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

Taurus Armas S.A.

Report on Review of Interim Financial Information
for the Six-month Period Ended June 30, 2023

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

Contents

Company Data/Capital Breakdown	
Number of shares (units)	**Current Quarter 06/30/2023**
Common - Paid-in capital	46,445,314
Preferred - Paid-in capital	80,189,120
Total - Paid-in Capital	126,634,434
Common - Held in treasury	-
Preferred - Held in treasury	-
Total - Held in treasury	-

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

Line Item	Description	Current Quarter 06/30/2023	Prior Year 12/31/2022
1	Total assets	1,928,973	2,122,509
1.01	Current assets	630,091	819,991
1.01.01	Cash and cash equivalents	55,389	107,155
1.01.01.01	Cash and banks	39,943	91,055
1.01.01.02	Highly liquid short-term investments	15,446	16,100
1.01.02	Short-term investments	78,434	92,010
1.01.02.03	Short-term investments at evaluated at amortized cost	78,434	92,010
1.01.03	Accounts receivable	109,467	224,150
1.01.03.01	Trade receivables	109,467	224,150
1.01.04	Inventories	314,861	331,810
1.01.06	Recoverable taxes	36,939	22,939
1.01.06.01	Recoverable current taxes	36,939	22,939
1.01.07	Prepaid expenses	5,958	6,408
1.01.08	Other current assets	29,043	35,519
1.01.08.03	Other	29,043	35,519
1.01.08.03.03	Related parties - financial loan	11,670	12,682
1.01.08.03.04	Other receivables	17,373	22,837
1.02	Noncurrent assets	1,298,882	1,302,518
1.02.01	Long-term receivables	223,234	216,782
1.02.01.03	Long-term investments at evaluated at amortized cost	-	21,931
1.02.01.07	Deferred taxes	33,574	37,338
1.02.01.07.01	Deferred income tax and social contribution	33,574	37,338
1.02.01.09	Due from related parties	110,095	86,471
1.02.01.09.02	Receivables from subsidiaries	110,095	86,471
1.02.01.10	Other noncurrent assets	79,565	71,042
1.02.01.10.03	Recoverable taxes	14,451	14,435
1.02.01.10.04	Other	65,114	56,607
1.02.02	Investments	686,546	727,546
1.02.02.01	Equity interests	686,546	727,546
1.02.02.01.02	Equity interests in subsidiaries	686,546	727,546
1.02.03	Property, plant and equipment	328,231	304,109
1.02.03.01	Fixed assets in use	186,943	190,483
1.02.03.03	Construction in progress	141,288	113,626
1.02.04	Intangible assets	60,871	54,081
1.02.04.01	Intangible assets	60,871	54,081
1.02.04.01.02	Intangible assets	60,871	54,081

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

Line Item	Description	Current Quarter 06/30/2023	Prior Year 12/31/2022
2	Total liabilities and equity	1,928,973	2,122,509
2.01	Current liabilities	650,946	840,338
2.01.01	Payroll, benefits and taxes thereon	38,429	46,662
2.01.01.01	Payroll and related taxes	5,129	6,358
2.01.01.02	Payroll and related taxes	33,300	40,304
2.01.02	Trade payables	74,246	70,543
2.01.02.01	Local suppliers	67,478	54,951
2.01.02.02	Foreign suppliers	6,768	15,592
2.01.03	Taxes payable	36,815	49,025
2.01.03.01	Federal tax liabilities	35,136	43,832
2.01.03.01.01	Income tax and social contribution payable	18,233	14,679
2.01.03.01.02	Other taxes	16,903	29,153
2.01.03.02	State tax liabilities	1,639	5,160
2.01.03.03	Municipal tax liabilities	40	33
2.01.04	Borrowings and financing	391,293	392,967
2.01.04.01	Borrowings and financing	391,293	392,967
2.01.04.01.01	In local currency	1,222	1,838
2.01.04.01.02	In foreign currency	390,071	391,129
2.01.05	Other payables	48,434	220,752
2.01.05.02	Other	48,434	220,752
2.01.05.02.02	Dividends payable	12,750	164,119
2.01.05.02.08	Advances from customers	22,216	38,631
2.01.05.02.09	Other payables	13,468	18,002
2.01.06	Provisions	61,729	60,389
2.01.06.01	Tax, social security, labor and civil provisions	55,605	54,103
2.01.06.01.01	Tax provisions	47,727	47,727
2.01.06.01.02	Social security and labor provisions	5,639	5,328
2.01.06.01.04	Civil provisions	2,239	1,048
2.01.06.02	Other provisions	6,124	6,286
2.01.06.02.01	Provision for warranties	6,124	6,286
2.02	Noncurrent liabilities	219,492	257,940
2.02.01	Borrowings and financing	59,295	95,258
2.02.01.01	Borrowings and financing	59,295	95,258
2.02.01.01.01	In local currency	37,640	1,820
2.02.01.01.02	In foreign currency	21,655	93,438
2.02.02	Other payables	109,568	112,024
2.02.02.01	Due to related parties	58,536	57,546

Individual FS / Balance Sheet - Liabilities

(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 06/30/2023	Prior Year 12/31/2022
2.02.02.01.04	Due to other related parties	58,536	57,546
2.02.02.02	Other	51,032	54,478
2.02.02.02.03	Taxes payable	9,980	14,222
2.02.02.02.04	Provision for negative equity	21,857	19,474
2.02.02.02.06	Trade payables	11,127	12,641
2.02.02.02.09	Other payables	8,068	8,141
2.02.04	Provisions	50,629	50,658
2.02.04.01	Tax, social security, labor and civil provisions	50,629	50,658
2.02.04.01.01	Tax provisions	221	221
2.02.04.01.02	Social security and labor provisions	36,312	36,095
2.02.04.01.04	Civil provisions	14,096	14,342
2.03	Equity	1,058,535	1,024,231
2.03.01	Issued capital	367,936	367,936
2.03.02	Capital reserves	-18,348	-21,355
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	17,411	14,090
2.03.02.09	Capital Transactions	-45,639	-45,325
2.03.04	Profit reserve	451,593	464,256
2.03.04.01	Legal reserve	41,064	41,064
2.03.04.02	Statutory reserve	292,039	-
2.03.04.05	Profit retention reserve	-	304,702
2.03.04.07	Tax incentive reserve	118,490	118,490
2.03.05	Retained earnings/accumulated losses	84,535	-
2.03.06	Valuation adjustments to equity	44,260	44,535
2.03.08	Cumulative translation adjustments	128,559	168,859
2.03.08.01	Cumulative translation adjustments	128,559	168,859

Individual FS / Statement of Profit or Loss

(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 04/01/2023 to 06/30/2023	Current YTD 01/01/2023 to 06/30/2023	Prior Quarter 04/01/2022 to 06/30/2022	Prior YTD 01/01/2022 to 06/30/2022
3.01	Net operating revenue	310,587	563,026	470,705	933,142
3.02	Cost of sales	- 194,463	- 339,032	- 241,454	- 471,167
3.03	Gross profit	116,124	223,994	229,251	461,975
3.04	Operating (expenses) income	- 43,621	- 99,582	- 34,115	- 43,713
3.04.01	Selling expenses	- 17,800	- 35,599	- 22,555	- 45,745
3.04.02	General and administrative expenses	- 27,781	- 62,773	- 24,563	- 55,097
3.04.03	Impairment losses	4,748	1,791	- 641	- 534
3.04.04	Other operating income	5,532	8,117	7,427	35,493
3.04.05	Other operating expenses	- 4,535	- 8,239	- 2,500	- 14,597
3.04.06	Equity in earnings (losses)	- 3,785	- 2,879	8,717	36,767
3.05	Profit before finance income (costs) and taxes	72,503	124,412	195,136	418,262
3.06	Finance income (costs)	5,997	7,876	- 43,772	1,693
3.06.01	Finance income	49,357	94,051	77,508	233,335
3.06.02	Finance costs	- 43,360	- 86,175	- 121,280	- 231,642
3.07	Pretax income	78,500	132,288	151,364	419,955
3.08	Income tax and social contribution	- 29,637	- 48,029	- 50,545	- 124,143
3.08.01	Current	- 23,131	- 44,266	- 32,192	- 83,955
3.08.02	Deferred	- 6,506	- 3,763	- 18,353	- 40,188
3.09	Profit (loss) from continuing operations	48,863	84,259	100,819	295,812
3.11	profit (loss) for the period	48,863	84,259	100,819	295,812
3.99	Earnings per share (R$/share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common shares (ON)	0.38587	0.66538	0.79717	2.43826
3.99.01.02	Preferred shares (PN)	0.38584	0.66536	0.87706	2.53445
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares (ON)	0.38587	0.66538	0.79717	2.43826
3.99.02.02	Preferred shares (PN)	0.38528	0.66480	0.87206	2.41289

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

Line Item	Description	Current Quarter 04/01/2023 to 06/30/2023	Current YTD 01/01/2023 to 06/30/2023	Prior Quarter 04/01/2022 to 06/30/2022	Prior YTD 01/01/2022 to 06/30/2022
4.01	Profit for the period	48,863	84,259	100,819	295,812
4.02	Other comprehensive income	- 26,510	- 40,299	45,879	- 26,035
4.02.01	Translation adjustments for the period	- 26,510	- 40,299	45,879	- 26,035
4.03	Comprehensive income for the period	22,353	43,960	146,698	269,777

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

Line Item	Description	Current YTD 01/01/2023 to 06/30/2023	Prior YTD 01/01/2022 to 06/30/2022
6.01	Net cash from operating activities	148,969	378,622
6.01.01	Cash generated by operating activities	116,975	308,070
6.01.01.01	Profit (loss) before income tax and social contribution	132,288	419,955
6.01.01.02	Depreciation and amortization	8,227	7,617
6.01.01.03	Cost of capital assets written off	1,412	161
6.01.01.04	Allowance for doubtful debts	- 1,791	534
6.01.01.05	Share of results of investees	2,879	- 36,767
6.01.01.08	Accrued interest on borrowings and intragroup borrowings	19,995	18,408
6.01.01.10	Allowance for inventory losses	876	416
6.01.01.11	Provision for warranties	- 162	- 220
6.01.01.12	Provision for civil, labor and tax risks	1,473	- 1,742
6.01.01.13	Exchange differences on borrowings and other items	- 48,222	- 100,292
6.01.02	Changes in assets and liabilities	68,714	162,811
6.01.02.01	(Increase) decrease in trade receivables	116,474	98,443
6.01.02.02	Decrease (increase) in inventories	16,073	- 4,735
6.01.02.03	Decrease (increase) in other receivables	- 15,883	- 2,704
6.01.02.04	(Decrease) increase in trade payables	2,189	18,587
6.01.02.05	Increase (decrease) in accounts payable	- 50,139	53,220
6.01.03	Other	- 36,720	- 92,259
6.01.03.02	Income tax and social contribution paid	- 36,720	- 92,259
6.02	Net cash from investing activities	- 28,068	- 135,075
6.02.01	Due from related parties	- 23,024	- 23,944
6.02.03	In investments	-	-
6.02.04	In property, plant and equipment	- 32,794	- 58,383
6.02.05	In intangible assets	- 7,757	- 6,557
6.02.06	Financial investments	35,507	- 46,191
6.03	Net cash from financing activities	- 172,667	- 214,984
6.03.01	Payment of interest on equity and dividends	- 164,032	- 194,235
6.03.02	Borrowings and intragroup borrowings	213,763	160,087
6.03.03	Repayment of borrowings	- 204,451	- 190,406
6.03.05	Capital increase	-	22,539
6.03.07	Payment of interest on borrowings and intragroup borrowings	- 17,399	- 14,541
6.03.10	Due to related parties	- 548	1,572
6.05	Increase (decrease) in cash and cash equivalents	- 51,766	28,563
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	55,389	93,962

