34,149	**1,236**	170	**57,248**	34,319
Finance costs	**(299,459)**	(47,614)	**(797)**	(56)	**(300,256)**	(47,670)	**(2,063)**	(1,626)	**(302,319)**	49,296)
Finance income (costs), net	**(244,379)**	(13,469)	**135**	(52)	**(244,244)**	(13,521)	**(827)**	(1,456)	**(245,071)**	(14,977)
Profit (loss) from the reportable segment before income tax and social contribution	**204,080**	387,855	**1,534**	2,374	**205,614**	390,229	**1,519**	828	**207,133**	391,057
									(308,995)	(324,032)
Elimination of intercompany revenue	**(305,564)**	(321,213)	**(3,431)**	(2,819)	**(308,995)**	(324,032)	**-**	-	**(111,959)**	(154,910)
Profit (loss) before income tax and social contribution	**(101,484)**	66,642	**(1,897)**	(445)	**(103,381)**	66,197	**1,519**	828	**(101,862)**	67,025
income tax and social contribution	**(13,735)**	(18,205)	**(1,588)**	(431)	**(15,323)**	(18,636)	**(904)**	(714)	**(16,227)**	(19,350)
Profit (loss) for the year	**(115,219)**	48,437	**(3,485)**	(876)	**(118,704)**	47,561	**615**	114	**(118,089)**	47,675
Assets from reportable segments	**1,018,086**	852,298	**142,585**	89,363	**1,160,671**	941,661	**67,568**	70,769	**1,228,239**	1,012,430
Liabilities from reportable segments	**1,549,091**	1,266,323	**28,697**	19,795	**1,577,788**	1,286,118	**18,418**	32,028	**1,596,206**	1,318,146

(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
	06/30/2020	**06/30/2019**	**06/30/2020**	**06/30/2019**
Domestic market				
Southeast Region	**85,770**	19,259	**10,392**	5,509
South Region	**17,735**	12,852	**2,139**	1,478
Northeast Region	**6,254**	1,418	**9,129**	6,101
Midwest Region	**4,254**	1,587	**5,650**	3,652
North Region	**2,383**	790	**4,503**	3,479
	116,396	35,906	**31,813**	20,219
Foreign market	**-**			
United States	**588,286**	200,419	**195**	76
South Africa	**1,307**	1,422	**-**	-
Germany	**806**	3	**-**	-
Saudi Arabia	**669**	-	**-**	-
Argentina	**517**	190	**-**	-
Burkina	**-**	2,324	**-**	-
Chile	**376**	-	**-**	-
South Korea	**-**	-	**278**	-
Philippines	**899**	7,791	**-**	-
France	**1,421**	156	**-**	-
Guatemala	**1,580**	504	**-**	-
Malaysia	**-**	10	**-**	-
New Zealand	**-**	322	**-**	-
Peru	**601**	249	**-**	-
Senegal	**2,707**	-	**-**	-
Thailand	**473**	-	**-**	-
Uruguay	**193**	-	**-**	-
Zambia	**668**	-	**-**	-
Other countries	**1,238**	301	**-**	-
	601,741	213,691	**473**	76
Total net revenue	**718,137**	249,597	**32,286**	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**	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
Cash	**145**	55	**126**	41
Demand deposits	**101,582**	28,361	**185**	186
Short-term investments	**6,224**	7,550	**5,702**	7,149
Cash and cash equivalents	**107,951**	35,966	**6,013**	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	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Domestic customers	**93,252**	96,915	**83,837**	83,972
Foreign customers	**167,101**	101,123	**57,580**	46,249
	260,353	198,038	**141,417**	130,221
Allowance for doubtful debts - domestic	**(7,427)**	(24,656)	**(796)**	(14,785)
Allowance for doubtful debts - foreign	**(7,248)**	(8,385)	**(1,527)**	(2,382)
	(14,675)	(33,041)	**(2,323)**	(17,167)
	245,678	164,997	**139,094**	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	**(3,566)**	**(1,793)**
Reversal of allowance for doubtful debts	**6,684**	**5,356**
Uncollectible losses	**13,990**	**11,617**
Exchange rate changes	**1,258**	**(336)**
Balance as at June 30, 2020	**(14,675)**	**(2,323)**

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	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Finished products	**96,206**	160,661	**34,213**	33,753
Raw material	**221,788**	173,494	**164,834**	142,283
Allowance for inventory losses	**(19,127)**	(18,384)	**(18,768)**	(18,099)
	298,867	315,771	**180,279**	157,937

Variations in the allowance for inventory losses	Consolidated	Parent
Balance as at December 31, 2019	**(18,384)**	**(18,099)**
Addition	**(3,054)**	**(3,029)**
Reversal	**2,311**	**2,360**

Balance as at June 30, 2020	**(19,127)**	**(18,768)**

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	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
State Vat (ICMS)	**6,590**	10,932	**5,141**	9,770
Federal VAT (IPI)	**3,002**	12,288	**2,795**	12,080
Tax on revenue (PIS)	**1,140**	516	**1,056**	459
Tax on revenue (COFINS)	**5,106**	772	**4,887**	670
Income tax and social contribution	**4,120**	6,318	**2,158**	2,448
Other	**268**	252	**22**	21
Total	**20,225**	31,078	**16,059**	25,448
Current	**20,225**	31,078	**16,059**	25,448

