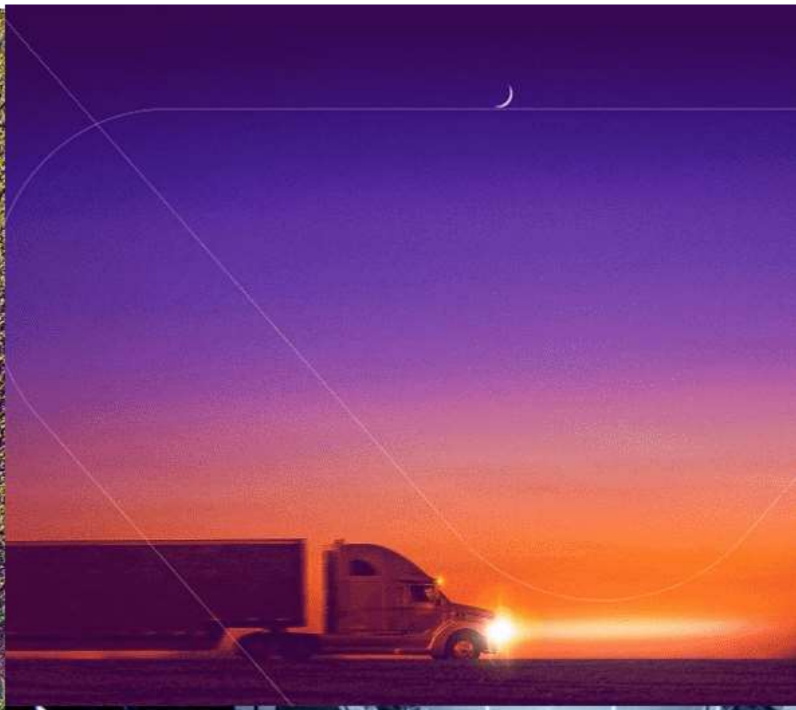



Quarterly Financial Report

March 31, 2020

Release
Financial Information
Explanatory Notes
Independent auditor´s report

www.tupy.com.br

1Q20 Highlights

Strong growth in operating income, despite lower volumes

- **Revenues:** R$1,092.6 million, down 14.7% over 1Q19, with the drop of 24.2% in volumes partially offset by currency depreciation and the higher share of machined and CGI goods;

- **Operating result:** gross profit of R$192.6 million, up 12.6% over last year, with a margin of 17.6%, vs. 13.4% in 1Q19. Operating profit (before impairments) increased 38.5, result of several initiatives implemented by the new organizational structure in the last 12 months;

- **Adjusted EBITDA:** R$164.6 million, an increase of 20.2%, with a margin of 15.1% (growth of 440 bps vs. 1Q19);

- **Net Income:** loss of R$207.5 million, due to (i) impairment of intangible assets (R$34.4 million); (ii) mark-to-market of derivative instruments used in the calculation of credits receivable from Eletrobrás and hedge operations (R$193.6 million, net of positive effect of exchange variation on the balance sheet); and (iii) exchange rate variation on deferred taxes of Mexican operations, with no cash effect (R$70.1 million);

- **Cash position:** R$1,365.0 million, an increase of R$524.9 million compared to December 31, 2019, impacted by the contracting of bank loans and foreign exchange rate variation on cash in foreign currency.

Earnings Conference Call

Date: June 30, 2020

English/Portuguese

10:00 a.m. (EST) / **11:00 a.m.** (BRT)

Dial in U.S.: +1 412 717-9627
Toll free U.S.: + 1 844 204-8942
Dial in Brazil: +55 11 3181-8565
Dial in Brazil: +55 11 4210-1803
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

MESSAGE FROM MANAGEMENT

The COVID-19 pandemic evolved rapidly and Tupy's main priority was to ensure the health and safety of our employees and the communities in which we operate, as well as the implementation of a set of actions to preserve the Company's solid financial position.

The severity of this crisis showed, once again, that companies focused on good corporate governance, risk management and financial discipline are better able to overcome this type of challenge. In turn, clients will increasingly value these attributes in their purchasing decisions, given the possible impacts on global supply chains. The Company's clear mapping of the risks that permeate all areas of operation and its organized and active crisis committee made a difference so we could quickly identify our priorities and anticipate the measures to be adopted.

We started 2020 with excellent operational performance and, even with the impact of the pandemic and a significant reduction in volume in the last three weeks of the quarter, we ended the period with important advances in manufacturing efficiency indicators and in purchasing performance. These results, both in Brazil and Mexico, reflect the maturity of our operating system, the new processes adopted and, mainly, our team's performance, including the new talents incorporated into Tupy.

In response to the reduced demand and abrupt stops of our clients' operations worldwide, we implemented our protective rings, a wide range of pre-defined actions to reduce costs and preserve the Company's cash position, such as:

1. Production flexibility, with transfer of products among lines;
2. Reduction of working hours and salaries and temporary suspension of employment contracts;
3. Temporary suspension of investments, except those related to work safety and the environment;
4. Reduction in service contracts;
5. Creation of control towers to assess all expenses;
6. Increase of cash position by approximately R$494 million, after ending 2019 with cash position of R$840 million and the majority of debt maturing in 2024.

Our clients are major global players in the capital goods sector, that is, manufacturers of machinery, vehicles and equipment that serve the freight transportation sectors, in all modals, infrastructure, agribusiness and power generation. Therefore, we must ensure that the possible geographic mismatch in the value chain, due to the different behavior of the pandemic in each region, does not lead to shortages or high logistical costs. As a result, we increased inventories of finished goods and kept them close to our clients.

Despite the temporary increase in working capital, these risk mitigation initiatives are necessary to ensure the production of equipment which are essential for tackling the new Coronavirus pandemic and play a fundamental role in the global economic recovery, contributing to people's quality of life, providing access to health, basic sanitation, drinking water, as well as the production and distribution of food and goods.

Since March, employees who are part of the high-risk group and mothers with children under the age of 10 years old have been on leave, in order to ensure they are able to follow social distancing measures. We reviewed the configuration of production flows and common areas within all operations, in accordance with the recommendations of health authorities. In Brazil, we gradually resumed activities from April and in Mexico, from May.

We also carried out actions to ensure the sustainability of the ecosystem of the communities in which we live, operate and play a leadership role. We invested in multiple initiatives and joined forces with other companies and volunteers to tackle Coronavirus together. In order to contribute to the public health system, we set up, at our recreational headquarters and in partnership with the municipal government of Joinville, the COVID-19 Screening and Testing Center, with capacity to assist 150 people/hour. By doing so, we avoid overcrowding hospitals, which can then focus on the treatment of already confirmed cases.

In addition, in Brazil and Mexico, we donated food and Personal Protective Equipment (PPE), manufactured hospital equipment and shared knowledge – our IT team has partnered with the health department to develop a platform for the collection and processing of data regarding hospitalization and disease incidence. Therefore, we support the local information system and collaborate with faster and more efficient decisions by local authorities.

Looking forward, we still see many uncertainties, as we have never experienced a crisis of this nature, but we know that its effects will have long-term consequences on people’s behavior and the way of doing business. We will probably see changes in consumption patterns, with the growth of e-commerce websites, for example, which depends on distribution centers and generates demand for new construction works, material handling equipment and distribution vehicles.

The pandemic has also brought to light many problems that were not under discussion and that do not respect territorial boundaries. Issues related to basic sanitation, drinking water, hospital facilities and infrastructure that enables decent living conditions will require investments around the world. These movements and an even more pressing need for resources directed to what is essential to society lead us to believe that the “new normal” will bring us opportunities in the different sectors in which we operate.

We still have a long journey ahead of us and I am very grateful for the support we received from our shareholders, the Board of Directors and a very united and prepared team.

At home or at work, #wearealltupy

MAIN INDICATORS

Consolidated (R$ thousand)

SUMMARY	1Q20	1Q19	Var. [%]
Revenues	**1,092,564**	**1,281,529**	**-14.7%**
Cost of goods sold	(900,002)	(1,110,440)	-19.0%
Gross Profit	**192,562**	**171,089**	**12.6%**
% on Revenues	*17.6%*	*13.4%*	
Operating expenses	(99,841)	(97,083)	2.8%
Other operating expenses	(27,326)	(26,784)	2.0%
Operating Profit	**65,395**	**47,222**	**38.5%**
Impairments	(34,400)	-	-
Income before Financial Result	**30,995**	**47,222**	**-34.4%**
% on Revenues	*2.8%*	*3.7%*	
Net financial result	(218,491)	13,246	-
Income before Taxes	**(187,496)**	**60,468**	**-**
% on Revenues	-	*4.7%*	
Income tax and social contribution	(20,021)	19,974	-
Net Income	**(207,517)**	**80,442**	-
% on Revenues	-	*6.3%*	
EBITDA (CVM Instruction 527/12)	**115,931**	**125,378**	**-7.5%**
% on Revenues	*10.6%*	*9.8%*	
Adjusted EBITDA	**164,567**	**136,947**	**20.2%**
% on Revenues	*15.1%*	*10.7%*	
Average exchange rate (BRL/USD)	4.47	3.77	18.5%
Average exchange rate (BRL/EUR)	4.92	4.28	15.0%

SALES VOLUME

Consolidated (ton)

	1Q20	1Q19	Var. [%]
Domestic market	**19,965**	**29,660**	**-32.7%**
Transportation, Infrastructure & Agriculture	17,495	26,274	-33.4%
Hydraulics	2,470	3,386	-27.1%
Foreign market	**91,177**	**116,972**	**-22.1%**
Transportation, Infrastructure & Agriculture	89,171	114,596	-22.2%
Hydraulics	2,005	2,377	-15.6%
Total Sales Volume	**111,141**	**146,632**	**-24.2%**

Sales were particularly affected from the middle of March due to the reduction in client orders in Brazil and abroad as a result of the COVID-19 pandemic and its effects on demand, since several clients stopped their production operations throughout the month in order to protect their employees.

Sales volume in 1Q20 decreased by 24.2% over 1Q19, mainly due to the following factors:

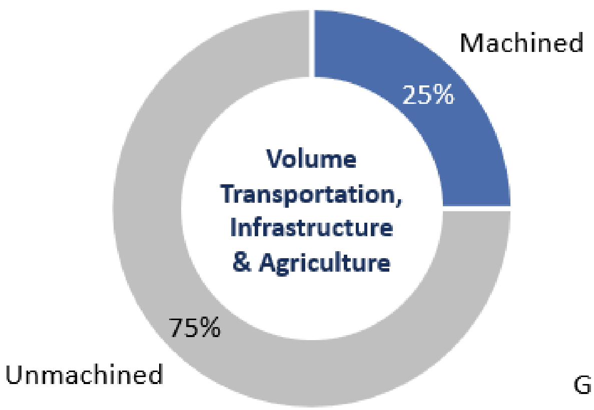
- Sales in the Transportation, Infrastructure & Agriculture segment in the domestic market dropped by 33.4%, mainly due to lower indirect exports and the phase out of products, which was already included in the Company's plan;

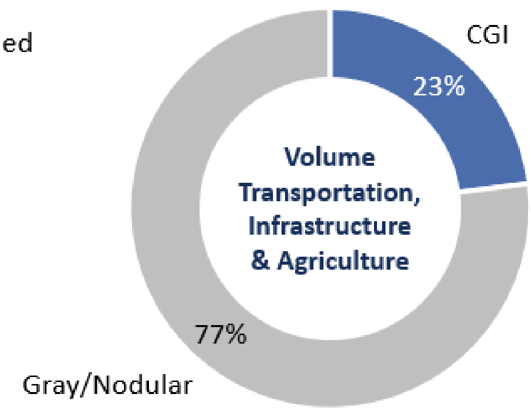
- Sales in the Transportation, Infrastructure & Agriculture segment in the foreign market dropped by 22.2%, mainly reflecting, in addition to the effects of the pandemic, the performance of applications in the off-road segment, as a result of postponed investments due to political uncertainties, as well as temporary maintenance shutdowns in the production lines of some clients;

- The Hydraulics segment decreased by 27.1% and 15.6%, in the domestic and foreign markets, respectively, due to the price recovery strategy and concerns about the political scenario and impacts of COVID-19 in Brazil and abroad.

Increased share of CGI (Compacted Graphite Iron) and machined goods:

- **Partially or fully machined goods accounted for 25% of the portfolio** of the Transportation, Infrastructure & Agriculture segment (**vs. 23% in 1Q19**). The distribution of goods by type of material shows that **CGI goods accounted for 23% of sales volume** (**vs. 20% in 1Q19**).





This increase reflects the Company's commercial strategy to expand its presence in the global supply chain by **offering high value-added products and services**.

REVENUES

Revenues decreased by 14.7%, and **revenue/kilo rose by 12.5% compared to 1Q19**.

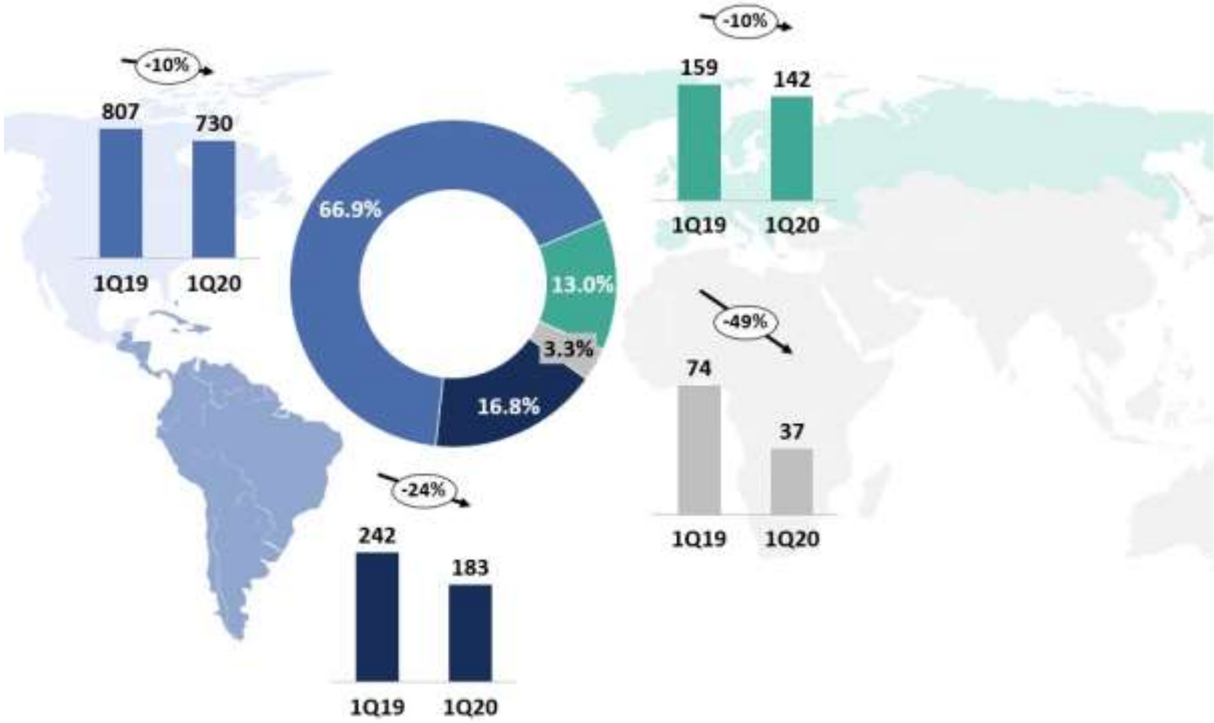
Consolidated (R$ thousand)

	1Q20	1Q19	Var.[%]
Revenues	**1,092,564**	**1,281,529**	**-14.7%**
Domestic market	174,405	237,268	-26.5%
Share %	*16.0%*	*18.5%*	
Foreign market	918,159	1,044,261	-12.1%
Share %	*84.0%*	*81.5%*	
Revenues per segment	**1,092,564**	**1,281,529**	**-14.7%**
Transportation, Infrastructure & Agriculture	1,048,185	1,233,695	-15.0%
Share %	*95.9%*	*96.3%*	
Hydraulics	44,379	47,834	-7.2%
Share %	*4.1%*	*3.7%*	

Revenues by market and performance in the period

In 1Q20, 66.9% of revenues came from North America; 16.8% from South and Central America; 13.0% from Europe; and the remaining 3.3% from Asia, Africa and Oceania.

