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

Taurus Armas S.A.

Report on Review of Interim Financial Information for the Nine-month Period EndedSeptember 30, 2022

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

Contents

Company Data/Capital Breakdown

Number of shares (units)	Current Quarter 09/30/2022
Common - Paid-in capital	46,445,314
Preferred - Paid-in capital	79,949,225
Total - Paid-in Capital	126,394,539
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 YTD 01/01/2022 to 09/30/2022	Prior YTD 01/01/2021 to 12/31/2021
1	Total assets	2,190,665	1,936,806
1.01	Current assets	938,813	862,066
1.01.01	Cash and cash equivalents	89,645	65,399
1.01.01.01	Cash and banks	73,846	54,006
1.01.01.02	Highly liquid short-term investments	15,799	11,393
1.01.02	Short-term investments	221,452	70,778
1.01.02.03	Short-term investments at evaluated at amortized cost	221,452	70,778
1.01.03	Accounts receivable	248,147	360,933
1.01.03.01	Trade receivables	248,147	360,933
1.01.04	Inventories	337,564	274,370
1.01.06	Recoverable taxes	15,418	53,471
1.01.06.01	Recoverable current taxes	15,418	53,471
1.01.07	Prepaid expenses	2,712	7,265
1.01.08	Other current assets	23,875	29,850
1.01.08.03	Other	23,875	29,850
1.01.08.03.03	Related parties - financial loan	9,830	4,326
1.01.08.03.04	Other receivables	14,045	25,524
1.02	Noncurrent assets	1,251,852	1,074,740
1.02.01	Long-term receivables	195,061	160,678
1.02.01.03	Long-term investments at evaluated at amortized cost	21,205	-
1.02.01.07	Deferred taxes	49,130	101,951
1.02.01.07.01	Deferred income tax and social contribution	49,130	101,951
1.02.01.09	Due from related parties	73,982	40,681
1.02.01.09.02	Receivables from subsidiaries	73,982	40,681
1.02.01.10	Other noncurrent assets	50,744	18,046
1.02.01.10.03	Recoverable taxes	12,696	4,886
1.02.01.10.04	Other	38,048	13,160
1.02.02	Investments	728,074	683,822
1.02.02.01	Equity interests	728,074	683,822
1.02.02.01.02	Equity interests in subsidiaries	728,074	683,822
1.02.03	Property, plant and equipment	281,811	204,027
1.02.03.01	Fixed assets in use	191,260	182,697
1.02.03.03	Construction in progress	90,551	21,330
1.02.04	Intangible assets	46,906	26,213
1.02.04.01	Intangible assets	46,906	26,213
1.02.04.01.02	Intangible assets	46,906	26,213

Individual FS / Balance Sheet - Liabilities

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 09/30/2022	Prior YTD 01/01/2021 to 12/31/2021
2	Total liabilities and equity	2,190,665	1,936,806
2.01	Current liabilities	858,883	959,181
2.01.01	Payroll, benefits and taxes thereon	56,744	46,450
2.01.01.01	Payroll and related taxes	6,127	9,479
2.01.01.02	Payroll and related taxes	50,617	36,971
2.01.02	Trade payables	98,724	90,658
2.01.02.01	Local suppliers	81,638	66,300
2.01.02.02	Foreign suppliers	17,086	24,358
2.01.03	Taxes payable	88,621	39,102
2.01.03.01	Federal tax liabilities	45,889	34,394
2.01.03.01.01	Income tax and social contribution payable	7,462	15,301
2.01.03.01.02	Other taxes	38,427	19,093
2.01.03.02	State tax liabilities	42,703	4,678
2.01.03.03	Municipal tax liabilities	29	30
2.01.04	Borrowings and financing	499,822	618,904
2.01.04.01	Borrowings and financing	499,822	618,904
2.01.04.01.01	In local currency	4,937	43,572
2.01.04.01.02	In foreign currency	494,885	575,332
2.01.05	Other payables	76,217	122,520
2.01.05.02	Other	76,217	122,520
2.01.05.02.02	Dividends payable	49	68,002
2.01.05.02.08	Advances from customers	62,806	40,897
2.01.05.02.09	Other payables	13,362	13,621
2.01.06	Provisions	38,755	41,547
2.01.06.01	Tax, social security, labor and civil provisions	32,393	35,012
2.01.06.01.01	Tax provisions	24,689	27,689
2.01.06.01.02	Social security and labor provisions	6,199	6,536
2.01.06.01.04	Civil provisions	1,505	787
2.01.06.02	Other provisions	6,362	6,535
2.01.06.02.01	Provision for warranties	6,362	6,535
2.02	Noncurrent liabilities	248,163	220,578
2.02.01	Borrowings and financing	82,901	74,407
2.02.01.01	Borrowings and financing	82,901	74,407
2.02.01.01.02	In foreign currency	82,901	74,407
2.02.02	Other payables	114,723	95,164
2.02.02.01	Due to related parties	56,554	53,996
2.02.02.01.04	Due to other related parties	56,554	53,996
2.02.02.02	Other	58,169	41,168
2.02.02.02.03	Taxes payable	16,343	22,707
2.02.02.02.04	Provision for negative equity	21,010	18,461
2.02.02.02.06	Trade payables	12,641	-
2.02.02.02.09	Other payables	8,175	-
2.02.04	Provisions	50,539	51,007

2.02.04.01	Tax, social security, labor and civil provisions	50,539	51,007
2.02.04.01.01	Provisions Tax	221	-
2.02.04.01.02	Social security and labor provisions	35,960	35,818
2.02.04.01.03	Provisions for Employee Benefits	-	221
2.02.04.01.04	Civil provisions	14,358	14,968
2.03	Equity	1,083,619	757,047
2.03.01	Issued capital	366,256	308,191
2.03.02	Capital reserves	- 21,573	- 27,281
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	11,956	5,423
2.03.02.09	Capital Transactions	- 43,409	- 42,584
2.03.04	Profit reserve	133,555	233,936
2.03.04.01	Legal reserve	15,065	15,065
2.03.04.07	Tax incentive reserve	118,490	92,587
2.03.04.08	Proposed additional dividends	-	126,284
2.03.05	Retained earnings/accumulated losses	373,585	-
2.03.06	Valuation adjustments to equity	44,688	45,225
2.03.08	Cumulative translation adjustments	187,108	196,976
2.03.08.01	Cumulative translation adjustments	187,108	196,976

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

Line Item	Description	Current Quartier 07/01/2022 to 09/30/2022	Current YTD 01/01/2022 to 09/30/2022	Prior Quartier 07/01/2021 to 09/30/2021	Prior YTD 01/01/2021 to 09/30/2021
3.01	Net operating revenue	415,136	1,348,278	461,256	1,180,458
3.02	Cost of sales	-207,134	-678,301	-225,123	-588,761
3.03	Gross profit	208,002	669,977	236,133	591,697
3.04	Operating (expenses) income	-44,093	-87,806	38,825	46,031
3.04.01	Selling expenses	-25,388	-71,133	-25,833	-58,314
3.04.02	General and administrative expenses	-36,945	-92,042	-36,452	-90,661
3.04.03	Impairment losses	-262	-796	-514	-733
3.04.04	Other operating income	5,548	41,041	44,959	56,790
3.04.05	Other operating expenses	-1,236	-15,833	-2,407	-6,297
3.04.06	Equity in earnings (losses)	14,190	50,957	59,072	145,246
3.05	Profit before finance income (costs) and taxes	163,909	582,171	274,958	637,728
3.06	Finance income (expenses)	-16,419	-14,726	-51,962	-65,631
3.06.01	Finance income	50,895	284,230	21,118	168,650
3.06.02	Finance expenses	-67,314	-298,956	-73,080	-234,281
3.07	Pretax income	147,490	567,445	222,996	572,097
3.08	Income tax and social contribution	-44,351	-168,494	-56,585	-143,959
3.08.01	Current	-31,718	-115,673	-43,380	-104,043
3.08.02	Deferred	-12,633	-52,821	-13,205	-39,916
3.09	Profit (loss) from continuing operations	103,139	398,951	166,411	428,138
3.11	profit (loss) for the period	103,139	398,951	166,411	428,138
3.99	Earnings per share (R$/share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common shares (ON)	0.71812	3.15638	1.26880	3.65582
3.99.01.02	Preferred shares (PN)	0.92198	3.45643	1.72827	4.64124
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares (ON)	0.71812	3.15638	1.26880	3.65582
3.99.02.02	Preferred shares (PN)	1.03481	3.44770	1.77986	4.14111

Individual FS / Statement of Comprehensive Income

(In thousands of Brazilian reais)

Line Item	Description	Current Quartier 07/01/2022 to 09/30/2022	Current YTD 01/01/2022 to 09/30/2022	Prior Quartier 07/01/2021 to 09/30/2021	Prior YTD 01/01/2021 to 09/30/2021
4.01	Profit for the period	103,139	398,951	166,411	428,138
4.02	Other comprehensive income	16,168	- 9,867	28,345	15,005
4.02.01	Translation adjustments for the period	16,168	- 9,867	28,345	15,005
4.03	Comprehensive income for the period	119,307	389,084	194,756	443,143

Individual FS / Statement of Cash Flows - Indirect Method

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 09/30/2022	Prior YTD 01/01/2021 to 09/30/2021
6.01	Net cash from operating activities	522,305	161,996
6.01.01	Cash generated by operating activities	466,108	416,731
6.01.01.01	Profit (loss) before income tax and social contribution	567,445	572,097
6.01.01.02	Depreciation and amortization	11,354	9,579
6.01.01.03	Cost of capital assets written off	178	243
6.01.01.04	Allowance for doubtful debts	796	733
6.01.01.05	Share of results of investees	-50,957	-145,246
6.01.01.08	Accrued interest on borrowings and intragroup borrowings	28,603	25,031
6.01.01.10	Allowance for inventory losses	993	1,672
6.01.01.11	Provision for warranties	-3,087	-4,391
6.01.01.12	Provision for civil, labor and tax risks	-173	-2,655
6.01.01.13	Exchange differences on borrowings and other items	-89,044	-40,332
6.01.02	Changes in assets and liabilities	177,791	-154,641
6.01.02.01	(Increase) decrease in trade receivables	111,990	-89,422
6.01.02.02	Decrease (increase) in inventories	-64,188	-111,909
6.01.02.03	Decrease (increase) in other receivables	16,708	-1,396
6.01.02.04	(Decrease) increase in trade payables	20,707	38,150
6.01.02.05	Increase (decrease) in accounts payable	92,574	9,936
6.01.03	Other	-121,594	-100,094
6.01.03.03	Payment of income tax and social contribution	-121,594	-100,094
6.02	Net cash from investing activities	-316,627	-61,543
6.02.01	Due from related parties	-33,301	514
6.02.03	In investments	-1,438	-
6.02.04	In property, plant and equipment	-87,940	-55,372
6.02.05	In intangible assets	-22,069	-6,669
6.02.06	Financial investments	-171,879	-16
6.03	Net cash from financing activities	-181,432	-74,685
6.03.01	Payment of interest on equity and dividends	-194,238	-
6.03.02	Borrowings and intragroup borrowings	240,103	69,219
6.03.03	Repayment of borrowings	-263,160	-215,732
6.03.05	Capital increase	58,065	112,805
6.03.06	Payment of interest on borrowings and intragroup borrowings	-24,646	-24,904
6.03.09	Due to related parties	2,444	-16,073
6.05	Increase (decrease) in cash and cash equivalents	24,246	25,768
6.05.01	Cash and cash equivalents at the beginning of the year	65,399	34,623
6.05.02	Cash and cash equivalents at the end of the year	89,645	60,391

Individual FS / Statement of Value Added

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 09/30/2022	Prior YTD 01/01/2021 to 09/30/2021
7.01	Revenue	1,763,707	1,576,126
7.01.01	Sales of goods and services	1,723,462	1,520,069
7.01.02	Other income	41,041	56,790
7.01.04	Allowance for (reversal of) doubtful debts	- 796	- 733
7.02	Inputs purchased from third parties	- 631,204	- 528,223
7.02.01	Cost of products, goods and services sold	- 411,535	- 351,999
7.02.02	Supplies, power, outside services and other inputs	- 219,669	- 176,224
7.03	Gross value added	1,132,503	1,047,903
7.04	Withholdings	- 11,354	- 9,579
7.04.01	Depreciation, amortization and depletion	- 11,354	- 9,579
7.05	Wealth created	1,121,149	1,038,324
7.06	Wealth received in transfer	335,187	313,896
7.06.01	Equity in earnings (losses)	50,957	145,246
7.06.02	Finance income	284,230	168,650
7.07	Wealth for distribution	1,456,336	1,352,220
7.08	Wealth distributed	1,456,336	1,352,220
7.08.01	Personnel expenses	175,729	171,959
7.08.01.01	Wages	133,122	116,557
7.08.01.02	Benefits	33,380	47,186
7.08.01.03	Severance Pay Fund (FGTS)	9,227	8,216
7.08.02	Taxes, fees and contributions	578,623	514,794
7.08.02.01	Federal	453,895	432,285
7.08.02.02	State	124,522	82,329
7.08.02.03	Municipal	206	180
7.08.03	Lenders and lessors	303,033	237,329
7.08.03.01	Interest	298,956	234,278
7.08.03.02	Rentals	4,077	3,051
7.08.04	Shareholders	398,951	428,138
7.08.04.03	Retained earnings (accumulated losses)	398,951	428,138

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	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	Profit 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

Individual FS / Statements of Changes in Equity / SCE - 01/01/2021 to 09/30/2021
(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	560,287	-31,116	-	-704,720	217,818	560,287
5.03	Adjusted opening balances	560,287	-31,116	-	-704,720	217,818	560,287
5.04	Shareholders' capital transactions	112,805	3,616	-	-	-	112,805
5.04.01	Capital increases	112,805	-	-	-	-	112,805
5.04.03	Recognized stock options granted	-	3,616	-	-	-	-
5.05	Total comprehensive income	-	-	-	428,615	14,528	-
5.05.01	Profit for the period	-	-	-	428,138	-	-
5.05.02	Other comprehensive income	-	-	-	477	14,528	-
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	477	-477	-
5.05.02.08	Period conversion adjustments	-	-	-	-	15,005	-
5.07	Closing balances	673,092	-27,500	-	-276,105	232,346	673,092

Consolidated FS / Balance Sheet - Assets

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 09/30/2022	Prior YTD 01/01/2021 to 12/31/2021
1	Total assets	2,340,902	2,093,620
1.01	Current assets	1,571,080	1,455,990
1.01.01	Cash and cash equivalents	111,501	185,764
1.01.01.01	Cash and banks	89,900	171,251
1.01.01.02	Highly liquid short-term investments	21,601	14,513
1.01.02	Short-term investments	231,626	70,778
1.01.03	Accounts receivable	428,357	515,163
1.01.03.01	Trade receivables	428,357	515,163
1.01.02.03	Short-term investments at evaluated at amortized cost	231,626	70,778
1.01.04	Inventories	677,166	491,864
1.01.06	Recoverable taxes	26,159	65,261
1.01.06.01	Recoverable current taxes	26,159	65,261
1.01.07	Prepaid expenses	8,731	30,985
1.01.08	Other current assets	87,540	96,175
1.01.08.01	Noncurrent assets for sale	67,682	66,396
1.01.08.03	Other	19,858	29,779
1.01.08.03.02	Others account receivables	19,858	29,779
1.02	Noncurrent assets	769,822	637,630
1.02.01	Long-term receivables	160,867	151,816
1.02.01.03	Long-term investments at evaluated at amortized cost	21,205	-
1.02.01.07	Deferred taxes	74,553	121,380
1.02.01.07.01	Deferred income tax and social contribution	74,553	121,380
1.02.01.10	Other noncurrent assets	65,109	30,436
1.02.01.10.03	Other	13,596	5,627
1.02.01.10.04	Recoverable taxes	51,513	24,809
1.02.02	Investments	6,779	4,420
1.02.02.01	Equity interests	6,779	4,420
1.02.02.01.04	Investments in joint ventures	6,620	4,261
1.02.02.01.05	Other investments	159	159
1.02.03	Property, plant and equipment	482,209	379,023
1.02.03.01	Fixed assets in use	314,928	302,958
1.02.03.03	Construction in progress	167,281	76,065
1.02.04	Intangible assets	119,967	102,371
1.02.04.01	Intangible	119,967	102,371
1.02.04.01.02	Intangible assets	119,967	102,371

Consolidated FS / Balance Sheet - Liabilities

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 09/30/2022	Prior YTD 01/01/2021 to 12/31/2021
2	Total liabilities and equity	2,340,902	2,093,620
2.01	Current liabilities	1,015,503	1,119,801
2.01.01	Payroll, benefits and taxes thereon	77,245	66,860
2.01.01.01	Payroll and related taxes	6,775	10,068
2.01.01.02	Payroll and related taxes	70,470	56,792
2.01.02	Trade payables	144,157	143,606
2.01.02.01	Local suppliers	92,765	82,160
2.01.02.02	Foreign suppliers	51,392	61,446
2.01.03	Taxes payable	137,374	96,632
2.01.03.01	Federal tax liabilities	93,932	91,276
2.01.03.01.01	Income tax and social contribution payable	9,801	21,105
2.01.03.01.02	Other taxes	84,131	70,171
2.01.03.02	State tax liabilities	43,356	5,311
2.01.03.03	Municipal tax liabilities	86	45
2.01.04	Borrowings and Financing	499,822	618,904
2.01.04.01	Borrowings and Financing	499,822	618,904
2.01.04.01.01	In local currency	4,937	43,572
2.01.04.01.02	In foreign currency	494,885	575,332
2.01.05	Other payables	98,915	134,328
2.01.05.02	Other	98,915	134,328
2.01.05.02.02	Dividends payable	49	68,002
2.01.05.02.09	Other payables	63,047	41,181
2.01.05.02.11	Other payables	35,819	25,145
2.01.06	Provisions	50,462	53,641
2.01.06.01	Tax, social security, labor and civil provisions	38,848	41,731
2.01.06.01.01	Tax provisions	24,689	27,689
2.01.06.01.02	Social security and labor provisions	7,440	8,776
2.01.06.01.04	Civil provisions	6,719	5,266
2.01.06.02	Other allowances, provisions and accruals	11,614	11,910
2.01.06.02.01	Provision for warranties	11,614	11,910
2.01.07	Liabilities on non-current assets for sale and discontinued	7,528	5,830
2.01.07.02	Liabilities on assets from discontinued operations	7,528	5,830
2.02	Noncurrent liabilities	241,780	216,772
2.02.01	Borrowings and financing	82,901	74,407
2.02.01.01	Borrowings and financing	82,901	74,407
2.02.01.01.02	In foreign currency	82,901	74,407
2.02.02	Other payables	82,180	64,169
2.02.02.01	Due to related parties	1,764	1,651
2.02.02.01.04	Due to other related parties	1,764	1,651
2.02.02.02	Other	80,416	62,518
2.02.02.02.04	Other Payables	25,342	23,583
2.02.02.02.06	Trade payables	12,641	-
2.02.02.02.09	Other Payables	42,433	38,935
2.02.03	Deferred taxes	14,080	16,469
2.02.03.01	Deferred income tax and social contribution	14,080	16,469
2.02.04	Provisions	62,619	61,727

2.02.04.01	Tax, social security, labor and civil provisions	56,287	55,191
2.02.04.01.01	Tax provisions	2,694	2,641
2.02.04.01.02	Social security and labor provisions	37,678	37,563
2.02.04.01.04	Civil provisions	15,915	14,987
2.02.04.02	Other allowances, provisions and accruals	6,332	6,536
2.02.04.02.01	Provision for warranties	6,332	6,536
2.03	Consolidated equity	1,083,619	757,047
2.03.01	Issued capital	366,256	308,191
2.03.02	Capital reserves	-21,573	-27,281
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	11,956	5,423
2.03.02.09	Capital Transactions	-43,409	-42,584
2.03.04	Profit reserve	133,555	233,936
2.03.04.01	Legal reserve	15,065	15,065
2.03.04.07	Tax incentive reserve	118,490	92,587
2.03.04.08	Proposed additional dividends	-	126,284
2.03.05	Retained earnings/accumulated losses	373,585	-
2.03.06	Valuation adjustments to equity	44,688	45,225
2.03.08	Cumulative translation adjustments	187,108	196,976
2.03.08.01	Cumulative translation adjustments	187,108	196,976

