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

Indústrias Romi S.A.

Quarterly Information (ITR) at
March 31, 2020
and reporting on review of quarterly information

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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"), contained in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2020, which comprises the individual and consolidated balance sheets as at March 31, 2020, and the related individual and consolidated statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of this individual and consolidated interim financial information in accordance with technical pronouncement CPC 21(R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of 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. 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 obligations previously recognized and, accordingly, such provision should have been reversed in that year. Consequently, individual and consolidated profit for the quarter ended March 31, 2019 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.

Emphasis of matter

Events after the reporting period - COVID-19

We draw attention to note 20 to the individual and consolidated interim financial information, which describes the aspects related to the potential impacts arising from COVID-19 on the Company’s business and individual and consolidated interim financial information, based on Management’s opinion. Our conclusion is not modified in respect of this matter.

Other matters

Statements of value added

The interim financial information referred to above include the individual and consolidated statements of value added (DVA) for the three-month period ended March 31, 2020, prepared under the responsibility of the Company’s Management and 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 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' paragraph above. The corresponding information and figures for the three-month period ended March 31, 2019, presented for purposes of comparison, were previously reviewed by another auditor, who issued a report dated April 23, 2019 containing qualification similar to that described in the 'Basis for qualified conclusion on the individual and consolidated interim financial information' paragraph above.

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

Campinas, April 28, 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	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
CURRENT					
Cash and cash equivalents	3	132,198	102,838	165,069	147,807
Short-term investments	3	3,656	683	3,656	683
Trade accounts receivable	4	76,401	73,377	141,833	140,395
Onlending of FINAME manufacturer financing	5	103,554	97,053	103,554	97,053
Inventories	6	256,599	239,476	416,534	344,878
Related parties	8	41,378	65,169	-	-
Taxes recoverable	9	20,881	8,058	30,875	15,347
Other receivables		11,220	11,029	15,838	14,019
		645,887	597,683	877,359	760,182
NON-CURRENT					
Trade accounts receivable	4	11,296	11,489	11,296	11,489
Onlending of FINAME manufacturer financing	5	171,309	166,959	171,309	166,959
Related parties	8	48,006	-	-	-
Taxes recoverable	9	74,590	54,401	74,590	54,401
Deferred income tax and social contribution	16	23,875	23,577	26,406	24,822
Judicial deposits	15	1,940	1,930	1,940	1,930
Other receivables		4,664	5,353	5,199	5,681
		335,680	263,709	290,740	265,282
Investment in subsidiary	7	164,222	140,715	-	-
Property, plant and equipment	11	192,066	191,596	288,078	269,235
Investment properties	10	13,500	13,500	18,181	18,181
Intangible assets	12	739	600	67,319	54,361
		706,207	610,120	664,318	607,059
TOTAL ASSETS		1,352,094	1,207,803	1,541,677	1,367,241

		Parent		Consolidated	
LIABILITIES	Note	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
CURRENT					
Borrowings	13	171,000	78,723	180,446	91,649
FINAME manufacturer financing	14	90,423	82,177	90,423	82,177
Trade accounts payable		58,812	35,123	87,545	51,451
Payroll and related taxes		10,190	15,248	19,127	21,288
Taxes payable		3,009	9,567	9,826	15,553
Advances from costumers		11,633	12,186	72,634	68,200
Profit sharing		90	1,205	90	1,205
Dividends and interets on capital		27,598	39,523	27,598	39,523
Provision for tax, labor and civil risks	15	1,035	806	1,035	806
Other payables		3,351	3,158	28,124	23,577
Related parties	8	666	1,679	-	-
		377,807	279,395	516,848	395,429
NON-CURRENT					
Borrowings	13	11,842	13,468	23,325	22,866
FINAME manufacturer financing	14	159,936	152,786	159,936	152,786
Provision for tax, labor and civil risks	15	362	454	362	454
Other payables		3	12	5,557	5,194
Provision for net equity deficiency - subsidiary	7	7,736	4,404	-	-
Deferred income tax and social contribution	16	-	-	39,725	31,630
		179,879	171,124	228,905	212,930
TOTAL LIABILITIES		557,686	450,519	745,753	608,359
EQUITY					
Capital	17	492,025	492,025	492,025	492,025
Reitaned reserve		228,810	219,482	228,810	219,482
Cumulative translation adjustments		73,573	45,777	73,573	45,777
		794,408	757,284	794,408	757,284
NON CONTROLLING INTEREST		-	-	1,516	1,598
EQUITY		794,408	757,284	795,924	758,882
TOTAL LIBILITIES AND EQUITY		1,352,094	1,207,803	1,541,677	1,367,241

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

INDÚSTRIAS ROMI S.A.

INCOME STATEMENT
QUARTERS ENDED MARCH 31
(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**
Net sales revenue		122,473	94,882	165,941	120,766
Cost of sales and services		(89,464)	(74,739)	(117,658)	(97,215)
Gross profit		33,009	20,143	48,283	23,551
Operation income (expenses)					
Selling		(9,028)	(9,608)	(19,081)	(18,558)
General and administrative		(7,145)	(7,964)	(17,193)	(17,435)
Research and development		(5,070)	(4,760)	(5,070)	(4,760)
Management profit sharing and fees	8	(1,955)	(1,475)	(1,980)	(1,498)
Equity pickup	7	(5,722)	(11,569)	-	-
Other operating income, net		(282)	75,143	(245)	75,143
		(29,202)	39,767	(43,569)	32,892
Operating profit		3,807	59,910	4,714	56,443
Financial income (expenses)					
Financial income		26,998	63,090	27,293	63,825
Financial expenses		(1,505)	(579)	(2,142)	(1,176)
Foreign exchange gains, net		1,806	(1,164)	935	(1,294)
		27,299	61,347	26,086	61,355
Profit before income tax and social contribution		31,106	121,257	30,800	117,798
Income tax and social contribution	16	9,651	(34,004)	10,017	(30,498)
Current	16	9,353	(13,896)	8,893	(13,744)
Deferred	16	298	(20,108)	1,124	(16,754)
Profit for the period		40,757	87,253	40,817	87,300
Attributable to:					
Controlling interests				40,757	87,253
Non-Controlling interests				60	47
				40,817	87,300
Basic and diluted earnings per share (R$)	17	0.65	1.39	0.65	1.39

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

INDÚSTRIAS ROMI S.A.

STATEMENT OF COMPREHENSIVE INCOME
QUARTERS ENDED MARCH 31
(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**
Profit for the period	40,757	87,253	40,817	87,300
Foreign currency translation efects	27,796	(1,564)	27,796	(1,564)
Comprehensive profit for the period	68,553	85,689	68,613	85,736
Attributable to:				
Controlling interests			68,553	85,689
Non-Controlling interests			60	47
			68,613	85,736

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				
			Reitaned	Legal		comprehensive	Profit for		Non-Controlling	
	Note	Capital	reserve	reserve	Total	income	the year	Total	interests	Total
At December 31, 2018		**492,025**	**112,380**	**47,838**	**160,218**	**42,170**	**-**	**695,977**	**1,626**	**697,603**
Profit for the year		-	-	-	-	-	87,253	87,253	47	87,300
Foreign currency translation effects		-	-	-	-	(1,564)	-	(1,564)	-	(1,564)
Total comprohensive income for the period		-	-	-	-	(1,564)	87,253	85,689	47	85,736
Interest on capital		-	-	-	-	-	(29,542)	(29,542)	-	(29,542)
Dividends paid by subsidiary		-	-	-	-	-	-	-	(169)	(169)
Transfers between reserves		-	57,711	-	57,711	-	(57,711)	-	-	-
Total contribuitions by and dristibuitions to controlling interests			57,711	-	57,711		(87,253)	(29,542)	(169)	(29,711)
At March 31, 2019		**492,025**	**170,091**	**47,838**	**217,929**	**40,606**	**-**	**752,124**	**1,504**	**753,628**
At December 31, 2019		**492,025**	**165,161**	**54,321**	**219,482**	**45,777**	**-**	**757,284**	**1,598**	**758,882**
Profit for the year		-	-	-	-	-	40,757	40,757	60	40,817
Foreign currency translation effects		-	-	-	-	27,796	-	27,796	-	27,796
Total comprohensive income for the period		-	-	-	-	27,796	40,757	68,553	60	68,613
Interest on capital	17	-	-	-	-	-	(31,429)	(31,429)	-	(31,429)
Dividends paid by subsidiary		-	-	-	-	-	-	-	(142)	(142)
Transfers between reserves		-	9,328	-	9,328	-	(9,328)	-	-	-
Total contribuitions by and dristibuitions to controlling interests		-	9,328	-	9,328		(40,757)	(31,429)	(142)	(31,571)
At December 31, 2020		**492,025**	**174,489**	**54,321**	**228,810**	**73,573**	**-**	**794,408**	**1,516**	**795,924**

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

INDÚSTRIAS ROMI S.A.

