Contents

Company Data/Capital Breakdown

Number of shares (units)	Current Quarter 06/30/2022
Common - Paid-in capital	46,445,314
Preferred - Paid-in capital	74,874,046
Total - Paid-in Capital	121,319,360
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 06/30/2022	Prior YTD 01/01/2021 to 12/31/2021
1	Total assets	1,972,585	1,936,806
1.01	Current assets	810,298	862,066
1.01.01	Cash and cash equivalents	93,962	65,399
1.01.01.01	Cash and banks	40,526	54,006
1.01.01.02	Highly liquid short-term investments	53,436	11,393
1.01.02	Short-term investments	96,491	70,778
1.01.02.01	Short-term investments at fair value through profit or loss	-	-
1.01.02.01.01	Bank certificates of deposit	-	-
1.01.02.03	Short-term investments at evaluated at amortized cost	96,491	70,778
1.01.03	Accounts receivable	261,956	360,933
1.01.03.01	Trade receivables	261,956	360,933
1.01.04	Inventories	278,689	274,370
1.01.06	Recoverable taxes	48,488	53,471
1.01.06.01	Recoverable current taxes	48,488	53,471
1.01.07	Prepaid expenses	4,646	7,265
1.01.08	Other current assets	26,066	29,850
1.01.08.03	Other	26,066	29,850
1.01.08.03.03	Related parties - financial loan	831	4,326
1.01.08.03.04	Other receivables	17,756	25,524
1.02	Noncurrent assets	1,162,287	1,074,740
1.02.01	Long-term receivables	179,646	160,678
1.02.01.03	Long-term investments at evaluated at amortized cost	20,478	-
1.02.01.07	Deferred taxes	61,763	101,951
1.02.01.07.01	Deferred income tax and social contribution	61,763	101,951
1.02.01.09	Due from related parties	64,624	40,681
1.02.01.09.02	Receivables from subsidiaries	64,624	40,681
1.02.01.10	Other noncurrent assets	32,781	18,046
1.02.01.10.03	Recoverable taxes	8,339	4,886
1.02.01.10.04	Other	24,442	13,160
1.02.02	Investments	695,239	683,822
1.02.02.01	Equity interests	695,239	683,822
1.02.02.01.02	Equity interests in subsidiaries	695,239	683,822
1.02.03	Property, plant and equipment	255,545	204,027
1.02.03.01	Fixed assets in use	212,363	182,697
1.02.03.03	Construction in progress	43,182	21,330
1.02.04	Intangible assets	31,857	26,213
1.02.04.01	Intangible assets	31,857	26,213
1.02.04.01.02	Intangible assets	31,857	26,213

Individual FS / Balance Sheet - Liabilities

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 06/30/2022	Prior YTD 01/01/2021 to 12/31/2021
2	Total liabilities and equity	1,972,585	1,936,806
2.01	Current liabilities	768,674	959,181
2.01.01	Payroll, benefits and taxes thereon	40,850	46,450
2.01.01.01	Payroll and related taxes	4,072	9,479
2.01.01.02	Payroll and related taxes	36,778	36,971
2.01.02	Trade payables	109,245	90,658
2.01.02.01	Local suppliers	94,887	66,300
2.01.02.02	Foreign suppliers	14,358	24,358
2.01.03	Taxes payable	55,367	39,102
2.01.03.01	Federal tax liabilities	39,267	34,394
2.01.03.01.01	Income tax and social contribution payable	5,679	15,301
2.01.03.01.02	Other taxes	33,588	19,093
2.01.03.02	State tax liabilities	16,090	4,678
2.01.03.03	Municipal tax liabilities	10	30
2.01.04	Borrowings and financing	439,283	618,904
2.01.04.01	Borrowings and financing	439,283	618,904
2.01.04.01.01	In local currency	7,947	43,572
2.01.04.01.02	In foreign currency	431,336	575,332
2.01.05	Other payables	82,656	122,520
2.01.05.02	Other	82,656	122,520
2.01.05.02.02	Dividends payable	52	68,002
2.01.05.02.04	Intragroup borrowing	2,599	3,385
2.01.05.02.06	Leases	135	-
2.01.05.02.08	Advances from customers	64,982	40,897
2.01.05.02.09	Other payables	14,888	10,236
2.01.06	Provisions	41,273	41,547
2.01.06.01	Tax, social security, labor and civil provisions	34,958	35,012
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	6,405	6,536
2.01.06.01.04	Civil provisions	864	787
2.01.06.02	Other provisions	6,315	6,535
2.01.06.02.01	Provision for warranties	6,315	6,535
2.02	Noncurrent liabilities	277,078	220,578
2.02.01	Borrowings and financing	125,712	74,407
2.02.01.01	Borrowings and financing	125,712	74,407
2.02.01.01.02	In foreign currency	125,712	74,407
2.02.02	Other payables	102,047	95,164
2.02.02.01	Due to related parties	55,637	53,996
2.02.02.01.04	Due to other related parties	55,637	53,996
2.02.02.02	Other	46,410	41,168
2.02.02.02.03	Taxes payable	18,465	22,707
2.02.02.02.04	Provision for negative equity	19,791	18,461
2.02.02.02.05	Other payables	8,000	-
2.02.02.02.07	Leases	154	-
2.02.04	Provisions	49,319	51,007

2.02.04.01	Tax, social security, labor and civil provisions	49,319	51,007
2.02.04.01.01	Provisions Tax	221	-
2.02.04.01.02	Social security and labor provisions	34,842	35,818
2.02.04.01.03	Provisions for Employee Benefits	-	221
2.02.04.01.04	Civil provisions	14,256	14,968
2.03	Equity	926,833	757,047
2.03.01	Issued capital	330,730	308,191
2.03.02	Capital reserves	- 23,526	- 27,281
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	9,823	5,423
2.03.02.09	Capital Transactions	- 43,229	- 42,584
2.03.04	Profit reserve	133,477	233,936
2.03.04.01	Legal reserve	15,065	15,065
2.03.04.07	Tax incentive reserve	118,412	92,587
2.03.04.08	Proposed additional dividends	-	126,284
2.03.05	Retained earnings/accumulated losses	270,345	-
2.03.06	Valuation adjustments to equity	44,867	45,225
2.03.08	Cumulative translation adjustments	170,940	196,976
2.03.08.01	Cumulative translation adjustments	170,940	196,976

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

Line Item	Description	Current Quartier 01/04/2022 to 06/30/2022	Current YTD 01/01/2022 to 06/30/2022	Prior Quartier 01/04/2021 to 06/30/2021	Prior YTD 01/01/2021 to 06/30/2021
3.01	Net operating revenue	470,705	933,142	401,182	719,202
3.02	Cost of sales	- 241,454	- 471,167	- 206,649	- 363,638
3.03	Gross profit	229,251	461,975	194,533	355,564
3.04	Operating (expenses) income	- 34,115	- 43,713	10,990	7,206
3.04.01	Selling expenses	- 22,555	- 45,745	- 16,465	- 32,481
3.04.02	General and administrative expenses	- 24,563	- 55,097	- 30,814	- 54,209
3.04.03	Impairment losses	- 641	- 534	65	- 219
3.04.04	Other operating income	7,427	35,493	6,819	11,831
3.04.05	Other operating expenses	- 2,500	- 14,597	- 1,142	- 3,890
3.04.06	Equity in earnings (losses)	8,717	36,767	52,527	86,174
3.05	Profit before finance income (costs) and taxes	195,136	418,262	205,523	362,770
3.06	Finance income (expenses)	- 43,772	1,693	61,083	- 13,669
3.06.01	Finance income	77,508	233,335	132,493	147,532
3.06.02	Finance expenses	- 121,280	- 231,642	- 71,410	- 161,201
3.07	Pretax income	151,364	419,955	266,606	349,101
3.08	Income tax and social contribution	- 50,545	- 124,143	- 72,975	- 87,374
3.08.01	Current	- 32,192	- 83,955	- 50,152	- 60,663
3.08.02	Deferred	- 18,353	- 40,188	- 22,823	- 26,711
3.09	Profit (loss) from continuing operations	100,819	295,812	193,631	261,727
3.11	profit (loss) for the period	100,819	295,812	193,631	261,727
3.99	Earnings per share (R$/share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common shares (ON)	0.79717	2.43826	0.35516	2.38702
3.99.01.02	Preferred shares (PN)	0.87706	2.53445	0.31549	2.91297
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares (ON)	0.79717	2.43826	0.35516	2.38702
3.99.02.02	Preferred shares (PN)	0.87206	2.41289	0.52933	2.36125

Individual FS / Statement of Comprehensive Income

(In thousands of Brazilian reais)

Line Item	Description	Current Quartier 01/04/2022 to 06/30/2022	Current YTD 01/01/2022 to 06/30/2022	Prior Quartier 01/04/2021 to 06/30/2021	Prior YTD 01/01/2021 to 06/30/2021
4.01	Profit for the period	100,819	295,812	193,631	261,727
4.02	Other comprehensive income	45,879	- 26,035	- 35,949	- 13,340
4.02.01	Translation adjustments for the period	45,879	- 26,035	- 35,949	- 13,340
4.02.02	Realization of valuation adjustments to equity, net of taxes	-	-	-	-
4.03	Comprehensive income for the period	146,698	269,777	157,682	248,387

Individual FS / Statement of Cash Flows - Indirect Method

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 06/30/2022	Prior YTD 01/01/2021 to 06/30/2021
6.01	Net cash from operating activities	378,622	98,528
6.01.01	Cash generated by operating activities	308,070	224,132
6.01.01.01	Profit (loss) before income tax and social contribution	419,955	349,101
6.01.01.02	Depreciation and amortization	7,617	6,338
6.01.01.03	Cost of capital assets written off	161	229
6.01.01.04	Allowance for doubtful debts	534	219
6.01.01.05	Share of results of investees	- 36,767	- 86,174
6.01.01.08	Accrued interest on borrowings and intragroup borrowings	18,408	16,619
6.01.01.10	Allowance for inventory losses	416	1,386
6.01.01.11	Provision for warranties	- 220	- 2,812
6.01.01.12	Provision for civil, labor and tax risks	- 1,742	- 2,963
6.01.01.13	Exchange differences on borrowings and other items	- 100,292	- 57,811
6.01.02	Changes in assets and liabilities	162,811	- 74,442
6.01.02.01	(Increase) decrease in trade receivables	98,443	- 13,308
6.01.02.02	Decrease (increase) in inventories	- 4,735	- 80,964
6.01.02.03	Decrease (increase) in other receivables	- 2,704	23,674
6.01.02.04	(Decrease) increase in trade payables	18,587	19,756
6.01.02.05	Increase (decrease) in accounts payable	53,220	- 23,600
6.01.03	Other	- 92,259	- 51,162
6.01.03.02	Payment of income tax and social contribution	- 92,259	- 51,162
6.02	Net cash from investing activities	- 135,075	- 31,405
6.02.01	Due from related parties	- 23,944	728
6.02.04	In property, plant and equipment	- 58,383	- 28,411
6.02.05	In intangible assets	- 6,557	- 3,706
6.02.06	Financial investments	- 46,191	- 16
6.03	Net cash from financing activities	- 214,984	- 40,533
6.03.01	Payment of interest on equity and dividends	- 194,235	-
6.03.02	Borrowings and intragroup borrowings	160,087	24,310
6.03.03	Repayment of borrowings	- 190,406	- 105,042
6.03.05	Capital increase	22,539	68,959
6.03.07	Payment of interest on borrowings and intragroup borrowings	- 14,541	- 16,318
6.03.10	Due to related parties	1,572	- 12,442
6.05	Increase (decrease) in cash and cash equivalents	28,563	26,590
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	93,962	61,213

Individual FS / Statement of Value Added
(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 06/30/2022	Prior YTD 01/01/2021 to 06/30/2021
7.01	Revenue	1,209,709	929,398
7.01.01	Sales of goods and services	1,174,750	917,786
7.01.02	Other income	35,493	11,831
7.01.04	Allowance for (reversal of) doubtful debts	- 534	- 219
7.02	Inputs purchased from third parties	- 443,535	- 324,220
7.02.01	Cost of products, goods and services sold	- 298,084	- 213,481
7.02.02	Supplies, power, outside services and other inputs	- 145,451	- 110,739
7.03	Gross value added	766,174	605,178
7.04	Withholdings	- 7,617	- 6,338
7.04.01	Depreciation, amortization and depletion	- 7,617	- 6,338
7.05	Wealth created	758,557	598,840
7.06	Wealth received in transfer	270,102	233,706
7.06.01	Equity in earnings (losses)	36,767	86,174
7.06.02	Finance income	233,335	147,532
7.07	Wealth for distribution	1,028,659	832,546
7.08	Wealth distributed	1,028,659	832,546
7.08.01	Personnel expenses	109,360	101,427
7.08.01.01	Wages	83,380	71,698
7.08.01.02	Benefits	20,184	24,620
7.08.01.03	Severance Pay Fund (FGTS)	5,796	5,109
7.08.02	Taxes, fees and contributions	389,173	306,183
7.08.02.01	Federal	312,125	258,400
7.08.02.02	State	76,911	47,665
7.08.02.03	Municipal	137	118
7.08.03	Lenders and lessors	234,314	163,209
7.08.03.01	Interest	231,642	161,199
7.08.03.02	Rentals	2,672	2,010
7.08.04	Shareholders	295,812	261,727
7.08.04.03	Retained earnings (accumulated losses)	295,812	261,727

Individual FS / Statements of Changes in Equity / SCE - 01/01/2022 to 06/30/2022
(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	22,539	3,755 -	126,285	-	- -	99,991
5.04.01	Capital increases	22,539	-	-	-	-	22,539
5.04.02	Share issuance costs	-	-	-	-	-	-
5.04.03	Recognized stock options granted	-	4,399	-	-	-	4,399
5.04.04	Treasury shares acquired	-	-	-	-	-	-
5.04.05	Treasury shares sold	-	-	-	-	-	-
5.04.06	Dividends	-	- -	126,285	-	- -	126,285
5.04.07	Interest on capital	-	-	-	-	-	-
5.04.08	Others transactions	- -	644	-	-	- -	644
5.05	Total comprehensive income	-	-	-	295,812 -	26,035	269,777
5.05.01	Profit for the period	-	-	-	295,812	-	295,812
5.05.02	Other comprehensive income	-	-	-	- -	26,035 -	26,035
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	-	-	-	- -	26,035 -	26,035
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	-	-	25,826 -	25,467 -	359	-
5.06.01	Recognition of reserves	-	-	25,826 -	25,826	-	-
5.06.02	Realization of revaluation reserve	-	-	-	359 -	359	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-
5.07	Closing balances	330,730 -	23,526	133,477	270,345	215,807	926,833

Individual FS / Statements of Changes in Equity / SCE - 01/01/2021 to 06/30/2021
(In thousands of Brazilian reais)

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

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

Line Item	Description	Current YTD 01/01/2022 to 06/30/2022	Prior YTD 01/01/2021 to 12/31/2021
1	Total assets	2,158,506	2,093,620
1.01	Current assets	1,447,454	1,455,990
1.01.01	Cash and cash equivalents	166,754	185,764
1.01.01.01	Cash and banks	101,450	171,251
1.01.01.02	Highly liquid short-term investments	65,304	14,513
1.01.02	Short-term investments	96,491	70,778
1.01.02.01	Short-term investments at fair value through profit or loss	-	-
1.01.02.01.01	Bank certificates of deposit	-	-
1.01.03	Accounts receivable	409,990	515,163
1.01.03.01	Trade receivables	409,990	515,163
1.01.02.03	Short-term investments at evaluated at amortized cost	96,491	70,778
1.01.04	Inventories	614,873	491,864
1.01.06	Recoverable taxes	57,449	65,261
1.01.06.01	Recoverable current taxes	57,449	65,261
1.01.07	Prepaid expenses	13,988	30,985
1.01.08	Other current assets	87,909	96,175
1.01.08.01	Noncurrent assets for sale	67,166	66,396
1.01.08.03	Other	20,743	29,779
1.01.08.03.02	Others account receivables	20,743	29,779
1.02	Noncurrent assets	711,052	637,630
1.02.01	Long-term receivables	153,808	151,816
1.02.01.03	Long-term investments at evaluated at amortized cost	20,478	-
1.02.01.07	Deferred taxes	88,688	121,380
1.02.01.07.01	Deferred income tax and social contribution	88,688	121,380
1.02.01.10	Other noncurrent assets	44,642	30,436
1.02.01.10.03	Other	9,181	5,627
1.02.01.10.04	Recoverable taxes	35,461	24,809
1.02.02	Investments	6,209	4,420
1.02.02.01	Equity interests	6,209	4,420
1.02.02.01.04	Investments in joint ventures	6,050	4,261
1.02.02.01.05	Other investments	159	159
1.02.03	Property, plant and equipment	446,793	379,023
1.02.03.01	Fixed assets in use	330,313	302,958
1.02.03.03	Construction in progress	116,480	76,065
1.02.04	Intangible assets	104,242	102,371
1.02.04.01	Intangible	104,242	102,371
1.02.04.01.02	Intangible assets	104,242	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 06/30/2022	Prior YTD 01/01/2021 to 12/31/2021
2	Total liabilities and equity	2,158,506	2,093,620
2.01	Current liabilities	967,014	1,119,801
2.01.01	Payroll, benefits and taxes thereon	54,488	66,860
2.01.01.01	Payroll and related taxes	4,531	10,068
2.01.01.02	Payroll and related taxes	49,957	56,792
2.01.02	Trade payables	182,219	143,606
2.01.02.01	Local suppliers	110,193	82,160
2.01.02.02	Foreign suppliers	72,026	61,446
2.01.03	Taxes payable	104,061	96,632
2.01.03.01	Federal tax liabilities	87,346	91,276
2.01.03.01.01	Income tax and social contribution payable	11,455	21,105
2.01.03.01.02	Other taxes	75,891	70,171
2.01.03.02	State tax liabilities	16,693	5,311
2.01.03.03	Municipal tax liabilities	22	45
2.01.04	Borrowings and Financing	466,518	618,904
2.01.04.01	Borrowings and Financing	466,518	618,904
2.01.04.01.01	In local currency	7,947	43,572
2.01.04.01.02	In foreign currency	458,571	575,332
2.01.05	Other payables	106,682	140,158
2.01.05.02	Other	106,682	140,158
2.01.05.02.02	Dividends payable	52	68,002
2.01.05.02.06	Payables from noncurrent assets for sale	2,104	2,098
2.01.05.02.09	Other payables	65,748	41,181
2.01.05.02.10	Liabilities related to noncurrent assets held for sale and discontinued operations	7,176	5,830
2.01.05.02.11	Other payables	31,602	23,047
2.01.06	Provisions	53,046	53,641
2.01.06.01	Tax, social security, labor and civil provisions	41,597	41,731
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	8,525	8,776
2.01.06.01.04	Civil provisions	5,383	5,266
2.01.06.02	Other allowances, provisions and accruals	11,449	11,910
2.01.06.02.01	Provision for warranties	11,449	11,910
2.02	Noncurrent liabilities	264,659	216,772
2.02.01	Borrowings and financing	125,712	74,407
2.02.01.01	Borrowings and financing	125,712	74,407
2.02.01.01.02	In foreign currency	125,712	74,407
2.02.02	Other payables	63,399	64,169
2.02.02.01	Due to related parties	1,720	1,651
2.02.02.01.04	Due to other related parties	1,720	1,651
2.02.02.02	Other	61,679	62,518
2.02.02.02.04	Other Payables	19,277	23,583
2.02.02.02.05	Suppliers	36,091	32,200
2.02.02.02.07	Leases	6,311	6,735
2.02.03	Deferred taxes	15,815	16,469
2.02.03.01	Deferred income tax and social contribution	15,815	16,469
2.02.04	Provisions	59,733	61,727

