



## 2Q22/1H22 Results

# TAURUS™

COMPROMISSO COM A EXCELÊNCIA



Despite an average dollar rate of R\$ 4.93, Taurus has maintained a strong operational performance, with a gross margin of 47.6% in 2Q22, and net income of R\$ 295.8 million in 1H22

São Leopoldo, August 9, 2022 – Taurus Armas S.A. (“Taurus” or “Company”) (B3:TASA3; TASA4), listed on B3’s Level 2 of Corporate Governance, one of the world’s largest manufacturers of light firearms, hereby presents its results for the 2nd quarter of 2022 (2Q22), along with the results for the first semester of 2022 (1H22). 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 periods of 2021.

### Operating and Financial Highlights – 1H22



#### Total Production:

1.1 million units in 1H22, representing a 1.7% increase compared to 1H21, with an average of 8,700 firearms/day



#### Net revenues:

R\$ 1,302.2 million in 1H22, corresponding to an 8.3% growth over 1H21



#### Gross margin:

Increase of 2.7 p.p., despite the average appreciation of 5.8% of the Real against the dollar in the semester



#### Gross Profit:

R\$ 632.3 million in 1H22, with a 48.6% margin, up by 14.8% and 2.8 p.p. when compared to 1H21

#### EBITDA:



R\$ 447.8 million in 1H22, up by 12.0% over 1H21, with a 34.4% margin, representing a 1.1 p.p. increase.



#### Net income:

R\$ 295.8 million in the semester, up 13.0% from 1H21

## Main indicators

<i>R\$ milhões</i>	2Q22	2Q21	2Q22x2Q21 % Chg.	1Q22	2Q22x1Q21 % Chg.	1H22	1H21	1H22x1H21 % Chg.
Net operating revenues	625.6	651.1	-3.9%	676.6	-7.5%	1,302.2	1,202.1	8.3%
Domestic market	218.8	164.7	32.8%	192.9	13.4%	411.7	311.1	32.3%
Exports market	406.9	486.4	-16.3%	483.7	-15.9%	890.6	891.0	0.0%
COGS	-327.9	-354.1	-7.4%	-342.0	-4.1%	-669.9	-651.1	2.9%
Gross profit	297.7	297.0	0.2%	334.5	-11.0%	632.3	551.0	14.8%
Gross margin (%)	47.6%	45.6%	2.0 p.p.	49.4%	-1.9 p.p.	48.6%	45.8%	2.7 p.p.
Operating expenses (SG&A)	-99.8	-79.8	25.1%	-100.8	-1.0%	-200.6	-165.4	21.3%
Earnings before financial result and income tax (EBIT)	198.0	217.2	-8.8%	233.7	-15.3%	431.7	385.6	12.0%
Net financial income (expenses)	-44.6	59.4	-	43.5	-	-1.1	-16.7	-93.4%
Income tax and social contribution	-51.3	-82.9	-38.1%	-81.9	-37.4%	-133.2	-107.0	24.5%
Net income (loss) from continued operations	102.0	193.7	-47.3%	195.3	-47.8%	297.3	261.9	13.5%
Net income (loss) from discontinued operations	-1.2	-0.1	1100.0%	-0.3	300.0%	-1.5	-0.2	650.0%
<b>Net income (loss)</b>	<b>100.8</b>	<b>193.6</b>	<b>-47.9%</b>	<b>195.0</b>	<b>-48.3%</b>	<b>295.8</b>	<b>261.7</b>	<b>13.0%</b>
EBITDA	205.6	224.4	-8.4%	242.2	-15.1%	447.8	400.0	12.0%
EBITDA Margin	32.9%	34.5%	-1.6 p.p.	35.8%	-2.9 p.p.	34.4%	33.3%	1.1 p.p.
Net debt (end of period)	329.0	665.7	-50.6%	198.3	65.9%	329.0	665.7	-50.6%

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

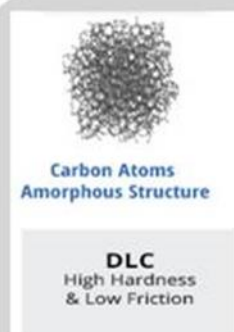
## INNOVATION ECOSYSTEM



### GRAPHENE



### MANUFACTURING TECHNOLOGY



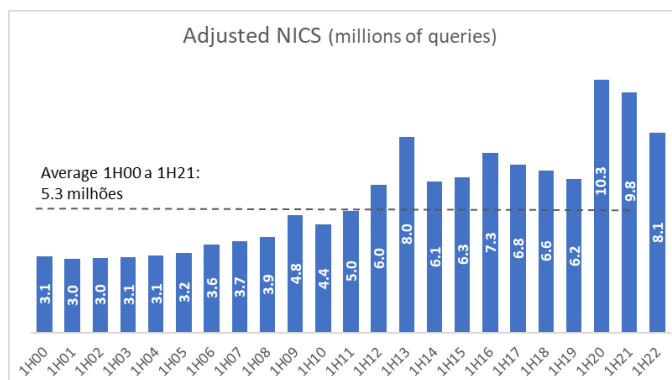
### Nb2O5

(Niobium Oxide)

## Message from Management

The first half of 2022 was very challenging, so we are proud of the results that we have achieved at Taurus, which we are reporting to the market today. We closed the second quarter with excellent results, maintaining the high level of margins that we have consolidated over the last few years, which has already become a hallmark for Taurus. We hold a dedicated team for monitoring and market intelligence, a broad and diversified portfolio of products, efficient operational processes that ensure agility in adjusting our mix and flexibility in directing production to different world markets.

The North American arms market conditions, the world's largest market, has somewhat changed in the last few months. After reaching levels of demand never seen before in 2020, a downward movement regarding purchase intentions has been apparent. Nevertheless, the NICS (National Instant Criminal Background System), an index that indicates the number of people willing to acquire a firearm in the US, has remained above the historical average. Considering the January-June period, the Adjusted NICS reached 8.1 million queries in 2022, a number 35% higher than the average recorded in the same period from 2000 to 2021. Our sales in the USA have followed this downward movement in the North American market, but in a lower proportion than that observed in NICS, when we compare the performance seen between the first half of 2021 and 2022.



At the same time, local demand has remained robust, with special mention to the increase in consumer interest in higher added-value products, a movement that has been occurring since the Brazilian legislation regarding the acquisition of firearms became more flexible. Thus, we have expanded our sales in the Brazilian market, giving priority to meeting this demand. Considering also the inflation pass-through, with the price increase adopted in August 2021, revenues from sales of firearms in Brazil have grown by 47.4%, when comparing the first half of 2022 to the same period last year. Thus, the share of revenues from local sales in the overall firearms revenues has also expanded, from 21.3% in 1H21 to 28.6% in 1H22.

We have maintained our operational profitability, with a gross margin of 48.6% in 1H22, surpassing the same half of 2021 by 2.7 percentage points, and an EBITDA margin of 34.4%, up 1.1 p.p. over the same period of comparison. In 2Q22, gross margin stood at 47.6%, also showing an increase over 2Q21 (+2.0 p.p.). We have attained excellent results, regardless of the changes in market conditions and the appreciation of the Real against the average dollar, which stood at 5.8% on the half-yearly evaluation, and 6.8% when comparing the second quarter of 2022 to 2021. Since most of our sales are made abroad (68.4% of the 1H22 revenues), the drop in the dollar exchange rate has pressured this portion of the revenues, which is converted into local currency when accounted in the Company's results. However, thanks to a richer product mix and higher operational productivity obtained with the investments, we have exceeded the profitability achieved last year, proving that our management model is both nimble and assertive.

At present, Taurus is a company whose brand is recognized for its quality, with solid results obtained from well-structured, modern operations. We offer a wide portfolio of quality products, as well as competitive production costs and end prices, which all assures good profitability. The strategy of focusing on R&D, with the development of new products that incorporate technology and efficient industrial processes through the CITE - Integrated Technology and Engineering Center Brazil/USA, as well as the investments that have been made, have proven to be the correct one.

Technology is the key-word at Taurus, our "mantra". We understand that both technology and innovation have to be part of our daily routine and, for this reason, our investments have also been targeted towards R&D, as well as the acquisition of state-of-the-art equipment. We have maintained our investment plan, which is funded by the Company's solid cash generation, and also with the possibility of resuming fundraising in the credit market. Nevertheless, taking on financing will always be carried out with very rigorous criteria, maintaining Taurus's low financial leverage, so as to ensure a healthy cash balance that allows for adequate remuneration to shareholders.



We remain committed to launching innovative products that meet market demand. The most recent, launched in July, was the Taurus GX4 Graphene, which is expected to revolutionize the market, by marking the beginning of the 3rd generation of pistols. It is the first firearm in the world to use graphene in the composition of its injected components, and in the coating of its metal parts, thus making Brazil a pioneer in the use of this technology. Graphene, a carbon-based material, is currently deemed the most resistant, light and thin material. The launch of GX4 Graphene marks the beginning of a series of important novelties that are being worked on by the Brazil/USA Integrated Engineering and Technology Center.



