QUARTERLY INFORMATION 3Q2020

LUPATECH S.A. – IN JUDICIAL RECOVERY
CNPJ/MF nº 89.463.822/0001-12
NIRE 35.3.0045756-1
Publicly-Held Company with Authorized Capital – New Market

Management Report

THIS IS A FREE TRANSLATION OF THE ORIGINAL TEXT IN PORTUGUESE IN CASE OF DIVERGENCE OF INTERPRETATION, THE PORTUGUESE TEXT WILL PREVAIL

Message from the Administration

Overcoming the Pandemic

Mid-March, the Company began to face the consequences of the COVID-19 Pandemic. In a nutshell, the Pandemic brought about a drop in sales for this year's second quarter to levels that were only comparable to those in the second quarter of last year, and much lower than that of this year's first quarter.

Although several difficulties persist, especially in terms of logistics and several limitations to operate the factories normally, it seems that the worst is behind us.

The gradual recovery in industrial demand, together with orders received under the scope of supply contracts recently signed with Petrobras, enabled 3Q20 revenues to reach R$14.7 million. This figure is slightly higher than in 1Q20 – worth noting that both were impacted by the pandemic.

Along with the sales recovery, results also improved. However, at slightly lower margins than in 1Q20, due to differences in product mix and due to the impact of the exchange rate on deliveries that were previouly contracted.

Asset recovery and monetization

As reported in the previous quarter, in August the Company obtained a favorable decision in an arbitration proceeding against Cordoaria São Leopoldo (CSL), the company from which the offshore anchoring ropes operations were acquired in 2007. The process was motivated by the violation of the non-competition agreement by CSL and its controlling shareholder, and resulted in its conviction to pay a fine in the current amount of approximately R$16 million in favor of Lupatech. The Company is taking all appropriate measures to pursue its rights.

Our credit monetization efforts resulted in yet another positive result. At the end of October, the company obtained a refund of R$9.5 million related to IRPJ and CSLL credits from two of its subsidiaries.

Contracts

Another relevant victory in the anchoring ropes business, also achieved in August 2020, was the signing with Petrobras of a contract to supply ropes in the amount of R$82 million. Despite the fact that the contract does not bind Petrobras to purchase any items, it is expected that the orders eventually resulting from the contract will boost the resumption of the unit.

Now with this Lupatech Ropes contract, our portfolio of contracts with no purchase obligation reached R$146 million at the end of 3Q20, with a firm order portfolio of R$25 million. These are substantially better positions than those of the recent past.

Judicial Recovery

On August 28, 2020, in remedy for the consequences of the COVID-19 Pandemic, the Lupatech Group submitted to the General Meeting of Creditors a proposal to adjust the terms of payment of Classes I and III of creditors of the Judicial Recovery. The expected changes include changes in the form and flow of payments to creditors of these classes, mainly the deferral of payments during the period affected by the pandemic and the accommodation of the effect of the subsequent foreign exchange devaluation. The company's proposal was duly approved by the creditors present and is pending judicial approval to become binding.

Rafael Gorenstein
CEO and of Investor Relations Officer

Financial-Economic Performance

Net Revenue

Net Revenue (R$ thd)	3Q19	3Q20	2Q20	3Q20	9M19	9M20
Products	**8,005**	**14,688**	**6,685**	**14,688**	**23,163**	**35,604**
Valves	8,005	14,687	6,666	14,687	23,122	35,583
Ropes and Composites	-	1	19	1	41	21
Services	**91**	**-**	**-**	**-**	**148**	**63**
Oilfield Services	91	-	-	-	148	63
Total	**8,096**	**14,688**	**6,685**	**14,688**	**23,311**	**35,667**

For comparison purposes, as from 1Q20, we changed the composition of the Products business segment:

- Valves: encompasses the Industrial Valves and Oil and Gas Valves businesses, as well as other ancillary equipment such as filters, joints and connections, metal-mechanical components cast and/or machined for third parties in our units, and downhole oil tools.

- Ropes and Composites: includes products made from advanced materials such as high-strength synthetic fibers and composites, and associated services. The main product is high resistance polyester ropes used in offshore applications, mainly deep water mooring. We also manufacture artifacts from composite materials – fiber reinforced plastic (glass, carbon, aramid fibers), mainly tubular elements.

Valves

We had an increase in sales of 83% in the comparison of 3Q20 with 3Q19 and an increase of 120% in comparison with 2Q20. In the year-over-year comparison, sales growth was 54%. These results reflect the resumption of the Company's volumes and the success of its growth efforts undertaken in the period.

Ropes and Composites

The revenues presented result from the sale of waste and inventories, as the plants did not operate in the compared periods.

Services

The revenues that make up this segment are derived from the liquidation of inventory balances, not referring to ongoing operations.

Order Backlog

As of September 30, 2020, the Company's order backlog and contracts with an obligation to purchase ("Order Backlog") in Brazil totaled R$25 million. On the same date, the Company had a balance in supply contracts with no purchase obligation in the amount of R$146 million. millions. Expired bids for which the respective orders have not been issued are not included in this figure.

Gross Profit and Gross Margin

Gross Profit (R$ thd)	3Q19	3Q20	2Q20	3Q20	9M19	9M20
Products	**596**	**2,817**	**836**	**2,817**	**1,961**	**7,564**
Gross Margin - Products	*7.4%*	*19.2%*	*12.5%*	*19.2%*	*8.5%*	*21.2%*
Services	**(95)**	**(5)**	**(5)**	**(5)**	**(3,367)**	**(25)**
Gross Margin - Services	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Total	**501**	**2,812**	**831**	**2,812**	**(1,406)**	**7,539**
Gross Margin - Total	*6.2%*	*19.1%*	*12.4%*	*19.1%*	*-6.0%*	*21.1%*
Depreciation Products	1,744	1,312	1,354	1,312	**5,397**	**4,048**
Gross Profit without Depreciation	**2,340**	**4,128**	**2,190**	**4,128**	**7,358**	**11,612**
Gross Margin without Depreciation Produ	*29%*	*28%*	*33%*	*28%*	*32%*	*33%*

**n/a - not applied*

<u>Products</u>

When comparing 3Q20 with 3Q19 and 2Q20, an improvement in gross margins (with and without depreciation) can be seen, as a result of the Company's progressive efforts to improve profitability in sales. Performing the interannual comparison the improvement is also noticeable.

Depreciation expense has a high weight on our margins due to the high fixed assets in a scenario of low activity level. Excluding depreciation that does not matter in the disbursement of funds, the margin in 9M20 compared to 9M19 increased by 1 percentage point. The small percentage reduction in quarterly comparisons is due to the mix and the effect of the exchange rate variation on sales costs.

<u>Services</u>

The service segment margins do not come from productive activities, only from the sale of remaining stocks.

Expenses

Expenses (R$ thd)	3Q19	3Q20	2Q20	3Q20	9M19	9M20
Total Sales Expenses	**1,270**	**1,722**	**2,007**	**1,722**	**3,862**	**5,680**
Sales Expenses - Products	1,299	1,722	2,007	1,722	4,001	5,679
Sales Expenses - Services	(29)	-	-	-	(139)	1
Total Administrative Expenses	**4,588**	**4,296**	**5,946**	**4,296**	**15,768**	**14,823**
Administrative Expenses - Products	2,043	2,366	2,365	2,366	6,268	7,121
Administrative Expenses - Services	2,545	1,930	3,581	1,930	9,500	7,702
Management Fees	**705**	**590**	**422**	**590**	**2,135**	**3,185**
Total Sales, Administratives and Management Fees	**6,563**	**6,608**	**8,375**	**6,608**	**21,765**	**23,688**

<u>Selling Expenses</u>

When comparing 3Q20 versus 2Q20, we noticed a reduction in expenses due to the recovery of credits in the amount of R$315 thousand. When comparing 9M20 with 9M19, the growth is due to the increase in sales.

<u>Administrative Expenses</u>

When comparing 3Q20 versus 2Q20, the variation is due to the exceptional expense of successful attorney fees in 2Q20.

The reduction presented in the comparison between 9M20 and 9M19 is due to the reduction in wages due to the pandemic COVID-19 in 9M20 and due to expenses with terminations in 9M19 resulting from the process of closing activities of several Service units.

Management Compensation

The variation in 3Q20 compared to 2Q20 was due to the voluntary reduction in compensation of the Executive Board and the Board of Directors in the previous quarter, due to the Covid-19 Pandemic. In the annual comparison, the increase is due to the approval of variable remuneration by the Board of Directors, in 1Q20.

Other Revenues and Operational (Expenses)

Other Operating (Expenses) (R$ thd)	3Q19	3Q20	2Q20	3Q20	9M19	9M20
Products	15,971	86	(3,399)	86	14,992	(5,157)
Expenses with Idleness - Products	(2,861)	(3,141)	(2,443)	(3,141)	(8,351)	(8,702)
Services	17,127	(3,984)	(1,176)	(3,984)	15,777	(12,635)
Expenses with Idleness - Services	(610)	(259)	(289)	(259)	(1,831)	(649)
Total	**29,627**	**(7,298)**	**(7,307)**	**(7,298)**	**20,587**	**(27,143)**

In 3Q20, the following factors stand out:

(i) R$3.4 million in expenses with production idleness;

(ii) R$0.6 million corresponding to the negative net effect of adjustments for impairment and the result of the sale of assets;

(iii) R$3.2 million increase due to updates to contingent processes (mainly labor) according to the analysis of legal advisors;

In 3Q19, the following factors stood out, mainly: (i) R$6.8 million in gains on divestments; (ii) R$3.5 million in expenses with production idleness; (iii) R$3.0 million of contingent process updates (mainly labor) according to the analysis of the legal advisors; (iv) R$1.3 million net loss on the sale of assets; (v) R$3.0 million in tax write-offs without recoverability; (vi) R$14.2 million as a result of the recovery of taxes and contributions and (vii) R$19.3 million to a review of the amount of contingent liabilities.

Financial Result

Financial Results (R$ thd)	3Q19	3Q20	2Q20	3Q20	9M19	9M20
Income from Financial Investments	49	67	75	67	95	185
Monetary Variation	14,957	36	82	36	15,609	474
Present value adjustment	2,437	-	1,257	-	2,437	15,991
Interest on Receivables	3	3	2	3	8	6
Others	1,511	741	2	741	2,977	744
Financial Revenue*	**18,957**	**847**	**1,418**	**847**	**21,126**	**17,400**
(Expense) Reversal of Interest Expenses	(2,523)	(1,576)	(1,456)	(1,576)	(10,071)	(4,424)
Fair value adjustment	-	(623)	-	(623)	(3,816)	(623)
Discount Granted	(1)	-	-	-	(25)	-
(Provision) Reversal of Provision for Interest on Suppliers	(3,790)	120	691	120	(2,545)	(120)
Fines and Interest on Taxes	(198)	(104)	(75)	(104)	(1,134)	(280)
IOF, Banking Expenses and Others	(302)	(1,057)	(1,915)	(1,057)	(4,149)	(3,354)
Financial Expense*	**(6,814)**	**(3,240)**	**(2,755)**	**(3,240)**	**(21,740)**	**(8,801)**
Net Financial Results*	**12,143**	**(2,393)**	**(1,337)**	**(2,393)**	**(614)**	**8,599**
Exchange Vaciance Revenue	14,174	21,740	6,692	21,740	29,953	57,194
Exchange Variance Expenses	(31,129)	(29,494)	(20,100)	(29,494)	(46,851)	(133,967)
Net Exchange Variance	**(16,955)**	**(7,754)**	**(13,408)**	**(7,754)**	**(16,898)**	**(76,773)**
Net Financial Results - Total	**(4,812)**	**(10,147)**	**(14,745)**	**(10,147)**	**(17,512)**	**(68,174)**

* Excluding Exchange Variance

Financial Revenue

The changes in Financial Income in the comparison between 3Q20 and 3Q19 are mainly due to the monetary restatement of contingent assets of tax credits recognized in 3Q19. In the comparison between 3Q20 and 2Q20, the variation is mainly due to the booking of Present Value Adjustments.

Financial Expenses

When comparing 3Q20 versus 3Q19, financial expenses decreased due to the reduction in interest expense on Interest on Suppliers. Analyzing 3Q20 compared to 2Q20, the increase is justified by the incidence of the adjustment to present value expense, which in the previous quarter resulted in financial income.

Comparing the accumulated result of 9M20 versus 9M19, financial expenses decreased mainly due to the updating of fines and late payment interest on tax debts and recognition of the adjustment to present value of the debt subject to Judicial Recovery.

Net Exchange Variation

In 3Q20 versus 2Q20 and 3Q19, the Net Exchange Variation resulted in expenses, which occurred due to the appreciation of the US dollar by 5.4% (3Q20 x 2Q20) and 38.6% (3Q20 x 3Q19).

Adjusted EBITDA from Operations

EBITDA Adjusted (R$ thd)	3Q19	3Q20	2Q20	3Q20	9M19	9M20
Products	**(3,020)**	**(590)**	**(2,182)**	**(590)**	**(10,588)**	**(2,092)**
Margin	-37.7%	-4.0%	-32.6%	-4.0%	-45.7%	-5.9%
Services	**(1,200)**	**(1,376)**	**(953)**	**(1,376)**	**(6,926)**	**(3,855)**
Margin	n/a	n/a	n/a	n/a	n/a	n/a
Total	**(4,220)**	**(1,966)**	**(3,135)**	**(1,966)**	**(17,514)**	**(5,947)**
Margin	-52.1%	-13.4%	-46.9%	-13.4%	-75.1%	-16.7%

obs: values of services net of minority interests

Adjusted EBITDA for Products in 3Q20 increased compared to 2Q20 mainly due to the higher sales volume due to the resumption of the Company's volumes. Compared to 3Q19 and 9M19, the improvement is also due to sales performance.

In Services, in the comparison between 9M20 and 9M19, there was an improvement due to the cost reduction with legacy management. When comparing 3Q20 with 2Q20 and 3Q19, the variation is due to the reduction in wages due to the pandemic COVID-19.

	3T20		
Reconciliation of Adjusted Ebitda (R$ thd)	**Products**	**Services**	**Total**
Gross Profit	2,817	(5)	2,812
SG&A	(4,088)	(1,929)	(6,017)
Management Fees	-	(590)	(590)
Depreciation and Amortization	1,312	309	1,621
Other Operating Expenses	(3,055)	(4,243)	(7,298)
Ebitda	**(3,014)**	**(6,458)**	**(9,472)**
Result of disposal or write-off of assets	-	598	598
Provisions for Legal Proceedings	(112)	3,185	3,073
Idle expenses	2,493	192	2,685
Restructuring Process and Other Extraordinary Expenses	43	1,106	1,150
Adjusted EBITDA	**(590)**	**(1,376)**	**(1,966)**

Adjusted Ebitda Reconciliation (R$ thd)	3Q19	3Q20	2Q20	3Q20	9M19	9M20
Gross Profit	501	2,812	831	2,812	(1,406)	7,539
SG&A	(5,858)	(6,017)	(7,953)	(6,017)	(19,631)	(20,503)
Management Fees	(705)	(590)	(422)	(590)	(2,135)	(3,184)
Depreciation and Amortization	1,778	1,621	1,672	1,621	5,506	4,998
Other Operating Expenses	29,627	(7,298)	(7,307)	(7,298)	20,586	(27,143)
Ebitda	**25,343**	**(9,472)**	**(13,179)**	**(9,472)**	**2,920**	**(38,293)**
Result of disposal or write-off of assets	(8,093)	598	762	598	(8,093)	4,749
Provisions for Legal Proceedings	2,978	3,073	3,499	3,073	5,338	9,651
Idle expenses	3,470	2,685	2,364	2,685	10,181	7,510
Expenses with Restructuring and Other Extraordinary Expenses	(27,918)	1,150	3,419	1,150	(27,860)	10,436
Adjusted EBITDA	**(4,220)**	**(1,966)**	**(3,135)**	**(1,966)**	**(17,514)**	**(5,947)**

Non-recurring expenses in 3Q20 refer mainly to provisions for losses due to impairment of assets (impairment) and updating of contingent processes, and extraordinary expenses related to judicial recovery.

Net Result

Net Result (R$ thd)	3Q19	3Q20	2Q20	3Q20	9M19	9M20
Result Before Income Tax and Social Contribution	18,832	(22,479)	(30,292)	(22,479)	(16,505)	(113,027)
Income Tax and Social Contribution - Current	-	(7)	(11)	(7)	(1,545)	(127)
Income Tax and Social Contribution - Deferred	(580)	148	(299)	148	328	(3,658)
Result of Discontinued Operations	973	-	-	-	4,236	-
Net Result	**19,225**	**(22,338)**	**(30,602)**	**(22,338)**	**(13,486)**	**(116,812)**
Net Result per 1,000 shares	6.86	(4.90)	(2.62)	(5)	(2.42)	(2.62)

The 3Q20 negative result of R$22.3 million contributed, in addition to current expenses: (i) R$7.7 of negative foreign exchange variation due to the appreciation of the dollar in the quarter; (ii) R$3.4 of idleness; (iii) R$3.2 million with updates to contingent processes according to the analysis of legal advisors; R$1.5 million from updating interest on loans and debts from judicial reorganization.

Working Capital

Working Capital (R$ thd)	2Q20	3Q20
Accounts Receivable	10,875	17,804
Inventories	31,068	31,043
Advances of suppliers	8,631	9,512
Recoverable taxes	24,464	24,236
Suppliers	12,977	12,659
Advances from Customers	6,003	7,089
Taxes payable	17,776	20,269
Payroll and charges	6,358	7,251
Working Capital Employed	**31,924**	**35,327**
Working Capital Variation	(22,916)	3,403

When comparing 3Q20 with 2Q20, we note an increase in working capital employed. This increase is mainly due to the increase in accounts receivable, due to higher sales.

Cash and cash equivalents

Cash and cash equivalents (R$ t	2Q20	3Q20
Cash and Cash Equivalents	17,569	12,955
Total	**17,569**	**12,955**

The reduction in 3Q20 x 2Q20 refers to working capital employed to service the order book and replenish stocks.

Indebtedness

Debts (R$ thd)	2Q20	3Q20
Short Term	**23,782**	**27,168**
Credits subject to Judicial Recovery	4,829	5,871
Credits not subject to Judicial Recovery	15,841	19,222
Debentures Convertible into Shares	3,112	2,075
Long Term	**147,886**	**152,078**
Credits subject to Judicial Recovery	147,886	152,078
Total Debts	**171,668**	**179,246**
Cash and Cash Equivalents	17,569	12,955
Net Debt	**154,099**	**166,291**

The increase in indebtedness in 3Q20 compared to 2Q20, mainly refers to the updating of the debt of judicial recovery in both the short and long term.

Investments

Investments (R$ thd)	2Q20	3Q20
Others Investments	51,039	51,039
Fixed Assets	83,518	88,108
Intangible Assets	86,398	86,138
Total	**220,955**	**225,285**

The variation shown in the investments balance refers to the effect of exchange rate variations on the fixed assets of overseas subsidiaries.

Discontinued Operations:

On September 12, 2019, the entities that comprised the Oilfield Services Colombia division ceased to be part of the group. For analysis purposes, all the results obtained by it previously are no longer included in this report.

Annexes

Annex I - Income Statements (R$ Thousand)

	2Q20	3Q20	% Change
Net Revenue From Sales	6,685	14,688	120%
Cost of Goods and Services Sold	(5,854)	(11,876)	103%
Gross Profit	831	2,812	238%
Operating Income/Expenses	(16,378)	(15,144)	-8%
Selling	(2,007)	(1,722)	-14%
General and Administrative	(5,946)	(4,199)	-29%
Management Fees	(422)	(686)	63%
Equity pick-up	(696)	(1,239)	78%
Other Operation Income (Expenses)	(7,307)	(7,298)	0%
Net Financial Result	(14,745)	(10,147)	-31%
Financial Income	1,418	224	-84%
Financial Expenses	(2,755)	(2,617)	-5%
Net Exchange Variance	(13,408)	(7,754)	-42%
Loss Before Income Tax and Social Contribution	(30,292)	(22,479)	-26%
Provision Income Tax and Social Contribution - Current	(11)	(7)	-36%
Provision Income Tax and Social Contribution - Deferred	(299)	148	-149%
Gain (Loss) for the Period	(30,602)	(22,338)	-27%

Annex II - Reconciliation of EBITDA Adjusted (R$ Thousand)

	2Q20	3Q20
Adjusted EBITDA from Continuing Operations	(3,135)	(1,966)
Expenses with Restructuring and Other Extraordinary Expenses	(3,419)	(1,150)
Provisions for Losses, Impairment and Net Result on Disposal of Assets	(4,261)	(3,671)
EBITDA from Operations	(10,815)	(6,787)
Depreciation and Amortization	(1,672)	(1,621)
Equity Pick-up	(696)	(1,239)
Net Financial Result	(14,745)	(10,147)
Income Tax and Social Contribution - Current and Deferred	(310)	141
Idleness Expenses	(2,364)	(2,685)
Net Income (Loss)	(30,602)	(22,338)

Annex III - Consolidated Balance Sheets (R$ Thousand)

	2Q20	3Q20	% Change
Total Asset	**503,109**	**503,235**	**0%**
Current Assets	**190,381**	**188,182**	**-1%**
Cash and Cash Equivalents	17,569	12,955	-26%
Accounts Receivable	10,875	17,804	64%
Inventories	31,068	31,043	0%
Recoverable Taxes	24,464	24,236	-1%
Other Accounts Receivable	16,507	16,585	0%
Prepaid Expenses	1,338	1,360	2%
Advances to Suppliers	8,631	9,512	10%
Assets Classified as Held for Sale	79,929	74,687	-7%
Non-Current Assets	**312,728**	**315,053**	**1%**
Judicial Deposits	23,519	21,329	-9%
Recoverable Taxes	51,960	52,156	0%
Other Accounts Receivable	13,027	13,026	0%
Assets Classified as Held for Sale	3,267	3,257	0%
Investments	51,039	51,039	0%
Property, Plant and Equipment	83,518	88,108	5%
Intangible Assets	86,398	86,138	0%
Total Liabilities and Shareholders Equity	**503,109**	**503,235**	**0%**
Current Liabilities	**71,939**	**80,341**	**12%**
Suppliers - Not Subject to Judicial Recovery	8,896	8,072	-9%
Suppliers - Subject to Judicial Recovery - Class I	365	365	0%
Suppliers -Subject to Judicial Recovery	3,716	4,222	14%
Loans and Financing - Not Subject to Judicial Recovery	15,841	19,222	21%
Loans and Financing - Subject to Judicial Recovery	4,829	5,871	22%
Debentures Convertible into Shares	3,112	2,075	-33%
Provisions Payroll and Payroll Payable	6,358	7,251	14%
Commissions Payable	565	647	15%
Taxes Payable	17,776	20,269	14%
Obligations and Provisions for Labor Risks - Subject to Judicial Recovery	94	94	0%
Advances from Customers	6,003	7,089	18%
Other Accounts Payable	3,441	4,204	22%
Provision for Contratual Fines	943	960	2%
Non-Current Liabilities	**376,247**	**382,252**	**2%**
Suppliers - Subject to Judicial Recovery	62,530	63,957	2%
Loans and Financing - Subject to Judicial Recovery	147,886	152,078	3%
Taxes Payable	17,414	17,235	-1%
Deferred Income Tax and Social Contribution	70,862	70,714	0%
Provision for Contigencies	61,950	62,853	1%
Obligations and Provisions Labor Risks - Subject to Judicial	6,271	6,271	0%
Other Accounts Payable	4,652	4,670	0%
Provision for Negative Equity in Subsidiaries	4,682	4,474	-4%
Shareholders' Equity	**54,923**	**40,642**	**-26%**
Capital Stock	1,890,736	1,891,941	0%
Capital reserve	2,875	326,746	11265%
Capital Transaction Reserve	136,183	166,157	22%
Stock Options	13,549	(340,296)	-2612%
Equity Valuation Adjustment	195,674	202,526	4%
Accumulated Losses	(2,184,094)	(2,206,432)	1%