11. Other assets

	Consolidated		Parent	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
Advances to suppliers	**3,471**	12,842	**2,927**	12,337
Advances to employees	**1,043**	2,028	**1,037**	1,949
Collateral advances	**8,321**	-	**8,321**	13,100
Escrow deposits	**14,597**	14,294	**13,381**	**-**
Insurance receivables	**1,480**	2,382	**-**	
Intragroup loans	**-**	-	**331**	660
Other receivables			**952**	1,110
Total	**30,918**	34,511	**26,949**	29,156
Current	**16,321**	20,217	**13,568**	16,056
Noncurrent	**14,597**	14,294	**13,381**	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	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
On income tax and social contribution losses				
Income tax loss	8,691	8,818	5,818	5,818
Social contribution loss	3,129	3,094	2,094	2,094
On temporary differences – assets				
Billed and undelivered sale	481	300	498	300
Impairment loss of assets	212	212	212	212
Other allowance, provisions and accruals	2,039	2,071	955	1,357
Allowance for inventory losses	11,797	10,271	6,851	6,623
Accrued profit sharing	3,990	4,690	1,739	2,987
Accrued commissions	219	1,072	184	1,018
Tax provisions	34,552	26,356	2,595	2,680
Provision for civil, labor and tax risks	31,055	35,561	30,274	34,981
Provision for warranty	6,755	6,680	3,617	4,371
Provision for uncollectible receivables	1,682	2,536	790	1,871
Financial provisions	978	1,016	978	1,016
Unrealized profit – TIMI	4,038	7,502	-	-
Total assets	**109,617**	**110,179**	**56,605**	**65,327**
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	85,962	65,328
Allocated to profit or loss	(11,753)	(8,723)
Allocated to equity	(773)	-
Translation adjustments	7,388	-
Closing balance of deferred taxes, net	**80,824**	**56,605**

The amount of tax loss carryforwards on which no deferred taxes are recognized total R$643,733 in consolidated. In the Company, tax loss carryforwards total R$174,607.

The main balances of tax loss carryforwards are recognized 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	
	06/30/2020	**06/30/2019**	**06/30/2020**	**06/30/2019**
Pretax profit (loss)	(103,381)	66,297	(109,366)	66,141
Income tax and social contribution at applicable tax rates	35,150	(22,507)	37,185	(22,488)
Permanent additions				
Non-deductible expenses	(167)	(828)	(167)	(758)
Share of loss of subsidiaries	(5,222)	-	(4,509)	1,095
Donations	(333)	-	(333)	
Capital gain on property, plant and equipment	(70)	-	(70)	-
Permanent deductions				
Reintegra	94	285	94	282
Deemed ICMS grant	1,387	95	1,387	-
Share of losses of investees	9,126	-	8,401	-
Other deductions	8		8	-
Unrecognized deferred tax on income tax and social contribution losses	(51,875)	4,319	(51,004)	3,403
Unrecognized deferred tax in subsidiaries	(677)	-	-	-
Current and deferred income tax and social contribution from prior years	(1,316)	-	285	-
Unrecognized current and deferred income tax and social of related parties	(1,428)	-	-	-
Income tax and social contribution in profit or loss for the year		**(18,636)**	**(8,723)**	(18,466)
Current	(3,570)	(20,294)	(0)	(18,466)
Deferred	(11,753)	1,658	(8,723)	-
	(15,323)	(18,636)	**(8,723)**	(18,466)
Effective tax rate	-43.59%	28.15%	-23.46%	27.92%

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
				06/30/2020				**12/31/2019**
	Basis	**25%**	**9%**	**Total**	**Basis**	**25%**	**9%**	**Total**
Valuation adjustment to equity	-	-	-	-	(627)	(157)	(56)	(213)
Fair value of investment property	-	-	-	-	(30,185)	(7,546)	(2,717)	(10,263)
Unshipped invoices	-	-	-	-	883	221	79	300
Other allowances, provisions and accruals	247	62	22	84	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	-	-	-	-	-	-	-	-
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	23,749	-	-	-	-
Tax provision	38	10	3	13	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	4,931	1,233	444	1,677	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	554,505	138,626	49,905	188,532	502,180	125,545	45,196	170,741
	643,733	**160,933**	**57,936**	**218,869**	**641,898**	**160,474**	**57,770**	**218,244**

The unrecognized portion of amount 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	06/30/2020	12/31/2019
Buildings, land and improvements	51,390	51,390
Helmets operation – held-for-sale noncurrent assets	67,568	68,822
Total held-for-sale noncurrent assets	**118,958**	**120,212**
Helmets operation – held-for-sale liabilities	18,418	27,742
Total held-for-sale liabilities	**18,418**	**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 June 30, 2020, the group of assets and liabilities held for sale was presented as shown in the table below and comprised the following assets and liabilities:

Property, plant and equipment/Intangible assets	21,823
Inventories	14,781
Trade and other receivables	30,964
	67,568
Assets held for sale	21,823
Trade and other payables	18,418
Liabilities held for sale	**18,418**

