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

Taurus Armas S.A.

Report on Review of Interim Financial Information for the Nine-month Period Ended September 30, 2021

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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Breakdown of Capital

Number of shares (units)	Current Quarter 09/30/2021
Common Shares Paid-in Capital	46,445,314
Preferred Shares Paid-in Capital	70,665,482
Total Paid-in Capital	117,110,796
Common Shares Treasury	-
Preferred Shares Treasury	-
Total Treasury	-

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

Line Item	Description	Current Quarter 09/30/2021	Prior Year 12/31/2020
1	Total assets	1,704,124	1,305,322
1.01	Current assets	709,154	485,412
1.01.01	Cash and cash equivalents	60,391	34,623
1.01.01.01	Cash and banks	42,169	30,783
1.01.01.02	Highly liquid short-term investments	18,222	3,840
1.01.02	Short-term investments	16	-
1.01.03	Trade receivables	271,956	183,267
1.01.03.01	Trade Receivables	271,956	183,267
1.01.04	Inventories	315,131	204,894
1.01.06	Recoverable taxes	42,067	28,987
1.01.06.01	Recoverable current taxes	42,067	28,987
1.01.07	Prepaid expenses	1,784	4,793
1.01.08	Other current assets	17,809	28,848
1.01.08.03	Other	17,809	28,848
1.01.08.03.03	Related parties - Intragroup loan	93	-
1.01.08.03.04	Other receivables	17,716	28,848
1.02	Noncurrent assets	994,970	819,910
1.02.01	Long-term receivables	171,019	209,084
1.02.01.07	Deferred taxes	128,860	166,291
1.02.01.07.01	Deferred income tax and social contribution	128,860	166,291
1.02.01.09	Due to related parties	29,118	29,661
1.02.01.09.04	Due from other related parties	29,118	29,661
1.02.01.10	Other noncurrent assets	13,041	13,132
1.02.01.10.04	Other	13,041	13,132
1.02.02	Investments	623,054	462,148
1.02.02.01	Equity interests	623,054	462,148
1.02.02.01.02	Equity interests in subsidiaries	623,054	462,148
1.02.03	Property, plant and equipment	176,535	130,012
1.02.03.01	Property, plant and equipment in use	147,142	114,962
1.02.03.03	PP&E in progress	29,393	15,050
1.02.04	Intangible assets	24,362	18,666
1.02.04.01	Intangible assets	24,362	18,666
1.02.04.01.02	Intangible assets	24,362	18,666

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

Line Item	Description	Current Quarter 09/30/2021	Prior Year 12/31/2020
2	Total liabilities and equity	1,704,124	1,305,322
2.01	Current liabilities	466,598	460,921
2.01.01	Payroll, benefits and taxes thereon	64,544	32,150
2.01.01.01	Payroll and related taxes	7,589	7,482
2.01.01.02	Payroll and related taxes	56,955	24,668
2.01.02	Trade payables	121,206	82,490
2.01.02.01	Local suppliers	101,155	69,230
2.01.02.02	Foreign trade payables	20,051	13,260
2.01.03	Taxes payable	56,385	49,915
2.01.03.01	Federal tax liabilities	53,993	47,605
2.01.03.01.01	Income tax and social contribution payable	11,246	7,477
2.01.03.01.02	Other taxes	42,747	40,128
2.01.03.02	State tax liabilities	2,367	2,258
2.01.03.03	Municipal tax liabilities	25	52
2.01.04	Borrowings and financing	16,769	78,402
2.01.04.01	Borrowings and financing	16,744	71,535
2.01.04.01.01	In local currency	432	1,817
2.01.04.01.02	In foreign currency	16,312	69,718
2.01.04.02	Debentures	25	6,867
2.01.05	Other payables	166,064	173,983
2.01.05.02	Other	166,064	173,983
2.01.05.02.04	Intragroup borrowing	5,559	22,721
2.01.05.02.05	Foreign exchange drafts	102,433	100,271
2.01.05.02.08	Advances from customers	55,688	48,931
2.01.05.02.09	Other payables	2,384	2,060
2.01.06	Provisions	41,630	43,981
2.01.06.01	Tax, social security, labor and civil provisions	35,127	34,823
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	6,668	6,413
2.01.06.01.04	Civil provisions	770	721
2.01.06.02	Other allowances, provisions and accruals	6,503	9,158
2.01.06.02.01	Provision for warranties	6,503	9,158
2.02	Noncurrent liabilities	635,693	802,132
2.02.01	Borrowings and financing	481,734	611,408
2.02.01.01	Borrowings and financing	443,885	550,394
2.02.01.01.01	In local currency	10,254	13,256
2.02.01.01.02	In foreign currency	433,631	537,138
2.02.01.02	Debentures	37,849	61,014
2.02.02	Other payables	99,911	134,467
2.02.02.01	Due to related parties	56,807	85,088
2.02.02.01.02	Due to subsidiaries	3,854	18,435
2.02.02.01.04	Due to other related parties	52,953	66,653
2.02.02.02	Other	43,104	49,379
2.02.02.02.03	Taxes payable	24,828	31,192
2.02.02.02.04	Provision for negative equity	18,276	17,621

Line Item	Description	Current Quarter 09/30/2021	Prior Year 12/31/2020
2.02.02.02.06	Trade payables	-	566
2.02.03	Deferred taxes	2,485	-
2.02.03.01	Deferred income tax and social contribution	2,485	-
2.02.04	Provisions	51,563	56,257
2.02.04.01	Tax, social security, labor and civil provisions	51,563	56,257
2.02.04.01.01	Tax provisions	221	-
2.02.04.01.02	Social security and labor provisions	36,654	41,512
2.02.04.01.04	Civil provisions	14,688	14,745
2.03	Equity	601,833	42,269
2.03.01	Issued capital	673,092	560,287
2.03.02	Capital reserves	- 27,500	- 31,116
2.03.02.03	Disposal of subscription warrants	13,496	9,880
2.03.02.09	Capital transactions	- 40,996	- 40,996
2.03.05	Retained earnings/accumulated losses	- 276,105	- 704,720
2.03.06	Valuation adjustments to equity	45,380	45,857
2.03.08	Other comprehensive income	186,966	171,961
2.03.08.01	Cumulative translation adjustments	186,966	171,961

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

Line Item	Description	Current Quarter 07/01/2021 to 09/30/2021	Current YTD 01/01/2021 to 09/30/2021	Same quarter of prior year 07/01/2020 to 09/30/2020	Prior YTD 01/01/2020 to 09/30/2020
3.01	Net operating revenue	461,256	1,180,458	324,692	760,699
3.02	Cost of sales	-225,123	-588,761	-158,918	-401,177
3.03	Gross profit	236,133	591,697	165,774	359,522
3.04	Operating (expenses) income	38,825	46,031	-23,201	-81,192
3.04.01	Selling expenses	-25,833	-58,314	-16,880	-46,910
3.04.02	General and administrative expenses	-36,452	-90,661	-25,925	-68,340
3.04.03	Impairment losses	-514	-733	-552	3,011
3.04.04	Other operating income	44,959	56,790	3,412	7,484
3.04.05	Other operating expenses	-2,407	-6,297	-1,602	-6,231
3.04.06	Equity in earnings (losses)	59,072	145,246	18,346	29,794
3.05	Profit before finance income (costs) and taxes	274,958	637,728	142,573	278,330
3.06	Finance income (costs)	-51,962	-65,631	-40,392	-285,515
3.06.01	Finance income	21,118	168,650	73,944	129,564
3.06.02	Finance costs	-73,080	-234,281	-114,336	-415,079
3.07	Pretax profit (loss)	222,996	572,097	102,181	-7,185
3.08	Income tax and social contribution	-56,585	-143,959	54	-8,669
3.08.01	Current	-43,380	-104,043	-	-
3.08.02	Deferred	-13,205	-39,916	54	-8,669
3.09	Profit (loss) from continuing operations	166,411	428,138	102,235	-15,854
3.11	Profit/loss for the period	166,411	428,138	102,235	-15,854
3.99.01.01	Common shares (ON)	1.2688	3.6558	1.1565	-0.1792
3.99.01.02	Preferred shares (PN)	1.7283	4.6412	1.1545	-0.1792
3.99.02.01	Common shares (ON)	1.2688	3.6558	1.1565	-0.1780
3.99.02.02	Preferred shares (PN)	1.7799	4.1411	1.1623	-0.1780

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

Line Item	Description	Current Quarter 07/01/2021 to 09/30/2021	Current YTD 01/01/2021 to 09/30/2021	Same quarter of prior year 07/01/2020 to 09/30/2020	Prior YTD 01/01/2020 to 09/30/2020
4.01	Profit for the period	166,411	428,138	102,235	-15,854
4.02	Other comprehensive income	28,345	15,005	6,735	59,463
4.02.01	Translation adjustments for the period	28,345	15,005	6,735	59,463
4.03	Comprehensive income for the period	194,756	443,143	108,970	43,609

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

Line Item	Description	Current YTD 01/01/2021 to 09/30/2021	Prior YTD 01/01/2021 to 09/30/2021
6.01	Net cash from operating activities	161,996	160,414
6.01.01	Cash generated by operating activities	416,731	206,917
6.01.01.01	Profit (loss) for the year before income tax and social contribution	572,097	-7,185
6.01.01.02	Depreciation and amortization	9,579	9,887
6.01.01.03	Cost of capital assets written off	243	177
6.01.01.04	Allowance for doubtful debts	733	-3,011
6.01.01.05	Share of profit of subsidiary	-145,246	-29,794
6.01.01.08	Accrued interest on borrowings and financing	25,031	22,692
6.01.01.10	Allowance for inventory losses	1,672	1,298
6.01.01.11	Provision for contingencies	-4,391	-13,971
6.01.01.12	Provision for warranties	-2,655	-3,447
6.01.01.13	Exchange differences on borrowings and other items	-40,332	230,271
6.01.02	Changes in assets and liabilities	-154,641	-46,175
6.01.02.01	(Increase) decrease in trade receivables	-89,422	-102,275
6.01.02.02	(Increase) decrease in inventories	-111,909	-33,496
6.01.02.03	(Increase) decrease in other receivables	-1,396	13,880
6.01.02.04	(Decrease) increase in trade payables	38,150	12,751
6.01.02.05	(Decrease) increase in payables and provisions	9,936	62,965
6.01.03	Other	-100,094	-328
6.01.03.03	Income tax and social contribution paid	-100,094	-328
6.02	Net cash from investing activities	-61,543	-46,511
6.02.01	Due from related parties	514	-9,762
6.02.04	In property, plant and equipment	-55,372	-28,502
6.02.05	In intangible assets	-6,669	-8,247
6.02.06	Short-term investments	-16	-
6.03	Net cash from financing activities	-74,685	-113,345
6.03.02	Borrowings	69,219	139,825
6.03.03	Repayment of borrowings	-215,732	-215,289
6.03.05	Capital increase	112,805	2,962
6.03.06	Payment of interest on borrowings	-24,904	-26,065
6.03.09	Due to related parties	-16,073	-14,778
6.05	Increase (decrease) in cash and cash equivalents	25,768	558
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	60,391	7,934

Individual Financial Statements / Statement of Changes in Equity - from 01/01/2021 to 09/30/2021
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital		Capital reserves, stock options granted and treasury shares	Earnings reserves		Retained earnings (accumulated losses)		Other comprehensive income	Equity
5.01	Opening balances	560,287	-	31,116	-	-	704,720		217,818	42,269
5.03	Adjusted opening balances	560,287	-	31,116	-	-	704,720		217,818	42,269
5.04	Shareholders' capital transactions	112,805		3,616	-		-		-	116,421
5.04.01	Capital increases	112,805		-	-		-		-	112,805
5.04.03	Recognized stock options granted	-		3,616	-		-		-	3,616
5.05	Total comprehensive income	-		-	-		428,615		14,528	443,143
5.05.01	Net income for the period	-		-	-		428,138		-	428,138
5.05.02	Other comprehensive income	-		-	-		477		14,528	15,005
5.05.02.06	Realization of valuation adjustments to equity	-		-	-		477	-	477	-
5.05.02.08	Translation adjustments for the period	-		-	-		-		15,005	15,005
5.07	Closing balances	673,092	-	27,500	-	-	276,105		232,346	601,833

Individual Financial Statements / Statement of Changes in Equity - from 01/01/2020 to 09/30/2020
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	520,277	- 31,116	-	- 970,315	176,533	- 304,621
5.03	Adjusted opening balances	520,277	- 31,116	-	- 970,315	176,533	- 304,621
5.04	Shareholders' capital transactions	2,962	-	-	1,045	846	4,853
5.04.01	Capital increases	2,962	-	-	-	-	2,962
5.04.08	Other transactions	-	-	-	1,045	846	1,891
5.05	Total comprehensive income	-	-	-	- 15,136	58,745	43,609
5.05.01	Net income for the period	-	-	-	- 15,854	-	- 15,854
5.05.02	Other comprehensive income	-	-	-	718	58,745	59,463
5.05.02.04	Translation adjustments for the period	-	-	-	-	59,463	59,463
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	718	- 718	-
5.07	Closing balances	523,239	- 31,116	-	- 984,406	236,124	- 256,159

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

Line Item	Description	Current YTD 01/01/2021 to 09/30/2021	Prior YTD 01/01/2020 to 09/30/2020
7.01	Revenue	1,576,126	971,970
7.01.01	Sales of goods and services	1,520,069	961,475
7.01.02	Other income	56,790	7,484
7.01.04	Allowance for (reversal of) doubtful debts	- 733	3,011
7.02	Inputs purchased from third parties	- 528,223	- 368,134
7.02.01	Cost of products, goods and services sold	- 351,999	- 230,578
7.02.02	Supplies, power, outside services and other inputs	- 176,224	- 137,556
7.03	Gross value added	1,047,903	603,836
7.04	Withholdings	- 9,579	- 9,887
7.04.01	Depreciation, amortization and depletion	- 9,579	- 9,887
7.05	Wealth created	1,038,324	593,949
7.06	Wealth received in transfer	313,896	159,358
7.06.01	Equity in earnings (losses)	145,246	29,794
7.06.02	Finance income	168,650	129,564
7.07	Wealth for distribution	1,352,220	753,307
7.08	Wealth distributed	1,352,220	753,307
7.08.01	Personnel expenses	171,959	118,939
7.08.01.01	Wages	116,557	91,787
7.08.01.02	Benefits	47,186	20,784
7.08.01.03	Severance Pay Fund (FGTS)	8,216	6,368
7.08.02	Taxes, Fees and Contributions	514,794	233,926
7.08.02.01	Federal	432,285	185,884
7.08.02.02	State	82,329	47,899
7.08.02.03	Municipal	180	143
7.08.03	Lenders and lessors	237,329	416,296
7.08.03.01	Interest	234,278	415,079
7.08.03.02	Rentals	3,051	1,217
7.08.04	Shareholders	428,138	- 15,854
7.08.04.03	Retained earnings (accumulated losses)	428,138	- 15,854

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

Line Item	Description	Current Quarter 09/30/2021	Prior Year 12/31/2020
1	Total assets	1,863,297	1,460,650
1.01	Current assets	1,268,668	930,859
1.01.01	Cash and cash equivalents	174,081	91,231
1.01.01.01	Cash and banks	152,144	85,983
1.01.01.02	Highly liquid short-term investments	21,937	5,248
1.01.02	Short-term investments	16	-
1.01.03	Trade receivables	412,926	317,406
1.01.03.01	Trade Receivables	412,926	317,406
1.01.04	Inventories	539,641	298,343
1.01.06	Recoverable taxes	52,684	33,319
1.01.06.01	Recoverable current taxes	52,684	33,319
1.01.07	Prepaid expenses	4,434	22,222
1.01.08	Other current assets	84,886	168,338
1.01.08.01	Noncurrent assets for sale	66,030	133,850
1.01.08.03	Other	18,856	34,488
1.01.08.03.02	Other receivables	18,856	34,488
1.02	Noncurrent assets	594,629	529,791
1.02.01	Long-term receivables	169,108	203,121
1.02.01.07	Deferred taxes	149,877	188,580
1.02.01.07.01	Deferred income tax and social contribution	149,877	188,580
1.02.01.10	Other noncurrent assets	19,231	14,541
1.02.01.10.03	Recoverable taxes	348	-
1.02.01.10.04	Other	18,883	14,541
1.02.02	Investments	2,984	2
1.02.02.01	Equity interests	2,984	2
1.02.02.01.04	Investments in joint ventures	2,825	-
1.02.02.01.05	Other investments	159	2
1.02.03	Property, plant and equipment	322,243	233,355
1.02.03.01	Property, plant and equipment in use	261,045	216,115
1.02.03.03	PP&E in progress	61,198	17,240
1.02.04	Intangible assets	100,294	93,313
1.02.04.01	Intangible assets	100,294	93,313
1.02.04.01.02	Intangible assets	100,294	93,313

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

Line Item	Description	Current Quarter 09/30/2021	Prior Year 12/31/2020
2	Total liabilities and equity	1,863,297	1,460,650
2.01	Current liabilities	623,860	575,35
2.01.01	Payroll, benefits and taxes thereon	81,985	57,488
2.01.01.01	Payroll and related taxes	8,166	32,138
2.01.01.02	Payroll and related taxes	73,819	25,350
2.01.02	Trade payables	164,140	111,892
2.01.02.01	Local suppliers	112,397	69,476
2.01.02.02	Foreign trade payables	51,743	42,416
2.01.03	Taxes payable	116,695	68,259
2.01.03.01	Federal tax liabilities	113,852	65,946
2.01.03.01.01	Income tax and social contribution payable	17,880	14,274
2.01.03.01.02	Other taxes	95,972	51,672
2.01.03.02	State tax liabilities	2,792	2,258
2.01.03.03	Municipal tax liabilities	51	55
2.01.04	Borrowings and financing	16,769	78,402
2.01.04.01	Borrowings and financing	16,744	71,535
2.01.04.01.01	In local currency	432	1,817
2.01.04.01.02	In foreign currency	16,312	69,718
2.01.04.02	Debentures	25	6,867
2.01.05	Other payables	191,859	203,775
2.01.05.02	Other	191,859	203,775
2.01.05.02.05	Foreign exchange drafts	102,433	100,271
2.01.05.02.09	Advances from customers	55,879	49,062
2.01.05.02.10	Payables from noncurrent assets for sale	5,485	27,297
2.01.05.02.11	Other payables	28,062	27,145
2.01.06	Provisions	52,412	55,534
2.01.06.01	Tax, social security, labor and civil provisions	40,331	40,983
2.01.06.01.01	Tax provisions	27,689	27,689
2.01.06.01.02	Social security and labor provisions	9,008	8,770
2.01.06.01.04	Civil provisions	3,634	4,524
2.01.06.02	Other allowances, provisions and accruals	12,081	14,551
2.01.06.02.01	Provision for warranties	12,081	14,551
2.02	Noncurrent liabilities	637,604	843,031
2.02.01	Borrowings and financing	498,418	688,007
2.02.01.01	Borrowings and financing	460,569	626,993
2.02.01.01.01	In local currency	10,254	13,256
2.02.01.01.02	In foreign currency	450,315	613,737
2.02.01.02	Debentures	37,849	61,014
2.02.02	Other payables	59,938	78,652
2.02.02.01	Due to related parties	1,344	-
2.02.02.01.04	Due to other related parties	1,344	-
2.02.02.02	Other	58,594	78,652
2.02.02.02.04	Taxes payable	25,553	31,195
2.02.02.02.05	Other payables	33,041	46,891
2.02.02.02.06	Trade payables	-	566

Line Item	Description	Current Quarter 09/30/2021	Prior Year 12/31/2020
2.02.03	Deferred taxes	17,585	10,291
2.02.03.01	Deferred income tax and social contribution	17,585	10,291
2.02.04	Provisions	61,663	66,081
2.02.04.01	Tax, social security, labor and civil provisions	54,787	59,512
2.02.04.01.01	Tax provisions	1,617	-
2.02.04.01.02	Social security and labor provisions	38,464	44,767
2.02.04.01.04	Civil provisions	14,706	14,745
2.02.04.02	Other allowances, provisions and accruals	6,876	6,569
2.02.04.02.01	Provision for warranties	6,876	6,569
2.03	Consolidated equity	601,833	42,269
2.03.01	Issued capital	673,092	560,287
2.03.02	Capital reserves	- 27,500	- 31,116
2.03.02.03	Disposal of subscription warrants	13,496	9,880
2.03.02.09	Capital transactions	- 40,996	- 40,996
2.03.05	Retained earnings/accumulated losses	- 276,105	-704,72
2.03.06	Valuation adjustments to equity	45,38	45,857
2.03.08	Other comprehensive income	186,966	171,961
2.03.08.01	Cumulative translation adjustments	186,966	171,961

