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

Taurus Armas S.A.

Report on Review of
Interim Financial Information
for the Three-month Period
Ended March 31, 2023

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

Contents

Company Data/Capital Breakdown	
Number of shares (units)	**Current Quarter 03/31/2023**
Common - Paid-in capital	46,445,314
Preferred - Paid-in capital	80,189,120
Total - Paid-in Capital	126,634,434
Common - Held in treasury	-
Preferred - Held in treasury	-
Total - Held in treasury	-

Individual FS / Balance Sheet - Assets

(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 03/31/2023	Prior Year 12/31/2022
1	Total assets	2,078,883	2,122,509
1.01	Current assets	766,180	819,991
1.01.01	Cash and cash equivalents	82,215	107,155
1.01.01.01	Cash and banks	70,674	91,055
1.01.01.02	Highly liquid short-term investments	11,541	16,100
1.01.02	Short-term investments	156,340	92,010
1.01.02.03	Short-term investments at evaluated at amortized cost	156,340	92,010
1.01.03	Accounts receivable	130,500	224,150
1.01.03.01	Trade receivables	130,500	224,150
1.01.04	Inventories	333,875	331,810
1.01.06	Recoverable taxes	23,546	22,939
1.01.06.01	Recoverable current taxes	23,546	22,939
1.01.07	Prepaid expenses	8,768	6,408
1.01.08	Other current assets	30,936	35,519
1.01.08.03	Other	30,936	35,519
1.01.08.03.03	Related parties - financial loan	14,932	12,682
1.01.08.03.04	Other receivables	16,004	22,837
1.02	Noncurrent assets	1,312,703	1,302,518
1.02.01	Long-term receivables	210,372	216,782
1.02.01.03	Long-term investments at evaluated at amortized cost	-	21,931
1.02.01.07	Deferred taxes	40,081	37,338
1.02.01.07.01	Deferred income tax and social contribution	40,081	37,338
1.02.01.09	Due from related parties	91,220	86,471
1.02.01.09.02	Receivables from subsidiaries	91,220	86,471
1.02.01.10	Other noncurrent assets	79,071	71,042
1.02.01.10.03	Recoverable taxes	14,451	14,435
1.02.01.10.04	Other	64,620	56,607
1.02.02	Investments	715,549	727,546
1.02.02.01	Equity interests	715,549	727,546
1.02.02.01.02	Equity interests in subsidiaries	715,549	727,546
1.02.03	Property, plant and equipment	328,904	304,109
1.02.03.01	Fixed assets in use	197,482	190,483
1.02.03.03	Construction in progress	131,422	113,626
1.02.04	Intangible assets	57,878	54,081
1.02.04.01	Intangible assets	57,878	54,081
1.02.04.01.02	Intangible assets	57,878	54,081

Individual FS / Balance Sheet - Liabilities

(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 03/31/2023	Prior Year 12/31/2022
2	Total liabilities and equity	2,078,883	2,122,509
2.01	Current liabilities	806,830	840,338
2.01.01	Payroll, benefits and taxes thereon	44,950	46,662
2.01.01.01	Payroll and related taxes	6,021	6,358
2.01.01.02	Payroll and related taxes	38,929	40,304
2.01.02	Trade payables	78,786	70,543
2.01.02.01	Local suppliers	63,718	54,951
2.01.02.02	Foreign suppliers	15,068	15,592
2.01.03	Taxes payable	36,102	49,025
2.01.03.01	Federal tax liabilities	34,971	43,832
2.01.03.01.01	Income tax and social contribution payable	19,596	14,679
2.01.03.01.02	Other taxes	15,375	29,153
2.01.03.02	State tax liabilities	1,066	5,160
2.01.03.03	Municipal tax liabilities	65	33
2.01.04	Borrowings and financing	367,426	392,967
2.01.04.01	Borrowings and financing	367,426	392,967
2.01.04.01.01	In local currency	1,837	1,838
2.01.04.01.02	In foreign currency	365,589	391,129
2.01.05	Other payables	218,575	220,752
2.01.05.02	Other	218,575	220,752
2.01.05.02.02	Dividends payable	164,120	164,119
2.01.05.02.08	Advances from customers	32,351	38,631
2.01.05.02.09	Other payables	22,104	18,002
2.01.06	Provisions	60,991	60,389
2.01.06.01	Tax, social security, labor and civil provisions	54,761	54,103
2.01.06.01.01	Tax provisions	47,727	47,727
2.01.06.01.02	Social security and labor provisions	5,077	5,328
2.01.06.01.04	Civil provisions	1,957	1,048
2.01.06.02	Other provisions	6,230	6,286
2.01.06.02.01	Provision for warranties	6,230	6,286
2.02	Noncurrent liabilities	224,305	257,940
2.02.01	Borrowings and financing	61,556	95,258
2.02.01.01	Borrowings and financing	61,556	95,258
2.02.01.01.01	In local currency	1,365	1,820
2.02.01.01.02	In foreign currency	60,191	93,438
2.02.02	Other payables	111,044	112,024

2.02.02.01	Due to related parties	58,488	57,546
2.02.02.01.04	Due to other related parties	58,488	57,546
2.02.02.02	Other	52,556	54,478
2.02.02.02.03	Taxes payable	12,101	14,222
2.02.02.02.04	Provision for negative equity	20,466	19,474
2.02.02.02.06	Trade payables	11,884	12,641
2.02.02.02.09	Other payables	8,105	8,141
2.02.04	Provisions	51,705	50,658
2.02.04.01	Tax, social security, labor and civil provisions	51,705	50,658
2.02.04.01.01	Tax provisions	221	221
2.02.04.01.02	Social security and labor provisions	37,170	36,095
2.02.04.01.04	Civil provisions	14,314	14,342
2.03	Equity	1,047,748	1,024,231
2.03.01	Issued capital	367,936	367,936
2.03.02	Capital reserves	- 19,445	- 21,355
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	16,216	14,090
2.03.02.09	Capital Transactions	- 45,541	- 45,325
2.03.04	Profit reserve	464,256	464,256
2.03.04.01	Legal reserve	41,064	41,064
2.03.04.05	Profit retention reserve	304,702	304,702
2.03.04.07	Tax incentive reserve	118,490	118,490
2.03.05	Retained earnings/accumulated losses	35,536	-
2.03.06	Valuation adjustments to equity	44,395	44,535
2.03.08	Cumulative translation adjustments	155,070	168,859
2.03.08.01	Cumulative translation adjustments	155,070	168,859

Individual FS / Statement of Profit or Loss

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2023 to 03/31/2023	Prior YTD 01/01/2022 to 03/31/2022
3.01	Net operating revenue	252,439	462,437
3.02	Cost of sales	- 144,569	- 229,713
3.03	Gross profit	107,870	232,724
3.04	Operating (expenses) income	- 55,961	- 9,598
3.04.01	Selling expenses	- 17,799	- 23,190
3.04.02	General and administrative expenses	- 34,992	- 30,534
3.04.03	Impairment losses	- 2,957	107
3.04.04	Other operating income	2,585	28,066
3.04.05	Other operating expenses	- 3,704	- 12,097
3.04.06	Equity in earnings (losses)	906	28,050
3.05	Profit before finance income (costs) and taxes	51,909	223,126
3.06	FINANCE INCOME (COSTS)	1,879	45,465
3.06.01	Finance income	44,694	155,827
3.06.02	Finance costs	- 42,815	- 110,362
3.07	Pretax income	53,788	268,591
3.08	Income tax and social contribution	- 18,392	- 73,598
3.08.01	Current	- 21,135	- 51,763
3.08.02	Deferred	2,743	- 21,835
3.09	Profit (loss) from continuing operations	35,396	194,993
3.11	profit (loss) for the period	35,396	194,993
3.99	Earnings per share (R$/share)	-	-
3.99.01	Basic earnings per share	-	-
3.99.01.01	Common shares (ON)	0.27951	1.64109
3.99.01.02	Preferred shares (PN)	0.27952	1.65739
3.99.02	Diluted earnings per share	-	-
3.99.02.01	Common shares (ON)	0.27951	1.64109
3.99.02.02	Preferred shares (PN)	0.27952	1.54083

Individual FS / Statement of Comprehensive Income

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2023 to 03/31/2023	Prior YTD 01/01/2022 to 03/31/2022
4.01	Profit for the period	35,396	194,993
4.02	Other comprehensive income	- 13,789	- 71,914
4.02.01	Translation adjustments for the period	- 13,789	- 71,914
4.02.02	Realization of valuation adjustments to equity, net of taxes	-	-
4.03	Comprehensive income for the period	21,607	123,079

Individual FS / Statement of Cash Flows - Indirect Method

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2023 to 03/31/2023	Prior YTD 01/01/2022 to 03/31/2022
6.01	Net cash from operating activities	97,118	215,417
6.01.01	Cash generated by operating activities	46,516	110,577
6.01.01.01	Profit (loss) before income tax and social contribution	53,788	268,591
6.01.01.02	Depreciation and amortization	4,123	3,954
6.01.01.03	Cost of capital assets written off	-	151
6.01.01.04	Allowance for doubtful debts	2,957	-107
6.01.01.05	Share of results of investees	-906	-28,050
6.01.01.08	Accrued interest on borrowings and intragroup borrowings	10,315	9,397
6.01.01.10	Allowance for inventory losses	770	511
6.01.01.11	Provision for warranties	-56	-393
6.01.01.12	Provision for civil, labor and tax risks	1,705	-559
6.01.01.13	Exchange differences on borrowings and other items	-26,180	-142,918
6.01.02	Changes in assets and liabilities	64,387	158,544
6.01.02.01	(Increase) decrease in trade receivables	90,693	102,523
6.01.02.02	Decrease (increase) in inventories	-2,835	670
6.01.02.03	Decrease (increase) in other receivables	-6,198	-4,583
6.01.02.04	(Decrease) increase in trade payables	7,486	27,424
6.01.02.05	Increase (decrease) in accounts payable	-24,759	32,510
6.01.03	Other	-13,785	-53,704
6.01.03.02	Income tax and social contribution paid	-13,785	-53,704
6.02	Net cash from investing activities	-79,972	-75,174
6.02.01	Due from related parties	-4,749	-15,268
6.02.03	In investments	-109	-
6.02.04	In property, plant and equipment	-28,434	-21,067
6.02.05	In intangible assets	-4,281	-10,198
6.02.06	Financial investments	-42,399	-28,641
6.03	Net cash from financing activities	-42,086	-18,166
6.03.02	Borrowings and intragroup borrowings	81,329	139,589
6.03.03	Repayment of borrowings	-115,960	-155,294
6.03.05	Capital increase	-	5,035
6.03.07	Payment of interest on borrowings and intragroup borrowings	-7,851	-8,078
6.03.10	Due to related parties	396	582
6.05	Increase (decrease) in cash and cash equivalents	-24,940	122,077
6.05.01	Cash and cash equivalents at the beginning of the year	107,155	65,399
6.05.02	Cash and cash equivalents at the end of the year	82,215	187,476

Individual FS / Statement of Value Added

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2023 to 03/31/2023	Prior YTD 01/01/2022 to 03/31/2022
7.01	Revenue	282,317	614,074
7.01.01	Sales of goods and services	282,689	585,901
7.01.02	Other income	2,585	28,066
7.01.04	Allowance for (reversal of) doubtful debts	- 2,957	107
7.02	Inputs purchased from third parties	- 131,293	- 221,644
7.02.01	Cost of products, goods and services sold	- 70,814	- 143,281
7.02.02	Supplies, power, outside services and other inputs	- 60,479	- 78,363
7.03	Gross value added	151,024	392,430
7.04	Withholdings	- 4,123	- 3,955
7.04.01	Depreciation, amortization and depletion	- 4,123	- 3,955
7.05	Wealth created	146,901	388,475
7.06	Wealth received in transfer	45,600	183,877
7.06.01	Equity in earnings (losses)	906	28,050
7.06.02	Finance income	44,694	155,827
7.07	Wealth for distribution	192,501	572,352
7.08	Wealth distributed	192,501	572,352
7.08.01	Personnel expenses	46,943	56,009
7.08.01.01	Wages	33,191	38,949
7.08.01.02	Benefits	11,306	14,289
7.08.01.03	Severance Pay Fund (FGTS)	2,446	2,771
7.08.02	Taxes, fees and contributions	66,068	209,643
7.08.02.01	Federal	49,937	172,298
7.08.02.02	State	16,073	37,278
7.08.02.03	Municipal	58	67
7.08.03	Lenders and lessors	44,094	111,707
7.08.03.01	Interest	42,815	110,363
7.08.03.02	Rentals	1,279	1,344
7.08.04	Shareholders	35,396	194,993
7.08.04.03	Retained earnings (accumulated losses)	35,396	194,993

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

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

Individual FS / Statements of Changes in Equity / SCE -- 01/01/2022 to 03/31/2022
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Prior-year adjustments	308,191	- 27,281	233,936	-	242,201	757,047
5.03	Shareholders' capital transactions	308,191	- 27,281	233,936	-	242,201	757,047
5.04	Capital increases	5,035	760	-	-	-	5,795
5.04.01	Share issuance costs	5,035	-	-	-	-	5,035
5.04.03	Treasury shares acquired	-	2,296	-	-	-	2,296
5.04.08	Total comprehensive income	-	- 1,536	-	-	-	- 1,536
5.05	Net income for the period	-	-	-	194,993	- 71,914	123,079
5.05.01	Other comprehensive income	-	-	-	194,993	-	194,993
5.05.02	Adjustments to financial instruments	-	-	-	-	- 71,914	- 71,914
5.05.02.04	Taxes on translation adjustments for the period	-	-	-	-	- 71,914	- 71,914
5.06	Recognition of reserves	-	-	25,357	- 25,177	- 180	-
5.06.01	Realization of revaluation reserve	-	-	25,357	- 25,357	-	-
5.06.02	Taxes on realization of revaluation reserve	-	-	-	180	- 180	-
5.07	Closing balances	313,226	- 26,521	259,293	169,816	170,107	885,921

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

Line Item	Description	Current Quarter 03/31/2023	Prior Year 12/31/2022
1	Total assets	2,233,353	2,276,173
1.01	Current assets	1,405,765	1,467,612
1.01.01	Cash and cash equivalents	164,490	201,219
1.01.01.01	Cash and banks	149,139	178,607
1.01.01.02	Highly liquid short-term investments	15,351	22,612
1.01.02	Short-term investments	170,314	105,544
1.01.02.03	Short-term investments at evaluated at amortized cost	170,314	105,544
1.01.03	Accounts receivable	276,144	352,437
1.01.03.01	Trade receivables	276,144	352,437
1.01.04	Inventories	636,097	630,390
1.01.06	Recoverable taxes	35,035	37,039
1.01.06.01	Recoverable current taxes	35,035	37,039
1.01.07	Prepaid expenses	30,725	41,946
1.01.08	Other current assets	92,960	99,037
1.01.08.01	Noncurrent assets for sale	68,662	68,034
1.01.08.03	Other	24,298	31,003
1.01.08.03.02	Others account receivables	24,298	31,003
1.02	Noncurrent assets	827,588	808,561
1.02.01	Long-term receivables	155,000	165,705
1.02.01.03	Long-term investments at evaluated at amortized cost	-	21,931
1.02.01.07	Deferred taxes	64,596	60,855
1.02.01.07.01	Deferred income tax and social contribution	64,596	60,855
1.02.01.10	Other noncurrent assets	90,404	82,919
1.02.01.10.03	Other	15,133	15,176
1.02.01.10.04	Recoverable taxes	75,271	67,743
1.02.02	Investments	3,935	4,373
1.02.02.01	Equity interests	3,935	4,373
1.02.02.01.04	Investments in joint ventures	3,776	4,214
1.02.02.01.05	Other investments	159	159
1.02.03	Property, plant and equipment	540,206	512,701
1.02.03.01	Fixed assets in use	360,740	352,958
1.02.03.03	Construction in progress	179,466	159,743
1.02.04	Intangible assets	128,447	125,782
1.02.04.01	Intangible	128,447	125,782
1.02.04.01.02	Intangible	128,447	125,782

Consolidated FS / Balance Sheet - Liabilities

(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 03/31/2023	Prior Year 12/31/2022
2	Total liabilities and equity	2,233,353	2,276,173
2.01	Current liabilities	970,303	998,666
2.01.01	Payroll, benefits and taxes thereon	65,372	66,948
2.01.01.01	Payroll and related taxes	6,630	6,924
2.01.01.02	Payroll and related taxes	58,742	60,024
2.01.02	Trade payables	134,923	112,230
2.01.02.01	Local suppliers	73,657	69,285
2.01.02.02	Foreign suppliers	61,266	42,945
2.01.03	Taxes payable	76,618	86,843
2.01.03.01	Federal tax liabilities	74,705	80,930
2.01.03.01.01	Income tax and social contribution payable	21,395	16,326
2.01.03.01.02	Other taxes	53,310	64,604
2.01.03.02	State tax liabilities	1,819	5,848
2.01.03.03	Municipal tax liabilities	94	65
2.01.04	Borrowings and Financing	367,426	392,967
2.01.04.01	Borrowings and Financing	367,426	392,967
2.01.04.01.01	In local currency	1,837	1,838
2.01.04.01.02	In foreign currency	365,589	391,129
2.01.05	Other payables	245,229	258,369
2.01.05.02	Other	245,229	258,369
2.01.05.02.02	Dividends payable	164,120	164,119
2.01.05.02.09	Other payables	32,725	38,915
2.01.05.02.11	Other payables	48,384	55,335
2.01.06	Provisions	70,705	71,598
2.01.06.01	Tax, social security, labor and civil provisions	59,846	60,599
2.01.06.01.01	Tax provisions	48,023	48,003
2.01.06.01.02	Social security and labor provisions	6,078	6,693
2.01.06.01.04	Civil provisions	5,745	5,903
2.01.06.02	Other allowances, provisions and accruals	10,859	10,999
2.01.06.02.01	Provision for warranties	10,859	10,999
2.01.07	Liabilities on non-current assets for sale and discontinued	10,030	9,711
2.01.07.02	Liabilities on assets from discontinued operations	10,030	9,711
2.02	Noncurrent liabilities	215,302	253,276
2.02.01	Borrowings and financing	61,556	95,258
2.02.01.01	Borrowings and financing	61,556	95,258
2.02.01.01.01	In local currency	1,365	1,820

2.02.01.01.02	In foreign currency	60,191	93,438
2.02.02	Other payables	75,127	80,140
2.02.02.01	Due to related parties	1,853	1,808
2.02.02.01.04	Due to other related parties	1,853	1,808
2.02.02.02	Other	73,274	78,332
2.02.02.02.04	Other Payables	19,839	22,597
2.02.02.02.06	Trade payables	11,884	12,641
2.02.02.02.09	Other Payables	41,551	43,094
2.02.03	Deferred taxes	16,568	16,738
2.02.03.01	Deferred income tax and social contribution	16,568	16,738
2.02.04	Provisions	62,051	61,140
2.02.04.01	Tax, social security, labor and civil provisions	57,172	56,129
2.02.04.01.01	Tax provisions	2,753	2,706
2.02.04.01.02	Social security and labor provisions	38,553	37,529
2.02.04.01.04	Civil provisions	15,866	15,894
2.02.04.02	Other allowances, provisions and accruals	4,879	5,011
2.02.04.02.01	Provision for warranties	4,879	5,011
2.03	Consolidated equity	1,047,748	1,024,231
2.03.01	Issued capital	367,936	367,936
2.03.02	Capital reserves	- 19,445	- 21,355
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	16,216	14,090
2.03.02.09	Capital Transactions	- 45,541	- 45,325
2.03.04	Profit reserve	464,256	464,256
2.03.04.01	Legal reserve	41,064	41,064
2.03.04.05	Profit retention reserve	304,702	304,702
2.03.04.07	Tax incentive reserve	118,490	118,490
2.03.05	Retained earnings/accumulated losses	35,536	-
2.03.06	Valuation adjustments to equity	44,395	44,535
2.03.08	Cumulative translation adjustments	155,070	168,859
2.03.08.01	Cumulative translation adjustments	155,070	168,859

