(Convenience Translation into English from the Original Previously Issued in Portuguese)

Taurus Armas S.A.

Individual and Consolidated Interim Financial Information for the Six-month Period Ended June 30, 2021 and Report on Review of Interim Financial Information

Deloitte Touche Tohmatsu Auditores Independentes

Contents

Company information

Breakdown of capital 1

Individual financial statements

Balance sheet - Assets 2

Balance sheet - Liabilities 3

Statement of profit or loss 5

Statement of comprehensive income 6

Statement of cash flows 7

Statement of changes in shareholders' equity

Statement of changes in shareholders' equity (SCSE) - 01/01/2021–06/30/2021 8

Statement of changes in shareholders' equity (SCSE) - 01/01/2020–06/30/2020 9

Statement of added value 10

Consolidated financial statements

Balance sheet - Assets 11

Balance sheet - Liabilities 12

Statement of profit or loss 14

Statement of comprehensive income 15

Statement of cash flows 16

Statement of changes in shareholders' equity

Statement of changes in shareholders' equity (SCSE) - 01/01/2021–06/30/2021 17

Statement of changes in shareholders' equity (SCSE) - 01/01/2020–06/30/2020 18

Statement of added value 19

Performance comment 20

Notes 39

Opinions and Statements

Special review report - Unqualified 96

Tax Council opinion or equivalent body 97

Audit and Risk Board's Opinion 98

Statement of the Executive Officers on the Financial Statements 99

Statement of the Executive Officers on Independent Auditor's Report 100

Breakdown of Capital

Number of shares (units)	Current Quarter 06/30/2021
Common - Paid-in capital	46,445,314
Preferred - Paid-in capital	63,200,351
Total - Paid-in Capital	109,645,665
Common - Held in treasury	-
Preferred - Held in treasury	-
Total - Held in treasury	-

Individual Financial Statements / Balance Sheet - Assets
(In thousands of Brazilian reais)

Line Item	**Description**	**Current Quarter 06/30/2021**	**Prior Year 12/31/2020**
1	Total assets	1,472,510	1,305,322
1.01	Current assets	582,016	485,412
1.01.01	Cash and cash equivalents	61,213	34,623
1.01.01.01	Cash and banks	57,619	30,783
1.01.01.02	Highly liquid short-term investments	3,594	3,840
1.01.02	Short-term investments	16	-
1.01.02.01	Short-term investments at fair value through profit or loss	16	-
1.01.02.01.03	Short-term investments	16	-
1.01.03	Accounts receivable	196,356	183,267
1.01.03.01	Trade Receivables	196,356	183,267
1.01.04	INVENTORIES	284,472	204,894
1.01.06	Recoverable taxes	23,784	28,987
1.01.06.01	Recoverable current taxes	23,784	28,987
1.01.07	Prepaid expenses	3,521	4,793
1.01.08	Other current assets	12,654	28,848
1.01.08.03	Other	12,654	28,848
1.01.08.03.01	Related parties	25	-
1.01.08.03.02	Other receivables	12,629	28,848
1.02	Noncurrent assets	890,494	819,910
1.02.01	Long-term receivables	180,639	209,084
1.02.01.07	Deferred taxes	139,580	166,291
1.02.01.07.01	Deferred income tax and social contribution	139,580	166,291
1.02.01.09	Due to related parties	28,914	29,661
1.02.01.09.02	Receivables from subsidiaries	28,914	29,661
1.02.01.10	Other noncurrent assets	12,145	13,132
1.02.01.10.03	Other	12,145	13,132
1.02.02	Investments	535,627	462,148
1.02.02.01	Equity interests	535,627	462,148
1.02.02.01.02	Equity interests in subsidiaries	535,627	462,148
1.02.03	Property, plant and equipment	152,279	130,012
1.02.03.01	Fixed assets in use	132,962	114,962
1.02.03.03	Construction in progress	19,317	15,050
1.02.04	Intangible assets	21,949	18,666
1.02.04.01	Intangible assets	21,949	18,666
1.02.04.01.02	Intangible assets	21,949	18,666

Individual Financial Statements / Balance Sheet - Liabilities
(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 06/30/2021	Prior Year 12/31/2020
2	Total liabilities and equity	1,472,510	1,305,322
2.01	Current liabilities	419,939	460,921
2.01.01	Payroll, benefits and taxes thereon	39,707	32,150
2.01.01.01	Payroll and related taxes	5,252	7,482
2.01.01.02	Payroll and related taxes	34,455	24,668
2.01.02	Trade payables	102,812	82,490
2.01.02.01	Local suppliers	89,055	69,230
2.01.02.02	Foreign trade payables	13,757	13,260
2.01.03	Taxes payable	52,111	49,915
2.01.03.01	Federal tax liabilities	49,153	47,605
2.01.03.01.01	Income tax and social contribution payable	16,878	7,477
2.01.03.01.02	Other taxes	32,275	40,128
2.01.03.02	State tax liabilities	2,942	2,258
2.01.03.03	Municipal tax liabilities	16	52
2.01.04	Borrowings and financing	21,037	78,402
2.01.04.01	Borrowings and financing	20,942	71,535
2.01.04.01.01	In local currency	821	1,817
2.01.04.01.02	In foreign currency	20,121	69,718
2.01.04.02	Debentures	95	6,867
2.01.05	Other payables	163,013	173,983
2.01.05.02	Other	163,013	173,983
2.01.05.02.04	Intragroup borrowing	18,131	22,721
2.01.05.02.05	Foreign exchange drafts	95,919	100,271
2.01.05.02.06	Advances from customers	46,219	48,931
2.01.05.02.07	Other payables	2,744	2,060
2.01.06	Provisions	41,259	43,981
2.01.06.01	Tax, social security, labor and civil provisions	34,913	34,823
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	6,571	6,413
2.01.06.01.04	Civil provisions	653	721
2.01.06.02	Other allowances, provisions and accruals	6,346	9,158
2.01.06.02.01	Provision for warranties	6,346	9,158

2.02	Noncurrent liabilities		691,018		802,132
2.02.01	Borrowings and financing		532,911		611,408
2.02.01.01	Borrowings and financing		480,882		550,394
2.02.01.01.01	In local currency		11,980		13,256
2.02.01.01.02	In foreign currency		468,902		537,138
2.02.01.02	Debentures		52,029		61,014
2.02.02	Other payables		104,902		134,467
2.02.02.01	Due to related parties		59,688		85,088
2.02.02.01.02	Due to subsidiaries		3,545		18,435
2.02.02.01.04	Due to other related parties		56,143		66,653
2.02.02.02	Other		45,214		49,379
2.02.02.02.03	Taxes payable		26,949		31,192
2.02.02.02.04	Provision for negative equity		18,265		17,621
2.02.02.02.06	Trade payables		-		566
2.02.04	Provisions		53,205		56,257
2.02.04.01	Tax, social security, labor and civil provisions		53,205		56,257
2.02.04.01.01	Tax provisions		221		-
2.02.04.01.02	Social security and labor provisions		38,505		41,512
2.02.04.01.04	Civil provisions		14,479		14,745
2.03	Equity		361,553		42,269
2.03.01	Issued capital		629,246		560,287
2.03.02	Capital reserves	-	29,178	-	31,116
2.03.02.03	Disposal of subscription warrants		11,818		9,880
2.03.02.07	Capital transactions	-	40,996	-	40,996
2.03.05	Retained earnings/accumulated losses	-	442,672	-	704,720
2.03.06	Valuation adjustments to equity		45,536		45,857
2.03.07	Cumulative translation adjustments		158,621		171,961

Individual Financial Statements / Statement of Profit or Loss
(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 04/01/2021 to 06/30/2021	Current YTD 01/01/2021 to 06/30/2021	Same quarter of prior year 04/01/2020 to 06/30/2020	Prior YTD 01/01/2020 to 06/30/2020
3.01	Net operating revenue	401,182	719,202	265,829	436,007
3.02	Cost of sales	-206,649	-363,638	-139,979	-242,259
3.03	Gross profit	194,533	355,564	125,850	193,748
3.04	Operating (expenses) income	10,990	7,206	-29,651	-57,991
3.04.01	Selling expenses	-16,465	-32,481	-16,381	-30,030
3.04.02	General and administrative expenses	-30,814	-54,209	-21,947	-42,415
3.04.03	Impairment losses	65	-219	883	3,563
3.04.04	Other operating income	6,819	11,831	1,570	4,072
3.04.05	Other operating expenses	-1,142	-3,890	-1,426	-4,629
3.04.06	Equity in earnings (losses)	52,527	86,174	7,650	11,448
3.05	Profit before finance income (costs) and taxes	205,523	362,770	96,199	135,757
3.06	Finance income (costs)	61,083	-13,669	-55,186	-245,123
3.06.01	Finance income	132,493	147,532	35,544	55,620
3.06.02	Finance costs	-71,410	-161,201	-90,730	-300,743
3.07	Pretax profit (loss)	266,606	349,101	41,013	-109,366
3.08	Income tax and social contribution	-72,975	-87,374	-1,978	-8,723
3.08.01	Current	-50,152	-60,663	-	-
3.08.02	Deferred	-22,823	-26,711	-1,978	-8,723
3.09	Profit (loss) from continuing operations	193,631	261,727	39,035	-118,089
3.11	Profit/loss for the period	193,631	261,727	39,035	-118,089
3.99.01.01	Common shares (ON)	0.35516	2.38702	0.44144	-1.33470
3.99.01.02	Preferred shares (PN)	0.31549	2.91297	0.44142	-1.33471
3.99.02.01	Common shares (ON)	0.35516	2.38702	0.44115	-1.33452
3.99.02.02	Preferred shares (PN)	0.52933	2.36125	0.44117	-1.33451

Individual Financial Statements / Statement of Comprehensive Income
(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 04/01/2021 to 06/30/2021	Current YTD 01/01/2021 to 06/30/2021	Same quarter of prior year 04/01/2020 to 06/30/2020	Prior YTD 01/01/2020 to 06/30/2020
4.01	Net income for the period	193,631	261,727	39,035	- 118,089
4.02	Other comprehensive income	- 35,949	- 13,340	10,276	52,728
4.02.01	Translation adjustments for the period	- 35,949	- 13,340	10,276	52,728
4.03	Comprehensive income for the period	157,682	248,387	49,311	- 65,361

Individual Financial Statements / Statement of Cash Flows - Indirect Method
(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2021 to 06/30/2021	Prior YTD 01/01/2020 to 06/30/2020
6.01	Net cash from operating activities	98,528	107,544
6.01.01	Cash generated by operating activities	224,132	89,449
6.01.01.01	Profit (loss) before income tax and social contribution	349,101	- 109,366
6.01.01.02	Depreciation and amortization	6,338	6,458
6.01.01.03	Cost of capital assets written off	229	139
6.01.01.04	Allowance for doubtful debts	219	- 3,563
6.01.01.05	Share of profit of subsidiary	- 86,174	- 11,448
6.01.01.08	Accrued interest on borrowings and intragroup borrowings	16,619	12,883
6.01.01.10	Allowance for inventory losses	1,386	669
6.01.01.11	Provision for warranties	- 2,812	- 2,453
6.01.01.12	Provision for Civil, Labor and Tax Risks	- 2,963	- 14,382
6.01.01.13	Exchange differences on borrowings and other items	- 57,811	210,512
6.01.02	Changes in assets and liabilities	- 74,442	18,095
6.01.02.01	(Increase) decrease in trade receivables	- 13,308	- 22,477
6.01.02.02	Decrease (increase) in inventories	- 80,964	- 21,120
6.01.02.03	Decrease (increase) in other receivables	23,674	12,940
6.01.02.04	(Decrease) increase in trade payables	19,756	- 847
6.01.02.05	Increase (decrease) in accounts payable	- 23,600	49,599
6.01.03	Other	- 51,162	-
6.01.03.02	Income tax and social contribution paid	- 51,162	-
6.02	Net cash from investing activities	- 31,405	- 30,678
6.02.01	Due from related parties	728	- 7,726
6.02.04	In property, plant and equipment	- 28,411	- 16,815
6.02.05	In intangible assets	- 3,706	- 6,138
6.02.06	Short-term investments	- 16	1
6.03	Net cash from financing activities	- 40,533	- 78,229
6.03.02	Borrowings and intragroup borrowings	24,310	97,962
6.03.03	Repayment of borrowings	- 105,042	- 144,956
6.03.05	Capital increase	68,959	124
6.03.07	Payment of interest on borrowings and intragroup borrowings	- 16,318	- 18,032
6.03.10	Due to related parties	- 12,442	- 13,327
6.05	Increase (decrease) in cash and cash equivalents	26,590	- 1,363
6.05.01	Cash and cash equivalents at the beginning of the period	34,623	7,376
6.05.02	Cash and cash equivalents at the end of the period	61,213	6,013

Individual Financial Statements / Statement of Changes in Equity - from 01/01/2021 to 06/30/2021
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	560,287	-31,116	-	-704,720	217,818	42,269
5.02	Prior-year adjustments	-	-	-	-	-	-
5.03	Adjusted opening balances	560,287	-31,116	-	-704,720	217,818	42,269
5.04	Shareholders' capital transactions	68,959	1,938	-	-	-	70,897
5.04.01	Capital increases	68,959	-	-	-	-	68,959
5.04.02	Share issuance costs	-	-	-	-	-	-
5.04.03	Recognized stock options granted	-	1,938	-	-	-	1,938
5.04.04	Treasury shares acquired	-	-	-	-	-	-
5.04.05	Treasury shares sold	-	-	-	-	-	-
5.04.06	Dividends	-	-	-	-	-	-
5.04.07	Interest on capital	-	-	-	-	-	-
5.05	Total comprehensive income	-	-	-	262,048	-13,661	248,387
5.05.01	Net income for the period	-	-	-	261,727	-	261,727
5.05.02	Other comprehensive income	-	-	-	321	-13,661	-13,340
5.05.02.01	Adjustments to financial instruments	-	-	-	-	-	-
5.05.02.02	Taxes on adjustments to financial instruments	-	-	-	-	-	-
5.05.02.03	Share of subsidiaries' and associates' comprehensive income	-	-	-	-	-	-
5.05.02.04	Translation adjustments for the period	-	-	-	-	-13,340	-13,340
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	321	-321	-
5.05.03	Reclassifications to profit or loss	-	-	-	-	-	-
5.05.03.01	Adjustments to financial instruments	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	-	-	-	-
5.06.01	Recognition of reserves	-	-	-	-	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-
5.07	Closing balances	629,246	-29,178	-	-442,672	204,157	361,553

Individual Financial Statements / Statement of Changes in Equity - from 01/01/2020 to 06/30/2020
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	520,277 -	31,116	- -	970,315	176,533 -	304,621
5.02	Prior-year adjustments	-	-	-	-	-	-
5.03	Adjusted opening balances	520,277 -	31,116	- -	970,315	176,533 -	304,621
5.04	Shareholders' capital transactions	124	-	-	1,045	846	2,015
5.04.01	Capital increases	124	-	-	-	-	124
5.04.02	Share issuance costs	-	-	-	-	-	-
5.04.03	Recognized stock options granted	-	-	-	-	-	-
5.04.04	Treasury shares acquired	-	-	-	-	-	-
5.04.05	Treasury shares sold	-	-	-	-	-	-
5.04.06	Dividends	-	-	-	-	-	-
5.04.07	Interest on capital	-	-	-	-	-	-
5.04.08	Other transactions	-	-	-	1,045	846	1,891
5.05	Total comprehensive income	-	-	- -	117,610	52,249 -	65,361
5.05.01	Net income for the period	-	-	- -	118,089	- -	118,089
5.05.02	Other comprehensive income	-	-	-	479	52,249	52,728
5.05.02.01	Adjustments to financial instruments	-	-	-	-	-	-
5.05.02.02	Taxes on adjustments to financial instruments	-	-	-	-	-	-
5.05.02.03	Share of subsidiaries' and associates' comprehensive income	-	-	-	-	-	-
5.05.02.04	Translation adjustments for the period	-	-	-	-	52,728	52,728
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	479 -	479	-
5.05.03	Reclassifications to profit or loss	-	-	-	-	-	-
5.05.03.01	Adjustments to financial instruments	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	-	-	-	-
5.06.01	Recognition of reserves	-	-	-	-	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-
5.07	Closing balances	520,401 -	31,116	- -	1,086,880	229,628 -	367,967

Individual Financial Statements / Statement of Changes Value Added
(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2021 to 06/30/2021	Prior YTD 01/01/2020 to 06/30/2020
7.01	Revenue	929,398	554,110
7.01.01	Sales of goods and services	917,786	546,475
7.01.02	Other income	11,831	4,072
7.01.04	Allowance for (reversal of) doubtful debts	- 219	3,563
7.02	Inputs purchased from third parties	- 324,220	- 222,657
7.02.01	Cost of products, goods and services sold	- 213,481	- 139,567
7.02.02	Supplies, power, outside services and other inputs	- 110,739	- 83,090
7.03	Gross value added	605,178	331,453
7.04	Withholdings	- 6,338	- 6,458
7.04.01	Depreciation, amortization and depletion	- 6,338	- 6,458
7.05	Wealth created	598,840	324,995
7.06	Wealth received in transfer	233,706	67,068
7.06.01	Equity in earnings (losses)	86,174	11,448
7.06.02	Finance income	147,532	55,620
7.07	Wealth for distribution	832,546	392,063
7.08	Wealth distributed	832,546	392,063
7.08.01	Personnel expenses	101,427	73,445
7.08.01.01	Wages	71,698	57,646
7.08.01.02	Benefits	24,620	11,765
7.08.01.03	Severance Pay Fund (FGTS)	5,109	4,034
7.08.02	Taxes, Fees and Contributions	306,183	135,267
7.08.02.01	Federal	258,400	104,871
7.08.02.02	State	47,665	30,301
7.08.02.03	Municipal	118	95
7.08.03	Lenders and lessors	163,209	301,440
7.08.03.01	Interest	161,199	300,742
7.08.03.02	Rentals	2,010	698
7.08.04	Shareholders	261,727	- 118,089
7.08.04.03	Retained earnings (accumulated losses)	261,727	- 118,089

Consolidated Financial Statement / Balance Sheet - Assets
(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 06/30/2021	Prior Year 12/31/2020
1	Total assets	1,643,997	1,460,650
1.01	Current assets	1,080,493	930,859
1.01.01	Cash and cash equivalents	163,610	91,231
1.01.01.01	Cash and banks	156,803	85,983
1.01.01.02	Highly liquid short-term investments	6,807	5,248
1.01.02	Short-term investments	16	-
1.01.02.01	Short-term investments at fair value through profit or loss	16	-
1.01.02.01.03	Short-term investments	16	-
1.01.03	Accounts receivable	353,767	317,406
1.01.03.01	Trade Receivables	353,767	317,406
1.01.04	INVENTORIES	443,367	298,343
1.01.06	Recoverable taxes	34,077	33,319
1.01.06.01	Recoverable current taxes	34,077	33,319
1.01.07	Prepaid expenses	6,107	22,222
1.01.08	Other current assets	79,549	168,338
1.01.08.01	Noncurrent assets for sale	65,913	133,850
1.01.08.03	Other	13,636	34,488
1.01.08.03.01	Accounts receivable	13,636	34,488
1.02	Noncurrent assets	563,504	529,791
1.02.01	Long-term receivables	185,435	203,121
1.02.01.07	Deferred taxes	170,159	188,580
1.02.01.07.01	Deferred income tax and social contribution	170,159	188,580
1.02.01.10	Other noncurrent assets	15,276	14,541
1.02.01.10.03	Other	15,078	14,541
1.02.01.10.04	Recoverable taxes	198	-
1.02.02	Investments	3,257	2
1.02.02.01	Equity interests	3,257	2
1.02.02.01.04	Investments in joint ventures	3,098	-
1.02.02.01.05	Other investments	159	2
1.02.03	Property, plant and equipment	279,653	233,355
1.02.03.01	Fixed assets in use	245,973	216,115
1.02.03.03	Construction in progress	33,680	17,240
1.02.04	Intangible assets	95,159	93,313
1.02.04.01	Intangible assets	95,159	93,313
1.02.04.01.02	Intangible assets	95,159	93,313

Consolidated Financial Statements / Balance Sheet - Liabilities
(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 06/30/2021	Prior Year 12/31/2020
2	Total liabilities and equity	1,643,997.00	1,460,650.00
2.01	Current liabilities	581,227.00	575,350.00
2.01.01	Payroll, benefits and taxes thereon	57,291.00	57,488.00
2.01.01.01	Payroll and related taxes	19,881.00	32,138.00
2.01.01.02	Payroll and related taxes	37,410.00	25,350.00
2.01.02	Trade payables	162,182.00	111,892.00
2.01.02.01	Local suppliers	102,064.00	69,476.00
2.01.02.02	Foreign trade payables	60,118.00	42,416.00
2.01.03	Taxes payable	123,580.00	68,259.00
2.01.03.01	Federal tax liabilities	120,809.00	65,946.00
2.01.03.01.01	Income tax and social contribution payable	43,528.00	14,274.00
2.01.03.01.02	Other taxes	77,281.00	51,672.00
2.01.03.02	State tax liabilities	2,729.00	2,258.00
2.01.03.03	Municipal tax liabilities	42.00	55.00
2.01.04	Borrowings and financing	21,037.00	78,402.00
2.01.04.01	Borrowings and financing	20,942.00	71,535.00
2.01.04.01.01	In local currency	821.00	1,817.00
2.01.04.01.02	In foreign currency	20,121.00	69,718.00
2.01.04.02	Debentures	95.00	6,867.00
2.01.05	Other payables	164,656.00	203,775.00
2.01.05.02	Other	164,656.00	203,775.00
2.01.05.02.04	Foreign exchange drafts	95,919.00	100,271.00
2.01.05.02.05	Advances from customers	46,464.00	49,062.00
2.01.05.02.06	Liabilities from nonrecurrent assets for sale	3,800.00	27,297.00
2.01.05.02.07	Other payables	18,473.00	27,145.00
2.01.06	Provisions	52,481.00	55,534.00
2.01.06.01	Tax, social security, labor and civil provisions	40,887.00	40,983.00
2.01.06.01.01	Tax provisions	27,766.00	27,689.00
2.01.06.01.02	Social security and labor provisions	9,071.00	8,770.00
2.01.06.01.04	Civil provisions	4,050.00	4,524.00
2.01.06.02	Other allowances, provisions and accruals	11,594.00	14,551.00
2.01.06.02.01	Provision for warranties	11,594.00	14,551.00

2.02	Noncurrent liabilities	701,217.00	843,031.00
2.02.01	Borrowings and financing	567,896.00	688,007.00
2.02.01.01	Borrowings and financing	515,867.00	626,993.00
2.02.01.01.01	In local currency	11,980.00	13,256.00
2.02.01.01.02	In foreign currency	503,887.00	613,737.00
2.02.01.02	Debentures	52,029.00	61,014.00
2.02.02	Other payables	59,924.00	78,652.00
2.02.02.01	Due to related parties	1,431.00	-
2.02.02.01.04	Due to other related parties	1,431.00	-
2.02.02.02	Other	58,493.00	78,652.00
2.02.02.02.03	Taxes payable	27,610.00	31,195.00
2.02.02.02.04	Other payables	30,883.00	46,891.00
2.02.02.02.05	Trade payables	-	566.00
2.02.03	Deferred taxes	10,264.00	10,291.00
2.02.03.01	Deferred income tax and social contribution	10,264.00	10,291.00
2.02.04	Provisions	63,133.00	66,081.00
2.02.04.01	Tax, social security, labor and civil provisions	56,810.00	59,512.00
2.02.04.01.01	Tax provisions	1,617.00	-
2.02.04.01.02	Social security and labor provisions	40,540.00	44,767.00
2.02.04.01.04	Civil provisions	14,653.00	14,745.00
2.02.04.02	Other allowances, provisions and accruals	6,323.00	6,569.00
2.02.04.02.01	Provision for warranties	6,323.00	6,569.00
2.03	Consolidated equity	361,553.00	42,269.00
2.03.01	Issued capital	629,246.00	560,287.00
2.03.02	Capital reserves	-29,178.00	-31,116.00
2.03.02.03	Disposal of subscription warrants	11,818.00	9,880.00
2.03.02.07	Reserves and capital transactions	-40,996.00	-40,996.00
2.03.05	Retained earnings/accumulated losses	-442,672.00	-704,720.00
2.03.06	Valuation adjustments to equity	45,536.00	45,857.00
2.03.07	Cumulative translation adjustments	158,621.00	171,961.00

Consolidated Financial Statements / Statement of Profit or Loss
(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 04/01/2021 to 06/30/2021	Current YTD 01/01/2021 to 06/30/2021	Same quarter of prior year 04/01/2020 to 06/30/2020	Prior YTD 01/01/2020 to 06/30/2020
3.01	Net operating revenue	651,042	1,202,140	437,651	754,414
3.02	Cost of sales	-354,085	-651,147	-252,560	-459,732
3.03	Gross profit	296,957	550,993	185,091	294,682
3.04	Operating (expenses) income	-79,769	-165,357	-82,759	-151,186
3.04.01	Selling expenses	-48,925	-93,207	-41,409	-74,749
3.04.02	General and administrative expenses	-54,812	-98,536	-41,910	-80,957
3.04.03	Impairment losses	159	-253	-120	3,609
3.04.04	Other operating income	25,819	31,279	1,686	4,329
3.04.05	Other operating expenses	-1,991	-4,611	-1,006	-3,418
3.04.06	Equity in earnings (losses)	-19	-29	-	-
3.05	Profit before finance income (costs) and taxes	217,188	385,636	102,332	143,496
3.06	Finance income (costs)	59,396	-16,706	-55,702	-245,072
3.06.01	Finance income	132,935	148,678	36,306	57,244
3.06.02	Finance costs	-73,539	-165,384	-92,008	-302,316
3.07	Pretax profit (loss)	276,584	368,930	46,630	-101,576
3.08	Income tax and social contribution	-82,900	-107,005	-7,421	-16,112
3.08.01	Current	-60,453	-83,075	-3,000	-3,818
3.08.02	Deferred	-22,447	-23,930	-4,421	-12,294
3.09	Profit (loss) from continuing operations	193,684	261,925	39,209	-117,688
3.10	Profit (loss) from discontinued operations, net	-53	-198	-174	-401
3.10.01	Profit (loss) from discontinued operations	-53	-198	-174	-401
3.11	Consolidated profit (loss) for the period	193,631	261,727	39,035	-118,089
3.11.01	Attributable to owners of the Company	193,631	261,727	39,035	-118,089
3.99.01.01	Common shares (ON)	1.70721	2.38702	0.44117	-1.33449
3.99.01.02	Preferred shares (PN)	2.17855	2.91297	0.44172	-1.33492
3.99.02.01	Common shares (ON)	1.70721	2.38702	0.44117	-1.33449
3.99.02.02	Preferred shares (PN)	1.82663	2.36125	0.44172	-1.33492

Consolidated Financial Statements / Statement of Comprehensive Income
(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 04/01/2021 to 06/30/2021	Current YTD 01/01/2021 to 06/30/2021	Same quarter of prior year 04/01/2020 to 06/30/2020	Prior YTD 01/01/2020 to 06/30/2020
4.01	Consolidated profit for the period	193,631	261,727	39,035	- 118,089
4.02	Other comprehensive income	- 35,949	- 13,340	10,276	52,728
4.02.01	Translation adjustment for the period	- 35,949	- 13,340	10,276	52,728
4.02.02	Adjustments to financial instruments	-	-	-	-
4.03	Consolidated comprehensive income for the period	157,682	248,387	49,311	- 65,361
4.03.01	Attributable to owners of the Company	157,682	248,387	49,311	- 65,361
4.03.02	Attributable to noncontrolling interests	-	-	-	-

Consolidated Financial Statements / Statement of Cash Flows - Indirect Method
(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2021 to 06/30/2021	Prior YTD 01/01/2020 to 06/30/2020
6.01	Net cash from operating activities	199,426	212,046
6.01.01	Cash generated by operating activities	343,659	138,005
6.01.01.01	Profit (loss) before income tax and social contribution	368,930	-101,576
6.01.01.02	Depreciation and amortization	14,404	13,483
6.01.01.03	Cost of capital assets written off	3,249	3,093
6.01.01.05	Share of profit of subsidiary	29	-
6.01.01.07	Allowance for doubtful debts	253	-3,118
6.01.01.08	Allowance for inventory losses	1,650	743
6.01.01.10	Accrued interest on borrowings and intragroup loans	17,364	11,918
6.01.01.14	Other items that do not affect cash included in profit	3,630	-
6.01.01.17	Provision for warranties	-3,203	811
6.01.01.18	Exchange differences on translating borrowings and financing	-59,949	227,983
6.01.01.19	Provision for Civil, Labor and Tax Risks	-3,292	-15,561
6.01.01.20	Net cash from discontinued operations	594	229
6.01.02	Changes in assets and liabilities	-88,393	73,808
6.01.02.01	(Increase) decrease in trade receivables	-24,535	-49,738
6.01.02.02	(Increase) decrease in inventories	-131,084	79,443
6.01.02.03	(Increase) in other receivables	41,712	-2,896
6.01.02.04	Increase in trade payables	35,864	-36,160
6.01.02.05	Increase in accounts payables and provisions	-10,350	83,159
6.01.03	Other	-55,840	233
6.01.03.03	Held-for-sale assets and liabilities	-2,943	454
6.01.03.04	Income tax and social contribution paid	-52,897	-221
6.02	Net cash from investing activities	-60,279	-24,588
6.02.01	Due from related parties	-	6,847
6.02.03	In investments	-3,127	-
6.02.04	In property, plant and equipment	-52,421	-26,251
6.02.05	In intangible assets	-4,251	-4,824
6.02.06	Short-term investments	-16	1
6.02.07	Net cash from discontinued investing activities	-464	-361
6.03	Net cash from financing activities	-68,821	-102,582
6.03.02	Borrowings and intragroup borrowings	39,657	107,126
6.03.03	Repayment of borrowings	-164,764	-192,699
6.03.05	Capital increase	68,959	124
6.03.09	Due to related parties	1,431	-
6.03.10	Payment of interest on borrowings and intragroup borrowings	-14,136	-17,107
6.03.12	Net cash from discontinued financing activities	32	-26
6.04	Exchange differences on translating cash and cash equivalents	2,053	-10,051
6.05	Increase (decrease) in cash and cash equivalents	72,379	74,825
6.05.01	Cash and cash equivalents at the beginning of the period	91,231	35,966
6.05.02	Cash and cash equivalents at the end of the period	163,610	110,791

