(Convenience Translation into English from the Original Previously Issued in Portuguese)

Taurus Armas S.A.

Report on Review of Interim Financial Information for the Quarter Ended March 31, 2024

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

Contents

Company Data/Capital Breakdown Number of shares (units)	Current Quarter 03/31/2024
Common - Paid-in capital	46,445,314
Preferred - Paid-in capital	80,189,120
Total - Paid-in Capital	126,634,434
Common - Held in treasury	-
Preferred - Held in treasury	699,900
Total - Held in treasury	699,900

Individual FS / Balance Sheet - Assets
(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 03/31/2024	Prior Year 12/31/2023
1	Total assets	1,948,825	1,908,584
1.01	Current assets	582,326	591,164
1.01.01	Cash and cash equivalents	80,592	74,014
1.01.01.01	Cash and banks	50,842	69,115
1.01.01.02	Highly liquid short-term investments	29,750	4,899
1.01.02	Short-term investments	82,412	95,996
1.01.02.03	Short-term investments at evaluated at amortized cost	82,412	95,996
1.01.03	Accounts receivable	87,109	76,107
1.01.03.01	Trade receivables	87,109	76,107
1.01.04	Inventories	268,650	270,529
1.01.06	Recoverable taxes	39,635	49,884
1.01.06.01	Recoverable current taxes	39,635	49,884
1.01.07	Prepaid expenses	6,654	5,342
1.01.08	Other current assets	17,274	19,292
1.01.08.03	Other	17,274	19,292
1.01.08.03.03	Related parties - financial loan	7,042	5,485
1.01.08.03.04	Other receivables	10,232	13,807
1.02	Noncurrent assets	1,366,499	1,317,420
1.02.01	Long-term receivables	147,952	137,863
1.02.01.07	Deferred taxes	33,842	36,324
1.02.01.07.01	Deferred income tax and social contribution	33,842	36,324
1.02.01.09	Due from related parties	29,797	18,053
1.02.01.09.02	Receivables from subsidiaries	29,797	18,053
1.02.01.10	Other noncurrent assets	84,313	83,486
1.02.01.10.03	Recoverable taxes	18,722	17,517
1.02.01.10.04	Other	65,591	65,969
1.02.02	Investments	793,722	756,996
1.02.02.01	Equity interests	793,722	756,996
1.02.02.01.02	Equity interests in subsidiaries	793,722	756,996
1.02.03	Property, plant and equipment	356,406	354,672
1.02.03.01	Fixed assets in use	197,335	218,691
1.02.03.03	Construction in progress	159,071	135,981
1.02.04	Intangible assets	68,419	67,889
1.02.04.01	Intangible assets	68,419	67,889
1.02.04.01.02	Intangible assets	68,419	67,889

Individual FS / Balance Sheet - Liabilities
(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 03/31/2024	Prior Year 12/31/2023
2	Total liabilities and equity	1,948,825	1,908,584
2.01	Current liabilities	666,192	639,886
2.01.01	Payroll, benefits and taxes thereon	30,671	29,546
2.01.01.01	Payroll and related taxes	6,358	7,005
2.01.01.02	Payroll and related taxes	24,313	22,541
2.01.02	Trade payables	56,075	54,617
2.01.02.01	Local suppliers	45,034	46,132
2.01.02.02	Foreign suppliers	11,041	8,485
2.01.03	Taxes payable	17,703	17,770
2.01.03.01	Federal tax liabilities	17,682	17,693
2.01.03.01.01	Income tax and social contribution payable	364	364
2.01.03.01.02	Other taxes	17,318	17,329
2.01.03.02	State tax liabilities	-	20
2.01.03.03	Municipal tax liabilities	21	57
2.01.04	Borrowings and financing	440,247	412,994
2.01.04.01	Borrowings and financing	440,247	412,994
2.01.04.01.01	In local currency	1,037	1,562
2.01.04.01.02	In foreign currency	439,210	411,432
2.01.05	Other payables	63,958	65,253
2.01.05.02	Other	63,958	65,253
2.01.05.02.02	Dividends payable	38,416	38,416
2.01.05.02.08	Advances from customers	12,300	16,764
2.01.05.02.09	Other payables	13,242	10,073
2.01.06	Provisions	57,538	59,706
2.01.06.01	Tax, social security, labor and civil provisions	52,120	54,288
2.01.06.01.01	Tax provisions	46,156	47,727
2.01.06.01.02	Social security and labor provisions	4,151	4,606
2.01.06.01.04	Civil provisions	1,813	1,955
2.01.06.02	Other provisions	5,418	5,418
2.01.06.02.01	Provision for warranties	5,418	5,418
2.02	Noncurrent liabilities	154,628	176,893
2.02.01	Borrowings and financing	84,519	92,842
2.02.01.01	Borrowings and financing	84,519	92,842
2.02.01.01.01	In local currency	84,519	84,975
2.02.01.01.02	In foreign currency	-	7,867
2.02.02	Other payables	26,147	27,564
2.02.02.01	Due to related parties	2,029	1,988
2.02.02.01.04	Due to other related parties	2,029	1,988
2.02.02.02	Other	24,118	25,576
2.02.02.02.03	Taxes payable	4,323	5,737
2.02.02.02.04	Provision for negative equity	3,450	2,567
2.02.02.02.06	Trade payables	8,345	9,272
2.02.02.02.09	Other payables	8,000	8,000
2.02.03	Deferred taxes	-	83
2.02.03.01	Deferred income tax and social contribution	-	83
2.02.04	Provisions	43,962	56,404
2.02.04.01	Tax, social security, labor and civil provisions	43,962	56,404
2.02.04.01.01	Tax provisions	7	7
2.02.04.01.02	Social security and labor provisions	28,270	40,692
2.02.04.01.04	Civil provisions	15,685	15,705
2.03	Equity	1,128,005	1,091,805
2.03.01	Issued capital	367,936	367,936
2.03.02	Capital reserves	-16,245	-17,095
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	29,395	25,421
2.03.02.05	Treasury shares	-9,881	-6,757
2.03.02.09	Capital Transactions	-45,639	-45,639
2.03.04	Profit reserve	566,592	566,592
2.03.04.01	Legal reserve	48,704	48,704
2.03.04.02	Statutory reserve	399,398	399,398
2.03.04.07	Tax incentive reserve	118,490	118,490
2.03.05	Retained earnings/accumulated losses	19,069	-
2.03.06	Valuation adjustments to equity	43,874	44,000
2.03.08	Cumulative translation adjustments	146,779	130,372
2.03.08.01	Cumulative translation adjustments	146,779	130,372

Individual FS / Statement of Profit or Loss
(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2024 to 03/31/2024	Prior YTD 01/01/2023 to 03/31/2023
3.01	Net operating revenue	166,274	252,439
3.02	Cost of sales	- 111,551	- 144,569
3.03	Gross profit	54,723	107,870
3.04	Operating (expenses) income	- 7,616	- 55,961
3.04.01	Selling expenses	- 10,545	- 17,799
3.04.02	General and administrative expenses	- 18,979	- 34,992
3.04.03	Impairment losses	- 1,200	- 2,957
3.04.04	Other operating income	6,263	2,585
3.04.05	Other operating expenses	- 2,591	- 3,704
3.04.06	Equity in earnings (losses)	19,436	906
3.05	Profit before finance income (costs) and taxes	47,107	51,909
3.06	Finance Income (Costs)	- 25,765	1,879
3.06.01	Finance income	11,462	44,694
3.06.02	Finance costs	- 37,227	- 42,815
3.07	Pretax income	21,342	53,788
3.08	Income tax and social contribution	- 2,399	- 18,392
3.08.01	Current	-	- 21,135
3.08.02	Deferred	- 2,399	2,743
3.09	Profit (loss) from continuing operations	18,943	35,396
3.11	profit (loss) for the period	18,943	35,396
3.99	Earnings per share (R$/share)	-	-
3.99.01	Basic earnings per share	-	-
3.99.01.01	Common shares (ON)	0.15041	0.27951
3.99.01.02	Preferred shares (PN)	0.15012	0.27952
3.99.02	Diluted earnings per share	-	-
3.99.02.01	Common shares (ON)	0.15041	0.27951
3.99.02.02	Preferred shares (PN)	0.15012	0.27952

Individual FS / Statement of Comprehensive Income
(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2024 to 03/31/2024	Prior YTD 01/01/2023 to 03/31/2023
4.01	Profit for the period	18,943	35,396
4.02	Other comprehensive income	16,407	- 13,789
4.02.01	Translation adjustments for the period	16,407	- 13,789
4.02.02	Realization of valuation adjustments to equity, net of taxes	-	-
4.03	Comprehensive income for the period	35,350	21,607

Individual FS / Statement of Cash Flows - Indirect Method

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2024 to 03/31/2024	Prior YTD 01/01/2023 to 03/31/2023
6.01	Net cash from operating activities	24,736	97,118
6.01.01	Cash generated by operating activities	26,288	46,516
6.01.01.01	Profit (loss) before income tax and social contribution	21,342	53,788
6.01.01.02	Depreciation and amortization	5,910	4,123
6.01.01.03	Cost of capital assets written off	180	-
6.01.01.04	Allowance for doubtful debts	1,200	2,957
6.01.01.05	Share of results of investees	-19,436	-906
6.01.01.08	Accrued interest on borrowings and intragroup borrowings	11,889	10,315
6.01.01.09	Shared based payment plan	3,974	-
6.01.01.10	Allowance for inventory losses	-27	770
6.01.01.11	Provision for warranties	-	-56
6.01.01.12	Provision for civil, labor and tax risks	-14,610	1,705
6.01.01.13	Exchange differences on borrowings and other items	15,866	-26,180
6.01.02	Changes in assets and liabilities	-1,552	64,387
6.01.02.01	(Increase) decrease in trade receivables	-12,202	90,693
6.01.02.02	Decrease (increase) in inventories	1,906	-2,835
6.01.02.03	Decrease (increase) in other receivables	9,986	-6,198
6.01.02.04	(Decrease) increase in trade payables	531	7,486
6.01.02.05	Increase (decrease) in accounts payable	-1,773	-24,759
6.01.03	Other	-	-13,785
6.01.03.02	Income tax and social contribution paid	-	-13,785
6.02	Net cash from investing activities	-6,289	-79,972
6.02.01	Due from related parties	-11,519	-4,749
6.02.03	In investments	-	-109
6.02.04	In property, plant and equipment	-6,310	-28,434
6.02.05	In intangible assets	-2,044	-4,281
6.02.06	Financial investments	13,584	-42,399
6.03	Net cash from financing activities	-11,869	-42,086
6.03.02	Borrowings and intragroup borrowings	81,228	81,329
6.03.03	Repayment of borrowings	-78,339	-115,960
6.03.05	Capital increase	-3,124	-
6.03.07	Payment of interest on borrowings and intragroup borrowings	-11,674	-7,851
6.03.10	Due to related parties	40	396
6.05	Increase (decrease) in cash and cash equivalents	6,578	-24,940
6.05.01	Cash and cash equivalents at the beginning of the year	74,014	107,155
6.05.02	Cash and cash equivalents at the end of the year	80,592	82,215

Individual FS / Statement of Value Added
(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2024 to 03/31/2024	Prior YTD 01/01/2023 to 03/31/2023
7.01	Revenue	190,260	282,317
7.01.01	Sales of goods and services	185,197	282,689
7.01.02	Other income	6,263	2,585
7.01.04	Allowance for (reversal of) doubtful debts	-1,200	-2,957
7.02	Inputs purchased from third parties	-82,430	-131,293
7.02.01	Cost of products, goods and services sold	-51,670	-70,814
7.02.02	Supplies, power, outside services and other inputs	-30,760	-60,479
7.03	Gross value added	107,830	151,024
7.04	Withholdings	-5,910	-4,123
7.04.01	Depreciation, amortization and depletion	-5,910	-4,123
7.05	Wealth created	101,920	146,901
7.06	Wealth received in transfer	30,898	45,600
7.06.01	Equity in earnings (losses)	19,436	906
7.06.02	Finance income	11,462	44,694
7.07	Wealth for distribution	132,818	192,501
7.08	Wealth distributed	132,818	192,501
7.08.01	Personnel expenses	44,819	46,943
7.08.01.01	Wages	29,910	33,191
7.08.01.02	Benefits	12,803	11,306
7.08.01.03	Severance Pay Fund (FGTS)	2,106	2,446
7.08.02	Taxes, fees and contributions	30,838	66,068
7.08.02.01	Federal	25,896	49,937
7.08.02.02	State	4,879	16,073
7.08.02.03	Municipal	63	58
7.08.03	Lenders and lessors	38,218	44,094
7.08.03.01	Interest	37,227	42,815
7.08.03.02	Rentals	991	1,279
7.08.04	Shareholders	18,943	35,396
7.08.04.03	Retained earnings (accumulated losses)	18,943	35,396

Individual FS / Statements of Changes in Equity / SCE - 01/01/2024 to 03/31/2024

(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	367,936	-17,095	566,592	-	174,372	1,091,805
5.03	Adjusted opening balances	367,936	-17,095	566,592	-	174,372	1,091,805
5.04	Shareholders' capital transactions	-	850	-	-	-	850
5.04.03	Recognized stock options granted	-	3,974	-	-	-	3,974
5.04.04	Options granted recognized	-	-3,124	-	-	-	-3,124
5.05	Total comprehensive income	-	-	-	18,943	16,407	35,350
5.05.01	Profit for the period	-	-	-	18,943	-	18,943
5.05.02	Other comprehensive income	-	-	-	-	16,407	16,407
5.05.02.04	Translation adjustments for the period	-	-	-	-	16,407	16,407
5.06	Internal changes in equity	-	-	-	126	-126	-
5.06.02	Realization of revaluation reserve	-	-	-	126	-126	-
5.07	Closing balances	367,936	-16,245	566,592	19,069	190,653	1,128,005

Individual FS / Statements of Changes in Equity / SCE - 01/01/2023 to 03/31/2023
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Prior-year adjustments	367,936	-21,355	464,256	-	213,394	1,024,231
5.03	Shareholders' capital transactions	367,936	-21,355	464,256	-	213,394	1,024,231
5.04	Capital increases	-	1,910	-	-	-	1,910
5.04.03	Treasury shares acquired	-	2,126	-	-	-	2,126
5.04.08	Total comprehensive income	-	-216	-	-	-	-216
5.05	Net income for the period	-	-	-	35,396	-13,789	21,607
5.05.01	Other comprehensive income	-	-	-	35,396	-	35,396
5.05.02	Adjustments to financial instruments	-	-	-	-	-13,789	-13,789
5.05.02.04	Taxes on translation adjustments for the period	-	-	-	-	-13,789	-13,789
5.06	Recognition of reserves	-	-	-	140	-140	-
5.06.02	Taxes on realization of revaluation reserve	-	-	-	140	-140	-
5.07	Closing balances	367,936	-19,445	464,256	35,536	199,465	1,047,748

Consolidated FS / Balance Sheet - Assets
(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 03/31/2024	Prior Year 12/31/2023
1	Total assets	2,176,188	2,153,861
1.01	Current assets	1,203,950	1,194,992
1.01.01	Cash and cash equivalents	131,103	83,362
1.01.01.01	Cash and banks	97,984	72,992
1.01.01.02	Highly liquid short-term investments	33,119	10,370
1.01.02	Short-term investments	114,622	120,977
1.01.02.03	Short-term investments at evaluated at amortized cost	114,622	120,977
1.01.03	Accounts receivable	254,771	211,628
1.01.03.01	Trade receivables	254,771	211,628
1.01.04	Inventories	603,620	661,812
1.01.06	Recoverable taxes	49,829	61,831
1.01.06.01	Recoverable current taxes	49,829	61,831
1.01.07	Prepaid expenses	28,580	30,228
1.01.08	Other current assets	21,425	25,154
1.01.08.01	Noncurrent assets for sale	7,000	7,000
1.01.08.03	Other	14,425	18,154
1.01.08.03.02	Others account receivables	14,425	18,154
1.02	Noncurrent assets	972,238	958,869
1.02.01	Long-term receivables	175,622	178,817
1.02.01.07	Deferred taxes	69,924	76,896
1.02.01.07.01	Deferred income tax and social contribution	69,924	76,896
1.02.01.09	Credits with related parties	13,202	12,534
1.02.01.09.04	Credits with others related parties	13,202	12,534
1.02.01.10	Other noncurrent assets	92,496	89,387
1.02.01.10.03	Other	19,203	18,018
1.02.01.10.04	Recoverable taxes	73,293	71,369
1.02.02	Investments	68,428	68,506
1.02.02.01	Equity interests	6,386	6,464
1.02.02.01.04	Investments in joint ventures	6,384	6,462
1.02.02.01.05	Other investments	2	2
1.02.02.02	Investment property	62,042	62,042
1.02.03	Property, plant and equipment	590,435	575,212
1.02.03.01	Fixed assets in use	381,052	403,132
1.02.03.03	Construction in progress	209,383	172,080
1.02.04	Intangible assets	137,753	136,334
1.02.04.01	Intangible	137,753	136,334
1.02.04.01.02	Intangible	137,753	136,334

Consolidated FS / Balance Sheet - Liabilities
(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 03/31/2024	Prior Year 12/31/2023
2	Total liabilities and equity	2,176,188	2,153,861
2.01	Current liabilities	832,866	800,467
2.01.01	Payroll, benefits and taxes thereon	49,211	44,326
2.01.01.01	Payroll and related taxes	6,992	7,757
2.01.01.02	Payroll and related taxes	42,219	36,569
2.01.02	Trade payables	111,954	111,610
2.01.02.01	Local suppliers	55,910	58,855
2.01.02.02	Foreign suppliers	56,044	52,755
2.01.03	Taxes payable	63,868	58,681
2.01.03.01	Federal tax liabilities	63,300	57,791
2.01.03.01.01	Income tax and social contribution payable	3,019	2,415
2.01.03.01.02	Other taxes	60,281	55,376
2.01.03.02	State tax liabilities	523	775
2.01.03.03	Municipal tax liabilities	45	115
2.01.04	Borrowings and Financing	440,247	412,994
2.01.04.01	Borrowings and Financing	440,247	412,994
2.01.04.01.01	In local currency	1,037	1,562
2.01.04.01.02	In foreign currency	439,210	411,432
2.01.05	Other payables	98,137	102,491
2.01.05.02	Other	98,137	102,491
2.01.05.02.02	Dividends payable	38,416	38,416
2.01.05.02.09	Other payables	12,813	17,511
2.01.05.02.11	Other payables	46,908	46,564
2.01.06	Provisions	69,449	70,365
2.01.06.01	Tax, social security, labor and civil provisions	59,994	61,206
2.01.06.01.01	Tax provisions	46,586	48,148
2.01.06.01.02	Social security and labor provisions	4,465	4,928
2.01.06.01.04	Civil provisions	8,943	8,130
2.01.06.02	Other allowances, provisions and accruals	9,455	9,159
2.01.06.02.01	Provision for warranties	9,455	9,159
2.02	Noncurrent liabilities	215,317	261,589
2.02.01	Borrowings and financing	84,519	115,983
2.02.01.01	Borrowings and financing	84,519	115,983
2.02.01.01.01	In local currency	84,519	84,975
2.02.01.01.02	In foreign currency	-	31,008
2.02.02	Other payables	65,771	68,838
2.02.02.01	Due to related parties	2,029	1,985
2.02.02.01.04	Due to other related parties	2,029	1,985
2.02.02.02	Other	63,742	66,853
2.02.02.02.04	Other Payables	10,323	12,411
2.02.02.02.06	Trade payables	8,345	9,272
2.02.02.02.09	Other Payables	45,074	45,170
2.02.03	Deferred taxes	14,185	14,146
2.02.03.01	Deferred income tax and social contribution	14,185	14,146
2.02.04	Provisions	50,842	62,622
2.02.04.01	Tax, social security, labor and civil provisions	46,126	58,713
2.02.04.01.01	Tax provisions	1,401	1,401
2.02.04.01.02	Social security and labor provisions	29,023	41,590
2.02.04.01.04	Civil provisions	15,702	15,722
2.02.04.02	Other allowances, provisions and accruals	4,716	3,909
2.02.04.02.01	Provision for warranties	4,716	3,909
2.03	Consolidated equity	1,128,005	1,091,805
2.03.01	Issued capital	367,936	367,936
2.03.02	Capital reserves	- 16,245	- 17,095
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	29,395	25,421
2.03.02.05	Treasury shares	- 9,881	- 6,757
2.03.02.09	Capital Transactions	- 45,639	- 45,639
2.03.04	Profit reserve	566,592	566,592
2.03.04.01	Legal reserve	48,704	48,704
2.03.04.02	Statutory reserve	399,398	399,398
2.03.04.07	Tax incentive reserve	118,490	118,490
2.03.05	Retained earnings/accumulated losses	19,069	-
2.03.06	Valuation adjustments to equity	43,874	44,000
2.03.08	Cumulative translation adjustments	146,779	130,372
2.03.08.01	Cumulative translation adjustments	146,779	130,372

Consolidated FS / Statement of Profit or Loss

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2024 to 03/31/2024	Prior YTD 01/01/2023 to 03/31/2023
3.01	Net operating revenue	448,866	453,233
3.02	Cost of sales	- 303,454	- 276,849
3.03	Gross profit	145,412	176,384
3.04	Operating (expenses) income	- 89,954	- 120,312
3.04.01	Selling expenses	- 53,525	- 61,361
3.04.02	General and administrative expenses	- 41,031	- 55,359
3.04.03	Impairment losses	- 1,497	- 3,758
3.04.04	Other operating income	7,687	3,437
3.04.05	Other operating expenses	- 1,402	- 2,550
3.04.06	Equity in earnings (losses)	- 186	- 721
3.05	Profit before finance income (costs) and taxes	55,458	56,072
3.06	FINANCE INCOME (COSTS)	- 26,045	- 89
3.06.01	Finance income	12,508	42,788
3.06.02	Finance costs	- 38,553	- 42,877
3.07	Pretax income	29,413	55,983
3.08	Income tax and social contribution	- 10,470	- 20,587
3.08.01	Current	- 3,582	- 24,293
3.08.02	Deferred	- 6,888	3,706
3.09	Profit (loss) from continuing operations	18,943	35,396
3.11	Consolidated profit (loss) for the period	18,943	35,396
3.11.01	Attributable to owners of the Company	18,943	35,396
3.99	Earnings per share (R$/share)	-	-
3.99.01	Basic earnings per share	-	-
3.99.01.01	Common shares (ON)	0.15041	0.27951
3.99.01.02	Preferred shares (PN)	0.15012	0.27951
3.99.02	Diluted earnings per share	-	-
3.99.02.01	Common shares (ON)	0.15041	0.27951
3.99.02.02	Preferred shares (PN)	0.15012	0.27951

Consolidated FS / Statement of Comprehensive Income
(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2024 to 03/31/2024	Prior YTD 01/01/2023 to 03/31/2023
4.01	Consolidated profit for the period	18,943	35,396
4.02	Other comprehensive income	16,407	- 13,789
4.02.01	Translation adjustment for the period	16,407	- 13,789
4.03	Consolidated comprehensive income for the period	35,350	21,607
4.03.01	Attributable to owners of the Company	35,350	21,607

Consolidated FS / Statement of Cash Flows - Indirect Method
(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2024 to 03/31/2024	Prior YTD 01/01/2023 to 03/31/2023
6.01	Net cash from operating activities	99,410	89,945
6.01.01	Cash generated by operating activities	91,833	52,045
6.01.01.01	Profit (loss) before income tax and social contribution	29,413	55,983
6.01.01.02	Depreciation and amortization	9,140	8,536
6.01.01.03	Cost of capital assets written off	390	1,348
6.01.01.05	Share of results of investees	186	721
6.01.01.07	Allowance for doubtful debts	1,497	3,758
6.01.01.08	Allowance for inventory losses	- 409	1,125
6.01.01.09	Shared based payment plan	3,974	-
6.01.01.10	Accrued interest on borrowings and intragroup loans	11,993	8,919
6.01.01.14	Other items that do not affect cash included in profit	31,942	- 2,091
6.01.01.17	Provision for warranties	1,103	- 272
6.01.01.18	Exchange differences on translating borrowings and financing	16,403	- 26,180
6.01.01.19	Provision for civil, labor and tax risks	- 13,799	198
6.01.02	Changes in assets and liabilities	10,558	51,831
6.01.02.01	(Increase) decrease in trade receivables	- 50,920	69,556
6.01.02.02	(Increase) decrease in inventories	38,640	- 15,041
6.01.02.03	(Increase) in other receivables	12,356	10,303
6.01.02.04	Increase in trade payables	2,274	20,946
6.01.02.05	Increase in accounts payable	8,208	- 33,933
6.01.03	Other	- 2,981	- 13,931
6.01.03.04	Income tax and social contribution paid	- 2,981	- 13,931
6.02	Net cash from investing activities	- 15,985	- 86,863
6.02.01	Due from related parties	- 122	- 235
6.02.03	In investments	-	- 499
6.02.04	In property, plant and equipment	- 20,174	- 39,009
6.02.05	In intangible assets	- 2,044	- 4,281
6.02.06	Financial investments	6,355	- 42,839
6.03	Net cash from financing activities	- 35,729	- 41,937
6.03.02	Borrowings and intragroup borrowings	431,940	81,329
6.03.03	Repayment of borrowings	- 452,729	- 115,960
6.03.05	Capital increase	- 3,124	-
6.03.09	Due to related parties	2	45
6.03.10	Payment of interest on borrowings and intragroup borrowings	- 11,818	- 7,351
6.04	Exchange differences on translating cash and cash equivalents	45	2,275
6.05	Increase (decrease) in cash and cash equivalents	47,741	- 36,580
6.05.01	Cash and cash equivalents at the beginning of the year	83,362	201,256
6.05.02	Cash and cash equivalents at the end of the year	131,103	164,676

Consolidated FS / Statement of Value Added

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2024 to 03/31/2024	Prior YTD 01/01/2023 to 03/31/2023
7.01	Revenue	482,222	487,976
7.01.01	Sales of goods and services	476,032	488,297
7.01.02	Other income	7,687	3,437
7.01.04	Allowance for (reversal of) doubtful debts	-1,497	-3,758
7.02	Inputs purchased from third parties	-326,371	-311,536
7.02.01	Cost of products, goods and services sold	-237,039	-194,074
7.02.02	Supplies, power, outside services and other inputs	-89,332	-117,462
7.03	Gross value added	155,851	176,440
7.04	Withholdings	-9,140	-8,536
7.04.01	Depreciation, amortization and depletion	-9,140	-8,536
7.05	Wealth created	146,711	167,904
7.06	Wealth received in transfer	12,322	42,067
7.06.01	Equity in earnings (losses)	-186	-721
7.06.02	Finance income	12,508	42,788
7.07	Wealth for distribution	159,033	209,971
7.08	Wealth distributed	159,033	209,971
7.08.01	Personnel expenses	52,197	53,870
7.08.01.01	Wages	35,633	38,493
7.08.01.02	Benefits	14,123	12,608
7.08.01.03	Severance Pay Fund (FGTS)	2,441	2,769
7.08.02	Taxes, fees and contributions	48,187	76,408
7.08.02.01	Federal	39,569	57,431
7.08.02.02	State	8,390	18,813
7.08.02.03	Municipal	228	164
7.08.03	Lenders and lessors	39,706	44,297
7.08.03.01	Interest	38,552	42,881
7.08.03.02	Rentals	1,154	1,416
7.08.05	Other	18,943	35,396
7.08.05.01	Accumulated losses, net of valuation adjustments to equity - Continuing operation	18,943	35,396

Consolidated FS / Statements of Changes in Equity / SCE -- 01/01/2024 to 03/31/2024
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	367,936	-17,095	566,592	-	174,372	1,091,805
5.03	Adjusted opening balances	367,936	-17,095	566,592	-	174,372	1,091,805
5.04	Shareholders' capital transactions	-	850	-	-	-	850
5.04.03	Recognized stock options granted	-	3,974	-	-	-	3,974
5.04.04	Options granted recognized	-	-3,124	-	-	-	-3,124
5.05	Total comprehensive income	-	-	-	18,943	16,407	35,350
5.05.01	Net income for the period	-	-	-	18,943	-	18,943
5.05.02	Other comprehensive income	-	-	-	-	16,407	16,407
5.05.02.04	Translation adjustments for the period	-	-	-	-	16,407	16,407
5.06	Internal changes in equity	-	-	-	126	-126	-
5.06.02	Realization of revaluation reserve	-	-	-	126	-126	-
5.07	Closing balances	367,936	-16,245	566,592	19,069	190,653	1,128,005

Consolidated FS / Statements of Changes in Equity / SCE -- 01/01/2023 to 03/31/2023
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	367,936	-21,355	464,256	-	213,394	1,024,231
5.03	Adjusted opening balances	367,936	-21,355	464,256	-	213,394	1,024,231
5.04	Shareholders' capital transactions	-	1,910	-	-	-	1,910
5.04.03	Recognized stock options granted	-	2,126	-	-	-	2,126
5.04.08	Others transactions	-	-216	-	-	-	-216
5.05	Total comprehensive income	-	-	-	35,396	-13,789	21,607
5.05.01	Net income for the period	-	-	-	35,396	-	35,396
5.05.02	Other comprehensive income	-	-	-	-	-13,789	-13,789
5.05.02.04	Translation adjustments for the period	-	-	-	-	-13,789	-13,789
5.06	Internal changes in equity	-	-	-	140	-140	-
5.06.02	Realization of revaluation reserve	-	-	-	140	-140	-
5.07	Closing balances	367,936	-19,445	464,256	35,536	199,465	1,047,748

São Leopoldo, May 14, 2024 – Taurus Armas S.A. (“Taurus” or “Company”) (B3:TASA3; TASA4), listed on B3’s Level 2 of Corporate Governance, being the company that has created the 3rd generation of pistols, and the world’s largest manufacturer of light firearms, hereby announces its results for the first quarter of 2024 (1Q24). 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), in addition to the Brazilian accounting principles. All comparisons refer to the same periods of 2023, except where indicated otherwise.

TAURUS™

COMPROMISSO COM A EXCELÊNCIA

1Q24 • RESULTS

Adjusted EBITDA for 1Q24, in the amount of R$64.7 million, has exceeded Taurus' expectations, and stood 65.9% above the figure recorded for 4Q23

Highlights for 1Q24

NET REVENUES:	R$448.9 million
GROSS PROFIT:	R$145.4 million Gross margin 32.4%
ADJUSTED EBITDA:	R$64.7 million Adjusted EBITDA margin 14.4%
NET INCOME:	R$18.9 million

ESG

Water reuse system was launched, with a reuse capacity of 21 million liters of water per year.