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

Line Item	Description	Current Quarter 07/01/2021 to 09/30/2021	Current YTD 01/01/2021 to 09/30/2021	Same quarter of prior year 07/01/2020 to 09/30/2020	Prior YTD 01/01/2020 to 09/30/2020
3.01	Net operating revenue	718,001	1,920,141	514,508	1,268,922
3.02	Cost of sales	-347,483	-998,630	-277,052	-736,784
3.03	Gross profit	370,518	921,511	237,456	532,138
3.04	Operating (expenses) income	-83,016	-248,373	-88,392	-239,578
3.04.01	Selling expenses	-74,168	-167,375	-44,310	-119,059
3.04.02	General and administrative expenses	-50,916	-149,452	-45,749	-126,706
3.04.03	Impairment losses	-958	-1,211	-1,737	1,872
3.04.04	Other operating income	45,287	76,566	4,480	8,809
3.04.05	Other operating expenses	-1,988	-6,599	-1,076	-4,494
3.04.06	Equity in earnings (losses)	-273	-302	-	-
3.05	Profit before finance income (costs) and taxes	287,502	673,138	149,064	292,560
3.06	Finance income (costs)	-52,605	-69,311	-41,793	-286,865
3.06.01	Finance income	21,484	170,162	74,575	131,819
3.06.02	Finance costs	-74,089	-239,473	-116,368	-418,684
3.07	Pretax profit (loss)	234,897	603,827	107,271	5,695
3.08	Income tax and social contribution	-66,794	-173,799	-4,732	-20,844
3.08.01	Current	-33,287	-116,362	-4,823	-8,641
3.08.02	Deferred	-33,507	-57,437	91	-12,203
3.09	Profit (loss) from continuing operations	168,103	430,028	102,539	-15,149
3.1	Profit (loss) from discontinued operations, net	-1,692	-1,890	-304	-705
3.10.01	Profit (loss) from discontinued operations	-1,692	-1,890	-304	-705
3.11	Consolidated profit (loss) for the period	166,411	428,138	102,235	-15,854
3.11.01	Attributable to owners of the Company	166,411	428,138	102,235	-15,854
3.99.01.01	Common shares (ON)	1.2688	3.6558	1.1565	-0.1780
3.99.01.02	Preferred shares (PN)	1.7283	4.6412	1.1545	-0.1804
3.99.02.01	Common shares (ON)	1.2688	3.6558	1.1565	-0.1780
3.99.02.02	Preferred shares (PN)	1.2299	4.1411	1.1623	-0.1726

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

Line Item	Description	Current Quarter 07/01/2021 to 09/30/2021	Current YTD 01/01/2021 to 09/30/2021	Same quarter of prior year 07/01/2020 to 09/30/2020	Prior YTD 01/01/2020 to 09/30/2020
4.01	Consolidated profit for the period	166,411	428,138	102,235	- 15,854
4.02	Other comprehensive income	28,345	15,005	6,735	59,463
4.02.01	Translation adjustment for the period	28,345	15,005	6,735	59,463
4.03	Consolidated comprehensive income for the period	194,756	443,143	108,970	43,609
4.03.01	Attributable to owners of the Company	194,756	443,143	108,970	43,609

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

Line Item	Description	Current YTD 01/01/2021 to 09/30/2021	Prior YTD 01/01/2021 to 09/30/2021
6.01	Net cash from operating activities	312,962	259,322
6.01.01	Cash generated by operating activities	615,596	282,689
6.01.01.01	Profit (loss) before income tax and social contribution	603,827	5,695
6.01.01.02	Depreciation and amortization	21,647	20,397
6.01.01.03	Cost of capital assets written off	3,429	3,739
6.01.01.04	Other items that do not affect cash included in profit	5,165	-
6.01.01.05	Share of profit of subsidiary	302	-
6.01.01.07	Allowance for doubtful debts	1,211	-1,872
6.01.01.10	Accrued interest on borrowings and financing	25,706	21,455
6.01.01.16	Allowance for inventory losses	1,949	-2,683
6.01.01.17	Provision for warranties	-2,163	188
6.01.01.18	Net cash from discontinued operations	975	486
6.01.01.19	Provision for Civil, Labor and Tax Risks	-5,871	-14,816
6.01.01.20	Exchange differences on borrowings and other items	-40,581	250,100
6.01.02	Changes in assets and liabilities	-187,709	-24,777
6.01.02.01	(Increase) decrease in trade receivables	-72,801	-126,742
6.01.02.02	(Increase) decrease in inventories	-219,215	65,613
6.01.02.03	(Increase) decrease in other receivables	10,216	-2,164
6.01.02.04	Increase (decrease) in trade payables	36,118	-41,976
6.01.02.05	Increase (decrease) in payables and provisions	57,973	80,492
6.01.03	Other	-114,925	1,410
6.01.03.02	Income tax and social contribution paid	-119,133	-985
6.01.03.03	Held-for-sale assets and liabilities	4,208	2,395
6.02	Net cash from investing activities	-107,559	-49,631
6.02.04	In property, plant and equipment	-95,981	-42,157
6.02.05	In intangible assets	-7,518	-6,933
6.02.06	Short-term investments	-16	-
6.02.07	Net cash from investing activities of discontinued operations	-917	-541
6.02.08	In investments	-3,127	-
6.03	Net cash from financing activities	-119,991	-171,172
6.03.03	Repayment of borrowings	-297,043	-294,437
6.03.05	Capital increase	112,805	2,962
6.03.08	Borrowings and intragroup borrowings	84,566	145,419
6.03.09	Due to related parties	1,344	-
6.03.10	Payment of interest on borrowings	-21,708	-25,090
6.03.13	Net cash generated by financing activities of discontinued operations	45	-26
6.04	Exchange differences on translating cash and cash equivalents	-2,562	-11,196
6.05	Increase (decrease) in cash and cash equivalents	82,850	27,323
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	174,081	63,289

Consolidated Financial Statement/ Statement of Changes in Equity - from 01/01/2021 to 09/30/2021
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balances	560,287	- 31,116	-	- 704,720	217,818	42,269	-	42,269
5.03	Adjusted opening balances	560,287	- 31,116	-	- 704,720	217,818	42,269	-	42,269
5.04	Shareholders' capital transactions	112,805	3,616	-	-	-	116,421	-	116,421
5.04.01	Capital increases	112,805	-	-	-	-	112,805	-	112,805
5.04.08	Recognized stock options granted	-	3,616	-	-	-	3,616	-	3,616
5.05	Total comprehensive income	-	-	-	428,615	14,528	443,143	-	443,143
5.05.01	Profit for the period	-	-	-	428,138	-	428,138	-	428,138
5.05.02	Other comprehensive income	-	-	-	477	14,528	15,005	-	15,005
5.05.02.04	Translation adjustments for the period	-	-	-	-	15,005	15,005	-	15,005
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	477	- 477	-	-	-
5.07	Closing balances	673,092	- 27,500	-	- 276,105	232,346	601,833	-	601,833

Consolidated Financial Statement/ Statement of Changes in Equity - from 01/01/2020 to 09/30/2020
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Noncontrolling interests	Consolidated equity
5.01	Opening balances	520,277	-31,116	-	-970,315	176,533	-304,621	-	-304,621
5.03	Adjusted opening balances	520,277	-31,116	-	-970,315	176,533	-304,621	-	-304,621
5.04	Shareholders' capital transactions	2,962	-	-	1,045	846	4,853	-	4,853
5.04.01	Capital increases	2,962	-	-	-	-	2,962	-	2,962
5.04.08	Other transactions	-	-	-	1,045	846	1,891	-	1,891
5.05	Total comprehensive income	-	-	-	-15,136	58,745	43,609	-	43,609
5.05.01	Profit for the period	-	-	-	-15,854	-	-15,854	-	-15,854
5.05.02	Other comprehensive income	-	-	-	718	58,745	59,463	-	59,463
5.05.02.04	Translation adjustments for the period	-	-	-	-	59,463	59,463	-	59,463
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	718	-718	-	-	-
5.07	Closing balances	523,239	-31,116	-	-984,406	236,124	-256,159	-	-256,159

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

Line Item	Description	Current YTD 01/01/2021 to 09/30/2021	Prior YTD 01/01/2020 to 09/30/2020
7.01	Revenue	2,361,957	1,500,298
7.01.01	Sales of goods and services	2,286,602	1,489,617
7.01.02	Other income	76,566	8,809
7.01.04	Allowance for (reversal of) doubtful debts	- 1,211	1,872
7.02	Inputs purchased from third parties	- 1,067,412	- 805,250
7.02.01	Cost of products, goods and services sold	- 738,187	- 551,095
7.02.02	Supplies, power, outside services and other inputs	- 329,225	- 254,155
7.03	Gross value added	1,294,545	695,048
7.04	Withholdings	- 21,647	- 20,397
7.04.01	Depreciation, amortization and depletion	- 21,647	- 20,397
7.05	Wealth created	1,272,898	674,651
7.06	Wealth received in transfer	167,970	131,114
7.06.01	Equity in earnings (losses)	- 302	-
7.06.02	Finance income	170,162	131,819
7.06.03	Other	- 1,890	- 705
7.06.03.20	Wealth created by discontinued operations for distribution	- 1,890	- 705
7.07	Wealth for distribution	1,440,868	805,765
7.08	Wealth distributed	1,440,868	805,765
7.08.01	Personnel expenses	193,849	135,514
7.08.01.01	Wages	133,358	104,967
7.08.01.02	Benefits	51,321	23,386
7.08.01.03	Severance Pay Fund (FGTS)	9,170	7,161
7.08.02	Taxes, Fees and Contributions	575,965	265,801
7.08.02.01	Federal	481,550	210,300
7.08.02.02	State	93,885	55,098
7.08.02.03	Municipal	530	403
7.08.03	Lenders and lessors	242,916	420,304
7.08.03.01	Interest	239,468	418,682
7.08.03.02	Rentals	3,448	1,622
7.08.05	Other	428,138	- 15,854
7.08.05.01	Retained earnings/loss for the period from continuing operations	430,028	- 15,149
7.08.05.02	Retained earnings/loss for the period from discontinued operations	- 1,890	- 705

3Q21/9M21 Results

Taurus recorded revenues of R$ 1.9 billion in 9M21,
and generated EBITDA of R$ 695 million, with a net income of R$ 428 million

In 3Q21, EBITDA amounted to R$ 295 million, with a 41.0% margin, along with a 43% drop in net debt for the year, and EBITDA/Net Debt ratio of 0.5x

São Leopoldo, November 9, 2021 *– Taurus Armas S.A. ("Taurus" or "Company") (B3:TASA3; TASA4), listed on B3's Corporate Governance Level 2 (Ticker Symbols: TASA3, TASA4), one of the world's largest manufacturers of light firearms, hereby presents its results for the* ***3rd quarter of 2021 (3Q21****),* ***and accumulated results for the first nine months of the year (9M21).*** *The financial and operational information below, except where otherwise indicated, is presented in Brazilian Reais (R$), and complies with the International Financial Reporting Standards (IFRS) and the Brazilian accounting principles. All comparisons refer to the same periods of 2020.*

Operational and Financial Highlights - 3Q21 and 9M21

Total production:
1.7 million firearms in 9M21, up 54% from 9M20

Net revenues:
R$ 718 million in 3Q21, with a 40% growth, and R$ 1.9 billion in 9M21, up 51%

Gross profit:
R$ 371 million in 3Q21, with a record margin of 52%

EBITDA:
R$ 295 million in 3Q21, with a 41% margin

Net income:
R$ 166 million in 3Q21, accumulating R$ 428 million in 9M21

Financial leverage:
0.5x, resulting from a drop in net debt and a rise in cash generation

Main Indicators

R$ milhões	3Q21	3Q20	% chg.	2Q21	% chg.	9M21	9M20	% chg.
Net operating revenue	718,0	514,5	39,6%	651,1	10,3%	1.920,1	1.268,9	51,3%
Domestic market	202,1	144,8	39,6%	164,7	22,7%	513,2	296,5	73,1%
Foreign market	515,9	369,7	39,5%	486,4	6,1%	1.406,9	972,4	44,7%
Cost of sales	-347,5	-277,1	25,4%	-354,1	-1,9%	-998,6	-736,8	35,5%
Gross profit	370,5	237,5	56,0%	297,0	24,7%	921,5	532,1	73,2%
Gross margin	*51,6%*	*46,2%*	5,5 p.p.	*45,6%*	6,0 p.p.	*48,0%*	*41,9%*	6,7 p.p.
Operating expenses - SG&A	-83,0	-88,4	-6,1%	-79,8	4,0%	-248,4	-239,6	3,7%
Operating result (Ebit)	287,5	149,1	92,8%	217,2	32,4%	673,1	292,6	130,0%
Ebit margin (%)	*40,0%*	*29,0%*	11,1 p.p.	*33,4%*	6,6 p.p.	*35,1%*	*23,1%*	12,0 p.p.
Finance income (costs), net	-52,6	-41,8	25,8%	59,4	-	-69,3	-286,9	-75,8%
Income tax and social contribution	-66,8	-4,7	1321,3%	-82,9	-19,4%	-173,8	-20,8	735,6%
Profit (loss) for the period (continuing operations)	**168,1**	**102,5**	64,0%	**193,7**	-13,2%	**430,0**	**-15,1**	-
Profit (loss) from discountinued operations	-1,7	-0,3	466,7%	-0,1	1600,0%	-1,9	-0,7	171,4%
Profit (loss) for the period	**166,4**	**102,2**	**62,8%**	**193,6**	**-14,0%**	**428,1**	**-15,9**	**-**
Ebitda	294,7	156,6	88,2%	224,4	31,3%	694,8	313,0	122,0%
Ebitda Margin	*41,0%*	*30,4%*	*10,6 p.p.*	*34,5%*	*6,5 p.p.*	*36,2%*	*24,7%*	*11,6 p.p.*
Adjusted EBITDA*	295,4	159,6	85,1%	226,5	30,4%	698,2	317,1	120,2%
*Adjusted EBITDA margin**	*41,1%*	*31,0%*	*10,1 p.p.*	*34,8%*	*6,3 p.p.*	*36,4%*	*25,0%*	*11,4 p.p.*
Net debt (at the end of the period)	443,5	938,7	-52,8%	521,2	-14,9%	443,5	938,7	-52,8%

3Q20 and 9M20 - Includes consolidated results from helmet operations.

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

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

Message from Management

Reporting our quarterly results has been a very pleasing task. We have continued to break the records of previous periods and, in keeping with a long sequence of very positive results, in 3Q21, we posted even more outstanding results, thus consolidating Taurus' current pattern of performance. Accumulated revenues up to September came to R$ 1.9 billion, representing a remarkable growth of 51.3% in relation to the same period of last year. Gross margin for the quarter stood at 51.6%, and EBITDA amounted to R$ 294.7 million, with a 41.0% margin. Taurus, with its strong cash generation, is currently a low financial-leverage Company: Net Debt/EBITDA ratio is 0.5x. Production and sales have remained strong, and we have a backorder of 1.3 million units, equivalent to seven months of production. We also have new projects in progress, aimed at business growth, always in line with our values, which are based on efficiency of processes, research development, and innovation, as the basis for delivering quality products to the consumer. With a view to always advance in this direction, we have entered into partnerships with Vale do Rio dos Sinos University (UNISINOS), and Caxias do Sul University (UCS).

The strategy adopted, which has redesigned the entire operation, has enabled an astounding improvement in the Company's fundamentals, which took place at a very fast pace. It has been proven that Taurus's "turnaround" is not just a surge, but an ingrained reality, part of the new Taurus, and that it is here to stay. This is Taurus's picture, which presents not only the Company's vigor at the present moment, but also the guarantee of a solid future.

In the first nine months of 2021, we produced 1.7 million firearms, up 53.7% from the same period in 2020, with an output rate of 9,600 firearms/day in 3Q21. This increase is due to the ramp up of our plant in the USA, coupled with the higher productivity of our plant in São Leopoldo (RS), which results from the investments being made in the modernization of the industrial complex. Investments in R&D and in machinery and equipment, with the most advanced technology, as well as in processes to enhance operational efficiency, are priorities under our strategic planning. An example of this are the four new horizontal machining centers, and the turning center, which have already been installed in the plant, yet another advance in the "Revolver Excellence" Project - a project developed by our Integrated Engineering and Technology Center Brazil/United States (CITE) that will make it possible to manufacture the cheapest revolver in the world. The CITE projects will continue to take place, in order to offer the market innovative, quality products, and always based on our commitment to excellence.

The firearms market is heated worldwide, and at the same time, our sales have been showing an upward trend, with even stronger growth. Sales up to September reached 1.7 million units, moving up one position in the worldwide ranking, and placing Taurus as the third largest Company in the small firearms segment. In the USA, sales rose by 30.5% in the period, for a total of 1.4 million units in 9M21. As we launch new products in new market niches, with high quality and in line with consumer preferences, the perception as to the value of the Taurus brand, along with our market share, shall also increase. Taurus is currently the leading manufacturer in the revolver segment, with a share of over 40% in the U.S. market.

Considering the increase in sales volume, coupled with the product mix in line with the market, and the higher added value, in addition to new prices - adjusted in July by 10% on average in dollar terms in the USA, and by 17% in August in Brazil -, we reached net revenues of R$ 718.0 million in the quarter, representing a 39.6% growth over 3Q20, when global demand was at one of its highest peaks in history. The relevance of the launches is evidenced by the fact that, from the overall revenues deriving from the sale of firearms & accessories in 9M21 - of R$ 1.8 billion - 29.0% came from the sale of new products.

Thus, we keep consistently breaking record after record, so that we raise the bar for each quarter, constantly committed to our goal of being the largest Company in the world in our segment. Based on the growth in revenues, and the ongoing efforts focused on innovation, new processes, and state-of-the-art equipment, generating gains in efficiency, while managing our costs in general, we have attained a gross profit of R$ 370.5 million, and an unprecedented gross margin of 51.6% in 3Q21.

The new turning centers (above) and horizontal machining center (on the left) ensure improved production capacity and agility, thus optimizing the processes.

While achieving strong operating results, we have tackled the issue of the Company's indebtedness, a subject that is now a thing of the past. Cash generation has enabled us not only to honor all our financial commitments, but also to make investments funded with our own resources. At the end of September, our net debt amounted to R$443.5 million, having been reduced by R$331.9 million in relation to the position registered at the close of fiscal 2020. Even though most of the debt is denominated in US dollars (92.1% of the total as at 9/30/21), and the Brazilian currency has depreciated by 4.7% between these dates.

Taurus' administration keeps its firm commitment to maximize the return for its shareholders and investors. It is with this objective in mind that the General Shareholders' Meeting to be held on November 30 intends to deliberate on a proposal to reduce the share capital, with a view to incorporating a portion of the accumulated losses. Once this accounting procedure has been approved, in an incredibly shorter period of time than can be expected, we shall be able to resume the payment of remuneration to the shareholders.

We, Taurus' management and employees, are all inspired by the results that we have together contributed the Company to achieve and, even more so, by what is yet to come. And in order to remain on this path of growth, it is essential to keep taking care of our people. In this sense, we continue taking all the prevention precautions in relation to Covid-19, and providing support to our employees, their families and society in general. We have carried out, since the beginning of the pandemic, different initiatives involving donations of face shields, hospital equipment, rapid tests, food and cleaning materials. We have encouraged and facilitated the vaccination of employees, with the placement of a mobile SESI unit parked on the premises of the São Leopoldo plant. Currently, 100% of the team working at the Company's headquarters has been vaccinated with the first dose, and 90% already with the second dose. Since September 1, we have made it mandatory to present proof of vaccination for access into Taurus' facilities.

As we move forward with our projects, the outlook remains encouraging. Taurus has consolidated itself with a very solid performance. We are confident about the continuity of sound results for the upcoming periods. This confidence is supported by a number of facts, namely: (i) we already have orders in our backlog for 1.3 million units, equivalent to a total 7-month production; (ii) we introduced price adjustments by 10% in the USA in July, and by 17% in Brazil in August, which have not yet been fully reflected in our earnings; (iii) the National Instante Background Check System (NICS) remains high, well above the historical average; (iv) given our strong cash generation, we have been able to make investments with our own resources in the modernization of industrial equipment by using cutting-edge technology; (v) we have signed agreements with Universities, which will ensure that we remain in the technological leading edge, in addition to improving the knowledge and skills of our teams; (vi) we have been growing in all the markets where we operate, particularly in the USA, where we have been expanding our presence. Further actions and projects are yet to come. We continue to pursue the objective of making Taurus the largest manufacturer of firearms in the world.

The success of our project for Taurus is based on the trust of our shareholders and the guidance from our Board members, just as the results achieved depend on the dedication of our employees, the partnership of our suppliers, and the recognition of our clients. For that reason, we would like to express our gratitude.