2.02.04.01	Tax, social security, labor and civil provisions	53,598	55,191
2.02.04.01.01	Tax provisions	2,662	2,641
2.02.04.01.02	Social security and labor provisions	36,632	37,563
2.02.04.01.04	Civil provisions	14,304	14,987
2.02.04.02	Other allowances, provisions and accruals	6,135	6,536
2.02.04.02.01	Provision for warranties	6,135	6,536
2.03	Consolidated equity	926,833	757,047
2.03.01	Issued capital	330,730	308,191
2.03.02	Capital reserves	- 23,526	- 27,281
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	9,823	5,423
2.03.02.09	Capital Transactions	- 43,229	- 42,584
2.03.04	Profit reserve	133,477	233,936
2.03.04.01	Legal reserve	15,065	15,065
2.03.04.07	Tax incentive reserve	118,412	92,587
2.03.04.08	Proposed additional dividends	-	126,284
2.03.05	Retained earnings/accumulated losses	270,345	-
2.03.06	Valuation adjustments to equity	44,867	45,225
2.03.08	Cumulative translation adjustments	170,940	196,976
2.03.08.01	Cumulative translation adjustments	170,940	196,976

Consolidated FS / Statement of Profit or Loss

(In thousands of Brazilian reais)

Line Item	Description	Current Quartier 01/04/2022 to 06/30/2022	Current YTD 01/01/2022 to 06/30/2022	Prior Quartier 01/04/2021 to 06/30/2021	Prior YTD 01/01/2021 to 06/30/2021
3.01	Net operating revenue	625,586	1,302,155	651,042	1,202,140
3.02	Cost of sales	-327,856	-669,884	-354,085	-651,147
3.03	Gross profit	297,730	632,271	296,957	550,993
3.04	Operating (expenses) income	-99,757	-200,583	-79,769	-165,357
3.04.01	Selling expenses	-60,107	-125,495	-48,925	-93,207
3.04.02	General and administrative expenses	-45,173	-97,798	-54,812	-98,536
3.04.03	Impairment losses	-20	-546	159	-253
3.04.04	Other operating income	6,965	35,556	25,819	31,279
3.04.05	Other operating expenses	-1,190	-11,901	-1,991	-4,611
3.04.06	Equity in earnings (losses)	-232	-399	-19	-29
3.05	Profit before finance income (costs) and taxes	197,973	431,688	217,188	385,636
3.06	Finance income (expenses)	-44,633	-1,125	59,396	-16,706
3.06.01	Finance income	76,811	232,003	132,935	148,678
3.06.02	Finance expenses	-121,444	-233,128	-73,539	-165,384
3.07	Pretax income	153,340	430,563	276,584	368,930
3.08	Income tax and social contribution	-51,330	-133,219	-82,900	-107,005
3.08.01	Current	-38,224	-100,795	-60,453	-83,075
3.08.02	Deferred	-13,106	-32,424	-22,447	-23,930
3.09	Profit (loss) from continuing operations	102,010	297,344	193,684	261,925
3.10	Profit (loss) from discontinued operations, net	-1,191	-1,532	-53	-198
3.10.01	Profit (loss) from discontinued operations	-1,191	-1,532	-53	-198
3.11	Consolidated profit (loss) for the period	100,819	295,812	193,631	261,727
3.11.01	Attributable to owners of the Company	100,819	295,812	193,631	261,727
3.99	Earnings per share (R$/share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common shares (ON)	0.05124	2.43826	1.70721	2.38702
3.99.01.02	Preferred shares (PN)	-0.37852	2.53445	2.17855	2.91297
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares (ON)	0.05124	2.43826	1.70721	2.38702
3.99.02.02	Preferred shares (PN)	0.05164	2.41289	1.82663	2.36125

Consolidated FS / Statement of Comprehensive Income

(In thousands of Brazilian reais)

Line Item	Description	Current Quartier 01/04/2022 to 06/30/2022	Current YTD 01/01/2022 to 06/30/2022	Prior Quartier 01/04/2021 to 06/30/2021	Prior YTD 01/01/2021 to 06/30/2021
4.01	Consolidated profit for the period	100,819	295,812	193,631	261,727
4.02	Other comprehensive income	45,879	- 26,035	- 35,949	- 13,340
4.02.01	Translation adjustment for the period	45,879	- 26,035	- 35,949	- 13,340
4.03	Consolidated comprehensive income for the period	146,698	269,777	157,682	248,387
4.03.01	Attributable to owners of the Company	146,698	269,777	157,682	248,387

Consolidated FS / Statement of Cash Flows - Indirect Method

(In thousands of Brazilian reais)

Line Item		Current YTD 01/01/2022 to 06/30/2022	Prior YTD 01/01/2021 to 06/30/2021
6.01	Net cash from operating activities	309.508	199.426
6.01.01	Cash generated by operating activities	359.522	343.659
6.01.01.01	Profit (loss) before income tax and social contribution	430.563	368.930
6.01.01.02	Depreciation and amortization	15.730	14.404
6.01.01.03	Cost of capital assets written off	194	3.249
6.01.01.05	Share of results of investees	399	29
6.01.01.07	Allowance for doubtful debts	546	253
6.01.01.08	Allowance for inventory losses	-310	1.650
6.01.01.10	Accrued interest on borrowings and intragroup loans	17.226	17.364
6.01.01.12	Provision for Civil, Labor and Tax Risks	-1.727	0
6.01.01.14	Other items that do not affect cash included in profit	-5.904	3.630
6.01.01.17	Provision for warranties	-862	-3.203
6.01.01.18	Exchange differences on translating borrowings and financing	-97.712	-59.949
6.01.01.19	Tax, social security, labor and civil provisions	0	-3.292
6.01.01.20	Net cash from discontinued operations	1.379	594
6.01.02	Changes in assets and liabilities	42.177	-88.393
6.01.02.01	(Increase) decrease in trade receivables	94.022	-24.535
6.01.02.02	(Increase) decrease in inventories	-135.842	-131.084
6.01.02.03	(Increase) in other receivables	10.571	41.712
6.01.02.04	Increase in trade payables	42.805	35.864
6.01.02.05	Increase in accounts payable	30.621	-10.350
6.01.03	Other	-92.191	-55.840
6.01.03.03	Assets and Liabilities held for sale	554	-2.943
6.01.03.04	Repayment of IRPJ and CSLL	-92.745	-52.897
6.02	Net cash from investing activities	-143.308	-60.279
6.02.01	Due from related parties	-49	0
6.02.03	In investments	-2.188	-3.127
6.02.04	In property, plant and equipment	-86.888	-52.421
6.02.05	In intangible assets	-6.635	-4.251
6.02.06	Financial investments	-46.191	-16
6.02.07	Net cash from discontinued investing activities	-1.357	-464
6.03	Net cash from financing activities	-192.222	-68.821
6.03.01	Payment of interest on equity and dividends	-194.235	0
6.03.02	Borrowings and intragroup borrowings	183.732	39.657
6.03.03	Repayment of borrowings	-190.406	-164.764
6.03.05	Capital increase	22.539	68.959
6.03.09	Debits with related parties	69	1.431
6.03.10	Payment of interest on borrowings and intragroup borrowings	-13.921	-14.136
6.04	Exchange differences on translating cash and cash equivalents	7.012	2.053
6.05	Increase (decrease) in cash and cash equivalents	-19.010	72.379
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	166.754	163.610

Consolidated FS / Statement of Value Added

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 06/30/2022	Prior YTD 01/01/2021 to 06/30/2021
7.01	Revenue	1.594.203	1.450.751
7.01.01	Sales of goods and services	1.559.193	1.419.725
7.01.02	Other income	35.556	31.279
7.01.04	Allowance for (reversal of) doubtful debts	-546	-253
7.02	Inputs purchased from third parties	-739.484	-692.042
7.02.01	Cost of products, goods and services sold	-484.087	-485.792
7.02.02	Supplies, power, outside services and other inputs	-255.397	-206.250
7.03	Gross value added	854.719	758.709
7.04	Withholdings	-15.730	-14.404
7.04.01	Depreciation, amortization and depletion	-15.730	-14.404
7.05	Wealth created	838.989	744.305
7.06	Wealth received in transfer	230.072	148.451
7.06.01	Equity in earnings (losses)	-399	-29
7.06.02	Finance income	232.003	148.678
7.06.03	Other	-1.532	-198
7.06.03.20	Wealth created by discontinued operations for distribution	-1.532	-198
7.07	Wealth for distribution	1.069.061	892.756
7.08	Wealth distributed	1.069.061	892.756
7.08.01	Personnel expenses	122.245	116.066
7.08.01.01	Wages	93.467	82.784
7.08.01.02	Benefits	22.429	27.544
7.08.01.03	Severance Pay Fund (FGTS)	6.349	5.738
7.08.02	Taxes, fees and contributions	414.938	347.288
7.08.02.01	Federal	331.137	291.296
7.08.02.02	State	83.404	55.623
7.08.02.03	Municipal	397	369
7.08.03	Lenders and lessors	236.066	167.675
7.08.03.01	Interest	233.127	165.382
7.08.03.02	Rentals	2.939	2.293
7.08.05	Other	295.812	261.727
7.08.05.01	Accumulated losses, net of valuation adjustments to equity - Continuing operation	297.344	261.925
7.08.05.02	Accumulated losses, net of valuation adjustments to equity - discontinued operation	-1.532	-198

Consolidated FS / Statements of Changes in Equity / SCE -- 01/01/2022 to 06/30/2022
(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	0	242.201	757.047
5.02	Prior-year adjustments	0	0	0	0	0	0
5.03	Adjusted opening balances	308.191	-27.281	233.936	0	242.201	757.047
5.04	Shareholders' capital transactions	22.539	3.755	-126.285	0	0	-99.991
5.04.01	Capital increases	22.539	0	0	0	0	22.539
5.04.02	Share issuance costs	0	0	0	0	0	0
5.04.03	Recognized stock options granted	0	4.399	0	0	0	4.399
5.04.04	Treasury shares acquired	0	0	0	0	0	0
5.04.05	Treasury shares sold	0	0	0	0	0	0
5.04.06	Dividends	0	0	-126.285	0	0	-126.285
5.04.07	Interest on capital	0	0	0	0	0	0
5.04.08	Others transactions	0	-644	0	0	0	-644
5.05	Total comprehensive income	0	0	0	295.812	-26.035	269.777
5.05.01	Net income for the period	0	0	0	295.812	0	295.812
5.05.02	Other comprehensive income	0	0	0	0	-26.035	-26.035
5.05.02.01	Adjustments to financial instruments	0	0	0	0	0	0
5.05.02.02	Taxes on adjustments to financial instruments	0	0	0	0	0	0
5.05.02.03	Share of associates' comprehensive income	0	0	0	0	0	0
5.05.02.04	Translation adjustments for the period	0	0	0	0	-26.035	-26.035
5.05.02.05	Taxes on translation adjustments for the period	0	0	0	0	0	0
5.05.03	Reclassifications to profit or loss	0	0	0	0	0	0
5.05.03.01	Adjustments to financial instruments	0	0	0	0	0	0
5.06	Internal changes in equity	0	0	25.826	-25.467	-359	0
5.06.01	Recognition of reserves	0	0	25.826	-25.826	0	0
5.06.02	Realization of revaluation reserve	0	0	0	359	-359	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	0	0	0
5.07	Closing balances	330.730	-23.526	133.477	270.345	215.807	926.833

Consolidated FS / Statements of Changes in Equity / SCE -- 01/01/2021 to 06/30/2021
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	560.287	-31.116	0	-704.720	217.818	42.269
5.02	Prior-year adjustments	0	0	0	0	0	0
5.03	Adjusted opening balances	560.287	-31.116	0	-704.720	217.818	42.269
5.04	Shareholders' capital transactions	68.959	1.938	0	0	0	70.897
5.04.01	Capital increases	68.959	0	0	0	0	68.959
5.04.02	Share issuance costs	0	0	0	0	0	0
5.04.03	Recognized stock options granted	0	1.938	0	0	0	1.938
5.04.04	Treasury shares acquired	0	0	0	0	0	0
5.04.05	Treasury shares sold	0	0	0	0	0	0
5.04.06	Dividends	0	0	0	0	0	0
5.04.07	Interest on capital	0	0	0	0	0	0
5.05	Total comprehensive income	0	0	0	262.048	-13.661	248.387
5.05.01	Net income for the period	0	0	0	261.727	0	261.727
5.05.02	Other comprehensive income	0	0	0	321	-13.661	-13.340
5.05.02.01	Adjustments to financial instruments	0	0	0	0	0	0
5.05.02.02	Taxes on adjustments to financial instruments	0	0	0	0	0	0
5.05.02.03	Share of associates’ comprehensive income	0	0	0	0	0	0
5.05.02.04	Translation adjustments for the period	0	0	0	0	-13.340	-13.340
5.05.02.05	Taxes on translation adjustments for the period	0	0	0	0	0	0
5.05.02.06	Realization of valuation adjustments to equity	0	0	0	321	-321	0
5.05.03	Reclassifications to profit or loss	0	0	0	0	0	0
5.05.03.01	Adjustments to financial instruments	0	0	0	0	0	0
5.06	Internal changes in equity	0	0	0	0	0	0
5.06.01	Recognition of reserves	0	0	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	0	0	0
5.07	Closing balances	629.246	-29.178	0	-442.672	204.157	361.553

2Q22/1H22 Earnings

TAURUS™

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Operating and financial highlights – 1H22

Total production:

1.1 million units in 1H22, representing a 1.7% increase over 1H21, with an average volume of 8,700 firearms/day

Net revenue:

R$1,302.2 million in 1H22, a growth of 8.3% over 1H21

Gross margin:

Increase of 2.7 p.p., despite the average appreciation of 5.8% in the Brazilian real (R$) against the US dollar (US$) in the six-month period

Gross profit:

R$632.3 million in 1H22 and margin of 48.6%, up by 14.8% and 2.8 p.p., when compared to 1H21

Ebitda:

R$447.8 million in 1H22, up by 12.0% over 1H21, and margin of 34.4%, posting an increase of 1.1 p.p.

Net income:

R$295.8 million on a six-month period-to-date basis, 13.0% higher than 1H21 earnings

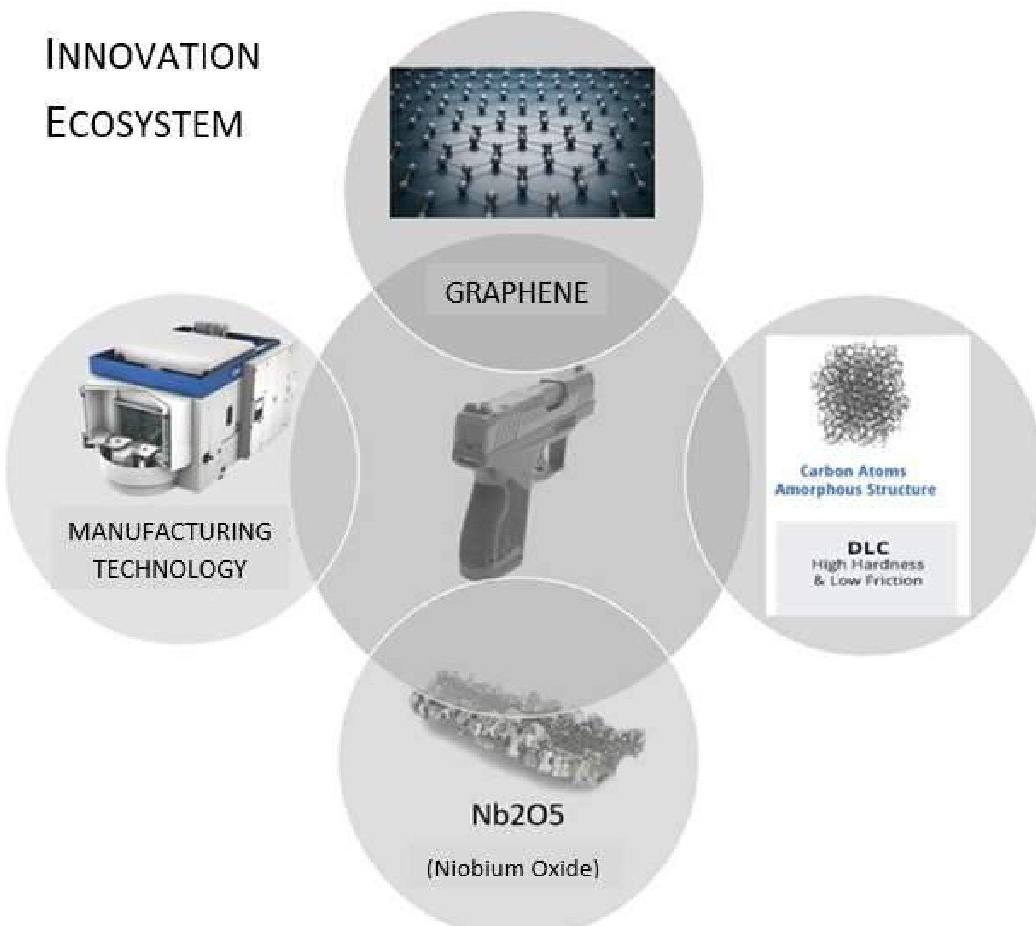
Despite the average US dollar rate at R$4.93, Taurus maintains strong operating performance, attaining a gross margin of 47.6% in 2Q22, and records profit of R$295.8 million in 1H22

São Leopoldo, August 9, 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 Second Quarter of 2022 (2Q22) and First Half of 2022 (1H22). 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

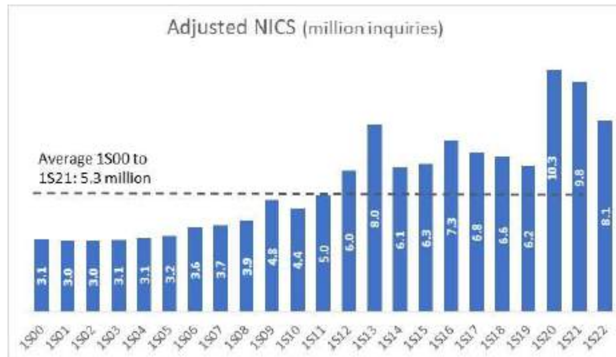
R$ million	2Q22	2Q21	2Q22x2Q21 % change	1Q22	2Q22x1Q21 % change	1H22	1H21	1H22x1H21 % change
Net operating revenue	625.6	651.0	-3.9%	676.6	-7.5%	1,302.2	1,202.1	8.3%
Domestic market	218.8	164.7	32.8%	192.9	13.4%	411.7	311.1	32.3%
Foreign market	406.9	486.3	-16.3%	483.7	-15.9%	890.6	891.0	0.0%
Cost of sales	-327.9	-354.1	-7.4%	-342.0	-4.1%	-669.9	-651.1	2.9%
Gross profit	297.7	297.0	0.2%	334.5	-11.0%	632.3	551.0	14.8%
Gross margin (%)	47.6%	45.6%	2.0 p.p.	49.4%	-1.9 p.p.	48.6%	45.8%	2.7 p.p.
Operating expenses	-99.8	-79.8	25.1%	-100.8	-1.0%	-200.6	-165.4	21.3%
Profit before finance income (costs) and taxes	198.0	217.2	-8.8%	233.7	-15.3%	431.7	385.6	12.0%
Finance income (costs), net	-44.6	59.4	-	43.5	-	-1.1	-16.7	-93.4%
Income tax and social contribution	-51.3	-82.9	-38.1%	-81.9	-37.4%	-133.2	-107.0	24.5%
Profit (loss) for the period (continuing operations)	102.0	193.7	-47.3%	195.3	-47.8%	297.3	261.9	13.5%
Profit (loss) from discontinued operations	-1.2	-0.1	1100.0%	-0.3	300.0%	-1.5	-0.2	650.0%
Profit (loss) for the period	**100.8**	**193.6**	**-47.9%**	**195.0**	**-48.3%**	**295.8**	**261.7**	**13.0%**
EBITDA	205.6	224.4	-8.4%	242.2	-15.1%	447.8	400.0	12.0%
EBITDA margin	32.9%	34.5%	-1.6 p.p.	35.8%	-2.9 p.p.	34.4%	33.3%	1.1 p.p.
Net debt (at the end of the period)	329.0	665.7	-50.6%	198.3	65.9%	329.0	665.7	-50.6%

Note - EBITDA is not an indicator used in accounting practices. Its calculation is presented in the Section “EBITDA” of this report.