Consolidated FS / Statement of Profit or Loss

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2023 to 03/31/2023	Prior YTD 01/01/2022 to 03/31/2022
3.01	Net operating revenue	453,233	676,569
3.02	Cost of sales	- 276,849	- 342,028
3.03	Gross profit	176,384	334,541
3.04	Operating (expenses) income	- 120,293	- 100,826
3.04.01	Selling expenses	- 61,361	- 65,388
3.04.02	General and administrative expenses	- 55,385	- 52,625
3.04.03	Impairment losses	- 3,758	- 526
3.04.04	Other operating income	3,385	28,591
3.04.05	Other operating expenses	- 2,453	- 10,711
3.04.06	Equity in earnings (losses)	- 721	- 167
3.05	Profit before finance income (costs) and taxes	56,091	233,715
3.06	FINANCE INCOME (COSTS)	- 108	43,508
3.06.01	Finance income	42,754	155,192
3.06.02	Finance costs	- 42,862	- 111,684
3.07	Pretax income	55,983	277,223
3.08	Income tax and social contribution	- 20,042	- 81,889
3.08.01	Current	- 23,780	- 62,571
3.08.02	Deferred	3,738	- 19,318
3.09	Profit (loss) from continuing operations	35,941	195,334
3.10	Profit (loss) from discontinued operations, net	- 545	- 341
3.10.01	Profit (loss) from discontinued operations	- 545	- 341
3.11	Consolidated profit (loss) for the period	35,396	194,993
3.11.01	Attributable to owners of the Company	35,396	194,993
3.99	Earnings per share (R$/share)	-	-
3.99.01	Basic earnings per share	-	-
3.99.01.01	Common shares (ON)	0.27951	1.64109
3.99.01.02	Preferred shares (PN)	0.27952	1.65739
3.99.02	Diluted earnings per share	-	-
3.99.02.01	Common shares (ON)	0.27951	1.64109
3.99.02.02	Preferred shares (PN)	0.27952	1.54083

Consolidated FS / Statement of Comprehensive Income

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2023 to 03/31/2023	Prior YTD 01/01/2022 to 03/31/2022
4.01	Consolidated profit for the period	35,396	194,993
4.02	Other comprehensive income	- 13,789	- 71,914
4.02.01	Translation adjustment for the period	- 13,789	- 71,914
4.03	Consolidated comprehensive income for the period	21,607	123,079
4.03.01	Attributable to owners of the Company	21,607	123,079

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

Line Item	Description	Current YTD 01/01/2023 to 03/31/2023	Prior YTD 01/01/2022 to 03/31/2022
6.01	Net cash from operating activities	90,551	133,339
6.01.01	Cash generated by operating activities	52,496	133,891
6.01.01.01	Profit (loss) before income tax and social contribution	55,983	277,223
6.01.01.02	Depreciation and amortization	8,536	8,333
6.01.01.03	Cost of capital assets written off	1,348	153
6.01.01.05	Share of results of investees	721	167
6.01.01.07	Allowance for doubtful debts	3,758	2,602
6.01.01.08	Allowance for inventory losses	1,125	1,140
6.01.01.10	Accrued interest on borrowings and intragroup loans	8,919	8,395
6.01.01.12	Provision for Civil, Labor and Tax Risks	290	-278
6.01.01.14	Other items that do not affect cash included in profit	-2,636	-19,467
6.01.01.17	Provision for warranties	-272	-1,970
6.01.01.18	Exchange differences on translating borrowings and financing	-26,180	-142,918
6.01.01.20	Net cash from discontinued operations	904	511
6.01.02	Changes in assets and liabilities	52,444	54,000
6.01.02.01	(Increase) decrease in trade receivables	69,556	77,045
6.01.02.02	(Increase) decrease in inventories	-15,041	-59,504
6.01.02.03	(Increase) in other receivables	9,099	-7,596
6.01.02.04	Increase in trade payables	22,673	6,352
6.01.02.05	Increase in accounts payable	-33,843	37,703
6.01.03	Other	-14,389	-54,552
6.01.03.03	Held-for-sale assets and liabilities	-458	-145
6.01.03.04	Income tax and social contribution paid	-13,931	-54,407
6.02	Net cash from investing activities	-87,618	-80,351
6.02.01	Due from related parties	-235	-48
6.02.03	In investments	-499	-1,598
6.02.04	In property, plant and equipment	-39,009	-39,176
6.02.05	In intangible assets	-4,281	-10,404
6.02.06	Financial investments	-42,839	-28,641
6.02.07	Net cash from discontinued investing activities	-755	-484
6.03	Net cash from financing activities	-41,937	-18,297
6.03.02	Borrowings and intragroup borrowings	81,329	139,589
6.03.03	Repayment of borrowings	-115,960	-156,385
6.03.05	Capital increase	-	5,035
6.03.09	Due to related parties	45	31
6.03.10	Payment of interest on borrowings and intragroup borrowings	-7,351	-6,567
6.04	Exchange differences on translating cash and cash equivalents	2,275	17,253
6.05	Increase (decrease) in cash and cash equivalents	-36,729	51,944
6.05.01	Cash and cash equivalents at the beginning of the year	201,219	185,764
6.05.02	Cash and cash equivalents at the end of the year	164,490	237,708

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

Line Item	Description	Current YTD 01/01/2023 to 03/31/2023	Prior YTD 01/01/2022 to 03/31/2022
7.01	Revenue	487,924	834,317
7.01.01	Sales of goods and services	488,297	806,252
7.01.02	Other income	3,385	28,591
7.01.04	Allowance for (reversal of) doubtful debts	- 3,758	- 526
7.02	Inputs purchased from third parties	- 311,570	- 384,606
7.02.01	Cost of products, goods and services sold	- 194,074	- 248,436
7.02.02	Supplies, power, outside services and other inputs	- 117,496	- 136,170
7.03	Gross value added	176,354	449,711
7.04	Withholdings	- 8,536	- 8,333
7.04.01	Depreciation, amortization and depletion	- 8,536	- 8,333
7.05	Wealth created	167,818	441,378
7.06	Wealth received in transfer	41,488	154,684
7.06.01	Equity in earnings (losses)	- 721	- 167
7.06.02	Finance income	42,754	155,192
7.06.03	Other	- 545	- 341
7.06.03.20	Wealth created by discontinued operations for distribution	- 545	- 341
7.07	Wealth for distribution	209,306	596,062
7.08	Wealth distributed	209,306	596,062
7.08.01	Personnel expenses	53,869	62,455
7.08.01.01	Wages	38,493	43,912
7.08.01.02	Benefits	12,607	15,500
7.08.01.03	Severance Pay Fund (FGTS)	2,769	3,043
7.08.02	Taxes, fees and contributions	75,760	225,447
7.08.02.01	Federal	56,783	185,099
7.08.02.02	State	18,813	40,155
7.08.02.03	Municipal	164	193
7.08.03	Lenders and lessors	44,281	113,167
7.08.03.01	Interest	42,865	111,684
7.08.03.02	Rentals	1,416	1,483
7.08.05	Other	35,396	194,993
7.08.05.01	Accumulated losses, net of valuation adjustments to equity - Continuing operation	35,941	195,334
7.08.05.02	Accumulated losses, net of valuation adjustments to equity - discontinued operation	- 545	- 341

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

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

Consolidated FS / Statements of Changes in Equity / SCE -- 01/01/2022 to 03/31/2022
(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	5,035	760	-	-	-	5,795
5.04.01	Capital increases	5,035	-	-	-	-	5,035
5.04.03	Recognized stock options granted	-	2,296	-	-	-	2,296
5.04.08	Others transactions	-	- 1,536	-	-	-	- 1,536
5.05	Total comprehensive income	-	-	-	194,993	- 71,914	123,079
5.05.01	Net income for the period	-	-	-	194,993	-	194,993
5.05.02	Other comprehensive income	-	-	-	-	- 71,914	- 71,914
5.05.02.04	Translation adjustments for the period	-	-	-	-	- 71,914	- 71,914
5.06	Internal changes in equity	-	-	25,357	- 25,177	- 180	-
5.06.01	Recognition of reserves	-	-	25,357	- 25,357	-	-
5.06.02	Realization of revaluation reserve	-	-	-	180	- 180	-
5.07	Closing balances	313,226	- 26,521	259,293	169,816	170,107	885,921

TAURUS™
COMPROMISSO COM A EXCELÊNCIA

ESG

PEOPLE DEVELOPMENT

TECHNOLOGY AND INNOVATION

COLLABORATIVE ENVIRONMENT

São Leopoldo, May 15, 2023 – Taurus Armas S.A. (“Taurus” or “Company”) (B3:TASA3; TASA4), listed on B3’s Level 2 of Corporate Governance, the world’s largest manufacturers of light firearms, hereby presents its earnings for the first quarter of 2023 (1Q23). The financial and operational information disclosed herein, except where indicated otherwise, is presented in Brazilian Reais (R$), and complies with the International Financial Reporting Standards (IFRS) and the Brazilian accounting principles. All comparisons refer to the same period of 2022.

1Q23

EARNINGS

Taurus maintains the same level of operational performance, with a gross margin of 38.9%, in addition to steady sales in the North American market

OPERATIONAL

NET REVENUE:
R$453.2 million

GROSS PROFIT:
R$176.4 million
Gross margin of 38.9%

FINANCIAL

ADJUSTED EBITDA:
R$65.3 million
Adjusted EBITDA margin of 14.4%

NET INCOME:
R$35.4 million

SOCIAL

Launching of the first Taurus Annual Sustainability Report

Click here to access it

MAIN INDICATORS

R$ million	1Q23	1Q22	1Q23x1Q22 *% Chg.*	4Q22	1Q23x4Q22 *% Chg.*
Net operating revenues	453.2	676.6	*-33.0%*	597.9	*-24.2%*
Domestic market	73.9	192.9	*-61.7%*	228.8	*-67.7%*
Exports market	379.3	483.7	*-21.6%*	369.1	*2.8%*
COGS	-276.8	-342.0	*-19.1%*	-363.7	*-23.9%*
Gross profit	176.4	334.5	*-47.3%*	234.2	*-24.7%*
Gross margin (%)	*38.9%*	*49.4%*	*-10.5 p.p.*	*39.2%*	*-0.3 p.p.*
Operating expenses (SG&A)	-120.3	-100.8	*19.3%*	-78.0	*54.2%*
Earnings before financial result and income tax (EBIT)	56.1	233.7	*-76.0%*	156.2	*-64.1%*
Net financial income (expenses)	-0.1	43.5	*-100.2%*	17.0	*-100.6%*
Income tax and social contribution	-20.1	-81.9	*-75.5%*	-51.6	*-61.0%*
Net income (loss) from continued operations	35.9	195.3	*-81.6%*	121.6	*-70.5%*
Net income (loss) from discontinued operations	-0.5	-0.3	*66.7%*	-0.6	*-16.7%*
Net income (loss)	**35.4**	**195.0**	**-81.8%**	**121.0**	***-70.7%***
Adjusted EBITDA*	65.3	242.2	*-73.0%*	166.0	*-60.7%*
*Adjusted EBITDA Margin**	*14.4%*	*35.8%*	*-21.4 p.p.*	*27.8%*	*-13.3 p.p.*
Net debt (end of period)	94.2	198.3	*-52.5%*	159.5	*-40.9%*

** Adjusted EBITDA. This indicator is not adopted by the accounting practices. Its calculation is presented in the item "Adjusted EBITDA" of this report.*

MESSAGE FROM MANAGEMENT

We are experiencing a new moment for Taurus. After a major restructuring that has been completed and fully consolidated, the Company currently relies on a solid operational and financial structure, well established strategic objectives, and the actions geared towards this direction are being carried out, especially with regard to the ESG issues. We take a special focus on people, since there is no point in investing in state-of-the-art processes and equipment, if we do not also prepare and qualify the team that handles the day-to-day activities at Taurus. We aim at effectively contributing to the personal and professional growth of our employees, in addition to playing an active role in the development and use of technology, through the creation of a collaborative environment involving the team, the company and society. Thus, we have established as pillars for the consolidation of the ESG concept at Taurus: people development; investment in technology and innovation; and a collaborative environment.

We sponsor the Taurus Continued Education Program, which offers more than 1,000 courses and online training courses, through which employees can choose the courses they want to take, in order to qualify for advancement in the levels of the functional structure, including financial support to take undergraduate, master's and doctoral courses. Through the ESG Committee, made up of the executive board and managers from strategic areas, we have set forth the guidelines and the ESG actions to be adopted, which are also aimed at the well-being of the community, such as the UBS (Basic Health Unit) that we are going to build in an area close to the Company's headquarters, in the city of São Leopoldo, RS. On May 2, 2023, we published Taurus' 1st Sustainability Report, during a panel discussion on the theme, which was attended by Taurus' Global CEO, Salesio Nuhs; the governor of the state of Rio Grande do Sul, Eduardo Leite; the State Secretary of Environment (SEMA), Marjorie Kauffmann; the Dean of Innovation of the Federal University of Rio Grande do Sul (UFRGS), Geraldo Pereira Jotz; the CEO of Randoncorp, Bernardo Bregoli, and Taurus' Engineering Officer, Leonardo Sesti. In addition to the presence of federal and state deputies, representatives of the state security forces, the panel also involved the participation of representatives of partner universities and other leaderships. We invite everyone to read this Report, and thus learn more about our principles, initiatives and ESG goals. After having pursued and achieved the goal of being the largest light firearms manufacturer in the world, Taurus is now consolidating itself, through concrete actions towards socio-environmental commitment, as the first strategic company for ESG defense.

Click to access:
2022 Sustainability Report
Video of the ESG panel:

The results we are now reporting for 1Q23 came in line with our expectations, with the market reacting as we had already anticipated in our 1Q22 message a year ago. It was a quarter in which demand showed markedly less heat, especially when compared to the same quarter in the previous year, when results were very strong due to the specific circumstances of the period. The extremely favorable market conditions of recent years, with demand reaching unprecedented levels as from 2020, found Taurus able to take advantage of the opportunities presented at that time. And so we did. At the same time, it has always been the consensus that this scenario was exceptional and would not be sustained. The current market scenario is in line with what we had foreseen, but even so Taurus has maintained its leadership position in the market, considering the last 12 months.

In Brazil, the year began with the new government, which always involves an initial transition period. In 1Q23, the Brazilian economy as a whole was sluggish, in expectation of a clearer definition regarding the direction of the economic policy. In view of indicators pointing to higher household indebtedness, the lack of definition regarding the new fiscal policy, the ongoing high level of basic interest rates, and market estimates for inflation in 2023, according to the May 2 Focus Bulletin, at 6.05%, rising for the fifth consecutive week, there is a state of uncertainty, which is holding back new investments in the country. As for our segment, in addition to the general economic situation, there is the expectation regarding the regulations for the sector. Even though Decree 11366/23, published on the first day of the current government, has maintained the authorization for the acquisition of restricted use firearms, consumers have completely withdrawn, while waiting for more concrete resolutions. The deadline for the publication of the Decree's regulation expired in April, which means that it now needs to be reissued. We expect this to happen as soon as possible, defining all the details of the regulation. We have been closely monitoring the unfolding of events and, as CEO of Aniam (The Brazilian Firearms and Ammunition Industry Association), I have been actively participating in the discussions related to that subject. We hope that the new Decree will guarantee legal security, enabling the gradual resumption of the Brazilian market.

The outlook for the domestic market is for a return to normal levels after this initial transition period, when economic agents are more confident, with a better understanding of the country's direction, and when the situation is settled. Furthermore, at first, a greater movement is expected in the market due to the fact that demand has remained restrained since the beginning of the year.

In the US, the main destination of our products, the market is robust, with demand resuming growth in 1Q23, when compared with the same period in 2019, before the boom of the market that occurred during the pandemic period. That is the trend for the North American market, with the expectation for 2023 pointing to a normalization of the market scenario, with gradual growth in demand from the base that was in place in the pre-pandemic period.

With regard to the other countries to where we export our products, our primary focus is the so-called "law enforcement" segment, geared toward the armed forces and security forces. These are sales that involve international bids, which take longer to be concluded. On May 2, we presented our proposal for the bidding of the Indian Ministry of Defense for 425,000 rifles, the largest bid for rifles ever made in the world. According to information from the Indian Ministry of Defense, in addition to Taurus, 14 other companies submitted their bids, and their documentation will be evaluated within 30 days.

Thus, we have maintained production at a strong pace, despite the more restrained environment, especially in the Brazilian market in 1Q23, since the expectation is for a positive outlook for the US market during the year, as has already been happening. We remain cautious, but optimistic, in relation to the domestic market, especially after the publication of the regulation for the sector, also due to the pent-up demand during the first months of 2023.

As we have repeatedly stated, since it is a key factor in Taurus' strategy, we have been strongly dedicated to research & development, reinforcing the differentiation of our production processes and of our products, through the use of technology, new materials and growing industrial efficiency, thus offering consumers quality options at competitive costs. In terms of management, we took an important step towards digital transformation, with the upgrade of the SAP system to its most modern version. As a second stage, the integration with the Taurus plant in the USA will be carried out, where the system installation has already begun, and then the operation in India will also be integrated. For the smooth and successful process of changing the management system, as in fact occurred, we granted a 30-day collective vacation in the Brazilian plant in December 2022, up to the first half of January 2023, which was reflected in the volume of production and sales.

As regards the use of new materials, we have been working intensively with niobium and graphene. We have strengthened our leadership in the 3rd generation pistol segment by introducing the XL version of the award-winning GX4 Graphene and the TS and TSC Graphene pistols. For the second half of 2023, we plan to launch other novelties using long-fiber polymers, graphene, and niobium. I would also like to highlight another international award we received, with the TX 22 pistol winning the 2022 Gold Award in the New Favorite Product category from Shooting Sports Retailer.

The essence of our management is to continue investing, expanding Taurus' international prominence, always maintaining capital discipline, and seeking the best return for our shareholders. On May 9, as approved at the Annual General Shareholders' Meeting held on April 28, we approved the payment of dividends equivalent to 35% of the adjusted net income for FY2022, of R$1.2956 per share, which corresponds to 8.2% of the preferred share price, on the date of granting the right to the credit. The shareholders' meeting also approved the formation of a statutory reserve of R$304.7 million, empowering the Board of Directors to decide at any time on share buybacks and more frequent dividend payments.

During the last Shareholders' Meeting, all the six members of our Board of Directors were reelected, five of whom are independent, and during a Board Meeting, the maintenance of the current executive board was ratified for another term of office. Under the leadership of this management team, much has been achieved at Taurus in the last few years, which encourages us to continue working to achieve even more, since we are confident that we can reach ambitious goals. The support of all our stakeholders is the basis and incentive for us to follow this path of success. We would like to thank you for your support, and we shall continue on this journey together.

Salesio Nuhs

OPERATIONAL PERFORMANCE

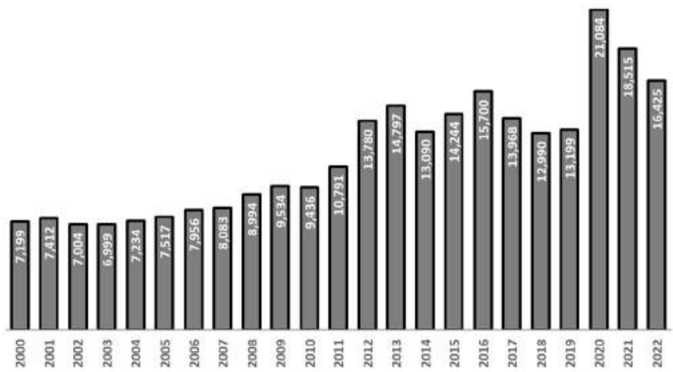
Market

As our largest global firearms market, the US acts as a trendsetter for the entire industry. The main indicator for this market is the NICS (National Instant Criminal Background System), a Federal Bureau of Investigation checking system that tracks all intentional purchases of firearms in the country, and therefore reports on the demand position on a monthly basis. The Adjusted NICS historical series (chart below) shows the unprecedented plateau that gun demand in the US reached in the year 2020, followed by an adjustment of this upward movement in the two subsequent years, while still maintaining record levels.