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

										Parent
	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)**	**06/30/2020**	**12/31/2019**
Current assets	40,540	5,332	1,075	424,956	7	71,847	141,892	441		
Noncurrent assets	98,152	55,458	3,918	151,900	-	43,042	61,426	1,164		
Current liabilities	21,351	7,567	1,110	181,373	-	2,677	37,017	3,988		
Noncurrent liabilities	1,986	357	27	190,924	-	16,903	12,773	25,195		
Capital	73,855	9,400	6,355	1,669	60,236	53,292	304,780	293,639		
Equity	115,355	52,866	3,856	204,559	7	95,309	153,528	(27,578)		
Net revenue	32,286	-	-	588,286	-	2,839	3,991	-		
Profit (loss) for the year	1,028	385	26	6,098	-	1,729	(2,889)	160		
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**	-	**6,097**	-	**1,415**	**(2,890)**	**101**	**4,724**	**(5.591)**
Exchange differences arising on translating investments	-	-	-	**52,730**	**(2)**	-	-	-	**52,728**	**5.693**
Unrealized profit on inventories	-	-	-	**6,724**	-	-	-	-	**6,724**	**90**
Valuation adjustments to equity	-	-	-	-	-	**(3,615)**	**3,615**	-	-	-
Reclassified to provision for negative equity (1)	-	-	-	-	-	-	-	**(101)**	**(101)**	**1.311**
Closing balances	**1**	**53**	-	**196,724**	**3**	**78,017**	**153,528**	-	**428,326**	**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	
	06/30/2020	**12/31/2019**
Assets	**576,856**	**432,023**
Liabilities	**372,297**	**286,292**
Net revenue*	**588,286**	**200,419**
Profit for the year*	**6,097**	**2,951**

* Profit or loss information compared to June 30, 2019

15. Property, Plant and Equipment

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

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

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

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

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

Group	Useful life
Buildings	27 years
Machinery and equipment	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	-	8,688	950	-	15,221	(2,905)	24,167	8,688
Disposals	-	(4,667)	(213)	-	(87)	-	(4,969)	(4,667)
Transfers	3,181	(5,431)	(6,137)	-	(5,861)	1,862	(9,198)	(5,431)
Effect of changes in exchange rates	-	25,666	4,566	87	95	-	38,724	25,666
Balance as at June 30, 2020	**10,768**	**117,261**	**263,131**	**26,845**	**378**	**24,170**	**2,037**	**444,590**
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	-	(2,508)	(6,912)	(1,051)	-	-	-	(10,471)
Disposals	-	-	1,901	233	-	-	-	2,134
Transfers	-	(2,232)	1,089	9,489	-	-	-	8,346
Effect of changes in exchange rates	-	(127)	(15,827)	(5,185)	(87)	-	-	(21,226)
Balance as at June 30, 2020	**-**	**(30,607)**	**(191,078)**	**(13,773)**	**(378)**	**-**	**-**	**(235,836)**
Carrying amount								
December 2019	7,587	77,812	67,546	10,420	-	14,802	3,080	181,247
June 2020	**10,768**	**86,654**	**72,053**	**13,072**	**-**	**24,170**	**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	929	6,495	730	-	11,566	(2,905)	16,815
Disposals	-	(1,304)	(123)	-	-	-	(1,427)
Transfers	969	3,051	102	-	(5,984)	1,862	-
Balance as at June 30, 2020	**46,039**	**164,238**	**9,941**	**52**	**20,279**	**2,037**	**242,586**
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	(1,328)	(4,101)	(402)	-	-	-	(5,831)
Disposals	-	1,177	111	-	-	-	1,288
Transfers	-	-	6	-	-	-	6
Balance as at June 30, 2020	**(15,030)**	**(118,419)**	**(5,249)**	**(52)**	**-**	**-**	**(138,750)**
Carrying amount							
December 2019	30,439	40,501	4,268	-	14,697	3,080	92,985
June 2020	**31,009**	**45,819**	**4,692**	**-**	**20,279**	**2,037**	**103,836**

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 loans and financing transactions, historically these collaterals have never been enforced. As at June 30, 2020, the Company used R$44,805 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 intangibles

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

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

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

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

Consolidated

	Software	Trademarks and patents	Customer relationship	Goodwill	Product development	Intangible assets in progress	Total
Cost							
Balance as at December 31, 2018	5,926	22,270	16,945	44,581	8,725	-	98,447
Acquisitions	4,300	-			1,795	-	6,095
Exchange gains (losses)	-	492	660	481	278	-	1,911
Balance as at December 31, 2019	**10,226**	**22,762**	**17,605**	**45,062**	**10,798**	**-**	**106,453**
Acquisitions	1,925	-	-	-	(1,388)	4,127	4,664
Transfers	5,194	-	-	-	(2,072)	6,076	9,198
Exchange gains (losses)	-	4,564	6,119	4,460	2,425	-	17,568
Balance as at June 30, 2020	**17,345**	**27,326**	**23,724**	**49,522**	**9,763**	**10,203**	**137,883**
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	(599)	-	(969)	-	(263)	-	(1,831)
Transfers	(8,346)	-	-	-	-	-	(8,346)
Exchange gains (losses)	(9)	-	(4,917)	-	(288)	-	(5,214)
Balance as at June 30, 2020	**(13,220)**	**(7,388)**	**(19,398)**	**-**	**(1,894)**	**-**	**(41,900)**
Carrying amount							
December 2019	5,960	15,374	4,093	45,062	9,455	-	79,944
June 2020	**4,125**	**19,938**	**4,326**	**49,522**	**7,869**	**10,203**	**95,983**

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	2,011	-	-	4,127	6,138
Transfers	(4,004)	-	(2,072)	6,076	-
Balance as at June 30, 2020	**8,013**	**9,485**	**1,916**	**10,203**	**29,617**
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	(540)	-	(87)	-	(627)
Transfers	(7)	-	1	-	(6)
Balance as at June 30, 2020	**(4,674)**	**(6,840)**	**(619)**	**-**	**(12,133)**
Carrying amount					
December 2019	5,879	2,645	3,455	-	11,979
June 2020	**3,339**	**2,645**	**1,297**	**10,203**	**17,484**

<u>Impairment test of cash-generating units containing goodwill</u>

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		**06/30/2020**		**12/31/2019**
Firearms	14.10%	6.09%	14.40%	5.40%

Discount rate

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

Total de debt-to-shareholders' equity ratio of 19.54% for the Firearms CGU at the market interest rate of 6.60% as at June 30, 2020.

