(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
September 30, 2023

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

Contents

Company Data/Capital Breakdown	
Number of shares (units)	**Current Quarter 09/30/2023**
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	-
Total - Held in treasury	-

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

Line Item	Description	Current Quarter 09/30/2023	Prior Year 12/31/2022
1	Total assets	1,945,761	2,122,509
1.01	Current assets	587,170	819,991
1.01.01	Cash and cash equivalents	41,022	107,155
1.01.01.01	Cash and banks	29,697	91,055
1.01.01.02	Highly liquid short-term investments	11,325	16,100
1.01.02	Short-term investments	71,927	92,010
1.01.02.03	Short-term investments at evaluated at amortized cost	71,927	92,010
1.01.03	Accounts receivable	112,532	224,150
1.01.03.01	Trade receivables	112,532	224,150
1.01.04	Inventories	288,634	331,810
1.01.06	Recoverable taxes	44,235	22,939
1.01.06.01	Recoverable current taxes	44,235	22,939
1.01.07	Prepaid expenses	3,282	6,408
1.01.08	Other current assets	25,538	35,519
1.01.08.03	Other	25,538	35,519
1.01.08.03.03	Related parties - financial loan	11,206	12,682
1.01.08.03.04	Other receivables	14,332	22,837
1.02	Noncurrent assets	1,358,591	1,302,518
1.02.01	Long-term receivables	232,133	216,782
1.02.01.03	Long-term investments at evaluated at amortized cost	-	21,931
1.02.01.07	Deferred taxes	34,469	37,338
1.02.01.07.01	Deferred income tax and social contribution	34,469	37,338
1.02.01.09	Due from related parties	118,440	86,471
1.02.01.09.02	Receivables from subsidiaries	118,440	86,471
1.02.01.10	Other noncurrent assets	79,224	71,042
1.02.01.10.03	Recoverable taxes	14,451	14,435
1.02.01.10.04	Other	64,773	56,607
1.02.02	Investments	718,807	727,546
1.02.02.01	Equity interests	718,807	727,546
1.02.02.01.02	Equity interests in subsidiaries	718,807	727,546
1.02.03	Property, plant and equipment	340,336	304,109
1.02.03.01	Fixed assets in use	206,032	190,483
1.02.03.03	Construction in progress	134,304	113,626
1.02.04	Intangible assets	67,315	54,081
1.02.04.01	Intangible assets	67,315	54,081
1.02.04.01.02	Intangible assets	67,315	54,081

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

Line Item	Description	Current Quarter 09/30/2023	Prior Year 12/31/2022
2	Total liabilities and equity	1,945,761	2,122,509
2.01	Current liabilities	629,521	840,338
2.01.01	Payroll, benefits and taxes thereon	46,448	46,662
2.01.01.01	Payroll and related taxes	5,125	6,358
2.01.01.02	Payroll and related taxes	41,323	40,304
2.01.02	Trade payables	62,239	70,543
2.01.02.01	Local suppliers	53,252	54,951
2.01.02.02	Foreign suppliers	8,987	15,592
2.01.03	Taxes payable	29,782	49,025
2.01.03.01	Federal tax liabilities	28,403	43,832
2.01.03.01.01	Income tax and social contribution payable	9,701	14,679
2.01.03.01.02	Other taxes	18,702	29,153
2.01.03.02	State tax liabilities	1,307	5,160
2.01.03.03	Municipal tax liabilities	72	33
2.01.04	Borrowings and financing	400,249	392,967
2.01.04.01	Borrowings and financing	400,249	392,967
2.01.04.01.01	In local currency	458	1,838
2.01.04.01.02	In foreign currency	399,791	391,129
2.01.05	Other payables	30,864	220,752
2.01.05.02	Other	30,864	220,752
2.01.05.02.02	Dividends payable	90	164,119
2.01.05.02.08	Advances from customers	20,035	38,631
2.01.05.02.09	Other payables	10,739	18,002
2.01.06	Provisions	59,939	60,389
2.01.06.01	Tax, social security, labor and civil provisions	53,739	54,103
2.01.06.01.01	Tax provisions	47,727	47,727
2.01.06.01.02	Social security and labor provisions	3,796	5,328
2.01.06.01.04	Civil provisions	2,216	1,048
2.01.06.02	Other provisions	6,200	6,286
2.01.06.02.01	Provision for warranties	6,200	6,286
2.02	Noncurrent liabilities	208,168	257,940
2.02.01	Borrowings and financing	47,425	95,258
2.02.01.01	Borrowings and financing	47,425	95,258
2.02.01.01.01	In local currency	36,247	1,820
2.02.01.01.02	In foreign currency	11,178	93,438
2.02.02	Other payables	106,938	112,024
2.02.02.01	Due to related parties	59,539	57,546

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

Line Item	Description	Current Quarter 09/30/2023	Prior Year 12/31/2022
2.02.02.01.04	Due to other related parties	59,539	57,546
2.02.02.02	Other	47,399	54,478
2.02.02.02.03	Taxes payable	7,859	14,222
2.02.02.02.04	Provision for negative equity	21,201	19,474
2.02.02.02.06	Trade payables	10,199	12,641
2.02.02.02.09	Other payables	8,140	8,141
2.02.04	Provisions	53,805	50,658
2.02.04.01	Tax, social security, labor and civil provisions	53,805	50,658
2.02.04.01.01	Tax provisions	7	221
2.02.04.01.02	Social security and labor provisions	39,503	36,095
2.02.04.01.04	Civil provisions	14,295	14,342
2.03	Equity	1,108,072	1,024,231
2.03.01	Issued capital	367,936	367,936
2.03.02	Capital reserves	- 14,343	- 21,355
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	21,416	14,090
2.03.02.09	Capital Transactions	- 45,639	- 45,325
2.03.04	Profit reserve	451,593	464,256
2.03.04.01	Legal reserve	41,064	41,064
2.03.04.02	Statutory reserve	292,039	-
2.03.04.05	Profit retention reserve	-	304,702
2.03.04.07	Tax incentive reserve	118,490	118,490
2.03.05	Retained earnings/accumulated losses	110,666	-
2.03.06	Valuation adjustments to equity	44,130	44,535
2.03.08	Cumulative translation adjustments	148,090	168,859
2.03.08.01	Cumulative translation adjustments	148,090	168,859

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

Line Item	Description	Current Quarter 10/01/2023 to 09/30/2023	Current YTD 01/01/2023 to 09/30/2023	Prior Quarter 10/01/2022 to 09/30/2022	Prior YTD 01/01/2022 to 09/30/2022
3.01	Net operating revenue	289,171	852,197	415,136	1,348,278
3.02	Cost of sales	-189,600	-528,632	-207,134	-678,301
3.03	Gross profit	99,571	323,565	208,002	669,977
3.04	Operating (expenses) income	-43,892	-143,474	-44,093	-87,806
3.04.01	Selling expenses	-18,109	-53,708	-25,388	-71,133
3.04.02	General and administrative expenses	-35,301	-98,074	-36,945	-92,042
3.04.03	Impairment losses	-3,033	-1,242	-262	-796
3.04.04	Other operating income	4,662	12,779	5,548	41,041
3.04.05	Other operating expenses	-3,546	-11,785	-1,236	-15,833
3.04.06	Equity in earnings (losses)	11,435	8,556	14,190	50,957
3.05	Profit before finance income (costs) and taxes	55,679	180,091	163,909	582,171
3.06	Finance income (costs)	-20,218	-12,342	-16,419	-14,726
3.06.01	Finance income	26,980	121,031	50,895	284,230
3.06.02	Finance costs	-47,198	-133,373	-67,314	-298,956
3.07	Pretax income	35,461	167,749	147,490	567,445
3.08	Income tax and social contribution	-9,460	-57,489	-44,351	-168,494
3.08.01	Current	-10,354	-54,620	-31,718	-115,673
3.08.02	Deferred	894	-2,869	-12,633	-52,821
3.09	Profit (loss) from continuing operations	26,001	110,260	103,139	398,951
3.11	profit (loss) for the period	26,001	110,260	103,139	398,951
3.99	Earnings per share (R$/share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common shares (ON)	0.20532	0.87070	0.71812	3.15638
3.99.01.02	Preferred shares (PN)	0.20533	0.87069	0.92198	3.45643
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares (ON)	0.20532	0.87070	0.71812	3.15638
3.99.02.02	Preferred shares (PN)	0.20509	0.86989	1.03481	3.44770

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

Line Item	Description	Current Quarter 10/01/2023 to 09/30/2023	Current YTD 01/01/2023 to 09/30/2023	Prior Quarter 10/01/2022 to 09/30/2022	Prior YTD 01/01/2022 to 09/30/2022
4.01	Profit for the period	26,001	110,260	103,139	398,951
4.02	Other comprehensive income	19,531	- 20,768	16,168	- 9,867
4.02.01	Translation adjustments for the period	19,531	- 20,768	16,168	- 9,867
4.03	Comprehensive income for the period	45,532	89,492	119,307	389,084

Individual FS / Statement of Cash Flows - Indirect Method

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2023 to 09/30/2023	Prior YTD 01/01/2022 to 09/30/2022
6.01	Net cash from operating activities	203,197	522,305
6.01.01	Cash generated by operating activities	173,798	466,108
6.01.01.01	Profit (loss) before income tax and social contribution	167,749	567,445
6.01.01.02	Depreciation and amortization	12,516	11,354
6.01.01.03	Cost of capital assets written off	1,716	178
6.01.01.04	Allowance for doubtful debts	1,242	796
6.01.01.05	Share of results of investees	- 8,556	- 50,957
6.01.01.08	Accrued interest on borrowings and intragroup borrowings	30,332	28,603
6.01.01.10	Allowance for inventory losses	- 1,333	993
6.01.01.11	Provision for warranties	2,783	- 3,087
6.01.01.12	Provision for civil, labor and tax risks	- 86	- 173
6.01.01.13	Exchange differences on borrowings and other items	- 32,565	- 89,044
6.01.02	Changes in assets and liabilities	83,985	177,791
6.01.02.01	(Increase) decrease in trade receivables	110,376	111,990
6.01.02.02	Decrease (increase) in inventories	44,509	- 64,188
6.01.02.03	Decrease (increase) in other receivables	- 15,694	16,708
6.01.02.04	(Decrease) increase in trade payables	- 10,746	20,707
6.01.02.05	Increase (decrease) in accounts payable	- 44,460	92,574
6.01.03	Other	- 54,586	- 121,594
6.01.03.03	Income tax and social contribution paid	- 54,586	- 121,594
6.02	Net cash from investing activities	- 55,707	- 316,627
6.02.01	Due from related parties	- 31,968	- 33,301
6.02.03	In investments	- 2,060	- 1,438
6.02.04	In property, plant and equipment	- 49,044	- 87,940
6.02.05	In intangible assets	- 14,649	- 22,069
6.02.06	Financial investments	42,014	- 171,879
6.03	Net cash from financing activities	- 213,623	- 181,432
6.03.01	Payment of interest on equity and dividends	- 176,692	- 194,238
6.03.02	Borrowings and intragroup borrowings	263,246	240,103
6.03.03	Repayment of borrowings	- 274,519	- 263,160
6.03.05	Capital increase	-	58,065
6.03.06	Payment of interest on borrowings and intragroup borrowings	- 25,191	- 24,646
6.03.09	Due to related parties	- 467	2,444
6.05	Increase (decrease) in cash and cash equivalents	- 66,133	24,246
6.05.01	Cash and cash equivalents at the beginning of the year	107,155	65,399
6.05.02	Cash and cash equivalents at the end of the year	41,022	89,645

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

Line Item	Description	Current YTD 01/01/2023 to 09/30/2023	Prior YTD 01/01/2022 to 09/30/2022
7.01	Revenue	965,740	1,763,707
7.01.01	Sales of goods and services	954,203	1,723,462
7.01.02	Other income	12,779	41,041
7.01.04	Allowance for (reversal of) doubtful debts	-1,242	-796
7.02	Inputs purchased from third parties	-481,629	-631,204
7.02.01	Cost of products, goods and services sold	-293,340	-411,535
7.02.02	Supplies, power, outside services and other inputs	-188,289	-219,669
7.03	Gross value added	484,111	1,132,503
7.04	Withholdings	-12,516	-11,354
7.04.01	Depreciation, amortization and depletion	-12,516	-11,354
7.05	Wealth created	471,595	1,121,149
7.06	Wealth received in transfer	129,587	335,187
7.06.01	Equity in earnings (losses)	8,556	50,957
7.06.02	Finance income	121,031	284,230
7.07	Wealth for distribution	601,182	1,456,336
7.08	Wealth distributed	601,182	1,456,336
7.08.01	Personnel expenses	156,317	175,729
7.08.01.01	Wages	119,048	133,122
7.08.01.02	Benefits	28,762	33,380
7.08.01.03	Severance Pay Fund (FGTS)	8,507	9,227
7.08.02	Taxes, fees and contributions	197,869	578,623
7.08.02.01	Federal	151,795	453,895
7.08.02.02	State	45,896	124,522
7.08.02.03	Municipal	178	206
7.08.03	Lenders and lessors	136,736	303,033
7.08.03.01	Interest	133,372	298,956
7.08.03.02	Rentals	3,364	4,077
7.08.04	Shareholders	110,260	398,951
7.08.04.02	Dividends	12,663	-
7.08.04.03	Retained earnings (accumulated losses)	97,597	398,951

Individual FS / Statements of Changes in Equity / SCE - 01/01/2023 to 09/30/2023

(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	-	7,012	-12,663	-	-	-5,651
5.04.03	Recognized stock options granted	-	7,326	-	-	-	7,326
5.04.06	Dividends	-	-	-12,663	-	-	-12,663
5.04.08	Others transactions	-	-314	-	-	-	-314
5.05	Total comprehensive income	-	-	-	110,260	-20,768	89,492
5.05.01	Profit for the period	-	-	-	110,260	-	110,260
5.05.02	Other comprehensive income	-	-	-	-	-20,768	-20,768
5.05.02.04	Translation adjustments for the period	-	-	-	-	-20,768	-20,768
5.06	Internal changes in equity	-	-	-	406	-406	-
5.06.02	Realization of revaluation reserve	-	-	-	406	-406	-
5.07	Closing balances	367,936	-14,343	451,593	110,666	192,220	1,108,072

Individual FS / Statements of Changes in Equity / SCE - 01/01/2022 to 09/30/2022

(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	308,191	- 27,281	233,936	-	242,201	757,047
5.03	Shareholders' capital transactions	308,191	- 27,281	233,936	-	242,201	757,047
5.04	Capital increases	58,065	5,708	- 126,285	-	-	- 62,512
5.04.01	Share issuance costs	58,065	-	-	-	-	58,065
5.04.03	Treasury shares acquired	-	6,532	-	-	-	6,532
5.04.06	Dividends	-	-	- 126,285	-	-	- 126,285
5.04.08	Total comprehensive income	-	- 824	-	-	-	- 824
5.05	Net income for the period	-	-	-	398,951	- 9,867	389,084
5.05.01	Other comprehensive income	-	-	-	398,951	-	398,951
5.05.02	Adjustments to financial instruments	-	-	-	-	- 9,867	- 9,867
5.05.02.04	Taxes on translation adjustments for the period	-	-	-	-	- 9,867	- 9,867
5.06	Recognition of reserves	-	-	25,904	- 25,366	- 538	-
5.06.01	Realization of revaluation reserve	-	-	25,904	- 25,904	-	-
5.06.02	Taxes on realization of revaluation reserve	-	-	-	538	- 538	-
5.07	Closing balances	366,256	- 21,573	133,555	373,585	231,796	1,083,619

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

Line Item	Description	Current Quarter 09/30/2023	Prior Year 12/31/2022
1	Total assets	2,170,634	2,276,173
1.01	Current assets	1,275,877	1,467,612
1.01.01	Cash and cash equivalents	48,293	201,219
1.01.01.01	Cash and banks	33,766	178,607
1.01.01.02	Highly liquid short-term investments	14,527	22,612
1.01.02	Short-term investments	93,149	105,544
1.01.02.03	Short-term investments at evaluated at amortized cost	93,149	105,544
1.01.03	Accounts receivable	274,969	352,437
1.01.03.01	Trade receivables	274,969	352,437
1.01.04	Inventories	683,578	630,390
1.01.06	Recoverable taxes	68,813	37,039
1.01.06.01	Recoverable current taxes	68,813	37,039
1.01.07	Prepaid expenses	13,138	41,946
1.01.08	Other current assets	93,937	99,037
1.01.08.01	Noncurrent assets for sale	67,106	68,034
1.01.08.03	Other	26,831	31,003
1.01.08.03.02	Others account receivables	26,831	31,003
1.02	Noncurrent assets	894,757	808,561
1.02.01	Long-term receivables	193,426	165,705
1.02.01.03	Long-term investments at evaluated at amortized cost	-	21,931
1.02.01.07	Deferred taxes	65,265	60,855
1.02.01.07.01	Deferred income tax and social contribution	65,265	60,855
1.02.01.09	Credits with related parties	11,935	-
1.02.01.09.04	Credits with others related parties	11,935	-
1.02.01.10	Other noncurrent assets	116,226	82,919
1.02.01.10.03	Other	15,014	15,176
1.02.01.10.04	Recoverable taxes	101,212	67,743
1.02.02	Investments	5,419	4,373
1.02.02.01	Equity interests	5,419	4,373
1.02.02.01.04	Investments in joint ventures	5,417	4,214
1.02.02.01.05	Other investments	2	159
1.02.03	Property, plant and equipment	558,842	512,701
1.02.03.01	Fixed assets in use	393,855	352,958
1.02.03.03	Construction in progress	164,987	159,743
1.02.04	Intangible assets	137,070	125,782
1.02.04.01	Intangible	137,070	125,782
1.02.04.01.02	Intangible	137,070	125,782

Consolidated FS / Balance Sheet - Liabilities

(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 09/30/2023	Prior Year 12/31/2022
2	Total liabilities and equity	2,170,634	2,276,173
2.01	Current liabilities	788,086	998,666
2.01.01	Payroll, benefits and taxes thereon	60,868	66,948
2.01.01.01	Payroll and related taxes	5,802	6,924
2.01.01.02	Payroll and related taxes	55,066	60,024
2.01.02	Trade payables	115,580	112,230
2.01.02.01	Local suppliers	63,540	69,285
2.01.02.02	Foreign suppliers	52,040	42,945
2.01.03	Taxes payable	78,067	86,843
2.01.03.01	Federal tax liabilities	75,773	80,930
2.01.03.01.01	Income tax and social contribution payable	15,507	16,326
2.01.03.01.02	Other taxes	60,266	64,604
2.01.03.02	State tax liabilities	2,161	5,848
2.01.03.03	Municipal tax liabilities	133	65
2.01.04	Borrowings and Financing	400,249	392,967
2.01.04.01	Borrowings and Financing	400,249	392,967
2.01.04.01.01	In local currency	458	1,838
2.01.04.01.02	In foreign currency	399,791	391,129
2.01.05	Other payables	56,525	258,369
2.01.05.02	Other	56,525	258,369
2.01.05.02.02	Dividends payable	90	164,119
2.01.05.02.09	Other payables	20,675	38,915
2.01.05.02.11	Other payables	35,760	55,335
2.01.06	Provisions	69,735	71,598
2.01.06.01	Tax, social security, labor and civil provisions	58,951	60,599
2.01.06.01.01	Tax provisions	48,144	48,003
2.01.06.01.02	Social security and labor provisions	5,069	6,693
2.01.06.01.04	Civil provisions	5,738	5,903
2.01.06.02	Other allowances, provisions and accruals	10,784	10,999
2.01.06.02.01	Provision for warranties	10,784	10,999
2.01.07	Liabilities on non-current assets for sale and discontinued	7,062	9,711
2.01.07.02	Liabilities on assets from discontinued operations	7,062	9,711
2.02	Noncurrent liabilities	274,476	253,276
2.02.01	Borrowings and financing	101,478	95,258
2.02.01.01	Borrowings and financing	101,478	95,258
2.02.01.01.01	In local currency	36,247	1,820
2.02.01.01.02	In foreign currency	65,231	93,438

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

Line Item	Description	Current Quarter 09/30/2023	Prior Year 12/31/2022
2.02.02	Other payables	93,579	80,140
2.02.02.01	Due to related parties	1,946	1,808
2.02.02.01.04	Due to other related parties	1,946	1,808
2.02.02.02	Other	91,633	78,332
2.02.02.02.03	Unsecured liabilities provisions	298	-
2.02.02.02.04	Other Payables	15,222	22,597
2.02.02.02.06	Trade payables	10,199	12,641
2.02.02.02.09	Other Payables	65,914	43,094
2.02.03	Deferred taxes	16,477	16,738
2.02.03.01	Deferred income tax and social contribution	16,477	16,738
2.02.04	Provisions	62,942	61,140
2.02.04.01	Tax, social security, labor and civil provisions	58,133	56,129
2.02.04.01.01	Tax provisions	1,401	2,706
2.02.04.01.02	Social security and labor provisions	40,928	37,529
2.02.04.01.04	Civil provisions	15,804	15,894
2.02.04.02	Other allowances, provisions and accruals	4,809	5,011
2.02.04.02.01	Provision for warranties	4,809	5,011
2.03	Consolidated equity	1,108,072	1,024,231
2.03.01	Issued capital	367,936	367,936
2.03.02	Capital reserves	- 14,343	- 21,355
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	21,416	14,090
2.03.02.09	Capital Transactions	- 45,639	- 45,325
2.03.04	Profit reserve	451,593	464,256
2.03.04.01	Legal reserve	41,064	41,064
2.03.04.02	Statutory reserve	292,039	-
2.03.04.05	Profit retention reserve	-	304,702
2.03.04.07	Tax incentive reserve	118,490	118,490
2.03.05	Retained earnings/accumulated losses	110,666	-
2.03.06	Valuation adjustments to equity	44,130	44,535
2.03.08	Cumulative translation adjustments	148,090	168,859
2.03.08.01	Cumulative translation adjustments	148,090	168,859

