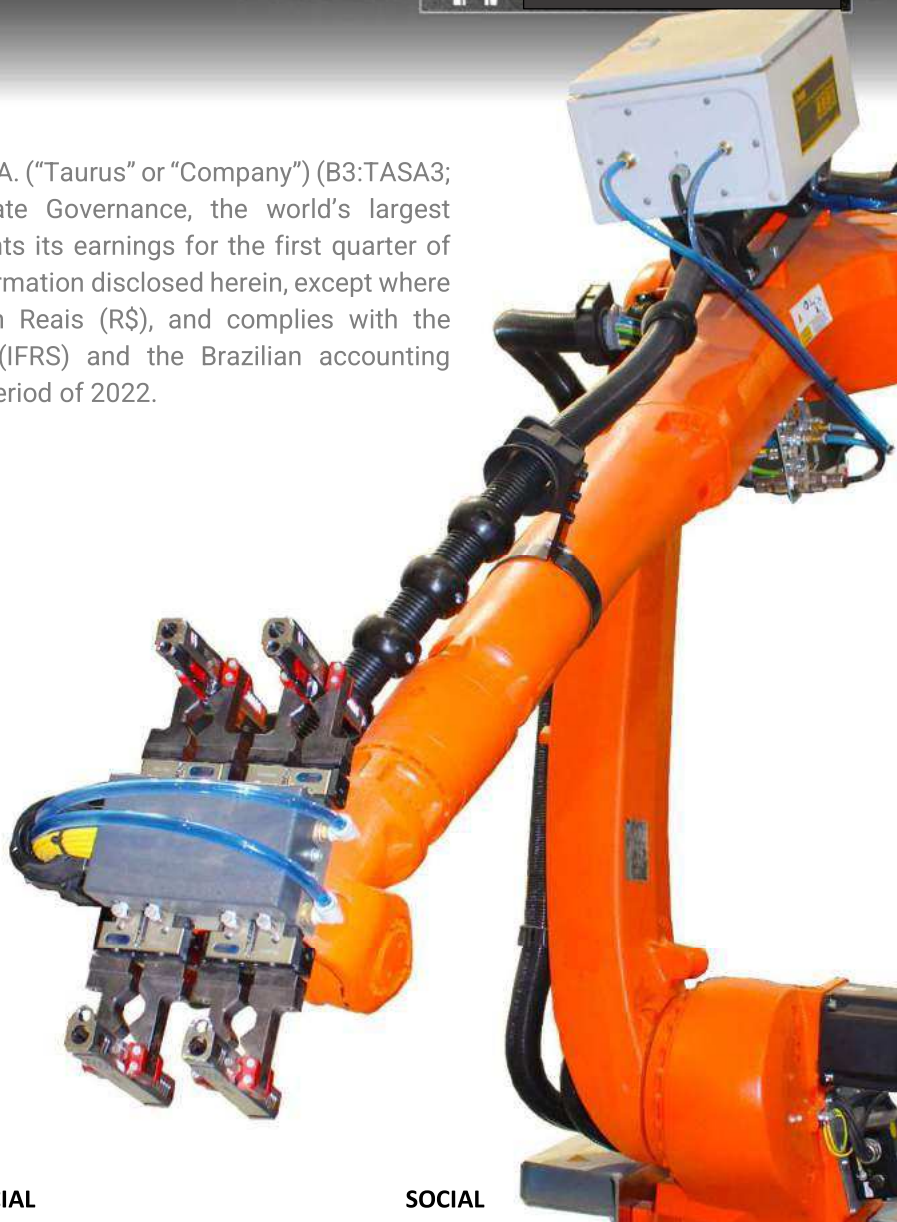




São Leopoldo, May 15, 2023 – Taurus Armas S.A. (“Taurus” or “Company”) (B3:TASA3; TASA4), listed on B3’s Level 2 of Corporate Governance, the world’s largest manufacturers of light firearms, hereby presents its earnings for the first quarter of 2023 (1Q23). The financial and operational information disclosed herein, except where indicated otherwise, 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 period of 2022.

1Q23 EARNINGS

Taurus maintains the same level of operational performance, with a gross margin of 38.9%, in addition to steady sales in the North American market



OPERATIONAL

NET REVENUE:

R\$453.2 million

GROSS PROFIT:

R\$176.4 million
Gross margin of 38.9%

FINANCIAL

ADJUSTED EBITDA:

R\$65.3 million
Adjusted EBITDA margin of 14.4%

NET INCOME:

R\$35.4 million

SOCIAL

Launching of the
first
Taurus Annual
Sustainability
Report

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R\$ million

		1Q23	1Q22	1Q23x1Q22 % Chg.	4Q22	1Q23x4Q22 % Chg.
<i>R\$ million</i>						
Net operating revenues		453.2	676.6	-33.0%	597.9	-24.2%
Domestic market		73.9	192.9	-61.7%	228.8	-67.7%
Exports market		379.3	483.7	-21.6%	369.1	2.8%
COGS		-276.8	-342.0	-19.1%	-363.7	-23.9%
Gross profit		176.4	334.5	-47.3%	234.2	-24.7%
<i>Gross margin (%)</i>		38.9%	49.4%	-10.5 p.p.	39.2%	-0.3 p.p.
Operating expenses (SG&A)		-120.3	-100.8	19.3%	-78.0	54.2%
Earnings before financial result and income tax (EBIT)		56.1	233.7	-76.0%	156.2	-64.1%
Net financial income (expenses)		-0.1	43.5	-100.2%	17.0	-100.6%
Income tax and social contribution		-20.1	-81.9	-75.5%	-51.6	-61.0%
Net income (loss) from continued operations		35.9	195.3	-81.6%	121.6	-70.5%
Net income (loss) from discontinued operations		-0.5	-0.3	66.7%	-0.6	-16.7%
Net income (loss)		35.4	195.0	-81.8%	121.0	-70.7%
Adjusted EBITDA*		65.3	242.2	-73.0%	166.0	-60.7%
<i>Adjusted EBITDA Margin*</i>		14.4%	35.8%	-21.4 p.p.	27.8%	-13.3 p.p.
Net debt (end of period)		94.2	198.3	-52.5%	159.5	-40.9%

* Adjusted EBITDA. This indicator is not adopted by the accounting practices. Its calculation is presented in the item "Adjusted EBITDA" of this report.




MESSAGE FROM MANAGEMENT

We are experiencing a new moment for Taurus. After a major restructuring that has been completed and fully consolidated, the Company currently relies on a solid operational and financial structure, well established strategic objectives, and the actions geared towards this direction are being carried out, especially with regard to the ESG issues. We take a special focus on people, since there is no point in investing in state-of-the-art processes and equipment, if we do not also prepare and qualify the team that handles the day-to-day activities at Taurus. We aim at effectively contributing to the personal and professional growth of our employees, in addition to playing an active role in the development and use of technology, through the creation of a collaborative environment involving the team, the company and society. Thus, we have established as pillars for the consolidation of the ESG concept at Taurus: people development; investment in technology and innovation; and a collaborative environment.