Growth rate and perpetuity

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

To calculate perpetuity, the Company used a nominal growth rate of 3.5%, 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
				06/30/2020			12/31/2019
	Currency	Statutory interest rate	Maturity year	Contractual amount	Carrying amount	Contractual amount	Carrying amount
Borrowings and financing							
Working capital	R$	CDI + 2.00% p.a.	2022	**28,897**	**16,142**	28,897	20,407
FINAME	R$	2.50% to 8.70% p.a.	2021	**2,304**	**51**	2,304	188
BNDES	R$	3.50% p.a.	2020	**9,995**	**671**	9,995	1,677
Advance on receivables	R$	21.60% p.a.	2020	**59,302**	**22,254**	6,136	73,516
Foreign exchange advance	US$	5.5% p.a.	2020	**100,823**	**106,206**	50,198	78,196
Working capital	US$	Libor + 1.55% to 5.6% p.a.	2023	**499,162**	**819,134**	646,479	652,790
				Total	**964,458**		**826,774**
				Current liabilities	**259,493**		**249,329**
				Noncurrent liabilities	**704,965**		**577,445**

							Parent
				06/30/2020			12/31/2019
	Currency	Statutory interest rate	Maturity year	Contractual amount	Carrying amount	Contractual amount	Carrying amount
Secured bank loans							
Working capital	R$	CDI + 2.00% p.a.	2022	**28,897**	**16,142**	28,897	20,407
FINAME	R$	2.50% to 5.50% p.a.	2021	**2,304**	**51**	2,304	188
BNDES	R$	3.5% p.a.	2020	**9,995**	**671**	9,995	1,677
Advance on receivables	R$	21.60% p.a.	2020	**59,302**	**22,254**	32,402	73,516
Foreign exchange advances	US$	5.5% p.a.	2020	**100,823**	**106,206**	50,198	78,196
Working capital	US$	Libor + 3.00% p.a.	2022	**424,162**	**685,975**	424,162	505,473
				Total	**831,299**		**679,457**
				Current liabilities	**259,493**		**249,329**
				Noncurrent liabilities	**571,806**		**430,128**

Flow of future debt payments disclosed in noncurrent liabilities:

	Consolidated		Parent	
Maturity year	**06/30/2020**	**12/31/2019**	**06/30/2020**	**12/31/2019**
2021	**11,082**	16,418	**11,082**	16,418
2022	**560,724**	413,710	**560,724**	413,710
2023	**133,159**	147,317	**-**	-
	704,965	577,445	**571,806**	430,128

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

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

As mentioned in note 1 (General information), in June 2020 the Company singed a waiver with the Bank Syndicate extending the debt repayment due date up to August 31, 2020. The renegotiation proposes not changing the maturity dates and change instead the redistribution of the amounts of these installments, resulting in a possible small change in the interest rates compared to the current rates.
As soon as the renegotiation agreement is closed and signed, its effects will be reflected in accounting.

Covenants

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

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

18. Debentures

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

Debentures	Principal in R$	Issue Date	Outstanding	Finance charges	06/30/2020	12/31/2019
3rd Issue (a)	100,000	06/13/2014	5.000	DI rate+2.00% (2016)	**74,456**	74,919
				Total principal	**74,456**	74,919
				Current liabilities	**13,878**	13,290
				Noncurrent liabilities	**60,578**	61,629
				Total	**74,456**	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 June 30, 2020 was compliant with all said covenants.

19. Other Payables

	Consolidated		Parent	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
Performance bonus	**-**	12,014	**-**	-
Sales commissions	**531**	3,075	**434**	2,916
Accrued interest	**500**	788	**-**	-
Insurance and freight	**1,285**	1,138	**1,071**	857
Parent and subsidiaries	**4,102**	-	**-**	72,968
Unrealized gain on government grant	**-**	-	**66,630**	-
Other	**47,721**	23,111	**-**	2,567
	7,294	4,404	**2,567**	
	61,433	44,530	**70,702**	79,308
Current	**11,220**	20,239	**4,072**	6,340
Noncurrent	**50,213**	24,291	**66,630**	72,968

20. Payroll and Related Taxes

	Consolidated		Parent	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
Payroll	**5,515**	9,178	**5,375**	8,935
Contributions payable	**29,725**	9,696	**12,293**	1,857
Accrued vacation pay	**17,919**	11,500	**17,202**	10,955
	53,159	30,374	**34,870**	21,747

21. Taxes, Fees and Contributions

	Consolidated		Parent	
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
State VAT (ICMS)	**1,881**	1,682	**1,900**	1,682
Federal VAT (IPI)	**49,414**	11,788	**49,121**	11,716
Tax on revenue (PIS)	**1,117**	90	**1,016**	(2)
Tax on revenue (COFINS)	**5,149**	411	**4,683**	(13)
Special tax – FAET (USA)	**63,778**	17,575	**-**	-
Withholding income tax (IRRF)	**634**	958	**656**	563
Income tax and social contribution	**8,639**	12,513	**-**	5,621
Other installment payments	**216**	511	**183**	468
Other	**7,522**	7,570	**5,807**	5,829
	138,350	53,098	**63,366**	25,864
Current	138,266	52,921	63,285	25,700
Noncurrent	84	177	81	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 they a reliable estimate can be made.