Message from Management

At the end of the challenging first half of 2022, we are proud of the results we have achieved at Taurus and that we are currently disclosing to the market. Relying on a market intelligence and monitoring team, a comprehensive and diversified portfolio of products, efficient operating processes that streamline any adjustments required to our mix of products and provide flexibility in targeting production at different global markets, we ended the second quarter posting excellent results and maintaining the high level of margins consolidated over the l years, which is already a feature of Taurus.



The conditions underlying the US firearm market, the world's largest market, have slightly changed over the last months. After the unprecedented demand levels attained in 2020, purchase intentions faintly lowered. 0} *Even so, the NICS index (National Instant Criminal Background System), which indicates the number of individuals willing to buy firearms in the United States, remains above the historical average. Considering the period from January to June, the Adjusted NICS reached 8.1 million inquiries in 2022, 35% higher than the average recorded in the same period from 2000 to 2021. Our sales in the USA followed such downturn surrounding the US market, but in a lower proportion than that reported for the NICS, when comparing the evolution between the first half of 2021 and 2022.*

Concurrently, local demand remains strong, especially considering the greater consumer interest in higher added-value products, which has been observed since the relaxation of the requirements set out in the Brazilian legislation governing the acquisition of weapons. Therefore, we boosted our sales in the Brazilian market, focusing on such demand prioritization. In light of the inflation adjustments being passed on to, the price increase implemented in August 2021, revenue from firearm sales in Brazil grew by 47.4%, when comparing the first half of 2022 to the same period last year. Accordingly, the share of revenue from local sales in total revenues from firearms went from 21.3% in 1H21 to 28.6% in 1H22.

We maintained the operating profitability, with a gross margin of 48.6% in 1H22, surpassing the figures reported for the same half of 2021 by 2.7 p.p., and Ebitda margin of 34.4%, up by 1.1 p.p. over the same period of comparison. In 2Q22, the gross margin reached 47.6%, also posting an increase over 2Q21 (+2.0 p.p.). We achieved excellent results, even considering the changes in market conditions and the Brazilian real (R$) appreciation against the average US dollar rate, which was 5.8% in the semiannual valuation and 6.8% in the comparison between the second quarter of 2022 and 2021. As our sales are mostly made to foreign customers (accounting for 68.4% of revenue for 1H22), the US dollar rate drop exerts pressure over such revenue portion, which is translated into the local currency when recognized in the Company's earnings. Nevertheless, in view of our richer product mix and greater operational productivity, we surpassed the profitability achieved last year, which substantiates that our management model is streamlined and assertive.

At present, Taurus brand is recognized for its quality, with sound results achieved from well-structured, modern operations. We offer a comprehensive portfolio of high-quality products and competitive production costs and final prices, which ensures great profitability. The strategy of focusing on R&D initiatives proves to be appropriate, through the development of new products embedding efficient technologies and industrial processes by the Integrated Engineering and Technology Center (CITE) in Brazil/USA, coupled with the investments made.

At Taurus, technology is the keyword - our "mantra". We believe that technology and innovation must be an integral part of our daily lives and, therefore, our investments have also been targeted at R&D activities and acquisitions of state-of-the-art equipment. We have maintained our investment plan, which is funded by the Company's solid cash generation, with the possibility of resuming fundraising transactions in the credit market. However, financing agreements will be always executed in a cautious manner, with a view to maintaining Taurus's low financial leverage ratios and ensuring healthy cash flows to offer appropriate returns to shareholders.

We have been endeavoring to launch innovative products that meet the market demand. The most recently launched product was Taurus GX4 Graphene, which arrived to revolutionize the market in July, marking the beginning of the ***third generation of pistols.*** *It is the first firearm in the world to use graphene in the composition of its injected components, and in the coating of its metal parts, thus making Brazil a pioneer in the use of this technology. Graphene, a carbon-based material, is currently deemed the most resistant, light and thin material. The launch of GX4 Graphene marks the beginning of a series of important novelties that are being worked on by the Integrated Engineering and Technology Center (CITE) in Brazil/USA.*

Taurus, in partnership with CITE and ***Nione - a unit of Randon and Fras-le*** *- is developing a project for the application of niobium nanoparticles in metal alloys. In July, a meeting was held between CITE Taurus and Nione's innovation team to kick off this project which, together with graphene, will complete a new technological cycle of unprecedented materials used in the manufacture of our firearms, thus adding increasingly lighter and more resistant firearms to our portfolio. Therefore, we are reinforcing Taurus' pioneering spirit at a global level, in the application of nanotechnology in light firearms and, consequently, our competitiveness in the foreign market. We are also negotiating an agreement for the nationalization of DLC (Diamond Like Carbon) application technology, which involves the installation of a modern plant in the suppliers' condominium. This technology, which is already used nowadays in the barrel of the GX4 pistol at our American plant, will be available for Taurus in Brazil.*

And there is more news to come! I am pleased to announce that Taurus has entered a new business segment: the production of suppressors (or silencers). This is an essential strategic step for the Company, which will begin operating in the global market for suppressors, currently estimated at US$400 million, according to a source from the American Suppressor Association, and which has a strong growth potential.

We have been continuously seeking to identify trends and benefit from market opportunities. We rely on our market intelligence and flexibility in operational terms, aiming to adapt ourselves to the current market changes, and taking advantage of the opportunity to increasingly grow in the United States and Brazil. We are reinforcing our marketing team and engaging new advertising agencies, i.e., one agency in the United States and two agencies in Brazil. Concurrently, in operational terms, we have expanded the section of our production lines intended for the manufacture of revolvers, a classic product whose demand is more stable in the US market.

We have also adopted a flexible approach towards the geographic distribution of sales. In view of the higher demand in Brazil, we have targeted a greater portion of our production to serve domestic consumers in recent months. At the time of the launch, stocks of GX4 Graphene in most Brazilian stores, for example, were sold out in just two days. The first concept store, located in Brasília, has shown above-expected performance. The project designed to create a closer relationship with consumers is expected to launch its second unit in the city of São Paulo, where construction works are already underway.

As expected, in 2Q22, we boosted sales to countries other than the USA and still pursue the decision to expand our presence in international bids, whenever deemed advantageous and providing that there is enough production margin to do so. We have a great competitive edge when participating in these tenders, since we rely on quality products and competitive prices.

The joint venture for magazines continues in full operation, and has been expanding its production and broadening the models available. The strategic decision on producing magazines in Brazil has proven to be appropriate, since the prior-year strong demand led to a shortage of the product within the market, so that Taurus would not have been able to deliver the record volume of weapons it sold had it not relied on its own manufactured magazines.

A major issue that is at the center of discussions worldwide is the ESG (environmental, social and corporate governance) agenda. At Taurus, now that we have established a solid foundation for our Company in operational and financial terms, we are dedicating greater focus to this important issue. As regards corporate governance, we had already implemented a consistent structure, adopting the best practices, such as the Board of Directors composed of a majority of independent members, the existence of a permanent Supervisory Board and a statutory Audit Committee, among others. We are now concentrating our focus on the other two aspects of the ESG agenda, as well as gathering data and information to report to the market. E&Y has prepared Taurus' first relevance matrix, in which the topics of greatest prominence to the stakeholders have been mapped out. The Company, in partnership with the engaged company, will determine the targets and measuring processes, including the preparation of the Company's first Annual Sustainability Report, which is expected to be published in 2023.

From a social standpoint, considering the internal public, we have invested in various projects designed for the professional development of our employees over the last two years, thus contributing to the personal growth and growing qualification of the Taurus team. To this end, we have developed the Educational Program of Excellence in Research and Innovation (Proet), which finances up to 70% of post-graduate, master's and doctoral courses, and the "Trilhar Project", which defines career paths and will offer over 300 qualification courses for employees to plan their professional development. Over 1,000 hours of training have already been offered, with the participation of more than 1,300 employees, including 21 in the MBE in Taurus Systems Engineering and five master's degree students. We also maintain our commitment to society and the creation of professional opportunities. In this sense, we take part in the Young Apprentice Program, besides running "Taurus do Bem Project", which aims to include individuals with disabilities in the labor market.

We proceed with many ongoing projects and plans for Taurus, based on growth, technology and strategic partnerships with universities and entities connected with innovation. Our focus is driven towards delivering results that are consistent with our firm commitment to making Taurus a company whose innovative and technological practices are recognized worldwide. On this journey, we rely on the guidance of our Board Members, whom we are very grateful for, just as we are grateful for the support and trust of our shareholders, the partnership of our suppliers and clients, and the dedication of our employees.

Salesio Nuhs
CEO

Operating Performance

Production

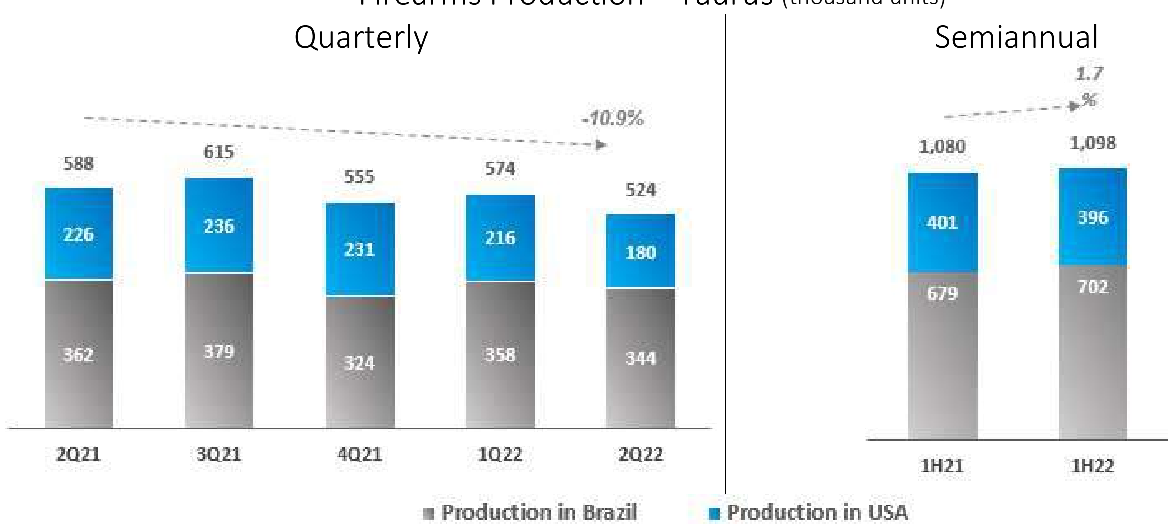
Having produced 524,000 units in 2Q22, Taurus accumulated a total volume of 1.1 million firearms produced in the first six months of the year, representing a 1.7% increase over the same period of the prior year, and an average volume of 8,700 units per day from its production lines in Brazil and in the United States.

In light of the quarterly performance, the production volume decreased by 10.9% over 2Q21, primarily due to the adjustments made to production lines of the industrial plant located in the United States. The plant located in Brazil, Taurus's largest unit, produced 344,000 firearms in 2Q22, which also represented a reduction (5.0%) in relation to the same quarter of 2021. Nevertheless, the Brazilian industrial plant's production grew by 3.4% in 1H22 over the same period from the prior year, in order to meet the larger demand from the domestic and foreign markets, except for the USA, which are supplied by the Brazilian plant.

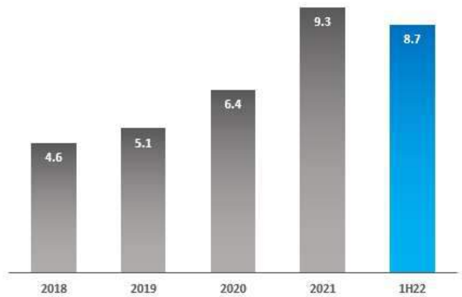
The adoption of new processes that have been developed by the Integrated Engineering and Technology Center (CITE) in Brazil/USA has been generating efficiency gains in production, which, aligned with investments made in cutting-edge manufacturing equipment, contributes to the Company's growing industrial flexibility and consequent agility to adapt production to market demands. Over the last two years, when demand for firearms soared in the United States, consumers were mainly focused on polymer pistols. Taurus was promptly able to supply the demand, prioritizing the production of this type of firearm and launching quality products within the market, with incorporated technology within the segment. In light of such demand downturn in 2022, the demand from US consumers for revolvers increased. Closely monitoring the market changes, the Company has adjusted its production mix, placing greater emphasis on the revolvers line, a segment where Taurus is the world's largest producer holding an estimated share of 61% in the US market during 2021. The revolver is a classic product, for which demand is more stable, having not grown as strongly as the pistol segment during the last two years, but achieving good performance over the period, as well as in the first half of 2022, with positive expectations for the upcoming quarters.

The Revolver Excellence Project continues to develop programs aimed at strengthening Taurus brand competitive edge within the relevant industry and the competitiveness of products in the market, offering quality and competitive prices. The Company's strategy also revolves around diversifying and expanding its mix of products, through launches in new higher added-value segments, always with a view to benefiting from opportunities in different markets and mitigating risks. This scenario is illustrated by the launching of a new range of tactical weapons, such as the T4 rifles in .300 caliber AAC Blackout and the T10 in 308 caliber, including the re-launching of the world-renowned Rossi revolvers in Brazil and the United States, and of the traditional single-action revolver, presented as an exclusive special edition, in celebration of the bicentennial of Brazil's independence.

Firearms Production – Taurus (thousand units)



Average production/day (Brazil + USA, thousand units)



Sales

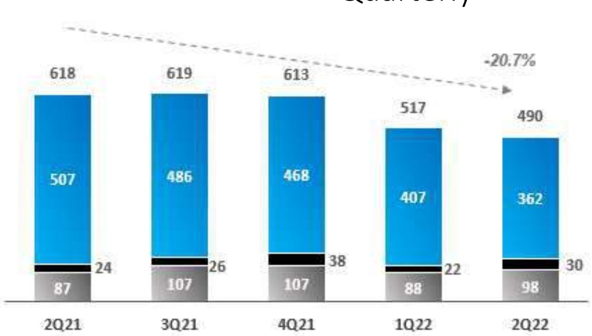
Following the unprecedented demand in the US market between the mid-2020 and 2021, market adjustments were observed in the first half of 2022, as foreseen. The USA represents the world's largest firearm market and, therefore, the major market for Taurus products. Accordingly, the Company's total sales volumes were also adjusted when comparing 2Q22 to 2Q21, although to a lesser extent than in NICS. The Company has been increasing its market share in the United States, with a growing consumer demand for the brand, so that, following this trend, US distributors have expanded their stock levels of Taurus products. In light of the demand downtrend and higher inflation rates in the United States – 9.1% over the last 12 months to June 2022, the highest rate since 1981-, distributors adjusted their orders by using their inventories to temporarily reduce the number of new orders. Even so, Taurus has managed to maintain a back-order of 462,000 units.

Overall, 490,000 units were sold in 2Q22, a volume 20.7% lower than figures reported in the same quarter of 2021, totaling 1.0 million firearms in 1H22, i.e., a 9.7% decrease when compared to the first half of the prior year. In the United States, the lower sales volumes were partially offset by the higher volume sold in Brazil and exports to other countries, in both comparative periods. The US market remains the major market for Taurus on being the largest one at a global level, but the Company is flexible enough to enter other markets, exploring the existing opportunities. Moreover, it relies on a comprehensive portfolio of products, committed to its ongoing strategy of diversifying such product mix even further through technological and innovative practices and a flexible and streamlined approach towards adjusting its production lines.

The plant located in India, from the joint venture between Taurus and the Jindal Group, has already been completed and is being equipped, awaiting the last operating licenses. Concurrently, commercial efforts are underway in relation to such major market, with a Taurus trade mission having recently returned from India. The Indian Ministry of Defense has opened the so-called "AoN – Acceptance of Necessity", the first step in the acquisition process, which should take place in the coming months, upon the opening of a bidding process for the purchase of over 400,000 rifles. Taurus is already preparing to take part in this bidding process. Within the scope of the Armed Forces, the future acquisition of at least 140,000 submachine guns is under analysis and, within the state police and paramilitary forces, the possibility of acquiring other 120,000 units is being considered, including pistols, submachine guns and rifles of various calibers.