Taurus, in partnership with CITE and Nione - a unit of Randon and Fras-le - is developing a project for the application of niobium nanoparticles in metal alloys. In July, a meeting was held between CITE Taurus and Nione's innovation team to kick off this project which, together with graphene, will complete a new technological cycle of unprecedented materials used in the manufacture of our firearms, thus adding increasingly lighter and more resistant firearms to our portfolio. We are therefore reinforcing Taurus' pioneering spirit at a global level, in the application of nanotechnology in light firearms and, consequently, also our competitiveness in the international market. We are also negotiating a contract for the nationalization of DLC (Diamond Like Carbon) application technology, which involves the installation of a modern plant in the suppliers' condominium. This technology, which is already used today in the barrel of the GX4 pistol at our American plant, will be available for Taurus in Brazil.

And we have more news! I am pleased to announce that Taurus has entered into a new business segment: the production of suppressors (or silencers). This is an important strategic step for the Company, which will start operating in the world market for suppressors, currently estimated at US\$ 400 million, according to a source from the American Suppressor Association, and which presents strong potential for growth.

We continuously seek to identify trends, and take advantage of market opportunities. We rely on our market intelligence and flexibility in operational terms, aiming at adapting ourselves to the current market changes, and taking advantage of the opportunity to grow even more. Both, in the USA and in Brazil, we are reinforcing our marketing team and hiring new advertising agencies. At the same time, in operational terms, we have expanded the section of our production lines dedicated to the manufacture of revolvers, a classic product whose demand is more stable in the North American market.

We also enjoy flexibility in terms of the geographic distribution of sales. With the increased demand in Brazil, in recent months we have geared a greater portion of our production to cater for the domestic consumer. At the time of the launch, stocks of GX4 Graphene in most Brazilian stores, for example, were sold out in just two days. The first AMTT concept store, located in Brasília, has shown above-expected performance. The project, aimed to create a closer relationship with the consumer, is expected to launch its second unit in the city of São Paulo, where construction has already begun.

As we expected, in 2Q22 we saw an increase in sales to countries other than the USA, and still pursue the decision to expand our presence in international bids, whenever we deem this to be advantageous, and providing there is enough production margin to do so. We enjoy great competitiveness when participating in these tenders, since we rely on quality products and competitive prices.

The joint venture for magazines continues in full operation, and has been expanding its production and broadening the models available. The strategic decision to produce magazines in Brazil has proven to be the correct one, since the strong demand last year led to a shortage of the product on the market, so that Taurus would not have been able to deliver the record volume of weapons it sold if it could not rely on its own manufactured magazines.

*A major issue that is at the center of discussions worldwide is the ESG (environmental, social and corporate governance) agenda. At Taurus, now that we have established a solid foundation for our Company in operational and financial terms, we are dedicating greater focus to this important issue. With regard to corporate governance, we had already implemented a consistent structure, adopting the best practices, such as a Board of Directors made up of a majority of independent members, the existence of a permanent Audit Board and a statutory Audit Committee, among others. We are now concentrating our focus on the other two aspects of the ESG, as well as gathering data and information to report to the market. E&Y has drawn up Taurus' first relevance matrix, in which the topics of greatest prominence to the stakeholders have been mapped out. The Company, in partnership with the hired company, will determine the targets and measuring processes, as well as preparing the Company's first Annual Sustainability Report, which is expected to be published in 2023.*

*On the social front, considering the internal public, over the last two years we have invested in various projects designed for the professional development of our employees, thus contributing to the personal growth and growing qualification of the Taurus team. To this end, we developed the Educational Program of Excellence in Research and Innovation (Proet), which finances up to 70% of post-graduate, master's and doctoral courses, and the "Trilhar Project", which defines career paths and will offer over 300 qualification courses for employees to plan their professional development. Over 1,000 hours of training have already been offered, with the participation of more than 1,300 employees, including 21 in the MBE in Taurus Systems Engineering and five master's degree students. We also maintain our commitment to society and the creation of professional opportunities. In this sense, we take part in the Young Apprentice Program, and we also run the Taurus do "Bem Project", which aims to include people with disabilities in the labor market.*

*We proceed with many ongoing projects and plans for Taurus, based on growth, technology and strategic partnerships with universities and entities connected with innovation. Our focus is geared towards delivering results that are consistent with our firm commitment to making Taurus a company whose innovation and technology is recognized worldwide. On this journey, we rely on the guidance of our Board Members, whom we are very grateful for, just as we are grateful for the support and trust of our shareholders, the partnership of our suppliers and clients, and the dedication of our employees.*

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CEO



## Operational Performance

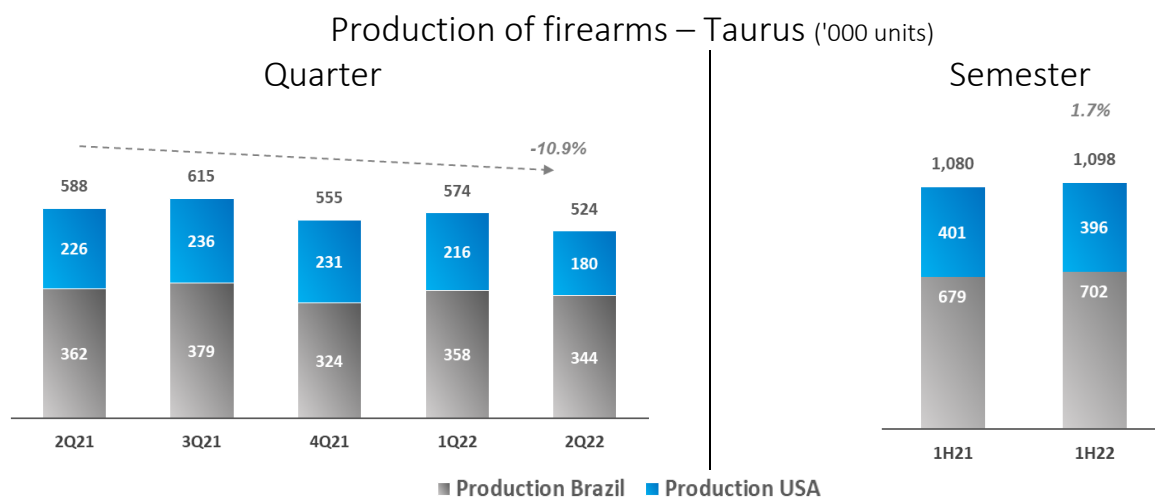
### Production

Taurus produced 524,000 units in 2Q22, and accumulated a total volume of 1.1 million firearms produced in the first six months of the year, representing a 1.7% increase in relation to the same period of the previous year, and an average of 8,700 units per day from its production lines located both in Brazil and in the USA.

Considering the quarterly performance, there was a reduction in production volume by 10.9% in relation to 2Q21, mainly due to the adaptation of production at the industrial plant in the USA. The plant located in Brazil, Taurus's largest unit, produced 344,000 firearms in 2Q22, which also presented a reduction of 5.0% in relation to the same quarter of 2021. However, with regard to 1H22, the production of the Brazilian industrial plant showed a 3.4% rise in relation to the same period of the previous year, in order to meet the greater demand from both the domestic and foreign markets, except for the USA, which are supplied by the Brazilian plant.

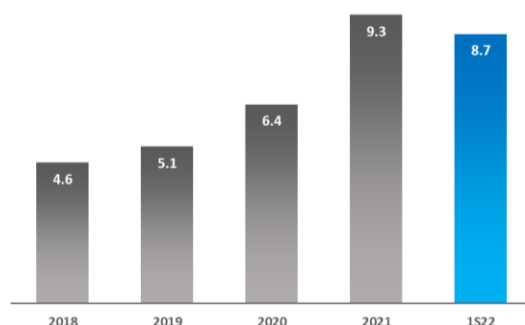
The adoption of new processes that have been developed by CITE - Integrated Technology and Engineering Center Brazil/USA has brought efficiency gains in production, which, together with the investments made in modern manufacturing equipment, contribute to the Company's growing industrial flexibility, and consequent agility to adapt production to market demands. Over the last two years, when there was an explosion in demand for firearms in the USA, the consumer was focused mainly on polymer pistols. Taurus was promptly able to meet the demand, prioritizing the production of this type of firearm, furthermore introducing launches of quality products to the market, with incorporated technology within the segment. Following the cooling of this demand in 2022, the American consumer has intensified demand for revolvers. Attentive to the changes in the market, the Company adjusted its production mix, dedicating greater emphasis to the revolvers line, a segment in which Taurus is the largest world producer, with an estimated share of 61% of the North American market in 2021. The revolver is a classic product, for which demand is more stable, having not grown as strongly as the pistol segment during the last two years, but maintaining good performance during the period, as well as in the first half of 2022, and furthermore with a positive outlook for the upcoming quarters.

