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

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Report on Review of Interim Financial Information for the Three-Month Period Ended March 31, 2021

Deloitte Touche Tohmatsu Auditores Independentes

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Company Data/Capital Breakdown

Number of shares (units)	Current Quarter 03/31/2021
Common - Paid-in capital	46,445,314
Preferred - Paid-in capital	53,723,119
Total - Paid-in Capital	100,168,433
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 Quarter 03/31/2021	Prior Year 12/31/2020
1	Total assets	1,493,144	1,305,322
1.01	Current assets	604,848	485,412
1.01.01	Cash and cash equivalents	125,243	34,623
1.01.01.01	Cash and banks	122,290	30,783
1.01.01.02	Highly liquid short-term investments	2,953	3,840
1.01.02	Short-term investments	5,039	-
1.01.02.01	Short-term investments at fair value through profit or loss	5,039	-
1.01.02.01.03	Financial investments	5,039	-
1.01.03	Accounts receivable	162,503	183,267
1.01.03.01	Trade receivables	162,503	183,267
1.01.04	Inventories	261,918	204,894
1.01.06	Recoverable taxes	30,978	28,987
1.01.06.01	Recoverable current taxes	30,978	28,987
1.01.07	Prepaid expenses	5,044	4,793
1.01.08	Other current assets	14,123	28,848
1.01.08.03	Other	14,123	28,848
1.01.08.03.01	Related parties - Intragroup loan	1,142	-
1.01.08.03.02	Other receivables	12,981	28,848
1.02	Noncurrent assets	888,296	819,910
1.02.01	Long-term receivables	204,491	209,084
1.02.01.07	Deferred taxes	162,403	166,291
1.02.01.07.01	Deferred income tax and social contribution	162,403	166,291
1.02.01.09	Due from related parties	30,046	29,661
1.02.01.09.02	Receivables from subsidiaries	30,046	29,661
1.02.01.10	Other noncurrent assets	12,042	13,132
1.02.01.10.03	Other	12,042	13,132
1.02.02	Investments	518,756	462,148
1.02.02.01	Equity interests	518,756	462,148
1.02.02.01.02	Equity interests in subsidiaries	518,756	462,148
1.02.03	Property, plant and equipment	145,081	130,012
1.02.03.01	Fixed assets in use	131,108	114,962
1.02.03.03	Construction in progress	13,973	15,050
1.02.04	Intangible assets	19,968	18,666
1.02.04.01	Intangible assets	19,968	18,666
1.02.04.01.02	Intangible assets	19,968	18,666

Individual FS / Balance Sheet - Liabilities

(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 03/31/2021	Prior Year 12/31/2020
2	Total liabilities and equity	1,493,144	1,305,322
2.01	Current liabilities	522,052	460,921
2.01.01	Payroll, benefits and taxes thereon	34,555	32,150
2.01.01.01	Payroll and related taxes	4,528	7,482
2.01.01.02	Payroll and related taxes	30,027	24,668
2.01.02	Trade payables	122,859	82,490
2.01.02.01	Local suppliers	102,047	69,230
2.01.02.02	Foreign suppliers	20,812	13,260
2.01.03	Taxes payable	45,123	49,915
2.01.03.01	Federal tax liabilities	41,168	47,605
2.01.03.01.01	Income tax and social contribution payable	6,188	7,477
2.01.03.01.02	Other taxes	34,980	40,128
2.01.03.02	State tax liabilities	3,932	2,258
2.01.03.03	Municipal tax liabilities	23	52
2.01.04	Borrowings and financing	100,147	78,402
2.01.04.01	Borrowings and financing	92,423	71,535
2.01.04.01.01	In local currency	2,152	1,817
2.01.04.01.02	In foreign currency	90,271	69,718
2.01.04.02	Debentures	7,724	6,867
2.01.05	Other payables	177,664	173,983
2.01.05.02	Other	177,664	173,983
2.01.05.02.04	Intragroup borrowing	16,834	22,721
2.01.05.02.05	Foreign exchange drafts	109,439	100,271
2.01.05.02.06	Advances from customers	49,074	48,931
2.01.05.02.07	Other payables	2,317	2,060
2.01.06	Provisions	41,704	43,981
2.01.06.01	Tax, social security, labor and civil provisions	35,006	34,823
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	6,442	6,413
2.01.06.01.04	Civil provisions	875	721
2.01.06.02	Other provisions	6,698	9,158
2.01.06.02.01	Provision for warranties	6,698	9,158
2.02	Noncurrent liabilities	817,736	802,132
2.02.01	Borrowings and financing	632,354	611,408
2.02.01.01	Borrowings and financing	574,310	550,394
2.02.01.01.01	In local currency	12,618	13,256
2.02.01.01.02	In foreign currency	561,692	537,138
2.02.01.02	Debentures	58,044	61,014
2.02.02	Other payables	129,081	134,467
2.02.02.01	Due to related parties	82,038	85,088
2.02.02.01.02	Due to subsidiaries	20,211	18,435
2.02.02.01.04	Due to other related parties	61,827	66,653
2.02.02.02	Other	47,043	49,379
2.02.02.02.03	Taxes payable	29,071	31,192
2.02.02.02.04	Provision for negative equity	17,972	17,621
2.02.02.02.06	Trade payables	-	566
2.02.04	Provisions	56,301	56,257
2.02.04.01	Tax, social security, labor and civil provisions	56,301	56,257
2.02.04.01.01	Tax provisions	221	-
2.02.04.01.02	Social security and labor provisions	40,685	41,512
2.02.04.01.04	Civil provisions	15,395	14,745
2.03	Equity	153,356	42,269
2.03.01	Issued capital	580,669	560,287
2.03.02	Capital reserves	- 31,116	- 31,116
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.07	Capital transactions	- 40,996	- 40,996
2.03.05	Retained earnings/accumulated losses	- 636,460	- 704,720
2.03.06	Valuation adjustments to equity	45,693	45,857
2.03.07	Cumulative translation adjustments	194,570	171,961

Individual FS / Statement of Profit or Loss

(In thousands of Brazilian reais)

Line Item	Description		Current YTD 01/01/2021 to 03/31/2021		Prior YTD 01/01/2020 to 03/31/2020
3.01	Net operating revenue		318,020		170,178
3.02	Cost of sales	-	156,989	-	102,280
3.03	Gross profit		161,031		67,898
3.04	Operating (expenses) income	-	3,784	-	28,340
3.04.01	Selling expenses	-	16,016	-	13,649
3.04.02	General and administrative expenses	-	23,395	-	20,468
3.04.03	Impairment losses	-	284		2,680
3.04.04	Other operating income		5,012		2,502
3.04.05	Other operating expenses	-	2,748	-	3,203
3.04.06	Equity in earnings (losses)		33,647		3,798
3.05	Profit before finance income (costs) and taxes		157,247		39,558
3.06	FINANCE INCOME (COSTS)	-	74,752	-	189,937
3.06.01	Finance income		15,039		20,076
3.06.02	Finance costs	-	89,791	-	210,013
3.07	Pretax income		82,495	-	150,379
3.08	Income tax and social contribution	-	14,399	-	6,745
3.08.01	Current	-	10,511		-
3.08.02	Deferred	-	3,888	-	6,745
3.09	Profit (loss) from continuing operations		68,096	-	157,124
3.11	profit (loss) for the period		68,096	-	157,124
3.99	Earnings per share (R$/share)		-		-
3.99.01	Basic earnings per share		-		-
3.99.01.01	Common shares (ON)		0.67981	-	1.77614
3.99.01.02	Preferred shares (PN)		0.73442	-	1.77613
3.99.02	Diluted earnings per share		-		-
3.99.02.01	Common shares (ON)		0.67981	-	1.77567
3.99.02.02	Preferred shares (PN)		0.53462	-	1.77568

Individual FS / Statement of Comprehensive Income

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2021 to 03/31/2021	Prior YTD 01/01/2020 to 03/31/2020
4.01	Profit for the period	68,096	- 157,124
4.02	Other comprehensive income	22,609	42,452
4.02.01	Translation adjustments for the period	-	42,452
4.02.02	Realization of valuation adjustments to equity, net of tax	22,609	-
4.03	Comprehensive income for the period	90,705	- 114,672

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

Line Item	Description	Current YTD 01/01/2021 to 03/31/2021	Prior YTD 01/01/2020 to 03/31/2020
6.01	Net cash from operating activities	118,432	40,516
6.01.01	Cash generated by operating activities	121,672	7,423
6.01.01.01	Profit (loss) before income tax and social contribution	82,495	-150,379
6.01.01.02	Depreciation and amortization	3,260	3,152
6.01.01.03	Cost of capital assets written off	114	105
6.01.01.04	Allowance for doubtful debts	284	-2,680
6.01.01.05	Share of results of investees	-33,647	-3,798
6.01.01.08	Accrued interest on borrowings and intragroup borrowings	8,717	8,048
6.01.01.10	Allowance for inventory losses	1,342	-2,360
6.01.01.11	Provision for warranties	-2,460	-555
6.01.01.12	Provision for civil, labor and tax risks	226	-13,535
6.01.01.13	Exchange differences on borrowings and other items	61,341	169,425
6.01.02	Changes in assets and liabilities	8,529	33,093
6.01.02.01	(Increase) decrease in trade receivables	20,480	12,759
6.01.02.02	Decrease (increase) in inventories	-58,366	-12,917
6.01.02.03	Decrease (increase) in other receivables	13,573	-7,157
6.01.02.04	(Decrease) increase in trade payables	39,803	6,958
6.01.02.05	Increase (decrease) in accounts payable	-6,961	33,450
6.01.03	Other	-11,769	-
6.01.03.02	Income tax and social contribution paid	-11,769	-
6.02	Net cash from investing activities	-25,169	-14,065
6.02.01	Due from related parties	-385	-5,005
6.02.04	In property, plant and equipment	-18,539	-6,629
6.02.05	In intangible assets	-1,206	-2,432
6.02.06	Financial investments	-5,039	1
6.03	Net cash from financing activities	-2,643	-23,329
6.03.02	Borrowings and intragroup borrowings	15,012	83,407
6.03.03	Repayment of borrowings	-23,167	-90,702
6.03.05	Capital increase	20,382	119
6.03.07	Payment of interest on borrowings and intragroup borrowings	-8,386	-11,685
6.03.10	Due to related parties	-6,484	-4,468
6.05	Increase (decrease) in cash and cash equivalents	90,620	3,122
6.05.01	Cash and cash equivalents at the beginning of the year	34,623	7,376
6.05.02	Cash and cash equivalents at the end of the year	125,243	10,498

Individual FS / Statements of Changes in Equity / SCE - 01/01/2021 to 03/31/2021

(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	560,287	-31,116	-	-704,720	217,818	42,269
5.02	Prior-year adjustments	-	-	-	-	-	-
5.03	Adjusted opening balances	560,287	-31,116	-	-704,720	217,818	42,269
5.04	Shareholders' capital transactions	20,382	-	-	-	-	20,382
5.04.01	Capital increases	20,382	-	-	-	-	20,382
5.04.02	Share issuance costs	-	-	-	-	-	-
5.04.03	Recognized stock options granted	-	-	-	-	-	-
5.04.04	Treasury shares acquired	-	-	-	-	-	-
5.04.05	Treasury shares sold	-	-	-	-	-	-
5.04.06	Dividends	-	-	-	-	-	-
5.04.07	Interest on capital	-	-	-	-	-	-
5.05	Total comprehensive income	-	-	-	68,260	22,445	90,705
5.05.01	Profit for the period	-	-	-	68,096	-	68,096
5.05.02	Other comprehensive income	-	-	-	164	22,445	22,609
5.05.02.01	Adjustments to financial instruments	-	-	-	-	-	-
5.05.02.02	Taxes on adjustments to financial instruments	-	-	-	-	-	-
5.05.02.03	Share of subsidiaries' and associates' comprehensive incom	-	-	-	-	-	-
5.05.02.04	Translation adjustments for the period	-	-	-	-	22,609	22,609
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	164	-164	-
5.05.03	Reclassifications to profit or loss	-	-	-	-	-	-
5.05.03.01	Adjustments to financial instruments	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	-	-	-	-
5.06.01	Recognition of reserves	-	-	-	-	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-
5.07	Closing balances	580,669	-31,116	-	-636,460	240,263	153,356

Individual FS / Statements of Changes in Equity / SCE -- 01/01/2020 to 03/31/2020
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	520,277	-31,116	-	-970,315	176,533	-304,621
5.02	Prior-year adjustments	-	-	-	-	-	-
5.03	Adjusted opening balances	520,277	-31,116	-	-970,315	176,533	-304,621
5.04	Shareholders' capital transactions	119	-	-	1,045	846	2,010
5.04.01	Capital increases	119	-	-	-	-	119
5.04.02	Share issuance costs	-	-	-	-	-	-
5.04.03	Recognized stock options granted	-	-	-	1,045	846	1,891
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	-	-	-	-156,884	42,212	-114,672
5.05.01	Net income for the period	-	-	-	-157,124	-	-157,124
5.05.02	Other comprehensive income	-	-	-	240	42,212	42,452
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	-	-	-	-	42,452	42,452
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	240	-240	-
5.05.03	Reclassifications to profit or loss	-	-	-	-	-	-
5.05.03.01	Adjustments to financial instruments	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	-	-	-	-
5.06.01	Recognition of reserves	-	-	-	-	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-
5.07	Closing balances	520,396	-31,116	-	-1,126,154	219,591	-417,283

Individual FS / Statement of Value Added

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2021 to 03/31/2021	Prior YTD 01/01/2020 to 03/31/2020
7.01	Revenue	406,791	665,235
7.01.01	Sales of goods and services	402,063	627,039
7.01.02	Other income	5,012	38,769
7.01.03	Revenues related to the construction of own assets	-	-
7.01.04	Allowance for (reversal of) doubtful debts	-284	-573
7.02	Inputs purchased from third parties	-140,318	-390,376
7.02.01	Cost of products, goods and services sold	-86,306	-347,438
7.02.02	Supplies, power, outside services and other inputs	-54,012	-42,938
7.02.03	Loss/recovery of assets	-	-
7.02.04	Other	-	-
7.03	Gross value added	266,473	274,859
7.04	Withholdings	-3,260	-4,063
7.04.01	Depreciation, amortization and depletion	-3,260	-4,063
7.04.02	Other	-	-
7.05	Wealth created	263,213	270,796
7.06	Wealth received in transfer	48,686	27,704
7.06.01	Equity in earnings (losses)	33,647	-5,338
7.06.02	Finance income	15,039	33,042
7.06.03	Other	-	-
7.07	Wealth for distribution	311,899	298,500
7.08	Wealth distributed	311,899	298,500
7.08.01	Personnel expenses	44,720	46,439
7.08.01.01	Wages	32,679	35,186
7.08.01.02	Benefits	9,721	8,734
7.08.01.03	Severance Pay Fund (FGTS)	2,320	2,519
7.08.01.04	Other	-	-
7.08.02	Taxes, fees and contributions	108,107	121,254
7.08.02.01	Federal	89,712	89,042
7.08.02.02	State	18,337	32,179
7.08.02.03	Municipal	58	33
7.08.03	Lenders and lessors	90,976	109,504
7.08.03.01	Interest	89,789	109,287
7.08.03.02	Rentals	1,187	217
7.08.03.03	Other	-	-
7.08.04	Shareholders	68,096	21,303
7.08.04.01	Interest on capital	-	-
7.08.04.02	Dividends	-	-
7.08.04.03	Retained earnings (accumulated losses)	68,096	21,303
7.08.05	Other	-	-

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

Line Item	Description	Current Quarter 03/31/2021	Prior Year 12/31/2020
1	Total assets	1,697,893	1,460,650
1.01	Current assets	1,111,511	930,859
1.01.01	Cash and cash equivalents	250,635	91,231
1.01.01.01	Cash and banks	242,175	85,983
1.01.01.02	Highly liquid short-term investments	8,460	5,248
1.01.02	Short-term investments	5,039	-
1.01.02.01	Short-term investments at fair value through profit or loss	5,039	-
1.01.02.01.03	Financial investments	5,039	-
1.01.03	Accounts receivable	315,369	317,406
1.01.03.01	Trade receivables	315,369	317,406
1.01.04	Inventories	405,187	298,343
1.01.06	Recoverable taxes	38,337	33,319
1.01.06.01	Recoverable current taxes	38,337	33,319
1.01.07	Prepaid expenses	17,309	22,222
1.01.08	Other current assets	79,635	168,338
1.01.08.01	Noncurrent assets for sale	66,017	133,850
1.01.08.03	Other	13,618	34,488
1.01.08.03.01	Accounts receivable	13,618	34,488
1.02	Noncurrent assets	586,382	529,791
1.02.01	Long-term receivables	209,204	203,121
1.02.01.07	Deferred taxes	194,331	188,580
1.02.01.07.01	Deferred income tax and social contribution	194,331	188,580
1.02.01.10	Other noncurrent assets	14,873	14,541
1.02.01.10.03	Other	14,678	14,541
1.02.01.10.04	Recoverable taxes	195	-
1.02.02	Investments	3,277	2
1.02.02.01	Equity interests	3,277	2
1.02.02.01.04	Investments in joint ventures	3,118	-
1.02.02.01.05	Other investments	159	2
1.02.03	Property, plant and equipment	274,956	233,355
1.02.03.01	Fixed assets in use	251,930	216,115
1.02.03.03	Construction in progress	23,026	17,240
1.02.04	Intangible assets	98,945	93,313
1.02.04.02	Goodwill	98,945	93,313
1.02.04.02.01	Intangible assets	98,945	93,313

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

Line Item	Description	Current Quarter 03/31/2021	Prior Year 12/31/2020
2	Total liabilities and equity	1,697,893	1,460,650
2.01	Current liabilities	698,828	575,350
2.01.01	Payroll, benefits and taxes thereon	63,002	57,488
2.01.01.01	Payroll and related taxes	30,402	32,138
2.01.01.02	Payroll and related taxes	32,600	25,350
2.01.02	Trade payables	176,960	111,892
2.01.02.01	Local suppliers	124,706	69,476
2.01.02.02	Foreign suppliers	52,254	42,416
2.01.03	Taxes payable	104,156	68,259
2.01.03.01	Federal tax liabilities	100,417	65,946
2.01.03.01.01	Income tax and social contribution payable	24,470	14,274
2.01.03.01.02	Other taxes	75,947	51,672
2.01.03.02	State tax liabilities	3,691	2,258
2.01.03.03	Municipal tax liabilities	48	55
2.01.04	Borrowings and Financing	112,069	78,402
2.01.04.01	Borrowings and Financing	104,345	71,535
2.01.04.01.01	In local currency	2,152	1,817
2.01.04.01.02	In foreign currency	102,193	69,718
2.01.04.02	Debentures	7,724	6,867
2.01.05	Other payables	188,892	203,775
2.01.05.02	Other	188,892	203,775
2.01.05.02.04	Foreign exchange drafts	109,439	100,271
2.01.05.02.05	Advances from customers	49,714	49,062
2.01.05.02.06	Payables from noncurrent assets for sale	3,880	27,297
2.01.05.02.07	Other payables	25,859	27,145
2.01.06	Provisions	53,749	55,534
2.01.06.01	Tax, social security, labor and civil provisions	41,278	40,983
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	8,858	8,770
2.01.06.01.04	Civil provisions	4,731	4,524
2.01.06.02	Other allowances, provisions and accruals	12,471	14,551
2.01.06.02.01	Provision for warranties	12,471	14,551
2.02	Noncurrent liabilities	845,709	843,031
2.02.01	Borrowings and financing	699,912	688,007
2.02.01.01	Borrowings and financing	641,868	626,993
2.02.01.01.01	In local currency	12,618	13,256
2.02.01.01.02	In foreign currency	629,250	613,737
2.02.01.02	Debentures	58,044	61,014
2.02.02	Other payables	68,306	78,652
2.02.02.01	Due to related parties	1,603	-
2.02.02.01.04	Due to other related parties	1,603	-
2.02.02.02	Other	66,703	78,652
2.02.02.02.03	Taxes payable	29,793	31,195
2.02.02.02.04	Other Payables	36,910	46,891
2.02.02.02.05	Suppliers	-	566
2.02.03	Deferred taxes	10,264	10,291
2.02.03.01	Deferred income tax and social contribution	10,264	10,291
2.02.04	Provisions	67,227	66,081
2.02.04.01	Tax, social security, labor and civil provisions	60,025	59,512
2.02.04.01.01	Tax provisions	1,615	-
2.02.04.01.02	Social security and labor provisions	42,832	44,767
2.02.04.01.04	Civil provisions	15,578	14,745
2.02.04.02	Other allowances, provisions and accruals	7,202	6,569