Firearm sales volume - Taurus - (thousand units)

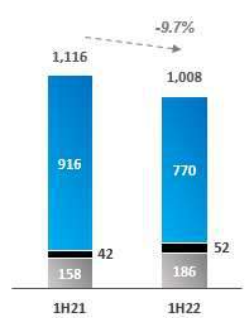
Quarterly



2Q22 x 2Q21

Brazil: ***+12.6%***
USA: **-28.6**%
Other countries:
+25.0%

Semiannual



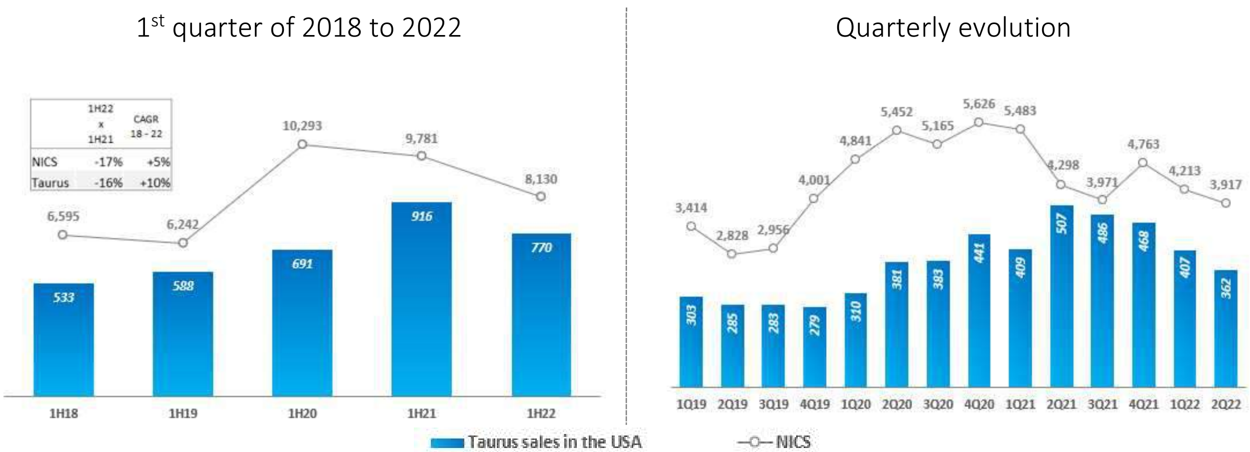
1H22 x 1H21

Brazil: **+17.7%**
USA: **-15.9%**
Other countries:
+23.8%

■ Brazil ■ Exports to other countries ■ USA

The firearm purchase intention index prevailing in the US market, as measured by the Adjusted NICS (National Instant Background Check System), reached its highest historical peak in March 2020 and, considering the accumulated quarterly figures, the peak in 4Q20. Although such index has been decreasing since then, there is no consistent drop, with data reported in June 2022 showing a growth of 8.1% over the prior month and accumulated semiannual figures remaining above the historical average for this indicator. In other words, the market continues showing sustained demand, even though the sharpest moment of the boom seen in the last two years has passed. Compared to 1H21, the NICS dropped by 17% in 1H22, whereas Taurus's sales in the United States decreased by 16%. Considering the first half of each year between 2018 and 2022, Taurus's sales in the United States recorded an average compound growth rate (CAGR) of 10% p.a. over the period, compared to a CAGR higher by 5% for NICS, which substantiates the Company's increasing market share in that country over the past years.

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



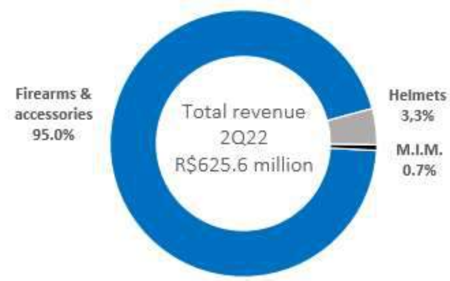
Economic and Financial Performance

Net Operating Revenue

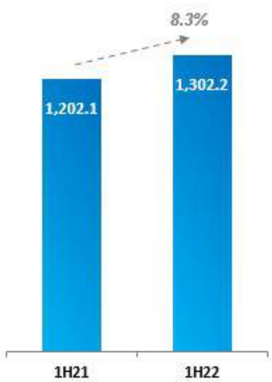
In addition to the firearms & accessories, major operating segment accounting for 95.0% of revenue in 2Q22 and 95.7% in 1H22, Taurus's net operating revenue includes the proceeds from M.I.M. (metal injection molding) sales and helmets. Therefore, the Company's consolidated results of operations are ultimately related to the performance of the firearms & accessories segment.

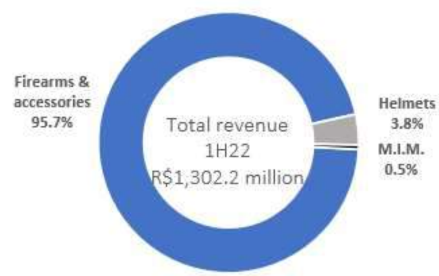
In 2Q22, consolidated net revenue reached R$625.6 million, down by 3.9% over 2Q21, totaling R$1,302.2 million in 1H22, which represents a 8.3% growth over the first half of the prior year. Such performance was driven by the following factors: (1) reduction in the firearm sales volume of 20.7% in the quarter and 9.7% in the six-month period; (2) average US dollar depreciation against the local currency of 6.8% in the quarter and 5.8% in the six-month period, which exerted an adverse pressure on revenue, since sales were mostly made overseas; and, offsetting the negative pressure, (3) the new pricing table applied in the second half of 2021, with inflation adjustments in Brazil and the US dollar appreciation being passed on to.

Consolidated Net Operating Revenue - (R$ million)
QUARTER



Consolidated Net Operating Revenue - (R$ million)
SIX-MONTH PERIOD

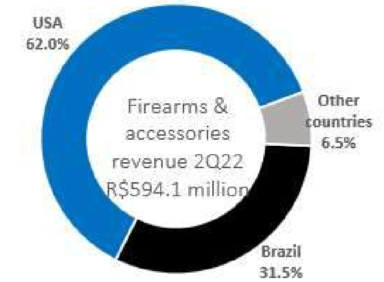


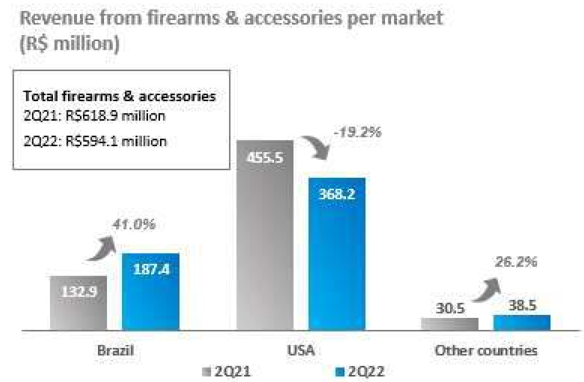


Individually considering the firearms & accessories segment, revenue reached R$594.1 million in 2Q22, a decrease of 4.0% over 2Q21. In the same period, revenue from sales in the United States dropped by 19.2%, also pressured by the US dollar depreciation against the Brazilian real, as previously mentioned, which was partially offset by the revenue growth reported in other markets where the Company operates, especially concerning the revenue evolution in Brazil, which showed an increase of 41.0% over the period.

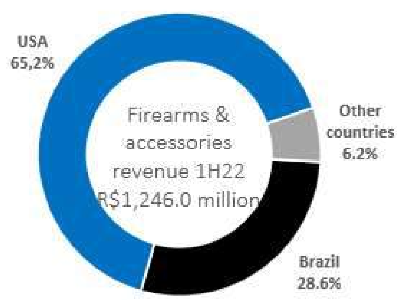
In the first six months of 2022, revenue from the firearms & accessories segment increased by 10.1% over 1H21. Once again, one may observe the growing revenue from sales in Brazil and other countries offsetting the revenue decrease in the US market, as illustrated in the following charts. The Company adopts a flexible approach towards targeting its products from a geographical perspective and, in terms of production capacity, it may adjust the demand according to the market requirements.

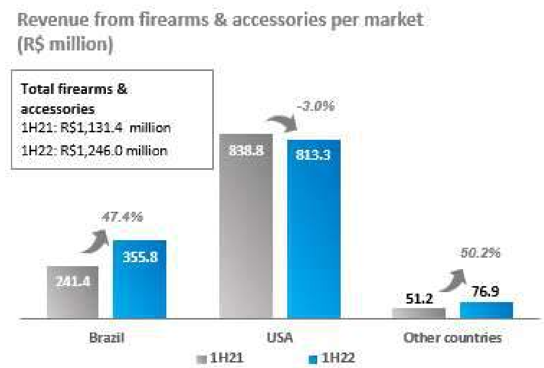
Net Operating Revenue - Firearms & Accessories (R$ million)
QUARTER





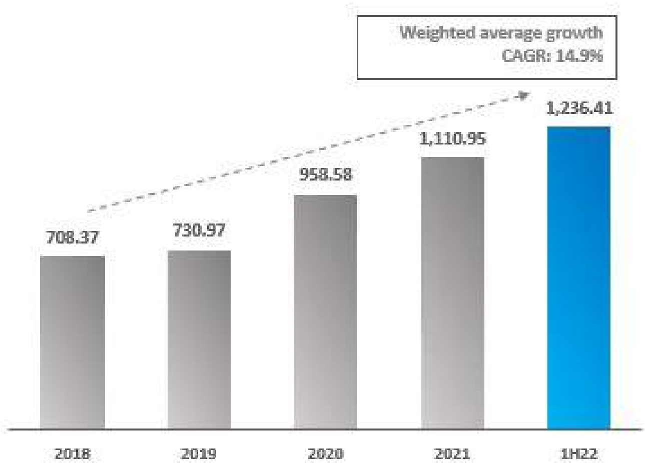
Net Operating Revenue - Firearms & Accessories (R$ million)
SIX-MONTH PERIOD





The strategy of investing in technology and establishing a sales mix of higher added-value firearms has effectively contributed to the Company's performance over the past years. The products launched over the last two years accounted for 22.7% of Taurus's revenues from firearms in 1H22. Taurus's average sales price of firearms has been increasing continuously, up by 11.3% in 1H22 over 1H21, with a weighted average growth rate of 14.9% p.a. for the period between 2018 and 1H22.

Taurus Average Sales Price
(R$/unit)



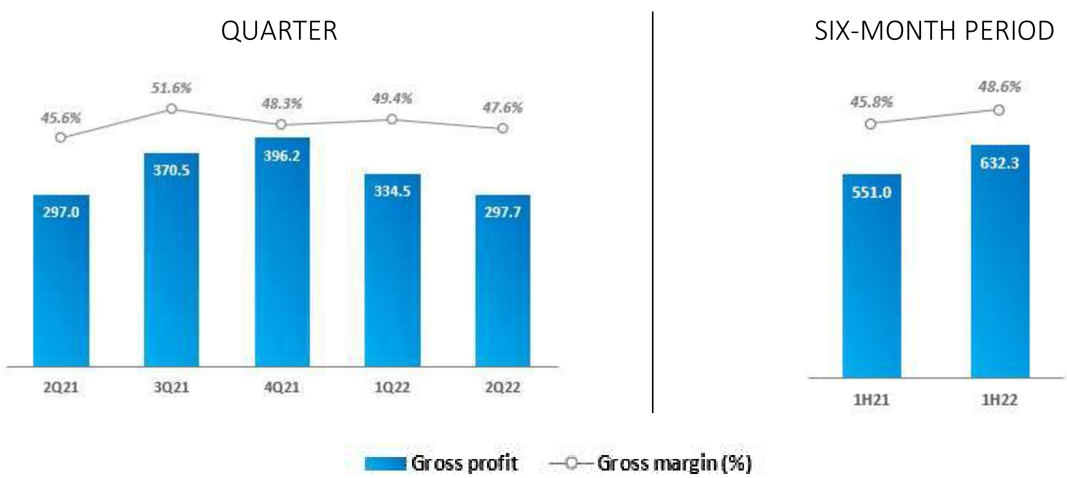
Gross profit

Gross profit and related margin reflected, once again, the stability of Taurus's performance and its operational and commercial flexibility. In 2Q22, gross profit amounted to R$297.7 million and remained virtually flat in relation to figures reported for 2Q21 (an increase of 0.2%), whereas the Company achieved a higher profitability, with gross margin of 47.6%, 2.0 percentage points higher than that recorded in the same quarter of 2021, despite the US demand downturn over the period and consequent reduction in Taurus's sales volume in this major market.

In 1H22, gross profit increased by 14.8% in relation to 1H21, totaling R$632.3 million, and gross margin grew by 2.8 p.p. over the period, at 48.6%. The diversification and expansion of the product mix, coupled with the Company's strategy towards continuously monitoring consumer demands and market trends, always aiming to seize opportunities and mitigate risks, are the foundations of the Company's good performance.

The increase in the average sales prices in Brazilian reais (R$), despite the exchange losses on foreign sales (which accounted for 71.5% of revenue in 1H22), resulted in revenue growth and profitability gains, since it is primarily related to the mix of higher added-value and higher-profitability products for Taurus, and not only to price adjustments due to cost inflation. The upgrading of the industrial complex, coupled with the adoption of efficient operating processes, including the portfolio renewal based on the launching of products that have innovative and low-cost processes developed by the Integrated Engineering and Technology Center (CITE) in Brazil/USA, have complemented each other in order to maintain Taurus's strong competitiveness in the market, with high margins for the Company.

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



Operating expenses

Operating expenses amounted to R$99.8 million in 2Q22 and totaled R$200.6 million in 2H22, which represents increases of 25.1% and 21.3%, respectively, in relation to the same periods from the prior year.

The Company's efforts have been focused on the commercial area so as to further reinforce the Taurus brand, especially in the US market, where it strengthened its internal marketing team and engaged a new advertising agency, as expected. The strong commercial efforts led to an increase in selling expenses, which totaled R$60.1 million in 2Q22, up by 22.9% over 2Q21, and R$125.5 million for the first half of 2022, i.e., 34.7% higher than figures reported in 1H21.

In addition, the increase in total operating expenses derived from nonrecurring factors, which were reported in line item "Other operating income". In 2Q22, the Company's net revenue amounted to R$5.5 million recorded in "Other", whereas such line item included a net revenue balance amounting to R$23.8 million in 2Q21, down by 76.9% over the period. This extraordinary revenue reported in 2Q21 primarily arises from the full waiver of the loan amounting to US$3.0 million granted to Taurus USA under the US government program, namely Paycheck Protection Program (PPP), created to lessen the adverse effects derived from the Covid-19 pandemic on the economy. The amounts relating to recoverable taxes on revenue (PIS/COFINS) and deemed Federal

VAT (IPI) and State VAT (ICMS) have also contributed to the higher balance reported in line item "Other income" for 2Q21. Disregarding the extraordinary effects, the Company maintained SG&A expenses in line with 2021 despite the strong inflationary pressures.

General and administrative expenses decreased over the periods of comparison, both on a quarter and quarter-to-date basis. The average US dollar rate depreciation has also contributed to offsetting the increase in operating expenses, since the Company has an unit operating in the United States, with the operating expenses incurred on that country being, therefore, denominated in US dollars and recorded in local currency in the consolidated income statement.

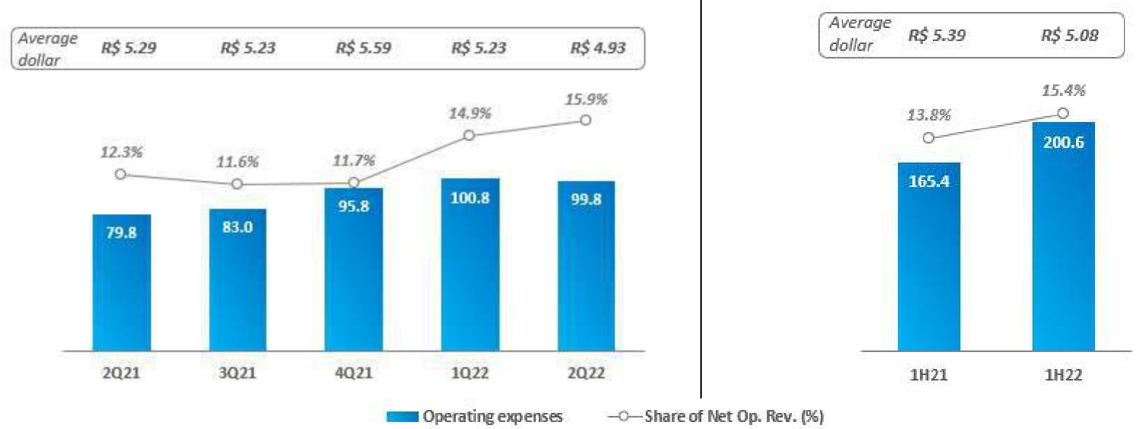
	2Q22	2Q21	2Q22x 2Q21 % change	1Q22	2Q22x 1Q21 % change	1H22	1H21	1H22x1H21 % change
Selling expenses	60.1	48.9	22.9%	65.4	-8.1%	125.5	93.2	34.7%
General and administrative expenses	45.2	54.8	-17.5%	52.6	-14.1%	97.8	98.5	-0.7%
Asset impairment losses (income)	0.0	-0.2	-	0.5	-	0.5	0.3	66.7%
Other operating (income) expenses*	-5.5	-23.8	-76.9%	-17.7	-68.9%	-23.3	-26.6	-12.4%
Operating expenses (SG&A)	**99.8**	**79.8**	**25.1%**	**100.8**	**-1.0%**	**200.6**	**165.4**	**21.3%**
Operating exp./Op. income, net (%)	*15.9%*	*12.3%*	*3.7 p.p.*	*14.9%*	*1.0 p.p.*	*15.4%*	*13.8%*	*1.6 p.p.*
Ptax average dollar exchange rate for the period (	*4.93*	*5.29*	*-6.8%*	*5.23*	*-5.7%*	*5.08*	*5.39*	*-5.8%*

** Includes share of results of investees*

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

QUARTER

SIX-MONTH PERIOD



EBITDA

On account of the factors referred to above, including the adjusted sales mix leading to an increase in average prices and higher gross profitability, offset by lower sales volumes and higher operating expenses due to the lack of extraordinary revenues and higher expenses on sales in connection with the commercial strategy, the Company reported an EBITDA of R$205.6 million in 2Q22, 8.4% lower than 2Q21 figures, with an EBITDA margin of 32.9%.

In 1H22, such operating cash generation indicator amounted to R$447.8 million, surpassing by 12.0% the figures reported in the same period from the prior year, with an increase of 1.1 p.p. in the margin, which reached 34.4%, confirming the reliability of the Company's processes and business, as a strong cash generator. The charts below illustrate the positive effects of steady cost management practices, coupled with investments in the plant upgrading and the development of efficient production processes, including the increasing share of higher added-value products in the sales mix.