The Excellence in Revolvers Project continues to develop programs intended to reinforce the differential of the Taurus brand within this segment, in addition to the competitiveness of the products on the market, by offering quality and competitive prices. The Company also continues to pursue the strategy of diversifying and expanding its product mix, through launches in new and higher added value segments, always with a view to taking advantage of opportunities in different markets, as well as mitigating risks. An example of this is the launching of a new range of tactical firearms, such as the T4 rifles in .300 caliber AAC Blackout and the T10 in 308 caliber, as well as the re-launching of the world-renowned Rossi revolvers in Brazil and the United States, and of the traditional single-action revolver, presented as an exclusive special edition, in celebration of the bicentennial of Brazil's independence.





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



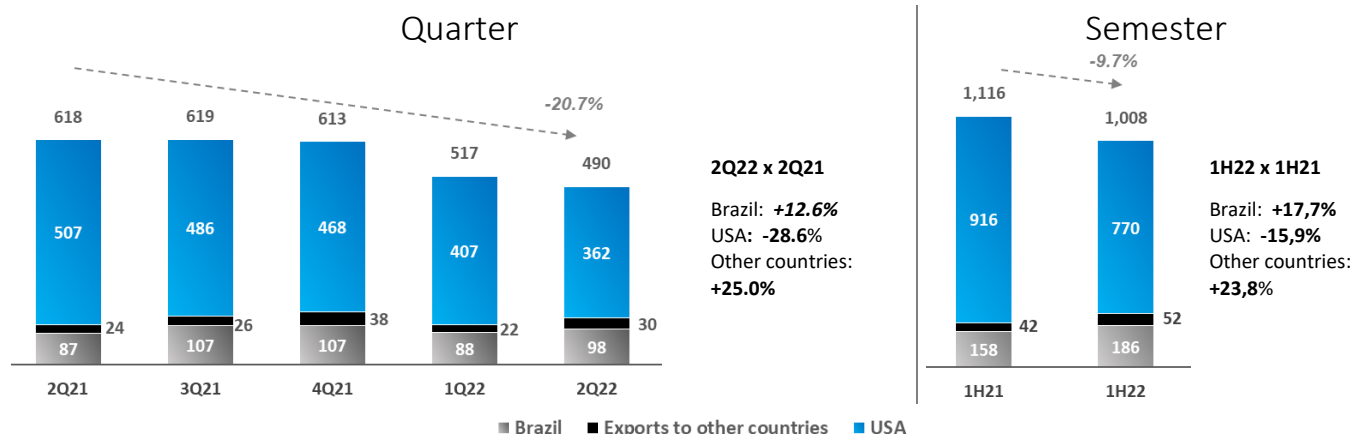
## Sales

Following the unprecedented demand in the US market, between the mid-2020 and 2021, there was, as expected, a market adjustment in the first half of 2022. The USA is the world's largest firearms market, and consequently also the major market for Taurus' products. As a result, the Company's total sales also saw an adjustment in volume when compared with 2Q22 in relation to 2Q21, although to a lesser extent than that seen in the NICS. The Company has been gaining participation in the North American market, with growing consumer demand for its brand, in such a way that, attentive to this movement, the distributors in that country have expanded their stocks of Taurus products. In view of the declining pace of demand, coupled with the high inflation in the USA - 9.1% over the last 12 months to June 2002, the highest rate since 1981 - the distributors began to adjust their orders, by using their inventories and thus temporarily reducing the number of new orders. Even so, Taurus has managed to maintain a back-order of 462,000 units.

Overall, 490,000 units were sold in 2Q22, a volume 20.7% lower than that recorded in the same quarter of 2021, for a total of 1.0 million firearms in 1H22, representing a 9.7% fall when compared to the first half of the previous year. The lower sales in the US were partially offset by the increase in the volume sold in Brazil and in exports to the rest of the world, for both periods of comparison. The North American market remains as the main one for Taurus, since it is the largest in global terms, but the Company is flexible enough to access other markets, exploring the existing opportunities. It also relies on a broad product portfolio, following the ongoing strategy of diversifying its product mix even further, with technology and innovation, and also retaining the flexibility and agility to adapt its production lines.

The plant located in India, from the joint venture between Taurus and the Jindal Group, has already been completed and is being equipped, awaiting the last operating licenses. At the same time, commercial efforts are underway in relation to that major market, with a Taurus trade mission having recently returned from India. The Indian Ministry of Defense has opened the so-called "AoN - Acceptance of Necessity", the first step in the acquisition process, which should take place in the coming months, with the launching of a tender for the purchase of more than 400,000 rifles. Taurus is already preparing to take part in this bidding process. Within the scope of the Armed Forces, the future acquisition of at least 140,000 submachine guns is under analysis and, within the sphere of state police and paramilitary forces, the possibility of acquiring another 120,000 units is being considered, including pistols, submachine guns and rifles of various calibers.

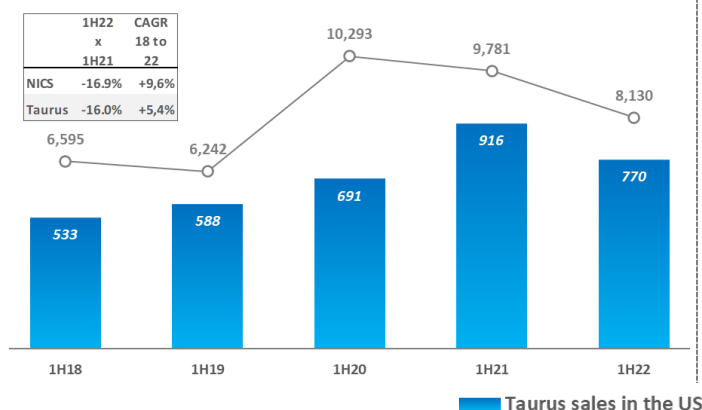
Firearms Sales Volume - Taurus - (thousand units)



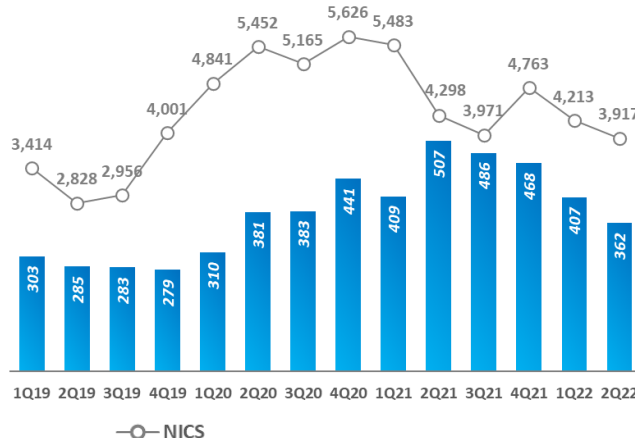
The intention to acquire firearms in the US market, as measured by the Adjusted NICS (National Instant Background Check System), reached its highest peak in history in March 2020, and, considering the accumulated quarterly figures, the peak in 4Q20. Although it has been slowing down since then, it has not shown a consistent drop, with the data for June/22 showing an 8.1% rise in relation to the previous month, and the accumulated figure for the semester remaining above the historical average for this indicator. 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. Compared with 1H21, the NICS in 1H22 showed a 17% drop, whereas Taurus' sales in the USA fell by 16%. Considering the first semester of each year between 2018 and 2022, Taurus sales in the USA recorded an average compound growth rate (CAGR) of 10% per annum for the period, compared to a CAGR of 5% for NICS, which evidences the gain in the market for the Company in that country over the last few years.

US Market - Taurus sales and intention to acquire firearms (NICS) - (thousand units)

1st quarter of the years 2018 through 2022



Quarterly Performance



## Economic and financial performance

### Net Operating Revenues

In addition to firearms and accessories, the main segment of activities, and accounting for 95.0% of the revenues in 2Q22 and 95.7% in 1H22, Taurus's net operating revenues also include the results of sales of M.I.M. (metal injection molding) parts and helmets. The Company's consolidated result is therefore basically related to the performance of the firearms & accessories segment.

