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

Indústrias Romi S.A.

Report on Review of Individual and Consolidated Interim Financial Information for the Quarter Ended June 30, 2020

Deloitte Touche Tohmatsu Auditores Independentes

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors and Shareholders of
Indústrias Romi S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Indústrias Romi S.A. ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2020, which comprises the individual and consolidated balance sheet as at June 30, 2020 and the related individual and consolidated statements of profit and loss and of comprehensive income for the three- and six-month periods then ended, and the statements 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 Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Basis for qualified conclusion on the individual and consolidated interim financial information

Reversal of the provision for State VAT (ICMS) on sales included in the taxes on revenue (PIS and COFINS) tax basis

As disclosed in note 15 to the individual and consolidated interim financial information, during the first quarter of the year ended December 31, 2019, as a result of the final and unappealable favorable decision on its lawsuit, the Company reversed the provision related to the effect from the deduction of the State VAT (ICMS) from the taxes on revenue (PIS and COFINS) tax basis, which were not paid from November 2006 to March 2019, but were deposited in escrow account. When considering the ruling from the Federal Supreme Court (STF) handed down on March 15, 2017 and in analyzing the general effect of the matter, which decided that the ICMS must not comprise the PIS and COFINS tax basis and, based on the guidelines set out in CPC 25/IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, in the year ended December 31, 2017, it was no longer probable that an outflow of resources would be required to settle the obligation previously recognized and, accordingly, such provision should have been reversed in that year. Consequently, as at June 30, 2019, individual and consolidated profit for the six-month period then ended is overstated by R$56,302 thousand and individual and consolidated equity as at December 31, 2018 is understated by the same amount, net of taxes.

Qualified conclusion on the individual and consolidated interim financial information

Based on our review, except for the effects of the matter mentioned in the "Basis for qualified conclusion on the individual and consolidated interim financial information" paragraph, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR 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 Interim Financial 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 presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the Interim Financial 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 consistent with the criteria set forth in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, except for the effects of the matter mentioned in the "Basis for qualified conclusion on the individual and consolidated interim financial information" paragraph, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set out in such standard and consistently with the individual and consolidated interim financial information taken as a whole.

Corresponding figures

The corresponding information and figures for the year ended December 31, 2019, presented for purposes of comparison, were previously audited by another auditor, who issued a report dated February 11, 2020 containing qualification similar to that described in the "Basis for qualified conclusion on the individual and consolidated interim financial information" section of our report. The corresponding information and figures for the three- and six-month periods ended June 30, 2019, presented for purposes of comparison, were previously reviewed by another auditor, who issued a report dated July 23, 2019 containing qualification similar to that described in the "Basis for qualified conclusion on the individual and consolidated interim financial information" section of our report.

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

Campinas, July 21, 2020

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Paulo de Tarso Pereira Jr.
Engagement Partner

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INDÚSTRIAS ROMI S.A.

STATEMENT OF FINANCIAL POSITION
(In thousands of Brazilian reais unless otherwise stated)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

		Parent		Consolidated	
ASSETS	Note	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
CURRENT					
Cash and cash equivalents	3	105,097	102,838	137,711	147,807
Short-term investments	3	519	683	519	683
Trade accounts receivable	4	74,298	73,377	157,429	140,395
Onlending of FINAME manufacturer financing	5	114,768	97,053	114,768	97,053
Inventories	6	263,222	239,476	415,997	344,878
Related parties	8	52,331	65,169	-	-
Taxes recoverable	9	30,741	8,058	38,001	15,347
Other receivables		10,166	11,029	15,114	14,019
		651,142	597,683	879,539	760,182
NON-CURRENT					
Trade accounts receivable	4	10,624	11,489	10,624	11,489
Onlending of FINAME manufacturer financing	5	163,997	166,959	163,997	166,959
Related parties	8	41,320	-	-	-
Taxes recoverable	9	68,146	54,401	68,146	54,401
Deferred income tax and social contribution	16	23,669	23,577	26,169	24,822
Judicial deposits	15	1,877	1,930	1,877	1,930
Other receivables		4,378	5,353	5,003	5,681
		314,011	263,709	275,816	265,282
Investment in subsidiary	7	174,267	140,715	-	-
Property, plant and equipment	11	190,139	191,596	291,445	269,235
Investment properties	10	13,500	13,500	18,163	18,181
Intangible assets	12	1,090	600	71,146	54,361
		693,007	610,120	656,570	607,059
TOTAL ASSETS		1,344,149	1,207,803	1,536,109	1,367,241

		Parent		Consolidated	
LIABILITIES	Note	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
CURRENT					
Borrowings	13	127,203	78,723	144,079	91,649
FINAME manufacturer financing	14	97,228	82,177	97,228	82,177
Trade accounts payable		46,958	35,123	67,630	51,451
Payroll and related taxes		19,000	15,450	29,941	21,490
Taxes payable		2,903	9,567	6,512	15,553
Advances from costumers		19,539	12,186	77,380	68,200
Profit sharing		608	1,205	608	1,205
Dividends and interest on capital		33,081	39,523	33,081	39,523
Provision for tax, labor and civil risks	15	944	-	944	-
Other payables		3,290	3,762	33,865	24,181
Related parties	8	662	1,679	-	-
		351,416	279,395	491,268	395,429
NON-CURRENT					
Borrowings	13	10,243	13,468	22,653	22,866
FINAME manufacturer financing	14	164,990	152,786	164,990	152,786
Provision for tax, labor and civil risks	15	424	454	424	454
Other payables		-	12	3,752	5,194
Provision for net equity deficiency - subsidiary	7	8,025	4,404	-	-
Deferred income tax and social contribution	16	-	-	42,416	31,630
		183,682	171,124	234,235	212,930
TOTAL LIABILITIES		535,098	450,519	725,503	608,359
EQUITY					
Capital	17	492,025	492,025	492,025	492,025
Retained reserve		233,845	219,482	233,845	219,482
Cumulative translation adjustments		83,181	45,777	83,181	45,777
		809,051	757,284	809,051	757,284
NON CONTROLLING INTEREST		-	-	1,555	1,598
EQUITY		809,051	757,284	810,606	758,882
TOTAL LIBILITIES AND EQUITY		1,344,149	1,207,803	1,536,109	1,367,241

The accompanying notes are an integral part of these Interim financial statements

INDÚSTRIAS ROMI S.A.

INCOME STATEMENT
FOR THE PERIOD OF THREE AND SIX MONTHS ENDED JUNE
(In thousands of Brazilian reais unless otherwise stated)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

	Parent			
	current quarter 04/01/2020 to 06/30/2020	**Acumullated for current year 01/01/2020 to 06/30/2020**	**prior quarter 04/01/2019 to 06/30/2019**	**Acumullated for prior year 01/01/2019 to 06/30/2019**
Operations				
Net sales revenue	114,643	237,116	112,529	207,411
Cost of sales and services	(81,150)	(170,614)	(82,943)	(157,682)
Gross profit	33,493	66,502	29,586	49,729
Operation income (expenses)				
Selling	(9,531)	(18,559)	(12,494)	(22,102)
General and administrative	(7,382)	(14,527)	(8,138)	(16,102)
Research and development	(5,474)	(10,544)	(5,748)	(10,508)
Management profit sharing and fees	(2,153)	(4,108)	(1,529)	(3,004)
Equity pickup	111	(5,611)	(4,050)	(15,619)
Other operating income, net	908	626	627	75,770
	(23,521)	(52,723)	(31,332)	8,435
Operating profit (loss)	9,972	13,779	(1,746)	58,164
Financial income (expenses)				
Financial income	2,455	29,453	(789)	62,301
Financial expenses	(2,128)	(3,633)	(648)	(1,227)
Foreign exchange gains, net	2,490	4,297	(490)	(1,653)
	2,817	30,117	(1,927)	59,421
Profit before income tax and social contribution	12,789	43,896	(3,673)	117,585
Income tax and social contribution	(1,469)	8,182	(733)	(34,737)
Deferred	(1,263)	8,090	(2,097)	(15,993)
Current	(206)	92	1,364	(18,744)
Profit (loss) for the period	11,320	52,078	(4,406)	82,848
Basic and diluted earnings per share (R$)	0.18	0.83	(0.07)	1.32

The accompanying notes are an integral part of these Interim financial statements

INDÚSTRIAS ROMI S.A.

INCOME STATEMENT
FOR THE PERIOD OF THREE AND SIX MONTHS ENDED JUNE
(In thousands of Brazilian reais unless otherwise stated)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

				Consolidated
	current quarter 04/01/2020 to 06/30/2020	Acumullated for current year 01/01/2020 to 06/30/2020	prior quarter 04/01/2019 to 06/30/2019	Acumullated for prior year 01/01/2019 to 06/30/2019
Operations				
Net sales revenue	196,012	361,953	167,859	288,625
Cost of sales and services	(140,976)	(258,634)	(124,553)	(221,768)
Gross profit	55,036 0	103,319	43,306	66,857
Operation income (expenses)				
Selling	(20,373)	(39,454)	(20,880)	(39,438)
General and administrative	(17,579)	(34,772)	(17,289)	(34,724)
Research and development	(5,474)	(10,544)	(5,748)	(10,508)
Management profit sharing and fees	(2,181)	(4,161)	(1,555)	(3,053)
Other operating income, net	871	626	485	75,628
	(44,736)	(88,305)	(44,987)	(12,095)
Operating profit (loss)	10,300	15,014	(1,681)	54,762
Financial income (expenses)				
Financial income	2,639	29,932	(510)	63,315
Financial expenses	(2,673)	(4,815)	(1,133)	(2,309)
Foreign exchange gains, net	2,429	3,364	(830)	(2,123)
	2,395	28,481	(2,473)	58,883
Profit before income tax and social contribution	12,695	43,495	(4,154)	113,645
Income tax and social contribution	(1,337)	8,681	(194)	(30,692)
Current	(1,234)	7,660	(2,305)	(16,048)
Deferred	(103)	1,021	2,111	(14,644)
Profit (loss) for the period	11,358	52,176	(4,348)	82,953
Attributable to:				
Controlling interests	11,320	52,078	(4,406)	82,848
Non-Controlling interests	38	98	58	105
	-	-	-	-
	11,358	52,176	(4,348)	82,953
Basic and diluted earnings per share (R$)	0.18	0.83	(0.07)	1.32

The accompanying notes are an integral part of these Interim financial statements

INDÚSTRIAS ROMI S.A.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD OF THREE AND SIX MONTHS ENDED JUNE
(In thousands of Brazilian reais unless otherwise stated)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

				Parent
		Acumullated for		Acumullated for
	current quarter	current year	prior quarter	prior year
	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2019 to 06/30/2019
Profit (loss) for the period	11,320	52,078	(4,406)	82,848
Foreign currency translation effects	38,149	37,404	(745)	(2,297)
Comprehensive profit (loss) for the period	49,469	89,482	(5,151)	80,551

The accompanying notes are an integral part of these Interim financial statements

INDÚSTRIAS ROMI S.A.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD OF THREE AND SIX MONTHS ENDED JUNE
(In thousands of Brazilian reais unless otherwise stated)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

				Consolidated
		Acumullated for		**Acumullated for**
	current quarter	**current year**	**prior quarter**	**prior year**
	04/01/2020 to 06/30/2020	**01/01/2020 to 06/30/2020**	**04/01/2019 to 06/30/2019**	**01/01/2019 to 06/30/2019**
Profit (loss) for the period	11,358	52,176	(4,348)	82,953
Foreign currency translation effects	38,149	37,404	(745)	(2,297)
Comprehensive profit (loss) for the period	49,507	89,580	(5,093)	80,656
Attributable to:				
Controlling interests	49,469	89,482	(5,151)	80,551
Non-Controlling interests	38	98	58	105
	49,507	89,580	(5,093)	80,656

The accompanying notes are an integral part of these Interim financial statements

INDÚSTRIAS ROMI S.A.

STATEMENT OF CHANGES IN EQUITY
(In thousands of Brazilian reais unless otherwise stated)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

		Attributable to the controlling interests								
			Income reserve			Other				
	Nota Explicativa	Capital	Reitaned reserve	Legal reserve	Total	comprehensive income	Profit for the year	Total	Non-controlling interests	Total
At December 31, 2018		**492,025**	**112,380**	**47,838**	**160,218**	**43,734**	**-**	**695,977**	**1,626**	**697,603**
		-	-	-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	82,848	82,848	105	82,953
Foreign currency translation effects		-	-	-	-	(2,297)	-	(2,297)	-	(2,297)
Total comprehensive income for the period		-	-	-	-	(2,297)	82,848	80,551	105	80,656
Interest on capital		-	-	-	-	-	(29,542)	(29,542)	-	(29,542)
Dividends paid by subsidiary		-	-	-	-	-	-	-	(169)	(169)
Transfers between reserves		-	53,306	-	53,306	-	(53,306)	-	-	-
Total contributions by and distributions to controlling interests		-	53,306	-	53,306	-	(82,848)	(29,542)	(169)	(29,711)
At June 30, 2019		**492,025**	**165,686**	**47,838**	**213,524**	**41,437**	**-**	**746,986**	**1,562**	**748,548**
		-	-	-	-	-	-	-	-	-
At December 31, 2019		**492,025**	**165,161**	**54,321**	**219,482**	**45,777**	**-**	**757,284**	**1,598**	**758,882**
		-	-	-	-	-	-	-	0	0
Profit for the year		-	-	-	-	-	52,078	52,078	98	52,176
Foreign currency translation effects		-	-	-	-	37,404	-	37,404	-	37,404
Total comprehensive income for the period		-	-	-	-	37,404	52,078	89,482	98	89,580
Interest on capital	17	-	-	-	-	-	(37,715)	(37,715)	-	(37,715)
Dividends paid by subsidiary		-	-	-	-	-	-	-	(141)	(141)
Transfers between reserves		-	14,363	-	14,363	-	(14,363)	-	-	-
Total contributions by and distributions to controlling interests		-	14,363	-	14,363	-	(52,078)	(37,715)	(141)	(37,856)
At June 30, 2020		**492,025**	**179,524**	**54,321**	**233,845**	**83,181**	**-**	**809,051**	**1,555**	**810,606**

The accompanying notes are an integral part of these Interim financial statements

INDÚSTRIAS ROMI S.A.

STATEMENT OF CASH FLOW
FOR THE PERIOD OF SIX MONTHS ENDED JUNE
(In thousands of Brazilian reais unless otherwise stated)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

		Parent		Consolidated	
	Note	2020	2019	2020	2019
Cash flows from operating activities					
Profit before income tax and social contribution		**43,896**	**117,585**	**43,495**	**113,645**
Adjustments from:					
Finance expenses and exchange rate		(26,374)	(58,326)	(18,683)	(58,609)
Depreciation and amortization	11, 12	10,589	10,909	17,479	16,631
Allowance for doubtful accounts and for other receivables	4, 5	779	(1,016)	1,884	(3,167)
Provision for inventory losses	6	1,692	2,324	8,739	265
Cost of property, plant and equipment and disposals of intangible assets	11, 12	(1,445)	(474)	(1,292)	(443)
Equity in earnings of subsidiaries	8	5,611	15,619	-	-
Provision for contingent liabilities		(9)	(57,204)	(9)	(57,204)
Change in operating assets and liabilities					
Financial Investments		-	(179)	-	(179)
Trade accounts receivable		25,694	15,820	8,476	40,910
Related parties (assets and liabilities)		(42,663)	(11,109)	-	-
Onlending of Finame manufacturer financing		(15,425)	(7,298)	(15,425)	(7,298)
Inventories		(23,599)	(50,875)	(90,416)	(80,383)
Taxes receivable		(28,350)	(17,781)	(37,746)	11,135
Judicial deposits		53	7,448	53	7,448
Other credits		29,915	7,985	27,660	3,641
Trade accounts payable		8,061	15,897	12,405	19,944
Payroll and related taxes		3,752	1,015	8,653	4,493
Taxes payable		(6,664)	(2,747)	10,627	(34,717)
Advances from costumers		7,353	(807)	9,180	14,610
Other payables		5,934	(2,578)	14,197	1,110
Cash by operations		(1,200)	(15,792)	(723)	(8,168)
Income tax and social contribution paid		-	(3,047)	(201)	(3,359)
Cash by (used in) operations		(1,200)	(18,839)	(924)	(11,527)
Cash flow from investing activities					
Financial investments	3	164	-	164	-
Purchase of property, plant and equipment	11	(9,317)	(11,729)	(9,667)	(20,067)
Purchase of intangible	12	(663)	(1)	(663)	(582)
Sales of assets	11	1,738	620	1,738	620
Dividends received	8	1,899	2,278	-	-
Net cash used in investing activities		(6,179)	(8,832)	(8,428)	(20,029)
Cash flow from financing activities					
Interest on capital paid	17	(39,378)	(27,555)	(39,519)	(23,922)
New borrowings		88,029	46,438	88,209	51,032
Financing paid		(64,398)	(18,052)	(65,633)	(21,308)
Interest paid		(1,870)	(781)	(1,870)	(1,984)
New Finame - manufacturer financing		70,447	44,448	70,447	44,448
Payment of Finame - manufacturer financing		(36,918)	(33,008)	(36,918)	(33,008)
Interest paid of Finame - manufacturer financing		(6,274)	(9,891)	(6,274)	(9,891)
Cash by (used in) financing activities		9,638	1,599	8,442	5,367
Increase (decrease) in cash and cash equivalents		2,259	(26,072)	(910)	(26,189)
Cash and cash equivalents at the beginning of the period		102,838	67,284	147,807	100,428
Foreign exchange losses of cash equivalents of foreign subsidiaries		-	-	(9,186)	325
Cash and cash equivalents at the end of the period		105,097	41,212	137,711	74,564

The accompanying notes are an integral part of these Interim financial statements

INDÚSTRIAS ROMI S.A.