Consolidated Financial Statements / Statement of Changes in Equity - from 01/01/2021 to 06/30/2021
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balances	560,287	- 31,116	-	- 704,720	217,818	42,269	-	42,269
5.02	Prior-year adjustments	-	-	-	-	-	-	-	-
5.03	Adjusted opening balances	560,287	- 31,116	-	- 704,720	217,818	42,269	-	42,269
5.04	Shareholders' capital transactions	68,959	1,938	-	-	-	70,897	-	70,897
5.04.01	Capital increases	68,959	-	-	-	-	68,959	-	68,959
5.04.02	Share issuance costs	-	-	-	-	-	-	-	-
5.04.03	Recognized stock options granted	-	1,938	-	-	-	1,938	-	1,938
5.04.04	Treasury shares acquired	-	-	-	-	-	-	-	-
5.04.05	Treasury shares sold	-	-	-	-	-	-	-	-
5.04.06	Dividends	-	-	-	-	-	-	-	-
5.04.07	Interest on capital	-	-	-	-	-	-	-	-
5.05	Total comprehensive income	-	-	-	262,048	- 13,661	248,387	-	248,387
5.05.01	Net income for the period	-	-	-	261,727	-	261,727	-	261,727
5.05.02	Other comprehensive income	-	-	-	321	- 13,661	- 13,340	-	- 13,340
5.05.02.01	Adjustments to financial instruments	-	-	-	-	-	-	-	-
5.05.02.02	Taxes on adjustments to financial instruments	-	-	-	-	-	-	-	-
5.05.02.03	Share of associates' comprehensive income	-	-	-	-	-	-	-	- 13,340
5.05.02.04	Translation adjustments for the period	-	-	-	-	- 13,340	- 13,340	-	-
5.05.02.05	Taxes on translation adjustments for the peri	-	-	-	-	-	-	-	-
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	321	- 321	-	-	-
5.05.03	Reclassifications to profit or loss	-	-	-	-	-	-	-	-
5.05.03.01	Adjustments to financial instruments	-	-	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	-	-	-	-	-	-
5.06.01	Recognition of reserves	-	-	-	-	-	-	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-	-	-
5.07	Closing balances	629,246	- 29,178	-	- 442,672	204,157	361,553	-	361,553

Consolidated Financial Statement / Statement of Changes in Equity - from 01/01/2020 to 06/30/2020
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balances	520,277	-31,116	-	-970,315	176,533	-304,621	-	-304,621
5.02	Prior-year adjustments	-	-	-	-	-	-	-	-
5.03	Adjusted opening balances	520,277	-31,116	-	-970,315	176,533	-304,621	-	-304,621
5.04	Shareholders' capital transactions	124	-	-	1,045	846	2,015	-	2,015
5.04.01	Capital increases	124	-	-	-	-	124	-	124
5.04.02	Share issuance costs	-	-	-	-	-	-	-	-
5.04.03	Recognized stock options granted	-	-	-	-	-	-	-	-
5.04.04	Treasury shares acquired	-	-	-	-	-	-	-	-
5.04.05	Treasury shares sold	-	-	-	-	-	-	-	-
5.04.06	Dividends	-	-	-	-	-	-	-	-
5.04.07	Interest on capital	-	-	-	-	-	-	-	-
5.04.08	Other transactions	-	-	-	1,045	846	1,891	-	1,891
5.05	Total comprehensive income	-	-	-	-117,610	52,249	-65,361	-	-65,361
5.05.01	Net income for the period	-	-	-	-118,089	-	-118,089	-	-118,089
5.05.02	Other comprehensive income	-	-	-	479	52,249	52,728	-	52,728
5.05.02.01	Adjustments to financial instruments	-	-	-	-	-	-	-	-
5.05.02.02	Taxes on adjustments to financial instruments	-	-	-	-	-	-	-	-
5.05.02.03	Share of associates’ comprehensive income	-	-	-	-	-	-	-	-
5.05.02.04	Translation adjustments for the period	-	-	-	-	52,728	52,728	-	52,728
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-	-	-
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	479	-479	-	-	-
5.05.03	Reclassifications to profit or loss	-	-	-	-	-	-	-	-
5.05.03.01	Adjustments to financial instruments	-	-	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	-	-	-	-	-	-
5.06.01	Recognition of reserves	-	-	-	-	-	-	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-	-	-
5.07	Closing balances	520,401	-31,116	-	-1,086,880	229,628	-367,967	-	-367,967

Consolidated Financial Statements / Statement of Changes Value Added
(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2021 to 06/30/2021	Prior YTD 01/01/2020 to 06/30/2020
7.01	Revenue	1,450,751	882,373
7.01.01	Sales of goods and services	1,419,725	874,435
7.01.02	Other income	31,279	4,329
7.01.04	Allowance for (reversal of) doubtful debts	- 253	3,609
7.02	Inputs purchased from third parties	- 692,042	- 503,176
7.02.01	Cost of products, goods and services sold	- 485,792	- 346,629
7.02.02	Supplies, power, outside services and other inputs	- 206,250	- 156,547
7.03	Gross value added	758,709	379,197
7.04	Withholdings	- 14,404	- 13,481
7.04.01	Depreciation, amortization and depletion	- 14,404	- 13,481
7.05	Wealth created	744,305	365,716
7.06	Wealth received in transfer	148,451	56,843
7.06.01	Equity in earnings (losses)	- 29	-
7.06.02	Finance income	148,678	57,244
7.06.03	Other	- 198	- 401
7.06.03.20	Wealth created by discontinued operations for distribution	- 198	- 401
7.07	Wealth for distribution	892,756	422,559
7.08	Wealth distributed	892,756	422,559
7.08.01	Personnel expenses	116,066	83,864
7.08.01.01	Wages	82,784	65,948
7.08.01.02	Benefits	27,544	13,377
7.08.01.03	Severance Pay Fund (FGTS)	5,738	4,539
7.08.02	Taxes, Fees and Contributions	347,288	153,467
7.08.02.01	Federal	291,296	118,917
7.08.02.02	State	55,623	34,281
7.08.02.03	Municipal	369	269
7.08.03	Lenders and lessors	167,675	303,317
7.08.03.01	Interest	165,382	302,312
7.08.03.02	Rentals	2,293	1,005
7.08.05	Other	261,727	- 118,089
7.08.05.01	Accumulated losses, net of valuation adjustments to equity - continuing operation	261,925	- 117,688
7.08.05.02	Accumulated losses, net of valuation adjustments to equity - discontinued operation	- 198	- 401

2Q21/1H21 Results

TAURUS™

COMPROMISSO COM A EXCELÊNCIA

Taurus posted EBITDA of R$ 400.0 million, Gross Margin of 33.3% and Net Income of R$ 261.7 million in 1H21

Taurus has achieved a new level of consolidated performance, and with its financial situation now balanced, Taurus has managed to lower its EBITDA/Net Debt ratio to 0.7x

São Leopoldo, August 10, 2021 *– Taurus Armas S.A. (“Taurus” or “Company”) (B3:TASA3; TASA4), listed on B3’s Corporate Governance Level 2 (Ticker Symbols: TASA3, TASA4), one of the world’s largest manufacturers of light firearms, hereby presents its results for the* ***2nd quarter of 2021 (2Q21****),* ***and accumulated for the 1st half of the year (1H21).*** *The financial and operational information below, except where otherwise indicated, 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 - 2Q21 and 1H21

Total production:

1.1 million firearms in 1H21, up 64.9% from 1H20

Net revenues:

R$ 651.1 million in 2Q21 in 1Q21, a 48.8% increase, and R$ 1.2 billion in 1H21, a 59.3% rise, compared to same periods in 2020

Gross profit:

R$ 551.0 million in 1H21, up 87.0% over 1H20, with a 45.8% margin

EBITDA:

R$ 224.4 million in 2Q21, increase of 106.3%, and R$ 400.0 million in 1H21, up 155.8% over 2Q20 and 1H20, respectively

Net income:

R$ 193.6 million in 2Q21, 5th consecutive quarter with positive earnings

Financial leverage:

0.7x resulting from a drop in debt and an increase in cash generation

Main Indicators

R$ million	2Q21	2Q20	% chg.	1Q21	% chg.	1H21	1H20	% chg.
Net operating revenue	651.1	437.7	*48.8%*	551.1	*18.1%*	1,202.1	754.4	*59.3%*
Domestic market	164.7	77.6	*112.2%*	146.4	*12.5%*	311.1	151.7	*105.1%*
Foreign market	486.4	360.1	*35.1%*	404.7	*20.2%*	891.0	602.7	*47.8%*
Cost of sales	-354.1	-252.6	*40.2%*	-297.1	*19.2%*	-651.1	-459.7	*41.6%*
Gross profit	297.0	185.1	*60.5%*	254.0	*16.9%*	551.0	294.7	*87.0%*
Gross margin	*45.6%*	*42.3%*	3.3 p.p.	*46.1%*	-0.5 p.p.	*45.8%*	*39.1%*	6.7 p.p.
Operating expenses - SG&A	-79.8	-82.8	*-3.6%*	-85.6	*-6.8%*	-165.4	-151.2	*9.4%*
Operating resul (Ebit)	217.2	102.4	*112.1%*	168.4	*29.0%*	385.6	143.5	*168.7%*
Ebit margin (%)	*33.4%*	*23.4%*	10.0 p.p.	*30.5%*	2.9 p.p.	*32.1%*	*19.0%*	13.1 p.p.
Finance income (costs), net	59.4	-55.7	-	-76.1	-	-16.7	-245.1	*-93.2%*
Income tax and social contribution	-82.9	-7.4	*1020.3%*	-24.1	*244.0%*	-107.0	-16.1	*564.6%*
Profit (loss) for the period (continuing operations)	**193.7**	**39.3**	*392.9%*	**68.2**	*184.0%*	**261.9**	**-117.7**	-
Profit (loss) from discountinued operations	-0.1	-0.2	*-50.0%*	-0.1	*0.0%*	-0.2	-0.4	*-50.0%*
Profit (loss) for the period	**193.6**	**39.1**	**395.1%**	**68.1**	**184.3%**	**261.7**	**-118.1**	**-**
EBITDA	224.4	108.8	*106.3%*	175.7	*27.7%*	400.0	156.4	*155.8%*
EBITDA margin	*34.5%*	*24.9%*	*9.6 p.p.*	*31.9%*	*2.6 p.p.*	*33.3%*	*20.7%*	*12.6 p.p.*
Adjusted EBITDA*	226.5	109.8	*106.3%*	176.4	*28.4%*	402.7	157.4	*155.8%*
*Adjusted EBITDA margin**	*34.8%*	*25.1%*	*9.7 p.p.*	*32.0%*	*2.8 p.p.*	*33.5%*	*20.9%*	*12.6 p.p.*
Net debt (at the end of the period)	521.2	998.1	*-47.8%*	665.7	*-21.7%*	521.2	930.9	*-44.0%*

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

1Q20 and 1H20 - Includes consolidated results from helmet operations.

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

Message from Management

We once again take great pleasure and pride in presenting Taurus's results for the second quarter of 2021, **since we have once again presented robust results, which have exceeded the previous operational, economic and financial performance records, a trend that has been reiterated every quarter**. At Taurus, we have been experiencing a phenomenon that is different from that seen in most parts of the country, since we are continuing to show strong growth, consolidating a higher level of performance in the midst of the pandemic situation that we have all been enduring for over a year. The necessary measures for dealing with the unexpected pandemic situation have also been taken quickly and effectively and, through planning, we have adapted to this challenging new moment. Therefore, Taurus has demonstrated that it was fully prepared to meet the sharp increase in demand.

We also have the confidence that Taurus' current pattern of results is sustainable. In June, even with the dollar rate at a lower level, at R$ 5.03 on average, we achieved excellent results, evidencing that our performance is not only pegged to exchange gains from exports sales. **The growing perception of value captured by the Taurus brand among consumers** has enabled us to adopt price increases in our line of products as of July, of 10% on average in dollar terms in the North American market, and to pass on the accumulated change in the IGP-M index from December/20 to July/21 as of August, with a 17% rise on average in the Brazilian market. This price increase has in no way affected our sales or order backlog. We are not dependent on the high dollar rate or more favorable political conditions regarding the armament issue in Brazil to sustain our results. Domestic sales accounted for 21% of 1H21 revenues because, as a Brazilian Company, we prioritize the domestic market over meeting the higher US backorder. However, considering our current order backlog, local sales continue to represent between 8% and 12% of the overall sales. **The indicators assure us robust results for the coming quarters, regardless of external factors.**

Total production reached 9,500 firearms per day in 2Q21, totaling 588,000 units in the quarter, and over 1 million units in the year to the end of June. The Brazilian plant continues to gain productivity, whereas the US plant has exceeded our expectations in its ramp-up process. The investments we have made in equipment and new technology have been crucial for this increase in production. In 1H21, just in the modernization of the plant, more than R$ 18 million have been invested. These resources have fully derived from our cash generation and were allocated mainly for the acquisition and installation of state-of-the-art equipment. We have invested in state-of-the-art equipment, in the best available, so that we can further enhance industrial efficiency and productivity, while reducing costs. Examples of investments made in 1H21 are the new M.I.M furnace, which increased the current production capacity of injected metal parts by 40%, the installation of a vacuum furnace, which increases the thermal treatment capacity of gun barrels by 30%, horizontal machining centers to boost the production capacity of revolvers, in addition to new barrel machining cells in the US plant, which will double the plant's current capacity for this process.

For 2H21, new equipment and technologies that will further increase the capacity and productivity of the manufacturing lines in Brazil are expected to arrive. Some of these items include: a Cerakote® robotized painting cell for the surface treatment of parts, including special make up; a new machining cell for tactical firearm barrels to expand installed capacity, aiming to meet the growing demand for rifles; and several machining centers to expand the capacity of various production lines, such as bolts, barrels and other components. The completion of the work for the expansion of the machining facilities, with an additional 3,500 m² of constructed area, is planned to support the expansion of production capacity.

Sales have remained on the rise - 1.1 million guns were sold in 1H21, a volume 39% higher than in 1H20 - and we still have a backorder of 2.1 million units. In other words, sales are strong and the trend continues. From the backlog, about 190,000 orders are for the GX4, the pistol that we launched simultaneously in Brazil and the USA on May 19. The GX4 marks Taurus' entry into the micro-compact pistol segment, which accounts for an important part of the market and holds greater added value. This is a unique pistol in terms of project engineering, developed by CITE - Brazil/USA Integrated Technology Center, which brings together innovation and quality, at a very competitive price. Innovation has been a key word for us at Taurus. GX4 is a good example of this, as well as, another example of innovation, the ongoing research for the use of graphene in the production of components, M.I.M. and surface finishing of weapons, that is also an example of innovation. Composed of carbon atoms, graphene is the thinnest crystal known and its properties include

GX4 lauching

Scan the QR Code or click the link above *high strength - 200 times greater than steel - hardness and impermeability, so that its use in components contributes to an increase in mechanical, impact and corrosion resistance, while also improving heat dissipation and reducing wear and tear.*

The results for the period translate the moment we are experiencing at Taurus, showing expressive growth over the 2020 results, which had already been strong. Net revenues for the first half of 2021 grew by 59% over the same period of last year, and gross margin stood at 46%. During the 6-month period, we generated a R$ 400 million EBITDA, multiplying the 1H20 EBITDA by 2.6 times. The financial result, which for several quarters put pressure on the Company's net income, showed a net income in 2Q21. We thus reached a net income of R$ 194 million in 2Q21, exceeding the 2Q20 earnings by 395%, and accumulating a net income of R$ 262 million for the first half of the year.

We are up to date with our financial obligations, thereby reducing the debt balance and, at the same time, we closed the quarter with a balance in cash and cash equivalents of R$ 164 million, up 79% from the balance at the end of the fiscal year 2020, which contributed to reduce the net debt by 33% in the period, to R$ 521 million as at June 30, 2021. Currently, Taurus enjoys the characteristic of being a strong cash-generating Company, which has enabled it to improve its financial profile. Considering the EBITDA for the last 12 months, the Net Debt/EBITDA ratio at the end of 2Q21 stood at 0.7x, i.e. ***in less than a year, Taurus has generated an EBITDA that is sufficient to pay off its debt in full****. This is hardly conceivable for a company that, at the close of 2018, had a financial leverage of 11.2x****. At present, the debt no longer represents a risk for the Company****.*

However, we are not complacent with all these achievements. On the contrary, this only corroborates our dedication and enthusiasm in pursuing new projects in order to ensure continuous growth. The enterprises' condominium, which is being built on part of the land belonging to the São Leopoldo plant, is at an advanced stage of construction, and shall be delivered in September, when the transfer of six of Taurus's strategic partners into our industrial complex will be initiated. Its full operation will take place in early 2022.

At an advanced stage of construction, the enterprises' condominium in the industrial complex of São Leopoldo (RS) shall be delivered in September.

Another important project is the joint venture for setting up a plant in India, which will grant Taurus a privileged position in this important firearms market and in the Asian region. The progress of the Covid-19 vaccination made it possible to resume the project, which is now moving forward at an accelerated pace.

Our plans involve growth, technology, innovation, and increased production and efficiency. We are carrying out and adopting new initiatives based on these concepts. This is the basis on which we are consolidating the performance already achieved, and which will enable us to fulfill the objective of making Taurus the largest manufacturer of light firearms in the world.

We would like to thank our Board members for their support and guidance aimed at keeping Taurus on this path of achievements, the confidence from our shareholders, the partnership of our suppliers and clients, and the dedication of all our employees.

Salesio Nuhs
Chief Financial Officer

COVID-19

From March 2020 to June 2021, over 100 preventive actions have been adopted, both internally, in Taurus's facilities, and also measures to provide support to the society with different donations, such as face shields sent to nine Brazilian states, including the hiring of employees to make such masks, which totaled 500,000 units; in addition to equipment to the Centenário Hospital in São Leopoldo; along with over 5,000 rapid tests to the São Leopoldo Municipal Administration.

From June 16 to July 1, Taurus carried out an in-house campaign with both its employees and suppliers, who donated 32 tons of food and cleaning materials. Taurus doubled the total raised in the action, donating another 64 ton, thus totaling 96 tons. The donation of the food and cleaning materials will take place in three stages, being delivered in the month of July, August and September, to the municipalities of São Leopoldo, Sapucaia do Sul, Esteio and Cachoeirinha, where a large part of its employees live. Altogether, all the donation collected in this campaign plus the first one, held in 2020, and another action taken at Easter 2021, Taurus has already delivered more than 100 tons of food and cleaning materials to the region where its headquarters is located.

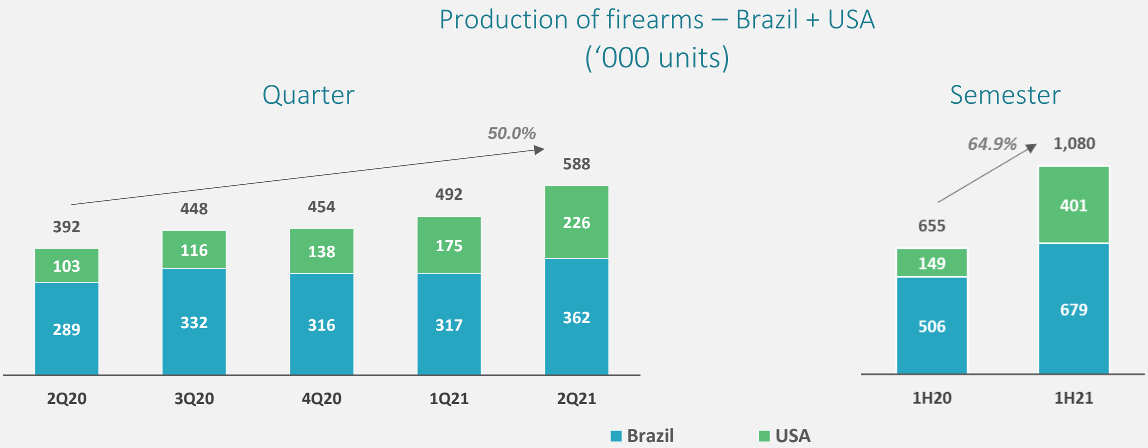
On June 21, 2021, in cooperation with SINDIMETAL, the municipal government of São Leopoldo and SESI, Taurus began vaccination against COVID-19 for its employees in the SESI mobile unit parked inside its facilities. By August 3rd, 2021, more than 74% of the employees based at Taurus' headquarters in São Leopoldo (RS) had already received at least one dose of the vaccines available.

These measures caused Taurus to incur some extraordinary expenses with donations and miscellaneous items, such as the meal program, medical assistance, uniforms, PPE, freight and others. Even though the amounts involved have been absorbed with no impact on operating margins, the Company opted to single out these amounts in the EBITDA (earnings before interest, taxes, depreciation and amortization). Thus, the calculation of an adjusted EBITDA that excludes such extraordinary expenses and costs is presented in this report, with the purpose of providing a better basis for comparison with previous periods.

Operational Performance

Production

For yet another quarter in a row, Taurus has broken its previous record concerning the production of firearms. The Company has kept up the accelerated pace of production in both of its plants, in Brazil and in the USA, aimed to meet the strong demand for its products. As a result, production reached 588,000 units in 2Q21, leading to a total of 1.1 million firearms manufactured in the first half of the year, a volume that exceeded the same periods of the previous year by 50.0% and 64.9%, respectively. The industrial unit in Brazil continues to enhance productivity, having expanded output volume by 25.3%, in comparison with the same quarter of 2020, and by 34.2% for the first six months of the year. In the USA, evidencing the successful ramp-up of the plant located in the state of Georgia, production more than doubled, both in the comparison between 2Q21 and 2Q20 (+119.4%), and in the semester evaluation, when the output volume grew by 169.1% between 1H20 and 1H21.

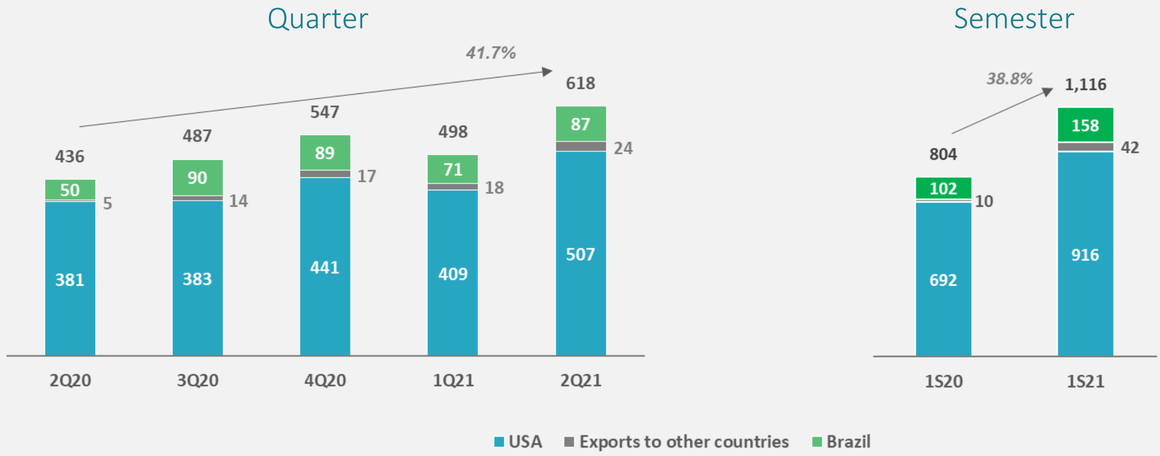


Sales

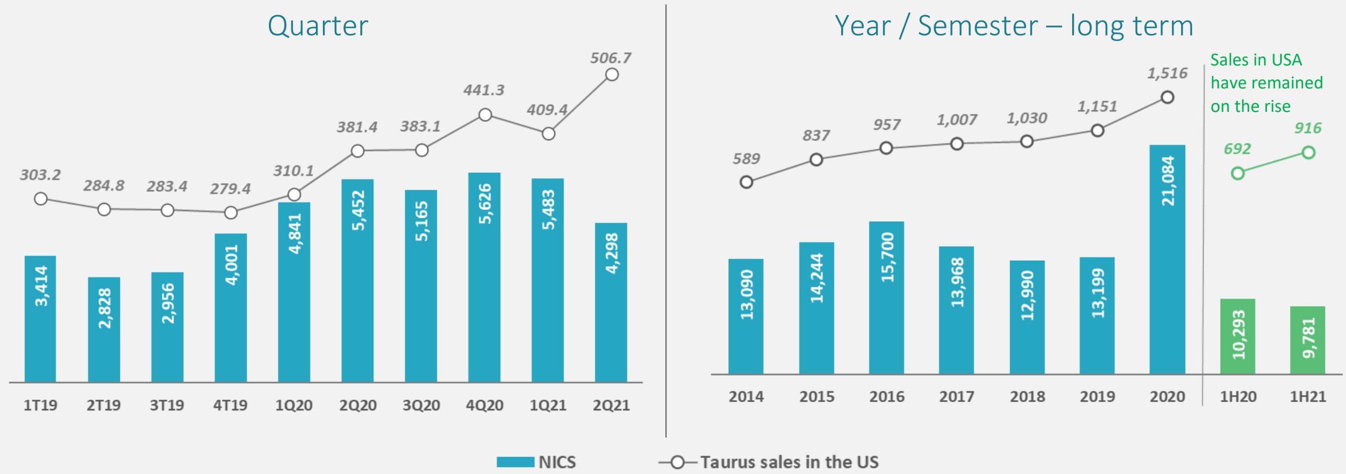
In keeping pace with the heated market, and with a line of firearms that embody technology and meet the consumer's expectations, Taurus' sales continued to rise, also setting a new record for the Company. In 2Q21, 618,000 firearms were sold, totaling 1,116,000 units in 1H21, marking yet another milestone in Taurus's history. For the first time, it exceeded the mark of 1 million firearms sold in the first six months of the year. As compared to the same periods of the previous year, when the Company had already presented robust sales volumes, a 41.7% growth was registered in terms of quarterly performance, and a 38.8% increase in terms of half-yearly performance.

In May, Taurus launched the GX4 pistol simultaneously in Brazil and in the USA, the brand's first microcompact pistol, which is a higher added-value market segment. With backorders amounting to 190,000 units even before its official launch, this new Taurus firearm has contributed to the sales growth for the quarter, even though it only became available in the stores as of the end of May. The GX4 pistol was developed at the CITE - Integrated Technology and Engineering Center Brazil / USA, and its project relies on advanced technological solutions, which assures the production of a differentiated firearm in terms of quality and final price.

Sales volume – total Taurus
('000 units)



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



The number of inquiries from people interested in acquiring a firearm in the USA, as computed by the Adjusted NICS (National Instant Background Check System), came to 21.1 million in 2020, an unprecedented historical level. Thus, even though there was a decline in 2Q21 as compared to both the preceding quarter and the same quarter in 2020, and likewise in the comparison between 1H21 and 1H20, the US market has remained an aggressive buyer. The NCIS indicator has stood well above its historical average, excluding only the one year out of the curve in 2020.

Taurus is the 4th top-selling brand and the 1st leading imported brand in the United States. The Company reached a volume of 507,000 firearms sold in 2Q21 in the US, and 916,000 in 1H21, sustaining the upward trend in sales, and once again setting a new record. When compared to the same periods in 2020, there were increases of 32.9% and 32.5%, respectively, in sales in the USA.

Demand has also been strong in Brazil, with sales totaling 87,000 units in 2Q21, up 75.1% year-over-year, and 158,000 in 1H21, up 55.0% over the same period in 2020. In line with the performance seen in recent quarters, the Company continues to respond to the Brazilian consumer's growing demand for firearms that incorporate higher added value, of calibers that were previously restricted in the country.

Taurus's sales to other countries, excluding the USA, are channeled to both the civilian market and the foreign security forces, based on international bids won by Taurus. In total, 24,000 units were sold in 2Q21, versus 5,000 units in 2Q20, with a total of 42,000 weapons sold in the first half of the year, compared to 10,000 in 1H20. Of particular note were the exports made to Pakistan, the Philippines and South Africa, which accounted for 62.8% of the overall sales in the quarter.

A total number of 12,400 Taurus T4 rifles have already been manufactured and will be billed in 3Q21, sold to the Philippine Army, as part of the bidding won by the Company in 2020, once it had successfully passed endurance tests. This has been Taurus' second major sale to the Philippines in recent years, following the winning bid round in 2019, for the sale of more than 20,000 TS9 Stiker pistols to the police forces of that Asian country.

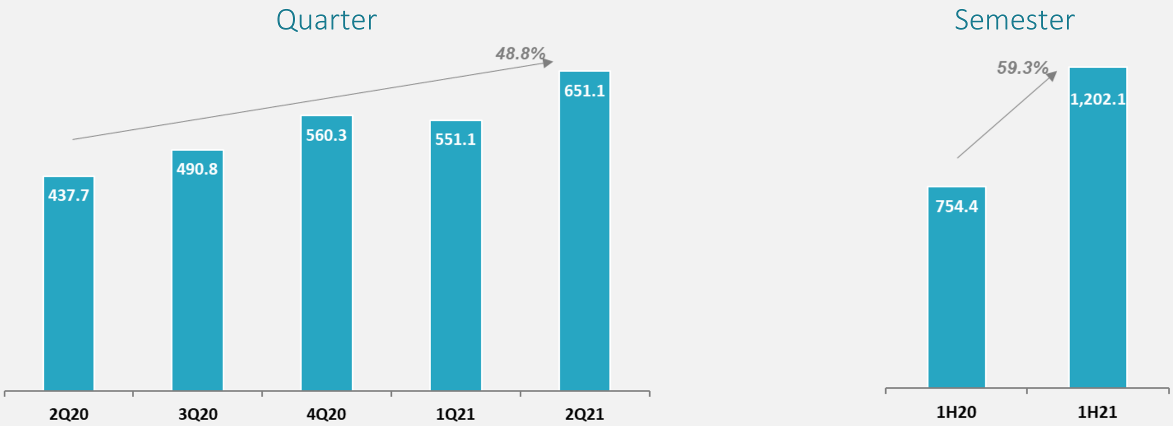
Economic and Financial Performance

As of 1Q21, in accordance with accounting standards, the results from the helmet operations will once again be consolidated into Taurus' results. During the last two years - 2020 and 2019 - instead of being consolidated, the net result from this operation was presented in the caption "Net result of discontinued operations". Given the change in the accounting standard, and in order to keep the adequate comparison, both the 2Q20 and 1H20 figures have also been presented in this report, considering their consolidation into the Income Statement.