We sponsor the Taurus Continued Education Program, which offers more than 1,000 courses and online training courses, through which employees can choose the courses they want to take, in order to qualify for advancement in the levels of the functional structure, including financial support to take undergraduate, master's and doctoral courses. Through the ESG Committee, made up of the executive board and managers from strategic areas, we have set forth the guidelines and the ESG actions to be adopted, which are also aimed at the well-being of the community, such as the UBS (Basic Health Unit) that we are going to build in an area close to the Company's headquarters, in the city of São Leopoldo, RS. On May 2, 2023, we published Taurus' 1st Sustainability Report, during a panel discussion on the theme, which was attended by Taurus' Global CEO, Salesio Nuhs; the governor of the state of Rio Grande do Sul, Eduardo Leite; the State Secretary of Environment (SEMA), Marjorie Kauffmann; the Dean of Innovation of the Federal University of Rio Grande do Sul (UFRGS), Geraldo Pereira Jotz; the CEO of Randoncorp, Bernardo Bregoli, and Taurus' Engineering Officer, Leonardo Sesti. In addition to the presence of federal and state deputies, representatives of the state security forces, the panel also involved the participation of representatives of partner universities and other leaderships. We invite everyone to read this Report, and thus learn more about our principles, initiatives and ESG goals. After having pursued and achieved the goal of being the largest light firearms manufacturer in the world, Taurus is now consolidating itself, through concrete actions towards socio-environmental commitment, as the first strategic company for ESG defense.



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[2022 Sustainability Report](#)

[Video of the ESG panel:](#)

The results we are now reporting for 1Q23 came in line with our expectations, with the market reacting as we had already anticipated in our 1Q22 message a year ago. It was a quarter in which demand showed markedly less heat, especially when compared to the same quarter in the previous year, when results were very strong due to the specific circumstances of the period. The extremely favorable market conditions of recent years, with demand reaching unprecedented levels as from 2020, found Taurus able to take advantage of the opportunities presented at that time. And so we did. At the same time, it has always been the consensus that this scenario was exceptional and would not be sustained. The current market scenario is in line with what we had foreseen, but even so Taurus has maintained its leadership position in the market, considering the last 12 months.

In Brazil, the year began with the new government, which always involves an initial transition period. In 1Q23, the Brazilian economy as a whole was sluggish, in expectation of a clearer definition regarding the direction of the economic policy. In view of indicators pointing to higher household indebtedness, the lack of definition regarding the new fiscal policy, the ongoing high level of basic interest rates, and market estimates for inflation in 2023, according to the May 2 Focus Bulletin, at 6.05%, rising for the fifth consecutive week, there is a state of uncertainty, which is holding back new investments in the country. As for our segment, in addition to the general economic situation, there is the expectation regarding the regulations for the sector. Even though Decree 11366/23, published on the first day of the current government, has maintained the authorization for the acquisition of restricted use firearms, consumers have completely withdrawn, while waiting for more concrete resolutions. The deadline for the publication of the Decree's regulation expired in April, which means that it now needs to be reissued. We expect this to happen as soon as possible, defining all the details of the regulation. We have been closely monitoring the unfolding of events and, as CEO of Aniam (The Brazilian Firearms and Ammunition Industry Association), I have been actively participating in the discussions related to that subject. We hope that the new Decree will guarantee legal security, enabling the gradual resumption of the Brazilian market.

The outlook for the domestic market is for a return to normal levels after this initial transition period, when economic agents are more confident, with a better understanding of the country's direction, and when the situation is settled. Furthermore, at first, a greater movement is expected in the market due to the fact that demand has remained restrained since the beginning of the year.

In the US, the main destination of our products, the market is robust, with demand resuming growth in 1Q23, when compared with the same period in 2019, before the boom of the market that occurred during the pandemic period. That is the trend for the North American market, with the expectation for 2023 pointing to a normalization of the market scenario, with gradual growth in demand from the base that was in place in the pre-pandemic period.

With regard to the other countries to where we export our products, our primary focus is the so-called "law enforcement" segment, geared toward the armed forces and security forces. These are sales that involve international bids, which take longer to be concluded. On May 2, we presented our proposal for the bidding of the Indian Ministry of Defense for 425,000 rifles, the largest bid for rifles ever made in the world. According to information from the Indian Ministry of Defense, in addition to Taurus, 14 other companies submitted their bids, and their documentation will be evaluated within 30 days.

Thus, we have maintained production at a strong pace, despite the more restrained environment, especially in the Brazilian market in 1Q23, since the expectation is for a positive outlook for the US market during the year, as has already been happening. We remain cautious, but optimistic, in relation to the domestic market, especially after the publication of the regulation for the sector, also due to the pent-up demand during the first months of 2023.

As we have repeatedly stated, since it is a key factor in Taurus' strategy, we have been strongly dedicated to research & development, reinforcing the differentiation of our production processes and of our products, through the use of technology, new materials and growing industrial efficiency, thus offering consumers quality options at competitive costs. In terms of management, we took an important step towards digital transformation, with the upgrade of the SAP system to its most modern version. As a second stage, the integration with the Taurus plant in the USA will be carried out, where the system installation has already begun, and then the operation in India will also be integrated. For the smooth and successful process of changing the management system, as in fact occurred, we granted a 30-day collective vacation in the Brazilian plant in December 2022, up to the first half of January 2023, which was reflected in the volume of production and sales.

As regards the use of new materials, we have been working intensively with niobium and graphene. We have strengthened our leadership in the 3rd generation pistol segment by introducing the XL version of the award-winning GX4 Graphene and the TS and TSC Graphene pistols. For the second half of 2023, we plan to launch other novelties using long-fiber polymers, graphene, and niobium. I would also like to highlight another international award we received, with the TX 22 pistol winning the 2022 Gold Award in the New Favorite Product category from Shooting Sports Retailer.

The essence of our management is to continue investing, expanding Taurus' international prominence, always maintaining capital discipline, and seeking the best return for our shareholders. On May 9, as approved at the Annual General Shareholders' Meeting held on April 28, we approved the payment of dividends equivalent to 35% of the adjusted net income for FY2022, of R\$1.2956 per share, which corresponds to 8.2% of the preferred share price, on the date of granting the right to the credit. The shareholders' meeting also approved the formation of a statutory reserve of R\$304.7 million, empowering the Board of Directors to decide at any time on share buybacks and more frequent dividend payments.

During the last Shareholders' Meeting, all the six members of our Board of Directors were reelected, five of whom are independent, and during a Board Meeting, the maintenance of the current executive board was ratified for another term of office. Under the leadership of this management team, much has been achieved at Taurus in the last few years, which encourages us to continue working to achieve even more, since we are confident that we can reach ambitious goals. The support of all our stakeholders is the basis and incentive for us to follow this path of success. We would like to thank you for your support, and we shall continue on this journey together.