2.02.04.02.01	Provision for warranties	7,202	6,569
2.03	Consolidated equity	153,356	42,269
2.03.01	Issued capital	580,669	560,287
2.03.02	Capital reserves	- 31,116	- 31,116
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.07	Reserves and capital transactions	- 40,996	- 40,996
2.03.05	Retained earnings/accumulated losses	- 636,460	- 704,720
2.03.06	Valuation adjustments to equity	45,693	45,857
2.03.07	Cumulative translation adjustments	194,570	171,961

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

Line Item	Description		Current YTD 01/01/2021 to 03/31/2021		Prior YTD 01/01/2020 to 03/31/2020
3.01	Net operating revenue		551,098		316,763
3.02	Cost of sales	-	297,062	-	207,172
3.03	Gross profit		254,036		109,591
3.04	Operating (expenses) income	-	85,588	-	68,427
3.04.01	Selling expenses	-	44,282	-	33,340
3.04.02	General and administrative expenses	-	43,724	-	39,047
3.04.03	Impairment losses	-	412		3,729
3.04.04	Other operating income		5,460		2,643
3.04.05	Other operating expenses	-	2,620	-	2,412
3.04.06	Equity in earnings (losses)	-	10		-
3.05	Profit before finance income (costs) and taxes		168,448		41,164
3.06	FINANCE INCOME (COSTS)	-	76,102	-	189,370
3.06.01	Finance income		15,743		20,938
3.06.02	Finance costs	-	91,845	-	210,308
3.07	Pretax income		92,346	-	148,206
3.08	Income tax and social contribution	-	24,105	-	8,691
3.08.01	Current	-	22,622	-	818
3.08.02	Deferred	-	1,483	-	7,873
3.09	Profit (loss) from continuing operations		68,241	-	156,897
3.10	Profit (loss) from discontinued operations, net	-	145	-	227
3.10.01	Profit (loss) from discontinued operations	-	145	-	227
3.11	Consolidated profit (loss) for the period		68,096	-	157,124
3.11.01	Attributable to owners of the Company		68,096	-	157,124
3.99	Earnings per share (R$/share)		-		-
3.99.01	Basic earnings per share		-		-
3.99.01.01	Common shares (ON)		0.67981		0.25630
3.99.01.02	Preferred shares (PN)		0.73442		0.25630
3.99.02	Diluted earnings per share		-		-
3.99.02.01	Common shares (ON)		0.67981		0.24080
3.99.02.02	Preferred shares (PN)		0.53462		0.24090

Consolidated FS / Statement of Comprehensive Income

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2021 to 03/31/2021		Prior YTD 01/01/2020 to 03/31/2020
4.01	Consolidated profit for the period	68,096	-	157,124
4.02	Other comprehensive income	22,609		42,452
4.02.01	Translation adjustment for the period	22,609	-	42,452
4.03	Consolidated comprehensive income for the perio	90,705	-	114,672
4.03.01	Attributable to owners of the Company	90,705	-	114,672

Consolidated FS / Statement of Cash Flows - Indirect Method

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2021 to 03/31/2021	Prior YTD 01/01/2020 to 03/31/2020
6.01	Net cash from operating activities	206,556	77,360
6.01.01	Cash generated by operating activities	168,755	25,450
6.01.01.01	Profit (loss) before income tax and social contribution	92,346	-148,206
6.01.01.02	Depreciation and amortization	7,218	6,427
6.01.01.03	Cost of capital assets written off	1,996	131
6.01.01.05	Share of results of investees	10	-
6.01.01.07	Allowance for doubtful debts	412	-3,729
6.01.01.08	Allowance for inventory losses	1,519	-2,311
6.01.01.10	Accrued interest on borrowings and intragroup loans	9,152	7,422
6.01.01.12	Provision for Civil, Labor and Tax Risks	-52	-13,862
6.01.01.14	Other items that do not affect cash included in profit	-10,110	-
6.01.01.17	Provision for warranties	-1,447	-555
6.01.01.18	Exchange differences on translating borrowings and financing	67,489	180,153
6.01.01.20	Net cash from discontinued operations	222	-20
6.01.02	Changes in assets and liabilities	6,167	51,762
6.01.02.01	(Increase) decrease in trade receivables	15,156	-6,740
6.01.02.02	(Increase) decrease in inventories	-99,896	43,230
6.01.02.03	(Increase) in other receivables	22,225	-11,440
6.01.02.04	Increase in trade payables	60,793	4,196
6.01.02.05	Increase in accounts payable	7,889	22,516
6.01.03	Other	31,634	148
6.01.03.03	Held-for-sale assets and liabilities	44,201	369
6.01.03.04	Income tax and social contribution paid	-12,567	-221
6.02	Net cash from investing activities	-41,951	-12,091
6.02.01	Due from related parties	-50	-574
6.02.03	In investments	-3,128	-
6.02.04	In property, plant and equipment	-32,132	-10,251
6.02.05	In intangible assets	-1,450	-1,162
6.02.06	Financial investments	-5,039	1
6.02.07	Net cash from discontinued investing activities	-152	-105
6.03	Net cash from financing activities	84	-26,373
6.03.02	Borrowings and intragroup borrowings	30,359	94,021
6.03.03	Repayment of borrowings	-44,988	-110,242
6.03.05	Capital increase	20,382	119
6.03.09	Due to related parties	1,603	593
6.03.10	Payment of interest on borrowings and intragroup borrowings	-7,272	-10,847
6.03.12	Net cash from discontinued financing activities	-	-17
6.04	Exchange differences on translating cash and cash equivalents	-5,285	-8,123
6.05	Increase (decrease) in cash and cash equivalents	159,404	30,773
6.05.01	Cash and cash equivalents at the beginning of the year	91,231	35,966
6.05.02	Cash and cash equivalents at the end of the year	250,635	66,739

Consolidated FS / Statements of Changes in Equity / SCE -- 01/01/2021 to 03/31/2021

(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Consolidated equity
5.01	Opening balances	560,287	- 31,116	-	- 704,720	217,818	42,269	42,269
5.02	Prior-year adjustments	-	-	-	-	-	-	-
5.03	Adjusted opening balances	560,287	- 31,116	-	- 704,720	217,818	42,269	42,269
5.04	Shareholders' capital transactions	20,382	-	-	-	-	20,382	20,382
5.04.01	Capital increases	20,382	-	-	-	-	20,382	20,382
5.04.02	Share issuance costs	-	-	-	-	-	-	-
5.04.03	Recognized stock options granted	-	-	-	-	-	-	-
5.04.04	Treasury shares acquired	-	-	-	-	-	-	-
5.04.05	Treasury shares sold	-	-	-	-	-	-	-
5.04.06	Dividends	-	-	-	-	-	-	-
5.04.07	Interest on capital	-	-	-	-	-	-	-
5.05	Total comprehensive income	-	-	-	68,260	22,445	90,705	90,705
5.05.01	Net income for the period	-	-	-	68,096	-	68,096	68,096
5.05.02	Other comprehensive income	-	-	-	164	22,445	22,609	22,609
5.05.02.01	Adjustments to financial instruments	-	-	-	-	-	-	-
5.05.02.02	Taxes on adjustments to financial instruments	-	-	-	-	-	-	-
5.05.02.03	Share of associates’ comprehensive income	-	-	-	-	-	-	-
5.05.02.04	Translation adjustments for the period	-	-	-	-	22,609	22,609	22,609
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-	-
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	164	- 164	-	-
5.05.03	Reclassifications to profit or loss	-	-	-	-	-	-	-
5.05.03.01	Adjustments to financial instruments	-	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	-	-	-	-	-
5.06.01	Recognition of reserves	-	-	-	-	-	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-	-
5.07	Closing balances	580,669	- 31,116	-	- 636,460	240,263	153,356	153,356

Consolidated FS / Statements of Changes in Equity / SCE -- 01/01/2020 to 03/31/2020
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Consolidated equity
5.01	Opening balances	520,277 -	31,116	- -	970,315	176,533 -	304,621 -	304,621
5.02	Prior-year adjustments	-	-	-	-	-	-	-
5.03	Adjusted opening balances	520,277 -	31,116	- -	970,315	176,533 -	304,621 -	304,621
5.04	Shareholders' capital transactions	119	-	-	1,045	846	2,010	2,010
5.04.01	Capital increases	119	-	-	-	-	119	119
5.04.02	Share issuance costs	-	-	-	-	-	-	-
5.04.03	Recognized stock options granted	-	-	-	1,045	846	1,891	1,891
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	-	-	- -	156,884	42,212 -	114,672 -	114,672
5.05.01	Net income for the period	-	-	- -	157,124	- -	157,124 -	157,124
5.05.02	Other comprehensive income	-	-	-	240	42,212	42,452	42,452
5.05.02.01	Adjustments to financial instruments	-	-	-	-	-	-	-
5.05.02.02	Taxes on adjustments to financial instruments	-	-	-	-	-	-	-
5.05.02.03	Share of associates' comprehensive income	-	-	-	-	-	-	-
5.05.02.04	Translation adjustments for the period	-	-	-	-	42,452	42,452	42,452
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-	-
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	240 -	240	-	-
5.05.03	Reclassifications to profit or loss	-	-	-	-	-	-	-
5.05.03.01	Adjustments to financial instruments	-	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	-	-	-	-	-
5.06.01	Recognition of reserves	-	-	-	-	-	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-	-
5.07	Closing balances	520,396 -	31,116	- -	1,126,154	219,591 -	417,283 -	417,283

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

Line Item	Description	Current YTD 01/01/2021 to 03/31/2021	Prior YTD 01/01/2020 to 03/31/2020
7.01	Revenue	651,514	384,908
7.01.01	Sales of goods and services	646,466	378,536
7.01.02	Other income	5,460	2,643
7.01.04	Allowance for (reversal of) doubtful debts	-412	3,729
7.02	Inputs purchased from third parties	-317,424	-226,215
7.02.01	Cost of products, goods and services sold	-219,218	-153,910
7.02.02	Supplies, power, outside services and other inputs	-98,206	-72,305
7.03	Gross value added	334,090	158,693
7.04	Withholdings	-7,218	-6,427
7.04.01	Depreciation, amortization and depletion	-7,218	-6,427
7.05	Wealth created	326,872	152,266
7.06	Wealth received in transfer	15,588	20,710
7.06.01	Equity in earnings (losses)	-10	-
7.06.02	Finance income	15,743	20,937
7.06.03	Other	-145	-227
7.06.03.20	Wealth created by discontinued operations for distribution	-145	-227
7.07	Wealth for distribution	342,460	172,976
7.08	Wealth distributed	342,460	172,976
7.08.01	Personnel expenses	52,033	40,649
7.08.01.01	Wages	38,455	31,247
7.08.01.02	Benefits	10,940	7,285
7.08.01.03	Severance Pay Fund (FGTS)	2,638	2,117
7.08.02	Taxes, fees and contributions	129,204	78,714
7.08.02.01	Federal	106,584	59,351
7.08.02.02	State	22,470	19,229
7.08.02.03	Municipal	150	134
7.08.03	Lenders and lessors	93,127	210,737
7.08.03.01	Interest	91,840	210,307
7.08.03.02	Rentals	1,287	430
7.08.05	Other	68,096	-157,124
7.08.05.01	Accumulated losses, net of valuation adjustments to equity - Continuing operation	68,241	-156,897
7.08.05.02	Accumulated losses, net of valuation adjustments to equity - discontinued operation	-145	-227

1Q21 Earnings

Taurus maintains a strong operating performance and reports an EBITDA of R$175.7 million in 1Q21, with an EBITDA margin of 31.9% in 1Q21

Taurus recorded new operating records in 1Q21, with gross margin of 46.1%

and profit of R$68.1 million

São Leopoldo, May 6, 2021 *– Taurus Armas S.A. ("Taurus" or "Company") (B3: TASA3; TASA4), listed on B3's Corporate Governance Level 2 (Ticker symbols: TASA3, TASA4), one of the world's largest firearm manufacturers, operating with the brands Taurus, Rossi and Heritage, hereby reports its results earnings for the* ***First Quarter of 2021 (1Q21)****. Financial and operating information below, except otherwise indicated, is expressed in Brazilian reais (R$), follow international financial reporting standards (IFRSs) and Brazilian accounting principles. Comparisons refer to the same period of 2020.*

Operational and Financial Highlights – 1Q21 vs. 1Q20

Total production:
492,000 firearms.
USA plant raised volume by 288%

Net revenues:
R$ 551.1 million, a 74.0% growth

Gross profit:
R$ 254.0 million, with a 46.1% margin, increases of 131.8% and 11.5 p.p.

EBITDA:
R$ 175.7 million, with a 31.9% margin, increases of 269.1% and 16.9 p.p.

Net income:
R$ 68.1 million, 4th consecutive quarter with positive results

Financial leverage:
Net debt/EBITDA of 1.1 times

Main Indicators

R$ million	1Q21	1Q20	% change	4Q20	% change
Net operating revenue	551.1	316.8	*74.0%*	560.3	*-1.6%*
Domestic market	146.4	74.2	*97.3%*	140.0	*4.6%*
Foreign market	404.7	242.6	*66.8%*	420.3	*-3.7%*
Cost of sales	-297.1	-207.2	*43.4%*	-316.0	*-6.0%*
Gross profit	254.0	109.6	*131.8%*	244.2	*4.0%*
Gross margin (%)	*46.1%*	*34.6%*	11.5 p.p.	*43.6%*	2.5 p.p.
Operating expenses - SG&A	-85.6	-68.4	*25.1%*	-96.6	*-11.4%*
Operating result (EBIT)	168.4	41.2	*308.7%*	147.6	*14.1%*
EBIT margin (%)	*30.6%*	*13.0%*	17.6 p.p.	*26.3%*	4.3 p.p.
Finance income (costs), net	-76.1	-189.4	*-59.8%*	36.5	-
Income tax and social contribution	-24.1	-8.7	*177.0%*	88.6	-
Profit (loss) for the period (continuing operations)	**68.2**	**-156.9**	-	**272.7**	*-75.0%*
Profit (loss) from discontinued operations	-0.1	-0.2	-	6.8	-
Profit (loss) for the period	**68.1**	**-157.1**	**-**	**279.5**	**-75.6%**
EBITDA	175.7	47.6	*269.1%*	156.0	*12.6%*
EBITDA margin	*31.9%*	*15.0%*	*16.9 p.p.*	*27.8%*	*4.1 p.p.*
Adjusted EBITDA*	176.4	47.6	*270.6%*	156.8	*12.5%*
*Adjusted EBITDA margin**	*32.0%*	*15.0%*	*17.0 p.p.*	*28.0%*	*4.0 p.p.*
Net debt (at the end of the period)	665.7	998.1	*-33.3%*	775.4	*-14.1%*

** Adjusted EBITDA and adjusted EBITDA Margin – exclude nonrecurring amount associated to the COVID-19 pandemic (R$0.8 million in 4Q20 and R$0.7 million in 1Q21)*

1Q21 and 1Q20 – Includes the helmets operation | 4Q20 – net loss of the helmets operation stated as 'loss for the period of the discontinued helmets operation'.

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

Message from Management

We closed yet another quarter with strong earnings, reaching new operating records and posting profits for the fourth consecutive quarter, i.e., we maintained the performance pattern that has become a pleasant and well-founded routine at Taurus. In the first three months of 2021, we produced the largest volume of firearms in the Company's history in one quarter, despite all the adjustments in activities and the care that has been taken to guarantee the health of our employees, and other limitations that our suppliers are also facing due to the pandemic. In order to ensure an accelerated production pace without any disruptions, we have enough volume of our key raw materials in stock to maintain operation for coming three months, and a six months of firm orders to our suppliers. We manufactured 492,000 firearms in our two units, with the factory in Brazil continuing at a fast pace and increasing its productivity, in line with the goals we set for ourselves, and the US factory continuing the ramp-up process with great success. In the US, we manufactured 175,000 guns in the quarter, almost three hundred percent more than in the first quarter of 2020. And the plant has not yet reached the end of its ramp up, having the potential to further expand this volume. The constant increase of production capacity is in line with the heated market, which continues quarter after quarter: Taurus currently has a backlog of 2.3 million weapons. This confirms that the decision to transfer our operations to the USA, to our new headquarters in the State of Georgia, was correct, with a much larger space, better suited to our growth plans.

Starting the second quarter, we will further increase the manufacture volume of the GX4 pistol at the US site. The GX4 is a micro-compact pistol model developed by our Integrated Technology Center Brazil/USA, called CITE, which will place the Taurus brand in a market niche with higher value added and in which we have not yet entered and, therefore, without competing with other Taurus models. Furthermore, based on our product and process engineering work done by our CITE team, the GX4 has a production cost very close to the cost of current models. This means that in addition to increasing our average sales ticket, it will increase our margins. It will be manufactured in the USA unit, from where it will be exported to Brazil, according to our strategy of taking production lines to the US to avoid the bureaucracy in Brazil for the approval of a new model of locally produced weapon, which would delay the launch to the national consumer in years.

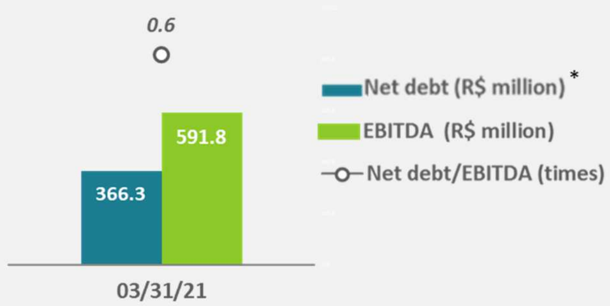
Sales also continued to be high, with higher profitability. We are achieving higher margins both in the USA and on a consolidated basis, mainly due to the new products developed with a new concept that involves: (i) product engineering, which leads to embedding more technology and lower raw material costs; and (ii) process engineering, involving more robust and efficient processes that generate lower labor costs. These are models such as the Toro line pistols, the 460 RH and Heritage 14" and 15" revolvers, and the soon-to-be-released GX4 pistol, which are premium models, for customers who seek a differentiated product and are willing to pay for this differential. These models incorporate higher value added and, therefore, higher margins for the Company.

In 1Q21, we sold 498,000 firearms, which generated revenues of R$512.5 million. Added to the revenue from M.I.M (metal injection molding) and helmets sales, the Company's net revenue for the quarter totaled R$551.1 million. Beginning January, we started to consolidate the helmet operation figures in the Company's results of operations, differently from what had happened in the past two years, when the results of this operation was disclosed in line item 'results of operations held for sale'. It is a technical issue, to comply with the current accounting standards, because we keep the helmet operation for sale. Even though it is an outstanding company in its sector of activity, which fights for leadership in the Brazilian market and is therefore economically viable, for Taurus the helmet operation is a small business and outside its focus of activity.

We should fail to mention that there was a quarter-on-quarter increase in all our indicators, while noting that 1Q20 had already been a record-breaking quarter. In 1Q21, production and sales growth were coupled with a gross margin gain. Gross profit increased by 131.8% compared to 1Q20, reaching R$254.0 million, with a margin of 46.1%. The higher profitability is related to the new products sold, the new production processes adopted, economies of scale, and higher productivity in the Brazilian plant and the increased production capacity in the USA, generating greater cost dilution. With this, and also keeping control over operating expenses, we achieved a new record EBITDA and EBITDA margin: R$175.7 million, a quarter-on-quarter increase of 269.1% compared to 1Q20, with a margin of 31.9%, which exceeds the margin for same quarter last year by 16.9 p.p. And so we *reached the 4th consecutive quarter posting a profit, of R$68.1 million for the quarter. We posted a strong performance growth in 2020, with increased production, sales, cash generation, and profitability, and in this first quarter of 2021 we were able to maintain robust growth and results, I.e., we kept growing compared to a baseline that had already been strong. We are, therefore, going in the opposite direction of the economy, since the Brazilian GDP dropped 4.1% in the year, the worst annual performance of the current series, which started in 1996. And the negative effects on the economy were felt not only in Brazil, but worldwide. In the USA, the world's largest economy, GDP shrank 3.5% in 2020, the worst performance since 1946, with almost all sectors, excepted for the general government and the real estate market, enduring production downturns.*

Taurus has become a strong cash generating company; this is our current position. At the end of the quarter, we recorded R$255.7 million in cash and equivalents. The solid, growing cash generation has allowed us to transform the Company's financial profile, so that today the debt issue of indebtedness is basically solved. Net debt at the end of March was R$665.7 million, which represents a drop of R$109.7 million compared to the position at the end of 2020 and R$332.4 million compared to our position 12 months ago, at the end of March 2020. And, even though our debt is mostly denominated in US dollars, we had were able to reduce our net debt despite the depreciation of the Brazilian real against the US dollar. We went from a highly leveraged position in 2018, when the current management took over Taurus's management, to a degree of financial leverage as measured by the net debt-to-EBITDA ratio of 1.1 at the end of 1Q21, considering the EBITDA for the last 12 months (2Q20 to 1Q21). If we further deduct from total net debt as at March 3, 2021 the proceeds of the maturing subscription warrants and the potential sale of the land of the old plant in Porto Alegre and of the helmet plant, which, when realized, will be allocated to reducing our debt, our leverage at the end of the reporting period would be 0.6.