Net Operating Revenues

Taking into account the growth in sales volume, coupled with the higher added-value mix, in 2Q21, net operating revenues showed a 48.8% increase in comparison with 2Q20, to R$ 651.1 million. On account of this result, revenues for the first six months of 2021 came to R$ 1,202.1 million, exceeding by 59.3% that obtained in 1H20, which marks the first time in Taurus's history that the half-year's net revenues have exceeded the R$ 1 billion mark.

Consolidated Net Operating Revenues
(R$ million)

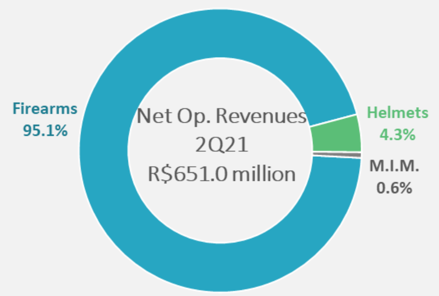


3Q20 and 4Q20 – Does not include helmet operations, which net revenue is presented in the "Profit (loss) from discontinued operations" account.

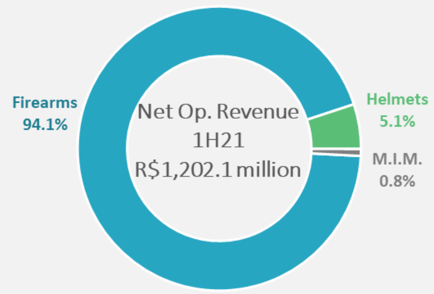
In the comparison of half-yearly performance, the Company's revenues also benefited from the FX gain on the sales made abroad, since these are denominated in dollars and accounted for in local currency in Taurus's results. In 1H20, the average exchange rate for the dollar was R$ 4.92 and in 1H21, R$ 5.39, pointing to a 9.6% devaluation of the Real in the period. However, in 2Q21, the exchange effect had an opposite effect on the sales recorded in dollars, since the average exchange rate for the dollar was R$ 5.29, the lowest in the last quarters, indicating a 1.9% devaluation of the Brazilian currency as compared to the average dollar rate of R$ 5.39 in 2Q20.

Net Operating Revenues by Product
(R$ million)

Quarter



Semester

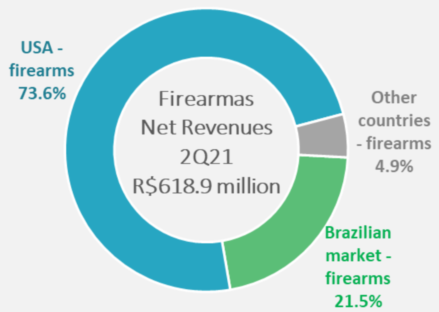


Taurus's revenues largely derive from the sale of firearms, which accounted for 95.1% of overall net revenues in 2Q21, and 94.1% in 1H21, totaling R$ 618.9 million and R$ 1,131.4 million, respectively. The outcome is further reinforced by the revenues from the sale of M.I.M. (metal injection molding parts) and helmets, which are both segments of relatively modest representation, but which also showed an increase in net revenues both in the quarterly comparison (66.4% in M.I.M. and 102.9% in helmets), and in the half-year evaluation (134.8% in M.I.M. and 90.0% in helmets).

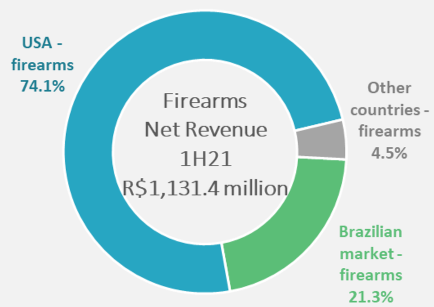
The Company segments its sales of firearms into three regional blocks: the Brazilian market, the North American market and exports to other countries, with emphasis on the sales made to the USA, the world's largest firearms market and, therefore, also the largest consumer of Taurus' products.

FIREARMS – Net Operating Revenues by market

2Q21

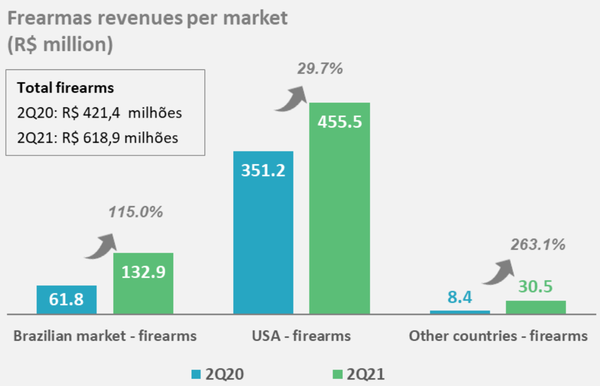


1H21

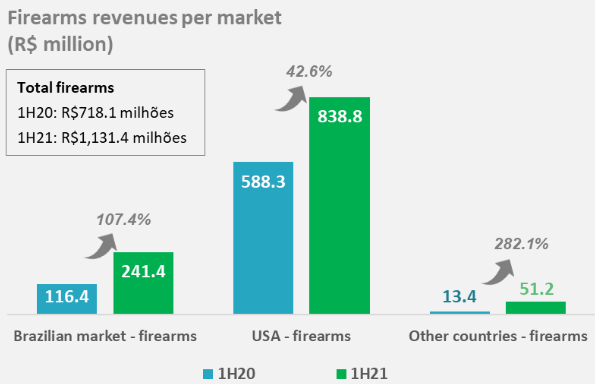


FIREARMS – Net Operating Revenues by market
(R$ million)

Quarter



Semester

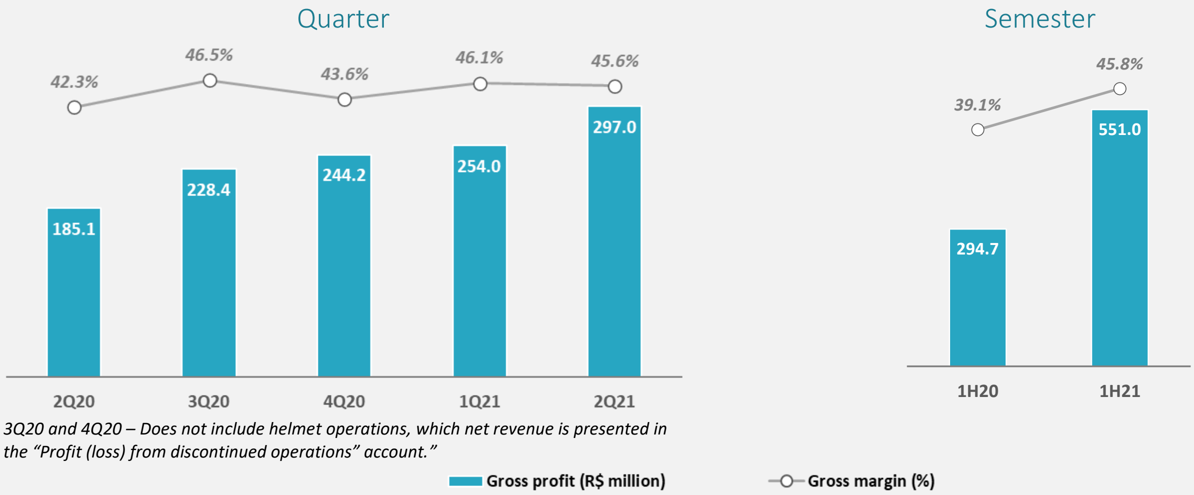


Gross Profit

Net revenues have shown substantial growth in both the quarterly and the half-yearly periods, and the cost of goods sold (COGS) evolved below the net revenues, thus leading to an increase in gross margin. This increase in gross margin is due to the following factors: ongoing cost control efforts; investments in modernization of the industrial complex, which includes the development of more efficient production processes; a higher value-added sales mix, coupled with the dilution of fixed costs as a result of the growth in revenues.

Gross profit in 2Q21 came to R$ 297.0 million, up 60.5% from 2Q20, with a 45.6% margin, representing a 3.3p.p. increase year-over-year. Taking into account that the gross profit has been showing a continuous improvement over the last quarters, the comparative performance between the first half of 2021 and 2020 shows an even greater growth, of 87.0% in the period, with the gross profit amounting to R$ 551.0 million in 1H21, and a 6.7 p.p. increase in gross margin.

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



3Q20 and 4Q20 – Does not include helmet operations, which net revenue is presented in the "Profit (loss) from discontinued operations" account."

Operating expenses

In 2Q21, operating expenses came to R$ 79.8 million, representing a 3.6% drop year-over-year. The improvement was driven by the other operating income, which went from a R$ 0.7 million income in 2Q20 to a R$ 23.8 million income in 2Q21, thereby offsetting the increase in selling and general administrative expenses in the period. The main driver of this performance was the recording of extraordinary income relating to the PPP – Paycheck Protection Program benefit granted to Taurus USA. The Program was established by the USA federal government aiming to give an additional financial strength to small and medium businesses during the Covid-19 crisis, thus contributing to maintain the employment and wages. Taurus USA was eligible to the Program and granted a US$3.0 million loan that could be used to cover some costs as payroll, employee benefits and utilities. Taurus presented the supporting documentation, confirming that the resources were used according to the terms of the Program, and got the fully forgiveness of the loan. This amount had been recorded as a loan in Taurus's balance sheet and, in 2Q21, the liability was canceled, with the simultaneous recording of the amount as "other operating income".

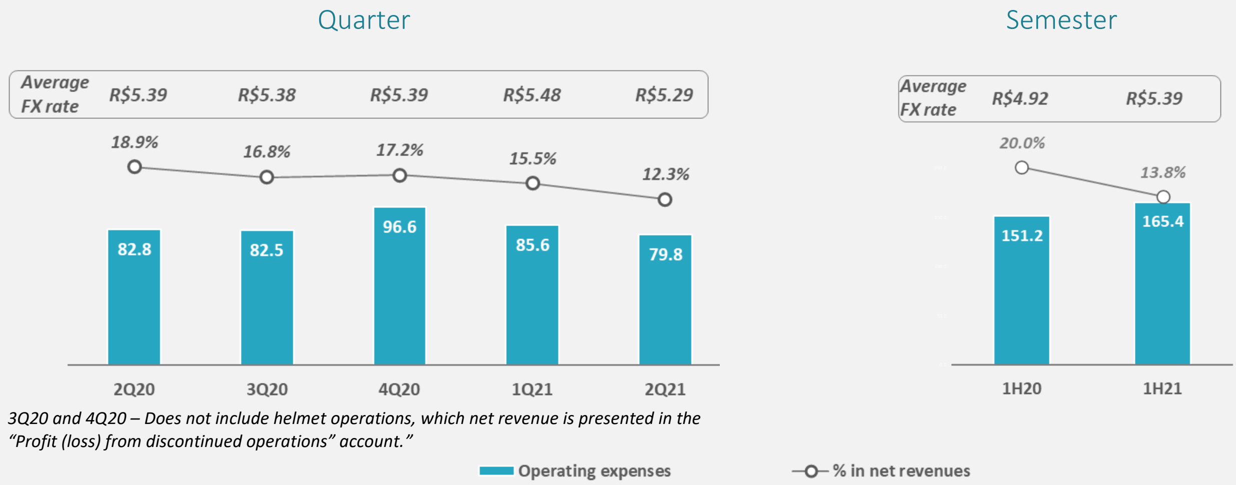
The same factor has influenced the 1H21 performance, when the balance recorded under "other operating income/expenses" came to a R$ 26.6 million income, which contributed to reduce total operating expenses to R$ 165.4 million, up 9.4% when compared to 1H20.

R$ million	2Q21	2Q20	*2Q21 x 2Q20 % chg.*	1Q21	*2Q21 x 1Q21 % chg.*	1H21	1H20	*1H21x1H20 Var. %*
Selling expenses	48.9	41.4	*18.1%*	44.3	*10.4%*	93.2	74.7	*24.8%*
General and administrative expenses	54.8	41.9	*30.8%*	43.7	*25.4%*	98.5	81.0	*21.6%*
Asset impariment losses (income)	-0.2	0.1	-	0.4	-	0.3	-3.6	-
Other operating income (expenses)	-23.8	-0.7	*3300.0%*	-2.8	*750.0%*	-26.6	-0.9	*2855.6%*
Operating expenses (SG&A)	**79.8**	**82.8**	***-3.6%***	**85.6**	***-6.8%***	**165.4**	**151.2**	***9.4%***
Operating exp./Op. Income, net (%)	*12.3%*	*18.9%*	*-6.7 p.p.*	*15.5%*	*-3.3 p.p.*	*13.8%*	*20.0%*	*-6.2 p.p.*
Ptax dollar exchange rate at the end of period (R$)	*5.29*	*5.39*	*-1.9%*	*5.48*	*-3.5%*	*5.39*	*4.92*	*9.6%*

Selling, general and administrative expenses rose in both periods of comparison, as shown in the table above, which can be explained by the growth in the Company's activities, and the structure required to provide support to such growth, with an expansion in R&D activities at CITE - the Brazil/USA Integrated Technology Center, an increase in expenses with marketing campaigns, and an increase in commissions from sales growth, among others.

Due to the recording of non-recurring income in 2Q21, as explained above, coupled with the fact that both selling as well as general and administrative expenses grew at a lower rate than the growth in revenues, both on a quarterly and half-yearly basis, there was a greater dilution of operating expenses over net operating revenues. In 2Q21, total operating expenses accounted for 12.3% of revenues during the quarter, versus 18.9% in 2Q20, representing a 6.7 p.p. decline. In 1H21, expenses accounted for 13.8% of revenues, as compared to 20.0% in 1H20.

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



3Q20 and 4Q20 – Does not include helmet operations, which net revenue is presented in the "Profit (loss) from discontinued operations" account."

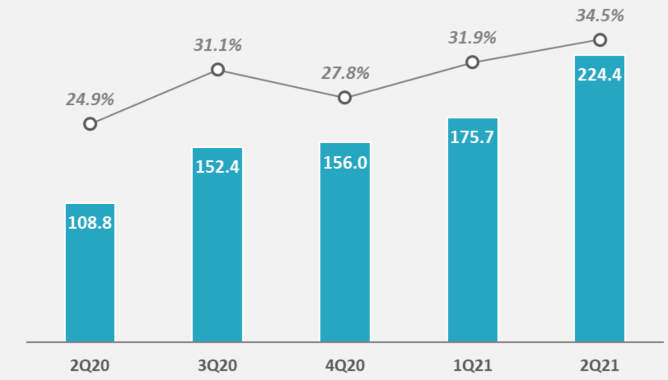
EBITDA

The strong operating performance attained by Taurus is evidenced by the improvement in EBITDA (earnings before interest, taxes, depreciation and amortization) which, alongside with net revenues and gross profit, has been breaking successive records. In 2Q21, EBITDA came to R$ 224.4 million, more than double (+106.3%) the 2Q20 figure, which had already been a record for the Company at the time. As a consequence, in the first six months of 2021, EBITDA amounted to R$ 400.0 million, exceeding by 155.8% the amount recorded in 1H20.

The growth in EBITDA was accompanied by an increase in margin, another indicator that also presented unprecedented results at Taurus. The EBITDA margin for 2Q21 was 34.5% and, in 1H21, 33.3%, up 9.6 p.p. and 12.6 p.p. in relation to the same periods of the previous year, respectively.

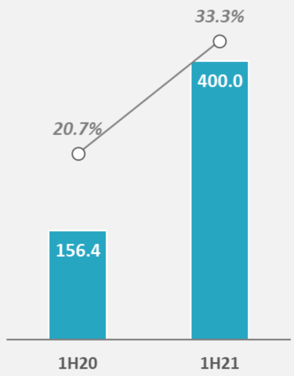
EBITDA (R$ million) and EBITDA margin (%)

Quarter



3Q20 and 4Q20 – Does not include helmet operations, which net revenue is presented in the "Profit (loss) from discontinued operations" account."

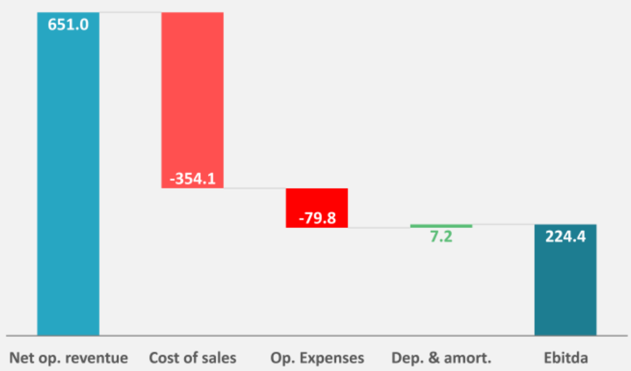
Semester



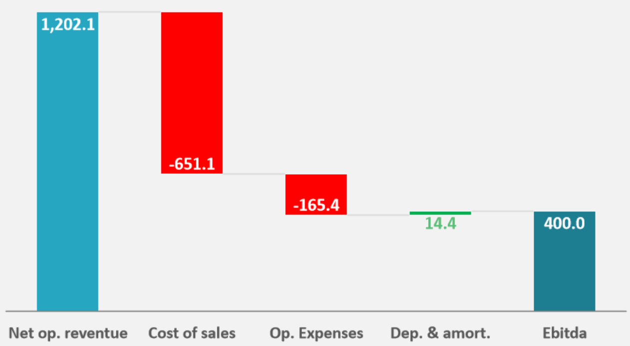
Ebitda   Ebitda margin (%)

EBITDA Breakdown (R$ million)

2Q21



1H21



Calculation of EBITDA — Conciliation pursuant to ICVM 527/12

R$ million	2Q21	2Q20	2Q21 x 2Q20 *% chg.*	1Q21	2Q21x1Q21 *% chg.*	1H21	1H20	1H21 x 1H20 *% chg.*
Earnings before interest and taxes (EBIT)	217.2	102.3	*112.3%*	168.5	*28.9%*	385.6	143.5	*168.7%*
Depreciation and amortization	7.2	6.5	*10.8%*	7.2	*0.0%*	14.4	12.9	*11.6%*
EBITDA	**224.4**	**108.8**	***106.3%***	**175.7**	***27.7%***	**400.0**	**156.4**	***155.8%***
EBITDA margin	*34.5%*	*24.9%*	*9.6 p.p.*	*31.9%*	*2.6 p.p.*	*33.3%*	*20.7%*	*12.6 p.p.*
Nonrecurring expenses relating to Covid-19	2.1	1.0	*110.0%*	0.7		2.7	1.0	*170.0%*
Adjusted EBITDA	**226.5**	**109.8**	***106.3%***	**176.4**	***28.4%***	**402.7**	**157.4**	***155.8%***
Adjusted EBITDA margin	*34.8%*	*25.1%*	*9.7 p.p.*	*32.0%*	*2.8 p.p.*	*33.5%*	*20.9%*	*12.6 p.p.*

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

Exchange variations - assets and liabilities – have a strong impact on Taurus's financial result. Considering the devaluation of the Brazilian currency, the positive effect occurs on the cash in dollars of the North American subsidiary, whereas there is a negative effect on the financial obligations related to the Company's debt denominated in dollars.

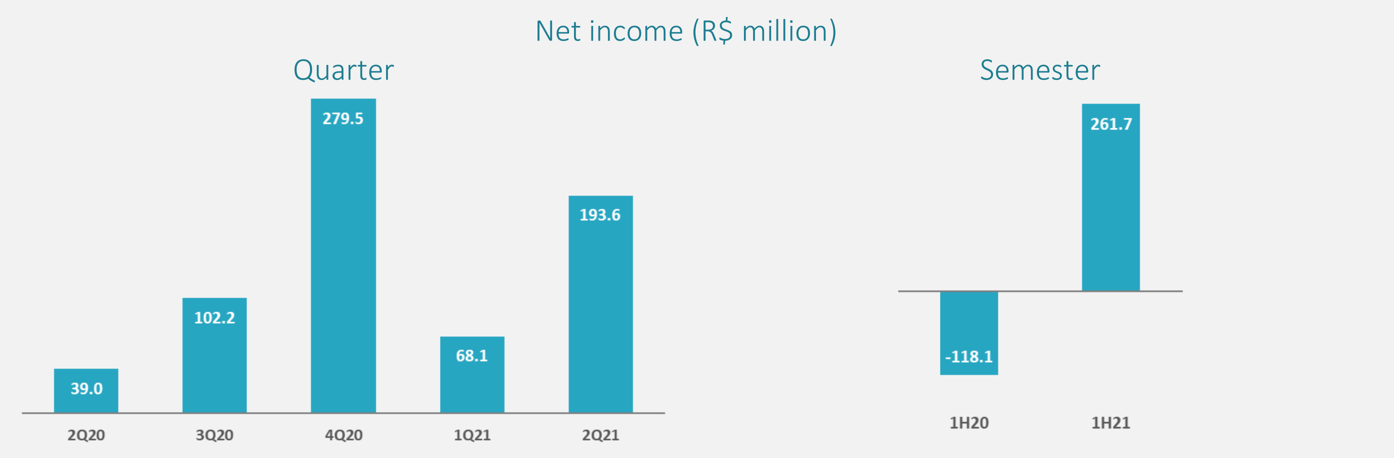
As variações cambiais – ativa e passiva – têm forte influência no resultado financeiro da Taurus. A desvalorização do real causa efeito positivo sobre o caixa em dólares da subsidiária norte-americana e efeito negativo sobre as obrigações financeiras relativas à dívida da Companhia tomada em dólares. The appreciation of the Brazilian currency vis-a-vis the dollar produces an opposite effect.

In 2Q21, the average Ptax dollar rate was R$ 5.29, halting the sequence of strong devaluation of the Brazilian currency seen in previous quarters, with a 1.9% appreciation in relation to the average rate recorded in 2Q20. This contributed to raise financial income from R$ 36.3 million in 2Q20 to R$ 132.9 million (increase of R$ 96.6 million), due to the rise in asset monetary variations and, at the same time, to reduce financial expenses by R$ 18.5 million in the same period of comparison, given the lower liability monetary variations. The reduction in the balance of the debt contracted in dollars also contributed to the Company's lower financial expenses. As a result, Taurus posted a net financial income of R$ 59.4 million in 2Q21, as compared to net financial expenses of R$ 55.7 million in 2Q20. This is a major change for the Company, which in the recent past had its earnings heavily burdened by financial expenses.

R$ million	2Q21	2Q20	2Q21 x 2Q20 *% chg.*	1Q21	2Q21x1Q21 *% chg.*	1H21	1H20	1H21 x 1H20 *% chg.*
(+) Finance income	**132.9**	**36.3**	***266.1%***	**15.743**	***746.5%***	**148.7**	**57.2**	***160.0%***
Foreign exchange gains	*131.7*	*35.4*	*272.1%*	*15.549*	*749.7%*	*147.240*	*56.7*	*159.5%*
Interest IOF and other income	*1.3*	*0.9*	*44.4%*	*0.194*	*550.0%*	*1.538*	*0.5*	*200.0%*
(-) Finance costs	**73.5**	**92.0**	***-20.1%***	**91.845**	***-19.9%***	**165.384**	**302.3**	***-45.3%***
Foreign exchange losses	*60.1*	*80.0*	-24.9%	*79.290*	-24.2%	*139.369*	*276.4*	-49.6%
Interest, IOF and other costs	*13.4*	*12.0*	11.7%	*12.575*	6.3%	*26.015*	*25.9*	0.4%
(+/-) Finance inome (costs), net	**59.4**	**-55.7**	-	**-76.1**	-	**-16.7**	**-245.1**	*-93.2%*
Average US dollar Ptax rate for the period (R$)	**5.29**	**5.39**	*-1.9%*	**5.48**	*-3.5%*	**5.39**	**4.92**	*9.6%*

Net income

Operational stability, which results from efficiency in production and distribution, new investments, management of costs and expenses, a sales mix that comprises higher value-added models, and the balancing of the financial situation, with a reduction in debt and its financial cost, translated into a net income of R$ 193.6 million in 2Q21, representing the fifth consecutive quarter of positive results. For the first half of the year, net income amounted to R$ 261.7 million.



Debt

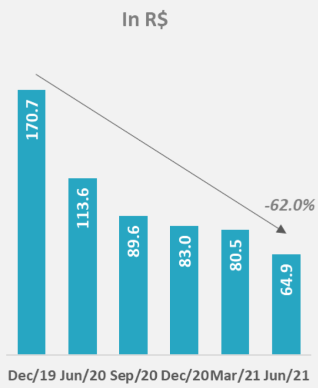
As at June 30, 2021, Taurus recorded gross debt of R$ 684.9 million, an amount R$ 181.8 million lower, or 21.0%, than the position recorded at the close of the year 2020. Contributing to this reduction were the exercises of the subscription warrants related to the capital increase, of which the controlling shareholder exercised 67% of the total amount, in addition to the effect of the 3.8% appreciation of the Real against the dollar during the period. If the total debt is converted into dollars, considering the exchange rate on the respective dates (R$ 5.00 on 6/30/21 and R$ 5.20 on 12/31/20), the reduction in gross debt in the period would be 21.0%, as shown in the table below.

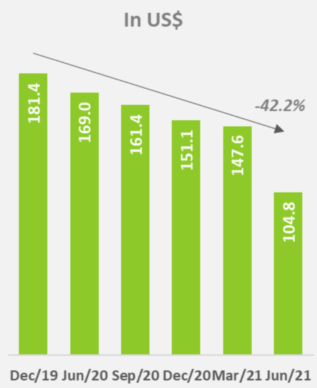
The reduction in net debt for the first six months of the year is even higher, of R$ 254.2 million or 32.8%, since the position in "cash and financial investments" at the end of 2Q21 showed a 79.4% growth in relation to that recorded at the end of 2020.

	06/30/2021			12/31/2020			% chg.
R$ million	**Consolidated**	***Brasil***	***EUA***	**Consollidated**	***Brasil***	***EUA***	**Consolidated**
Borrowings and financing	20.9	*20.9*	*0.0*	71.5	*71.5*	*0.0*	*-70.8%*
Debentures	0.1	*0.1*	*0.0*	6.9	*6.9*	*0.0*	*-98.6%*
Foreign exchange drafts	95.9	*95.9*	*0.0*	100.3	*100.3*	*0.0*	*-4.4%*
Short term	**117.0**	***117.0***	***0.0***	**178.7**	***178.7***	***0.0***	***-34.5%***
Borrowings and financing	515.9	*480.9*	*35.0*	627.0	*550.4*	*76.6*	*-17.7%*
Debentures	52.0	*52.0*	*0.0*	61.0	*61.0*	*0.0*	*-14.8%*
Long term	**567.9**	***532.9***	***35.0***	**688.0**	***611.4***	***76.6***	***-17.5%***
Gross debt	**684.9**	***649.9***	***35.0***	**866.7**	***790.1***	***76.6***	***-21.0%***
Cash and short-term investments	163.6			91.2			*79.4%*
Net debt	**521.2**			**775.4**			***-32.8%***
Ptax dollar exchange rate at end of period (R$)	**5.00**			**5.20**			***-3.8%***
Gross debt translated into US dollars (US$ million)	**137.0**			**166.8**			***-17.9%***

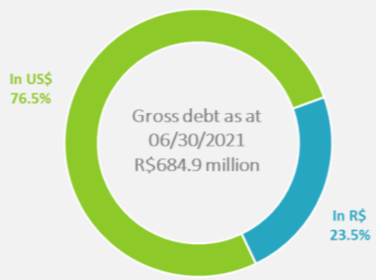
Gross debt as at 06/30/2021 - R$684.9 million

In its original currency



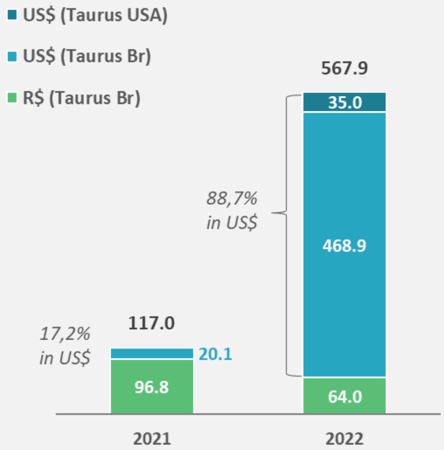


By currency



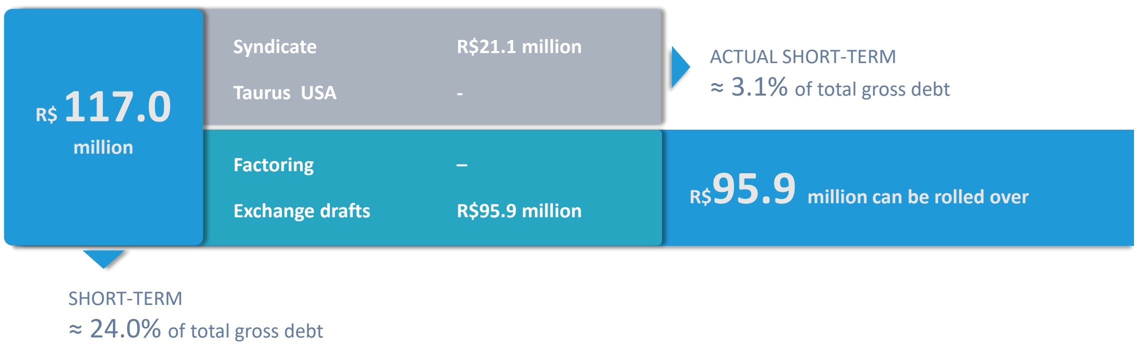
Gross debt as at 06/30/2021 - R$684.9 million

Maturity profile



As for the maturity profile, 82.9% or R$ 567.9 million of the total debt at June 30, 2021 was long term, maturing in 2022. From the portion of R$ 117.0 million maturing in the short term (17.1% of the total), the exchange drawdowns amounted to R$ 95.9 million at the end of June. Taurus holds an agreement with the creditor bank of such operations, which entails their automatic renewal at each maturity, with the possibility of settlement by October 2022, and therefore, in practice, have their final maturity in the long term.

