



3Q22/9M22 Earnings

# TAURUS™

COMPROMISSO COM A EXCELÊNCIA



**Taurus maintains strong operating performance, attaining a gross margin of 45.9% in 3Q22 and records profit of R\$399.0 million up to September**

São Leopoldo, November 8, 2022 – Taurus Armas S.A. (“Taurus” or “Company”) (B3: TASA3; TASA4), listed on B3’s Corporate Governance Level 2 (Ticker symbols: TASA3, TASA4), one of the world’s largest firearm manufacturers, hereby reports its earnings for the Third Quarter of 2022 (3Q22) and first nine months of the year (9M22). Financial and operating information below, except otherwise indicated, is expressed in Brazilian reais (R\$), follows international financial reporting standards (IFRSs) and Brazilian accounting principles. Comparisons refer to the same periods of 2021.

## Operating and financial highlights – 9M22



### Total production:

1.5 million units in 9M22



### Net revenue:

R\$1,942.1 million in 9M22, a growth of 1.1% over 9M21



### Gross profit:

R\$926.2 million in 9M22 and margin of 47.7%



### Ebitda:

R\$629.5 million in 9M22, with a margin of 32.4%



### Profit for the period:

R\$399.0 million in the first nine months of the year



### Capex:

R\$149 million in investments in 9M22



## Main indicators

R\$ million	3Q22x3Q21			3Q22x2Q21		9M22x9M21		
	3Q22	3Q21	% Chg.	2Q22	% Chg.	9M22	9M21	% Chg.
Net operating revenue	640.0	718.0	-10.9%	625.6	2.3%	1,942.1	1,920.1	1.1%
Domestic market	240.7	202.1	19.1%	218.7	10.1%	652.3	513.2	27.1%
Foreign market	399.3	515.9	-22.6%	406.9	-1.9%	1,290.0	1,406.9	-8.3%
COGS	-346.0	-347.5	-0.4%	-327.9	5.5%	-1,015.9	-998.6	1.7%
Gross profit	293.9	370.5	-20.7%	297.7	-1.3%	926.2	921.5	0.5%
Gross margin (%)	45.9%	51.6%	-5.7 p.p.	47.6%	-1.7 p.p.	47.7%	48.0%	-0.3 p.p.
Operating expenses (SG&A)	-120.9	-83.0	45.7%	-99.8	21.1%	-321.5	-248.4	29.4%
Profit before finance income (costs) and taxes (EBIT)	173.0	287.5	-39.8%	198.0	-12.6%	604.7	673.1	-10.2%
Finance income (costs), net	-20.6	-52.6	-	-44.6	-	-21.7	-69.3	-68.7%
Income tax and social contribution	-48.5	-66.8	-27.4%	-51.3	-5.5%	-181.8	-173.8	4.6%
Profit for the period (continuing operations)	103.8	168.1	-38.3%	102.0	1.8%	401.2	430.0	-6.7%
Profit (loss) from discontinued operations	-0.7	-1.7	-58.8%	-1.2	-41.7%	-2.2	-1.9	15.8%
<b>Profit for the period</b>	<b>103.1</b>	<b>166.4</b>	<b>-38.0%</b>	<b>100.8</b>	<b>2.3%</b>	<b>399.0</b>	<b>428.1</b>	<b>-6.8%</b>
EBITDA	181.7	295.0	-38.4%	205.6	-11.6%	629.5	695.0	-9.4%
EBITDA Margin	28.4%	41.1%	-12.7 p.p.	32.9%	-4.5 p.p.	32.4%	36.2%	-3.8 p.p.
Net debt (at the end of the period)	218.4	665.7	-67.2%	198.3	10.1%	218.4	665.7	-67.2%

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



## Message from Management

*A solid company, with robust processes and a well-defined strategy. These features have once again ensured that Taurus achieved a strong operating performance in 3Q22, in spite of the new market scenario. As foreseen, the US firearm market, the world's largest market at which our products are primarily targeted, has been showing signs of stability at a higher level than that recorded before the Covid-19 pandemic. The NICS index (National Instant Criminal Background System), which indicates the number of individuals willing to buy firearms in the United States, in 9M22, exceeded by 29.3% the figures recorded in 9M19. According to the latest NICS data, from January to September this year, 11.9 million inquiries were made, the third highest number ever recorded for the period since this system adoption in 2000, lower only than 9M20 and 9M21. Disregarding these two periods that might be considered outliers, the NICS for 9M22 stands at 66.5% above the average recorded for the first nine months of the years 2000 to 2020.*

*The current market environment also differs from that of recent years in terms of the type of firearms consumers are seeking. Despite the new market levels, pistols still account for the largest share, but the revolvers segment has been consistently boosting its market share given the lower supply of such product model over the last two years. The major investments made so far have enabled us to adapt the Company to the market opportunities, with a diversified product mix and flexible operations. Taurus is the world's largest producer of revolvers bearing the lowest production costs for its products. Accordingly, we have been expanding its share within the relevant product mix. In 3Q22, revolvers accounted for 25% of the total volume of firearms produced by the Company, i.e., a 5 percentage-point increase over the previous quarter, and this share continues to ramp up, with prospects for gaining greater room in production over the coming months. The revolver production process, however, requires a higher number of man-hours than that for pistols, which partially explains the 38.8% reduction in the total volume produced at our units in 3Q22 over 2Q22. Concurrently, revolvers offer a higher average amount when compared to pistols, which in turn explains the 2.3% growth in net revenue, despite the 3.4% lower volume in the same period (3Q22 vs. 2Q22).*

*In view of the current market scenario, the Company has taken another paramount decision. We have swiftly entered into partnerships with two renowned North American firearms suppliers, with a view to expanding Taurus' portfolio and making the AR and AK platforms, in 9mm caliber, available to Brazilian consumers. Both products are already available in the domestic market.*

*As regards the new industrial plant located in India, under the JV with the Jindal Group – J Hind Taurus –, the first phase of infrastructure implementation has been completed, including, in addition to the infrastructure for manufacturing light firearms, a world-class firing line with facilities for testing and approval. Machinery and equipment items imported from Brazil and locally acquired are being installed, including the supporting infrastructure, such as metrology and metallurgy laboratories. Production in India will take place through the transfer of technology and knowledge, as well as the development of local partners, under the Make-In-India Program, so as to foster the establishment of a sustainable and self-sufficient defense system for that country. Our industrial operations aim to serve the large defense and public security market in India, besides holding a share of the civilian market, with the manufacture of pistols and revolvers of calibers that are permitted in the country. Such market potential and the interest in our products could be confirmed at the 12<sup>th</sup> edition of DEFEXPO, India's largest exhibition of defense, land, naval and internal homeland security technologies and products, which took place from October 18 to 22. The fair boasted over 1,000 exhibitors from 70 countries, the presence of more than 3,000 delegations, and roughly 1 million visitors. With the J Hind Taurus booth, which was attended by the project team and the Executive Boards of Taurus and Jindal Defense, we were able to present some of our products and build up contacts to expand the relationship with governments, the Armed Forces and Police from several countries in the region.*



*Recently, the Indian Ministry of Defense released a tender for the acquisition of more than 420,000 rifles, the world's largest tender for rifles over the past years. We plan to take part in this bidding process and, to this end, we have already submitted, on October 21, the RFI (Request for Information) containing all the data required. Our market intelligence team remains attentive, mapping*

future bids, such as: (i) 140,000 units of submachine guns, and (ii) 120,000 units of various firearms, including pistols, submachine guns and rifles of various calibers, within the state police and paramilitary forces.

The earnings currently reported by Taurus, for 3Q22 and 9M22, were in line with our expectations: below figures recorded at the market peak period, but well above the results prior to the pandemic. We achieved a strong operating performance. In spite of the lower sales volumes and the greater share of revolvers in the production mix, in addition to inflationary pressure and the 12% wage adjustment (collective bargaining agreement) granted to all employees, we managed to keep costs and expenses under control, and attained margins well above those of our international peers. Taurus's gross margin was 45.9% in 3Q22, while Smith & Wesson disclosed its latest quarterly earnings with a gross margin of 37.3% and Ruger, of 27.9% in 3Q22.

The profit for the nine months to September reached R\$399.0 million, an amount that exceeds by more than two times (+105.4%) the adjusted profit for 2021 (R\$194.3 million), fully distributed to shareholders as dividends. Last year, before calculating the adjusted profit, it was necessary to write off the accumulated losses from previous years, an accounting issue that has already been resolved. As per profit for FY2022, Taurus will distribute dividends of at least 35% of the adjusted profit, as set out in its Bylaws, and may still increase this percentage rate, according to cash availability. Taurus's strategy has always revolved around attaining the best return for its shareholders. Accordingly, at the end of 2022, we intend to create strategic reserves that will provide the flexibility to make additional payments of compensation to shareholders, possibly more frequently during the year, and/or to carry out a buy-back of shares.

