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

Taurus Armas S.A.

Report on Review of Interim Financial Information for the Three-month Period Ended March 31, 2022

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

Contents

Company Data/Capital Breakdown

Number of shares (units)	Current Quarter 03/31/2022
Common - Paid-in capital	46,445,314
Preferred - Paid-in capital	72,373,492
Total - Paid-in Capital	118,818,806
Common - Held in treasury	-
Preferred - Held in treasury	-
Total - Held in treasury	-

Individual FS / Balance Sheet - Assets

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 03/31/2022	Prior YTD 01/01/2021 to 12/31/2021
1	Total assets	1,966,127	1,936,806
1.01	Current assets	911,738	862,066
1.01.01	Cash and cash equivalents	187,476	65,399
1.01.01.01	Cash and banks	154,944	54,006
1.01.01.02	Highly liquid short-term investments	32,532	11,393
1.01.02	Short-term investments	99,419	70,778
1.01.02.01	Short-term investments at fair value through profit or loss	99,419	70,778
1.01.02.01.01	Bank certificates of deposit	99,419	70,778
1.01.03	Accounts receivable	258,517	360,933
1.01.03.01	Trade receivables	258,517	360,933
1.01.04	Inventories	273,189	274,370
1.01.06	Recoverable taxes	58,474	53,471
1.01.06.01	Recoverable current taxes	58,474	53,471
1.01.07	Prepaid expenses	6,744	7,265
1.01.08	Other current assets	27,919	29,850
1.01.08.03	Other	27,919	29,850
1.01.08.03.03	Related parties - financial loan	6,996	4,326
1.01.08.03.04	Other receivables	20,923	25,524
1.02	Noncurrent assets	1,054,389	1,074,740
1.02.01	Long-term receivables	157,678	160,678
1.02.01.07	Deferred taxes	80,116	101,951
1.02.01.07.01	Deferred income tax and social contribution	80,116	101,951
1.02.01.09	Due from related parties	55,949	40,681
1.02.01.09.02	Receivables from subsidiaries	55,949	40,681
1.02.01.10	Other noncurrent assets	21,613	18,046
1.02.01.10.03	Recoverable taxes	6,811	4,886
1.02.01.10.04	Other	14,802	13,160
1.02.02	Investments	639,311	683,822
1.02.02.01	Equity interests	639,311	683,822
1.02.02.01.02	Equity interests in subsidiaries	639,311	683,822
1.02.03	Property, plant and equipment	221,396	204,027
1.02.03.01	Fixed assets in use	183,829	182,697
1.02.03.03	Construction in progress	37,567	21,330
1.02.04	Intangible assets	36,004	26,213
1.02.04.01	Intangible assets	36,004	26,213
1.02.04.01.02	Intangible assets	36,004	26,213

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

Line Item	Description	Current YTD 01/01/2022 to 03/31/2022	Prior YTD 01/01/2021 to 12/31/2021
2	Total liabilities and equity	1,966,127	1,936,806
2.01	Current liabilities	782,178	959,181
2.01.01	Payroll, benefits and taxes thereon	50,487	46,450
2.01.01.01	Payroll and related taxes	5,695	9,479
2.01.01.02	Payroll and related taxes	44,792	36,971
2.01.02	Trade payables	118,082	90,658
2.01.02.01	Local suppliers	89,637	66,300
2.01.02.02	Foreign suppliers	28,445	24,358
2.01.03	Taxes payable	49,413	39,102
2.01.03.01	Federal tax liabilities	43,443	34,394
2.01.03.01.01	Income tax and social contribution payable	12,962	15,301
2.01.03.01.02	Other taxes	30,481	19,093
2.01.03.02	State tax liabilities	5,951	4,678
2.01.03.03	Municipal tax liabilities	19	30
2.01.04	Borrowings and financing	390,132	618,904
2.01.04.01	Borrowings and financing	390,132	618,904
2.01.04.01.01	In local currency	14,092	43,572
2.01.04.01.02	In foreign currency	376,040	575,332
2.01.05	Other payables	132,435	122,520
2.01.05.02	Other	132,435	122,520
2.01.05.02.02	Dividends payable	68,002	68,002
2.01.05.02.04	Intragroup borrowing	2,571	3,385
2.01.05.02.06	Leases	111	-
2.01.05.02.08	Advances from customers	48,049	40,897
2.01.05.02.09	Other payables	13,702	10,236
2.01.06	Provisions	41,629	41,547
2.01.06.01	Tax, social security, labor and civil provisions	35,487	35,012
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	7,119	6,536
2.01.06.01.04	Civil provisions	679	787
2.01.06.02	Other provisions	6,142	6,535
2.01.06.02.01	Provision for warranties	6,142	6,535
2.02	Noncurrent liabilities	298,028	220,578
2.02.01	Borrowings and financing	145,293	74,407
2.02.01.01	Borrowings and financing	145,293	74,407
2.02.01.01.02	In foreign currency	145,293	74,407
2.02.02	Other payables	102,762	95,164
2.02.02.01	Due to related parties	54,609	53,996
2.02.02.01.04	Due to other related parties	54,609	53,996
2.02.02.02	Other	48,153	41,168
2.02.02.02.03	Taxes payable	20,586	22,707
2.02.02.02.04	Provision for negative equity	19,351	18,461
2.02.02.02.05	Other payables	8,000	-
2.02.02.02.07	Leases	216	-
2.02.04	Provisions	49,973	51,007
2.02.04.01	Tax, social security, labor and civil provisions	49,973	51,007
2.02.04.01.02	Social security and labor provisions	34,784	35,818
2.02.04.01.03	Provisions for Employee Benefits	221	221
2.02.04.01.04	Civil provisions	14,968	14,968
2.03	Equity	885,921	757,047
2.03.01	Issued capital	313,226	308,191

2.03.02	Capital reserves	-	26,521	-	27,281
2.03.02.03	Disposal of subscription warrants		9,880		9,880
2.03.02.04	Stock options granted		7,720		5,423
2.03.02.09	Capital Transactions	-	44,121	-	42,584
2.03.04	Profit reserve		259,293		233,936
2.03.04.01	Legal reserve		15,065		15,065
2.03.04.07	Tax incentive reserve		117,944		92,587
2.03.04.08	Proposed additional dividends		126,284		126,284
2.03.05	Retained earnings/accumulated losses		169,816		-
2.03.06	Valuation adjustments to equity		45,046		45,225
2.03.08	Cumulative translation adjustments		125,061		196,976
2.03.08.01	Cumulative translation adjustments		125,061		196,976

Individual FS / Statement of Profit or Loss

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 03/31/2022	Prior YTD 01/01/2021 to 03/31/2021
3.01	Net operating revenue	462,437	318,020
3.02	Cost of sales	- 229,713	- 156,989
3.03	Gross profit	232,724	161,031
3.04	Operating (expenses) income	- 9,598	- 3,784
3.04.01	Selling expenses	- 23,190	- 16,016
3.04.02	General and administrative expenses	- 30,534	- 23,395
3.04.03	Impairment losses	107	- 284
3.04.04	Other operating income	28,066	5,012
3.04.05	Other operating expenses	- 12,097	- 2,748
3.04.06	Equity in earnings (losses)	28,050	33,647
3.05	Profit before finance income (costs) and taxes	223,126	157,247
3.06	FINANCE INCOME (COSTS)	45,465	- 74,752
3.06.01	Finance income	155,827	15,039
3.06.02	Finance costs	- 110,362	- 89,791
3.07	Pretax income	268,591	82,495
3.08	Income tax and social contribution	- 73,598	- 14,399
3.08.01	Current	- 51,763	- 10,511
3.08.02	Deferred	- 21,835	- 3,888
3.09	Profit (loss) from continuing operations	194,993	68,096
3.11	profit (loss) for the period	194,993	68,096
3.99	Earnings per share (R$/share)	-	-
3.99.01	Basic earnings per share	-	-
3.99.01.01	Common shares (ON)	1.64109	0.67981
3.99.01.02	Preferred shares (PN)	1.65739	0.73442
3.99.02	Diluted earnings per share	-	-
3.99.02.01	Common shares (ON)	1.64109	0.67981
3.99.02.02	Preferred shares (PN)	1.54083	0.53462

Individual FS / Statement of Comprehensive Income

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 03/31/2022	Prior YTD 01/01/2021 to 03/31/2021
4.01	Profit for the period	194,993	68,096
4.02	Other comprehensive income	- 71,914	22,609
4.02.01	Translation adjustments for the period	- 71,914	22,609
4.02.02	Realization of valuation adjustments to equity, net of taxes	-	-
4.03	Comprehensive income for the period	123,079	90,705

Individual FS / Statement of Cash Flows - Indirect Method

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 03/31/2022	Prior YTD 01/01/2021 to 03/31/2021
6.01	Net cash from operating activities	215,417	118,432
6.01.01	Cash generated by operating activities	110,577	121,672
6.01.01.01	Profit (loss) before income tax and social contribution	268,591	82,495
6.01.01.02	Depreciation and amortization	3,954	3,260
6.01.01.03	Cost of capital assets written off	151	114
6.01.01.04	Allowance for doubtful debts	-107	284
6.01.01.05	Share of results of investees	-28,050	-33,647
6.01.01.08	Accrued interest on borrowings and intragroup borrowings	9,397	8,717
6.01.01.10	Allowance for inventory losses	511	1,342
6.01.01.11	Provision for warranties	-393	-2,460
6.01.01.12	Provision for civil, labor and tax risks	-559	226
6.01.01.13	Exchange differences on borrowings and other items	-142,918	61,341
6.01.02	Changes in assets and liabilities	158,544	8,529
6.01.02.01	(Increase) decrease in trade receivables	102,523	20,480
6.01.02.02	Decrease (increase) in inventories	670	-58,366
6.01.02.03	Decrease (increase) in other receivables	-4,583	13,573
6.01.02.04	(Decrease) increase in trade payables	27,424	39,803
6.01.02.05	Increase (decrease) in accounts payable	32,510	-6,961
6.01.03	Other	-53,704	-11,769
6.01.03.02	Payment of income tax and social contribution	-53,704	-11,769
6.02	Net cash from investing activities	-75,174	-25,169
6.02.01	Due from related parties	-15,268	-385
6.02.04	In property, plant and equipment	-21,067	-18,539
6.02.05	In intangible assets	-10,198	-1,206
6.02.06	Financial investments	-28,641	-5,039
6.03	Net cash from financing activities	-18,166	-2,643
6.03.02	Borrowings and intragroup borrowings	139,589	15,012
6.03.03	Repayment of borrowings	-155,294	-23,167
6.03.05	Capital increase	5,035	20,382
6.03.07	Payment of interest on borrowings and intragroup borrowings	-8,078	-8,386
6.03.10	Due to related parties	582	-6,484
6.05	Increase (decrease) in cash and cash equivalents	122,077	90,620
6.05.01	Cash and cash equivalents at the beginning of the year	65,399	34,623
6.05.02	Cash and cash equivalents at the end of the year	187,476	125,243

Individual FS / Statement of Value Added

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 03/31/2022	Prior YTD 01/01/2021 to 03/31/2021
7.01	Revenue	614,074	406,791
7.01.01	Sales of goods and services	585,901	402,063
7.01.02	Other income	28,066	5,012
7.01.04	Allowance for (reversal of) doubtful debts	107	- 284
7.02	Inputs purchased from third parties	- 221,644	- 140,318
7.02.01	Cost of products, goods and services sold	- 143,281	- 86,306
7.02.02	Supplies, power, outside services and other inputs	- 78,363	- 54,012
7.03	Gross value added	392,430	266,473
7.04	Withholdings	- 3,955	- 3,260
7.04.01	Depreciation, amortization and depletion	- 3,955	- 3,260
7.05	Wealth created	388,475	263,213
7.06	Wealth received in transfer	183,877	48,686
7.06.01	Equity in earnings (losses)	28,050	33,647
7.06.02	Finance income	155,827	15,039
7.07	Wealth for distribution	572,352	311,899
7.08	Wealth distributed	572,352	311,899
7.08.01	Personnel expenses	56,009	44,720
7.08.01.01	Wages	38,949	32,679
7.08.01.02	Benefits	14,289	9,721
7.08.01.03	Severance Pay Fund (FGTS)	2,771	2,320
7.08.02	Taxes, fees and contributions	209,643	108,107
7.08.02.01	Federal	172,298	89,712
7.08.02.02	State	37,278	18,337
7.08.02.03	Municipal	67	58
7.08.03	Lenders and lessors	111,707	90,976
7.08.03.01	Interest	110,363	89,789
7.08.03.02	Rentals	1,344	1,187
7.08.04	Shareholders	194,993	68,096
7.08.04.03	Retained earnings (accumulated losses)	194,993	68,096

Individual FS / Statements of Changes in Equity / SCE - 01/01/2022 to 03/31/2022
(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	308,191	-27,281	233,936	-	242,201	757,047
5.02	Prior-year adjustments	-	-	-	-	-	-
5.03	Adjusted opening balances	308,191	-27,281	233,936	-	242,201	757,047
5.04	Shareholders' capital transactions	5,035	760	-	-	-	5,795
5.04.01	Capital increases	5,035	-	-	-	-	5,035
5.04.02	Share issuance costs	-	-	-	-	-	-
5.04.03	Recognized stock options granted	-	2,296	-	-	-	2,296
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	Others transactions	-	-1,536	-	-	-	-1,536
5.05	Total comprehensive income	-	-	-	194,993	-71,914	123,079
5.05.01	Profit for the period	-	-	-	194,993	-	194,993
5.05.02	Other comprehensive income	-	-	-	-	-71,914	-71,914
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	-	-	-	-	-71,914	-71,914
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-
5.05.03	Reclassifications to profit or loss	-	-	-	-	-	-
5.05.03.01	Adjustments to financial instruments	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	25,357	-25,177	-180	-
5.06.01	Recognition of reserves	-	-	25,357	-25,357	-	-
5.06.02	Realization of revaluation reserve	-	-	-	180	-180	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-
5.07	Closing balances	313,226	-26,521	259,293	169,816	170,107	885,921

Individual FS / Statements of Changes in Equity / SCE - 01/01/2021 to 03/31/2021
(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	20,382	-	-	-	-	20,382
5.04.01	Capital increases	20,382	-	-	-	-	20,382
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	-	-	-	-	-	-
5.05	Total comprehensive income	-	-	-	68,260	22,445	90,705
5.05.01	Profit for the period	-	-	-	68,096	-	68,096
5.05.02	Other comprehensive income	-	-	-	164	22,445	22,609
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	-	-	-	-	22,609	22,609
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	164	-164	-
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	580,669	-31,116	-	-636,460	240,263	153,356

Consolidated FS / Balance Sheet - Assets

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 03/31/2022	Prior YTD 01/01/2021 to 12/31/2021
1	Total assets	2,083,732	2,093,620
1.01	Current assets	1,441,760	1,455,990
1.01.01	Cash and cash equivalents	237,708	185,764
1.01.01.01	Cash and banks	199,785	171,251
1.01.01.02	Highly liquid short-term investments	37,923	14,513
1.01.02	Short-term investments	99,419	70,778
1.01.02.01	Short-term investments at fair value through profit or loss	99,419	70,778
1.01.02.01.01	Bank certificates of deposit	99,419	70,778
1.01.03	Accounts receivable	409,422	515,163
1.01.03.01	Trade receivables	409,422	515,163
1.01.04	Inventories	517,891	491,864
1.01.06	Recoverable taxes	67,829	65,261
1.01.06.01	Recoverable current taxes	67,829	65,261
1.01.07	Prepaid expenses	18,833	30,985
1.01.08	Other current assets	90,658	96,175
1.01.08.01	Noncurrent assets for sale	66,895	66,396
1.01.08.03	Other	23,763	29,779
1.01.08.03.02	Others account receivables	23,763	29,779
1.02	Noncurrent assets	641,972	637,630
1.02.01	Long-term receivables	132,650	151,816
1.02.01.07	Deferred taxes	101,858	121,380
1.02.01.07.01	Deferred income tax and social contribution	101,858	121,380
1.02.01.10	Other noncurrent assets	30,792	30,436
1.02.01.10.03	Other	7,692	5,627
1.02.01.10.04	Recoverable taxes	23,100	24,809
1.02.02	Investments	5,851	4,420
1.02.02.01	Equity interests	5,851	4,420
1.02.02.01.04	Investments in joint ventures	5,692	4,261
1.02.02.01.05	Other investments	159	159
1.02.03	Property, plant and equipment	398,052	379,023
1.02.03.01	Fixed assets in use	293,243	302,958
1.02.03.03	Construction in progress	104,809	76,065
1.02.04	Intangible assets	105,419	102,371
1.02.04.01	Intangible	105,419	102,371
1.02.04.01.02	Intangible assets	105,419	102,371
1.02.04.02	Goodwill	-	-

Consolidated FS / Balance Sheet - Liabilities

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 03/31/2022	Prior YTD 01/01/2021 to 12/31/2021
2	Total liabilities and equity	2,083,732	2,093,620
2.01	Current liabilities	914,317	1,119,801
2.01.01	Payroll, benefits and taxes thereon	71,869	66,860
2.01.01.01	Payroll and related taxes	6,236	10,068
2.01.01.02	Payroll and related taxes	65,633	56,792
2.01.02	Trade payables	139,645	143,606
2.01.02.01	Local suppliers	105,579	82,160
2.01.02.02	Foreign suppliers	34,066	61,446
2.01.03	Taxes payable	106,445	96,632
2.01.03.01	Federal tax liabilities	99,426	91,276
2.01.03.01.01	Income tax and social contribution payable	26,638	21,105
2.01.03.01.02	Other taxes	72,788	70,171
2.01.03.02	State tax liabilities	6,962	5,311
2.01.03.03	Municipal tax liabilities	57	45
2.01.04	Borrowings and Financing	390,132	618,904
2.01.04.01	Borrowings and Financing	390,132	618,904
2.01.04.01.01	In local currency	14,092	43,572
2.01.04.01.02	In foreign currency	376,040	575,332
2.01.05	Other payables	153,495	140,158
2.01.05.02	Other	153,495	140,158
2.01.05.02.02	Dividends payable	68,002	68,002
2.01.05.02.06	Payables from noncurrent assets for sale	1,892	2,098
2.01.05.02.09	Other payables	48,293	41,181
2.01.05.02.10	Liabilities related to noncurrent assets held for sale and discontinued operations	6,211	5,830
2.01.05.02.11	Other payables	29,097	23,047
2.01.06	Provisions	52,731	53,641
2.01.06.01	Tax, social security, labor and civil provisions	41,804	41,731
2.01.06.01.01	Tax provisions	27,691	27,689
2.01.06.01.02	Social security and labor provisions	9,401	8,776
2.01.06.01.04	Civil provisions	4,712	5,266
2.01.06.02	Other allowances, provisions and accruals	10,927	11,910
2.01.06.02.01	Provision for warranties	10,927	11,910
2.02	Noncurrent liabilities	283,494	216,772
2.02.01	Borrowings and financing	145,293	74,407
2.02.01.01	Borrowings and financing	145,293	74,407
2.02.01.01.02	In foreign currency	145,293	74,407
2.02.02	Other payables	63,109	64,169
2.02.02.01	Due to related parties	1,682	1,651
2.02.02.01.04	Due to other related parties	1,682	1,651
2.02.02.02	Other	61,427	62,518
2.02.02.02.04	Other Payables	21,496	23,583
2.02.02.02.05	Suppliers	34,146	32,200
2.02.02.02.07	Leases	5,785	6,735
2.02.03	Deferred taxes	15,347	16,469
2.02.03.01	Deferred income tax and social contribution	15,347	16,469
2.02.04	Provisions	59,745	61,727
2.02.04.01	Tax, social security, labor and civil provisions	54,196	55,191
2.02.04.01.01	Tax provisions	2,642	2,641
2.02.04.01.02	Social security and labor provisions	36,567	37,563
2.02.04.01.04	Civil provisions	14,987	14,987
2.02.04.02	Other allowances, provisions and accruals	5,549	6,536
2.02.04.02.01	Provision for warranties	5,549	6,536
2.03	Consolidated equity	885,921	757,047
2.03.01	Issued capital	313,226	308,191
2.03.02	Capital reserves	- 26,521	- 27,281
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	7,720	5,423
2.03.02.09	Capital Transactions	- 44,121	- 42,584
2.03.04	Profit reserve	259,293	233,936
2.03.04.01	Legal reserve	15,065	15,065
2.03.04.07	Tax incentive reserve	117,944	92,587
2.03.04.08	Proposed additional dividends	126,284	126,284