Main Indicators

R$ million	1Q24	1Q23	1Q24x1Q23 % Chg.	4Q23	1Q24x4Q23 % Chg.
Net operating revenues	448.9	453.2	*-0.9%*	419.1	*7.1%*
Domestic market	55.9	73.9	*-24.4%*	67.4	*-17.1%*
Exports market	393.0	379.3	*3.6%*	351.7	*11.7%*
COGS	-303.5	-276.8	*9.6%*	-300.9	*0.9%*
Gross profit	145.4	176.4	*-17.6%*	118.1	*23.1%*
Gross margin (%)	*32.4%*	*38.9%*	*-6.5 p.p.*	*28.2%*	*4.2 p.p.*
Operating expenses (SG&A)	-90.0	-120.3	*-25.2%*	-90.1	*-0.1%*
Earnings before financial result and income tax (EBIT)	55.5	56.1	*-1.1%*	28.0	*98.2%*
Net financial income (expenses)	-26.0	-0.1	–	7.9	–
Income tax and social contribution	-10.5	-20.1	*-47.8%*	6.1	–
Net income (loss) from continued operations	18.9	35.9	*-47.4%*	42.0	*-55.0%*
Net income (loss) from discontinued operations	0.0	-0.5	–	0.5	–
Net income (loss)	**18.9**	**35.4**	**-46.6%**	**42.5**	***-55.5%***
Adjusted EBITDA*	64.7	65.3	*-0.9%*	39.0	*65.9%*
*Adjusted EBITDA Margin**	*14.4%*	*14.4%*	*0.0 p.p.*	*9.3%*	*5.1 p.p.*
Net debt (end of period)	279.0	94.2	*196.2%*	324.6	*-14.0%*

** Adjusted EBITDA does not consider the result from discontinued operations. This indicator is not adopted by the accounting practices. Its calculation is presented in the item "EBITDA" of this report.*

Message from Management

We are very pleased with the results we are now presenting for 1Q24. We closed the period with a good operational performance, above our expectations, despite the adverse circumstances, external to the Company, related to the domestic market. The trend towards a resumption in the growth of results, as we have commented, has been confirmed, as has the solidity of Taurus and the correctness of our strategic planning, which involves opening up new paths, based on the development of products and businesses.

All operational indicators for 1Q24 stood above those recorded in 4Q23. As a result of the increase in sales volume, we have reduced our inventories, as planned, and consolidated revenues amounted to R$448.9 million in 1Q24, up by 7.1% over the previous quarter, whereas gross profit increased by 23.1%, bringing gross margin to 32.4%, up by 4.2 p.p. versus 4Q23. At the same time, the adoption of various measures to curb expenses, coupled with non-operating income from the management of tax and provisioning aspects, contributed to the result before financial income and taxes (EBIT) having almost doubled, up by 98.2%, and to adjusted EBITDA amounting to R$64.7 million, representing a 65.9% growth in the period. This positive performance when compared to 4Q23 was even more remarkable than what we had expected for the quarter, based on our management assessment, including the fact that, as was the case in December/23, the manufacturing plant in Brazil was shut down for 15 days in January due to collective vacations. Moreover, the operating result for 1Q24 also incorporated factors that put pressure on our margins, such as the almost non-existent sales in the Brazilian market, coupled with the higher share of long firearms in the sales mix.

In the Brazilian market, the ordinances published on December 23, establishing the new rules for CACs (collectors, marksmen and hunters), both concerning the acquisition of firearms and new registrations in the category, have not yet translated into new purchase permits, since these rules are still being processed by the control bodies. At the same time, issues relating to the acquisition of firearms by an important consumer group in the country, represented by members of the armed forces, police officers, Military Fire Brigades, the Office of Institutional Security of the Presidency of the Republic, and other members of the institutions listed in Article 6 of Law 10.826/2003 (Disarmament Statute), are still pending. This means that a strong pent-up demand in the Brazilian market will persist over the coming months. In addition to this segment aimed at individual consumers, we also monitor and participate in bids held by military forces in Brazil, such as the Santa Catarina Military Police bid for rifles and carbines held in 2Q24, in April/24, in which Taurus was the winner.

We are prepared to launch Taurus pistol models in Brazil with the unprecedented .38 TPC caliber developed by our CITE team. The launch is scheduled for the month of May, depending only on the approval, in pistol versions of the renowned G2C platform, the best-selling firearm in the world in its category, and GX4 Carry, whose platform has already won six important international awards.

In the USA, Taurus' major market, we received more orders in the first quarter of 2024, as the inventory level in the sales chain was adjusted to operate at a higher turnover. Our sales volume in this country has increased by 16.1 in comparison to the last quarter of 2023, in contrast to the main performance indicator for this market, the Adjusted NICS, which showed a 16.0% reduction in the number of people considering to purchase a firearm in the country in the period, due to seasonality following the higher demand traditionally seen at the end of the year. Nonetheless, the expectation that we have been reporting, that this market will continue to react in relation to historical parameters, prior to the pandemic period, has also been confirmed, since the Adjusted NICS for 1Q24 was 16.8% higher than in 1Q19 and, in April, **exceeded one million queries for the 57th consecutive month**.

We have been taking several measures to maintain and expand our prominent position in the US firearms market, where Taurus is the foreign company with the highest sales volume. At the world's largest trade fair for the sector - Shot Show, held in January in Las Vegas, Taurus was present with a booth in a prominent location. This event is attended by the major brands in the sector, and attracts buyers from every US state and more than 100 countries. In addition to our traditional wide range of products, at the Shot Show we introduced a new brand in the USA, Taurus Hunt, and organized our existing brands: Taurus, Heritage and Rossi. We presented several launches, including the new five-shot revolver under our Heritage brand, and marked our entry into a new and broad segment of firearms in the USA with the launch by Taurus Hunt of our first bolt-action rifle, the Taurus Expedition, aimed at consumers who are adept at "big game hunting". At the same time, we are acting to strengthen the Rossi brand, which is owned by Taurus and has a tradition of more than 135 years in the market. To this end, we have also launched four new models of Rossi "lever action" rifles during the event.

The international market, in which we operate mainly to cater for the military and defense forces, represents an alternative and complementary market with positive prospects for Taurus, considering the competitiveness of our products and the Company's growth projects. International biddings, which were reduced in 2023, are starting to pick up again in greater volume, especially after the start of the Ukraine-Israel war. After winning a tender for more than 12,000 rifles for the Philippine Army in 2020, we have been shortlisted in a new tender launched by that country's Army, now for more than 5,000 rifles. We are also participating in other ongoing international tenders, such as the Chilean Police, for 3,000 9 mm pistols, and even some tenders carried out by military security forces in India, where we are participating through JD Taurus, such as the Border Security Force, for the purchase of 5,400 9 mm pistols and 1,900 T9 submachine guns, and Sashastra Seema Bal (SSB), for 1,800 T9 submachine guns.

In the Indian Ministry of Defense's tender for 425,000 rifles, after sending samples of our firearms, we have already passed three stages of the process. Then the firearms' qualification tests begin. The 4th phase of the process, represented by the summer tests, which include evaluating the use of the weapons in extreme conditions of high temperatures, is scheduled to begin in May. The 5th and final phase will be the winter tests, to be carried out by the end of 2024, after which the winners will be announced.

The JD Taurus operation in India began in March, and continues with the assisted production of pilot batches, with the support, training and quality control of a team of professionals from Taurus do Brasil. In 1Q24, we made the first sales in the local market through the joint venture, and production is being carried out in accordance with orders placed by distributors. Our plan is to launch a revolver in the second half of 2024, and two pistol models in the first half of 2025, all with a focus on the civilian market. Some of the next steps in JD Taurus' planning include expanding participation in institutional biddings, diversifying suppliers of critical components, in addition to installing SAP in this unit, so as to allow the system to be integrated with our headquarters.

Also in progress is the work regarding the MoU - Memorandum of Understanding - signed in December 2023 for the possible creation of a joint venture with Scopa Military Industries, one of Saudi Arabia's most prominent defense companies, for the development of a manufacturing plant in that country. The proposal for a business plan is being drawn up, including the creation of a plan for the possible location of the plant and the structuring of the JV's contract proposal. This stage is expected to be completed in the first half of this year and, if approved by both parties, will be followed by the signing of the JV agreement. We are also developing contact with the Saudi government's public security bodies. In Saudi Arabia, although there is currently no official bidding process open, the National Guard has established, among the items with priority for purchase and/or development in the short to medium term, firearms that make up our product line, such as submachine guns and 9mm pistols and assault and precision rifles.

Another project being carried out internally is the increase in installed capacity, along with the preparation of M.I.M. (Metal Injection Molding) to become a new Taurus business unit. M.I.M. technology allows us to produce complex geometric parts at low cost. Our expansion in M.I.M. production capacity will enable us to meet our internal needs, lowering our dependence on foreign suppliers, and achieving cost savings, as well as increasing our made-to-order sales to third parties in different industrial segments both in Brazil and abroad, such as: auto parts, medical devices, the aerospace industry, among others.

We have plenty of reasons to remain enthusiastic about the outlook for Taurus: we recorded an increase in operating performance during the quarter; general expectations point to a resumption of the upward trend in the North American market; pent-up demand, accumulated since the beginning of 2023 in Brazil, is expected to reach the market at some point in the near future; we have started to witness the return of international biddings; and we have a number of projects underway, including the research and development of our CITE and the actions reported above. We are also proud to see that the expectations and projects we have presented to the market, in line with our planning, have been coming to fruition. In 2023, we faced a year with more adverse market conditions, as was expected and reported, and we are considering the resumption of a more positive trend for 2024.

Since the last days of April, we in Rio Grande do Sul have been facing the catastrophic flooding caused by heavy rains in the state. We deeply regret the tragedy that has taken place, something never seen before in our state. We are taking all possible measures to ensure that society, and especially our employees, can return to normal life. In this regard, even though our industrial plant in São Leopoldo has not been affected by the floods, in solidarity with the people of Rio Grande do Sul and our employees, we halted our manufacturing activities on May 6. Nonetheless, we had many colleagues assisting in the distribution of donations at the plant, helping the restaurant to make and distribute meals to the affected colleagues and families, and we are still producing our products precariously. I would like to take this opportunity to express my gratitude for the spirit and determination to start over again. This week, we saw the gradual resumption of our local production.

We would also like to thank our shareholders for their confidence in Taurus and the support and contribution from all our employees and other stakeholders. It is based on this support that we continue to work persistently, with the aim of pursuing our journey of success at the Company.

We would like to reiterate our solidarity with the people living in the state of Rio Grande do Sul. We will therefore remain committed to assisting our municipality, so that the population has access to basic requirements, and assisting our employees and families to return to their normal lives. We would like to take this opportunity to ask all Brazilians to provide as much help as possible to the state of Rio Grande do Sul. At Taurus, we have a center for receiving and distributing donations, whose details can be accessed by clicking **here**.

Salésio Nuhs

Global CEO

Operational Performance

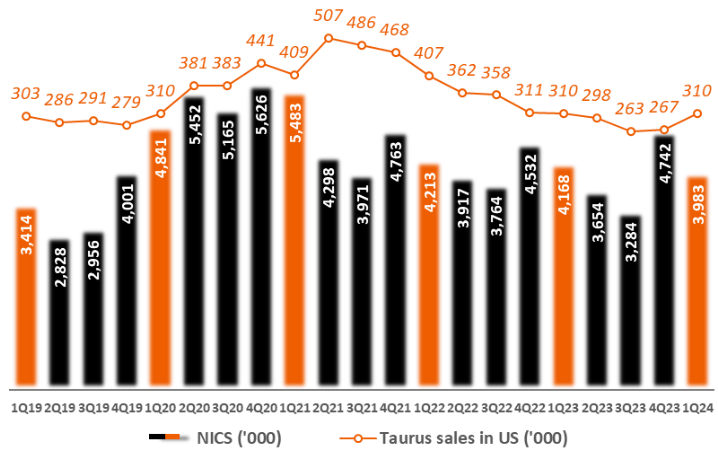
Market

Demand for weapons by end consumers **in the US market** during 1Q24 remained within expectations, following the trend of normalization after the record years seen during the pandemic period. The Adjusted NICS (National Instant Criminal Background System) for 1Q24, an indicator that measures the number of people who intend to acquire a firearm in the US, fell by 16.0% compared to the previous quarter, and by 4.4% compared to 1Q23. When compared to 1Q19, however, the same quarter before the start of the pandemic, this indicator rose by 16.7% and, in April/24, surpassed the mark of one million inquiries in a single month for the 57th consecutive month. Due to the seasonal effects, the first quarter of the year shows a drop in demand in the US in comparison with the previous quarter, due to the higher demand at the end of the year, when the hunting season and Christmas sales begin.

The outlook is for US consumer demand to remain on an upward trend, with a likely increase in relation to 2023, in view of the 2024 presidential elections, a factor which generally leads to an increase in demand in view of the uncertainty surrounding the sector-related policies to be adopted by the government to be elected.

Over the course of 2023, the sales chain reduced inventories, increasing its turnover as a strategy to reduce the financial cost generated by the rise in US inflation. After this period of inventory readjustment, accelerated by the sales that occurred at the close of the year, orders finally resumed in 1Q24. As can be seen in the chart below, Taurus' sales in the US were up compared to 4Q23, in a contrasting performance to that seen in the Adjusted NICS.

Adjusted NICS - Intentions to acquire firearms and Taurus sales in the US
('000 queries)



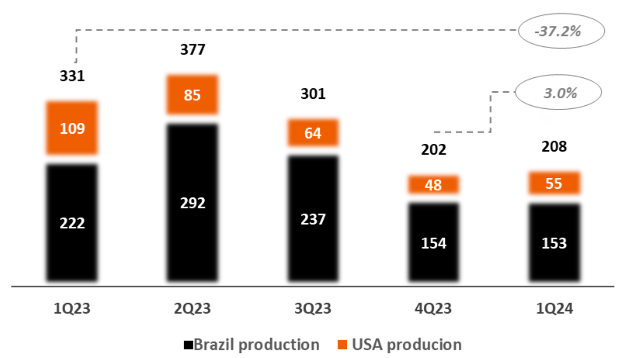
In **Brazil**, the civilian firearm market remained largely flat in the first quarter, as it had been throughout the whole of 2023, still due to legal issues. In December/23, the regulations that had been pending since early that year were published, such as those relating to permits for new firearm purchases by CACs (collectors, sport shooters and hunters), and the possibility of new registrations. However, the new rules are still being assimilated by the regulatory bodies, so no new authorizations have been granted in 1Q24. At the same time, the process of purchasing firearms by members of the Military Police, Military Fire Brigades and the Office of Institutional Security of the Presidency of the Republic - a group that represents an important part of demand - is still under review.

As a result, a pent-up demand continues to persist in the Brazilian market, which has been repressed since January 2023. The outlook for the local market is therefore one of gradual recovery, as new registrations and purchase authorizations for CACs are granted and, above all, once the last legal issues have been resolved.

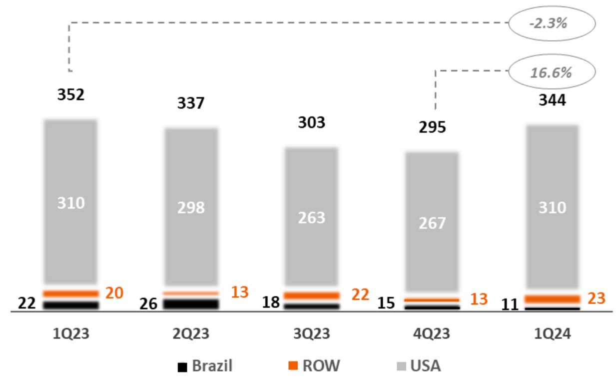
During 1Q24, in the **international market**, excluding the US, it became clear that military and defense force tenders were beginning to pick up again, after a period of slackening in negotiations, following the outbreak of the wars in Ukraine and Israel.

Production and sales

Production of Taurus firearms ('000 units)



Sales of Taurus firearms ('000 units)



Overall **production** of Taurus firearms in 1Q24 totaled 208,000 units, up by 3.0% versus 4Q23, and higher than initially forecast by the Company, although affected by the 30-day collective vacation granted to employees in Brazil between December/23 and January/24. Production at the Brazilian plant has basically remained flat (down by 0.6%) in the period, whereas production at the Company's North American plant has increased by 14.6%.

As it happens every year, Taurus was present, with a booth in a prominent area, at Shot Show 2024, the world's largest trade fair for the sector, held between January 23 and 26 in Las Vegas, USA. The event, restricted to members of the industry of firearms and ammunition, hunting, military and foreign trade, including consumers and retailers of military, police and tactical products, attracts buyers from all US states, from more than 100 countries.

At the event, in addition to its complete portfolio with options for shooting sports, hunting and defense, the Company presented its already traditional products, as well as the new models developed by the Brazil/USA Integrated Technology and Engineering Center (CITE), introducing the launch of a new brand, Taurus Hunt, and the repositioning of its existing brands: Taurus, Heritage and Rossi. Among the main launches for the North American market held at the Shot Show were:

Taurus Expedition

First bolt-action rifle under the new Taurus Hunt brand, in .308 Winchester caliber, with new calibers expected to be released.

Taurus Deputy

.45 and .357 caliber revolvers with an "old west" design and modern manufacturing.

Taurus 605 Executive Grade

Combat revolver, based on the best-selling Taurus 605, chambered in .357 Magnum.

The **sales volume** in the USA, the main destination for Taurus products, has also exceeded the Company's estimates. A total of 310,000 units were sold in 1Q24, up by 16.1% over 4Q23, in contrast to the Adjusted NICS, an indicator of demand for firearms in the country, which fell by 16.0% in the same period. One of the factors that has contributed to the Company's sales performance in the North American market was the replenishment of inventories in the North American sales chain after the end-of-year sales. As North American retailers have adopted a pattern of lower inventories, with greater turnover, the tendency is for lower volume orders to be placed with the plants, although with greater frequency.

In the Brazilian market, sales of Taurus firearms in 1Q24 have not yet reflected the positive effect of the disclosure of the clarifications related to the legal issue of the sector published in December/23, since new authorizations have not yet been processed. At the beginning of 2023, some sales had still been made based on authorizations granted in 2022, prior to the change in legislation, which explains the lower sales volume in 1Q24 when compared to 1Q23. Thus, there is still a pent-up demand in the domestic market, which represents a potential for sales growth, once new permits for the registration and purchase of firearms by CACs are released, based on the regulations published in December/23 and, above all, when the pending issues for the purchase of firearms by military personnel are clarified. Taurus is prepared to meet this demand, having developed the innovative .38 TPC caliber. The firearms to be launched in May with the TPC caliber are expected to be the most heavily used in Brazil, while maintaining the limits established by the current legislation. The GX4 Carry pistols, whose platform has won six international awards, and the G2C, Taurus' best-selling pistol in the world, shall also be available with the new caliber.

In addition to sales to the civilian market, Taurus also markets to national military forces, such as the bidding process carried out by the Santa Catarina Military Police at the beginning of 2Q24, for 400 rifles and 400 T9 carbines, which was won by the Company.

With regard to exports to countries other than the USA, the volume recorded in 1Q24 came to 23,000 units, with the main destinations being Honduras, Haiti, Mexico and Guatemala. These destinations accounted for 48.0% of overall sales and longer development cycles, including phases of budget approval, presentation, negotiation, delivery of samples, tests, revisions, approvals, among other stages. Taurus is present in more than 100 countries around the world, and its exports are always authorized in advance by the Ministry of Foreign Affairs and the Ministry of Defense. At the moment, due to diplomatic issues, the Company is prevented by the Brazilian authorities from carrying out sales to Ukraine and Israel.

Following a period in which international military bids were reduced, purchases are starting to pick up again, as 1Q24 has shown the best performance of the last 12 months. One example is the tender opened by the Philippine Army for the acquisition of more than 5,000 rifles, for which we have already been qualified.

In India, assisted production of pilot batches is underway at the JD Taurus plant, and the first sales to the civilian market have already taken place. Production at JD Taurus proceeds according to the orders placed by distributors. The launch of a revolver in the country is expected to take place in the second half of 2024. Two models of pistols are expected to be launched in the first half of 2025, all with a focus on the civilian market.

As for the tender for 425,000 rifles for the Indian Ministry of Defense, the delivery of the firearms for qualifying evaluations has taken place, and the summer tests are scheduled to take place in May. The Company is already in the final stages of a contract for the sale of 550 T9 9mm submachine guns to the Indian Army, as well as participating in other smaller bids for police and paramilitary forces. In the medium term, these involve deals estimated at more than US$30 million, such as the tender for 5,600 units of the T9 for the Uttar Pradesh Special Task Force, another 1,900 units of the T9, and 5,300 units of the TS9 pistol for the Border Security Force & Central Industrial Security Force, among others.

The Saudi Arabia Project is still underway, which assesses the possibility of developing a joint venture between Taurus and Scopa Military Industries to manufacture firearms in that country, with commercial coverage throughout the GCC - Cooperation Council for the Arab States of the Gulf, which includes, in addition to Saudi Arabia, Bahrain, Qatar, the United Arab Emirates, Kuwait and Oman. At the end of December/23, the non-binding Term Sheet was signed, which lays down the initial preconditions for moving forward with the study. The evaluation of the business plan is expected to be completed in the first half of 2024.

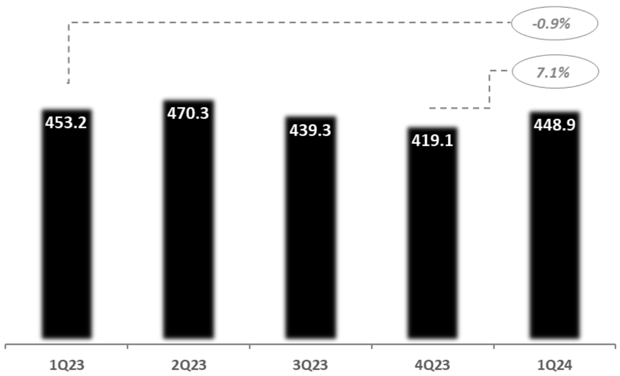
Economic and Financial Performance

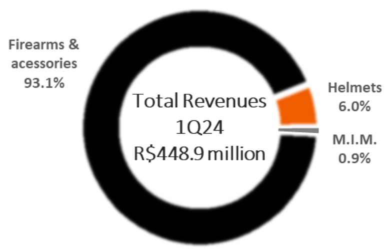
The results for the first quarter of 2023, which are being used as a basis for comparison in the table below, are the same as those published at the time, with a few differences in relation to the attachments to this report and the Financial Statements (ITR) disclosed on this date, since retroactive adjustments were made due to the corporate restructuring approved at the EGM held on December 29, 2023.

Net Operating Revenues

Taurus' consolidated revenues include, in addition to the sales of firearms & accessories, also revenues from the sales of helmets and M.I.M. (Metal Injection Molding). As the Company's core business, the firearms & accessories segment accounted for 93.1% of overall revenues in 1Q24, and its results were therefore the main contributors to the consolidated performance.

Consolidated Net Operating Revenues (R$ million)



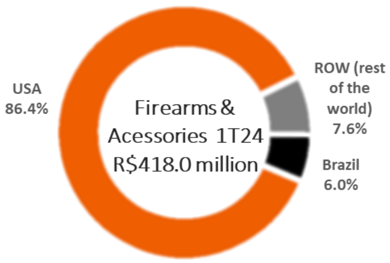


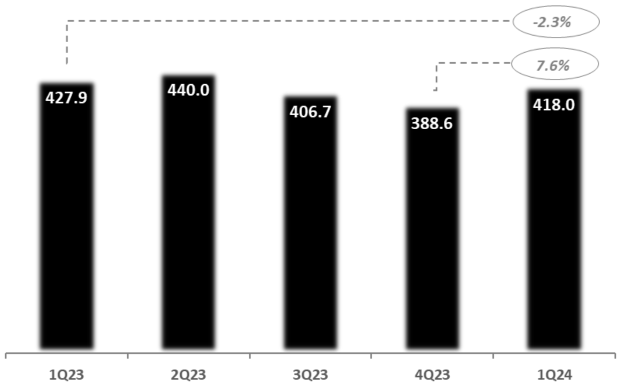
Consolidated revenues for 1Q24, which stood at R$448.9 million, were up by 7.1% over 4Q23, and by 2.2% over 3Q23, remaining basically stable (down by 0.9%) when compared to the same quarter of the previous year. Revenues from the sale of helmets, which accounted for 6.0% of consolidated revenues for the quarter, rose by 27.5% (+R$5.8 million) when compared to 1Q23, contributing to the balanced performance of consolidated revenues in the period.

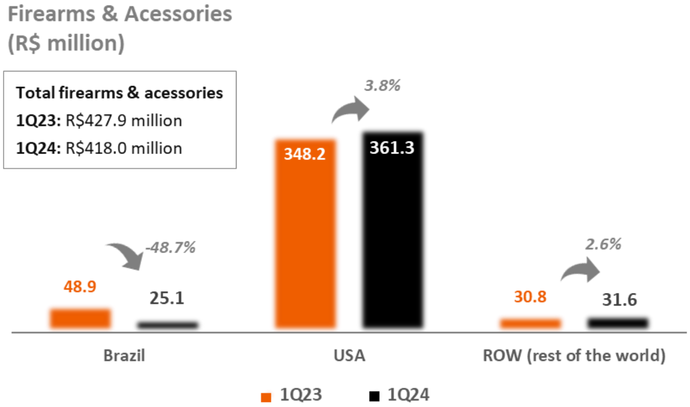
Considering the **arms & accessories segment** alone, net revenues in the amount of R$418.0 million in 1Q24 show growth of 7.6% when compared to 4Q23, and a slight drop of 2.3% when compared to 1Q23. In both periods of comparison, there was an increase in revenues from sales in the USA, and from exports to other countries, even above what the Company had estimated. When comparing to 1Q23, sales abroad even offset the pressure exerted by the exchange rate variation, when accounting for these revenues in Brazilian Reais, since the national currency appreciated by 4.8% against the US dollar in the period, considering the average exchange rate in both quarters. When evaluating the performance of 1Q24 in relation to 1Q23, the rise in revenues from sales abroad was not enough to offset the reduction in revenues from the domestic market, since at the beginning of 2023 there were still some firearms purchase authorizations issued in the previous year, before the change in legislation. In 1Q24, new authorizations had not yet been released and, additionally, there are still pending issues to date regarding the acquisition of firearms by a relevant group of consumers made up of members of military corporations, and all those listed in Article 6 of Law 10.826/2003 (Disarmament Statute).

The Company remains committed to its strategy of investing in research and innovation, while consistently launching new products and models on the market. In 2023, revenues from the sale of new products accounted for 14.2% of the segment's overall revenues.

Net Operating Revenues - Firearms & Accessories







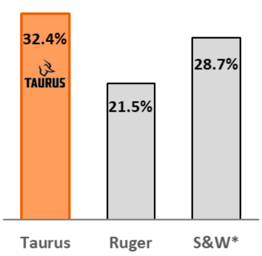
Gross profit

Taurus has been keeping a tight control over its cost management, and has even carried out a readjustment in its internal structure. Costs of goods sold totaled R$303.5 million in 1Q24, up by 9.6% when compared to 1Q23, pressured by the following factors: (i) inflation of 3.9% accumulated over the last 12 months; (ii) the portion of fixed costs that is independent of production volume; and (iii) the 4% severance pay granted by the Company in July 2023. At the same time, the 4.8% devaluation of the average dollar against the Brazilian Real between 1Q24 and 1Q23 put pressure on the gross margin, since most of the Company's sales are denominated in dollars. Also influencing the gross margin in 1Q24 was the greater share of long firearms in the sales mix, products which provide lower margins than short firearms, and the low volume of sales in Brazil, since the Company earns better margins on this market.

Gross profit for the quarter reached R$145.4 million, with a 32.4% gross margin. This result is lower than that posted in the same quarter of 2023, but 23.1% higher than in 4Q23, with a 4.2 p.p. rise in margin, evidencing a trend towards a resumption of growth.

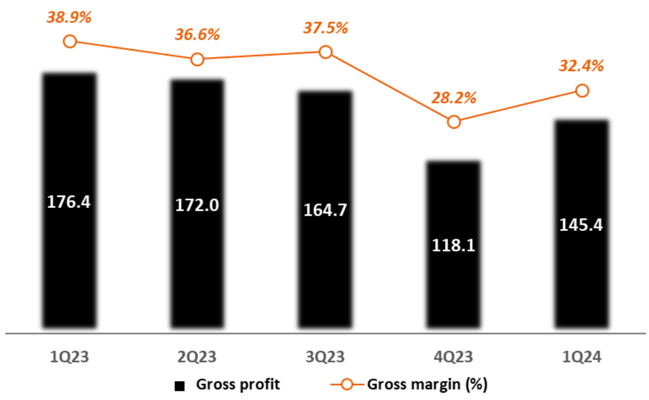
Taurus' operational efficiency is evidenced by the fact that the Company's gross profitability continues to be ahead of that obtained by North American companies in the sector that disclose their results, since they also have their shares listed on the stock exchange. In 1Q24, Ruger's gross margin was 21.5%, and it was 28.7% for Smith & Wesson, considering the quarter from November/23 to January/24.

Gross Margin - 1Q24



* S&W quarter from Nov/23 to Jan/24

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



Operating expenses

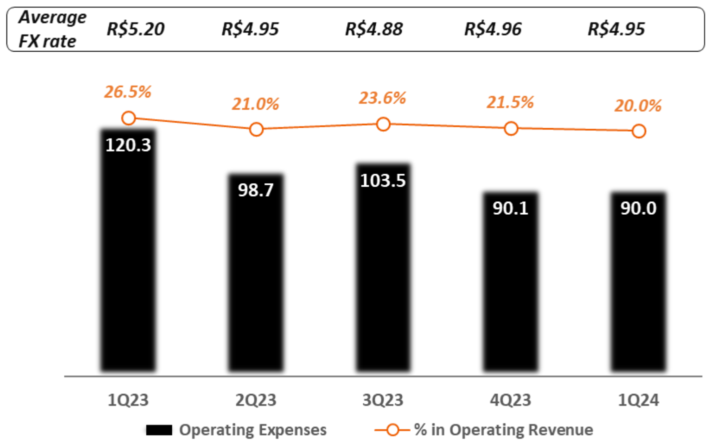
Taurus' efforts to adapt its operations and activities to the market environment involved intense management of operating expenses. Compared to the same quarter in 2023, operating expenses fell by 25.2% or R$30.3 million, despite the effects from inflation. This performance reflects a decrease in all expense lines, especially the 26.0% decrease (-R$14.4 million) in general & administrative expenses, which was achieved as a result of various savings adopted over the last 12 months, in addition to the reversal of labor provisions. In the period, there was also an increase in the balance of net income in the line referring to "other operating expenses/income", which totaled R$6.3 million in 1Q24, primarily due to tax credits to be recovered, including benefits earned from the corporate restructuring operation planned by Management, and approved at the extraordinary general meeting held on December 29, 2023. Furthermore, the 4.8% appreciation in the average rate of the Brazilian currency against the dollar between 1Q23 and 1Q24 contributed to a decline in the North American subsidiary's expenses when accounted for in Brazilian Reais.

