



## 2Q21/1H21 Results

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

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

**São Leopoldo, August 10, 2021** – Taurus Armas S.A. (“Taurus” or “Company”) (B3:TASA3; TASA4), listed on B3’s Corporate Governance Level 2 (Ticker Symbols: TASA3, TASA4), one of the world’s largest manufacturers of light firearms, hereby presents its results for the **2nd quarter of 2021 (2Q21), and accumulated for the 1st half of the year (1H21)**. The financial and operational information below, except where otherwise indicated, is presented in Brazilian Reals (R\$), and complies with the International Financial Reporting Standards (IFRS) and the Brazilian accounting principles. All comparisons refer to the same periods of 2020.

### Operational and Financial Highlights - 2Q21 and 1H21



#### Total production:

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



#### Net revenues:

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



#### Gross profit:

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



#### EBITDA:

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



#### Net income:

R\$ 193.6 million in 2Q21, 5<sup>th</sup> consecutive quarter with positive earnings



#### Financial leverage:

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



## Main Indicators

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

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

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

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







## Message from Management

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

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

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

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

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



[GX4 launching](#)

Scan the QR Code or  
click the link above

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

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

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

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



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

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

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

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

Salesio Nuhs  
Chief Financial Officer



### COVID-19

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

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

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

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





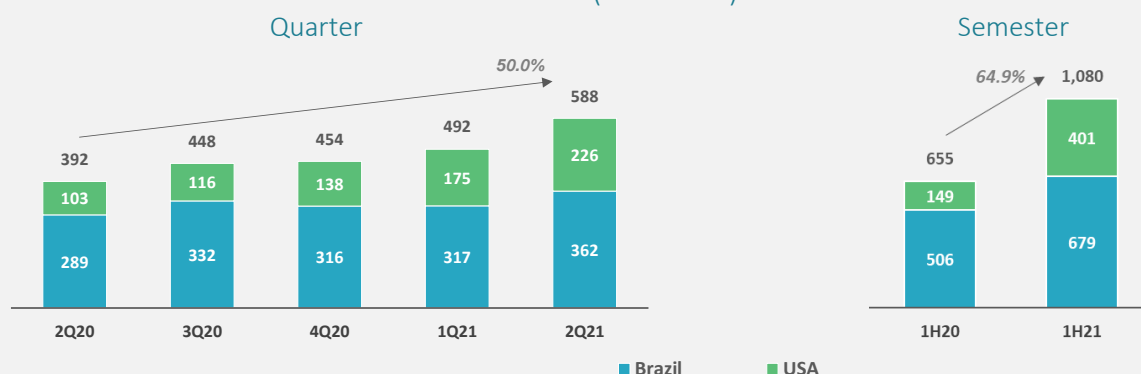
## Operational Performance

### Production

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



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

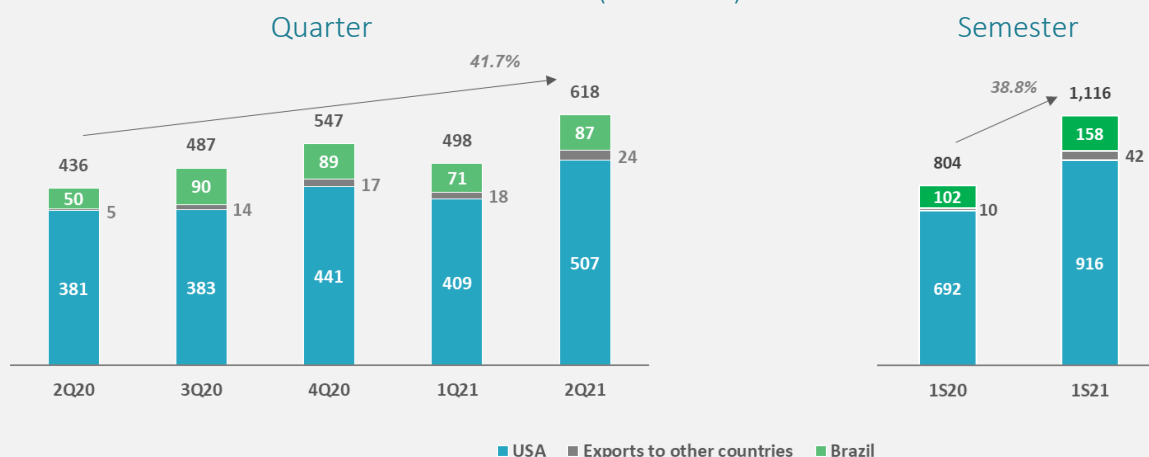


### Sales

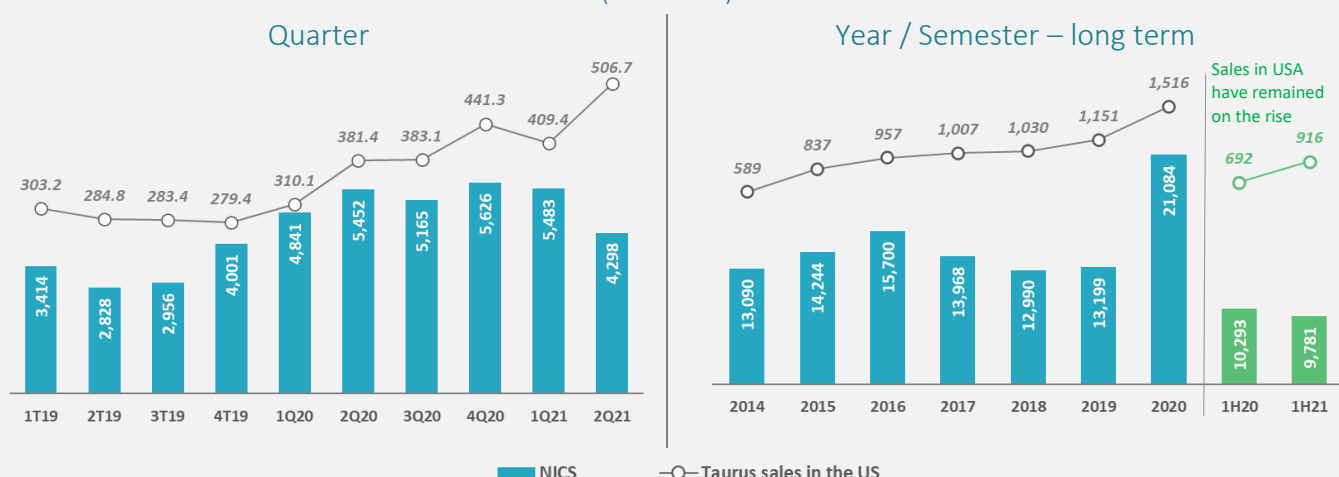
In keeping pace with the heated market, and with a line of firearms that embody technology and meet the consumer's expectations, Taurus' sales continued to rise, also setting a new record for the Company. In 2Q21, 618,000 firearms were sold, totaling 1,116,000 units in 1H21, marking yet another milestone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

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

Sales volume – total Taurus  
(‘000 units)



