4Q20/2020 Earnings Results

# Taurus posts positive net worth and R$263.6 million net income in 2020

*Having achieved record results quarter after quarter, Taurus posted a new all-time high performance in FY 2020: a rise of 77.4% in revenue and of 260.5% in EBITDA, with 42.6% gross margin and 26.0% EBITDA margin, exceeding projections announced by analysts.*

***São Leopoldo, March 19, 2021 –*** *Taurus Armas S.A. (“Taurus” or “Company”) (B3: TASA3; TASA4), listed on B3’s* Corporate Governance *Level 2 (Ticker Symbols: TASA3, TASA4), one of the world’s largest manufacturers of light firearms, hereby presents its earnings results for the fourth quarter and full year of 2020 (4Q20 and FY 2020). The financial and operating information below, except where otherwise indicated, is presented in Brazilian Reais (R$ or BRL) and follows the International Financial Reporting Standards (IFRS) and the Brazilian accounting principles. All comparisons refer to the same periods of 2019.*

## Operating and Financial Highlights

**Capital structure:**

Positive net worth of R$42.3 million

**Gross margin:**

42.6% in FY2020; + 8.5 p.p.

**Net income:**

R$263.6 million in 2020

**Production:**

Average daily production of 8,200 firearms in 4Q20. total of 1,556 th in 2020

**Ebitda:**

R$461.5 million with 26.0% margin

**Sales:**

+ 35.7% YoY and back order of 2.3 million firearms

**Net revenue:**

R$1,773.2 million; + 77.4%

**Debt issue resolved:**

Net debt/Ebitda of 1.7

## Main Indicators

| R$ million | 2020 | 2019 | % change | 4T20 | 4T19 | % change |
|---|---|---|---|---|---|---|
| Net operating revenue | 1,773.2 | 999.6 | *77.4%* | 560.3 | 272.2 | *105.8%* |
| Domestic market | 381.2 | 187.4 | *103.4%* | 140.0 | 64.2 | *118.1%* |
| Foreign market | 1,392.0 | 812.2 | *71.4%* | 420.3 | 208.1 | *102.0%* |
| Cost of sales | -1,017.8 | -659.0 | *54.4%* | -316.0 | -187.8 | *68.3%* |
| Gross profit | 755.3 | 340.6 | *121.8%* | 244.2 | 84.4 | *189.3%* |
| *Gross margin* | *42.6%* | *34.1%* | 8.5 p.p. | *43.6%* | *31.0%* | 12.6 p.p. |
| Operating expenses - SG&A | -321.0 | -235.0 | *36.6%* | -96.6 | -77.0 | *25.5%* |
| Operating resul (Ebit) | 434.3 | 105.7 | *310.9%* | 147.6 | 7.3 | *1921.9%* |
| *Ebit margin (%)* | *24.5%* | *10.6%* | 13.9 p.p. | *26.3%* | *2.7%* | 23.7 p.p. |
| Finance income (costs), net | -249.6 | -80.5 | *210.1%* | 36.5 | -2.7 | *-1451.9%* |
| Income tax and social contribution | 68.6 | 22.5 | *204.9%* | 88.6 | 22.7 | - |
| **Profit (loss) for the period (continuing operations)** | **253.3** | **47.6** | *432.1%* | **272.7** | **27.3** | *898.9%* |
| Profit (loss) from discountinued operations | 10.3 | -4.2 | - | 6.8 | -5.2 | - |
| **Profit (loss) for the period** | **263.6** | **43.4** | **507.4%** | **279.5** | **22.1** | **-** |
| EBITDA | **461.5** | 128.0 | *260.5%* | **156.0** | 13.2 | *1081.8%* |
| *EBITDA margin* | *26.0%* | *12.8%* | 13.2 p.p. | *27.8%* | *4.8%* | 23.0 p.p. |
| Adjusted EBITDA* | **466.3** | 128.0 | *264.3%* | **156.8** | 13.2 | *1087.8%* |
| *Adjusted EBITDA margin** | *26.3%* | *12.8%* | 13.5 p.p. | *28.0%* | *4.8%* | 9,7 p.p. |
| Net debt (at the end of the period) | 775.4 | 865.7 | *-10.4%* | 775.4 | 865.7 | *-10.4%* |

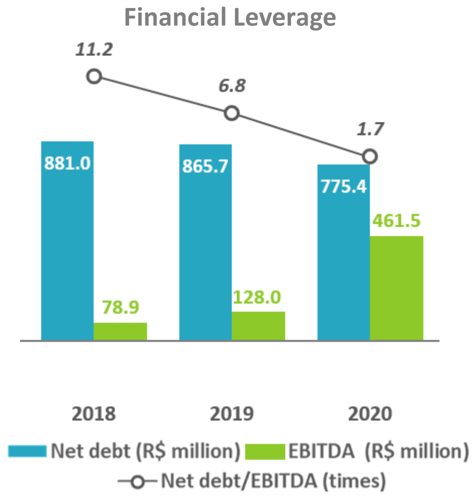
** Excludes nonrecurring expenses associated to the COVID-19 (R$0.7 million in 4Q0 and R$ 4.8 million in 2020)*

*Note: - EBITDA is not an indicator used in accounting practices. It is calculated as described in the EBITDA section of this report.*

## Message from Management

*We have recorded positive net worth at last! All our operating metrics hit new highs in each quarter of 2020. Industrial production continued growing and, considering the plants in Brazil and the US, had come to 8,200 firearms per day on average by 4Q20, totaling 1.6 million units manufactured in 2020. High demand in our main markets, Brazil and the US, drove firearm sales to 1.8 million units, bringing in R$1,773.2 million in revenue, 77.4% up on 2019, when we had already recorded strong results. Revenue growth came along with profitability gains, resulting from strict cost and expense management. As a result, gross profit, gross margin, EBITDA and EBITDA margin also hit all-time highs. We closed the year with net income of R$263.6 million, which allowed us to offset the negative net worth we had recorded consistently since 2015. This is the first step toward resuming dividend payments to our shareholders, just three years after the management turnaround at the Company—much sooner than we could have expected.*

*We took over Taurus's management in 2018, with a very firm commitment, a well-defined strategic planning and a clear focus on a specific goal: to bring the Company back to balance. We have accomplished that step successfully. Our operating indicators reached unprecedented levels; in addition, a major issue for us—debt—was fully resolved, with the net debt/EBITDA leverage ratio plummeting from 11.2 in 2018 to 1.7 at the close of 2020. This performance was also largely due to the controlling shareholder's strategic vision in making a capital increase. In 2020, over R$40 million was raised by means of subscription warrants, R$33.8 million, or 84.5%, of which paid up by the controlling shareholder.*




*After those major definitive changes, Taurus now has quite a different profile from that of three years ago. At present, we have the highest gross margin among all firearm companies that announce their earnings results. Having prepared for this, we currently have the lowest production costs; as a result, our gross margin stood at 42.6% in 2020 whereas those of Ruger and Smith & Wesson, firearm companies listed in the US, were 33.7% and 39.6% respectively in the last 12 months whose results have been announced. We also recorded the highest growth rate and the largest market share increase of all global companies from the industry.*

*Taurus is a very well structured company, and our thorough preparation will allow us to both overcome any new challenges more quickly and benefit more from a favorable market situation. In addition, we have been in a very good position in our market segment since last year, with rising demand in both of our main markets, Brazil and the US. The US market grew significantly in 2020, and this trend persists. Concerning purchase intention, the NICS (National Instant Criminal Background Check System) indicates background checks connected with firearm purchases totaled 3.4 million in the US in January and February 2021, an all-time high for those months.*

*The possibility of having a firearm provides a greater sense of freedom and security for citizens and their families. Consumers long for firearms and look forward to buying one. In fact, purchasing a firearm is a dream come true. A survey conducted in the US market shows 20 million people in that country intend to buy their first firearm in 2021. Taurus is the first option for those planning to buy their first firearm for personal use due to the strength, reliability, cost-benefit ratio and availability of Taurus products. Currently the fourth most sold brand in the US, Taurus has ranked first among the imported firearm brands in that market since 2019.*

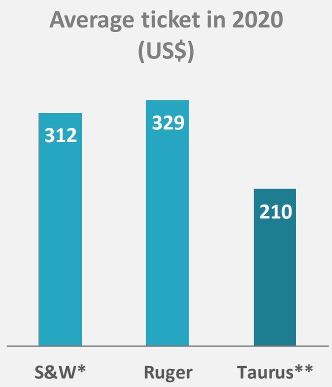
*Over one year's worth of future production has been pre-sold. We have back orders for 2.3 million units; therefore, we will be able to increase sales and EBITDA by at least 30% year-over-year in 2021. The plants in Brazil and the US are working full throttle, and* *we are preparing to ramp up production to keep up with booming demand. The output of our plant in Brazil is currently about 6,000 firearms per day, totaling 1.1 million units per year. The plant in the US is expected to reach just below its full production capacity of about 800,000 firearms in 2021, totaling 1.9 million units produced in the year, even though our goal is to hit an all-time high of 2 million firearms as early as this year.*

*However, the current shortage of inputs ranging from packaging materials to commodities could hinder further production growth. To prevent any production bottlenecks, we have rented a warehouse near the São Leopoldo plant to stock up on raw materials, items in high demand worldwide. As a result, we have a supply of our main raw materials to last at least three months, thus ensuring we will have no problem filling our orders. We intend to maintain this policy throughout the year.*

*Despite all those positive results and this excellent outlook, we are not resting on our laurels. We are still thinking ahead and have outlined the next steps in our strategic plans, always focusing on the Company's growth. We want to become the world's largest manufacturer of light firearms over the next five years, and we are in full swing, preparing to achieve this goal. We are going to accomplish that by growing organically, which involves boosting production, developing products that meet the consumer's wishes and entering new higher value-added segments.*

*We consider product development a key aspect of our operating model and vision for the future. We invest heavily in research and development to offer the market products that meet the consumer's wishes. The CITE [Centro Integrado de Tecnologia e Engenharia Brasil/EUA, or Brazil–US Integrated Technology and Engineering Center] plays a major role in this regard. We have merged the engineering teams from both countries together, and the new unified team is headed by Brazil. The US team reports what the consumer is looking for in terms of innovation, and the Brazilian team develops products based on the consumer's wishes. It is one of our priorities to keep the CITE active and fully alert to the market's demands so we can respond to the consumer by introducing products that always meet those demands.*