Individual FS / Statement of Value Added

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2023 to 06/30/2023	Prior YTD 01/01/2022 to 06/30/2022
7.01	Revenue	646,307	1,209,709
7.01.01	Sales of goods and services	636,399	1,174,750
7.01.02	Other income	8,117	35,493
7.01.04	Allowance for (reversal of) doubtful debts	1,791	-534
7.02	Inputs purchased from third parties	-313,122	-443,535
7.02.01	Cost of products, goods and services sold	-187,744	-298,084
7.02.02	Supplies, power, outside services and other inputs	-125,378	-145,451
7.03	Gross value added	333,185	766,174
7.04	Withholdings	-8,227	-7,617
7.04.01	Depreciation, amortization and depletion	-8,227	-7,617
7.05	Wealth created	324,958	758,557
7.06	Wealth received in transfer	91,172	270,102
7.06.01	Equity in earnings (losses)	-2,879	36,767
7.06.02	Finance income	94,051	233,335
7.07	Wealth for distribution	416,130	1,028,659
7.08	Wealth distributed	416,130	1,028,659
7.08.01	Personnel expenses	94,729	109,360
7.08.01.01	Wages	75,998	83,380
7.08.01.02	Benefits	13,293	20,184
7.08.01.03	Severance Pay Fund (FGTS)	5,438	5,796
7.08.02	Taxes, fees and contributions	148,603	389,173
7.08.02.01	Federal	114,824	312,125
7.08.02.02	State	33,662	76,911
7.08.02.03	Municipal	117	137
7.08.03	Lenders and lessors	88,539	234,314
7.08.03.01	Interest	86,177	231,642
7.08.03.02	Rentals	2,362	2,672
7.08.04	Shareholders	84,259	295,812
7.08.04.02	Dividends	12,663	-
7.08.04.03	Retained earnings (accumulated losses)	71,596	295,812

Individual FS / Statements of Changes in Equity / SCE - 01/01/2023 to 06/30/2023
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	367,936	- 21,355	464,256	-	213,394	1,024,231
5.03	Adjusted opening balances	367,936	- 21,355	464,256	-	213,394	1,024,231
5.04	Shareholders' capital transactions	-	3,007	- 12,663	-	-	- 9,656
5.04.03	Recognized stock options granted	-	3,321	-	-	-	3,321
5.04.06	Dividends	-	-	- 12,663	-	-	- 12,663
5.04.08	Others transactions	-	- 314	-	-	-	- 314
5.05	Total comprehensive income	-	-	-	84,259	- 40,299	43,960
5.05.01	Profit for the period	-	-	-	84,259	-	84,259
5.05.02	Other comprehensive income	-	-	-	-	- 40,299	- 40,299
5.05.02.04	Translation adjustments for the period	-	-	-	-	- 40,299	- 40,299
5.06	Internal changes in equity	-	-	-	276	- 276	-
5.06.02	Realization of revaluation reserve	-	-	-	276	- 276	-
5.07	Closing balances	367,936	- 18,348	451,593	84,535	172,819	1,058,535

Individual FS / Statements of Changes in Equity / SCE - 01/01/2022 to 06/30/2022
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Prior-year adjustments	308,191 -	27,281	233,936	-	242,201	757,047
5.03	Shareholders' capital transactions	308,191 -	27,281	233,936	-	242,201	757,047
5.04	Capital increases	22,539	3,755 -	126,285	-	- -	99,991
5.04.01	Share issuance costs	22,539	-	-	-	-	22,539
5.04.03	Treasury shares acquired	-	4,399	-	-	-	4,399
5.04.06	Dividends	-	- -	126,285	-	- -	126,285
5.04.08	Total comprehensive income	- -	644	-	-	- -	644
5.05	Net income for the period	-	-	-	295,812 -	26,035	269,777
5.05.01	Other comprehensive income	-	-	-	295,812	-	295,812
5.05.02	Adjustments to financial instruments	-	-	-	- -	26,035 -	26,035
5.05.02.04	Taxes on translation adjustments for the period	-	-	-	- -	26,035 -	26,035
5.06	Recognition of reserves	-	-	25,826 -	25,467 -	359	-
5.06.01	Realization of revaluation reserve	-	-	25,826 -	25,826	-	-
5.06.02	Taxes on realization of revaluation reserve	-	-	-	359 -	359	-
5.07	Closing balances	330,730 -	23,526	133,477	270,345	215,807	926,833

Consolidated FS / Balance Sheet - Assets

(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 06/30/2023	Prior Year 12/31/2022
1	Total assets	2,050,210	2,276,173
1.01	Current assets	1,212,214	1,467,612
1.01.01	Cash and cash equivalents	111,769	201,219
1.01.01.01	Cash and banks	90,365	178,607
1.01.01.02	Highly liquid short-term investments	21,404	22,612
1.01.02	Short-term investments	94,905	105,544
1.01.02.03	Short-term investments at evaluated at amortized cost	94,905	105,544
1.01.03	Accounts receivable	201,635	352,437
1.01.03.01	Trade receivables	201,635	352,437
1.01.04	Inventories	635,186	630,390
1.01.06	Recoverable taxes	46,827	37,039
1.01.06.01	Recoverable current taxes	46,827	37,039
1.01.07	Prepaid expenses	25,667	41,946
1.01.08	Other current assets	96,225	99,037
1.01.08.01	Noncurrent assets for sale	68,664	68,034
1.01.08.03	Other	27,561	31,003
1.01.08.03.02	Others account receivables	27,561	31,003
1.02	Noncurrent assets	837,996	808,561
1.02.01	Long-term receivables	166,228	165,705
1.02.01.03	Long-term investments at evaluated at amortized cost	-	21,931
1.02.01.07	Deferred taxes	65,038	60,855
1.02.01.07.01	Deferred income tax and social contribution	65,038	60,855
1.02.01.09	Credits with related parties	10,455	-
1.02.01.09.04	Credits with others related parties	10,455	-
1.02.01.10	Other noncurrent assets	90,735	82,919
1.02.01.10.03	Other	15,082	15,176
1.02.01.10.04	Recoverable taxes	75,653	67,743
1.02.02	Investments	4,268	4,373
1.02.02.01	Equity interests	4,268	4,373
1.02.02.01.04	Investments in joint ventures	4,109	4,214
1.02.02.01.05	Other investments	159	159
1.02.03	Property, plant and equipment	538,018	512,701
1.02.03.01	Fixed assets in use	374,633	352,958
1.02.03.03	Construction in progress	163,385	159,743
1.02.04	Intangible assets	129,482	125,782
1.02.04.01	Intangible	129,482	125,782
1.02.04.01.02	Intangible	129,482	125,782

Consolidated FS / Balance Sheet - Liabilities

(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 06/30/2023	Prior Year 12/31/2022
2	Total liabilities and equity	2,050,210	2,276,173
2.01	Current liabilities	783,534	998,666
2.01.01	Payroll, benefits and taxes thereon	48,490	66,948
2.01.01.01	Payroll and related taxes	5,739	6,924
2.01.01.02	Payroll and related taxes	42,751	60,024
2.01.02	Trade payables	110,123	112,230
2.01.02.01	Local suppliers	76,618	69,285
2.01.02.02	Foreign suppliers	33,505	42,945
2.01.03	Taxes payable	82,941	86,843
2.01.03.01	Federal tax liabilities	80,186	80,930
2.01.03.01.01	Income tax and social contribution payable	22,637	16,326
2.01.03.01.02	Other taxes	57,549	64,604
2.01.03.02	State tax liabilities	2,676	5,848
2.01.03.03	Municipal tax liabilities	79	65
2.01.04	Borrowings and Financing	391,293	392,967
2.01.04.01	Borrowings and Financing	391,293	392,967
2.01.04.01.01	In local currency	1,222	1,838
2.01.04.01.02	In foreign currency	390,071	391,129
2.01.05	Other payables	69,575	258,369
2.01.05.02	Other	69,575	258,369
2.01.05.02.02	Dividends payable	12,750	164,119
2.01.05.02.09	Other payables	22,522	38,915
2.01.05.02.11	Other payables	34,303	55,335
2.01.06	Provisions	70,945	71,598
2.01.06.01	Tax, social security, labor and civil provisions	60,354	60,599
2.01.06.01.01	Tax provisions	48,023	48,003
2.01.06.01.02	Social security and labor provisions	6,766	6,693
2.01.06.01.04	Civil provisions	5,565	5,903
2.01.06.02	Other allowances, provisions and accruals	10,591	10,999
2.01.06.02.01	Provision for warranties	10,591	10,999
2.01.07	Liabilities on non-current assets for sale and discontinued	10,167	9,711
2.01.07.02	Liabilities on assets from discontinued operations	10,167	9,711
2.02	Noncurrent liabilities	208,141	253,276
2.02.01	Borrowings and financing	59,295	95,258
2.02.01.01	Borrowings and financing	59,295	95,258
2.02.01.01.01	In local currency	37,640	1,820
2.02.01.01.02	In foreign currency	21,655	93,438

Consolidated FS / Balance Sheet - Liabilities

(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 06/30/2023	Prior Year 12/31/2022
2.02.02	Other payables	71,796	80,140
2.02.02.01	Due to related parties	1,902	1,808
2.02.02.01.04	Due to other related parties	1,902	1,808
2.02.02.02	Other	69,894	78,332
2.02.02.02.03	Unsecured liabilities provisions	331	-
2.02.02.02.04	Other Payables	17,100	22,597
2.02.02.02.06	Trade payables	11,127	12,641
2.02.02.02.09	Other Payables	41,336	43,094
2.02.03	Deferred taxes	16,244	16,738
2.02.03.01	Deferred income tax and social contribution	16,244	16,738
2.02.04	Provisions	60,806	61,140
2.02.04.01	Tax, social security, labor and civil provisions	56,178	56,129
2.02.04.01.01	Tax provisions	2,801	2,706
2.02.04.01.02	Social security and labor provisions	37,696	37,529
2.02.04.01.04	Civil provisions	15,681	15,894
2.02.04.02	Other allowances, provisions and accruals	4,628	5,011
2.02.04.02.01	Provision for warranties	4,628	5,011
2.03	Consolidated equity	1,058,535	1,024,231
2.03.01	Issued capital	367,936	367,936
2.03.02	Capital reserves	-18,348	-21,355
2.03.02.03	Disposal of subscription warrants	9,880	9,880
2.03.02.04	Stock options granted	17,411	14,090
2.03.02.09	Capital Transactions	-45,639	-45,325
2.03.04	Profit reserve	451,593	464,256
2.03.04.01	Legal reserve	41,064	41,064
2.03.04.02	Statutory reserve	292,039	-
2.03.04.05	Profit retention reserve	-	304,702
2.03.04.07	Tax incentive reserve	118,490	118,490
2.03.05	Retained earnings/accumulated losses	84,535	-
2.03.06	Valuation adjustments to equity	44,260	44,535
2.03.08	Cumulative translation adjustments	128,559	168,859
2.03.08.01	Cumulative translation adjustments	128,559	168,859