Financial leverage: Net Debt/EBITDA



** Net debt less subscription warrants and assets for sale (land and helmet plant*

We will continue steadfastly with our strategy, which has proven to be the right one, always looking ahead and working to continue growing, in line with our strategic business plan. We have new projects underway and others in the pipeline. With cash generation we will, in addition to reducing our financial leverage, invest heavily in Capex and keep an eye on opportunities that may arise in the market.

The magazine joint venture is one of our new projects that is showing good results, confirming that the decision to follow this path was the right one. Coupled with the increase in the demand for weapons, there has also been a heating up of the accessories market. Few factories in the world produce magazines and demand is on the rise, not only for consumption by the firearms makers, but also in the aftermarket. Production of the Taurus joint venture is following its ramp-up process as planned and showing excellent performance in terms of quality. In addition to meeting our internal demand, the product opens the doors of this interesting aftermarket that has shown potential to become a project larger than originally projected.

In 2022, the production of Taurus-branded magazines will be transferred to the industrial hub that is being built on the Company's land, next to the São Leopoldo unit, in Rio Grande do Sul, where other important suppliers, considered strategic suppliers, will also be installed. By the way, the hub project is under full development and in line with the set schedule. Construction is expected to be completed in the beginning of 4Q21 and the companies that will be installed there will start operating immediately, with full operation in January 2022.

It is with great enthusiasm that we present this quarter's earnings. In light of all we have achieved in recent years and all our projects and plans, our message could not be any other than a message of optimism and excitement with regard to Taurus's future. We continue to show improvement in the indicators on the way to making Taurus, a Brazilian company, the largest light weapons company in the world. Throughout this journey we have received the indispensable support of our employees, customers, suppliers, partners, shareholders, and board members, whom we thank and whom we are counting on to accompany us in our next steps.

Salesio Nuhs
CEO

COVID-19

Since March 5, 2020 Taurus has had a permanent committee to address all matters regarding the pandemic, focusing on preserving the health of employees, supporting society and, at the same time, maintaining all the Company's activities. As a Strategic Defense Company (EAD), Taurus's activity was qualified as essential and, therefore, our operations were not interrupted because of the COVID-19 pandemic at any time.

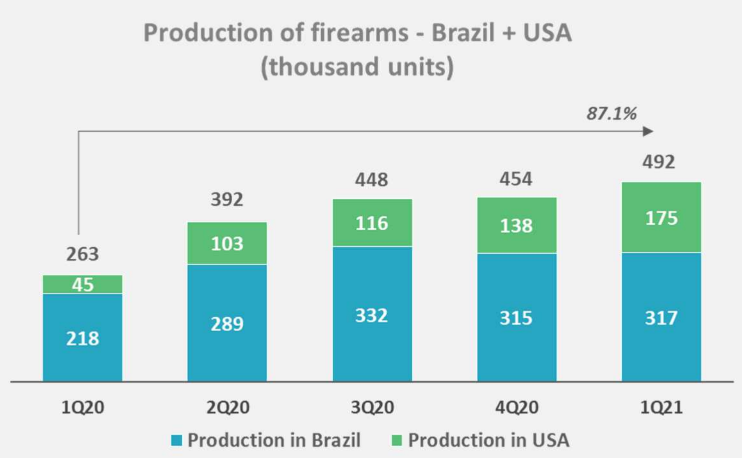
From March 2020 to April 2021, we adopted 97 prevention actions, both internally, within Taurus's units, and to support society with different donations, such as face shields sent to nine Brazilian states, including hiring employees to make these shields, which will total 500,000 units; sending equipment to Centenário de São Leopoldo Hospital; sending 5,000 rapid tests to the City of São Leopoldo; and donating 14.3 tons of food for charitable entities.

As a result of these measures, we incurred some nonrecurring expenses related to the donations made and additional expenditures on several items, such as the food program, healthcare, uniforms, PPE, freight, and others. Even though the amounts involved are not material and, therefore, were absorbed without significant impact on operating margins, the Company chose to highlight these amounts in the presentation of EBITDA (earnings before interest, taxes, depreciation and amortization). Thus, in this report we show an adjusted EBITDA calculation excluding such nonrecurring expenses and costs, to provide better comparability with previous periods.

Operating Performance

Production

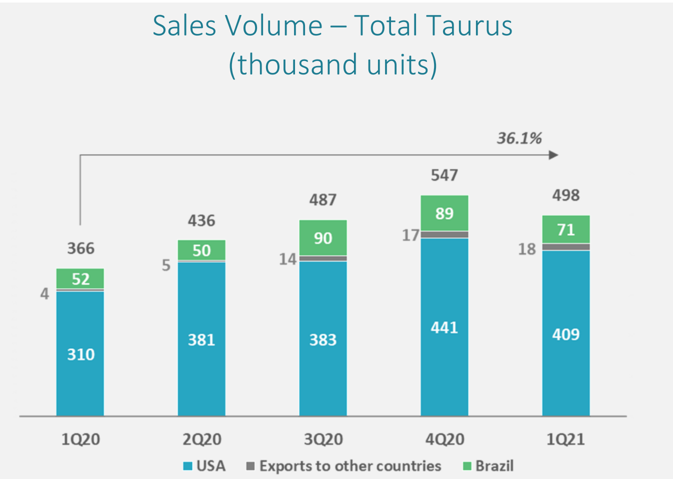
Taurus's two plants, in Brazil and in the USA, maintained a high operation pace in 1Q21, which raised total production for the quarter to 492,000 units, a quarter-on-quarter increase of 87.1% in volume and a new Company record. While the Brazilian plant has been increasing its productivity, in line with our plan, the US unit continues to ramp up production, exceeding initial expectations. In 1Q21, we produced 175,000 firearms at our US plant, which represents a quarter-on-quarter increase of 288.9%.

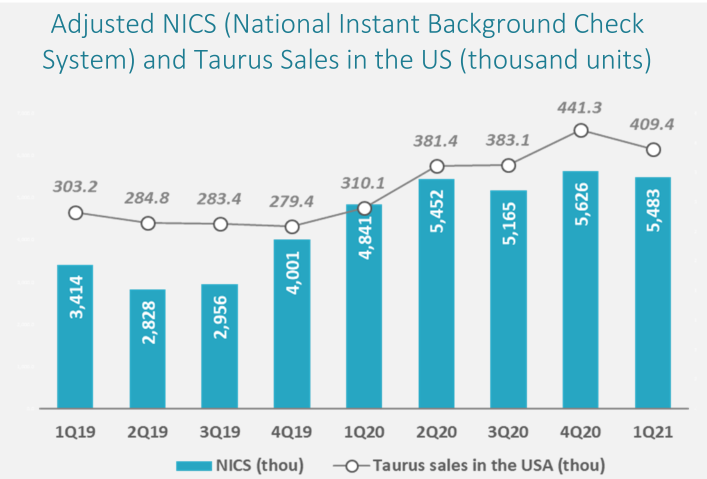


It is our strategy to offer the market innovative products and the development of these products relies on the CITE. The Integrated Engineering and Technology Center Brazil/United States, the output of which is the basis for our strong launch pace. The work developed by our engineers at the CITE provides agility in the development of products and technology, always focused on the customer's demands and in line with the most advanced technological solutions in the world. With its innovative projects, the CITE also contributes to the gain in scale and industrial productivity, since projects are now developed with a view on production efficiency, in addition to competitive costing, which ensures that we maintains our characteristic of offering firearm models with good cost benefit ratio. Since 2019, we have launched 152 new products, 15 of which in 1Q21.

Sales

The market remains heated and we continue to be capable of having the agility required to meet this strong demand, with an increase in production and expedited distribution. We sold 498,000 firearms in 1Q21, a quarter-on-quarter increase of 36.1%, with its products targeting the Brazilian market, the US market, and more than 15 other countries. Compared to 4Q20, our sales volume dropped 9.0%, since we sold most of our inventory in 4Q20.





In the USA, the Adjusted NICS (National Instant Check System) reported 5.5 million inquiries from people interested in purchasing a firearm in 1Q21, which a quarter-on-quarter increase of 13.3%. Relying on a broad distribution network throughout the USA, sales of Taurus firearms, the best-selling imported brand in this market, totaled 409,000 units, a quarter-on-quarter 31.9% volume increase.

In Brazil, Taurus firearms' sales in 1Q21 exceeded sales in 1Q20 by 36.5%, totaling 71,000 units. Taurus remains the absolute leader in the domestic market despite the market deregulation to allow the importation of foreign firearms, since we have the best quality-price ratio, at a level that imported products cannot compete. We continue to record an increased demand from Brazilian consumers for firearms that incorporate higher added value, with calibers that were previously restricted in Brazil.

With regard to our sales to other countries, the highlights in the quarter were the exports made to Pakistan, the Philippines, Guatemala, South Africa, and Honduras. In total, we sold 18,000 units, compared to 4,000 units in 1Q20. Exports to other countries are carried out based on international bids by foreign security forces won by Taurus. In 2021, we have already entered into important international deals, such as the sale of 12,400 rifles to the Philippines and 4,500 pistols to Burkina Faso.

Economic and Financial Performance

Beginning 1Q21, as required by our accounting standards, the results of the helmet operation are once again being consolidated. In the course of the last two years—2019-2020—instead of consolidation, the net results of this operation was stated in line item 'Profit or loss of discontinued operations'. Due to the change in accounting standards and in order to maintain the appropriate comparison with the performance in 1Q21, 1Q20 data is also stated considering the consolidation of these operations in the Statement of Profit or Loss.

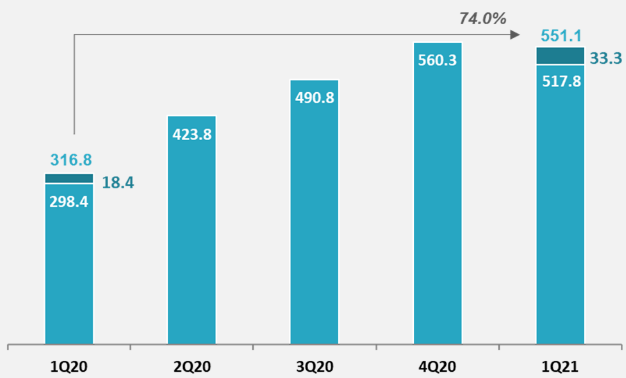
Net Operating Revenue

Taurus's net operating revenue in 1Q21 reached R$551.1 million, a quarter-on-quarter increase of 74.0%. This performance is explained by the increase in the volume of firearm sales in the period, together with the mix of models with higher value added, which had a direct impact on revenue. Revenue for the period also includes the positive contribution of the helmet operation, which posted a quarter-on-quarter increase of 80.1%, totaling R$33.3 million in 1Q21.

With 73.4% of total revenue for the quarter coming from foreign sales, our revenue also benefited from the foreign exchange gain as a result of the depreciation of the Brazilian currency against the US dollar. Using the average US dollar exchange rate in 1Q21, of R$5.48, compared to an average rate of R$4.47, the US dollar fluctuation against the local currency in the period was 22.6%.

Consolidated Net Operating Revenue
(R$ million)

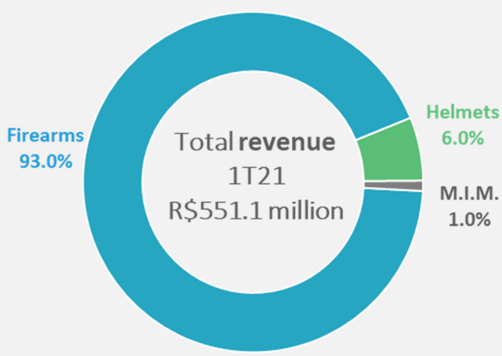
Change in quarter



1Q21 and 1Q20 – Include helmet operation

2Q20 and 4Q20 – Does not include helmet operation, the net results of which are shown in line item 'Results of discontinued operations'

Per segment



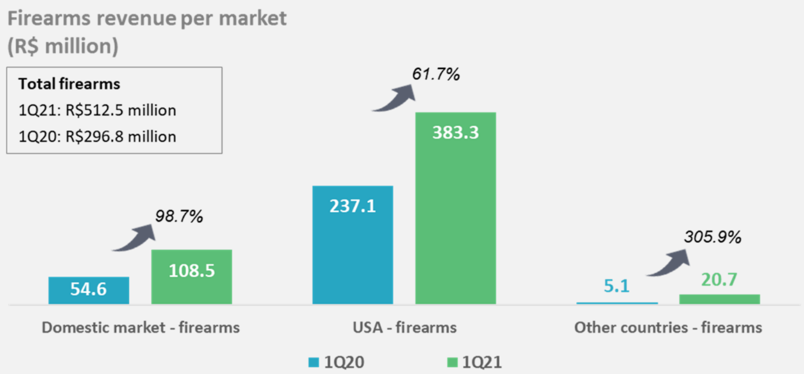
The sale of firearms accounted for 93.0% of total net revenue for the quarter, totaling R$512.5 million, a quarter-on-quarter increase of 72.7%. The Company divides its sales into three regional blocks: Brazilian domestic market, US market, and exports to other countries. Quarter-on-quarter performance shows a significant increase in all three geographies.

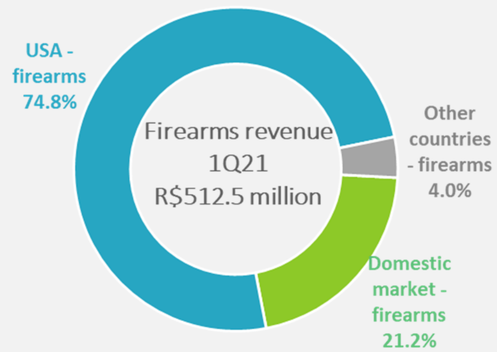
Our largest market for firearms is the US market, with sales aimed exclusively at the civilian segment. With demand remaining heated and the good acceptance of our models by consumers, revenue resulting from sales in the US totaled R$383.3 million, equivalent to 74.8% of revenue from firearms in 1Q21 and 61.7% higher than revenue recorded in the same quarter of the previous year.

Brazil is the second largest market for Taurus firearms. Sales in Brazil have been posting continuous growth, while we see a change in the consumer profile. In addition to an increased share of female consumers, we also recorded growing demand for calibers that were previously restricted, such as 9mm pistols and rifles, which contributed to the increase in the average sales ticket, since they are more sophisticated models, with a higher price range. Quarter-on-quarter revenue from firearms sale in the domestic market grew 98.7%, totaling R$108.5 million in 1Q21.

Exports to other countries represent a smaller share of firearm revenue—4.0% of the revenue from firearm sales in 1Q21—totaling R$20.7 million for the quarter, or a quarter-on-quarter growth of 305.9%.

FIREARMS - Net Operating Revenue



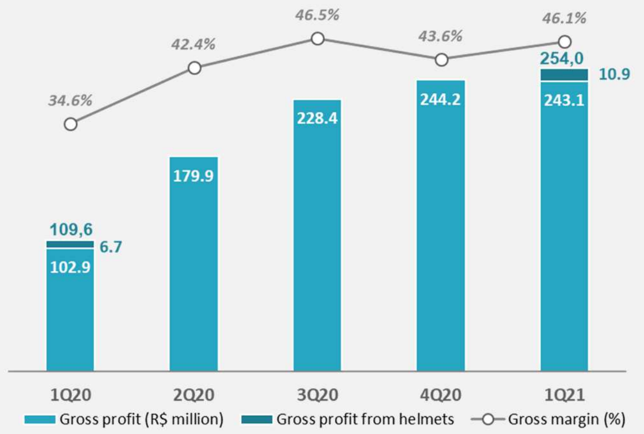


Gross profit

The cost of sales (CoS) increase less than net revenue, leading to an increase in gross margin, which reached 46.1% in 1Q21. This performance is related to tour operating efficiency level that we have been able to maintain in our operations, with strong cost management, a sales mix with higher added value, in addition to the dilution of overhead from the increased revenue.

Gross profit for the quarter was R$254.0 million, a quarter-on-quarter increase of 131.8% in performance.

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



1Q21 and 1Q20 – Include helmet operation
2Q20 and 4Q20 – Does not include helmet operation, the net results of which are shown in line item 'Results of discontinued operations'

A quarter-on-quarter growth of 131.8% in gross profit and 46.1% in gross margin

Operating expenses

Operating Expenses totaled R$85.6 million in 1Q21, a quarter-on-quarter increase of 25.1%. Like in the case of CoS, operating expenses also grew less than net revenue in the comparative period, representing 15.5%, compared to 21.6% in the same period of the previous year.

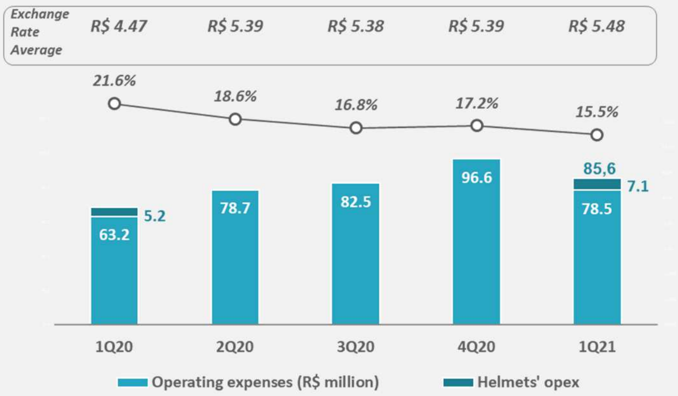
	1Q21	1Q20	1Q21 v. 1Q20 % change	4Q20	1Q21 v. 4Q20 % change
Selling expenses	44.3	33.3	32.8%	40.6	9.1%
General and administrative expenses	43.7	39.0	12.0%	60.1	-27.3%
Asset impairment losses (income)	0.4	-3.7	-	-0.7	-
Other operating income (expenses)	-2.8	-0.2	1129.4%	-3.4	-17.6%
Operating expenses (SG&A)	**85.6**	**68.4**	**25.1%**	**96.6**	**-11.4%**
Operating exp./Op. income, net (%)	*15.5%*	*21.6%*	*-6.1 p.p.*	*17.2%*	*-1.7 p.p.*
Ptax dollar exchange rate at end of period (R$)	*5.48*	*4.47*	*22.6%*	*5.39*	*1.7%*

1Q21 and 1Q20 – Include helmet operation. | 4Q20 – Does not include helmet operation, the net results of which are shown in line item 'Results of discontinued operations'

The most significant increase was in the group classified as selling expenses, which totaled R$44.3 million in 1Q21—51.8% of total operating expenses in the quarter—, a quarter-on-quarter increase of 32.8%. These expenses include items such as commissions and freight and insurance, variable expenses that showed growth due to the increase in sales.

Additionally, the performance of our expenses is also influenced by the foreign exchange differences, since we have a manufacturing unit in the US. In addition to the general and administrative expenses related to the US unit, since our largest consumer market is precisely the US, the biggest advertising and marketing efforts, as well as other selling expenses, are also incurred by this unit. All operating expenses incurred in this unit are incurred in US dollars and translated into Brazilian reais for consolidation purposes, so that the depreciation of the local currency represents additional pressure on expenses. Taking into account the average US dollar exchange rate in 1Q21 and 1Q20, there was a 22.6% depreciation of the local currency in the period. This justifies, in large part, the increase in operating expenses.

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



1Q21 and 1Q20 – Include helmet operation

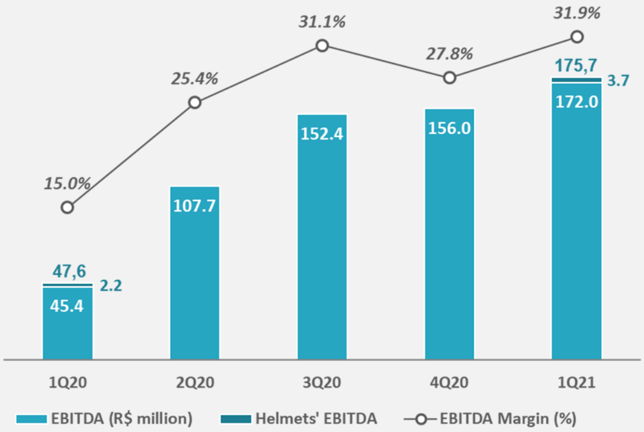
2Q20 and 4Q20 – Does not include helmet operation, the net results of which are shown in line item 'Results of discontinued operations"

EBITDA

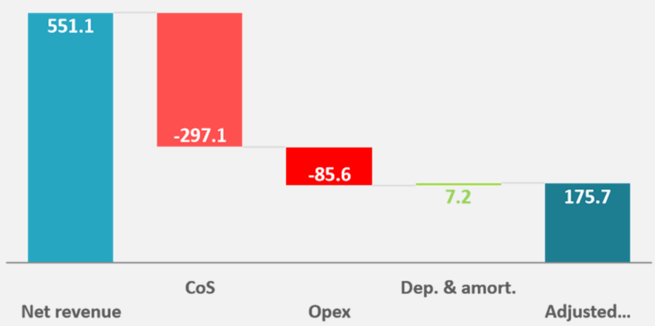
In light of the increase of revenue and gross profit, resulting in a higher gross margin and greater dilution of operating expenses, EBITDA (earnings before interest, taxes, depreciation and amortization) grew by 269.1% on a quarter-on-quarter basis, totaling R$175.7 million in the last quarter. We recorded a record amount for a quarter, which has been growing continuously, having assumed a new level since 2020, so that, EBITDA of 1Q21 exceeds the EBITDA's performance for the entire year of 2019, when it totaled R$128.0 million. The EBITDA margin was 31.9%, also a record for Taurus in one quarter, exceeding by 16.9 p.p. the margin earned in the same period of 2020.