It is worth noting that multiple clients 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.



Consolidated (R$ thousand)

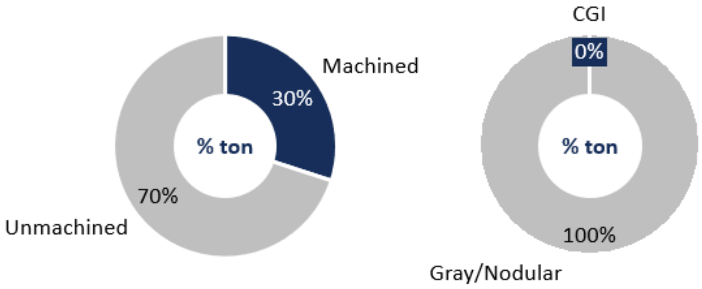
	1Q20	1Q19	Var. [%]
Revenues	**1,092,564**	**1,281,529**	**-14.7%**
Domestic market	**174,405**	**237,268**	**-26.5%**
Transportation, Infrastructure & Agriculture	**149,406**	**206,372**	**-27.6%**
Passenger Cars	35,764	46,091	-22.4%
Commercial vehicles	91,240	137,073	-33.4%
Off-road	22,402	23,208	-3.5%
Hydraulics	**24,999**	**30,896**	**-19.1%**
Foreign market	**918,159**	**1,044,261**	**-12.1%**
Transportation, Infrastructure & Agriculture	**898,779**	**1,027,323**	**-12.5%**
Passenger Cars	45,941	54,419	-15.6%
Light Commercial Vehicles	427,190	485,893	-12.1%
Medium and Heavy Commercial Vehicles	194,065	204,835	-5.3%
Off-road	231,583	282,177	-17.9%
Hydraulics	**19,380**	**16,938**	**14.4%**

Note: The division between commercial and off-road vehicles considers our best inference of the same product for these two applications.

DOMESTIC MARKET (DM)

Passenger Cars

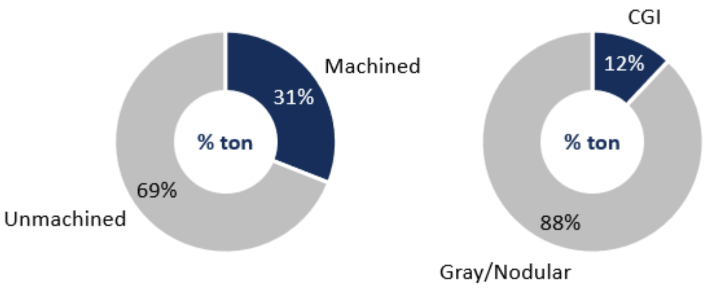
Δ % Revenues	% Revenues	% Revenues DM
-22.4% ▼	3.3%	20.5%



Revenues from sales of passenger car applications decreased by 22.4% year-on-year in 1Q20, due to the reduction in the production of light vehicles in Brazil in February and March, as well as the phase out of goods, which was already included in the Company’s plan.

Commercial Vehicles

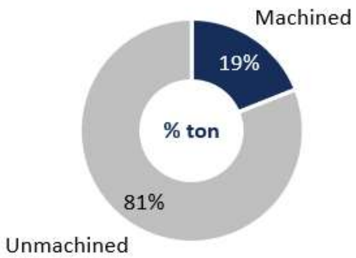
Δ % Revenues	% Revenues	% Revenues DM
-33.4% ▼	8.4%	52.3%

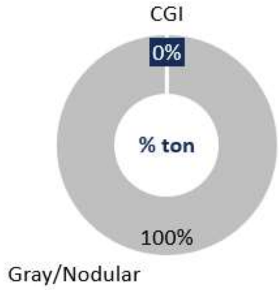


Revenues from commercial vehicles decreased by 33.4% year-on-year in 1Q20, due to lower indirect exports to the European market, reflecting the impact of the pandemic in the region, as well as a reduction in exports of applications used in Class 8 trucks in the U.S. In addition, the prolonged shutdown of one of our client’s production plant due to operational problems led to a drop in demand.

Off-road

Δ % Revenues	% Revenues	% Revenues DM
-3.5% ▼	2.1%	12.8%

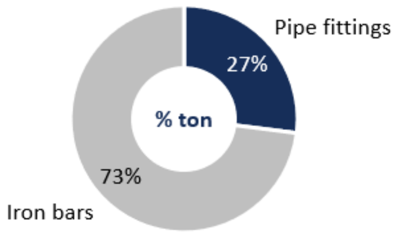




Tupy's revenues from sales of machinery and off-road vehicles decreased by 3.5% in 1Q20, mainly due to lower indirect exports to the European and North American markets. This effect was offset by the depreciation of the BRL against the USD, given that the revenues from some contracts are denominated in foreign currency.

Hydraulics

Δ % Revenues	% Revenues	% Revenues DM
-19.1% ▼	2.3%	14.3%

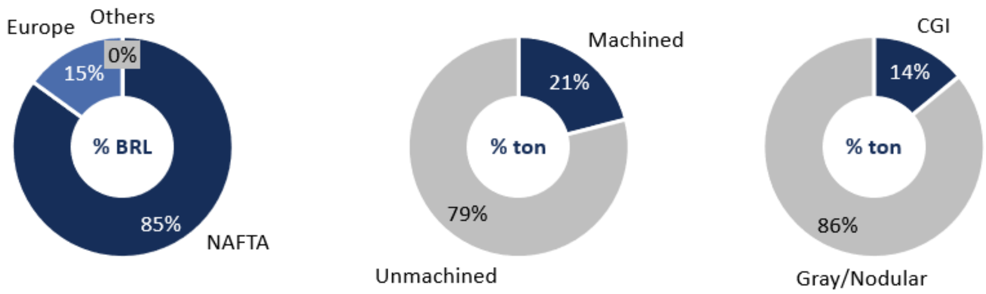


In 1Q20, sales revenues from the Hydraulics segment decreased by 19.1% year-on-year, due to a scenario of uncertainty regarding the internal political environment and the COVID-19 pandemic.

FOREIGN MARKET (FM)

Passenger Cars

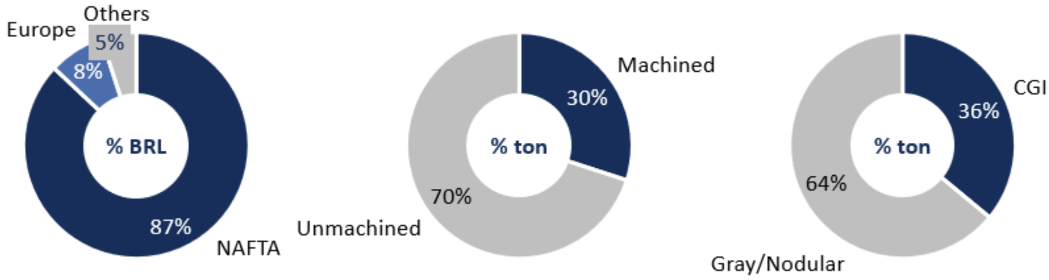
Δ % Revenues	% Revenues	% Revenues FM
-15.6% ▼	4.2%	5.0%



Revenues from products for passenger cars decreased by 15.6% in the quarter compared to 1Q19, due to the stoppage of our clients' operations in Europe and the U.S. as a result of the pandemic, affecting volumes and the share of CGI goods.

Light Commercial Vehicles

Δ % Revenues	% Revenues	% Revenues FM
-12.1% ▼	39.1%	46.5%

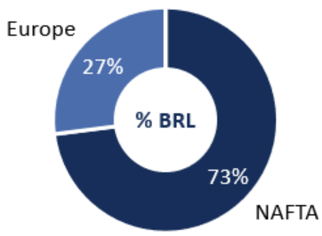


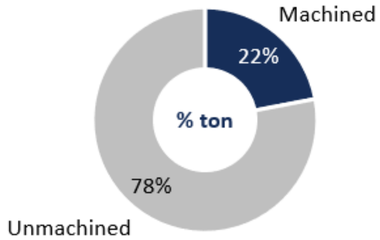
As in previous quarters, we observed a high share of pick-ups and SUVs in the U.S. sales of light commercial vehicles (74% vs. 71% in 1Q19).

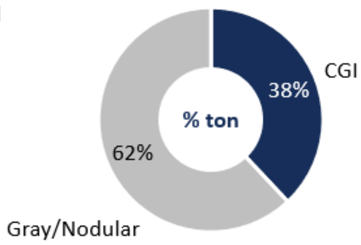
The annual comparison was affected by the lower demand as a result of the pandemic, the phase out of some goods, which was already included in the Company's plan, as well as the temporary shutdown of some clients' production lines related to the replacement of equipment and interruptions in their supply chains.

Medium and Heavy Commercial Vehicles

Δ % Revenues	% Revenues	% Revenues FM
-5.3% ▼	17.8%	21.1%



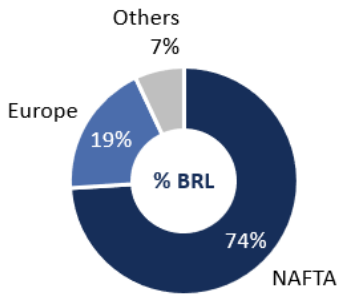


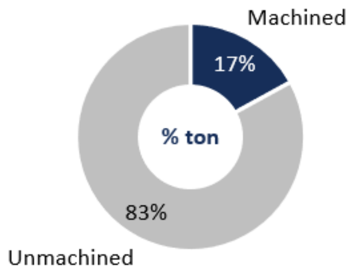


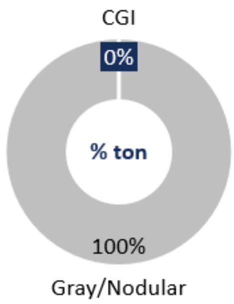
The reduction in volumes in 1Q20 is due to the cyclical downturn in relevant markets such as Europe and Class 8 trucks in the U.S., intensified by the COVID-19 pandemic's impact on demand and supply chains, affecting the pace of engine production. These effects were partially offset by currency depreciation and product phase in.

Off-road

Δ % Revenues	% Revenues	% Revenues FM
-17.9% ▼	21.2%	25.2%



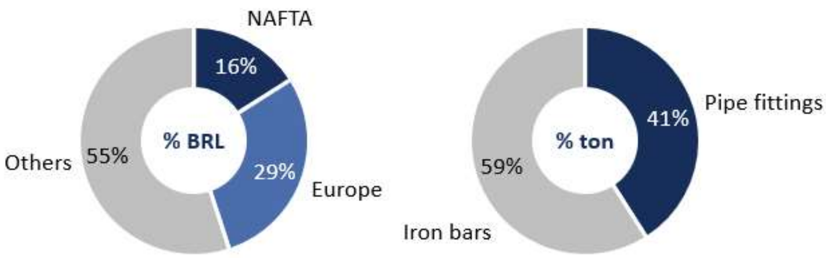




Sales from off-road applications declined by 17.9% year-on-year in 1Q20, due to the general fall in the markets, especially in the oil & gas sector in the U.S. and the construction sector in Asia, as well as the reduction in investment by mining companies. The agribusiness segment, in turn, was impacted by political uncertainties related to the U.S.-China relationship.

Hydraulics

Δ % Revenues	% Revenues	% Revenues FM
14.4% ▲	1.8%	2.1%



In 1Q20, we observed a 14.4% increase in net revenues from pipe fittings and iron bars. Despite the reduction in volume, revenues increased as a result of better product mix, currency depreciation and price adjustments.

IMPACTS IN APRIL AND MAY

The 2Q20 result has been affected by the stoppage and reduction in the volumes of our clients in Brazil and abroad, especially in April and May. Therefore, the two-month period showed a reduction of approximately 69% and 64% in sales volume and revenues, respectively, compared to the same period of the previous year.

COST OF GOODS SOLD AND OPERATING EXPENSES

The cost of goods sold (COGS) in 1Q20 totaled R$900.0 million, down 19.0% over 1Q19.

	Consolidated (R$ thousand)		
	1Q20	1Q19	Var. [%]
Revenues	**1,092,564**	**1,281,529**	**-14.7%**
Cost of goods sold	**(900,002)**	**(1,110,440)**	**-19.0%**
Raw material	(428,350)	(627,004)	-31.7%
Labor, profit sharing and social benefits	(237,531)	(247,343)	-4.0%
Maintenance and third parties	(94,040)	(98,973)	-5.0%
Energy	(57,515)	(61,811)	-7.0%
Depreciation	(68,744)	(59,922)	14.7%
Other	(13,822)	(15,387)	-10.2%
Gross profit	**192,562**	**171,089**	**12.6%**
% on Revenues	*17.6%*	*13.4%*	
Operating expenses	**(99,841)**	**(97,083)**	**2.8%**
% on Revenues	*9.1%*	*7.6%*	

Gross margin was 17.6% in the period, an increase of 4.2 percentage point compared to 1Q19. Throughout March, we implemented several initiatives to mitigate the effect of lower volumes on our margins, such as transferring production to more efficient lines, optimizing the use and cost of materials, adopting collective vacations, reducing overtime and readjusting fixed costs and expenses to the new scenario.

- Reduction of 31.7% in raw material costs, despite the depreciation of the BRL in the period and the increased share of CGI and machined goods, which require more noble materials. In addition to the reduction in volumes, we observed a decline in the prices of several inputs, as a result of lower demand due to the effects of the pandemic around the world, as well as the implementation of efficiency gains projects, including the greater use of regenerated sand in Mexico. The basis of comparison was also affected by the costs observed in January and February 2019, related to the start of machining operations in Mexico and the readjustment of the production process, due to the extension of scheduled maintenance in one of our furnaces in Brazil.

- Reduction of 4.0% in the labor costs, mainly due to lower headcount and overtime volume, which mitigated the effects of the collective bargaining agreement and the exchange rate variation.

- Decrease of 5.0% in maintenance supply and third-party costs. Efficiency gains in the period offset the effect of exchange rate variations and the lower dilution of fixed costs.

- Decrease of 7.0% 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.

Operating expenses, including selling and administrative expenses, accounted for 9.1% of net revenues, totaling R$99.8 million, an increase of 2.8% over the same period in 2019.

OTHER OPERATING INCOME (EXPENSES)

Other net operating expenses totaled R$27.3 million in 1Q20, versus an expense of R$26.8 million in 1Q19, an increase of 2.0%.

	Consolidated (R$ thousand)		
	1Q20	**1Q19**	**Var. [%]**
Depreciation of non-operating assets	(168)	(223)	-24.7%
Amortization of intangible assets	(12,922)	(14,992)	-13.8%
Other	(14,236)	(11,569)	23.1%
Other net operating expenses	**(27,326)**	**(26,784)**	**2.0%**
Reversal (constitution) of impairment	(34,400)	-	-
Total impairment adjustments	**(34,400)**	**-**	**-**

Expenses related to the amortization of intangible assets decreased by 13.8%, due to the reduction in the asset base as a result of the recognition of impairment in December 2019, in the amount of R$45.5 million.