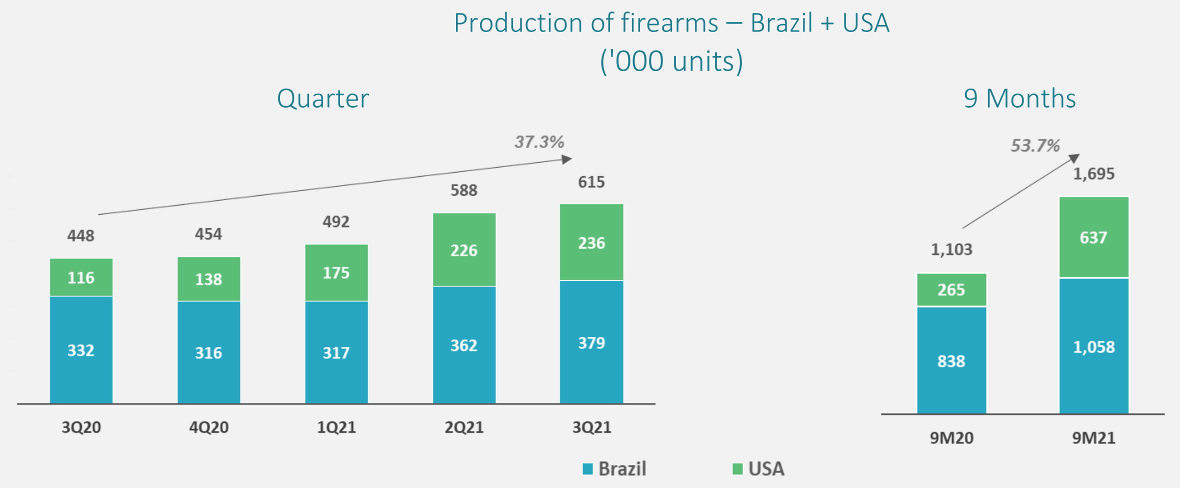
Salesio Nuhs
CEO

Operational Performance

Production

Taurus's production of firearms totaled 615,000 units in 3Q21, once again breaking the Company's historical mark. Thus, overall production for the first nine months of the year totaled 1.7 million firearms, up 53.7% over the volume achieved in 9M20.

The pace of production has remained accelerated at both of the Company's industrial plants. In Brazil, capital expenditures in machinery and equipment, coupled with the synergy brought about by the production processes, led to an increase in production volume by 14.2%, in the comparison between 3Q21 and 3Q20, and by 26.3%, when considering 9M21 versus 9M20. In USA, the growth in the volume of firearms produced is even more relevant, given the ramp-up of the plant located in the State of Georgia, which confirms the correctness of the decision to transfer production in that country to the new and larger facility. On a quarterly comparison, the increase in production at the U.S. plant reached 103.2% and, in the year to September, 140.6%.



Taurus is providing support towards increasing the level of activity and preparing it for its new steps, in line with the strategy aimed at keeping research and innovation as the basis for development. In this context, the Company entered into partnerships with universities for the development of projects and training programs. At the Vale dos Sinos University (UNISINOS), the partnership comprises three main fronts: the Taurus Operational Excellence Project, which will develop the Taurus Production System; the Integrated Technology and Engineering Center; and the Taurus Training Program in Research and Innovation, which provides training for all levels of employees and the executive board. With Caxias do Sul University (UCS), the agreement is focused on research and development of firearms based on the use of graphene, the lightest and strongest material in the world, 200 times more resistant than steel.

Another front of action that will provide agility and quality in the production process is the condominium of companies that is being created on part of the land of the São Leopoldo plant. The structural works have been completed, with just the finishing work remaining to be done. In 2022, with the partner companies installed and fully operational, this structure will enable to streamline the logistics of the reception of parts, facilitating the control of the quality standard, and of the level of inventory made up of parts and components, thus providing greater efficiency and the reduction of costs.

Sales

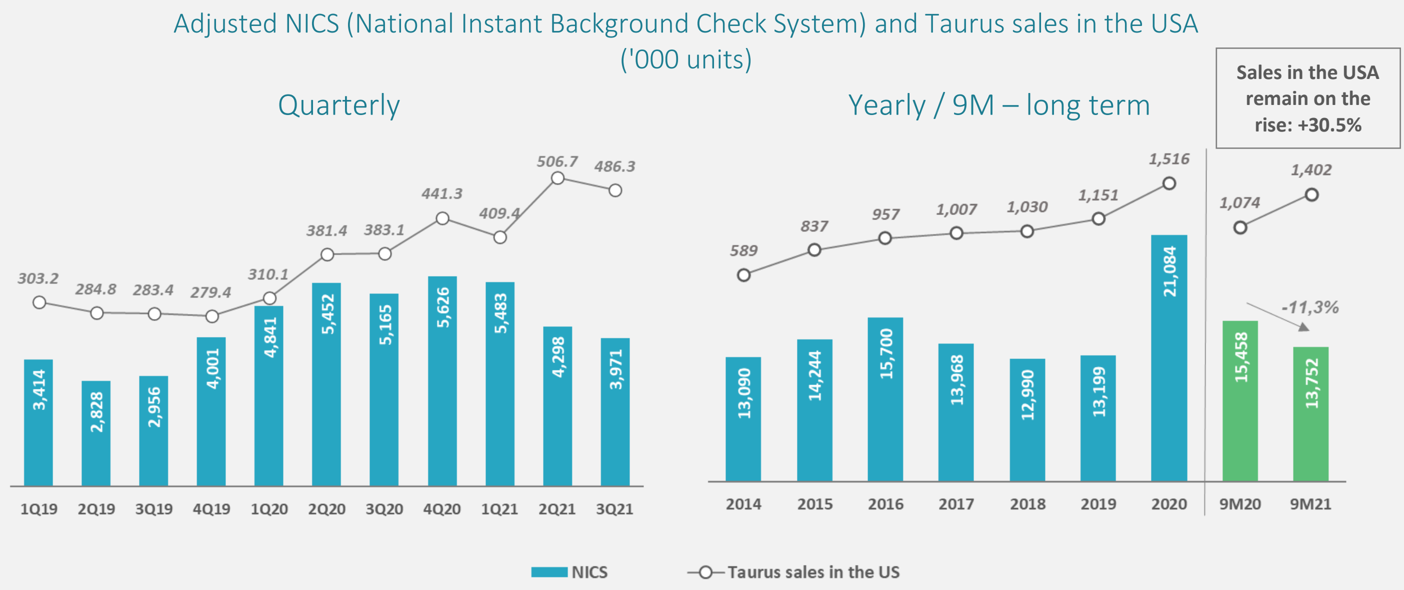
Over the first nine months of the year, sales increased in the markets where the Company operates, and the demand for Taurus firearms has remained high, with a backorder of 1.3 million, further boosted by the launching of models that meet consumers' desires and, at the same time, offer quality, technology and a competitive price. The major highlight was the simultaneous launching of the new GX4 pistol, at the end of May, both in Brazil and in the USA. The gun was developed at the Integrated Technology and Engineering Center Brazil/USA (CITE), and it is Taurus' first microcompact pistol, which marks the Company's entry into this segment of higher added-value, with a differentiated firearm in terms of design and technological solutions. GX4 has just won, on October 26, two of the most important awards of the sector in the USA: "Best New Handgun 2021" and "Best General New Product", in the 5th edition of the National Association of Sporting Goods Wholesalers (NASGW), POMA CaliberAwars (quality / excellence awards). The award is for the most outstanding new products in six product categories - rifle, pistol/revolver, shotgun, ammunition, optics and accessory, in addition to the overall best new product award, chosen from the finalists in all six categories. And the latter was won for GX4.

Awards received in the USA for the Taurus GX4 pistol, for "Best New Handgun 2021" and "Best General New Product".

In 3Q21, sales volume totaled 619,000 units, up 27.1% versus 3Q20, with the number of firearms sold in the domestic market reaching 107,000 units, for the first time in the Company's history, topping the 100,000 mark. In 9M21, sales totaled 1,735,000 firearms, exceeding by 34.6% the figure registered in the same period of 2020. The growth took place in the three geographic regions in which Taurus distributes its sales: USA (+26.9% in the quarterly review and 30.6% in the 9M), Brazil (+18.9% in the quarterly review and 38.0% in the 9M), and in the rest of the world (+85.7% in the quarterly review and 193.3% in the 9M). Although the absolute volume was reduced - 26,000 in 3Q21 and 68,000 in 9M21 -, exports to other countries showed a significant growth in percentage terms, evidencing the resumption of international bids and shipments, following the initial period of the pandemic. Of special note in the quarter were the sales to Pakistan and the Philippines, related to the tender won by the Company in 2020, for the delivery of 12,400 Taurus T4 rifles to the army of that country.

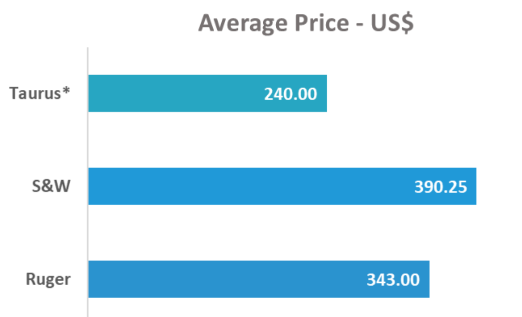
Sales volume – total Taurus ('000 units)

The number of inquiries from people interested in acquiring a firearm in the USA, as computed by the Adjusted NICS (National Instant Background Check System), came to 21.1 million in 2020, an unprecedented historical level. In 9M21, demand remained strong in relation to the historical level, with the NICS indicator already exceeding the total recorded for the whole of 2019, despite the pullback from 9M20.



In the graph above, on the right-hand side, the increase in Taurus' sales volume in the USA in recent years is evident in relation to the evolution of NICS data, confirming the brand's success in the US market. The Company's sales in this country remain on the rise, having exceeded in 3Q21 the result for the same quarter of the previous year by 26.9% and, considering the first nine months of the year, by 30.5%.

In addition to the growth in sales volume, Taurus has also been adding value to its product line. Thus, the average sales price has been rising, without impacting the demand for its products, which remains heated. And there is still a lot of room for expansion, as shown in the chart on the right, which shows the average price, in dollars, of the Taurus firearms in relation to international peers, which are companies that are also listed on the stock exchange and therefore disclose their information.



** Handguns and pistols only, without Heritage*

Economic and Financial Performance

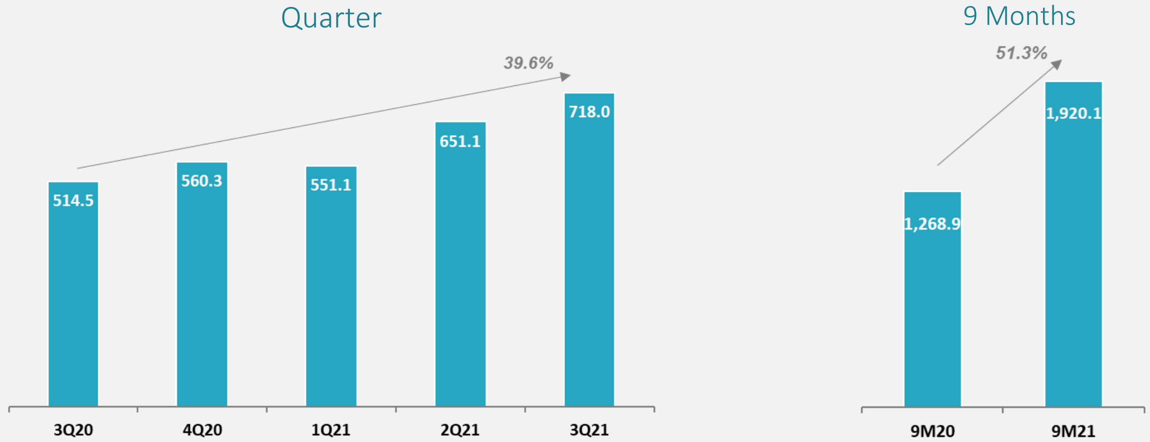
As of 1Q21, in accordance with accounting standards, the results from the helmet operations will once again be consolidated into Taurus' results. During the last two years - 2020 and 2019 - instead of being consolidated, the net result from this operation was presented in the caption "Net result of discontinued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

Net Operating Revenues

Taking into account the growth in sales volume, coupled with the higher added-value mix, in 3Q21, net operating revenues showed a 39.6% increase in comparison with 3Q20, to R$ 718.0 million. On account of this result, revenues for the first nine months of 2021 came to R$ 1,920.1 million, exceeding by 51.3% that obtained in 9M20. Once again, the Company has attained record revenues for the periods under review, evidencing the correctness of the growth strategy based on process review, investment in research and technology, and renewal of the product line.

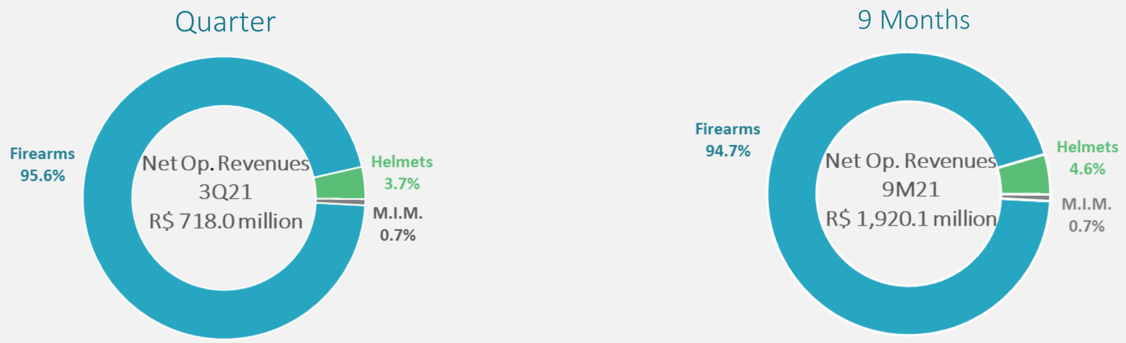
The exchange rate variation also had a positive impact on the Company's results, taking into account the January-September period, since most of its revenues come from sales abroad, which are denominated in dollars. As the average dollar appreciated against the Brazilian currency by 4.9% between 9M20 and 9M21, when translated into Brazilian Reais, international sales benefit from the gain in exchange rates. However, in the comparison between 3Q21 and 3Q20, this effect was reversed, with sales made in dollars being negatively affected by the exchange rate variation, since the US dollar devalued by 2.8%, when considering the average dollar for the two quarters in question.

Consolidated Net Operating Revenues
(R$ million)



4Q20 does not include the helmet operations, whose net result is presented in the "Profit (loss) from discontinued operations" account

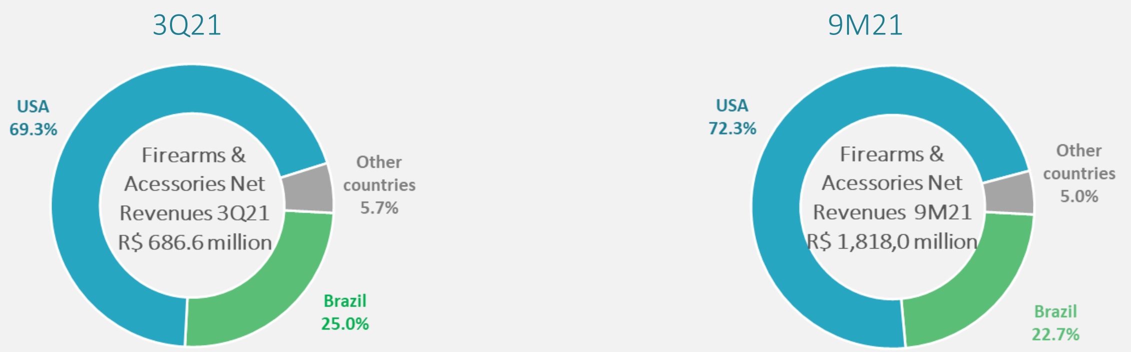
Net Operating Revenues by Product
(R$ million)



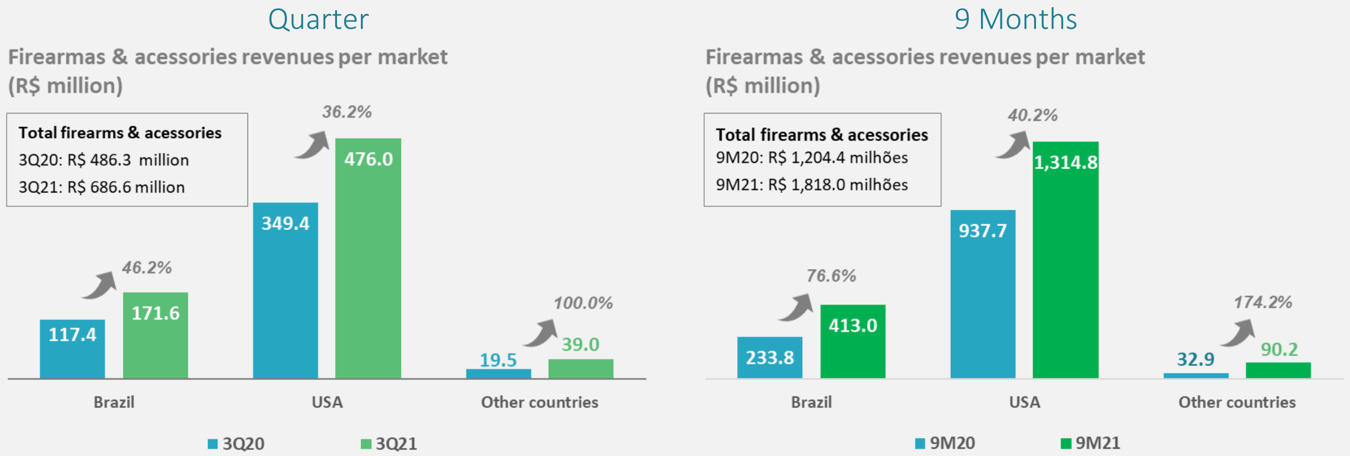
Taurus's revenues largely derive from the sale of firearms & accessories, which accounted for 95.6% of overall net revenues in 3Q21, and 94.7% in 9M21, totaling R$ 686.6 million and R$ 1,818.0 million, respectively. The outcome is further reinforced by the revenues from the sale of M.I.M. (metal injection molding parts) and helmets, which are both segments of relatively modest representation, although they also showed an increase in net revenues, both in the quarterly comparison (11.1% in M.I.M. and 11.4% in helmets), as well as in the nine-month review for both 2021 and 2020 (69.4% in M.I.M. and 56.8% in helmets).

In geographical terms, Taurus's main market is in the USA. The Company's sales of firearms & accessories in this country accounted for 69.3% of the revenues from the sales of firearms in 3Q21, and for 72.3% considering 9M21. Compared to the same periods of 2020, there was a small reduction in the share of revenues from the US in the overall revenues from firearms & accessories, due to the higher share of revenues in the local market, which went from 24.1% in 3Q20 to 25.0% in 3Q21, and from 19.4% in 9M20 to 22.7% in 9M21. This is due to the fact that, even with the large backorder in the USA, being a Brazilian Company, Taurus has given priority to the domestic market, whose demand has been growing, especially for higher added-value models, which also contributed to the increase in revenues from these sales.

FIREARMS & ACCESSORIES – Net Operating Revenues by market



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

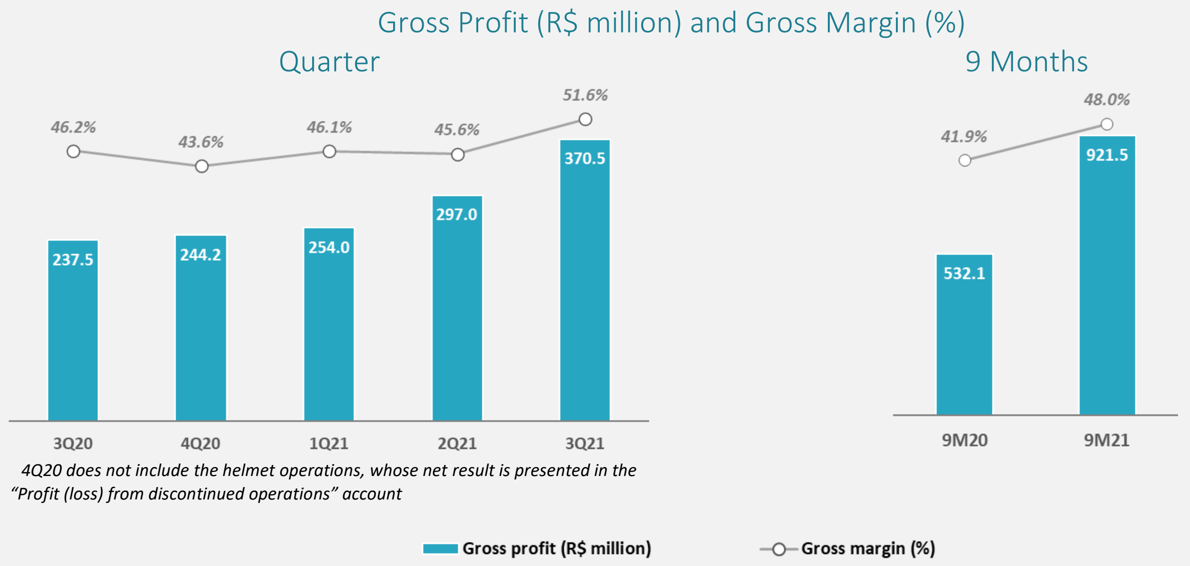


Gross Profit

In 3Q21, gross profit came to R$ 370.5 million, up 55.6% from 3Q20. Gross margin stood at 51.6%, an all-time record in the Company's history and among publicly-traded companies in the sector, outpacing the already strong performance recorded in 3Q20 by 5.4 p.p. In 9M21, the increase in gross profit in relation to 9M20 was 73.0%, to R$ 921.5 million, with a gross margin of 48.0%.