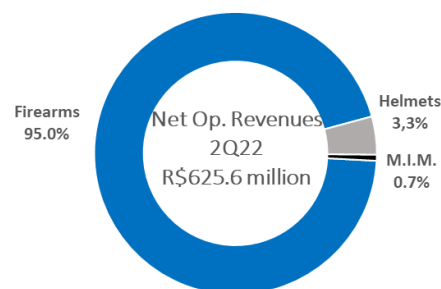
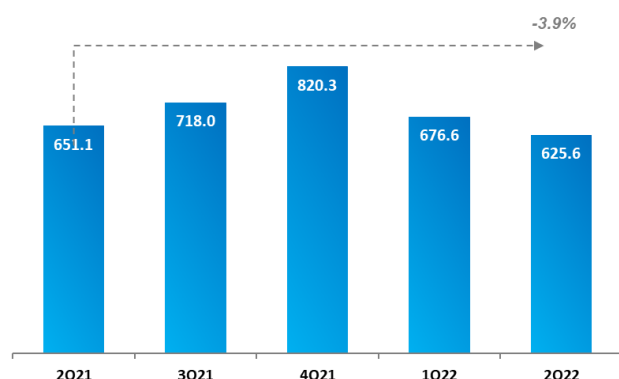
In 2Q22, consolidated net revenues came to R\$ 625.6 million, down by 3.9% year-over-year, and totaled R\$ 1,302.2 million in 1H22, representing an 8.3% growth when compared to the first half of the previous year. This performance was mainly driven by the following factors: (1) reduction in the sales volume of firearms, by 20.7% in the quarter and 9.7% in the semester; (2) devaluation of the average dollar against the local currency, by 6.8% in the quarter and 5.8% in the semester, which had a negative impact on revenues, since most of the sales were made abroad; and, offsetting the negative pressures, (3) the new price list applied in the second half of 2021, with a pass-through of inflation in Brazil and an increase in dollar terms in the USA.





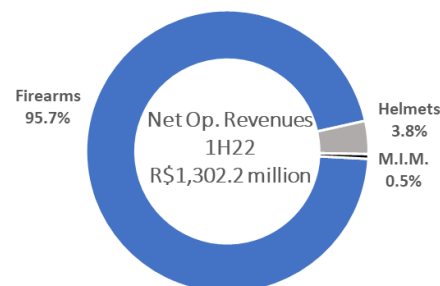
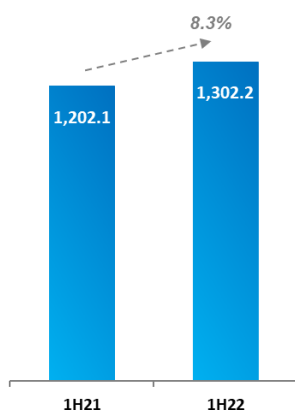
## Consolidated Net Operating Revenues (R\$ million)

QUARTER



## Consolidated Net Operating Revenues (R\$ million)

SEMESTER

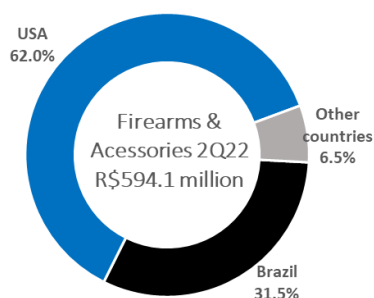


Considering the firearms & accessories segment alone, in 2Q22 revenues came to R\$ 594.1 million, down by 4.0% in comparison with 2Q21. In the same period, there was a 19.2% drop in revenues from sales in the USA, also pressured by the devaluation of the dollar against the Brazilian Real, as mentioned above, which was partially offset by the increase in revenues in the other markets in which the Company operates, especially in Brazil, which posted a 41.0% growth in the period.

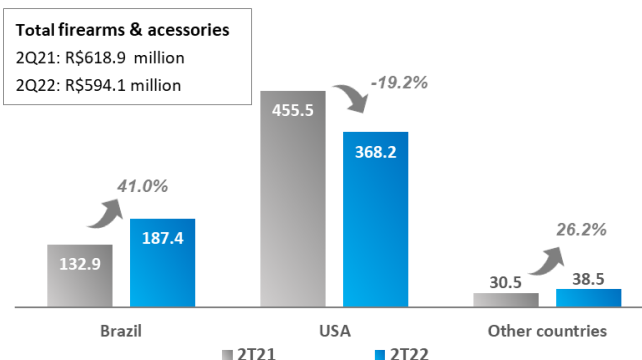
In the first six months of 2022, there was a 10.1% rise in revenues from the firearms & accessories segment when compared to that recorded in 1H21. Once again, there was a growth in revenues from sales in Brazil and in the rest of the world, offsetting the reduction in revenues in the North American market, as can be noted in the charts below. The Company has the ability to adjust its sales geographically and, with flexibility also in terms of production capacity, it can adjust the demands to the needs of the market.

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

QUARTER

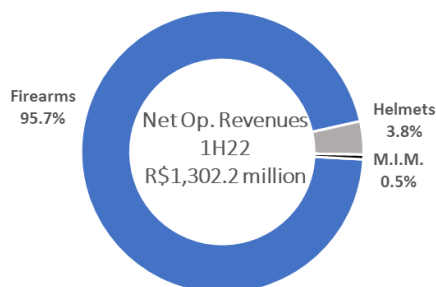


### Firearms & accessories per market (R\$ million)

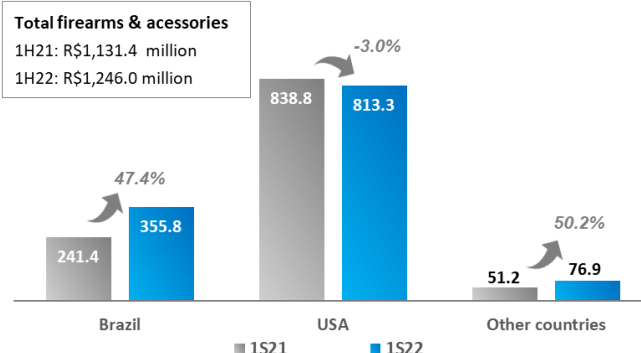


## Net Operating Revenues - Firearms & Accessories (R\$ million)

### SEMESTER

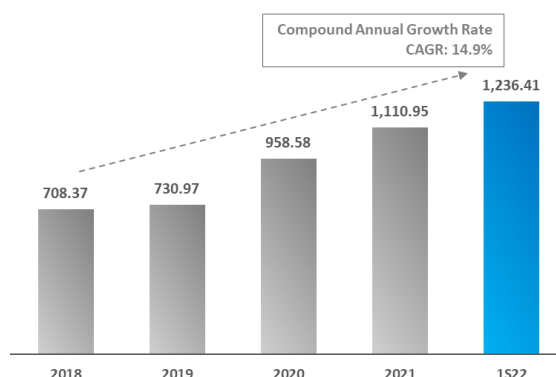


### Firearms & accessories per market (R\$ million)



The strategy of investing in technology and establishing a sales mix of higher added value firearms has contributed effectively to the Company's performance over the last few years. The products launched over the last two years accounted for 22.7% of Taurus's revenues from firearms in 1H22. Taurus's average sales price of firearms has been growing continuously, showing an 11.3% increase in 1H22 in comparison with 1H21, and a weighted average growth rate of 14.9% per annum for the period between 2018 and 1H22.

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



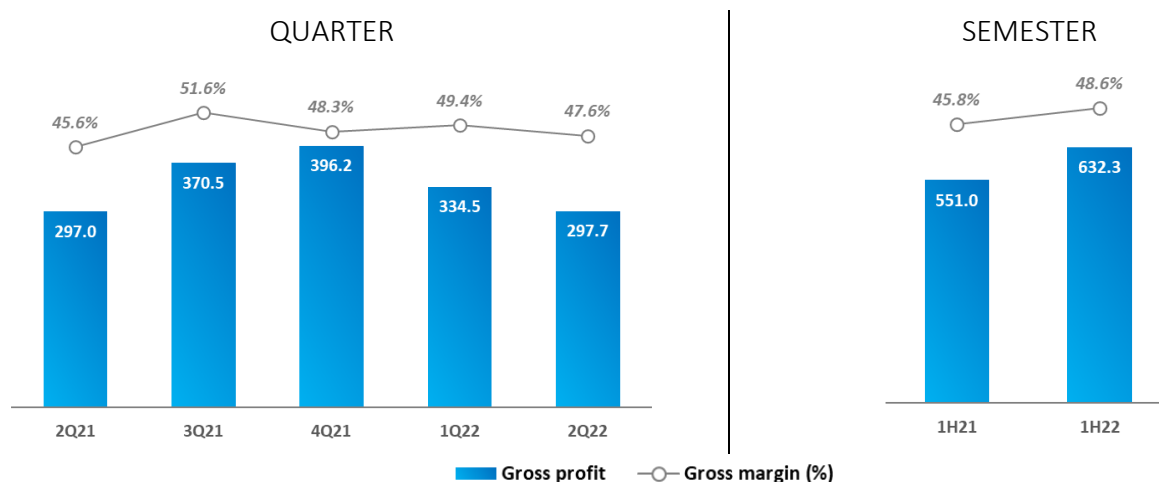
### Gross Profit

Gross profit and its margin evidenced, once again, the stability of Taurus's performance and its operational and commercial flexibility. The gross profit in 2Q22, of R\$ 297.7 million, remained virtually flat in relation to that obtained in 2Q21 (an increase of 0.2%), and the Company achieved an increase in profitability, with the gross margin at 47.6%, 2.0 percentage points higher than that recorded in the same quarter of 2021, despite the retraction in demand seen in the North American market during the period, and the consequent reduction in Taurus's sales volume, in this market, which is the Company's main destination.

