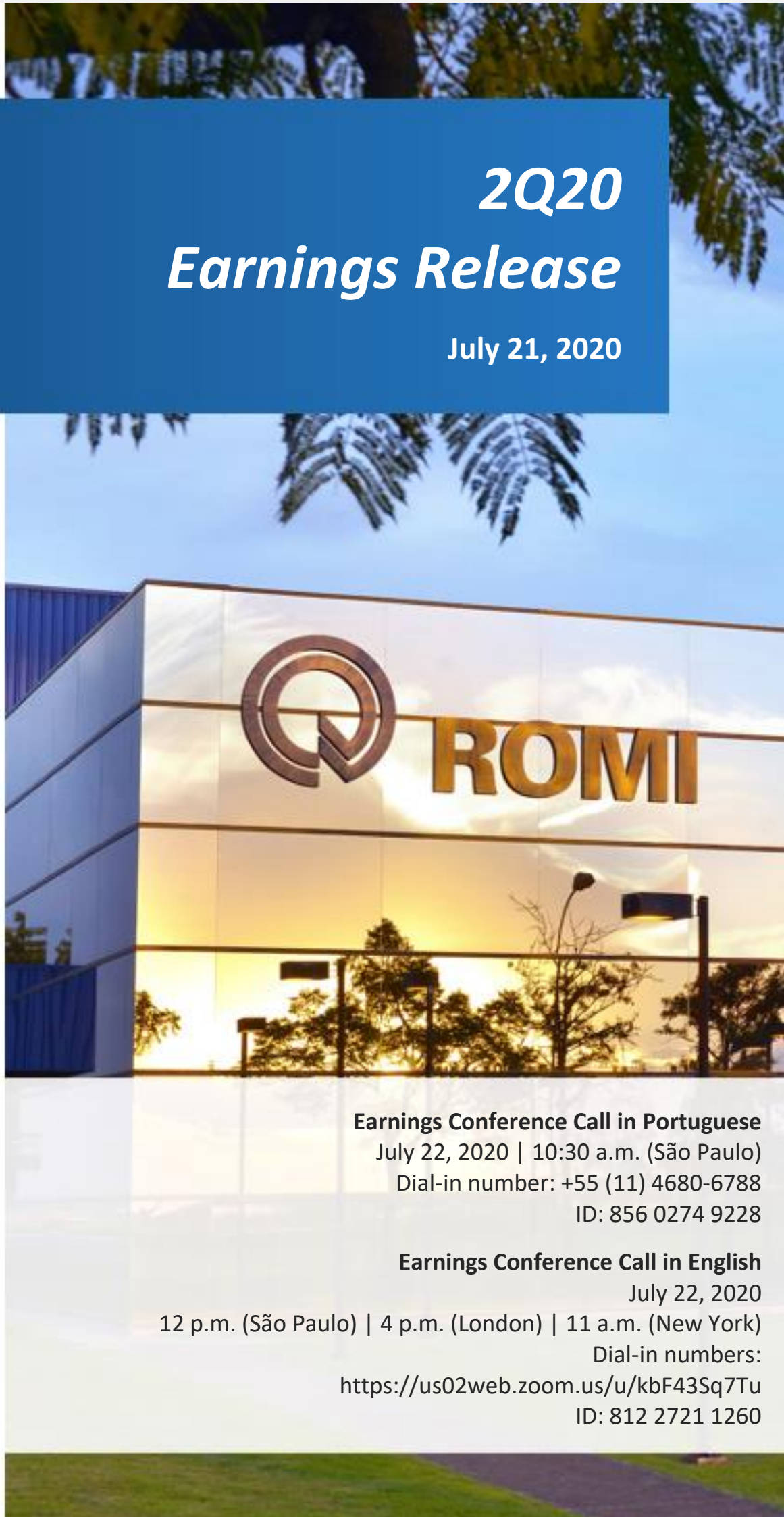


# 2Q20 Earnings Release

July 21, 2020



## June 30, 2020

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

**Market Value**  
R\$ 863.7 million  
US\$ 161.0 million

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

**Free Float = 50,8%**

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

**Earnings Conference Call in English**  
July 22, 2020  
12 p.m. (São Paulo) | 4 p.m. (London) | 11 a.m. (New York)  
Dial-in numbers:  
<https://us02web.zoom.us/j/8bF43Sq7Tu>  
ID: 812 2721 1260