At the same time, investments are still underway, preparing Taurus to consolidate itself as an increasingly more efficient and modern company, engaged in developing cutting-edge technology and relying on state-of-the-art machinery and equipment in its production lines. These investments have been fully financed through own funds, which was possible due to our ability to generate strong cash flows. In 2021, investments amounted to R\$181 million, out of which R\$113 million referred to machinery and equipment. In the first nine months of 2022, the pace became even more vigorous, involving investments of R\$149 million, out of which R\$103 million in machinery and equipment. Some of these machines and equipment, worth R\$40 million, were delivered at the end of 3Q22. Part of them has already been in operation at the building 2 of the São Leopoldo industrial plant, which was built on a plot of land adjacent to Taurus' headquarters. Therefore, this corroborates that our decision to acquire this area in December 2021 was appropriate, which allowed expanding our operations.

A significant portion of the investments was allocated to R&D activities, in line with the strategy of having technology as a keyword at Taurus. In this sense, the Integrated Engineering and Technology Center (CITE) in Brazil/USA is always developing and presenting new products to the market, which incorporate innovative technologies and ensure quality at competitive prices. After launching the GX4 Graphene pistol, which placed Brazil as a pioneer in the use of graphene in the composition of gun components, other projects are in progress, such as the application of niobium nanoparticles, DLC (Diamond Like Carbon) and long-fiber polymers.



In addition to allocating funds to the development of products and processes, we also invest in training people, which is essential for the modernization of the Company and the personal growth of our employees.

In the training programs offered, we currently have 21 students in the MBE of Taurus System Engineering, five attending the Master's Degree course of Taurus System Engineering, one attending a doctorate program, besides new opportunities that are being made available, with additional vacancies for master's and doctorate degrees.

These aspects – **people, and technology & innovation** – contribute to the engagement of a **collaborative environment** to forge the tripod that underpins our ESG vision. As a strategic defense industry, Taurus primarily focuses on ESG issues. National security, public security and people safety are matters related to social stability and sustainability, through the defense of freedom, human rights and ethics. Once again, Taurus is leading the way in its industry, by creating the ESG culture and introducing this issue into the Company in a formal manner.

Following a survey on our position in ESG terms, conducted by an international consulting firm, we formed a dedicated area, a multidisciplinary working group focused on these issues, and the ESG Committee, composed of all the Senior Management members. The work already performed involves the preparation of a materiality matrix and ESG indicators, and the mapping and

*quantification of data intended for the preparation of Taurus's inventory of greenhouse gas emissions. We are also preparing to draw up our first Annual Sustainability Report, which will be disclosed between April and May 2023.*

*The plans outlined when the current Management took over the Company in 2018 have continued to materialize, with our planning focused on growth, with efficiency in operations and profitability. We would like to share with all our shareholders and business partners the pleasure of seeing the sparkle in the eyes of our employees and this reality taking place at Taurus, within such a short timeframe, following the Company's turnaround. This reassures us that all the efforts endeavored have been worthwhile. In order to continue along this path, we will rely on the support of our shareholders, board members, employees, clients and partners, to whom we would like to express our gratitude.*

Salesio Nuhs  
CEO

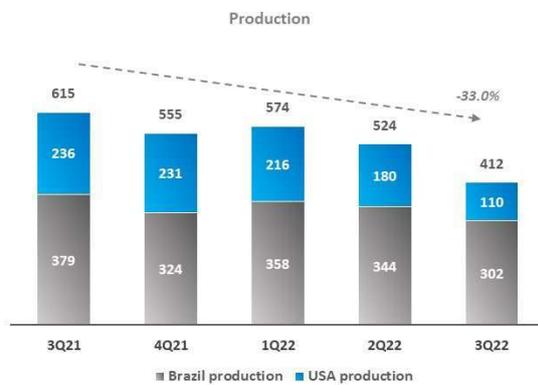


## Operating Performance

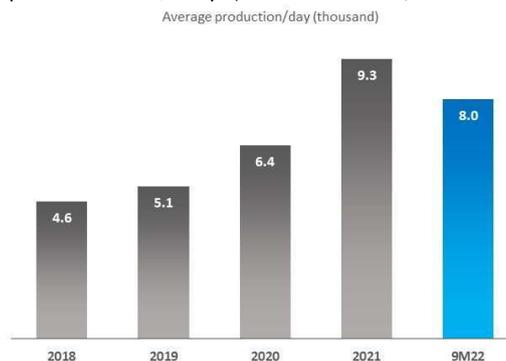
### Production

In 3Q22, Taurus produced 412,000 firearms at its two industrial plants located in Brazil and USA, totaling 1.5 million units in the first nine months of 2022. In the prior year, the Company had achieved record production volumes so as to supply the unprecedented demand, especially from the US market, which is the main consumer worldwide and, therefore, the largest consumer of Taurus products. In light of this increased basis of comparison, the production volumes for 3Q22 and 9M22 decreased by 33.0% and 10.9% over 3Q21 and 9M21, respectively.

### Firearms Production – Taurus (thousand units)



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



The Company continues to invest in developing products that meet consumer demand, through the use of innovative materials, integrated technology and efficient production processes, based on the projects designed by the Integrated Engineering and Technology Center (CITE) in Brazil/USA. Among the launches made during 3Q22, Taurus introduced a limited edition of the G2C pistol, celebrating the 40-year anniversary of its subsidiary in the United States, and released the GX4 Graphene pistol to the market, the third generation of pistols and the first one in the world to use graphene. Moreover, it launched the 1911 Government in caliber 9 mm, a new model of pistol from the Taurus 1911 line, and a new version of the classic RT 065 revolver, with caliber .357 Magnum, in two finishing options. In addition, Taurus swiftly entered into partnerships with two renowned North American firearms suppliers, with a view to expanding its portfolio and making the AR and AK platforms, in 9mm caliber, available to Brazilian consumers. Both products are already available in the domestic market.

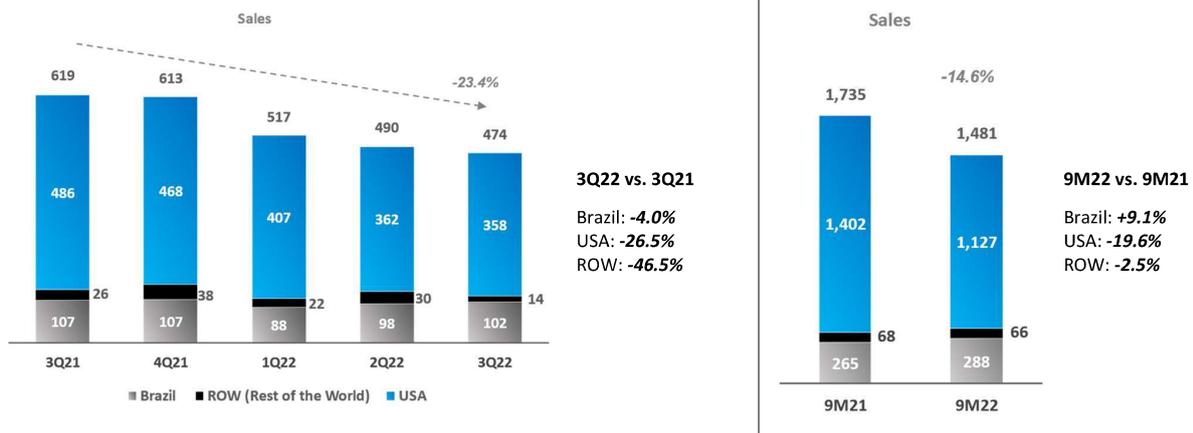


## Sales

In 3Q22, Taurus sold 474,000 firearms, totaling 1.5 million units sold in the first nine months of 2022. As the main destination of the Company's sales, the US market accounted for 75.5% of such firearms in 3Q22 and 76.1% in 9M22. Given the expected demand decrease following the strongest market growth ever recorded, especially in the United States, sales fell by 23.4% in terms of volume in 3Q22 over 3Q21, and by 14.6% when comparing the nine-month period of 2022 with the 9M2021. The positive highlights were demand levels remaining unchanged in the domestic market, where the sales volume in 9M22 grew by 9.1% over 9M21, and a slight drop by 4.0% in the quarterly comparison (3Q22 vs. 3Q21).

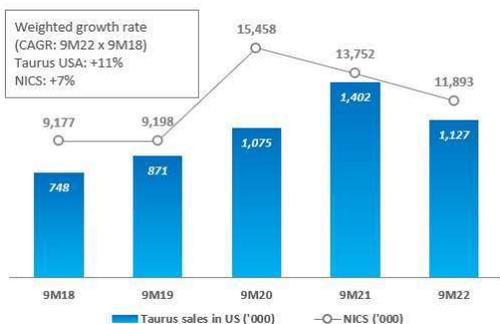
In the United States, demand remains at the expected pace, with a decrease over the past two years, but well above the historical average. Considering the adjusted NICS index (National Instant Criminal Background System) for the first nine months of the year since 2020, which indicates the number of individuals willing to buy firearms in the United States, the index of 11.9 million for 9M22 is only lower than the figures reported for the last two years, representing the third highest index in the historical series. In other words, the market continues showing sustained demand, even though the sharpest moment of the boom seen in the last two years has passed. The lower demand in the United States, in light of such upward trend, explains the lower sales volumes of Taurus products in the country, which decreased by 26.5% in 3Q22 over 3Q21 and 19.6% when comparing 9M22 to 9M21.