Net revenues in 1Q24 remained in line with 1Q23, which led to a greater dilution of expenses, representing 20.0% of revenues in 1Q24, compared to 26.5% in the same period of the previous year.

	1Q24	1Q23	1Q24x1Q23 % Chg.	4Q23	1Q24x4Q23 % Chg.
Selling expenses	53.5	61.4	-12.9%	47.9	11.7%
General and administrative expenses	41.0	55.4	-26.0%	56.5	-27.4%
Losses (income) due to non-recoverable assets	1.5	3.8	-60.5%	-0.8	–
Other operating (income)/expenses	-6.3	-0.9	600.0%	-14.9	-57.7%
Equity from results of affiliates	0.2	0.7	-71.4%	1.3	-84.6%
Operating expenses (SG&A)	**90.0**	**120.3**	**-25.2%**	**90.1**	**-0.1%**
Op. expenses / Net Op.Revenues (%)	*20.0%*	*26.5%*	*-6.5 p.p.*	*21.5%*	*-1.5 p.p.*
Average Ptax dollar exchange rate (R$)	*4.95*	*5.20*	*-4.8%*	*4.96*	*-0.2%*

Compared to 4Q23, operating expenses were virtually flat (down by 0.1% or R$0.1 million). The cost-saving measures adopted led to a 27.4% (R$15.5 million) drop in general & administrative expenses in the period. This more than offset the evolution of the other items that comprise operating expenses, in particular the lower balance of net income recorded in the other operating expenses/income account, which fell from R$14.9 million in 4Q23 to R$6.3 million in 1Q23. In both quarters, the balance of income in this account was mainly due to the management of tax credits.

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



Adjusted EBITDA

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.

The recovery in sales volume and, consequently, in net revenues, together with the control of net operating expenses, which led to a greater dilution of these expenses, led Taurus to record adjusted EBITDA of R$64.7 million in 1Q24, with a margin of 14.4% on net revenues. This result came in 65.9% higher than in the previous quarter in value terms, and 5.1 p.p. higher in terms of margin over net revenues. Year-over-year, adjusted EBITDA was in line with 1Q23, showing a slight reduction of 0.9%, and the margin remained stable.

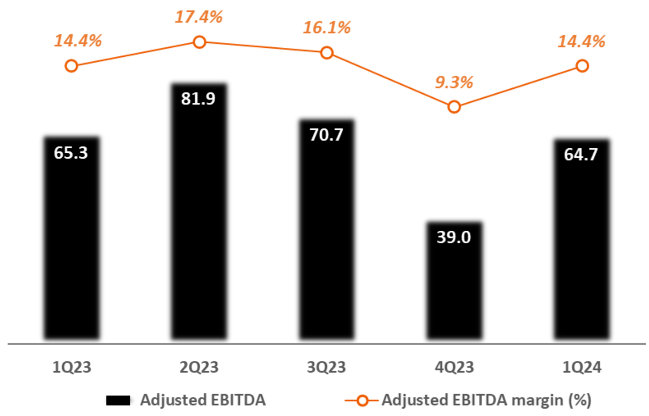
The measures adopted by the Company regarding control of costs and expenses, fiscal management (related to the corporate restructuring approved at the EGM held in December/23), including management of its provisions, made it possible to achieve this positive performance in operating cash generation, as measured by adjusted EBITDA in 1Q24. The Company's proactive action to maintain operating profitability was essential to offset adverse external factors, such as inflation, the effect of the appreciation of the national currency against the dollar on revenues from sales abroad and the fact that the domestic market remained almost non-existent.

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) disregards the results from discontinued operations and equity in earnings from affiliated companies, since these results are not directly linked to Taurus' operating activities.

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

R$ million	1Q24	1Q23	1Q24x1Q23 *% Chg.*	4Q23	1Q24x4Q23 *% Chg.*
Net income	18.9	35.4	*-46.6%*	42.5	*-55.5%*
Taxes	10.5	20.0	*-47.5%*	-6.1	–
Net financial result	26.0	0.1	–	-7.9	–
Depreciation and amortization	9.1	8.5	*7.1%*	9.7	*-6.2%*
EBITDA	**64.5**	**64.1**	***0.6%***	**38.2**	***68.8%***
EBITDA margin	*14.4%*	*14.1%*	*0.2 p.p.*	*9.1%*	*5.3 p.p.*
Result from discontinued operations	0.0	0.5	–	-0.5	–
Equity from results of affiliates	0.2	0.7	*-71.4%*	1.3	*-84.6%*
Adjusted EBITDA	**64.7**	**65.3**	***-0.9%***	**39.0**	***65.9%***
Adjusted EBITDA margin	*14.4%*	*14.4%*	*0.0 p.p.*	*9.3%*	*5.1 p.p.*

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



Financial result

Taurus posted net financial expenses of R$26.0 million in 1Q24, resulting from financial income of R$12.5 million and financial expenses of R$38.5 million. Exchange rate variations, both assets (income) and liabilities (expenses), represent the main component of the financial result, since the Company's revenues mostly (87.5% in 1Q24) come from sales abroad, and a large portion of its bank debt (83.7% as at 03/31/2024) is denominated in foreign currency. The devaluation of the Brazilian currency is reflected in the form of an asset exchange variation (income) on the client portfolio, and on the US subsidiary's cash in dollars, and in the form of a liability exchange variation (expense) on the financial obligations relating to the Company's bank debt denominated in dollars. Exchange rate variations, however, are **accounting records with no cash effect, and affect balance sheet accounts**, calculated on the closing date of the period, so that their accounting record takes into account the exchange rate on that date, and not the average exchange rate for the period.

Financial expenses in 1Q24 dropped by 10.3% year-over-year, a much smaller proportion than the 70.8% drop in financial income over the same period, as can be seen in the table below. This performance can mainly be attributed to asset and liability exchange rate variations, considering the exchange rate variation for each quarter under analysis: (i) 1Q23 - 2.7% appreciation of the Brazilian currency against the US dollar, between January and the end of March 2023; and (ii) 1Q24 - 3.3% devaluation of the Brazilian Real against the US dollar during the same period in 2024. As the Company's liability foreign currency base is larger than its asset base, in the first quarter of 2023, the appreciation of the local currency led to a higher income, while in 1Q24 the devaluation seen within the quarter led to the opposite effect, further reinforced by the fact that, in this period, the balance of the Company's foreign currency base was an even larger liability than in 1Q23.

The lower financial income in 1Q24 can also be explained by the decline in cash and, therefore, in the amount of funds invested, coupled with the drop in interest rates.

R$ million	1Q24	1Q23	1Q24x1Q23 *% Chg.*	4Q23	1Q24x4Q23 *% Chg.*
(+) Financial income	**12.5**	**42.8**	*-70.8%*	**44.0**	*-71.6%*
Foreign exchange gains	*7.5*	*35.7*	*-79.1%*	25.3	*-70.4%*
Interest and other income	*5.0*	*13.8*	*-63.8%*	18.7	*-73.3%*
(-) Financial expenses	**38.5**	**42.9**	*-10.3%*	**36.1**	*6.6%*
Foreign exchange losses	*21.3*	*54.1*	-60.6%	18.1	*17.7%*
Interest,IOFand other expenses	*17.2*	*16.0*	7.5%	18.0	*-4.4%*
(+/-) Net financial result	**-26.0**	**-0.1**	–	**7.9**	–
US dollar Ptax rate at the end of period (R$)	**5.00**	**5.08**	*-1.6%*	**4.84**	*3.3%*

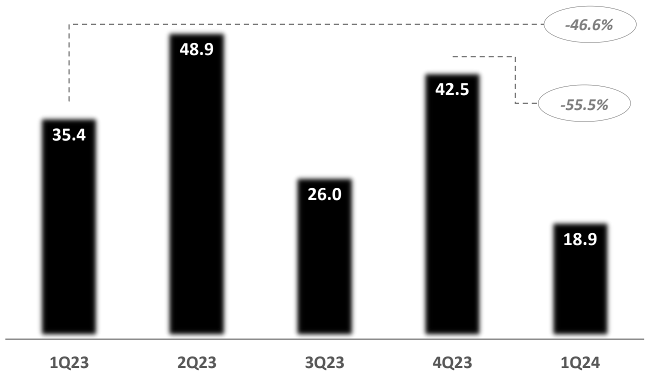
Net income

The Company achieved good operating results in 1Q24, thus overcoming the fact that the domestic market remained stagnant, in a standstill, since the rules for the granting of authorizations for CACs published in December/23 are still being processed by the regulatory bodies and, at the same time, other legal issues relating to the sector are still pending.

The performance of operational indicators in relation to 4Q23 shows a more positive trend for the FY2024: due to the growth in sales of firearms in the North American and international markets, consolidated net revenues grew by 7.1% in the period, while costs remained unchanged, which led to a 23.1% increase in gross profit, and a 4.2 p.p. rise in gross margin. In the same period, operating expenses remained flat and, when comparing the performance between 1Q24 and 1Q23, fell by 25.2, resulting from the management and cost control measures adopted by the Company. Consequently, the result before financial income and taxes in 1Q24 came to R$55.5 million, almost double (+98.2% or R$27.5 million) the amount recorded for the last quarter of 2023, whereas adjusted EBITDA amounted to R$64.7 million, with a 14.4% margin, representing a 65.9% and 5.1 p.p. year-over-year improvement from 4Q23.

The financial net expense of R$26.0 million, largely derived from the accounting (non-cash) effects of the exchange rate variation, in addition to the lower volume of financial investments, coupled with the reduction in interest rates on these investments, nevertheless put pressure on net income in 1Q24, which stood at R$18.9 million, also taking into account the disbursement of R$10.5 million for income tax and social contribution.

Net Income (R$ million)

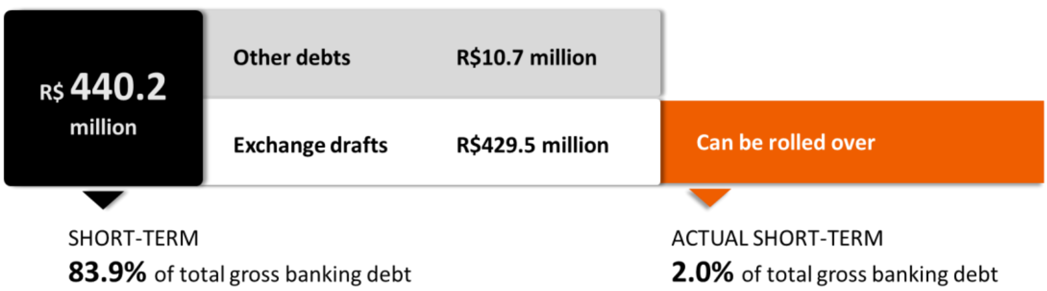


Debt

At the close of 1Q24, Taurus' net bank debt amounted to R$279.0 million, an amount R$45.6 million lower than that recorded at the close of FY2023. This performance reflects a R$41.4 million increase in cash and marketable securities, with a simultaneous reduction of R$4.2 million in gross bank debt.

Taurus has lengthened its debt maturity profile, and today counts on a comfortable liquidity situation, with a degree of leverage measured by the Net Debt/Adjusted EBITDA ratio, of 1.09 times at the close of 1Q24. From the total amount of R$440.2 million of gross bank debt, recorded as maturing in the short term as at 03/31/2024, 97.6% (R$429.5 million) comprises foreign exchange drafts (ACC), which can be renewed at each maturity. Excluding this amount referring to exchange drafts from the short-term total, the portion of the debt that actually matures within the following 12 months amounts to only R$10.7 million.

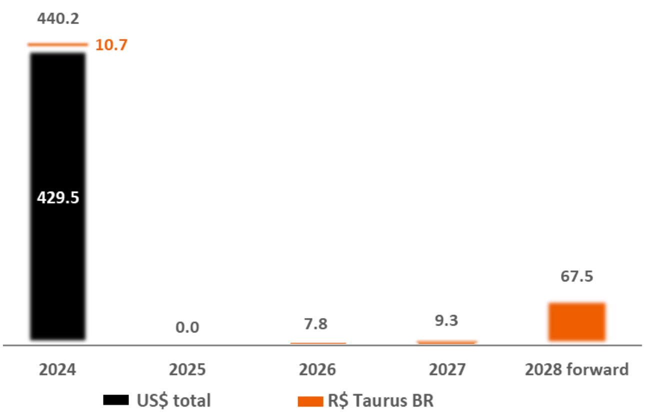
Gross bank debt maturing in the short term, recorded as at 03/31/2024



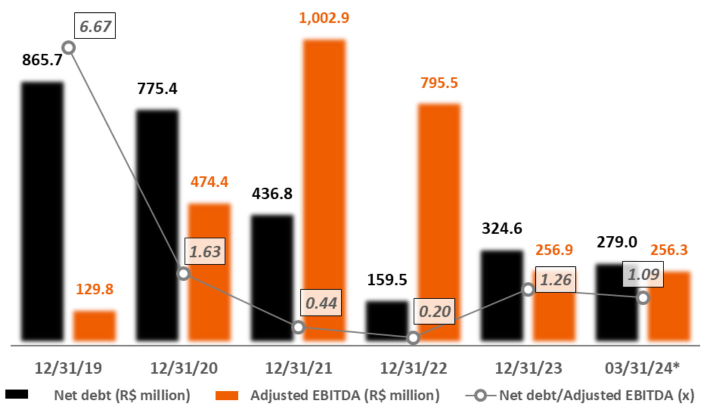
In view of Taurus' current position and strong cash generation profile, the Company can rely on the availability of enough credit lines to roll over the amounts of its bank debt under favorable conditions. In addition to exchange draft operations, the Company is focusing its new funding mainly on a loan at very favorable interest rates from FINEP (Financing Agency for Studies and Projects), geared towards financing investments in innovation. The approved credit line comprises R$175.1 million, to be received in six monthly installments. In 2023, the Company received two installments of this credit line, totaling R$89.7 million, which accounts for 51.1% of the total amount approved. This line of credit, intended to finance 90% of Taurus' Strategic Innovation Plan for Competitiveness, carries a grace period of 36 months and is payable in 108 monthly installments.

R$ million	03/31/2024	12/31/2023	*% Chg.*
Loans and financing	*10,7*	*14,1*	*-24,1%*
Foreign exchange drafts	*429,5*	*398,9*	*7,7%*
Short term	***440,2***	***413,0***	***6,6%***
Foreign exchange drafts + Loans and financing	*84,5*	*116,0*	*-27,2%*
Long term	***84,5***	***116,0***	***-27,2%***
Gross debt	***524,8***	***529,0***	***-0,8%***
Cash and marketable securities	*245,7*	*204,3*	*20,3%*
Net debt	***279,0***	***324,6***	***-14,0%***
US dollar Ptax rate at the end of period (R$)	***5,00***	***4,84***	***3,3%***
Gross debt converted into dollars (US$ million)	***105,0***	***109,3***	***-3,9%***
Net debt converted into dollars (US$ million)	***55,8***	***67,1***	***-16,8%***

Bank debt profile
(R$ million)



Level of financial leverage
Net debt/adjusted EBITDA



03/31/2024 - EBITDA for the last 12 months*

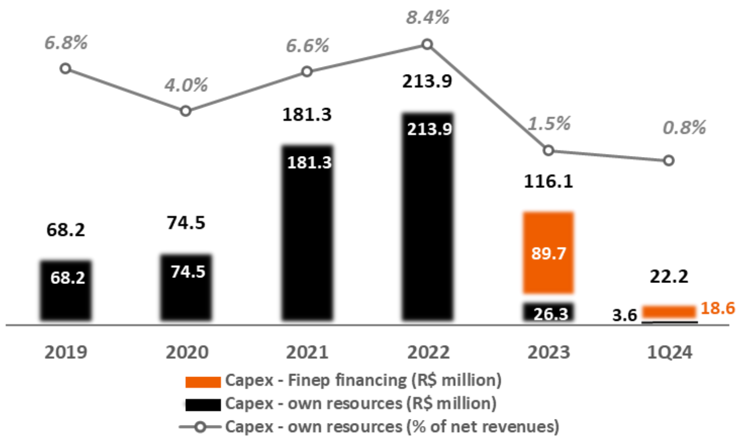
Capital Expenditures

Considering that most of the investments aimed at improving processes and industrial modernization have already been made over the last few years, the planning considers a reduction in the amount of annual investments to be made in 2024. Between 2019 and 2023, a total of R$654.0 million was invested, mainly concentrated in 2021 and 2022. From the total investments made over the last five years, 69.0% has been allocated to the acquisition of machinery and equipment, bringing state-of-the-art machinery to the Plant, which provides greater efficiency on the production line.

Up to 2022, the total amount of investments made has been fully financed using the Company's own resources, based on its strong cash generation. In 2023, financing came mainly from the credit line approved by FINEP, a model that will be repeated in 2024. Out of a total of R$175.1 million from the FINEP line, the Company holds a balance of R$85.4 million to be released in 2024.

Total investments in 1Q24 amounted to R$22.2 million, 83.7% of which was financed through funds from FINEP's credit line, mainly for the acquisition of machinery, equipment and tools, and only 16.3% through own funds, basically for maintenance.

Capex (R$ million) and
share of Capex funded with own generation over net revenues



Capital Markets

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

At the close of March/24, the number of shareholders holding the Company's shares totaled 116,600, up by 2.2% from the number recorded at the close of the FY2023.

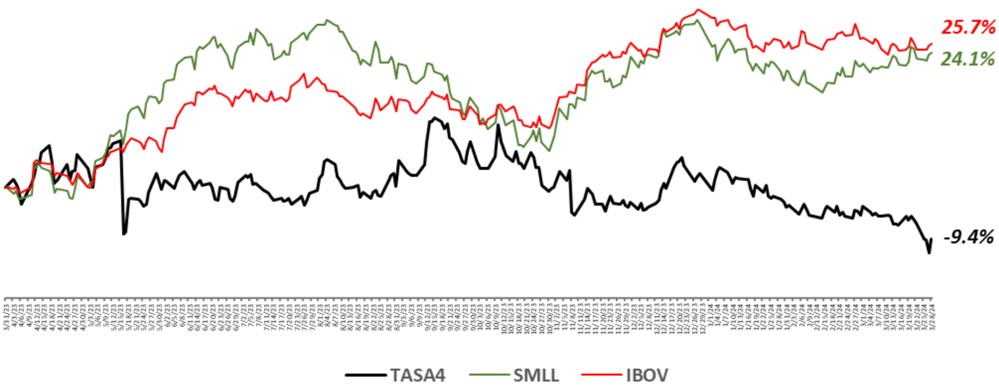
Date	TASA3*		TASA4*		TASA	TASA4 Treasury	Market value	EV**
	(R$/share)	(No. of shares)	(R$/share)	(No. of shares)	(Total no. of shares)	(No. of shares)	(R$ million)	(R$ million)
03/31/2023	R$14.34	46,445,314	R$14.85	80,189,120	126,634,434	–	R$1,856.8	R$1,882.3
03/28/2024	R$13.74	46,445,314	R$13.46	80,189,120	126,634,434	699,900	R$1,717.5	R$1,989.5
% change	*-4.2%*	–	*-9.4%*	–	–	–	*-7.5%*	*5.7%*

** The share prices of ON (TASA3) and PN (TASA4) shares as at 03/31/2023 are adjusted for the dividends paid.*

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

IGCX B3 **ITAG** B3 **IGCT** B3 **SMLL** B3 **IDIV** B3 **IBRA** B3

Performance of preferred shares (TASA4) versus SMLL B3 and IBOV B3
Last 12 months - Base 100: closing 03/31/2023



Share buyback program

Under the scope of the current Buyback Program, in effect from June 21, 2023 to December 20, 2024, up to 300,000 common shares (TASA3) and 3,003,300 preferred shares (TASA4) may be acquired. The purpose of the Program is: (a) to carry out efficient management of the capital structure and maximize the creation of value for the shareholder; and (b) to meet the Company's obligations arising from the Stock Grant Plan, which is geared towards the Company's Managers, Executive Officers and other professionals in strategic positions. In accordance with the approved terms, the shares acquired herein may be held in treasury, canceled or subsequently sold.

Up to 03/31/2024, the Company has acquired 699,900 preferred shares (TASA4) which, to date, are held in treasury.

ESG

Corporate governance

Taurus relies on a well-structured and established corporate governance system, which presents well-defined principles and management processes, capable of formally ensuring compliance with laws and regulations and connecting employees, suppliers, shareholders and investors.

The management of Taurus Armas S.A. is exercised by a Board of Directors, with deliberative functions; by a Board of Executive Officers, with representative and executive functions; and by advisory committees to the Board of Directors, namely: (i) the Audit and Risks Committee; (ii) the Ethics Committee, (iii) the Information Security Privacy Committee and (iv) the ESG Committee. These bodies aim to propose and keep up-to-date the guidelines/rules of the policies linked to governance, analyze any violations of the policies and, in the event that non-compliance is identified, report their findings to the Board of Directors. The Company's Supervisory Board is permanently in place and performs the duties laid down by law.

Social

Taurus reinforces its commitment to the continuous training and development of people, along with a collaborative environment between the team, the company and society.

With the purpose of broadening inclusion and enabling communication between all the employees of the Brazilian unit, Taurus held the first module of the Brazilian Sign Language (Libras) course, taught by SENAI, with the participation of 60 employees, who will act as multipliers of the knowledge acquired, promoting the inclusion of deaf people. The initiative is part of the Taurus Continued Education Program, offered to train the professionals who work for the Company.

In March 2024, the fourth round of Module I - Basic began, with the participation of 25 Taurus employees, and two groups, totaling 31 students, of Module II - Intermediate.

As part of the social project "Taurus do Bem - Respecting differences for the sake of equality", the mapping of areas to carry out the educational production practices stage has been carried out, with the collaboration of the program's managers and sponsors. The initiative is part of the pedagogical practice developed in partnership with SENAI (the National Industrial Training Service).

Environment

Aware of its environmental responsibilities, Taurus is constantly striving to improve its environmental management system, relying on a trained and motivated team that works on the environmental management of all the existing processes at the São Leopoldo (RS) plant, as well as ensuring that good environmental practices are applied to new projects.

The wastewater reuse system in the M.I.M. (Metal Injection Molding) Surface Treatment sector was inaugurated in March 24. In order to provide sustainable processes, the Company, through its Brazil/United States Integrated Technology and Engineering Center (CITE) and the Environment and Maintenance areas, has invested techniques and resources in designing a closed water recycling system for the metal coating surface treatment line, which mainly processes pistol and revolver components. This new system will enable Taurus to use around 21 million liters of water per year.

Taurus operates to enable a circular economy in its processes, increased efficiency in the use of materials, the reuse and recycling of waste and a reverse logistics system. Materials that cannot be reused in the internal production stages are sent to licensed companies for recycling, co-processing, re-refining and composting. During the period, the Company diverted around 98% of its waste from landfill.

Subsequent events

Dividend credits

At the Annual General Shareholders' Meeting held on April 30, 2024, it was approved that shareholders be paid dividends worth 35% of the adjusted net income for 2023, for the total amount of R$38.3 million, equivalent to R$0.3034 per common and preferred share, net of taxes, as shown in the table below.

Amounts in R$	Total amount	Amount per share PN	Amount per share ON
Overall dividends for 2023	50,989,783.69	0.40345831480	0.40345831480
(-) Dividends paid in advance (as at 08/31/2023)	12,663,443.40	0.10000000000	0.10000000000
Dividends payable	38,326,340.29	0.30345831480	0.30345831480

Holders of shares issued by the Company on the base date of April 30, 2024 will be entitled to the dividends to be paid, excluding treasury shares on that date. Dividends will be paid in cash by the end of the current financial year, on a date to be announced to shareholders at a later date.

Temporary suspension

For reasons of force majeure and in compliance with State Decree No. 57,600 of May 4, 2024, issued due to the state of public calamity in Rio Grande do Sul as a result of heavy rainfall, the Company has momentarily suspended in-person operations at the plant located in the city of São Leopoldo, in the state of Rio Grande do Sul. The temporary suspension began on Monday, May 6, and the Company's Crisis Committee continues to monitor the situation of society in general and, in particular, of Taurus employees, in order to conclude on the return of in-person activities.

The administrative and backup areas continue to work on-site and remotely. The Company has stressed that it has not been affected by the floods, and that the interruption will not affect sales, since it operates in the North American market with a 60-day strategic safety stock at its Bainbridge, Georgia plant.

Capital Increase

The Extraordinary General Shareholders' Meeting held on April 30, 2024 approved an increase in the share capital, without changing the number of shares, by capitalizing part of the statutory reserve in the amount of R$80.2 million.

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	1Q24	1Q23	*% Chg.*	4Q23	*% Chg.*
Net revenues from sales of goods and/or services	**448.9**	**453.2**	***-0.9%***	**419.1**	***7.1%***
Cost of goods and/or services sold	-303.5	-276.8	*9.6%*	-300.9	*0.9%*
Gross Profit	**145.4**	**176.4**	***-17.6%***	**118.1**	***23.1%***
Operating (expenses)/income	-90.0	-120.3	*-25.2%*	-90.1	*-0.1%*
Selling expenses	-53.5	-61.4	*-12.9%*	-47.9	*11.7%*
General and administrative expenses	-41.0	-55.4	*-26.0%*	-56.5	*-27.4%*
Losses due to non-recoverable assets	-1.5	-3.8	*-60.5%*	0.8	–
Other operating income	7.7	3.4	*126.5%*	27.8	*-72.3%*
Other operating expenses	-1.4	-2.5	–	-12.8	*-89.1%*
Equity from results of subsidiaries and affiliates	-0.2	-0.7	*-71.4%*	-1.3	*-84.6%*
Profit before financial income (expenses) and taxes	**55.5**	**56.1**	***-1.1%***	**28.0**	***98.2%***
Financial result	-26.0	-0.1	–	7.9	–
Financial income	12.5	42.8	*-70.8%*	44.0	*-71.6%*
Financial expenses	-38.6	-42.9	*-10.0%*	-36.1	*6.9%*
Earnings (loss) before taxes	**29.4**	**56.0**	***-47.5%***	**36.0**	***-18.3%***
Income tax and social contribution	-10.5	-20.0	*-47.5%*	6.1	*-272.1%*
Current	-3.6	-23.8	*-84.9%*	-4.6	*-21.7%*
Deferred	-6.9	3.7	–	10.7	*-164.5%*
Net income (loss) from continued operations	**18.9**	**35.9**	***-47.4%***	**42.0**	***-55.0%***
Net income (loss) from discontinued operations	0.0	-0.5	–	0.5	-
Consolidated net income (loss) for the period	**18.9**	**35.4**	***-46.6%***	**42.5**	***-55.5%***
Attributed to shareholders of the parent company	18.9	35.4	*-46.6%*	42.5	*-55.5%*
Earnings per share (R$/share)					
Basic earnings per share					
Common shares (ON)	*0.1504*	*0.2795*	*-46.2%*	*0.3358*	*-33.3%*
Preferred shares (PN)	*0.1501*	*0.2795*	*-46.3%*	*0.3359*	*-33.3%*
Diluted earnings per share					
Common shares (ON)	*0.1504*	*0.2795*	*-46.2%*	*0.3358*	*-33.3%*
Preferred shares (PN)	*0.1501*	*0.2795*	*-46.3%*	*0.3356*	*-33.3%*

Assets

R$ million	03/31/24	12/31/23	% Chg.
Total Assets	**2,176.2**	**2,153.9**	***1.0%***
Current assets	**1,204.0**	**1,195.0**	***0.8%***
Cash and cash equivalents	131.1	83.4	*57.2%*
Cash and banks	98.0	73.0	*34.2%*
Highly-liquid short-term investments	33.1	10.4	*218.3%*
Marketable securities	114.6	121.0	*-5.3%*
Accounts receivable	254.8	211.6	*20.4%*
Inventories	603.6	661.8	*-8.8%*
Recoverable taxes	49.8	61.8	*-19.4%*
Prepaid expenses	28.6	30.2	*-5.3%*
Other current assets	21.4	25.2	*-15.1%*
Non-current assets	**972.2**	**958.9**	***1.4%***
Long-term receivables	175.6	178.8	*-1.8%*
Financial investments at amortized cost	0.0	0.0	-
Deferred taxes	69.9	76.9	*-9.1%*
Receivables from related-party	13.2	12.5	-
Other non-current assets	92.5	89.4	*3.5%*
Investments	68.4	68.5	*-0.1%*
Stake in jointly-controlled subsidiaries	6.4	6.5	*-1.5%*
Other investments	62.0	62.0	*0.0%*
Property, plant and equipment	590.4	575.2	*2.6%*
Fixed assets in operation	381.1	403.1	*-5.5%*
Fixed assets in progress	209.4	172.1	*21.7%*
Intangible assets	137.8	136.3	*1.1%*

Liabilities

R$ million	03/31/24	12/31/23	% Chg.
Total Liabilities and Equity	**2,176.2**	**2,153.9**	***1.0%***
Current Liabilities	**832.9**	**800.5**	***4.0%***
Social and labor obligations	49.2	44.3	*11.1%*
Social obligations	7.0	7.8	*-10.3%*
Labor obligations	42.2	36.6	*15.3%*
Suppliers	112.0	111.6	*0.4%*
Local suppliers	55.9	58.9	*-5.1%*
Foreign suppliers	56.0	52.8	*6.1%*
Taxes payable	63.9	58.7	*8.9%*
Federal Taxes payable	63.3	57.8	*9.5%*
Income tax and social contribution payable	3.0	2.4	*25.0%*
Other taxes	60.3	55.4	*8.8%*
State tax payable	0.5	0.8	*-37.5%*
Municipal tax payable	0.0	0.1	*-100.0%*
Loans and financing	440.2	413.0	*6.6%*
In local currency	1.0	1.6	*-37.5%*
In foreign currency	439.2	411.4	*6.8%*
Other accounts payable	98.1	102.5	*-4.3%*
Dividends and interest on equity payable	38.4	38.4	*0.0%*
Advances from customers	12.8	17.5	*-26.9%*
Other payables	46.9	46.6	*0.6%*
Provisions	69.4	70.4	*-1.4%*
Provisions for tax	46.6	48.1	*-3.1%*
Provisions for social security and labor risks	4.5	4.9	*-8.2%*
Provisions for civil risks	8.9	8.1	*9.9%*
Other provisions	9.5	9.2	*3.3%*
Noncurrent Liabilities	**215.3**	**261.6**	***-17.7%***
Loans and financing	84.5	116.0	*-27.2%*
In local currency	84.5	85.0	*-0.6%*
In foreign currency	0.0	31.0	–
Other accounts payable	65.8	68.8	*-4.4%*
Related-party liabilities	2.0	2.0	*0.0%*
Taxes payable	10.3	12.4	*-16.9%*
Suppliers	8.3	9.3	*-10.8%*
Other accounts payable	45.1	45.2	*-0.2%*
Deferred taxes	14.2	14.1	*0.7%*
Provisions	50.8	62.6	*-18.8%*
Provisions for tax	1.4	1.4	*0.0%*
Provisions for social security and labor	29.0	41.6	*-30.3%*
Provisions for civil risks	15.7	15.7	*0.0%*
Other provisions	4.7	3.9	*20.5%*
Consolidated Shareholders' Equity	**1,128.0**	**1,091.8**	***3.3%***
Share Capital	367.9	367.9	*0.0%*
Capital reserves	-16.2	-17.1	*-5.3%*
Disposal of subscription warrants	9.9	9.9	*0.0%*
Stock options granted	29.4	25.4	*15.7%*
Shares held in treasury	-9.9	-6.8	*45.6%*
Capital transactions	-45.6	-45.6	*0.0%*
Retained earnings	566.6	566.6	*0.0%*
Legal reserve	48.7	48.7	*0.0%*
Statutory reserve	399.4	399.4	*0.0%*
Tax incentive reserve	118.5	118.5	*0.0%*
Proposed supplementary dividend	0.0	0.0	-
Accumulated earnings/losses	19.1	0.0	-
Equity valuation adjustments	43.9	44.0	*-0.2%*
Accumulated translation adjustments	146.8	130.4	*12.6%*

1. General information

Taurus Armas S.A. ("Company"), with registered head office in São Leopoldo, RS, was incorporated on November 17, 1939. Taurus is a Brazilian listed company since 1982 and since 2011 it is listed on Level 2 of Corporate Governance of B3 (ticker symbols TASA3, TASA4). Its parent company and holding company is BYK Participações S.A., which in turn is a subsidiary of CBC AMMO LLC, a company based in Delaware, United States of America.