Impairment – Impact of COVID-19

Due to the lower volumes observed in the period and the limited visibility for the following quarters, a new assessment was carried out which resulted in the constitution of impairment in the amount of R$34.4 million.

The Company recognizes the contractual relationship with clients arising from the acquisition of Mexican operations in 2012 as intangible asset, which was appreciated based on the minimum expectation of maintenance of the client portfolio, considering the sale volumes in periods prior to the acquisition, as well as the market prospects available at the time. The aggregate of the portfolios that make up the asset presents and projects, in the long term, volumes and profitability significantly higher than those that sustained the initial recognition of the asset, which make the profitability of the plants reach the appropriate level. However, since the intangible asset was recognized per portfolio and the rule does not allow compensation among them, we carried out an individual analysis and observed a decline in the demand of some portfolios, which have a low probability of reaching the projected volumes until the end of the amortization period (April 2022), resulting in the recognition of said impairment.

The balance of intangible assets related to contracts with clients was R$85.8 million (US$16.5 million on March 31, 2020). After the recognition of the impairment, the monthly depreciation value of these assets changes from US$0.9 million to US$0.6 million.

The "Others" line consists of (i) R$2.6 million in restatement/constitution of provisions (vs. R$9.4 million in 1Q19) and (ii) R$11.6 million related to the write-off of property, plant and equipment and the sale of unserviceable assets (vs. R$2.1 million in 1Q19).

NET FINANCIAL INCOME (LOSS)

In 1Q20, the Company recorded net financial loss of R$218.5 million, versus revenue of R$13.2 million in 1Q19.

	Consolidated (R$ thousand)		
	1Q20	1Q19	Var. [%]
Financial expenses	(91,715)	(24,980)	267.2%
Financial revenues	12,071	25,144	-52.0%
Net monetary and exchange rate variations	(138,847)	13,082	-
Net Financial Income/Loss	**(218,491)**	**13,246**	-

Financial expenses increased by R$66.7 million, mainly due to the restatement of the amount related to the derivative instrument used to adjust the accounts receivable from Eletrobrás at present value, with no cash effect. Based on current jurisprudence adopted by higher courts, the Company considers it possible to receive the credits through the delivery of shares issued by Eletrobrás in the amount based on its book value. The adjustment, in the amount of R$54.8 million, reflects the drop in Eletrobrás' shares price (ELET6) and the increase in volatility, variables used in the calculation of the prices of options based on the Black-Scholes model.

The net financial result was also impacted by the depreciation of the BRL against the USD in the period (average exchange rate of R$4.47 in 1Q20 vs. R$3.77 in 1Q19), which affected the recognition of interest on loans denominated in USD.

Financial revenues fell 52.0%, to R$12.1 million in the period. In addition to the drop in the interest rates that remunerates our financial investments, the year-on-year comparison was impacted by the reduction in monetary adjustments of accounts receivable from Eletrobrás credits, due to the cash inflow of R$63.0 million in December 2019.

The result of net monetary and exchange variations, in the amount of R$138.8 million, was due to (i) a positive impact of R$106.1 million in the balance sheet accounts in the period, and (ii) the result of hedging operations (settlement of contracts and mark-to-market), corresponding to an expense of R$245.0 million in the period.

Derivatives

Since 2016, the Company has carried out hedging operations in order to mitigate the risks of exchange rate variations in its future cash flow, resulting from the mismatch in the recognition of revenues and costs in relation to the functional currency of each country. About 70% of the revenue from goods produced in Brazil is denominated in USD, and costs are mostly denominated in BRL. On the other hand, revenues in Mexico are denominated in USD, while approximately 40% of costs are denominated in Pesos.

For this purpose, the Company uses an instrument known as zero-cost collar (“ZCC”), which consists of (i) the purchase of a put option and the sale of a call option, establishing lower and upper limits for the exchange rate variation, leading to three possible scenarios at the maturity of the operation:

(i) If the USD exchange rate remains within the established limits, the Company does not receive or pay financial adjustments;
(ii) If the exchange rate is below the lower limit, the Company receives financial adjustments, mitigating the effect of the USD depreciation on the operating result;
(iii) If the exchange rate is above the upper limit, the Company pays financial adjustments, limiting the operational gain resulting from the USD appreciation.

The adjustments (cash effect) are made only when the operations mature, while the mark-to-market is updated monthly, and both effects are recorded as revenues or expenses in the “Net monetary and exchange rate variations” line. Therefore, once the hedging operation is carried out to protect future (non-materialized) revenues, a sharp exchange rate fluctuation impacts the financial result, with no counterpart in the operating result. Of a total of R$245.0 million recognized as expenses in 1Q20, cash disbursement related to operations closed in the period was R$17.6 million, which was offset by the positive impact of BRL devaluation on the operating result. It is worth noting that the ZCC strategy is not subject to margin calls nor allows the early settlement by the counterparty. The Company has operations contracted until December 2020, and since March 2020, it has not initiated new positions due to the uncertainty regarding the global economic recovery, reflected in demand, in addition to the atypical volatility of the exchange rate.

EARNINGS BEFORE TAXES AND NET INCOME

The Company recorded net loss of R$207.5 million, compared to net income of R$80.4 million in 1Q19.

	Consolidated (R$ thousand)		
	1Q20	1Q19	Var. [%]
Income before tax effects	**(187,496)**	**60,468**	-
Tax effects before foreign exchange impacts	50,059	11,367	340.4%
Gains before exchange effects on the tax base	**(137,437)**	**71,835**	-
Exchange effects on the tax base	(70,080)	8,607	-
Net income	**(207,517)**	**80,442**	-
% on Revenues	*-19.0%*	*6.3%*	

Despite the growth in operating income, earnings before tax effects were affected by the following factors related to the pandemic:

(i) Impairment of intangible assets in Mexico, due to the lower volume of some portfolios and limited visibility as a result of the effects of the COVID-19 pandemic, with an impact of R$34.4 million, with no cash effect;

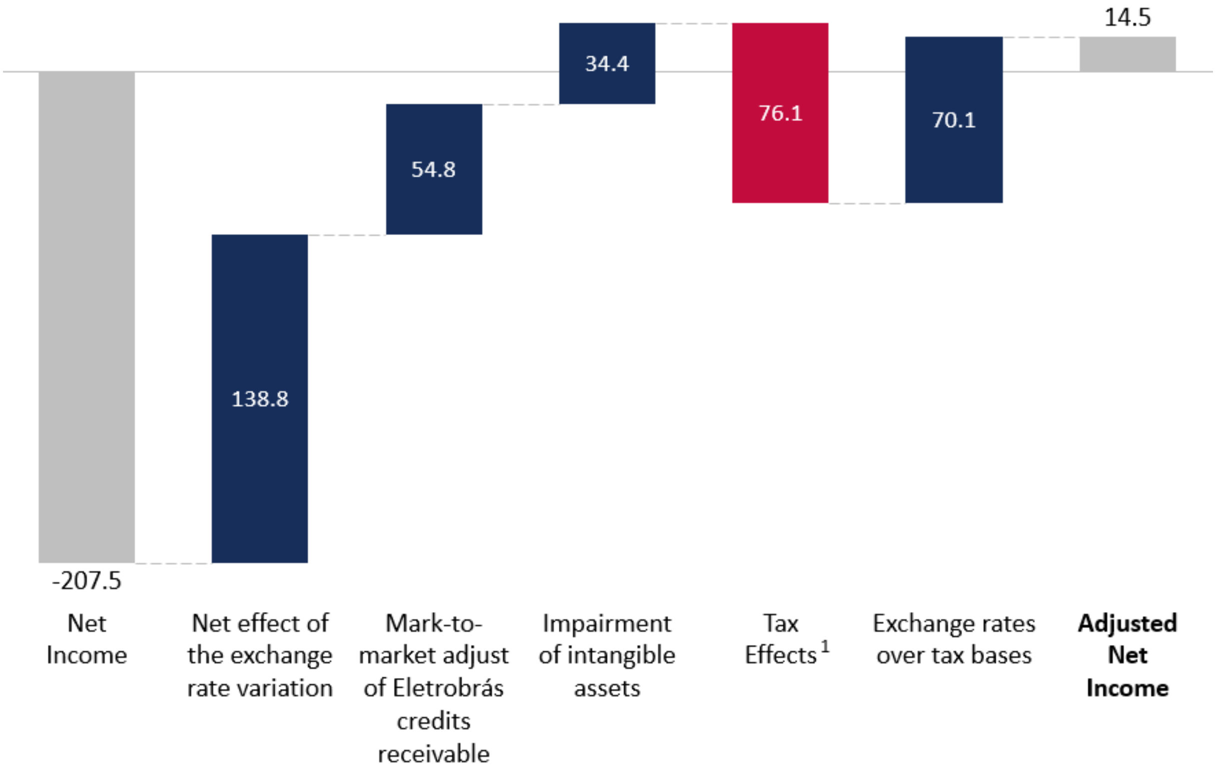
(ii) Mark-to-market of the instrument used to adjust the credits receivable from Eletrobrás, due to the devaluation of the Company's shares and increased volatility (variables used in the pricing model), with an impact of R$54.8 million, with no cash effect;

(iii) Net effect of the exchange rate variation on the balance sheet and the mark-to-market of derivatives (zero cost collar), in the amount of R$138.8 million, with a cash effect of R$17.6 million. It is worth noting that these accounts are recorded considering the exchange rate on the last business day of the quarter (R$5.20, variation of 33.4% vs. 1Q19), while revenues are affected by the average exchange rate for the period (R$4.47, variation of 18.5% in relation to the same period of the previous year).

The Company recorded tax effects before foreign exchange impacts in the amount of R$50.1 million, resulting from the difference in expenses at the rate of 34% on profit before tax effects and the effects of permanent additions/exclusions. The year-on-year comparison was impacted by the tax benefit of R$34.0 million related to the payment of interest on equity recognized in 1Q19.

The tax bases of the assets and liabilities of Mexican operations, which functional currency is the USD, are calculated in Mexican Pesos at 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 1Q20, a loss of R$70.1 million was recorded, with no cash effect, due to the 24.1% depreciation of the Mexican Peso against the USD, in relation to the immediately previous quarter (4Q19).

Adjusted net income for these effects was R$14.5 million, as shown in the chart below:



[1] Rate of 34% on the exchange rate on the financial result and mark-to-market of Eletrobrás credits; rate of 30% on the impairment of intangible assets.

EBITDA

The combination of the above-mentioned factors resulted in an EBITDA of R$115.9 million, a reduction of 7.5% over the same period of the previous year.

The indicator was impacted by the impairment of intangible assets, in the amount of R$34.4 million. Excluding this effect, EBITDA for the period reached R$150.3 million, an increase of 19.9% over the same period last year, with a margin of 13.8%.

The EBITDA adjusted by the effects of the restatement/constitution of provisions, the write-off of property, plant and equipment, the sale of unserviceable assets and the impairment totaled R$164.6 million, with a margin of 15.1%, an increase of 20.2% compared to 1Q19.

	Consolidated (R$ thousand)		
RECONCILIATION OF NET INCOME TO EBITDA	**1Q20**	**1Q19**	**Var. [%]**
Net Income (Loss) for the Period	**(207,517)**	**80,442**	**-**
(+) Net financial results	218,491	(13,246)	-
(+) Income and social contribution taxes	20,021	(19,974)	-
(+) Depreciation and amortization	84,936	78,156	8.7%
EBITDA (CVM Instruction 527/12)	**115,931**	**125,378**	**-7.5%**
% on Revenues	*10.6%*	*9.8%*	
(+) Other net operating expenses	14,236	11,569	23.1%
(–) Impairment	(34,400)	-	-
Adjusted EBITDA	**164,567**	**136,947**	**20.2%**
% on Revenues	*15.1%*	*10.7%*	

The adjustments made to EBITDA have the purpose of offsetting the effects of items that present less correlation with the Company's business, have no cash effect or are non-recurring. These expenses totaled R$14.2 million in 1Q20 and comprise (i) R$2.6 million of restatement/constitution of provisions (vs. R$9.4 million in 1Q19) and (ii) R$11.6 million related to write-off of property, plant and equipment and sale of unserviceable assets (vs. R$2.1 million in 1Q19).

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Investments in property, plant and equipment and intangible assets totaled R$37.8 million in 1Q20.

	Consolidated (R$ thousand)		
	1Q20	**1Q19**	**Var. [%]**
PP&E			
Strategic investments	7,087	16,680	-57.5%
Maintenance and sustenance	26,623	24,326	9.4%
Environment	1,174	1,012	16.0%
Interest and financial expenses	435	389	11.8%
Intangible assets			
Software	1,483	3,618	-59.0%
Projects under development	966	652	48.2%
Total	**37,768**	**46,678**	**-19.1%**
% on Revenues	*3.5%*	*3.6%*	

The annual comparison, which showed a decrease of 19.1%, was impacted by the volume of investments made in 1Q19, including a new sand regenerator and adjustments made for new products.

Due to the scenario of uncertainty given the long-lasting effects of the pandemic, the Company has significantly reduced its investments since May, prioritizing safety and environmental projects.

WORKING CAPITAL

Consolidated (R$ thousand)	1Q20	4Q19	3Q19	2Q19	1Q19
Balance sheet					
Accounts receivables	796,215	672,356	909,148	890,013	813,127
Inventories	825,971	654,107	584,464	522,374	513,142
Accounts payable	645,820	627,565	642,209	643,790	677,581
Sales outstanding [days]	58	48	63	62	59
Inventories outstanding [days]	73	55	48	43	44
Payables outstanding [days]	55	52	52	53	58
Cash conversion cycle [days]	**76**	**51**	**59**	**52**	**45**

There was a 25-day increase in working capital in the period compared to the previous quarter (4Q19), mainly due to the drop in sales in the second half of March and the build-up of inventory close to our clients' plants, given the different stages of the pandemic in each country and the relevance of our products in the supply chain. The main working capital lines presented the following variations:

- Increase of R$123.9 million in accounts receivables, representing a 10-day increase in sales, given the receipt of R$48.1 million related to tool production in 4Q19, which represented a reduction of 3.8 days in sales in that period. This increase is mainly due to the 29.0% exchange devaluation effect on our accounts receivable in foreign currency, which correspond to approximately 90.0% of the total. In turn, some clients stopped their activities in March and did not receive products already manufactured.

- Increase of R$171.9 million in inventory, representing an 18-day increase in relation to the cost of products sold, a strategy that contributed to the elimination of risks related to supply to our clients and the preparation for the resumption of factories. Among the measures adopted to mitigate the operational risks arising from the pandemic, we increased the inventory of critical products and intensified initiatives to make production more flexible between plants in order to improve operational efficiency. Regarding raw materials, we continue to receive some inputs after the shutdown of operations in Brazil (from March 19). We also highlight the effect of the exchange rate devaluation (29.0%) on foreign currency inventories, which in 1Q20 corresponded to 67.0% of the total;

- Increase of R$18.3 million in accounts payable, representing a 3-day increase in relation to the previous quarter, due to several actions promoted to extend the payment deadline with current suppliers. Our advances to supplier program carried out by financial institutions which counterpart was the extension in the payment deadline reached 290 suppliers in 1Q20, 45% more compared to the previous year.