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

Line Item	Description	Current Quartier 07/01/2022 to 09/30/2022	Current YTD 01/01/2022 to 09/30/2022	Prior Quartier 07/01/2021 to 09/30/2021	Prior YTD 01/01/2021 to 09/30/2021
3.01	Net operating revenue	639,972	1,942,127	718,001	1,920,141
3.02	Cost of sales	- 346,043	- 1,015,927	- 347,483	- 998,630
3.03	Gross profit	293,929	926,200	370,518	921,511
3.04	Operating (expenses) income	- 120,944	- 321,527	- 83,016	- 248,373
3.04.01	Selling expenses	- 64,278	- 189,773	- 74,168	- 167,375
3.04.02	General and administrative expenses	- 59,553	- 157,351	- 50,916	- 149,452
3.04.03	Impairment losses	- 534	- 1,080	- 958	- 1,211
3.04.04	Other operating income	5,740	41,296	45,287	76,566
3.04.05	Other operating expenses	- 1,269	- 13,170	- 1,988	- 6,599
3.04.06	Equity in earnings (losses)	- 1,050	- 1,449	- 273	- 302
3.05	Profit before finance income (costs) and taxes	172,985	604,673	287,502	673,138
3.06	Finance income (expenses)	- 20,613	- 21,738	- 52,605	- 69,311
3.06.01	Finance income	49,533	281,536	21,484	170,162
3.06.02	Finance expenses	- 70,146	- 303,274	- 74,089	- 239,473
3.07	Pretax income	152,372	582,935	234,897	603,827
3.08	Income tax and social contribution	- 48,547	- 181,766	- 66,794	- 173,799
3.08.01	Current	- 36,265	- 137,060	- 33,287	- 116,362
3.08.02	Deferred	- 12,282	- 44,706	- 33,507	- 57,437
3.09	Profit (loss) from continuing operations	103,825	401,169	168,103	430,028
3.10	Profit (loss) from discontinued operations, net	- 686	- 2,218	- 1,692	- 1,890
3.10.01	Profit (loss) from discontinued operations	- 686	- 2,218	- 1,692	- 1,890
3.11	Consolidated profit (loss) for the period	103,139	398,951	166,411	428,138
3.11.01	Attributable to owners of the Company	103,139	398,951	166,411	428,138
3.99	Earnings per share (R$/share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common shares (ON)	0.71812	3.15638	1.26880	3.65582
3.99.01.02	Preferred shares (PN)	0.92198	3.45643	1.72827	4.64124
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares (ON)	0.71812	3.15638	1.26880	3.65582
3.99.02.02	Preferred shares (PN)	1.03481	3.44770	1.22986	4.14111

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

Line Item	Description	Current Quartier 07/01/2022 to 09/30/2022	Current YTD 01/01/2022 to 09/30/2022	Prior Quartier 07/01/2021 to 09/30/2021	Prior YTD 01/01/2021 to 09/30/2021
4.01	Consolidated profit for the period	103,139	398,951	166,411	428,138
4.02	Other comprehensive income	16,168	- 9,867	28,345	15,005
4.02.01	Translation adjustment for the period	16,168	- 9,867	28,345	15,005
4.03	Consolidated comprehensive income for the period	119,307	389,084	194,756	443,143
4.03.01	Attributable to owners of the Company	119,307	389,084	194,756	443,143

Consolidated FS / Statement of Cash Flows - Indirect Method

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2022 to 09/30/2022	Prior YTD 01/01/2021 to 09/30/2021
6.01	Net cash from operating activities	443,997	312,962
6.01.01	Cash generated by operating activities	542,557	615,596
6.01.01.01	Profit (loss) before income tax and social contribution	582,935	603,827
6.01.01.02	Depreciation and amortization	23,371	21,647
6.01.01.03	Cost of capital assets written off	221	3,429
6.01.01.04	Other items that do not affect cash included in profit	-1,210	5,165
6.01.01.05	Share of results of investees	1,449	302
6.01.01.07	Allowance for doubtful debts	-1,167	1,211
6.01.01.10	Accrued interest on borrowings and intragroup loans	26,286	25,706
6.01.01.16	Allowance for inventory losses	-428	1,949
6.01.01.17	Provision for warranties	-500	-2,163
6.01.01.18	Exchange differences on translating borrowings and financing	1,527	975
6.01.01.19	Tax, social security, labor and civil provisions	-1,787	-5,871
6.01.01.20	Net cash from discontinued operations	-88,140	-40,581
6.01.02	Changes in assets and liabilities	23,638	-187,709
6.01.02.01	(Increase) decrease in trade receivables	82,588	-72,801
6.01.02.02	(Increase) decrease in inventories	-191,547	-219,215
6.01.02.03	(Increase) in other receivables	34,869	10,216
6.01.02.04	Increase in trade payables	15,321	36,118
6.01.02.05	Increase in accounts payable	82,407	57,973
6.01.03	Other	-122,198	-114,925
6.01.03.02	Income tax and social contribution paid	-122,553	-119,133
6.01.03.03	Assets and Liabilities held for sale	355	4,208
6.02	Net cash from investing activities	-337,650	-107,559
6.02.01	Due from related parties	-909	-
6.02.04	In property, plant and equipment	-126,671	-95,981
6.02.05	In intangible assets	-22,115	-7,518
6.02.06	Financial investments	-182,053	-16
6.02.07	Net cash from discontinued investing activities	-2,094	-917
6.02.08	In investments	-3,808	-3,127
6.03	Net cash from financing activities	-184,170	-119,991
6.03.01	Payment of interest on equity and dividends	-194,238	-
6.03.03	Repayment of borrowings	-502,023	-297,043
6.03.05	Capital increase	58,065	112,805
6.03.08	Borrowings and intragroup borrowings	476,815	84,566
6.03.09	Debits with related parties	113	1,344
6.03.10	Payment of interest on borrowings and intragroup borrowings	-23,526	-21,708
6.03.13	Net cash generated by financing activities of discontinued operations	624	45
6.04	Exchange differences on translating cash and cash equivalents	3,560	-2,562
6.05	Increase (decrease) in cash and cash equivalents	-74,263	82,850
6.05.01	Cash and cash equivalents at the beginning of the year	185,764	91,231
6.05.02	Cash and cash equivalents at the end of the year	111,501	174,081

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

Line Item	Description	Current YTD 01/01/2022 to 09/30/2022	Prior YTD 01/01/2021 to 09/30/2021
7.01	Revenue	2,383,625	2,361,957
7.01.01	Sales of goods and services	2,341,162	2,286,602
7.01.02	Other income	41,296	76,566
7.01.04	Allowance for (reversal of) doubtful debts	1,167	-1,211
7.02	Inputs purchased from third parties	-1,116,962	-1,067,412
7.02.01	Cost of products, goods and services sold	-731,116	-738,187
7.02.02	Supplies, power, outside services and other inputs	-385,846	-329,225
7.03	Gross value added	1,266,663	1,294,545
7.04	Withholdings	-23,371	-21,647
7.04.01	Depreciation, amortization and depletion	-23,371	-21,647
7.05	Wealth created	1,243,292	1,272,898
7.06	Wealth received in transfer	277,869	167,970
7.06.01	Equity in earnings (losses)	-1,449	-302
7.06.02	Finance income	281,536	170,162
7.06.03	Other	-2,218	-1,890
7.06.03.20	Wealth created by discontinued operations for distribution	-2,218	-1,890
7.07	Wealth for distribution	1,521,161	1,440,868
7.08	Wealth distributed	1,521,161	1,440,868
7.08.01	Personnel expenses	196,152	193,849
7.08.01.01	Wages	149,206	133,358
7.08.01.02	Benefits	36,820	51,321
7.08.01.03	Severance Pay Fund (FGTS)	10,126	9,170
7.08.02	Taxes, fees and contributions	618,316	575,965
7.08.02.01	Federal	483,168	481,550
7.08.02.02	State	134,555	93,885
7.08.02.03	Municipal	593	530
7.08.03	Lenders and lessors	307,742	242,916
7.08.03.01	Interest	303,272	239,468
7.08.03.02	Rentals	4,470	3,448
7.08.05	Other	398,951	428,138
7.08.05.01	Accumulated losses, net of valuation adjustments to equity - Continuing operation	401,169	430,028
7.08.05.02	Accumulated losses, net of valuation adjustments to equity - discontinued operation	-2,218	-1,890

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

Consolidated FS / Statements of Changes in Equity / SCE -- 01/01/2021 to 09/30/2021
(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	560,287	-31,116	-	-704,720	217,818	42,269
5.03	Adjusted opening balances	560,287	-31,116	-	-704,720	217,818	42,269
5.04	Shareholders' capital transactions	112,805	3,616	-	-	-	116,421
5.04.01	Capital increases	112,805	-	-	-	-	112,805
5.04.08	Recognized stock options granted	-	3,616	-	-	-	3,616
5.05	Total comprehensive income	-	-	-	428,615	14,528	443,143
5.05.01	Net income for the period	-	-	-	428,138	-	428,138
5.05.02	Other comprehensive income	-	-	-	477	14,528	15,005
5.05.02.04	Translation adjustments for the period	-	-	-	-	15,005	15,005
5.05.02.06	Realization of valuation adjustments to equity	-	-	-	477	-477	-
5.07	Closing balances	673,092	-27,500	-	-276,105	232,346	601,833

3Q22/9M22 Earnings

TAURUS™

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Operating and financial highlights – 9M22

Total production:

1.5 million units in 9M22

Net revenue:

R$1,942.1 million in 9M22, a growth of 1.1% over 9M21

Gross profit:

R$926.2 million in 9M22 and margin of 47.7%

Ebitda:

R$629.5 million in 9M22, with a margin of 32.4%

Profit for the period:

R$399.0 million in the first nine months of the year

Capex:

R$149 million in investments in 9M22

Taurus maintains strong operating performance, attaining a gross margin of 45.9% in 3Q22 and records profit of R$399.0 million up to September

São Leopoldo, November 8, 2022 – Taurus Armas S.A. (“Taurus” or “Company”) (B3: TASA3; TASA4), listed on B3’s Corporate Governance Level 2 (Ticker symbols: TASA3, TASA4), one of the world’s largest firearm manufacturers, hereby reports its earnings for the Third Quarter of 2022 (3Q22) and first nine months of the year (9M22). Financial and operating information below, except otherwise indicated, is expressed in Brazilian reais (R$), follows international financial reporting standards (IFRSs) and Brazilian accounting principles. Comparisons refer to the same periods of 2021.

Main indicators

R$ million	3Q22	3Q21	3Q22x3Q21 % Chg.	2Q22	3Q22x2Q21 % Chg.	9M22	9M21	9M22x9M21 % Chg.
Net operating revenue	640.0	718.0	-10.9%	625.6	2.3%	1,942.1	1,920.1	1.1%
Domestic market	240.7	202.1	19.1%	218.7	10.1%	652.3	513.2	27.1%
Foreign market	399.3	515.9	-22.6%	406.9	-1.9%	1,290.0	1,406.9	-8.3%
COGS	-346.0	-347.5	-0.4%	-327.9	5.5%	-1,015.9	-998.6	1.7%
Gross profit	293.9	370.5	-20.7%	297.7	-1.3%	926.2	921.5	0.5%
Gross margin (%)	*45.9%*	*51.6%*	*-5.7 p.p.*	*47.6%*	*-1.7 p.p.*	*47.7%*	*48.0%*	*-0.3 p.p.*
Operating expenses (SG&A)	-120.9	-83.0	45.7%	-99.8	21.1%	-321.5	-248.4	29.4%
Profit before finance income (costs) and taxes (EBIT)	173.0	287.5	-39.8%	198.0	-12.6%	604.7	673.1	-10.2%
Finance income (costs), net	-20.6	-52.6	-	-44.6	-	-21.7	-69.3	-68.7%
Income tax and social contribution	-48.5	-66.8	-27.4%	-51.3	-5.5%	-181.8	-173.8	4.6%
Profit for the period (continuing operations)	103.8	168.1	-38.3%	102.0	1.8%	401.2	430.0	-6.7%
Profit (loss) from discontinued operations	-0.7	-1.7	-58.8%	-1.2	-41.7%	-2.2	-1.9	15.8%
Profit for the period	**103.1**	**166.4**	**-38.0%**	**100.8**	**2.3%**	**399.0**	**428.1**	**-6.8%**
EBITDA	181.7	295.0	-38.4%	205.6	-11.6%	629.5	695.0	-9.4%
EBITDA Margin	*28.4%*	*41.1%*	*-12.7 p.p.*	*32.9%*	*-4.5 p.p.*	*32.4%*	*36.2%*	*-3.8 p.p.*
Net debt (at the end of the period)	218.4	665.7	-67.2%	198.3	10.1%	218.4	665.7	-67.2%

Note - EBITDA is not an indicator used in accounting practices. Its calculation is presented in the Section "EBITDA" of this report.

Message from Management

A solid company, with robust processes and a well-defined strategy. These features have once again ensured that Taurus achieved a strong operating performance in 3Q22, in spite of the new market scenario. As foreseen, the US firearm market, the world's largest market at which our products are primarily targeted, has been showing signs of stability at a higher level than that recorded before the Covid-19 pandemic. The NICS index (National Instant Criminal Background System), which indicates the number of individuals willing to buy firearms in the United States, in 9M22, exceeded by 29.3% the figures recorded in 9M19. According to the latest NICS data, from January to September this year, 11.9 million inquiries were made, the third highest number ever recorded for the period since this system adoption in 2000, lower only than 9M20 and 9M21. Disregarding these two periods that might be considered outliers, the NICS for 9M22 stands at 66.5% above the average recorded for the first nine months of the years 2000 to 2020.

The current market environment also differs from that of recent years in terms of the type of firearms consumers are seeking. Despite the new market levels, pistols still account for the largest share, but the revolvers segment has been consistently boosting its market share given the lower supply of such product model over the last two years. The major investments made so far have enabled us to adapt the Company to the market opportunities, with a diversified product mix and flexible operations. Taurus is the world's largest producer of revolvers bearing the lowest production costs for its products. Accordingly, we have been expanding its share within the relevant product mix. In 3Q22, revolvers accounted for 25% of the total volume of firearms produced by the Company, i.e., a 5 percentage-point increase over the previous quarter, and this share continues to ramp up, with prospects for gaining greater room in production over the coming months. The revolver production process, however, requires a higher number of man-hours than that for pistols, which partially explains the 38.8% reduction in the total volume produced at our units in 3Q22 over 2Q22. Concurrently, revolvers offer a higher average amount when compared to pistols, which in turn explains the 2.3% growth in net revenue, despite the 3.4% lower volume in the same period (3Q22 vs. 2Q22).

In view of the current market scenario, the Company has taken another paramount decision. We have swiftly entered into partnerships with two renowned North American firearms suppliers, with a view to expanding Taurus' portfolio and making the AR and AK platforms, in 9mm caliber, available to Brazilian consumers. Both products are already available in the domestic market.

As regards the new industrial plant located in India, under the JV with the Jindal Group – J Hind Taurus –, the first phase of infrastructure implementation has been completed, including, in addition to the infrastructure for manufacturing light firearms, a world-class firing line with facilities for testing and approval. Machinery and equipment items imported from Brazil and locally acquired are being installed, including the supporting infrastructure, such as metrology and metallurgy laboratories. Production in India will take place through the transfer of technology and knowledge, as well as the development of local partners, under the Make-In-India Program, so as to foster the establishment of a sustainable and self-sufficient defense system for that country. Our industrial operations aim to serve the large defense and public security market in India, besides holding a share of the civilian market, with the manufacture of pistols and revolvers of calibers that are permitted in the country. Such market potential and the interest in our products could be confirmed at the 12th edition of DEFEXPO, India's largest exhibition of defense, land, naval and internal homeland security technologies and products, which took place from October 18 to 22. The fair boasted over 1,000 exhibitors from 70 countries, the presence of more than 3,000 delegations, and roughly 1 million visitors. With the J Hind Taurus booth, which was attended by the project team and the Executive Boards of Taurus and Jindal Defense, we were able to present some of our products and build up contacts to expand the relationship with governments, the Armed Forces and Police from several countries in the region.

Recently, the Indian Ministry of Defense released a tender for the acquisition of more than 420,000 rifles, the world's largest tender for rifles over the past years. We plan to take part in this bidding process and, to this end, we have already submitted, on October 21, the RFI (Request for Information) containing all the data required. Our market intelligence team remains attentive, mapping *future bids, such as: (i) 140,000 units of submachine guns, and (ii) 120,000 units of various firearms, including pistols, submachine guns and rifles of various calibers, within the state police and paramilitary forces.*

The earnings currently reported by Taurus, for 3Q22 and 9M22, were in line with our expectations: below figures recorded at the market peak period, but well above the results prior to the pandemic. We achieved a strong operating performance. In spite of the lower sales volumes and the greater share of revolvers in the production mix, in addition to inflationary pressure and the 12% wage adjustment (collective bargaining agreement) granted to all employees, we managed to keep costs and expenses under control, and attained margins well above those of our international peers. Taurus's gross margin was 45.9% in 3Q22, while Smith & Wesson disclosed its latest quarterly earnings with a gross margin of 37.3% and Ruger, of 27.9% in 3Q22.

The profit for the nine months to September reached R$399.0 million, an amount that exceeds by more than two times (+105.4%) the adjusted profit for 2021 (R$194.3 million), fully distributed to shareholders as dividends. Last year, before calculating the adjusted profit, it was necessary to write off the accumulated losses from previous years, an accounting issue that has already been resolved. As per profit for FY2022, Taurus will distribute dividends of at least 35% of the adjusted profit, as set out in its Bylaws, and may still increase this percentage rate, according to cash availability. Taurus's strategy has always revolved around attaining the best return for its shareholders. Accordingly, at the end of 2022, we intend to create strategic reserves that will provide the flexibility to make additional payments of compensation to shareholders, possibly more frequently during the year, and/or to carry out a buy-back of shares.

At the same time, investments are still underway, preparing Taurus to consolidate itself as an increasingly more efficient and modern company, engaged in developing cutting-edge technology and relying on state-of-the-art machinery and equipment in its production lines. These investments have been fully financed through own funds, which was possible due to our ability to generate strong cash flows. In 2021, investments amounted to R$181 million, out of which R$113 million referred to machinery and equipment. In the first nine months of 2022, the pace became even more vigorous, involving investments of R$149 million, out of which R$103 million in machinery and equipment. Some of these machines and equipment, worth R$40 million, were delivered at the end of 3Q22. Part of them has already been in operation at the building 2 of the São Leopoldo industrial plant, which was built on a plot of land adjacent to Taurus' headquarters. Therefore, this corroborates that our decision to acquire this area in December 2021 was appropriate, which allowed expanding our operations.

A significant portion of the investments was allocated to R&D activities, in line with the strategy of having technology as a keyword at Taurus. In this sense, the Integrated Engineering and Technology Center (CITE) in Brazil/USA is always developing and presenting new products to the market, which incorporate innovative technologies and ensure quality at competitive prices. After launching the GX4 Graphene pistol, which placed Brazil as a pioneer in the use of graphene in the composition of gun components, other projects are in progress, such as the application of niobium nanoparticles, DLC (Diamond Like Carbon) and long-fiber polymers.

In addition to allocating funds to the development of products and processes, we also invest in training people, which is essential for the modernization of the Company and the personal growth of our employees. In the training programs offered, we currently have 21 students in the MBE of Taurus System Engineering, five attending the Master's Degree course of Taurus System Engineering, one attending a doctorate program, besides new opportunities that are being made available, with additional vacancies for master's and doctorate degrees.

*These aspects – **people, and technology & innovation** – contribute to the engagement of a **collaborative environment** to forge the tripod that underpins our ESG vision. As a strategic defense industry, Taurus primarily focuses on ESG issues. National security, public security and people safety are matters related to social stability and sustainability, through the defense of freedom, human rights and ethics. Once again, Taurus is leading the way in its industry, by creating the ESG culture and introducing this issue into the Company in a formal manner.*

Following a survey on our position in ESG terms, conducted by an international consulting firm, we formed a dedicated area, a multidisciplinary working group focused on these issues, and the ESG Committee, composed of all the Senior Management members. The work already performed involves the preparation of a materiality matrix and ESG indicators, and the mapping and *quantification of data intended for the preparation of Taurus's inventory of greenhouse gas emissions. We are also preparing to draw up our first Annual Sustainability Report, which will be disclosed between April and May 2023.*

The plans outlined when the current Management took over the Company in 2018 have continued to materialize, with our planning focused on growth, with efficiency in operations and profitability. We would like to share with all our shareholders and business partners the pleasure of seeing the sparkle in the eyes of our employees and this reality taking place at Taurus, within such a short timeframe, following the Company's turnaround. This reassures us that all the efforts endeavored have been worthwhile. In order to continue along this path, we will rely on the support of our shareholders, board members, employees, clients and partners, to whom we would like to express our gratitude.

Salesio Nuhs
CEO

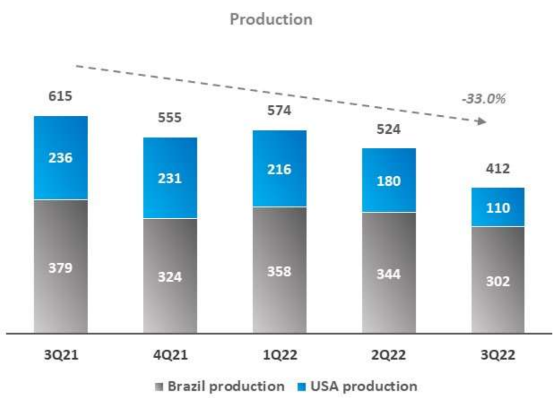
Operating Performance

Production

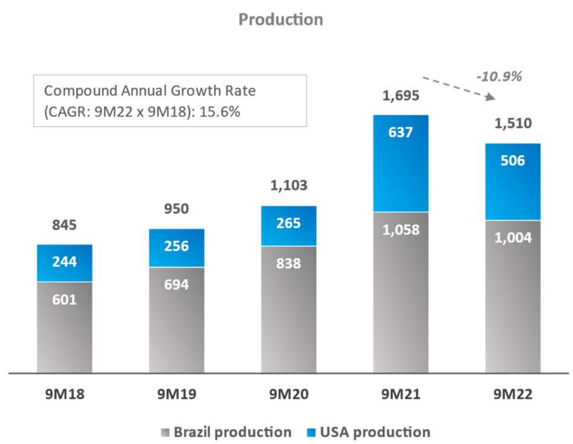
In 3Q22, Taurus produced 412,000 firearms at its two industrial plants located in Brazil and USA, totaling 1.5 million units in the first nine months of 2022. In the prior year, the Company had achieved record production volumes so as to supply the unprecedented demand, especially from the US market, which is the main consumer worldwide and, therefore, the largest consumer of Taurus products. In light of this increased basis of comparison, the production volumes for 3Q22 and 9M22 decreased by 33.0% and 10.9% over 3Q21 and 9M21, respectively.