The Company also holds an amount equivalent to R$145,799 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
			06/30/2020	12/31/2019
	Provision	Escrow deposit (1)	Net	Net
Labor	54,317	(13,827)	40,490	42,643
Civil	19,793	(491)	19,302	31,761
Tax	27,689	(278)	27,411	27,411
	103,124	**(14,596)**	**87,203**	101,815
Classified in current liabilities	40,766			
Classified in noncurrent liabilities	61,034			

				Parent
			06/30/2020	12/31/2019
	Provision	Escrow deposit (1)	Net	Net
Labor	48,865	(12,611)	36,254	37,618
Civil	15,683	(491)	15,192	28,490
Tax	27,689	(278)	27,411	27,411
	92,237	**(13,380)**	**78,857**	93,519
Classified in current liabilities	34,206			
Classified in noncurrent liabilities	58,031			

(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 June 30, 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	6,504	-	6,504
Derecognition of provision	(13,534)	-	(13,534)
Reversal of provision	(7,352)	-	(7,352)
Balance as at June 30, 2020	**64,548**	**27,689**	**92,237**

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

	Consolidated				Parent			
	06/30/2020		12/31/2019		06/30/2020		12/31/2019	
	Possible	Remote	Possible	Remote	Possible	Remote	Possible	Remote
Tax	**57,209**	**-**	58,429	-	**55,783**	**-**	29,456	-
Civil	**117,685**	**6,412**	96,843	273	**113,685**	**6,377**	83,683	237
Labor	**37,371**	**41,625**	40,077	41,911	**16,866**	**39,042**	12,859	29,760
Other	**2**	**-**	-	-	**2**	**-**	-	-
	212,267	**48,037**	195,349	42,184	**186,336**	**45,419**	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$47.8 million.

Public Civil Action - Attorney General of Sergipe for the Federal Public Prosecutor's Office

The Company became aware of the filing by the Attorney General of Sergipe for the Federal Public Prosecutor's Office of a Civil Class Action against Taurus and also against the Federal Government (Brazilian Army), before the Judge of the 2nd Federal Court of the Judiciary Section of Sergipe. The requests are related to alleged defects in a few models of firearms produced by Taurus. In the Civil Class Action, the Federal Public Prosecutor's Office pleads that i) Taurus be prevented from selling some models of firearms in Brazil; ii) Taurus makes a national recall for replacement and/or indemnity according to the market value of these models of firearms and iii) the Federal Government be prohibited from applying the restriction of import of models that have local similar products, under penalty of daily fine of R$10. Finally, the Federal Public Prosecutor's Office pleads i) the conviction of the Federal Government to the obligation to modify R-105 or to issue a new substitutive regulation that does not create regime of monopoly of sales of firearms in Brazil, which adversely affects the free competition; ii) the conviction of Taurus to the obligation to make a national recall within 20 days, for the repair, replacement and/or indemnity according to the market value of these models of firearm; (iii) the conviction of the Federal Government and Taurus to the payment of collective pain and suffering in amount to be defined by the judge, not below R$40 million. In preliminary injunction, 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$54.2 million.

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

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

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

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

This decision can still be appealed by the Federal District's District Attorney. 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.

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.

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
		06/30/2020		12/31/2019
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**835,998**	**824,713**	675,062	673,466
Debentures	**74,456**	**73,670**	74,919	74,919
Foreign exchange advances	**106,206**	**106,206**	78,196	78,196
	1,016,660	**1,004,589**	828,177	826,581

				Parent
		06/30/2020		12/31/2019
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**702,839**	**692,327**	527,745	531,095
Debentures	**74,456**	**73,670**	74,919	74,919
Foreign exchange advances	**106,206**	**106,206**	78,196	78,196
	883,501	**872,203**	680,860	684,210

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

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

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

24. Related parties

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

	Outstanding balances of subsidiaries with the parent							Effect on the result of transactions of subsidiaries with the parent	
	Current assets (ii)	Noncurrent assets (iii)	Total assets	Current liabilities (i)	Noncurrent liabilities		Total liabilities	Revenue (v)	Expense (v)
December 31, 2019									
Taurus Helmets Indústria de Capacetes Ltda.	479	-	479	1,432	17,148	(iv)	18,580	-	320
Taurus Blindagens Nordeste Ltda.	33	-	33	819	44,999	(iv)	45,818	-	723
Taurus Holdings, Inc.	20,815	-	20,815	41,936	6,492		48,428	110,989	-
Taurus Investimentos Imobiliários Ltda.	114	-	114	9,312	8,874	(iv)	18,186	-	1,086
Taurus Máquinas-Ferramenta Ltda.	-	21,728	21,728	10	-		10	590	-
Taurus Plásticos Ltda.	47	-	47	22	1,947		1,969	-	-
Polimetal Metalurgia e Plásticos Ltda.	-	-	-	-	-		-	-	90,608
	21,488	21,728	43,216	53,531	79,460		132,991	111,272	92,737
June 30, 2020									
Taurus Helmets Indústria de Capacetes Ltda.	**-**	**-**	**-**	**1,022**	**10,301**	(iv)	**11,323**	**-**	**269**
Taurus Blindagens Nordeste Ltda.	**-**	**-**	**-**	**789**	**45,360**	(iv)	**46,149**	**-**	**786**
Taurus Holdings, Inc.	**53,516**	**-**	**53,516**	**25,116**	**20,546**		**45,662**	**305,564**	**1,904**
Taurus Investimentos Imobiliários Ltda.	**-**	**-**	**-**	**10,968**	**8,995**	(iv)	**19,963**	**-**	**2,024**
Taurus Máquinas-Ferramenta Ltda.	**-**	**22,456**	**22,456**	**10**	**-**		**10**	**384**	**-**
Taurus Plásticos Ltda.	**24**	**-**	**24**	**-**	**1,974**	(iv)	**1,974**	**-**	**34**
Polimetal Metalurgia e Plásticos Ltda.	**1,270**	**6,999**	**8,269**	**2,519**	**-**		**2,519**	**1,334**	**269**
	54,810	**29,455**	**84,265**	**40,424**	**87,176**		**127,600**	**307,282**	**5,017**