Consolidated FS / Statement of Profit or Loss

(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 04/01/2023 to 06/30/2023	Current YTD 01/01/2023 to 06/30/2023	Prior Quarter 04/01/2022 to 06/30/2022	Prior YTD 01/01/2022 to 06/30/2022
3.01	Net operating revenue	470,285	923,518	625,586	1,302,155
3.02	Cost of sales	- 298,268	- 575,117	- 327,856	- 669,884
3.03	Gross profit	172,017	348,401	297,730	632,271
3.04	Operating (expenses) income	- 98,719	- 219,012	- 99,757	- 200,583
3.04.01	Selling expenses	- 58,216	- 119,577	- 60,107	- 125,495
3.04.02	General and administrative expenses	- 48,484	- 103,869	- 45,173	- 97,798
3.04.03	Impairment losses	4,972	1,214	- 20	- 546
3.04.04	Other operating income	6,446	9,831	6,965	35,556
3.04.05	Other operating expenses	- 3,374	- 5,827	- 1,190	- 11,901
3.04.06	Equity in earnings (losses)	- 63	- 784	- 232	- 399
3.05	Profit before finance income (costs) and taxes	73,298	129,389	197,973	431,688
3.06	Finance income (costs)	4,475	4,367	- 44,633	- 1,125
3.06.01	Finance income	47,423	90,177	76,811	232,003
3.06.02	Finance costs	- 42,948	- 85,810	- 121,444	- 233,128
3.07	Pretax income	77,773	133,756	153,340	430,563
3.08	Income tax and social contribution	- 28,230	- 48,272	- 51,330	- 133,219
3.08.01	Current	- 28,676	- 52,456	- 38,224	- 100,795
3.08.02	Deferred	446	4,184	- 13,106	- 32,424
3.09	Profit (loss) from continuing operations	49,543	85,484	102,010	297,344
3.10	Profit (loss) from discontinued operations, net	- 680	- 1,225	- 1,191	- 1,532
3.10.01	Profit (loss) from discontinued operations	- 680	- 1,225	- 1,191	- 1,532
3.11	Profit (loss) for the period	48,863	84,259	100,819	295,812
3.11.01	Attributed to shareholders of the parent company	48,863	84,259	100,819	295,812
3.99	Earnings per share (R$/share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	Common shares (ON)	0.38587	0.66538	0.05124	2.43826
3.99.01.02	Preferred shares (PN)	0.38584	0.66536	- 0.37852	2.53445
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	Common shares (ON)	0.38587	0.66538	0.05124	2.43826
3.99.02.02	Preferred shares (PN)	0.38528	0.66480	0.05164	2.41289

Consolidated FS / Statement of Comprehensive Income

(In thousands of Brazilian reais)

Line Item	Description	Current Quarter 04/01/2023 to 06/30/2023	Current YTD 01/01/2023 to 06/30/2023	Prior Quarter 04/01/2022 to 06/30/2022	Prior YTD 01/01/2022 to 06/30/2022
4.01	Profit for the period	48,863	84,259	100,819	295,812
4.02	Other comprehensive income	-26,510	-40,299	45,879	-26,035
4.02.01	Translation adjustments for the period	-26,510	-40,299	45,879	-26,035
4.03	Comprehensive income for the period	22,353	43,960	146,698	269,777
4.03.01	Attributed to shareholders of the parent company	22,353	43,960	146,698	269,777

Consolidated FS / Statement of Cash Flows - Indirect Method

(In thousands of Brazilian reais)

Line Item	Description	Current YTD 01/01/2023 to 06/30/2023	Prior YTD 01/01/2022 to 06/30/2022
6.01	Net cash from operating activities	113,182	309,508
6.01.01	Cash generated by operating activities	116,306	359,522
6.01.01.01	Profit (loss) before income tax and social contribution	133,756	430,563
6.01.01.02	Depreciation and amortization	17,031	15,730
6.01.01.03	Cost of capital assets written off	2,782	194
6.01.01.05	Share of results of investees	784	399
6.01.01.07	Allowance for doubtful debts	- 1,214	546
6.01.01.08	Allowance for inventory losses	1,318	- 310
6.01.01.10	Accrued interest on borrowings and intragroup loans	17,134	17,226
6.01.01.12	Provision for Civil, Labor and Tax Risks	- 196	- 1,727
6.01.01.14	Other items that do not affect cash included in profit	- 7,904	- 5,904
6.01.01.17	Provision for warranties	- 791	- 862
6.01.01.18	Exchange differences on translating borrowings and financing	- 48,222	- 97,712
6.01.01.20	Net cash from discontinued operations	1,828	1,379
6.01.02	Changes in assets and liabilities	34,154	42,177
6.01.02.01	(Increase) decrease in trade receivables	143,369	94,022
6.01.02.02	(Increase) decrease in inventories	- 29,940	- 135,842
6.01.02.03	(Increase) in other receivables	- 8,073	10,571
6.01.02.04	Increase in trade payables	- 1,484	42,805
6.01.02.05	Increase in accounts payable	- 69,718	30,621
6.01.03	Other	- 37,278	- 92,191
6.01.03.03	Held-for-sale assets and liabilities	- 210	554
6.01.03.04	Income tax and social contribution paid	- 37,068	- 92,745
6.02	Net cash from investing activities	- 38,747	- 143,308
6.02.01	Due from related parties	- 10,647	- 49
6.02.03	In investments	- 993	- 2,188
6.02.04	In property, plant and equipment	- 50,103	- 86,888
6.02.05	In intangible assets	- 7,782	- 6,635
6.02.06	Financial investments	32,570	- 46,191
6.02.07	Net cash from discontinued investing activities	- 1,792	- 1,357
6.03	Net cash from financing activities	- 170,487	- 192,222
6.03.01	Payment of interest on equity and dividends	- 164,032	- 194,235
6.03.02	Borrowings and intragroup borrowings	213,763	183,732
6.03.03	Repayment of borrowings	- 204,451	- 190,406
6.03.05	Capital increase	-	22,539
6.03.09	Due to related parties	94	69
6.03.10	Payment of interest on borrowings and intragroup borrowings	- 15,861	- 13,921
6.04	Exchange differences on translating cash and cash equivalents	6,602	7,012
6.05	Increase (decrease) in cash and cash equivalents	- 89,450	- 19,010
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	111,769	166,754

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

Line Item	Description	Current YTD 01/01/2023 to 06/30/2023	Prior YTD 01/01/2022 to 06/30/2022
7.01	Revenue	1,019,923	1,594,203
7.01.01	Sales of goods and services	1,008,878	1,559,193
7.01.02	Other income	9,831	35,556
7.01.04	Allowance for (reversal of) doubtful debts	1,214	-546
7.02	Inputs purchased from third parties	-644,258	-739,484
7.02.01	Cost of products, goods and services sold	-407,424	-484,087
7.02.02	Supplies, power, outside services and other inputs	-236,834	-255,397
7.03	Gross value added	375,665	854,719
7.04	Withholdings	-17,031	-15,730
7.04.01	Depreciation, amortization and depletion	-17,031	-15,730
7.05	Wealth created	358,634	838,989
7.06	Wealth received in transfer	88,168	230,072
7.06.01	Equity in earnings (losses)	-784	-399
7.06.02	Finance income	90,177	232,003
7.06.03	Other	-1,225	-1,532
7.06.03.20	Wealth created by discontinued operations for distribution	-1,225	-1,532
7.07	Wealth for distribution	446,802	1,069,061
7.08	Wealth distributed	446,802	1,069,061
7.08.01	Personnel expenses	108,312	122,245
7.08.01.01	Wages	86,683	93,467
7.08.01.02	Benefits	15,559	22,429
7.08.01.03	Severance Pay Fund (FGTS)	6,070	6,349
7.08.02	Taxes, fees and contributions	165,760	414,938
7.08.02.01	Federal	125,552	331,137
7.08.02.02	State	39,804	83,404
7.08.02.03	Municipal	404	397
7.08.03	Lenders and lessors	88,471	236,066
7.08.03.01	Interest	85,809	233,127
7.08.03.02	Rentals	2,662	2,939
7.08.05	Other	84,259	295,812
7.08.05.01	Accumulated losses, net of valuation adjustments to equity - Continuing operation	72,821	297,344
7.08.05.02	Accumulated losses, net of valuation adjustments to equity - discontinued operation	-1,225	-1,532
7.08.05.03	Dividends	12,663	-

Consolidated FS / Statements of Changes in Equity / SCE - 01/01/2023 to 06/30/2023
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	367,936	-21,355	464,256	-	213,394	1,024,231
5.03	Adjusted opening balances	367,936	-21,355	464,256	-	213,394	1,024,231
5.04	Shareholders' capital transactions	-	3,007	-12,663	-	-	-9,656
5.04.03	Recognized stock options granted	-	3,321	-	-	-	3,321
5.04.06	Dividends	-	-	-12,663	-	-	-12,663
5.04.08	Others transactions	-	-314	-	-	-	-314
5.05	Total comprehensive income	-	-	-	84,259	-40,299	43,960
5.05.01	Net income for the period	-	-	-	84,259	-	84,259
5.05.02	Other comprehensive income	-	-	-	-	-40,299	-40,299
5.05.02.04	Translation adjustments for the period	-	-	-	-	-40,299	-40,299
5.06	Internal changes in equity	-	-	-	276	-276	-
5.06.02	Realization of revaluation reserve	-	-	-	276	-276	-
5.07	Closing balances	367,936	-18,348	451,593	84,535	172,819	1,058,535

Consolidated FS / Statements of Changes in Equity / SCE - 01/01/2022 to 06/30/2022
(In thousands of Brazilian reais)

Line Item	Description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	308,191	-27,281	233,936	-	242,201	757,047
5.03	Adjusted opening balances	308,191	-27,281	233,936	-	242,201	757,047
5.04	Shareholders' capital transactions	22,539	3,755	-126,285	-	-	-99,991
5.04.01	Capital increases	22,539	-	-	-	-	22,539
5.04.03	Recognized stock options granted	-	4,399	-	-	-	4,399
5.04.06	Dividends	-	-	-126,285	-	-	-126,285
5.04.08	Others transactions	-	-644	-	-	-	-644
5.05	Total comprehensive income	-	-	-	295,812	-26,035	269,777
5.05.01	Net income for the period	-	-	-	295,812	-	295,812
5.05.02	Other comprehensive income	-	-	-	-	-26,035	-26,035
5.05.02.04	Translation adjustments for the period	-	-	-	-	-26,035	-26,035
5.06	Internal changes in equity	-	-	25,826	-25,467	-359	-
5.06.01	Recognition of reserves	-	-	25,826	-25,826	-	-
5.06.02	Realization of revaluation reserve	-	-	-	359	-359	-
5.07	Closing balances	330,730	-23,526	133,477	270,345	215,807	926,833