In 1H22, gross profit amounted to R\$ 632.3 million, representing a 14.8% increase over 1H21, with a gross margin increase of 2.8 p.p. in the period, to 48.6%. The diversification and expansion of the product mix, coupled with the Company's strategic action, with continuous monitoring of consumer demands and market trends, always aiming to seize opportunities and mitigate risks, are the basis of the Company's good performance.

The increase in the average sales price denominated in Brazilian Reais, despite the FX loss on sales made abroad (which accounted for 71.5% of revenues in 1H22), provided for the increase in revenues and also the gain in profitability, since it is related mainly to the higher added value and greater profitability of the sales mix for Taurus, and not only to the adjustment of prices in relation to cost inflation. The modernization of the industrial complex, accompanied by the adoption of efficient operational processes, with renewal of the portfolio based on the launching of products that have innovative and low cost processes developed by the Brazil/USA Integrated Technology and Engineering Center (CITE), have complemented each other in order to maintain Taurus' strong competitiveness in the market, with high margins for the Company.

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



## Operating expenses

Operating expenses amounted to R\$ 99.8 million in 2Q22, totaling R\$ 200.6 million in 2H22, representing increases of 25.1% and 21.3%, respectively, compared with the same periods of the previous year.

The Company has been focusing its efforts in the commercial area, aiming at further reinforcing the Taurus brand, especially in the North American market, where it strengthened its internal marketing team and changed its advertising agency, as planned. The strong commercial efforts caused selling expenses to increase, which amounted to R\$ 60.1 million in 2Q22, representing a 22.9% rise in relation to 2Q21, and R\$ 125.5 million for the first half of 2022, up by 34.7% in relation to that recorded in 1H21.

In addition, the increase in total operating expenses was influenced by non-recurring items recorded under "other operating income". In 2Q22, the Company recorded a net operating income balance of R\$ 5.5 million under the caption "others", while in 2Q21 this account showed a net operating income balance of R\$ 23.8 million, representing a 76.9% fall in the period. This extraordinary income reported in 2Q21 primarily relates to the full waiver of the US\$ 3.0 million loan granted to Taurus USA, as part of the U.S. government's PPP - Paycheck Protection Program, created to reduce the negative effects of the Covid 19 pandemic on the economy. Also contributing to the higher balance of the "other income" line in 2Q21, were the amounts related to the recovery of PIS/COFINS, IPI and presumed ICMS recorded in that quarter. Excluding the extraordinary effects, the Company has kept its SG&A expenses in line with 2021, in spite of the strong inflationary pressure.

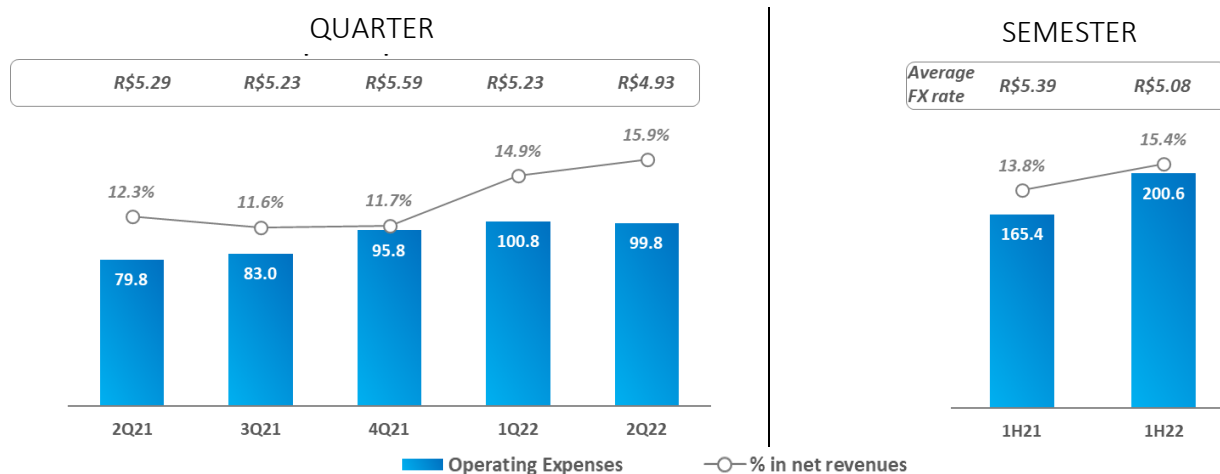
General and administrative expenses showed a decrease in the periods of comparison, both quarterly and for the accumulated in the semester. Also contributing to offset the increase in operating expenses was the devaluation of the average dollar, since the Company runs a plant in the U.S., with operating expenses incurred in that country being, therefore, calculated in dollars and booked in the consolidated result in local currency.

	2Q22	2Q21	2Q22x 2Q21 % Chg.	1Q22	2Q22x 1Q21 % Chg.	1H22	1H21	1H22x1H21 % Chg.
Selling expenses	60.1	48.9	22.9%	65.4	-8.1%	125.5	93.2	34.7%
General and administrative expenses	45.2	54.8	-17.5%	52.6	-14.1%	97.8	98.5	-0.7%
Losses (income) due to non-recoverable assets	0.0	-0.2	-	0.5	-	0.5	0.3	66.7%
Other operating (income)/expenses*	-5.5	-23.8	-76.9%	-17.7	-68.9%	-23.3	-26.6	-12.4%
<b>Operating expenses (SG&amp;A)</b>	<b>99.8</b>	<b>79.8</b>	<b>25.1%</b>	<b>100.8</b>	<b>-1.0%</b>	<b>200.6</b>	<b>165.4</b>	<b>21.3%</b>
Op. expenses / Net Op.Revenues (%)	15.9%	12.3%	3.7 p.p.	14.9%	1.0 p.p.	15.4%	13.8%	1.6 p.p.
Average Ptax dollar exchange rate (R\$)	4.93	5.29	-6.8%	5.23	-5.7%	5.08	5.39	-5.8%

\* Including equity pick-up



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



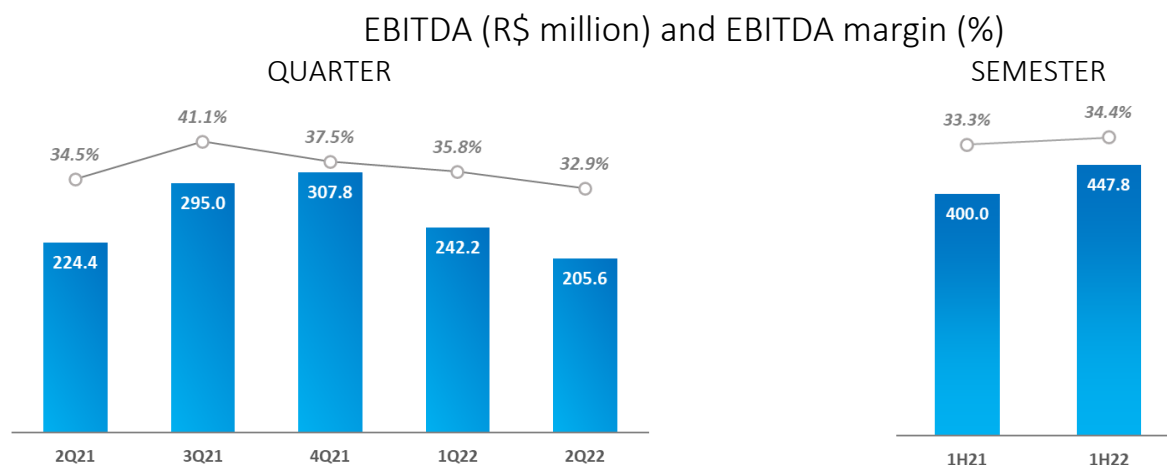
## EBITDA

In 2Q22, the Company recorded an EBITDA of R\$ 205.6 million, down 8.4% from 2Q21, with an EBITDA margin of 32.9%. This result is explained by the combination of the factors mentioned above, with the change in the sales mix, which led to an increase in the average price and higher gross profitability, offset by a reduction in sales volume and higher operating expenses due to the non-occurrence of extraordinary revenues and higher selling expenses in connection with the commercial strategy.

In 1H22, this operating cash generation indicator amounted to R\$ 447.8 million, up by 12.0% over the same period of the previous year, with a 1.1 percentage point increase in the margin, which reached 34.4%, confirming the reliability of the Company's processes and business, as a strong cash generator. The charts below illustrate the positive effect of the steady cost management, coupled with investments in the modernization of the plant, and the development of efficient production processes, in addition to the increasing share of higher value-added products in the sales mix.