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



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

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

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

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

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

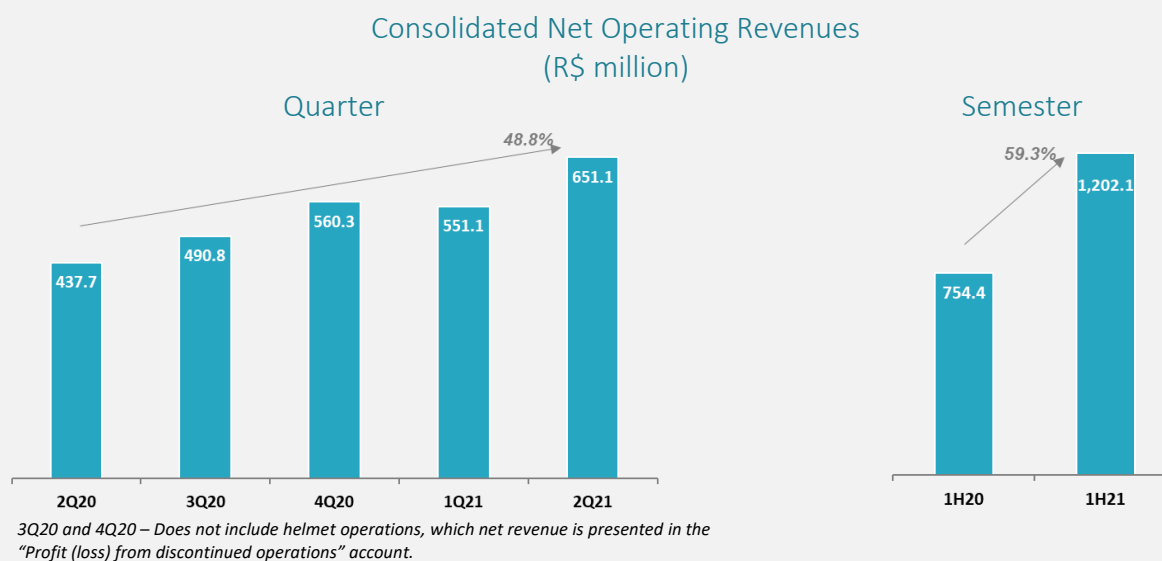


### Economic and Financial Performance

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

### Net Operating Revenues

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



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



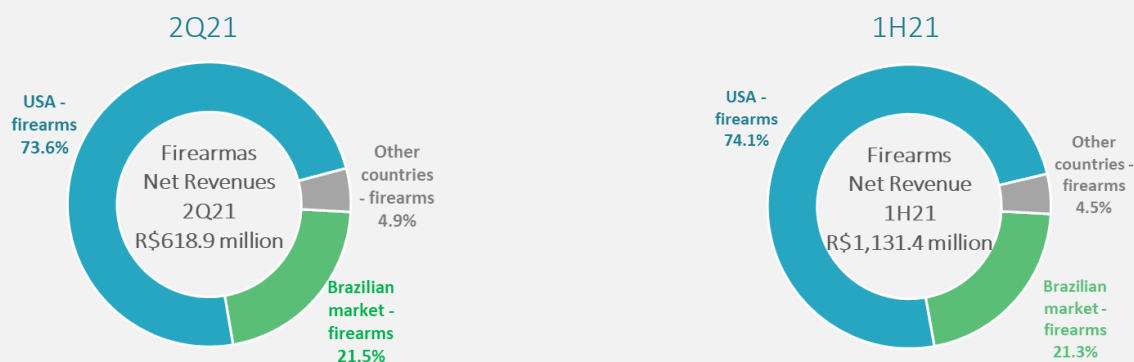
### Net Operating Revenues by Product (R\$ million)



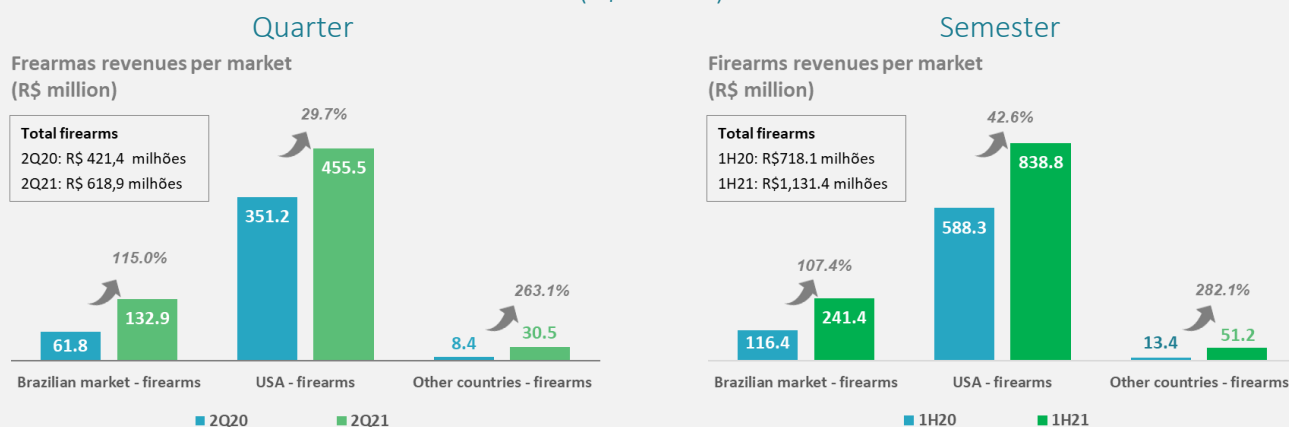
Taurus's revenues largely derive from the sale of firearms, which accounted for 95.1% of overall net revenues in 2Q21, and 94.1% in 1H21, totaling R\$ 618.9 million and R\$ 1,131.4 million, respectively. The outcome is further reinforced by the revenues from the sale of M.I.M. (metal injection molding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