If we exclude from the calculation nonrecurring expenses incurred due to the COVID-19 pandemic, which totaled R$0.7 million in 1Q21, EBITDA for the quarter would be R$176.4 million, with an EBITDA margin of 32.0% on net revenue for the period. These nonrecurring expenses include, among others, donations and additional expenditures, such as food program, medical care, uniforms, PPE, and freight.

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



Breakdown of 1Q21 EBITDA (R$ million)



1Q21 and 1Q20 – Include helmet operation

2Q20 and 4Q20 – Does not include helmet operation, the net results of which are shown in line item 'Results of discontinued operations'

EBITDA calculation - reconciliation according to ICVM 527/12.

R$ million	1Q21	1Q20	1Q21 x 1Q20 % change	4Q20	1Q21x4Q20 % change
Earnings before interest and taxes (EBIT)	168.5	41.2	*309.0%*	147.6	*14.2%*
Depreciation and amortization	7.2	6.4	*12.5%*	8.4	*-14.3%*
EBITDA	**175.7**	**47.6**	***269.1%***	**156.0**	***12.6%***
EBITDA margin	*31.9%*	*15.0%*	*16.9 p.p.*	*27.8%*	*4.0 p.p.*
Nonrecurring expenses relating to Covid-19	0.7	0.0		0.8	
Adjusted EBITDA	**176.4**	**47.6**	***270.6%***	**156.8**	***12.5%***
Adjusted EBITDA margin	*32.0%*	*15.0%*	*17.0 p.p.*	*28.0%*	*4.0 p.p.*

1Q21 and 1Q20 – Includes the helmets operation | 4Q20 – does not include the helmets operation stated as 'loss for the period of the discontinued helmets operation'.

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)

Foreign exchange differences—gains and losses—account for the largest share of our finance income and expenses. Due to the depreciation of the Brazilian real, there is a positive effect from US dollar-denominated cash generated by the US subsidiary, while there is a negative effect on the financial obligations related to our US dollar-denominated debt (91.3% of total gross debt as a t March 31., 2021).

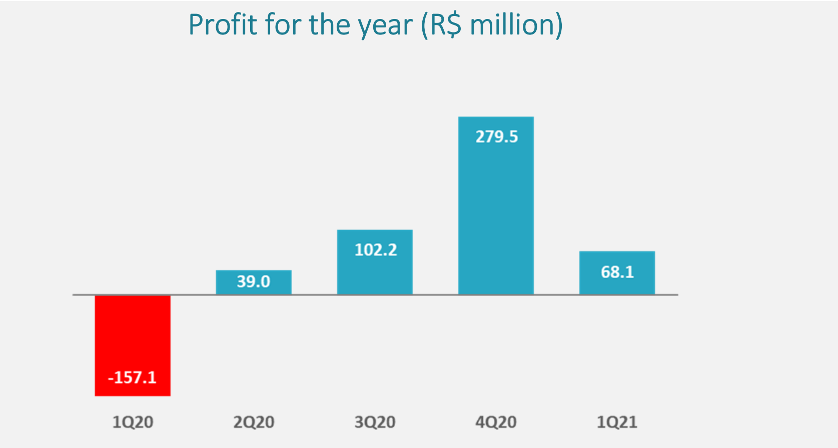
In 1Q21, we recorded net finance costs of R$76.1 million, from finance income of R$15.7 million and finance costs of R$91.8 million. Net finance costs for the quarter are 59.8% lower than net finance costs recorded in 1Q20, in spite of the pressure put on our finances by changes in foreign exchange rates due to the 22.6% depreciation the Brazilian real in the twelve-month period, based on the average US dollar exchange rate in the two quarters at hand.

R$ million	**1Q21**	**1Q20**	**1Q21 v. 1Q20 % change**	**4Q20**	**1Q21 v. 4Q20 % change**
(+) Finance income	**15.7**	**20.9**	***-24.9%***	**120.3**	***-86.9%***
Foreign exchange gains	*15.5*	*20.2*	*-23.0%*	*119.4*	*-87.0%*
Interest IOF and other income	*0.2*	*0.7*	*-71.4%*	*0.9*	*-77.8%*
(-) Finance costs	**91.8**	**210.3**	***-56.3%***	**83.9**	***9.4%***
Foreign exchang losses	*79.3*	*195.4*	-59.4%	*64.6*	22.8%
Interest IOF and other costs	*12.6*	*14.9*	-15.4%	*19.3*	-34.7%
(+/-) Finance income (costs), net	**-76.1**	**-189.4**	*-59.8%*	**36.5**	-
Average US dollar Ptax rate for the period (R$)	**5.48**	**4.47**	*22.6%*	**5.39**	*1.7%*

1Q21 and 1Q20 - Include helmet operation
4Q20 - Does not include helmet operation, the net results of which are shown in line item 'Results of discontinued operations'

Profit for the year

Operating stability, coupled with production and distribution efficiency, cost and expense management, and a sales mix that incorporates higher value-added models resulted in a profit of R$68.1 million for 1Q21, the fourth consecutive quarter with a positive results, despite the high foreign exchange losses. In 1Q20, we posted a loss of R$157.1 million due to the accounting impact of the foreign exchange differences on translating our debt, which in this period burdened earnings by R$195.4 million.



Debt

Gross debt

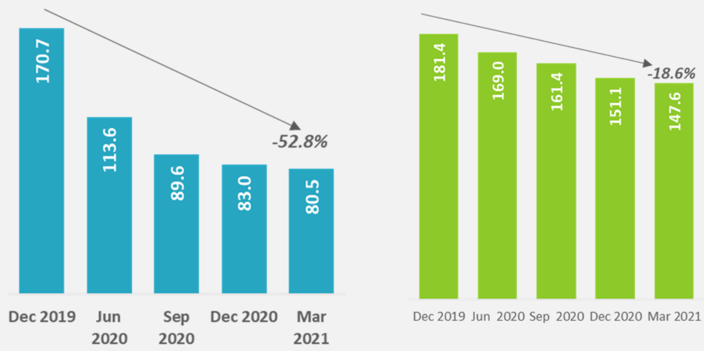
As at March 31, 2021, we reported gross debt of R$921.4 million, 91.3% of which consists of US dollar-denominated debt. Our indebtedness at the end of 1Q21 was 6.3% higher than at December 31, 2020. However, if we translated total debt into US dollars at the exchange rate prevailing at the related dates, our debt is 3.1% lower, which shows the impact of exchange rate differences, considering the 9.6% depreciation of the local currency in the period.

	03/31/2021			12/31/2020			% change
R$ million	**Consolidated**	***Brazil***	***USA***	**Consolidated**	***Brazil***	***USA***	**Consolidated**
Borrowings and financing	104.3	*92.4*	*11.9*	71.5	*71.5*	*0.0*	*45.9%*
Debentures	7.7	*7.7*	*0.0*	6.9	*6.9*	*0.0*	*11.6%*
Foreign exchange drafts	109.4	*109.4*	*0.0*	100.3	*100.3*	*0.0*	*9.1%*
Current	**221.5**	***209.6***	***11.9***	**178.7**	***178.7***	***0.0***	***24.0%***
Borrowings and financing	641.9	*574.3*	*67.6*	627.0	*550.4*	*76.6*	*2.4%*
Debentures	58.0	*58.0*	*0.0*	61.0	*61.0*	*0.0*	*-4.9%*
Noncurrent	**699.9**	***632.3***	***67.6***	**688.0**	***611.4***	***76.6***	***1.7%***
Gross debt	**921.4**	***841.9***	***79.5***	**866.7**	***790.1***	***76.6***	***6.3%***
Cash and short-term investments	255.7			91.2			*180.4%*
Net debt	**665.7**			**775.4**			***-14.1%***
Ptax dollar exchange rate at end of period (R$)	**5.70**			**5.20**			***9.6%***
Gross debt translated into US dollars (US$ million)	**161.7**			**166.8**			***-3.1%***

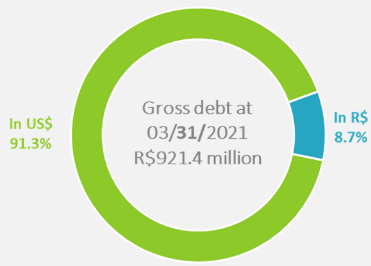
As we can see in the exercise shown in the graph below, when considering the different "blocks" of our gross debt in the currencies in which they are denominated, on a consolidated basis, the balance has been decreasing since the end of 2019.

Gross debt at March 31, 2021 - R$866.7 million

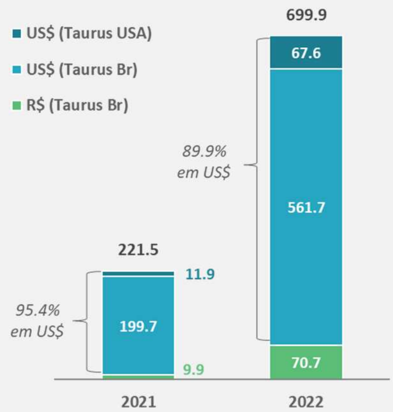
In the original currency



Per currency

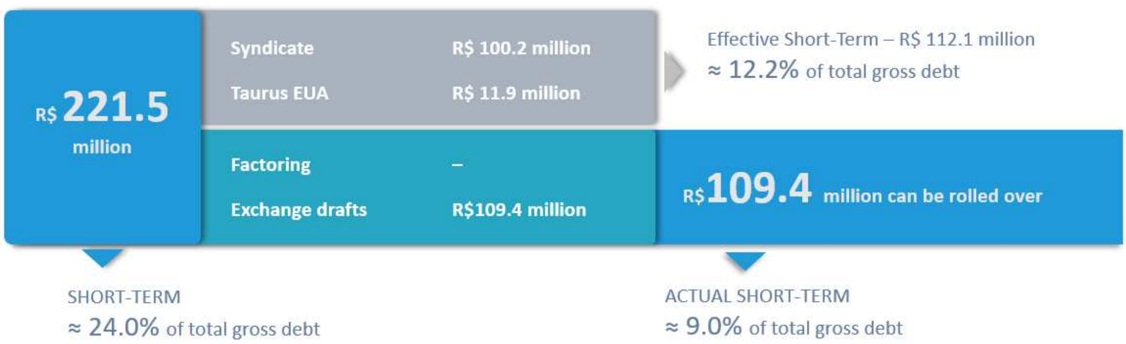


Maturity profile



With respect to maturity profile, 76% or R$699.9 million of total debt as at March 31, 2021 was long-term debt, maturing in 2022. Of the R$221.5 portion million maturing in the short term, R$11.9 million refers to the loan from our US subsidiary and R$209.6 million refers to loans raised and debentures issued by holding company Taurus S.A. The exchange withdrawals, which totaled R$109.4 million at the end of March, are supported by an agreement with the creditor bank for their automatic renewal at each maturity, with the possibility of settlement by October 2022 and therefore, in practice, have their final maturity in the long term. Thus, the portion of total gross debt with an actual maturity in the short term is 12.2%.

Current gross debt as at March 31, 2021 - R$211.5 million

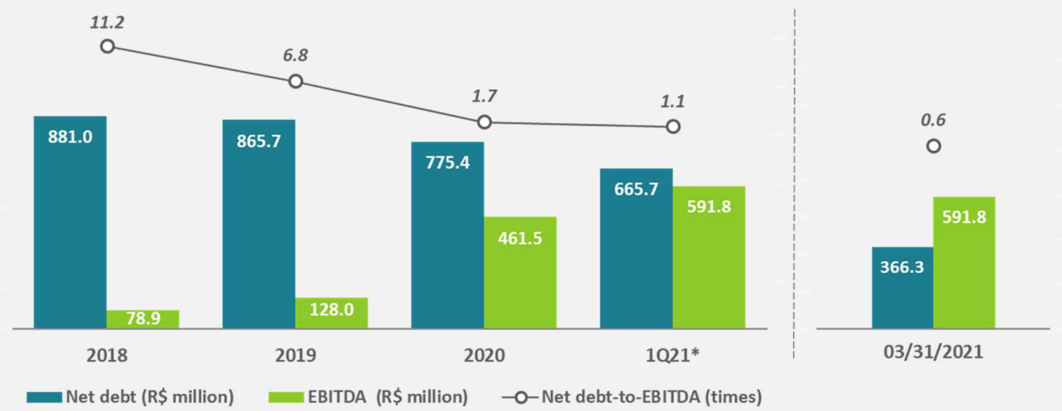


Net debt

The position in the 'cash and short-term investments' line item at the end of 1Q21 showed an increase of 180.4% compared to the position at the end of 2020, totaling R$255.7 million. Thus, the Company's net debt was R$665.7 million as at March 31, 2021, a R$109.7 million or 14.1% drop compared to December 31, 2020.

The degree of leverage measured by the net debt-to-EBITDA ratio showed a significant decrease over the last years, reflecting the alignment of the debt profile with the increasing operating cash generation. Considering EBITDA for the last twelve months (2Q20 to 1Q21: R$591.8 million), the net debt-to-EBITDA ratio as at March 31, 2021 was 1.1.

Financial leverage: Net Debt/EBITDA



** 1T21 - Last 12 months EBITDA (2Q20 to 1Q21)*
*** 1Q21 - EBITDA for the last 12 months and net debt as at March 31, 2021 less the amounts related to the land and the helmet factory for sale, and the balance of subscription warrants*

We also have "potential receivables" that will be used to reduce our debt, consisting of the land of the former plant in Porto Alegre and the helmet plant that are for sale and the balance of warrants to be redeemed. Bu simulating the net debt position as at March 31, 2021 where these amounts are deducted from the total, debt as at this date would be R$456.3 million, which would lead to a net debt-to-EBITDA leverage ratio of 0.6.

Capital Structure

After reverting, at the end of 2020, the negative equity position it had been reporting in recent years, profit for 1Q21 allowed this balance to be increased, leading us to end the quarter with a positive equity of R$153.4 million, an amount 262.6% higher than the position as at December 31, 2020.

With stable and consolidated performance, we are on track to, after eliminating the negative balances in the capital reserve accounts and prior years' accumulated losses, achieve our goal of once again making payouts to our shareholders in the form of dividends.

Capital Market

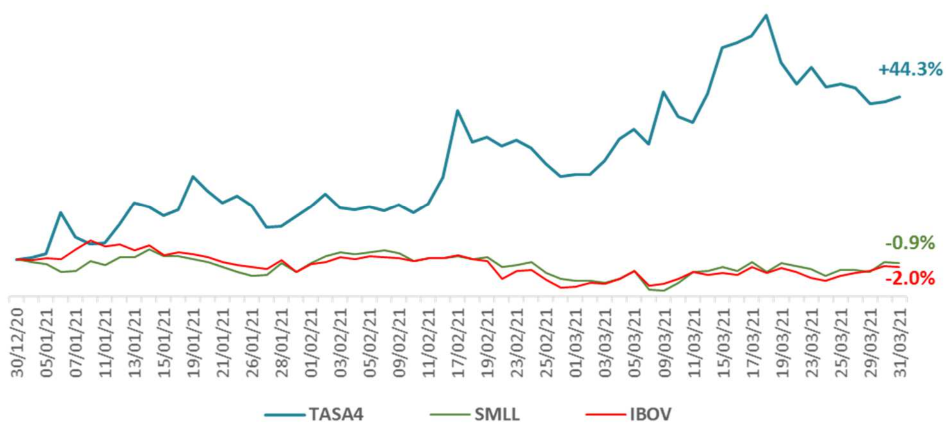
Taurus has common (TASA3) and preferred shares (TASA4) listed on B3's Level II listing segment, a market segment that brings together companies that voluntarily comply with special corporate governance rules. Both shares are part of the B3 Small Caps Index (SMLL) portfolio.

In the first quarter of 2021, our common shares (TASA3) appreciated 45.0% and our preferred shares appreciated 44.3%, compared to a depreciation of 2.0% and 0.9% of Ibovespa and SMLL.

	TASA3	TASA4	Market value	Economic value (EV)*
12/31/2020	R$15.87	R$15.50	R$1,507.2 million	R$2,148-8 million
03/31/2021	R$23.01	R$22.36	R$2,179.6 million	R$2,779.3 million
Variation	*+ 45.0%*	*+ 44.3%*	*+ 44.6%*	*+ 29.3%*

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

Performance of preferred shares (TASA4) in the quarter vs. SMLL B3 and IBOV B3
Baseline 100: December 31,



Subsequent Event

Stock Option Plan

As disclosed in the Material Fact Notice and in the Minutes of the Extraordinary and Annual Shareholders' Meeting disclosed on April 26, 2021, the Shareholders' Meeting held on this date approved the Company's Stock Option Plan intended for the statutory officers selected by the Board of Directors, to be managed by this management body, always respecting the limit of 3 million shares, of which 1 million are common shares and 2 million preferred shares. The full content of Stock Option Plan is available at the websites of CVM (www.cvm.gov.br), B3 S.A. – BRASIL, BOLSA, BALCÃO (www.b3.com.br), and Taurus (www.taurusri.com.br).