CASH FLOW

Consolidated (R$ thousand)

CASH FLOW SUMMARY	1Q20	1Q19	Var.[%]
Cash and equivalents at the beginning of the period	**840,030**	**713,733**	**17.7%**
Cash from operating activities	(34,296)	(6,161)	456.7%
Cash used in investments	(41,906)	(41,396)	1.2%
Cash used in financing activities	486,454	(131,356)	-
Effects of exchange rate on cash for the period	114,693	(2,431)	-
Increase (decrease) in cash and equivalents	**524,945**	**(181,344)**	**-**
Cash and equivalents at the end of the period	**1,364,975**	**532,389**	**156.4%**

In 1Q20, the Company consumed R$34.3 million in cash from operating activities, compared to R$6.2 million in 1Q19. The result of the period was mainly impacted by the variation in working capital, especially in the inventory and supplier lines, as a result of the Company's strategy to prepare for the crisis and its consequences in the production and supply processes of clients.

Investment activities consumed R$41.9 million in 1Q20, a 1.2% increase over the same period of the previous year.

Financing activities generated R$486.5 million in 1Q20, mainly due to the contracting of bank loans in the amount of R$494.4 million. Despite the Company's solid cash position and debt structure, the raising of funds aims to increase liquidity given uncertainties in relation to the global economic recovery.

The combination between these factors and the effects of the exchange rate variation on cash, totaling R$114.7 million, led to an increase of R$525.0 million in cash and cash equivalents in the period. Therefore, we ended the first quarter of 2020 with a cash balance of R$1,365.0 million.

INDEBTEDNESS

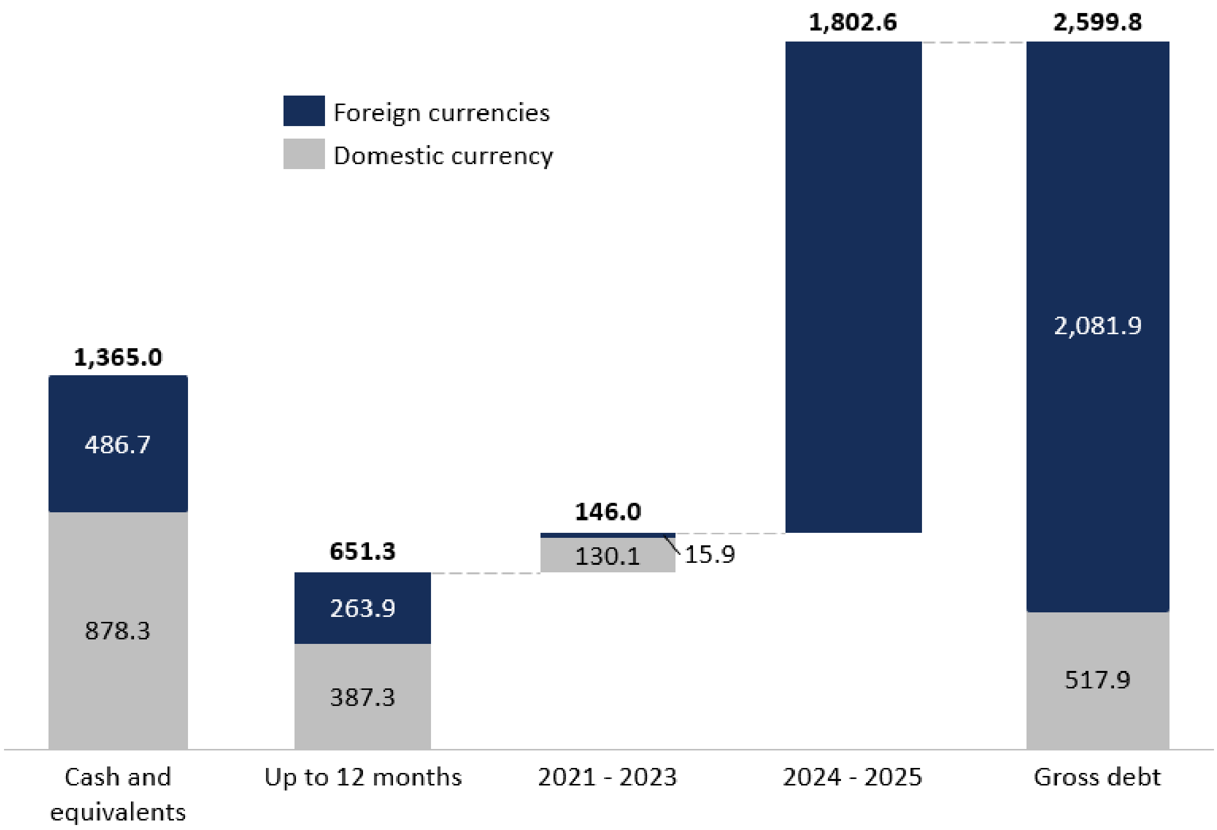
The Company closed 1Q20 with net debt of R$1,234.8 million and a net debt/LTM adjusted EBITDA ratio of 1.70x. The increase in relation to previous quarters reflects the significant appreciation of the USD at the end of the quarter, given that the debt is calculated based on the closing price of the quarter (USD/BRL 5.20), while EBITDA is affected by the average price for the period (USD/BRL 4.47).

In the second half of March, the Company contracted bank loans totaling R$494.4 million, with an average term of 12.3 months and weighted costs of approximately CDI+3.7%.

Foreign currency liabilities represented 80.1% of the total (12.7% short-term and 87.3% long-term debt), while 19.9% of the debt is denominated in BRL (74.8% short-term and 25.2% long-term debt). Regarding the cash balance, 64.3% is denominated in BRL and 35.7% in foreign currency.

			Consolidated (R$ thousand)		
INDEBTEDNESS	**1Q20**	**4Q19**	**3Q19**	**2Q19**	**1Q19**
Short term	651,268	62,920	41,557	59,589	31,008
Financing and loans	420,833	62,920	38,776	59,003	28,488
Derivative financial instruments	230,435	-	2,781	586	2,520
Long term	1,948,534	1,421,061	1,468,802	1,356,083	1,391,251
Gross debt	**2,599,802**	**1,483,981**	**1,510,359**	**1,415,672**	**1,422,259**
Cash and cash equivalents	1,364,975	840,030	611,186	492,259	532,389
Derivative financial instruments	-	4,751	408	2,291	131
Net debt	**1,234,827**	**639,200**	**898,765**	**921,122**	**889,739**
Gross debt/adjusted EBITDA	3.57x	2.12x	2.16x	2.05x	2.14x
Net debt/adjusted EBITDA	**1.70x**	**0.91x**	**1.29x**	**1.34x**	**1.34x**

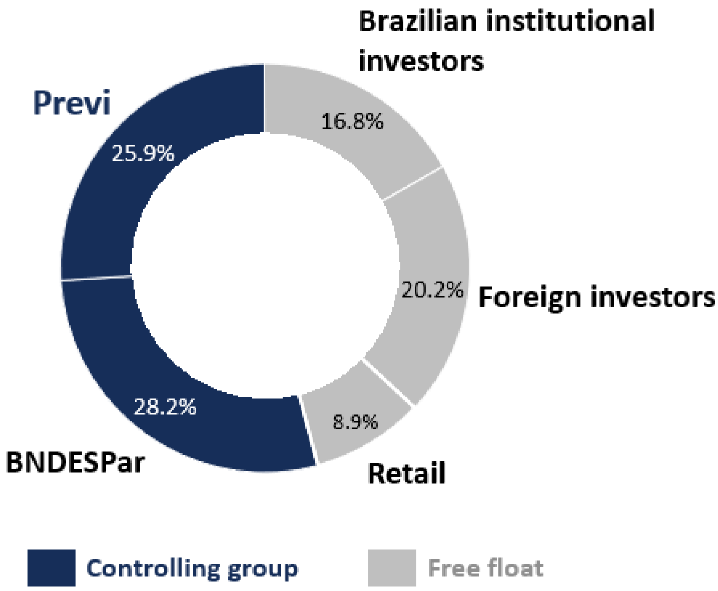
The Company's debt profile is as follows:



All amounts in R$ million.

OWNERSHIP STRUCTURE

Tupy's ownership structure as of March 31, 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 March 31, 2020.

Attachment I – Commercial vehicle production and sales in Brazil

	(Units)		
	1Q20	1Q19	Var. (%)
Production			
Trucks			
Semi-light	243	247	-1.6%
Light	4,080	4,633	-11.9%
Medium	938	1,121	-16.3%
Semi-heavy	6,450	5,694	13.3%
Heavy	12,995	13,066	-0.5%
Total trucks	**24,706**	**24,761**	**-0.2%**
Buses	5,974	6,116	-2.3%
Commercial vehicles	**30,680**	**30,877**	**-0.6%**
Sales			
Trucks			
Semi-light	1,043	1,388	-24.9%
Light	2,205	2,577	-14.4%
Medium	1,787	2,190	-18.4%
Semi-heavy	4,905	4,625	6.1%
Heavy	10,195	10,684	-4.6%
Total trucks	**20,135**	**21,464**	**-6.2%**
Buses	3,661	4,680	-21.8%
Commercial vehicles	**23,796**	**26,144**	**-9.0%**
Exports			
Trucks			
Semi-light	17	24	-29.2%
Light	402	611	-34.2%
Medium	187	161	16.1%
Semi-heavy	745	845	-11.8%
Heavy	1,408	878	60.4%
Total trucks	**2,759**	**2,519**	**9.5%**
Buses	1,009	2,080	-51.5%
Commercial vehicles	**3,768**	**4,599**	**-18.1%**

Source: ANFAVEA

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

	(Units)		
	1Q20	1Q19	Var. (%)
North America			
Production			
Passenger cars	1,033,884	1,209,166	-14.5%
Light commercial vehicles – Class 1-3	2,807,771	3,019,477	-7.0%
% Light commercial vehicles	**73,1%**	**71,4%**	**+1.7p.p.**
Light Duty – Class 4-5	26,136	18,310	42.7%
Medium Duty – Class 6-7	28,542	40,701	-29.9%
Heavy Duty – Class 8	56,893	78,263	-27.3%
Medium & Heavy Duty[1]	**111,571**	**137,274**	**-18.7%**
United States			
Sales			
Passenger cars	923,465	1,218,279	-24.2%
Light commercial vehicles – Class 1-3	2,589,931	2,795,698	-7.4%
% Light commercial vehicles	**73,7%**	**69,6%**	**+4.1p.p.**
Light Duty – Class 4-5	30,047	27,836	7.9%
Medium Duty – Class 6-7	25,946	34,558	-24.9%
Heavy Duty – Class 8	47,616	62,911	-24.3%
Medium & Heavy Duty[1]	**103,609**	**125,305**	**-17.3%**
Europe			
Sales			
Passenger cars	2,480,855	3,332,515	-25.6%

Source: Automotive News; Bloomberg; ACEA

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

(Units)	1Q20	1Q19	Var. (%)
Production			
Americas			
Brazil	10,347	10,816	-4.3%
Sales			
Americas			
Brazil	9,460	9,285	1.9%
United States and Canada	45,669	50,149	-8.9%
Europe			
United Kingdom	2,815	3,050	-7.7%

Source: ANFAVEA; Bloomberg; AEM

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TUPY S.A. AND SUBSIDIARIES

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

A S S E T S

		Parent company		Consolidated	
	Note	3/31/20	12/31/19	3/31/20	12/31/19
CURRENT ASSETS					
Cash and cash equivalents	3	922,195	362,600	1,364,975	840,030
Derivative financial instruments	27	-	2,635	-	4,751
Trade account receivables	4	411,913	422,012	796,215	672,356
Inventories	5	269,470	254,156	825,971	654,107
Tooling	6	45,585	38,052	181,969	141,128
Income tax and social contribution recoverable	7	50,982	50,118	86,041	65,004
Other taxes recoverable	8	70,950	94,000	155,738	162,854
Related parties	10	1,941	1,904	-	-
Notes and other receivables		40,442	49,058	62,975	59,112
Total current assets		1,813,478	1,274,535	3,473,884	2,599,342
NON-CURRENT ASSETS					
Income tax and social contribution recoverable	7	85,667	88,349	85,667	88,349
Other taxes recoverable	8	175,772	194,459	175,772	194,459
Deferred income tax and social contribution	9	316,546	139,304	371,882	195,887
Credits - Eletrobrás	11	103,052	152,149	103,052	152,149
Judicial deposits and other		40,895	41,175	41,981	42,261
Investments in equity instruments		1,653	2,429	10,820	9,461
Properties for investments		-	-	6,363	6,363
Investments	12	2,226,664	1,872,764	-	-
Property, plant and equipment	13	676,629	702,832	1,864,280	1,634,336
Intangible assets	14	51,343	52,110	183,915	201,560
Total non-current assets		3,678,221	3,245,571	2,843,732	2,524,825
Total assets		5,491,699	4,520,106	6,317,616	5,124,167

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

TUPY S.A. AND SUBSIDIARIES

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

L I A B I L I T I E S

	Note	Parent company		Consolidated	
		3/31/20	12/31/19	3/31/20	12/31/19
CURRENT LIABILITIES					
Trade accounts payables	15	261,240	276,374	645,820	627,565
Loans and financing	16	413,383	55,595	420,833	62,920
Derivative financial instruments	27	129,136	-	230,435	-
Income taxes payable		-	-	40,604	6,162
Other taxes payable		1,445	7,204	33,736	53,261
Salaries, social security charges and profit sharing		94,499	129,195	141,744	168,544
Advances from customers		21,328	21,320	158,354	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	39,579	40,536	39,579	40,536
Notes and other payables		39,633	38,610	67,540	45,629
Total current liabilities		1,001,611	570,228	1,778,830	1,126,495
NON-CURRENT LIABILITIES					
Borrowings	16	1,944,916	1,419,051	1,948,534	1,421,061
Provision for tax, civil, social security and labor contingencies	17	139,432	140,544	140,856	141,848
Retirement benefit obligations		-	-	43,255	44,069
Other long term liabilities		2,520	2,880	2,921	3,291
Total non-current liabilities		2,086,868	1,562,475	2,135,566	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		8,411	7,968	8,411	7,968
Treasury shares		(2,944)	-	(2,944)	-
Carrying value adjustments		837,080	613,252	837,080	613,252
Income reserves		712,423	712,423	712,423	712,423
Retained earnings		(205,510)	-	(205,510)	-
Total equity		2,403,220	2,387,403	2,403,220	2,387,403
Total liabilities and equity		5,491,699	4,520,106	6,317,616	5,124,167

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF INCOME
QUARTERS ENDED MARCH 31, 2020 AND 2019
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
		1/1/20	1/1/19	1/1/20	1/1/19
	Note	3/31/20	3/31/19	3/31/20	3/31/19
NET REVENUE	19	597,064	659,463	1,092,564	1,281,529
Cost of products sold	20	(484,247)	(552,130)	(900,002)	(1,110,440)
GROSS PROFIT		112,817	107,333	192,562	171,089
Selling expenses	20	(25,252)	(30,507)	(51,014)	(53,252)
Administrative expenses	20	(32,198)	(32,278)	(45,437)	(41,457)
Management fees	10	(3,390)	(2,374)	(3,390)	(2,374)
Other operating expenses, net	20	(13,834)	(13,096)	(27,326)	(26,784)
Share of results of subsidiaries	12	(139,935)	18,311	-	-
INCOME (LOSSES) BEFORE IMPAIRMENT		(101,792)	47,389	65,395	47,222
Impairment		-	-	(34,400)	-
PROFIT BEFORE FINANCE RESULTS AND TAXES		(101,792)	47,389	30,995	47,222
Finance costs	21	(89,683)	(11,510)	(91,715)	(12,017)
Finance income	21	10,721	9,955	12,071	12,181
Monetary and foreign exchange variations, net	21	(65,781)	15,499	(138,847)	13,082
PROFIT BEFORE TAXATION		(246,535)	61,333	(187,496)	60,468
Income tax and social contribution	23	39,018	19,109	(20,021)	19,974
NET INCOME FOR THE PERIOD		(207,517)	80,442	(207,517)	80,442
EARNINGS PER SHARE					
Basic earnings per share	24	(1.43997)	0.55794	(1.43997)	0.55794
Diluted earnings per share	24	(1.43433)	0.55622	(1.43433)	0.55622