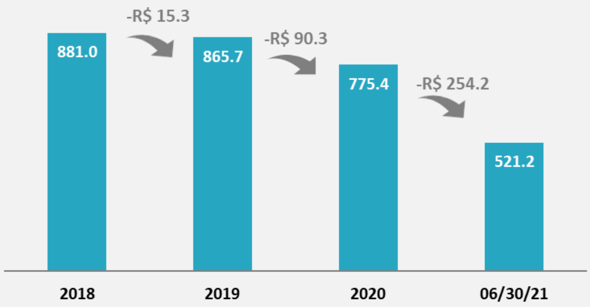
Gross debt maturing in the short-term as at 06/30/2021 – R$ 117.0 million



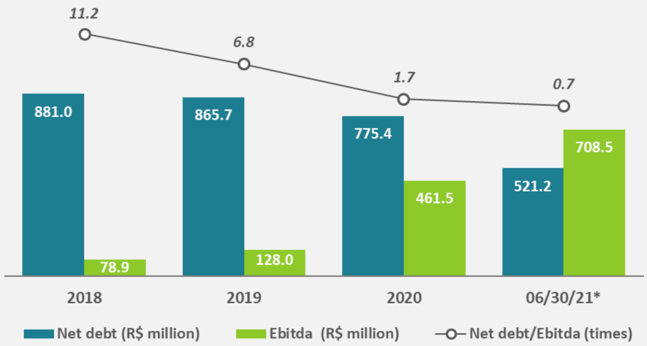
The degree of leverage, as measured by the Net Debt/EBITDA ratio, has dropped significantly over the last few years, from 11.2 times at the end of fiscal 2018 to a position of less than 1 at the end of 2Q21, when net debt was equivalent to 0.7 of EBITDA for the last 12 months (3Q20 to 2Q21: R$ 708.5 million). This performance reflects the alignment of the debt profile and growing operating cash generation.

The Company also counts on "potential credits" that are earmarked for debt reduction, consisting of the land of the former plant in Porto Alegre, plus the helmet plant that is for sale, as well as the balance of the subscription warrants that have yet to mature. If we simulate the net debt position as at June 30, 2021, whereby these amounts are deducted from the total, the debt on that date would amount to R$ 247.9 million, which would yield a Net Debt/EBITDA leverage ratio of 0.4.

Net debt (R$ million)



Degree of financial leverage – Net Debt / EBITDA



** EBITDA for the last 12 months (3Q20 to 2H21)*

Capital Markets

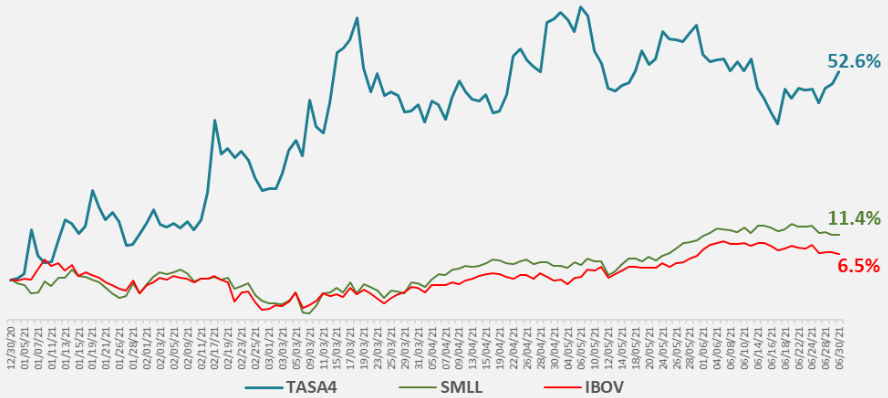
Taurus holds common shares (TASA3) and preferred shares (TASA4), which are listed on B3's Level II, a market segment that comprises those companies voluntarily adopting special corporate governance practices. Both classes of shares take part in B3's Small Caps Index (SMLL).

During the first six months of 2021, the Company's preferred shares (TASA4) appreciated by 52.6%, in contrast to the appeciation rates of 6.5% and 11.4% of Ibovespa and SMLL, respectively.

	TASA3	TASA4	Market value	Enterprise value*
06/30/2020	R$5.51	R$6.35	R$522.9 milhões	R$1,334.8 milhões
06/30/2021	R$23.39	R$23.65	R$2,581.0 milhões	R$3,036.3 milhões
Variação	***+ 324,5%***	***+272,4%***	***+ 393,3%***	***+ 127,5%***

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

Performance of preferred shares (TASA4) in 1H21, versus SMLL B3 and IBOV B3
Base 100: 12/31/2020



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 Taurus 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.

Attachments

Statements of Income

R$ million	2Q21	2Q20	% chg.	1Q21	% chg.	1H21	1H20	% chg.
Net operating revenue	651.1	437.7	*48.8%*	551.1	*18.1%*	1,202.1	754.4	*59.3%*
Cost of sales and/or services	-354.1	-252.6	*40.2%*	-297.1	*19.2%*	-651.1	-459.7	*41.6%*
Gross profit	**297.0**	**185.1**	***60.5%***	**254.0**	*16.9%*	**551.0**	**294.7**	***87.0%***
Operating (expenses) income	-79.8	-82.8	*-3.6%*	-85.6	*-6.8%*	-165.4	-151.2	*9.4%*
Selling expenses	-48.9	-41.4	*18.1%*	-44.3	*10.4%*	-93.2	-74.7	*24.8%*
General and administrative expenses	-54.8	-41.9	*30.8%*	-43.7	*25.4%*	-98.5	-81.0	*21.6%*
Impairment losses	0.2	-0.1	-	-0.4	-	-0.3	3.6	-
Other operating income	25.8	1.7	*1417.6%*	5.5	*369.1%*	31.3	4.3	*627.9%*
Other operating expenses	-2.0	-1.0	*100.0%*	-2.6	*-23.1%*	-4.6	-3.4	*35.3%*
Equity equivalence result	0.0	0.0	-	0.0	-	0.0	0.0	-
Profit before finance income (costs) and taxes	**217.2**	**102.3**	***112.3%***	**168.4**	***29.0%***	**385.6**	**143.5**	***168.7%***
Finance income (costs)	59.4	-55.7	-	-76.1	-	-16.7	-245.1	*-93.2%*
Finance income	132.9	36.3	*266.1%*	15.7	*746.5%*	148.7	57.2	*160.0%*
Finance costs	-73.5	-92.0	*-20.1%*	-91.8	*-19.9%*	-165.4	-302.3	*-45.3%*
Pretax income	**276.6**	**46.6**	***493.6%***	**92.3**	***199.7%***	**368.9**	**-101.6**	-
Income tax and social contribution	-82.9	-7.4	*1020.3%*	-24.1	*244.0%*	-107.0	-16.1	*564.6%*
Current	-60.5	-3.0	*1916.7%*	-22.6	*167.7%*	-83.1	-3.8	*2086.8%*
Deferred	-22.4	-4.4	*409.1%*	-1.5	*1393.3%*	-23.9	-12.3	*94.3%*
Profit (loss) from continuing operations	**193.7**	**39.2**	***394.1%***	**68.2**	***184.0%***	**261.9**	**-117.7**	-
Profit (loss) from discontinued operations	-0.1	-0.2	*-50.0%*	-0.1	*0.0%*	-0.2	-0.4	*-50.0%*
Consolidated profit (loss) for the period	**193.6**	**39.0**	***396.4%***	**68.1**	***184.3%***	**261.7**	**-118.1**	-
Attributable to owners of the Company	193.6	39.0	*396.4%*	68.1	*184.3%*	261.7	-118.1	-
Earnings per share (R$/share)								
Basic earnings per share								
Common shares (ON)	*1.7072*	*0.4412*	*325.0%*	*0.6798*	*142.9%*	*2.3870*	*-1.3345*	-
Preferred shares (PN)	*2.1786*	*0.4417*	*450.0%*	*0.7344*	*214.3%*	*2.9130*	*-1.3349*	-
Diluted earnings per share								
Common shares (ON)	*1.7072*	*0.4412*	*325.0%*	*0.6798*	*142.9%*	*2.3870*	*-1.3345*	-
Preferred shares (PN)	*1.8266*	*0.4417*	*350.0%*	*0.5346*	*260.0%*	*2.3613*	*-1.3349*	-

Assets

R$ million	06/30/21	12/31/20	% chg.
Total assets	**1,644.0**	**1,460.6**	***12.6%***
Current assets	**1,080.5**	**930.8**	***16.1%***
Cash and cash equivalents	163.6	91.2	*79.4%*
Cash and banks	156.8	86.0	*82.3%*
Highly liquid short-term investments	6.8	5.2	*30.8%*
Short-term investments	0.0	0.0	-
Accounts receivable	353.8	317.4	*11.5%*
Inventories	443.4	298.3	*48.6%*
Recoverable taxes	34.1	33.3	*2.4%*
Prepaid expenses	6.1	22.2	*-72.5%*
Other current assets	79.5	168.3	*-52.8%*
Noncurrent assets	**563.5**	**529.8**	***6.4%***
Long-term receivables	185.4	203.1	*-8.7%*
Tributos Diferidos	170.2	188.6	*-9.8%*
Outros Ativos Não Circulantes	15.3	14.5	*5.5%*
Investments	3.3	0.0	-
Property, plant and equipment	279.7	233.4	*19.8%*
Intangible assets	95.2	93.3	*2.0%*

Liabilities

R$ million	06/30/21	12/31/20	% chg.
Total liabilities and shareholders' equity	**1,644.0**	**1,460.7**	***12.5%***
Current liabilities	**581.2**	**575.4**	***1.0%***
Payroll, benefits and taxes thereon	57.3	57.5	*-0.3%*
Payrol and related taxes	19.9	32.1	*-38.0%*
Employee benefits and related taxes	37.4	25.4	*47.2%*
Trade payables	162.2	111.9	*45.0%*
Local suppliers	102.1	69.5	*46.9%*
Foreign suppliers	60.1	42.4	*41.7%*
Taxes payable	123.6	68.3	*81.0%*
Federal tax liabilities	120.8	65.9	*83.3%*
Inocme tax and social contribution payable	43.5	14.3	*204.2%*
Other taxes	77.3	51.7	*49.5%*
State tax liabilities	2.7	2.3	*17.4%*
Municipal tax liabilities	0.0	0.1	-
Borrowings and financing	21.0	78.4	*-73.2%*
In local currency	0.8	1.8	*-55.6%*
In foreign currency	20.1	69.7	*-71.2%*
Debentures	0.1	6.9	*-98.6%*
Other payables	164.7	203.8	*-19.2%*
Dividends and interest on capital payable	95.9	100.3	*-4.4%*
Advance from customers	46.5	49.1	*-5.3%*
Payables from noncurrent assets for sale	3.8	27.3	*-86.1%*
Other payables	18.5	27.1	*-31.7%*
Provisions	52.5	55.5	*-5.4%*
Tax, sociall security, labor and civil provisions	40.9	41.0	*-0.2%*
Other provisions	11.6	14.6	*-20.5%*
Noncurrent liabilities	**701.2**	**843.0**	***-16.8%***
Borrowings and financing	567.9	688.0	*-17.5%*
In local currency	12.0	13.3	*-9.8%*
In foreign currency	503.9	613.7	*-17.9%*
Debentures	52.0	61.0	*-14.8%*
Other payables	59.9	78.7	*-23.9%*
Deferred taxes	10.3	10.3	*0.0%*
Provisions	63.1	66.1	*-4.5%*
Social security, labor and civil provisions	56.8	59.5	*-4.5%*
Other provisions	6.3	6.6	*-4.5%*
Consolidated shareholders' equity	**361.6**	**42.3**	***754.8%***
Issued capital	629.2	560.3	*12.3%*
Capital reserves	-29.2	-31.1	*-6.1%*
Disposal of subscription warrants	11.8	9.9	*19.2%*
Capital transactions	-41.0	-41.0	*0.0%*
Retained earnings/accumulated losses	-442.7	-704.7	*-37.2%*
Valuation adjustments to equity	45.5	45.9	*-0.9%*
Cumulative translation adjustments	158.6	172.0	*-7.8%*

1. General Information

Taurus Armas S.A. ("Company"), with registered head office in São Leopoldo, RS, was incorporated on November 17, 1939. Taurus is a Brazilian listed company since 1982 and since 2011 it is listed on Level 2 of Corporate Governance of B3 (ticker symbols TASA3, TASA4). Its parent company is BYK Participações S.A., which in turn is a subsidiary of CBC AMMO LLC, a company based in Delaware, United States of America.

The Company operates in the Firearms and Accessories, Helmets and Accessories, and M.I.M. (Metal Injection Molding) segments. The Company has three manufacturing plants, two in Brazil, located in the State of Rio Grande do Sul, and another now in Bainbridge, Georgia, United States.

Taurus is accredited as an Strategic Defense Company (EED) and is thus qualified to supply products to the Brazilian Armed Forces. In Brazil, sales are aimed at state, federal, civil and military polices, in addition to the civilian market.

Abroad, in addition to distributing TAURUS and ROSSI brand products manufactured in Brazil, the Bainbridge unit manufactures TAURUS pistol models and HERITAGE revolvers. Sales to the United States mainly serve the American civilian market and government agencies in other regions.

Helmet operation

In March 2018, the Company's management made a commitment to sell the helmet operation. In order to conduct this process, Taurus hired specialized consulting services. In light of the divestment decision, the investment was classified as 'held for sale' and accounted for pursuant to Brazilian accounting pronouncement CPC 31 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5). The helmet operation has one manufacturing plant, in Mandirituba, Paraná State.

Throughout 2021, the Company is still assessing the proposals received for the sale of its helmet operation. Since the Company aims to obtain the return of the actual value of the business, is not under pressure to realize these assets to meet its cash requirements, and the operation remains in progress, the Company decided to return the consolidation of this operation as an going concern in this interil financial Information, as shown in Note 4.c.

Accessories joint venture

On May 28, 2020, Taurus, after being authorized by its Board of Directors, has signed a non-binding MoU with an important Brazilian company in the automotive industry, operating in the domestic market, aiming at setting up a joint venture in Brazil to manufacture accessories for light weapons.

The purpose of the joint venture, if all statutory and legal authorizations are obtained, is the manufacture and sale of light weapon accessories for the domestic and foreign markets. With the execution of the MoU, the parties had until September 30, 2020 to complete the feasibility studies for the creation of the joint venture and the business plan to be developed, as well as to establish the conditions necessary for the implementation of the new business. On September 29, 2020, pursuant to the Material Fact Notice disclosed, an addendum to the memorandum of understanding (MoU) was signed, whereby the effective period was extended for an additional period of ten (10) days, so as to finally enter into the agreement for the setting up of the joint venture.

On October 8, 2020, after being authorized by its Board of Directors, the Company entered into a final agreement for the setting up of the joint venture, which will allow the manufacture and sale of clips and other light firearm stamped components.

The partnership was entered into with Joalmi Indústria Metalúrgica Ltda. (“Joalmi”), a company with more than 30 years’ experience in the automotive industry and expertise in engineering, technology and development of stamped parts in ferrous and nonferrous metals, and the assembly of highly complex products, mostly related to car safety systems.

The technology used in the manufacture of the magazines, besides being strategic for the Company, is key for the perfect functioning and safety of the weapons. By creating this joint venture, Taurus will become self-sufficient in the production of magazines, an aftermarket segment, currently dominated by few foreign suppliers. Also, it will allow a steep cost reduction for the Company’s operations, with integrated and efficient logistics, volume flexibility, adding value to Taurus Technology and Engineering Center.

The new magazine company is fully aligned with Taurus global strategy of making the unit in Brazil the most efficient firearm plant in the global market and a parts distribution hub for all Group units, to support the efficient and lucrative production model. This operation will also allow Taurus to enter a new market niche currently not exploited by the Company, which is the aftermarket segment.

On March 11, 2021, the establishment of the joint venture was formalized and the Company, in an agreement with partner Joalmi Indústria Metalúrgica Ltda., decided to implement the joint venture’s operations as part of the corporate structure of Taurus Plásticos Ltda.

As a result, the name of Taurus Plásticos Ltda was changed to Taurus JM Indústria de Peças Ltda. and the manufacture of parts for firearms was added to its vore business description. Taurus JM is awaiting clearance from the Division of Corporations to begin operations in Joalmi’s industrial park, in Guarulhos (São Paulo), with transfer to Taurus’s industrial hub in São Leopoldo (Rio Grande do Sul) expected for December 2021.

Currently, partner Joalmi is already producing batches of magazines for testing. Taurus is providing all the support reuqired to the production process and as soon as it obtains the permit from the authorities, this production will be transferred to Taurus JM.

COVID-19

Since the beginning of the COVID-19 outbreak, the Company has taken several actions to protect the health of its employees and their families, ensure it would continue as a going concern, and contribute to the development of the local and global economy. So far, the Company has limited the outbreak’s impact on its operations. During this period, the Company has not suspended its operations in Brazil and in its unit in the United States, as it is classified as an essential activity because of its status as a Strategic Defense Company. The Company has made changes in its operation in order to reduce the flow, contact and gathering of workers, as well as by providing instructions on the measures to be taken, strengthening cleaning measures, and supplying hygiene supplies, measuring the temperature of everyone who enters its units, and the mandatory use of masks, among other measures. Some activities started to adopt a home office scheme, the employees identified as at-risk were put in leave and Taurus also adopted a new system of work scales, work shift rotation, and changes in working hours, aiming at balancing production with people flows, to mitigate the risks of virus transmission and preserve social, economic and financial interests without changing their productive capacity.

As the Company has not suffered significant changes in its operations, on impacts on the repayment of its debt and payments to its suppliers on due dates were identified. The Company has also adopted measures to maintain its financial health such as:

• Investment prioritization;
• Creation of the Crisis Committee to discuss the impacts of COVID-19;
• Reviewing the annual budget and periodical scenario updating and strict approval process for new expenses.

In compliance with CVM Circular Letter No. 02/2020 of March 10, 2020, which addresses the effects of the COVID-19 pandemic on businesses' financial statements, Management assessed the main risks and accounting impacts, as well as the uncertainties that could affect said financial statements. Taurus reviewed its credit risks and assessed circumstances that would indicate an *impairment* of the Company's financial and nonfinancial assets, and identified no impacts due to the pandemic. Except for the costs arising from the increase of cleaning procedures, making facemasks, and *face shields*, buying hand sanitizer, sanitization, and other measures directly linked to COVID-19, which during the period of this pandemic, until June 30, 2021, total approximately R$7.6 million, to date no further costs or expenses were incurred. After all the inherent analyses made according to the legal, strategic and operational requirements of the Company, management did not identify any contingencies and the need to recognize provisions linked to, or adjustments to assets arising from COVID-19.

Economic and Financial Restructuring

On July 18, 2018, the Company's Management completed the renegotiation process and execution of the debt agreements with the Bank Syndicate (Banco do Brasil, Banco Santander, Banco Itaú and Banco Bradesco), as well as the renegotiation process of its third issue of public debentures with Banco Haitong.

The Transaction has the following collaterals: (i) collateral assignment of all shares of Taurus Helmets Indústria de Capacetes Ltda. (formerly Taurus Blindagens Ltda.) and Taurus Blindagens Nordeste Ltda. ("Collateral Assignment"); (ii) second degree mortgage on two properties located in Mandirituba, PR and two properties located in Porto Alegre, RS and first degree mortgage on a property located in São Leopoldo, RS ("Mortgage"); (iii) collateral assignment of receivables arising from all the funds resulting from the possible sale of the shares subject to the Collateral Assignment and the Mortgage, as well as rights inherent to the ownership of the Company's restricted account to be opened for the purpose of receiving the funds; and (iv) pledge of Taurus International shares.

As an additional option to assist in the economic and financial restructuring, the Company maintains its strategy of: (a) divestment of non-core assets, namely: the helmet operation (historically cost-effective and profitable), whose decision to sell and authorize the sale efforts was made by the Board of Directors in March 2018, in addition to extensive land in a prime residential area of Porto Alegre, where the Company's former facilities were located; and (b) sound restructuring plan, already underway and conducted by a specialized consulting firm already hired.

This restructuring plan, which is in progress, showed positive results throughout 2018 with substantial improvements in 2019. The Company believes that it has obtained efficiency gains in 2020, such as greater reduction of production costs, increased production scale, better dilution of finance costs, considerable improvement of its product quality and strengthening of its processes, and it also expects to continue bringing gains over the next years, in particular for its new plant in Bainbridge, Georgia, in the United States. The plan is divided into four areas: (i) Debt Renegotiation, (ii) Operating Efficiency, (iii) Sales Efficiency, and (iv) Earnings Assessment. The following is a summary of the actions:

I Debt Renegotiation

On June 8, 2020, the Board of Directors authorized the Company, in an extraordinary meeting, to enter into with the Bank Syndicate a waiver extending the debt repayment maturity until August 31, 2020. During this period, the parties renegotiated the terms of the current agreement for amendment in line with the pandemic scenario. This amendment to the agreement allowed the Company to dilute the principal repayment installments in its cash flow.

On August 10, 2020, the amendments to the agreement relating to the new payment terms and conditions of the obligations to the Bank Syndicate were entered into, which contemplate the rescheduling of the payment of the principal that would mature in June 2020, which decreased from 15.07% to 0.29%, whereas the December 2022 installment decreased from 63.81% to 60.00%. These two adjustments were diluted between the installments due from June 2020 and November 2022. There was a 0.50% annual prospective increase in the bank spread rate. Collaterals also include the pledge of the shares issued by subsidiary Taurus USA. The amount will be adjusted to the Company's future cash flows and diluted over 19 months, including the other amounts and maturity dates already agreed in the previous agreement, as shown in the table below, in thousands of Brazilian reais (R$):

MATURITIES	CURRENT 1Q20	CURRENT After execution	NONCURRENT	
Year	**2020**	**2020**	**2021**	**2022**
Amounts	**R$135,600**	**R$96,218**	**R$31,819**	**R$657,565**

The table below shows the repayment installments in percentages, after the last renegotiation:

REPAYMENT SYSTEM BEFORE RENEGOTIATION	REPAYMENT SYSTEM AFTER RENEGOTIATION - 07.31.2018	REPAYMENT SYSTEM AFTER WAIVER RENEGOTIATION - JUNE 2020
PPEs and DEBENTURES, BANKS BRADESCO, BRASIL, SANTANDER, ITAÚ, HAITONG.	**PPEs and DEBENTURES, BANKS BRADESCO, BRASIL, SANTANDER, ITAÚ, HAITONG.**	**PPEs and DEBENTURES, BANKS BRADESCO, BRASIL, SANTANDER, ITAÚ, HAITONG.**
23.07% OF THE DEBT IN 2018	10.71% OF THE DEBT IN 2019	
30.76% OF THE DEBT IN 2019	15.90% OF THE DEBT IN 2020	
30.76% OF THE DEBT IN 2020	2.80% OF THE DEBT IN 2021	14.03% OF THE DEBT IN 2021 (*)
15.41% OF THE DEBT IN 2021	70.59% OF THE DEBT IN 2022	72.86% OF THE DEBT IN 2022

(*) Year to date, i.e., up to June 30, 2021, the Company prepaid to the bank syndicate for debt amortization the entire percentage scheduled for 2021 and part of 2022. The outstanding balance for the next year is now 67.56%.

Upon the execution of these amendments, the Company is in regular standing before its creditors, rescheduling the payment of its debt which will be solely supported by its own cash generation so as to continue with the financial deleverage process. Such negotiation was based on the banks' confidence in the Company's current management, strengthening the commitment to all stakeholders, especially at the present difficult period the world is undergoing due to the COVID-19 pandemic, and is fully aligned with Taurus restructuring strategy, based on sustainable profitability, quality and improvement of financial and operating indicators. Up to June 30, 2021, the payments made totaled R$281.7 million, which accounts for 32.44% of total debt principal.

II Operating efficiency

On a macro basis, Management has revalued the Company's Organizational Structure by analyzing activities and processes, span *of* control, and average compensation:

Completed stages:

- Realigning the structure with the strategic goals;
- Clearly setting metrics;
- Streamline hierarchical levels to increase decision-making agility;
- Standardize functions to avoid conflicts and redundancies;
- Review each position's roles and responsibilities;
- Reassess service levels;
- Develop a collaborative environment conducive to change;
- Long-lasting and smart cost cutting;
- Remodel the relationship with other Company units.

Stages in progress:

- Reassess outsourcing of noncore activities;
- Reassess activity centralization;
- Eliminate activities that do not add value;
- Analyze efficiency gains in processes;

Specifically, the planning and operating management will be segmented as follows, together with their related action plans already in progress:

Completed Stages:

Operating Master Planning:

- Revisit the S&OP model.
- Revisit the production planning and inventory counting process and logical model.

Research and Development:

- Identify Capex needs;
- Integrate with all manufacturing units.
- Schedule actions.

Stages in progress:

Cost of Sales (CoS):

- Analyzing the evolution of Variable Costs and Manufacturing Overhead to identify the main deviations and opportunities.

Operating Master Planning:

- Improving the demand forecasting methodology;

Operating Management Effectiveness:

- Review metrics, goals and noting routines of results of key indicators of the processes;
- Map each process critical points for improvement and develop/implement the applicable corrective actions.

Material Losses (yield and scrap):

- Identify critical points for improvement and implement the applicable corrective actions.

Tools used:

- Explosion of Ideas;
- Data analysis;
- Scenario simulations;
- Cause/Effect Analysis;
- Compensation Matrix.

III - Sales Efficiency

In order to capture more efficiency gains in the sales area, Taurus is focusing on three areas, as follows:

Completed Stages:

Market analysis

- Revisit the pricing model.

Product portfolio

- Analyze to streamline SKUs.
- Performance Analysis of Product Categories;
- Define each category's positioning.

Sales Execution

- Assess the sales routine management model;
- Restructure the goal achievement monitoring model;
- Reassess and model a variable compensation program for the sales team.

Stages in progress:

Market analysis

- Mapp sales channels and analyze the strategies per channel;
- Analyze opportunities to reduce the number of layers and approaching the point of sale.

IV - Result Assessment (in progress)

The purpose of these initiatives is to adjust the Company's key processes in order to increase profitability and competitiveness.

Thus, by setting roles and responsibilities, performance metrics, and a culture of discipline in the implementation of action plans, the Company continues to take actions aimed at greater operating and financial efficiency, in order to meet the demand for its products, improve its margins, recover profitability, and balance its cash flows.

Management believes that the set of actions related to operating efficiency improvement described above, together with the sale of non-core assets, capital transactions, and the already noticeable improvement in the performance of operations will be sufficient to ensure its continuity as a going concern.

2. Presentation of interim financial information

2.1. Basis of preparation

a) Statement of compliance

The Company presents its individual and consolidated interim financial information, included in the Interim Financial Information Form (ITR), concurrently prepared in accordance with technical pronouncement CPC 21 and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR), and identified as "Parent" and "Consolidated", respectively.

The preparation of individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 and international standard IAS 34 requires the Company's Management to use certain accounting estimates.

The individual and consolidated interim financial information for the period ended June 30, 2021 has been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The financial statements for the year ended December 31, 2020 were reviewed by the Audit Committee, and approved by the Company's Board of Directors on March 17, 2021

The individual and consolidated interim financial information has been prepared based on the historical cost, except for the revaluation of certain properties and financial instruments measured at their revalued amounts or fair values at the end of each reporting period, as described in the accounting policies below. The historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The fair value for measurement and/or disclosure purposes in this individual and consolidated interim financial information is determined on this basis, except as otherwise required by another accounting pronouncement.

b) Management statement
The Company's Management asserts that all relevant information for the individual and consolidated interim financial information as at June 30, 2021, and only this information, is disclosed and that it corresponds to the information used in managing the Company.

This individual and consolidated interim financial information was approved by the Company's Board of Directors and authorized for issue on August 5, 2021.

2.2. Basis of consolidation

The consolidated interim financial information includes the financial information of the Company and the entities controlled by the Company (its subsidiaries) prepared up to June 30 and the respective comparative periods. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether it retains the control over an investee or not if facts and circumstances indicate the occurrence of changes in one or more than one of the three components of control described above.

The consolidation of a subsidiary begins when the Company acquires control over the subsidiary and ends when such control ceases to exist. Specifically, revenue and expenses of a subsidiary acquired or sold during the year are included in profit or loss as from the date the Company acquires control through the date the Company ceases to control the subsidiary.

When the Company loses control over a subsidiary, the gain or loss on disposal is calculated by the difference between: (i) the sum of the fair value of consideration received and the fair value of the and residual interest; and (ii) the previous carrying amount of the assets (including goodwill), the subsidiary' liabilities and noncontrolling interests.

The table below lists the subsidiaries included in the consolidated interim financial information:

		Equity interest	
Company	**Country**	**2021**	**2020**
Taurus Helmets Indústria de Capacetes Ltda.(*)	Brazil	**100.00%**	**100.00%**
Taurus Blindagens Nordeste Ltda.(*)	Brazil	**100.00%**	**100.00%**
Taurus Holdings, Inc.	United States	**100.00%**	**100.00%**
Taurus Máquinas-Ferramenta Ltda.(*)	Brazil	**100.00%**	**100.00%**
Taurus Investimentos Imobiliários Ltda.(*)	Brazil	**100.00%**	**100.00%**
Polimetal Metalurgia e Plásticos Ltda.	Brazil	**100.00%**	**100.00%**
T. Investments Co. Inc.	Panama	**100.00%**	**100.00%**
Taurus JM Indústria de Peças Ltda.(*)(**)	Brazil	**51.00%**	**100.00%**

(*) The equity interests above represent the percentage rate held by the Company, both directly and indirectly, in the subsidiaries' capital.
(**) Former Taurus Plásticos Ltda. It ceased to be consolidated in 2021, as disclosed in note 14.