STATEMENT OF CASH FLOW
FOR THE QUARTERS ENDED MARCH 31
(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		**31,106**	**121,257**	**30,800**	**117,798**
Adjustments from:					
Finance expenses and exchange rate		(25,336)	(60,219)	(24,123)	(60,409)
Depreciation and amortization	11, 12	5,504	5,404	8,557	8,262
Allowance for doubtful accounts and for other receivables	4, 5	49	(642)	1,078	(3,297)
Provision for inventory losses	6	501	1,397	5,390	1,363
Cost of property, palnt and equipment and disposals of intangible assets	11, 12	(952)	(239)	(917)	(238)
Equity in earnings of subsidiaries	8	5,722	11,569	-	-
Provision for contingent liabilities		48	(56,746)	48	(56,746)
Change in operating assets and liabilities					
Trade accounts receivable		16,290	3,049	20,148	36,996
Related parties (assets and liabilities)		(25,495)	3,149	-	-
Onlending of Finame manufacturer financing		(10,678)	(1,288)	(10,678)	(1,288)
Inventories		(17,624)	(21,112)	(77,046)	(47,746)
Taxes receivable		(2,509)	(34,864)	(16,142)	(8,802)
Judicial deposits		(10)	8,540	(10)	8,540
Other credits		2,168	2,574	333	1,556
Trade accounts payable		21,190	10,765	33,595	15,001
Payroll and related taxes		(5,058)	(4,336)	(2,161)	(2,097)
Taxes payable		(6,558)	15,284	12,533	(18,409)
Advances from costumers		(553)	(976)	4,434	13,024
Other payables		(805)	(2,508)	3,912	(6,492)
Cash by operations		(13,000)	58	(10,249)	(2,984)
Income tax and social contribuition paid		-	(2,575)	(148)	(2,772)
Cash by (used in) operations		(13,000)	(2,517)	(10,397)	(5,756)
Cash flow from investing activities					
Financial investments	3	(2,973)	(170)	(2,973)	(170)
Purchase of property, plant and equipment	11	(6,050)	(5,831)	(6,316)	(7,157)
Purchase of intangible	12	(216)	-	(216)	(581)
Sales of assets	11	1,105	269	1,105	269
Dividends received	8	1,899	2,278	-	-
Net cash used in investing activities		(6,235)	(3,454)	(8,400)	(7,639)
Fluxos de caixa das atividades de financiamento					
Interest on capital paid	17	(39,378)	(27,555)	(39,520)	(23,922)
New borrowings		88,029	11,185	88,029	13,967
Financing paid		(15,018)	(9,030)	(20,854)	(10,083)
Interest paid		(434)	(384)	(774)	(977)
New Finame - manufacturer financing		40,481	20,459	40,481	20,459
Payment of Finame - manufacturer financing		(21,498)	(15,377)	(21,498)	(15,377)
Interest paid of Finame - manufacturer financing		(3,587)	(3,853)	(3,587)	(3,853)
Cash by (used in) financing activities		48,595	(24,555)	42,277	(19,786)
Increase (decrease) in cash and cash equivalents		29,360	(30,526)	23,480	(33,181)
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		-	-	(6,218)	265
Cash and cash equivalents at the end of the period		132,198	36,758	165,069	67,512

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

INDÚSTRIAS ROMI S.A.

STATEMENT OF VALUE ADDED
FOR THE QUARTERS ENDED MARCH 31
(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	143,340	113,525	186,842	139,432
Allowance for doubtful accounts and for other receivables	(49)	(994)	(1,078)	1,774
Other operating revenues, net	(282)	75,143	(245)	75,143
	143,009	187,674	185,519	216,349
Inputs acquired from third parties				
Materials used	(56,106)	(86,106)	(63,489)	(89,366)
Other costs of products and services	(5,103)	(3,239)	(10,107)	(8,379)
Elecritcy, third-party services and other expenses	(9,078)	(9,271)	(11,814)	(12,115)
	(70,287)	(98,616)	(85,410)	(109,860)
Gross value added	72,722	89,058	100,109	106,489
Depreciation and amortization	(5,504)	(5,404)	(8,557)	(8,262)
Net value added generated by the Company	67,218	83,654	91,552	98,227
Value added received through transfers				
Equity in earnings of subsidiaries	(5,722)	(11,569)	-	-
Finance income (costs) and net foreign exchange gains	28,804	61,928	28,228	62,531
Total value added to distribute	90,300	134,013	119,780	160,758
Distribution of value added				
Employees				
Payroll and related changes	26,578	24,702	53,940	50,132
Sales commission	427	637	427	637
Managment profit sharing and fees	1,955	1,475	1,981	1,498
Gain sharing	210	164	210	164
Taxes	18,498	18,664	19,302	18,847
Interests	1,505	579	2,142	1,176
Rentals	370	539	1,103	1,173
Interest on capital declared and not yet distributed	31,429	29,542	31,429	29,542
Non-controlling interests	-	-	(82)	(122)
Profit for the period	9,328	57,711	9,328	57,711
Value added distributed	90,300	134,013	119,780	160,758

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 April 28, 2020.

2 Basis of preparation and accounting policies

The individual and consolidated interim financial information for the quarter ended March 31, 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.

(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).

(In thousands of Brazilian reais unless otherwise stated)

3 Cash and cash equivalents and financial investments

	Parent		Consolidated	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Cash and banks	6,468	3,176	20,215	35,961
Bank deposit certificates (CDB) (a)	125,644	94,067	144,768	106,251
Short-term investments backed by debentures (a)	-	367	-	367
Investment funds in DI and fixed income	-	5,143	-	5,143
Other	86	85	86	85
Total cash and cash equivalents	132,198	102,838	165,069	147,807
Bank deposit certificates (CDB) (a)	689	683	689	683
Short-term investments backed by debentures	2,967	-	2,967	-
Total assets held for trading	3,656	683	3,656	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	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Current				
Domestic customers (Brazil)	66,382	66,504	66,381	67,178
Foreign customers	11,589	8,250	80,555	77,098
Allowance for doubtful accounts	(1,570)	(1,377)	(5,103)	(3,881)
	76,401	73,377	141,833	140,395
Noncurrent				
Domestic customers (Brazil)	6,939	7,508	6,939	7,508
Foreign customers	4,445	4,040	4,445	4,040
Allowance for doubtful accounts	(88)	(59)	(88)	(59)
	11,296	11,489	11,296	11,489

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

(In thousands of Brazilian reais unless otherwise stated)

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

	Parent		Consolidated	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Falling due	64,435	59,948	117,434	112,993
Past due:				
1 to 30 days	7,377	8,923	13,975	17,412
31 to 60 days	956	2,054	2,371	4,073
61 to 90 days	1,142	92	1,920	984
91 to 180 days	726	705	5,358	3,900
181 to 360 days	437	245	880	744
Over 360 days	2,898	2,787	4,998	4,170
	13,536	14,806	29,502	31,283
Total	77,971	74,754	146,936	144,276
Allowance for doubtful accounts	(1,570)	(1,377)	(5,103)	(3,881)
Total current	76,401	73,377	141,833	140,395

The balance of noncurrent trade accounts receivable as at March 31, 2020, parent and consolidated, is distributed as follows:

	Parent and Consolidated
Falling due:	
2021 (9 months)	7,489
2022	3,247
2023	517
2024 onward	131
Allowance for doubtful accounts	(88)
Total – noncurrent	11,296

(In thousands of Brazilian reais unless otherwise stated)

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	283	950
Receivables written off	(61)	(363)
Foreign exchange difference	-	664
At March 31, 2020	1,658	5,191

5 Onlending of FINAME manufacturer financing

	Parent and Consolidated	
	March 31, 2020	December 31, 2019
Current		
FINAME falling due	93,804	87,284
FINAME awaiting release (a)	1,813	2,841
FINAME past due (b)	15,658	14,912
	111,275	105,037
Allowance for doubtful accounts	(7,721)	(7,984)
	103,554	97,053
Noncurrent		
FINAME falling due	162,881	153,515
FINAME awaiting release (a)	8,861	13,787
	171,742	167,302
Allowance for doubtful accounts	(433)	(343)
	171,309	166,959
Total	274,863	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.

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 March 31, 2020, the balance of repossessed machinery, included under the line item of “Other receivables”, parent and consolidated, amounted to R$1,157 (R$1,188 as at December 31, 2019) in current assets and R$4,019 (R$4,645 as at December 31, 2019) in noncurrent assets.

(In thousands of Brazilian reais unless otherwise stated)

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

		Parent and Consolidated
	March 31, 2020	**December 31, 2019**
Falling due	95,617	90,125
Past due:		
1 to 30 days	1,103	894
31 to 60 days	735	601
61 to 90 days	372	147
91 to 180 days	595	396
181 to 360 days	432	352
Over 360 days	12,421	12,522
	15,658	14,912
Total - current	111,275	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 (9 months)	83,296
2022	58,898
2023	27,194
2024 onward	2,354
Total – noncurrent	171,742

(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	(173)
At March 31, 2020	8,154

6 Inventory

	Parent		Consolidated	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Finished products	36,680	39,542	87,834	81,315
Used machinery	13,789	13,130	13,789	13,130
Work in progress	82,852	75,561	155,316	116,195
Raw materials and components	110,218	105,043	138,466	127,572
Imports in transit	13,060	6,200	21,129	6,666
Total	256,599	239,476	416,534	344,878

The inventory balances, parent and consolidated, as at March 31, 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$ 27,813 and R$ 35,858 (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	(2,168)	(2,261)
Provision recorded	2,102	2,881
Foreign exchange difference	-	4,203
Transfer of provision resulting from machines repossessed during the period	567	567
At March 31, 2020	27,813	35,858

(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	
	March 31, 2020	**December 31, 2019**	**March 31, 2020**	**December 31, 2019**
Finished products	2,884	2,485	10,929	5,641
Used machinery	7,026	6,321	7,026	6,321
Work in progress	5,021	5,224	5,021	5,224
Raw materials and components	12,882	13,282	12,882	13,282
Total	27,813	27,312	35,858	30,468

7 Investments in subsidiaries

Company investments in its subsidiaries are as follows:

	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)

	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)	At March 31, 2020 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	70.321	144.504	21.890	20.104	2.522	10.622	19.469	
Noncurrent assets	9.330	147.227	74	120	-	-	167	
Current liabilities	61.798	127.624	80	25.373	-	3	22.223	
Noncurrent liabilities	15.263	35.984	-	-	-	-	-	
Equity (equity deficit) of subsidiary	2.590	128.123	21.884	(5.149)	2.522	10.619	(2.587)	
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	331	26.505	-	(1.070)	-	2.469	(439)	27.796
Dividends proposed and paid (b)	-	-	(1.899)	-	-	-	-	(1.899)
Equity pickup	(956)	(3.506)	802	(903)	-	(239)	(920)	(5.722)
Equivalent value - closing balance	**2.590**	**128.123**	**20.368**	**(5.149)**	**2.522**	**10.619**	**(2.587)**	**156.486**
Investment in subsidiaries	2.590	128.123	20.368	-	2.522	10.619	-	164.222
Provision for equity deficit of subsidiaries	-	-	-	(5.149)	-	-	(2.587)	(7.736)

(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$,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)

								At March 31, 2019
	Romi Italy and subsidiaries (1)	Romi Europe and subsidiaries (2)	Rominor (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	51.283	130.888	21.336	13.819	2.441	7.810	7.990	
Noncurrent assets	7.567	119.750	522	51	-	-	185	
Current liabilities	41.241	123.700	154	16.846	-	9	8.758	
Noncurrent liabilities	11.774	30.052	-	-	-	-	-	
Equity (equity deficit) of subsidiary	5.835	96.886	21.704	(2.976)	2.441	7.801	(583)	
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	233	(1.805)	-	(41)	-	46	3	(1.564)
Dividends proposed and paid (b)	-	-	(2.278)	-	-	-	-	(2.278)
Equity pickup	(1.974)	(9.319)	634	(827)	(8)	(34)	(41)	(11.569)
Unrealized profit	-	-	-	-	-	-	-	-
Equivalent value - closing balance	**5.835**	**96.886**	**20.201**	**(2.976)**	**2.441**	**7.801**	**(583)**	**129.605**
Investment in subsidiaries	5.835	96.886	20.201	-	2.441	7.801	-	133.164
Provision for equity deficit of subsidiaries	-	-	-	(2.976)	-	-	(583)	(3.559)