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
QUARTERS ENDED MARCH 31, 2020 AND 2019
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
		1/1/20 3/31/20	1/1/19 3/31/19	1/1/20 3/31/20	1/1/19 3/31/19
NET INCOME FOR THE PERIOD		(207,517)	80,442	(207,517)	80,442
Components of other comprehensive income to be reclassified to the results					
Foreign exchange variation of investees located abroad	12	493,835	6,976	493,835	6,976
Hedge of net investment abroad		(406,540)	(7,645)	(406,540)	(7,645)
Tax effect on hedge of net investment abroad		138,224	2,599	138,224	2,599
		225,519	1,930	225,519	1,930
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		18,002	82,372	18,002	82,372

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

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

						Carrying value adjustments		Revenue reserves			
	Note	Share capital	Share issue cost	Shared based payments	Treasury stock	Exchange variation of investees	Deemed cost of fixed assets	legal reserve	Reserve for investments	Retained earnings (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		-	-	-	-	-	-	-	-	80,442	80,442
Realization of carrying value adjustments		-	-	-	-	-	(2,226)	-	-	2,226	-
Foreign exchange variation of investees located abroad		-	-	-	-	6,976	-	-	-	-	6,976
Hedge of net investment abroad		-	-	-	-	(7,645)	-	-	-	-	(7,645)
Tax impact on hedge of net investment abroad		-	-	-	-	2,599	-	-	-	-	2,599
Total comprehensive income for the period		-	-	-	-	1,930	(2,226)	-	-	82,668	82,372
Contributions from stockholders and distributions to stockholders											
Management stock option plan		-	-	635	-	-	-	-	-	-	635
Realization of management stock option plan		-	-	(291)	291	-	-	-	-	-	-
Interest on capital		-	-	-	-	-	-	-	(100,000)	-	(100,000)
Total contributions from stockholders and distributions to stockholders		-	-	344	291	-	-	-	(100,000)	-	(99,365)
AT DECEMBER 31, 2019		**1,060,301**	**(6,541)**	**8,908**	**(1)**	**550,022**	**39,592**	**81,809**	**366,212**	**82,668**	**2,182,970**
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 for the period		-	-	-	-	-	-	-	-	(207,517)	(207,517)
Realization of carrying value adjustments		-	-	-	-	-	(1,691)	-	-	1,691	-
Foreign exchange variation of investees located abroad	12	-	-	-	-	493,835	-	-	-	-	493,835
Hedge of net investment abroad		-	-	-	-	(406,540)	-	-	-	-	(406,540)
Tax impact on hedge of net investment abroad		-	-	-	-	138,224	-	-	-	-	138,224
Total comprehensive income for the year		-	-	-	-	225,519	(1,691)	-	-	(205,826)	18,002
Contributions from stockholders and distributions to stockholders											
Management stock option plan		-	-	759	-	-	-	-	-	-	759
Realization of management stock option plan		-	-	(316)	-	-	-	-	-	316	-
(-) Shares in treasury adquired		-	-	-	(2,944)	-	-	-	-	-	(2,944)
Total contributions from stockholders and distributions to stockholders		-	-	443	(2,944)	-	-	-	-	316	(2,185)
AT MARCH 31, 2020		**1,060,301**	**(6,541)**	**8,411**	**(2,944)**	**805,642**	**31,438**	**95,756**	**616,667**	**(205,510)**	**2,403,220**

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOW
PERIOD ENDED MARCH 31, 2020 AND 2019
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
Cash flow from operating activities:	Note	3/31/20	3/31/19	3/31/20	3/31/19
Profit for the period before income tax and social contribution		(246,535)	61,333	(187,496)	60,468
Adjustment to reconcile profit (losses) with cash provided by operating activities:					
Depreciation and amortization	13 e 14	35,960	34,680	84,936	78,156
Impairment	14	-	-	34,400	-
Share of results of subsidiaries	12	139,935	(18,311)	-	-
Disposals of property, plant and equipment		778	1,195	3,342	1,193
Interest accrued and foreign exchange variations		96,606	7,097	170,764	9,350
Provision for impairment of trade receivables		19	(32)	19	(694)
Provision for losses on inventory		1,665	(2,634)	7,966	(2,568)
Provision for contingencies	17	2,539	9,427	2,659	9,427
Stock option plan		759	635	759	635
Change in Eletrobrás credit		49,873	(13,579)	49,873	(13,579)
		81,599	79,811	167,222	142,388
Changes in operating assets and liabilities:					
Trade accounts receivables		88,071	38,994	57,115	(118,781)
Inventories		(16,979)	15,911	(88,763)	14,147
Tooling		(7,533)	(1,104)	(10,854)	(9,453)
Other taxes recoverable		43,555	11,036	55,767	615
Notes and other receivables		8,616	5,487	(3,956)	11,649
Judicial deposits and other		280	1,271	280	1,271
Trade payables		(15,333)	15,923	(77,414)	54,316
Other taxes payable		(5,759)	(1,124)	(29,207)	95
Salaries, social security charges and profit sharing		(34,696)	(15,611)	(38,739)	(9,223)
Advances from customers		8	2,249	9,010	(17,112)
Notes and other payables		(8,819)	5,547	9,283	(9,762)
Retirement benefit obligations		-	-	(13,570)	2,351
Other long term liabilities		(4,968)	(1,921)	(4,978)	(1,932)
Cash generated by operations		**128,042**	**156,469**	**31,196**	**60,569**
Interest paid		(50,785)	(45,724)	(49,061)	(45,582)
Income tax and social contribution paid		-	-	(16,430)	(21,148)
Net cash generated from operating activities		**77,257**	**110,745**	**(34,295)**	**(6,161)**
Cash flow from investment activities:					
Additions to fixed assets or intangibles	14	(13,443)	(17,895)	(41,906)	(46,449)
Advances from investment property sales		-	-	-	5,000
Cash generated on PPE disposals		-	53	-	53
Subsidiaries and associates		(57)	4,827	-	-
Cash used in investment activities		**(13,500)**	**(13,015)**	**(41,906)**	**(41,396)**
Cash flow from financing activities:					
Payment of loans		(1,186)	(1,184)	(1,186)	(1,184)
Loans and financing raised		494,412	-	494,412	-
Lease payment from right of use		(1,253)	(435)	(3,822)	(2,497)
Interest on capital and dividends paid		(6)	(127,675)	(6)	(127,675)
Treasury stock		(2,944)	-	(2,944)	-
Cash used in financing activities		**489,023**	**(129,294)**	**486,454**	**(131,356)**
Effect of exchange rate differences on cash for the period		6,815	255	114,692	(2,431)
Increase (decrease) in cash and cash equivalents		**559,595**	**(31,309)**	**524,945**	**(181,344)**
Cash and cash equivalents at the beginning of the period		362,600	328,350	840,030	713,733
Cash and cash equivalents at the end of the period		**922,195**	**297,041**	**1,364,975**	**532,389**

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

(A free translation of the original in Portuguese)

TUPY S.A. AND SUBSIDIARIES

STATEMENT OF VALUE ADDED
QUARTERS ENDED MARCH 31, 2020 AND 2019
(All amounts in thousands of reais, except earnings per share)

		Parent company		Consolidated	
	Note	3/31/20	3/31/19	3/31/20	3/31/19
Origination of value added		643,650	724,831	1,139,150	1,347,559
Sale of products, net of returns and rebates	19	643,669	724,799	1,139,169	1,346,865
Provision for impairment of trade receivables		(19)	32	(19)	694
(-) Inputs acquired from third parties		(364,737)	(472,848)	(672,319)	(889,638)
Raw materials and processing material consumed		(253,996)	(364,713)	(336,614)	(643,115)
Materials, energy, third party services and other		(110,741)	(108,135)	(335,705)	(246,523)
GROSS VALUE ADDED		278,913	251,983	466,831	457,921
Retentions:		(35,960)	(34,680)	(119,336)	(78,156)
Depreciation and amortization	13 and 14	(35,960)	(34,680)	(84,936)	(78,156)
Impairment	14	-	-	(34,400)	-
Net value added generated by the Company		242,953	217,303	347,495	379,765
Value added received through transfer		(129,214)	28,266	12,071	12,181
Share of results of subsidiaries	12	(139,935)	18,311	-	-
Finance income	21	10,721	9,955	12,071	12,181
VALUE ADDED TO DISTRIBUTE		**113,739**	**245,569**	**359,566**	**391,946**
Distribution of value added					
Personnel		133,473	142,392	244,191	285,656
Employees		88,681	103,943	194,226	243,084
Social charges - Government Severance Indemnity Fund for Emplo		7,976	7,284	7,976	7,284
Profit sharing		13,397	6,533	17,726	10,039
Management fees		3,390	2,374	3,390	2,374
Workplace healthcare and safety		14,279	16,731	14,279	16,731
Food		2,381	2,909	2,381	2,909
Professional education, qualification and development		182	59	496	462
Other amounts		3,187	2,559	3,717	2,773
Government		32,319	26,724	92,330	26,913
Federal taxes and contributions		5,250	11,322	65,254	11,511
State taxes and rates		24,801	13,556	24,801	13,556
Municipal taxes, rates and other		2,268	1,846	2,275	1,846
Third party capital		155,464	(3,989)	230,562	(1,065)
Finance costs	21	89,683	11,510	91,715	12,017
Monetary and foreign exchange variations, net	21	65,781	(15,499)	138,847	(13,082)
Own capital		(207,517)	80,442	(207,517)	80,442
Retained earnings (losses)		(207,517)	80,442	(207,517)	80,442
TOTAL VALUE ADDED		**113,739**	**245,569**	**359,566**	**391,946**

All amounts in thousands of Reais unless otherwise stated.
See accompanying notes

(A free translation of the original in Portuguese)

NOTES TO THE FINANCIAL STATEMENTS

(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, the largest foundry in the West, manufacturing cast-iron engine blocks and cylinder heads, with a diversified customer base in the Americas, Europe and Asia. The Company also operate in the transportation, infrastructure and agriculture (blocks, cylinder heads and parts) and hydraulics (steel shots and iron bar) segments. The Company has plants in Brazil, at Joinville and Maua, 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 June 29, 2020.

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 March 31, 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.

All amounts in thousands of Reais unless otherwise stated.

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 March 31, 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 company		Consolidated	
	mar/20	dec/19	mar/20	dec/19
Cash and banks	1,577	1,723	1,648	1,754
Financial investments in Brazil	876,376	332,878	876,616	333,096
Financial investments abroad	44,242	27,999	486,711	505,180
	922,195	**362,600**	**1,364,975**	**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 4.36% per annum (5.97% at December 31, 2019). The investments abroad are denominated mostly in US Dollars (US$) at the average rate of 1.59% 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, 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 company		Consolidated	
	mar/20	dec/19	mar/20	dec/19
Domestic market	79,056	71,121	79,056	71,121
Foreign market	332,992	351,004	719,001	602,624
Provision for impairment of trade receivables	(135)	(113)	(1,842)	(1,389)
	411,913	**422,012**	**796,215**	**672,356**

All amounts in thousands of Reais unless otherwise stated.

	Parent company		Consolidated	
	mar/20	dec/19	mar/20	dec/19
Falling due in up to 30 days	148,004	157,563	472,706	364,727
Falling due within 31 to 60 days	98,589	101,510	195,097	182,037
Falling due in more than 61 days	124,328	111,354	45,396	50,079
Total falling due	**370,921**	**370,427**	**713,199**	**596,843**
Overdue for up to 30 days	25,359	36,920	51,430	42,750
Overdue for 31 to 60 days	2,817	8,736	9,610	21,016
Overdue for more than 61 days	12,951	6,042	23,818	13,136
Total overdue	**41,127**	**51,698**	**84,858**	**76,902**
Provision for impairment of trade receivables	(135)	(113)	(1,842)	(1,389)
Total	**411,913**	**422,012**	**796,215**	**672,356**

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

The variation in trade account receivable substantially due to the devaluation of the Real against the US Dollar (US$), which went from 4.0307 on December 31, 2019 to 5.1987 on March 31, 2020.

The Company's trade receivable in the foreign market include related party amounts which are eliminated upon consolidation, amounting of R$205,517 (R$209,164 in December 31, 2019). (Note 10)

As of March 31, 2020, the estimated loss in accounts receivable from customers represented 0.2% of the consolidated balance of accounts receivable (same percentage as at December 31, 2019).

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

5. INVENTORIES

	Parent company		Consolidated	
	mar/20	dec/19	mar/20	dec/19
Finished products	85,187	96,971	265,776	200,172
Work in progress	80,043	72,579	327,776	269,547
Raw materials	86,959	65,655	164,594	124,860
Maintenance and other materials	24,716	24,721	91,395	75,132
Provision for losses	(7,435)	(5,770)	(23,570)	(15,604)
	269,470	**254,156**	**825,971**	**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.

The Company did not observe any indicators that justify the constitution of an additional loss estimate due to COVID-19.

On March 31, 2020 the Company offered finished product inventory as collateral for labor and social security litigation amounting to R$8,968 (R$7,770 as at December 31, 2019) in the Parent company and Consolidated.

6. TOOLING

	Parent company		Consolidated	
	mar/20	dez/19	mar/20	dez/19
Tooling of domestic market	12,670	8,262	12,670	8,262
Tooling of foreign market	32,915	29,790	169,299	132,866
	45,585	**38,052**	**181,969**	**141,128**

All amounts in thousands of Reais unless otherwise stated.

The variation that occurred in the period is mainly due to the devaluation of the real against the US dollar.

7. INCOME TAX AND SOCIAL CONTRIBUTION RECOVERABLE

	mar/20			dec/19		
	Current	Non-current	Total	Current	Non-current	Total
Parent Company	**50,982**	**85,667**	**136,649**	**50,118**	**88,349**	**138,467**
Income tax	50,982	51,070	102,052	50,118	50,821	100,939
Social contribution	-	34,597	34,597	-	37,528	37,528
Subsidiaries	**35,059**	**-**	**35,059**	**14,886**	**-**	**14,886**
Income tax	35,059	-	35,059	14,886	-	14,886
Consolidated	**86,041**	**85,667**	**171,708**	**65,004**	**88,349**	**153,353**

8. OTHER TAXES RECOVERABLE

	mar/20			dec/19		
	Current	Non-current	Total	Current	Non-current	Total
Parent company	**70,950**	**175,772**	**246,722**	**94,000**	**194,459**	**288,459**
ICMS recoverable - São Paulo	9,039	11,620	20,659	10,143	12,777	22,920
ICMS recoverable - Santa Catarina	29,982	79,068	109,050	29,981	89,683	119,664
Reintegra benefit (a)	10,552	27,952	38,504	2,047	27,952	29,999
COFINS, PIS and IPI recoverable (b)	21,377	57,132	78,509	51,829	64,047	115,876
Subsidiaries	**84,788**	**-**	**84,788**	**68,854**	**-**	**68,854**
Value-added tax (VAT)	84,788	-	84,788	68,854	-	68,854
Consolidated	**155,738**	**175,772**	**331,510**	**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% percentage points 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 first quarter of 2020 the additional amount related to the Reintegra in the amount of R$8,570 that will be used to offset federal taxes.

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.

All amounts in thousands of Reais unless otherwise stated.

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. R$36,827 was recognized in other operating income and expenses and the amount related to the restated amount of R$9,740 was recognized as financial income.