The Company operates in the Firearms and Accessories, Helmets and Accessories, and M.I.M. (Metal Injection Molding) segments. The Company has three manufacturing plants, two in Brazil, located in the States of Rio Grande do Sul and Paraná, and another in Bainbridge, Georgia, United States.

Taurus is accredited as a Strategic Defense Company (EED) and is thus qualified to supply products to the Brazilian Armed Forces. In Brazil, sales are aimed at state, federal, civil and military polices, in addition to the civilian market.

Abroad, in addition to distributing TAURUS and ROSSI brand products manufactured in Brazil, the Bainbridge unit manufactures TAURUS pistol models and HERITAGE revolvers. Sales to the United States mainly serve the American civilian market and government agencies in other regions.

Accessories joint venture

In October 2020, after being authorized by its Board of Directors, the Company entered into an agreement for the setting up of the joint venture, which will allow the manufacture and sale of clips and other light firearm stamped components to the domestic and foreign markets.

For the joint venture establishment, the partnership was entered into with Joalmi Indústria Metalúrgica Ltda. (“Joalmi”), a company with more than 30 years’ experience in the automotive industry and expertise in engineering, technology and development of stamped parts in ferrous and nonferrous metals, and the assembly of highly complex products, mostly related to car safety systems.

The technology used in the manufacture of the magazines, besides being strategic for the Company, is key for the perfect functioning and safety of the weapons. By creating this joint venture, Taurus will become self-sufficient in the production of magazines, an aftermarket segment, currently dominated by few foreign suppliers. Also, it aims to allow a steep cost reduction for the Company’s operations, with integrated and efficient logistics, volume flexibility, adding value to Taurus Technology and Engineering Center.

Taurus JM was released from complying with the procedures of the Division Of Corporations to start the operations at the Joalmi industrial park, on Guarulhos (SP) at the beginning of September 2021 and, since then, it has been manufacturing and selling sets of magazines to Taurus Armas.

The Company completed in September 2023 the transfer of the entire production lines of Taurus JM in Guarulhos (SP) to the city of São Leopoldo (RS) within the industrial complex facilities where Taurus Armas S.A. is located. For further information on this Joint Venture, see note 15.

Joint Venture CBC Taurus Arábia Holding

On December 30, 2021, after being authorized by its Board of Directors, the Company entered into an agreement for the establishment of a joint venture with its related party Companhia Brasileira de Cartuchos (CBC) as part of its operations internationalization strategies aimed at fostering business opportunities in Saudi Arabia.

Such Joint Venture is primarily intended to enable a more efficient search for and foresight of business opportunities within this relevant market, especially considering the country’s government plans on establishing a local defense industrial base, within the scope of the “Vision 2030" strategy.

It will be primarily engaged in managing subsidiaries and holding companies, providing loans, collaterals and financing to associates, besides holding industrial property rights.

The capital of Companhia Brasileira de Cartuchos Taurus Arábia Holdings was paid in on August 30, 2022 and this Joint Venture is still operating in early stages. For further information on this Joint Venture, see note 15.

Joint Venture Jindal Defence Systems Private Limited

The Company entered into a partnership agreement with Indian company Jindal Defence Trading Private Limited for the establishment of a Joint Venture called Jindal Defence Systems Private Limited. The Memorandum of Understanding (MoU) was signed on February 18, 2019.

Jindal Defence Systems Private Limited will operate in the defense and security area. It is mainly engaged in developing, manufacturing and providing high-quality defense solutions to the Indian Armed Forces and international customers. The new plant is at the pre-operating stage with the development of regional suppliers to start production activities.

The new plant launches the Company's strategic plan of expanding its business and presence globally, in particular in the defense and security area.

On March 17, 2023, Taurus paid in capital in Jindal Defence Systems Private Limited at the proportion of 49% of the capital. For further information on this Joint Venture, see note 15.

Contracting of the financing line with FINEP

In March 2023, the Company entered into an agreement with Financiadora de Estudos e Projetos – FINEP to finance projects related to research innovation and infrastructure. The purpose of this financing is to accelerate the strategic plan development, bringing state-of-the-art technology to the industrial plant, and accelerate the launching of new products, thus increasing our market share. For further information on this negotiation, see note 19.

Corporate restructuring

In the last quarter of 2023, the Company carried out a corporate restructuring transaction focused on improving the organizational structure and the allocation of resources, streamlining processes and reducing costs. Corporate transactions were carried out between the Group companies such as partial spin-offs and the merger of Taurus Blindagens Nordeste Ltda., previously classified in the interim financial information as discontinued operation, into its direct parent Taurus Helmets Indústria de Capacetes Ltda. The corporate restructuring transactions were approved at the Extraordinary General Meeting held on December 29, 2023. For further information on this restructuring, see note 15.

2. Presentation of interim financial information

2.1. Basis of preparation

a) <u>Statement of compliance</u>
The Company presents its individual and consolidated interim financial information, included in the Interim Financial Information Form (ITR), concurrently prepared in accordance with technical pronouncement CPC 21 and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and, also, in accordance with accounting practices adopted in Brazil (BR GAAP), considering the pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (CPC), approved by the Brazilian Securities and Exchange Commission (CVM) and the provisions set out in the Brazilian Corporate Law, and identified as "Parent" and "Consolidated", respectively.

The preparation of individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 and international standard IAS 34 requires the Company's Management to use certain accounting estimates.

The individual and consolidated interim financial information for the period ended March 31, 2024 has been prepared based on the historical cost, except for the revaluation of certain investment properties and financial instruments measured at their revalued amounts or fair values at the end of each reporting period, as described in the accounting policies below. The historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The fair value for measurement and/or disclosure purposes in this individual and consolidated interim financial information is determined on this basis, except as otherwise required by another accounting pronouncement.

The individual and consolidated interim financial information for the period ended March 31, 2024 has been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The financial statements for the year ended December 31, 2023 were reviewed by the Audit Committee, and approved by the Company's Board of Directors on March 22, 2024, which are being presented herein as the comparative period.

b) Management statement

The Company's Management asserts that all relevant information for the interim financial information as at March 31, 2024, and only this information, is disclosed and that it corresponds to the information used in managing the Company.

This interim financial information was approved by the Company's Board of Directors and authorized for issue on May 9, 2024.

2.2. Basis of consolidation

The consolidated interim financial information includes the financial information of the Company and the entities controlled by the Company (its subsidiaries) prepared up to March 31 and the respective comparative periods. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether it retains the control over an investee or not if facts and circumstances indicate the occurrence of changes in one or more than one of the three components of control described above.

The consolidation of a subsidiary begins when the Company acquires control over the subsidiary and ends when such control ceases to exist. Specifically, revenue and expenses of a subsidiary acquired or sold during the year are included in profit or loss as from the date the Company acquires control through the date the Company ceases to control the subsidiary.

When the Company loses control over a subsidiary, the gain or loss on disposal is calculated by the difference between: (i) the sum of the fair value of consideration received and the fair value of the residual interest; and (ii) the previous carrying amount of the assets (including goodwill), less the subsidiary's liabilities and noncontrolling interests.

The table below lists the subsidiaries included in the consolidated interim financial information:

		Equity interest	
Company	**Country**	**2024**	**2023**
Taurus Helmets Indústria de Capacetes Ltda. (*)	Brazil	**100.00%**	**100.00%**
Taurus Holdings, Inc. (**)	United States	**100.00%**	**100.00%**
Taurus Máquinas-Ferramenta Ltda.	Brazil	**100.00%**	**100.00%**
Taurus Investimentos Imobiliários Ltda. (*)	Brazil	**100.00%**	**100.00%**
Polimetal Metalurgia e Plásticos Ltda.	Brazil	**100.00%**	**100.00%**
T. Investments Co. Inc.	Panama	**100.00%**	**100.00%**
AMTT Taurus Comercio Varejista Ltda.	Brazil	**100.00%**	**100.00%**

(*) The equity interests above represent the percentage rate held by the Company, both directly and indirectly, in the subsidiaries' capital.
(**) Taurus Holdings, Inc. holds a 100% interest in the subsidiaries Taurus International Manufacturing, Inc, Heritage Manufacturing, Inc. and Braztech International, L.C., Inc.

All intragroup transactions, balances, revenue and expenses, and cash flows are eliminated on consolidation. The consolidation of balance sheet and statement of profit and loss line items is based on their nature, supplemented by the elimination of the following:

- Parent's interests in intragroup capital, reserves, and retained earnings (accumulated losses).
- Intragroup balances of assets and liabilities.
- Balances of revenues and expense, and cash flows arising from intragroup transactions; and
- Unrealized gains arising from transactions with investees recognized by the equity method proportionally to the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment of the asset.

2.3. Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The profit or loss, assets and liabilities of joint ventures are reported in this interim financial information under the equity method of accounting, except when the investment is classified as "held for sale", in which case it is accounted for according to CPC 31/IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, an investment in a joint venture is initially recognized in the consolidated balance sheet at cost and subsequently adjusted to recognize the Company's interest in the profit or loss and the other comprehensive income of the joint venture. When the Company's interest in a joint venture's losses exceeds its interest in the same associate (which includes any long-term interests that, in substance, are part of the Company's net investment in the joint venture), the Company ceases to recognize its interest in additional losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date the investee becomes a joint venture. On the acquisition of the investment in a joint venture, any investment cost that exceeds the Company's interest in the net fair value of the investee's identifiable assets and liabilities is recognized as goodwill, which is added to the carrying amount of the investment. Any amount of the Company's interest in the net fair value of the identifiable assets and liabilities that exceeds the investment cost, after remeasurement, is immediately recognized in profit or loss for the period when the investment is acquired.

The requirements of IAS 36/CPC 01 (R1) - Asset Impairment are applied to determine the need to recognize any impairment loss related to the Company's investment in a joint venture. When necessary, the total carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (which is the higher of its value in use and the fair value less costs of disposal) with its carrying amount. Recognized impairment losses are not allocated to any asset, including goodwill that is part of the carrying amount of the investment. Any reversal of such impairment loss is recognized pursuant to IAS 36 to the extent that the recoverable amount of the investment is subsequently increased.

2.4. Functional and presentation currency

The interim financial information is stated in Brazilian reais (R$), which is the functional and presentation currency of the Company and its subsidiaries headquartered in Brazil, as it is the currency of the main economic environment in which the Company operates and which generates cash inflows and outflows. The functional currency of subsidiary Taurus Holdings, Inc., headquartered in the United States of America, and of subsidiary T. Investments Co. Inc., headquartered in Panama, is the US dollar, and their assets and liabilities are translated into Brazilian reais based on the exchange rate at the balance sheet date and their profit or loss are translated based on the monthly average exchange rate, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates on the transaction date are used. Exchange differences arising from the translation process of the foreign subsidiary are recognized in other comprehensive income and recognized in equity.

Foreign currency-denominated transactions are translated into the Company's functional currency at the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting periods are retranslated into the functional currency at the exchange rate prevailing on that date. All differences are recognized in the statement of profit and loss. Nonmonetary items recognized at fair value determined in a foreign currency are translated at the exchange rate prevailing on the date that fair value was determined. Nonmonetary items measured at historical cost in a foreign currency are not retranslated.

3. Critical accounting judgments and key sources of estimation uncertainty

In applying the Company's accounting policies, Management makes judgments and estimates regarding the reported amounts of assets and liabilities for which objective information is not easily obtained from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The information on critical judgments related to the accounting policies adopted that affect the amounts recognized in the individual and consolidated interim financial information and information on uncertainties, assumptions, and estimates is disclosed in the following notes: 9 - Trade receivables (expected credit losses on doubtful debts), 10 - Inventories (expected losses on inventories), 13 - Income tax and social contribution, 16 – Investment properties (fair value), 17 - Property, plant and equipment (impairment), 18 - Intangible assets (impairment), 23 - Provision for civil, labor and tax risks.

Below are the main judgments and accounting estimates made by the Company when applying the accounting policies that most significantly affect the amounts recognized in the interim financial information.

Trade receivables (expected credit losses on doubtful debts): Sales to end customers are paid with credit cards and the Company has the option to advance receipts without risk of default because the contracts with the card company have a no return condition. Sales that do not refer to end customers are mainly carried out to related party CBC Brasil Comércio e Distribuição, a subsidiary of Taurus' parent (Companhia Brasileira de Cartuchos – CBC), and due to the nature of this transaction, history, as well as the related party's financial condition, Management does not estimate any default in the balances of receivables arising from these sales. Management considers that the allowance recognized is appropriate to reflect estimated credit losses with customers on the interim financial information date.

Inventories (expected losses on inventories): The Company assessed its inventories to identify slow-moving inventory items or with other characteristics that indicate that their cost is no longer recoverable. Management considers that the allowance recognized is appropriate to reflect the realizable net amount of its inventories on the interim financial information date.

Income tax and social contribution: Based on projected economic studies conducted with the support of a specialized technical consulting company, carried out at least annually, as well as other internal and external analyses, the Company shows the capacity to generate taxable income for realization of deferred income tax and social contribution recorded on the interim financial information date. The amounts for which Management believes that there is no supported expectation of generation of taxable income for realization are shown in note 13.

Property, plant and equipment and Intangible assets (impairment): The Company, based on economic projection studies conducted with the support of a specialized technical consulting company, carried out at least annually, as well as other internal and external analyses, demonstrates its ability to generate cash through its assets and thus do not point to the need for impairment adjustments.

Investment property: Investment properties are measured at fair value for purposes of preparation of the interim financial information. Management works together with qualified external appraisers to establish the valuation techniques and information appropriate to the fair value measurement model of these assets at each reporting period.

Provision for civil, labor and tax risks: The Company has a strong management of its risks, with appropriate technical evaluations conducted with the support of its legal counsel, that allow the recognition of provisions in an amount considered sufficient by Management, to cover the risks assessed as probable loss on the interim financial information date.

(i) Fair value measurement

Several accounting policies and disclosures adopted by the Company require the measurement of financial and nonfinancial assets and liabilities at fair value.

The Company established fair value measurement controls that contemplate the periodic assessment of significant unobservable inputs and valuation adjustments.

In measuring the fair value of an asset or liability, the Company uses observable market inputs as much as possible. Fair values are classified at different levels according to a hierarchy based on information (*inputs*) used in valuation techniques, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities, which may be accessed by the entity on the measurement date.

Level 2: inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: inputs for assets or liabilities, which are not based on observable market inputs (unobservable inputs).

The Company uses the Level 2 for fair value measurement purposes.

4. Significant accounting policies

The Company's individual and consolidated interim financial information for the period ended March 31, 2024 was prepared in accordance with technical pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting issued by the IASB. All amounts are expressed in thousands of Brazilian reais (R$), unless otherwise stated.

The accounting policies and calculation methods adopted to prepare this interim financial information as at March 31, 2024 are consistent with the accounting policies and calculation methods adopted to prepare the annual financial statements for the year ended December 31, 2023.

The individual and consolidated interim financial information contained in the Interim Financial Information Form (ITR) has been prepared by the Company to update users on the relevant information presented in the period and should be reviewed together with the full financial statements for the year ended December 31, 2023, approved by the Company's Management on March 20, 2024.

The presentation of the individual and consolidated Statements of Value Added (SVA) is required by the Brazilian Corporate Law and accounting practices adopted in Brazil applicable to publicly-traded corporations. The IFRSs issued by IASB do not require the presentation of this statement. As a result, this statement is presented as supplemental information for the purposes of IFRS, without prejudice to the interim financial information. The purpose of the statement of value added is to disclose the wealth created by the Company and how this wealth is distributed in a given period. The statement of value added has been prepared using information obtained in the same accounting records used to prepare the interim financial information and pursuant to the provisions of CPC 09 - Statement of Value Added.

a) Financial instruments – general accounting policy

Financial assets and financial liabilities are recognized in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component and are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, if applicable, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in profit or loss.

As at March 31, 2024, the Company does not have derivative financial instruments. Additionally, the Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(i) Non-derivative financial assets

All regular way purchases or sales of financial assets are recognized and written off on the trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

All financial assets recognized are subsequently measured at amortized cost or at fair value, depending on their classification. These financial assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is written down when impairment losses are verified. Interest income, foreign exchange gains and losses, and impairment are directly recognized in profit or loss.

Instruments that meet the following conditions are measured subsequently at amortized cost:

- Financial assets are maintained in a business model whose objective is to keep the financial assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The instruments are subsequently measured at fair value through other comprehensive income provided that the following conditions are met:

- Financial assets are maintained in a business model whose objective is met by collecting contractual cash flows and selling the financial assets; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In general, all other financial assets are subsequently measured at fair value through profit or loss.

Financial assets are not reclassified subsequently to their initial recognition, unless the Company changes its business model used to manage financial assets. The Company assesses the goal of the business model in which a financial asset is held in portfolio because this best reflects the way in which the business is run.

At the date of the individual and consolidated interim financial information, the Company has the following non-derivative financial assets: cash and cash equivalents classified and measured at fair value through profit or loss; and short-term investments and restricted accounts, trade receivables, due from related parties, and other receivables classified and measured at amortized cost.

<u>Derecognition of financial assets</u>
The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Upon the derecognition of a financial asset measured at amortized cost or at fair value through profit or loss, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

(ii) *Non-derivative financial liabilities*
All financial liabilities are subsequently measured at amortized cost under the effective interest method or measured at fair value through profit or loss. Financial liabilities are classified at fair value through profit or loss when a financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss. Financial liabilities measured at FVTPL are measured at fair value and net gains or losses, including interest, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

At the date of the individual and consolidated interim financial information, the Company has the following non-derivative financial liabilities: borrowings and financing, and trade payables, all classified and measured at amortized cost.

<u>Derecognition of financial liabilities</u>
The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or when they expire. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized in profit or loss.

Based on the accounting policy, the Company classifies the interest paid as financing activity, consistently with its individual and consolidated interim financial information.

(iii) *Impairment*
The Company recognizes an allowance for expected credit losses ("ECL") on trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the past credit loss experience, adjusted according to specific factors of debtors, general economic conditions and the assessment of current and projected conditions at the reporting date, including the time value of money, when applicable, as described in note 5.1.

b) <u>New effective standards, interpretations and revised standards</u>
The main new standards or amendments to standards and interpretations effective for annual periods beginning on or after January 1, 2024 and adopted by the Company are as follows:

(i) **<u>Amendment to IAS 1 (CPC 26 (R1)) – Classification of Liabilities as Current or Non-current</u>**
This amendment to the standard came into effect beginning January 1, 2024. Clarifies aspects to be considered for the classification of liabilities as current or non-current liabilities.

(ii) **Lease Liability in a Sale and Leaseback (amendments to IFRS 16)**
This amendment to the standard came into effect beginning January 1, 2024. The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that comply with the requirements of IFRS 15 to be accounted for as a sale.

(iii) **Non-current Liabilities with Covenants (amendments to IAS 1)**
The amendment clarifies how the conditions that an entity must satisfy within twelve months after the reporting period affect the classification of a liability. This amendment to the standard came into effect beginning January 1, 2024.

(iv) **Amendments to IAS 7 (CPC 03(R2)) – Statement of Cash Flows and to IFRS 7 (CPC 40(R1)) – Financial Instruments: Disclosures – Supplier Finance Arrangements**
The amendments add a disclosure objective to IAS 7 (CPC 03(R2)) stating that an entity must disclose information about its supplier finance arrangements that allows users of the financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. Additionally, IFRS 7 (CPC 40(R1)) was amended to add supplier finance arrangements as an example within the requirements to disclose information about the entity's exposure to liquidity risk concentration.

(v) **IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 – Climate-related Disclosures**
IFRS S1 establishes general requirements for sustainability-related financial disclosures, so that the entity discloses information on its sustainability-related risks and opportunities that is useful to users of the financial statements. In turn, IFRS S2 establishes the requirements to identify, measure and disclose information on climate-related risks and opportunities that is useful to users of the financial statements. Both standards will be effective for annual periods beginning on or after January 1, 2024 and, in the first annual reporting period in which an entity applied them, the entity is allowed to disclose information only on climate-related risks and opportunities (pursuant to IFRS S2). In conformity with CVM Resolution 193/23, publicly-held companies in Brazil can voluntarily adopt these standards as from the year beginning on January 1, 2024, adoption being mandatory for years beginning on or after January 1, 2026.

Management assessed the impacts arising from the standards above on the Company's interim financial information, and did not identify significant impacts arising from their adoption, other than in relation to IFRS S1 and IFRS S2, where the Company expects an impact on the disclosures addressed in these standards, which are being assessed by Management, as well as the definition of adoption of these standards during the voluntary period outlined in CVM Resolution 193/23.

c) Share-based compensation plan

(i) **Stock options plan (stock options)**

The Company's Stock Option Plan ("Plan"), approved by the Annual and Extraordinary Shareholders' Meeting held on April 26, 2021, is based on the stock options concept, in which the Company grants to the statutory officer(s) a right (and not an obligation) to purchase shares issued by the Company at/in preset prices (strike price) and periods (exercise periods).

The Board of Directors, which shall be responsible for the Plan's administration, may, while respecting the conditions of said Plan, the guidelines set forth by the Shareholders' Meeting and the applicable statutory provisions, the relevant CVM regulation, and Company Bylaws, create Stock Option Programs ("Program") under which the specific conditions applicable to stock options that may be granted within the scope of the Plan shall be determined. These conditions include, in particular, the strike price, any vesting periods during which the stock options cannot be exercised, deadlines and periods for exercising stock options, any overall performance goals of the Company that must be met as a condition for exercising the options, among others.

The Company's current or future statutory officers are eligible to participate in the Plan. The approval of the actual participants and the number of stock options to be granted to each officer shall be determined by the Board of Directors.

The statutory executive officer's participation in a grant program does not guarantee his or her participation in subsequent stock option granting programs.

None of the provision of the Plan, the Program, the stock option agreement, and/or the stock option granted shall entitle any participant to remain in any position in the Company, or other company under the Company's control, as applicable, nor shall it interfere in any way with the Company's right, at any time and subject to the applicable legal and contractual terms and conditions, to terminate the employment contract of a statutory executive officer or in any way ensure his or her termination. Information about the plan is described in note 27.

On October 18, 2021, the Company approved in a meeting of the Board of Directors the Company's Second Stock Option Program ("2nd Program") including the eligibility rules of this 2nd Program's beneficiaries and the definition of the grant terms and conditions. All terms and conditions of the Plan, approved by the Company's Annual and Extraordinary Shareholders' Meeting held on April 26, 2021, were observed. On April 28, 2023, the Company approved the proposal for substitution of the Stock Option Plan for the Stock Grant Plan, and the information is described in item (ii) below.

(ii) **<u>Stock grant plan (Stock Grant)</u>**

The Extraordinary General Meeting held on April 28, 2023 approved the Company's proposal for substitution of the Stock Option Plan ("Stock Options") for the new Share Grant Plant ("Stock Grant"). The Board of Directors will be responsible for the Stock Grant Plan's management.

The substitution was proposed because the Stock Options Plan has not attained the proposed purpose, in light of its economic aspects against the current conditions of the Company's stock market. The substituted plan ("Stock Options") allowed the statutory officers to acquire the Company's shares and, under this program, the options could be exercised at the stock market price on the grant date. On the other hand, the new plan ("Stock Grant") allows the statutory officers to receive, free of charge, the Company's preferred shares, based on the terms and conditions set out in the plan.

For more information on these changes in the share-based payment plans, see note 27.

d) <u>Leases</u>

The Company, through its subsidiary Taurus Holdings, Inc. (USA) recognizes the liabilities assumed against the respective right-of-use assets in accordance with the lease contract entered into with the Georgia Development Authority, in the United States where the Taurus plant is located. For further details on this transaction see note 17.

The Company assesses whether a contract is a lease or contains a lease at the commencement of the contract in accordance with IFRS 16 / CPC 06 (R2).

The Company recognizes a right-of-use asset and a lease liability at the commencement of the lease. The right-of-use asset comprises the initial measurement of the corresponding lease liability and the lease payments made on or before the commencement date, less any lease incentives received and any initial direct costs. The Company segregates the amount of cash paid into principal and interest (both presented in financing activities) in the statement of cash flows.

The lease liability is initially measured at the present value of the lease payments, which were not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rates depend on the term, currency and commencement of the lease and is determined based on a series of data that include: the risk-free rate based on the rates of government bonds; the adjustment to the country's specific risk; the adjustment to the credit risk based on the yield of the bond; and the entity's specific adjustment when the risk profile of the entity that participates in the lease differs from the Company's risk profile.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Under IFRS 16 / CPC 06 (R2), right-of-use assets are tested for impairment in accordance with CPC 01.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company elected to recognize lease expenses on a straight-line basis pursuant to IFRS 16 / CPC 06 (R2).

e) <u>Restatement of book balances</u>

Pursuant to international standard IAS 8 (CPC 23 - Accounting Policies, Changes in Estimates and Errors), the consolidated interim financial information for the period prior to March 31, 2023 is being restated for purposes of comparison.

As detailed in notes 1 and 15, the Company carried out an internal restructuring at the end of 2023 which, among other transactions, comprised the merger of Taurus Blindagens Nordeste Ltda. into its direct parent Taurus Helmets Indústria de Capacetes Ltda. The results of Taurus Blindagens Nordeste Ltda. were being presented in line item “Discontinued operations” considering the applications of CPC 31 - Non-current Assets Held for Sale and Discontinued Operations (IFRS 5). As the assets and liabilities started to be used in the operation of Taurus Helmets Indústria de Capacetes Ltda. through this merger, the Company consolidated this transaction again as operating activity in its interim financial information.

Accordingly, in connection with IAS 8 / CPC 23 and IFRS 5 / CPC 31, the results of operations of the component previously presented in discontinued operations, corresponding to the prior year, presented for purposes of comparison, were changed and are being restated.

This reclassification did not impact the Company’s net result as shown below.

Statement of income for the period ended March 31, 2023.

	Consolidated		
	03-31-2023	**Adjustment**	**03-31-2023 Restated**
Net operating revenue	**453,233**	-	453,233
Cost of sales	**(276,849)**	-	(276,849)
Gross profit	**176,384**	-	176,384
Operating income (expenses)			
Selling expenses	**(61,361)**	-	(61,361)
General and administrative expenses	**(55,385)**	26	(55,359)
Equity in earnings (losses)	**(721)**	-	(721)
Allowance for impairment of financial instruments	**(3,758)**	-	(3,758)
Other operating income, net	**3,385**	52	3,437
Other operating expenses, net	**(2,453)**	(97)	(2,550)
	(120,293)	(19)	(120,312)
Profit (loss) before finance income (costs) and taxes	**56,091**	(19)	56,072
Finance income	**42,754**	34	42,788
Finance costs	**(42,862)**	(15)	(42,877)
Finance income (costs), net	**(108)**	19	(89)
Operating expenses before taxes	**55,983**	-	55,983
Current income tax and social contribution	**(23,780)**	(513)	(24,293)
Deferred income tax and social contribution	**3,738**	(32)	3,706
Profit (loss) for the year from continuing operations	**35,941**	(545)	35,396
Profit (loss) from discontinued operations	**(545)**	545	-
Profit for the year	**35,396**	-	35,396

5. Financial risk management

The Company's risk management policies are set out to identify and analyze the risks faced by the Company, set limits and appropriate risk controls, and monitor risks and compliance with limits. The risk management policies and systems are regularly reviewed to reflect changes in the market conditions and the Company's activities. The Company is exposed to the following risks arising from the use of financial instruments:

5.1 Credit risk

Credit risk is the risk of the Company incurring financial losses if a customer or a counterparty to a financial instrument fails to perform its contractual obligations, which arises mainly from trade receivables and investment securities. With respect to financial institutions, the Company and its subsidiaries only conduct transactions with financial institutions considered by Management as low risk financial institutions.

Trade and other receivables
The Company and its subsidiaries adopt the procedure of analyzing the financial position of its counterparties, set credit limits, and constantly monitor the outstanding positions. In respect of the Company's revenue, sales are concentrated on related parties Taurus International and Companhia Brasileira de Cartuchos – CBC, and there is no credit risk concentration on other customers.

Credit approvals are individually analyzed before customary payment and delivery terms and conditions are offered. Such analysis includes external assessments and, in certain cases, bank references. Purchase limits are set for each customer, which represent the maximum outstanding amount without requiring credit approval; these limits are periodically reviewed. Customers that failed to comply with the credit limit set by the Company can only operate if receivables are settled. For public bodies, the Company's Management individually assesses the payment capacity and bidding requirements for making a sale. The Company does not have any customer that individually represents more than 7% of Company sales, except with its related parties.