Consolidated FS / Statement of Profit or Loss

(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 10/01/2023 to 09/30/2023	Current YTD 01/01/2023 to 09/30/2023	Prior Quarter 10/01/2022 to 09/30/2022	Prior YTD 01/01/2022 to 09/30/2022
3.01	Net operating revenue	439,319	1,362,837	639,972	1,942,127
3.02	Cost of sales	-274,666	-849,783	-346,043	-1,015,927
3.03	Gross profit	164,653	513,054	293,929	926,200
3.04	Operating (expenses) income	-103,390	-322,402	-120,944	-321,527
3.04.01	Selling expenses	-55,821	-175,398	-64,278	-189,773
3.04.02	General and administrative expenses	-60,558	-164,427	-59,553	-157,351
3.04.03	Impairment losses	-3,619	-2,405	-534	-1,080
3.04.04	Other operating income	21,448	31,279	5,740	41,296
3.04.05	Other operating expenses	-4,198	-10,025	-1,269	-13,170
3.04.06	Equity in earnings (losses)	-642	-1,426	-1,050	-1,449
3.05	Profit before finance income (costs) and taxes	61,263	190,652	172,985	604,673
3.06	Finance income (costs)	-22,264	-17,897	-20,613	-21,738
3.06.01	Finance income	25,288	115,465	49,533	281,536
3.06.02	Finance costs	-47,552	-133,362	-70,146	-303,274
3.07	Pretax income	38,999	172,755	152,372	582,935
3.08	Income tax and social contribution	-13,732	-62,004	-48,547	-181,766
3.08.01	Current	-13,958	-66,414	-36,265	-137,060
3.08.02	Deferred	226	4,410	-12,282	-44,706
3.09	Profit (loss) from continuing operations	25,267	110,751	103,825	401,169
3.10	Profit (loss) from discontinued operations, net	734	-491	-686	-2,218
3.10.01	Profit (loss) from discontinued operations	734	-491	-686	-2,218
3.11	Profit (loss) for the period	26,001	110,260	103,139	398,951
3.11.01	Attributed to shareholders of the parent company	26,001	110,260	103,139	398,951
3.99	Earnings per share (R$/share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common shares (ON)	0.20532	0.87070	0.71812	3.15638
3.99.01.02	Preferred shares (PN)	0.20533	0.87069	0.92198	3.45643
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares (ON)	0.20532	0.87070	0.71812	3.15638
3.99.02.02	Preferred shares (PN)	0.20509	0.86989	1.03481	3.44770

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

Line Item	Description	Current Quarter 10/01/2023 to 09/30/2023	Current YTD 01/01/2023 to 09/30/2023	Prior Quarter 10/01/2022 to 09/30/2022	Prior YTD 01/01/2022 to 09/30/2022
4.01	Profit for the period	26,001	110,260	103,139	398,951
4.02	Other comprehensive income	19,531	- 20,768	16,168	- 9,867
4.02.01	Translation adjustments for the period	19,531	- 20,768	16,168	- 9,867
4.03	Comprehensive income for the period	45,532	89,492	119,307	389,084
4.03.01	Attributed to shareholders of the parent company	45,532	89,492	119,307	389,084

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

Line Item	Description	Current YTD 01/01/2023 to 09/30/2023	Prior YTD 01/01/2022 to 09/30/2022
6.01	Net cash from operating activities	75,502	443,997
6.01.01	Cash generated by operating activities	198,049	542,557
6.01.01.01	Profit (loss) before income tax and social contribution	172,755	582,935
6.01.01.02	Depreciation and amortization	25,787	23,371
6.01.01.03	Cost of capital assets written off	4,366	221
6.01.01.04	Other items that do not affect cash included in profit	-3,894	-1,210
6.01.01.05	Share of results of investees	1,426	1,449
6.01.01.07	Allowance for doubtful debts	2,405	-1,167
6.01.01.10	Accrued interest on borrowings and intragroup loans	26,378	26,286
6.01.01.19	Provision for Civil, Labor and Tax Risks	356	-1,787
6.01.01.16	Allowance for inventory losses	-1,692	-428
6.01.01.17	Provision for warranties	-417	-500
6.01.01.18	Exchange differences on translating borrowings and financing	2,694	1,527
6.01.01.20	Net cash from discontinued operations	-32,115	-88,140
6.01.02	Changes in assets and liabilities	-65,353	23,638
6.01.02.01	(Increase) decrease in trade receivables	70,504	82,588
6.01.02.02	(Increase) decrease in inventories	-64,058	-191,547
6.01.02.03	(Increase) in other receivables	-37,688	34,869
6.01.02.04	Increase in trade payables	2,035	15,321
6.01.02.05	Increase in accounts payable	-36,146	82,407
6.01.03	Other	-57,194	-122,198
6.01.03.02	Income tax and social contribution paid	-55,410	-122,553
6.01.03.03	Held-for-sale assets and liabilities	-1,784	355
6.02	Net cash from investing activities	-74,594	-337,650
6.02.01	Due from related parties	-12,230	-909
6.02.04	In property, plant and equipment	-77,325	-126,671
6.02.05	In intangible assets	-14,674	-22,115
6.02.06	Financial investments	34,326	-182,053
6.02.07	Net cash from discontinued investing activities	-2,631	-2,094
6.02.08	In investments	-2,060	-3,808
6.03	Net cash from financing activities	-157,315	-184,170
6.03.01	Payment of interest on equity and dividends	-176,692	-194,238
6.03.08	Borrowings and intragroup borrowings	316,628	476,815
6.03.03	Repayment of borrowings	-274,186	-502,023
6.03.05	Capital increase	-	58,065
6.03.09	Due to related parties	138	113
6.03.10	Payment of interest on borrowings and intragroup borrowings	-23,203	-23,526
6.03.13	Net cash generated by financing activities of discontinued operations	-	624
6.04	Exchange differences on translating cash and cash equivalents	3,481	3,560
6.05	Increase (decrease) in cash and cash equivalents	-152,926	-74,263
6.05.01	Cash and cash equivalents at the beginning of the year	201,219	185,764
6.05.02	Cash and cash equivalents at the end of the year	48,293	111,501

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

Line Item	Description	Current YTD 01/01/2023 to 09/30/2023	Prior YTD 01/01/2022 to 09/30/2022
7.01	Revenue	1,514,454	2,383,625
7.01.01	Sales of goods and services	1,485,580	2,341,162
7.01.02	Other income	31,279	41,296
7.01.04	Allowance for (reversal of) doubtful debts	- 2,405	1,167
7.02	Inputs purchased from third parties	- 947,279	- 1,116,962
7.02.01	Cost of products, goods and services sold	- 590,225	- 731,116
7.02.02	Supplies, power, outside services and other inputs	- 357,054	- 385,846
7.03	Gross value added	567,175	1,266,663
7.04	Withholdings	- 25,787	- 23,371
7.04.01	Depreciation, amortization and depletion	- 25,787	- 23,371
7.05	Wealth created	541,388	1,243,292
7.06	Wealth received in transfer	113,548	277,869
7.06.01	Equity in earnings (losses)	- 1,426	- 1,449
7.06.02	Finance income	115,465	281,536
7.06.03	Other	- 491	- 2,218
7.06.03.20	Wealth created by discontinued operations for distribution	- 491	- 2,218
7.07	Wealth for distribution	654,936	1,521,161
7.08	Wealth distributed	654,936	1,521,161
7.08.01	Personnel expenses	177,762	196,152
7.08.01.01	Wages	135,895	149,206
7.08.01.02	Benefits	32,375	36,820
7.08.01.03	Severance Pay Fund (FGTS)	9,492	10,126
7.08.02	Taxes, fees and contributions	229,748	618,316
7.08.02.01	Federal	173,318	483,168
7.08.02.02	State	55,774	134,555
7.08.02.03	Municipal	656	593
7.08.03	Lenders and lessors	137,166	307,742
7.08.03.01	Interest	133,358	303,272
7.08.03.02	Rentals	3,808	4,470
7.08.05	Other	110,260	398,951
7.08.05.01	Accumulated losses, net of valuation adjustments to equity - Continuing operation	98,088	401,169
7.08.05.02	Accumulated losses, net of valuation adjustments to equity - discontinued operation	- 491	- 2,218
7.08.05.03	Dividends	12,663	-

Consolidated FS / Statements of Changes in Equity / SCE - 01/01/2023 to 09/30/2023
(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	-	7,012	-12,663	-	-	-5,651
5.04.03	Recognized stock options granted	-	7,326	-	-	-	7,326
5.04.06	Dividends	-	-	-12,663	-	-	-12,663
5.04.08	Others transactions	-	-314	-	-	-	-314
5.05	Total comprehensive income	-	-	-	110,260	-20,768	89,492
5.05.01	Net income for the period	-	-	-	110,260	-	110,260
5.05.02	Other comprehensive income	-	-	-	-	-20,768	-20,768
5.05.02.04	Translation adjustments for the period	-	-	-	-	-20,768	-20,768
5.06	Internal changes in equity	-	-	-	406	-406	-
5.06.02	Realization of revaluation reserve	-	-	-	406	-406	-
5.07	Closing balances	367,936	-14,343	451,593	110,666	192,220	1,108,072

Consolidated FS / Statements of Changes in Equity / SCE - 01/01/2022 to 09/30/2022
(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	308,191	- 27,281	233,936	-	242,201	757,047
5.03	Adjusted opening balances	308,191	- 27,281	233,936	-	242,201	757,047
5.04	Shareholders' capital transactions	58,065	5,708	- 126,285	-	-	- 62,512
5.04.01	Capital increases	58,065	-	-	-	-	58,065
5.04.03	Recognized stock options granted	-	6,532	-	-	-	6,532
5.04.06	Dividends	-	-	- 126,285	-	-	- 126,285
5.04.08	Others transactions	-	- 824	-	-	-	- 824
5.05	Total comprehensive income	-	-	-	398,951	- 9,867	389,084
5.05.01	Net income for the period	-	-	-	398,951	-	398,951
5.05.02	Other comprehensive income	-	-	-	-	- 9,867	- 9,867
5.05.02.04	Translation adjustments for the period	-	-	-	-	- 9,867	- 9,867
5.06	Internal changes in equity	-	-	25,904	- 25,366	- 538	-
5.06.01	Recognition of reserves	-	-	25,904	- 25,904	-	-
5.06.02	Realization of revaluation reserve	-	-	-	538	- 538	-
5.07	Closing balances	366,256	- 21,573	133,555	373,585	231,796	1,083,619

TAURUS™
COMPROMISSO COM A EXCELÊNCIA

ESG

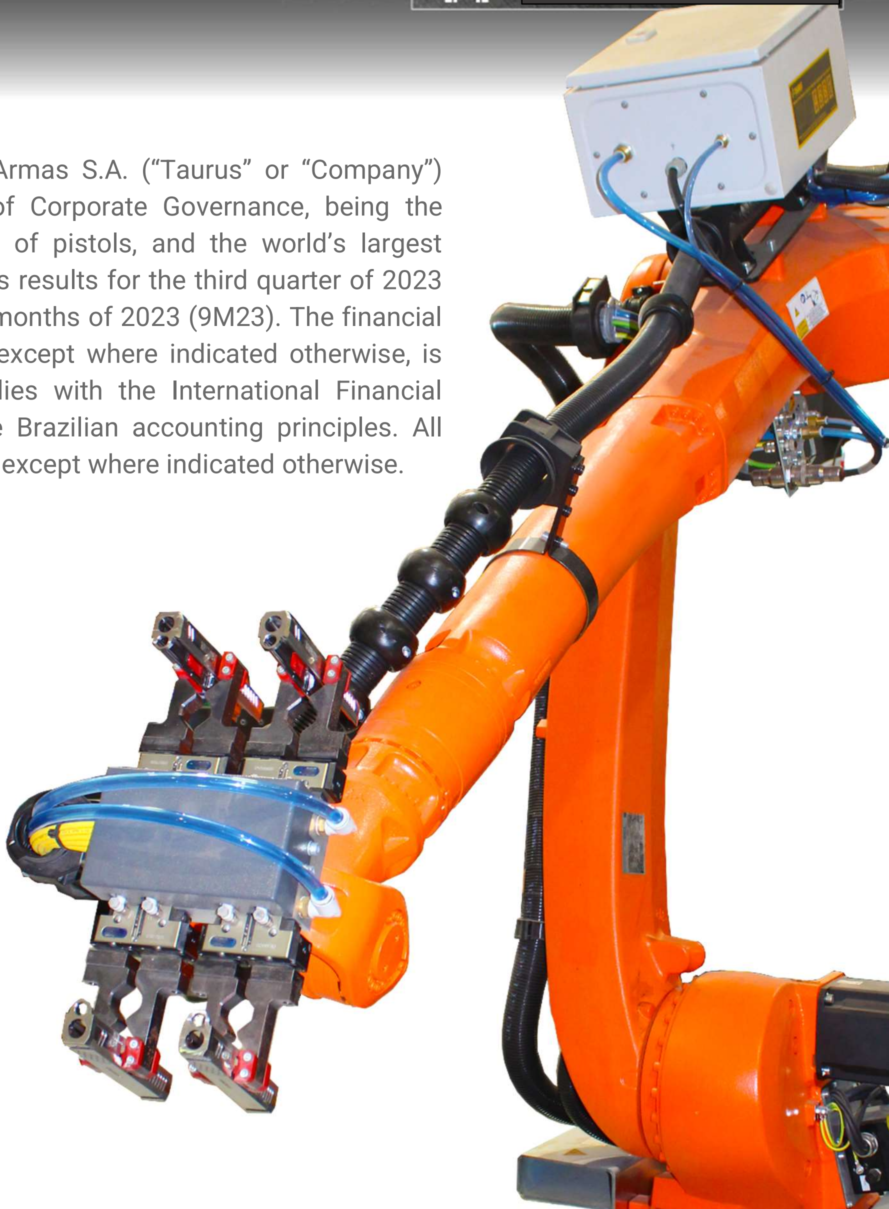
PEOPLE DEVELOPMENT

TECHNOLOGY AND INNOVATION

COLLABORATIVE ENVIRONMENT

São Leopoldo, November 7, 2023 – 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 revolvers, hereby announces its results for the third quarter of 2023 (3Q23), along with the results for the first nine months of 2023 (9M23). 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 2022, except where indicated otherwise.

3Q23/9M23 RESULTS



Taurus attained revenues in the amount of R$439.3 million in 3Q23, with a 37.5% gross margin

Highlights for 3Q23

NET REVENUE:
R$439.3 million

GROSS PROFIT:
R$164.7 million
Gross margin of 37.5%

ADJUSTED EBITDA:
R$70.7 million
Adjusted EBITDA margin of16.1%

NET INCOME:
R$26.0 million

Reduction in greenhouse gas emissions and engagement of all areas in achieving Taurus targets.

MAIN INDICATORS

R$ million	3Q23	3Q22	3Q23x3Q22 % Chg.	2Q23	3Q23x2Q23 % Chg.	9M23	9M22	9M23x9M22 % Chg.
Net operating revenues	439.3	640.0	-31.4%	470.3	-6.6%	1,362.8	1,942.1	-29.8%
Domestic market	72.8	240.7	-69.8%	83.6	-12.9%	230.3	652.2	-64.7%
Exports market	366.5	399.3	-8.2%	386.7	-5.2%	1,132.5	1,289.9	-12.2%
COGS	-274.7	-346.0	-20.6%	-298.3	-7.9%	-849.8	-1,015.9	-16.4%
Gross profit	164.7	293.9	-44.0%	172.0	-4.2%	513.1	926.2	-44.6%
Gross margin (%)	*37.5%*	*45.9%*	*-8.4 p.p.*	*36.6%*	*0.9 p.p.*	*37.6%*	*47.7%*	*-10.1 p.p.*
Operating expenses (SG&A)	-103.4	-120.9	-14.5%	-98.7	4.8%	-322.4	-321.5	0.3%
Earnings before financial result and income tax (EBIT)	61.3	173.0	-64.6%	73.3	-16.4%	190.7	604.7	-68.5%
Net financial income (expenses)	-22.3	-20.6	8.3%	4.5	-	-17.9	-21.7	-17.5%
Income tax and social contribution	-13.7	-48.5	-71.8%	-28.2	-51.4%	-62.0	-181.8	-65.9%
Net income (loss) from continued operations	25.3	103.8	-75.6%	49.5	-48.9%	110.8	401.2	-72.4%
Net income (loss) from discontinued operations	0.7	-0.7	-	-0.7	-	-0.5	-2.2	-
Net income (loss)	**26.0**	**103.1**	**-74.8%**	**48.9**	**-46.8%**	**110.3**	**399.0**	**-72.4%**
Adjusted EBITDA*	70.7	181.7	-61.1%	81.9	-13.7%	217.9	629.5	-65.4%
*Adjusted EBITDA Margin**	*16.1%*	*28.4%*	*-12.3 p.p.*	*17.4%*	*-1.3 p.p.*	*16.0%*	*32.4%*	*-16.4 p.p.*
Net debt (end of period)	360.3	218.4	65.0%	243.9	47.7%	360.3	218.4	65.0%

** 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

During the third quarter, conditions in the firearms market did not change significantly from what we have seen since the beginning of the year. This is an opposite situation to what we had experienced in previous years, when the legal issue relating to the sector in Brazil was clearly defined, and demand was at an all-time high in the North American market.

The structure we have developed at Taurus over the last few years has created a Company with solid foundations. The changes seen in our results are a reflection of the conditions of the adjustments to the markets in which we operate: (i) the domestic market, where there was a change in the political scenario, with the publication of Decree 11,366/23; (ii) in the North American market, the return of the NICS to its pre-pandemic level; rising inflation; adjustment to the product mix and adjustments to distributors' inventories to lower levels, aiming to reduce their financial costs; and (iii) in the world market, international biddings are taking longer, especially after the start of the war in Ukraine. In order to adapt to the different market scenarios, we have focused on efficiency and low production costs, which has enabled us to achieve results in line with our expectations, with growth when compared to 2019, the pre-pandemic period, and with gross margins higher than the average for foreign players in the sector. In 3Q23, our gross margin was 37.5%, compared to Ruger's 20.5% and 26.6% of Smith and Wesson, which, since its fiscal year ends on April 31, refers to the results released for 1Q24 (May to July 2023). We have been continuously monitoring the opportunities that arise and working to reinforce Taurus' prominent position in the global firearms industry. An example of our flexibility and promptness to adapt is the change in production mix to keep up with consumer purchasing behavior. As demand in the US is currently more focused on the revolver segment, we expanded the manufacture of these products on our production line at the Brazilian plant, over the course of this year. The production of revolvers accounted for nearly 45% of the total volume of firearms produced by Taurus in 3Q23, versus approximately 30% in 3Q22, with a gain in share in relation to the production of pistols, which went from 69% in 3Q22 to 55% in 3Q23.

Manufacturing modernization, with the acquisition of state-of-the-art equipment and the use of robots on the production line, has resulted in growing industrial efficiency and productivity, leading to a reduction in losses and, consequently, gains for the Company, even with the recent decline in production volume. At the same time, the research conducted by our Brazil/USA Integrated Technology and Engineering Center (CITE) into the development of new processes and the use of new materials, allows the Company to move ahead in terms of innovation, presenting differentiated products to the market. One of Taurus' features that has been consolidated over recent years is the continuous launch of models, always offering new options for the consumer. In addition to the solid operational aspect, we have also succeeded in establishing a balanced financial profile, with an adequate capital structure and a low level of financial leverage. These fundamentals are consistent and are not subject to cyclical fluctuations in the market.

The firearms market in the US, the main destination for our products, has been consolidating its new position, after the booming phase during the pandemic years. The NICS data, which shows the number of intentions to acquire firearms in the country, confirms the expectation we had already been discussing that, in 2023, the US market would return to the levels seen in the pre-pandemic period, showing some growth in comparison to 2019. In the first nine months of 2023, the NICS recorded 11.1 million queries, 20.7% more than in the same period in 2019. At the same time, there has been a trend towards a change in the pattern of product inventories held by the retail chain, with distributors seeking to increase their inventory turnover, as a means to protect themselves from the financial cost generated by rising US inflation. As a result, new orders are postponed with the purpose of reducing inventories to levels capable of covering sales for close to a month, compared to a previous pattern of inventories sufficient to cover 3 to 5 months of sales.

The NICS for October showed a substantial increase of 20% compared to September, which indicates that the outlook for the last quarter of the year in the US market points to an increase in demand, also taking into account the traditional seasonality of this period, although the adjustment of inventories in the retail chain could curb this effect for manufacturers. As for 2024, since it is a presidential election year in the US, there could be greater movement in the firearms market in that country, as the uncertainty about the policy to be adopted for the sector on the part of the president to be elected has historically led to an increase in demand.

In Brazil, the economy has been experiencing conflicting data that combines, on the one hand, concern about public spending and the primary deficit and, on the other, the expectation of economic growth of 3.3%, according to an estimate by the National Confederation of Industry (CNI). However, this expected growth is based on increased activity in the primary sector, and not on the performance of industry. Industrial production data up to August released by the Brazilian Institute of Geography and Statistics (IBGE) shows a 0.1% downturn in activity over a 12-month period, and 0.3% in the year to date compared to the same period in 2022. As for our sector, there is also the fact that the domestic market remains extremely restricted due to legal issues, making this a very atypical year.

On January 1, 2023, Decree 11,366 was published, which laid down restrictions for the sector, and was supposed to be enforced within three months, which did not happen. The uncertainty paralyzed the market, with both consumers and retailers halting their purchases until the issue was settled. It was only on July 21 that the new Decree was published. However, some uncertainties still remain to be clarified by the regulatory bodies, since the maximum energy limit in joules authorized for firearms to be sold in the Brazilian market was determined, but without the presentation of a table of calibers. So far, new purchases of firearms by CACs (collectors, marksmen and hunters) have basically been halted.

Thus, demand in the Brazilian market has remained suppressed until the legal aspect is fully clarified, and the permit requirements for firearms purchases return to normal. When this happens, we will be ready to cater for consumers. In this regard, we continue to carry out a number of new product launches, having presented 16 new models to the market over the course of 3Q23. Based on our technological development capacity, we are creating a .38 caliber, within the maximum energy limit established by legislation. It is an incremental technology developed by Taurus for a new caliber for pistols created to occupy the space left by the 9mm caliber, which has now become of restricted use. At the beginning of 2024, when we will probably have the Decree 11,366 regulations in place, we will launch versions of the G2C and GX4 compact pistols with this new caliber.

In the international market, except for the USA, Taurus mainly serves the military and defense forces, with sales to more than 100 countries. Our low production costs make us very competitive in international bids, so we have an interesting option in this market at times of lower demand in other markets. We are attentive to the recent conflict in the Middle East, which could generate a natural increase in demand for the sector. It is important to remind that all our exports must be previously authorized by the Brazilian Ministries of Foreign Affairs and Defense.

In India, the JD Taurus operation is due to receive the last license needed to start production at the local facilities, within the next few days. As part of reinforcing our brand's presence in the region, we were present at Milipol India, an important international trade fair for the mobile security sector, held for the first time in India between October 26 and 28. The organization of this fair in India confirms the growing importance of this country in the global firearms market.

As I always insist on remarking, investment in innovation, geared towards the development of products, processes, materials and equipment, is an essential aspect of Taurus' strategy. In this sense, we are forming another partnership with the university research center of UFSC - Federal University of Santa Catarina, aimed at developing a new "CMT - Catalytic Material Taurus" compound to be used in the M.I.M. (Metal Injection Molding) plant, reducing dependence on external suppliers. CITE is developing various projects towards Industry 4.0, including research into the application of new materials in the manufacture of firearms, such as graphene, niobium, long fiber polymer and DLC (Diamond Like Carbon). I suggest you read the text "Research under development" in the "Investments" section of this report, which provides further details on these projects.

Since the beginning of our term, in 2018, we have adopted a work model based on our strategic planning and the tripod we have established to achieve the goal of placing Taurus in a position of increasing prominence in the global market for the sector: "people development; technology and innovation; and a collaborative environment". Following these established guidelines, in 2023 we have initiated another strategic project for the Company: "ESG indicators management and targets". By monitoring the indicators and the growing engagement of employees, we have already seen practical results, such as a positive impact in terms of reducing greenhouse gas emissions.