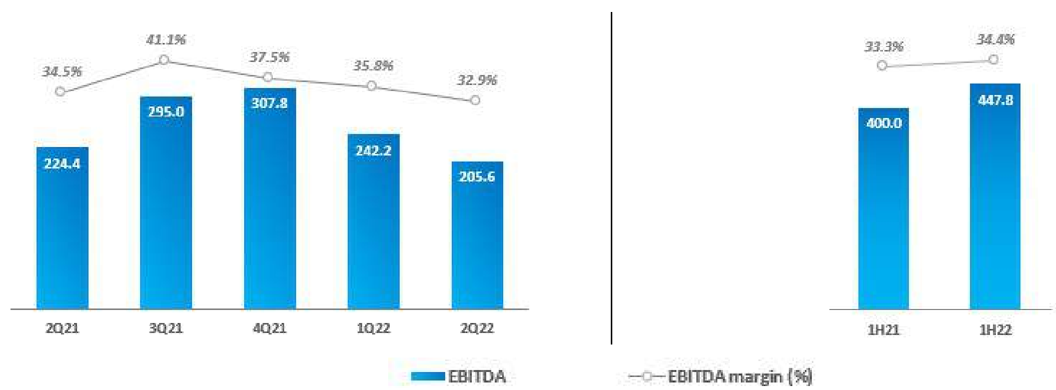
EBITDA calculation - reconciliation according to ICVM 527/12

R$ million	2Q22	2Q21	2Q22x 2Q21 % change	1Q22	2Q22x 1Q22 % change	1H22	1H21	1H22 x 1H21 % change
Net operating revenue	625.6	651.0	-3.9%	676.6	-7.5%	1,302.2	1,202.1	8.3%
Cost of sales	-327.9	-354.1	-7.4%	-342.0	-4.1%	-669.9	-651.1	2.9%
Gross profit	297.7	297.0	0.2%	334.5	-11.0%	632.3	551.0	14.8%
Operating expenses	-99.8	-79.8	25.1%	-100.8	-1.0%	-200.6	-165.4	21.3%
Share in results of investees	0.2	0.0	-	0.2	0.0%	0.4	0.0	-
Depreciation and amortization	7.4	7.2	2.8%	8.3	-10.8%	15.7	14.4	9.0%
EBITDA	**205.6**	**224.4**	**-8.4%**	**242.2**	**-15.1%**	**447.8**	**400.0**	**12.0%**
EBITDA margin	*32.9%*	*34.5%*	*-1.6 p.p.*	*35.8%*	*-2.9 p.p.*	*34.4%*	*33.3%*	*1.1 p.p.*

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

QUARTER

SIX-MONTH PERIOD



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 bank debt, mostly denominated in US dollars (as at June 30, 2022: position of R$584.3 million or 98.7% of the total bank debt). Nevertheless, the exchange gains (losses) have no cash effect. Considering the Ptax dollar rate at the end of the periods of June 30, 2022 and 2021, the Brazilian real (R$) depreciated by 4.8% over this period.

The US dollar rate prevailing at the end of the reporting period is used in assessing the evolution of Taurus's finance income (costs) since exchange gains and losses are earned/incurred on balance sheet accounts and recorded based on the exchange rates in effect at the end of each reporting period.

R$ million	2Q22	2Q21	1Q22x 1Q21 % change	1Q22	2Q22x 1Q22 % change	1H22	1H21	1H22 x 1H21 % change
(+) Finance income	**76.8**	**132.9**	-42.2%	**155.2**	-50.5%	**232.0**	**148.7**	56.0%
Foreign exchange gains	73.5	131.7	-44.2%	152.4	-51.8%	226.0	147.2	53.5%
Interest and other income	3.3	1.2	175.0%	2.8	17.9%	6.0	1.5	300.0%
(-) Finance costs	**121.4**	**73.5**	65.2%	**111.7**	8.7%	**233.1**	**165.4**	40.9%
Foreign exchange losses	109.5	60.1	82.2%	97.6	12.2%	207.1	139.4	48.6%
Interest, IOF and other costs	11.9	13.4	-11.2%	14.1	-15.6%	26.0	26.0	0.0%
(+/-) Finance income (costs), net	**-44.6**	**59.4**	-	**43.5**	-	**-1.1**	**-16.7**	-93.4%
Ptax dollar exchange rate at end of period (R$)	**5.24**	**5.00**	4.8%	**4.74**	10.5%	**5.24**	**5.00**	4.8%

In 2Q22, finance costs amounted to R$44.6 million, reversing the net balance of finance income of R$59.4 million recorded in the same quarter of 2021. The decrease in finance income and increase in finance costs were simultaneously recorded based on the effects arising from the Brazilian real (R$) depreciation, mainly on the bank debt balance, as previously mentioned.

In the first half of 2022, finance costs totaled only R$1.1 million, since finance income (costs) for the first three months of the year (finance income of R$43.5 million in 1Q22) almost fully offset the finance costs recorded in the subsequent three months (finance costs of R$44.6 million in 2Q22). The performance is also related to exchange rate changes.

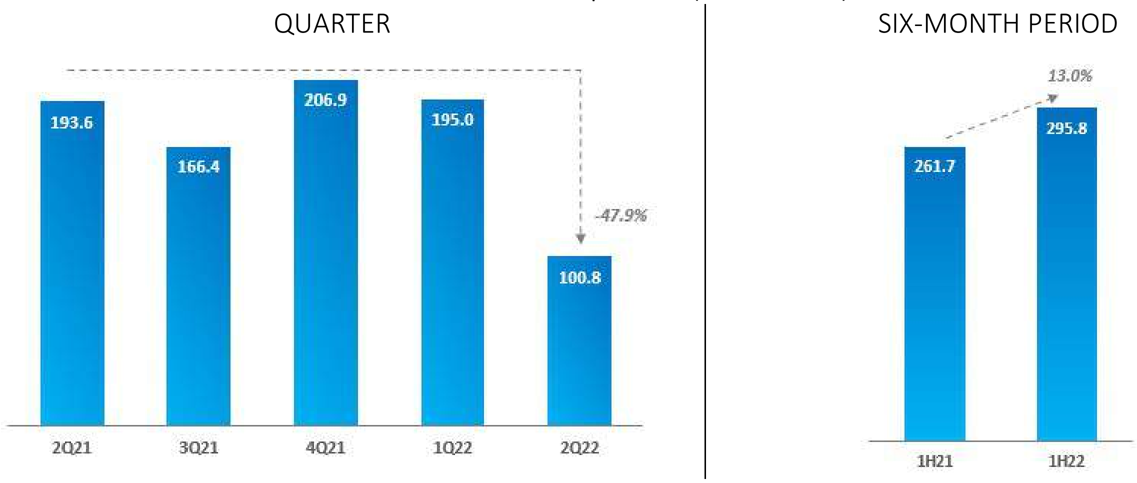
Profit for the period

In 2Q22, the Company maintained a strong operating performance, with gross profit virtually unchanged and gross margin higher by 0.2 p.p. over 2Q21, on account of the greater operating effectiveness, higher profitability of products sold and increases in the pricing table adopted in July 2021 in the United States and August 2021 in Brazil. In 2Q22, profit for the period amounted to R$100.8 million, down by 47.9% over 2Q21, mainly due to the pressure exerted by the reversal of finance income recorded in 2Q21 (R$59.4 million) into finance costs for 2Q22 (R$44.6 million), which resulted in a variation of R$104.0 million. Such finance income (costs) are mostly related to exchange gains and losses that, however, have no cash effect. The increase in operating expenses, particularly nonrecurring revenues recorded in 2Q21 and higher selling expenses due to the reinforcement of commercial and marketing activities, also influenced finance income (costs) . Moreover, the reduction of R$31.6 million in income tax and social contribution partially offset the higher expenses incurred in the quarter.0}

In 1H22, profit for the period amounting to R$295.8 million exceeded by 13.0% figures reported in the same period from the prior year, owing to the increases in gross profit and EBITDA, and related margins. Given the results for the first six months of 2022, adjusted profit used as a basis for the payment of dividends would roughly amount to R$255 million, which exceeds the adjusted profit totaling R$194.3 million in FY2021, which was fully distributed to shareholders as dividends. Pursuant to its bylaws, Taurus pays compensation to shareholders in an amount equivalent to, at least, 35% of adjusted profit.

Taurus has consolidated its profile as a reliable company, ensuring solid cash generation and results. This profile is based on the adopted strategy, which involves implementing efficient operating processes, investments in R&D, drawing on the work performed by the Integrated Engineering and Technology Center (CITE) in Brazil/USA, and investments in cutting-edge machinery, besides closely monitoring the market and related trends so as to anticipate consumer demands and market risks and opportunities. The Company's current operating structure streamlines industrial operations and provides a large production capacity, in addition to the flexibility to target its output at different market segments in terms of products and geography.

Profit for the period (R$ million)

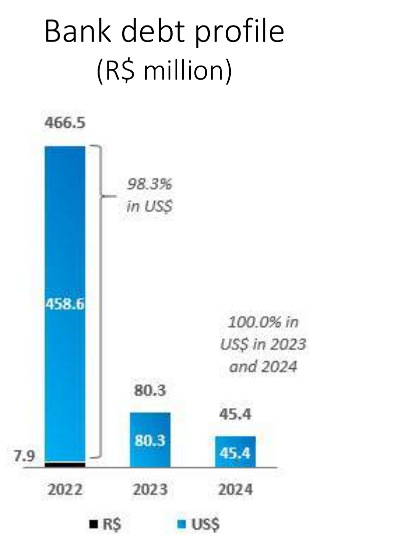


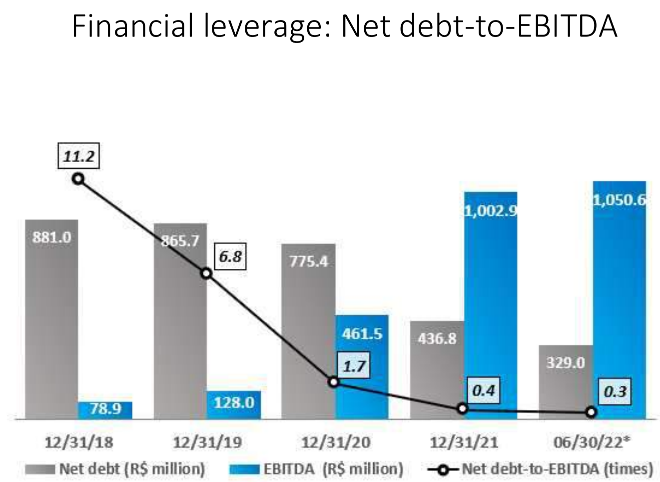
Indebtedness

Over the past six months, Taurus's bank gross debt decreased by R$101.1 million, totaling R$592.2 million as at June 30, 2022. Given the position of cash and cash equivalents at the reporting date, net debt amounted to R$329.0 million at the end of 2Q22 down by 24.7% or R$107.8 million in relation to figures reported at the end of FY2021.

Taurus's bank debt is ultimately denominated in US dollars, with only 1.3% (R$7.9 million) of the balance recorded at the end of 2Q22 in local currency. In terms of maturities, 78.8% (R$466.5 million) matures in the short term, which includes the total bank debt denominated in Brazilian reais (R$).0} The remaining noncurrent portion of 21.2% (R$125.7 million) matures between 2023 and 2024. The Company has already been negotiating with the lender banks to change this profile and extend the debt maturity term.

	06/30/2022			12/31/2021			% change
R$ million	*Consolidated*	Brazil	USA	*Consolidated*	Brazil	USA	*Consolidated*
Borrowings and financing	233.9	206.7	27.2	476.0	476.0		-50.9%
Foreign exchange drafts	232.6	232.6		142.9	142.9		62.8%
Short term	**466.5**	**439.3**	**27.2**	**618.9**	**618.9**		**-24.6%**
Foreign exchange drafts	125.7	125.7		74.4	74.4		69.0%
Long term	**125.7**	**125.7**		**74.4**	**74.4**		**69.0%**
Gross debt	**592.2**	**565.0**	**27.2**	**693.3**	**693.3**		**-14.6%**
Cash and short-term investments	263.2			256.5			2.6%
Net debt	**329.0**			**436.8**			**-24.7%**
Ptax dollar exchange rate at reporting date (R$)	**5.24**			**5.58**			**-6.1%**
Gross debt translated into US dollars (US$ million)	**113.0**			**124.2**			**-9.0%**





** Last 12-month EBITDA (July 2021 to June 2022)*

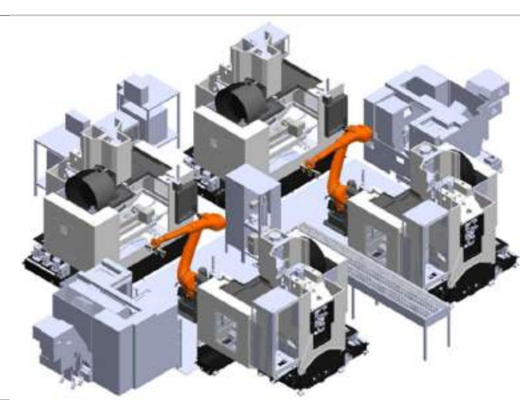
The continuous and consistent bank debt reduction, coupled with the higher cash generation over the past years, allowed the Company’s full financial deleverage. In late June, considering the EBITDA generated over the past 12 months, the net debt-to-EBITDA ratio reached 0.3x, pointing out that 30% of the annual cash generation measured using such indicator would be sufficient to settle total bank debts.

In addition to the negotiations intended to extend the maturity terms of the current bank debt, the results achieved over the last few years, the operational stability and the low financial leverage allow the Company to resort to the debt market, if necessary, especially to support the investments envisaged in the strategic planning, while keeping the leverage ratio at low levels.

Investments

Investments remain focused on boosting the industrial efficiency and expanding the production capacity. For FY2022, the expected investments are maintained. Having fully resolved the bank debt issues, the Company continues to adopt a strict financial control policy, considering its own cash generation as the main source of financing for its investments, in addition to the possibility of resorting to the credit market once again, albeit seeking to maintain a low financial leverage ratio.

The investments made in the first six months of 2022 totaled nearly R$80 million, and were earmarked for projects involving tactical weapons, pistols, revolvers, the MIM (metal injection molding) production plant, the new suppressor segment, and infrastructure. The plans for the second half are even more substantial and should involve an approximate investment of R$90 million. The estimated amount includes the construction of the new MIM facility, which will hold the furnace acquired at the end of 2021, expected to be delivered by the first quarter of 2023, and will double the production capacity of this plant, besides enabling the production of stainless steel parts.



In line with the strategy of having technology and innovation at Taurus' core, the Company has been developing partnerships with FINEP - Financiadora de Estudos e Projetos, with a view to expanding the capacity of CITE to develop innovative technologies. These investments comprise the new metallurgy and metrology laboratories, and a prototyping and testing center to be created at Taurus's headquarters, within the area acquired at the end of 2021 attached to the São Leopoldo industrial plant. The commitment to innovation, technology and manufacturing efficiency, relying on highly specialized resources and personnel, is reflected in Taurus's continuous high level of profitability.

An important step towards innovation is the Niobium Project, conceived in partnership between CITE and Nione, a unit composed by Randon and Fras-Le, aimed at applying niobium nanoparticles in the composition of materials to be used in metal parts and coatings. The development of niobium technology will be added to the use of graphene, giving rise to a new technological milestone in the materials used to manufacture Taurus firearms. This technology will enable the development of increasingly lighter and more resistant firearms, thus enhancing Taurus' competitive edges and pioneering role in the application of nanotechnology to light firearms.

Another project under development involves the capacity to use DLC (Diamond Like Carbon) application technology in Brazil. Taurus has been negotiating an agreement for the nationalization of such technology, currently used in the barrel of the Taurus GX4 pistol, but with application being carried out in the United States. The agreement involves the implementation of a modern plant in the Company's condominium of suppliers, so that it can also be adopted in the Brazilian plant.

Capital markets

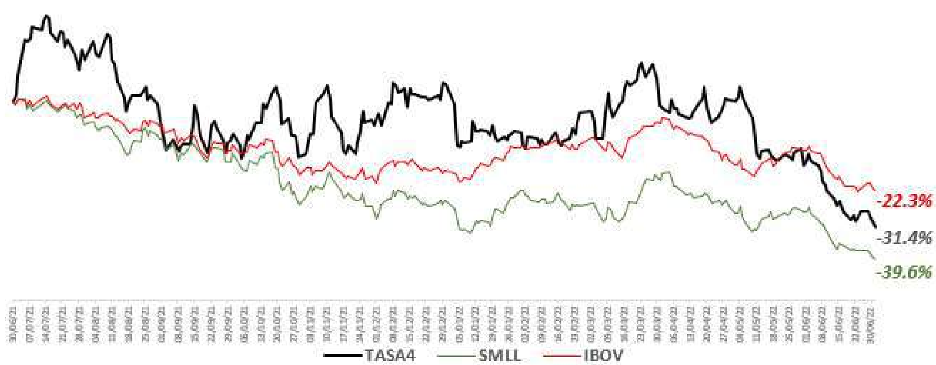
Taurus has common (TASA3) and preferred shares (TASA4) listed on B3's Level II listing segment, a market segment that brings together companies that voluntarily comply with special corporate governance rules. Both shares are part of the B3 Small Caps Index (SMLL) portfolio.

Date	TASA3 (R$/share)	TASA4 (R$/share)	Market value (R$ million)	Economic value (EV)* (R$ million)
12/30/2021	R$ 24.51	R$ 24.66	R$ 2,880.99	R$ 3,117.71
06/30/2022	R$ 16.22	R$ 16.23	R$ 1,968.55	R$ 2,230.37
Variation	***-33.82%***	***-34.18%***	***-31.67%***	***-26.31%***

** 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: June 30, 2021



This document may contain forward-looking statements of the Company's business. Projections, future earnings, and their impacts depend on estimates, information or methods that may be inaccurate and not be realized. These estimates are also subject to risks, uncertainties and assumptions, including, but not limited to: general economic, political and commercial conditions in Brazil and in the foreign markets where the Company operates and current and future government regulations. Shareholders and possible investors are hereby advised that none of these forecasts and/or expectations is guarantee of future performance, since they involve risks and uncertainties. Future earnings and the prospects of creating shareholders value may differ significantly from that expressed or suggested in the forward-looking statements. Many factors that will determine these earnings and amounts are beyond our capacity to control or predict. We do not assume and specifically deny any obligation to update any forecasts, which make sense only on the date in which they had been made.