*The CITE's efforts have allowed us to develop the GX4, a pistol we are going to launch in Brazil and the US in April. The GX4 will be assembled in the US and imported to Brazil because it takes a long time to obtain approval for new models in Brazil. By importing the GX4 from the US, we will be able to launch it in the Brazilian market as well. This pistol, the fourth generation of the G family, has a number of innovative features and is more than just an upgraded version of previous models. It is a brand-new product with which we are breaking into a new market segment for us, that of micro-compact pistols, with a higher price range and a higher value added. Other innovative products will come and increase our brand awareness.*




* Excludes long firearms and other products and services
** Excludes single action, long firearms and parts

*We are developing other higher value-added products. In 2020, Taurus's average wholesale price was more than 30% lower than that of both of the above-mentioned foreign companies from the industry, as shown in the chart. That is not a negative point for us; on the contrary, it increases our earning potential significantly. We are going to increase the average ticket by following this track, which involves launching higher-priced products that deliver profitability gains.*

*Also, strategically important in our plans for the next five years is our industrial condominium, which started being built in December and should be completed by September 2021. It is scheduled to go into operation in January 2022. After this expansion, six major suppliers will be relocating into our industrial complex, including the magazine joint venture, which will be delivering products already checked and approved by our receiving and quality control teams directly to the Taurus production line by means of the logistics train. This will bring us major gains as far as supply, quality, logistics and costs are concerned.*

*Our third challenge is to set up both joint ventures, that of magazines, already in operation, and the plant in India. Magazines are a strategic issue for us as there are very few magazine production plants worldwide. We currently import those components, which will start being produced locally, within our facilities. In addition to meeting our needs, we will start supplying the consumer market and, as a result, breaking into to this important aftermarket sooner than we had expected. Concerning the plant in India, a joint venture with the Jindal Group, domestic issues in that country, in addition to the repercussions of the COVID-19 pandemic, have delayed the project.*

*We accomplished a great deal in 2020 despite the setbacks from the COVID-19 pandemic. We set up a permanent committee to handle all COVID-19-related matters as early as March, when the pandemic reached Brazil. This has helped us stick to our plans and continue operating at a fast pace while protecting our employees and helping society implement the pandemic-related cautionary measures. We introduced several changes in our units to adapt processes to the health and hygiene recommendations, created a support platform for our employees and made several donations, including face shields produced at our São Leopoldo unit and distributed throughout the country. We are very proud both to have achieved the FY 2020 earnings results presented here and to have maintained the health of our people.*

*We are excited about what lies in store for us since we are ready to make further headway. We thank our entire team—in both Brazil and the US—, who has given us so much to celebrate with their tireless dedication. We also thank our Board of Directors for their support, as well as our suppliers, customers and shareholders for their trust and partnership.*

Salesio Nuhs
CEO

## COVID-19

Taurus is an EED [Empresa Estratégica de Defesa, or Strategic Defense Company]; thus, our activity was considered essential and our operations were interrupted at no time due to the COVID-19 pandemic. Protecting the health of our employees is our main priority. As a result, we took swift action and invested heavily to prevent contagion as early as the beginning of March, which allowed us to continue operating in a responsible manner, without jeopardizing production, which rose continuously throughout the year.

On March 5, 2020, we set up a permanent committee to address all issues related to the Covid-19 pandemic. We undertook over 88 prevention initiatives, such as running awareness-raising campaigns; implementing social distancing and hygiene measures; changing shifts; providing gel alcohol at 60 different points throughout our facilities so that 4,000 liters have been used; having a specialized company disinfect all premises, leading to the use of almost 100,000 liters of disinfectant; and providing washable masks for all employees. In addition, 778 tests have been conducted on employees, 26% of whom tested positive. In only one case was the source of contagion not identified whereas the infection occurred outside our facilities in all others.

Management believes our social responsibility goes beyond protecting our employees and facilities. Accordingly, we have also undertaken different initiatives in support of society, such as producing face shields—which will total 500,000 units—and donating them to nine Brazilian states, an initiative that involved hiring new employees. We have also donated 14.3 metric tons of food to charities; five ICU ventilators, seven multifunctional monitors and twenty infusion pumps to Hospital Centenário in São Leopoldo; and 5,000 rapid tests to the City of São Leopoldo.

As a result of those measures, we incurred extraordinary expenses on donations and different items, such as the food program, healthcare, uniforms, PPE and freight, among others. Even though those amounts produced no material impact on operating margins, we chose to highlight them when presenting EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization.) Thus, this report shows adjusted EBITDA, not including those extraordinary expenses and costs, to allow a more accurate comparison with previous periods' results.

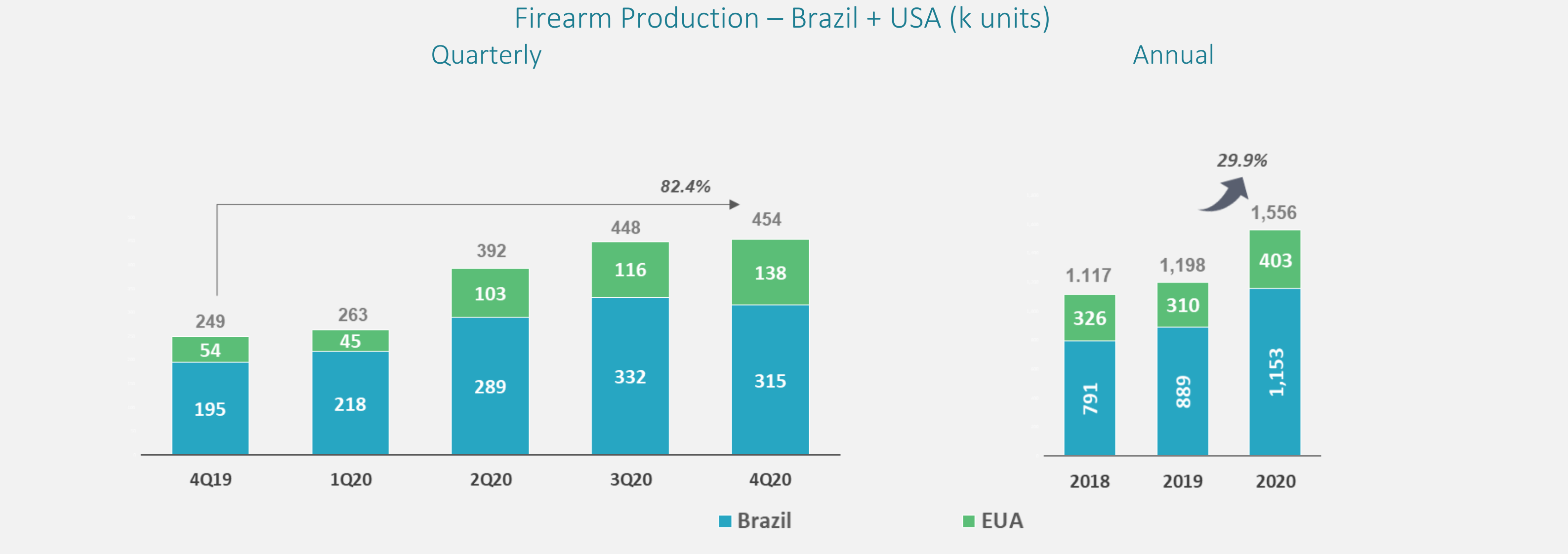
## Operating Performance

Our firearm production rose steadily throughout 2020. Our industrial unit in Brazil achieved high productivity, with a rapid pace of production, and accounted for 74.1% of our total firearm output in 2020. In turn, our industrial unit in Georgia, USA, which went into operation in 3Q19, exceeded its production projections during this ramp-up period. It produced 138,300 firearms in 4Q20, 157.1% up on 53,800 units produced in 4Q19. This shows we made the right decision when we relocated our North American unit to the new facilities. With well-aligned operational, logistics and management processes, we were prepared to respond quickly to the market's needs when demand picked up.

We produced 453,600 firearms in 4Q20, with an average daily production of 8,200 units. As a result, firearm production hit an all-time high of 1,6 million units in 2020.

We set this new record despite scheduled downtime for industrial maintenance and operational alignment at our largest industrial unit, the plant in São Leopoldo, Rio Grande do Sul State, in December to increase production capacity. We have achieved a physical production capacity of up to 8,500 firearms per day after we upgraded our plant in Brazil and finished ramping up the output of our North American unit.

*Having achieved record results quarter after quarter, Taurus produced 1.6 million firearms in 2020.*




This production increase has come along with our renewed product portfolio. Indeed, we have been launching innovations and new products continuously in recent years. R&D investment—one of our strategic focuses—helps strengthen our ability to offer products incorporating consumers' wishes, with a high quality and at low production costs, and provides good profitability with market competitive prices. With that in mind, we have an integrated Brazil–US technology and engineering center (CITE - *Centro Integrado de Tecnologia e Engenharia*). In 2020, we launched 135 new products with 249 new SKUs.

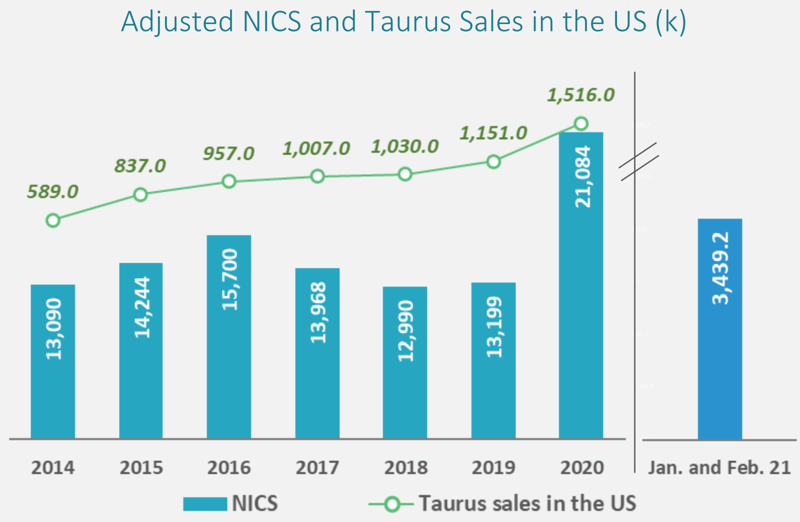
P 92 Wooden Handle Limited Edition
(launched in September 2020)

G2C Colors
(launched in October 2020)

Two-Cylinder Tracker 992
(launched in August 2020)

The demand for firearms **in the US**, the world's largest firearm market, remained high in 4Q20, a trend observed throughout the year. The US Firearm Purchase Intention Index compiled by the Adjusted NICS (National Instant Criminal Background Check System) increased by 40.6% year-over-year in 4Q20. In 2020, it shot up by 59.7% to an all-time-high of 21.1 million checks in the entire country. Demand was driven by different factors. First, Americans sought to protect themselves and their families due to the COVID-19 pandemic and the protests and riots in several cities. In addition, there were calls to cut law enforcement budgets, and gun policies may change due to the result of the presidential election.