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

### FIREARMS – Net Operating Revenues by market



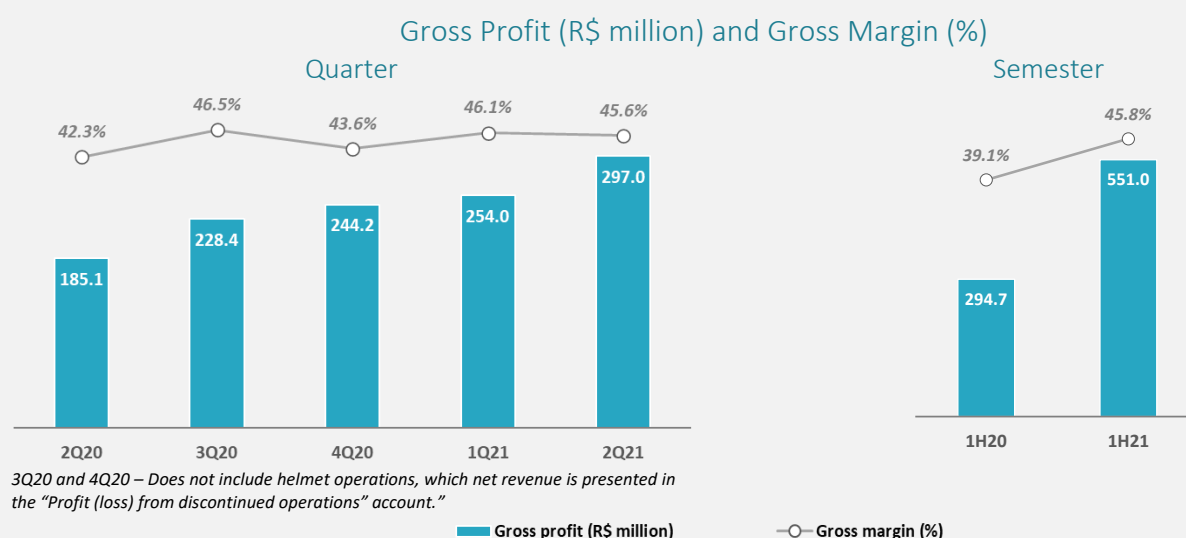
### FIREARMS – Net Operating Revenues by market (R\$ million)



## Gross Profit

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

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



## Operating expenses

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

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

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

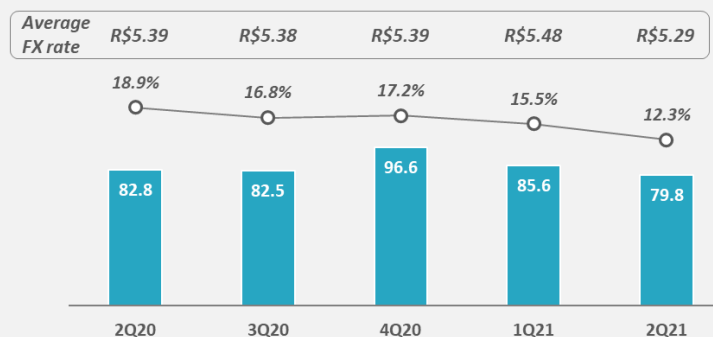
Selling, general and administrative expenses rose in both periods of comparison, as shown in the table above, which can be explained by the growth in the Company's activities, and the structure required to provide support to such growth, with an expansion in R&D activities at CITE - the Brazil/USA Integrated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