Salesio Nuhs


OPERATIONAL PERFORMANCE

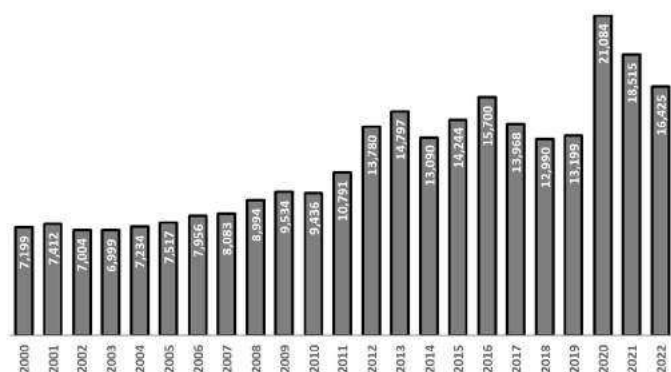
Market

As our largest global firearms market, the US acts as a trendsetter for the entire industry. The main indicator for this market is the NICS (National Instant Criminal Background System), a Federal Bureau of Investigation checking system that tracks all intentional purchases of firearms in the country, and therefore reports on the demand position on a monthly basis. The Adjusted NICS historical series (chart below) shows the unprecedented plateau that gun demand in the US reached in the year 2020, followed by an adjustment of this upward movement in the two subsequent years, while still maintaining record levels.

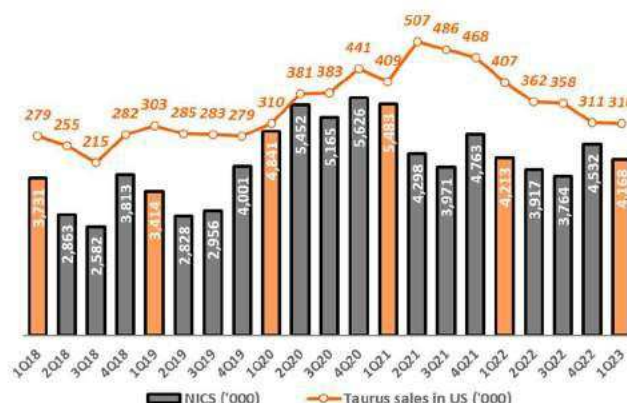
Demand for firearms in the US is expected to follow a normalization movement, resuming an upward trend above the pre-pandemic, 2019 level. When comparing equal quarters, to avoid seasonality distortions, in 1Q23 Adjusted NICS totaled 4.17 million queries, basically in line (down by 1%) with 1Q22, when it reached 4.21 million queries, and 22.1% higher than in 1Q19, before the pandemic period. Compared to 4Q22, Adjusted NICS for the first three months of 2023 shows an 8% drop, a typical movement after the higher seasonal sales in the last quarter of the year, in view of the beginning of the hunting season in the USA, the "Black Friday" promotions and Christmas shopping.

Adjusted NICS - Intentions to acquire firearms in the US (‘000 queries)

Yearly historical series



Quarterly performance and Taurus sales in the US



In Brazil, the market has been impacted by the change in government, as well as in the rules related to the acquisition and possession of firearms. In 2022, demand remained strong and, in the last quarter of the year, following the result of the elections, the outlook for the adoption of greater restrictions in the regulation of the sector contributed to reinforcing this trend, leading to an increase in the demand for firearms before the new rules were laid down.

As expected, on the very first day after his inauguration, the President signed a decree changing the rules for the acquisition and registration of firearms (Decree 11366/23), with the creation, in the sequence, of a work group responsible for preparing its regulations. The Decree restricted the authorization for the acquisition of firearms for restricted use, a segment which is not Taurus' core focus. However, the legal insecurity surrounding the subject shook domestic demand, which remained practically frozen during 1Q23, waiting for the publication of the regulation of Decree 11366. In April, the deadline for the publication of this regulation expired, and therefore we are now awaiting the re-edition of the Decree.

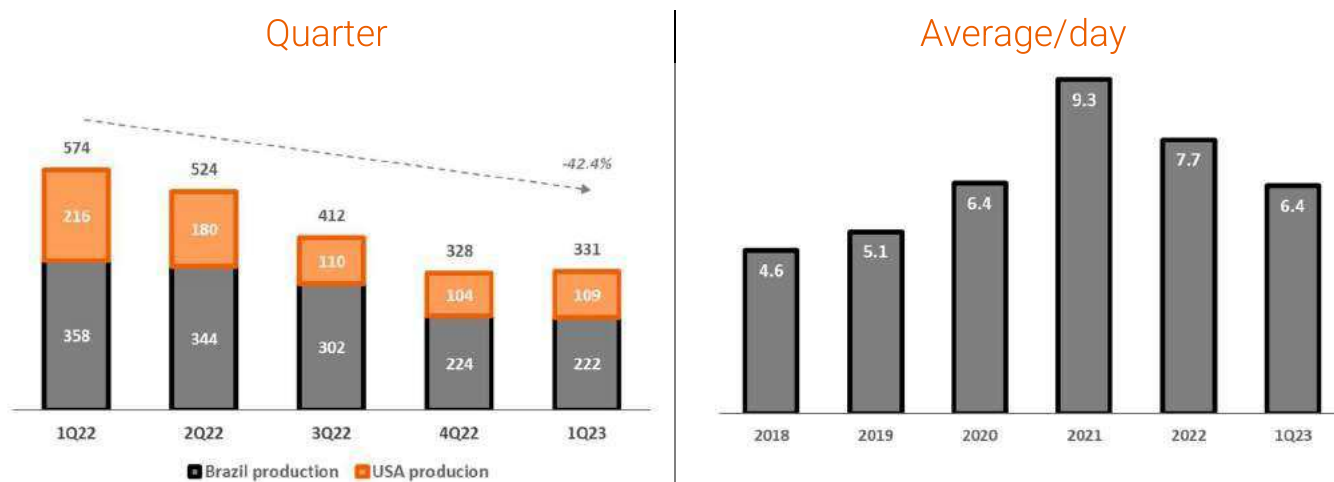
In view of the uncertainty regarding the legal issue, demand in the domestic market in 2023 is expected to resume only after the regulation of the Disarmament Statute is settled, which is expected to be soon. Therefore, 1Q23 was an atypical period and cannot be used as a reference. The expectation is that, after the re-edition of the Decree, there will be a greater market movement, due to the pent-up demand created in the first months of the year.

The international market, apart from the USA, remains stable, influenced mainly by international bids for police and military forces. At the moment, we are looking forward to the ongoing tender for 425,000 rifles by the Indian Ministry of Defense, in which we are participating, since we submitted our bid on May 2. This is the largest ever tender for rifles in the world, and is likely to remain so for many years to come.

Production and sales

Production in Taurus' two industrial units, in Brazil and in the USA, totaled 331,000 firearms in 1Q23, a volume 42.4% lower than in the same quarter of 2022, and in line (+0.9%) with the volume posted in 4Q22.