Annex IV – Statements of the Consolidated Cash Flow (R$ Thousand)

	2Q20	3Q20	% Change
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year	(30,602)	(22,338)	-27%
Adjustments:			
Depreciation and Amortization	1,672	1,621	-3%
Equity Pick-up	696	1,239	78%
Income from sale of property, plant and equipment	8,171	638	-92%
Financial charges and exchange variation on financing	14,008	9,077	-35%
Reversal (Provision) for loss due to non-recoverability of assets	(7,429)	(3)	-100%
Deferred Income Tax and Social Contribution	299	(148)	-149%
Losses on Inventory Obsolescence	97	(45)	-146%
(Reversal) Estimated losses for doubtful accounts	374	(47)	-113%
Actual losses with doubtful accounts	2	7	250%
Adjust to present value	(1,258)	623	-150%
Fair value adjustment	9,025	3,473	-435%
Changes in Assets & Liabilities			
(Increase) Decrease in Accounts Receivable	2,058	(6,889)	-435%
(Increase) Decrease in Inventories	(1,242)	71	-106%
(Increase) Decrease in Recoverable Taxes	19,116	445	-98%
(Increase) Decrease in Other Assets	(518)	1,250	-341%
(Increase) Decrease in Suppliers	3,094	927	-70%
(Increase) Decrease in Taxes Payable	1,481	2,173	47%
(Increase) Decrease in Others Accounts Payable	(6,130)	(2,310)	-62%
Cash Flow from Operating Activities	**12,914**	**(10,236)**	**-179%**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Overdue Liabilities	-	1,880	n/a
Securities - restricted account	1,875	68	-96%
Resources from the sale of fixed assets	252	813	223%
Aquisition of Property, Plant and Equipment	(89)	(51)	-43%
Aquisition of Intangible Assets	-	(35)	n/a
Cash Flow from (Used in) Investment Activities	**2,038**	**2,675**	**31%**
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing and financing	4,198	9,572	128%
Payment of loans and financing - Related Parties	(3,859)	(6,793)	76%
Capital increase (decrease)	1,186	1,205	2%
Convertible Debentures in Stocks	(1,037)	(1,037)	0%
Cash Flow from Financing Activities	**488**	**2,947**	**504%**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**15,440**	**(4,614)**	**-130%**
At the Beginning of the Period	-	-	n/a
At the End of the Period	15,440	(4,614)	-130%

About Lupatech – In Judicial Recovery

Lupatech S.A. - In Judicial Recovery is a Brazilian company of products and services of high added value focusing the oil and gas sector. The businesses are organized in two segments: Products and Services. The Products Segment offers, mainly for the oil and gas sector, valves, anchoring cables for production platforms, industrial valves and equipment for well completion and pipe coating, as well as a relevant participation in the gas compressor segment company natural vehicle. The Service Segment offers services, workover, well intervention, inspection and repair.

LUPATECH S.A. - IN JUDICIAL RECOVERY

BALANCE SHEET
(In R$ Thousands)

		Parent		Consolidated	
ASSETS	Note	09/30/2020	12/31/2019	09/30/2020	12/31/2019
CURRENT					
CURRENT ASSETS	4.1	188	176	12,955	5,834
Accounts receivables	5	11,209	5,427	17,804	10,795
Inventories	6	26,493	25,385	31,043	30,436
Recoverable taxes	7	7,251	1,371	24,236	38,271
Advances to suppliers		1,726	929	9,512	7,826
Other accounts receivable	8	6,111	6,153	16,585	21,203
Prepaid expenses		1,293	1,134	1,360	1,165
Accounts receivable - related parties	15.1	26,158	48,478	-	-
Assets classified as held for sale	28	3,236	3,236	74,687	68,670
Total current assets		83,665	92,289	188,182	184,200
NON-CURRENT ASSETS					
Other Credits		1	1	1	1
Judicial deposits	17.3	1,712	1,694	21,328	24,986
Securities-restricted	4.2	-	1,788	-	1,788
Recoverable taxes	7	33,172	39,713	52,156	55,136
Accounts receivable - related parties	15.1	30,719	21,930	-	-
Other accounts receivable	8	7,098	7,098	13,026	13,026
Assets classified as held for sale	28	3,063	3,092	3,257	3,287
Investments					
Direct and indirect associated companies	9.1	268,896	210,283	-	-
Other investments		1	1	587	587
Investment property	9.3	28,510	28,510	50,452	50,452
Fixed assets	10	53,840	57,014	88,108	84,155
Intangibles					
Goodwill	11	55,414	55,414	82,166	82,166
Other intangíbles	11	3,704	4,535	3,972	4,844
Total Non-current assets		486,130	431,073	315,053	320,428
TOTAL ASSETS		569,795	523,362	503,235	504,628

The notes are an integral part of the financial statements.

LUPATECH S.A. - IN JUDICIAL RECOVERY

BALANCE SHEET
(In R$ Thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Parent 09/30/2020	Parent 12/31/2019	Consolidated 09/30/2020	Consolidated 12/31/2019
CURRENT LIABILITIES					
Suppliers - not subject to Judicial Recovery	12	4,019	3,569	8,072	7,627
Suppliers - subject to Judicial Recovery Class I	12	365	737	365	737
Suppliers - subject to Judicial Recovery	12	4,222	3,274	4,222	3,274
Loans and financing - not subject to Judicial Recovery	13	14,079	9,589	19,222	14,509
Loans and financing - subject to Judicial Recovery	13	3,702	2,429	5,871	3,685
Debenture	14	2,075	5,187	2,075	5,187
Provisions payroll and payroll payable		6,832	5,673	7,251	7,997
Commissions payable		637	409	647	410
Taxes payable		13,819	8,757	20,269	13,846
Obligations for labor risks and creditors- subject to Judicial Recovery		94	94	94	94
Advances from customers		1,858	2,027	7,089	5,171
Provision contratual fines		801	759	960	918
Other accounts payable		3,083	3,787	4,204	4,909
Related Parties - mutual and loans	15.1	6,322	40,657	-	-
Total current liabilities		61,908	86,948	80,341	68,364
NON-CURRENT LIABILITIES					
Suppliers - subject to Judicial Recovery	12	63,957	56,689	63,957	56,689
Loans and financing - subject to Judicial Recovery	13	69,121	65,398	152,078	125,395
Deferred income tax and social contribution	16	36,161	36,374	70,714	67,056
Taxes payable		12,839	13,092	17,235	17,294
Provision for contigencies	17.1	12,256	8,854	62,853	58,013
Obligations and provisions labor risks - subject to judicial Recovery		6,271	7,040	6,271	7,040
Other accounts payable		2,200	1,572	4,670	4,179
Related Parties - mutual and loans	15.1	259,411	146,797	-	-
Provision for negative equity in subsidiaries	9.2	5,029	1,033	4,474	1,033
Total non-current liabilities		467,245	336,849	382,252	336,699
SHAREHOLDERS' EQUITY	18				
Capital stock		1,891,941	1,885,266	1,891,941	1,885,266
Capital reserve to be realized		2,875	2,875	326,746	2,875
Capital transaction reserve		166,157	136,183	166,157	136,183
Stock options		(16,425)	13,600	(340,296)	13,600
Equity valuation adjustments		202,526	151,261	202,526	151,261
Retained earnings / Accumulated losses		(2,206,432)	(2,089,620)	(2,206,432)	(2,089,620)
Parents company's interest		40,642	99,565	40,642	99,565
Non-controlling interests		-	-	-	-
Total shareholders' equity		40,642	99,565	40,642	99,565
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		569,795	523,362	503,235	504,628

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT OF INCOME
ON SEPTEMBER 30,2020 AND 2019
(In R$ Thousands)

	Note	Parent		Consolidated	
		09/30/2020	09/30/2019	09/30/2020	09/30/2019
NET REVENUE FROM SALES	22	34,480	22,369	35,667	23,311
COST OF GOODS AND SERVICES SOLD	26	(25,563)	(19,157)	(28,128)	(24,717)
Profit (loss) gross		8,917	3,212	7,539	(1,406)
OPERATING INCOME/EXPENSES					
Selling	26	(5,532)	(3,946)	(5,681)	(3,862)
General and administrative	26	(8,931)	(6,455)	(14,726)	(15,769)
Management compensation	15.2 / 26	(131)	(2,135)	(3,281)	(2,135)
Equity pick-up	9.1	(15,474)	(10,107)	(1,561)	42
Other operating income (expenses)	25 / 26	(14,010)	18,958	(27,143)	20,587
OPERATING LOSS BEFORE FINANCIAL RESULTS		(35,161)	(473)	(44,853)	(2,543)
FINANCIAL RESULTS					
Financial income	24	(334)	15,616	16,777	16,707
Financial expenses	24	(7,915)	(15,193)	(8,178)	(15,364)
Exchange variation, net	24	(73,615)	(14,025)	(76,773)	(16,846)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(117,025)	(14,075)	(113,027)	(18,046)
INCOME TAX AND SOCIAL CONTRIBUTION					
Current	16	-	-	(127)	(4)
Deferred	16	213	589	(3,658)	328
LOSS FOR THE PERIOD		(116,812)	(13,486)	(116,812)	(17,722)
PROFIT FROM DISCONTINUED OPERATIONS	29	-	-	-	4,236
LOSS FOR THE PERIOD		(116,812)	(13,486)	(116,812)	(13,486)
PROFIT (LOSS) ATTRIBUTABLE TO					
Parent company's interest		(116,812)	(13,486)	(116,812)	(13,486)
Non-controlling interest		-	-	-	-
LOSS PER SHARE (In Reais)					
BASIC earnings per share	23	(6.11133)	(0.71468)	(6.11133)	(0.71468)
Diluted per share	23	(6.11133)	(0.71468)	(6.11133)	(0.71468)

LUPATECH S/A - IN JUDICIAL RECOVERY

STATMENT OF COMPREHENSIVE INCOME
ON SEPTEMBER 30,2020 AND 2019
(In R$ Thousands)

		Parent		Consolidated	
	Note	09/30/2020	09/30/2019	09/30/2020	09/30/2019
LOSS FOR THE PERIOD		(116,812)	(13,486)	(116,812)	(13,486)
OTHER COMPREHENSIVE INCOME					
Exchange variation on investments abroad		51,265	8,064	51,265	8,064
Implementation of the equity valuation adjustment		-	(4,901)	-	(4,901)
COMPREHENSIVE INCOME OF THE PERIOD		(65,547)	(10,323)	(65,547)	(10,323)
TOTAL COMPREHENSIVE INCOME ALLOCATED TO:					
Participation of controlling shareholders		(65,547)	(10,323)	(65,547)	(10,323)
Non-controlling interests		-	-	-	-

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT CASH FLOW - INDIRECT METHOD
ON SEPTEMBER 30,2020 AND 2019
(In R$ Thousands)

		Parent		Consolidated	
	Note	09/30/2020	09/30/2019	09/30/2020	09/30/2019
CASH FLOW FROM OPERATING ACTIVITIES					
Loss for the period		(116,812)	(13,486)	(116,812)	(13,486)
Depreciation and amortization	10 e 11	4,493	4,912	4,999	5,507
Reversal (Provision) for losses by non-recoverability of assets	10 e 11	-	-	(9,280)	(8,932)
Equity pick-up	9.1	15,474	10,107	1,561	(42)
Result on sale of fixed assets		-	126	14,044	21,147
(Gain) loss on disposal of investment		(1,561)	-	-	-
Financial charges and exchange variation on financing		73,472	24,549	80,957	29,995
Extraordinary losses and adjustment to market value with inventories		-	(550)	-	-
Deferred income tax and social contribution		(213)	(589)	3,658	1,050
Inventory Obsolescence	6	(136)	(318)	(1,537)	(253)
(Reversal) Estimated losses for doubtful accounts	5	609	40	630	(613)
Actual losses with doubtful accounts	5	9	-	9	-
Adjustment to fair value	24	(2,402)	(1,463)	(15,368)	1,378
Options granted and cumulative translation adjustment		2,065	(1,621)	50,712	(43,267)
(Increase) decrease in operating assets:					
Accounts receivable		(6,400)	1,553	(7,648)	21,320
Inventories		(972)	(1,128)	931	11,179
Recoverable taxes		661	(25,281)	20,695	(14,192)
Other assets		(925)	(2,111)	6,823	2,770
(Increase) decrease in operating liabilities:					
Suppliers		7,587	(1,233)	10,292	(15,197)
Taxes payable		4,617	3,898	6,084	(5,971)
Others accounts payable		3,817	3,126	(55,171)	(12,047)
Cash flow from operating activities		**(16,617)**	**531**	**(4,421)**	**(19,654)**
CASH FLOW FROM INVESTING ACTIVITIES					
Cash from discontinued operations		-	-	-	38,451
Overdue Liabilities		-	-	1,880	-
Payment of capital in subsidiaries		(19,381)	(31,758)	-	10,352
Securities-restricted	4.2	1,804	78	1,974	130
Resources from sale of fixed assets		1	-	1,691	12,170
Asset Acquisition	10	(423)	(3,281)	(347)	(3,432)
Additions to the intangible	11	(37)	(42)	(37)	(43)
Net cash provided by (used in) investment activities		**(18,036)**	**(35,003)**	**5,161**	**57,628**
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from loans and financing		19,555	4,340	16,479	(7,452)
Proceeds from loans and financing - Related parties		25,208	37,254	-	-
Capital Increase (Reduction)	18	6,675	10,352	6,675	-
Payments of loans and financing		(13,661)	(14,342)	(13,661)	(15,058)
Convertible debentures in share	14	(3,112)	(3,112)	(3,112)	(3,112)
Payments of loans and financing - Interest		-	-	-	-
Net cash provided by (used in) financing activities		**34,665**	**34,492**	**6,381**	**(25,622)**
(REDUCTION) NET INCREASE OF CASH AND CASH EQUIVALENTS		**12**	**20**	**7,121**	**12,352**
Cash and cash equivalents at the beginning of period		176	135	5,834	1,245
Cash and cash equivalents at the end of period		188	155	12,955	13,597

The notes are an integral part of the financial statements.

LUPATECH S/A - IN JUDICIAL RECOVERY
CONSOLIDATED STATEMENT OF CHANGES SHAREHOLDER'S EQUITY
ON SEPTEMBER 30,2020 AND 2019

(In R$ Thousands)

	Note	Capital stock	Capital reserves, options granted	Accumulated profit/loss	Equity valuation adjustments	Parents company's interest	Non-controlling interest	Total shareholders' equity
BALANCE ADJUSTMENT IN DECEMBER 31, 2018		**1,873,761**	**152,607**	**(2,063,442)**	**121,681**	**84,607**	**48,588**	**133,195**
Capital increase		10,352	-	-	-	10,352	-	10,352
Loss of period		-	-	(13,486)	-	(13,486)	-	(13,486)
Exchange variation on investments abroad		-	-	-	8,064	8,064	-	8,064
Non-controlling interest		-	-	-	-	-	(48,588)	(48,588)
Carrying out equity valuation adjustment		-	-	-	(4,901)	(4,901)	-	(4,901)
BALANCE ADJUSTMENT IN SEPTEMBER 30, 2019		**1,884,113**	**152,607**	**(2,076,928)**	**124,844**	**84,636**	**-**	**84,636**
BALANCE ADJUSTMENT IN DECEMBER 31, 2019		**1,885,266**	**152,658**	**(2,089,620)**	**151,261**	**99,565**	**-**	**99,565**
Capital increase		6,675	-	-	-	6,675	-	6,675
Net loss of period		-	-	(116,812)	-	(116,812)	-	(116,812)
Exchange variation on investments abroad		-	-	-	51,265	51,265	-	51,265
Options Granted		-	(51)	-	-	(51)	-	(51)
BALANCE ADJUSTMENT IN SEPTEMBER 30, 2020		**1,891,941**	**152,607**	**(2,206,432)**	**202,526**	**40,642**	**-**	**40,642**

LUPATECH S/A - IN JUDICIAL RECOVERY

STATEMENT OF ADDED VALUE
ON SEPTEMBER 30,2020 AND 2019
(In R$ Thousands)

		Parent		Consolidated	
	Note	09/30/2020	09/30/2020	09/30/2020	09/30/2019
REVENUE					
Sales of goods, products and services (IPI including)	22	41,422	27,056	42,877	102,597
Revenue from the sale of investments	25	-	28,343	-	28,343
Reversal of provision for losses due to impairment of assets		-	-	9,229	1,276
Other revenues	25	746	25,680	8,584	61,055
Reversal (estimated) of losses on doubtful accounts	5	(627)	(40)	(643)	117
Effective losses on bad debts	5	9	-	9	-
		41,550	**81,039**	**60,056**	**193,388**
ACQUIRED FROM THIRD PARTIES					
Cost of products, goods and services sold		(10,114)	(4,384)	(8,595)	(15,421)
Materials, energy, and other outsourced services		(8,195)	(5,533)	(16,621)	(30,491)
Provision for impairment of assets		-	-	(13,842)	(1,898)
Cost of selling investments	25	-	(21,584)	-	(21,584)
Other expenses	25	(14,756)	(13,481)	(31,113)	(50,689)
		(33,065)	**(44,982)**	**(70,171)**	**(120,083)**
GROSS ADDED VALUE		8,485	36,057	(10,115)	73,305
DEPRECIATION AND AMORTIZATION	10 e 11	(4,493)	(4,912)	(4,998)	(9,226)
NET ADDED VALUE GENERATED BY THE COMPANY		**3,992**	**31,145**	**(15,113)**	**64,079**
ADDED VALUE RECEIVED IN TRANSFER					
Equity pick-up	9.1	(15,474)	(10,107)	(1,561)	42
Financial income	24	25,180	42,678	73,971	47,086
		9,706	**32,571**	**72,410**	**47,128**
TOTAL ADDED VALUE TO BE DISTRIBUTED		**13,698**	**63,716**	**57,297**	**111,207**
DISTRIBUTION OF ADDED VALUE		**13,698**	**63,716**	**57,297**	**111,207**
Staff:		**15,052**	**15,168**	**17,940**	**47,181**
Direct compensation		11,064	11,153	13,188	35,652
Benefits		2,847	3,016	3,355	7,464
FGTS		1,141	999	1,397	4,065
Taxes and contributions:		**8,285**	**5,629**	**13,805**	**12,108**
Federal		4,555	3,139	9,903	8,714
States		3,638	2,397	3,807	3,301
Municipal		92	93	95	93
Remuneration of third party capital:		**107,173**	**56,405**	**142,364**	**65,404**
Interest and other financial expenses	24	107,044	56,280	142,146	64,962
Rent		129	125	218	442
Remuneration (loss) from equity:		**(116,812)**	**(13,486)**	**(116,812)**	**(13,486)**
Loss for the period		(116,812)	(13,486)	(116,812)	(13,486)
Non-controlling interests		-	-	-	-

The notes are an integral part of the financial statements.

Lupatech S/A – In Judicial Recovery
Explanatory notes to interim financial statements, individual and consolidated, contained in the information of September 30, 2020

(In thousands of Reais, except Net loss per share, or when indicated)

1 Operational context

Lupatech S/A – In Judicial Recovery ("Company") and its subsidiaries and associates (jointly "Group") is an anonymous society with headquarters in Nova Odessa, State of São Paulo, with shares negotiated at the stock market of São Paulo ("B3" LUPA3) and at the counter market on USA by means of its ADR (LUPAQ). The group, which has 277 employees, operates in manufacturing (Products segment) producing mainly industrial valves; valves for oil and gas; cables for anchoring oil platforms; well completion equipment; fiberglass artifacts, including, but not limited to, tubes for coating oil pipelines, generally marketed together with associated inspection and repair services.

Until September 11, 2019, the company operated in the oil services business (Services segment), a business from which various assets remain in the process of demobilization, as well as the legacy associated with it.

1.1 Operational continuity

The Lupatech Group seeks to overcome the economic-financial crisis and restructure its business through the process of judicial recovery, according to the plan of judicial recovery presented to its creditors, with the goal of preserving its entrepreneurial activity, recover its position of prominence as one of the most relevant economic groups on Brazil related to the sector of oil and gas, as well as to keep itself as a source of generation of riches, tributes and jobs.

The Company was successful in certain measures since the filing of the request of Judicial Recovery which rendered viable the injection of substantial resources in its operations. Between such measures, is highlighted the receipt of substantial amounts of its main customer, the sale of equity participations and sales of property, plant and equipment.

Also, relevant to the recovery process were the creation of a Specific Purpose Company and the issue of debentures in the first quarter of 2018 (R$29,313) for the primary purpose of effecting the payment of Class I creditors, and the issuance of subscription warrants (R$340,453) in the last quarter of 2018, to promote the payment of Class II, III and IV creditors of the Judicial Reorganization.

In the scenarios developed by management, estimates indicate the need to obtain additional financial resources to raise working capital levels to support the resumption of operations. Such resources could come from, for example, and not limited to, new credit lines, capital increase with or without conversion of debt, sale of assets or equity interests, restitution of tax credits and re profiling of liabilities. Management pursues all these options.

Accordingly, during 2019, the Company promoted a capital call in a private offering to its shareholders and concluded the negotiation of the remaining equity interest of Lupatech Holandês, which controlled the Colombian Services company in the amount of US$5,500 in cash and US $ 1,098 equipment.