(i) Refers to amounts recorded in line items trade payables - R$474, other payables - R$41,355 and advances from customers - R$159
(ii) Refers to amounts recorded in line items trade receivables - R$54,480 and other receivables - R$330
(iii) Refers to amounts recognized in line items intragroup loans - R$29,455 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(iv) Represent intragroup loans totaling R$66,630 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 June 30, 2019

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

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

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

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

	Current assets	Current liabilities	Revenue	Expenses
Companhia Brasileira de Cartuchos	**1,106**	**13,209**	**2,864**	**12,860**
CBC Brasil Comércio e Distribuição	**73,419**	**-**	**131,165**	**-**
	74,525	**13,209**	**134,029**	**12,860**

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

	Consolidated		Parent	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Statutory officer's compensation and benefits	**4,704**	3,494	**4,704**	3,494
Directors' compensation and benefits	**264**	240	**264**	240
Supervisory Board members' compensation and benefits	**118**	94	**118**	94
	5,086	3,828	**5,086**	3,828

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.

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

<u>Sureties between related parties</u>
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$133,159 (R$147,317 at December 31, 2019) to Taurus USA and Taurus Helmets Indústria de Capacetes Ltda. granted sureties equivalent to R$882,779 (R$678,729 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

	06/30/2020	06/30/2019
Net sales revenue	32,286	41,802
Foreign revenue	32,286	41,802
Finance costs, net	(30,767)	(40,974)
Foreign expenses	(30,767)	(40,974)
Profit (loss) from operating activities	1,519	828
Taxes on income	(904)	(714)
Profit (loss) before income tax and social contribution	**615**	**114**
Basic earnings (loss) per share (in R$)	**0.008327**	**0.001544**

Profit (loss) from discontinued operations as at June 30, 2020 is R$615 thousand (R$144 thousand as at June 30, 2019) is fully attributed to owners of the Company.

(b) Cash flows generated by discontinued operations

	06/30/2020	06/30/2019
Net cash generated by operating activities	**5,153**	6,068
Net cash generated by investing activities	**4,242**	(2,783)
Net cash used in financing activities	**(8,796)**	(4,737)
Net cash generated by discontinued operations	**599**	(1,452)

26. Equity (Negative Equity)

a) Capital

As at June 30, 2020, the Company's issued capital is R$520,401 thousand (R$520,259 thousand as at December 31, 2019), represented by 88,488,626 book-entry, registered shares, divided into 46,445,314 common shares and 42,043,312 preferred shares, without par value.

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

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

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

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

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

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

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

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):

	06/30/2020	12/31/2019
Common shares	51,851	51,851
Preferred shares	103,702	103,702
	155,553	155,553

Issued, fully paid-in shares:

	Common		**Preferred**	
	In thousands	**Amount in R$ thousands**	**In thousands**	**Amount in R$ thousands**
As at December 31, 2019 Common: R$5.11; Preferred: R$5.99*	46,445	237,334	42,019	251,694
As at June 30, 2020 Common: R$5.51; Preferred: R$6.35*	**46,445**	255,912	**42,043**	266,973

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

b) <u>Valuation adjustments to equity</u>

<u>Deemed cost</u>

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.

<u>Fair value of investment properties</u>

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.

<u>Cumulative translation adjustments</u>

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

c) Earnings (loss) per share

Profit attributable to shareholders (basic)			Parent and consolidated
			06/30/2020
	Common shares (ON)	Preferred shares (PN)	Total
Denominator			
Weighted average of the total number of shares	46,445	42,031	88,464
Weighted average number of outstanding shares	**46,445**	**42,031**	**88,464**
% of shares to total	**52.49%**	**47.51%**	**100,00%**
Numerator			
Loss attributable to each share class (R$)	(62,313)	(56,391)	(118,704)
Weighted average number of outstanding shares	46,445	42,031	88,476
Basic earnings (loss) per share (R$) - Continuing operations	**(1.34165)**	**(1.34165)**	
Profit attributable to each share class (R$)	323	292	615
Weighted average number of outstanding shares	46,445	42,031	88,476
Basic earnings per share (R$) - Discontinued operations	**0.00695**	**0.00695**	
Loss attributable to each share class (R$)	(61,990)	(56,099)	(157,124)
Weighted average of the number of outstanding shares	46,445	42,031	88,464
Basic earnings (loss) per share (R$)	**(1.33470)**	**(1.33471)**	