The search for ongoing evolution is what motivates us on a daily basis. The soundness that today ensures Taurus' stability to adapt to different market conditions has been created from the dedication of the entire team, the support of shareholders, the partnership of suppliers and the trust from our clients.

I couldn't fail to mention our next in-person APIMEC meeting, which will take place on December 6 at our store in São Paulo (AMTT Taurus, Rua Umberto Caputi, 139). I would like to take this opportunity to invite analysts, investors and shareholders to join us at this event.

Salésio Nuhs

OPERATIONAL PERFORMANCE

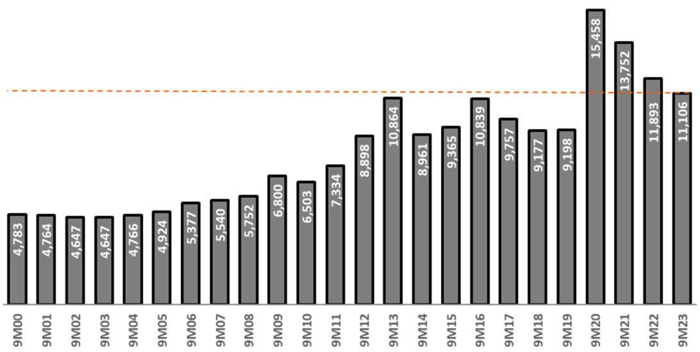
Market

In the US, the firearms market has been confirming the expected normalization, following the exceptional years of unprecedented heat since the beginning of the pandemic in 2020. The Adjusted NICS (National Instant Criminal Background System) reported 11.1 million queries for the purchase of firearms in the country, during the first nine months of 2023, up by 20.7% when compared to the pre-pandemic period in 2019. As shown in the chart below, on the left, when the three previous periods (9M22, 9M21 and 9M20) are excluded, the Adjusted NICS for 9M23 is the highest ever recorded in the historical series of this indicator.

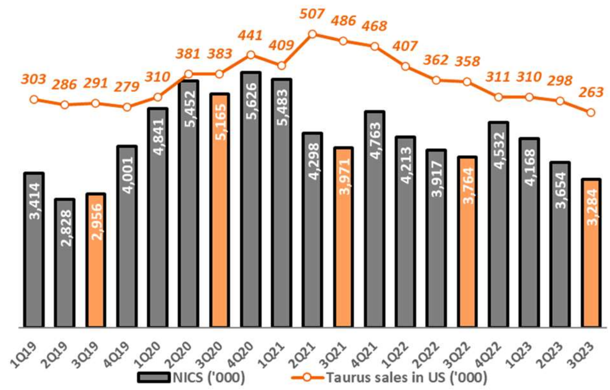
Taking into account the quarterly performance, in a year-over-year comparison, and in order to avoid seasonal distortions, Adjusted NICS totaled 3.3 million queries in 3Q23, representing a decrease of 12.8% when compared to 3Q22, and an increase of 11.1% when compared to 3Q19, prior to the pandemic. The third quarter tends to be a sluggish period for the firearms market in the US, when consumers wait for the end of the year, the start of the hunting season in the country, Black Friday promotions and Christmas shopping. At the same time, rising inflation in the US has also been impacting the firearms sales chain. In order to curb the financial cost generated by rising US inflation, distributors and retailers tend to increase their inventory turnover, which affects the placing of new orders.

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

Historical series - January thru September



Quarterly performance and Taurus sales in the US



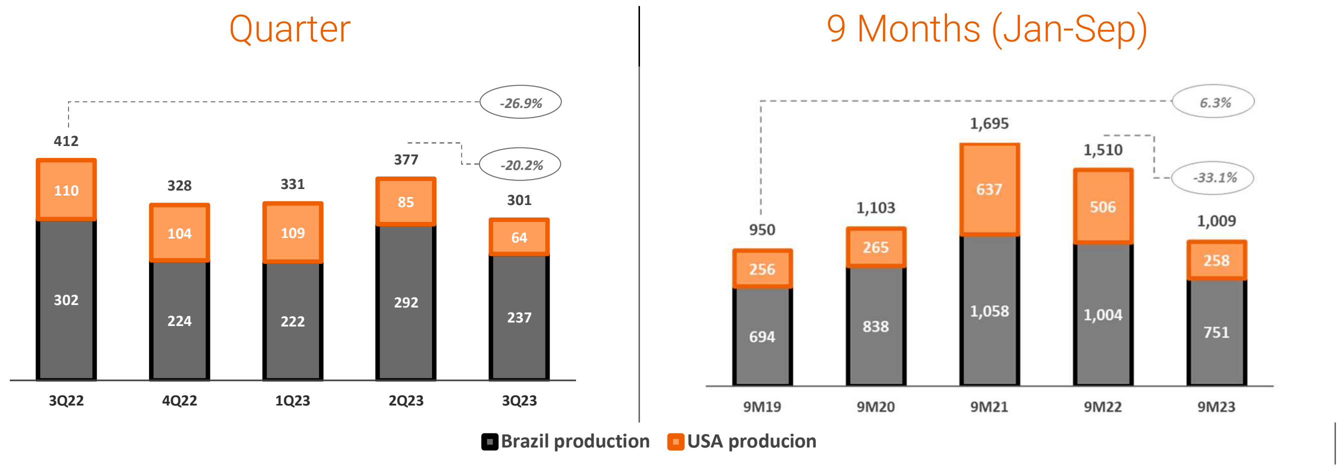
In Brazil, the market continued to shrink during 3Q23, still due to legal uncertainties. Despite the reissue of the Decree on July 21, 2023, there are still doubts regarding some of the regulations and processes, as the authorization for new firearm acquisitions for CACs (collectors, marksmen and hunters) and the possibility of issuing new registers. It's an atypical year for the domestic market, with consumers waiting for legal requirements to be normalized and cautious retailers, keeping their inventories at a rather low level.

Production and sales

The production of Taurus firearms in 3Q23 totaled 301,000 units, bringing the total to 1 million for the first nine months of the year. The total volume up to September 2023 came 6.3% higher than in the same period in 2019, before the boom in the market during the pandemic, when the Company was fully prepared to serve the consumer. Compared to 9M22, there was a 33.1% decline in the volume of firearms produced, considering the new product mix, with a greater emphasis on revolvers, the production process of which requires more hours than that of pistols, and the new market conditions. It is worth stressing the longer period of a 30-day collective vacation granted to the Brazilian unit, between December 22 and the first half of January 23, which was reflected in a lower output volume in 1Q23.

Taurus has been expanding the manufacture of revolvers in its product line, since this segment, together with long arms, has shown greater demand in the North American market, the Company's main sales destination. In 3Q23, revolvers accounted for approximately 45% of the total production of firearms, compared to nearly 30% in 3Q22 and, considering the total period from January to September, this figure rose from around 31% in 2022 to 37% in 2023. The current industrial structure, which has undergone a major makeover over the last few years, in terms of processes and equipment, provides the flexibility to make significant adjustments to the production mix.

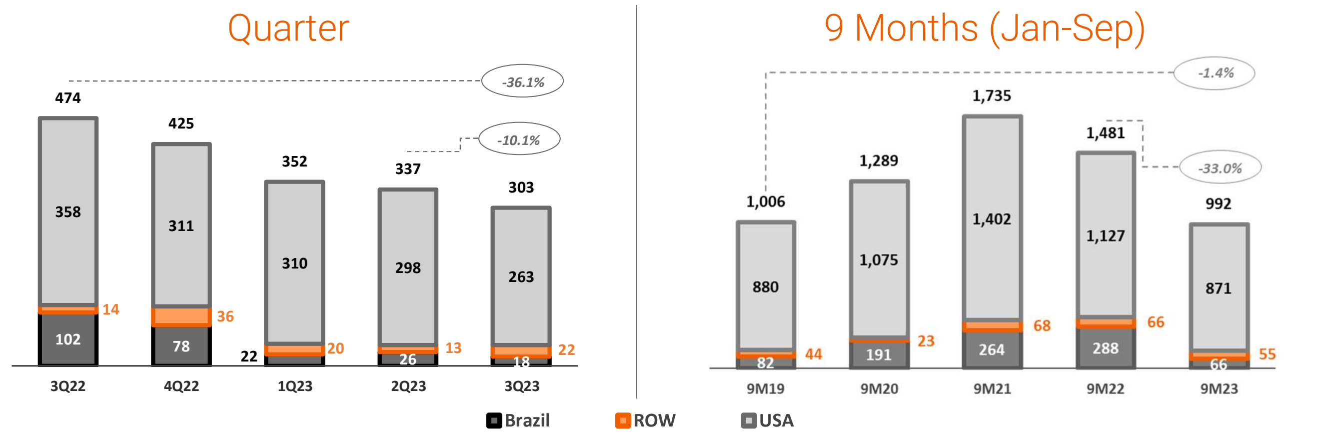
Production of firearms – Taurus ('000 units)



As an essential part of its strategy, Taurus continues to invest in product development, through the use of new materials, incorporated technology and efficient production processes, in order to offer consumers quality, innovative products, at competitive prices. In 3Q23, 16 models were launched, including seven revolvers and nine pistols.

In order to ensure a leading position in the market, the Company relies on a team of more than 200 professionals focused on the development of products, processes, materials and equipment, at the Brazil/USA Integrated Technology and Engineering Center (CITE). The investments being made in technology, new machinery and robots geared for the production line, some of which are already in operation, provide enhanced productivity, with shorter product manufacturing times and the elimination of losses, leading to cost savings. The first of the three autonomous manufacturing units planned at Taurus is being implemented. At a later date, new production units will be set up for pistols and tactical firearms. Further information on the innovation projects under development at Taurus can be found in the "Investments" section of this report.

Firearms Sales Volume – Taurus ('000 units)



The sales performance of Taurus firearms reflects the market conditions in the segment where it operates, with the normalization of sales in the North American market, after the historic records of recent years, and the slowdown in the domestic market, as mentioned above. Considering the total production in the first nine months of the year, overall sales volume fell by 33.0%, as compared to the same period in 2022, when the Company was still reaping the benefits of the strong growth in demand in the USA. In relation to 9M19, in the pre-pandemic period, sales volume fell slightly, by -1.4%.

In the Brazilian market, after almost seven months of the civilian arms market being at a virtual standstill due to legal uncertainties, since the Decree on the sector originally scheduled for March was only published on July 21, there are still doubts to be clarified by the regulatory bodies, since the maximum energy limit allowed has been determined, but not a table of calibers. This situation has been affecting Taurus' sales in the domestic market, causing 2023 to be a totally unusual period. In 3Q23, the Company sold 18,000 units in the domestic market, totaling 66,000 firearms in 9M23, which represents reductions of 82.4% and 77.1% when compared to equal periods in 2022.

The national distribution channel remains short of supplies, which represents an opportunity to meet this pent-up demand, as soon as the regulatory bodies clarify their doubts, and the legal processes for registering and acquiring firearms in the country are fully regularized. Taurus has been working to quickly adapt to the new rules, and to continue launching new products in the market, in order to motivate retailers, and meet the needs of Brazilian consumers. To this end, the CITE team has been developing a new caliber for pistols. It's a new .38 caliber, with energy ranging within the maximum permitted limit, aimed at filling the gap left by the 9mm caliber, which is now restricted for use. At the beginning of 2024, when the regulatory framework is expected to be fully established, Taurus should launch new versions of the G2C and GX4 pistols, presenting this new caliber developed by CITE.

In the North American market, the Company sold 263,000 units in 3Q23, totaling 871,000 firearms in 9M23. Compared to the same period in the previous year, the performance shows a 26.5% drop in the quarter, and a 22.7% drop in the nine-month period. Compared to 9M19, the sales volume in the US during the first nine months of 2023 fell slightly, by 1.0%. Although final consumer demand in the US is showing an upward trend compared to the pre-pandemic period, as shown by the NICS data (up by 20.7% in 9M23 versus 9M19), this effect has not reached firearms manufacturers, due to the reduction in inventories by the retail sales chain. This movement tends to stabilize when distributors reach new inventory levels, in line with the economic scenario. In the last quarter of the year, there is a seasonal upward trend in US consumer demand, which could also be cooled for manufacturers, due to this movement to increase inventory turnover in the sales chain.

As for **exports to countries other than the USA**, the largest sales volumes in 3Q23 were to Guatemala, the Philippines and Honduras. International sales are mainly geared towards security force tenders, deals that usually involve longer development and sales cycles, including phases of budget approval, pitching, negotiation, sending samples, tests, reviews, approvals, among other stages. So far in 2023, no major international bidding has been completed, and the war in Ukraine has created instability in procurement processes around the world in terms of bidding.

Taurus products serve the military and police forces and are distributed to more than 100 countries around the world, with these exports always being previously authorized by the Ministry of Foreign Affairs and the Ministry of Defense. The recent war situation in the Middle East tends to prompt greater expansion in the sector, with the possibility of a natural increase in demand which, should it occur, Taurus will be prepared to meet.

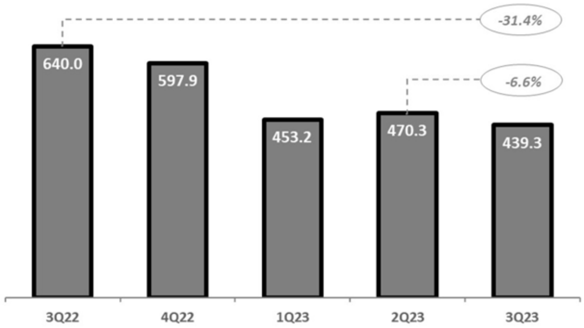
The largest tender ever held in the world, for 425,000 rifles, by the Indian Ministry of Defense, remains underway, in which the Company is participating through JD Taurus. The delivery of firearm samples for testing and evaluation, originally scheduled for the first half of October 2023, has been postponed until January 2024.

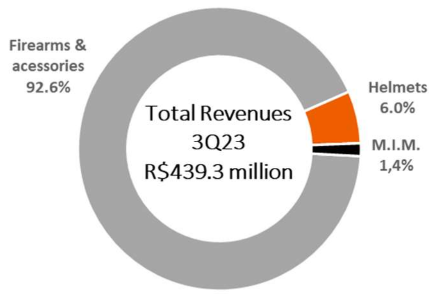
ECONOMIC AND FINANCIAL PERFORMANCE

Net Operating Revenue

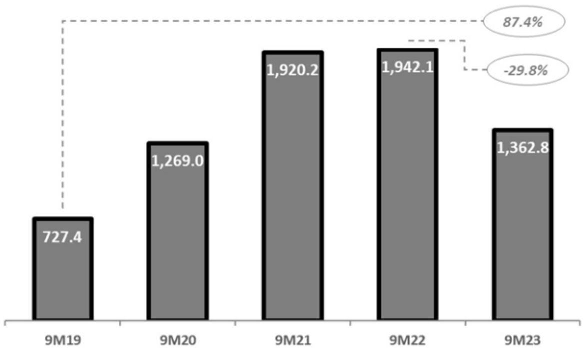
Taurus' consolidated revenues include, in addition to the sales of firearms & accessories, revenues from the sales of helmets and M.I.M. (Metal Injection Molding). In 3Q23, consolidated net revenues amounted to R$439.3 million, adding up to R$1,362.8 million in 9M23. As the Company's core business, the firearms & accessories segment accounted for 92.6% of overall revenue in the quarter, and 93.5% in 9M23, with its results therefore being the main drivers of consolidated performance.

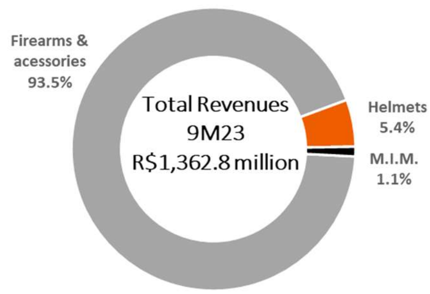
Consolidated Net Operating Revenue - (R$ million)
Quarter





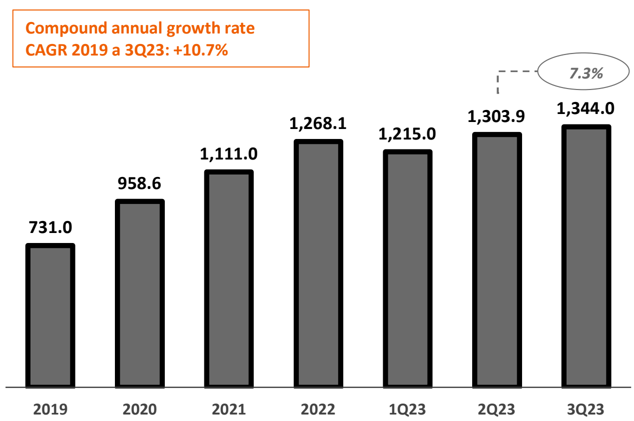
Consolidated Net Operating Revenue - (R$ million)
9 Months (Jan-Sep)





In line with the trends in the firearms market, the comparison of 3Q23 with the same period in the previous year is imbalanced, given that in 2022 Taurus had achieved record results, as a reflection of the high levels of demand in the USA. In view of the lower sales volume in all of its markets, and the pressure on revenues derived from sales made abroad, represented by the 7.0% appreciation in the Brazilian Real against the US dollar at the average exchange rate in 3Q23 compared to 3Q22, consolidated net revenues in 3Q23 amounted to R$439.3 million, down by 31.4% from the same period in 2022. This performance, however, shows that the increase in the average sales price made it possible to partially offset these factors, since the reduction in revenues in the period was lower than that in sales volume (down by 31.4% compared to 36.1%).

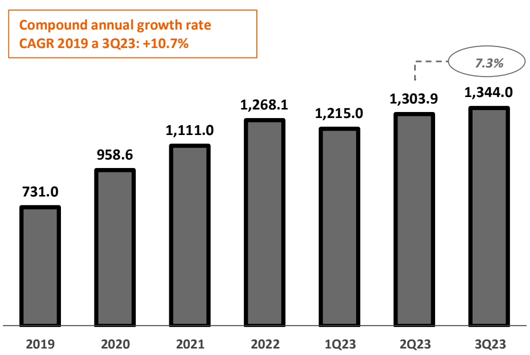
Taurus' average selling prices of firearms
(R$/unit)



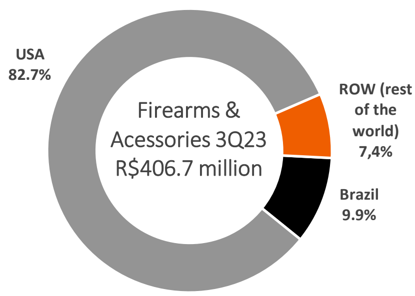
In 9M23, consolidated net revenues in the amount of R$1,362.8 million represented a 29.8% reduction in relation to 9M22. Compared to the figure recorded in 9M19, before the period of record demand for firearms in the US, consolidated revenues rose by 87.4%, demonstrating all the progress the Company has made, consolidating itself at a new level of performance, as a solid company that stands out in the market.

Considering the performance of the firearms & accessories segment alone, net revenue came to R$406.7 million in 3Q23, adding up to a total of R$1,274.6 million in 9M23, which represents reductions of 33.0% and 31.2% over the same periods in 2022, respectively, as a result of market conditions. Looking at the performance of revenues from the firearms & accessories segment in the first nine months of the year since 2019, as shown in the chart on the right, the positive effect from the period of increased demand during the pandemic is evident. Comparing Taurus' net revenue in 9M23 versus 9M19, there was a 77.2% rise, despite the Company's overall sales volume of firearms remaining basically flat (-1.0%) in the period. This performance can be explained by the increase in average sales prices, due to the higher added value of the sales mix, and the gain from the translation into Brazilian Reais of sales made in US dollars, given that the Brazilian currency devalued by 28.8% in the period (average dollar exchange rate: R$3.89 in 9M19 and R$5.01 in 9M23).

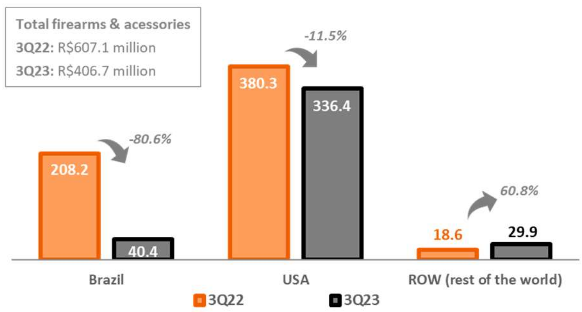
Net Revenue - Firearms & Accessories
(R$ million)



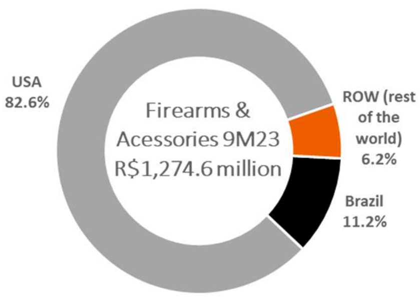
Net Operating Revenue - Firearms & Accessories
Quarter



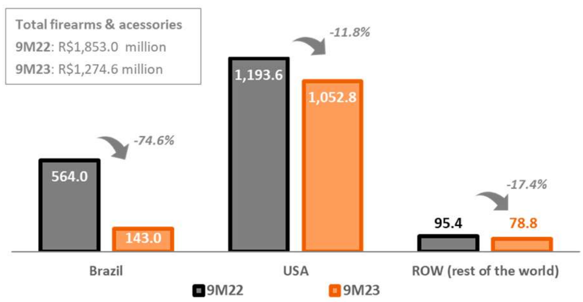
Revenues from firearms & accessories by market
(R$ million)



Net Operating Revenue - Firearms & Accessories
January thru September



Revenues from firearms & accessories by market
(R$ million)



Gross profit

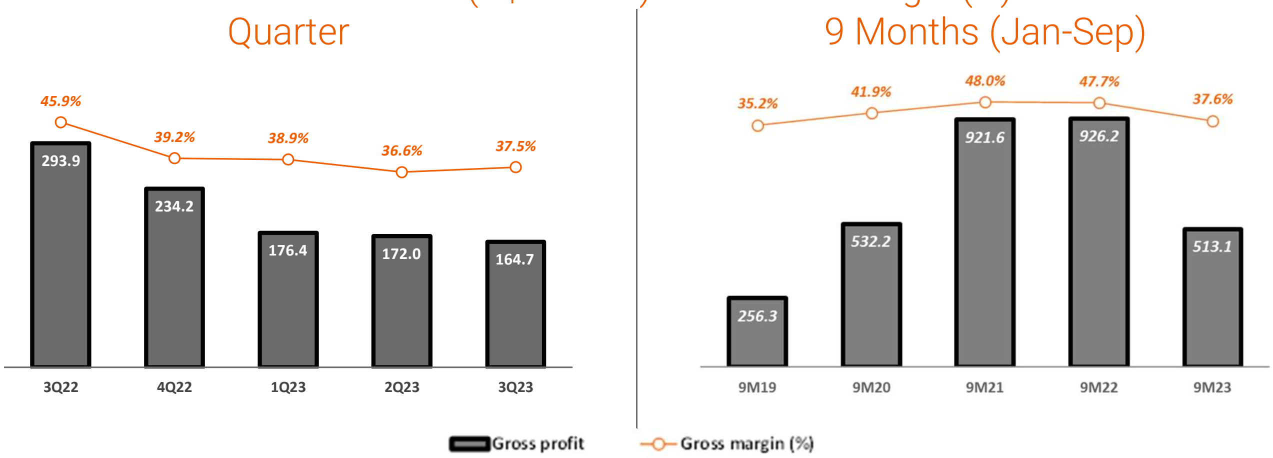
The cost of goods sold in 3Q23 stood at R$274.7 million, representing a 20.6% decline in comparison to 3Q22. Given the contraction in sales and revenues in the same period of comparison, there was a less significant dilution of fixed costs, leading the Company to record a gross profit of R$164.7 million in the quarter, corresponding to a 44.0% fall in relation to 3Q22. The gross margin in the quarter was 37.5%, a figure 0.9 p.p. higher than in 2Q23, but 8.4 p.p. lower than the gross margin in 3Q22.