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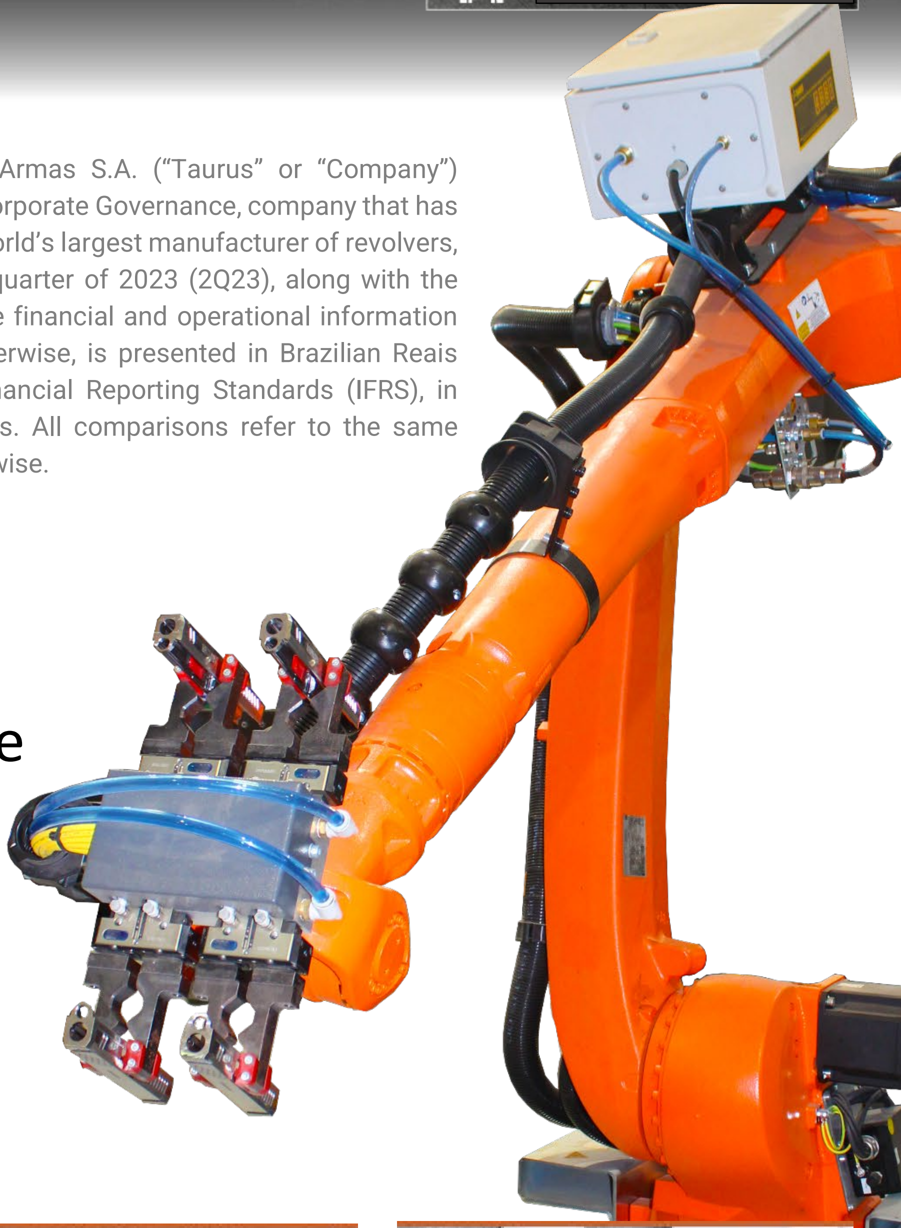


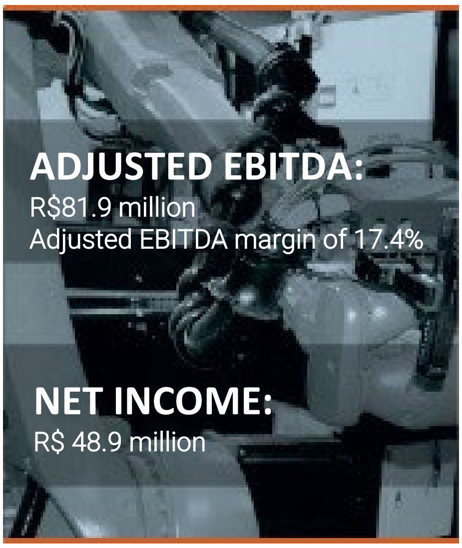
São Leopoldo, August 14, 2023 – Taurus Armas S.A. ("Taurus" or "Company") (B3:TASA3; TASA4), listed on B3's Level 2 of Corporate Governance, company that has created the 3rd generation of pistols, and the world's largest manufacturer of revolvers, hereby presents its earnings for the second quarter of 2023 (2Q23), along with the earnings for the first half of 2023 (1H23). The financial and operational information disclosed herein, except where indicated otherwise, is presented in Brazilian Reais (R$), and complies with the International Financial Reporting Standards (IFRS), in addition to the Brazilian accounting principles. All comparisons refer to the same periods of 2022, except where indicated otherwise.

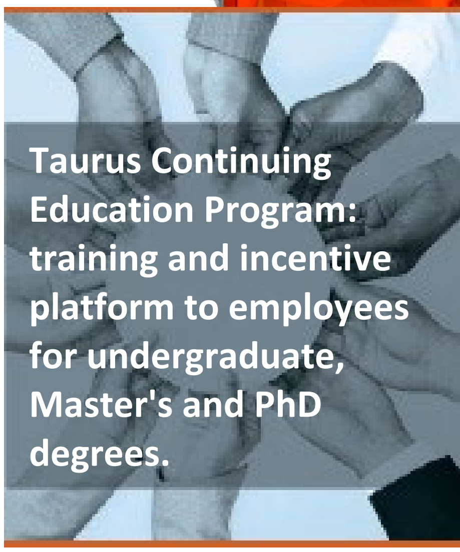
2Q23/1H23

EARNINGS

Taurus posts revenue of R$470.3 million in 2Q23, with gross margin of 36.6%

Highlights for 2Q23





MAIN INDICATORS

R$ million	2Q23	2Q22	2Q23x2Q22 % Chg.	1Q23	2Q23x1Q23 % Chg.	1H23	1H22	1H23x1H22 % Chg.
Net operating revenues	470.3	625.6	*-24.8%*	453.2	*3.8%*	923.5	1,302.2	*-29.1%*
Domestic market	83.6	218.6	*-61.8%*	73.9	*13.1%*	157.5	411.6	*-61.7%*
Exports market	386.7	406.9	*-5.0%*	379.3	*2.0%*	766.0	890.6	*-14.0%*
COGS	-298.3	-327.9	*-9.0%*	-276.8	*7.8%*	-575.1	-669.9	*-14.2%*
Gross profit	172.0	297.7	*-42.2%*	176.4	*-2.5%*	348.4	632.3	*-44.9%*
Gross margin (%)	*36.6%*	*47.6%*	*-11.0 p.p.*	*38.9%*	*-2.3 p.p.*	*37.7%*	*48.6%*	*-10.9 p.p.*
Operating expenses (SG&A)	-98.7	-99.8	*-1.1%*	-120.3	*-18.0%*	-219.0	-200.6	*9.2%*
Earnings before financial result and income tax (EBIT)	73.3	198.0	*-63.0%*	56.1	*30.7%*	129.4	431.7	*-70.0%*
Net financial income (expenses)	4.5	-44.6	*-110.1%*	-0.1	-	4.4	-1.1	-
Income tax and social contribution	-28.2	-51.3	*-45.0%*	-20.0	*41.0%*	-48.3	-133.2	*-63.7%*
Net income (loss) from continued operations	49.5	102.0	*-51.5%*	35.9	*37.9%*	85.5	297.3	*-71.2%*
Net income (loss) from discontinued operations	-0.7	-1.2	*-41.7%*	-0.5	*40.0%*	-1.2	-1.5	*-20.0%*
Net income (loss)	**48.9**	**100.8**	***-51.5%***	**35.4**	***38.1%***	**84.3**	**295.8**	***-71.5%***
Adjusted EBITDA*	81.9	205.6	*-60.2%*	65.3	*25.4%*	147.2	447.8	*-67.1%*
*Adjusted EBITDA Margin**	*17.4%*	*32.9%*	*-15.5 p.p.*	*14.4%*	*3.0 p.p.*	*15.9%*	*34.4%*	*-18.5 p.p.*
Net debt (end of period)	243.9	329.0	*-25.9%*	94.2	*158.9%*	243.9	329.0	*-25.9%*

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

MESSAGE FROM MANAGEMENT

We closed the second quarter of the year with results that came in line with our expectations for the period, considering the current situation of the firearms market, which is quite different from that of recent years. We rely on an efficient and modern operational structure, and we have maintained our investments in both modernization and research & development, in order to reinforce Taurus' position as an innovative company that offers consumers quality products at competitive prices. We also rely on a team dedicated to monitoring the wishes of our consumers, as well as a team geared towards continuously monitoring the opportunities that may arise, regardless of market conditions. In addition to the industrial and commercial infrastructure, Taurus currently enjoys a balanced financial profile, having successfully eliminated financial leverage. This solid foundation that we have built up at Taurus reassures us that we are successfully following the growth path outlined in our strategic planning.

In the US, our sales in the first six months of the year exceeded the volumes for the first half of 2019, the pre-pandemic period. In 2Q23, our revenues from firearms & accessories in that market were 97.2% higher than in 2Q19 and already equal to 2Q22, thus offsetting the loss of revenues in Brazilian reais due to the appreciation in the real against the dollar of 26.3% compared to 2Q19 and 4.8% compared to 2Q22, considering the average exchange rate for both periods. The sales mix has strongly contributed to this result.

We are witnessing the US market returning to a pattern of normality, as expected, after having reached unprecedented levels in 2020 and 2021. In 2Q23, the Adjusted NICS (National Instant Criminal Background System) recorded 3.65 million inquiries from people interested in purchasing a firearm in the US, totaling 7.82 million for the first six months of the year. These levels are higher than the same periods of 2019 by 29.2%, considering the quarterly evaluation, and by 25.3% considering the accrued figures for the first half of the year. The outlook for the second half of the year in the US is positive, considering that, traditionally, such period presents a greater seasonality of sales in the US, given the beginning of the hunting season, in addition to the "Black Friday" and Christmas sales.

In Brazil, in terms of economic scenario, the services and industry sectors remained relatively stagnant. According to a monthly survey by CNI (National Confederation of Industry), the country's industrial Installed Capacity Utilization (ICU) in June was the lowest for the month in the last three years (69%). The main challenges faced in the second quarter of 2023, according to the survey, were low domestic demand, high fiscal pressure and high interest rates. Furthermore, in our sector, the legal uncertainty that lasted throughout the first half of the year, since the new Decree, scheduled for March/April, was only published on July 21 (Decree No. 11,615/23). The uncertainty has caused the market to come to a standstill, with consumers and shopkeepers halting their purchases until the legal issue was settled. We thus faced an adverse moment in the domestic market during the course of 1H23. As a consequence, the reduction in gross margin we saw in the period is partly related to reduced sales due to the uncertainty surrounding the legal issue. On the other hand, the domestic distribution channel began the second half of the year totally under-supplied, which represents an opportunity to respond to this demand in the coming months.