Our sales in the US, already on the rise before the strong market reaction in 2020, followed the upward trend and rose every quarter. Taurus is a prominent brand in US light firearms market; in fact, it is the fourth most purchased brand in that country. It is recognized to offer the best cost-benefit ratio in the market and is the most desired brand among those who intend to purchase their first firearm, a consumer group that grew significantly in 2020. According to a study released in the US, new consumers who had never purchased firearms before accounted for about 40% of all firearm purchases during the pandemic. Taurus firearm sales in the US totaled 441,300 units in 4Q20 and 1.556 million in 2020, up 58.0% and 31.7% respectively from the year-ago periods.

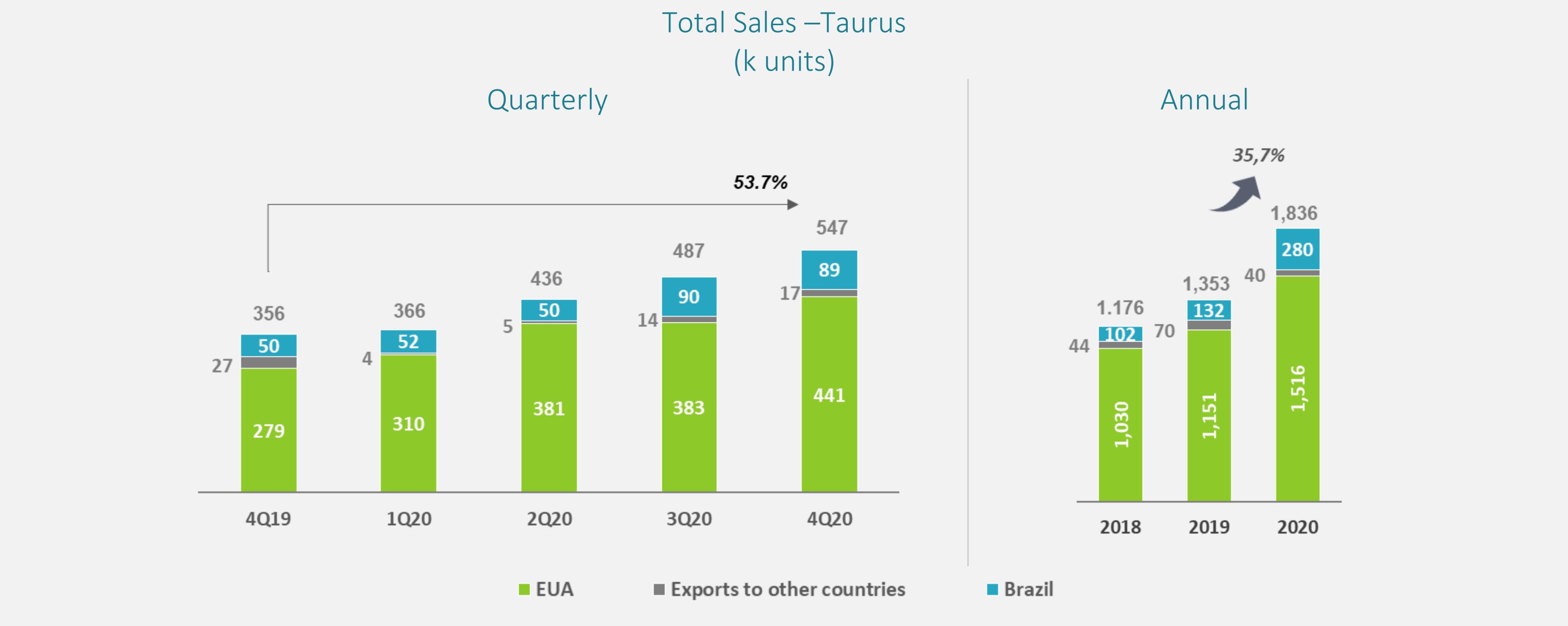



The **Brazilian market** was also strong throughout 2020, driving our sales to new highs. Taurus firearm sales in Brazil totaled 88,000 units in 4Q20, 76.9% up on 4Q19. In 2020, sales came to 279,900 units, up 111.6% year-over-year.

We remain the undisputed market leader in Brazil—even though the Brazilian market was opened to products made in other countries—because we offer the best value for money so that imported products cannot compete with us. Just as in the US market, our renewed portfolio, which incorporates into the new models features that meet consumer wishes for technology and quality, helped boost sales. This increase has been observed especially among the consumer group identified as CACs [*caçadores, atiradores e colecionadores*, or hunters, sports shooters and collectors], police officers in private use, judges and the civilian consumer, in particular, female. The change in the Brazilian firearm possession laws has led to a change in the firearm consumer market in Brazil. The demand for firearms of previously restricted calibers, such as 9mm and rifles, models that offer greater value-added and, therefore, greater profitability for us.

As a Brazilian multinational company, Taurus gives priority to meet the needs of the Brazilian market and the US market, world's largest firearm market, the US. In addition to soaring demand in both of those markets, exports to other countries in 2020 were driven by two COVID-19-related factors: (i) a drop in the number of international procurement processes and (ii) the restrictions on international air travel. As a result, sales to other countries slumped by 42.6% year-over-year to 40,300 units in 2020. However, we exported firearms to 37 countries—highlighting South Africa, Senegal, the Philippines, France and Guatemala—, in addition to the US, during the year. We have already closed important international deals for 2021, such as the sale of 12,400 rifles to the Filipino army and 4,500 pistols to Burkina Faso.

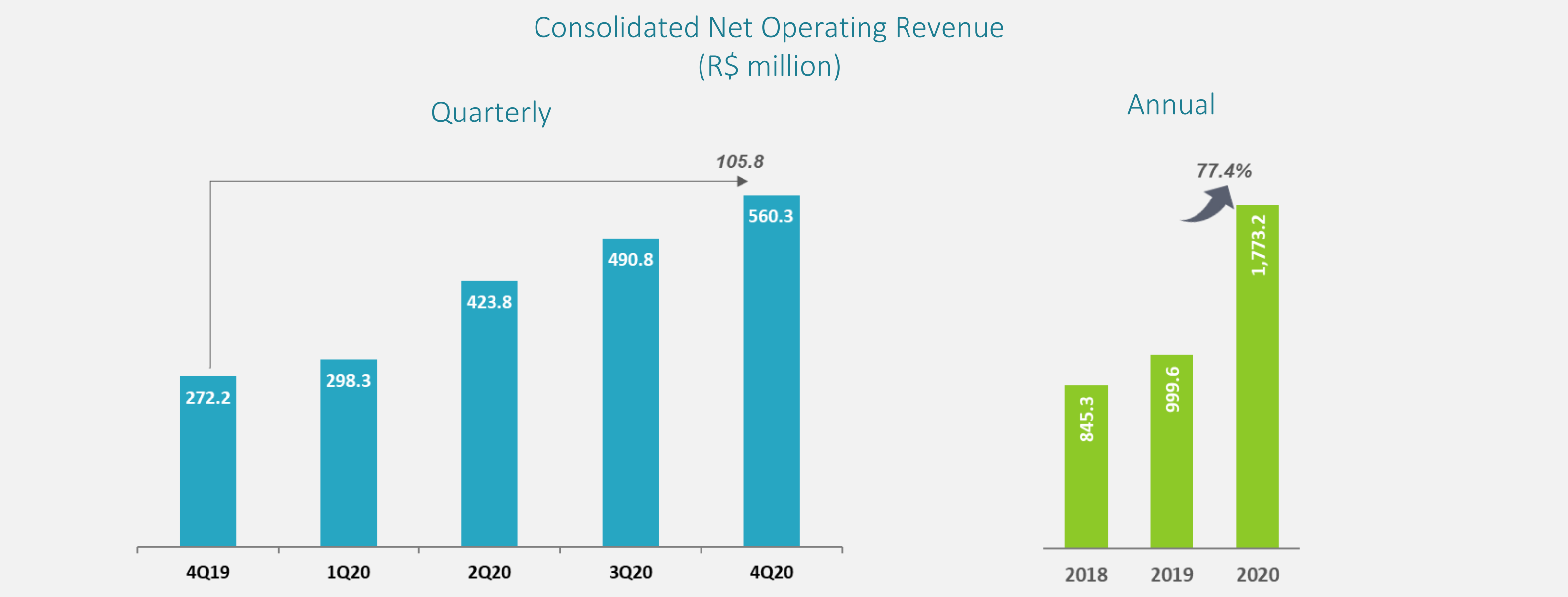
Considering sales in Brazil and the US, and exports to other countries, we sold 546,900 units in 4Q20, following the upward trend recorded each quarter of the year. In 2020, sales amounted to 1.836 million units, 35.7% up on 2019, which had already been a good year for us, with a sales increase of 15.1% in relation to 2018.



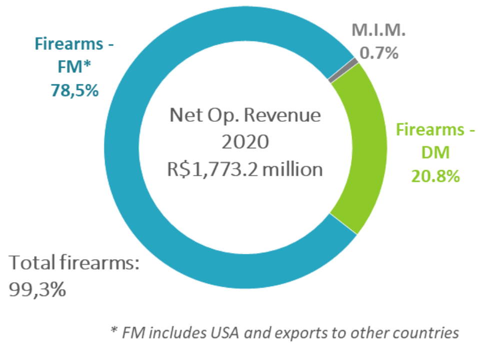

## *Economic and Financial Performance*

### Net Operating Revenue

Net operating revenue came to R$560.3 million in 4Q20—a whopping 105.8% up on the year-ago quarter—, bringing total revenue in 2020 to another all-time high of R$1,773.2 million, a year-over-year rise of 77.4%. Production and sales of MIMs (metal injection moldings) accounted for 0.7%, or R$13.2 million, of total net revenue in 2020, a 26.9% rise from 2019.

