



4Q21/FY2021 Results

TAURUS™

COMPROMISSO COM A EXCELÊNCIA



Taurus reports EBITDA of R\$ 1.0 billion in 2021, net income of R\$ 635 million, up 141% from 2020, and proposed payment of dividends in the amount of R\$ 194.3 million, approximately R\$1,65 per share.

São Leopoldo, March 15, 2022 – Taurus Armas S.A. (“Taurus” or “Company”) (B3:TASA3; TASA4), listed on B3’s Level 2 of Corporate Governance, one of the world’s largest manufacturers of light firearms, hereby presents its results for the 4th quarter of 2021 (4Q21), along with the results for FY 2021. The financial and operational information disclosed herein, except where indicated otherwise, is presented in Brazilian Reais (R\$), and complies with the International Financial Reporting Standards (IFRS) and the Brazilian accounting principles. All comparisons refer to the same periods of 2020.

Operational and financial highlights - 2021



Total production:

2.3 million firearms, up by 44.5%



Net revenues:

R\$ 2.7 billion, representing a 47.4% growth over 2020 performance



Gross profit:

R\$ 1.3 billion, with a 48.1% margin, representing increases of 67.3% and 5.7 p.p., respectively



EBITDA:

R\$ 1.0 billion, up by 111.4% from the figure registered in 2020, with a 36.6% margin (an 11.1 p.p. rise)



Net income:

R\$ 635.1 million, 2.4 x higher than FY 2020's net earnings



Proposed dividend payable:

R\$ 194.3 million



Main indicators

<i>R\$ milhões</i>	2021	2020	21 x 20 % Chg.	4Q21	4Q20	4Q21x4Q20 Var. %
Net operating revenues	2,740.5	1,859.3	47.4%	820.3	590.4	38.9%
Domestic market	733.8	466.5	57.3%	220.5	170.0	29.7%
Exports market	2,006.7	1,392.8	44.1%	599.8	420.4	42.7%
COGS	-1,422.7	-1,071.6	32.8%	-424.1	-334.8	26.7%
Gross profit	1,317.8	787.7	67.3%	396.2	255.6	55.0%
Gross margin (%)	48.1%	42.4%	5.7 p.p.	48.3%	43.3%	5.0 p.p.
Operating expenses (SG&A)	-344.2	-342.6	0.5%	-95.8	-103.0	-7.0%
Earnings before financial result and income tax (EBIT)	973.6	445.1	118.7%	300.4	152.6	96.9%
Net financial income (expenses)	-72.3	-251.0	-71.2%	-3.0	35.9	-
Income tax and social contribution	-263.9	70.3	-	-90.1	91.1	-
Net income (loss) from continued operations	637.4	264.5	141.0%	207.4	279.6	-25.8%
Net income (loss) from discontinued operations	-2.3	-0.9	155.6%	-0.4	-0.2	100.0%
Net income (loss)	635.1	263.6	140.9%	206.9	279.5	-26.0%
EBITDA	1,002.9	474.4	111.4%	307.8	161.5	90.6%
EBITDA Margin	36.6%	25.5%	11.1 p.p.	37.5%	27.4%	10.2 p.p.
Adjusted EBITDA*	1,006.8	479.2	110.1%	308.2	162.2	90.0%
Adjusted EBITDA Margin*	36.7%	25.8%	10.9 p.p.	37.6%	27.5%	10.1 p.p.
Net debt (end of period)	436.8	775.4	-43.7%	436.8	775.4	-43.7%

* Adjusted EBITDA and its margin - excludes non-recurring expenses in connection with the COVID-19 pandemic.

Note: EBITDA does not qualify as an indicator, as adopted by accounting practices. Its calculation is presented in the item "EBITDA" of this report.

Message from Management

R\$ 1.0 billion EBITDA in 2021. For us, this mark has not come as a surprise, but it is an important breakthrough that reflects Taurus' current operational performance standard. We have carefully paved the way that has brought us to this point, in such a way that at present Taurus is a well-structured Company, which relies on solid processes in terms of management, operations and corporate governance, in addition to a well-defined strategic plan for the coming years.

The strong cash generation has enabled us to invest in the Company's growth, a subject that I will address further below, and in 2021, we fulfilled one of the major objectives pursued by our management, which was the creation of value to all of our stakeholders, and therefore, also the **payment of dividends to our shareholders**. With a net income of R\$ 635.1 million in 2021, the Annual General Shareholders' Meeting shall propose **the payment of dividends in the amount of R\$ 194.3 million**, which represents approximately R\$ 1.65 per share. This piece of news further consolidates the closure of Taurus' turnaround process.

A further important goal of our management has been achieved. In December 2020, at our Apimec (Capital Markets Analysts and Investment Professionals Association) meeting, in the presence of investors, I expressed my aspiration to become the largest small firearms manufacturer in the world. After less than 2 years, today I can attest that **Taurus has become the largest seller of small firearms in the world**, taking into account the major players in the United States, such as Smith & Wesson and Ruger, and much larger than other traditional companies in the sector, about which we have access to information, such as Colt, Springfield, Beretta, SIG, CZ, Colt, Walther, FN and HK.

In terms of operational activities, thanks to the structured processes, we have been able to focus on expanding production, so as to meet the growing demand for our products. In 2021, 2.25 million firearms were produced, representing a 44.5% growth over the previous year. The US plant, which is currently undergoing a ramp-up process, has reached a production of 868,000 units in 2021, a volume higher than the originally estimated maximum capacity of 800,000 firearms per year, considering the original structure, which did not require any further investments by the Company, on account of the agreement entered into with the government of the State of Georgia. The plant still comprises roughly 60% of its area available, including space to expand its



capacity through further investments. At the same time, the productivity of the Brazilian plant continued to increase, so that production for the year added up to 1.4 million firearms in 2021, up by 20% over the volume produced in 2020.

Sales have also continued to rise. In the US, the NICS (National Instant Background Check System), an indicator that takes into account the number of people interested in acquiring a firearm, showed that demand remained heated in 2021, and has reached the second highest mark since it was created. Nevertheless, in relation to the historical record achieved in 2020, there was a 12% decline. Taurus' sales in the country, however, showed an opposite trend to that of the NICS, presenting a 23.4% growth in 2021, which evidences the expansion of the brand's market share. With regard to



2022, our perception is that the scenario will be similar, with the American demand somewhat weakening in relation to the last two years, whereas Taurus sales should remain buoyant, showing a further increase in market share. Our perspective is based on the orders placed and on contacts with distributors and retailers throughout the country, which were carried out during major fairs covering this segment at the beginning of the year, particularly the largest professional event of the firearms industry in the USA, namely the "Shot Show", held at the end of January.

In addition to increasing our market share in the USA, we currently hold other projects in progress, such as the Jindal Taurus joint-venture in India, which will contribute to expanding our presence in the region. The project concerning the plant in that country is underway, after a significant delay, due to some challenges posed by the pandemic. At the moment, the construction of the building is being completed, and the first team from Taurus do Brasil went to India for a technical inspection in February. The JV, even before the start of industrial operations, has been creating trading opportunities. The Taurus team that traveled to India carried out a technical demonstration to the Indian Army Forces' officials, demonstrating the characteristics and shooting performance, in addition to the endurance of the Taurus T4 Rifle in its different versions, taking into account a future bidding process underway. Other commercial opportunities within the Indian institutional market for the sale of SMT9 sub-machine guns, TH9 and TS9 pistols, as well as a further sale of T4 rifles, are at different stages of the negotiation process. With regard to exports to other countries, in December we delivered 12,400 T4 rifles to the Philippine Army, once the firearms had been fully approved, without any restrictions, after undergoing stringent testing. In a new bid won in December, we were to deliver a further 1,100 rifles to the Philippine Army. Yet in December, we won the bidding process for 9,500 TS9 pistols for the Philippine National Police, whose delivery has been scheduled for the second half of the year, according to the current capacity x demand situation.