Annexes

Statement of Profit or Loss

R$ million	1Q21	1Q20	*% change*
Net operating revenue	551.1	316.8	*74.0%*
Cost of sales	-297.1	-207.2	*43.4%*
Gross profit	**254.0**	**109.6**	***131.8%***
Operating (expenses) income	-85.6	-68.4	*25.1%*
Selling expenses	-44.3	-33.3	*33.0%*
General and administrative expenses	-43.7	-39.0	*12.1%*
Impairment losses	-0.4	3.7	-
Other operating income	5.5	2.6	*111.5%*
Other operating expenses	-2.6	-2.4	*8.3%*
Profit before finance income (costs) and taxes	**168.5**	**41.2**	***309.0%***
Finance income (costs)	-76.1	-189.4	*-59.8%*
Finance income	15.7	20.9	*-24.9%*
Finance costs	-91.8	-210.3	*-56.3%*
Pretax income	**92.4**	**-148.2**	***-162.3%***
Income tax and social contribution	-24.1	-8.7	-
Current	-22.6	-0.8	*2725.0%*
Deferred	-1.5	-7.9	*-81.0%*
Profit (loss) from continuing operations	**68.3**	**-156.9**	***-143.5%***
Profit (loss) from discontinued operations, net	-0.1	-0.2	-
Consolidated profit (loss) for the period	**68.1**	**-157.1**	***-143.3%***
Attributable to owners of the Company	68.1	-157.1	*-143.3%*
Earnings per share (R$/share)			
Basic earnings per share			
Common shares (ON)	*0.6798*	*-1.7761*	*-138.9%*
Preferred shares (PN)	*0.7344*	*-1.7761*	*-138.9%*
Diluted earnings per share			
Common shares (ON)	*0.6798*	*-1.7757*	*-138.9%*
Preferred shares (PN)	*0.5346*	*-1.7757*	*-127.8%*

Assets

R$ million	03/31/2021	12/31/2020	% change
Total assets	**1,697.9**	**1,460.7**	***16.2%***
Current assets	**1,111.5**	**930.9**	***19.4%***
Cash and cash equivalents	250.6	91.2	*174.8%*
Cash and banks	242.2	86.0	*181.6%*
Highly liquid short-term investments	8.5	5.2	*63.5%*
Short-term investments	5.0	0.0	-
Accounts receivable	315.4	317.4	*-0.6%*
Inventories	405.2	298.3	*35.8%*
Recoverable taxes	38.3	33.3	*15.0%*
Prepaid expenses	17.3	22.2	*-22.1%*
Other current assets	79.6	168.3	*-52.7%*
Noncurrent assets	**586.4**	**529.8**	***10.7%***
Long-term receivables	209.2	203.1	*3.0%*
Deferred taxes	194.3	188.6	*3.0%*
Other noncurrent assets	14.9	14.5	*2.8%*
Investments	3.3	0.0	-
Property, plant and equipment	275.0	233.4	*17.8%*
Intangible assets	98.9	93.3	*6.0%*

Liabilities and Equity

R$ million	03/31/2021	12/31/2020	% change
Total liabilities and equity	**1,697.9**	**1,460.7**	***16.2%***
Current liabilities	**698.8**	**575.4**	***21.4%***
Payroll, benefits and taxes thereon	63.0	57.5	*9.6%*
Payroll and related taxes	30.4	32.1	*-5.3%*
Payroll and related taxes	32.6	25.4	*28.3%*
Suppliers	177.0	111.9	*58.2%*
Local suppliers	124.7	69.5	*79.4%*
Foreign trade payables	52.3	42.4	*23.3%*
Taxes payable	104.2	68.3	*52.6%*
Federal tax liabilities	100.4	65.9	*52.4%*
Income tax and social contribution payable	24.5	14.3	*71.3%*
Other taxes	75.9	51.7	*46.8%*
State tax liabilities	3.7	2.3	*60.9%*
Municipal tax liabilities	0.0	0.1	-
Borrowings and Financing	112.1	78.4	*43.0%*
In local currency	2.2	1.8	*22.2%*
In foreign currency	102.2	69.7	*46.6%*
Debentures	7.7	6.9	*11.6%*
Other Payables	188.9	203.8	*-7.3%*
Foreign exchange drafts	109.4	100.3	*9.1%*
Advances from customers	49.7	49.1	*1.2%*
Payables from noncurrent assets for sale	3.9	27.3	*-85.7%*
Other Payables	25.9	27.1	*-4.4%*
Provisions	53.7	55.5	*-3.2%*
Tax, social security, labor and civil provisions	41.3	41.0	*0.7%*
Other allowances, provisions and accruals	12.5	14.6	*-14.4%*
Noncurrent liabilities	**845.7**	**843.0**	***0.3%***
Borrowings and Financing	699.9	688.0	*1.7%*
In local currency	12.6	13.3	*-5.3%*
In foreign currency	629.3	613.7	*2.5%*
Debentures	58.0	61.0	*-4.9%*
Other Payables	68.3	78.7	*-13.2%*
Deferred taxes	10.3	10.3	*0.0%*
Provisions	67.2	66.1	*1.7%*
Social security, labor and civil provisions	60.0	59.5	*0.8%*
Other allowances, provisions and accruals	7.2	6.6	*9.1%*
Consolidated equity	**153.4**	**42.3**	***262.6%***
Issued capital	580.7	560.3	*3.6%*
Capital reserves	-31.1	-31.1	*0.0%*
Disposal of subscription warrants	9.9	9.9	*0.0%*
Capital transactions	-41.0	-41.0	*0.0%*
Retained earnings/accumulated losses	-636.5	-704.7	*-9.7%*
Valuation adjustments to equity	45.7	45.9	*-0.4%*
Cumulative translation adjustments	194.6	172.0	*13.1%*

1. General Information

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

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

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

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

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. The helmet operation has one manufacturing plant, in Mandirituba, Paraná State.

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

- Accessories joint venture

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

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

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

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

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

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

On March 11, 2021, the establishment of the joint venture was formalized and 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.

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

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

COVID-19

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

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

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

In compliance with CVM Circular Letter No. 02/2020 of March 10, 2020, which addresses the effects of the COVID19 pandemic on businesses' financial statements, Management assessed the main risks and accounting impacts, as well as the uncertainties that could affect said financial statements. Taurus reviewed its credit risks and assessed circumstances that would indicate an *impairment* of the Company's financial and nonfinancial assets, and identified no impacts due to the pandemic. Except for the costs arising from the increase of cleaning procedures, making facemasks, and face shields, buying hand sanitizer, sanitization, and other measures directly linked to COVID-19, which during the period of this pandemic, until March 31, 2021, total approximately R$5.5 million, to date no further costs or expenses were incurred. After all the inherent analyses made according to the legal, strategic and operational requirements of the Company, management did not identify any contingencies and the need to recognize provisions linked to, or adjustments to assets arising from COVID-19.

Economic and Financial Restructuring

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

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

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

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

I Debt Renegotiation:

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

On August 10, 2020, the amendments to the agreement relating to the new payment terms and conditions of the obligations to the Bank Syndicate were entered into, which contemplate the rescheduling of the payment of the principal that would mature in June 2020, which decreased from 15.07% to 0.29%, whereas the December 2022 installment decreased from 63.81% to 60.00%. These two adjustments were diluted between the installments due from June 2020 and November 2022. There was a 0.50% annual prospective increase in the bank spread rate. Collaterals also include the pledge of the shares issued by subsidiary Taurus USA. The amount will be adjusted to the Company's future cash flows and diluted over 22 months, including the other amounts and maturity dates already agreed in the previous agreement, as shown in the table below, in thousands of Brazilian reais (R$):

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

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

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

(*) Year to date, i.e., up to March 31, 2021, the Company prepaid 5.76% of PPE's and CCB and 8.53% of the debentures to the bank syndicate for debt amortization. Also for 2021, 8.27% of PPEs and CCB, and 5.50% of the debentures remain for repayment.

Upon the execution of these amendments, the Company is in regular standing before its creditors, rescheduling the payment of its debt which will be solely supported by its own cash generation so as to continue with the financial deleverage process. Such negotiation was based on the banks' confidence in the Company's current management, strengthening the commitment to all stakeholders, especially at the present difficult period the world is undergoing due to the COVID-19 pandemic, and is fully aligned with Taurus restructuring strategy, based on sustainable profitability, quality and improvement of financial and operating indicators. Up to March 31, 2021, the payments made totaled R$184.8 million, which accounts for 19.04% of total debt principal.

II - Operating efficiency

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

Completed Stages:

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

Stages in progress:

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

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

Completed Stages:

Operating Master Planning:

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

Research and Development:

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

Stages in progress:

Cost of Sales (CoS):

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

Operating Master Planning:

- Improving the demand forecasting methodology;

Operating Management Effectiveness:

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

Material Losses (yield and scrap):

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

Tools used:

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

III - Sales Efficiency

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

Completed Stages:

Market analysis

- Revisit the pricing model.

Product portfolio

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

Sales Execution

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

Stages in progress:

Market analysis

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

IV - Result Assessment (in progress)

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

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

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

2. Presentation of interim financial information

2.1. Basis of preparation

a) Statement of compliance

The Company presents its Parent 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 the Parent's 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 Mach 31, 2021 has been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

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

The interim financial information has been prepared based on the historical cost, except for the revaluation of certain properties and financial instruments measured at their revalued amounts or fair values at the end of each reporting period, as described in the accounting policies below. The historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

b) Management statement
The Company's Management asserts that all relevant information for the interim financial information as at March 31, 2021, and only this information, is disclosed and that it corresponds to the information used in managing the Company.

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

2.2. Basis of consolidation

The consolidated interim financial information includes the financial information of the Company and the entities controlled by the Company (its subsidiaries) prepared up to March 31 and the respective comparative periods. Control is achieved when the Company:

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

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

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

(*) The equity interests above represent the percentage rate held by the Company, both directly and indirectly, in the subsidiaries' capital.
(**) Former Taurus Plásticos Ltda.

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 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. Functional and presentation currency

The individual and consolidated financial information is stated in Brazilian reais (R$), which is the functional and presentation currency of the Company and its subsidiaries headquartered in Brazil, as it is the currency of the main economic environment in which the Company operates and which generates cash inflows and outflows. The functional currency of subsidiary Taurus Holdings, Inc., headquartered in the United States of America, and of subsidiary T. Investments Co. Inc., headquartered in Panama, is the US dollar, and their assets and liabilities are translated into Brazilian reais based on the exchange rate at the balance sheet date and their profit or loss are translated based on the monthly average exchange rate. 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 using the exchange rates prevailing on the transaction dates. 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.

3. Critical accounting judgments and key sources of estimation uncertainty

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

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

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

Trade receivables (expected 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 (allowance for inventory losses): Due to the market upturn, the Company is experiencing high demand for its finished products and the materials that make up its products, so that no changes are identified that would require special attention to this issue.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Significant accounting policies

The Company's individual and consolidated interim financial information for the period ended March 31, 2021 were prepared in accordance with Brazilian accounting standard CPC 21 (R1) and IAS 34 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 March 31, 2021 are the same accounting policies used to prepare the annual financial statements for the year ended December 31, 2020.

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

The presentation of the individual and consolidated Statements of Value Added (SVA) is required by the Brazilian Corporate Law and accounting practices adopted in Brazil IAS 34 does not require the presentation of this statement. As a result, this statement is presented as supplemental information for the purposes of IAS 34, without prejudice to the financial statements as a whole.

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

Financial assets and liabilities are initially measured at fair value. 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.

(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.

The Company has the following non-derivative financial assets: cash and cash equivalents classified and measured at fair value, and short-term investments and restricted accounts, trade receivables, due from related parties and other receivables, classified and measured at amortized cost.

(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. However, financial liabilities arising when the transfer of a financial asset does not qualify for write-off or when the continuing involvement approach is applicable and the financial guarantee contracts issued by the Company are measured in accordance with the specific accounting policies described below.

The Company has the following non-derivative financial liabilities: borrowings and financing, non-convertible debentures, trade and other payables, all classified and measured at amortized cost.

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

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

b) New effective standards, interpretations and revised standards

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

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

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

(ii) **Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.**
In case of sale or contribution of assets between an investor and its associate or joint venture, the transaction effect would only be recognized in profit or loss to the extent the transaction is conducted with an unrelated third party. These amendments are effective for periods beginning on or after January 1, 2022.

(iii) **Amendment to IAS 1 – Classification of Liabilities as Current or Non-current**
This standard will come into effect beginning January 1, 2022. Clarifies aspects to be considered for the classification of liabilities as current or non-current liabilities.

(iv) **Annual improvements to IFRS 2018-2020 Cycle**
This standard will come into effect beginning January 1, 2022. Refer to amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards, IFRS 9 – Financial Instruments, IFRS 16 – Leases and IAS 41 - Agriculture.

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

c) Restated on accounting balances
Pursuant to international standard IAS 8 (CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors), the consolidated interim financial information for the period prior to March 31, 2020 is being restated for purposes of comparison.

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

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

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

Statement of Profit or Loss for the three-month period ended March 31, 2020.

			Consolidated
	03/31/2020	**Adjustment**	**03/31/2020 Restated**
Net operating revenue	**298,320**	18,443	316,763
Cost of sales	**(195,447)**	(11,725)	(207,172)
Gross profit	**102,873**	6,718	109,591
Operating income (expenses)			
Selling expenses	**(29,387)**	(3,953)	(33,340)
General and administrative expenses	**(37,300)**	(1,747)	(39,047)
Allowance for impairment of financial instruments	**3,222**	507	3,729
Other operating income, net	**2,629**	14	2,643
Other operating expenses, net	**(2,389)**	(23)	(2,412)
	(63,225)	(5,202)	(68,427)
Profit before finance income (costs) and taxes	**39,648**	1,516	41,164
Finance income	**20,284**	654	20,938
Finance costs	**(209,158)**	(1,150)	(210,308)
Finance income (costs), net	**(188,874)**	(496)	(189,370)
Operating profit before taxes	**(149,226)**	1,020	(148,206)
Current income tax and social contribution	**(570)**	(248)	(818)
Deferred income tax and social contribution	**(7,784)**	(89)	(7,873)
Profit for the period from continuing operations	**(157,580)**	683	(156,897)
Profit (loss) from discontinued operations	**456**	(683)	(227)
Profit (loss) for the period	**(157,124)**	-	(157,124)
Loss per common share - basic - R$	(1.7761)	-	(1.7761)
Loss per preferred share - diluted -R$	(1.7757)	-	(1.7757)

5. Financial Risk Management

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

5.1 Credit risk

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

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

Credit approvals are individually analyzed before customary payment and delivery terms and conditions are offered. Such analysis includes external assessments and, in certain cases, bank references. Purchase limits are set for each customer, which represent the maximum outstanding amount without requiring credit approval; these limits are periodically reviewed. Customers that failed to comply with the credit limit set by the Company can only operate if receivables are settled. For public bodies, the Company's Management individually assesses the payment capacity and bidding requirements for making a sale. The interim financial information excludes related-party transactions and, after excluding such transactions, the Company has no customers individually accounting for more than 5% of sales.

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

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

Exposure to credit risks

As at March 31, 2021, the maximum credit risk exposure was as follows:

		Consolidated		Parent
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Fair value through profit or loss				
Cash and cash equivalents	**250,635**	91,231	**125,243**	34,623
Amortized cost				
Trade receivables	**315,369**	317,406	**162,503**	183,267
Short-term investments and restricted account	**5,039**	16	**5,039**	16
Other receivables	**28,246**	49,013	**25,023**	41,964
Total	**599,289**	457,666	**317,808**	259,870

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

	Consolidated		Parent	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Domestic – trade receivables	**165,036**	182,436	**138,898**	172,384
United States – trade receivables	**138,538**	138,526	**12,084**	2,893
Other	**28,393**	12,259	**13,475**	9,539
Total	**331,967**	333,221	**164,457**	184,816

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

	Consolidated		Parent	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Trade receivables – public bodies	**3,279**	6,862	**3,078**	6,825
Trade receivables – distributors	**257,379**	287,521	**122,823**	152,129
Final customers	**71,309**	38,838	**38,556**	25,862
Total	**331,967**	333,221	**164,457**	184,816

The balances of trade receivables are disclosed without considering the loss allowance (see note 8).

Allowance for expected losses

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

As at March 31, 2021, the aging list of trade receivables and the allowance for expected credit losses are as follows:

						Consolidated
			03/31/2021			12/31/2020
	Portfolio	Allowance	% Coverage	Portfolio	Allowance	% Coverage
Current	**147,605**	**(5,641)**	**3.8%**	**265,986**	**(5,288)**	**2.0%**
0-30 days past due	**99,072**	**(397)**	**0.4%**	**27,764**	**(367)**	**1.3%**
31-60 days past due(1)	**55,758**	**(372)**	**0.7%**	**18,919**	**(160)**	**0.8%**
61-90 days past due(1)	**1,428**	**(47)**	**3.3%**	**1,390**	**(110)**	**7.9%**
91-180 days past due(1)	**8,496**	**(283)**	**3.3%**	**4,013**	**(335)**	**8.3%**
181-360 days past due()	**6,181**	**(797)**	**12.9%**	**2,524**	**(433)**	**17.2%**
Over one year past due	**13,427**	**(9,061)**	**67.5%**	**12,625**	**(9,122)**	**72.3%**
Total	**331,967**	(16,598)		**333,221**	(15,815)	

						Parent
			03/31/2021			12/31/2020
	Portfolio	Allowance	% Coverage	Portfolio	Allowance	% Coverage
Current	**15,095**	**(668)**	**4.4%**	**142,945**	**(491)**	**0.3%**
0-30 days past due	**90,198**	**(122)**	**0.1%**	**21,144**	**(206)**	**1.0%**
31-60 days past due(1)	**54,455**	**(304)**	**0.6%**	**15,999**	**(41)**	**0.3%**
61-90 days past due(1)	**790**	**(19)**	**2.4%**	**632**	**(20)**	**3.2%**
91-180 days past due(1)	**533**	**(45)**	**8.4%**	**582**	**(94)**	**16.2%**
181-360 days past due()	**734**	**(346)**	**47.1%**	**929**	**(284)**	**30.6%**
Over one year past due	**2,652**	**(450)**	**17.0%**	**2,585**	**(413)**	**16.0%**
Total	**164,457**	(1,954)		**184,816**	(1,549)	

5.2 Liquidity risk

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

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

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

				Consolidated
				03/31/2021
	Carrying amount	**Contractual cash flow**	**Up to 1 year**	**1-2 years**
Non-derivative financial liabilities				
Trade payable	176,960	176,960	176,960	-
Borrowings and Financing	746,213	777,615	118,045	659,570
Debentures	65,768	71,064	10,792	60,272
Foreign currency advances	109,439	117,081	117,081	-
	1,098,380	**1,142,720**	**422,878**	**719,842**

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

				Parent
				03/31/2021
	Carrying amount	**Contractual cash flow**	**Up to 1 year**	**1-2 years**
Non-derivative financial liabilities				
Trade payable	122,859	122,859	122,859	-
Borrowings and Financing	666,733	707,984	118,045	589,939
Debentures	65,768	71,064	10,792	60,272
Foreign currency advances	109,439	117,081	117,081	-
	964,799	**1,018,988**	**368,777**	**650,211**

				Parent
				12/31/2020
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years
Non-derivative financial liabilities				
Trade payables	83,056	83,056	82,490	566
Borrowings and Financing	621,929	665,043	94,493	570,550
Debentures	67,881	73,553	9,854	63,699
Foreign currency advances	100,271	107,098	107,098	-
	873,137	**928,749**	**293,935**	**634,814**

5.3 Market risk

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

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

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

Sensitivity analysis of exchange rates
As at March 31, 2021, the Company is mainly exposed to fluctuations between the Brazilian real and the US dollar. The sensitivity analysis carried out by the Company considers the effects of an increase or a decrease of 10% between the Brazilian real and the US dollar on its debts and trade receivables. In this analysis, if the Brazilian real appreciates against the US dollar, this would correspond to a net gain of R$71 million.
If the Brazilian real depreciates against the US dollar, this would correspond to an expense at the same amount.
The net amounts of trade receivables and trade payables in foreign currencies (not including borrowings and financing) do not pose material risks due to fluctuations in the exchange rate.

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

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

If the interest rates were 50% higher/lower and all other variables remained unchanged, profit for the period ended March 31, 2021 would decrease/increase by R$4.4 million. This is mainly due to the Company's exposure to the interest rates on borrowings subject to floating rates.

(iii) Capital management

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

	Consolidated	
	03/31/2021	**12/31/2020**
Total liabilities	**1,544,537**	1,418,381
Less: Cash and cash equivalents and short-term investments	**(255,674)**	(91,247)
Net debt (A)	**1,288,863**	1,327,134
Total equity (B)	**153,356**	42,269
Net debt-to-equity ratio as at March 31, 2021 and December , (A/B)	8.40	31.40

6. Operating Segments

The information reported to the Company's CEO (the chief operating decision maker) to allocate resources and assess the performance of the operating segments focuses on the Company's product category. The Company has four segments, two of which 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 consolidated in segment "Other", as they are not classified within the quantity limits for separate reporting. 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 segments were consolidated 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		Other		Helmets(a)		Total	
	03/31/2021	03/31/2020 Restated	**03/31/2021**	03/31/2020 Restated	**03/31/2021**	03/31/2020 Restated	**03/31/2021**	03/31/2020 Restated
Foreign revenue	**512,542**	296,776	**5,298**	1,544	**33,258**	18,443	**551,098**	316,763
Intercompany revenue	**187,882**	110,072	**2,662**	1,887	**-**	-	**190,544**	111,959
Cost of sales	**(271,621)**	(193,578)	**(3,121)**	(1,869)	**(22,320)**	(11,725)	**(297,062)**	(207,172)
Gross profit (loss)	**428,803**	213,270	**4,839**	1,562	**10,938**	6,718	**444,580**	221,550
Selling expenses	**(38,906)**	(26,599)	**(207)**	(227)	**(5,567)**	(3,443)	**(44,680)**	(30,269)
General and administrative expenses	**(36,628)**	(32,373)	**(914)**	(408)	**(1,447)**	(1,684)	**(38,989)**	(34,465)
Depreciation and amortization	**(4,325)**	(3,371)	**(356)**	(487)	**(68)**	(66)	**(4,749)**	(3,924)
Other operating income (expenses), net	**3,537**	162	**(680)**	78	**(17)**	(9)	**2,840**	231
Equity in earnings (losses)	**-**	-	**(10)**	-	**-**	-	**(10)**	-
	(76,322)	(62,181)	**(2,167)**	(1,044)	**(7,099)**	(5,202)	**(85,588)**	(68,427)
Operating profit	**352,481**	151,089	**2,672**	518	**3,839**	1,516	**358,992**	153,123
Finance income	**14,892**	19,748	**446**	536	**405**	654	**15,743**	20,938
Finance costs	**(91,098)**	(208,876)	**(208)**	(282)	**(539)**	(1,150)	**(91,845)**	(210,308)
Finance income (costs), net	**(76,206)**	(189,128)	**238**	254	**(134)**	(496)	**(76,102)**	(189,370)
Profit (loss) from the reportable segment before income tax and social contribution	**276,275**	(38,039)	**2,910**	772	**3,705**	1,020	**282,890**	(36,247)
Elimination of intercompany revenue	**(187,882)**	(110,072)	**(2,662)**	(1,887)	**-**	-	**(190,544)**	(111,959)
Profit before income tax and social contribution	**88,393**	(148,111)	**248**	(1,115)	**3,705**	1,020	**92,346**	(148,206)
Income tax and social contribution	**(22,726)**	(8,219)	**(303)**	(135)	**(1,076)**	(337)	**(24,105)**	(8,691)
Profit (loss) from discontinued operations	**-**	-	**-**	-	**(145)**	(227)	**(145)**	(227)
Profit for the period	**65,667**	(156,330)	**(55)**	(1,250)	**2,484**	456	**68,096**	(157,124)
Assets from reportable segments	**1,451,166**	962,374	**137,311**	123,839	**109,416**	84,122	**1,697,893**	1,170,335
Liabilities from reportable segments	**1,481,936**	1,536,820	**29,298**	25,189	**33,303**	25,609	**1,544,537**	1,587,618

