



1Q20 Earnings



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

São Leopoldo, June 29, 2020 – Taurus Armas S.A. (“Taurus” or “Company”) (B3: TASA3; TASA4), listed on B3’s Corporate Governance Level 2 (Ticker symbols: TASA3, TASA4), one of the world’s largest firearm manufacturers, operating with the brands Taurus, Rossi and Heritage, hereby reports its earnings for the **1st Quarter of 2020 (1Q20)**. Financial and operating information below, except as otherwise indicated, is expressed in Brazilian reais (R\$), follow international financial reporting standards (IFRSs) and Brazilian accounting principles. Comparisons refer to the same period of 2019.



Economic and financial highlights 1Q19

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

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

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

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

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

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

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

KEY INDICATORS

<i>R\$ million</i>	1Q20	1Q19	% change	4Q19	% change
Net operating revenue	298.3	252.1	18.3%	272.2	9.6%
Domestic market	56.0	37.7	48.5%	64.2	-12.8%
Foreign market	242.3	214.4	13.0%	208.0	16.5%
Cost of sales	-195.4	-160.0	22.1%	-187.8	4.0%
Gross profit	102.9	92.0	11.8%	84.4	21.9%
Gross margin (%)	34.5%	36.5%	-2.0 p.p.	31.0%	+3.5 p.p.
Operating expenses - SG&A	-63.2	-61.2	3.3%	-77.0	-17.9%
Operating result (EBIT)	39.6	30.9	28.2%	7.3	442.5%
EBIT margin (%)	13.3%	12.2%	+1.1 p.p.	2.7%	+10.6 p.p.
Finance income (costs), net	-188.9	-12.0		-2.7	
Income tax and social contribution	-8.4	-14.3	-41.3%	22.7	-137.0%
Profit (loss) for the period (continuing operation)	-157.6	4.6		27.3	
Profit (loss) from discontinued operations	0.5	-0.5		-5.2	
Profit (loss) for the period	-157.1	4.0		22.1	-810.9%
EBITDA	45.4	38.5	17.9%	13.2	243.9%
EBITDA margin	15.2%	15.3%	-0.1 p.p.	4.8%	+10.4 p.p.
Net debt (at the end of the period)	998.1	835.5	19.5%	865.7	15.3%

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

MESSAGE FROM MANAGEMENT

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

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

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

Further, guided by our duty to make a contribution during this difficult pandemic times, we have supplied meals to the members of the State Police and the Municipal Guard working in the city where our plant is located, during the time when retail (restaurants and fast food restaurants) was closed under a public calamity decree. We have also conducted an internal campaign 'Double

Solidarity' by donating food to social institutions and projects. During this campaign, employees donated 4,770 kg of food and Taurus collaborated with double the amount collected, raising it to 14,310 kg of food donated.

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

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

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



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

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

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

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

Salesio Nuhs
CEO

OPERATING PERFORMANCE

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



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

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



RT 44H Board Edition
 Limited Edition – 95 units

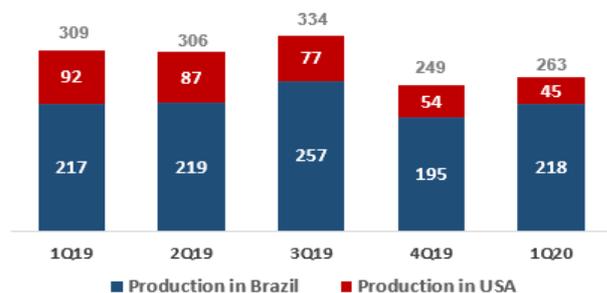
Launching of G3c in the USA on June 15, 2020

