





Quarterly Financial Report June 30, 2020

Release
Financial Information
Explanatory Notes
Independent auditor's report



www.tupy.com.br





Earnings Conference Call

Date: August 13, 2020

Portuguese/English

11:00 a.m. (Brasília) / 10:00 a.m.

Dial in Brazil: +55 11 3181-8565 Dial in Brazil: +55 11 4210-1803 Dial in the U.S.: +1 412 717-9627

Toll free U.S.: + 1 844 204-8942

Code: Tupy

Website: www.tupy.com.br/ir

Investor Relations

Thiago Fontoura Struminski Vice President of Finance and Administration Investor Relations Officer

Hugo Zierth IR Manager

Renan Oliveira IR Analyst

dri@tupy.com.br +55 (11) 2763-7844

2Q20 Highlights

Operating result impacted by the drop in volumes, with gradual recovery as of June.

- Revenues: R\$644.9 million, down 54.1% year on year in 2Q20, impacted by the interruption of our customers' operations in order to curb the effects of the COVID-19 pandemic, mainly in April and May, which showed a 64% decline in revenues compared to the same period last year. In 1H20, revenues were R\$1,737.4 million, down 35.3% from 2019;
- Product mix: lower share of machined and CGI goods, which accounted for 17% of the produced volume, as interruptions in the period affected customers that use these programs (mix effect), without loss of contracts;
- Adjusted EBITDA: negative by R\$2.3 million, due to the lower dilution of fixed costs and expenses in the period, with gradual recovery as of June. In 1H20, adjusted EBITDA came to R\$162.3 million, with a 9.3% margin;
- Net income: loss of R\$82.8 million due to the operating result. Cash flow hedge operations (zero-cost collar) and mark-to-market of the financial instrument used to adjust the credits of Eletrobrás account for financial revenue (accounting effect) of R\$2.0 million;
- Cash position: R\$1,282.0 million, consumption of R\$83.0 million in relation to March 31, 2019, with the effect of the decrease in volumes mitigated by several measures adopted by the management.
- July Results (unaudited): growth of 68% in sales volume vs. 2Q20 average; margins at pre-pandemic levels.



MESSAGE FROM MANAGEMENT

The COVID-19 pandemic has required that we be highly resilient, and this is the attitude that our team has adopted. To this end, we have worked to improve the physical and mental health of our employees, so they can rest assured that we believe in our purpose and the future of our organization despite the impacts we are experiencing. We understand that we are going through difficult times and that the Company's leadership is responsible for being close to those who work hard everyday to make Tupy a world reference in the segment where it operates.

The second quarter was marked by the interruption of a significant part of our customers' operations in Brazil and abroad, as a result of the efforts to curb the spread of COVID-19. These interruptions significantly impacted our volumes, which shrank by 69% in April and May, as already disclosed in the 1Q20 Earnings Release.

Throughout the quarter, we increased our efforts to mitigate the effects of the decline in volumes on our results, especially in the cash position. Therefore, not only we benefited from the efficiency gain projects that were implemented in recent quarters, but we also intensified several initiatives to reduce costs and expenses, which will have a positive impact on the coming months. We also adjusted our production process and adopted legal provisions that enabled the relaxation of working hours in Brazil, which unfortunately, was not the case in Mexico.

We continue to make progress towards an increasingly flexible production process, with the transfer of several components among the factories. Thus, while we are optimizing our production system, we are creating safe inventories, which are fundamental to ensure the provision of services to our customers, whose plants are based in countries at different stages of the pandemic.

If, on the one hand, the results of the quarter as a whole were impacted by the interruptions, on the other hand, we saw a gradual resumption of our customers' operations in Brazil and abroad throughout June, with sales volumes up by 74% compared to the average in April and May, mainly driven by applications used in commercial vehicles. It is worth noting that all contracts have been maintained and none of the ongoing co-development projects have been cancelled. They translate into solutions that will be present in machinery, vehicles and equipment that will be launched in up to 3-5 years, showing the market's trust in the economic recovery.

Indicators such as a mortgage applications, manufacturing PMI (Purchasing Managers' Index) and truck traffic are clearly reflecting an economic recovery - albeit gradual - in markets that are important for us and that directly impact the demand for our products. The low inventory level of agricultural equipment and its high level of utilization should contribute to the increase in demand for this application. Regarding light commercial vehicles, dealership sales are reaching pre-lockdown levels, which will contribute to increasing our demand in the second half of the year. In July, our sales volume rose by 68% compared to the monthly average in the second quarter, and by 21% in comparison with June, with margins reaching pre-pandemic levels.

We believe that the second quarter was the most impacted period in the crisis. We are ready for the resumption and the opportunities that will come as a result of our strong brand, solid financial capacity

and important assets for the acquisition of new contracts, including value-added services, such as machining and component assembly.

In the macroeconomic sphere, structurally low interest rates resulted in the depreciation of the Brazilian real, with a positive impact on our cash flow and competitiveness. In addition, this scenario contributes to product nationalization on the part of our customers who are currently using imported engines. This scale gain coupled with the benefits from implemented projects and new initiatives should contribute to a substantial increase in margins.

We continue to develop technological solutions that enable our customers to manufacture machinery and equipment that help build a better world by promoting access to infrastructure, drinking water, basic sanitation, food and energy, thus improving people's quality of life and life expectancy.

MAIN INDICATORS

Consolidated (R\$ thousand)

SUMMARY	2Q20	2Q19	Var. [%]	1H20	1H19	Var.[%]
Revenues	644,872	1,404,615	-54.1%	1,737,436	2,686,144	-35.3%
Cost of goods sold	(651,588)	(1,158,456)	-43.8%	(1,551,590)	(2,268,896)	-31.6%
Gross Profit (Loss)	(6,716)	246,159	-	185,846	417,248	-55.5%
% on Revenues	-1.0%	17.5%		10.7%	15.5%	
Operating expenses	(73,347)	(106,192)	-30.9%	(173,188)	(203,275)	-14.8%
Other operating expenses	(27,673)	(44,547)	-37.9%	(54,999)	(71,331)	-22.9%
Impairment expenses	(3,404)	-	-	(37,804)	-	-
Income (Loss) before financial results	(111,140)	95,420	-	(80,145)	142,642	-
% on Revenues	-17.2%	6.8%		-4.6%	5.3%	
Net financial result	(25,777)	(6,805)	278.8%	(244,268)	6,441	-
Income (Loss) before tax effects	(136,917)	88,615	-	(324,413)	149,083	-
% on Revenues	-21.2%	6.3%		-18.7%	5.6%	
Income tax and social contribution	54,096	(29,167)	-	34,075	(9,193)	-
Net Income (Loss)	(82,821)	59,448	-	(290,338)	139,890	-
% on Revenues	-12.8%	4.2%		-16.7%	5.2%	
EBITDA (CVM Inst. 527/12)	(22,430)	175,639	-	93,501	301,017	-68.9%
% on Revenues	-3.5%	12.5%		5.4%	11.2%	
Adjusted EBITDA	(2,304)	204,397	-	162,263	341,344	-52.5%
% on Revenues	-0.4%	14.6%		9.3%	12.7%	
		0.55	07.051		0.5-	0= 0=1
Average exchange rate (BRL/USD)	5.39	3.92	37.3%	4.91	3.85	27.8%
Average exchange rate (BRL/EUR)	5.93	4.41	34.5%	5.41	4.34	24.6%



Consolidated (ton)

	2Q20	2Q19	Var. [%]	1H20	1H19	Var. [%]
Domestic market	9,800	30,865	-68.2%	29,765	60,525	-50.8%
Transportation, Infrastructure and Agriculture	7,937	27,324	-71.0%	25,432	53,598	-52.6%
Hydraulics	1,864	3,541	-47.4%	4,334	6,927	-37.4%
Foreign market	50,811	123,407	-58.8%	141,987	240,380	-40.9%
Transportation, Infrastructure and Agriculture	49,350	119,105	-58.6%	138,521	233,701	-40.7%
Hydraulics	1,461	4,302	-66.0%	3,466	6,679	-48.1%
Total Sales	60,612	154,272	-60.7%	171,753	300,905	-42.9%

In the period, our customers' operations were fully or partially interrupted due to the effects of the COVID-19 pandemic, caused by the need to comply with sanitary regulations stipulated by the local authorities, in order to curb the spread of the virus and adjust inventories to the decline in dealership sales and other distribution channels. April and May were the periods with more interruptions, when our sales volume fell by 69.0% year on year.

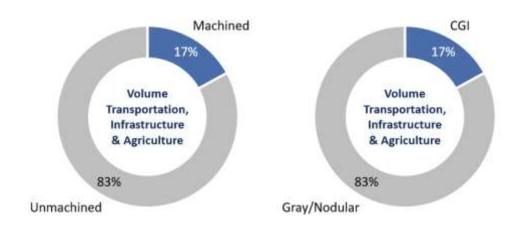
We noted a gradual resumption of our customers' operations in Brazil and abroad throughout June, when our sales volume increased by 74.0% compared to the average of April and May, with emphasis on the recovery of the light commercial vehicle segment in the foreign market and the commercial vehicle segment in the domestic market.

Thus, the result for the period was impacted due to:

- A 71.0% sales reduction in the segments of Transportation, Infrastructure and Agriculture in the domestic market, due to the effects of the pandemic, including the drop in indirect imports and product phase-out;
- A 58.6% sales decline in the segments of Transportation, Infrastructure and Agriculture in the foreign market, reflecting the interruption of our customers' operations, which mainly impacted the applications of light vehicles and light commercial vehicles; and
- The Hydraulics segment, which fell by 47.4% and 66.0% in the domestic and the foreign markets, respectively, as a result of a slowdown in the Brazilian and global economies.

Share of CGI (Compacted Graphite Iron) and machined goods:

Partially or fully machined goods accounted for 17% of the portfolio of the Transportation, Infrastructure and Agriculture segment (vs. 25% in 2Q19). The distribution of goods by type of material also shows that CGI goods accounted for 17% of sales volume (vs. 21% in 2Q19).



The substantial reduction in the share of CGI and machined goods was due to the sharp decrease in component volumes with these characteristics (mix effect) in the domestic and foreign markets, without loss of contracts.

REVENUES

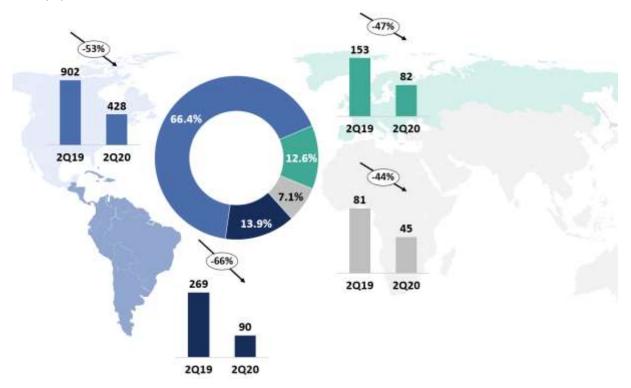
Revenues declined by 54.1%, and **revenue/kilo rose by 16.9% over 2Q19**, chiefly due to the exchange rate variation.

Co	Consolidated (R\$ thousand)								
	2Q20	2Q19	Var.[%]	1H20	1H19	Var.[%]			
Revenues	644,872	1,404,615	-54.1%	1,737,436	2,686,144	-35.3%			
Domestic Market	87,226	258,942	-66.3%	261,631	496,210	-47.3%			
Share %	13.5%	18.4%		15.1%	18.5%				
Foreign Market	557,646	1,145,673	-51.3%	1,475,805	2,189,934	-32.6%			
Share %	86.5%	81.6%		84.9%	81.5%				
Revenues per segment	644,872	1,404,615	-54.1%	1,737,436	2,686,144	-35.3%			
Transportation, Infrastructure and Agriculture	613,911	1,340,235	-54.2%	1,662,096	2,573,930	-35.4%			
Share %	95.2%	95.4%		95.7%	95.8%				
Hydraulics	30,961	64,380	-51.9%	75,340	112,214	-32.9%			
Share %	4.8%	4.6%		4.3%	4.2%				

Revenues by market and performance in the period

In 2Q20, 66.4% of revenues came from North America; 13.9% from South and Central America; 12.6% from Europe; and the remaining 7.1% from Asia, Africa and Oceania.

It is worth noting that multiple customers in the U.S. export their goods to other countries. Therefore, a substantial portion of sales to this region meets the global demand for commercial vehicles, machinery and equipment.



Cor	nsolidated (R	\$ thousand)				
	2Q20	2Q19	Var. [%]	1H20	1H19	Var. [%]
Revenues	644,872	1,404,615	-54.1%	1,737,436	2,686,144	-35.3%
Domestic market	87,226	258,942	-66.3%	261,631	496,210	-47.3%
Transportation, Infrastructure and Agriculture	67,305	224,544	-70.0%	216,711	430,916	-49.7%
Passenger cars	4,906	50,864	-90.4%	40,671	96,955	-58.1%
Commercial vehicles	45,857	150,427	-69.5%	137,096	287,500	-52.3%
Off-road	16,542	23,253	-28.9%	38,944	46,461	-16.2%
Hydraulics	19,921	34,398	-42.1%	44,920	65,294	-31.2%
Foreign market	557,646	1,145,673	-51.3%	1,475,805	2,189,934	-32.6%
Transportation, Infrastructure and Agriculture	546,606	1,115,691	-51.0%	1,445,385	2,143,014	-32.6%
Passenger cars	15,336	59,404	-74.2%	61,278	113,823	-46.2%
Light commercial vehicles	191,613	525,275	-63.5%	618,803	1,011,168	-38.8%
Medium and heavy commercial vehicles	131,925	224,938	-41.4%	325,990	429,773	-24.1%
Off-road	207,732	306,073	-32.1%	439,315	588,250	-25.3%
Hydraulics	11,040	29,982	-63.2%	30,420	46,920	-35.2%

Note: The division among applications considers our best inference for cases in which the same product is categorized in two applications.

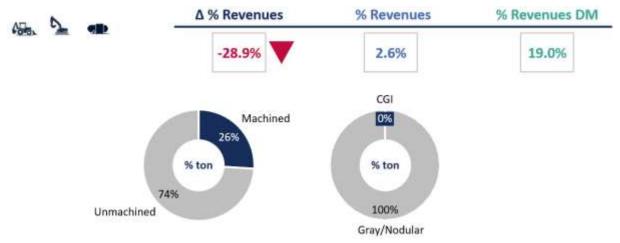


Revenues from sales of passenger cars fell by 90.4% year on year in 2Q20, reflecting the interruption of our customers' operations and the consequent reduction in the share of machined goods, as well as the product phase-out.



Revenues from commercial vehicles decreased by 69.5% year on year in 2Q20, including the decline in indirect exports to European and U.S. markets, in addition to the lower share of machined goods.

Off-road



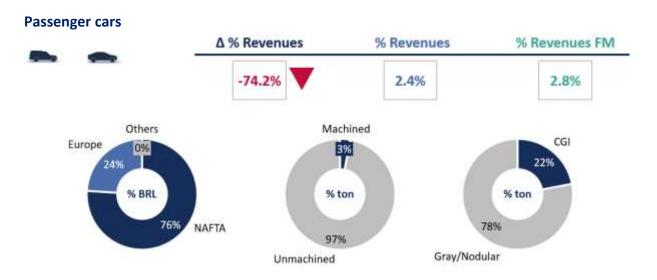
Revenues from sales of machinery and off-road vehicles shrank by 28.9% in 2Q20, mainly due to the drop in indirect exports to European and U.S. markets, in addition to the interruption of our customers' operations as a result of the pandemic.

Hydraulics



Revenues from sales in the Hydraulics segment declined by 42.1% year on year in 2Q20, due to the economic slowdown.

FOREIGN MARKET (FM)



Revenues from products for passenger cars decreased by 74.2% from 2Q19, due to the interruption of customers' operations in Europe and the U.S. due to the pandemic, which not only affected volumes but also the percentage of machined goods.



As in previous quarters, we observed a high share of pick-ups and SUVs in the U.S. sales of light vehicles (77% vs. 70% in 2Q19), reflecting the consumers' consistent choice for this type of vehicle, which increased in 2Q20 due to the aggressive conditions offered by manufacturers.

The year-on-year comparison was affected by the lower demand as a result of the pandemic, and the phase out of some products.

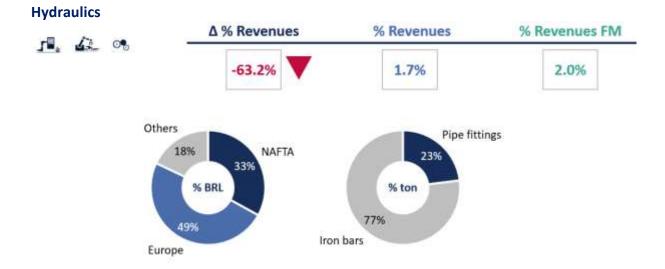
Medium and heavy commercial vehicles



The reduction in medium and heavy commercial vehicle volumes in the second quarter of 2020 was due to the cyclical contraction in relevant markets, such as Europe and the Class 8 Trucks in the U.S., which worsened as a result of the COVID-19 impacts on demand and the product mix (lower share of machined and CGI goods).



Sales from off-road applications declined by 32.1% year on year in 2Q20, as these customers' plants' operations were suspended for shorter periods, since they manufacture items that are essential for fighting the pandemic (e.g. power generators). Despite the impacts on sectors such as Oil and Gas, we saw a good performance of applications used in the agricultural segment.



In the second quarter of 2020, we saw a 63.2% decline in net revenues from the Hydraulics segment, due to the economic impacts of the pandemic and the worst product mix.

We observed the continuity of the resumption started in June throughout July, when our customers' operations were resumed. The volumes sold in the period increased by 68% in relation to the average in 2Q20 and by 21% compared to June.



COST OF GOODS SOLD AND OPERATING EXPENSES

Cost of goods sold (COGS) in 2Q20 totaled R\$651.6 million, down 43.8% from 2Q19.

In recent quarters, we implemented several initiatives that led to operating gains, such as the transfer of production to more efficient lines, use of mathematical models to optimize the use and cost of materials and the review of procurement processes. And since March, we have been taking initiatives to curb the effects of the pandemic on our operations, such as the reduction of fixed costs and expenses, change in the production process and the adoption of legal provisions that allow the relaxation of working hours.

Despite these initiatives, the operating margin was impacted by the dilution of fixed costs in the period, due to the drop in volumes. Taking into consideration the resumption and its employees' professional qualification, the Company made only small adjustments in its staff. We observed a gradual resumption of our customers' operations as of June, and despite the one-week interruption of operations in Brazil to adjust inventories, the Company posted operating income in the month.

_		/- A	•••
Conso	lidated	(RS ti	nousand)

	2Q20	2Q19	Var. [%]	1H20	1H19	Var.[%]
Revenues	644,872	1,404,615	-54.1%	1,737,436	2,686,144	-35.3%
Cost of goods sold	(651,588)	(1,158,456)	-43.8%	(1,551,590)	(2,268,896)	-31.6%
Raw material	(287,793)	(655,269)	-56.1%	(716,143)	(1,282,273)	-44.2%
Labor, profit sharing and social benefits	(174,992)	(270,745)	-35.4%	(412,523)	(518,088)	-20.4%
Maintenance materials and third parties	(63,590)	(100,666)	-36.8%	(157,630)	(199,639)	-21.0%
Energy	(40,650)	(64,260)	-36.7%	(98,165)	(126,071)	-22.1%
Depreciation	(74,796)	(61,370)	21.9%	(143,540)	(121,292)	18.3%
Other	(9,767)	(6,146)	58.6%	(23,589)	(21,533)	9.5%
Gross profit (loss)	(6,716)	246,159	-	185,846	417,248	-55.5%
% on Revenues	-1.0%	17.5%		10.7%	15.5%	
Operating expenses	(73,347)	(106,192)	-30.9%	(173,188)	(203,275)	-14.8%
% on Revenues	11.4%	7.6%		10.0%	7.6%	

- Decrease of 56.1% in raw material costs, due to the drop in volumes. The depreciation of the Brazilian real impacted the inputs used in the Mexican operations, which was mitigated by the lower share of CGI and machined goods (which use more noble materials), in addition to the productivity gain initiatives recently implemented;
- Reduction of 35.4% in the labor costs, mainly due to lower headcount and overtime volumes. The adoption of measures to relax working hours and salaries contributed to a cost reduction of R\$46.3 million the period. Employment contract termination costs in Mexico throughout the quarter totaled R\$5.3 million;
- Decrease of 36.8% in maintenance materials and third parties costs, reflecting the lower dilution of fixed costs and the effect of exchange rate devaluation on foreign currency costs;
- Decrease of 36.7% in energy costs. Despite the lower volume produced, energy costs were affected by the increase in distribution and generation tariffs in the annual comparison, as well as by the exchange rate variation, since part of the energy contracts in Mexico are denominated in USD. Our energy contracts specify minimum volumes, and any surpluses may be sold by the Company in the energy free market. The net effect of this obligation was R\$4.1 million in 2Q20.