For the purpose of guaranteeing an increase in supply and maintenance of the Company's growth, in line with our strategic planning, we are investing in physical structure, in research & development, and in modern equipment and machinery. The key-word at Taurus is "innovation", which provides us with greater productivity, maintenance of low costs (today Taurus has the lowest production cost in the world), greater production volume, and also larger sales volumes, since the consumer increasingly acknowledges the value that has been added to the products, which we deliver to the market. Thus, at the same time that we are confident about the increase in sales, in terms of operational structure, we are always one step ahead, preparing ourselves to meet the sales growth. As an example of this, we can mention the hiring of a Commercial Vice-president to reinforce our sales structure in the United States.

Considering that technology is essential to support our planning, we have reinforced the area by creating the Brazil/USA Integrated Technology and Engineering Center (CITE), which currently comprises 250 engineers in the areas of products, processes and quality. CITE has provided more agility in developing products with innovation and quality, always focusing on the consumer needs, at low cost and in line with the most advanced technological solutions in the world. As an example, we can mention the use of graphene in components and in the surface protection of metals, thus providing greater endurance and durability. In 2021, we have also planned to invest in the renewal of the industrial complex, with the acquisition of equipment that relies on state-of-the-art technology.

In terms of infrastructure, the industrial complex was delivered in December, and the five partner-suppliers that will develop their operations in that area are in the process of installation. Once this structure becomes fully operational, we will have more agility



and quality in the supply chain, with a consequent reduction in costs. Another step taken in the expansion project of the industrial unit in Brazil was the acquisition of an area of 100,000 m², located next to the current industrial complex.

Total capital expenditures for 2021 totaled R\$ 175 million, funded with own resources, generated from the solid operating performance that yielded a R\$ 1.0 billion EBITDA for the year. For 2022, our planning considers investments of nearly R\$ 250 million, proceeding with the modernization and expansion of the industrial structure, aimed at sustaining the Company's growth, further enhancing its competitiveness.

In terms of brand positioning, our planning is based on three groups of actions, which are aimed at creating value: the global brand of a Brazilian multinational corporation; the development of products with quality, innovation and competitive costs; and excellence in both distribution and services, thereby providing a comprehensive support for the Taurus client. As an initiative towards strengthening the Company's direct relationship with its consumer, aiming to provide a unique experience for the client, in November we inaugurated our first concept store in Brasília. The store covers an area of 1,800 m², where the client can find the complete line of Taurus and CBC products, services for the acquisition of firearms and ammunition, technical assistance, 18 shooting ranges, after-sales services, qualification courses, in addition to activities related to the market segment. A second store is scheduled to open soon, this time in the city of São Paulo.



Inauguration of the first FAST - Firearms Ammunition Shooting and Training - concept store, in Brasília

The project that we have adopted at Taurus, which also includes the strategic planning outlined for the upcoming years, takes into account other aspects that are essential for the business's stability and control, which consist of suitable corporate governance practices. Taurus is on B3's Level II, a market segment that requires the adoption of differentiated corporate governance practices. Transparency is part of our daily routine, as we introduce our strategic model to the market, as well as updating the market on our activities. In December, we held our 4th Apimec meeting with market analysts, which for the second time in the last three years was evaluated by the participants as one of the 10 best Apimec Meetings in 2021. Our Board of Directors currently comprises six qualified and experienced members, five of whom, including the Chairman, are independent. We also hold a permanent Fiscal Council, whose role is to monitor and supervise all the actions undertaken by our management. We also rely, in our corporate governance structure, on the Audit and Risk Committee (ARC), which, in 2021, had its role established in the Bylaws, aimed at strengthening internal controls. We have adopted an attitude towards extensive transparency in relation to the Company's management and its performance. As a means to foster the retention of the current Board members, aiming to provide stability and continuity to the management model, a stock option plan was created for the Board members in 2021, which was approved at a General Shareholders' Meeting held in April.

On the social front, we continued to take all precautions in 2021 in connection with the Covid-19 pandemic situation, while assuming full responsibility for taking care of the health of our employees and their families. We have also carried out physical adaptations in the facilities, so as to ensure an adequate working environment to meet the required sanitary protocols. We also support society in general, not only by providing support to the communities in the surrounding area of our plant, but also throughout the country, by contributing with donations of food, as well as hospital and protection equipment. In the environmental sphere, we have an effluent and water treatment center, in addition to a waste and chemical products center.

In view of these initiatives, and of those that we will still carry out, I have authorized the hiring of Ernest & Young to organize the ESG initiatives and prepare our first sustainability report, based on the GRI model. As a first step, a multi-disciplinary ESG



committee will be formed, aimed at tackling the issues in connection with this matter. During this implementation year, I will be personally engaged in the ESG Committee, taking an active part in the issues that will be discussed at our meetings.

Excellence, strength and vigor are the hallmarks of this solid Company. Taurus is today a Brazilian giant that generates jobs for more than 3,500 employees, wealth and foreign currencies for Brazil. We have only reached this position, because we rely on the support of our shareholders, the continuous accompaniment and guidance of our Board of Directors, the trust of our partners and clients, and the tireless work of the entire team of Taurus employees, in both Brazil and in the USA. I would like to thank you all for treading this successful path with us.

Management





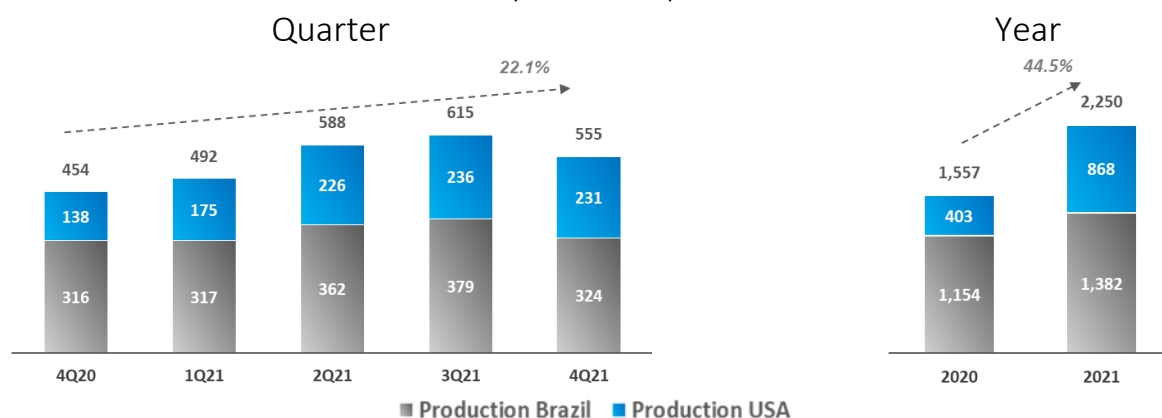
Operational Performance

Production

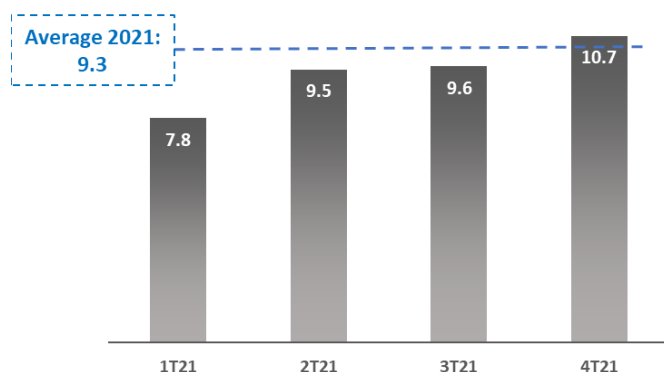
Taurus is undergoing a period of accelerated growth of its operations, aiming at further increasing its presence in the international market. The investments made in cutting-edge machinery and technology, as well as the ramp-up process of the North-American industrial plant, have provided for a 44.5% growth in the volume of firearms produced in 2021, when compared to the previous year. The US-based plant, inaugurated in December 2019, has already exceeded the originally planned production capacity of 800,000 units/year, hitting the mark of 868,000 units in 2021, which represents a more than a twofold increase (+115.4%) over the previous year's production. The gain in productivity, arising from the processes adopted and new machinery, led to a 19.8% growth in the volume produced at the Brazilian plant. Therefore, Taurus achieved the mark of 2.25 million firearms manufactured in 2021, with an average of 9,300 units per day over the course of 2021.