(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 reais, unless otherwise stated

8 Related party transactions and balances

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

(i) Statement of financial position accounts – Parent

	Receivables		Payables	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Direct subsidiaries				
Romi Europe	3,750	2,425	180	188
Romi Italy	12,356	10,464	-	-
Romi Machine Tools	23,882	18,300	-	722
Romi A.L.	-	-	486	431
Irsa Maquinas Mexico	16,432	11,635	-	-
Rominor	4	4	-	-
Indirect subsidiaries				
B+W - Burkhardt+Weber	2,536	2,023	-	338
Romi France S.A.S.	9,481	8,678	-	-
Romi Máquinas España S.A.	5,706	4,129	-	-
Romi Machines UK	15,237	7,511	-	-
Total	89,384	65,169	666	1,679

(ii) Transactions

	Sales revenue		Operating expense and finance income (costs)	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Romi Europe	596	6,076	236	1,442
Rominor Comércio	4	17	-	0
Romi Italy	1,933	7,198	-	0
Romi Machine Tools	2,308	10,657	-	-
Romi France S.A.S.	1,169	5,678	-	-
Romi A.L.	-	-	77	388
Romi Machines UK	6,188	7,273	-	-
Irsa Maquinas Mexico	1,813	5,001	-	30
B+W - Burkhardt + Weber	4	4,167	-	362
Romi Máquinas Espãna	468	1,828	-	-
Total	14,483	47,895	313	2,222

In thousands of reais, unless otherwise stated

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. Trade notes mature in the short term.

The Company provides administrative services, mainly accounting and legal services, to the parent Fênix Empreendimentos S.A.. The revenue until March 2020 was R$39 (R$ 38 as at March 31, 2019).

The Company makes donations to Romi Foundation at amounts set in the agreement approved by the State Prosecutor's Office. Donations until March 2020 totaled R$237 (R$231 as at March 31, 2019).

Management compensation for the periods ended March 31, 2020 and 2019 was as follows:

	March 31, 2020	**March 31, 2019**
Fees and charges	1,521	1,351
Profit sharing	289	-
Private pension plan	81	62
Healthcare plan	64	62
Parent	1,955	1,475
Fees and charges of subsidiaries	25	23
Consolidated	1,980	1,498

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.

In thousands of reais, unless otherwise stated

9 Taxes recoverable

The breakdown of taxes recoverable is as follows:

	Note	March 31, 2020	December 31, 2019
Current			
Withholding Income Tax (IRRF)		30	65
Corporate Income Tax (IRPJ)		397	391
Social Contribution on Net Income (CSLL)		6	7
Social Security Contribution (INSS)		7	4
ICMS included in the PIS and COFINS tax base	15 (a)	11,640	-
Excise Tax (IPI) - R$		6,356	6,043
Value-added Tax on Sales and Services (ICMS)		2,006	1,174
Social Integration Program (PIS)		78	67
Social Contribution on Revenues (COFINS)		361	307
Total Parent		20,881	8,058
Taxes recoverable of subsidiaries		9,994	7,289
Total Parent and Consolidated		30,875	15,347
Noncurrent			
ICMS included in the PIS and COFINS tax base	15 (a)	35,969	52,803
Value-added Tax on Sales and Services (ICMS)		1,465	1,598
IRPJ/CSLL - “Plano Verão”	15 (b)	37,156	-
Total Parent and Consolidated		74,590	54,401

In thousands of reais, unless otherwise stated

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$18,181 (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	6,050	6,316
Disposals	(153)	(188)
Depreciation	(5,427)	(7,467)
Foreign exchange difference	-	20,182
At March 31, 2020, net	192,066	288,078
Total cost	551,026	706,467
Accumulated depreciation	(358,960)	(418,389)
Net balance	192,066	288,078

The carrying amount of the property, plant and equipment under finance leases at March 31, 2020 amounted to R$8,678. The Company has discounted these assets to their present value. During the three-month period ended March 31, 2020, the Company recognized the amount of R$701 as depreciation expense in profit or loss.

As at March 31, 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 March 31, 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.

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$71,734 as at March 31, 2020 (R$67,531 as at December 31, 2019). These items refer to land, buildings, facilities, machinery and equipment.

In thousands of reais, unless otherwise stated

12 Intangible assets

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

	Parent	Consolidated
At December 31, 2019, net	600	54,361
Additions	216	216
Amortization	(77)	(1,090)
Foreign exchange difference	-	13,832
At March 31, 2020, net	739	67,319
Total cost	9,584	105,124
Accumulated amortization	(8,845)	(37,805)
Net balance	739	67,319

As at March 31, 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 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	85,200	2,829	88,029	85,200	2,829	88,029
Payment of principal	(4,488)	(10,530)	(15,018)	(4,488)	(16,366)	(20,854)
Payment of interest	(324)	(110)	(434)	(324)	(450)	(774)
Exchange and monetary difference (principal and interest)	-	17,138	17,138	-	21,919	21,919
Interest at the end of the period	719	217	936	719	217	936
Borrowing balance at						
March 31, 2020	101,257	81,585	182,842	101,257	102,514	203,771
Current	89,415	81,585	171,000	89,415	91,031	180,446
Noncurrent	11,842	-	11,842	11,842	11,483	23,325
	101,257	81,585	182,842	101,257	102,514	203,771

(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.

The maturities of financing recorded in noncurrent liabilities at March 31, 2020, in the parent and consolidated, were as follows:

In thousands of reais, unless otherwise stated

	Parent	Consolidated
2021 (9 months)	4,769	5,012
2022	6,130	7,716
2023	906	2,491
2024	37	1,622
2025 onward	-	6,484
Total	11,842	23.325

14 FINAME manufacturer financing

	Parent and Consolidated	
	March 31, 2020	December 31, 2019
Current		
FINAME manufacturer financing	90,423	82,177
Noncurrent		
FINAME manufacturer financing	159,936	152,786
Total	250,359	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.

The balances of the line item “FINAME manufacturer financing” and, consequently, of the line item “Onlending of FINAME manufacturer financing” as at March 31, 2020 and December 31, 2019 were adjusted for inflation through the end of the reporting period. The difference of R$24,504 between these line items as at March 31, 2020 (R$ 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.

In thousands of reais, unless otherwise stated

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 March 31, 2020, parent and consolidated, were as follows:

	Parent and Consolidated
2021	61,351
2022	62,000
2023	31,926
2024 onward	4,659
Total	159,936

15 Provision for tax, labor and civil risks

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
	March 31, 2020	December 31, 2019
Tax	-	52
Civil	700	604
Labor	697	604
Total	1,397	1,260
Current liabilities	1,035	806
Noncurrent liabilities	362	454
	1,397	1,260

In thousands of reais, unless otherwise stated

For legal proceedings classified as probable losses, changes in the provision for the period ended March 31, 2020 are as follows:

	December 31, 2019	Additions	Utilizations/ reversals	Inflation adjustment Foreign exchange difference	March 31, 2020
Tax	52	-	(52)	-	-
Civil	604	69	-	27	700
Labor	604	31	-	62	697
Total Parent and Consolidated	**1,260**	**100**	**(52)**	**89**	**1,397**

As at March 31, 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 March 31, 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) 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.

(d) 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.

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$1,940 (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 March 31, 2020 and 2019 is as follows:

In thousands of reais, unless otherwise stated

	Parent		Consolidated	
	2020	**2019**	**2020**	**2019**
Profit before income tax and social contribution	31,106	121,257	30,800	117,798
Statutory rate (income tax and social contribution)	34%	34%	34%	34%
Income tax and social contribution expense at statutory rates	(10,576)	(41,227)	(10,472)	(40,051)
Reconciliation to the effective rate:				
Interest on capital	10,686	10,045	10,686	10,045
IR/CSLL Tax proceeding (“Plano Verão”)	10,794	-	10,794	-
Research and development	798	658	798	658
Equity pickup	(1,945)	(3,933)	-	-
Unrecorded deferred income tax and social contribution at subsidiaries	-	-	(1,869)	(1,729)
Management profit sharing	(98)		(98)	-
Other additions (deductions), net	(8)	453	178	579
Current and deferred income tax and social contribution income (expense)	9,651	(34,004)	10,017	(30,498)

(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.

In thousands of reais, unless otherwise stated

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

	Parent		Consolidated	
	2020	**2019**	**2020**	**2019**
Current	9,353	(13,896)	8,893	(13,744)
Deferred	298	(20,108)	1,124	(16,754)
Total	9,651	(34,004)	10,017	(30,498)

Changes in deferred tax assets and liabilities, parent and consolidated, for the period ended March 31, 2020 were as follows:

	Assets		Liabilities
	Parent	**Consolidated**	**Consolidated**
At December 31, 2019	23,577	24,822	31,630
Changes in the year			
Additions	1,291	1,966	-
Realization	(993)	(1,062)	(220)
Foreign exchange difference	-	680	8,315
At March 31, 2020	23,875	26,406	39,725

17 Equity

Capital

As at March 31, 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 March 31, 2020 and December 31, 2019, the legal reserve amounted to R$54,321.

b) Retained earnings reserve

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 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.