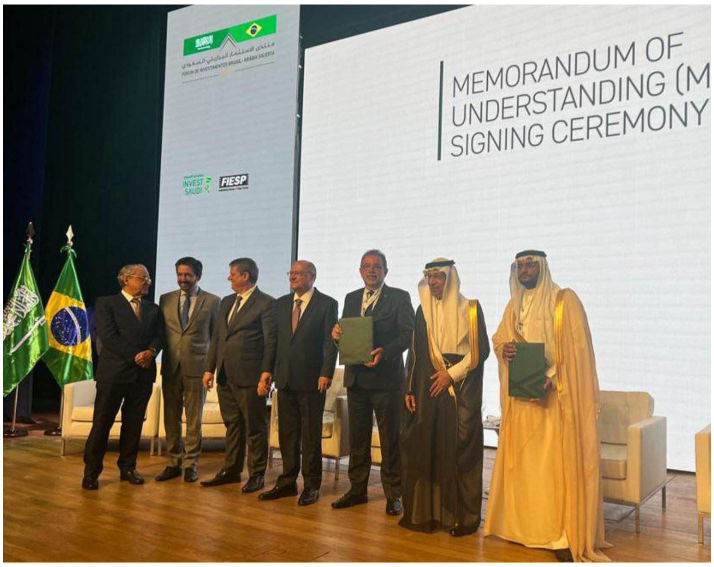
Following the publication of the new Decree and its regulations, we can now resume our strategic planning, considering the establishment of new guidelines, particularly with regard to the permitted calibers. We are seeing a great opportunity for the development of new products, where Taurus enjoys a great advantage, considering the work of CITE - Brazil/USA Integrated Technology and Engineering Center, which provides us with creativity and flexibility to offer innovative products to the Brazilian market, while complying with the legal constraints. We have been working hard on a new caliber of pistols, with a maximum energy limit of 407 joules, as set by the new Decree.

In the first week of August, we sponsored the "Shot Fair", the largest event of the segment in Latin America. At the event, we launched 20 firearms with exclusivity, including pistols and revolvers, some of them already considering the limits imposed by the new legislation. We also presented the market new products that add value to the brand, with emphasis on "Cutelaria Taurus" (Taurus Cutlery). This is a premium line of customized knives. All knives are handcrafted by renowned cutler Sandro Boeck, winner of the reality show "Desafio sob Fogo Brasil e América Latina" in 2020. The knives are also related to Taurus' main firearm families, so that each Taurus consumer will be able to choose an exclusive knife related to their favorite firearm model. In keeping with the Company's innovation DNA, the world's first graphene knife is part of the line.

Our commercial strategy will be focused on opportunities in international markets, beyond the US. The major international sales, mainly focused on participating in bids, mostly involve a very long cycle, since they comprise phases of budget approval, presentation, negotiation, sampling, tests, reviews, approvals, etc. Although our margins tend to be lower than in civilian markets, our production costs are extremely competitive, enabling us to participate in these international bids in a competitive manner and, furthermore, with advantageous results for the Company.

At present, we have mapped more than US$80 million in potential business throughout the world, with emphasis on the Middle East and Africa. Furthermore, through JD Taurus, we are exploring commercial opportunities in India, where a bidding process for 425,000 rifles is underway, in addition to other smaller bids at the level of police and paramilitary forces. In the medium term, this involves business estimated at more than US$30 million.

On July 31, 2023, during the Brazil - Saudi Arabia Investment Forum held at FIESP in São Paulo, in yet another strategic move towards the internationalization of the Company, we signed a Memorandum of Understanding (MoU) with Scopa Defense Trading LLC., one of the most prominent defense companies in the Kingdom of Saudi Arabia. In the first 12 months, the studies for the creation of the joint venture and the business plan will be carried out. During this period, Scopa Defense Trading LLC. will act as Taurus' business agent and distributor to explore opportunities with police and military forces throughout the GCC (Gulf Cooperation Council) region. The agreement execution represents another important initiative for the future of Taurus. Saudi Arabia currently holds the 5th largest defense budget in the world and plans, by the year 2030, to originate 50% of its military investments from local companies.



In terms of investments, our focus is on product technology, processes, materials and equipment. Projects related to innovation and research infrastructure count on the support of FINEP, through the credit line approved in March. Among the research projects, special mention should be made of the New Materials Technologies Project, which seeks materials with greater mechanical and corrosion resistance, allowing the production of components with greater durability and safety. In this sense, CITE is working intensively on the project aimed at adding niobium to low carbon steels. We have also developed the graphene project using this material in the composition of injected parts, an exclusive technology of Taurus, which provides greater resistance and durability to firearms. In addition to adding value to products, and increasing customer perception of the Taurus brand, investments in new technologies/materials add value to Brazil, which has the largest niobium reserves and the second largest graphite reserves in the world.

Industry 4.0

Please access the QR Code or click on the link

In the industrial area, we already have a robotized line in operation, providing greater efficiency and flexibility in the process and, consequently, lower costs. Another investment in state-of-the-art machinery was made in the new M.I.M. (metal injection molding) furnace, which combines greater production capacity with enhanced processing efficiency, thus enabling the manufacture of complex parts. Once this equipment starts operating, further business opportunities may arise for the Company in this segment, since we will have available production capacity in the M.I.M., as the new furnace will enable us to meet 100% of Taurus' internal needs.

Our goal is to expand Taurus' position as a global leader in the industry, while maintaining consistent development and providing the best return for shareholders. In order to achieve this goal, we have been looking towards the future, investing primarily in R&D and in the modernization of our industrial structure, with a view to enhancing the efficiency of our operations. We understand that such investments are fundamental pillars to boost Taurus' growth and ensure its competitiveness in the global market.

Taurus has achieved another important milestone in its recent turnaround history: today, we have more than 100,000 shareholders. We hereby reiterate our commitment to maintaining an aggressive dividend policy, although in a responsible manner and respecting our cash control policy. On June 21, our Board of Directors approved the payment of interim dividends, in anticipation of FY2023, based on the earnings reserve recognized in the financial statements. The approved dividends total R$12.7 million and will be distributed to all shareholders on August 31, 2023.

I am confident that Taurus' internationalization strategy, as evidenced by the joint venture in India, the MoU with the Saudi Arabian company signed on July 31, and other opportunities we are considering, are important paths for growth. Such moves confirm that Taurus is consistently looking forward and exploring opportunities in new frontiers. The entire Taurus team is very proud of the path we have taken so far, and we remain confident that we will achieve even more. I would like to thank everyone who has followed us on this path and trusted in our strategy, thus contributing to build Taurus' history.

Salésio Nuhs

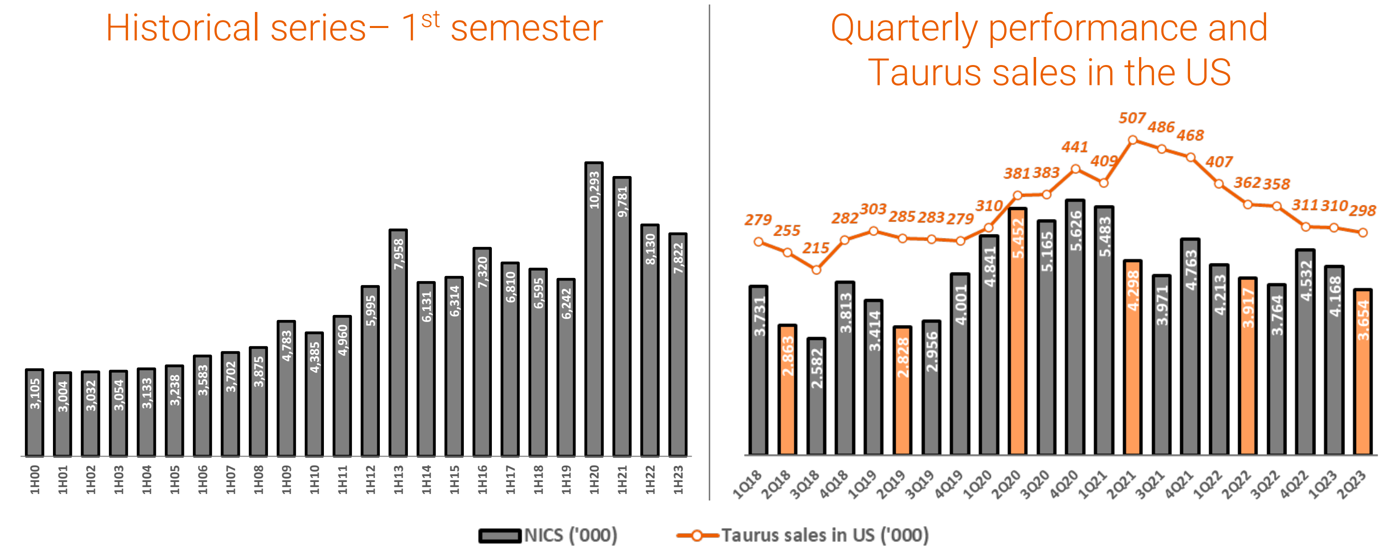
OPERATIONAL PERFORMANCE

Market

The US firearms market has been confirming the expectation for normalization, assuming an upward trend from the base recorded in 2019. Regardless of the atypical years of unprecedented heating of the US firearms market, since the beginning of the pandemic in 2020, the Adjusted NICS (National Instant Criminal Background System) registered 7.8 million reported intentions to purchase guns in the country, during the first half of 2023, which represents a 25.3% increase over the same period in 2019. The expectations for the second half of 2023 suggest that the NICS should reach a higher level than that recorded in 1H23, particularly due to higher seasonal sales in the last quarter of the year, given the start of the hunting season in the USA, Black Friday promotions and Christmas shopping.

When comparing the same quarters year-over-year, in order to avoid seasonal distortions, Adjusted NICS totaled 3.7 million inquiries in 2Q23, representing a 6.7% decrease compared to 2Q22, and a 29.2% increase compared to 2Q19, before the pandemic period.

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



In Brazil, there was no change in the market scenario in 2Q23, given the continuing uncertainty regarding the legislation caused by the non-regulation of Decree 11,366 of January 1, 2023, which restricted the authorization for the acquisition of restricted-use firearms. After the deadline for the publication of this regulation expired in April, the market continued to wait for the reissue of the Decree, which was only published on July 21, 2023. As a result, the entire 1H23 was an atypical period in the domestic market, marked by a retracted consumer waiting for legal definitions for the sector. Retailers held their orders and reached the end of June with very low inventories.

Upon the publication of the Decree at the end of July, the Company was able to outline its approach to distribution channels and retailers. The launch of innovative products that meet the consumers' preferences remains a basic aspect of the strategy. Under this perspective, Taurus has launched, as an exclusive event, 20 firearms, including pistols and revolvers, some of them already considering the limits imposed by the new legislation, at Shot Fair, the largest event in Latin America for this segment, held at the beginning of August in Santa Catarina and sponsored by the Company.