The lower number of working days in 4Q21, alongside with scheduled maintenance stoppages and mandatory vacation leave, contributed to the drop in overall output volume, when compared to the previous two quarters. Average daily output, on the other hand, has maintained a steady growth throughout the year, peaking at 10,700 units/day in 4Q21.

Production of firearms – Brazil + USA (‘000 units)



Average / day



From 1Q21 to 4Q21, Taurus' average daily production of firearms climbed by 37.2%, with a compound annual growth rate (CAGR) of 11.1% for the period

Sales

The Company believes that demand in the USA should remain in the same level as in 2021. Similarly, exports to other countries have been expanding, as a result of the resumption in both international bids and shipments, following the initial phase of the pandemic, which caused this market segment to curb.

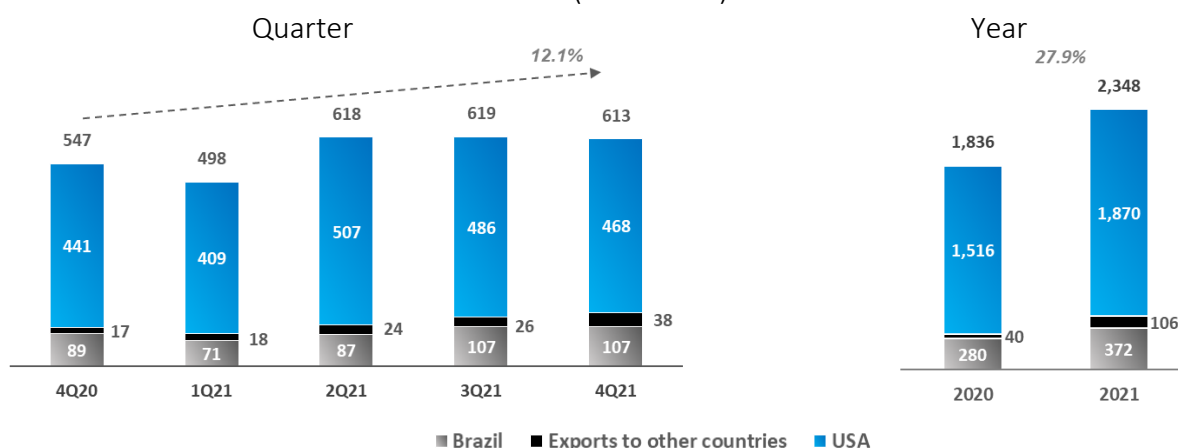


Furthermore, Taurus has been expanding its market share. In the segment of revolvers, the Company holds absolute market leadership in the USA. In 2020, 41% of all the revolvers sold in this country were Taurus-brand revolvers and, for 2021, it is estimated that this market share will have reached 61%. The Company has also been expanding its sales in other firearms segments, especially in products with higher added value, with new projects and models developed by its CITE - Integrated Technology and Engineering Center Brazil/USA, such as the GX4 pistol launched in the first half of 2021.

The number of units sold in 2021 was 2,348,000, 27.9% higher than in the previous year, showing increases in all markets. The USA were responsible for the sale of 1,870,000 units, or 79.7% of the total for the year, and a 23.4% growth in relation to the sales volume achieved in that country in 2020. In Brazil, where the market for Taurus' products is much smaller, the growth in sales for the same period was 32.9%, whereas exports to other countries saw a gradual growth during the course of the year, reaching a 163.3% rise over 2020.

The slight decline in overall sales volume in 4Q21, as shown in the chart below, can be largely explained by the same reason for the change seen in terms of production volume, which is the lower number of working days in the fourth quarter when compared to the previous quarters, during which time Taurus carries out scheduled maintenance stoppages and introduces mandatory collective vacation periods.

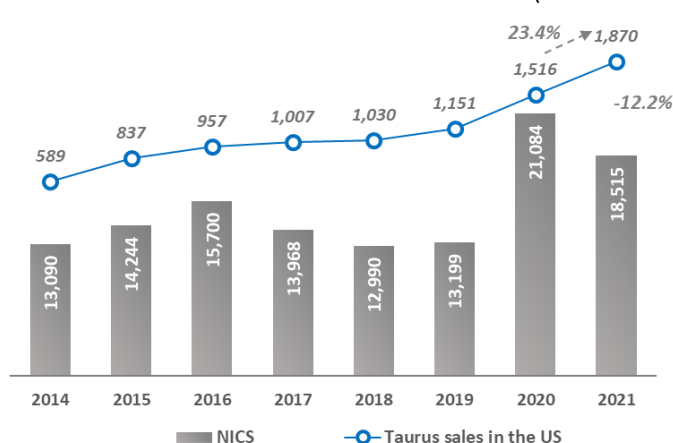
Sales volume – Taurus
(‘000 units)



A good barometer for the US gun market is the National Instant Background Check System (NICS), which since 1998 has been screening all individuals interested in purchasing a firearm in the country. In 2020, the number of inquiries recorded by the Adjusted NICS hit the highest peak since its inception, and in 2021, it still remained well above the historical average, signaling that the market has remained buoyant.

The comparison of the evolution of Taurus' firearms sales volume in the USA with this indicator evidences the expansion of the Company's marketshare.

Adjusted NICS (National Instant Background Check System) and Taurus sales in the USA
(‘000 units)



*Expansion of market share in the USA:
in 2021, Taurus's sales volume in the US
rose by 23.4% year-over-year, whereas
the Adjusted NICS indicator
declined by 12.2%*



Economic and financial performance

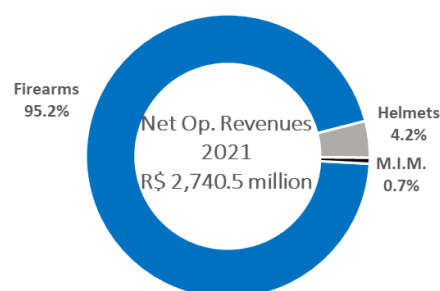
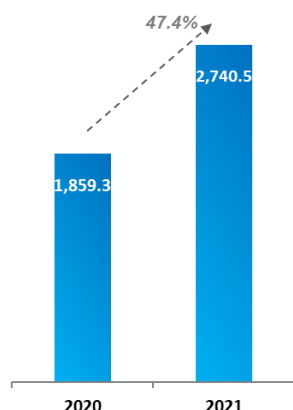
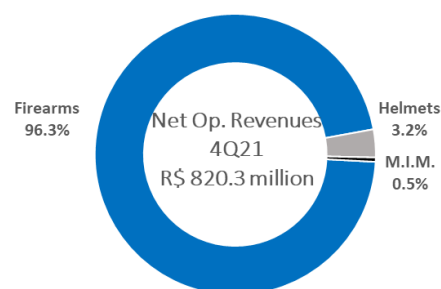
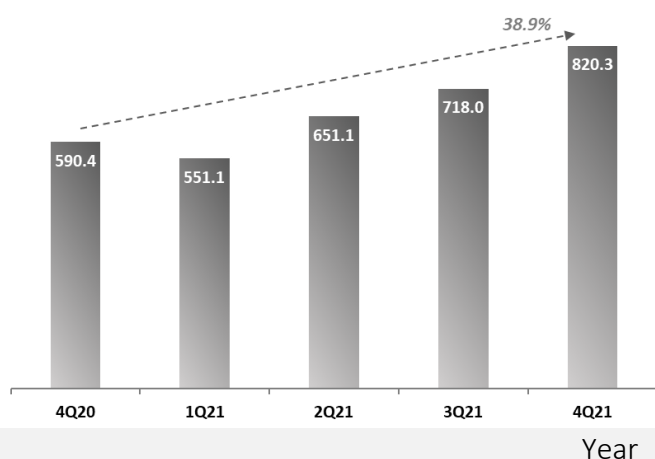
As of January 2021, in accordance with the accounting standards, the results from the helmet operations began once again to be consolidated into Taurus's results. Over the previous two years - 2020 and 2019 - the net result from this operation was recorded under the caption "Net result of discontinued operations". In view of the alteration in the accounting procedure, and for the purpose of keeping a fair basis of comparison, the data for 2020 presented in this report also consider the consolidation of the helmet operation into the Statement of Income.