2.03.05	Retained earnings/accumulated losses	169,816	-
2.03.06	Valuation adjustments to equity	45,046	45,225
2.03.08	Cumulative translation adjustments	125,061	196,976
2.03.08.01	Cumulative translation adjustments	125,061	196,976

Consolidated FS / Statement of Profit or Loss

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 03/31/2022	Prior YTD 01/01/2021 to 03/31/2021
3.01	Net operating revenue	676,569	551,098
3.02	Cost of sales	- 342,028	- 297,062
3.03	Gross profit	334,541	254,036
3.04	Operating (expenses) income	- 100,826	- 85,588
3.04.01	Selling expenses	- 65,388	- 44,282
3.04.02	General and administrative expenses	- 52,625	- 43,724
3.04.03	Impairment losses	- 526	- 412
3.04.04	Other operating income	28,591	5,460
3.04.05	Other operating expenses	- 10,711	- 2,620
3.04.06	Equity in earnings (losses)	- 167	- 10
3.05	Profit before finance income (costs) and taxes	233,715	168,448
3.06	FINANCE INCOME (COSTS)	43,508	- 76,102
3.06.01	Finance income	155,192	15,743
3.06.02	Finance costs	- 111,684	- 91,845
3.07	Pretax income	277,223	92,346
3.08	Income tax and social contribution	- 81,889	- 24,105
3.08.01	Current	- 62,571	- 22,622
3.08.02	Deferred	- 19,318	- 1,483
3.09	Profit (loss) from continuing operations	195,334	68,241
3.10	Profit (loss) from discontinued operations, net	- 341	- 145
3.10.01	Profit (loss) from discontinued operations	- 341	- 145
3.11	Consolidated profit (loss) for the period	194,993	68,096
3.11.01	Attributable to owners of the Company	194,993	68,096
3.99	Earnings per share (R$/share)	-	-
3.99.01	Basic earnings per share	-	-
3.99.01.01	Common shares (ON)	1.64109	0.67981
3.99.01.02	Preferred shares (PN)	1.65739	0.73442
3.99.02	Diluted earnings per share	-	-
3.99.02.01	Common shares (ON)	1.64109	0.67981
3.99.02.02	Preferred shares (PN)	1.54083	0.53462

Consolidated FS / Statement of Comprehensive Income

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 03/31/2022	Prior YTD 01/01/2021 to 03/31/2021
4.01	Consolidated profit for the period	194,993	68,096
4.02	Other comprehensive income	- 71,914	22,609
4.02.01	Translation adjustment for the period	- 71,914	22,609
4.03	Consolidated comprehensive income for the period	123,079	90,705
4.03.01	Attributable to owners of the Company	123,079	90,705

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

Line Item		Current YTD 01/01/2022 to 03/31/2022	Prior YTD 01/01/2021 to 03/31/2021
6.01	Net cash from operating activities	133,339	206,556
6.01.01	Cash generated by operating activities	133,891	168,755
6.01.01.01	Profit (loss) before income tax and social contribution	277,223	92,346
6.01.01.02	Depreciation and amortization	8,333	7,218
6.01.01.03	Cost of capital assets written off	153	1,996
6.01.01.05	Share of results of investees	167	10
6.01.01.07	Allowance for doubtful debts	2,602	412
6.01.01.08	Allowance for inventory losses	1,140	1,519
6.01.01.10	Accrued interest on borrowings and intragroup loans	8,395	9,152
6.01.01.12	Provision for Civil, Labor and Tax Risks	-278	-52
6.01.01.14	Other items that do not affect cash included in profit	-19,467	-10,110
6.01.01.17	Provision for warranties	-1,970	-1,447
6.01.01.18	Exchange differences on translating borrowings and financing	-142,918	67,489
6.01.01.20	Net cash from discontinued operations	511	222
6.01.02	Changes in assets and liabilities	54,000	6,167
6.01.02.01	(Increase) decrease in trade receivables	77,045	15,156
6.01.02.02	(Increase) decrease in inventories	-59,504	-99,896
6.01.02.03	(Increase) in other receivables	-7,596	22,225
6.01.02.04	Increase in trade payables	6,352	60,793
6.01.02.05	Increase in accounts payable	37,703	7,889
6.01.03	Other	-54,552	31,634
6.01.03.03	Assets and Liabilities held for sale	-145	44,201
6.01.03.04	Repayment of IRPJ and CSLL	-54,407	-12,567
6.02	Net cash from investing activities	-80,351	-41,951
6.02.01	Due from related parties	-48	-50
6.02.03	In investments	-1,598	-3,128
6.02.04	In property, plant and equipment	-39,176	-32,132
6.02.05	In intangible assets	-10,404	-1,450
6.02.06	Financial investments	-28,641	-5,039
6.02.07	Net cash from discontinued investing activities	-484	-152
6.03	Net cash from financing activities	-18,297	84
6.03.02	Borrowings and intragroup borrowings	139,589	30,359
6.03.03	Repayment of borrowings	-156,385	-44,988
6.03.05	Capital increase	5,035	20,382
6.03.09	Debits with related parties	31	1,603
6.03.10	Payment of interest on borrowings and intragroup borrowings	-6,567	-7,272
6.04	Exchange differences on translating cash and cash equivalents	17,253	-5,285
6.05	Increase (decrease) in cash and cash equivalents	51,944	159,404
6.05.01	Cash and cash equivalents at the beginning of the year	185,764	91,231
6.05.02	Cash and cash equivalents at the end of the year	237,708	250,635

Consolidated FS / Statement of Value Added

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 03/31/2022	Prior YTD 01/01/2021 to 03/31/2021
7.01	Revenue	834,317	651,514
7.01.01	Sales of goods and services	806,252	646,466
7.01.02	Other income	28,591	5,460
7.01.04	Allowance for (reversal of) doubtful debts	-526	-412
7.02	Inputs purchased from third parties	-384,606	-317,424
7.02.01	Cost of products, goods and services sold	-248,436	-219,218
7.02.02	Supplies, power, outside services and other inputs	-136,170	-98,206
7.03	Gross value added	449,711	334,090
7.04	Withholdings	-8,333	-7,218
7.04.01	Depreciation, amortization and depletion	-8,333	-7,218
7.05	Wealth created	441,378	326,872
7.06	Wealth received in transfer	154,684	15,588
7.06.01	Equity in earnings (losses)	-167	-10
7.06.02	Finance income	155,192	15,743
7.06.03	Other	-341	-145
7.06.03.20	Wealth created by discontinued operations for distribution	-341	-145
7.07	Wealth for distribution	596,062	342,460
7.08	Wealth distributed	596,062	342,460
7.08.01	Personnel expenses	62,455	52,033
7.08.01.01	Wages	43,912	38,455
7.08.01.02	Benefits	15,500	10,940
7.08.01.03	Severance Pay Fund (FGTS)	3,043	2,638
7.08.02	Taxes, fees and contributions	225,447	129,204
7.08.02.01	Federal	185,099	106,584
7.08.02.02	State	40,155	22,470
7.08.02.03	Municipal	193	150
7.08.03	Lenders and lessors	113,167	93,127
7.08.03.01	Interest	111,684	91,840
7.08.03.02	Rentals	1,483	1,287
7.08.05	Other	194,993	68,096
7.08.05.01	Accumulated losses, net of valuation adjustments to equity - Continuing operation	195,334	68,241
7.08.05.02	Accumulated losses, net of valuation adjustments to equity - discontinued operation	-341	-145

Consolidated FS / Statements of Changes in Equity / SCE -- 01/01/2022 to 03/31/2022
(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	308,191	- 27,281	233,936	-	242,201	757,047
5.02	Prior-year adjustments	-	-	-	-	-	-
5.03	Adjusted opening balances	308,191	- 27,281	233,936	-	242,201	757,047
5.04	Shareholders' capital transactions	5,035	760	-	-	-	5,795
5.04.01	Capital increases	5,035	-	-	-	-	5,035
5.04.02	Share issuance costs	-	-	-	-	-	-
5.04.03	Recognized stock options granted	-	2,296	-	-	-	2,296
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	Others transactions	-	- 1,536	-	-	-	- 1,536
5.05	Total comprehensive income	-	-	-	194,993	- 71,914	123,079
5.05.01	Net income for the period	-	-	-	194,993	-	194,993
5.05.02	Other comprehensive income	-	-	-	-	- 71,914	- 71,914
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	-	-	-	-	- 71,914	- 71,914
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-
5.05.03	Reclassifications to profit or loss	-	-	-	-	-	-
5.05.03.01	Adjustments to financial instruments	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	25,357	- 25,177	- 180	-
5.06.01	Recognition of reserves	-	-	25,357	- 25,357	-	-
5.06.02	Realization of revaluation reserve	-	-	-	180	- 180	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-
5.07	Closing balances	313,226	- 26,521	259,293	169,816	170,107	885,921

Consolidated FS / Statements of Changes in Equity / SCE -- 01/01/2021 to 03/31/2021
(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	20,382	-	-	-	-	20,382
5.04.01	Capital increases	20,382	-	-	-	-	20,382
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	-	-	-	-	-	-
5.05	Total comprehensive income	-	-	-	68,260	22,445	90,705
5.05.01	Net income for the period	-	-	-	68,096	-	68,096
5.05.02	Other comprehensive income	-	-	-	164	22,445	22,609
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	-	-	-	-	22,609	22,609
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	164	- 164	-
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	580,669	- 31,116	-	- 636,460	240,263	153,356

1Q22 Earnings results

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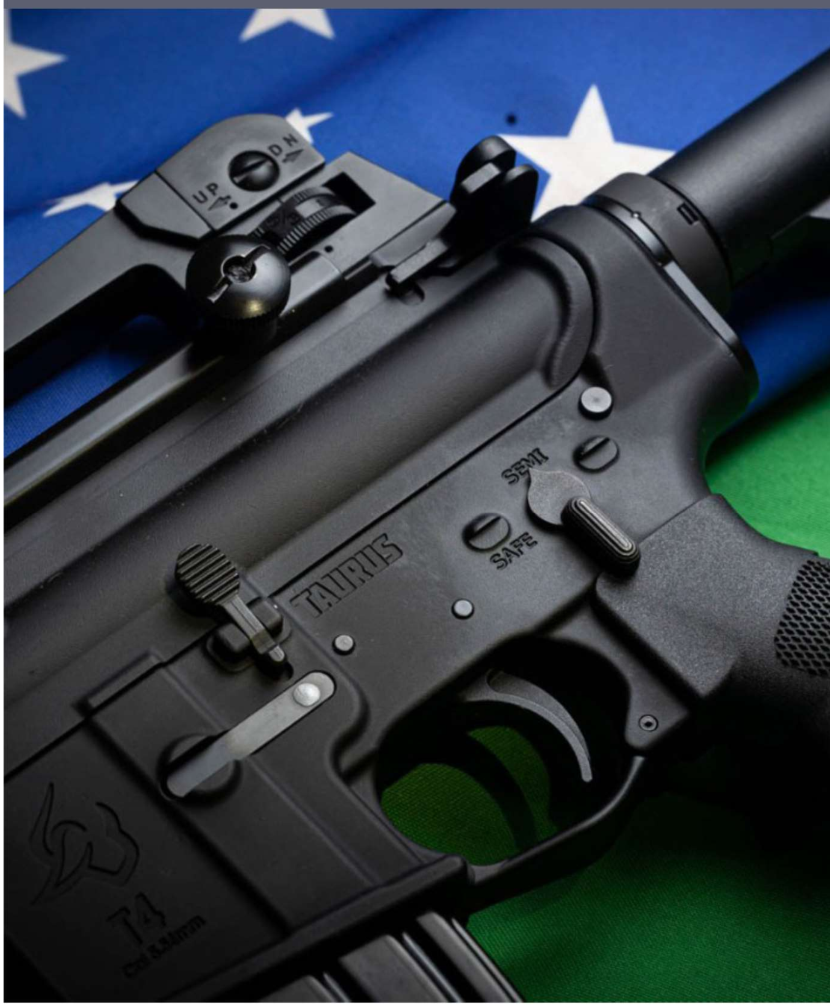


Operating and financial highlights – 1Q22

Total production:

574 thousand firearms, up by 16.8% over 1Q21

Net revenue:

R$676.6 million, surpassing the 1Q21 performance by 22.8%

Gross profit:

R$334.5 million, with margin of 49.4%, up by 31.7% and 3.3 p.p., respectively, over 1Q21

EBITDA:

R$242.2 million, up by 37.8% against 1Q21 figures, and margin of 35.8% (increase of 3.9 p.p.)

Profit for the period:

R$195.0 million, 2.9 times the 1Q21 earnings

Payment of dividends on April 29:

R$194.3 million

R$ 1.62436514443 per share

Taurus maintains operating performance, attaining a gross margin of 49.4%, and records net income of R$195.0 million in 1Q22

São Leopoldo, May 10, 2022 – 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 firearm manufacturers, hereby reports its earnings for the First Quarter of 2022. Financial and operating information below, except otherwise indicated, is expressed in Brazilian reais (R$), follows international financial reporting standards (IFRSs) and Brazilian accounting principles. Comparisons refer to the same period of 2021.

Main indicators

R$ million	1Q22	1Q21	21 x 20 % change	4Q21	1Q22 vs. 4Q21 % change
Net operating revenue	676.6	551.1	22.8%	820.3	-17.5%
Domestic market	192.9	146.4	31.8%	220.5	-12.5%
Foreign market	483.7	404.7	19.5%	599.8	-19.4%
Cost of sales	-342.0	-297.1	15.1%	-424.1	-19.4%
Gross profit	334.5	254.0	31.7%	396.2	-15.6%
Gross margin (%)	*49.4%*	*46.1%*	*3.4 p.p.*	*48.3%*	*1.1 p.p.*
Operating expenses	-100.8	-85.6	17.8%	-95.8	5.2%
Profit before finance income (costs) and taxes	233.7	168.4	38.8%	300.4	-22.2%
Finance income (costs), net	43.5	-76.1	-	-3.0	-
Income tax and social contribution	-81.9	-24.1	239.8%	-90.1	-9.1%
Profit (loss) for the period (continuing operations)	195.3	68.2	186.4%	207.4	-5.8%
Profit (loss) from discontinued operations	-0.3	-0.1	200.0%	-0.4	-25.0%
Profit (loss) for the period	**195.0**	**68.1**	**186.3%**	**206.9**	**-5.8%**
EBITDA	242.2	175.7	37.8%	307.8	-21.3%
EBITDA margin	*35.8%*	*31.9%*	*3.9 p.p.*	*37.5%*	*-1.7 p.p.*
Adjusted EBITDA*	242.6	176.3	37.6%	308.2	-21.3%
*Adjusted EBITDA margin**	*35.9%*	*32.0%*	*3.9 p.p.*	*37.6%*	*-1.7 p.p.*
Net debt (at the end of the period)	198.3	665.7	-70.2%	436.8	-54.6%

** Adjusted EBITDA and adjusted EBITDA Margin – exclude nonrecurring expense amount associated with the COVID-19 pandemic.*
Note – EBITDA is not an indicator used in accounting practices. Its calculation is presented in the Section "EBITDA" of this report.

Message from Management

We began FY2022 posting a profit of R$195.0 million in the first quarter. Such amount has already surpassed the total profit distributed as dividends referring to profit for 2021, which amounted to R$194.3 million, equivalent to R$1.62 per share. At the date of disclosure of Management's proposal for the payment of dividends accounting for 100% of adjusted profit for 2021, the dividend yield of preferred shares (TASA4) was 6.9%, a considerable profitability, particularly when considering all transformations that the Company has undergone in recent years. Currently, drawing on the Company's fully adjusted structure and the consolidation of significant operating and financial indicators, we aim to continue providing return to shareholders.

The remarkable figures of 1Q22 earnings derive from the operational stability, efficiency and soundness. Our gross margin reached 49.4% in the quarter, a level substantially exceeding the average reported by the global companies within the industry, with an Ebitda margin of 35.8% and profitability gains in relation to figures recorded in the same quarter of 2021. Despite the Brazilian real (R$) appreciation of 4.6% against the US dollar (US$), considering the average quotation for 1Q22 over 1Q21, which adversely affects Taurus's profitability as revenues mostly derive from foreign sales, the operating framework model has allowed us to increase the gross margin by 3.4 p.p. and the Ebitda margin by 3.9 p.p. during the period.

In the United States, the firearms market has been changing when compared to the scenarios observed over the past two years, when demand reached unprecedent levels in the world's largest market and, therefore, the main market for our products. We have been observing the beginning of a market slowdown. In the USA, demand indicators suggest a downturn despite the levels surpassing the figures reported in the years prior to the great boom experienced in 2020. Thus, upon the unprecedented demand in 2020 and still quite strong demand in 2021, the market is stable and more competitive in 2022, with distributors setting up product inventories.

It is worth stressing that the firearms market is exposed to seasonal trends. Such seasonality will be noticed in 2022, after not having occurred in the last two years due to strong demand. Demand tends to be lower in the period from June to August due to the summer holidays in the Northern Hemisphere. We have considered these aspects when designing our annual planning, determining strategies so as to mitigate any related effects. In light of the structural changes made in recent years, Taurus currently relies on efficient processes, lower costs, controls over expenses and a robust operating structure. We were ready and managed to benefit from the opportunities at a time of strong market expansion, besides being prepared to cope with a different market scenario. We remain focused on opportunities and risks, with management members constantly receiving information from the market intelligence and risk monitoring areas, defining our operating strategies for different market circumstances.

We are striving to maintain a strong operating performance and, in order to adapt to the current market profile, focused on expanding the production of revolvers. Taurus is currently recognized as the world's largest seller of handguns, considering the traditional American companies, holding absolute market leadership, besides offering the world's lowest production cost in the sector as a result of the revolver excellence project that has been developed. We continue to work towards boosting the profitability and competitive edge of these products. Revolver is considered a classic product with a more stable market, unlike the pistol segment whose demand soared over the past two years and is currently on a downward trend. Our industrial plant may vary the product mix, but with less flexibility in the production of revolvers than pistols, which has been the focus for the last two years. As we were already preparing for the market change, our approach is substantially driven to revolvers now and we have invested in acquiring cutting-edge machinery for this production line, expected to be delivered throughout the year.