Taurus firearms launched at the Shot Fair (August/23)	
Authorized use	**Restricted use**
Pistol TH380 Graphene	Pistol GX4 Carry Graphene
Pistol TH380c Graphene	Pistol G3 XL T.O.R.O.
Pistol 59	Pistol G3 TACTICAL
Pistol 58 HC Plus	Pistol TH45
Revolver RT 38H	Pistol TH10
Revolver RT 380 T.O.R.O.	Rifle T10
Revolver RT 942 UL	Revolver Single Action Imperador .45 COLT
Revolver RT 832	
Revolver Single Action Imperador .38 SPL	
Revolver 856 Executive Grade	
Revolver Rossi RP63	
Revolver Rossi RM66	
Revolver Rossi RM64	

Special mention should be made of the launch, also held at the Shot Fair, of "Cutelaria Taurus" (Taurus Cutlery), a line of "custom" knives. For the development of “Cutelaria Taurus”, whose knives are all handcrafted, the Company partnered with renowned cutler Sandro Boeck, winner of the reality show "Desafio sob Fogo Brasil e América Latina" in 2020. Adding value to the brand, the knife designs are related to Taurus' main firearm families, so that each Taurus consumer can choose an exclusive knife related to their favorite firearm model. It is part of the line, the first knife in the world with graphene finishing coat.

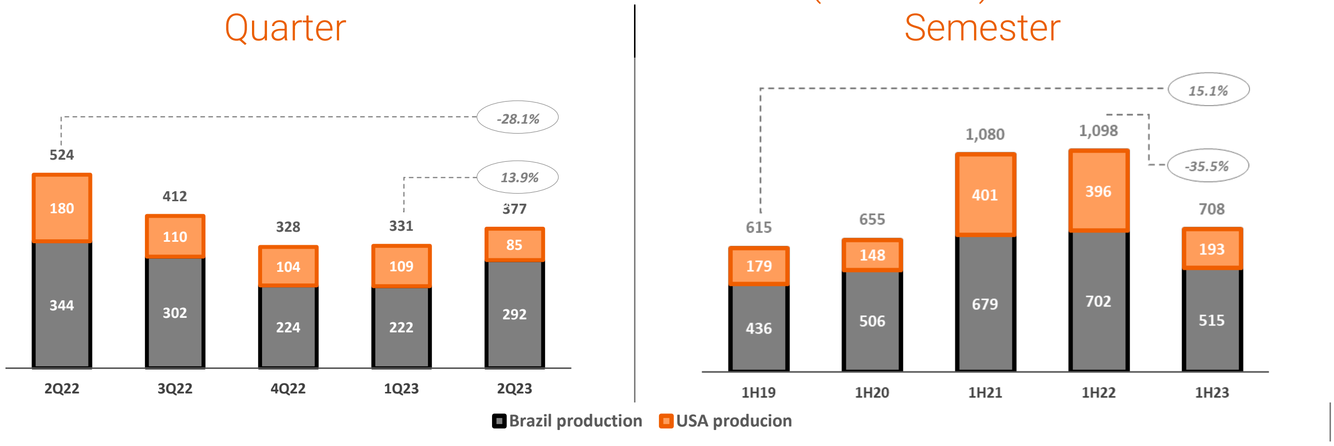
GX4 Knife	TX Knife	Knife auctioned at Cutelaria Taurus launch event
		

In celebration of the "Cutelaria Taurus" line launch, an exclusive knife with gold details was auctioned. The Bowie-style piece, made of Damascus steel in the lace mosaic pattern, with 24k gold engraving, was auctioned for R$29,000 by a collector.

Production and sales

In its two industrial units, in Brazil and the USA, Taurus produced a total of 377,000 firearms in 2Q23, down by 28.1% when compared to the same quarter of 2022, and 13.9% when compared to 1Q23, resuming an increased production after the 30-day collective vacation period in the Brazilian plant, between December/22 and the first half of January/23, which was reflected in a lower volume in the previous quarter.

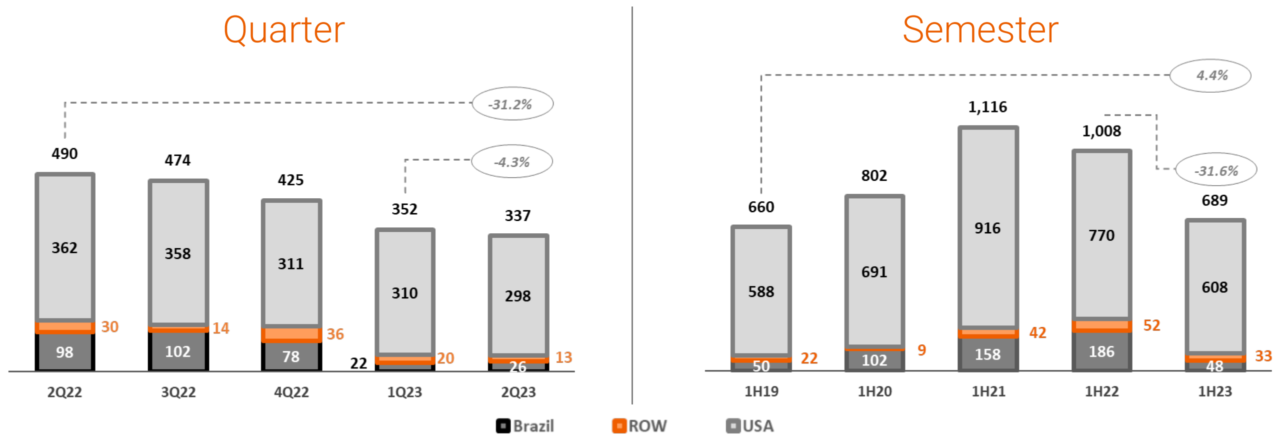
Production of firearms – Taurus ('000 units)



As an important part of its strategy, Taurus maintains its investments in product development, through the use of new materials, incorporated technology and efficient production processes, in order to offer consumers high-quality, innovative products at competitive prices. In order to guarantee a prominent position in the market, the Company relies on a team of more than 200 professionals, dedicated to the development of products, processes, materials and equipment at CITE - Brazil/USA Integrated Technology and Engineering Center.

The search for new technologies for armaments, and the lack of innovation in metal alloys, led to the development of the New Technologies in Materials Project. One example is the study under development of niobium addition in the production of parts by the M.I.M. (metal injection molding) process, in search of materials with greater mechanical and corrosion resistance. This will enable the development of components with greater durability, safety and lower weight, adding value to products and increasing customer perception of the brand. Further information on some of the projects underway at Taurus is presented in the "Investments" section of this report.

Firearms Sales Volume – Taurus ('000 units)



The sales performance of Taurus firearms reflects the conditions of the markets in which it operates, with normalization of the sales level in the North American market, after the historical records of recent years, and stagnation of the domestic market over the first six months of 2023, due to the lack of definition on new regulations. Considering the production accrued in the first half, Taurus' overall sales volume decreased by 31.6% when compared to the same period in 2022, when the Company was still capturing the benefits of the strong demand in the USA. The comparative analysis versus 1H19, before the explosion of demand during the pandemic, shows a 4.4% increase in the total number of units sold.

In the **Brazilian market**, the lack of regulation by Decree 11,366, published on January 1, 2023, caused sales to shrink throughout 1H23, totaling 48,000 units, compared to 186,000 in 1H22 (down by 74.2%).

It was only on July 21, 2023, during the 3Q23, that the new Decree was published. With the end of uncertainty regarding the new regulation, Taurus has resumed its strategic planning considering the new guidelines laid down, especially with regard to the authorized calibers. The national distribution channel entered the middle of the year short of inventory, which represents an opportunity to meet this demand in the coming months. In order to further motivate the trade and meet consumer needs, the Company launched several products at Shot Fair in early August, as mentioned above under "Market", and has been working on the development of other products in accordance with the Decree. In terms of development, Taurus has a broad advantage, due to the fact that it counts on the work of CITE - Brazil/USA Integrated Technology and Engineering Center. CITE provides creativity and flexibility to offer innovative products to the Brazilian market, while complying with the legal limits. A new caliber of pistols is under development, with a maximum energy of 407 joules, the maximum limit for firearms authorized for use according to the new Decree.

In the **North American market**, the main destination for Taurus sales, the Company sold 298,000 units in 2Q23, totaling 608,000 firearms in the first six months of the year. Compared to the same periods of the previous year, the performance indicates a reduction of 17.7% in the quarterly comparison and 21.0% in the half-year comparison. In line with the previous comment that the US market tends to return to the 2019 level, excluding the pandemic years, Taurus' sales in this country in the first half of 2023 were 3.4% higher than in 1H19.

As regards **exports to countries** other than the US, the highlights in 2Q23 were sales to Honduras, the Philippines and Israel. International business is mainly focused on bids submitted by security forces, which usually involves a longer-sales and development cycle, including phases of budget approval, presentation, negotiation, sampling, testing, reviews, approvals, among other steps.

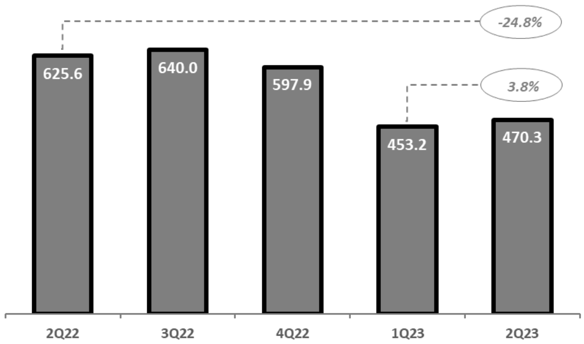
After prioritizing sales to the North American market in recent years, when there was record demand for firearms in that country, Taurus has been turning its attention to the international market. Opportunities, however, are always monitored by the Company, which has a dedicated team for this purpose. Currently, the mapped opportunities point to business of more than US$80 million across the world, with great potential especially in the Middle East and Africa. In addition to this number, a tender for 425,000 rifles is underway in India, through JD Taurus, in addition to other smaller biddings at the level of police and paramilitary forces in that country, involving business in excess of US$30 million, on average.

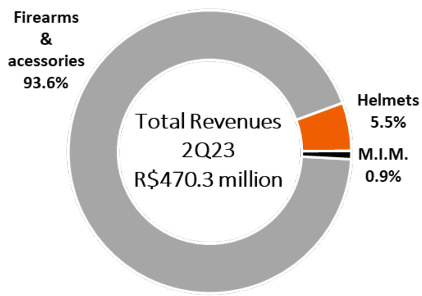
ECONOMIC AND FINANCIAL PERFORMANCE

Net Operating Revenue

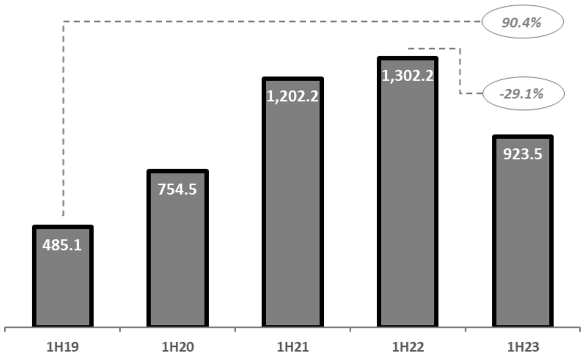
Taurus' consolidated revenues include, in addition to the sale of firearms & accessories, the revenues from helmets and M.I.M. (metal injection molding). In 2Q23, consolidated net revenues amounted to R$470.3 million, with the total for 1H23 amounting to R$923.5 million. As the Company's core business, the firearms & accessories segment accounted for 93.6% of overall revenue in the quarter, and 94.0% in 1H23, and therefore its performance is the main driver for the consolidated revenues.