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

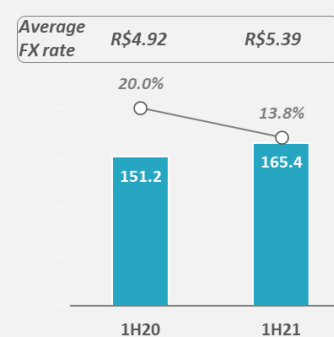
### Operating Expenses (R\$ million) and its share in Net Revenues

Quarter

Semester



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



—○— % in net revenues

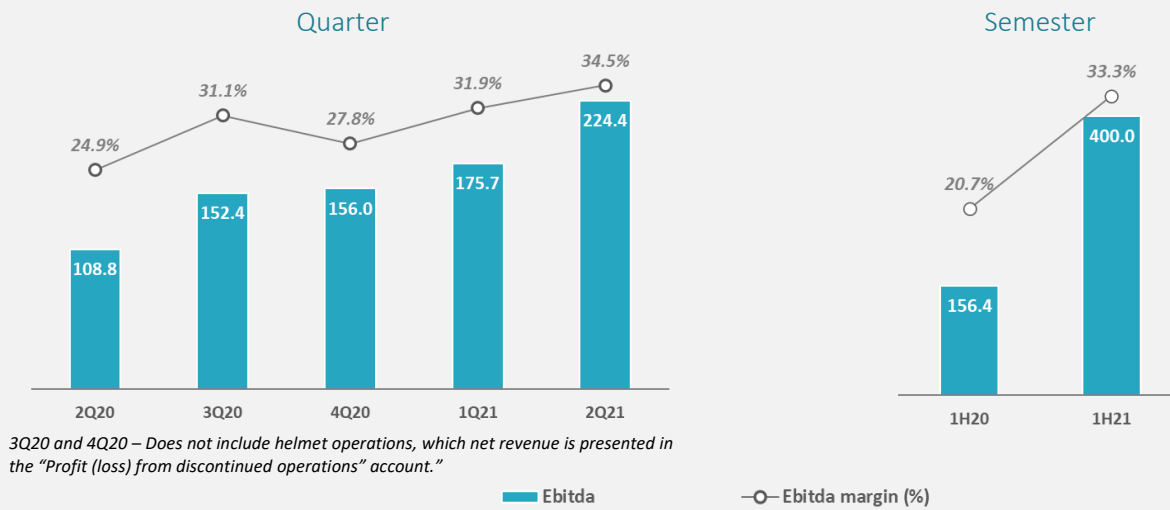
### EBITDA

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

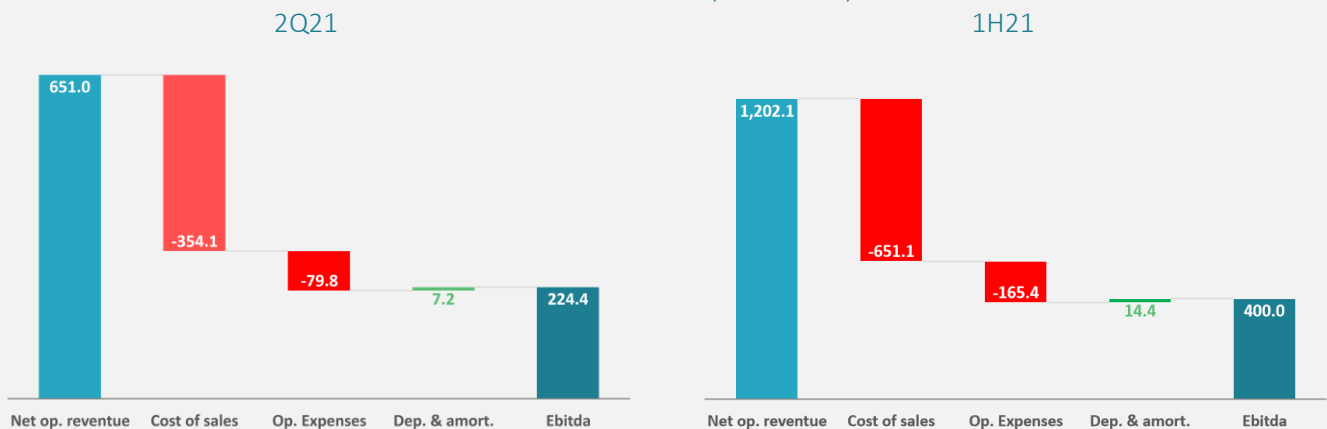
The growth in EBITDA was accompanied by an increase in margin, another indicator that also presented unprecedented results at Taurus. The EBITDA margin for 2Q21 was 34.5% and, in 1H21, 33.3%, up 9.6 p.p. and 12.6 p.p. in relation to the same periods of the previous year, respectively.



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



**EBITDA Breakdown (R\$ million)**



**Calculation of EBITDA — Conciliation pursuant to ICVM 527/12**

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

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is not a financial metric recognized by the BR GAAP and the International Financial Reporting Standards (IFRS). It should not be considered separately as an operating performance indicator, or an alternative to operating cash flow as a liquidity indicator. It is used for management purposes, and meant to provide additional information on the operating cash generation.