Income Statement:

R$ million	2Q22	2Q21	*% change*	1Q22	*% change*	1H22	1H21	*% change*
Revenue from sales and/or services	**625.6**	**651.0**	***-3.9%***	**676.6**	***-7.5%***	**1,302.2**	**1,202.1**	***8.3%***
Costs of goods and/or services sold	-327.9	-354.1	*-7.4%*	-342.0	*-4.1%*	-669.9	-651.1	*2.9%*
Gross profit	**297.7**	**297.0**	***0.2%***	**334.5**	***-11.0%***	**632.3**	**551.0**	***14.8%***
Operating (expenses) income	-99.8	-79.8	*25.1%*	-100.8	*-1.0%*	-200.6	-165.4	*21.3%*
Selling expenses	-60.1	-48.9	*22.9%*	-65.4	*-8.1%*	-125.5	-93.2	*34.7%*
General and administrative expenses	-45.2	-54.8	*-17.5%*	-52.6	*-14.1%*	-97.8	-98.5	*-0.7%*
Impairment losses	0.0	0.2	-	-0.5	-	-0.5	-0.3	*66.7%*
Other operating income	7.0	25.8	*-72.9%*	28.6	*-75.5%*	35.6	31.3	*13.7%*
Other operating expenses	-1.2	-2.0	*-40.0%*	-10.7	*-88.8%*	-11.9	-4.6	*158.7%*
Share in results of subsidiary	-0.2	0.0	-	-0.2	-	-0.4	0.0	-
Profit before finance income (costs) and taxes	**198.0**	**217.2**	***-8.8%***	**233.7**	***-15.3%***	**431.7**	**385.6**	***12.0%***
Finance income (costs)	-44.6	59.4	-	43.5	*-202.5%*	-1.1	-16.7	-
Finance income	76.8	132.9	*-42.2%*	155.2	*-50.5%*	232.0	148.7	*56.0%*
Finance costs	-121.4	-73.5	*65.2%*	-111.7	*8.7%*	-233.1	-165.4	*40.9%*
Pretax profit	**153.3**	**276.6**	***-44.6%***	**277.2**	***-44.7%***	**430.6**	**368.9**	***16.7%***
Income tax and social contribution	-51.3	-82.9	*-38.1%*	-81.9	*-37.4%*	-133.2	-107.0	*24.5%*
Current	-38.2	-60.5	*-36.9%*	-62.6	*-39.0%*	-100.8	-83.1	*21.3%*
Deferred	-13.1	-22.4	*-41.5%*	-19.3	*-32.1%*	-32.4	-23.9	*35.6%*
Profit (loss) from continuing operations	**102.0**	**193.7**	***-47.3%***	**195.3**	***-47.8%***	**297.4**	**261.9**	***13.6%***
Profit (loss) from discontinued operations, net	-1.2	-0.1	*1100.0%*	-0.3	*300.0%*	-1.5	-0.2	*650.0%*
Consolidated profit (loss) for the period	**100.8**	**193.6**	***-47.9%***	**195.0**	***-48.3%***	**295.9**	**261.7**	***13.1%***
Attributable to owners of the Company	100.8	193.6	*-47.9%*	195.0	*-48.3%*	295.8	261.7	*13.0%*
Earnings per share (R$/share)								
Basic earnings per share								
Common shares (ON)	*0.0512*	*1.7072*	*-94.1%*	*1.6411*	*-93.8%*	*2.4383*	*2.3870*	*0.0%*
Preferred shares (PN)	*-0.3785*	*2.1786*	*-118.2%*	*1.6574*	-	*2.5345*	*2.9130*	*-13.8%*
Diluted earnings per share								
Common shares (ON)	*0.0512*	*1.7072*	*-94.1%*	*1.6411*	*-93.8%*	*2.4383*	*2.3870*	*0.0%*
Preferred shares (PN)	*0.0516*	*1.8266*	*-94.4%*	*1.5410*	*-93.3%*	*2.4129*	*2.3613*	*0.0%*

Assets

R$ million	06/30/2022	12/31/2021	% change
Total assets	**2,158.51**	**2,093.6**	***3.1%***
Current assets	**1,447.5**	**1,456.0**	***-0.6%***
Cash and cash equivalents	166.8	185.8	*-10.2%*
Cash and banks	101.5	171.3	*-40.7%*
Highly liquid short-term investments	65.3	14.5	*350.3%*
Short-term investments	96.5	70.8	*36.3%*
Trade receivables	410.0	515.2	*-20.4%*
Inventories	614.9	491.9	*25.0%*
Recoverable taxes	57.4	65.3	*-12.1%*
Prepaid expenses	14.0	31.0	*-54.8%*
Other current assets	87.9	96.2	*-8.6%*
Noncurrent assets	**711.1**	**637.6**	***11.5%***
Long-term receivables	153.8	151.8	*1.3%*
Short-term investments measured at amortized cost	20.5		
Deferred taxes	88.7	121.4	*-26.9%*
Due from related parties	0.0	0.0	-
Other noncurrent assets	44.6	30.4	*46.7%*
Investments	6.2	4.4	*40.9%*
Investments in joint ventures	6.1	4.3	*41.9%*
Other investments	0.2	0.2	*0.0%*
Property, plant and equipment	446.8	379.0	*17.9%*
Property, plant and equipment in use	330.3	303.0	*9.0%*
Construction in progress	116.5	76.1	*53.1%*
Intangible assets	104.2	102.4	*1.8%*

Liabilities

R$ million	06/30/2022	12/31/2021	% change
Total liabilities	**2,158.5**	**2,093.6**	***3.1%***
Current liabilities	**967.0**	**1,119.8**	***-13.6%***
Payroll, benefits and taxes thereon	54.5	66.9	*-18.5%*
Payroll and related taxes	4.5	10.1	*-55.4%*
Employee benefits and related taxes	50.0	56.8	*-12.0%*
Trade payables	182.2	143.6	*26.9%*
Domestic trade payables	110.2	82.2	*34.1%*
Foreign suppliers	72.0	61.4	*17.3%*
Taxes payable	104.1	96.6	*7.8%*
Federal tax liabilities	87.3	91.3	*-4.4%*
Income tax and social contribution payable	11.5	21.1	*-45.5%*
Other taxes	75.9	70.2	*8.1%*
State tax liabilities	16.7	5.3	*215.1%*
Municipal tax liabilities	0.0	0.0	-
Borrowings and financing	466.5	618.9	*-24.6%*
In local currency	7.9	43.6	*-81.9%*
In foreign currency	458.6	575.3	*-20.3%*
Debentures	0.0	0.0	-
Other payables	106.7	140.2	*-23.9%*
Mandatory minimum dividends payable	0.1	68.0	*-99.9%*
Leases	2.1	2.1	*0.0%*
Advances from customers	65.7	41.2	*59.5%*
Payables from noncurrent assets for sale	7.2	5.8	*24.1%*
Other payables	31.6	23.0	*37.4%*
Provisions	53.0	53.6	*-1.1%*
Provision for social security, labor and civil risks	41.6	41.7	*-0.2%*
Other provisions	11.4	11.9	*-4.2%*
Noncurrent liabilities	**264.7**	**216.8**	***22.1%***
Borrowings and financing	125.7	74.4	*69.0%*
In local currency	0.0	0.0	-
In foreign currency	125.7	74.4	*69.0%*
Debentures	0.0	0.0	-
Other payables	63.4	64.2	*-1.2%*
Due to related parties	1.7	1.7	*0.0%*
Taxes payable	19.3	23.6	*-18.2%*
Other payables	36.1	32.2	*12.1%*
Trade payables	0.0	0.0	-
Leases	6.3	6.7	*-6.0%*
Deferred taxes	15.8	16.5	*-4.2%*
Provisions	59.7	61.7	*-3.2%*
Provision for social security, labor and civil risks	53.6	55.2	*-2.9%*
Other provisions	6.1	6.5	*-6.2%*
Consolidated equity	**926.8**	**757.0**	***22.4%***
Issued capital	330.7	308.2	*7.3%*
Capital reserves	-23.5	-27.3	*-13.9%*
Disposal of subscription warrants	9.9	9.9	*0.0%*
Stock options granted	9.8	5.4	*81.5%*
Capital transactions	-43.2	-42.6	*1.4%*
Earnings reserves	133.5	233.9	*-42.9%*
Legal reserve	15.1	15.1	*0.0%*
Tax incentive reserve	118.4	92.6	*27.9%*
Proposed additional dividends	0.0	126.3	*-100.0%*
Retained earnings (accumulated losses)	270.3	0.0	-
Valuation adjustments to equity	44.9	45.2	*-0.7%*
Cumulative translation adjustments	170.9	197.0	*-13.2%*
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 a 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

In October 2020, after being authorized by its Board of Directors, the Company entered into an 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.

For the joint venture establishment, 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 aims to 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.

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 and, since then, it has been manufacturing and selling sets of magazines to Taurus Armas.

The Company’s strategy for 2022 revolves around entirely transferring the production lines of Taurus JM in Guarulhos (SP) to the city of São Leopoldo (RS) within the industrial complex facilities where Taurus Armas S.A. is located.

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 June 30, 2022, total approximately R$9.2 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 June 30, 2022, the Company prepaid to the bank syndicate for debt amortization part of the percentage scheduled for 2022. The outstanding balance is now 23.28% 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 June 30, 2022, the payments made totaled R$697.7 million, which accounts for 76.72% 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 June 30, 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 June 30, 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 June 30, 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 August 2, 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 June 30 and the respective comparative periods. Control is achieved when the Company:

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

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

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

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

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

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, 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 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 June 30, 2022 was prepared in accordance with Brazilian accounting standard CPC 21 (R1) and IAS 34 *Interim Financial Reporting* issued by the IASB. All amounts are expressed in thousands of Brazilian reais (R$), unless otherwise stated.

The accounting policies and calculation methods adopted to prepare this interim financial information for the quarter ended June 30, 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 June 30, 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 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 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) **<u>Amendments to IFRS 3 (CPC 15 (R1)) - Reference to the Conceptual Framework</u>**
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) **<u>Amendments to IAS 16 (CPC 27) - Property, Plant and Equipment: Proceeds before Intended Use</u>**
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) **<u>Amendments to IAS 37 (CPC 25) - Onerous Contracts - Cost of Fulfilling a Contract</u>**
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, employees 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) **<u>Annual Improvements to IFRS 2018-2020 Cycle</u>**
This standard came into effect beginning January 1, 2022. Refers to amendments to 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) **<u>IFRS 17 (CPC 50) - Insurance Contracts</u>**
This standard sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 (CPC 11) - Insurance Contracts.

(vi) **<u>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</u>**
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) **<u>Amendment to IAS 1 (CPC 26 (R1)) – Classification of Liabilities as Current or Non-current</u>**
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) **<u>Amendments to IAS 1 (CPC 26 (R1)) and IFRS Practice Statement 2 - Disclosure of Accounting Policies</u>**
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) **<u>Amendments to IAS 8 (CPC 23) - Definition of Accounting Estimates</u>**
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) **<u>Amendments to IAS 12 (CPC 32) - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</u>**
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 a 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 June 30, 2022, the maximum credit risk exposure was as follows:

		Consolidated		Parent
	06-30-2022	12-31-2021	06-30-2022	12-31-2021
Fair value through profit or loss				
Cash and cash equivalents	**166,754**	185,764	**93,962**	65,399
Amortized cost				
Trade receivables	**409,990**	515,163	**261,956**	360,933
Short-term investments and restricted account	**116,969**	70,778	**116,969**	70,778
Other receivables	**56,155**	54,588	**42,198**	38,684
Total	**749,868**	826,293	**515,085**	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	
	06-30-2022	12-31-2021	06-30-2022	12-31-2021
Domestic – trade receivables	**227,068**	316,763	**207,015**	299,136
United States – trade receivables	**165,730**	163,572	**25,217**	15,458
Other	**34,783**	50,968	**33,479**	49,621
Total	**427,581**	531,303	**265,711**	364,215

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

	Consolidated		Parent	
	06-30-2022	12-31-2021	06-30-2022	12-31-2021
Trade receivables – public bodies	**24,585**	13,587	**24,585**	13,587
Trade receivables – distributors	**303,635**	412,293	**167,335**	268,543
Final customers	**99,361**	105,423	**73,791**	82,085
Total	**427,581**	531,303	**265,711**	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 June 30, 2022, the aging list of the customer portfolio and allowance for expected losses is as follows:

						Consolidated
			06-30-2022			12-31-2021
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	**340,198**	**(6,824)**	**2.0%**	**434,203**	**(4,978)**	**1.1%**
0-30 days past due	**49,081**	**(283)**	**0.6%**	**52,115**	**(599)**	**1.1%**
31-60 days past due	**3,279**	**(271)**	**8.3%**	**7,298**	**(269)**	**3.7%**
61-90 days past due	**2,445**	**(209)**	**8.5%**	**3,434**	**(123)**	**3.6%**
91-180 days past due	**8,027**	**(382)**	**4.8%**	**6,888**	**(120)**	**1.7%**
181-360 days past due	**5,782**	**(208)**	**3.6%**	**8,507**	**(201)**	**2.4%**
Over one year past due	**18,769**	**(9,414)**	**50.2%**	**18,858**	**(9,850)**	**52.2%**
Total	**427,581**	(17,591)		**531,303**	(16,140)	

						Parent
			06-30-2022			12-31-2021
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	**212,313**	**(2,188)**	**1.0%**	**328,760**	**(1,788)**	**0.5%**
0-30 days past due	**36,595**	**(56)**	**0.2%**	**25,809**	**(57)**	**0.2%**
31-60 days past due	**1,733**	**(200)**	**11.5%**	**4,074**	**(218)**	**5.4%**
61-90 days past due	**901**	**(149)**	**16.5%**	**459**	**(80)**	**17.4%**
91-180 days past due	**6,696**	**(323)**	**4.8%**	**127**	**(17)**	**13.4%**
181-360 days past due	**2,860**	**(177)**	**6.2%**	**2,136**	**(87)**	**4.1%**
Over one year past due	**4,613**	**(662)**	**14.4%**	**2,850**	**(1,035)**	**36.3%**
Total	**265,711**	(3,755)		**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
				06-30-2022
	Carrying amount	**Contractual cash flow**	**Up to 1 year**	**1-2 years**
Non-derivative financial liabilities				
Trade payables	182,219	182,219	182,219	-
Borrowings and financing	231,323	245,118	245,118	-
Debentures	2,527	2,922	2,922	-
Foreign currency advances	358,380	388,003	255,249	132.754
	774,449	**818,262**	**685,508**	**132.754**

				Parent
				06-30-2022
	Carrying amount	**Contractual cash flow**	**Up to 1 year**	**1-2 years**
Non-derivative financial liabilities				
Trade payables	109,245	109,245	109,245	-
Borrowings and financing	204,088	216,976	216,976	-
Debentures	2,527	2,922	2,922	-
Foreign currency advances	358,380	388,003	255,249	132,754
	674,240	**717,146**	**584,392**	**132,754**

5.3 Market risk

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

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

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

Sensitivity analysis of exchange rates
As at June 30, 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$30.6 million.
If the Brazilian real depreciates against the US dollar, this would correspond to an expense at the same amount.
The net amounts of trade receivables and trade payables in foreign currencies (not including borrowings and financing) do not pose material risks due to fluctuations in the exchange rate.

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

interest rates, mainly the Libor and CDI.

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

If the interest rates were 50% higher/lower and all other variables remained unchanged, profit for the period ended June 30, 2022 would decrease/increase by R$4.5 million. This is mainly due to the Company's exposure to the interest rates on borrowings subject to floating rates.

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

	Consolidated	
	06-30-2022	**12-31-2021**
Total liabilities	**1,231,673**	1,336,573
Less: Cash and cash equivalents and short-term investments	**(283,723)**	(256,542)
Net debt (A)	**947,950**	1,080,031
Total equity (B)	**926,833**	757,047
Net debt-to-equity ratio as at June 30, 2022 and December 31, 2021 (A/B)	1.02	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	
	06-30-2022	06-30-2021	**06-30-2022**	06-30-2021	**06-30-2022**	06-30-2021	**06-30-2022**	06-30-2021
Foreign revenue	**1,245,963**	1,131,425	**49,225**	61,345	**6,967**	9,370	**1,302,155**	1,202,140
Intercompany revenue	**499,852**	424,790	**-**	-	**4,896**	5,307	**504,748**	430,097
Cost of sales	**(629,435)**	(603,804)	**(34,062)**	(41,422)	**(6,387)**	(5,921)	**(669,884)**	(651,147)
Gross profit (loss)	**1,116,380**	952,411	**15,163**	19,923	**5,476**	8,756	**1,137,019**	981,090
Selling expenses	**(118,963)**	(83,170)	**(10,154)**	(10,381)	**(275)**	119	**(129,392)**	(93,432)
General and administrative expenses	**(79,216)**	(83,860)	**(3,574)**	(3,395)	**(1,800)**	(1,615)	**(84,590)**	(88,870)
Depreciation and amortization	**(8,829)**	(8,720)	**(138)**	(144)	**(890)**	(830)	**(9,857)**	(9,694)
Other operating income (expenses), net	**23,053**	25,774	**598**	1,618	**4**	(724)	**23,655**	26,668
Equity in earnings (losses)	**-**	-	**-**	-	**(399)**	(29)	**(399)**	(29)
	(183,955)	(149,976)	**(13,268)**	(12,302)	**(3,360)**	(3,079)	**(200,583)**	(165,357)
Operating profit (loss)	**932,425**	802,435	**1,895**	7,621	**2,116**	5,677	**936,436**	815,733
Finance income	**230,446**	147,155	**947**	643	**610**	880	**232,003**	148,678
Finance costs	**(230,735)**	(163,289)	**(1,265)**	(1,394)	**(1,128)**	(701)	**(233,128)**	(165,384)
Finance income (costs), net	**(289)**	(16,134)	**(318)**	(751)	**(518)**	179	**(1,125)**	(16,706)
Profit (loss) from the reportable segment before income tax and social contribution	**932,136**	786,301	**1,577**	6,870	**1,598**	5,856	**935,311**	799,027
Elimination of intercompany revenue	**(499,852)**	(424,790)	**-**	-	**(4,896)**	(5,307)	**(504,748)**	(430,097)
Profit before income tax and social contribution	**432,284**	361,511	**1,577**	6,870	**(3,298)**	549	**430,563**	368,930
Income tax and social contribution	**(132,710)**	(105,174)	**(158)**	(1,235)	**(351)**	(596)	**(133,219)**	(107,005)
Profit (loss) from discontinued operations	**-**	-	**(1,532)**	(198)	**-**	-	**(1,532)**	(198)
Profit (loss) for the year	**299,574**	256,337	**(113)**	5,437	**(3,649)**	(47)	**295,812**	261,727
Assets from reportable segments	**1,857,331**	1,396,793	**116,415**	138,366	**184,760**	108,838	**2,158,506**	1,643,997
Liabilities from reportable segments	**1,172,917**	1,230,261	**28,038**	28,754	**30,718**	23,429	**1,231,673**	1,282,444

<u>Geographic information</u>

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

	Firearms		Helmets	
	06-30-2022	**06-30-2021**	**06-30-2022**	**06-30-2021**
Domestic market				
Southeast Region	**293,363**	203,779	**18,860**	21,091
South Region	**35,891**	21,866	**3,880**	4,130
Northeast Region	**8,377**	7,639	**11,101**	17,919
Midwest Region	**8,149**	4,613	**7,942**	10,037
North Region	**9,970**	3,529	**7,292**	7,979
	355,750	241,426	**49,075**	61,156
Foreign market				
United States	**813,309**	838,826	**150**	190
South Africa	**3,803**	5,421	**-**	-
Germany	**588**	563	**-**	-
Argentina	**1,695**	2,522	**-**	-
Bosnia and Herzegovina	**-**	281	**-**	-
Burkina Faso	**1,270**	162	**-**	-
Chile	**861**	832	**-**	-
Singapore	**-**	636	**-**	-
Costa Rica	**-**	267	**-**	-
El Salvador	**1,029**	704	**-**	-
Spain	**348**	-	**-**	-
Philippines	**11,684**	11,411	**-**	-
France	**1,384**	1,626	**-**	-
Ghana	**3,038**	-	**-**	-
Guatemala	**7,171**	3,525	**-**	-
Guiana	**1,091**	305	**-**	-
Honduras	**-**	1,687	**-**	-
Israel	**560**	629	**-**	-
Italy	**615**	499	**-**	-
Lebanon	**2,140**	-	**-**	-
Mozambique	**314**	1,065	**-**	-
Namibia	**208**	689	**-**	-
Panama	**312**	1,162	**-**	-
Pakistan	**11,503**	12,720	**-**	-
Peru	**3,583**	1,028	**-**	-
Poland	**2,634**	-	**-**	-
Dominican Republic	**1,899**	-	**-**	-
Czech Republic	**1,478**	690	**-**	-
Senegal	**1,158**	821	**-**	-
Thailand	**1,423**	259	**-**	-
Turkey	**12,261**	-	**-**	-
Ukraine	**1,386**	-	**-**	-
Uruguay	**240**	347	**-**	-
Zambia	**360**	267	**-**	-
Other countries	**868**	1,055	**-**	-
	890,213	889,999	**150**	190
Total net revenue	**1,245,963**	1,131,425	**49,225**	61,346