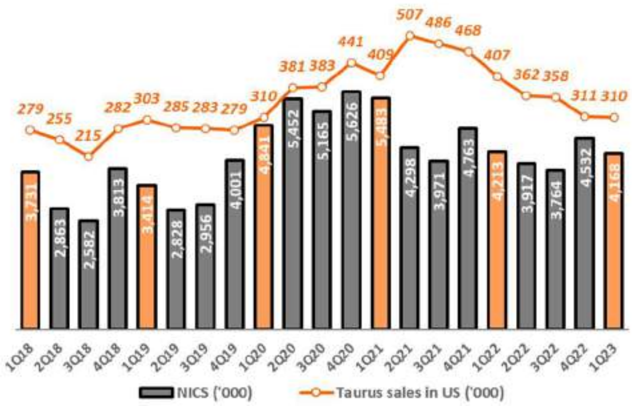
Demand for firearms in the US is expected to follow a normalization movement, resuming an upward trend above the pre-pandemic, 2019 level. When comparing equal quarters, to avoid seasonality distortions, in 1Q23 Adjusted NICS totaled 4.17 million queries, basically in line (down by 1%) with 1Q22, when it reached 4.21 million queries, and 22.1% higher than in 1Q19, before the pandemic period. Compared to 4Q22, Adjusted NICS for the first three months of 2023 shows an 8% drop, a typical movement after the higher seasonal sales in the last quarter of the year, in view of the beginning of the hunting season in the USA, the "Black Friday" promotions and Christmas shopping.

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

Yearly historical series



Quarterly performance and
Taurus sales in the US



In Brazil, the market has been impacted by the change in government, as well as in the rules related to the acquisition and possession of firearms. In 2022, demand remained strong and, in the last quarter of the year, following the result of the elections, the outlook for the adoption of greater restrictions in the regulation of the sector contributed to reinforcing this trend, leading to an increase in the demand for firearms before the new rules were laid down.

As expected, on the very first day after his inauguration, the President signed a decree changing the rules for the acquisition and registration of firearms (Decree 11366/23), with the creation, in the sequence, of a work group responsible for preparing its regulations. The Decree restricted the authorization for the acquisition of firearms for restricted use, a segment which is not Taurus' core focus. However, the legal insecurity surrounding the subject shook domestic demand, which remained practically frozen during 1Q23, waiting for the publication of the regulation of Decree 11366. In April, the deadline for the publication of this regulation expired, and therefore we are now awaiting the re-edition of the Decree.

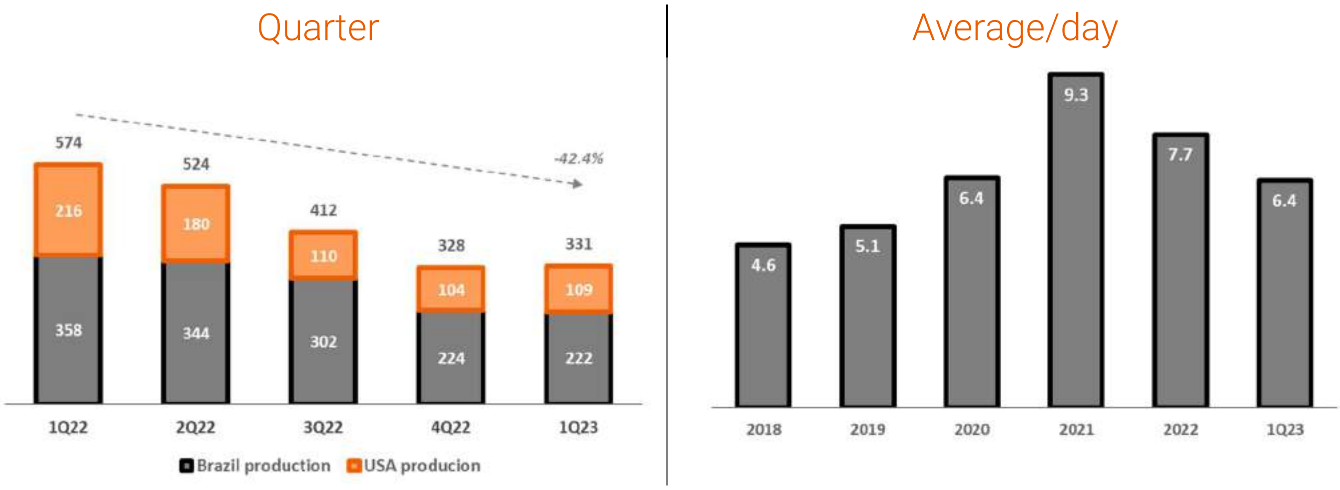
In view of the uncertainty regarding the legal issue, demand in the domestic market in 2023 is expected to resume only after the regulation of the Disarmament Statute is settled, which is expected to be soon. Therefore, 1Q23 was an atypical period and cannot be used as a reference. The expectation is that, after the re-edition of the Decree, there will be a greater market movement, due to the pent-up demand created in the first months of the year.

The international market, apart from the USA, remains stable, influenced mainly by international bids for police and military forces. At the moment, we are looking forward to the ongoing tender for 425,000 rifles by the Indian Ministry of Defense, in which we are participating, since we submitted our bid on May 2. This is the largest ever tender for rifles in the world, and is likely to remain so for many years to come.

Production and sales

Production in Taurus' two industrial units, in Brazil and in the USA, totaled 331,000 firearms in 1Q23, a volume 42.4% lower than in the same quarter of 2022, and in line (+0.9%) with the volume posted in 4Q22.

Production of firearms – Taurus ('000 units)

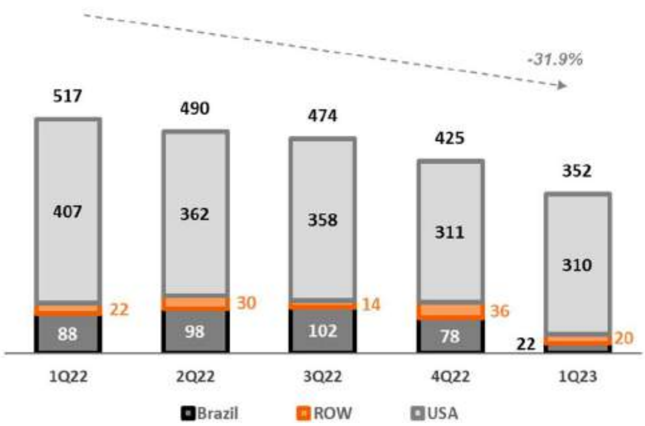


Taurus continues to invest in the development of new products, with the use of innovative materials, incorporated technology and efficient production processes, as an important part of its strategy. The project designed for the development of these products, including market research, which captures the trends of consumer demands, has been developed by CITE - the Brazil/USA Integrated Technology and Engineering Center, aimed at producing differentiated, quality firearms, at competitive costs.

On April 11, when LAAD Defense & Security 2023, the largest fair in Latin America related to the segment, was opened, the Company presented to the market its first launches of the year. At Taurus' stand at LAAD 2023, the Company presented, among others, its new pistols manufactured using graphene, such as the XL version of the award-winning GX4 Graphene, and the compact model of the TS9 Graphene; modernized versions of classic Rossi revolvers; and the Taurus RT 605 and 856 revolvers in the T.O.R.O. version, the first in the world ready for optical sights.

Firearms Sales Volume – Taurus

('000 units)



As a reflection of market conditions, as presented earlier in this report, Taurus' sales volume in 1Q23, of 352,000 units, decreased by 31.9% in relation to the same period of the previous year, and by 17.1% in relation to 4Q22. This reduction was primarily due to the sales volume in the domestic market, which was impacted by the uncertainty as to the regulation of firearms in the country, during the first quarter of 2023.

In the North American market, Taurus' sales volume of firearms in 1Q23 declined by 23.8% when compared to 1Q22, and remained basically flat (reduction of 0.3%) in relation to the previous quarter. However, when we consider the sales volume for the same period of 2019, before the surge in the US demand , in 1Q23, sales saw a 2.3% rise. The Company also adopted, in 1Q23, a strategy of adjusting product inventories at the distributors' sites. As the USA represents the main destination for Taurus' products, the Company's overall sales volume is most heavily affected by the performance in the North American market, although, in percentage terms, sales performance showed a lower increase than that recorded in the Brazilian market.

Taurus has updated its management system to a new version of SAP, as part of its digital transformation program, with a view to speeding up processes and enhancing controls. The next stages will include the system installation in the Company's plant in the USA, which is already underway, and in the future in India, leading to full integration of all the plants under the same management software. In order to assure that the process involving the switching of systems would be successful, as in fact it actually has been the case, in December the Company granted a 30-day collective vacation, instead of the 20 days it usually grants, to all of its employees in Brazil. This full stoppage at the end of 2022, including the commercial activities, also had an impact on the sales volume in 1Q23.

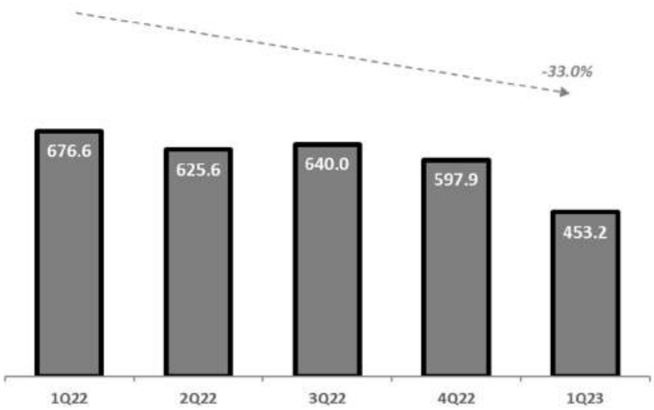
With regard to sales to countries other than the USA, the highlight in 1Q23 was the volume of sales made to Honduras, Israel, the Philippines and South Africa. The Company, through the joint venture JHind Taurus India, on May 2, submitted its bid for the world's largest ever tender for rifles. According to India's Ministry of Defense, in addition to Taurus, 14 other companies submitted their documentation, which will be evaluated within 30 days.

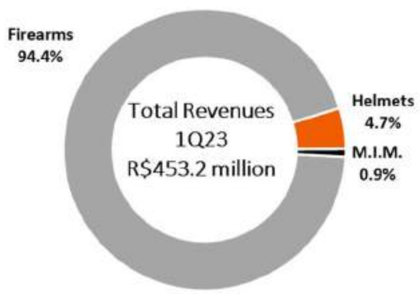
ECONOMIC AND FINANCIAL PERFORMANCE

Net Operating Revenue

Taurus' consolidated revenues include, in addition to the revenues from firearms and accessories, the revenues from sales of both helmets and M.I.M. (injected metal parts). In 1Q23, consolidated revenues amounted to R$453.2 million. As the Company's core business, the firearms & accessories segment accounted for 94.4% of the total amount, and recorded net revenue of R$427.9 million in 1Q23.

Consolidated Net Operating Revenue - (R$ million)



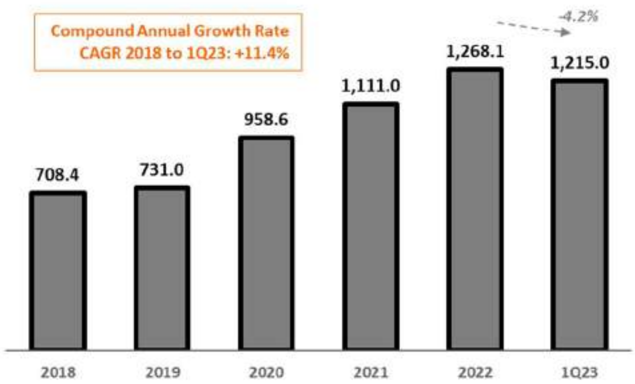


With a minor share in the consolidated results, in 1Q23, revenues from helmets came to R$21.1 million, down by 4.1% from 1Q22, and revenues from the sale of M.I.M. amounted to R$4.3 million, up by 59.3% year-over-year.

As for the firearms & accessories segment, the 34.4% fall in revenues in 1Q23, as compared to the same quarter of the previous year, was a reflection of lower sales volume. Revenues were also influenced by the 0.7% appreciation in the Brazilian real against the US dollar, considering the average exchange rate for the quarters in question (R$5.20 in 1Q23, versus R$5.23 in 1Q22). The appreciation in the Brazilian currency against the dollar has a negative impact on the Company's revenues, taking into account that most of its sales are carried out in the international market (93.8% in terms of firearms sales volume and 88.6% of the segment's revenues in 1Q23) and, therefore, are denominated in foreign currencies and translated into Brazilian reais when accounted for.

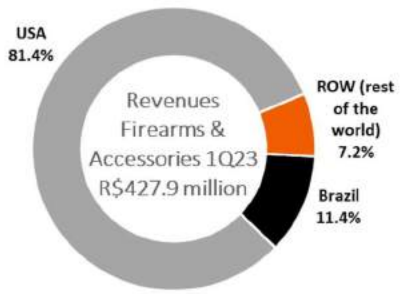
The renewal and expansion of the product mix, one of the bases that underpins the Company's strategy, resulted in a compound annual growth rate (CAGR) of 11.4% for the average sales price of Taurus' firearms for the period between 2018 and 1Q23. The year 2018 was the year in which the current team of officers became responsible for Taurus' management. During the quarter, the average sales price was R$1,215.0, which was 4.2% lower than in 2022, due to the sales mix for the quarter, in a one-off situation, although it remained higher than the average for all the previous years.

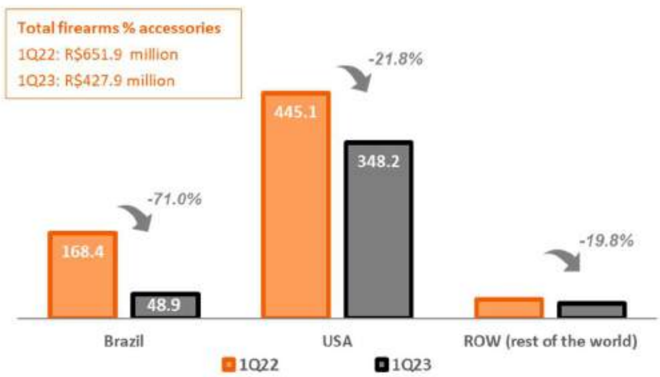
Taurus' Average Selling Prices of firearms
(R$/unit)



In line with the market environment, the performance of revenues from sales of firearms & accessories, by region, the comparison of 1Q23 versus 1Q22 shows a decline for the three regions where Taurus carries out its trading activities – USA, Brazil, and others.

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



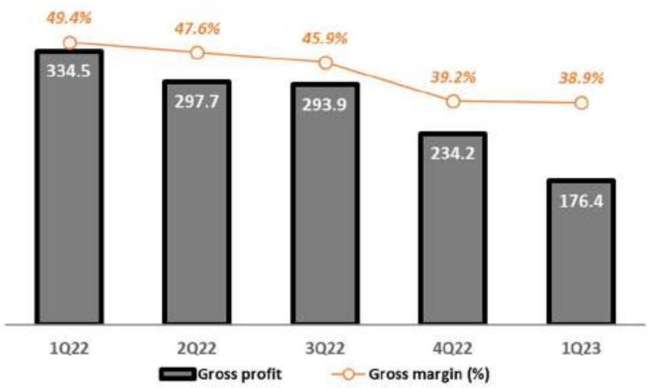


Gross profit

Declining net revenue, as reported in 1Q23 versus 1Q22, led to a drop by 47.3% in gross profit, which stood at R$176.4 million in 1Q23. The cost of goods sold during the quarter dropped by 19.1%, a lower percentage compared to the drop in revenues (33.0%) for the same period. This performance was mainly due to the inflationary pressure, plus the 12% salary adjustment granted in 3Q22 to all plant employees in Brazil, coupled with the lower dilution of fixed costs, which do not depend on production volume. The change in the sales mix during the quarter has also had an impact on performance.

Nevertheless, gross margin in 1Q23 stood at 38.9%, thus maintaining the positive level of profitability, despite the factors mentioned above, namely: (i) reduction in the average sales price versus the average shown in the previous year; (ii) appreciation in the Brazilian currency over the US dollar, which resulted in reduction of margins for sales abroad, when translated into local currency; (iii) lower dilution of fixed costs. Taurus' operational efficiency is reaffirmed by the fact that the Company's gross profitability has been kept at a higher level than those obtained by US peers that have disclosed their results, and which are also listed on stock exchanges. In 1Q23, Ruger's gross margin stood at 25.8%, whereas Smith & Wesson, considering the quarter for the November/22-January/23 period, reported a 32.4% margin.

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



Operating expenses

In 1Q23, operating expenses, including the share of profit (loss) of subsidiaries, as well as impairment losses on assets, totaled R$120.3 million, representing a 19.3% rise over 1Q22. The performance of selling expenses partially offset the trend for total operating expenses in the period, since they were down by R$4.0 million (6.1%) in the period, reflecting both lower sales volume and revenues, which also led to a reduction in freight and commission expenses.

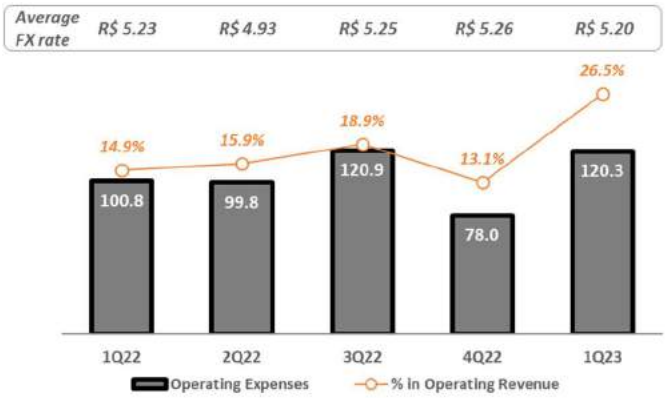
The Company upheld firm control over general and administrative expenses, which in the last 12 months incorporated, among other factors, the 12% collective bargaining agreement, also granted to employees in the administrative area. Between 1Q22 and 1Q23, these expenses rose by R$2.8 million (+5.3%).

	1Q23	1Q22	*1Q23x1Q22 % Chg.*	4Q22	*1Q23x4Q22 % Chg.*
Selling expenses	61.4	65.4	*-6.1%*	62.9	*-2.4%*
General and administrative expenses	55.4	52.6	*5.3%*	44.6	*24.2%*
Losses (income) due to non-recoverable assets	3.8	0.5	*660.0%*	1.7	*123.5%*
Other operating (income)/expenses*	-0.9	-17.9	*-95.0%*	-33.1	*-97.3%*
Equity pick-up	0.7	0.2	*250.0%*	1.9	*-63.2%*
Operating expenses (SG&A)	**120.3**	**100.8**	***19.3%***	**78.0**	***54.2%***
Op. expenses / Net Op.Revenues (%)	*26.5%*	*14.9%*	*11.6 p.p.*	*13.1%*	*13.5 p.p.*
Average Ptax dollar exchange rate (R$)	*5.20*	*5.23*	*-0.7%*	*5.26*	*-1.1%*

However, the main factors that led to the increase in operating expenses in 1Q23, when compared to 1Q22, were the impairment losses on assets (increase of R$3.3 million) and, most of all, the reduction of R$17.0 million in the balance of other operating income. The recording of non-recurring revenues in 1Q22, mainly represented by amounts referring to the recovery of PIS/COFINS, IPI and deemed ICMS, explains the reduction in the net income balance of the other operating income account from R$17.9 million in 1Q22 to R$0.9 million in 1Q23.

Thus, despite the strict control over expenses, the share of this account in revenues stood at 26.5% in 1Q23, which was higher than the percentage seen in previous quarters.

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



Adjusted EBITDA

We should mention at this point that the calculation of adjusted EBITDA does not take into account the profit (loss) from discontinued operations, as the Company understands that this result is not directly associated with the performance of Taurus' operating activities.