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	March 31, 2020	March 31, 2019
Profit for the period attributable to the controlling shareholders		40,757	87,253
Weighted average number of shares outstanding in the period (in thousands)		62,858	62,858
Basic and diluted earnings per share		0.65	1.39
Other non-recurring operating results	15	(34,974)	(105,564)
Profit (loss) for the period attributable to the controlling shareholders		5,783	(18,311)
Basic and diluted earnings (loss) per share – adjusted		0.09	(0.29)

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 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 March 31, 2020 was prepared and is being presented on a comparative basis with the period ended March 31, 2019, according to the Company's segments:

					At March 31, 2020
	Romi Machinery	Burkhardt + Weber Machinery	Cast and machined products	Eliminations between segments	Consolidated
Net operating revenue	82.503	36.707	46.731	-	165.941
Cost of sales and services	(41.292)	(30.101)	(46.265)	-	(117.658)
Transfers remitted	139	-	5.227	(5.366)	
Transfers received	(5.227)	-	(139)	5.366	
Gross profit	36.123	6.606	5.554	-	48.283
Operating (expenses) income:					
Selling expenses	(14.905)	(3.245)	(931)	-	(19.081)
General and administrative expenses	(7.750)	(6.309)	(3.134)	-	(17.193)
Research and development	(3.973)	-	(1.097)	-	(5.070)
Management fees	(1.123)	-	(857)	-	(1.980)
Other operating income (expenses), net	(245)	-	-	-	- (245)
Operating profit (loss) before finance income (costs)	8.127	(2.948)	(465)	-	4.714
Inventory	281.640	91.700	43.194	-	416.534
Depreciation and amortization	2.945	2.356	3.256	-	8.557
Property, plant and equipment, net	87.870	81.413	118.795	-	288.078
Intangible assets	724	66.579	16	-	67.319

	Europe	Latin America	North America	Africa and Asia	Total
Net operating revenue per geographical region	52.822	108.536	4.396	187	165.941

In thousands of reais, unless otherwise stated

					At March 31, 2019
	Romi Machinery	**Burkhardt + Weber Machinery**	**Cast and machined products**	**Eliminations between segments**	**Consolidated**
Net operating revenue	68.919	17.716	34.131	-	120.766
Cost of sales and services	(35.005)	(20.942)	(41.268)	-	(97.215)
Transfers remitted	417	-	6.508	(6.925)	
Transfers received	(6.508)	-	(417)	6.925	
Gross profit (loss)	27.823	(3.226)	(1.046)	-	23.551
Operating (expenses) income:					
Selling expenses	(14.497)	(2.690)	(1.371)	-	(18.558)
General and administrative expenses	(9.071)	(5.948)	(2.416)	-	(17.435)
Research and development	(4.392)	-	(368)	-	(4.760)
Management fees	(1.051)	-	(447)	-	(1.498)
Other operating income				-	-
(expenses), net	54.333	-	20.810		75.143
Operating profit (loss) before finance income (costs)	53.145	(11.864)	15.162	-	56.443
Inventory	243.429	74.011	29.491	-	346.931
Depreciation and amortization	2.840	2.397	3.025	-	8.262
Property, plant and equipment, net	85.693	64.209	114.940	-	264.842
Intangible assets	782	55.158	19	-	55.959

	Europe	**Latin America**	**North America**	**Africa and Asia**	**Total**
Net operating revenue per geographical region	32.580	82.787	4.802	597	120.766

In thousands of 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 Events after the reporting period

Impacts of 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 strongly impacted by COVID-19. We saw a significant fall in the source of our business, which was intensified by the social restriction guidelines in the countries where Romi operates, such as: Italy, France, Spain, Germany and the United Kingdom. Deliveries of equipment already sold and produced were also impacted, however, so far, there has been no cancellation of these orders, which are expected to be delivered in 2Q20. In operations located in the Americas (Brazil, USA, Mexico, Argentina and other countries), with the adoption of restrictive measures in mid-March, these areas also began to experience the impact on operations.

In view of the 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 date we are operating normally, with some additional safety measures, such as: availability of disposable masks, temperature measurement at the entrance of the company, availability of gel alcohol at certain points, readjustment of layout and signage on restaurant floors for greater distance between people and intensified cleaning of common areas.

Analyzing the results for 1Q20, 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.

Regarding the issues of continuity of the Company's business, since the beginning of March of this year, observing the evolution of our European subsidiaries, we have implemented fundraising actions, increasing liquidity, revising production volumes and reducing the purchase of raw materials and components, and have extended the terms for receipt from certain suppliers. Additionally, we accessed the most significant contracts, evaluating, proposing and discussing alternatives with the respective partners for a viable reduction in prices.

In relation to liquidity, approximately R$ 88 million were raised in financing lines, of which R$ 85.2 million were in local currency (Brazilian reais - R$). The actual cost of these 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 March 31, 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 March 31, 2020, the Company had assets indexed to foreign currencies in excess of liabilities of approximately USD 3.5 million, i.e., there was no liability exposure, as said assets act as a natural hedge for borrowings and other payables in foreign currency.

In addition to the above, exchange rates have the following main impacts on Romi's operations:

- Cost structure: about 35% of inputs are imported or impacted by exchange rate changes;

- Exports: approximately US$ 20 million per year refer to exports, the price list amounts are negotiated in foreign currency (US Dollar or Euro) and, therefore, a more devalued Real results in a higher profit margin from exports;

- Domestic sales: more devalued Real makes Romi products more competitive, especially at the Romi Machines Unit, as competition in this segment is with international manufacturers that do not have production in Brazil.

The supply chain continues to produce and is able to deliver on the agreed levels and terms, not posing a high risk of interruption in production due to the lack of 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. 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 30% of the total number of contracts required adherence to emergency renegotiation, and their acceptance and approval is at the discretion of Romi and the accredited financial institutions/issuers, which so far have received around 85% of the requests.

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, with approximately 18% of the number of customers requesting that we postpone installments falling due in April, with each case being analyzed individually and the Company then deciding whether or not the request will be accepted.

The Rough and Machined Cast Iron Parts portfolio, to date, has not shown any signs of growth in its default levels.

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 posted a significant reduction, however, it is not feasible to predict what the new level of activities will be. The Company has frequently monitored and discussed possible impacts and looked for alternatives so that we can respond quickly to new levels of demand.

As for backlog orders as at March 31, 2020, we have not had any relevant cancellations and/ or postponements.

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 August 10 to August 13, but is not yet confirmed. 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.

* * * * *

April 28, 2020
1Q20 Earnings Release

March 31, 2020

Share price
ROMI3 - R$9.75 per share (on 4/27/2020)

Market value
R$612.9 million
US$ 108.8 million

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

Free Float = 50.8%

Investor Relations Contact

Fábio Barbanti Taiar
Investor Relations Officer
Telephone: + 55 (19) 3455-9418
dri@romi.com

April 29, 2020

Earnings Conference Call
Time: 10:30 a.m.
Dial-in numbers:
+55 (11) 3181-8565
Access Code: Romi

Earnings Conference Call in English
Time: 12:00 p.m. (São Paulo)
4:00 p.m. (London)
11:00 a.m. (New York)
Dial-in numbers:
USA +1 (412) 717-9627
Other: +1 (844) 204-8942
Brazil +55 (11) 3193-1001
Access Code: Romi

Santa Bárbara d'Oeste, SP, April 28, 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 first quarter of 2020 ("1Q20"). 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).

Highlights

Order entry in 1Q20 grew 32.7% over 1Q19, which shows that the Brazilian market was experiencing a significant recovery

▪ The order entry at Romi Machines Unit grew by 21.8% in 1Q20 when compared to 1Q19, as a result of the recovery of the Brazilian market observed as from 4Q19;

▪ The Rough and Machined Cast Iron Parts Unit posted an increase of 114.7% in order entry in 1Q20 when compared to 1Q19, as a result of the resumption of the large castings segment;

▪ The net operating revenue increased by 37.4% in 1Q20 over the same period in 2019, reflecting positively on the operating margin, which in the same period increased by 18.2 p.p.;

▪ At the Romi Machines Unit, the net operating revenue in 1Q20 was 19.7% higher than that observed in 1Q19, due to the recovery of the domestic market. This growth, combined with the control of operating expenses, resulted in an expansion of the operating margin, in the same comparison period, of 11.5 p.p.;

▪ The B+W Machines Unit posted a growth of 107.2% in net operating revenue in 1Q20. The higher volume of revenue, combined with projects focused on increasing profitability, reflected on the growth of the operating margin;

▪ The Rough and Machined Cast Iron Parts Unit achieved a growth of 36.9% in net operating revenue in 1Q20 as compared to 1Q19, driven by the delivery of large parts. The operating margin grew by 15.6 p.p., reflecting the higher volume of production and revenue; and

▪ The order backlog grew by 22.4% at the end of the first quarter of 2020 as compared to March 2019, with highlights to the Romi Machines and Rough and Machined Cast Iron Parts Units.

	Quarterly				
R$'000	1Q19	4Q19	1Q20	Chg.	Chg.
Revenues Volume				1Q20/4Q19	1Q20/1Q19
Romi Machines (units)	137	248	164	-33.9%	19.7%
Burkhardt + Weber (units)	2	7	3	-57.1%	50.0%
Rough and Machined Cast Iron Parts (tons)	3,567	3,605	4,095	13.6%	14.8%
Net Operating Revenue	**120,766**	**230,381**	**165,941**	-28.0%	37.4%
Gross margin (%)	*19.5%*	*29.9%*	*29.1%*		
Operating Income (EBIT)	**56,443**	**22,397**	**4,714**	-79.0%	-91.6%
Operating margin (%)	*46.7%*	*9.7%*	*2.8%*		
Operating Income (EBIT) - adjusted (*)	**(17,878)**	**22,397**	**5,669**	-74.7%	131.7%
Operating margin (%) - adjusted (*)	*-14.8%*	*9.7%*	*3.4%*		
Net Income	**87,300**	**19,066**	**40,817**	114.1%	-53.2%
Net margin (%)	*72.3%*	*8.3%*	*24.6%*		
Net Income - adjusted (*)	**(18,264)**	**19,066**	**5,843**	-69.4%	132.0%
Net margin (%) - adjusted (*)	*-15.1%*	*8.3%*	*3.5%*		
EBITDA	**64,705**	**31,123**	**13,271**	-57.4%	-79.5%
EBITDA margin (%)	*53.6%*	*13.5%*	*8.0%*		
EBITDA - adjusted (*)	**(9,616)**	**31,123**	**14,226**	-54.3%	247.9%
EBITDA margin (%) - adjusted (*)	*-8.0%*	*13.5%*	*8.6%*		
Investments	**7,151**	**10,339**	**6,316**	-38.9%	-11.7%

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

(*)

1Q19: 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) profit 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.

1Q20: 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, 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.