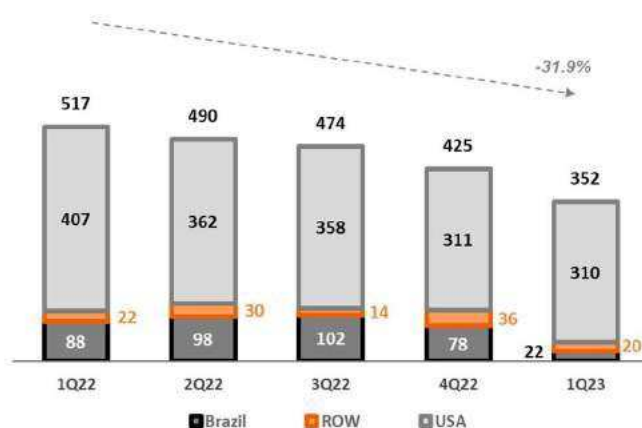
Production of firearms – Taurus ('000 units)



Taurus continues to invest in the development of new products, with the use of innovative materials, incorporated technology and efficient production processes, as an important part of its strategy. The project designed for the development of these products, including market research, which captures the trends of consumer demands, has been developed by CITE - the Brazil/USA Integrated Technology and Engineering Center, aimed at producing differentiated, quality firearms, at competitive costs.

On April 11, when LAAD Defense & Security 2023, the largest fair in Latin America related to the segment, was opened, the Company presented to the market its first launches of the year. At Taurus' stand at LAAD 2023, the Company presented, among others, its new pistols manufactured using graphene, such as the XL version of the award-winning GX4 Graphene, and the compact model of the TS9 Graphene; modernized versions of classic Rossi revolvers; and the Taurus RT 605 and 856 revolvers in the T.O.R.O. version, the first in the world ready for optical sights.

Firearms Sales Volume – Taurus (‘000 units)



As a reflection of market conditions, as presented earlier in this report, Taurus' sales volume in 1Q23, of 352,000 units, decreased by 31.9% in relation to the same period of the previous year, and by 17.1% in relation to 4Q22. This reduction was primarily due to the sales volume in the domestic market, which was impacted by the uncertainty as to the regulation of firearms in the country, during the first quarter of 2023.

In the North American market, Taurus' sales volume of firearms in 1Q23 declined by 23.8% when compared to 1Q22, and remained basically flat (reduction of 0.3%) in relation to the previous quarter. However, when we consider the sales volume for the same period of 2019, before the surge in the US demand, in 1Q23, sales saw a 2.3% rise. The Company also adopted, in 1Q23, a strategy of adjusting product inventories at the distributors' sites. As the USA represents the main destination for Taurus' products, the Company's overall sales volume is most heavily affected by the performance in the North American market, although, in percentage terms, sales performance showed a lower increase than that recorded in the Brazilian market.

Taurus has updated its management system to a new version of SAP, as part of its digital transformation program, with a view to speeding up processes and enhancing controls. The next stages will include the system installation in the Company's plant in the USA, which is already underway, and in the future in India, leading to full integration of all the plants under the same management software. In order to assure that the process involving the switching of systems would be successful, as in fact it actually has been the case, in December the Company granted a 30-day collective vacation, instead of the 20 days it usually grants, to all of its employees in Brazil. This full stoppage at the end of 2022, including the commercial activities, also had an impact on the sales volume in 1Q23.

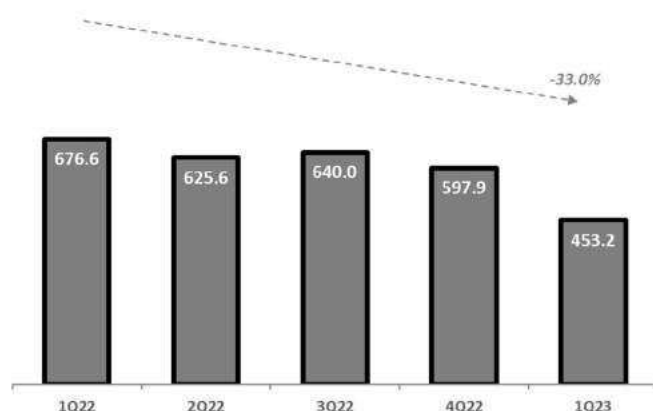
With regard to sales to countries other than the USA, the highlight in 1Q23 was the volume of sales made to Honduras, Israel, the Philippines and South Africa. The Company, through the joint venture JHind Taurus India, on May 2, submitted its bid for the world's largest ever tender for rifles. According to India's Ministry of Defense, in addition to Taurus, 14 other companies submitted their documentation, which will be evaluated within 30 days.

ECONOMIC AND FINANCIAL PERFORMANCE

Net Operating Revenue

Taurus' consolidated revenues include, in addition to the revenues from firearms and accessories, the revenues from sales of both helmets and M.I.M. (injected metal parts). In 1Q23, consolidated revenues amounted to R\$453.2 million. As the Company's core business, the firearms & accessories segment accounted for 94.4% of the total amount, and recorded net revenue of R\$427.9 million in 1Q23.

Consolidated Net Operating Revenue - (R\$ million)

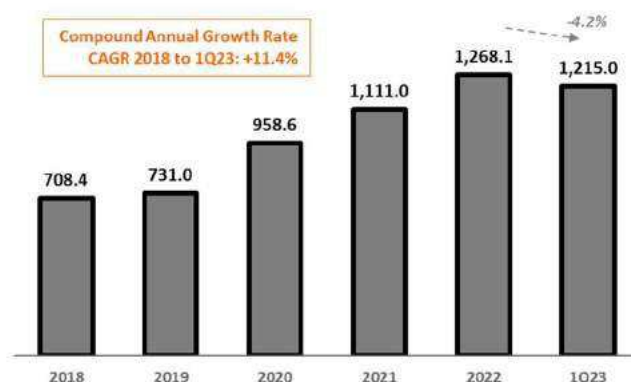


With a minor share in the consolidated results, in 1Q23, revenues from helmets came to R\$21.1 million, down by 4.1% from 1Q22, and revenues from the sale of M.I.M. amounted to R\$4.3 million, up by 59.3% year-over-year.

As for the firearms & accessories segment, the 34.4% fall in revenues in 1Q23, as compared to the same quarter of the previous year, was a reflection of lower sales volume. Revenues were also influenced by the 0.7% appreciation in the Brazilian real against the US dollar, considering the average exchange rate for the quarters in question (R\$5.20 in 1Q23, versus R\$5.23 in 1Q22). The appreciation in the Brazilian currency against the dollar has a negative impact on the Company's revenues, taking into account that most of its sales are carried out in the international market (93.8% in terms of firearms sales volume and 88.6% of the segment's revenues in 1Q23) and, therefore, are denominated in foreign currencies and translated into Brazilian reais when accounted for.