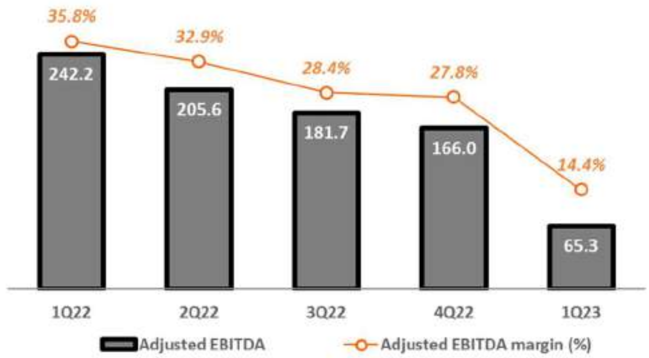
The aspects mentioned above, which include a decrease in both sales volume and revenues, in view of the market conditions in Brazil, pending new regulations for the sector, the reduction in gross profit and the increase in operating expenses, with lower dilution of these expenses, led to a decrease in EBITDA in 1Q23. Cash generation measured by adjusted EBITDA in 1Q23 totaled R$65.3 million, down by 73.0% from the same quarter in 2022. Nevertheless, the Company maintains its status as a strong cash generator. Considering the first quarter of the last years, the adjusted EBITDA in 1Q23 was lower only than those recorded in 2020 and 2021, a period in which the market, especially in the US, the world's largest firearms market, was experiencing an atypical period, with extremely heated demand.

The adjusted EBITDA margin for 1Q23 stood at 14.4%, pressured by the factors mentioned above. Compared to foreign peers, Ruger reported an EBITDA margin of 16.0% in the quarter, whereas Smith & Wesson posted an EBITDA margin of 18.4%, considering the quarter from November/22 to January/23.

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

R$ million	1Q23	1Q22	*1Q23x1Q22 % Chg.*	4Q22	**1Q23x4Q22 *% Chg.***
Net income	35.4	195.0	*-81.8%*	121.0	*-70.7%*
Taxes	20.0	81.9	*-75.6%*	51.6	*-61.2%*
Net financial result	0.1	-43.5	-	-17.0	-
Depreciation and amortization	8.5	8.3	*2.4%*	7.9	*7.6%*
EBITDA	**64.1**	**241.7**	***-73.5%***	**163.5**	***-60.8%***
EBITDA margin	*14.1%*	*35.7%*	*-21.6 p.p.*	*27.4%*	*-13.3 p.p.*
Result from discontinued operations	0.5	0.3	*66.7%*	0.6	*-16.7%*
Result from the equity method from affiliates	0.7	0.2	*250.0%*	1.9	*-63.2%*
Adjusted EBITDA	**65.3**	**242.2**	***-73.0%***	**166.0**	***-60.7%***
Adjusted EBITDA margin	*14.4%*	*35.8%*	*-21.4 p.p.*	*27.8%*	*-13.4 p.p.*

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



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

Finance income (costs)

With balanced finance income (costs) , Taurus reported net finance income (costs) of practically zero in 1Q23, with finance costs of R$0.1 million, versus finance income of R$43.5 million in 1Q22.

The exchange gains and losses represent a major component of Taurus' finance income (costs). The depreciation in the Brazilian currency is expressed as an exchange gain over the customer portfolio, and over the dollar-denominated cash of the North American subsidiary, while as an exchange loss over the financial obligations related to the Company's bank debt, almost entirely denominated in dollars (position as at March 31, 2013 of R$425.8 million or 99.5% of the total bank debt). The exchange variations, however, consist of journal entries that do not have a cash effect.

In 1Q23, the balance between exchange gains and losses comprised finance income of R$6.6 million, versus a net income from these accounts of R$54.8 million in 1Q22, in view of the greater exchange rate fluctuation, in favor of the local currency, seen during the first quarter of 2022. In 1Q22, there was a 15.1% appreciation in the Brazilian Real against the US Dollar, considering the Ptax as at 12/31/2021 (R$5.58) and 03/31/2022 (R$4.74), whereas in 1Q23, the Brazilian currency appreciated by 2.7% over the same period in 2023.

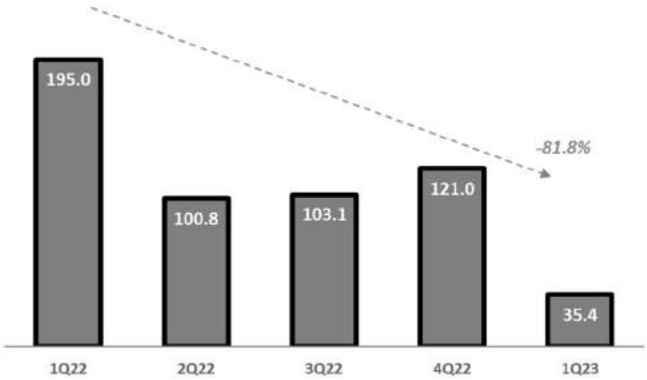
The dollar exchange rate at the end of the period is used to assess the changes in Taurus' finance income (costs), since the exchange gains and losses have an impact on the balance sheet accounts, and are calculated taking into consideration the exchange rate prevailing at the end of each reporting period.

R$ million	1Q23	1Q22	*1Q23x1Q22 % Chg.*	4Q22	*1Q23x4Q22 % Chg.*
(+) Financial income	**42.8**	**155.2**	*-72.4%*	**101.8**	*-58.0%*
Foreign exchange gains	*35.2*	*152.4*	*-76.9%*	83.9	*-58.0%*
Interest and other income	*7.5*	*2.8*	*167.9%*	17.9	*-58.1%*
(-) Financial expenses	**42.9**	**111.7**	*-61.6%*	**84.8**	*-49.4%*
Foreign exchange losses	*28.6*	*97.6*	*-70.7%*	71.5	*-60.0%*
Interest,IOFand other expenses	*14.3*	*14.0*	2.1%	13.3	*7.5%*
(+/-) Net financial result	**-0.1**	**43.5**	-	**17.0**	-
US dollar Ptax rate at the end of period (R$)	**5.08**	**4.74**	*7.2%*	**5.22**	*-2.7%*

Net income

In 1Q23, profit or loss was impacted by market conditions, with a consequent reduction in sales, mainly in the domestic market, which has already been mentioned in this report, as well as in operating revenues, coupled with a lower dilution of costs and expenses. The performance was also influenced by a slight change in sales mix, along with the financial position, since in 1Q23 the Company reported finance income (costs) practically nil, compared to finance income of R$43.5 million in 1Q22, and R$17.0 million in 4Q22. Thus, in 1Q23, Taurus recorded net income of R$35.4 million, compared to net income R$195.0 million in the same quarter of 2022, and R$121.0 million in 4Q22.

Net Income (R$ million)



The Company maintains its strategy based upon a focus on R&D, with the development of products that incorporate innovations and state-of-the-art technology, manufactured through efficient processes, which provide competitive industrial costs. Our operations are flexible, and we operate worldwide, so that all market opportunities are continually assessed by Taurus' market intelligence team.

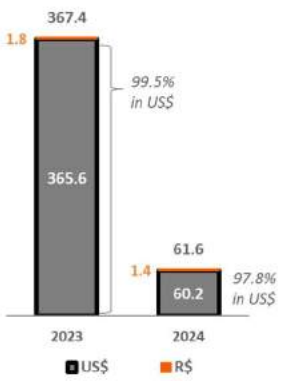
DEBT

During the first quarter of 2023, Taurus' gross bank debt was reduced by R$59.2 million, totaling R$429.0 million at the close of March. At the same time, the Company proceeded to increase its cash position and financial investments, which stood at R$334.8 million as at March 31, 2023, up by 1.9% in relation to the balance recorded at the end of FY2022. Thus, net bank debt amounted to R$94.2 million as at 03/31/2023, having been reduced by 40.9% (R$65.4 million) during the course of 1Q23.

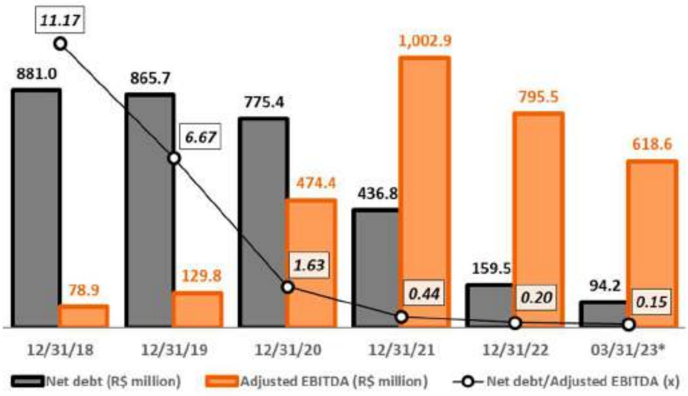
The strong cash generation of recent years has allowed for a continuous reduction in the debt balance, while financing the operations and the investments geared towards modernization and business growth. As a result, Taurus currently presents a very comfortable financial profile, with low indebtedness. Based on the EBITDA for the last 12 months ended 03/31/23, the level of financial leverage was 0.15x at the end of 1Q23.

R$ million	03/31/2023	12/31/2022	% Chg.
Loans and financing	33.2	78.0	-57.4%
Foreign exchange drafts	334.2	314.9	6.1%
Short term	**367.4**	**393.0**	**-6.5%**
Foreign exchange drafts + Loans and financing	61.6	95.3	-35.4%
Long term	**61.6**	**95.3**	**-35.4%**
Gross debt	**429.0**	**488.2**	**-12.1%**
Cash and marketable securities	334.8	328.7	1.9%
Net debt	**94.2**	**159.5**	**-40.9%**
US dollar Ptax rate at the end of period (R$)	**5.08**	**5.22**	**-2.7%**
Gross debt converted into dollars (US$ million)	**84.4**	**93.5**	**-9.7%**
Net debt converted into dollars (US$ million)	**18.5**	**30.6**	**-39.5%**

Bank debt profile
(R$ million)



Level of financial leverage
Net debt/adjusted EBITDA



** Adjusted EBITDA for the last 12 months*

CAPITAL EXPENDITURES

The activities based on Research & Development, geared towards innovation, development and use of technology and new materials, in addition to enhancing industrial efficiency, have remained the focus of Taurus' investments, since they are essential aspects in the Company's operating strategy. In 1Q23, the Company made investments of R$43.3 million, financed with its own generation of funds, 90% of which (R$38.9 million) were allocated to the acquisition and installation of machinery and equipment. The balance of investments made in the quarter was used in the installation of the new SAP management system, in accordance with the Company's digital transformation plan, and in product development.

CAPITAL MARKETS

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

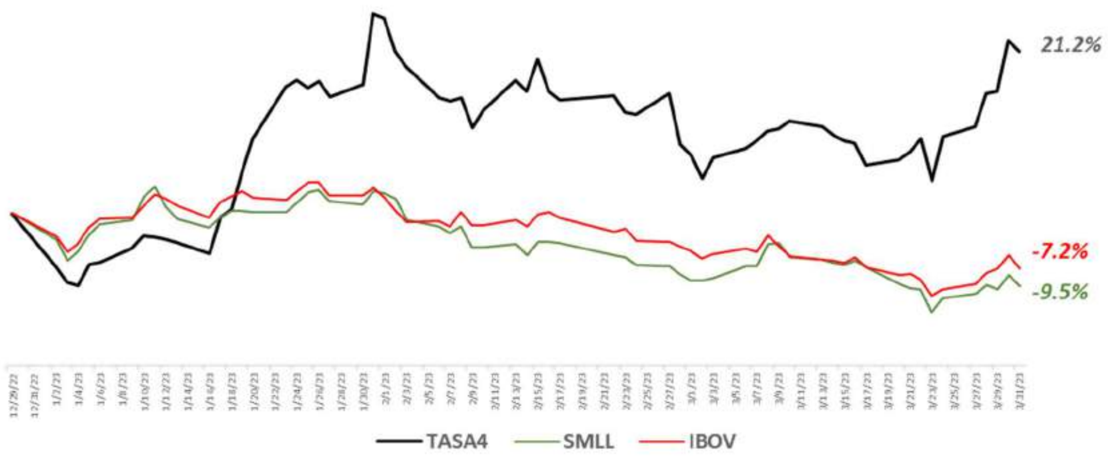
Date	TASA3 (R$/share)	TASA3 (No./'000)	TASA4 (R$/share)	TASA4 (No./'000)	TASA (Total No./ '000)	Market capitalization (R$ million)	EV* (R$ million)
12/30/2022	R$13.25	46,445	R$13.35	80,189	126,634	R$1,685.9	R$1,845.5
03/31/2023	R$15.63	46,445	R$16.18	80,189	126,634	R$2,023.4	R$2,186.3
Chg %	*+18.0%*	-	*+21.2%*	-	-	*+20.0%4*	*+18.5%*

** Market capitalization + 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) versus SMLL B3 and IBOV B3 2023

Base 100: Closing prices as at 12/29/2022



ESG

On May 2, 2023, Taurus launched its 1st Sustainability Report, holding a panel discussion on the subject that included the participation of Taurus' Global CEO, Salesio Nuhs, the governor of Rio Grande do Sul, Eduardo Leite, in addition to various other authorities, representatives of partner universities and other leaderships.

The event celebrates a new stage in the Company's history, in which Taurus consolidates itself as the first strategic ESG defense company in the market. During 2022, a survey was conducted regarding the ESG practices already established in the Company, in order to prepare the Report and determine the new actions and targets to be established. In this survey, it was found that many actions had already been developed within the ESG values, such as the continued education programs and professional qualification courses; the reuse and recycling of 95% of the residues generated by the Company; investment in equipment to save light and water; investments in technology and innovation, among many other examples.

The Company has designated three pillars for consolidating the ESG themes internally, namely: people development; investment in technology; and innovation and engagement in a collaborative environment. In this respect, Taurus reinforces its commitment to pursuing partnerships with universities, developing innovation and technology, the objective of zero carbon, along with investments in renewable energies. This new moment, which is aligned with the strategic planning, will place Taurus in a position of prominence within an environmentally, socially and economically sustainable environment.

EVENTS AFTER THE REPORTING PERIOD

Payment of dividends

The Annual General Shareholders' Meeting, held on April 28, 2023, approved the payment of dividends corresponding to 35% of the adjusted net income for 2022, for the total amount of R$164.1 million, equivalent to R$1.2956 per common and preferred share, net of taxes. The payment was effected on May 9, 2023, to the holders of the Company's common and preferred shares on April 28, 2023.

Statutory reserve

The same AGM, held on April 28, 2023, also approved the establishment of a statutory reserve, with the purpose of supporting investments, pursuant to the Company's investment plan; the repurchase of shares under the Stock Grant Plan; the absorption of losses, whenever necessary; as well as the distribution of dividends at any time.

INCOME STATEMENT

R$ million	1Q23	1Q22	*% Chg.*	4Q22	*% Chg.*
Net revenues from sales of goods and/or services	**453.2**	**676.6**	***-33.0%***	**597.9**	***-24.2%***
Cost of goods and/or services sold	-276.8	-342.0	*-19.1%*	-363.7	*-23.9%*
Gross Profit	**176.4**	**334.5**	***-47.3%***	**234.2**	***-24.7%***
Operating (expenses)/income	-120.3	-100.8	*19.3%*	-78.0	*54.2%*
Selling expenses	-61.4	-65.4	*-6.1%*	-62.9	*-2.4%*
General and administrative expenses	-55.4	-52.6	*5.3%*	-44.6	*24.2%*
Losses due to non-recoverable assets	-3.8	-0.5	*660.0%*	-1.7	*123.5%*
Other operating income	3.4	28.6	*-88.1%*	11.2	*-69.6%*
Other operating expenses	-2.5	-10.7	*-76.6%*	21.9	*-111.4%*
Equity from results of subsidiaries and affiliates	-0.7	-0.2	*250.0%*	-1.9	*-63.2%*
Profit before financial income (expenses) and taxes	**56.1**	**233.7**	***-76.0%***	**156.2**	***-64.1%***
Financial result	-0.1	43.5	*-100.2%*	17.0	*-100.6%*
Financial income	42.8	155.2	*-72.4%*	101.8	*-58.0%*
Financial expenses	-42.9	-111.7	*-61.6%*	-84.8	*-49.4%*
Earnings (loss) before taxes	**56.0**	**277.2**	***-79.8%***	**173.2**	***-67.7%***
Income tax and social contribution	-20.0	-81.9	*-75.6%*	-51.6	*-61.2%*
Current	-23.8	-62.6	*-62.0%*	-34.8	*-31.6%*
Deferred	3.7	-19.3	*-119.2%*	-16.8	*-122.0%*
Net income (loss) from continued operations	**35.9**	**195.3**	***-81.6%***	**121.6**	***-70.5%***
Net income (loss) from discontinued operations	-0.5	-0.3	*66.7%*	-0.6	*-16.7%*
Consolidated net income (loss) for the period	**35.4**	**195.0**	***-81.8%***	**121.0**	***-70.7%***
Attributed to shareholders of the parent company	35.4	195.0	*-81.8%*	121.0	*-70.7%*
Earnings per share (R$/share)					
Basic earnings per share					
Common shares (ON)	*0.2795*	*1.6411*	*-83.0%*	*0.9498*	*-66.7%*
Preferred shares (PN)	*0.2795*	*1.6574*	*-83.1%*	*0.9473*	*-66.7%*
Diluted earnings per share					
Common shares (ON)	*0.2795*	*1.6411*	*-83.0%*	*0.9498*	*-66.7%*
Preferred shares (PN)	*0.2795*	*1.5410*	*-81.9%*	*0.9561*	*-70.0%*

ASSETS

R$ million	03/31/23	12/31/22	% Chg.
Total Assets	**2,233.4**	**2,276.2**	***-1.9%***
Current assets	**1,405.8**	**1,467.6**	***-4.2%***
Cash and cash equivalents	164.5	201.2	*-18.2%*
Cash and banks	149.1	178.6	*-16.5%*
Highly-liquid short-term investments	15.4	22.6	*-31.9%*
Marketable securities	170.3	105.5	*61.4%*
Accounts receivable	276.1	352.4	*-21.7%*
Inventories	636.1	630.4	*0.9%*
Recoverable taxes	35.0	37.0	*-5.4%*
Prepaid expenses	30.7	41.9	*-26.7%*
Other current assets	93.0	99.0	*-6.1%*
Non-current assets	**827.6**	**808.6**	***2.3%***
Long-term receivables	155.0	165.7	*-6.5%*
Financial investments at amortized cost	0.0	21.9	-
Deferred taxes	64.6	60.9	*6.1%*
Receivables from related-party	0.0	0.0	-
Other non-current assets	90.4	82.9	*9.0%*
Investments	3.9	4.4	*-11.4%*
Stake in jointly-controlled subsidiaries	3.8	4.2	*-9.5%*
Other investments	0.2	0.2	*0.0%*
Property, plant and equipment	540.2	512.7	*5.4%*
Fixed assets in operation	360.7	353.0	*2.2%*
Fixed assets in progress	179.5	159.7	*12.4%*
Intangible assets	128.4	125.8	*2.1%*

LIABILITIES

R$ million	03/31/23	12/31/22	% Chg.
Total Liabilities and Equity	**2,233.4**	**2,276.2**	***-1.9%***
Current Liabilities	**970.3**	**998.7**	***-2.8%***
Social and labor obligations	65.4	66.9	*-2.2%*
Social obligations	6.6	6.9	*-4.3%*
Labor obligations	58.7	60.0	*-2.2%*
Suppliers	134.9	112.2	*20.2%*
Local suppliers	73.7	69.3	*6.3%*
Foreign suppliers	61.3	42.9	*42.9%*
Taxes payable	76.6	86.8	*-11.8%*
Federal Taxes payable	74.7	80.9	*-7.7%*
Income tax and social contribution payable	21.4	16.3	*31.3%*
Other taxes	53.3	64.6	*-17.5%*
State tax payable	1.8	5.8	*-69.0%*
Municipal tax payable	0.1	0.1	*0.0%*
Loans and financing	367.4	393.0	*-6.5%*
In local currency	1.8	1.8	*0.0%*
In foreign currency	365.6	391.1	*-6.5%*
Debentures	0.0	0.0	-
Other accounts payable	245.2	258.4	*-5.1%*
Dividends and interest on equity payable	164.1	164.1	*0.0%*
Rents	0.0	0.0	-
Advances from customers	32.7	38.9	*-15.9%*
Legal settelements to be paid	0.0	0.0	-
Other payables	48.4	55.3	*-12.5%*
Provisions	70.7	71.6	*-1.3%*
Provisions for tax, social security, labor and civil risks	59.8	60.6	*-1.3%*
Other provisions	10.9	11.0	*-0.9%*
Liabilities on assets of discontinued operations	10.0	9.7	*3.1%*
Noncurrent Liabilities	**215.3**	**253.3**	***-15.0%***
Loans and financing	61.6	95.3	*-35.4%*
In local currency	1.4	1.8	*-22.2%*
In foreign currency	60.2	93.4	*-35.5%*
Debentures	0.0	0.0	-
Other accounts payable	75.1	80.1	*-6.2%*
Related-party liabilities	1.9	1.8	*5.6%*
Taxes payable	19.8	22.6	*-12.4%*
Suppliers	11.9	12.6	*-5.6%*
Rents	0.0	0.0	-
Other accounts payable	41.6	43.1	*-3.5%*
Deferred taxes	16.6	16.7	*-0.6%*
Provisions	62.1	61.1	*1.6%*
Provisions for tax, social security, labor and civil risks	57.2	56.1	*2.0%*
Other provisions	4.9	5.0	*-2.0%*
Liabilities on assets of discontinued operations	0.0	0.0	-
Consolidated Shareholders' Equity	**1,047.7**	**1,024.2**	***2.3%***
Share Capital	367.9	367.9	*0.0%*
Capital reserves	-19.4	-21.4	*-9.3%*
Disposal of subscription warrants	9.9	9.9	*0.0%*
Stock options granted	16.2	14.1	*14.9%*
Capital transactions	-45.5	-45.3	*0.4%*
Retained earnings	464.3	464.3	*0.0%*
Legal reserve	41.1	41.1	*0.0%*
Statutory reserve	0.0	0.0	-
Retained earnings reserve	304.7	304.7	*0.0%*
Tax incentive reserve	118.5	118.5	*0.0%*
Proposed supplementary dividend	0.0	0.0	-
Accumulated earnings/losses	35.5	0.0	-
Equity valuation adjustments	44.4	44.5	*-0.2%*
Accumulated translation adjustments	155.1	168.9	*-8.2%*

1. General information

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

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

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

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

Inauguration of the first Taurus concept store

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

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

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

Accessories joint venture

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

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

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

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

The Company’s strategy for 2023 revolves around entirely transferring the production lines of Taurus JM in Guarulhos (SP) to the city of São Leopoldo (RS) within the industrial complex facilities where Taurus Armas S.A. is located. For further information on this Joint Venture, see note 15.