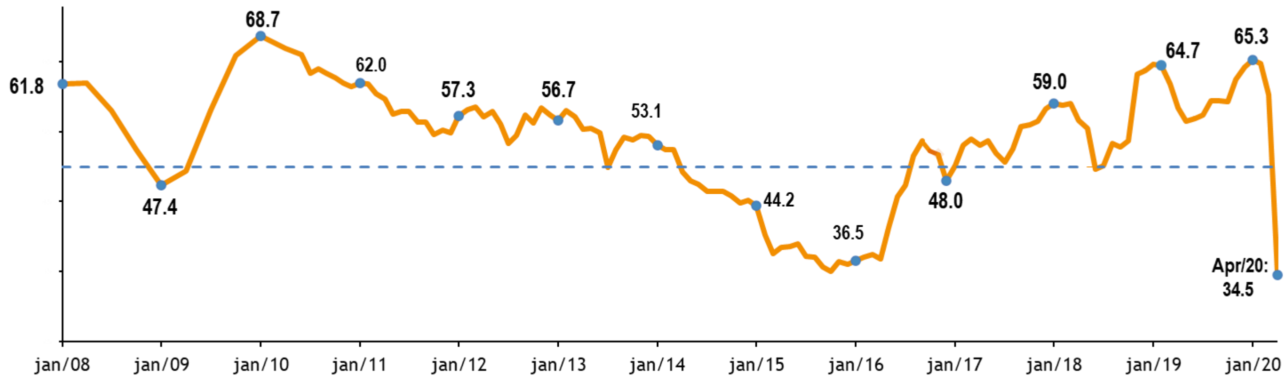
The Company has thirteen manufacturing units, four of which for final assembly of industrial machinery, two foundries, four units for machining of mechanical components, two units for manufacture of steel sheet components, and one unit for assembly of electronic panels. Of these, eleven are located in 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 observed since the fourth quarter of last year and, mainly, with an improvement in industry confidence. Some macroeconomic data indicated recovery signs in the Brazilian economy, such as the improvement in the confidence indexes and in the utilization of installed capacity when compared to the last three years, presented below. The volume of business opportunities that had already grown since the second half of 2019 continued to expand in early 2020, thus observing what would be greater consistency in Brazil's economic recovery. This improvement in macroeconomic data and in the general economic environment and a more stable scenario encouraged customers to resume their investments, as can be seen in the volume of incoming orders of the Romi Machines Unit in the first quarter of 2020, mainly in January and February. The foreign market, on the other hand, already felt the effects of the global economic slowdown, especially the South American markets and, as a result, a reduction in the volume of business generated in these countries could be noted.

However, with the crisis generated by Covid-19, as shown below, the Industrial Entrepreneur Confidence Index (ICEI), in April, plummeted to 34.5.

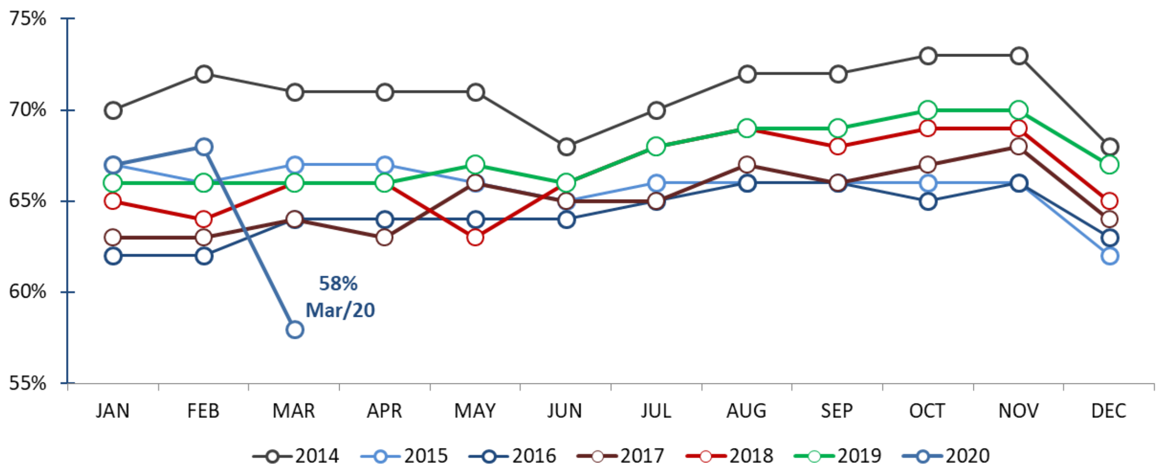
Industrial Entrepreneur Confidence Index - ICEI



Source: CNI – ICEI, April 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 consolidated at an important growth level, when compared to the last years, showing a solid recovery of the Brazilian economy.

Average Installed Capacity Utilization (UCI)



Source: CNI – ICEI, March 2020.

Romi took important steps with the advent of Covid-19, which we detail below. 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. 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.

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 strongly impacted by COVID-19. We saw a significant fall in the source of our business, which was intensified by the social restriction guidelines in the countries where Romi operates, such as: Italy, France, Spain, Germany and the United Kingdom. Deliveries of equipment already sold and produced were also impacted, however, so far, there has been no cancellation of these orders, which are expected to be delivered in 2Q20. In operations located in the Americas (Brazil, USA, Mexico, Argentina and other countries), with the adoption of restrictive measures in mid-March, these areas also began to experience the impact on operations.

In view of the 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 date we are operating normally, with some additional safety measures, such as: availability of disposable masks, temperature measurement at the entrance of the company, availability of gel alcohol at certain points, readjustment of layout and signage on restaurant floors for greater distance between people and intensified cleaning of common areas.

Analyzing the results for 1Q20, 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.

Regarding the issues of continuity of the Company's business, since the beginning of March of this year, observing the evolution of our European subsidiaries, we have implemented fundraising actions, increasing liquidity, revising production volumes and reducing the purchase of raw materials and components, and have extended the terms for receipt from certain suppliers. Additionally, we accessed the most significant contracts, evaluating, proposing and discussing alternatives with the respective partners for a viable reduction in prices.

In relation to liquidity, approximately R$ 88 million were raised in financing lines, of which R$ 85.2 million were in local currency (reais). The actual cost of these 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 March 31, 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 March 31, 2020, the Company had assets indexed to foreign currencies in excess of liabilities of approximately USD 3.5 million, i.e., there was no liability exposure, as said assets act as a natural hedge for borrowings and other payables in foreign currency.

In addition to the above, exchange rates have the following main impacts on Romi's operations:

- Cost structure: about 35% of inputs are imported or impacted by exchange rate changes;

- Exports: approximately US$ 20 million per year refer to exports, the price list amounts are negotiated in foreign currency (US Dollar or Euro) and, therefore, a more devalued Real results in a higher profit margin from exports;

- Domestic sales: more devalued Real makes Romi products more competitive, especially at the Romi Machines Unit, as competition in this segment is with international manufacturers that do not have production in Brazil.

The supply chain continues to produce and is able to deliver on the agreed levels and terms, not posing a high risk of interruption in production due to the lack of 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. 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 30% of the total number of contracts required adherence to emergency renegotiation, and their acceptance and approval is at the discretion of Romi and the accredited financial institutions/issuers, which so far have received around 85% of the requests.

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, with approximately 18% of the number of customers requesting that we postpone installments falling due in April, with each case being analyzed individually and the Company then deciding whether or not the request will be accepted.

The Rough and Machined Cast Iron Parts portfolio, to date, has not shown any signs of growth in its default levels.

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 posted a significant reduction, however, it is not feasible to predict what the new level of activities will be. The Company has frequently monitored and discussed possible impacts and looked for alternatives so that we can respond quickly to new levels of demand.

As for backlog orders as at March 31, 2020, we have not had any relevant cancellations and/ or postponements.

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 August 10 to August 13, but is not yet confirmed. 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 (R$ 000) Gross Values, sales taxes included	1Q19	4Q19	1Q20	Chg. 1Q20/4Q19	Chg. 1Q20/1Q19
Romi Machines	71,956	111,184	87,624	-21.2%	21.8%
Burkhardt+Weber Machines	32,199	27,249	20,182	-25.9%	-37.3%
Rough and Machined Cast Iron Parts	37,078	46,820	79,616	70.0%	114.7%
Total *	**141,233**	**185,253**	**187,423**	**1.2%**	**32.7%**

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

The volume of incoming orders at the Romi Machines Unit observed in 1Q20 increased by 21.8% in relation to that observed in 1Q19, due to the growth of orders in the domestic market, mainly in January and February, which demonstrated, at the beginning of 2020, the continuity of the economic recovery and a good level of confidence, which encouraged investment. On the other hand, the foreign market continued to show the deceleration that started in 2019, accelerated by the Covid-19 crisis.

At German subsidiary B+W, incoming orders in 1Q20 decreased by 37.3%, reflecting the slowdown in 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 1Q20, a 114.7% increase in incoming orders, when compared to 1Q19, demonstrating the recovery of large castings for the energy segment.

Order Backlog (R$ 000) Gross Values, sales taxes included	1Q19	4Q19	1Q20	Chg. 1Q20/4Q19	Chg. 1Q20/1Q19
Romi Machines	74,815	93,276	111,063	19.1%	48.4%
Burkhardt+Weber Machines	187,107	138,470	164,039	18.5%	-12.3%
Rough and Machined Cast Iron Parts	50,100	73,207	106,829	45.9%	113.2%
Total *	**312,022**	**304,952**	**381,931**	**25.2%**	**22.4%**

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

At the end of the first quarter of 2020, the order backlog grew by 22.4% compared to the same period in 2019. This growth is related to the higher business volume in the domestic market, where we noticed an important resumption of investments and, consequently, of the demand for Romi machines. In addition, the heavy parts market at the Foundry is also quite heated, as can be seen in the growth in orders at this unit.

Operational Performance

NET OPERATING REVENUES

Net operating revenue posted by the Company in 1Q20 reached R$ 165.9 million, 37.4% higher than in 1Q19, with all business units posting growth in the period.

By Business Unit

	Quarterly				
Net Operating Revenue (R$ 000)	**1Q19**	**4Q19**	**1Q20**	**Chg. 1Q20/4Q19**	**Chg. 1Q20/1Q19**
Romi Machines	68,919	129,313	82,503	-36.2%	19.7%
Burkhardt+Weber Machines	17,716	63,707	36,707	-42.4%	107.2%
Rough and Machined Cast Iron Parts	34,131	37,361	46,731	25.1%	36.9%
Total	**120,766**	**230,381**	**165,941**	**-28.0%**	**37.4%**

Romi Machines

The net operating revenue of this Business Unit reached R$ 82.5 million in 1Q20, posting an increase of 19.7% when compared to 1Q19, reflecting the recovery of the Brazilian economy and the general confidence of domestic industry, which resulted in an order volume growth as from the third quarter of 2019.