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

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

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

**Investor Relations Contact**

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dri@romi.com

## Highlights

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

- The net operating revenue increased by 16.8% in 2Q20 over the same period in 2019, reflecting positively on the EBITDA margin, which in the same period increased by 5.8 p.p.;
- The net operating revenue of the Rough and Machined Cast Iron Parts Unit grew by 39.1% in 2Q20 over 2Q19, due to the start of deliveries of large parts. The operating margin posted a growth of 14.2 p.p., reflecting the higher production volume, evolution in operational efficiency and higher revenue; and the incoming orders remain growing and solid;
- At the Romi Machines Unit, the net operating revenue decreased slightly by 4.4% in 2Q20 compared to 2Q19 due to projects that were postponed to 3Q20 as a result of the pandemic situation but that, with the significant reduction in operating expenses, resulted in an expansion of the operating margin, which in the same comparison period grew by 3.0 p.p.;
- Even in a global pandemic environment and with the main fairs in the sector not happening, incoming orders at the Romi Machines Unit posted a slight reduction of 5.8% in 2Q20 when compared to 2Q19. The Company has been looking for new business alternatives, such as the new machine rental business;
- The B+W Machines Unit posted a growth of 33.7% in net operating revenue in 2Q20. The higher volume of revenue, combined with projects focused on increasing profitability, reflected on the growth of the operating margin, which increased by 6.3 p.p. in the same comparison period;
- The order backlog grew by 9.4% at the end of the second quarter of 2020 as compared to June 2019, with highlights to the Romi Machines and Rough and Machined Cast Iron Parts Business Units;

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

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

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

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



## Corporate Profile



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

The Company is listed on B3's "New Market", which is reserved for companies with a higher level of corporate governance. Romi manufactures machine tools (Conventional Lathes, Computerized Numerical Control (CNC) Lathes, Lathing Centers, Machining Centers, Vertical and Horizontal Heavy and Extra-Heavy Lathes and Drilling Mills), Plastic Injection or Blow Molding Machines and ductile or CDI gray cast iron parts, which may be supplied in raw or machined form. The Company's products and services are sold around the world and used by

various industrial segments, such as the automotive (light and heavy), agricultural machinery, capital goods, consumer goods, tools, hydraulic equipment and wind power industries, among many others.

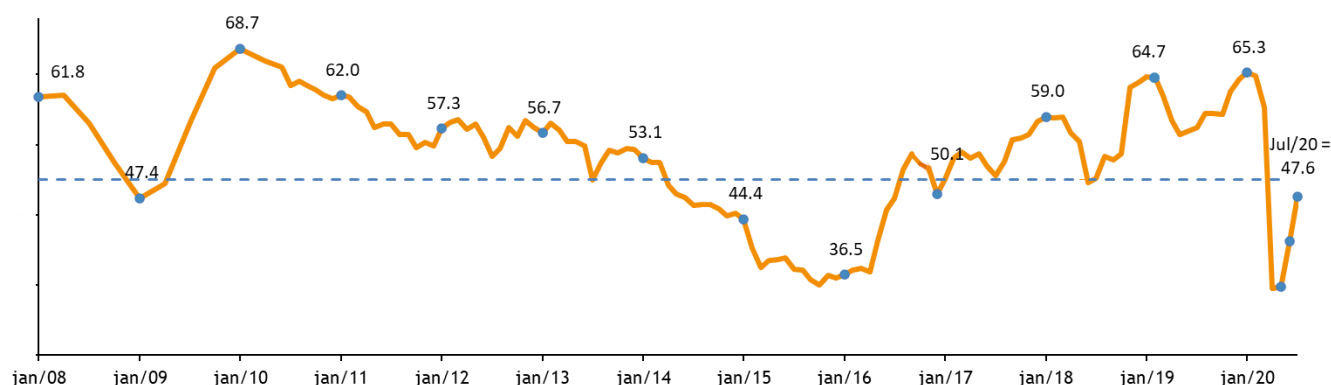
The Company has thirteen manufacturing units, four of which for final assembly of industrial machinery, two foundries, four units for machining of mechanical components, two units for manufacture of steel sheet components, and one unit for assembly of electronic panels. Of these, eleven are located in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