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



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

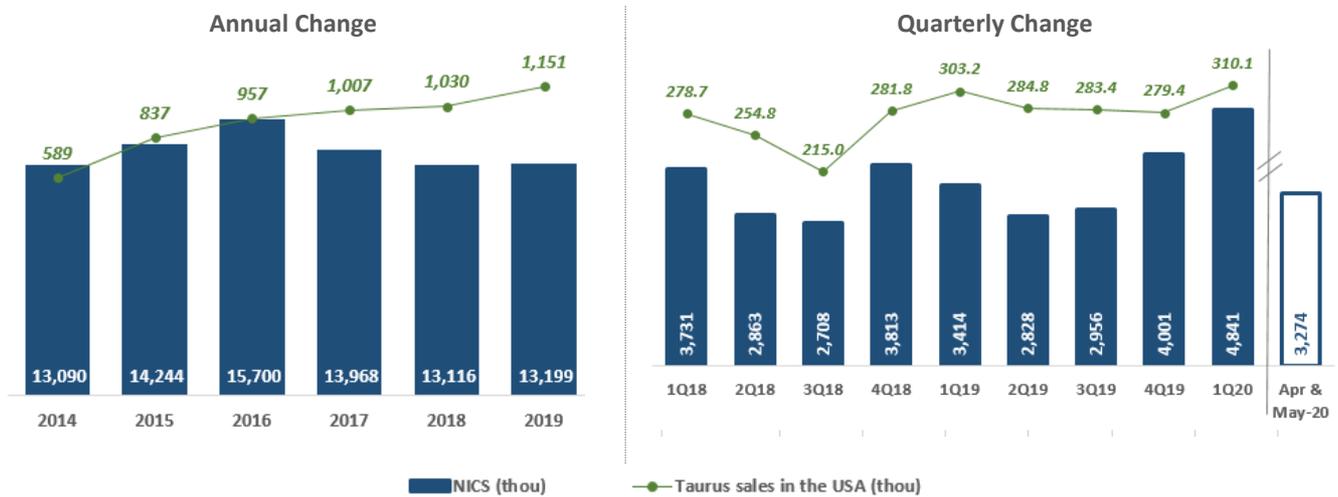
**Production of firearms - Brazil + USA
 (thousand units)**



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

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

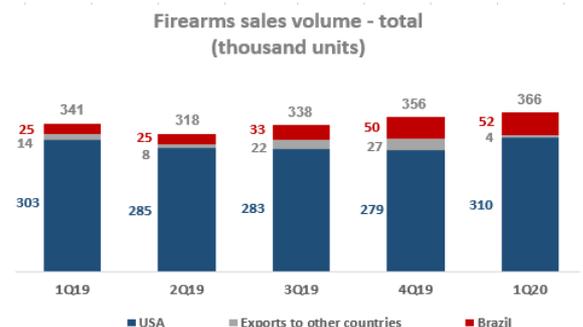
Adjusted NICS (National Instant Criminal Background Check System) and Taurus Sales in the USA