In monitoring the credit risk, customers are grouped according to their credit characteristics, including whether they are individuals or legal entities, retailers or public bodies, based on their geographic location, industry, and previous financial problems.

With regard to sales to individuals, the Company is able to receive in advance part of the sales amount upon purchase intention, and the product is only billed and delivered if there is no default.

Exposure to credit risks
As at March 31, 2024, the maximum credit risk exposure was as follows:

		Consolidated		Parent
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
Fair value through profit or loss				
Cash and cash equivalents	**131,103**	83,362	**80,592**	74,014
Amortized cost				
Trade receivables	**254,771**	211,628	**87,109**	76,107
Short-term investments and restricted account	**114,622**	120,977	**82,412**	95,996
Other receivables	**16,470**	16,116	**38,661**	25,803
Total	**516,966**	432,083	**288,774**	271,920

The balances of trade receivables above are disclosed taking into account the expected credit losses (see note 9).

The maximum credit risk exposure for trade receivables per geographic region was as follows:

	Consolidated		Parent	
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
Domestic – trade receivables	**57,179**	58,737	**37,819**	38,036
United States – trade receivables	**180,112**	139,728	**21,845**	15,452
Other	**36,521**	30,234	**35,653**	29,366
Total	**273,812**	228,699	**95,317**	82,854

The maximum credit risk exposure on the balance sheet date per type of counterparty was as follows:

	Consolidated		Parent	
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
Trade receivables – public bodies	**5,246**	6,620	**5,246**	6,620
Trade receivables – distributors	**203,641**	168,318	**48,308**	47,860
Final customers	**64,925**	53,761	**41,763**	28,374
Total	**273,812**	228,699	**95,317**	82,854

The balances of trade receivables above are disclosed without taking into account the expected credit losses (see note 9).

Allowance for expected credit losses

In conformity with CPC 48/IFRS 9 - Financial Instruments, the allowance for expected credit losses takes into consideration an internal risk rating indicator, which observes the customer behavior and the macroeconomic context uncertainties.

As at March 31, 2024, the aging list of trade receivables and the allowance for expected credit losses are as follows:

						Consolidated
			03-31-2024			**12-31-2023**
	Portfolio	**Allowance**	**% coverage**	**Portfolio**	**Allowance**	**% coverage**
Current	**230,776**	**(2,806)**	**1.2%**	**181,039**	**(2,093)**	**1.2%**
0-30 days past due	**16,251**	**(1,265)**	**7.8%**	**12,907**	**(284)**	**2.2%**
31-60 days past due	**2,216**	**(222)**	**10.0%**	**6,501**	**(278)**	**4.3%**
61-90 days past due	**620**	**(58)**	**9.4%**	**1,771**	**(258)**	**14.6%**
91-180 days past due	**3,399**	**(463)**	**13.6%**	**9,328**	**(3,515)**	**37.7%**
181-360 days past due	**2,840**	**(770)**	**27.1%**	**4,792**	**(894)**	**18.7%**
Over one year past due	**17,710**	**(13,457)**	**76.0%**	**12,361**	**(9,749)**	**78.9%**
Total	**273,812**	(19,041)		**228,699**	(17,071)	

						Parent
			03-31-2024			**12-31-2023**
	Portfolio	**Allowance**	**% coverage**	**Portfolio**	**Allowance**	**% coverage**
Current	**47,469**	**(1,366)**	**2.9%**	**50,191**	**(869)**	**1.7%**
0-30 days past due	**30,353**	**(963)**	**3.2%**	**10,306**	**(178)**	**1.7%**
31-60 days past due	**1,163**	**(201)**	**17.3%**	**4,672**	**(211)**	**4.5%**
61-90 days past due	**226**	**(49)**	**21.7%**	**1,513**	**(255)**	**16.9%**
91-180 days past due	**5,627**	**(432)**	**7.7%**	**10,393**	**(3,509)**	**33.8%**
181-360 days past due	**3,290**	**(762)**	**23.2%**	**3,135**	**(887)**	**28.3%**
Over one year past due	**7,189**	**(4,435)**	**61.7%**	**2,644**	**(838)**	**31.7%**
Total	**95,317**	(8,208)		**82,854**	(6,747)	

5.2 Liquidity risk

Liquidity risk is the risk related to the Company's difficulty to perform its obligations associated with its financial liabilities, which are settled in cash or using another financial asset.

The Company and its subsidiaries monitor their operating cash flow requirements, which excludes the potential impact arising from extreme circumstances that cannot be reasonably predicted, such as natural disasters.

Contractual maturities of financial liabilities, including payment of estimated interest, are as follows:

						Consolidated
						03-31-2024
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities						
Trade payables	120,299	121,263	112,087	8,113	1,063	-
Borrowings and financing	95,227	134,681	16,409	8,532	34,295	75,445
Foreign currency advances	429,539	466,884	466,884	-	-	-
	645,065	**722,828**	**595,380**	**16,645**	**35,358**	**75,445**

						Parent
						03-31-2024
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities						
Trade payables	64,420	65,384	56,208	8,113	1,063	-
Borrowings and financing	95,227	134,681	16,409	8,532	34,295	75,445
Foreign currency advances	429,539	466,884	466,884	-	-	-
	589,186	**666,949**	**539,501**	**16,645**	**35,358**	**75,445**

5.3 Market risk

Market risk is the risk that changes in market prices, such as exchange and interest rates, impact the Company's and its subsidiaries' profit or loss or the amount of their shares in financial instruments. The purpose of market risk management is to manage and control market risk exposures, within acceptable parameters, while maximizing return.

The Company and its subsidiaries perform financial obligations to manage market risks. All these transactions are conducted based on the guidelines established by Management.

(i) Currency (foreign exchange) risk

The Company and its subsidiaries are subject to currency risk on sales, purchases and borrowings denominated in a currency other than the respective functional currencies of the Company's entities.

Sensitivity analysis of exchange rates

As at March 31, 2024, the Company is mainly exposed to fluctuations between the Brazilian real and the US dollar. The net exposure and sensitivity analysis related to the monetary items recorded in foreign currency are shown below.

This analysis considers a 25% and 50% variation in the projected future quotation of the currencies on the maturity date of the instruments, as disclosed by the Focus bulletin from the Central Bank. Such variations represent Management's assessment of the reasonably possible change in the projected exchange rate.

Currencies and indices		Projected rate	Variation by +/- 25%	Variation by +/- 50%
US dollar	Decrease	**4.9500**	3.7125	2.4750
US dollar	Increase	**4.9500**	6.1875	7.4250

Consolidated

		Balance in 2024 – in US dollar	Variation by +/- 25%	Variation by +/- 50%
Asset – US dollar depreciation				
Trade receivables	US dollar – US$	**43,360**	(53,657)	(107,315)
		Balance in 2024 – in US dollar	**Variation by +/- 25%**	**Variation by +/- 50%**
Liability – US dollar appreciation				
Borrowings and financing	US dollar – US$	**(1,936)**	(2,395)	(4,791)
Trade payables	US dollar – US$	**(11,217)**	(13,881)	(27,763)
Foreign currency advances	US dollar – US$	**(85,973)**	(106,392)	(212,784)

Parent

		Balance in 2024 – in US dollar	Variation by +/- 25%	Variation by +/- 50%
Asset – US dollar depreciation				
Trade receivables	US dollar – US$	**11,508**	(14,242)	(28,483)
		Balance in 2024 – in US dollar	**Variation by +/- 25%**	**Variation by +/- 50%**
Liability – US dollar appreciation				
Borrowings and financing	US dollar – US$	**(1,936)**	(2,395)	(4,791)
Trade payables	US dollar – US$	**(2,210)**	(2,735)	(5,469)
Foreign currency advances	US dollar – US$	**(85,973)**	(106,392)	(212,784)

(ii) Interest rate risk

The Company is subject to the interest rate risk, which refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of fluctuations in market interest rates mainly arises from its short- and long-term payables subject to floating interest rates, mainly the CDI.

Sensitivity analysis of interest rate

The Company's profit or loss is susceptible to changes in the interest rates levied on short-term investments, borrowings and financing at floating interest rates, mainly pegged to CDI rate.

The sensitivity analysis related to the financial items subject to floating interest rates as at March 31, 2024 is shown below. This analysis considers a 25% and 50% variation in the interest rate prevailing at the end of the period. Such variations represent Management's assessment of the reasonably possible change in the interest rate.

Index	Index as at 03-31-2024	Variation by +/- 25%	Variation by +/- 50%
CDI - decrease	10.65%	7.99%	5.33%
CDI - increase	10.65%	13.31%	15.98%
TJLP - increase	6.53%	8.16%	9.80%
SOFR day - increase	5.31%	6.64%	7.97%
6-month SOFR – decrease	5.39%	4.04%	2.70%
SELIC – increase	10.75%	13.44%	16.13%

				Consolidated Gain (loss)
	Index	Balance 03-31-2024	Variation by +/- 25%	Variation by +/- 50%
Assets				
Short-term investments	CDI - decrease	147,741	(3,930)	(7,860)
	Index	**Balance 03-31-2024**	**Variation by +/- 25%**	**Variation by +/- 50%**
Liabilities				
Borrowings	CDI - increase	(1,037)	(28)	(86)
Borrowings	TJLP - increase	(84,519)	(1,378)	(2,764)

				Parent Gain (loss)
	Index	Balance 03-31-2024	Variation by +/- 25%	Variation by +/- 50%
Assets				
Short-term investments	CDI - decrease	112,162	(2,984)	(5,967)
Intragroup loans	CDI - decrease	16,595	(441)	(883)
Intragroup loans - abroad	6-month SOFR – decrease	13,202	(178)	(355)
	Index	**Balance 03-31-2024**	**Variation by +/- 25%**	**Variation by +/- 50%**
Liabilities				
Intragroup loans	CDI - increase	(2,029)	(54)	(108)
Borrowings	CDI - increase	(1,037)	(28)	(55)
Borrowings	TJLP - increase	(84,519)	(1,378)	(2,764)

(iii) Capital management

The Company's Management policy is to maintain a solid capital structure for the business future development by adding value to shareholders, creditors and the market in general, through the monitoring of returns on capital, according to the position below:

	Consolidated	
	03-31-2024	**12-31-2023**
Total liabilities	**1,048,183**	1,062,056
Less: Cash and cash equivalents and short-term investments	**(245,725)**	(204,339)
Net debt (A)	**802,458**	857,717
Total equity (B)	**1,128,005**	1,091,805
Net debt-to-equity ratio as at March 31, 2024 and December 31, 2023 (A/B)	0.71	0.79

6. Operating segments

The information reported to the Company's CEO (the chief operating decision maker) to allocate resources and assess the performance of the operating segments focuses on the Company’s product category. The Company has three segments. Two of the segments are reportable, represented by strategic business units managed separately, as they differ based on the offer of products and services, technologies and marketing strategies. The other operations are aggregated in segment “Other”, as they are not classified within the quantity limits for separate reporting, as prescribed by IFRS 8/CPC 22 - Operating Segments. The operations in each one of the Company´s reportable segments can be summarized as follows:

Firearms – The firearm production process, as it refers to a predominantly metallurgy industry, uses the following basic stages: machining (using premolds machined and shaped through machining centers, millers, drills and broaching machines, as the entire shaping process and some machining operations are outsourced), MIM - Metal Injection Molding (metal injected parts), finishing (basically polishing), thermal treatment, surface treatment, final assembly, functional test, engraving and packaging; these operations are conducted by Taurus Armas S.A., Taurus Holdings, Inc. and their subsidiaries. The Taurus JM joint venture (former Taurus Plásticos Ltda.) was established to manufacture magazines for the firearms manufactured by the Company.

Helmets – The helmet production process uses the following stages: injection (using ABS - Acrylonitrile Butadiene Styrene), coating and finishing (using injected parts, through manual and automated coating process), sewing (using fabrics, foam and polycarbonate sheets, through cutting, sewing and button sewing machines), and final assembly; these operations are conducted by Taurus Helmets Ltda. (former Taurus Blindagens Ltda.).

Other – Metal injected parts resulting from the MIM (Metal Injection Molding) segment for third parties (Polimetal Metalurgia e Plásticos Ltda.). It also includes expenses on technical support and finance costs on the machinery operation, which was discontinued in June 2012, and other operations such as manufacturing and sale of glasses and provision of services. These operations were aggregated as they are not classified within the quantity limits for separate reporting as reportable segment.

Each segment performance is assessed on a quarterly basis based on the segment profit before income tax and social contribution, as included in internal reports, since the Company’s Management believes that such information is more significant in assessing the profit or loss from certain segments related to other entities that operate in these industries.

The reconciliation of revenue, profit and loss, assets and liabilities and other material components of reportable segments is disclosed below:

	Firearms		Helmets(a)		Other		Total	
	03-31-2024	03-31-2023	**03-31-2024**	03-31-2023	**03-31-2024**	03-31-2023	**03-31-2024**	03-31-2023
Foreign revenue	**417,997**	427,915	**26,877**	21,060	**3,992**	4,258	**448,866**	453,233
Intercompany revenue	**109,193**	172,406	**-**	-	**2,511**	2,709	**111,704**	175,115
Cost of sales	**(283,767)**	(259,402)	**(16,594)**	(14,450)	**(3,093)**	(2,997)	**(303,454)**	(276,849)
Gross profit	**243,423**	340,919	**10,283**	6,610	**3,410**	3,970	**257,116**	351,499
Selling expenses	**(48,756)**	(59,455)	**(5,680)**	(4,929)	**(489)**	(720)	**(54,925)**	(65,104)
General and administrative expenses	**(33,685)**	(47,179)	**(1,921)**	(1,704)	**(621)**	(1,280)	**(36,227)**	(50,163)
Depreciation and amortization	**(3,977)**	(4,479)	**(106)**	(69)	**(818)**	(663)	**(4,901)**	(5,211)
Other operating income (expenses), net	**6,121**	777	**(582)**	(58)	**746**	168	**6,285**	887
Equity in earnings (losses)	**(181)**	(462)	**-**	-	**(5)**	(259)	**(186)**	(721)
	(80,478)	(110,798)	**(8,289)**	(6,760)	**(1,187)**	(2,754)	**(89,954)**	(120,312)
Operating profit	**162,945**	230,121	**1,994**	(150)	**2,223**	1,216	**167,162**	231,187
Finance income	**11,168**	41,876	**1,245**	723	**95**	189	**12,508**	42,788
Finance costs	**(37,951)**	(42,207)	**(266)**	(296)	**(336)**	(374)	**(38,553)**	(42,877)
Finance income (costs), net	**(26,783)**	(331)	**979**	427	**(241)**	(185)	**(26,045)**	(89)
Profit (loss) from the reportable segment before income tax and social contribution	**136,162**	229,790	**2,973**	277	**1,982**	1,031	**141,117**	231,098
Elimination of intercompany revenue	**(109,193)**	(172,406)	**-**	-	**(2,511)**	(2,709)	**(111,704)**	(175,115)
Profit (loss) before income tax and social contribution	**26,969**	57,384	**2,973**	277	**(529)**	(1,678)	**29,413**	55,983
Income tax and social contribution	**(9,636)**	(19,584)	**(525)**	(700)	**(309)**	(303)	**(10,470)**	(20,587)
Profit (loss) for the period	**17,333**	37,800	**2,448**	(423)	**(838)**	(1,981)	**18,943**	35,396
Assets from reportable segments	**1,811,768**	1,900,963	**100,370**	119,319	**264,050**	211,356	**2,176,188**	2,231,638
Liabilities from reportable segments	**997,980**	1,121,965	**23,151**	27,204	**27,052**	34,721	**1,048,183**	1,183,890

<u>Geographic information</u>
The information on net revenue below is based on the customer geographic location.

	Firearms		Helmets	
	03-31-2024	**03-31-2023**	**03-31-2024**	**03-31-2023**
Domestic market				
Southeast Region	**19,685**	36,462	**9,060**	6,489
South Region	**2,074**	5,164	**1,348**	1,465
Northeast Region	**2,577**	2,441	**7,099**	4,989
Midwest Region	**196**	1,428	**5,682**	4,041
North Region	**511**	3,445	**3,688**	3,920
	25,043	48,940	**26,877**	20,904
Foreign market				
United States	**361,334**	348,159	**-**	156
South Africa	**2,688**	2,517	**-**	-
Saudi Arabia	**378**	946	**-**	-
Argentina	**587**	-	**-**	-
Bulgary	**-**	637	**-**	-
Burkina Faso	**-**	612	**-**	-
Chile	**-**	970	**-**	-
El Salvador	**268**	285	**-**	-
Spain	**92**	39	**-**	-
Ecuador	**783**	-	**-**	-
Philippines	**2,797**	3,486	**-**	-
Ghana	**2,317**	-	**-**	-
Guatemala	**3,332**	1,418	**-**	-
Guiana	**-**	430	**-**	-
Haiti	**3,898**	-	**-**	-
Honduras	**4,473**	9,330	**-**	-
India	**673**	-	**-**	-
North Macedonia	**-**	232	**-**	-
Mexico	**3,484**	928	**-**	-
Namibia	**109**	179	**-**	-
Panama	**-**	112	**-**	-
Pakistan	**2,528**	872	**-**	-
Peru	**1,853**	1,235	**-**	-
Czech Republic	**-**	598	**-**	-
Senegal	**-**	586	**-**	-
Serbia	**-**	217	**-**	-
Thailand	**-**	198	**-**	-
Uruguay	**511**	269	**-**	-
Other countries	**849**	5,169	**-**	-
	392,954	379,424	**-**	156
Total net revenue	**417,997**	428,364	**26,877**	21,060

The sales of the Company's other segments are concentrated on the domestic market and spread throughout all Brazilian regions. The Company's and its subsidiaries' sales do not show high level of concentration that can characterize significant dependence on governmental bodies or any other customer, except for the Related Parties, as described in note 25. Approximately 86.44% of consolidated revenues of the firearms segment derive from the US civilian market and are subject to US regulations.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash and highly liquid short-term investments, that is, redeemable within up to three months from the investment date, without any penalties for the Company, and subject to an insignificant risk of change in market value.

	Consolidated		Parent	
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
Cash	**46**	161	**35**	148
Unsettled exchange bills (*)	**51,356**	51,901	**50,484**	51,029
Demand deposits	**46,582**	20,930	**323**	17,938
Short-term investments	**33,119**	10,370	**29,750**	4,899
Cash and cash equivalents	**131,103**	83,362	**80,592**	74,014

(*) The Company receives, as settlement for foreign currency-denominated trade receivables, payment orders for which it can, according to its cash requirement and for purposes of better use of the exchange rate, carry out the foreign exchange closing and receive Brazilian reais in its cash.

Highly liquid short-term investments refer to automatic investments yielding interest ranging between 2% and 93% of CDI.

8. Short-term investments

Non-liquid short-term investments refer to investments in Bank Certificates of Deposit (CDBs) that are not readily convertible into cash, considering the transaction date. The classification of short-term investments depends on the purpose for which the investment was acquired and are measured at amortized cost, according to their category. When applicable, costs directly attributable to the acquisition of a financial asset are added to the originally recognized amount.

		Consolidated		Parent	
	Interest rate	**03-31-2024**	**12-31-2023**	**03-31-2024**	**12-31-2023**
Bank certificates of deposit (CDBs)	99% to 107% of CDI	**114,622**	120,977	**82,412**	95,996
Total		**114,622**	**120,977**	**82,412**	**95,996**
Current		**114,622**	120,977	**82,412**	95,966

9. Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost less estimated expected losses.

The allowance for expected credit loss was recognized in an amount considered sufficient by Management to cover probable losses on the collection of receivables.

	Consolidated		Parent	
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
Domestic customers	**57,178**	58,737	**37,819**	38,037
Foreign customers	**216,634**	169,962	**57,498**	44,817
	273,812	228,699	**95,317**	82,854
Allowance for expected credit loss – domestic receivables	**(9,459)**	(8,856)	**(1,470)**	(948)
Allowance for expected credit loss – foreign receivables	**(9,582)**	(8,215)	**(6,738)**	(5,799)
	(19,041)	(17,071)	**(8,208)**	(6,747)
	254,771	211,628	**87,109**	76,107

The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables, including the aging list of trade receivables, are disclosed in note 5. The variations in the allowance for expected credit losses are as follows:

	Consolidated	Parent
Balance as at December 31, 2023	**(17,071)**	**(6,747)**
Additions	**(4,615)**	**(3,938)**
Reversal of allowance for expected credit losses	**3,333**	**2,738**
Exchange rate changes	**(688)**	**(261)**
Balance as at March 31, 2024	**(19,041)**	**(8,208)**

10. Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle and includes expenses incurred on the acquisition of inventories, production and transformation costs (based on regular operational capacity) and other costs incurred to bring them to their locations and existing conditions.

The allowance for inventory losses is recorded for slow-moving products which sales price is below production cost.

	Consolidated		Parent	
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
Finished products	**345,533**	403,828	**54,917**	44,386
Raw material	**249,524**	251,575	**201,577**	215,004
Work in process	**2,142**	1,319	**295**	82
Inventory advances	**16,385**	15,296	**15,973**	15,196
Allowance for inventory losses	**(9,964)**	(10,206)	**(4,112)**	(4,139)
	603,620	661,812	**268,650**	270,529

Variation in the allowance for inventory losses	**Consolidated**	**Parent**
Balance as at December 31, 2023	**(10,206)**	**(4,139)**
Addition	**(383)**	**(340)**
Reversal	**425**	**-**
Definitive write-offs	**367**	**367**
Exchange rate changes	**(167)**	**-**
Balance as at March 31, 2024	**(9,964)**	**(4,112)**

11. Recoverable taxes

	Consolidated		Parent	
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
State VAT (ICMS)	**30,466**	29,341	**29,497**	28,202
Federal VAT (IPI)	**926**	1,242	**560**	557
Tax on revenue (PIS)	**4,603**	9,007	**4,461**	8,742
Tax on revenue (COFINS)	**21,052**	29,339	**20,377**	28,096
Income tax and social contribution	**11,050**	9,711	**3,409**	1,752
Other	**935**	1,209	**53**	52
Total	**69,032**	79,849	**58,357**	67,401
Current	**49,829**	61,831	**39,635**	49,884
Noncurrent	**19,203**	18,018	**18,722**	17,517

12. Other assets

	Consolidated		Parent	
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
Advances to suppliers	**2,554**	1,990	**786**	-
Advances to employees	**2,408**	6,661	**1,566**	5,724
Advances for foreign bids	**5,518**	5,222	**5,518**	5,222
Escrow deposits	**67,395**	67,434	**65,044**	65,127
Intragroup loans	**14,566**	19,289	**36,839**	23,538
Other receivables	**8,479**	1,461	**2,909**	3,703
Total	**100,920**	102,057	**112,662**	103,314
Current	**14,425**	18,154	**17,274**	19,292
Noncurrent	**86,495**	83,903	**95,388**	84,022

13. Current and deferred income tax and social contribution

Current and deferred income tax and social contribution for the year are calculated at the statutory rate of 34%, of which 15%, plus a 10% surtax on taxable income exceeding R$240 for income tax, and 9% on taxable income for social contribution. The limit of income tax loss and social contribution loss is 30% of annual taxable income.

For companies calculating income tax and social contribution based on deemed income, the same rates above are used, but assuming a gross revenue at 32%. The foreign subsidiaries are subject to an income tax rate of 21% in the United States and 25% in Panama, levied on taxable income, pursuant to the tax laws prevailing in each country.

Deferred income tax and social contribution were fully recognized, considering the permissions and requirements of technical pronouncement CPC 32 - Income Taxes (IAS 12) on the differences between assets and liabilities recognized for tax purposes and their corresponding amounts recognized in the individual and consolidated interim financial information. Deferred income tax and social contribution are determined based on the tax rates and tax laws in effect at the date the interim financial information is prepared.

a) Breakdown of impacts on deferred tax assets and liabilities

	Consolidated		Parent	
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
On income tax and social contribution losses				
Income tax loss	9,231	9,455	-	-
Social contribution loss	3,324	3,404	-	-
On temporary differences – assets				
Impairment of asset held for sale	771	771	-	-
Other allowances, provisions and accruals	15,566	14,919	2,117	1,894
Realization of revaluation reserve	1,901	1,899	605	603
Allowance for inventory losses	2,686	2,689	1,398	1,407
Accrued profit sharing	5,497	4,125	3,225	1,952
Accrued commissions	1,678	1,136	1,469	923
Provision for civil, labor and tax risks	16,011	20,323	15,619	20,038
Provision for warranty	3,486	3,435	1,842	1,842
Provision for uncollectible receivables	4,656	4,091	3,864	3,346
Financial provisions	937	935	937	935
Tax provisions	4,772	5,005	2,766	3,301
Unrealized profit with related parties	18,496	23,122	-	-
Total deferred assets	**89,012**	**95,309**	**33,842**	**36,241**
On temporary differences - liabilities				
Goodwill on expected future earnings	(12,248)	(11,868)	-	-
Fair value of investment property	(10,263)	(10,263)	-	-
Tax provisions	(365)	(353)	-	-
Other allowances, provisions and accruals	(10,397)	(10,075)	-	-
Total deferred liabilities	**(33,273)**	**(32,559)**	**-**	**-**
Deferred asset balances	**69,924**	76,896	**33,842**	36,324
Deferred liability balances	**(14,185)**	(14,146)	**-**	(83)
Deferred assets, net	**55,739**	**62,750**	**33,842**	**36,241**

Current and deferred taxes are recognized in profit or loss unless they are related to business combination, items recognized directly in equity or in other comprehensive income.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the corresponding amounts used for taxation purposes. A deferred income tax and social contribution asset is recognized by unutilized tax losses, tax credits and deductible temporary differences when it is probable that future income subject to taxation will be available and against which they will be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes imposed by the same tax authority on the same entity subject to taxation.

Deferred income tax and social contribution assets are reviewed at the end of each reporting period and reduced to the extent that their realization is no longer probable or, otherwise recognized to the extent their realization is probable.

b) Variation in deferred taxes

	Consolidated	Parent
Opening balance of deferred taxes, net	62,750	36,241
Allocated to profit or loss	(6,888)	(2,399)
Translation adjustments into the presentation currency	(123)	-
Closing balance of deferred taxes, net	**55,739**	**33,842**

The amount of income tax and social contribution losses on which no deferred taxes are recognized total R$291.5 million in consolidated, which correspond to the portion of these amounts in the Company's subsidiaries for which it is not probable that future taxable income will be available for offset. In the Parent, income tax and social contribution losses is fully recorded, and in its subsidiaries, they were partially recorded up to the limit of confirmation of realization.

With respect to the recognition of tax credits on income tax and social contribution losses, projections that demonstrate the realization of the tax credit on the tax loss bases generated by the Company have been prepared by a specialized consulting company and supported by the best understanding based on Management's expectations.

The projections of future taxable income include estimates related to the performance of the economy and the Brazilian and foreign markets, selection of exchange rates, sales volume, sales price, tax rates, among others, which may differ from actual data and amounts. As the income tax and social contribution income (expenses) derives not only from taxable income, but also from the tax and corporate structure of the Company and its subsidiaries in Brazil and abroad, the expected realization of temporarily non-deductible differences, the existence of non-taxable income, non-deductible expenses and several other variables, there is no direct correlation between the Company's and its subsidiaries' profit and the income tax and social contribution income (expenses).

As at March 31, 2024, the expected tax loss realization for deferred income tax and social contribution, recorded in noncurrent assets in the consolidated (the balance of income tax and social contribution loss was fully utilized), is as follows:

					Consolidated
	Income tax loss	Social contribution loss	Deferred income tax	Deferred social contribution	Total deferred taxes
Balance recognized as at 03/31/2024	36,925	36,935	9,231	3,324	12,555
In 2024	(5,717)	(5,711)	(1,429)	(514)	(1,943)
In 2025	(5,752)	(5,748)	(1,438)	(517)	(1,955)
In 2026	(3,700)	(3,717)	(925)	(335)	(1,260)
In 2027	(3,305)	(3,305)	(826)	(297)	(1,123)
In 2028-2033	(18,450)	(18,453)	(4,613)	(1,661)	(6,274)

The main balances of income tax and social contribution losses are recognized in subsidiaries Polimetal, Taurus International Manufacturing and Taurus Helmets.

c) Reconciliation of the effective rate of income tax and social contribution

	Consolidated		Parent	
	03-31-2024	**03-31-2023**	**03-31-2024**	**03-31-2023**
Pretax profit	29,413	55,983	21,342	53,788
Income tax and social contribution at combined tax rates	(10,000)	(19,034)	(7,256)	(18,287)
Permanent additions				
Non-deductible expenses	(1,404)	(794)	(1,402)	(785)
Insurance – Statutory and CLT officers	-	(22)	-	(22)
Share of loss of subsidiaries	(63)	(245)	(1,197)	(3,953)
Donations/sponsorship	(96)	(63)	(84)	(53)
Permanent deductions				
Reintegra	40	63	40	63
Deemed ICMS grant	-	6	-	-
Interest on tax unduly paid	138	-	138	-
Share of profit of subsidiaries	-	-	7,805	4,261
Deferred - Corporate restructuring	22	-	(443)	-
Unrecognized deferred tax on income tax and social contribution losses	(356)	-	-	-
Difference of tax rate of subsidiaries - deemed income	1,236	(365)	-	-
Other (additions)/deductions	13	412	-	385
Income tax and social contribution in profit or loss for the period	**(10,470)**	**(20,042)**	**(2,399)**	**(18,392)**
Current	(3,582)	(23,780)	-	(21,135)
Deferred	(6,888)	3,738	(2,399)	2,743
	(10,470)	(20,042)	**(2,399)**	(18,392)
Effective rate	36%	36%	11%	34%

The unrecognized portion of amounts is represented by tax losses and temporary differences not supported by expected future taxable income generation, as described below.

								Consolidated
				03-31-2024				**03-31-2023**
	Basis	**25%**	**9%**	**Total**	**Basis**	**25%**	**9%**	**Total**
Temporary differences								
Other allowances, provisions and accruals	30	8	3	11	252	63	23	86
Provision for uncollectible receivables	7,580	1,895	682	2,577	7,580	1,895	682	2,577
Allowance for loss on agreements receivable	69,849	17,462	6,286	23,748	69,849	17,462	6,286	23,748
Provision for civil, labor and tax risks	-	-	-	-	3,700	925	333	1,258
Provision for warranty	919	230	83	313	1,468	367	132	499
Loss on other receivables	5,114	1,279	460	1,739	5,114	1,279	460	1,739
On income tax and social contribution losses								
Income tax and social contribution losses	291,486	72,871	26,234	99,105	287,943	71,986	25,915	97,901
	374,978	**93,745**	**33,748**	**127,493**	**375,906**	**93,977**	**33,831**	**127,808**

14. Assets held for sale

Noncurrent assets or groups of noncurrent assets (including liabilities) held for sale are classified as “held for sale” if it is highly probable that they will be primarily recovered through sale instead of their continuing use. Such condition is considered met only when the sale is highly probable and the asset (or disposal group) are available for immediate sale “as is”. Management must be committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. The assets or group of assets held for sale are measured at the lower of their carrying amount recognized until then or fair value less selling expenses.