STATEMENT OF VALUE ADDED
FOR THE PERIOD OF SIX MONTHS ENDED JUNE
(In thousands of Brazilian reais unless otherwise stated)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

	Parent		Consolidated	
	2020	**2019**	**2020**	**2019**
Revenues				
Sales of products and services	273,148	246,684	398,042	327,951
Allowance for doubtful accounts and for other receivables	(1,362)	(2,193)	(1,777)	3,568
Other operating revenues, net	626	75,770	626	75,628
	272,412	320,261	396,891	407,147
Inputs acquired from third parties				
Materials used	(122,824)	(153,715)	(170,780)	(179,809)
Other costs of products and services	(9,385)	(8,159)	(19,650)	(19,305)
Electricity, third-party services and other expenses	(17,352)	(20,694)	(26,272)	(27,515)
	(149,561)	(182,568)	(216,702)	(226,629)
Gross value added	122,851	137,693	180,189	180,518
Depreciation and amortization	(10,589)	(10,910)	(17,479)	(16,631)
Net value added generated by the Company	112,262	126,783	162,710	163,887
Value added received through transfers				
Equity in earnings of subsidiaries	(5,574)	(15,619)	-	-
Finance income (costs) and net foreign exchange gains	33,750	62,301	33,296	63,315
Total value added to distribute	140,438	173,465	196,006	227,202
Distribution of value added				
Employees				
Payroll and related changes	55,676	53,054	110,658	103,901
Sales commission	1,344	1,488	1,344	1,488
Management profit sharing and fees	6,063	3,004	6,117	3,053
Gain sharing	399	311	399	311
Taxes	20,550	28,691	21,743	28,890
Interests	3,633	2,879	1,451	4,432
Rentals	695	1,190	2,259	2,343
Interest on capital declared and not yet distributed	37,715	29,542	37,715	29,542
Non-controlling interests	-	-	(43)	(64)
Profit for the period	14,363	53,306	14,363	53,306
Value added distributed	140,438	173,465	196,006	227,202

The accompanying notes are an integral part of these Interim financial statements

1 General information

Indústrias Romi S.A. (Parent) and its subsidiaries (jointly referred to as “Company” or “Consolidated”), listed on the "New Market" of B3 S.A. - Brasil, Bolsa, Balcão, since March 23, 2007, and headquartered in Santa Bárbara d’Oeste, São Paulo, are engaged in the manufacture and sale of capital goods in general, including machine tools, plastic injection molding machines, industrial equipment and accessories, tools, castings and parts, as well as providing system analysis and developing data processing software related to the production, sale, and use of machine tools and plastic injectors; the manufacture and sale of rough cast parts and machined cast parts; the export, import and representation on its own account or on behalf of third parties; and the provision of related services. It also holds interest in other companies as a partner, shareholder or member in other civil or business entities, business ventures of any nature, in Brazil or abroad, as well as the management of its own and/or third-party assets.

The Company's industrial facilities consist of thirteen plants in three units located in the city of Santa Bárbara d’Oeste, in the State of São Paulo, and one located in the city of Reutlingen, Germany. The latter is a large tooling machine manufacturer. It also holds interest in subsidiaries in Brazil and abroad.

This interim financial information was approved by the Company’s Board of Directors and authorized for issue on July 21, 2020.

2 Basis of preparation and accounting policies

The individual and consolidated interim financial information for the quarter ended June 30, 2020 has been prepared in accordance with CVM Ruling No. 673 dated October 20, 2011, which approved accounting standard CPC 21 (R1) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

The accounting practices adopted by the Company in the preparation of the individual and consolidated interim financial information are the same as those used in the preparation of the financial statements for the year ended December 31, 2019 and, therefore, should be read in conjunction with those financial statements.

The preparation of the individual and consolidated statements of value added is required by the Brazilian corporate law and the accounting practices adopted in Brazil for listed companies, but is not required by IFRS. Therefore, under IFRS, the presentation of such statements is considered supplementary information, and not part of the set of financial statements.

(In thousands of Brazilian reais unless otherwise stated)

(a) Notes included in the financial statements as at December 31, 2019 not included in this individual and consolidated interim financial information

The parent and consolidated interim financial information is presented in accordance with accounting pronouncement CPC 21 (R1) and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB). The preparation of this individual and consolidated interim financial information involves judgment by the Company's management on the materiality and changes that should be disclosed in the accompanying notes. Accordingly, this individual and consolidated interim financial information includes selected notes and does not comprise all notes presented for the year ended December 31, 2019. As permitted by Circular Letter 03/2011 of the Brazilian Securities and Exchange Commission (CVM), the following notes are not presented:

- Basis of preparation and accounting practices (Note 2);
- Pension plan (Note 17);
- Insurance (Note 18);
- Financial instruments and operational risks (Note 19);
- Net sales revenue (Note 22);
- Expenses by nature (Note 23);
- Finance income (costs) (Note 24); and
- Other operating income (expenses), net (Note 25).

3 Cash and cash equivalents and financial investments

	Parent		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Cash and banks	13,071	3,176	25,502	35,961
Bank deposit certificates (CDB) (a)	85,395	94,067	105,578	106,251
Short-term investments backed by debentures (a)	-	367	-	367
Investment funds in DI and fixed income	-	5,143	-	5,143
Short-term investments in foreign currency (US$ time deposit)	6,571	-	6,571	-
Other	60	85	60	85
Total cash and cash equivalents	105,097	102,838	137,711	147,807
Bank deposit certificates (CDB) (a)	519	683	519	683
Short-term investments backed by debentures	-	-	-	-
Total assets held for trading	519	683	519	683

(a) These investments are substantially pegged to the Interbank Deposit Certificate (“CDI”) rate.

(In thousands of Brazilian reais unless otherwise stated)

4 Trade accounts receivable

	Parent		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Current				
Domestic customers (Brazil)	64,407	66,504	64,440	67,178
Foreign customers	11,195	8,250	97,902	77,098
Allowance for doubtful accounts	(1,304)	(1,377)	(4,913)	(3,881)
	74,298	73,377	157,429	140,395
Noncurrent				
Domestic customers (Brazil)	7,185	7,508	7,185	7,508
Foreign customers	3,678	4,040	3,678	4,040
Allowance for doubtful accounts	(239)	(59)	(239)	(59)
	10,624	11,489	10,624	11,489

Trade receivables are recorded at their amortized costs, which approximate their fair values.

The balance of current trade accounts receivable as at June 30, 2020 and December 31, 2019, parent and consolidated, is distributed as follows:

	Parent		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Falling due	64,060	59,948	135,001	112,993
Past due:				
1 to 30 days	4,115	8,923	7,302	17,412
31 to 60 days	1,000	2,054	4,011	4,073
61 to 90 days	850	92	1,838	984
91 to 180 days	1,512	705	6,269	3,900
181 to 360 days	1,305	245	2,810	744
Over 360 days	2,759	2,787	5,111	4,170
	11,542	14,806	27,341	31,283
Total	75,602	74,754	162,342	144,276
Allowance for doubtful accounts	(1,304)	(1,377)	(4,913)	(3,881)
Total current	74,298	73,377	157,429	140,395

(In thousands of Brazilian reais unless otherwise stated)

The balance of noncurrent trade accounts receivable as at June 30, 2020, parent and consolidated, is distributed as follows:

	Parent and Consolidated
Falling due:	
2021 (6 months)	4,722
2022	4,949
2023	1,193
2024 onward	-
Allowance for doubtful accounts	(239)
Total – noncurrent	10,624

Changes in allowance for doubtful accounts, parent and consolidated, are as follows:

	Parent	Consolidated
At December 31, 2019	1,436	3,940
Receivables recognized for the period	677	1,381
Receivables written off	(570)	(1,063)
Foreign exchange difference	-	894
At June 30, 2020	1,543	5,152

5 Onlending of FINAME manufacturer financing

	Parent and Consolidated	
	June 30, 2020	December 31, 2019
Current		
FINAME falling due	103,835	87,284
FINAME awaiting release (a)	126	2,841
FINAME past due (b)	18,413	14,912
	122,374	105,037
Allowance for doubtful accounts	(7,606)	(7,984)
	114,768	97,053

(In thousands of Brazilian reais unless otherwise stated)

Noncurrent		
FINAME falling due	164,908	153,515
FINAME awaiting release (a)	482	13,787
	165,390	167,302
Allowance for doubtful accounts	(1,393)	(343)
	163,997	166,959
Total	278,765	264,012

The item “Onlending of FINAME manufacturer financing" refers to sales to customers financed by funds from the Brazilian Development Bank ("BNDES") (Note 14) which are carried at their amortized costs, which approximate their fair values.

FINAME manufacturer refers to financing specifically linked to sales transactions, with terms of up to 60 months with a grace period of up to six months, in accordance with the terms defined by the BNDES at the time of the financing.

The financing terms are also based on customer's characteristics. Funds are released by the BNDES on identification of a customer and sale, as well as checking that a customer has fulfilled the terms of Circular Letter 195 dated July 28, 2006 issued by BNDES, through a financial agent, with the formalization of a financing agreement in the name of the Company and consent of the customer to be financed. The amounts, periods and charges of the transaction are fully reflected in the amounts to be received by the Company from the bank mediating the agreement to which the Company is the debtor. The Company retains title to the financed equipment until the final settlement of the obligation by the customer.

The differences between onlending of FINAME manufacturer financing receivables and payables include:

(a) FINAME transactions awaiting release: refers to FINAME manufacturer financing transactions that meet the specified terms and have been approved by all parties involved. The preparation of documentation, the issue of the sales invoice, and the delivery of the equipment to the customer have all taken place. The crediting of the related funds to the Company’s account by the agent bank is pending at the end of the reporting period, in view of the normal operating terms of the agent.

(b) FINAME past due: refers to amounts receivable not settled by customers on their due dates. The Company records the provision for possible losses on the realization of these balances, at the amount of the difference between the expected value of the sale of the collateral (machines) recovered through the enactment of covenant regarding reservation of title over the machinery sold (security interest) and the value of the receivables from defaulting customers. In instances in which the security interest cannot be located, a full loss provision is made for the balance of the receivable.

(In thousands of Brazilian reais unless otherwise stated)

The machinery repossessed as part of the execution process are recorded at their carrying amount, not exceeding its fair value, under the category of “Other receivables”, pending a final and unappealable court decision, after which it is repossessed and transferred to inventories. As at June 30, 2020, the balance of repossessed machinery, included under the line item of “Other receivables”, parent and consolidated, amounted to R$907 (R$1,188 as at December 31, 2019) in current assets and R$3,811 (R$4,645 as at December 31, 2019) in noncurrent assets.

As at June 30, 2020 and December 31, 2019, the balances of "Onlending of FINAME manufacturer financing", parent and consolidated, were as follows:

		Parent and Consolidated
	June 30, 2020	**December 31, 2019**
Falling due	103,961	90,125
Past due:		
1 to 30 days	689	894
31 to 60 days	608	601
61 to 90 days	768	147
91 to 180 days	1,341	396
181 to 360 days	870	352
Over 360 days	14,137	12,522
	18,413	14,912
Total - current	122,374	105,037

The expected realization of noncurrent receivables relating to the onlending of FINAME manufacturer financing, parent and consolidated, is as follows:

	Parent and Consolidated
Falling due:	
2021 (6 months)	44,382
2022	71,546
2023	40,630
2024 onward	8,832
Total – noncurrent	165,390

(In thousands of Brazilian reais unless otherwise stated)

Changes in allowance for doubtful debts, parent and consolidated, are as follows:

	Parent and Consolidated
At December 31, 2019	8,327
Allowance recognized (or written off) for the period	672
At June 30, 2020	8,999

6 Inventory

	Parent		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Finished products	39,059	39,542	101,439	81,315
Used machinery	13,366	13,130	13,367	13,130
Work in progress	87,926	75,561	144,612	116,195
Raw materials and components	118,210	105,043	147,595	127,572
Imports in transit	4,661	6,200	8,984	6,666
Total	263,222	239,476	415,997	344,878

The inventory balances, parent and consolidated, as at June 30, 2020 are net of provision for slow-moving inventories and inventories posing a remote probability of being realized through sale or use, amounting to R$ 29,004 and R$ 39,207 (R$ 27,312 and R$ 30,468 as at December 31, 2019), respectively.

The changes in the provision to bring inventories to their net realizable value are as follows:

	Parent	Consolidated
At January 1, 2020	27,312	30,468
Inventory sold or written off	(4,548)	(4,549)
Provision recorded	4,688	5,031
Foreign exchange difference		6,705
Transfer of provision resulting from machines repossessed during the period	1,552	1,552
At June 30, 2020	29,004	39,207

(In thousands of Brazilian reais unless otherwise stated)

The changes in the provision for inventory losses by class of inventory are as follows:

	Parent		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Finished products	3,198	2,485	13,401	5,641
Used machinery	7,177	6,321	7,177	6,321
Work in progress	5,143	5,224	5,143	5,224
Raw materials and components	13,486	13,282	13,486	13,282
Total	29,004	27,312	39,207	30,468

7 Investments in subsidiaries

Company investments in its subsidiaries are as follows:

		Ownership interest					
		June 30, 2020			December 31, 2019		
		Direct	Indirect	Non-controlling	Direct	Indirect	Non-controlling
1.	Romi Itália S.r.l. (“Romi Italy”)	99.99	0.01	-	99.99	0.01	-
1.1	Romi Machines UK Ltd.	-	100.00	-	-	100.00	-
1.2	Romi France SAS	-	100.00	-	-	100.00	-
1.3	Romi Máquinas España S.A.	-	100.00	-	-	100.00	-
2.	Romi Europa GmbH (“Romi Europe”)	100.00	-	-	100.00	-	-
2.1	Burkhardt + Weber Fertigungssysteme GmbH (“B+W”)	-	100.00	-	-	100.00	-
2.1.1	Burkhardt + Weber / Romi (Shanghai) Co., Ltd	-	100.00	-	-	100.00	-
2.1.2	Burkhardt + Weber LLC	-	100.00	-	-	100.00	-
3.	Rominor Comércio, Empreendimentos e Participações S.A. (“Rominor Comércio”)	93.07	-	6.93	93.07	-	6.93
4.	Romi Machine Tools, Ltd. (“Romi Machine Tools”)	100.00	-	-	100.00	-	-
5.	Rominor Empreendimentos Imobiliários S.A. ("Rominor Empreendimentos)	100.00	-	-	100.00	-	-
6.	Romi A.L. S.A. (“Romi A.L.”)	100.00	-	-	100.00	-	-
7.	Irsa Maquinas México S. de R. L. de C.V.	99.99	0.01	-	99.99	0.01	-

The following list presents the location and main objectives of subsidiaries:

	Subsidiary	Country	Main activity
1.	Romi Itália S.r.l. ("Romi Italy")	Italy	Sale of machines for plastics and machine tools, spare parts and technical support.
1.1	Romi Machines UK Ltd.	United Kingdom	
1.2	Romi France SAS	France	
1.3	Romi Máquinas España S.A.	Spain	
2.	Romi Europa GmbH ("Romi Europe")	Germany	
2.1	Burkhardt + Weber Fertigungssysteme GmbH ("B+W")	Germany	Production and sale of large tooling machinery with high technology, precision and productivity, as well as machinery for specialized applications.
2.1.1	Burkhardt + Weber / Romi (Shanghai) Co., Ltd	China	Sale of machine tools produced by B+W and provision of services (spare parts and technical support).
2.1.2	Burkhardt + Weber LLC	United States of America	Sale of machine tools produced by B+W and provision of services (spare parts and technical support).
3.	Rominor Comércio, Empreendimentos e Participações S.A. ("Rominor")	Brazil	Real estate activity, including purchases and sales, lease of company-owned properties, exploration of real estate rights, intermediation of real estate businesses, and provisions of sureties and guarantees.
4.	Romi Machine Tools, Ltd. ("Romi Machine Tools")	United States of America	Sale of machine tools, spare parts, technical support and cast and machined products in North America.
5.	Rominor Empreendimentos Imobiliários S.A.	Brazil	Interest in real estate ventures.
6.	Romi A.L. S.A. ("Romi A.L.")	Uruguay	Sales representation for operations in the foreign market.
7.	Irsa Maquinas México S. de R. L. de C.V.	Mexico	Sale of machines for plastics and machine tools, spare parts and technical support.