The improvement in gross profit stems from the growth in revenues, increased production, continuous cost control, modernization of the industrial complex and a higher value-added sales mix, in addition to the greater utilization of the production capacity, thus diluting fixed costs. Also contributing to this performance was the correct strategy of increasing product prices, by 10% in the USA, as of June, and by 17% in Brazil, as of August. The increase in the price list was well accepted by consumers, who have recognized the greater added-value of Taurus' firearms and, therefore, this has not been reflected in a reduction in the number of orders.

Thus, COGS has shown lower increase when compared to the growth in revenues: in 3Q21, the cost increase was 25.4% in relation to 3Q20, down 14.2 p.p. compared to the growth in revenues in the period, whereas in 9M21, COGS rose by 35.5% versus 9M20, compared to the 51.3% growth in revenues, down 15.8 p.p. This led to an increase in gross profit, with the gross margin hitting unprecedented levels.



4Q20 does not include the helmet operations, whose net result is presented in the "Profit (loss) from discontinued operations" account

Operating expenses

The reduction in operating expenses also contributed to Taurus's better operating results for the period, with greater dilution of these payables in total net revenues. In 3Q21, operating expenses amounted to R$ 83.0 million, representing a reduction of 6.1% in relation to the same period of the previous year, whereas in 9M21, these amounted to R$ 248.4 million, representing an increase of only 3.7% in relation to 9M20. This performance is basically due to the recording of non-recurring income accounted for as "other operating income".

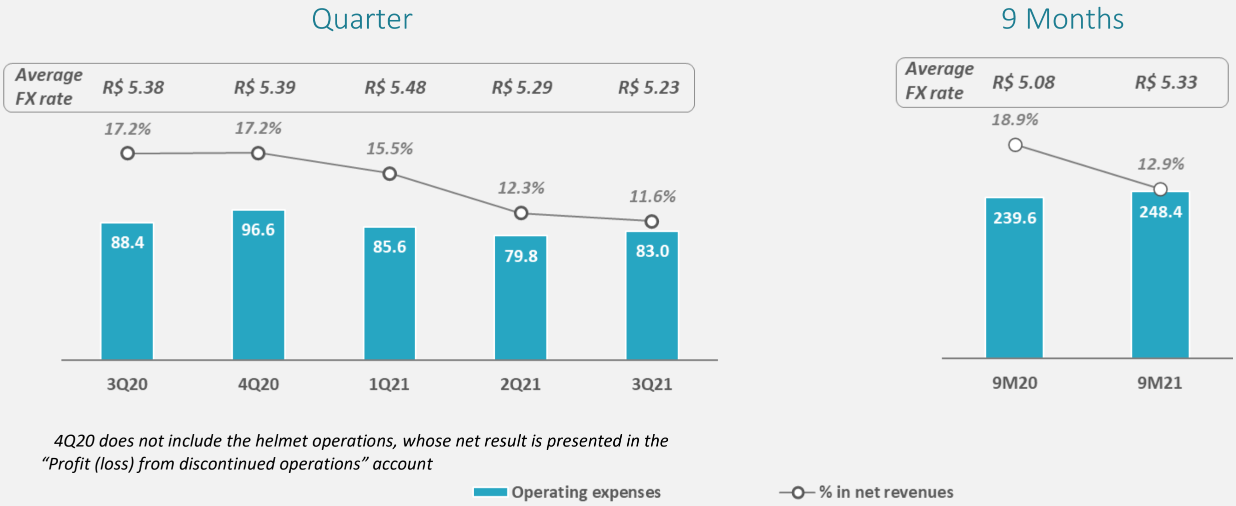
In 3Q21, the Company recorded a net operating income of R$ 43.0 million, in the "other operating expenses/income" account, a result influenced by the recording of R$ 38.9 million referring to the recovery of IPI and presumed ICMS. Also contributing to the accumulated performance of the first nine months, in 2Q21, there was a recording of a non-recurring income equivalent to US$ 3.0 million, deriving from the benefit received by Taurus USA of full cancellation of a loan obtained through a US government support program for companies during the crisis caused by the Covid-19 pandemic (PPP - Paycheck Protection Program), since the Company met the requirements laid down in this program. The two factors mentioned above were determinant for the balance of the other operating expenses/income account in 9M21 to result in an operating income of R$ 69.7 million, which contributed to reduce the total operating expenses for the period.

R$ million	3Q21	3Q20	3Q21 x 3Q20 % chg.	2Q21	3T21 x 2T21 % chg.	9M21	9M20	9M21x9M20 % chg.
Selling expenses	74.2	44.3	*67.5%*	48.9	*51.7%*	167.4	119.1	*40.6%*
General and administrative expenses	50.9	45.7	*11.4%*	54.8	*-7.1%*	149.5	126.7	*18.0%*
Asset impariment losses (income)	1.0	1.7	*-41.2%*	-0.2	-	1.2	-1.9	-
Other operating income (expenses)	-43.0	-3.4	*1164.7%*	-23.8	*80.7%*	-69.7	-4.3	*1520.9%*
Operating expenses (SG&A)	**83.0**	**88.4**	***-6.1%***	**79.8**	***4.0%***	**248.4**	**239.6**	***3.7%***
Operating exp./Op. Income, net (%)	*12.8%*	*17.2%*	*-4.4 p.p.*	*14.5%*	*-1.7 p.p.*	*12.9%*	*18.9%*	*-5.8 p.p.*
Ptax dollar exchange rate at the end of period (R$)	*5.23*	*5.38*	*-2.8%*	*5.29*	*-1.1%*	*5.33*	*5.08*	*4.9%*

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

Furthermore, the exchange rate variation has an impact on the Company's operating expenses, since all the expenses incurred in the North American plant are denominated in dollars and converted into local currency when accounted for in the consolidated results. This effect was positive in 3Q21, since the average dollar rate for the quarter was 2.8% lower than in 3Q20. As for the nine-month period in review, the effect was the opposite, with the exchange rate variation exerting negative pressure on the Company's operating expenses, since the local currency depreciated by 4.9% when comparing the average dollar rate in 9M21 to 9M20.

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



4Q20 does not include the helmet operations, whose net result is presented in the "Profit (loss) from discontinued operations" account

The share of operating expenses in the overall net revenues thus maintained the downward trend seen in previous quarters. In 3Q21, total operating expenses accounted for 11.6% of net revenues, and in 9M21, 12.9%. In comparison to the same periods in 2020, there was a 5.6 p.p. drop in the quarterly performance, and a 6.0 p.p. drop in the nine-month period, which indicates a gain in profitability for the Company.

EBITDA

The growth in revenues accompanied by continuous management of costs and expenses has resulted in an increase in operating cash generation, measured by EBITDA, which demonstrates Taurus' solid operational performance. The efficiency of the processes and the strategic directives adopted have led to the creation of the Company's current status as a strong cash generator, based on its consistent operational performance.

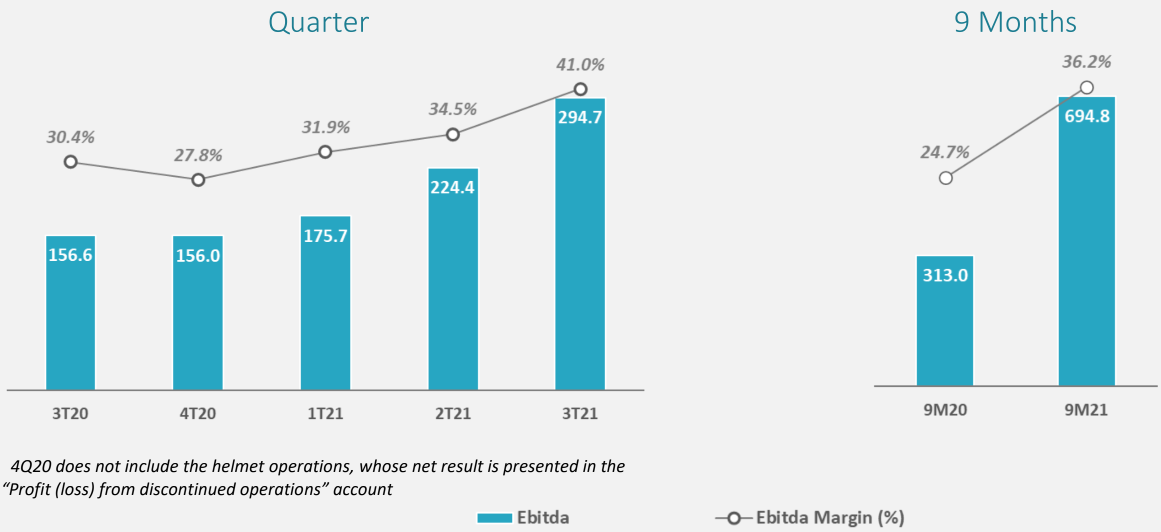
Calculation of EBITDA — Conciliation pursuant to ICVM 527/12

R$ million	3Q21	3Q20	3Q21 x 3Q20 *% chg.*	2Q21	3Q21x2Q21 *% chg.*	9M21	9M20	9M21 x 9M20 *% chg.*
Earnings before interest and taxes (EBIT)	287.5	149.1	*92.8%*	217.2	*32.4%*	673.1	292.6	*130.0%*
Depreciation and amortization	7.2	7.5	*-4.0%*	7.2	*0.0%*	21.7	20.4	*6.4%*
EBITDA	**294.7**	**156.6**	***88.2%***	**224.4**	***31.3%***	**694.8**	**313.0**	***122.0%***
EBITDA margin	*41.0%*	*30.4%*	*10.6 p.p.*	*34.5%*	*6.6 p.p.*	*36.2%*	*24.7%*	*11.6 p.p.*
Nonrecurring expenses relating to Covid-19	0.7	3.0	*-76.7%*	2.1	*-66.7%*	3.4	4.1	*-17.1%*
Adjusted EBITDA	**295.4**	**159.6**	***85.1%***	**226.5**	***30.4%***	**698.2**	**317.1**	***120.2%***
Adjusted EBITDA margin	*41.1%*	*31.0%*	*10.1 p.p.*	*34.8%*	*6.3 p.p.*	*36.4%*	*25.0%*	*11.4 p.p.*

As has been a recurring feature quarter after quarter, EBITDA in 3Q21 has exceeded the previous records, amounting to R$ 294.7 million, which represents an 88.2% improvement over 3Q20. In 9M21, the Company has accumulated an EBITDA of R$ 694.8 million, which exceeded by 122.0% the amount achieved in 9M20. Furthermore, it exceeded by 48.1% the performance of this indicator for the whole of 2020, when Taurus's performance was considered record-breaking.

The growth in EBITDA was also accompanied by a significant increase in its margin, which stood at 41.0% in 3Q21, up 10.6 p.p. in relation to 3Q20. The EBITDA margin for the January-September period reached 36.2%, representing an 11.6 p.p. increase in comparison to 9M20.

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



4Q20 does not include the helmet operations, whose net result is presented in the "Profit (loss) from discontinued operations" account

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

Financial result

In 3Q21, Taurus recorded a net financial expense in the amount of R$ 52.6 million, resulting from a R$ 21.5 million financial income and a R$ 74.1 million financial expense. The financial balance for the quarter is 25.8% lower (R$ 10.8 million) than the net expense for 3Q20. In 9M20, with a net financial expense of R$ 69.3 million, the decrease compared to 9M21 was 75.8% or R$ 217.6 million.

The Company has been consistently reducing its debt, according to the payment schedule, which has been reflected in a reduction in financial expenses, since the lower debt balance also reduces its maintenance cost.

Forex variations also have a strong impact on Taurus's financial performance. As presented in the table below, the financial result has as its main component, both in income and expenses, the effects of foreign exchange variation. The devaluation of the local currency reflects as an asset exchange variation on the customer portfolio, as well as on the cash denominated in dollars of the North American subsidiary. Moreover, it reflects as a liability exchange variation on the financial obligations related to the Company's debt, mostly denominated in dollars. The appreciation of the local currency in relation to the dollar results in an inverse effect.

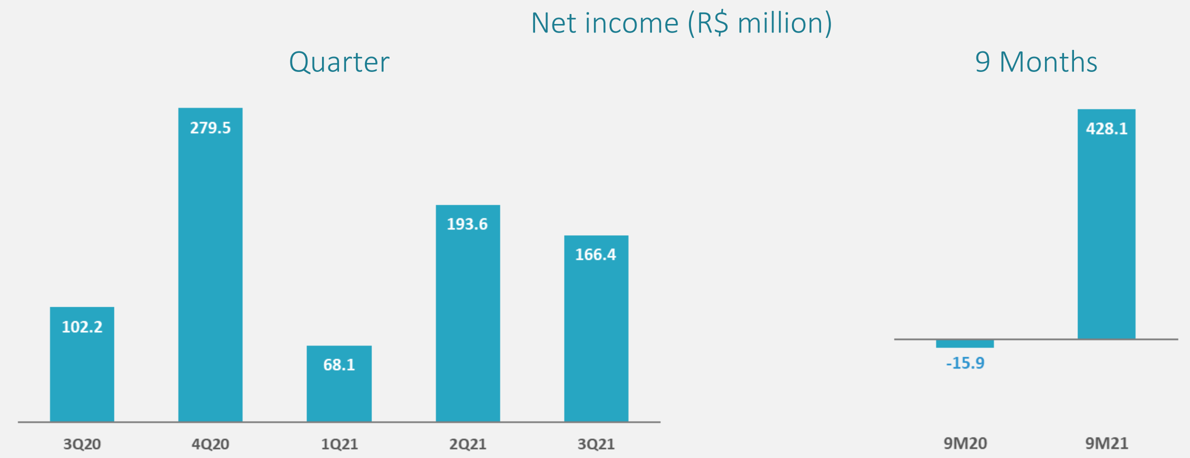
After the strong rise in the dollar rate in the first half of 2020, and the resumption of the upward trend in 1Q21, the Brazilian currency showed greater stability as of 2Q21. At the end of 3Q21, the dollar Ptax was R$ 5.244, 3.5% lower than at the end of 3Q20, contributing to the reduction in liability exchange variations.

R$ million	3Q21	3Q20	3Q21 x 3Q20 *% chg.*	2Q21	3Q21 x 2Q21 *% chg.*	9M21	9M20	19M1 x 9M20 *% chg.*
(+) Finance income	**21.5**	**74.6**	***-71.2%***	**132.9**	***-83.8%***	**170.2**	**131.8**	***29.1%***
Foreign exchange gains	*21.0*	*74.3*	*-71.8%*	*131.7*	*-84.1%*	*168.2*	*131.0*	*28.4%*
Interest IOF and other income	*0.5*	*0.3*	*66.7%*	*1.2*	*-58.3%*	*2.0*	*0.8*	*150.0%*
(-) Finance costs	**74.1**	**116.4**	***-36.3%***	**73.5**	***0.8%***	**239.5**	**418.7**	***-42.8%***
Foreign exchange losses	*62.5*	*96.8*	-35.4%	*60.1*	4.0%	*201.9*	*373.2*	-45.9%
Interest, IOF and other costs	*11.6*	*19.6*	-40.8%	*13.4*	-13.4%	*37.6*	*45.5*	-17.4%
(+/-) Finance inome (costs), net	**-52.6**	**-41.8**	*25.8%*	**59.4**	-	**-69.3**	**-286.9**	*-75.8%*
US dollar Ptax rate at the end of period (R$)	**5.44**	**5.64**	*-3.5%*	**5.00**	*8.8%*	**5.44**	**5.64**	*-3.5%*

Net income

Taurus recorded net income of R$ 166.4 million in 3Q21, and R$ 428.1 million in 9M21, as compared to a net loss in 9M21, already exceeding by 62.4% the net income recorded for the entire fiscal year of 2020 (R$ 263.6 million).

A number of contributing factors came together to ensure the reversal of Taurus's profile, whose status at present has become that of a solid Company, a strong cash generator, with low financial leverage, and undergoing a phase of steady growth. Operational stability, the result of efficiency in production and distribution, in addition to the investments made in industrial modernization, cost and expense management, the sales mix which incorporates higher added-value models, and the restructuring of the financial situation, with a reduction in debt and its financial cost, have all ensured positive results for the Company.



Debt

As at September 30, 2021, Taurus had a total gross debt of R$ 617.6 million, an amount R$ 249.1 million lower than the position recorded at the close of fiscal 2020. As the balance of cash and marketable securities increased in the period, there was a further reduction in net debt, of R$ 331.9 million between those dates.

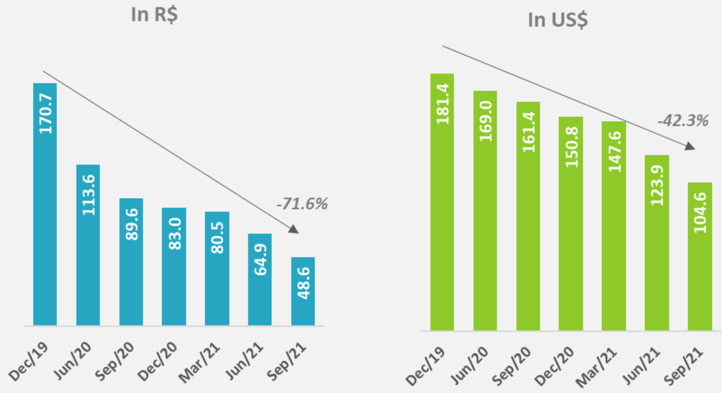
In spite of the 4.7% devaluation of the Brazilian Real in relation to the American currency in the period, gross debt converted into dollars presents a 32.0% drop over the year, for the total of US$ 113.5 million as at September 30, 2021. In addition to continuing to honor the payments in accordance with the schedule agreed with the creditor banks, Taurus has been anticipating the disbursement of certain amounts, by making additional payments using the proceeds from the exercise of the subscription warrants relating to the capital increase in progress, thus reducing the total debt balance in an even more accelerated manner.

The US dollar exchange rate in relation to the local currency, which appreciated by 4.7% considering the closing Ptax rate for September 30, 2021 as compared to that at the close of fiscal 2020, has a strong influence on the debt balance, since the Company's indebtedness is mostly denominated in US dollars. As most of the revenues also derive from sales abroad, denominated in US dollars, Taurus relies on the natural hedge posed by such revenues.

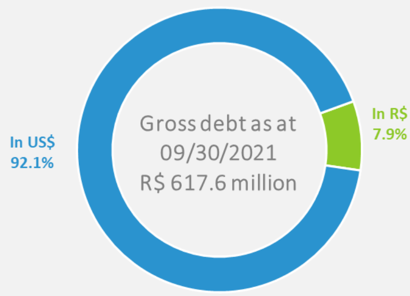
	09/30/2021			12/31/2020			% chg.
R$ million	**Consolidated**	***Brasil***	***EUA***	**Consollidated**	***Brasil***	***EUA***	**Consolidated**
Borrowings and financing	16.7	*16.7*	*0.0*	71.5	*71.5*	*0.0*	*-76.6%*
Debentures	0.0	*0.0*	*0.0*	6.9	*6.9*	*0.0*	*-100.0%*
Foreign exchange drafts	102.4	*102.4*	*0.0*	100.3	*100.3*	*0.0*	*2.1%*
Short term	**119.2**	***119.2***	***0.0***	**178.7**	***178.7***	***0.0***	***-33.3%***
Borrowings and financing	460.6	*443.9*	*16.7*	627.0	*550.4*	*76.6*	*-26.5%*
Debentures	37.8	*37.8*	*0.0*	61.0	*61.0*	*0.0*	*-38.0%*
Long term	**498.4**	***481.7***	***16.7***	**688.0**	***611.4***	***76.6***	***-27.6%***
Gross debt	**617.6**	***600.9***	***16.7***	**866.7**	***790.1***	***76.6***	***-28.7%***
Cash and short-term investments	174.1			91.2			*90.9%*
Net debt	**443.5**			**775.4**			***-42.8%***
Ptax dollar exchange rate at end of period (R$)	**5.44**			**5.20**			***4.7%***
Gross debt translated into US dollars (US$ million)	**113.5**			**166.8**			***-32.0%***

Gross debt as at 09/30/2021 - R$ 617.6 million

In its original currency



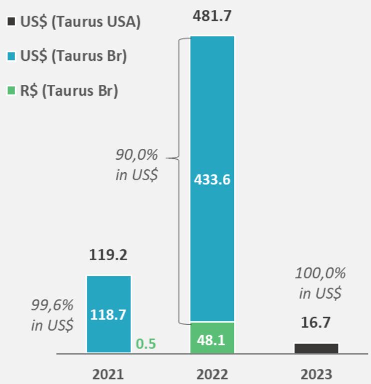
By currency

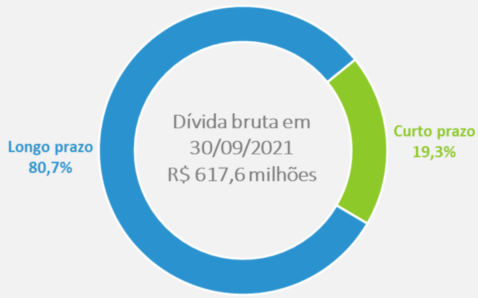


As for the maturity profile, as at September 30, 2021, 80.7% of the total debt was long term, maturing in 2022 and 2023. From the portion of R$ 119.2 million maturing in the short term (19.3% of the total), the exchange drawdowns amounted to R$ 102.4 million at the end of September. Taurus holds an agreement with the creditor bank for such operations, which entails their automatic renewal at each maturity, with the possibility of settlement by October 2022, and therefore, in practice, have their final maturity in the long term. Thus, the debt effectively maturing in the short term is limited to R$ 16.8 million, or 2.7% of the overall gross debt.