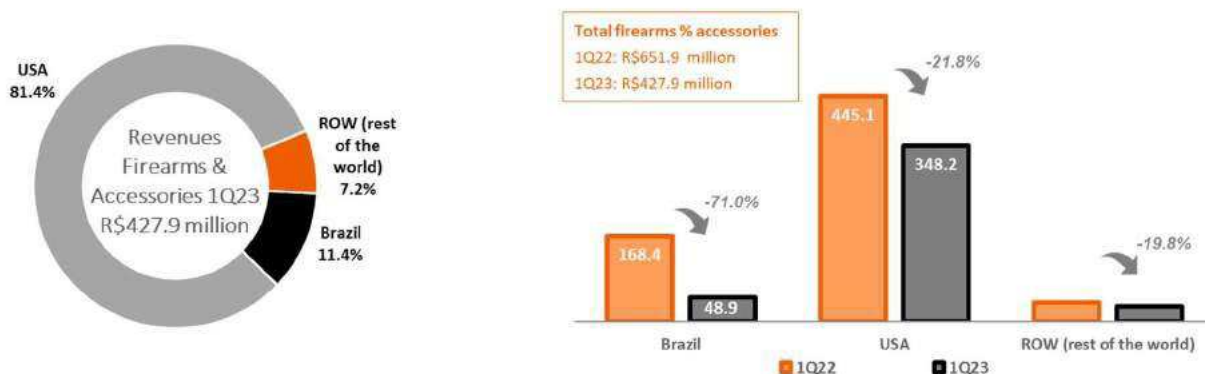
The renewal and expansion of the product mix, one of the bases that underpins the Company's strategy, resulted in a compound annual growth rate (CAGR) of 11.4% for the average sales price of Taurus' firearms for the period between 2018 and 1Q23. The year 2018 was the year in which the current team of officers became responsible for Taurus' management. During the quarter, the average sales price was R\$1,215.0, which was 4.2% lower than in 2022, due to the sales mix for the quarter, in a one-off situation, although it remained higher than the average for all the previous years.

Taurus' Average Selling Prices of firearms (R\$/unit)



In line with the market environment, the performance of revenues from sales of firearms & accessories, by region, the comparison of 1Q23 versus 1Q22 shows a decline for the three regions where Taurus carries out its trading activities – USA, Brazil, and others.

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



Gross profit

Declining net revenue, as reported in 1Q23 versus 1Q22, led to a drop by 47.3% in gross profit, which stood at R\$176.4 million in 1Q23. The cost of goods sold during the quarter dropped by 19.1%, a lower percentage compared to the drop in revenues (33.0%) for the same period. This performance was mainly due to the inflationary pressure, plus the 12% salary adjustment granted in 3Q22 to all plant employees in Brazil, coupled with the lower dilution of fixed costs, which do not depend on production volume. The change in the sales mix during the quarter has also had an impact on performance.

Nevertheless, gross margin in 1Q23 stood at 38.9%, thus maintaining the positive level of profitability, despite the factors mentioned above, namely: (i) reduction in the average sales price versus the average shown in the previous year; (ii) appreciation in the Brazilian currency over the US dollar, which resulted in reduction of margins for sales abroad, when translated into local currency; (iii) lower dilution of fixed costs. Taurus' operational efficiency is reaffirmed by the fact that the Company's gross profitability has been kept at a higher level than those obtained by US peers that have disclosed their results, and which are also listed on stock exchanges. In 1Q23, Ruger's gross margin stood at 25.8%, whereas Smith & Wesson, considering the quarter for the November/22-January/23 period, reported a 32.4% margin.

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



Operating expenses

In 1Q23, operating expenses, including the share of profit (loss) of subsidiaries, as well as impairment losses on assets, totaled R\$120.3 million, representing a 19.3% rise over 1Q22. The performance of selling expenses partially offset the trend for total operating expenses in the period, since they were down by R\$4.0 million (6.1%) in the period, reflecting both lower sales volume and revenues, which also led to a reduction in freight and commission expenses.

The Company upheld firm control over general and administrative expenses, which in the last 12 months incorporated, among other factors, the 12% collective bargaining agreement, also granted to employees in the administrative area. Between 1Q22 and 1Q23, these expenses rose by R\$2.8 million (+5.3%).

	1Q23	1Q22	1Q23x1Q22 % Chg.	4Q22	1Q23x4Q22 % Chg.
Selling expenses	61.4	65.4	-6.1%	62.9	-2.4%
General and administrative expenses	55.4	52.6	5.3%	44.6	24.2%
Losses (income) due to non-recoverable assets	3.8	0.5	660.0%	1.7	123.5%
Other operating (income)/expenses*	-0.9	-17.9	-95.0%	-33.1	-97.3%
Equity pick-up	0.7	0.2	250.0%	1.9	-63.2%
Operating expenses (SG&A)	120.3	100.8	19.3%	78.0	54.2%
Op. expenses / Net Op.Revenues (%)	26.5%	14.9%	11.6 p.p.	13.1%	13.5 p.p.
Average Ptax dollar exchange rate (R\$)	5.20	5.23	-0.7%	5.26	-1.1%

However, the main factors that led to the increase in operating expenses in 1Q23, when compared to 1Q22, were the impairment losses on assets (increase of R\$3.3 million) and, most of all, the reduction of R\$17.0 million in the balance of other operating income. The recording of non-recurring revenues in 1Q22, mainly represented by amounts referring to the recovery of PIS/COFINS, IPI and deemed ICMS, explains the reduction in the net income balance of the other operating income account from R\$17.9 million in 1Q22 to R\$0.9 million in 1Q23.

Thus, despite the strict control over expenses, the share of this account in revenues stood at 26.5% in 1Q23, which was higher than the percentage seen in previous quarters.

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



Adjusted EBITDA

We should mention at this point that the calculation of adjusted EBITDA does not take into account the profit (loss) from discontinued operations, as the Company understands that this result is not directly associated with the performance of Taurus' operating activities.

The aspects mentioned above, which include a decrease in both sales volume and revenues, in view of the market conditions in Brazil, pending new regulations for the sector, the reduction in gross profit and the increase in operating expenses, with lower dilution of these expenses, led to a decrease in EBITDA in 1Q23. Cash generation measured by adjusted EBITDA in 1Q23 totaled R\$65.3 million, down by 73.0% from the same quarter in 2022. Nevertheless, the Company maintains its status as a strong cash generator. Considering the first quarter of the last years, the adjusted EBITDA in 1Q23 was lower only than those recorded in 2020 and 2021, a period in which the market, especially in the US, the world's largest firearms market, was experiencing an atypical period, with extremely heated demand.

The adjusted EBITDA margin for 1Q23 stood at 14.4%, pressured by the factors mentioned above. Compared to foreign peers, Ruger reported an EBITDA margin of 16.0% in the quarter, whereas Smith & Wesson posted an EBITDA margin of 18.4%, considering the quarter from November/22 to January/23.