## Calculation of EBITDA — Conciliation pursuant to ICVM 527/12

R\$ million	2Q22	2Q21	2Q22x 2Q21 % Chg.	1Q22	2Q22x 1Q21 % Chg.	1H22	1H21	1H22x1H21 % Chg.
Net operating revenues	625.6	651.0	-3.9%	676.6	-7.5%	1,302.2	1,202.1	8.3%
Cost of goods sold	-327.9	-354.1	-7.4%	-342.0	-4.1%	-669.9	-651.1	2.9%
Gross profit	297.7	297.0	0.2%	334.5	-11.0%	632.3	551.0	14.8%
Operating expenses	-99.8	-79.8	25.1%	-100.8	-1.0%	-200.6	-165.4	21.3%
Deduction of the equity from results of subsidiaries	0.2	0.0	-	0.2	0.0%	0.4	0.0	-
Inclusion of depreciation and amortization	7.4	7.2	2.8%	8.3	-10.8%	15.7	14.4	9.0%
<b>EBITDA</b>	<b>205.6</b>	<b>224.4</b>	<b>-8.4%</b>	<b>242.2</b>	<b>-15.1%</b>	<b>447.8</b>	<b>400.0</b>	<b>12.0%</b>
<b>EBITDA margin</b>	<b>32.9%</b>	<b>34.5%</b>	<b>-1.6 p.p.</b>	<b>35.8%</b>	<b>-2.9 p.p.</b>	<b>34.4%</b>	<b>33.3%</b>	<b>1.1 p.p.</b>



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

## Financial result

Foreign exchange variations, both asset (income) and liability (expenses), represent the major component of Taurus's financial result. The devaluation of the Brazilian currency is expressed as an asset exchange variation on the client portfolio, and on the dollar-denominated cash of the American subsidiary, and alternatively as a liability exchange variation over the financial obligations relating to the Company's debt, which is mostly denominated in dollars (position as at 6/30/22 of R\$ 584.3 million or 98.7% of the total bank debt). Exchange variations, however, have no cash effect. Considering the Ptax dollar rate at the end of the periods of 06/30/22 and 06/30/21, the Brazilian Real depreciated by 4.8% between these dates.

The dollar rate at the end of the period is used to calculate the changes in Taurus' financial results, since the foreign exchange assets and liabilities are charged to the balance sheet accounts, and are calculated considering the exchange rate on the closing date of the period.

R\$ million	2Q22	2Q21	2Q22x 2Q21 % Chg.	1Q22	2Q22x 1Q21 % Chg.	1H22	1H21	1H22x1H21 % Chg.
<b>(+) Financial income</b>	<b>76.8</b>	<b>132.9</b>	<b>-42.2%</b>	<b>155.2</b>	<b>-50.5%</b>	<b>232.0</b>	<b>148.7</b>	<b>56.0%</b>
Foreign exchange gains	73.5	131.7	-44.2%	152.4	-51.8%	226.0	147.2	53.5%
Interest and other income	3.3	1.2	175.0%	2.8	17.9%	6.0	1.5	300.0%
<b>(-) Financial expenses</b>	<b>121.4</b>	<b>73.5</b>	<b>65.2%</b>	<b>111.7</b>	<b>8.7%</b>	<b>233.1</b>	<b>165.4</b>	<b>40.9%</b>
Foreign exchange losses	109.5	60.1	82.2%	97.6	12.2%	207.1	139.4	48.6%
Interest, IOF and other expenses	11.9	13.4	-11.2%	14.1	-15.6%	26.0	26.0	0.0%
<b>(+/-) Net financial result</b>	<b>-44.6</b>	<b>59.4</b>	<b>-</b>	<b>43.5</b>	<b>-</b>	<b>-1.1</b>	<b>-16.7</b>	<b>-93.4%</b>
<b>US dollar Ptax rate at the end of period (R\$)</b>	<b>5.24</b>	<b>5.00</b>	<b>4.8%</b>	<b>4.74</b>	<b>10.5%</b>	<b>5.24</b>	<b>5.00</b>	<b>4.8%</b>

In 2Q22, the financial result was a net financial expense of R\$ 44.6 million, reversing the net result of a net financial income of R\$ 59.4 million recorded in the same quarter of 2021. The reduction in financial income and the increase in financial expenses were recorded simultaneously, due to the effect of the devaluation of the Brazilian Real, mainly on the bank debt balance, as previously mentioned.

In 1H22, the financial balance was a net expense of only R\$ 1.1 million, since the net financial result of the first three months of the year (R\$ 43.5 million income in 1Q22) almost entirely offset the net financial expenses of the following three months (R\$ 44.6 million expense in 2Q22). This performance also relates to foreign exchange variations, as a result of the exchange rate.

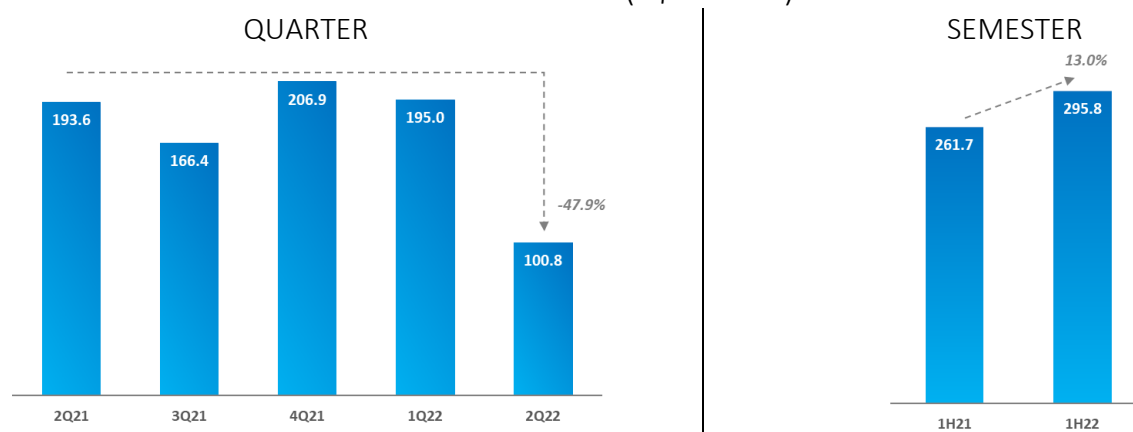
## Net income

In 2Q22, the Company maintained a strong operating performance, recording a gross profit that remained basically stable year-over-year, with a gross margin that rose 0.2 p.p. over 2Q21, due to the increase in operating efficiency, the higher profitability of the products sold and the price list increase adopted in July/21 in the USA and in August/21 in Brazil. The net income in 2Q22 came to R\$ 100.8 million, down by 47.9% when compared to 2Q21, mainly due to the pressure represented by the reversal of the net financial income of R\$ 59.4 million recorded in 2Q21, to net expenses of R\$ 44.6 million in 2Q22, which resulted in a negative change of R\$ 104.0 million. Most of this financial result is related to asset and liability exchange variations, which, however, have no cash effect. The increase in operating expenses also had an impact on earnings, mainly as a result of non-recurring income recorded in 2Q21 and higher selling expenses, which resulted from the reinforcement being carried out in commercial and marketing activities. In addition, the reduction of R\$ 31.6 million in the income tax and social contribution account partially offset the higher expenses in the quarter.

In 1H22, net income of R\$ 295.8 million was 13.0% higher than in the same period of the previous year, due to the increase in gross profit and EBITDA, as well as in margins. Looking at the results for the first six months of 2022, the adjusted net profit estimated for the distribution of dividends would already amount to nearly R\$ 255 million, an amount higher than the R\$ 194.3 million of adjusted net income calculated for the year 2021, which was fully distributed to shareholders as dividends. As laid down in its Bylaws, Taurus pays remuneration to the shareholders equivalent to at least 35% of the adjusted net income.

Taurus has consolidated its profile as a reliable company, which generates solid cash generation and results. The basis for this profile is laid in the strategy adopted, which includes the adoption of efficient operating processes, investments in R&D, through the work developed by the Brazil/USA Integrated Technology and Engineering Center (CITE), and in modern machinery, close monitoring of the market and its trends, seeking to anticipate consumer demands, as well as the risks and opportunities presented by the market. The Company's current operational structure provides agility in the industrial operation, large production capacity, in addition to the flexibility of directing its production to different market segments in terms of products and geographical distribution.