Profit attributable to shareholders (basic)			Parent and consolidated
			06/30/2019
	Common shares (ON)	Preferred shares (PN)	Total
Denominator			
Weighted average of the total number of shares	46,445	33,954	80,399
Weighted average number of outstanding shares	**46,445**	**33,954**	**80,399**
% of shares to total	**57.77%**	**42.23%**	**100.00%**
Numerator			
Profit attributable to each share class (R$)	2,833	20,086	47,561
Weighted average number of outstanding shares	46,445	33,954	80,399
Basic earnings per share (R$) - Continuing operations	**0,06100**	**0.59157**	
Profit (loss) attributable to each share class (R$)	(326)	48	114
Weighted average number of outstanding shares	46,445	33,954	80,399
Basic earnings (loss) per share (R$) - Discontinued operations	**0.00142**	**0.00141**	
Profit attributable to each share class (R$)	27,541	20,134	47,675
Weighted average number of outstanding shares	46,445	33,954	80,399
Basic earnings per share (R$)	**0.59298**	**0.59298**	

Profit attributable to shareholders (diluted)			Parent and consolidated
			06/30/2020
	Common shares (ON)	Preferred shares (PN)	Total

Denominator			
Share balance at the end of the year	46,445	42,042	88,488
Weighted average of outstanding shares	**46,445**	**42,042**	**88,488**
% of shares to total	**52.49%**	**47.51%**	**100.00%**
Numerator			
Profit (loss) attributable to each share class (R$)	(62,305)	(56,399)	(118,704)
Weighted average number of outstanding shares	46,445	42,043	88,488
Diluted earnings (loss) per share (R$) - Continuing operations	**(1.34148)**	**(1.34146)**	
Profit attributable to each share class (R$)	323	292	615
Weighted average number of outstanding shares	46,445	42,043	88,488
Diluted earnings per share (R$) - Discontinued operations	**0.00695**	**0.00695**	
Profit (loss) attributable to each share class (R$) - Continuing operations	(61,982)	(56,107)	(118,089)
Weighted average number of outstanding shares	46,445	42,043	88,488
Diluted earnings (loss) per share (R$)	**(1.33452)**	**(1.33451)**	

Profit attributable to shareholders (diluted)			**Parent and consolidated**
			06/30/2019
	Common shares (ON)	**Preferred shares (PN)**	**Total**
Denominator			
Weighted average of the total number of shares	46,445	42,014	88,459
Weighted average number of outstanding shares	**46,445**	**42,014**	**88,459**
% of shares to total	**52.50%**	**47.50%**	**100.00%**
Numerator			
Profit attributable to each share class (R$)	24,972	22,589	47,561
Weighted average number of outstanding shares	46,445	42,014	88,459
Diluted earnings per share (R$) - Continuing operations	**0.53767**	**0.53765**	
Profit (loss) attributable to each share class (R$)	60	54	114
Weighted average number of outstanding shares	46,445	42,014	88,459
Diluted earnings (loss) per share (R$) - Discontinued operations	**0.00129**	**0.00129**	
Profit attributable to each share class (R$) - Continuing operations	25,032	22,643	47,675
Weighted average number of outstanding shares	46,445	42,014	88,459
Diluted earnings per share (R$)	**0.53896**	**0.53894**	

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

27. Net Operating Revenue

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

Pursuant to CPC 47/IFRS 15, revenue for these contracts will be recognized to the extent that it is probable that there will be no significant reversal in the accumulated revenue amount. As a result, for contracts where the Company is unable to make a reasonable estimate of the returns, revenue is expected to be recognized 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**	
	06/30/2020	**06/30/2019**	**06/30/2020**	**06/30/2019**
Sales of goods	892,913	592,325	547,206	393,006
Provision of services	6	4	4	16
Total gross revenue	**892,919**	592,329	**547,210**	393,022
Sales taxes	**(169,779)**	(100,880)	**(110,766)**	(63,328)
Returns and discounts	**(1,012)**	(6,379)	**(437)**	(5,990)
Total operating revenue, net	**722,128**	**485,070**	**436,007**	**323,704**

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	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Expenses by function				
Cost of sales	**(439,389)**	(312,671)	**(242,259)**	(218,354)
Selling expenses	**(67,988)**	(56,754)	**(30,030)**	(23,951)
Losses on unrecoverable assets	**3,118**	(268)	**3,563**	(781)
General and administrative expenses	**(77,850)**	(66,728)	**(42,415)**	(31,128)
Other operating expenses	**(3,061)**	(9,114)	**(4,629)**	(9,832)
	(439,389)	(312,671)	**(242,259)**	(218,354)

Expenses by nature	**06/30/2020**	**06/30/2019**	**06/30/2020**	**06/30/2019**
Depreciation and amortization	(12,302)	(15,177)	(6,458)	(3,778)
Personnel expenses	(139,038)	(127,924)	(86,030)	(46,332)
Tax expenses	(2,920)	(7,868)	(529)	(5,223)
Raw material and supplies and consumables	(279,813)	(180,103)	(139,176)	(179,938)
Auxiliary materials and upkeep and maintenance supplies	(26,583)	(17,675)	(25,731)	(3,213)
Freight and insurance	(38,853)	(20,811)	(18,766)	(13,561)
Outside services	(20,846)	(22,125)	(15,855)	(12,415)
Advertising and publicity	(11,569)	(11,019)	(1,533)	(2,778)
Expenses on product warranty	(2,046)	(1,295)	(1,760)	(930)
Water and power	(12,146)	(5,152)	(4,075)	(446)
Travel and lodging	(2,664)	(4,828)	(1,338)	(2,077)
Expenses on commissions	(12,972)	(11,045)	(1,774)	(2,639)
Cost of property, plant and equipment written off	(2,835)	(256)	(139)	(3)
Provision for risks	(4,588)	(7,604)	(5,002)	(6,395)
Rentals	(1,229)	(2,416)	(2,257)	(938)
Other expenses	(14,766)	(10,238)	(5,347)	(3,381)
	(585,170)	**(445,535)**	**(315,770)**	**(284,046)**