(In thousands of Brazilian reais unless otherwise stated)

June 30, 2020

	Romi Italy and subsidiaries (1)	Romi Europe and subsidiaries (2)	Rominor Comércio (3)	Romi Machine Tools (4)	Rominor Empreendimentos (5)	Romi A.L. (6)	IRSA Máq. Mexico (7)	Total
Investments:								
Number of shares held	(a)	(a)	6,191,156	3,000,000	78	13,028,000	1,188,000	
Ownership interest	100.0%	100.0%	93.1%	100.0%	100.0%	100.0%	100.0%	
Current assets	73,899	148,948	22,488	21,163	2,520	11,616	18,365	
Noncurrent assets	9,386	155,268	75	112	-	-	200	
Current liabilities	64,465	129,438	127	26,320	-	3	21,050	
Noncurrent liabilities	16,377	37,970	-	495	-	-	-	
Equity (equity deficit) of subsidiary	2,443	136,808	22,436	(5,540)	2,520	11,613	(2,485)	
Changes in investment:								
Investment balance as at December 31, 2019	3,215	105,124	21,465	(3,176)	2,522	8,389	(1,228)	136,311
Foreign exchange variations on foreign investments	320	35,962	-	(1,353)	-	3,055	(580)	37,404
Dividends proposed and paid (b)	-	-	(1,899)	-	-	-	-	(1,899)
Equity pickup	(1,091)	(4,277)	1,315	(1,011)	(2)	169	(714)	(5,611)
Equivalent value - closing balance	**2,444**	**136,809**	**20,881**	**(5,540)**	**2,520**	**11,613**	**(2,485)**	**166,242**
Investment in subsidiaries	2,444	136,809	20,881	-	2,520	11,613	-	174,267
Provision for equity deficit of subsidiaries	-	-	-	(5,540)	-	-	(2,485)	(8,025)

(a) The subsidiaries' capital is not divided into units of interest or shares in their articles of organization.
(b) Payment of dividends by subsidiary ROMINOR, approved by the Board of Directors at the meeting held on February 11, 2020, in the amount of R$ 2,041, related to the second half of 2019. From such payment, the Company received R$1,899.

(In thousands of Brazilian reais unless otherwise stated)

June 30, 2019

	Romi Italy and subsidiaries (1)	Romi Europe and subsidiaries (2)	Rominor Comércio (3)	Romi Machine Tools (4)	Rominor Empreendimentos (5)	Romi A.L. (6)	IRSA Máq México (7)	Total
Investments:								
Number of shares held	(a)	(a)	6,191,156	3,000,000	78	13,028,000	1,188,000	
Ownership interest	100.0%	100.0%	93.1%	100.0%	100.0%	100.0%	100.0%	
Current assets	55,523	138,121	22,572	18,316	2,528	7,868	8,350	
Noncurrent assets	7,117	116,928	74	127	-	-	181	
Current liabilities	47,240	132,255	108	21,133	4	2	9,600	
Noncurrent liabilities	11,749	29,143	-	-	-	-	-	
Equity (equity deficit) of subsidiary	3,651	93,651	22,538	(2,690)	2,524	7,866	(1,069)	
Changes in investment:								
Investment balance as at December 31, 2018	7,576	108,010	21,845	(2,108)	2,449	7,789	(545)	145,016
Foreign exchange variations on foreign investments	(59)	(2,123)	-	(15)	-	(90)	(10)	(2,297)
Dividends proposed and paid (b)	-	-	(2,278)	-	-	-	-	(2,278)
Equity pickup	(3,866)	(12,236)	1,410	(567)	(13)	167	(514)	(15,619)
Capital increase in subsidiary	-	-	-	-	88			
Equivalent value - closing balance	**3,651**	**93,651**	**20,977**	**(2,690)**	**2,524**	**7,866**	**(1,069)**	**124,910**
Investment in subsidiaries	3,651	93,651	20,977	-	2,524	7,866	-	128,669
Provision for equity deficit of subsidiaries	-	-	-	(2,690)	-	-	(1,069)	(3,759)

(a) The subsidiaries' capital is not divided into units of interest or shares in their articles of organization.

(b) Payment of dividends by subsidiary ROMINOR, approved by the Board of Directors at the meeting held on February 12, 2019, in the amount of R$2,448, related to the second half of 2018. From such payment, the Company received R$2,278.

(In thousands of Brazilian reais, unless otherwise stated)

8 Related party transactions and balances

The balances and transactions with related parties as at June 30, 2020 and December 31, 2019 are as follows:

(i) Statement of financial position accounts – Parent

	Receivables		Payables	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Direct subsidiaries				
Romi Europe	3,672	2,425	308	188
Romi Italy	12,410	10,464	-	-
Romi Machine Tools	24,624	18,300	-	722
Romi A.L.	-	-	354	431
Irsa Maquinas Mexico	17,564	11,635	-	-
Rominor	4	4	-	-
Indirect subsidiaries				
B+W - Burkhardt+Weber	2,516	2,023		338
Romi France S.A.S.	10,957	8,678	-	-
Romi Máquinas España S.A.	6,679	4,129	-	-
Romi Machines UK	15,225	7,511	-	-
Total	93,651	65,169	662	1,679
Current	52,331	65,169	662	1,679
Noncurrent	41,320	-	-	
Total	93,651	65,169	662	1,679

(In thousands of Brazilian reais, unless otherwise stated)

(ii) Transactions

	Sales revenue		Operating expense and finance income (costs)	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Romi Europe	1,932	6,076	690	1,442
Rominor Comércio	9	17	0	0
Romi Italy	3,373	7,198	0	0
Romi Machine Tools	5,701	10,657	-	-
Romi France S.A.S.	4,495	5,678	-	-
Romi A.L.	-	-	175	388
Romi Machines UK	7,224	7,273	-	-
Irsa Maquinas Mexico	2,785	5,001	0	30
B+W - Burkhardt + Weber	36	4,167	0	362
Romi Máquinas Espãna	1,507	1,828	-	-
Total	27,062	47,895	865	2,222

The main balances and transactions with the aforementioned related parties refer to trading transactions between the parent and its subsidiaries.

The Company entered into trading transactions with certain subsidiaries for the supply and purchase of equipment, parts and pieces, but it does not have material transactions with related parties other than those described above. Decisions regarding transactions between the parent and its subsidiaries are made by management.

The Company provides administrative services, mainly accounting and legal services, to the parent Fênix Empreendimentos S.A.. The revenue until June 30, 2020 was R$78 (R$ 76 as at June 30, 2019).

The Company makes donations to Romi Foundation at amounts set in the agreement approved by the State Prosecutor’s Office. Donations until June 30, 2020 totaled R$1,627 (R$1,103 as at June 30, 2019).

(In thousands of Brazilian reais, unless otherwise stated)

Management compensation for the periods ended June 30, 2020 and 2019 was as follows:

	June 30, 2020	June 30, 2019
Fees and charges	2,909	2,755
Profit sharing	807	-
Private pension plan	262	125
Healthcare plan	130	124
Parent	4,108	3,004
Fees and charges of subsidiaries	53	49
Consolidated	4,161	3,053

The amounts shown above comply with the limits established by the Board of Directors and approved at the Annual General Meeting of Shareholders held on March 17, 2020.

9 Taxes recoverable

The breakdown of taxes recoverable is as follows:

	Note Note	June 30, 2020	December 31, 2019
Current			
Withholding Income Tax (IRRF)		60	65
Corporate Income Tax (IRPJ)		16,557	391
Social Contribution on Net Income (CSLL)		6	7
Social Security Contribution (INSS)		8	4
Excise Tax (IPI) - R$		6,624	6,043
Value-added Tax on Sales and Services (ICMS)		4,997	1,174
Social Integration Program (PIS)		481	67
Social Contribution on Revenues (COFINS)		2,008	307
Total Parent		30,741	8,058
Taxes recoverable of subsidiaries		7,260	7,289
Total Parent and Consolidated		38,001	15,347

(In thousands of Brazilian reais, unless otherwise stated)

	Note Note	June 30, 2020	December 31, 2019
Noncurrent			
ICMS included in the PIS and COFINS tax base	15 (a)	47,823	52,803
Value-added Tax on Sales and Services (ICMS)		1,339	1,598
IRPJ/CSLL - “Plano Verão”	15 (b)	18,984	-
Total Parent and Consolidated		68,146	54,401

10 Investment property

In 2012, the Company’s management decided, based on the perspectives of short and medium-term expansion of operations, to classify certain property as "Investment Property" for future capital appreciation. The amounts classified as investment property are R$13,500 (R$13,500 as at December 31, 2019) in the parent and R$18,163 (R$18,181 as at December 31, 2019) in the consolidated.

The investment property is stated at historical cost, and for fair value disclosure purposes the Company contracted an independent expert who applied a methodology accepted by the Brazilian Institute of Engineering Appraisals as well as recent transactions with similar property and assessed the fair value less cost to sell of this property at R$44,982 in the parent and R$126,420 in the consolidated.

11 Property, plant and equipment

Changes in property, plant and equipment, parent and consolidated, are as follows:

	Parent	Consolidated
At December 31, 2019, net	191,596	269,235
Additions	9,317	9,667
Disposals	(293)	(446)
Transfers, net	(65)	(65)
Depreciation	(10,416)	(15,055)
Foreign exchange difference	-	28,109
At June 30, 2020, net	190,139	291,445

(In thousands of Brazilian reais, unless otherwise stated)

	Parent	Consolidated
At June 30, 2020	190,139	291,445
Total cost	553,864	717,422
Accumulated depreciation	(363,725)	(425,977)
Net balance	190,139	291,445

The carrying amount of the property, plant and equipment under finance leases at June 30, 2020 amounted to R$9,528. The Company has discounted these assets to their present value. During the six-month period ended June 30, 2020, the Company recognized the amount of R$1,695 as depreciation expense in profit or loss.

As at June 30, 2020, the Company's Management carried out a new impairment testing of its property, plant and equipment and intangible assets. The assessment is carried out for each of the Business Units (see Note 18), which represent the cash-generating units and where the tangible and intangible assets are identifiable. The testing did not indicate, at this reporting date, the need to record impairment losses on its assets.

The value in use is estimated based on the present value of future cash flows arising from the continued use of the related assets. Cash flows are adjusted for specific risks and use pre-tax discount rates, which derive from the weighted average cost of capital (WACC), net of the related taxes. The main cash flow assumptions are: growth or reduction rates based on the main macroeconomic indexes and projection studies, such as the Gross Domestic Product (GDP), Energy Development Plan, among others, investments necessary to meet the projections and variation in working capital.

The discount rate used for the Romi Machinery and Rough and Machined Cast Iron Parts business units was 10.4% p.a., and for the German subsidiary B+W the rate of 5.4% p.a.. For the years 2020 and 2021, information on results made up to June 30, 2020, backlog orders, signed contracts and updated GDP projections was used. For the years 2022 to 2029, estimates are based on macroeconomic projections and the history of each business unit.

The Company used long-term growth rates in line with the history of its business units, and carried out elasticity tests as a comparative basis.

(In thousands of Brazilian reais, unless otherwise stated)

Due to the financing agreements with the BNDES for investments in property, plant and equipment, the Company pledged as collateral property, plant and equipment items amounting to R$74,074 as at June 30, 2020 (R$67,531 as at December 31, 2019). These items refer to land, buildings, facilities, machinery and equipment.

12 Intangible assets

Changes in intangible assets, parent and consolidated, are as follows:

	Parent	**Consolidated**
At December 31, 2019, net	600	54,361
Additions	663	663
Amortization	(173)	(2,424)
Foreign exchange difference	-	18,546
At June 30, 2020, net	1,090	71,146
Total cost	10,031	110,285
Accumulated amortization	(8,941)	(39,139)
Net balance	1,090	71,146

As at June 30, 2020, the Company's Management carried out a new impairment testing of its property, plant and equipment and intangible assets. The testing did not indicate, at this reporting date, the need to record impairment losses on its assets.

(In thousands of Brazilian reais, unless otherwise stated)

13 Borrowings

Changes in borrowings, parent and consolidated, are as follows:

			Parent			**Consolidated**
	Domestic currency	**Foreign currency**	**Total**	**Domestic currency**	**Foreign currency**	**Total**
Borrowing balance at						
December 31, 2019	20,150	72,041	92,191	20,150	94,365	114,515
New borrowing (a)	85,200	2,829	88,029	85,200	3,009	88,209
Payment of principal	(3,728)	(60,670)	(64,398)	(3,728)	(61,905)	(65,633)
Payment of interest	(1,277)	(593)	(1,870)	(1,277)	(593)	(1,870)
Exchange and monetary difference (principal and interest)	36	20,821	20,857	36	28,838	28,874
Interest at the end of the period	2,420	217	2,637	2,420	217	2,637
Borrowing balance at						
June 30, 2020	102,801	34,645	137,446	102,801	63,931	166,732
Current	92,558	34,645	127,203	92,558	51,521	144,079
Noncurrent	10,243	-	10,243	10,243	12,410	22,653
	102,801	34,645	137,446	102,801	63,931	166,732

(a) On March 20, 2020, the Company contracted financing from financial institutions in the total amount of R$85,200. Such financing was made through Export Credit Notes (“NCE”), with interest rates ranging from 3.19% p.a. to 4.65% p.a., plus the CDI, maturing in one year.

(In thousands of Brazilian reais, unless otherwise stated)

The maturities of financing recorded in noncurrent liabilities at June 30, 2020, in the parent and consolidated, were as follows:

	Parent	Consolidated
2021 (6 months)	3,170	4,514
2022	6,130	7,836
2023	906	2,610
2024	37	1,741
2025 onward	-	5,952
Total	10,243	22,653

14 FINAME manufacturer financing

	Parent and Consolidated	
	June 30, 2020	December 31, 2019
Current		
FINAME manufacturer financing	97,228	82,177
Noncurrent		
FINAME manufacturer financing	164,990	152,786
Total	262,218	234,963

The agreements related to FINAME manufacturing financing are guaranteed by promissory notes and sureties, and the main guarantor is the subsidiary Rominor. Balances are directly related to the balances of "Onlending of FINAME manufacturer financing" (Note 5), considering that the loans are directly linked to sales to specific customers. The contractual terms related to the amounts, charges and periods financed under the program are on-lent in full to the financed customers and amounts received on a monthly basis under the line item “Amounts receivable - onlending of FINAME manufacturer financing” are fully used for the repayment of the related financing agreements. The Company, therefore, acts as an agent for the financing, but remains as the main debtor in this transaction.

(In thousands of Brazilian reais, unless otherwise stated)

The balances of the line item "FINAME manufacturer financing" and, consequently, of the line item "Onlending of FINAME manufacturer financing" as at June 30, 2020 and December 31, 2019 were adjusted for inflation through the end of the reporting period. The difference of R$16,547 between these line items as at June 30, 2020 (R$ 29,049 as at December 31, 2019) refers to past-due trade notes, renegotiations in progress, and FINAME transactions not yet released by the agent bank. Management understands that there are no risks to the realization of these receivables, in addition to the amount of the allowance for doubtful accounts already recorded, since the amounts are collateralized by the financed machinery.

The non-current maturities of the FINAME manufacturer financing as at June 30, 2020, parent and consolidated, were as follows:

	Parent and Consolidated
2021	45,288
2022	72,733
2023	39,673
2024 onward	7,296
Total	164,990

15 Provision for tax, labor and civil risks and judicial deposits

The Company's management, based on the opinion of legal counsel, classified the legal proceedings in accordance with the likelihood of loss, as follows:

		Parent and Consolidated
	June 30, 2020	**December 31, 2019**
Tax	-	52
Civil	641	604
Labor	726	604
Total	1,368	1,260
Current liabilities	944	806
Noncurrent liabilities	424	454
	1,368	1,260

For legal proceedings classified as probable losses, changes in the provision for the period ended June 30, 2020 are as follows:

	December 31,	**Utilizations/**	**Inflation adjustment and**	**June 30,**

	2019	Additions	reversals	foreign exchange difference	2020
Tax	52	-	(52)	-	-
Civil	604	69	(78)	46	642
Labor	604	95	(43)	70	726
Total Parent and Consolidated	**1,260**	**164**	**(173)**	**116**	**1,368**

As at June 30, 2020, the main legal proceedings which were classified by Management, based on the opinion of its legal counselors, as probable losses or as legal obligation are as follows:

(a) Tax proceedings

Refer to the provisions for:

On October 24, 2006, the Company filed a common civil action challenging the constitutionality of the inclusion of ICMS on sales in the PIS and COFINS tax base, as well as for refund for overpayment retroactively to 5 years.