Operating expenses, including selling and administrative expenses totaled R\$73.3 million, down 30.9% of net revenues in the annual comparison due to the decrease in sales and freight expenses and the adoption of flexible working hours.



OTHER OPERATING INCOME (EXPENSES)

Other net operating expenses reached R\$27.7 million in 2Q20, down 37.9% from R\$44.5 million in 2Q19.

Consolidated (R\$ thousand)						
	2Q20	2Q19	Var. [%]	1H20	1H19	Var.[%]
Depreciation of non-operating assets	(165)	(225)	-26.7%	(333)	(448)	-25.7%
Amortization of intangible assets	(10,786)	(15,564)	-30.7%	(23,708)	(30,556)	-22.4%
Land sale	10,500	-	-	10,500	-	-
Others	(27,222)	(28,758)	-41.9%	(41,458)	(40,327)	-23.2%
Other operating expenses, net	(27,673)	(44,547)	-37.9%	(54,999)	(71,331)	-22.9%
Impairment of property, plant and equipment Impairment of intangible assets	(3,404)	-	-	(3,404) (34,400)	-	-
Total impairment adjustments	(3,404)	-	-	(37,804)	-	-

Expenses related to the amortization of intangible assets decline by 30.7%, due to an decrease in the asset base, as a result of the impairment in December 2019 and March 2020 in the amount of R\$45.5 million and R\$34.4 million, respectively.

In June, the Company sold one of its non-operating lands located in Joinville for R\$10.5 million, amount fully recognized in the 2Q20 result. The amount will be received in 60 installments, monetarily restated by the positive variation of the IPCA.

The line "Others" consists of (i) R\$15.9 million for updating/constituting provisions (over R\$25.8 million in 2Q19); (ii) R\$9.1 million related to the provision for depreciation of inventory items and maintenance materials, related to the suspension of operations in Mauá; (iii) R\$19.4 million related to the sale of non-operating assets and other costs; and (iv) R\$17.2 million related to the recognition of Reintegra credit, arising from remaining tax losses from 2H18.

During the period, the Company recorded R\$3.4 million of impairment, related to the indefinite suspension of operating activities realized in Mauá.



NET FINANCIAL INCOME (LOSS)

In 2Q20, the Company recorded net financial loss of R\$25.8 million, versus R\$6.8 million in 2Q19.

Consolidated (R\$ thousand)

	2Q20	2Q19	Var. [%]	1H20	1H19	Var. [%]
Financial expenses	(25,116)	(26,641)	5.7%	(116,831)	(51,621)	126.3%
Financial revenues	11,544	20,499	43.7%	23,615	5,643	48.3%
Net monetary and exchange rate variations	(12,205)	(663)	-	(151,052)	12,419	-
Net Financial Income/Loss	(25,777)	(6,805)	278.8%	(244,268)	6,441	-

Financial expenses were mainly impacted due to the depreciation of the Brazilian Real against the Dollar (average exchange rate of R\$5.39 in 2Q20 versus R\$3.92 in 2Q19) in the period, which affected the recognition of interest on borrowings denominated in USD, as well as the recognition of interest on bank debts amounting to R\$494.4 million, took out in March 2020. These effects totaled R\$39.4 million in the period, mitigated by the restatement of the derivative instrument used to adjust Eletrobras' receivable credits to present value (with no cash effect), in the amount of R\$18.6 million, registered as an expense reducer. Other financial expenses in the quarter totaled R\$4.3 million.

Financial revenues reached R\$11.5 million in the period, due to the increase in the cash position in Brazilian Reais from loan of 1Q20, with an impact on interest received. The comparison basis was impacted by the adjustment to present value of credits receivable from Eletrobrás, in the amount of R\$14.6 million in 2Q19.

The expenses of net monetary and exchange variations, in the amount of R\$12.2 million, was due to (i) positive variation in the balance sheet accounts, in the amount of R\$4.4 million and (ii) the result of hedge operations based on the zero-cost collar instrument, corresponding to an expense of R\$16.6 million in the period.

The cash effect of the derivative operations in the quarter was a disbursement of R\$90.0 million, which was largely offset by the positive impact of foreign exchange on operating income and foreign exchange variation on cash. On the other hand, the positive effect of the mark-to-market of operations with maturity up to December 2020 (no cash effect) was R\$73.4 million.



EARNINGS (LOSS) BEFORE TAXES AND NET INCOME (LOSS)

The Company recorded net loss of R\$82.8 million, compared to net income of R\$59.5 million in 2Q19.

	2Q20	2Q19	Var. [%]	1H20	1H19	Var. [%]
Income (loss) before tax effects	(136,917)	88,615	-	(324,413)	149,083	-
Tax effects before foreign exchange impacts	31,358	(28,632)	-	81,417	(17,265)	-
Gains before exchange effects on the tax base	(105,559)	59,983	-	(242,996)	131,818	-
Exchange effects on the tax base	22,738	(535)	-	(47,342)	8,072	-
Net Income (Loss)	(82,821)	59,448	-	(290,338)	139,890	-
% on Revenues	-12.8%	4.2%		-16.7%	5.2%	

The Company recorded tax effects before foreign exchange impacts in the amount of R\$31.4 million, mainly due to the impact of reduced volumes in the operating income.

The tax basis of the assets and liabilities of companies located in Mexico, where the functional currency is the Dollar, are held in Mexican Pesos for their historical values. Fluctuations in exchange rates modify tax bases and, consequently, exchange effects are recognized as deferred income tax profit and/or loss. In 2Q20, revenues recorded R\$22.7 million, with no cash effect, due to the appreciation of the Mexican peso against the dollar compared to the previous quarter (1Q20).



EBITDA

The above factors combined resulted in a negative EBITDA of R\$22.4 million, due to the decrease in volumes and consequent impact on operating income, mainly in April and May.

Adjusted EBITDA for the effect of the constitution/update of provisions, write-off of property, plant and equipment and inventories, sale of land and non-operating assets, recognition of tax credits and impairment were negative by R\$2.3 million.

It is important to highlight that both operations located in Brazil and Mexico reported positive Adjusted EBITDA in June, a month in which we observed the progressive return of demand from our customers.

The progress of margin recovery was maintained throughout July, with margins at pre-pandemic levels*.

^{*}Unaudited amounts

RECONCILIATION OF NET INCOME TO EBITDA	2Q20	2Q19	Var. [%]	1H20	1H19	Var. [%]
Net Income (Loss) for the Period	(82,821)	59,448	-	(290,338)	139,890	-
(+) Net financial result	25,777	6,805	278.8%	244,268	(6,441)	-
(+) Income tax and social contribution	(54,096)	29,167	-	(34,075)	9,193	-
(+) Depreciation and amortization	88,710	80,219	10.6%	173,646	158,375	9.6%
EBITDA (CVM Instr. 527/12)	(22,430)	175,639	-	93,501	301,017	-68.9%
% on Revenues	-3.5%	12.5%		5.4%	11.2%	
(+) Other net operating expenses*	16,722	28,758	-41.9%	30,958	40,327	-23.2%
(+) Impairment	3,404	-	-	37,804	-	-
Adjusted EBITDA	(2,304)	204,397	-	162,263	341,344	-52.5%
% on Revenues	-0.4%	14.6%		9.3%	12.7%	

The adjustments made to EBITDA have the purpose of offsetting the effect of items that present less correlation with the Company's business, are non-recurring or have no cash effect. These expenses totaled R\$16.7 million in 2Q20 and included (i) R\$15.9 million for updating/constituting provisions; (ii) R\$9.1 million related to the provision for devaluation of inventory items and maintenance materials, related to the suspension of operations in Mauá; (iii) R\$19.4 million related to the sale of non-operating assets and other costs; (iv) R\$17.2 million related to the recognition of Reintegra credit, arising from remaining tax losses from 2H18; and (v) R\$10.5 million from the sale of non-operating land.



INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Investments in property, plant and equipment and intangible assets totaled R\$27.3 million in 2Q20.

Consolidated (R\$ thousand)
Consolidated	nş tilbusallu)

		(t				
	2Q20	2Q19	Var. [%]	1H20	1H19	Var. [%]
PP&E						
Strategic investments	10,729	44,261	-75.8%	17,816	60,941	-70.8%
Maintenance and sustenance	15,534	27,463	-43.4%	42,157	51,789	-18.6%
Environment	215	214	0.5%	1,389	1,227	13.2%
Interest and financial expenses	449	396	13.4%	884	785	12.6%
Intangible assets						
Software	2	1,262	-99.8%	1,485	4,880	-69.6%
Projects under development	350	260	34.6%	1,316	912	44.3%
Total	27,279	73,856	-63.1%	65,047	120,534	-46.0%
% on Revenues	4.2%	5.3%		3.7%	4.5%	

The 63.1% reduction was caused by the suspension/renewal of projects arising from the Company's strategy to preserve cash and prioritize investments related to maintenance, safety and the environment.



Consolidated	(R\$ thousand)
--------------	----------------

	2Q20	1Q20	4Q19	3Q19	2Q19
Balance Sheet					
Accounts receivables	547,149	796,215	672,356	909,148	890,013
Inventories	765,179	825,971	654,107	584,464	522,374
Accounts payable	343,151	645,820	627,565	642,209	643,790
Sales outstanding [days]	47	58	48	63	62
Inventories outstanding [days]	77	73	55	48	43
Payables outstanding [days]	35	55	52	52	53
Cash conversion cycle [days]	89	76	51	59	52

There was a 13-day increase in working capital in the period compared to the previous quarter (1Q20), due to the effects of the suspension in the Company's operations during the quarter. The main lines presented the following variations:

- A decrease of R\$249.1 million in accounts receivables, with a decline of 11-day of sales. Despite the 5.3% depreciation of our foreign currency receivables, which represented approximately 90.6% of receivables, the line was affected by the volumes reduction and, consequently, in revenues reduction since the end of March;
- Decrease of R\$60.8 million in inventory, although with a 4-day rise in relation to the cost of goods sold. Similarly to 1Q20, the Company implemented a strategy of increasing inventories of vital products in order to mitigate the effect of possible supply interruptions to customers, in addition to intensifying production flexibility initiatives between facilities in order to increase operating efficiency. There was an effect of the exchange rate variation on foreign currency inventories, corresponding to 69.2% of the total in 2Q20;
- Decrease of R\$302.7 million in accounts payable, corresponding to a reduction of 20 days compared to the previous quarter, due to the lower volume of raw materials acquired in the period, in order to preserve cash. In addition, the reduction in produced volumes resulted in a higher share of fixed costs, composed of a mix of materials with products and services more relevant and with reduced payment terms (e.g. electric power).



CASH FLOW SUMMARY	2Q20	2Q19	Var.[%]	1H20	1H19	Var.[%]
Cash and equivalents at the beginning of the period	1,364,975	532,389	156.4%	840,030	713,733	17.7%
Cash from operating activities	(84,631)	75,525	-	(118,927)	69,364	-
Cash used in investments	(30,373)	(74,062)	-59.0%	(72,279)	(115,458)	-37.4%
Cash used in financing activities	(5,350)	(38,896)	-86.2%	481,104	(170,252)	-
Effects of exchange rate on cash for the period	37,378	(2,697)		152,071	(5,128)	-,
Increase (decrease) in cash and cash equivalents	(82,976)	(40,130)	106.8%	441,969	(221,474)	-
Cash and cash equivalents at the end of period	1,281,999	492,259	160.4%	1,281,999	492,259	160.4%

In 2Q20, the Company used R\$84.6 million in cash from operating activities, compared to a generation of R\$75.5 million in 2Q19. The result of the period was impacted by the decrease in volumes since March, which impacted the customer receivables and the changes in working capital. There was also the payment of adjustments in the maturity of operations with derivatives (zero-cost collar), of R\$90.0 million, partially offset by the positive effect of the exchange depreciation on the operating result.

The effects were offset by a several initiatives aiming to preserve cash flow, such as control of fixed costs and expenses, renegotiation of contracts and flexibilization of lines. In addition, the main objective of financial management was to preserve cash despite possible impacts of adjustments in the production process at the margins (e.g., use of a mix of nobler materials available in inventory and production stoppages).

Investment activities consumed R\$30.4 million in 2Q20, a 59.0% decrease over the same period of the previous year, due to the strategy of postponement and revaluation of investments.

Financing activities came from R\$5.4 million in 2Q20 compared to R\$38.9 million in 2Q19. The year-on-year comparison base was affected by the payment of dividends of R\$25.0 million in the previous year.

The combination between these factors and the exchange rate variation on cash, in the amount of R\$37.4 million, resulted in a decrease of R\$83.0 million in cash in the period. Therefore, we ended the semester with a cash balance of R\$1,282.0 million.

INDEBTEDNESS

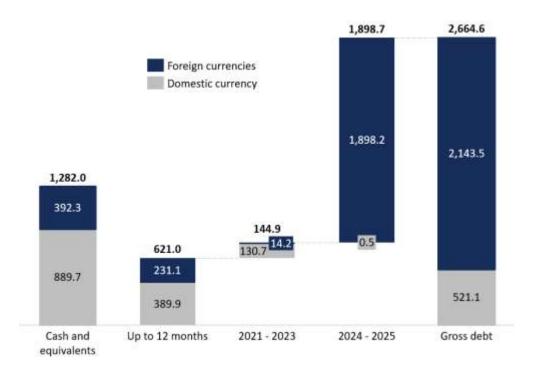
The Company closed 2Q20 with net debt of R\$1,382.6 million and a net debt/LTM adjusted EBITDA ratio of 2.65x. The increase related to the previous quarters was due to the appreciation of the dollar at the end of the quarter, with the debt being calculated based on the closing price of the quarter (USD/BRL 5.48), meanwhile EBITDA was affected by the average price for the period (USD/BRL 5.39), resulting on the gradually exchange effect.

Foreign currency liabilities represented 80.4% of the total (10.8% short-term and 89.2% long-term debt), while 19.6% of the debt is denominated in BRL (74.8% short-term and 25.2% long-term debt). Regarding the cash balance, 69.4% is denominated in BRL and 30.6% in foreign currency.

Consolidated (R\$ thousand)

INDEBTEDNESS	2Q20	1Q20	4Q19	3Q19	2Q19
Short term	621,013	651,268	62,920	41,557	59,589
Financing and loans	456,928	420,833	62,920	38,776	59,003
Derivative financial instruments	164,085	230,435	-	2,781	586
Long term	2,043,544	1,948,534	1,421,061	1,468,802	1,356,083
Gross debt	2,664,557	2,599,802	1,483,981	1,510,359	1,415,672
Cash and cash equivalents	1,281,999	1,364,975	840,030	611,186	492,259
Derivative financial instruments	-	-	4,751	408	2,291
Net debt	1,382,558	1,234,827	639,200	898,765	921,122
Gross debt/adjusted EBITDA	5.11x	3.57x	2.12x	2.16x	2.05x
Net debt/adjusted EBITDA	2.65x	1.70x	0.91x	1.29x	1.34x

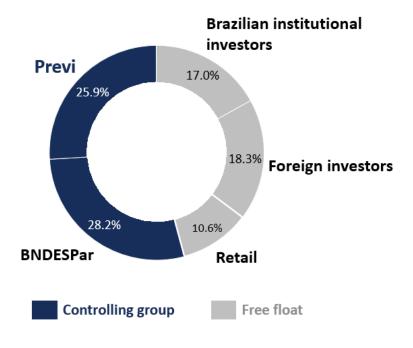
The Company's debt profile is as follows:



All amounts in R\$ million.

OWNERSHIP STRUCTURE

Tupy's ownership structure as of June 30, 2020, was as follows:



∇

EXECUTIVE OFFICER'S STATEMENT

In compliance with the provisions established under Article 25 of CVM Instruction No. 480, of December 7, 2009, Tupy S.A.'s Executive Board declares that it has reviewed, discussed and agreed with the opinion presented in the Independent Auditor's Report on the Quarterly Financial Report, issued on this date, and with the Quarterly Financial Report of June 30, 2020.

Attachment I – Commercial vehicle production and sales in Brazil

		(Units)					
	2Q20	2Q19	Var. (%)	1H20	1H19	Var. (%)	
Production							
Trucks							
Semi-light	52	279	-81.4%	295	526	-43.9%	
Light	1,266	4,433	-71.4%	5,346	9,066	-41.0%	
Medium	443	1,640	-73.0%	1,381	2,761	-50.0%	
Semi-heavy	2,697	6,722	-59.9%	9,147	12,416	-26.3%	
Heavy	5,574	17,561	-68.3%	18,569	30,627	-39.4%	
Total trucks	10,032	30,635	-67.3%	34,738	55,396	-37.3%	
Buses	3,000	7,948	-62.3%	8,974	14,064	-36.2%	
Commercial vehicles	13,032	38,583	-66.2%	43,712	69,460	-37.1%	
Sales							
Trucks							
Semi-light	993	1,254	-20.8%	2,036	2,642	-22.9%	
Light	1,672	2,819	-40.7%	3,877	5,396	-28.2%	
Medium	1,734	2,479	-30.1%	3,521	4,669	-24.6%	
Semi-heavy	4,500	5,409	-16.8%	9,405	10,034	-6.3%	
Heavy	8,826	13,357	-33.9%	19,021	24,041	-20.9%	
Total trucks	17,725	25,318	-30.0%	37,860	46,782	-19.1%	
Buses	2,055	4,939	-58.4%	5,716	9,619	-40.6%	
Commercial vehicles	19,780	30,257	-34.6%	43,576	56,401	-22.7%	
Exports							
Trucks							
Semi-light	18	197	-90.9%	35	221	-84.2%	
Light	363	588	-38.3%	765	1,199	-36.2%	
Medium	35	70	-50.0%	222	231	-3.9%	
Semi-heavy	381	788	-51.6%	1,126	1,633	-31.0%	
Heavy	1,286	1,829	-29.7%	2,694	2,707	-0.5%	
Total trucks	2,083	3,472	-40.0%	4,842	5,991	-19.2%	
Buses	717	1,717	-58.2%	1,726	3,797	-54.5%	

2,800

5,189

-46.0%

6,568

9,788

Source: ANFAVEA

Commercial vehicles

-32.9%

Attachment II – Production and sales of light and commercial vehicles in foreign markets

	n	

-49.7%

4,281,549

6,915,760

-38.1%

	2Q20	2Q19	Var. (%)	2H20	2H19	Var. (%)
North America						
Production						
Passenger cars	351,244	1,152,847	-69.5%	1,385,128	2,362,013	-41.4%
Light commercial vehicles – Class 1-3	1,172,092	3,147,569	-62.8%	3,979,863	6,167,046	-35.5%
% Light commercial vehicles	76,9%	73,2%	+3.8p.p.	74,2%	72,3%	+1.9p.p.
Light Duty – Class 4-5	12,655	23,388	-45.9%	38,791	41,698	-7.0%
Medium Duty – Class 6-7	16,910	41,941	-59.7%	45,452	82,642	-45.0%
Heavy Duty – Class 8	42,890	90,007	-52.3%	99,783	168,270	-40.7%
Medium & Heavy Duty ¹	72,455	155,336	-53.4%	184,026	292,610	-37.1%
United States						
Sales						
Passenger cars	696,548	1,305,455	-46.6%	1,620,012	2,523,734	-35.8%
Light commercial vehicles – Class 1-3	2,270,562	3,151,885	-28.0%	4,860,494	5,947,583	-18.3%
% Light commercial vehicles	76,5%	70,7%	+5.8p.p.	75,0%	70,2%	+4.8p.p.
Light Duty – Class 4-5	26,926	34,343	-21.6%	56,973	62,179	-8.4%
Medium Duty – Class 6-7	19,299	36,398	-47.0%	45,245	70,956	-36.2%
Heavy Duty – Class 8	35,091	71,980	-51.2%	82,707	134,891	-38.7%
Medium & Heavy Duty ¹	81,316	142,721	-43.0%	184,925	268,026	-31.0%
Formula						
Europe						
Sales						

1,800,694 3,583,245

Source: Automotive News; Bloomberg; ACEA

Passenger cars

Attachment III – Production and sales of agricultural machinery in global markets

			(Units)			
	2Q20	2Q19	Var. (%)	2H20	2H19	Var. (%)
Production						
Americas						
Brazil	8,788	13,908	-36.8%	19,135	24,724	-22.6%
Sales						
Americas						
Brazil	10,174	10,611	-4.1%	19,633	19,896	-1.3%
United States and Canada	110,311	93,173	18.4%	155,980	143,322	8.8%
Europe						
Germany	13,794	13,763	0.2%	24,334	23,338	4.3%
United Kingdom	2,380	3,852	-38.2%	5,195	6,902	-24.7%

Source: ANFAVEA; Bloomberg; AEM

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

BALANCE SHEETS AT JUNE 30, 2020 AND DECEMBER 31, 2019 (All amounts in thousands of reais)