Net Operating Revenues

Taurus's revenues largely derive from the sales of firearms & accessories, which accounted for 95.2% of overall net revenues in 2021, coupled with the revenues from the sales of M.I.M. (metal injection molding parts) and helmets. All three segments have shown a positive performance in 2021.

Consolidated Net Operating Revenues (R\$ million)

Quarter



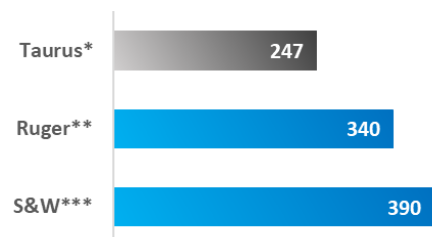
Taurus's consolidated net revenues, primarily affected by the sales of arms & accessories, came to R\$ 2,740.5 million in 2021, representing a 47.4% growth year-over-year. In addition to the increase in sales of firearms, the average price of the products also saw an increase year-over-year. Based on the investments earmarked for research and development, Taurus has been adding new products to its portfolio, placing a higher added-value product mix on the market. Furthermore, in June 2021, the Company levied a 10% rise in its price list for firearms in the USA, and, as from August, a 17% rise in Brazil. Demand has not been impacted by this price hike, which attests to the improvement in the value perceived by consumers of Taurus' products.



When comparing Taurus's average sales prices with those of international competitors - which, as publicly-held companies, are supposed to disclose their data - the Company still has room to promote higher price brackets within its sales mix. Taurus's strategy also involves the launch of new products with smaller costs and higher aggregated value, the expansion of its line of long firearms, alongside with the launching of products in market niches, thus creating a rising value mix within its product line, without competing with its current products.

Another factor that contributed to the raise in revenues was the 7.3% devaluation of the Brazilian Real in relation to the US dollar in 2021. With most of the sales carried out abroad, and therefore denominated in dollars, the Forex variation had a positive impact on Taurus' revenues, which are booked in local currency.

Average price in 2021 (US\$)



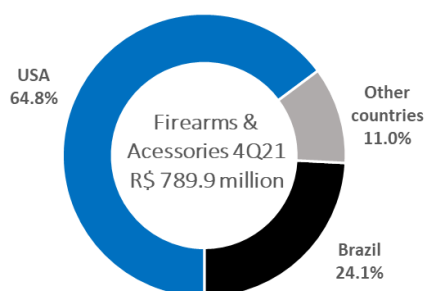
* Taurus – handguns and pistols, without Heritage

** Ruger – handguns

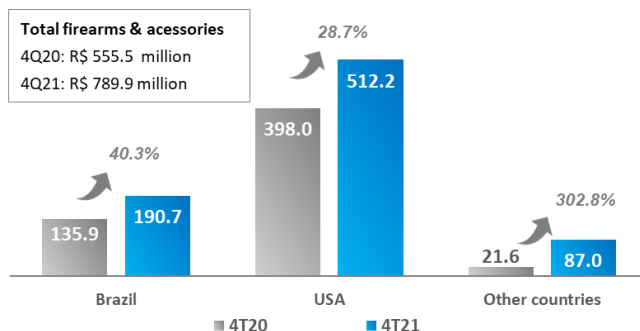
*** S&W – handguns and pistols

Net Operating Revenues - Firearms & Accessories (R\$ million)

Quarter



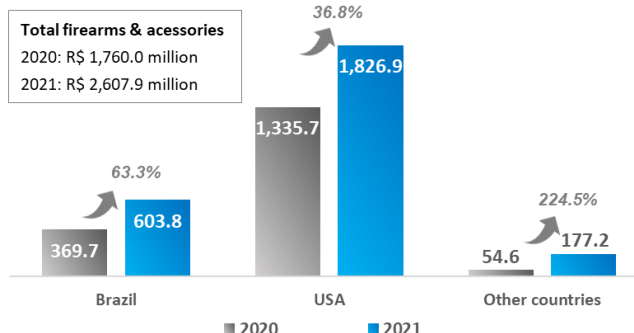
Firearms & accessories per market (R\$ million)



Year



Firearms & accessories per market (R\$ million)



In terms of the exclusive performance of firearms & accessories, the main operating segment, there was a 42.2% growth in 4Q21 year-over-year, and 48.2% year-over-year, with a positive evolution in the three geographic regions in which the Company segments its sales: Brazil, the United States and other countries. Sales of new products, launched over the previous three years, accounted for 29.0% of the Company's overall annual revenues from sales of firearms & accessories in 2021.

The segment's revenue in 4Q21 came to R\$ 789.9 million, of which 64.8% came from sales carried out in the US market, and for the whole year of 2021, R\$ 2,607.9 million, with the USA accounting for 70.1% of this total. Therefore, USA represents Taurus's largest market, since it is also the world's largest market for firearms & accessories. Demand for Taurus's products remains strong in that country, leveraged by the launches that were carried out.

At the end of the year, Taurus recorded a backorder of 982,000 units of firearms for delivery to both the US and Brazilian markets, a volume equivalent to more than 5 months of integrated production in both countries.

Sales to other countries represent an additional accessible market for the Company, since Taurus enjoys the lowest production costs in the world, as well as wide international exposure for the brand, which is present in nearly 100 countries, thus ensuring



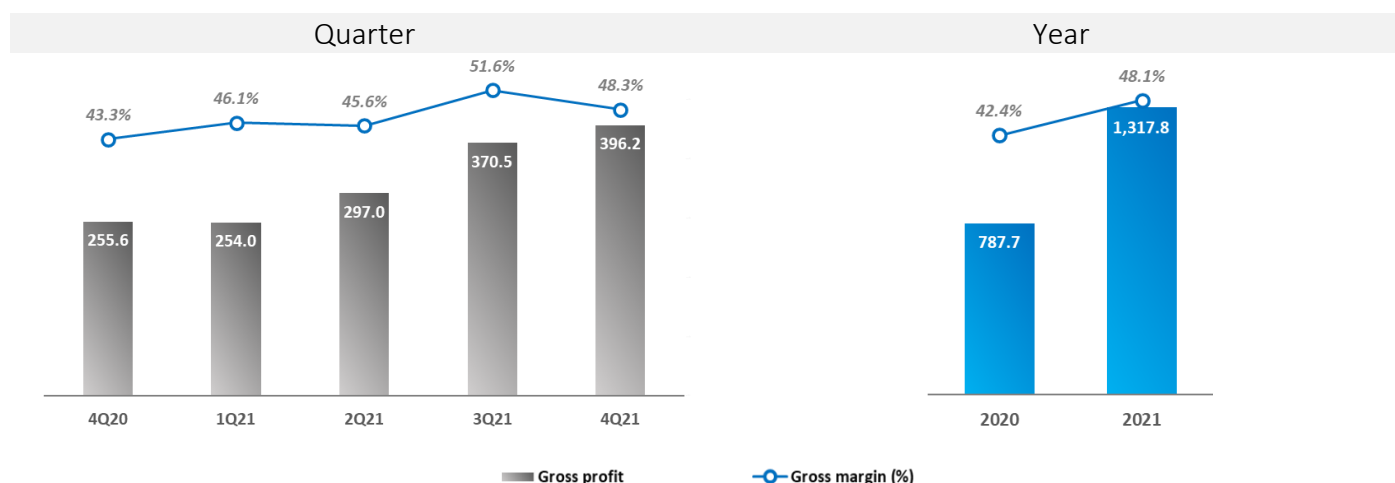
great competitiveness in bids. The 224.5% growth in revenues from sales to other countries in 2021 was mainly fueled by the sales of T4 rifles to the Philippine Army, as a result of two international bids won by Taurus for the delivery of 12,400 units of those rifles, with a further 1,100 units to be delivered by March 2022.