On March 15, 2017, when judging Extraordinary Appeal No. 574.706/PR regarding the general repercussion effect, the Federal Supreme Court (STF), by majority of votes, decided that the ICMS is not to be included in the PIS and COFINS tax bases since it is intended to the State and, therefore, is not included in the concept of revenue. However, on October 19, 2017 the National Treasury Attorney General's Office (PGFN) filed Motions to Clarify in view of the Court Decision published on October 2, 2017 by the STF. In this motion, PGNF requests the correction of alleged errors in the Court Decision. The most significant ones are as follows: (i) modulation of judgment effects (ii) lack of clarity on the ICMS to be excluded (whether the tax calculated or paid), which reflects on the determination of tax credit to be recovered as well as the future exclusion procedure; and (iii) material error regarding the analysis of gross and net revenue concepts brought by Law 6,404/76, the motions to clarify are pending analysis by the STF. In view of these facts, Management decided to maintain the present obligation derived from past events in the financial statements for the year ended December 31, 2018.

On March 13, 2019, the Company obtained a favorable final decision on the lawsuit on the subject. As a result, the then present obligation derived from a past event was no longer considered as an obligation and, therefore, the Company recorded in the financial statements for the first quarter of 2019 the effects of the favorable outcome on such lawsuit, amounting to R$138,008, before taxes, of which R$74,321 recorded in "Other operating income (expenses), net", and R$ 63,686 in line item "Finance income". The impact on profit for the period was R$105,564, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of the interest on capital, proposed in March 2019, in the amount of R$29,542, according to the Shareholder Notice dated March 26, 2019. On September 20, 2019, judicial deposits in the amount of R$88,456 were released and included in the Company's cash and cash equivalents.

As at June 30, 2020, there were no legal proceedings with risks of losses classified as probable.

(b) Tax proceedings ("Plano Verão")

On February 22, 2017, the Company obtained a favorable outcome in the proceeding in which the Company was the plaintiff and the Federal Government was the defendant, which claimed for the right to monetarily restate the statement of financial position for the calendar year 1989 by reference to the inflation for January and February of that year and to dismiss the inflation indexes of the legislation then in force (Plano Verão). After the final and unappealable decision, the Company measured the amounts arising from the proceeding, and on February 17, 2020, it filed a request with the Federal Revenue Office for authorization related to the inflation purge on the assets for the purpose of determining the complementary balance of the depreciation and their effects on the calculation of income tax and social contribution over the years. On March 16, 2020, the Federal Revenue Office approved the request regarding this credit, authorizing the Company to utilize it to offset future federal taxes. The Company recognized in the interim financial information for 1Q20 the effects from the favorable outcome on the tax proceeding "Plano Verão", which impacted the profit or loss for 1Q20 as follows: (i) EBIT/ EBITDA: reduced by R$955, due to the recognition of attorney's fees, in line item "Other operating income (expenses), net"; (ii) finance income (costs): increased by R$25,135, due to the inflation adjustment of the original amount of the credits; (iii) income tax and social contribution: increased by R$10,794, regarding the original amount of the credits; and (iv) profit for the period: increased by the impact from the net gain of R$34,974, already including the effects of income tax and social contribution on the gain, which was reduced by the use of the interest on capital, proposed in March 2020, as per the Shareholder Notice dated March 17, 2020.

(c) Ongoing tax lawsuits - Eletrobrás

In June 2020, the Company became aware, through its lawyers, of success in a significant legal proceeding, filed against Centrais Elétricas Brasileiras S.A. - Eletrobrás, the subject of which is to obtain the difference in the monetary restatement, from 1978 to 1993, on calculations of a compulsory loan on electric energy.

The amount to be credited to the Company's bank account subject to an online pledge made in the Eletrobrás account, net of attorneys' fees, is R$ 41.3 million before taxes, with an estimated impact on profit of R$ 30 million.

The defendant, Eletrobrás, still has procedural steps for appeal, which, although in the opinion of the Company's legal counsel are unlikely to be successful, will be brought before the courts. Therefore, the Company's Management understands that the aforementioned asset meets the requirements of a contingent asset, therefore, it is not subject to accounting recognition at this time.

The Company will not estimate the term for the lawsuit to be concluded or the aforementioned credit amount to be received in its bank account, considering the procedural steps that may vary depending on the course of action of the opposing party.

Accounting recognition will take place on completion of all procedural steps, which will coincide with the release of the funds pledged in court in favor of the Company.

(d) Civil proceedings

These refer to civil proceedings in which the Company is the defendant related mainly to the following claims: (i) revision/termination of contracts; (ii) damages; and (iii) annulment of protest of notes with losses and damages, among others.

(e) Labor claims

The Company has recorded a provision for contingencies for labor claims in which it is the defendant, the main causes are as follows: (i) additional overtime due to reduction of lunch break; (ii) health hazard premium/hazardous duty premium; (iii) stability prior to retirement; (iv) damages for work-related accident/disease; and (v) jointly liability over outsourced companies, among others.

(In thousands of Brazilian reais, unless otherwise stated)

The tax, civil and labor proceedings assessed as representing possible losses involve matters similar to those above. The Company's management believes that the outcomes of ongoing legal proceedings shall not result in disbursements higher than those recognized in the provision. The amounts involved do not qualify as legal obligations.

(e) Judicial deposits

The Company has judicial deposits amounting to R$1,877 (R$1,930 in 2019) of different nature and classified in noncurrent assets.

16 Income tax and social contribution

Income tax is calculated at the rate of 15% on the taxable profits plus a 10% surtax on taxable profit exceeding R$240, and social contribution is calculated at the rate of 9% on taxable profits, except for subsidiaries Rominor Comércio and Rominor Empreendimentos, which pay income tax and social contribution based on the deemed taxable income method.

The reconciliation of the tax effect on the Company's profit before income tax and social contribution through application of the prevailing tax rates as at June 30, 2020 and 2019 is as follows:

		Parent		**Consolidated**
	2020	**2019**	**2020**	**2019**
Profit before income tax and social contribution	43,896	117,585	43,495	113,645
Statutory rate (income tax and social contribution)	34%	34%	34%	34%
Income tax and social contribution expense at statutory rates	(14,925)	(39,979)	(14,788)	(38,639)
Reconciliation to the effective rate:				
Interest on capital	12,823	10,045	6,411	10,045
IR/CSLL Tax proceeding ("Plano Verão")	10,794	(1,569)	10,794	(1,569)
Research and development ("Lei do Bem" - Law 11,196/05)	1,622	1,685	1,622	1,685
Equity pickup	(1,908)	(5,310)		-
Unrecorded deferred income tax and social contribution at subsidiaries	-	-	(4,278)	(2,895)
Management profit sharing	(274)	-	(274)	-
Other additions (deductions), net	50	391	9,194	681
Current and deferred income tax and social contribution income (expense)	8,182	(34,737)	8,681	(30,692)

(In thousands of Brazilian reais, unless otherwise stated)

(a) The amount in the consolidated financial information refers basically to the difference in the calculation of income tax and social contribution between actual income method <lucro real> and deemed taxable income method <lucro presumido>, due to the fact that subsidiaries Rominor Comércio and Rominor Empreendimentos opted to calculate tax based on deemed taxable income method in the years presented, and for non-recognition of deferred income taxes on the tax losses of foreign subsidiaries, except for BW.

The breakdown of income tax and social contribution income (expense) is as follows:

	Parent		Consolidated	
	2020	**2019**	**2020**	**2019**
Current	8,090	(15,993)	7,660	(16,048)
Deferred	92	(18,744)	1,021	(14,644)
Total	8,182	(34,737)	8,681	(30,692)

Changes in deferred tax assets and liabilities, parent and consolidated, for the period ended June 30, 2020 were as follows:

	Assets		Liabilities
	Parent	**Consolidated**	**Consolidated**
At December 31, 2019	23,577	24,822	31,630
Changes in the year			
Additions	1,866	2,310	-
Realization	(1,774)	(1,843)	(554)
Foreign exchange difference		880	11,340
At June 30, 2020	23,669	26,169	42,416

17 Equity

Capital

As at June 30, 2020 and December 31, 2019, the Company's subscribed and paid-up capital amounting to R$492,025 is represented by 62,857,647 book-entry, registered common shares, without par value, all with the same rights and benefits.

Income reserve

a) Legal reserve

As required by Article 193 of Law 6,404/76, the balance of the line item "Legal reserve" is equivalent to 5% of the profit for the year, limited to 20% of the share capital. As at June 30, 2020 and December 31, 2019, the legal reserve amounted to R$54,322.

b) Retained earnings reserve

According to the notice to the market on March 26, 2019 and December 12, 2019, approval was given for the distribution of interest on capital, which was paid on March 31, 2020 and January 10, 2020, respectively. The total amount paid by the Company, net of withholding income tax, was R$39,378.

According to the notice to the market on March 17, 2020, approval was given for the distribution of interest on capital, to be attributed to the mandatory dividends for 2020 in the gross amount of R$31,429, for payment by the end of the 2021 fiscal year.

According to the notice to the market on June 16, 2020, approval was given for the distribution of interest on capital, to be paid on November 16, 2020 in the gross amount of R$6,286.

Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of outstanding common shares in the period, excluding common shares purchased by the parent and held as treasury shares.

	Note	June 30, 2020	June 30, 2019
Profit for the period attributable to the controlling shareholders		52,078	82,848
Weighted average number of shares outstanding in the period (in thousands)		62,858	62,858
Basic and diluted earnings per share		0.83	1.32

Basic and diluted earnings per share are the same, since the Company does not have any instruments diluting the earnings per share.

(In thousands of Brazilian reais, unless otherwise stated)

18 Segment reporting - consolidated

To manage its business, the Company is organized into three business units on which the Company reports its primary information by segment, namely: Romi Machinery, Burkhardt+Weber Machinery and Cast and Machined Products. The information for the period ended June 30, 2020 was prepared and is being presented on a comparative basis with the period ended June 30, 2019, according to the Company's segments:

					June 30, 2020
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	158,754	106,788	96,411	-	361,953
Cost of sales and services	(81,591)	(87,473)	(89,570)	-	(258,634)
Transfers remitted	550	-	10,100	(10,650)	
Transfers received	(10,100)	-	(550)	10,650	
Gross profit	67,613	19,315	16,391	-	103,319
Operating (expenses) income:					
Selling expenses	(29,611)	(7,991)	(1,852)	-	(39,454)
General and administrative expenses	(14,827)	(13,512)	(6,433)	-	(34,772)
Research and development	(8,235)	-	(2,309)	-	(10,544)
Management fees	(2,342)	-	(1,819)	-	(4,161)
Other operating income, net	626	-	-		626
Operating profit (loss) before finance income (costs)	13,223	(2,188)	3,977	-	15,012
Inventory	287,851	82,092	46,054	-	415,997
Depreciation and amortization	6,165	5,250	6,064	-	17,479
Property, plant and equipment, net	88,905	85,098	117,442	-	291,445
Intangible assets	1,076	70,056	14	-	71,146

	Europe	Latin America	North America	Africa and Asia	Total
Net operating revenue per geographical region	99,393	206,767	12,022	43,772	361,953

(In thousands of Brazilian reais, unless otherwise stated)

					June 30, 2019
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	148,657	70,124	69,844	-	288,625
Cost of sales and services	(74,983)	(66,854)	(80,196)	-	(222,033)
Transfers remitted	1,268	-	14,416	(15,684)	
Transfers received	(14,416)	-	(1,268)	15,684	
Gross profit	60,526	3,270	2,796	-	66,592
Operating (expenses) income:					
Selling expenses	(30,980)	(5,574)	(2,619)	-	(39,173)
General and administrative expenses	(17,474)	(12,268)	(4,982)	-	(34,724)
Research and development	(8,707)	-	(1,801)	-	(10,508)
Management fees	(2,124)	-	(929)	-	(3,053)
Other operating income (expenses), net	54,818	-	20,810		75,628
Operating profit (loss) before finance income (costs)	56,059	(14,572)	13,275	-	54,762
Inventory	271,256	74,395	35,015	-	380,666
Depreciation and amortization	5,657	4,809	6,165	-	16,631
Property, plant and equipment, net	84,954	63,572	115,034	-	263,560
Intangible assets	707	53,835	19	-	54,561

	Europe	Latin America	North America	Africa and Asia	Total
Net operating revenue per geographical region	91,321	176,484	11,147	9,673	288,625

(In thousands of Brazilian reais, unless otherwise stated)

19 Future commitments

On April 10, 2017, the Company and Centrais Elétricas Cachoeira Dourada S.A. - CDSA, belonging to Endesa, decided to amend the agreement for the supply of electric energy entered into on May 1, 2007, which intended to contract a volume of electric energy according to the Company's needs. On May 30, 2019, the Company entered into an electric energy purchase agreement with Engie Brasil Energia Comercializadora LTDA - Engie, for the periods following the ongoing agreement with CDSA. As a result, the supply of electric energy has been extended for further three years, up to December 31, 2023, and has reflected the following commitments that will be adjusted annually by the General Market Price Index (IGP-M).

Year of supply	**Amount**
2020	8,990
2021	15,396
2022	14,743
2023	14,528
Total	53,657

The Company's management believes that this agreement is compatible with the electricity requirements for the contracted period.

20 Impacts of COVID-19

In March of this year, with the beginning restrictions on the freedom of movement due to the COVID-19 pandemic, the global scenario for the industry began to show significant changes. The first Romi units to feel the effects of the pandemic were those located in Europe, a continent strongly affected by COVID-19. We saw a fall in our business, which was intensified by the social restriction guidelines in the countries that Romi operates, such as Italy, France, Spain, Germany, and the United Kingdom. Deliveries of equipment already sold and produced also saw impacts, however, to date, there has been no significant cancellation volume for these orders, which are expected to be delivered over the second half of 2020. Operations located in the Americas (Brazil, USA, Mexico, Argentina, and other countries), with the adoption of restrictive measures in mid-March, also began to be affected.

In view of these circumstances, the Company's Management adopted all health recommendations from the competent authorities and, in addition, established the suspension of all operations in Brazil, on March 24, 2020, for the risk group, and, on December 30, March 2020, for other employees, up to April 21, 2020, through vacations, hours bank and exchange of holidays. We would like to inform you that, as of the present date, we are operating normally, with some additional safety measures, such as: providing disposable masks, measuring body temperature on entering the Company, providing sanitizing gel at certain locations, readjusting the layout and signage on restaurant floors for greater distance between staff and we have intensified the cleaning of communal areas. Foreign subsidiaries are also following the guidelines and preventive measures adopted in Brazil, according to the activities they perform.

Analyzing the results for the first half of 2020, the aforementioned decision or other decisions did not have a material impact on operations, given that we were able to deliver a significant part of the equipment, cast and machined parts and other areas of the Company to our customers within the originally agreed deadlines.

As regard continuity of the Company's business, since the beginning of March this year, observing the progress of our European subsidiaries, we have implemented sales activities, such as the launch of a new machine leasing product and campaigns with special conditions abroad to boost machine sales. There was also fundraising and increased liquidity. We also revised production volumes, reducing the purchase of raw materials and components and extended deadlines for receivables from certain suppliers. In addition, we accessed the most significant contracts, evaluating, proposing and discussing a viable reduction in prices with the respective partners, in addition to a readjustment of the workforce, carried out in May 2020, the impact of which, before taxes, on Profit or Loss for the period was approximately R$ 4,300 thousand.

In relation to liquidity, approximately R$ 88 million was raised in financing lines, of which R$ 85.2 million was in local currency (Brazilian Reais). The effective cost of this funding in Reais was between CDI +3.19% pa and CDI + 4.65% p.a. with a payment period of one year. The Company continues to identify other lines of credit should an additional amount be needed to ensure liquidity. Considering the Company's net financial position on March 31, 2020, it is estimated that this financial volume would be equivalent to approximately eight months of overhead costs.

The Company's Management, on this date, believes that current financing will be settled within the original terms, and new financing may be raised for the normal course of business.

As at June 30, 2020, the Company had assets pegged to foreign currencies in excess of liabilities of approximately US$ 12.5 million, that is, there was no liability exposure, as those assets act as a hedge for loans and other accounts payable in foreign currency.

Furthermore, exchange rates have the following main impacts on Romi's operations:

- Cost structure: around 35% of inputs are imported or impacted by exchange rate variations;
- Exports: approximately US$ 20 million per year refers to exports, with the values of the price lists being negotiated in foreign currency (Dollar or Euro) and, therefore, a devalued Real results in a higher profit margin from exports; and
- Domestic sales: a very depreciated Brazilian Real makes Romi products more competitive, especially at the Romi Machinery Unit, as competition in this segment is with international manufacturers that do not manufacture in Brazil.

The supply chain continues to produce and is able to make deliveries, and does not pose a high risk of interruptions in production due to the lack of raw materials or components.

In our Accounts Receivable, the most significant amounts basically refer to three types, namely: (i) sale through the BNDES FINAME line, in which Romi is the primary debtor of the operation, where a machine is pledged as real property security, through a retention of title certificate; (ii) Romi direct financing, in the case of used machines; and (iii) sale of cast and machined parts.