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

	Firearms		Helmets	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Domestic market				
Southeast Region	**87,623**	40,398	**9,999**	5,777
South Region	**13,026**	7,150	**1,634**	1,126
Northeast Region	**3,676**	3,889	**11,371**	5,417
Midwest Region	**1,892**	1,939	**5,370**	3,329
North Region	**2,275**	1,177	**4,884**	2,500
	108,492	54,553	**33,258**	18,149
Foreign market				
United States	**383,320**	237,137	**-**	16
South Africa	**1,865**	212	**-**	-
Germany	**-**	806	**-**	-
Saudi Arabia	**-**	669	**-**	-
Argentina	**1,162**	346	**-**	-
Chile	**-**	376	**-**	-
South Korea	**-**	-	**-**	278
Philippines	**4,046**	353	**-**	-
Guatemala	**1,896**	-	**-**	-
Honduras	**1,687**	-	**-**	-
Italy	**499**	-	**-**	-
Mozambique	**1,046**	-	**-**	-
Namibia	**316**	-	**-**	-
Panama	**410**	-	**-**	-
Pakistan	**5,234**	-	**-**	-
Peru	**554**	303	**-**	-
Senegal	**597**	590	**-**	-
Thailand	**174**	346	**-**	-
Uruguay	**89**	143	**-**	-
Zambia	**-**	668	**-**	-
Other countries	**1,155**	274	**-**	-
	404,050	242,223	**-**	294
Total net revenue	**512,542**	296,776	**33,258**	18,443

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

7. Cash and cash equivalents

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

	Consolidated		Parent	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash	**47**	95	**27**	77
Unsettled exchange bills(*)	**119,411**	30,721	**119,363**	30,531
Demand deposits	**122,717**	55,167	**2,900**	175
Short-term investments	**8,460**	5,248	**2,953**	3,840
Cash and cash equivalents	**250,635**	91,231	**125,243**	34,623

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

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

8. Trade Receivables

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

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

	Consolidated		Parent	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Domestic customers	**165,036**	182,436	**138,898**	172,384
Foreign customers	**166,931**	150,785	**25,559**	12,432
	331,967	333,221	**164,457**	184,816
Allowance for expected loss on doubtful debts - domestic	**(8,095)**	(8,017)	**(211)**	(319)
Allowance for expected loss on doubtful debts - foreign	**(8,503)**	(7,798)	**(1,743)**	(1,230)
	(16,598)	(15,815)	**(1,954)**	(1,549)
	315,369	317,406	**162,503**	183,267

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

	Consolidated	Parent
Balance as at December 31, 2020	**(15,815)**	**(1,549)**
Additions	**(1,771)**	**(787)**
Reversal of allowance for expected losses on doubtful debts	**1,341**	**503**
Exchange rate changes	**(353)**	**(121)**
Balance as at March 31, 2021	**(16,598)**	**(1,954)**

9. Inventories

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

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

	Consolidated		Parent	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Finished products	**115,526**	49,594	**50,405**	28,303
Raw material	**287,757**	241,301	**208,710**	168,762
Work in process	**165**	-	**163**	-
Inventory advances	**17,056**	20,687	**16,840**	20,687
Allowance for inventory losses	**(15,317)**	(13,239)	**(14,200)**	(12,858)
	405,187	298,343	**261,918**	204,894

Variations in the allowance for inventory losses	**Consolidated**	**Parent**
Balance as at December 31, 2020	**(13,239)**	**(12,858)**
Additions	**(1,890)**	**(1,677)**
Reversal	**47**	**11**
Definitive write-offs	**324**	**324**
Held for sale returned to operations	**(559)**	**-**
Balance as at March 31, 2021	**(15,317)**	**(14,200)**

10. Recoverable Taxes

	Consolidated		Parent	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
State VAT (ICMS)	**10,414**	8,257	**8,674**	7,022
Federal VAT (IPI)	**3,243**	2,284	**1,318**	2,280
Tax on revenue (PIS)	**1,380**	1,077	**1,076**	916
Tax on revenue (COFINS)	**6,199**	4,826	**4,968**	4,246
Income tax and social contribution	**15,871**	15,431	**13,683**	13,664
Other	**1,425**	1,444	**1,259**	859
Total	**38,532**	33,319	**30,978**	28,987
Current	**38,337**	33,319	**30,978**	28,987
Noncurrent	**195**	-	**-**	-

11. Other Assets

	Consolidated		Parent	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Advance for settlement of borrowings and financing	**-**	13,073	**-**	13,073
Advances to suppliers	**1,284**	7,636	**1,009**	3,977
Advances to employees	**1,821**	2,344	**1,681**	2,293
Advances for foreign bids	**7,923**	7,923	**7,923**	7,923
Escrow deposits	**13,409**	14,541	**12,042**	13,132
Due on related parties	**50**	-	**1,142**	-
Royalties	**1,423**	-	**1,423**	-
Other receivables	**2,386**	3,496	**945**	1,566
Total	**28,296**	49,013	**26,165**	41,964
Current liabilities	**13,618**	34,488	**14,123**	**28,848**
Noncurrent	**14,678**	14,541	**12,042**	**13,132**

12. Current and Deferred Income Tax and Social Contribution

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

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

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

a) Breakdown of impacts on deferred tax assets and liabilities

	Consolidated		Parent	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
On income tax and social contribution losses				
Income tax loss	90,572	91,720	83,647	87,008
Social contribution loss	33,482	33,874	30,968	32,178
On temporary differences – assets				
Billed and undelivered sale	1,284	487	487	487
Impairment loss of assets	212	212	212	212
Other allowances, provisions and accruals	1,104	981	-	-
Realization of revaluation reserve	1,772	517	526	517
Allowance for inventory losses	10,228	9,080	4,828	4,372
Accrued profit sharing	7,012	5,854	4,669	3,708
Accrued commissions	422	304	159	271
Tax provision	22,155	20,217	1,954	1,954
Provision for Civil, Labor and Tax Risks	32,550	32,233	31,044	30,967
Provision for warranty	5,542	6,091	2,277	3,114
Provision for uncollectible receivables	1,860	1,562	664	526
Financial provisions	967	978	967	978
Unrealized profit – TIMI	3,418	1,326	-	-
Total assets	**212,580**	**205,435**	**162,403**	**166,291**
On temporary differences - liabilities				
Goodwill on expected future earnings	(12,347)	(11,465)	-	-
Fair value of investment property	(16,166)	(15,678)	-	-
Total liabilities	**(28,513)**	**(27,144)**	**-**	**-**
Deferred assets, net	**184,067**	**178,291**	**162,403**	**166,291**

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

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

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

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

b) Variation in deferred taxes

	Consolidated	Parent
Opening balance of deferred taxes, net	178,291	166,291
Reclassification of investment – joint venture – Taurus JM	(1,467)	-
Held for sale returned to operations	7,556	-
Allocated to profit or loss	(1,483)	(3,888)
Translation adjustments	1,170	-
Closing balance of deferred taxes, net	**184,067**	**162,403**

The amount of income tax and social contribution losses on which no deferred taxes are recognized total R$312.6 million in consolidated, which correspond to the portion of these amounts in the Company’s subsidiaries for which it is not probable that future taxable income will be available for offset. In the Parent, income tax and social contribution losses is fully recorded, and in its subsidiaries, they were partially recorded up to the limit of confirmation of realization.

With respect to the recognition of tax credits on income tax and social contribution losses, projections that demonstrate the realization of the tax credit on the tax loss bases generated by the Company have been prepared by a specialized consulting company and supported by the best understanding based on Management’s expectations.

The projections of future taxable income include estimates related to the performance of the economy and the Brazilian and foreign markets, selection of exchange rates, sales volume, sales price, tax rates, among others, which may differ from actual data and amounts. As the income tax and social contribution income (expenses) derives not only from taxable income, but also from the tax and corporate structure of the Company and its subsidiaries in Brazil and abroad, the expected realization of temporarily non-deductible differences, the existence of non-taxable income, non-deductible expenses and several other variables, there is no direct correlation between the Company's and its subsidiaries' profit and the income tax and social contribution income (expenses).

As at March 31, 2021, the expected tax loss realization for deferred income tax and social contribution, recorded in noncurrent assets in the Parent and consolidated, is as follows:

				Parent
	Income tax and social contribution losses	**Deferred income tax**	**Deferred social contribution**	**Total deferred taxes**
Balance recognized as at 03/31/2	344,088	83,647	30,968	114,615
In 2021	(96,264)	(24,066)	(8,664)	(32,730)
In 2022	(79,150)	(19,788)	(7,124)	(26,911)
In 2023	(70,609)	(17,652)	(6,355)	(24,007)
In 2024	(65,653)	(16,413)	(5,909)	(22,322)
In 2025-2030	(32,412)	(5,728)	(2,917)	(8,645)

				Consolidated
	Income tax and social contribution losses	**Deferred income tax**	**Deferred social contribution**	**Total deferred taxes**
Balance recognized as at 03/31/21	371,804	90,572	33,482	124,054
In 2021	(102,153)	(25,538)	(9,194)	(34,732)
In 2022	(86,706)	(21,677)	(7,804)	(29,480)
In 2023	(72,058)	(18,015)	(6,485)	(24,500)
In 2024	(67,080)	(16,770)	(6,037)	(22,807)
In 2025-2030	(43,807)	(8,573)	(3,963)	(12,535)

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

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

		Consolidated		Parent
	03/31/2021	**03/31/2020 Restated**	**03/31/2021**	**03/31/2020**
Pretax profit (loss)	92,346	(149,226)	82,495	(150,379)
Income tax and social contribution at applicable tax rates	(31,398)	50,737	(28,048)	51,129
Permanent additions				
Non-deductible expenses	(340)	(139)	(77)	(139)
Share of loss of subsidiaries	-	(980)	(2,006)	(846)
Donations/sponsorship	(181)	-	(175)	-
Capital gain on property, plant and equipment	(84)	(21)	(84)	(21)
Thin Cap	(53)	-	(53)	-
Permanent deductions				
Reintegra	76	34	76	34
Deemed ICMS grant	2,369	-	2,369	-
Share of profit of subsidiaries	-	2,545	13,447	2,149
10% income surtax - impact	18	-	6	-
Other deductions (PAT)	170	-	146	-
Unrealized profit on inventories - TIMI	(2,092)	-	-	-
Deferred reclassification of investment – joint venture – Taurus JM	1,467	-	-	-
Recognized deferred tax on prior-years tax losses	-	181	-	273
Unrecognized deferred tax on income tax and social contribution losses	-	(60,339)	-	(59,323)
Unrecognized current income tax and social contribution of related parties	5,942	(370)	-	-
Income tax and social contribution in profit or loss for the year	**(24,105)**	(8,354)	**(14,399)**	(6,746)
Current	(22,622)	570	(10,511)	1
Deferred	(1,483)	7,784	(3,888)	6,745
	(24,105)	8,354	**(14,400)**	6,746
Effective rate	26%	-5.60%	17%	-4.49%

For this disclosure, in 2020 the Company better classified unrecognized deferred taxes from prior years and recognized deferred taxes in some line items according to the breakdown of deferred tax assets and liabilities.

								Consolidated
				03/31/2021				**12/31/2020**
	Basis	**25%**	**9%**	**Total**	**Basis**	**25%**	**9%**	**Total**
Provision for uncollectible receivables	7,580	1,895	682	2,577	7,580	1,895	682	2,577
Allowance for loss on agreements receivable	69,849	17,462	6,286	23,748	69,849	17,462	6,286	23,749
Provision for Civil, Labor and Tax Risks	3,967	992	357	1,349	3,945	986	355	1,341
Provision for warranty	1,468	367	132	499	1,468	367	132	499
Loss on other receivables	5,114	1,279	460	1,739	5,114	1,279	460	1,739
On income tax and social contribution losses								
Income tax and social contribution losses	312,625	78,156	28,136	106,293	298,447	74,612	26,860	101,472
	400,603	**100,151**	**36,053**	**136,205**	**386,404**	**96,601**	**34,776**	**131,377**

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

13. Assets Held for Sale

Noncurrent assets or groups of noncurrent assets (including liabilities) held for sale are classified as “held for sale” if it is highly probable that they will be primarily recovered through sale instead of their continuing use.

The assets or group of assets held for sale should be measured at the lower of their carrying amount recognized until then or fair value less selling expenses, and the depreciation or amortization of these assets ceases.

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 Group accounting policies. Impairment losses determined on initial classification as held for sale or for distribution, and gains and losses from subsequent remeasurements are recognized in profit or loss.

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

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

Carrying amount reconciliation

	Consolidated	**Consolidated**
In thousands of reais	03/31/2021	12/31/2020
Buildings, land and improvements	51,390	51,390
Taurus Blindagens Nordeste – long-lives asset held for sale	14,627	82,460
Total held-for-sale noncurrent assets	**66,017**	**133,850**
Taurus Blindagens Nordeste – liability held for sale	3,880	27,297
Total held-for-sale liabilities	**3,880**	**27,297**

Buildings, land and improvements.

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

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

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

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

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

Held-for-sale asset – Helmets operation

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

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.

Taurus Blindagens Nordeste Ltda. is dormant and remains classified as a discontinued operation and held for sale.

The preparation of a schedule and sales efforts was the responsibility of a specialized firm, according to the proposal already accepted by the Company.

As at March 31, 2021, the group of assets and liabilities held for sale was presented as shown in the table and comprised the following assets and liabilities:

Property, plant and equipment/ Intangible assets	8,775
Trade and other receivables	5,852
Assets held for sale	**14,627**
Trade and other payables	3,880
Liabilities held for sale	**3,880**

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

14. Investments

	Taurus Helmets Indústria de Capacetes Ltda.	Taurus Blindagens Nordeste Ltda.	Taurus Holdings, Inc.	T. Investments Co. Inc.	Taurus Investimentos Imobiliários Ltda.	Polimetal Metalurgia e Plásticos Ltda.	Taurus Máquinas-Ferramenta Ltda. (1)	Parent 03/31/2021	Parent 12/31/2020
Current assets	121,689	5,551	438,063	7	74,613	16,166	226		
Noncurrent assets	53,191	55,724	137,832	-	42,167	172,509	1,226		
Current liabilities	46,387	7,612	184,040	-	3,624	10,870	3,874		
Noncurrent liabilities	1,175	733	111,670	-	15,121	12,910	26,103		
Capital	73,855	9,400	1,736	62,670	53,292	211,452	293,639		
Equity	127,318	52,930	280,185	7	98,035	164,895	(28,525)		
Net revenue	33,258	-	383,320	-	1,746	5,299	-		
Profit (loss) for the period	2,376	77	35,255	-	1,032	1,960	(558)		
Number of shares	14	9,400	302,505	11,000,000	43,623,159	304,779,837	185,007,117		
Direct interest percentage (%)	0.00%	0.10%	100.00%	100.00%	81.86%	100.00%	63.00%		
Opening balances	1	53	219,747	8	79,404	162,935	-	**462,148**	**364,251**
Spin-off	-	-	-	-	-	-	-	-	-
Capital payment	-	-	-	-	-	-	-	-	-
Share of profit (loss) of subsidiaries	-	-	**35,255**	-	**845**	**1,960**	**(352)**	**37,708**	**44,378**
Exchange differences arising on translating investments	-	-	**22,610**	**(1)**	-	-	-	**22,609**	**41,386**
Unrealized profit on inventories	-	-	**(4,061)**	-	-	-	-	**(4,061)**	**11,989**
Valuation adjustments to equity	-	-	-	-	-	-	-	-	-
Reclassified to provision for negative equity (1)	-	-	-	-	-	-	**352**	**352**	**144**
Closing balances	**1**	**53**	**273,551**	**7**	**80,249**	**164,895**	**-**	**518,756**	**462,148**

(1) The negative equity of subsidiary Taurus Máquinas-Ferramentas Ltda., amounting to R$352, is presented on line item “Provision for negative equity” in noncurrent liabilities.

<u>Indirect interests in jointly-controlled entities classified as joint venture: equity pickup</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 Stock as of November 30, 2020, divided by the number of shares resulting in a total of approximately R$0.37 per share.

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

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

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

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

The tables below show the balances of Taurus JM as at March 31, 2021:

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
BALANCE SHEET AS AT MARCH 31, 2021
In thousands of reais

Assets		**Liabilities and equity**	
Current assets		**Current liabilities**	
Cash and cash equivalents	50	Related parties	50
Recoverable taxes	703		50
Other receivables	53	**Noncurrent liabilities**	
	806	Deferred tax liabilities	26
			26
Noncurrent assets		**Total liabilities**	76
Deferred tax assets	1,493		
Related parties	1,603	**Equity**	
Other receivables	20	Capital	4,629
	3,116	Advance for future capital increase	336
		Accumulated losses	1,149
Property, plant and equipment	2,268	**Total equity**	6,114
Total assets	**6,190**	**Total liabilities and net assets**	**6,190**

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
STATEMENT OF PROFIT OR LOSS - MARCH 31, 2021
In thousands of reais

Other operating (expenses) income, net	(30)
	(30)
Loss before finance income (costs), net, share of results of investees, and taxes	(30)
Finance income	11
Total finance income (costs), net	11
Operating profit before taxes	(19)
Profit for the period	(19)

15. Property, Plant and Equipment

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

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

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

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

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

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

									Consolidated
Cost or deemed cost	**Land**	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Company cars**	**Other**	**Construction in progress**	**Advances to suppliers**	**Total**
Balance as at December 31, 2019	7,587	103,552	238,875	27,679	291	-	14,802	3,080	395,866
Additions	-	6,527	29,222	4,120	145	174	18,711	7,371	66,270
Write-offs	-	(350)	(18,179)	(401)	-	-	(2,243)	-	(21,173)
Transfers	3,005	4,203	(268)	(6,019)	-	-	(9,650)	-	(8,729)
Effect of changes in exchange rates	-	6,704	20,707	3,684	70	-	76	-	31,241
Balance as at December 31, 2020	**10,592**	**120,636**	**270,357**	**29,063**	**506**	**174**	**21,696**	**10,451**	**463,475**
Additions	-	597	6,257	1,003	-	124	19,578	4,573	32,132
Write-offs	-	-	(1,796)	(181)	-	-	(1)	-	(1,978)
Transfers	-	3,788	9,198	556	-	9	(14,161)	-	(610)
Effect of changes in exchange rates	315	2,686	7,275	1,570	44	-	432	-	12,322
Held for sale returned to operations	-	558	20,992	1,977	304	-	2,785	312	26,928
Balance at March 31, 2021	**10,907**	**128,265**	**312,283**	**33,988**	**854**	**307**	**30,329**	**15,336**	**532,269**
Depreciation									
Balance as at December 31, 2019	-	(25,740)	(171,329)	(17,259)	(291)	-	-	-	(214,619)
Depreciation in the year	-	(5,816)	(14,792)	(2,259)	-	(7)	-	-	(22,874)
Write-offs	-	278	14,921	814	-	-	-	-	16,013
Transfers	-	(2,232)	2,071	8,081	-	-	-	-	7,920
Effect of changes in exchange rates	-	(28)	(12,333)	(4,129)	(70)	-	-	-	(16,560)
Balance as at December 31, 2020	**-**	**(33,538)**	**(181,462)**	**(14,752)**	**(361)**	**(7)**	**-**	**-**	**(230,120)**
Depreciation for the period	-	(1,241)	(3,467)	(614)	(9)	(11)	-	-	(5,342)
Disposals	-	-	1,640	157	-	-	-	-	1,797
Effect of changes in exchange rates	-	(355)	(2,981)	(3,449)	(30)	-	-	-	(6,815)
Held for sale returned to operations	-	(297)	(14,967)	(1,348)	(221)	-	-	-	(16,833)
Balance at March 31, 2021	**-**	**(35,431)**	**(201,237)**	**(20,006)**	**(621)**	**(18)**	**-**	**-**	**(257,313)**
Carrying amount									
December 2020	10,592	87,098	88,895	14,311	145	167	21,696	10,451	233,355
March 2021	**10,907**	**92,834**	**111,046**	**13,982**	**233**	**289**	**30,329**	**15,336**	**274,956**

Parent

Cost or deemed cost	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Company cars**	**Other**	**Construction in progress**	**Advances to suppliers**	**Total**
Balance as at December 31, 2019	44,141	155,996	9,232	52	-	14,697	3,080	227,198
Additions	5,245	23,025	3,467	-	174	10,126	7,371	49,408
Write-offs	-	(3,458)	(289)	-	-	-	-	(3,747)
Transfers	1,808	7,779	186	-	-	(9,773)	-	-
Balance as at December 31, 2020	**51,194**	**183,342**	**12,596**	**52**	**174**	**15,050**	**10,451**	**272,859**
Additions	597	3,114	810	-	124	10,740	3,154	18,539
Write-offs	-	(1,022)	(176)	-	-	(1)	-	(1,199)
Transfers	3,788	6,906	503	-	9	(11,816)	-	(610)
Balance at March 31, 2021	**55,579**	**192,340**	**13,733**	**52**	**307**	**13,973**	**13,605**	**289,589**
Depreciation								
Balance as at December 31, 2019	(13,702)	(115,495)	(4,964)	(52)	-	-	-	(134,213)
Depreciation in the year	(2,734)	(8,540)	(880)	-	(7)	-	-	(12,161)
Write-offs	-	3,286	235	-	-	-	-	3,521
Transfers	-	-	6	-	-	-	-	6
Balance as at December 31, 2020	**(16,436)**	**(120,749)**	**(5,603)**	**(52)**	**(7)**	**-**	**-**	**(142,847)**
Depreciation for the period	(509)	(1,971)	(255)	-	(11)	-	-	(2,746)
Write-offs	-	932	153	-	-	-	-	1,085
Balance at March 31, 2021	**(16,945)**	**(121,788)**	**(5,705)**	**(52)**	**(18)**	**-**	**-**	**(144,508)**
Carrying amount								
December 2020	34,758	62,593	6,993	-	167	15,050	10,451	130,012
March 2021	**38,634**	**70,552**	**8,028**	**-**	**289**	**13,973**	**13,605**	**145,081**

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

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

16. Intangible Assets

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

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

<u>Other intangibles</u>
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 annually or when there are indications that they might be impaired, using the "value in use" concept through discounted cash flow models of the cash-generating units.