Burkhardt+Weber Machines

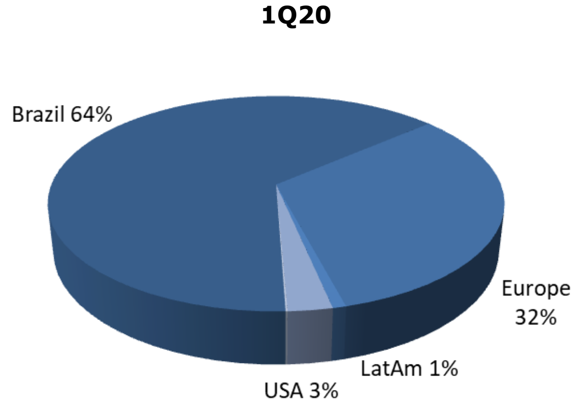
In 1Q20, the revenue of the German subsidiary B+W's, in Reais, was 107.2% higher than in 1Q19. In Euros, this growth was 76.7% in the same period. Although the current scenario for B+W faces great challenges for obtaining new orders, the order backlog at the end of 2019 for equipment to be delivered throughout 2020 was quite robust, and all orders agreed to be delivered in 1Q20 were duly produced and delivered.

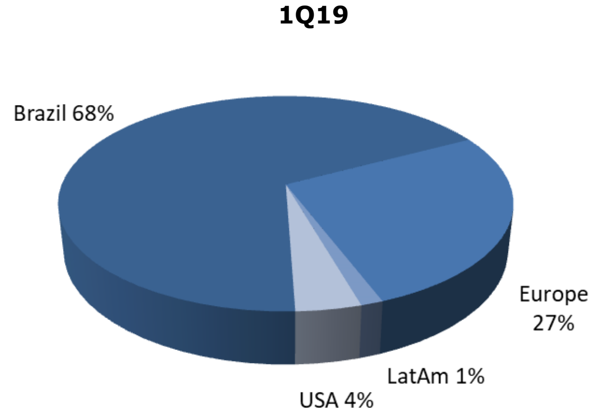
Rough and Machined Cast Iron Parts

The net operating revenue of this Business Unit was R$ 46.7 million in 1Q20, an increase of 36.9% as compared to 1Q19, due to the resumption of large rough and machined cast iron parts, reflecting the resumption of investments in the energy sector.

By Geographical Region

The domestic market accounted for 64% of Romi's consolidated revenue in 1Q20 (68% in 1Q19). 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 geographic region was the following:





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

Foreign Sales	Quarterly				
	1Q19	4Q19	1Q20	Chg. 1Q20/4Q19	Chg. 1Q20/1Q19
Net Sales (R$ million)	40.4	100.1	60.2	-39.9%	48.8%
Net Sales (US$ million)	10.7	24.5	12.9	-47.2%	20.5%

In the foreign market, Europe increased its share of consolidated revenue in 1Q20, from 27% to 32%, due to the projects of the German subsidiary B+W being more concentrated in Europe. Latin America maintained its share, mainly in South America, due to the drop in business observed in these countries. The USA showed a slight drop in its share in 1Q20, reflecting the increase in sales in Europe.

OPERATING COSTS AND EXPENSES

The gross margin obtained in 1Q20 was 29.1%, an increase of 9.6 p.p. compared to 1Q19. The adjusted operating margin (adjusted EBIT) increased by 18.2 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.

	Quarterly				
Gross Margin	**1Q19**	**4Q19**	**1Q20**	**Chg. p.p. 1Q20/4Q19**	**Chg. p.p. 1Q20/1Q19**
Romi Machines	40.4%	37.6%	43.8%	6.2	3.4
Burkhardt+Weber Machines	-18.2%	22.9%	18.0%	(4.9)	36.2
Rough and Machined Cast Iron Parts	-3.1%	15.0%	11.9%	(3.1)	14.9
Total	**19.5%**	**29.9%**	**29.1%**	**(0.8)**	**9.6**

	Quarterly				
EBIT Margin - Adjusted	**1Q19**	**4Q19**	**1Q20**	**Chg. p.p. 1Q20/4Q19**	**Chg. p.p. 1Q20/1Q19**
Romi Machines	-0.5%	14.7%	11.0%	(3.7)	11.5
Burkhardt+Weber Machines	-67.0%	5.5%	-8.0%	(13.5)	58.9
Rough and Machined Cast Iron Parts	-16.5%	-0.2%	-1.0%	(0.8)	15.6
Total	**-14.8%**	**9.7%**	**3.4%**	**(6.3)**	**18.2**

Romi Machines

The gross margin of this Business Unit in 1Q20 increased by 3.4 p.p. when compared to 1Q19, due to the higher general volume of revenue, greater share of the domestic market in revenue and the improvement in export margins due to the devalued real. The higher volume of revenue, combined with the expansion of the gross margin and the control of operating expenses resulted in an increase of 11.5 p.p. in the adjusted operating margin (adjusted EBIT), in 1Q20 when compared to 1Q19.

Burkhardt+Weber Machines

The gross margin and operating margin of this business unit in 1Q20 increased by 36.2 p.p. and 58.9 p.p. as compared to 1Q19, respectively. The increase of 107.2% in net operating revenue in 1Q20, as well as the numerous projects focused on improving profitability, resulted in this expansion of operating margins.

Raw and Machined Cast Iron Parts

The gross margin of this Business Unit in 1Q20 grew by 14.9 p.p. as compared to 1Q19, as well as the adjusted operating margin (adjusted EBIT), which in the same comparison period grew by 15.6 p.p.. This growth is due to the higher volume of revenues and production in 1Q20, 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 1Q20, the operating cash generation as measured by EBITDA amounted to R$14.2 million, representing an EBITDA margin of 8.6% in the quarter, as indicated in the following table:

Reconciliation of Net Income to EBITDA	Quarterly				
(R$ 000)	**1Q19**	**4Q19**	**1Q20**	**Chg. 1Q20/4Q19**	**Chg. 1Q20/1Q19**
Net Income	87,300	19,066	40,817	114.1%	-53.2%
Income tax and social contributions	30,498	4,448	(10,017)	-325.2%	-132.8%
Net Financial Income	(61,355)	(1,117)	(26,086)	-2235.4%	-57.5%
Depreciation and amortization	8,262	8,726	8,557	-1.9%	3.6%
EBITDA	64,705	31,123	13,271	-57.4%	-79.5%
EBITDA Margin	53.6%	13.5%	8.0%	(5.51)	(45.58)
EBITDA - Adjusted (*)	(9,616)	31,123	14,226	-54.3%	247.9%
EBITDA Margin - Adjusted (*)	-8.0%	13.5%	8.6%	(4.94)	16.54
Total Net Operating Revenue	**120,766**	**230,381**	**165,941**	**-28.0%**	**37.4%**

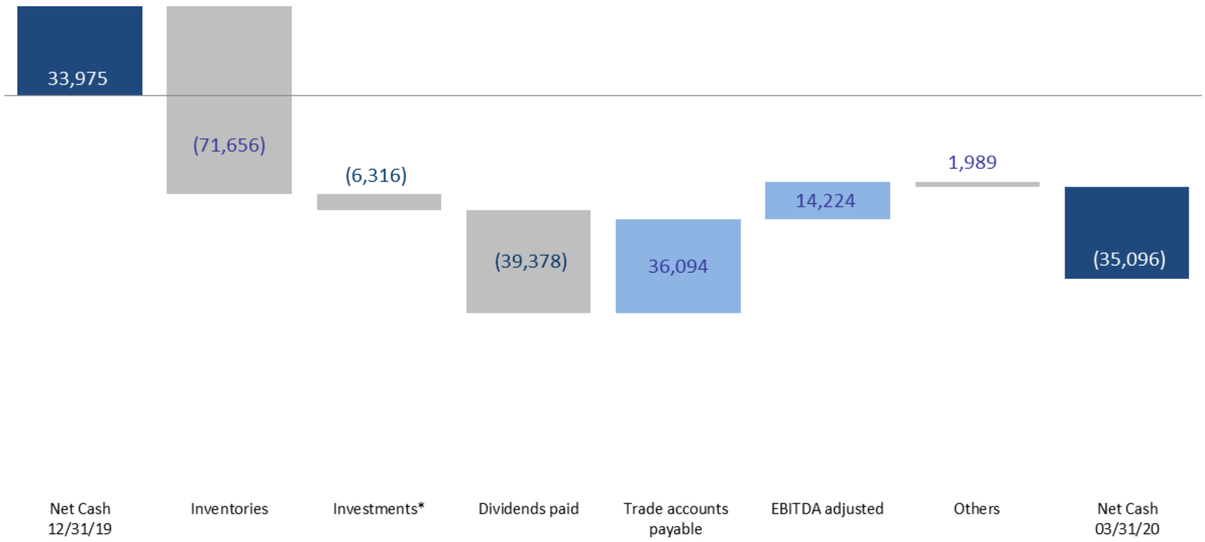
(*) As described in the highlights of this report.

RESULT FOR THE PERIOD

The result for 1Q20 was positive by R$ 40.8 million, with adjusted profit of R $ 5.8 million.

Evolution of the Net Cash (Debt) Position

The main variations in the net debt position during 1Q20 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 06 - Leases.