<u>ASSETS</u>

	Parent compan		ompany	Consoli	onsolidated	
	Note	6/30/20	12/31/19	6/30/20	12/31/19	
CURRENT ASSETS			-		_	
Cash and cash equivalents	3	906,586	362,600	1,281,999	840,030	
Derivative financial instruments	27	-	2,635	-	4,751	
Trade account receivables	4	394,198	422,012	547,149	672,356	
Inventories	5	235,632	254,156	765,179	654,107	
Tooling	6	49,514	38,052	192,835	141,128	
Income tax and social contribution recoverable	7	51,705	50,118	86,307	65,004	
Other taxes recoverable	8	110,539	94,000	195,527	162,854	
Related parties	10	2,049	1,904	-	-	
Notes and other receivables		33,782	49,058	65,908	59,112	
Total current assets		1,784,005	1,274,535	3,134,904	2,599,342	
NON-CURRENT ASSETS		_				
Income tax and social contribution recoverable	7	86,624	88,349	86,624	88,349	
Other taxes recoverable	8	149,975	194,459	149,975	194,459	
Deferred income tax and social contribution	9	359,897	139,304	431,839	195,887	
Credits - Eletrobrás	11	121,695	152,149	121,695	152,149	
Judicial deposits and other		48,579	41,175	49,665	42,261	
Investments in equity instruments		2,048	2,429	11,712	9,461	
Properties for investments		-		6,363	6,363	
Investments	12	2,260,578	1,872,764	-	-	
Property, plant and equipment	13	650,686	702,832	1,875,385	1,634,336	
Intangible assets	14	49,423	52,110	175,529	201,560	
Total non-current assets		3,729,505	3,245,571	2,908,787	2,524,825	
Total assets		5,513,510	4,520,106	6,043,691	5,124,167	
וטנמו מסטכנט		3,313,310	4,320,100	0,045,091	3,124,107	

TUPY S.A. AND SUBSIDIARIES

BALANCE SHEETS AT JUNE 30, 2020 AND DECEMBER 31, 2019 (All amounts in thousands of reais)

LIABILITIES

		Parent co	mpany	Consolidated	
	Note	6/30/20	12/31/19	6/30/20	12/31/19
CURRENT LIABILITIES					
Trade accounts payables	15	168,761	276,374	343,151	627,565
Loans and financing	16	450,090	55,595	456,928	62,920
Derivative financial instruments	27	113,586	-	164,085	-
Income taxes payable		-	-	4,143	6,162
Other taxes payable		941	7,204	26,946	53,261
Salaries, social security charges and profit sharing		112,389	129,195	150,302	168,544
Advances from customers		21,739	21,320	166,669	121,687
Related parties	10	1,183	1,203	-	-
Dividends and interest on capital		185	191	185	191
Provision for tax, civil, social security and labor contingencies	17	41,686	40,536	41,686	40,536
Notes and other payables		40,867	38,610	71,939	45,629
Total current liabilities		951,427	570,228	1,426,034	1,126,495
NON-CURRENT LIABILITIES					
Borrowings	16	2.042.286	1,419,051	2,043,544	1,421,061
Provision for tax, civil, social security and labor contingencies	17	146,848	140,544	148,272	141,848
Retirement benefit obligations			-	52,460	44,069
Other long term liabilities		2,160	2,880	2,592	3,291
Total non-current liabilities		2,191,294	1,562,475	2,246,868	1,610,269
EQUITY					
Share capital	18	1,060,301	1,060,301	1,060,301	1,060,301
Share issuance costs		(6,541)	(6,541)	(6,541)	(6,541
Share-based payments		8,941	7,968	8,941	7,968
Treasury shares		(2,944)	-	(2,944)	-
Carrying value adjustments		885,244	613,252	885,244	613,252
Income reserves		712,423	712,423	712,423	712,423
Retained earnings		(286,635)	-	(286,635)	-
Total equity		2,370,789	2,387,403	2,370,789	2,387,403
Total liabilities and equity		5,513,510	4,520,106	6,043,691	5,124,167

(A free translation of the original in Portuguese) <u>TUPY S.A. AND SUBSIDIARIES</u>

STATEMENTS OF INCOME QUARTERS ENDED JUNE 30, 2020 AND 2019 (All amounts in thousands of reals, except earnings per share)

		Parent company		Consolidated	
	Note	4/1/20 6/30/20	4/1/19 6/30/19	4/1/20 6/30/20	4/1/19 6/30/19
NET REVENUE	19	429,268	746,316	644,872	1,404,615
Cost of products sold	20	(342,806)	(589,679)	(651,588)	(1,158,456)
GROSS (LOSS) PROFIT		86,462	156,637	(6,716)	246,159
Selling expenses	20	(20,273)	(30,889)	(35,587)	(56,065)
Administrative expenses	20	(25,663)	(36,736)	(34,747)	(47,038)
Management fees Other operating expenses, net	10 22	(3,013)	(3,089)	(3,013)	(3,089)
Share of results of subsidiaries	12	(78,206)	23,274	-	- (44,547)
PROFIT (LOSS) BEFORE FINANCE RESULTS AND TAXES		(54,665)	83,431	(107,736)	95,420
Impairment	22	(3,404)	-	(3,404)	-
PROFIT BEFORE FINANCE RESULTS AND TAXES		(58,069)	83,431	(111,140)	95,420
Finance costs	21	(22,962)	(24,904)	(25,116)	(26,641)
Finance income	21	10,272	19,985	11,544	20,499
Monetary and foreign exchange variations, net	21	(23,340)	(346)	(12,205)	(663)
PROFIT (LOSS) BEFORE TAXATION		(94,099)	78,166	(136,917)	88,615
Income tax and social contribution	23	11,278	(18,718)	54,096	(29,167)
NET INCOME (LOSS) FOR THE QUARTER		(82,821)	59,448	(82,821)	59,448
EARNINGS PER SHARE					
Basic earnings (loss) per share	24	(0.57485)	0.41233	(0.57485)	0.41233
Diluted earnings (loss) per share	24	(0.57245)	0.41106	(0.57245)	0.41106

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME SIX MONTHS ENDED JUNE 30, 2020 AND 2019 (All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	6/30/20	6/30/19	6/30/20	6/30/19
NET REVENUE	19	1,026,332	1,405,779	1,737,436	2,686,144
Cost of products sold	20	(827,053)	(1,141,809)	(1,551,590)	(2,268,896)
GROSS (LOSS) PROFIT		199,279	263,970	185,846	417,248
Selling expenses	20	(45,525)	(61,396)	(86,601)	(109,317)
Administrative expenses	20	(57,861)	(69,014)	(80,184)	(88,495)
Management fees	10	(6,403)	(5,463)	(6,403)	(5,463)
Other operating expenses, net	22	(27,806)	(38,862)	(54,999)	(71,331)
Share of results of subsidiaries	12	(218,141)	41,585	-	-
PROFIT (LOSS) BEFORE FINANCE RESULTS AND TAXES		(156,457)	130,820	(42,341)	142,642
	22	(3,404)	-	(37,804)	-
Share of results of subsidiaries, impairment					
PROFIT BEFORE FINANCE RESULTS AND TAXES		(159,861)	130,820	(80,145)	142,642
	21	(112,645)	(49,377)	(116,831)	(51,621)
Finance costs	21	20,993	42,903	23,615	45,643
Finance income	21	(89,121)	15,153	(151,052)	12,419
Monetary and foreign exchange variations, net		(180,773)	8,679	(244,268)	6,441
PROFIT (LOSS) BEFORE TAXATION		(340,634)	139,499	(324,413)	149,083
Income tax and social contribution	23	50,296	391	34,075	(9,193)
NET INCOME (LOSS) FOR THE PERIOD		(290,338)	139,890	(290,338)	139,890
EARNINGS PER SHARE					
Basic earnings (loss) per share	24	(2.01520)	0.97026	(2.01520)	0.97026
Diluted earnings (loss) per share	24	(2.00677)	0.96728	(2.00677)	0.96728

(A free translation of the original in Portuguese) <u>TUPY S.A. AND SUBSIDIARIES</u>

STATEMENTS OF COMPREHENSIVE INCOME QUARTERS ENDED JUNE 30, 2020 AND 2019

(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated		
		4/1/20	4/1/19	4/1/20	4/1/19	
		6/30/20	6/30/19	6/30/20	6/30/19	
NET INCOME FOR THE PERIOD		(82,821)	59,448	(82,821)	59,448	
Components of other comprehensive income						
to be reclassified to the results						
Foreign exchange variation of investees located abroad	12	112,120	(27,356)	112,120	(27,356)	
Hedge of net investment abroad		(94,333)	22,513	(94,333)	22,513	
Tax effect on hedge of net investment abroad		32,073	(7,654)	32,073	(7,654)	
		49,860	(12,497)	49,860	(12,497)	
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER		(32,961)	46,951	(32,961)	46,951	

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(All amounts in thousands of reais, except earnings per share)

		Parent co	Parent company		dated
	Note	6/30/20	6/30/19	6/30/20	6/30/19
NET INCOME FOR THE YEAR		(290,338)	139,890	(290,338)	139,890
Components of other comprehensive income					
to be reclassified to the results					
Foreign exchange variation of investees located abroad	12	605,955	(20,380)	605,955	(20,380)
Hedge of net investment abroad		(500,873)	14,868	(500,873)	14,868
Tax effect on hedge of net investment abroad		170,297	(5,055)	170,297	(5,055)
		275,379	(10,567)	275,379	(10,567)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(14,959)	129,323	(14,959)	129,323

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY (All amounts in thousands of reais)

							ue adjustments	Revenue	ereserves		
			Share	Shared		Exchange	Deemed			Retained	
		Share	issue	based	Treasury	variation of	cost of	legal	Reserve for	earnings	
	Note	capital	cost	payments	stock	investees	fixed assets	reserve	investments	(losses)	Total
AT DECEMBER 31, 2018		1,060,301	(6,541)	8,564	(292)	548,092	41,818	81,809	466,212		2,199,963
Comprehensive income for the period											
Profit for the period		-		-	-	-		-	-	139,890	139,890
Realization of carrying value adjustments		-	-	-	-	-	(4,863)	-	-	4,863	-
Foreign exchange variation of investees located abroad		-	-	-	-	(20,380)	-	-	-	-	(20,380)
Hedge of net investment abroad		-	-	-	-	14,868	-	-	-	-	14,868
Tax impact on hedge of net investment abroad		-	-	-	-	(5,055)	-	-	-	-	(5,055)
Total comprehensive income for the period			-	-	-	(10,567)	(4,863)	-	-	144,753	129,323
Contributions from stockholders and distributions to stockholders											
Realization of management stock option plan		-	-	1,041		-		-	-	-	1,041
Realization of management stock option plan			-	(292)	292	-		-	-	-	-
Interest on capital			-	-	-	-		-	(125,000)		(125,000)
Total contributions from stockholders and distributions to stockholders			-	749	292	-	-	-	(125,000)	-	(123,959)
AT DECEMBER 31, 2019		1,060,301	(6,541)	9,313		537.525	36.955	81.809	341.212	144,753	2,205,327
AT DECEMBER 31, 2019		1,060,301	(6,541)	9,313		537,525	36,955	81,809	341,212	144,/53	2,205,327
AT DECEMBER 31, 2019		1,060,301	(6,541)	7,968	-	580,123	33,129	95,756	616,667	-	2,387,403
Comprehensive income for the period											
Profit (loss) for the period		-	-	-	-	-	-	-	-	(290,338)	(290,338)
Realization of carrying value adjustments		-		-	-	-	(3,387)		-	3,387	-
Foreign exchange variation of investees located abroad	12	-	-	-	-	605,955	-	-	-	-	605,955
Hedge of net investment abroad		-	-	-	-	(500,873)	-	-	-	-	(500,873)
Tax impact on hedge of net investment abroad		-	-	-	-	170,297	-	-	-	-	170,297
Total comprehensive income for the year		-	-	-	-	275,379	(3,387)	-	-	(286,951)	(14,959)
Contributions from stockholders and distributions to stockholders											
Management stock option plan		-	-	1,289		-		-	-	-	1,289
Realization of management stock option plan				(316)			-			316	- 1,205
(-) Treasury stock				-	(2,944)	-					(2,944)
Total contributions from stockholders and distributions to stockholders			-	973	(2,944)		-	-	-	316	(1,655)
AT JUNE 30, 2020		1,060,301	(6,541)	8,941	(2.944)	855.502	29,742	95.756	616.667	(286,635)	2,370,789

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOW SIX MONTHS ENDED JUNE 30, 2020 AND 2019 (All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated		
Cash flow from operating activities:	Note	6/30/20	6/30/19	6/30/20	6/30/19	
Profit for the period before income tax and social contribution		(340,634)	139,499	(324,413)	149,083	
Adjustment to reconcile profit (losses) with cash provided by operating						
activities:						
Depreciation and amortization	13 e 14	71,254	69,679	173,646	158,375	
Impairment	13 e 14	3,404	-	37,804	-	
Share of results of subsidiaries	12	218,141	(41,585)	-	-	
Disposals of property, plant and equipment		778	(2,841)	3,342	1,254	
Interest accrued and foreign exchange variations		158,155	31,060	222,333	33,224	
Provision for impairment of trade receivables		3,613	(34)	4,983	(596)	
Provision for losses on inventory		12,487	(4,269)	21,852	(4,583)	
Provision for contingencies	17	18,407	33,944	18,527	35,248	
Stock option plan		1,289	1,041	1,289	1,041	
Change in Eletrobrás credit		30,835	(28,045)	30,835	(28,045)	
Change in Electrosias cicare		177,729	198,449	190,198	345,001	
Changes in operating assets and liabilities:		1,7,723	150,445	150,150	343,001	
Trade accounts receivables		124,781	(48,469)	277,979	(211,234)	
Inventories		6,037	(7,725)	(17,065)	4,163	
Tooling		(11,462)	(5,030)	(17,003)	(7,250)	
Other taxes recoverable		28,083	19,654	43,983	10,998	
			· · · · · · · · · · · · · · · · · · ·		15,572	
Notes and other receivables		15,101	4,684	(7,072)		
Judicial deposits and other		(7,404)	(1,887)	(7,404)	(1,887)	
Trade payables		(109,752)	30,352	(395,344)	27,664	
Other taxes payable		(6,263)	(1,396)	(37,658)	(104)	
Salaries, social security charges and profit sharing		(16,806)	2,848	(32,467)	6,283	
Advances from customers		419	4,289	10,489	(28,704)	
Notes and other payables		(64,037)	(67,796)	(43,297)	(6,437)	
Retirement benefit obligations		-	-	(6,793)	2,971	
Other long term liabilities		(11,673)	(13,091)	(11,652)	(13,171)	
Cash generated by operations		124,753	114,882	(50,572)	143,865	
Interest paid		(51,383)	(46,381)	(50,068)	(46,497)	
Income tax and social contribution paid		-	-	(18,287)	(28,004)	
Net cash generated from operating activities		73,370	68,501	(118,927)	69,364	
Cash flow from investment activities:						
Additions to fixed assets or intangibles	13 e 14	(22,315)	(36,453)	(72,454)	(120,578)	
Advances from investment property sales		-		-	5,000	
Cash generated on PPE disposals		175	4,107	175	120	
Subsidiaries and associates		(165)	4,445	-	-	
Cash used in investment activities		(22,305)	(27,901)	(72,279)	(115,458)	
Cash flow from financing activities:						
Payment of loans		(2,371)	(2,369)	(2,371)	(2,369)	
Loans and financing raised		494,412	-	494,412	-	
Lease payment from right of use		(2,412)	(1,304)	(7,987)	(5,452)	
Interest on capital and dividends paid		(6)	(152,664)	(6)	(152,664)	
Income tax of interest on capital and dividends paid		-	(9,767)	-	(9,767)	
Treasury stock		(2,944)		(2,944)	-	
Cash used in financing activities		486,679	(166,104)	481,104	(170,252)	
		6,242	60	152,071	(5,128)	
Effect of exchange rate differences on cash for the period						
			(125.444)	441.969	(221.474)	
Effect of exchange rate differences on cash for the period Increase (decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of the period		543,986 362,600	(125,444) 328,350	441,969 840,030	(221,474) 713,733	

(A free translation of the original in Portuguese) <u>TUPY S.A. AND SUBSIDIARIES</u>

STATEMENT OF VALUE ADDED SIX MONTHS ENDED JUNE 30, 2020 AND 2019 (All amounts in thousands of reais, except earnings per share)

		Parent co	mpany	Consolidated		
	Note	6/30/20	6/30/19	6/30/20	6/30/19	
Origination of value added		1,091,750	1,541,172	1,801,484	2,822,099	
Sale of products, net of returns and rebates	19	1,095,363	1,541,138	1,806,467	2,821,503	
Provision for impairment of trade receivables		(3,613)	34	(4,983)	596	
(-) Inputs acquired from third parties		(630,710)	(1,010,060)	(1,143,610)	(1,850,356)	
Raw materials and processing material consumed		(424,091)	(796,527)	(592,501)	(1,343,490)	
Materials, energy, third party services and other		(206,619)	(213,533)	(551,109)	(506,866)	
GROSS VALUE ADDED		461,040	531,112	657,874	971,743	
Retentions:		(74,658)	(69,679)	(211,450)	(158,375)	
Depreciation and amortization	13 and 14	(71,254)	(69,679)	(173,646)	(158,375)	
Impairment		(3,404)	-	(37,804)	-	
Net value added generated by the Company		386,382	461,433	446,424	813,368	
Value added received through transfer		(197,148)	84,488	23,615	45,643	
Share of results of subsidiaries	12	(218,141)	41,585	-	-	
Finance income	21	20,993	42,903	23,615	45,643	
VALUE ADDED TO DISTRIBUTE		189,234	545,921	470,039	859,011	
Distribution of value added						
Personnel		236,573	308,578	433,882	606,210	
Employees		161,986	226,417	350,251	515,755	
Social charges - Government Severance Indemnity Fund for Employees (FGTS)		12,709	15,463	12,709	15,463	
Profit sharing Profit sharing		17,514	18,040	24,916	25,488	
Management fees		6,403	5,463	6,403	5,463	
Workplace healthcare and safety		28,017	31,294	28,017	31,294	
Food		4,082	6,090	4,082	6,090	
Professional education, qualification and development		322	346	958	664	
Other amounts		5,540	5,465	6,546	5,993	
Government		41,233	63,229	58,612	73,709	
Federal taxes and contributions		8,851	54,298	26,223	64,777	
State taxes and rates		26,950	5,359	26,950	5,360	
Municipal taxes, rates and other		5,432	3,572	5,439	3,572	
Third party capital		201,766	34,224	267,883	39,202	
Finance costs	21	112,645	49,377	116,831	51,621	
Monetary and foreign exchange variations, net	21	89,121	(15,153)	151,052	(12,419)	
Own capital		(290,338)	139,890	(290,338)	139,890	
Retained earnings (losses)		(290,338)	139,890	(290,338)	139,890	
TOTAL VALUE ADDED		189,234	545,921	470,039	859,011	

(A free translation of the original in Portuguese) NOTES TO THE FINANCIAL STATEMENTS

1.	GENERAL INFORMATION
2.	PRESENTATION AND PREPARATION OF THE QUARTERLY INFORMATION
3.	CASH AND CASH EQUIVALENTS
4.	TRADE ACCOUNT RECEIVABLES
5.	INVENTORIES
6.	TOOLING
7.	INCOME TAX AND SOCIAL CONTRIBUTION RECOVERABLE
8.	OTHER TAXES RECOVERABLE
9.	DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION, NET
10.	RELATED PARTY TRANSACTIONS
11.	CREDITS – ELETROBRÁS
12.	INVESTMENTS
13.	PROPERTY, PLANT AND EQUIPMENT
14.	INTANGIBLE ASSETS
15.	TRADE ACCOUNTS PAYABLES
16.	LOANS AND FINANCING
17.	PROVISIONS FOR TAX, CIVIL, SOCIAL SECURITY AND LABOR CONTINGENCIES48
18.	SHARE CAPITAL50
19.	REVENUE
20.	COSTS AND EXPENSES BY NATURE
21.	FINANCE RESULTS
22.	OTHER OPERATING INCOME (EXPENSES)
23.	INCOME TAX AND SOCIAL CONTRIBUTION IN THE RESULTS
24.	EARNINGS PER SHARE
25.	SEGMENT REPORTING55
26.	FINANCIAL INSTRUMENTS
27.	DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE OF NET INVESTMENT ABROAD
28.	FINANCIAL RISK MANAGEMENT

(A free translation of the original in Portuguese)

1. GENERAL INFORMATION

Tupy S.A. (the "Parent company") and its subsidiaries (together the "Company" or "Consolidated") have significant position in the domestic and foreign iron casting markets, with a diversified customer base in the Americas, Europe and Asia. The Company also operate in the transportation, infrastructure and agriculture (structural components) and hydraulics (steel shots and iron bar) segments. The Company has plants in Brazil, at Joinville- SC and Mauá (activities are suspended for undetermined time), and Mexico, at Saltillo and Ramos Arizpe. In addition to its plants, the Parent Company has investments in companies abroad that operate in logistics, trading and technical assistance.

Tupy S.A. is a publicly-held corporation headquartered in Joinville, State of Santa Catarina, listed on the São Paulo Stock Exchange (BOVESPA: ticker TUPY3) and in the Novo Mercado segment of B3.