## Current Economic Scenario

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

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

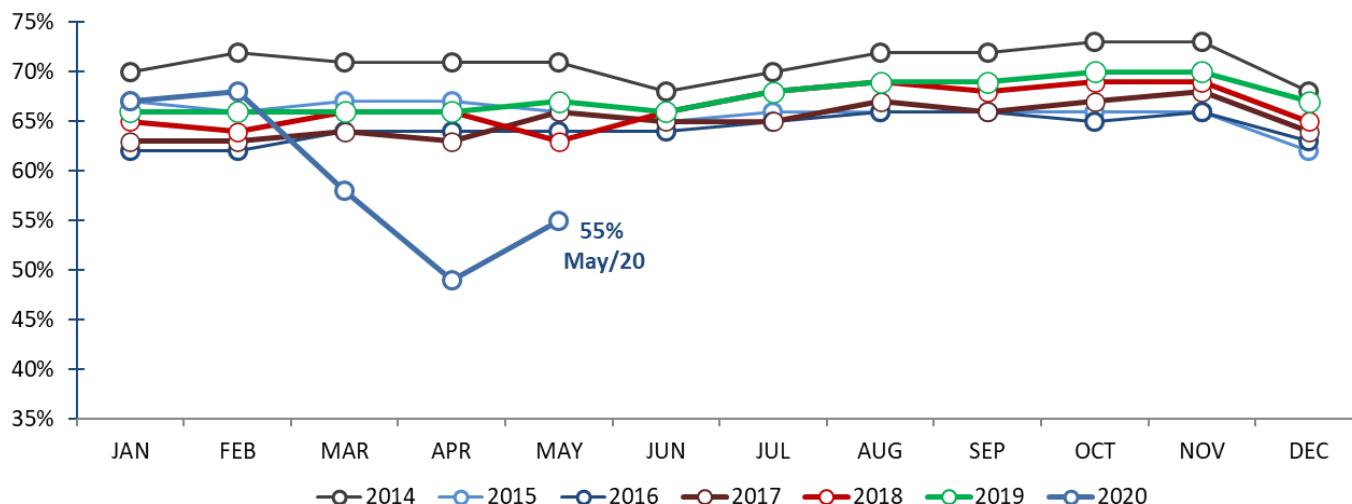
### *Industrial Entrepreneur Confidence Index – ICEI*