Calculation of adjusted EBITDA – Reconciliation pursuant to ICVM 156/22

R\$ million	1Q23	1Q22	1Q23x1Q22 % Chg.	4Q22	1Q23x4Q22 % Chg.
Net income	35.4	195.0	-81.8%	121.0	-70.7%
Taxes	20.0	81.9	-75.6%	51.6	-61.2%
Net financial result	0.1	-43.5	-	-17.0	-
Depreciation and amortization	8.5	8.3	2.4%	7.9	7.6%
EBITDA	64.1	241.7	-73.5%	163.5	-60.8%
EBITDA margin	14.1%	35.7%	-21.6 p.p.	27.4%	-13.3 p.p.
Result from discontinued operations	0.5	0.3	66.7%	0.6	-16.7%
Result from the equity method from affiliates	0.7	0.2	250.0%	1.9	-63.2%
Adjusted EBITDA	65.3	242.2	-73.0%	166.0	-60.7%
Adjusted EBITDA margin	14.4%	35.8%	-21.4 p.p.	27.8%	-13.4 p.p.

Adjusted EBITDA (R\$ million) and its Margin (%)



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.

Finance income (costs)

With balanced finance income (costs), Taurus reported net finance income (costs) of practically zero in 1Q23, with finance costs of R\$0.1 million, versus finance income of R\$43.5 million in 1Q22.

The exchange gains and losses represent a major component of Taurus' finance income (costs). The depreciation in the Brazilian currency is expressed as an exchange gain over the customer portfolio, and over the dollar-denominated cash of the North American subsidiary, while as an exchange loss over the financial obligations related to the Company's bank debt, almost entirely denominated in dollars (position as at March 31, 2013 of R\$425.8 million or 99.5% of the total bank debt). The exchange variations, however, consist of journal entries that do not have a cash effect.

In 1Q23, the balance between exchange gains and losses comprised finance income of R\$6.6 million, versus a net income from these accounts of R\$54.8 million in 1Q22, in view of the greater exchange rate fluctuation, in favor of the local currency, seen during the first quarter of 2022. In 1Q22, there was a 15.1% appreciation in the Brazilian Real against the US Dollar, considering the Ptax as at 12/31/2021 (R\$5.58) and 03/31/2022 (R\$4.74), whereas in 1Q23, the Brazilian currency appreciated by 2.7% over the same period in 2023.

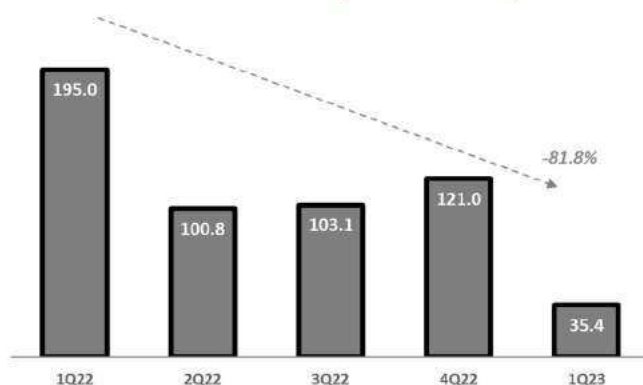
The dollar exchange rate at the end of the period is used to assess the changes in Taurus' finance income (costs), since the exchange gains and losses have an impact on the balance sheet accounts, and are calculated taking into consideration the exchange rate prevailing at the end of each reporting period.

R\$ million	1Q23	1Q22	1Q23x1Q22 % Chg.	4Q22	1Q23x4Q22 % Chg.
(+) Financial income	42.8	155.2	-72.4%	101.8	-58.0%
Foreign exchange gains	35.2	152.4	-76.9%	83.9	-58.0%
Interest and other income	7.5	2.8	167.9%	17.9	-58.1%
(-) Financial expenses	42.9	111.7	-61.6%	84.8	-49.4%
Foreign exchange losses	28.6	97.6	-70.7%	71.5	-60.0%
Interest, IOF and other expenses	14.3	14.0	2.1%	13.3	7.5%
(+/-) Net financial result	-0.1	43.5	-	17.0	-
US dollar Ptax rate at the end of period (R\$)	5.08	4.74	7.2%	5.22	-2.7%

Net income

In 1Q23, profit or loss was impacted by market conditions, with a consequent reduction in sales, mainly in the domestic market, which has already been mentioned in this report, as well as in operating revenues, coupled with a lower dilution of costs and expenses. The performance was also influenced by a slight change in sales mix, along with the financial position, since in 1Q23 the Company reported finance income (costs) practically nil, compared to finance income of R\$43.5 million in 1Q22, and R\$17.0 million in 4Q22. Thus, in 1Q23, Taurus recorded net income of R\$35.4 million, compared to net income R\$195.0 million in the same quarter of 2022, and R\$121.0 million in 4Q22.

Net Income (R\$ million)



The Company maintains its strategy based upon a focus on R&D, with the development of products that incorporate innovations and state-of-the-art technology, manufactured through efficient processes, which provide competitive industrial costs. Our operations are flexible, and we operate worldwide, so that all market opportunities are continually assessed by Taurus' market intelligence team.



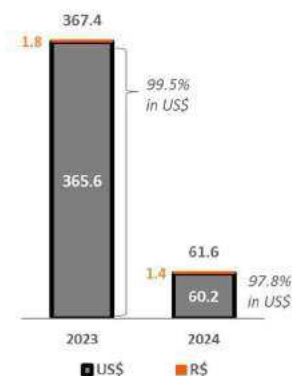
DEBT

During the first quarter of 2023, Taurus' gross bank debt was reduced by R\$59.2 million, totaling R\$429.0 million at the close of March. At the same time, the Company proceeded to increase its cash position and financial investments, which stood at R\$334.8 million as at March 31, 2023, up by 1.9% in relation to the balance recorded at the end of FY2022. Thus, net bank debt amounted to R\$94.2 million as at 03/31/2023, having been reduced by 40.9% (R\$65.4 million) during the course of 1Q23.

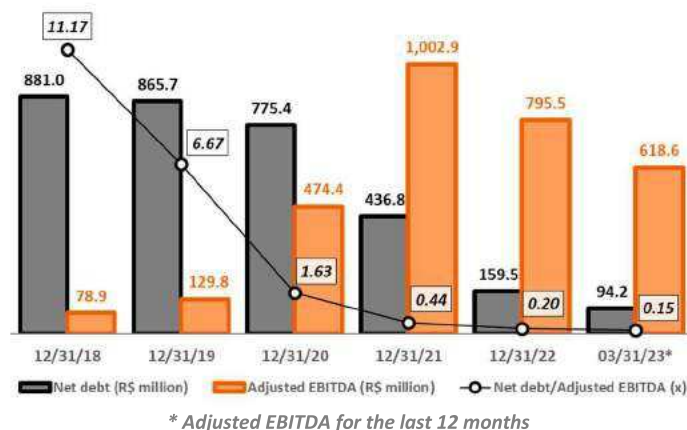
The strong cash generation of recent years has allowed for a continuous reduction in the debt balance, while financing the operations and the investments geared towards modernization and business growth. As a result, Taurus currently presents a very comfortable financial profile, with low indebtedness. Based on the EBITDA for the last 12 months ended 03/31/23, the level of financial leverage was 0.15x at the end of 1Q23.