### Firearm sales volume - Taurus - (thousand units)

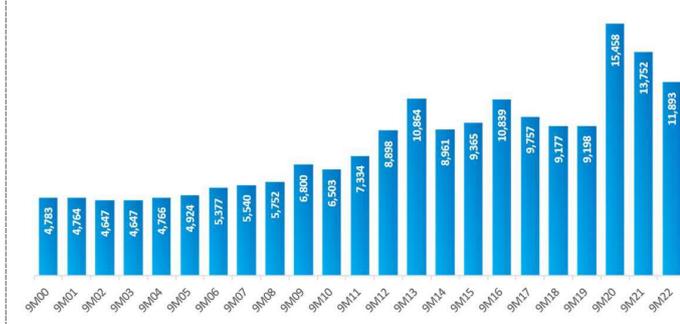


### US market - NICS (National Instant Background Check System) (thousand units)

#### Taurus sales volume in the United States and NICS



#### Adjusted NICS – 9M from 2000 to 2022



## Economic and Financial Performance

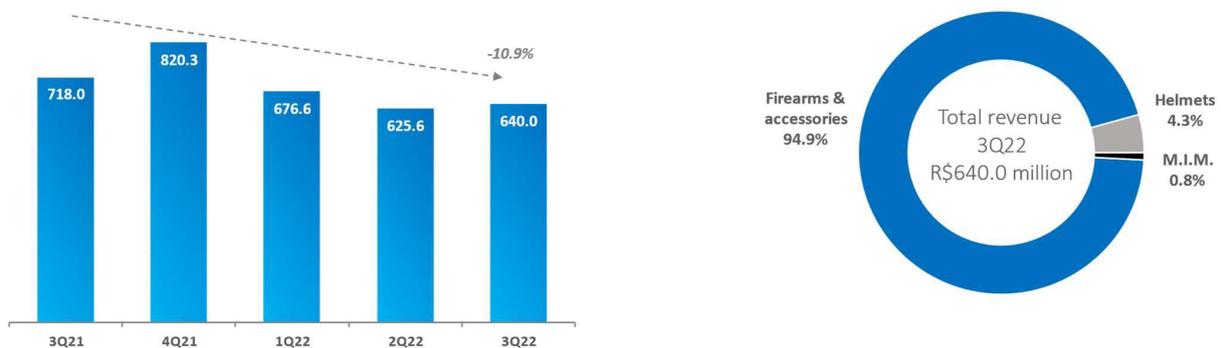
### Net Operating Revenue

In addition to the firearms & accessories, major operating segment accounting for 94.9% of revenue in 3Q22 and 95.4% in 9M22, Taurus's net operating revenue includes the proceeds from M.I.M. (metal injection molding) sales and helmets.

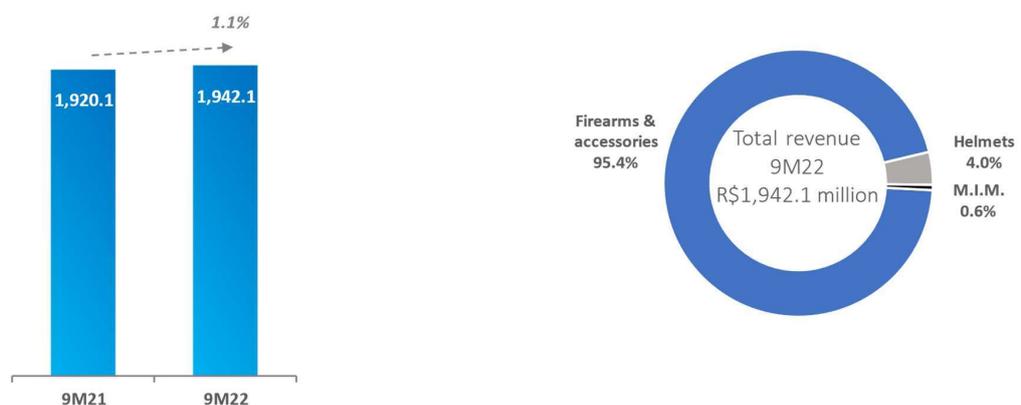
In 3Q22, consolidated net revenue reached R\$640.0 million, slightly higher than figures reported for 2Q22 (+2.3%) and 10.9% lower than 3Q21. The M.I.M. and helmet segments jointly accounted for 5.1% of revenue for 3Q22 and both posted positive variations over 3Q21, up by 4.9% in revenue from helmets and 4.0% from M.I.M. In the firearms & accessories segment, which primarily accounts for the Company's consolidated performance, revenue for 3Q22 totaled R\$607.1 million, a 11.6% decrease over 3Q21, due to the 23.5% reduction in sales volumes, which was partially offset by the mix of sales and exchange rate changes.

From January to September, revenue reached R\$1,942.1 million, posting a slight increase of 1.1% when compared to the same period from the prior year, mostly reflecting the performance of the firearms & accessories segment, whose revenue grew by 1.9% in the period, due to the increase of 36.6% recorded in the Brazilian market, similarly to other countries (5.9%). The other segments accounted for 4.6% of total revenue, both posting a revenue decrease from 9M21 to 9M22 (helmets: -12.3% and M.I.M.: -15.4%).

Consolidated Net Operating Revenue - (R\$ million)  
QUARTER



Consolidated Net Operating Revenue - (R\$ million)  
9 MONTHS



Individually considering the firearms & accessories segment, the decrease of 11.6% in 3Q22 over 3Q21 was lower than the decrease of 23.5% in the sales volume recorded during the same period. The same trend might be observed when comparing the

performance of the firearms & accessories segment in 9M22 and 9M21, when the sales volume dropped by 14.6% and revenue grew by 1.9%. This scenario primarily derives from the strategy adopted by Taurus towards investing in technology and establishing a mix of higher added-value firearms sales. The products launched over the last two years accounted for 28.3% of Taurus's revenues from firearms in 9M22. Taurus's average sales price of firearms has been increasing continuously, up by 15.4%, when comparing 3Q22 and 2021's figures, with a weighted average growth rate of 16.0% p.a. for the period between 2018 and 3Q22.

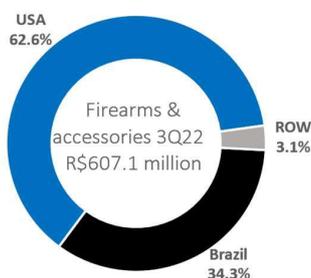
The fluctuations in the Brazilian real (R\$) against the US dollar (US\$) also affects the Company's performance, since its sales are substantially made to the foreign market and, therefore, denominated in foreign currency. When accounting for such sales in local currency, there would be gains or losses on the Brazilian real (R\$) appreciation or depreciation. As per the quarterly assessment, the foreign exchange fluctuations had a slightly positive effect on revenue from sales to the foreign market, which totaled 65.7% of revenue from firearms & accessories, since the average US dollar rate for 3Q22 was 0.4% higher than 3Q21's rate. On the other hand, when considering the period from January to September, foreign exchange fluctuations adversely affected the 69.6% portion of revenue from sales to the foreign market, since the average US dollar rate in 9M22 was 3.6% lower than such currency average quotation in 9M21.

The revenue evolution by region from 3Q22 to 3Q21 indicates an increase of 21.3% in Brazil, due to the mix of higher added-value sales, which offset the drop of 4.0% in sales volumes. On the other hand, revenue from sales made in the United States and from exports to other countries decreased by 20.1% and 52.3%, respectively. Given that, in 2021, demand from the US market reached its highest historical peak, the expected reduction in the sales volume primarily reflects such performance, even though the effects have been partially offset by the mix of higher added-value sales, in addition to the slight foreign exchange fluctuations. In addition to sales made by its subsidiary in the United States, Taurus exports its products from Brazil to over 100 countries. In the first nine months of 2022, exports were mostly made to Philippines, Guatemala, Turkey and Pakistan, which jointly accounted for 52% of revenue earned from sales to other countries (except for USA).