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	
	mar/20	dec/19	mar/20	dec/19
Deferred assets				
Income tax and social contribution losses	165,425	53,745	176,805	71,262
Provisions for contingencies	65,576	67,643	65,576	67,643
Taxes and contribution recoverable	39,431	39,472	39,431	39,472
Credits – Eletrobrás	29,978	11,341	29,978	11,341
Property, plant and equipment - impairment	29,131	29,131	29,131	29,131
Salaries, social security charges and profit sharing	9,260	14,525	50,830	34,890
Provision for impairment of trade receivables	7,297	3,544	7,297	3,544
Provision for inventory losses	3,653	2,348	3,653	2,348
Share-based payments	2,859	2,708	2,859	2,708
Tools	-	-	49,154	24,946
Derivative financial instruments	43,906	(896)	43,906	(896)
Other items	7,938	5,404	21,627	13,885
Unrealized profits in subsidiaries	-	-	22,343	11,711
Subtotal	**404,454**	**228,965**	**542,590**	**311,985**
Deferred liabilities				
Depreciation rate differences	71,713	72,595	71,713	72,595
Property, plant and equipment - tax base (México)	-	-	57,045	(4,889)
Property, plant and equipment - carrying value adjus	16,195	17,066	16,195	17,066
Deferred tax on intangible assets	-	-	25,755	31,326
Subtotal	**87,908**	**89,661**	**170,708**	**116,098**
Total deferred liabilities, net	**316,546**	**139,304**	**371,882**	**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 March 31, 2020 was R$57.045 (-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 quarter ended March 31, 2020, the changes in deferred tax assets and liabilities were as follow:

	Parent company		Consolidated	
	mar/20	dec/19	mar/20	dec/19
Opening balance	139,304	170,452	195,887	143,668
Recognized in profit (loss)				
Recognized in profit (loss) for the year	39,018	(49,647)	8,007	32,278
Recognized in comprehensive income for the year	138,224	18,499	138,224	18,499
Effects of currency translation into presentation curr	-	-	29,764	1,442
Closing balance	**316,546**	**139,304**	**371,882**	**195,887**

All amounts in thousands of Reais unless otherwise stated.

10. RELATED PARTY TRANSACTIONS

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

a. Subsidiaries:

Assets	mar/20	dec/19
Trade account receivables	**205,517**	**209,164**
Tupy Mexico Saltillo, S.A. de C.V	126,009	110,257
Tupy American Foundry Corporation	59,396	76,178
Tupy Europe GmbH	20,070	22,297
Technocast, S.A. de C.V.	42	432
Related parties – loans	**1,941**	**1,904**
Tupy Agroenergética Ltda.	1,941	1,904
	207,458	**211,068**

Liabilities	mar/20	dec/19
Loans and financing	**1,840,315**	**1,451,487**
Tupy Overseas S.A	1,840,315	1,451,487
Advances from customers	**6,133**	**4,756**
Tupy American Iron & Alloys Corporation	4,653	3,608
Tupy Europe GmbH	1,480	1,148
Notes and other payables	**5,652**	**11,068**
Tupy México Saltillo S.A. de CV	1,244	4,789
Tupy Europe GmbH	1,218	3,435
Tupy American Foundry Co.	1,247	1,337
Tupy American Iron & Alloys Corporation	1,943	1,507
Related parties – loans	**1,183**	**1,203**
Sociedade Técnica de Fundições Gerais S.A. - Sofunge "in liquidation"	1,183	1,203
	1,853,283	**1,468,514**

Statement of income	1Q20	1Q19
Revenues	**271,971**	**221,431**
Tupy American Foundry Corporation	120,240	149,696
Tupy Europe GmbH	54,261	56,596
Tupy Mexico Saltillo, S.A. de C.V	97,470	15,139
Other operating expenses, net	**-**	**100**
Technocast, S.A. de C.V.	-	1
Tupy Mexico Saltillo, S.A. de C.V	-	99
Finance costs	**(27,744)**	**(22,346)**
Tupy Overseas S.A.	(27,744)	(22,346)
	244,227	**199,185**

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 March 31, 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.

All amounts in thousands of Reais unless otherwise stated.

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 of Directors		Board of Officers		Total	
	1Q20	1Q19	1Q20	1Q19	1Q20	1Q19
Fixed remuneration	626	549	1,160	785	1,786	1,334
Variable remuneration	-	-	1,045	405	1,045	405
Stock option plan (Note 19)	188	172	371	463	559	635
	814	**721**	**2,576**	**1,653**	**3,390**	**2,374**

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 March 31, 2020, these benefits totaled R$270 (R$95 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 3 months ended at March 31, 2020, the Company recognized sponsorship expenses of R$296 (R$350 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 retained monies, on Eletrobras checking accounts (online seizure), in the full amount claimed by the Company in the respective lawsuit. Until the court final decision is published, such amount will remain retained, by the judicial authority, in order to garantee the Company´s credit.

All amounts in thousands of Reais unless otherwise stated.

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 March 31, 2020, the petition presented by the Company is pending of the 6th Federal Court of the Joinville Subsection.

Parent Company and Consolidated

	Credits	Realizable value adjustment	Net realizable value
AT DECEMBER 31, 2018	**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 (nota 22)	5,717	-	5,717
Change in fair value of derivative (nota 22)	-	(54,814)	(54,814)
AT MARCH 31, 2020	**191,222**	**(88,170)**	**103,052**

All amounts in thousands of Reais unless otherwise stated.

12. INVESTMENTS

a. Composition of investments

Parent company	Total assets	Equity	Goodwill	Profit (loss) for the period	Interest in capital (%)	Share in the results of subsidiaries (*)	Book value (*)
AT MARCH 31, 2020							
investment in subsidiary company							
Tupy Mexico Saltillo, S.A. de C.V.	1,945,665	1,175,810	30,513	(80,661)	100.00	(75,846)	1,185,548
Technocast, S.A. de C.V.	1,004,249	630,536	10,713	(72,227)	100.00	(72,227)	641,249
Servicios Industriales Technocast, S.A. de C.V.	1,071	661	-	(157)	100.00	(157)	661
Tupy Overseas	1,860,914	24,601	-	148	100.00	148	24,601
Tupy American Foundry Co.	238,179	164,546	-	1,503	100.00	4,225	153,740
Tupy American Iron & Alloys Co.	7,110	7,110	-	-	100.00	-	7,110
Tupy Europe GmbH	246,447	213,023	-	1,789	100.00	4,045	201,230
Tupy Materials & Components B.V	7,794	7,770	-	(24)	100.00	(24)	7,770
Tupy Agroenergética Ltda.	10,677	3,732	-	15	100.00	15	3,732
Sociedade Técnica de Fundições Gerais SA. - Sofunge "in liquidation"	2,508	1,084	-	(114)	100.00	(114)	1,084
						(139,935)	**2,226,725**

(*) Adjusted by unrealized profits

Parent company	Total assets	Equity	Goodwill	Profit (loss) for the period	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 Argentina S.R.L.	6,046	6,046	-	-	100.00	-	6,046
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	**1,872,825**

(*) Adjusted by unrealized profits

Changes in investments

Parent company	
AT DECEMBER 31, 2018	**1,793,940**
Share in the results of subsidiaries	4,831
Exchange variations of investees located abroad	6,114
Dividends Received	67,940
AT DECEMBER 31, 2019	**1,872,825**
Share in the results of subsidiaries	(139,935)
Exchange variations of investees located abroad	493,835
AT MARCH 31, 2020	**2,226,725**

All amounts in thousands of Reais unless otherwise stated.

13. PROPERTY, PLANT AND EQUIPMENT

Parent company	Machinery, facilities and equipment	Buildings	Land	Vehicles	Furniture, fittings and other	Right of use	Construction in progress	Total
Cost								
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	-	-	-	-	-	-	8,288	8,288
Transfer to property, plant and equipment in use	11,483	1,864	-	141	88	-	(13,576)	-
Disposal	(3,334)	(1)	-	-	(3)	-	-	(3,338)
AT MARCH 31, 2020	**1,686,601**	**358,225**	**8,956**	**21,782**	**6,019**	**14,099**	**33,356**	**2,129,038**
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	(28,264)	(3,528)	-	(469)	(98)	(1,354)	-	(33,713)
Disposal	2,558	-	-	-	2	-	-	2,560
AT MARCH 31, 2020	**(1,254,722)**	**(172,458)**	**-**	**(15,160)**	**(3,929)**	**(6,140)**	**-**	**(1,452,409)**
Carrying amount								
AT DECEMBER 31, 2019	449,436	187,432	8,956	6,950	2,101	9,313	38,644	702,832
AT MARCH 31, 2020	431,879	185,767	8,956	6,622	2,090	7,959	33,356	676,629

Consolidated	Machinery, facilities and equipment	Buildings	Land	Vehicles	Furniture, fittings and other	Right of use	Construction in progress	Total
Cost								
AT DECEMBER 31, 2018	**3,472,185**	**783,267**	**66,868**	**24,233**	**27,859**	**-**	**167,579**	**4,541,991**
Addition	5,409	-	-	-	-	36,965	255,533	297,907
Transfer to property, plant and equipment in use	215,454	26,209	-	821	2,363	-	(244,847)	-
Exchange variation	74,872	17,378	2,314	274	765	663	8,357	104,624
Impairment	(920)	-	-	-	-	-	-	(920)
Disposal	(12,675)	(681)	-	(1,684)	-	(8)	-	(15,048)
AT DECEMBER 31, 2019	**3,754,325**	**826,173**	**69,182**	**23,644**	**30,987**	**37,620**	**186,622**	**4,928,553**
Addition	-	-	-	-	-	-	35,319	35,319
Transfer to property, plant and equipment in use	36,744	4,179	-	141	352	-	(41,416)	-
Exchange variation	605,455	136,475	17,335	580	6,349	6,775	42,749	815,718
Disposal	(7,053)	(275)	-	-	(3)	(158)	-	(7,489)
AT MARCH 31, 2020	**4,389,471**	**966,552**	**86,517**	**24,365**	**37,685**	**44,237**	**223,274**	**5,772,101**
Depreciation								
AT DECEMBER 31, 2018	**(2,549,057)**	**(403,420)**	**-**	**(15,290)**	**(16,932)**	**-**	**-**	**(2,984,699)**
Depreciation in the year	(208,813)	(24,769)	-	(1,974)	(2,450)	(13,574)	-	(251,580)
Transfers	-	-	-	-	-		-	-
Exchange variation	(59,031)	(10,219)	-	(51)	(596)	(154)	-	(70,051)
Disposal	10,865	3	-	1,243	2	-	-	12,113
AT DECEMBER 31, 2019	**(2,806,036)**	**(438,405)**	**-**	**(16,072)**	**(19,976)**	**(13,728)**	**-**	**(3,294,217)**
Depreciation in the year	(57,450)	(6,711)	-	(501)	(618)	(3,960)	-	(69,240)
Exchange variation	(461,757)	(78,559)	-	(407)	(4,765)	(3,023)	-	(548,511)
Disposal	4,145	-	-	-	2	-	-	4,147
AT MARCH 31, 2020	**(3,321,098)**	**(523,675)**	**-**	**(16,980)**	**(25,357)**	**(20,711)**	**-**	**(3,907,821)**
Carrying amount								
AT DECEMBER 31, 2019	948,289	387,768	69,182	7,572	11,011	23,892	186,622	1,634,336
AT MARCH 31, 2020	1,068,373	442,877	86,517	7,385	12,328	23,526	223,274	1,864,280

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 period, interest of loans and financing was capitalized on property, plant and equipment in the amount of R$435 (R$389 on March 31, 2019).

All amounts in thousands of Reais unless otherwise stated.

On March 31, 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 did not identify the need for adjustments. Accordingly, it maintained the values disclosed on December 31, 2019.

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	514	349	617	1,480
Amortization	(2,123)	(124)	-	(2,247)
AT MARCH 31, 2020	**40,134**	**1,346**	**9,863**	**51,343**

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	1,483	-	-	349	617	2,449
Exchange variation	1,251	28,751	-	-	-	30,002
Amortization	(2,650)	(12,922)	-	(124)	-	(15,696)
Impairment	-	(34,400)	-	-	-	(34,400)
AT MARCH 31, 2020	**45,631**	**85,849**	**41,226**	**1,346**	**9,863**	**183,915**

a. 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:

All amounts in thousands of Reais unless otherwise stated.

- 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 amouting of R$34,400, net of tax R$24,080. (note 22)

b. 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. SUPPLIERS

	Parent company		Consolidated	
	mar/20	dec/19	mar/20	dec/19
Domestic suppliers	234,938	252,254	234,939	252,258
Foreign suppliers	26,302	24,120	410,881	375,307
	261,240	**276,374**	**645,820**	**627,565**

16. LOANS AND FINANCING

Parent company

	Maturity	Effective rate	mar/20	dec/19
Local currency			**517,984**	**23,159**
(a) Export credit notes	Sep/2021	CDI + 4.5% p.a.	178,048	-
(b) 4131	Mar/2021	192% CDI	215,119	-
(c) Export prepayment	Dec/2020	CDI + 3.55% p.a.	105,643	-
Swap - export prepayment	Dec/2020	CDI + 3.55% p.a.	(1,543)	-
Sustainability	Jan/2025	5.94% p.a.	12,392	13,581
(d) Leasing from right of use			8,325	9,578
Foreign currency			**1,840,315**	**1,451,487**
(e) Export prepayment - Tupy Overseas	Jul/2024	VC + 6.78% p.a.	1,840,315	1,451,487
Current portion			413,383	55,595
Non-current portion			1,944,916	1,419,051
			2,358,299	**1,474,646**

*VC = Foreign exchange variation
*CDI = Interbank Deposit Certificate

All amounts in thousands of Reais unless otherwise stated.

Consolidated

	Maturity	Effective rate	mar/20	dec/19
Local currency			**517,984**	**23,159**
(a) Export credit notes	Sep/2021	CDI + 4.5% p.a.	178,048	-
(b) 4131	Mar/2021	192% CDI	215,119	-
(c) Export prepayment	Dec/2020	CDI + 3.55% p.a.	105,643	-
Swap - export prepayment	Dec/2020	CDI + 3.55% p.a.	(1,543)	-
Sustainability	Jan/2025	5.94% p.a.	12,392	13,581
(d) Leasing from right of use			8,325	9,578
Foreign currency			**1,851,383**	**1,460,822**
(f) Senior unsecured notes - US$350.000	Jul/2024	VC + 6.63% p.a.	1,835,045	1,445,782
(d) Leasing from right of use			16,338	15,040
Current portion			420,833	62,920
Non-current portion			1,948,534	1,421,061
			2,369,367	**1,483,981**

*VC = Foreign exchange variation
*CDI = Interbank Deposit Certificate

Long term maturities are as follow:

	Parent company		Consolidated	
Year	mar/20	dec/19	mar/20	dec/19
2020	-	705	-	705
2021-2023	145,971	17,085	145,971	17,085
2024	1,798,914	1,401,230	1,802,532	1,403,240
2025	31	31	31	31
	1,944,916	**1,419,051**	**1,948,534**	**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 March 31, 2020, the fair value of borrowings was R$2,020,588 (R$1,481,359 at December 31, 2019).

On March 31, 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) 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.

b) 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 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.