Any impairment loss of a group of assets held for sale is initially allocated to goodwill and then for the remaining assets and liabilities on a pro rata basis, except that no loss should be allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, and biological assets, which continue to be measured pursuant to other Company accounting policies. Impairment losses determined on initial classification as held for sale or for distribution, and gains and losses from subsequent remeasurements are recognized in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

Carrying amount reconciliation

		Consolidated
In thousands of reais	**03-31-2024**	**12-31-2023**
Buildings, land and improvements – Taurus Blindagens Nordeste	7,000	7,000
Total held-for-sale noncurrent assets	**7,000**	**7,000**

Buildings, land and improvements.

In the last quarter of 2023, Management concluded that the buildings, land and improvements located in Porto Alegre - RS no longer meet the classification criteria required by CPC 31 - Non-current Assets Held for Sale and Discontinued Operations. Based on Management’s expected use for these assets, they were transferred to investment property. See details in note 16.

Held-for-sale asset – Helmets operation

On March 27, 2018, the Board of Directors unanimously authorized the offering of the Helmets business—consisting of the companies Taurus Helmets Indústria de Capacetes Ltda. (former Taurus Blindagens Ltda.) and Taurus Blindagens Nordeste Ltda.—to the market.

The Company continues to pursue the sale of its helmet operation located in Mandirituba, PR, Taurus Helmets Indústria de Helmets Ltda. Since the Company aims to obtain the return of the actual value of the business and this business remains in operation, the Company decided to return the consolidation of this operation as a going concern in its interim financial information since the first quarter of 2021. The Company’s Management decided that Taurus Helmets Indústria de Capacetes Ltda. no longer meets the classification criteria in CPC 31 - Non-current Assets Held for Sale and Discontinued Operations (IFRS 5).

On November 30, 2023, Taurus Blindagens Nordeste Ltda. was merged into its direct parent, Taurus Helmets Indústria de Capacetes Ltda., as part of the internal restructuring conducted by the Company, as detailed in notes 1 and 15. As a result of this merger, part of the assets and liabilities previously held for sale in Taurus Blindagens Nordeste Ltda. started to be used in the operation of Taurus Helmets Indústria de Capacetes Ltda., and was no longer classified as held for sale.

As at March 31, 2024, the assets held for sale related to the helmet operation of Taurus Helmets Indústria de Capacetes Ltda. were presented as shown in the table and comprised the following amounts:

Property, plant and equipment/Intangible assets	8,643
Impairment	(1,643)
Assets held for sale	**7,000**

15. Investments

	Jindal Defence Systems Private Limited	Taurus Holdings, Inc.	T. Investments Co. Inc.	CBC Taurus Arabia Holding, LLC.	Polimetal Metalurgia e Plásticos Ltda.	AMTT Taurus Comercio Varejista Ltda. (1)	Taurus Máquinas - Ferramenta Ltda.	Parent 03-31-2024	Parent 12-31-2023
Current assets	8,990	610,922	-	2,887	17,209	4,740	256		
Noncurrent assets	20,646	128,266	-	255	287,940	1,742	1,322		
Current liabilities	2,472	164,723	-	75	7,249	6,667	964		
Noncurrent liabilities	22,892	41,211	-	-	6,684	2,168	148		
Capital	5,899	1,623	54,958	6,911	291,956	1,300	293,638		
Equity	4,272	533,254	-	3,067	291,216	(2,353)	466		
Net revenue	420	361,334	-	-	3,309	535	-		
Profit (loss) for the period	(222)	8,424	-	(146)	3,102	(788)	(98)		
Number of shares	350,000	302,505	11,000,000	10,535	304,779,838	1,300,000	185,007,117		
Direct interest percentage (%)	49,00%	100,00%	100,00%	49,00%	100,00%	100,00%	100,00%		
Opening balances	2,139	464,651	-	1,528	288,114	-	564	**756,996**	**727,546**
Capital payment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,060**
Capital increase	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,911**
Share of profit (loss) of subsidiaries	**(109)**	**8,424**	**-**	**(72)**	**3,102**	**(788)**	**(98)**	**10,459**	**66,567**
Exchange differences arising on translating investments	**61**	**16,299**	**-**	**47**	**-**	**-**	**-**	**16,407**	**(38,487)**
Unrealized profit on inventories	**-**	**9,072**	**-**	**-**	**-**	**(95)**	**-**	**8,977**	**(18,299)**
Valuation adjustments to equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(313)**
Corporate restructuring (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,445**
Reclassified to provision for negative equity (1)	**-**	**-**	**-**	**-**	**-**	**883**	**-**	**883**	**2,566**
Closing balances	**2,091**	**498,446**	**-**	**1,503**	**291,216**	**-**	**466**	**793,722**	**756,996**

(1) The balance of investment of subsidiary AMTT Taurus Comercio Varejista Ltda. (R$883) is presented in line item “Provision for negative equity” in noncurrent liabilities.

(2) As detailed in note 1, in the last quarter of 2023, the Company carried out a corporate restructuring transaction to streamline the organizational structure, improve the allocation of resources, streamline processes and reduce costs. As part of this restructuring, in addition to the compensation of financial loans and partial spin-offs and mergers of assets and liabilities between some group companies, corporate transactions were carried out, through which Taurus Armas S.A. (parent) disposed of the stake held in Taurus Investimentos Imobiliários Ltda. ("TILL") and in Taurus Helmets Indústria de Capacetes Ltda. to Polimetal Metalurgia e Plásticos Ltda. (POLI). In turn, POLI disposed of its stake in Taurus Máquinas- Ferramenta Ltda. to Taurus Armas S.A. Finally, Taurus Blindagens Nordeste Ltda. was merged into its direct parent Taurus Helmets Indústria de Capacetes Ltda. The impact of these changes in stake is reflected in line item "Corporate restructuring" above. The transactions were carried out with no replacement ratio and do not give rise to capital increase or issuance of new shares by the Company or any of its subsidiaries. Taurus Armas continues to hold control, either directly or indirectly, of all subsidiaries, as held before the restructuring.

Indirect interests in jointly-controlled entities classified as joint venture: share of profit (loss) of subsidiaries

Taurus JM Indústria de Peças Ltda.
The Company has within its structure a subsidiary called Polimetal Metalurgia e Plásticos Ltda., which in turn was the sole parent company of a dormant company called Taurus Plásticos Ltda.

Under the memorandum of understanding (MoU) dated May 28, 2020, the Company entered into a partnership with an automotive industry company to form a joint venture, as detailed in note 1 - General Information.

In order to establish this joint venture and streamline its operations, the Company, in an agreement with partner Joalmi Indústria Metalúrgica Ltda.,, in agreement with partner Joalmi Indústria Metalúrgica Ltda.,, decided to incorporate the operations of the joint venture into the corporate structure of Taurus Plásticos Ltda. The shares were valued considering the balance of the subscribed Capital as at November 30, 2020, divided by the number of shares resulting in a total of approximately R$0.37 per share.

As a result, on March 11, 2021, the name of Taurus Plásticos Ltda. was changed to Taurus JM Indústria de Peças Ltda. and the manufacture of parts for firearms was added to its core business description.

In this same transaction, Sicura Comércio e Produtos de Metal Ltda., which belongs to the group of partner Joalmi, entered in the company by paying in capital in the form of fixed capital valued at R$2.2 million represented by the issue of 6,130,416 new shares with par value of approximately R$0.37 per share, equivalent to 49% of the equity of Taurus JM Indústria de Peças Ltda.

Polimetal Metalurgia e Plásticos Ltda. kept a stake of 51%, represented by 6,355,413 shares with par value of approximately R$0.37, paying in R$2.4 million, thus establishing the joint venture that will manufacture magazines.

As a result of these changes, former Taurus Plásticos Ltda., now called Taurus JM Indústria de Peças Ltda., is no longer consolidated in the Company's interim financial information since once designated as a joint venture, its profit or loss start to be recognized by the Company under the equity method of accounting, at a 51% proportion, as required by CPC 19 (R2)/IFRS 11 - Joint Arrangements.

The tables below show the balances of Taurus JM Indústria de Peças Ltda. as at March 31, 2024:

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
BALANCE SHEET AS AT MARCH 31, 2024
In thousands of reais

Assets		**Liabilities**	
Current		**Current**	
Cash and cash equivalents	74	Trade payables	12,151
Trade receivables	4,897	Payroll and related taxes	490
Inventories	1,063	Taxes, fees and contributions	6,361
Recoverable taxes	3,707	Related parties	506
Other receivables	1,696	Other payables	1,172
	11,437		20,680
		Noncurrent	
		Deferred tax liabilities	27
Noncurrent		Related parties – Financial borrowing	2,084
Deferred tax assets	2,052		2,111
Related parties – Financial borrowing	2,029		
Other receivables	20	**Total liabilities**	22,791
	4,101		
		Equity	
		Capital	4,629
		Advance for future capital increase	7,075
		Accumulated losses	(6,237)
Property, plant and equipment	12,720	**Total equity**	5,467
Total assets	**28,258**	**Total liabilities and equity**	**28,258**

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
STATEMENT OF PROFIT OR LOSS AS AT MARCH 31, 2024
In thousands of reais

Revenue from sales and/or services	746
Cost of sales and/or services	(415)
General and administrative expenses	(832)
Other operating (expenses) income, net	(53)
Loss before finance income (costs), net, share of profit (loss) of subsidiaries, and taxes	**(554)**
Finance income	52
Finance costs	(65)
Finance income (costs), net	**(13)**
Operating expenses before taxes	**(567)**
Income tax and social contribution - deferred	556
Loss for the period	**(11)**

Companhia Brasileira de Cartuchos Taurus Arábia Holding, LLC.

On December 30, 2021, Taurus Armas S.A., together with its related party Companhia Brasileira de Cartuchos (CBC), has signed a memorandum of understanding (MoU) for the establishment of a joint venture as part of the strategies to internationalize its activities to promote business opportunities in Saudi Arabia.

The main purpose is to enable the more efficient search for and prospection of business opportunities in this relevant market, particularly considering the government plans of establishing an industrial local defense base, within the scope of the strategy called “Visão 2030".

On August 30, 2022, CBC has paid in capital in Companhia Brasileira de Cartuchos Taurus Arábia Holding, LLC. at the proportion of 51% of the capital, represented by 10,965 shares with par value of SAR1.00 with the respective paid-in amount of SAR1.1 million (R$1.6 million on the payment date).

On the same date, Taurus Armas has paid in capital in Companhia Brasileira de Cartuchos Taurus Arábia Holding, LLC. at the proportion of 49% of the capital, represented by 10,535 shares with par value of SAR1.00 with the respective paid-in amount of SAR1.1 million (R$1.5 million on the payment date).

As Companhia Brasileira de Cartuchos Taurus Arábia Holding, LLC is considered a joint venture, its net results started to be recognized by the Company under the equity method at the proportion of 49%, pursuant to CPC 19 (R2)/IFRS 11 – Joint Arrangements.

Companhia Brasileira de Cartuchos Taurus Arábia Holding, LLC.
BALANCE SHEET AS AT MARCH 31, 2024
In thousands of reais

Assets		**Liabilities**	
Current		**Current**	
Cash and cash equivalents	2,344	Payroll and related taxes	75
Prepaid expenses	543		75
	2,887		
Noncurrent		**Equity**	
Other receivables	83	Capital	6,911
	83	Accumulated losses	(3,844)
		Total equity	3,067
Property, plant and equipment	172		
Total assets	**3,142**	**Total liabilities and equity**	**3,142**

Companhia Brasileira de Cartuchos Taurus Arábia Holding, LLC.
STATEMENT OF PROFIT OR LOSS AS AT MARCH 31, 2024
In thousands of reais

General and administrative expenses	(146)
	(146)
Loss for the period	**(146)**

Jindal Defence Systems Private Limited

As mentioned in the Memorandum of Understanding (MoU) of February 18, 2019, the Company entered into a partnership agreement with Indian company Jindal Defence Trading Private Limited for the establishment of a Joint Venture called Jindal Defence Systems Private Limited, as detailed in note 1 – General information.

Jindal Defence Systems Private Limited operates in the defense and security area. It is mainly engaged in developing, manufacturing and providing high-quality defense solutions to the Indian Armed Forces and international customers. The infrastructure of the new plant is finished and ready to operate. After receiving all necessary licenses, the operation of the new industrial unit in India began in March 2023 with the manufacturing of pilot batches of firearms, accompanied by a team of Brazilian professionals of Taurus Armas.

On March 17, 2023, Taurus Armas has paid in capital in Jindal Defence Systems Private Limited at the proportion of 49% of the capital, represented by 171,500 shares with par value of INR1.00 with the respective paid-in amount of INR1.7 million (R$109 thousand on the payment date).

As Jindal Defence Systems Private Limited is considered a joint venture, its net results started to be recognized by the Company under the equity method at the proportion of 49%, pursuant to CPC 19 (R2)/IFRS 11 – Joint Arrangements.

Jindal Defence Systems Private Limited
BALANCE SHEET AS AT MARCH 31, 2024
In thousands of reais

Assets		**Liabilities**	
Current		**Current**	
Cash and cash equivalents	237	Trade payables	2,362
Inventories	4,601	Taxes, fees and contributions	109
Recoverable taxes	1,185		2,471
Advances to suppliers	2,967		
	8,990	**Noncurrent**	
		Borrowings	22,892
			22,892
		Total liabilities	25,363
Noncurrent			
Advances for bids	19,695	**Equity**	
Recoverable taxes	81	Capital	5,899
	19,776	Accumulated losses	(1,627)
		Total equity	4,272
Property, plant and equipment	869		
Total assets	**29,635**	**Total liabilities and equity**	**29,635**

Jindal Defence Systems Private Limited
STATEMENT OF PROFIT OR LOSS AS AT MARCH 31, 2024
In thousands of reais

Revenue from sales and/or services	420
Cost of sales and/or services	(75)
General and administrative expenses	(476)
Other operating income (expenses), net	**(131)**
Finance income	312
Finance costs	(403)
Finance income (costs), net	**(91)**
Loss for the period	**(222)**

16. Investment property

Investment properties are held to earn income through capital appreciation. Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are measured at fair value. All income deriving from the operating lease of assets to earn rental income or capital appreciation is recorded as investment properties and measured using the fair value model. Gains and losses arising from changes in the fair value of an investment property are recognized in profit or loss for the period in which they are earned or incurred.
An investment property is derecognized after disposal or when it is permanently removed from use and there are no future economic benefits arising from the disposal. Any gain or loss resulting from the derecognition of a property (calculated as the difference between net disposal revenue and the asset's carrying amount) is recognized in profit or loss for the period the property is derecognized.

	Consolidated		Parent	
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
Land	58,505	58,505	-	-
Buildings	3,537	3,537	-	-
	62,042	**62,042**	**-**	**-**

The investment properties recorded as at March 31, 2024 refer to the Company's former industrial complex, which is currently not occupied, with 18,600.00 square meter of built area on urban land with 29,900.00 square meter of area, located at Avenida do Forte, nº 511 - Porto Alegre (RS).

The fair value of the Company's investment property as at March 31, 2024 was calculated based on a valuation conducted at the end of 2023 by independent external real estate appraisers with no relationship with the Company and which have appropriate professional qualification and recent experience in the location and category of the property appraised. The valuation was conducted in accordance with International Valuation Standards. The fair value of the land was determined based on the comparative market data method, which reflects the price of recent transactions for similar properties. As for buildings and improvements, the Improvement Cost Quantification method was used.

When estimating the fair value of properties, the highest and best use of the properties is their current use. The gain resulting from the changes in the fair value was recorded in profit or loss in line item "Other operating income".

17. Property, plant and equipment

Property, plant and equipment items are measured at the historical acquisition or construction cost, less accumulated depreciation and accumulated *impairment* losses.

The Company elected to measure its property, plant and equipment items at the deemed cost at the opening of 2009. The net effects of deemed cost increased property, plant and equipment and had as a contra entry equity, less taxes.

Cost includes expenditures directly attributable to the purchase of an asset. The cost of assets built by the entity itself includes costs of materials and labor, and any other costs for bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management, the costs of dismantling the item and restoring the site where it is located.

Any gains or losses arising on the disposal of a property, plant and equipment item are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognized at their net amounts as 'Other income' in profit or loss.

Depreciation is recognized on a straight-line basis in profit or loss based on the estimated useful life of each property, plant and equipment item. The approximated estimated useful lives for current and comparative periods are as follows:

Group	Useful life
Buildings	25 to 50 years
Machinery and equipment	3 to 20 years
Dies and tools	5 to 19 years
Furniture	7 to 15 years
Other components (IT)	3 to 8 years

Cost or deemed cost	Land	Buildings	Machinery and facilities	Furniture and computers	Vehicles	Other	PP&E in progress	Advances to suppliers	Leases / right of use (i)	Consolidated Total
Balance as at December 31, 2022	10,605	159,930	355,595	34,431	972	698	159,744	32,696	10,589	765,260
Additions	-	2,023	11,472	719	-	-	90,406	189	-	104,809
Write-offs	-	-	(26,839)	(230)	-	-	(1,282)	-	-	(28,351)
Transfers	17,256	15,813	12,558	4,238	-	-	(76,262)	(2,420)	28,817	-
Reclassification to held-for-sale assets	-	(7,000)	-	-	-	-	-	-	-	(7,000)
Impairment of asset held for sale	-	(1,643)	-	-	-	-	-	-	-	(1,643)
Effect of changes in exchange rates	(237)	(2,021)	(6,199)	(1,286)	(33)	-	(200)	-	(726)	(10,702)
Effect of discontinued operations:										
Discontinued operation merged into subsidiary	76	12,014	-	-	-	-	-	-	-	12,090
Balance as at December 31, 2023	**27,700**	**179,116**	**346,587**	**37,872**	**939**	**698**	**172,406**	**30,465**	**38,680**	**834,463**
Additions	-	1	127	3	-	-	20,000	43	-	20,174
Write-offs	-	-	(563)	(82)	-	-	-	-	-	(645)
Transfers	-	78	12,603	834	-	-	(8,214)	(5,301)	-	-
Effect of changes in exchange rates	98	860	1,749	603	14	-	312	-	1,225	4,861
Balance as at March 31, 2024	**27,798**	**180,055**	**360,503**	**39,230**	**953**	**698**	**184,504**	**25,207**	**39,905**	**858,853**
Depreciation										
Balance as at December 31, 2022	-	(44,404)	(181,894)	(21,320)	(724)	(242)	-	-	(3,975)	(252,559)
Depreciation in the year	-	(7,640)	(17,765)	(2,758)	(57)	(139)	-	-	(3,869)	(32,228)
Write-offs	-	-	23,490	124	-	-	-	-	-	23,614
Transfers	-	-	987	608	-	-	-	-	(1,595)	-
Effect of changes in exchange rates	-	815	3,041	1,071	28	-	-	-	414	5,369
Effect of discontinued operations:										
Discontinued operation merged into subsidiary	-	(3,447)	-	-	-	-	-	-	-	(3,447)
Balance as at December 31, 2023	**-**	**(54,676)**	**(172,141)**	**(22,275)**	**(753)**	**(381)**	**-**	**-**	**(9,025)**	**(259,251)**
Depreciation in the period	-	(1,954)	(4,646)	(758)	(15)	(35)	-	-	(19)	(7,427)
Write-offs	-	-	219	36	-	-	-	-	-	255
Effect of changes in exchange rates	-	(148)	(1,146)	(406)	(11)	-	-	-	(284)	(1,995)
Balance as at March 31, 2024	**-**	**(56,778)**	**(177,714)**	**(23,403)**	**(779)**	**(416)**	**-**	**-**	**(9,328)**	**(268,418)**
Carrying amount										
December 2023	27,700	124,440	174,446	15,597	186	317	172,406	30,465	29,655	575,212
March 2024	**27,798**	**123,277**	**182,789**	**15,827**	**174**	**282**	**184,504**	**25,207**	**30,577**	**590,435**

(i) In connection with the change of the head office of subsidiary Taurus Holdings Inc. ("TUSA") from Miami-Florida/USA to Bainbridge-Georgia/USA, in 2019, TUSA has entered into an agreement with the Decatour County, Bainbridge, Georgia, USA ("Georgia Authority/USA"), whereby it was required to make investments in fixed capital in the amount of US$10 million and to create at least 300 jobs in the city until 2024 ("Investment Agreement").

In June 2019, in connection with this agreement, TUSA has entered into an agreement with the Georgia Authority to acquire a bond issued by the Decatour County Development Authority, Bainbridge/GA, in the total amount of US$13 million, subject to annual interest of 6% p.a. and principal sole in five annual installments, beginning on December 1, 2034. The bond is acquired through the acquisition of fixed assets by TUSA, which are concurrently assigned to the Georgia Authority.

On the same date, the parties entered into a lease agreement, whereby the Georgia Authority leases the same fixed assets back to TUSA, and this retrolease transaction is recorded by TUSA as lease, in accordance with CPC 06 / IFRS 16, which then started to recognize the right of use and lease liability related to these assets. As the lease price set forth in the agreement is the same as the amounts receivable for the bond, there is no effective disbursement or receipt by any of the parties.

As at March 31, 2024, the amount receivable for the bond and the lease liability is R$37.6 million, and are being presented net in the consolidated interim financial information, in conformity with CPC 39 / IAS 32. The amount of the right of use as at March 31, 2024 related to this transaction is R$20.4 million.

									Parent
Cost or deemed cost	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Vehicles**	**Other**	**PP&E in progress**	**Advances to suppliers**	**Leases / rights of use**	**Total**
Balance as at December 31, 2022	60,499	229,542	14,203	52	698	113,626	32,053	380	451,053
Additions	424	1,842	24	-	-	65,578	-	-	67,868
Write-offs	-	(22,652)	(169)	-	-	(8)	-	-	(22,829)
Transfers	16	43,545	1,930	-	-	(43,215)	(2,276)	-	-
Balance as at December 31, 2023	**60,939**	**252,277**	**15,988**	**52**	**698**	**135,981**	**29,777**	**380**	**496,092**
Additions	1	120	-	-	-	6,189	-	-	6,310
Write-offs	-	(353)	(82)	-	-	-	-	-	(435)
Transfers	-	12,406	470	-	-	(7,575)	(5,301)	-	-
Balance as at March 31, 2024	**60,940**	**264,450**	**16,376**	**52**	**698**	**134,595**	**24,476**	**380**	**501,967**
Depreciation									
Balance as at December 31, 2022	(20,754)	(120,172)	(5,661)	(52)	(242)	-	-	(63)	(146,944)
Depreciation in the year	(2,369)	(11,313)	(1,236)	-	(139)	-	-	(76)	(15,133)
Write-offs	-	20,552	105	-	-	-	-	-	20,657
Balance as at December 31, 2023	**(23,123)**	**(110,933)**	**(6,792)**	**(52)**	**(381)**	**-**	**-**	**(139)**	**(141,420)**
Depreciation in the period	(593)	(3,407)	(342)	-	(35)	-	-	(19)	(4,396)
Write-offs	-	219	36	-	-	-	-	-	255
Balance as at March 31, 2024	**(23,716)**	**(114,121)**	**(7,098)**	**(52)**	**(416)**	**-**	**-**	**(158)**	**(145,561)**
Carrying amount									
December 2023	37,816	141,344	9,196	-	317	135,981	29,777	241	354,672
March 2024	**37,224**	**150,329**	**9,278**	**-**	**282**	**134,595**	**24,476**	**222**	**356,406**

PP&E in progress
The balance of construction in progress refers to machinery and equipment still in the implementation stage and current construction works. These assets should come into operation during 2024.

Collateral
The Company uses its assets as collaterals for the funds raised with financial institutions. Even though most property, plant and equipment items are collateralized in borrowings and financing transactions, historically these collaterals have never been enforced. As at March 31, 2024, the Company uses R$15.0 million in collaterals (R$28.1 million as at December 31, 2023).

18. Intangible assets

Goodwill
Goodwill arising on the acquisition of investments, after appropriately allocated, is added to intangible assets. In the Parent's financial statements goodwill is allocated to investments.

Goodwill arising on business combinations are classified as intangible assets and was determined in accordance with accounting practices in force at the time of each business combination, adjusted for the reclassification of certain intangible assets. Goodwill is measured at cost, less impairment losses.

Other intangibles
Separately acquired intangible assets are measured at cost on initial recognition, while the cost of intangible assets acquired in a business combination corresponds to their fair value at the acquisition date. The stated balances are net of accumulated amortization and impairment losses.

Development expenditures that involve a plan or project aiming at the production of new products or substantially enhanced products are only capitalized if development costs can be measured reliably, if the product or process is technically and commercially feasible, if the future economic benefits are probable, and if the Company has the intention and sufficient funds to complete the development process and use or sell the asset.

The amortization of intangible assets, other than goodwill and trademarks and patents classified as indefinite useful life, is based on their estimated useful lives and is recognized in profit or loss on a straight-line basis. The estimated useful lives for the current and comparative periods are approximately 5 years for system development and implementation costs.

We also clarify that the recovery of the carrying amount of goodwill and intangible assets with indefinite useful life is tested for impairment at the end of the year or when there are indications that they might be impaired, using the "value in use" concept through discounted cash flow models of the cash-generating units.

							Consolidated
	Software	**Trademarks and patents**	**Customer relationship**	**Goodwill**	**Product development**	**Intangible assets in progress**	**Total**
Cost							
Balance as at December 31, 2022	24,852	27,794	22,629	48,724	8,259	45,444	177,702
Acquisitions	27	-	-	-	-	16,329	16,356
Transfers	15,848	-	-	-	-	(15,848)	-
Write-offs	(4)	-	-	-	-	-	(4)
Effect of changes in exchange rates	(689)	(1,188)	(1,593)	(1,162)	(412)	-	(5,044)
Balance as at December 31, 2023	**40,034**	**26,606**	**21,036**	**47,562**	**7,847**	**45,925**	**189,010**
Acquisitions	-	-	-	-	-	2,044	2,044
Transfers	1,623	-	-	-	-	(1,623)	-
Effect of changes in exchange rates	284	489	656	478	170	-	2,077
Balance as at March 31, 2024	**41,941**	**27,095**	**21,692**	**48,040**	**8,017**	**46,346**	**193,131**
Amortization							
Balance as at December 31, 2022	(18,615)	(7,388)	(22,629)	-	(3,288)	-	(51,920)
Amortization in the year	(2,611)	-	-	-	(601)	-	(3,212)
Write-offs	4	-	-	-	-	-	4
Effect of changes in exchange rates	701	-	1,593	-	158	-	2,452
Balance as at December 31, 2023	**(20,521)**	**(7,388)**	**(21,036)**	**-**	**(3,731)**	**-**	**(52,676)**
Amortization in the period	(1,555)	-	-	-	(158)	-	(1,713)
Effect of changes in exchange rates	(272)	-	(656)	-	(61)	-	(989)
Balance as at March 31, 2024	**(22,348)**	**(7,388)**	**(21,692)**	**-**	**(3,950)**	**-**	**(55,378)**
Carrying amount							
December 2023	19,513	19,218	-	47,562	4,116	45,925	136,334
March 2024	**19,593**	**19,707**	**-**	**48,040**	**4,067**	**46,346**	137,753

					Parent
	Software	**Trademarks and patents**	**Product development**	**Intangible assets in progress**	**Total**
Cost					
Balance as at December 31, 2022	13,599	9,485	2,536	45,444	71,064
Acquisitions	-	-	-	16,329	16,329
Transfers	15,848	-	-	(15,848)	-
Write-offs	(4)	-	-	-	(4)
Balance as at December 31, 2023	**29,443**	**9,485**	**2,536**	**45,925**	**87,389**
Acquisitions	-	-	-	2,044	2,044
Transfers	1,623	-	-	(1,623)	-
Balance as at March 31, 2024	**31,066**	**9,485**	**2,536**	**46,346**	**89,433**
Amortization					
Balance as at December 31, 2022	(8,905)	(6,840)	(1,238)	-	(16,983)
Amortization in the year	(2,242)	-	(279)	-	(2,521)
Write-offs	4	-	-	-	4
Balance as at December 31, 2023	**(11,143)**	**(6,840)**	**(1,517)**	**-**	**(19,500)**
Amortization in the period	(1,446)	-	(68)	-	(1,514)
Balance as at March 31, 2024	**(12,589)**	**(6,840)**	**(1,585)**	**-**	**(21,014)**
Carrying amount					
December 2023	18,300	2,645	1,019	45,925	67,889
March 2024	**18,477**	**2,645**	**951**	**46,346**	**68,419**

Impairment test of cash-generating units containing goodwill

For impairment testing purposes, goodwill is allocated to the Company's operating divisions, which represent the lowest level inside the Company at which the goodwill is monitored for purposes of internal management, never above the Company's operating segments. Goodwill balance as at December 31, 2023:

Cash-generating unit	**2023**
Firearms	14,938
MIM	32,624
Total CGU	**47,562**

The impairment test for the CGUs mentioned above is performed annually. The recoverable amount of the CGU is the higher of: (a) its fair value less estimated costs to sell and (b) its value in use. The value in use is measured based on the discounted cash flows (before taxes) derived from the continuing use of an asset up to the end of its useful life. The updated tests continue to indicate that there is no need for allowances for impairment losses on goodwill and intangible assets with indefinite useful lives as the value in use exceeds the carrying amount by more than 100%.

Main assumptions used in the discounted cash flow projections

The main assumptions used to determine the recoverable value are the discount rate of cash flows and growth rates. The assumptions used are as follows:

	WACC discount rate	Average growth rate between 2024 and 2028	WACC discount rate	Average growth rate
Cash-generating unit		**12/31/2023**		**12/31/2022**
Firearms	13.30%	4.40%	14.50%	1.50%
MIM	14.50%	3.50%	14.50%	1.50%

Discount rate

The discount rate for the CGU is represented by a post-tax rate based on 20-year US Treasury Bond rate, adjusted for a risk premium that reflects the risks of investments in equity securities and the systematic risk of the related unit. The Company estimated, based on Management's experience with the assets of this CGU, the Weighted Average Cost of Capital of the industry in which this CGU operates, which was calculated based on a possible debt-to-shareholders' equity ratio as at December 31, 2023 of 11.40% at the market interest rate of 8.30%.

Growth rate and perpetuity

The projections are in line with the Business Plan prepared by the Company’s Management. It is expected that the projected sales growth be in line with the curve observed in previous years and in line with the economic growth of the country. After the projection period, the Company considered the growth and constant percentage of economic growth (growth in perpetuity).