Firearms Production – Taurus (thousand units)

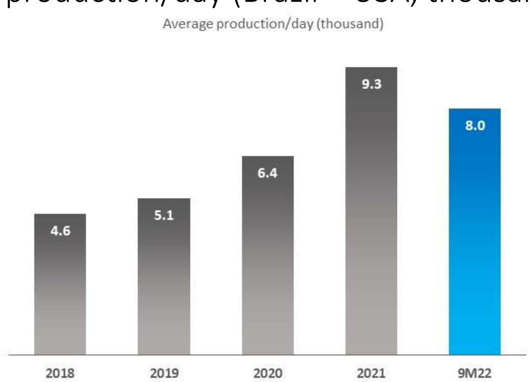
Quarterly



9 months



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



The Company continues to invest in developing products that meet consumer demand, through the use of innovative materials, integrated technology and efficient production processes, based on the projects designed by the Integrated Engineering and Technology Center (CITE) in Brazil/USA. Among the launches made during 3Q22, Taurus introduced a limited edition of the G2C pistol, celebrating the 40-year anniversary of its subsidiary in the United States, and released the GX4 Graphene pistol to the market, the third generation of pistols and the first one in the world to use graphene. Moreover, it launched the 1911 Government in caliber 9 mm, a new model of pistol from the Taurus 1911 line, and a new version of the classic RT 065 revolver, with caliber .357 Magnum, in two finishing options. In addition, Taurus swiftly entered into partnerships with two renowned North American firearms suppliers, with a view to expanding its portfolio and making the AR and AK platforms, in 9mm caliber, available to Brazilian consumers. Both products are already available in the domestic market.

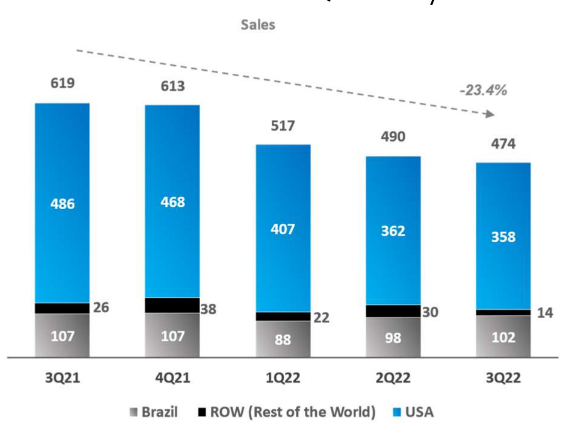
Sales

In 3Q22, Taurus sold 474,000 firearms, totaling 1.5 million units sold in the first nine months of 2022. As the main destination of the Company's sales, the US market accounted for 75.5% of such firearms in 3Q22 and 76.1% in 9M22. Given the expected demand decrease following the strongest market growth ever recorded, especially in the United States, sales fell by 23.4% in terms of volume in 3Q22 over 3Q21, and by 14.6% when comparing the nine-month period of 2022 with the 9M2021. The positive highlights were demand levels remaining unchanged in the domestic market, where the sales volume in 9M22 grew by 9.1% over 9M21, and a slight drop by 4.0% in the quarterly comparison (3Q22 vs. 3Q21).

In the United States, demand remains at the expected pace, with a decrease over the past two years, but well above the historical average. Considering the adjusted NICS index (National Instant Criminal Background System) for the first nine months of the year since 2020, which indicates the number of individuals willing to buy firearms in the United States, the index of 11.9 million for 9M22 is only lower than the figures reported for the last two years, representing the third highest index in the historical series. In other words, the market continues showing sustained demand, even though the sharpest moment of the boom seen in the last two years has passed. The lower demand in the United States, in light of such upward trend, explains the lower sales volumes of Taurus products in the country, which decreased by 26.5% in 3Q22 over 3Q21 and 19.6% when comparing 9M22 to 9M21.

Firearm sales volume - Taurus - (thousand units)

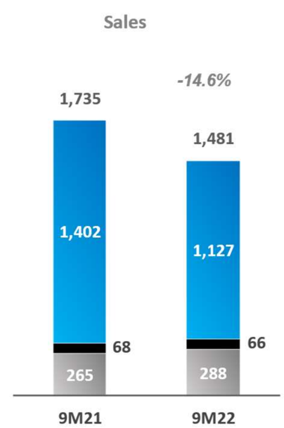
Quarterly



3Q22 vs. 3Q21

Brazil: ***-4.0%***
USA: ***-26.5%***
ROW: ***-46.5%***

9 months

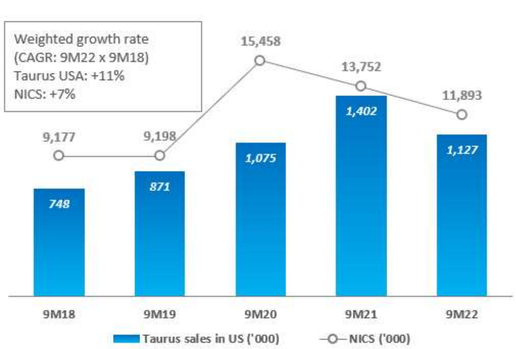


9M22 vs. 9M21

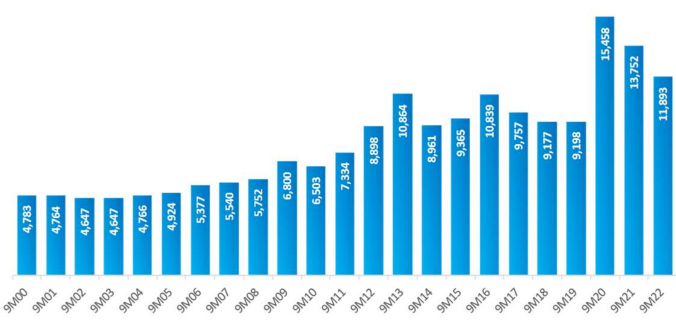
Brazil: ***+9.1%***
USA: ***-19.6%***
ROW: ***-2.5%***

US market - NICS (National Instant Background Check System)
(thousand units)

Taurus sales volume in the United States and NICS



Adjusted NICS – 9M from 2000 to 2022



Economic and Financial Performance

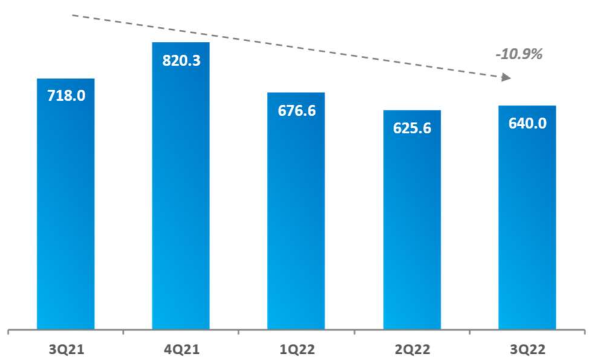
Net Operating Revenue

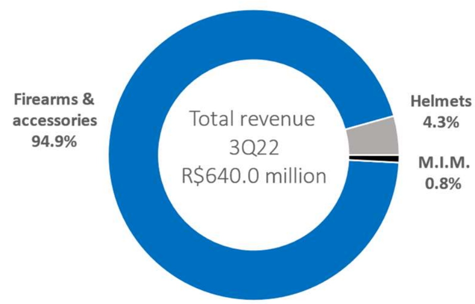
In addition to the firearms & accessories, major operating segment accounting for 94.9% of revenue in 3Q22 and 95.4% in 9M22, Taurus's net operating revenue includes the proceeds from M.I.M. (metal injection molding) sales and helmets.

In 3Q22, consolidated net revenue reached R$640.0 million, slightly higher than figures reported for 2Q22 (+2.3%) and 10.9% lower than 3Q21. The M.I.M. and helmet segments jointly accounted for 5.1% of revenue for 3Q22 and both posted positive variations over 3Q21, up by 4.9% in revenue from helmets and 4.0% from M.I.M. In the firearms & accessories segment, which primarily accounts for the Company's consolidated performance, revenue for 3Q22 totaled R$607.1 million, a 11.6% decrease over 3Q21, due to the 23.5% reduction in sales volumes, which was partially offset by the mix of sales and exchange rate changes.

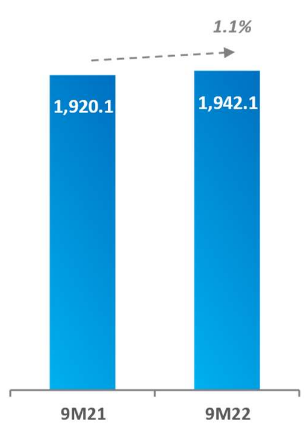
From January to September, revenue reached R$1,942.1 million, posting a slight increase of 1.1% when compared to the same period from the prior year, mostly reflecting the performance of the firearms & accessories segment, whose revenue grew by 1.9% in the period, due to the increase of 36.6% recorded in the Brazilian market, similarly to other countries (5.9%). The other segments accounted for 4.6% of total revenue, both posting a revenue decrease from 9M21 to 9M22 (helmets: -12.3% and M.I.M.: -15.4%).

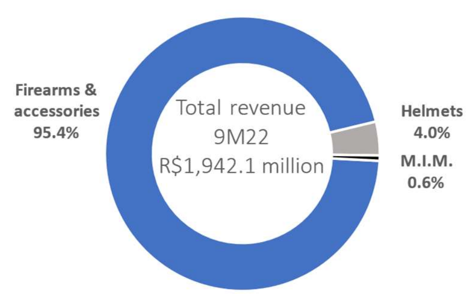
Consolidated Net Operating Revenue - (R$ million)
QUARTER





Consolidated Net Operating Revenue - (R$ million)
9 MONTHS





Individually considering the firearms & accessories segment, the decrease of 11.6% in 3Q22 over 3Q21 was lower than the decrease of 23.5% in the sales volume recorded during the same period. The same trend might be observed when comparing the performance of the firearms & accessories segment in 9M22 and 9M21, when the sales volume dropped by 14.6% and revenue grew by 1.9%. This scenario primarily derives from the strategy adopted by Taurus towards investing in technology and establishing a mix of higher added-value firearms sales. The products launched over the last two years accounted for 28.3% of Taurus's revenues from firearms in 9M22. Taurus's average sales price of firearms has been increasing continuously, up by 15.4%, when comparing 3Q22 and 2021’s figures, with a weighted average growth rate of 16.0% p.a. for the period between 2018 and 3Q22.

The fluctuations in the Brazilian real (R$) against the US dollar (US$) also affects the Company’s performance, since its sales are substantially made to the foreign market and, therefore, denominated in foreign currency. When accounting for such sales in local currency, there would be gains or losses on the Brazilian real (R$) appreciation or depreciation. As per the quarterly assessment, the foreign exchange fluctuations had a slightly positive effect on revenue from sales to the foreign market, which totaled 65.7% of revenue from firearms & accessories, since the average US dollar rate for 3Q22 was 0.4% higher than 3Q21’s rate. On the other hand, when considering the period from January to September, foreign exchange fluctuations adversely affected the 69.6% portion of revenue from sales to the foreign market, since the average US dollar rate in 9M22 was 3.6% lower than such currency average quotation in 9M21.

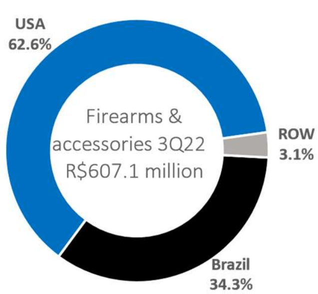
The revenue evolution by region from 3Q22 to 3Q21 indicates an increase of 21.3% in Brazil, due to the mix of higher added-value sales, which offset the drop of 4.0% in sales volumes. On the other hand, revenue from sales made in the United States and from exports to other countries decreased by 20.1% and 52.3%, respectively. Given that, in 2021, demand from the US market reached its highest historical peak, the expected reduction in the sales volume primarily reflects such performance, even though the effects have been partially offset by the mix of higher added-value sales, in addition to the slight foreign exchange fluctuations. In addition to sales made by its subsidiary in the United States, Taurus exports its products from Brazil to over 100 countries. In the first nine months of 2022, exports were mostly made to Philippines, Guatemala, Turkey and Pakistan, which jointly accounted for 52% of revenue earned from sales to other countries (except for USA).

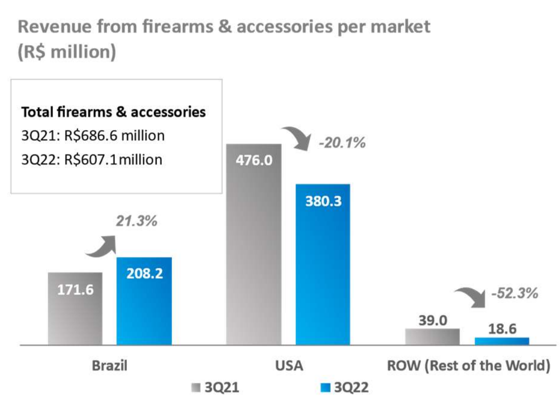
When considering the first nine months, revenue from the firearms & accessories segment in Brazil increased, totaling R$564.0 million in 9M22, i.e., 36.6% higher than figures reported during the same period from the prior year. The Company adopts a flexible approach towards targeting its products from a geographical perspective and, in terms of production capacity, it may adjust the demand according to the market requirements.

In light of the lower demand in the United States, Taurus, as a Brazilian company, prioritized the domestic market. In addition to the sales mix, the number of units sold increased in the domestic market. Accordingly, Brazil’s share of the total revenue from the firearms & accessories segment went from 22.7% in 9M21 to 30.4% in 9M22. In Brazil, the revenue performance, coupled with the 5.8% growth in revenue from exports to other countries, offset the 9.2% drop in the United States during the period.

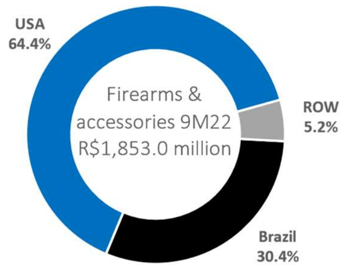
Net Operating Revenue - Firearms & Accessories (R$ million)

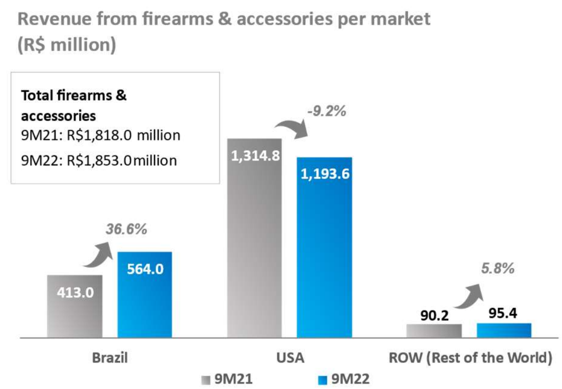
QUARTER



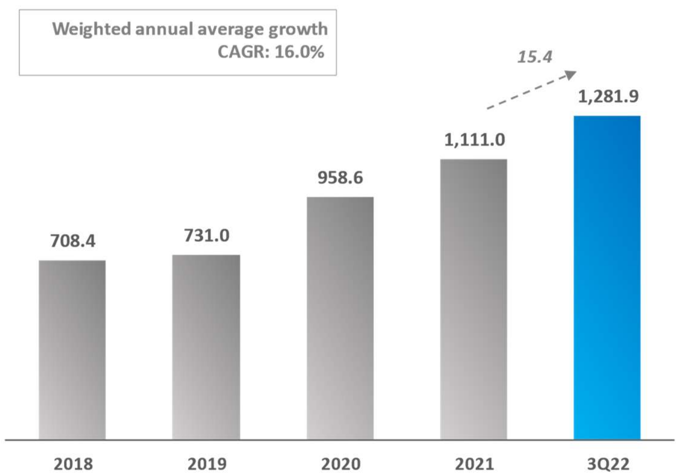


Net Operating Revenue - Firearms & Accessories (R$ million)
9 MONTHS





Taurus Average Sales Price
(R$/unit)



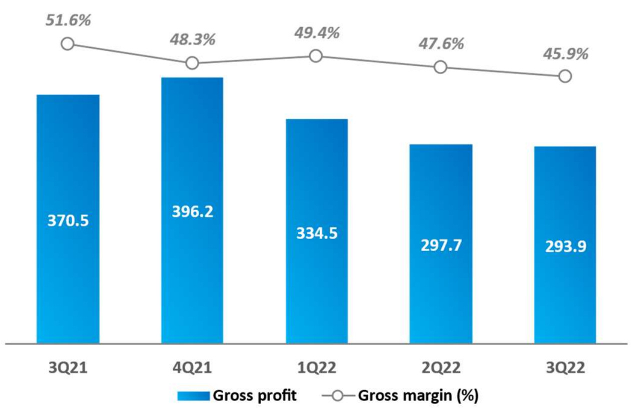
Gross profit

In 3Q22, the cost of sales totaled R$346.0 million, which was virtually aligned with the figures reported for 3Q21 (decrease of 0.4%). Fixed costs increased over the period due to the higher personnel expenses derived from the 12% wage adjustment granted to all employees. The Company’s COGS also includes the pressure exerted by the foreign exchange fluctuations on the costs incurred by the Company’s unit located in the United States and, therefore, denominated in US dollars (US$). Moreover, costs were pressured by the higher inflation rates, with the 12-month Extended Consumer Price Index (IPCA) up to September 2022 totaling 7.2%. In view of the revenue decrease and COGS maintenance over the same period of 2021, gross profit for 3Q22 reached R$293.9 million, 20.7% lower than 3Q21, whereas gross margin dropped by 5.7 p.p. to 45.9%, which substantially exceeds the rates disclosed by peers in their latest quarterly earnings released in the United States, namely Smith & Wesson with a gross margin of 37.3% and Ruger, with 27.9% (3Q22).

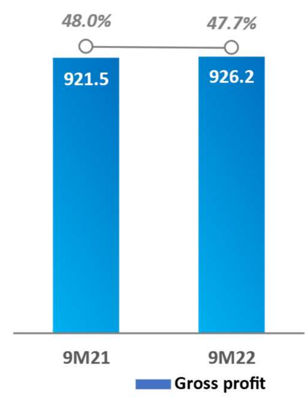
In 9M22, gross profit amounted to R$926.2 million, up by 0.5% over 9M21, with the gross margin remaining virtually flat in relation to 9M21, at 47.7%. The diversification and expansion of the product mix and the Company's strategic action, which involves the continuous monitoring of consumer demand and market trends, always aiming to seize opportunities and mitigate risks, are the basis of the Company's performance, maintaining margins at high levels, despite the demand reduction in the United States, its largest market. The modernization of the industrial complex, coupled with the adoption of efficient operating processes, including the portfolio renewal based on the launching of products that rely on innovative and low-cost processes developed by the Integrated Engineering and Technology Center (CITE) in Brazil/USA, have complemented each other in order to maintain Taurus's strong competitiveness, with high margins for the Company.

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

QUARTER



9 MONTHS



Operating expenses

Operating expenses, including the share of profit (loss) of subsidiaries and asset impairment losses, amounted to R$120.9 million in 3Q22, totaling R$321.5 million in 9M22, which represents increases of 45.7% and 29.4%, respectively, over the same periods from the prior year.

In 3Q22, selling expenses decreased by 13.3% over 3Q21, primarily due to the lower sales volume and consequent reduction in variable expenses, such as freight and commissions. In the first nine months of the year, this group of expenses increased by 13.4% over the same period in 2021, given the efforts made by the commercial area during the first half of 2022, which included reinforcing the internal marketing team, participating in various events related to the sector, besides engaging another advertising agency to further strengthen the Taurus brand, especially in the US market.

In the first nine months of the year, general and administrative expenses increased by 5.3% over the same period of 2021. The higher inflation rates in Brazil, coupled with the effects of foreign exchange fluctuations on expenses incurred at Taurus's unit located in the United States, and the engagement of consulting firms primarily led to such increase.

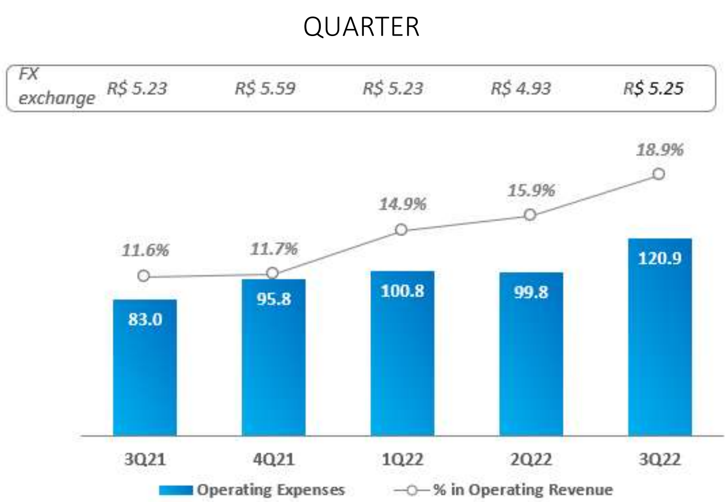
Nevertheless, the increase in operating expenses, in both periods of comparison, derives from nonrecurring factors recorded in line item "Other operating income". In 3Q21, the Company recorded a positive net balance (net revenue) of R$43.0 million in such line item, which reduced total operating expenses, substantially because of nonrecurring revenue from recovered Federal VAT (IPI) and State VAT (ICMS) amounts. In 3Q22, the balance of other operating income totaled R$3.4 million, down by R$39.6 million or 92.1% over the same quarter from the prior year. Considering only the disbursements related to SG&A (selling, general and administrative expenses), the 3Q22 net income reached R$123.9 million, down by 1.0% over the same quarter from the prior year, despite the strong inflationary pressure and the 12% wage adjustment also granted to the administrative team.