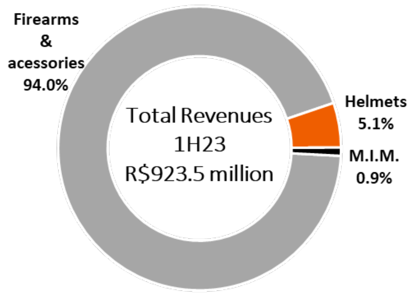
Consolidated Net Operating Revenue - (R$ million)
Quarter





Consolidated Net Operating Revenue - (R$ million) Semester

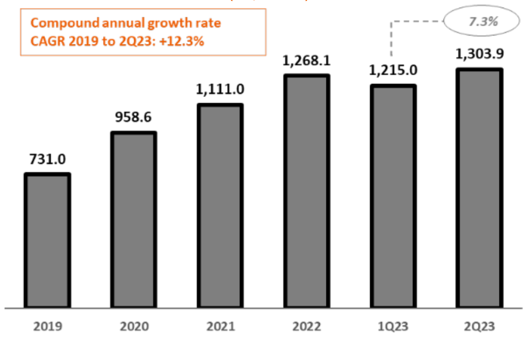




In line with the firearms market trend, along with the operational performance in the firearms & accessories segment, as previously mentioned, the comparison of 2Q23 with the same period of the previous year is hampered, given that in 2022, as a result of the strongly heated demand, Taurus has achieved record results.

Considering the quarterly performance, consolidated net revenues in 2Q23 fell by 24.8% when compared to 2Q22 and by 3.8% when compared to 1Q23. The increase recorded in relation to 1Q23 results from the rise in the average selling price of firearms, resulting from the sales mix, which offset the lower volume and the 4.8% devaluation in the average US dollar against the local currency between 2Q23 and 1Q23, which pressured revenues from exports, the largest portion of Taurus' revenues (82.2% of consolidated net revenues in the quarter). The investments directed to R&D are reflected in the renewal and expansion of the mix, as well as in the offer of innovative products, with high quality and affordable prices, which is an important basis for the Company's strategy.

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

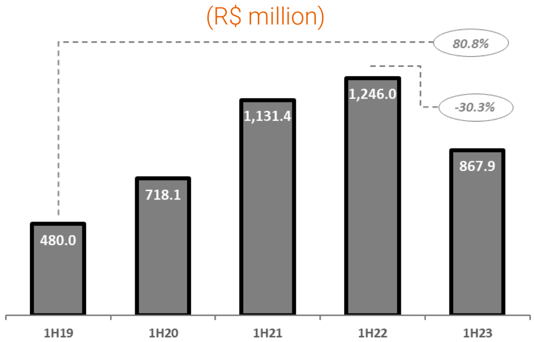


In 1H23, consolidated net revenues of R$923.5 million represent a 29.1% decline when compared to 1H22. If the pandemic period is disregarded, when there was record demand in the North American market, and when comparing the revenue performance for the semester with the same period of 2019, it shows a 90.4% growth.

Considering only the performance of the firearms & accessories segment, net revenue totaled R$440.0 million, and amounted to R$867.9 million in the first half of the year, which represents decreases of 25.9% and 30.3% compared to the same periods of 2022, respectively. The uncertainty surrounding the legal framework in Brazil, with respect to the acquisition and possession of firearms during the first six months of 2023, led to the stagnation of the local market, being the main reason for the decline in performance, since sales in the domestic market showed the sharpest decline, both in percentage terms and in absolute amounts.

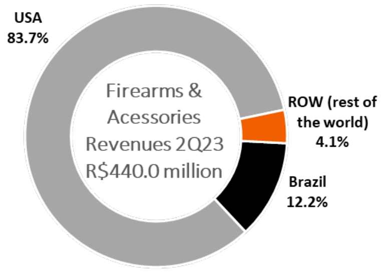
When analyzing the performance of the firearms & accessories segment's revenues for the first half of the last few years in the chart on the right, it clearly shows the resumption of revenues compared to the years prior to 2020, a period of record performance resulting from the strong demand in the North American market, as mentioned above. In relation to 1H22, Taurus' firearms & accessories revenues in the first six months of 2023 decreased by 30.3%, whereas in relation to the same period of 2019, there was an increase of 80.8%. Revenues for 1H23 exceeded by 20.9% those obtained in 1H20, when the positive effects of the growth in North American demand were beginning to be reflected in Taurus' performance.

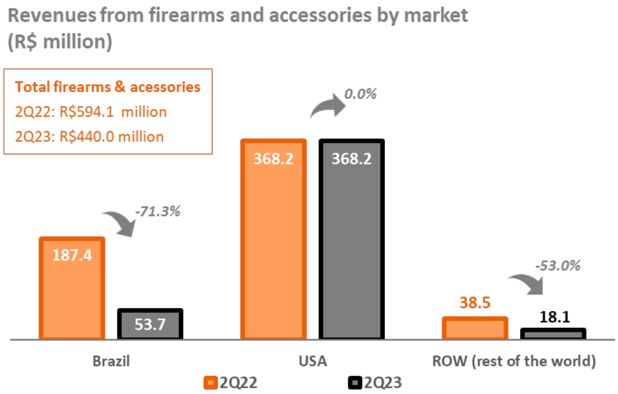
Net Revenue - Firearms & Accessories (R$ million)



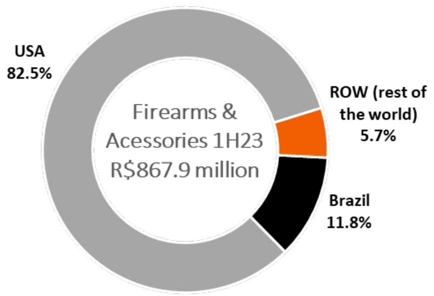
Revenues from sales of firearms & accessories in the US in 2Q23, which accounted for 83.7% of the overall revenues from this segment in the period, have remained flat when compared to the same period of the previous year. The sales mix made it possible to compensate for the lower sales volume.

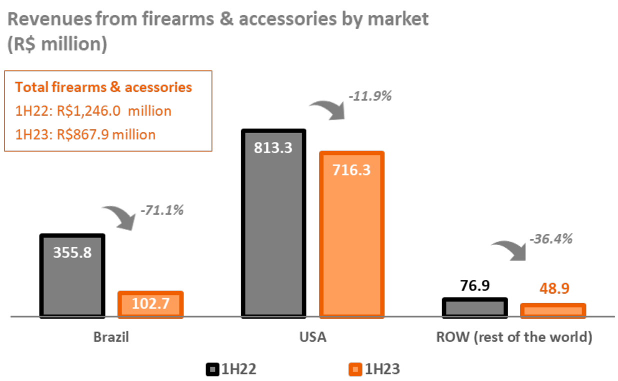
Net Operating Revenue - Firearms & Accessories
Quarter





Net Operating Revenue - Firearms & Accessories
Semester



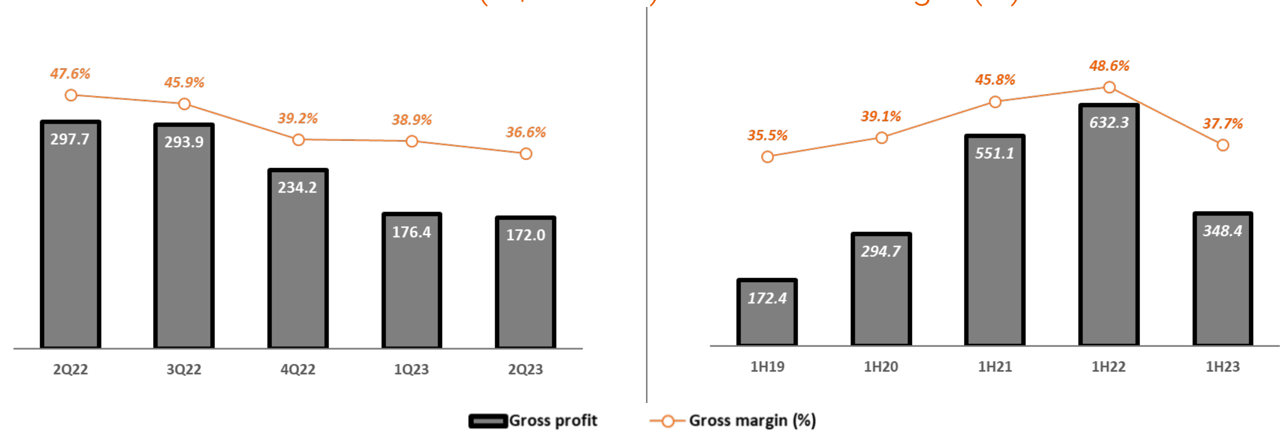


Gross profit

Gross profit in 2Q23 came to R$172.0 million, representing a gross margin of 36.6% on net revenue, corresponding to a 42.2% drop in gross profit and an 11.0 p.p. drop in gross margin compared to 2Q22. For the first six months of 2023, gross profit totaled R$348.4 million, with a gross margin of 37.7%. Compared to 1H22, the reduction was 44.9% in gross profit and 10.9 percentage points in margin. In both quarterly and half-year comparisons, performance was influenced by the downturn in market conditions, with lower sales volume and revenues, and consequent lower dilution of fixed costs. Also exerting pressure on costs in the periods of comparison was the collective bargaining agreement of 12% on the salaries of the Brazilian staff, granted in 3Q22. The reduction in gross margin is partly related to the uncertainty over the applicable legislation, which contributed to the stagnation of the domestic market in the first half of the year, as local sales were affected.

Nevertheless, given Taurus' competitive costs, the Company's gross profitability remains higher than that of North American companies that disclose their results, since they also have their shares listed on the stock exchange. In 2Q23, Ruger's gross margin was 26.7% and Smith & Wesson's, considering the quarter from February/23 to April/23, 29.0%, with Taurus' gross margin of 36.6% being higher by 9.9 p.p. and 7.6 p.p., respectively.