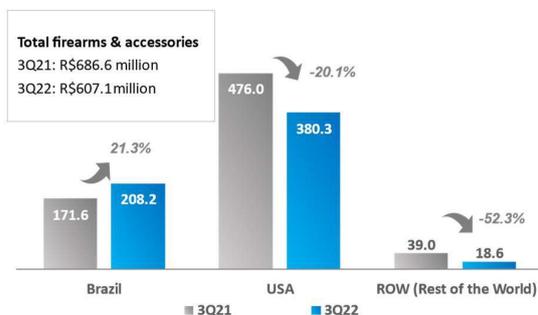
When considering the first nine months, revenue from the firearms & accessories segment in Brazil increased, totaling R\$564.0 million in 9M22, i.e., 36.6% higher than figures reported during the same period from the prior year. The Company adopts a flexible approach towards targeting its products from a geographical perspective and, in terms of production capacity, it may adjust the demand according to the market requirements.

In light of the lower demand in the United States, Taurus, as a Brazilian company, prioritized the domestic market. In addition to the sales mix, the number of units sold increased in the domestic market. Accordingly, Brazil's share of the total revenue from the firearms & accessories segment went from 22.7% in 9M21 to 30.4% in 9M22. In Brazil, the revenue performance, coupled with the 5.8% growth in revenue from exports to other countries, offset the 9.2% drop in the United States during the period.

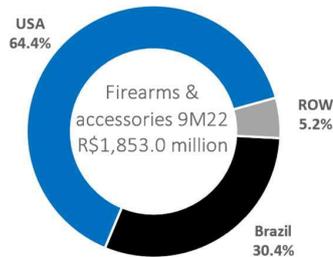
### Net Operating Revenue - Firearms & Accessories (R\$ million) QUARTER



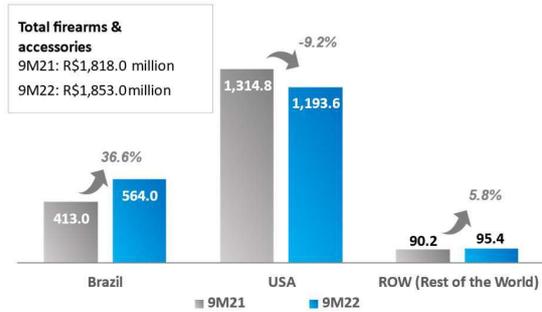
Revenue from firearms & accessories per market (R\$ million)



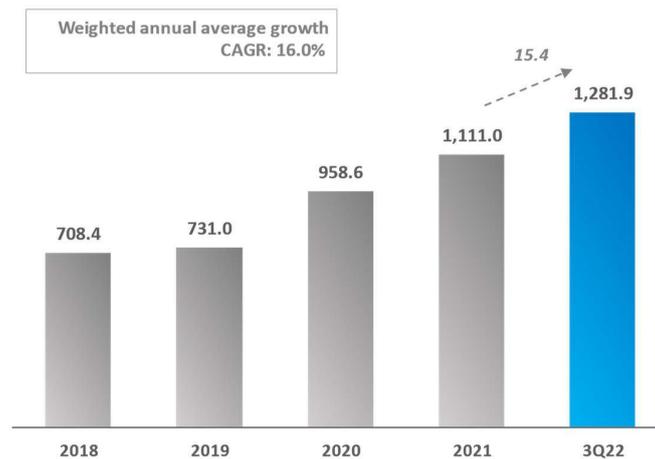
## Net Operating Revenue - Firearms & Accessories (R\$ million) 9 MONTHS



Revenue from firearms & accessories per market (R\$ million)



## Taurus Average Sales Price (R\$/unit)

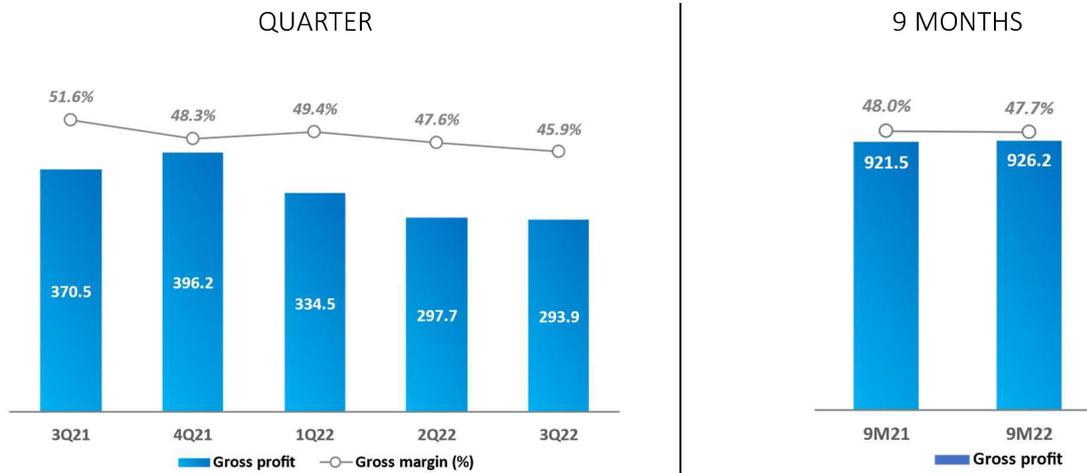


### Gross profit

In 3Q22, the cost of sales totaled R\$346.0 million, which was virtually aligned with the figures reported for 3Q21 (decrease of 0.4%). Fixed costs increased over the period due to the higher personnel expenses derived from the 12% wage adjustment granted to all employees. The Company's COGS also includes the pressure exerted by the foreign exchange fluctuations on the costs incurred by the Company's unit located in the United States and, therefore, denominated in US dollars (US\$). Moreover, costs were pressured by the higher inflation rates, with the 12-month Extended Consumer Price Index (IPCA) up to September 2022 totaling 7.2%. In view of the revenue decrease and COGS maintenance over the same period of 2021, gross profit for 3Q22 reached R\$293.9 million, 20.7% lower than 3Q21, whereas gross margin dropped by 5.7 p.p. to 45.9%, which substantially exceeds the rates disclosed by peers in their latest quarterly earnings released in the United States, namely Smith & Wesson with a gross margin of 37.3% and Ruger, with 27.9% (3Q22).

In 9M22, gross profit amounted to R\$926.2 million, up by 0.5% over 9M21, with the gross margin remaining virtually flat in relation to 9M21, at 47.7%. The diversification and expansion of the product mix and the Company's strategic action, which involves the continuous monitoring of consumer demand and market trends, always aiming to seize opportunities and mitigate risks, are the basis of the Company's performance, maintaining margins at high levels, despite the demand reduction in the United States, its largest market. The modernization of the industrial complex, coupled with the adoption of efficient operating processes, including the portfolio renewal based on the launching of products that rely on innovative and low-cost processes developed by the Integrated Engineering and Technology Center (CITE) in Brazil/USA, have complemented each other in order to maintain Taurus's strong competitiveness, with high margins for the Company.

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



Operating expenses

Operating expenses, including the share of profit (loss) of subsidiaries and asset impairment losses, amounted to R\$120.9 million in 3Q22, totaling R\$321.5 million in 9M22, which represents increases of 45.7% and 29.4%, respectively, over the same periods from the prior year.

In 3Q22, selling expenses decreased by 13.3% over 3Q21, primarily due to the lower sales volume and consequent reduction in variable expenses, such as freight and commissions. In the first nine months of the year, this group of expenses increased by 13.4% over the same period in 2021, given the efforts made by the commercial area during the first half of 2022, which included reinforcing the internal marketing team, participating in various events related to the sector, besides engaging another advertising agency to further strengthen the Taurus brand, especially in the US market.

In the first nine months of the year, general and administrative expenses increased by 5.3% over the same period of 2021. The higher inflation rates in Brazil, coupled with the effects of foreign exchange fluctuations on expenses incurred at Taurus's unit located in the United States, and the engagement of consulting firms primarily led to such increase.