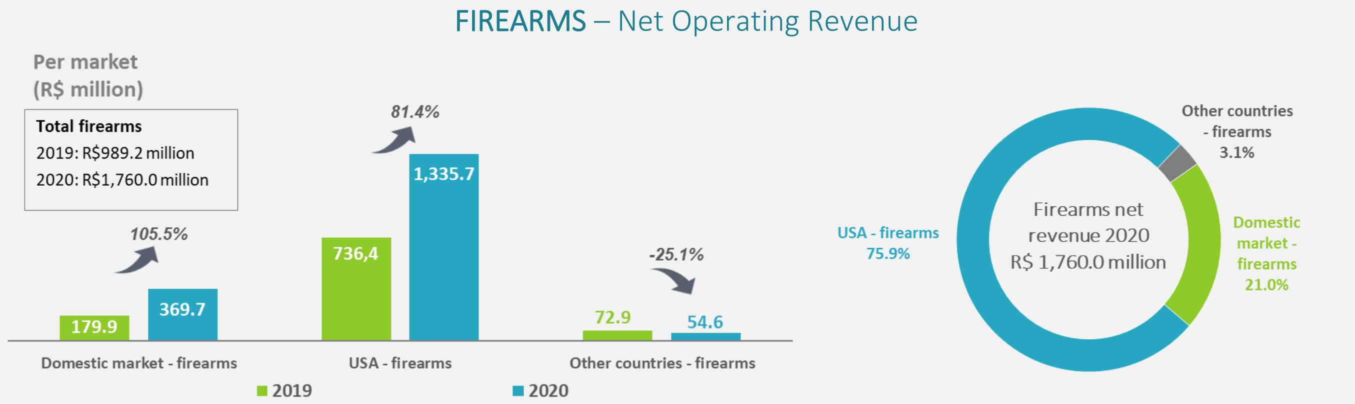


This performance in 2020 resulted from a combination of different factors. On the one hand, Taurus products remained in high demand and gained good consumer acceptance. On the other hand, we were able to keep a fast pace of production and delivery, despite the hurdles imposed by the COVID-19 pandemic since early 2020, while operating in a responsible manner and protecting our employees' safety.




In addition, our current product portfolio, with new models launched in recent years, has greater value-added, thus producing a direct positive impact on revenue.

Finally, revenue was also driven by the exchange gains resulting from the depreciation of the BRL against the USD since most of our revenue—78.5% in 2020—comes from exports. The average USD rate rose from R$3.95 in 2019 to R$5.16 in 2020, a 30.6% change during the period.




Net revenue from the **segment of firearms**, our main product, alone totaled R$555.5 million in 4Q20 and R$1.76 billion in 2020, up 106.0% and 77.9% respectively from the year-ago periods.

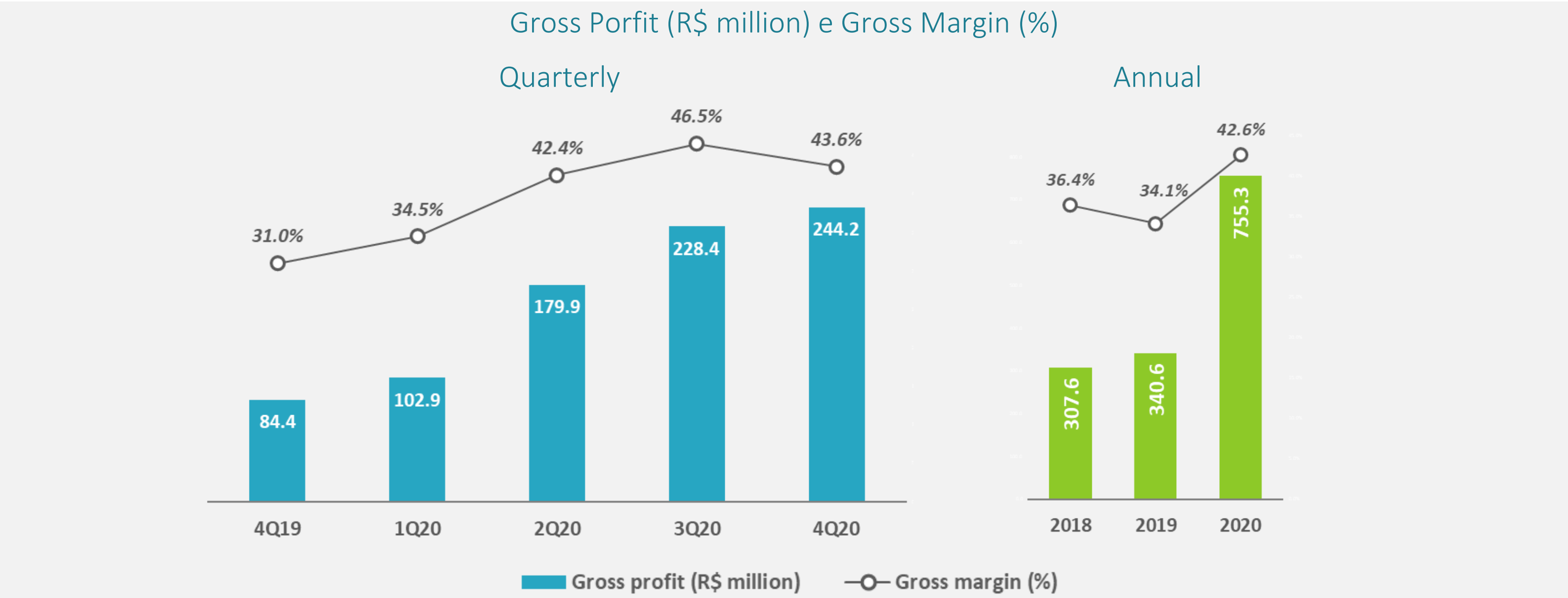
In US, the world's largest market and, therefore, the largest market for Taurus firearms as well, we sell products—both made in Brazil and at our plant in the US—only to the civilian market, through distributors throughout the country. Firearm sales in the US rose every quarter, following the upward trend observed since early 2H19, and came to R$398.0 million in 4Q20, 123.3% up on 4Q19. In 2020, it totaled 1.3357 billion, up 81.3% from 2019.

In Brazil, the second largest market for Taurus firearms, firearm sales amounted to R$135.9 million in 4Q20 and R$369.7 million in FY 2020, rising respectively by 118.5% and 105.5% from 4Q19 and FY 2019. Both quarter-over-quarter and year-over-year, revenue increased more than the number of units sold in the same periods, showing a more sophisticated product mix was sold, with a higher average ticket. This trend reflects the new profile of the Brazilian consumer, who has been seeking mainly firearms of previously restricted calibers, such as 9mm and rifles, models from a higher price range.

## Gross profit

Gross profit amounted to R$244.2 million in 4Q20 and R$755.3 million in 2020, driven by our robust logistics and production processes, strict cost management, a lower ratio of fixed costs to revenue due to the revenue growth and the growing share of new models with greater value added in our sales.

Gross profit rose almost threefold, by 189.5%, in 4Q20 in relation to 4Q19, continuing a quarterly growth trend that began in 2H19. In FY 2020, it climbed by 121.7% year-over-year. Gross profit rose more than revenue both quarter-over-quarter and year-over-year, leading to higher gross margin.




Despite the reduced number of working days in the fourth quarter and the scheduled stoppage at the São Leopoldo factory by the end of the year, when new machinery was installed to allow the production increase planned for 2021, gross margin stood at 43.6% in 4Q20, overcoming 4Q19 gross margin by 12.6 percentage points (p.p.). In FY2020, gross margin was 42,6%, what represents an increase of 8.5 p.p. over the previous year. With our renewed product portfolio and the fast pace of production in both of our industrial units, we proved prepared to meet the consumer's wishes during this period of soaring demand. In addition, all the work we have performed in recent years, with aligned processes across the production, distribution and sale chain, has allowed us to keep up with this spike in business while gaining gross profitability; as a result, our margins reached a new level.

## Operating expenses

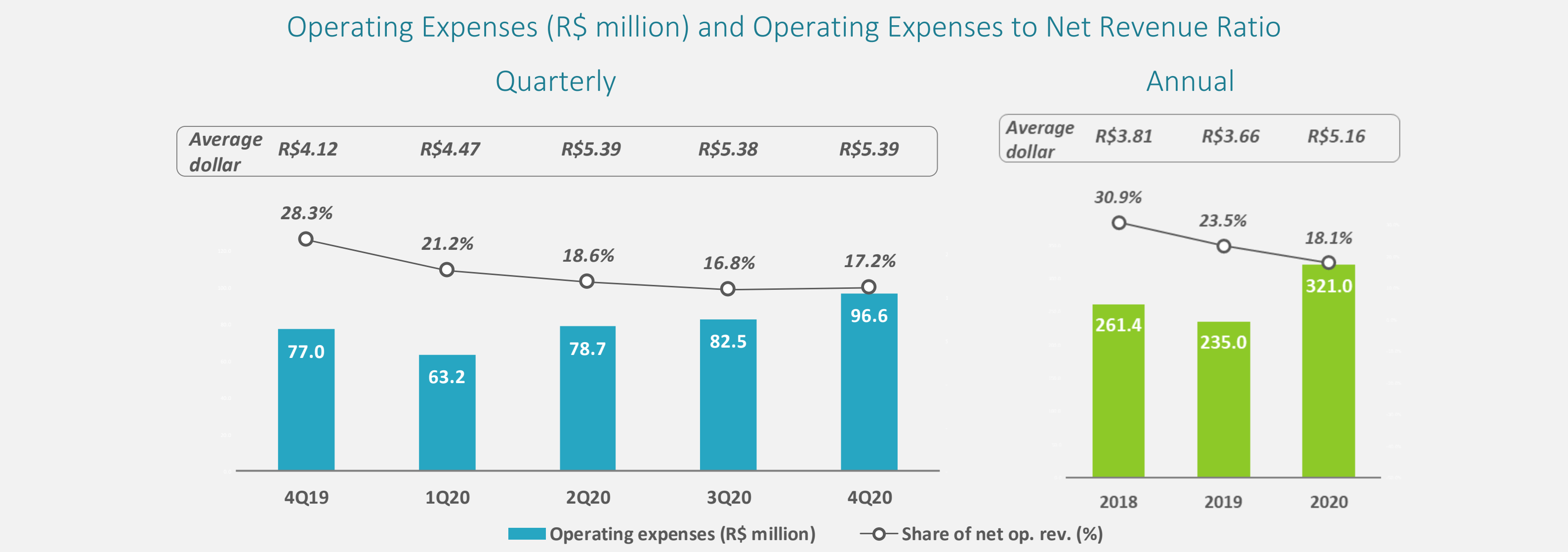
Because of the revenue growth, the ratio of expenses to revenue fell every quarter and, therefore, in FY 2020 as well. Operating expenses totaled R$99.6 million in 4Q20, up 25.3% from 4Q19. Net operating revenue shot up by 108.8% in the same period, thus more than offsetting the rise in operating expenses.