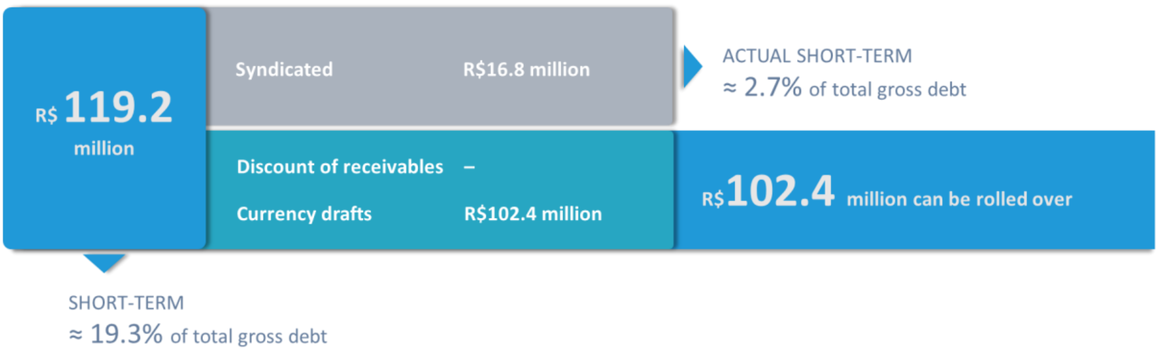
Gross debt as at 09/30/2021 - R$ 617.6 million

Maturity profile



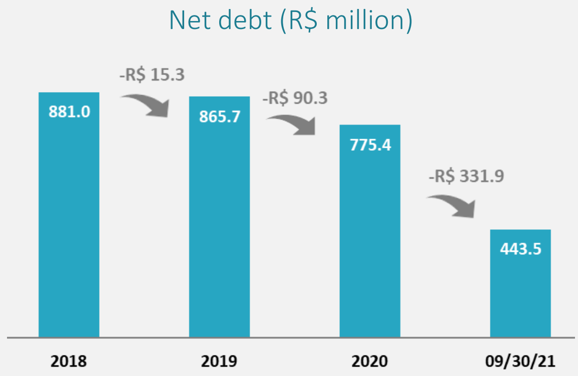


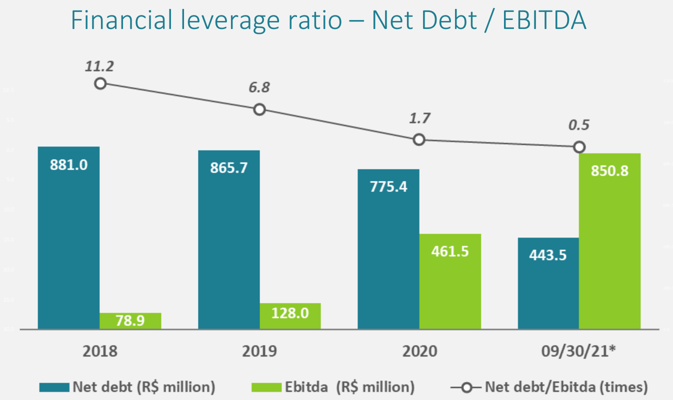
Short-term gross debt as at 09/30/2021 - R$ 119.2 million



The reduction in the debt balance, coupled with the simultaneous growth in operating cash generation measured by EBITDA, has caused the level of leverage measured by the Net Debt/EBITDA ratio to fall significantly over the last few years, dropping to 0.5x at the end of September, based on the net debt balance as of that date and the EBITDA accrued over the last 12 months. The change in profile, from a Company where indebtedness was a matter of great concern, to the current very low-leverage status is evidenced in the chart below, which shows the drop in the Net Debt/EBITDA ratio from 11.2x to the current 0.5x.

The Company further counts on "potential credits" that are earmarked for debt reduction, consisting of the land of the former plant in Porto Alegre, plus the helmet plant, which are available for sale, as well as the balance of subscription warrants outstanding. If we simulate the deduction of such potencial proceeds, estimated at R$ 206.1 million, from the net debt position as at September 30, 2021, the debt on that date would amount to R$ 237.4 million, which would bring down the Net Debt/EBITDA leverage ratio to 0.3.





** EBITDA for the last 12-month period (3Q20 to 2Q21)*

Capital Markets

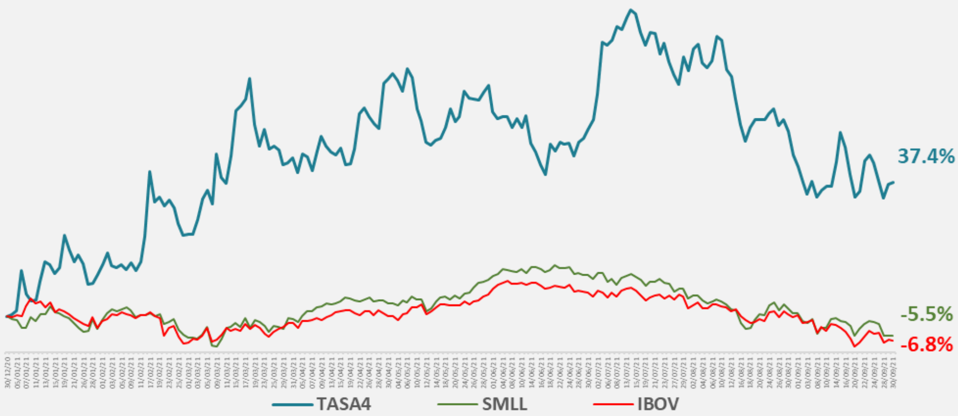
Taurus holds common shares (TASA3) and preferred shares (TASA4), which are listed on B3's Level II, a market segment that comprises those companies that have voluntarily adopted distinct corporate governance practices. Both classes of shares take part in B3's Small Caps Index (SMLL).

During the first nine months of 2021, the Company's preferred shares (TASA4) appreciated by 37.4%, in contrast to the devaluation rates of 6.8% and 5.5% of Ibovespa and SMLL, respectively, over the same period.

Data - Evolução 12 meses	TASA3	TASA4	Market value	Enterprise value (EV)*
09/30/2020	R$7.78	R$7.90	R$698.0 million	R$1,509.2 million
09/30/2021	R$22.28	R$21.29	R$2.539.3 million	R$3,048.8 million
Change	***+ 186,4%***	***+169,5%***	***+ 263,8%***	***+ 102,0%***

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

Performance of preferred shares (TASA4) in 9M21, versus SMLL B3 and IBOV B3
Base 100: 12/31/2020



Management Agenda

General and Extraordinary Shareholders' Meeting (EGM)

A General and Extraordinary Shareholders' Meeting has been called to be held on November 30, 2021, in person at the Company's headquarters. The agenda for the EGM consists of three matters to be deliberated, namely: (i) reduction of the Company's capital stock with a view to incorporating part of the accumulated losses recorded in the Financial Statements of 12/31/2020; (ii) amendment to Article 5 of the Bylaws, with regard to the amount of capital stock and number of shares, considering the capital increases approved by the Board of Directors at the meetings held on 04/26/2021, 07/28/2021 and 10/07/2021 and, also, the reduction in capital stock, if approved; and (iii) consolidation of the Bylaws with the change in capital stock.

Detailed information regarding the items on the agenda, as well as the participation of shareholders at the EGM, is available in the Management Proposal and Meeting Manual, on Taurus' Investor Relations website (www.taurusri.com.br), the CVM (www.gov.br/cvm) and B3 (www.b3.com.br).

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

Attachments

Statements of Income

R$ million	3Q21	3Q20	*% chg.*	2Q21	*% chg.*	9M21	9M20	*% chg.*
Net operating revenue	718.0	514.5	*39.6%*	651.1	*10.3%*	1,920.1	1268.9	*51.3%*
Cost of sales and/or services	-347.5	-277.1	*25.4%*	-354.1	*-1.9%*	-998.6	-736.8	*35.5%*
Gross profit	**370.5**	**237.5**	***56.0%***	**297.0**	*24.7%*	**921.5**	**532.1**	***73.2%***
Operating (expenses) income	-83.0	-88.4	*-6.1%*	-79.8	*4.0%*	-248.4	-239.6	*3.7%*
Selling expenses	-74.2	-44.3	*67.5%*	-48.9	*51.7%*	-167.4	-119.1	*40.6%*
General and administrative expenses	-50.9	-45.7	*11.4%*	-54.8	*-7.1%*	-149.5	-126.7	*18.0%*
Impairment losses	-1.0	-1.7	*-41.2%*	0.2	-	-1.2	1.9	-
Other operating income	45.3	4.5	*906.7%*	25.8	*75.6%*	76.6	8.8	*770.5%*
Other operating expenses	-2.0	-1.1	*81.8%*	-2.0	*0.0%*	-6.6	-4.5	*46.7%*
Equity equivalence result	-0.3	0.0	-	0.0	-	-0.3	0.0	-
Profit before finance income (costs) and taxes	**287.5**	**149.1**	***92.8%***	**217.2**	***32.4%***	**673.1**	**292.6**	***130.0%***
Finance income (costs)	-52.6	-41.8	*25.8%*	59.4	-	-69.3	-286.9	*-75.8%*
Finance income	21.5	74.6	*-71.2%*	132.9	*-83.8%*	170.2	131.8	*29.1%*
Finance costs	-74.1	-116.4	*-36.3%*	-73.5	*0.8%*	-239.5	-418.7	*-42.8%*
Pretax income	**234.9**	**107.3**	***118.9%***	**276.6**	***-15.1%***	**603.8**	**5.7**	***10493.0%***
Income tax and social contribution	-66.8	-4.7	*1321.3%*	-82.9	*-19.4%*	-173.8	-20.8	*735.6%*
Current	-33.3	-4.8	*593.8%*	-60.5	*-45.0%*	-116.4	-8.6	*1253.5%*
Deferred	-33.5	0.1	-	-22.4	*49.6%*	-57.4	-12.2	*370.5%*
Profit (loss) from continuing operations	**168.1**	**102.5**	***64.0%***	**193.7**	***-13.2%***	**430.0**	**-15.1**	**-**
Profit (loss) from discontinued operations	-1.7	-0.3	*466.7%*	-0.1	*1600.0%*	-1.9	-0.7	*171.4%*
Consolidated profit (loss) for the period	**166.4**	**102.2**	***62.8%***	**193.6**	***-14.0%***	**428.1**	**-15.9**	**-**
Attributable to owners of the Company	166.4	102.2	*62.8%*	193.6	*-14.0%*	428.1	-15.9	-
Earnings per share (R$/share)								
Basic earnings per share								
Common shares (ON)	*1.2688*	*1.1565*	*8.3%*	*1.7072*	*-23.5%*	*3.6558*	*-0.1780*	*-1950.0%*
Preferred shares (PN)	*1.7283*	*1.1545*	*41.7%*	*2.1786*	*-22.7%*	*4.6412*	*-0.1804*	*-2400.0%*
Diluted earnings per share								
Common shares (ON)	*1.2688*	*1.1565*	*8.3%*	*1.7072*	*-23.5%*	*3.6558*	*-0.1780*	*-1950.0%*
Preferred shares (PN)	*1.2299*	*1.1623*	*0.0%*	*1.8266*	*-33.3%*	*4.1411*	*-0.1726*	*-2150.0%*

Assets

R$ million	30/09/2021	31/12/2020	Var. %
Total assets	**1,863.3**	**1,460.6**	***27.6%***
Current assets	**1,268.7**	**930.8**	***36.3%***
Cash and cash equivalents	174.1	91.2	*90.9%*
Cash and banks	152.1	86.0	*76.9%*
Highly liquid short-term investments	21.9	5.2	*321.2%*
Short-term investments	0.0	0.0	-
Accounts receivable	412.9	317.4	*30.1%*
Inventories	539.6	298.3	*80.9%*
Recoverable taxes	52.7	33.3	*58.3%*
Prepaid expenses	4.4	22.2	*-80.2%*
Other current assets	84.9	168.3	*-49.6%*
Noncurrent assets	**594.6**	**529.8**	***12.2%***
Long-term receivables	169.1	203.1	*-16.7%*
Tributos Diferidos	149.9	188.6	*-20.5%*
Outros Ativos Não Circulantes	19.2	14.5	*32.4%*
Investments	3.0	0.0	-
Stake in jointly-owned subsidiaries	2.8	0.0	-
Other investments	0.2	0.0	-
Property, plant and equipment	322.2	233.4	*38.0%*
Fixed assets in operation	270.6	216.1	*25.2%*
Fixed assets in under construction	51.6	17.2	*200.0%*
Intangible assets	100.3	93.3	*7.5%*

Liabilities

R$ million	09/30/2021	12/31/2020	% chg.
Total liabilities and shareholders' equity	**1,863.3**	**1,460.7**	***27.6%***
Current liabilities	**623.9**	**575.4**	***8.4%***
Payroll, benefits and taxes thereon	82.0	57.5	*42.6%*
Payrol and related taxes	8.2	32.1	*-74.5%*
Employee benefits and related taxes	73.8	25.4	*190.6%*
Trade payables	164.1	111.9	*46.6%*
Local suppliers	112.4	69.5	*61.7%*
Foreign suppliers	51.7	42.4	*21.9%*
Taxes payable	116.7	68.3	*70.9%*
Federal tax liabilities	113.9	65.9	*72.8%*
Inocme tax and social contribution payable	17.9	14.3	*25.2%*
Other taxes	96.0	51.7	*85.7%*
State tax liabilities	2.8	2.3	*21.7%*
Municipal tax liabilities	0.1	0.1	-
Borrowings and financing	16.8	78.4	*-78.6%*
In local currency	0.4	1.8	*-77.8%*
In foreign currency	16.3	69.7	*-76.6%*
Debentures	0.0	6.9	*-100.0%*
Other payables	191.9	203.8	*-5.8%*
Dividends and interest on capital payable	102.4	100.3	*2.1%*
Advance from customers	55.9	49.1	*13.8%*
Payables from noncurrent assets for sale	5.5	27.3	*-79.9%*
Other payables	28.1	27.1	*3.7%*
Provisions	52.4	55.5	*-5.6%*
Tax, sociall security, labor and civil provisions	40.3	41.0	*-1.7%*
Other provisions	12.1	14.6	*-17.1%*
Noncurrent liabilities	**637.6**	**843.0**	***-24.4%***
Borrowings and financing	498.4	688.0	*-27.6%*
In local currency	10.3	13.3	*-22.6%*
In foreign currency	450.3	613.7	*-26.6%*
Debentures	37.8	61.0	*-38.0%*
Other payables	59.9	78.7	*-23.9%*
Deferred taxes	17.6	10.3	*70.9%*
Provisions	61.7	66.1	*-6.7%*
Social security, labor and civil provisions	54.8	59.5	*-7.9%*
Other provisions	6.9	6.6	*4.5%*
Consolidated shareholders' equity	**601.8**	**42.3**	***1322.7%***
Issued capital	673.1	560.3	*20.1%*
Capital reserves	-27.5	-31.1	*-11.6%*
Disposal of subscription warrants	13.5	9.9	*36.4%*
Capital transactions	-41.0	-41.0	*0.0%*
Retained earnings/accumulated losses	-276.1	-704.7	*-60.8%*
Valuation adjustments to equity	45.4	45.9	*-1.1%*
Cumulative translation adjustments	187.0	172.0	*8.7%*

1. General information

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

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

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

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

Helmet operation

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

Throughout 2021, the Company is still assessing the proposals received for the sale of its helmet operation. Since the Company aims to obtain the return of the actual value of the business, is not under pressure to realize these assets to meet its cash requirements, and the operation remains in progress, the Company decided to return the consolidation of this operation as an going concern in this 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 memorandum of understanding (MoU) with an important Brazilian company in the automotive industry, operating in the domestic market, aiming at setting up a joint venture in Brazil to manufacture accessories for light weapons.

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

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

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

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

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

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

As a result, the name of Taurus Plásticos Ltda was changed to Taurus JM Indústria de Peças Ltda. and the manufacture of parts for firearms was added to its core business description. Taurus JM was released from complying with the procedures of the Division Of Corporations to start the operations at the Joalmi industrial park, on Guarulhos (SP) at the beginning of September 2021.

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

COVID-19

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

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

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

In compliance with CVM Circular Letter No. 02/2020 of March 10, 2020, which addresses the effects of the COVID-19 pandemic on businesses' financial statements, Management assessed the main risks and accounting impacts, as well as the uncertainties that could affect said financial statements. Taurus reviewed its credit risks and assessed circumstances that would indicate an impairment of the Company's financial and nonfinancial assets, and identified no impacts due to the pandemic. Except for the costs arising from the increase of cleaning procedures, making facemasks and face shields, buying hand sanitizer, sanitization, and other measures directly linked to COVID-19, which during the period of this pandemic, until June 30, 2021, total approximately R$8.2 million, to date no further costs or expenses were incurred. After all the inherent analyses made according to the legal, strategic and operational requirements of the Company, management did not identify any contingencies and the need to recognize provisions linked to, or adjustments to assets arising from COVID-19.

Economic and Financial Restructuring

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

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

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

This restructuring plan, which is in progress, showed positive results throughout 2018 with substantial improvements in 2019. The Company believes that it has obtained efficiency gains in 2020, such as greater reduction of production costs, increased production scale, better dilution of finance costs, considerable improvement of its product quality and strengthening of its processes, and it also expects to continue bringing gains over the next years, in particular for its new plant in Bainbridge, Georgia, in the United States. 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 16 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 September 30, 2021, the Company prepaid to the bank syndicate for debt amortization the entire percentage scheduled for 2021 and part of 2022. The outstanding balance for the next year is now 55.10%.

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 September 30, 2021, the payments made totaled R$421.9 million, which accounts for 44.68% relating to the total debt principal.

II Operating efficiency

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

Completed Stages:

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

Stages in progress:

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

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

Completed Stages:

Operating Master Planning:

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

Research and Development:
- Identify Capex needs;
- Integrate with all manufacturing units.
- Schedule actions.

Stages in progress:

Cost of Sales (CoS):
- Analyzing the evolution of Variable Costs and Manufacturing Overhead to identify the main deviations and opportunities.

Operating Master Planning:
- Improving the demand forecasting methodology;

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

Material Losses (*yield* and scrap):
- Identify critical points for improvement and implement the applicable corrective actions.

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

III - Sales Efficiency

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

Completed Stages:

Market analysis
- Revisit the pricing model.

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

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

Stages in progress:

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

IV - Result Assessment (in progress)

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

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

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

2. Presentation of interim financial information

2.1. Basis of preparation

a) Statement of compliance

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

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

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

The financial statements for the year ended December 31, 2020 were reviewed by the Audit Committee, and approved by the Company's Board of Directors on March 17, 2021, which are being presented herein as the comparative period.

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

b) Management statement

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

This individual and consolidated interim financial information was approved by the Company's Board of

Directors and authorized for issue on November 4, 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 September 30 and the respective comparative periods. Control is achieved when the Company:

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

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

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

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

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

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

(*) The equity interests above represent the percentage rate held by the Company, both directly and indirectly, in the subsidiaries' capital.
(**) Former Taurus Plásticos Ltda. It ceased to be consolidated in 2021, as disclosed in note 14.
(***) Taurus Holdings, Inc. holds a 100% interest in the subsidiaries Taurus International Manufacturing, Inc, Heritage Manufacturing, Inc, Braztech International, L.C., Inc., and Tamel Properties, Inc.

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

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

2.3. Investments in joint ventures

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

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

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

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

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

2.4. Functional and presentation currency

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

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

3. Critical accounting judgments and key sources of estimation uncertainty

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

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

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

Trade **receivables (expected credit losses on doubtful** de**bts)**: Sales to end customers are paid with credit cards and the Company has the option to advance receipts without risk of default because the contracts with the card company have a no return condition, while at the same time the Company increased its sales volume to its subsidiary Companhia Brasileira de Cartuchos – CBC, which has no history of default and in the current scenario will also experience increase in potential demand.