Net income (R\$ million)



## Debt

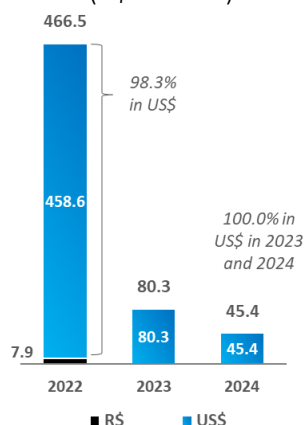
Over the last six months, Taurus's gross bank debt has decreased by R\$ 101.1 million, to R\$ 592.2 million as at June 30, 2022. Considering the cash and cash equivalents position on that date, the net debt at the end of 2Q22 stood at R\$ 329.0 million, an amount 24.7% or R\$ 107.8 million lower than that recorded at the end of FY 2021.

Taurus's bank debt is basically denominated in dollars, with only 1.3% (R\$ 7.9 million) of the balance recorded at the end of 2Q22 in local currency. In terms of maturity, 78.8% (R\$ 466.5 million) has its maturity in the short term, which includes the total bank debt taken out in Reais. The remaining 21.2% (R\$ 125.7 million) that are in the long term hold maturities between 2023 and 2024. The Company has already been negotiating with the creditor banks to change this profile, aiming to lengthen the maturity of the debt.

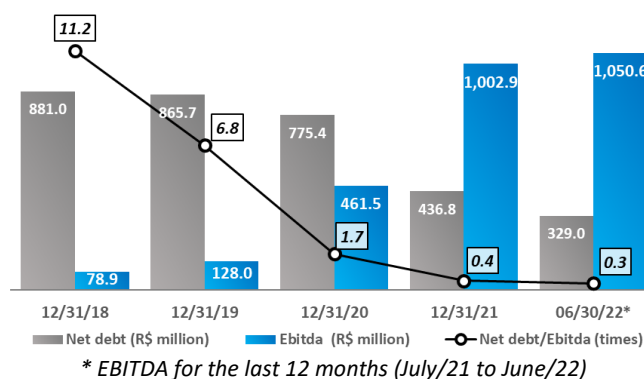
R\$ million	06/30/2022			12/31/2021			% Chg. Consolidated
	Consolidated	Brazil	USA	Consolidated	Brazil	USA	
Loans and financing	233.9	206.7	27.2	476.0	476.0		-50.9%
Foreign exchange drafts	232.6	232.6		142.9	142.9		62.8%
<b>Short term</b>	<b>466.5</b>	<b>439.3</b>	<b>27.2</b>	<b>618.9</b>	<b>618.9</b>		-24.6%
Foreign exchange drafts	125.7	125.7		74.4	74.4		69.0%
<b>Long term</b>	<b>125.7</b>	<b>125.7</b>		<b>74.4</b>	<b>74.4</b>		69.0%
<b>Endividamento bruto</b>	<b>592.2</b>	<b>565.0</b>	<b>27.2</b>	<b>693.3</b>	<b>693.3</b>		-14.6%
Cash and marketable securities	263.2			256.5			2.6%
<b>Net debt</b>	<b>329.0</b>			<b>436.8</b>			-24.7%
<b>US dollar Ptax rate at the end of period (R\$)</b>	<b>5.24</b>			<b>5.58</b>			-6.1%
<b>Gross debt converted into dollars (US\$ million)</b>	<b>113.0</b>			<b>124.2</b>			-9.0%



### Bank debt profile (R\$ million)



### Level of financial leverage – Net Debt / EBITDA



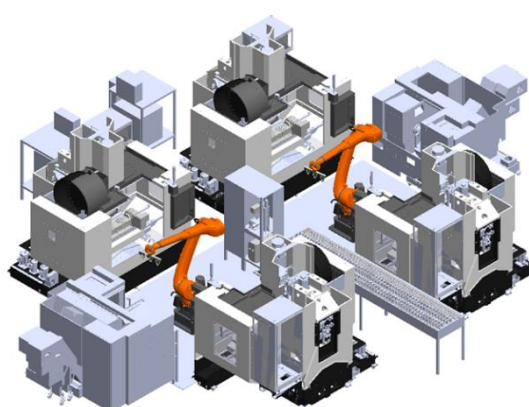
The continuous and consistent reduction in bank debt, along with the increase in cash generation over the last few years, has enabled the Company to become fully financially deleveraged. At the end of June, considering the EBITDA generated in the last 12 months, the net debt/EBITDA ratio stood at 0.3x, indicating that 30% of the annual cash generation measured by this indicator would be sufficient to pay off all of the bank debt.

In addition to the negotiation with the intention of extending the maturity 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 once again resort to the credit market, if necessary, especially to support the investments envisaged in the strategic planning, while keeping the leverage ratio at low levels.

## Capital expenditures

The focus of investments continues to be on the enhancement of industrial efficiency and expansion of production capacity. For the year 2022, the planned investments are maintained. Since the Company has fully resolved the bank debt issue, it maintains a policy of strict financial control, considering its own cash generation as the main source of financing for its investments, in addition to the possibility of accessing once again the credit market, although in such a way as to maintain a low financial leverage ratio.

The investments made in the first six months of 2022 totaled nearly R\$ 80 million, and were earmarked for projects involving tactical firearms, pistols, revolvers, the MIM (metal injection molding) production plant, the new suppressor segment, and infrastructure. The plans for the second half of the year are even more substantial, and should involve the investment of about R\$ 90 million. The estimated amount includes the construction of the new MIM facility, which will hold the furnace acquired at the end of 2021, expected to be delivered by the first quarter of 2023, and will double the production capacity of this plant, besides enabling the production of stainless steel parts.



In line with the strategy of having technology and innovation at Taurus' core, the Company is developing partnerships with FINEP - Financial Agency for Studies and Projects, with the aim of expanding the capacity of CITE to develop innovative technologies. New metallurgy and metrology laboratories, and a prototyping and testing center to be created at Taurus' headquarters, in the area acquired at the end of 2021 attached to the São Leopoldo industrial plant, are part of this investment. The commitment to innovation, technology and manufacturing efficiency, relying on highly specialized resources and personnel, translates into the maintenance of Taurus' high level of profitability.

An important step towards innovation is the Niobium Project, conceived in partnership between CITE and Nione, a unit formed by Randon and Frax-Le, aimed at the use of niobium nanoparticles in the composition of materials to be used in metal parts and coatings. The development of niobium technology will be added to the use of graphene, forming a new technological milestone in the materials used in the manufacture of Taurus firearms. This technology will enable the development of increasingly lighter and more resistant firearms, thus enhancing Taurus' competitive advantages and pioneering role in the application of nanotechnology to light firearms.

Another project under development involves the capacity to use DLC (Diamond Like Carbon) application technology in Brazil. Taurus is negotiating an agreement to nationalize this technology, currently used in the barrel of the Taurus GX4 pistol, but with application carried out in the USA. The agreement involves the implementation of a modern plant in the Company's condominium of suppliers, so that it can also be adopted in the Brazilian plant.

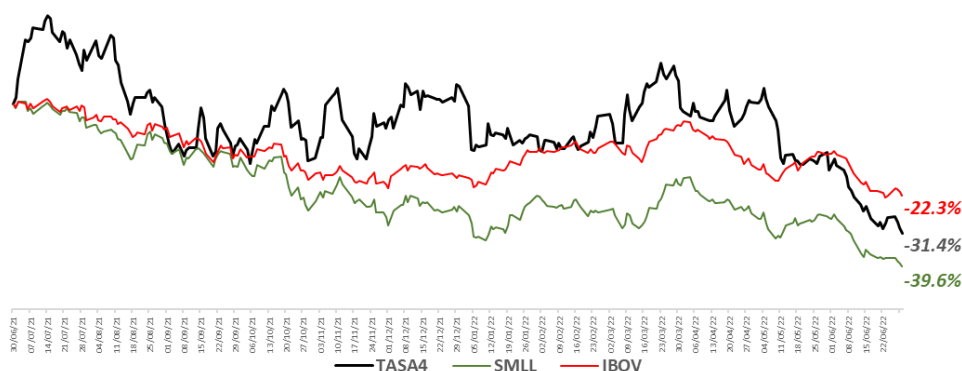
## Capital markets

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 portfolio comprised by the B3's Small Caps Index (SMLL).