The company has litigations and initiatives to reduce its liabilities. In 2019, the Company obtained favorable movements in relation to the dispute with BNDES over extra-bankruptcy credits, which led to the remeasurement of the liability by the responsible legal advisors. There was a favorable decision to contest the credits of the contest and the release of guarantees, both listed in class III, resulting in a reduction of liabilities in this class in the amount of R$18,766.

In April 2020, the Company made it possible to receive the following credits:

(i) R$1,800, referring to the guarantee deposit for the payment of any indemnifiable liabilities, according to the contractual clause for the purchase and sale of the Metalúrgica Ipê unit to Duratex, called Escrow Account, invested in CDB. Upon agreement between the parties, establishing contractual guarantees on remaining contingencies, the Company made the withdrawal of these resources.

(ii) R$19,012 for the reimbursement of IRPJ and CSLL credits corresponding to Sotep Sociedade Técnica de Perforação S/A - In Judicial Recovery.

In October 2020, the subsidiaries Prest Perfurações Ltda - In Judicial Recovery and Lochness Participações S/A obtained additional refunds of IRPJ and CSLL, in the amounts of R$8,711 and R$822 (Note 31, Subsequent Events).

On August 18, 2020, the Company became aware of the final decision issued in Arbitration Procedure No. 2/73/2014-CAF, pending before the Federasul Arbitration Chamber (CAF), filed by the Company against Cordoaria São Leopoldo Ltda., whose control is held by Mr. José Teófilo Abu-Jamra with a view to applying contractual penalties for breach of a non-competition agreement resulting from the acquisition of the Mooring Ropes unit. The Company was the winner in the referred arbitration proceeding, having recognized the non-compliance with the non-competition clause by Mr. José Teófilo Abu Jamra and his companies, for which they were ordered to reimburse Lupatech in approximately R$16 million (Note 17.2).

The Lupatech S/A was entitled to the reimbursement of PIS and COFINS about the ICMS, referring to taxes paid from December 2001 to December 2014, which may be offset against future debts or refunded to the company, after the appropriate administrative and / or judicial measures have been taken, which take the necessary time to take effect. The partial res judicata from this decision occurred in October, and the company continues to dispute the right to reimburse overpaid taxes from 2015.

The above-mentioned fundraising measures, if carried out as expected, will provide the working capital needed to raise the level of activity and service debt in the short term. In the longer term, the Company may require additional funds to finance its resumption, in amounts that will depend on the speed of the resumption itself. To meet this need, the Company undertakes measures that may have substantial effects in the medium term, such as the restitution of tax credits and the arbitral or judicial pursuit of contractual rights and reparations with various counterparties. To meet this need, the Company undertakes measures that could have a substantial effect in the medium term.

Certain business units have had their operations substantially affected by oil and gas market conditions, the economic crisis in Brazil and the repercussions of the Judicial Reorganization process, with their level of activity and limited operational performance. In the Company's assessment, these units will resume operating at higher levels as the business environment normalizes, whenever the resources required for their working capital are granted.

From the end of 2019 and the beginning of the year 2020, Petrobras and other customers demanded bids of substantial value for the Oil and Gas Valves and Anchoring Cables business units. Such events are important indicators of the expected resumption of activity in the industry.

Strategic opportunities to accelerate business resumption and / or mitigate continuity risks through mergers and acquisitions are continuously monitored by management.

During the nine-month period ended September 30, 2020, the Company incurred a loss before income tax and social contribution of R$117,025 in the parent company and R$113,027 in the consolidated (loss before income tax and social contribution of R$14,075 in the parent company and R$18,046 in the consolidated in the nine-month period ended September 30, 2019) and on September 30, 2020, the total current assets of the Company exceeded current liabilities by R$21,757 at the parent company, and consolidated the total current assets exceeded the total current liabilities by R$107,841 (As of December 31, 2019 the total current assets exceeded the total current liabilities by R$5,341 at the parent company, and in the consolidated the total current assets exceeded the total current liabilities by R$115,836). Despite the improvement in results, continuity depends not only on improving performance, but also on the Company's success in obtaining additional resources necessary to supply working capital and debt service.

1.2 Judicial Recovery

I. Process of Judicial Recovery of the Lupatech Group

On May 25, 2015, Lupatech S/A and its direct and indirect subsidiaries (Lupatech Group) obtained the approval of the Board of Directors for the judicial reorganization of the Company, pursuant to Article 122, sole paragraph, of Law 6.404/76.

On that same date, Lupatech S/A and its subsidiaries: Lupatech Finance Limited; Amper Amazonas Perfurações Ltda; Itacau Agenciamentos Marítimos Ltda; Lochness Participações S/A; Lupatech – Equipamentos e Serviços para Petróleo Ltda; Lupatech – Perfuração e Completação Ltda; Matep S/A Máquinas e Equipamentos; Mipel Comércio e Indústria de Peças Técnicas Ltd; Prest Perfurações Ltda; Sotep Sociedade Técnica de Perfuração S/A, have brought, in the district of São Paulo, the request for judicial recovery before the judgment of the 1st Court of Bankruptcy and Judicial Recoveries of the district of São Paulo, which was granted on June 22, 2015. Alta Administração Judicial Ltda was appointed as the judicial administrator.

Initially, the Lupatech Group filed a Judicial Recovery Plan, approved by the creditors at the General Meeting and ratified by Judgment of the 1st Court of Bankruptcy, Judicial Recovery and Arbitration Related Disputes of the Capital of São Paulo on December 11, 2015. Subsequently, in June 27, 2016, the 2nd Reserved Chamber of Business Law of the Court of Justice of the State of São Paulo granted court injunctions filed by two creditors, annulling the approval decision of the Lupatech Group's Judicial Recovery Plan.

The Company continues to pursue, by special appeal, the cancellation of a fine for delaying litigation improperly applied by the São Paulo Court of Justice, which annulled the Judicial Recovery Plan previously presented.

On September 5, 2016, a new Lupatech Group Judicial Reorganization plan was submitted to the court of origin, meeting the criteria established in the judgments of the 2nd Chamber of Business Law of the São Paulo State Court of Justice, which had been approved. on November 8, 2016, by the Lupatech Group General Meeting of Creditors, having been ratified by the Court of First Instance, Judicial Reorganization and Arbitral Conflicts of the State of São Paulo, without reservations, on February 15, 2017. In view of the final approval of the court, the indemnity period against the approval of the plan expired on March 13, 2017. The Group Management assessed that the absence of subsequent damages fully confirmed the legality of the plan and its effects from the approval of the sovereign decision of the Company. Therefore, the Lupatech Group and all creditors subject to compliance with the plan and legally bound to comply with the plan as of this date.

On July 2, 2019, the Lupatech Group Judicial Administrator submitted the General Table of Credits to the Court, to which the Lupatech Group filed a list of labor and civil creditors illiquid by ongoing lawsuits, which was upheld with subsequent court decision that such credits, insofar as they originate before the application for Judicial Reorganization, are subject to the terms of the Plan.

The Company used three strategies to settle commitments with Class I creditors. The first, corresponding to up to five minimum wages related to strictly salary credits maturing in the three months preceding the date of the request, was paid in cash to the respective labor creditors. duly complied with article 54, sole paragraph, of the Bankruptcy Law. The second, without attribution of relevance, was the payment of creditors through the conversion of credit into debentures of Lupatech S/A, and the third occurred through the awarding of the shares of the special purpose company (SPE), in the form of art. 50 XVI of Law No. 11,101.

In this context, on November 28, 2017, the Company announced the 3rd issue of mandatorily convertible debentures of Lupatech S/A in the amount of up to R$30,000. The issue was completed on January 31, 2018 with a subscription of R$29,313. The charge was directed to Class I creditors and creditors not subject to Judicial Reorganization, and the preemptive right was granted to shareholders.

On October 29, 2018, the Lupatech Group submitted a proposal for adjustments to the payment flow of the Class III unsecured creditors, which consisted in deferring part of the initial payments in exchange for a 0.3% increase in the interest rate. RT + 3.3% per year). The General Meeting of Creditors met on November 30, 2018 and approved the company's proposal. The AGC's decision was submitted to the appellate court and it was ratified, with the respective approval decision being final and without any appeal being filed within the term.

On that same date, the Board of Directors approved the issuance of three million, four hundred and four thousand, five hundred and twenty-eight (3,404,528) Subscription Warrants for payment of 50% of Class III and IV creditors' debt and 35% of Class II creditors. The Bonds were issued and registered in the name of the creditors entitled to such, and the Judicial Recovery Judgment authorizing the Company to hold in treasury the securities corresponding to the creditors who, due to lack of information, due to operational impossibility or lack of liquidity in their could not have their Bonus book entry.

On August 28, 2020, in remedy for the consequences of the COVID-19 Pandemic, the Lupatech Group submitted to the General Meeting of Creditors a proposal to adjust the terms of payment of Classes I and III of creditors of the Judicial Recovery. The expected changes include changes in the form and flow of payments to creditors in these classes. The proposed amendment included, in summary: (i) adjustments to the payment method of Class I creditors, so that the credits that exceed the limit stipulated in art. 83 item I of Law 11.101 are paid in full as provided for in clause 6.2.2. the Plan; (ii) adjust the payment method of Class III creditors to reschedule payments during the period affected by the pandemic, increase the portion of the payment in subscription bonus of creditors in foreign currency, define the payment schedule for late creditors and; (iii) approve an incentive scheme for prepayments that are made before December 2025. The company's proposal was duly approved by the creditors present and is pending judicial approval to become binding.

II. Regarding the Judicial Reorganization Plan, approved by the creditors at the general meeting held on November 8, 2016, and ratified on February 15, 2017, by the court of the 1st Bankruptcy, Judicial Reorganization and Arbitration Conflict Court of the State of São Paulo Paulo.

The adoption of following recovery measures of the envisaged by the Plan has as objectives: (i) carry out the rescheduling of liabilities from the Lupatech Group, allowing their future discharge; (ii) allow the entry of cash flow to maintain and promote the activities of the Lupatech Group; (iii) to alienate certain assets considered non-essential to the economic activities of the Lupatech Group; (iv) obtain new resources from the capital market to accelerate the recovery; and (v) through the uplift of the Lupatech Group, allow the generation of jobs and the payment of taxes.

a. Recovery measures

The Plan uses the following means of recovery, in the form of article 50 of the Bankruptcy Law: (i) granting of special terms and conditions for payment of the obligations of the Lupatech Group, with the equalization of financial charges, taking as a starting point the date of the distribution of the request of judicial recovery; (ii) increase of social capital by issuing securities, with possible changes in corporate control; (iii) partial sale, sale or lease of assets of the Lupatech Group; (iv) constitution of a society of specific purpose for the transfer of goods intended for the payment of creditors; and (v) other measures to be eventually subject to prior approval of the Judgment of Recovery.

Increase of capital: In order to allow the injection of new capital, at any time after the Judicial approval of the Plan, the Lupatech Group can perform one or more calls for increase of social capital of Lupatech, which may be intended to creditors under the Plan, creditors that are not subject to the Plan, and/or third party investors, as the case may be.

The Plan provides for the delivery of warrants to class II, III and IV creditors. To date, Lupatech 3,404,528 (three million, four hundred and four thousand, five hundred and twenty-eight), which, if exercised, will be converted into the same number of shares, part of which remains in treasury waiting for the credits to be paid to become liquid or operationally possible for their delivery. Credits are exchanged by granting a subscription bonus for every one hundred reais of credit - proportionally changeable ratio in the event of a reverse split, split or stock bonus. The exercise price of the issued securities is R$0.88 per share.

In the event of any capital increase allowing the capitalization of credits subject to the Plan, the exercise of the right to participate in said capital increase will be, always, optional to the creditors, and will always be granted in an equal manner to each of the classes of creditors subject to the plan or the whole basis of creditors under the Plan. In the event of a capital increase contemplating both creditors subject to the Plan and third party investors, the conditions of the subscription of shares offered should be the same for both.

Warranties: To ensure the acquisition of new resources, preserved the rights of creditors with real warranty, the Group Company may, in addition to giving personal guarantees, constitute real and fiduciary warranties: (i) from the consolidation of ownership in favor of the Lupatech Group, over the property located in São Leopoldo; and (ii) from the eventual elimination of warranties given to Creditors with Real Warranty, over any of the unencumbered assets.

Sale of assets: The Lupatech Group, upon the judicial approval of the Plan, may dispose of the permanent assets described in the Plan, through (i) competitive procedure; (ii) private contract signed at a price not lower than that stated in appraisal reports prepared by a specialized company; or (iii) private auction, to be held by a company specializing in the valuation and sale of assets through face-to-face auctions or via the Internet. The net proceeds from such disposals will be used to pay obligations arising from labor law, tax and social security charges, and obligations set forth in the Plan.

Disposal of Isolated Productive Units (UPIs): The Lupatech Group, from the Judicial homologation of the Plan, may sell the UPIs described in the Plan. The sale of UPIs may be made jointly or separately, through a competitive procedure including, including, one or more UPIs or permanent assets. The net proceeds from such disposals will be used to pay obligations arising from labor law, tax and social security charges, and obligations set forth in the Plan.

Any alienation of UPIs by means of competitive procedure shall be carried out respecting the provisions of the respective notices, in accordance with the Bankruptcy Law, and met the other conditions provided for in this Plan. It is at the discretion of the Lupatech Group opt for any of the modalities of competitive procedure provided for in articles 142 to 145 of the Bankruptcy Law.

The UPIs that are sold by competitive procedure will be free of any liens, and their respective purchasers will not respond to any debt or contingency of the Lupatech Group, including those of tax and labor nature, in accordance with Article 60 and 141 of the Bankruptcy Law.

In the event of disposal of any of UPIs envisaged in the Plan by means of a competitive procedure, the Lupatech Group may include, as an integral part of the IPU, accession of any rights of use, costly and temporary in nature, about the buildings in which are located the equipment which constitute the UPIs alienated.

Disposal of assets of businesses not rehabilitating: The Lupatech Group may also divest assets owned by foreign societies in which holds participation or control, not members of the Judicial Recovery. The net proceeds arising from such disposals will join in the cash of those rehabilitating, and shall be used for the payment of obligations arising out of labor legislation, tax burden and social welfare, and obligations laid down in the Plan.

Disposal of assets given in real or fiduciary warranty: Upon the prior consent of the creditor holding the collateral and / or in accordance with the law or the Plan, the Lupatech Group may sell to third parties goods given in real or fiduciary warranty. The resources arising from the alienation of such goods will be used for the discharge of credits held by the creditor with real warranty or by the creditor with fiduciary warranty. Eventual surplus values shall be used for the payment of obligations arising out of labor legislation, tax burden and social welfare, and obligations laid down in the Plan.

Constitution of SPEs: In order to enable or facilitate the sale of any goods of the permanent asset or of the UPIs described in the Plan, as the case may be, the Lupatech Group may, individually or jointly, transfer one or more of these assets or UPIs to societies of specific purpose constituted by the Lupatech Group.

Approval for alienation of assets: Without prejudice to the hypotheses of alienation of assets and alienation of assets given in real guarantee or fiduciary, will be permitted any other modality of alienation, replacement or encumbrance of goods upon authorization of Judgment of Recovery or approval by the General Meeting of Creditors, complied with the terms of the laws and contracts applicable to such assets. Closed the Judicial Recovery, the Lupatech Group may freely alienate any goods of its circulating or permanent asset, observed the charges borne on such goods, not being applicable anymore the restrictions provided for in this Plan or in art. 66 of the Bankruptcy Law, being, however, subject to the usual restrictions contained in the social contracts and statutes of the societies in the Lupatech Group and new debt instruments, as the case may be.

Termination of Judicial Reorganization: Upon completion of the Judicial Reorganization, Lupatech Group may dispose of its assets and resources without imposing the restrictions and limitations set forth in the Plan**.**

b. Retructuring of credits subject to the Plan

Observing the provisions in Article 61 of the Bankruptcy Law, all Credits Subject to the Plan, which will be paid by Lupatech and by Lupatech Finance as main debtors, as the case may be, in solidarity with the other societies in the Lupatech Group, which remain as co-obligated and debtors in solidarity, with express waiver of any benefit of order.

The credits subject to the Plan shall be paid within the time limits and forms set out in the Plan, for each class of Creditors Subject to the Plan, even if the contracts which gave rise to Credits Subject to the Plan have laid down in a different way. With the referred novation, all obligations, covenants, financial indexes, hypotheses of netting, fines, as well as any other contractual obligations that are incompatible with the conditions of this Plan, shall cease from being applicable.

The credits not subject to the Plan would be paid in the form originally contracted or in the form that is agreed between the Lupatech Group and its respective creditor, additionally, if applicable, through the implementation of measures envisaged in the Plan.

In order to reduce payment administration costs, a minimum amount of payment to creditors subject to the Plan of two hundred and fifty reais per creditor subject to the Plan qualified in the list of creditors in classes III and IV, limited to the balance shall be respected. of their respective credit subject to the Plan.

The payment methods provided to creditors of Classes II, III, and IV are intended not only to reschedule a substantial part of the credit to be made in cash; but also, allow lenders to benefit from the economic uplift pursued by the Lupatech Group through the exercise of the subscription bonuses offered in exchange for part of their credit.

Credits that have their rating contested by the Lupatech Group or any interested party under the Bankruptcy Law can only be paid after the judgment determining the qualification of the disputed claim has been finalized, subject to the terms of the Bankruptcy Law, the deadlines for payment start only after the final decision has been passed.

In the event of an increase in any credit, or the inclusion of new credit as a result of any credit challenge or judgment of any lawsuit, the respective amount (in case of inclusion) or additional amount (in case of increase) will be paid through proportional distribution of the value in future installments. Any increase or inclusion of any Credit in the list of creditors during the payment term will not give the creditor whose credits are increased any right to retroactive or proportional payment of installments already paid.

c. Restruturing of Labor Credits

The payment measures provided to the Labor creditors were and have been fulfilled as presented in the Judicial Reorganization Plan.

The disputed labor claims to be settled by the Labor Court must be paid in the manner established in the respective agreements duly approved by the Labor Court in a final decision. Under no circumstances can the disputed labor claims be treated more beneficially than that given to undisputed labor claims.

d. Restructuring of credits with real warranty

In addition to the payment provided for above, the Lupatech Group may, at any time and upon the consent of the respective collateralised creditor, make the total or partial payment of the balance of the respective collateralised credit through: (i) the payment in kind any of the assets pledged as collateral in favor of the collateralised creditor; (ii) the payment of credits held by the Lupatech Group, in an amount sufficient to cover the balance of the respective collateralised Credit; or (iii) the delivery of proceeds from the disposal of any of the assets pledged as collateral to the creditor with collateral, either under the Plan, upon court authorization, or under Article 60 of the Bankruptcy Law.

In the event that the alternative payment occurs only partially, the respective collateralised creditor shall release excessive collateral in favor of the Lupatech Group under the Plan.

e. Restructuring of unsecured credits

Unsecured credits denominated in foreign currencies will be calculated in reais based on the exchange rate on the date of the request and will be paid under conditions similar to those provided for in the Plan, subject to the variation of the Central Bank's official exchange rate on the business of the day prior to the exchange. payment. Exchange variation will be calculated as the difference between the original amount of the foreign currency unsecured credit and the amounts actually paid in foreign currency.

The Lupatech Group will ensure the payment, in cash, of at least two thousand reais per unsecured creditor, both in domestic and foreign currency, up to the limit of the value of their respective unsecured credit. In the event that such minimum amount exceeds 50% of unsecured credit, only the remaining balance of unsecured credit will be paid for the delivery of Subscription Bonus.

The payment of the unsecured credits of the Noteholders will be made under conditions similar to those provided for in the Plan, subject to exchange variation, upon payment of 50% of the amount of the respective unsecured credit, including principal and interest and charges, through the delivery of New Notes. And payment of 50% of the value of the respective unsecured credit, equivalent to the remaining balance of the principal, through the payment of Warrants.

Cancellation of current Notes: Upon judicial approval of the Plan, and after obtaining a court decision in Chapter 15 recognizing the effectiveness of the Plan in US territory, the Notes currently held by the Noteholders will be deemed to be canceled in their entirety, which will be replaced by the New Notes, to be issued within 180 days of obtaining the court decision in Chapter 15.

f. Restructuring of Credits from Micro Enterprises (ME) and Small Businesses (SB)

The Lupatech Group will guarantee the payment, in cash, of at least two thousand reais per ME and EPP lender, up to the amount of its respective ME and EPP credit. In the event that such minimum amount exceeds 50% of the ME and EPP credit, only the remaining balance of the ME and EPP credit will be paid for the delivery of the Subscription Bonuses.

1.3 COVID-19 Pandemic

In mid-March, the Company began to face the consequences of the COVID-19 Pandemic. In a nutshell, Pandemic imposed a drop in sales in the previous quarter to levels that were only comparable to those in the second quarter of last year, and much lower than in the first quarter of this year.

While several difficulties persist, especially in terms of logistics and several limitations to operate the factories normally, it seems that the worst is behind us.

The gradual recovery in industrial demand, together with the orders received under the scope of supply contracts recently signed with Petrobras, allowed revenues to improve in the third quarter despite being impacted by the pandemic.

The Company's management is monitoring the possible impacts of Covid-19 on its business. On the date of issuance of this Quarterly Information, the Company does not foresee any risks to the continuity of its business, nor to accounting estimates and judgments.

2 Basis of preparation

2.1 Declaration of conformity (with repect to the IFRS and CPC Standards)

The consolidated quarterly information was prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil (BR GAAP).

The parent company's individual quarterly information was prepared in accordance with BR GAAP.

The Company's Management states that all relevant information specific to the financial information, and only it, is being disclosed, and that it corresponds to that used by it in its management.

The issuance of the Company's information, for the period ended September 30, 2020, individual and consolidated, was authorized by the Board of Directors on November 11, 2020.

In compliance with CVM Circular Letter No. 003/2011, of April 28, 2011, below we present the explanatory notes included in the most recent annual financial statements (year ended December 31, 2019), which, in view of the absence of material changes in this nine-month period ended September 30, 2020, are not being repeated or included in full in this quarterly information:

Explanatory notes not included for the period of nine months ended September 30, 2020	Location of the note in full annual financial statments for the fiscal year 2019
Main accounting practices	Note nº 3
Other accounts payable	Note nº 19
Taxes payable	Note nº 21
Liabilities at fair value	Note nº 22

2.1.1 Earnings Statement Previously disclosed

In view of the existence of discontinued operations for the 2019 financial year, due to the negotiation of the remaining equity interest of Lupatech OFS Coöperatief U.A. and Lupatech OFS S.A.S, the Company is presenting, in note 29, the income statement for the nine-month period ended on September 30, 2019, to separately classify the result of discontinued operations.