Gross profit

In 4Q21, gross profit maintained the quarter-over-quarter upward trend experienced throughout the year 2021, and amounted to R\$ 396.2 million. In relation to the same period of the previous year, the increase in gross profit in 4Q21 was 55.0%. Thus, gross profit reached R\$ 1,317.8 million in 2021, representing a 67.3% growth year-over-year. Given the higher value-added sales mix, coupled with strict cost control, the increase in profit was accompanied by an increase in profitability, with a 5.7 p.p. gain in gross margin, which stood at 48.1% in 2021.

The increase in gross profit reflects the expansion of production and productivity, with continuous cost control and dilution of fixed costs, in proportion to the growth in production, sales, and revenues. These factors are all connected to the modernization of the industrial complex, combined with the adoption of efficient operational processes. Other factors, which have also contributed to the expansion in gross profitability in 2021, include the rise in the price list adopted in June in the USA and in August in Brazil, with the maintenance of the demand for orders, in addition to the higher value-added sales mix.

Gross Profit (R\$ million) and Gross Margin (%)



Operating expenses

Operating expenses in 4Q21 were down by 7.0% when compared to 4Q20, totaling R\$ 95.8 million. This performance derived from the lower general and administrative expenses during the period (-9.9%), in addition to the net balance of "other operating income" in the amount of R\$ 34.8 million, which mainly comprised the income from the recovery of PIS/COFINS, IPI and presumed ICMS taxes accounted for in the quarter.

During 2021, operating expenses remained balanced in relation to the previous year, adding up to R\$ 344.2 million, posting a 0.5% increase in the period. Taking into account the 47.4% growth in net operating revenues for the same period, which is way higher than the change noted in operating expenses, there has been a dilution of these disbursements in 2021, which contributed to the expansion of the Company's operating profitability.





	2021	2020	21 x 20 % Chg.	4Q21	4Q20	4Q21x4Q20 % Chg.
Selling expenses	242.0	164.6	47.0%	74.6	45.6	63.6%
General and administrative expenses	205.1	188.5	8.8%	55.7	61.8	-9.9%
Losses (income) due to non-recoverable assets	1.5	-2.9	-	0.3	-1.0	-
Other operating (income)/expenses*	-104.4	-7.7	1255.8%	-34.8	-3.4	923.5%
Operating expenses (SG&A)	344.2	342.6	0.5%	95.8	103.0	-7.0%
Op. expenses / Net Op.Revenues (%)	12.6%	18.4%	-5.9 p.p.	11.7%	17.4%	-5.7 p.p.
Ptax dollar exchange rate at the end of period (R\$)	5.40	5.16	4.6%	5.59	5.39	3.7%

* Includes the equity from results of subsidiaries and affiliates

A number of factors have contributed to the performance of operating expenses in 2021, with special mention to the balance of R\$ 104.4 million recorded as "other operating income", offsetting overall expenses for the year. The final balance of this account in 2021 includes: (i) a R\$ 0.5 million income from equity in subsidiaries and affiliates; (ii) income from recovery of PIS/COFINS, IPI and presumed ICMS recorded in 4Q21 (R\$ 32.2 million) and in 3Q21 (R\$ 36.8 million); and (iii) non-recurring income equivalent to US\$ 3.0 million in 2Q21, corresponding to the benefit received by Taurus USA, through a support program carried out by the US government during the Covid-19 pandemic crisis (PPP - Paycheck Protection Program), since the Company met the requirements set out by this program.

Selling expenses were, in 2021, the most predominant group among the operating expenses, in the amount of R\$ 242.0 million, in addition to being the group that showed the greatest increase in relation to 2020, up by 47.0%. A significant portion of the selling expenses are of variable nature, accompanying the evolution of both the sales volume and revenues, as these include items such as commissions, freight, and insurance, which explains the evolution.

The increase in **general and administrative expenses** for the year was well below the percentage recorded in net revenues, up by 8.8% over 2020, to a total of R\$ 205.1 million. This performance was achieved in spite of the expansion of the structure required to support the business growth, which included, for example, the expansion of the CITE - Integrated Engineering and Technology Center Brazil/USA's team, which comprised 250 engineers by the end of 2021, in addition to investments in people development, such as providing training and qualification.

Another factor that has an impact on the Company's operating expenses is the exchange variation, since all the expenses incurred by the US plant are denominated in dollars, and converted into local currency when they are booked in the Company's consolidated statement of income. Thus, the 4.6% devaluation of the Brazilian Real in 2021 against the average dollar imposed pressure on the operating expenses incurred by Taurus USA.

Operating Expenses (R\$ million) and its share in Net Revenues





EBITDA

The underlying business performance, based on the continuous enhancement in operational efficiency, which results in improved revenues and gross margins, coupled with a greater dilution of operating expenses as a share of total revenues, have allowed Taurus to hit the R\$ 1.0 billion mark for EBITDA in FY 2021.

Over the last 8 quarters, the Company's EBITDA has shown a consistent growth, amounting to R\$ 307.8 million in 4Q21, which represents a 90.6% growth year-over-year.

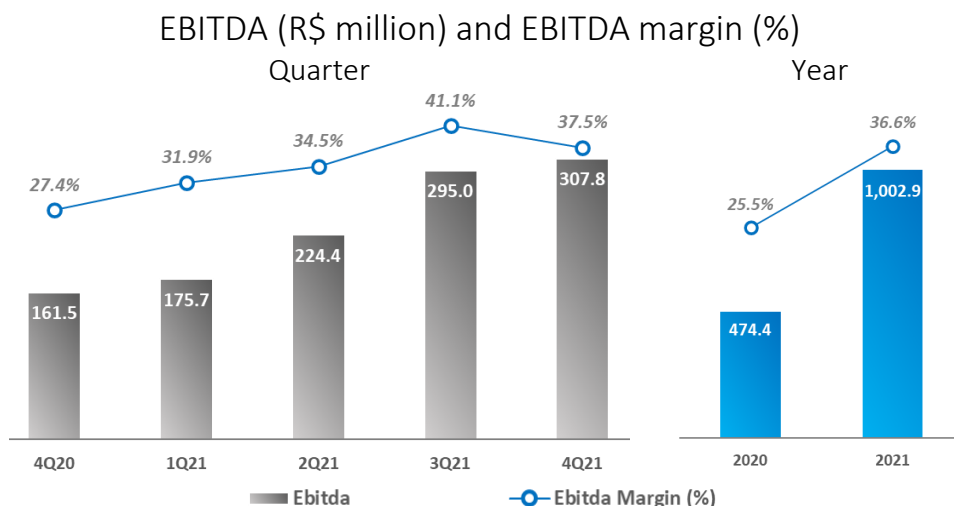
Taurus thus consolidates its characteristic of being a strong cash generator, establishing a new and differentiated level of performance, with Ebitda of R\$ 1,002.9 million in 2021. Ebitda for the year exceeds by 111.4% the operational cash generation measured by this indicator in 2020, a year during which the Company had benefited from a very heated market, when demand in the US hit an all-time record. Thus, after Ebitda presents growth of 270.6% between 2020 and 2019, Taurus more than doubles this indicator in 2021.