In 9M23, Taurus posted a gross profit of R$513.1 million, representing a 44.6% drop versus 9M22, presenting a 37.6% margin on net revenue, 10.1 p.p. lower than in the same period in 2022. However, when compared to the performance in 9M19, before the outbreak of the pandemic, gross profit showed a 100.2% increase, and a 2.4 p.p. rise in margin.

In the two periods of comparison in relation to 2022, both for the quarter and for the first nine months, in addition to the lower dilution of fixed costs, the sharper reduction in sales revenues in Brazil, due to the stagnation of the local market, and the greater share of revolvers in the sales mix, a product that provides lower margins for Taurus, also put pressure on the gross margin.

Nevertheless, given Taurus' competitive costs, the Company's gross profitability has remained higher than that recorded by North American peers listed on the stock exchange. In 3Q23, Ruger's gross margin was 20.5% and Smith & Wesson's, considering the quarter from May to July 2023 (1Q24), was 26.6%, 17.0 p.p. and 10.9 p.p. lower, respectively, than Taurus' gross margin of 37.5%.

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



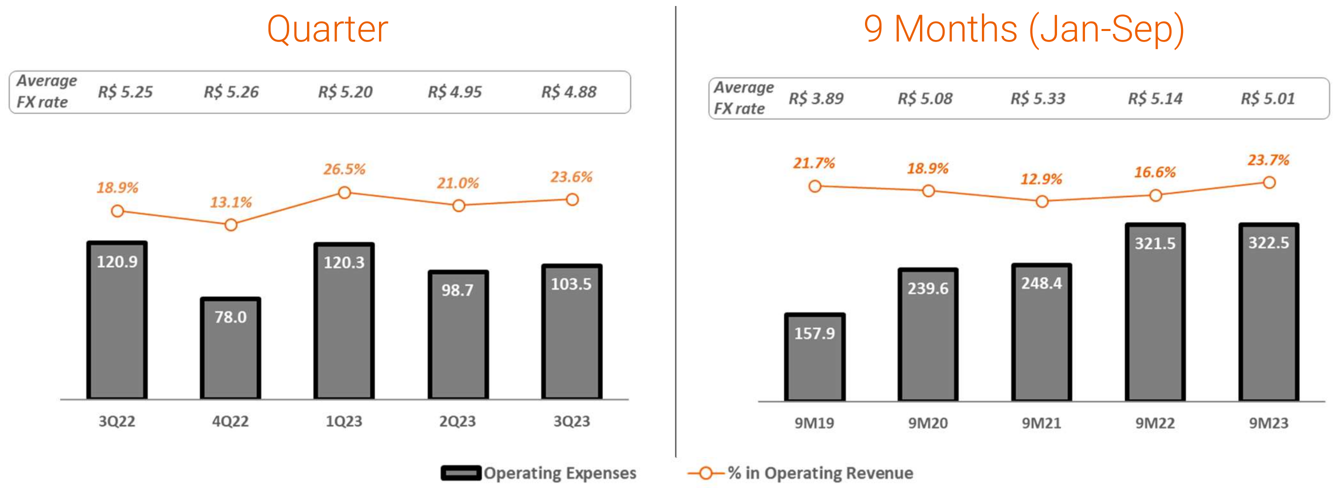
Operating expenses

Total operating expenses in 3Q23, including the "equity from results of affiliates" and "losses/income from the impairment of assets", amounted to R$103.4 million, representing a 14.5% fall in relation to 3Q22. The main factors leading to this performance were: (i) the recording of the net balance of "other operating revenues" of R$17.3 million in the quarter, mainly related to recoverable tax credits; (ii) a R$3.6 million income related to the impairment of assets; (iii) a R$8.5 million decrease in selling expenses, reflecting lower freight and commission expenses; and (iv) firm control over general and administrative expenses, which rose by only 1.7% (R$1.0 million) in the period, despite the rise in inflation in Brazil.

	3Q23	3Q22	3Q23x3Q22 % Chg.	2Q23	3Q23x2Q23 % Chg.	9M23	9M22	9M23x9M22 % Chg.
Selling expenses	55.8	64.3	*-13.2%*	58.2	*-4.1%*	175.4	189.8	*-7.6%*
General and administrative expenses	60.6	59.6	*1.7%*	48.5	*24.9%*	164.4	157.4	*4.4%*
Losses (income) due to non-recoverable assets	3.6	0.5	*620.0%*	-5.0	*-172.0%*	2.4	1.1	*118.2%*
Other operating (income)/expenses	-17.3	-4.5	*284.4%*	-3.1	*458.1%*	-21.3	-28.1	*-24.2%*
Equity from results of affiliates	0.6	1.1	*-45.5%*	0.1	*500.0%*	1.4	1.4	*0.0%*
Operating expenses (SG&A)	**103.4**	**120.9**	***-14.5%***	**98.7**	***4.8%***	**322.4**	**321.5**	***0.3%***
Op. expenses / Net Op.Revenues (%)	*23.5%*	*18.9%*	*4.6 p.p.*	*21.0%*	*2.5 p.p.*	*23.7%*	*16.6%*	*7.1 p.p.*
Average Ptax dollar exchange rate (R$)	*4.88*	*5.25*	*-7.0%*	*4.95*	*-1.4%*	*5.01*	*5.14*	*-2.5%*

In 9M23, Taurus recorded a total of R$322.5 million in operating expenses, a performance basically in line (up by 0.3% or R$1.0 million) with that recorded in 9M22. The selling expenses account fell by R$14.4 million in the period, for the same reason already mentioned in the quarterly comparison, namely lower freight and commission expenses. In the opposite direction, offsetting the lower selling expenses were administrative expenses (up by R$7.0 million) and non-recurring events, which led to a net income balance of R$28.1 million in the other operating income/expenses account in 9M22, compared to an income balance of R$21.3 million in this account in 9M23 (down by R$6.8 million). The balance reported in "other operating income/expenses" line, as in the third quarter evaluation period, is mainly related to recoverable tax credits.

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



Adjusted EBITDA

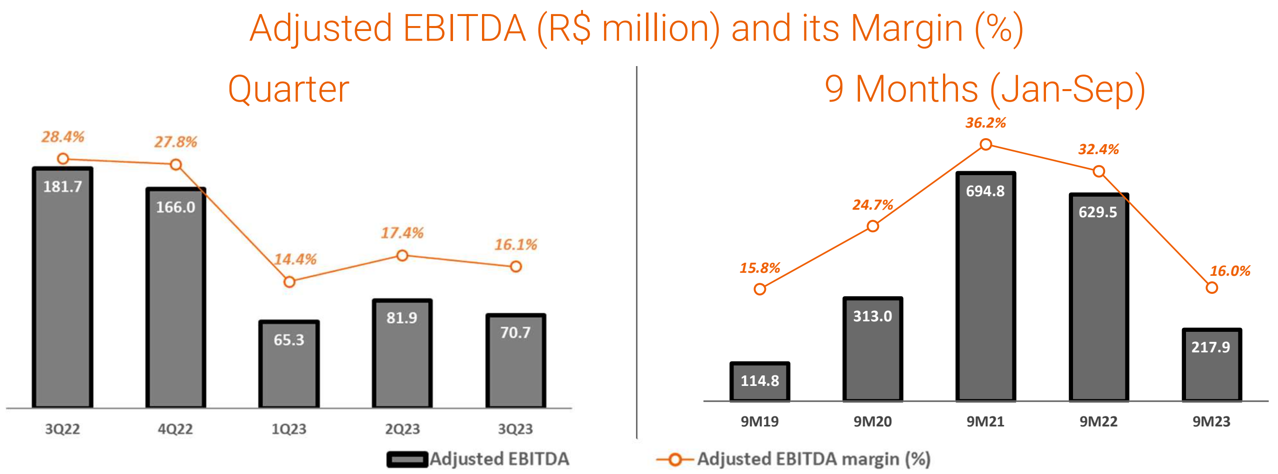
Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) disregards the results from discontinued operations and equity in earnings from affiliated companies, since these results are not directly linked to Taurus' operating activities.

The current firearm market conditions, with stagnation in Brazil, coupled with the resumption of more normalized levels in the North American market, after the period of exceptional demand during the pandemic, were reflected in Taurus' operating results. As previously mentioned, this led to a decrease in sales volume and revenues, lower gross profit and less dilution of operating expenses. In 3Q23, adjusted EBITDA amounted to R$70.7 million, down by 61.1% from 3Q22, while total EBITDA in 9M23 amounted to R$217.9 million, down by 65.4% in relation to the same period in the previous year. Compared to 9M19, Taurus' EBITDA in the first nine months of 2019 was up by 89.8%.

The adjusted EBITDA margin stood at 16.1% in 3Q23 and 16.0% in 9M23, pressured by the reasons mentioned above, including the reduction in gross margin, also influenced by lower sales in Brazil and a greater share of revolvers in the mix.

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

R$ million	3Q23	3Q22	3Q23x3Q22 % Chg.	2Q23	3Q23x2Q23 % Chg.	9M23	9M22	9M23x9M22 % Chg.
Net income	26.0	103.1	*-74.8%*	48.9	*-46.8%*	110.3	399.0	*-72.4%*
Taxes	13.7	48.5	*-71.8%*	28.2	*-51.4%*	62.0	181.8	*-65.9%*
Net financial result	22.3	20.6	*8.3%*	-4.5	–	17.9	21.7	*-17.5%*
Depreciation and amortization	8.8	7.6	*15.8%*	8.5	*3.5%*	25.8	23.4	*10.3%*
EBITDA	**70.8**	**179.9**	***-60.6%***	**81.2**	***-12.8%***	**216.0**	**625.8**	***-65.5%***
EBITDA margin	*16.1%*	*28.1%*	*-12.0 p.p.*	*17.3%*	*-1.2 p.p.*	*15.8%*	*32.2%*	*-16.4 p.p.*
Result from discontinued operations	-0.7	0.7	-	0.7	-	0.5	2.2	*-77.3%*
Equity from results of affiliates	0.6	1.1	*-45.5%*	0.1	*500.0%*	1.4	1.4	*0.0%*
Adjusted EBITDA	**70.7**	**181.7**	***-61.1%***	**81.9**	***-13.7%***	**217.9**	**629.5**	***-65.4%***
Adjusted EBITDA margin	*16.1%*	*28.4%*	*-12.3 p.p.*	*17.4%*	*-1.3 p.p.*	*16.0%*	*32.4%*	*-16.4 p.p.*



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

Financial result

Having settled its bank debt, as a result of the Company's general restructuring, coupled with the consequent increase in cash generation, the Company's current financial profile is quite different from the scenario of a few years ago, when a significant part of revenues was used to meet financial commitments. In 3Q23, Taurus posted a net financial expense of R$22.3 million, representing an 8.3% hike compared to the net expense recorded in the same quarter of 2022. From January to September 2023, the total net financial expense amounted to R$17.9 million, 17.9% lower than the net expense for 9M22.

A major portion of its revenues (83.1% in 9M23) comes from sales abroad, and most of its debt (92.7% as of September 30, 2023) is denominated in foreign currency. Exchange rate variations, both assets (income) and liabilities (expenses), represent the main component of Taurus' financial results. The devaluation of the Brazilian currency is reflected in the form of an asset exchange variation (income) on the customer portfolio, and on the dollar-denominated cash of the US subsidiary and, in the form of a liability exchange variation (expense), on the financial obligations relating to the Company's bank debt in dollars. Exchange rate variations, however, are accounting records that have no cash effect.

As the exchange rate variations affect balance sheet accounts, which are calculated on the closing date of the period, the accounting record for these accounts has no cash effect.

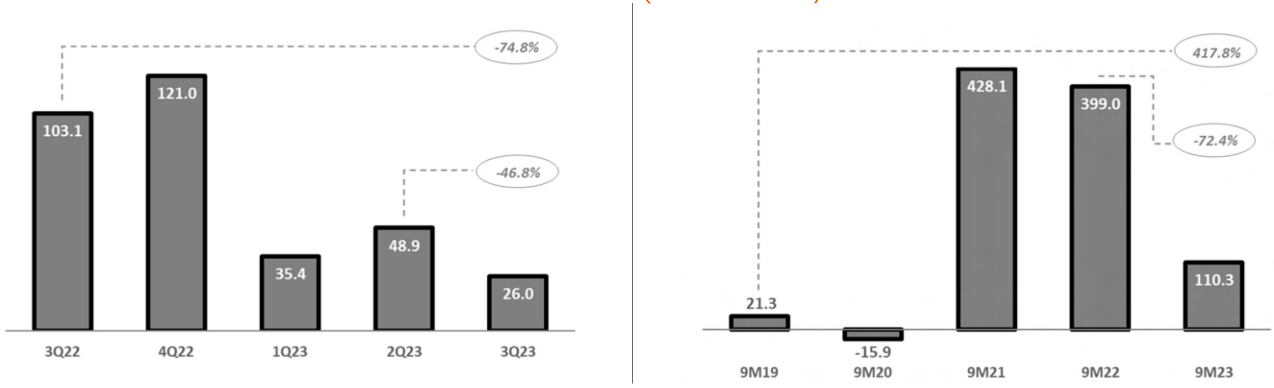
R$ million	3Q23	3Q22	3Q23x3Q22 % Chg.	2Q23	3Q23x2Q23 % Chg.	9M23	9M22	9M23x9M22 % Chg.
(+) Financial income	**25,3**	**49,5**	-48,9%	**47,4**	-46,6%	**115,5**	**281,5**	-59,0%
Foreign exchange gains	20,7	35,7	-41,9%	42,4	-51,2%	98,4	261,6	-62,4%
Interest and other income	4,6	13,8	-66,7%	5,0	-8,0%	17,1	19,9	-14,1%
(-) Financial expenses	**47,6**	**70,1**	-32,1%	**42,9**	11,0%	**133,4**	**303,3**	-56,0%
Foreign exchange losses	34,8	54,1	-35,7%	30,7	13,4%	94,1	261,3	-64,0%
Interest,IOFand other expenses	12,8	16,0	-20,0%	12,2	4,9%	39,3	42,0	-6,4%
(+/-) Net financial result	**-22,3**	**-20,6**	8,3%	**4,5**	-	**-17,9**	**-21,8**	-17,9%
US dollar Ptax rate at the end of period (R$)	**5,01**	**5,41**	-7,4%	**4,82**	3,9%	**5,01**	**5,41**	-7,4%

Net income

The year 2023 has been an unusual one for Taurus, especially considering the virtually sluggish domestic market due to the legal uncertainty in the sector. This is happening after a very different situation in 2022, when the Company achieved record results, with heated sales in the Brazilian market and the unprecedented increase in demand for firearms in the USA, which represents the main market for Taurus products.

Considering these different market dynamics, the Company posted net earnings of R$26.0 million in 3Q23, representing a 74.8% drop compared to the same quarter in 2022. In the year to September 2023, net income came to R$110.3 million, showing a 72.4% reduction in comparison to 9M22, and a 417.8% increase compared to the result obtained in 9M19, before the outbreak of the pandemic.

Net Income (R$ million)



DEBT

At the end of September 2023, Taurus' net bank debt stood at R$360.3 million, R$200.7 million higher than at the end of 2022. The movement over the first nine months of 2023 reflects a decrease in the cash and marketable securities position by R$187.3 million, following the payment of mandatory dividends in May, plus additional dividends in August, with a simultaneous increase in the gross bank debt by R$13.5 million.

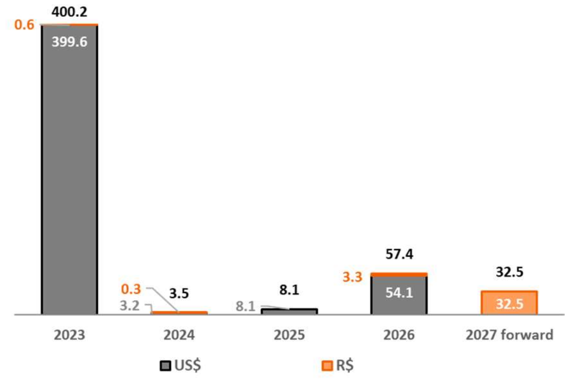
For the first nine months of the year, the Company has received the first installment of R$37.9 million, and is in the process of releasing the second installment of approximately R$51.8 million, of the total credit line of R$175.7 million approved by FINEP (Financing Agency for Studies and Projects) in March/23, to finance 90% of the Strategic Innovation Plan for Competitiveness (PEI) Project. This financing comes in line with Taurus' current financial policy of regaining access to the credit market, while improving the Company's debt profile. FINEP's credit line offers extremely competitive rates, a 36-month grace period and payment in 108 monthly installments.

From the total gross debt on 09/30/23, 92.7% was denominated in US dollars, which relies on a natural hedge represented by the portion of the Company's revenues from sales abroad (83.1% of total net revenues in 9M23).

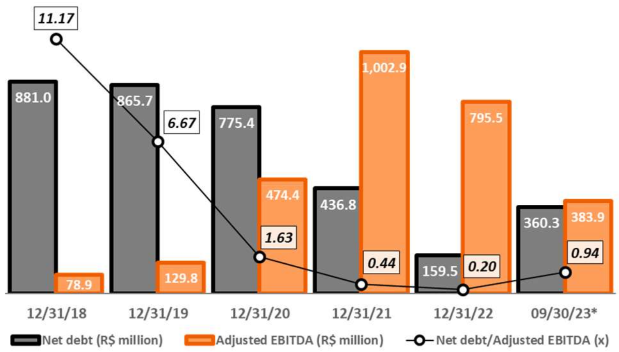
Taurus enjoys a very comfortable financial profile, showing a low degree of financial leverage. Any further fundraising is primarily centered on FINEP's loans, at very favorable interest rates, aimed at financing investments in innovation, and on foreign exchange operations involving advance payments on foreign exchange contracts (ACC). Based on the EBITDA for the last 12 months ended September 30, 2023, the level of financial leverage remained below 1, at 0.94x on that date.

R$ million	09/30/2023	12/31/2022	*% Chg.*
Loans and financing	*19.1*	*78.0*	*-75.5%*
Foreign exchange drafts	*381.1*	*314.9*	*21.0%*
Short term	***400.2***	***393.0***	***1.8%***
Foreign exchange drafts + Loans and financing	*101.5*	*95.3*	*6.5%*
Long term	***101.5***	***95.3***	***6.5%***
Gross debt	***501.7***	***488.2***	***2.8%***
Cash and marketable securities	*141.4*	*328.7*	*-57.0%*
Net debt	***360.3***	***159.5***	***125.9%***
US dollar Ptax rate at the end of period (R$)	***5.01***	***5.22***	***-4.0%***
Gross debt converted into dollars (US$ million)	***100.1***	***93.5***	***7.1%***
Net debt converted into dollars (US$ million)	***71.9***	***30.6***	***135.0%***

Bank debt profile
(R$ million)



Level of financial leverage
Net debt/adjusted EBITDA



** Adjusted EBITDA for the last 12 months.*

CAPITAL EXPENDITURES

Taurus' investments amounted to R$92.0 million in the first nine months of 2023, mainly geared towards the acquisition of machinery and equipment, the construction of the new CITE (Brazil/USA Integrated Technology and Engineering Center) facilities, in addition to the development of new products. The Company also earmarked a portion of the investments for the installation of the new SAP management system, in line with the Company's digital transformation plan.

The innovation projects are funded by FINEP (Funding Agency for Studies and Projects), through a credit line of R$175.7 million approved for the Company in March/23. In 2023, the Company decided not to carry out the entire Capex originally planned, due to lower own cash generation as a result of external factors, prioritizing the Capex financed by FINEP.

Research in progress

Taurus has been developing relevant research into the use of new materials, such as niobium, a mineral of which Brazil has more than 90% of the world's reserves. The Company has been considering the inclusion of niobium in the production of parts using post-metallic injection molding technology (M.I.M. - Metal Injection Molding), adding all the benefits of this new material, which ensures greater strength and durability. The study carried out by Taurus on niobium indicates that, with just a small amount of the metal, it is possible to modify steel, making the alloy more efficient and the end product lighter and more resistant.

The MIM technology enables Taurus to produce complex geometry parts at low cost and high volume, dispensing with the need for external suppliers, who are used by the majority of firearms manufacturers, with a great advantage over traditional processes. Currently, apart from Taurus, only one other firearms factory in the world produces the metal injection compound in its facilities. The Company is already manufacturing 25% of all the MIM compound needed to produce the polymer parts of its firearms and accessories, reducing its dependence on foreign suppliers of this material and generating cost savings.

At an even more advanced stage is Taurus' research into graphene, a material currently used in the production of more than 10 products in its portfolio. After launching the GX4 Graphene pistol in 2022, the world's first graphene weapon, the Company has continued to innovate. Today, it offers several models on different platforms: the GX4 family (GX4 Graphene, GX4 XL Graphene and GX4 Carry Graphene), the Striker TS9 platform (TS9 Graphene and the compact TS9c Graphene version) and the Taurus Hammer platform (TH380 Graphene and the compact TH380c Graphene version). In addition to the various firearms models, there are accessory lines such as Holsters, Suppressors, Lubricants and Handmade Knives.

Other pioneering projects at Taurus include the use of Long Fiber Polymer and DLC (Diamond Like Carbon), adding ever lighter and more resistant weapons to its portfolio.