R\$ million	03/31/2023	12/31/2022	% Chg.
Loans and financing	33.2	78.0	-57.4%
Foreign exchange drafts	334.2	314.9	6.1%
Short term	367.4	393.0	-6.5%
Foreign exchange drafts + Loans and financing	61.6	95.3	-35.4%
Long term	61.6	95.3	-35.4%
Gross debt	429.0	488.2	-12.1%
Cash and marketable securities	334.8	328.7	1.9%
Net debt	94.2	159.5	-40.9%
US dollar Ptax rate at the end of period (R\$)	5.08	5.22	-2.7%
Gross debt converted into dollars (US\$ million)	84.4	93.5	-9.7%
Net debt converted into dollars (US\$ million)	18.5	30.6	-39.5%

Bank debt profile (R\$ million)



Level of financial leverage Net debt/adjusted EBITDA



CAPITAL EXPENDITURES

The activities based on Research & Development, geared towards innovation, development and use of technology and new materials, in addition to enhancing industrial efficiency, have remained the focus of Taurus' investments, since they are essential aspects in the Company's operating strategy. In 1Q23, the Company made investments of R\$43.3 million, financed with its own generation of funds, 90% of which (R\$38.9 million) were allocated to the acquisition and installation of machinery and equipment. The balance of investments made in the quarter was used in the installation of the new SAP management system, in accordance with the Company's digital transformation plan, and in product development.



CAPITAL MARKETS

Taurus holds common shares (TASA3) and preferred shares (TASA4), which are listed on B3's Level II of Corporate Governance, a market segment that comprises those companies that have voluntarily adopted distinct corporate governance practices. Both classes of shares take part in the IGCX portfolio (Differentiated Corporate Governance Stock Index), and ITAG (Differentiated Tag Along Stock Index), and its preferred shares also take part in IBRA (Broad Brazil Index), IGCT (Corporate Governance Trade Index), INDX (Industrial Sector Index), and SMLL (Small Cap Index) of B3.

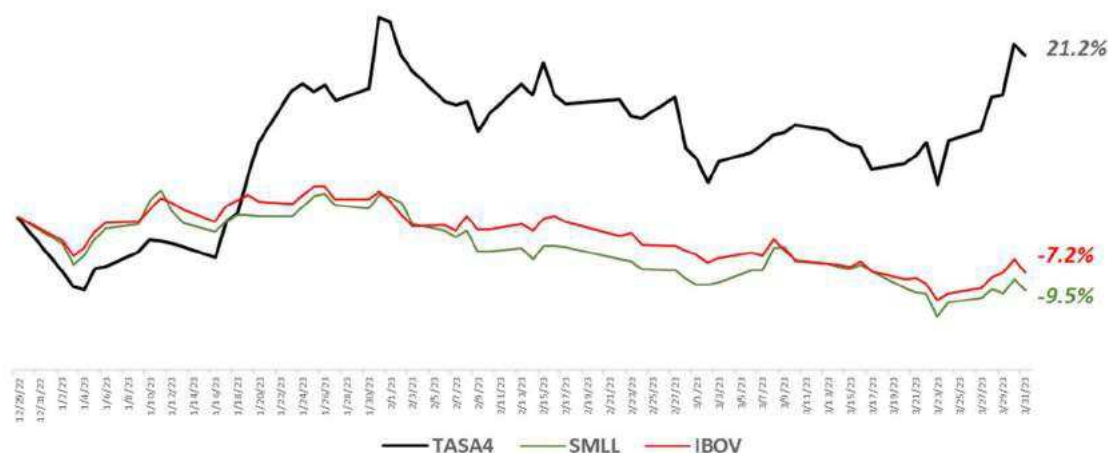
Date	TASA3 (R\$/share)	TASA3 (No./'000)	TASA4 (R\$/share)	TASA4 (No./'000)	TASA (Total No./ '000)	Market capitalization (R\$ million)	EV* (R\$ million)
12/30/2022	R\$13.25	46,445	R\$13.35	80,189	126,634	R\$1,685.9	R\$1,845.5
03/31/2023	R\$15.63	46,445	R\$16.18	80,189	126,634	R\$2,023.4	R\$2,186.3
Chg %	+18.0%	-	+21.2%	-	-	+20.0%	+18.5%

* Market capitalization + 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) versus SMLL B3 and IBOV B3 2023

Base 100: Closing prices as at 12/29/2022



ESG

On May 2, 2023, Taurus launched its 1st Sustainability Report, holding a panel discussion on the subject that included the participation of Taurus' Global CEO, Salesio Nuhs, the governor of Rio Grande do Sul, Eduardo Leite, in addition to various other authorities, representatives of partner universities and other leaderships.

The event celebrates a new stage in the Company's history, in which Taurus consolidates itself as the first strategic ESG defense company in the market. During 2022, a survey was conducted regarding the ESG practices already established in the Company, in order to prepare the Report and determine the new actions and targets to be established. In this survey, it was found that many actions had already been developed within the ESG values, such as the continued education programs and professional qualification courses; the reuse and recycling of 95% of the residues generated by the Company; investment in equipment to save light and water; investments in technology and innovation, among many other examples.

The Company has designated three pillars for consolidating the ESG themes internally, namely: people development; investment in technology; and innovation and engagement in a collaborative environment. In this respect, Taurus reinforces its commitment to pursuing partnerships with universities, developing innovation and technology, the objective of zero carbon, along with investments in renewable energies. This new moment, which is aligned with the strategic planning, will place Taurus in a position of prominence within an environmentally, socially and economically sustainable environment.



EVENTS AFTER THE REPORTING PERIOD

Payment of dividends

The Annual General Shareholders' Meeting, held on April 28, 2023, approved the payment of dividends corresponding to 35% of the adjusted net income for 2022, for the total amount of R\$164.1 million, equivalent to R\$1.2956 per common and preferred share, net of taxes. The payment was effected on May 9, 2023, to the holders of the Company's common and preferred shares on April 28, 2023.

Statutory reserve

The same AGM, held on April 28, 2023, also approved the establishment of a statutory reserve, with the purpose of supporting investments, pursuant to the Company's investment plan; the repurchase of shares under the Stock Grant Plan; the absorption of losses, whenever necessary; as well as the distribution of dividends at any time.

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.