Date	TASA3 (R\$/share)	TASA4 (R\$/share)	Market value (R\$ million)	EV* (R\$ million)
12/30/2021	R\$ 24,51	R\$ 24,66	R\$ 2.880,99	R\$ 3.117,71
06/30/2022	R\$ 16,22	R\$ 16,23	R\$ 1.968,55	R\$ 2.230,37
% Change	-33,82%	-34,18%	-31,67%	-26,31%

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

Performance of preferred shares (TASA4) in 12 months, versus SMML B3 and IBOV B3  
 Base 100: 06/30/2021



*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

R\$ million	2Q22	2Q21	% Chg.	1Q22	% Chg.	1H22	1H21	% Chg.
Net revenues from sales of goods and/or services	625.6	651.0	-3.9%	676.6	-7.5%	1,302.2	1,202.1	8.3%
Cost of goods and/or services sold	-327.9	-354.1	-7.4%	-342.0	-4.1%	-669.9	-651.1	2.9%
<b>Gross Profit</b>	<b>297.7</b>	<b>297.0</b>	<b>0.2%</b>	<b>334.5</b>	<b>-11.0%</b>	<b>632.3</b>	<b>551.0</b>	<b>14.8%</b>
Operating (expenses)/income	-99.8	-79.8	25.1%	-100.8	-1.0%	-200.6	-165.4	21.3%
Selling expenses	-60.1	-48.9	22.9%	-65.4	-8.1%	-125.5	-93.2	34.7%
General and administrative expenses	-45.2	-54.8	-17.5%	-52.6	-14.1%	-97.8	-98.5	-0.7%
Losses due to non-recoverable assets	0.0	0.2	-	-0.5	-	-0.5	-0.3	66.7%
Other operating income	7.0	25.8	-72.9%	28.6	-75.5%	35.6	31.3	13.7%
Other operating expenses	-1.2	-2.0	-40.0%	-10.7	-88.8%	-11.9	-4.6	158.7%
Equity from results of subsidiaries and affiliates	-0.2	0.0	-	-0.2	-	-0.4	0.0	-
<b>Profit before financial income (expenses) and taxes</b>	<b>198.0</b>	<b>217.2</b>	<b>-8.8%</b>	<b>233.7</b>	<b>-15.3%</b>	<b>431.7</b>	<b>385.6</b>	<b>12.0%</b>
Financial result	-44.6	59.4	-	43.5	-202.5%	-1.1	-16.7	-
Financial income	76.8	132.9	-42.2%	155.2	-50.5%	232.0	148.7	56.0%
Financial expenses	-121.4	-73.5	65.2%	-111.7	8.7%	-233.1	-165.4	40.9%
<b>Earnings (loss) before taxes</b>	<b>153.3</b>	<b>276.6</b>	<b>-44.6%</b>	<b>277.2</b>	<b>-44.7%</b>	<b>430.6</b>	<b>368.9</b>	<b>16.7%</b>
Income tax and social contribution	-51.3	-82.9	-38.1%	-81.9	-37.4%	-133.2	-107.0	24.5%
Current	-38.2	-60.5	-36.9%	-62.6	-39.0%	-100.8	-83.1	21.3%
Deferred	-13.1	-22.4	-41.5%	-19.3	-32.1%	-32.4	-23.9	35.6%
<b>Net income (loss) from continued operations</b>	<b>102.0</b>	<b>193.7</b>	<b>-47.3%</b>	<b>195.3</b>	<b>-47.8%</b>	<b>297.4</b>	<b>261.9</b>	<b>13.6%</b>
Net income (loss) from discontinued operations	-1.2	-0.1	1100.0%	-0.3	300.0%	-1.5	-0.2	650.0%
<b>Consolidated net income (loss) for the period</b>	<b>100.8</b>	<b>193.6</b>	<b>-47.9%</b>	<b>195.0</b>	<b>-48.3%</b>	<b>295.9</b>	<b>261.7</b>	<b>13.1%</b>
Attributed to controlling shareholders of the Parent Comp	100.8	193.6	-47.9%	195.0	-48.3%	295.8	261.7	13.0%
Attributed to non-controlling shareholders								
<i>Earnings per share (R\$/share)</i>								
Basic earnings per share	0.0512	1.7072	-94.1%	1.6411	-93.8%	2.4383	2.3870	0.0%
Common shares (ON)	-0.3785	2.1786	-118.2%	1.6574	-	2.5345	2.9130	-13.8%
Preferred shares (PN)								
Diluted earnings per share	0.0512	1.7072	-94.1%	1.6411	-93.8%	2.4383	2.3870	0.0%
Common shares (ON)	0.0516	1.8266	-94.4%	1.5410	-93.3%	2.4129	2.3613	0.0%



## Assets

<i>R\$ million</i>	06/30/2022	12/31/2022	% Chg.
<b>Total Assets</b>	<b>2,158.51</b>	<b>2,093.6</b>	<b>3.1%</b>
<b>Current assets</b>	<b>1,447.5</b>	<b>1,456.0</b>	<b>-0.6%</b>
Cash and cash equivalents	166.8	185.8	-10.2%
Cash and banks	101.5	171.3	-40.7%
Highly-liquid short-term investments	65.3	14.5	350.3%
Marketable securities	96.5	70.8	36.3%
Accounts receivable	410.0	515.2	-20.4%
Inventories	614.9	491.9	25.0%
Recoverable taxes	57.4	65.3	-12.1%
Prepaid expenses	14.0	31.0	-54.8%
Other current assets	87.9	96.2	-8.6%
<b>Non-current assets</b>	<b>711.1</b>	<b>637.6</b>	<b>11.5%</b>
Long-term receivables	153.8	151.8	1.3%
Financial investments at amortized cost	20.5		
Deferred taxes	88.7	121.4	-26.9%
Receivables from related-party	0.0	0.0	-
Other non-current assets	44.6	30.4	46.7%
Investments	6.2	4.4	40.9%
Stake in jointly-controlled subsidiaries	6.1	4.3	41.9%
Other investments	0.2	0.2	0.0%
Property, plant and equipment	446.8	379.0	17.9%
Fixed assets in operation	330.3	303.0	9.0%
Fixed assets in progress	116.5	76.1	53.1%
Intangible assets	104.2	102.4	1.8%

## Liabilities

R\$ million	06/30/2022	12/31/2022	% Chg.
<b>Total Liabilities and Equity</b>	<b>2,158.5</b>	<b>2,093.6</b>	<b>3.1%</b>
<b>Current Liabilities</b>	<b>967.0</b>	<b>1,119.8</b>	<b>-13.6%</b>
Social and labor obligations	54.5	66.9	-18.5%
Social obligations	4.5	10.1	-55.4%
Labor obligations	50.0	56.8	-12.0%
Suppliers	182.2	143.6	26.9%
Local suppliers	110.2	82.2	34.1%
Foreign suppliers	72.0	61.4	17.3%
Taxes payable	104.1	96.6	7.8%
Federal Taxes payable	87.3	91.3	-4.4%
Income tax and social contribution payable	11.5	21.1	-45.5%
Other taxes	75.9	70.2	8.1%
State tax payable	16.7	5.3	215.1%
Municipal tax payable	0.0	0.0	-
Loans and financing	466.5	618.9	-24.6%
In local currency	7.9	43.6	-81.9%
In foreign currency	458.6	575.3	-20.3%
Debentures	0.0	0.0	-
Other accounts payable	106.7	140.2	-23.9%
Dividends and interest on equity payable	0.1	68.0	-99.9%
Rents	2.1	2.1	0.0%
Advances from customers	65.7	41.2	59.5%
Payables from non-current assets for sale	7.2	5.8	24.1%
Other payables	31.6	23.0	37.4%
Provisions	53.0	53.6	-1.1%
Provisions for tax, social security, labor and civil risks	41.6	41.7	-0.2%
Other provisions	11.4	11.9	-4.2%
<b>Noncurrent Liabilities</b>	<b>264.7</b>	<b>216.8</b>	<b>22.1%</b>
Loans and financing	125.7	74.4	69.0%
In local currency	0.0	0.0	-
In foreign currency	125.7	74.4	69.0%
Debentures	0.0	0.0	-
Other accounts payable	63.4	64.2	-1.2%
Related-party liabilities	1.7	1.7	0.0%
Taxes payable	19.3	23.6	-18.2%
Other payables	36.1	32.2	12.1%
Suppliers	0.0	0.0	-
Rents	6.3	6.7	-6.0%
Deferred taxes	15.8	16.5	-4.2%
Provisions	59.7	61.7	-3.2%
Provisions for tax, social security, labor and civil risks	53.6	55.2	-2.9%
Other provisions	6.1	6.5	-6.2%
<b>Consolidated Shareholders' Equity</b>	<b>926.8</b>	<b>757.0</b>	<b>22.4%</b>
Share Capital	330.7	308.2	7.3%
Capital reserves	-23.5	-27.3	-13.9%
Disposal of subscription warrants	9.9	9.9	0.0%
Stock options granted	9.8	5.4	81.5%
Capital transactions	-43.2	-42.6	1.4%
Retained earnings	133.5	233.9	-42.9%
Legal reserve	15.1	15.1	0.0%
Tax incentive reserve	118.4	92.6	27.9%
Proposed supplementary dividend	0.0	126.3	-100.0%
Accumulated earnings/losses	270.3	0.0	-
Equity valuation adjustments	44.9	45.2	-0.7%
Accumulated translation adjustments	170.9	197.0	-13.2%
Minority interest	0.0	0.0	-