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 62.47% 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	
	06-30-2022	12-31-2021	06-30-2022	12-31-2021
Cash	**42**	67	**24**	47
Unsettled exchange bills (*)	**35,420**	54,096	**35,301**	53,831
Demand deposits	**65,988**	117,088	**5,201**	128
Short-term investments	**65,304**	14,513	**53,436**	11,393
Cash and cash equivalents	**166,754**	185,764	**93,962**	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	06-30-2022	12-31-2021	06-30-2022	12-31-2021
Bank certificates of deposit (CDBs)	97% to 103% of CDI	**116,969**	70,778	**116,969**	70,778
Total		**116,969**	**70,778**	**116,969**	**70,778**
Current		**96,491**	70,778	**96,491**	70,778
Noncurrent		**20,478**	-	**20,478**	-

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	
	06-30-2022	12-31-2021	06-30-2022	12-31-2021
Domestic customers	**227,070**	316,763	**207,016**	299,136
Foreign customers	**200,511**	214,540	**58,695**	65,079
	427,581	531,303	**265,711**	364,215
Allowance for expected loss on doubtful debts – domestic receivables	**(9,664)**	(9,120)	**(2,026)**	(1,472)
Allowance for expected loss on doubtful debts – foreign receivables	**(7,927)**	(7,020)	**(1,729)**	(1,810)
	(17,591)	(16,140)	**(3,755)**	(3,282)
	409,990	515,163	**261,956**	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	**(5,214)**	**(2,541)**
Reversal of allowance for expected credit losses	**3,599**	**2,007**
Exchange rate changes	**164**	**61**
Balance as at June 30, 2022	**(17,591)**	**(3,755)**

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	
	06-30-2022	12-31-2021	06-30-2022	12-31-2021
Finished products	**287,997**	171,935	**44,819**	40,090
Raw material	**290,912**	301,878	**217,339**	211,420
Work in process	**28,826**	5,750	**250**	418
Inventory advances	**26,027**	32,105	**25,743**	31,488
Allowance for inventory losses	**(18,889)**	(19,804)	**(9,462)**	(9,046)
	614,873	491,864	**278,689**	274,370

Variation in the allowance for inventory losses	Consolidated	Parent
Balance as at December 31, 2021	**(19,804)**	**(9,046)**
Addition	**(3,156)**	**(2,815)**
Reversal	**1,535**	**468**
Definitive write-offs	**1,931**	**1,931**
Exchange rate changes	**605**	**-**
Balance as at June 30, 2022	**(18,889)**	**(9,462)**

11. Recoverable Taxes

	Consolidated		Parent	
	06-30-2022	12-31-2021	06-30-2022	12-31-2021
State VAT (ICMS)	**24,284**	20,857	**22,636**	19,405
Federal VAT (IPI)	**3,782**	7,350	**922**	5,402
Tax on revenue (PIS)	**5,792**	4,833	**5,519**	4,572
Tax on revenue (COFINS)	**26,503**	21,838	**25,419**	20,809
Income tax and social contribution	**4,550**	13,176	**760**	7,302
Other	**1,719**	2,834	**1,571**	867
Total	**66,630**	70,888	**56,827**	58,357
Current	**57,449**	65,261	**48,488**	53,471
Noncurrent	**9,181**	5,627	**8,339**	4,886

12. Other Assets

	Consolidated		Parent	
	06-30-2022	**12-31-2021**	**06-30-2022**	**12-31-2021**
Advances to suppliers	**6,818**	8,504	**6,277**	7,133
Advances to employees	**3,555**	2,797	**3,313**	2,230
Advances for foreign bids	**7,224**	7,224	**7,224**	7,224
Escrow deposits	**26,139**	14,708	**24,442**	13,161
Disposal of assets receivable – Sale and retro-lease	**8,127**	8,833	**-**	-
Insurance receivables	**16**	-	**16**	**-**
Intragroup loans	**49**	-	**8,310**	4,326
Royalties	**-**	7,815	**-**	7,815
Other receivables	**4,276**	4,707	**926**	1,121
Total	**56,204**	54,588	**50,508**	43,010
Current	**20,743**	29,779	**26,066**	29,850
Noncurrent	**35,461**	24,809	**24,442**	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	
	06-30-2022	**12-31-2021**	**06-30-2022**	**12-31-2021**
On income tax and social contribution losses				
Income tax loss	14,320	41,111	10,458	37,180
Social contribution loss	6,704	16,215	5,312	14,799
On temporary differences – assets				
Billed and undelivered sale	1,508	1,675	1,049	1,398
Impairment	212	212	212	212
Other allowances, provisions and accruals	7,824	3,936	2,844	1,713
Realization of revaluation reserve	1,846	1,806	566	547
Allowance for inventory losses	6,422	6,733	3,217	3,075
Accrued profit sharing	5,894	11,524	3,398	6,705
Accrued commissions	920	960	758	817
Provision for civil, labor and tax risks	29,893	31,800	27,472	29,246
Provision for warranty	2,385	3,550	2,147	2,222
Provision for uncollectible receivables	3,404	2,911	1,277	1,116
Financial provisions	967	967	967	967
Tax provisions	3,145	2,973	2,086	1,954
Unrealized profit on inventories (TIMI)	16,782	9,429	-	-
Total deferred assets	**102,226**	**135,802**	**61,763**	**101,951**
On temporary differences - liabilities				
Goodwill on expected future earnings	(10,463)	(11,438)	-	-
Fair value of investment property	(18,890)	(19,453)	-	-
Total deferred liabilities	**(29,353)**	**(30,891)**	**-**	**-**
Deferred asset balances	**88,688**	121,380	**61,763**	101,951
Deferred liability balances	**(15,815)**	(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	(32,424)	(40,188)
Translation adjustments into the presentation currency	386	-
Closing balance of deferred taxes, net	**72,873**	**61,763**

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 June 30, 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 06/30/2022	57,286	74,481	14,320	6,704	21,024
In 2022	(44,190)	(61,384)	(11,047)	(5,525)	(16,572)
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)	(454)	(1,711)

					Parent
	Income tax loss	**Social contribution loss**	**Deferred income tax**	**Deferred social contribution**	**Total deferred taxes**
Balance recognized as at 06/30/2022	41,831	59,026	10,458	5,312	15,770
In 2022	(41,831)	(59,026)	(10,458)	(5,312)	(15,770)

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	
	06-30-2022	**06-30-2021**	**06-30-2022**	**06-30-2021**
Pretax profit (loss)	430,563	368,930	419,955	349,101
Income tax and social contribution at combined tax rates	(146,391)	(125,436)	(142,784)	(118,694)
Permanent additions				
Non-deductible expenses	(1,696)	(1,020)	(1,685)	(279)
Expenses on non-deductible losses	-	-	-	(3,678)
PPR – Statutory and CLT officers	(1,232)	-	(1,232)	(340)
Share of loss of subsidiaries	399	(10)	(7,683)	(168)
Donations/sponsorship	(167)	(351)	(143)	(88)
Capital gain on property, plant and equipment	(115)	(168)	(115)	-
Thin Cap	-	(88)	-	-
Permanent deductions				
Reintegra	210	1,983	210	159
Deemed ICMS grant	8,525	2,370	8,506	2,370
Interest on tax unduly paid	67	-	67	
Share of profit of subsidiaries	-	-	20,184	32,978
Other deductions	-	(2,831)	-	366
Deferred reclassification of investment – joint venture – Taurus JM	-	1,467	-	-
Unrecognized deferred tax on income tax and social contribution losses	-	(495)	-	-
Unrecognized current income tax and social contribution of related parties	7,334	17,574	-	-
Other (additions)/deductions	(153)	-	533	-
Income tax and social contribution in profit or loss for the year	**(133,219)**	**(107,005)**	**(124,143)**	**(87,374)**
Current	(100,795)	(83,075)	(83,955)	(60,663)
Deferred	(32,424)	(23,930)	(40,188)	(26,711)
	(133,219)	(107,005)	**(124,143)**	(87,374)
Effective rate	31%	29%	30%	25%

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
				06-30-2022				**12-31-2021**
	Basis	**25%**	**9%**	**Total**	**Basis**	**25%**	**9%**	**Total**
Temporary differences								
Other allowances, provisions and accruals	246	62	22	84	-	-	-	-
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	3,041	760	274	1,034	3,318	830	299	1,129
Provision for warranty	1,468	367	132	499	1,468	367	132	499
Loss on other receivables	5,114	1,279	460	1,739	5,370	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
	402,943	**100,736**	**36,264**	**137,000**	**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	**06-30-2022**	**12-31-2021**
Buildings, land and improvements	51,390	51,390
Taurus Blindagens Nordeste – long-lived asset held for sale	15,776	15,006
Total held-for-sale noncurrent assets	**67,166**	**66,396**
Taurus Blindagens Nordeste – liability held for sale	7,176	5,830
Total held-for-sale liabilities	**7,176**	**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 June 30, 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	8,643
Trade and other receivables	7,133
Assets held for sale	**15,776**
Trade and other payables	7,176
Liabilities held for sale	**7,176**

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

15. Investments

	Taurus Helmets Indústria de Capacetes Ltda.	Taurus Blindagens Nordeste Ltda.	Taurus Holdings, Inc.	T. Investments Co. Inc.	Taurus Investimentos Imobiliários Ltda.	Polimetal Metalurgia e Plásticos Ltda.	Taurus Máquinas-Ferramenta Ltda. (1)	Parent 06-30-2022	Parent 12-31-2021
Current assets	124,153	6,608	599,441	6	65,860	15,266	206		
Noncurrent assets	51,061	58,410	127,844	-	87,825	176,668	1,370		
Current liabilities	43,781	9,374	194,706	-	6,721	19,352	3,595		
Noncurrent liabilities	2,212	2,081	45,934	-	45,333	14,663	29,392		
Capital	73,855	9,400	1,701	57,618	53,292	211,452	293,639		
Equity	129,221	53,563	486,645	6	101,631	157,919	(31,411)		
Net revenue	49,225	-	813,309	-	4,123	7,104	-		
Profit (loss) for the period	1,464	1,019	52,583	-	773	(845)	(2,111)		
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**	**52,583**	**-**	**633**	**(845)**	**(1,330)**	**51,042**	**213,138**
Exchange differences arising on translating investments	**-**	**-**	**(26,036)**	**-**	**-**	**-**	**-**	**(26,036)**	**25,015**
Unrealized profit on inventories	**-**	**-**	**(14,275)**	**-**	**-**	**-**	**-**	**(14,275)**	**(15,731)**
Valuation adjustments to equity	**-**	**-**	**-**	**-**	**-**	**(644)**	**-**	**(644)**	**(1,589)**
Reclassified to provision for negative equity (1)	**-**	**-**	**-**	**-**	**-**	**-**	**1,330**	**1,330**	**841**
Closing balances	**1**	**54**	**454,064**	**7**	**83,193**	**157,920**	**-**	**695,239**	**683,822**

(1) The share of profit (loss) of subsidiary Taurus Máquinas-Ferramentas Ltda., amounting to (R$1,330), is presented on line item ‘Provision for negative equity’ in noncurrent liabilities.

<u>Indirect interests in jointly-controlled entities classified as joint venture: share of profit (loss) of subsidiaries</u>
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 June 30, 2022:

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
BALANCE SHEET AS AT JUNE 30, 2022
In thousands of reais

Assets		**Liabilities**	
Current assets		**Current liabilities**	
Cash and cash equivalents	517	Trade payables	589
Trade receivables	549	Payroll and related taxes	340
Inventories	2,317	Taxes, fees and contributions	2,486
Recoverable taxes	1,779	Other payables	912
Other receivables	5,383		4,327
	10,545	**Noncurrent liabilities**	
		Taxes payable	27
Noncurrent assets			27
Deferred tax assets	1,494	**Total liabilities**	4,354
Related parties	1,500		
Other receivables	20	**Equity**	
	3,014	Capital	4,628
		Advance for future capital increase	7,823
		Retained earnings	(588)
Property, plant and equipment	2,658	**Total equity**	11,863
Total assets	**16,217**	**Total liabilities and equity**	**16,217**

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
STATEMENT OF PROFIT OR LOSS AS AT JUNE 30, 2022
In thousands of reais

Revenue from sales and/or services	3,985
Cost of sales and/or services	(4,415)
General and administrative expenses	(428)
Other operating (expenses) income, net	4
	(424)
Loss before finance income (costs), net, share of results of investees, and taxes	(854)
Finance income	74
Finance costs	(3)
Finance income (costs), net	71
Operating loss before taxes	(783)
Profit (loss) for the period	(783)

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

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	Consolidated 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	-	-	11,788	172	-	-	53,356	21,192	380	86,888
Write-offs	-	-	(1,294)	(257)	-	-	-	-	-	(1,551)
Transfers	-	18	13,765	(1,555)	-	-	(12,228)	-	-	-
Effect of changes in exchange rates	(216)	(1,822)	(4,328)	(952)	(29)	-	(711)	-	(671)	(8,729)
Balance as at June 30, 2022	**10,618**	**128,706**	**332,769**	**35,081**	**974**	**698**	**116,482**	**69,889**	**10,640**	**705,857**
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 period	-	(2,719)	(8,429)	(1,287)	(30)	(70)	-	-	(981)	(13,516)
Write-offs	-	-	1,766	(409)	-	-	-	-	-	1,357
Effect of changes in exchange rates	-	183	2,237	777	23	-	-	-	101	3,321
Balance as at June 30, 2022	**-**	**(41,605)**	**(191,707)**	**(21,905)**	**(696)**	**(172)**	**-**	**-**	**(2,979)**	**(259,064)**
Carrying amount										
December 2021	10,834	91,441	125,557	16,687	314	596	76,065	48,697	8,832	379,023
June 2022	**10,618**	**87,101**	**141,062**	**13,176**	**278**	**526**	**116,482**	**69,889**	**7,661**	**446,793**

									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	-	11,364	63	-	-	25,686	20,890	380	58,383
Write-offs	-	(951)	(210)	-	-	-	-	-	(1,161)
Transfers	-	3,805	29	-	-	(3,834)	-	-	-
Balance as at June 30, 2022	**58,754**	**225,802**	**15,203**	**52**	**698**	**43,182**	**68,628**	**380**	**412,699**
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 period	(1,139)	(4,904)	(566)	-	(70)	-	-	(25)	(6,704)
Write-offs	-	807	193	-	-	-	-	-	1,000
Balance as at June 30, 2022	**(19,643)**	**(130,532)**	**(6,730)**	**(52)**	**(172)**	**-**	**-**	**(25)**	**(157,154)**
Carrying amount									
December 2021	40,250	85,149	8,964	-	596	21,330	47,738	-	204,027
June 2022	**39,111**	**95,270**	**8,473**	**-**	**526**	**43,182**	**68,628**	**355**	**255,545**

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 June 30, 2022, the Company uses R$39.4 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.

	Software	Trademarks and patents	Customer relationship	Goodwill	Product development	Intangible assets in progress	Other intangibles	Total
								Consolidated
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	1,355	-	-	-	-	5,280	-	6,635
Transfers	33	-	-	-	-	(33)	-	-
Effect of changes in exchange rates	(630)	(1,081)	(1,450)	(1,057)	(376)	-	-	(4,594)
Balance as at June 30, 2022	**24,895**	**27,859**	**22,715**	**48,786**	**8,281**	**22,408**	**-**	**154,944**
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 period	(1,187)	-	(717)	-	(310)	-	-	(2,214)
Held for sale returned to operations	557	-	1,380	-	107	-	-	2,044
Balance as at June 30, 2022	**(17,617)**	**(7,388)**	**(22,715)**	**-**	**(2,982)**	**-**	**-**	**(50,702)**
Carrying amount								
December 2021	7,150	21,552	787	49,843	5,878	17,161	-	102,371
June 2022	**7,278**	**20,471**	**-**	**48,786**	**5,299**	**22,408**	**-**	104,242

	Software	Trademarks and patents	Product development	Intangible assets in progress	Total
					Parent
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	1,310	-	-	5,247	6,557
Balance as at June 30, 2022	**13,527**	**9,485**	**2,536**	**22,408**	**47,956**
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 period	(766)	-	(147)	-	(913)
Balance as at June 30, 2022	**(8,168)**	**(6,840)**	**(1,091)**	**-**	**(16,099)**
Carrying amount					
December 2021	4,815	2,645	1,592	17,161	26,213
June 2022	**5,359**	**2,645**	**1,445**	**22,408**	**31,857**

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	WACC discount rate	Average growth rate
Cash-generating unit		**12-31-2021**		**31-12-2020**
Firearms	12.80%	4.24%	11.90%	4,40%

Discount rate

The discount rate for the CGU is represented by a post-tax rate based on 20-year US Treasury Bond rate, adjusted for a risk premium that reflects the risks of investments in equity securities and the systematic risk of the related unit. The Company estimated, based on Management's experience with the assets of this CGU, the Weighted Average Cost of Capital of the industry in which this CGU operates, which was calculated based on a possible debt-to-shareholders' equity ratio as at December 31, 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
					06-30-2022		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**	**5,420**	18,193	10,040
Debentures	R$	CDI + 2.50% p.a.	2022	**50,000**	**2,527**	50,000	33,532
Foreign exchange advance	US$	5.95% to 7.0% p.a.	2024	**358,380**	**358,380**	217,350	217,350
Working capital	US$	Libor + 1.75% to 3.50% p.a.	2023	**491,397**	**225,903**	464,162	432,389
				Total	**592,230**		**693,311**
				Current liabilities	**466,518**		**618,904**
				Noncurrent liabilities	**125,712**		**74,407**

							Parent
					06-30-2022		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**	**5,420**	18,193	10,040
Debentures	R$	CDI + 2.50% p.a.	2022	**50,000**	**2,527**	50,000	33,532
Foreign currency advances	US$	7.0% p.a.	2024	**358,380**	**358,380**	217,350	217,350
Working capital	US$	Libor + 3.50% p.a.	2023	**464,162**	**198,668**	464,162	432,389
				Total	**564,995**		**693,311**
				Current liabilities	**439,283**		**618,904**
				Noncurrent liabilities	**125,712**		**74,407**

Flow of future debt payments disclosed in noncurrent liabilities:

	Consolidated	Parent
Maturity year	06-30-2022	06-30-2022
2023	**80,316**	**80,316**
2024	**45,396**	**45,396**
	125,712	**125,712**

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 June 30, 2022, the Company was compliant with all said covenants.