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	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Finance costs				
Interest	**(20,277)**	(24,363)	**(21,553)**	(22,479)
Foreign exchange losses	**(275,408)**	(12,768)	**(274,728)**	(12,850)
Tax on financial transactions (IOF)	**(203)**	158	**(145)**	186
Other costs	**(4,368)**	(10,697)	**(4,317)**	(10,665)
	(300,256)	(47,670)	**(300,743)**	(45,808)
Finance income				
Interest	**297**	29,243	**814**	28,430
Foreign exchange gains	**55,595**	4,789	**54,687**	4,765
Other income	**120**	117	**119**	72
	56,012	34,149	**55,620**	33,267
Finance income (costs), net	**(244,244)**	(13,521)	**(245,123)**	(12,541)

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 June 30, 2020, insurance coverage for the Company was as follows:

		06/30/2020
	Consolidated	**Parent**
Property damages	633,624	80,000
Civil liability	279,765	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 June 30, 2020 and December 31, 2019, the balances are as follows:

		Consolidated		**Parent**
	06/30/2020	**12/31/2019**	**06/30/2020**	**12/31/2019**
Domestic market	**12,107**	14,560	**10,639**	13,092
Foreign market	**12,368**	9,104	**-**	-
Total	**24,475**	**23,664**	**10,639**	**13,092**
Current liabilities	**16,923**	18,105	**10,639**	13,092
Noncurrent liabilities	**7,552**	5,559	**-**	-

32. Events After the Reporting Period

- **Completion of debt renegotiation with the Bank Syndicate**

According to the material fact notice published on August 10, 2020, the parties signed the contractual amendments referring to the new terms and conditions for the discharge of the obligations assumed with the Bank Syndicate, which provide for the rescheduling of the principal repayment that would be made in June 2020, amounting approximately to R$123 million. The amount will be consistent with the Company's future cash flow and diluted over the next 31 months together with the other amounts and maturity dates already agreed in the previous agreed provisions, as shown in the table below:

MATURITIES	**CURRENT**		**NONCURRENT**
Year	**2020**	**2021**	**2022**
Amounts	**74,860**	**60,913**	**640,800**

- **Administrative Proceeding and Lawsuit – PMESP**

On July 25, 2020, the court issued a ruling on the administrative appeal filed by the Company against the decision rendered in Sanctioning Case CSMAMUGE-02/30/2016 that applied to Taurus penalties consisting of a fine amounting to R$12.7 million and the restriction from bidding and entering into contracts with the Public Administration of the State of São Paulo during two (2) years. The appeal was denied and the ruling was upheld. Taurus will take all the actions necessary to prove in courts that the allegations are unjustified and that the products traded do not have manufacturing defects.

(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 June 30, 2020, which comprises the balance sheet as at June 30, 2020, and the related statements of profit and loss and of comprehensive income for the three and six-month periods then ended, and of changes in equity and of cash flows for the six-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 six-month period ended June 30, 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 June 30, 2019 and audit of the financial statements for the year ended December 31, 2019

The interim financial information referred to above includes the corresponding financial information comprising the statements of profit and loss and of comprehensive income for the three and six-month periods ended June 30, 2019, and of changes in equity, of cash flows and of value added for the six-month period ended June 30, 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 and semester ended June 30, 2019 and the audit of the financial statements for the year ended December 31, 2019 were conducted under the responsibility of other independent auditors, who issued an unmodified report on review of interim financial information and an unmodified independent auditor's report, dated August 9, 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, August 10, 2020

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Jonas Dal Ponte
Engagement Partner

Supervisory's Board Opinion

The Supervisory Board of Taurus Armas S.A., in compliance with legal and statutory provisions, reviewed the information for second 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 August 10, 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, August 10, 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 SEMESTER OF 2020

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Eduardo Minghelli, Ricardo Machado and Leonardo Brum Sesti, 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 June 30, 2020.

São Leopoldo, August 10, 2020.

Salesio Nuhs

Chief Executive Officer

Sergio Castilho Sgrillo Filho

Chief Finance and Administrative Officer

Investor Relations Director

Eduardo Minghelli

Executive Officer without specific designation

Ricardo Machado

Executive Officer without specific designation

Leonardi Brum Sesti

Executive Officer without specific designation

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

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Eduardo Minghelli, Ricardo Machado, and Leonardo Brum Sesti, 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 June 30, 2020, issued on August 10, 2020.

São Leopoldo, August 10, 2020.

Salesio Nuhs
Chief Executive Officer

Sergio Castilho Sgrillo Filho
Chief Finance and Administrative Officer
Investor Relations Director

Eduardo Minghelli
Executive Officer without specific designation

Ricardo Machado
Executive Officer without specific designation

Leonardo Brum Sesti
Executive Officer without specific designation