The consolidation of balance sheet and statement of profit and loss line items is based on their nature, supplemented by the elimination of the following:

- Parent's interests in intragroup capital, reserves, and retained earnings (accumulated losses);
- Intragroup balances of assets and liabilities;
- Balances of revenues and expense, and cash flows arising from intragroup transactions; and
- Unrealized gains arising from transactions with investees recognized by the equity method proportionally to the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment of the asset.

2.3. Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The profit or loss, assets and liabilities of joint ventures are reported in this interim financial information under the equity method of accounting, except when the investment is classified as "held for sale", in which case it is accounted for according to CPC 31/IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, an investment in a joint venture is initially recognized in the balance sheet at cost and subsequently adjusted to recognize the Company's interest in the profit or loss and the other comprehensive income of the joint venture. When the Company's interest in an joint venture's losses exceeds its interest in the same associate (which includes any long-term interests that, in substance, are part of the Company's net investment in the joint venture), the company ceases to recognize its interest in additional losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date the investee becomes a joint venture. On the acquisition of the investment in a joint venture, any investment cost that exceeds the Company's interest in the net fair value of the investee's identifiable assets and liabilities is recognized as goodwill, which is added to the carrying amount of the investment. Any amount of the Company's interest in the net fair value of the identifiable assets and liabilities that exceeds the investment cost, after remeasurement, is immediately recognized in profit or loss for the period when the investment is acquired.

The requirements of IAS 36 (CPC 01 (R1)) are applied to determine the need to recognize any impairment loss related to the Company's investment in a joint venture. When necessary, the total carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (which is the higher of its value in use and the fair value less costs of disposal) with its carrying amount. Recognized impairment losses are not allocated to any asset, including goodwill that is part of the carrying amount of the investment. Any reversal of such impairment loss is recognized pursuant to IAS 36 to the extent that the recoverable amount of the investment is subsequently increased.

2.4. Functional and presentation currency

The individual and consolidated financial information is stated in Brazilian reais (R$), which is the functional and presentation currency of the Company and its subsidiaries headquartered in Brazil, as it is the currency of the main economic environment in which the Company operates and which generates cash inflows and outflows. The functional currency of subsidiary Taurus Holdings, Inc., headquartered in the United States of America, and of subsidiary T. Investments Co. Inc., headquartered in Panama, is the US dollar, and their assets and liabilities are translated into Brazilian reais based on the exchange rate at the balance sheet date and their profit or loss are translated based on the monthly average exchange rate, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates on the transaction date are used. Exchange differences arising from the translation process of the foreign subsidiary are recognized in other comprehensive income and recognized in equity.

Foreign currency-denominated transactions are translated into the Company's functional currency at the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting periods are retranslated into the functional currency at the exchange rate prevailing on that date. All differences are recognized in the statement of profit and loss. Nonmonetary items recognized at fair value determined in a foreign currency are translated at the exchange rate prevailing on the date that fair value was determined. Nonmonetary items measured at historical cost in a foreign currency are not retranslated.

3. Critical accounting judgments and key sources of estimation uncertainty

In applying the Company's accounting policies, Management makes judgments and estimates regarding the reported amounts of assets and liabilities for which objective information is not easily obtained from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The information on critical judgments related to the accounting policies adopted that affect the amounts recognized in the individual and consolidated interim financial information and information on uncertainties, assumptions, and estimates is disclosed in the following notes: 8 – Trade receivables (expected credit losses on doubtful debts), 9 - Inventories (allowance for inventory losses), 12 – Income tax and social contribution, 13 – Assets held for sale (impairment), 15 – Property, plant and equipment (impairment), 16 – Intangible assets (impairment), 22 – Provision for civil, labor and tax risks, and 23 – Financial instruments.

Due to the COVID-19 pandemic, the Company reassessed the accounting estimates based on performance projections and assessed the accounting impacts from other measures. The main analyses conducted and the Company's conclusions are as follows:

Trade receivables (expected credit losses on doubtful debts): Sales to end customers are paid with credit cards and the Company has the option to advance receipts without risk of default because the contracts with the card company have a no return condition, while at the same time the Company increased its sales volume to its subsidiary Companhia Brasileira de Cartuchos – CBC, which has no history of default and in the current scenario will also experience increase in potential demand.
Inventories (expected losses on inventories): Due to the market upturn, the Company is experiencing high demand for its finished products and the materials that make up its products, so that no changes are identified that would require special attention to this issue.

Income tax and social contribution: In light of its past performance, the Company recognizes accumulated tax loss which, due to the changes in its operations management and market changes can be quickly used in the determination of future taxable income, owing to its current capacity and future profit generation projection. However, the Company still has a significant debt that substantially impacts its finance income (costs), thus contributing to the decrease of taxable income (loss) and our estimates are intended to address these situations and all influence that may affect the tax basis.

Assets held for sale, Property, plant and equipment and Intangible assets (impairment): The Company, based on economic projection studies conducted by a specialized consulting firm, has demonstrated its ability to generate cash through its assets and thus do not point to the need for impairment adjustments or material and/or urgent efforts to realize its held-for-sale assets.

Provision for civil, labor and tax risks: The Company has a strong management of its risks, with appropriate technical evaluations that show that there are no specific implications related to the pandemic that may change or increase the existing and/or known risks.

Financial instruments: In contrast to other segments that have been affected by market downturns, the need to raise fund, among other issues, the high demand in the Company's segment has being allowing a better cash position, increasing the availability of credit facilities, and no possible changes also in its financial liabilities have been identified.

The Company assessed its supply chain, current market demands, its customers' ability to settle their debts, its financial capacity and its ability to raise funds and continue as a going concern. The Company, as part of the analyses described above, has revised its allowances, estimates, impairment calculations, and they do not indicate any changes and need to recognize allowances or change its figures.

The Company is classified as essential because it is a strategic defense company and its supply chain is regulated by the related legal provisions, which allows it to continue to operate normally. The demand for the Company's products increase due to special issues of this market in adverse situations, in which important buying countries feel unprotected, such as during lockdown periods. Accordingly, differently from other markets, the Company is in a comfortable demand situation and is also favored by foreign exchange matters with respect to exports.

The Company was also one of the first companies to adopt all sanitization and employee protection procedures, thus allowing the continuity of its operations without risking the health of its employees.

In light of all circumstances described and analyzed above, there are no impacts that, as already mentioned, give rise to changes in criteria, allowances or any other applicable contingency.

(i) *Fair value measurement*

Several accounting policies and disclosures adopted by the Company require the measurement of financial and nonfinancial assets and liabilities assets at fair value.

The Company established fair value measurement controls that contemplate the periodic assessment of significant unobservable inputs and valuation adjustments.

In measuring the fair value of an asset or liability, the Company uses observable market inputs as much as possible. Fair values are classified at different levels according to a hierarchy based on information (*inputs*) used in valuation techniques, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities, which may be accessed by the entity on the measurement date.

Level 2: *inputs* other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: inputs for assets or liabilities, which are not based on observable market inputs (unobservable inputs).

The Company uses the Level 2 for fair value measurement purposes.

4. Significant accounting policies

The Company's individual and consolidated interim financial information for the period ended March 30, 2021 were prepared in accordance with Brazilian accounting standard CPC 21 (R1) and IAS 34 *Interim Financial Reporting* issued by the IASB. All amounts are expressed in thousands of Brazilian reais (R$), unless otherwise stated.

The accounting policies and calculation methods adopted to prepare this interim financial information for the quarter ended June 30, 2021 are the same accounting policies used to prepare the annual financial statements for the year ended December 31, 2020; however, in light of the joint venture operation, described in note 14, and the Share Based Payment Plan, described in note 27, two new policies were applied as per CPC 15 (R1) *Business Combinations* (IFRS 3) and CPC 10 (R1) *Share-based Payment* (IFRS 2), respectively.

The individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) has been prepared by the Company to update users on the relevant information presented in the period and should be reviewed together with the full financial statements for the year ended December 31, 2020, approved by the Company's Management on March 17, 2021.

The presentation of the individual and consolidated Statements of Value Added (SVA) is required by the Brazilian Corporate Law and accounting practices adopted in Brazil IAS 34 *Interim Financial Reporting* does not require the presentation of this statement. As a result, this statement is presented as supplemental information for the purposes of IAS 34, without prejudice to the financial statements as a whole. The purpose of the statement of value added is to disclose the wealth created by the Company and how this wealth is distributed in a given period. The statement of value added has been prepared using information obtained in the same accounting records used to prepare the financial information and pursuant to the provisions of CPC 09 *Statement of Value Added*.

a) Financial instruments – general accounting policy
Financial assets and financial liabilities are recognized in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component and are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, if applicable, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in profit or loss.

As at June 30, 2021, the Company does not have derivative financial instruments. Additionally, the Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(i) Non-derivative financial assets
All regular way purchases or sales of financial assets are recognized and written off on the trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

All financial assets recognized are subsequently measured at amortized cost or at fair value, depending on their classification. These financial assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is written down when impairment losses are verified. Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss.

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- Financial assets are maintained in a business model whose objective is to keep the financial assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- Financial assets are maintained in a business model whose objective is met by collecting contractual cash flows and selling the financial assets; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In general, all other financial assets are subsequently measured at fair value through profit or loss.

Financial assets are not reclassified subsequently to their initial recognition, unless the Company changes its busines model used to manage financial assets. The Company assesses of the goal of the business model in which a financial asset is held in portfolio because this best reflects the way in which the business is run.

At the date of the individual and consolidated interim financial information, the Company has the following non-derivative financial assets: cash and cash equivalents classified and measured at fair value through profit or loss; and short-term investments and short-term investments and restricted accounts, trade receivables, due from related parties, and other receivables classified and measured at amortized cost.

Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Upon the derecognition of a financial asset measured at amortized cost or at fair value through profit or loss, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

(ii) Non-derivative financial liabilities

All financial liabilities are subsequently measured at amortized cost under the effective interest method or measured at fair value through profit or loss. Financial liabilities are classified at fair value through profit or loss when a financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss. Financial liabilities measured at FVTPL are measured at fair value and net gains or losses, including interest, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

At the date of the of the individual and consolidated interim financial information, the Company has the following non-derivative financial liabilities: borrowings and financing, non-convertible debentures, and trade and other payables, all classified and measured at amortized cost.

Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or when they expire. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized in profit or loss.

Based on the accounting policy, the Company classifies the interest paid as financing activity, consistently with its interim financial information.

(iii) *Impairment*
The Company recognizes an allowance for expected credit losses ("ECL") on trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the past credit loss experience, adjusted according to specific factors of debtors, general economic conditions and the assessment of current and projected conditions at the reporting date, including the time value of money, when applicable, as described in note 5.1.

b) New effective standards, interpretations and revised standards
The main new standards or amendments to standards and interpretations effective for annual periods beginning on or after January 1, 2020 and adopted by the Company are as follows:

(i) **CPC 50 / IFRS 17– Insurance Contracts**

This standard came into effect on January 1, 2021, superseding CPC 11 – Insurance Contracts (IFRS 4) that maintains the requirements set out in prevailing local rules. CPC 50 (IFRS 17) provides a global, comprehensive model for accounting for insurance contracts in line with the international accounting standards. After evaluating its business and operations, Management does not anticipate any impacts on the Company's interim financial information, since the Company is neither an issuer nor a policyholder of insurance to cover substantive rights and obligations, given its type of business.

The main new standards or amendments to standards and interpretations not yet effective and not adopted by the Company are as follows:

(ii) **Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

In case of sale or contribution of assets between an investor and its associate or joint venture, the transaction effect would only be recognized in profit or loss to the extent the transaction is conducted with an unrelated third party. These amendments are effective for periods beginning on or after January 1, 2022.

(iii) **Amendment to IAS 1 – Classification of Liabilities as Current or Non-current**

This standard will come into effect beginning January 1, 2022. Clarifies aspects to be considered for the classification of liabilities as current or non-current liabilities.

(iv) **Annual improvements to IFRS 2018-2020 Cycle**

This standard will come into effect beginning January 1, 2022. Refer to amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards, IFRS 9 – Financial Instruments, IFRS 16 – Leases and IAS 41 - Agriculture.

Management is assessing the impacts of the standards above on the Company's interim financial information, but it does not expect significant effects arising from their adoption.

c) Restated on accounting balances

Pursuant to international standard IAS 8 (CPC 23 *Accounting Policies, Changes in Estimates and Errors*), the consolidated interim financial information for the period prior to June 30, 2020 is being restated for purposes of comparison.

The Company continues to pursue the sale of its helmet operation located in Mandirituba, Paraná, Taurus Helmets Indústria de Capacetes Ltda. and continues to assess proposals to secure a price that reflects the actual value of the business. However, after several years without completing the sale and since the unit is in operation, and also considering the application of CPC 31 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5), the Company is once again consolidating this operation as a going concern in its interim financial information, while the unit that is not in operation, Taurus Blindagens Nordeste Ltda., continues to be stated as a discontinued operation, held for sale.

This way, the amounts corresponding to the previous period, presented for purposes of comparison, were revised and are being restated to reflect the changes mentioned above.

This restatement did not change the Company's profit for the period as shown below.

Statement of Profit or Loss for the six-month period ended June 30, 2020.

			Consolidated
	06/30/2020	**Adjustment**	**06/30/2020 Restated**
Net operating revenue	**722,128**	32,286	754,414
Cost of sales	**(439,389)**	(20,343)	(459,732)
Gross profit	**282,739**	11,943	294,682
Operating income (expenses)			
Selling expenses	**(67,988)**	(6,761)	(74,749)
General and administrative expenses	**(77,850)**	(3,107)	(80,957)
Allowance for impairment of financial instruments	**3,118**	491	3,609

Other operating income, net	**3,905**	424	4,329
Other operating expenses, net	**(3,061)**	(357)	(3,418)
	(141,876)	(9,310)	(151,186)
Profit before finance income (costs) and taxes	**140,863**	2,633	143,496
Finance income	**56,012**	1,232	57,244
Finance costs	**(300,256)**	(2,060)	(302,316)
Finance income (costs), net	**(244,244)**	(828)	(245,072)
Operating profit before taxes	**(103,381)**	1,805	(101,576)
Current income tax and social contribution	**(3,570)**	(248)	(3,818)
Deferred income tax and social contribution	**(11,753)**	(541)	(12,294)
Profit (loss) for the year from continuing operations	**(118,704)**	1,016	(117,688)
Profit (loss) from discontinued operations	**615**	(1,016)	(401)
Profit or loss for the year	**(118,089)**	-	(118,089)
Loss per common share - basic - R$	(1.3347)	0.5116	(1.3347)
Loss per preferred share - diluted -R$	(1.3345)	0.5116	(1.3345)

d) Share-based payment plan

The Company's Stock Option Plan ("Plan"), approved by the Annual and Extraordinary Shareholders' Meeting held on April 26, 2021, is based on the stock options concept, in which the Company grants to the statutory officer(s) a right (and not an obligation) to purchase shares issued by the Company at/in preset prices (strike price) and periods (exercise periods).

The Board of Directors, which shall be responsible for the Plan's administration, may, while respecting the conditions of said Plan, the guidelines set forth by the Shareholders' Meeting and the applicable statutory provisions, the relevant CVM regulation, and Company Bylaws, create Stock Option Programs ("Program") under which the specific conditions applicable to stock options that may be granted within the scope of the Plan shall be determined. These conditions include, in particular, the strike price, any vesting periods during which the stock options cannot be exercised, deadlines and periods for exercising stock options, any overall performance goals of the Company that must be met as a condition for exercising the options, among others.

The Company's current or future statutory directors are eligible to participate in the Plan. The approval of the actual participants and the number of stock options to be granted to each officer shall be determined by the Board of Directors.
The statutory executive officer's participation in an grant program does not guarantee his or her participation in subsequent stock option granting programs.

None of the provision of the Plan, the Program, the stock option agreement, and/or the stock option granted shall entitle any participant to remain in any position in the Company, or other company under the Company's control, as applicable, nor shall it interfere in any way with the Company's right, at any time and subject to the applicable legal and contractual terms and conditions, to terminate the employment contract of a statutory executive officer or in any way ensure his or her termination. Information about the plan is described in note 27.

5. Financial Risk Management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, set limits and appropriate risk controls, and monitor risks and compliance with limits. The risk management policies and systems are regularly reviewed to reflect changes in the market conditions and the Company's activities. The Company is exposed to the following risks arising from the use of financial instruments:

5.1 Credit risk

Credit risk is the risk of the Company incurring financial losses if a customer or a counterparty to a financial instrument fails to perform its contractual obligations, which arises mainly from trade receivables and investment securities. With respect to financial institutions, the Company and its subsidiaries only conduct transactions with financial institutions considered by Management as low risk financial institutions.

Trade and other receivables
The Company and its subsidiaries adopt the procedure of analyzing the financial position of its counterparties, set credit limits, and constantly monitor the outstanding positions. In respect of the Company's revenue, sales are concentrated on related parties Taurus International and Companhia Brasileira de Cartuchos – CBC, and there is no credit risk concentration on other customers.

Credit approvals are individually analyzed before customary payment and delivery terms and conditions are offered. Such analysis includes external assessments and, in certain cases, bank references. Purchase limits are set for each customer, which represent the maximum outstanding amount without requiring credit approval; these limits are periodically reviewed. Customers that failed to comply with the credit limit set by the Company can only operate if receivables are settled. For public bodies, the Company's Management individually assesses the payment capacity and bidding requirements for making a sale. The Company does not have any customer that individually represents more than 5% of Company sales, except with its related parties.

In monitoring the credit risk, customers are grouped according to their credit characteristics, including whether they are individuals or legal entities, retailers or public bodies, based on their geographic location, industry, and previous financial problems.

With regards to sales to individuals, the Company is able to receive in advance part of the sales amount upon purchase intention, and the product is only billed and delivered if there is no default.

Exposure to credit risks
As at June 30, 2021, the maximum credit risk exposure was as follows:

		Consolidated		Parent
	06/30/2021	**12/31/2020**	**06/30/2021**	**12/31/2020**
Fair value through profit or loss				
Cash and cash equivalents	**163,610**	91,231	**61,213**	34,623
Amortized cost				
Trade receivables	**353,767**	317,406	**196,356**	183,267
Short-term investments and restricted account	**16**	16	**16**	16
Other receivables	**28,714**	49,013	**24,774**	41,964
Total	**546,107**	457,666	**282,359**	259,870

The balances of trade receivables are disclosed taking into account the expected credit losses (see note 8).

The maximum credit risk exposure for trade receivables per geographic region was as follows:

		Consolidated		Parent
	06/30/2021	**12/31/2020**	**06/30/2021**	**12/31/2020**
Domestic – trade receivables	**191,987**	182,436	**168,002**	172,384
United States – trade receivables	**165,932**	138,526	**20,767**	2,893
Other	**10,804**	12,259	**9,297**	9,539
Total	**368,723**	333,221	**198,066**	184,816

The maximum credit risk exposure on the balance sheet date per type of counterparty was as follows:

		Consolidated		Parent
	06/30/2021	**12/31/2020**	**06/30/2021**	**12/31/2020**
Trade receivables – public bodies	**3,071**	6,862	**3,071**	6,825
Trade receivables – distributors	**296,157**	287,521	**154,247**	152,129
Final customers	**69,495**	38,838	**40,748**	25,862
Total	**368,723**	333,221	**198,066**	184,816

The balances of trade receivables above are disclosed without taking into account the expected credit losses (see note 8).

Allowance for expected credit losses

In conformity with CPC 48/IFRS 9 *Financial Instruments*, the allowance for expected credit losses takes into consideration an internal risk rating indicator, which observes the customer behavior and the macroeconomic context uncertainties.

As at June 30, 2021, the aging list of trade receivables and the allowance for expected credit losses are as follows:

						Consolidated
			06/30/2021			**12/31/2020**
	Portfolio	**Allowance**	**% coverage**	**Portfolio**	**Allowance**	**% coverage**
Current	**329,435**	**(4,772)**	**1.4%**	**265,986**	**(5,288)**	**2.0%**
0-30 days past due	**8,276**	**(269)**	**3.3%**	**27,764**	**(367)**	**1.3%**
31-60 days past due(1)	**5,840**	**(186)**	**3.2%**	**18,919**	**(160)**	**0.8%**
61-90 days past due(1)	**4,088**	**(172)**	**4.2%**	**1,390**	**(110)**	**7.9%**
91-180 days past due(1)	**2,346**	**(111)**	**4.7%**	**4,013**	**(335)**	**8.3%**
181-360 days past due()	**5,104**	**(408)**	**8.0%**	**2,524**	**(433)**	**17.2%**
Over one year past due	**13,634**	**(9,038)**	**66.3%**	**12,625**	**(9,122)**	**72.3%**
Total	**368,723**	(14,956)		**333,221**	(15,815)	

						Parent
			06/30/2021			**12/31/2020**
	Portfolio	**Allowance**	**% coverage**	**Portfolio**	**Allowance**	**% coverage**
Current	**191,231**	**(729)**	**0.4%**	**142,945**	**(491)**	**0.3%**
0-30 days past due	**2,509**	**(82)**	**3.3%**	**21,144**	**(206)**	**1.0%**
31-60 days past due(1)	**201**	**(29)**	**14.4%**	**15,999**	**(41)**	**0.3%**
61-90 days past due(1)	**212**	**(28)**	**13.2%**	**632**	**(20)**	**3.2%**
91-180 days past due(1)	**459**	**(32)**	**7.0%**	**582**	**(94)**	**16.2%**
181-360 days past due(1)	**805**	**(149)**	**18.5%**	**929**	**(284)**	**30.6%**
Over one year past due	**2,649**	**(661)**	**25.0%**	**2,585**	**(413)**	**16.0%**
Total	**198,066**	(1,710)		**184,816**	(1,549)	

5.2 Liquidity risk

Liquidity risk is the risk related to the Company's difficulty to perform its obligations associated with its financial liabilities, which are settled in cash or using another financial asset.

The Company and its subsidiaries monitor their operating cash flow requirements, which excludes the potential impact arising from extreme circumstances that cannot be reasonably predicted, such as natural disasters.

Contractual maturities of financial liabilities, including payment of estimated interest, are as follows:

				Consolidated
				06/30/2021
	Carrying amount	**Contractual cash flow**	**Up to 1 year**	**1-2 years**
Non-derivative financial liabilities				
Trade payables	162,182	162,182	162,182	-
Borrowings and Financing	536,809	578,509	52,915	525,594
Debentures	52,124	57,221	3,489	53,732
Foreign currency advances	95,919	102,214	102,214	-

	847,034	**900,126**	**320,800**	**579,326**

				Consolidated
				12/31/2020
	Carrying amount	**Contractual cash flow**	**Up to 1 year**	**1-2 years**
Non-derivative financial liabilities				
Trade payables	112,458	112,458	111,892	566
Borrowings and Financing	698,528	744,467	94,493	649,974
Debentures	67,881	73,553	9,854	63,699
Foreign currency advances	100,271	107,098	107,098	-
	979,138	**1,037,576**	**323,337**	**714,239**

				Parent
				06/30/2021
	Carrying amount	**Contractual cash flow**	**Up to 1 year**	**1-2 years**
Non-derivative financial liabilities				
Trade payables	102,812	102,812	102,812	-
Borrowings and Financing	501,824	542,556	52,915	489,641
Debentures	52,124	57,221	3,489	53,732
Foreign currency advances	95,919	102,214	102,214	-
	752,679	**804,803**	**261,430**	**543,373**

				Parent
				12/31/2020
	Carrying amount	**Contractual cash flow**	**Up to 1 year**	**1-2 years**
Non-derivative financial liabilities				
Trade payables	83,056	83,056	82,490	566
Borrowings and Financing	621,929	665,043	94,493	570,550
Debentures	67,881	73,553	9,854	63,699
Foreign currency advances	100,271	107,098	107,098	-
	873,137	**928,750**	**293,935**	**634,815**

5.3 Market risk

Market risk is the risk that changes in market prices, such as exchange and interest rates, impact the Company's and its subsidiaries' profit or loss or the amount of their shares in financial instruments. The purpose of market risk management is to manage and control market risk exposures, within acceptable parameters, while maximizing return.

The Company and its subsidiaries perform financial obligations to manage market risks. All these transactions are conducted based on the guidelines established by Management.

(i) Currency (foreign exchange) risk
The Company and its subsidiaries are subject to currency risk on sales, purchases and borrowings denominated in a currency other than the respective functional currencies of the Company's entities.

Sensitivity analysis of exchange rates
As at June 30, 2021, the Company is mainly exposed to fluctuations between the Brazilian real and the US dollar. The sensitivity analysis carried out by the Company considers the effects of an increase or a decrease of 10% between the Brazilian real and the US dollar on its debts and trade receivables. In this analysis, if the Brazilian real appreciates against the US dollar, this would correspond to a net gain of R$49.1 million.
If the Brazilian real depreciates against the US dollar, this would correspond to an expense at the same

amount.
The net amounts of trade receivables and trade payables in foreign currencies (not including borrowings and financing) do not pose material risks due to fluctuations in the exchange rate.

(ii) Interest rate risk
The Company is subject to the interest rate risk, which refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in market interest rates refers mainly to the Company's short- and long-term obligations subject to floating interest rates, mainly the Libor and CDI.

Sensitivity analysis of interest rate
The Company's profit or loss is susceptible to changes in the interest rates levied on short-term investments, borrowings and financing at floating interest rates, mainly pegged to the Libor and CDI. The Company's Management is not aware of any facts that have or may have significant impacts on this rate so as to affect the Company's results of operations.

If the interest rates were 50% higher/lower and all other variables remained unchanged, profit for the period ended June 30, 2021 would decrease/increase by R$5.9 million. This is mainly due to the Company's exposure to the interest rates on borrowings subject to floating rates.

(iii) Capital management
The Company's Management policy is to maintain a solid capital structure for the business future development by adding value to shareholders, creditors and the market in general, through the monitoring of returns on capital, according to the position below:

	Consolidated	
	06/30/2021	**12/31/2020**
Total liabilities	**1,282,444**	1,418,381
Less: Cash and cash equivalents and short-term investments	**(163,626)**	(91,247)
Net debt (A)	**1,118,818**	1,327,134
Total equity (B)	**361,553**	42,269
Net debt-to-equity ratio as at June 30, 2021 and December 31, 2020 (A/B)	3.09	31.40

6. Operating Segments

The information reported to the Company's CEO (the chief operating decision maker) to allocate resources and assess the performance of the operating segments focuses on the Company's product category. The Company has three segments. Two of the segments are reportable, represented by strategic business units managed separately, as they differ based on the offer of products and services, technologies and marketing strategies. The other operations are aggregated in segment "Other", as they are not classified within the quantity limits for separate reporting, as prescribed by CPC 22 / IFRS 8 *Operating Segments*. The operations in each one of the Company´s reportable segments can be summarized as follows:

Firearms – The firearm production process, as it refers to a predominantly metallurgy industry, uses the following basic stages: machining (using premolds machined and shaped through machining centers, millers, drills and broaching machines, as the entire shaping process and some machining operations are outsourced), MIM - Metal Injection Molding (metal injected parts), finishing (basically polishing), thermal treatment, surface treatment, final assembly, functional test, engraving and packaging; these operations are conducted by Taurus Armas S.A., Taurus Holdings, Inc. and their subsidiaries. The Taurus JM joint venture (former Taurus Plásticos Ltda.) was established to manufacture magazines for the firearms manufactured by the Company.

Helmets – The helmet production process uses the following stages: injection (using ABS - Acrylonitrile Butadiene Styrene), coating and finishing (using injected parts, through manual and automated coating process), sewing (using fabrics, foam and polycarbonate sheets, through cutting, sewing and button sewing machines), and final assembly; these operations are conducted by Taurus Helmets Ltda. (former Taurus Blindagens Ltda.).

Other – Metal injected parts resulting from the MIM (Metal Injection Molding) segment for third parties (Polimetal Metalurgia e Plásticos Ltda.). It also includes expenses on technical support and finance costs on the machinery operation, which was discontinued in June 2012, and other operations such as manufacturing and sale of glasses and provision of services. These operations were aggregated as they are not classified within the quantity limits for separate reporting as reportable segment.

Each segment performance is assessed on a quarterly basis based on the segment profit before income tax and social contribution, as included in internal reports, since the Company's Management believes that such information is more significant in assessing the profit or loss from certain segments related to other entities that operate in these industries.

The reconciliation of revenue, profit and loss, assets and liabilities and other material components of reportable segments are disclosed below:

	Firearms		Helmets(a)		Other		Total	
	06/30/2021	06/30/2020	**06/30/2021**	06/30/2020	**06/30/2021**	06/30/2020	**06/30/2021**	06/30/2020
Foreign revenue	**1,131,425**	718,137	**61,345**	32,286	**9,370**	3,991	**1,202,140**	754,414
Intercompany revenue	**424,790**	305,564	**-**	-	**5,307**	3,431	**430,097**	308,995
Cost of sales	**(603,804)**	(434,914)	**(41,422)**	(20,343)	**(5,921)**	(4,475)	**(651,147)**	(459,732)
Gross profit (loss)	**952,411**	588,787	**19,923**	11,943	**8,756**	2,947	**981,090**	603,677
Selling expenses	**(83,170)**	(65,107)	**(10,381)**	(6,263)	**119**	(413)	**(93,432)**	(71,783)
General and administrative expenses	**(83,860)**	(68,512)	**(3,395)**	(2,811)	**(1,615)**	(230)	**(88,870)**	(71,553)
Depreciation and amortization	**(8,720)**	(7,482)	**(144)**	(303)	**(830)**	(976)	**(9,694)**	(8,761)
Other operating income (expenses), net	**25,774**	773	**1,618**	67	**(724)**	71	**26,668**	911
Equity in earnings (losses)	**-**	-	**-**	-	**(29)**	-	**(29)**	-
	(149,976)	(140,328)	**(12,302)**	(9,310)	**(3,079)**	(1,548)	**(165,357)**	(151,186)
Operating profit (loss)	**802,435**	448,459	**7,621**	2,633	**5,677**	1,399	**815,733**	452,491
Finance income	**147,155**	55,080	**643**	1,232	**880**	932	**148,678**	57,244
Finance costs	**(163,289)**	(299,459)	**(1,394)**	(2,060)	**(701)**	(797)	**(165,384)**	(302,316)
Finance income (costs), net	**(16,134)**	(244,379)	**(751)**	(828)	**179**	135	**(16,706)**	(245,072)
Profit (loss) from the reportable segment before income tax and social contribution	**786,301**	204,080	**6,870**	1,805	**5,856**	1,534	**799,027**	207,419
Elimination of intercompany revenue	**(424,790)**	(305,564)	**-**	-	**(5,307)**	(3,431)	**(430,097)**	(308,995)
Profit before income tax and social contribution	**361,511**	(101,484)	**6,870**	1,805	**549**	(1,897)	**368,930**	(101,576)
Income tax and social contribution	**(105,174)**	(13,735)	**(1,235)**	(789)	**(596)**	(1,588)	**(107,005)**	(16,112)
Profit (loss) from discontinued operations	**-**	-	**(198)**	(401)	**-**	-	**(198)**	(401)
Profit for the year	**256,337**	(115,219)	**5,437**	615	**(47)**	(3,485)	**261,727**	(118,089)
Assets from reportable segments	**1,396,793**	1,018,087	**108,838**	84,861	**138,366**	125,292	**1,643,997**	1,228,240
Liabilities from reportable segments	**1,230,261**	1,549,094	**23,429**	18,418	**28,754**	28,695	**1,282,444**	1,596,207

Geographic information
The information on net revenue below is based on the customer geographic location.