Moreover, we continue with the strategy of launching products in industries where Taurus does not operate yet, without, therefore, competing with current products, so as to diversify and increase the added value of the product mix. In this sense, we are launching some new calibers of tactical weapons, such as the T4 300 MLOK rifle that entered the market in late April.

In the first quarter of 2022, our margins and selling prices of our products remained unchanged, and we expanded our strategic inventories, ensuring the attainment of our sales goals. Upon recording sales figures in excess of production for quarters in a row, we have reinforced our investments in marketing actions in the United States as part of our strategy for 2022. We have engaged a new Vice-President for Sales and a new Chief Marketing Officer at the U.S. plant to coordinate those activities.

Our total production for 1Q22, considering the industrial operations in Brazil and USA, reached an average amount of 9,000 firearms/day, up by 15.4% against the same period of 2021, when we recorded 7,800 firearms/day, on average. The total production volume, i.e., 574 thousand units, exceeded by 16.8% the 1Q21 volume. Traditionally, production in the first quarter of the year is lower when compared to other quarters and, therefore, was lower than 2021's figures, 9,300 units/day. This scenario arises from the ramp up of plants after the maintenance shutdown and collective vacation period in December, besides the fact that there is no full resumption of operations in January, when personnel who were performing the inventory-taking procedures in December have their vacation period.

The ESG matter (an acronym for "environmental, social and corporate governance") is among the priorities of our agenda. Last year, at my own discretion, I requested holding discussions with several consulting firms regarding the ESG matter and we entered into partnership with EY, with which we identify ourselves taking into account its methodology and credibility. This process has been directly conducted under my supervision. At this time, we are conducting interviews together with Senior Management, managers and employees directly involved in the relevant processes, besides analyzing the companies deemed to be related to Taurus. The ESG Project is designed to bring new ideas and share the actions already taken by officers throughout their management period, supporting the long-term interests of investors, aligned with the interests of employees, suppliers, the community and the environment.

In addition to adjusting our business with JV in India, we are currently selecting the best local suppliers. Drawing on in-depth market research, which includes the analysis of quotations from different suppliers, we are seeking reliable partners, offering high-quality services, prices and deadlines suitable for the local plant. A group of Taurus engineers also visited the country to train local personnel, making the unit appropriate to receive the parts and components to be shipped from Brazil.

We are expecting a different year from the last two years in 2022, with more challenges, but positive results for Taurus, which is prepared for the market repositioning. In addition to recording a good operating performance, the Company established itself as a strong cash generator, solved its indebtedness issue, closing 1Q22 with a net debt/Ebitda ratio of 0.2x and cash and cash equivalents amounting to R$337.1 million, paid dividends to shareholders on April 29, 2022 and defined its operating strategy focused on benefiting from opportunities and mitigating potential risks. The innovation and R&D initiatives led by the Integrated Engineering and Technology Center (CITE) are key aspects that allow creating differentials and boosting the competitive edge of Taurus products. We are confident about the continuity of achievements, drawing on the support of our Board of Directors, partners, customers, employees and shareholders.

Management

Operating Performance

Production

Taurus's strategic planning involves its business and related demand growth, aligned with higher production volumes. When comparing production volumes for 1Q22 to the position recorded in 1Q21, Taurus's output of firearms grew by 16.8%. In the USA, the plant officially opened in December 2019 in the State of Georgia successfully completed its ramp up process over the last 12 months. With an estimated original installed capacity of 800,000 units/year, twice the capacity of the former Taurus plant located in that country, the U.S. unit produced 216,000 firearms in 1Q22, a volume 23.5% higher than 1Q21's, totaling 909,000 units produced over the last 12 months. In addition, the industrial complex provides roughly 60% of its available area, with room for expanding capacity through new investments.

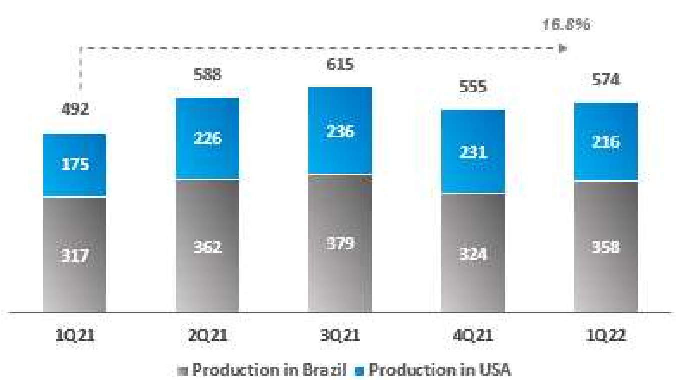
The Brazilian industrial unit also maintained a strong operating performance. Such performance results from investments already made in the industrial complex renovations and scale and productivity gains, especially considering the projects conducted by the Integrated Engineering and Technology Center (CITE) in Brazil/USA, which are aimed at ensuring an efficient production process, with competitive costs and innovative products. In 1Q22, the Brazilian firearm production totaled 358,000 units, accounting for a 13.0% increase over the same period from the prior year.

The average daily production for 1Q22 was 9,000 firearms/day, considering the industrial plants located in Brazil and USA, up by 15.4% over the same period of 2021, when the average volume reached 7,800 firearms/day, and down by 3.2% against the record average daily volume for 2021. At Taurus, the first quarter is traditionally marked by a lower production volume due to the ramp up process after the maintenance shutdown and collective vacation periods in December. In addition, operations are not fully resumed in early January of each year, since the personnel in charge of performing inventory-taking procedures at the end of the prior year go on vacation in that month.

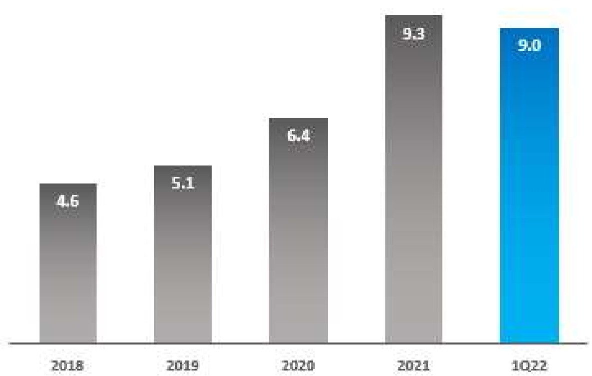
Firearms Production – Taurus

(thousand units)

Quarterly



Average/day

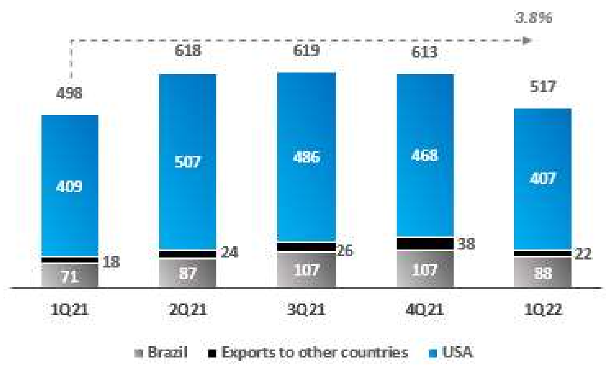


Sales

In 1Q22, Taurus sold 517,000 firearms, up by 3.8% over 1Q21, due to the increase of 23.9% in the sales volume in Brazil and increase of 22.2% in the volume of sales to other countries other than the USA. In the US market, sales figures remained virtually unchanged (- 0.5%) in the same comparison period.

At the end of the quarter, Taurus recorded a back order of 770,000 firearms for delivery to the US and Brazilian markets, a volume equivalent to 4.5 months of integrated production in both countries.

Sales volume - Taurus
(thousand units)

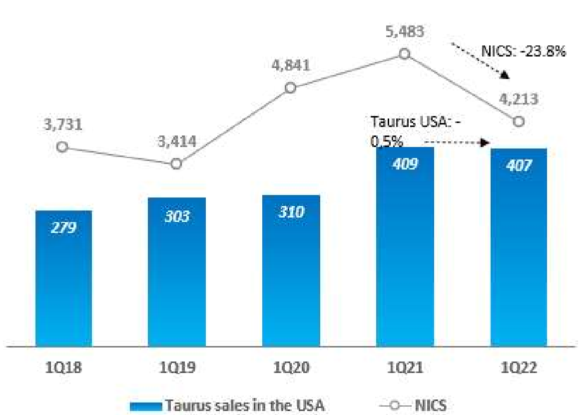


In the US market, after a period of significant growth in demand since the last quarter of 2019, which reached unprecedent levels in 2020, the NICS (National Instant Background Check System) indicator shows that, beginning the 2Q21, such high peak followed a downward trend. However, such indicator information showed that the US demand for 2021 and 1Q22 continued to surpass the historical average levels.

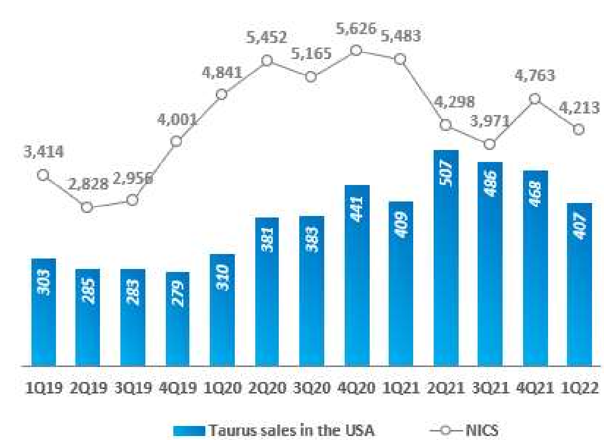
In the USA, Taurus's sales remain at high levels despite the lower sales volume after reaching the record of 507,000 units sold in 2Q21, as shown in the chart. With a market share of roughly 10%, the Company became the world's largest seller of handguns in 2021. The Company's sales performance in the USA during the first quarter of each year, since 2018, and the NICS indicator evolution for the same period (see chart below, on the left) evidences the brand presence in the share of Taurus products in the largest consumer market of firearms, differently from the reported fluctuations in the NICS indicator.

US market - Taurus's sales and NICS (National Instant Background Check System)
(thousand units)

1st quarter of 2018 to 2022



Quarterly evolution



The Company is prepared for the changes that are beginning to take place in the US firearms market, adjusting its operational structure to provide greater direction to the revolvers segment, in which Taurus is the world's largest producer. Revolver is considered a classic product with a more stable demand, which did not grow as strongly as observed in the pistol segment during the last two years, when the US demand soared, but maintained a good performance with positive forecasts for the coming quarters.

The Revolver Excellence Project continues to develop programs aimed at strengthening the brand competitive edge within the relevant industry and the competitiveness of products in the market. Accordingly, the Company has invested in acquiring cutting-edge machinery for the revolver line so as to boost production efficiency.

The Company's strategy also revolves around expanding its mix of products entering higher added-value segments in which Taurus does not operate yet, always with a view to benefiting from opportunities and mitigating risks. The Company is preparing to launch a new range of tactical weapons. The first launch of T4 rifle - caliber .300 AAC Blackout was conducted in late April.

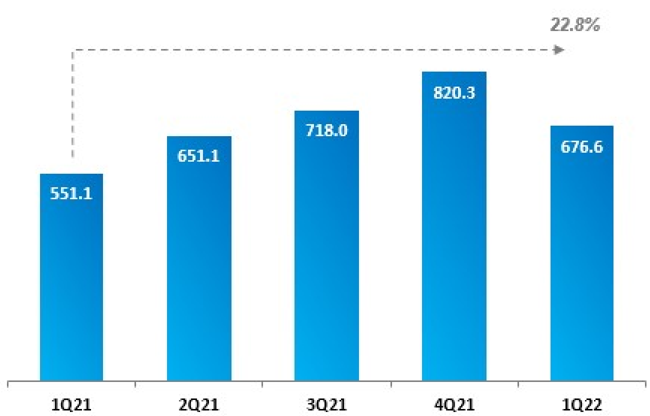
Economic and Financial Performance

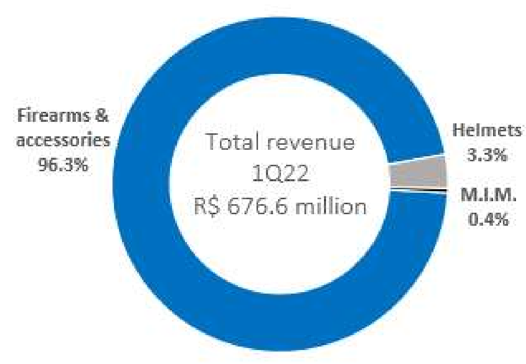
Net Operating Revenue

In addition to the firearms & accessories, major operating segment accounting for 96.3% of revenue in 1Q22, Taurus's net operating revenue includes the proceeds from M.I.M. (metal injection molding) sales and helmets, which jointly accounted for 3.7% of total revenue. The Company's consolidated net operating revenue increased by 22.8% over 1Q22 and same quarter from the prior year, a percentage rate significantly exceeding the 3.8% growth in sales volume reported in the same period. Such performance arises from the increasing share of higher added-value products in the sales mix, in addition to the new firearms pricing table applied in the second half of 2021, with inflation adjustments in Brazil and the US dollar appreciation being passed on to. These factors offset the appreciation of 4.6% in the Brazilian real against the US dollar in the period, considering the average quotation for 1Q22 and 1Q21, which adversely affects foreign sales revenue when translating such amounts into the local currency, and the lower revenue amounts in the two segments composing the consolidated profit: helmets, which operation is for sale, and M.I.M., a segment aimed at supplying Taurus's internal demand in addition to on-demand sales to third parties.

Compared to 4Q21, consolidated net revenue was pressured by the decrease in the firearms sales volume, by the 6.4% depreciation in the average US dollar quotation against the Brazilian real in the period, and by the lower revenue amounts in the other segments where the Company operates.

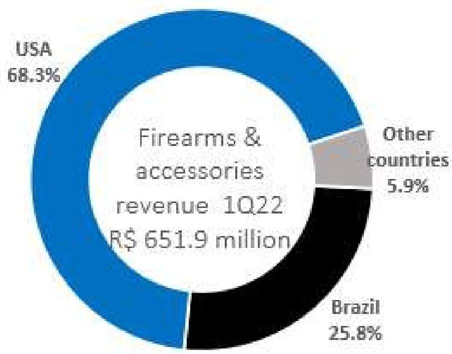
Consolidated Net Operating Revenue
(R$ million)

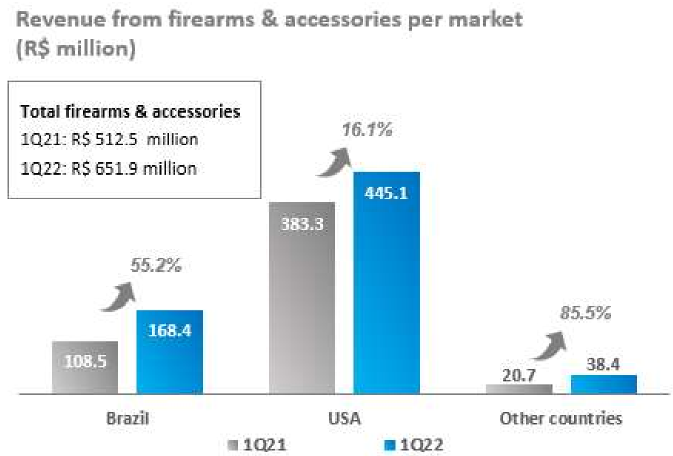




Individually considering the firearms & accessories segment, revenue reached R$651.9 million in 1Q22, an increase of 27.2% over 1Q21, with positive performance in the three geographic regions in which the Company classifies its sales: Brazil, USA and other countries. The strong commitment to the development of new products contributed to attaining a higher added-value mix of sales. Products launched over the past two years accounted for 30.9% of total revenue from firearms & accessories in the quarter.

Net Operating Revenue - Firearms & Accessories (R$ million)

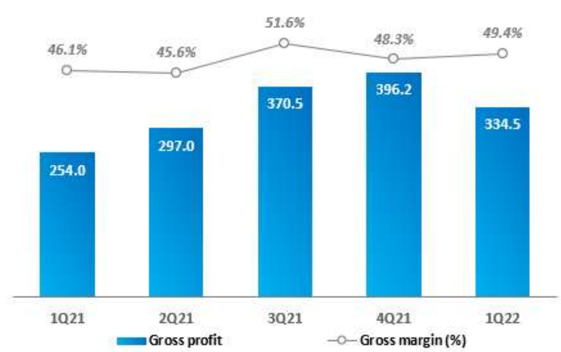




Gross profit

In 1Q22, gross profit amounting to R$334.5 million surpassed 1Q21 figures by 31.7%. Such increase exceeds the revenue growth for the same period so that, even with the pressure exerted by the appreciation in the Brazilian real against the US dollar in the period, the Company's gross profit increased by 3.4 p.p., with the margin reaching 49.4% in 1Q22. The higher gross profit reported in the period derives from the production growth and greater productivity, continuous management of costs and greater dilution of fixed costs, which are factors associated with the upgrading of the industrial complex and adoption of efficient operating processes. The increase in the pricing table adopted in the USA and Brazil in June and August, respectively, and the strong portfolio renewal, including the launch of higher added-value products with innovative and low-cost processes developed by the Integrated Engineering and Technology Center (CITE) in Brazil/USA, have also contributed to achieving that performance for the period.

Gross Profit (R$ million) and Gross Margin



Operating expenses

Operating expenses totaled R$100.8 million in 1Q22, including the negative amount of R$0.2 million (expenses) referring to the share of profit (loss) of subsidiaries. When compared to total operating expenses recorded in 1Q21, there was an increase of 17.8%. Expenses also tend to increase in light of the business growth, due to factors such as the need for greater administrative and R&D infrastructure, the investments being made in staff training and qualification and the increase in expenses on commissions, freight and insurance. Nevertheless, as observed in the COGS variations, operating expenses posted a percentage growth lower than the net revenue growth in the comparison period, with, therefore, greater dilution of expenses.

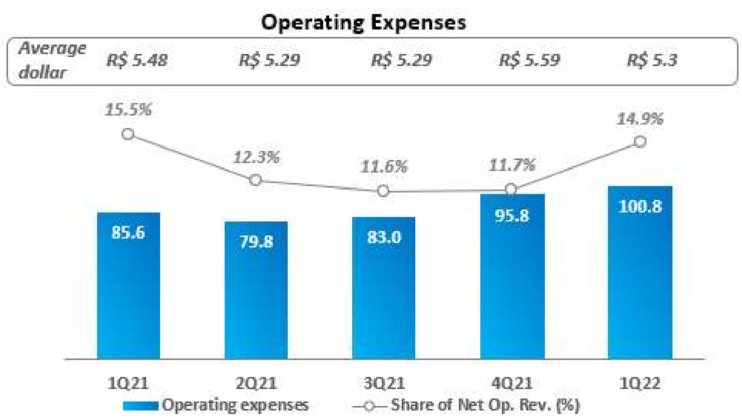
When compared to operating expenses for the immediately previous quarter, there was an increase of 5.2% in 1Q22 and growth in the share of expenses on net revenue, which went from 11.7%, in 4Q21, to 14.9%. The recognition of net revenue amounting to R$34.8 million for the last quarter of 2021 as "Other operating income", particularly due to the amounts referring to the recovery of taxes on revenue (PIS/COFINS), Federal VAT (IPI) and deemed State VAT (ICMS) recorded in that quarter, is the main reason underlying the aforesaid variations.