CAPITAL MARKETS

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

Date	TASA3* (R$/share)	TASA3 Volume ('000)	TASA4* (R$/share)	TASA4 Volume ('000)	TASA Total volume ('000)	Market capitalization (R$ million)	EV** (R$ million)
12/29/2022	R$12.16	46,445	R$12.25	80,189	126,634	R$1,547.09	R$1,638.56
09/29/2023	R$15.88	46,445	R$16.06	80,189	126,634	R$2,025.38	R$2,318.57
% change	*+30.6%*	-	*+31.1%*	-	-	*+30.9%*	*+41.5%*

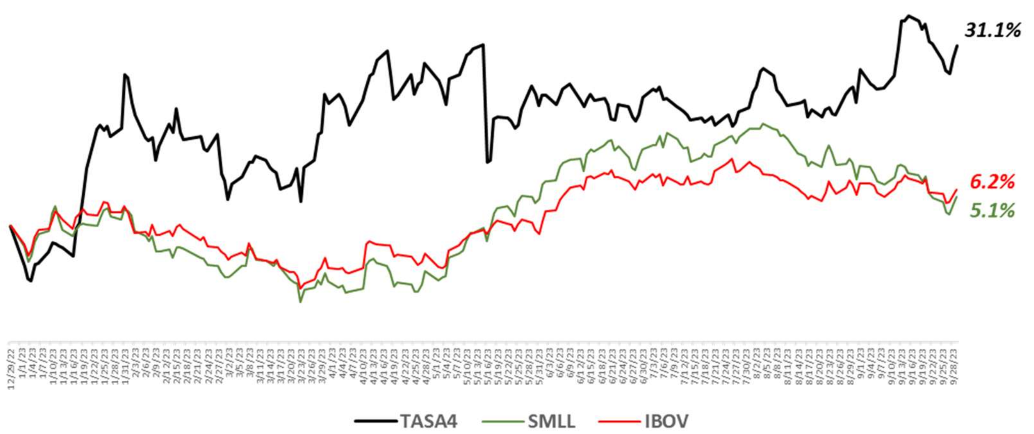
** TASA3 and TASA4 prices at 12/29/2022 are adjusted by the dividends paid.*

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

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

Performance of preferred shares (TASA4) versus SMLL B3 and IBOV B3

January to September 2023 - Base 100: Closing prices as at 12/29/2022



ESG

Since the beginning of the Company's ESG efforts, there has been an increase in people's engagement in relation to the commitment to material issues and the assessment of ESG impacts on their areas, whether through better reporting of data, aimed at assessing results, impact analyses of actions carried out or the greater interest of the teams from the various areas in disseminating knowledge about ESG issues. These changes in attitude have already shown practical results, in terms of various indicators monitored, with an impact on reductions in greenhouse gas emissions, as well as improvements related to people management.

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 Fiscal Council 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. Taurus is already planning the Module II of the Libras course, as well as a new class for Module I.

Furthermore, a group of 12 students, from the 2nd class of the social project "Taurus do Bem"(Taurus of Good) - Respecting differences in favor of equality", visited the Museum of Contemporary Art of Rio Grande do Sul in August. The initiative is part of pedagogical practice and aims to inspire the students to create their own works of art during the project's workshops, in partnership with the Federal University of Rio Grande do Sul (UFRGS).

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 current operating licenses of the group's companies are inspected by the State Foundation for Environmental Protection (FEPAM), the body responsible for environmental licensing in the state of Rio Grande do Sul, and linked to the State Secretariat for the Environment.

Taurus has a wastewater treatment plant (ETE) for industrial and sanitary effluents, in which the effluent is treated and tested to guarantee acceptable parameters for discharge into the public sewage system, a procedure authorized by the current environmental operating license.

Waste management follows the best market practices. The necessary legal documents are issued for all waste leaving Taurus to accompany the shipments. Waste generation indicators are monitored on a monthly basis, and are critically analyzed in order to search for opportunities to reduce waste at source, together with the generating areas.

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	3Q23	3Q22	*% Chg.*	2Q23	*% Chg.*	9M23	9M22	*% Chg.*
Net revenues from sales of goods and/or services	**439.3**	**640.0**	***-31.4%***	**470.3**	***-6.6%***	**1,362.8**	**1,942.1**	***-29.8%***
Cost of goods and/or services sold	-274.7	-346.0	*-20.6%*	-298.3	*-7.9%*	-849.8	-1,015.9	*-16.4%*
Gross Profit	**164.7**	**293.9**	***-44.0%***	**172.0**	***-4.2%***	**513.1**	**926.2**	***-44.6%***
Operating (expenses)/income	-103.4	-120.9	*-14.5%*	-98.7	*4.8%*	-322.4	-321.5	*0.3%*
Selling expenses	-55.8	-64.3	*-13.2%*	-58.2	*-4.1%*	-175.4	-189.8	*-7.6%*
General and administrative expenses	-60.6	-59.6	*1.7%*	-48.5	*24.9%*	-164.4	-157.4	*4.4%*
Losses due to non-recoverable assets	-3.6	-0.5	*620.0%*	5.0	-	-2.4	-1.1	*118.2%*
Other operating income	21.4	5.7	*275.4%*	6.5	*229.2%*	31.3	41.3	*-24.2%*
Other operating expenses	-4.2	-1.3	*223.1%*	-3.4	*23.5%*	-10.0	-13.2	*-24.2%*
Equity from results of subsidiaries and affiliates	-0.6	-1.1	*-45.5%*	-0.1	*500.0%*	-1.4	-1.4	*0.0%*
Profit before financial income (expenses) and taxes	**61.3**	**173.0**	***-64.6%***	**73.3**	***-16.4%***	**190.7**	**604.7**	***-68.5%***
Financial result	-22.3	-20.6	*8.3%*	4.5	-	-17.9	-21.7	*-17.5%*
Financial income	25.3	49.5	*-48.9%*	47.4	*-46.6%*	115.5	281.5	*-59.0%*
Financial expenses	-47.6	-70.1	*-32.1%*	-42.9	*11.0%*	-133.4	-303.3	*-56.0%*
Earnings (loss) before taxes	**39.0**	**152.4**	***-74.4%***	**77.8**	***-49.9%***	**172.8**	**582.9**	***-70.4%***
Income tax and social contribution	-13.7	-48.5	*-71.8%*	-28.2	*-51.4%*	-62.0	-181.8	*-65.9%*
Current	-14.0	-36.3	*-61.4%*	-28.7	*-51.2%*	-66.4	-137.1	*-51.6%*
Deferred	0.2	-12.3	-	0.5	*-60.0%*	4.4	-44.7	-
Net income (loss) from continued operations	**25.3**	**103.8**	***-75.6%***	**49.5**	***-48.9%***	**110.8**	**401.2**	***-72.4%***
Net income (loss) from discontinued operations	0.7	-0.7	-	-0.7	-	-0.5	-2.2	*-77.3%*
Consolidated net income (loss) for the period	**26.0**	**103.1**	***-74.8%***	**48.9**	***-46.8%***	**110.3**	**399.0**	***-72.4%***
Attributed to shareholders of the parent company	26.0	103.1	*-74.8%*	48.9	*-46.8%*	110.3	295.8	*-62.7%*
Earnings per share (R$/share)								
Basic earnings per share								
Common shares (ON)	*0.2053*	*0.7181*	*-71.4%*	*0.3859*	*-50.0%*	*0.8707*	*3.1564*	*-72.4%*
Preferred shares (PN)	*0.2053*	*0.9220*	*-77.7%*	*0.3858*	*-50.0%*	*0.8707*	*3.4564*	*-74.8%*
Diluted earnings per share								
Common shares (ON)	*0.2053*	*0.7181*	*-71.4%*	*0.3859*	*-50.0%*	*0.8707*	*3.1564*	*-72.4%*
Preferred shares (PN)	*0.2051*	*1.0348*	*-80.2%*	*0.3853*	*-50.0%*	*0.8699*	*3.4477*	*-74.8%*

ASSETS

R$ million	09/30/23	12/31/22	% Chg.
Total Assets	**2,170.6**	**2,276.2**	***-4.6%***
Current assets	**1,275.9**	**1,467.6**	***-13.1%***
Cash and cash equivalents	48.3	201.2	*-76.0%*
Cash and banks	33.8	178.6	*-81.1%*
Highly-liquid short-term investments	14.5	22.6	*-35.8%*
Marketable securities	93.1	105.5	*-11.8%*
Accounts receivable	275.0	352.4	*-22.0%*
Inventories	683.6	630.4	*8.4%*
Recoverable taxes	68.8	37.0	*85.9%*
Prepaid expenses	13.1	41.9	*-68.7%*
Other current assets	93.9	99.0	*-5.2%*
Non-current assets	**894.8**	**808.6**	***10.7%***
Long-term receivables	193.4	165.7	*16.7%*
Financial investments at amortized cost	0.0	21.9	-
Deferred taxes	65.3	60.9	*7.2%*
Receivables from related-party	11.9	0.0	-
Other non-current assets	116.2	82.9	*40.2%*
Investments	5.4	4.4	*22.7%*
Stake in jointly-controlled subsidiaries	5.4	4.2	*28.6%*
Other investments	0.0	0.2	*-100.0%*
Property, plant and equipment	558.8	512.7	*9.0%*
Fixed assets in operation	393.9	353.0	*11.6%*
Fixed assets in progress	165.0	159.7	*3.3%*
Intangible assets	137.1	125.8	*9.0%*

LIABILITIES

R$ million	09/30/23	12/31/22	% Chg.
Total Liabilities and Equity	**2,170.6**	**2,276.2**	***-4.6%***
Current Liabilities	**788.1**	**998.7**	***-21.1%***
Social and labor obligations	60.9	66.9	*-9.0%*
Social obligations	5.8	6.9	*-15.9%*
Labor obligations	55.1	60.0	*-8.2%*
Suppliers	115.6	112.2	*3.0%*
Local suppliers	63.5	69.3	*-8.4%*
Foreign suppliers	52.0	42.9	*21.2%*
Taxes payable	78.1	86.8	*-10.0%*
Federal Taxes payable	75.8	80.9	*-6.3%*
Income tax and social contribution payable	15.5	16.3	*-4.9%*
Other taxes	60.3	64.6	*-6.7%*
State tax payable	2.2	5.8	*-62.1%*
Municipal tax payable	0.1	0.1	*0.0%*
Loans and financing	400.2	393.0	*1.8%*
In local currency	0.5	1.8	*-72.2%*
In foreign currency	399.8	391.1	*2.2%*
Debentures	0.0	0.0	-
Other accounts payable	56.5	258.4	*-78.1%*
Dividends and interest on equity payable	0.1	164.1	*-99.9%*
Derivative financial instruments	0.0	0.0	-
Advances from customers	20.7	38.9	*-46.8%*
Legal settelements to be paid	0.0	0.0	-
Other payables	35.8	55.3	*-35.3%*
Provisions	69.7	71.6	*-2.7%*
Provisions for tax	48.1	48.0	*0.2%*
Provisions for social security and labor risks	5.1	6.7	*-23.9%*
Provisions for civil risks	5.7	5.9	*-3.4%*
Other provisions	10.8	11.0	*-1.8%*
Liabilities on assets of discontinued operations	7.1	9.7	*-26.8%*
Noncurrent Liabilities	**274.5**	**253.3**	***8.4%***
Loans and financing	101.5	95.3	*6.5%*
In local currency	36.2	1.8	*1911.1%*
In foreign currency	65.2	93.4	*-30.2%*
Debentures	0.0	0.0	-
Other accounts payable	93.6	80.1	*16.9%*
Related-party liabilities	1.9	1.8	*5.6%*
Provision for unsecured liabilities	0.3	0.0	-
Taxes payable	15.2	22.6	*-32.7%*
Suppliers	10.2	12.6	*-19.0%*
Rents	0.0	0.0	-
Other accounts payable	65.9	43.1	*52.9%*
Deferred taxes	16.5	16.7	*-1.2%*
Provisions	62.9	61.1	*2.9%*
Provisions for tax	1.4	2.7	*-48.1%*
Provisions for social security and labor	40.9	37.5	*9.1%*
Provisions for civil risks	15.8	15.9	*-0.6%*
Other provisions	4.8	5.0	*-4.0%*
Liabilities on assets of discontinued operations	0.0	0.0	-
Consolidated Shareholders' Equity	**1,108.1**	**1,024.2**	***8.2%***
Share Capital	367.9	367.9	*0.0%*
Capital reserves	-14.3	-21.4	*-33.2%*
Disposal of subscription warrants	9.9	9.9	*0.0%*
Stock options granted	21.4	14.1	*51.8%*
Capital transactions	-45.6	-45.3	*0.7%*
Retained earnings	451.6	464.3	*-2.7%*
Legal reserve	41.1	41.1	*0.0%*
Statutory reserve	292.0	0.0	-
Retained earnings reserve	0.0	304.7	-
Tax incentive reserve	118.5	118.5	*0.0%*
Proposed supplementary dividend	0.0	0.0	-
Accumulated earnings/losses	110.7	0.0	-
Equity valuation adjustments	44.1	44.5	*-0.9%*
Accumulated translation adjustments	148.1	168.9	*-12.3%*

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.

Inauguration of the first Taurus concept store

As an initiative to strengthen the Company’s direct relationship with its consumers in order to provide a unique experience for customers, on November 30, 2022, the AMTT Taurus Comercio Varejista Ltda. concept store was inaugurated in São Paulo, with 100% investment of Taurus Armas.

Taurus Armas’ store follows the same concept of store as the store of Taurus’ parent company (Companhia Brasileira de Cartuchos (CBC)), inaugurated in November 2021 in Brasília.

AMTT Taurus Comercio Varejista Ltda. offers a complete line of Taurus and CBC products, firearm and ammunition purchase services, technical assistance, shooting ranges, aftersales services, training courses, and segment-related activities.

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’s strategy for 2023 revolves around entirely transferring the 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.

Economic and Financial Restructuring

On July 18, 2018, the Company’s Management completed the renegotiation process and execution of the debt agreements with the Bank Syndicate (Banco do Brasil, Banco Santander, Banco Itaú and Banco Bradesco), as well as the renegotiation process of its third issue of public debentures with Banco Haitong.

The Transaction has the following collaterals: (i) collateral assignment of all shares of Taurus Helmets Indústria de Capacetes Ltda. (formerly Taurus Blindagens Ltda.) and Taurus Blindagens Nordeste Ltda. (“Collateral Assignment”); (ii) second degree mortgage on two properties located in Mandirituba, PR and two properties located in Porto Alegre, RS and first degree mortgage on a property located in São Leopoldo, RS (“Mortgage”); (iii) collateral assignment of receivables arising from all the funds resulting from the possible sale of the shares subject to the Collateral Assignment and the Mortgage, as well as rights inherent to the ownership of the Company’s restricted account to be opened for the purpose of receiving the funds; and (iv) pledge of Taurus International shares.

As an additional option to assist in the economic and financial restructuring, the Company maintains its strategy of:
(a) divestment of non-core assets, namely: the helmet operation (historically cost-effective and profitable), whose decision to sell and authorize the sale efforts was made by the Board of Directors in March 2018, in addition to extensive land in a prime residential area of Porto Alegre, where the Company’s former facilities were located; and
(b) sound restructuring plan, which is still in progress with some stages to be completed monitored by Management while other stages have been completed, conducted by a specialized consulting firm already hired.
This restructuring plan, which is in progress, showed positive results throughout 2018 with substantial improvements in 2019. The Company believes that it has obtained efficiency gains in 2020, such as greater reduction of production costs, increased production scale, better dilution of financial expenses, considerable improvement of its product quality

and strengthening of its processes, and it also expects to continue bringing gains over the next years, in particular for its new plant in Bainbridge, Georgia, in the United States.

Debt Renegotiation
On June 8, 2020, the Board of Directors authorized the Company, in an extraordinary meeting, to enter into with the Bank Syndicate a waiver extending the debt repayment maturity until August 31, 2020. During this period, the parties renegotiated the terms of the current agreement for amendment in line with the pandemic scenario. This amendment to the agreement allowed the Company to dilute the principal repayment installments in its cash flow.

On August 10, 2020, the amendments to the agreement relating to the new payment terms and conditions of the obligations to the Bank Syndicate were entered into, which contemplate the rescheduling of the payment of the principal that would mature in June 2020, which decreased from 15.07% to 0.29%, whereas the December 2022 installment decreased from 63.81% to 60.00%. These two adjustments were diluted between the installments due from June 2020 and November 2022. There was a 0.50% annual prospective increase in the bank spread rate. Collaterals also include the pledge of the shares issued by subsidiary Taurus USA.

The table below shows the repayment installments in percentages, after the last renegotiation:

REPAYMENT SYSTEM BEFORE RENEGOTIATION	REPAYMENT SYSTEM AFTER RENEGOTIATION - 07.31.2018	REPAYMENT SYSTEM AFTER WAIVER RENEGOTIATION - JUNE 2020
PPEs and DEBENTURES, BANKS BRADESCO, BRASIL, SANTANDER, ITAÚ, HAITONG.	**PPEs and DEBENTURES, BANKS BRADESCO, BRASIL, SANTANDER, ITAÚ, HAITONG.**	**PPEs and DEBENTURES, BANKS BRADESCO, BRASIL, SANTANDER, ITAÚ, HAITONG.**
23.07% OF THE DEBT IN 2018	10.71% OF THE DEBT IN 2019	
30.76% OF THE DEBT IN 2019	15.90% OF THE DEBT IN 2020	
30.76% OF THE DEBT IN 2020	2.80% OF THE DEBT IN 2021	14.03% OF THE DEBT IN 2021
15.41% OF THE DEBT IN 2021	70.59% OF THE DEBT IN 2022	76.33% OF THE DEBT IN 2022

On October 28, 2022, the Company fully settled the outstanding debenture balance and, on November 9, 2022, it carried out the last mandatory extraordinary amortization upon exercise of the subscription warrant, with the other Creditors from the Bank Syndicate.

On December 21, 2022, the Banks' Syndicated transaction and sharing of collaterals were terminated. The remaining debt balance, which accounted for 9.64% of the initial debt, was renegotiated between the Company and the Creditors and the transactions were amended providing for new terms, collaterals and categories, individually with each Creditor. For further information on this negotiation, see note 18.

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 18.

2. Presentation of interim financial information

2.1. Basis of preparation

a) Statement of compliance
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 presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR), 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 September 30, 2023 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 September 30, 2023 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, 2022 were reviewed by the Audit Committee, and approved by the Company's Board of Directors on March 20, 2023, which are being presented herein as the comparative period.

b) Management statement

The Company's Management asserts that all relevant information for the individual and consolidated interim financial information as at September 30, 2023, and only this information, is disclosed and that it corresponds to the information used in managing the Company.

This individual and consolidated interim financial information was approved by the Company's Board of Directors and authorized for issue on November 1, 2023.

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 September 30 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	2023	2022
Taurus Helmets Indústria de Capacetes Ltda. (*)	Brazil	**100.00%**	**100.00%**
Taurus Blindagens Nordeste 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 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, 14 - Assets held for sale (impairment), 16 - Property, plant and equipment (impairment), 17 - Intangible assets (impairment), 22 - 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.

Assets held for sale, 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 or material and/or urgent efforts to realize its held-for-sale assets.

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 September 30, 2023 was prepared in accordance with Brazilian accounting standard 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 for the quarter ended September 30, 2023 are the same accounting policies used to prepare the annual financial statements for the year ended December 31, 2022.

The individual and consolidated interim financial information contained in the Quarterly 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, 2022, approved by the Company’s Management on March 20, 2023.

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, the statement of value added is presented as supplemental information for purposes of the IFRS, without prejudice to the set of financial statements. 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 annual 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 September 30, 2023, 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.

Derecognition of financial assets
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 financial information, the Company has the following non-derivative financial liabilities: borrowings and financing, and trade payables, all classified and measured at amortized cost.

Derecognition of financial liabilities
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 financial statements.

(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) New effective standards, interpretations and revised standards
The main new standards or amendments to standards and interpretations effective for annual periods beginning on or after January 1, 2023 and adopted by the Company are as follows:

(i) **IFRS 17 (CPC 50) - Insurance Contracts**
This standard sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 (CPC 11) - Insurance Contracts.

(ii) **Amendments to IFRS 10 (CPC 36 (R3)) and IAS 28 (CPC 18 (R2)): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
In case of sale or contribution of assets between an investor and its associate or joint venture, the transaction effect would only be recognized in profit or loss to the extent the transaction is conducted with an unrelated third party. These amendments are effective for periods beginning on or after January 1, 2023.

(iii) **Amendments to IAS 1 (CPC 26 (R1)) and IFRS Practice Statement 2 - Disclosure of Accounting Policies**
The amendments change the requirements set out in IAS 1 (CPC 26 (R1)) as regards the disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information".

(iv) **Amendments to IAS 8 (CPC 23) - Definition of Accounting Estimates**
Applicable to annual reporting periods beginning on or after January 1, 2023. The amendment replaces the "definition of a change in accounting estimates" with a "definition of accounting estimates". Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

(v) **Amendments to IAS 12 (CPC 32) - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**
Applicable to annual reporting periods beginning on or after January 1, 2023. The amendments provide a further exception from the initial recognition exemption. According to the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The main new standards or amendments to standards and interpretations not yet effective and not adopted by the Company are as follows:

(i) **Amendment to IAS 1 (CPC 26 (R1)) – Classification of Liabilities as Current or Non-current**
This standard will come 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 will come 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 will come into effect beginning January 1, 2024.

Management performed its assessment and did not identify any significant impacts arising from the adoption of those standards on the Company's interim financial information.

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.

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. Information about the plan is described in note 27.
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) **Stock grant plan (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.

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

d) Leases
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.

e) Statement of cash flows
The statement of cash flows is prepared in accordance with IAS 7 / CPC 3 (R2) – Statement of Cash Flows, using the indirect method. The Company classifies as cash and cash equivalents the balances that meet the requirements mentioned in note 7.
The cash flows are presented in the statement of cash flows as operating activities, investing activities and financing activities, based on Management's assessment regarding the nature of the cash flows in relation to the Company's business.
Investing and financing transactions that do not involve the use of cash or cash equivalents are excluded from the statement of cash flows and are presented separately.