This quarterly information was approved for issue by the Company's Board of Directors on August 11, 2020.

1.1 Impacts of the COVID-19 pandemic

The Company monitors the risks of the COVID-19 pandemic and this effects on the local and global economies, as well as the impact on its employees, operations, supply chain, demand for its products and the community. A Crisis Committee was created, which daily monitors the evolution of the pandemic and implements contingency plans in order to act quickly.

The Company has been carrying out tests of recoverability of its relevant assets, in view of the impacts resulting from the pandemic in its operations, which until now have not resulted in the need to recognize significant losses in its financial statements, in addition to those reported.

The projections of operating income and cash flows indicate full conditions for the continuity of operations. The evolution of the entire economic context in the world is being monitored, as well as its implication in profitability and financial position, aiming to adapt the Company's operations to the evolving circumstances triggered by government regulations and market dynamics in the face of the COVID-19 pandemic.

In view of the scenarios being monitored, the indicators for the year 2020 are expected to change in terms of orders and deliveries in the face of the impacts caused by the global pandemic. To mitigate these effects, the Company reinforced its inventory levels, moving its products to geographical positions close to its customers in order to avoid shortages due to geographic mismatches and different recovery cycles. This has allowed, until then, to keep regular delivery of orders to customers. At this moment, the contracts signed with clients do not present risks of being terminated and the receivables of not being paid.

2. PRESENTATION AND PREPARATION OF THE QUARTERLY INFORMATION

The Company presents the Parent company quarterly information prepared in accordance with Technical Pronouncement CPC 21 - "Interim Financial Reporting" and the Consolidated quarterly information in accordance with Technical Pronouncement CPC 21 and International Accounting Standard IAS 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR), and are identified as "Parent company" and "Consolidated", respectively.

Circular Letter CVM/SNC/SEP 003, of April 28, 2011, permits entities to present selected explanatory notes in cases of redundancy or duplication relative to the information already presented in the Company's annual financial statements. The quarterly information does not include all of the disclosures required in a complete set of financial statements and should be read together with the annual financial statements for the year ended December 31, 2019.

Accordingly, the Company discloses below a list of the explanatory notes that are not partially or completely repeated in the quarterly information at June 30, 2020:

Not completely repeated	Not partially repeated
Financial investments	Trade receivables
Investment properties	Income tax and social contribution recoverable
Salaries, social security charges and profit sharing	Other taxes recoverable
Defined benefit obligations	Property, plant and equipment
Insurance	Intangible assets
Business combination	Borrowings
Commitments	Provision for tax, civil, social security and labor
	contingencies
	Share capital

2.1. Basis of preparation

The quarterly information has been prepared based on the historical cost convention, except for certain financial instruments, which are measured at their fair values, as described in the accounting policies. The historical cost is generally based on the fair value of the consideration paid in exchange for assets. The functional and presentation currency are with the same as those for the annual financial statements for the year ended December 31, 2019.

2.2. Use of critical accounting estimates and judgments

The preparation of Parent Company and Consolidated quarterly information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported for assets, liabilities, revenue and expenses.

In the preparation of this quarterly information, the decisions made by the Company regarding the application of accounting policies and the main sources of uncertainty in estimates and critical accounting judgments were the same as those for the annual financial statements for the year ended December 31, 2019 and are disclosed in Note 2.4.

2.3. Significant accounting policies

The accounting policies used in the preparation of this quarterly information for the period ended June 30, 2020 are consistent with those used to prepare the annual financial statements for the year ended December 31, 2019, these policies are disclosed in Note 2 in the annual financial statements.

3. CASH AND CASH EQUIVALENTS

	Parent com	pany	Consolidated		
	jun/20	dec/19	jun/20	dec/19	
Cash and banks	855	1,723	865	1,754	
Financial investments in Brazil	888,640	332,878	888,880	333,096	
Financial investments abroad	17,091	27,999	392,254	505,180	
	906,586	362,600	1,281,999	840,030	

The financial investments disclosed as cash and cash equivalents are highly-liquid securities with an immaterial risk of changes in value. Those investments in Brazil are remunerated based on the variation of the Interbank Deposit Certificate (CDI) rate, with an average rate equivalent to 3.76% per annum (5.97% at December 31, 2019). The investments abroad are denominated mostly in US Dollars (US\$) at the average rate of 0.65% per annum (2.55% per annum in December 2019) designed as time deposit and overnight.

The increase presented in the period is substantially due to the funding that took place during the first quarter, in the amount of R\$494,412, to form a liquidity cushion, resulting from the pandemic.

The Company operates with top tier institutions as detailed in note 28.1.

4. TRADE ACCOUNT RECEIVABLES

The composition of trade account receivables from clients by market is as follows:

	Parent con	Parent company		ated
	jun/20	dec/19	jun/20	dec/19
Domestic market	59,540	71,121	59,540	71,121
Foreign market	339,485	351,004	495,518	602,624
Provision for impairment of trade receivables	(4,827)	(113)	(7,909)	(1,389)
	394,198	422,012	547,149	672,356
	Parent con	npany	Consolida	ited
	jun/20	dec/19	jun/20	dec/19
Falling due in up to 30 days	105,937	157,563	227,501	364,727
Falling due within 31 to 60 days	102,562	101,510	229,374	182,037
Falling due in more than 61 days	160,485	111,354	41,111	50,079
Total falling due	368,984	370,427	497,986	596,843
Overdue for up to 30 days	12,135	36,920	22,763	42,750
Overdue for 31 to 60 days	4.948	8.736	8.959	21.016

Trade account receivable in the domestic market are denominated in Brazilian Reais and in the foreign market primarily in US Dollars.

12,958

30,041

(4,827)

394,198

6,042

(113)

51,698

422,012

25,350

57,072

(7,909)

547,149

13,136

76,902

(1,389)

672,356

The variation in trade account receivable reflects the decrease occurred in sales.

Provision for impairment of trade receivables

Overdue for more than 61 days

Total overdue

Total

The Company's trade receivable in the foreign market include related party amounts which are eliminated upon consolidation, amounting of R\$269,097 (R\$209,164 in December 31, 2019). (Note 10)

As of June 30, 2020, the estimated loss in accounts receivable from customers represented 1.4% of the consolidated balance of accounts receivable (0.2% in December 31, 2019). The increase is mainly due to the recognition of a provision for eventual loss due to the impacts caused by the COVID-19 pandemic, exclusively in the hydraulics segment

The Company does not expect others material adjustments due to the impacts caused by the Covid-19 pandemic.

5. INVENTORIES

	Parent company		Consolidated		
	jun/20	dec/19	jun/20	dec/19	
Finished products	88,457	96,971	274,661	200,172	
Work in progress	65,559	72,579	258,622	269,547	
Raw materials	74,488	65,655	175,216	124,860	
Maintenance and other materials	25,385	24,721	94,136	75,132	
Provision for losses	(18,257)	(5,770)	(37,456)	(15,604)	
	235,632	254,156	765,179	654,107	

Inventory is carried at the average acquisition and/or production cost, considering the full manufacturing costs absorption method, adjusted to the net realizable value, when applicable.

The evolution is due, in large part, to the exchange devaluation of the Real against the Dollar and, also, by the production to stock aiming at eliminating supply risks to our customers and preparing the factories for the post-pandemic resumption.

As a result of the indefinite suspension of the finishing line at Mauá-SP unit (note 13), the Company recorded a provision for the devaluation of certain items of maintenance material stock intrinsically related to that unit in the amount of R\$9,146,

which now no longer have predictability of recoverability. The Company did not observe other indicators that justify the constitution of an additional loss estimate due to COVID-19.

On June 30, 2020 the Company offered finished product inventory as collateral for labor and social security litigation amounting to R\$9,973 (R\$7,770 as at December 31, 2019) in the Parent company and Consolidated.

6. TOOLING

	Parent con	Parent company		ated
	jun/20	dec/19	jun/20	dec/19
Tooling of domestic market	18,499	8,262	18,499	8,262
Tooling of foreign market	31,015	29,790	174,336	132,866
	49,514	38,052	192,835	141,128

The variation that occurred in the period is mainly due to the devaluation of the Real against the US dollar (US\$) which goes from 4.0307 on December 31, 2019 to 5.4760 on June 30, 2020.

7. INCOME TAX AND SOCIAL CONTRIBUTION RECOVERABLE

		jun/20			dec/19			
	Current	Non-current	Total	Current	Non-current	Total		
Parent Company	51,705	86,624	138,329	50,118	88,349	138,467		
Income tax	51,705	52,003	103,708	50,118	50,821	100,939		
Social contribution	-	34,621	34,621	-	37,528	37,528		
Subsidiaries	34,602	-	34,602	14,886	-	14,886		
Income tax	34,602	-	34,602	14,886	-	14,886		
Consolidated	86,307	86,624	172,931	65,004	88,349	153,353		

8. OTHER TAXES RECOVERABLE

	jun/20			dec/19			
	Current	Non-current	Total	Current	Non-current	Total	
Parent company	110,539	149,975	260,514	94,000	194,459	288,459	
ICMS recoverable - São Paulo	3,011	17,873	20,884	10,143	12,777	22,920	
ICMS recoverable - Santa Catarina	29,982	73,388	103,370	29,981	89,683	119,664	
Reintegra benefit (a)	56,688	-	56,688	2,047	27,952	29,999	
COFINS, PIS and IPI recoverable (b)	20,858	58,714	79,572	51,829	64,047	115,876	
Subsidiaries	84,988	-	84,988	68,854	-	68,854	
Value-added tax (VAT)	84,988	-	84,988	68,854	-	68,854	
Consolidated	195,527	149,975	345,502	162,854	194,459	357,313	

a. Special System for Refund of Tax Amounts to Exporting Companies (Reintegra) benefit

Credits arising from the benefit established by Provisional Measure 540 of August 2, 2011, reestablished by Law 13,043/14 and regulated by Decree 8,304/14. The legislation allows an increase of up to 2% in the benefit, provided that the existence of tax residue in the production chain.

Considering appraisal that prove the existence of tax residue in the production chain, the Company recognized in the first semester of 2020 the additional amount related to the Reintegra in the amount of R\$26,729 that will be used to offset federal taxes during the next 12 months.

b. Social Contribution on Revenues (COFINS), Social Integration Program (PIS) and Excise Tax (IPI) recoverable

These are credits generated on the acquisition of inputs used in the production process net of taxes levied on the sale of products in domestic market.

COFINS and PIS credits can be offset other federal taxes and, since 2019, also to offset social security contributions. They can also be reimbursed in cash in proportion to export revenue over total revenue. In this modality, the Company received R\$26,456 in March, 2020.

The Company expects to realize such credits in up to 5 years.

Exclusion of ICMS from the PIS and COFINS calculation base

The Company, is discussing the right to exclude the ICMS from the calculation basis of the contribution to PIS and COFINS, filed 2 (two) writ of mandamus, one at the judicial subsection of the Federal Justice in São Paulo/SP, the which became final, and another filed in the judicial subsection of Joinville/SC, which is still pending a final decision.

Considering the final decision of the process in the federal court of the 3rd region, the Company have the right to exclude ICMS from the calculation basis of the PIS and COFINS contribution. The amounting of R\$46,567, which was recognized in December 2019.

In order to use the PIS and COFINS credits, the Company must submit, through administrative procedure, the credit for validation by the Federal Revenue of Brazil.

9. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION, NET

The composition of deferred tax assets and liabilities relating to income tax and social contribution, is as follows:

	Parent company		Consolidated	
	Jun/20	Dec/19	Jun/20	Dec/19
Deferred assets				
Income tax and social contribution losses	212,158	53,745	233,772	71,262
Provisions for contingencies	67,363	67,643	67,363	67,643
Taxes and contribution recoverable	39,681	39,472	39,681	39,472
Credits – Eletrobrás	23,950	11,341	23,950	11,341
Property, plant and equipment - impairment	30,288	29,131	30,288	29,131
Salaries, social security charges and profit sharing	7,767	14,525	41,133	34,890
Provision for impairment of trade receivables	6,911	3,544	6,911	3,544
Provision for inventory losses	8,588	2,348	8,588	2,348
Share-based payments	3,039	2,708	3,039	2,708
Tooling	-	-	42,532	24,946
Property, plant and equipment - tax base (México)	38,619	(896)	38,619	(896)
Otheritems	7,720	5,404	23,217	13,885
Property, plant and equipment - tax base (México)	-	-	-	4,889
Unrealized profits in subsidiaries	-	-	31,504	11,711
Subtotal	446,084	228,965	590,597	316,874
The first state of the first sta				
Deferred liabilities				
Depreciation rate differences	70,866	72,595	70,866	72,595
Property, plant and equipment - tax base (México)	-	-	48,698	-
Property, plant and equipment - carrying value adjustments	15,321	17,066	15,321	17,066
Deferred tax on intangible assets	-	-	23,873	31,326
Subtotal	86,187	89,661	158,758	120,987
Total deferred liabilities, net	359,897	139,304	431,839	195,887

The Mexican tax legislation allows the depreciation of property, plant and equipment on a tax basis, and the Company accordingly records the temporary difference in the depreciation between the tax and the accounting bases. The temporary difference at June 30, 2020 was R\$48,698 (R\$4,889 at December 31, 2019). The change in the year is due to the foreign exchange difference between the currency in which the taxes are charged in Mexico (Mexican pesos) and the functional currency (US Dollar) of the subsidiaries in Mexico.

As a result of COVID-19, the Company carried out a feasibility study on the realization of the balances referring to deferred tax assets and it is not expected any difficulties in realizing them.

During the period ended June 30, 2020, the changes in deferred tax assets and liabilities were as follow:

	Parent company		Consolidated	
	jun/20	jun/19	jun/20	jun/19
Opening balance	139,304	170,452	195,887	143,668
Recognized in profit (loss)				
Recognized in profit (loss) for the year	50,296	18,833	30,381	42,920
Recognized in comprehensive income for the year	170,297	(5,055)	170,297	(5,055)
Effects of currency translation into presentation currency	-	-	35,274	1,487
Closing balance	359,897	184,230	431,839	183,020

10. RELATED PARTY TRANSACTIONS

The main transactions of the Company with related parties are summarized as follows:

a. Subsidiaries:

Ativo	jun/20	dez/19
Contas a receber	269.097	209.164
Tupy Mexico Saltillo, S.A. de C.V	159.132	110.257
Tupy American Foundry Corporation	104.733	76.178
Tupy Europe GmbH	5.172	22.297
Technocast, S.A. de C.V.	60	432
Partes relacionadas (mútuos)	2.049	1.904
Tupy Agroenergética Ltda.	2.049	1.904
	271.146	211.068

Passivo	jun/20	dez/19
Financiamentos e empréstimos	1.971.232	1.451.487
Tupy Overseas S.A	1.971.232	1.451.487
Adiantamentos de clientes	6.763	4.756
Tupy American Iron & Alloys Corporation	4.902	3.608
Tupy Europe GmbH	1.861	1.148
Títulos a pagar e outros	5.719	11.068
Tupy México Saltillo S.A. de CV	344	4.789
Tupy Europe GmbH	2.535	3.435
Tupy American Foundry Co.	793	1.337
Tupy American Iron & Alloys Corporation	2.047	1.507
Partes relacionadas (mútuos)	1.183	1.203
Sociedade Técnica de Fundições		
Gerais S.A Sofunge "em liquidação"	1.183	1.203
	1.984.897	1.468.514

Statement of income	2Q20	2Q19	1520	1519
Revenues	240,289	261,595	512,260	483,026
Tupy American Foundry Corporation	127,453	184,244	247,693	333,940
Tupy Europe GmbH	14,800	55,867	69,061	112,463
Tupy Mexico Saltillo, S.A. de C.V	98,036	21,436	195,506	36,575
Technocast, S.A. de C.V.	-	48	-	48
Other operating expenses, net	_	-	-	100
Technocast, S.A. de C.V.	-	-	-	1
Tupy Mexico Saltillo, S.A. de C.V	-	-	-	99
Finance costs	(32,556)	(22,960)	(60,300)	(45,306)
Tupy Overseas S.A.	(32,556)	(22,960)	(60,300)	(45,306)
	207,733	238,635	451,960	437,820

The receivables and sales revenue of the Company with its subsidiaries mainly represent sales of products from the transportation, infrastructure & agriculture and hydraulic segments. Prices charged are in compliance with the Company's price lists, and terms range from 60 to 90 days, as established by the parties. At June 30, 2020, the Company's related parties had no overdue receivables and, therefore, the Company did not record a provision for the impairment of these receivables.

Advances from customers correspond to amounts sent by the subsidiaries abroad for the future delivery of goods.

Notes and other payables to subsidiaries abroad represent the current accounts between the subsidiaries and the Parent company. Refers mainly, to quality assistance for transportation, infrastructure & agriculture products. With an unspecified maturity.

The loan conditions granted by Tupy Overseas S.A. to the Parent company are disclosed in Note 16.

The other operations refer to loan agreements between the subsidiaries in Brazil and the Company, with no defined maturities, which bear interest equivalent to the Referential Rate (TR).

Other operations expenses, net, refer to transfer by sale of fixed assets of the machining line to Technocast S.A. de C.V. and Tupy México Saltillo, S.A. de C.V. subsidiaries.

b. Main stockholders:

The Company's main stockholders are BNDES Participações S.A. - BNDESPAR and PREVI - Caixa de Previdência dos Funcionários do Banco do Brasil.

c. Management remuneration:

	Board o	f Directors	Board (of Officers	Total	
	2020	2019	2Q20	2019	2Q20	2Q19
Fixed remuneration	1,218	601	1,351	1,154	2,569	1,755
Variable remuneration	-	-	-	928	-	928
Stock option plan (Note 19)	153	110	291	296	444	406
	1,371	711	1,642	2,378	3,013	3,089
	Board o	f Directors	Board o	of Officers	Total	
	1520	1519	1520	1519	1520	1519
Fixed remuneration	1,844	1,150	2,511	1,939	4,355	3,089
Variable remuneration	-	-	1,045	1,333	1,045	1,333
Stock option plan (Note 19)	341	282	662	759	1,003	1,041
	2,185	1.432	4.218	4.031	6.403	5,463

The overall amount of the annual remuneration, net of taxes, for the year of 2020 was approved by the Extraordinary and Ordinary General Meeting was R\$21,085.

Statutory management remuneration is paid only at the Parent company level and, therefore, no management remuneration has been recorded in the subsidiaries.

The amounts recorded as variable remuneration of the Board of Officers are considered as a provision, based on to the goals established for the period.

Information about the Stock option plans for the Company's statutory board members and the current Chairman of the Board of Directors (the "Plan"), approved in November, 2014 and April, 2019, are presented in the annual financial statements from the year ended December 31, 2019. (Note 19).

Officers receive additional corporate benefits, such as company vehicles, reimbursement of vehicle-related expenses, health insurance, pension plan and severance pay. In the quarter ended June 30, 2020, these benefits totaled R\$504 (R\$290 in the same period of the previous year).

The Company does not offer its officers a post-employment benefit plan.

d. Other related parties:

The Parent company sponsors the Associação Atlética Tupy (Tupy Athletic Association), a not-for-profit foundation that offers leisure activities and sports to the Company's employees. During the period of 6 months ended at June 30, 2020, the Company recognized sponsorship expenses of R\$349 (R\$647 in the same period of the previous year).

11. CREDITS – ELETROBRÁS

Refer to credits arising from the right to additional inflation adjustment of the Eletrobras compulsory loan and related interest, based on a final and unappealable court decision in 2003.

In December 2011, the Federal Regional Court of the 4th Region ("TRF4") confirmed the calculation made by the Company, based on a report signed by a professional expert, regarding the enforcement of the sentence. The Company and Eletrobras lodged appeals with the Superior Court of Justice ("STJ") and the Federal Supreme Court ("STF").

In October 2015, considering the pending proceedings (STJ/STF) does not suspending the proceeding progress. The Company filed petition, requiring compliance with the verdict, meaning that Eletrobras is summoned to deposit the executed value with the court or submitted a defense about the amount calculated by the Company.

In September 2016, the 6th Civil Court in Joinville determined the suspension of Eletrobras checking accounts (online seizure), in the full amount of R\$224.0000 claimed by the Company in the respective lawsuit. Until the court final decision is published, such amount will remain retained, by the judicial authority until the final decision is publishe or the decision is reviewed.

Since the initial recognition of the assets in 2003, there are just pro Company effects in the Court, including (a) a receive of a small part in 2008 for Eletrobras, (b) the Company has the right of receive this amount (TRF4 decision at December 2011), (c) the blocking of the total amount of the Company's right, in September 2016; and (d) a appealed by Eletrobras already judged to the STF, through which it was still sought to contest the calculation criteria.

In October 2018, an appeal filed by Eletrobras was judged considering the decision of the TRF4 of December 2011 (above mentioned), which closing of the legal proceedings for which Eletrobras could still discuss the criteria for calculating the appraisal report approved in court.