	1Q22	1Q21	1Q22 vs. 1Q21 % change	4Q21	1Q22 vs. 4Q21 % change
Selling expenses	65.4	44.3	47.6%	74.6	-12.3%
General and administrative expenses	52.6	43.7	20.4%	55.7	-5.6%
Asset impairment losses (income)	0.5	0.4	25.0%	0.3	66.7%
Other operating (income) expenses*	-17.7	-2.8	532.1%	-34.8	-49.1%
Operating expenses (SG&A)	**100.8**	**85.6**	**17.8%**	**95.8**	**5.2%**
Operating exp./Op. income, net (%)	*14.9%*	*15.5%*	*-0.6 p.p.*	*11.7%*	*3.2 p.p.*
Ptax average dollar exchange rate for the period (	*5.23*	*5.48*	*-4.6%*	*5.59*	*-7.1%*

** Includes share of results of investees*

** Includes the share of profit (loss) of subsidiaries: 1Q22: -R$0.2 million; 1Q21: -R$0.01 million and 4Q21: -0.2 million.*

Operating Expenses (R$ million) and their share of Net Revenue (%)



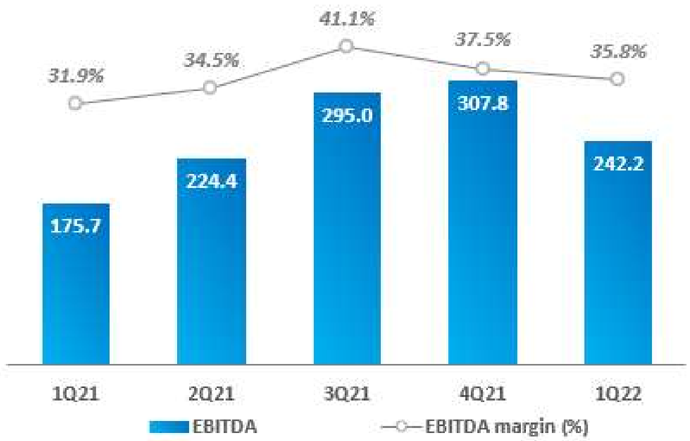
EBITDA

Taurus's operating performance growth over the past 12 months – considering the revenue increase derived from the higher sales volume and higher added-value mix of products, the increasing productivity and operational efficiency and the dilution of expenses in relation to revenue –, led to an increase of 37.8% in EBITDA, when comparing income of R$242.2 million for 1Q22 to the R$175.7 recorded in the same period of 2021. Likewise, operating profitability, measured by the EBITDA margin, maintained a positive fluctuation in the period, reaching 35.38%, up by 3.9 p.p. in the same period of comparison.

EBITDA calculation - reconciliation according to ICVM 527/12

R$ million	1Q22	1Q21	1Q22 vs. 1Q21 % change	4Q21	1Q22 x 4Q21 % change
Net operating revenue	676.6	551.1	22.8%	820.3	-17.5%
Cost of sales	-342.0	-297.1	15.1%	-424.1	-19.4%
Gross profit	334.5	254.0	31.7%	396.2	-15.6%
Operating expenses	-100.8	-85.6	17.8%	-95.8	5.2%
Deduction of the share in results of investees	0.2	0.0	-	0.2	0.0%
Addition of depreciation and amortization	8.3	7.2	15.3%	7.2	15.3%
EBITDA	**242.2**	**175.7**	**37.8%**	**307.8**	**-21.3%**
EBITDA margin	*35.8%*	*31.9%*	*3.9 p.p.*	*37.5%*	*-1.7 p.p.*
Nonrecurring expenses relating to Covid-19	0.4	0.7	-42.9%	0.4	0.0%
Adjusted EBITDA	**242.6**	**176.3**	**37.6%**	**308.2**	**-21.3%**
Adjusted EBITDA margin	*35.9%*	*32.0%*	*3.9 p.p.*	*37.6%*	*-1.7 p.p.*

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



Ebitda (earnings before interest, taxes, depreciation and amortization) is not a financial measurement according to the BR GAAP and International Financial Reporting Standards, or IFRS, and should not be considered on its own as an operating performance measurement or alternative to operating cash flow as liquidity measurement. This indicator is a managerial measurement, presented to offer additional information on operating cash generation.

Finance income (costs)

Taurus's finance income (costs) primarily comprise exchange gains (revenues) and losses (expenses). The depreciation in the Brazilian currency is reflected in the form of an exchange gain (revenues) on the trade receivables portfolio and the cash in US dollars of the US subsidiary and in the form of an exchange loss (expenses) on the financial obligations resulting from our debt, mostly denominated in US dollars.

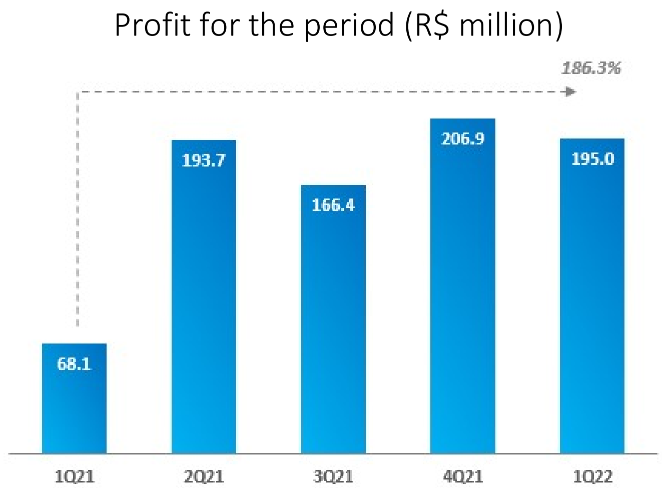
R$ million	1Q22	1Q21	*1Q22 vs. 1Q21 % change*	4Q21	1Q22 vs. 4Q21 % change
(+) Finance income	**155.2**	**15.7**	***888.5%***	**54.8**	***183.2%***
Foreign exchange gains	*152.4*	*15.5*	*880.3%*	*28.5*	*434.7%*
Interest and other income	*2.8*	*0.2*	*1300.0%*	*26.4*	*-89.4%*
(-) Finance costs	**111.7**	**91.8**	***21.7%***	**57.8**	***93.3%***
Foreign exchange losses	*97.6*	*79.3*	23.1%	*43.6*	123.9%
Interest, IOF and other costs	*14.1*	*12.6*	11.9%	*14.3*	-1.4%
(+/-) Finance income (costs), net	**43.5**	**-76.1**	-	**-3.0**	-
Ptax dollar exchange rate at end of period (R$)	**4.74**	**5.70**	*-16.8%*	**5.58**	*-16.1%*

Taurus recorded net finance income of R$43.5 million in 1Q22, primarily related to the positive balance (revenue) of R$54.8 million in exchange rate changes, considering the assets and liabilities associated with such fluctuations. On the one hand, the Brazilian real appreciation against the US dollar for the period – 16.8% considering the exchange rate at the end of 1Q22 and 1Q21 – adversely affected the translation of foreign sales and the cash balance denominated in foreign currency in the US subsidiary into the local currency. On the other hand, the positive effect on the US dollar-denominated debt, which totaled R$521.3 million or 97.4% of total debts as at March 31, 2022, offset the exchange losses on revenue.

Profit for the period

In light of profit amounting to R$195.0 million in 1Q22 and a margin on net operating revenue of 28.8%, Taurus's income is roughly three times higher (+ 186.4%) than profit recorded in 1Q21 and maintained the levels reported over the past quarters. Profit for 1Q22 also surpasses the amount of R$194.3 million of adjusted profit for 2021, fully distributed to shareholders as dividends.

For the nine quarter in a row, such profit reflects the Company's soundness. These results reflect the increasing operational stability reached over the past years, with productivity gains, a firm management of costs and expenses, a sales mix that incorporates higher value-added models, with processes developed to achieve efficiency and low production costs. In addition, the net balance of finance income amounting to R$43.5 million for the quarter has also contributed to such results.



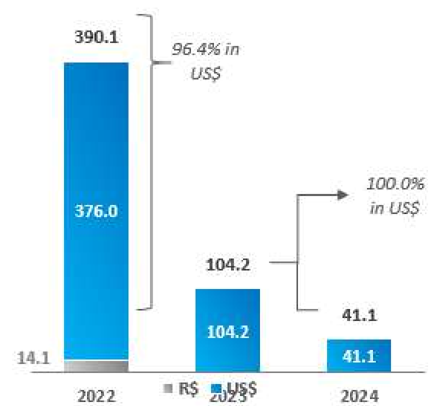
Indebtedness

In late March, the Company's gross debt amounted to R$535.4 million, which indicates a decrease of 22.8% or R$157.9 million in relation to the position reported at the end of 2021. Drawing on the strong generation of operating cash flows, Taurus has been performing its financial obligations as per the debt repayment schedule. As the Company's indebtedness is mostly denominated in US dollars (97.4% as at March 31, 2022), the 15.1% appreciation in the Brazilian real against such currency between periods (December 31, 2021 and March 31, 2022) also contributed to lowering the local currency-denominated debts. We rely on a natural hedge represented by revenue from foreign sales (71.5% in 1Q22) for the US dollar-denominated debts. Concurrently, cash and cash equivalents increased by R$80.6 million in the period, resulting in a reduction of R$238.5 million in the net debt position during the first three months of 2022.

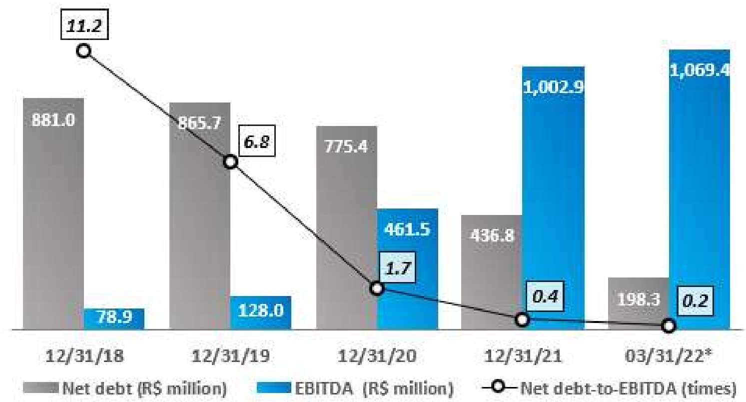
R$ million	03/31/2022	12/31/2021	% change
Borrowings and financing	227.1	476.0	-52.3%
Foreign exchange drafts	163.0	142.9	14.1%
Short term	**390.1**	**618.9**	**-37.0%**
Foreign exchange drafts	145.3	74.4	95.3%
Long term	**145.3**	**74.4**	**95.3%**
Gross debt	**535.4**	**693.3**	**-22.8%**
Cash and short-term investments	337.1	256.5	31.4%
Net debt	**198.3**	**436.8**	**-54.6%**
Ptax dollar exchange rate at reporting date (R$)	**4.74**	**5.58**	**-15.1%**
Gross debt translated into US dollars (US$ million)	**113.0**	**124.2**	**-9.0%**

The total debt is recorded at Taurus do Brasil, primarily with short-term maturities. The noncurrent portion, accounting for 27.1% of total gross debt, is represented by new foreign exchange transactions (Advances on Foreign Exchange Contracts – ACC), which funds were provided in November 2021 and late March 2022. Taurus reentered the bank credit market upon realigning its financial profile through full debt restructuring.

Debt profile



Financial leverage: Net debt-to-EBITDA



** Last 12-month EBITDA (April 2021 to March 2022)*

The continuous and consistent debt reduction over the past years, coupled with the higher cash generation, allowed the Company's full financial deleverage. In late March, considering the EBITDA generated over the past 12 months, the net debt-to-EBITDA ratio reached 0.2, pointing out that 20% of the annual cash generation measured using such indicator would be sufficient to settle total debts.

The Company also relies on additional funds that, when obtained, will be used to reduce the debt balance and may be allocated to finance investments according to the strategic planning. These funds refer to held-for-sale assets, represented by the helmet operations and the land of the former plant in Porto Alegre, whose carrying amount is R$194.0 million, in addition to the balance of R$55.0 million referring to current subscription warrants.

Investments

Investments remain focused on boosting the industrial efficiency and expanding the production capacity. For FY2022, the expected investments are maintained with great responsibility and will be financed through Taurus's cash generation.

Cutting-edge industrial machinery has been acquired for the production line of revolvers, in which segment Taurus is the world's largest producer. The acquired machinery is expected to be delivered in the second quarter of the year and will contribute to lowering costs and increasing the production efficiency, according to the "Revolver Excellence" project that has been boosting Taurus's competitive edge in this segment, where the Company already provides the lowest production cost in the world.

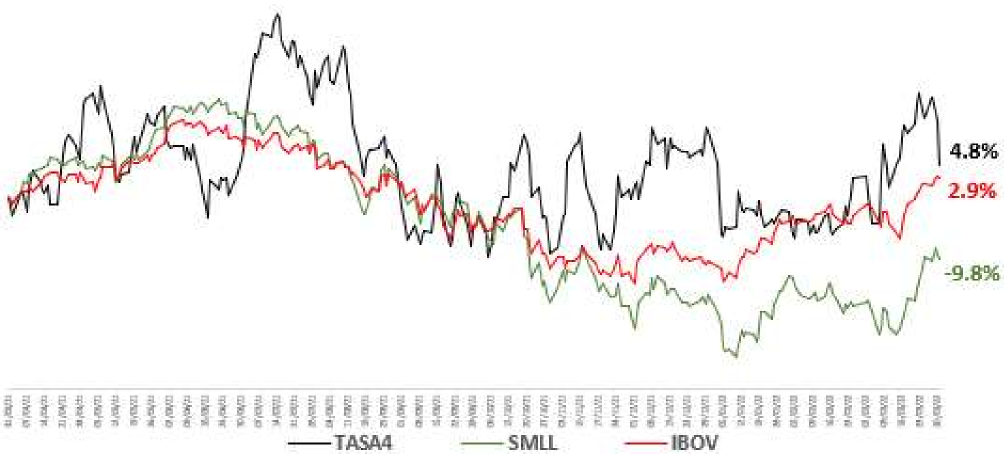
Capital Markets

Taurus has common (TASA3) and preferred shares (TASA4) listed on B3's Level II listing segment, a market segment that brings together companies that voluntarily comply with special corporate governance rules. Both shares are part of the B3 Small Caps Index (SMLL) portfolio.

Date	TASA3	TASA4	Market value	Economic value (EV)*
12/30/2021	R$ 24.51	R$ 24.66	R$ 2,880.99	R$ 3,117.71
03/31/2022	R$ 24.90	R$ 25.00	R$ 2,965.83	R$ 3,164.13
Variation	***+ 1.6%***	***+1.4%***	***2.9%***	***1.5%***

** Market value + net debt - non-operating assets (noncurrent assets for sale)*

Performance of preferred shares (TASA4) in 12 months vs. SMLL B3 and IBOV B3
Baseline 100: March 31, 2021



Events after the reporting period

Payment of dividends to shareholders

As approved at the Annual Shareholders' Meeting held on April 19, 2022, the Company paid dividends to shareholders totaling R$194.3 million, which accounts for 100% of adjusted profit for FY2021, out of which R$68.0 million refers to mandatory dividends equivalent to 35% of adjusted profit and R$126.3 million refers to additional dividends. The payment was made on April 29, 2022, in the amount of R$1.62436514443, equally per common share and preferred share.

Statement of Profit and Loss

R$ million	1Q22	1Q21	*% change*	4Q21	*% change*
Revenue from sales and/or services	**676.6**	**551.1**	***22.8%***	**820.3**	***-17.5%***
Cost of sales and/or services	-342.0	-297.1	*15.1%*	-424.1	*-19.4%*
Gross profit	**334.6**	**254.0**	***31.7%***	**396.2**	***-15.5%***
Operating (expenses) income	-100.8	-85.6	*17.8%*	-95.8	*5.2%*
Selling expenses	-65.4	-44.3	*47.6%*	-74.6	*-12.3%*
General and administrative expenses	-52.6	-43.7	*20.4%*	-55.7	*-5.6%*
Impairment losses	-0.5	-0.4	*25.0%*	-0.3	*66.7%*
Other operating income	28.6	5.5	*420.0%*	41.4	*-30.9%*
Other operating expenses	-10.7	-2.6	*311.5%*	-6.4	*67.2%*
Share in results of subsidiary	-0.2	0.0	-	-0.2	*0.0%*
Profit before finance income (costs) and taxes	**233.7**	**168.4**	***38.8%***	**300.4**	***-22.2%***
Finance income (costs)	43.5	-76.1	*-157.2%*	-3.0	-
Finance income	155.2	15.7	*888.5%*	54.8	*183.2%*
Finance costs	-111.7	-91.8	*21.7%*	-57.8	*93.3%*
Pretax profit	**277.2**	**92.3**	***200.3%***	**297.5**	***-6.8%***
Income tax and social contribution	-81.9	-24.1	*239.8%*	-90.1	*-9.1%*
Current	-62.6	-22.6	*177.0%*	-62.8	*-0.3%*
Deferred	-19.3	-1.5	*1186.7%*	-27.3	*-29.3%*
Profit (loss) from continuing operations	**195.3**	**68.2**	***186.4%***	**207.4**	***-5.8%***
Profit (loss) from discontinued operations, net	-0.3	-0.1	*200.0%*	-0.4	*-25.0%*
Consolidated profit (loss) for the period	**195.0**	**68.1**	***186.3%***	**206.9**	***-5.8%***
Attributable to owners of the Company	195.0	68.1	*186.3%*	208.2	*-6.3%*
Earnings per share (R$/share)					
Basic earnings per share					
Common shares (ON)	*1.6411*	*0.6798*	*128.6%*	*1.7215*	*-5.9%*
Preferred shares (PN)	*1.6574*	*0.7344*	*142.9%*	*1.8403*	*-5.6%*
Diluted earnings per share					
Common shares (ON)	*1.6411*	*0.6798*	*128.6%*	*1.7215*	*-5.9%*
Preferred shares (PN)	*1.5410*	*0.5346*	*200.0%*	*1.7217*	*-11.8%*

Assets

R$ million	03/31/2022	12/31/2021	Var. %
Total assets	**2,083.73**	**2,093.6**	***-0.5%***
Current assets	**1,441.8**	**1,456.0**	***-1.0%***
Cash and cash equivalents	237.7	185.8	*27.9%*
Cash and banks	199.8	171.3	*16.6%*
Highly liquid short-term investments	37.9	14.5	*161.4%*
Short-term investments	99.4	70.8	*40.4%*
Trade receivables	409.4	515.2	*-20.5%*
Inventories	517.9	491.9	*5.3%*
Recoverable taxes	67.8	65.3	*3.8%*
Prepaid expenses	18.8	31.0	*-39.4%*
Other current assets	90.7	96.2	*-5.7%*
Noncurrent assets	**642.0**	**637.6**	***0.7%***
Long-term receivables	132.7	151.8	*-12.6%*
Deferred taxes	101.9	121.4	*-16.1%*
Due from related parties	0.0	0.0	-
Other noncurrent assets	30.8	30.4	*1.3%*
Investments	5.9	4.4	*34.1%*
Investments in joint ventures	5.7	4.3	*32.6%*
Other investments	0.2	0.2	*0.0%*
Property, plant and equipment	398.1	379.0	*5.0%*
Property, plant and equipment in use	293.2	303.0	*-3.2%*
Construction in progress	104.8	76.1	*37.7%*
Intangible assets	105.4	102.4	*2.9%*