2.2 Functional currency and presentation currency

This quarterly information is presented in Reais, which is the Company's functional currency. All balances have been rounded to the nearest thousands, except where otherwise indicated.

2.3 Measurement basis

The quarterly information was prepared based on historical cost, except for certain financial instruments measured at their fair values.

2.4 Basis of consolidation and investments in subsidiaries

The consolidated quarterly information includes the financial statements of Lupatech S/A - In Judicial Recovery and its subsidiaries.

2.4.1 Controlled companies

The Group controls an entity when it is exposed to, or has rights over, the variable returns arising from their involvement with the entity and has the ability to affect those returns by exerting its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control until the date that the control ceases to exist.

In the nine-month period ended September 30, 2020, the financial information of subsidiaries is recognized using the equity method.

The consolidated financial statements include the financial statements of Lupatech S/A - In Judicial Recovery and its direct or indirect subsidiaries, as shown below:

-

Direct and indirect subsidiaries	Direct and Indirect participation (%)	
	09/30/2020	12/31/2019
Direct participation		
Mipel Comércio e Indústria de Peças Técnicas Ltda- In Judicial Recovery - (Brazil)	100.00	100.00
Lupatech Equipamentos e Serviços para Petróleo Ltda.- In Judicial Recovery - (Brazil)	100.00	100.00
Lupatech Finance Limited - In Judicial Recovery - (Cayman)	100.00	100.00
Recu S.A. - (Argentina)	95.00	95.00
Lupatech Oil&Gas Coöperatief U.A. - (Holanda)	5.00	5.00
Lochness Participações S/A - In Judicial Recovery - (Brazil)	100.00	100.00
Indirect participation		
Recu S.A. - (Argentina)	5.00	5.00
Lupatech Oil&Gas Coöperatief U.A. - (Holanda)	95.00	95.00
Lupatech Perfuração e Completação Ltda.- In Judicial Recovery - (Brazil)	100.00	100.00
Sotep Sociedade Técnica de Perfurações S/A - In Judicial Recovery - (Brazil)	100.00	100.00
Prest Perfurações Ltda. - In Judicial Recovery - (Brazil)	100.00	100.00
Itacau Agenciamentos Marítimos Ltda. - In Judicial Recovery - (Brazil)	100.00	100.00
Matep S.A. Máquinas e Equipamentos - In Judicial Recovery - (Brazil)	100.00	100.00
Amper Amazonas Perfurações Ltda. - In Judicial Recovery - (Brazil)	100.00	100.00
UNAP International Ltd. - (Cayman)	100.00	100.00

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized revenues or expenses arising from intragroup transactions, are eliminated. Unrealized gains arising from transactions with subsidiaries accounted for under the equity method are eliminated against the investment in the proportion of the Group's interest in the investee. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

2.4.2 Jointly controlled companies

Jointly controlled are all entities whose financial and operating policies can be conducted by the Group, in conjunction with other shareholder(s), normally operated through agreements of the shareholders. On the financial statements of the parent company and in the consolidated, the participations in jointly controlled entities are recognized by using the equity method.

The Company owns participation in the following jointly controlled companies: Luxxon Participações Ltda e Aspro do Brasil Sistemas de Compressão p/ GNV Ltda., as shown below, in September 30 of 2020:

Jointly-owned subsidiaries	Direct and indirect participation	
	09/30/2020	12/31/2019
Direct participations		
Luxxon Participações Ltda. - (Brazil) (*)	45.20	45.20
Direct participations		
Aspro do Brasil Sistemas de Compressão Ltda. - (Brazil) (*)	45.20	45.20

(*) Joint Venture

According to the Board of Directors' Meeting held on June 8, 2020, the Directors approved the exercise of the right to withdraw the Company from Luxxon Participações Ltda., Due to the sale of control by the other partners of Luxxon.

2.4.3 *Business Combination*

Business combinations are registered using the acquisition method when the control is transferred to the Group. The consideration transferred is usually measured at fair value, as well as the net identifiable assets acquired. Any gain that arises on the transaction is tested annually for evaluation of loss by reducing the amount recoverable. Gains in an advantageous purchase are recognized immediately in the result. The transaction costs are recorded in the result as they are incurred, except the costs related to the issuance of debt instruments or assets.

The consideration transferred does not include amounts relating to the payment of pre-existing relations. These amounts are generally recognized in the result of the period.

Any contingent consideration payable is measured at its fair value at the date of acquisition. If the contingent consideration is classified as equity instrument, then she is not remeasured and the settlement is registered within the net worth. The remaining contingent considerations are remeasured at fair value on each date of report and subsequent changes to fair value are recorded in the result of the period.

If any business combination event or other similar transaction or corporate event affecting the Options with the dilution of the shareholding position to which the Beneficiary would be entitled, the Board of Directors must amend the Common Stock Option Agreement, within 30 days the date of said event, to ensure that the Beneficiaries remain with sufficient Options to acquire the stipulated percentage of the Company's shares contracted, according to the new shareholding structure, where the Options exercise schedule provided for in the contract is preserved, maintaining the percentages and terms defined in it.

3 Standars, amendments and interpretation of standards

In force

The following new standards were approved and issued by the IASB, effective January 1, 2019. The Company adopted the new standards and management assessed the impacts of its adoption, not identifying adjustments for disclosure.

(i) *IFRS* 16 *Leases* (CPC 06 R2 - Leases)

The new standard replaces IAS 17 - "Leasing Operations" and corresponding interpretations and determines that the tenants will have to recognize the liability of future payments and the right of usage of the leased asset for virtually all leasing contracts, including the operational, which may place outside the scope of this new standard certain short-term contracts or contracts of small amounts. The recognition criteria and measurement of leases in the financial statements of lessors are substantially maintained.

Management evaluated the new pronouncement and, considering its quarterly transactions, did not identify changes that could have an impact on the Company's financial statements.

The following technical interpretation was approved by the Accounting Pronouncements Committee:

ICPC 22 / IFRIC 23 - Uncertainties Regarding Tax Treatments

This interpretation clarifies how to apply the recognition and measurement requirements of CPC 32 Income Taxes (IAS 12 Income Taxes) when there is uncertainty about the treatment of income tax. In such circumstances, an entity shall recognize and measure its current or deferred tax assets or liabilities, applying the requirements of CPC 32 / IAS 12 based on taxable income (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined on the basis of this interpretation.

This interpretation came into effect as of annual periods beginning on or after January 1, 2019 and its impacts were assessed by the Company's Management, with no material impact on the financial statements.

There are no other standards, changes and interpretations of standards issued and not yet adopted that may, in Management's opinion, have a significant impact on the results or shareholders' equity disclosed by the Company.

4 Cash and cash equivalents and titles and restricted securities

4.1 Cash and cash equivalents

The balances of cash and cash equivalents are composed as follows:

	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Cash and banks				
Brazil	56	47	66	180
Total	56	47	66	180
Financial Investments				
Bank deposit certificate	132	129	12,889	5,654
Total	132	129	12,889	5,654
Cash and cash equivalents	188	176	12,955	5,834

The values of cash equivalents are related to applications of immediate liquidity, with insignificant risk of change in value and refer to resources invested in fixed income and a certificate of deposit. The rates of remuneration of financial applications of certificate of deposit have as parameter the Interbank Certificate of Deposit - CDI.

4.2 Bonds and securities – Restricted

As of March 31, 2020, it contained the amount of R$1,788 in non-current assets, in the parent company and in the consolidated, referring to the guarantee deposit for the payment of any indemnifiable liabilities, according to the contractual clause for the purchase and sale of the Metalúrgica Ipê unit to Duratex, called Escrow Account, applied in CDB. In April 2020, through an agreement between the parties establishing contractual guarantees on remaining contingencies, the Company made the withdrawal of these resources.

5 Accounts receivable from customers

	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Local market	15,407	9,087	22,296	14,823
Export	668	597	952	795
	16,075	9,684	23,248	15,618
Less: allowance for doubtful accounts	(4,866)	(4,257)	(5,444)	(4,823)
	11,209	5,427	17,804	10,795
Current	11,209	5,427	17,804	10,795
Non-Current	-	-	-	-

In the nine-month period ended September 30, 2020, an estimated impairment loss was recognized in the net result in the net amount of R$609 in the parent company and R$621 in the consolidated.

In the nine-month period ended September 30, 2019, an estimated loss of loan losses in the amount of R$40 was recognized in the parent company and reversed R$613 in the consolidated result.

6 Inventory

	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Finished goods	4,434	4,639	5,927	6,073
Goods for resale	2,491	1,604	4,302	3,408
Work in progress	8,542	7,733	13,079	12,109
Raw material	17,156	17,675	42,779	45,427
Losses on inventory obsolescence	(6,130)	(6,266)	(35,044)	(36,581)
Total	26,493	25,385	31,043	30,436

In the nine-month period ended September 30, 2020, there was a reversal in the result, corresponding to losses with obsolescence of inventories in the amount of R$136 in the parent company and R$1,537 in the consolidated, as shown in the movement below:

	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Opening balance for the period	(6,266)	(6,753)	(36,581)	(35,516)
Loss estimate	(82)	(153)	(245)	(2,078)
Reversal	218	640	1,782	1,013
Final balance	(6,130)	(6,266)	(35,044)	(36,581)

In the nine-month period ended September 30, 2019, there was a reversal in the result, corresponding to losses with obsolescence of inventories in the amount of R$318 in the parent company and R$253 in the consolidated.

7 Taxes to be recovered

	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Value-added Tax on Sales and Services (ICMS) recoverable	9,713	10,612	10,099	10,995
PIS and COFINS on ICMS	28,485	28,485	29,812	29,812
Excise Tax (IPI) recoverable	1,480	1,403	1,721	1,657
Social Integration Program (PIS) recoverable	30	28	412	412
Social Contribution on Revenues (COFINS) recoverable	140	128	1,775	1,778
IRF and IRPJ recoverable	331	224	28,591	41,355
CSLL recoverable	167	88	3,710	6,986
National Institute of Social Security (INSS) Contribution recoverable	5	46	35	193
Service tax (ISS) recoverable	-	-	34	34
Other	72	70	203	185
Total	40,423	41,084	76,392	93,407
Current	7,251	1,371	24,236	38,271
Non-Current	33,172	39,713	52,156	55,136

The origin of the credits listed above is as follows:

- **IPI, PIS and COFINS to recover** – stem, basically, from credits over purchases of raw materials used in the exported products and sale of products taxed at zero rate. The realization of these credits has been performed through compensation with other federal taxes.

- **Income tax and social contribution to recover -** are arising from taxes over profit, paid the largest over previous years, or in the form of anticipation in the current exercise, and of tax withheld at the source over financial transactions and services provided by third parties. These taxes are being compensated with payable taxes determined of the same nature r request for refund, where applicable.

- **ICMS -** refers to credits over acquisitions of inputs used in the manufacturing of products whose sale is subject to the reduced basis of calculation of ICMS, as well as claims over acquisitions of inputs used in the manufacturing of products intended for export.

- **PIS e COFINS about the ICMS** – refers to the amount determined by the company due to the transit in a partial decision of a favorable decision to exclude the ICMS from the PIS and COFINS calculation basis.

Actions have been taken to use these accumulated tax credits, either for their consumption in the operation, compensation with debts or cash refund.

8 Other receivable accounts

As of September 30, 2020, the Company has the following balances recorded as other accounts receivable in current and non-current assets, as shown below:

	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Other accounts receivable - Current				
Advances to employees	194	316	205	340
Profits and dividends receivable	-	-	1,664	1,664
Other receivables	1,358	1,278	1,781	1,839
Convertible debentures in share	4,559	4,559	12,935	17,360
Total	6,111	6,153	16,585	21,203
Other accounts receivable - Non-current				
Loans receivable from related Unifit	6,935	6,935	6,935	6,935
Loans receivable from related Luxxon	163	163	6,091	6,091
Total	7,098	7,098	13,026	13,026

9 Investments

9.1 Investments in subsidiares and affiliates

	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
In affiliates	262,831	204,218	-	-
Joint venture	-	-	-	-
In subsidiares	-	-	-	-
Total	262,831	204,218	-	-
Goodwill on acquisition of investments	6,065	6,065	-	-
Total	268,896	210,283	-	-

	Mipel	Recu	LESP	Finance	LO&G	Lochness	Parent 09/30/2020	Parent 12/31/2019
Investment								
Amount of share or quotas								
Ordinary shares (thd)	-	3,000	-	-	734,613	734,613		
Capital stock quotas (thd)	22,637	-	391,430	50	-	-		
Participation %	100	95	100	100	5	100		
Shareholders' equity	**(210)**	**333**	**28,003**	**116,664**	**2,987**	**117,402**		
Income (Loss) for the year	(3,269)	-	(7,290)	(4)	(830)	(15,664)		
Unrealized profits	(346)	-	-	-	-	-		
Changes in investments								
Starting balance in period	1,539	287	34,354	82,836	141	85,061	204,218	184,022
Capital increase / subscription	-	-	-	-	-	-	-	-
Advance for future capital increase	-	-	297	-	-	(1,290)	(993)	1,292
Capital increase	1,211	-	-	-	-	18,608	19,819	55,211
Sale of interest in subsidiary	-	-	-	-	-	-	-	(18,662)
Equity income	(3,306)	-	(7,290)	12,388	(41)	(15,664)	(13,913)	(32,212)
Reclassification of unsecured liabilities	556	-	-	-	-	-	556	-
Equity valuation adjustment	-	29	939	21,440	49	30,687	53,144	14,567
Final balance in the period	**-**	**316**	**28,300**	**116,664**	**149**	**117,402**	**262,831**	**204,218**

The social reasons of subsidiaries and affiliates are the following: Mipel – Mipel Comércio e Indústria de Peças Técnicas Ltda. - In Judicial Recovery; Recu - S/A; LESP - Lupatech - Equipamentos e Serviços para Petróleo Ltda. - In Judicial Recovery; Finance - Lupatech Finance Limited - In Judicial Recovery; Finance II - Lupatech II FinanceLimited; LNC - Lupatech Netherlands Coöperatief U.A. and Lochness Participações S/A - In Judicial Recovery.

The result of the equity is composed as follows:

	Parent			
	Three-month period ended		Nine-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
In affiliates	(4,959)	2,849	(13,913)	(10,149)
In joint venture	(1,239)	79	(1,561)	42
Total	(6,198)	2,928	(15,474)	(10,107)

	Consolidated			
	Three-month period ended		Nine-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
In affiliates	-	-	-	-
In joint venture	(1,239)	79	(1,561)	42
Total	(1,239)	79	(1,561)	42

9.2 Investments in jointly controlled (*joint venture*)

Luxxon Participações Ltda is the jointly controlled entity of the Lupatech Group with Axxon Group. The Company shares with the other partners the joint management of the relevant activities of this entity.

On September 30, 2020, the Company recognized investments in joint venture (Luxxon Participações Ltda), as a provision for unrecognized liabilities, in the amount of R$4,474 (R$1,033 on December 31, 2019).

Jointly controlled investments are measured using the equity method.

9.3 Investment Property

It consists of land and built area, located in Macaé in Rio de Janeiro, Caxias do Sul in Rio Grande do Sul and Nova Odessa in São Paulo.

There are no operational activities carried out on the Macaé property - RJ. The properties located in Caxias do Sul - RS and Nova Odessa - SP are partially occupied with administrative and manufacturing activities. These unused portions are reserved for another destination that may be more profitable and efficient for the Company, namely, leasing, real estate development or long-term sale.

According to a technical report made in 2019 by an independent company, the total fair value calculated for properties and portions of properties intended for investment is R$50,452 on December 31, 2019.

	Parent			Consolidated		
	Land	Building and construction	Total	Land	Building and construction	Total
Balance on December 31, 2019	26,477	2,033	28,510	46,779	3,673	50,452
Additions	-	-	-	-	-	-
Balance on September 30, 2020	26,477	2,033	28,510	46,779	3,673	50,452

10 Fixed Assets

	Weighted avarage rate of depreciation % p.p.	Parent		Consolidated	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019
		net	net	net	net
Land	-	5,969	5,969	5,903	5,903
Building and construction	2%	26,094	26,485	34,236	35,191
Machinery and equipment	9%	15,143	17,412	21,421	16,187
Molds and matrixes	15%	351	392	434	491
Industrial facilities	5%	5,112	5,469	6,743	7,118
Furniture and fixtures	9%	627	690	664	477
Date processing equipments	14%	78	74	19	18
Improvements	2%	142	146	755	774
Vehicles	19%	26	46	80	1
Casks	-	-	-	1	2
Advances for fixed assets acquisitions	-	-	-	8,778	8,396
Construction in progress	-	298	331	9,074	9,597
Total		53,840	57,014	88,108	84,155

Synthesis of movement of the Fixed Assets:

	Parent								
Gross Cost	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial facilities and improvements**	**Furniture and fixtures**	**Date processing equipments**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2019	**5,969**	**35,031**	**89,663**	**11,717**	**3,848**	**3,913**	**331**	**488**	**150,960**
Additions	-	213	125	1	3	31	50	-	423
Transfers	-	37	6	38	2	-	(83)	-	-
Disposal	-	-	(13)	-	-	(11)	-	-	(24)
Balance on September 30, 2020	**5,969**	**35,281**	**89,781**	**11,756**	**3,853**	**3,933**	**298**	**488**	**151,359**

	Parent								
Acculated depreciation	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial facilities and improvements**	**Furniture and fixtures**	**Date processing equipments**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2019	**-**	**(8,546)**	**(71,859)**	**(6,102)**	**(3,158)**	**(3,839)**	**-**	**(442)**	**(93,946)**
Additions	-	(670)	(2,440)	(400)	(68)	(27)	-	(20)	(3,625)
Disposal	-	-	12	-	-	11	-	-	23
Reclassification to assets held for sale	-	29	-	-	-	-	-	-	29
Balance on September 30, 2020	**-**	**(9,187)**	**(74,287)**	**(6,502)**	**(3,226)**	**(3,855)**	**-**	**(462)**	**(97,519)**

	Parent								
Net fixed assets	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial facilities and improvements**	**Furniture and fixtures**	**Date processing equipments**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2019	**5,969**	**26,485**	**17,804**	**5,615**	**690**	**74**	**331**	**46**	**57,014**
Balance on September 30, 2020	**5,969**	**26,094**	**15,494**	**5,254**	**627**	**78**	**298**	**26**	**53,840**

	Parent								
Gross Cost	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial facilities and improvements**	**Furniture and fixtures**	**Date processing equipments**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2019	**5,903**	**48,270**	**101,109**	**15,713**	**4,551**	**5,486**	**9,597**	**8,725**	**199,354**
Additions	-	213	187	1	5	11	50	(120)	347
Disposal	-	(361)	(27,533)	-	(1,216)	(1,064)	(3,426)	(509)	(34,109)
Transfer	-	37	(381)	38	2	39	265	-	-
Capitalized financial effect	-	-	-	-	-	-	-	501	501
Reversal of provision for impairment of assets	-	-	6,894	-	255	(39)	2,069	101	9,280
Reclassification for assets held for sale	-	-	5,944	-	1,217	1,073	(5,724)	512	3,022
Effect of the conversion of subsidiaries abroad	-	-	22,590	-	-	-	6,243	-	28,833
Balance on September 30, 2020	**5,903**	**48,159**	**108,810**	**15,752**	**4,814**	**5,506**	**9,074**	**9,210**	**207,228**

	Consolidated								
Gross Cost	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial facilities and improvements**	**Furniture and fixtures**	**Date processing equipments**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2019	-	**(13,079)**	**(84,431)**	**(7,821)**	**(4,074)**	**(5,468)**	-	**(326)**	**(115,199)**
Additions	-	(983)	(2,546)	(433)	(73)	(31)	-	(24)	(4,090)
Disposal	-	109	15,882	-	906	1,071	-	406	18,374
Effect of the conversion of subsidiaries abroad	-	-	(9,196)	-	-	-	-	-	(9,196)
Reclassification for assets held for sale	-	30	(6,664)	-	(909)	(1,059)	-	(407)	(9,009)
Balance on September 30, 2020	-	**(13,923)**	**(86,955)**	**(8,254)**	**(4,150)**	**(5,487)**	-	**(351)**	**(119,120)**

	Consolidated								
Net property, plant and equipment	**Land**	**Building and construction**	**Machinery and equipment, molds and matrixes**	**Industrial facilities and improvements**	**Furniture and fixtures**	**Date processing equipments**	**Construction in progress**	**Others**	**Total**
Balance on December 31, 2019	**5,903**	**35,191**	**16,678**	**7,892**	**477**	**18**	**9,597**	**8,399**	**84,155**
Balance on September 30, 2020	**5,903**	**34,236**	**21,855**	**7,498**	**664**	**19**	**9,074**	**8,859**	**88,108**

Property, plant and equipment are subject to liability guarantees as of September 30, 2020, liabilities in the following amounts:

	Fixed assets	
Garanteed liabilities	**Parent**	**Consolidated**
Taxation (Tax executions)	14,791	14,949
Loans and financing	36,008	38,681
Total	50,799	53,630

* Values according to Evaluation

11 Intangibles

	Weighted rates of amortization	Parent		Consolidated	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019
	% p.p.	net	net	net	net
Goodwill (*)	-	55,414	55,414	82,166	82,166
Software and other licenses	20%	1,936	2,553	1,948	2,606
New projects developments	20%	1,768	1,982	2,024	2,238
Total		59,118	59,949	86,138	87,010

(*) In the Parent Company represents the balance of gain of the incorporated subsidiaries.

Synthesis of movement of intangible assets:

Gross intangible cost	Parent: Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Balance on December 31, 2019	**55.414**	**13.245**	**10.304**	**78.963**
Additions	-	-	37	37
Balance on September 30, 2020	**55.414**	**13.245**	**10.341**	**79.000**

Acculated Amortization	Parent: Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Balance on December 31, 2019	**-**	**(10.692)**	**(8.322)**	**(19.014)**
Additions	-	(617)	(251)	(868)
Balance on September 30, 2020	**-**	**(11.309)**	**(8.573)**	**(19.882)**

Net Intangible Assets	Parent: Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Balance on December 31, 2019	**55.414**	**2.553**	**1.982**	**59.949**
Balance on September 30, 2020	**55.414**	**1.936**	**1.768**	**59.118**

Gross intangible cost	Consolidated: Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Balance on December 31, 2019	**79,890**	**16,306**	**11,652**	**107,848**
Additions	-	-	37	37
Balance on September 30, 2020	**79,890**	**16,306**	**11,689**	**107,885**

Accumulated amortization	Consolidated: Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Balance on December 31, 2019	**2,276**	**(13,700)**	**(9,414)**	**(20,838)**
Additions	-	(658)	(251)	(909)
Balance on September 30, 2020	**2,276**	**(14,358)**	**(9,665)**	**(21,747)**

Net Intangible Assets	Consolidated: Goodwill on acquisition of investments	Softwares and other licenses	Development of new products	Total
Balance on December 31, 2019	**82,166**	**2,606**	**2,238**	**87,010**
Balance on September 30, 2020	**82,166**	**1,948**	**2,024**	**86,138**

Below is a summary of the allocation of the goodwill balance by cash-generating unit level:

UGCs	Investments (Note n° 9)		Intangible	
	Investments (Note n° 9)		Intangible	
	Parent		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Products Segment				
Mipel Comércio e Indústria de Peças Técnicas Ltda	6,065	6,065	6,065	6,065
Unidade Lupatech Ropes	55,414	55,414	55,414	55,414
Lupatech – Equipamentos e Serviços para Petróleo – Unidade Fiberware	-	-	20,687	20,687
Total	61,479	61,479	82,166	82,166
Investment	6,065	6,065	-	-
Intangible Assets	55,414	55,414	82,166	82,166

Goodwill is allocated to cash-generating units for which they can be identified in the cash flows of the Cash-Generating Units - “CGU”.