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 September 30, 2023, the maximum credit risk exposure was as follows:

		Consolidated		Parent
	09-30-2023	**12-31-2022**	**09-30-2023**	**12-31-2022**
Fair value through profit or loss				
Cash and cash equivalents	**48,293**	201,219	**41,022**	107,155
Amortized cost				
Trade receivables	**274,969**	352,437	**112,532**	224,150
Short-term investments and restricted account	**93,149**	127,475	**71,927**	113,941
Other receivables	**15,456**	3,323	**131,961**	101,565
Total	**431,867**	684,454	**357,442**	546,811

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
	09-30-2023	**12-31-2022**	**09-30-2023**	**12-31-2022**
Domestic – trade receivables	**64,754**	216,732	**43,150**	196,585
United States – trade receivables	**188,214**	118,351	**37,591**	1,242
Other	**40,174**	33,824	**38,619**	32,117
Total	**293.142**	368.907	**119.360**	229.944

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

		Consolidated		Parent
	09-30-2023	**12-31-2022**	**09-30-2023**	**12-31-2022**
Trade receivables – public bodies	**10,962**	26,948	**10,962**	26,948
Trade receivables – distributors	**210,381**	251,560	**63,752**	138,238
Final customers	**71,799**	90,399	**44,646**	64,758
Total	**293,142**	368,907	**119,360**	229,944

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 September 30, 2023, the aging list of trade receivables and the allowance for expected credit losses are as follows:

						Consolidated
			09-30-2023			12-31-2022
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	**250,488**	**(2,952)**	**1.2%**	**311,047**	**(2,590)**	**0.8%**
0-30 days past due	**7,046**	**(281)**	**4.0%**	**21,980**	**(497)**	**2.3%**
31-60 days past due	**11,468**	**(2,242)**	**19.6%**	**5,223**	**(125)**	**2.4%**
61-90 days past due	**4,259**	**(887)**	**20.8%**	**5,198**	**(679)**	**13.1%**
91-180 days past due	**1,943**	**(230)**	**11.8%**	**6,089**	**(1,528)**	**25.1%**
181-360 days past due	**3,649**	**(1,467)**	**40.2%**	**3,566**	**(1,190)**	**33.4%**
Over one year past due	**14,289**	**(10,114)**	**70.8%**	**15,804**	**(9,861)**	**62.4%**
Total	**293,142**	(18,173)		**368,907**	(16,470)	

						Parent
			09-30-2023			12-31-2022
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	**51,466**	**(1,130)**	**2.2%**	**211,379**	**(1,454)**	**0.7%**
0-30 days past due	**39,646**	**(235)**	**0.6%**	**277**	**(247)**	**89.2%**
31-60 days past due	**11,555**	**(2,225)**	**19.3%**	**99**	**(42)**	**42.4%**
61-90 days past due	**3,887**	**(871)**	**22.4%**	**3,291**	**(631)**	**19.2%**
91-180 days past due	**1,989**	**(190)**	**9.6%**	**6,017**	**(1,500)**	**24.9%**
181-360 days past due	**3,580**	**(1,267)**	**35.4%**	**6,484**	**(1,020)**	**15.7%**
Over one year past due	**7,237**	**(910)**	**12.6%**	**2,397**	**(900)**	**37.5%**
Total	**119,360**	(6,828)		**229,944**	(5,794)	

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
						09-30-2023
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities						
Trade payables	125,779	127,149	115,735	8,195	3,219	-
Borrowings and financing	112,462	139,151	23,381	3,572	74,115	38,083
Foreign currency advances	389,265	419,178	410,157	9,021	-	-
	627,506	**685,478**	**549,273**	**20,788**	**77,334**	**38,083**

						Parent
						09-30-2023
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities						
Trade payables	72,438	73,808	62,394	8,195	3,219	-
Borrowings and financing	58,409	78,425	23,381	3,572	13,389	38,083
Foreign currency advances	389,265	419,178	410,157	9,021	-	-
	520,112	**571,411**	**495,932**	**20,788**	**16,608**	**-**

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 September 30, 2023, 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 as at September 30, 2023 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	**5.0000**	3.7500	2.5000
US dollar	Increase	**5.0000**	6.2500	7.5000

Consolidated

		Balance in 2023 – in US dollar	Variation by +/- 25%	Variation by +/- 50%
Asset – US dollar depreciation				
Trade receivables	US dollar – US$	**45,608**	(57,010)	(114,021)
		Balance in 2023 – in US dollar	**Variation by +/- 25%**	**Variation by +/- 50%**
Liability – US dollar appreciation				
Borrowings and financing	US dollar – US$	**(15,128)**	(18,911)	(37,821)
Trade payables	US dollar – US$	**(10,392)**	(12,990)	(25,981)
Foreign currency advances	US dollar – US$	**(77,735)**	(97,169)	(194,337)

Parent

		Balance in 2023 – in US dollar	Variation by +/- 25%	Variation by +/- 50%
Asset – US dollar depreciation				
Trade receivables	US dollar – US$	**15,219**	(19,024)	(38,047)
		Balance in 2023 – in US dollar	**Variation by +/- 25%**	**Variation by +/- 50%**
Liability – US dollar appreciation				
Borrowings and financing	US dollar – US$	**(4,334)**	(5,418)	(10,836)
Trade payables	US dollar – US$	**(1,795)**	(2,243)	(4,487)
Foreign currency advances	US dollar – US$	**(77,735)**	(97,169)	(194,337)

(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 September 30, 2023 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 09-30-2023**	**Variation by +/- 25%**	**Variation by +/- 50%**
CDI - decrease	12.65%	9.49%	6.33%
CDI - increase	12.65%	15.81%	18.98%
TJLP - increase	7.00%	8.75%	10.50%
SOFR day - increase	5.31%	6.64%	7.97%
6-month SOFR – decrease	5.17%	3.87%	2.58%

				Consolidated Gain (loss)
	Index	**Balance 09-30-2023**	**Variation by +/- 25%**	**Variation by +/- 50%**
Assets				
Short-term investments	CDI - decrease	107,676	(3,403)	(6,805)
Intragroup loans	6-month SOFR – decrease	11,935	(155)	(309)
	Index	**Balance 09-30-2023**	**Variation by +/- 25%**	**Variation by +/- 50%**
Liabilities				
Intragroup borrowings	CDI - increase	(1,946)	(61)	(123)
Borrowings	CDI - increase	(826)	(26)	(52)
Borrowings	TJLP - increase	(35,879)	(628)	(1,256)
Borrowings	SOFR day - increase	(54,053)	(719)	(1,438)

				Parent Gain (loss)
	Index	**Balance 09-30-2023**	**Variation by +/- 25%**	**Variation by +/- 50%**
Assets				
Short-term investments	CDI - decrease	83,252	(2,631)	(5,262)
Intragroup loans	CDI - decrease	106,505	(3,366)	(6,731)
Intragroup loans - abroad	6-month SOFR – decrease	11,935	(155)	(309)
	Index	**Balance 09-30-2023**	**Variation by +/- 25%**	**Variation by +/- 50%**
Liabilities				
Intragroup borrowings	CDI - increase	(59,539)	(1,881)	(3,769)
Borrowings	CDI - increase	(826)	(26)	(52)
Borrowings	TJLP - increase	(35,879)	(628)	(1,256)

(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
	09-30-2023	**12-31-2022**
Total liabilities	**1,062,562**	1,251,942
Less: Cash and cash equivalents and short-term investments	**(141,442)**	(328,694)
Net debt (A)	**921,120**	923,248
Total equity (B)	**1,108,072**	1,024,231
Net debt-to-equity ratio as at September 30, 2023 and December 31, 2022 (A/B)	0.83	0.90

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 financial expenses 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	
	09-30-2023	09-30-2022	**09-30-2023**	09-30-2022	**09-30-2023**	09-30-2022	**09-30-2023**	09-30-2022
Foreign revenue	**1,274,597**	1,853,010	**73,225**	76,971	**15,015**	12,146	**1,362,837**	1,942,127
Intercompany revenue	**629,817**	688,130	**-**	-	**7,730**	7,195	**637,547**	695,325
Cost of sales	**(790,852)**	(952,388)	**(48,396)**	(52,993)	**(10,535)**	(10,546)	**(849,783)**	(1,015,927)
Gross profit	**1,113,562**	1,588,752	**24,829**	23,978	**12,210**	8,795	**1,150,601**	1,621,525
Selling expenses	**(160,815)**	(179,160)	**(15,432)**	(15,436)	**(1,498)**	(483)	**(177,745)**	(195,079)
General and administrative expenses	**(138,288)**	(131,003)	**(4,776)**	(5,343)	**(6,765)**	(2,187)	**(149,829)**	(138,533)
Depreciation and amortization	**(13,074)**	(13,053)	**(139)**	(206)	**(1,443)**	(1,333)	**(14,656)**	(14,592)
Other operating income (expenses), net	**6,847**	28,622	**8,259**	989	**6,148**	(1,485)	**21,254**	28,126
Equity in earnings (losses)	**(1,294)**	(240)	**-**	-	**(132)**	(1,209)	**(1,426)**	(1,449)
	(306,624)	(294,834)	**(12,088)**	(19,996)	**(3,690)**	(6,697)	**(322,402)**	(321,527)
Operating profit	**806,938**	1,293,918	**12,741**	3,982	**8,520**	2,098	**828,199**	1,299,998
Financial income	**112,233**	279,122	**2,418**	1,460	**814**	954	**115,465**	281,536
Financial expenses	**(130,766)**	(296,866)	**(1,394)**	(1,473)	**(1,202)**	(4,935)	**(133,362)**	(303,274)
Financial income (expenses), net	**(18,533)**	(17,744)	**1,024**	(13)	**(388)**	(3,981)	**(17,897)**	(21,738)
Profit (loss) from the reportable segment before income tax and social contribution	**788,405**	1,276,174	**13,765**	3,969	**8,132**	(1,883)	**810,302**	1,278,260
Elimination of intercompany revenue	**(629,817)**	(688,130)	**-**	-	**(7,730)**	(7,195)	**(637,547)**	(695,325)
Profit (loss) before income tax and social contribution	**158,588**	588,044	**13,765**	3,969	**402**	(9,078)	**172,755**	582,935
Income tax and social contribution	**(56,083)**	(180,809)	**(4,250)**	(782)	**(1,671)**	(175)	**(62,004)**	(181,766)
Profit (loss) from discontinued operations	**-**	-	**(491)**	(2,218)	**-**	-	**(491)**	(2,218)
Profit (loss) for the period	**102,505**	407,235	**9,024**	969	**(1,269)**	(9,253)	**110,260**	398,951
Assets from reportable segments	**1,819,968**	2,030,027	**127,167**	117,231	**223,499**	193,644	**2,170,634**	2,340,902
Liabilities from reportable segments	**1,002,312**	1,194,168	**24,678**	26,959	**35,572**	36,156	**1,062,562**	1,257,283

Geographic information

The information on net revenue below is based on the customer geographic location.

	Firearms		Helmets	
	09-30-2023	**09-30-2022**	**09-30-2023**	**09-30-2022**
Domestic market				
Southeast Region	**115,721**	476,859	**23,001**	26,709
South Region	**10,817**	47,161	**4,742**	5,686
Northeast Region	**7,396**	14,869	**20,977**	19,373
Midwest Region	**2,934**	12,364	**13,664**	13,218
North Region	**6,180**	12,727	**10,399**	11,734
	143,048	563,980	**72,783**	76,720
Foreign market				
United States	**1,052,766**	1,193,595	**442**	251
South Africa	**6,356**	7,692	**-**	-
Germany	**1,624**	1,321	**-**	-
Saudi Arabia	**946**	-	**-**	-
Argentina	**581**	1,695	**-**	-
Australia	**224**	341	**-**	-
Bulgary	**637**	-	**-**	-
Burkina Faso	**4,608**	1,270	**-**	-
Chile	**970**	861	**-**	-
Singapore	**567**	593	**-**	-
El Salvador	**627**	1,516	**-**	-
Spain	**39**	348	**-**	-
Ecuador	**3,761**	-	**-**	-
Philippines	**9,877**	12,985	**-**	-
France	**3,037**	1,384	**-**	-
Ghana	**17**	3,038	**-**	-
Guatemala	**9,940**	12,950	**-**	-
Guiana	**1,435**	1,091	**-**	-
Honduras	**9,330**	-	**-**	-
India	**992**	-	**-**	-
Israel	**4,987**	730	**-**	-
Italy	**208**	1,066	**-**	-
Jordan	**506**	-	**-**	-
Lesotho	**392**	-	**-**	-
Lebanon	**1,097**	2,447	**-**	-
North Macedonia	**257**	232	**-**	-
Madagascar	**103**	234	**-**	-
Mexico	**2,099**	-	**-**	-
Mozambique	**444**	357	**-**	-
Namibia	**299**	208	**-**	-
Panama	**490**	581	**-**	-
Pakistan	**1,821**	11,503	**-**	-
Peru	**3,507**	4,436	**-**	-
Poland	**730**	2,634	**-**	-
Dominican Republic	**-**	2,922	**-**	-
Czech Republic	**787**	2,324	**-**	-
Senegal	**586**	1,158	**-**	-
Serbia	**-**	217	**-**	-
Sri Lanka	**1,969**	-	**-**	-
Thailand	**1,097**	1,955	**-**	-
Turkey	**7**	12,261	**-**	-
Ukraine	**-**	1,386	**-**	-
Uruguay	**721**	488	**-**	-
Zambia	**377**	469	**-**	-
Other countries	**731**	742	**-**	-
	1,131,549	1,289,030	**442**	251
Total net revenue	**1,274,597**	1,853,010	**73,225**	76,971

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 24. Approximately 82.60% 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	
	09-30-2023	**12-31-2022**	**09-30-2023**	**12-31-2022**
Cash	**188**	122	**80**	85
Unsettled exchange bills (*)	**29,569**	90,605	**29,473**	90,472
Demand deposits	**4,009**	87,880	**144**	498
Short-term investments	**14,527**	22,612	**11,325**	16,100
Cash and cash equivalents	**48,293**	201,219	**41,022**	107,155

(*) 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 3% and 75% 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 adjusted to fair value, 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	**09-30-2023**	**12-31-2022**	**09-30-2023**	**12-31-2022**
Bank certificates of deposit (CDBs)	98% to 107% of CDI	**93,149**	127,475	**71,927**	113,941
Total		**93,149**	**127,475**	**71,927**	**113,941**
Current		**93,149**	105,544	**71,927**	92,010
Noncurrent		**-**	21,931	**-**	21,931

9. Trade receivables

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

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

	Consolidated		Parent	
	09-30-2023	**12-31-2022**	**09-30-2023**	**12-31-2022**
Domestic customers	**64,754**	216,732	**43,150**	196,585
Foreign customers	**228,388**	152,175	**76,210**	33,359
	293,142	368,907	**119,360**	229,944
Allowance for expected loss on doubtful debts – domestic receivables	**(9,007)**	(9,504)	**(1,073)**	(1,693)
Allowance for expected loss on doubtful debts – foreign receivables	**(9,166)**	(6,966)	**(5,755)**	(4,101)
	(18,173)	(16,470)	**(6,828)**	(5,794)
	274,969	352,437	**112,532**	224,150

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, 2022	**(16,470)**	**(5,794)**
Additions	**(12,139)**	**(9,554)**
Reversal of allowance for expected credit losses	**9,734**	**8,312**
Exchange rate changes	**702**	**208**
Balance as at September 30, 2023	**(18,173)**	**(6,828)**

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	
	09-30-2023	12-31-2022	09-30-2023	12-31-2022
Finished products	**436,066**	272,570	**49,761**	48,596
Raw material	**238,933**	336,748	**226,685**	263,394
Work in process	**4,475**	10,307	**-**	320
Inventory advances	**17,463**	26,135	**17,070**	25,715
Allowance for inventory losses	**(13,359)**	(15,370)	**(4,882)**	(6,215)
	683,578	630,390	**288,634**	331,810

Variation in the allowance for inventory losses	Consolidated	Parent
Balance as at December 31, 2022	**(15,370)**	**(6,215)**
Addition	**(908)**	**(888)**
Reversal	**886**	**539**
Definitive write-offs	**1,714**	**1,682**
Exchange rate changes	**319**	**-**
Balance as at September 30, 2023	**(13,359)**	**(4,882)**

11. Recoverable taxes

	Consolidated		Parent	
	09-30-2023	12-31-2022	09-30-2023	12-31-2022
State VAT (ICMS)	**28,244**	25,975	**27,133**	24,424
Federal VAT (IPI)	**1,307**	4,856	**983**	3,428
Tax on revenue (PIS)	**7,212**	813	**4,320**	515
Tax on revenue (COFINS)	**32,085**	2,849	**18,916**	1,637
Income tax and social contribution	**14,265**	17,402	**7,282**	7,318
Other	**714**	320	**52**	52
Total	**83,827**	52,215	**58,686**	37,374
Current	**68,813**	37,039	**44,235**	22,939
Noncurrent	**15,014**	15,176	**14,451**	14,435

12. Other assets

	Consolidated		Parent	
	09-30-2023	12-31-2022	09-30-2023	12-31-2022
Advances to suppliers	**4,593**	1,854	**3,526**	1,258
Advances to employees	**3,255**	7,114	**2,497**	6,568
Advances for foreign bids	**5,222**	7,224	**5,222**	7,224
Escrow deposits	**66,413**	57,839	**64,502**	55,982
Disposal of assets receivable – Sale and leaseback (i)	**37,733**	8,289	**-**	-
Intragroup loans	**1,124**	910	**11,206**	12,682
Credits receivable - Eletrobrás	**-**	9,015	**-**	5,059
Other receivables	**9,703**	6,501	**3,358**	3,353
Total	**128,043**	98,746	**90,311**	92,126
Current	**26,831**	31,003	**25,538**	35,519
Noncurrent	**101,212**	67,743	**64,773**	56,607

(i) In connection with the change of the head office of subsidiary Taurus Holdings Inc.("TIMI") from Miami-Florida/USA to Bainbridge-Geórgia/USA, in 2019, TIMI has entered into an agreement with the Decatour County, Bainbridge, Georgia, USA ("Georgia Authority/USA"), whereby it is 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, TIMI 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 sole maturity on December 1, 2034. The conf is acquired through the acquisition of fixed assets by TIMI, which are concurrently assigned to the Georgia Authority. On the same date, the parties entered into a lease agreement, whereby the Georgia Authority leases back the same fixed assets to TIMI. The lease price payable by TIMI is deducted from the amounts receivable from the bond acquisition, therefore, no disbursement or effective receipt is necessary by any of the parties. Up to September 30, 2023, the total amount of the fixed assets assigned to the Georgia Authority related to this transaction is R$37.7 million (US$7.5 million). The amounts related to the right of use of the assets and lease liabilities are shown in notes 16 and 19, respectively.

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 financial statements. Deferred income tax and social contribution are determined based on the tax rates and tax laws in effect at the date the financial statements are prepared.

a) Breakdown of impacts on deferred tax assets and liabilities

	Consolidated		Parent	
	09-30-2023	**12-31-2022**	**09-30-2023**	**12-31-2022**
On income tax and social contribution losses				
Income tax loss	3,666	3,841	-	-
Social contribution loss	1,322	1,385	-	-
On temporary differences – assets				
Other allowances, provisions and accruals	10,749	8,879	1,411	258
Realization of revaluation reserve	1,895	1,879	599	584
Allowance for inventory losses	3,728	5,326	1,660	2,113
Accrued profit sharing	5,906	9,521	3,121	6,546
Accrued commissions	1,164	1,605	1,030	1,417
Provision for civil, labor and tax risks	19,582	20,799	19,025	19,392
Provision for warranty	3,836	3,937	2,108	2,137
Provision for uncollectible receivables	3,419	2,845	2,491	1,970
Financial provisions	935	967	935	967
Tax provisions	3,474	2,497	2,089	1,954
Unrealized profit with related parties	25,512	13,696	-	-
Total deferred assets	**85,188**	**77,177**	**34,469**	**37,338**
On temporary differences - liabilities				
Goodwill on expected future earnings	(11,855)	(12,220)	-	-
Fair value of investment property	(20,289)	(20,840)	-	-
Tax provisions	(4,256)	-	-	-
Total deferred liabilities	**(36,400)**	**(33,060)**	**-**	**-**
Deferred asset balances	**65,265**	60,855	**34,469**	37,338
Deferred liability balances	**(16,477)**	(16,738)	**-**	-

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	44,117	37,338
Allocated to profit or loss	4,410	(2,869)
Translation adjustments into the presentation currency	260	-
Closing balance of deferred taxes, net	**48,787**	**34,469**

The amount of income tax and social contribution losses on which no deferred taxes are recognized total R$325.8 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 September 30, 2023, 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 09/30/2023	14,664	14,688	3,666	1,322	4,988
In 2023	(3,980)	(3,978)	(995)	(358)	(1,353)
In 2024	(2,728)	(2,722)	(682)	(245)	(927)
In 2025	(2,660)	(2,656)	(665)	(239)	(904)
In 2026-2030	(5,296)	(5,333)	(1,324)	(480)	(1,804)

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

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

		Consolidated		**Parent**
	09-30-2023	**09-30-2022**	**09-30-2023**	**09-30-2022**
Pretax profit (loss)	172,755	582,935	167,749	567,445
Income tax and social contribution at combined tax rates	(58,737)	(198,198)	(57,035)	(192,930)
Permanent additions				
Non-deductible expenses	(2,912)	(2,555)	(2,729)	(2,534)
PPR – Statutory and CLT officers	(1,281)	(1,232)	(1,281)	(1,232)
Insurance – Statutory and CLT officers	(37)	-	(37)	-
Share of loss of subsidiaries	(485)	(493)	(19,590)	(10,015)
Donations/sponsorship	(277)	(464)	(240)	(428)
Capital gain on property, plant and equipment	-	(89)	-	(89)
Permanent deductions				
Reintegra	239	232	239	232
Deemed ICMS grant	34	8,548	-	8,506
Interest on tax unduly paid	271	2,119	154	2,119
Share of profit of subsidiaries	-	-	22,499	27,341
Difference of tax rate of subsidiaries - deemed income	622	9,795	-	-
Other (additions)/deductions	559	571	531	537
Income tax and social contribution in profit or loss for the year	**(62,004)**	**(181,766)**	**(57,489)**	**(168,494)**
Current	(66,414)	(137,060)	(54,620)	(115,673)
Deferred	4,410	(44,706)	(2,869)	(52,821)
	(62,004)	(181,766)	**(57,489)**	(168,494)
Effective rate	36%	31%	34%	30%

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
				09-30-2023				**09-30-2022**
	Basis	**25%**	**9%**	**Total**	**Basis**	**25%**	**9%**	**Total**
Temporary differences								
Other allowances, provisions and accruals	262	66	24	90	265	66	24	90
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	3,291	823	296	1,119	3,534	884	318	1,202
Provision for warranty	1,468	367	132	499	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	325,768	81,442	29,319	110,761	315,645	78,911	28,408	107,319
	413,332	**103,334**	**37,199**	**140,533**	**403,455**	**100,864**	**36,310**	**137,174**

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.

The Company has been receiving proposals for the realization of these assets, but due to market conditions business are progressing slowly.

Carrying amount reconciliation

	Consolidated	
In thousands of reais	**09-30-2023**	**12-31-2022**
Buildings, land and improvements	51,390	51,390
Taurus Blindagens Nordeste – long-lived asset held for sale	15,716	16,644
Total held-for-sale noncurrent assets	**67,106**	**68,034**
Taurus Blindagens Nordeste – liability held for sale	7,062	9,711
Total held-for-sale liabilities	**7,062**	**9,711**

Buildings, land and improvements.

In 2016, Taurus Armas S.A. transferred the operation from the Industrial Plant located in the city of Porto Alegre, RS to the Industrial Plant located in the city of São Leopoldo, RS. As a result and taking into consideration the provisions of CPC 28 - Investment Property (IAS 40), the Company reclassified the items formerly classified as Property, plant and equipment to Investment Property.

In 2017, as approved by the Board of Directors, Taurus decided for the sale and availability for intermediation of these assets by market specialists. Accordingly, these properties were reclassified to ‘Assets held for sale’.

The fair value for impairment testing purposes was determined by outside independent real estate appraisers, with appropriate and recognized professional qualification, and recent experience in the location and category of the property that is being appraised.

Location: Avenida do Forte, nº 511 - Porto Alegre (RS)

Industrial complex, not occupied, with floor space of 18,600.00 m² in urban land and area of 29,900.00 m².

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 financial statements 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).