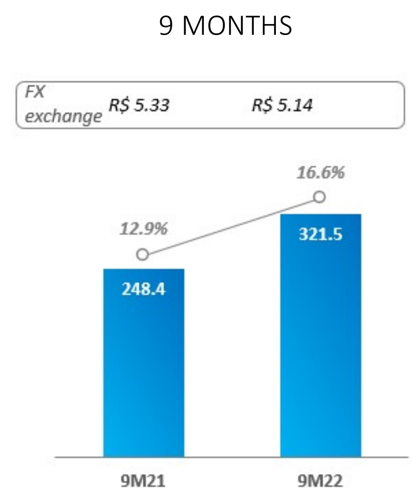
In 9M21, in addition to such extraordinary revenue reported in the third quarter of the year, nonrecurring revenues amounting to R$23.8 million for 2Q21 were accounted for, primarily arising from the full waiver of the loan amounting to US$3.0 million granted to Taurus USA under the US government program, namely Paycheck Protection Program (PPP), created to lessen the adverse effects derived from the Covid-19 pandemic on the economy, based on full compliance with the established requirements. These two factors were determinant to ensure that, in the first nine months of 2021, "Other operating income" totaled a net balance of R$69.7 million. In 9M22, the Company posted net revenue of R$26.7 million in this line item, basically due to the recoverable taxes in 1Q22 of R$25 million, down by 61.7%, or R$43 million, over 9M21.

	3Q22	3Q21	3Q22x 3Q21 % Chg.	2Q22	3Q22x 2Q22 % Chg.	9M22	9M21	9M22x9M21 % Chg.
Selling expenses	64.3	74.2	-13.3%	60.1	7.0%	189.8	167.4	13.4%
General and administrative expenses	59.6	50.9	17.1%	45.2	31.9%	157.4	149.5	5.3%
Asset impairment losses (income)	0.5	1.0	-	0.0	-	1.1	1.2	-8.3%
Other operating (income) expenses*	-3.4	-43.0	-92.1%	-5.5	-38.2%	-26.7	-69.7	-61.7%
Operating expenses (SG&A)	**120.9**	**83.0**	**45.7%**	**99.8**	**21.1%**	**321.5**	**248.4**	**29.4%**
Operating exp./Op. income, net (%)	*18.9%*	*11.6%*	*7.3 p.p.*	*15.9%*	*3.0 p.p.*	*16.6%*	*12.9%*	*3.6 p.p.*
Average Ptax dollar exchange rate (R$)	*5.25*	*5.23*	*0.4%*	*4.93*	*6.5%*	*5.14*	*5.33*	*-3.6%*

** Includes equity income*

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





EBITDA

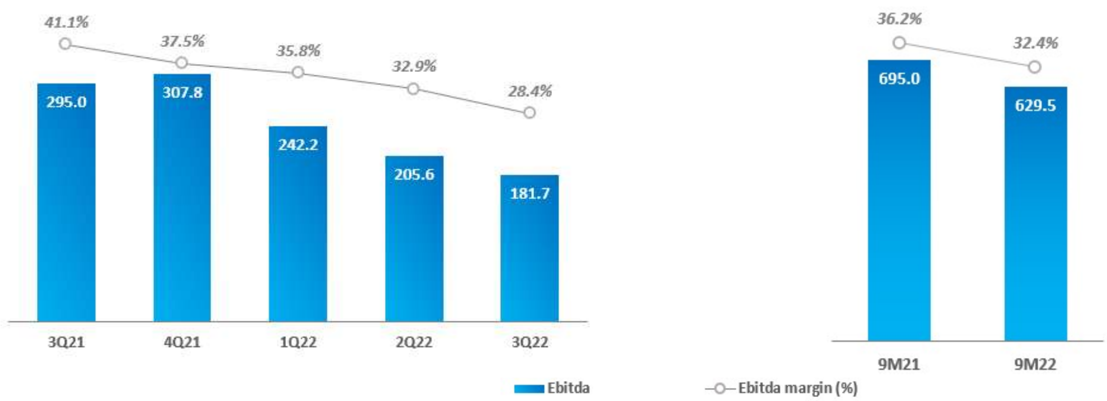
On account of the factors referred to above, including the decrease in revenue, gross profit and increase in operating expenses, especially due to the lower amount of nonrecurring revenues recorded both in 3Q22 and 9M22 over the same periods from the prior year, the Company reported an EBITDA of R$181.7 million in 3Q22, totaling R$629.5 million in 9M22. This performance represents decreases of 38.4% and 9.4%, respectively, when compared to 3Q21 and 9M21. Despite the reduction in relation to the previous year, which had been a period of record sales, the Company has maintained its position as a strong cash generator, with EBITDA for 3Q22 standing above all the results obtained for this indicator in Taurus's history up to 1Q21.

Calculation of EBITDA - reconciliation according to CVM Resolution 156/22

R$ million	3Q22	3Q21	3Q22x 3Q21 % Chg.	2Q22	3Q22x 2Q22 % Chg.	9M22	9M21	9M2 x 9M21 % Chg.
Net operating revenue	640.0	718.0	-10.9%	625.6	2.3%	1,942.1	1,920.1	1.1%
Cost of sales	-346.0	-347.5	-0.4%	-327.9	5.5%	-1,015.9	-998.6	1.7%
Gross profit	293.9	370.5	-20.7%	297.7	-1.3%	926.2	921.5	0.5%
Operating expenses	-120.9	-83.0	45.7%	-99.8	21.1%	-321.5	-248.4	29.4%
Share in results of investees	1.1	0.3	-	0.2	450.0%	1.4	0.3	-
Depreciation and amortization	7.6	7.2	5.6%	7.4	2.7%	23.4	21.7	7.8%
EBITDA	**181.7**	**295.0**	**-38.4%**	**205.6**	**-11.6%**	**629.5**	**695.0**	**-9.4%**
EBITDA margin	*28.4%*	*41.1%*	*-12.7 p.p.*	*32.9%*	*-4.5 p.p.*	*32.4%*	*36.2%*	*-3.8 p.p.*

EBITDA (R$ million) and EBITDA margin (%)

QUARTER | 9 MONTHS



Ebitda (earnings before interest, taxes, depreciation and amortization) is not a financial measurement according to the BR GAAP and International Financial Reporting Standards, or IFRS, and should not be considered on its own as an operating performance measurement or alternative to operating cash flow as liquidity measurement. This indicator is a managerial measurement, presented to offer additional information on operating cash generation.

Financial Result

Taurus's finance income (costs) primarily comprise exchange gains (revenues) and losses (expenses). The depreciation in the Brazilian currency is reflected in the form of an exchange gain (revenues) on the trade receivables portfolio and the cash in US dollars of the US subsidiary and in the form of an exchange loss (expenses) on the financial obligations resulting from our bank debt, mostly denominated in US dollars (as at September 30, 2022: position of R$577.8 million or 99.2% of the total bank debt). Nevertheless, the exchange gains (losses) have no cash effect. Considering the Ptax dollar rate at the end of the periods of September 30, 2022 and 2021, the Brazilian real (R$) depreciated by 0.6% over this period.

The US dollar rate prevailing at the end of the reporting period is used in assessing the evolution of Taurus's finance income (costs) since exchange gains and losses are earned/incurred on balance sheet accounts and recorded based on the exchange rates in effect at the end of each reporting period.

R$ million	3Q22	3Q21	*3Q22x 3Q21 % Chg.*	2Q22	*3Q22x 2Q22 % Chg.*	9M22	9M21	9M2 x 9M21 *% Chg.*
(+) Financial income	**49.5**	**21.5**	*130.2%*	**76.8**	*-35.5%*	**281.5**	**170.2**	*65.4%*
Foreign exchange gains	*35.7*	*21.0*	69.9%	73.5	*-51.5%*	261.6	168.2	*55.6%*
Interest and other income	*13.9*	*0.5*	2680.0%	3.3	*321.2%*	19.9	2.0	*895.0%*
(-) Financial expenses	**70.1**	**74.1**	*-5.4%*	**121.4**	*-42.3%*	**303.3**	**239.5**	*26.6%*
Foreign exchange losses	*54.1*	*62.5*	-13.4%	109.5	*-50.6%*	261.2	201.9	*29.4%*
Interest,IOFand other expenses	*16.0*	*11.6*	37.9%	11.9	*34.5%*	42.0	37.6	*11.7%*
(+/-) Net financial result	**-20.6**	**-52.6**	-	**-44.6**	-	**-21.7**	**-69.3**	*-68.7%*
US dollar Ptax rate at the end of period (R$)	**5.41**	**5.44**	*-0.6%*	**5.24**	*3.2%*	**5.41**	**5.44**	*-0.6%*

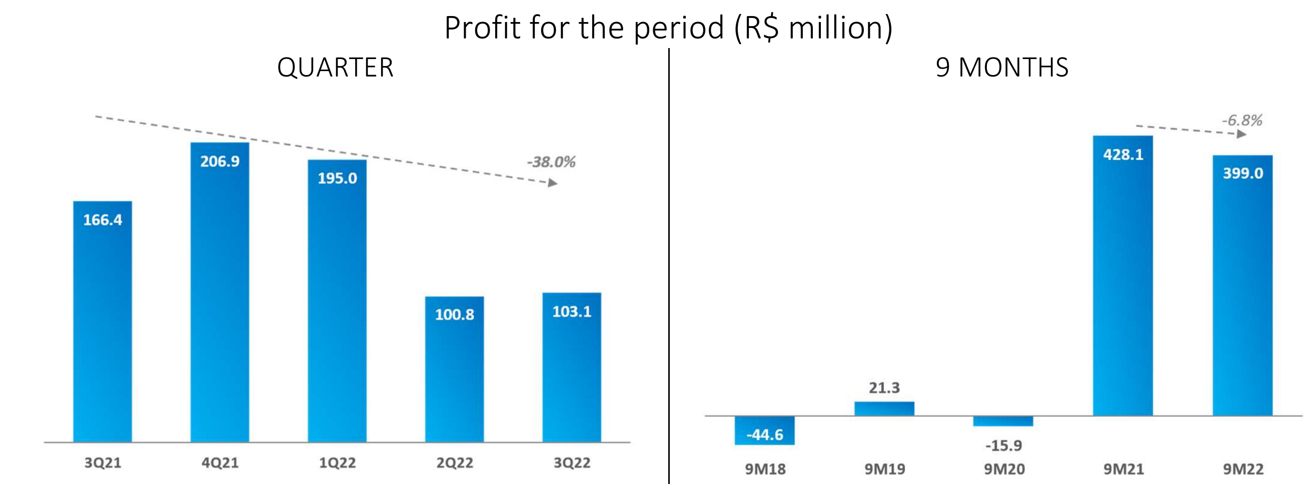
Both considering the figures reported for the quarter and nine-month period, net finance costs substantially decreased mostly due to the increase in finance income for the periods under analysis. In 3Q22, Taurus recorded net finance costs of R$20.6 million, which was 60.8% lower than the balance recorded in the same quarter of the prior year, based on an increase of 130.2% in finance income. Such growth in finance income derives from the increases of R$14.7 million in exchange gains and R$13.4 million in interest income and other income, given the higher volume of short-term investments (balance of R$274.4 million as at September 30, 2022 against R$21.9 million at the end of 3Q21) and the higher interest rates in Brazil. Concurrently, finance costs decreased by 5.4%, as illustrated in the table above, owing to the reduction in the bank debt balance by R$34.9 million or 5.7% over the past 12 months.

In 9M22, net finance costs amounted to R$21.7 million, down by 68.7% over 9M21. The growth in finance income by R$111.4 million, or 65.4%, derived from the same reasons observed in the quarterly review, largely offset the increase of 26.6% (R$63.8 million) in finance costs for the period.

Net income

Taurus reported profit of R$103.1 million in 3Q22, down by 38.0% over 3Q21 and up by 2.4% over the immediately prior quarter (2Q22). Such outcome reflects the decrease in sales, with lower revenue and gross profit, as well as the decrease in nonrecurring revenues and, with a positive effect on performance, the decrease in finance costs for the period.

In 9M22, profit for the period amounted to R$399.0 million, down by 6.8% over 9M21, as a result of the same factors referred to above. Given the performance of profit obtained for the first nine months of the last five years, as shown in the chart below, the consolidation of Taurus's profile as a company with sound results is clear. The net profit margin on revenue for 9M22 was 20.5%, against 22.3% in 9M21, a period of record performance due to the unprecedented demand in the US market, to which Taurus's sales are substantially made. Several aspects contribute to strengthening the Company. In its industrial operations, Taurus relies on streamlined and efficient processes and a large production capacity. These features are continually reinforced through the investments made in modern machinery and in R&D, with innovative work developed by the Integrated Engineering and Technology Center (CITE) in Brazil/USA. With a view to monitoring trends, risks and opportunities of the market in Brazil and worldwide, Taurus relies on an intelligence team. In light of such operational framework, coupled with the wide mix of products, launches of innovative products, and the brand's presence in more than 100 countries, the Company has the flexibility to target its production at different market segments in terms of products and geographic locations.



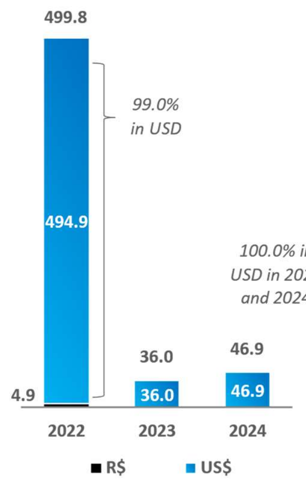
Indebtedness

Taurus continued to decrease its indebtedness and closed the 3Q22 with a gross bank debt of R$582.7 million, down by 16.0% or R$110.6 million over the figures reported at the end of 2021. Concurrently, the Company boosted its position of cash and short-term investments by 42.0% (R$107.8 million), so that net debt was halved over the first nine months of the year, to a balance of R$218.4 million as at September 30, 2022. Over the past three months, from June 30, 2022 to September 30, 2022, net debt decreased by 33.6%.

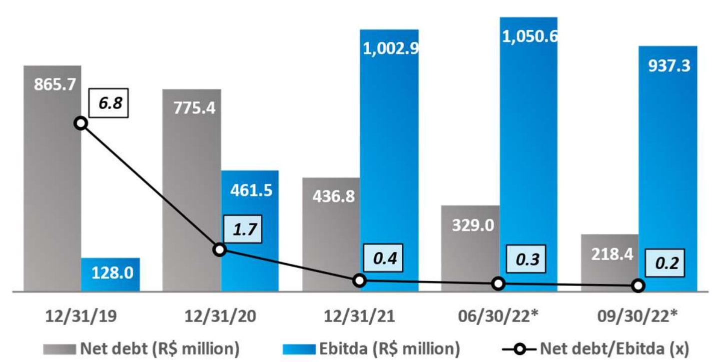
In late September, the bank debt was comprised of the remaining balance associated with the agreement executed with the syndicate of lender banks, foreign exchange drafts and working capital loans, with only 0.8% denominated in local currency. As its revenue substantially derives from (62.4% in 3Q22) sales made overseas in US dollars, the Company relies on a natural hedge for its debt denominated in that currency. In terms of maturities, 85.8% (R$499.8 million) matures in the short term, which includes the total bank debt denominated in Brazilian reais (R$). The remaining noncurrent portion of 14.2% (R$82.9 million) matures between 2023 and 2024. The Company has already been negotiating with the lender banks to change this profile and extend the debt maturity term.

R$ million	**09/30/2022**	**12/31/2021**	***% Chg.***
Loans and financing	*186.0*	*476.0*	*-60.9%*
Foreign exchange drafts	*313.8*	*142.9*	*119.6%*
Short term	***499.8***	***618.9***	***-19.2%***
Foreign exchange drafts	*82.9*	*74.4*	*11.4%*
Long term	***82.9***	***74.4***	***11.4%***
Endividamento bruto	***582.7***	***693.3***	***-16.0%***
Cash and marketable securities	*364.3*	*256.5*	*42.0%*
Net debt	***218.4***	***436.8***	***-50.0%***
US dollar Ptax rate at the end of period (R$)	***5.41***	***5.58***	***-3.1%***
Gross debt converted into dollars (US$ million)	***107.8***	***124.2***	***-13.2%***

Bank debt profile
(R$ million)



Financial leverage: Net debt-to-EBITDA



** Last 12-month EBITDA to September 2022*

The leverage ratio measured by the last 12-month EBITDA over net debt as at September 30, 2022 once again decreased when compared to the previous quarter, to 0.23x at the end of 3Q22 versus 0.31x at the end of the prior quarter. According to the ratio, 23% of the annual cash generation measured through EBITDA would be sufficient to settle the total bank debt recorded as at September 30, 2022.

In addition to the negotiations intended to extend the maturity terms of the current bank debt, the results achieved over the last few years, the operational stability and the low financial leverage allow the Company to resort to the debt market, if necessary, especially to support the investments envisaged in the strategic planning, while keeping the leverage ratio at low levels.

Investments

Taurus's investments remain focused on boosting the industrial efficiency and expanding the production capacity. For FY2022, the expected investments are maintained. Having fully resolved the bank debt issues, the Company continues to adopt a strict financial control policy, considering its own cash generation as the main source of financing for its investments, in addition to the possibility of resorting to the credit market once again, albeit seeking to maintain a low financial leverage ratio.

From January 2021 to late September 2022, investments totaled R$330 million, out of which more than 65% (R$216 million) was allocated to the acquisition of machinery and equipment. When only considering investments made in the current year, in 9M22, investments total R$149 million (R$103 million in machinery and equipment).

In September, one of the shipments containing 11 cutting-edge machines, of the total of 42 machines acquired, was delivered to the new industrial facility in São Leopoldo, after leaving South Korea in July, passing through a port in Santa Catarina and arriving at the Taurus plant in a convoy of 14 dedicated trucks. The new facility where the equipment was installed covers an area of about 2,000 m² and is located in the area acquired by Taurus at the end of 2021. This equipment is part of the installation of Taurus' first autonomous manufacturing system and will enable the Company to expand production of pistols and tactical firearms, which are strategic products for the Company.

Capital markets

Taurus has common (TASA3) and preferred shares (TASA4) listed on B3's Level II listing segment, a market segment that brings together companies that voluntarily comply with special corporate governance rules. Both shares are part of the IGCX (Differentiated Corporate Governance Stock Index) and ITAG (Differentiated Tag Along Stock Index) portfolios, whereas preferred shares also comprise the IBrA (Broad Brazil Index), IGCT (Corporate Governance Trade Index), INDX (Industrial Sector Index) and SMLL (Small Cap Index) of B3.

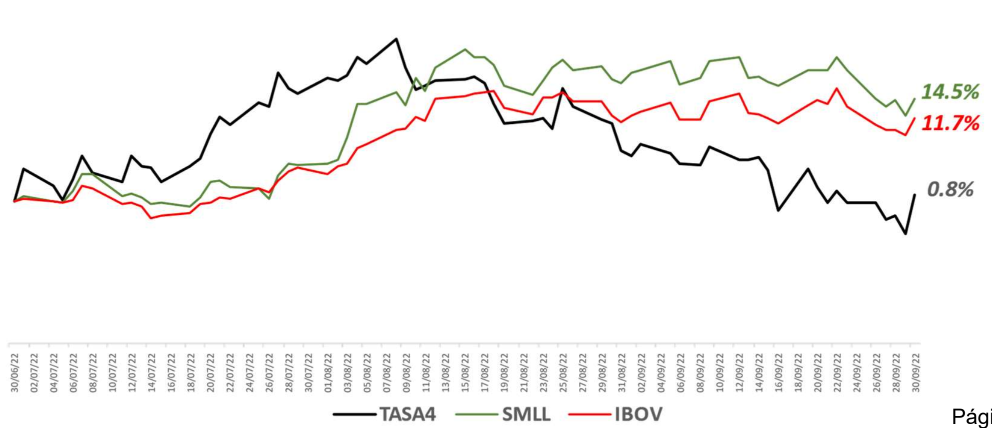
On October 5, 2022, the Company completed its significant capital increase, which contributed decisively to reducing the debt. To date, a capital increase of R$334.4 million has been approved, referring to the exercise of a total of 61,706,327 series (A, B, C and D) warrants, with the consequent issuance of preferred shares providing the same rights attributed to the other Company's preferred shares already issued, participating on equal terms in all benefits, including dividends and any capital compensations that may be approved during the fiscal year.