To calculate perpetuity as at December 31, 2023, the Company used a nominal growth rate of 3.50%, in line with the expected long-term inflation projected by the Central Bank of Brazil (BACEN) and macroeconomic indicators released in BACEN’s Focus report and in the Country Forecast report of the Economist Intelligence Unit (EIU).

19. Borrowings and financing

The terms and conditions of outstanding borrowings and financing were as follows:

							Consolidated
					03-31-2024		**12-31-2023**
	Currency	**Statutory interest rate**	**Maturity year**	**Contractual amount**	**Carrying amount**	**Contractual amount**	**Carrying amount**
Working capital	R$	CDI + 2.88% p.a.	2024	**18,194**	**1,037**	18,194	1,562
FINEP	R$	TJLP (-) 0.385% p.a.	2035	**89,730**	**84,519**	89,730	84,975
Foreign exchange advance	US$	7.55% to 10.30% p.a.	2025	**406,804**	**429,539**	406,804	406,804
Working capital	US$	8.03% p.a.	2024	**52,460**	**9,671**	52,460	12,495
Working capital - Taurus USA	US$	SOFR day +1.95%	2026	**-**	**-**	23,141	23,141
				Total	**524,766**		**528,977**
				Current liabilities	**440,247**		**412,994**
				Noncurrent liabilities	**84,519**		**115,983**
					524,766		**528,977**

							Parent
				03-31-2024			12-31-2023
	Currency	Statutory interest rate	Maturity year	Contractual amount	Carrying amount	Contractual amount	Carrying amount
Working capital	R$	CDI + 2.88% p.a.	2024	**18,194**	**1,037**	18,194	1,562
FINEP	R$	TJLP (-) 0.385% p.a.	2035	**89,730**	**84,519**	89,730	84,975
Foreign exchange advance	US$	7.55% to 10.30% p.a.	2025	**429,539**	**429,539**	406,804	406,804
Working capital	US$	8.03% p.a.	2024	**26,791**	**9,671**	52,450	12,495
				Total	**524,766**		**505,836**
				Current liabilities	**440,247**		**412,994**
				Noncurrent liabilities	**84,519**		**92,842**
					524,766		**505,836**

Flow of future debt payments disclosed in noncurrent liabilities:

		Consolidated		Parent
Maturity year	**03-31-2024**	**12-31-2023**	**03-31-2024**	**12-31-2023**
2025	**-**	7,867	**-**	7,867
2026	**7,754**	30,937	**7,754**	7,796
2027	**9,305**	9,355	**9,305**	9,355
2028 and thereafter	**67,460**	67,824	**67,460**	67,824
	84,519	115,983	**84,519**	92,842

The variations in borrowings are as follows:

	Parent	**Consolidated**
Balance as at December 31, 2022	**488,225**	**488,225**
(+) Borrowings, net of structuring cost	410,096	870,610
(-) Repayment	(353,111)	(789,342)
(-) Interest payment	(32,281)	(33,429)
(+) Interest expense (i)	36,243	37,612
(+/-) Exchange rate changes (i)	(43,337)	(44,700)
Balance as at December 31, 2023	**505,835**	**528,976**
(+) Borrowings, net of structuring cost	81,228	431,940
(-) Repayment	(78,339)	(452,729)
(-) Interest payment	(11,674)	(11,818)
(+) Interest expense (i)	11,849	11,993
(+/-) Exchange rate changes (i)	15,867	16,404
Balance as at March 31, 2024	**524,766**	**524,766**

Borrowings and financing are guaranteed by promissory notes, short-term investments, trade receivables, mortgages on property, shares, and subsidiaries' sureties. The sureties granted by the parent company and its subsidiaries are disclosed in note 25 - Related parties.

Certain borrowings and financing agreements entered into by the Company and its subsidiaries contain restrictive covenants that restrict certain changes in the shareholding structure, including: changes in the Company's direct or indirect control, capital reductions in the Company and/or its parent company, dividend distributions, payment of interest on capital or any other payments to shareholders by the Company and/or its parent company in the event of default on any obligations, and reduction of the Company's capital. If such restrictions are breached, creditors may accelerate the maturity of their claims.

On November 4, 2021, the Company decreased capital to absorb accumulated losses, which allowed the distribution of dividends to shareholders. These situations can only take place because the Company obtained consent from the Bank Syndicate due to the Company's financial health and compliance with covenants.

FINEP

In March 2023, the Company entered into an agreement with Financiadora de Estudos e Projetos – FINEP to finance projects related to research innovation and infrastructure. The purpose of this financing is to accelerate the strategic plan development, bringing state-of-the-art technology to the industrial plant, and accelerate the launching of new products, thus increasing our market share.

Among the research projects, we must highlight the New Technologies in Materials Project, which searches for materials with higher mechanical resistance and anti-corrosion, allowing the production of components with higher durability and security. In this regard, the Integrated Technology and Engineering Center Brazil/USA – CITE is working on the project to add new products and technology to offer higher resistance and durability for firearms.

The total financing amount is R$195.2 million, of which Taurus will own 90% of the financed project, which represents a total financed amount of R$175.7 million and the remainder under the Company's responsibility in contra entries of 10% representing R$19.5 million. The project has a 36-month grace period and 108 months for repayment.

Up to March 31, 2024, the Company received R$89.7 million related to this agreement.

Covenants

The new debt renegotiation process with the Bank Syndicate was completed on July 18, 2018. The executed agreement, which was included in debt reprofiling process, provides for accelerated maturity in cases of noncompliance of covenants that required, among other obligations: meeting certain financial ratios, such as: net debt-to-adjusted EBITDA of 13x or lower in 2018, 8x or lower in 2019, 7x or lower in 2020, and 6x or lower beginning 2021, as well as an adjusted EBITDA-to-finance costs ratio of 0.90 or higher as at December 31, 2018 and 1.20 or higher beginning 2019. On December 21, 2022, the Bank Syndicated transaction and the sharing of collaterals were terminated but the covenants continued to be applicable individually to each institution that was part of the Bank Syndicate.

These ratios are monitored by the Company's management as the underlying agreements require that such ratios be measured annually. As at March 31, 2024, the Company was compliant with all said covenants.

20. Other payables

	Consolidated		Parent	
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
Dividends payable	**38,416**	38,416	**38,416**	38,416
Sales commissions	**8,297**	5,627	**4,313**	2,708
Accrued interest	**34**	37	**-**	-
Unsettled court agreements	**9,900**	9,906	**9,900**	9,906
Insurance and freight	**20,930**	21,597	**3,476**	2,763
Trade payables	**8,345**	9,272	**8,345**	9,272
Leases	**99**	141	**99**	141
Advances from customers	**12,813**	18,314	**12,300**	16,764
Advance – sale of property Taurus Nordeste	**4,500**	4,500	**-**	-
Marketing	**12,189**	11,595	**-**	-
Due to related parties	**2,029**	1,986	**3,983**	3,053
Unrealized gain on government grant	**32,788**	32,781	**-**	-
Provision for negative equity	**-**	-	**3,450**	2,567
Other	**3,245**	4,746	**1,500**	1,490
	153,585	158,918	**85,782**	87,080
Current	**98,137**	102,491	**63,958**	65,253
Noncurrent	**55,448**	56,427	**21,824**	21,827

21. Payroll and related taxes

	Consolidated		Parent	
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
Payroll	**3,419**	2,522	**1,546**	1,417
Accrued bonus	**22,646**	15,997	**9,485**	5,741
Contributions payable	**6,992**	7,757	**6,358**	7,005
Accruals (vacation pay and 13th salary)	**16,154**	18,050	**13,282**	15,383
	49,211	44,326	**30,671**	29,546

22. Taxes, fees and contributions

	Consolidated		Parent	
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
State VAT (ICMS)	**665**	966	**-**	21
Federal VAT (IPI)	**3,740**	1,896	**3,236**	1,568
Tax on revenue (PIS)	**14**	13	**-**	-
Tax on revenue (COFINS)	**67**	62	**-**	-
Special tax – FAET (USA)	**36,129**	31,306	**-**	-
Withholding income tax (IRRF)	**857**	1,600	**709**	1,385
Income tax and social contribution	**3,019**	2,415	**364**	364
Other installment payments (*)	**20,202**	23,188	**11,796**	14,141
Other	**9,498**	9,646	**5,921**	6,028
	74,191	71,092	**22,026**	23,507
Current	63,868	58,681	17,703	17,770
Noncurrent	10,323	12,411	4,323	5,737

(*) Installment payments

IPI installment payment – The Company had overdue IPI for the period December 2019-March 2020. In December 2020, the Company elected to make installment payments pursuant to Regulatory Instruction (IN) 1891/2019 to regularize IPI debts. The installment plan covers the payment of principal amounting to R$34.7 million, a fine of R$6.9 million, and interest of R$793 thousand. The debt was paid in 60 installments, the installment cap allowed by said IN and is adjusted using the Selic (Central bank's policy rate). As at March 31, 2024, the adjusted balance of the IPI instalment payment plan is R$12.0 million and to date 43 installments have been paid, totaling R$30.4 million.

Income tax and social contribution installment payment – In a tax verification process conducted by the RFB, regarding tax obligations relating to income tax and social contribution on profit for prior periods, the RFB has issued a self-regularization notice for the principal calculated in the amount of R$7.4 million, fine in the amount of R$1.5 million and interest in the amount of R$1.8 million.
The debt was divided in 60 installments, the installment cap allowed by the Brazilian Federal Revenue Service (RFB) and is adjusted using the Selic (Central bank's policy rate), and as at March 31, 2024, the adjusted installment payment balance is R$7.1 million, already considering 20 installments paid in the total amount of R$3.6 million.

23. Provision for civil, labor and tax risks

Provisions are recognized for all contingencies arising on lawsuits for which it is probable that an outflow of funds will be required to settle the contingency or obligation, when they a reliable estimate can be made.

The Company, based on information from its legal counsel and the analysis of ongoing lawsuits, recognized a provision for losses on lawsuits in an amount considered sufficient to cover the estimated losses, as shown below:

				Consolidated
			03-31-2024	12-31-2023
	Provision	Escrow deposit (1)	Net	Net
Labor	33,488	(15,039)	18,449	31,410
Civil	24,645	(1,030)	23,615	22,822
Tax	47,987	(51,326)	(3,339)	(1,747)
	106,120	**(67,395)**	**38,725**	52,485
Classified in current liabilities	59,994			
Classified in noncurrent liabilities	46,126			

(1) Recognized in other noncurrent assets.

				Parent
			03-31-2024	12-31-2023
	Provision	Escrow deposit (1)	Net	Net
Labor	32,421	(13,008)	19,413	32,177
Civil	17,498	(1,030)	16,468	16,630
Tax	46,163	(51,006)	(4,843)	(3,242)
	96,082	**(65,044)**	**31,038**	45,565
Classified in current liabilities	52,120			
Classified in noncurrent liabilities	43,962			

(1) Recognized in other noncurrent assets.

Variations in the provision:

			Consolidated
	Civil and labor	**Tax**	**Total**
Balance as at December 31, 2023	70,370	49,549	119,919
Provisions recognized in the period	2,758	2,992	5,750
Provisions used in the period	(1,753)	-	(1,753)
Derecognition of provision	(13,242)	(4,554)	(17,796)
Balance as at March 31, 2024	**58,133**	**47,987**	**106,120**

			Parent
	Civil and labor	**Tax**	**Total**
Balance as at December 31, 2023	62,958	47,734	110,692
Provisions recognized in the period	1,761	2,983	4,744
Provisions used in the period	(1,715)	-	(1,715)
Derecognition of provision	(13,085)	(4,554)	(17,639)
Balance as at March 31, 2024	**49,919**	**46,163**	**96,082**

The Company and its subsidiaries are parties to other lawsuits assessed by the Company's legal counsel as having a possible or remote likelihood of loss for which no provision has been recognized since accounting practices adopted in Brazil and IFRS do not require the calculation of such provision, as shown below:

				Consolidated				**Parent**
	03-31-2024		12-31-2023		**03-31-2024**		12-31-2023	
	Possible	**Remote**	Possible	Remote	**Possible**	**Remote**	Possible	Remote
Civil	**166,707**	**22,698**	164,577	37,920	**150,103**	**22,698**	148,098	37,909
Labor	**49,107**	**52,920**	35,739	50,706	**47,419**	**51,236**	34,033	49,391
Tax	**71,641**	**7,595**	77,453	-	**69,520**	**7,244**	75,031	-
	287,455	**83,213**	277,769	88,626	**267,042**	**81,178**	257,162	87,300

a) Labor lawsuits

The Company is a party to labor lawsuits. None of these lawsuits refers to individually significant amounts and the discussions mainly involve lawsuits claiming the payment of overtime, hazardous duty and health-hazard premiums, salary differences due to salary equalization, compensation for occupational accidents and diseases, among others.

b) Civil lawsuits

Except for the civil lawsuits listed below, no other civil lawsuit refers to individually significant amounts and the discussions mainly involve individual lawsuits related to the Company's civil liability for the products it manufactures and sells, and these other lawsuits classified as possible risk of loss total R$43.9 million for consolidated purposes.

Public Civil Action – Federal District

The Federal District filed a public civil action with a request for a preliminary injunction against Taurus, pending before the 1st Fiscal Court of the Federal District, based on the Sanctioning Administrative Proceeding No. 054.002.970/2016 filed by the Military Police of the Federal District and that culminated in the application of the penalty of temporary suspension of the right to bid and to contract with the Public Administration of the Federal District for a period of twelve (12) months. In the Public Civil Action, the Federal District alleges, in summary, collective and financial losses due to alleged faulty pistols sold by Taurus during the period 2006-2011. As a result, the Federal District requested a preliminary injunction blocking the Company's assets in the total amount of R$54.8 million, and, in the merits, requested the payment of R$49.8 million for alleged damages to the public treasury, and the payment of collective pain and suffering in the amount of R$5 million. On February 19, 2021, a court decision awarded the injunction requested and ordered Taurus to be subpoenaed. On March 23, 2021, the Company received a subpoena. In an Interlocutory Appeal filed by the Federal District against the decision that denied the preliminary injunction, the appellate injunction was denied. On June 18, 2021, the Company submitted its counterarguments to the Federal District's urgent relief.

The Company then filed its arguments and subsequently the Federal District filed its own counterarguments, then determining that the Public Prosecutor's Office should have access to the case and pending conclusion, awaiting an amending decision on the case.

On July 20, 2021, an amending decision was handed down and the parties were notified to indicate other evidence they intend to produce. Based on the amending decision, the Company filed a petition requesting adjustments to the decision, which was denied; the Federal District filed an interlocutory appeal claiming for the reversal of the burden of proof and suspension of the claim, which was denied. The Federal District has filed an appeal against the decision, and the appellate court approved the stay effect of the appeal.

In November 2021, the interlocutory appeals addressing the reversal of the burden of proof and urgent relief, filed by the Federal District, were denied.

In February 2022, the interlocutory appeal addressing the statute of limitation and expiration, filed by the Company, was partially accepted to determine the non-imposition of the Consumer Defense Code and rules of the collective proceeding.

The Federal District has filed Special Appeal against the decisions of both interlocutory appeals, and the Company has filed counterarguments. In August 2022 the special appeals were denied, with subsequent filing of appeals by the Federal District, which were denied in October 2023, with final and unappealable decision and subsequent return of the case records to the original court to continue with the fact finding phase. In November 2023, the case records were changed from civil class action to ordinary civil proceeding, as requested by the Company. Currently, the case records are waiting for the decision of the Public Prosecution Office.

In the opinion of its legal counsel, this action was classified with a possible likelihood of loss and its adjusted amount is R$67.1 million.

Administrative Proceeding and Lawsuit – PMESP

I – PMESP – Administrative Proceeding 24/7 Pistol

The Company was summoned to present defense in an administrative proceeding filed by the São Paulo State Military Police ("PMESP") (Sanctioning Proceeding CSMAM-002/30/16) which challenges the possibility or not of partial or full noncompliance with the agreement for acquisition and supply of ninety-eight thousand, four hundred and sixty-five (98,465) firearms, pistol type, models 24/7 and 640, between 2007 and 2011. On May 18, 2020, a decision was issued imposing a R$12.7 million fine on Taurus, as well as a penalty suspending the Company from bidding and signing any contract with the São Paulo State Public Administration during two (2) years.

The sanctioning decision of the administrative proceeding, however, was annulled by the Court of Justice of the State of São Paulo in a final decision handed down in the injunction request filed by the Company, which determined the return of the administrative proceeding to the instructional phase.

Thereafter, an administrative decision was handed down on November 13, 2021, fully accepting the sanctioning proposal issued by the Major of the Military Police of the State of São Paulo, in an addendum dated November 12, 2021, to apply a contractual fine in the amount of R$25,087,535.80, as well as penalty suspending the Company from bidding and signing any contract with the Public Administration during two (2) years. Based on this decision, Taurus has filed an administrative appeal, obtaining the stay effect. On December 1, 2021, a partial favorable decision on the Company's administrative appeal was handed down, annulling the fine and the Company's suspension from bidding and signing any contract, as well as determining the measures for performance of an independent technical expert analysis at the pistols.
Currently, measures are expected to be adopted for the performance of the independent technical expert analysis.
In the opinion of the Company's legal counsel, this administrative proceeding is classified with a possible likelihood of loss and its adjusted amount is R$25.1 million.

II - PMESP – Lawsuit SMT 40
On December 19, 2017, the Company received court subpoena in a lawsuit where the State of São Paulo requires the termination of the supply contract of 5,931 submachine guns, model SMT-40, entered into in 2011 with the São Paulo State Military Police and the return of the amount paid at the time, totaling R$21.7 million, plus inflation adjustment and other legal fees. The Company filed its defense arguments in the lawsuit and, subsequently, the Treasury and the Public Prosecution Office filed their own arguments. The lawsuit is currently waiting for the fact finding phase and production of the technical evidence.
In the opinion of its legal counsel, this action was classified with a possible likelihood of loss, estimated at R$30.6 million.

c) Tax lawsuits

Except for the tax lawsuit listed below, no other lawsuit refers to individually significant amounts and/or is still in its administrative stage. These other lawsuits classified with possible likelihood of loss total R$50 million.

Tax collection lawsuit - Municipality of São Leopoldo
The Municipality of São Leopoldo has filed for tax collection lawsuit seeking to collect the credit registered as an tax executable debt under No. 2016/1997, relating to the collection of Service Tax (ISS) for the assessment period January 2012-December 2014. The tax collection lawsuit is being processed at the 4th Civil Court of the São Leopoldo (RS) Court District, under Case No. 033/1.16.0014529-9, and the disputed amount is R$21.6 million. The lawsuit is pending judgment of the objection to the tax collection filed by the Company. The likelihood of loss in this lawsuit is possible.

d) Other lawsuits

Djibouti
There is a criminal lawsuit on judicial secrecy at the 11th Federal Court of Porto Alegre, filed against two former Company employees and a Yemeni national, due to alleged irregular sale of firearms in 2013 to the Government of Djibouti, whose final destination would be Yemen. Although the Company and its officers are not parties to the lawsuit, as soon as the Company became aware of the prosecution, potentially harmful to its reputation, it has requested and has been granted its inclusion as an interest party to the lawsuit, for the purpose of clarifying to the Judge the facts known by the Company and providing the necessary support to the investigations. There are no estimated effects or provisions concerning this issue that are or should be duly reflected in the Company's individual and consolidated financial statements at this date.

Ongoing lawsuits

The Company also holds an amount equivalent to R$45.4 million in ongoing lawsuits, which are classified as contingent assets and are not recognized in accounting.
Of this total, R$19.7 million is classified as Virtually Certain, which is equivalent to provable (contingent inabilities), and in this case, considering that it refers to a contingent asset (calculation of possible Taurus claims), the estimated probable amount refers to a favorable outcome. The main lawsuits are detailed below.

Monitory Action - State Department of Finance of Rio Grande do Norte
Taurus filed a monitory action for the collection of Invoice No. 18565, relating to the supply of bulletproof vests, against the State Department of Finance of Rio Grande do Norte. The aforementioned principal action, Case no. 0010866-28.2006.8.20.0001, was filed in the 1st Fiscal Court of Natal, RN, which granted the petition by judging it an enforceable title in a definite sum in favor of Taurus, which became final and unappealable on September 9, 2016. The principal action continued separately from the enforcement of sentence No. 0824885-55.2017.8.20.5001, under which the overall amount of R$3.7 million is being collected by Taurus. The enforcement of the sentence was partially challenged by the Department of Finance and, the Company was notified to adjust its calculation spreadsheet to the criteria set out in the decision. Upon submission of the new calculation spreadsheet by the Company, showing differences due by the State of Rio Grande do Norte, in August 2022 the decision on the homologation of these calculations was handed down, determining the issuance of the additional precatory letter. Currently, the lawsuit is definitely shelved and is waiting for the payment of the court-ordered debts in the adjusted overall amount. The likelihood of a favorable outcome in this lawsuit is classified as probable and, currently, the amount under dispute is R$4.4 million.

Writ of Mandamus - Federal Revenue Service Porto Alegre Commissioner
Taurus filed a writ of mandamus against the Federal Revenue Service Porto Alegre Commissioner seeking the deduction of paid prior notice, sick pay, one-third vacation bonus, maternity leave pay, and overtime amounts from the tax base of the employer's social security contribution, as provided for by Article 22, I and II, of Law 8212/91, and the social security contribution paid on behalf of outsourced contractors. Writ of Mandamus No. 5067090-11.2012.404.7100 is being handled by the 14th Federal Tax Court of Porto Alegre and the amount involved is R$2.5 million. The claim was partially granted, allowing for the possibility of offsetting the social security contributions amounts already paid and the social security contributions paid for contractors levied on paid prior notice amounts. Based on the decision on the approval, the defendant filed an interlocutory appeal, where a decision was handed down to prevent the provisional enforcement. Currently, the proceeding is at the appeal phase waiting for the decision on the Extraordinary Appeal filed by the Company, which proceeding is halted, waiting for the final decision on the matter by the STF, as well as potential court of retraction by the judging body. The likelihood of a favorable outcome in this lawsuit is classified as probable.

24. Financial instruments

The Company's Management determines the classification of its non-derivative financial assets and financial liabilities at the time of their initial recognition, pursuant to the criteria set forth in IFRS 9/CPC 48 - Financial Instruments as regards the characteristics of the Company's cash flows and business model used to manage the financial assets. Financial liabilities are measured according to their nature and purpose.

a) Fair value versus carrying amount

The fair values of borrowings and financing and foreign currency advances, together with the carrying amounts reported in the balance sheet, are as follows:

				Consolidated
		03-31-2024		**12-31-2023**
	Amortized cost	**Fair value**	**Amortized cost**	**Fair value**
Liabilities measured at amortized cost				
Borrowings and financing	**95,227**	**75,222**	122,173	94,296
Foreign currency advances	**429,539**	**429,539**	406,804	406,589
	524,766	**504,761**	528,977	500,885

				Parent
		03-31-2024		12-31-2023
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**95,227**	**75,222**	99,032	74,877
Foreign currency advances	**429,539**	**429,539**	406,804	406,589
	524,766	**504,761**	505,836	481,466

In light of the short-term cycle, the Company's Management believes that the fair value of cash and cash equivalents, trade receivables, short-term investments and restricted accounts, other receivables and trade payables approximates their carrying amounts.

The fair value, which is determined for disclosure purposes, is calculated based on the present value of the principal and future cash flows, discounted using a market interest rate determined at the reporting date.

According to the hierarchical classification criteria used to determine fair value: Level 1: prices quoted (unadjusted) in active markets, net and visible for identical assets and liabilities, which are accessible at the measurement date; Level 2: prices quoted (that can be adjusted or not) for similar assets or liabilities in active markets; and Level 3: assets and liabilities that are not based on observable market inputs (unobservable inputs). The Company classified the fair values of financial instruments as Level 2.

25. Related parties

The Parent, its subsidiaries, and related parties carry out transactions among themselves, involving financial, sales and operating aspects of the Company. We describe below the most relevant transactions.

					Outstanding balances of subsidiaries with the parent			Effect on the result of transactions of subsidiaries with the parent
	Current assets (ii)	**Noncurrent assets (iii)**	**Total assets**	**Current liabilities (i)**	**Noncurrent liabilities**	**Total liabilities**	**Revenue**	**Expense**
December 31, 2023								
Taurus Helmets Indústria de Capacetes Ltda.	287	-	287	93	-	93	-	599
Taurus Holdings, Inc.	15,638	-	15,638	2,593	-	2,593	787,374	-
Taurus Investimentos Imobiliários Ltda.	3,251	4,053	7,304	112	-	112	6,154	5,786
Taurus Máquinas-Ferramenta Ltda.	-	-	-	-	-	-	3,736	-
Polimetal Metalurgia e Plásticos Ltda.	-	-	-	860	-	860	1,819	-
AMTT Taurus Comercio Varejista Ltda.	5,605	1,466	7,071	-	-	-	887	-
	24,781	5,519	30,300	3,658	3	3,658	799,970	12,253
March 31, 2024								
Taurus Helmets Indústria de Capacetes Ltda.	**554**	**-**	**554**	**372**	**-**	**372**	**-**	**-**
Taurus Holdings, Inc.	**20,178**	**-**	**20,178**	**2,593**	**-**	**2,593**	**108,898**	**-**
Taurus Investimentos Imobiliários Ltda.	**4,388**	**14,295**	**18,683**	**582**	**-**	**582**	**247**	**1,447**
Taurus Máquinas-Ferramenta Ltda.	**-**	**148**	**148**	**-**	**-**	**-**	**-**	**-**
Polimetal Metalurgia e Plásticos Ltda.	**293**	**-**	**293**	**996**	**-**	**996**	**170**	**-**
AMTT Taurus Comercio Varejista Ltda.	**5,610**	**2,152**	**7,762**	**-**	**-**	**-**	**342**	**-**
	31,023	**16,595**	**47,618**	**4,543**	**-**	**4,543**	**109,657**	**1,447**

(i) Refers to amounts recorded in line items trade payables - R$2,589, other payables - R$1,954
(ii) Refers to amounts recorded in line items trade receivables - R$24,126 and other receivables - R$6,897
(iii) Refers to amounts recognized in line items intragroup loans - R$16,595 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate

Transactions involving the Company and subsidiary Taurus Holdings, Inc. refer to sales of firearms to be marketed by the subsidiary in the U.S. market.

As for transactions involving the Company and subsidiary Polimetal Metalurgia e Plásticos Ltda., these refer to the purchase of work in process, since the subsidiary carries out a part of the production process in the firearms segment.

Taurus Investimentos Imobiliários is the owner of tracts of land and buildings where the head offices of Taurus Armas and Polimetal (RS) and Taurus Helmets (PR) are located, in addition to the investment properties in Porto Alegre (RS). Transactions with this company are carried out through payment of rents and intragroup loans.

Founded in 1969 and headquartered in Brasília, the National Association of Firearms and Ammunition Industry (ANIAM) is a non-profit civil entity, which represents the firearms and ammunition industry and commerce in Brazil and which President is Mr. Salesio Nuhs, who is also the Global CEO of Taurus Armas. Taurus Armas S.A. is an associate of this entity and makes monthly contributions based on the amount recorded in 2023, as shown in the table below.

The Brazilian Entity for the Wildlife Conservation (SBCF), which sponsor is related party CBC, is a non-profit private entity engaged in promoting, before the governments and the civil society, the adoption of a new strategic proposal to seek the conservation and rational use of the Brazilian wildlife. SBCF's President is Mr. Salesio Nuhs, who is also the Global CEO of Taurus Armas and the Financial Director is Mr. Sérgio Sgrillo, who is also the Chief Financial and Investor Relations Officer of Taurus Armas. Taurus Armas S.A. is an associate of this entity and makes monthly contributions based on the amount recorded in 2023, as shown in the table below.

The transactions conducted with related parties follow the price conditions and terms agreed between the parties and cannot be compared to those under transactions with unrelated parties.

As at March 31, 2024, non-consolidated transactions involving Taurus Armas S.A. and its related parties refer mainly to sales of firearms for trading and purchase of ammunition, parts and accessories. The amount of these transactions is shown below:

	Current assets (ii)	Noncurrent assets (iii)	Current liabilities (i)	Noncurrent liabilities (iv)	Revenue (v)	Expense (v)
December 31, 2023						
Companhia Brasileira de Cartuchos	4,071	-	5,655	-	14,703	20,662
CBC Brasil Comércio e Distribuição	28,299	-	7	-	69,370	-
GN Importações	-	-	-	-	19	-
Taurus JM Indústria de Peças	113	1,884	-	1,988	-	3,487
Joalmi Indústria e Comércio	243	-	-	-	-	-
Jindal Defence Systems Private Limited	-	10,650	-	-	-	-
ANIAM - Assoc. Nac. da Ind. de Armas e Munições	-	-	-	-	-	600
Brazilian Entity for the Wildlife Conservation (SBCF)	-	-	-	-	-	150
	32,726	12,534	5,662	1,988	84,092	24,899
March 31, 2024						
Companhia Brasileira de Cartuchos	**5,388**	**-**	**3,065**	**-**	**3,256**	**2,806**
CBC Brasil Comércio e Distribuição	**22,511**	**-**	**10**	**-**	**12,602**	**-**
GN Importações	**-**	**-**	**-**	**-**	**4**	**-**
Taurus JM Indústria de Peças	**158**	**2,084**	**-**	**2,029**	**-**	**52**
Joalmi Indústria e Comércio	**363**	**-**	**-**	**-**	**-**	**-**
Jindal Defence Systems Private Limited	**-**	**11,118**	**-**	**-**	**-**	**-**
ANIAM - Assoc. Nac. da Ind. de Armas e Munições	**-**	**-**	**-**	**-**	**-**	**156**
Brazilian Entity for the Wildlife Conservation (SBCF)	**-**	**-**	**-**	**-**	**-**	**39**
	28,420	**13,202**	**3,075**	**2,029**	**15,862**	**3,053**

(i) Refers to amounts recorded in line items trade payables
(ii) Refers to amounts recorded in line items trade receivables
(iii) Refers to amounts recognized in line items intragroup loans (R$13,202) from parent company Taurus Armas S.A., of which R$11,117 is adjusted at 6-month SOFR + 0.25% p.a. and R$2,084 adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(iv) Represent loan agreements with subsidiary Taurus JM Industria de Peças Ltda. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(v) Comparative balance with March 31, 2023

<u>Marketplace Platform</u>
The Company has a partnership with its related party Companhia Brasileira de Cartuchos (CBC) a Marketplace platform.