As at September 30, 2023, the group of assets and liabilities held for sale related to the helmet operation of Taurus Blindagens Nordeste Ltda was presented as shown in the table and comprised the following assets and liabilities:

Property, plant and equipment/Intangible assets	8,643
Trade and other receivables	7,073
Assets held for sale	**15,716**
Trade and other payables	7,062
Liabilities held for sale	**7,062**

The Company did not identify any impairment loss amounts to be recognized.

15. Investments

	Taurus Helmets Indústria de Capacetes Ltda.	Taurus Blindagens Nordeste Ltda.	Jindal Defence Systems Private Limited	Taurus Holdings, Inc.	T. Investments Co. Inc.	CBC Taurus Arabia Holding, LLC.	Taurus Investimentos Imobiliários Ltda.	Polimetal Metalurgia e Plásticos Ltda.	AMTT Taurus Comercio Varejista Ltda.	Taurus Máquinas-Ferramenta Ltda. (1)	Parent 09-30-2023	Parent 12-31-2022
Current assets	142,603	6,475	7,640	653,473	6	4,098	70,969	22,588	5,339	4,060		
Noncurrent assets	45,084	62,723	16,047	154,965	-	267	109,636	187,761	1,811	1,175		
Current liabilities	42,379	5,338	1,835	163,395	-	477	7,777	18,740	6,148	2,640		
Noncurrent liabilities	1,369	4,009	22,455	122,849	-	-	75,366	28,061	1,155	34,202		
Capital	73,855	9,400	211	1,626	55,084	6,954	53,292	211,452	1,300	293,639		
Equity	143,939	59,851	(603)	522,194	6	3,888	97,462	163,548	(153)	(31,607)		
Net revenue	73,225	-	64	1,052,766	-	-	7,728	12,757	1,737	-		
Profit (loss) for the period	11,540	4,388	(648)	26,402	-	(1,993)	(3,687)	10,984	(1,144)	(698)		
Number of shares	597	9,400	350,000	302,505	11,000,000	10,535	43,623,159	304,779,838	1,300,000	185,007,117		
Direct interest percentage (%)	0,00%	0,10%	49,00%	100,00%	100,00%	49,00%	81,86%	100,00%	100,00%	63,00%		
Opening balances	1	56	-	490,653	7	898	82,797	152,878	256	-	**727,546**	**683,822**
Capital payment	-	-	**109**	-	-	**1,951**	-	-	-	-	**2,060**	**2,739**
Capital payment	-	-	-	-	-	-	-	-	-	-	-	-
Share of profit (loss) of subsidiaries	-	**4**	**(317)**	**26,402**	-	**(977)**	**(3,018)**	**10,984**	**(1,145)**	**(440)**	**31,493**	**79,112**
Exchange differences arising on translating investments	-	-	**(90)**	**(20,711)**	**(1)**	**33**	-	-	-	-	**(20,769)**	**(28,117)**
Unrealized profit on inventories	-	-	-	**(22,838)**	-	-	-	-	**(99)**	-	**(22,937)**	**(8,282)**
Valuation adjustments to equity	-	-	-	-	-	-	-	**(312)**	-	-	**(312)**	**(2,741)**
Reclassified to provision for negative equity (1)	-	-	**298**	-	-	-	-	-	**988**	**440**	**1,726**	**1,013**
Closing balances	**1**	**60**	-	**473,506**	**6**	**1,905**	**79,779**	**163,550**	-	-	**718,807**	**727,546**

(1) The balances of investments of subsidiaries Jindal Defence Systems Private Limited (R$299), Taurus Máquinas-Ferramentas Ltda. (R$440) and AMTT Taurus Comercio Varejista Ltda. (R$988) are presented in line item “Provision for negative equity” in noncurrent liabilities.

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 financial statements 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 September 30, 2023:

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
BALANCE SHEET AS AT SEPTEMBER 30, 2023
In thousands of reais

Assets		**Liabilities**	
Current assets		**Current liabilities**	
Cash and cash equivalents	19	Trade payables	12,003
Trade receivables	5,141	Payroll and related taxes	295
Inventories	2,037	Taxes, fees and contributions	6,305
Recoverable taxes	3,583	Related parties	274
Other receivables	1,536	Other payables	1,159
	12,316		20,036
		Noncurrent liabilities	
Noncurrent assets		Deferred tax liabilities	27
Deferred tax assets	1,496	Provision for civil, labor and tax risks	5
Related parties – Financial loan	1,946	Related parties – Financial loan	1,048
Other receivables	20		1,080
	3,462	**Total liabilities**	21,116
		Equity	
		Capital	4,629
		Advance for future capital increase	7,075
		Accumulated losses	(4,821)
Property, plant and equipment	12,221	**Total equity**	6,883
Total assets	**27,999**	**Total liabilities and equity**	**27,999**

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
STATEMENT OF PROFIT OR LOSS AS AT SEPTEMBER 30, 2023
In thousands of reais

Revenue from sales and/or services	3,105
Cost of sales and/or services	(2,578)
General and administrative expenses	(813)
Other operating (expenses) income, net	(114)
Loss before financial income (expenses), net, share of profit (loss) of subsidiaries, and taxes	(400)
Financial income	187
Financial expenses	(27)
Financial income (expenses), net	160
Operating income before taxes	(240)
Income tax and social contribution	(21)
Income tax and social contribution - deferred	2
Loss for the period	(259)

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 SEPTEMBER 30, 2023
In thousands of reais

Assets		**Liabilities**	
Current assets		**Current liabilities**	
Cash and cash equivalents	3,931	Other payables	477
Prepaid expenses	167		477
	4,098	**Equity**	
		Capital	6,927
		Valuation adjustments to equity	27
		Accumulated losses	(3,066)
Property, plant and equipment	267	**Total equity**	3,887
Total assets	**4,365**	**Total liabilities and equity**	**4,365**

Companhia Brasileira de Cartuchos Taurus Arábia Holding, LLC.
STATEMENT OF PROFIT OR LOSS AS AT SEPTEMBER 30, 2023
In thousands of reais

General and administrative expenses	(1,993)
	(1,993)
Loss for the period	(1,993)

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 new plant's infrastructure is completed and ready to operate, only waiting for the final approval from the Indican government to begin production activities.

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 SEPTEMBER 30, 2023
In thousands of reais

Assets		**Liabilities**	
Current assets		**Current liabilities**	
Cash and cash equivalents	370	Trade payables	1,818
Trade receivables	-	Taxes, fees and contributions	16
Inventories	2,430	Other payables	1
Recoverable taxes	528		1,835
Advances to suppliers	3,706	**Noncurrent liabilities**	
Other receivables	606	Related parties – Financial loan	22,455
	7,640		22,455
		Total liabilities	24,290
		Equity	
Noncurrent assets		Capital	211
Advances for bids	16,047	Retained earnings	(814)
		Total equity	(603)
Total assets	**23,687**	**Total liabilities and equity**	**23,687**

Jindal Defence Systems Private Limited
STATEMENT OF PROFIT OR LOSS AS AT SEPTEMBER 30, 2023
In thousands of reais

Revenue from sales and/or services	64
Cost of sales and/or services	(272)
General and administrative expenses	(157)
Other operating (expenses) income, net	36
	(329)
Loss before financial income (expenses), net, share of profit (loss) of subsidiaries, and taxes	(329)
Financial income	612
Financial expenses	(932)
Financial income (expenses), net	(320)
Loss for the period	(649)

16. 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	27 years
Machinery and equipment	10 to 20 years
Dies and tools	5 years
Furniture	10 to 15 years
Other components	5 to 6 years

										Consolidated
Cost or deemed cost	**Land**	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Vehicles**	**Other**	**PP&E in progress**	**Advances to suppliers**	**Lease / right of use**	**Total**
Balance as at December 31, 2021	10,834	130,510	312,838	37,673	1,003	698	76,065	48,697	10,931	629,249
Additions	-	1,274	30,677	1,471	-	-	150,185	-	380	183,987
Write-offs	-	(29)	(20,282)	(2,301)	-	-	(106)	(16,001)	(11)	(38,730)
Transfers	-	30,105	37,076	(1,533)	-	-	(65,648)	-	-	-
Effect of changes in exchange rates	(229)	(1,930)	(4,714)	(879)	(31)	-	(752)	-	(711)	(9,246)
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	-	1,717	8,770	597	-	-	66,241	-	-	77,325
Write-offs	-	-	(25,954)	(159)	-	-	(1,317)	-	-	(27,430)
Transfers	17,256	15,683	(2,187)	4,269	-	-	(59,244)	(5,584)	29,807	-
Effect of changes in exchange rates	(132)	(1,128)	(3,459)	(719)	(19)	-	(112)	-	(400)	(5,969)
Balance as at September 30, 2023	**27,729**	**176,202**	**332,765**	**38,419**	**953**	**698**	**165,312**	**27,112**	**39,996**	**809,186**
Depreciation										
Balance as at December 31, 2021	-	(39,069)	(187,281)	(20,986)	(689)	(102)	-	-	(2,099)	(250,226)
Depreciation in the year	-	(5,575)	(17,296)	(2,640)	(59)	(140)	-	-	(2,001)	(27,711)
Write-offs	-	28	20,271	1,470	-	-	-	-	-	21,769
Effect of changes in exchange rates	-	212	2,412	836	24	-	-	-	125	3,609
Balance as at December 31, 2022	**-**	**(44,404)**	**(181,894)**	**(21,320)**	**(724)**	**(242)**	**-**	**-**	**(3,975)**	**(252,559)**
Depreciation in the period	-	(5,747)	(13,382)	(2,059)	(43)	(104)	-	-	(2,510)	(23,845)
Write-offs	-	-	22,996	68	-	-	-	-	-	23,064
Transfers	-	-	1,021	629	-	-	-	-	(1,650)	-
Effect of changes in exchange rates	-	600	1,631	578	15	-	-	-	172	2,996
Balance as at September 30, 2023	**-**	**(49,551)**	**(169,628)**	**(22,104)**	**(752)**	**(346)**	**-**	**-**	**(7,963)**	**(250,344)**
Carrying amount										
December 2022	10,605	115,526	173,701	13,111	248	456	159,744	32,696	6,614	512,701
September 2023	**27,729**	**126,651**	**163,137**	**16,315**	**201**	**352**	**165,312**	**27,112**	**32,033**	**558,842**

Cost or deemed cost	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Vehicles**	**Other**	**PP&E in progress**	**Advances to suppliers**	**Lease / right of use**	**Parent Total**
Balance as at December 31, 2021	58,754	211,584	15,321	52	698	21,330	47,738	-	355,477
Additions	369	21,695	830	-	-	106,461	-	380	129,735
Write-offs	(29)	(16,468)	(1,977)	-	-	-	(15,685)	-	(34,159)
Transfers	1,405	12,731	29	-	-	(14,165)	-	-	-
Balance as at December 31, 2022	**60,499**	**229,542**	**14,203**	**52**	**698**	**113,626**	**32,053**	**380**	**451,053**
Additions	291	1,499	20	-	-	47,234	-	-	49,044
Write-offs	-	(21,690)	(97)	-	-	-	-	-	(21,787)
Transfers	-	29,890	1,884	-	-	(26,558)	(5,216)	-	-
Balance as at September 30, 2023	**60,790**	**239,241**	**16,010**	**52**	**698**	**134,302**	**26,837**	**380**	**478,310**
Depreciation									
Balance as at December 31, 2021	(18,504)	(126,435)	(6,357)	(52)	(102)	-	-	-	(151,450)
Depreciation in the year	(2,278)	(9,716)	(1,126)	-	(140)	-	-	(63)	(13,323)
Write-offs	28	15,979	1,822	-	-	-	-	-	17,829
Balance as at December 31, 2022	**(20,754)**	**(120,172)**	**(5,661)**	**(52)**	**(242)**	**-**	**-**	**(63)**	**(146,944)**
Depreciation in the period	(1,766)	(8,278)	(896)	-	(104)	-	-	(57)	(11,101)
Balance as at September 30, 2023	**(22,520)**	**(108,427)**	**(6,509)**	**(52)**	**(346)**	**-**	**-**	**(120)**	**(137,974)**
Carrying amount									
December 2022	39,745	109,370	8,542	-	456	113,626	32,053	317	304,109
September 2023	**38,270**	**130,814**	**9,501**	**-**	**352**	**134,302**	**26,837**	**260**	**340,336**

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 2023.

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 September 30, 2023, the Company uses R$28.2 million in collaterals (R$40.3 million as at December 31, 2022).

17. 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, 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. For the presentation of these financial statements, the Company did not identify any situation that would require the performance of a new impairment test.

Consolidated

	Software	Trademarks and patents	Customer relationship	Goodwill	Product development	Intangible assets in progress	Total
Cost							
Balance as at December 31, 2021	24,137	28,940	24,165	49,843	8,657	17,161	152,903
Acquisitions	1,633	-	-	-	-	28,316	29,949
Transfers	33	-	-	-	-	(33)	-
Write-offs	(284)	-	-	-	-	-	(284)
Effect of changes in exchange rates	(667)	(1,146)	(1,536)	(1,119)	(398)	-	(4,866)
Balance as at December 31, 2022	**24,852**	**27,794**	**22,629**	**48,724**	**8,259**	**45,444**	**177,702**
Acquisitions	25	-	-	-	-	14,649	14,674
Transfers	9	-	-	-	-	(9)	-
Write-offs	(3)	-	-	-	-	-	(3)
Effect of changes in exchange rates	(384)	(663)	(889)	(649)	(230)	-	(2,815)
Balance as at September 30, 2023	**24,499**	**27,131**	**21,740**	**48,075**	**8,029**	**60,084**	**189,558**
Amortization							
Balance as at December 31, 2021	(16,987)	(7,388)	(23,378)	-	(2,779)	-	(50,532)
Amortization in the year	(2,240)	-	(732)	-	(627)	-	(3,599)
Write-offs	13	-	-	-	-	-	13
Effect of changes in exchange rates	599	-	1,481	-	118	-	2,198
Balance as at December 31, 2022	**(18,615)**	**(7,388)**	**(22,629)**	**-**	**(3,288)**	**-**	**(51,920)**
Amortization in the period	(1,491)	-	-	-	(451)	-	(1,942)
Write-offs	3	-	-	-	-	-	3
Effect of changes in exchange rates	401	-	889	-	81	-	1,371
Balance as at September 30, 2023	**(19,702)**	**(7,388)**	**(21,740)**	**-**	**(3,658)**	**-**	**(52,488)**
Carrying amount							
December 2022	6,237	20,406	-	48,724	4,971	45,444	125,782
September 2023	**4,797**	**19,743**	**-**	**48,075**	**4,371**	**60,084**	**137,070**

Parent

	Software	Trademarks and patents	Product development	Intangible assets in progress	Total
Cost					
Balance as at December 31, 2021	12,217	9,485	2,536	17,161	41,399
Acquisitions	1,430	-	-	28,283	29,713
Transfers	(48)	-	-	-	(48)
Balance as at December 31, 2022	**13,599**	**9,485**	**2,536**	**45,444**	**71,064**
Acquisitions	-	-	-	14,649	14,649
Transfers	9	-	-	(9)	-
Write-offs	(3)	-	-	-	(3)
Balance as at September 30, 2023	**13,605**	**9,485**	**2,536**	**60,084**	**85,710**
Amortization					
Balance as at December 31, 2021	(7,402) -	(6,840)	(944)	-	(15,186)
Amortization in the year	(1,546)	-	(294)	-	(1,840)
Write-offs	43	-	-	-	43
Balance as at December 31, 2022	**(8,905)**	**(6,840)**	**(1,238)**	**-**	**(16,983)**
Amortization in the period	(1,205)	-	(210)	-	(1,415)
Transfers	-	-	-	-	-
Write-offs	3	-	-	-	3
Effect of changes in exchange rates	-	-	-	-	-
Balance as at September 30, 2023	**(10,107)**	**(6,840)**	**(1,448)**	**-**	**(18,395)**
Carrying amount					
December 2022	4,694	2,645	1,298	45,444	54,081
September 2023	**3,498**	**2,645**	**1,088**	**60,084**	**67,315**

<u>Impairment test of cash-generating units containing goodwill</u>

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.

Cash-generating unit	2022
Firearms	48,724

The impairment test for said CGU 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 2023 and 2027	WACC discount rate	Average growth rate
Cash-generating unit		**12-31-2022**		**12-31-2021**
Firearms	14.50%	1.50%	12.80%	4.24%

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, 2022 of 10.09% for the Firearms CGU at the market interest rate of 7%.

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, 2022, the Company used a nominal growth rate of 3.15%, 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).

18. Borrowings and financing

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

				Consolidated			
				09-30-2023			12-31-2022
	Currency	Statutory interest rate	Maturity year	Contractual amount	Carrying amount	Contractual amount	Carrying amount
Working capital	R$	CDI +2.88% p.a.	2024	**3,640**	**826**	18,193	3,658
FINEP	R$	TJLP (-) 0.385% p.a.	2035	**37,952**	**35,879**	-	-
Foreign exchange advance	US$	5.95% to 9.27% p.a.	2024	**389,265**	**389,265**	374,991	394,950
Working capital	US$	8.03% to 9.20% p.a.	2024	**52,460**	**21,704**	464,162	89,617
Working capital - Taurus USA	US$	SOFR day +1.80%	2026	**54,053**	**54,053**	-	-
				Total	**501,727**		**488,225**
				Current liabilities	**400,249**		**392,967**
				Noncurrent liabilities	**101,478**		**95,258**

				Parent			
				09-30-2023			12-31-2022
	Currency	Statutory interest rate	Maturity year	Contractual amount	Carrying amount	Contractual amount	Carrying amount
Working capital	R$	CDI +2.88% p.a.	2024	**3,640**	**826**	18,193	3,658
FINEP	R$	TJLP (-) 0.385% p.a.	2035	**37,952**	**35,879**	-	-
Foreign exchange advance	US$	5.95% to 9.27% p.a.	2024	**389,265**	**389,265**	374,991	394,950
Working capital	US$	8.03% to 9.20% p.a.	2024	**52,460**	**21,704**	464,162	89,617
				Total	**447,674**		**488,225**
				Current liabilities	**400,249**		**392,967**
				Noncurrent liabilities	**47,425**		**95,258**
					447,674		**488,225**

Flow of future debt payments disclosed in noncurrent liabilities:

	Consolidated		Parent	
Maturity year	09-30-2023	12-31-2022	09-30-2023	12-31-2022
2024	**3,496**	95,258	**3,496**	95,258
2025	**8,137**	-	**8,137**	-
2026	**57,337**	-	**3,284**	-
2027 and thereafter	**32,508**	-	**32,508**	-
	101,478	95,258	**47,425**	95,258

The variations in borrowings are as follows:

	Parent	Consolidated
Balance as at January 1, 2022	**693.311**	**693.311**
(+) Borrowings, net of structuring cost	276,070	858,171
(-) Repayment	(345,728)	(930,039)
(-) Interest payment	(30,656)	(30,656)
(+) Interest expense (i)	34,052	35,358
(+/-) Exchange rate changes (i)	(138,824)	(137,920)
Balance as at December 31, 2022	**488,225**	**488,225**
(+) Borrowings, net of structuring cost	263,246	316,628
(-) Repayment	(274,186)	(274,186)
(-) Interest payment	(23,203)	(23,203)
(+) Interest expense (i)	26,157	26,378
(+/-) Exchange rate changes (i)	(32,565)	(32,115)
Balance as at September 30, 2023	**447,674**	**501,727**

(i) Variations not affecting cash

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 24 - 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.

As mentioned in note 1 (General Information), in June 2020 the Company signed a waiver with the Bank Syndicate extending the debt payment until August 31, 2020 and on August 10, 2020 the parties executed the contractual amendments containing the new terms and conditions of payment of the commitments with the Bank Syndicate. On November 9, 2022, the Company carried out the last mandatory extraordinary amortization with the Bank Syndicate upon exercise of subscription warrants.

On December 21, 2022, the Banks' Syndicated transaction and sharing of collaterals were terminated. The remaining debt balance, which accounts for 9.64% of the initial debt, was renegotiated between the Company and the Creditors and the transactions were amended providing for new terms, collaterals and categories, individually with each Creditor.

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 September 30, 2023, the Company received the first installment of R$37.9 million.

Covenants

As described in note 1, 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-financial expenses ratio of 0.90 or higher as at December 31, 2018 and 1.20 or higher beginning 2019.

These ratios are monitored by the Company's management as the underlying agreements require that such ratios be measured annually. As at September 30, 2023, the Company was compliant with all said covenants.

19. Other payables

	Consolidated		Parent	
	09-30-2023	**12-31-2022**	**09-30-2023**	**12-31-2022**
Dividends payable	**90**	164,119	**90**	164,119
Sales commissions	**6,758**	6,915	**2,984**	3,944
Accrued interest	**113**	1,166	**-**	-
Unsettled court agreements	**9,931**	10,000	**9,931**	10,000
Insurance and freight	**5,278**	10,124	**3,121**	8,264
Trade payables	**10,199**	12,641	**10,199**	12,641
Leases (i)	**37,908**	8,526	**175**	267
Advances from customers	**20,676**	38,915	**20,035**	38,631
Marketing	**10,426**	10,325	**-**	-
Due to related parties	**1,957**	1,810	**60,739**	59,632
Unrealized gain on government grant	**27,968**	28,432	**-**	-
Provision for negative equity	**298**	-	**20,212**	19,474
Other	**3,280**	22,939	**1,468**	1,582
	134,882	315,912	**128,954**	318,554
Current	**56,525**	258,369	**30,864**	220,752
Noncurrent	**78,357**	57,543	**98,090**	97,802

(i) Amount related to lease liabilities, arising from the transaction between the subsidiary Taurus Holdings Inc. and the Georgia Authority, USA, as detailed in note 12.i.

20. Taxes, fees and contributions

	Consolidated		Parent	
	09-30-2023	**12-31-2022**	**09-30-2023**	**12-31-2022**
State VAT (ICMS)	**2,399**	6,226	**1,307**	5,160
Federal VAT (IPI)	**3,988**	13,230	**3,358**	12,888
Tax on revenue (PIS)	**118**	32	**-**	-
Tax on revenue (COFINS)	**546**	147	**-**	-
Special tax – FAET (USA)	**34,657**	29,520	**-**	-
Withholding income tax (IRRF)	**1,237**	2,142	**900**	1,754
Income tax and social contribution	**15,506**	16,325	**9,700**	14,679
Other installment payments (*)	**25,950**	32,954	**16,262**	22,626
Other	**8,888**	8,864	**6,114**	6,140
	93,289	109,440	**37,641**	63,247
Current	78,067	86,843	29,782	49,025
Noncurrent	15,222	22,597	7,859	14,222

(*) 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 September 30, 2023, the adjusted balance of the IPI instalment payment plan is R$16.2 million and to date 37 installments have been paid, totaling R$26 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$1.4 million and interest in the amount of R$1.7 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 September 30, 2023, the adjustment installment payment balance is R$8.2 million, already considering 14 installments paid in the total amount of R$2.5 million.