For the FINAME line, from BNDES, on April 1, 2020, the SUP/ADIG CIRCULAR No. 12/2020-BNDES, dated March 28, 2020, entitled BNDES Emergency Renegotiation of Automatic Indirect Operations - BNDES Emergency Renegotiation Line was published. This Circular allowed renegotiation of contractual installments maturing between April 2020 (up to and including) and September 2020 (up to and including), with the value of renegotiated installments incorporated into the debtor balance and redistributed over the remaining installments of the debt, maintaining the final maturity of the debt, therefore, the renegotiation of the last installment is not permitted. This program allows our customers a grace period for ongoing contracts of up to six monthly installments, supporting liquidity. As of the present date, approximately 35% of the total number of contracts required adherence to emergency renegotiation, and their acceptance and approval are at the discretion of Romi and the accredited financial institutions/issuers, which, to date, have received around 83% of the requests.

In the Romi direct financing receivables portfolio, we have so far identified a volume of default similar to that prior to the pandemic, with approximately 18% of the number of customers requesting to postpone installments falling due in June, with each case being analyzed on a case by case basis. The Company then decides whether or not to accept the request.

The Cast and Machined portfolio, to date, has not shown any signs of growth in its level of default.

With the restrictions on social distancing, in Brazil and across the world, the volume of new business from the second half of March to the present date has shown a significant reduction, however, from May onwards we could see a gradual recovery in the volume of orders, both in Brazil and abroad. However, it is still not feasible to predict what new level of activity at the end of the pandemic will be. The Company has frequently monitored and discussed possible impacts and looked for alternatives to enable it to respond quickly to new levels of demand.

As for the order backlog on June 30, 2020, we have not had significant cancellations. Of the orders whose delivery deadlines were planned for the second quarter of 2020, there were postponements at the amount of 17,707 million, which represented 22% of the portfolio on June 30, 2020, due to restrictions at certain locations due to the pandemic.

The main trade fair for the sector in 2020, Feira Internacional de Máquinas e Equipamentos - FEIMEC (International Machinery and Equipment Fair), which would have been held in the city of São Paulo, from May 5 to 9, was postponed to the period from May 3 to 7, 2022. The other international fairs are still being assessed, and our participation will be evaluated in accordance with our long-term strategy for consolidating the Romi brand abroad.

* * * * *

2Q20
Earnings Release

July 21, 2020

June 30, 2020

Share price on 7/20/2020
ROMI3 – R$13.74 per share

Market Value
R$ 863.7 million
US$ 161.0 million

Number of shares
Common: 62,857,647
Total: 62,857,647

***Free Float* = 50,8%**

Earnings Conference Call in Portuguese
July 22, 2020 | 10:30 a.m. (São Paulo)
Dial-in number: +55 (11) 4680-6788
ID: 856 0274 9228

Earnings Conference Call in English
July 22, 2020
12 p.m. (São Paulo) | 4 p.m. (London) | 11 a.m. (New York)
Dial-in numbers:
https://us02web.zoom.us/u/kbF43Sq7Tu
ID: 812 2721 1260

Santa Bárbara d'Oeste - SP, July 21, 2020

Indústrias Romi S.A. (“Romi” or “Company”) (B3: ROMI3), domestic market leader in the Machine Tools and Plastic Processing Machines markets, as well as an important producer of Rough and Machined Cast Iron Parts, announces its results for the second quarter of 2020 (“2Q20”). Except where otherwise stated, the Company’s operating and financial information is presented on a consolidated basis, in accordance with International Financial Reporting Standards (IFRS).

Statements contained in this release related to Romi's business outlook, projections of operating and financial results and references to the Company's growth potential are mere forecasts and have been based on Management's expectations regarding its future performance. These expectations are highly dependent upon market behavior, economic situation in Brazil, the industry and international markets. Therefore, they are subject to changes.

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Highlights

All business units recovered margins and EBITDA Margin reaches 9.8% in 2Q20

▪ The net operating revenue increased by 16.8% in 2Q20 over the same period in 2019, reflecting positively on the EBITDA margin, which in the same period increased by 5.8 p.p.;

▪ The net operating revenue of the Rough and Machined Cast Iron Parts Unit grew by 39.1% in 2Q20 over 2Q19, due to the start of deliveries of large parts. The operating margin posted a growth of 14.2 p.p., reflecting the higher production volume, evolution in operational efficiency and higher revenue; and the incoming orders remain growing and solid;

▪ At the Romi Machines Unit, the net operating revenue decreased slightly by 4.4% in 2Q20 compared to 2Q19 due to projects that were postponed to 3Q20 as a result of the pandemic situation but that, with the significant reduction in operating expenses, resulted in an expansion of the operating margin, which in the same comparison period grew by 3.0 p.p.;

▪ Even in a global pandemic environment and with the main fairs in the sector not happening, incoming orders at the Romi Machines Unit posted a slight reduction of 5.8% in 2Q20 when compared to 2Q19. The Company has been looking for new business alternatives, such as the new machine rental business;

▪ The B+W Machines Unit posted a growth of 33.7% in net operating revenue in 2Q20. The higher volume of revenue, combined with projects focused on increasing profitability, reflected on the growth of the operating margin, which increased by 6.3 p.p. in the same comparison period;

▪ The order backlog grew by 9.4% at the end of the second quarter of 2020 as compared to June 2019, with highlights to the Romi Machines and Rough and Machined Cast Iron Parts Business Units;

	Quarterly					Accumulated		
R$'000	2Q19	1Q20	2Q20	Chg.	Chg.	1H19	1H20	Chg.
Revenues Volume				2Q20/1Q20	2Q20/2Q19			2020/2019
Romi Machines (units)	172	164	137	-16.5%	-20.3%	309	301	-2.6%
Burkhardt + Weber (units)	8	3	5	66.7%	-37.5%	10	8	-20.0%
Rough and Machined Cast Iron Parts (tons)	3,836	4,095	4,263	4.1%	11.1%	7,403	8,359	12.9%
Net Operating Revenue	**167,859**	**165,941**	**196,012**	18.1%	16.8%	**288,625**	**361,953**	25.4%
Gross margin (%)	*25.8%*	*29.1%*	*28.1%*			*23.2%*	*28.5%*	
Operating Income (EBIT)	**(1,681)**	**4,714**	**10,300**	118.5%	-712.7%	**54,763**	**15,014**	-72.6%
Operating margin (%)	*-1.0%*	*2.8%*	*5.3%*			*19.0%*	*4.1%*	
Operating Income (EBIT) - adjusted (*)	**(1,681)**	**5,669**	**10,300**	81.7%	-712.7%	**(19,558)**	**15,969**	-181.6%
Operating margin (%) - adjusted (*)	*-1.0%*	*3.4%*	*5.3%*			*-6.8%*	*4.4%*	
Net Income	**(4,348)**	**40,817**	**11,358**	-72.2%	-361.2%	**82,953**	**52,175**	-37.1%
Net margin (%)	*-2.6%*	*24.6%*	*5.8%*			*28.7%*	*14.4%*	
Net Income - adjusted (*)	**(174)**	**5,843**	**11,358**	94.4%	-6627.6%	**(18,437)**	**17,201**	-193.3%
Net margin (%) - adjusted (*)	*-0.1%*	*3.5%*	*5.8%*			*-6.4%*	*4.8%*	
EBITDA	**6,688**	**13,271**	**19,221**	44.8%	187.4%	**71,394**	**32,492**	-54.5%
EBITDA margin (%)	*4.0%*	*8.0%*	*9.8%*			*24.7%*	*9.0%*	
EBITDA - adjusted (*)	**6,688**	**14,226**	**19,221**	35.1%	187.4%	**(2,927)**	**33,447**	-1242.7%
EBITDA margin (%) - adjusted (*)	*4.0%*	*8.6%*	*9.8%*			*-1.0%*	*9.2%*	
Investments	**6,032**	**6,316**	**3,351**	-46.9%	-44.4%	**13,183**	**9,667**	-26.7%

EBITDA = Earnings before interest, taxes, depreciation and amortization.

(*) 1H19: As described in the "Success in Legal Proceeding" section of this report, the Company recognized in the financial statements for 1Q19 the effects of the favorable final decision on the tax proceeding (judicial proceeding on the exclusion of ICMS from the PIS and COFINS tax base). The effects impacted the financial information as follows: (i) EBIT/EBITDA: increased by R$ 74,321 thousand, due to the recognition of the original amount of the proceeding under "Other operating income (expenses)"; and (ii) result for the period: increased by the impact of the net gain of R$ 105,564 thousand, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of the interest on capital proposed in March 2019, as per the Shareholders Notice dated March 26, 2019. In 2Q19, the Company reviewed the calculations related to the success in tax proceeding, named Summer Plan, recognized in the financial statements for 2Q18. As a result of this review, the result for 2Q19 was impacted (decreased) by R$ 4,174 thousand, already considering the effects of income tax and social contribution.

1H20. As described in the "Success in Legal Proceeding (Plano Verão)" section of this report, the Company recognized in the financial statements for 1Q20 the effects of the favorable final decision on the tax proceeding (Plano Verão), which impacted the quarterly results as follows: (i) EBIT/EBITDA: decreased by R$1.0 million, due to the recognition of expenses with legal fees, under "Other operating income (expenses), net"; (ii) financial results: increased by R$25.1 million as a result of the monetary restatement of the original amount of the tax credits; (iii) income tax and social contribution: increased by R$10.8 million, due to the original amount of the credits; and (iv) profit for the period: increased by the impact of the net gain of R$35.0 million, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of the interest on capital proposed in April 2020, as per the Shareholders Notice dated March 17, 2020.

Corporate Profile


Romi Industrial Complex in Santa Bárbara d'Oeste - SP

Romi, founded in 1930, is the leader in the Brazilian industrial machinery and equipment market, and an important manufacturer of rough and machined cast iron parts.

The Company is listed on B3's "New Market", which is reserved for companies with a higher level of corporate governance. Romi manufactures machine tools (Conventional Lathes, Computerized Numerical Control (CNC) Lathes, Lathing Centers, Machining Centers, Vertical and Horizontal Heavy and Extra-Heavy Lathes and Drilling Mills), Plastic Injection or Blow Molding Machines and ductile or CDI gray cast iron parts, which may be supplied in raw or machined form. The Company's products and services are sold around the world and used by various industrial segments, such as the automotive (light and heavy), agricultural machinery, capital goods, consumer goods, tools, hydraulic equipment and wind power industries, among many others.

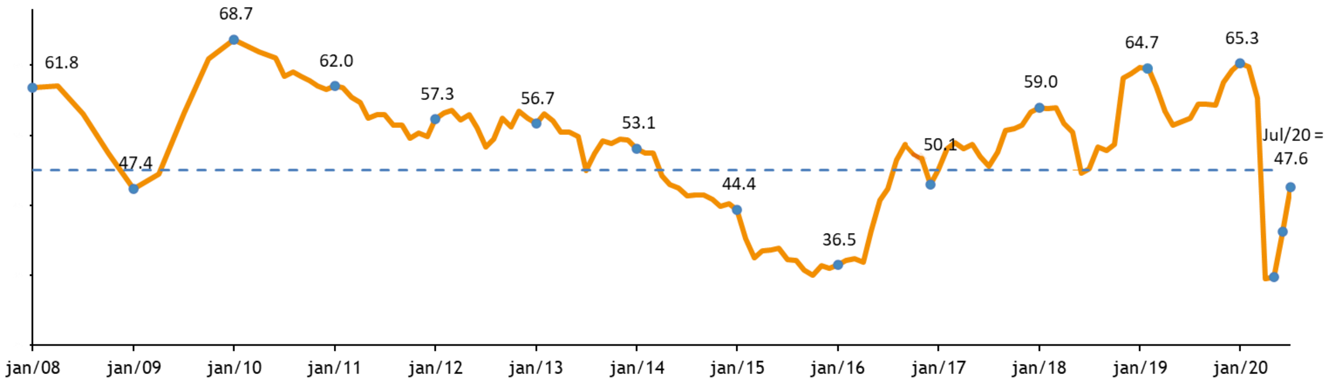
The Company has thirteen manufacturing units, four of which for final assembly of industrial machinery, two foundries, four units for machining of mechanical components, two units for manufacture of steel sheet components, and one unit for assembly of electronic panels. Of these, eleven are located in Brazil and two in Germany. The installed capacity of industrial machines and casting production is of, respectively, about 2,900 units and 50,000 tons per year.

Current Economic Scenario

The year 2020 started with the continuity of the economic recovery, but with the declaration of the pandemic state, from mid-March, the volume of business suffered a temporary reduction although more recently there was an important recovery in Romi Machines' incoming orders. Although the environment is still undergoing a high degree of uncertainty, the reduction in interest rates and the devaluation of the Real currency, combined with an inflation forecast within the official target, has stimulated the industry and the country in general to allocate a larger share of capital in the productive economy, and this impacts mainly the Romi Machines and Rough and Machined Cast Iron Parts Units. As of June of this year, we have seen a recovery in relation to the volume of business carried out in March and April.

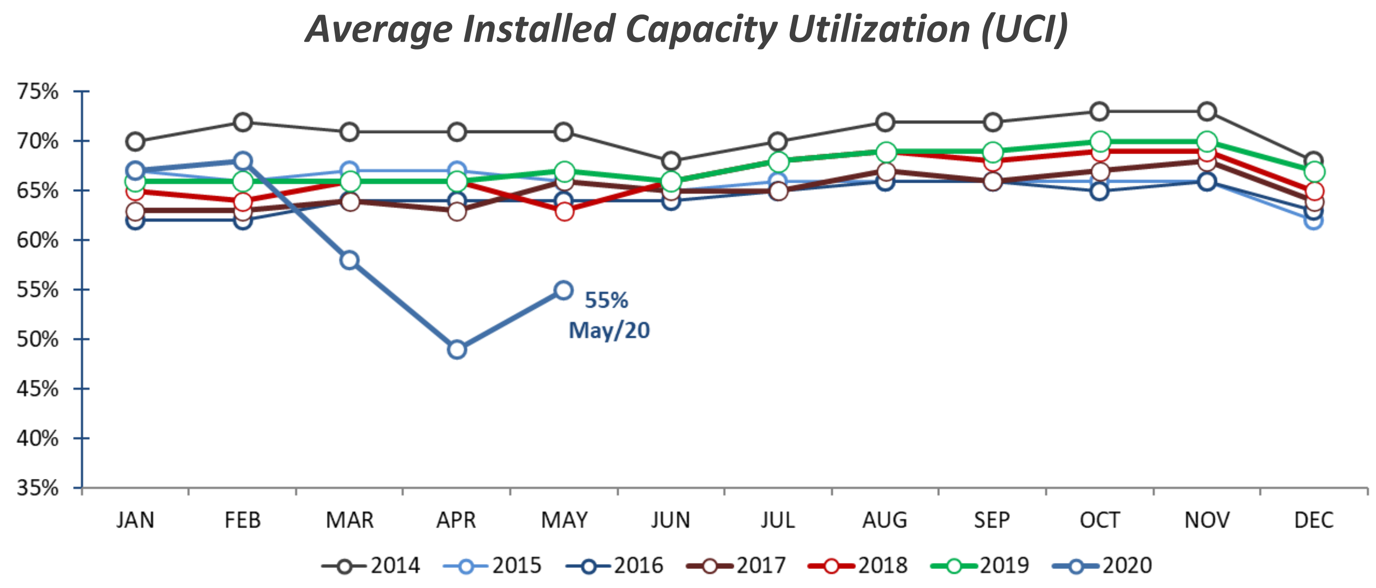
However, with the uncertainty environment generated by Covid-19, as shown below, the Industrial Entrepreneur Confidence Index (ICEI) was at 47.6 in July.

Industrial Entrepreneur Confidence Index – ICEI



Source: CNI - ICEI, July 2020

The Installed Capacity Utilization (UCI) index of the Brazilian industry in general, as released by the National Confederation of Industries (CNI), was also being consolidating at an important growth level, when compared to the last years, showing a solid recovery of the Brazilian economy.



Source: CNI - UCI, May 2020

However, we emphasize that Romi continues to implement actions to streamline its structure and the planning and manufacturing process, to respond quickly to the demand volatility. Over the past few years, we have made several optimizations, especially in indirect structures, and in 2Q20 EBIT and EBITDA are impacted by approximately R$ 4,300 thousand in costs with structure adjustment. We reinforced the focus on cost and expense reduction projects, in addition to investing in automation and productivity, focusing on the increase of profitability, which can be noted since 2017. Strategically, we have defined the launching of new product generations as a priority. The first lines are already successful in the domestic and international markets. This gives us great confidence that we are very well prepared for the rekindling of the domestic economy.

Impacts from COVID-19

In March of this year, with the beginning of mobility restrictions in the face of the pandemic related to COVID-19, the global scenario for the industry began to show significant changes. The first Romi units to feel the effects of the pandemic were those located in Europe, a continent heavily impacted by COVID-19. In view of this scenario, we saw a fall in the origination of our business due to the numerous social restrictions in the countries where Romi operates. However, although we are still experiencing a scenario of uncertainty, starting in June, with an environment of lower interest rates, a devalued Real currency and controlled inflation, we saw an important recovery in the volume of new business.