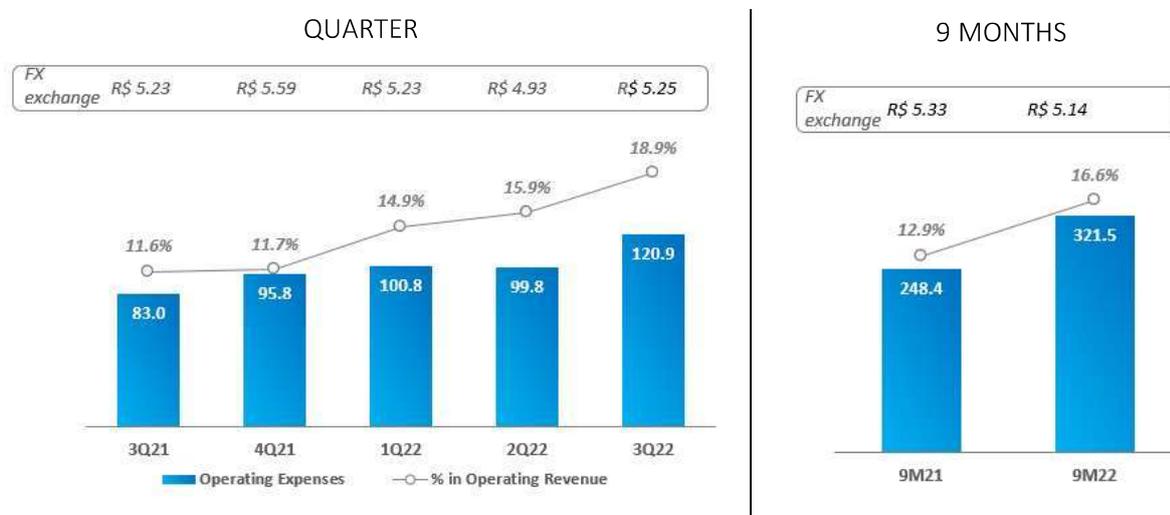
Nevertheless, the increase in operating expenses, in both periods of comparison, derives from nonrecurring factors recorded in line item "Other operating income". In 3Q21, the Company recorded a positive net balance (net revenue) of R\$43.0 million in such line item, which reduced total operating expenses, substantially because of nonrecurring revenue from recovered Federal VAT (IPI) and State VAT (ICMS) amounts. In 3Q22, the balance of other operating income totaled R\$3.4 million, down by R\$39.6 million or 92.1% over the same quarter from the prior year. Considering only the disbursements related to SG&A (selling, general and administrative expenses), the 3Q22 net income reached R\$123.9 million, down by 1.0% over the same quarter from the prior year, despite the strong inflationary pressure and the 12% wage adjustment also granted to the administrative team.

In 9M21, in addition to such extraordinary revenue reported in the third quarter of the year, nonrecurring revenues amounting to R\$23.8 million for 2Q21 were accounted for, primarily arising from the full waiver of the loan amounting to US\$3.0 million granted to Taurus USA under the US government program, namely Paycheck Protection Program (PPP), created to lessen the adverse effects derived from the Covid-19 pandemic on the economy, based on full compliance with the established requirements. These two factors were determinant to ensure that, in the first nine months of 2021, "Other operating income" totaled a net balance of R\$69.7 million. In 9M22, the Company posted net revenue of R\$26.7 million in this line item, basically due to the recoverable taxes in 1Q22 of R\$25 million, down by 61.7%, or R\$43 million, over 9M21.

	3Q22	3Q21	3Q22x 3Q21 % Chg.	2Q22	3Q22x 2Q22 % Chg.	9M22	9M21	9M22x9M21 % Chg.
Selling expenses	64.3	74.2	-13.3%	60.1	7.0%	189.8	167.4	13.4%
General and administrative expenses	59.6	50.9	17.1%	45.2	31.9%	157.4	149.5	5.3%
Asset impairment losses (income)	0.5	1.0	-	0.0	-	1.1	1.2	-8.3%
Other operating (income) expenses*	-3.4	-43.0	-92.1%	-5.5	-38.2%	-26.7	-69.7	-61.7%
<b>Operating expenses (SG&amp;A)</b>	<b>120.9</b>	<b>83.0</b>	<b>45.7%</b>	<b>99.8</b>	<b>21.1%</b>	<b>321.5</b>	<b>248.4</b>	<b>29.4%</b>
Operating exp./Op. income, net (%)	18.9%	11.6%	7.3 p.p.	15.9%	3.0 p.p.	16.6%	12.9%	3.6 p.p.
Average Ptax dollar exchange rate (R\$)	5.25	5.23	0.4%	4.93	6.5%	5.14	5.33	-3.6%

\* Includes equity income

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

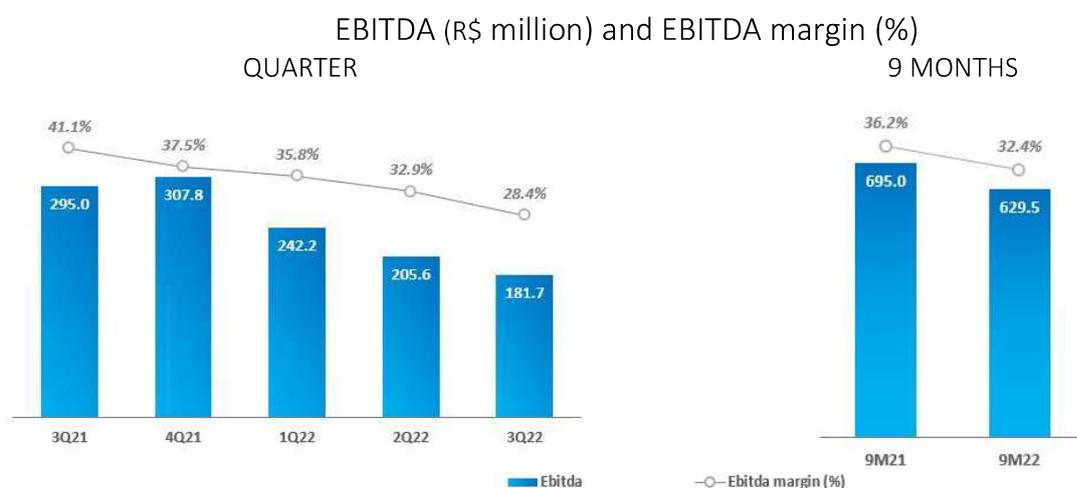


### EBITDA

On account of the factors referred to above, including the decrease in revenue, gross profit and increase in operating expenses, especially due to the lower amount of nonrecurring revenues recorded both in 3Q22 and 9M22 over the same periods from the prior year, the Company reported an EBITDA of R\$181.7 million in 3Q22, totaling R\$629.5 million in 9M22. This performance represents decreases of 38.4% and 9.4%, respectively, when compared to 3Q21 and 9M21. Despite the reduction in relation to the previous year, which had been a period of record sales, the Company has maintained its position as a strong cash generator, with EBITDA for 3Q22 standing above all the results obtained for this indicator in Taurus's history up to 1Q21.

### Calculation of EBITDA - reconciliation according to CVM Resolution 156/22

R\$ million	3Q22	3Q21	3Q22x 3Q21 % Chg.	2Q22	3Q22x 2Q22 % Chg.	9M22	9M21	9M2 x 9M21 % Chg.
Net operating revenue	640.0	718.0	-10.9%	625.6	2.3%	1,942.1	1,920.1	1.1%
Cost of sales	-346.0	-347.5	-0.4%	-327.9	5.5%	-1,015.9	-998.6	1.7%
Gross profit	293.9	370.5	-20.7%	297.7	-1.3%	926.2	921.5	0.5%
Operating expenses	-120.9	-83.0	45.7%	-99.8	21.1%	-321.5	-248.4	29.4%
Share in results of investees	1.1	0.3	-	0.2	450.0%	1.4	0.3	-
Depreciation and amortization	7.6	7.2	5.6%	7.4	2.7%	23.4	21.7	7.8%
<b>EBITDA</b>	<b>181.7</b>	<b>295.0</b>	<b>-38.4%</b>	<b>205.6</b>	<b>-11.6%</b>	<b>629.5</b>	<b>695.0</b>	<b>-9.4%</b>
EBITDA margin	28.4%	41.1%	-12.7 p.p.	32.9%	-4.5 p.p.	32.4%	36.2%	-3.8 p.p.



*Ebitda (earnings before interest, taxes, depreciation and amortization) is not a financial measurement according to the BR GAAP and International Financial Reporting Standards, or IFRS, and should not be considered on its own as an operating performance measurement or alternative to operating cash flow as liquidity measurement. This indicator is a managerial measurement, presented to offer additional information on operating cash generation.*

## Financial Result

Taurus's finance income (costs) primarily comprise exchange gains (revenues) and losses (expenses). The depreciation in the Brazilian currency is reflected in the form of an exchange gain (revenues) on the trade receivables portfolio and the cash in US dollars of the US subsidiary and in the form of an exchange loss (expenses) on the financial obligations resulting from our bank debt, mostly denominated in US dollars (as at September 30, 2022: position of R\$577.8 million or 99.2% of the total bank debt). Nevertheless, the exchange gains (losses) have no cash effect. Considering the Ptax dollar rate at the end of the periods of September 30, 2022 and 2021, the Brazilian real (R\$) depreciated by 0.6% over this period.