The growth in net debt in 1Q20 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 an important 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

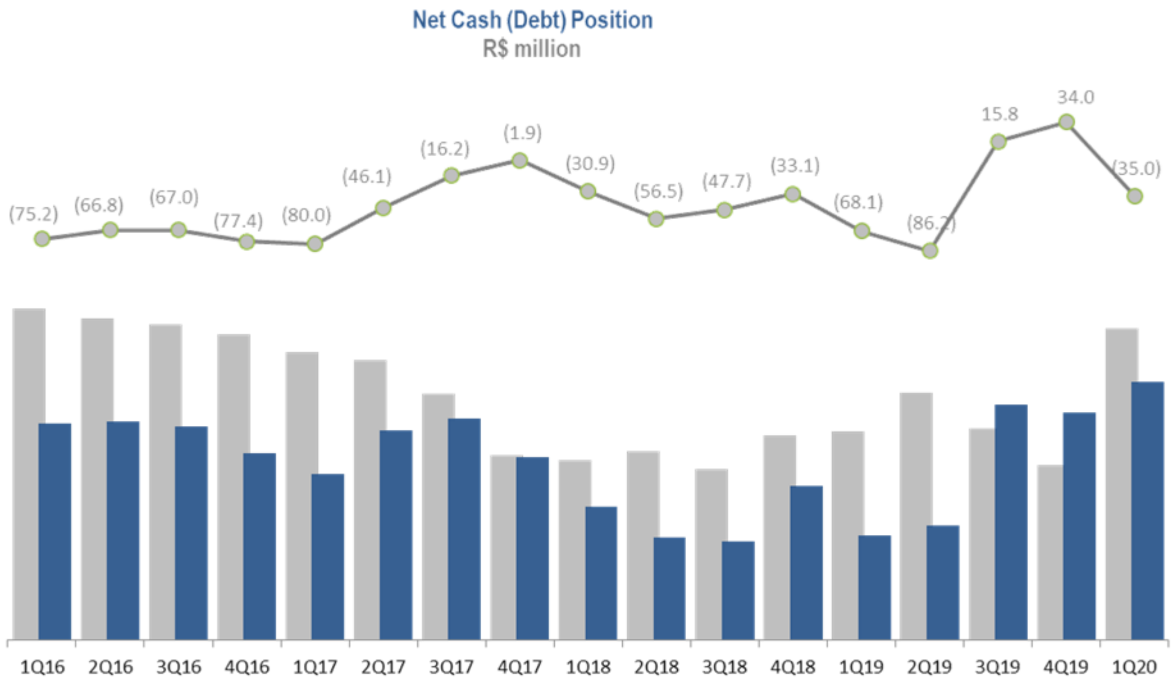
c) Investments made in 1Q20, most of which were for maintenance, productivity, flexibility and competitiveness for the other units in the industrial facilities, all within the investment plan already scheduled for the year.

Financial Position

Short-term investments, including those backed by debentures, 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 March 31, 2020 was negative by R$35.0 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 March 31, 2020, the amount of financing in local currency was R$ 101.3 million, and in foreign currency, R$ 102.5 million, totaling R$ 203.8 million, of which R$ 180.5 million maturing in up to 12 months.

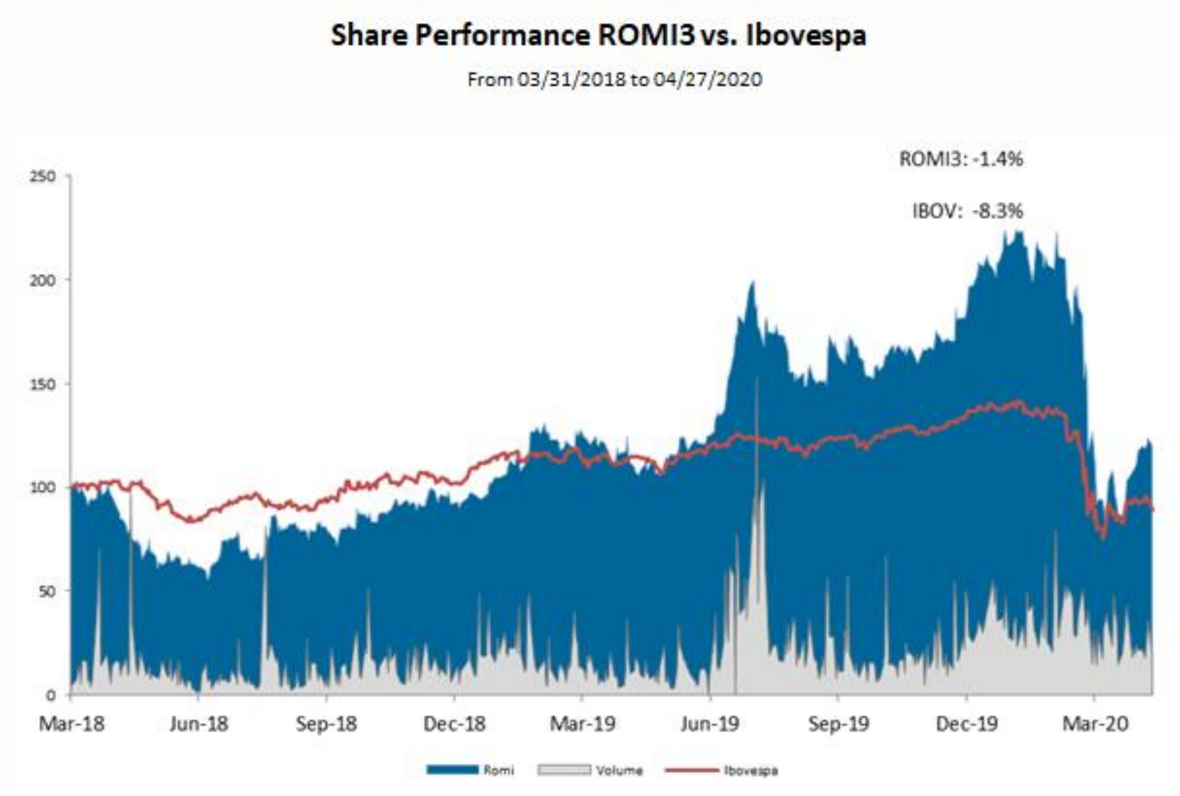
As at March 31, 2020, the Company recorded 165.1 million as cash and cash equivalents and short-term investments.



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

As at March 31, 2020, the Company did not have any derivative transactions.

Capital Market



Source: B3

On April 27, 2020 the Company's common shares (ROMI3), which were quoted at R$9.75, posted devaluation of 11.0% since December 31, 2019 and 1.4% since December 31, 2018. Ibovespa recorded devaluation of 18.0% and 8.3% in the same periods.

The Company's market capitalization on April 27, 2020 was R$612,9 million. The average daily trading volume during 1Q20 was R$3.6 million.

Success in Legal Proceeding

PLANO VERÃO

In 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). On February 17, 2020, the Company filed a request with the Federal Revenue Office for authorization related to the inflationary purge on the assets for purposes of determining the complementary balance of the depreciation and its respective effects on the calculation of the 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$23,135, 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.

Consolidated Balance Sheet

IFRS (R$ 000)

ASSETS	03/31/19	12/31/19	03/31/20
CURRENT	**786,334**	**760,182**	**877,359**
Cash and Cash equivalents	67,512	147,807	165,069
Financial investments	659	683	3,656
Trade accounts receivable	133,094	140,395	141,833
Onlending of FINAME manufacturer financing	88,431	97,053	103,554
Inventories	346,931	344,878	416,534
Recoverable taxes	43,012	15,347	30,875
Other receivables	20,116	14,019	15,838
Judicial Deposits	86,579	-	-
NON CURRENT	**223,097**	**265,282**	**290,740**
Trade accounts receivable	12,341	11,489	11,296
Onlending of FINAME manufacturer financing	126,406	166,959	171,309
Recoverable taxes	52,292	54,401	74,590
Deferred income and social contribution taxes	27,597	24,822	26,406
Judicial Deposits	2,126	1,930	1,940
Other receivables	2,335	5,681	5,199
Investments			
Property, Plant and Equipment	264,842	269,235	288,078
Investment Properties	18,398	18,181	18,181
Intangible assets	55,959	54,361	67,319
TOTAL ASSETS	**1,348,630**	**1,367,241**	**1,541,677**

LIABILITIES AND SHAREHOLDER'S EQUITY	03/31/19	12/31/19	03/31/20
CURRENT	**409,957**	**395,429**	**516,848**
Loans and financing	107,295	91,649	180,446
FINAME manufacturer financing	65,772	82,177	90,423
Trade accounts payable	60,959	51,451	87,545
Payroll and related taxes	23,738	21,288	19,127
Taxes payables	21,619	15,553	9,826
Advances from customers	84,490	68,200	72,634
Related parties	-	1,205	90
Dividends	25,805	39,523	27,598
Provision for contingent liabilities	1,854	806	1,035
Other payables	18,425	23,577	28,124
NON CURRENT	**185,045**	**212,930**	**228,905**
Loans and financing	28,964	22,866	23,325
FINAME manufacturer financing	118,759	152,786	159,936
Deferred income and social contribution taxes	31,133	31,630	39,725
Reserve for contingencies	2,061	454	362
Other payables	4,128	5,194	5,557
SHAREHOLDER'S EQUITY	**752,124**	**757,284**	**794,408**
Capital	492,025	492,025	492,025
Retained earnings	217,929	219,482	228,810
Cumulative translation adjustments	42,170	45,777	73,573
NON CONTROLLING INTERESTS	**1,504**	**1,598**	**1,516**
TOTAL SHAREHOLDER'S EQUITY	**753,628**	**758,882**	**795,924**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**1,348,630**	**1,367,241**	**1,541,677**

Consolidated Income Statement

IFRS (R$ thousand)

	1Q19	4Q19	1Q20	Chg. 1Q20/4Q19	Chg. 1Q20/1Q19
Net Operating Revenue	**120,766**	**230,381**	**165,941**	**-28.0%**	**37.4%**
Cost of Goods Sold	(97,215)	(161,590)	(117,658)	-27.2%	21.0%
Gross Profit	**23,551**	**68,791**	**48,283**	**-29.8%**	**105.0%**
Gross Margin %	*19.5%*	*29.9%*	*29.1%*		
Operating revenues (expenses)	**32,892**	**(46,394)**	**(43,569)**	**-6.1%**	**-232.5%**
Selling expenses	(18,558)	(23,652)	(19,081)	-19.3%	2.8%
Research and development expenses	(4,760)	(4,676)	(5,070)	8.4%	6.5%
General and administrative expenses	(17,435)	(18,671)	(17,193)	-7.9%	-1.4%
Management profit sharing and compensation	(1,498)	(2,467)	(1,980)	-19.7%	32.2%
Other operating income, net	75,143	3,072	(245)	-108.0%	-100.3%
Operating Income (loss) before Financial Results	**56,443**	**22,397**	**4,714**	**-79.0%**	**-91.6%**
Operating Margin %	*46.7%*	*9.7%*	*2.8%*		
Financial Results, Net	**61,355**	**1,117**	**26,086**	**2235.4%**	**-57.5%**
Financial income	63,825	3,302	27,293	726.6%	-57.2%
Financial expenses	(1,176)	(1,245)	(2,142)	72.0%	82.1%
Exchance gain (loss), net	(1,294)	(940)	935	-199.5%	-172.3%
Operations Operating Income	**117,798**	**23,514**	**30,800**	**31.0%**	**-73.9%**
Income tax and social contribution	(30,498)	(4,448)	10,017	-325.2%	-132.8%
Net income	**87,300**	**19,066**	**40,817**	**114.1%**	**-53.2%**
Net Margin %	*72.3%*	*8.3%*	*24.6%*		
Net profit (loss) concerning:					
Controlling interests	87,254	18,981	40,757	114.7%	-53.3%
Non controlling interests	47	85	60	-29.4%	27.7%
	0.0%	*0.0%*	*0.0%*		
EBITDA	**64,705**	**31,123**	**13,271**	**-57.4%**	**-79.5%**
Profit (loss) for the period	87,300	19,066	40,817	114.1%	-53.2%
Income tax and social contribution	30,498	4,448	(10,017)	-325.2%	-132.8%
Financial result, net	(61,355)	(1,117)	(26,086)	2235.4%	-57.5%
Depreciation and amortization	8,262	8,726	8,557	-1.9%	3.6%
EBITDA Margin %	*53.6%*	*13.5%*	*8.0%*		
Nº of shares in capital stock (th)	62,858	62,858	62,858	0.0%	0.0%
Profit (loss) per share - R$	1.39	0.30	0.65	114.7%	-53.3%