Joint Venture CBC Taurus Arábia Holding

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

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

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

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

Joint Venture Jindal Defence Systems Private Limited

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

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

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

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

Economic and Financial Restructuring

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

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

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

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

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

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

2. Presentation of the financial statements for the year

2.1. Basis of preparation

a) Statement of compliance
The Company presents its individual and consolidated interim financial information, included in the Interim Financial Information Form (ITR), concurrently prepared in accordance with technical pronouncement CPC 21 and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR), and identified as "Parent" and "Consolidated", respectively.

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

The individual and consolidated interim financial information for the period ended March 31, 2023 has been prepared based on the historical cost, except for the revaluation of certain investment properties and financial instruments measured at their revalued amounts or fair values at the end of each reporting period, as described in the accounting policies below. The historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The fair value for measurement and/or disclosure purposes in this individual and consolidated interim financial information is determined on this basis, except as otherwise required by another accounting pronouncement.

The individual and consolidated interim financial information for the period ended Mach 31, 2023 has been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The financial statements for the year ended December 31, 2022 were reviewed by the Audit Committee, and approved by the Company's Board of Directors on March 20, 2023, which are being presented herein as the comparative period.

b) Management statement

The Company's Management asserts that all relevant information for the interim financial information as at March 31, 2023, and only this information, is disclosed and that it corresponds to the information used in managing the Company.

This interim financial information was approved by the Company's Board of Directors and authorized for issue on May 11, 2023.

2.2. Basis of consolidation

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

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

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

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

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

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

		Equity interest	
Company	**Country**	**2023**	**2022**
Taurus Helmets Indústria de Capacetes Ltda. (*)	Brazil	**100.00%**	**100.00%**
Taurus Blindagens Nordeste Ltda. (*)	Brazil	**100.00%**	**100.00%**
Taurus Holdings, Inc. (**)	United States	**100.00%**	**100.00%**
Taurus Máquinas-Ferramenta Ltda. (*)	Brazil	**100.00%**	**100.00%**
Taurus Investimentos Imobiliários Ltda. (*)	Brazil	**100.00%**	**100.00%**
Polimetal Metalurgia e Plásticos Ltda.	Brazil	**100.00%**	**100.00%**
T. Investments Co. Inc.	Panama	**100.00%**	**100.00%**
AMTT Taurus Comercio Varejista Ltda.	Brazil	**100.00%**	**100.00%**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Significant accounting policies

The Company's individual and consolidated interim financial information for the period ended March 31, 2023 was prepared in accordance with technical pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting issued by the IASB. All amounts are expressed in thousands of Brazilian reais (R$), unless otherwise stated.

The accounting policies and calculation methods adopted to prepare this interim financial information for the quarter ended March 31, 2023 are the same accounting policies used to prepare the annual financial statements for the year ended December 31, 2022.

The individual and consolidated interim financial information contained in the Quarterly Information Form (ITR) has been prepared by the Company to update users on the relevant information presented in the period and should be reviewed together with the full financial statements for the year ended December 31, 2022, approved by the Company's Management on March 20, 2023.

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

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

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

As at March 31, 2023, the Company does not have derivative financial instruments. Additionally, the Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(i) Non-derivative financial assets

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

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

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

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

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

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

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

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

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

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

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

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

(ii) **<u>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</u>**
In case of sale or contribution of assets between an investor and its associate or joint venture, the transaction effect would only be recognized in profit or loss to the extent the transaction is conducted with an unrelated third party. These amendments are effective for periods beginning on or after January 1, 2023.

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

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

(v) **<u>Amendments to IAS 12 (CPC 32) - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</u>**
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.

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

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

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

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

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

c) Share-based 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) 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 7% of Company sales, except with its related parties.

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

With 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 March 31, 2023, the maximum credit risk exposure was as follows:

		Consolidated		Parent
	03-31-2023	12-31-2022	03-31-2023	12-31-2022
Fair value through profit or loss				
Cash and cash equivalents	**164,490**	201,219	**82,215**	107,155
Amortized cost				
Trade receivables	**276,144**	352,437	**130,500**	224,150
Short-term investments and restricted account	**170,314**	127,475	**156,340**	113,941
Other receivables	**3,523**	3,323	**108,529**	101,565
Total	**614,471**	684,454	**477,584**	546,811

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

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

		Consolidated		Parent
	03-31-2023	12-31-2022	03-31-2023	12-31-2022
Domestic – trade receivables	**73,926**	216,732	**58,626**	196,585
United States – trade receivables	**179,714**	118,351	**39,998**	1,242
Other	**42,151**	33,824	**40,434**	32,117
Total	**295,791**	368,907	**139,058**	229,944

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

		Consolidated		Parent
	03-31-2023	12-31-2022	03-31-2023	12-31-2022
Trade receivables – public bodies	**12,532**	26,948	**12,532**	26,948
Trade receivables – distributors	**201,900**	251,560	**65,838**	138,238
Final customers	**81,359**	90,399	**60,688**	64,758
Total	**295,791**	368,907	**139,058**	229,944

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

Allowance for expected credit losses

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

As at March 31, 2023, the aging list of trade receivables and the allowance for expected credit losses are as follows:

						Consolidated
			03-31-2023			12-31-2022
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	**252,399**	**(2,815)**	**1.1%**	**311,047**	**(2,590)**	**0.8%**
0-30 days past due	**6,054**	**(595)**	**9.8%**	**21,980**	**(497)**	**2.3%**
31-60 days past due	**2,221**	**(266)**	**12.0%**	**5,223**	**(125)**	**2.4%**
61-90 days past due	**5,769**	**(1,228)**	**21.3%**	**5,198**	**(679)**	**13.1%**
91-180 days past due	**8,947**	**(2,217)**	**24.8%**	**6,089**	**(1,528)**	**25.1%**
181-360 days past due	**8,096**	**(3,431)**	**42.4%**	**3,566**	**(1,190)**	**33.4%**
Over one year past due	**12,305**	**(9,095)**	**73.9%**	**15,804**	**(9,861)**	**62.4%**
Total	**295,791**	(19,647)		**368,907**	(16,470)	

						Parent
			03-31-2023			12-31-2022
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	**65,823**	**(958)**	**1.5%**	**211,379**	**(1,454)**	**0.7%**
0-30 days past due	**45,075**	**(552)**	**1.2%**	**277**	**(247)**	**89.2%**
31-60 days past due	**1,716**	**(251)**	**14.6%**	**99**	**(42)**	**42.4%**
61-90 days past due	**6,164**	**(1,223)**	**19.8%**	**3,291**	**(631)**	**19.2%**
91-180 days past due	**7,000**	**(2,081)**	**29.7%**	**6,017**	**(1,500)**	**24.9%**
181-360 days past due	**7,474**	**(3,275)**	**43.8%**	**6,484**	**(1,020)**	**15.7%**
Over one year past due	**5,806**	**(218)**	**3.8%**	**2,397**	**(900)**	**37.5%**
Total	**139,058**	(8,558)		**229,944**	(5,794)	

5.2 Liquidity risk

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

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

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

	Consolidated				
	03-31-2023				
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years
Non-derivative financial liabilities					
Trade payables	146,807	148,797	135,291	4,022	9,484
Borrowings and financing	44,400	56,284	44,358	11,926	-
Foreign currency advances	384,582	421,258	367,851	53,407	-
	575,789	**626,339**	**547,500**	**69,355**	**9,484**

	Parent				
	03-31-2023				
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years
Non-derivative financial liabilities					
Trade payables	90,670	92,660	79,154	4,022	9,484
Borrowings and financing	44,400	56,284	44,358	11,926	-
Foreign currency advances	384,582	421,258	367,851	53,407	-
	519,652	**570,202**	**491,363**	**69,355**	**9,484**

5.3 Market risk

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

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

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

Sensitivity analysis of exchange rates
As at March 31, 2023, the Company is mainly exposed to fluctuations between the Brazilian real and the US dollar. The net exposure and sensitivity analysis related to the monetary items recorded in foreign currency as at March 31, 2023 are shown below.

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

Currencies and indices		**Projected rate**	**Variation by +/- 25%**	**Variation by +/- 50%**
US dollar	Decrease	**5.2000**	3.9000	2.6000
US dollar	Increase	**5.2000**	6.5000	7.8000

				Consolidated
		Balance in 2023 – in US dollar	**Variation by +/- 25%**	**Variation by +/- 50%**
Asset – US dollar depreciation				
Trade receivables	US dollar – US$	**42,666**	(55,466)	(110,933)
		Balance in 2023 – in US dollar	**Variation by +/- 25%**	**Variation by +/- 50%**
Liability – US dollar appreciation				
Borrowings and financing	US dollar – US$	**(7,923)**	(10,300)	(20,599)
Trade payables	US dollar – US$	**(11,782)**	(15,317)	(30,633)
Foreign currency advances	US dollar – US$	**(73,958)**	(96,146)	(192,291)

				Parent
		Balance in 2023 – in US dollar	**Variation by +/- 25%**	**Variation by +/- 50%**
Asset – US dollar depreciation				
Trade receivables	US dollar – US$	**15,468**	(20,108)	(40,216)
		Balance in 2023 – in US dollar	**Variation by +/- 25%**	**Variation by +/- 50%**
Liability – US dollar appreciation				
Borrowings and financing	US dollar – US$	**(7,923)**	(10,300)	(20,599)
Trade payables	US dollar – US$	**(2,898)**	(3,767)	(7,534)
Foreign currency advances	US dollar – US$	**(73,958)**	(96,146)	(192,291)

(ii) Interest rate risk

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

Sensitivity analysis of interest rate

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

The sensitivity analysis related to the financial items subject to floating interest rates as at March 31, 2023 is shown below. This analysis considers a 25% and 50% variation in the interest rate prevailing at the end of the period. Such variations represent Management's assessment of the reasonably possible change in the interest rate.

Index	Index as at 03-31-2023	Variation by +/- 25%	Variation by +/- 50%
CDI - decrease	13.65%	10.24%	6.83%
CDI - increase	13.65%	17.06%	20.48%
SELIC	13.75%	17.19%	20.63%

				Consolidated Gain (loss)
	Index	Balance 03-31-2023	Variation by +/- 25%	Variation by +/- 50%
Assets				
Short-term investments	CDI - decrease	185,665	(6,331)	(12,662)
	Index	Balance 03-31-2023	Variation by +/- 25%	Variation by +/- 50%
Liabilities				
Intragroup borrowings	CDI - increase	(1,853)	(63)	(127)
Borrowings	CDI - increase	(3,203)	(109)	(219)

				Parent Gain (loss)
	Index	Balance 03-31-2023	Variation by +/- 25%	Variation by +/- 50%
Assets				
Short-term investments	CDI - decrease	167,881	(5,725)	(11,449)
Intragroup loans	CDI - decrease	91,220	(3,111)	(6,221)
	Index	Balance 03-31-2023	Variation by +/- 25%	Variation by +/- 50%
Liabilities				
Intragroup borrowings	CDI - increase	(58,488)	(1,994)	(3,995)
Borrowings	CDI - increase	(3,203)	(109)	(219)

(iii) Capital management

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

	Consolidated	
	03-31-2023	**12-31-2022**
Total liabilities	**1,185,605**	1,251,942
Less: Cash and cash equivalents and short-term investments	**(334,804)**	(328,694)
Net debt (A)	**850,799**	923,248
Total equity (B)	**1,047,748**	1,024,231
Net debt-to-equity ratio as at March 31, 2023 and December 31, 2022 (A/B)	0.81	0.90

6. Operating segments

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

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

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

Other – Metal injected parts resulting from the MIM (Metal Injection Molding) segment for third parties (Polimetal Metalurgia e Plásticos Ltda.). It also includes expenses on technical support and 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**	
	03-31-2023	03-31-2022	**03-31-2023**	03-31-2022	**03-31-2023**	03-31-2022	**03-31-2023**	03-31-2022
Foreign revenue	**427,915**	651,849	**21,060**	21,977	**4,258**	2,743	**453,233**	676,569
Intercompany revenue	**172,406**	255,190	**-**	-	**2,709**	2,628	**175,115**	257,818
Cost of sales	**(259,402)**	(324,339)	**(14,450)**	(15,237)	**(2,997)**	(2,452)	**(276,849)**	(342,028)
Gross profit	**340,919**	582,700	**6,610**	6,740	**3,970**	2,919	**351,499**	592,359
Selling expenses	**(59,455)**	(62,945)	**(4,929)**	(4,516)	**(720)**	(94)	**(65,104)**	(67,555)
General and administrative expenses	**(47,179)**	(42,849)	**(1,730)**	(1,630)	**(1,280)**	(1,259)	**(50,189)**	(45,738)
Depreciation and amortization	**(4,479)**	(4,737)	**(69)**	(69)	**(663)**	(440)	**(5,211)**	(5,246)
Other operating income (expenses), net	**777**	17,507	**(13)**	373	**168**	-	**932**	17,880
Equity in earnings (losses)	**(462)**	-	**-**	-	**(259)**	(167)	**(721)**	(167)
	(110,798)	(93,024)	**(6,741)**	(5,842)	**(2,754)**	(1,960)	**(120,293)**	(100,826)
Operating profit (loss)	**230,121**	489,676	**(131)**	898	**1,216**	959	**231,206**	491,533
Finance income	**41,876**	154,709	**689**	228	**189**	255	**42,754**	155,192
Finance costs	**(42,207)**	(110,258)	**(281)**	(848)	**(374)**	(578)	**(42,862)**	(111,684)
Finance income (costs), net	**(331)**	44,451	**408**	(620)	**(185)**	(323)	**(108)**	43,508
Profit (loss) from the reportable segment before income tax and social contribution	**229,790**	534,127	**277**	278	**1,031**	636	**231,098**	535,041
Elimination of intercompany revenue	**(172,406)**	(255,190)	**-**	-	**(2,709)**	(2,628)	**(175,115)**	(257,818)
Profit (loss) before income tax and social contribution	**57,384**	278,937	**277**	278	**(1,678)**	(1,992)	**55,983**	277,223
Income tax and social contribution	**(19,584)**	(81,591)	**(155)**	(127)	**(303)**	(171)	**(20,042)**	(81,889)
Profit (loss) from discontinued operations	**-**	-	**(545)**	(341)	**-**	-	**(545)**	(341)
Profit (loss) for the period	**37,800**	197,346	**(423)**	(190)	**(1,981)**	(2,163)	**35,396**	194,993
Assets from reportable segments	**1,902,678**	1,792,918	**119,319**	113,943	**211,356**	176,871	**2,233,353**	2,083,732
Liabilities from reportable segments	**1,123,680**	1,139,520	**27,204**	26,240	**34,721**	32,051	**1,185,605**	1,197,811

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

	Firearms		Helmets	
	03-31-2023	**03-31-2022**	**03-31-2023**	**03-31-2022**
Domestic market				
Southeast Region	**36,462**	139,773	**6,489**	8,436
South Region	**5,164**	14,685	**1,465**	2,398
Northeast Region	**2,441**	3,368	**4,989**	4,405
Midwest Region	**1,428**	3,752	**4,041**	3,329
North Region	**3,445**	6,783	**3,920**	3,408
	48,940	168,361	**20,904**	21,976
Foreign market				
United States	**348,159**	445,065	**156**	-
South Africa	**2,517**	2,724	**-**	-
Saudi Arabia	**946**	-	**-**	-
Argentina	**-**	959	**-**	-
Bulgary	**637**	-	**-**	-
Burkina Faso	**612**	956	**-**	-
Chile	**970**	-	**-**	-
El Salvador	**285**	549	**-**	-
Spain	**39**	-	**-**	-
Philippines	**3,486**	10,215	**-**	-
Guatemala	**1,418**	4,697	**-**	-
Guiana	**430**	899	**-**	-
Honduras	**9,330**	-	**-**	-
Israel	**4,814**	205	**-**	-
Madagascar	**-**	126	**-**	-
Mexico	**928**	-	**-**	-
Mozambique	**-**	314	**-**	-
Namibia	**179**	-	**-**	-
Panama	**112**	212	**-**	-
Pakistan	**872**	8,934	**-**	-
Peru	**1,235**	1,497	**-**	-
Poland	**-**	1,196	**-**	-
Dominican Republic	**-**	1,899	**-**	-
Czech Republic	**598**	321	**-**	-
Senegal	**586**	563	**-**	-
Thailand	**198**	524	**-**	-
Ukraine	**-**	1,319	**-**	-
Uruguay	**269**	-	**-**	-
Other countries	**355**	314	**-**	-
	378,975	483,488	**156**	-
Total net revenue	**427,915**	651,849	**21,060**	21,976

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 81.36% of consolidated revenues of the firearms segment derive from the US civilian market and are subject to US regulations.