Liabilities and equity

R$ million	03/31/2022	12/31/2021	Var. %
Total liabilities and equity	**2,083.7**	**2,093.6**	***-0.5%***
Current liabilities	**914.3**	**1,119.8**	***-18.4%***
Payroll, benefits and taxes thereon	71.9	66.9	*7.5%*
Payroll and related taxes	6.2	10.1	*-38.6%*
Employee benefits and related taxes	65.6	56.8	*15.5%*
Trade payables	139.6	143.6	*-2.8%*
Domestic trade payables	105.6	82.2	*28.5%*
Foreign suppliers	34.1	61.4	*-44.5%*
Taxes	106.4	96.6	*10.1%*
Federal tax liabilities	99.4	91.3	*8.9%*
Income tax and social contribution payable	26.6	21.1	*26.1%*
Other taxes	72.8	70.2	*3.7%*
State tax liabilities	7.0	5.3	*32.1%*
Municipal tax liabilities	0.1	0.0	-
Borrowings and financing	390.1	618.9	*-37.0%*
In local currency	14.1	43.6	*-67.7%*
In foreign currency	376.0	575.3	*-34.6%*
Debentures	0.0	0.0	-
Other payables	153.5	140.2	*9.5%*
Mandatory minimum dividends payable	68.0	68.0	*0.0%*
Leases	1.9	2.1	*-9.5%*
Advances from customers	48.3	41.2	*17.2%*
Payables from noncurrent assets for sale	6.2	5.8	*6.9%*
Other payables	29.1	23.0	*26.5%*
Provisions	52.7	53.6	*-1.7%*
Provision for social security, labor and civil risks	41.8	41.7	*0.2%*
Other provisions	10.9	11.9	*-8.4%*
Noncurrent liabilities	**283.5**	**216.8**	***30.8%***
Borrowings and financing	145.3	74.4	*95.3%*
In local currency	0.0	0.0	-
In foreign currency	145.3	74.4	*95.3%*
Debentures	0.0	0.0	-
Other payables	63.1	64.2	*-1.7%*
Due to related parties	1.7	1.7	*0.0%*
Taxes payable	21.5	23.6	*-8.9%*
Other payables	34.1	32.2	*5.9%*
Trade payables	0.0	0.0	-
Leases	5.8	6.7	*-13.4%*
Deferred taxes	15.3	16.5	*-7.3%*
Provisions	59.7	61.7	*-3.2%*
Provision for social security, labor and civil risks	54.2	55.2	*-1.8%*
Other provisions	5.5	6.5	*-15.4%*
Consolidated equity	**885.9**	**757.0**	***17.0%***
Issued capital	313.2	308.2	*1.6%*
Capital reserves	-26.5	-27.3	*-2.9%*
Disposal of subscription warrants	9.9	9.9	*0.0%*
Stock options granted	7.7	5.4	*42.6%*
Capital transactions	-44.1	-42.6	*3.5%*
Earnings reserves	259.3	233.9	*10.9%*
Legal reserve	15.1	15.1	*0.0%*
Tax incentive reserve	117.9	92.6	*27.3%*
Proposed additional dividends	126.3	126.3	*0.0%*
Retained earnings (accumulated losses)	169.8	0.0	-
Valuation adjustments to equity	45.0	45.2	*-0.4%*
Cumulative translation adjustments	125.1	197.0	*-36.5%*
Noncontrolling interests	0.0	0.0	-

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 and holding 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 States of Rio Grande do Sul and Paraná, 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.

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 a going concern in this interim financial information for March 2021. Since then, balances relating to such helmet operation have been included in the Company’s consolidated balances.

Accessories joint venture

On May 28, 2020, the Company, after being authorized by its Board of Directors, has signed a non-binding memorandum of understanding (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 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 to the domestic and foreign markets.

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 core business description. Taurus JM was released from complying with the procedures of the Division Of Corporations to start the operations at the Joalmi industrial park, on Guarulhos (SP) at the beginning of September 2021.

On September 28, 2021, the Company billed the first batch of Taurus JM magazines to Taurus Armas. In April 2022, this operation will be transferred to Taurus industrial hub, in São Leopoldo (RS).

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, no 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 March 31, 2022, total approximately R$9.1 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, which is still in progress with some stages to be completed monitored by Management while other stages have been completed, 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.

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 10 months, including the other amounts and maturity dates already agreed in the previous agreement.

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 (*)

(*) Up to March 31, 2022, the Company prepaid to the bank syndicate for debt amortization part of the percentage scheduled for 2022. The outstanding balance is now 26.76% until the end of this year.

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 March 31, 2022, the payments made totaled R$657.9 million, which accounts for 73.24% relating to the total debt principal.

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 March 31, 2022 has been prepared based on the historical cost, except for the revaluation of certain investment 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.

The individual and consolidated interim financial information for the period ended March 31, 2022 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, 2021 were reviewed by the Audit Committee, and approved by the Company's Board of Directors on March 10, 2022, which are being presented herein as the comparative period.

b) Management statement

The Company's Management asserts that all relevant information for the individual and consolidated interim financial information as at March 31, 2022, 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 May 4, 2022.

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 March 31 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), less the subsidiary' liabilities and noncontrolling interests.

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

		Equity interest	
Company	**Country**	**2022**	**2021**
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%**

(*) The equity interests above represent the percentage rate held by the Company, both directly and indirectly, in the subsidiaries' capital.
(**) Taurus Holdings, Inc. holds a 100% interest in the subsidiaries Taurus International Manufacturing, Inc, Heritage Manufacturing, Inc, Braztech International, L.C., Inc., and Tamel Properties, Inc.

All intragroup transactions, balances, revenue and expenses, and cash flows are eliminated on consolidation. 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 consolidated 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 a 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) *Asset Impairment* 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 interim 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: 9 - Trade receivables (expected credit losses on doubtful debts), 10 - Inventories (allowance for inventory losses), 13 - Income tax and social contribution, 14 - Assets held for sale (impairment), 16 - Property, plant and equipment (impairment), 17 - 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.

Dividends: The proposed distribution of dividends made by the Company's management that does not exceed mandatory minimum dividends of 35%, as prescribed by the Company's bylaws, and is recognized as current liabilities as it is considered a legal obligation under the Company's bylaws. The portion of the dividends in excess of the mandatory minimum dividends, declared by Management before the end of the annual reporting period to which the accounting statements refer, and not yet approved by the shareholders, is recognized as proposed additional dividends, under shareholders' equity.

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 been 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.

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 31, 2022 was prepared in accordance with Brazilian accounting standard CPC 21 (R1) and IAS 34 *Interim Financial Reporting* issued by the IASB. 0} 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 March 31, 2022 are the same accounting policies used to prepare the annual financial statements for the year ended December 31, 2021.

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, 2021, approved by the Company's Management on March 10, 2022.

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 applicable to publicly-traded corporations. The IFRSs issued by IASB do not require the presentation of this statement. As a result, this statement is presented as supplemental information for the purposes of IFRS, without prejudice to the interim financial information. 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 March 31, 2022, 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 directly recognized in profit or loss.

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.

The instruments are subsequently measured at fair value through other comprehensive income provided that the following conditions are met:

- 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 business model used to manage financial assets. The Company assesses 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, 2022 and adopted by the Company are as follows:

(i) **Amendments to IFRS 3 (CPC 15 (R1)) - Reference to the Conceptual Framework**
This standard became effective beginning January 1, 2022. Refers to amendments to IFRS 3 (CPC 15(R1)) concerning the Conceptual Framework from 2018 rather than 1989 Framework.

(ii) **Amendments to IAS 16 (CPC 27) - Property, Plant and Equipment: Proceeds before Intended Use**
The amendments prohibit deducting from the cost of a property, plant and equipment item any proceeds from the sale of items produced before the asset is available for use, that is, proceeds to bring the asset to the place and condition necessary for it to be able to operate as intended by Management. This standard became effective beginning January 1, 2022.

(iii) **Amendments to IAS 37 (CPC 25) - Onerous Contracts - Cost of Fulfilling a Contract**
This standard became effective beginning January 1, 2022. Refers to amendments specifying that the cost of fulfilling a contract comprises the costs directly related to that contract. The costs directly related to the contract comprise the incremental costs of fulfilling this contract (for example, employee or materials) and the allocation of other costs directly related to the fulfillment of contracts (for example, allocation of depreciation expenses to an item of property, plant and equipment used in fulfilling the contract).

(iv) **Annual Improvements to IFRS 2018-2020 Cycle**
This standard came into effect beginning January 1, 2022. Refers to amendments to à IFRS 1 (CPC 27 (R1), CPC 43 (R1)) *First-time Adoption of International Financial Reporting Standards*, IFRS 9 (CPC 48) *Financial Instruments*, IFRS 16 (CPC 06(R2)) *Leases*, and IAS 41 (CPC 29) *Agriculture.*

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

(v) **IFRS 17 (CPC 50) - Insurance Contracts**
This standard sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 (CPC 11) - Insurance Contracts.

(vi) **Amendments to IFRS 10 (CPC 36 (R3)) and IAS 28 (CPC 18 (R2)): 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, 2023.

(vii) **Amendment to IAS 1 (CPC 26 (R1)) – Classification of Liabilities as Current or Non-current**
This standard will come into effect beginning January 1, 2023. Clarifies aspects to be considered for the classification of liabilities as current or non-current liabilities.

(viii) **Amendments to IAS 1 (CPC 26 (R1)) and IFRS Practice Statement 2 - Disclosure of Accounting Policies**
The amendments change the requirements set out in IAS 1 (CPC 26 (R1)) as regards the disclosure of accounting policies. The amendments replace all instances of the term “significant accounting policies” with “material accounting policy information”.

(ix) **Amendments to IAS 8 (CPC 23) - Definition of Accounting Estimates**
Applicable to annual reporting periods beginning on or after January 1, 2023. The amendment replaces the “definition of a change in accounting estimates” with a “definition of accounting estimates”. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

(x) **Amendments to IAS 12 (CPC 32) - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**
Applicable to annual reporting periods beginning on or after January 1, 2023. The amendments provide a further exception from the initial recognition exemption. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

In May 2020, the IASB issued the standard “Covid-19-related rent Concessions” (amendments to IFRS 16), which provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19. As a practical expedient, lessees are allowed not to assess whether a COVID-19-related rent concession is a lease modification. The Company did not identify any material impacts arising from such standard amendments.

Management performed its assessment and did not identify any significant impacts arising from the adoption of those standards on the Company’s interim financial information.

c) Share-based payment plan (stock options)

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.

On October 18, 2021, the Company approved in a meeting of the Board of Directors the Company’s Second Stock Option Program ("2nd Program") including the eligibility rules of this 2nd Program’s beneficiaries and the definition of the grant terms and conditions. All terms and conditions of the Plan, approved by the Company’s Annual and Extraordinary Shareholders' Meeting held on April 26, 2021, were observed.

d) Cash-settled payment plan (Phantom Shares)

The Company’s Cash-settled Stock Option Plan, known as Phantom Shares, was approved at the Annual and Extraordinary Shareholders’ Meeting held on April 26, 2021 and is intended to grant to eligible employees rights on the appreciation of the Company’s shares, to be settled in cash, as part of the variable compensation package, so as to acknowledge the successful attainment of the proposed goals that allowed the Company’s turn-around and offer incentive to retain executives.

The Company’s current or future statutory officers are eligible to participate in the Plan.

In total, the payment of the additional bonus to the Beneficiaries corresponded to seven hundred and eighty thousand (780,000) phantom shares, corresponding to the average quotation at B3 of one (1) preferred share of Taurus Armas S.A. (B3: TASA4) at the five previous auctions, including the Base Date, considering the ceiling price of R$25.00. Payment was made in local currency on December 30, 2021. Information about the plan for the year ended December 31, 2021 is described in note 27. Up to the date of approval of this interim financial information, there is no cash-settled payment plan for FY2022.

e) Leases
The Company, through its subsidiary Taurus Holdings, Inc. (USA) recognizes the liabilities assumed against the respective right-of-use assets in accordance with the lease contract entered into with the Georgia Development Authority, in the United States where the Taurus plant is located.

5. Financial Risk Management

The Company’s risk management policies are set out 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 March 31, 2022, the maximum credit risk exposure was as follows:

		Consolidated		Parent
	03-31-2022	**12-31-2021**	**03-31-2022**	**12-31-2021**
Fair value through profit or loss				
Cash and cash equivalents	**237,708**	185,764	**187,476**	65,399
Amortized cost				
Trade receivables	**409,422**	515,163	**258,517**	360,933
Short-term investments and restricted account	**99,419**	70,778	**99,419**	70,778
Other receivables	**46,815**	54,588	**35,725**	38,684
Total	**793,364**	826,293	**581,137**	535,794

The balances of trade receivables are disclosed taking into account the expected credit losses (see note 9).

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

		Consolidated		Parent
	03-31-2022	**12-31-2021**	**03-31-2022**	**12-31-2021**
Domestic – trade receivables	**247,043**	316,763	**228,284**	299,136
United States – trade receivables	**158,397**	163,572	**12,980**	15,458
Other	**21,577**	50,968	**20,258**	49,621
Total	**427,017**	531,303	**261,522**	364,215

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

		Consolidated		Parent
	03-31-2022	**12-31-2021**	**03-31-2022**	**12-31-2021**
Trade receivables – public bodies	**22,475**	13,587	**22,475**	13,587
Trade receivables – distributors	**334,940**	412,293	**193,128**	268,543
Final customers	**69,602**	105,423	**45,919**	82,085
Total	**427,017**	531,303	**261,522**	364,215

The balances of trade receivables above are disclosed without taking into account the expected credit losses (see note 9).

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 March 31, 2022, the aging list of the customer portfolio and allowance for expected losses is as follows:

						Consolidated
			03-31-2022			**12-31-2021**
	Portfolio	**Allowance**	**% coverage**	**Portfolio**	**Allowance**	**% coverage**
Current	**324,822**	**(6,710)**	**2.1%**	**434,203**	**(4,978)**	**1.1%**
0-30 days past due	**42,950**	**(567)**	**1.3%**	**52,115**	**(599)**	**1.1%**
31-60 days past due(1)	**18,782**	**(350)**	**1.9%**	**7,298**	**(269)**	**3.7%**
61-90 days past due(1)	**1,834**	**(179)**	**9.8%**	**3,434**	**(123)**	**3.6%**
91-180 days past due(1)	**8,398**	**(208)**	**2.5%**	**6,888**	**(120)**	**1.7%**
181-360 days past due(1)	**12,048**	**(208)**	**1.7%**	**8,507**	**(201)**	**2.4%**
Over one year past due	**18,183**	**(9,373)**	**51.5%**	**18,858**	**(9,850)**	**52.2%**
Total	**427,017**	(17,595)		**531,303**	(16,140)	

						Parent
			03-31-2022			12-31-2021
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	**204,604**	**(1,341)**	**0.7%**	**328,760**	**(1,788)**	**0.5%**
0-30 days past due	**34,123**	**(370)**	**1.1%**	**25,809**	**(57)**	**0.2%**
31-60 days past due[(1)]	**15,069**	**(244)**	**1.6%**	**4,074**	**(218)**	**5.4%**
61-90 days past due[(1)]	**907**	**(115)**	**12.7%**	**459**	**(80)**	**17.4%**
91-180 days past due[(1)]	**2,465**	**(95)**	**3.9%**	**127**	**(17)**	**13.4%**
181-360 days past due[(1)]	**1,698**	**(67)**	**3.9%**	**2,136**	**(87)**	**4.1%**
Over one year past due	**2,657**	**(773)**	**29.1%**	**2,850**	**(1,035)**	**36.3%**
Total	**261,522**	(3,005)		**364,215**	(3,282)	

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
				03-31-2022
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years
Non-derivative financial liabilities				
Trade payables	139,645	139,645	139,645	-
Borrowings and financing	219,185	229,492	229,492	-
Debentures	7,961	9,087	9,087	-
Foreign currency advances	308,279	330,958	173,000	157,958
	675,070	**709,182**	**551,224**	**157,958**

				Parent
				03-31-2022
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years
Non-derivative financial liabilities				
Trade payables	118,082	118,082	118,082	-
Borrowings and financing	219,185	229,492	229,492	-
Debentures	7,961	9,087	9,087	-
Foreign currency advances	308,279	330,958	173,000	157,958
	653,507	**687,619**	**529,661**	**157,958**

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 March 31, 2022, 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$21 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 March 31, 2022 would decrease/increase by R$3.8 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	
	03-31-2022	**12-31-2021**
Total liabilities	**1,197,811**	1,336,573
Less: Cash and cash equivalents and short-term investments	**(337,127)**	(256,542)
Net debt (A)	**860,684**	1,080,031
Total equity (B)	**885,921**	757,047
Net debt-to-equity ratio as at March 31, 2022 and December 31, 2021 (A/B)	0.97	1.43

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 IFRS 8/CPC 22 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	
	03-31-2022	03-31-2021	**03-31-2022**	03-31-2021	**03-31-2022**	03-31-2021	**03-31-2022**	03-31-2021
Foreign revenue	**651,849**	512,542	**21,977**	33,258	**2,743**	5,298	**676,569**	551,098
Intercompany revenue	**255,190**	187,882	**-**	-	**2,628**	2,662	**257,818**	190,544
Cost of sales	**(324,339)**	(271,621)	**(15,237)**	(22,320)	**(2,452)**	(3,121)	**(342,028)**	(297,062)
Gross profit (loss)	**582,700**	428,803	**6,740**	10,938	**2,919**	4,839	**592,359**	444,580
Selling expenses	**(62,945)**	(38,906)	**(4,516)**	(5,567)	**(94)**	(207)	**(67,555)**	(44,680)
General and administrative expenses	**(42,849)**	(36,628)	**(1,630)**	(1,447)	**(1,259)**	(914)	**(45,738)**	(38,989)
Depreciation and amortization	**(4,737)**	(4,325)	**(69)**	(68)	**(440)**	(356)	**(5,246)**	(4,749)
Other operating income (expenses), net	**17,507**	3,537	**373**	(17)	**-**	(680)	**17,880**	2,840
Equity in earnings (losses)	**-**	-	**-**	-	**(167)**	(10)	**(167)**	(10)
	(93,024)	(76,322)	**(5,842)**	(7,099)	**(1,960)**	(2,167)	**(100,826)**	(85,588)
Operating profit (loss)	**489,676**	352,481	**898**	3,839	**959**	2,672	**491,533**	358,992
Finance income	**154,709**	14,892	**228**	405	**255**	446	**155,192**	15,743
Finance costs	**(110,258)**	(91,098)	**(848)**	(539)	**(578)**	(208)	**(111,684)**	(91,845)
Finance income (costs), net	**44,451**	(76,206)	**(620)**	(134)	**(323)**	238	**43,508**	(76,102)
Profit (loss) from the reportable segment before income tax and social contribution	**534,127**	276,275	**278**	3,705	**636**	2,910	**535,041**	282,890
Elimination of intercompany revenue	**(255,190)**	(187,882)	**-**	-	**(2,628)**	(2,662)	**(257,818)**	(190,544)
Profit before income tax and social contribution	**278,937**	88,393	**278**	3,705	**(1,992)**	248	**277,223**	92,346
Income tax and social contribution	**(81,591)**	(22,726)	**(127)**	(1,076)	**(171)**	(303)	**(81,889)**	(24,105)
Profit (loss) from discontinued operations	**-**	-	**(341)**	(145)	**-**	-	**(341)**	(145)
Profit (loss) for the year	**197,346**	65,667	**(190)**	2,484	**(2,163)**	(55)	**194,993**	68,096
Assets from reportable segments	**1,792,918**	1,451,166	**113,943**	109,416	**176,871**	137,311	**2,083,732**	1,697,893
Liabilities from reportable segments	**1,139,520**	1,481,936	**26,240**	33,303	**32,051**	29,298	**1,197,811**	1,544,537