	Firearms		Helmets	
	06/30/2021	**06/30/2020**	**06/30/2021**	**06/30/2020**
Domestic market				
Southeast Region	**203,779**	85,770	**21,090**	10,392
South Region	**21,866**	17,735	**4,130**	2,139
Northeast Region	**7,639**	6,254	**17,919**	9,129
Midwest Region	**4,613**	4,254	**10,037**	5,650
North Region	**3,529**	2,383	**7,979**	4,503
	241,426	116,396	**61,155**	31,813
Foreign market				
United States	**838,826**	588,286	**190**	195
South Africa	**5,421**	1,307	**-**	-
Germany	**563**	806	**-**	-
Saudi Arabia	**-**	669	**-**	-
Argentina	**2,522**	517	**-**	-
Bosnia	**281**	-	**-**	-
Burkina	**162**	-	**-**	-
Chile	**832**	376	**-**	-
Singapore	**636**	-	**-**	-
South Korea	**-**	-	**-**	278
Costa Rica	**267**	-	**-**	-
El Salvador	**704**	-	**-**	-
Philippines	**11,411**	899	**-**	-
France	**1,626**	1,421	**-**	-
Guatemala	**3,525**	1,580	**-**	-
Guiana	**305**	-	**-**	-
Honduras	**1,687**	-	**-**	-
Israel	**629**	-	**-**	-
Italy	**499**	-	**-**	-
Mozambique	**1,065**	-	**-**	-
Namibia	**689**	-	**-**	-
Panama	**1,162**	-	**-**	-
Pakistan	**12,720**	-	**-**	-
Peru	**1,028**	601	**-**	-
Czech Republic	**690**	-	**-**	-
Senegal	**821**	2,707	**-**	-
Thailand	**259**	473	**-**	-
Uruguay	**347**	193	**-**	-
Zambia	**267**	668	**-**	-
Other countries	**1,055**	1,238	**-**	-
	889,999	601,741	**190**	473
Total net revenue	**1,131,425**	718,137	**61,345**	32,286

The sales of the Company's other segments are concentrated on the domestic market and spread throughout all Brazilian regions. The Company's and its subsidiaries' sales do not show high level of concentration that can characterize significant dependence on governmental bodies or any other customer, except for the Related Parties, as described in note 24. Approximately 70% of consolidated revenues derive from the US civilian market and are subject to US regulations.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash and highly liquid short-term investments, that is, redeemable within up to three months from the investment date, without any penalties for the Company, and subject to an insignificant risk of change in market value.

	Consolidated		Parent	
	06/30/2021	**12/31/2020**	**06/30/2021**	**12/31/2020**
Cash	**77**	95	**59**	77
Unsettled exchange bills (*)	**57,456**	30,721	**57,408**	30,531
Demand deposits	**99,270**	55,167	**152**	175
Short-term investments	**6,807**	5,248	**3,594**	3,840
Cash and cash equivalents	**163,610**	91,231	**61,213**	34,623

(*) The Company receives, as settlement for foreign currency-denominated trade receivables, payment orders for which it can, according to its cash requirement and for purposes of better use of the exchange rate, carry out the foreign exchange closing and receive Brazilian reais in its cash.

Highly liquid short-term investments refer to automatic investments yielding interest ranging between 5% and 35% of CDI.

8. Trade Receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost less estimated expected losses.

The allowance for doubtful debts was recognized in an amount considered sufficient by Management to cover probable losses on the collection of receivables.

	Consolidated		Parent	
	06/30/2021	**12/31/2020**	**06/30/2021**	**12/31/2020**
Domestic customers	**191,988**	182,436	**168,002**	172,384
Foreign customers	**176,735**	150,785	**30,064**	12,432
	368,723	333,221	**198,066**	184,816
Allowance for expected credit losses - domestic receivables	**(8,748)**	(8,017)	**(896)**	(319)
Allowance for expected credit losses – foreign receivables	**(6,208)**	(7,798)	**(814)**	(1,230)
	(14,956)	(15,815)	**(1,710)**	(1,549)
	353,767	317,406	**196,356**	183,267

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables, including the aging list of trade receivables, are disclosed in note 5. The variations in the allowance for expected credit losses are as follows:

	Consolidated	Parent
Balance as at December 31, 2020	**(15,815)**	**(1,549)**
Additions	**(5,031)**	**(3,456)**
Reversal of allowance for expected credit losses	**4,760**	**3,237**
Exchange rate changes	**1,130**	**58**
Balance as at June 30, 2021	**(14,956)**	**(1,710)**

9. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle and includes expenses incurred on the acquisition of inventories, production and transformation costs (based on regular operational capacity) and other costs incurred to bring them to their locations and existing conditions.

The allowance for inventory losses is recorded for slow-moving products which sales price is below production cost.

	Consolidated		Parent	
	06/30/2021	**12/31/2020**	**06/30/2021**	**12/31/2020**
Finished products	**159,138**	49,594	**74,640**	28,303
Raw material	**284,397**	241,301	**209,220**	168,762
Work in process	**256**	-	**256**	-
Inventory advances	**15,024**	20,687	**14,600**	20,687
Allowance for inventory losses	**(15,448)**	(13,239)	**(14,244)**	(12,858)
	443,367	298,343	**284,472**	204,894

Variations in the allowance for inventory losses	**Consolidated**	**Parent**
Balance as at December 31, 2020	**(13,239)**	**(12,858)**
Additions	**(2,526)**	**(2,212)**
Reversal	**151**	**115**
Definitive write-offs	**725**	**711**
Held for sale returned to operations	**(559)**	**-**
Balance as at June 30, 2021	**(15,448)**	**(14,244)**

10. Recoverable Taxes

	Consolidated		Parent	
	06/30/2021	**12/31/2020**	**06/30/2021**	**12/31/2020**
ICMS	**10,151**	8,257	**8,706**	7,022
Federal VAT (IPI)	**3,401**	2,284	**1,783**	2,280
Tax on revenue (PIS)	**2,359**	1,077	**2,082**	916
COFINS (tax on revenue)	**10,696**	4,826	**9,597**	4,246
INCOME TAX AND SOCIAL CONTRIBUTION	**3,760**	15,431	**749**	13,664
Other	**3,908**	1,444	**867**	859
Total	**34,275**	33,319	**23,784**	28,987
Current liabilities	**34,077**	33,319	**23,784**	28,987
Noncurrent	**198**	-	**-**	-

11. Other Assets

	Consolidated		Parent	
	06/30/2021	**12/31/2020**	**06/30/2021**	**12/31/2020**
Advance for settlement of borrowings and financing	**-**	13,073	**-**	13,073
Advances to suppliers	**408**	7,636	**7**	3,977
Advances to employees	**2,006**	2,344	**1,667**	2,293
Advances for foreign bids	**7,360**	7,923	**7,360**	7,923
Escrow deposits	**13,608**	14,541	**12,145**	13,132
Intragroup loans	**-**	-	**25**	-
Royalties	**2,654**	-	**2,654**	-
Other receivables	**2,678**	3,496	**941**	1,566
Total	**28,714**	49,013	**24,799**	41,964
Current liabilities	**13,636**	34,488	**12,654**	**28,848**
Noncurrent	**15,078**	14,541	**12,145**	**13,132**

12. Current and Deferred Income Tax and Social Contribution

Current and deferred income tax and social contribution for the year are calculated at the statutory rate of 34%, of which 15%, plus a 10% surtax on taxable income exceeding R$240 for income tax, and 9% on taxable income for social contribution. The limit of income tax loss and social contribution loss is 30% of annual taxable income.

For companies calculating income tax and social contribution based on deemed income, the same rates above are used, but assuming a gross revenue at 32%. The foreign subsidiaries are subject to an income tax rate of 21% in the United State and 25% in Panama, levied on taxable income, pursuant to the tax laws prevailing in each country.

Deferred income tax and social contribution were fully recognized, considering the permissions and requirements of technical pronouncement CPC 32 Income Taxes (IAS 12) on the differences between assets and liabilities recognized for tax purposes and their corresponding amounts recognized in the individual and consolidated interim financial information. Deferred income tax and social contribution are determined based on the tax rates and tax laws in effect at the date the interim financial information is prepared.

a) Breakdown of impacts on deferred tax assets and liabilities

	Consolidated		Parent	
	06/30/2021	**12/31/2020**	**06/30/2021**	**12/31/2020**
On income tax and social contribution losses				
Income tax loss	74,542	91,720	67,776	87,008
Social contribution loss	27,704	33,874	25,254	32,178
On temporary differences – assets				
Billed and undelivered sale	1,258	487	924	487
Impairment loss of assets	212	212	212	212
Other allowances, provisions and accruals	969	981	-	-
Realization of revaluation reserve	1,784	517	533	517
Allowance for inventory losses	9,637	9,080	4,843	4,372
Accrued profit sharing	6,364	5,854	4,300	3,708
Accrued commissions	292	304	172	271
Tax provision	19,870	20,217	1,954	1,954
Provision for Civil, Labor and Tax Risks	31,366	32,233	29,960	30,967
Provision for warranty	5,024	6,091	2,157	3,114
Provision for uncollectible receivables	776	1,562	(131)	526
Financial provisions	967	978	967	978
Stock option plan	659	-	659	-
Unrealized profit on inventories (TIMI)	4,561	1,326	-	-
Total assets	**185,985**	**205,435**	**139,580**	**166,291**
On temporary differences - liabilities				
Goodwill on expected future earnings	(10,645)	(11,465)	-	-
Fair value of investment property	(15,445)	(15,678)	-	-
Total liabilities	**(26,090)**	**(27,144)**	**-**	**-**
Deferred assets, net	**159,895**	**178,291**	**139,580**	**166,291**

Current and deferred taxes are recognized in profit or loss unless they are related to business combination, items recognized directly in equity or in other comprehensive income.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the corresponding amounts used for taxation purposes. A deferred income tax and social contribution asset is recognized by unutilized tax losses, tax credits and deductible temporary differences when it is probable that future income subject to taxation will be available and against which they will be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes imposed by the same tax authority on the same entity subject to taxation.

Deferred income tax and social contribution assets are reviewed at the end of each reporting period and reduced to the extent that their realization is no longer probable or, otherwise recognized to the extent heir realization is probable.

b) Variation in deferred taxes

	Consolidated	Parent
Opening balance of deferred taxes, net	178,291	166,291
Reclassification of investment – joint venture – Taurus JM	(1,467)	-
Held for sale returned to operations	7,556	-
Allocated to profit or loss	(23,930)	(26,711)
Translation adjustments	(555)	-
Closing balance of deferred taxes, net	**159,895**	**139,580**

The amount of income tax and social contribution losses on which no deferred taxes are recognized total RR314.8 million in consolidated, which correspond to the portion of these amounts in the Company's subsidiaries for which it is not probable that future taxable income will be available for offset. In the Parent, income tax and social contribution losses is fully recorded, and in its subsidiaries, they were partially recorded up to the limit of confirmation of realization.

With respect to the recognition of tax credits on income tax and social contribution losses, projections that demonstrate the realization of the tax credit on the tax loss bases generated by the Company have been prepared by a specialized consulting company and supported by the best understanding based on Management's expectations.
The projections of future taxable income include estimates related to the performance of the economy and the Brazilian and foreign markets, selection of exchange rates, sales volume, sales price, tax rates, among others, which may differ from actual data and amounts. As the income tax and social contribution income (expenses) derives not only from taxable income, but also from the tax and corporate structure of the Company and its subsidiaries in Brazil and abroad, the expected realization of temporarily non-deductible differences, the existence of non-taxable income, non-deductible expenses and several other variables, there is no direct correlation between the Company's and its subsidiaries' profit and the income tax and social contribution income (expenses).

As at June 30, 2021, the expected tax loss realization for deferred income tax and social contribution, recorded in noncurrent assets in the Parent and consolidated, is as follows:

				Consolidated
	Income tax and social contribution losses	Deferred income tax	Deferred social contribution	Total deferred taxes
Balance recognized as at 06/30/21	307,685	74,542	27,704	102,246
In 2021	(38,034)	(9,509)	(3,423)	(12,932)
In 2022	(86,706)	(21,677)	(7,804)	(29,480)
In 2023	(72,058)	(18,015)	(6,485)	(24,500)
In 2024	(67,080)	(16,770)	(6,037)	(22,807)
In 2025-2030	(43,807)	(8,573)	(3,955)	(12,527)

				Parent
	Income tax and social contribution losses	Deferred income tax	Deferred social contribution	Total deferred taxes
Balance recognized as at 06/30/21	280,602	67,776	25,254	93,030
In 2021	(32,778)	(8,195)	(2,950)	(11,145)
In 2022	(79,150)	(19,788)	(7,124)	(26,911)
In 2023	(70,609)	(17,652)	(6,355)	(24,007)
In 2024	(65,653)	(16,413)	(5,909)	(22,322)
In 2025-2030	(32,412)	(5,728)	(2,917)	(8,645)

The main balances of income tax and social contribution losses are observed in Parent Taurus Armas S.A. and in subsidiaries Polimetal and Taurus International.

c) Reconciliation of the effective rate of income tax and social contribution

		Consolidated		**Parent**
	06/30/2021	06/30/2020 Restated	**06/30/2021**	06/30/2020
Pretax profit (loss)	368,930	(101,576)	349,101	(109,366)
Income tax and social contribution at applicable tax rates	(125,436)	34,536	(118,694)	37,185
Permanent additions				
Non-deductible expenses	(1,020)	(209)	(279)	(167)
Share of loss of subsidiaries	(10)	(5,222)	(3,678)	(4,509)
Donations/sponsorship	(351)	(333)	(340)	(333)
Capital gain on property, plant and equipment	(168)	(70)	(168)	(70)
Thin Cap	(88)	-	(88)	-
Permanent deductions				
Reintegra	1,983	94	159	94
Deemed ICMS grant	2,370	1,387	2,370	1,387
Share of profit of subsidiaries	-	9,126	32,978	8,401
Other deductions	(2,831)	(11)	366	8
Deffered reclassification of investment – joint venture – Taurus JM	1,467	-	-	-
Recognized deferred tax on prior-years tax losses	-	(1,316)	-	285
Unrecognized deferred tax on income tax and social contribution losses	(495)	(52,668)	-	(51,004)
Unrecognized current income tax and social contribution of related parties	17,574	(1,426)	-	-
Income tax and social contribution in profit or loss for the year	**(107,005)**	(16,112)	**(87,374)**	(8,723)
Current	(83,075)	(3,818)	(60,663)	-
Deferred	(23,930)	(12,294)	(26,711)	(8,723)
	(107,005)	(16,112)	**(87,374)**	(8,723)
Effective rate	29%	-16%	25%	-8%

For this disclosure, the Company recognized deferred taxes from some line items according to the breakdown of deferred assets and liabilities. The unrecognized portion of amounts is represented by tax losses and temporary differences not supported by expected future taxable income generation.

								Consolidated
				06/30/2021				**12/31/2020**
	Basis	**25%**	**9%**	**Total**	**Basis**	**25%**	**9%**	**Total**
Provision for uncollectible receivables	7,580	1,895	682	2,577	7,580	1,895	682	2,577
Allowance for loss on agreements receivable	69,849	17,462	6,286	23,748	69,849	17,462	6,286	23,749
Provision for Civil, Labor and Tax Risks	3,960	990	356	1,346	3,945	986	355	1,341
Provision for warranty	1,468	367	132	499	1,468	367	132	499
Loss on other receivables	5,114	1,279	460	1,739	5,114	1,279	460	1,739
On income tax and social contribution losses								
Income tax and social contribution losses	314,798	78,699	28,332	107,031	298,447	74,612	26,860	101,472
	402,769	**100,692**	**36,248**	**136,940**	**386,404**	**96,601**	**34,776**	**131,377**

13. Assets held for sale

Noncurrent assets or groups of noncurrent assets (including liabilities) held for sale are classified as "held for sale" if it is highly probable that they will be primarily recovered through sale instead of their continuing use. Such condition is considered met only when the sale is highly probable and the asset (or disposal group) are available for immediate sale "as is". Management must be committed to the sale, which it is expected to be considered, on recognition, a completed sale within one year from the classification date. The assets or group of assets held for sale are measured at the lower of their carrying amount recognized until then or fair value less selling expenses.

Any impairment loss of a group of assets held for sale is initially allocated to goodwill and then for the remaining assets and liabilities on a *pro rata* basis, except that no loss should be allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, and biological assets, which continue to be measured pursuant to other Company accounting policies. Impairment losses determined on initial classification as held for sale or for distribution, and gains and losses from subsequent remeasurements are recognized in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

The Company has been receiving proposals for the realization of these assets, but due to market conditions business are progressing slowly.

Carrying amount reconciliation

	Consolidated	**Consolidated**
In thousands of reais	06/30/2021	12/31/2020
Buildings, land and improvements	51,390	51,390
Taurus Blindagens Nordeste – long-lives asset held for sale	14,523	82,460
Total held-for-sale noncurrent assets	**65,913**	**133,850**
Taurus Blindagens Nordeste – liability held for sale	3,800	27,297
Total held-for-sale liabilities	**3,800**	**27,297**

Buildings, land and improvements.

In 2016, Taurus Armas S.A. transferred the operation from the Industrial Plant located in the city of Porto Alegre, RS to the Industrial Plant located in the city of São Leopoldo, RS. As a result and taking into consideration the provisions of CPC 28 *Investment Property* (IAS 40), the Company reclassified the items formerly classified as Property, plant and equipment to Investment Property.

In 2017, as approved by the Board of Directors, Taurus decided for the sale and availability for intermediation of these assets by market specialists. Accordingly, these properties were reclassified to 'Assets held for sale'.

The fair value for *impairment* testing purposes was determined by outside independent real estate appraisers, with appropriate and recognized professional qualification, and recent experience in the location and category of the property that is being appraised.

Location: Avenida do Forte, nº 511 - Porto Alegre (RS)

Industrial complex, not occupied, with floor space of 18,600.00 m² in urban land and area of 29,900 m².

Held-for-sale asset – Helmets operation

On March 27, 2018, the Board of Directors unanimously authorized the offering of the Helmets business—consisting of the companies Taurus Helmets Indústria de Capacetes Ltda. (former Taurus

Blindagens Ltda.) and Taurus Blindagens Nordeste Ltda.—to the market. (Note 1 – General Information).

The Company continues to pursue the sale of its helmet operation located in Mandirituba, PR, Taurus Helmets Indústria de Helmets Ltda. Since the Company aims to obtain the return of the actual value of the business and this business remains in operation, the Company decided to return the consolidation of this operation as a going concern in its interim financial information. Taurus Helmets Indústria de Capacetes Ltda no longer meet the of CPC 31 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5).

As at June 30, 2021, the group of assets and liabilities held for sale was presented as shown in the table and comprised the following assets and liabilities:

Property, plant and equipment/ Intangible assets	8,776
Trade and other receivables	5,747
Assets held for sale	**14,523**
Trade and other payables	3,800
Liabilities held for sale	**3,800**

The Company did not identify any impairment loss amounts to be recognized.

14. Investments

	Taurus Helmets Indústria de Capacetes Ltda.	Taurus Blindagens Nordeste Ltda.	Taurus Holdings, Inc.	T. Investments Co. Inc.	Taurus Investimentos Imobiliários Ltda.	Polimetal Metalurgia e Plásticos Ltda.	Taurus Máquinas-Ferramenta Ltda.[(1)]	Parent 06/30/2021	Parent 12/31/2020
Current assets	121,205	5,268	430,115	6	71,898	12,330	200		
Noncurrent assets	47,145	56,003	124,137	-	45,427	175,264	1,325		
Current liabilities	36,943	7,300	186,438	-	3,206	8,467	3,963		
Noncurrent liabilities	1,115	733	72,191	-	15,200	11,301	26,552		
Capital	73,855	9,400	1,625	55,024	53,292	211,452	293,639		
Equity	130,292	53,238	295,623	6	98,919	167,826	(28,990)		
Net revenue	61,345	-	838,826	-	3,494	9,371	-		
Profit (loss) for the year	5,351	385	86,639	-	1,916	4,891	(1,023)		
Number of shares	14	9,400	302,505	11,000,000	43,623,159	304,779,837	185,007,117		
Direct interest percentage (%)	0.00%	0.10%	100.00%	100.00%	81.86%	100.00%	63.00%		
Opening balances	1	53	219,747	8	79,404	162,935	-	**462,148**	**364,251**
Share of profit (loss) of subsidiaries	**-**	**-**	**86,639**	**-**	**1,568**	**4,891**	**(644)**	**92,454**	**44,378**
Exchange differences arising on translating investments	**-**	**-**	**(13,338)**	**(2)**	**-**	**-**	**-**	**(13,340)**	**41,386**
Unrealized profit on inventories	**-**	**-**	**(6,279)**	**-**	**-**	**-**	**-**	**(6,279)**	**11,989**
Reclassified to provision for negative equity[(1)]	**-**	**-**	**-**	**-**	**-**	**-**	**644**	**644**	**144**
Closing balances	**1**	**53**	**286,769**	**6**	**80,972**	**167,826**	**-**	**535,627**	**462,148**

(1) The share of profit (loss) of subsidiary Taurus Máquinas-Ferramentas Ltda., amounting to R$644, is presented on line item ‘Provision for negative equity’ in noncurrent liabilities.

Indirect interests in jointly-controlled entities classified as joint venture: equity pickup

The Company has within its structure a subsidiary called Polimetal Metalurgia e Plásticos Ltda., which in turn was the sole parent company of a dormant company called Taurus Plásticos Ltda.

Under the memorandum of understanding (MoU) dated May 28, 2020, the Company entered into a partnership with an automotive industry company to form a joint venture, as detailed in Note 1 General Information.

In order to establish this joint venture and streamline its operations, the Company, in an agreement with partner Joalmi Indústria Metalúrgica Ltda,, in agreement with partner Joalmi Indústria Metalúrgica Ltda,, decided to incorporate the operations of the joint venture into the corporate structure of Taurus Plásticos Ltda. The shares were valued considering the balance of the subscribed Capital Stock as of November 30, 2020, divided by the number of shares resulting in a total of approximately R$0.37 per share.

As a result, on March 11, 2021, the name of Taurus Plásticos Ltda was changed to Taurus JM Indústria de Peças Ltda. and the manufacture of parts for firearms was added to its core business description.

In this same transaction, Sicura Comércio e Produtos de Metal Ltda., which belongs to the group of partner Joalmi, entered in the company by paying in capital in the form of fixed capital valued at R$2.2 million represented by the issue of 6,130,416 new shares with par value of approximately R$0.37 per share, equivalent to 49% of the equity of Taurus JM Indústria de Peças Ltda.

Polimetal Metalurgia e Plásticos Ltda. kept a stake of 51%, represented by 6,355,413 shares with par value of approximately R$0.37, paying in $2.4 million, thus establishing the joint venture that will manufacture magazines.

As a result of these changes, former Taurus Plásticos Ltda, now called Taurus JM Indústria de Peças Ltda, is no longer consolidated in the Company's interim financial information since once designated as a joint venture, its profit or loss start to be recognized by the Company under the equity method of accounting, at a 51% proportion, as required by CPC 19 (R2)/IFRS 11 *Joint Arrangements*.

The tables below show the balances of Taurus JM Indústria de Peças Ltda. as at June 30, 2021:

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
BALANCE SHEET AS AT JUNE 30, 2021
In thousands of reais

Assets		**Liabilities and equity**	
Current assets		**Current liabilities**	
Cash and cash equivalents	1	Taxes, fees and contributions	1
Recoverable taxes	705		1
Other receivables	186	**Noncurrent liabilities**	
	892	Deferred tax liabilities	27
			27
Noncurrent assets		**Total liabilities**	28
Deferred tax assets	1,494		
Related parties	1,430	**Equity**	
Other receivables	20	Capital	4,628
	2,944	Advance for future capital increase	337
		Retained earnings	1,111
Property, plant and equipment	2,268	**Total equity**	6,076
Total assets	**6,104**	**Total liabilities and equity**	**6,104**

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
STATEMENT OF PROFIT OR LOSS - JUNE 30, 2021
In thousands of reais

General and administrative expenses	(20)
Other operating (expenses) income, net	(61)
	(81)
Loss before finance income (costs), net, share of results of investees, and taxe	(81)
Finance income	24
Total finance income (costs), net	24
Operating profit before taxes	(57)
Loss for the year	(57)

15. Property, Plant and Equipment

Property, plant and equipment items are measured at the historical acquisition or construction cost, less accumulated depreciation and accumulated impairment losses.

The Company elected to measure its property, plant and equipment items at the deemed cost at the opening of 2009. The net effects of deemed cost increased property, plant and equipment and had as a contra entry equity, less taxes.

Cost includes expenditures directly attributable to the purchase of an asset. The cost of assets built by the entity itself includes costs of materials and direct labor, and any other costs for bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management, the costs of dismantling the item and restoring the site where it is located, as well as borrowing costs on qualifying assets for which the capitalization start date is January 1, 2009 or later.

Any gains or losses arising on the disposal of a property, plant and equipment item are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognized at their net amounts as ‘Other income’ in profit or loss.

Depreciation is recognized on a straight-line basis in profit or loss based on the estimated useful life of each property, plant and equipment item. The approximated estimated useful lives for current and comparative periods are as follows:

Group	Useful life
Buildings	27 years
Machinery and equipment	10-20 years
Dies and tools	5 years
Furniture	10-15 years
Other components	5-6 years

									Consolidated
Cost or deemed cost	**Land**	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Vehicles**	**Other**	**PP&E in progress**	**Advances to suppliers**	**Total**
Balance as at December 31, 2019	7,587	103,552	238,875	27,679	291	-	14,802	3,080	395,866
Additions	-	6,527	29,222	4,120	145	174	18,711	7,371	66,270
Disposals	-	(350)	(18,179)	(401)	-	-	(2,243)	-	(21,173)
Transfers	3,005	4,203	(268)	(6,019)	-	-	(9,650)	-	(8,729)
Effect of changes in exchange rates	-	6,704	20,707	3,684	70	-	76	-	31,241
Balance as at December 31, 2020	**10,592**	**120,636**	**270,357**	**29,063**	**506**	**174**	**21,696**	**10,451**	**463,475**
Additions	-	1,174	13,240	2,112	160	503	30,478	4,754	52,421
Disposals	-	-	(5,194)	(468)	-	-	(921)	-	(6,583)
Transfers	-	3,788	9,207	556	-	9	(14,170)	-	(610)
Effect of changes in exchange rates	(123)	(1,044)	(2,829)	(611)	(17)	-	(167)	-	(4,791)
Held for sale returned to operations	-	558	20,992	1,977	304	-	2,785	312	26,928
Balance as at June 30, 2021	**10,469**	**125,112**	**305,773**	**32,629**	**953**	**686**	**39,701**	**15,517**	**530,840**
Depreciation									
Balance as at December 31, 2019	-	(25,740)	(171,329)	(17,259)	(291)	-	-	-	(214,619)
Depreciation in the year	-	(5,816)	(14,792)	(2,259)	-	(7)	-	-	(22,874)
Write-offs	-	278	14,921	814	-	-	-	-	16,013
Transfers	-	(2,232)	2,071	8,081	-	-	-	-	7,920
Effect of changes in exchange rates	-	(28)	(12,333)	(4,129)	(70)	-	-	-	(16,560)
Balance as at December 31, 2020	**-**	**(33,538)**	**(181,462)**	**(14,752)**	**(361)**	**(7)**	**-**	**-**	**(230,120)**
Depreciation in the year	-	(2,714)	(7,575)	(1,447)	(38)	(26)	-	-	(11,800)
Write-offs	-	-	4,667	273	-	-	-	-	4,940
Effect of changes in exchange rates	-	128	4,213	(1,728)	13	-	-	-	2,626
Held for sale returned to operations	-	(297)	(14,967)	(1,348)	(221)	-	-	-	(16,833)
Balance as at June 30, 2021	**-**	**(36,421)**	**(195,124)**	**(19,002)**	**(607)**	**(33)**	**-**	**-**	**(251,187)**
Carrying amount									
December 2020	10,592	87,098	88,895	14,311	145	167	21,696	10,451	233,355
June 2021	**10,469**	**88,691**	**110,649**	**13,627**	**346**	**653**	**39,701**	**15,517**	**279,653**

								Parent
Cost or deemed cost	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Vehicles**	**Other**	**PP&E in progress**	**Advances to suppliers**	**Total**
Balance as at December 31, 2019	44,141	155,996	9,232	52	-	14,697	3,080	227,198
Additions	5,245	23,025	3,467	-	174	10,126	7,371	49,408
Disposals	-	(3,458)	(289)	-	-	-	-	(3,747)
Transfers	1,808	7,779	186	-	-	(9,773)	-	-
Balance as at December 31, 2020	**51,194**	**183,342**	**12,596**	**52**	**174**	**15,050**	**10,451**	**272,859**
Additions	605	6,547	1,668	-	503	15,430	3,656	28,409
Disposals	-	(1,735)	(253)	-	-	(1)	-	(1,989)
Transfers	3,788	6,886	503	-	9	(11,796)	-	(610)
Balance as at June 30, 2021	**55,587**	**195,040**	**14,514**	**52**	**686**	**18,683**	**14,107**	**298,669**
Depreciation								
Balance as at December 31, 2019	(13,702)	(115,495)	(4,964)	(52)	-	-	-	(134,213)
Depreciation in the year	(2,734)	(8,540)	(880)	-	(7)	-	-	(12,161)
Disposals	-	3,286	235	-	-	-	-	3,521
Transfers	-	-	6	-	-	-	-	6
Balance as at December 31, 2020	**(16,436)**	**(120,749)**	**(5,603)**	**(52)**	**(7)**	**-**	**-**	**(142,847)**
Depreciation in the year	(1,018)	(3,750)	(509)	-	(26)	-	-	(5,303)
Disposals	-	1,532	228	-	-	-	-	1,760
Balance as at June 30, 2021	**(17,454)**	**(122,967)**	**(5,884)**	**(52)**	**(33)**	**-**	**-**	**(146,390)**
Carrying amount								
December 2020	34,758	62,593	6,993	-	167	15,050	10,451	130,012
June 2021	**38,133**	**72,073**	**8,630**	**-**	**653**	**18,683**	**14,107**	**152,279**

PP&E in progress
The balance of construction in progress refers to machinery and equipment still in the implementation stage and current construction works. These assets should come into operation during 2021.