								Consolidated
	Software	**Trademarks and patents**	**Customer relationship**	**Goodwill**	**Product development**	**Intangible assets in progress**	**Other intangibles**	**Total**
Cost								
Balance as at December 31, 2019	10,226	22,762	17,605	45,062	10,798	-	-	106,453
Acquisitions	5,717	-	-	-	9	2,504	-	8,230
Transfers	4,725	-	-	-	(4,420)	6,076	2,348	8,729
Exchange gains (losses)	-	3,682	4,936	3,598	1,229	-	(692)	12,753
Balance as at December 31, 2020	**20,668**	**26,444**	**22,541**	**48,660**	**7,616**	**8,580**	**1,656**	**136,165**
Acquisitions	565	-	-	-	-	885	-	1,450
Transfers	-	-	-	-	610	-	-	610
Write-offs	-	-	-	-	-	-	(1,815)	(1,815)
Exchange gains (losses)	846	1,581	2,119	1,544	549	-	159	6,798
Effect of discontinued operations:								
Held for sale returned to operations	1,520	1,284	-	-	-	-	-	2,804
Balance as at March 31, 2021	**23,599**	**29,309**	**24,660**	**50,204**	**8,775**	**9,465**	**-**	**146,012**
Amortization								
Balance as at December 31, 2019	(4,266)	(7,388)	(13,512)	-	(1,343)	-	-	(26,509)
Amortization in the year	(1,513)	-	(2,250)	-	(501)	-	-	(4,264)
Transfers	(7,920)	-	-	-	-	-	-	(7,920)
Exchange gains (losses)	(119)	-	(3,805)	-	(235)	-	-	(4,159)
Balance as at December 31, 2020	**(13,818)**	**(7,388)**	**(19,567)**	**-**	**(2,079)**	**-**	**-**	**(42,852)**
Amortization for the period	(534)	-	(1,235)	-	(107)	-	-	(1,876)
Transfers	(5)	-	-	-	(1)	-	-	(6)
Exchange gains (losses)	(810)	-	(1,218)	-	(161)	-	-	(2,189)
Effect of discontinued operations:								-
Held for sale returned to operations	(144)	-	-	-	-	-	-	(144)
Balance as at March 31, 2021	**(15,311)**	**(7,388)**	**(22,020)**	**-**	**(2,348)**	**-**	**-**	**(47,067)**
Carrying amount								
December 2020	6,850	19,056	2,974	48,660	5,537	8,580	1,656	93,313
March 2021	**8,288**	**21,921**	**2,640**	**50,204**	**6,427**	**9,465**	**-**	98,945

					Parent
	Software	**Trademarks and patents**	**Product development**	**Intangible assets in progress**	**Total**
Cost					
Balance as at December 31, 2019	10,006	9,485	3,988	-	23,479
Acquisitions	5,747	-	-	2,504	8,251
Transfers	(4,004)	-	(2,072)	6,076	-
Balance as at December 31, 2020	**11,749**	**9,485**	**1,916**	**8,580**	**31,730**
Acquisitions	323	-	-	886	1,209
Transfers	-	-	610	-	610
Balance as at March 31, 2021	**12,072**	**9,485**	**2,526**	**9,466**	**33,549**
Amortization					
Balance as at December 31, 2019	(4,127)	(6,840)	(533)	-	(11,500)
					-
Amortization in the year	(1,388)	-	(170)	-	(1,558)
Transfers	(7)	-	1	-	(6)
Balance as at December 31, 2020	**(5,522)**	**(6,840)**	**(702)**	**-**	**(13,064)**
Amortization for the period	(469)	-	(48)	-	(517)
Balance as at March 31, 2021	**(5,991)**	**(6,840)**	**(750)**	**-**	**(13,581)**
Carrying amount					
December 2020	6,227	2,645	1,214	8,580	18,666
March 2021	**6,081**	**2,645**	**1,776**	**9,466**	**19,968**

Impairment test of cash-generating units containing goodwill

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

Cash-generating unit	2020
Firearms	48,660

The impairment test of the CGUs referred to above is conducted annually based on the fair value, less selling expenses, which is estimated using discounted cash flows. The updated tests continue to indicate that there is no need for allowances for impairment losses on goodwill and intangible assets with indefinite useful lives as the amount exceeds the carrying amount by more than 100%.

Main assumptions used in the discounted cash flow projections

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

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

Discount rate

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

Growth rate and perpetuity

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

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

17. Borrowings and Financing

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

							Consolidated
				03/31/2021			12/31/2020
	Currency	Statutory interest rate	Maturity year	Contractual amount	Carrying amount	Contractual amount	Carrying amount
Borrowings and Financing							
Working capital	R$	CDI + 2.50% p.a.	2022	**18,193**	**14,770**	18,193	15,066
FINAME	R$	2.50% to 8.70% p.a.	2021	**-**	**-**	702	7
Foreign exchange advance	US$	7.0% p.a.	2022	**100,321**	**109,439**	98,663	100,271
Working capital	US$	Libor + 1.55% to 3.50% p.a.	2023	**512,831**	**731,443**	509,950	683,455
				Total	**855,652**		**798,799**
				Current liabilities	**213,784**		**171,806**
				Noncurrent liabilities	**641,868**		**626,993**

							Parent
				03/31/2021			12/31/2020
	Currency	Statutory interest rate	Maturity year	Contractual amount	Carrying amount	Contractual amount	Carrying amount
Secured bank loans							
Working capital	R$	CDI + 2.50% p.a.	2022	**18,193**	**14,770**	18,193	15,066
FINAME	R$	2.50% to 5.50% p.a.	2021	**-**	**-**	702	7
Foreign currency advances	US$	7.0% p.a.	2022	**100,321**	**109,439**	98,663	100,271
Working capital	US$	Libor + 3.50% p.a.	2022	**433,351**	**651,963**	433,351	606,856
				Total	**776,172**		**722,200**
				Current liabilities	**201,862**		**171,806**
				Noncurrent liabilities	**574,310**		**550,394**

Flow of future debt payments disclosed in noncurrent liabilities:

	Consolidated		Parent	
Maturity year	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**
2022	**580,001**	550,394	**574,310**	550,394
2023	**61,867**	76,599	**-**	-
	641,868	626,993	**574,310**	550,394

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

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

As mentioned in Note 1 (General information), in June 2020 the Company signed a waiver with the Bank Syndicate extending the debt repayment due date up to August 31, 2020.

On August 10, 2020, the parties signed the contractual amendments referring to the new terms and conditions for the discharge of the obligations assumed with the Bank Syndicate, which provide for the rescheduling of the principal repayment that would be made in June 2020, amounting approximately to R$123 million. The amount will be consistent with the Company's future cash flow and diluted over the next 22 months together with the other amounts and maturity dates already agreed in the previously agreed provisions. There was also increase of 0.50 percentage points in annual interest.

Covenants

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

These ratios are monitored by the Company's management as the underlying agreements require that such ratios be measured annually. As at March 31, 2021 was compliant with all said covenants.

18. Debentures

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

Debentures	Principal in R$	Issue date	Outstanding	Financial charges	03/31/2021	12/31/2020
3rd Issue (a)	100,000	13/06/2014	5,000	DI rate+2.00% (2020)	**65,768**	67,881
				Total principal	**65,768**	67,881
				Current liabilities	**7,724**	6,867
				Noncurrent liabilities	**58,044**	61,014
				Total	**65,768**	67,881

Covenants

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

These ratios are monitored by Management and the underlying agreements require that such ratios be measured annually. As at March 31, 2021 was compliant with all said covenants.

19. Other Payables

	Consolidated		Parent	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Sales commissions	**1,700**	806	**414**	709
Accrued interest	**266**	192	**-**	-
Insurance and freight	**17,120**	18,912	**625**	280
Marketing	**5,706**	4,639	**-**	-
Due to related parties	**1,603**	-	**61,827**	66,653
Unrealized gain on government grant	**31,631**	44,789	**-**	-
Other	**6,347**	4,698	**1,278**	1,071
	64,373	74,036	**64,144**	68,713
Current liabilities	**25,859**	27,145	**2,317**	2,060
Noncurrent	**36,910**	46,891	**61,827**	66,653

20. Payroll and Related Taxes

	Consolidated		Parent	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Payroll	**40,192**	35,910	**14,707**	11,227
Contributions payable	**5,095**	7,628	**4,528**	7,482
Accrued vacation pay	**17,715**	13,950	**15,320**	13,441
	63,002	57,488	**34,555**	32,150

21. Taxes, Fees and Contributions

	Consolidated		Parent	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
ICMS	**3,778**	2,258	**3,932**	2,258
Federal VAT (IPI)	**15,165**	15,520	**14,586**	15,258
Tax on revenue (PIS)	**984**	1,247	**983**	1,130
COFINS (tax on revenue)	**4,524**	5,751	**4,517**	5,211
Special tax – FAET (USA)	**37,405**	8,860	**-**	-
Withholding income tax (IRRF)	**674**	4,200	**597**	4,184
Income tax and social contribution	**24,469**	14,274	**6,187**	7,477
Other installment payments (*)	**38,348**	39,706	**37,506**	39,679
Other	**8,602**	7,638	**5,886**	5,910
	133,949	99,454	**74,194**	81,107
Current liabilities	104,156	68,259	45,123	49,915
Noncurrent	29,793	31,195	29,071	31,192

(*) The Company had overdue IPI for the period December 2019-March 2020. In September 2020, the Company elected to make installment payments pursuant to Regulatory Instruction (IN) 1891/2019 to regularize IPI debts. The installment plan covers the payment of principal amounting to R$34.7 million, a fine of R$6.9 million, and interest of R$793,000. The debt was paid in 60 installments, the installment cap allowed by said IN and is adjusted using the Selic (Central bank's policy rate). As at March 31, 2021, the adjusted balance of the IPI installment payment plan is 38.2 million and to date seven installments have been paid, totaling R$5 million.

22. Provision for Civil, Labor and Tax Risks

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

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

				Consolidated
			03/31/2021	**12/31/2020**
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	51,690	(12,329)	39,361	38,457
Civil	20,309	(802)	19,507	18,471
Tax	29,304	(278)	29,026	29,026
	101,303	**(13,409)**	**87,894**	85,954
Classified in current liabilities	41,278			
Classified in noncurrent liabilities	60,025			

(1) Recognized in other noncurrent assets,

				Parent
			03/31/2021	12/31/2020
	Provision	Escrow deposit (1)	Net	Net
Labor	47,127	(10,962)	36,165	35,649
Civil	16,270	(802)	15,468	14,668
Tax	27,910	(278)	27,632	27,632
	91,307	**(12,042)**	**79,265**	77,949
Classified in current liabilities	35,006			
Classified in noncurrent liabilities	56,301			

(1) Recognized in other noncurrent assets,

Variations in the provision:

			Consolidated
	Civil and labor	Tax	Total
Balance as at December 31, 2020	71,191	29,304	100,495
Additions	3,474	-	3,474
Reversal	(123)	-	(123)
Definitive write-offs	(3,403)	-	(3,403)
Effect of exchange rate changes	366	-	366
Held for sale returned to operations	494	-	494
Balance as at March 31, 2021	**71,999**	**29,304**	**101,303**

			Parent
	Civil and labor	Tax	Total
Balance as at December 31, 2020	63,171	27,910	91,081
Additions	1,919	-	1,919
Reversal	(113)	-	(113)
Definitive write-offs	(1,580)	-	(1,580)
Balance as at March 31, 2021	**63,397**	**27,910**	**91,307**

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

				Consolidated				Parent
	03/31/2021			12/31/2020	03/31/2021			12/31/2020
	Possible	Remote	Possible	Remote	Possible	Remote	Possible	Remote
Tax	**63,327**	**-**	52,667	-	**56,893**	**-**	50,900	-
Civil	**199,140**	**6,940**	130,702	6,817	**185,762**	**6,905**	126,702	6,782
Labor	**46,184**	**35,341**	44,367	37,972	**20,510**	**33,689**	18,958	35,001
	308,651	**42,281**	227,736	44,789	**263,165**	**40,594**	196,560	6,782

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$37.6 million for consolidated purposes.

Public Civil Action – Federal District

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

In the opinion of its legal counsel, this action was classified with a possible likelihood of loss and its adjusted amount Is R$55.2 million.

Public Civil Action - Attorney General of Sergipe for the Federal Public Prosecutor's Office

The Company became aware of the filing by the Attorney General of Sergipe for the Federal Public Prosecutor's Office of a Civil Class Action against Taurus and also against the Federal Government (Brazilian Army), before the Judge of the 2nd Federal Court of the Judiciary Section of Sergipe. The requests are related to alleged defects in a few models of firearms produced by Taurus. In the Civil Class Action, the Federal Public Prosecutor's Office pleads that i) Taurus be prevented from selling some models of firearms in Brazil; ii) Taurus makes a national recall for replacement and/or indemnity according to the market value of these models of firearms and iii) the Federal Government be prohibited from applying the restriction of import of models that have local similar products, under penalty of daily fine of R$10. Finally, the Federal Public Prosecutor's Office pleads i) the conviction of the Federal Government to the obligation to modify R-105 or to issue a new substitutive regulation that does not create regime of monopoly of sales of firearms in Brazil, which adversely affects the free competition; ii) the conviction of Taurus to the obligation to make a national recall within 20 days, for the repair, replacement and/or indemnity according to the market value of these models of firearm; (iii) the conviction of the Federal Government and Taurus to the payment of collective pain and suffering in amount to be defined by the judge, not below R$40 million. In preliminary injunction, in a decision handed down in July 2017, the Judge of the 2nd Federal Court of the Judiciary Section of Sergipe determined the obligation by Taurus to submit a detailed plan of recall of the supposedly defective models of firearms within 90 days. The preliminary injunctions for suspension of the sale of the models allegedly defective and prohibition of restriction of import of firearms by the Federal Government were rejected by the Judge. In the judgment of the bill of review filed by Taurus, in November 2017, the Federal Court of the 5th Region suspended the effectiveness of the decision granted by the Judge of the 2nd Federal Court of the Judiciary Section of Sergipe, with respect to the part that establishes the submission, by Taurus, of a plan of recall within ninety (90) days. Currently, the lawsuit is in its evidence submission stage. In the opinion of Taurus' legal counsel, this class action is classified with a possible likelihood of loss and its adjusted amount is R$68.2 million.

Civil Class Action – Public Prosecutor's Office of the Federal District and Territories
The Public Prosecutor's Office of the Federal District ("MPDFT") filed a Civil Class Action with motion for injunction against the Company due to alleged supply to the Civil Police of the Federal District of pistols that had not met the contractual specifications. Through this action, it requires that Taurus should be convicted to indemnify for material damages caused, temporary suspension of the Company to bid and contract with the Public Administration for a period of two years, as well as to pay for collective pain and suffering in the amount of R$10 million. Based on the injunction, it required the freezing of the claimed amounts in the Company's bank accounts.
The Judge of the 8th Civil Court of Brasília rejected the motion for injunction of freezing of the Company's bank accounts in the absence of evidence as to the alleged need of immediate freezing of the amounts claimed in the lawsuit. The MPDFT filed bill of review, received by the Federal Regional Court of the 1st Region without stay effect and, on this date, awaits judgment.

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

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

This decision was appealed by the Federal District and the Public Prosecutor's Office of the Federal District, for which Taurus has filed counterarguments. The appeal awaits judgment. In the opinion of Taurus' legal counsel, this class action is classified with a possible likelihood of loss and its adjusted amount is R$13 million.

Administrative Proceeding and Lawsuit – PMESP
The Company was summoned to present defense in an administrative proceeding filed by the São Paulo State Military Police ("PMESP") (Sanctioning Proceeding CSMAM-002/30/16) which challenges the possibility or not of partial or full noncompliance with the agreement for acquisition and supply of ninety-eight thousand, four hundred and sixty-five (98,465) firearms, pistol type, models 24/7 and 640, between 2007 and 2011. On May 18, 2020, a decision was issued imposing a R$12.7 million fine on Taurus, as well as a penalty suspending the Company from bidding and signing any contract with the São Paulo State Public Administration during two (2) years. It is worth clarifying that this is an administrative decision, with no immediate effects, due to the stay effect granted on the appeal filed by the Company.

According to the Company's legal counsel's assessment, the likelihood of the above sentences being confirmed is considered possible and therefore no provision is recognized.

In any case, the declaration of suspension of the right to sign any contract with the State administration, if confirmed, should be restricted to this plaintiff's State (São Paulo), not affecting contracts with other states.

Finally, it should be noted that the Company has not made any sales to the São Paulo State Government in the past three years, which is why the Company believes that such decision will not have a direct impact on its revenue.

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 has filed its defense in the lawsuit and, the case record is being currently submitted to the examination by the Federal Treasury, after the opinion issued by the Public Prosecutor's Office.

In the opinion of its legal counsel, this action was classified with a possible likelihood of loss, estimated at R$25.1 million.

c) Tax lawsuits:

Except for the tax lawsuit listed below, no other lawsuit refers to individually significant amounts and/or is still in its administrative stage. These other lawsuits classified with possible likelihood of loss total R$45.8 million.

Tax collection lawsuit - Municipality of São Leopoldo

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

d) Other lawsuits

Djibouti

There is a criminal lawsuit on judicial secrecy at the 11th Federal Court of Porto Alegre, filed against two former Company employees and a Yemeni national, due to alleged irregular sale of firearms in 2013 to the Government of Djibouti, whose final destination would be Yemen. Although the Company and its officers are not parties to the lawsuit, as soon as the Company became aware of the prosecution, potentially harmful to its reputation, it has requested and has been granted its inclusion as a an interest party to the lawsuit, for the purpose of clarifying to the Judge the facts known by the Company and providing the necessary support to the investigations. There are no estimated effects or provisions concerning this issue that are or should be duly reflected in the Company's interim financial information at this date.

e) Contingent assets

The Company also holds an amount equivalent to R$66.7 in ongoing lawsuits, which are classified as contingent assets and are not recognized in accounting.

For this total, R$20 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 (case no. 5076012-70.2014.4.04.7100). The case is being processed in the Federal Court of Rio Grande do Sul and totals R$9 million. After the final decision of the objection filed by Eletrobrás, the court records were corrected to allow the settlement of awarded sentence by arbitration. Because of the decision that set new settlement criteria, Taurus filed an Interlocutory Appeal, whose decision is pending. The likelihood of a favorable outcome in this lawsuit is classified as probable.

Monitory Action - State Department of Finance of Rio Grande do Norte
Taurus Helmets filed a monitory action for the collection of Invoice No. 18565, relating to the supply of bulletproof vests, against the State Department of Finance of Rio Grande do Norte. The aforementioned principal action, Case no. 0010866-28.2006.8.20.0001, 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 no. 0824885-55.2017.8.20,5001, under which the overall amount of R$3.7 million is being collected by Taurus Helmets. The enforcement of the sentence was partially challenged by the Department of Finance and, currently, the records are awaiting to be returned by the court accountant's office only to ascertain the challenged amount. The likelihood of a favorable outcome in this lawsuit is classified as probable.