7. Cash and cash equivalents

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

	Consolidated		Parent	
	03-31-2023	**12-31-2022**	**03-31-2023**	**12-31-2022**
Cash	**46**	122	**34**	85
Unsettled exchange bills (*)	**70,583**	90,605	**70,228**	90,472
Demand deposits	**78,510**	87,880	**412**	498
Short-term investments	**15,351**	22,612	**11,541**	16,100
Cash and cash equivalents	**164,490**	201,219	**82,215**	107,155

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

Highly liquid short-term investments refer to automatic investments yielding interest ranging between 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	**03-31-2023**	**12-31-2022**	**03-31-2023**	**12-31-2022**
Bank certificates of deposit (CDBs)	98% to 107% of CDI	**170,314**	127,475	**156,340**	113,941
Total		**170,314**	**127,475**	**156,340**	**113,941**
Current		**170,314**	105,544	**156,340**	92,010
Noncurrent		**-**	21,931	**-**	21,931

9. Trade receivables

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

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

	Consolidated		Parent	
	03-31-2023	**12-31-2022**	**03-31-2023**	**12-31-2022**
Domestic customers	**73,926**	216,732	**58,626**	196,585
Foreign customers	**221,865**	152,175	**80,432**	33,359
	295,791	368,907	**139,058**	229,944
Allowance for expected loss on doubtful debts – domestic receivables	**(8,715)**	(9,504)	**(1,005)**	(1,693)
Allowance for expected loss on doubtful debts – foreign receivables	**(10,932)**	(6,966)	**(7,553)**	(4,101)
	(19,647)	(16,470)	**(8,558)**	(5,794)
	276,144	352,437	**130,500**	224,150

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

	Consolidated	Parent
Balance as at December 31, 2022	**(16,470)**	**(5,794)**
Additions	**(5,171)**	**(4,009)**
Reversal of allowance for expected credit losses	**1,413**	**1,052**
Exchange rate changes	**581**	**193**
Balance at March 31, 2023	**(19,647)**	**(8,558)**

10. Inventories

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

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

	Consolidated		Parent	
	03-31-2023	12-31-2022	03-31-2023	12-31-2022
Finished products	**279,289**	272,570	**54,984**	48,596
Raw material	**346,967**	336,748	**263,456**	263,394
Work in process	**3,455**	10,307	**245**	320
Inventory advances	**22,671**	26,135	**22,175**	25,715
Allowance for inventory losses	**(16,285)**	(15,370)	**(6,985)**	(6,215)
	636,097	630,390	**333,875**	331,810

Variation in the allowance for inventory losses	Consolidated	Parent
Balance as at December 31, 2022	**(15,370)**	**(6,215)**
Addition	**(1,155)**	**(773)**
Reversal	**27**	**-**
Definitive write-offs	**3**	**3**
Exchange rate changes	**210**	**-**
Balance as at March 31, 2023	**(16,285)**	**(6,985)**

11. Recoverable taxes

	Consolidated		Parent	
	03-31-2023	12-31-2022	03-31-2023	12-31-2022
State VAT (ICMS)	**23,685**	25,975	**22,126**	24,424
Federal VAT (IPI)	**2,223**	4,856	**1,014**	3,428
Tax on revenue (PIS)	**1,791**	813	**1,485**	515
Tax on revenue (COFINS)	**7,252**	2,849	**6,001**	1,637
Income tax and social contribution	**14,897**	17,402	**7,319**	7,318
Other	**320**	320	**52**	52
Total	**50,168**	52,215	**37,997**	37,374
Current	**35,035**	37,039	**23,546**	22,939
Noncurrent	**15,133**	15,176	**14,451**	14,435

12. Other assets

	Consolidated		Parent	
	03-31-2023	**12-31-2022**	**03-31-2023**	**12-31-2022**
Advances to suppliers	**1,077**	1,854	**329**	1,258
Advances to employees	**2,597**	7,114	**2,210**	6,568
Advances for foreign bids	**5,804**	7,224	**5,804**	7,224
Escrow deposits	**65,806**	57,839	**63,901**	55,982
Disposal of assets receivable – Sale and retro-lease	**8,041**	8,289	**-**	-
Intragroup loans	**1,147**	910	**14,932**	12,682
Credits receivable - Eletrobrás	**9,015**	9,015	**5,059**	5,059
Other receivables	**6,082**	6,501	**3,321**	3,353
Total	**99,569**	98,746	**95,556**	92,126
Current	**24,298**	31,003	**30,936**	35,519
Noncurrent	**75,271**	67,743	**64,620**	56,607

13. Current and deferred income tax and social contribution

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

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

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

a) Breakdown of impacts on deferred tax assets and liabilities

	Consolidated		Parent	
	03-31-2023	**12-31-2022**	**03-31-2023**	**12-31-2022**
On income tax and social contribution losses				
Income tax loss	3,841	3,841	-	-
Social contribution loss	1,385	1,385	-	-
On temporary differences – assets				
Other allowances, provisions and accruals	9,905	8,879	1,464	258
Realization of revaluation reserve	1,885	1,879	590	584
Allowance for inventory losses	5,506	5,326	2,375	2,113
Accrued profit sharing	10,061	9,521	7,161	6,546
Accrued commissions	1,359	1,605	1,294	1,417
Provision for civil, labor and tax risks	19,078	20,799	18,594	19,392
Provision for warranty	3,871	3,937	2,118	2,137
Provision for uncollectible receivables	4,207	2,845	3,357	1,970
Financial provisions	967	967	967	967
Tax provisions	3,574	2,497	2,161	1,954
Unrealized profit with related parties	14,849	13,696	-	-
Total deferred assets	**80,488**	**77,177**	**40,081**	**37,338**
On temporary differences - liabilities				
Goodwill on expected future earnings	(11,898)	(12,220)	-	-
Fair value of investment property	(20,562)	(20,840)	-	-
Total deferred liabilities	**(32,460)**	**(33,060)**	**-**	**-**
Deferred asset balances	**64,596**	60,855	**40,081**	37,338
Deferred liability balances	**(16,568)**	(16,738)	**-**	-
Deferred assets, net	**48,028**	**44,117**	**40,081**	**37,338**

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

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

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

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

b) Variation in deferred taxes

	Consolidated	Parent
Opening balance of deferred taxes, net	44,117	37,338
Allocated to profit or loss	3,738	2,743
Translation adjustments into the presentation currency	173	-
Closing balance of deferred taxes, net	**48,028**	**40,081**

The amount of income tax and social contribution losses on which no deferred taxes are recognized total R$325.8 million in consolidated, which correspond to the portion of these amounts in the Company's subsidiaries for which it is not probable that future taxable income will be available for offset. In the Parent, income tax and social contribution losses is fully recorded, and in its subsidiaries, they were partially recorded up to the limit of confirmation of realization.

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

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

As at March 31, 2023, the expected tax loss realization for deferred income tax and social contribution, recorded in noncurrent assets in the consolidated (the balance of income tax and social contribution loss was fully utilized), is as follows:

					Consolidated
	Income tax loss	Social contribution loss	Deferred income tax	Deferred social contribution	Total deferred taxes
Balance recognized as at 03/31/2023	15,369	15,369	3,841	1,385	5,226
In 2023	(1,704)	(1,704)	(426)	(154)	(580)
In 2024	(3,192)	(3,192)	(798)	(287)	(1,085)
In 2025	(2,603)	(2,603)	(651)	(234)	(885)
In 2026-2030	(7,870)	(7,870)	(1,966)	(710)	(2,676)

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

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

	Consolidated		Parent	
	03-31-2023	**03-31-2022**	**03-31-2023**	**03-31-2022**
Pretax profit (loss)	55,983	277,223	53,788	268,591
Income tax and social contribution at combined tax rates	(19,034)	(94,256)	(18,288)	(91,321)
Permanent additions				
Non-deductible expenses	(794)	(891)	(785)	(885)
Insurance – Statutory and CLT officers	(22)	-	(22)	-
Share of loss of subsidiaries	(245)	167	(3,953)	(4,142)
Donations/sponsorship	(63)	(64)	(53)	(52)
Capital gain on property, plant and equipment	-	(57)	-	(57)
Permanent deductions				
Reintegra	63	91	63	91
Deemed ICMS grant	6	8,513	-	8,506
IPI premium credit	-	31		31
Share of profit of subsidiaries	-	-	4,261	13,679
Difference of tax rate of subsidiaries - deemed income	(365)	4,762	-	-
Other (additions)/deductions	412	(185)	385	552
Income tax and social contribution in profit or loss for the year	**(20,042)**	**(81,889)**	**(18,392)**	**(73,598)**
Current	(23,780)	(62,571)	(21,135)	(51,763)
Deferred	3,738	(19,318)	2,743	(21,835)
	(20,042)	(81,889)	**(18,392)**	(73,598)
Effective rate	36%	30%	34%	27%

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

				03-31-2023				**03-31-2022**
	Basis	**25%**	**9%**	**Total**	**Basis**	**25%**	**9%**	**Total**
Temporary differences								
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	3,309	827	298	1,125	3,603	901	324	1,225
Provision for warranty	1,468	367	132	499	1,468	367	132	499
Loss on other receivables	5,114	1,279	460	1,739	5,114	1,279	460	1,739
On income tax and social contribution losses								
Income tax and social contribution losses	325,768	81,442	29,319	110,761	315,645	78,911	28,408	107,319
	413,088	**103,272**	**37,177**	**140,449**	**403,259**	**100,815**	**36,292**	**137,107**

14. Assets held for sale

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

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

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

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

Carrying amount reconciliation

		Consolidated
In thousands of reais	**03-31-2023**	**12-31-2022**
Buildings, land and improvements	51,390	51,390
Taurus Blindagens Nordeste – long-lived asset held for sale	17,272	16,644
Total held-for-sale noncurrent assets	**68,662**	**68,034**
Taurus Blindagens Nordeste – liability held for sale	10,030	9,711
Total held-for-sale liabilities	**10,030**	**9,711**

Buildings, land and improvements.

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

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

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

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

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

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

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

As at March 31, 2023, the group of assets and liabilities held for sale related to the helmet operation of Taurus Blindagens Nordeste Ltda was presented as shown in the table and comprised the following assets and liabilities:

Property, plant and equipment/Intangible assets	8,643
Trade and other receivables	8,629
Assets held for sale	**17,272**
Trade and other payables	10,030
Liabilities held for sale	**10,030**

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

15. Investments

												Parent
	Taurus Helmets Indústria de Capacetes Ltda.	Taurus Blindagens Nordeste Ltda.	Jindal Defence Systems Private Limited	Taurus Holdings, Inc.	T. Investments Co. Inc.	CBC Taurus Arabia Holding, LLC.	Taurus Investimentos Imobiliários Ltda.	Polimetal Metalurgia e Plásticos Ltda.	AMTT Taurus Comercio Varejista Ltda.	Taurus Máquinas-Ferramenta Ltda. (1)	03-31-2023	12-31-2022
Current assets	128,000	8,206	18,842	603,016	6	1,188	68,783	20,099	4,397	3,862		
Noncurrent assets	50,877	60,648	5	129,220	-	271	103,605	177,516	755	1,180		
Current liabilities	44,129	8,774	68	178,488	-	-	5,680	21,956	4,834	2,384		
Noncurrent liabilities	1,816	3,541	19,232	44,629	-	-	66,176	23,558	15	35,141		
Capital	73,855	9,400	219	1,650	55,884	2,913	53,292	211,452	1,300	293,639		
Equity	132,932	56,539	(453)	509,119	6	1,459	100,532	152,101	303	(32,483)		
Net revenue	21,060	-	64	348,159	-	-	2,707	3,707	325	-		
Profit (loss) for the period	533	1,075	(524)	6,352	-	(418)	(617)	(561)	(688)	(1,574)		
Number of shares	597	9,400	350,000	302,505	11,000,000	10,535	43,623,159	304,779,838	1,300,000	185,007,117		
Direct interest percentage (%)	0,00%	0,10%	49,00%	100,00%	100,00%	49,00%	81,86%	100,00%	100,00%	63,00%		
Opening balances	1	56	-	490,653	7	898	82,797	152,878	256	-	**727,546**	**683,822**
Capital payment	**-**	**-**	**109**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**109**	**2,739**
Share of profit (loss) of subsidiaries	**-**	**1**	**(342)**	**6,352**	**-**	**(120)**	**(505)**	**(561)**	**(688)**	**(992)**	**3,145**	**79,112**
Exchange differences arising on translating investments	**-**	**-**	**11**	**(13,738)**	**-**	**(62)**	**-**	**-**	**-**	**-**	**(13,789)**	**(28,117)**
Unrealized profit on inventories	**-**	**-**	**-**	**(2,219)**	**-**	**-**	**-**	**-**	**(20)**	**-**	**(2,239)**	**(8,282)**
Valuation adjustments to equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(215)**	**-**	**-**	**(215)**	**(2,741)**
Reclassified to provision for negative equity (1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**992**	**992**	**1,013**
Closing balances	**1**	**57**	**(222)**	**481,048**	**7**	**716**	**82,292**	**152,102**	**(452)**	**-**	**715,549**	**727,546**

(1) The share of profit (loss) of subsidiary Taurus Máquinas-Ferramentas Ltda., amounting to (R$992), 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 financial statements since once designated as a joint venture, its profit or loss start to be recognized by the Company under the equity method of accounting, at a 51% proportion, as required by CPC 19 (R2)/IFRS 11 - Joint Arrangements.

The tables below show the balances of Taurus JM Indústria de Peças Ltda. as at March 31, 2023:

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
BALANCE SHEET AS AT MARCH 31, 2023
In thousands of reais

Assets		**Liabilities**	
Current assets		**Current liabilities**	
Cash and cash equivalents	304	Trade payables	12,135
Trade receivables	5,422	Payroll and related taxes	452
Inventories	2,282	Taxes, fees and contributions	6,324
Recoverable taxes	2,541	Financial loan	168
Related parties – Financial loan	-	Other payables	969
Other receivables	2,455		20,048
	13,004	**Noncurrent**	
		Taxes payable	27
Noncurrent			27
Deferred tax assets	1,493	**Total liabilities**	20,075
Related parties	1,808		
Other receivables	20	**Equity**	
	3,321	Capital	4,629
		Advance for future capital increase	6,875
		Accumulated losses	(5,070)
Property, plant and equipment	10,184	**Total equity**	6,434
Total assets	**26,509**	**Total liabilities and equity**	**26,509**

TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
STATEMENT OF PROFIT OR LOSS AS AT MARCH 31, 2023
In thousands of reais

Revenue from sales and/or services	496
Cost of sales and/or services	(791)
General and administrative expenses	(174)
Other operating (expenses) income, net	(39)
Loss before finance income (costs), net and taxes	(508)
Loss for the period	(508)

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

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

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

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

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

Companhia Brasileira de Cartuchos Taurus Arábia Holding, LLC.
BALANCE SHEET AS AT MARCH 31, 2023
In thousands of reais

Assets		**Liabilities**	
Current assets		**Equity**	
Cash and cash equivalents	1,058	Capital	2,913
Prepaid expenses	94	Valuation adjustments to equity	30
Other receivables	36	Retained earnings	(1,484)
	1,188	**Total equity**	1,459
Property, plant and equipment	271		
Total assets	**1,459**	**Total liabilities and equity**	**1,459**

Companhia Brasileira de Cartuchos Taurus Arábia Holding, LLC.
STATEMENT OF PROFIT OR LOSS AS AT MARCH 31, 2023
In thousands of reais

General and administrative expenses	(418)
Loss for the period	(418)

Jindal Defence Systems Private Limited

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

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

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

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

Jindal Defence Systems Private Limited
BALANCE SHEET AS AT MARCH 31, 2023
In thousands of reais

Assets		**Liabilities**	
Current assets		**Current liabilities**	
Cash and cash equivalents	17,397	Trade payables	4
Trade receivables	61	Taxes, fees and contributions	12
Other receivables	1,384	Other payables	52
	18,842		68
		Noncurrent liabilities	
Noncurrent assets		Borrowings	19,232
Other receivables	5		19,232
	5	**Total liabilities**	19,300
		Equity	
		Capital	219
		Retained earnings	(672)
		Total equity	(453)
Total assets	**18,847**	**Total liabilities and equity**	**18,847**

Jindal Defence Systems Private Limited
STATEMENT OF PROFIT OR LOSS AS AT MARCH 31, 2023
In thousands of reais

Revenue from sales and/or services	64
Cost of sales and/or services	(272)
General and administrative expenses	(229)
	(437)
Finance income	49
Finance costs	(136)
Finance income (costs), net	(87)
Loss for the period	(524)

16. Property, plant and equipment

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

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

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

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

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

Group	Useful life
Buildings	27 years
Machinery and equipment	10 to 20 years
Dies and tools	5 years
Furniture	10 to 15 years
Other components	5 to 6 years

Consolidated

Cost or deemed cost	**Land**	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Vehicles**	**Other**	**PP&E in progress**	**Advances to suppliers**	**Lease / right of use**	**Total**
Balance as at December 31, 2021	10,834	130,510	312,838	37,673	1,003	698	76,065	48,697	10,931	629,249
Additions	-	1,274	30,677	1,471	-	-	150,185	-	380	183,987
Write-offs	-	(29)	(20,282)	(2,301)	-	-	(106)	(16,001)	(11)	(38,730)
Transfers	-	30,105	37,076	(1,533)	-	-	(65,648)	-	-	-
Effect of changes in exchange rates	(229)	(1,930)	(4,714)	(879)	(31)	-	(752)	-	(711)	(9,246)
Balance as at December 31, 2022	**10,605**	**159,930**	**355,595**	**34,431**	**972**	**698**	**159,744**	**32,696**	**10,589**	**765,260**
Additions	-	1	6,914	77	-	-	24,133	7,873	11	39,009
Write-offs	-	-	-	-	(12)	-	(1,336)	(28)	-	(1,376)
Transfers	-	-	2,956	-	-	-	(2,956)	-	-	-
Effect of changes in exchange rates	(86)	(703)	(6,573)	3,770	-	-	(119)	-	(269)	(3,980)
Balance as at March 31, 2023	**10,519**	**159,228**	**358,892**	**38,278**	**960**	**698**	**179,466**	**40,541**	**10,331**	**798,913**
Depreciation										
Balance as at December 31, 2021	-	(39,069)	(187,281)	(20,986)	(689)	(102)	-	-	(2,099)	(250,226)
Depreciation in the year	-	(5,575)	(17,296)	(2,640)	(59)	(140)	-	-	(2,001)	(27,711)
Write-offs	-	28	20,271	1,470	-	-	-	-	-	21,769
Effect of changes in exchange rates	-	212	2,412	836	24	-	-	-	125	3,609
Balance as at December 31, 2022	**-**	**(44,404)**	**(181,894)**	**(21,320)**	**(724)**	**(242)**	**-**	**-**	**(3,975)**	**(252,559)**
Depreciation in the period	-	(2,012)	(4,723)	(629)	(13)	(34)	-	-	(459)	(7,870)
Effect of changes in exchange rates	-	441	878	339	9	-	-	-	55	1,722
Balance as at March 31, 2023	**-**	**(45,975)**	**(185,739)**	**(21,610)**	**(728)**	**(276)**	**-**	**-**	**(4,379)**	**(258,707)**
Carrying amount										
December 2022	10,605	115,526	173,701	13,111	248	456	159,744	32,696	6,614	512,701
March 2023	**10,519**	**113,253**	**173,153**	**16,668**	**232**	**422**	**179,466**	**40,541**	**5,952**	**540,206**

									Parent
Cost or deemed cost	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Vehicles**	**Other**	**PP&E in progress**	**Advances to suppliers**	**Leases / right of use**	**Total**
Balance as at December 31, 2021	58,754	211,584	15,321	52	698	21,330	47,738	-	355,477
Additions	369	21,695	830	-	-	106,461	-	380	129,735
Write-offs	(29)	(16,468)	(1,977)	-	-	-	(15,685)	-	(34,159)
Transfers	1,405	12,731	29	-	-	(14,165)	-	-	-
Balance as at December 31, 2022	**60,499**	**229,542**	**14,203**	**52**	**698**	**113,626**	**32,053**	**380**	**451,053**
Additions	-	-	20	-	-	20,752	7,662	-	28,434
Transfers	-	2,956	-	-	-	(2,956)	-	-	-
Balance as at March 31, 2023	**60,499**	**232,498**	**14,223**	**52**	**698**	**131,422**	**39,715**	**380**	**479,487**
Depreciation									
Balance as at December 31, 2021	(18,504)	(126,435)	(6,357)	(52)	(102)	-	-	-	(151,450)
Depreciation in the year	(2,278)	(9,716)	(1,126)	-	(140)	-	-	(63)	(13,323)
Write-offs	28	15,979	1,822	-	-	-	-	-	17,829
Balance as at December 31, 2022	**(20,754)**	**(120,172)**	**(5,661)**	**(52)**	**(242)**	**-**	**-**	**(63)**	**(146,944)**
Depreciation in the period	(589)	(2,713)	(284)	-	(34)	-	-	(19)	(3,639)
Balance as at March 31, 2023	**(21,343)**	**(122,885)**	**(5,945)**	**(52)**	**(276)**	**-**	**-**	**(82)**	**(150,583)**
Carrying amount									
December 2022	39,745	109,370	8,542	-	456	113,626	32,053	317	304,109
March 2023	**39,156**	**109,613**	**8,278**	**-**	**422**	**131,422**	**39,715**	**298**	**328,904**

PP&E in progress

The balance of construction in progress refers to machinery and equipment still in the implementation stage and current construction works. These assets should come into operation during 2023.