## Financial result

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

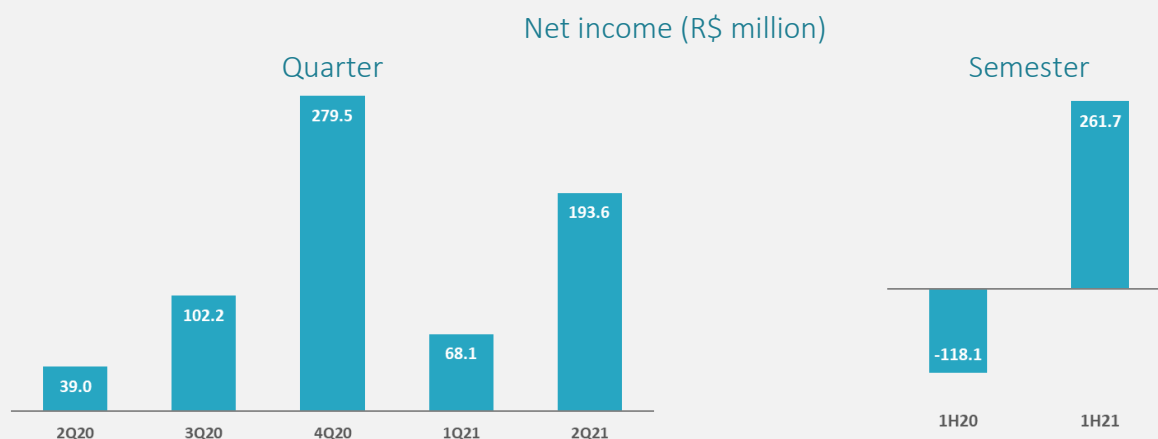
As variações cambiais – ativa e passiva – têm forte influência no resultado financeiro da Taurus. A desvalorização do real causa efeito positivo sobre o caixa em dólares da subsidiária norte-americana e efeito negativo sobre as obrigações financeiras relativas à dívida da Companhia tomada em dólares.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

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

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

## Net income

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





## Debt

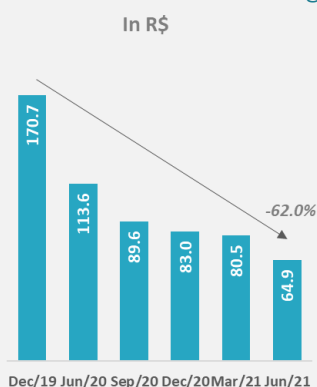
As at June 30, 2021, Taurus recorded gross debt of R\$ 684.9 million, an amount R\$ 181.8 million lower, or 21.0%, than the position recorded at the close of the year 2020. Contributing to this reduction were the exercises of the subscription warrants related to the capital increase, of which the controlling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