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

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

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

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

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

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

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

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

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

(i) Fair value measurement

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

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

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

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

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

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

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

4. Significant accounting policies

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

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

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

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

a) <u>Financial instruments – general accounting policy</u>

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

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

As at September 30, 2021 and 2010, the Company does not have derivative financial instruments. Additionally, the Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(i) *Non-derivative financial assets*

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

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

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

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

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

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

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

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

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

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

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

<u>Derecognition of financial assets</u>

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

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

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

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

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

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

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

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

b) <u>New effective standards, interpretations and revised standards</u>
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) **<u>CPC 50 / IFRS 17– Insurance Contracts</u>**
This standard came into effect on January 1, 2021, superseding CPC 11 – Insurance Contracts (IFRS 4) that maintains the requirements set out in prevailing local rules. CPC 50 (IFRS 17) provides a global, comprehensive model for accounting for insurance contracts in line with the international accounting standards. After evaluating its business and operations, Management does not anticipate any impacts

on the Company's interim financial information, since the Company is neither an issuer nor a policyholder of insurance to cover substantive rights and obligations, given its type of business.

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

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

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

(iv) Annual Improvements to the 2018-2020 IFRS 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 accounting balances
Pursuant to international standard IAS 8 (CPC 23 *Accounting Policies, Changes in Estimates and Errors*), the consolidated interim financial information for the period prior to September 30, 2020 is being restated for purposes of comparison.

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

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

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

Statement of Profit or Loss for the nine-month period ended September 30, 2020.

			Consolidated
	09/30/2020	**Adjustment**	**09/30/2020 Restated**
Net operating revenue	**1,212,930**	55,992	1,268,922
Cost of sales	**(701,806)**	(34,978)	(736,784)
Gross profit	**511,124**	21,014	532,138
Operating income (expenses)			
Selling expenses	**(108,196)**	(10,863)	(119,059)
General and administrative expenses	**(122,084)**	(4,622)	(126,706)
Allowance for impairment of financial instruments	**1,618**	254	1,872
Other operating income, net	**8,071**	738	8,809
Other operating expenses, net	**(3,804)**	(690)	(4,494)
	(224,395)	(15,183)	(239,578)
Profit before finance income (costs) and taxes	**286,729**	5,831	292,560
Finance income	**130,083**	1,736	131,819
Finance costs	**(416,176)**	(2,508)	(418,684)
Finance income (costs), net	**(286,093)**	(772)	(286,865)
Operating profit before taxes	**636**	5,059	5,695
Current Income tax and social contribution	**(7,546)**	(1,095)	(8,641)
Deferred income tax and social contribution	**(12,422)**	219	(12,203)
Profit (loss) for the year from continuing operations	**(19,332)**	4,183	(15,149)
Profit (loss) from discontinued operations	**3,478**	(4,183)	(705)
Profit (loss) for the year	**(15,854)**	-	(15,854)
Basic loss per share – R$			
ON – Common share	(0.17803)	-	(0,17803)
PN – Preferred share	(0.18044)	-	(0,18044)
Diluted loss per share (R$)			
ON – Common share	(0.17803)	-	(0,17803)
PN – Preferred share	(0.17261)	-	(0,17261)

d) Share-based payment plan ("Stock Options")

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

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

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

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

e) Cash-settled payment plan (Phantom Shares)

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

The Company's current or future statutory directors are eligible to participate in the Plan.

In total, the payment of the additional bonus to the Beneficiaries shall correspond to 780,000 (seven hundred and eighty thousand) phantom shares, corresponding to the average quotation at B3 of one (1) preferred share of Taurus Armas S.A. (B3: TASA4) at the five previous auctions, including the Base Date, considering the ceiling price of R$25.00. Payment will be made in local currency on December 30, 2021. Information about the plan is described in note 27.

5. Financial Risk Management

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

5.1 Credit risk

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

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

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

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

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

Exposure to credit risks

As at September 30, 2021, the maximum credit risk exposure was as follows:

		Consolidated		Parent
	09/30/2021	**12/31/2020**	**09/30/2021**	**12/31/2020**
Fair value through profit or loss				
Cash and cash equivalents	**174,081**	91,231	**60,391**	34,623
Amortized cost				
Trade receivables	**412,926**	317,406	**271,956**	183,267
Short-term investments and restricted account	**16**	16	**16**	16
Other receivables	**37,755**	49,013	**30,757**	41,964
Total	**624,762**	457,666	**363,120**	259,870

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

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

		Consolidated		Parent
	09/30/2021	**12/31/2020**	**09/30/2021**	**12/31/2020**
Domestic – trade receivables	**238,796**	182,436	**216,615**	172,384
United States – trade receivables	**177,760**	138,526	**47,326**	2,893
Other	**12,290**	12,259	**10,311**	9,539
Total	**428,846**	333,221	**274,252**	184,816

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

		Consolidated		Parent
	09/30/2021	**12/31/2020**	**09/30/2021**	**12/31/2020**
Trade receivables – public bodies	**7,638**	6,862	**7,638**	6,825
Trade receivables – distributors	**355,459**	287,521	**228,817**	152,129
Final customers	**65,749**	38,838	**37,797**	25,862
Total	**428,846**	333,221	**274,252**	184,816

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

Allowance for expected credit losses

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

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

						Consolidated
			09/30/2021			**12/31/2020**
	Portfolio	**Allowance**	**% coverage**	**Portfolio**	**Allowance**	**% coverage**
Current	**308,715**	**(5,224)**	**1.7%**	**265,986**	**(5,288)**	**2.0%**
0-30 days past due	**64,978**	**(377)**	**0.6%**	**27,764**	**(367)**	**1.3%**
31-60 days past due	**21,057**	**(142)**	**0.7%**	**18,919**	**(160)**	**0.8%**
61-90 days past due	**5,115**	**(127)**	**2.5%**	**1,390**	**(110)**	**7.9%**
91-180 days past due	**7,628**	**(179)**	**2.3%**	**4,013**	**(335)**	**8.3%**
181-360 days past due	**5,295**	**(186)**	**3.5%**	**2,524**	**(433)**	**17.2%**
Over one year past due	**16,058**	**(9,685)**	**60.3%**	**12,625**	**(9,122)**	**72.3%**
Total	**428,846**	(15,920)		**333,221**	(15,815)	

						Parent
			09/30/2021			12/31/2020
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	**197,879**	**(996)**	**0.5%**	**142,945**	**(491)**	**0.3%**
0-30 days past due	**50,953**	**(41)**	**0.1%**	**21,144**	**(206)**	**1.0%**
31-60 days past due	**18,812**	**(85)**	**0.5%**	**15,999**	**(41)**	**0.3%**
61-90 days past due	**218**	**(46)**	**21.1%**	**632**	**(20)**	**3.2%**
91-180 days past due	**1,926**	**(51)**	**2.6%**	**582**	**(94)**	**16.2%**
181-360 days past due	**594**	**(102)**	**17.2%**	**929**	**(284)**	**30.6%**
Over one year past due	**3,870**	**(975)**	**25.2%**	**2,585**	**(413)**	**16.0%**
Total	**274,252**	(2,296)		**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
					09/30/2021
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years
Non-derivative financial liabilities					
Trade payables	164,140	164,140	164,140	-	-
Borrowings and financing	477,313	515,111	33,049	464,996	17,066
Debentures	37,874	42,322	3,680	38,642	-
Foreign currency advances	102,433	109,347	109,347	-	-
	781,760	**830,920**	**310,216**	**503,638**	**17,066**

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

				Parent
				09/30/2021
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years
Non-derivative financial liabilities				
Trade payables	121,206	121,206	121,206	-
Borrowings and financing	460,629	480,980	33,049	447,931
Debentures	37,874	42,322	3,680	38,642
Foreign currency advances	102,433	109,347	109,347	-
	722,142	**753,855**	**267,282**	**486,573**

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

5.3 Market risk

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

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

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

Sensitivity analysis of exchange rates
As at September 30, 2021, the Company is mainly exposed to fluctuations between the Brazilian real and the US dollar. The sensitivity analysis carried out by the Company considers the effects of an increase or a decrease of 10% between the Brazilian real and the US dollar on its debts and trade receivables. In this analysis, if the Brazilian real appreciates against the US dollar, this would correspond to a net gain of R$41.3 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 September 30, 2021 would decrease/increase by R$4.6 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	
	09/30/2021	**12/31/2020**
Total liabilities	**1,261,464**	1,418,381
Less: Cash and cash equivalents and short-term investments	**(174,097)**	(91,247)
Net debt (A)	**1,087,367**	1,327,134
Total equity (B)	**601,833**	42,269
Net debt-to-equity ratio as at September 30, 2021 and December 31, 2020 (A/B)	1.81	31.40

6. Operating Segments

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

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

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

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

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

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

	Firearms		Helmets(a)		Other		Total	
	09/30/2021	09/30/2020	**09/30/2021**	09/30/2020	**09/30/2021**	09/30/2020	**09/30/2021**	09/30/2020
Foreign revenue	**1,817,971**	1,204,447	**87,837**	55,992	**14,333**	8,483	**1,920,141**	1,268,922
Intercompany revenue	**675,141**	492,752	**-**	-	**7,371**	5,481	**682,512**	498,233
Cost of sales	**(928,958)**	(694,425)	**(60,778)**	(34,978)	**(8,894)**	(6,737)	**(998,630)**	(736,140)
Gross profit	**1,564,154**	1,002,774	**27,059**	21,014	**12,810**	7,227	**1,604,023**	1,031,015
Selling expenses	**(153,055)**	(106,424)	**(15,266)**	(10,599)	**(224)**	(122)	**(168,545)**	(117,145)
General and administrative expenses	**(128,408)**	(108,215)	**(4,865)**	(4,271)	**(1,643)**	(2,102)	**(134,916)**	(114,588)
Depreciation and amortization	**(13,059)**	(10,982)	**(221)**	(361)	**(1,297)**	(1,461)	**(14,577)**	(12,804)
Other operating income (expenses), net	**69,175**	3,468	**1,539**	48	**(747)**	799	**69,967**	4,315
Equity in earnings (losses)	**-**	-	**-**	-	**(302)**	-	**(302)**	-
	(225,347)	(222,153)	**(18,813)**	(15,183)	**(4,213)**	(2,886)	**(248,373)**	(240,222)
Operating profit	**1,338,807**	780,621	**8,246**	5,831	**8,597**	4,341	**1,355,650**	790,793
Finance income	**167,938**	128,774	**1,122**	1,735	**1,102**	1,310	**170,162**	131,819
Finance costs	**(236,615)**	(414,990)	**(1,985)**	(2,507)	**(873)**	(1,187)	**(239,473)**	(418,684)
Finance income (costs), net	**(68,677)**	(286,216)	**(863)**	(772)	**229**	123	**(69,311)**	(286,865)
Profit (loss) from the reportable segment before income tax and social contribution	**1,270,130**	494,405	**7,383**	5,059	**8,826**	4,464	**1,286,339**	503,928
Elimination of intercompany revenue	**(675,141)**	(492,752)	**-**	-	**(7,371)**	(5,481)	**(682,512)**	(498,233)
Profit before income tax and social contribution	**594,989**	1,653	**7,383**	5,059	**1,455**	(1,017)	**603,827**	5,695
Income tax and social contribution	**(171,051)**	(18,346)	**(1,943)**	(876)	**(805)**	(1,622)	**(173,799)**	(20,844)
Profit (loss) from discontinued operations	**-**	-	**(1,890)**	(705)	**-**	-	**(1,890)**	(705)
Profit (loss) for the period	**423,938**	(16,693)	**3,550**	3,478	**650**	(2,639)	**428,138**	(15,854)
Assets from reportable segments	**1,605,926**	1,076,929	**111,952**	93,522	**145,419**	125,262	**1,863,297**	1,295,713
Liabilities from reportable segments	**1,207,497**	1,497,613	**24,456**	25,902	**29,511**	28,357	**1,261,464**	1,551,872

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

	Firearms		Helmets	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Domestic market				
Southeast Region	**353,752**	169,174	**30,060**	18,768
South Region	**35,566**	43,557	**6,722**	3,597
Northeast Region	**11,197**	9,612	**24,139**	16,321
Midwest Region	**7,222**	7,265	**14,051**	8,599
North Region	**5,291**	4,151	**12,312**	7,915
	413,028	233,759	**87,284**	55,200
Foreign market				
United States	**1,314,784**	937,721	**135**	514
South Africa	**8,140**	2,924	**-**	-
Germany	**1,256**	982	**-**	-
Saudi Arabia	**-**	1,706	**-**	-
Argentina	**3,140**	1,623	**-**	-
Bosnia	**281**	-	**-**	-
Burkina	**6,440**	1,469	**-**	-
Chile	**1,571**	915	**-**	-
Singapore	**636**	-	**-**	-
South Korea	**-**	-	**-**	278
Costa Rica	**267**	-	**-**	-
El Salvador	**1,372**	186	**-**	-
Philippines	**13,781**	4,870	**-**	-
France	**3,756**	3,256	**-**	-
Ghana	**6,440**	-	**-**	-
Guatemala	**7,142**	2,675	**-**	-
Guiana	**561**	-	**-**	-
Honduras	**1,687**	-	**-**	-
Israel	**908**	427	**-**	-
Italy	**1,225**	472	**-**	-
Lesotho	**271**	-	**-**	-
Madagascar	**241**	-	**-**	-
Mexico	**765**	-	**-**	-
Mozambique	**1,065**	-	**-**	-
Namibia	**984**	-	**-**	-
Norway	**361**	-	**-**	-
Panama	**1,924**	-	**-**	-
Pakistan	**18,320**	-	**-**	-
Peru	**1,528**	1,372	**-**	-
Poland	**1,248**	-	**-**	-
Czech Republic	**1,013**	380	**-**	-
Senegal	**821**	6,396	**-**	-
Thailand	**1,139**	599	**-**	-
Taiwan	**-**	462	**-**	-
Turkey	**104**	467	**-**	-
Uruguay	**560**	315	**418**	-
Zambia	**534**	539	**-**	-
Other countries	**678**	932	**-**	-
	1,404,943	970,688	**553**	792
Total net revenue	**1,817,971**	1,204,447	**87,837**	55,992

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 72% 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	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Cash	**80**	95	**61**	77
Unsettled exchange bills (*)	**42,136**	30,721	**41,966**	30,531
Demand deposits	**109,928**	55,167	**142**	175
Short-term investments	**21,937**	5,248	**18,222**	3,840
Cash and cash equivalents	**174,081**	91,231	**60,391**	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	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Domestic customers	**238,796**	182,436	**216,615**	172,384
Foreign customers	**190,050**	150,785	**57,637**	12,432
	428,846	333,221	**274,252**	184,816
Allowance for expected loss on doubtful debts – domestic receivables	**(9,068)**	(8,017)	**(1,414)**	(319)
Allowance for expected loss on doubtful debts – foreign receivables	**(6,852)**	(7,798)	**(882)**	(1,230)
	(15,920)	(15,815)	**(2,296)**	(1,549)
	412,926	317,406	**271,956**	183,267

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

	Consolidated	Parent
Balance as at December 31, 2020	**(15,815)**	**(1,549)**
Additions	**(7,109)**	**(4,348)**
Reversal of allowance for expected credit losses	**5,898**	**3,615**
Exchange rate changes	**1,106**	**(14)**
Balance as at September 30, 2021	**(15,920)**	**(2,296)**

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	
	09/30/2021	**12/31/2020**	**09/30/2021**	**12/31/2020**
Finished products	**230,326**	49,594	**88,937**	28,303
Raw material	**312,357**	241,301	**222,893**	168,762
Work in process	**6,239**	-	**687**	-
Inventory advances	**17,533**	20,687	**17,144**	20,687
Allowance for inventory losses	**(26,814)**	(13,239)	**(14,530)**	(12,858)
	539,641	298,343	**315,131**	204,894

Variation in the allowance for inventory losses	**Consolidated**	**Parent**
Balance as at December 31, 2020	**(13,239)**	**(12,858)**
Addition	**(3,673)**	**(3,293)**
Reversal	**741**	**705**
Definitive write-offs	**983**	**916**
Held for sale returned to operations	**(559)**	**-**
Allowance for losses Taurus USA (Reclassification)	**(11,067)**	**-**
Balance as at September 30, 2021	**(26,814)**	**(14,530)**

10. Recoverable Taxes

	Consolidated		Parent	
	09/30/2021	**12/31/2020**	**09/30/2021**	**12/31/2020**
State VAT (ICMS)	**25,484**	8,257	**24,183**	7,022
Federal VAT (IPI)	**3,992**	2,284	**2,163**	2,280
Tax on revenue (PIS)	**2,783**	1,077	**2,515**	916
Tax on revenue (COFINS)	**12,645**	4,826	**11,585**	4,246
Income tax and social contribution	**4,180**	15,431	**755**	13,664
Other	**3,948**	1,444	**866**	859
Total	**53,032**	33,319	**42,067**	28,987
Current	**52,684**	33,319	**42,067**	28,987
Noncurrent	**348**	-	**-**	-

11. Other Assets

	Consolidated		Parent	
	09/30/2021	**12/31/2020**	**09/30/2021**	**12/31/2020**
Advance for settlement of borrowings and financing	**-**	13,073	**-**	13,073
Advances to suppliers	**2,813**	7,636	**2,402**	3,977
Advances to employees	**2,587**	2,344	**2,041**	2,293
Advances for foreign bids	**7,360**	7,923	**7,360**	7,923
Escrow deposits	**14,509**	14,541	**13,042**	13,132
Intragroup loans	**-**	-	**93**	-
Royalties	**4,968**	-	**4,968**	-
Other receivables	**5,502**	3,496	**944**	1,566
Total	**37,739**	49,013	**30,850**	41,964
Current	**18,856**	34,488	**17,809**	**28,848**
Noncurrent	**18,883**	14,541	**13,041**	**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 240 for income tax, and 9% on taxable income for social contribution. The limit of income tax loss and social contribution loss is 30% of annual taxable income.

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

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

a) Breakdown of impacts on deferred tax assets and liabilities

	Consolidated		Parent	
	09/30/2021	**12/31/2020**	**09/30/2021**	**12/31/2020**
On income tax and social contribution losses				
Income tax loss	60,871	91,720	54,032	87,008
Social contribution loss	22,783	33,874	20,306	32,178
On temporary differences – assets				
Billed and undelivered sale	1,389	487	1,062	487
Impairment	212	212	212	212
Other allowances, provisions and accruals	1,891	981	962	-
Realization of revaluation reserve	1,793	517	540	517
Allowance for inventory losses	9,120	9,080	4,940	4,372
Accrued profit sharing	12,024	5,854	8,817	3,708
Accrued commissions	268	304	118	271
Tax provision	-	20,217	-	1,954
Provision for civil, labor and tax risks	31,124	32,233	29,474	30,967
Provision for warranty	5,946	6,091	2,211	3,114
Provision for uncollectible receivables	2,835	1,562	780	526
Financial provisions	967	978	967	978
Tax provisions	2,933	-	1,954	-
Unrealized profit on inventories (TIMI)	7,212	1,326	-	-
Total assets	**161,368**	**205,435**	**126,375**	**166,291**
On temporary differences - liabilities				
Goodwill on expected future earnings	(11,362)	(11,465)	-	-
Fair value of investment property	(17,714)	(15,678)	-	-
Total liabilities	**(29,076)**	**(27,144)**	**-**	**-**
Deferred assets, net	**132,292**	**178,291**	**126,375**	**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	(57,437)	(39,916)
Translation adjustments	5,349	-
Closing balance of deferred taxes, net	**132,292**	**126,375**

The amount of income tax and social contribution losses on which no deferred taxes are recognized total R$315.6 million in consolidated, which correspond to the portion of these amounts in the Company’s subsidiaries for which it is not probable that future taxable income will be available for offset. In the Parent, income tax and social contribution losses is fully recorded, and in its subsidiaries, they were partially recorded up to the limit of confirmation of realization.