In 2020, operating expenses totaled R$321.0 million, up 36.6% from 2019. It is worth recalling the calculation of net operating expenses was impacted in 2019 by a non-recurring revenue of R$32.6 million, booked under “Other Operating Revenues,” corresponding mainly to the recovery of taxes paid in previous years, which led to the exclusion of ICMS [State VAT] from the PIS [Programa de Integração Social, or Brazilian Social Integration Program] and COFINS [Contribuição para o Financiamento da Seguridade Social, or Social Security Financing Contribution] tax bases.

| | 2020 | 2019 | 2020 x 2019 % change | 4Q20 | 4Q19 | 4Q20 x 4Q19 % change |
|---|---|---|---|---|---|---|
| Selling expenses | 148.8 | 122.7 | *21.3%* | 40.6 | 35.2 | *15.3%* |
| General and administrative expenses | 182.2 | 142.2 | *28.1%* | 60.1 | 44.0 | *36.6%* |
| Asset impariment losses (income) | -2.3 | 2.7 | - | -0.7 | 2.4 | - |
| Other operating income (expenses) | -7.7 | -32.6 | *-76.4%* | -3.4 | -4.5 | *-24.4%* |
| **Operating expenses (SG&A)** | **321.0** | **235.0** | ***36.6%*** | **96.6** | **77.1** | ***25.3%*** |
| *Operating exp./Op. Income, net (%)* | *18.1%* | *23.5%* | *-5.4 p.p.* | *17.2%* | *28.3%* | *-11.1 p.p.* |
| *Ptax dollar exchange rate at the end of period (R$)* | *5.1600* | *3.9500* | *30.6%* | 5.39 | 4.12 | *31.0%* |

The operating expenses of the US plant are incurred in USD and translated into BRL before being consolidated into Taurus's results. Therefore, they are affected by the depreciation of the BRL. The BRL fell by 30.6% in the last twelve months, based on the average USD rate in 2020 and in 2019, and affected this portion of our operating expenses negatively.

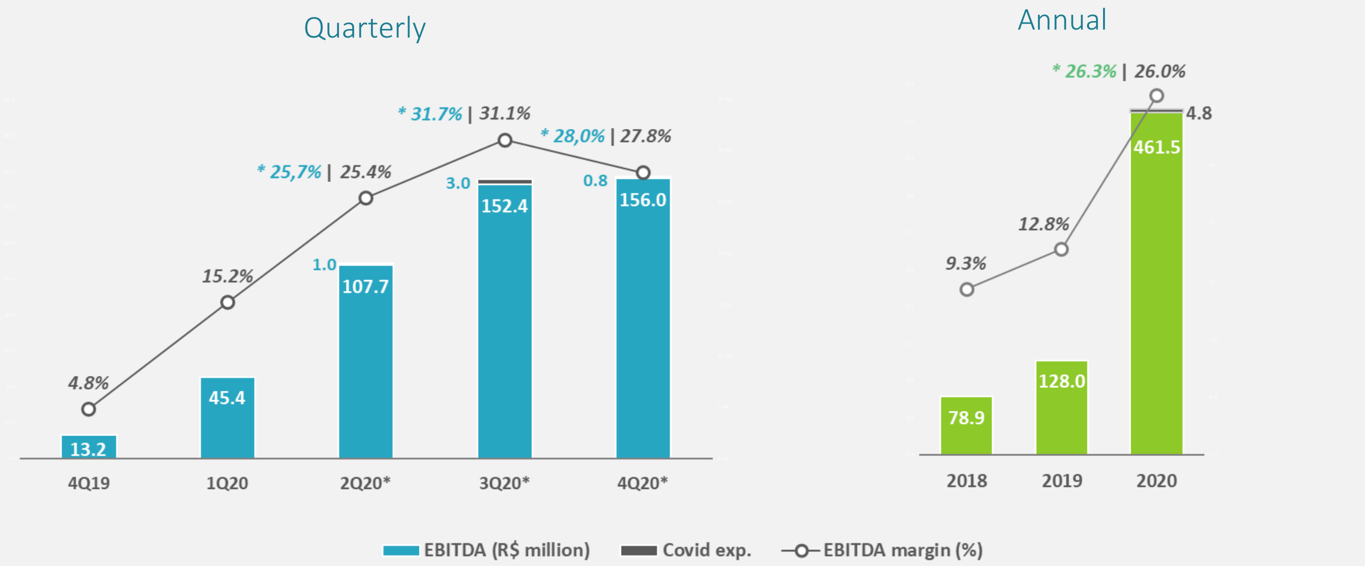
The ratio of total operating expenses to total operating revenue decreased each quarter and stood at 17.2% in 4Q20 and 18.1% in 2020.




## EBITDA

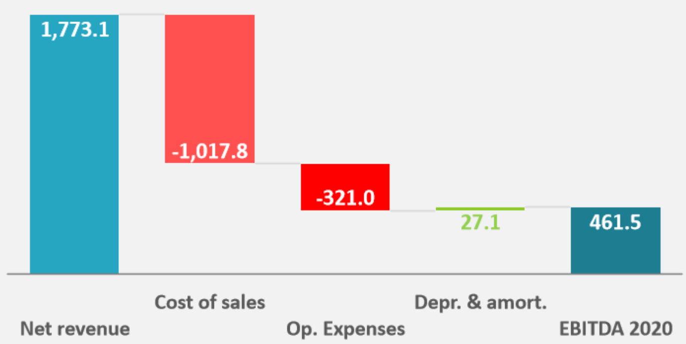
Just as the other economic and financial indicators, EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) increased each quarter of 2020 and broke the record we set in 2019. Driven by the revenue growth, higher gross profitability and lower ratio of operating expenses to operating revenue, EBITDA amounted to R$156.0 million in 4Q20, a dizzying 1,078% up on 4Q19. In fact, the 4Q20 EBITDA was 21.8% higher than EBITDA for the entire year of 2019. Had it not been for the R$0.8 million extraordinary expenses on the COVID-19 pandemic in 4Q20, the quarter's EBITDA would have come to R$156.8 million, with 28.0% margin on the 4Q20 net revenue. Those extraordinary expenses include, among others, donations and funds allocated to the food program, healthcare, uniforms, PPE and freight.

## EBITDA (R$ million) and EBITDA Margin (%)




* Extraordinary expenses on COVID-19-related initiatives (2Q20: R$1.0 million | 3Q20: R$3.0 million | 4Q20: R$0.8 million) and adjusted EBITDA margin, not including those extraordinary expenses.

## EBITDA Breakdown 2020 (R$ million)




Operating cash generation based on EBITDA rose each quarter and amounted to R$461.5 million in 2020, or R$466.2 million if the non-recurring expenses of R$4.8 million on the pandemic-related initiatives had not been included. This amounts to a year-over-year rise of 260.2% (263.9% when considering adjusted EBITDA, without the above-mentioned extraordinary expenses). EBITDA margin was 26.0% in 2020, up 13.2 p.p. year-over-year (26.3% with a 13.5 p.p. rise in adjusted numbers).

## EBITDA Calculation—Conciliation in Accordance with ICVM 527/12

| *R$ million* | 2020 | 2019 | 2020 x 2019 *% change* | 4Q20 | 4Q19 | 4Q20 x 4Q19 *% change* |
|---|---|---|---|---|---|---|
| Earnings before interest and taxes (EBIT) | 434.3 | 105.7 | *310.9%* | 147.6 | 7.3 | *1921.9%* |
| Depreciation and amortization | 27.2 | 22.3 | *22.0%* | 8.4 | 5.9 | *42.4%* |
| **EBITDA** | **461.5** | **128.0** | ***260.5%*** | **156.0** | **13.2** | ***1081.8%*** |
| *EBITDA margin* | *26.0%* | *12.8%* | *13.2 p.p.* | *27.8%* | *4.8%* | *23.0 p.p.* |
| Nonrecurring expenses relating to Covid-19 | 4.8 | 0.0 | | 0.8 | 0.0 | |
| **Adjusted EBITDA** | **466.3** | **128.0** | ***264.3%*** | **156.8** | **13.2** | ***1087.9%*** |
| *Adjusted EBITDA margin* | *26.3%* | *12.8%* | *13.5 p.p.* | *28.0%* | *4.8%* | *23.1 p.p.* |

*EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is not a financial measurement recognized by the BR GAAP and the International Financial Reporting Standards (IFRS). It should not be considered on its own 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 about operating cash generation.*

## Financial result

Exchange rate changes, especially considering the steep fall of the BRL during the year, have a material impact on our results. They have a positive effect when USD revenues from sales made abroad and gains on cash maintained in the US subsidiary are accounted for in BRL; on the other hand, they exert upward pressure on interest expenses on debt, mostly denominated in foreign currency (90.4% of our gross debt on 12/31/2020). Based on the average USD rate, the BRL fell by 30.6% year-over-year in 2020.

| *R$ million* | 2020 | 2019 | 2020x2019 *% change* | 4Q20 | 4Q19 | 4Q20x4Q19 *% change* |
|---|---|---|---|---|---|---|
| **(+) Finance income** | **250.4** | **36.5** | ***586.0%*** | **120.3** | **2.1** | ***5628.6%*** |
| Foreign exchange gains | 249.0 | 10.0 | 2386.3% | 119.4 | 6.1 | 1851.3% |
| Interest IOF and other income | 1.4 | 26.5 | -94.7% | 0.9 | -4.0 | - |
| **(-) Finance costs** | **500.0** | **116.9** | ***327.7%*** | **83.9** | **4.8** | ***1647.9%*** |
| Foreign exchange losses | 436.5 | 52.5 | 731.4% | 64.6 | -10.0 | - |
| Interest, IOF and other costs | 63.5 | 64.4 | -1.4% | 19.3 | 14.8 | 30.4% |
| **(+/-) Finance inome (costs), net** | **-249.6** | **-80.4** | *210.4%* | **36.5** | **-2.7** | - |
| **Average US dollar Ptax rate for the period (R$)** | **5.16** | **3.95** | *30.6%* | **5.39** | **4.12** | *30.8%* |

We recorded net interest income of R$36.5 million in 4Q20, mainly due to the R$119.4 million exchange gain resulting from the translation of the USD-denominated cash balance of the US subsidiary and its consolidation into Taurus's results in BRL.