Date	TASA3 (R$/share)	TASA3 (number/thousand)	TASA4 (R$/share)	TASA4 (number/thousand)	TASA (Total number/thousand)	Market value (R$ million)	Economic value (EV)* (R$ million)
06/30/2022	R$ 16.22	46,445	R$ 16.23	74,874	121,319	R$ 1,968.55	R$ 2,230.38
09/30/2022	R$ 17.15	46,445	R$ 16.36	79,949	126,394	R$ 2,104.51	R$ 2,225.23
Variation	***+5.73%***	***+0.00%***	***+0.80%***	***+6.78%***	***+4.18%***	***+6.91%***	***-0.23%***

** Market value + net debt - non-operating assets (noncurrent assets for sale)*

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

Performance of preferred shares (TASA4) in 3Q22 vs. SMLL B3 and IBOV B3
Baseline 100: 09/30/2021



Political outlook for Taurus' major markets

This report could not fail to include comments on the current political environment surrounding the major markets in which Taurus operates: United States and Brazil. In the United States, on the same date on which this report is being disclosed, November 8, the midterm elections to renew part of Congress are taking place. In contention are all 435 seats in the House of Representatives, 1/3 of the seats in the Senate, as well as 36 of the 50 state governorships. The 2nd Amendment to the US Constitution, which entitles the population and the police to self-defense, whether by keeping or bearing firearms or any other equipment, has been one of the major issues discussed in the debates between the representatives of the two main parties in the country, Republicans and Democrats. Usually, the US firearm market experiences a surge in demand during election periods due to consumer fears that new gun control measures may be adopted once the new elected officials take office.

Considering the main market segments in which Taurus operates, the risk of having any gun control measures adopted in the United States adversely affecting the Company's business is low, since the most discussed matters involve other categories of firearms. Moreover, the current US Supreme Court is composed of 9 members, with 6 judges appointed by former Republican Presidents and 3 judges appointed by former Democratic Presidents. Even so, the results of the elections may lead to a higher demand for Taurus' products should they indicate reinforcement of the political strength of the Democratic Party in the United States.

In Brazil, October 30, 2022 marked the victory of the presidential candidate Luiz Inácio Lula da Silva, to whom Taurus wishes every success over the challenges he will face for the next four years. Such election results represent the return of the left wing to power after almost six years since the impeachment of President Dilma Rousseff. Over the past four years, Brazil was governed with a more liberal bias in relation to the firearms and ammunition industry, which had a positive impact on Taurus. On the other hand, the Country faced adversities due to the pandemic, problems in the supply chain, an increase in electric energy prices, a high US dollar rate, a shortage in commodities and, last year, higher inflation rates.

For 2023, Taurus has adopted a conservative and reasonable approach, prepared to experience in the Country an environment of greater questioning as regards the right to legitimate defense and to freedom, concerning the possession and carrying of firearms. Furthermore, the market expects an economic downturn, with the period of adaptation and assessment of the new government's position and the decrease in internal demand as an impact of the anti-inflationary policy of high interest rates in Brazil. The Central Bank foresees a reduction in the Brazilian GDP growth rate for 2023. The Company's intelligence team believes that the sector will require greater attention as far as possible regulatory changes are concerned. Given the past experience of the President-elect's two previous governments, one may observe that the matter was then widely discussed in Congress, with the disarmament law being enacted in 2003 and then overturned by popular referendum in 2005. Experience indicates that this government does not commonly legislate by decree, which supports the understanding of Taurus' market intelligence area that any amendments to the legislation, if proposed or even approved, might not have an immediate effect.

In previous governments of the party now elected to the Presidency, the firearms industry, through its association - ANIAM, reported remarkable achievements, on account of its credibility with the regulatory agencies and before Congress, such as the national registration of firearms and the firearm amnesty, fundamental to bring to legal status a collection of firearms that were out of the national registries and, therefore, uninspected. ANIAM will continue to be very proactive and present, advising legislators through statistics and real facts, in order to assist in their decision-making processes. As for the Legislative, given the composition and representativeness of politicians aligned with the conservative right wing, there is a more favorable position. Next years, matters concerning Taurus's operating industry are likely to be even more supported both in the House of Representatives and in the Senate.

Furthermore, the current government's position and stance on the issue have made people aware of their rights. Before the current government, many Brazilians were not even aware of the possibility of acquiring firearms, and the CACs - Hunters, Shooters and Collectors, people who support the maintenance of this right, started to comprise an important constituency, with great representativeness in the National Congress. In an unprecedented way, the Brazilian Congress relies on a bench formed by old supporters and newcomers who are, according to the initial assessment of Taurus' market intelligence team, mostly favorable to the industry in which the Company operates. In past governments of the party now elected to the Presidency, proposals deemed unfavorable to the sector were not approved. In view of the current Congress's composition, it might be even more difficult for the Executive Branch to act towards obtaining the approval of agendas that impose restrictions on the sector.

It is worth stressing that the subject matter under discussion, related to the right to acquire and possess firearms, involves those products considered to be of restricted use, which account for a small portion of Taurus' revenues, even though there is a representative public for these products in Brazil.

Taurus remains committed to its strategic planning, while being attentive and active in the National Congress, always with a view to responsibly defend the interests of the firearms industry and trading in Brazil. After all, the Company performs a legal activity that generates more than 6,000 direct jobs and 60,000 indirect jobs in Brazil and collects approximately R$1.2 billion in taxes per year; it develops cutting-edge national technology, exporting worldwide; and collaborates with the Brazilian trade balance, since the sector is a large exporter.

Statement of profit and loss

R$ million	3Q22	3Q21	*% Chg.*	2Q22	*% Chg.*	1H22	1H21	*% Chg.*
Revenue from sales and/or services	**640.0**	**718.0**	***-10.9%***	**625.6**	***2.3%***	**1,942.1**	**1,920.1**	***1.1%***
Cost of sales and/or services	-346.0	-347.5	*-0.4%*	-327.9	*5.5%*	-1,015.93	-998.6	*1.7%*
Gross profit	**293.9**	**370.5**	***-20.7%***	**297.7**	***-1.3%***	**926.2**	**921.5**	***0.5%***
Operating (expenses) income	-120.9	-83.0	*45.7%*	-99.8	*21.1%*	-321.5	-248.4	*29.4%*
Selling expenses	-64.3	-74.2	*-13.3%*	-60.1	*7.0%*	-189.8	-167.4	*13.4%*
General and administrative expenses	-59.6	-50.9	*17.1%*	-45.2	*31.9%*	-157.4	-149.5	*5.3%*
Impairment losses	-0.5	-1.0	*-50.0%*	0.0	-	-1.1	-1.2	*-8.3%*
Other operating income	5.7	45.3	*-87.4%*	7.0	*-18.6%*	41.3	76.6	*-46.1%*
Other operating expenses	-1.3	-2.0	*-35.0%*	-1.2	*8.3%*	-13.2	-6.6	*100.0%*
Share in results of subsidiary	-1.1	-0.3	*266.7%*	-0.2	*450.0%*	-1.4	-0.3	*366.7%*
Profit before finance income (costs) and taxes	**173.0**	**287.5**	***-39.8%***	**197.9**	***-12.6%***	**604.7**	**673.1**	***-10.2%***
Finance income (costs)	-20.6	-52.6	*-60.8%*	-44.6	*-53.8%*	-21.7	-69.3	*-68.7%*
Finance income	49.5	21.5	*130.2%*	76.8	*-35.5%*	281.5	170.2	*65.4%*
Finance costs	-70.1	-74.1	*-5.4%*	-121.4	*-42.3%*	-303.3	-239.5	*26.6%*
Pretax profit	**152.4**	**234.9**	***-35.1%***	**153.3**	***-0.6%***	**583.0**	**603.8**	***-3.4%***
Income tax and social contribution	-48.5	-66.8	*-27.4%*	-51.3	*-5.5%*	-181.8	-173.8	*4.6%*
Current	-36.3	-33.3	*9.0%*	-38.2	*-5.0%*	-137.1	-116.4	*17.8%*
Deferred	-12.3	-33.5	*-63.3%*	-13.1	*-6.1%*	-44.7	-57.4	*-22.1%*
Profit (loss) from continuing operations, net	**103.8**	**168.1**	***-38.3%***	**101.9**	***1.9%***	**401.2**	**430.0**	***-6.7%***
Profit (loss) from discontinued operations, net	-0.7	-1.7	*-58.8%*	-1.2	*-41.7%*	-2.2	-1.9	*15.8%*
Consolidated profit (loss) for the period	**103.1**	**166.4**	***-38.0%***	**100.7**	***2.4%***	**399.0**	**428.1**	***-6.8%***
Attributable to owners of the Company	103.1	166.4	*-38.0%*	100.8	*2.3%*	399.0	428.1	*-6.8%*
Attributed to noncontrolling shareholders								
Earnings per share (R$/share)								
Common shares (ON)	*0.7181*	*1.2688*	-	*0.0512*	-	*3.1564*	*3.6558*	*-13.7%*
Preferred shares (PN)	*0.9220*	*1.7283*	-	*-0.3785*	*-46.7%*	*3.4564*	*4.6412*	*-25.5%*
Diluted earnings per share								
Common shares (ON)	*0.7181*	*1.2688*	-	*0.0512*	-	*3.1564*	*3.6558*	*-13.7%*
Preferred shares (PN)	*1.0348*	*1.2299*	-	*0.0516*	-	*3.4477*	*4.1411*	*-16.7%*

Assets

R$ million	09/30/2022	12/31/2021	% Chg.
Total assets	**2,340.9**	**2,093.6**	***11.8%***
Current assets	**1,571.1**	**1,456.0**	***7.9%***
Cash and cash equivalents	111.5	185.8	*-40.0%*
Cash and banks	89.9	171.3	*-47.5%*
Highly-liquid short-term investments	21.6	14.5	*49.0%*
Short-term investments	231.6	70.8	*227.1%*
Trade receivables	428.4	515.2	*-16.8%*
Inventories	677.2	491.9	*37.7%*
Recoverable taxes	26.2	65.3	*-59.9%*
Prepaid expenses	8.7	31.0	*-71.9%*
Other current assets	87.5	96.2	*-9.0%*
Noncurrent assets	**769.8**	**637.6**	***20.7%***
Long-term receivables	160.9	151.8	*6.0%*
Short-term investments measured at amortized cost	21.205	0	
Deferred taxes	74.6	121.4	*-38.6%*
Due from related parties	0.0	0.0	-
Other noncurrent assets	65.1	30.4	*114.1%*
Investments	6.8	4.4	*54.5%*
Investments in joint ventures	6.6	4.3	*53.5%*
Other investments	0.2	0.2	*0.0%*
Property, plant and equipment	482.2	379.0	*27.2%*
Property, plant and equipment in use	314.9	303.0	*3.9%*
Construction in progress	167.3	76.1	*119.8%*
Intangible assets	120.0	102.4	*17.2%*

Liabilities

R$ million	09/30/2022	12/31/2021	% Chg.
Total liabilities and equity	**2,340.9**	**2,093.6**	***11.8%***
Current liabilities	**1,015.5**	**1,119.8**	***-9.3%***
Payroll, benefits and taxes thereon	77.2	66.9	*15.4%*
Payroll and related taxes	6.8	10.1	*-32.7%*
Employee benefits and related taxes	70.5	56.8	*24.1%*
Trade payables	144.2	143.6	*0.4%*
Domestic suppliers	92.8	82.2	*12.9%*
Foreign suppliers	51.4	61.4	*-16.3%*
Taxes payable	137.4	96.6	*42.2%*
Federal tax liabilities	93.9	91.3	*2.8%*
Income tax and social contribution payable	9.8	21.1	*-53.6%*
Other taxes	84.1	70.2	*19.8%*
State tax liabilities	43.4	5.3	*718.9%*
Municipal tax liabilities	0.1	0.0	-
Borrowings and financing	499.8	618.9	*-19.2%*
In local currency	4.9	43.6	*-88.8%*
In foreign currency	494.9	575.3	*-14.0%*
Debentures	0.0	0.0	-
Other payables	98.9	134.3	*-26.4%*
Mandatory minimum dividends payable	0.0	68.0	*-100.0%*
Leases	0.0	0.0	-
Advances from customers	63.0	41.2	*52.9%*
Court settlements	0.0	0.0	-
Other payables	35.8	25.1	*42.6%*
Provisions	50.5	53.6	*-5.8%*
Provision for social security, labor and civil risks	38.8	41.7	*-7.0%*
Other provisions	11.6	11.9	*-2.5%*
Noncurrent liabilities	**241.8**	**216.8**	***11.5%***
Borrowings and financing	82.9	74.4	*11.4%*
In local currency	0.0	0.0	-
In foreign currency	82.9	74.4	*11.4%*
Debentures	0.0	0.0	-
Other payables	82.2	64.2	*28.0%*
Due to related parties	1.8	1.7	*5.9%*
Taxes payable	25.3	23.6	*7.2%*
Other payables	42.4	38.9	*9.0%*
Trade payables	12.6	0.0	-
Leases	0.0	0.0	-
Deferred taxes	14.1	16.5	*-14.5%*
Provisions	62.6	61.7	*1.5%*
Provision for social security, labor and civil risks	56.3	55.2	*2.0%*
Other provisions	6.3	6.5	*-3.1%*
Consolidated equity	**1,083.6**	**757.0**	***43.1%***
Issued capital	366.3	308.2	*18.9%*
Capital reserves	-21.6	-27.3	*-20.9%*
Disposal of subscription warrants	9.9	9.9	*0.0%*
Stock options granted	12.0	5.4	*122.2%*
Capital transactions	-43.4	-42.6	*1.9%*
Earnings reserves	133.6	233.9	*-42.9%*
Legal reserve	15.1	15.1	*0.0%*
Tax incentive reserve	118.5	92.6	*28.0%*
Proposed additional dividends	0.0	126.3	*-100.0%*
Retained earnings (accumulated losses)	373.6	0.0	-
Valuation adjustments to equity	44.7	45.2	*-1.1%*
Cumulative translation adjustments	187.1	197.0	*-5.0%*
Noncontrolling interests	0.0	0.0	-

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 now 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.

Helmet operation

In March 2018, the Company's Management made a commitment to sell the helmet operation. In order to conduct this process, Taurus hired specialized consulting services. In light of the divestment decision, the investment was classified as ‘held for sale’ and accounted for pursuant to Brazilian accounting pronouncement CPC 31 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5). The helmet operation has one manufacturing plant, in Mandirituba, Paraná State.

The Company is still assessing the proposals received for the sale of its helmet operation. Since the Company aims to obtain the return of the actual value of the business, is not under pressure to realize these assets to meet its cash requirements, and the operation remains in progress, the Company decided to return the consolidation of this operation as a going concern in this interim financial information for March 2021. Since then, balances relating to such helmet operation have been included in the Company’s consolidated balances.

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 2022 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.

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 finance costs, 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 amount will be adjusted to the Company's future cash flows and diluted over 7 months, including the other amounts and maturity dates already agreed in the previous agreement.

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	72.86% OF THE DEBT IN 2022 (*)

(*) Up to September 30, 2022, the Company prepaid to the bank syndicate for debt amortization part of the percentage scheduled for 2022. The outstanding balance is now 19.97% until the end of this year.

Upon the execution of these amendments, the Company is in regular standing before its creditors, rescheduling the payment of its debt which will be solely supported by its own cash generation so as to continue with the financial deleverage process. Such negotiation was based on the banks' confidence in the Company's current management, strengthening the commitment to all stakeholders, and is fully aligned with Taurus restructuring strategy, based on sustainable profitability, quality and improvement of financial and operating indicators. Up to September 30, 2022, the payments made totaled R$751.2 million, which accounts for 80.03% relating to the total debt principal.

2. Presentation of interim financial information

2.1. Basis of preparation

a) <u>Statement of compliance</u>
The Company presents its individual and consolidated interim financial information, included in the Interim Financial Information Form (ITR), concurrently prepared in accordance with technical pronouncement CPC 21 and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and 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, 2022 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, 2022 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, 2021 were reviewed by the Audit Committee, and approved by the Company's Board of Directors on March 10, 2022, 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, 2022, 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 2, 2022.

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**	**2022**	**2021**
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%**

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

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

3. Critical accounting judgments and key sources of estimation uncertainty

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

The information on critical judgments related to the accounting policies adopted that affect the amounts recognized in the individual and consolidated interim financial information and information on uncertainties, assumptions, and estimates is disclosed in the following notes: 9 - Trade receivables (expected credit losses on doubtful debts), 10 - Inventories (allowance for inventory losses), 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 and 23 - Financial instruments.

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, while at the same time the Company increased its sales volume to its subsidiary Companhia Brasileira de Cartuchos – CBC, which has no history of default and in the current scenario will also experience increase in potential demand.

Inventories (expected losses on inventories): Due to the market upturn, the Company is experiencing high demand for its finished products and the materials that make up its products, so that no changes are identified that would require special attention to this issue.

Income tax and social contribution: In light of its past performance, the Company recognizes accumulated tax loss which, due to the changes in its operations management and market changes can be quickly used in the determination of future taxable income, owing to its current capacity and future profit generation projection. However, the Company still has a significant debt that substantially impacts its finance income (costs), thus contributing to the decrease of taxable income (loss) and our estimates are intended to address these situations and all influence that may affect the tax basis.

Assets held for sale, Property, plant and equipment and Intangible assets (impairment): The Company, based on economic projection studies conducted by a specialized consulting firm, has demonstrated 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.

Dividends: The proposed distribution of dividends made by the Company's Management that does not exceed mandatory minimum dividends of 35%, as prescribed by the Company's bylaws, is recognized as current liabilities as it is considered a legal obligation under the Company's bylaws. The portion of the dividends in excess of the mandatory minimum dividends, declared by Management before the end of the annual reporting period to which the accounting statements refer, and not yet approved by the shareholders, is recognized as proposed additional dividends, under shareholders' equity.

Provision for civil, labor and tax risks: The Company has a strong management of its risks, with appropriate technical evaluations that show that there are no specific implications related to the pandemic that may change or increase the existing and/or known risks.

Financial instruments: In contrast to other segments that have been affected by market downturns, the need to raise fund, among other issues, the high demand in the Company's segment has been allowing a better cash position, increasing the availability of credit facilities, and no possible changes also in its financial liabilities have been identified.

The Company assessed its supply chain, current market demands, its customers' ability to settle their debts, its financial capacity and its ability to raise funds and continue as a going concern. The Company, as part of the analyses described above, has revised its allowances, estimates, impairment calculations, and they do not indicate any changes and need to recognize allowances or change its figures.

In light of all circumstances described and analyzed above, there are no impacts that, as already mentioned, give rise to changes in criteria, allowances or any other applicable contingency.

(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, 2022 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, 2022 are the same accounting policies used to prepare the annual financial statements for the year ended December 31, 2021.

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, 2021, approved by the Company's Management on March 10, 2022.

The presentation of the individual and consolidated Statements of Value Added (SVA) is required by the Brazilian Corporate Law and accounting practices adopted in Brazil applicable to publicly-traded corporations. The IFRSs issued by IASB do not require the presentation of this statement. As a result, this statement is presented as supplemental information for the purposes of IFRS, without prejudice to the interim financial information. The purpose of the statement of value added is to disclose the wealth created by the Company and how this wealth is distributed in a given period. The statement of value added has been prepared using information obtained in the same accounting records used to prepare the 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, 2022, 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 interim financial information, the Company has the following non-derivative financial liabilities: borrowings and financing, non-convertible debentures, and trade and other 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 interim financial information.

(iii) *Impairment*

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

b) 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, 2022 and adopted by the Company are as follows:

(i) **Amendments to IFRS 3 (CPC 15 (R1)) - Reference to the Conceptual Framework**

This standard became effective beginning January 1, 2022. Refers to amendments to IFRS 3 (CPC 15(R1)) concerning the Conceptual Framework from 2018 rather than 1989 Framework.

(ii) **Amendments to IAS 16 (CPC 27) - Property, Plant and Equipment: Proceeds before Intended Use**

The amendments prohibit deducting from the cost of a property, plant and equipment item any proceeds from the sale of items produced before the asset is available for use, that is, proceeds to bring the asset to the place and condition necessary for it to be able to operate as intended by Management. This standard became effective beginning January 1, 2022.

(iii) **Amendments to IAS 37 (CPC 25) - Onerous Contracts - Cost of Fulfilling a Contract**

This standard became effective beginning January 1, 2022. Refers to amendments specifying that the cost of fulfilling a contract comprises the costs directly related to that contract. The costs directly related to the contract comprise the incremental costs of fulfilling this contract (for example, employees or materials) and the allocation of other costs directly related to the fulfillment of contracts (for example, allocation of depreciation expenses to an item of property, plant and equipment used in fulfilling the contract).

(iv) **Annual Improvements to IFRS 2018-2020 Cycle**
This standard came into effect beginning January 1, 2022. Refers to amendments to IFRS 1 (CPC 27 (R1), CPC 43 (R1)) First-time Adoption of International Financial Reporting Standards, IFRS 9 (CPC 48) Financial Instruments, IFRS 16 (CPC 06(R2)) Leases, and IAS 41 (CPC 29) Agriculture.

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

(v) **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.

(vi) **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.

(vii) **Amendment to IAS 1 (CPC 26 (R1)) – Classification of Liabilities as Current or Non-current**
This standard will come into effect beginning January 1, 2023. Clarifies aspects to be considered for the classification of liabilities as current or non-current liabilities.

(viii) **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”.

(ix) **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”.