Marketplace is the most collective concept of online sales. On this platform, different stores can advertise their products, giving the customer a range of options, the stores, called *sellers* in this operation, join the Marketplace platform and pay a fee for the use of the platform and also royalties on sales made through the platform to the Marketplace operator.

On the Company's Marketplace platform, one of the seller operators is the company GN Importações Ltda., which has Mr. Guilherme Nuhs and Ms. Mara Nuhs, who are related to the Company's CEO Mr. Salesio Nuhs, as a related party.

The Company has formalized contracts for the use and operation of the platform under equal market conditions for all sellers that join the platform according to the terms and conditions set by Taurus and CBC, and therefore GN has accepted the same terms and conditions offered to the other operators.

In the transactions carried out by GN on the Marketplace platform, GN pays a monthly fee of R$500.00 for the use of the platform, of which R$250.00 to Taurus Armas and R$250.00 to CBC, and royalties of 20% on sales and use of the brand, and in exceptions due to the need for some sales promotion, preapproved between the parties, the percentage of royalties can be lower.

<u>Officers' and Directors' transactions</u>
Officers and directors hold an immaterial percentage of Company's voting shares.

Officers' and Directors' compensation
The compensation of officers and directors includes salaries, management fees, and benefits:

	Consolidated		**Parent**	
	03-31-2024	03-31-2023	**03-31-2024**	03-31-2023
Statutory officer's compensation and benefits	**1,425**	983	**1,425**	983
Share-based compensation plan	**3,973**	2,296	**3,973**	2,296
Directors' compensation and benefits	**261**	261	**261**	261
Supervisory Board members' compensation and benefits	**112**	95	**112**	95
	5,771	3,635	**5,771**	3,635

The compensation of the Statutory Officers consists of a fixed and a variable portion.
Fixed compensation: an annual amount is set for each officer, which is paid on a monthly basis.
Variable compensation: consists of short-term compensation and profit sharing (when applicable) and long-term compensation (stock grant). Generally, the goals set by the Company to evaluate Officers consist of economic goals and their permanence at the Company.

The gain in the Share-based Payment Plan *(*stock grant*)* is linked to the appreciation of the market price of Company shares, i.e., the value the individual performance of an officer and the performance of Management as a whole add to the Company reflects on the officers' earnings in this type of compensation, while keeping their interests aligned with the Company's interest in the long run. For more information on Share-based Payment Plan, see note 27.

<u>Sureties between related parties</u>
Borrowings and financing in the form of PPEs (export prepayments) owed to KG Banco Itaú and ACCs (advances on exchange contracts) owed to Banco Pine are covered by a set of joint collaterals, consisting of sureties granted by Taurus Helmets, the collateral assignment of shares, the collateral assignment of receivables, mortgages on properties and shares of Taurus International held by Taurus Armas S.A. The guaranteed debt totals R$43.1 million (R$83.4 million as at December 31, 2023) to Taurus Armas S.A.
Subsidiary Taurus International has an overdraft account with a US banking institution, 53RD Bank, on which there is an additional guaranteed consisting of a surety granted by its parent Taurus Armas S.A.

26. Equity

a) Capital

As at March 31, 2024, the Company's issued capital is R$367.9 million (R$367.9 million as at December 31, 2023), represented by 126,634,434 book-entry, registered shares, divided into 46,445,314 common shares and 80,189,120 preferred shares without par value.

On October 5, 2018, the Company issued four series of subscription warrants, with each warrant converting into one share. In 2022, up to December 31, the warrants exercised were automatically converted into capital, in an amount equivalent to R$59.7 million, which was ratified by the Company's Board of Directors.

The table below shows the maturities of all series and the updated position as at March 31, 2024:

	QUANTITIES			
Types of share	**TASA11**	**TASA13**	**TASA15**	**TASA17**
Strike price	R$ 4.00	R$ 5.00	R$ 6.00	R$ 7.00
Series maturity	04/05/2019	07/05/2021	10/07/2021	10/05/2022
Number of shares	24,899,874	20,000,000	20,000,000	9,000,000
Exercised	13,148,993	19,925,599	19,913,827	8,957,803
Forfeited	11,750,881	74,401	86,173	42,197

Preferred shares

Preferred shares are not entitled to different dividends and have preemptive rights in the liquidation of its interest in the capital.

Pursuant to Article 5, paragraph 4, of the Company's Bylaws, preferred shares are entitled to vote in any resolutions made at a Shareholders' Meeting on the matters listed below, in which case each preferred share correspond to one vote:

(i) Company's transformation, merger, consolidation or spin-off;
(ii) Approval of agreements between the Company and its Controlling Shareholder, as defined in the Level 2 Regulation, directly or through third parties, as well as other companies in which the Controlling Shareholder has an interest, whenever, as set forth in an legal or bylaws provision, these matters are required to be approved at a shareholders' meeting;
(iii) Appraisal of assets for the Company's capital increase;
(iv) Selection of a specialized company to determine of the Company's economic value, under Chapter VII of the Company's Bylaws; and
(v) Change or revocation of bylaws provisions which change or modify any requirement prescribed in item 4.1 of the Level 2 Regulations, except that this voting right shall prevail only while the Level 2 of Corporate Governance Participation Agreement remains in force.

Authorized shares (in thousands of shares):

	03-31-2024	12-31-2023
Common shares	103,703	103,703
Preferred shares	207,405	207,405
	311,108	311,108

Issued, fully paid-in shares:

	Common shares		Preferred shares		
	Number in thousands	**Amount in R$ thousands**	**Number in thousands**	**Treasury shares (-) in thousands**	**Amount in R$ thousands**
As at December 31, 2023 Common: R$13.25; Preferred: R$13.35*	46,445	615,396	80,189	-	1,070,523
As at March 31, 2024 **Common: R$13.74; Preferred: R$13.46***	**46,445**	638,154	**80,189**	**(700)**	1,069,922

*Closing share quotation on the indicated date, multiplied by the total shares outstanding on the same date.

b) Reserves and earnings retention

Legal reserve

Calculated as 5% of profit for the year, pursuant to Article 193 of Law 6404/76 up to the limit of 20% of capital, after deduction of accumulated losses, in conformity with art. 189 of the same Law. As at December 31, 2023, legal reserve in the amount of R$7.6 million was recognized. As at December 31, 2023 and March 31, 2024, the balance of the legal reserve is R$48.7 million.

Tax incentive reserve

The Company is eligible to ICMS and Fundopem tax incentives. Management, in view of the publication of Supplementary Law 160/17 and in conformity with Law 6404/76, allocated them as tax incentive reserve in equity. As at December 31, 2023 and March 31, 2024, the balance is R$118.5 million.

Statutory reserve

On April 28, 2023, the EGM approved the creation of a statutory investment reserve. The purpose of the reserve is to protect the Company's net assets, finance investment plans and increase working capital, enable the Company's share repurchase programs, enable stock option plans and other share-based compensation plans or benefits to Management and/or employees, allow the absorption of losses whenever necessary, and authorize the distribution of dividends, as proposed by the Board of Directors and approvals set forth in the Company's Bylaws and applicable laws. The remaining balance of profit after the allocations to the legal reserve tax incentive reserve and mandatory minimum dividends shall be allocated to this statutory reserve.

Treasury shares

The EGM held on April 28, 2023 approved the share repurchase program. The purpose of the Repurchase Program is the purchase of shares issued by the Company for holding in treasury, cancellation or subsequent disposal of the shares, for an efficient management of the capital structure and maximization of the value generation for the shareholder and coverage of the Company's obligations arising from the Stock Grant Plan (Stock Grant), intended to management, officers or other holders of the Company's strategic positions.
Under the scope of the current Repurchase Program, up to 300,000 common shares (TASA3) and 3,003,300 preferred shares (TASA4) may be acquired. Up to March 31, 2024, the Company had acquired 700,000 common shares (TASA4) which, to date, have been held in treasury at the amount of R$9.9 million.

Earnings reserve

As set forth in article 199 of Law 6.404/76 (Brazilian Corporate Law), the balance of earnings reserves must not exceed capital. Considering Management's proposal for allocation of adjusted profit (item c), the balance of the statutory reserve at the end of 2023 is R$399.4 million and of the legal reserve is R$48.7 million, totaling R$448.1 million in earnings reserves. In view of the balance in excess of capital, and pursuant to the same article 199 of the Brazilian Corporate Law, Management's proposal to the Extraordinary General Meeting (EGM), approved on April 30, 2024, resolved on the capital increase with the statutory reserve balance in the amount of R$80.2 million, without issuance of new shares.

c) Dividends

Pursuant to the Company's bylaws, common and preferred shares are entitled to mandatory minimum dividend of 35% of adjusted profit, and preferred shares are entitled to all other rights attributable to common shares under equal conditions.

Proposed dividends
The dividend proposal disclosed in the Company's financial statements for the year ended December 31, 2023, was approved at the Annual General Meeting (AGM) held on April 30, 2024 and is as follows:

Profit for the year	**152,790**
Allocations:	
Recognition of legal reserve - Art. 193	(7,639)
Valuation adjustments to equity	535
Dividend distribution base	**145,686**
Mandatory dividends (35%)	50,989
Mandatory dividends per share	0.404060
Interim dividends in 2023	(12,663)
Interim dividends in 2023 per share	(0.100000)
Total dividends for distribution	**38,327**
Total dividend per share - net	**0.304060**
Retained earnings	**107,359**
Recognition of statutory reserve - Art. 194	(107,359)

Of the amount of R$51 million (0.404060 per share) relating to mandatory minimum dividends for 2023, interim dividends were approved in June 2023 and paid in August 2023, in the amount of R$12.7 million, as detailed below. Accordingly, the remaining mandatory dividend balance payable for 2023 is R$38.3 million.

On April 30, 2024, the AGM was held, where the dividend proposal was voted and approved. The payment date is not defined. The definition of a payment date will be made by the Board of Directors.

d) Valuation adjustments to equity

Deemed cost
The line item valuation adjustments to equity in equity includes adjustments due to the adoption of the deemed cost of property, plant and equipment at the date of transition to IFRSs. The amounts recognized in valuation adjustments to equity are fully or partially reclassified to full or partial profit or loss for the year upon the depreciation of the related line items or the disposal of the assets.

Cumulative translation adjustments
Cumulative translation adjustments include all foreign exchange differences arising on translating the interim financial information of foreign operations.

e) <u>Earnings (loss) per share</u>

	Parent and Consolidated	
Basic numerator	**03-31-2024**	03-31-2023
Profit for the period		
Common shares	6,986	12,982
Preferred shares	11,957	22,414
	18,943	35,396
Basic denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	79,649,077	80,189,120
	126,094,391	126,634,434
Basic earnings (loss) per share (R$ per share)		
Common shares	0.15041	0.27951
Preferred shares	0.15012	0.27951

	Parent and Consolidated	
Diluted numerator	**03-31-2024**	03-31-2023
Profit for the period		
Common shares	6,986	12,982
Preferred shares	11,957	22,414
	18,943	35,396
Diluted denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	79,649,077	80,189,120
	126,094,391	126,634,434
Diluted earnings (loss) per share (R$ per share)		
Common shares	0.15041	0.27951
Preferred shares	0.15012	0.27951

f) Capital transactions
The corporate restructuring undertaken on May 27, 2011 involving subsidiary Polimetal Metalurgia e Plásticos Ltda. and the Company resulted in changes in the ownership interests between the parties involved in the amount of R$40,996, which was recognized in equity in the capital transaction account.

27. Share-based payment

a) Stock option plan

Up to April 28, 2023, the Company had the following share-based payment arrangement:

Stock option plan (settable in shares)

On April 26, 2021, the Company approved the Company's First Stock Option Plan that entitles the statutory officers to acquire Company shares. Under this program, the stock options may be exercised at the market price of the shares on grant date. The Board of Directors was responsible for the Plan's management.

The Plan's purpose is to allow granting stock options to the Company's statutory officers previously discussed and selected by the Board of Directors, for the purpose of: (i) attracting, motivating, and retaining in the Company highly performant, strategic executives, capable of advancing its core business; (ii) aligning the interests of statutory officers with the interests of Company shareholders, encouraging commitment, engagement, and ownership of the Company's business; (iii) fostering the expansion, success, and achievement of the goals set by the Company; and (vi) offering statutory officers yet another way to be able to share the Company's performance and success.

The Company's current or future statutory officers are eligible to participate in the Plan. The approval of the actual participants and the number of stock options to be granted to each officer shall be determined by the Board of Directors. The exercise of Stock Options by a participant is not subject to the participant's achieving individual targets or the Company's overall targets but rather to the officer's continuing relationship with the Company.

In the event of the resignation or dismissal for cause of a participant, the stock options that have not been exercised by the termination date, observing the stock option vesting periods, shall be automatically extinguished, by operation of law, regardless of prior notice or notification, and without any right to an indemnity.

Expenses are recognized on a daily pro rata basis, from the stock options' grant date to its vesting date.

The pricing model used to measure the price of the stock options granted is Black, Scholes & Merton. The fair values of the stock options already granted was calculated based on the Black, Scholes & Merton option valuation model, using the following assumptions.

(i) Number of shares subject to stock options:

	Shares subject of the stock options		
	Type	**Percentage**	**Number**
1st Stock option program - 2021	Common	33.33%	728,332
	Preferred	66.67%	1,456,668
		100.00%	**2,185,000**
2nd Stock option program - 2021	Common	33.33%	100,000
	Preferred	66.67%	200,000
		100.00%	**300,000**
3rd Stock option program - 2022	Common	33.33%	26,666
	Preferred	66.67%	53,334
		100.00%	**80,000**
Total stock options		**100.00%**	**2,565,000**

(ii) Stock options' life

Percentage of total stock options	26.11%	24.63%	24.63%	24.63%
Exercise date	04/30/2023	04/30/2025	04/30/2027	04/30/2029

The information used in the analysis of the fair values on the grant date of the share-based plans is as follows:

	1st Stock option program - 2021	2nd Stock option program - 2021	3rd Stock option program - 2022
Fair value on grant date	R$ 24.14	R$ 24.49	R$ 20.38
Share price on grant date	R$ 20.82	R$ 20.27	R$ 20.27
Strike price	R$ 26.68	R$ 25.43	R$ 24.72
Expected volatility (weighted average)	89.81%	79.75%	67.56%
Stock option life (weighted average life expectancy)	4.97	4.53	3.95
Expected dividends	2.85%	4.05%	4.84%
Risk-free interest rate (based on government bonds)	7.78%	10.20%	12.28%

The Extraordinary General Meeting held on April 28, 2023 approved the Company's proposal for substitution of the Stock Option Plan ("Stock Options") for the new Share Grant Plant ("Stock Grant"). More information in item b below.

b) Share grant plans (Stock Grant)

The Extraordinary General Meeting held on April 28, 2023 approved the Company's proposal for substitution of the Stock Option Plan ("Stock Options") for the new Share Grant Plant ("Stock Grant"). The Board of Directors will be responsible for the Stock Grant Plan's management.

The substitution was proposed because the Stock Options Plan has not attained the proposed purpose, in light of its economic aspects against the current conditions of the Company's stock market. The substituted plan ("Stock Options") allowed the statutory officers to acquire the Company's shares and, under this program, the options could be exercised at the stock market price on the grant date. On the other hand, the new plan ("Stock Grant") allows the statutory officers to receive, free of charge, the Company's preferred shares, based on the terms and conditions set out in the plan, as detailed below.

The Plan's purpose is to allow offering to the beneficiaries duly discussed and selected by the Board of Directors the opportunity of becoming the Company's shareholders, for the purpose of: (i) attracting, motivating, and retaining in the Company highly performant, strategic executives, capable of advancing its core business; (ii) aligning the interests of statutory officers with the interests of Company shareholders, encouraging commitment, engagement, and ownership of the Company's business; (iii) fostering the expansion, success, and achievement of the goals set by the Company; and (vi) offering statutory officers yet another way to be able to share the Company's performance and success.

The Company's current or future statutory officers are eligible to participate in the Plan. The approval of the actual participants and the number of shares to be granted to each officer shall be determined by the Board of Directors. The assignment of shares by the participant is not subject to the participant's achieving individual targets or the Company's overall targets but rather to the officer's continuing relationship with the Company.

In the event of the resignation or dismissal for cause of a participant, the Rights to Receive Shares that have not been converted into shares by the termination date, observing the Grace Periods of the Rights to Receive Shares, shall be automatically extinguished, by operation of law, regardless of prior notice or notification, and without any right to an indemnity. In the event of the participant's dismissal due to the Company's decision, without cause, the Rights to Receive Shares will be granted proportionally to the period during which the participant has occupied the respective position compared to the total period of the Program, subject to the provisions set out in the instrument entered into by the Company and the participant upon the participant's dismissal.

On June 21, 2023, the Board of Directors approved the First Share-Based Compensation Program ("Stock Grant"), which granted to the program beneficiaries the right to receive the total volume of 2,184,000 Company's preferred shares. The total number of shares subject to delivery will be subject to adjustments due to corporate transactions, such as splits, reverse splits and bonuses. The shares received will be entitled to all rights and benefits relating to the preferred shares currently issued by the Company.

As regards the accounting aspects, in view of the substitution of share-based compensation plans, the Company, based on the principles set out in CPC 10 (R1) / IFRS 2 – Share-Based Payment, has recognized the incremental fair value granted, which corresponds to the difference between the fair value of the modified equity instrument and the fair value of the original equity instrument, both estimated on the modification date.

The fair value of the shares granted under the Stock Grant plan was measured at the market price of the shares on the grant date, which was R$11,41. In turn, the fair value of the stock options ("Stock Options") for purposes of measurement of the incremental fair value, was calculated based on the Black, Scholes & Merton option valuation model, considering the following assumptions:

	Stock option program - accumulated
Share price on grant date	R$ 14.66
Strike price	R$ 20.27
Expected volatility (weighted average)	60.82%
Stock option life (weighted average life expectancy)	3.86
Expected dividends	5.63%
Risk-free interest rate (based on government bonds)	10.54%

Expenses are recognized on a daily pro rata basis, from the grant date to the date in which the beneficiary acquires the Rights to Receive Shares. The Company recognized in profit (loss) for the period ended March 31, 2024 a total of R$3.9 million (R$2.1 million as at March 31, 2023).

(i) Number of shares under the plan:

	Shares under the Plan		
	Type	Percentage	Number
Share-based compensation plan - Stock Grant - 2023	Preferred	100.00%	2,184,000

(ii) Life of Call Options (vesting period)

Percentage of total shares	20.00%	10.00%	10.00%	10.00%	10.00%	40.00%
Exercise date	04/28/2024	03/31/2025	03/31/2026	03/31/2027	03/31/2028	03/31/2029

The changes in the shares granted is shown in the table below and demonstrates the changes in the option plan that was substituted:

	Parent
Number of outstanding options/shares - 12/31/2022	**2,565,000**
Granted	2,184,000
Vested / Delivered	-
Substituted	(1,897,500)
Forfeited	(667,500)
Number of outstanding options/shares - 12/31/2023	**2,184,000**
Granted	-
Vested / Delivered	-
Substituted	-
Forfeited	-
Number of outstanding options/shares - 03/31/2024	**2,184,000**

28. Net operating revenue

Pursuant to IFRS 15/CPC 47 - Revenue from Contracts with Customers, revenue is recognized when control of the goods is transferred to the customer.

Revenue from contracts with customers is recognized to the extent that it is probable that there will be no significant reversal in the accumulated revenue amount. As a result, for contracts where the Company is unable to make a reasonable estimate of the returns, revenue is expected to be recognized after the elapse of the return period. A liability for reimbursement and an asset for recovery will be recognized for these contracts and stated separately on the balance sheet.

Sales taxes
Sales revenues are subject to the following taxes and contributions at the following statutory rates:

	Tax rates
State VAT (ICMS)	0%-25%
Federal VAT (IPI)	0%-55%
Tax on revenue (COFINS)	3% and 7.6%
Tax on revenue (PIS)	0.65% and 1.65%

		Consolidated		**Parent**
	03-31-2024	**03-31-2023**	**03-31-2024**	**03-31-2023**
Sale of goods	**511,779**	530,285	**185,118**	289,669
Provision of services	**98**	40	**98**	40
Total gross revenue	**511,877**	530,325	**185,216**	289,709
Sales taxes	**(62,551)**	(76,289)	**(18,935)**	(36,960)
Returns and discounts	**(460)**	(803)	**(7)**	(310)
Total net operating revenue	**448,866**	**453,233**	**166,274**	**252,439**

Because its sales have short-term maturities and the effects of calculating present value adjustments being immaterial, the Company does not adjust the present value of the respective balances.

29. Other operating income

		Consolidated		**Parent**
	03-31-2024	**03-31-2023 Restated**	**03-31-2024**	**03-31-2023**
Other operating income				
Tax recovery	**147**	299	**-**	53
Royalties	**658**	854	**658**	854
Recovery of expenses on trade payables	**532**	377	**532**	377
Recovery of past-due receivables – allowance for doubtful debts	**12**	183	**12**	183
Provision for contingent assets - ICMS	**4,554**	-	**4,554**	-
Other income	**1,784**	1,724	**507**	1,118
	7,687	**3,437**	**6,263**	**3,703**

30. Expenses by nature

	Consolidated		Parent	
	03-31-2024	**03-31-2023 Restated**	**03-31-2024**	**03-31-2023**
Expenses by function				
Cost of sales	(303,454)	(276,849)	(111,551)	(144,569)
Selling expenses	(53,525)	(61,361)	(10,545)	(17,799)
Allowance for impairment of financial instruments	(1,497)	(3,758)	(1,200)	(2,957)
General and administrative expenses	(41,031)	(55,385)	(18,979)	(34,992)
Other operating expenses	(1,402)	(2,453)	(2,591)	(3,704)
	(400,909)	**(399,806)**	**(144,866)**	**(204,021)**
Expenses by nature	**03-31-2024**	**03-31-2023 Restated**	**03-31-2024**	**03-31-2023**
Depreciation and amortization	(9,140)	(8,533)	(5,910)	(4,123)
Personnel expenses	(82,761)	(83,649)	(51,908)	(55,465)
Tax expenses	(2,226)	(2,657)	(996)	(1,558)
Raw materials and supplies and consumables	(196,428)	(176,289)	(51,913)	(77,816)
Auxiliary materials and upkeep and maintenance supplies	(12,587)	(18,149)	(12,079)	(17,274)
Freight and insurance	(24,099)	(30,357)	(6,160)	(14,398)
Outside services	(22,466)	(22,760)	(15,020)	(15,990)
Advertising and publicity	(12,973)	(15,693)	(1,198)	(1,103)
Expenses on product warranty	(715)	(672)	(383)	(288)
Water and power	(12,704)	(7,317)	(3,269)	(3,219)
Travel and lodging	(1,906)	(1,911)	(1,067)	(1,248)
Expenses on commissions	(10,166)	(9,083)	(1,776)	(1,155)
Cost of property, plant and equipment written off	(390)	(1,320)	(180)	-
Civil, labor and tax risks	11,554	(2,365)	11,391	(2,515)
Rentals	(1,476)	(1,634)	(2,438)	(2,726)
Other expenses	(22,426)	(17,417)	(1,960)	(5,143)
	(400,909)	**(399,806)**	**(144,866)**	**(204,021)**

31. Finance income (costs), net

Finance income (costs) consists primarily of foreign exchange gains and losses arising on translating borrowings, trade receivables and trade payables, and income payable on liabilities (borrowings).

	Consolidated		Parent	
	03-31-2024	**03-31-2023 Restated**	**03-31-2024**	**03-31-2023**
Finance income				
Interest	**757**	1,845	**1,005**	4,579
Foreign exchange gains	**7,467**	35,228	**7,275**	34,942
Other income	**4,284**	5,715	**3,182**	5,173
	12,508	42,788	**11,462**	44,694
Finance costs				
Interest and fines	**(15,813)**	(11,791)	**(14,932)**	(12,322)
Foreign exchange losses	**(21,340)**	(28,603)	**(21,128)**	(28,229)
Other expenses	**(1,400)**	(2,483)	**(1,167)**	(2,264)
	(38,553)	(42,877)	**(37,227)**	(42,815)
Finance income (costs), net	**(26,045)**	(89)	**(25,765)**	1,879

32. Provision for product warranty

The Company quantifies and recognizes an estimate for the warranty-related costs, according to history of and current repair costs. The provision for product warranty ensures that the repair costs in case of replacement or repair do not affect the results of operations for the periods in which these additional costs were incurred. Therefore, amounts are recognized on an accrual basis. As at March 31, 2024 and December 31, 2023, the balances are as follows:

	Consolidated		Parent	
	03-31-2024	**12-31-2023**	**03-31-2024**	**12-31-2023**
Domestic market	**6,338**	6,337	**5,418**	5,418
Foreign market	**7,833**	6,731	**-**	-
Total	**14,171**	**13,068**	**5,418**	**5,418**
Current liabilities	**9,455**	9,159	**5,418**	5,418
Noncurrent liabilities	**4,716**	3,909	**-**	-

33. Events after the reporting period

Capital increase
The Extraordinary General Meeting held on April 30, 2024 approved the capital increase, without changing the number of shares, upon capitalization of a portion of the statutory reserve in the amount of R$80.2 million.

State of public calamity in the State of Rio Grande do Sul
Due to force majeure and in conformity with State Decree 57.600 of May 4, 2024 issued due to the state of public calamity in the State of Rio Grande do Sul, arising from the intense rainfall, the Company temporarily suspended the in-person operations of the plant located in the city of São Leopoldo, in the State of Rio Grande do Sul. The temporary suspension began on Monday, May 6, and the Company’s Crisis Committee will monitor the situation to reach a conclusion on the resumption of the in-person activities.

The administrative and back-office areas continue to work in person and remotely. The Company’s facilities were not affected by the flood and the interruption will not affect sales, mainly in the US market which operates with a strategic security inventory of 60 days in the Bainbridge unit, in Georgia.

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
Taurus Armas S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Taurus Armas S.A. ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2024, which comprises the balance sheet as at March 31, 2024 and the related statements of profit and loss, of comprehensive income, of changes in equity, of cash flows and of value added for the three-month period then ended, including the explanatory notes.

The Executive Board is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 applicable to the preparation of ITR, and presented in accordance with the standards issued by the CVM.

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Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the three-month period ended March 31, 2024, prepared under the responsibility of the Company’s Executive Board and disclosed as supplemental information for purposes of the international standard IAS 34. These statements were subject to review procedures performed together with the review of the Interim Financial Information (ITR) to reach a conclusion on whether they were reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with technical pronouncement CPC 09 and consistently with the accompanying individual and consolidated interim financial information taken as a whole.

Convenience translation

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Porto Alegre, May 9, 2024

DELOITTE TOUCHE TOHMATSU Auditores Independentes Ltda.	Otávio Ramos Pereira Engagement Partner

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MSTATEMENT OF THE EXECUTIVE COMMITTEE OF TAURUS ARMAS S.A. ON THE INDEPENDENT AUDITOR'S REPORT

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Leonardo Brum Sesti and Eduardo Minghelli, Officers of Taurus Armas S.A., a company with registered head office at Av. São Borja, 2181/Prédio A, CEP: 93.035-411, São Leopoldo, RS, enrolled with Corporate Taxpayer Identification (CNPJ/MF) under No. 92.781.335/0001-02, in compliance with provisions of Article 25, V and VI, of CVM Instruction 480, of December 7, 2009, hereby declare that they have reviewed, discussed and agreed with the opinions expressed by Deloitte Touche Tohmatsu Auditores Independentes, in its Independent Auditor's Review Report on the Financial Statements for the period from January 1, 2024 to March 31, 2024, issued on May 8, 2024.

São Leopoldo, May 9, 2024.

Salesio Nuhs
Chief Executive Officer

Sergio Castilho Sgrillo Filho
Chief Finance and Administrative Officer
Investor Relations Officer

Leonardo Brum Sesti
Executive Officer without specific designation

Eduardo Minghelli
Executive Officer without specific designation

Fiscal Council's Opinion

The Fiscal Council of Taurus Armas S.A., in compliance with legal and statutory provisions, reviewed the Financial Statements for the first quarter of 2024. Based on the conducted reviews and also taking into consideration the unqualified Report on the Review of Financial Statements, issued by Deloitte Touche Tohmatsu Auditores Independentes Ltda. on May 9, 2024, in addition to information and clarifications received from the Company's Management, it represents that the mentioned documents are appropriate to be disclosed.

São Leopoldo, May 9, 2024.

Haroldo Zago
Chairman

Mauro César Medeiros de Mello
Board Member

Valmir Pedro Rossi
Board Member

Hério Paulo S. Andriola
Board Member

Alex Leite do Nascimento
Board Member

AUDIT AND RISK BOARD'S OPINION

The main duties of the Audit and Risk Board of Taurus Armas S.A., the statutory advisory body of the Board of Directors, in conformity with its Internal Regulation, are to assess the effectiveness of the accounting and internal control system, of the internal audit and independent audit and of the risk management framework and process and to issue an opinion on the interim financial information prior to their disclosure.

In order to fulfill its duties and in compliance with its annual work plan, it has held a meeting to discuss the financial statements on May 7, 2024.

The Board has audited the Management Report, the Interim Financial Information for the period ended March 31, 2024, including the explanatory notes,
and the unqualified report issued by Deloitte Touche Tohmatsu Auditores Independentes Ltda.

Based on the activities performed in the period, in reliance upon its duties and limitations inherent in its work scope, the Audit and Risk Board, without identifying any event that could affect the quality and completeness of the information to be disclosed, recommends to the Board of Directors the approval and disclosure of the Interim Financial Information as at March 31, 2024 and the respective Performance Report.

Porto Alegre, May 8, 2024.

SÉRGIO LAURIMAR FIORAVANTI
Board Member/Chairman

MAGNO NEVES FONSECA
Board Member

LUCIANO LUIZ BARSI
Board Member

STATEMENT OF THE EXECUTIVE COMMITTEE OF TAURUS ARMAS S.A. ON THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2024

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Leonardo Brum Sesti and Eduardo Minghelli, Officers of Taurus Armas S.A., a company with registered head office at Av. São Borja, 2181/Prédio A, CEP: 93.035-411, São Leopoldo, RS, enrolled with Corporate Taxpayer Identification (CNPJ/MF) under No. 92.781.335/0001-02, in compliance with provisions of Article 25, V and VI, of CVM Instruction 480, of December 7, 2009, hereby declare that they have reviewed, discussed and agreed with the Financial Statements of Taurus Armas S.A. and consolidated companies for the period from January 1, 2024 to March 31, 2024.

São Leopoldo, May 9, 2024.

Salesio Nuhs
Chief Executive Officer

Sergio Castilho Sgrillo Filho
Chief Finance and Administrative Officer
Investor Relations Officer

Leonardo Brum Sesti
Executive Officer without specific designation

Eduardo Minghelli
Executive Officer without specific designation