Source: CNI - ICEI, July 2020

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

### Average Installed Capacity Utilization (UCI)



Source: CNI - UCI, May 2020

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

## Impacts from COVID-19

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

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

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

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

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

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

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

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

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

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

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

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



## Market

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

### Order entry

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

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

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

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

### Order Backlog

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

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



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

## Operational Performance

### Net Operating Revenue by Business Unit

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

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

#### Romi Machines

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

#### Burkhardt + Weber Machines

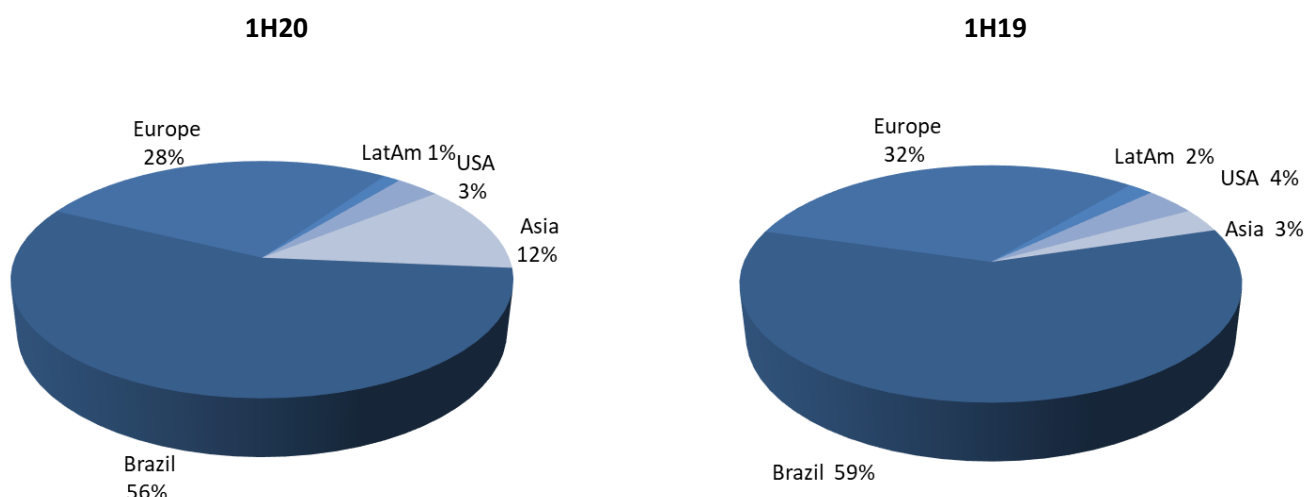
In 2Q20, the revenue of the German subsidiary B+W, in Reais, was 33.7% higher than in 2Q20. In Euros, the volume of revenue was similar in both periods. Although the current scenario for B+W faces great challenges for obtaining new orders, the order backlog for equipment to be delivered throughout 2020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

#### Rough and Machined Cast Iron Parts

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

### Net Operating Revenue by Geographical Region

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



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

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

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

## Operating Costs and Expenses

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

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

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

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

### Romi Machines

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

### Burkhardt + Weber Machines

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

### Raw and Machined Cast Iron Parts

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

## EBITDA and EBITDA Margin

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

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

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

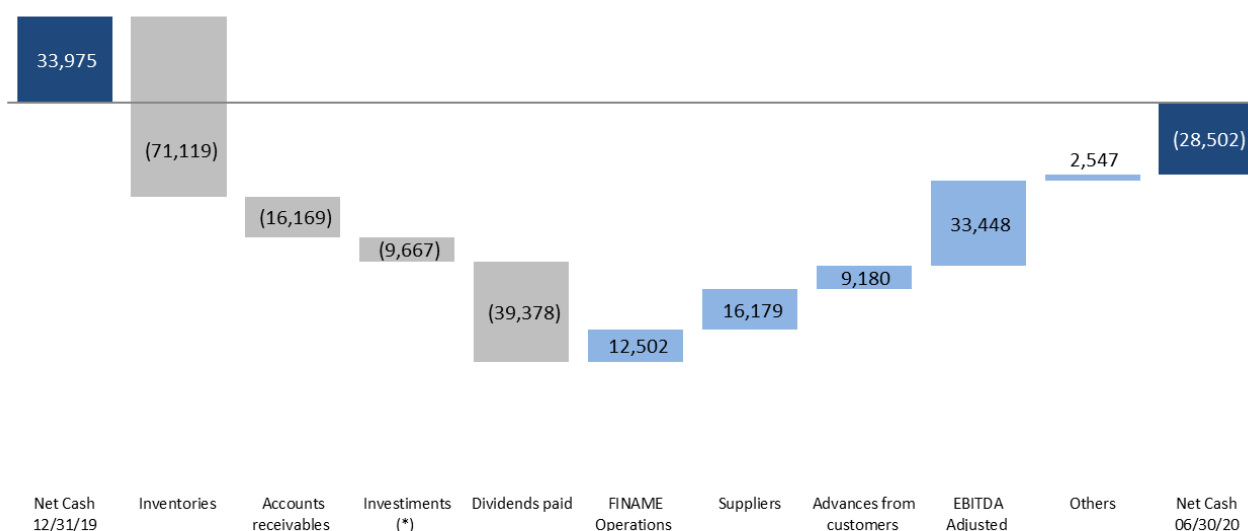
### **Result for the Period**

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



## Evolution of the Net Cash (Debt) Position

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



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

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

- Increase in inventory level due to higher volume of purchases in order to ensure adequate availability of products for customers and fulfillment of the order backlog, which had a significant growth as compared to December 2019;
- 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
- Investments made in 1H20, most of which were for maintenance, productivity, flexibility and competitiveness for the other units in the industrial facilities, all within the investment plan already scheduled for the year.