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

	Firearms		Helmets	
	03-31-2022	03-31-2021	03-31-2022	03-31-2021
Domestic market				
Southeast Region	**139,773**	87,623	**8,437**	9,999
South Region	**14,685**	13,026	**2,398**	1,634
Northeast Region	**3,368**	3,676	**4,405**	11,371
Midwest Region	**3,752**	1,892	**3,329**	5,370
North Region	**6,783**	2,275	**3,408**	4,884
	168,361	108,492	**21,977**	33,258
Foreign market				
United States	**445,065**	383,320	**-**	-
South Africa	**2,724**	1,865	**-**	-
Argentina	**959**	1,162	**-**	-
Burkina Faso	**956**	-	**-**	-
El Salvador	**549**	-	**-**	-
Philippines	**10,215**	4,046	**-**	-
Guatemala	**4,697**	1,896	**-**	-
Guiana	**899**	-	**-**	-
Honduras	**-**	1,687	**-**	-
Israel	**205**	-	**-**	-
Italy	**-**	499	**-**	-
Madagascar	**126**	-	**-**	-
Mozambique	**314**	1,046	**-**	-
Namibia	**-**	316	**-**	-
Pakistan	**8,934**	5,234	**-**	-
Peru	**1,497**	554	**-**	-
Poland	**1,196**	-	**-**	-
Dominican Republic	**1,899**	-	**-**	-
Czech Republic	**321**	-	**-**	-
Senegal	**563**	597	**-**	-
Thailand	**524**	174	**-**	-
Ukraine	**1,319**	-	**-**	-
Uruguay	**-**	89	**-**	-
Other countries	**314**	1,155	**-**	-
	483,488	404,050	**-**	-
Total net revenue	**651,849**	512,542	**21,977**	33,258

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 68.28% of consolidated revenues of the firearms segment 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	
	03-31-2022	12-31-2021	03-31-2022	12-31-2021
Cash	**86**	67	**69**	47
Unsettled exchange bills (*)	**134,803**	54,096	**134,684**	53,831
Demand deposits	**64,896**	117,088	**20,191**	128
Short-term investments	**37,923**	14,513	**32,532**	11,393
Cash and cash equivalents	**237,708**	185,764	**187,476**	65,399

(*) 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. Short-term investments

Non-liquid short-term investments refer to investments in Bank Certificates of Deposit (CDBs) that are not readily convertible into cash, considering the transaction date. The classification of short-term investments depends on the purpose for which the investment was acquired and are adjusted to fair value, according to their category. When applicable, costs directly attributable to the acquisition of a financial asset are added to the originally recognized amount.

		Consolidated		Parent	
	Interest rate	**03-31-2022**	**12-31-2021**	**03-31-2022**	**12-31-2021**
Bank certificates of deposit (CDBs)	97% to 103% of CDI	**99,419**	70,778	**99,419**	70,778
Total		**99,419**	**70,778**	**99,419**	**70,778**

9. 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	
	03-31-2022	**12-31-2021**	**03-31-2022**	**12-31-2021**
Domestic customers	**247,043**	316,763	**228,284**	299,136
Foreign customers	**179,974**	214,540	**33,238**	65,079
	427,017	531,303	**261,522**	364,215
Allowance for expected loss on doubtful debts – domestic receivables	**(9,550)**	(9,120)	**(1,908)**	(1,472)
Allowance for expected loss on doubtful debts – foreign receivables	**(8,045)**	(7,020)	**(1,097)**	(1,810)
	(17,595)	(16,140)	**(3,005)**	(3,282)
	409,422	515,163	**258,517**	360,933

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, 2021	**(16,140)**	**(3,282)**
Additions	**(4,408)**	**(1,091)**
Reversal of allowance for expected credit losses	**1,806**	**1,198**
Exchange rate changes	**1,147**	**170**
Balance at March 31, 2022	**(17,595)**	**(3,005)**

10. 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

	03-31-2022	12-31-2021	03-31-2022	12-31-2021
Finished products	**224,841**	171,935	**45,824**	40,090
Raw material	**285,956**	301,878	**214,530**	211,420
Work in process	**3,679**	5,750	**97**	418
Inventory advances	**22,872**	32,105	**22,295**	31,488
Allowance for inventory losses	**(19,457)**	(19,804)	**(9,557)**	(9,046)
	517,891	491,864	**273,189**	274,370

Variation in the allowance for inventory losses	**Consolidated**	**Parent**
Balance as at December 31, 2021	**(19,804)**	**(9,046)**
Addition	**(1,607)**	**(979)**
Reversal	**467**	**468**
Exchange rate changes	**1,487**	**-**
Balance at March 31, 2022	**(19,457)**	**(9,557)**

11. Recoverable Taxes

	Consolidated		Parent	
	03-31-2022	12-31-2021	03-31-2022	12-31-2021
State VAT (ICMS)	**35,208**	20,857	**33,421**	19,405
Federal VAT (IPI)	**3,125**	7,350	**609**	5,402
Tax on revenue (PIS)	**5,566**	4,833	**5,287**	4,572
Tax on revenue (COFINS)	**25,469**	21,838	**24,359**	20,809
Income tax and social contribution	**3,658**	13,176	**742**	7,302
Other	**2,495**	2,834	**867**	867
Total	**75,521**	70,888	**65,285**	58,357
Current	**67,829**	65,261	**58,474**	53,471
Noncurrent	**7,692**	5,627	**6,811**	4,886

12. Other Assets

	Consolidated		Parent	
	03-31-2022	12-31-2021	03-31-2022	12-31-2021
Advance for settlement of borrowings and financing	**5,035**	-	**5,035**	-
Advances to suppliers	**4,489**	8,504	**4,048**	7,133
Advances to employees	**2,005**	2,797	**1,614**	2,230
Advances for foreign bids	**7,224**	7,224	**7,224**	7,224
Escrow deposits	**16,438**	14,708	**14,802**	13,161
Disposal of assets receivable – Sale and retro-lease	**7,350**	8,833	**-**	-
Insurance receivables	**328**	-	**328**	**-**
Intragroup loans	**48**	-	**6,996**	4,326
Royalties	**1,748**	7,815	**1,748**	7,815
Other receivables	**2,198**	4,707	**926**	1,121
Total	**46,863**	54,588	**42,721**	43,010
Current	**23,763**	29,779	**27,919**	29,850
Noncurrent	**23,100**	24,809	**14,802**	13,160

13. 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	
	03-31-2022	**12-31-2021**	**03-31-2022**	**12-31-2021**
On income tax and social contribution losses				
Income tax loss	24,624	41,111	20,694	37,180
Social contribution loss	10,281	16,215	8,864	14,799
On temporary differences – assets				
Billed and undelivered sale	831	1,675	622	1,398
Impairment	212	212	212	212
Other allowances, provisions and accruals	3,624	3,936	2,766	1,713
Realization of revaluation reserve	1,826	1,806	557	547
Allowance for inventory losses	6,616	6,733	3,249	3,075
Accrued profit sharing	13,307	11,524	8,404	6,705
Accrued commissions	835	960	726	817
Provision for civil, labor and tax risks	30,292	31,800	27,859	29,246
Provision for warranty	2,326	3,550	2,088	2,222
Provision for uncollectible receivables	3,405	2,911	1,022	1,116
Financial provisions	967	967	967	967
Tax provisions	3,145	2,973	2,086	1,954
Unrealized profit on inventories (TIMI)	11,810	9,429	-	-
Total deferred assets	**114,101**	**135,802**	**80,116**	**101,951**
On temporary differences - liabilities				
Goodwill on expected future earnings	(9,525)	(11,438)	-	-
Fair value of investment property	(18,065)	(19,453)	-	
Total deferred liabilities	**(27,590)**	**(30,891)**	**-**	**-**
Deferred asset balances	**101,858**	121,380	**80,116**	101,951
Deferred liability balances	**(15,347)**	(16,469)	**-**	-

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 their realization is probable.

b) Variation in deferred taxes

	Consolidated	Parent
Opening balance of deferred taxes, net	104,911	101,951
Allocated to profit or loss	(19,318)	(21,835)
Translation adjustments into the presentation currency	918	-
Closing balance of deferred taxes, net	**86,511**	**80,116**

The amount of income tax and social contribution losses on which no deferred taxes are recognized total R$315.6 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 March 31, 2022, 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 loss	**Social contribution loss**	**Deferred income tax**	**Deferred social contribution**	**Total deferred taxes**
Balance recognized as at 03-31-2022	98,501	114,218	24,624	10,281	34,905
In 2022	(85,405)	(101,121)	(21,351)	(9,101)	(30,452)
In 2023	(2,623)	(2,623)	(656)	(236)	(892)
In 2024	(2,603)	(2,603)	(651)	(234)	(885)
In 2025	(2,834)	(2,834)	(709)	(255)	(964)
In 2026-2030	(5,036)	(5,037)	(1,257)	(455)	(1,712)

					Parent
	Income tax loss	**Social contribution loss**	**Deferred income tax**	**Deferred social contribution**	**Total deferred taxes**
Balance recognized as at 03-31-2022	82,775	98,492	20,694	8,864	29,558
In 2022	(82,775)	(98,492)	(20,694)	(8,864)	(29,558)

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

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

	Consolidated		Parent	
	03-31-2022	**03-31-2021**	**03-31-2022**	**03-31-2021**
Pretax profit (loss)	277,223	92,346	268,591	82,495
Income tax and social contribution at combined tax rates	(94,256)	(31,398)	(91,321)	(28,048)
Permanent additions				
Non-deductible expenses	(891)	(340)	(885)	(77)
Share of loss of subsidiaries	167	-	(4,142)	(2,006)
Donations/sponsorship	(64)	(181)	(52)	(175)
Capital gain on property, plant and equipment	(57)	(84)	(57)	(84)
Thin Cap	-	(53)	-	(53)
Permanent deductions				
Reintegra	91	76	91	76
Deemed ICMS grant	8,513	2,369	8,506	2,369
IPI premium credit	31		31	-
Share of profit of subsidiaries	-	-	13,679	13,447
Deffered reclassification of investment – joint venture – Taurus JM	-	1,467	-	-
Unrecognized current income tax and social contribution of related parties	4,762	5,942	-	-
Elimination - unrealized earnings in subsidiaries	-	(2,092)	-	-
Other (additions)/deductions	(185)	189	552	152
Income tax and social contribution in profit or loss for the year	**(81,889)**	**(24,105)**	**(73,598)**	**(14,399)**
Current	(62,571)	(22,622)	(51,763)	(10,511)
Deferred	(19,318)	(1,483)	(21,835)	(3,888)
	(81,889)	(24,105)	**(73,598)**	(14,399)
Effective rate	30%	26%	27%	17%

The unrecognized portion of amounts is represented by tax losses and temporary differences not supported by expected future taxable income generation, as described below.

								Consolidated
				03-31-2022				12-31-2021
	Basis	25%	9%	Total	Basis	25%	9%	Total
Temporary differences								
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	23,748
Provision for civil, labor and tax risks	3,202	801	288	1,089	3,318	830	299	1,129
Provision for warranty	1,468	367	132	499	1,468	367	132	499
Loss on other receivables	5,366	1,342	483	1,825	5,370	1,343	483	1,826
On income tax and social contribution losses						-	-	-
Income tax and social contribution losses	315,645	78,911	28,408	107,319	315,664	78,916	28,410	107,326
	403,110	**100,778**	**36,279**	**137,057**	**403,249**	**100,813**	**36,292**	**137,105**

14. 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 is expected to qualify for recognition as a completed sale within one year from the date of classification. 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	
In thousands of reais	**03-31-2022**	**12-31-2021**
Buildings, land and improvements	51,390	51,390
Taurus Blindagens Nordeste – long-lived asset held for sale	15,505	15,006
Total held-for-sale noncurrent assets	**66,895**	**66,396**
Taurus Blindagens Nordeste – liability held for sale	6,211	5,830
Total held-for-sale liabilities	**6,211**	**5,830**

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 29,900.00 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 since the first quarter of 2021. The Company's Management decided that Taurus Helmets Indústria de Capacetes Ltda no longer meets the classification criteria in CPC 31 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5).

As at March 31, 2022, the group of assets and liabilities held for sale related to the helmet operation of Taurus Blindagens Nordeste Ltda was presented as shown in the table and comprised the following assets and liabilities:

Property, plant and equipment/ Intangible assets	8,775
Trade and other receivables	6,730
Assets held for sale	**15,505**
Trade and other payables	6,211
Liabilities held for sale	**6,211**

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

15. Investments

									Parent
	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)**	**03-31-2022**	**12-31-2021**
Current assets	121,303	6,199	511,941	6	65,188	13,620	189		
Noncurrent assets	50,443	57,665	113,726	-	82,175	175,117	1,390		
Current liabilities	41,229	8,762	161,131	-	8,052	17,739	3,748		
Noncurrent liabilities	2,248	1,732	42,347	-	37,869	14,047	28,545		
Capital	73,855	9,400	1,539	52,116	53,292	211,452	293,639		
Equity	128,269	53,370	422,189	6	101,442	156,951	(30,714)		
Net revenue	21,977	-	445,065	-	2,063	2,845	-		
Profit (loss) for the year	513	826	34,005	-	584	(920)	(1,414)		
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	441,792	7	82,560	159,409	-	**683,822**	**462,148**
Share of profit (loss) of subsidiaries	**-**	**1**	**34,005**	**-**	**478**	**(920)**	**(891)**	**32,673**	**213,138**
Exchange differences arising on translating investments	**-**	**-**	**(71,914)**	**(1)**	**-**	**-**	**-**	**(71,915)**	**25,015**
Unrealized profit on inventories	**-**	**-**	**(4,623)**	**-**	**-**	**-**	**-**	**(4,623)**	**(15,731)**
Valuation adjustments to equity	**-**	**-**	**-**	**-**	**-**	**(1,537)**	**-**	**(1,537)**	**(1,589)**
Reclassified to provision for negative equity (1)	**-**	**-**	**-**	**-**	**-**	**-**	**891**	**891**	**841**
Closing balances	**1**	**54**	**399,260**	**6**	**83,038**	**156,952**	**-**	**639,311**	**683,822**

(1) The share of profit (loss) of subsidiary Taurus Máquinas-Ferramentas Ltda., amounting to (R$891), is presented on line item 'Provision for negative equity' in noncurrent liabilities.

Indirect interests in jointly-controlled entities classified as joint venture: share of profit (loss) of subsidiaries

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 as at 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 R$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 March 31, 2022:

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
BALANCE SHEET AS AT MARCH 31, 2022
In thousands of reais

Assets		**Liabilities**	
Current assets		**Current liabilities**	
Cash and cash equivalents	96	Trade payables	2,274
Trade receivables	563	Payroll and related taxes	415
Inventories	2,436	Taxes, fees and contributions	629
Recoverable taxes	1,344	Financial loan	-
Related parties – Financial loan	-	Other payables	921
Other receivables	5,372		4,239
	9,811	**Noncurrent liabilities**	
		Taxes payable	27
Noncurrent assets			27
Deferred tax assets	1,494	**Total liabilities**	4,266
Related parties	1,462		
Other receivables	20	**Equity**	
	2,976	Capital	4,628
		Advance for future capital increase	6,707
		Retained earnings	(175)
Property, plant and equipment	2,639	**Total equity**	11,160
Total assets	**15,426**	**Total liabilities and equity**	**15,426**

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
STATEMENT OF PROFIT OR LOSS AS AT MARCH 31, 2022
In thousands of reais

Revenue from sales and/or services	1,011
Cost of sales and/or services	(924)
General and administrative expenses	(441)
Other operating (expenses) income, net	4
	(437)
Loss before finance income (costs), net, share of results of investees, and taxes	(350)
Finance income	25
Finance costs	(2)
Finance income (costs), net	23
Operating loss before taxes	(327)
Profit (loss) for the year	(327)

16. 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 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.