All amounts in thousands of Reais unless otherwise stated.

d) Leasing from right of use

The table below shows the segregation of such obligation:

	Parent company		Consolidated	
	mar/20	dec/19	mar/20	dec/19
Current portion	4,047	2,179	13,021	11,960
Non-current portion	4,278	7,399	11,642	12,658
	8,325	**9,578**	**24,663**	**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 on the export prepayment amount with Tupy Overseas S.A. was a loss of R$407,632. (loss of R$6,104 in March, 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$410,016 (loss of R$6.431 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 3 months ended March 31, 2020 and the related judicial deposits were as follows:

Parent company

	Civil	Tax	Labor	Social security	Judicial 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
Deposit Redemption	-	-	-	-	32,610	32,610
AT DECEMBER 31, 2019	**52,949**	**71,267**	**77,342**	**11,139**	**(31,617)**	**181,080**
Additions	900	-	24	-	(1,535)	(611)
Restatements	(6,354)	108	7,440	421	-	1,615
Remuneration	-	-	-	-	(105)	(105)
Payments	(12)	-	(8,421)	(187)	-	(8,620)
Deposit Redemption	-	-	-	-	5,652	5,652
AT MARCH 31, 2020	**47,483**	**71,375**	**76,385**	**11,373**	**(27,605)**	**179,011**

Current	39,579
Non-current	139,432
	179,011

All amounts in thousands of Reais unless otherwise stated.

Consolidated

	Civil	Tax	Labor	Social security	Judicial 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	-	24	-	(1,535)	(611)
Restatements	(6,234)	108	7,440	421	-	1,735
Remuneration	-	-	-	-	(105)	(105)
Payments	(12)	-	(8,421)	(187)	-	(8,620)
Deposit Redemption	-	-	-	-	5,652	5,652
AT MARCH 31, 2020	**48,907**	**71,375**	**76,385**	**11,373**	**(27,605)**	**180,435**
Current						39,579
Non-current						140,856
						180,435

The aforementioned provisions are adjusted mainly based on the Special System for Settlement and Custody (SELIC) rate and the General Market Price Index (IGPM), 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 company		Consolidated	
	mar/20	dec/19	mar/20	dec/19
IRPJ and CSLL processes	168,749	173,961	169,122	174,333
PIS, COFINS and IPI credits	145,068	135,031	145,068	135,031
ICMS credits	163,101	163,417	163,101	163,417
Expired tax debts	144,316	143,750	144,316	143,750
Social security	81,970	81,457	81,970	81,457
Labor lawsuits	64,102	71,888	64,172	71,957
Civil and other	54,939	54,054	55,833	54,944
	822,245	**823,558**	**823,582**	**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

	mar/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

All amounts in thousands of Reais unless otherwise stated.

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 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)	2,943	139,691	21.07	
AT MARCH 31, 2020	**2,943**	**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 March 31, 2020, the market value of treasury shares was R$1,833.

19. REVENUE

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

	Parent company		Consolidated	
	1Q20	1Q19	1Q20	1Q19
Gross revenue	653,515	729,929	1,169,007	1,369,878
Returns and rebates	(9,846)	(5,130)	(29,838)	(23,013)
Revenue net of returns and rebates	**643,669**	**724,799**	**1,139,169**	**1,346,865**
Sales taxes	(46,605)	(65,336)	(46,605)	(65,336)
Net revenue	**597,064**	**659,463**	**1,092,564**	**1,281,529**
Net revenue				
Domestic market	174,405	237,268	174,405	237,268
Foreign market	422,659	422,195	918,159	1,044,261
	597,064	**659,463**	**1,092,564**	**1,281,529**

All amounts in thousands of Reais unless otherwise stated.

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 company		Consolidated	
	1Q20	1Q19	1Q20	1Q19
Raw and processing materials	(246,320)	(301,567)	(428,350)	(627,004)
Maintenance and consumption materials	(49,934)	(48,439)	(105,990)	(110,309)
Salaries, payroll taxes and profit sharing	(137,916)	(145,549)	(248,962)	(254,827)
Social benefits	(19,829)	(22,341)	(20,361)	(22,987)
Electricity	(28,755)	(33,776)	(57,960)	(62,177)
Freight and commission on sales	(17,549)	(22,756)	(38,263)	(40,717)
Management fees	(3,390)	(2,374)	(3,390)	(2,374)
Other costs	(5,601)	(6,027)	(24,721)	(24,187)
	(509,294)	***(582,829)***	***(927,997)***	***(1,144,582)***
Depreciation	(35,793)	(34,460)	(71,846)	(62,941)
Costs and expenses total	**(545,087)**	**(617,289)**	**(999,843)**	**(1,207,523)**
Cost of products sold	(484,247)	(552,130)	(900,002)	(1,110,440)
Selling expenses	(25,252)	(30,507)	(51,014)	(53,252)
Administrative expenses	(32,198)	(32,278)	(45,437)	(41,457)
Management fees	(3,390)	(2,374)	(3,390)	(2,374)
Costs and expenses total	**(545,087)**	**(617,289)**	**(999,843)**	**(1,207,523)**

21. FINANCE RESULTS

	Parent company		Consolidated	
Finance results	**1Q20**	**1Q19**	**1Q20**	**1Q19**
Financial liabilities at amortized cost	***(32,408)***	***(22,642)***	***(31,957)***	***(22,478)***
Borrowing	(32,368)	(22,596)	(31,917)	(22,432)
Notes payable and other financial liabilities	(40)	(46)	(40)	(46)
Financial assets at fair value through profit or loss	***(49,097)***	***12,963***	***(49,097)***	***12,963***
Eletrobrás	(49,097)	12,963	(49,097)	12,963
Other finance costs	***(8,178)***	***(1,831)***	***(10,661)***	***(2,502)***
Finance costs	**(89,683)**	**(11,510)**	**(91,715)**	**(12,017)**
Financial assets at fair value through profit or loss	***(776)***	***616***	***(776)***	***616***
Investments in equity instruments	(776)	616	(776)	616
Amortized cost	***3,660***	***4,228***	***3,660***	***4,228***
Cash and cash equivalents	3,660	4,228	3,660	4,228
Tax credits and other finance income	***7,837***	***5,111***	***9,187***	***7,337***
Finance income	**10,721**	**9,955**	**12,071**	**12,181**
Derivative financial instruments				
Foreign exchange variations	73,126	1,996	106,144	(4,293)
Derivative financial instruments	(138,907)	13,503	(244,991)	17,375
Foreign exchange variations, net	**(65,781)**	**15,499**	**(138,847)**	**13,082**
Finance results	**(144,743)**	**13,944**	**(218,491)**	**13,246**

Relevant impacts on derivative financial instruments operations, from the strong appreciation of the Dollar against the Real and the Mexican Peso, the Company recognized in the financial result for the first quarter of 2020. (Note 27)

All amounts in thousands of Reais unless otherwise stated.

22. OTHER OPERATING INCOME (EXPENSES)

	Parent company		Consolidated	
	1Q20	1Q19	1Q20	1Q19
Constitution and restatement of provision	(2,539)	(9,427)	(2,659)	(9,427)
Disposals of property, plant and equipment	(646)	(1,026)	(3,210)	(1,024)
Result on the sale of unusable and other assets	(10,482)	(2,421)	(8,367)	(1,118)
	(13,667)	***(12,874)***	***(14,236)***	***(11,569)***
Depreciation of non-operating assets	(167)	(222)	(168)	(223)
Amortization of intangible assets	-	-	(12,922)	(14,992)
Total other operating expenses, net	**(13,834)**	**(13,096)**	**(27,326)**	**(26,784)**
Impairment (note 14)	-	-	(34,400)	-
	-	**-**	**(34,400)**	**-**

The impacts of the Covid-19 pandemic on the client portfolio of companies in Mexico resulted in the recognition of impairment of approximately R$34,400. (Note 14)

23. INCOME TAX AND SOCIAL CONTRIBUTION IN THE RESULTS

	Parent company		Consolidated	
	1Q20	1Q19	1Q20	1Q19
Net income (loss) before tax effects	**(246,535)**	**61,333**	**(187,496)**	**60,468**
Statutory tax rate	34%	34%	34%	34%
Expenses at statutory rate	83,822	(20,853)	63,749	(20,559)
Tax effect of permanent (additions) exclusions:				
Reintegra – benefit	3,099	140	3,099	140
Effect of correction of fixed assets	-	-	2,212	2,497
Depreciation of non-operating assets	(57)	(75)	(57)	(75)
Effects of different rates in subsidiaries	-	-	(1,376)	-
Additional income tax (Services Companies – Mexico)	-	-	10,205	(2,862)
Share of results of subsidiaries	(47,578)	6,226	-	-
Interests on capital	-	34,000	-	34,000
Finance income from monetary assets	-	-	(16,145)	1
Other permanent (additions) exclusions	(268)	(329)	(11,628)	(1,775)
Tax effects recorded in the statement of income before exchange effects	**39,018**	**19,109**	**50,059**	**11,367**
Effective rate of income tax before exchange effects	**16%**	**-31%**	**27%**	**-19%**
Effect of functional currency on tax base (a)	-	-	(70,080)	8,607
Tax effects recorded in the statement of income	**39,018**	**19,109**	**(20,021)**	**19,974**
Effective rate of income tax	**16%**	**-31%**	**-11%**	**-33%**

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$70,080.

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

	Parent company		Consolidated	
	1Q20	1Q19	1Q20	1Q19
Tax effects recorded in the statement of income				
Current income tax and social contribution	-	-	(28,028)	(17,359)
Deferred income tax and social contribution	39,018	19,109	8,007	37,333
	39,018	**19,109**	**(20,021)**	**19,974**

All amounts in thousands of Reais unless otherwise stated.

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.

	1Q20	1Q19
Profit attributable to the stockholders of the Company	(207,517)	80,442
Outstanding shares	144,112,146	144,177,500
Basic earnings per share - R$	**(1.43997)**	**0.55794**

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.

	1Q20	1Q19
Profit attributable to the stockholders of the Company	(207,517)	80,442
Outstanding shares	144,679,088	144,622,019
Diluted earnings per share - R$	**(1.43433)**	**0.55622**

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:

Transportation, infrastructure & agriculture - 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

Consolidated	**Tranportation, infrastructure & agriculture**		**Hydraulics**		**Total**	
	1Q20	**1Q19**	**1Q20**	**1Q19**	**1Q20**	**1Q19**
Net revenue (Note 19)	1,048,185	1,233,695	44,379	47,834	1,092,564	1,281,529
Costs and expenses, except depreciation (Note 20)	(888,613)	(1,099,389)	(39,384)	(45,193)	(927,997)	(1,144,582)
Other operating expenses, net, except amortization of intangible assets and depreciation (Note 20)	(12,218)	(11,569)	(2,018)	-	(14,236)	(11,569)
Depreciation and amortization	(82,838)	(76,136)	(2,098)	(2,020)	(84,936)	(78,156)
Impairment (note 14)	(34,400)	-	-	-	(34,400)	-
Profit before finance results	**30,116**	**46,601**	**879**	**621**	**30,995**	**47,222**
Finance results (Note 21)					(218,491)	13,246
Profit before taxation					**(187,496)**	**60,468**
Income tax and social contribution (Note 23)					(20,021)	19,974
Profit (loss) for the period					**(207,517)**	**80,442**

All amounts in thousands of Reais unless otherwise stated.

b) Reconciliation of costs and expenses by segment

Consolidated	Tranportation, infrastructure & agriculture		Hydraulics		Total	
	1Q20	1Q19	1Q20	1Q19	1Q20	1Q19
Raw and processing materials	(412,304)	(606,045)	(16,046)	(20,959)	(428,350)	(627,004)
Maintenance and consumption materials	(102,681)	(107,326)	(3,309)	(2,983)	(105,990)	(110,309)
Salaries and payroll taxes	(236,545)	(241,641)	(12,417)	(13,186)	(248,962)	(254,827)
Social benefits	(19,921)	(22,548)	(440)	(439)	(20,361)	(22,987)
Electricity	(55,032)	(58,864)	(2,928)	(3,313)	(57,960)	(62,177)
Depreciation	(69,748)	(60,921)	(2,098)	(2,020)	(71,846)	(62,941)
Freight and commissions on sales	(34,885)	(37,181)	(3,378)	(3,536)	(38,263)	(40,717)
Management fees	(3,119)	(2,184)	(271)	(190)	(3,390)	(2,374)
Other costs	(24,126)	(23,600)	(595)	(587)	(24,721)	(24,187)
	(958,361)	**(1,160,310)**	**(41,482)**	**(47,213)**	**(999,843)**	**(1,207,523)**

c) Reconciliation of assets and liabilities

Consolidated	Tranportation, infrastructure & agriculture		Hydraulics		Total	
ASSETS	mar/20	dec/19	mar/20	dec/19	mar/20	dec/19
Trade account receivables (Note 4)	758,279	632,258	37,936	40,098	796,215	672,356
Inventories (Note 5)	757,891	593,900	68,080	60,207	825,971	654,107
Tooling (Note 6)	181,969	141,128	-	-	181,969	141,128
Notes and other receivables	58,850	54,108	4,125	5,004	62,975	59,112
Property, plant and equipment (Note 13)	1,810,144	1,578,106	54,136	56,230	1,864,280	1,634,336
Intangible assets (Note 14)	183,915	201,560	-	-	183,915	201,560
Other assets not allocated	-	-	-	-	2,402,291	1,761,568
Total assets	**3,751,048**	**3,201,060**	**164,277**	**161,539**	**6,317,616**	**5,124,167**

Consolidated	Tranportation, infrastructure & agriculture		Hydraulics		Total	
LIABILITIES	mar/20	dec/19	mar/20	dec/19	mar/20	dec/19
Trade accounts payables (Note 15)	624,288	602,126	21,532	25,439	645,820	627,565
Income taxes payable	33,577	52,469	159	792	33,736	53,261
Salaries, social security charges and profit sharing	134,184	158,208	7,560	10,336	141,744	168,544
Advances from customers	155,097	119,230	3,257	2,457	158,354	121,687
Notes and other payables	62,956	42,043	4,584	3,586	67,540	45,629
Deferred tax on intangible assets (Note 9)	25,755	31,326	-	-	25,755	31,326
Income and social contribution tax	40,604	6,162	-	-	40,604	6,162
Other liabilities not allocated	-	-	-	-	2,800,843	1,682,590
Equity (Note 18)	-	-	-	-	2,403,220	2,387,403
Total liabilities and equity	**1,076,461**	**1,011,564**	**37,092**	**42,610**	**6,317,616**	**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.

All amounts in thousands of Reais unless otherwise stated.

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	1Q20	%	1Q19	%
Tranportation, infrastructure & agriculture	**1,048,185**	**95.9**	**1,233,695**	**96.3**
Customer A	111,873	10.2	251,444	19.6
Customer B	139,633	12.8	212,221	16.6
Customer C	107,358	9.8	128,130	10.0
Other customers	689,321	63.1	641,900	50.1
Hydraulics	**44,379**	**4.1**	**47,834**	**3.7**
Total Revenue	**1,092,564**	**100.0**	**1,281,529**	**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

	1Q20	%	1Q19	%
North America	**730,237**	**66.9**	**807,394**	**63.0**
United States	364,399	33.4	394,665	30.8
Mexico	360,179	33.0	399,513	31.2
Canada	5,659	0.5	13,216	1.0
South and Central Americas	**182,766**	**16.8**	**241,915**	**18.9**
Brazil - head office	174,405	16.0	237,268	18.5
Other countries	8,361	0.8	4,647	0.4
Europe	**142,066**	**13.0**	**158,697**	**12.4**
United Kingdom	54,126	5.0	70,512	5.5
Hungary	20,537	1.9	25,751	2.0
Italy	8,533	0.8	7,472	0.6
Netherlands	13,388	1.2	18,009	1.4
Sweden	30,747	2.8	20,550	1.6
Spain	-	-	8,750	0.7
Germany	11,172	1.0	2,733	0.2
Other countries	3,563	0.3	4,920	0.4
Asia, Africa and Oceania	**37,495**	**3.3**	**73,523**	**5.7**
South Africa	8,904	0.8	20,613	1.6
Thailand	9,691	0.9	25,104	2.0
Japan	5,994	0.5	13,743	1.1
China	8,733	0.8	11,576	0.9
Other countries	4,173	0.3	2,487	0.1
Total	**1,092,564**	**100.0**	**1,281,529**	**100.0**

All amounts in thousands of Reais unless otherwise stated.