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

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

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



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

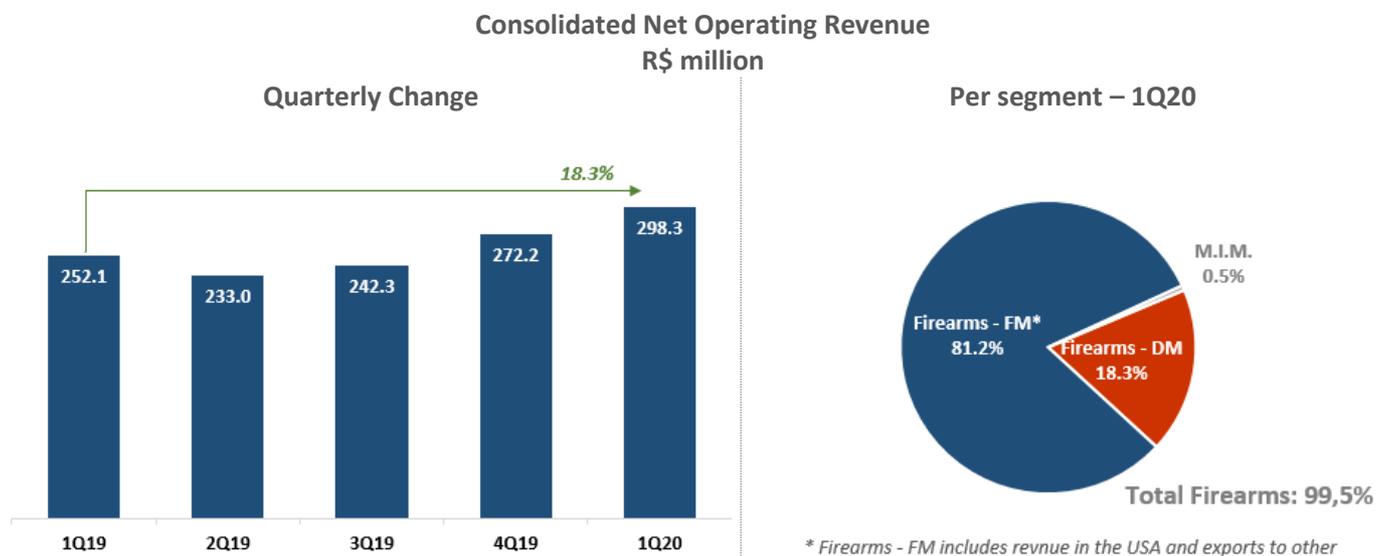


*T4 Rifle – semiautomatic
 Currently the most wanted
 firearm in the domestic
 market.*

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

ECONOMIC AND FINANCIAL PERFORMANCE

Net operating revenue



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

FIREARMS - Net Operating Revenue


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

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

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

Gross profit

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

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


Operating expenses

In 1Q20, the Company's operating expenses totaled R\$63.2 million, up 3.3% compared to the same quarter of last year. The effect of the U.S. dollar appreciation against the Brazilian real had an impact on expenses at the U.S. unit. On the other hand, there was

an 18.3% increase in net revenue in the same period. As a result, there was a greater dilution of expenses that contributed to the increase in operating profitability.

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

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

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

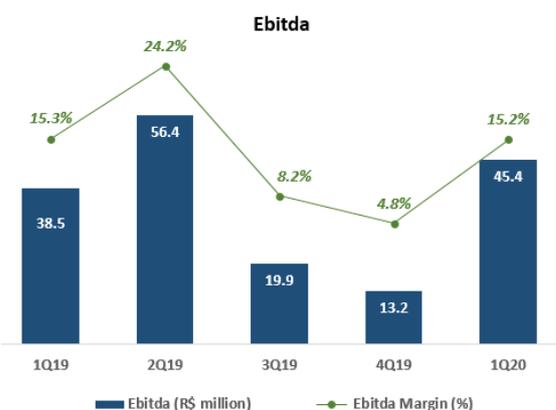
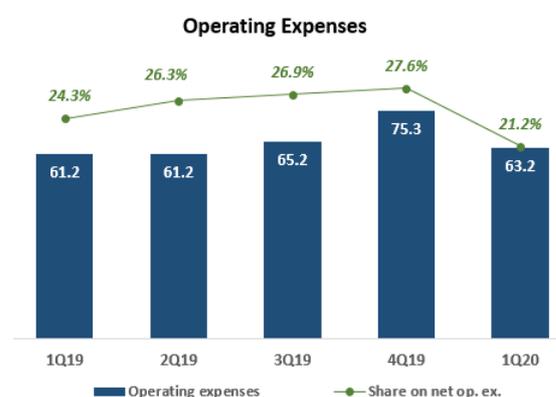
The line item that groups **other operating expenses and income** remained flat with a revenue balance of R\$0.2 million.

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

EBITDA

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

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



Ebitda calculation - reconciliation according to ICVM 527/12.