In regarding of the procedural acts listed above, in the last quarter of 2018, in addition to the right to full monetary restatement (which was already subject to final judge in 2003), the criteria for calculating the credit held by the Company were definitively established. Accordingly, based on a decision made in October 2018, the Company updated and recorded the full entitlement of the compulsory deposit credits, according to criteria and assumptions determined in an irrevocable judicial decision. In addition, an embedded derivative was identified from the option of realizing credit, partial or total, in cash or in shares of Eletrobras, which was valued at its realization value on the balance sheet date by the black-scholes criterion reflecting the lowest and highest probable realization value in favor of the Company. In the period of 3 month of 2020. The derivative has been updated monthly. The variation in the period reflects, substantially, the change in the market value of the Eletrobras share and the decrease in the term of the credit realization estimate.

In August 2019, the 6th Federal Court of Joinville determined the updating, by the Judicial Accounting Office, of the amount indicated in the expert report, in order to indicate the amount to be paid in favor of the Company.

After the update carried out by the Judicial Accounting Office, the parties manifested themselves, and in December 2019, the undisputed amount was received by the Company, R\$72,470, being deducted the amount of the legal fees that resulted in a net amount of R\$63,049.

After the update of the referred amount, the case was referred to the Judicial Accounting Office, so that the manifestations of the parties presented a definitive update of the credit that does not fully correspond to the premises adopted in the report issued by the judicial expert, endorsed by the Company's technical assistant.

Although the Company confirm that the calculation made by the technical assistant hired by the Company is in line with:

- (a) the criteria of the expert report approved by the Federal Court on which the final judgment has already taken place; and
- (b) the best interpretation of the jurisprudence on the topic;

the Company petitioned the court to sent the case file to the institute responsible for preparing the expert report previously approved by judge, in the course of complying with the sentence, for the correct update, in the strict terms of the law that assists it according to judicial decisions and depending on matter of the value of the asset that is registered.

On June 30, 2020, the petition presented by the Company is pending of the 6th Federal Court of the Joinville Subsection.

Consolidated			
	Credits	Realizable value adjustment	Net realizable value
AT DECEMBER 31, 2019	250,473	(79,499)	170,974
Monetary adjustment	7,502	-	7,502
Change in fair value of derivative	-	46,143	46,143
Received	(72,470)	-	(72,470)
AT DECEMBER 31, 2019	185,505	(33,356)	152,149
Monetary adjustment	6,629	-	6,629
Change in fair value of derivative (nota 22)	-	(37,083)	(37,083)
AT JUNE 30, 2020	192,134	(70,439)	121,695

12. INVESTMENTS

a. Composition of investments

				Profit (loss)	Interest in	Share in the results of	
Parent company	Total assets	Equity	Goodwill	for the period	capital (%)	subsidiaries (*)	Book value (*)
AT JUNE 30, 2020							
investment in subsidiary company							
Tupy Mexico Saltillo, S.A. de C.V.	1.689.502	1.174.737	30.513	(142.186)	100.00	(148.392)	1.169.563
Technocast, S.A. de C.V.	1.007.239	654.591	10.713	(81.195)	100.00	(81.195)	665.304
Servicios Industriales Technocast, S.A. de C.V.	1.206	753	-	(98)	100.00	(98)	753
Tupy Overseas	1.992.689	26.284	-	514	100.00	514	26.284
Tupy American Foundry Co.	294.084	175.250	-	3.398	100.00	4.518	161.378
Tupy American Iron & Alloys Co.	7.489	7.489	-	-	100.00	-	7.489
Tupy Europe GmbH	247.959	228.675	-	1.528	100.00	6.846	217.080
Tupy Materials & Components B.V(**)	8.154	8.075	-	(71)	100.00	(71)	8.075
Tupy Agroenergética Ltda.	10.626	3.568	-	(149)	100.00	(149)	3.568
Sociedade Técnica de Fundições							
Gerais SA Sofunge "in liquidation"	2.508	1.084	-	(114)	100.00	(114)	1.084
	·	·		·		(218.141)	2.260.578

^(*) Adjusted by unrealized profits

^(**) Tupy S.A. 99% and Tupy Agroenergética 1%

Parent company	Total assets	Equity	Goodwill	Profit (loss)	Interest in capital (%)	Share in the results of subsidiaries (*)	Book value (*)
AT DECEMBER 31, 2019							
investment in subsidiary company							
Tupy Mexico Saltillo, S.A. de C.V.	1,561,537	964,093	30,513	65,328	100.00	53,854	983,008
Technocast, S.A. de C.V.	859,803	561,104	10,713	(68,055)	100.00	(68,055)	571,817
Servicios Industriales Technocast, S.A. de C.V.	1,054	657	-	(120)	100.00	(120)	657
Tupy Overseas	1,465,720	18,943	-	1,233	100.00	1,233	18,943
Tupy American Foundry Co.	213,462	126,200	-	7,766	100.00	6,257	120,636
Tupy American Iron & Alloys Co.	5,513	5,514	-	1	100.00	1	5,514
Tupy Europe GmbH	200,187	166,858	-	13,339	100.00	13,898	161,289
Tupy Materials & Components B.V(**)	6,046	5,985	-	-	100.00	-	5,985
Tupy Agroenergética Ltda.	10,640	3,717	-	(899)	100.00	(899)	3,717
Sociedade Técnica de Fundições							
Gerais SA Sofunge "em liquidação"	2,502	1,198	-	(1,338)	100.00	(1,338)	1,198
						4,831	1,872,764

^(*) Adjusted by unrealized profits

Darent company

Changes in investments

_			
D٦	ront	COM	vnagr

AT DECEMBER 31, 2018	1.793.940
Share in the results of subsidiaries	4.831
Additions to investments	6.053
Exchange variations of investees located abroad	67.940
AT DECEMBER 31, 2019	1.872.764
Share in the results of subsidiaries	(218.141)
Exchange variations of investees located abroad	605.955
AT JUNE 30, 2020	2.260.578

^(**) Tupy S.A. 99% and Tupy Agroenergética 1%

13. PROPERTY, PLANT AND EQUIPMENT

Parent company Cost	Machinery, facilities and equipment	Buildings	Land	Vehicles	Furniture, fittings and other	Right of use	Construction in progress	Total
AT DECEMBER 31, 2018	1,612,990	346,950	8,956	22,308	5,563	-	36,710	2,033,477
Addition	5,409	-	-	-	-	14,099	84,164	103,672
Transfer to property, plant and equipment in use	70,749	10,093	-	1,017	371	· -	(82,230)	, -
Impairment	(920)	, -	-	, -	-	-		(920)
Disposal	(9,776)	(681)	-	(1,684)	-	-	-	(12,141)
AT DECEMBER 31, 2019	1,678,452	356,362	8,956	21,641	5,934	14,099	38,644	2,124,088
Addition	-	-	-	-	-	-	18,771	18,771
Transfer to property, plant and equipment in use	16,669	2,320	-	141	108	-	(19,238)	-
Impairment	(3,404)	-	-	-	-	-	-	(3,404)
Disposal	(3,426)	(1)	-	-	(3)	-	-	(3,430)
AT JUNE 30, 2020	1,688,291	358,681	8,956	21,782	6,039	14,099	38,177	2,136,025
Depreciation								
AT DECEMBER 31, 2018	(1,126,279)	(155,075)	-	(14,075)	(3,437)	-	-	(1,298,866)
Depreciation in the year	(111,115)	(13,858)	-	(1,859)	(396)	(4,786)	-	(132,014)
Disposal	8,378	3	-	1,243	-	-	-	9,624
AT DECEMBER 31, 2019	(1,229,016)	(168,930)	-	(14,691)	(3,833)	(4,786)	-	(1,421,256)
Depreciation in the year	(56,017)	(7,069)	-	(937)	(196)	(2,516)	-	(66,735)
Disposal	2,650	-	-	-	2	-	-	2,652
AT JUNE 30, 2020	(1,282,383)	(175,999)	-	(15,628)	(4,027)	(7,302)	-	(1,485,339)
Carrying amount								
AT DECEMBER 31, 2019	449,436	187,432	8,956	6,950	2,101	9,313	38,644	702,832
AT JUNE 30, 2020	405,908	182,682	8,956	6,154	2,012	6,797	38,177	650,686
	Machinery, facilities and				Furniture, fittings and	Right	Construction	
Consolidated	equipment	Buildings	Land	Vehicles	other	of use	in progress	Total
Cost	equipment	Dullulligs	Lanu	Verificies	other	or use	iii progress	Total
AT DECEMBER 31, 2018	3,472,185	783,267	66,868	24,233	27,859		167,579	4,541,991
Addition		•	•	•				
Audition	5,409	-	-	-	-	36,965	255,533	297,907
Transfer to property, plant and equipment in use	5,409 215,454	26,209	-	821	2,363	36,965	255,533 (244,847)	297,907
		26,209 17,378	- - 2,314	821 274	2,363 765			297,907 - 104,623
Transfer to property, plant and equipment in use	215,454		- - 2,314 -			-	(244,847)	-
Transfer to property, plant and equipment in use Exchange variation	215,454 74,872		- 2,314 - -		765	663	(244,847)	104,623
Transfer to property, plant and equipment in use Exchange variation Impairment	215,454 74,872 (920)	17,378	2,314 - - - 69,182	274 -	765	663	(244,847)	104,623 (920)
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal	215,454 74,872 (920) (12,675)	17,378 - (681)	-	274 - (1,684)	765 - -	663	(244,847) 8,357 - -	104,623 (920) (15,048)
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019	215,454 74,872 (920) (12,675)	17,378 - (681)	-	274 - (1,684) 23,644	765 - - - 30,987	663	(244,847) 8,357 - - 186,622	104,623 (920) (15,048) 4,928,553
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition	215,454 74,872 (920) (12,675) 3,754,325	17,378 - (681) 826,173	-	274 - (1,684) 23,644	765 - - - 30,987	663	(244,847) 8,357 - - 186,622 62,246	104,623 (920) (15,048) 4,928,553
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use	215,454 74,872 (920) (12,675) 3,754,325	17,378 - (681) 826,173 - 6,169	69,182 - -	274 - (1,684) 23,644 - 141	765 - - - 30,987 - 584	663 - (8) 37,620	(244,847) 8,357 - - - 186,622 62,246 (82,752)	104,623 (920) (15,048) 4,928,553 62,246
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627	17,378 - (681) 826,173 - 6,169	69,182 - -	274 - (1,684) 23,644 - 141 716	765 - - - 30,987 - 584	663 - (8) 37,620	(244,847) 8,357 - - - 186,622 62,246 (82,752)	104,623 (920) (15,048) 4,928,553 62,246
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627 (3,404)	17,378 - (681) 826,173 - 6,169 168,945	69,182 - -	274 (1,684) 23,644 - 141 716	765 - - 30,987 - 584 7,867	663 - (8) 37,620 - - 8,383	(244,847) 8,357 - - - - - - - - - - - - - - - - - - -	104,623 (920) (15,048) 4,928,553 62,246 - 1,010,118 (3,404)
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment Disposal	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627 (3,404) (7,145)	17,378 - (681) 826,173 - 6,169 168,945 - (275)	69,182 - - 21,450	274 - (1,684) 23,644 - 141 716 - -	765 - - 30,987 - 584 7,867 - (3)	663 (8) 37,620 - - 8,383 - (158)	(244,847) 8,357 - - 186,622 62,246 (82,752) 53,130 -	104,623 (920) (15,048) 4,928,553 62,246 - 1,010,118 (3,404) (7,581)
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT JUNE 30, 2020	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627 (3,404) (7,145)	17,378 - (681) 826,173 - 6,169 168,945 - (275)	69,182 - - 21,450	274 - (1,684) 23,644 - 141 716 - -	765 - - 30,987 - 584 7,867 - (3)	663 (8) 37,620 - - 8,383 - (158)	(244,847) 8,357 - - 186,622 62,246 (82,752) 53,130 -	104,623 (920) (15,048) 4,928,553 62,246 - 1,010,118 (3,404) (7,581)
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT JUNE 30, 2020 Depreciation	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627 (3,404) (7,145) 4,569,262	17,378 (681) 826,173 - 6,169 168,945 - (275) 1,001,012 (403,420) (24,769)	69,182 - 21,450 - 90,632	274 - (1,684) 23,644 - 141 716 - - 24,501	765 - - 30,987 - 584 7,867 - (3) 39,435	663 (8) 37,620 - - 8,383 - (158)	(244,847) 8,357 - - - - - - - - - - - - - - - - - - -	104,623 (920) (15,048) 4,928,553 62,246 1,010,118 (3,404) (7,581) 5,989,933
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT JUNE 30, 2020 Depreciation AT DECEMBER 31, 2018	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627 (3,404) (7,145) 4,569,262	17,378 (681) 826,173 - 6,169 168,945 - (275) 1,001,012 (403,420)	69,182 - 21,450 - 90,632	274 - (1,684) 23,644 - 141 716 - - 24,501	765 - 30,987 - 584 7,867 - (3) 39,435	663 (8) 37,620 - 8,383 - (158) 45,845	(244,847) 8,357 - - - - - - - - - - - - - - - - - - -	104,623 (920) (15,048) 4,928,553 62,246 - 1,010,118 (3,404) (7,581) 5,989,933
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT JUNE 30, 2020 Depreciation AT DECEMBER 31, 2018 Depreciation in the year	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627 (3,404) (7,145) 4,569,262 (2,549,057) (208,813)	17,378 (681) 826,173 - 6,169 168,945 - (275) 1,001,012 (403,420) (24,769)	69,182 - 21,450 - 90,632	274 - (1,684) 23,644 - 141 716 24,501 (15,290) (1,974)	765 - 30,987 - 584 7,867 (3) 39,435 (16,932) (2,450)	. (8) 37,620 . (8) . (158) . (158) . (158) . (13,574)	(244,847) 8,357 - - - - - - - - - - - - - - - - - - -	104,623 (920) (15,048) 4,928,553 62,246 - 1,010,118 (3,404) (7,581) 5,989,933 (2,984,699) (251,580)
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT JUNE 30, 2020 Depreciation AT DECEMBER 31, 2018 Depreciation in the year Exchange variation	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627 (3,404) (7,145) 4,569,262 (2,549,057) (208,813) (59,031)	17,378 (681) 826,173 - 6,169 168,945 - (275) 1,001,012 (403,420) (24,769) (10,219)	69,182 - 21,450 - 90,632	274 - (1,684) 23,644 - 141 716 24,501 (15,290) (1,974) (51)	765 - 30,987 - 584 7,867 - (3) 39,435 (16,932) (2,450) (596)	. (8) 37,620 . (8) . (158) . (158) . (158) . (13,574)	(244,847) 8,357 - - - - - - - - - - - - - - - - - - -	104,623 (920) (15,048) 4,928,553 62,246 - 1,010,118 (3,404) (7,581) 5,989,933 (2,984,699) (251,580) (70,051)
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT JUNE 30, 2020 Depreciation AT DECEMBER 31, 2018 Depreciation in the year Exchange variation Disposal	215,454 74,872 (920) (12,675) 3,754,325 75,858 749,627 (3,404) (7,145) 4,569,262 (2,549,057) (208,813) (59,031) 10,865	17,378 (681) 826,173 - 6,169 168,945 - (275) 1,001,012 (403,420) (24,769) (10,219) 3	90,632	274 - (1,684) 23,644 - 141 716 24,501 (15,290) (1,974) (51) 1,243	30,987 584 7,867 (3) 39,435 (16,932) (2,450) (596) 2	(13,574) (154)	(244,847) 8,357 - - 186,622 62,246 (82,752) 53,130 - - 219,246	104,623 (920) (15,048) 4,928,553 62,246 - 1,010,118 (3,404) (7,581) 5,989,933 (2,984,699) (251,580) (70,051) 12,113
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT JUNE 30, 2020 Depreciation AT DECEMBER 31, 2018 Depreciation in the year Exchange variation Disposal AT DECEMBER 31, 2019	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627 (3,404) (7,145) 4,569,262 (2,549,057) (208,813) (59,031) 10,865 (2,806,036)	17,378 - (681) 826,173 - 6,169 168,945 - (275) 1,001,012 (403,420) (24,769) (10,219) 3 (438,405)	90,632	274 - (1,684) 23,644 - 141 716 - 24,501 (15,290) (1,974) (51) 1,243 (16,072)	30,987 584 7,867 (3) 39,435 (16,932) (2,450) (596) 2 (19,976)	(13,574) (13,728)	(244,847) 8,357 - 186,622 62,246 (82,752) 53,130 - - 219,246	104,623 (920) (15,048) 4,928,553 62,246 1,010,118 (3,404) (7,581) 5,989,933 (2,984,699) (251,580) (70,051) 12,113 (3,294,217)
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT JUNE 30, 2020 Depreciation AT DECEMBER 31, 2018 Depreciation in the year Exchange variation Disposal AT DECEMBER 31, 2019 Depreciation in the year	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627 (3,404) (7,145) 4,569,262 (2,549,057) (208,813) (59,031) 10,865 (2,806,036) (119,627)	17,378 (681) 826,173 - 6,169 168,945 - (275) 1,001,012 (403,420) (24,769) (10,219) 3 (438,405) (14,165)	90,632	274 - (1,684) 23,644 - 141 716 - 24,501 (15,290) (1,974) (51) 1,243 (16,072) (1,008)	765 30,987 584 7,867 (3) 39,435 (16,932) (2,450) (596) 2 (19,976) (1,343)	(13,574) (13,728) (13,728)	(244,847) 8,357 - 186,622 62,246 (82,752) 53,130 - - 219,246	104,623 (920) (15,048) 4,928,553 62,246 1,010,118 (3,404) (7,581) 5,989,933 (2,984,699) (251,580) (70,051) 12,113 (3,294,217) (144,413) (680,157) 4,239
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT JUNE 30, 2020 Depreciation AT DECEMBER 31, 2018 Depreciation in the year Exchange variation Disposal AT DECEMBER 31, 2019 Depreciation in the year Exchange variation Exchange variation Disposal	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627 (3,404) (7,145) 4,569,262 (2,549,057) (208,813) (59,031) 10,865 (2,806,036) (119,627) (572,535)	17,378 (681) 826,173 - 6,169 168,945 - (275) 1,001,012 (403,420) (24,769) (10,219) 3 (438,405) (14,165)	90,632	274 - (1,684) 23,644 - 141 716 - 24,501 (15,290) (1,974) (51) 1,243 (16,072) (1,008)	765 30,987 - 584 7,867 - (3) 39,435 (16,932) (2,450) (596) 2 (19,976) (1,343) (5,919)	(13,574) (13,728) (13,728)	(244,847) 8,357 - 186,622 62,246 (82,752) 53,130 - - 219,246	104,623 (920) (15,048) 4,928,553 62,246 1,010,118 (3,404) (7,581) 5,989,933 (2,984,699) (20,051) (70,051) 12,113 (3,294,217) (144,413) (680,157)
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT JUNE 30, 2020 Depreciation AT DECEMBER 31, 2018 Depreciation in the year Exchange variation Disposal AT DECEMBER 31, 2019 Depreciation in the year Exchange variation Disposal	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627 (3,404) (7,145) 4,569,262 (208,813) (59,031) 10,865 (2,806,036) (119,627) (572,535) 4,237	17,378 (681) 826,173 - 6,169 168,945 - (275) 1,001,012 (403,420) (24,769) (10,219) 3 (438,405) (14,165) (97,347)	90,632	274 - (1,684) 23,644 - 141 716 24,501 (15,290) (1,974) (51) 1,243 (16,072) (1,008) (504)	765 - 30,987 - 584 7,867 - (3) 39,435 (16,932) (2,450) (596) 2 (19,976) (1,343) (5,919) 2	(13,574) (154) (13,728) (8,270) (3,852)	(244,847) 8,357 - 186,622 62,246 (82,752) 53,130 - - 219,246	104,623 (920) (15,048) 4,928,553 62,246 1,010,118 (3,404) (7,581) 5,989,933 (2,984,699) (251,580) (70,051) 12,113 (3,294,217) (144,413) (680,157) 4,239
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT JUNE 30, 2020 Depreciation AT DECEMBER 31, 2018 Depreciation in the year Exchange variation Disposal AT DECEMBER 31, 2019 Depreciation in the year Exchange variation Disposal AT DECEMBER 31, 2019 Depreciation in the year Exchange variation Disposal AT JUNE 30, 2020	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627 (3,404) (7,145) 4,569,262 (208,813) (59,031) 10,865 (2,806,036) (119,627) (572,535) 4,237	17,378 (681) 826,173 - 6,169 168,945 - (275) 1,001,012 (403,420) (24,769) (10,219) 3 (438,405) (14,165) (97,347)	90,632	274 - (1,684) 23,644 - 141 716 24,501 (15,290) (1,974) (51) 1,243 (16,072) (1,008) (504)	765 - 30,987 - 584 7,867 - (3) 39,435 (16,932) (2,450) (596) 2 (19,976) (1,343) (5,919) 2	(13,574) (154) (13,728) (8,270) (3,852)	(244,847) 8,357 - 186,622 62,246 (82,752) 53,130 - - 219,246	104,623 (920) (15,048) 4,928,553 62,246 1,010,118 (3,404) (7,581) 5,989,933 (2,984,699) (251,580) (70,051) 12,113 (3,294,217) (144,413) (680,157) 4,239
Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT DECEMBER 31, 2019 Addition Transfer to property, plant and equipment in use Exchange variation Impairment Disposal AT JUNE 30, 2020 Depreciation AT DECEMBER 31, 2018 Depreciation in the year Exchange variation Disposal AT DECEMBER 31, 2019 Depreciation in the year Exchange variation Disposal AT DECEMBER 31, 2019 Depreciation in the year Exchange variation Disposal AT JUNE 30, 2020 Carrying amount	215,454 74,872 (920) (12,675) 3,754,325 - 75,858 749,627 (3,404) (7,145) 4,569,262 (2,549,057) (208,813) (59,031) 10,865 (2,806,036) (119,627) (572,535) 4,237 (3,493,961)	17,378 - (681) 826,173 - 6,169 168,945 - (275) 1,001,012 (403,420) (24,769) (10,219) 3 (438,405) (14,165) (97,347) - (549,917)	90,632	274 - (1,684) 23,644 - 141 716 - 24,501 (15,290) (1,974) (51) 1,243 (16,072) (1,008) (504) - (17,584)	765 30,987 584 7,867 (3) 39,435 (16,932) (2,450) (596) 2 (19,976) (1,343) (5,919) 2 (27,236)	(13,724) (13,728) (13,820) (158) (158) (158) (13,574) (154) (13,728) (8,270) (3,852) (25,850)	(244,847) 8,357 - - 186,622 62,246 (82,752) 53,130 - - 219,246	104,623 (920) (15,048) 4,928,553 62,246 1,010,118 (3,404) (7,581) 5,989,933 (2,984,699) (251,580) (70,051) 12,113 (3,294,217) (144,413) (680,157) 4,239 (4,114,548)

The Company offered property, plant and equipment items as collateral for borrowing amounting to R\$14,870 (R\$16,297 as at December 31, 2019) and R\$5,895 (R\$5,895 as at December 31, 2019) as collateral for tax litigation.