(x) **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. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

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

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

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

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

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

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

d) Cash-settled payment plan (Phantom Shares)

The Company's Cash-settled Stock Option Plan, known as Phantom Shares, was approved at the Annual and Extraordinary Shareholders' Meeting held on April 26, 2021 and is intended to grant to eligible employees rights on the appreciation of the Company's shares, to be settled in cash, as part of the variable compensation package, so as to acknowledge the successful attainment of the proposed goals that allowed the Company's turn-around and offer incentive to retain executives.

The Company's current or future statutory officers are eligible to participate in the Plan.

In total, the payment of the additional bonus to the Beneficiaries corresponded to seven hundred and eighty thousand (780,000) phantom shares, corresponding to the average quotation at B3 of one (1) preferred share of Taurus Armas S.A. (B3: TASA4) at the five previous auctions, including the Base Date, considering the ceiling price of R$25.00. Payment was made in local currency on December 30, 2021. Information about the plan for the year ended December 31, 2021 is described in note 27. Up to the date of approval of this interim financial information, there is no cash-settled payment plan for FY2022.

e) 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.

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 5% 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 regards 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, 2022, the maximum credit risk exposure was as follows:

	Consolidated		Parent	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
Fair value through profit or loss				
Cash and cash equivalents	**111,501**	185,764	**89,645**	65,399
Amortized cost				
Trade receivables	**428,357**	515,163	**248,147**	360,933
Short-term investments and restricted account	**252,831**	70,778	**242,657**	70,778
Other receivables	**71,371**	54,588	**52,093**	38,684
Total	**864,060**	826,293	**632,542**	535,794

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	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
Domestic – trade receivables	**233,032**	316,763	**213,032**	299,136
United States – trade receivables	**181,613**	163,572	**11,903**	15,458
Other	**28,613**	50,968	**27,270**	49,621
Total	**443,258**	531,303	**252,205**	364,215

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

	Consolidated		Parent	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
Trade receivables – public bodies	**5,777**	13,587	**5,777**	13,587
Trade receivables – distributors	**351,281**	412,293	**186,401**	268,543
Final customers	**86,200**	105,423	**60,027**	82,085
Total	**443,258**	531,303	**252,205**	364,215

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, 2022, the aging list of trade receivables and the allowance for expected credit losses are as follows:

						Consolidated
			09-30-2022			12-31-2021
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	**403,359**	**(2,274)**	**0.6%**	**434,203**	**(4,978)**	**1.1%**
0-30 days past due	**5,696**	**(210)**	**3.7%**	**52,115**	**(599)**	**1.1%**
31-60 days past due	**12,565**	**(1,378)**	**11.0%**	**7,298**	**(269)**	**3.7%**
61-90 days past due	**1,937**	**(308)**	**15.9%**	**3,434**	**(123)**	**3.6%**
91-180 days past due	**4,054**	**(641)**	**15.8%**	**6,888**	**(120)**	**1.7%**
181-360 days past due	**1,834**	**(425)**	**23.2%**	**8,507**	**(201)**	**2.4%**
Over one year past due	**13,813**	**(9,665)**	**70.0%**	**18,858**	**(9,850)**	**52.2%**
Total	**443,258**	(14,901)		**531,303**	(16,140)	

						Parent
			09-30-2022			12-31-2021
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	**217,684**	**(513)**	**0.2%**	**328,760**	**(1,788)**	**0.5%**
0-30 days past due	**11,226**	**(137)**	**1.2%**	**25,809**	**(57)**	**0.2%**
31-60 days past due	**11,576**	**(1,340)**	**11.6%**	**4,074**	**(218)**	**5.4%**
61-90 days past due	**1,724**	**(303)**	**17.6%**	**459**	**(80)**	**17.4%**
91-180 days past due	**2,579**	**(565)**	**21.9%**	**127**	**(17)**	**13.4%**
181-360 days past due	**5,259**	**(339)**	**6.4%**	**2,136**	**(87)**	**4.1%**
Over one year past due	**2,157**	**(861)**	**39.9%**	**2,850**	**(1,035)**	**36.3%**
Total	**252,205**	(4,058)		**364,215**	(3,282)	

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
				09-30-2022
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years
Non-derivative financial liabilities				
Trade payables	156,798	156,798	144,157	12,641
Borrowings and financing	185,944	199,478	199,478	-
Debentures	56	65	65	-
Foreign currency advances	396,723	430,464	339,820	90,644
	739,521	**786,805**	**683,520**	**103,285**

				Parent
				09-30-2022
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years
Non-derivative financial liabilities				
Trade payables	111,365	111,365	98,724	12,641
Borrowings and financing	185,944	199,478	199,478	-
Debentures	56	65	65	-
Foreign currency advances	396,723	430,464	339,820	90,644
	694,088	**741,372**	**638,087**	**103,285**

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, 2022, the Company is mainly exposed to fluctuations between the Brazilian real and the US dollar. The sensitivity analysis carried out by the Company considers the effects of an increase or a decrease of 10% between the Brazilian real and the US dollar on its debts and trade receivables. Such variation in the currency quotation represents Management's assessment of the reasonably possible change in the quotation. In this analysis, if the Brazilian real appreciates against the US dollar, this would correspond to a net gain of R$30.4 million.
If the Brazilian real depreciates against the US dollar, this would correspond to an expense at the same amount.
The net amounts of trade receivables and trade payables in foreign currencies (not including borrowings and financing) do not pose material risks due to fluctuations in the exchange rate as the settlement terms are short.

(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 changes in market interest rates refers mainly to the Company's short- and long-term obligations subject to floating interest rates, mainly the Libor and 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 the Libor and CDI.

If the interest rates were 50% higher/lower and all other variables remained unchanged, profit for the period ended September 30, 2022 would decrease/increase by R$5.5 million. Such variation in interest rates represents Management's assessment of the reasonably possible change in the rates. This is mainly due to the Company's exposure to the interest rates on borrowings subject to floating rates.

(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	
	09-30-2022	**12-31-2021**
Total liabilities	**1,257,283**	1,336,573
Less: Cash and cash equivalents and short-term investments	**(364,332)**	(256,542)
Net debt (A)	**892,951**	1,080,031
Total equity (B)	**1,083,619**	757,047
Net debt-to-equity ratio as at September 30, 2022 and December 31, 2021 (A/B)	0.82	1.43

6. Operating segments

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

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

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

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

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

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

	Firearms		Helmets(a)		Other		Total	
	09-30-2022	09-30-2021	**09-30-2022**	09-30-2021	**09-30-2022**	09-30-2021	**09-30-2022**	09-30-2021
Foreign revenue	**1,853,010**	1,817,971	**76,971**	87,837	**12,146**	14,333	**1,942,127**	1,920,141
Intercompany revenue	**688,130**	675,141	**-**	-	**7,195**	7,371	**695,325**	682,512
Cost of sales	**(952,388)**	(928,958)	**(52,993)**	(60,778)	**(10,546)**	(8,894)	**(1,015,927)**	(998,630)
Gross profit	**1,588,752**	1,564,154	**23,978**	27,059	**8,795**	12,810	**1,621,525**	1,604,023
Selling expenses	**(179,160)**	(153,055)	**(15,436)**	(15,266)	**(483)**	(224)	**(195,079)**	(168,545)
General and administrative expenses	**(131,003)**	(128,408)	**(5,343)**	(4,865)	**(2,187)**	(1,643)	**(138,533)**	(134,916)
Depreciation and amortization	**(13,053)**	(13,059)	**(206)**	(221)	**(1,333)**	(1,297)	**(14,592)**	(14,577)
Other operating income (expenses), net	**28,622**	69,175	**989**	1,539	**(1,485)**	(747)	**28,126**	69,967
Equity in earnings (losses)	**(240)**	-	**-**	-	**(1,209)**	(302)	**(1,449)**	(302)
	(294,834)	(225,347)	**(19,996)**	(18,813)	**(6,697)**	(4,213)	**(321,527)**	(248,373)
Operating profit	**1,293,918**	1,338,807	**3,982**	8,246	**2,098**	8,597	**1,299,998**	1,355,650
Finance income	**279,122**	167,938	**1,460**	1,122	**954**	1,102	**281,536**	170,162
Finance costs	**(296,866)**	(236,615)	**(1,473)**	(1,985)	**(4,935)**	(873)	**(303,274)**	(239,473)
Finance income (costs), net	**(17,744)**	(68,677)	**(13)**	(863)	**(3,981)**	229	**(21,738)**	(69,311)
Profit (loss) from the reportable segment before income tax and social contribution	**1,276,174**	1,270,130	**3,969**	7,383	**(1,883)**	8,826	**1,278,260**	1,286,339
Elimination of intercompany revenue	**(688,130)**	(675,141)	**-**	-	**(7,195)**	(7,371)	**(695,325)**	(682,512)
Profit before income tax and social contribution	**588,044**	594,989	**3,969**	7,383	**(9,078)**	1,455	**582,935**	603,827
Income tax and social contribution	**(180,809)**	(171,051)	**(782)**	(1,943)	**(175)**	(805)	**(181,766)**	(173,799)
Profit (loss) from discontinued operations	**-**	-	**(2,218)**	(1,890)	**-**	-	**(2,218)**	(1,890)
Profit for the year	**407,235**	423,938	**969**	3,550	**(9,253)**	650	**398,951**	428,138
Assets from reportable segments	**2,030,027**	1,605,926	**117,231**	145,419	**193,644**	111,952	**2,340,902**	1,863,297
Liabilities from reportable segments	**1,194,168**	1,207,497	**26,959**	29,511	**36,156**	24,456	**1,257,283**	1,261,464

Geographic information

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

	Firearms		Helmets	
	09-30-2022	**09-30-2021**	**09-30-2022**	**09-30-2021**
Domestic market				
Southeast Region	**476,859**	353,752	**26,709**	30,060
South Region	**47,161**	35,566	**5,686**	6,722
Northeast Region	**14,869**	11,197	**19,373**	24,139
Midwest Region	**12,364**	7,222	**13,218**	14,051
North Region	**12,727**	5,291	**11,734**	12,312
	563,980	413,028	**76,720**	87,284
Foreign market				
United States	**1,193,595**	1,314,784	**251**	135
South Africa	**7,692**	8,140	**-**	-
Germany	**1,321**	1,256	**-**	-
Argentina	**1,695**	3,140	**-**	-
Australia	**341**	-	**-**	-
Bosnia and Herzegovina	**-**	281	**-**	-
Burkina Faso	**1,270**	6,440	**-**	-
Chile	**861**	1,571	**-**	-
Singapore	**593**	636	**-**	-
Costa Rica	**-**	267	**-**	-
El Salvador	**1,516**	1,372	**-**	-
Spain	**348**	-	**-**	-
Philippines	**12,985**	13,781	**-**	-
France	**1,384**	3,756	**-**	-
Ghana	**3,038**	6,440	**-**	-
Guatemala	**12,950**	7,142	**-**	-
Guiana	**1,091**	561	**-**	-
Honduras	**-**	1,687	**-**	-
Israel	**730**	908	**-**	-
Italy	**1,066**	1,225	**-**	-
Lesotho	**-**	271	**-**	-
Lebanon	**2,447**	-	**-**	-
Macedonia	**232**	-	**-**	-
Madagascar	**234**	241	**-**	-
Mexico	**-**	765	**-**	-
Mozambique	**357**	1,065	**-**	-
Namibia	**208**	984	**-**	-
Norway	**-**	361	**-**	-
Panama	**581**	1,924	**-**	-
Pakistan	**11,503**	18,320	**-**	-
Peru	**4,436**	1,528	**-**	-
Poland	**2,634**	1,248	**-**	-
Dominican Republic	**2,922**	-	**-**	-
Czech Republic	**2,324**	1,013	**-**	-
Senegal	**1,158**	821	**-**	-
Serbia and Montenegro	**217**	-	**-**	-
Thailand	**1,955**	1,139	**-**	-
Turkey	**12,261**	104	**-**	-
Ukraine	**1,386**	-	**-**	-
Uruguay	**488**	560	**-**	418
Zambia	**469**	534	**-**	-
Other countries	**742**	678	**-**	-
	1,289,030	1,404,943	**251**	553
Total net revenue	**1,853,010**	1,817,971	**76,971**	87,837

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 61.47% 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	
	09-30-2022	**12-31-2021**	**09-30-2022**	**12-31-2021**
Cash	**101**	67	**82**	47
Unsettled exchange bills (*)	**59,289**	54,096	**59,156**	53,831
Demand deposits	**30,510**	117,088	**14,608**	128
Short-term investments	**21,601**	14,513	**15,799**	11,393
Cash and cash equivalents	**111,501**	185,764	**89,645**	65,399

(*) 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 5% and 35% 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	**09-30-2022**	**12-31-2021**	**09-30-2022**	**12-31-2021**
Bank certificates of deposit (CDBs)	97% to 103% of CDI	**252,831**	70,778	**242,657**	70,778
Total		**252,831**	**70,778**	**242,657**	**70,778**
Current		**231,626**	70,778	**221,452**	70,778
Noncurrent		**21,205**	-	**21,205**	-

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	
	09-30-2022	**12-31-2021**	**09-30-2022**	**12-31-2021**
Domestic customers	**233,032**	316,763	**213,032**	299,136
Foreign customers	**210,226**	214,540	**39,173**	65,079
	443,258	531,303	**252,205**	364,215
Allowance for expected loss on doubtful debts – domestic receivables	**(8,741)**	(9,120)	**(1,106)**	(1,472)
Allowance for expected loss on doubtful debts – foreign receivables	**(6,160)**	(7,020)	**(2,952)**	(1,810)
	(14,901)	(16,140)	**(4,058)**	(3,282)
	428,357	515,163	**248,147**	360,933

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, 2021	**(16,140)**	**(3,282)**
Additions	**(9,529)**	**(7,329)**
Reversal of allowance for expected credit losses	**10,696**	**6,533**
Exchange rate changes	**72**	**20**
Balance as at September 30, 2022	**(14,901)**	**(4,058)**

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	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
Finished products	**304,605**	171,935	**62,063**	40,090
Raw material	**329,457**	301,878	**249,722**	211,420
Work in process	**26,408**	5,750	**416**	418
Inventory advances	**35,763**	32,105	**35,402**	31,488
Allowance for inventory losses	**(19,067)**	(19,804)	**(10,039)**	(9,046)
	677,166	491,864	**337,564**	274,370

Variation in the allowance for inventory losses	Consolidated	Parent
Balance as at December 31, 2021	**(19,804)**	**(9,046)**
Addition	**(3,850)**	**(3,503)**
Reversal	**2,269**	**512**
Definitive write-offs	**2,009**	**1,998**
Exchange rate changes	**309**	**-**
Balance as at September 30, 2022	**(19,067)**	**(10,039)**

11. Recoverable taxes

	Consolidated		Parent	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
State VAT (ICMS)	**22,513**	20,857	**20,926**	19,405
Federal VAT (IPI)	**5,673**	7,350	**3,606**	5,402
Tax on revenue (PIS)	**846**	4,833	**601**	4,572
Tax on revenue (COFINS)	**3,175**	21,838	**2,209**	20,809
Income tax and social contribution	**7,248**	13,176	**740**	7,302
Other	**300**	2,834	**32**	867
Total	**39,755**	70,888	**28,114**	58,357
Current	**26,159**	65,261	**15,418**	53,471
Noncurrent	**13,596**	5,627	**12,696**	4,886

12. Other assets

	Consolidated		Parent	
	09-30-2022	**12-31-2021**	**09-30-2022**	**12-31-2021**
Advances to suppliers	**1,614**	8,504	**1,255**	7,133
Advances to employees	**4,965**	2,797	**3,539**	2,230
Advances for foreign bids	**7,224**	7,224	**7,224**	7,224
Escrow deposits	**39,494**	14,708	**37,847**	13,161
Disposal of assets receivable – Sale and retro-lease	**8,622**	8,833	**-**	-
Intragroup loans	**908**	-	**9,830**	4,326
Royalties	**-**	7,815	**-**	7,815
Other receivables	**8,544**	4,707	**2,228**	1,121
Total	**71,371**	54,588	**61,923**	43,010
Current	**19,858**	29,779	**23,875**	29,850
Noncurrent	**51,513**	24,809	**38,048**	13,160

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 State and 25% in Panama, levied on taxable income, pursuant to the tax laws prevailing in each country.

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

a) Breakdown of impacts on deferred tax assets and liabilities

	Consolidated		Parent	
	09-30-2022	**12-31-2021**	**09-30-2022**	**12-31-2021**
On income tax and social contribution losses				
Income tax loss	4,199	41,111	459	37,180
Social contribution loss	3,061	16,215	1,713	14,799
On temporary differences – assets				
Billed and undelivered sale	2,407	1,675	1,952	1,398
Other allowances, provisions and accruals	4,517	4,148	1,573	1,925
Realization of revaluation reserve	1,866	1,806	575	547
Allowance for inventory losses	6,483	6,733	3,413	3,075
Accrued profit sharing	9,072	11,524	5,098	6,705
Accrued commissions	983	960	833	817
Provision for civil, labor and tax risks	29,580	31,800	26,918	29,246
Provision for warranty	5,603	3,550	2,163	2,222
Provision for uncollectible receivables	2,489	2,911	1,380	1,116
Financial provisions	967	967	967	967
Tax provisions	3,145	2,973	2,086	1,954
Unrealized profit on inventories (TIMI)	15,454	9,429	-	-
Total deferred assets	**89,826**	**135,802**	**49,130**	**101,951**
On temporary differences - liabilities				
Goodwill on expected future earnings	(10,463)	(11,438)	-	-
Fair value of investment property	(18,890)	(19,453)	-	-
Total deferred liabilities	**(29,353)**	**(30,891)**	**-**	**-**
Deferred asset balances	**74,553**	121,380	**49,130**	101,951
Deferred liability balances	**(14,080)**	(16,469)	**-**	-
Deferred assets, net	**60,473**	**104,911**	**49,130**	**101,951**

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	104,911	101,951
Allocated to profit or loss	(44,706)	(52,821)
Translation adjustments into the presentation currency	268	-
Closing balance of deferred taxes, net	**60,473**	**49,130**

The amount of income tax and social contribution losses on which no deferred taxes are recognized total R$315.6 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, 2022, the expected tax loss realization for deferred income tax and social contribution, recorded in noncurrent assets in the Parent and consolidated, is as follows:

					Consolidated
	Income tax loss	**Social contribution loss**	**Deferred income tax**	**Deferred social contribution**	**Total deferred taxes**
Balance recognized as at 09/30/2022	16,802	33,997	4,199	3,061	7,260
In 2022	(3,706)	(20,900)	(926)	(1,881)	(2,807)
In 2023	(2,623)	(2,623)	(656)	(236)	(892)
In 2024	(2,603)	(2,603)	(651)	(234)	(885)
In 2025	(2,834)	(2,834)	(709)	(255)	(964)
In 2026-2030	(5,036)	(5,037)	(1,257)	(455)	(1,712)

					Parent
	Income tax loss	**Social contribution loss**	**Deferred income tax**	**Deferred social contribution**	**Total deferred taxes**
Balance recognized as at 09/30/2022	1,837	19,032	459	1,713	2,172
In 2022	(1,837)	(19,032)	(459)	(1,713)	(2,172)

The main balances of income tax and social contribution losses are observed in Parent Taurus Armas S.A. and in subsidiaries Polimetal, Taurus International and Taurus Helmets.

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

	Consolidated		Parent	
	09-30-2022	09-30-2021	09-30-2022	09-30-2021
Pretax profit (loss)	582,935	603,827	567,445	572,097
Income tax and social contribution at combined tax rates	(198,198)	(205,301)	(192,931)	(194,513)
Permanent additions				
Non-deductible expenses	(2,555)	(1,924)	(2,534)	(1,604)
PPR – Statutory and CLT officers	(1,232)	-	(1,232)	-
Share of loss of subsidiaries	(493)	103	(10,015)	(7,636)
Donations/sponsorship	(464)	(740)	(428)	(722)
Capital gain on property, plant and equipment	(89)	(247)	(89)	(247)
Thin Cap	-	(110)	-	(110)
Permanent deductions				
Reintegra	232	2,344	232	254
Deemed ICMS grant	8,548	2,926	8,506	2,926
Interest on tax unduly paid	2,119	-	2,119	-
Share of profit of subsidiaries	-	-	27,341	57,020
Unrecognized deferred tax on income tax and social contribution losses	-	454	-	-
Unrecognized current income tax and social contribution of related parties	9,795	30,372	-	-
Other (additions)/deductions	571	(1,676)	537	673
Income tax and social contribution in profit or loss for the year	**(181,766)**	**(173,799)**	**(168,494)**	**(143,959)**
Current	(137,060)	(116,362)	(115,673)	(104,043)
Deferred	(44,706)	(57,437)	(52,821)	(39,916)
	(181,766)	(173,799)	**(168,494)**	(143,959)
Effective rate	31%	29%	30%	25%

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
				09-30-2022				12-31-2021
	Basis	25%	9%	Total	Basis	25%	9%	Total
Temporary differences								
Other allowances, provisions and accruals	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	3,534	884	318	1,202	3,318	830	299	1,129
Provision for warranty	1,468	367	132	499	1,468	367	132	499
Loss on other receivables	5,114	1,279	460	1,739	5,370	1,343	483	1,826
On income tax and social contribution losses								
Income tax and social contribution losses	315,645	78,911	28,408	107,319	315,664	78,916	28,410	107,326
	403,455	**100,864**	**36,310**	**137,174**	**403,249**	**100,813**	**36,292**	**137,105**

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

In thousands of reais	09-30-2022	12-31-2021
Buildings, land and improvements	51,390	51,390
Taurus Blindagens Nordeste – long-lived asset held for sale	16,292	15,006
Total held-for-sale noncurrent assets	**67,682**	**66,396**
Taurus Blindagens Nordeste – liability held for sale	7,528	5,830
Total held-for-sale liabilities	**7,528**	**5,830**

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. (note 1 – General Information).