Some of the equipment deliveries scheduled for 2Q20 were postponed to the third quarter and, to date, there has been no significant volume of order cancellation.

In view of the global pandemic situation, the Company's Management adopted all health recommendations of the competent bodies and additionally established the suspension of all operations in Brazil, on March 24, 2020, for the risk group, and, on March 30, 2020, for the other employees, until April 21, 2020, through vacations, working hours bank and exchange of holidays. We also inform that at the present day we are operating normally, with several additional safety measures, according to the protocol created by Romi in line with the best practices provided by the competent authorities.

Analyzing the results for the first half of 2020, the above decision or any other decision did not have a material impact on operations, since most of the equipment, rough and machined cast iron parts, and other areas of the Company were able to deliver to our customers within the originally agreed terms.

In relation to liquidity, in early March approximately R$ 88 million were raised in financing lines, of which R$ 85.2 million were in local currency (reais). The actual cost of such funding in Reais was between CDI + 3.19% p.y. and CDI + 4.65% p.y., with a payment term of one year. The Company continues to identify other financing lines if an additional amount is needed to ensure liquidity. Assuming the Company's net financial position as at June 30, 2020, it is estimated that this financial volume would be equivalent to approximately eight months of fixed costs.

The Company's management, on this date, understands that the current financing will be settled within its original terms, and new financing may be raised for the normal course of business.

As at June 30, 2020, the Company had assets indexed to foreign currencies in excess of liabilities of approximately US$ 12.5 million, i.e., there was no liability exposure, as said assets act as natural hedge for borrowings and other payables in foreign currency.

The supply chain continues to produce and is able to deliver on the agreed levels, not posing a high risk of interruption in production due to the lack of national and imported raw materials and components.

In our Accounts Receivable, the most significant amounts refer basically to three types, namely: (i) sale through the BNDES FINAME line, where Romi is the primary debtor in the operation and the machine itself is the guarantee of this transaction, through a retention of title certificate; (ii) Romi direct financing, in the case of used machines; and (iii) sale of cast and machined parts.

For the FINAME line, from BNDES, on April 1, 2020, the SUP/ADIG CIRCULAR LETTER No. 12/2020-BNDES, dated March 28, 2020, entitled BNDES Emergency Renegotiation of Automatic Indirect Operations – BNDES Emergency Renegotiation Line, was published. This Circular Letter allowed contracts to renegotiate installments maturing between April 2020 (up to and including) and September 2020 (up to and including), with the amount of renegotiated installments being incorporated into the debt balance and redistributed in the remaining installments of the debt, maintaining the final term of the debt, therefore, the renegotiation of the last installment is not permitted. This program allows our customers a grace period in contracts in progress of up to six monthly installments, supporting liquidity. As of the present date approximately 35% of the total number of contracts required adherence to emergency renegotiation.

In the portfolio of Romi direct financing receivables, up to the present date we have identified a volume of defaults similar to those prior to the pandemic. The Rough and Machined Cast Iron Parts portfolio, to date, has not shown any signs of growth in its default levels.

The main fair of the sector in 2020, FEIMEC – International Machinery and Equipment Fair, which would have taken place in the city of São Paulo, from May 5 to May 9, was postponed to the period from May 3 to May 7, 2022. The other international fairs are still being analyzed, and our participation will be evaluated according to our long-term strategy for consolidating the Romi brand abroad.

Market

The Company's main leading edges in the market; namely, products with cutting-edge technology, own nationwide distribution network, own ongoing technical assistance, availability of attractive customer credit packages in local currency, and short product delivery times, are all recognized by customers, giving the ROMI® brand name a traditional and prestigious reputation.

Order entry

Order Entry (R$ 000) Gross Values, sales taxes included	2Q19	1Q20	2Q20	Chg. 2Q20/1Q20	Chg. 2Q20/2Q19	1H19	1H20	Chg. 20/19
Romi Machines	116,053	87,624	109,324	24.8%	-5.8%	188,009	196,948	4.8%
Burkhardt+Weber Machines	41,396	20,182	-	-100.0%	-100.0%	73,595	20,182	-72.6%
Rough and Machined Cast Iron Parts	66,560	79,616	73,095	-8.2%	9.8%	103,638	152,711	47.4%
Total *	**224,008**	**187,423**	**182,418**	**-2.7%**	**-18.6%**	**365,241**	**369,841**	**1.3%**

* The informed amounts related to incoming orders and order backlog do not include parts and services.

Even with the pandemic and the cancellation of the main fairs in the machinery and equipment sector, the incoming orders volume at the Romi Machines Unit observed in 2Q20 was solid, with a 5.8% reduction compared to 2Q19. The Company has been looking for new alternatives to enable new businesses, such as the leasing of machines, for example, and these initiatives contributed to the good results. At German subsidiary B+W, there were no incoming orders in 2Q20, reflecting the impacts of the pandemic on the world economy and the impacts of the pandemic related to Covid-19. Although there are still projects under discussion, the current environment has discouraged the completion of new businesses, resulting in the postponement of decision making by customers.

The Rough and Machined Cast Iron Parts Unit posted, in 2Q20, a 9.8% increase in incoming orders, when compared to 2Q19, demonstrating the continuity of business of large castings for the energy segment.

Order Backlog

Order Backlog (R$ 000) Gross Values, sales taxes included	2Q19	1Q20	2Q20	Chg. 2Q20/1Q20	Chg. 2Q20/2Q19
Romi Machines	119,291	111,063	151,191	36.1%	26.7%
Burkhardt+Weber Machines	183,251	164,039	118,574	-27.7%	-35.3%
Rough and Machined Cast Iron Parts	62,930	106,829	130,080	21.8%	106.7%
Total *	**365,472**	**381,931**	**399,845**	**4.7%**	**9.4%**

*The informed amounts related to incoming orders and order backlog do not include parts and services.

At the end of the second quarter of 2020, the order backlog grew by 9.4% compared to the same period in 2019. This growth is related to the higher business volume in Romi Machines' domestic market, where we noticed an important resumption of investments as from June 2020. In addition, the heavy parts market at the Foundry continues quite heated, as can be seen in the growth in the volume of new orders at this unit.

Operational Performance

Net Operating Revenue by Business Unit

Net operating revenue posted by the Company in 2Q20 reached R$ 196.0 million, 16.8% higher than in 2Q19. With the exception of Romi Machines unit, the other business units posted growth in the period.

	Quarter					Accumulated		
Net Operating Revenue (R$ 000)	**2Q19**	**1Q20**	**2Q20**	**Chg. 2Q20/1Q20**	**Chg. 2Q20/2Q19**	**1H19**	**1H20**	**Chg. 20/19**
Romi Machines	79,738	82,503	76,250	-7.6%	-4.4%	148,657	158,753	6.8%
Burkhardt+Weber Machines	52,408	36,707	70,081	90.9%	33.7%	70,124	106,788	52.3%
Rough and Machined Cast Iron Parts	35,713	46,731	49,680	6.3%	39.1%	69,844	96,411	38.0%
Total	**167,859**	**165,941**	**196,011**	**18.1%**	**16.8%**	**288,625**	**361,952**	**25.4%**

Romi Machines

The net operating revenue of this Business Unit reached R$ 76.3 million in 2Q20, posting a decrease of 4.4% when compared to 2Q19. The global pandemic situation impacted some machine deliveries that were scheduled for 2Q20, with the majority of these orders being postponed to 3Q20.

Burkhardt + Weber Machines

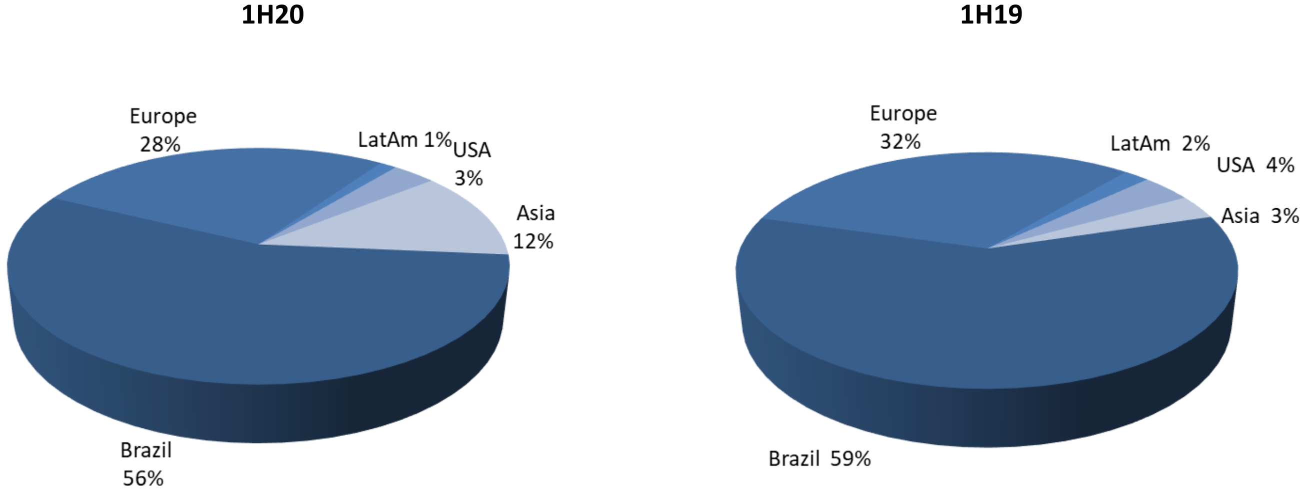
In 2Q20, the revenue of the German subsidiary B+W, in Reais, was 33.7% higher than in 2Q20. In Euros, the volume of revenue was similar in both periods. Although the current scenario for B+W faces great challenges for obtaining new orders, the order backlog for equipment to be delivered throughout 2020 was quite robust, and all orders agreed to be delivered in 2Q20 were duly produced and delivered.

Rough and Machined Cast Iron Parts

The net operating revenue of this Business Unit was R$49.7 million in 2Q20, an increase of 39.1% as compared to 2Q19, due to the continuity of business related to large rough and machined cast iron parts for the energy sector.

Net Operating Revenue by Geographical Region

The domestic market accounted for 56% of Romi's consolidated revenue in 1H20 (59% in 1H19). Considering the revenue obtained in foreign markets, which takes into account sales by Romi's subsidiaries abroad (Germany, China, United States, Italy, United Kingdom, France, Mexico and Spain) and direct sales to other markets, the distribution of Romi's consolidated revenue by geographical region was the following:



The following shows the foreign market revenue, in Reais (R$) and in US dollars (US$):

Foreign Sales	Quarter					Accumulated		
	2Q19	1Q20	2Q20	Chg. 2Q20/1Q20	Chg. 2Q20/2Q19	1H19	1H20	Chg. 1H19/1H18
Net Sales (R$ million)	78.4	60.2	101.5	68.7%	29.5%	118.8	161.6	36.0%
Net Sales (US$ million)	20.1	12.9	18.6	44.2%	-7.1%	30.8	31.6	2.5%

In the foreign market, Europe decreased its share of consolidated revenue in 1H20, from 32% to 28%, due to the projects of the German subsidiary B+W being more concentrated in Asia. Latin America maintained its share, mainly in South America. The USA showed a slight drop in its share in 1H20, reflecting the increase in sales from B+W to Asia.

Operating Costs and Expenses

The gross margin obtained in 2Q20 was 28.1%, an increase of 2.4 p.p. compared to 2Q19. The adjusted operating margin (adjusted EBIT) increased by 6.3 p.p. in the same period. The higher volume of revenues, combined with the control of operating expenses, resulted in significant growth in operating margins.

	Quarter					Accumulated		
Gross Margin	**2Q19**	**1Q20**	**2Q20**	**Chg. p.p. 2Q20/1Q2**	**Chg. p.p. 2Q20/2Q1**	**1H19**	**1H20**	**Chg. pp 2020/2019**
Romi Machines	41.0%	43.8%	41.3%	(2.5)	0.3	40.7%	42.6%	1.9
Burkhardt+Weber Machines	12.4%	18.0%	18.1%	0.1	5.7	4.7%	18.1%	13.4
Rough and Machined Cast Iron Parts	10.8%	11.9%	21.8%	9.9	11.1	4.0%	17.0%	13.0
Total	**25.6%**	**29.1%**	**28.1%**	**(1.0)**	**2.4**	**23.1%**	**28.5%**	**5.5**

	Quarter					Accumulated		
EBIT Margin - Adjusted	**2Q19**	**1Q20**	**2Q20**	**Chg. p.p. 2Q20/1Q2**	**Chg. p.p. 2Q20/2Q1**	**1H19**	**1H20**	**Chg. pp 2020/2019**
Romi Machines	3.7%	11.0%	6.7%	(4.3)	3.0	1.7%	8.9%	7.2
Burkhardt+Weber Machines	-5.2%	-8.0%	1.1%	9.1	6.3	-20.8%	-2.0%	18.7
Rough and Machined Cast Iron Parts	-5.3%	-1.0%	8.9%	9.9	14.2	-10.8%	4.1%	14.9
Total	**-1.0%**	**3.4%**	**5.3%**	**1.8**	**6.3**	**-6.8%**	**4.4%**	**11.2**

(*) As described in the highlights of this report.

Romi Machines

The gross margin of this Business Unit in 2Q20 increased by 0.3 p.p. when compared to 2Q19, due to the higher general volume of revenue. The significant reduction in operating expenses resulted in an increase of 3.0 p.p. in the adjusted operating margin (adjusted EBIT) in 2Q20 when compared to 2Q19.

Burkhardt + Weber Machines

The gross margin and operating margin of this business unit in 2Q20 increased by 5.7 p.p. and 6.3 p.p. as compared to 2Q19, respectively. The higher volume of revenues in 2Q20, as well as the numerous projects focused on improving profitability, resulted in this important expansion of operating margins.

Raw and Machined Cast Iron Parts

The gross margin of this Business Unit in 2Q20 grew by 11.0 p.p. as compared to 2Q19, as well as the adjusted operating margin (adjusted EBIT), which in the same comparison period grew by 14.2 p.p.. This growth is due to the higher volume of revenues and production in 2Q20, reflecting the start of deliveries of large rough and machined cast iron parts and projects focused on improving productivity and operational efficiency.

EBITDA and EBITDA Margin

In 2Q20, the operating cash generation as measured by EBITDA amounted to R$19.2 million, representing an EBITDA margin of 9.8% in the quarter, as indicated in the following table:

Reconciliation of Net Income to EBITDA	Quarterly					Accumulated		
(R$ 000)	2Q19	1Q20	2Q20	Chg. 2Q20/1Q20	Chg. 2Q20/2Q19	1H19	1H20	Chg. 2020/2019
Net Income	(4,348)	40,817	11,359	-72.2%	-361.2%	82,953	52,176	-37.1%
Income tax and social contributions	194	(10,017)	1,336	-113.3%	588.7%	30,692	(8,681)	-128.3%
Net Financial Income	2,473	(26,086)	(2,395)	-90.8%	-196.8%	(58,882)	(28,481)	-51.6%
Depreciation and amortization	8,369	8,557	8,922	4.3%	6.6%	16,631	17,479	5.1%
EBITDA	6,688	13,271	19,222	44.8%	187.4%	71,394	32,493	-54.5%
EBITDA Margin	4.0%	8.0%	9.8%	1.81	5.82	24.7%	9.0%	(15.76)
EBITDA - Adjusted (*)	6,688	14,226	19,222	35.1%	187.4%	(2,927)	33,448	-1242.7%
EBITDA Margin - Adjusted (*)	4.0%	8.6%	9.8%	1.23	5.82	-1.0%	9.2%	10.26
Total Net Operating Revenue	**167,859**	**165,941**	**196,012**	**18.1%**	**16.8%**	**288,625**	**361,953**	**25.4%**

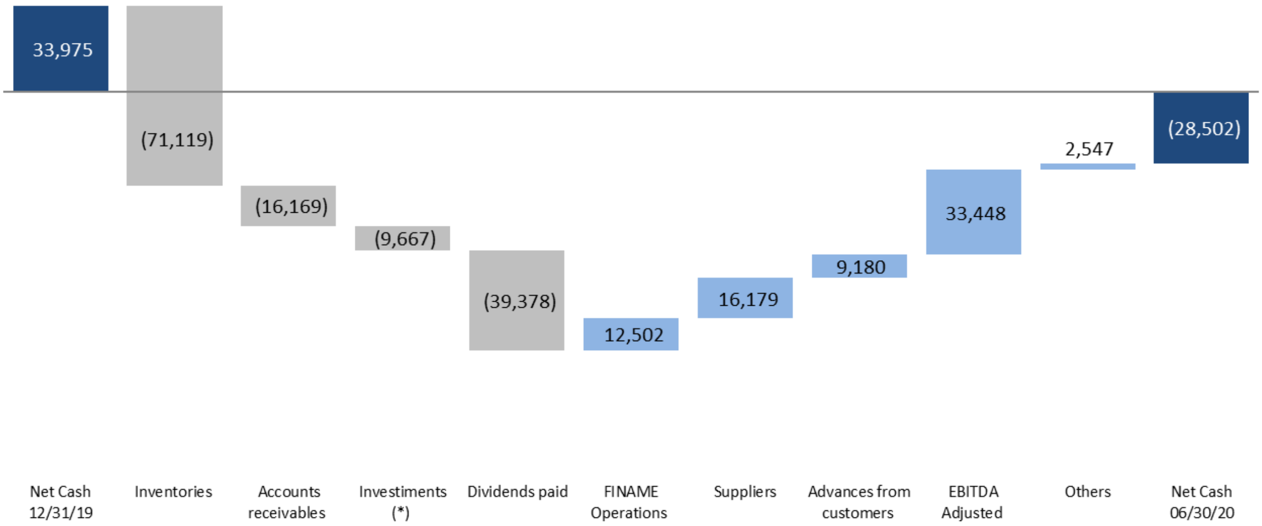
(*) As described in the highlights of this report.