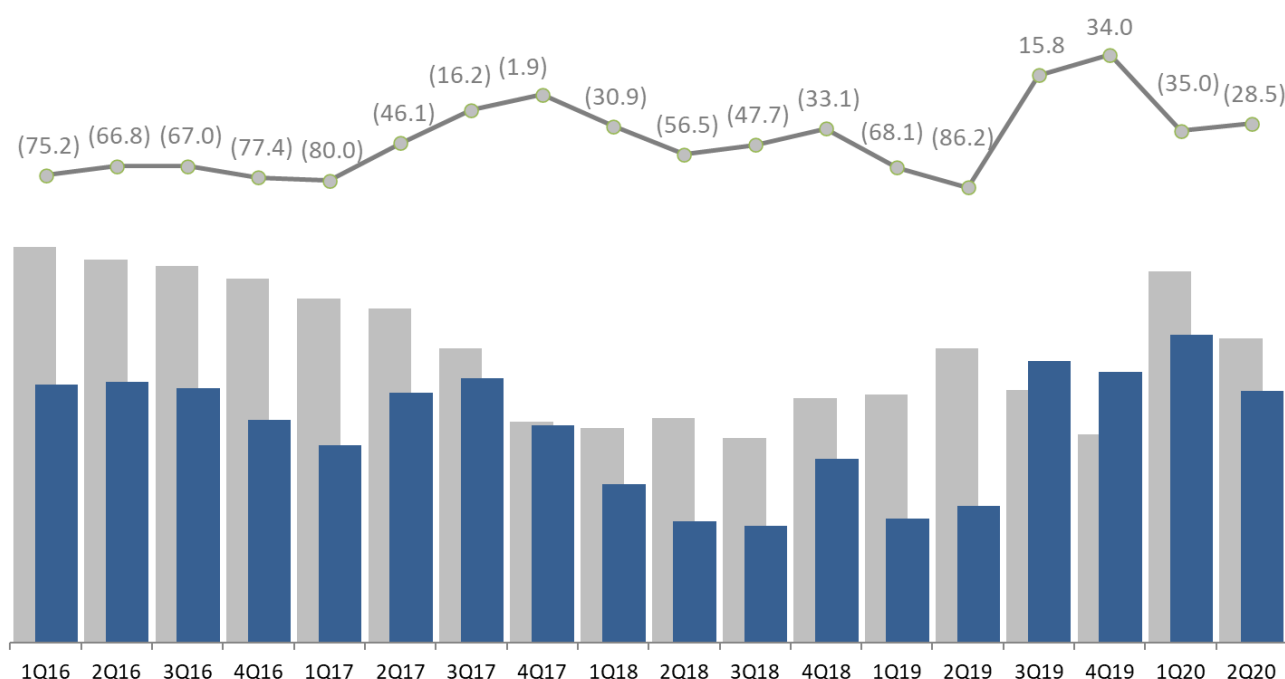
## Financial Position

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

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

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

**Net Cash (Debt) Position**  
R\$ million



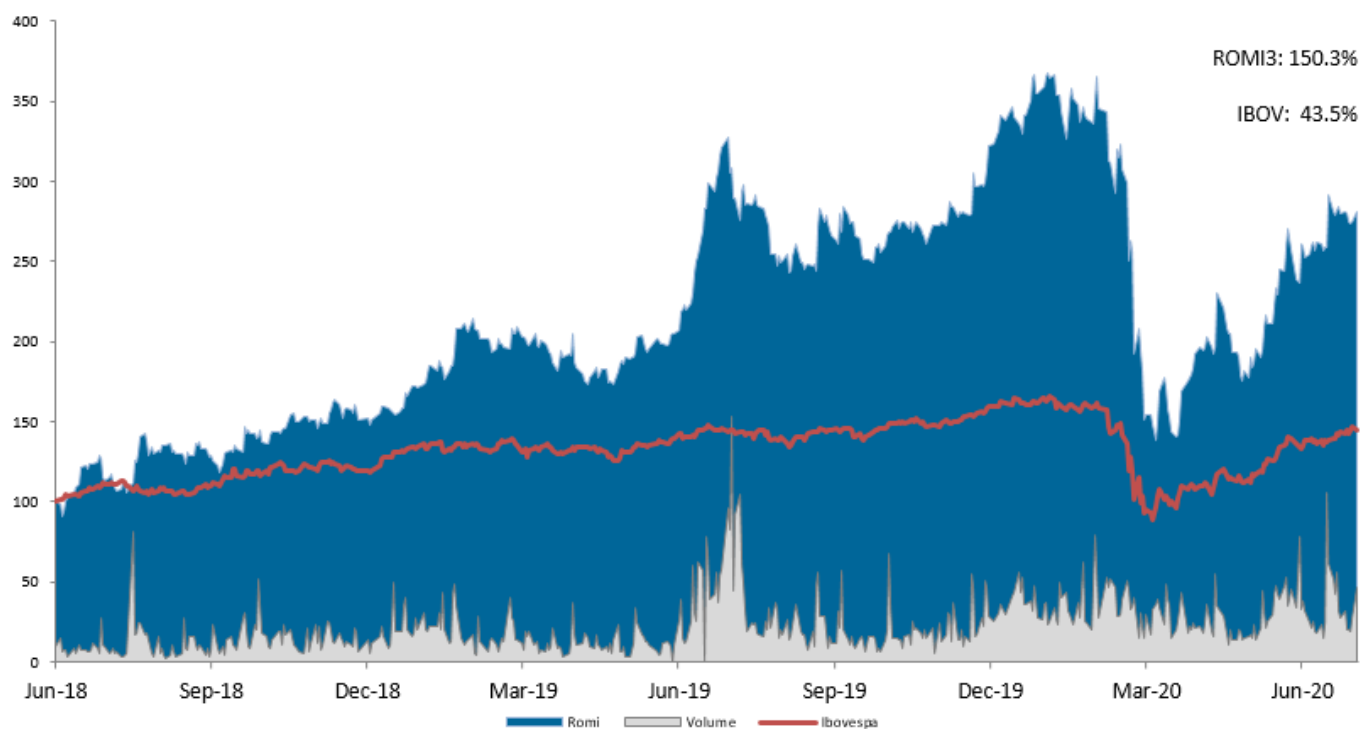
The balances of "Finame Manufacturer Financing" are not used in the calculation of net debt of the Company.

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

## Capital Market

### Share Performance ROMI3 vs. Ibovespa

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



Source: B3.

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

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

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## Success in Legal Proceedings

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### Plano Verão

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

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

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

### Eletrobrás Proceedings

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

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



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

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

## Consolidated Balance Sheet

IFRS (R\$ 000)

ASSETS		06/30/19	12/31/19	06/30/20	LIABILITIES AND SHAREHOLDER'S EQUITY		06/30/19	12/31/19	06/30/20
<b>CURRENT</b>	<b>CURRENT</b>	<b>806,396</b>	<b>760,182</b>	<b>879,539</b>	<b>CURRENT</b>	<b>CURRENT</b>	<b>438,013</b>	<b>395,429</b>	<b>491,268</b>
Cash and Cash equivalents		74,564	147,807	137,711	Loans and financing		134,808	91,649	144,079
Financial investments		668	683	519	FINAME manufacturer financing		69,354	82,177	97,228
Trade accounts receivable		131,340	140,395	157,429	Trade accounts payable		65,784	51,451	67,630