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

As at September 30, 2022, the group of assets and liabilities held for sale 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	7,649
Assets held for sale	**16,292**
Trade and other payables	7,528
Liabilities held for sale	**7,528**

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

15. Investments

	Taurus Helmets Indústria de Capacetes Ltda.	Taurus Blindagens Nordeste Ltda.	Taurus Holdings, Inc.	T. Investments Co. Inc.	CBC Taurus Arabia Holding, LLC.	Taurus Investimentos Imobiliários Ltda.	Polimetal Metalurgia e Plásticos Ltda.	Taurus Máquinas-Ferramenta Ltda. (1)	Parent 09-30-2022	Parent 12-31-2021
Current assets	125,660	7,121	572,662	7	2,337	66,534	20,440	209		
Noncurrent assets	51,256	59,160	135,295	-	288	92,644	177,957	1,247		
Current liabilities	43,510	9,838	144,559	-	-	4,544	19,824	2,640		
Noncurrent liabilities	2,126	1,970	44,406	-	-	53,551	23,490	32,161		
Capital	73,855	9,400	1,756	59,473	3,100	53,292	211,452	293,639		
Equity	131,280	54,473	518,992	7	2,625	101,083	155,083	(33,345)		
Net revenue	76,971	-	1,193,595	-	-	6,182	12,426	-		
Profit (loss) for the year	3,524	1,929	68,754	-	(490)	224	(3,500)	(4,045)		
Number of shares	597	9,400	302,505	11,000,000	10,535	43,623,159	304,779,838	185,007,117		
Direct interest percentage (%)	0,00%	0,10%	100,00%	100,00%	49,00%	81,86%	100,00%	63,00%		
Opening balances	1	53	441,792	7	-	82,560	159,409	-	**683,822**	**462,148**
Initial investment	-	-	-	-	**1,439**	-	-	-	**1,439**	-
Capital payment	-	-	-	-	-	-	-	-	-	-
Share of profit (loss) of subsidiaries	-	**2**	**68,754**	-	**(240)**	**184**	**(3,500)**	**(2,549)**	**62,651**	**213,138**
Exchange differences arising on translating investments	-	-	**(9,860)**	-	**(8)**	-	-	-	**(9,868)**	**25,015**
Unrealized profit on inventories	-	-	**(11,694)**	-	-	-	-	-	**(11,694)**	**(15,731)**
Valuation adjustments to equity	-	-	-	-	-	-	**(825)**	-	**(825)**	**(1,589)**
Reclassified to provision for negative equity (1)	-	-	-	-	-	-	-	**2,549**	**2,549**	**841**
Closing balances	**1**	**55**	**488,992**	**7**	**1,191**	**82,744**	**155,084**	**-**	**728,074**	**683,822**

(1) The share of profit (loss) of subsidiary Taurus Máquinas-Ferramentas Ltda., amounting to (R$2,549), is presented on line item 'Provision for negative equity' in noncurrent liabilities.

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

Taurus JM Indústria de Peças Ltda

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

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

In order to establish this joint venture and streamline its operations, the Company, in an agreement with partner Joalmi Indústria Metalúrgica Ltda,, in agreement with partner

Joalmi Indústria Metalúrgica Ltda,, decided to incorporate the operations of the joint venture into the corporate structure of Taurus Plásticos Ltda. The shares were valued considering the balance of the subscribed Capital as at November 30, 2020, divided by the number of shares resulting in a total of approximately R$0.37 per share.

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

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

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

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

The tables below show the balances of Taurus JM Indústria de Peças Ltda. as at September 30, 2022:

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
BALANCE SHEET AS AT SEPTEMBER 30, 2022
In thousands of reais

Assets		**Liabilities**	
Current assets		**Current liabilities**	
Cash and cash equivalents	111	Trade payables	196
Trade receivables	858	Payroll and related taxes	579
Inventories	2,185	Taxes, fees and contributions	2,663
Recoverable taxes	602	Other payables	1,162
Other receivables	5,390		4,600
	9,146	**Noncurrent liabilities**	
		Taxes payable	27
Noncurrent assets			27
Deferred tax assets	1,494	**Total liabilities**	4,627
Related parties	1,527		
Other receivables	20	**Equity**	
	3,041	Capital	4,628
		Advance for future capital increase	8,194
		Accumulated losses	(2,176)
Property, plant and equipment	3,086	**Total equity**	10,646
Total assets	**15,273**	**Total liabilities and equity**	**15,273**

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
STATEMENT OF PROFIT OR LOSS AS AT SEPTEMBER 30, 2022
In thousands of reais

Revenue from sales and/or services	6,192
Cost of sales and/or services	(7,590)
General and administrative expenses	(1,105)
Other operating (expenses) income, net	4
	(1,101)
Loss before finance income (costs), net and taxes	(2,499)
Finance income	131
Finance costs	(3)
Finance income (costs), net	128
Operating loss before taxes	(2,371)
Loss for the period	(2,371)

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, 2022
In thousands of reais

Assets		**Liabilities**	
Current assets		**Equity**	
Cash and cash equivalents	2,136	Capital	3,100
Prepaid expenses	201	Valuation adjustments to equity	31
	2,337	Accumulated losses	(506)
Property, plant and equipment	288	**Total equity**	2,625
Total assets	**2,625**	**Total liabilities and equity**	**2,625**

COMPANHIA BRASILEIRA DE CARTUCHOS TAURUS ARÁBIA HOLDING, LLC.
STATEMENT OF PROFIT OR LOSS AS AT SEPTEMBER 30, 2022
In thousands of reais

General and administrative expenses	(490)
	(490)
Loss for the year	(490)

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

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**	**Consolidated Total**
Balance as at December 31, 2020	10,592	120,636	270,357	29,063	506	174	21,696	10,451	-	463,475
Additions	-	4,733	40,889	4,704	160	515	70,836	37,934	10,931	170,702
Write-offs	-	(1,306)	(37,542)	(1,428)	-	-	(1,027)	-	-	(41,303)
Transfers	-	3,830	14,037	678	-	9	(18,554)	-	-	-
Effect of changes in exchange rates	242	2,059	4,105	2,679	33	-	329	-	-	9,447
Held for sale returned to operations	-	558	20,992	1,977	304	-	2,785	312	-	26,928
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	12,124	314	-	-	110,861	2,991	380	126,671
Write-offs	-	-	(1,294)	(288)	-	-	-	-	(12)	(1,594)
Transfers	-	(1,070)	21,959	(1,606)	-	-	(19,283)	-	-	-
Effect of changes in exchange rates	(110)	(925)	(2,459)	(223)	(15)	-	(361)	-	(340)	(4,433)
Balance as at September 30, 2022	**10,724**	**128,516**	**343,168**	**35,870**	**988**	**698**	**167,282**	**51,688**	**10,959**	**749,893**
Depreciation										
Balance as at December 31, 2020	-	(33,538)	(181,462)	(14,752)	(361)	(7)	-	-	-	(230,120)
Depreciation in the year	-	(5,247)	(15,142)	(2,994)	(82)	(95)	-	-	-	(23,560)
Write-offs	-	284	26,149	1,290	-	-	-	-	-	27,723
Acquisition through business combination	-	-	-	-	-	-	-	-	(2,099)	(2,099)
Effect of changes in exchange rates	-	(271)	(1,859)	(3,182)	(25)	-	-	-	-	(5,337)
Held for sale returned to operations	-	(297)	(14,967)	(1,348)	(221)	-	-	-	-	(16,833)
Balance as at December 31, 2021	**-**	**(39,069)**	**(187,281)**	**(20,986)**	**(689)**	**(102)**	**-**	**-**	**(2,099)**	**(250,226)**
Depreciation in the period	-	(4,036)	(12,676)	(2,019)	(44)	(105)	-	-	(1,333)	(20,213)
Write-offs	-	-	1,788	(415)	-	-	-	-	-	1,373
Effect of changes in exchange rates	-	41	981	349	11	-	-	-	-	1,382
Balance as at September 30, 2022	**-**	**(43,064)**	**(197,188)**	**(23,071)**	**(722)**	**(207)**	**-**	**-**	**(3,432)**	**(267,684)**
Carrying amount										
December 2021	10,834	91,441	125,557	16,687	314	596	76,065	48,697	8,832	379,023
September 2022	**10,724**	**85,452**	**145,980**	**12,799**	**266**	**491**	**167,282**	**51,688**	**7,527**	**482,209**

									Parent
Cost or deemed cost	**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, 2020	51,194	183,342	12,596	52	174	15,050	10,451	-	272,859
Additions	3,678	26,532	2,435	-	515	17,851	37,287	-	88,298
Write-offs	-	(5,345)	(335)	-	-	-	-	-	(5,680)
Transfers	3,882	7,055	625	-	9	(11,571)	-	-	-
Balance as at December 31, 2021	**58,754**	**211,584**	**15,321**	**52**	**698**	**21,330**	**47,738**	**-**	**355,477**
Additions	-	11,367	70	-	-	73,142	2,981	380	87,940
Write-offs	-	(951)	(241)	-	-	-	-	-	(1,192)
Transfers	-	3,892	29	-	-	(3,921)	-	-	-
Balance as at September 30, 2022	**58,754**	**225,892**	**15,179**	**52**	**698**	**90,551**	**50,719**	**380**	**442,225**
Depreciation									
Balance as at December 31, 2020	(16,436)	(120,749)	(5,603)	(52)	(7)	-	-	-	(142,847)
Depreciation in the year	(2,070)	(7,472)	(1,049)	-	(95)	-	-	-	(10,686)
Write-offs	2	1,786	295	-	-	-	-	-	2,083
Balance as at December 31, 2021	**(18,504)**	**(126,435)**	**(6,357)**	**(52)**	**(102)**	**-**	**-**	**-**	**(151,450)**
Depreciation in the period	(1,709)	(7,276)	(844)	-	(105)	-	-	(44)	(9,978)
Write-offs	-	807	207	-	-	-	-	-	1,014
Balance as at September 30, 2022	**(20,213)**	**(132,904)**	**(6,994)**	**(52)**	**(207)**	**-**	**-**	**(44)**	**(160,414)**
Carrying amount									
December 2021	40,250	85,149	8,964	-	596	21,330	47,738	-	204,027
September 2022	**38,541**	**92,988**	**8,185**	**-**	**491**	**90,551**	**50,719**	**336**	**281,811**

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 2022.

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, 2022, the Company uses R$39.8 million in collaterals (R$34.3 million as at December 31, 2021).

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 this interim financial information, 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	Other intangibles	Total
Cost								
Balance as at December 31, 2020	20,668	26,444	22,541	48,660	7,616	8,580	1,656	136,165
Acquisitions	1,337	-	-	-	13	9,237	-	10,587
Transfers	49	-	-	-	607	(656)	-	-
Write-offs	(85)	-	-	-	-	-	(1,778)	(1,863)
Effect of changes in exchange rates	648	1,212	1,624	1,183	421	-	122	5,210
Held for sale returned to operations	1,520	1,284	-	-	-	-	-	2,804
Balance as at December 31, 2021	**24,137**	**28,940**	**24,165**	**49,843**	**8,657**	**17,161**	**-**	**152,903**
Acquisitions	1,443	-	-	-	-	20,672	-	22,115
Transfers	33	-	-	-	-	(33)	-	-
Effect of changes in exchange rates	(320)	(549)	(736)	(537)	(191)	-	-	(2,333)
Balance as at September 30, 2022	**25,293**	**28,391**	**23,429**	**49,306**	**8,466**	**37,800**	**-**	**172,685**
Amortization								
Balance as at December 31, 2020	(13,818)	(7,388)	(19,567)	-	(2,079)	-	-	(42,852)
Amortization in the year	(2,448)	-	(2,225)	-	(572)	-	-	(5,245)
Write-offs	70	-	-	-	-	-	-	70
Effect of changes in exchange rates	(647)	-	(1,586)	-	(128)	-	-	(2,361)
Held for sale returned to operations	(144)	-	-	-	-	-	-	(144)
Balance as at December 31, 2021	**(16,987)**	**(7,388)**	**(23,378)**	**-**	**(2,779)**	**-**	**-**	**(50,532)**
Amortization in the period	(1,964)	-	(726)	-	(468)	-	-	(3,158)
Held for sale returned to operations	252	-	675	-	45	-	-	972
Balance as at September 30, 2022	**(18,699)**	**(7,388)**	**(23,429)**	**-**	**(3,202)**	**-**	**-**	**(52,718)**
Carrying amount								
December 2021	7,150	21,552	787	49,843	5,878	17,161	-	102,371
September 2022	**6,594**	**21,003**	**-**	**49,306**	**5,264**	**37,800**	**-**	**119,967**

					Parent
	Software	Trademarks and patents	Product development	Intangible assets in progress	Total
Cost					
Balance as at December 31, 2020	11,749	9,485	1,916	8,580	31,730
Acquisitions	419	-	13	9,237	9,669
Transfers	49	-	607	(656)	-
Balance as at December 31, 2021	**12,217**	**9,485**	**2,536**	**17,161**	**41,399**
Acquisitions	1,430	-	-	20,639	22,069
Balance as at September 30, 2022	**13,647**	**9,485**	**2,536**	**37,800**	**63,468**
Amortization					
Balance as at December 31, 2020	(5,522)	(6,840)	(702)	-	(13,064)
Amortization in the year	(1,880)	-	(242)	-	(2,122)
Balance as at December 31, 2021	**(7,402)**	**(6,840)**	**(944)**	**-**	**(15,186)**
Amortization in the period	(1,155)	-	(221)	-	(1,376)
Balance as at September 30, 2022	**(8,557)**	**(6,840)**	**(1,165)**	**-**	**(16,562)**
Carrying amount					
December 2021	4,815	2,645	1,592	17,161	26,213
September 2022	**5,090**	**2,645**	**1,371**	**37,800**	**46,906**

Impairment test of cash-generating units containing goodwill

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

Cash-generating unit	2021
Firearms	49,408

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 amount 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	WACC discount rate	Average growth rate
Cash-generating unit		**12-31-2021**		**12-31-2020**
Firearms	12.80%	4.24%	11.90%	4.40%

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, 2021 of 26.00% for the Firearms CGU at the market interest rate of 7.2%.

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, 2021, the Company used a nominal growth rate of 3%, 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, financing and debentures

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

							Consolidated and Parent
				09-30-2022			12-31-2021
	Currency	Statutory interest rate	Maturity year	Contractual amount	Carrying amount	Contractual amount	Carrying amount
Working capital	R$	CDI+2.50% p.a.	2022	**18,193**	**4,881**	18,193	10,040
Debentures	R$	CDI+2.50% p.a.	2022	**50,000**	**56**	50,000	33,532
Foreign currency advances	US$	7.0% p.a.	2024	**367,753**	**396,723**	205,487	217,350
Working capital	US$	Libor+3.50% p.a.	2023	**464,162**	**181,063**	464,162	432,389
				Total	**582,723**		**693,311**
				Current liabilities	**499,822**		**618,904**
				Noncurrent liabilities	**82,901**		**74,407**

Flow of future debt payments disclosed in noncurrent liabilities:

	Consolidated	Consolidated
Maturity year	**09-30-2022**	**12-31-2021**
2023	**36,044**	74,407
2024	**46,857**	-
	82,901	74,407

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.

a) Debentures

The debentures issued by the Company in a single series are nonconvertible and distributed in the secondary market through the National Debenture System, with restricted placement efforts referring to the 3rd issue intended for banking institutions.

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-finance costs 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, 2022, the Company was compliant with all said covenants.

19. Other payables

	Consolidated		Parent	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
Dividends payable	**49**	68,002	**49**	68,002
Sales commissions	**5,999**	6,634	**2,201**	2,179
Accrued interest	**956**	571	**-**	-
Unsettled court agreements	**10,000**	-	**10,000**	-
Insurance and freight	**9,362**	9,690	**3,614**	7,331
Trade payables	**12,641**	-	**12,641**	-
Leases	**8,683**	8,833	**295**	-
Advances from customers	**63,047**	41,181	**62,806**	40,897
Marketing	**10,591**	3,863	**-**	-
Due to related parties	**1,765**	1,651	**58,924**	57,381
Unrealized gain on government grant	**27,399**	29,631	**-**	-
Provision for negative equity	**-**	-	**21,010**	18,461
Other	**5,261**	4,858	**3,057**	726
	155,753	174,914	**174,597**	194,977
Current	**98,915**	134,328	**76,217**	122,520
Noncurrent	**56,838**	40,586	**98,380**	72,457

20. Payroll and related taxes

	Consolidated		Parent	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
Payroll	**5,870**	3,794	**1,475**	349
Accrued bonus	**26,684**	33,893	**14,993**	19,721
Contributions payable	**6,775**	10,068	**6,127**	9,479
Accruals (vacation pay and 13th salary)	**37,916**	19,105	**34,149**	16,901
	77,245	66,860	**56,744**	46,450

21. Taxes, fees and contributions

	Consolidated		Parent	
	09-30-2022	12-31-2021	09-30-2022	12-31-2021
State VAT (ICMS)	**43,775**	5,694	**42,703**	4,678
Federal VAT (IPI)	**23,430**	378	**22,964**	3
Tax on revenue (PIS)	**42**	6	**-**	-
Tax on revenue (COFINS)	**196**	25	**-**	-
Special tax – FAET (USA)	**39,718**	47,618	**-**	-
Withholding income tax (IRRF)	**1,323**	4,928	**1,067**	4,734
Income tax and social contribution	**9,801**	21,105	**7,462**	15,301
Other installment payments (*)	**35,658**	31,789	**24,747**	31,111
Other	**8,773**	8,672	**6,021**	5,982
	162,716	120,215	**104,964**	61,809
Current	137,374	96,632	88,621	39,102
Noncurrent	25,342	23,583	16,343	22,707

(*) Other installment payments

IPI installment payment – The Company had overdue IPI for the period December 2019-March 2020. In September 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, 2022, the adjusted balance of the IPI instalment payment plan is R$24.7 million and to date 25 installments have been paid, totaling R$17.7 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 said IN and is adjusted using the Selic (Central bank's policy rate), and as at September 30, 2022, the adjustment installment payment balance is R$10.3 million, already considering two installments paid in the total amount of R$359 thousand.

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
			09-30-2022	**12-31-2021**
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	45,118	(13,128)	31,990	32,823
Civil	22,634	(1,054)	21,580	19,339
Tax	27,383	(25,312)	2,071	30,052
	95,135	**(39,494)**	**55,641**	82,214
Classified in current liabilities	38,848			
Classified in noncurrent liabilities	56,287			

(1) Recognized in other noncurrent assets.

				Parent
			09-30-2022	**12-31-2021**
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	42,159	(11,633)	30,526	30,385
Civil	15,863	(1,054)	14,809	14,841
Tax	24,910	(25,160)	(250)	27,632
	82,932	**(37,847)**	**45,085**	72,858
Classified in current liabilities	32,393			
Classified in noncurrent liabilities	50,539			

(1) Recognized in other noncurrent assets.

Variations in the provision:

			Consolidated
	Civil and labor	**Tax**	**Total**
Balance as at December 31, 2021	66,592	30,330	96,922
Provisions recognized in the period	15,287	55	15,342
Provisions used in the period	(3,786)	(3,000)	(6,786)
Derecognition of provision	(10,341)	(2)	(10,343)
Balance as at September 30, 2022	**67,752**	**27,383**	**95,135**

			Parent
	Civil and labor	**Tax**	**Total**
Balance as at December 31, 2021	58,109	27,910	86,019

Provisions recognized in the period	8,512	-	8,512
Provisions used in the period	(2,625)	(3,000)	(5,625)
Derecognition of provision	(5,974)	-	(5,974)
Balance as at September 30, 2022	**58,022**	**24,910**	**82,932**

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**			
	09-30-2022		12-31-2021		**09-30-2022**		12-31-2021	
	Possible	**Remote**	Possible	Remote	**Possible**	**Remote**	Possible	Remote
Civil	**169,335**	**23,004**	231,202	21,543	**151,139**	**22,584**	212,624	21,499
Labor	**28,206**	**53,818**	43,029	45,858	**25,069**	**35,024**	22,948	32,778
Tax	**67,403**	**-**	62,798	-	**60,278**	**-**	55,920	-
	264,944	**76,822**	337,029	67,401	**236,486**	**57,608**	291,492	54,277

a) Labor lawsuits

The Company is 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$52.5 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 subpoenaed. On March 23, 2021, the Company received a subpoena. In an Interlocutory Appeal filed by the Federal District against the decision that denied the preliminary injunction, the appellate injunction was denied. On June 18, 2021, the Company submitted its counterarguments.
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$63 million.