Result for the Period

The result for 2Q20 was positive by R$ 11.4 million.

Evolution of the Net Cash (Debt) Position

The main variations in the net debt position during 1H20 are described below in R$'000:



(*) "Investment" balances are net of the impacts recognized in accordance with CPC 06 (R2) Leases, equivalent to the international standard IFRS 16 - Leases.

The growth in net debt in 1H20 is due to the following main aspects:

a) Increase in inventory level due to higher volume of purchases in order to ensure adequate availability of products for customers and fulfillment of the order backlog, which had a significant growth as compared to December 2019;

b) Payment of interest on capital proposed in March and December 2019, paid in January and March 2020, respectively, in the total net amount of R$ 39.4 million; and

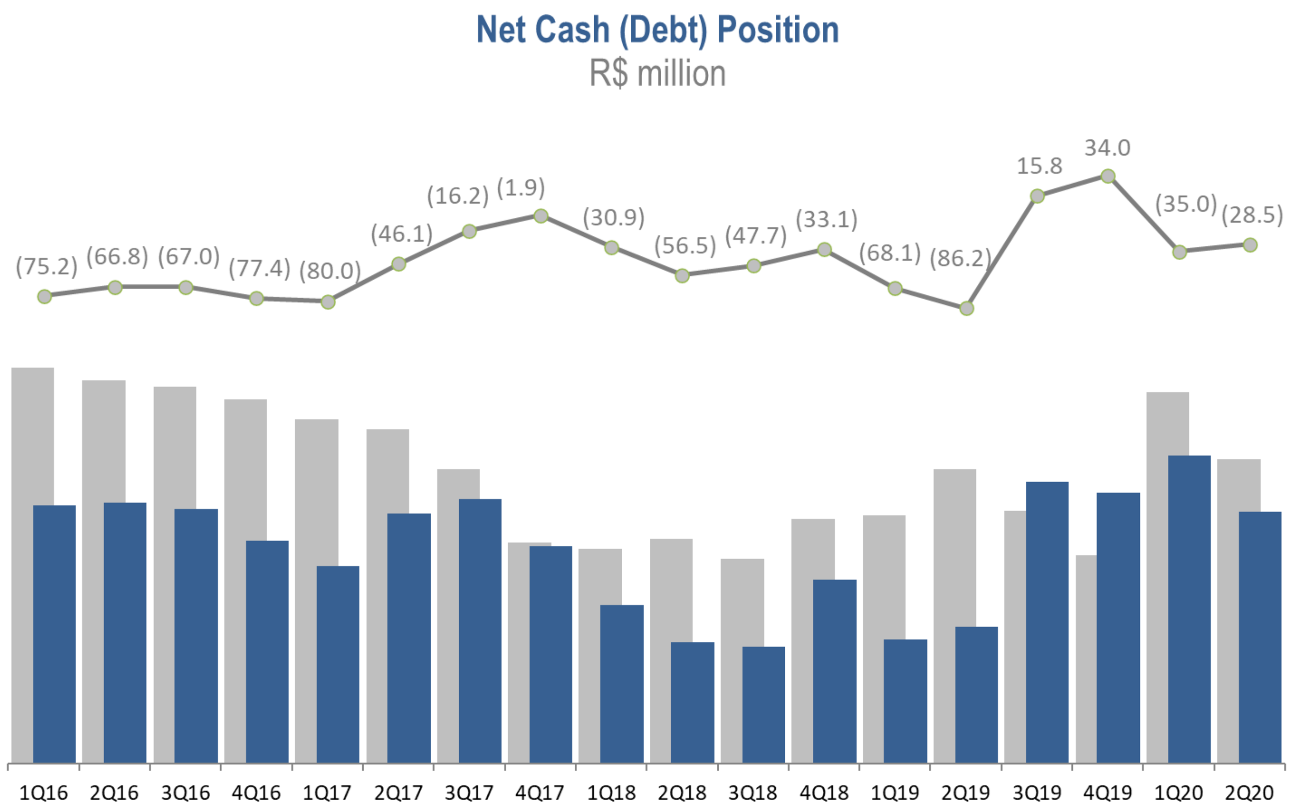
c) Investments made in 1H20, most of which were for maintenance, productivity, flexibility and competitiveness for the other units in the industrial facilities, all within the investment plan already scheduled for the year.

Financial Position

Short-term investments are made with prime financial institutions with low credit risk and their yield is mainly pegged to the Interbank Certificate of Deposit (CDI). The consolidated net cash (debt) position as at June 30, 2020 was negative by R$28.5 million.

The Company's borrowings are used mainly in investments in the modernization of the industrial facilities, research and development of new products and financing of exports and imports. As at June 30, 2020, the amount of financing in local currency was R$ 102.8 million, and in foreign currency, R$ 63.9 million, totaling R$ 166.7 million, of which R$ 144.1 million maturing in up to 12 months.

As at June 30, 2020, the Company recorded 138.2 million as cash and cash equivalents and short-term investments.



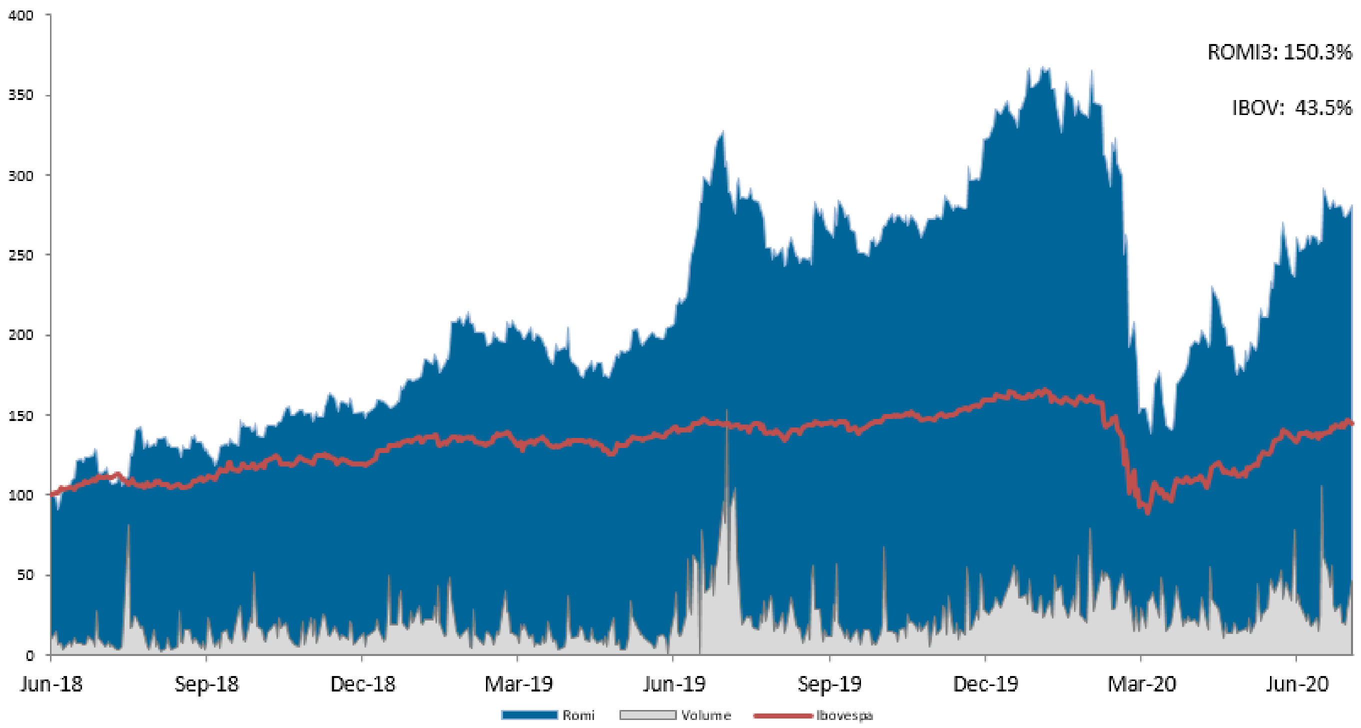
The balances of "Finame Manufacturer Financing" are not used in the calculation of net debt of the Company.

As at June 30, 2020, the Company did not have any derivative transactions.

Capital Market

Share Performance ROMI3 vs. Ibovespa

From 06/29/2018 to 07/20/2020



Source: B3.

On July, 2020 the Company's common shares (ROMI3), which were quoted at R$13.74, posted valuation of 18.3% since June 28, 2019 and 150,3% since June 29, 2018. Ibovespa recorded valuation of 3.4% and 43.5% in the same periods.

The Company's market capitalization on July 20, 2020 was R$863.7 million. The average daily trading volume during 2Q20 was R$2.7 million.

Success in Legal Proceedings

Plano Verão

On February 22, 2017, the Company obtained a favorable outcome in the proceeding in which the Company was the plaintiff and the Federal Government was the defendant, which claimed for the right to monetarily restate the balance sheet for the calendar year 1989 by reference to the inflation for January and February of that year and to dismiss the inflation indexes of the legislation then in force (Plano Verão). After the final and unappealable decision, the Company measured the amounts arising from the proceeding, and on February 17, 2020, it filed a request with the Federal Revenue Office for authorization related to the inflationary purge on the assets for the purposes of determining the complementary balance of the depreciation and its respective effects on the calculation of income tax and social contribution over the years.

On March 16, 2020, the Federal Revenue Office approved the request regarding this credit, authorizing the Company to utilize it to offset future federal taxes. The Company recognized in the financial statements for 1Q20 the effects from the favorable outcome on the tax proceeding "Plano Verão", which impacted the result for 1Q20 as follows: (i) EBIT/ EBITDA: decreased by R$955, due to the recognition of expenses on attorney's fees, in line item "Other operating income (expenses), net"; (ii) finance results: increased by R$25,135, due to the monetary restatement of the original amount of the credits; (iii) income tax and social contribution: increased by R$10,794, regarding the original amount of the credits; and (iv) profit for the period: increased by the impact of the net gain of R$34,974, already including the effects of income tax and social contribution on the gain, which was reduced by the use of the interest on capital proposed in March 2020, as per the Shareholder Notice dated March 17, 2020.

These tax credits are being used for offset against federal taxes, and the estimated offset period will depend on federal taxes generated in the future, which cannot be estimated at this point. The remaining balance is restated by the monetary restatement indexes recognized by the courts.

Eletrobrás Proceedings

In June 2020, the Company became aware, through its lawyers, of the success in a relevant legal proceeding filed by the Company against Centrais Elétricas Brasileiras SA - Eletrobrás, whose object is to obtain the difference in monetary restatement, from 1978 to 1993, in calculations of compulsory loan on electricity.

The amount to be credited to the Company's bank account, subject to online pledge made in Eletrobrás' account, net of attorney's fees, is R$ 41.3 million before taxes, with an impact on estimated profit for the period of R$ 30 million.

The defendant, Eletrobrás, still has procedural steps for appeals, which, although in the opinion of the Company's legal counsel are unlikely to be successful, will be subject to appreciation by the courts. Therefore, the Company's management understands that said asset meets the requirements of a contingent asset, therefore, it is not subject to accounting recognition at this time.

At this time, the Company will not estimate the term for the legal proceeding to be concluded and the referred credit amount to be received in its bank account, considering the procedural steps that may vary depending on the action from the opposing party.

Consolidated Balance Sheet

IFRS (R$ 000)

ASSETS	06/30/19	12/31/19	06/30/20
CURRENT	**806,396**	**760,182**	**879,539**
Cash and Cash equivalents	74,564	147,807	137,711
Financial investments	668	683	519
Trade accounts receivable	131,340	140,395	157,429
Onlending of FINAME manufacturer financing	89,606	97,053	114,768
Inventories	380,666	344,878	415,997
Recoverable taxes	20,420	15,347	38,001
Other receivables	21,433	14,019	15,114
Judicial Deposits	87,699	-	-
NON CURRENT	**228,886**	**265,282**	**275,816**
Trade accounts receivable	10,840	11,489	10,624
Onlending of FINAME manufacturer financing	128,930	166,959	163,997
Recoverable taxes	53,023	54,401	68,146
Deferred income and social contribution taxes	29,521	24,822	26,169
Judicial Deposits	2,098	1,930	1,877
Other receivables	4,474	5,681	5,003
Investments			
Property, Plant and Equipment	263,560	269,235	291,445
Investment Properties	18,398	18,181	18,163
Intangible assets	54,561	54,361	71,146
TOTAL ASSETS	**1,371,801**	**1,367,241**	**1,536,109**

LIABILITIES AND SHAREHOLDER'S EQUITY	06/30/19	12/31/19	06/30/20
CURRENT	**438,013**	**395,429**	**491,268**
Loans and financing	134,808	91,649	144,079
FINAME manufacturer financing	69,354	82,177	97,228
Trade accounts payable	65,784	51,451	67,630
Payroll and related taxes	31,540	21,288	29,941
Taxes payables	5,226	15,553	6,512
Advances from customers	86,076	68,200	77,380
Related parties	-	1,205	608
Dividends	25,805	39,523	33,081
Provision for contingent liabilities	-	806	944
Other payables	19,420	23,577	33,865
NON CURRENT	**185,240**	**212,930**	**234,235**
Loans and financing	26,649	22,866	22,653
FINAME manufacturer financing	121,474	152,786	164,990
Deferred income and social contribution taxes	30,825	31,630	42,416
Reserve for contingencies	1,352	454	424
Other payables	4,940	5,194	3,752
SHAREHOLDER'S EQUITY	**746,986**	**757,284**	**809,051**
Capital	492,025	492,025	492,025
Retained earnings	213,524	219,482	233,845
Cumulative translation adjustments	41,437	45,777	83,181
NON CONTROLLING INTERESTS	**1,562**	**1,598**	**1,555**
TOTAL SHAREHOLDER'S EQUITY	**748,548**	**758,882**	**810,606**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**1,371,801**	**1,367,241**	**1,536,109**

Consolidated Income Statement

IFRS (R$ thousand)