Collateral

The Company uses its assets as collaterals for the funds raised with financial institutions. Even though most property, plant and equipment items are collateralized in borrowings and financing transactions, historically these collaterals have never been enforced. As at March 31, 2022, the Company uses R$44.4 million in collaterals (R$40.3 million as at December 31, 2022).

17. Intangible assets

Goodwill

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

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

Other intangibles

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

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

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

We also clarify that the recovery of the carrying amount of goodwill and intangible assets with indefinite useful life is tested for impairment at the end of the year or when there are indications that they might be impaired, using the "value in use" concept through discounted cash flow models of the cash-generating units. For the presentation of these financial statements, the Company did not identify any situation that would require the performance of a new impairment test.

							Consolidated
	Software	**Trademarks and patents**	**Customer relationship**	**Goodwill**	**Product development**	**Intangible assets in progress**	**Total**
Cost							
Balance as at December 31, 2021	24,137	28,940	24,165	49,843	8,657	17,161	152,903
Acquisitions	1,633	-	-	-	-	28,316	29,949
Transfers	33	-	-	-	-	(33)	-
Write-offs	(284)	-	-	-	-	-	(284)
Effect of changes in exchange rates	(667)	(1,146)	(1,536)	(1,119)	(398)	-	(4,866)
Balance as at December 31, 2022	**24,852**	**27,794**	**22,629**	**48,724**	**8,259**	**45,444**	**177,702**
Acquisitions	-	-	-	-	-	4,281	4,281
Effect of changes in exchange rates	(251)	(433)	(581)	(424)	(151)	-	(1,840)
Balance as at March 31, 2023	**24,601**	**27,361**	**22,048**	**48,300**	**8,108**	**49,725**	**180,143**
Amortization							
Balance as at December 31, 2021	(16,987)	(7,388)	(23,378)	-	(2,779)	-	(50,532)
Amortization in the year	(2,240)	-	(732)	-	(627)	-	(3,599)
Write-offs	13	-	-	-	-	-	13
Effect of changes in exchange rates	599	-	1,481	-	118	-	2,198
Balance as at December 31, 2022	**(18,615)**	**(7,388)**	**(22,629)**	**-**	**(3,288)**	**-**	**(51,920)**
Amortization in the period	(521)	-	-	-	(145)	-	(666)
Write-offs	28	-	-	-	-	-	28
Effect of changes in exchange rates	236	-	581	-	45	-	862
Balance as at March 31, 2023	**(18,872)**	**(7,388)**	**(22,048)**	**-**	**(3,388)**	**-**	**(51,696)**
Carrying amount							
December 2022	6,237	20,406	-	48,724	4,971	45,444	125,782
March 2023	**5,729**	**19,973**	**-**	**48,300**	**4,720**	**49,725**	128,447

					Parent
	Software	**Trademarks and patents**	**Product development**	**Intangible assets in progress**	**Total**
Cost					
Balance as at December 31, 2021	12,217	9,485	2,536	17,161	41,399
Acquisitions	1,430	-	-	28,283	29,713
Transfers	(48)	-	-	-	(48)
Balance as at December 31, 2022	**13,599**	**9,485**	**2,536**	**45,444**	**71,064**
Acquisitions	-	-	-	4,281	4,281
Balance as at March 31, 2023	**13,599**	**9,485**	**2,536**	**49,725**	**75,345**
Amortization					
Balance as at December 31, 2021	(7,402) -	(6,840)	(944)	-	(15,186)
Amortization in the year	(1,546)	-	(294)	-	(1,840)
Write-offs	43	-	-	-	43
Balance as at December 31, 2022	**(8,905)**	**(6,840)**	**(1,238)**	**-**	**(16,983)**
Amortization in the period	(413)	-	(71)	-	(484)
Balance as at March 31, 2023	**(9,318)**	**(6,840)**	**(1,309)**	**-**	**(17,467)**
Carrying amount					
December 2022	4,694	2,645	1,298	45,444	54,081
March 2023	**4,281**	**2,645**	**1,227**	**49,725**	**57,878**

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	**2022**
Firearms	48,724

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

Main assumptions used in the discounted cash flow projections

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

	WACC discount rate	**Average growth rate between 2023 and 2027**	**WACC discount rate**	**Average growth rate**
Cash-generating unit		**12-31-2022**		**12-31-2021**
Firearms	14.50%	1.50%	12.80%	4.24%

Discount rate

The discount rate for the CGU is represented by a post-tax rate based on 20-year US Treasury Bond rate, adjusted for a risk premium that reflects the risks of investments in equity securities and the systematic risk of the related unit. The Company estimated, based on Management's experience with the assets of this CGU, the Weighted Average Cost of Capital of the industry in which this CGU operates, which was calculated based on a possible debt-to-shareholders' equity ratio as at December 31, 2022 of 10.09% for the Firearms CGU at the market interest rate of 7%.

Growth rate and perpetuity

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

To calculate perpetuity as at December 31, 2022, the Company used a nominal growth rate of 3.15%, in line with the expected long-term inflation projected by the Central Bank of Brazil (BACEN) and macroeconomic indicators released in BACEN's Focus report and in the Country Forecast report of the Economist Intelligence Unit (EIU).

18. Borrowings and financing

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

							Consolidated and Parent
					03-31-2023		**12-31-2022**
	Currency	**Statutory interest rate**	**Maturity year**	**Contractual amount**	**Carrying amount**	**Contractual amount**	**Carrying amount**
Working capital	R$	CDI + 2.88% p.a.	2023	**18,193**	**3,203**	18,193	3,658
Foreign exchange advance	US$	5.95% to 9,27% p.a.	2024	**374,991**	**384,582**	374,991	394,950
Working capital	US$	8.03% to 9,20% p.a.	2023	**464,162**	**41,197**	464,162	89,617
				Total	**428,982**		**488,225**
				Current liabilities	**367,426**		**392,967**
				Noncurrent liabilities	**61,556**		**95,258**

Flow of future debt payments disclosed in noncurrent liabilities:

		Consolidated and Parent
Maturity year	**03-31-2023**	**12-31-2022**
2024	**61,556**	95,258
	61,556	95,258

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

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

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

As mentioned in note 1 (General Information), in June 2020 the Company signed a waiver with the Bank Syndicate extending the debt payment until August 31, 2020 and on August 10, 2020 the parties executed the contractual amendments containing the new terms and conditions of payment of the commitments with the Bank Syndicate.

On November 9, 2022, the Company carried out the last mandatory extraordinary amortization with the Bank Syndicate upon exercise of subscription warrants.

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

<u>Covenants</u>
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 March 31, 2023, the Company was compliant with all said covenants.

19. Other payables

	Consolidated		Parent	
	03-31-2023	**12-31-2022**	**03-31-2023**	**12-31-2022**
Dividends payable	**164,119**	164,119	**164,119**	164,119
Sales commissions	**7,586**	6,915	**3,768**	3,944
Accrued interest	**818**	1,166	**-**	-
Unsettled court agreements	**10,000**	10,000	**10,000**	10,000
Insurance and freight	**14,909**	10,124	**12,331**	8,264
Trade payables	**11,884**	12,641	**11,884**	12,641
Leases	**8,376**	8,526	**335**	267
Advances from customers	**32,725**	38,915	**32,351**	38,631
Marketing	**7,560**	10,325	**-**	-
Due to related parties	**1,853**	1,810	**60,921**	59,632
Unrealized gain on government grant	**27,197**	28,432	**-**	-
Provision for negative equity	**-**	-	**20,466**	19,474
Other	**13,490**	22,939	**1,343**	1,582
	300,517	315,912	**317,518**	318,554
Current	**245,229**	258,369	**218,575**	220,752
Noncurrent	**55,288**	57,543	**98,943**	97,802

20. Payroll and related taxes

	Consolidated		Parent	
	03-31-2023	**12-31-2022**	**03-31-2023**	**12-31-2022**
Payroll	**3,095**	4,324	**1,705**	1,247
Accrued bonus	**36,673**	33,221	**21,061**	19,253
Contributions payable	**6,630**	6,924	**6,021**	6,358
Accruals (vacation pay and 13th salary)	**18,974**	22,479	**16,163**	19,804
	65,372	66,948	**44,950**	46,662

21. Taxes, fees and contributions

	Consolidated		Parent	
	03-31-2023	**12-31-2022**	**03-31-2023**	**12-31-2022**
State VAT (ICMS)	**2,142**	6,226	**1,067**	5,160
Federal VAT (IPI)	**671**	13,230	**150**	12,888
Tax on revenue (PIS)	**88**	32	**-**	-
Tax on revenue (COFINS)	**411**	147	**-**	-
Special tax – FAET (USA)	**31,549**	29,520	**-**	-
Withholding income tax (IRRF)	**1,220**	2,142	**893**	1,754
Income tax and social contribution	**21,396**	16,325	**19,596**	14,679
Other installment payments (*)	**30,251**	32,954	**20,505**	22,626
Other	**8,729**	8,864	**5,992**	6,140
	96,457	109,440	**48,203**	63,247
Current	76,618	86,843	36,102	49,025
Noncurrent	19,839	22,597	12,101	14,222

(*) Installment payments

IPI installment payment – The Company had overdue IPI for the period December 2019-March 2020. In December 2020, the Company elected to make installment payments pursuant to Regulatory Instruction (IN) 1891/2019 to regularize IPI debts. The installment plan covers the payment of principal amounting to R$34.7 million, a fine of R$6.9 million, and interest of R$793 thousand. The debt was paid in 60 installments, the installment cap allowed by said IN and is adjusted using the Selic (Central bank's policy rate). As at March 31, 2023, the adjusted balance of the IPI instalment payment plan is R$20.5 million and to date 31 installments have been paid, totaling R$21.9 million.

Income tax and social contribution installment payment – In a tax verification process conducted by the RFB, regarding tax obligations relating to income tax and social contribution on profit for prior periods, the RFB has issued a self-regularization notice for the principal calculated in the amount of R$7.4 million, fine in the amount of R$1.4 million and interest in the amount of R$1.7 million.
The debt was divided in 60 installments, the installment cap allowed by the Brazilian Federal Revenue Service (RFB) and is adjusted using the Selic (Central bank's policy rate), and as at March 31, 2023, the adjustment installment payment balance is R$9.3 million, already considering eight installments paid in the total amount of R$1.4 million.

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
			03-31-2023	**12-31-2022**
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	44,631	(14,348)	30,283	30,770
Civil	21,611	(1,056)	20,555	20,737
Tax	50,776	(50,402)	374	7,382
	117,018	**(65,806)**	**51,212**	58,889
Classified in current liabilities	59,846			
Classified in noncurrent liabilities	57,172			

(1) Recognized in other noncurrent assets.

				Parent
			03-31-2023	**12-31-2022**
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	42,247	(12,763)	29,484	29,537
Civil	16,271	(1,056)	15,215	14,330
Tax	47,948	(50,082)	(2,134)	4,912
	106,466	**(63,901)**	**42,565**	48,779
Classified in current liabilities	54,761			
Classified in noncurrent liabilities	51,705			

(1) Recognized in other noncurrent assets.

Variations in the provision:

			Consolidated
	Civil and labor	**Tax**	**Total**
Balance as at December 31, 2022	66,019	50,709	116,728
Provisions recognized in the period	4,199	67	4,266
Provisions used in the period	(1,188)	-	(1,188)
Derecognition of provision	(2,788)	-	(2,788)
Balance as at March 31, 2023	**66,242**	**50,776**	**117,018**

			Parent
	Civil and labor	**Tax**	**Total**
Balance as at December 31, 2022	56,813	47,948	104,761
Provisions recognized in the period	4,085	-	4,085
Provisions used in the period	(56)	-	(56)
Derecognition of provision	(2,324)	-	(2,324)
Balance as at March 31, 2023	**58,518**	**47,948**	**106,466**

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
	03-31-2023			12-31-2022	**03-31-2023**			12-31-2022
	Possible	**Remote**	Possible	Remote	**Possible**	**Remote**	Possible	Remote
Civil	**161,373**	**37,799**	158,893	37,525	**143,402**	**37,535**	140,727	37,105
Labor	**21,286**	**55,127**	25,285	54,327	**18,281**	**36,299**	22,242	35,490
Tax	**72,278**	**-**	70,911	-	**65,070**	**-**	63,738	-
	254,937	**92,926**	255,089	91,852	**226,753**	**73,834**	226,707	72,595

a) Labor lawsuits

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

b) Civil lawsuits

Except for the civil lawsuits listed below, no other civil lawsuit refers to individually significant amounts and the discussions mainly involve individual lawsuits related to the Company's civil liability for the products it manufactures and sells, and these other lawsuits classified as possible risk of loss total R$42.3 million for consolidated purposes.

Public Civil Action – Federal District

The Federal District filed a public civil action with a request for a preliminary injunction against Taurus, pending before the 1st Fiscal Court of the Federal District, based on the Sanctioning Administrative Proceeding No. 054.002.970/2016 filed by the Military Police of the Federal District and that culminated in the application of the penalty of temporary suspension of the right to bid and to contract with the Public Administration of the Federal District for a period of twelve (12) months. The Public Civil Action, the Federal District alleges, in summary, collective and financial losses due to alleged faulty pistols sold by Taurus during the period 2006-2011. As a result, the Federal District requested a preliminary injunction blocking the Company's assets in the total amount of R$54.8 million, and, in the merits, requested the payment of R$49.8 million for alleged damages to the public treasury, and the payment of collective pain and suffering in the amount of R$5 million. On February 19, 2021, a court decision was awarded the injunction requested and ordered Taurus to be subpoened. On March 23, 2021, the Company received a subpoena. In an Interlocutory Appeal filed by the Federal District against the decision that denied the preliminary injunction, the appellate injunction was denied. On June 18, 2021, the Company submitted its counterarguments.
The Company then filed its arguments and subsequently the Federal District filed its own counterarguments, then determining that the Public Prosecutor's Office should have access to the case and pending conclusion, awaiting an amending decision on the case.
On July 20, 2021, an amending decision was handed down and the parties were notified to indicate other evidence they intend to produce. Based on the amending decision, the Company filed a petition requesting adjustments to the decision, which was denied; the Federal District filed an interlocutory appeal claiming for the reversal.
In November 2021, the interlocutory appeals addressing the reversal of the burden of proof and urgent relief, filed by the Federal District, were denied.
In February 2022, the interlocutory appeal addressing the statute of limitation and expiration, filed by the Company, was partially accepted to determine the non-imposition of the Consumer Defense Code and rules of the collective proceeding. The Federal District has filed Special Appeal against the decisions of both interlocutory appeals, and the Company has filed counterarguments. In August 2022 the special appeals were denied.
Currently, it is waiting for the final and unappealable decisions to continue with the fact finding phase.
In the opinion of our legal counsel, this lawsuit was classified with a possible likelihood of loss and its adjusted amount is R$64.6 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.

<u>II - PMESP – Lawsuit SMT 40</u>
On December 19, 2017, the Company received court subpoena in a lawsuit where the State of São Paulo requires the termination of the supply contract of 5,931 submachine guns, model SMT-40, entered into in 2011 with the São Paulo State Military Police and the return of the amount paid at the time, totaling R$21.7 million, plus inflation adjustment and other legal fees. The Company filed its defense arguments in the lawsuit and, subsequently, the Treasury and the Public Prosecution Office filed their own arguments. The lawsuit is currently waiting for the fact finding phase and production of the technical evidence.
In the opinion of our legal counsel, this lawsuit was classified with a possible likelihood of loss, estimated at R$29.4 million.

c) Tax lawsuits:
Except for the tax lawsuit listed below, no other lawsuit refers to individually significant amounts and/or is still in its administrative stage. These other lawsuits classified with possible likelihood of loss total R$52.4 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$19.9 million. The lawsuit is pending judgment of the objection to the tax collection filed by the Company. The likelihood of loss in this lawsuit is possible.

d) Other lawsuits

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

e) Ongoing lawsuits

The Company also holds an amount equivalent to R$144.7 million in ongoing lawsuits, which are classified as contingent assets and are not recognized in accounting.

Of this total, R$19.6 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.

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$3.8 million.

Writ of Mandamus - Federal Revenue Service Porto Alegre Commissioner

Taurus filed a writ of mandamus against the Federal Revenue Service Porto Alegre Commissioner seeking the deduction of paid prior notice, sick pay, one-third vacation bonus, maternity leave pay, and overtime amounts from the tax base of the employer's social security contribution, as provided for by Article 22, I and II, of Law 8212/91, and the social security contribution paid on behalf of outsourced contractors. Writ of Mandamus is being handled by the 14th Federal Tax Court of Porto Alegre and the amount involved is R$2.5 million. The claim was partially granted, allowing for the possibility of offsetting the social security contributions amounts already paid and the social security contributions paid for contractors levied on paid prior notice amounts. Based on the decision on the approval, the defendant filed an interlocutory appeal, where a decision was handed down to prevent the provisional enforcement. Currently, the proceeding is at the appeal phase waiting for the decision on the Extraordinary Appeal filed by the Company, which proceeding is halted, waiting for the final decision on the matter by the STF, as well as potential court of retraction by the judging body. The likelihood of a favorable outcome in this lawsuit is classified as probable.

23. Financial instruments

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

a) Fair value versus carrying amount

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

				Consolidated and Parent
		03-31-2023		12-31-2022
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	**44,400**	**44,060**	93,275	92,657
Foreign currency advances	**384,582**	**382,721**	394,950	390,380
	428,982	**426,781**	488,225	483,038

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

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

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

24. Related parties

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

					Outstanding balances of subsidiaries with the parent				**Effect on the result of transactions of subsidiaries with the parent**
	Current assets (ii)	**Noncurrent assets (iii)**	**Total assets**	**Current liabilities (i)**	**Noncurrent liabilities**		**Total liabilities**	**Revenue (v)**	**Expense (v)**
December 31, 2022									
Taurus Helmets Indústria de Capacetes Ltda.	634	-	634	19	5,587	(iv)	5,606	-	126
Taurus Blindagens Nordeste Ltda.	-	-	-	664	50,151	(iv)	50,815	-	1,167
Taurus Holdings, Inc.	32	-	32	1,310	-		1,310	255,088	1,655
Taurus Investimentos Imobiliários Ltda.	1,962	47,668	49,630	471	-		471	390	1,354
Taurus Máquinas-Ferramenta Ltda.	-	30,786	30,786	-	-		-	655	-
Polimetal Metalurgia e Plásticos Ltda.	13,333	8,003	21,336	930	-		930	676	-
AMTT Taurus Comercio Varejista Ltda	3,743	14	3,757	-	-		-	-	-
	19,704	86,471	106,175	3,394	55,738		59,132	256,809	4,302
March 31, 2023									
Taurus Helmets Indústria de Capacetes Ltda.	**1,191**	**-**	**1,191**	**20**	**5,728**	(iv)	**5,748**	**-**	**181**
Taurus Blindagens Nordeste Ltda.	**-**	**-**	**-**	**675**	**50,907**	(iv)	**51,582**	**-**	**1,620**
Taurus Holdings, Inc.	**49,830**	**-**	**49,830**	**1,208**	**-**		**1,208**	**172,374**	**-**
Taurus Investimentos Imobiliários Ltda.	**2,611**	**50,381**	**52,992**	**102**	**-**		**102**	**1,565**	**1,447**
Taurus Máquinas-Ferramenta Ltda.	**-**	**32,620**	**32,620**	**-**	**-**		**-**	**1,013**	**-**
Polimetal Metalurgia e Plásticos Ltda.	**14,701**	**8,204**	**22,905**	**1,636**	**-**		**1,636**	**537**	**-**
AMTT Taurus Comercio Varejista Ltda	**3,801**	**15**	**3,816**	**-**	**-**		**-**	**32**	**-**
	72,134	**91,220**	**163,354**	**3,641**	**56,635**		**60,276**	**175,521**	**3,248**

(i) Refers to amounts recorded in line items trade payables - R$1,208, other payables - R$2,433
(ii) Refers to amounts recorded in line items trade receivables - R$57.233 and other receivables - R$14,901
(iii) Refers to amounts recognized in line items intragroup loans - R$91,220 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate.
(iv) Represent loan agreements - R$56,635 with subsidiaries Taurus Holdings, Inc., Taurus Helmets Indústria de Capacetes Ltda. and Taurus Blindagens Nordeste Ltda. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(v) Comparative balance with March 31, 2022

Transactions involving the Company and subsidiary Taurus Holdings, Inc. refer to sales of firearms to be marketed by the subsidiary in the U.S. market and also intragroup loans between these parties.