Construction in progress mainly comprises several investments at capacity, environment, job safety program, and expansion of machining capacity in Mexico plants.

During the quarter, interest of loans and financing was capitalized on property, plant and equipment in the amount of R\$449 (R\$396 on June 30, 2019).

On June 30, 2020, due to the impacts of COVID-19, the Company assessed the indicators of impairment of its assets, redid the calculation to determine the recoverable values and identify the need for impairment adjustments amounting of R\$3,404. This adjustment is due to the indefinite suspension of finishing activities at Mauá - SP unit. The impacted plant is part of the block and heads unit, component of the transportation, infrastructure and agriculture segment of the plant in Brazil, whose main activities have been deactivated since May 2017 and with the respective impairment provisions set up.

14. INTANGIBLE ASSETS

Parent company	Software	Internal projects	Projects in progress	Total
AT DECEMBER 31, 2018	47,744	879	6,219	54,842
Acquisition/costs	2,361	606	3,027	5,994
Amortization	(8,362)	(364)	-	(8,726)
AT DECEMBER 31, 2019	41,743	1,121	9,246	52,110
Acquisition/costs	516	349	967	1,832
Amortization	(4,255)	(264)	-	(4,519)
AT JUNE 30, 2020	38,004	1,206	10,213	49,423

Consolidated	Software	Contractual customer relationships	Goodwill	Internal projects	Projects in progress	Total
AT DECEMBER 31, 2018	50,647	205,866	41,226	879	6,219	304,837
Acquisition/costs	5,999	-	-	606	3,027	9,632
Disposal	(104)	-	-	-	-	(104)
Exchange variation	244	6,906	-	-	-	7,150
Disposal	(11,239)	(62,868)	-	(364)	-	(74,471)
Impairment	-	(45,484)	-	-	-	(45,484)
AT DECEMBER 31, 2019	45,547	104,420	41,226	1,121	9,246	201,560
Acquisition/costs	1,485	-	-	349	967	2,801
Exchange variation	1,536	33,265	-	-	-	34,801
Amortization	(5,261)	(23,708)	-	(264)	-	(29,233)
Impairment	-	(34,400)	-	-	-	(34,400)
AT JUNE 30, 2020	43,307	79,577	41,226	1,206	10,213	175,529

Contractual customer relationships

The contractual relationship arises from the acquisition of Tupy México S.A. de C.V. and Technocast S.A. de C.V. on April 16, 2012 and was calculated based on the minimum estimate of customer portfolio maintenance, taking the sales volumes of periods prior to the acquisition and the market perspectives existing at the time into consideration.

The calculation used the Multi-period Excess Earnings Method (MEEM), which covers ten-year period, equivalent to the minimum term estimated for the maintenance of the commercial relationship with the customers. These intangible assets will be amortized on a straight-line basis.

The aggregate of the customer portfolios that compose the contractual relationship presents, and projects in the long term, volumes and profitability significantly higher than the initial recognition of the asset, which make the profitability of the plants reach the appropriate level.

Considering that the intangible asset was recognized by each portfolio, and according to IFRS is not allowed compensation between them, at the end of 2019, individual analysis was made, and the Company identify, due

to the current economic scenario resulting from the COVID-19 pandemic, a reduction in the demand of the customers from intangible asset. Thus, the Company projects volumes and profitability lower than those that supported the calculation on December 31, 2019.

The methodology used in order to determine the fair value for the remain period of 2 years, was the value in use, considering the MEEM ("Multi-period excess earnings methods") methodology.

The assumptions used by management at March 31, 2020 was the value in use, were as follows:

- Revenues were defined based on projections of demand by customer in the next 2 years.
- Operating margins were determined based on historical performance and on expectations arising from investments and operational improvements.
- Discount rate in real terms, before tax effects, of 6.5% p.y., which reflects the Company's specific risks.

At March 31, 2020 was necessary an impairment amounting of R\$34,400, net of tax R\$24,080. (note 22) The Company reviewed the analyses at June 30, 2020 and did not identify additional need to adjustment.

Goodwill

Intangible assets represented by the excess of the cost of an acquisition over the net fair value of assets and liabilities of the subsidiaries, Tupy Mexico S.A. de C.V. and Technocast S.A. de C.V., substantially generated by expected synergies.

Goodwill is allocated to the subsidiaries Tupy Mexico S.A., de C.V. and Technocast S.A., de C.V., which are considered as cash-generating units and operate in the automotive segment.

At the moment, considering COVID-19 pandemic impacts, the Company reviewed futures discounted cash flow projection and did not identify the need for impairment adjustment on the recorded goodwill.

15. TRADE ACCOUNTS PAYABLES

	Parent cor	Parent company		lated
	Jun/20	Dec/19	Jun/20	Dec/19
Domestic suppliers	153,846	252,254	153,849	252,258
Foreign suppliers	14,915	24,120	189,302	375,307
	168,761	276,374	343,151	627,565

The variation presented in the period is mainly due to the reduction in the Company's activity levels in the period as a result of the COVID-19 pandemic.

16. LOANS AND FINANCING

Parent	com	pany
--------	-----	------

	Maturity	Effective rate	Jun/20	Dec/19
Local currency			521,144	23,159
(a) 4131 operation	Sep/2021	CDI+4,5% p.a.	218,906	-
(b) Export credit notes	Mar/2021	192% CDI	180,652	-
(c) Export prepayment	Dec/2020	LIBOR 3M + 2,77%p.a.	109,844	-
(c) swap - export prepayment	Dec/2020	CDI + 3,55% p.a.	(6,628)	-
Sustainability	Jan/2025	5,92% p.a.	11,204	13,581
(d) Leasing from right of use			7,166	9,578
Foreign currency			1,971,232	1,451,487
(e) Export prepayment - Tupy Overseas	Jul/2024	VC + 6,78% p.a.	1,971,232	1,451,487
Current portion			450,090	55,595
Non-current portion			2,042,286	1,419,051
	·		2,492,376	1,474,646

^{*}VC = Foreign exchange variation

Consolidated

	Maturity	Effective rate	Jun/20	Dec/19
Local currency			521,144	23,159
(a) 4131 operation	Sep/2021	CDI+4,5% a.a.	218,906	-
(b) Export credit notes	Mar/2021	192% CDI	180,652	-
(c) Export prepayment	Dec/2020	LIBOR 3M + 2,77%aa	109,844	-
(c) swap - export prepayment	Dec/2020	CDI + 3,55% a.a.	(6,628)	-
Sustainability	Jan/2025	5,92% a.a.	11,204	13,581
(d) Leasing from right of use			7,166	9,578
Foreign currency			1,979,328	1,460,822
(f) Senior unsecured Notes - US\$350.000	Jul/2024	VC + 6,63% a.a.	1,965,146	1,445,782
(d) Leasing from right of use			14,182	15,040
Current portion			456,928	62,920
Non-current portion			2,043,544	1,421,061
	·		2,500,472	1,483,981

^{*}VC = Foreign exchange variation

Long term maturities are as follow:

	Parent con	npany	Consolida	ated
Year	Jun/20	Dec/19	Jun/20	Dec/19
2020	-	705	-	705
2021-2023	144,589	17,085	144,589	17,085
2024	1,897,666	1,401,230	1,898,924	1,403,240
2025	31	31	31	31
	2,042,286	1,419,051	2,043,544	1,421,061

The fair value of the Company's borrowing (classified at Level 2 of the fair value hierarchy) is calculated through the discounting of the future payment flows based on the curves, interest rates and currencies observable in the financial market. At June 30, 2020, the fair value of borrowings was R\$2,439,549 (R\$1,481,359 at December 31, 2019).

On June 30, 2020, The Company is in compliance with the Covenant terms. These are presented in annual financial statements for the year ended December 31, 2019, Note 15.

a) 4131 operation

In March 2020, 4131 operations were contracted in the amount of R\$215,000 with Banco Santander, with an average term of 1.3 years, CDI rate + 4.5% per year. and amortization at the end of the contracts.

^{*}CDI = Interbank deposit certificate

^{*}CDI = Interbank deposit certificate

b) Export credit notes - NCE

In March 2020, NCE operations were contracted in the amount of R\$178,000 with Banco IBBA, maturing in December 2020, with a weighted rate of 192% CDI and amortization at the end of the contract.

c) Export prepayment – PPE

In March 2020, the Company raised with Citibank the amount of US\$ 20,000, equivalent to R \$ 101,412, maturing in December 2020 with LIBOR 3M + 2.77%

To mitigate the exposure to the exchange rate variation of the contract, at the same time a swap instrument was also contracted with Citibank, the principal was locked in the amount of R\$101,412, with a CDI rate + 3.55% in the same maturity terms as the original contract.

d) Leasing from right of use

The table below shows the segregation of such obligation:

	Parent co	mpany	Consolic	dated
Liabilities	Jun/20	Dec/19	Jun/20	Dec/19
Current portion	3,599	2,179	13,054	11,960
Non-current portion	3,567	7,399	8,294	12,658
	7,166	9,578	21,348	24,618

e) Export Prepayments – Tupy Overseas S.A.

In January, was payed interest of R\$49,959 (in January, 2019 R\$44,589). The impact of foreign exchange variations during the second quarter on the export prepayment amount with Tupy Overseas S.A. was a loss of R\$96,778. (gain of R\$17,168 in June of 2019).

f) Senior Unsecured Notes

In July 2014, the Company completed the issuance of bonds ("Issuance") in the international market, through its subsidiary Tupy Overseas S.A. These bonds are guaranteed by the Parent company and amount to US\$350,000 (R\$776,649), with single amortization in 2024. Interest, at the coupon of 6.625% p.a., are paid on a semiannual basis, in January and July. The foreign exchange variations reduction recognized in the period from senior unsecured notes in the period amounted to R\$98,075 (gain of R\$16,749 in the same period of previously year). In January, was payed interest of R\$48,048 (R\$43,060 was paid in January, 2019).

17. PROVISIONS FOR TAX, CIVIL, SOCIAL SECURITY AND LABOR CONTINGENCIES

The Company is a party to ongoing litigation arising in the normal course of its business and for which provisions (in the case of probable losses) were constituted based on estimates made by its legal counsel.

The changes in the provisions for tax, civil, social security and labor contingencies in the period of 6 months ended June 30, 2020 and the related judicial deposits were as follows:

				Social	Judicial	
	Civil	Tax	Labor	security	deposits	Total
AT DECEMBER 31, 2018	57,349	60,305	64,849	17,918	(36,174)	164,247
Additions	-	13,746	560	-	(27,059)	(12,753)
Restatements	5,855	(2,668)	41,128	191	-	44,506
Remuneration	-	-	-	-	(994)	(994)
Payments	(10,255)	(116)	(29,195)	(6,970)	-	(46,536)
Deposit Redemption	-	-	-	-	32,610	32,610
AT DECEMBER 31, 2019	52,949	71,267	77,342	11,139	(31,617)	181,080
Additions	900	-	78	-	(2,007)	(1,029)
Restatements	(3,197)	370	19,724	532	-	17,429
Remuneration	-	-	-	-	(294)	(294)
Payments	(12)	(1)	(18,652)	(567)	-	(19,232)
Deposit Redemption	-	-	-	-	10,580	10,580
AT JUNE 30, 2020	50,640	71,636	78,492	11,104	(23,338)	188,534
Current						41,686
Non-current						146,848
		·	·			188,534

Consolidated

Consonidated				Coolal	Indicial	
				Social	Judicial	
	Civil	Tax	Labor	security	deposits	Total
AT DECEMBER 31, 2018	57,360	60,305	64,849	17,918	(36,174)	164,258
Additions	-	13,746	560	-	(27,059)	(12,753)
Restatements	7,159	(2,668)	41,128	191	-	45,810
Remuneration	-	-	-	-	(994)	(994)
Payments	(10,266)	(116)	(29,195)	(6,970)	-	(46,547)
Deposit Redemption	-	-	-	-	32,610	32,610
AT DECEMBER 31, 2019	54,253	71,267	77,342	11,139	(31,617)	182,384
Additions	900	-	78	-	(2,007)	(1,029)
Restatements	(3,077)	370	19,724	532	-	17,549
Remuneration	-	-	-	-	(294)	(294)
Payments	(12)	(1)	(18,652)	(567)	-	(19,232)
Deposit Redemption	-	-	-	-	10,580	10,580
AT JUNE 30, 2020	52,064	71,636	78,492	11,104	(23,338)	189,958
Current						41,686
Non-current						148,272
		_	_	_	_	189,958

The aforementioned provisions are adjusted mainly based on the Special System for Settlement and Custody (SELIC) rate and the General Market Price Index (IGPM) except for labor claims whose indicator is the Special National Consumer Price Index (IPCA-e), the impact of which on profit or loss for the period is described in Note 22.

Generally, the Company's provisions for contingencies are long term provisions. Considering the period necessary to conclude judicial proceedings in the Brazilian judicial system, making accurate estimates about the specific year in which a certain lawsuit will be concluded is difficult. For this reason, the Company does not disclose the settlement flows of these liabilities.

Contingencies involving possible losses

	Parent com	Parent company Cor		ted
	Jun/20	Dec/19	Jun/20	Dec/19
IRPJ and CSLL processes	168,996	173,961	169,369	174,333
PIS, COFINS and IPI credits	145,614	135,031	145,614	135,031
ICMS credits	163,839	163,417	163,839	163,417
Expired tax debts	144,325	143,750	144,325	143,750
Social security	82,157	81,457	82,157	81,457
Laborlawsuits	64,689	71,888	64,759	71,957
Civil and other	53,258	54,054	54,170	54,944
	822,878	823,558	824,233	824,889

The contingencies involving a risk of loss deemed "possible" are, substantially, the same as those disclosed in Note 18 to the annual financial statements for the year ended in December 31, 2019.

18. SHARE CAPITAL

	Jun/20		Dec/19	
Share capital breakdown in number of shares	Number	%	Number	%
Controlling stockholders				
BNDES Participações S.A. – BNDESPAR	40,645,370	28.2%	40,645,370	28.2%
Caixa de Previdência dos Funcionários do Banco do Brasil – PREVI	37,314,154	25.9%	37,314,154	25.9%
Officers	86,274	0.1%	86,274	0.1%
Treasury stock	139,691	0.1%	-	0.0%
Non-controlling interests				
Other stockholders	65,992,011	45.7%	66,131,702	45.8%
Total outstanding shares	144,177,500	100.0%	144,177,500	100.0%

a) Treasury stock

Common shares acquired to deliver to beneficiaries which exercise the option of the Stock Option Plan. This operation was carried out in accordance with rules approved by the Board of Directors at a meeting held on January 22,2020. On this date it was defined that the repurchase program would be effective until December 30, 2020 and would be for the acquisition of up to 235,000 (two hundred and thirty five thousand)common shares.

	Value (R\$ thousand)	Quantity	Share value (R\$)	Net result
AT DECEMBER 31, 2018	292	13,527	21.56	9,898
Shares used ofr stock option plan (i)	(292)	(13,527)	21.56	9,898
AT DECEMBER 31, 2019	-	-	-	-
Shares repurchase (ii)	2,944	139,691	-	
AT JUNE 30, 2020	2,944	139,691	21.07	-

- (i) Shares used in the granting exercise provided for in the "Program for granting stock options".
- (Ii) Corresponds to repurchases made in the period in order to deliver common shares to Long-Term Incentive Plan (ILP) beneficiaries. The repurchases were made in accordance with rules approved by the Board of Directors, whose lowest and highest prices were R\$14.10 and R\$26.49, respectively.

As of June 30, 2020, the market value of treasury shares was R\$2,668.

19. REVENUE

The reconciliation between gross and net sales and service revenue for the period is as follows:

	Parent com	pany	Consolid	ated
	2Q20	2Q19	2Q20	2Q19
Gross revenue	457,833	827,035	688,704	1,509,717
Returns and rebates	(6,139)	(10,696)	(21,406)	(35,079)
Revenue net of returns and rebates	451,694	816,339	667,298	1,474,638
Sales taxes	(22,426)	(70,023)	(22,426)	(70,023)
Net revenue	429,268	746,316	644,872	1,404,615
Net revenue				
Domestic market	87,226	258,942	87,226	258,942
Foreign market	342,042	487,374	557,646	1,145,673
	429,268	746,316	644,872	1,404,615

	Parent cor	mpany	Consolid	ated
	1520	1\$19	1520	1519
Gross revenue	1,111,348	1,556,964	1,857,711	2,879,595
Returns and rebates	(15,985)	(15,826)	(51,244)	(58,092)
Revenue net of returns and rebates	1,095,363	1,541,138	1,806,467	2,821,503
Sales taxes	(69,031)	(135,359)	(69,031)	(135,359)
Net revenue	1,026,332	1,405,779	1,737,436	2,686,144
Net revenue				
Domestic market	261,631	496,210	261,631	496,210
Foreign market	764,701	909,569	1,475,805	2,189,934
	1,026,332	1,405,779	1,737,436	2,686,144

20. COSTS AND EXPENSES BY NATURE

The composition of costs and expenses by nature, reconciled with the costs and expenses by function presented in the statement of income, is as follows:

	Parent co	Parent company		dated
	2Q20	2Q19	2Q20	2Q19
Raw and processing materials	(156,440)	(323,632)	(287,793)	(655,268)
Maintenance and consumption materials	(48,588)	(51,536)	(76,541)	(114,183)
Salaries, payroll taxes and profit sharing	(91,286)	(166,098)	(178,513)	(285,541)
Social benefits	(17,848)	(20,457)	(18,317)	(20,571)
Electricity	(23,284)	(33,679)	(41,185)	(64,595)
Freight and commission on sales	(12,042)	(22,028)	(22,046)	(42,023)
Management fees	(3,013)	(3,089)	(3,013)	(3,089)
Other costs	(4,121)	(5,101)	(19,768)	(14,948)
	(356,622)	(625,620)	(647,176)	(1,200,218)
Depreciation	(35,133)	(34,773)	(77,759)	(64,430)
Costs and expenses total	(391,755)	(660,393)	(724,935)	(1,264,648)
Cost of products sold	(342,806)	(589,679)	(651,588)	(1,158,456)
Selling expenses	(20,273)	(30,889)	(35,587)	(56,065)
Administrative expenses	(25,663)	(36,736)	(34,747)	(47,038)
Management fees	(3,013)	(3,089)	(3,013)	(3,089)
Costs and expenses total	(391,755)	(660,393)	(724,935)	(1,264,648)

In the composition of costs and expenses in the second quarter, there are extraordinary expenses amounting of of R\$47,645, related to the confrontation of COVID-19, especially with employees who had their contracts

temporarily suspended or reduced hours and the amount of the order of R\$122,983 for idleness due to low activity level. These values were not included in the valuation of inventories produced in the quarter.