Likewise, the EBITDA margin has experienced a remarkable increase over the last few years, which reflects the expansion in operating profitability, which reflects all the work undertaken by the Company. That includes the dedication to Research & Development, the establishment of new and efficient operational and logistical processes, investments in technology and cutting-edge equipment, launching of new products, commercial and marketing initiatives, and all the other processes involved in managing the business and operations. In FY 2021, the EBITDA margin registered an 11.1 p.p. year-over-year increase, to 36.6%.

Calculation of EBITDA — Conciliation pursuant to ICVM 527/12

R\$ million	2021	2020	21 x 20 Var. %	4Q21	4Q20	4T21 x 4T20 Var. %
Net operating revenues	2,740.5	1,859.3	47.4%	820.3	590.4	38.9%
Cost of goods sold	-1,422.7	-1,071.6	32.8%	-424.1	-334.8	26.7%
Gross profit	1,317.8	787.7	67.3%	396.2	255.6	55.0%
Operating expenses	-344.2	-342.6	0.5%	-95.8	-103.0	-7.0%
Deduction of the equity from results of subsidiaries and aff	0.5	0.0	-	0.2	0.0	-
Inclusion of depreciation and amortization	28.8	29.3	-1.7%	7.2	8.9	-19.1%
EBITDA	1,002.9	474.4	111.4%	307.8	161.5	90.6%
EBITDA margin	36.6%	25.5%	11.1 p.p.	37.5%	27.4%	10.1 p.p.
Non-recurring expenses related to Covid-19	3.9	4.8	-18.8%	0.4	0.7	-42.9%
Adjusted EBITDA	1,006.8	479.2	110.1%	308.2	162.2	90.0%
Adjusted EBITDA margin	36.7%	25.8%	10.9 p.p.	37.6%	27.5%	10.1 p.p.

All the factors previously mentioned in this report can explain the EBITDA performance, namely (i) growth in sales volume, with a higher added-value product mix and higher average prices; (ii) increase in revenues; (iii) increase in costs of goods sold lower than the evolution of net revenues, leading to an increase in gross margin; and (iv) maintenance of operating expenses basically stable in relation to the previous year.



2021 EBITDA hit the R\$1.0 billion mark, exceeding the accumulated result for the last two fiscal years (2020 + 2019) by 66.5%

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is not a financial metric recognized by the BR GAAP and the International Financial Reporting Standards (IFRS). It should not be considered separately as an operating performance



indicator, or an alternative to operating cash flow as a liquidity indicator. It is used for management purposes, and meant to provide additional information on the operating cash generation.

Financial result

Foreign exchange variations, both asset (income) and liability (expenses), represent the major component of Taurus's financial result. The devaluation of the Brazilian currency is expressed as an asset exchange variation on the client portfolio, and on the dollar-denominated cash of the American subsidiary, and alternatively as a liability exchange variation over the financial obligations relating to the Company's debt, which is mostly denominated in dollars. As Taurus has been consistently reducing its indebtedness, in accordance with the payment schedule, financial expenses showed a reduction, since the lower debt balance also provides for a reduction in its maintenance cost.

<i>R\$ million</i>	2021	2020	21 x 20 % Chg.	4Q21	4Q20	4Q21 x 4Q20 % Chg.
(+) Financial income	225.0	252.4	-10.9%	54.8	120.6	-54.6%
Foreign exchange gains	196.6	250.7	-21.6%	28.5	119.7	-76.2%
Interest and other income	28.4	1.7	1570.6%	26.4	0.9	2833.3%
(-) Financial expenses	297.3	503.4	-40.9%	57.8	84.7	-31.8%
Foreign exchange losses	245.5	438.2	-44.0%	43.6	65.0	-32.9%
Interest, IOF and other expenses	51.8	65.2	-20.6%	14.3	19.7	-27.4%
(+/-) Net financial result	-72.3	-251.0	-71.2%	-3.0	35.9	-
US dollar Ptax rate at the end of period (R\$)	5.58	5.20	7.3%	5.58	5.20	7.3%

In 4Q21, the financial result resulted in a net financial expense of only R\$ 3.0 million. In 4Q20, the result was a net financial income of R\$ 35.9 million, mainly resulting from the recording of R\$ 119.7 million of income from asset exchange variations, in connection with the conversion of the foreign-currency cash balance held at Taurus' North American subsidiary.

In the consolidated financial statements for fiscal year 2021, net financial expenses decreased by R\$ 178.7 million (-71.2%), in relation to that reported in FY 2020, mainly reflecting the lower cost of debt, as a result of two joint factors that led to a reduction in foreign exchange liability variations: (i) reduction in the Company's debt balance; and (ii) lower devaluation of the Brazilian real for the year, in comparison to 2020, when the Ptax dollar variation for the year stood at 28.9%, thereby putting pressure on the Company's financial expenses, mainly during the first half of the year.

Net income

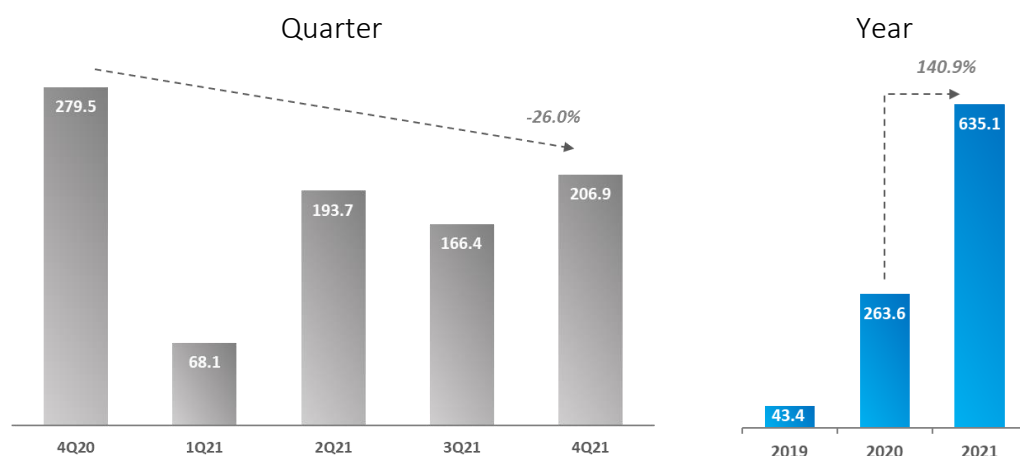
In 4Q21, Taurus reported a net income of R\$ 206.9 million, adding to a consolidated net income of R\$ 635.1 million for the full year of 2021, its third consecutive positive result. The income achieved in 2021 is equivalent to 2.4 times (140.9%) the result posted in the previous year.

Taurus's robust growth in terms of production and sales volume, revenues and cash generation, while maintaining the gross and EBITDA margins at high levels, as presented in this report, are the main drivers behind the evolution of net income. At the same time, the settlement of the debt-related issue has relieved the pressure of the financial expenses on the net earnings.

Taurus's current profile is that of a Company with robust structure and processes, whose products meet the consumer demands which, more and more, acknowledge the value of the brand. The Company's strategic planning is well defined, and it is still undergoing a process of steady growth, by expanding its market share, developing new higher added-value products, aimed to operate in segments in which it is not currently present, i.e. without competing with its own products, and progressing towards a further increase in the average price of its sales mix.