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

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

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

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

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

As at March 31, 2023, non-consolidated transactions involving Taurus Armas S.A. and its related parties refer mainly to sales of firearms for trading and purchase of ammunition, parts and accessories. The amount of these transactions is shown below:

	Current assets	Current liabilities	Noncurrent liabilities	Revenue (*)	Expense (*)
December 31, 2022					
Companhia Brasileira de Cartuchos	8,432	9,326	-	3,852	8,801
CBC Brasil Comércio e Distribuição	136,980	86	-	172,637	-
GN Importações	85	-	-	14	-
Taurus JM Indústria de Peças	-	-	1,806	7	604
Joalmi Indústria e Comércio	203	-	-	-	-
ANIAM - Assoc. Nac. da Ind. de Armas e Munições	-	-	-	-	160
	145,700	9,412	1,806	176,510	9,565
March 31, 2023					
Companhia Brasileira de Cartuchos	**5,994**	**5,522**	**-**	**3,659**	**6,293**
CBC Brasil Comércio e Distribuição	**25,840**	**8**	**-**	**16,018**	**-**
GN Importações	**-**	**-**	**-**	**1**	**-**
Taurus JM Indústria de Peças	**-**	**292**	**1,853**	**-**	**614**
Joalmi Indústria e Comércio	**203**	**-**	**-**	**-**	**-**
ANIAM - Assoc. Nac. da Ind. de Armas e Munições	**-**	**-**	**-**	**-**	**104**
SBCF – Soc. Bras. de Conservação da Fauna	**-**	**-**	**-**	**-**	**26**
	32,037	**5,822**	**1,853**	**19,678**	**7,037**

(*) Comparative balance with March 31, 2022

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

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

On the Company's Marketplace platform, one of the seller operators is the company GN Importações Ltda., which has Mr. Guilherme Nuhs, 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		Parent	
	03-31-2023	03-31-2022	**03-31-2023**	03-31-2022
Statutory officer’s compensation and benefits	**1,217**	983	**1,217**	983
Stock option plan	**2,126**	2,296	**2,126**	2,296
Directors’ compensation and benefits	**261**	261	**261**	261
Supervisory Board members’ compensation and benefits	**112**	95	**112**	95
	3,716	3,635	**3,716**	3,635

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

The gain in the Stock Option Plan is linked to the appreciation of the market price of Company shares, i.e., the value the individual performance of an officer and the performance of Management as a whole add to the Company reflects on the officers’ earnings in this type of compensation, while keeping their interests aligned with the Company’s interest in the long run.

Sureties between related parties
Borrowings and financing in the form of debentures, PPEs (export prepayments) owed to KG Banco Itaú and ACCs (advances on exchange contracts) owed to Banco Pine are covered by a set of joint collaterals, consisting of sureties granted by Taurus Helmets, the collateral assignment of shares, the collateral assignment of receivables, mortgages on properties and shares of Taurus International held by Taurus Armas S.A. The guaranteed debt totals R$103.7 million (R$162.4 million as at December 31, 2022) to Taurus Armas S.A.
Subsidiary Taurus International has an overdraft account with a US banking institution, 53RD Bank, on which there is an additional guaranteed consisting of a surety granted by its parent Taurus Armas S.A.

25. Discontinued operations

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

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

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

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

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

(a) Loss from discontinued operations, net

	03-31-2023	**03-31-2022**
Finance costs, net	-	100
Foreign expenses	-	100
Loss from operating activities	-	100
Taxes on income	(545)	(441)
Loss before income tax and social contribution, net	**(545)**	**(341)**
Basic loss per common share (in R$)	**(0.004310)**	**(0.002860)**
Basic loss per preferred share (in R$)	**(0.004300)**	**(0.002900)**

Loss from discontinued operations as at March 31, 2023 is R$-545 thousand (R$-341 thousand as at March 31, 2022) and is fully attributed to owners of the Company.

(b) Cash flows generated by discontinued operations

	03-31-2023	03-31-2022
Net cash generated by operating activities	**904**	511
Net cash generated by investing activities	**(755)**	(484)
Net cash generated by discontinued operations	**149**	27

26. Equity

a) Capital

As at March 31, 2023, the Company's issued capital is R$367.9 million (R$367.9 million as at December 31, 2022), represented by 126,634,434 book-entry, registered shares, divided into 46,445,314 common shares and 80,189,120 preferred shares without par value.

On October 5, 2018, the Company issued four series of subscription warrants, with each warrant converting into one share. The table below shows the maturities of all shares and the updated position as at December 31, 2022:

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

In 2022, up to December 31, the warrants exercised were automatically converted into capital, in an amount equivalent to R$59.7 million, which was ratified by the Company's Board of Directors.

Preferred shares

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

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

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

Authorized shares (in thousands of shares):

	03-31-2023	12-31-2022
Common shares	103,703	103,703
Preferred shares	207,405	207,405
	311,108	311,108

Issued, fully paid-in shares:

	Common shares		Preferred shares	
	Number in thousands	**Amount in R$ thousands**	**Number in thousands**	**Amount in R$ thousands**
As at December 31, 2022 Common: R$13.25; Preferred: R$13.35*	46,445	615,396	80,189	1,070,523
As at March 31, 2023 Common: R$15.63; Preferred: R$16.18*	**46,445**	725,935	**80,189**	1,297,458

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

b) Reserves and earnings retention

Legal reserve

Calculated as 5% of profit for the year, pursuant to Article 193 of Law 6404/76 up to the limit of 20% of capital, after deduction of accumulated losses, in conformity with art. 189 of the same Law. As at December 31, 2022, legal reserve in the amount of R$26 million was recognized. As at December 31, 2022 and March 31, 2023, the balance of the legal reserve is R$41.1 million.

Tax incentive reserve
The Company is eligible to ICMS and Fundopem tax incentives. Management, in view of the publication of Supplementary Law 160/17 and in conformity with Law 6404/76, allocated them as tax incentive reserve in equity. As at December 31, 2022 and March 31, 2023, the balance is R$118.5 million.

Retained earnings
Refers to the retention of earnings calculated after the allocations to the legal reserve tax incentive reserve and mandatory minimum dividends. Management proposed their allocation to the payment of additional dividends and share buyback, subject to the approval at the Annual General Meeting, to be held in April 2023. See note 33 – Events after the reporting period for details on the approval in April 2023.

c) Dividends

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

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

Profit for the year	**519,984**
Allocations:	
Recognition of legal reserve	(25,999)
Recognition of tax incentive reserve	(25,903)
Valuation adjustments to equity	690
Dividend distribution base	**468,772**
Mandatory dividends (35%)	164,070
Mandatory dividends per share	1,295620
Total dividends per share	**(1,295620)**
Total dividends for distribution	**164,070**
Earnings reserve	**304,702**
Retained earnings	304,702

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

d) Valuation adjustments to equity

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

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

e) Earnings (loss) per share

	Parent and Consolidated	
Basic numerator	**03-31-2023**	03-31-2022
Profit (loss) from continuing operations		
Common shares	13,182	76,354
Preferred shares	22,759	118,980
	35,941	195,334
Profit (loss) from discontinued operations		
Common shares	(200)	(133)
Preferred shares	(345)	(208)
	(545)	(341)
Profit (loss) for the period		
Common shares	12,982	76,221
Preferred shares	22,414	118,772
	35,396	194,993
Basic denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	80,189,120	71,662,223
	126,634,434	118,107,537
Basic earnings (loss) per share from continuing operations (R$ per share)		
Common shares	0.28382	1.64395
Preferred shares	0.28382	1.66029
Basic earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.00431)	(0.00286)
Preferred shares	(0.00430)	(0.00290)
Basic earnings (loss) per share (R$ per share)		
Common shares	0.27951	1.64109
Preferred shares	0.27952	1.65739

	Parent and Consolidated	
Diluted numerator	**03-31-2023**	03-31-2022
Profit (loss) from continuing operations		
Common shares	13,182	76,354
Preferred shares	22,759	118,980
	35,941	195,334
Profit (loss) from discontinued operations		
Common shares	(200)	(133)
Preferred shares	(345)	(208)
	(545)	(341)
Profit (loss) for the period		
Common shares	12,982	76,221
Preferred shares	22,414	118,772
	35,396	194,993
Diluted denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	80,189,120	71,662,223
	126,634,434	118,107,537
Potential increase in the number of shares from the exercise of warrants		
Common shares	-	-
Preferred shares	-	5,420,890
	-	5,420,890
Diluted earnings (loss) per share from continuing operations (R$ per share)		
Common shares	0.28382	1.64395
Preferred shares	0.28382	1.54353
Diluted earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.00431)	(0.00286)
Preferred shares	(0.00430)	(0.00270)
Diluted earnings (loss) per share (R$ per share)		
Common shares	0.27951	1.64109
Preferred shares	0.27952	1.54083

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 March 31, 2023, 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 March 31, 2023 a total of R$2.1 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 - 2022**
Fair value on grant date	R$24.14	R$24.49	R$20.38
Share price on grant date	R$20.82	R$20.27	R$20.27
Strike price	R$26.68	R$25.43	R$24.72
Expected volatility (weighted average)	89.81%	79.75%	67.56%
Stock option life (weighted average life expectancy)	4.97	4.53	3.95
Expected dividends	2.85%	4.05%	4.84%
Risk-free interest rate (based on government bonds)	7.78%	10.20%	12.28%

28. Net operating revenue

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

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

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

	Tax rates
State VAT (ICMS)	0%-25%
Federal VAT (IPI)	0%-45%
Tax on revenue (COFINS)	3% and 7.6%
Tax on revenue (PIS)	0.65% and 1.65%

	Consolidated		Parent	
	03-31-2023	**03-31-2022**	**03-31-2023**	**03-31-2022**
Sale of goods	**530,285**	854,647	**289,669**	590,344
Provision of services	**40**	33	**40**	33
Total gross revenue	**530,325**	854,680	**289,709**	590,377
Sales taxes	**(76,289)**	(174,322)	**(36,960)**	(124,776)
Returns and discounts	**(803)**	(3,789)	**(310)**	(3,164)
Total net operating revenue	**453,233**	**676,569**	**252,439**	**462,437**

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

29. Other operating income

	Consolidated		Parent	
	03-31-2023	03-31-2022	**03-31-2023**	03-31-2022
Other operating income				
Tax recovery	**254**	25,131	**53**	25,017
Royalties	**854**	801	**854**	801
Recovery of expenses on trade payables	**377**	1,402	**377**	1,393
Recovery of past-due receivables – allowance for doubtful debts	**183**	136	**183**	130
Other income	**1,717**	1,121	**1,118**	725
	3,385	28,591	**2,585**	28,066

30. Expenses by nature

	Consolidated		Parent	
	03-31-2023	**03-31-2022**	**03-31-2023**	**03-31-2022**
Expenses by function				
Cost of sales	(276,849)	(342,028)	(144,569)	(229,713)
Selling expenses	(61,361)	(65,388)	(17,799)	(23,190)
Allowance for impairment of financial instruments	(3,758)	(526)	(2,957)	107
General and administrative expenses	(55,385)	(52,625)	(34,992)	(30,534)
Other operating expenses	(2,453)	(10,711)	(3,704)	(12,097)
	(399,806)	**(471,278)**	**(204,021)**	**(295,427)**
Expenses by nature	**03-31-2023**	**03-31-2022**	**03-31-2023**	**03-31-2022**
Depreciation and amortization	(8,533)	(8,332)	(4,123)	(3,955)
Personnel expenses	(83,649)	(85,554)	(55,465)	(65,147)
Tax expenses	(2,657)	(2,448)	(1,558)	(1,761)
Raw materials and supplies and consumables	(176,289)	(225,474)	(77,816)	(136,377)
Auxiliary materials and upkeep and maintenance supplies	(18,149)	(25,033)	(17,274)	(24,314)
Freight and insurance	(30,357)	(34,014)	(14,398)	(16,391)
Outside services	(22,760)	(16,685)	(15,990)	(12,377)
Advertising and publicity	(15,693)	(15,024)	(1,103)	(2,099)
Expenses on product warranty	(672)	(666)	(288)	(1,498)
Water and power	(7,317)	(11,277)	(3,219)	(3,953)
Travel and lodging	(1,911)	(2,329)	(1,248)	(1,747)
Expenses on commissions	(9,083)	(11,336)	(1,155)	(1,321)
Cost of property, plant and equipment written off	(1,320)	(153)	-	(151)
Civil, labor and tax risks	(2,365)	(12,215)	(2,515)	(12,066)
Rentals	(1,634)	(1,759)	(2,726)	(2,698)
Other expenses	(17,417)	(18,979)	(5,143)	(9,572)
	(399,806)	**(471,278)**	**(204,021)**	**(295,427)**

31. Finance income (costs), net

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

	Consolidated		Parent	
	03-31-2023	03-31-2022	**03-31-2023**	03-31-2022
Finance income				
Interest	**1,811**	538	**4,579**	1,632
Foreign exchange gains	**35,228**	152,429	**34,942**	152,008
Other income	**5,715**	2,225	**5,173**	2,187
	42,754	155,192	**44,694**	155,827
Finance costs				
Interest and fines	**(11,776)**	(9,929)	**(12,322)**	(10,038)
Foreign exchange losses	**(28,603)**	(97,638)	**(28,229)**	(96,537)
Other expenses	**(2,483)**	(4,117)	**(2,264)**	(3,787)
	(42,862)	(111,684)	**(42,815)**	(110,362)
Finance income (costs), net	**(108)**	43,508	**1,879**	45,465

32. Provision for product warranty

The Company quantifies and recognizes an estimate for the warranty-related costs, according to history of and current repair costs. The provision for product warranty ensures that the repair costs in case of replacement or repair do not affect the results of operations for the periods in which these additional costs were incurred. Therefore, amounts are recognized on an accrual basis. As at March 31, 2023 and December 31, 2022, the balances are as follows:

	Consolidated		Parent	
	03-31-2023	**12-31-2022**	**03-31-2023**	**12-31-2022**
Domestic market	**7,698**	7,752	**6,230**	6,286
Foreign market	**8,040**	8,258	**-**	-
Total	**15,738**	**16,010**	**6,230**	**6,286**
Current liabilities	**10,859**	10,999	**6,230**	6,286
Noncurrent liabilities	**4,879**	5,011	**-**	-

33. Events after the reporting period

Stock option plan

The Extraordinary and Annual General Meeting held on April 28, 2023 unanimously approved the new Stock Grant Plan, as proposed by Management.

The new Plan replaces the Stock Options Plan, approved by the Extraordinary and Annual General Meeting held on April 26, 2021, and amended by the Extraordinary and Annual General Meeting held on April 19, 2022.

The plan’s goal is to attract, motivate, and retain high performance executives who are strategic to the development of the Company’s core business.

Eligible participants will be entitled to receive the Company’s shares, based on the terms and conditions set forth in the Plan and Program for Granting of Rights to Receive Shares.

Up to the date of approval of this interim financial information, no Program for Granting of Rights to Receive Shares was entered into and, therefore, there was no Plan beneficiary.

Recognition of bylaws reserve and allocation of retained earnings for 2022

The Extraordinary and Annual General Meeting held on April 28, 2023 approved the proposal for amendment to Article 41 and sole paragraph of the Company's Bylaws, for the creation of the bylaws reserve for investments, as proposed by Management and in conformity with article 194 of Law 6.404/1976.

Also, the allocation of the amount of R$304.7 million to this bylaws reserve was approved, relating to the profit determined in 2022 after the allocations to the Legal Reserve, Tax Incentive Reserve and Mandatory Minimum Dividends, as proposed by Management.

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Taurus Armas S.A. (“Company”), included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2023, which comprises the balance sheet as at March 31, 2023 and the related statements of profit and loss, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the 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 technical pronouncement CPC 21 (R1) and international standard 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 three-month period ended March 31, 2023, prepared under the responsibility of the Company's Executive Board and disclosed as supplemental information for purposes of the international standard IAS 34. These statements were subject to review procedures performed together with the review of the Interim Financial Information (ITR) to reach a conclusion on whether they are 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 this standard 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, May 11, 2023

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Otávio Ramos Pereira
Engagement Partner

2023CB023306

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 first quarter of 2023. Based on the conducted reviews and also taking into consideration the unqualified Report on the Review of Interim Financial Information, issued by Deloitte Touche Tohmatsu Auditores Independentes on May 11, 2023, in addition to information and clarifications received from the Company's Management, it represents that the mentioned documents are appropriate to be disclosed.

São Leopoldo, May 11, 2023

Haroldo Zago
Chairman

Mauro César Medeiros de Mello
Board Member

Valmir Pedro Rossi
Board Member

AUDIT AND RISK BOARD'S OPINION

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

In order to fulfill its duties and in compliance with its annual work plan, it has held a meeting to discuss the financial statements for the period ended May 10, 2023.

The Board has audited the Management Report, the Interim Financial Information for the period ended March 31, 2023, including the explanatory notes, and the unqualified report issued by Deloitte Touche Tohmatsu Auditores Independentes.

Based on the activities performed in the period, in reliance upon its duties and limitations inherent in its work scope, the Audit and Risk Board, without identifying any event that could affect the quality and completeness of the information to be disclosed, recommends to the Board of Directors the approval and disclosure of the Interim Financial Information as at March 31, 2023 and the respective Performance Report.

Porto Alegre, May 10, 2023.

SÉRGIO LAURIMAR FIORAVANTI
Board Member/Chairman

MAGNO NEVES FONSECA
Board Member

LUCIANO LUIZ BARSI
Board Member

STATEMENT OF THE EXECUTIVE COMMITTEE OF TAURUS ARMAS S.A. ON THE INTERIM FINANCIAL INFORMATION FOR THE FIRST QUARTER OF 2023

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Leonardo Brum Sesti and Eduardo Minghelli, Officers of Taurus Armas S.A., a company with registered head office at Av. São Borja, 2181/Prédio A, CEP: 93.032-000, São Leopoldo, RS, enrolled with Corporate Taxpayer Identification (CNPJ/MF) under No. 92.781.335/0001-02, in compliance with provisions of Article 25, V and VI, of CVM Instruction 480, of December 7, 2009, hereby declare that they have reviewed, discussed and agreed with the Interim Financial Information of Taurus Armas S.A. and consolidated companies for the period from January 1, 2023 to March 31, 2023.

São Leopoldo, May 11, 2023.

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

Eduardo Minghelli

Executive Officer without specific designation

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

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Leonardo Brum Sesti and Eduardo Minghelli, Officers of Taurus Armas S.A., a company with registered head office at Av. São Borja, 2181/Prédio A, CEP: 93.032-000, São Leopoldo, RS, enrolled with Corporate Taxpayer Identification (CNPJ/MF) under No. 92.781.335/0001-02, in compliance with provisions of Article 25, V and VI, of CVM Instruction 480, of December 7, 2009, hereby declare that they have reviewed, discussed and agreed with the opinions expressed by Deloitte Touche Tohmatsu Auditores Independentes, in its Independent Auditor's Review Report on the Interim Financial Information for the period from January 1, 2023 to March 31, 2023, issued on May 11, 2023.

São Leopoldo, May 11, 2023.

Salesio Nuhs
Chief Executive Officer

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

Leonardo Brum Sesti
Executive Officer without specific designation

Eduardo Minghelli
Executive Officer without specific designation