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

R\$ million	3Q22	3Q21	3Q22x 3Q21 % Chg.	2Q22	3Q22x 2Q22 % Chg.	9M22	9M21	9M2 x 9M21 % Chg.
<b>(+) Financial income</b>	<b>49.5</b>	<b>21.5</b>	<b>130.2%</b>	<b>76.8</b>	<b>-35.5%</b>	<b>281.5</b>	<b>170.2</b>	<b>65.4%</b>
Foreign exchange gains	35.7	21.0	69.9%	73.5	-51.5%	261.6	168.2	55.6%
Interest and other income	13.9	0.5	2680.0%	3.3	321.2%	19.9	2.0	895.0%
<b>(-) Financial expenses</b>	<b>70.1</b>	<b>74.1</b>	<b>-5.4%</b>	<b>121.4</b>	<b>-42.3%</b>	<b>303.3</b>	<b>239.5</b>	<b>26.6%</b>
Foreign exchange losses	54.1	62.5	-13.4%	109.5	-50.6%	261.2	201.9	29.4%
Interest, IOF and other expenses	16.0	11.6	37.9%	11.9	34.5%	42.0	37.6	11.7%
<b>(+/-) Net financial result</b>	<b>-20.6</b>	<b>-52.6</b>	<b>-</b>	<b>-44.6</b>	<b>-</b>	<b>-21.7</b>	<b>-69.3</b>	<b>-68.7%</b>
US dollar Ptax rate at the end of period (R\$)	5.41	5.44	-0.6%	5.24	3.2%	5.41	5.44	-0.6%

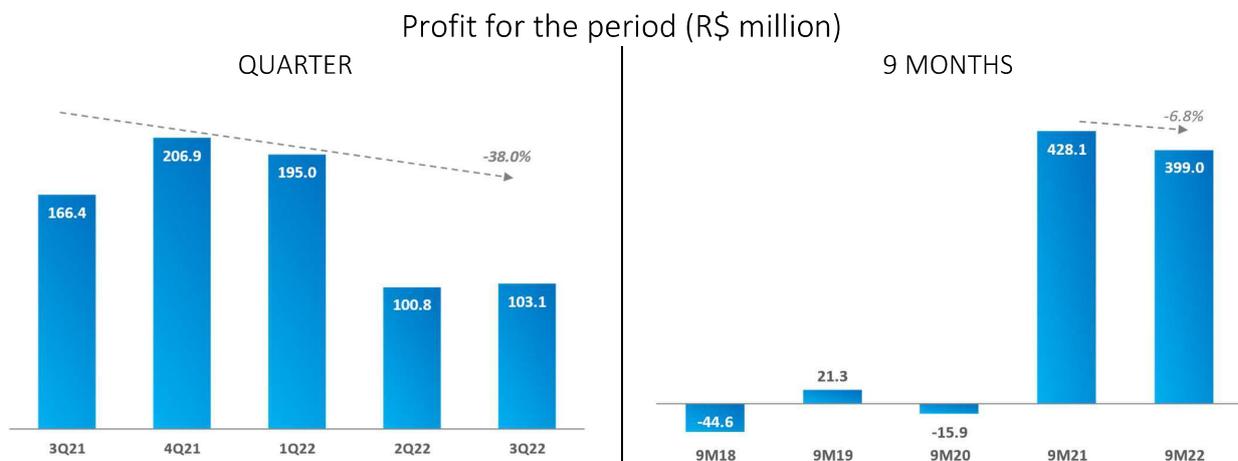
Both considering the figures reported for the quarter and nine-month period, net finance costs substantially decreased mostly due to the increase in finance income for the periods under analysis. In 3Q22, Taurus recorded net finance costs of R\$20.6 million, which was 60.8% lower than the balance recorded in the same quarter of the prior year, based on an increase of 130.2% in finance income. Such growth in finance income derives from the increases of R\$14.7 million in exchange gains and R\$13.4 million in interest income and other income, given the higher volume of short-term investments (balance of R\$274.4 million as at September 30, 2022 against R\$21.9 million at the end of 3Q21) and the higher interest rates in Brazil. Concurrently, finance costs decreased by 5.4%, as illustrated in the table above, owing to the reduction in the bank debt balance by R\$34.9 million or 5.7% over the past 12 months.

In 9M22, net finance costs amounted to R\$21.7 million, down by 68.7% over 9M21. The growth in finance income by R\$111.4 million, or 65.4%, derived from the same reasons observed in the quarterly review, largely offset the increase of 26.6% (R\$63.8 million) in finance costs for the period.

### Net income

Taurus reported profit of R\$103.1 million in 3Q22, down by 38.0% over 3Q21 and up by 2.4% over the immediately prior quarter (2Q22). Such outcome reflects the decrease in sales, with lower revenue and gross profit, as well as the decrease in nonrecurring revenues and, with a positive effect on performance, the decrease in finance costs for the period.

In 9M22, profit for the period amounted to R\$399.0 million, down by 6.8% over 9M21, as a result of the same factors referred to above. Given the performance of profit obtained for the first nine months of the last five years, as shown in the chart below, the consolidation of Taurus's profile as a company with sound results is clear. The net profit margin on revenue for 9M22 was 20.5%, against 22.3% in 9M21, a period of record performance due to the unprecedented demand in the US market, to which Taurus's sales are substantially made. Several aspects contribute to strengthening the Company. In its industrial operations, Taurus relies on streamlined and efficient processes and a large production capacity. These features are continually reinforced through the investments made in modern machinery and in R&D, with innovative work developed by the Integrated Engineering and Technology Center (CITE) in Brazil/USA. With a view to monitoring trends, risks and opportunities of the market in Brazil and worldwide, Taurus relies on an intelligence team. In light of such operational framework, coupled with the wide mix of products, launches of innovative products, and the brand's presence in more than 100 countries, the Company has the flexibility to target its production at different market segments in terms of products and geographic locations.



## Indebtedness

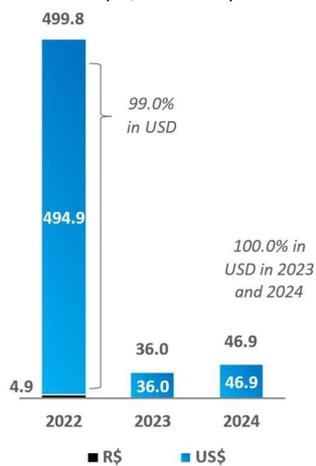
Taurus continued to decrease its indebtedness and closed the 3Q22 with a gross bank debt of R\$582.7 million, down by 16.0% or R\$110.6 million over the figures reported at the end of 2021. Concurrently, the Company boosted its position of cash and short-term investments by 42.0% (R\$107.8 million), so that net debt was halved over the first nine months of the year, to a balance of R\$218.4 million as at September 30, 2022. Over the past three months, from June 30, 2022 to September 30, 2022, net debt decreased by 33.6%.

In late September, the bank debt was comprised of the remaining balance associated with the agreement executed with the syndicate of lender banks, foreign exchange drafts and working capital loans, with only 0.8% denominated in local currency. As its revenue substantially derives from (62.4% in 3Q22) sales made overseas in US dollars, the Company relies on a natural hedge for its debt denominated in that currency. In terms of maturities, 85.8% (R\$499.8 million) matures in the short term, which includes the total bank debt denominated in Brazilian reais (R\$). The remaining noncurrent portion of 14.2% (R\$82.9 million) matures

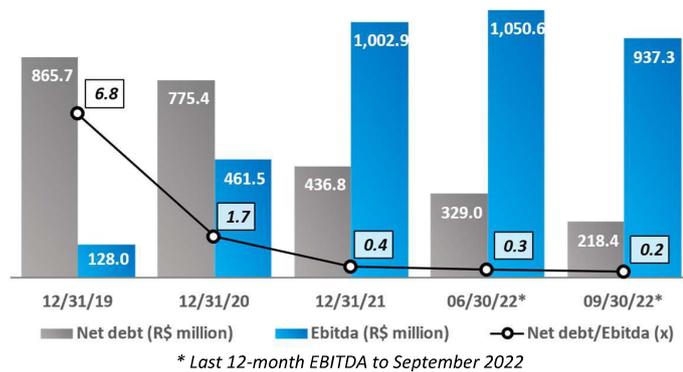
between 2023 and 2024. The Company has already been negotiating with the lender banks to change this profile and extend the debt maturity term.

R\$ million	09/30/2022	12/31/2021	% Chg.
Loans and financing	186.0	476.0	-60.9%
Foreign exchange drafts	313.8	142.9	119.6%
<b>Short term</b>	<b>499.8</b>	<b>618.9</b>	<b>-19.2%</b>
Foreign exchange drafts	82.9	74.4	11.4%
<b>Long term</b>	<b>82.9</b>	<b>74.4</b>	<b>11.4%</b>
<b>Endividamento bruto</b>	<b>582.7</b>	<b>693.3</b>	<b>-16.0%</b>
Cash and marketable securities	364.3	256.5	42.0%
<b>Net debt</b>	<b>218.4</b>	<b>436.8</b>	<b>-50.0%</b>
<b>US dollar Ptax rate at the end of period (R\$)</b>	<b>5.41</b>	<b>5.58</b>	<b>-3.1%</b>
<b>Gross debt converted into dollars (US\$ million)</b>	<b>107.8</b>	<b>124.2</b>	<b>-13.2%</b>

Bank debt profile  
(R\$ million)



Financial leverage: Net debt-to-EBITDA



The leverage ratio measured by the last 12-month EBITDA over net debt as at September 30, 2022 once again decreased when compared to the previous quarter, to 0.23x at the end of 3Q22 versus 0.31x at the end of the prior quarter. According to the ratio, 23% of the annual cash generation measured through EBITDA would be sufficient to settle the total bank debt recorded as at September 30, 2022.