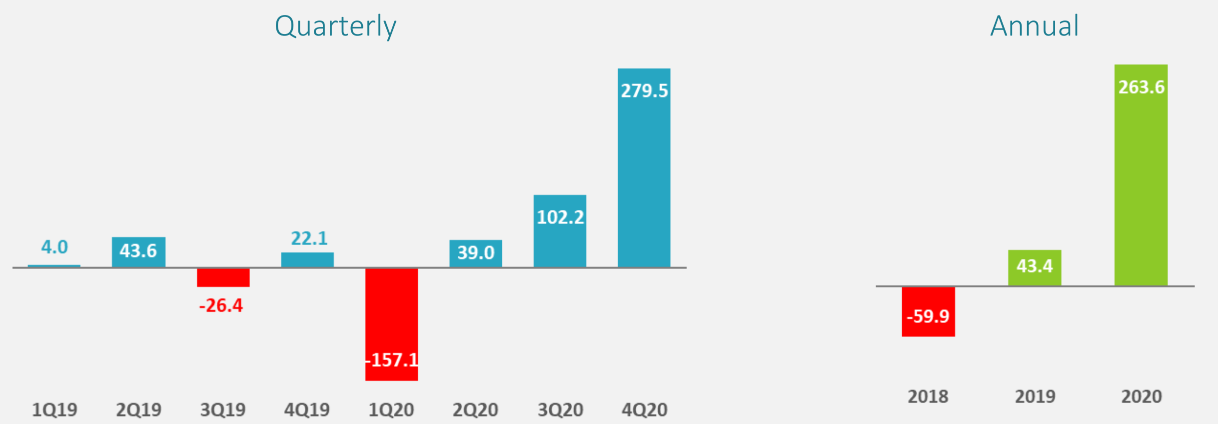
In FY 2020, we had a net interest loss of R$249.6 million vs. a R$169.2 million net interest loss in FY 2019. As shown in the chart above, the 2020 net interest loss resulted from interest income of R$250.4 million and interest expenses of R$500.0 million, both numbers led by exchange gains and losses respectively.

## Net Income

Our new operating performance level, consolidated in the last few quarters, has resulted from the strategy that allowed us to benefit from soaring demand in Brazil and the US, leading to higher revenue, a lower ratio of costs and expenses to revenue and higher EBITDA. The 4Q20 net income was also driven by: (i) net interest income of R$36.5 million, mainly connected with exchange gains on our cash balance in foreign currency; (ii) the income tax deferral, which brought in R$87.0 million; and (iii) the Taurus helmet company's net income of R$6.8 million, booked under "Net Income from Discontinued Operations." As a result, we recorded net income of R$279.5 million in 4Q20.

Performance in 4Q20 offset the 1Q20 net loss, led by a R$195.4 million exchange loss on debt. Thus, we recorded net income of R$263.6 million in 2020, our second consecutive year of net income.

Net Income (R$ million)




## Debt

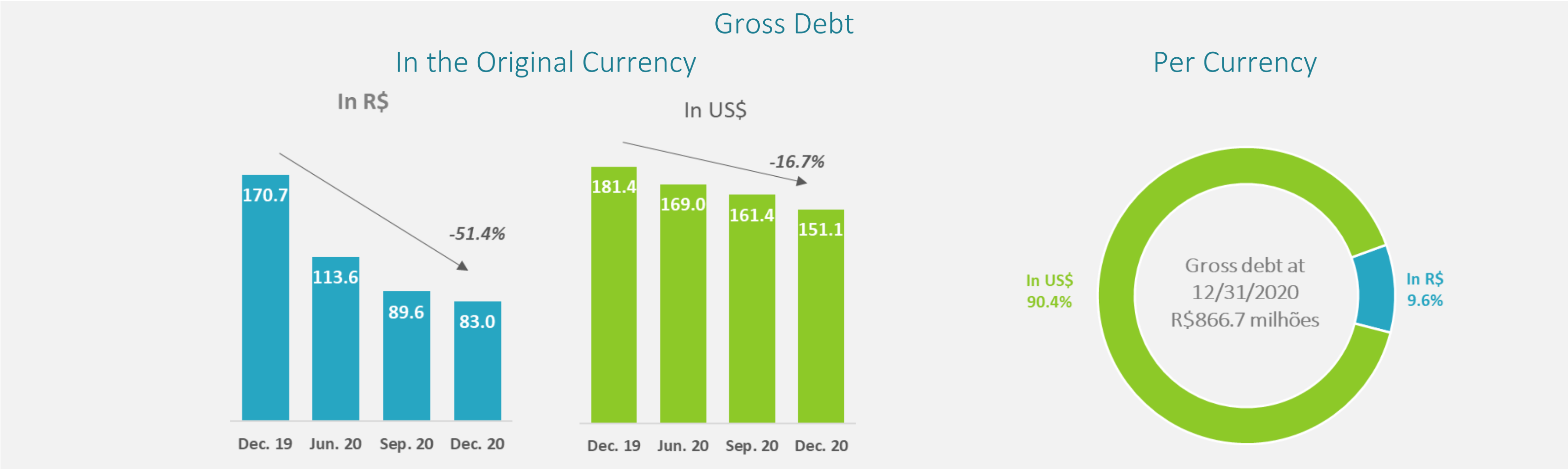
Our debt is primarily denominated in USD; therefore, the USD–BRL exchange rate has a significant impact on our debt position. At the close of December 2020, 90.4% of our gross debt—R$866.7 million—was denominated in USD. However, gross debt decreased by 3.9% year-over-year in FY 2020 despite a 29.0% fall of the BRL against the USD in the same period, reflected by a USD rate of R$4.03 at the close of 2019 vs. R$5.20 at the close of 2020.

This performance resulted primarily from the following factors: (i) we recorded increasing cash generation and cash flow, so we no longer had to obtain loans against receivables and settled all these financial instruments, which amounted to R$73.5 million on 12/31/2019; (ii) we made debt payments as agreed upon during the year and repaid in advance part of our debt (debentures) in October and December, bringing down short-term debt from R$13.3 million at the close of 2019 to R$6.9 million at the close 2020; and (iii) during the year, we made monthly payments of the US subsidiary's debt, which fell from R$70.7 million, or 48.0%, year-over-year in 2020.

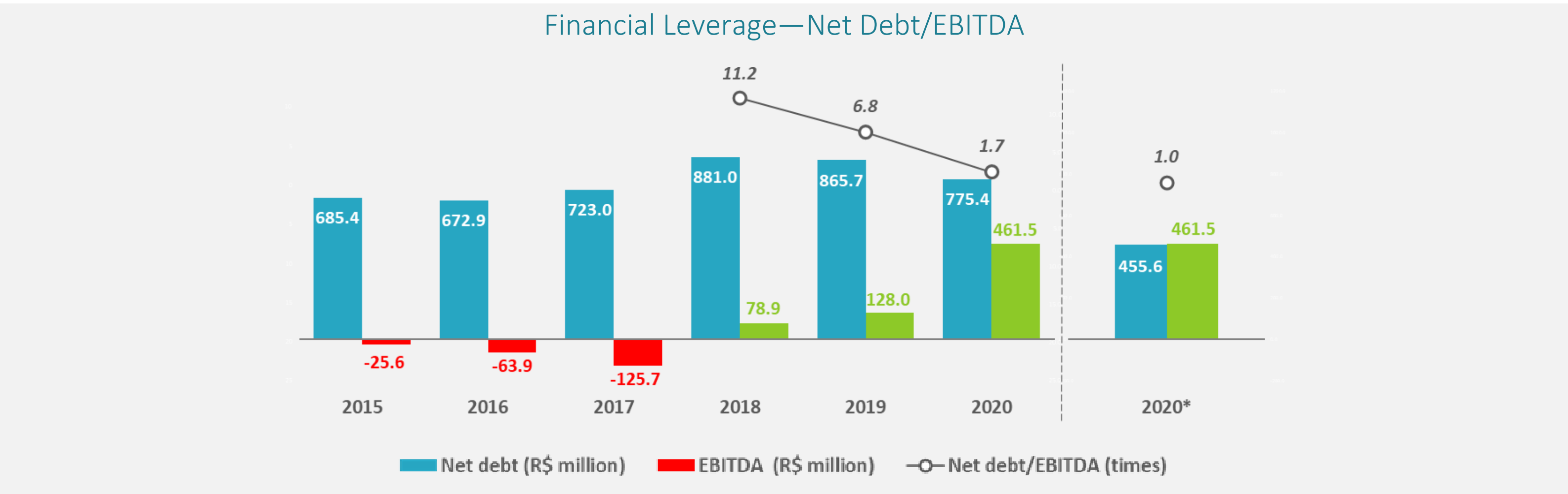
| | 12/31/2020 | | | 12/31/2019 | | | % change |
|---|---|---|---|---|---|---|---|
| ***R$ million*** | **Consolidated** | ***Brazil*** | ***USA*** | **Consolidated** | ***Brazil*** | ***USA*** | **Consolidated** |
| Borrowings and financing | 71.5 | *71.5* | *0.0* | 97.6 | *97.6* | *0.0* | *-26.7%* |
| Debentures | 6.9 | *6.9* | *0.0* | 13.3 | *13.3* | *0.0* | *-48.1%* |
| Advance on receivables | 0.0 | *0.0* | *0.0* | 73.5 | *73.5* | *0.0* | - |
| Foreign exchange drafts | 100.3 | *100.3* | *0.0* | 78.2 | *78.2* | *0.0* | *28.3%* |
| **Current** | **178.7** | ***178.7*** | ***0.0*** | **262.6** | ***262.6*** | ***0.0*** | ***-31.9%*** |
| Borrowings and financing | 627.0 | *550.4* | *76.6* | 577.4 | *430.1* | *147.3* | *8.6%* |
| Debentures | 61.0 | *61.0* | *0.0* | 61.6 | *61.6* | *0.0* | *-1.0%* |
| **Noncurrent** | **688.0** | ***611.4*** | ***76.6*** | **639.1** | ***491.8*** | ***147.3*** | ***7.7%*** |
| **Gross debt** | **866.7** | ***790.1*** | ***76.6*** | **901.7** | ***754.4*** | ***147.3*** | ***-3.9%*** |
| Cash and short-term investments | 91.2 | | | 36.0 | | | *153.3%* |
| **Net debt** | **775.4** | | | **865.7** | | | ***-10.4%*** |
| **Ptax dollar exchange rate at end of period (R$)** | **5.20** | | | **4.03** | | | ***28.9%*** |
| **Gross debt translated into US dollars (US$ million)** | **166.8** | | | **223.7** | | | ***-25.4%*** |

Driven by the increase in cash generation and cash flows from operating activities, cash and short-term investments stood at R$91.2 million at the close of FY 2020, up 153.3% from 12/31/2019. Considering cash and cash equivalents at the close of FY 2020, net debt totaled R$775.4 million, down R$90.3 million, or 10.4%, year-over-year.

As shown in the simulation presented in the chart below, consolidated gross debt has been falling since the close of 2019 when considering the different “debt blocks” in the currencies in which debt capital was obtained.