The goodwill allocated to the group of units Carbonox and Valmicro is not relevant in comparison with the total book value of the goodwill, which is why individual information from these CGUs is not being presented.

Below is a summary of the amounts recorded as a loss due to the non-recoverability of goodwill per Cash Generating Unit:

UGCs	Goodwill on acquisition of investments	*Impairment*	Net Goodwill
Products Segment			
Mipel Comércio e Indústria de Peças Técnicas Ltda	6,065	-	6,065
Unidade Lupatech Ropes	125,414	(70,000)	55,414
Lupatech - Equipamentos e Serviços para Petróleo - Unidade Oil Tools	9,149	(9,149)	-
Unidade Tecval	55,680	(55,680)	-
Lupatech - Equipamentos de Serviços para Petróleo - Unidade Monitoring Systems	9,884	(9,884)	-
Lupatech – Equipamentos de Serviços para Petróleo – Unidade Fiberware	20,687	-	20,687
Services Segment			
Lupatech – Equipamentos de Serviços para Petróleo	59,227	(59,227)	-
Total	286,106	(203,940)	82,166

12 Suppliers

	09/30/2020						12/31/2019					
	Parent			Consolidated			Parent			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Suppliers												
Subject to Judicial Recovery												
Domestic Suppliers	4,500	109,248	**113,748**	4,500	109,248	**113,748**	3,874	99,628	**103,502**	3,874	99,628	**103,502**
Export Suppliers	87	16,951	**17,038**	87	16,951	**17,038**	137	16,901	**17,038**	137	16,901	**17,038**
(-) Present value adjustment	-	(62,242)	**(62,242)**	-	(62,242)	**(62,242)**	-	(59,840)	**(59,840)**	-	(59,840)	**(59,840)**
	4,587	**63,957**	**68,544**	**4,587**	**63,957**	**68,544**	**4,011**	**56,689**	**60,700**	**4,011**	**56,689**	**60,700**
Not Subject to Judicial Recovery												
Domestic Suppliers	3,865	-	**3,865**	7,916	-	**7,916**	3,492	-	**3,492**	7,549	-	**7,549**
Export Suppliers	154	-	**154**	156	-	**156**	77	-	**77**	78	-	**78**
	4,019	**-**	**4,019**	**8,072**	**-**	**8,072**	**3,569**	**-**	**3,569**	**7,627**	**-**	**7,627**
Total suppliers	**8,606**	**63,957**	**72,563**	**12,659**	**63,957**	**76,616**	**7,580**	**56,689**	**64,269**	**11,638**	**56,689**	**68,327**

Under the current Judicial Recovery plan, 50% of the unsecured creditors of suppliers will be paid through the payment of subscription bonuses and the remaining 50% will be paid in cash within 15 years, with interest and correction at a variable rate equivalent to TR + 3% per year for Class IV and TR + 3.3% per year for Class III, to be paid respectively 30 days or in four quarterly installments after the maturity of the last principal proposed in the terms of payments of the unsecured creditors of the new Plan.

On September 30, 2020, an adjustment to present value was made on suppliers subject to judicial reorganization in the amount of R$2,402 (R$3,097 on December 31, 2019).

The balance of adjustment to present value on suppliers subject to judicial recovery on September 30, 2020 is R$62,242 (R$59,840 on December 31, 2019) in the parent company and in the consolidated, considering the discount rate of 13.65% per year.

13 Loans and financing

			09/30/2020						12/31/2019					
			Parent			Consolidated			Parent			Consolidated		
Description	Index	Weighted interest rates	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Subject to Judicial Recovery														
Local currency														
Secured creditors	FIXED	3,00% a.a. +	1.495	39.451	**40.946**	1.495	39.451	**40.946**	1.495	39.650	**41.145**	1.495	39.650	**41.145**
Working capital / expansion			1.495	39.451	**40.946**	1.495	39.451	**40.946**	1.495	39.650	**41.145**	1.495	39.650	**41.145**
(-) Present value adjustment			-	(16.287)	**(16.287)**	-	(16.287)	**(16.287)**	-	(17.798)	**(17.798)**	-	(17.798)	**(17.798)**
Unsecured creditors	FIXED	TR	2.207	86.990	**89.197**	2.207	86.990	**89.197**	934	86.364	**87.298**	934	86.364	**87.298**
Working capital / expansion			488	13.508	**13.996**	488	13.508	**13.996**	130	13.580	**13.710**	130	13.580	**13.710**
Working capital / expansion			418	11.562	**11.980**	418	11.562	**11.980**	111	11.624	**11.735**	111	11.624	**11.735**
Working capital / expansion			406	15.698	**16.104**	406	15.698	**16.104**	235	15.475	**15.710**	235	15.475	**15.710**
Research and development funding			205	5.666	**5.871**	205	5.666	**5.871**	55	5.696	**5.751**	55	5.696	**5.751**
Debentures			690	40.556	**41.246**	690	40.556	**41.246**	403	39.989	**40.392**	403	39.989	**40.392**
(-) Adjustment to present value			-	(41.033)	**(41.033)**	-	(41.033)	**(41.033)**	-	(42.818)	**(42.818)**	-	(42.818)	**(42.818)**
Foreign currency														
Unsecured creditors	FIXED	3,3% a.a. +	-	-	-	2.169	137.386	**139.555**						
Noteholders			-	-	-	2.169	137.386	**139.555**	-	-	-	1.256	98.164	**99.420**
(-) Adjustment to present value			-	-	-	-	(54.429)	**(54.429)**	-	-	-	-	(38.167)	**(38.167)**
			3.702	**69.121**	**72.823**	**5.871**	**152.078**	**157.949**	**2.429**	**65.398**	**67.827**	**3.685**	**125.395**	**129.080**
Not subject to Judicial Recovery														
Local currency														
Working capital / expansion	CDI	5,27% a.m.	2.895	-	**2.895**	2.895	-	**2.895**	2.692	-	**2.692**	2.692	-	**2.692**
Working capital / expansion	TJLP	5,09% a.m.	5.034	-	**5.034**	8.648	-	**8.648**	5.034	-	**5.034**	8.648	-	**8.648**
Discounted titles	-	2,00% a.m.	4.935	-	**4.935**	5.156	-	**5.156**	648	-	**648**	648	-	**648**
Credit limit	FIXED	7,00% a.m.	1	-	**1**	4	-	**4**	-	-	-	1	-	**1**
Foreign currency														
Working capital / expansion	DÓLAR	7,48% a.a.	1.214	-	**1.214**	2.519	-	**2.519**	1.215	-	**1.215**	2.520	-	**2.520**
			14.079	-	**14.079**	**19.222**	-	**19.222**	**9.589**	-	**9.589**	**14.509**	-	**14.509**
			17.781	**69.121**	**86.902**	**25.093**	**152.078**	**177.171**	**12.018**	**65.398**	**77.416**	**18.194**	**125.395**	**143.589**

Under the Judicial Recovery Plan in force, 35% of the secured claims subject to the Judicial Recovery must be paid through the payment of subscription bonuses and the remaining 65% will be paid in cash within 15 years, with interest increase and monetary restatement at a variable rate equivalent to TR + 3% per annum, to be paid 30 days after the maturity of the last installment of the principal, as proposed in the terms of payments of the secured creditors of the new Plan.

In the case of unsecured loans and financing, in accordance with the Judicial Recovery Plan in force, 50% will be paid through the payment of subscription bonuses and the remaining 50% will be paid in cash within 15 years, with (Class IV) or TR + 3.3% pa and 0.4% in foreign currency (Class III), to be paid in 30 days (Class IV) or four quarterly installments (Class III) after the maturity of the last installment of the principal, as approved in the terms of payments of the unsecured creditors of the new Plan.

In the nine months ended September 30, 2020, there was an adjustment to the present value of loans and financing subject to judicial recovery in the amount of R$3,296 at the parent company (R$4,637 at December 31, 2019) and R$12,966 in the consolidated (R$2,644 on December 31, 2019).

The balance at present value adjustment on loans and financing subject to judicial recovery on September 30, 2020 is R$57,320 (R$60,616 on December 31, 2019) at the parent company and R$111,749 (R$98,783 on December 31, 2019) in the consolidated, considering the discount rate of 13.65% per year.

The maturities of the non-current installments of financing are as follows:

	Parent		Consolidated	
Maturity	09/30/2020	12/31/2019	09/30/2020	12/31/2019
2021	2.806	2.806	4.062	4.062
2022	3.282	3.282	4.995	4.995
2023	4.116	4.116	6.628	6.628
2024	6.785	6.785	10.780	10.780
2025	7.955	7.955	12.711	12.711
From 2026	44.177	40.454	112.902	86.219
	69.121	65.398	152.078	125.395

Loan and financing guarantees were granted as follows, with a position on September 30, 2020:

		Warranty amount			
		Parent		Consolidated	
		Balance Accounting (*)	Value of evaluation (**)	Balance Accounting (*)	Value of evaluation (**)
Subject and not subject to Judicial Recovery					
National coin	**Warrant**				
Working capital / expansion	Mortgage / Buildings	33,412	112,207	33,806	134,149
Working capital / expansion	Machines and equipment	2,596	2,540	4,875	5,005
		36,008	114,747	38,681	139,154

* Net depreciation values.
** Appraisal according to reports prepared by Appraisal Evaluations and Engineering Ltda. in 2018 and 2019.

Due to the Plan of Judicial Recovery, the bonds and debentures started being treated and registered with the loans subject to judicial recovery, on non-current liabilities, due to its classification as unsecured creditors of the Plan, where they accrue interest and monetary correction at a variable rate equivalent to TR + 3.3% per year in Reais, as determined for payment of these creditors in the New Plan of Judicial Recovery.

14 Debentures

Third Issuance of Debentures

Aiming the payment of part of the credits of labor nature, and other credits not subject to the Plan of Judicial Recovery, the Board has approved, in a meeting held in November 28 of 2017, the 3rd issuance of debentures convertible into ordinary stocks of issuing of the Company, in a single series, of the unsecured kind, for private placement, within the limit of the authorized capital, in the amount of thirty million reais, upon issuance of 30.000.000 of Debentures.

The Issuance respected the preemptive right of the Company's shareholders and was directed to the payment of Class I Judicial Reorganization credits and to holders of other credits.

On February 5 of 2018, was held at RCA, the partial approval of the 3rd Issuance of Debentures of the Company, as approved in the meeting of the Administrative Council held on November 28 of 2017, in the amount of R$29,313, upon the issuance of 29,313,394 Debentures, within the limit of the authorized capital of the Company.

Considering the total amount of the issuance of 30,000,000 of Debentures, still remained 686,606 unsubscribed Debentures, which were canceled by the Company, in accordance with the Issuance.

The conclusions of the Company's stock conversion processes were as follows:

Event	Conversion Date	Ordinary Actions (units)	Conversion of debentures into R$
Completion of the process of converting debentures into shares of the Company	February 28, 2018	5.265.949	15.482
1st Mandatory Conversion of Debentures into Company Shares	February 28, 2018	470.456	1.383
2nd Mandatory Conversion of Debentures into Company Shares	June 18, 2018	358.682	1.055
3rd Mandatory Conversion of Debentures into Company Shares	August 20, 2018	364.282	1.070
4th Mandatory Conversion of Debentures into Company Shares	November 21, 2018	369.542	1.087
5th Mandatory Conversion of Debentures into Company Shares	February 27, 2019	375.225	1.103
6th Mandatory Conversion of Debentures into Company Shares	May 29,2019	380.467	1.119
7th Mandatory Conversion of Debentures into Company Shares	August 30,2019	386.318	1.136
8th Mandatory Conversion of Debentures into Company Shares	November 22, 2019	392.168	1.153
9th Mandatory Conversion of Debentures into Company Shares	March 02,2020	397.923	1.170
10th Mandatory Conversion of Debentures into Company Shares	June 24,2020	403.441	1.186
11th Mandatory Conversion of Debentures into Company Shares	August 18, 2020	409.686	1.204

The balance of Debentures remaining on September 30, 2020 recorded in Current Liabilities is R$2,075 (R$5,187 on December 31, 2019).

The main characteristics of the 3rd issuance of debentures are:

Series: Only
Date of issue: 12/18/2017 (for all legal purposes)
Expiration Date: Without time of expiration
Quantity issued: 29.313.394
Par value: R$1.00
Value of the issue: R$29.313

Convertibility:

The Debentures are mandatorily convertible into ordinary shares issued by the Company, at the discretion of the debenture holders, in accordance with the conditions and options below:

a) in up to 10 working days counted from the Date of Payment of Debentures, the debenture holders could request the conversion of up to 100% of the Debentures held by them in shares, of R$2.94 per share. The calculation for conversion of Debentures resulted from the division between (i) the nominal unit value of the Debentures, plus the remuneration and (ii) the conversion price of $2.94 per ordinary share issued by the Company. Any fractions resulting from the calculation for conversion were disregarded; or

b) within 10 working days from the date of payment of Debentures, if the debenture holders have not requested the convertibility of its Debentures pursuant to the terms and conditions set forth in the item (a) above, the Debentures will be mandatorily converted into Shares, according to the periodicity, percentage and price indicated below:

Conversion Dates	Percentage to be converted from Debentures of each of Debenturist	Price per share in R$
February 15, 2018	10%	2.94
May 15, 2018	7.5%	2.94
August 15, 2018	7.5%	2.94
November 15, 2018	7.5%	2.94
February 15, 2019	7.5%	2.94
May 15, 2019	7.5%	2.94
August 15, 2019	7.5%	2.94
November 15, 2019	7.5%	2.94
February 15, 2020	7.5%	2.94
May 15, 2020	7.5%	2.94
August 15, 2020	7.5%	2.94
November 15, 2020	7.5%	2.94
February 15, 2021	7.5%	2.94

In the event of the Action completing 22 consecutive trading sessions with closing values above the price of the last conversion performed, the debenture holder may, at his sole discretion, during the 10 calendar days following, anticipate the last conversion provided in accordance with the schedule above. Closed the period of 10 calendar days for the exercise of the faculty of early conversion, if the conditions for early conversion are cleared again, the debenture holders may, at his sole discretion, make new conversions in advance on the same terms. In these cases, the Debentures will be converted in accordance with the schedule, with the remuneration calculated on a pro rata temporis up to the date of early conversion.

The debenture holder that holds more than one Debenture can group the fractions of shares that he has rights over, with the aim of achieving an integer, so as to receive the largest possible number of shares. After the fractional shares resulting from the conversion of Debentures of each debenture holder being grouped, only whole quantities of shares shall be delivered to the referred debenture holder, disregarding any fraction.

The number of shares to be delivered per Debenture will be simultaneous and proportionally adjusted to capital increases by subsidy, splitting or groupings of ordinary and/or preferred shares issued by the Company, any title, which might occur starting from the date of issuance, without any cost to the holders of Debentures and the same proportion established for such events.

Subscription and payment:

The Debentures subscribed were paid on January 31, 2018 ("Date of Subscription"), the subscription price corresponding to its nominal value per unit, without monetary updating, interest or other charges. The Debentures were paid in cash, upon the act of subscription ("Date of Payment"), outside the scope of B3, with Undisputed labor credits, as defined in the Plan of Judicial Recovery, or credits held by a society of specific purpose as a result of the assumption of labor credits, or with other credits, in all cases held in regards to the Company, upon the payment with the corresponding credits. The sums paid by holders of right of preference, in accordance with Article 171, paragraph 2 and paragraph 3 of the Corporation Law, must be delivered in proportion to holders of paid credits.

For each R$1.00 (one real) in undisputed labor credits, loans held by the SPE or other credits, was subscribed and paid R$1.00 (one real) of nominal value of Debenture, disregarding fractions of the real so that the payment of the whole number of debentures immediately below the value of the credit.

The Debentures that were not subscribed, as well as Debentures subscribed which have not been paid pursuant to the terms and conditions set forth in the Scripture of Issuance, have been canceled.

Remuneratory Interest:

Each Debenture does justice to the remuneration, as from the date of payment, calculated by the referential rate, calculated and published by the Central Bank of Brazil ("TR"), increased exponentially from a spread or surcharge of 6% per year, calculated on the basis of 252 working days, calculated in a composed form, annually, pro rata temporis per day, on the par value per unit of the Debentures, since the date of payment (additionally) until the date of notice to shareholders, which must occur at the end of each period of capitalization, to be calculated in accordance with the Scripture of Issuance.

The Remuneration pro rata temporis will be added to the percentage of the par value per unit of the Debentures for the purpose of conversion on each date of conversion, as described in the table above, occurring in the last payment on February 15, 2021, the date on which, mandatorily, any remaining balance will be converted into shares. This provision also applies to early conversion.

Optional early redemption total or partial and partial optional amortization:

The Company may, at its sole discretion and regardless of the willingness of the debenture holders perform, at any time, (i) the total early redemption; and/or (ii) the partial early redemption of the Debentures, limited to 98% of the balance of the par value per unit of the Debentures.

On the occasion of the optional early redemption or the optional early amortization, the Debenture Holders will make justice to the receipt the par value per unit of the Debentures, plus the remuneration of Debentures, calculated pro rata temporis since the date of payment until the date of effective payment of the optional early redemption or the optional early amortization. There will be no payment of prizes.

The optional early redemption or the optional early amortization may only occur through the sending of communication from the Company to the debenture holders, with minimum prior notice of 5 working days from the date envisaged for the execution of the optional early redemption or the optional early amortization, stating (i) the amount to be paid for the Debentures to be redeemed or amortized, as applicable; (ii) the date of execution of the optional early redemption or the optional early amortization; and (iii) other information necessary for the operationalization of the redemption or amortization of the Debentures.

In the event of execution of optional early redemption optional early amortization, the Company may make the compensation with eventual credits that it holds against the Debenture Holders, in accordance with Article 368 and following of the Civil Code, outside the scope of the B3.

Dilution:

As was assured to the current shareholders of the Company their right of preference pursuant to Article 57, paragraph 1, and Article 171, paragraph 3, of the Law of Corporations, only dilution occurred by not exercising the right of preference. Otherwise, the shareholders have maintained their respective shares in the social capital. The price of conversion of Debentures into shares issued by the Company in the context of the Issuance was fixed without undue dilution to the current shareholders of the Company, under the terms of Section III of the paragraph1 of article 170 of the Law of Corporations.

15 Related parties

15.1 Parent Company

The balances and transactions between the Company and its subsidiaries, which are its related parties, have been eliminated in the consolidation. The details in regards to transactions between the parent company and its subsidiaries are presented below:

	Parent					
	SABR	Mipel Sul	Lupatech Finance	LESP	09/30/2020	12/31/2019
Assets						
Current						
Accounts receivable	-	249	-	-	249	1,012
Other accounts receivable	632	3,928	-	21,349	25,909	47,466
Non-current						
Mutual and loans	30,719	-	-	-	30,719	21,930
	31,351	4,177	-	21,349	56,877	70,408
Liabilities						
Current						
Accounts payable	-	141	-	-	141	55
Other accounts payable	1,274	14	1,251	1,204	3,743	2,473
Mutual and loans	2,438	-	-	-	2,438	38,129
Non-current						
Mutual and loans	-	-	206,052	53,359	259,411	146,797
	3,712	155	207,303	54,563	265,733	187,454
					09/30/2020	09/30/2019
Income						
Purchases	-	32	-	-	32	3,799
Financial income	26	-	-	-	26	18
Financial expenses	-	-	568	8	576	397
	26	32	568	8	634	4,214

	Transaction date	Duration	Interest rate	Amount R$	Balance US$	09/30/2020	12/31/2019
				Parent			
Assets mutual							
Foreign currency							
Contract 1	jul-14	Indeterminate	105% do DI-Cetip	20.992	5.387	30.388	21.714
Contract 2	dez-14	Indeterminate	12,000% a.a.	288	59	331	216
				21.280	**5.446**	**30.719**	**21.930**
Liabilities mutual							
Foreign currency							
Contract 3	dez-15	Indeterminate	-	36.951	9.460	53.359	38.129
Contract 4	jan-18	Indeterminate	0,4%a.a	225.416	36.529	206.052	146.797
				262.367	**45.989**	**259.411**	**184.926**
National currency							
Contract 5	ago-20	Indeterminate	105% do DI-Cetip	2.400	-	2.438	-
				2.400	**-**	**2.438**	**-**
				264.767	**45.989**	**261.849**	**184.926**

The transactions are carried out in accordance with the conditions agreed between the parties.

The foreign currency loan and loan agreements between Parent and Lupatech Finance are presented on September 30, 2020 for the net amount of R$206,052 (remaining balance of R$146,797 on December 31, 2019) in the parent company's liabilities.

On September 30, 2020, the Company had a loan agreement with Unifit - Unidade de Fios Industriais de Timbaúba Ltda in the amount of R$6,935, the same balance presented on December 31, 2019. This amount is recorded in other accounts receivable in non-current assets.

The Company has a loan agreement with the jointly-owned subsidiary Luxxon Participações Ltda in the amount of R$6,091 on September 30, 2020, the same balance was presented on December 31, 2019. This amount is recorded in other accounts receivable in non-current assets.

a. Clearances granted

The operations with related parties have no warranties related to the operation, limiting itself to ordinary commercial transactions (purchase and sale of inputs), which are not backed by warranties, as well as mutual operations with Group companies, which also have no warranties in their composition.

b. Condition of prices and charges

Intercompany loan agreements in Brazil are monetarily restated at the monthly DI-Cetip market funding rate.