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

## Investments

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

From January 2021 to late September 2022, investments totaled R\$330 million, out of which more than 65% (R\$216 million) was allocated to the acquisition of machinery and equipment. When only considering investments made in the current year, in 9M22, investments total R\$149 million (R\$103 million in machinery and equipment).

In September, one of the shipments containing 11 cutting-edge machines, of the total of 42 machines acquired, was delivered to the new industrial facility in São Leopoldo, after leaving South Korea in July, passing through a port in Santa Catarina and arriving at the Taurus plant in a convoy of 14 dedicated trucks. The new facility where the equipment was installed covers an area of about 2,000 m<sup>2</sup> and is located in the area acquired by Taurus at the end of 2021. This equipment is part of the installation of Taurus' first autonomous manufacturing system and will enable the Company to expand production of pistols and tactical firearms, which are strategic products for the Company.

## Capital markets

Taurus has common (TASA3) and preferred shares (TASA4) listed on B3's Level II listing segment, a market segment that brings together companies that voluntarily comply with special corporate governance rules. Both shares are part of the IGCX (Differentiated Corporate Governance Stock Index) and ITAG (Differentiated Tag Along Stock Index) portfolios, whereas preferred shares also comprise the IBRA (Broad Brazil Index), IGCT (Corporate Governance Trade Index), INDX (Industrial Sector Index) and SMLL (Small Cap Index) of B3.

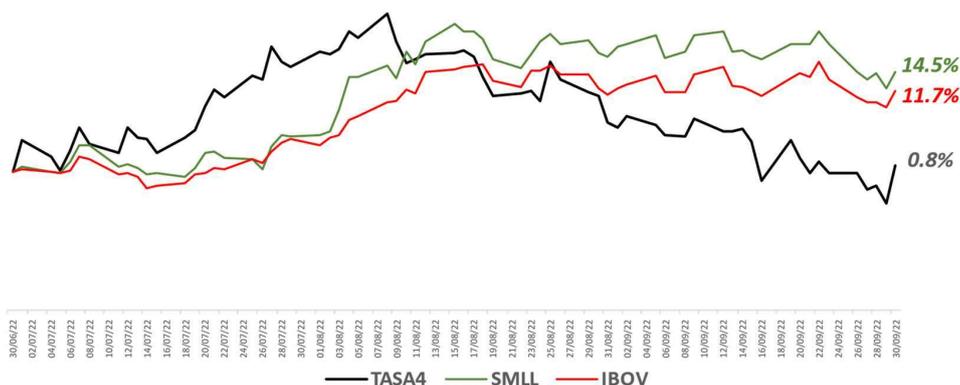
On October 5, 2022, the Company completed its significant capital increase, which contributed decisively to reducing the debt. To date, a capital increase of R\$334.4 million has been approved, referring to the exercise of a total of 61,706,327 series (A, B, C and D) warrants, with the consequent issuance of preferred shares providing the same rights attributed to the other Company's preferred shares already issued, participating on equal terms in all benefits, including dividends and any capital compensations that may be approved during the fiscal year.

Date	TASA3 (R\$/share)	TASA3 (number/tho usand)	TASA4 (R\$/share)	TASA4 (number/tho usand)	TASA (Total number/thou sand)	Market value (R\$ million)	Economic value (EV)* (R\$ million)
06/30/2022	R\$ 16.22	46,445	R\$ 16.23	74,874	121,319	R\$ 1,968.55	R\$ 2,230.38
09/30/2022	R\$ 17.15	46,445	R\$ 16.36	79,949	126,394	R\$ 2,104.51	R\$ 2,225.23
<b>Variation</b>	<b>+5.73%</b>	<b>+0.00%</b>	<b>+0.80%</b>	<b>+6.78%</b>	<b>+4.18%</b>	<b>+6.91%</b>	<b>-0.23%</b>

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

## IBRA B3 SMLL B3 ITAG B3 IGCT B3 INDX B3 IGC B3

Performance of preferred shares (TASA4) in 3Q22 vs. SMLL B3 and IBOV B3  
 Baseline 100: 09/30/2021



## Political outlook for Taurus' major markets

This report could not fail to include comments on the current political environment surrounding the major markets in which Taurus operates: United States and Brazil. In the United States, on the same date on which this report is being disclosed, November 8, the midterm elections to renew part of Congress are taking place. In contention are all 435 seats in the House of Representatives, 1/3 of the seats in the Senate, as well as 36 of the 50 state governorships. The 2<sup>nd</sup> Amendment to the US Constitution, which entitles the population and the police to self-defense, whether by keeping or bearing firearms or any other equipment, has been one of the major issues discussed in the debates between the representatives of the two main parties in the country, Republicans and Democrats. Usually, the US firearm market experiences a surge in demand during election periods due to consumer fears that new gun control measures may be adopted once the new elected officials take office.

Considering the main market segments in which Taurus operates, the risk of having any gun control measures adopted in the United States adversely affecting the Company's business is low, since the most discussed matters involve other categories of firearms. Moreover, the current US Supreme Court is composed of 9 members, with 6 judges appointed by former Republican Presidents and 3 judges appointed by former Democratic Presidents. Even so, the results of the elections may lead to a higher demand for Taurus' products should they indicate reinforcement of the political strength of the Democratic Party in the United States.

In Brazil, October 30, 2022 marked the victory of the presidential candidate Luiz Inácio Lula da Silva, to whom Taurus wishes every success over the challenges he will face for the next four years. Such election results represent the return of the left wing to power after almost six years since the impeachment of President Dilma Rousseff. Over the past four years, Brazil was governed with a more liberal bias in relation to the firearms and ammunition industry, which had a positive impact on Taurus. On the other hand, the Country faced adversities due to the pandemic, problems in the supply chain, an increase in electric energy prices, a high US dollar rate, a shortage in commodities and, last year, higher inflation rates.

For 2023, Taurus has adopted a conservative and reasonable approach, prepared to experience in the Country an environment of greater questioning as regards the right to legitimate defense and to freedom, concerning the possession and carrying of firearms. Furthermore, the market expects an economic downturn, with the period of adaptation and assessment of the new government's position and the decrease in internal demand as an impact of the anti-inflationary policy of high interest rates in Brazil. The Central Bank foresees a reduction in the Brazilian GDP growth rate for 2023. The Company's intelligence team believes that the sector will require greater attention as far as possible regulatory changes are concerned. Given the past experience of the President-elect's two previous governments, one may observe that the matter was then widely discussed in Congress, with the disarmament law being enacted in 2003 and then overturned by popular referendum in 2005. Experience indicates that this government does not commonly legislate by decree, which supports the understanding of Taurus' market intelligence area that any amendments to the legislation, if proposed or even approved, might not have an immediate effect.

In previous governments of the party now elected to the Presidency, the firearms industry, through its association - ANIAM, reported remarkable achievements, on account of its credibility with the regulatory agencies and before Congress, such as the national registration of firearms and the firearm amnesty, fundamental to bring to legal status a collection of firearms that were out of the national registries and, therefore, uninspected. ANIAM will continue to be very proactive and present, advising legislators through statistics and real facts, in order to assist in their decision-making processes. As for the Legislative, given the composition and representativeness of politicians aligned with the conservative right wing, there is a more favorable position. Next years, matters concerning Taurus's operating industry are likely to be even more supported both in the House of Representatives and in the Senate.

Furthermore, the current government's position and stance on the issue have made people aware of their rights. Before the current government, many Brazilians were not even aware of the possibility of acquiring firearms, and the CACs - Hunters, Shooters and Collectors, people who support the maintenance of this right, started to comprise an important constituency, with great representativeness in the National Congress. In an unprecedented way, the Brazilian Congress relies on a bench formed by old supporters and newcomers who are, according to the initial assessment of Taurus' market intelligence team, mostly favorable to the industry in which the Company operates. In past governments of the party now elected to the Presidency, proposals

deemed unfavorable to the sector were not approved. In view of the current Congress's composition, it might be even more difficult for the Executive Branch to act towards obtaining the approval of agendas that impose restrictions on the sector.

It is worth stressing that the subject matter under discussion, related to the right to acquire and possess firearms, involves those products considered to be of restricted use, which account for a small portion of Taurus' revenues, even though there is a representative public for these products in Brazil.

Taurus remains committed to its strategic planning, while being attentive and active in the National Congress, always with a view to responsibly defend the interests of the firearms industry and trading in Brazil. After all, the Company performs a legal activity that generates more than 6,000 direct jobs and 60,000 indirect jobs in Brazil and collects approximately R\$1.2 billion in taxes per year; it develops cutting-edge national technology, exporting worldwide; and collaborates with the Brazilian trade balance, since the sector is a large exporter.