Onlending of FINAME manufacturer financing		89,606	97,053	114,768	Payroll and related taxes		31,540	21,288	29,941
Inventories		380,666	344,878	415,997	Taxes payables		5,226	15,553	6,512
Recoverable taxes		20,420	15,347	38,001	Advances from customers		86,076	68,200	77,380
Other receivables		21,433	14,019	15,114	Related parties		-	1,205	608
Judicial Deposits		87,699	-	-	Dividends		25,805	39,523	33,081
					Provision for contingent liabilities		-	806	944
					Other payables		19,420	23,577	33,865
<b>NON CURRENT</b>	<b>NON CURRENT</b>	<b>228,886</b>	<b>265,282</b>	<b>275,816</b>	<b>NON CURRENT</b>	<b>NON CURRENT</b>	<b>185,240</b>	<b>212,930</b>	<b>234,235</b>
Trade accounts receivable		10,840	11,489	10,624	Loans and financing		26,649	22,866	22,653
Onlending of FINAME manufacturer financing		128,930	166,959	163,997	FINAME manufacturer financing		121,474	152,786	164,990
Recoverable taxes		53,023	54,401	68,146	Deferred income and social contribution taxes		30,825	31,630	42,416
Deferred income and social contribution taxes		29,521	24,822	26,169	Reserve for contingencies		1,352	454	424
Judicial Deposits		2,098	1,930	1,877	Other payables		4,940	5,194	3,752
Other receivables		4,474	5,681	5,003					
<b>Investments</b>					<b>SHAREHOLDER'S EQUITY</b>		<b>746,986</b>	<b>757,284</b>	<b>809,051</b>
Property, Plant and Equipment		263,560	269,235	291,445	Capital		492,025	492,025	492,025
Investment Properties		18,398	18,181	18,163	Retained earnings		213,524	219,482	233,845
Intangible assets		54,561	54,361	71,146	Cumulative translation adjustments		41,437	45,777	83,181
					<b>NON CONTROLLING INTERESTS</b>		<b>1,562</b>	<b>1,598</b>	<b>1,555</b>
					<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>748,548</b>	<b>758,882</b>	<b>810,606</b>
<b>TOTAL ASSETS</b>		<b>1,371,801</b>	<b>1,367,241</b>	<b>1,536,109</b>	<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>1,371,801</b>	<b>1,367,241</b>	<b>1,536,109</b>