15.2 Key Personeel of the Administration

a. *Remuneration of the Administration*

The amount of R$131 in the parent company and R$3,185 in the consolidated (R$2,135 in the same period in 2019) comprises fixed remuneration and amounts corresponding to variable remuneration. This variable remuneration recorded in the period refers to amounts originally contracted in the remunerations for the years 2017 and 2018, which were partially provisioned in the results of the respective years, and whose credit in favor of the beneficiaries was calculated and authorized by the Board of Directors in January 2020.

At the Annual and Extraordinary Shareholders' Meeting, held on August 18, 2020, the annual fixed and variable global compensation of the Company's administrators for the year of 2020 was approved in the amount of up to R$5,373, being distributed as follows: (i) up to R$2,416 for the overall fixed compensation of the Executive Board, including benefits and charges; (ii) up to R$1,814 for the Executive Board's global variable compensation; and (iii) up to R$1,142 for the global fixed compensation of the Board of Directors. The same meeting also approved the Long-Term Incentive Plan for the Company's Chief Executive Officer, contemplating the possibility of additional awards within 5 years, according to objectives and terms at the discretion of the Board of Directors.

15.3 Loans to shareholders

As of September 30, 2020, the loan amount with GPCM, LLC (Affiliate of the shareholder Oilfield Services Holdco LLC) is R$8,486 (R$7,766 on December 31, 2019), and is recorded in non-current liabilities with the subject loans judicial recovery.

16 Income tax and social contribution

For companies based in Brazil, depending on the situation of each company, if taxed by the real profit, the provision for income tax is calculated and accounted for at the rate of 15% on the taxable profit, plus an additional of 10%, and to social contribution the rate of 9%, calculated and entered on the profit before the income tax, adjusted in the form of tax legislation. The companies taxed on the basis of presumed profit calculate income tax at the rate of 15%, plus an additional of 10%, and social contribution at the rate of 9%, over an estimated profit of 8% to 32% for income tax and 12% for social contribution levied on the gross revenue from sales and services of subsidiaries, observed the tax rules in force.

Parent company Lupatech S/A - In Judicial Reorganization has R$812,161 of accumulated tax loss up to December 2019.

a. The Deferred income tax and social contribution

As of September 30, 2020, the parent company and the consolidated non-current deferred income tax and social contribution balances are presented as shown in the table below:

	Parent		Consolidated	
NON-CURRENT LIABILITIES	**09/30/2020**	**12/31/2019**	**09/30/2020**	**12/31/2019**
Adjustment to present value of suppliers, fines, loans and	(28,456)	(28,669)	(41,410)	(37,752)
Assigned Cost	-	-	(14,284)	(14,284)
Others	(7,705)	(7,705)	(15,020)	(15,020)
Deferred income tax and social contribution	**(36,161)**	**(36,374)**	**(70,714)**	**(67,056)**

Deferred income and social contribution taxes are recorded in income on September 30, 2020, referring to the result for the nine months ended on that date, in the amounts of R$213 (revenue) in the parent company and R$3,658 (expense) in the consolidated (R$589 (revenue) in the parent company and R$328 (revenue) in the consolidated for the nine-month period ended September 30, 2019).

b. Reconciliation of income tax and social contribution expenses

	Parent			
	Three-month period ended		Nine-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Income (loss) before taxes from continuing operations	(22.682)	19.019	(117.025)	(14.075)
Loss before tax	**(22.682)**	**19.019**	**(117.025)**	**(14.075)**
Additions and exclusions				
Equity pick-up	6.198	(2.928)	(15.474)	10.107
Provision of losses on inventory obsolescence	(118)	(301)	(136)	(318)
(Reversal) Allowance for doubtful accounts	(5)	(5)	609	(613)
Provision for contingency losses	1.146	771	6.524	2.746
Non-deductible expenses	-	-	6	-
Adjustment to present value	1.445	862	895	2.473
Investiment valued at equity value	-	(29.401)	(3.600)	(29.401)
Provision for interest on suppliers	(59)	4.552	56	4.481
Exchange variation provision	7.585	16.676	74.102	13.667
Others	12.175	(5.487)	27.944	(5.058)
Calculation basis	**5.685**	**3.758**	**(26.099)**	**(15.991)**
Deferred income tax and social contribution	**344**	**206**	**213**	**589**

	Consolidated			
	Three-month period ended		Nine-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Income (loss) before taxes from continuing operations	(22.479)	18.832	(113.027)	(18.046)
Pre-tax loss from discontinued operations	-	1.975	-	8.526
Loss before tax	**(22.479)**	**20.807**	**(113.027)**	**(9.520)**
Additions and exclusions				
Equity pick-up	1.239	(79)	1.561	(42)
Provision of losses on inventory obsolescence	(46)	(402)	(1.538)	(253)
Provision for losses due to non-recoverability of assets	-	(1.871)	(6.551)	(1.871)
(Reversal) Allowance for doubtful accounts	649	(549)	630	(613)
Provision for contingency losses	(8.428)	6.205	(19.098)	9.162
Non-deductible expenses	(4)	-	6.083	-
Adjustment to present value	623	(2.437)	(15.368)	1.378
Investiment valued at equity value	-	(29.401)	(3.600)	(29.401)
Provision for interest on suppliers	(120)	3.790	120	3.790
Exchange variation provision	19.786	18.443	74.828	16.761
Others	(19.843)	(17.709)	(99.875)	(19.149)
Calculation basis	**(28.623)**	**(3.202)**	**(175.835)**	**(29.758)**
Combined Tax Rate	34%	34%	34%	34%
Current income and social contribution taxes of subsidiaries	**(7)**	-	**(127)**	**(4)**
Deferred income tax and social contribution	**148**	**(580)**	**(3.658)**	**328**

17 Contingent process and judicial deposits

17.1 Provision for tax, labor and civil risks

The Company, through its lawyers, has discussed some issues of tax nature, labor and civil in the judicial sphere. The provision for tax, labor and civil risks was ascertained by the Administration based on available information and supported by the opinion of their lawyers regarding the expectation of outcome, at an amount considered sufficient to cover losses considered likely that may occur on the basis of unfavorable judicial decisions.

		Parent		Consolidated	
		Expectation of loss		Expectation of loss	
		Possible	Probable	Possible	Probable
Tax (i)					
ICMS - Tax on Circulation of Goods and Services	(i.1)	82,547	-	83,528	-
CSLL - Social Contribution on Net Income	(i.2)	-	-	7,986	-
IRPJ - Corporate Income Tax	(i.3)	18,769	-	87,204	-
INSS - National Institute of Social Security	(i.4)	-	-	1,748	-
IRRF - Withholding Income Tax	(i.5)	50,722	-	50,722	-
IPI - Excise Tax		518	-	518	-
COFINS - Tax for Social Security Financing		-	-	239	-
ISS - Services Tax	(i.6)	-	-	7,083	158
CIDE - Contribution for Intervention in the Economic Domain		-	-	1,116	-
Other tax provisions	(i.7)	994	1,088	38,365	2,165
		153,550	1,088	278,509	2,323
Labor (ii)		-	7,837	18,671	49,878
Civil (iii)		994	3,331	11,851	10,652
Total on September 30, 2020		154,544	12,256	309,031	62,853
Total on December 31, 2019		155,887	8,854	357,296	58,013

These figures cover the entirety of the Group's companies and include values in judicial and administrative discussion as well as situations incurred where, even without the existence of releases or formal questioning by the authorities, may signify risks of future losses.

The provision for resources involved in the lawsuits in the amounts set out above (R$12,256 in the parent company and R$62,853 in the consolidated on September 30, 2020 and R$8,854 in the parent and R$58,013 in the consolidated on December 31, 2019) and referring to the spheres below listed takes into account the probability of probable loss, which is configured when an outflow of economic benefits is presumed in view of the matter discussed, the judgments in each case and the jurisprudential understanding of each case.

The demands with probability of possible loss are excluded from the provision.

The judicial demands are divided into three spheres, being:

(i) *Tax Contingences*

Discussions involving tributes in the state and federal spheres, among these IRPJ, PIS, COFINS, INSS, ICMS and IPI. There are suits in all procedural stages, since the initial instance until the Upper Courts, STJ and STF. The main suits and values are as below:

Main contingent proceedings classified as possible loss as of September 30, 2020

(i.1) Annulment action that aims to deconstruct ICMS tax credit, launched due to the fact that Lupatech S/A - In Judicial Reorganization did not collect the tax at the time of the physical export of goods under REPETRO, given that such operation is immune to its incidence. The lower court decision was unfavorable to the Company. Her appeal to the Court was dismissed. As a result, Special and Extraordinary Appeals were filed. The first was admitted and the second, inadmissible. An appeal was filed against the decision that did not admit the Extraordinary Appeal of the Company. Currently a decision by the Superior Courts is awaited. Process subject to possible loss of R$64,723.

Tax foreclosure against Lupatech S/A - In Judicial Recovery distributed on October 22, 2015, through which the State of São Paulo aims to collect ICMS on imports. The Court accepted the defense presented, which motivated the appeal by the State Treasury. Process subject to possible loss of R$8,779.

Annulment lawsuit filed by Lupatech S/A - In Judicial Reorganization against the State of São Paulo, distributed on October 22, 2015, with the objective of deconstructing ICMS debt. In summary, it is argued that the inspection ignored the fact that incoming invoices were issued to cancel improperly issued outgoing invoices. Judgment was given partially judging the action to exclude the interest charged above the SELIC, which will be the subject of an Appeal. Process subject to possible loss of R$3,800.

Tax Foreclosure of the São Paulo State Treasury against Lupatech S/A - In Judicial Recovery for collection of ICMS debt and fine, resulting from the notice of infraction nº 3149008, distributed on September 26, 2012. The company offered property under guarantee , and the process has since been halted. Process subject to possible loss of R$1,867.

(i.2) This is an Ordinary Action of the Federal Government against Lupatech Perfuração e Completação Ltda - In Judicial Recovery distributed on December 14, 2011, which aims to recognize the extinction of several debts duly offset at the administrative level through the transmission of PER / DCOMPs. The lower court decision was unfavorable to the Company. The appeal filed by it is awaiting judgment. Process subject to possible loss of R$2,986.

Infraction notice drawn up by the Federal Revenue of Brazil against Sotep - Sociedade Técnica de Perfuração S/A - In Judicial Recovery, distributed on July 13, 2011, related to the collection of social contributions levied on the payroll, as well as incidents on the remuneration paid, due or credited, to individual taxpayers for the services provided. The administrative defense argues, in summary, that the entry is null, since it was not considered in the calculation of contributions the amounts that were subject to withholdings made by the service borrowers. The judgment of the First Administrative Instance was unfavorable to the Company. The Voluntary Appeal filed by it is awaiting judgment. Process subject to possible loss of R$2,067.

Tax foreclosure filed against Lupatech Perfuração e Completação Ltda - In Judicial Reorganization, through which the Federal Government aims to collect CSLL and IRPJ credits, resulting from the arbitration of profit and disallowance of unproven expenses. A substantial portion of the debt was canceled (profit arbitration) at the time of the new administrative judgment, due to a favorable decision obtained in a writ of mandamus that annulled the first judgments. Process subject to possible loss of R$2,266.

(i.3) Infringement notice of the Federal Revenue of Brazil, drawn up as a result of the arbitration of the profit of the company Lupatech Perfuração e Completação Ltda - In Judicial Recovery in the calendar year 2010. The arbitration was due to deficiencies in the transmission of the Digital Accounting Bookkeeping (ECD). The administrative defense proved that the arbitration was wrong, as the irregularities pointed out in the ECD were remedied. Currently, the Voluntary Appeal presented by the Company to CARF is awaiting judgment. Process subject to possible loss of R$14,845.

Infraction notice drawn up by the Federal Revenue of Brazil against Lupatech Perfuração e Completação Ltda - In Judicial Recovery, aiming at the collection of social security contributions and contributions to third parties for the period of 2012. In addition to the nullity issues, the possibility of taxation of incentive bonuses, whether they were paid or just provisioned. Defense partially accepted in the administrative sphere to reduce the fine qualifies from 150% to 75%. An annulment action is awaited to discuss the amounts maintained by the Administrative Court. Process subject to possible loss of R$6,022.

Request for compensation from Lupatech Equipamentos e Serviços para Petróleo Ltda - In Judicial Recovery, referring to the negative balance of the IRPJ (2009/2010) that generated collection processes. On August 19, 2015, a statement of non-conformity was presented. It is argued that the non-approval of the compensations no longer considers the rectifying document presented before the decision. Since December 13, 2016 the process has been in the DRJ-RJO-RJ reception and screening service. Process subject to possible loss of R$6,230.

Infraction notice drawn up by the Federal Revenue of Brazil against Prest Perfurações Ltda - In Judicial Reorganization to demand a fine resulting from the non-approval of DCOMP's related to administrative proceedings. The unconstitutionality of the fine is defended. Process subject to possible loss of R$1,751.

Administrative proceeding of the Federal Revenue of Brazil, requesting tax offset by Sotep - Sociedade Técnica de Perfuração S/A - In Judicial Recovery. Process subject to possible loss of R$3,400.

Annulment Action aiming at the deconstruction of the tax credit arising from administrative process No. 11020.724809 / 2011-70 (IRPJ and CSLL referring to the calendar years of 2009 and 2010, due to the alleged irregularity in the anticipation of exclusions resulting from the goodwill amortization), specifically in in relation to the increase in the fine from 75% to 150%. Waiting for the sentence to be delivered. Process subject to possible loss of R$4,673.

Annulment Action aiming at the deconstruction of the tax credit arising from administrative process No. 11020.724809 / 2011-70 (IRPJ and CSLL referring to the calendar years of 2009 and 2010, due to the alleged irregularity in the anticipation of exclusions resulting from the goodwill amortization), specifically in in relation to the increase in the fine from 75% to 150%. Waiting for the sentence to be delivered. Process subject to possible loss of R$14,021.

Infraction notice drawn up by the Federal Revenue Service of Brazil against Lupatech Perforação e Completação Ltda - In Judicial Recovery, due to alleged irregularities in the calculation of IRPJ, CSLL, PIS and COFINS in fiscal year 2013. The administrative challenge presented by the Company addressed nullity issues by restricting the right of defense and, in relation to the PIS and COFINS launches related to “Sales of Services - National Market” revenues, in the amount of R$2,965, he defended that these were mere provisions that were part of the January invoicing 2013, not being taxable revenue. The First Instance administrative judgment was partially favorable to the Company. The Voluntary Appeal filed by it is awaiting judgment. Process subject to possible loss of R$26,092.

(i.4) Notice of Infraction issued for the collection of DEBCAD nº 37.142.030-0, related to the conversion of an advisory obligation into a principal obligation, consistent with the lack of declaration in GFIP of the contributions due in the period between January 1999 and June 2007, of the company Sotep - Technical Society of Drilling S/A - In Judicial Recovery. We defend the partial decay of the entry, the nullity of defective reasons and the need to reduce the fine. Process subject to possible loss of R$1,748.

(i.5) Tax foreclosure of the National Treasury against Lupatech S/A - In Judicial Recovery, related to the collection of IRRF debt. The discussion on the merits is held in the writ of mandamus, in which a sentence was handed down recognizing that a substantial portion of the tax credits arising from the administrative proceeding is unfounded. Process subject to possible loss of R$50,722.

(i.6) Tax foreclosure of the Municipality of Três Rios - RJ, against Sotep - Sociedade Técnica de Perforação S/A- In Judicial Recovery for collection of ISS for the periods of 2013 and 2014. Process subject to possible loss of R$3,305.

(i.7) Infraction notice drawn up by the Federal Revenue of Brazil against Lupatech Perforação e Completação Ltda - In Judicial Recovery to collect fines due to the alleged non-compliance with the special customs regime for temporary admission. It is argued that the legal liturgy was not respected, that the 75% fine could not be applied due to the launch in question being made through ratification, that the tax credit was fully paid under PERT and, in the alternative, that it is impossible the cumulation of a fine of different fines for the same infraction. Process subject to possible loss of R$12.393

Infraction notice drawn up by the Federal Revenue Service of Brazil against Sotep - Sociedade Técnica de Perforação S/A - In Judicial Recovery to collect fines due to the alleged non-compliance with the special customs regime for temporary admission. It is argued that the legal liturgy was not respected, that the 75% fine could not be applied due to the launch in question being made through ratification, that the tax credit was fully paid under PERT and, in the alternative, that it is impossible the cumulation of a fine of different fines for the same infraction. Process subject to possible loss of R$3,446.

Infraction notice drawn up by the Federal Revenue of Brazil against Lupatech Perforação e Completação Ltda - In Judicial Recovery to collect the remaining balance of II, IPI, PIS and COFINS levied on imports declared through DI nº 13 / 1554316-0. Objection presented demonstrating the inclusion of these debts in PERT. Process subject to possible loss of R$2,202.

Infraction notice drawn up by the Federal Revenue Service of Brazil against Sotep - Sociedade Técnica de Perforação S/A - In Recovery to collect the remaining balance of II, IPI, PIS and COFINS levied on imports declared through DI's 13 / 1298731-8 , 13 / 1626299-7, 14 / 1427375-6, 14 / 1429045-6, 14 / 1440164-9, 15 / 0319479-7, 13 / 1554316-0, 14 / 0742031-5, 14 / 1427379-9, 14 / 1430945-9 and 14 / 1440344-7. Objection presented demonstrating the inclusion of these debts in PERT. Process subject to possible loss of R$12,718.

(ii) *Labor Contingence*

The Company and its subsidiaries are parties to labor lawsuits related to disputes that mainly involve overtime claims, material and moral damages, unhealthy and dangerous work, among others. None of the complaints refer to individually significant amounts.

(iii) *Civil contingencies*

The main discussions in this area, classified as possible losses, at September 30, 2020 are related to:

(iii.1) Ordinary bond action filed by Weatherford Indústria e Comércio Ltda. and Weus Holding INC in which they claim misappropriation of confidential technical drawings owned by them. The lawsuit is classified as a probable loss of approximately R$624, a possible loss of R$2,080 and a remote loss of R$52,024. It is currently in the execution / settlement phase of the sentence, pending the conclusion of the works of the engineering expert.

(iii.2) Return action for losses and damages filed by Aeróleo Táxi Aéreo S/A, subject to possible loss of R$7,564. The return lawsuit was dismissed without resolution of the merits in favor of Lupatech, however, it depends on the expiration of an appeal period. The indemnity action is in the process of being fulfilled by the company Aeróleo.

(iii.3) Execution of Extrajudicial Title filed by STMS Manutenção Comércio e Serviços de Máquinas Ltda-ME against Lupatech S/A - In Judicial Recovery. Subject to possible loss of R$2,927. The process involves executing invoices for maintenance services performed. On May 2, 2017, embargoes on enforcement were filed and are still pending judgment. Constructive acts of execution are suspended by court decision dated August 2020.

(iii.4) Search and Seizure action brought by BNDES - National Bank for Economic Development against Lupatech S.A. - In Judicial Recovery and Lupatech - Equipamentos e Serviços para Petróleo Ltda. - In Judicial Recovery. Process in the knowledge stage, subject to possible loss of R$18,099.

This is an action that aims to promote the search and seizure of machines and equipment offered in chattel mortgage on the occasion of financing granted by BNDES to the referred companies of the Lupatech Group.

Due to the judicial reorganization of the Lupatech Group, on February 1, 2017, the court of the 5th Federal Court of São Paulo, in which the search and seizure action is proceeding, determined the suspension of all expropriating acts and submitted it to the judicial recovery the analysis of the essentiality of said machines and equipment for the operations of the Lupatech Group. The assets belong to the Macaé and Nova Odessa units. The search and seizure action has remained in such a situation ever since.

In the judicial reorganization records, with the exception of the assets belonging to the Macaé unit, the others were declared by the court as essential for the operations of the Lupatech Group. Despite this position, in a decision issued on July 29, 2019, and after an intense judicial debate on the matter, the judicial reorganization court decided on the possibility of the resumption of the search and seizure action by the BNDES considering the expiration of the "stay period", provided for in the legislation. Said decision was appealed, and its understanding was maintained by the São Paulo Court of Justice.

Notwithstanding, the Lupatech Group also questions in the judicial reorganization records (i) the soundness of the guarantee, due to the existence of defects in its constitution, as well as (ii) the effective value of the BNDES credit that should be considered as extra-bankrupt, that is, covered by the fiduciary sale (if any) of said machines and equipment.

There is still no judicial position regarding these questions, however the Judicial Administrator has already expressed a favorable opinion on the Company's position in the sense that the credit to be considered as extra-bankruptcy in favor of BNDES is equivalent to the forced liquidation value of machinery and equipment, estimated approximately R$3.5 million. The Public Prosecutor's Office, on the merits, opted for not implementing the preceding condition for the constitution of the guarantee of fiduciary alienation.

The main discussions in this area, classified as possible losses, at September 30, 2020 are related to:

(iii.6) Indemnity action of Meio dia Refeições Industriais Ltda - EPP, against Lupatech Perfuração e Completação Ltda - In Judicial Recovery. Process subject to probable loss of R$5,462. Process is in the execution phase. Expert report presented on February 28, 2020 to determine the amount to be settled. We filed a challenge to the report on April 23, 2020. The Expert's statement is awaited.

(iii.7) Execution of an Extrajudicial Title made by Banco Pine S/A against Lupatech S/A - In Judicial Recovery. Process subject to probable loss of R$3,205. The case was referred to the Superior Court of Justice on October 21, 2019 for judgment of the interlocutory appeal in a special appeal filed by Lupatech. A judgment date is awaited.

The change in the provision balance, as of September 30, 2020, is as follows:

	Parent				Consolidated			
	Tax	Labor	Civil	Total	Tax	Labor	Civil	Total
Balance on December 31, 2019	**1.051**	**7.613**	**190**	**8.854**	**2.278**	**46.317**	**9.418**	**58.013**
Additions	37	942	3.225	4.204	45	13.111	5.148	18.304
Write-offs	-	(718)	(84)	(802)	-	(9.550)	(3.914)	(13.464)
Balance on September 30, 2020	**1.088**	**7.837**	**3.331**	**12.256**	**2.323**	**49.878**	**10.652**	**62.853**

17.2 Contingent Assets

The statement containing information on contingent assets, according to the opinion of its legal advisors, is detailed below with the possibility of gain.

	Probability of probable gain	
	Parent	Consolidated
Tax (i)	4,395	8,322
Civil (ii)	67,587	67,587
Balance September 30, 2020	**71,982**	**75,909**
Balance on December 31, 2019	**18,544**	**73,054**

(i) **Tax Contingencies**

The Company is the author of several lawsuits at the state and federal levels, in which the following matters are discussed:

Main active contingent proceedings refer to:

- The Lupatech Group has lawsuits seeking recognition of the exclusion of ICMS from the PIS and COFINS calculation basis. The matter was decided by the STF in general repercussion, reason why the company expects that these processes deal with favorable decisions. Because they are still subject to dispute, subject to effects of possible modulation in response to opposing tax liens by the Treasury, the accounting treatment of contingent assets is maintained until the elements are present to recognize the corresponding tax credits.