Writ of Mandamus - Federal Revenue Service Porto Alegre Commissioner
Taurus filed a writ of mandamus against the Federal Revenue Service Porto Alegre Commissioner seeking the deduction of paid prior notice, sick pay, one-third vacation bonus, maternity leave pay, and overtime amounts from the tax base of the employer's social security contribution, as provided for by Article 22, I and II, of Law 8212/91, and the social security contribution paid on behalf of outsourced contractors. Writ of Mandamus No. 5067090-11.2012.404.7100 is handled by the 14th Federal Tax Court of Porto Alegre and the amount involved is R$2.5 million. The claim was partially granted, allowing for the possibility of offsetting the social security contributions amounts already paid and the social security contributions paid for contractors levied on paid prior notice amounts. The Defendant filed an interlocutory appeal, which currently pending a decision. The likelihood of a favorable outcome in this lawsuit is classified as probable.

23. Financial Instruments

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

a) Fair value versus carrying amount
The fair values of financial liabilities, together with the carrying amounts reported in the balance sheet, are as follows:

				Consolidated
	03/31/2021		**12/31/2020**	
	Amortized cost	**Fair value**	**Amortized cost**	**Fair value**
Liabilities measured at amortized cost				
Borrowings and financing	**746,213**	**751,673**	698,528	707,936
Debentures	**65,768**	**66,824**	67,881	69,378
	811,981	**818,497**	766,409	777,314

				Parent
	03/31/2021		**12/31/2020**	
	Amortized cost	**Fair value**	**Amortized cost**	**Fair value**
Liabilities measured at amortized cost				
Borrowings and financing	**666,733**	**673,089**	621,929	631,446
Debentures	**65,768**	**66,824**	67,881	69,378
	732,501	**739,913**	689,810	700,824

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

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

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

24. Related Parties

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

					Outstanding balances of subsidiaries with the parent			Effect on the result of transactions of subsidiaries with the parent
	Current assets (ii)	Noncurrent assets (iii)	Total assets	Current liabilities (i)	Noncurrent liabilities	Total liabilities	Revenue (v)	Expense (v)
December 31, 2020								
Taurus Helmets Indústria de Capacetes Ltda.	-	-	-	92	14,817	14,909	-	173
Taurus Blindagens Nordeste Ltda.	-	-	-	789	45,704	46,493	-	454
Taurus Holdings, Inc.	692	-	692	19,395	18,435	37,830	110,072	1,568
Taurus Investimentos Imobiliários Ltda.	-	-	-	11,306	4,536	15,842	-	1,024
Taurus Máquinas-Ferramenta Ltda.	-	24,082	24,082	-	-	-	221	-
Taurus Plásticos Ltda.	-	-	-	-	1,597	1,597	-	20
Polimetal Metalurgia e Plásticos Ltda.	-	5,579	5,579	80	-	80	494	-
	692	29,661	30,353	31,662	85,089	116,751	110,787	3,239
March 31, 2021								
Taurus Helmets Indústria de Capacetes Ltda.	**10**	**-**	**10**	**130**	**14,272** (iv)	**14,402**	**-**	**73**
Taurus Blindagens Nordeste Ltda.	**-**	**-**	**-**	**791**	**45,857** (iv)	**46,648**	**-**	**222**
Taurus Holdings, Inc.	**24,590**	**-**	**24,590**	**15,244**	**20,211**	**35,455**	**187,882**	**1,624**
Taurus Investimentos Imobiliários Ltda.	**397**	**-**	**397**	**12,466**	**95** (iv)	**12,561**	**-**	**1,161**
Taurus Máquinas-Ferramenta Ltda.	**-**	**24,496**	**24,496**	**-**	**-**	**-**	**118**	**-**
Polimetal Metalurgia e Plásticos Ltda.	**1,986**	**5,550**	**7,536**	**1,934**	**-**	**1,934**	**942**	**-**
	26,983	**30,046**	**57,029**	**30,565**	**80,435**	**111,000**	**188,942**	**3,080**

(i) Refers to amounts recorded in line items trade payables - R$13,731 and other payables - R$16,834
(ii) Refers to amounts recorded in line items trade receivables - RR25,890 and other receivables - R$1,093
(iii) Refers to amounts recognized in line items intragroup loans - R$30,046 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate;
(iv) Represent intragroup loans totaling R$66654 from subsidiaries Taurus Helmets de Capacetes Ltda., Taurus Blindagens Nordeste Ltda., Taurus Investimentos Imobiliários Ltda., and Taurus Plásticos Ltda. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(v) Comparative balance with March 31, 2020

Transactions involving the Company and subsidiary Taurus Holdings, Inc. refer to sales of firearms to be marketed by the subsidiary in the U.S. market.

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

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

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

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

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

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

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

Officers’ and Directors’ transactions
Officers and directors hold an immaterial percentage of Company’s voting shares.

As at March 31, 2021, transactions involving Taurus Armas S.A. and its related parties refer mainly to sales of firearms for trading and purchase of ammunition. The amount of these transactions is shown below:

	Current assets	Current liabilities	Revenue	Expenses
Companhia Brasileira de Cartuchos	2,384	23,499	7,089	11,200
CBC Brasil Comércio e Distribuição	125,758	-	125,758	-
GN Importações	286	-	289	-
Taurus JM Indústria de Peças	50	1,603	-	8
	128,478	25,102	133,136	11,208

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

	Consolidated		Parent	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Statutory officer's compensation and benefits	**990**	**833**	**990**	833
Directors' compensation and benefits	**171**	**120**	**171**	120
Supervisory Board members' compensation and benefits	**63**	**58**	**63**	58
	1,224	1,011	**1,224**	1,011

The Company does not have compensation benefit policies for key management personnel that could be characterized as: postemployment benefits, termination benefits, share-based compensation, or other long-term benefits.

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$842 million (R$790.1 million at December 31, 2020) to Taurus Armas S.A.
Subsidiary Taurus International has an overdraft account with a US banking institution, Wells Fargo, on which there is an additional guaranteed consisting of a surety granted by its parent Taurus Armas S.A.

25. Discontinued Operations

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

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

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

When an operation is classified as a discontinued operation, the comparative statements of profit and loss and of value added are restated as if the operation had been discontinued since the beginning of the comparative period.

In March 2018, the Board of Directors unanimously authorized the offering of the helmets business, consisting of the companies Taurus Helmets Indústria de Capacetes Ltda. and Taurus Blindagens Nordeste Ltda., to the market.

The Company continues to pursue the sale of its helmet operation located in Mandirituba, Paraná, Taurus Helmets Indústria de Helmets Ltda. and continues to assess proposals to secure a price that reflects the actual value of the business. However, after several years without completing the sale and since the unit is in operation, and also considering the application of CPC 31, the Company is once again consolidating this operation as a going concern, while the unit that is not in operation, Taurus Blindagens Nordeste Ltda., continues to be stated as a discontinued operation, held for sale.

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

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

	03/31/2021	03/31/2020 Restated
Net sales revenue	-	-
Foreign revenue	-	-
Finance costs, net	(120)	(154)
Foreign expenses	(120)	(154)
Profit (loss) from operating activities	(120)	(154)
Taxes on income	(25)	(73)
Profit (loss) before income tax and social contribution	**(145)**	(227)
Basic earnings (loss) per share (in R$)	**(0.001440)**	(0.002560)
Basic earnings (loss) per preferred share (in R$)	**(0.001570)**	(0.002570)

Profit (loss) from discontinued operations as at March 31, 2021 is -R$145 million (-R$227 thousand as at March 31, 2020) and is fully attributed to owners of the Company.

(b) Cash flows generated by discontinued operations

	03/31/2021	03/31/2020
Net cash generated by operating activities	**222**	(20)
Net cash generated by investing activities	**(152)**	(105)
Net cash used in financing activities	**-**	(17)
Net cash generated by discontinued operations	**70**	(142)

26. Equity

a) Share capital
As at March 31, 2021, the Company's issued capital is R$580.7 million (R$560.3 million at December 31, 2020), represented by 100,168,433 book-entry, registered shares, divided into 46,445,314 common shares and 53,723,119 preferred shares without par value.

On October 5, 2018, the Company issued four series of subscription warrants, with each warrant converting into one share, the following is the updated position as of March 31, 2021:

	NUMBER			
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	05/07/2021	07/10/2021	05/10/2022
Number of shares	24,899,874	20,000,000	20,000,000	9,000,000
Exercised	13,148,993	10,581,114	11,572,644	177,470
Forfeited	11,750,881	-	-	-
Exercisable	-	9,418,886	8,427,356	8,822,530

In the year ended December 31, 2019, the warrants exercised were automatically converted into capital, in an amount equivalent to R$55 million, which was ratified by the Company's Board of Directors' Meeting.

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

In 2021, up to March 31, 2021, the warrants exercised were automatically converted into capital, in an amount equivalent to R$20.4 million, which was ratified by the Company's Board of Directors' Meeting.

Preferred shares

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

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

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

Authorized shares (in thousands of shares):

	12/31/2020	12/31/2019
Common shares	51,851	51,851
Preferred shares	103,702	103,702
	155,553	155,553

Issued, fully paid-in shares:

	Common shares		Preferred shares	
	In thousands	**Amount in R$ thousands**	**In thousands**	**Amount in R$ thousands**
As at December 31, 2020				
Common: R$15.87; Preferred: R$15.50*	46,445	737,082	49,684	770,102
As at March 31, 2021				
Common: R$23.01; Preferred: R$22.36*	**46,445**	1,068,699	**53,723**	1,201,246

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

b) Valuation adjustments to equity

Deemed cost

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

Fair value of investment properties

As described in note 13, in 2016 the Company recognized the fair value of its investment property, pursuant to the Brazilian accounting policies (BR GAAP) and IFRSs. The investment property at fair value is initially recognized in equity. After initial recognition, the fair value should be reviewed annually and changes in fair value are recognized directly in profit or loss for the year.

Cumulative translation adjustments

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

c) Earnings per share

		Parent and consolidated
Basic numerator	**03/31/2021**	03/31/2020 Restated
Profit (loss) from continuing operations		
Common shares	31,641	(82,352)
Preferred shares	36,600	(74,545)
	68,241	(156,897)
Profit (loss) from discontinued operations		
Common shares	(67)	(119)
Preferred shares	(78)	(108)
	(145)	(227)
Profit for the period		
Common shares	31,574	(82,471)
Preferred shares	36,522	(74,653)
	68,096	(157,124)
Basic denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	49,729,046	42,019,276
	96,174,360	88,464,590
Basic earnings per share from continuing operations (R$ per share)		
Common shares	0.68125	(1.77310)
Preferred shares	0.73599	(1.77407)
Basic earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.00144)	(0.00256)
Preferred shares	(0.00157)	(0.00257)
Basic earnings per share (R$ per share)		
Common shares	0.67981	(1.77566)
Preferred shares	0.73442	(1.77664)

		Parent and consolidated
Diluted numerator	**03/31/2021**	03/31/2020 Restated
Profit (loss) from continuing operations		
Common shares	31,641	(82,352)
Preferred shares	36,600	(74,545)
	68,241	(156,897)
Profit (loss) from discontinued operations		
Common shares	(67)	(119)
Preferred shares	(78)	(108)
	(145)	(227)
Profit for the period		
Common shares	31,574	(82,471)
Preferred shares	36,522	(74,653)
	68,096	(157,124)
Diluted denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	49,729,046	42,019,276
	96,174,360	88,464,590
Potential increase in the number of shares from the exercise of warrants		
Common shares	-	-
Preferred shares	18,584,509	-
	18,584,509	-
Diluted earnings per share from continuing operations (R$ per share)		
Common shares	0.68125	(1.77310)
Preferred shares	0.53576	(1.77407)
Diluted earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.00144)	(0.00256)
Preferred shares	(0.00114)	(0.00257)
Diluted earnings per share (R$ per share)		
Common shares	0.67981	(1.77566)
Preferred shares	0.53462	(1.77664)

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

27. Net Operating Revenue

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

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

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%
Social Integration Program Tax on Revenue (PIS)	0.65% and 1.65%

	Consolidated		**Parent**	
	03/31/2021	03/31/2020 Restated	**03/31/2021**	03/31/2020
Sales of goods	**681,665**	402,020	**402,205**	227,218
Provision of services	**31**	4	**31**	4
Total gross revenue	**681,696**	402,024	**402,236**	227,222
Sales taxes	**(129,944)**	(84,491)	**(84,129)**	(56,810)
Returns and discounts	**(654)**	(770)	**(87)**	(234)
Total operating revenue, net	**551,098**	**316,763**	**318,020**	**170,178**

As the Company's sales have a short-term maturity and the effects of present value adjustments are immaterial, the Company no longer presents the calculation of present value in its interim financial information.

28. Expenses by nature

	Consolidated		Parent	
Expenses by function	**03/31/2021**	03/31/2020 Restated	**03/31/2021**	03/31/2020
Cost of sales	**(297,062)**	(207,172)	**(156,989)**	(102,280)
Selling expenses	**(44,282)**	(33,340)	**(16,016)**	(13,649)
Allowance for impairment of financial instruments	**(412)**	3,729	**(284)**	2,680
General and administrative expenses	**(43,724)**	(39,047)	**(23,395)**	(20,468)
Other operating expenses	**(2,620)**	(2,891)	**(2,748)**	(3,203)
	(388,100)	**(278,721)**	**(199,432)**	**(136,920)**

Expenses by nature	**03/31/2021**	03/31/2020	**03/31/2021**	03/31/2020
Depreciation and amortization	(7,218)	(6,427)	(3,260)	(3,152)
Personnel expenses	(76,131)	(69,143)	(46,015)	(39,946)
Tax expenses	(3,083)	(1,177)	(1,423)	(26)
Raw material and supplies and consumables	(199,098)	(122,644)	(94,857)	(52,651)
Auxiliary materials and upkeep and maintenance supplies	(20,906)	(10,505)	(19,949)	(9,861)
Freight and insurance	(32,514)	(13,783)	(12,140)	(7,893)
Outside services	(14,642)	(11,047)	(12,248)	(7,372)
Advertising and publicity	(6,860)	(5,192)	(1,090)	(774)
Expenses on product warranty	1,632	(1,701)	1,904	(1,569)
Water and power	(8,302)	(3,367)	(2,557)	(107)
Travel and accommodation	(627)	(3,301)	(381)	(1,183)
Expenses on commissions	(9,902)	(6,214)	(902)	(1,037)
Cost of property, plant and equipment written off	(1,996)	(105)	(114)	(105)
Provision for civil, labor and tax risks	(3,554)	(3,045)	(3,009)	(3,210)
Rentals	(1,367)	(2,934)	(2,181)	(2,809)
Other expenses	(3,532)	(18,136)	(1,210)	(5,225)
	(388,100)	**(278,721)**	**(199,432)**	**(136,920)**

29. Finance Income (Costs), Net

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

	Consolidated		Parent	
	03/31/2021	03/31/2020 Restated	**03/31/2021**	03/31/2020
Finance income				
Interest	**88**	12	**214**	326
Foreign exchange losses	**15,549**	20,796	**14,765**	19,665
Other income	**106**	130	**60**	85
	15,743	20,938	**15,039**	20,076
Finance costs				
Interest and fines	**(10,320)**	(10,678)	**(8,990)**	(11,795)
Foreign exchange losses	**(79,270)**	(195,950)	**(78,888)**	(195,229)
Tax on financial transactions (IOF)	**-**	(206)	**-**	(143)
Other expenses	**(2,255)**	(3,474)	**(1,913)**	(2,846)
	(91,845)	(210,308)	**(89,791)**	(210,013)
Finance income (costs), net	**(76,102)**	(189,370)	**(74,752)**	(189,937)

30. Provision for Product Warranty

The Company quantifies and recognizes an estimate for the warranty-related costs, according to history of and current repair costs. The provision for product warranty ensures that the repair costs in case of replacement or repair do not affect the results of operations for the periods in which these additional costs were incurred. Therefore, amounts are recognized on an accrual basis. As at March 31, 2021 and December 31, 2020, the balances are as follow:

	Consolidated		Parent	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Domestic market	**8,166**	10,624	**6,698**	9,158
Foreign market	**11,507**	10,496	**-**	-
Total	**19,673**	**21,120**	**6,698**	**9,158**
Current liabilities	**12,471**	18,105	**6,698**	13,092
Noncurrent liabilities	**7,202**	5,559	**-**	-

31. Events After the Reporting Period

Stock option or share subscription plan
On April 26, 2021, the extraordinary and annual shareholders' meeting approved the stock option or share subscription plan.

The goal of the plan is to attract, motivate, and retain high performance executives who are strategic to the development of the Company's core business. The operation of the plan is detailed in the Stock Option or Stock Subscription Plan documentation.

The total estimated expenses of the Plan, in accordance with CPC 10 R1 approved by CVM Resolution No. 650 of December 16, 2010, which addresses share-based payments, is estimated at R$33.6 million, to be recognized proportionally each period, in accordance with the aforementioned standards, within the period of coverage of the plan which is nine years. This estimate is prepared exclusively for accounting purposes, in compliance with the relevant regulation, and does not imply any change in the nature of the Plan or the rules and conditions established therein.

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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, Directors and Management of
Taurus Armas S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Taurus Armas S.A. (“Company”), included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2021, which comprises the balance sheet as at March 31, 2021 and the related statements of profit and loss and of comprehensive income for the three-month period then ended, and the statements of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of this individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

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

Other matter

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the three-month period ended March 31, 2021, prepared under the responsibility of the Company’s Management and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the Interim Financial Information (ITR) to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set forth in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with CPC 09 and consistently with the individual and consolidated interim financial information taken as a whole.

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

Porto Alegre, May 4, 2021

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Otavio Ramos Pereira
Engagement Partner

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Supervisory Board's Opinion

The Supervisory Board of Taurus Armas S.A., in compliance with legal and statutory provisions, reviewed the information for the first quarter of 2021. Based on this review and information contained in the unqualified Report on Review of Interim Financial Information issued by Deloitte Touche Tohmatsu Auditores Independentes, dated May 4, 2021, in addition to information and clarifications received from the Company's Management, it represents that the mentioned documents are appropriate for disclosure.

São Leopoldo, May 4, 2021

Haroldo Zago
Chairman

Mauro César Medeiros de Mello
Board Member

Edson Pereira Ribeiro
Board Member

AUDIT AND RISK BOARD'S OPINION

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

In order to fulfill its duties and in compliance with its annual work plan, it has held a meeting to discuss the financial statements for the period ended March 31, 2021.

The Board has audited the Management Report, the Interim Financial Information for the period ended March 31, 2021, including the explanatory notes, and the unqualified report issued by Deloitte Touche Tohmatsu.

Based on the activities performed in the period, in reliance upon its duties and limitations inherent in its work scope, the Audit and Risk Board, without identifying any event that could affect the quality and completeness of the information to be disclosed, recommends to the Board of Directors the approval and disclosure of the Interim Financial Information as at March 31, 2021 and the respective Performance Report.

Porto Alegre, May 3, 2021

SÉRGIO LAURIMAR FIORAVANTI
Coordinating Board Member

MAGNO NEVES FONSECA
Board Member

LUCIANO LUIZ BARSI
Board Member

STATEMENT OF THE EXECUTIVE COMMITTEE OF TAURUS ARMAS S.A. ON THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2021

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Eduardo Minghelli, Ricardo Machado and Leonardo Brum Sesti, Executive Officers of Taurus Armas S.A., a company with registered head office at Av. São Borja, 2181/Prédio A, CEP: 93.032-000, São Leopoldo, RS, enrolled with Corporate Taxpayer Identification (CNPJ/MF) under No. 92.781.335/0001-02, in compliance with provisions of Article 25, V and VI, of CVM Instruction 480, of December 7, 2009, hereby declare that they have reviewed, discussed and agreed with the Financial Statements of Taurus Armas S.A. and consolidated companies for the period from January 1, 2021 to March 31, 2021.

São Leopoldo, May 4, 2021

Salesio Nuhs
Chief Executive Officer

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

Eduardo Minghelli
Executive Officer without specific designation

Ricardo Machado
Executive Officer without specific designation

Leonardi Brum Sesti
Executive Officer without specific designation

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

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Eduardo Minghelli, Ricardo Machado 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, 2021 to March 31, 2021, issued on May 4, 2021.

São Leopoldo, May 4, 2021

Salesio Nuhs
Chief Executive Officer

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

Eduardo Minghelli
Executive Officer without specific designation

Ricardo Machado
Executive Officer without specific designation

Leonardo Brum Sesti
Executive Officer without specific designation