At the same time, the entire structure for research and development, logistics (inbound and outbound) and operations, has been adapted and expanded, in order to keep pace with the Company's evolution. Furthermore, other projects are in progress, which will strengthen Taurus' positioning on the world market. An example of this is the JV Jindal Taurus, with the construction of a plant in India, for which the investment was made wholly by the Indian Jindal Group, whereas Taurus is contributing technology and know-how. This will ensure that the new plant will replicate the manufacturing standards that exist in its plants in both Brazil and the United States.

Net income (R\$ million)



The compound annual growth rate (CAGR) of the net income over the last three fiscal years stood at 283%

The result for 4Q21, a net income in the amount of R\$ 206.9 million, was lower in comparison to that of 4Q20, mainly due to the fact that, in the last quarter of 2020, the Company recorded a deferred income tax that led to a positive net balance of R\$ 90.1 million in the "Income Tax and Social Contribution" account. In 4Q21, in contrast, the balance of this account was negative in the amount of R\$ 88.6 million.

Debt

The growth in business, alongside the operating cash generation, have provided Taurus with greater financial liquidity, so that the Company has been honoring its financial obligations in accordance with the debt maturity schedule, while at the same time it has been making investments in the modernization of operational equipment, while financing the entire process of business growth. Moreover, the Company has been advancing some of its debt, making additional payments, funded with the proceeds from the exercise of warrants from the ongoing capital increase program, thereby reducing its debt balance in a more accelerated manner. Thus, the gross debt balances at the close of the fiscal years of 2021 and 2020 showed a 20.0% drop, or R\$ 173.4 million, in the gross debt for the period. At the same time, given the increase in the balance of cash and marketable securities, the net debt decreased by 43.7%, or R\$ 338.7 million.

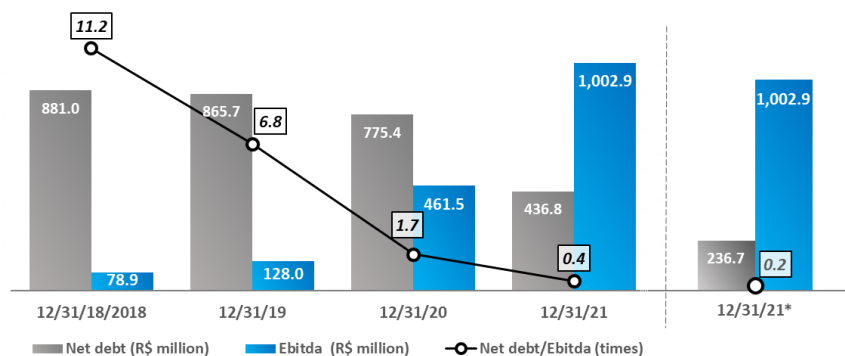
R\$ million	31/12/2021			31/12/2020			% Chg. Consolidated
	Consolidated	Brazil	USA	Consolidated	Brazil	USA	
Loans and financing	476.0	476.0	0.0	71.5	71.5	0.0	565.7%
Debentures	0.0	0.0	0.0	6.9	6.9	0.0	-
Foreign exchange drafts	142.9	142.9	0.0	100.3	100.3	0.0	42.5%
Short term	618.9	618.9	0.0	178.7	178.7	0.0	246.3%
Loans and financing	74.4	74.4	0.0	627.0	550.4	76.6	-88.1%
Debentures	0.0	0.0	0.0	61.0	61.0	0.0	-
Long term	74.4	74.4	0.0	688.0	611.4	76.6	-89.2%
Endividamento bruto	693.3	693.3	0.0	866.7	790.1	76.6	-20.0%
Cash and marketable securities	256.5			91.2			181.3%
Net debt	436.8			775.4			-43.7%
US dollar Ptax rate at the end of period (R\$)	5.58			5.20			7.4%
Gross debt converted into dollars (US\$ million)	124.2			166.8			-25.5%

At the close of 2021, Taurus USA had zeroed out its financial debt, so that all of the Company's debt was held by Taurus in Brazil and, in terms of currency, 93.7% of the gross debt was denominated in dollars. As most of Taurus's sales are carried out abroad (73.2% of net revenues in 2021), the Company relies on a natural currency hedge for this foreign currency-based debt.



Following the debt restructuring process, the Company has resumed access to the bank credit market. In 4Q21, Taurus entered into an agreement for a foreign exchange contract advance (ACC) with a top-tier bank, for the amount of R\$ 108.7 million, with the release of the funds expected to take place in November 2021.

Level of financial leverage – Net Debt / EBITDA



Net debt has been reduced in a continuous and consistent manner over the last few years. At the same time, the Company has consolidated its position as a strong cash generator. Thus, the profile of its financial leverage has undergone a drastic turnaround, showing a significant drop in the Net Debt/EBITDA ratio, which by the end of FY 2021 stood at 0.4x.

If we simulate a situation in which the total debt at December 31, 1991 is reduced by the amounts that will be earmarked for this purpose when they become effective, namely, assets for sale - the helmet plant and the site of the old plant in Porto Alegre - and the balance of warrants still outstanding, the net debt on that date would amount to R\$ 236.7 million. Considering this scenario, the financial leverage indicator, Net Debt/EBITDA ratio, would stand at 0.2x at the end of the year.

Capital expenditures

Taurus is currently recognized as one of the world's major manufacturers of firearms. The strategic plan is focused on the Company's continued growth, further expanding its prominent position in the firearms & accessories market, leading Taurus to become the world's largest seller of handguns, considering the traditional North American manufacturers.

The operation in Brazil is being prepared to be a distribution hub for strategic components for its industrial plants both in the USA and in India. In order to support this growth, investments are being made in infrastructure and equipment.

In 2021, the expansion of the industrial complex in the city of São Leopoldo started with the creation of the Suppliers' Condominium, whose construction was completed in December. The five suppliers that will operate through the Condominium are carrying out the internal works and adaptations of their facilities. The structure will allow the optimization of processes, providing quality and agility in the supply chain, while reducing logistics costs.

With a view to expanding industrial operations, aiming at increasing production capacity to 15,000 firearms per day by 2025, an area of 100,000 m² has been acquired, located next to the industrial plant in São Leopoldo, in the state of Rio Grande do Sul. New facilities are planned to be built on that area, which will be incorporated into Taurus's current industrial complex, thereby paving the way for the Company to meet the new demands forecast for the upcoming years.

In 2021, the Company also invested in modernization of its industrial facilities, as part of an aggressive industrial automation strategy. With an investment of approximately US\$ 34 million, state-of-the-art machinery and equipment have been acquired, aiming at enhancing productivity and efficiency in production. Altogether, Capex budget for the year totaled R\$ 175.0 million, funded by the Company's strong cash generation.

Capital markets



Taurus holds common shares (TASA3) and preferred shares (TASA4), which are listed on B3's Level II of Corporate Governance, a market segment that comprises those companies that have voluntarily adopted distinct corporate governance practices. Both classes of shares take part in the portfolio comprised by the B3's Small Caps Index (SMLL).

In 2021, considering the closing data of December 30, 2020 and 2021, the Company's preferred shares (TASA4) showed an appreciation of 59.1%, in contrast to a devaluation by 11.9% of the Ibovespa index, and by 16.2% of the SMLL in the same period.

Date	TASA3	TASA4	Market value	Enterprise value (EV)*
12/30/2020	R\$ 15.87	R\$ 15.50	R\$ 1,507.20	R\$ 2,148.80
12/30/2021	R\$ 24.51	R\$ 24.66	R\$ 2,880.99	R\$ 3,117.71

* Market capitalization + net debt – non-operating assets (non-current assets for sale)

Performance of preferred shares (TASA4) in 2021, versus SMLL B3 and IBOV B3
 Base 100: 12/31/2020



Corporate action

Proposal of payment of dividends to shareholders

The strategic plan adopted by the current management team had, as one of its objectives, to once again remunerate the Company's shareholders. In light of the business growth and the strong operational and financial indicators achieved, all the necessary steps have been taken, including the reversal of the negative Shareholders' Equity recorded in 2020. The Extraordinary General Shareholders' Meeting, held on November 30, 2021, approved the accounting procedure regarding the reduction of the capital stock by R\$ 370.9 million, aiming at partially offsetting the accumulated losses recorded in the Financial Statements for December 31, 2020. Thus, through the R\$ 635.1 million net income recorded in the balance sheet closed as at December 31, 2020, the remaining balance of accumulated losses of R\$ 333.7 million has been fully offset.