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

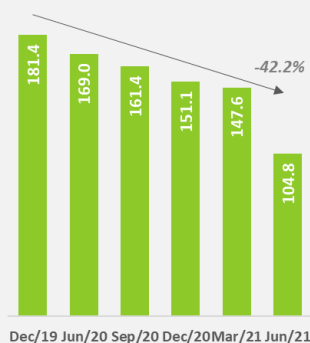
R\$ million	06/30/2021			12/31/2020			% chg. Consolidated
	Consolidated	Brasil	EUA	Consolidated	Brasil	EUA	
Borrowings and financing	20.9	20.9	0.0	71.5	71.5	0.0	-70.8%
Debentures	0.1	0.1	0.0	6.9	6.9	0.0	-98.6%
Foreign exchange drafts	95.9	95.9	0.0	100.3	100.3	0.0	-4.4%
<b>Short term</b>	<b>117.0</b>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

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

### In its original currency



### In US\$



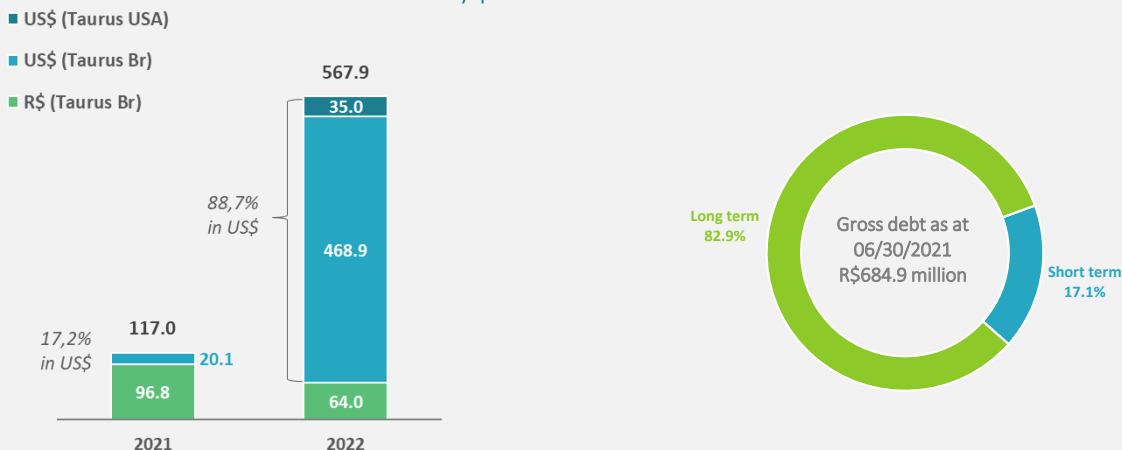
### By currency





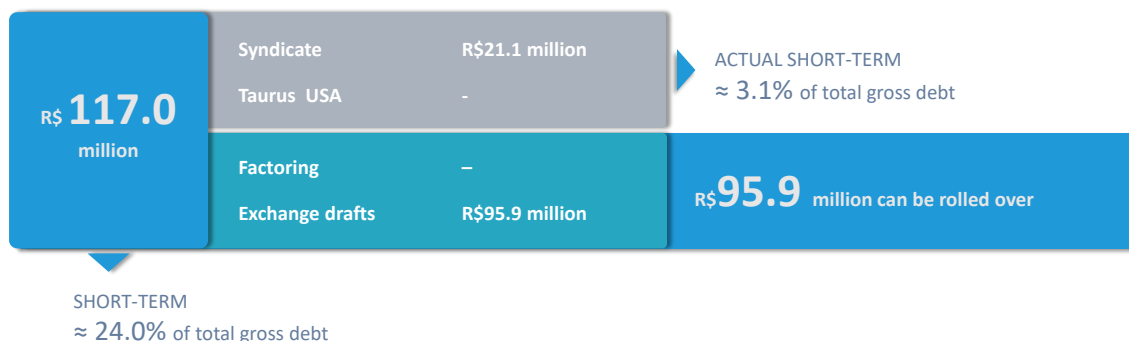
Gross debt as at 06/30/2021 - R\$684.9 million