We are moving forward with solving the issue of debt, previously a crucial one for Taurus. With our current operating performance level, financial leverage as determined by Net Debt/EBITDA rose sharply, reflecting the Company’s new profile. We recorded negative EBITDA up to 2017; therefore, it was not even possible to measure the Company’s leverage ratio. We started recording positive EBITDA in 2018, the first year of the current management team. Taurus’s financial profile has changed considerably since then. Financial leverage as determined by Net Debt/EBITDA slumped from 11.2 in 2018 to 1.7 at the close of FY 2020.

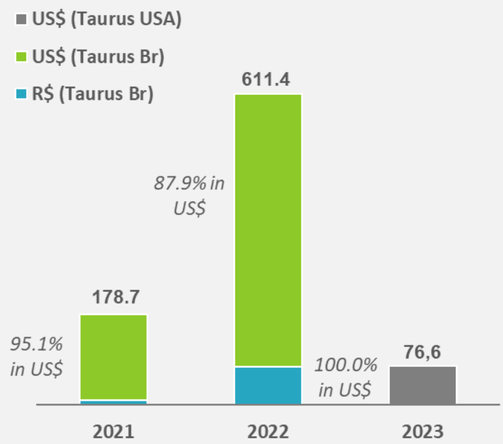


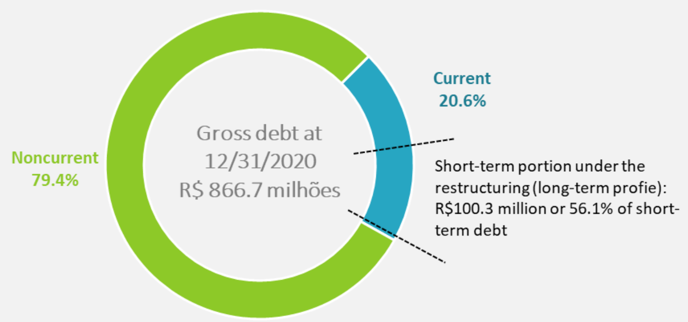

** Total debt on 12/31/2020 less the amount corresponding to the value of the assets for sale and the balance of subscription warrants.*

In addition, we have two assets for sale—the helmet plant and the plot of land of the old factory in Porto Alegre—, and the proceeds of their sale, when completed, will be used only to reduce debt, as well as the balance of the outstanding subscription warrants. If those amounts are deducted from total debt on 12/31/2020, net debt on that date would be R$455.6 million and the Net Debt/EBITDA ratio would be 1.0 time, that is, considering these “potential revenues”, cash generation as determined by EBITDA for the year would be sufficient to pay the entire debt.

Concerning our debt maturity profile at the close of 2020, long-term debt accounted for 79.4% of total gross debt, mainly maturing in 2022. The contract addendum entered into with creditor banks in early August 2020 provided for the rescheduling of the payment of about R$123 million of principal that would mature in June 2020, spreading this payment over 31 months.

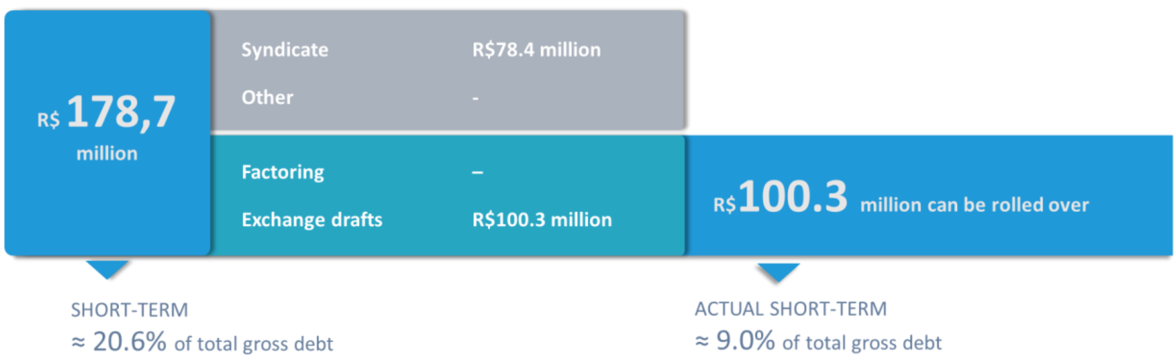
Net Debt on 12/31/2020—R$866.7 million
Maturity Profile




On 12/31/2020, gross debt maturing in the short-term totaled R$178.7 million, 56.1% (R$100.3 million) of which corresponded to foreign currency drafts renewed automatically at each maturity date under an agreement with the creditor bank, with the possibility of being settled by mid-October 2022. This agreement also provides for the renewal of loans obtained against receivables, financial instruments we no longer use because our cash generation and cash flow have increased. If the amount corresponding to foreign exchange drafts is deducted from total short-term debt at the close of December 2020, the portion of the debt effectively maturing in the subsequent 12 months would be R$78.4 million, or 9.0% of the total gross debt on that date.

Gross Short-Term Debt on 12/31/2020—R$178.7 million




## *Capital Structure*

Performance in 2020 allowed us to offset the negative net worth recorded in recent years before projected by management. shareholders' equity amounted to R$42.3 million at the close of FY 2020, vs. a negative net worth of R$304.6 million at the close of FY 2019. Therefore, we moved from a situation in which we were operating entirely on debt, that is, liabilities exceeded assets, to operate on equity.

This change was made possible by the new performance level we have achieved, indicates increased stability and represents the first step towards resuming payouts to shareholders in the future. Nevertheless, as FY 2020 came to an end, we still had a negative R$31.1 million in the capital reserve account, in addition to R$704.7 million in losses from previous years that have to be offset before we can resume dividend payments.

## *Capital Market*

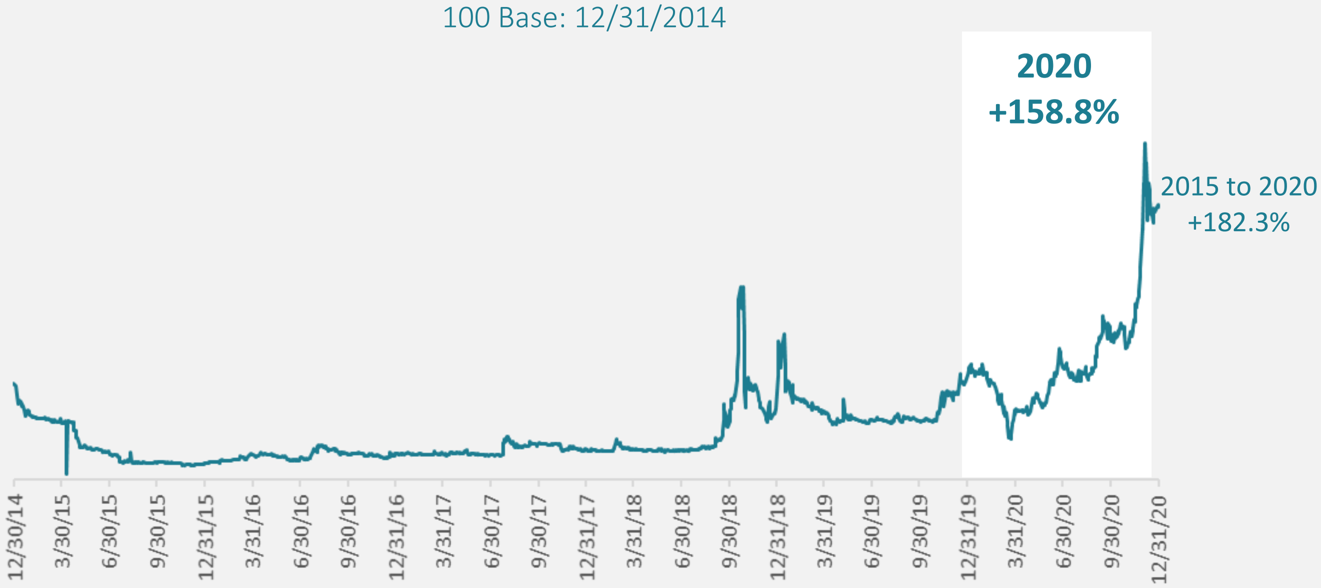
Our preferred shares (TASA4) and common shares (TASA3) are listed on B3's Level II, a market segment comprised of companies adopting special corporate governance practices voluntarily. Both classes of shares are part of B3's Small Caps Index (SMLL.)

At the close of 2020, preferred shares were priced at R$15.87 a share, up 210.6% from their closing price at the last trading session of 2019, whereas common shares rose by 158.8% in the same period. In turn, the Bovespa Index increased by 2.92% in 2020, and B3's Small Caps Index decreased by 0.7%.

| | TASA3 | TASA4 | Market value | Enterprise value* |
|---|---|---|---|---|
| 12/31/2019 | R$5.11 | R$5.99 | R$482.9 million | R$1,228.4 million |
| 12/31/2020 | R$15.87 | R$15.50 | R$1,507.2 million | R$2,148.8 million |
| **Variation** | **+ 210.6%** | **+ 158.8%** | **+ 212.1%** | ***+ 74.9%*** |

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

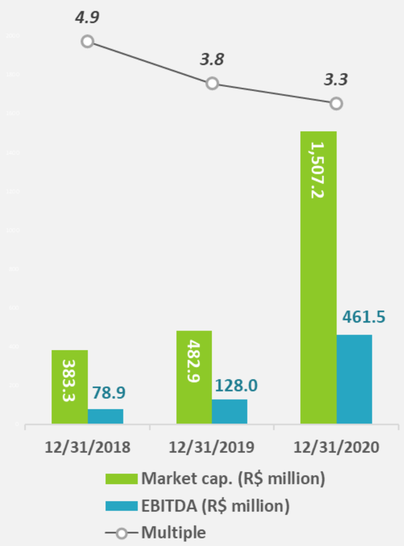
PN – TASA4 Performance
100 Base: 12/31/2014




Source: Tryd

Although Taurus shares on the stock exchange rose much more sharply in percentage terms than the B3 indices and, as a result, the Company's market capitalization increased, operating cash generation as measured by EBITDA has also been growing rapidly. Accordingly, our Market Capitalization/EBITDA multiple has been falling in recent periods and remains lower than that of publicly listed US companies from the same industry.