26. FINANCIAL INSTRUMENTS

		Parent company		Consolidated	
	Note	mar/20	dec/19	mar/20	dec/19
Financial assets at amortized cost		**1,415,445**	**874,845**	**2,266,146**	**1,613,759**
Cash and cash equivalents	3	922,195	362,600	1,364,975	840,030
Trade account receivables(*)	4	411,913	422,012	796,215	672,356
Notes and other financial assets		81,337	90,233	104,956	101,373
Effect on the Income Statement		*3,641*	*12,940*	*3,641*	*13,280*
Financial assets at fair value through profit or loss		**104,705**	**157,213**	**113,872**	**166,361**
Credits - Eletrobrás		103,052	152,149	103,052	152,149
Investments in equity instruments		1,653	2,429	10,820	9,461
Derivative financial instruments	27	-	2,635	-	4,751
Effect on the Income Statement		*(3,411)*	*74,228*	*(4,672)*	*80,842*
Financial liabilities at amortized cost		**2,661,877**	**1,792,701**	**3,085,833**	**2,160,657**
Trade accounts payables		261,240	276,374	645,820	627,565
Loans and financing	16	2,358,299	1,474,646	2,369,367	1,483,981
Dividends and interest on capital		185	191	185	191
Notes payable and other financial liabilities		42,153	41,490	70,461	48,920
Effect on the Income Statement		*(32,408)*	*(22,642)*	*(31,957)*	*(22,478)*
Financial liabilities at fair value through profit or loss		**129,136**	**-**	**230,435**	**-**
Derivative financial instruments	27	129,136	-	230,435	-
Effect on the Income Statement		*(136,272)*	*(2,231)*	*(241,095)*	*(2,074)*

(*) 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, (ii) purchase of sale option "PUT" and, (iii) sale off NDF non-deliverable forward, which consists of the future sale of currency at a pre-defined price. 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 29% of the Real and 24% of the Mexican Peso against the US Dollar in the comparison between December 31, 2019 and March 31, 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 March 31, 2020, financial instruments totaled the amount of US$203,000 in zero-cost collar operations, consisting of: purchase of PUT with average exercise price of R$4.1080 and sales of CALL with average price average of R$4.6284, maturing up to December 30, 2020.

In the 3-month period ended March 31, 2020, the Company recognized in financial results a loss of R$138,907, of which R$7,136 was payment from settlement of contracts in the period and a loss of R$131,771 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

All amounts in thousands of Reais unless otherwise stated.

R$13,503, of which R$21,989 was received from settlement of contracts in the period and a loss of R$8,486 due to the mark-to-market of these instruments.

ii. Subsidiaries

In March 31, 2020, the Subsidiaries derivative financial instruments in the zero-cost collar type totaled the amount of US$143,300. Which were made purchasing “PUT” with an average weighted price of exercise of MXN18.7559 and sales “CALL” with an average weighted price of exercise of MXN20.8606, with a due date at December 18, 2020.

On March 31, 2020, the Mexican subsidiaries recognized in their finance results as loss the amount of R$106,084. Considering, loss of R$10,458 from the settlement of contracts in the period and R$95,626 due to the losses for the mark to market of these instruments. On March 31, 2019, the Mexican subsidiaries recognized in their finance results as net profit the amount of R$3,872. Considering, gain of R$8.415 from the settlement of contracts in the period (and R$4,543 due to the losses for the mark to market of these instruments.

iii. Consolidated

In the 3-month period ended March 31, 2020, loss of R$244,991 was recognized in the Consolidated financial result, with payment of R$17,594 from the settlement of contracts in the period and loss of R$227,397 for the mark-to-market of these instruments. In the same period of previously year net income of R$17,375 was recognized in the Consolidated financial result, with R$30,404 from the settlement of contracts in the period and loss of R$13,029 for the mark-to-market of these instruments.

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

	Parent company	Subsidiaries	Consolidated
Recognized in financial resultes (note 21)	(138,907)	(106,084)	(244,991)
Settlement	7,136	10,458	17,594
Mark to market	(131,771)	(95,626)	(227,397)
Foreign exchange impact	-	(7,789)	(7,789)
AT DECEMBER 31, 2019	2,635	2,116	4,751
AT MARCH 31, 2020	**(129,136)**	**(101,299)**	**(230,435)**
MATURITY DATE			
Due June 30, 2020	(44,461)	(38,536)	(82,997)
Due September 30, 2020	(44,821)	(34,037)	(78,858)
Due December 31, 2020	(39,854)	(28,726)	(68,580)
AT MARCH 31, 2020	**(129,136)**	**(101,299)**	**(230,435)**

	Parent company		Consolidated	
	mar/20	dec/19	mar/20	dec/19
Financial derivative instruments				
Current liabilities	(129,136)	-	(230,435)	-
Current assets	-	2,635	-	4,751
Financial derivative instruments, net	**(129,136)**	**2,635**	**(230,435)**	**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 32.b.

In March 31, 2020, the Company has export prepayment contracts amounting to US$349,000, equivalent to R$1,814,346 as hedges of the investments in the subsidiaries in Mexico, Tupy México Saltillo, S.A. de C.V. and Technocast, S.A. de C.V., the functional currency of which is the US Dollar (US$), and which had net assets of US$347,440, equivalent to R$1,806,238, representing 100.4% effectiveness.

All amounts in thousands of Reais unless otherwise stated.

In the period of 3 months ended at March 31, 2020, the Company recognized in carrying value adjustments, within equity, a loss of R$406,540 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$493,835, the net result was a gain of R$87,295. Considering the net fiscal effect, the amount of loss of exchange rate R$138,224, and the net gain was R$225,519.

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 March 31, 2020, estimated losses on trade receivables amounted to R$1,842 (R$1,389 as at December 31, 2019), representing 0.2% 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		Consolidated	
	mar/20	dec/19	mar/20	dec/19
Counterparties with external credit ratings*				
Cash and cash equivalents	**922,195**	**362,600**	**1,364,975**	**840,030**
AAA	233,508	15,447	298,929	97,105
AA+ / AA / AA-	358,173	319,380	468,842	487,023
A+ / A / A-	330,514	27,773	597,204	255,902
Derivative financial	**-**	**2,635**	**-**	**4,751**
AA+ / AA / AA-	-	2,635	-	4,751
Credits - Eletrobrás	**103,052**	**152,149**	**103,052**	**152,149**
AA	103,052	152,149	103,052	152,149
Counterparties without external credit rating				
Trade receivables	**411,913**	**422,012**	**796,215**	**672,356**
Low risk	381,476	400,680	751,259	638,795
Moderate risk	30,276	21,204	30,276	22,393
High risk	161	128	14,680	11,168
Other financial assets	**82,990**	**92,662**	**115,776**	**110,834**
Total	**1,520,150**	**1,032,058**	**2,380,018**	**1,780,120**

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

The risk assessment of trade receivables is as follows:

All amounts in thousands of Reais unless otherwise stated.

- Low risk - transportation, infrastructure & agriculture segment customers, except those customers with a history of losses.
- 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	Contractual cash flow				
FINANCIAL LIABILITIES	**6 months or less**	**6 to 12 months**	**1 to 2 years**	**2 to 5 years**	**Total flow**
Borrowings	66,689	458,014	259,576	2,125,252	2,909,531
Financial derivative instruments	161,855	68,580	-	-	230,435
Trade payables and notes and other	713,360	-	-	-	713,360
Dividends payable	185	-	-	-	185
	942,089	**526,594**	**259,576**	**2,125,252**	**3,853,511**

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	mar/20	dec/19
Floating-rate instruments		**379,213**	**333,052**
Financial assets		876,480	333,052
Financial liabilities	16	(497,267)	-
Fixed-rate instruments		**(1,383,605)**	**(977,003)**
Financial assets		488,495	506,978
Financial liabilities	16	(1,872,100)	(1,483,981)

All amounts in thousands of Reais unless otherwise stated.

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.

			Scenarios - Normative Instruction 475				
Floating rate instruments	**Risk**	**Disclosed**	**Probable**	**+25%**	**+50%**	**-25%**	**-50%**
In Brazilian reais							
Investments	**Interest rate (CDI - % p.a.)**	**4.36**	**3.65**	**4.56**	**5.48**	**2.74**	**1.83**
Financial assets		876,480	876,480	876,480	876,480	876,480	876,480
Potential impact		-	-	7,716	15,432	(7,785)	(15,709)
Borrowings	**Interest rate (TJLP - % p.a.)**	**4.36**	**3.65**	**4.56**	**5.48**	**2.74**	**1.83**
Financial liabilities		497,267	497,267	497,267	497,267	497,267	497,267
Potential impact		-	-	(4,378)	(8,756)	4,417	8,912

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**	**mar/20**	**dec/19**
Assets		**377,234**	**379,003**
Cash and cash equivalents abroad	3	44,242	27,999
Customers in the foreign market	4	332,992	351,004
Liabilities		**(74,587)**	**(92,871)**
Borrowings in foreign currency	16	(1,840,315)	(1,451,487)
Hedge of net investment abroad	27	1,814,346	1,406,714
Other amounts		(48,618)	(48,098)
Net exposure impacting profit			
In thousands of R$		302,647	286,132
In thousands of US$		58,216	70,988

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

Subsidiaries

Net exposure impacting profit	**mar/20**	**dec/19**
Assets	**141,922**	**107,983**
Cash and cash equivalents abroad	5,190	15,669
Customers in the foreign market	28,556	23,391
Tax return	108,176	68,923
Liabilities	**(261,803)**	**(253,169)**
Trade accounts payables	(92,690)	(93,397)
Other amounts	(169,113)	(159,772)
Net exposure impacting profit		
In thousands of R$	(119,881)	(145,186)
In thousands of MXN	(540,735)	(680,347)

All amounts in thousands of Reais unless otherwise stated.

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			
	Disclosed	Probable	+25%	+50%	-25%	-50%
U.S. Dollar rate	**5.1987**	**5.0000**	**6.25**	**7.50**	**3.75**	**2.50**
Asset position	377,234	362,816	453,520	544,224	272,112	181,408
Liability position	(74,587)	(71,736)	(89,670)	(107,604)	(53,802)	(35,868)
Net exposure (R$ thousand)	302,647	291,080	363,850	436,620	218,310	145,540
Net exposure (US$ thousand)	58,216	58,216	58,216	58,216	58,216	58,216
Potential impact (R$ thousand)	**-**	**(11,567)**	**61,203**	**133,973**	**(84,337)**	**(157,107)**

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 vs Real	**5.1987**	**5.00**	**6.25**	**7.50**	**3.75**	**2.50**
MTM Controladora	(129,136)	(93,567)	(336,755)	(590,224)	72,978	319,653
Potential impact (R$ thousand)		**35,570**	**(207,619)**	**(461,087)**	**202,114**	**448,789**

			Scenarios - Normative Instruction 475			
Subisidiaries	Disclosed	Probable	+25%	+50%	-25%	-50%
U.S. Dollar rate vs Mexican peso	**23.4847**	**24.00**	**30.00**	**36.00**	**18.00**	**12.00**
MTM Subsidiárias (US$ mil)	(19,485)	(21,875)	(45,562)	(61,837)	6,889	76,419
MTM Subsidiárias (R$ mil)	(101,299)	(109,375)	(284,761)	(463,776)	25,834	191,048
Potential impact (R$ thousand)		**(8,076)**	**(183,462)**	**(362,477)**	**127,133**	**292,347**
Consolidated potential impact (R$ thousand)			**(391,081)**	**(823,565)**	**329,247**	**741,136**

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.

All amounts in thousands of Reais unless otherwise stated.

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	mar/20	dec/19
Own capital		**2,403,220**	**2,387,403**
Equity	18	2,403,220	2,387,403
Third party capital		**2,549,421**	**1,896,734**
Total current and non-current liabilities		3,914,396	2,736,764
Cash and cash equivalents	3	(1,364,975)	(840,030)
Own capital versus third-party capital ratio		**0.94**	**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$ 13.11 and R$39.33 and volatility between 28.8% and 124.2% per year were used, resulting in estimates of minimum and maximum receipts between R$50,016 and R$155,928, respectively.

All amounts in thousands of Reais unless otherwise stated.

29. SUBSEQUENT EVENTS

29.1 Impacts from the COVID-19 pandemic

In addition to the analyzes, evaluations and actions that impacted the first quarter of 2020, already mentioned in the respective explanatory notes, the Company continues to monitor the case and its respective impacts in relation to its employees, its operations, the local and global economy, the supply, the demand for their products and the community. We set up a Crisis Committee, which daily monitors the evolution of the pandemic and we implement contingency plans to be able to act quickly, among which we highlight:

- Suspension of the activities of plants in Brazil from March 18 and from April 4 on plants in Mexico and collective vacation concession;

- Adaptation of part of the dependencies of the Tupy Athletic Association in a Screening Center and, later, also for a rapid test application center for the diagnosis of COVID-19. These spaces are being maintained by Tupy and other companies in the region and the activities conducted by the Secretariat of Health of Joinville, SC, with no return as an economic benefit for the Company;

- At the beginning of April, part of the operations (around 50%) of the Joinville plant and 100% of the Ramos Arizpe plant in Mexico (because it is an essential activity, since it produces, basically, for the transport, construction and have returned to activities and all safety measures have been implemented to adapt our plants to the guidelines of the World Health Organization. The Saltillo plant in Mexico (as it does not qualify as an essential activity) remained deactivated until the beginning of June, returning gradually, according to customer demand;

- During April 2020, the Company implemented a job protection plan that included the reduction of wages and working hours and the temporary suspension of the employment contract of a significant part of the employees, as a way to guarantee the maintenance of jobs whose plan remains in frank progress;

- Measures were taken to preserve cash flow, including (i) reductions and suspensions of employment contracts, impacting the payroll; (ii) extension of payment terms related to our suppliers; (iii) extension of the deadlines for payment of taxes and social security contributions; (iv) negotiation of new credit lines; and (v) reduction in capital investments.

The level of activity of the Company, from the suspension and subsequent adjustment as explained above, combined with the adjustments that our customers also went through, brought significant reductions in production and sales volumes. The April / May two-month period presented a reduction of 69% and 64% in physical sales volume and revenue, respectively.

Consolidated			Variation	
	2020	2019	HA R$	HA %
Volume of sales	32.232	104.512	(72.280)	-69,2%
Revenue	332.486	918.914	(586.428)	-63,8%

We believe that 2020 will be a different year in terms of orders and deliveries due to the impacts of the pandemic, we are stocking up to go through the crisis and we move these products closer to customers in order to avoid shortages due to geographic mismatches and different recovery cycles, however, so far, the Company has no difficulties in delivering products to customers.

Management constantly evaluates the profitability of its operations and its financial position, acting in a solid and timely manner to adapt to the changing circumstances triggered by government regulations and market dynamics in the face of the COVID-19 pandemic.

* * *

All amounts in thousands of Reais unless otherwise stated.

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

To
Shareholders, Board of Directors and Officers
Tupy S.A.
Joinville, Santa Catarina, Brazil

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 March 31, 2020, which comprises the statement of financial position as at March 31, 2020 and the related statements of profit or loss and of comprehensive income, the statements of changes in equity and of cash flows for the three 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 interim individual and consolidated 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).

Other matters

Statements of value added

The abovementioned quarterly information referred to above includes the individual and consolidated Statements of Value Added (SVA) for the three-month periods ended March 31, 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, June 29, 2020.

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

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