	Parent co	Parent company		dated
	1520	1519	1520	1819
Raw and processing materials	(402,760)	(625,199)	(716,143)	(1,282,272)
Maintenance and consumption materials	(98,522)	(99,975)	(182,531)	(224,492)
Salaries, payroll taxes and profit sharing	(229,202)	(311,647)	(427,475)	(540,368)
Social benefits	(37,677)	(42,798)	(38,678)	(43,558)
Electricity	(52,039)	(67,455)	(99,145)	(126,772)
Freight and commission on sales	(29,591)	(44,784)	(60,309)	(82,740)
Management fees	(6,403)	(5,463)	(6,403)	(5,463)
Other costs	(9,725)	(11,128)	(44,489)	(39,135)
	(865,919)	(1,208,449)	(1,575,173)	(2,344,800)
Depreciation	(70,923)	(69,233)	(149,605)	(127,371)
Costs and expenses total	(936,842)	(1,277,682)	(1,724,778)	(2,472,171)
Cost of products sold	(827,053)	(1,141,809)	(1,551,590)	(2,268,896)
Selling expenses	(45,525)	(61,396)	(86,601)	(109,317)
Administrative expenses	(57,861)	(69,014)	(80,184)	(88,495)
Management fees	(6,403)	(5,463)	(6,403)	(5,463)
Costs and expenses total	(936,842)	(1,277,682)	(1,724,778)	(2,472,171)

21. FINANCE RESULTS

	Parent con	npany	Consolidated		
Finance results	2Q20	2Q19	2Q20	2Q19	
Financial liabilities at amortized cost	(39,945)	(23,663)	(39,416)	(23,257)	
Borrowing	(39,893)	(23,617)	(39,364)	(23,211)	
Notes payable and other financial liabilities	(52)	(46)	(52)	(46)	
Financial assets at fair value through profit or loss	18,643	-	18,643	-	
Credits - Eletrobrás (note 11)	18,643	-	18,643	-	
Other finance costs	(1,660)	(1,241)	(4,343)	(3,384)	
Finance costs	(22,962)	(24,904)	(25,116)	(26,641)	
Financial assets at fair value through profit or loss	395	14,465	395	14,465	
Credits - Eletrobrás (note 11)	-	14,584	-	14,584	
Investments in equity instruments	395	(119)	395	(119)	
Amortized cost	6,561	2,366	6,561	2,366	
Cash and cash equivalents	6,561	2,366	6,561	2,366	
Tax credits and other finance income	3,316	3,154	4,588	3,668	
Finance income	10,272	19,985	11,544	20,499	
Derivative financial instruments					
Foreign exchange variations	16,996	(3,291)	4,368	(4,610)	
Derivative financial instruments	(40,336)	2,945	(16,573)	3,947	
Foreign exchange variations, net	(23,340)	(346)	(12,205)	(663)	
Finance results	(36,030)	(5,265)	(25,777)	(6,805)	

Due the fact the variation presented in the quarter by the embedded derivative instrument of Eletrobrás credits has a positive effect, it remained classified as a financial expense, because, in view of the negative variation accumulated in the semester.

	Parent con	Parent company		Consolidated		
Finance results	1520	1519	1520	1519		
Financial liabilities at amortized cost	(72,353)	(46,305)	(71,373)	(45,735)		
Borrowing	(72,261)	(46,213)	(71,281)	(45,643)		
Notes payable and other financial liabilities	(92)	(92)	(92)	(92)		
Financial assets at fair value through profit or loss	(30,454)	-	(30,454)	-		
Credits - Eletrobrás (note 11)	(30,454)	-	(30,454)	-		
Other finance costs	(9,838)	(3,072)	(15,004)	(5,886)		
Finance costs	(112,645)	(49,377)	(116,831)	(51,621)		
Financial assets at fair value through profit or loss	(381)	28,044	(381)	28,044		
Credits - Eletrobrás (note 11)	-	27,547	-	27,547		
Investments in equity instruments	(381)	497	(381)	497		
Amortized cost	10,221	6,594	10,221	6,594		
Cash and cash equivalents	10,221	6,594	10,221	6,594		
Tax credits and other finance income	11,153	8,265	13,775	11,005		
Finance income	20,993	42,903	23,615	45,643		
Derivative financial instruments						
Foreign exchange variations	90,122	(1,295)	110,512	(8,903)		
Derivative financial instruments	(179,243)	16,448	(261,564)	21,322		
Foreign exchange variations, net	(89,121)	15,153	(151,052)	12,419		
	(****		(222)			
Finance results	(180,773)	8,679	(244,268)	6,441		

22. OTHER OPERATING INCOME (EXPENSES)

	Parent com	pany	Consolidated		
	2Q20	2Q19	2Q20	2Q19	
Recognition of Reintegra	17,155	-	17,155	-	
Disposals of property, plant and equipment	10,500	(119)	10,500	(229)	
Constitution and restatement of provision	(15,868)	(24,517)	(15,868)	(25,821)	
Provision for devaluation of maintenance parts	(9,146)	-	(9,146)	-	
Result on the sale of unusable and other assets	(16,449)	(906)	(19,363)	(2,708)	
	(13,808)	(25,542)	(16,722)	(28,758)	
Depreciation of non-operating assets	(164)	(224)	(165)	(225)	
Amortization of intangible assets	-	-	(10,786)	(15,564)	
Total other operating expenses, net	(13,972)	(25,766)	(27,673)	(44,547)	
Fixed assets impairment	(3,404)	-	(3,404)	-	
	(3,404)	-	(3,404)		

	Parent co	mpany	Consolidated		
	1S20	1519	1520	1519	
Recognition of Reintegra	17,155	-	17,155	-	
Disposals of property, plant and equipment	9,854	(1,145)	7,290	(1,253)	
Constitution and restatement of provision	(18,407)	(33,944)	(18,527)	(35,248)	
Provision for devaluation of maintenance parts	(9,146)	-	(9,146)	-	
Result on the sale of unusable and other assets	(26,931)	(3,327)	(27,730)	(3,826)	
	(27,475)	(38,416)	(30,958)	(40,327)	
Depreciation of non-operating assets	(331)	(446)	(333)	(448)	
Amortization of intangible assets	-	-	(23,708)	(30,556)	
Total other operating expenses, net	(27,806)	(38,862)	(54,999)	(71,331)	
Fixed assets impairment	(3,404)	-	(3,404)	-	
Intangible asset impairment (note 15)	-	-	(34,400)	-	
Total impairment adjustments	(3,404)	-	(37,804)	-	

23. INCOME TAX AND SOCIAL CONTRIBUTION IN THE RESULTS

	Parent company		Consolic	lated
	2Q20	2Q19	2Q20	2Q19
Net income (loss) before tax effects	(94,099)	78,166	(136,917)	88,615
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	31,994	(26,576)	46,552	(30,129)
Tax effect of permanent (additions) exclusions:				
Reintegra – benefit	5,951	169	5,951	169
Effect of correction of fixed assets	-	-	402	908
Depreciation of non-operating assets	(56)	(77)	(56)	(77)
Finance income from monetary assets	-	-	(10,978)	343
Additional income tax (Services Companies – Mexico)	-	-	(7,890)	(4,466)
Share of results of subsidiaries	(26,590)	7,913	-	-
Other permanent (additions) exclusions	(21)	(147)	(2,623)	4,620
Tax effects recorded in the statement of income before exchange effects	11,278	(18,718)	31,358	(28,632)
Effective rate of income tax before exchange effects	12%	24%	23%	32%
Effect of functional currency on tax base (a)	-	-	22,738	(535)
Tax effects recorded in the statement of income	11,278	(18,718)	54,096	(29,167)
Effective rate of income tax	12%	24%	40%	33%

	Parent company		Consolic	lated
	1S20	1S19	1S20	1519
Net income (loss) before tax effects	(340,634)	139,499	(324,413)	149,083
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	115,816	(47,430)	110,300	(50,688)
Tax effect of permanent (additions) exclusions:				
Additional income tax (Services Companies – Mexico)	9,050	309	9,050	309
Reintegra – benefit	-	-	2,614	3,405
Share of results of subsidiaries	(113)	(152)	(113)	(152)
Additional income tax (Subsidiaries)	-	-	(1,376)	-
Finance income from monetary assets	-	-	(27,123)	344
Interests on capital	-	34,000	-	34,000
Effect of correction of fixed assets	-	-	2,315	(7,328)
Depreciation of non-operating assets	(74,168)	14,139	-	-
Effects of different rates in subsidiaries	(289)	(475)	(14,250)	2,845
Tax effects recorded in the statement of income before exchange effects	50,296	391	81,417	(17,265)
Effective rate of income tax before exchange effects	15%	0%	25%	12%
Effect of functional currency on tax base (a)	-	-	(47,342)	8,072
Tax effects recorded in the statement of income	50,296	391	34,075	(9,193)
Effective rate of income tax	15%	0%	11%	6%

a) Effect of Functional currency on tax

The tax bases of assets and liabilities of the companies located in Mexico, where the functional currency is the US Dollars, are held in Mexican Pesos at their historical values. Fluctuations in exchange rates change the tax bases and consequently

exchange effects are recognized as revenues and / or expenses for deferred income tax. The strong devaluation of the Mexican Peso against the Dollar, caused by the COVID-19 pandemic, resulted in the recognition of a relevant impact of approximately R\$47,342.

b) Composition of the tax effects recorded in the statement of income:

	Parent co	Parent company		lated
	2Q20	2Q19	2Q20	2Q19
Tax effects recorded in the statement of income				
Current income tax and social contribution	-	(18,442)	31,722	(69,472)
Deferred income tax and social contribution	11,278	(276)	22,374	40,305
	11,278	(18,718)	54,096	(29,167)

	Parent co	Parent company		lated
	1\$20	1\$19	1520	1519
Tax effects recorded in the statement of income				
Current income tax and social contribution	-	(18,442)	3,694	(52,113)
Deferred income tax and social contribution	50,296	18,833	30,381	42,920
	50,296	391	34,075	(9,193)

24. EARNINGS PER SHARE

a) Basic:

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

	2Q20	2Q19	1520	1519
Profit attributable to the stockholders of the Company	(82,821)	59,448	(290,338)	139,890
Outstanding shares	144,073,838	144,177,500	144,073,838	144,177,500
Basic results per share - R\$	(0.57485)	0.41233	(2.01520)	0.97026

b) Diluted:

Diluted earnings per share is measured by the weighted average number of ordinary shares outstanding, with the addition of the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares. The Company issue a potential convertible stock option plan. The number of ordinary shares that would be issued is determined from fair value, based on market price.

	2Q20	2Q19	1520	1519
Profit attributable to the stockholders of the Company	(82,821)	59,448	(290,338)	139,890
Outstanding shares	144,679,088	144,622,019	144,679,088	144,622,019
Diluted results per share - R\$	(0.57245)	0.41106	(2.00677)	0.96728

25. SEGMENT REPORTING

The Company discloses information by operating segment based on the information reported to management and utilized in decision-making, in order to allocate funds to the segments and to assess their performance, as described below:

<u>Transportation, infrastructure & agriculture</u> - Manufacture, to order, of cast and machined products, with significant technological content, such as powertrain (blocks and cylinder heads), brake, transmission, steering, axle and suspension components for global manufacturers of engines, passenger vehicles, commercial vehicles (trucks, buses, etc.), construction machines, tractors, agricultural machines and power generators.

Hydraulics - Manufacture of flexible iron connections for the construction industry, and cast-iron shapes for general use.

The following is the information on each reported segment:

a) Reconciliation of revenue, costs, expenses and profit

Profit (loss) for the quarter

Tranportation,	infrastructure
----------------	----------------

Consolidated	& agricu	ulture	Hydraul	ics	Tota	al
	2Q20	2Q19	2Q20	2Q19	2Q20	2Q19
Net revenue (Note 19)	613,911	1,340,235	30,961	64,380	644,872	1,404,615
Costs and expenses, except depreciation (Note 20)	(607,761)	(1,155,025)	(39,415)	(45,193)	(647,176)	(1,200,218)
Other operating expenses, net, except amortization of						
intangible assets and depreciation (Note 22)	(16,116)	(28,758)	(606)	-	(16,722)	(28,758)
Depreciation and amortization	(86,643)	(78,199)	(2,067)	(2,020)	(88,710)	(80,219)
Impairment (note 13)	(3,404)	-	-	-	(3,404)	-
Profit before finance results	(100,013)	78,253	(11,127)	17,167	(111,140)	95,420
Finance results (Note 22)					(25,777)	(6,805)
Profit before taxation					(136,917)	88,615
Income tax and social contribution (Note 21)					54,096	(29,167)

Consolidated	& agricı	ulture	Hydrau	aulics Tot		tal	
	1S20	1519	1520	1\$19	1S20	1519	
Net revenue (Note 19)	1,662,097	2,573,930	75,339	112,214	1,737,436	2,686,144	
Costs and expenses, except depreciation (Note 20)	(1,498,835)	(2,240,667)	(76,338)	(104,133)	(1,575,173)	(2,344,800)	
Other operating expenses, net, except amortization of							
intangible assets and depreciation (Note 22)	(28,334)	(38,564)	(2,624)	(1,763)	(30,958)	(40,327)	
Depreciation and amortization	(169,481)	(154,430)	(4,165)	(3,945)	(173,646)	(158,375)	
Impairment (note 14)	(37,804)	-	-	-	(37,804)	-	
Profit before finance results	(72,357)	140,269	(7,788)	2,373	(80,145)	142,642	
Finance results (Note 22)					(244,268)	6,441	
Profit before taxation					(324,413)	149,083	
Income tax and social contribution (Note 21)					34,075	(9,193)	
Profit for the period					(290.338)	139.890	

b) Reconciliation of costs and expenses by segment

Tranportation, infrastructure

	rranportation, infrastructure							
Consolidated	& agricu	ulture	Hydraul	ics	Tota	al		
	2Q20	2Q19	2Q20	2Q19	2Q20	2Q19		
Raw and processing materials	(276,950)	(627,171)	(10,843)	(28,097)	(287,793)	(655,268)		
Maintenance and consumption materials	(73,092)	(110,693)	(3,449)	(3,490)	(76,541)	(114,183)		
Salaries and payroll taxes	(166,762)	(268,784)	(11,751)	(16,757)	(178,513)	(285,541)		
Social benefits	(17,992)	(20,083)	(325)	(488)	(18,317)	(20,571)		
Electricity	(38,321)	(60,576)	(2,864)	(4,019)	(41,185)	(64,595)		
Depreciation	(75,694)	(62,505)	(2,067)	(1,925)	(77,761)	(64,430)		
Freight and commissions on sales	(19,683)	(37,373)	(2,363)	(4,650)	(22,046)	(42,023)		
Management fees	(2,773)	(2,810)	(240)	(279)	(3,013)	(3,089)		
Other costs	(14,646)	(13,786)	(5,119)	(1,161)	(19,765)	(14,948)		
	(685,912)	(1,203,782)	(39,022)	(60,865)	(724,934)	(1,264,648)		

Tranportation, infrastructure

Consolidated	& agriculture		Hydrau	lics	Total		
	1S20	1S19	1S20	1519	1S20	1519	
Raw and processing materials	(689,254)	(1,233,216)	(26,889)	(49,056)	(716,143)	(1,282,272)	
Maintenance and consumption materials	(175,773)	(218,019)	(6,758)	(6,473)	(182,531)	(224,492)	
Salaries and payroll taxes	(403,307)	(510,425)	(24,168)	(29,943)	(427,475)	(540,368)	
Social benefits	(37,913)	(42,631)	(765)	(927)	(38,678)	(43,558)	
Electricity	(93,353)	(119,440)	(5,792)	(7,332)	(99,145)	(126,772)	
Depreciation	(145,440)	(123,426)	(4,165)	(3,945)	(149,605)	(127,371)	
Freight and commissions on sales	(54,568)	(74,554)	(5,741)	(8,186)	(60,309)	(82,740)	
Management fees	(5,892)	(4,994)	(511)	(469)	(6,403)	(5,463)	
Other costs	(38,775)	(37,387)	(5,714)	(1,748)	(44,489)	(39,135)	
	(1,644,274)	(2,364,093)	(80,504)	(108,078)	(1,724,778)	(2,472,171)	

(82,821)

59,448

c) Reconciliation of assets and liabilities

	Tranportation, in	nfrastructure				
Consolidated	& agricu	lture	Hydrau	lics	Tota	I
ASSETS	Jun/20	Dec/19	Jun/20	Dec/19	Jun/20	Dec/19
Trade account receivables (Note 4)	516,784	632,258	30,365	40,098	547,149	672,356
Inventories (Note 5)	712,031	593,900	53,148	60,207	765,179	654,107
Tooling (Note 6)	192,835	141,128	-	-	192,835	141,128
Notes and other receivables	62,462	54,108	3,446	5,004	65,908	59,112
Property, plant and equipment (Note 13)	1,823,496	1,578,106	51,889	56,230	1,875,385	1,634,336
Intangible assets (Note 14)	175,529	201,560	-	-	175,529	201,560
Other assets not allocated	-	-	-	-	2,421,706	1,761,568
Total assets	3,483,137	3,201,060	138,848	161,539	6,043,691	5,124,167

	Tranportation, ir	nfrastructure					
Consolidated	& agricu	& agriculture		Hydraulics		Total	
LIABILITIES	Jun/20	Dec/19	Jun/20	Dec/19	Jun/20	Dec/19	
Trade accounts payables (Note 15)	331,429	602,126	11,722	25,439	343,151	627,565	
Income taxes payable	26,842	52,469	104	792	26,946	53,261	
Salaries, social security charges and profit sharing	141,311	158,208	8,991	10,336	150,302	168,544	
Advances from customers	163,642	119,230	3,027	2,457	166,669	121,687	
Notes and other payables	67,008	42,043	4,931	3,586	71,939	45,629	
Deferred tax on intangible assets (Note 9)	23,873	31,326	-	-	23,873	31,326	
Income and social contribution tax	4,143	6,162	-	-	4,143	6,162	
Other liabilities not allocated	-	-	-	-	2,885,879	1,682,590	
Equity (Note 18)	-	-	-	-	2,370,789	2,387,403	
Total liabilities and equity	758,248	1,011,564	28,775	42,610	6,043,691	5,124,167	

Segment-specific assets and liabilities are allocated directly to each segment, and criteria relating to the applicability and origin are used for common assets and liabilities. The Company does not allocate cash and cash equivalents, recoverable and deferred taxes, judicial and other deposits, and investments in companies to the reporting segments, as they are not directly related to the operations. For the same reason, borrowing, dividends, provisions, deferred taxes and other long-term liabilities are also not allocated to the segments.

d) Major customers accounting for over 10% of the Company's total revenue

The Company has a diversified portfolio of local and foreign customers. The transportation, infrastructure & agriculture segment has customers that individually account for more than 10% of consolidated revenue, as follows:

Consolidated								
Revenue	2Q20	%	2Q19	%	1S20	%	1S19	%
Tranportation, infrastructure & agriculture	613.911	95,2	1.340.235	95,4	1.662.097	95,7	2.573.930	95,8
Customer A	146.807	22,8	256.251	18,2	286.440	16,5	468.472	17,4
Customer B	85.386	13,2	123.782	8,8	198.902	11,4	239.641	8,9
Customer C	27.793	4,3	298.637	21,3	139.666	8,0	550.081	20,5
Other customers	353.925	54,9	661.565	47,1	1.037.089	59,7	1.315.736	49,0
Hydraulics	30.961	4,8	64.380	4,6	75.339	4,3	112.214	4,2
Total Revenue	644.872	100,0	1.404.615	100,0	1.737.436	100,0	2.686.144	100,0

The sales in the Hydraulics segment are diversified.

e) Information on the countries from which the Company derives revenue

The revenue derived from customers in Brazil and from customers in each foreign country and their respective shares in the Company's total revenue for the period, are as follow:

Consolidated								
	2Q20	%	2Q19	%	1S20	%	1519	%
North America	427,859	66.4	902,087	64.2	1,158,096	66.7	1,709,481	63.7
United States	234,451	36.4	471,986	33.6	598,850	34.5	866,651	32.3
Mexico	188,949	29.3	418,784	29.8	549,128	31.6	818,297	30.5
Canada	4,459	0.7	11,317	0.8	10,118	0.6	24,533	0.9
South and Central Americas	90,093	13.9	268,863	19.1	272,859	15.7	510,778	19.0
Brazil - head office	87,226	13.5	258,942	18.4	261,631	15.1	496,210	18.5
Other countries	2,867	0.4	9,921	0.7	11,228	0.6	14,568	0.5
Europe	81,915	12.6	153,137	11.0	223,981	13.0	311,834	11.6
United Kingdom	30,333	4.7	81,221	5.8	84,459	4.9	151,733	5.6
Hungary	9,247	1.4	27,476	2.0	29,784	1.7	53,227	2.0
Italy	11,083	1.7	11,004	0.8	19,616	1.1	18,476	0.7
Netherlands	11,855	1.8	16,623	1.2	25,243	1.5	34,632	1.3
Sweden	7,255	1.1	5,703	0.4	38,002	2.2	26,253	1.0
Germany	7,207	1.1	3,152	0.2	18,379	1.1	5,885	0.2
Other countries	4,935	0.8	7,958	0.4	8,498	0.5	21,628	0.8
Asia, Africa and Oceania	45,005	7.1	80,528	5.7	82,500	4.6	154,051	5.7
South Africa	1,857	0.3	28,752	2.0	10,761	0.6	49,365	1.8
Thailand	12,403	1.9	14,816	1.1	22,094	1.3	39,920	1.5
Japan	16,964	2.6	19,931	1.4	22,958	1.3	33,674	1.3
China	11,631	1.8	12,776	0.9	20,364	1.2	24,352	0.9
Other countries	2,150	0.5	4,253	0.3	6,323	0.2	6,740	0.2
Total	644,872	100.0	1,404,615	100.0	1,737,436	100.0	2,686,144	100.0

26. FINANCIAL INSTRUMENTS

		Parent company		Consolid	ated
	Note	Jun/20	Dec/19	Jun/20	Dec/19
Loans and receivables		1,383,145	874,845	1,944,721	1,613,759
Cash and cash equivalents	3	906,586	362,600	1,281,999	840,030
Trade account receivables(*)	4	394,198	422,012	547,149	672,356
Notes and other financial assets		82,361	90,233	115,573	101,373
Effect on the Income Statement		6,608	12,940	5,238	13,280
Financial assets at fair value through profit or loss		123,743	157,213	133,407	166,361
Credits - Eletrobrás		121,695	152,149	121,695	152,149
Investments in equity instruments		2,048	2,429	11,712	9,461
Derivative financial instruments	27	-	2,635	-	4,751
Effect on the Income Statement		(3,016)	74,228	(4,277)	80,842
Financial liabilities at amortized cost		2,704,349	1,792,701	2,918,339	2,160,657
Trade accounts payables		168,761	276,374	343,151	627,565
Loans and financing	16	2,492,376	1,474,646	2,500,472	1,483,981
Dividends and interest on capital		185	191	185	191
Notes payable and other financial liabilities		43,027	41,490	74,531	48,920
Effect on the Income Statement		(72,353)	(95,775)	(71,373)	(93,883)

^(*) Includes the provision for impaired receivables

27. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE OF NET INVESTMENT ABROAD

a) Derivative financial instruments

In order to minimize the impact of exchange rate on future cash flow, the Company contract derivative financial instruments such as: (i) ZCC - zero-cost collar, which consists of purchasing a "PUT" option and the sale of a "CALL" option. Those operations have the same notional value, same counterparty, same maturity and there is no net premium. The fair value of this instrument is determined by observable market pricing model (through market information providers) and widely used by market participants to measure similar instruments.