## Market Capitalization/EBITDA Multiple




## *Value Added Statement*

The value-added created by our activities in 2020 totaled R$1.216 billion, up 144.7% year-over-year. This shows 58.2% of total gross revenue recorded in 2020—R$2,089.3 million—was produced by our activities. Thus, out of every R$1.00 we received during the quarter, we distributed R$0.58 as shown below.

| *R$ million* | 2020 | 2019 |
|---|---|---|
| **Revenue** | **2,089.9** | **1,235.0** |
| Inputs purchased from third parties | -1,107.5 | -747.9 |
| **Gross value added** | **982.5** | **487.1** |
| Depreciation, amortization and depletion | -27.1 | -22.4 |
| **Wealth created** | **955.3** | **464.7** |
| Finance income | 250.4 | 36.5 |
| Wealth created by discontinued operations for distribut | 10.3 | -4.2 |
| **Total wealth for distribution** | **1,216.0** | **497.0** |
| **Wealth distributed** | | |
| Personnel | 176.2 | 137.8 |
| Government (taxes, fees and contributions) | 274.3 | 197.5 |
| Lenders and lessors | 502.0 | 118.2 |
| Shareholders | 0.0 | 0.0 |
| Other | 263.6 | 43.4 |

## *Subsequent Event*

### Material Fact—Memorandum of Understanding with IMBEL

On February 2, Taurus signed a non-binding Memorandum of Understanding (MoU) with IMBEL [Indústria de Material Bélico do Brasil, or Brazilian Military Material Industry] to lay the preliminary technical and commercial foundations to enter into specific instruments focusing on different issues related to both companies, i.e.: (i) possibly hiring industrialization services by ordering products and services from IMBEL®'s portfolio; (ii) creating an Accreditation and Certification Body and operating it jointly or separately; (iii) researching, developing and manufacturing new products; and (iv) marketing products and services of both companies jointly.

The MoU will be effective initially for five (5) years and may be extended successively for the same period as long as written notice is provided and delivered by means of a contract addendum.

The execution of this Memorandum of Understanding involving two EEDs [Empresas Estratégicas de Defesa, or Strategic Defense Companies] is consistent with Taurus's strategic planning and represents another major step toward developing technology and innovation.

*This document may contain statements reflecting future prospects of the Company's business. The projections, results and their effects rely on estimates, information or methods that may be inaccurate and may not materialize. Those estimates are also subject to risks, uncertainties and assumptions including, among others: the overall economic, political and business conditions in Brazil and in the foreign 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 results and the prospects of creating shareholder value may differ materially from what is 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 denies any commitment to update any forecasts, which make sense only on the date on which they were made.*

TAURUS
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## Annexes

### Income Statement

| *R$ million* | 2020 | 2019 | *% change* | 4Q20 | 4Q19 | *% change* |
|---|---|---|---|---|---|---|
| Net operating revenue | 1773.2 | 999.6 | *77.4%* | 560.3 | 272.2 | *105.8%* |
| Cost of sales and/or services | -1017.8 | -659.0 | *54.4%* | -316.0 | -187.8 | *68.3%* |
| **Gross profit** | **755.3** | **340.6** | ***121.8%*** | **244.2** | **84.4** | ***189.3%*** |
| Operating (expenses) income | -321.0 | -235.0 | *36.6%* | -96.6 | -77.0 | *25.5%* |
| Selling expenses | -148.8 | -122.7 | *21.3%* | -40.6 | -35.2 | *15.3%* |
| General and administrative expenses | -182.2 | -142.2 | *28.1%* | -60.1 | -44.0 | *36.6%* |
| Impairment losses | 2.3 | -2.7 | - | 0.7 | -2.4 | - |
| Other operating income | 12.0 | 51.2 | *-76.6%* | 3.9 | 8.9 | *-56.2%* |
| Other operating expenses | -4.3 | -18.6 | *-76.9%* | -0.5 | -4.4 | *-88.6%* |
| **Profit before finance income (costs) and taxes** | **434.3** | **105.7** | ***310.9%*** | **147.6** | **7.3** | ***1921.9%*** |
| Finance income (costs) | -249.6 | -80.5 | *210.1%* | 36.5 | -2.7 | *-1451.9%* |
| Finance income | 250.4 | 36.5 | *586.0%* | 120.3 | 2.1 | *5628.6%* |
| Finance costs | -500.0 | -116.9 | *327.7%* | -83.9 | -4.8 | *1647.9%* |
| **Pretax income** | **184.7** | **25.2** | ***632.9%*** | **184.1** | **4.6** | ***3902.2%*** |
| Income tax and social contribution | 68.6 | 22.5 | - | 88.6 | 22.7 | - |
| Current | -18.9 | -12.0 | *57.5%* | -11.3 | -7.7 | *46.8%* |
| Deferred | 87.5 | 34.4 | *154.4%* | 99.9 | 30.4 | *228.6%* |
| **Profit (loss) from continuing operations** | **253.3** | **47.6** | ***432.1%*** | **272.7** | **27.3** | ***898.9%*** |
| Profit (loss) from discontinued operations | 10.3 | -4.2 | - | 6.8 | -5.2 | - |
| **Consolidated profit (loss) for the period** | **263.6** | **43.4** | ***507.4%*** | **279.5** | **22.1** | **-** |
| Attributable to owners of the Company | 263.6 | 43.4 | 507.4% | 279.5 | 22.1 | - |
| *Earnings per share (R$/share)* | | | | | | |
| *Basic earnings per share* | | | | | | |
| *Common shares (ON)* | *2.7422* | *0.5142* | *440.0%* | *0.0000* | *-0.3367* | - |
| *Preferred shares (PN)* | *3.2285* | *0.5141* | *540.0%* | *0.0000* | *-0.3367* | - |
| *Diluted earnings per share* | | | | | | |
| *Common shares (ON)* | *2.7422* | *0.4909* | *440.0%* | *0.0000* | *-0.2982* | - |
| *Preferred shares (PN)* | *2.7422* | *0.4910* | *440.0%* | *0.0000* | *-0.2981* | - |

## Assets

| *R$ million* | 31/12/2020 | 31/12/2019 | % change |
|---|---|---|---|
| **Total assets** | **1,460.7** | **1,066.4** | ***37.0%*** |
| **Current assets** | **930.9** | **694.5** | ***34.0%*** |
| Cash and cash equivalents | 91.2 | 36.0 | *153.3%* |
| Cash and banks | 86.0 | 28.4 | *202.8%* |
| Highly liquid short-term investments | 5.2 | 7.6 | *-31.6%* |
| Short-term investments | 0.0 | 0.0 | - |
| Accounts receivable | 317.4 | 165.0 | *92.4%* |
| Inventories | 298.3 | 315.8 | *-5.5%* |
| Recoverable taxes | 33.3 | 31.1 | *7.1%* |
| Prepaid expenses | 22.2 | 6.3 | *252.4%* |
| Other current assets | 168.3 | 140.4 | *19.9%* |
| **Noncurrent assets** | **529.8** | **371.9** | ***42.5%*** |
| Long-term receivables | 203.1 | 110.5 | *83.8%* |
| Short-term investments at amortized cost | 0.0 | 0.0 | - |
| Deferred taxes | 188.6 | 96.2 | *96.0%* |
| Other noncurrent assets | 14.5 | 14.3 | *1.4%* |
| Investments | 0.0 | 0.2 | *-100.0%* |
| Property, plant and equipment | 233.4 | 181.2 | *28.8%* |
| Intangible assets | 93.3 | 79.9 | *16.8%* |

## Liabilities and equity

| ***R$ million*** | **12/31/2020** | **12/31/2019** | **% change** |
|---|---|---|---|
| **Total liabilities and shareholders' equity** | **1,460.7** | **1,066.4** | ***37.0%*** |
| **Current liabilities** | **575.4** | **630.0** | ***-8.7%*** |
| Payroll, benefits and taxes thereon | 57.5 | 30.4 | *89.1%* |
| Payrol and related taxes | 32.1 | 9.7 | *230.9%* |
| Employee benefits and related taxes | 25.4 | 20.7 | *22.7%* |
| Trade payables | 111.9 | 114.2 | *-2.0%* |
| Local suppliers | 69.5 | 65.9 | *5.5%* |
| Foreign suppliers | 42.4 | 48.2 | *-12.0%* |
| Taxes payable | 68.3 | 52.9 | *29.1%* |
| Federal tax liabilities | 65.9 | 50.8 | *29.7%* |
| Inocme tax and social contribution payable | 14.3 | 12.5 | *14.4%* |
| Other taxes | 51.7 | 38.3 | *35.0%* |
| State tax liabilities | 2.3 | 2.1 | *9.5%* |
| Municipal tax liabilities | 0.1 | 0.0 | - |
| Borrowings and financing | 78.4 | 110.9 | *-29.3%* |
| In local currency | 1.8 | 8.9 | *-79.8%* |
| In foreign currency | 69.7 | 88.7 | *-21.4%* |
| Debentures | 6.9 | 13.3 | *-48.1%* |
| Other payables | 203.8 | 249.1 | *-18.2%* |
| Dividends and interest on capital payable | 0.0 | 0.0 | - |
| Derivative financial instruments | 0.0 | 0.0 | - |
| Foreign exchange drafts | 100.3 | 78.2 | *28.3%* |
| Advance on receivables | 0.0 | 73.5 | - |
| Advances from customers | 49.1 | 49.4 | *-0.6%* |
| Payables from noncurrent assets for sale | 27.3 | 27.7 | *-1.4%* |
| Other payables | 27.1 | 20.2 | *34.2%* |
| Provisions | 55.5 | 72.5 | *-23.4%* |
| Tax, sociall security, labor and civil provisions | 41.0 | 54.4 | *-24.6%* |
| Other provisions | 14.6 | 18.1 | *-19.3%* |
| **Noncurrent liabilities** | **843.0** | **741.0** | ***13.8%*** |
| Borrowings and financing | 688.0 | 639.1 | *7.7%* |
| In local currency | 13.3 | 13.4 | *-0.8%* |
| In foreign currency | 613.7 | 564.1 | *8.8%* |
| Debentures | 61.0 | 61.6 | *-1.0%* |
| Other payables | 78.7 | 24.5 | *221.4%* |
| Deferred taxes | 10.3 | 10.3 | *0.3%* |
| Provisions | 66.1 | 67.2 | *-1.7%* |
| Social security, labor and civil provisions | 59.5 | 61.7 | *-3.5%* |
| Other provisions | 6.6 | 5.6 | *18.2%* |
| **Consolidated shareholders' equity** | **42.3** | **-304.6** | **-** |
| Issue capital | 560.3 | 520.3 | *7.7%* |
| Capital reserves | -31.1 | -31.1 | *0.0%* |
| Disposal of subscription warrants | 9.9 | 9.9 | *0.0%* |
| Capital transactions | -41.0 | -41.0 | *0.0%* |
| Retained earnings/accumulated losses | -704.7 | -970.3 | *-27.4%* |
| Valuation adjustments to equity | 45.9 | 46.0 | *-0.2%* |
| Cumulative translation adjustments | 172.0 | 130.6 | *31.7%* |