INCOME STATEMENT

<i>R\$ million</i>	1Q23	1Q22	% Chg.	4Q22	% Chg.
Net revenues from sales of goods and/or services	453.2	676.6	-33.0%	597.9	-24.2%
Cost of goods and/or services sold	-276.8	-342.0	-19.1%	-363.7	-23.9%
Gross Profit	176.4	334.5	-47.3%	234.2	-24.7%
Operating (expenses)/income	-120.3	-100.8	19.3%	-78.0	54.2%
Selling expenses	-61.4	-65.4	-6.1%	-62.9	-2.4%
General and administrative expenses	-55.4	-52.6	5.3%	-44.6	24.2%
Losses due to non-recoverable assets	-3.8	-0.5	660.0%	-1.7	123.5%
Other operating income	3.4	28.6	-88.1%	11.2	-69.6%
Other operating expenses	-2.5	-10.7	-76.6%	21.9	-111.4%
Equity from results of subsidiaries and affiliates	-0.7	-0.2	250.0%	-1.9	-63.2%
Profit before financial income (expenses) and taxes	56.1	233.7	-76.0%	156.2	-64.1%
Financial result	-0.1	43.5	-100.2%	17.0	-100.6%
Financial income	42.8	155.2	-72.4%	101.8	-58.0%
Financial expenses	-42.9	-111.7	-61.6%	-84.8	-49.4%
Earnings (loss) before taxes	56.0	277.2	-79.8%	173.2	-67.7%
Income tax and social contribution	-20.0	-81.9	-75.6%	-51.6	-61.2%
Current	-23.8	-62.6	-62.0%	-34.8	-31.6%
Deferred	3.7	-19.3	-119.2%	-16.8	-122.0%
Net income (loss) from continued operations	35.9	195.3	-81.6%	121.6	-70.5%
Net income (loss) from discontinued operations	-0.5	-0.3	66.7%	-0.6	-16.7%
Consolidated net income (loss) for the period	35.4	195.0	-81.8%	121.0	-70.7%
Attributed to shareholders of the parent company	35.4	195.0	-81.8%	121.0	-70.7%
<i>Earnings per share (R\$/share)</i>					
<i>Basic earnings per share</i>					
Common shares (ON)	0.2795	1.6411	-83.0%	0.9498	-66.7%
Preferred shares (PN)	0.2795	1.6574	-83.1%	0.9473	-66.7%
<i>Diluted earnings per share</i>					
Common shares (ON)	0.2795	1.6411	-83.0%	0.9498	-66.7%
Preferred shares (PN)	0.2795	1.5410	-81.9%	0.9561	-70.0%


ASSETS

<i>R\$ million</i>	03/31/23	12/31/22	% Chg.
Total Assets	2,233.4	2,276.2	-1.9%
Current assets	1,405.8	1,467.6	-4.2%
Cash and cash equivalents	164.5	201.2	-18.2%
Cash and banks	149.1	178.6	-16.5%
Highly-liquid short-term investments	15.4	22.6	-31.9%
Marketable securities	170.3	105.5	61.4%
Accounts receivable	276.1	352.4	-21.7%
Inventories	636.1	630.4	0.9%
Recoverable taxes	35.0	37.0	-5.4%
Prepaid expenses	30.7	41.9	-26.7%
Other current assets	93.0	99.0	-6.1%
Non-current assets	827.6	808.6	2.3%
Long-term receivables	155.0	165.7	-6.5%
Financial investments at amortized cost	0.0	21.9	-
Deferred taxes	64.6	60.9	6.1%
Receivables from related-party	0.0	0.0	-
Other non-current assets	90.4	82.9	9.0%
Investments	3.9	4.4	-11.4%
Stake in jointly-controlled subsidiaries	3.8	4.2	-9.5%
Other investments	0.2	0.2	0.0%
Property, plant and equipment	540.2	512.7	5.4%
Fixed assets in operation	360.7	353.0	2.2%
Fixed assets in progress	179.5	159.7	12.4%
Intangible assets	128.4	125.8	2.1%


LIABILITIES

<i>R\$ million</i>	03/31/23	12/31/22	% Chg.
Total Liabilities and Equity	2,233.4	2,276.2	-1.9%
Current Liabilities	970.3	998.7	-2.8%
Social and labor obligations	65.4	66.9	-2.2%
Social obligations	6.6	6.9	-4.3%
Labor obligations	58.7	60.0	-2.2%
Suppliers	134.9	112.2	20.2%
Local suppliers	73.7	69.3	6.3%
Foreign suppliers	61.3	42.9	42.9%
Taxes payable	76.6	86.8	-11.8%
Federal Taxes payable	74.7	80.9	-7.7%
Income tax and social contribution payable	21.4	16.3	31.3%
Other taxes	53.3	64.6	-17.5%
State tax payable	1.8	5.8	-69.0%
Municipal tax payable	0.1	0.1	0.0%
Loans and financing	367.4	393.0	-6.5%
In local currency	1.8	1.8	0.0%
In foreign currency	365.6	391.1	-6.5%
Debentures	0.0	0.0	-
Other accounts payable	245.2	258.4	-5.1%
Dividends and interest on equity payable	164.1	164.1	0.0%
Rents	0.0	0.0	-
Advances from customers	32.7	38.9	-15.9%
Legal settlements to be paid	0.0	0.0	-
Other payables	48.4	55.3	-12.5%
Provisions	70.7	71.6	-1.3%
Provisions for tax, social security, labor and civil risks	59.8	60.6	-1.3%
Other provisions	10.9	11.0	-0.9%
Liabilities on assets of discontinued operations	10.0	9.7	3.1%
Noncurrent Liabilities	215.3	253.3	-15.0%
Loans and financing	61.6	95.3	-35.4%
In local currency	1.4	1.8	-22.2%
In foreign currency	60.2	93.4	-35.5%
Debentures	0.0	0.0	-
Other accounts payable	75.1	80.1	-6.2%
Related-party liabilities	1.9	1.8	5.6%
Taxes payable	19.8	22.6	-12.4%
Suppliers	11.9	12.6	-5.6%
Rents	0.0	0.0	-
Other accounts payable	41.6	43.1	-3.5%
Deferred taxes	16.6	16.7	-0.6%
Provisions	62.1	61.1	1.6%
Provisions for tax, social security, labor and civil risks	57.2	56.1	2.0%
Other provisions	4.9	5.0	-2.0%
Liabilities on assets of discontinued operations	0.0	0.0	-
Consolidated Shareholders' Equity	1,047.7	1,024.2	2.3%
Share Capital	367.9	367.9	0.0%
Capital reserves	-19.4	-21.4	-9.3%
Disposal of subscription warrants	9.9	9.9	0.0%
Stock options granted	16.2	14.1	14.9%
Capital transactions	-45.5	-45.3	0.4%
Retained earnings	464.3	464.3	0.0%
Legal reserve	41.1	41.1	0.0%
Statutory reserve	0.0	0.0	-
Retained earnings reserve	304.7	304.7	0.0%
Tax incentive reserve	118.5	118.5	0.0%
Proposed supplementary dividend	0.0	0.0	-
Accumulated earnings/losses	35.5	0.0	-
Equity valuation adjustments	44.4	44.5	-0.2%
Accumulated translation adjustments	155.1	168.9	-8.2%