

TAURUS ARMAS S.A.
PUBLICLY-TRADED COMPANY
CNPJ/MF 92.781.335/0001-02
NIRE 43 3 0000739 1

MATERIAL FACT

São Leopoldo, December 10, 2020 - Taurus Armas S.A., listed at Level 2 of B3 (Symbols: TASA3, TASA4), pursuant to Law No. 6,404, dated December 15, 1976, as amended ("Corporations Law"), and the regulations of the Brazilian Securities and Exchange Commission ("CVM"), especially CVM Instruction No. 358, dated January 3, 2002, giving continuity to the Material Fact disclosed on May 29, September 29 and October 8, 2020, hereby informs its shareholders and the market that, following rigorous validation tests, we started the production of magazines for light firearms for the national and international markets at our joint venture located in the Joalmi industrial park, in Guarulhos (SP). The transfer of operations to the Taurus industrial complex in São Leopoldo (RS) is planned for 2021.

The technology used in the production of magazines, in addition to being deemed strategic by the company to ensure its production capacity expansion plans, is fundamental for the optimal operation and safety of the firearms. The beginning of production at this *joint venture* will make Taurus self-sufficient in the production of magazines, a market currently dominated by a few foreign suppliers. In addition, it provides a strong cost reduction for the company's operations, with an integrated and agile logistics, volume flexibility and will add value to the Taurus Technology and Engineering Integrated Center. The company estimates that the project may generate more than R\$ 100 million in terms of operating results and cost reductions in the next 5 years.

This magazine production unit is fully aligned with Taurus' global strategy of making Brazil's unit the most efficient firearms factory in the world market and a parts distribution *hub* to all units of the group, to support the efficient and profitable production model. It will also promote Taurus' entry into a new business segment, which is the aftermarket, currently not explored by the company.

Taurus' annual demand is approximately 5 million magazines, considering the factories in Brazil and the United States, not to mention other companies and the huge and promising aftermarket. The *joint venture* will have an installed capacity of 7.4 million per year until the end of 2022 and its expansion may be anticipated, depending on the company's performance in the aftermarket.

The beginning of this new operation is another step towards Taurus's goal to become the largest manufacturer of light firearms on the planet.



Taurus will keep its shareholders and the market duly informed on eventual new information regarding the subject discussed in this Material Fact.

SERGIO CASTILHO SGRILLO FILHO.

CHIEF FINANCIAL OFFICER

INVESTOR RELATIONS OFFICER.

TAURUS ARMAS S.A.