19. Other Payables

	Consolidated		Parent	
	06-30-2022	**12-31-2021**	**06-30-2022**	**12-31-2021**
Dividends payable	**52**	68,002	**52**	68,002
Sales commissions	**5,882**	6,634	**2,100**	2,179
Accrued interest	**616**	571	**-**	-
Unsettled court agreements	**10,000**	-	**10,000**	-
Insurance and freight	**9,754**	9,690	**7,686**	7,331
Leases	**8,415**	8,833	**289**	-
Marketing	**8,912**	3,863	**-**	-
Due to related parties	**1,720**	1,651	**55,637**	53,996
Unrealized gain on government grant	**26,967**	29,631	**-**	-
Other	**5,562**	4,858	**3,102**	726
	77,880	133,733	**78,866**	132,234
Current	**33,758**	93,147	**15,075**	78,238
Noncurrent	**44,122**	40,586	**63,791**	53,996

20. Payroll and Related Taxes

	Consolidated		Parent	
	06-30-2022	**12-31-2021**	**06-30-2022**	**12-31-2021**
Payroll	**4,860**	3,794	**1,916**	349
Accrued bonus	**17,335**	33,893	**9,995**	19,721
Contributions payable	**4,531**	10,068	**4,072**	9,479
Accruals (vacation pay and 13th salary)	**27,762**	19,105	**24,867**	16,901
	54,488	66,860	**40,850**	46,450

21. Taxes, fees and contributions

	Consolidated		Parent	
	06-30-2022	**12-31-2021**	**06-30-2022**	**12-31-2021**
State VAT (ICMS)	**17,104**	5,694	**16,090**	4,678
Federal VAT (IPI)	**18,896**	378	**18,473**	3
Tax on revenue (PIS)	**49**	6	**-**	-
Tax on revenue (COFINS)	**225**	25	**-**	-
Special tax – FAET (USA)	**38,523**	47,618	**-**	-
Withholding income tax (IRRF)	**1,024**	4,928	**816**	4,734
Income tax and social contribution	**11,454**	21,105	**5,678**	15,301
PRT Installment payment	**-**	-	**-**	-
Other installment payments (*)	**27,454**	31,789	**26,868**	31,111
Other	**8,609**	8,672	**5,907**	5,982
	123,338	120,215	**73,832**	61,809
Current	104,061	96,632	55,367	39,102
Noncurrent	19,277	23,583	18,465	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 June 30, 2022, the adjusted balance of the IPI instalment payment plan is R$26.9 million and to date 22 installments have been paid, totaling R$15.5 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
			06-30-2022	12-31-2021
	Provision	Escrow deposit (1)	Net	Net
Labor	45,157	(13,111)	32,046	32,823
Civil	19,687	(1,054)	18,633	19,339
Tax	30,351	(11,974)	18,377	30,052
	95,195	**(26,139)**	**69,056**	82,214
Classified in current liabilities	41,597			
Classified in noncurrent liabilities	53,598			

(1) Recognized in other noncurrent assets.

				Parent
			06-30-2022	12-31-2021
	Provision	Escrow deposit (1)	Net	Net
Labor	41,247	(11,501)	29,746	30,385
Civil	15,120	(1,054)	14,066	14,841
Tax	27,910	(11,887)	16,023	27,632
	84,277	**(24,442)**	**59,835**	72,858
Classified in current liabilities	34,958			
Classified in noncurrent liabilities	49,319			

(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	7,224	23	7,247
Provisions used during the year	(170)	-	(170)
Derecognition of provision	(8,802)	(2)	(8,804)
Balance as at June 30, 2022	**64,844**	**30,351**	**95,195**

			Parent
	Civil and labor	Tax	Total
Balance as at December 31, 2021	58,109	27,910	86,019
Provisions recognized during the year	4,307	-	4,307
Provisions used during the year	(76)	-	(76)
Derecognition of provision	(5,973)	-	(5,973)
Balance as at June 30, 2022	**56,367**	**27,910**	**84,277**

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			
	06-30-2022		12-31-2021		**06-30-2022**		12-31-2021	
	Possible	**Remote**	Possible	Remote	**Possible**	**Remote**	Possible	Remote
Civil	**163,381**	**22,587**	231,202	21,543	**144,808**	**22,543**	212,624	21,499
Labor	**44,128**	**33,483**	43,029	45,858	**24,307**	**32,009**	22,948	32,778
Tax	**64,825**	**-**	62,798	-	**58,045**	**-**	55,920	-
	272,334	**56,070**	337,029	67,401	**227,160**	**54,552**	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$46.4 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 final and unappealable decision of the interlocutory appeals to continue with the fact finding phase.

In the opinion of its legal counsel, this action was classified with a possible likelihood of loss and its adjusted amount is R$63.2 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. Upon handing down of the correcting decision, the lawsuit is currently waiting for the production of the technical evidence.
In the opinion of its legal counsel, this action was classified with a possible likelihood of loss, estimated at R$28.7 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$46.2 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, and the disputed amount is R$18.6 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$145.2 million in ongoing lawsuits, which are classified as contingent assets and are not recognized in accounting.

Of this total, R$17.1 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, it is waiting the adequacy of the inflation adjustment and late payment interest criteria in the calculation submitted by the Company. The likelihood of a favorable outcome in this lawsuit is classified as probable and, currently, the amount under dispute is R$2.9 million.

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
		06-30-2022		12-31-2021
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**231,323**	**231,333**	442,429	442,429
Debentures	**2,527**	**2,527**	33,532	33,532
Foreign currency advances	**358,380**	**352,014**	217,350	215,168
	592,230	**585,874**	693,311	691,129

				Parent
		06-30-2022		12-31-2021
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**204,088**	**204,088**	442,429	442,429
Debentures	**2,527**	**2,527**	33,532	33,532
Foreign currency advances	**358,380**	**352,014**	217,350	215,168
	564,995	**558,629**	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	-	163
Taurus Blindagens Nordeste Ltda.	-	-	-	623	47,244	(iv)	47,867	-	583
Taurus Holdings, Inc.	16,882	-	16,882	16,279	-		16,279	424,790	2,676
Taurus Investimentos Imobiliários Ltda.	641	10,523	11,164	384	-		384	-	2,311
Taurus Máquinas-Ferramenta Ltda.	-	25,999	25,999	-	-		-	313	-
Polimetal Metalurgia e Plásticos Ltda.	6,585	4,159	10,744	1,903	-		1,903	1,876	-
	24,680	40,681	65,361	19,203	52,345		71,548	426,979	5,733
June 30, 2022									
Taurus Helmets Indústria de Capacetes Ltda.	**613**	**-**	**613**	**16**	**5,316**	(iv)	**5,332**	**-**	**277**
Taurus Blindagens Nordeste Ltda.	**-**	**-**	**-**	**641**	**48,601**	(iv)	**49,242**	**-**	**2,551**
Taurus Holdings, Inc.	**33,004**	**-**	**33,004**	**4,500**	**-**		**4,500**	**499,852**	**3,378**
Taurus Investimentos Imobiliários Ltda.	**1,505**	**29,720**	**31,225**	**454**	**-**		**454**	**1,158**	**2,708**
Taurus Máquinas-Ferramenta Ltda.	**-**	**28,158**	**28,158**	**-**	**-**		**-**	**1,453**	**-**
Polimetal Metalurgia e Plásticos Ltda.	**10,476**	**6,746**	**17,222**	**1,152**	**-**		**1,152**	**971**	**-**
	45,598	**64,624**	**110,222**	**6,763**	**53,917**		**60,680**	**503,434**	**8,914**

(i) Refers to amounts recorded in line items trade payables - R$4.164, other payables - R$2,599
(ii) Refers to amounts recorded in line items trade receivables - R$37,288 and other receivables - R$8,310
(iii) Refers to amounts recognized in line items intragroup loans - R$64,624 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate.
(iv) Represent loan agreements - R$53,917 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 June 30, 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 June 30, 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	-	11,503	24,336
CBC Brasil Comércio e Distribuição	264,772	2	-	278,391	-
GN Importações	-	-	-	377	2
Taurus JM Indústria de Peças	2,640	-	1,651	-	20
Joalmi Indústria e Comércio	247	-	-	-	-
	277,356	10,823	1,651	290,271	24,358
June 30, 2022					
Companhia Brasileira de Cartuchos	**5,470**	**8,531**	**-**	**9,255**	**17,789**
CBC Brasil Comércio e Distribuição	**142,004**	**12**	**-**	**319,385**	**-**
GN Importações	**-**	**111**	**-**	**(16)**	**-**
Taurus JM Indústria de Peças	**-**	**526**	**1,719**	**7**	**5,227**
ANIAM - Assoc. Nac. da Ind. de Armas e Munições	**-**	**-**	**-**	**-**	**313**
	147,474	**9,180**	**1,719**	**328,631**	**23,329**

(*) Comparative balance with June 30, 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	
	06-30-2022	06-30-2021	**06-30-2022**	06-30-2021
Statutory officer's compensation and benefits	**7,008**	5,871	**7,008**	5,871
Stock option plan	**4,399**	1,938	**4,399**	1,938
Directors' compensation and benefits	**522**	402	**522**	402
Supervisory Board members' compensation and benefits	**202**	137	**202**	137
	12,131	8,348	**12,131**	8,348

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$331.4 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

	06-30-2022	**06-30-2021**
Net sales revenue	-	-
Elimination of intersegment revenue	-	-
Foreign revenue	-	-
Finance costs, net	(660)	(85)
Elimination of intersegment expenses	-	-
Foreign expenses	(660)	(85)
Profit (loss) from operating activities	(660)	(85)
Taxes on income	(872)	(113)
Profit (loss) before income tax and social contribution, net	**(1,532)**	**(198)**
Basic earnings (loss) per common share (in R$)	**(0.012640)**	**(0.001810)**
Basic earnings (loss) per preferred share (in R$)	**(0.013120)**	**(0.002200)**

Profit (loss) from discontinued operations as at June 30, 2022 is R$-1,532 thousand (R$-198 thousand as at June 30, 2021) and is fully attributed to owners of the Company.

(b) Cash flows generated by discontinued operations

	06-30-2022	06-30-2021
Net cash generated by operating activities	**1,379**	594
Net cash generated by investing activities	**(1,357)**	(464)
Net cash used in financing activities	**-**	32
Net cash generated by discontinued operations	**22**	162

26. Equity

a) Capital

As at June 30, 2022, the Company's issued capital is R$330.7 million (R$308.2 million as at December 31, 2021), represented by 121,319,360 book-entry, registered shares, divided into 46,445,314 common shares and 74,874,046 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 June 30, 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	3,642,729
Forfeited	11,750,881	74,401	86,173	-
Exercisable	-	-	-	5,357,271

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 June 30, the warrants exercised were automatically converted into capital, in an amount equivalent to R$22.5 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):

	06-30-2022	12-31-2021
Common shares	103,703	51,851
Preferred shares	207,405	103,702
	311,108	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 June 30, 2022 **Common: R$16.22; Preferred: R$16.23***	**46,445**	753,338	**74,874**	1,215,205

*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 June 30, 2022, the balance is R$118.4 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 until the dividend distribution is approved.

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.

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	**06-30-2022**	06-30-2021
Profit (loss) from continuing operations		
Common shares	113,833	110,950
Preferred shares	183,511	150,975
	297,344	261,925
Profit (loss) from discontinued operations		
Common shares	(587)	(84)
Preferred shares	(945)	(114)
	(1,532)	(198)
Profit (loss) for the year		
Common shares	113,246	110,866
Preferred shares	182,566	150,861
	295,812	261,727
Basic denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	72,033,637	51,789,476
	118,478,951	98,234,790
Basic earnings per share from continuing operations (R$ per share)		
Common shares	2.45090	2.38883
Preferred shares	2.54757	2.91517
Basic earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.01264)	(0.00181)
Preferred shares	(0.01312)	(0.00220)
Basic earnings per share (R$ per share)		
Common shares	2.43826	2.38702
Preferred shares	2.53445	2.91297

	Parent and Consolidated	
Diluted numerator	**06-30-2022**	06-30-2021
Profit (loss) from continuing operations		
Common shares	113,833	110,950
Preferred shares	183,511	150,975
	297,344	261,925
Profit (loss) from discontinued operations		
Common shares	(587)	(84)
Preferred shares	(945)	(114)
	(1,532)	(198)
Profit (loss) for the year		
Common shares	113,246	110,866
Preferred shares	182,566	150,861
	295,812	261,727
Diluted denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	72,033,637	51,789,476
	118,478,951	98,234,790
Potential increase in the number of shares from the exercise of warrants		
Common shares	-	-
Preferred shares	3,629,209	12,100,908
	3,629,209	12,100,908
Diluted earnings (loss) per share from continuing operations (R$ per share)		
Common shares	2.45090	2.38883
Preferred shares	2.42538	2.36303
Diluted earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.01264)	(0.00181)
Preferred shares	(0.01249)	(0.00178)
Diluted earnings (loss) per share (R$ per share)		
Common shares	2.43826	2.38702
Preferred shares	2.41289	2.36125

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 June 30, 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 Board of Directors approved the Company's Second Stock Option Program ("2nd Program") including the eligibility rules of this 2nd Program's beneficiaries. All terms and conditions of the Plan, approved by the Company's Annual and Extraordinary Shareholders' Meeting held on April 26, 2021, were observed.

On May 18, 2022, the Company approved at the meeting of the Board of Directors the Company's Third Stock Option Program ("3rd Program") including the eligibility rules of this 3rd Program's beneficiaries. 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 June 30, 2022 a total of R$4.4 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
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**
3rd Stock option program - 2022	Common	33.33%	26,666
	Preferred	66.67%	53,334
		100.00%	**80,000**
Total stock options		**100.00%**	**2,565,000**

(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**	**3rd Stock option program - 2021**
Fair value on grant date	R$24.14	R$24.49	R$20.38
Share price on grant date	R$20.82	R$20.27	R$20.27
Strike price	R$26.68	R$25.43	R$24.72
Expected volatility (weighted average)	89.81%	79.75%	67.56%
Stock option life (weighted average life expectancy)	4.97	4.53	3.95
Expected dividends	2.85%	4.05%	4.84%
Risk-free interest rate (based on government bonds)	7.78%	10.20%	12.28%

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. There is no projection of share-based payment plan settled in cash relating to 2022.

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	
	06-30-2022	**06-30-2021**	**06-30-2022**	**06-30-2021**
Sale of goods	**1,643,756**	1,500,734	**1,179,441**	917,907
Provision of services	**185**	31	**185**	31
Total gross revenue	**1,643,941**	1,500,765	**1,179,626**	917,938
Sales taxes	**(336,320)**	(296,239)	**(242,321)**	(198,227)
Returns and discounts	**(5,466)**	(2,386)	**(4,163)**	(509)
Total net operating revenue	**1,302,155**	**1,202,140**	**933,142**	**719,202**

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	
	06-30-2022	06-30-2021	**06-30-2022**	06-30-2021
Other operating income				
Tax recovery	**26,910**	5,045	**26,755**	2,068
Government grant - COVID	**-**	15,481	**-**	-
Royalties	**1,856**	2,654	**1,856**	2,654
Sale of property, plant and equipment	**48**	1,043	**5**	335
Recovery of expenses on trade payables	**4,376**	1,621	**4,367**	1,608
Recovery of past-due receivables – allowance for doubtful debts	**368**	-	**362**	-
Other income	**1,998**	5,435	**2,148**	5,166
	35,556	31,279	**35,493**	11,831

30. Expenses by nature

	Consolidated		Parent	
	06-30-2022	**06-30-2021**	**06-30-2022**	**06-30-2021**
Expenses by function				
Cost of sales	(669,884)	(651,147)	(471,167)	(363,638)
Selling expenses	(125,495)	(93,207)	(45,745)	(32,481)
Allowance for impairment of financial instruments	(546)	(253)	(534)	(219)
General and administrative expenses	(97,798)	(98,536)	(55,097)	(54,209)
Other operating expenses	(11,901)	(4,611)	(14,597)	(3,890)
	(905,624)	**(847,754)**	**(587,140)**	**(454,437)**
Expenses by nature	**06-30-2022**	**06-30-2021**	**06-30-2022**	**06-30-2021**
Depreciation and amortization	(15,729)	(14,403)	(7,617)	(6,337)
Personnel expenses	(163,793)	(181,055)	(127,689)	(119,174)
Tax expenses	(6,193)	(7,039)	(3,779)	(4,851)
Raw materials and supplies and consumables	(446,193)	(421,336)	(286,364)	(210,733)
Auxiliary materials and upkeep and maintenance supplies	(51,350)	(44,521)	(49,770)	(43,013)
Freight and insurance	(68,348)	(51,874)	(33,706)	(27,577)
Outside services	(32,441)	(29,333)	(24,892)	(22,582)
Advertising and publicity	(24,509)	(15,421)	(3,376)	(2,193)
Expenses on product warranty	(1,607)	(458)	(2,537)	504
Water and power	(22,588)	(22,913)	(7,907)	(6,648)
Travel and lodging	(5,058)	(1,614)	(3,677)	(916)
Expenses on commissions	(21,370)	(21,039)	(2,664)	(1,812)
Cost of property, plant and equipment written off	(194)	(3,250)	(161)	(230)
Provision for civil, labor and tax risks	(13,500)	(3,227)	(13,373)	(2,324)
Rentals	(3,432)	(2,933)	(5,380)	(4,309)
Other expenses	(29,319)	(27,338)	(14,248)	(2,242)
	(905,624)	**(847,754)**	**(587,140)**	**(454,437)**

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	
	06-30-2022	06-30-2021	**06-30-2022**	06-30-2021
Finance income				
Interest	**912**	1,113	**3,725**	1,444
Foreign exchange gains	**225,959**	147,240	**224,579**	145,980
Other income	**5,132**	325	**5,031**	108
	232,003	148,678	**233,335**	147,532
Finance costs				
Interest and fines	**(18,965)**	(20,779)	**(19,847)**	(18,588)
Foreign exchange losses	**(207,117)**	(139,369)	**(205,399)**	(137,996)
Other expenses	**(7,046)**	(5,236)	**(6,396)**	(4,617)
	(233,128)	(165,384)	**(231,642)**	(161,201)
Finance income (costs), net	**(1,125)**	(16,706)	**1,693**	(13,669)

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 June 30, 2022 and December 31, 2021, the balances are as follows:

	Consolidated		Parent	
	06-30-2022	**12-31-2021**	**06-30-2022**	**12-31-2021**
Domestic market	**7,782**	8,003	**6,315**	6,535
Foreign market	**9,802**	10,443	**-**	-
Total	**17,584**	**18,446**	**6,315**	**6,535**
Current liabilities	**11,449**	11,910	**6,315**	6,535
Noncurrent liabilities	**6,135**	6,536	**-**	-

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

Taurus Armas S.A.

Report on Review of Interim Financial Information for the Six-month Period Ended June 30, 2022

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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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. ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2022, which comprises the balance sheet as at June 30, 2022, and the related statements of profit and loss and of comprehensive income for the three- and six-month periods then ended, and the statements of changes in equity and of cash flows for the six-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 quarterly information 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 Quarterly Information - 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 six-month period ended June 30, 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, August 2, 2022

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Otávio Ramos Pereira
Engagement Partner

Supervisory Board's Opinion

The Supervisory Board of Taurus Armas S.A., in compliance with legal and statutory provisions, reviewed the interim financial information for the second 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 August 2, 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, August 2, 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 August 1, 2022.

The Board has audited the Management Report, the Interim Financial Information for the period ended June 30, 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 June 30, 2022 and the respective Performance Report.

Porto Alegre, August 1, 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 SECOND 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 June 30, 2022.

São Leopoldo, August 2, 2022.

Salesio Nuhs

Chief Executive Officer

Sergio Castilho Sgrillo Filho

Chief Finance and Administrative Officer

Investor Relations Officer

Leonardi 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 June 30, 2022, issued on August 2, 2022.

São Leopoldo, August 2, 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