## Consolidated Income Statement

IFRS (R\$ thousand)

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

## Consolidated Cash Flow Statement

IFRS (R\$ thousand)

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



## Attachment I – Income Statement by Business Unit

### Income Statement by Business Units - 2Q20

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

### Income Statement by Business Units - 2Q19

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

## Income Statement by Business Units - 1H20

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

## Income Statement by Business Units - 1H19

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

## Attachment II - Financial Statements of B+W

### Balance Sheet B+W

	(€ 000)			
ASSETS	06/30/19	12/31/19	03/31/20	06/30/20
<b>CURRENT</b>	<b>29,934</b>	<b>25,314</b>	<b>23,873</b>	<b>23,039</b>
Cash and Cash equivalents	160	2,813	25	169
Trade accounts receivable	9,121	7,928	5,511	7,737
Inventories	18,063	13,371	16,823	13,856
Recoverable taxes	253	541	659	362
Deferred income and social contribution taxes	1,112	275	442	406
Related Parties	243	104	30	23
Other receivables	982	282	384	486
<b>Investments</b>				
Property, plant and equipment	14,247	14,032	13,819	13,539
Investment in subsidiaries	59	-	-	-
Intangible assets	12,354	11,870	11,630	11,387
<b>TOTAL ASSETS</b>	<b>56,594</b>	<b>51,216</b>	<b>49,322</b>	<b>47,965</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>06/30/19</b>	<b>12/31/19</b>	<b>03/31/20</b>	<b>06/30/20</b>
<b>CURRENT</b>	<b>27,459</b>	<b>20,598</b>	<b>19,495</b>	<b>18,242</b>
Loans and financing	2,499	1,749	864	1,953
Trade accounts payable	4,047	2,916	4,367	2,812
Payroll and related taxes	1,682	922	1,141	1,348
Taxes payable	801	788	551	156
Advances from customers	15,955	11,594	9,727	8,878
Other payables	1,519	2,176	1,929	2,196
Related Parties	957	453	916	900
<b>NON CURRENT</b>	<b>6,688</b>	<b>6,400</b>	<b>6,286</b>	<b>6,172</b>
Loans and financing	2,274	2,075	2,006	1,937
Deferred income and social contribution taxes	4,414	4,325	4,280	4,235
<b>SHAREHOLDER'S EQUITY</b>	<b>22,448</b>	<b>24,218</b>	<b>23,542</b>	<b>23,551</b>
Capital	7,025	7,025	7,025	7,025
Capital reserve	505	505	505	505
Profit reserve	14,918	16,688	16,012	16,021
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>56,594</b>	<b>51,216</b>	<b>49,322</b>	<b>47,965</b>

## B+W Income Statement

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