Collateral
The Company uses its assets as collaterals for the funds raised with financial institutions. Even though most property, plant and equipment items are collateralized in borrowings and financing transactions, historically these collaterals have never been enforced. As at June 31, 2020, the Company uses R$28.5 million in collaterals (R$38.7 million as at December 31, 2020).

16. Intangible Assets

Goodwill
Goodwill arising on the acquisition of investments, after appropriately allocated, is added to intangible assets. In the Parent's interim financial information goodwill is allocated to investments.

Goodwill arising on business combinations are classified as intangible assets and was determined in accordance with accounting practices in force at the time of each business combination, adjusted for the reclassification of certain intangible assets. Goodwill is measured at cost, less impairment losses.

Other intangibles
Separately acquired intangible assets are measured at cost on initial recognition, while the cost of intangible assets acquired in a business combination corresponds to their fair value at the acquisition date. The stated balances are net of accumulated amortization and impairment losses.

Development expenditures that involve a plan or project aiming at the production of new products or substantially enhanced products are only capitalized if development costs can be measured reliably, if the product or process is technically and commercially feasible, if the future economic benefits are probable, and if the Company has the intention and sufficient funds to complete the development process and use or sell the asset.

The amortization of intangible assets, other than goodwill, is based on their estimated useful lives and is recognized in profit or loss on a straight-line basis. The estimated useful lives for the current and comparative periods are approximately 5 years for system development and implementation costs.

We also clarify that the recovery of the carrying amount of goodwill and intangible assets with indefinite useful life is tested for impairment at the end of the year or when there are indications that they might be impaired, using the "value in use" concept through discounted cash flow models of the cash-generating units.

Consolidated

	Software	Trademarks and patents	Customer relationship	Goodwill	Product development	Intangible assets in progress	Other intangibles	Total
Cost								
Balance as at December 31, 2019	10,226	22,762	17,605	45,062	10,798	-	-	106,453
Acquisitions	5,717	-	-	-	9	2,504	-	8,230
Transfers	4,725	-	-	-	(4,420)	6,076	2,348	8,729
Exchange gains (losses)	-	3,682	4,936	3,598	1,229	-	(692)	12,753
Balance as at December 31, 2020	**20,668**	**26,444**	**22,541**	**48,660**	**7,616**	**8,580**	**1,656**	**136,165**
Acquisitions	928	-	-	-	-	3,323	-	4,251
Transfers	-	-	-	-	610	-	-	610
Disposals	(74)	-	-	-	-	-	(1,594)	(1,668)
Exchange gains (losses)	(329)	(614)	(824)	(600)	(213)	-	(62)	(2,642)
Held for sale returned to operations	1,520	1,284	-	-	-	-	-	2,804
Balance as at June 30, 2021	**22,713**	**27,114**	**21,717**	**48,060**	**8,013**	**11,903**	**-**	**139,520**
Amortization								
Balance as at December 31, 2019	(4,266)	(7,388)	(13,512)	-	(1,343)	-	-	(26,509)
Amortization in the year	(1,513)	-	(2,250)	-	(501)	-	-	(4,264)
Transfers	(7,920)	-	-	-	-	-	-	(7,920)
Exchange gains (losses)	(119)	-	(3,805)	-	(235)	-	-	(4,159)
Balance as at December 31, 2020	**(13,818)**	**(7,388)**	**(19,567)**	**-**	**(2,079)**	**-**	**-**	**(42,852)**
Amortization in the year	(1,164)	-	(1,170)	-	(270)	-	-	(2,604)
Disposals	62	-	-	-	-	-	-	62
Exchange gains (losses)	319	-	794	-	64	-	-	1,177
Held for sale returned to operations	(144)	-	-	-	-	-	-	(144)
Balance as at June 30, 2021	**(14,745)**	**(7,388)**	**(19,943)**	**-**	**(2,285)**	**-**	**-**	**(44,361)**
Carrying amount								
December 2020	6,850	19,056	2,974	48,660	5,537	8,580	1,656	93,313
June 2021	**7,968**	**19,726**	**1,774**	**48,060**	**5,728**	**11,903**	**-**	95,159

Parent

	Software	Trademarks and patents	Product development	Intangible assets in progress	Total
Cost					
Balance as at December 31, 2019	10,006	9,485	3,988	-	23,479
Acquisitions	5,747	-	-	2,504	8,251
Transfers	(4,004)	-	(2,072)	6,076	-
Balance as at December 31, 2020	**11,749**	**9,485**	**1,916**	**8,580**	**31,730**
Acquisitions	383	-	-	3,323	3,706
Transfers	-	-	610	-	610
Balance as at June 30, 2021	**12,132**	**9,485**	**2,526**	**11,903**	**36,046**
Amortization					
Balance as at December 31, 2019	(4,127)	(6,840)	(533)	-	(11,500)
Amortization in the year	(1,388)	-	(170)	-	(1,558)
Transfers	(7)	-	1	-	(6)
Balance as at December 31, 2020	**(5,522)**	**(6,840)**	**(702)**	**-**	**(13,064)**
Amortization in the year	(934)	-	(99)	-	(1,033)
Balance as at June 30, 2021	**(6,456)**	**(6,840)**	**(801)**	**-**	**(14,097)**
Carrying amount					
December 2020	6,227	2,645	1,214	8,580	18,666
June 2021	**5,676**	**2,645**	**1,725**	**11,903**	**21,949**

Impairment test of cash-generating units containing goodwill

For impairment testing purposes, goodwill is allocated to the Company's operating divisions, which represent the lowest level inside the Company at which the goodwill is monitored for purposes of internal management, never above the Company's operating segments.

Cash-generating unit	2020
Firearms	48,660

The impairment test for said CGU is performed annually. The recoverable amount of an asset is the higher of: (a) its fair value less estimated costs to sell and (b) its value in use. The value in use is measured based on the discounted cash flows (before taxes) derived from the continuing use of an asset up to the end of its useful life. The updated tests continue to indicate that there is no need for allowances for impairment losses on goodwill and intangible assets with indefinite useful lives as the amount exceeds the carrying amount by more than 100%.

Main assumptions used in the discounted cash flow projections

The main assumptions used to determine the recoverable value are the discount rate of cash flows and growth rates. The assumptions used are as follows:

	WACC discount rate	Average growth rate	WACC discount rate	Average growth rate
Cash-generating unit		**12/31/2020**		**12/31/2019**
Firearms	11.90%	4.40%	14.40%	5.40%

Discount rate

The discount rate for the CGU is represented by a post-tax rate based on 20-year US Treasury Bond rate, adjusted for a risk premium that reflects the risks of investments in equity securities and the systematic risk of the related unit. The Company estimated, based on Management's experience with the assets of this CGU, the Weighted Average Cost of Capital of the industry in which this CGU operates, which was calculated based on a possible debt-to-shareholders' equity ratio as at December 31, 2020 of 23.00% for the Firearms CGU at the market interest rate of 5.74%.

Growth rate and perpetuity

The projections are in line with the Business Plan prepared by the Company's Management. It is expected that the projected sales growth be in line with the curve observed in previous years and in line with the economic growth of the country. After the projection period, the Company considered the growth and constant percentage of economic growth (growth in perpetuity).

To calculate perpetuity as at December 31, 2020, the Company used a nominal growth rate of 3.20%, in line with the expected long-term inflation projected by the Central Bank of Brazil (BACEN) and macroeconomic indicators released in BACEN's Focus report and in the Country Forecast report of the Economist Intelligence Unit (EIU).

17. Borrowings and Financing

The terms and conditions of outstanding borrowings and financing were as follows:

							Consolidated
					06/30/2021		**12/31/2020**
	Currency	**Statutory interest rate**	**Maturity year**	**Contractual amount**	**Carrying amount**	**Contractual amount**	**Carrying amount**
Borrowings and Financing							
Working capital	R$	CDI + 2.50% p.a.	2022	**18,193**	**12,801**	18,193	15,066
FINAME	R$	2.50% to 8.70% p.a.	2021	**-**	**-**	702	7
Foreign exchange advance	US$	7.0% p.a.	2022	**95,919**	**95,919**	98,663	100,271
Working capital	US$	Libor + 1.55%-3.50% p.a.	2023	**499,147**	**524,008**	509,950	683,455
				Total	**632,728**		**798,799**
				Current liabilities	**116,861**		**171,806**
				Noncurrent liabilities	**515,867**		**626,993**

							Parent
					06/30/2021		**12/31/2020**
	Currency	**Statutory interest rate**	**Maturity year**	**Contractual amount**	**Carrying amount**	**Contractual amount**	**Carrying amount**
Secured bank loans							
Working capital	R$	CDI + 2.50% p.a.	2022	**18,193**	**12,801**	18,193	15,066
FINAME	R$	2.50% to 5.50% p.a.	2021	**-**	**-**	702	7
Foreign currency advances	US$	7.0% p.a.	2022	**95,919**	**95,919**	98,663	100,271
Working capital	US$	Libor + 3.50% p.a.	2022	**464,162**	**489,023**	433,351	606,856
				Total	**597,743**		**722,200**
				Current liabilities	**116,861**		**171,806**
				Noncurrent liabilities	**480,882**		**550,394**

Flow of future debt payments disclosed in noncurrent liabilities:

	Consolidated		Parent	
Maturity year	**06/30/2021**	**12/31/2020**	**06/30/2021**	**12/31/2020**
2021	**-**	-	**-**	-
2022	**480,882**	550,394	**480,882**	550,394
2023	**34,985**	76,599	**-**	-
	515,867	626,993	**480,882**	550,394

Borrowings and financing are guaranteed by promissory notes, short-term investments, collateral assignment of machinery and equipment, mortgages on property, shares, and subsidiaries' sureties. The sureties granted by the parent company and its subsidiaries are disclosed in Note 25 - Related parties.

Certain borrowings and financing agreements entered into by the Company and its subsidiaries contain restrictive covenants that restrict certain changes in the shareholding structure, including: changes in the Company's direct or indirect control, capital reductions in the Company and/or its parent company, dividend distributions, payment of interest on capital or any other payments to shareholders by the Company and/or its parent company in the event of default on any obligations, and reduction of the Company's capital. If such restrictions are breached, creditors may accelerate the maturity of their claims.

As mentioned in note 1 (General Information), in June 2020 the Company signed a waiver with the Bank Syndicate extending the debt payment until August 31, 2020 and on August 10, 2020 the parties executed the contractual amendments containing the new terms and conditions of payment of the commitments with the Bank Syndicate.

Covenants

As described in Note 1, the new debt renegotiation process with the Bank Syndicate was completed on July 18, 2018. The executed agreement, which was included in debt reprofiling process, provides for accelerated maturity in cases of noncompliance of covenants that required, among other obligations: meeting certain financial ratios, such as: net debt-to-adjusted EBITDA of 13x or lower in 2018, 8x or lower in 2019, 7x or lower in 2020, and 6x or lower beginning 2021, as well as an adjusted EBITDA-to-finance costs ratio of 0.90 or higher as at December 31, 2018 and 1.20 or higher beginning 2019.

These ratios are monitored by the Company's management as the underlying agreements require that such ratios be measured annually. As at June 30, 2021, the Company was compliant with all said covenants.

18. Debentures

The debentures issued by the Company in a single series are nonconvertible and distributed in the secondary market through the National Debenture System, with restricted placement efforts referring to the 3rd issue intended for banking institutions.

Debentures	Principal in R$	Issue date	Outstanding	Financial charges	06/30/2021	12/31/2020
3rd issue	100,000	06/13/2014	5,000	DI rate + 2.50% (2020)	**52,124**	67,881
				Total principal	**52,124**	67,881
				Current liabilities	**95**	6,867
				Noncurrent liabilities	**52,029**	61,014
				Total	**52,124**	67,881

Covenants

As described in Note 1, the new debt renegotiation process with the Bank Syndicate was completed in 2018. The executed agreement, which was included in debt reprofiling process, provides for accelerated maturity in cases of noncompliance of covenants that required, among other obligations: meeting certain financial ratios, such as: net debt-to-adjusted EBITDA of 13x or lower in 2018, 8x or lower in 2019, 7x or lower in 2020, and 6x or lower beginning 2021, as well as an adjusted EBITDA-to-finance costs ratio of 0.90 or higher as at December 31, 2018 and 1.20 or higher beginning 2019.

These ratios are monitored by Management and the underlying agreements require that such ratios be measured annually. As at June 30, 2021, the Company was compliant with all said covenants.

19. Other Payables

	Consolidated		Parent	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Sales commissions	**1,326**	806	**348**	709
Accrued interest	**259**	192	**-**	-
Insurance and freight	**9,305**	18,912	**1,314**	280
Marketing	**7,039**	4,639	**-**	-
Due to related parties	**1,431**	-	**56,143**	66,653
Unrealized gain on government grant	**27,368**	44,789	**-**	-
Other	**4,059**	4,698	**1,082**	1,071
	50,787	74,036	**58,887**	68,713
Current	**18,473**	27,145	**2,744**	2,060
Noncurrent	**32,314**	46,891	**56,143**	66,653

20. Payroll and Related Taxes

	Consolidated		Parent	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Payroll	**27,837**	35,910	**13,604**	11,227
Contributions payable	**5,257**	7,628	**4,695**	7,482
Accruals (vacation pay and 13th salary)	**24,197**	13,950	**21,408**	13,441
	57,291	57,488	**39,707**	32,150

21. Taxes, Fees and Contributions

	Consolidated		Parent	
	06/30/2021	**12/31/2020**	**06/30/2021**	**12/31/2020**
ICMS	**2,804**	2,258	**2,942**	2,258
Federal VAT (IPI)	**12,468**	15,520	**11,878**	15,258
Tax on revenue (PIS)	**1,007**	1,247	**981**	1,130
COFINS (tax on revenue)	**4,639**	5,751	**4,519**	5,211
Special tax – FAET (USA)	**41,314**	8,860	**-**	-
Withholding income tax (IRRF)	**760**	4,200	**677**	4,184
Income tax and social contribution	**43,528**	14,274	**16,878**	7,477
Other installment payments (*)	**36,124**	39,706	**35,353**	39,679
Other	**8,546**	7,638	**5,832**	5,910
	151,190	99,454	**79,060**	81,107
Current	123,580	68,259	52,111	49,915
Noncurrent	27,610	31,195	26,949	31,192

(*) The Company had overdue IPI for the period December 2019-March 2020. In September 2020, the Company elected to make installment payments pursuant to Regulatory Instruction (IN) 1891/2019 to regularize IPI debts. The installment plan covers the payment of principal amounting to R$34.7 million, a fine of R$6.9 million, and interest of R$793,000. The debt was paid in 60 installments, the installment cap allowed by said IN and is adjusted using the Selic (Central bank's policy rate). As at June 30, 2021, the adjusted balance of the IPI instalment payment plan is R$35.3 million and to date seven installments have been paid, totaling R$7.1 million.

22. Provision for Civil, Labor and Tax Risks

Provisions are recognized for all contingencies arising on lawsuits for which it is probable that an outflow of funds will be required to settle the contingency or obligation, when they a reliable estimate can be made.

The Company, based on information from its legal counsel and the analysis of ongoing lawsuits, recognized a provision for losses on lawsuits in an amount considered sufficient to cover the estimated losses, as shown below:

				Consolidated
			06/30/2021	**12/31/2020**
	Provision	**Escrow deposit [(1)]**	**Net**	**Net**
Labor	49,611	(12,415)	37,196	38,457
Civil	18,703	(915)	17,788	18,471
Tax	29,383	(278)	29,105	29,026
	97,697	**(13,608)**	**84,089**	85,954
Classified in current liabilities	40,887			
Classified in noncurrent liabilities	56,810			

(1) Recognized in other noncurrent assets,

				Parent
			06/30/2021	**12/31/2020**
	Allowance	**Escrow deposit (1)**	**Net**	**Net**
Labor	45,076	(10,952)	34,124	35,649
Civil	15,132	(915)	14,217	14,668
Tax	27,910	(278)	27,632	27,632
	88,118	**(12,145)**	**75,973**	77,949
Classified in current liabilities	34,913			
Classified in noncurrent liabilities	53,205			

(1) Recognized in other noncurrent assets,

Variations in the provision:

			Consolidated
	Civil and labor	Tax	Total
Balance as at December 31, 2020	71,191	29,304	100,495
Provisions recognized during the year	6,175	79	6,254
Provisions used during the year	(1,417)	-	(1,417)
Derecognition of provision	(7,713)	-	(7,713)
Effect of changes	(416)	-	(416)
Held for sale returned to operations	494	-	494
Balance as at June 30, 2021	**68,314**	**29,383**	**97,697**

			Parent
	Civil and labor	Tax	Total
Balance as at December 31, 2020	63,171	27,910	91,081
Provisions recognized during the year	4,109	-	4,109
Provisions used during the year	(1,377)	-	(1,377)
Derecognition of provision	(5,695)	-	(5,695)
Balance as at June 30, 2021	**60,208**	**27,910**	**88,118**

The Company and its subsidiaries are parties to other lawsuits assessed by the Company's legal counsel as having a possible or remote likelihood of loss for which no provision has been recognized since accounting practices adopted in Brazil and IFRSs do not require the calculation of such provision, as shown below:

	Consolidated				Parent			
	06/30/2021		12/31/2020		**06/30/2021**		12/31/2020	
	Possible	**Remote**	Possible	Remote	**Possible**	**Remote**	Possible	Remote
Civil	**205,896**	**7,076**	130,702	6,817	**192,331**	**7,041**	126,702	6,782
Labor	**47,346**	**33,327**	44,367	37,972	**21,570**	**31,741**	18,958	35,001
Tax	**61,177**	**-**	52,667	-	**54,727**	**-**	50,900	-
	314,419	**40,403**	227,736	44,789	**268,628**	**38,782**	196,560	41,783

a) Labor lawsuits

The Company is party to labor lawsuits. None of these lawsuits refers to individually significant amounts and the discussions mainly involve lawsuits claiming the payment of overtime, hazardous duty and health-hazard premiums, salary differences due to salary equalization, compensation for occupational accidents and diseases, among others.

b) Civil lawsuits

Except for the civil lawsuits listed below, no other civil lawsuit refers to individually significant amounts and the discussions mainly involve individual lawsuits related to the Company's civil liability for the products it manufactures and sells, and these other lawsuits classified as possible risk of loss total R$36.9 million for consolidated purposes.

Public Civil Action – Federal District

The Federal District filed a public civil action with a request for a preliminary injunction against Taurus, pending before the 1st Fiscal Court of the Federal District, based on the Sanctioning Administrative Proceeding No. 054.002.970/2016 filed by the Military Police of the Federal District and that culminated in the application of the penalty of temporary suspension of the right to bid and to contract with the Public Administration of the Federal District for a period of twelve (12) months. In the Public Civil Action, the Federal District alleges, in summary, collective and financial losses due to alleged faulty pistols sold by Taurus during the period 2006-2011. As a result, the Federal District requested a preliminary injunction blocking the Company's assets in the total amount of R$54.8 million, and, in the merits, requested the payment of R$49.8 million for alleged damages to the public treasury, and the payment of collective pain and suffering in the amount of R$5 million. On February 19, 2021, a court decision was awarded the injunction requested and ordered Taurus to be subpoened. On March 23, 2021, the Company received a subpoena. In an Interlocutory Appeal filed by the Federal District against the decision that denied the

preliminary injunction, the appellate injunction was denied. On June 18, 2021, the Company submitted its counterarguments.
The Company then filed its arguments and subsequently the Federal District filed its own counterarguments, then determining that the Public Prosecutor's Office should have access to the case. The lawsuit is currently terminated, awaiting a clearing decision in the main case.

In the opinion of its legal counsel, this action was classified with a possible likelihood of loss and its adjusted amount Is RR55.9 million.

Public Civil Action - Attorney General of Sergipe for the Federal Public Prosecutor's Office
The Company became aware of the filing by the Attorney General of Sergipe for the Federal Public Prosecutor's Office of a Civil Class Action against Taurus and also against the Federal Government (Brazilian Army), before the Judge of the 2nd Federal Court of the Judiciary Section of Sergipe. The requests are related to alleged defects in a few models of firearms produced by Taurus. In the Civil Class Action, the Federal Public Prosecutor's Office pleads that i) Taurus be prevented from selling some models of firearms in Brazil; ii) Taurus makes a national recall for replacement and/or indemnity according to the market value of these models of firearms and iii) the Federal Government be prohibited from applying the restriction of import of models that have local similar products, under penalty of daily fine of R$10. Finally, the Federal Public Prosecutor's Office pleads i) the conviction of the Federal Government to the obligation to modify R-105 or to issue a new substitutive regulation that does not create regime of monopoly of sales of firearms in Brazil, which adversely affects the free competition; ii) the conviction of Taurus to the obligation to make a national recall within 20 days, for the repair, replacement and/or indemnity according to the market value of these models of firearm; (iii) the conviction of the Federal Government and Taurus to the payment of collective pain and suffering in amount to be defined by the judge, not below R$40 million. In preliminary injunction, in a decision handed down in July 2017, the Judge of the 2nd Federal Court of the Judiciary Section of Sergipe determined the obligation by Taurus to submit a detailed plan of recall of the supposedly defective models of firearms within 90 days. The preliminary injunctions for suspension of the sale of the models allegedly defective and prohibition of restriction of import of firearms by the Federal Government were rejected by the Judge. In the judgment of the bill of review filed by Taurus, in November 2017, the Federal Court of the 5th Region suspended the effectiveness of the decision granted by the Judge of the 2nd Federal Court of the Judiciary Section of Sergipe, with respect to the part that establishes the submission, by Taurus, of a plan of recall within ninety (90) days. Currently, the lawsuit is in its evidence submission stage. In the opinion of Taurus' legal counsel, this class action is classified with a possible likelihood of loss and its adjusted amount is R$74.2 million.

Civil Class Action – Public Prosecutor's Office of the Federal District and Territories
The Public Prosecutor's Office of the Federal District ("MPDFT") filed a Civil Class Action with motion for injunction against the Company due to alleged supply to the Civil Police of the Federal District of pistols that had not met the contractual specifications. Through this action, it requires that Taurus should be convicted to indemnify for material damages caused, temporary suspension of the Company to bid and contract with the Public Administration for a period of two years, as well as to pay for collective pain and suffering in the amount of R$10 million. Based on the injunction, it required the freezing of the claimed amounts in the Company's bank accounts.

The Judge of the 8th Civil Court of Brasília rejected the motion for injunction of freezing of the Company's bank accounts in the absence of evidence as to the alleged need of immediate freezing of the amounts claimed in the lawsuit. The MPDFT filed bill of review, received by the Federal Regional Court of the 1st Region without stay effect and, on this date, awaits judgment.

After the filing of Taurus's objection, the Judge accepted the request of qualification of the Federal District as co-plaintiff of the MPDFT and determined the forwarding of the lawsuit to one of the Public Treasury Courts of the Federal District, since it considers itself unqualified to judge the action. Lawsuit is now in the 1st Court of the Federal District's Public Revenue Service and closing arguments are being presented by the parties.

On July 7, 2020, the court awarded a ruling that considered the claim groundless and issued a final decision on the case merits. According to the judge's ruling, the supplied pistols are within the domestic firearms manufacturing control standards and there is no evidence of noncompliance with the contract by the Company.

This decision was appealed by the Federal District and the Public Prosecutor's Office of the Federal District, for which Taurus has filed counterarguments. The appeal awaits judgment. In the opinion of Taurus' legal counsel, this class action is classified with a possible likelihood of loss and its adjusted amount is R$13.3 million.

Administrative Proceeding and Lawsuit – PMESP
The Company was summoned to present defense in an administrative proceeding filed by the São Paulo State Military Police ("PMESP") (Sanctioning Proceeding CSMAM-002/30/16) which challenges the possibility or not of partial or full noncompliance with the agreement for acquisition and supply of ninety-eight thousand, four hundred and sixty-five (98,465) firearms, pistol type, models 24/7 and 640, between 2007 and 2011. On May 18, 2020, a decision was issued imposing a R$12.7 million fine on Taurus, as well as a penalty suspending the Company from bidding and signing any contract with the São Paulo State Public Administration during two (2) years.

The sanctioning decision of the administrative process, however, was annulled by the Court of Justice of the State of São Paulo in a final decision handed down in the injunction request filed by the Company, which determined the return of the administrative process to the instructional phase. Currently, the administrative process is awaiting forwarding as requested by the parties.

In the opinion of the Company's legal counsel, this administrative proceeding is classified with a possible likelihood of loss and its adjusted amount is R$12.7 million.

On December 19, 2017, the Company received court subpoena in a lawsuit where the State of São Paulo requires the termination of the supply contract of 5,931 submachine guns, model SMT-40, entered into in 2011 with the São Paulo State Military Police and the return of the amount paid at the time, totaling R$21.7 million, plus inflation adjustment and other legal fees. The Company filed its defense arguments in the lawsuit and, subsequently, the Treasury and the Public Prosecution Office filed their own arguments. The case is currently awaiting sentencing.

In the opinion of its legal counsel, this action was classified with a possible likelihood of loss, estimated at RR25.6 million.

c) Tax lawsuits:
Except for the tax lawsuit listed below, no other lawsuit refers to individually significant amounts and/or is still in its administrative stage. These other lawsuits classified with possible likelihood of loss total R$43.7 million.

Tax collection lawsuit - Municipality of São Leopoldo
The Municipality of São Leopoldo has filed for tax collection lawsuit seeking to collect the credit registered as an tax executable debt under No. 2016/1997, relating to the collection of Service Tax (ISS) for the assessment period January 2012-December 2014. The tax collection lawsuit is being processed at the 4th Civil Court of the São Leopoldo (RS) Court District, under Case No. 033/1.16.0014529-9, and the disputed amount is R$17.5 million. The lawsuit is pending judgment of the objection to the tax collection filed by the Company. The likelihood of loss in this lawsuit is possible.

d) Other lawsuits

Djibouti
There is a criminal lawsuit on judicial secrecy at the 11th Federal Court of Porto Alegre, filed against two former Company employees and a Yemeni national, due to alleged irregular sale of firearms in 2013 to the Government of Djibouti, whose final destination would be Yemen. Although the Company and its officers are not parties to the lawsuit, as soon as the Company became aware of the prosecution, potentially harmful to its reputation, it has requested and has been granted its inclusion as a an interest

party to the lawsuit, for the purpose of clarifying to the Judge the facts known by the Company and providing the necessary support to the investigations. There are no estimated effects or provisions concerning this issue that are or should be duly reflected in the Company's interim financial information at this date.

e) Ongoing lawsuits

The Company also holds an amount equivalent to R$66.9 in ongoing lawsuits, which are classified as contingent assets and are not recognized in accounting.

For this total, R$19.7 million is classified as Virtually Certain, which is equivalent to provable (contingent inabilities), and in this case, considering that it refers to a contingent asset (calculation of possible Taurus claims), the estimated probable amount refers to a favorable outcome. The main lawsuits are detailed below.

Ordinary Suit - Eletrobrás and Federal Government (National Treasury)
Taurus filed an ordinary suit against Eletrobrás and the Federal Government claiming the adjustment for inflation of the compulsory loan to Eletrobrás. In light of the favorable court decision on this the claim, on October 20, 2014, Taurus issued a judgment enforcement order where it submitted the calculations of its claim. The case is being processed in the Federal Court of Rio Grande do Sul and totals R$9 million. After the final decision of the objection filed by Eletrobrás, the court records were corrected to allow the settlement of awarded sentence by arbitration. Because of the decision that set new settlement criteria, Taurus filed an Interlocutory Appeal, whose decision is pending. The likelihood of a favorable outcome in this lawsuit is classified as probable.

Monitory Action - State Department of Finance of Rio Grande do Norte
Taurus Helmets filed a monitory action for the collection of Invoice No. 18565, relating to the supply of bulletproof vests, against the State Department of Finance of Rio Grande do Norte. The aforementioned principal action was filed in the 1st Fiscal Court of Natal, RN, which granted the petition by judging it an enforceable title in a definite sum in favor of Taurus, which became final and unappealable on September 9, 2016. The principal action continued separately from the enforcement of sentence, under which the overall amount of R$3.7 million is being collected by Taurus Helmets. The enforcement of the sentence was partially challenged by the Department of Finance and, currently, the records are awaiting to be returned by the court accountant's office only to ascertain the challenged amount. The likelihood of a favorable outcome in this lawsuit is classified as probable.

Writ of Mandamus - Federal Revenue Service Porto Alegre Commissioner
Taurus filed a writ of mandamus against the Federal Revenue Service Porto Alegre Commissioner seeking the deduction of paid prior notice, sick pay, one-third vacation bonus, maternity leave pay, and overtime amounts from the tax base of the employer's social security contribution, as provided for by Article 22, I and II, of Law 8212/91, and the social security contribution paid on behalf of outsourced contractors. Writ of Mandamus is being handled by the 14th Federal Tax Court of Porto Alegre and the amount involved is R$2.5 million. The claim was partially granted, allowing for the possibility of offsetting the social security contributions amounts already paid and the social security contributions paid for contractors levied on paid prior notice amounts. The Defendant filed an interlocutory appeal, which currently pending a decision. The likelihood of a favorable outcome in this lawsuit is classified as probable.