21. Payroll and related taxes

	Consolidated		Parent	
	09-30-2023	**12-31-2022**	**09-30-2023**	**12-31-2022**
Payroll	**3,252**	4,324	**1,374**	1,247
Accrued bonus	**17,272**	33,221	**9,180**	19,253
Contributions payable	**5,802**	6,924	**5,125**	6,358
Accruals (vacation pay and 13th salary)	**34,542**	22,479	**30,769**	19,804
	60,868	66,948	**46,448**	46,662

22. 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
			09-30-2023	12-31-2022
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	45,997	(14,173)	31,824	30,770
Civil	21,542	(1,007)	20,535	20,737
Tax	49,545	(51,233)	(1,688)	7,382
	117,084	**(66,413)**	**50,671**	58,889
Classified in current liabilities	58,951			
Classified in noncurrent liabilities	58,133			

(1) Recognized in other noncurrent assets.

				Parent
			09-30-2023	12-31-2022
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	43,299	(12,582)	30,717	29.537
Civil	16,511	(1,007)	15,504	14.330
Tax	47,734	(50,913)	(3,179)	4.912
	107,544	**(64,502)**	**43,042**	48.779
Classified in current liabilities	53,739			
Classified in noncurrent liabilities	53,805			

(1) Recognized in other noncurrent assets.

Variations in the provision:

			Consolidated
	Civil and labor	**Tax**	**Total**
Balance as at December 31, 2022	66,019	50,709	116,728
Provisions recognized in the period	11,673	117	11,790
Provisions used in the period	(1,563)	-	(1,563)
Derecognition of provision	(8,590)	(1,281)	(9,871)
Balance as at September 30, 2023	**67,539**	**49,545**	**117,084**

			Parent
	Civil and labor	**Tax**	**Total**
Balance as at December 31, 2022	56,813	47,948	104,761
Provisions recognized in the period	11,150	-	11,150
Provisions used in the period	(78)	-	(78)
Derecognition of provision	(8,075)	(214)	(8,289)
Balance as at September 30, 2023	**59,810**	**47,734**	**107,544**

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 do not require the calculation of such provision, as shown below:

	Consolidated				Parent			
	09-30-2023		12-31-2022		**09-30-2023**		12-31-2022	
	Possible	**Remote**	Possible	Remote	**Possible**	**Remote**	Possible	Remote
Civil	**162,889**	**37,090**	158,893	37,525	**144,018**	**37,090**	140,727	37,105
Labor	**32,776**	**45,999**	25,285	54,327	**29,032**	**44,610**	22,242	35,490
Tax	**73,660**	**-**	70,911	-	**69,130**	**-**	63,738	-
	269,325	**83,089**	255,089	91,852	**242,180**	**81,700**	226,707	72,595

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$42.4 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. 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 was awarded the injunction requested and ordered Taurus to be subpoened. 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.
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.
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.
Currently, it is waiting for the final and unappealable decisions to continue with the fact finding phase.
In the opinion of our legal counsel, this lawsuit was classified with a possible likelihood of loss and its adjusted amount is R$65.6 million.

Administrative Proceeding and Lawsuit – PMESP

<u>*I – PMESP – Administrative Proceeding 24/7 Pistol*</u>

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$25.1 million, 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 our legal counsel, this lawsuit was classified with a possible likelihood of loss, estimated at R$29.8 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$52.9 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, and the disputed amount is R$20.8 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 a 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 financial statements at this date.

e) Ongoing lawsuits

The Company also holds an amount equivalent to R$45,6 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 Helmets 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 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, under which the overall amount of R$3.7 million is being collected by Taurus Helmets. 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, it is waiting for the final and unappealable decision. 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 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.

23. 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
		09-30-2023		12-31-2022
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**112,462**	**92,976**	93,275	92,657
Foreign currency advances	**389,265**	**388,901**	394,950	390,380
	501,727	**481,877**	488,225	483,038

				Parent
		09-30-2023		12-31-2022
	Amortized cost	Fair value	Custo amortizado	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**58,409**	**46,527**	93,275	92,657
Foreign currency advances	**389,265**	**388,901**	394,950	390,380
	447,674	**435,428**	488,225	483,038

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 end of the reporting period.

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.

24. 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 (v)	Expense (v)
December 31, 2022									
Taurus Helmets Indústria de Capacetes Ltda.	634	-	634	19	5,587	(iv)	5,606	-	453
Taurus Blindagens Nordeste Ltda.	-	-	-	664	50,151	(iv)	50,815	-	4,147
Taurus Holdings, Inc.	32	-	32	1,310	-		1,310	688,130	4,267
Taurus Investimentos Imobiliários Ltda.	1,962	47,668	49,630	471	-		471	2,241	4,062
Taurus Máquinas-Ferramenta Ltda.	-	30,786	30,786	-	-		-	2,395	-
Polimetal Metalurgia e Plásticos Ltda.	13,333	8,003	21,336	930	-		930	1,291	-
AMTT Taurus Comercio Varejista Ltda	3,743	14	3,757	-	-		-	-	-
	19,704	86,471	106,175	3,394	55,738		59,132	694,057	12,929
September 30, 2023									
Taurus Helmets Indústria de Capacetes Ltda.	**-**	**-**	**-**	**2**	**4,811**	(iv)	**4,813**	**-**	**509**
Taurus Blindagens Nordeste Ltda.	**-**	**-**	**-**	**700**	**52,782**	(iv)	**53,482**	**-**	**4,879**
Taurus Holdings, Inc.	**39,229**	**-**	**39,229**	**2,699**	**-**		**2,699**	**629,357**	**-**
Taurus Investimentos Imobiliários Ltda.	**3,041**	**59,720**	**62,761**	**495**	**-**		**495**	**4,995**	**4,340**
Taurus Máquinas-Ferramenta Ltda.	**-**	**31,735**	**31,735**	**-**	**-**		**-**	**3,094**	**-**
Polimetal Metalurgia e Plásticos Ltda.	**11,342**	**13,895**	**25,237**	**-**	**-**		**-**	**1,532**	**-**
AMTT Taurus Comercio Varejista Ltda	**4,991**	**1,155**	**6,146**	**-**	**-**		**-**	**498**	**-**
	58,603	**106,505**	**165,108**	**3,896**	**57,583**		**61,489**	**639,476**	**9,728**

(i) Refers to amounts recorded in line items trade payables - R$2,696, other payables - R$1,200
(ii) Refers to amounts recorded in line items trade receivables - R$47,647 and other receivables - R$11,136
(iii) Refers to amounts recognized in line items intragroup loans - R$106,505 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(iv) Represent loan agreements - R$57,583 with subsidiaries Taurus Holdings, Inc., Taurus Helmets Indústria de Capacetes Ltda., Taurus Blindagens Nordeste Ltda. and Taurus Investimentos Imobiliários Ltda which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(v) Comparative balance with September 30, 2022

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 and also intragroup loans between these parties.

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 land held for sale in Porto Alegre. 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 September 30, 2023, 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 (*)	Expense (*)
December 31, 2022						
Companhia Brasileira de Cartuchos	8,432	-	9,326	-	5,557	32,046
CBC Brasil Comércio e Distribuição	136,980	-	86	-	191,774	-
GN Importações	85	-	-	-	10	8
Taurus JM Indústria de Peças	-	-	-	1,806	4	9,123
Joalmi Indústria e Comércio	203	-	-	-	-	-
ANIAM - Assoc. Nac. da Ind. de Armas e Munições	-	-	-	-	-	517
ABIMDE – Assoc. Bras. das Ind. de Materiais de Defesa e Segurança	-	-	-	-	-	14
SBCF – Soc. Bras. de Conservação da Fauna	-	-	-	-	-	12
	145,700	-	9,412	1,806	197,345	41,720
September 30, 2023						
Companhia Brasileira de Cartuchos	**9,123**	**-**	**3,450**	**-**	**12,178**	**14,837**
CBC Brasil Comércio e Distribuição	**26,120**	**-**	**-**	**-**	**51,456**	**-**
GN Importações	**4**	**-**	**-**	**-**	**15**	**-**
Taurus JM Indústria de Peças	**79**	**1,048**	**-**	**1,946**	**-**	**3,432**
Joalmi Indústria e Comércio	**203**	**-**	**-**	**-**	**-**	**-**
Jindal Defence Systems Private Limited	**-**	**10,887**	**-**	**-**	**-**	**-**
ANIAM - Assoc. Nac. da Ind. de Armas e Munições	**-**	**-**	**-**	**-**	**-**	**444**
SBCF – Soc. Bras. de Conservação da Fauna	**-**	**-**	**-**	**-**	**-**	**104**
	35,529	**11,935**	**3,450**	**1,946**	**63,649**	**18,817**

(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 from parent company Taurus Armas S.A. which are adjusted at 6-month SOFR + 0,25% p.a.
(iv) Represent loan agreements with subsidiary Taurus JM Industria de Peças Ltda. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(*) Comparative balance with September 30, 2022

Marketplace Platform

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.

Officers’ and Directors’ transactions
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**	
	09-30-2023	09-30-2022	**09-30-2023**	09-30-2022
Statutory officer’s compensation and benefits	**9,179**	8,104	**9,179**	8,104
Share-based compensation plan	**7,327**	6,533	**7,327**	6,533
Directors’ compensation and benefits	**783**	783	**783**	783
Supervisory Board members’ compensation and benefits	**335**	309	**335**	309
	17,624	15,729	**17,624**	15,729

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 (phantom share) and long-term compensation (stock options). Generally, the goals set by the Company to evaluate Officers consist of economic goals and their permanence at the Company.

The gain in the Stock Option Plan 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.

Sureties between related parties
Borrowings and financing in the form of debentures, 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$126.4 million (R$162.4 million as at December 31, 2022) 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.

25. Discontinued operations

A discontinued operation is a component of the Group's business that comprises transactions and cash flows that can be clearly separated from the rest of the Group and that:

- Represents a separate major business line or geography of operations;
- Is part of a single coordinated plan to sell a separate major business line or geography of operations; or
- Is a subsidiary acquired exclusively for the purpose of resale.

The classification as a discontinued operation is made at the earlier of its disposal or when the operation meets the criteria to be classified as held for sale prescribed by IFRS 5/CPC 31 - Non-current Assets Held for Sale and Discontinued Operations.

When an operation is classified as a discontinued operation, the comparative statements of profit and loss and of value added are restated as if the operation had been discontinued since the beginning of the comparative period.

While intragroup transactions were fully eliminated from consolidated profit or loss, the Company's Management elected to attribute the elimination of transactions between continuing and discontinued operations prior to disposal in order to reflect the continuity of these operations after disposal, since Management believes that the information is useful to the users of the financial information. To achieve this presentation, the Company's Management, based on the profit (loss) from discontinued operations, eliminated intersegment sales (and costs resulting from these sales, less unrealized profit) made prior to their disposal.

(a) Loss from discontinued operations, net

	09-30-2023	**09-30-2022**
Expenses / costs / other income / financial income (expenses), net	1,275	(858)
Expenses / income, net	1,275	(858)
Profit (loss) from operating activities	1,275	(858)
Taxes on income	(1,766)	(1,360)
Loss before income tax and social contribution, net	**(491)**	**(2,218)**
Basic loss per common share (in R$)	**(0.003880)**	**(0.017550)**
Basic loss per preferred share (in R$)	**(0.003880)**	**(0.019220)**

Loss from discontinued operations as at September 30, 2023 is R$940 thousand (R$-2,218 thousand as at September 30, 2022) and is fully attributed to owners of the Company.

(b) Cash flows generated by discontinued operations

	09-30-2023	09-30-2022
Net cash generated by operating activities	**2,694**	1,527
Net cash generated by investing activities	**(2,631)**	(2,094)
Net cash used in financing activities	**-**	624
Net cash generated by discontinued operations	**63**	57

26. Equity

a) <u>Capital</u>
As at September 30, 2023, the Company's issued capital is R$367.9 million (R$367.9 million as at December 31, 2022), 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. The table below shows the maturities of all shares and the updated position as at December 31, 2022:

	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

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.

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):

	09-30-2023	12-31-2022
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**	**Amount in R$ thousands**
As at December 31, 2022 Common: R$13.25; Preferred: R$13.35*	46,445	615,396	80,189	1,070,523
As at September 30, 2023 **Common: R$15.88; Preferred: R$16.06***	**46,445**	737,547	**80,189**	1,287,835

*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, 2022, legal reserve in the amount of R$26 million was recognized. As at December 31, 2022 and September 30, 2023, the balance of the legal reserve is R$41.1 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, 2022 and September 30, 2023, 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.

After its creation, the balance in retained earnings was fully transferred to the statutory reserve.

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 for the year ended December 31, 2022 recorded in the Company's interim financial information, which was approved at the Annual General Meeting held in April 2023, is as follows:

Profit for the year	**519,984**
Allocations:	
Recognition of legal reserve	(25,999)
Recognition of tax incentive reserve	(25,903)
Valuation adjustments to equity	690
Dividend distribution base	**468,772**
Mandatory dividends (35%)	164,070
Mandatory dividends per share	1.295620
Total dividends per share	**(1.295620)**
Total dividends for distribution	**164,070**
Earnings reserve	**304,702**
Retained earnings	304,702

The proposed compensation to shareholders sent by Management and approved at the Annual General Meeting held in April 2023, in the amount of R$164.1 million (R$1.295620 per share), contemplates the mandatory dividend arising from the remaining portion of profit for the year and the legal reserve, considering that the payment is compatible with the cash generation in the year and the Company's financial sustainability is preserved.

On April 28, 2023, the Annual General Meeting was held, where the proposed dividends were voted and approved and payment to shareholders was made on May 8, 2023.

Interim dividends
The meeting of the Board of Directors held on June 21, 2023 approved the distribution of interim dividends as prepayment o mandatory dividend for FY2023. The interim distribution was carried out based on the statutory reserve. The total distribution amount shall amount to R$12.7 million, equivalent to the amount of R$0.10 per common and preferred share issued by the Company. The statement of calculation of interim dividends is as follows:

	Amount per share (1)		Number of shares	Total dividends
Common shares	R$	0.10	46,445,314	4,644
Preferred shares	R$	0.10	80,189,120	8,019
Total			**126,634,434**	**12,663**

(1) Amounts in reais

The effective distribution will consider the date of August 21, 2023 as the base date of the shareholding position to determine the right to receive dividends. Payment was made to shareholders on August 31, 2023.

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 financial statements of foreign operations.

e) Earnings (loss) per share

	Parent and Consolidated	
Basic numerator	**09-30-2023**	09-30-2022
Profit (loss) from continuing operations		
Common shares	40,620	147,414
Preferred shares	70,131	253,755
	110,751	401,169
Profit (loss) from discontinued operations		
Common shares	(180)	(815)
Preferred shares	(311)	(1,403)
	(491)	(2,218)
Profit (loss) for the year		
Common shares	40,440	146,599
Preferred shares	69,820	252,352
	110,260	398,951
Basic denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	80,189,120	73,009,435
	126,634,434	119,454,749
Basic earnings (loss) per share from continuing operations (R$ per share)		
Common shares	0.87458	3.17393
Preferred shares	0.87457	3.47565
Basic earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.00388)	(0.01755)
Preferred shares	(0.00388)	(0.01922)
Basic earnings (loss) per share (R$ per share)		
Common shares	0.87070	3.15638
Preferred shares	0.87069	3.45643

	Parent and Consolidated	
Diluted numerator	**09-30-2023**	09-30-2022
Profit (loss) from continuing operations		
Common shares	40,620	147,414
Preferred shares	70,131	253,755
	110,751	401,169
Profit (loss) from discontinued operations		
Common shares	(180)	(815)
Preferred shares	(311)	(1,403)
	(491)	(2,218)
Profit (loss) for the year		
Common shares	40,440	146,599
Preferred shares	69,820	252,352
	110,260	398,951
Diluted denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	80,189,120	73,009,435
	126,634,434	119,454,749
Potential increase in the number of shares from the exercise of warrants		
Common shares	-	-
Preferred shares	74,668	184,848
	74,668	184,848
Diluted earnings (loss) per share from continuing operations (R$ per share)		
Common shares	0.87458	3.17393
Preferred shares	0.87376	3.46687
Diluted earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.00388)	(0.01755)
Preferred shares	(0.00387)	(0.01917)
Diluted earnings (loss) per share (R$ per share)		
Common shares	0.87070	3.15638
Preferred shares	0.86989	3.44770

f) <u>Capital transactions</u>
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
<u>Stock option plan (settable in shares)</u>

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 is 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 September 30, 2023 a total of R$7.3 million (R$6.5 million as at September 30, 2022).

(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 - 09/30/2023	**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%-45%
Tax on revenue (COFINS)	3% and 7.6%
Tax on revenue (PIS)	0.65% and 1.65%

	Consolidated		Parent	
	09-30-2023	**09-30-2022**	**09-30-2023**	**09-30-2022**
Sale of goods	**1,600,495**	2,462,505	**961,730**	1,727,266
Provision of services	**98**	287	**98**	287
Total gross revenue	**1,600,593**	2,462,792	**961,828**	1,727,553
Sales taxes	**(233,893)**	(514,336)	**(108,653)**	(374,606)
Returns and discounts	**(3,863)**	(6,329)	**(978)**	(4,669)
Total net operating revenue	**1,362,837**	**1,942,127**	**852,197**	**1,348,278**

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	
	09-30-2023	**09-30-2022**	**09-30-2023**	**09-30-2022**
Other operating income				
Tax recovery	**16,537**	26,981	**117**	26,755
Royalties	**4,128**	3,131	**4,128**	3,131
Sale of property, plant and equipment	**140**	48	**-**	5
Recovery of expenses on trade payables	**2,512**	5,927	**2,512**	5,914
Recovery of past-due receivables – allowance for doubtful debts	**332**	548	**329**	542
Other income	**7,630**	4,661	**5,693**	4,694
	31,279	**41,296**	**12,779**	**41,041**

30. Expenses by nature

	Consolidated		Parent	
	09-30-2023	**09-30-2022**	**09-30-2023**	**09-30-2022**
Expenses by function				
Cost of sales	(849,783)	(1,015,927)	(528,632)	(678,301)
Selling expenses	(175,398)	(189,773)	(53,708)	(71,133)
Allowance for impairment of financial instruments	(2,405)	(1,080)	(1,242)	(796)
General and administrative expenses	(164,427)	(157,351)	(98,074)	(92,042)
Other operating expenses	(10,025)	(13,170)	(11,785)	(15,833)
	(1,202,038)	**(1,377,301)**	**(693,441)**	**(858,105)**
Expenses by nature	**09-30-2023**	**09-30-2022**	**09-30-2023**	**09-30-2022**
Depreciation and amortization	(25,787)	(23,371)	(12,516)	(11,354)
Personnel expenses	(262,460)	(268,138)	(181,181)	(203,827)
Tax expenses	(9,877)	(6,941)	(6,496)	(3,383)
Raw materials and supplies and consumables	(530,542)	(663,833)	(299,369)	(395,429)
Auxiliary materials and upkeep and maintenance supplies	(62,990)	(79,056)	(60,392)	(76,798)
Freight and insurance	(89,997)	(104,529)	(39,636)	(52,704)
Outside services	(62,423)	(55,450)	(43,653)	(39,851)
Advertising and publicity	(39,886)	(34,958)	(4,932)	(5,558)
Expenses on product warranty	(2,420)	424	(1,296)	(2,826)
Water and power	(21,995)	(30,714)	(11,014)	(11,669)
Travel and lodging	(7,393)	(7,769)	(4,744)	(5,574)
Expenses on commissions	(28,007)	(31,734)	(4,053)	(4,250)
Cost of property, plant and equipment written off	(4,366)	(221)	(1,716)	(178)
Civil, labor and tax risks	(6,671)	(18,272)	(7,611)	(17,215)
Rentals	(4,568)	(5,173)	(7,703)	(8,138)
Other expenses	(42,656)	(47,566)	(7,129)	(19,351)
	(1,202,038)	**(1,377,301)**	**(693,441)**	**(858,105)**

31. Financial income (expenses), net

Financial income (expenses) 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	
	09-30-2023	09-30-2022	**09-30-2023**	09-30-2022
Financial income				
Interest	**4,480**	8,618	**12,615**	13,621
Foreign exchange gains	**98,355**	261,637	**97,479**	259,668
Other income	**12,630**	11,281	**10,937**	10,941
	115,465	281,536	**121,031**	284,230
Financial expenses				
Interest and fines	**(32,802)**	(32,257)	**(34,510)**	(31,033)
Foreign exchange losses	**(94,044)**	(261,243)	**(92,988)**	(259,060)
Other expenses	**(6,516)**	(9,774)	**(5,875)**	(8,863)
	(133,362)	(303,274)	**(133,373)**	(298,956)
Financial income (expenses), net	**(17,897)**	(21,738)	**(12,342)**	(14,726)

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 September 30, 2023 and December 31, 2022, the balances are as follows:

	Consolidated		Parent	
	09-30-2023	**12-31-2022**	**09-30-2023**	**12-31-2022**
Domestic market	**7,668**	7,752	**6,200**	6,286
Foreign market	**7,925**	8,258	**-**	-
Total	**15,593**	**16,010**	**6,200**	**6,286**
Current liabilities	**10,784**	10,999	**6,200**	6,286
Noncurrent liabilities	**4,809**	5,011	**-**	-

Deloitte Touche Tohmatsu
Av. Carlos Gomes, 222 –
2º andar - Boa Vista -
90480-000 - Porto Alegre - RS
Brasil

Tel.: + 55 (51) 3327-8800
Fax: + 55 (51) 3328-3031
www.deloitte.com.br

(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 September 30, 2023, which comprises the balance sheet as at September 30, 2023 and the related statements of profit and loss and of comprehensive income for the three- and nine-month periods then ended, and statements of changes in equity and of cash flows for the nine-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.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our people deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society, and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte's approximately 457,000 people worldwide make an impact that matters at www.deloitte.com.

© 2023. For information, contact Deloitte Global.

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 nine-month period ended September 30, 2023, 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 individual and consolidated 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, November 1, 2023

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Otávio Ramos Pereira
Engagement Partner

2023PA026897

© 2023. For information, contact Deloitte Global.

Fiscal Council's Opinion

The Fiscal Council of Taurus Armas S.A., in compliance with legal and statutory provisions, reviewed the interim financial information for the third quarter of 2023. Based on the conducted reviews and also taking into consideration the unqualified Report on the Review of Interim Financial Information, issued by Deloitte Touche Tohmatsu Auditores Independentes on November 1, 2023, 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, November 1, 2023.

Haroldo Zago
Chairman

Mauro César Medeiros de Mello
Board Member

Valmir Pedro Rossi
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 for the period ended September 30, 2023.

The Board has audited the Management Report, the Interim Financial Information for the period ended September 30, 2023, including the explanatory notes, and the unqualified report issued by Deloitte Touche Tohmatsu.

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 September 30, 2023 and the respective Performance Report.

São Leopoldo, October 31, 2023.

SÉRGIO LAURIMAR FIORAVANTI
Coordinating Board Member

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 THIRD QUARTER OF 2023

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: 93.032-000, 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 July 1, 2023 to September 30, 2023.

São Leopoldo, November 1, 2023.

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

STATEMENT 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: 93.032-000, 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 July 1, 2023 to September 30, 2023, issued on November 1, 2023.

São Leopoldo, November 1, 2023.

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