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

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

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

				Consolidated
	Income tax and social contribution losses	**Deferred income tax**	**Deferred social contribution**	**Total deferred taxes**
Balance recognized as at 09/30/21	252,999	60,871	22,783	83,654
In 2021	(26,775)	(6,694)	(2,410)	(9,103)
In 2022	(70,054)	(17,514)	(6,305)	(23,818)
In 2023	(72,058)	(18,015)	(6,485)	(24,500)
In 2024	(67,080)	(16,770)	(6,037)	(22,807)
In 2025-2030	(17,032)	(1,879)	(1,546)	(3,425)

				Parent
	Income tax and social contribution losses	**Deferred income tax**	**Deferred social contribution**	**Total deferred taxes**
Balance recognized as at 09/30/21	225,627	54,032	20,306	74,338
In 2021	(18,831)	(4,708)	(1,695)	(6,403)
In 2022	(56,953)	(14,238)	(5,126)	(19,364)
In 2023	(70,609)	(17,652)	(6,355)	(24,007)
In 2024	(65,653)	(16,413)	(5,909)	(22,322)
In 2025-2030	(13,581)	(1,020)	(1,222)	(2,243)

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

Reconciliation of the effective rate of income tax and social contribution

	Consolidated		Parent	
	09/30/2021	**09/30/2020**	**09/30/2021**	**09/30/2020**
Pretax profit (loss)	603.827	5.695	572.097	(7.185)
Income tax and social contribution at combined tax rates	(205,301)	(1,936)	(194,513)	2,443
Permanent additions				
Non-deductible expenses	(1,924)	(288)	(1,604)	(227)
Share of loss of subsidiaries	103	-	(7,636)	(5,633)
Donations/sponsorship	(740)	(994)	(722)	(994)
Capital gain on property, plant and equipment	(247)	(91)	(247)	(91)
Thin Cap	(110)	(427)	(110)	(427)
Permanent deductions				
Reintegra	2,344	164	254	164
Deemed ICMS grant	2,926	4,562	2,926	4,562
Share of profit of subsidiaries	-	-	57,020	15,763
Unrecognized deferred tax on income tax and social contribution losses	454	(24,927)	-	(24,964)
Unrecognized deferred income tax and social contribution of related parties	30,372	3,451	-	-
Current and deferred income tax and social contribution from prior years	-	683	-	683
Other (additions)/deductions	(1,676)	(1,041)	673	52
Income tax and social contribution in profit or loss for the year	**(173,799)**	**(20,844)**	**(143,959)**	**(8,669)**
Current	(116,362)	(8,641)	(104,043)	-
Deferred	(57,437)	(12,203)	(39,916)	(8,669)
	(173,799)	(20,844)	**(143,959)**	(8,669)
Effective rate	29%	366%	25%	-121%

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

								Consolidated
				09/30/2021				**12/31/2020**
	Basis	**25%**	**9%**	**Total**	**Basis**	**25%**	**9%**	**Total**
Provision for uncollectible receivables	7,580	1,895	682	2,577	7,580	1,895	682	2,577
Allowance for loss on agreements receivable	69,849	17,462	6,286	23,748	69,849	17,462	6,286	23,749
Provision for civil, labor and tax risks	3,318	830	299	1,129	3,945	986	355	1,341
Provision for warranty	1,468	367	132	499	1,468	367	132	499
Loss on other receivables	5,370	1,343	483	1,826	5,114	1,279	460	1,739
On income tax and social contribution losses								
Income tax and social contribution losses	315,664	78,916	28,410	107,326	298,447	74,612	26,860	101,472
	403,249	**100,813**	**36,292**	**137,105**	**386,404**	**96,601**	**34,776**	**131,377**

13. Assets held for sale

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

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

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

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

Carrying amount reconciliation

	Consolidated	**Consolidated**
In thousands of reais	09/30/2021	12/31/2020
Buildings, land and improvements	51,390	51,390
Taurus Blindagens Nordeste – long-lived asset held for sale	14,640	82,460
Total held-for-sale noncurrent assets	**66,030**	**133,850**
Taurus Blindagens Nordeste – liability held for sale	5,485	27,297
Total held-for-sale liabilities	**5,485**	**27,297**

Buildings, land and improvements.

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

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

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

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

Industrial complex, not occupied, with floor space of 18,600.00 m² in urban land and area of 29,900.00 m².

Held-for-sale asset – Helmets operation

On March 27, 2018, the Board of Directors unanimously authorized the offering of the Helmets business—consisting of the companies Taurus Helmets Indústria de Capacetes Ltda. (former Taurus Blindagens Ltda.) and Taurus Blindagens Nordeste Ltda.—to the market. (note 1 – General Information).

The Company continues to pursue the sale of its helmet operation located in Mandirituba, PR, Taurus Helmets Indústria de Helmets Ltda. Since the Company aims to obtain the return of the actual value of the business and this business remains in operation, the Company decided to return the consolidation of this operation as a going concern in its interim financial information since the first quarter of 2021. The Company's Management decided that Taurus Helmets Indústria de Capacetes Ltda no longer meet the of classification criteria in CPC 31 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5).

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

Property, plant and equipment/ Intangible assets	8,776
Inventories	-
Trade and other receivables	5,864
Assets held for sale	**14,640**
Trade and other payables	5,485
Liabilities held for sale	**5,485**

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

14. Investments

									Parent
	Taurus Helmets Indústria de Capacetes Ltda.	**Taurus Blindagens Nordeste Ltda.**	**Taurus Holdings, Inc.**	**T. Investments Co. Inc.**	**Taurus Investimentos Imobiliários Ltda.**	**Polimetal Metalurgia e Plásticos Ltda.**	**Taurus Máquinas-Ferramenta Ltda. (1)**	**09/30/2021**	**12/31/2020**
Current assets	121,722	5,369	525,694	7	66,076	13,018	223		
Noncurrent assets	46,644	56,462	125,887	-	53,018	173,426	1,310		
Current liabilities	38,674	7,825	201,444	-	3,800	8,997	3,786		
Noncurrent liabilities	1,023	1,893	61,437	-	15,203	11,083	26,754		
Capital	73,855	9,400	1,767	59,833	53,292	211,452	293,639		
Equity	128,669	52,113	388,700	7	100,091	166,364	(29,007)		
Net revenue	87,837	-	1,314,784	-	5,241	14,333	-		
Profit (loss) for the year	3,728	(740)	151,372	-	3,088	3,429	(1,040)		
Number of shares	14	9,400	302,505	11,000,000	43,623,159	304,779,837	185,007,117		
Direct interest percentage (%)	0,00%	0,10%	100,00%	100,00%	81,86%	100,00%	63,00%		
Opening balances	1	53	219,747	8	79,404	162,935	-	**462,148**	**364,251**
Share of profit (loss) of subsidiaries	**-**	**(1)**	**151,372**	**-**	**2,528**	**3,430**	**(656)**	**156,673**	**44,378**
Exchange differences arising on translating investments	**-**	**-**	**15,006**	**(1)**	**-**	**-**	**-**	**15,005**	**41,386**
Unrealized profit on inventories	**-**	**-**	**(11,427)**	**-**	**-**	**-**	**-**	**(11,427)**	**11,989**
Reclassified to provision for negative equity (1)	**-**	**-**	**-**	**-**	**-**	**-**	**656**	**656**	**144**
Closing balances	**1**	**52**	**374,698**	**7**	**81,932**	**166,365**	**-**	**623,055**	**462,148**

(1) The share of profit (loss) of subsidiary Taurus Máquinas-Ferramentas Ltda., amounting to (R$ 656), is presented on line item ‘Provision for negative equity’ in noncurrent liabilities.

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

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

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

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

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

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

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

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

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

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

Assets		**Liabilities**	
Current assets		**Current liabilities**	
Cash and cash equivalents	182	Trade payables	1,464
Trade receivables	1,037	Taxes, fees and contributions	179
Inventories	738	Financial loan	819
Recoverable taxes	737		2,463
Other receivables	210	**Noncurrent liabilities**	
	2,905	Deferred tax liabilities	27
			27
Noncurrent assets		**Total liabilities**	2,490
Recoverable taxes	1,494		
Related parties	1,343	**Equity**	
Other receivables	20	Capital	4,628
	2,856	Advance for future capital increase	337
		Retained earnings	575
Property, plant and equipment	2,268	**Total equity**	5,540
Total assets	**8,030**	**Total liabilities and equity**	**8,030**

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
STATEMENT OF PROFIT OR LOSS AS AT SEPTEMBER 30, 2021
In thousands of reais

Revenue from sales and/or services	561
Cost of sales and/or services	(627)
General and administrative expenses	(484)
Other operating (expenses) income, net	(91)
	(575)
Loss before finance income (costs), net, share of results of investees, and taxes	(641)
Finance income	49
Finance costs	-
Finance income (costs), net	49
Operating profit before taxes	(592)
Loss for the year	(592)

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

									Consolidated
Cost or deemed cost	**Land**	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Vehicles**	**Other**	**PP&E in progress**	**Advances to suppliers**	**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	-	1,348	17,847	2,889	160	515	52,016	21,206	95,981
Write-offs	-	-	(5,570)	(515)	(3)	-	(1,001)	-	(7,089)
Transfers	-	3,789	9,542	560	-	9	(14,506)	-	(606)
Effect of changes in exchange rates	153	1,302	3,528	761	21	-	208	-	5,973
Held for sale returned to operations	-	558	20,992	1,977	304	-	2,785	312	26,928
Balance as at September 30, 2021	**10,745**	**127,633**	**316,696**	**34,735**	**988**	**698**	**61,198**	**31,969**	**584,662**
Depreciation									
Balance as at December 31, 2019	-	(25,740)	(171,329)	(17,259)	(291)	-	-	-	(214,619)
Depreciation in the year	-	(5,816)	(14,792)	(2,259)	-	(7)	-	-	(22,874)
Write-offs	-	278	14,921	814	-	-	-	-	16,013
Transfers	-	(2,232)	2,071	8,081	-	-	-	-	7,920
Effect of changes in exchange rates	-	(28)	(12,333)	(4,129)	(70)	-	-	-	(16,560)
Balance as at December 31, 2020	**-**	**(33,538)**	**(181,462)**	**(14,752)**	**(361)**	**(7)**	**-**	**-**	**(230,120)**
Depreciation in the period	-	(3,994)	(11,332)	(2,234)	(58)	(61)	-	-	(17,679)
Write-offs	-	2	4,969	295	-	-	-	-	5,266
Effect of changes in exchange rates	-	(111)	(169)	(2,759)	(14)	-	-	-	(3,053)
Held for sale returned to operations	-	(297)	(14,967)	(1,348)	(221)	-	-	-	(16,833)
Balance as at September 30, 2021	**-**	**(37,938)**	**(202,961)**	**(20,798)**	**(654)**	**(68)**	**-**	**-**	**(262,419)**
Carrying amount									
December 2020	10,592	87,098	88,895	14,311	145	167	21,696	10,451	233,355
September 2021	**10,745**	**89,695**	**113,735**	**13,937**	**334**	**630**	**61,198**	**31,969**	**322,243**

								Parent
Cost or deemed cost	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Vehicles**	**Other**	**PP&E in progress**	**Advances to suppliers**	**Total**
Balance as at December 31, 2019	44,141	155,996	9,232	52	-	14,697	3,080	227,198
Additions	5,245	23,025	3,467	-	174	10,126	7,371	49,408
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	730	7,820	2,247	-	515	26,147	17,913	55,372
Write-offs	-	(1,753)	(278)	-	-	-	-	(2,031)
Transfers	3,789	6,893	507	-	9	(11,804)	-	(606)
Balance as at September 30, 2021	**55,713**	**196,302**	**15,072**	**52**	**698**	**29,393**	**28,364**	**325,594**
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 in the period	(1,544)	(5,619)	(776)	-	(61)	-	-	(8,000)
Write-offs	2	1,542	244	-	-	-	-	1,788
Balance as at September 30, 2021	**(17,978)**	**(124,826)**	**(6,135)**	**(52)**	**(68)**	**-**	**-**	**(149,059)**
Carrying amount								
December 2020	34,758	62,593	6,993	-	167	15,050	10,451	130,012
September 2021	**37,735**	**71,476**	**8,937**	**-**	**630**	**29,393**	**28,364**	**176,535**

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

Collateral
The Company uses its assets as collaterals for the funds raised with financial institutions. Even though most property, plant and equipment items are collateralized in borrowings and financing transactions, historically these collaterals have never been enforced. As at September 30, 2021, the Company uses R$31.8 million in collaterals (R$38.7 million as at December 31, 2020).

16. Intangible Assets

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

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

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

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

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

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

								Consolidated
	Software	Trademarks and patents	Customer relationship	Goodwill	Product development	Intangible assets in progress	Other intangibles	Total
Cost								
Balance as at December 31, 2019	10,226	22,762	17,605	45,062	10,798	-	-	106,453
Acquisitions	5,717	-	-	-	9	2,504	-	8,230
Transfers	4,725	-	-	-	(4,420)	6,076	2,348	8,729
Effect of changes in exchange rates	-	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	1,268	-	-	-	13	6,237	-	7,518
Transfers	-	-	-	-	606	-	-	606
Write-offs	(80)	-	-	-	-	-	(1,594)	(1,674)
Effect of changes in exchange rates	410	767	1,027	748	266	-	(62)	3,156
Held for sale returned to operations	1,520	1,284	-	-	-	-	-	2,804
Balance as at September 30, 2021	**23,786**	**28,495**	**23,568**	**49,408**	**8,501**	**14,817**	**-**	**148,575**
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)
Effect of changes in exchange rates	(119)	-	(3,805)	-	(235)	-	-	(4,159)
Balance as at December 31, 2020	**(13,818)**	**(7,388)**	**(19,567)**	**-**	**(2,079)**	**-**	**-**	**(42,852)**
Amortization in the period	(1,809)	-	(1,733)	-	(426)	-	-	(3,968)
Write-offs	68	-	-	-	-	-	-	68
Effect of changes in exchange rates	(391)	-	(925)	-	(69)	-	-	(1,385)
Held for sale returned to operations	(144)	-	-	-	-	-	-	(144)
Balance as at September 30, 2021	**(16,094)**	**(7,388)**	**(22,225)**	**-**	**(2,574)**	**-**	**-**	**(48,281)**
Carrying amount								
December 2020	6,850	19,056	2,974	48,660	5,537	8,580	1,656	93,313
September 2021	**7,692**	**21,107**	**1,343**	**49,408**	**5,927**	**14,817**	**-**	100,294

					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	419	-	13	6,237	6,669
Transfers	-	-	606	-	606
Balance as at September 30, 2021	**12,168**	**9,485**	**2,535**	**14,817**	**39,005**
Amortization					
Balance as at December 31, 2019	(4,127)	(6,840)	(533)	-	(11,500)
Amortization in the year	(1,388)	-	(170)	-	(1,558)
Transfers	(7)	-	1	-	(6)
Balance as at December 31, 2020	**(5,522)**	**(6,840)**	**(702)**	**-**	**(13,064)**
Amortization in the period	(1,408)	-	(171)	-	(1,579)
Balance as at September 30, 2021	**(6,930)**	**(6,840)**	**(873)**	**-**	**(14,643)**
Carrying amount					
December 2020	6,227	2,645	1,214	8,580	18,666
September 2021	**5,238**	**2,645**	**1,662**	**14,817**	**24,362**

Impairment test of cash-generating units containing goodwill

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

Cash-generating unit	2020
Firearms	48,660

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

Main assumptions used in the discounted cash flow projections

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

	WACC discount rate	Average growth rate	WACC discount rate	Average growth rate
Cash-generating unit		**12/31/2020**		**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
				09/30/2021			12/31/2020
	Currency	Statutory interest rate	Maturity year	Contractual amount	Carrying amount	Contractual amount	Carrying amount
Borrowings and financing							
Working capital	R$	CDI + 2.50% p.a.	2022	**18.193**	**10.686**	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	**102.433**	**102.433**	98.663	100.271
Working capital	US$	Libor + 1.75% to 3.50% p.a.	2023	**480.846**	**466.627**	509.950	683.455
				Total	**579.746**		**798.799**
				Current liabilities	**119.177**		**171.806**
				Noncurrent liabilities	**460.569**		**626.993**

							Parent
				09/30/2021			12/31/2020
	Currency	Statutory interest rate	Maturity year	Contractual amount	Carrying amount	Contractual amount	Carrying amount
Secured bank loans							
Working capital	R$	CDI + 2.50% p.a.	2022	**18.193**	**10.686**	18.193	15.066
FINAME	R$	2.50% to 8.70% p.a.	2021	**-**	**-**	702	7
Foreign currency advances	US$	7.0% p.a.	2022	**102.433**	**102.433**	98.663	100.271
Working capital	US$	Libor + 3.50% p.a.	2022	**464.162**	**449.943**	433.351	606.856
				Total	**563.062**		**722.200**
				Current liabilities	**119.177**		**171.806**
				Noncurrent liabilities	**443.885**		**550.394**

Flow of future debt payments disclosed in noncurrent liabilities:

	Consolidated		Parent	
Maturity year	**09/30/2021**	**12/31/2020**	**09/30/2021**	**12/31/2020**
2022	**443.885**	550.394	**443.885**	550.394
2023	**16.684**	76.599	**-**	-
	460.569	626.993	**443.885**	550.394

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

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

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

Covenants

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

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

18. Debentures

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

Debentures	Principal in R$	Issue date	Outstanding	Financial charges	09/30/2021	12/31/2020
3rd Issue (a)	100,000	06/13/2014	5.000	Taxa DI + 2.50%	**37,874**	67,881
				Total principal	**37,874**	67,881
				Current liabilities	**25**	6,867
				Noncurrent liabilities	**37,849**	61,014
				Total	**37,874**	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 September 30, 2021, the Company was compliant with all said covenants.

19. Other Payables

	Consolidated		Parent	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Sales commissions	**4,907**	806	**253**	709
Accrued interest	**334**	192	**-**	-
Insurance and freight	**11,767**	18,912	**1,270**	280
Marketing	**9,911**	4,639	**-**	-
Due to related parties	**1,344**	-	**52,953**	66,653
Unrealized gain on government grant	**29,321**	44,789	**-**	-
Other	**4,863**	4,698	**861**	1,071
	62,447	74,036	**55,337**	68,713
Current	**28,062**	27,145	**2,384**	2,060
Noncurrent	**34,385**	46,891	**52,953**	66,653

20. Payroll and Related Taxes

	Consolidated		Parent	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Payroll	**4,800**	10,319	**739**	320
Accrued bonus	**35,364**	25,592	**25,931**	10,907
Contributions payable	**8,166**	7,628	**7,589**	7,482
Accruals (vacation pay and 13th salary)	**33,655**	13,949	**30,285**	13,441
	81,985	57,488	**64,544**	32,150

21. Taxes, Fees and Contributions

	Consolidated		Parent	
	09/30/2021	**12/31/2020**	**09/30/2021**	**12/31/2020**
State VAT (ICMS)	**2,978**	2,258	**2,367**	2,258
Federal VAT (IPI)	**28,102**	15,520	**27,662**	15,258
Tax on revenue (PIS)	**67**	1,247	**-**	1,130
Tax on revenue (COFINS)	**311**	5,751	**-**	5,211
Special tax – FAET (USA)	**49,451**	8,860	**-**	-
Withholding income tax (IRRF)	**938**	4,200	**843**	4,184
Income tax and social contribution	**17,880**	14,274	**11,246**	7,477
Other installment payments (*)	**33,956**	39,706	**33,232**	39,679
Other	**8,565**	7,638	**5,863**	5,910
	142,248	99,454	**81,213**	81,107
Current	116,695	68,259	56,385	49,915
Noncurrent	25,553	31,195	24,828	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 thousand. The debt was paid in 60 installments, the installment cap allowed by said IN and is adjusted using the Selic (Central bank's policy rate). As at September 30, 2021, the adjusted balance of the IPI instalment payment plan is R$33.2 million and to date thirteen installments have been paid, totaling R$9.2 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
			09/30/2021	**12/31/2020**
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	47,472	(13,317)	34,156	38,457
Civil	18,340	(914)	17,426	18,471
Tax	29,306	(278)	29,028	29,026
	95,118	**(14,509)**	**80,610**	85,954
Classified in current liabilities	40,331			
Classified in noncurrent liabilities	54,787			

(1) Recognized in other noncurrent assets.

				Parent
			09/30/2021	**12/31/2020**
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	43,322	(11,850)	31,472	35,649
Civil	15,458	(914)	14,544	14,668
Tax	27,910	(278)	27,632	27,632
	86,690	**(13,042)**	**73,648**	77,949
Classified in current liabilities	35,127			
Classified in noncurrent liabilities	51,563			

(1) Recognized in other noncurrent assets.