Maturity profile



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

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

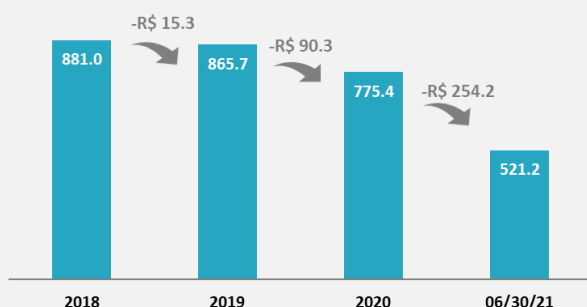


The degree of leverage, as measured by the Net Debt/EBITDA ratio, has dropped significantly over the last few years, from 11.2 times at the end of fiscal 2018 to a position of less than 1 at the end of 2Q21, when net debt was equivalent to 0.7 of EBITDA for the last 12 months (3Q20 to 2Q21: R\$ 708.5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

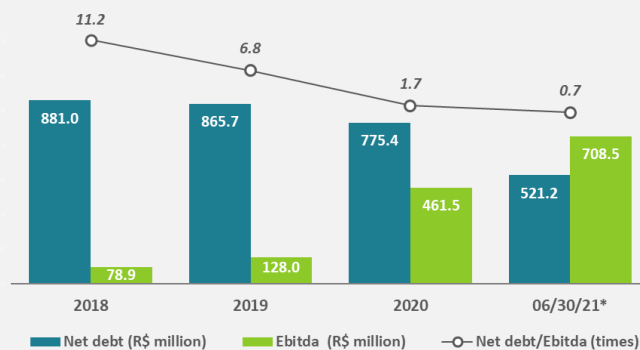
The Company also counts on "potential credits" that are earmarked for debt reduction, consisting of the land of the former plant in Porto Alegre, plus the helmet plant that is for sale, as well as the balance of the subscription warrants that have yet to mature. If we simulate the net debt position as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



Net debt (R\$ million)



Degree of financial leverage – Net Debt / EBITDA



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



### Capital Markets

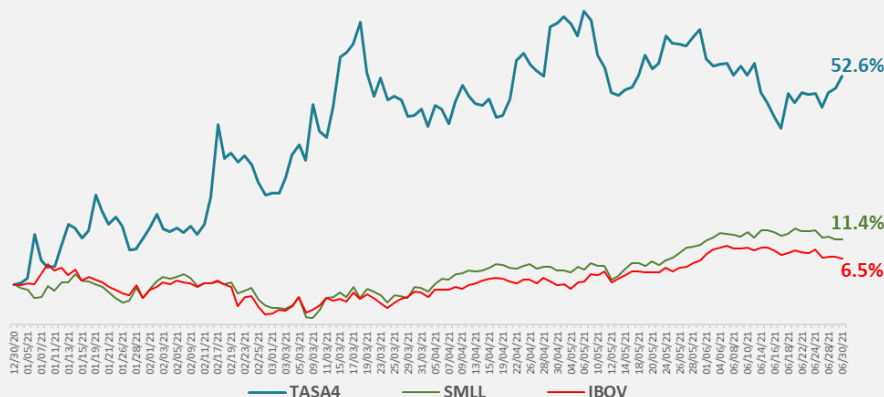
Taurus holds common shares (TASA3) and preferred shares (TASA4), which are listed on B3's Level II, a market segment that comprises those companies voluntarily adopting special corporate governance practices. Both classes of shares take part in B3's Small Caps Index (SMLL).

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

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

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

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



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



Attachments

## Statements of Income

R\$ million

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



## Assets

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



## Liabilities

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