Administrative Proceeding and Lawsuit – PMESP

I – PMESP – Administrative Proceeding 24/7 Pistol
The Company was summoned to present defense in an administrative proceeding filed by the São Paulo State Military Police ("PMESP") (Sanctioning Proceeding CSMAM-002/30/16) which challenges the possibility or not of partial or full noncompliance with the agreement for acquisition and supply of ninety-eight thousand, four hundred and sixty-five (98,465) firearms, pistol type, models 24/7 and 640, between 2007 and 2011. On May 18, 2020, a decision was issued imposing a R$12.7 million fine on Taurus, as well as a penalty suspending the Company from bidding and signing any contract with the São Paulo State Public Administration during two (2) years.
The sanctioning decision of the administrative proceeding, however, was annulled by the Court of Justice of the State of São Paulo in a final decision handed down in the injunction request filed by the Company, which determined the return of the administrative proceeding to the instructional phase. Thereafter, an administrative decision was handed down on November 13, 2021, fully accepting the sanctioning proposal issued by the Major of the Military Police of the State of São Paulo, in an addendum dated November 12, 2021, to apply a contractual fine in the amount of R$25.1 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. Upon handing down of the correcting decision, the lawsuit is currently waiting for the 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$28.7 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$48.3 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$19.1 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 interim financial information at this date.

e) Ongoing lawsuits

The Company also holds an amount equivalent to R$139.8 million in ongoing lawsuits, which are classified as contingent assets and are not recognized in accounting.

Of this total, R$17.6 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.

Ordinary Suit - Eletrobrás and Federal Government (National Treasury)
Taurus filed an ordinary suit against Eletrobrás and the Federal Government claiming the adjustment for inflation of the compulsory loan to Eletrobrás. In light of the favorable court decision on this the claim, on October 20, 2014, Taurus issued a judgment enforcement order where it submitted the calculations of its claim. The case is being processed in the Federal Court of Rio Grande do Sul and totals R$9.4 million. After the final decision of the objection filed by Eletrobrás, the court records were corrected to allow the settlement of awarded sentence by arbitration. Because of the decision that set new settlement criteria, Taurus filed an Interlocutory Appeal, which was accepted. Thereafter, the case records were distributed to the Judicial Auditor for adjustment of the calculation to the terms of the decision on the appeal. After return of the case records of the auditors, there was an agreement with respect to the Company's calculations, requesting the homologation of the amount by the Judicial Auditors, with subsequent notification of Eletrobrás to make the payment of the remaining credit. After notified, Eletrobrás has filed an objection against the calculations. Currently, a new opinion of the Judicial Auditors is pending for settlement of the credit by the judge. The likelihood of a favorable outcome in this lawsuit is classified as probable.

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$3.7 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 financial liabilities, together with the carrying amounts reported in the balance sheet, are as follows:

				Consolidated and Parent
		09-30-2022		12-31-2021
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**185,944**	**185,944**	442,429	442,429
Debentures	**56**	**56**	33,532	33,532
Foreign currency advances	**396,723**	**392,479**	217,350	215,168
	582,723	**578,479**	693,311	691,129

In light of the short-term cycle, it is assumed that the fair value of cash trade receivables, trade payables, other payables, and advances of receivables approximates their carrying amounts.

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

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

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 (iv)	Total liabilities	Revenue (v)	Expense (v)
December 31, 2021								
Taurus Helmets Indústria de Capacetes Ltda.	572	-	572	14	5,101	5,115	-	237
Taurus Blindagens Nordeste Ltda.	-	-	-	623	47,244	47,867	-	1,150
Taurus Holdings, Inc.	16,882	-	16,882	16,279	-	16,279	675,141	3,422
Taurus Investimentos Imobiliários Ltda.	641	10,523	11,164	384	-	384	-	3,460
Taurus Máquinas-Ferramenta Ltda.	-	25,999	25,999	-	-	-	622	-
Polimetal Metalurgia e Plásticos Ltda.	6,585	4,159	10,744	1,903	-	1,903	2,238	-
	24,680	40,681	65,361	19,203	52,345	71,548	678,001	8,269
September 30, 2022								
Taurus Helmets Indústria de Capacetes Ltda.	**613**	**-**	**613**	**17**	**5,453**	**5,470**	**-**	**453**
Taurus Blindagens Nordeste Ltda.	**-**	**-**	**-**	**652**	**49,337**	**49,989**	**-**	**4,147**
Taurus Holdings, Inc.	**17,266**	**-**	**17,266**	**6,291**	**-**	**6,291**	**688,130**	**4,267**
Taurus Investimentos Imobiliários Ltda.	**1,704**	**37,609**	**39,313**	**453**	**-**	**453**	**2,241**	**4,062**
Taurus Máquinas-Ferramenta Ltda.	**-**	**29,453**	**29,453**	**-**	**-**	**-**	**2,395**	**-**
Polimetal Metalurgia e Plásticos Ltda.	**11,858**	**6,920**	**18,778**	**1,364**	**-**	**1,364**	**1,291**	**-**
	31,441	**73,982**	**105,423**	**8,777**	**54,790**	**63,567**	**694,057**	**12,929**

(i) Refers to amounts recorded in line items trade payables - R$6,407 and other payables - R$2,371
(ii) Refers to amounts recorded in line items trade receivables - R$21,641 and other receivables - R$9,800
(iii) Refers to amounts recognized in line items intragroup loans - R$73,982 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate.
(iv) Represent loan agreements - R$54,790 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, 2021

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 2022, as shown in the table below.

The Brazilian Association of Defense and Security Material Industries (ABIMDE) is a non-profit civil entity which represents the military use material sector companies for the purpose of sponsoring, promoting and representing their common interests and goals, aiming at the social and economic growth of Brazil and works in the relationship between the industries and governmental agencies, seeking to expedite and promote the sale, development and quality of the Brazilian products. It also works in the relationship between the industries and governmental agencies, seeking to expedite and promote the sale, development and quality of the Brazilian products. The vice president of the Board of Directors is Mr. Fábio Luiz Munhoz Mazzaro, who is also the CEO of CBC, a related party of Taurus Armas S/A.

Taurus Armas S/A is an associate of this entity and makes monthly contributions based on the amount recorded in 2022, 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 2022, 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, 2022, 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	Current liabilities	Noncurrent liabilities	Revenue (*)	Expense (*)
December 31, 2021					
Companhia Brasileira de Cartuchos	9,697	10,821	-	17,079	37,791
CBC Brasil Comércio e Distribuição	264,772	2	-	479,511	-
GN Importações	-	-	-	343	7
Taurus JM Indústria de Peças	2,640	-	1,651	16	37
Joalmi Indústria e Comércio	247	-	-	-	124
	277,356	10,823	1,651	496,949	37,959
September 30, 2022					
Companhia Brasileira de Cartuchos	**6,973**	**13,071**	**-**	**5,557**	**32,046**
CBC Brasil Comércio e Distribuição	**174,405**	**2**	**-**	**191,774**	**-**
GN Importações	**3**	**-**	**-**	**10**	**8**
Taurus JM Indústria de Peças	**-**	**-**	**1,763**	**4**	**9,123**
National Association of Firearms and Ammunition Industry (ANIAM)	**-**	**-**	**-**	**-**	**517**
Brazilian Association of Defense and Security Material Industries (ABIMDE)	**-**	**-**	**-**	**-**	**14**
Brazilian Entity for the Wildlife Conservation (SBCF)	**-**	**-**	**-**	**-**	**12**
	181,381	**13,073**	**1,763**	**197,345**	**41,720**

(*) Comparative balance with September 30, 2021

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, who is 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 and Parent	
	09-30-2022	09-30-2021
Statutory officer's compensation and benefits	**8,104**	7,370
Stock option plan	**6,533**	3,616
Directors' compensation and benefits	**783**	663
Supervisory Board members' compensation and benefits	**309**	223
	15,729	11,872

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, Taurus Blindagens, 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$331.4 million (R$580.8 million as at December 31, 2021) to Taurus Armas S.A.
Subsidiary Taurus International has an overdraft account with a US banking institution, Wells Fargo, 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 CPC 31/ IFRS 5 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 interim 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

	09-30-2022	09-30-2021
Net sales revenue	-	-
Elimination of intersegment revenue	-	-
Foreign revenue	-	-
Finance costs, net	(858)	(1,636)
Elimination of intersegment expenses	-	-
Foreign expenses	(858)	(1,636)
Loss from operating activities	(858)	(1,636)
Taxes on income	(1,360)	(254)
Loss before income tax and social contribution, net	**(2,218)**	**(1,890)**
Basic earnings (loss) per common share (in R$)	**(0.017550)**	**(0.016150)**
Basic earnings (loss) per preferred share (in R$)	**(0.019220)**	**(0.020480)**

Loss from discontinued operations as at September 30, 2022 is R$-2,218 thousand (R$-1,890 thousand as at September 30, 2021) and is fully attributed to owners of the Company.

(b) Cash flows generated by discontinued operations

	09-30-2022	09-30-2021
Net cash generated by operating activities	**1,527**	975
Net cash used in investing activities	**(2,094)**	(917)
Net cash provided by financing activities	**624**	45
Net cash generated by discontinued operations	**57**	103

26. Equity

a) Capital

As at September 30, 2022, the Company's issued capital is R$366.3 million (R$308.2 million at December 31, 2021), represented by 126,394,539 book-entry, registered shares, divided into 46,445,314 common shares and 79,949,225 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 following is the updated position as at September 30, 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	8,717,908
Forfeited	11,750,881	74,401	86,173	-
Exercisable	-	-	-	282,092

In the year ended December 31, 2021, the warrants exercised were automatically converted into capital, in an amount equivalent to R$118.9 million, which was ratified by the Company's Board of Directors.

On November 04, 2021, the Company's Board of Directors approved the capital decrease to partially absorb the balance of accumulated losses recorded in the financial statements as at December 31, 2020. The amount of capital was reduced by R$371 million.

In 2022, up to September 30, the warrants exercised were automatically converted into capital, in an amount equivalent to R$58.1 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):

	09-30-2022	12-31-2021
Common shares	103,703	51,851
Preferred shares	207,405	103,702
	311,108	155,553

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, 2021 Common: R$24.51; Preferred: R$24.66*	46,445	1,138,367	71,654	1,766,988
As at September 30, 2022 Common: R$17.15; Preferred: R$16.36*	**46,445**	796,532	**79,949**	1,307,966

*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, 2021, legal reserve in the amount of R$15.1 million was recognized.

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 September 30, 2022, the balance is R$118.5 million (R$92.6 million as at December 31, 2021). Up to 2020 the amount was allocated as a reduction of accumulated losses. Due to the reversal of accumulated losses in retained earnings occurred in 2021, the balance was reclassified to earnings reserves.

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, 2021 recorded in the Company's interim financial information, subject to approval at the Annual General Meeting, is as follows:

	2021
Accumulated losses	(704,720)
Capital decrease	370,965
Loss after decrease	**(333,755)**
Profit for the year	635,060
Profit after absorption of accumulated losses	**301,305**
Allocations:	
Recognition of legal reserve	(15,065)
Recognition of tax incentive reserve	(92,587)
Valuation adjustments to equity	631
Dividend distribution base	**194,284**
Mandatory dividends (35%)	68,000
Proposed additional dividends	126,284
Mandatory dividends per share	R$0.575780
Proposed additional dividends per share	R$1.069305
Total dividends per share	**R$1.645085**

The proposed compensation to shareholders to be sent by Management to the approval of the Annual General Meeting of 2022, in the amount of R$68 million (R$0.575780 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. The additional proposed dividends in the amount of R$126.3 million (R$1.069305 per share) are disclosed in a line item in equity until the dividend distribution is approved.

On April 19, 2022, the Annual General Meeting was held, where the proposed dividends were voted and approved and payment to shareholders was made on April 29, 2022.

d) Valuation adjustments to equity

Deemed cost

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

Cumulative translation adjustments

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

e) Earnings (loss) per share

	Parent and Consolidated	
Basic numerator	**09-30-2022**	09-30-2021
Profit (loss) from continuing operations		
Common shares	147,414	170,546
Preferred shares	253,755	259,482
	401,169	430,028
Profit (loss) from discontinued operations		
Common shares	(815)	(750)
Preferred shares	(1,403)	(1,140)
	(2,218)	(1,890)
Profit (loss) for the year		
Common shares	146,599	169,796
Preferred shares	252,352	258,342
	398,951	428,138
Basic denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	73,009,435	55,662,244
	119,454,749	102,107,558
Basic earnings (loss) per share from continuing operations (R$ per share)		
Common shares	3.17393	3.67197
Preferred shares	3.47565	4.66172
Basic earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.01755)	(0.01615)
Preferred shares	(0.01922)	(0.02048)
Basic earnings (loss) per share (R$ per share)		
Common shares	3.15638	3.65582
Preferred shares	3.45643	4.64124

	Parent and Consolidated	
Diluted numerator	**09-30-2022**	09-30-2021
Profit (loss) from continuing operations		
Common shares	147,414	170,546
Preferred shares	253,755	259,482
	401,169	430,028
Profit (loss) from discontinued operations		
Common shares	(815)	(750)
Preferred shares	(1,403)	(1,140)
	(2,218)	(1,890)
Profit (loss) for the year		
Common shares	146,599	169,796
Preferred shares	252,352	258,342
	398,951	428,138
Diluted denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	73,009,435	55,662,244
	119,454,749	102,107,558
Potential increase in the number of shares from the exercise of warrants		
Common shares	-	-
Preferred shares	184,848	6,722,524
	184,848	6,722,524
Diluted earnings (loss) per share from continuing operations (R$ per share)		
Common shares	3.17393	3.67197
Preferred shares	3.46687	4.15938
Diluted earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.01755)	(0.01615)
Preferred shares	(0.01917)	(0.01827)
Diluted earnings (loss) per share (R$ per share)		
Common shares	3.15638	3.65582
Preferred shares	3.44770	4.14111

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

27. Share-based payment

a) Stock option plan

Description of the share-based compensation arrangements
As at September 30, 2022, the Company has the following share-based payment arrangement:

Stock option plan (settable in shares)

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

On October 18, 2021, the Board of Directors approved the Company's Second Stock Option Program ("2nd Program") including the eligibility rules of this 2nd Program's beneficiaries. All terms and conditions of the Plan, approved by the Company's Annual and Extraordinary Shareholders' Meeting held on April 26, 2021, were observed.

On May 18, 2022, the Company approved at the meeting of the Board of Directors the Company's Third Stock Option Program ("3rd Program") including the eligibility rules of this 3rd Program's beneficiaries. All terms and conditions of the Plan, approved by the Company's Annual and Extraordinary Shareholders' Meeting held on April 26, 2021, were observed.

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 Company recognized in profit (loss) for the period ended September 30, 2022 a total of R$6.5 million in stock option plan expenses.

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 - 2021
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%

b) Share-based payment settled in cash – Phantom Shares

In April 2021, the Company granted 780,000 phantom shares, equivalent to the same number of preferred shares issued by the Company, to the program beneficiaries. Upon fulfillment of all vesting conditions, namely: upon keeping the relationship as the Company's officer until the end of the *vesting* period, expected for December 2021, the beneficiary was entitled to receive the premium on December 30, 2021. The compensation amount in local currency was defined after the end of the auction at B3 – Brasil, Bolsa, Balcão on December 17, 2021.

The calculation method corresponds to the straight-line average of the average price of the preferred share from December 13 to 15, 2021 multiplied by the number of phantom shares, with ceiling of R$25.00 per share.

The plan was completed and paid on December 31, 2021. In total, amounts representing 710,000 phantom shares at the average amount of R$24.19 per share were paid, totaling R$17.2 million. As at December 31, 2021, total amount recognized in expenses, including payroll taxes corresponds to R$20.3 million. There is no projection of share-based payment plan settled in cash relating to 2022.

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 for 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**	
	09-30-2022	**09-30-2021**	**09-30-2022**	**09-30-2021**
Sale of goods	**2,462,505**	2,416,351	**1,727,266**	1,520,547
Provision of services	**287**	31	**287**	31
Total gross revenue	**2,462,792**	2,416,382	**1,727,553**	1,520,578
Sales taxes	**(514,336)**	(491,971)	**(374,606)**	(338,832)
Returns and discounts	**(6,329)**	(4,270)	**(4,669)**	(1,288)
Total net operating revenue	**1,942,127**	**1,920,141**	**1,348,278**	**1,180,458**

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**	
	09-30-2022	09-30-2021	**09-30-2022**	09-30-2021
Other operating income				
Tax recovery	**26,981**	41,845	**26,755**	38,868
Government grant - COVID	**-**	15,481	**-**	-
Royalties	**3,131**	4,968	**3,131**	4,968
Sale of property, plant and equipment	**48**	1,210	**5**	335
Recovery of expenses on trade payables	**5,927**	2,955	**5,914**	2,925
Recovery of past-due receivables – allowance for doubtful debts	**548**	3,786	**542**	3,786
Other income	**4,661**	6,321	**4,694**	5,908
	41,296	76,566	**41,041**	56,790

30. Expenses by nature

	Consolidated		Parent	
	09-30-2022	**09-30-2021**	**09-30-2022**	**09-30-2021**
Expenses by function				
Cost of sales	(1,015,927)	(998,630)	(678,301)	(588,761)
Selling expenses	(189,773)	(167,375)	(71,133)	(58,314)
Allowance for impairment of financial instruments	(1,080)	(1,211)	(796)	(733)
General and administrative expenses	(157,351)	(149,452)	(92,042)	(90,661)
Other operating expenses	(13,170)	(6,599)	(15,833)	(6,297)
	(1,377,301)	**(1,323,267)**	**(858,105)**	**(744,766)**
Expenses by nature	**09-30-2022**	**09-30-2021**	**09-30-2022**	**09-30-2021**
Depreciation and amortization	(23,371)	(21,647)	(11,354)	(9,579)
Personnel expenses	(268,138)	(277,217)	(203,827)	(199,080)
Tax expenses	(6,941)	(9,623)	(3,383)	(6,750)
Raw materials and supplies and consumables	(663,833)	(657,174)	(395,429)	(348,788)
Auxiliary materials and upkeep and maintenance supplies	(79,056)	(67,465)	(76,798)	(65,539)
Freight and insurance	(104,529)	(96,832)	(52,704)	(44,193)
Outside services	(53,057)	(41,740)	(39,851)	(32,678)
Advertising and publicity	(34,958)	(25,884)	(5,558)	(4,490)
Expenses on product warranty	(1,969)	(1,761)	(2,826)	(47)
Water and power	(30,714)	(33,094)	(11,669)	(10,443)
Travel and lodging	(7,769)	(3,074)	(5,574)	(1,834)
Expenses on commissions	(31,734)	(32,920)	(4,250)	(2,880)
Cost of property, plant and equipment written off	(221)	(3,429)	(178)	(243)
Civil, labor and tax risks	(18,272)	(5,280)	(17,215)	(3,237)
Rentals	(5,173)	(4,524)	(8,138)	(6,500)
Other expenses	(47,566)	(41,603)	(19,351)	(8,485)
	(1,377,301)	**(1,323,267)**	**(858,105)**	**(744,766)**

31. Finance income (costs), net

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

	Consolidated		Parent	
	09-30-2022	09-30-2021	**09-30-2022**	09-30-2021
Finance income				
Interest	**8,618**	1,332	**13,621**	1,902
Foreign exchange gains	**261,637**	168,155	**259,668**	166,297
Other income	**11,281**	675	**10,941**	451
	281,536	170,162	**284,230**	168,650
Finance costs				
Interest and fines	**(32,257)**	(29,609)	**(31,033)**	(27,117)
Foreign exchange losses	**(261,243)**	(201,931)	**(259,060)**	(200,142)
Other expenses	**(9,774)**	(7,933)	**(8,863)**	(7,022)
	(303,274)	(239,473)	**(298,956)**	(234,281)
Finance income (costs), net	**(21,738)**	(69,311)	**(14,726)**	(65,631)

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, 2022 and December 31, 2021, the balances are as follows:

	Consolidated		Parent	
	09-30-2022	**12-31-2021**	**09-30-2022**	**12-31-2021**
Domestic market	**7,829**	8,003	**6,362**	6,535
Foreign market	**10,117**	10,443	**-**	-
Total	**17,946**	**18,446**	**6,362**	**6,535**
Current liabilities	**11,614**	11,910	**6,362**	6,535
Noncurrent liabilities	**6,332**	6,536	**-**	-

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

Taurus Armas S.A.

Report on Review of Interim Financial Information for the Nine-month Period EndedSeptember 30, 2022

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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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, 2022, which comprises the balance sheet as at September 30, 2022 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 CPC 21 (R1) and 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 accompanying individual and consolidated interim financial information included in the interim financial information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by the CVM.

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, 2022, 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.

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

Porto Alegre, November 2, 2022

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Otávio Ramos Pereira
Engagement Partner

2022CB018307

Supervisory Board's Opinion

The Supervisory Board of Taurus Armas S.A., in compliance with legal and statutory provisions, reviewed the interim financial information for the third quarter of 2022. 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 2, 2022, 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 2, 2022.

Edson Pereira Ribeiro
Board Member/Chairman

Mauro César Medeiros de Mello
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, 2022.

The Board has audited the Management Report, the Interim Financial Information for the period ended September 30, 2022, 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, 2022 and the respective Performance Report.

São Leopoldo, November 1, 2022.

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 2022

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho and Leonardo Brum Sesti, 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 January 1, 2022 to September 30, 2022.

São Leopoldo, November 2, 2022.

Salesio Nuhs

Chief Executive Officer

Sergio Castilho Sgrillo Filho

Chief Finance and Administrative Officer

Investor Relations Officer

Leonardi Brum Sesti

Executive Officer without specific designation

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

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho and Leonardo Brum Sesti, 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 January 1, 2022 to September 30, 2022, issued on November 2, 2022.

São Leopoldo, November 2, 2022.

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