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

## Statement of profit and loss

<i>R\$ million</i>	3Q22	3Q21	% Chg.	2Q22	% Chg.	1H22	1H21	% Chg.
Revenue from sales and/or services	640.0	718.0	-10.9%	625.6	2.3%	1,942.1	1,920.1	1.1%
Cost of sales and/or services	-346.0	-347.5	-0.4%	-327.9	5.5%	-1,015.93	-998.6	1.7%
<b>Gross profit</b>	<b>293.9</b>	<b>370.5</b>	<b>-20.7%</b>	<b>297.7</b>	<b>-1.3%</b>	<b>926.2</b>	<b>921.5</b>	<b>0.5%</b>
Operating (expenses) income	-120.9	-83.0	45.7%	-99.8	21.1%	-321.5	-248.4	29.4%
Selling expenses	-64.3	-74.2	-13.3%	-60.1	7.0%	-189.8	-167.4	13.4%
General and administrative expenses	-59.6	-50.9	17.1%	-45.2	31.9%	-157.4	-149.5	5.3%
Impairment losses	-0.5	-1.0	-50.0%	0.0	-	-1.1	-1.2	-8.3%
Other operating income	5.7	45.3	-87.4%	7.0	-18.6%	41.3	76.6	-46.1%
Other operating expenses	-1.3	-2.0	-35.0%	-1.2	8.3%	-13.2	-6.6	100.0%
Share in results of subsidiary	-1.1	-0.3	266.7%	-0.2	450.0%	-1.4	-0.3	366.7%
<b>Profit before finance income (costs) and taxes</b>	<b>173.0</b>	<b>287.5</b>	<b>-39.8%</b>	<b>197.9</b>	<b>-12.6%</b>	<b>604.7</b>	<b>673.1</b>	<b>-10.2%</b>
Finance income (costs)	-20.6	-52.6	-60.8%	-44.6	-53.8%	-21.7	-69.3	-68.7%
Finance income	49.5	21.5	130.2%	76.8	-35.5%	281.5	170.2	65.4%
Finance costs	-70.1	-74.1	-5.4%	-121.4	-42.3%	-303.3	-239.5	26.6%
<b>Pretax profit</b>	<b>152.4</b>	<b>234.9</b>	<b>-35.1%</b>	<b>153.3</b>	<b>-0.6%</b>	<b>583.0</b>	<b>603.8</b>	<b>-3.4%</b>
Income tax and social contribution	-48.5	-66.8	-27.4%	-51.3	-5.5%	-181.8	-173.8	4.6%
Current	-36.3	-33.3	9.0%	-38.2	-5.0%	-137.1	-116.4	17.8%
Deferred	-12.3	-33.5	-63.3%	-13.1	-6.1%	-44.7	-57.4	-22.1%
<b>Profit (loss) from continuing operations, net</b>	<b>103.8</b>	<b>168.1</b>	<b>-38.3%</b>	<b>101.9</b>	<b>1.9%</b>	<b>401.2</b>	<b>430.0</b>	<b>-6.7%</b>
Profit (loss) from discontinued operations, net	-0.7	-1.7	-58.8%	-1.2	-41.7%	-2.2	-1.9	15.8%
<b>Consolidated profit (loss) for the period</b>	<b>103.1</b>	<b>166.4</b>	<b>-38.0%</b>	<b>100.7</b>	<b>2.4%</b>	<b>399.0</b>	<b>428.1</b>	<b>-6.8%</b>
Attributable to owners of the Company	103.1	166.4	-38.0%	100.8	2.3%	399.0	428.1	-6.8%
Attributed to noncontrolling shareholders								
<i>Earnings per share (R\$/share)</i>								
Common shares (ON)	0.7181	1.2688	-	0.0512	-	3.1564	3.6558	-13.7%
Preferred shares (PN)	0.9220	1.7283	-	-0.3785	-46.7%	3.4564	4.6412	-25.5%
<i>Diluted earnings per share</i>								
Common shares (ON)	0.7181	1.2688	-	0.0512	-	3.1564	3.6558	-13.7%
Preferred shares (PN)	1.0348	1.2299	-	0.0516	-	3.4477	4.1411	-16.7%

## Assets

<i>R\$ million</i>	09/30/2022	12/31/2021	% Chg.
<b>Total assets</b>	<b>2,340.9</b>	<b>2,093.6</b>	<b>11.8%</b>
<b>Current assets</b>	<b>1,571.1</b>	<b>1,456.0</b>	<b>7.9%</b>
Cash and cash equivalents	111.5	185.8	-40.0%
Cash and banks	89.9	171.3	-47.5%
Highly-liquid short-term investments	21.6	14.5	49.0%
Short-term investments	231.6	70.8	227.1%
Trade receivables	428.4	515.2	-16.8%
Inventories	677.2	491.9	37.7%
Recoverable taxes	26.2	65.3	-59.9%
Prepaid expenses	8.7	31.0	-71.9%
Other current assets	87.5	96.2	-9.0%
<b>Noncurrent assets</b>	<b>769.8</b>	<b>637.6</b>	<b>20.7%</b>
Long-term receivables	160.9	151.8	6.0%
Short-term investments measured at amortized cost	21.205	0	
Deferred taxes	74.6	121.4	-38.6%
Due from related parties	0.0	0.0	-
Other noncurrent assets	65.1	30.4	114.1%
Investments	6.8	4.4	54.5%
Investments in joint ventures	6.6	4.3	53.5%
Other investments	0.2	0.2	0.0%
Property, plant and equipment	482.2	379.0	27.2%
Property, plant and equipment in use	314.9	303.0	3.9%
Construction in progress	167.3	76.1	119.8%
Intangible assets	120.0	102.4	17.2%

## Liabilities

<i>R\$ million</i>	09/30/2022	12/31/2021	% Chg.
<b>Total liabilities and equity</b>	<b>2,340.9</b>	<b>2,093.6</b>	<b>11.8%</b>
<b>Current liabilities</b>	<b>1,015.5</b>	<b>1,119.8</b>	<b>-9.3%</b>
Payroll, benefits and taxes thereon	77.2	66.9	15.4%
Payroll and related taxes	6.8	10.1	-32.7%
Employee benefits and related taxes	70.5	56.8	24.1%
Trade payables	144.2	143.6	0.4%
Domestic suppliers	92.8	82.2	12.9%
Foreign suppliers	51.4	61.4	-16.3%
Taxes payable	137.4	96.6	42.2%
Federal tax liabilities	93.9	91.3	2.8%
Income tax and social contribution payable	9.8	21.1	-53.6%
Other taxes	84.1	70.2	19.8%
State tax liabilities	43.4	5.3	718.9%
Municipal tax liabilities	0.1	0.0	-
Borrowings and financing	499.8	618.9	-19.2%
In local currency	4.9	43.6	-88.8%
In foreign currency	494.9	575.3	-14.0%
Debentures	0.0	0.0	-
Other payables	98.9	134.3	-26.4%
Mandatory minimum dividends payable	0.0	68.0	-100.0%
Leases	0.0	0.0	-
Advances from customers	63.0	41.2	52.9%
Court settlements	0.0	0.0	-
Other payables	35.8	25.1	42.6%
Provisions	50.5	53.6	-5.8%
Provision for social security, labor and civil risks	38.8	41.7	-7.0%
Other provisions	11.6	11.9	-2.5%
<b>Noncurrent liabilities</b>	<b>241.8</b>	<b>216.8</b>	<b>11.5%</b>
Borrowings and financing	82.9	74.4	11.4%
In local currency	0.0	0.0	-
In foreign currency	82.9	74.4	11.4%
Debentures	0.0	0.0	-
Other payables	82.2	64.2	28.0%
Due to related parties	1.8	1.7	5.9%
Taxes payable	25.3	23.6	7.2%
Other payables	42.4	38.9	9.0%
Trade payables	12.6	0.0	-
Leases	0.0	0.0	-
Deferred taxes	14.1	16.5	-14.5%
Provisions	62.6	61.7	1.5%
Provision for social security, labor and civil risks	56.3	55.2	2.0%
Other provisions	6.3	6.5	-3.1%
<b>Consolidated equity</b>	<b>1,083.6</b>	<b>757.0</b>	<b>43.1%</b>
Issued capital	366.3	308.2	18.9%
Capital reserves	-21.6	-27.3	-20.9%
Disposal of subscription warrants	9.9	9.9	0.0%
Stock options granted	12.0	5.4	122.2%
Capital transactions	-43.4	-42.6	1.9%
Earnings reserves	133.6	233.9	-42.9%
Legal reserve	15.1	15.1	0.0%
Tax incentive reserve	118.5	92.6	28.0%
Proposed additional dividends	0.0	126.3	-100.0%
Retained earnings (accumulated losses)	373.6	0.0	-
Valuation adjustments to equity	44.7	45.2	-1.1%
Cumulative translation adjustments	187.1	197.0	-5.0%
Noncontrolling interests	0.0	0.0	-