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 to 20 years
Dies and tools	5 years
Furniture	10 to 15 years
Other components	5 to 6 years

										Consolidated
Cost or deemed cost	**Land**	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Vehicles**	**Other**	**PP&E in progress**	**Advances to suppliers**	**Lease – right of use**	**Total**
Balance as at December 31, 2020	10,592	120,636	270,357	29,063	506	174	21,696	10,451	-	463,475
Additions	-	4,733	40,889	4,704	160	515	70,836	37,934	10,931	170,702
Write-offs	-	(1,306)	(37,542)	(1,428)	-	-	(1,027)	-	-	(41,303)
Transfers	-	3,830	14,037	678	-	9	(18,554)	-	-	-
Effect of changes in exchange rates	242	2,059	4,105	2,679	33	-	329	-	-	9,447
Held for sale returned to operations	-	558	20,992	1,977	304	-	2,785	312	-	26,928
Balance as at December 31, 2021	**10,834**	**130,510**	**312,838**	**37,673**	**1,003**	**698**	**76,065**	**48,697**	**10,931**	**629,249**
Additions	-	-	429	142	-	-	31,180	7,045	380	39,176
Write-offs	-	-	(990)	(17)	-	-	-	-	-	(1,007)
Transfers	-	17	1,762	(1,089)	-	-	(690)	-	-	-
Effect of changes in exchange rates	(531)	(4,484)	(10,033)	(2,958)	(73)	-	(1,746)	-	(1,651)	(21,476)
Balance as at March 31, 2022	**10,303**	**126,043**	**304,006**	**33,751**	**930**	**698**	**104,809**	**55,742**	**9,660**	**645,942**
Depreciation										
Balance as at December 31, 2020	-	(33,538)	(181,462)	(14,752)	(361)	(7)	-	-	-	(230,120)
Depreciation in the year	-	(5,247)	(15,142)	(2,994)	(82)	(95)	-	-	-	(23,560)
Write-offs	-	284	26,149	1,290	-	-	-	-	-	27,723
Acquisition through business combination	-	-	-	-	-	-	-	-	(2,099)	(2,099)
Effect of changes in exchange rates	-	(271)	(1,859)	(3,182)	(25)	-	-	-	-	(5,337)
Held for sale returned to operations	-	(297)	(14,967)	(1,348)	(221)	-	-	-	-	(16,833)
Balance as at December 31, 2021	**-**	**(39,069)**	**(187,281)**	**(20,986)**	**(689)**	**(102)**	**-**	**-**	**(2,099)**	**(250,226)**
Depreciation in the year	-	(1,571)	(4,407)	(640)	(15)	(35)	-	-	(466)	(7,134)
Write-offs	-	-	844	10	-	-	-	-	-	854
Effect of changes in exchange rates	-	539	5,718	1,972	56	-	-	-	331	8,616
Balance as at March 31, 2022	**-**	**(40,101)**	**(185,126)**	**(19,644)**	**(648)**	**(137)**	**-**	**-**	**(2,234)**	**(247,890)**
Carrying amount										
December 2021	10,834	91,441	125,557	16,687	314	596	76,065	48,697	8,832	379,023
March 2022	**10,303**	**85,942**	**118,880**	**14,107**	**282**	**561**	**104,809**	**55,742**	**7,426**	**398,052**

									Parent
Cost or deemed cost	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Vehicles**	**Other**	**PP&E in progress**	**Advances to suppliers**	**Lease – right of use**	**Total**
Balance as at December 31, 2020	51,194	183,342	12,596	52	174	15,050	10,451	-	272,859
Additions	3,678	26,532	2,435	-	515	17,851	37,287	-	88,298
Write-offs	-	(5,345)	(335)	-	-	-	-	-	(5,680)
Transfers	3,882	7,055	625	-	9	(11,571)	-	-	-
Balance as at December 31, 2021	**58,754**	**211,584**	**15,321**	**52**	**698**	**21,330**	**47,738**	**-**	**355,477**
Additions	-	11	43	-	-	16,564	4,069	380	21,067
Write-offs	-	(945)	(17)	-	-	-	-	-	(962)
Transfers	-	327	1	-	-	(328)	-	-	-
Balance as at March 31, 2022	**58,754**	**210,977**	**15,348**	**52**	**698**	**37,566**	**51,807**	**380**	**375,582**
Depreciation									
Balance as at December 31, 2020	(16,436)	(120,749)	(5,603)	(52)	(7)	-	-	-	(142,847)
Depreciation in the year	(2,070)	(7,472)	(1,049)	-	(95)	-	-	-	(10,686)
Write-offs	2	1,786	295	-	-	-	-	-	2,083
Balance as at December 31, 2021	**(18,504)**	**(126,435)**	**(6,357)**	**(52)**	**(102)**	**-**	**-**	**-**	**(151,450)**
Depreciation in the year	(570)	(2,651)	(285)	-	(35)	-	-	(6)	(3,547)
Write-offs	-	801	10	-	-	-	-	-	811
Balance as at March 31, 2022	**(19,074)**	**(128,285)**	**(6,632)**	**(52)**	**(137)**	**-**	**-**	**(6)**	**(154,186)**
Carrying amount									
December 2021	40,250	85,149	8,964	-	596	21,330	47,738	-	204,027
March 2022	**39,680**	**82,692**	**8,716**	**-**	**561**	**37,566**	**51,807**	**374**	**221,396**

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 2022.

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 March 31, 2022, the Company uses R$37.4 million in collaterals (R$34.3 million as at December 31, 2021).

17. Intangible Assets

Goodwill
Goodwill arising on the acquisition of investments, after appropriately allocated, is added to intangible assets. In the Parent's financial statements 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. For the presentation of this interim financial information, the Company did not identify any situation that would require the performance of a new impairment test.

								Consolidated
	Software	Trademarks and patents	Customer relationship	Goodwill	Product development	Intangible assets in progress	Other intangibles	Total
Cost								
Balance as at December 31, 2020	20,668	26,444	22,541	48,660	7,616	8,580	1,656	136,165
Acquisitions	1,337	-	-	-	13	9,237	-	10,587
Transfers	49	-	-	-	607	(656)	-	-
Write-offs	(85)	-	-	-	-	-	(1,778)	(1,863)
Effect of changes in exchange rates	648	1,212	1,624	1,183	421	-	122	5,210
Held for sale returned to operations	1,520	1,284	-	-	-	-	-	2,804
Balance as at December 31, 2021	**24,137**	**28,940**	**24,165**	**49,843**	**8,657**	**17,161**	**-**	**152,903**
Acquisitions	1,363	-	-	-	-	9,041	-	10,404
Transfers	33	-	-	-	-	(33)	-	-
Effect of changes in exchange rates	(1,551)	(2,661)	(3,567)	(2,600)	(924)	-	-	(11,303)
Balance as at March 31, 2022	**23,982**	**26,279**	**20,598**	**47,243**	**7,733**	**26,169**	**-**	**152,004**
Amortization								
Balance as at December 31, 2020	(13,818)	(7,388)	(19,567)	-	(2,079)	-	-	(42,852)
Amortization in the year	(2,448)	-	(2,225)	-	(572)	-	-	(5,245)
Write-offs	70	-	-	-	-	-	-	70
Effect of changes in exchange rates	(647)	-	(1,586)	-	(128)	-	-	(2,361)
Held for sale returned to operations	(144)	-	-	-	-	-	-	(144)
Balance as at December 31, 2021	**(16,987)**	**(7,388)**	**(23,378)**	**-**	**(2,779)**	**-**	**-**	**(50,532)**
Amortization in the year	(530)	-	(517)	-	(152)	-	-	(1,199)
Held for sale returned to operations	1,403	-	3,464	-	279	-	-	5,146
Balance as at March 31, 2022	**(16,114)**	**(7,388)**	**(20,431)**	**-**	**(2,652)**	**-**	**-**	**(46,585)**
Carrying amount								
December 2021	7,150	21,552	787	49,843	5,878	17,161	-	102,371
March 2022	**7,868**	**18,891**	**167**	**47,243**	**5,081**	**26,169**	**-**	105,419

					Parent
	Software	Trademarks and patents	Product development	Intangible assets in progress	Total
Cost					
Balance as at December 31, 2020	11,749	9,485	1,916	8,580	31,730
Acquisitions	419	-	13	9,237	9,669
Transfers	49	-	607	(656)	-
Balance as at December 31, 2021	**12,217**	**9,485**	**2,536**	**17,161**	**41,399**
Acquisitions	1,190	-	-	9,008	10,198
Balance as at March 31, 2022	**13,407**	**9,485**	**2,536**	**26,169**	**51,597**
Amortization					
Balance as at December 31, 2020	(5,522)	(6,840)	(702)	-	(13,064)
Amortization in the year	(1,880)	-	(242)	-	(2,122)
Balance as at December 31, 2021	**(7,402)**	**(6,840)**	**(944)**	**-**	**(15,186)**
Amortization in the year	(333)	-	(74)	-	(407)
Balance as at March 31, 2022	**(7,735)**	**(6,840)**	**(1,018)**	**-**	**(15,593)**
Carrying amount					
December 2021	4,815	2,645	1,592	17,161	26,213
March 2022	**5,672**	**2,645**	**1,518**	**26,169**	**36,004**

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	2021
Firearms	49,408

The impairment test for said CGU is performed annually. The recoverable amount of the CGU 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
Cash-generating unit		12-31-2021
Firearms	12.80%	4.24%

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, 2021 of 26.00% for the Firearms CGU at the market interest rate of 7.2%.

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, 2021, the Company used a nominal growth rate of 3%, 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).

18. Borrowings, Financing and Debentures

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

							Consolidated and Parent
					03-31-2022		**12-31-2021**
	Currency	**Statutory interest rate**	**Maturity year**	**Contractual amount**	**Carrying amount**	**Contractual amount**	**Carrying amount**
Working capital	R$	CDI + 2.50% p.a.	2022	**18,193**	**6,131**	18,193	10,040
Debentures	R$	CDI + 2.50% p.a.	2022	**7,961**	**7,961**	50,000	33,532
Foreign exchange advance	US$	5.95% to 7.0% p.a.	2024	**308,279**	**308,279**	217,350	217,350
Working capital	US$	Libor + 1.75% to 3.50% p.a.	2023	**464,162**	**213,054**	464,162	432,389
				Total	**535,425**		**693,311**
				Current liabilities	**390,132**		**618,904**
				Noncurrent liabilities	**145,293**		**74,407**
					535,425		**693,311**

Flow of future debt payments disclosed in noncurrent liabilities:

	Consolidated	Parent
Maturity year	**03-31-2022**	**03-31-2022**
2023	**104,232**	**104,232**
2024	**41,061**	**41,061**
	145,293	**145,293**

Borrowings and financing are guaranteed by promissory notes, short-term investments, trade receivables, 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.

On November 4, 2021, the Company decreased capital to absorb accumulated losses, which allowed the distribution of dividends to shareholders. These situations can only take place because the Company obtained consent from the Bank Syndicate due to the Company's financial health and compliance with covenants.

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.

a) 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.

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 March 31, 2022, the Company was compliant with all said covenants.

19. Other Payables

	Consolidated		Parent	
	03-31-2022	**12-31-2021**	**03-31-2022**	**12-31-2021**
Dividends payable	**68,002**	68,002	**68,002**	68,002
Sales commissions	**6,695**	6,634	**2,058**	2,179
Accrued interest	**498**	571	**-**	-
Unsettled court agreements	**10,000**	-	**10,000**	-
Insurance and freight	**9,543**	9,690	**7,859**	7,331
Leases	**7,678**	8,833	**327**	-
Marketing	**3,768**	3,863	**-**	-
Due to related parties	**1,682**	1,651	**54,609**	53,996
Unrealized gain on government grant	**24,555**	29,631	**-**	-
Other	**8,183**	4,858	**1,785**	726
	140,604	133,733	**144,640**	132,234
Current	**98,991**	93,147	**81,815**	78,238
Noncurrent	**41,613**	40,586	**62,825**	53,996

20. Payroll and Related Taxes

	Consolidated		Parent	
	03-31-2022	**12-31-2021**	**03-31-2022**	**12-31-2021**
Payroll	**4,628**	3,794	**670**	349
Accrued bonus	**39,137**	33,893	**24,719**	19,721
Contributions payable	**6,236**	10,068	**5,695**	9,479
Accruals (vacation pay and 13th salary)	**21,868**	19,105	**19,403**	16,901
	71,869	66,860	**50,487**	46,450

21. Taxes, Fees and Contributions

	Consolidated		Parent	
	03-31-2022	**12-31-2021**	**03-31-2022**	**12-31-2021**
State VAT (ICMS)	**7,424**	5,694	**5,951**	4,678
Federal VAT (IPI)	**15,725**	378	**15,329**	3
Tax on revenue (PIS)	**72**	6	**-**	-
Tax on revenue (COFINS)	**336**	25	**-**	-
Special tax – FAET (USA)	**38,474**	47,618	**-**	-
Withholding income tax (IRRF)	**1,014**	4,928	**841**	4,734
Income tax and social contribution	**26,637**	21,105	**12,961**	15,301
Other installment payments (*)	**29,622**	31,789	**28,990**	31,111
Other	**8,637**	8,672	**5,927**	5,982
	127,941	120,215	**69,999**	61,809
Current	106,445	96,632	49,413	39,102
Noncurrent	21,496	23,583	20,586	22,707

(*) 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 thousand. 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 March 31, 2022, the adjusted balance of the IPI instalment payment plan is R$28.9 million and to date 19 installments have been paid, totaling R$13.5 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
			03-31-2022	12-31-2021
	Provision	Escrow deposit (1)	Net	Net
Labor	45,968	(13,055)	32,913	32,823
Civil	19,699	(1,032)	18,667	19,339
Tax	30,333	(2,351)	27,982	30,052
	96,000	**(16,438)**	**79,562**	82,214
Classified in current liabilities	41,804			
Classified in noncurrent liabilities	54,196			

(1) Recognized in other noncurrent assets.

				Parent
			03-31-2022	12-31-2021
	Provision	Escrow deposit (1)	Net	Net
Labor	41,903	(11,426)	30,477	30,385
Civil	15,647	(1,032)	14,615	14,841
Tax	27,910	(2,344)	25,566	27,632
	85,460	**(14,802)**	**70,658**	72,858
Classified in current liabilities	35,487			
Classified in noncurrent liabilities	49,973			

(1) Recognized in other noncurrent assets.

Variations in the provision:

			Consolidated
	Civil and labor	Tax	Total
Balance as at December 31, 2021	66,592	30,330	96,922
Provisions recognized during the year	2,802	3	2,805
Provisions used during the year	(435)	-	(435)
Derecognition of provision	(2,648)	-	(2,648)
Effect of changes	(644)	-	(644)
Balance as at March 31, 2022	**65,667**	**30,333**	**96,000**

			Parent
	Civil and labor	Tax	Total
Balance as at December 31, 2021	58,109	27,910	86,019
Provisions recognized during the year	1,990	-	1,990
Provisions used during the year	(31)	-	(31)
Derecognition of provision	(2,518)	-	(2,518)
Balance as at March 31, 2022	**57,550**	**27,910**	**85,460**

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 do not require the calculation of such provision, as shown below:

				Consolidated				Parent
	03-31-2022		12-31-2021		03-31-2022		12-31-2021	
	Possible	Remote	Possible	Remote	Possible	Remote	Possible	Remote
Civil	**131,656**	**22,089**	231,202	21,543	**113,091**	**22,027**	212,624	21,499
Labor	**42,878**	**47,691**	43,029	45,858	**23,076**	**34,434**	22,948	32,778
Tax	**63,829**	**-**	62,798	-	**56,929**	**-**	55,920	-
	238,363	**69,780**	337,029	67,401	**193,096**	**56,461**	291,492	54,277

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$17.6 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 and pending conclusion, awaiting an amending decision on the case.
On July 20, 2021, an amending decision was handed down and the parties were notified to indicate other evidence they intend to produce. Based on the amending decision, the Company filed a petition requesting adjustments to the decision, which was denied; the Federal District filed an interlocutory appeal claiming for the reversal.
In November 2021, the interlocutory appeals addressing the reversal of the burden of proof and urgent relief, filed by the Federal District, were denied.
In February 2022, the interlocutory appeal addressing the statute of limitation and expiration, filed by the Company, was partially accepted to determine the non-imposition of the Consumer Defense Code and rules of the collective proceeding. Currently, it is waiting for the procedures of the instruction phase and parties' opinion about the decisions on the interlocutory appeals.
In the opinion of its legal counsel, this action was classified with a possible likelihood of loss and its adjusted amount is R$61.2 million.

Administrative Proceeding and Lawsuit – PMESP

I – PMESP – Administrative Proceeding 24/7 Pistol

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 proceeding, 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 proceeding to the instructional phase. Thereafter, an administrative decision was handed down on November 13, 2021, fully accepting the sanctioning proposal issued by the Major of the Military Police of the State of São Paulo, in an addendum dated November 12, 2021, to apply a contractual fine in the amount of R$25.1 million, as well as penalty suspending the Company from bidding and signing any contract with the Public Administration during two (2) years. Based on this decision, Taurus has filed an administrative appeal, obtaining the stay effect. On December 1, 2021, a partial favorable decision on the Company's administrative appeal was handed down, annulling the fine and the Company's suspension from bidding and signing any contract, as well as determining the measures for performance of an independent technical expert analysis at the pistols. Currently, measures are

expected to be adopted for the performance of the independent technical expert analysis.
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$25.1 million.

II - PMESP – Lawsuit SMT 40
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 R$27.8 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$45.5 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$18.3 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$146 million in ongoing lawsuits, which are classified as contingent assets and are not recognized in accounting.

Of this total, R$17.9 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, which was accepted. Thereafter, the case records were distributed to the Judicial Auditor for adjustment of the calculation to the terms of the decision on the appeal. Currently, the Company is waiting for the return of the case records to the judicial auditor and subsequent notification of Eletrobrás to deposit the respective amounts. 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. Based on the decision on the approval, the defendant filed an interlocutory appeal, where a decision was handed down to prevent the provisional enforcement. Currently, the proceeding is at the appeal phase waiting for the decision on the Extraordinary Appeal filed by the Company, which proceeding is halted, waiting for the final decision on the matter by the STF, as well as potential court of retraction by the judging body. 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 IFRS 9/CPC 48 Financial Instruments as regards the characteristics of the Company’s cash flows and business model used to manage 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
		03-31-2022		12-31-2021
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**219,185**	**219,185**	442,429	442,429
Debentures	**7,961**	**7,961**	33,532	33,532
Foreign currency advances	**308,279**	**301,226**	217,350	215,168
	535,425	**528,372**	693,311	691,129

				Parent
		03-31-2022		12-31-2021
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**219,185**	**219,185**	442,429	442,429
Debentures	**7,961**	**7,961**	33,532	33,532
Foreign currency advances	**308,279**	**301,226**	217,350	215,168
	535,425	**528,372**	693,311	691,129

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, 2021									
Taurus Helmets Indústria de Capacetes Ltda.	572	-	572	14	5,101	(iv)	5,115	-	73
Taurus Blindagens Nordeste Ltda.	-	-	-	623	47,244	(iv)	47,867	-	222
Taurus Holdings, Inc.	16,882	-	16,882	16,279	-		16,279	187,882	1,624
Taurus Investimentos Imobiliários Ltda.	641	10,523	11,164	384	-		384	-	1,161
Taurus Máquinas-Ferramenta Ltda.	-	25,999	25,999	-	-		-	118	-
Polimetal Metalurgia e Plásticos Ltda.	6,585	4,159	10,744	1,903	-		1,903	942	-
	24,680	40,681	65,361	19,203	52,345		71,548	188,942	3,080
March 31, 2022									
Taurus Helmets Indústria de Capacetes Ltda.	**613**	**-**	**613**	**15**	**5,199**	(iv)	**5,214**	**-**	**126**
Taurus Blindagens Nordeste Ltda.	**-**	**-**	**-**	**631**	**47,728**	(iv)	**48,359**	**-**	**1,167**
Taurus Holdings, Inc.	**48,480**	**-**	**48,480**	**21,010**	**-**		**21,010**	**255,088**	**1,655**
Taurus Investimentos Imobiliários Ltda.	**1,298**	**22,375**	**23,673**	**467**	**-**		**467**	**390**	**1,354**
Taurus Máquinas-Ferramenta Ltda.	**-**	**27,309**	**27,309**	**-**	**-**		**-**	**655**	**-**
Polimetal Metalurgia e Plásticos Ltda.	**9,289**	**6,265**	**15,554**	**1,283**	**-**		**1,283**	**676**	**-**
	59,680	**55,949**	**115,629**	**23,406**	**52,927**		**76,333**	**256,809**	**4,302**

(i) Refers to amounts recorded in line items trade payables - R$20,835 and other payables - R$2,571;
(ii) Refers to amounts recorded in line items trade receivables - R$52,684 and other receivables - R$6,996;
(iii) Refers to amounts recognized in line items intragroup loans - R$55,949 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate;
(iv) Represent loan agreements - R$52,927 with subsidiaries Taurus Holdings, Inc., Taurus Helmets Indústria de Capacetes Ltda., Taurus Blindagens Nordeste Ltda. and Taurus Investimentos Imobiliários Ltda which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate;
(v) Comparative balance with March 31, 2021.

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.