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

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

Finance income (costs)

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

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

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

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

Profit (loss) for the quarter

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

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

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

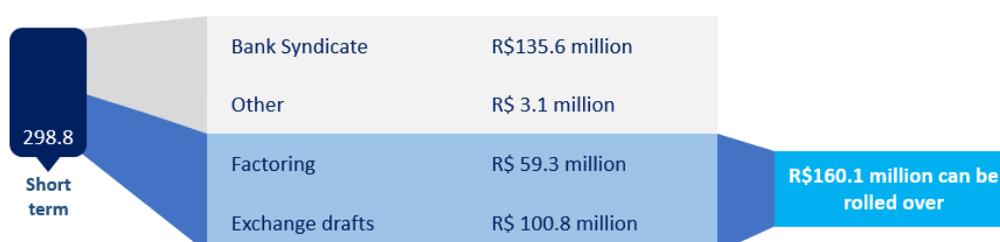
INDEBTEDNESS

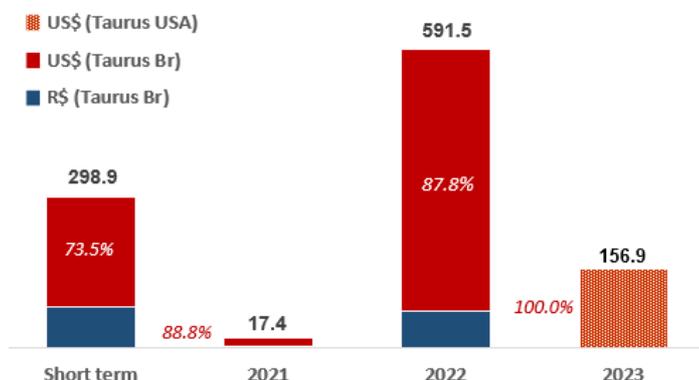
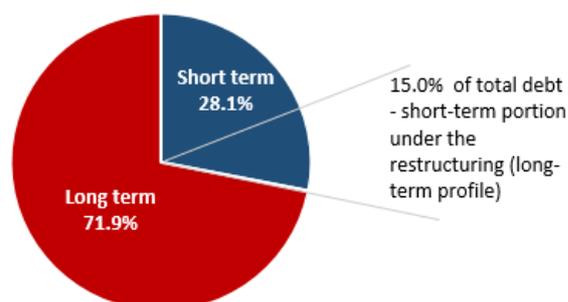
As at March 31, 2020, Taurus recorded gross debt of R\$1,064.7 million, 18.1% higher than its position at the end of 2019. The Company's debt is primarily denominated in U.S. dollars and, therefore, the exchange rate of this currency against the Brazilian real has had a significant impact on the indebtedness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

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

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

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

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


Debt Maturity Schedule
 Per currency - R\$ million at 03/31/2020

Gross debt at 03/31/2020
 R\$1,064.7 million

CAPITAL MARKET

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

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

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

STATEMENT OF VALUE ADDED

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

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

EVENTS AFTER THE END OF THE REPORTING PERIOD

Execution of Waiver Agreement

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

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



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

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

Production line transferred to U.S. plant

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

This is the first assembly line transferred by the Company to its U.S. subsidiary, after the investment made by the Georgia state government in this subsidiary. The transfer will increase production capacity of the U.S. plant by about 50 thousand firearms/year.



MoU of accessories joint venture

On May 29, 2020, Taurus disclosed a Material Fact Notice informing that, after being authorized by our Board of Directors, it has signed a non-binding MoU with an important Brazilian company in the automotive industry, operating in the domestic market, aiming at setting up a joint venture in Brazil to manufacture accessories for light weapons.

The purpose of the joint venture, if all statutory and legal authorizations are obtained, will be the manufacture and sale of light weapon accessories for the domestic and foreign markets. With the execution of the MoU, the parties will have until September 30, 2020 to complete the feasibility studies for the creation of the joint venture and the business plan to be developed, as well as to establish the conditions necessary for the implementation of the new business.

Execution of the Ameris Bank Loan Agreement

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

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

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

APPENDICES
Statement of Profit and Loss

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

Assets

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

Liabilities

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