(i) **Civel Contingences**

Main active contingent processes refer to:

• Arbitration proceeding against Cordoaria São Leopoldo and José Teófilo Abu Jamra:

On August 18, 2020, the Company became aware of the final decision issued in Arbitration Procedure No. 2/73/2014-CAF, pending before the Federasul Arbitration Chamber (CAF), filed by the Company against Cordoaria São Leopoldo Ltda ., whose control is held by Mr. José Teófilo Abu-Jamra.

In 2007, on the occasion of the purchase of the Cordoaria São Leopoldo offshore anchor line business, Lupatech entered into a non-competition agreement with Mr. Abu-Jamra and its companies for a period of 10 years.

Mr. Abu-Jamra was vice president of Lupatech from 2007 to 2011 and, after leaving office, Mr. Abu-Jamra and his Companies started to violate the non-competition agreement, against which Lupatech protested with the establishment of the referred Arbitral Procedure.

Non-compliance with the non-competition agreement by Mr. Abu-Jamra and his companies was duly proven in the Arbitration Procedure, resulting in the condemnation of the payment of a contractual fine to Lupatech, whose updated value is approximately R$17.5 million.

• The Company is entitled to be reimbursed to the nominal limit of R$50,000 referring to losses that it may incur as a result of possible contingencies not known, according to the indemnity clause provided for in the Investment Agreement. On April 4, 2017, the Company filed with the Market Arbitration Chamber a request for the establishment of arbitration against GP Investments and its vehicles seeking compensation for losses incurred by the Company and arising from (i) contingencies not known to the San Antonio Companies , and (ii) breach of obligations and breach of representations and guarantees. An increase in the nominal limit of R$50,000 for damages is also claimed in the arbitration.

17.3 Judicial deposits

The Company presents the following balances of judicial deposits, on September 30 of 2020, which are tied to the contingent liabilities:

	Judicial deposits	
	Parent	Consolidated
Tax contingencies	3	2,948
Labor contingencies	1,575	17,050
Civil contingencies	134	1,330
Balance on September 30, 2020	**1,712**	**21,328**
Balance on December 31, 2019	**1,694**	**24,986**

18 Net equity

a. Capital stock

The current paid social capital is composed only by ordinary shares, with 100% of right to Tag Along:

	Parent and Consolidated	
	Quantity of share	Capital stock
	Thousand	R$
Balance on December 31, 2019	**22,515**	**1,885,266**
Mandatory conversion of debentures into shares	1,212	3,561
Issuance of new shares	2,120	3,114
Balance on September 30, 2020	**25,847**	**1,891,941**

In accordance with the Judicial Reorganization Plan approved on February 16, 2017, the Group used as one of its strategies to settle its commitments to Class I Creditors the Conversion of credits into debentures of Lupatech S/A. As a result of the conversion of debentures into shares of the Company, the capital increased by R$28,148 in the period contemplated between February 28, 2018 until August 18, 2020.

On January 10, 2020 and February 11, 2020, according to the minutes of the meetings disclosed on the respective dates, the Board of Directors ratified the Company's capital increase through partial exercise of the options granted. The increase was R$3,114.

b. Dividends

To shareholders is ensured, annually, the mandatory distribution of minimum dividends corresponding to 25% of the adjusted net profit in the terms of corporate legislation.

c. Asset evaluation adjustments

The Company recognizes in this caption the effect of exchange rate variations on investments in subsidiaries abroad and on goodwill arising on acquisitions of investments abroad, whose functional currency follows that to which the operation abroad is subject. The accumulated effect will be reversed to the income for the year as a gain or loss only in the event of disposal or write-off of the investment. As of September 30, 2020, the balance sheet for the equity appraisal is R$202,526 (R$151,261 as of December 31, 2019).

d. Option granted

As of September 30, 2020, the reserve balance of options granted is R$13,549 (R$13,600 as of December 31, 2019).

e. Capital reserve to be realized

In accordance with the Plan of Judicial Recovery of the Lupatech Group, was hired in definitive character the exchange of part of the liabilities subject to the Plan for subscription bonuses to be issued within 2 years of the judicial approval of the Plan. In this way, with the sole purpose of complying with the accounting standards, the Company has applied the provisions of ICPC 16. Thus, the values of passive exchanged per subscription bonus (R$298,493 in December 31, 2016) and adjustment to the estimated fair value (R$292,152 in December 31, 2016) were recorded as capital reserve to be executed in the net amount of R$6,341.

On October 29, 2018 Lupatech S.A. - In Judicial Recovery announced to its shareholders and the general public that its Board of Directors approved the 1st Issue of Subscription Warrants in a single and onerous series in the amount of R$340,453. The issue occurred within the scope of the Judicial Recovery Plan of the Company and other companies of its group, to promote the payment of creditors of Classes II, III and IV of the Judicial Recovery whose credits came to pay off the Subscription Warrants.

A total of 3,404,528 of subscription bonuses were issued, at the ratio of 1 bonus for each R$100.00 (one hundred reais) in debt. The bonds were subscribed and paid up on December 11, 2018 ("Subscription Term").

The Subscription Warrants may be exercised, during their term, by the fixed price of R$0.88 per Share.

Following the Judicial Recovery Plan, of the total amount issued, R$326,746 was allocated to creditors, and part remains in the Company's possession until it is operationally possible to surrender to creditors, in which a fair value of R$0.88 per bond, and a capital reserve of R$2,875 was recorded. The remaining balance of R$13,707 refers to the reserve subscribed for gross contingencies subject to recovery.

19 Financial instruments

19.1 Financial Risk Management

Financial risk factors

The Company's activities expose it to several financial risks: market risk (including currency risk, interest rate risk of fair value, interest rate risk of cash flow and price risk), credit risk and liquidity risk. The program of global risk management of the Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group, through the use of derivative financial instruments to protect certain exposures.

Risk management is performed by the central treasury, according to the established principles, except for the jointly controlled, which are shared with other controlling shareholders. The treasury of the Group identifies and evaluates the Company's position against eventual financial risks in cooperation with the operational units of the Group. The Administrative Council establishes principles for the management of global risk, as well as for specific areas, such as foreign exchange risk, interest rate risk, and usage of derivative and non-derivative financial instruments.

(i) Exchange rate risk

The Company operates internationally and is exposed to foreign exchange risk arising from exposures of some currencies, especially regarding the American dollar.

The exchange rate risk stems from commercial and financial operations, assets and liabilities recognized and liquid investments in operations abroad.

The Administration has established principles of management of exchange rate risk that require the Company to manage its exchange rate risk in relation to its functional currency. To manage its foreign exchange risk arising from commercial operations, the Company seeks to even out its trade balance between purchases and sales in currencies other than the functional currency. The credit availabilities and restrictions faced by the Company, limit significantly the possibilities of hiring foreign exchange derivatives, commonly used in the management of exchange rate risk.

The Company has certain investments in overseas operations, whose net assets are exposed to foreign exchange risk.

As of September 30, 2020, and December 31, 2019, the Company and its subsidiaries had assets and liabilities denominated in US dollars, as shown in the tables below:

	Amounts in US dollar thousands			
	Parent		Consolidated	
Items	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Accounts receivable	-	126	-	126
Other assets	-	-	14,418	14,915
Related parties - Assets	5,446	5,441	-	-
Loans and financing	(215)	(301)	(25,187)	(25,291)
Related parties - Liabilities	(45,989)	(45,880)	-	-
Other obligations	-	(19)	(167)	(201)
Net exposure in Dollar	(40,758)	(40,633)	(10,936)	(10,451)

On September 30, 2020, the quotation of the US dollar against the real was US $ 1.00 = R$5.6407 (US $ 1.00 = R$4.0307 on December 31, 2019). If the real currency depreciates 10% in relation to the official US dollar at the end of the year, with all other variables being maintained, the impact on the result is a loss of approximately R$15,174 in the parent company and R$4,072 in the consolidated.

Sensitivity analysis of variations in foreign currency, the variations in the rate of interest and the risks involving operations with derivatives

As mentioned above, the Company is exposed to risks of fluctuation of the interest rate and to foreign currencies (different from its functional currency, the "Real"), mainly to the US dollar on their loans and financing. The analysis takes into consideration 3 fluctuation scenarios on these variables. In the definition of the scenarios used, the Administration believes that the following assumptions can be made, with their respective odds, however it should be noted that these assumptions are exercises of judgment made by the Administration and that can generate significant variations in relation to actual results calculated on the basis of market conditions, which cannot be estimated with certainty on this date for the complete profile of the estimates.

As determined by the CVM by means of the Instruction 475, the Administration of the Company presents the sensitivity analysis, considering:

Scenario of interest rate and parity of the North American dollar (US$) in relation to the real (R$) likely, estimated by the Administration:
Interest rate for the year of 2020: 2%
US$: 5,64

Scenario of interest rate and parity of the North American dollar (US$) in relation to the real (R$) possible, with deterioration of 25% (twenty five percent) on the risk variable considered as likely:
Interest rate for the year of 2020: Increase to 2,5%
US$: 7,05

Scenario of interest rate and parity of the North American dollar (US$) in relation to the real (R$) remote, with deterioration of 50% (fifty per cent), on the risk variable considered as likely:
Interest rate for the year of 2020: Increase to 3%
US$: 8,46

The impact presented in the table below refers to the period of 1 year of projection:

		Scenario as per description above					
		Parent			Consolidated		
Operating	Risk	Probable	Possible	Remote	Probable	Possible	Remota
Loans and financing	US$ hike	-	326	653	-	677	1,354
Loans and financing	Interest rate hike	13	17	20	17	21	25
Mutual contracts	US$ hike	-	65,059	130,118	-	-	-
Total (gain) loss		13	65,402	130,791	17	698	1,379

(ii) Risk of cash flow or fair value associated with interest rate

The Group's interest rate risk arises from long-term loans. Loans taken out at variable rates expose the Group to cash flow interest rate risk. The Group's loans at variable rates are mainly maintained in “Reais”. In order to minimize possible impacts arising from these fluctuations, the Company adopts diversification practices, alternating the contracting of its debts, aiming at adapting them to the market.

The Group analyzes its exposure to interest rate in a dynamic way. Are simulated different scenarios considering refinancing, renovation of existing positions, financing and hedge alternatives. On the basis of these scenarios, the Group defines a reasonable change in the interest rate and calculates the impact over the outcome. For each simulation is used the same change in interest rate for all currencies. The scenarios are designed only for the liabilities that represent the main positions with interest.

Based on the simulations carried out, considering the Group's indebtedness profile on September 30, 2020, the impact on the result, after calculating income tax and social contribution, with a variation of around 0.10 percentage points in variable interest rates, considering that all other variables were kept constant, would correspond to an increase of approximately R$22 in the year of interest expense. The simulation is carried out on a quarterly basis to verify that the maximum loss potential is within the limit determined by Management.

The credit and cash constraints faced by the Company significantly limit the possibilities for managing interest rate risk.

(iii) Credit risk

The credit risk is managed corporately. The credit risk arises from cash and cash equivalents, derivative financial instruments, deposits in banks and financial institutions, as well as exposures of credit to customers. For banks and financial institutions are accepted titles of entities classified by the Company's Administration as first line. The individual risk limits are determined based on internal or external ratings in accordance with limits set by the Administration. The use of credit limits is monitored regularly and recorded when applicable provision for credits of dubious settlement.

The selectivity of its clients, as well as the monitoring of sales financing terms by business segment and individual position limits, are procedures adopted in order to minimize any default problems in its accounts receivable. Our revenues show amounts involving the Petrobras customer, directly and indirectly, which responded in the nine-month period ended September 30, 2020 about 17,8% (13,7% in the nine-month period ended September 30, 2019) of total revenues Company and its subsidiaries.

(iv) *Liquidity risk*

The prudent management of liquidity risk implies maintaining cash, bonds and sufficient securities, availabilities of capture by means of revolving credit facilities and the ability to liquidate market positions. Because of the dynamic nature of the Group's businesses, the treasury maintains flexibility in capturing through the maintenance of revolving credit facilities.

The board monitors the level of liquidity of the Group, considering the expected cash flow, which comprehends unused credit lines, cash and cash equivalents. This is typically done at corporate level on the Group, in accordance with the practice and the limits established by the Group. These limits vary by location to take into account the liquidity of the market in which the Company operates. Furthermore, the principles of liquidity management of the Group involve the projection of cash flows in the major currencies and the consideration of the level of liquid assets necessary to achieve these projections, the monitoring of indexes of liquidity of the financial statement in relation to internal and external regulatory requirements and the maintenance of plans for debt financing.

19.2 Fair Value Estimation

The fair value of financial assets and liabilities, which have standard terms and conditions and are traded in active markets, is determined on the basis of observed prices in those markets.

The fair value of other financial assets and liabilities (with the exception of derivative instruments) is determined in accordance with pricing models that use as a basis the estimated discounted cash flows, from the prices of similar instruments practiced on transactions performed in an observable current market.

The fair value of derivative instruments is calculated using quoted prices. When these prices are not available, is used the analysis of discounted cash flow through the yield curve, applicable in accordance with the duration of the instruments for the derivatives without options. For the derivatives containing options, pricing models of options are used.

The main financial assets and liabilities of the Company are described below, as well as the criteria for its appreciation/evaluation:

a. Cash, cash equivalents and titles and securities – restricted

The estimated value of the market was calculated based on the present value of future cash disbursement, using interest rates that are available to the Company and the evaluation indicates that the market values, in relation to the accounting balances, are as below, on September 30,2020:

Items	Parent Book value	Parent Fair Value	Consolidated Book value	Consolidated Fair Value
Cash and cash equivalents	188	188	12,955	12,955

b. Loans and financing

The balances in cash and cash equivalents and in titles and securities have their values similar to accounting balances, considering the swing and liquidity that they present. The table below presents this comparison, on September 30,2020:

Items	Parent Book value	Parent Fair Value	Consolidated Book value	Consolidated Fair Value
Loans and financing not judicial recovery	14,079	13,569	19,222	18,501
Loans and financing judicial recovery	72,823	72,823	157,949	157,949
Total	86,902	86,392	177,171	176,450

19.3 Financial Instruments by Category

Synthesis of the financial instruments by category:

	Parent			
	09/30/2020		12/31/2019	
	Amortized cost	Fair Value by Result	Amortized cost	Fair Value by Result
Financial Assets				
Securities-restricted	-	-	1,788	1,788
Accounts receivable	11,209	11,209	5,427	5,427
Cash and cash equivalents	188	188	176	176
Related parties	56,877	56,877	70,408	70,408
Total	68,274	68,274	77,799	77,799

	Parent					
	09/30/2020			12/31/2019		
	Judicial Recovery	Not subject to Judicial Recovery		Judicial Recovery	Not subject to Judicial Recovery	
	Creditors list	Financial liabilities at amortized cost	Fair Value by Result	Creditors list	Financial liabilities at amortized cost	Fair Value by Result
Financial Liabilities						
Loans and financing	72,823	14,079	86,902	67,827	9,589	77,416
Suppliers	68,544	4,019	72,563	60,700	3,569	64,269
Related parties	-	265,733	265,733	-	187,454	187,454
Total	141,367	283,831	425,198	128,527	200,612	329,139

	Consolidated			
	09/30/2020		12/31/2019	
	Amortized cost	Fair Value by Result	Amortized cost	Fair Value by Result
Financial Assets				
Securities-restricted	-	-	1,788	1,788
Accounts receivable	17,804	17,804	10,795	10,795
Cash and cash equivalents	12,955	12,955	5,834	5,834
Total	30,759	30,759	18,417	18,417

	Consolidated					
	09/30/2020			12/31/2019		
	Judicial Recovery	Not subject to Judicial Recovery		Judicial Recovery	Not subject to Judicial Recovery	
	Creditors list	Financial liabilities at amortized cost	Fair Value by Result	Creditors list	Financial liabilities at amortized cost	Fair Value by Result
Financial Liabilities						
Loans and financing	157,949	19,222	177,171	129,080	14,509	143,589
Suppliers	68,544	8,072	76,616	60,700	7,627	68,327
Total	226,493	27,294	253,787	189,780	22,136	211,916

20 Insurance Coverage

Is the principle of the Company, to maintain insurance coverage to for goods of the immovable asset and stocks which are subject to risks, in the "Comprehensive Business” modality. Also, possesses coverage of insurance against general civil liability, as shown below:

Insurance purpose	Amount secured 09/30/2020	
- Comprehensive business insurance	R$	75,150
- General civil responsability insurance	R$	39,000
- International freight insurance *	US$	400

* Amounts in US dollar thousands.

The scope of our auditors' work does not include the issuance of an opinion on the sufficiency of insurance coverage, which was determined by the Company's Management and considers it sufficient to cover eventual claims.

21 Purchase option plan of shares– “Stock option”

The Company has Stock Option Plans with the following main objectives:

- Stimulate the resumption of the historical levels of the Company's operational activity and the fulfillment of the established business goals, by creating incentives to align the interests and objectives of the Company's key professionals with its shareholders, especially the fulfillment of the obligations contained in its Plan Judicial Recovery;

- Enable the Company to obtain and maintain the services of its key professionals, offering them, as an additional advantage, the opportunity to become shareholders of the Company, enabling and encouraging the subscription of shares with credits held against the Company arising from remuneration, fixed or variable, with the consequent preservation of cash; and

- Promote the good performance of the Company and the interests of shareholders through a long-term commitment on the part of its key professionals; and

There are three Concession Plans in force:

(i) Plan 2017, approved by the AGE of April 12, 2017, which authorized the granting of options equivalent to up to 10% of the Company's capital stock.
(ii) Plan 2019, approved by the AGE of May 13, 2019, which authorized the granting of options of up to 3,000,000 shares.
(iii) Incentive Plan 2020, approved by the Extraordinary General Meeting of August 18, 2020, which decided to grant up to 2,550,000 common shares issued by the Company.

The grants related to the 2017 and 2019 Plans were made as follows, with no new grants to be made:

Plan 2017

	Options Granted	Strike Price	Maximum exercise period
Company Officers	2,236,586	1.176	26/04/2024
Company Directors	1,092,764	1.35	24/06/2027
Key Professionals	111,555	1.37	30/04/2021

Messrs. Rafael Gorenstein, Paulo Prado da Silva and João Feiteiro are the Chief Executive and Investor Relations Officer, Director with no specific designation and Chairman of the Board of Directors of the Company, respectively. The right to exercise the Option will be obtained in successive and annual installments of 20%, the first installment being exercisable from the date of signing the Contract, and the other 80% may be exercised at the end of the following years, from the first year inclusive, totaling, therefore, 4 years for the acquisition of the right over the total number of Options.

In the case of Managers, the grant comprises several key professionals and has the following exercise windows: (i) 37,184 options, until October 30, 2019; (ii) 37,186 options, until April 30, 2020 and (iii) 37,188 options, until April 30, 2021.

Plan 2019

	Options Granted	Strike Price	Maximum exercise period
Rafael Gorenstein	2,687,103	1.47	10/07/2021
Paulo Prado	312,897	1.47	10/07/2021

On August 18, 2020, the Incentive Plan 2020 was approved at the EGM, which decided to grant up to 2,550,000 options to purchase common shares to the Company's key professionals.

All Plans provide for the possibility of adjusting the terms and conditions of the options due to certain subsequent corporate events.

22 Demonstration of net revenues

	Parent			
	Three-month period ended		Nine-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Gross sales and/or services				
In Brazil	16,977	9,148	41,081	26,688
Export	190	99	341	368
	17,167	9,247	41,422	27,056
Deductions for gross sales				
Taxes on sales	(3,087)	(1,488)	(6,942)	(4,687)
Net sales and/or services	14,080	7,759	34,480	22,369

	Consolidated			
	Three-month period ended		Nine-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Gross sales and/or services				
In Brazil	17,772	9,325	42,264	27,171
Export	190	293	613	918
	17,962	9,618	42,877	28,089
Deductions for gross sales				
Taxes on sales	(3,274)	(1,522)	(7,210)	(4,778)
Net sales and/or services	14,688	8,096	35,667	23,311

23 Loss per share

a. Basic

Basic loss per share is calculated by dividing the profit attributable to the Company's controlling shareholders by the weighted average number of common shares outstanding during the period.

	Parent e Consolidated			
	Three-month period ended		Nine-month period ended	
Items	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Net Income (Loss) from Continuing and Discontinued Operations	(22,338)	19,225	(116,812)	(13,486)
Profit (Loss) attributable to the Company's controlling shareholders	**(22,338)**	**19,225**	**(116,812)**	**(13,486)**
Weighted average number of issued common shares (thousands)	**4,555**	**2,802**	**19,114**	**18,870**
Basic Earnings (Loss) per share - R$	**(4.90)**	**6.86**	**(6.11)**	**(0.71)**

b. Diluted

The diluted loss per share is calculated by adjusting the weighted average number of outstanding common shares to presume the conversion into common shares of the instruments that may cause dilution.

Equity instruments have a dilutive effect when they result in the issuance of shares for a value lower than the prevailing share price.

On September 30, 2020, were verified the dilutive effects related to the stock options of the administrators, as explained in Note 21, to the subscription bonus of the creditors subject to the

Judicial Recovery, as described in note 1.2, not yet issued, and to the debentures convertible debentures of the Company's third issuance, as described in note 14. No dilutive effect was observed due to these instruments, either due to the respective exercise prices or due to the impossibility of exercising them.