	2Q19	1Q20	2Q20	Chg. 2Q20/1Q20	Chg. 2Q20/2Q19	1H19	1H20	Chg. 2020/2019
Net Operating Revenue	**167,859**	**165,941**	**196,012**	**18.1%**	**16.8%**	**288,625**	**361,953**	**25.4%**
Cost of Goods Sold	(124,553)	(117,658)	(140,976)	19.8%	13.2%	(221,768)	(258,634)	16.6%
Gross Profit	**43,306**	**48,283**	**55,036**	**14.0%**	**27.1%**	**66,857**	**103,319**	**54.5%**
Gross Margin %	*25.8%*	*29.1%*	*28.1%*			*23.2%*	*28.5%*	
Operating revenues (expenses)	**(44,987)**	**(43,569)**	**(44,736)**	**2.7%**	**-0.6%**	**(12,095)**	**(88,305)**	**630.1%**
Selling expenses	(20,880)	(19,081)	(20,373)	6.8%	-2.4%	(39,438)	(39,454)	0.0%
Research and development expenses	(5,748)	(5,070)	(5,474)	8.0%	-4.8%	(10,508)	(10,544)	0.3%
General and administrative expenses	(17,289)	(17,193)	(17,579)	2.2%	1.7%	(34,724)	(34,772)	0.1%
Management profit sharing and compensation	(1,555)	(1,980)	(2,181)	10.2%	40.3%	(3,053)	(4,161)	36.3%
Other operating income, net	485	(245)	871	-455.5%	79.6%	75,629	626	-99.2%
Operating Income (loss) before Financial Results	**(1,681)**	**4,714**	**10,300**	**118.5%**	**-712.7%**	**54,762**	**15,014**	**-72.6%**
Operating Margin %	*-1.0%*	*2.8%*	*5.3%*			*19.0%*	*4.1%*	
Financial Results, Net	**(2,473)**	**26,086**	**2,395**	**-90.8%**	**-196.8%**	**58,883**	**28,481**	**-51.6%**
Financial income	(510)	27,293	2,639	-90.3%	-617.5%	63,315	29,932	-52.7%
Financial expenses	(1,133)	(2,142)	(2,673)	24.8%	135.9%	(2,309)	(4,815)	108.5%
Exchange gain (loss), net	(830)	935	2,429	159.8%	-392.7%	(2,124)	3,364	-258.4%
Operations Operating Income	**(4,154)**	**30,800**	**12,695**	**-58.8%**	**-405.6%**	**113,645**	**43,495**	**-61.7%**
Income tax and social contribution	(194)	10,017	(1,336)	-113.3%	588.7%	(30,692)	8,681	-128.3%
Net income	**(4,348)**	**40,817**	**11,358**	**-72.2%**	**-361.2%**	**82,953**	**52,175**	**-37.1%**
Net Margin %	*-2.6%*	*24.6%*	*5.8%*			*28.7%*	*14.4%*	
Net profit (loss) concerning:								
Controlling interests	(4,406)	40,757	11,320	-72.2%	-356.9%	82,848	52,078	-37.1%
Non controlling interests	58	60	38	-36.7%	-34.5%	105	98	-6.7%
	0.0%	*0.0%*	*0.0%*					
EBITDA	**6,688**	**13,271**	**19,221**	**44.8%**	**187.4%**	**63,684**	**32,492**	**-49.0%**
Profit (loss) for the period	(4,348)	40,817	11,358	-72.2%	-361.2%	82,953	52,175	-37.1%
Income tax and social contribution	194	(10,017)	1,336	-113.3%	588.7%	30,692	(8,681)	-128.3%
Financial result, net	2,473	(26,086)	(2,395)	-90.8%	-196.8%	(58,883)	(28,481)	-51.6%
Depreciation and amortization	8,369	8,557	8,922	4.3%	6.6%	8,922	17,479	95.9%
EBITDA Margin %	*4.0%*	*8.0%*	*9.8%*			*22.1%*	*9.0%*	
Nº of shares in capital stock (th)	62,858	62,858	62,858	0.0%	0.0%	62,858	62,858	0.0%
Profit (loss) per share - R$	(0.07)	0.65	0.18	-72.2%	-356.9%	1.32	0.83	-37.1%

Consolidated Cash Flow Statement

IFRS (R$ thousand)

	2Q19	1Q20	2Q20	1H19	1H20
Cash from operating activities					
Net Income before taxation	**(4,153)**	**30,800**	**12,695**	**113,645**	**43,495**
Financial expenses and exchange gain	1,800	(24,123)	5,440	(58,609)	(18,683)
Depreciation and amortization	8,369	8,557	8,922	16,631	17,479
Allowance for doubtful accounts and other receivables	130	1,078	806	(3,167)	1,884
Proceeds from sale of fixed assets and intangibles	(205)	(917)	(375)	(443)	(1,292)
Provision for inventory realization	(1,098)	5,390	3,349	265	8,739
Reserve for contingencies	(458)	48	(57)	(57,204)	(9)
Change on operating assets and liabilities					
Trade accounts receivable	3,914	20,148	(11,672)	40,910	8,476
Related Parties	-	-	-	-	-
Onlending of Finame manufacturer financing	(6,010)	(10,678)	(4,747)	(7,298)	(15,425)
Inventories	(32,637)	(77,046)	(13,370)	(80,383)	(90,416)
Recoverable taxes, net	19,937	(16,142)	(21,604)	11,135	(37,746)
Judicial deposits	(1,092)	(10)	63	7,448	53
Other receivables	2,085	333	27,327	3,641	27,660
Trade accounts payable	4,943	33,595	(21,190)	19,944	12,405
Payroll and related taxes	6,590	(2,161)	10,814	4,493	8,653
Taxes payable	(16,308)	12,533	(1,906)	(34,717)	10,627
Advances from customers	1,586	4,434	4,746	14,610	9,180
Other payables	7,602	3,912	10,285	1,110	14,197
Cash provided by (used in) operating activities	**(5,014)**	**(10,249)**	**9,526**	**(7,999)**	**(723)**
Income tax and social contribution paid	(587)	(148)	(53)	(3,359)	(201)
Net Cash provided by (used in) operating activities	**(5,601)**	**(10,397)**	**9,473**	**(11,358)**	**(924)**
Financial Investments	-	(2,973)	3,137		
Purchase of fixed assets	(12,910)	(6,316)	(3,351)	(20,067)	(9,667)
Sales of fixed assets	351	1,105	633	620	1,738
Purchase of intangible assets	(1)	(216)	(447)	(582)	(663)
Net cash Used in Investing Activities	**(25,205)**	**(8,400)**	**(28)**	**(40,266)**	**(8,428)**
Interest on capital paid	-	(39,520)	1	(23,922)	(39,519)
New loans and financing	37,065	88,029	180	51,032	88,209
Payments of loans and financing	(11,225)	(20,854)	(44,779)	(21,308)	(65,633)
Interests paid (including Finame manufacturer financing)	(7,045)	(4,361)	(3,783)	(11,875)	(8,144)
New loans in Finame manufacturer	23,989	40,481	29,966	44,448	70,447
Payment of Finame manufacturer financing	(17,631)	(21,498)	(15,420)	(33,008)	(36,918)
Net Cash provided by (used in) Financing Activities	**25,153**	**42,277**	**(33,835)**	**5,367**	**8,442**
Increase (decrease) in cash and cash equivalents	**(5,653)**	**23,480**	**(24,390)**	**(46,257)**	**(910)**
Exchange variation changes on cash and cash equivalents abroad	60	(6,218)	(2,968)	325	(9,186)
Cash and cash equivalents - beginning of period	**67,512**	**147,807**	**165,069**	**100,428**	**147,807**
Cash and cash equivalents - end of period	**74,564**	**165,069**	**137,711**	**74,564**	**137,711**

Attachment I – Income Statement by Business Unit

Income Statement by Business Units - 2Q20

R$ 000	Romi Machines	Burkhardt + Weber Machines	Rough and Machined Cast Iron	Total
Net Operating Revenue	**76,250**	**70,081**	**49,680**	**196,011**
Cost of Sales and Services	(40,299)	(57,372)	(43,305)	(140,976)
Business Units Transfers	411	-	4,873	5,284
Business Units Transfers	(4,873)	-	(411)	(5,284)
Gross Profit	**31,489**	**12,709**	**10,837**	**55,035**
Gross Margin %	*41.3%*	*18.1%*	*21.8%*	*28.1%*
Operating Expenses	**(26,394)**	**(11,949)**	**(6,395)**	**(44,737)**
Selling	(14,706)	(4,746)	(922)	(20,374)
General and Administrative	(7,077)	(7,203)	(3,299)	(17,579)
Research and Development	(4,262)	-	(1,212)	(5,474)
Management profit sharing	(1,219)	-	(962)	(2,181)
Other operating revenue	871	-	-	871
Operating Income (loss) before Financial Results	**5,095**	**760**	**4,443**	**10,298**
Operating Margin %	*6.7%*	*1.1%*	*8.9%*	*5.3%*
Operating loss before Financial Results - Adjusted (*)	**5,095**	**760**	**4,443**	**10,298**
Operating Margin % - Ajusted (*)	*6.7%*	*1.1%*	*8.9%*	*5.3%*
Depreciation and amortization	3,220	2,894	2,808	8,922
EBITDA	**8,315**	**3,654**	**7,251**	**19,220**
EBITDA Margin %	*10.9%*	*5.2%*	*14.6%*	*9.8%*
EBITDA - Adjusted (*)	**8,315**	**3,654**	**7,251**	**19,220**
EBITDA Margin % - Adjusted (*)	*10.9%*	*5.2%*	*14.6%*	*9.8%*

Income Statement by Business Units - 2Q19

R$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	**79,738**	**52,408**	**35,713**	**167,859**
Cost of Sales and Services	(39,978)	(45,912)	(38,928)	(124,818)
Business Units Transfers	851	-	7,908	8,759
Business Units Transfers	(7,908)	-	(851)	(8,759)
Gross Profit	**32,703**	**6,496**	**3,842**	**43,041**
Gross Margin %	*41.0%*	*12.4%*	*10.8%*	*25.6%*
Operating Expenses	**(29,789)**	**(9,204)**	**(5,729)**	**(44,722)**
Selling	(16,483)	(2,884)	(1,248)	(20,615)
General and Administrative	(8,403)	(6,320)	(2,566)	(17,289)
Research and Development	(4,315)	-	(1,433)	(5,748)
Management profit sharing	(1,073)	-	(482)	(1,555)
Other operating revenue	485	-	-	485
Operating Income (loss) before Financial Results	**2,913**	**(2,707)**	**(1,887)**	**(1,681)**
Operating Margin %	*3.7%*	*-5.2%*	*-5.3%*	*-1.0%*
Operating loss before Financial Results - Adjusted (*)	**2,913**	**(2,707)**	**(1,887)**	**(1,681)**
Operating Margin % - Ajusted (*)	*3.7%*	*-5.2%*	*-5.3%*	*-1.0%*
Depreciation and amortization	2,817	2,412	3,140	8,369
EBITDA	**5,730**	**(295)**	**1,253**	**6,688**
EBITDA Margin %	*7.2%*	*-0.6%*	*3.5%*	*4.0%*
EBITDA - Adjusted (*)	**5,730**	**(295)**	**1,253**	**6,688**
EBITDA Margin % - Adjusted (*)	*7.2%*	*-0.6%*	*3.5%*	*4.0%*

Income Statement by Business Units - 1H20

R$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
Net Operating Revenue	**158,754**	**106,788**	**96,411**	**361,953**
Cost of Sales and Services	(81,591)	(87,473)	(89,570)	(258,634)
Business Units Transfers	550	-	10,100	10,650
Business Units Transfers	(10,100)	-	(550)	(10,650)
Gross Profit	**67,613**	**19,315**	**16,391**	**103,319**
Gross Margin %	*42.6%*	*18.1%*	*17.0%*	*28.5%*
Operating Expenses	**(54,390)**	**(21,503)**	**(12,414)**	**(88,307)**
Selling	(29,612)	(7,991)	(1,853)	(39,456)
General and Administrative	(14,827)	(13,512)	(6,433)	(34,772)
Research and Development	(8,235)	-	(2,309)	(10,544)
Management profit sharing	(2,342)	-	(1,819)	(4,161)
Other operating revenue	626	-	-	626
Operating Income before Financial Results	**13,223**	**(2,188)**	**3,977**	**15,012**
Operating Margin %	*8.3%*	*-2.0%*	*4.1%*	*4.1%*
Operating loss before Financial Results - Adjusted (*)	**14,178**	**(2,188)**	**3,977**	**15,967**
Operating Margin % - Ajusted (*)	*8.9%*	*-2.0%*	*4.1%*	*4.4%*
Depreciation and amortization	6,164	5,251	6,064	17,479
EBITDA	**19,387**	**3,063**	**10,041**	**32,491**
EBITDA Margin %	*12.2%*	*2.9%*	*10.4%*	*9.0%*
EBITDA - Adjusted (*)	**20,342**	**3,063**	**10,041**	**33,446**
EBITDA Margin % - Adjusted (*)	*12.8%*	*2.9%*	*10.4%*	*9.2%*

Income Statement by Business Units - 1H19

R$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
Net Operating Revenue	**148,657**	**70,124**	**69,844**	**288,625**
Cost of Sales and Services	(74,983)	(66,854)	(80,196)	(222,033)
Business Units Transfers	1,268	-	14,416	15,684
Business Units Transfers	(14,416)	-	(1,268)	(15,684)
Gross Profit	**60,526**	**3,270**	**2,796**	**66,592**
Gross Margin %	*40.7%*	*4.7%*	*4.0%*	*23.1%*
Operating Expenses	**(4,467)**	**(17,842)**	**10,479**	**(11,830)**
Selling	(30,980)	(5,574)	(2,619)	(39,173)
General and Administrative	(17,474)	(12,268)	(4,982)	(34,724)
Research and Development	(8,707)	-	(1,801)	(10,508)
Management profit sharing	(2,124)	-	(929)	(3,053)
Other operating revenue	54,818	-	20,810	75,628
Operating Income before Financial Results	**56,059**	**(14,572)**	**13,275**	**54,762**
Operating Margin %	*37.7%*	*-20.8%*	*19.0%*	*19.0%*
Operating loss before Financial Results - Adjusted (*)	**2,548**	**(14,572)**	**(7,535)**	**(19,559)**
Operating Margin % - Ajusted (*)	*1.7%*	*-20.8%*	*-10.8%*	*-6.8%*
Depreciation and amortization	5,656	4,810	6,165	16,631
EBITDA	**61,715**	**(9,762)**	**19,440**	**71,393**
EBITDA Margin %	*41.5%*	*-13.9%*	*27.8%*	*24.7%*
EBITDA - Adjusted (*)	**8,204**	**(9,762)**	**(1,370)**	**(2,928)**
EBITDA Margin % - Adjusted (*)	*5.5%*	*-13.9%*	*-2.0%*	*-1.0%*

Attachment II - Financial Statements of B+W

Balance Sheet B+W

(€ 000)

ASSETS	06/30/19	12/31/19	03/31/20	06/30/20
CURRENT	**29,934**	**25,314**	**23,873**	**23,039**
Cash and Cash equivalents	160	2,813	25	169
Trade accounts receivable	9,121	7,928	5,511	7,737
Inventories	18,063	13,371	16,823	13,856
Recoverable taxes	253	541	659	362
Deferred income and social contribution taxes	1,112	275	442	406
Related Parties	243	104	30	23
Other receivables	982	282	384	486
Investments				
Property, plant and equipment	14,247	14,032	13,819	13,539
Investment in subsidiaries	59	-	-	-
Intangible assets	12,354	11,870	11,630	11,387
TOTAL ASSETS	**56,594**	**51,216**	**49,322**	**47,965**

LIABILITIES AND SHAREHOLDER'S EQUITY	06/30/19	12/31/19	03/31/20	06/30/20
CURRENT	**27,459**	**20,598**	**19,495**	**18,242**
Loans and financing	2,499	1,749	864	1,953
Trade accounts payable	4,047	2,916	4,367	2,812
Payroll and related taxes	1,682	922	1,141	1,348
Taxes payable	801	788	551	156
Advances from customers	15,955	11,594	9,727	8,878
Other payables	1,519	2,176	1,929	2,196
Related Parties	957	453	916	900
NON CURRENT	**6,688**	**6,400**	**6,286**	**6,172**
Loans and financing	2,274	2,075	2,006	1,937
Deferred income and social contribution taxes	4,414	4,325	4,280	4,235
SHAREHOLDER'S EQUITY	**22,448**	**24,218**	**23,542**	**23,551**
Capital	7,025	7,025	7,025	7,025
Capital reserve	505	505	505	505
Profit reserve	14,918	16,688	16,012	16,021
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**56,594**	**51,216**	**49,322**	**47,965**

B+W Income Statement

			(€ 000)		(€ 000)
	2Q19	1Q20	2Q20	1H19	1H20
Net Operating Revenue	**11,883**	**7,279**	**11,701**	**16,003**	**18,980**
Cost of Goods Sold	(10,411)	(6,079)	(9,573)	(15,298)	(15,652)
Gross Profit	**1,472**	**1,200**	**2,128**	**705**	**3,328**
Gross Margin %	*12.4%*	*16.5%*	*18.2%*	*4.4%*	*17.5%*
Operating Expenses	**(2,092)**	**(1,940)**	**(2,010)**	**(4,111)**	**(3,950)**
Selling expenses	(655)	(648)	(797)	(1,284)	(1,445)
General and administrative expenses	(1,437)	(1,292)	(1,213)	(2,827)	(2,505)
Operating Income before Financial Results	**(620)**	**(740)**	**118**	**(3,406)**	**(622)**
Operating Margin %	*-5.2%*	*-10.2%*	*1.0%*	*-21.3%*	*-3.3%*
Financial Results, Net	**(76)**	**(93)**	**(170)**	**(197)**	**(263)**
Operations Operating Income	**(696)**	**(833)**	**(52)**	**(3,603)**	**(885)**
Income tax and social contribution	165	167	(36)	1,026	131
Net income	**(531)**	**(666)**	**(88)**	**(2,577)**	**(754)**
Net Margin %	*-4.5%*	*-9.1%*	*-0.8%*	*-16.1%*	*-4.0%*
EBITDA	**(98)**	**(302)**	**564**	**(2,233)**	**262**
Net income / loss for the period	(531)	(666)	(88)	(2,577)	(754)
Income tax and social contribution	(165)	(167)	36	(1,026)	(131)
Financial income, net	76	93	170	197	263
Depreciation and amortization	522	438	446	1,173	884
EBITDA Margin %	*-0.8%*	*-4.1%*	*4.8%*	*-14.0%*	*1.4%*