Variations in the provision:

			Consolidated
	Civil and labor	**Tax**	**Total**
Balance as at December 31, 2020	71,191	29,304	100,495
Provisions recognized during the year	10,869	79	10,948
Provisions used during the year	(5,165)	(77)	(5,242)
Derecognition of provision	(11,577)	-	(11,577)
Held for sale returned to operations	494	-	494
Balance as at September 30, 2021	**65,812**	**29,306**	**95,118**

			Parent
	Civil and labor	**Tax**	**Total**
Balance as at December 31, 2020	63,171	27,910	91,081
Provisions recognized during the year	6,727	-	6,727
Provisions used during the year	(1,719)	-	(1,719)
Derecognition of provision	(9,399)	-	(9,399)
Balance as at September 30, 2021	**58,780**	**27,910**	**86,690**

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**			
	09/30/2021		12/31/2020		**09/30/2021**		12/31/2020	
	Possible	**Remote**	Possible	Remote	**Possible**	**Remote**	Possible	Remote
Civil	**234,425**	**7,257**	127,176	6,817	**221,093**	**7,222**	113,869	6,782
Labor	**50,646**	**32,074**	46,114	37,972	**21,668**	**30,571**	18,958	35,001
Tax	**61,532**	**-**	59,047	-	**55,203**	**-**	50,900	-
	346,603	**39,331**	232,337	44,789	**297,964**	**37,793**	183,727	41,783

a) Labor lawsuits

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

b) Civil lawsuits

Except for the civil lawsuits listed below, no other civil lawsuit refers to individually significant amounts and the discussions mainly involve individual lawsuits related to the Company's civil liability for the products it manufactures and sells, and these other lawsuits classified as possible risk of loss total R$50.8 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. 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 denied the injunction requested and ordered Taurus to be subpoenaed. On March 23, 2021, the Company received a subpoena. In an Interlocutory Appeal filed by the Federal District against the decision that denied the preliminary injunction, the appellate injunction was denied. On June 18, 2021, the Company submitted

its counterarguments.
The Company then filed its arguments and subsequently the Federal District filed its own counterarguments, then determining that the Public Prosecutor's Office should have access to the case. The lawsuit is currently terminated, awaiting a clearing decision in the main case.
On July 20, 2021, an amending decision was handed down and the parties were notified to indicate other evidence they intend to produce. The Federal District has filed an Interlocutory Appeal against the amending decision, which denied the request for suspension of the lawsuit until its judgment. The Federal District has filed an appeal against the decision, and the appellate court approved the stay effect of the appeal.
In light of the abovementioned decision, the case is currently stayed and pending analysis of the problem solving petition upon sending of the publications to Taurus' attorneys.
In the opinion of its legal counsel, this action was classified with a possible likelihood of loss and its adjusted amount Is R$ 55,1 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, but suspended for 60 days as required by the parties. In the opinion of Taurus' legal counsel, this class action is classified with a possible likelihood of loss and its adjusted amount is R$75.8 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. On September 22, 2021, the appeal was judged with dissenting votes, and the request for examination of the case records was thereafter filed by the 3rd superior court judge. In the opinion of Taurus' legal counsel, this lawsuit is classified with a possible likelihood of loss and its adjusted amount is R$13.7 million.

Administrative Proceeding and Lawsuit – PMESP

I – PMESP – Administrative Proceeding 24/7 Pistol

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

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

In the opinion of the Company's legal counsel, this administrative proceeding is classified with a possible likelihood of loss and its adjusted amount is R$12,7 million.

II - PMESP – Lawsuit SMT 40

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

In the opinion of its legal counsel, this lawsuit was classified with a possible likelihood of loss, estimated at R$26.3 million.

c) Tax lawsuits:

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

Tax collection lawsuit - Municipality of São Leopoldo

The Municipality of São Leopoldo has filed for tax collection lawsuit seeking to collect the credit registered as a 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$17.7 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 an interest party to the lawsuit, for the purpose of clarifying to the Judge the facts known by the Company and providing the necessary support to the investigations. There are no estimated effects or provisions concerning this issue that are or should be duly reflected in the Company's interim financial information at this date.

e) Ongoing lawsuits

The Company also holds an amount equivalent to R$56.1 million in ongoing lawsuits, which are classified as contingent assets and are not recognized in accounting.

Of this total, R$20 million is classified as Virtually Certain, which is equivalent to probable (contingent liabilities), and in this case, considering that it refers to a contingent asset (calculation of possible Taurus claims), the estimated probable amount refers to a favorable outcome. The main lawsuits are detailed below.

Ordinary Suit - Eletrobrás and Federal Government (National Treasury)

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

Monitory Action - State Department of Finance of Rio Grande do Norte

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

Writ of Mandamus - Federal Revenue Service Porto Alegre Commissioner

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

23. Financial Instruments

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

a) Fair value versus carrying amount

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

				Consolidated
		09/30/2021		12/31/2020
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**477,313**	**473,880**	698,528	707,936
Debentures	**37,874**	**38,095**	67,881	69,378
	617,620	**614,408**	866,680	877,585

				Parent
		09/30/2021		12/31/2020
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**460,629**	**458,041**	621,929	631,446
Debentures	**37,874**	**38,095**	67,881	69,378
	600,936	**598,569**	790,081	801,095

In light of the short-term cycle, it is assumed that the fair value of cash trade receivables, trade payables, other payables, advances of receivables foreign exchange advances 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	-	331
Taurus Blindagens Nordeste Ltda.	-	-	-	789	45,704	46,493	-	1,018
Taurus Holdings. Inc.	692	-	692	19,395	18,435	37,830	492,752	4,067
Taurus Investimentos Imobiliários Ltda.	-	-	-	11,306	4,536	15,842	-	3,004
Taurus Máquinas-Ferramenta Ltda.	-	24,082	24,082	-	-	-	501	-
Taurus Plásticos Ltda.	-	-	-	-	1,597	1,597	-	44
Polimetal Metalurgia e Plásticos Ltda.	-	5,579	5,579	80	-	80	2,000	673
	692	29,661	30,353	31,662	85,089	116,751	495,253	9,137
September 30, 2021								
Taurus Helmets Indústria de Capacetes Ltda.	**-**	**-**	**-**	**13**	**5,029** (iv)	**5,042**	**-**	**237**
Taurus Blindagens Nordeste Ltda.	**-**	**-**	**-**	**616**	**46,575** (iv)	**47,191**	**-**	**1,150**
Taurus Holdings. Inc.	**65,221**	**-**	**65,221**	**14,349**	**3,854** (iv)	**18,203**	**675,141**	**3,422**
Taurus Investimentos Imobiliários Ltda.	**30**	**-**	**30**	**2,299**	**5** (iv)	**2,304**	**-**	**3,460**
Taurus Máquinas-Ferramenta Ltda.	**-**	**25,464**	**25,464**	**-**	**-**	**-**	**622**	**-**
Polimetal Metalurgia e Plásticos Ltda.	**152**	**3,654**	**3,806**	**1,438**	**-**	**1,438**	**2,238**	**-**
	65,403	**29,118**	**94,521**	**18,715**	**55,463**	**74,178**	**678,001**	**8,269**

(i) Refers to amounts recorded in line items trade payables - R$13,156 and other payables - R$5,559
(ii) Refers to amounts recorded in line items trade receivables - R$65,309 and other receivables - R$93
(iii) Refers to amounts recognized in line items intragroup loans - R$29,119 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate.
(iv) Represent loan agreements - R$55,463 with subsidiaries Taurus Holdings Inc.,. Taurus Helmets Indústria de Capacetes Ltda.., Taurus Blindagens Nordeste Ltda. and Taurus Investimentos Imobiliários Ltda which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(v) Comparative balance with September 30, 2020

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

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

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

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

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

	Current assets	Current liabilities	Noncurrent liabilities	Revenue (*)	Expenses (*)
December 31, 2020					
Companhia Brasileira de Cartuchos	1,090	20,777	-	8,123	22,923
CBC Brasil Comércio e Distribuição	164,298	-	-	262,093	-
	165,388	20,777	-	270,216	22,923
September 30, 2021					
Companhia Brasileira de Cartuchos	7,394	12,724	-	17,079	37,791
CBC Brasil Comércio e Distribuição	193,305	-	-	479,511	-
GN Importações	56	-	-	343	7
Taurus JM Indústria de Peças	-	-	1,343	16	37
Joalmi Indústria e Comércio	247	-	-	-	124
	201,002	**12,724**	**1,343**	**496,949**	**37,959**

(*) Comparative balance with September 30, 2020

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 (GN), which has Mr. Guilherme Nuhs, who is related to the Company's CEO Mr. Salesio Nuhs, as a related party.

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

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

Officers' and Directors' transactions

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

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

	Consolidated		Parent	
	09/30/2021	09/30/2020	**09/30/2021**	09/30/2020
Statutory officer's compensation and benefits	**7,370**	5,694	**7,370**	5,694
Stock option plan	**3,616**	-	**3,616**	-
Directors' compensation and benefits	**663**	420	**663**	420
Supervisory Board members' compensation and benefits	**223**	181	**223**	181
	11,872	6,295	**11,872**	6,295

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

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

Sureties between related parties
Borrowings and financing in the form of debentures, PPEs (export prepayments) owed to KG Banco Itaú and ACCs (advances on exchange contracts) owed to Banco Pine are covered by a set of joint collaterals, consisting of sureties granted by Taurus Helmets, Taurus Blindagens, the collateral assignment of shares, the collateral assignment of receivables, mortgages on properties, and shares of Taurus International held by Taurus Armas S.A. The guaranteed debt totals R$600.9 million (R$790.1 million as 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 guarantee consisting of a surety granted by its parent Taurus Armas S.A.

25. Discontinued Operations

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

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

The classification as a discontinued operation is made at the earlier of its disposal or when the operation meets the criteria to be classified as held for sale prescribed by CPC 31/ IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

When an operation is classified as a discontinued operation, the comparative statements of profit and loss and of value added are restated as if the operation had been discontinued since the beginning of the comparative period. (Note 4.c – Restated accounting balances).

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

	09/30/2021	**09/30/2020**
Net sales revenue	-	-
Elimination of intersegment revenue	-	-
Foreign revenue	-	-
Finance costs, net	(1,636)	(666)
Elimination of intersegment expenses	-	-
Foreign expenses	(1,636)	(666)
Profit (loss) from operating activities	(1,636)	(666)
Taxes on income	(254)	(39)
Profit (loss) before income tax and social contribution	**(1,890)**	**(705)**
Basic earnings (loss) per common share (in R$)	**(0.016150)**	**(0.007920)**
Basic earnings (loss) per preferred share (in R$)	**(0.020480)**	**(0.008020)**

Profit (loss) from discontinued operations as at September 30, 2021 is R$-1,890 thousand (R$-705 thousand as at September 30, 2020) and is fully attributed to owners of the Company.

(b) Cash flows generated by discontinued operations

	09/30/2021	09/30/2020 Restated
Net cash from operating activities	**975**	486
Net cash generated by investing activities	**(917)**	(541)
Net cash used in financing activities	**45**	(26)
Net cash generated by discontinued operations	**103**	(81)

26. Equity

a) Share capital

As at September 30, 2021, the Company's issued capital is R$673.1 million (R$560.3 million at December 31, 2020), represented by 117,110,796 book-entry, registered shares, divided into 46,445,314 common shares and 70,665,482 preferred shares without par value.

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

	QUANTITIES			
Types of share	**TASA11**	**TASA13**	**TASA15**	**TASA17**
Strike price	R$4.00	R$5.00	R$6.00	R$7.00
Series maturity	04/05/2019	07/05/2021	10/07/2021	10/05/2022
Number of shares	24,899,874	20,000,000	20,000,000	9,000,000
Exercised	13,148,993	19,925,599	19,056,672	291,320
Forfeited	11,750,881	74,401	-	-
Exercisable	-	-	943,328	8,708,680

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

In 2021, up to September 30, 2021, the warrants exercised were automatically converted into capital, in an amount equivalent to R$112.8 million, which was ratified by the Company's Board of Directors.

Preferred shares

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

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

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

Authorized shares (in thousands of shares):

	09/30/2021	12/31/2020
Common shares	51,851	51,851
Preferred shares	103,702	103,702
	155,553	155,553

Issued, fully paid-in shares:

	Common shares		Preferred shares	
	Number in thousands	**Amount in R$ thousands**	**Number 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 September 30, 2021				
Common: R$22.28; Preferred: R$21.29*	**46,445**	1,034,795	**70,665**	1,504,458

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

b) Valuation adjustments to equity

Deemed cost

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

Cumulative translation adjustments

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

c) Earnings per share

	Parent and Consolidated	
Basic numerator	**09/30/2021**	09/30/2020
Profit (loss) from continuing operations		
Common shares	170,546	(7,901)
Preferred shares	259,482	(7,248)
	430,028	(15,149)
Profit (loss) from discontinued operations		
Common shares	(750)	(368)
Preferred shares	(1,140)	(337)
	(1,890)	(705)
Profit (loss) for the period		
Common shares	169,796	(8,269)
Preferred shares	258,342	(7,585)
	428,138	(15,854)
Basic denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	55,662,244	42,037,090
	102,107,558	88,482,404
Basic earnings per share from continuing operations (R$ per share)		
Common shares	3.67197	(0.17011)
Preferred shares	4.66172	(0.17242)
Basic earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.01615)	(0.00792)
Preferred shares	(0.02048)	(0.00802)
Basic earnings per share (R$ per share)		
Common shares	3.65582	(0.17803)
Preferred shares	4.64124	(0.18044)

	Parent and Consolidated	
Diluted numerator	**09/30/2021**	09/30/2020
Profit (loss) from continuing operations		
Common shares	170,546	(7,901)
Preferred shares	259,482	(7,248)
	430,028	(15,149)
Profit (loss) from discontinued operations		
Common shares	(750)	(368)
Preferred shares	(1,140)	(337)
	(1,890)	(705)
Profit (loss) for the year		
Common shares	169,796	(8,269)
Preferred shares	258,342	(7,585)
	428,138	(15,854)
Diluted denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	55,662,244	42,037,090
	102,107,558	88,482,404
Potential increase in the number of shares from the exercise of warrants		
Common shares	-	-
Preferred shares	6,722,524	1,906,705
	6,722,524	1,906,705
Diluted earnings (loss) per share from continuing operations (R$ per share)		
Common shares	3.67197	(0.17011)
Preferred shares	4.15938	(0.16494)
Diluted earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.01615)	(0.00792)
Preferred shares	(0.01827)	(0.00767)
Diluted earnings (loss) per share (R$ per share)		
Common shares	3.65582	(0.17803)
Preferred shares	4.14111	(0.17261)

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

27. Share-based Payment

a) Stock option plan

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

Stock option plan (settable in shares)

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

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

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

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

Expenses are recognized on a daily pro rata basis, from the stock options' grant date to its vesting date. The Company recognized in profit for the period ended September 30, 2021 a total of R$3.6 million in stock option plan expenses.

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

(i) Number of shares subject to stock options:

		Shares subject of the stock options
Type	**Percentage**	**Number of**
Common	33.33%	728,332
Preferred	66.67%	1,456,668
Total	100.00%	2,185,000

(ii) Stock options' life

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

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

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

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

In April 2021, the Company granted 780,000 phantom shares (710,000 as at December 31, 2020, all settled on the date), equivalent to the same number of preferred shares issued by the Company, to the program beneficiaries. Upon fulfillment of all vesting conditions, namely: upon keeping the relationship as the Company's officer until the end of the vesting period, expected for December 2021, the beneficiary will be entitled to receive the premium on December 30, 2021. The compensation amount in local currency will be defined after the end of the auction at B3 – Brasil, Bolsa, Balcão on December 17, 2021.

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

As at September 30, 2021, total amount recognized in liabilities and expenses, including payroll taxes corresponds to R$13.3 million.

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

28. Net Operating Revenue

Pursuant to 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%
Tax on revenue (PIS)	0.65% and 1.65%

	Consolidated		**Parent**	
	09/30/2021	09/30/2020 Restated	**09/30/2021**	09/30/2020
Sale of goods	**2,416,351**	1,578,033	**1,520,547**	962,725
Provision of services	**31**	4	**31**	-
Total gross revenue	**2,416,382**	1,578,037	**1,520,578**	962,725
Sales taxes	**(491,971)**	(306,844)	**(338,832)**	(200,982)
Returns and discounts	**(4,270)**	(2,231)	**(1,288)**	(1,044)
Total net operating revenue	**1,920,141**	**1,268,962**	**1,180,458**	**760,699**

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

29. Expenses by Nature

	Consolidated		Parent	
	09/30/2021	**09/30/2020 Restated**	**09/30/2021**	**09/30/2020**
Expenses by function				
Cost of sales	(998,630)	(736,784)	(588,761)	(401,177)
Selling expenses	(167,375)	(119,059)	(58,314)	(46,910)
Allowance for impairment of financial instruments	(1,211)	1,872	(733)	3,011
General and administrative expenses	(149,452)	(126,706)	(90,661)	(68,340)
Other operating expenses	(6,599)	(4,494)	(6,297)	(6,231)
	(1,323,267)	**(985,171)**	**(744,766)**	**(519,647)**

Expenses by nature	**09/30/2021**	**09/30/2020 Restated**	**09/30/2021**	**09/30/2020**
Depreciation and amortization	(21,647)	(20,397)	(9,579)	(9,887)
Personnel expenses	(277,217)	(229,969)	(199,080)	(137,642)
Tax expenses	(9,623)	(5,000)	(6,750)	(840)
Raw materials and supplies and consumables	(657,174)	(465,050)	(348,788)	(230,293)
Auxiliary materials and upkeep and maintenance supplies	(67,465)	(48,192)	(65,539)	(46,191)
Freight and insurance	(96,832)	(73,433)	(44,193)	(33,152)
Outside services	(41,740)	(34,634)	(32,678)	(26,000)
Advertising and publicity	(25,884)	(20,374)	(4,490)	(2,441)
Expenses on product warranty	(1,761)	(6,323)	(47)	(4,450)
Water and power	(33,094)	(20,058)	(10,443)	(6,732)
Travel and lodging	(3,074)	(4,117)	(1,834)	(1,660)
Expenses on commissions	(32,920)	(23,663)	(2,880)	(3,010)
Cost of property, plant and equipment written off	(3,429)	(3,739)	(243)	(177)
Provision for civil, labor and tax risks	(5,280)	(7,029)	(3,237)	(8,175)
Rentals	(4,524)	(2,725)	(6,500)	(4,004)
Other expenses	(41,603)	(20,468)	(8,485)	(4,993)
	(1,323,267)	**(985,171)**	**(744,766)**	**(519,647)**

30. Finance income (costs), net

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

	Consolidated		Parent	
	09/30/2021	09/30/2020 Restated	**09/30/2021**	09/30/2020
Finance income				
Interest	**1,332**	584	**1,902**	1,182
Foreign exchange gains	**168,155**	131,029	**166,297**	128,259
Other income	**675**	206	**451**	123
	170,162	131,819	**168,650**	129,564
Finance costs				
Interest and fines	**(29,609)**	(31,503)	**(27,117)**	(31,554)
Foreign exchange losses	**(201,931)**	(373,189)	**(200,142)**	(370,914)
Tax on Financial Transactions (IOF)	**-**	(227)	**-**	(154)
Other expenses	**(7,933)**	(13,765)	**(7,022)**	(12,457)
	(239,473)	(418,684)	**(234,281)**	(415,079)
Finance income (costs), net	**(69,311)**	(286,865)	**(65,631)**	(285,515)

31. Provision for Product Warranty

The Company quantifies and recognizes an estimate for the warranty-related costs, according to history of and current repair costs. The provision for product warranty ensures that the repair costs in case of replacement or repair do not affect the results of operations for the periods in which these additional costs were incurred. Therefore, amounts are recognized on an accrual basis. As at September 30, 2021 and December 31, 2020, the balances are as follows:

	Consolidated		**Parent**	
	09/30/2021	**12/31/2020**	**09/30/2021**	**12/31/2020**
Domestic market	**7,971**	10,624	**6,503**	9,158
Foreign market	**10,986**	10,496	**-**	-
Total	**18,957**	**21,120**	**6,503**	**9,158**
Current liabilities	**12,081**	14,551	**6,503**	9,158
Noncurrent liabilities	**6,876**	6,569	**-**	-

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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 September 30, 2021, which comprises the balance sheet as at September 30, 2021 and the related statements of profit and loss and of comprehensive income for the three- and nine-month periods then ended, and the statements of changes in equity and of cash flows for the nine-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 the standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the 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.

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Other matters

Statements of value added

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

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

Porto Alegre, November 4, 2021

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 third 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 November 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, November 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 interim financial information prior to their disclosure.

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

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

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

Porto Alegre, November 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 INTERIM FINANCIAL INFORMATION FOR THE THIRD QUARTER OF 2021

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

São Leopoldo, November 4, 2021.

Salesio Nuhs

Chief Executive Officer

Sergio Castilho Sgrillo Filho

Chief Finance and Administrative Officer

Investor Relations Officer

Leonardo Brum Sesti

Executive Officer without specific designation

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

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, and Leonardo Brum Sesti, Executive Officers of Taurus Armas S.A., a company with registered head office at Av. São Borja, 2181/Prédio A, CEP: 93.032-000, São Leopoldo, RS, enrolled with Corporate Taxpayer Identification (CNPJ/MF) under No. 92.781.335/0001-02, in compliance with provisions of Article 25, V and VI, of CVM Instruction 480, of December 7, 2009, hereby declare that they have reviewed, discussed and agreed with the opinions expressed by Deloitte Touche Tohmatsu Auditores Independentes, in its Independent Auditor's Review Report on the Interim Financial Information for the period from January 1, 2021 to September 30, 2021, issued on November 4, 2021.

São Leopoldo, November 4, 2021.

Salesio Nuhs
Chief Executive Officer

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

Leonardo Brum Sesti
Executive Officer without specific designation