24 Financial result

	Parent			
	Three-month period ended		Nine-month period ended	
Items	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Financial Income				
Income from financial investments	-	20	16	43
Related-party interest income (mutual contract)	9	7	26	18
Present value adjustment	(1,445)	-	(895)	-
Monetary variance	-	14,595	-	14,595
Interest on receivables	3	1	6	5
Other financial income	511	(302)	513	955
Total financial Income	(922)	14,321	(334)	15,616
Financial Expenses				
Interest on loans and financing	(1,270)	(1,848)	(3,591)	(6,630)
Interest on Debentures	(167)	(98)	(448)	(245)
Present value adjustment	-	(862)	-	(2,473)
Interest of mutual contract	(208)	(148)	(576)	(397)
Provision of interest on suppliers	59	(4,552)	(56)	(4,481)
Fines and interest on taxes	(32)	(214)	(191)	(351)
IOF, banking expenses and others	(1,013)	2,501	(3,053)	(616)
Total financial expenses	(2,631)	(5,221)	(7,915)	(15,193)
Gain on exchange variance	16,627	7,803	25,514	27,062
Loss on exchange variance	(24,090)	(23,526)	(99,129)	(41,087)
Exchange variance, net	(7,463)	(15,723)	(73,615)	(14,025)

	Consolidated			
	Three-month period ended		Nine-month period ended	
Items	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Financial Income				
Income from financial investments	67	49	186	95
Present value adjustment	(623)	-	15,368	-
Monetary variance	36	14,957	474	15,609
Interest on receivables	3	3	6	8
Other financial income	741	(302)	743	995
Total financial Income	224	14,707	16,777	16,707
Financial Expenses				
Interest on loans and financing	(1,273)	(2,324)	(3,594)	(8,424)
Interest on bonds	(136)	(100)	(381)	(290)
Interest on Debentures	(167)	(98)	(448)	(245)
Present value adjustment	-	2,437	-	(1,378)
Provision of interest on suppliers	120	(3,790)	(120)	(3,790)
Fines and interest on taxes	(104)	(198)	(280)	(724)
IOF, banking expenses and others	(1,057)	1,509	(3,355)	(513)
Total financial expenses	(2,617)	(2,564)	(8,178)	(15,364)
Gain on exchange variance	21,740	14,174	57,194	29,384
Loss on exchange variance	(29,494)	(31,129)	(133,967)	(46,230)
Exchange variance, net	(7,754)	(16,955)	(76,773)	(16,846)

25 Other revenues and operational expenses

Items	Parent			
	Three-month period ended		Nine-month period ended	
	09/30/2020	09/30/2019	09/03/2020	09/30/2019
Other operating income				
Reversal of provision for loss of lawsuit	163	-	491	34
Remeasurement of liabilities - BNDES		10,727		10,727
Reversal of provision for losses on inventory obsolescence	161	392	218	550
Investment sale revenue	-	28,343	-	28,343
Recovery of taxes and contributions	-	14,194	-	14,205
Others	37	1	37	164
Total other operating income	361	53,657	746	54,023
Total other operating income				
Provision for losses on lawsuits	(1,146)	(771)	(6,524)	(2,746)
Loss on sales of fixed assets	-	(2)	(1)	(126)
Loss due to non-recoverability of taxes	-	(2,947)	-	(2,947)
Provision for losses on inventory obsolescence	(43)	(91)	(82)	(232)
Production idle expense	(3,073)	(2,625)	(8,057)	(7,391)
Investment cost sold	-	(21,584)	-	(21,584)
Taxes and contributions	(7)	-	(17)	(21)
Other	(31)	(4)	(75)	(18)
Total other operating expenses	(4,300)	(28,024)	(14,756)	(35,065)
Other net operating expenses	**(3,939)**	**25,633**	**(14,010)**	**18,958**

	Consolidated			
	Three-month period ended		Nine-month period ended	
	09/30/2020	09/30/2019	09/03/2020	09/30/2019
Other operating income				
Reversal of provision for loss of lawsuit	2.603	3.224	4.664	3.820
Remeasurement of liabilities - BNDES	-	19.084	-	19.084
Gain on disposal of fixed assets	813	3.576	1.691	12.201
Reversal of provision for losses on inventory obsolescence	114	392	1.766	550
Adjustment to market value with inventories	-	28.343	-	28.343
Recovery of taxes and contributions	-	14.194	-	14.205
Reversal of provision for losses due to impairment of assets	9.229	5.280	9.229	8.887
Others	(9.146)	(3.179)	463	3.584
Total other operating income	3.613	70.914	17.813	90.674
Total other operating income				
Provision for losses on lawsuits	(5.825)	(6.205)	(14.434)	(9.162)
Loss on sales of fixed assets	(1.451)	(10.190)	(13.842)	(25.820)
Loss due to non-recoverability of taxes	-	(2.947)	-	(2.947)
Provision for losses on inventory obsolescence	(68)	10	(228)	(297)
Production idle expense	(3.512)	(3.470)	(9.879)	(10.181)
Investment cost sold	-	(21.584)	-	(21.584)
Taxes and contributions	(10)	(13)	(44)	(48)
Other	(43)	3.112	(6.528)	(48)
Total other operating expenses	(10.909)	(41.287)	(44.955)	(70.087)
Other net operating expenses	**(7.296)**	**29.627**	**(27.142)**	**20.587**

26 (Expenses) by nature

Items	Parent			
	Three-month period ended		Nine-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Depreciation and amortization	(1.456)	(1.604)	(4.492)	(4.912)
Raw materials and materials for use and consumption	(6.171)	(2.248)	(12.703)	(5.754)
Third party labor and services	(1.122)	(6.133)	(11.206)	(15.889)
Investment cost sold	-	(21.584)	-	(21.584)
Other (expenses) revenues	(11.160)	(7.133)	(26.512)	(18.619)
	(19.909)	(38.702)	(54.913)	(66.758)
Classified as:				
Cost of sales	(10.762)	(6.670)	(25.563)	(19.157)
Selling expenses	(1.671)	(1.291)	(5.532)	(3.946)
General and administrative expenses	(2.490)	(2.012)	(8.931)	(6.455)
Management fees	(686)	(705)	(131)	(2.135)
Other operating expenses	(4.300)	(28.024)	(14.756)	(35.065)
	(19.909)	(38.702)	(54.913)	(66.758)

Itens	Consolidated			
	Three-month period ended		Nine-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Depreciation and amortization	(1.620)	(1.779)	(4.998)	(5.507)
Raw materials and materials for use and consumption	(5.633)	(4.989)	(18.558)	(14.803)
Third party labor and services	7.058	(5.734)	(14.059)	(26.531)
Residual value in asset write-off	(1.451)	(10.190)	(13.842)	(25.820)
Investment cost sold	-	(21.584)	-	(21.584)
Other (expenses) revenues	(27.746)	(11.169)	(45.314)	(22.325)
	(29.392)	(55.445)	(96.771)	(116.570)
Classified as:				
Cost of sales	(11.876)	(7.595)	(28.128)	(24.717)
Selling expenses	(1.722)	(1.270)	(5.681)	(3.862)
General and administrative expenses	(4.199)	(4.588)	(14.726)	(15.769)
Management fees	(686)	(705)	(3.281)	(2.135)
Other operating expenses	(10.909)	(41.287)	(44.955)	(70.087)
	(29.392)	(55.445)	(96.771)	(116.570)

27 Information by business segment and geographic region

The Administration of the Company has defined the operating segments of the Group, based on the reports used for taking strategic decisions, reviewed by the Administrative Council and considers that the operation markets are segmented on the lines of **Products and Services**, same composition presented in the explanatory note nº 1.

Geographically, the Administration considers the performance of markets in Brazil and South America in general. The distribution by region is considered to be the location of the Group's companies and not the location of the customer.

The revenue generated by the operating segments reported is derived primarily from:

a. **Products:** mainly producing industrial valves; valves for oil and gas; cables for anchoring oil platforms; well completion equipment; fiberglass artifacts, including, but not limited to, tubes for lining oil pipelines, generally marketed together with associated inspection and repair services.

b. **Services:** the Company continues to demobilize its activities through the sale of equipment.

The sales between the segments were performed as sales between independent parties. The revenue from external parties informed the Executive Directorate was measured in a way consistent with that presented in the demonstration of the result.

The figures relating to the total of the asset are consistent with the balances recorded in the financial demonstrations. These assets are allocated on the basis of the operations of the segment and the physical location of the asset.

The figures relating to the total liabilities are consistent with the balances registered in the financial demonstrations. These liabilities are allocated on the basis of the operations of the segment.

The information by segment are demonstrated below:

	Three-month period ended					
	Products		Services		Parent and Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Net sales	14,688	8,005	-	91	14,688	8,096
Cost of sales	(11,876)	(7,408)	-	(187)	(11,876)	(7,595)
Gross Profit (Loss)	2,812	597	-	(96)	2,812	501
Selling expenses	(1,733)	(1,299)	11	29	(1,722)	(1,270)
General and administrative expenses	(2,825)	(2,431)	(1,374)	(2,157)	(4,199)	(4,588)
Management fees	(686)	(692)	-	(13)	(686)	(705)
Equity pick-up	(1,239)	79	-	-	(1,239)	79
Other operating income (expenses), net	(4,438)	26,809	(2,860)	2,818	(7,298)	29,627
Operating Loss before financial result	(8,109)	23,063	(4,223)	581	(12,332)	23,644

	Products		Services		Parent and Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Identifiable assets (1)	210,747	209,145	84,766	93,602	295,513	302,747
Identifiable liabilities (2)	67,091	69,069	182,474	139,573	249,565	208,642

	Products		Services		Parent and Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Depreciation and amortization	(1,602)	1,745	(18)	34	(1,620)	1,779
Acquisition of Property, plants and equipment	49	4	1	307	50	311

(1) Identifiable Assets: Customers, Inventories, Property, Plant, Goodwill, Recoverable Taxes and Restricted Application
(2) Identifiable Liabilities: Suppliers and Loans

	Nine-month period ended					
	Products		Services		Parent and Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Net sales	35,603	23,122	64	189	35,667	23,311
Cost of sales	(28,047)	(21,203)	(81)	(3,514)	(28,128)	(24,717)
Gross Profit (Loss)	7,556	1,919	(17)	(3,325)	7,539	(1,406)
Selling expenses	(5,667)	(3,999)	(14)	137	(5,681)	(3,862)
General and administrative expenses	(10,112)	(7,705)	(4,614)	(8,064)	(14,726)	(15,769)
Management fees	(140)	(2,113)	(3,141)	(22)	(3,281)	(2,135)
Equity pick-up	(1,561)	42	-	-	(1,561)	42
Other operating income (expenses), net	(15,242)	19,012	(11,901)	1,575	(27,143)	20,587
Operating Loss before financial result	(25,166)	7,156	(19,687)	(9,699)	(44,853)	(2,543)

	Products		Services		Parent and Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Identifiable assets (1)	210,747	209,145	84,766	93,602	295,513	302,747
Identifiable liabilities (2)	67,092	69,069	182,473	139,573	249,565	208,642

	Products		Services		Parent and Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Depreciation and amortization	(4,944)	(5,398)	(54)	(109)	(4,998)	(5,507)
Acquisition of Property, plants and equipment	487	4	(141)	307	347	311

(1) Identifiable Assets: Customers, Inventories, Property, Plant, Goodwill, Recoverable Taxes and Restricted Application
(2) Identifiable Liabilities: Suppliers and Loans

The information by segment are demonstrated below:

	Three-month period ended					
	Brazil		Others		Parent and Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Net sales	14,688	8,096	-	-	14,688	8,096
Cost of sales	(11,876)	(7,595)	-	-	(11,876)	(7,595)
Gross Profit (Loss)	2,812	501	-	-	2,812	501
Selling expenses	(1,722)	(1,270)	-	-	(1,722)	(1,270)
Administrative costs	(4,199)	(4,588)	-	-	(4,199)	(4,588)
Management remuneration	(686)	(705)	-	-	(686)	(705)
Equity	(1,239)	79	-	-	(1,239)	79
Other income (expenses), net	(7,298)	30,381	-	(754)	(7,298)	29,627
Operating Loss before financial result	(12,332)	24,398	-	(754)	(12,332)	23,644

	Brazil		Others		Parent and Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Identifiable assets (1)	295,513	302,747	-	-	295,513	302,747
Identifiable liabilities (2)	247,396	207,386	2,169	1,256	249,565	208,642

	Brazil		Others		Parent and Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Depreciation and amortization	(1,602)	1,779	(18)	-	(1,620)	1,779
Acquisition of Property, plants and equipment	49	4	1	307	50	311

1 - Identifiable assets: Customers, inventories, fixed assets, goodwill, taxes recoverable and restricted application.
2 - Identifiable Liabilities: Suppliers and Loans

	Nine-month period ended					
	Brazil		Others		Parent and Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Net sales	35,667	23,311	-	-	35,667	23,311
Cost of sales	(28,128)	(24,717)	-	-	(28,128)	(24,717)
Gross Profit (Loss)	7,539	(1,406)	-	-	7,539	(1,406)
Selling expenses	(5,681)	(3,862)	-	-	(5,681)	(3,862)
Administrative costs	(14,726)	(15,769)	-	-	(14,726)	(15,769)
Management remuneration	(3,281)	(2,135)	-	-	(3,281)	(2,135)
Equity	(1,561)	42	-	-	(1,561)	42
Other income (expenses), net	(27,143)	21,641	-	(1,054)	(27,143)	20,587
Operating Loss before financial result	(44,853)	(1,489)	-	(1,054)	(44,853)	(2,543)

	Brazil		Others		Parent and Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Identifiable assets (1)	295,513	302,747	-	-	295,513	302,747
Identifiable liabilities (2)	247,396	207,386	2,169	1,256	249,565	208,642

	Brazil		Others		Parent and Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Depreciation and amortization	(4,998)	(5,507)	-	-	(4,998)	(5,507)
Acquisition of Property, plants and equipment	347	4	-	307	347	311

1 - Identifiable assets: Customers, inventories, fixed assets, goodwill, taxes recoverable and restricted application.
2 - Identifiable Liabilities: Suppliers and Loans

28 Assets classified as held for sale

As of September 30, 2020, it is stated as assets held for sale, fixed assets in the service segment, in which they are not in operation and in the process of negotiation for sale. These assets amount to a net total depreciation recorded at the parent company of R$6,299 (R$3,236 in current assets and R$3,063 in non-current assets) and R$77,944 in the consolidated (R$74,687 in current assets and

R$3,257 in non-current assets). As of December 31, 2019, the balance presented at the parent company is R$3,236 in current assets and R$3,092 in non-current assets and R$71,957 in consolidated (R$68,670 in current assets and R$3,287 in non-current assets).

In the context of the actions for restructuring the Company's operations, the Administration has conducted actions and negotiations which may result in the alienation of certain assets. The alienation of such assets will only be considered highly likely to the extent that there is a prior understanding between the parties and, specially, there is a judicial authorization for the implementation of the business, since such authorization is an essential requirement in the process of judicial recovery.

29 Result of discontinued operation

In the nine-month period ended September 30, 2019, the Company presents as a result of discontinued operations the companies Lupatech OFS Coöperatief U.A and Lupatech OFS S.A.S., due to the sale of the remaining equity interest, completed in September 2019.

	09/30/2019
NET REVENUE FROM SALES	73,662
COST OF GOODS AND SERVICES SOLD	(54,670)
Profit gross	18,992
OPERATING INCOME/EXPENSES	
Selling	(845)
General and administrative	(3,163)
OPERATING PROFIT BEFORE FINANCIAL RESULTS	14,984
FINANCIAL RESULTS	
Financial income	223
Financial expenses	(2,602)
Exchange variation, net	5
Non-controlling interest	(4,084)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	8,526
INCOME TAX AND SOCIAL CONTRIBUTION	
Current	(4,290)
Deferred	-
PROFIT FROM DISCONTINUED OPERATIONS	4,236

30 Cash flow from discontinued operations

Cash flow from discontinued operations is as follows:

	Consolidated
	09/30/2019
Cash flow from operating activities	1,895
Cash From Investing Activities	(1,231)
Cash From Financing Activities	(508)
Net increase in cash and cash equivalents	156

31 Subsequents events

Credit monetization

On October 26, 2020, the subsidiary Prest Perfurações Ltda - Under Judicial Recovery received reimbursement of IRPJ and CSLL credits in the amount of R$8,711, amounts recorded in the Company's balance sheet updated by the Selic rate until September 30, 2020.

On October 23, 2020, the subsidiary Lochness Participações S/A - In Judicial Recovery received reimbursement of IRPJ and CSLL credits in the amount of R$822, amounts recorded in the Company's balance sheet updated by the Selic rate until September 30, 2020 .

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REPORT ON THE REVIEW OF QUARTERLY INFORMATION – ITR

To the
Board of Directors and Management
Lupatech S.A. - Under In-Court Reorganization
Nova Odessa – SP

Introduction

We have reviewed the individual and consolidated interim financial information of Lupatech S.A. - Under In-Court Reorganization ("Company"), contained in the Quarterly Information (ITR) for the quarter ended on September 30, 2020, which comprise the balance sheet on September 30, 2020 and the related statements of income and comprehensive income, changes in shareholders' equity and cash flows for the nine-month period then ended, including the notes to the financial statements.

The Company's management is responsible for preparing the interim individual financial information in accordance with CPC 21 (R1) - Interim Financial Statements and the consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, Issued by the International Accounting Standards Board (IASB), as well as for presenting this information in a manner consistent with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Brazilian and international standards for review of interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Entity's Auditor and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of inquiries, mainly to persons responsible for financial and accounting matters, and in the application of analytical procedures and other review procedures. The scope of a review is significantly less than that of an audit conducted in accordance with auditing standards and therefore has not enabled us to obtain assurance that we are aware of all material matters that could be identified in an audit. Therefore, we do not express an audit opinion.

Conclusion on the individual interim financial information

Based on our review, we are not aware of any fact that would lead us to believe that the individual interim financial information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) applicable to Quarterly Information (ITR) and presented in a manner consistent with the standards issued by the Brazilian Securities Commission (CVM).

Conclusion on consolidated interim financial information

Based on our review, we are not aware of any facts that may lead us to believe that the consolidated interim financial information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by the IASB applicable to the preparation of Quarterly Information (ITR) and presented in a manner consistent with the standards issued by the Brazilian Securities Commission (CVM).

Emphasis of matter

In-court reorganization

As mentioned in Note 1.2 to the financial statements, on November 8, 2016, Lupatech S.A. and its direct and indirect subsidiaries had their new in-court reorganization plan approved by the Lupatech Group's Creditors General Meeting, and the plan was ratified by the Judge of the 1st Bankruptcies and In-Court Reorganizations Court of the State of São Paulo, without any restrictions, on December 1, 2016. The Company filed motions to clarify since the notice of ratification did not mention one of the Group companies under in-court reorganization. On February 15, 2017, the court corrected its notice of ratification including the company not mentioned. During the quarter ended on September 30, 2020, no appeal was filed against the ratified plan. Moreover, as described in Note 31 to the financial statements, on April 15, 2020, the first bankruptcy and bankruptcy court in São Paulo granted the Company the possibility of offering creditors an addendum to the approved judicial recovery plan. Despite the Company being in compliance with its obligations arising from the current judicial reorganization plan, the same decision ruled out the possibility of bankruptcy in the event that a future default will occur during the pandemic period, until new conditions have been met appreciated by creditors in general meetings, which was effectively convened for the date of August 28, 2020. At the general meeting Lupatech Group's Creditors approved the new in-court reorganization plan, which was submitted to judicial approval to become effective and bind all creditors. Our conclusion is not qualified in respect of this matter.

Material uncertainty related to going concern

This interim financial information, individual and consolidated, of Lupatech S.A. – Under In-Court Reorganization ("Company") for the quarter ended on September 30, 2020 were prepared in accordance with accounting practices applicable to companies under the going concern basis. As mentioned in Note 1.1 to the financial statements, the Company and its subsidiaries have generated recurring losses and during the nine-month period ended on September 30, 2020 incurred loss before income tax and social contribution of R$ 117,025 thousand in Parent and R$ 113,027 thousand in Consolidated and have not generated cash in an amount sufficient to settle their obligations. These conditions, together with the fact that the Company and its subsidiaries filed for in-court reorganization plan, indicate the existence of a material uncertainty that may raise significant doubt about the Company's and its subsidiaries' ability to continue as a going concern. The reversal of this situation of recurring losses and the difficulty in operational cash generation, as well as the capacity to realize their assets and settle their liabilities in the normal course of the Company's business, depend on the success of the plans to credit and other assets monetization, of the actions to achieve the projections performed, which include resumption of activities and bidding processes, as well as the compliance with the in-court reorganization plan, described in Note 1.2 to the financial statements. Our conclusion is not qualified in respect of this matter.

Material uncertainty regarding the adhesion to the Tax Debt Refinancing Program – PERT

During 2018, the Company carried out the adhesion of several subsidiaries and investees of the Lupatech Group to the Tax Debt Refinancing Program - PERT, established by Provisional Executive Act No. 783/2017 and Law No. 13,496/2017. The Company, through this action, reorganized the amount of R$ 123,000 thousand of its liabilities related to tax contingencies and obligations, which included discounts on interest, fines and charges in the total amount of R$ 48,000 thousand. Due to operational issues in the adhesion processes and information processed by Brazilian Federal Revenue Office, until the issue of this report, a significant part (73%) of the adhered liabilities were not consolidated by the Brazilian Federal Revenue Office. The Company, advised by its legal counselors, timely took the required administrative and legal preventive measures to ensure the right to the adhesion process, considered as probable by the legal counselors. Our conclusion is not qualified in respect of this matter.

Restatement of the financial statements previously disclosed

As mentioned in Note 2.1.1, the existence of discontinued operations in 2019, due to the negotiation of the remaining equity interest of the Lupatech OFS Coöperatief U.A. and Lupatech OFS S.A.S, the Company is presenting in Note 29 the consolidated income statement for the quarter ended on September 30, 2019, to classify separately the result of discontinued operations. Our conclusion is not qualified in respect of this matter.

Other Matter

Statement of value added

We have also reviewed the individual and consolidated statements of value added (DVA) for the nine-month period ended on September 30, 2020, prepared under the responsibility of the Company's management, whose presentation in the interim information is required in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of the Quarterly Information (ITR) and considered supplementary information under IFRSs, which do not require the presentation of the DVA. These statements have been subject to the same review procedures described above and, based on our review, we are not aware of any facts that may lead us to believe that they have not been prepared, in all material respects, in a manner consistent with the interim accounting information Individual and consolidated financial statements taken as a whole.

São Paulo, November 11, 2020.

Crowe Macro Auditores Independentes
CRC-2SP033508/O-1

Diego Del Mastro Monteiro
Accountant – CRC-1SP302957/O-3

Sérgio Ricardo de Oliveira
Accountant – CRC-1SP186070/O-8

Declaration of directors on the financial statements

In accordance with item VI of article 25 of CVM Instruction No. 480, of December 7, 2009, the Executive Board declares that it has reviewed, discussed and agreed with the Company's Quarterly Information Form for the quarter ended on September 30, 2020.

Nova Odessa, November 11, 2020.

Rafael Gorenstein – Chief Executive and Investor Relations Officer

Paulo Prado da Silva - Director without specific designation

Directors Statement on the Independent Auditors' Opinion

In accordance with item V of article 25 of CVM Instruction No. 480, of December 7, 2009, the Executive Board declares that it has reviewed, discussed and agreed with the independent auditors' report on the Company's Quarterly Information Form for the quarter ended in September 30, 2020.

Nova Odessa, November 11, 2020.

Rafael Gorenstein – Chief Executive and Investor Relations Officer

Paulo Prado da Silva - Director without specific designation