The COVID-19 pandemic caused great volatility in the global financial markets, with a strong increase in risk aversion, which led to a depreciation of 36% of the Real and 22% of the Mexican Peso against the US Dollar in the comparison between December 31, 2019 and June 30, 2020.

The calculation of the fair value of derivatives (MTM) is performed using the closing rate for the quarter, which, due to the strong devaluation, had a negative impact on the result of the contracted position by marking to market.

However, that the contracted derivatives position has maturities distributed in future months, with a coverage horizon until December 2020. The Company has not contracted new derivative operations since March 2020 due to the atypical volatility and uncertainties regarding the global economic scenario.

i. Parent company

On June 30, 2020, financial instruments totaled the amount of US\$131,000 in zero-cost collar operations, consisting of: purchase of PUT with average exercise price of R\$4.1285 and sales of CALL with average price average of R\$4.6419, maturing up to December 30, 2020.

In the 6-month period ended June 30, 2020, the Company recognized in financial results a loss of R\$179,243, of which R\$63,022 was payment from settlement of contracts in the period and a loss of R\$116,221 due to the mark-to-market of these instruments. In the same period of the previously year the Company recognized in financial results as net gain of R\$16,448, of which R\$21,818 was received from settlement of contracts in the period and a loss of R\$5,370 due to the mark-to-market of these instruments.

ii. Subsidiaries

In June 30, 2020, the Subsidiaries derivative financial instruments in the zero-cost collar type totaled the amount of US\$89,500. Which were made purchasing "PUT" with an average weighted price of exercise of MXN18.7439 and sales "CALL" with an average weighted price of exercise of MXN21.0768, with a due date at December 18, 2020.

On June 30, 2020, the Mexican subsidiaries recognized in their finance results as loss the amount of R\$82,321. Considering, loss of R\$44,531 from the settlement of contracts in the period and R\$37,790 due to the losses for the mark to market of these instruments. On June 30, 2019, the Mexican subsidiaries recognized in their finance results as net profit the amount of R\$4,874. Considering, gain of R\$8,488 from the settlement of contracts in the period (and R\$3,614 due to the losses for the mark to market of these instruments.

iii. Consolidated

In the 6-month period ended June 30, 2020, loss of R\$261,564 was recognized in the Consolidated financial result, with payment of R\$107,753 from the settlement of contracts in the period and loss of R\$154,011 for the mark-to-market of these instruments. In the same period of previously year net income of R\$21,322 was recognized in the Consolidated financial result, with R\$30,306 from the settlement of contracts in the period and loss of R\$8,984 for the mark-to-market of these instruments.

Below are the net open positions at June 30, 2020 and December 31, 2019:

	Parent company	Subsidiaries	Consolidated
Recognized in financial results	(179,243)	(82,321)	(261,564)
Settlement	63,022	44,531	107,553
Market to market	(116,221)	(37,790)	(154,011)
Foreign exchange impact	-	(14,825)	(14,825)
AT December 31, 2019	2,635	2,116	4,751
AT June 30, 2020	(113,586)	(50,499)	(164,085)
Maturity date			
Due September 30, 2020	(60,574)	(27,955)	(88,529)
Due December 31, 2020	(53,012)	(22,544)	(75,556)
AT June 30, 2020	(113,586)	(50,499)	(164,085)

	Parent company		Consolida	ted
	Jun/20	Dec/19	Jun/20	Dec/19
Current liabilities				
Financial derivative instruments	(113,586)	-	(164,085)	-
Financial derivative instruments	-	2,635	-	4,751
Financial derivative instruments, net	(113,586)	2,635	(164,085)	4,751

b) Hedges of net investments abroad

With the objective of mitigating the effects of foreign exchange volatility on the results, the Company adopted hedges for the net investments abroad on January 10, 2014, as presented in the annual financial statement of year ended December 31, 2019 note 31.b.

In June 30, 2020, the Company has export prepayment contracts amounting to US\$349,000, equivalent to R\$1,911,124 as hedges of the investments in the subsidiaries in Mexico, Tupy México Saltillo, S.A. de C.V. and Technocast, S.A. de C.V., the functional currency of which is the US Dollar (US\$), and which had net assets of US\$334,454, equivalent to R\$1,831,470 representing 104.3% effectiveness.

In the period of 6 months ended at June 30, 2020, the Company recognized in carrying value adjustments, within equity, a loss of R\$500,837 arising from the conversion of the prepayment contracts designated as hedge instruments. As a result, the investments in Mexicans subsidiaries resulted in a gain of R\$605,955, the net result was a gain of R\$105,082. Considering the net fiscal effect, the amount of loss of exchange rate R\$170,297, and the net gain was R\$275,379, recognized as comprehensive income.

28. FINANCIAL RISK MANAGEMENT

The Company has a financial management policy and internal procedures monitored by Risk and internal controlling area, which determines practices to identify, monitoring and controlling the exposure to financial risk.

28.1 Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and financial investments, as well from credit exposure to customers, including outstanding trade receivables.

The Company sets exposure limits for each customer to limit the credit risk on trade receivables and risks are managed according to specific credit rating criteria, which include an analysis of customers in based on their payment ability, indebtedness level, market behavior and history with the Company. Furthermore, the Company carries out quantitative and qualitative analyses of its portfolio of trade receivables in order to determine the estimate for probable losses on receivables. As at June 30, 2020, estimated losses on trade receivables amounted to R\$7,909 (R\$1,389 as at December 31, 2019), representing 1.4% of the consolidated balance of outstanding receivables at that date (0.2% as at December 31, 2019).

The Company does not expect material adjustments due to the impacts caused by the Covid-19 pandemic.

Considering the assets nature and historical indicators, the Company does not hold credit guarantee to cover credit risks related to its financial assets.

Credit quality of financial assets

The credit quality of financial assets is assessed by reference to external credit ratings (if available) or based on historical information about counterparty default rates.

	Parent company		Consolida	ted
	Jun/20	Dec/19	Jun/20	Dec/19
Counterparties with external credit ratings*				
Cash and cash equivalents	906,586	362,600	1,281,999	840,030
AAA	227,656	15,447	245,926	97,105
AA+ / AA / AA-	495,935	319,380	611,305	487,023
A+ / A / A-	182,995	27,773	424,768	255,902
Derivative financial	-	2,635	-	4,751
AA+ / AA / AA-	-	2,635	-	4,751
Credits - Eletrobrás	121,695	152,149	121,695	152,149
AA	121,695	152,149	121,695	152,149
Counterparties without external credit rating				
Trade receivables	394,198	422,012	547,149	672,356
Low risk	367,892	400,680	504,250	638,795
Moderate risk	12,613	21,204	12,613	22,393
High risk	13,693	128	30,286	11,168

^(*) The Company considers, for the classification of risk, the lowest rating between the rating agencies.

The risk assessment of trade receivables is as follows:

Other financial assets

Total

 Low risk - transportation, infrastructure & agriculture segment customers, except those customers with a history of losses.

84,409

1,506,888

92,662

1,032,058

127,285

2,078,128

110,834

1,780,120

- Moderate risk hydraulics segment customers, except those who already have a history of losses.
- High risk customers with provisioned balances and historical losses.

The other financial assets held by the Company are considered of high quality and do not present indications of losses.

28.2 Liquidity risk

Liquidity risk is the risk that the Company will have difficulty complying with its obligations associated with financial liabilities that are to be settled in cash or other financial assets. The Company's approach to managing this risk is the maintenance of a minimum cash.

In order to ensuring that, the Company has sufficient liquidity to settle its obligations without incurring losses or affecting its operations. This minimum cash amount corresponds to a two-month projection of: operating cash generation in in an unfavorable scenery, plus the balance of the short-term borrowing, net of derivative instruments. Moreover, the Company manages its investment portfolio using criteria for concentration in financial institutions, in addition to global and local ratings.

The contractual maturities of financial liabilities are as follow:

Consolidated		Contractua	l cash flow		
ENLANCIA LIANDI TITO	6 months or	6 to 12	4. 6		
FINANCIAL LIABILITIES	less	months	1 to 2 years	2 to 5 years	Total flow
Borrowings	253,039	272,359	263,053	2,237,606	3,026,057
Financial derivative instruments	164,085	-	-	-	164,085
Trade payables and notes and other payables	415,090	-	-	-	415,090
Dividends payable	185	-	-	-	185
	832,399	272,359	263,053	2,237,606	3,605,417

The Company does not expect that the cash outflows included in its maturity analyses will occur significantly sooner or at amounts, which are significantly different. Furthermore, the Company generates sufficient cash to cover future payment obligations.

28.3 Market risk

Market risk is the risk of changes in the value of the Company's financial instruments as a result of changes in interest and foreign exchange rates and market prices. The objective of market risk management is to maintain exposure to market risks within acceptable levels, while optimizing returns.

Interest rate risk

This risk refers to the Company's financial investments and borrowing. The financial instruments with floating rates expose the Company to cash flow variation risk, whereas the financial instruments with fixed rates expose the Company to fair value risk. The Company uses derivative financial instruments, as follow:

Consolidated			
	Note	Jun/20	Dec/19
Floating-rate instruments		385,892	333,052
Financial assets		888,744	333,052
Financial liabilities	16	(502,852)	-
Fixed-rate instruments		(1,604,365)	(977,003)
Financial assets		393,255	506,978
Financial liabilities	16	(1,997,620)	(1,483,981)

Sensitivity analysis of variations in floating interest rates

The Company has financial investments and derivative financial instruments exposed to the CDI rate variation, as well as borrowing linked to the TJLP and LIBOR rates.

The fluctuations in interest rates may affect the Company's future results. Presented below are the impacts that would have been generated by changes in interest rates to which the Company is exposed.

Interest rate risk							Consolidated
				Scenarios - N	Iormative Instru	ction 475	
Floating rate instruments	Risk	Disclosed	Probable	+25%	+50%	-25%	-50%
In Brazilian reais							
Investments	Interest rate (CDI - % p.a.)	4.36	2.15	2.69	3.23	1.61	1.08
Financial assets		888,744	888,744	888,744	888,744	888,744	888,744
Potential impact		-	-	4,676	9,353	(4,701)	(9,452)
Borrowings	Interest rate (TJLP - % p.a.)	4.36	2.15	2.69	3.23	1.61	1.08
Financial liabilities		502,852	502,852	502,852	502,852	502,852	502,852
Potential impact		-	-	(2,646)	(5,292)	2,660	5,348

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings denominated in currencies other than the Company's functional currency, the Brazilian Real. The main currency in which these transactions are denominated is the US Dollar.

In addition, considering the importance of the Company's operations in Mexico, the devaluation of the Mexican Peso has an impact on the income tax. Since the functional currency of the subsidiaries in Mexico is the U.S. Dollars (US\$). Net exchange variation from monetary assets and liabilities has significant impact on the basis for calculating this tax. (Note 23)

The Company manages its exposure to exchange rates through a combination of debts, financial investments, accounts receivable and export revenues in foreign currency, derivative transactions and hedges of the net investments abroad. The Company's exposure to foreign currency risk considering the subsidiaries that use the Real (R\$) as their functional currency, is as follows:

Parent company			
Net exposure impacting profit	Note	Jun/20	Dec/19
Assets		356,576	379,003
Cash and cash equivalents abroad	3	17,091	27,999
Customers in the foreign market	4	339,485	351,004
Liabilities		(174,628)	(92,871)
Borrowings in foreign currency	16	(1,971,232)	(1,451,487)
Hedge of net investment abroad	27	1,911,124	1,406,714
Otheramounts		(114,520)	(48,098)
Net exposure impacting profit			
In thousands of R\$		181,948	286,132
In thousands of US\$		33,226	70,988

The exposure of subsidiaries that use a functional currency U.S. Dollars (US\$, is demonstrated bellow:

Subsidiaries		
Net exposure impacting profit	Jun/20	Dec/19
Assets	139,189	107,983
Cash and cash equivalents abroad	8,193	15,669
Customers in the foreign market	29,773	23,391
Tax return	101,223	68,923
Liabilities	(169,053)	(253,169)
Trade accounts payables	(52,604)	(93,397)
Other amounts	(116,449)	(159,772)
Net exposure impacting profit		
In thousands of R\$	(29,864)	(145,186)
In thousands of MXN	(125,796)	(680,347)

Sensitivity analysis of foreign exchange exposure, except derivatives

This analysis is based on the foreign exchange rate fluctuation, pursuant to CVM Normative Instruction 475, in which the risk variables are evaluated with a 25% and 50% fluctuation compared to the probable scenario estimated by the Company. This analysis assumes that all other variables, especially the interest rates, will remain constant.

Consolidated Scenarios - Normative Instruction 475						475
	Disclosed	Probable	+25%	+50%	-25%	-50%
U.S. Dollar rate	5.4760	5.1800	6.48	7.77	3.89	2.59
Asset position	356,576	337,302	421,953	505,952	253,302	168,651
Liability position	(174,628)	(165,189)	(206,645)	(247,783)	(124,051)	(82,594)
Net exposure (R\$ thousand)	181,948	172,113	215,308	258,169	129,251	86,057
Net exposure (US\$ thousand)	33,226	33,226	33,227	33,226	33,226	33,227
Potential impact (R\$ thousand)	-	(9,835)	33,360	76,221	(52,697)	(95,891)

Sensitivity analysis of foreign exchange exposure of derivatives

This analysis is based on the foreign exchange rate fluctuation against "CALL" and 'PUT", pursuant to CVM Normative Instruction 475, in which the risk variables are evaluated with a 25% and 50% fluctuation compared to the probable scenario estimated by the Company. This analysis assumes that all other variables will remain constant.

			Scenarios - Normative Instruction 475				
Parent company	Disclosed	Probable	+25%	+50%	-25%	-50%	
U.S. Dollar rate	5.4760	5.18	6.25	7.50	3.75	2.50	
MTM Controladora	(113,586)	(77,922)	(242,962)	(590,224)	72,978	319,653	
Potential impact (R\$ thousand)		35,664	(129,376)	(476,638)	186,564	433,239	

		Scenarios - Normative Instruction 475				475
Subsidiaries	Disclosed	Probable	+25%	+50%	-25%	-50%
U.S. Dollar rate vs. Mexican peso	23.0893	23.2900	30.00	36.00	18.00	12.00
MTM Subsidiaries (US\$ mil)	(9,222)	(9,844)	(25,461)	(36,143)	6,437	52,806
MTM Subsidiaries (R\$ mil)	(50,499)	(50,994)	(164,985)	(280,829)	25,041	136,767
Potential impact (R\$ thousand)		(495)	(114,486)	(230,330)	75,540	187,266
Consolidated potential impact (R\$ thousand)			(243,862)	(706,968)	262,104	620,504

Price risk

This risk relates to the possibility of fluctuations in the market prices of the inputs used in the manufacturing process, especially scrap, pig iron, metal alloys, coke and electricity. These price fluctuations could have an impact on the Company's costs. The Company monitors these prices, in order to pass on to customers any changes in its input prices.

28.4 Operating risk

This risk arises from all of the Company's operations and can cause direct or indirect losses associated with a variety of factors, such as processes, personnel, technology, infrastructure and external factors.

The Company's objective is to manage the operating risk to avoid losses and damages to its reputation, and to seek cost efficiencies.

The primary responsibility for developing and implementing operating risk controls lies with a centralized area of internal controls reporting to senior management.

28.5 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for its stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, management can make (or can propose to the stockholders, when their approval is required) adjustments to the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce, for example, debt.

The Company's management monitors the relationship between the Company's own capital (equity) and third-party capital that the Company utilizes to finance its operations. To mitigate liquidity risks and optimize the average cost of capital, the Company monitors its compliance with financial ratios required under borrowing agreements.

The relationship between own capital versus third-party capital, at the end of each period, was as follows:

Consolidated			
	Note	Jun/20	Dec/19
Own capital		2,370,789	2,387,403
Equity	18	2,370,789	2,387,403
Third party capital		2,390,903	1,896,734
Total current and non-current liabilities		3,672,902	2,736,764
Cash and cash equivalents	3	(1,281,999)	(840,030)
Own capital versus third-party capital ratio		0.99	1.26

28.6 Fair value

The carrying values of cash and cash equivalents and trade receivables and payables, less impairment provisions in the case of trade receivables, are assumed to approximate their fair values.

All financial instruments classified as financial assets and financial liabilities at fair value through profit or loss (Note 26) and the fair value of the borrowing disclosed in Note 16 are calculated by discounting the future contractual cash flow at the current market interest rate that is available to the Company for similar financial instruments.

The valuations technique used by the Company are classified at Level 2 of the fair value hierarchy. The fair value of financial instruments that are not traded in an active market (Level 2) is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely to the minimum extent possible on Company-specific estimates.

Specifically, for the case of the embedded credit derivative of Eletrobras (convertibility into shares), a valuation technique is used with inputs classified as level 3 of the fair value hierarchy. The effect of the option of conversion into shares is measured based on a stock pricing model (black-scholes) by including unobservable data, such as the historical volatility and equity value of the share. Unobservable data are used to measure fair value to the extent that relevant observable data are not available, thus admitting situations in which there is little or no market activity for the asset or liability on the measurement date. These unobservable data, however, reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Sensitivity analysis of the fair value of embedded derivatives

The Company performed a sensitivity analysis considering the receipt of equity shares in Eletrobras. Varying the share value and volatility and keeping all other variables in the model constant. In this context, share value scenarios between R\$16.12 and R\$48.36 and volatility between 34.6% and 103.8% per year were used, resulting in estimates of minimum and maximum receipts between R\$60.730 and R\$176.507, respectively.

* * *



A free translation from Portuguese into English of Independent auditor's review report on individual and consolidated interim financial information prepared in Brazilian currency in accordance with Accounting Pronouncement NBC TG 21 and IAS 34 - Interim Financial Reporting

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Tupy S.A. ("Company"), contained in the Quarterly Information (ITR) Form for the quarter ended June 30, 2020, which comprises the statement of financial position as at June 30, 2020 and the related statements of profit or loss and of comprehensive income, for the three-month and the six-month period then ended, and of changes in equity and of cash flows for the six month periods then ended, including explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (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 engagements (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 auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).



Statements of value added

The abovementioned quarterly information referred to above includes the individual and consolidated Statements of Value Added (SVA) for the six-month periods ended June 30, 2020, prepared under the responsibility of the Company management and presented as supplementary information for purposes of IAS 34. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information in order to conclude whether they are reconciled with the interim financial information and accounting records, as applicable, and if their form and content are consistent with the criteria defined in NBC TG 09 - Statement of Added Value. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria defined in the aforementioned Standard and consistently with the overall accompanying individual and consolidated interim financial information.

Curitiba, August 11, 2020.

ERNST & YOUNG Auditores Independentes S.S. CRC 2SP 015199/O-6

Alexandre Rubio Accountant CRC-1SP 223.361/O-2