Taurus Investimentos Imobiliários is the owner of tracts of land and buildings where the head offices of Taurus Armas and Polimetal (RS) and Taurus Helmets (PR) are located, in addition to the land held for sale in Porto Alegre. Transactions with this company are carried out through payment of rents and intragroup loans.

Founded in 1969 and headquartered in Brasília, the National Association of Firearms and Ammunition Industry (ANIAM) is a non-profit civil entity, which represents the firearms and ammunition industry and commerce in Brazil and which President is Mr. Salesio Nuhs, who is also the Global CEO of Taurus Armas. Taurus Armas S/A is an associate of this entity and makes monthly contributions based on the amount recorded in 2021, as shown in the table below. 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.

As at March 31, 2022, non-consolidated transactions involving Taurus Armas S.A. and its related parties refer mainly to sales of firearms for trading and purchase of ammunition, parts and accessories. The amount of these transactions is shown below:

	Current assets	**Current liabilities**	**Noncurrent liabilities**	**Revenue (*)**	**Expenses (*)**
December 31, 2021					
Companhia Brasileira de Cartuchos	9,697	10,821	-	7,089	11,200
CBC Brasil Comércio e Distribuição	264,772	2	-	125,758	-
GN Importações	-	-	-	289	-
Taurus JM Indústria de Peças	2,640	-	1,651	-	8
Joalmi Indústria e Comércio	247	-	-	-	-
	277,356	10,823	1,651	133,136	11,208
March 31, 2022					
Companhia Brasileira de Cartuchos	**5,600**	**5,987**	**-**	**3,852**	**8,801**
CBC Brasil Comércio e Distribuição	**180,133**	**2**	**-**	**172,637**	**-**
GN Importações	**-**	**-**	**-**	**14**	**-**
Taurus JM Indústria de Peças	**-**	**563**	**1,681**	**7**	**604**
Joalmi Indústria e Comércio	**247**	**-**	**-**	**-**	**-**
ANIAM - Assoc. Nac. da Ind. de Armas e Munições	**-**	**-**	**-**	**-**	**160**
	185,980	**6,552**	**1,681**	**176,510**	**9,565**

(*) Comparative balance with March 31, 2021

<u>Marketplace Platform</u>
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.

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

	Consolidated		Parent	
	03-31-2022	03-31-2021	**03-31-2022**	03-31-2021
Statutory officer's compensation and benefits	**983**	990	**983**	990
Stock option plan	**2,296**	-	**2,296**	-
Directors' compensation and benefits	**261**	171	**261**	171
Supervisory Board members' compensation and benefits	**95**	63	**95**	63
	3,635	1,224	**3,635**	1,224

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 (phantom share) and long-term compensation (stock options). Generally, the goals set by the Company to evaluate Officers consist of economic goals and their permanence at the Company.

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$315.2 million (R$580.8 million as at December 31, 2021) 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 prescribed by CPC 31/ IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

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.

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

	03-31-2022	03-31-2021
Net sales revenue	-	-
Elimination of intersegment revenue	-	-
Foreign revenue	-	-
Finance costs, net	100	(120)
Elimination of intersegment expenses	-	-
Foreign expenses	100	(120)
Profit (loss) from operating activities	100	(120)
Taxes on income	(441)	(25)
Profit (loss) before income tax and social contribution, net	**(341)**	**(145)**
Basic earnings (loss) per common share (in R$)	**(0.002860)**	**(0.001440)**
Basic earnings (loss) per preferred share (in R$)	**(0.002900)**	**(0.001570)**

Profit (loss) from discontinued operations as at March 31, 2022 is R$-341 thousand (R$-145 thousand as at March 31, 2021) and is fully attributed to owners of the Company.

(b) Cash flows generated by discontinued operations

	03-31-2022	03-31-2021
Net cash generated by operating activities	**511**	222
Net cash generated by investing activities	**(484)**	(152)
Net cash used in financing activities	**-**	-
Net cash generated by discontinued operations	**27**	70

26. Equity

a) Capital

As at March 31, 2022, the Company's issued capital is R$313.2 million (R$308.2 million at December 31, 2021), represented by 118,818.806 book-entry, registered shares, divided into 46,445,314 common shares and 72,373,492 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 at March 31, 2022:

	QUANTITIES			
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	19,925,599	19,913,827	1,142,175
Forfeited	11,750,881	74,401	86,173	-
Exercisable	-	-	-	7,857,825

In the year ended December 31, 2021, the warrants exercised were automatically converted into capital, in an amount equivalent to R$118.9 million, which was ratified by the Company's Board of Directors.

On November 04, 2021, the Company's Board of Directors approved the capital decrease to partially absorb the balance of accumulated losses recorded in the financial statements as at December 31, 2020. The amount of capital was reduced by R$371 million.

In 2022, up to March 31, the warrants exercised were automatically converted into capital, in an amount equivalent to R$5 million, which was ratified by the Company's Board of Directors.

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):

	03-31-2022	12-31-2021
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	
	Number in thousands	**Amount in R$ thousands**	**Number in thousands**	**Amount in R$ thousands**
As at December 31, 2021 Common: R$24.51; Preferred: R$24.66*	46,445	1,138,367	71,654	1,766,988
As at March 31, 2022 **Common: R$24.90; Preferred: R$25.00***	**46,445**	1,156,481	**72,373**	1,809,325

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

b) Reserves and earnings retention

Legal reserve

Calculated as 5% of profit for the year, pursuant to Article 193 of Law 6404/76 up to the limit of 20% of capital, after deduction of accumulated losses, in conformity with art. 189 of the same Law. As at December 31, 2021, legal reserve in the amount of R$15.1 million was recognized.

Tax incentive reserve

The Company is eligible to ICMS and Fundopem tax incentives. Management, in view of the publication of Supplementary Law 160/17 and in conformity with Law 6404/76, allocated them as tax incentive reserve in equity. As at March 31, 2022, the balance is R$117.9 million (R$92.6 million as at December 31, 2021). Up to 2020 the amount was allocated as a reduction of accumulated losses. Due to the reversal of accumulated losses in retained earnings occurred in 2021, the balance was reclassified to earnings reserves.

c) Dividends

Pursuant to the Company's bylaws, common and preferred shares are entitled to mandatory minimum dividend of 35% of adjusted profit, and preferred shares are entitled to all other rights attributable to common shares under equal conditions.

Proposed dividends

The dividend proposal for the year ended December 31, 2021 recorded in the Company's interim financial information, subject to approval at the Annual General Meeting, is as follows:

	2021
Accumulated losses	(704,720)
Capital decrease	370,965
Loss after decrease	**(333,755)**
Profit for the year	635,060
Profit after absorption of accumulated losses	**301,305**
Allocations:	
Recognition of legal reserve	(15,065)
Recognition of tax incentive reserve	(92,587)
Valuation adjustments to equity	631
Dividend distribution base	**194,284**
Mandatory dividends (35%)	68,000
Proposed additional dividends	126,284
Mandatory dividends per share	R$0.575780
Proposed additional dividends per share	R$1.069305
Total dividends per share	**R$1.645085**

The proposed compensation to shareholders to be sent by Management to the approval of the Annual General Meeting of 2022, in the amount of R$68 million (R$0.575780 per share), contemplates the mandatory dividend arising from the remaining portion of profit for the year and the legal reserve, considering that the payment is compatible with the cash generation in the year and the Company's financial sustainability is preserved.

The additional proposed dividends in the amount of R$126.3 million (R$1.069305 per share) are disclosed in a line item in equity as at March 31, 2022.

On April 19, 2022, the Annual General Meeting was held, where the proposed dividends were voted and approved and payment to shareholders was made on April 29, 2022.

Dividends payable

As at March 31, 2022, the compensation payable to the Parent's shareholders in current liabilities is R$68 million (R$0.575780 per share), representing the mandatory minimum dividend. Payment to shareholders was made on April 29, 2022.

d) 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.

e) Earnings per share

		Parent and Consolidated
Basic numerator	**03-31-2022**	03-31-2021
Profit (loss) from continuing operations		
Common shares	76,354	31,641
Preferred shares	118,980	36,600
	195,334	68,241
Profit (loss) from discontinued operations		
Common shares	(133)	(67)
Preferred shares	(208)	(78)
	(341)	(145)
Profit (loss) for the year		
Common shares	76,221	31,574
Preferred shares	118,772	36,522
	194,993	68,096
Basic denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	71,662,223	49,729,046
	118,107,537	96,174,360
Basic earnings per share from continuing operations (R$ per share)		
Common shares	1.64395	0.68125
Preferred shares	1.66029	0.73599
Basic earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.00286)	(0.00144)
Preferred shares	(0.00290)	(0.00157)
Basic earnings per share (R$ per share)		
Common shares	1.64109	0.67981
Preferred shares	1.65739	0.73442

		Parent and Consolidated
Diluted numerator	**03-31-2022**	03-31-2021
Profit (loss) from continuing operations		
Common shares	76,354	31,641
Preferred shares	118,980	36,600
	195,334	68,241
Profit (loss) from discontinued operations		
Common shares	(133)	(67)
Preferred shares	(208)	(78)
	(341)	(145)
Profit (loss) for the year		
Common shares	76,221	31,574
Preferred shares	118,772	36,522
	194,993	68,096
Diluted denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	71,662,223	49,729,046
	118,107,537	96,174,360
Potential increase in the number of shares from the exercise of warrants		
Common shares	-	-
Preferred shares	5,420,890	18,584,509
	5,420,890	18,584,509
Diluted earnings (loss) per share from continuing operations (R$ per share)		
Common shares	1.64395	0.68125
Preferred shares	1.54353	0.53576
Diluted earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.00286)	(0.00144)
Preferred shares	(0.00270)	(0.00114)
Diluted earnings (loss) per share (R$ per share)		
Common shares	1.64109	0.67981
Preferred shares	1.54083	0.53462

f) 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) Stock option plan

Description of the share-based compensation arrangements
As at March 31, 2022, 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 First 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.

On October 18, 2021, the Company approved in a meeting of the Board of Directors the Company's Second Stock Option Program ("2nd Program") including the eligibility rules of this 2nd Program's beneficiaries and the definition of the grant terms and conditions. All terms and conditions of the Plan, approved by the Company's Annual and Extraordinary Shareholders' Meeting held on April 26, 2021, were observed.

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 officers 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 but rather to the officer's continuing relationship with the Company.

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 or loss for the period ended March 31, 2022 a total of R$2.2 million.

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:

	Type	Percentage	Shares subject of the stock options Number of
1st Stock option program - 2021	Common	33.33%	728,332
	Preferred	66.67%	1,456,668
		100.00%	**2,185,000**
2nd Stock option program - 2021	Common	33.33%	100,000
	Preferred	66.67%	200,000
		100.00%	**300,000**
Total stock options		**100.00%**	**2,485,000**

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

	1st Stock option program - 2021	2nd Stock option program - 2021
Fair value on grant date	R$24.14	R$24.49
Share price on grant date	R$20.82	R$20.27
Strike price	R$26.68	R$25.43
Expected volatility (weighted average)	89.81%	79.75%
Stock option life (weighted average life expectancy)	4.97	4.53
Expected dividends	2.85%	4.05%
Risk-free interest rate (based on government bonds)	7.78%	10.20%

b) Share-based payment settled in cash – Phantom Shares

In April 2021, the Company granted 780,000 phantom shares, equivalent to the same number of preferred shares issued by the Company, to the program beneficiaries. Upon fulfillment of all vesting conditions, namely: upon keeping the relationship as the Company's officer until the end of the *vesting* period, expected for December 2021, the beneficiary was entitled to receive the premium on December 30, 2021. The compensation amount in local currency was defined after the end of the auction at B3 – Brasil, Bolsa, Balcão on December 17, 2021.

The calculation method corresponds to the straight-line average of the average price of the preferred share from December 13 to 15, 2021 multiplied by the number of phantom shares, with ceiling of R$25.00 per share.

The plan was completed and paid on December 31, 2021. In total, amounts representing 710,000 phantom shares at the average amount of R$24.19 per share were paid, totaling R$17.2 million. As at December 31, 2021, total amount recognized in expenses, including payroll taxes corresponds to R$20.3 million. Up to the date of approval of this interim financial information, there was no share-based payment plan settled in cash relating to 2022.

In case the Officer eligible to receiving compensation is terminated at the Company's discretion, being removed from his/her position without breach of the officer's duties and responsibilities, before the payment date, the eligible officer will be entitled to fully receiving a bonus on the maturity date of the phantom shares. The eligible officer will not be entitled to fully receiving the phantom shares attributable to him/her if, up to the bonus payment date: (i) he/she resigns on own account, relinquishing the officer position; (ii) is terminated at the Company's discretion, being removed from the position with breach of the officer's duties and obligations.

28. Net Operating Revenue

Pursuant to IFRS 15/CPC 47 *Revenue from Contracts with Customers*, 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.

Sales taxes
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%
Tax on revenue (PIS)	0.65% and 1.65%

	Consolidated		**Parent**	
	03-31-2022	**03-31-2021**	**03-31-2022**	**03-31-2021**
Sale of goods	**854,647**	681,665	**590,344**	402,205
Provision of services	**33**	31	**33**	31
Total gross revenue	**854,680**	681,696	**590,377**	402,236
Sales taxes	**(174,322)**	(129,944)	**(124,776)**	(84,129)
Returns and discounts	**(3,789)**	(654)	**(3,164)**	(87)
Total net operating revenue	**676,569**	**551,098**	**462,437**	**318,020**

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. Other operating income

	Consolidated		**Parent**	
	03-31-2022	03-31-2021	**03-31-2022**	03-31-2021
Other operating income				
Tax recovery	**25,131**	69	**25,017**	2
Royalties	**801**	1,423	**801**	1,423
Sale of property, plant and equipment	**-**	320	**-**	148
Recovery of expenses on trade payables	**1,402**	861	**1,393**	849
Recovery of past-due receivables – allowance for doubtful debts	**136**	-	**130**	-
Other income	**1,121**	2,787	**725**	2,590
	28,591	5,460	**28,066**	5,012

30. Expenses by nature

	Consolidated		Parent	
	03-31-2022	**03-31-2021**	**03-31-2022**	**03-31-2021**
Expenses by function				
Cost of sales	(342,028)	(297,062)	(229,713)	(156,989)
Selling expenses	(65,388)	(44,282)	(23,190)	(16,016)
Allowance for impairment of financial instruments	(526)	(412)	107	(284)
General and administrative expenses	(52,625)	(43,724)	(30,534)	(23,395)
Other operating expenses	(10,711)	(2,620)	(12,097)	(2,748)
	(471,278)	**(388,100)**	**(295,427)**	**(199,432)**
Expenses by nature	**03-31-2022**	**03-31-2021**	**03-31-2022**	**03-31-2021**
Depreciation and amortization	(8,332)	(7,218)	(3,955)	(3,260)
Personnel expenses	(85,554)	(76,131)	(65,147)	(46,015)
Tax expenses	(2,448)	(3,083)	(1,761)	(1,423)
Raw materials and supplies and consumables	(225,474)	(199,098)	(136,377)	(94,857)
Auxiliary materials and upkeep and maintenance supplies	(25,033)	(20,906)	(24,314)	(19,949)
Freight and insurance	(34,014)	(32,514)	(16,391)	(12,140)
Outside services	(16,685)	(14,642)	(12,377)	(12,248)
Advertising and publicity	(15,024)	(6,860)	(2,099)	(1,090)
Expenses on product warranty	(665)	1,632	(1,498)	1,904
Water and power	(11,277)	(8,302)	(3,953)	(2,557)
Travel and lodging	(2,329)	(627)	(1,747)	(381)
Expenses on commissions	(11,336)	(9,902)	(1,321)	(902)
Cost of property, plant and equipment written off	(153)	(1,996)	(151)	(114)
Provision for civil, labor and tax risks	(12,215)	(3,554)	(12,066)	(3,009)
Rentals	(1,759)	(1,367)	(2,698)	(2,181)
Other expenses	(18,980)	(3,532)	(9,572)	(1,210)
	(471,278)	**(388,100)**	**(295,427)**	**(199,432)**

31. 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	
	03-31-2022	03-31-2021	**03-31-2022**	03-31-2021
Finance income				
Interest	**538**	88	**1,632**	214
Foreign exchange gains	**152,429**	15,549	**152,008**	14,765
Other income	**2,225**	106	**2,187**	60
	155,192	15,743	**155,827**	15,039
Finance costs				
Interest and fines	**(9,929)**	(10,320)	**(10,038)**	(8,990)
Foreign exchange losses	**(97,638)**	(79,270)	**(96,537)**	(78,888)
Other expenses	**(4,117)**	(2,255)	**(3,787)**	(1,913)
	(111,684)	(91,845)	**(110,362)**	(89,791)
Finance income (costs), net	**43,508**	(76,102)	**45,465**	(74,752)

32. 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 March 31, 2022 and December 31, 2021, the balances are as follow:

	Consolidated		Parent	
	03-31-2022	**12-31-2021**	**03-31-2022**	**12-31-2021**
Domestic market	**7,610**	8,003	**6,142**	6,535
Foreign market	**8,866**	10,443	**-**	-
Total	**16,476**	**18,446**	**6,142**	**6,535**
Current liabilities	**10,927**	11,910	**6,142**	6,535
Noncurrent liabilities	**5,549**	6,536	**-**	-

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Taurus Armas S.A. (the “Company”), included in the Interim Financial Information Form – ITR, for the quarter ended March 31, 2022, which comprises the balance sheet as at March 31, 2022 and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

The Executive Board 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 the 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 accompanying 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 ITR, and presented in accordance with the standards issued by the CVM.

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 March 31, 2022, prepared under the responsibility of the Company's Executive Board 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 technical pronouncement 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, May 4, 2022

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Otávio Ramos Pereira
Engagement Partner

2022PA014791

Supervisory Board's Opinion

The Supervisory Board of Taurus Armas S.A., in compliance with legal and statutory provisions, reviewed the interim financial information for the first quarter of 2022. Based on the conducted reviews and also taking into consideration the unqualified Report on the Review of Interim Financial Information, issued by Deloitte Touche Tohmatsu Auditores Independentes on May 4, 2022, in addition to information and clarifications received from the Company's Management, it represents that the mentioned documents are appropriate to be disclosed.

São Leopoldo, May 4, 2022.

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 interim financial information 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 May 3, 2022.

The Board has audited the Management Report, the Interim Financial Information for the period ended March 31, 2022, 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 March 31, 2022 and the respective Performance Report.

Porto Alegre, May 3, 2022.

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 FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2022

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho and Leonardo Brum Sesti, 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 Financial Statements of Taurus Armas S.A. and consolidated companies for the period from January 1, 2022 to December 31, 2022.

São Leopoldo, May 4, 2022.

Salesio Nuhs

Chief Executive Officer

Sergio Castilho Sgrillo Filho

Chief Finance and Administrative Officer

Investor Relations Officer

Leonardo Brum Sesti

Executive Officer without specific designation

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

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho and Leonardo Brum Sesti, 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 Review Report on the Financial Statements for the period from January 1, 2022 to March 31, 2022, issued on May 4, 2022.

São Leopoldo, May 4, 2022.

Salesio Nuhs
Chief Executive Officer

Sergio Castilho Sgrillo Filho
Chief Finance and Administrative Officer
Investor Relations Officer

Leonardo Brum Sesti
Executive Officer without specific designation