As a result, the Board of Directors approved the proposal of payment of dividends, to be presented to the Ordinary General Shareholdings Meeting to be held on 01/19/2022, as follows:

This document may contain statements reflecting future prospects of the Company's business. The projections, results and their impact rely on estimates, information or methods that may be inaccurate and may not materialize. Such estimates are also subject to risks, uncertainties and assumptions including, among others: the overall economic, political and market conditions in Brazil and in the exports markets in which the Company operates, as well as current and future government regulations. Shareholders and potential investors are hereby warned that none of those forecasts and/or expectations is guarantee of future performance since they involve risks and uncertainties. Future earnings and prospects of creating shareholder value may differ materially from those expressed or suggested in forward - looking statements. Many of the factors that



will determine those results and amounts are beyond Taurus's control or foresight. The Company does not assume, and specifically refutes, any commitment to update any forecasts, which make sense only on the date on which they were made.



Income Statement

<i>R\$ million</i>	2021	2020	% Chg.	4Q21	4Q20	% Chg.
Net revenues from sales of goods and/or services	2,740.5	1,859.3	47.4%	820.3	590.4	38.9%
Cost of goods and/or services sold	-1,422.7	-1,071.6	32.8%	-424.1	-334.8	26.7%
Gross Profit	1,317.8	787.7	67.3%	396.2	255.6	55.0%
Operating (expenses)/income	-344.2	-342.6	0.5%	-95.8	-103.0	-7.0%
Selling expenses	-242.0	-164.6	47.0%	-74.6	-45.6	63.6%
General and administrative expenses	-205.1	-188.5	8.8%	-55.7	-61.8	-9.9%
Losses due to non-recoverable assets	-1.5	2.9	-	-0.3	1.0	-
Other operating income	117.9	13.4	779.9%	41.4	4.5	820.0%
Other operating expenses	-13.0	-5.7	128.1%	-6.4	-1.2	-
Equity from results of subsidiaries and affiliates	-0.5	0.0	-	-0.2	0.0	-
Profit before financial income (expenses) and taxes	973.6	445.1	118.7%	300.4	152.6	96.9%
Financial result	-72.3	-251.0	-71.2%	-3.0	35.9	-
Financial income	225.0	252.4	-10.9%	54.8	120.6	-54.6%
Financial expenses	-297.3	-503.4	-40.9%	-57.8	-84.7	-31.8%
Earnings (loss) before taxes	901.3	194.2	364.1%	297.5	188.5	57.8%
Income tax and social contribution	-263.9	70.3	-	-90.1	91.1	-
Current	-179.2	-20.6	769.9%	-62.8	-12.0	423.3%
Deferred	-84.7	90.9	-	-27.3	103.1	-
Net income (loss) from continued operations	637.4	264.5	141.0%	207.4	279.6	-25.8%
Net income (loss) from discontinued operations	-2.3	-0.9	155.6%	-0.4	-0.2	-
Consolidated net income (loss) for the period	635.1	263.6	140.9%	206.9	279.5	-26.0%



Assets

<i>R\$ million</i>	12/31/21	12/31/20	% Chg.
Total Assets	2,093.6	1,460.7	43.3%
Current assets	1,456.0	930.9	56.4%
Cash and cash equivalents	185.8	91.2	103.7%
Cash and banks	171.3	86.0	99.2%
Highly-liquid short-term investments	14.5	5.2	178.8%
Marketable securities	70.8	0.0	-
Accounts receivable	515.2	317.4	62.3%
Inventories	491.9	298.3	64.9%
Recoverable taxes	65.3	33.3	96.1%
Prepaid expenses	31.0	22.2	39.6%
Other current assets	96.2	168.3	-42.8%
Non-current assets	637.6	529.8	20.3%
Long-term receivables	151.8	203.1	-25.3%
Deferred taxes	121.4	188.6	-35.6%
Receivables from related-party	0.0	0.0	-
Other non-current assets	30.4	14.5	109.7%
Investments	4.4	0.0	-
Stake in jointly-controlled subsidiaries	4.3	0.0	-
Other investments	0.2	0.0	-
Property, plant and equipment	379.0	233.4	62.4%
Fixed assets in operation	303.0	216.1	40.2%
Fixed assets in progress	76.1	17.2	342.4%
Intangible assets	102.4	93.3	9.8%



Liabilities

<i>R\$ million</i>	12/31/21	12/31/20	% Chg.
Total Liabilities and Equity	2,093.6	1,460.7	43.3%
Current Liabilities	1,119.8	575.4	94.6%
Social and labor obligations	66.9	57.5	16.3%
Social obligations	10.1	32.1	-68.5%
Labor obligations	56.8	25.4	123.6%
Suppliers	143.6	111.9	28.3%
Local suppliers	82.2	69.5	18.3%
Foreign suppliers	61.4	42.4	44.8%
Taxes payable	96.6	68.3	41.4%
Federal Taxes payable	91.3	65.9	38.5%
Income tax and social contribution payable	21.1	14.3	47.6%
Other taxes	70.2	51.7	35.8%
State tax payable	5.3	2.3	130.4%
Municipal tax payable	0.0	0.1	-
Loans and financing	618.9	178.7	246.3%
In local currency	43.6	8.7	401.1%
In foreign currency	575.3	170.0	238.4%
Debentures	0.0	0.0	-
Other accounts payable	140.2	103.5	35.5%
Dividends and interest on equity payable	68.0	-	-
Rents	2.1	0.0	-
Advances from customers	41.2	49.1	-
Payables from non-current assets for sale	5.8	27.3	-
Other payables	23.0	27.1	-15.1%
Provisions	53.6	55.5	-3.4%
Provisions for tax, social security, labor and civil risks	41.7	41.0	1.7%
Other provisions	11.9	14.6	-18.5%
Noncurrent Liabilities	216.8	843.0	-74.3%
Loans and financing	74.4	688.0	-89.2%
In local currency	0.0	74.3	-
In foreign currency	74.4	613.7	-87.9%
Debentures	0.0	0.0	-
Other accounts payable	64.2	78.7	-18.4%
Related-party liabilities	1.7	0.0	-
Taxes payable	23.6	31.2	-24.4%
Other payables	32.2	46.9	-31.3%
Suppliers	0.0	0.6	-
Rents	6.7	0.0	-
Deferred taxes	16.5	10.3	60.2%
Provisions	61.7	66.1	-6.7%
Provisions for tax, social security, labor and civil risks	55.2	59.5	-7.2%
Other provisions	6.5	6.6	-1.5%
Consolidated Shareholders' Equity	757.0	42.3	1689.6%
Share Capital	308.2	560.3	-45.0%
Capital reserves	-27.3	-31.1	-12.2%
Disposal of subscription warrants	9.9	9.9	0.0%
Stock options granted	5.4	0.0	-
Capital transactions	-42.6	-41.0	3.9%
Retained earnings	233.9	0.0	-
Legal reserve	15.1	0.0	-
Tax incentive reserve	92.6	0.0	-
Proposed supplementary dividend	126.3	0.0	-
Accumulated earnings/losses	0.0	-704.7	-
Equity valuation adjustments	45.2	45.9	-1.5%
Accumulated translation adjustments	197.0	172.0	14.5%
Minority interest	0.0	0.0	-