Consolidated Cash Flow Statement

IFRS (R$ thousand)

	1Q19	4Q19	1Q20
Cash from operating activities			
Net Income before taxation	**117,798**	**23,514**	**30,800**
Financial expenses and exchange gain	(60,409)	(486)	(24,123)
Depreciation and amortization	8,262	8,725	8,557
Allowance for doubtful accounts and other receivables	(3,297)	2,872	1,078
Proceeds from sale of fixed assets and intangibles	(238)	(2,482)	(917)
Provision for inventory realization	1,363	(2,801)	5,390
Reserve for contingencies	(56,746)	(1,338)	48
Change on operating assets and liabilities			
Trade accounts receivable	36,996	30,056	20,148
Onlending of Finame manufacturer financing	(1,288)	(33,518)	(10,678)
Inventories	(47,746)	24,027	(77,046)
Recoverable taxes, net	(8,802)	4,574	(16,142)
Judicial deposits	8,540	86	(10)
Other receivables	1,556	13,826	333
Trade accounts payable	15,001	(10,501)	33,595
Payroll and related taxes	(2,097)	(13,447)	(2,161)
Taxes payable	(18,409)	1,562	12,533
Advances from customers	13,024	(18,134)	4,434
Other payables	(6,492)	1,973	3,912
Cash provided by (used in) operating activities	**(2,984)**	**28,508**	**(10,249)**
Income tax and social contribution paid	(2,772)	(136)	(148)
Net Cash provided by (used in) operating activities	**(5,756)**	**28,372**	**(10,397)**
Financial Investments	(170)	(7)	(2,973)
Purchase of fixed assets	(7,157)	(11,122)	(6,316)
Sales of fixed assets	269	3,189	1,105
Purchase of intangible assets	(581)	530	(216)
Net cash Used in Investing Activities	**(7,639)**	**(7,410)**	**(8,400)**
Interest on capital paid	(23,922)	(21,877)	(39,520)
New loans and financing	13,967	(24,565)	88,029
Payments of loans and financing	(10,083)	(628)	(20,854)
Interests paid (including Finame manufacturer financing)	(4,830)	(726)	(4,361)
New loans in Finame manufacturer	20,459	41,315	40,481
Payment of Finame manufacturer financing	(15,377)	(19,086)	(21,498)
Net Cash provided by (used in) Financing Activities	**(19,786)**	**(25,567)**	**42,277**
Increase (decrease) in cash and cash equivalents	**(33,181)**	**(4,605)**	**23,480**
Exchange variation changes on cash and cash equivalents abroad	265	(1,209)	(6,218)
Cash and cash equivalents - beginning of period	**100,428**	**153,621**	**147,807**
Cash and cash equivalents - end of period	**67,512**	**147,807**	**165,069**

Attachment I – Income Statement by Business Unit

Income Statement by Business Units - 1Q20

R$ 000	Romi Machines	Burkhardt + Weber Machines	Rough and Machined Cast Iron	Total
Net Operating Revenue	**82,503**	**36,707**	**46,731**	**165,941**
Cost of Sales and Services	(41,292)	(30,101)	(46,265)	(117,658)
Business Units Transfers	139	-	5,227	5,366
Business Units Transfers	(5,227)	-	(139)	(5,366)
Gross Profit	**36,123**	**6,606**	**5,554**	**48,283**
Gross Margin %	*43.8%*	*18.0%*	*11.9%*	*29.1%*
Operating Expenses	**(27,996)**	**(9,554)**	**(6,019)**	**(43,569)**
Selling	(14,905)	(3,245)	(931)	(19,081)
General and Administrative	(7,750)	(6,309)	(3,134)	(17,193)
Research and Development	(3,973)	-	(1,097)	(5,070)
Management profit sharing	(1,123)	-	(857)	(1,980)
Other operating revenue	(245)	-	-	(245)
Operating Income (loss) before Financial Results	**8,127**	**(2,948)**	**(465)**	**4,714**
Operating Margin %	*9.9%*	*-8.0%*	*-1.0%*	*2.8%*
Operating loss before Financial Results - Adjusted (*)	**9,082**	**(2,948)**	**(465)**	**5,669**
Operating Margin % - Ajusted (*)	*11.0%*	*-8.0%*	*-1.0%*	*3.4%*
Depreciation and amortization	2,945	2,356	3,256	8,557
EBITDA	**11,072**	**(592)**	**2,791**	**13,271**
EBITDA Margin %	*13.4%*	*-1.6%*	*6.0%*	*8.0%*
EBITDA - Adjusted (*)	**12,027**	**(592)**	**2,791**	**14,226**
EBITDA Margin % - Adjusted (*)	*14.6%*	*-1.6%*	*6.0%*	*8.6%*

Income Statement by Business Units - 1Q19

R$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	**68,919**	**17,716**	**34,131**	**120,766**
Cost of Sales and Services	(35,005)	(20,942)	(41,268)	(97,215)
Business Units Transfers	417	-	6,508	6,925
Business Units Transfers	(6,508)	-	(417)	(6,925)
Gross (loss) Profit	**27,823**	**(3,226)**	**(1,046)**	**23,551**
Gross Margin %	*40.4%*	*-18.2%*	*-3.1%*	*19.5%*
Operating Expenses	**25,322**	**(8,638)**	**16,208**	**32,892**
Selling	(14,497)	(2,690)	(1,371)	(18,558)
General and Administrative	(9,071)	(5,948)	(2,416)	(17,435)
Research and Development	(4,392)	-	(368)	(4,760)
Management profit sharing	(1,051)	-	(447)	(1,498)
Other operating revenue	54,333	-	20,810	75,143
Operating Income (loss) before Financial Results	**53,145**	**(11,864)**	**15,162**	**56,443**
Operating Margin %	*77.1%*	*-67.0%*	*44.4%*	*46.7%*
Operating loss before Financial Results - Adjusted (*)	**(366)**	**(11,864)**	**(5,648)**	**(17,878)**
Operating Margin % - Ajusted (*)	*-0.5%*	*-67.0%*	*-16.5%*	*-14.8%*
Depreciation and amortization	2,840	2,397	3,025	8,262
EBITDA	**55,985**	**(9,467)**	**18,187**	**64,705**
EBITDA Margin %	*81.2%*	*-53.4%*	*53.3%*	*53.6%*
EBITDA - Adjusted (*)	**2,474**	**(9,467)**	**(2,623)**	**(9,616)**
EBITDA Margin % - Adjusted (*)	*3.6%*	*-53.4%*	*-7.7%*	*-8.0%*

Attachment II – Financial Statements of B+W

Balance Sheet B+W

(€ 000)

ASSETS	03/31/19	12/31/19	03/31/20
CURRENT	**28,462**	**25,314**	**23,873**
Cash and Cash equivalents	774	2,813	25
Trade accounts receivable	7,051	7,928	5,511
Inventories	18,215	13,371	16,823
Recoverable taxes	907	541	659
Deferred income and social contribution taxes	940	275	442
Related Parties	170	104	30
Other receivables	404	282	384
Investments			
Property, plant and equipment	14,539	14,032	13,819
Investment in subsidiaries	59	-	-
Intangible assets	12,611	11,870	11,630
TOTAL ASSETS	**55,670**	**51,216**	**49,322**

LIABILITIES AND SHAREHOLDER'S EQUITY	03/31/19	12/31/19	03/31/20
CURRENT	**25,820**	**20,598**	**19,495**
Loans and financing	2,249	1,749	864
Trade accounts payable	4,232	2,916	4,367
Payroll and related taxes	1,406	922	1,141
Taxes payable	315	788	551
Advances from customers	15,600	11,594	9,727
Other payables	1,338	2,176	1,929
Related Parties	681	453	916
NON CURRENT	**6,871**	**6,400**	**6,286**
Loans and financing	2,412	2,075	2,006
Deferred income and social contribution taxes	4,459	4,325	4,280
SHAREHOLDER'S EQUITY	**22,979**	**24,218**	**23,542**
Capital	7,025	7,025	7,025
Capital reserve	505	505	505
Profit reserve	15,449	16,688	16,012
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**55,670**	**51,216**	**49,322**

B+W Income Statement

(€ 000)

	1Q19	4Q19	1Q20
Net Operating Revenue	**4,120**	**13,964**	**7,279**
Cost of Goods Sold	(4,887)	(10,763)	(6,079)
Gross Profit	**(767)**	**3,201**	**1,200**
Gross Margin %	*-18.6%*	*22.9%*	*16.5%*
Operating Expenses	**(2,019)**	**(2,624)**	**(1,940)**
Selling expenses	(629)	(1,169)	(648)
General and administrative expenses	(1,390)	(1,455)	(1,292)
Operating Income before Financial Results	**(2,786)**	**577**	**(740)**
Operating Margin %	*-67.6%*	*4.1%*	*-10.2%*
Financial Results, Net	**(121)**	**(99)**	**(93)**
Operations Operating Income	**(2,907)**	**478**	**(833)**
Income tax and social contribution	861	(222)	167
Net income	**(2,046)**	**256**	**(666)**
Net Margin %	*-49.7%*	*1.8%*	*-9.1%*
EBITDA	**(2,134)**	**1,129**	**(302)**
Net income / loss for the period	(2,046)	256	(666)
Income tax and social contribution	(861)	222	(167)
Financial income, net	121	99	93
Depreciation and amortization	652	552	438
EBITDA Margin %	*-51.8%*	*8.1%*	*-4.1%*

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.