23. Financial Instruments

The Company's Management determines the classification of its non-derivative financial assets and financial liabilities at the time of their initial recognition, pursuant to the criteria set forth in CPC 48/IFRS 9 as regards the characteristics of the Company's cash flows and business model used to managed the financial assets. Financial liabilities are measured according to their nature and purpose.

a) Fair value *versus* carrying amount

The fair values of financial liabilities, together with the carrying amounts reported in the balance sheet, are as follows:

				Consolidated
		06/30/2021		12/31/2020
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and Financing	**536,809**	**544,457**	698,528	707,936
Debentures	**52,124**	**52,745**	67,881	69,378
Foreign currency advances	**95,919**	**95,919**	100,271	100,271
	684,852	**693,121**	866,680	877,585

				Parent
		06/30/2021		12/31/2020
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and Financing	**501,824**	**510,632**	621,929	631,446
Debentures	**52,124**	**52,745**	67,881	69,378
Foreign currency advances	**95,919**	**95,919**	100,271	100,271
	649,867	**659,296**	790,081	801,095

In light of the short-term cycle, it is assumed that the fair value of cash trade receivables, trade payables, other payables, and advances of receivables approximates their carrying amounts.

The fair value, which is determined for disclosure purposes, is calculated based on the present value of the principal and future cash flows, discounted using a market interest rate determined at the reporting date.

According to the hierarchical classification criteria used to determine fair value: Level 1: prices quoted (unadjusted) in active markets, net and visible for identical assets and liabilities, which are accessible at the measurement date; Level 2: prices quoted (that can be adjusted or not) for similar assets or liabilities in active markets; and Level 3: assets and liabilities that are not based on observable market inputs (unobservable inputs). The Company classified the fair values of financial instruments as Level 2.

24. Related Parties

The Parent, its subsidiaries, and related parties carry out transactions among themselves, involving financial, sales and operating aspects of the Company. We describe below the most relevant transactions.

					Outstanding balances of subsidiaries with the parent			Effect on the result of transactions of subsidiaries with the parent
	Current assets (ii)	**Noncurrent assets (iii)**	**Total assets**	**Current liabilities (i)**	**Noncurrent liabilities**	**Total liabilities**	**Revenue (v)**	**Expense (v)**
December 31, 2020								
Taurus Helmets Indústria de Capacetes Ltda.	-	-	-	92	14,817	14,909	-	269
Taurus Blindagens Nordeste Ltda.	-	-	-	789	45,704	46,493	-	786
Taurus Holdings, Inc.	692	-	692	19,395	18,435	37,830	305,564	1,904
Taurus Investimentos Imobiliários Ltda.	-	-	-	11,306	4,536	15,842	-	2,024
Taurus Máquinas-Ferramenta Ltda.	-	24,082	24,082	-	-	-	384	-
Taurus Plásticos Ltda.	-	-	-	-	1,597	1,597	-	34
Polimetal Metalurgia e Plásticos Ltda.	-	5,579	5,579	80	-	80	1,334	-
	692	29,661	30,353	31,662	85,089	116,751	307,282	5,017
June 30, 2021								
Taurus Helmets Indústria de Capacetes Ltda.	**-**	**-**	**-**	**13**	**8,571** (iv)	**8,584**	**-**	**163**
Taurus Blindagens Nordeste Ltda.	**-**	**-**	**-**	**612**	**46,136** (iv)	**46,748**	**-**	**583**
Taurus Holdings, Inc.	**35,441**	**-**	**35,441**	**17,564**	**3,545**	**21,109**	**424,790**	**2,676**
Taurus Investimentos Imobiliários Ltda.	**25**	**-**	**25**	**9,036**	**5** (iv)	**9,041**	**-**	**2,311**
Taurus Máquinas-Ferramenta Ltda.	**-**	**25,036**	**25,036**	**-**	**-**	**-**	**313**	**-**
Polimetal Metalurgia e Plásticos Ltda.	**-**	**3,878**	**3,878**	**137**	**-**	**137**	**1,876**	**-**
	35,466	**28,914**	**64,380**	**27,362**	**58,257**	**85,619**	**426,979**	**5,753**

(i) Refers to to amounts recorded in line items trade payables - R$9,231 and other payables - R$18,131
(ii) Refers to amounts recorded in line items trade receivables - R$35,441 and other receivables - R$25
(iii) Refers to amounts recognized in line items intragroup loans - R$28,914 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(iv) Represent intragroup loans totaling R$93,698 from subsidiaries Taurus Holdings, Inc., Taurus Helmets Indústria de Capacetes Ltda., Taurus Blindagens Nordeste Ltda., Taurus Investimentos Imobiliários Ltda, and Taurus Plásticos Ltda. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(v) Comparative balance with June 30, 2020

Transactions involving the Company and subsidiary Taurus Holdings, Inc. refer to sales of firearms to be marketed by the subsidiary in the U.S. market and also intragroup loans between these parties.

As for transactions involving the Company and subsidiary Polimetal Metalurgia e Plásticos Ltda., these refer to the purchase of work in process, since the subsidiary carries out a part of the production process in the firearms segment.

The transactions conducted with related parties follow the price conditions and terms agreed between the parties and cannot be compared to those under transactions with unrelated parties.

Marketplace Platform

The Company has a partnership with its related party Companhia Brasileira de Cartuchos (CBC) a Marketplace platform.

Marketplace is the most collective concept of online sales. On this platform, different stores can advertise their products, giving the customer a range of options, the stores, called *sellers* in this operation, join the Marketplace platform and pay a fee for the use of the platform and also royalties on sales made through the platform to the Marketplace operator.

On the Company's Marketplace platform, one of the seller operators is the company GN Importações Ltda., which has Mr. Guilherme Nuhs, who is related to the Company's CEO Mr. Salesio Nuhs, as a related party.

The Company has formalized contracts for the use and operation of the platform under equal market conditions for all *sellers* that join the platform according to the terms and conditions set by Taurus and CBC, and therefore GN has accepted the same terms and conditions offered to the other operators.

In the transactions carried out by GN on the Marketplace platform, GN pays a monthly fee of R$500.00 for the use of the platform, of which R$250.00 to Taurus Armas and R$250.00 to CBC, and royalties of 20% on sales and use of the brand, and in exceptions due to the need for some sales promotion, preapproved between the parties, the percentage of royalties can be lower.

Officers' and Directors' transactions

Officers and directors hold an immaterial percentage of Company's voting shares.

As at June 30, 2021, transactions involving Taurus Armas S.A. and its related parties refer mainly to sales of firearms for trading and purchase of ammunition. The amount of these transactions is shown below:

	Current assets	Current liabilities	Revenue (*)	Expenses (*)
December 31, 2020				
Companhia Brasileira de Cartuchos	1,090	20,777	2,864	12,860
CBC Brasil Comércio e Distribuição	164,298	-	131,165	-
	165,388	20,777	134,029	12,860
June 30, 2021				
Companhia Brasileira de Cartuchos	5,150	13,704	11,503	24,336
CBC Brasil Comércio e Distribuição	148,440	-	278,391	-
GN Importações	287	2	377	2
Taurus JM Indústria de Peças	-	1,430	-	20
	153,877	15,136	290,271	24,358

(*) Comparative balance with June 30, 2020

Officers' and Directors' compensation
The compensation of officers and directors includes salaries, management fees, and benefits:

	Consolidated		Parent	
	06/30/2021	06/30/2020	**06/30/2021**	06/30/2020
Statutory officer's compensation and benefits	**5,871**	4,704	**5,871**	4,704
Stock option plan	**1,938**	-	**1,938**	-
Directors' compensation and benefits	**402**	264	**402**	264
Supervisory Board members' compensation and benefits	**137**	118	**137**	118
	8,348	5,086	**8,348**	5,086

The compensation of the Statutory Officers consists of a fixed and a variable portion.
Fixed compensation: an annual amount is set for each officer, which is paid on a monthly basis. Variable compensation: consists of short-term compensation (bonuses) and long-term compensation (stock options). Generally, the goals set by the Company to evaluate Officers consist of economic goals and individual goals. As part of the payment of compensation, the Company has the option for up to 70% of the variable compensation of its Officers to be paid through directly granted treasury shares and the calculation of the stock price, pursuant to Article 4, Sole Paragraph, of CVM Instruction 567, is the average price of the last 20 trading sessions before the date variable compensation is paid, which occurs on April 30 of each year.

The gain in the Stock Option Plan is linked to the appreciation of the market price of Company shares, i.e., the value the individual performance of an officer and the performance of Management as a whole add to the Company reflects on the officers' earnings in this type of compensation, while keeping their interests aligned with the Company's interest in the long run.

Sureties between related parties
Borrowings and financing in the form of debentures, PPEs (export prepayments) owed to KG Banco Itaú and ACCs (advances on exchange contracts) owed to Banco Pine are covered by a set of joint collaterals, consisting of sureties granted by Taurus Helmets, Taurus Blindagens, the collateral assignment of shares, the collateral assignment of receivables, mortgages on properties, and shares of Taurus International held by Taurus Armas S.A. The guaranteed debt totals R$650 million (R$790.1 million at December 31, 2020) to Taurus Armas S.A.
Subsidiary Taurus International has an overdraft account with a US banking institution, Wells Fargo, on which there is an additional guaranteed consisting of a surety granted by its parent Taurus Armas S.A.

25. Discontinued Operations

A discontinued operation is a component of the Group's business that comprises transactions and cash flows that can be clearly separated from the rest of the Group and that:

- Represents a separate major business line or geography of operations;
- Is part of a single coordinated plan to sell a separate major business line or geography of operations; or
- Is a subsidiary acquired exclusively for the purpose of resale.

The classification as a discontinued operation is made at the earlier of its disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative statements of profit and loss and of value added are restated as if the operation had been discontinued since the beginning of the comparative period. (Note 1 - General Information)

While intragroup transactions were fully eliminated from consolidated profit or loss, the Company's Management elected to attribute the elimination of transactions between continuing and discontinued operations prior to disposal in order to reflect the continuity of these operations after disposal, since Management believes that the information is useful to the users of the interim financial information. To achieve this presentation, the Company's Management, based on the profit (loss) from discontinued operations, eliminated intersegment sales (and costs resulting from these sales, less unrealized profit) made prior to their disposal.

(a) Profit (loss) from discontinued operations, net

	06/30/2021	06/30/2020 Restated
Net sales revenue	-	-
Elimination of intersegment revenue	-	-
Foreign revenue	-	-
Finance costs, net	(85)	(286)
Elimination of intersegment expenses	-	-
Foreign expenses	(85)	(286)
Profit (loss) from operating activities	(85)	(286)
Taxes on income	(113)	(115)
Profit (loss) before income tax and social contribution	**(198)**	**(401)**
Basic earnings (loss) per share (in R$)	**(0.001810)**	**(0.004520)**
Basic earnings (loss) per preferred share (in R$)	**(0.002200)**	**(0.004540)**

Profit (loss) from discontinued operations as at June 30, 2021 is R$-198 thousand (thousand as at June 30,) is fully attributed to owners of the Company.

(b) Cash flows generated by discontinued operations

	06/30/2021	06/30/2020 Restated
Net cash generated by operating activities	**594**	229
Net cash generated by investing activities	**(464)**	(361)
Net cash used in financing activities	**32**	(26)
Net cash generated by discontinued operations	**162**	(158)

26. Equity

a) Share capital

As at June 30 2021, the Company's issued capital is R$629.2 million (R$560.3 at December 31, 2020), represented by 109,645,665 book-entry, registered shares, divided into 46,445,314 common shares and 63,200,351 preferred shares without par value.

On October 5, 2018, the Company issued four series of subscription warrants, with each warrant converting into one share, the following is the updated position as of June 30, 2021:

	Number of shares			
Types of share	**TASA11**	**TASA13**	**TASA15**	**TASA17**
Strike price	R$4.00	R$5.00	R$6.00	R$7.00
Series maturity	04/05/2019	07/05/2021	10/07/2021	10/05/2022
Number of shares	24,899,874	20,000,000	20,000,000	9,000,000
Exercised	13,148,993	18,907,602	12,682,520	218,338
Forfeited	11,750,881	-	-	-
Exercisable	-	1,092,398	7,317,480	8,781,662

In the year ended December 31, 2020, the warrants exercised were automatically converted into capital, in an amount equivalent to R$40 million, which was ratified by the Company's Board of Directors' Meeting.

In 2021, up to June 30, 2021, the warrants exercised were automatically converted into capital, in an amount equivalent to R$68.9 million, which was ratified by the Company's Board of Directors' Meeting.

Preferred shares

Preferred shares are not entitled to different dividends and have preemptive rights in the liquidation of its interest in the capital.

Pursuant to Article 5, paragraph 4, of the Company's Bylaws, preferred shares are entitled to vote in any resolutions made at a Shareholders' Meeting on the matters listed below, in which case each preferred share correspond to one vote:

(i) Company's transformation, merger, consolidation or spin-off;
(ii) Approval of agreements between the Company and its Controlling Shareholder, as defined in the Level 2 Regulation, directly or through third parties, as well as other companies in which the Controlling Shareholder has an interest, whenever, as set forth in an legal or bylaws provision, these matters are required to be approved at a shareholders' meeting;
(iii) Appraisal of assets for the Company's capital increase;
(iv) Selection of a specialized company to determine of the Company's economic value, under Chapter VII of the Company's Bylaws; and
(v) Change or revocation of bylaws provisions which change or modify any requirement prescribed in item 4.1 of the Level 2 Regulations, except that this voting right shall prevail only while the Level 2 of Corporate Governance Participation Agreement remains in force.

Authorized shares (in thousands of shares):

	06/30/2021	12/31/2020
Common shares	51,851	51,851
Preferred shares	103,702	103,702
	155,553	155,553

Issued, fully paid-in shares:

	Common shares		**Preferred shares**	
	In thousands	**Amount in R$ thousands**	**In thousands**	**Amount in R$ thousands**
As at December 31, 2020				
Common: R$15.87; Preferred: R$15.50*	46,445	737,082	49,684	770,102
As at June 30, 2021				
Common: R$23.39; Preferred: R$23.65*	**46,445**	1,086,349	**63,200**	1,494,680

*Closing share quotation on the indicated date, multiplied by the total shares outstanding on the same date.

b) Valuation adjustments to equity

Deemed cost

The line item valuation adjustments to equity in equity includes adjustments due to the adoption of the deemed cost of property, plant and equipment at the date of transition to IFRSs. The amounts recognized in valuation adjustments to equity are fully or partially reclassified to full or partial profit or loss for the year upon the depreciation of the related line items or the disposal of the assets.

Cumulative translation adjustments

Cumulative translation adjustments include all foreign exchange differences arising on translating the interim financial information of foreign operations.

c) Earnings per share

	Parent and consolidated	
Basic numerator	**06/30/2021**	06/30/2020 Restated
Profit (loss) from continuing operations		
Common shares	110,950	(61,771)
Preferred shares	150,975	(55,917)
	261,925	(117,688)
Profit (loss) from discontinued operations		
Common shares	(84)	(210)
Preferred shares	(114)	(191)
	(198)	(401)
Profit for the year		
Common shares	110,866	(61,981)
Preferred shares	150,861	(56,108)
	261,727	(118,089)
Basic denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	51,789,476	42,030,833
	98,234,790	88,476,147
Basic earnings per share from continuing operations (R$ per share)		
Common shares	2.38883	(1.32997)
Preferred shares	2.91517	(1.33038)
Basic earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.00181)	(0.00452)
Preferred shares	(0.00220)	(0.00454)
Basic earnings per share (R$ per share)		
Common shares	2.38702	(1.33449)
Preferred shares	2.91297	(1.33492)

	Parent and consolidated	
Diluted numerator	**06/30/2021**	06/30/2020 Restated
Profit (loss) from continuing operations		
Common shares	110,950	(61,771)
Preferred shares	150,975	(55,917)
	261,925	(117,688)
Profit (loss) from discontinued operations		
Common shares	(84)	(210)
Preferred shares	(114)	(191)
	(198)	(401)
Profit for the year		
Common shares	110,866	(61,981)
Preferred shares	150,861	(56,108)
	261,727	(118,089)
Diluted denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	51,789,476	42,030,833
	98,234,790	88,476,147
Potential increase in the number of shares from the exercise of warrants		
Common shares	-	-
Preferred shares	12,100,908	-
	12,100,908	-
Diluted earnings per share from continuing operations (R$ per share)		
Common shares	2.38883	(1.32997)
Preferred shares	2.36303	(1.33038)
Diluted earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.00181)	(0.00452)
Preferred shares	(0.00178)	(0.00454)
Diluted earnings per share (R$ per share)		
Common shares	2.38702	(1.33449)
Preferred shares	2.36125	(1.33492)

d) Capital transactions
The corporate restructuring undertaken on May 27, 2011 involving subsidiary Polimetal Metalurgia e Plásticos Ltda. and the Company resulted in changes in the ownership interests between the parties involved in the amount of R$40,996, which was recognized in equity in the capital transaction account.

27. Share-based Payment

a) Description of the share-based compensation arrangements
As at June 30, 2021, the Company has the following share-based payment arrangement:

Stock option plan (settable in shares)

On April 26, 2021, the Company approved the Company's Stock Option Plan that entitles the statutory officers to acquire Company shares. Under this program, the stock options may be exercised at the market price of the shares on grant date. The Board of Directors is responsible for the Plan's management.

The Plan's purpose is to allow granting stock options to the Company's statutory officers previously discussed and selected by the Board of Directors, for the purpose of: (i) attracting, motivating, and retaining in the Company highly performant, strategic executives, capable of advancing its core business; (ii) aligning the interests of statutory officers with the interests of Company shareholders, encouraging commitment, engagement, and ownership of the Company's business; (iii) fostering the expansion, success, and achievement of the goals set by the Company; and (vi) offering statutory officers yet another way to be able to share the Company's performance and success.

The Company's current or future statutory directors are eligible to participate in the Plan. The approval of the actual participants and the number of stock options to be granted to each officer shall be determined by the Board of Directors. The exercise of Stock Options by a participant is not subject to the participant's achieving individual targets or the Company's overall targets.

In the event of the resignation or dismissal for cause of a participant, the stock options that have not been exercised by the termination date, observing the stock option vesting periods, shall be automatically extinguished, by operation of law, regardless of prior notice or notification, and without any right to an indemnity.

Expenses are recognized on a daily pro rata basis, from the stock options' grant date to its vesting date. The Company recognized in profit for the period ended June 30, 2021 a total of R$1.9 million in stock option plan expenses.

The pricing model used to measure the price of the stock options granted is Black, Scholes & Merton. The fair values of the stock options already granted was calculated based on the Black, Scholes & Merton option valuation model, using the following assumptions:

(i) Number of shares subject to stock options:

		Shares subject of the stock options
Type	**Percentage**	**Number**
Common	33.33%	795,000
Preferred	66.67%	1,590,000
Total	100.00%	2,385,000

(ii) Stock options' life

Percentage of total stock options	26.11%	24.63%	24.63%	24.63%
Exercise date	04/30/2023	04/30/2025	04/30/2027	04/30/2029

The fair value of the stock option plan was measured using the Black, Scholes & Merton formula. Expenses are recognized on a daily *pro rata* basis, from the stock options' grant date to its vesting date.

The information used in the analysis of the fair values on the grant date of the share-based plans is as follows:

	Stock option plan - 2021
Fair value on grant date	R$24.14
Share price on grant date	R$20.82
Strike price	R$26.68
Expected volatility (weighted average)	89.81%
Stock option life (weighted average life expectancy)	4.97
Expected dividends	2.85%
Risk-free interest rate (based on government bonds)	7.78%

28. Net Operating Revenue

Pursuant to CPC 47/IFRS 15, revenue is recognized when control of the goods is transferred to the customer.

Revenue for contracts with customers is recognized to the extent that it is probable that there will be no significant reversal in the accumulated revenue amount. As a result, for contracts where the Company is unable to make a reasonable estimate of the returns, revenue is expected to be recognized after the elapse of the return period. A liability for reimbursement and an asset for recovery will be recognized for these contracts and stated separately on the balance sheet.

<u>*Sales taxes*</u>
Sales revenues are subject to the following taxes and contributions at the following statutory rates:

	Tax rates
State VAT (ICMS)	0%-25%
Federal VAT (IPI)	0%-45%
Tax on revenue (COFINS)	3% and 7.6%
Social Integration Program Tax on Revenue (PIS)	0.65% and 1.65%

	Consolidated		**Parent**	
	06/30/2021	06/30/2020 Restated	**06/30/2021**	06/30/2020
Sales of goods	**1,500,734**	932,373	**917,907**	547,206
Provision of services	**31**	6	**31**	4
Total gross revenue	**1,500,765**	932,379	**917,938**	547,210
Sales taxes	**(296,239)**	(176,708)	**(198,227)**	(110,766)
Returns and discounts	**(2,386)**	(1,217)	**(509)**	(437)
Total operating revenue, net	**1,202,140**	**754,454**	**719,202**	**436,007**

Because its sales have short-term maturities and the effects of calculating present value adjustments being immaterial, the Company does not adjust the present value of the respective balances.

29. Expenses by Nature

	Consolidated		Parent	
	06/30/2021	**06.30.2021 Restated**	**06/30/2021**	**06/30/2020**
Expenses by function				
Cost of sales	(651,147)	(459,732)	(363,638)	(242,259)
Selling expenses	(93,207)	(74,749)	(32,481)	(30,030)
Allowance for impairment of financial instruments	(253)	3,609	(219)	3,563
General and administrative expenses	(98,536)	(80,957)	(54,209)	(42,415)
Other operating expenses	(4,611)	(3,418)	(3,890)	(4,629)
	(847,754)	**(615,247)**	**(454,437)**	**(315,770)**

Expenses by nature	**06/30/2021**	**06.30.2021 Restated**	**06/30/2021**	**06/30/2020**
Depreciation and amortization	(14,403)	(13,481)	(6,337)	(6,458)
Personnel expenses	(181,055)	(146,689)	(119,174)	(86,030)
Tax expenses	(7,039)	(3,005)	(4,851)	(529)
Raw material and supplies and consumables	(421,336)	(283,671)	(210,733)	(139,176)
Auxiliary materials and upkeep and maintenance supplies	(44,521)	(27,054)	(43,013)	(25,731)
Freight and insurance	(51,874)	(41,128)	(27,577)	(18,766)
Outside services	(29,333)	(21,930)	(22,582)	(15,855)
Advertising and publicity	(15,421)	(11,941)	(2,193)	(1,533)
Expenses on product warranty	(458)	(2,046)	504	(1,760)
Water and power	(22,913)	(8,392)	(6,648)	(4,075)
Travel and accommodation	(1,614)	(2,998)	(916)	(1,338)
Expenses on commissions	(21,039)	(14,493)	(1,812)	(1,774)
Cost of property, plant and equipment written off	(3,250)	(3,067)	(230)	(139)
Provision for civil, labor and tax risks	(3,227)	(4,780)	(2,324)	(5,002)
Rentals	(2,933)	(4,662)	(4,309)	(2,257)
Other expenses	(27,338)	(25,910)	(2,242)	(5,347)
	(847,754)	**(615,247)**	**(454,437)**	**(315,770)**

30. Finance income (costs), net

Finance income (costs) consists primarily of foreign exchange gains and losses arising on translating borrowings, trade receivables and trade payables, and income payable on liabilities (borrowings)

	Consolidated		Parent	
	06/30/2021	06/30/2020 Restated	**06/30/2021**	06/30/2020
Finance income				
Interest	**1,113**	334	**1,444**	814
Foreign exchange losses	**147,240**	56,739	**145,980**	54,687
Other income	**325**	171	**108**	119
	148,678	57,244	**147,532**	55,620
Finance costs				
Interest and fines	**(20,779)**	(20,290)	**(18,588)**	(21,553)
Foreign exchange losses	**(139,369)**	(276,416)	**(137,996)**	(274,728)
Tax on financial transactions (IOF)	**-**	(213)	**-**	(145)
Other expenses	**(5,236)**	(5,397)	**(4,617)**	(4,317)
	(165,384)	(302,316)	**(161,201)**	(300,743)
Finance income (costs), net	**(16,706)**	(245,072)	**(13,669)**	(245,123)

31. Provision for Product Warranty

The Company quantifies and recognizes an estimate for the warranty-related costs, according to history of and current repair costs. The provision for product warranty ensures that the repair costs in case of replacement or repair do not affect the results of operations for the periods in which these additional costs were incurred. Therefore, amounts are recognized on an accrual basis. As at June 30, 2021 and December 31, , the balances are as follows:

	Consolidated		Parent	
	06/30/2021	**12/31/2020**	**06/30/2021**	**12/31/2020**
Domestic market	**7,814**	10,624	**6,346**	9,158
Foreign market	**10,103**	10,496	**-**	-
Total	**17,917**	**21,120**	**6,346**	**9,158**
Current liabilities	**11,594**	18,105	**6,346**	13,092
Noncurrent liabilities	**6,323**	5,559	**-**	-

Deloitte Touche Tohmatsu
Av. Carlos Gomes, 222 –
2º andar - Boa Vista -
90480-000 - Porto Alegre - RS
Brasil

Tel.: + 55 (51) 3327-8800
Fax: + 55 (51) 3328-3031
www.deloitte.com.br

(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Directors and Management of
Taurus Armas S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Taurus Armas S.A. ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2021, which comprises the balance sheet as at June 30, 2021 and the related statements of profit and loss and of comprehensive income for the three- and six-month period then ended, and the statements of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of this individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial 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 on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the Individual and Consolidated Interim Financial Information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by the CVM.

Deloitte.

Other Matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the three-month period ended June 30, 2021, prepared under the responsibility of the Company's Management and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the Interim Financial Information (ITR) to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set forth in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with CPC 09 and consistently with the individual and consolidated interim financial information taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

Porto Alegre, August 5, 2021

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Otavio Ramos Pereira
Engagement Partner

Supervisory Board's Opinion

The Supervisory Board of Taurus Armas S.A., in compliance with legal and statutory provisions, reviewed the information for second quarter of 2021. Based on this review and information contained in the unqualified Report on Review of Interim Financial Information issued by Deloitte Touche Tohmatsu Auditores Independentes, dated August 5, 2021, in addition to information and clarifications received from the Company's Management, it represents that the mentioned documents are appropriate for disclosure.

São Leopoldo, August 5, 2021.

Haroldo Zago
Chairman

Mauro César Medeiros de Mello
Board Member

Edson Pereira Ribeiro
Board Member

AUDIT AND RISK BOARD'S OPINION

The main duties of the Audit and Risk Board of Taurus Armas S.A., the statutory advisory body of the Board of Directors, in conformity with its Internal Regulation, are to assess the effectiveness of the accounting and internal control system, of the internal audit and independent audit and of the risk management framework and process and to issue an opinion on the financial statements prior to their disclosure.

In order to fulfill its duties and in compliance with its annual work plan, it has held a meeting to discuss the financial statements for the period ended june 30, 2021.

The Board has audited the Management Report, the Interim Financial Information for the period ended June 30, 2021, including the explanatory notes, and the unqualified report issued by Deloitte Touche Tohmatsu.

Based on the activities performed in the period, in reliance upon its duties and limitations inherent in its work scope, the Audit and Risk Board, without identifying any event that could affect the quality and completeness of the information to be disclosed, recommends to the Board of Directors the approval and disclosure of the Interim Financial Information as at June 30, 2021 and the respective Performance Report.

São Leopoldo, August 4, 2021.

SÉRGIO LAURIMAR FIORAVANTI

Coordinating Board Member

MAGNO NEVES FONSECA

Board Member

LUCIANO LUIZ BARSI

Board Member

STATEMENT OF THE EXECUTIVE COMMITTEE OF TAURUS ARMAS S.A. ON THE INTERIM FINANCIAL INFORMATION FOR THE SECOND QUARTER OF 2021

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Ricardo Machado, and Leonardo Brum Sesti, Executive Officers of Taurus Armas S.A., a company with registered head office at Av. São Borja, 2181/Prédio A, CEP: 93.032-000, São Leopoldo, RS, enrolled with Corporate Taxpayer Identification (CNPJ/MF) under No. 92.781.335/0001-02, in compliance with provisions of Article 25, V and VI, of CVM Instruction 480, of December 7, 2009, hereby declare that they have reviewed, discussed and agreed with the interim financial information of Taurus Armas S.A. and consolidated companies for the period from January 1, 2021 to June 30, 2021.

São Leopoldo, August 5, 2021.

Salesio Nuhs

Chief Executive Officer

Sergio Castilho Sgrillo Filho

Chief Finance and Administrative Officer

Investor Relations Officer

Ricardo Machado

Executive Officer without specific designation

Leonardo Brum Sesti

Executive Officer without specific designation

STATEMENT OF THE EXECUTIVE COMMITTEE OF TAURUS ARMAS S.A. ON THE INDEPENDENT AUDITOR'S REPORT

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Ricardo Machado, and Leonardo Brum Sesti, Executive Officers of Taurus Armas S.A., a company with registered head office at Av. São Borja, 2181/Prédio A, CEP: 93.032-000, São Leopoldo, RS, enrolled with Corporate Taxpayer Identification (CNPJ/MF) under No. 92.781.335/0001-02, in compliance with provisions of Article 25, V and VI, of CVM Instruction 480, of December 7, 2009, hereby declare that they have reviewed, discussed and agreed with the opinions expressed by Deloitte Touche Tohmatsu Auditores Independentes, in its Independent Auditor's Report on the financial statements for the period from January 1, 2021 to June 30, 2021, issued on August 5, 2021.

São Leopoldo, August 5, 2021.

Salesio Nuhs

Chief Executive Officer

Sergio Castilho Sgrillo Filho

Chief Finance and Administrative Officer

Investor Relations Officer

Ricardo Machado

Executive Officer without specific designation

Leonardo Brum Sesti

Executive Officer without specific designation