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



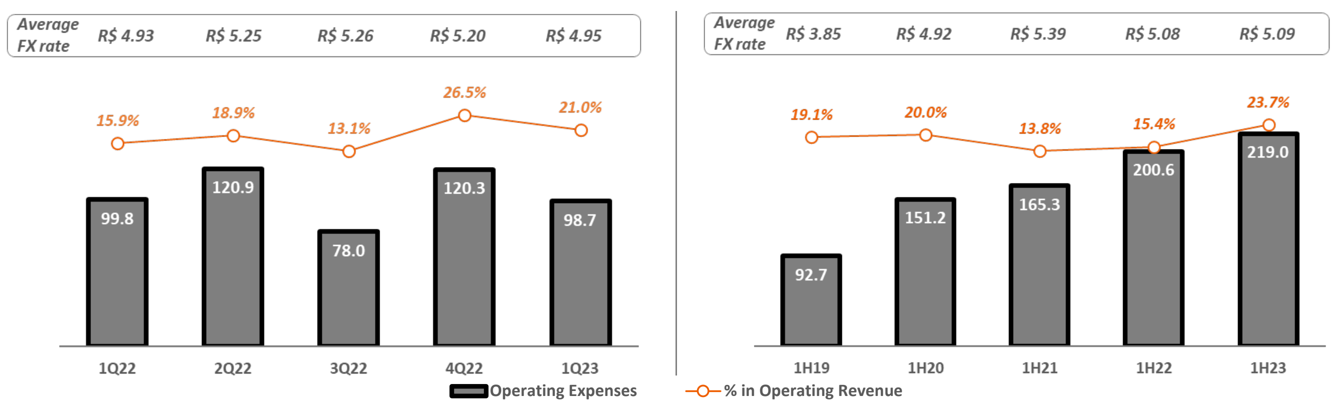
Operating expenses

Total operating expenses in 2Q23 amounted to R$98.7 million, corresponding to a 1.1% decrease when compared to 2Q22. The main drivers of this performance were: (i) the recording of a R$5.0 million income in the asset recovery account; (ii) the R$1.9 million decrease in selling expenses, reflecting lower freight and commission expenses; and (iii) the firm control over general and administrative expenses, which increased by 7.3% in the period, despite the 12% collective bargaining agreement also granted to employees of the administrative area in 3Q22.

	2Q23	2Q22	2Q23x2Q22 % Chg.	1Q23	2Q23x1Q23 % Chg.	1H23	1H22	1H23x1H22 % Chg.
Selling expenses	58.2	60.1	-3.2%	61.4	-5.2%	119.6	125.5	-4.7%
General and administrative expenses	48.5	45.2	7.3%	55.4	-12.5%	103.9	97.8	6.2%
Losses (income) due to non-recoverable assets	-5.0	0.0	-	3.8	-231.6%	-1.2	0.5	-340.0%
Other operating (income)/expenses*	-3.1	-5.8	-46.6%	-0.9	244.4%	-4.0	-23.7	-83.1%
Equity pick-up	0.1	0.2	-50.0%	0.7	-85.7%	0.8	0.4	100.0%
Operating expenses (SG&A)	**98.7**	**99.8**	**-1.1%**	**120.3**	**-18.0%**	**219.0**	**200.6**	**9.2%**
Op. expenses / Net Op.Revenues (%)	*21.0%*	*15.9%*	*5.1 p.p.*	*26.5%*	*-5.5 p.p.*	*23.7%*	*15.4%*	*8.3 p.p.*
Average Ptax dollar exchange rate (R$)	*4.95*	*4.93*	*0.4%*	*5.20*	*-4.8%*	*5.07*	*5.08*	*-0.2%*

In 1H23, operating expenses amounted to R$219.0 million, which represents a 9.2% increase (R$18.4 million) compared to 1H22. The increase was influenced by non-recurring factors that led to the recording of a net income of R$23.7 million in the other operating expenses/income account in the first half of 2022, compared to an income balance of R$4.0 million in this account in 1H23. The balance in "other operating income/expenses" line refers mainly to the recovery of PIS/COFINS, IPI and deemed ICMS. If we disregard the results reported in "other operating income/expenses" in both semesters, total operating expenses in 1H23 would amount to R$223.0 million, and would be in line (reduction of 0.5% or R$1.2 million) compared to R$224.2 million in the same period of the previous year.

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



Adjusted EBITDA

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) 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.

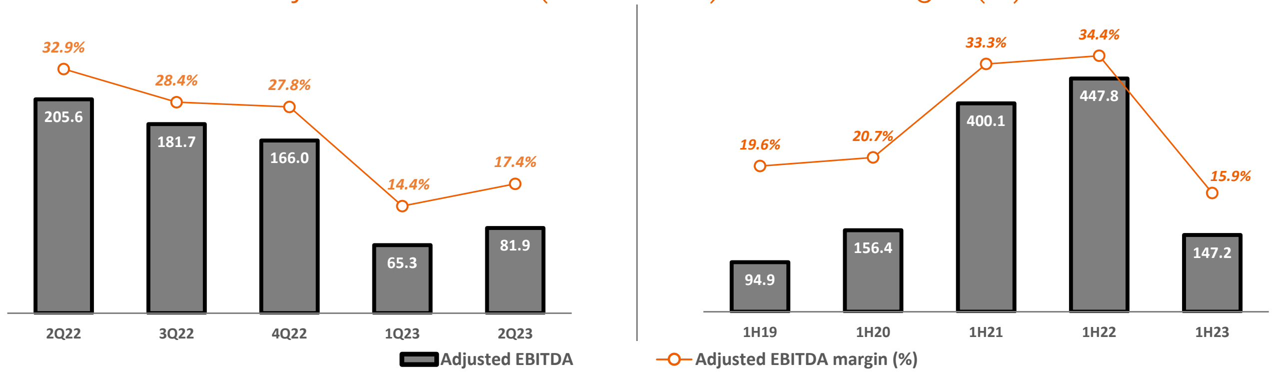
In 2Q23, adjusted EBITDA amounted to R$81.9 million, down by 60.2% from 2Q22, whereas accumulated EBITDA in 1H22 amounted to R$147.2 million, down by 67.1% from 1H22. This performance is explained by the factors mentioned above, with a decrease in sales volume and revenues, in view of market conditions, which allowed the Company to report record results in 2022, a reduction in gross profit and lower dilution of operating expenses.

The adjusted EBITDA margin stood at 17.4% in 2Q23 and 15.9% for the first six months of the year, pressured by the reasons mentioned above.

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

R$ million	2Q23	2Q22	2Q23x2Q22 *% Chg.*	1Q23	2Q23x1Q23 *% Chg.*	1H23	1H22	1H23x1H22 *% Chg.*
Net income	48.9	100.8	*-51.5%*	35.4	*38.1%*	84.3	295.8	*-71.5%*
Taxes	28.2	51.3	*-45.0%*	20.0	*41.0%*	48.3	133.2	*-63.7%*
Net financial result	-4.5	44.6	–	0.1	–	-4.4	1.1	–
Depreciation and amortization	8.5	7.4	*14.9%*	8.5	*0.0%*	17.0	15.7	*8.3%*
EBITDA	**81.2**	**204.2**	***-60.2%***	**64.1**	***26.7%***	**145.2**	**445.9**	***-67.4%***
EBITDA margin	*17.3%*	*32.6%*	*-15.3 p.p.*	*14.1%*	*3.2 p.p.*	*15.7%*	*34.2%*	*-18.5 p.p.*
Result from discontinued operations	0.7	1.2	*-41.7%*	0.5	*40.0%*	1.2	1.5	*-20.0%*
Result from the equity method from affiliate	0.1	0.2	*-50.0%*	0.7	*-85.7%*	0.8	0.4	*100.0%*
Adjusted EBITDA	**81.9**	**205.6**	***-60.2%***	**65.3**	***25.4%***	**147.2**	**447.8**	***-67.1%***
Adjusted EBITDA margin	*17.4%*	*32.9%*	*-15.5 p.p.*	*14.4%*	*3.0 p.p.*	*15.9%*	*34.4%*	*-18.5 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.

Financial result

Taurus enjoys a well-balanced financial structure, which enabled it to record a positive financial balance in 2Q23. Having leveled out its bank indebtedness from the general restructuring of the Company, and consequent increase in cash generation, the Company's current financial profile is quite different from the reality of a few years ago, when a significant portion of revenues was used to meet financial commitments.

With finance income of R$47.4 million and finance costs of R$42.9 million, the net finance income (costs) in 2Q23 comprised finance income of R$4.5 million, reversing the net finance costs of R$44.6 million in 2Q22. Similarly, to the first quarter of 2023, the Company's finance income and costs were balanced, generating a net expense of R$0.1 million, whereas in 1H23, Taurus recorded net finance income of R$4.4 million.

The exchange gains and losses represent a major component of Taurus' finance income (costs). The devaluation 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 dollar-denominated bank debt. The exchange variations, however, consist of journal entries that do not have a cash effect.

As exchange rate variations affect balance sheet accounts, which are calculated on the closing date of the period, the accounting recognition of these accounts considers the exchange rate on that date, and not the average exchange rate for the period. At the end of June 2023, the Ptax dollar exchange rate was R$4.82, which indicates an 8.0% appreciation in the Brazilian Real, compared to the rate on the same date in 2022. The Brazilian Real appreciation in the period acted to reduce the exchange losses, contributing to the net finance income (costs) in 1Q23 and 1H23.

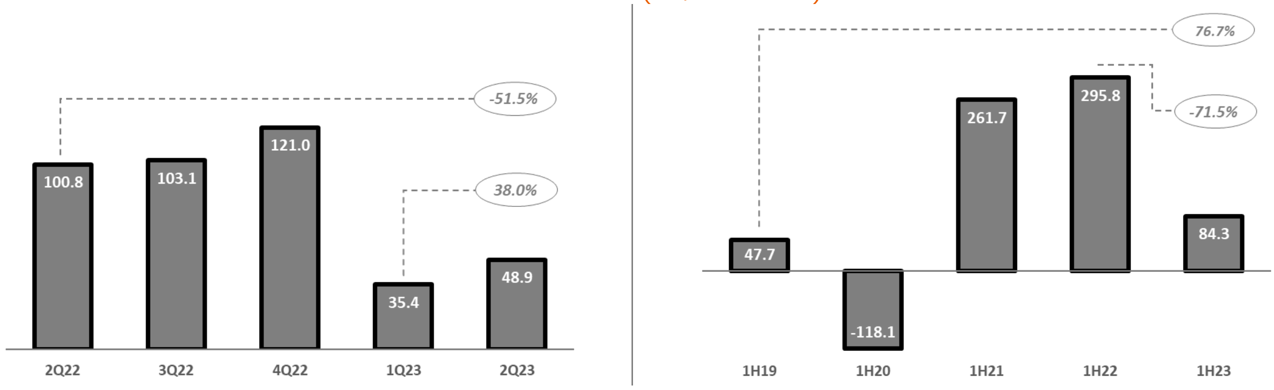
R$ million	2Q23	2Q22	2Q23x2Q22 *% Chg.*	1Q23	2Q23x1Q23 *% Chg.*	1H23	1H22	1H23x1H22 *% Chg.*
(+) Financial income	**47.4**	**76.8**	*-38.3%*	**42.8**	*10.7%*	**90.2**	**232.0**	*-61.1%*
Foreign exchange gains	*42.4*	*73.5*	*-42.3%*	35.2	*20.5%*	*77.6*	*226.0*	*-65.7%*
Interest and other income	*5.0*	*3.3*	*51.5%*	7.5	*-33.3%*	*12.6*	*6.0*	*110.0%*
(-) Financial expenses	**42.9**	**121.4**	*-64.7%*	**42.9**	*0.0%*	**85.8**	**233.1**	*-63.2%*
Foreign exchange losses	*30.7*	*109.5*	-72.0%	28.6	*7.3%*	*59.3*	*207.1*	-71.4%
Interest,IOFand other expenses	*12.3*	*11.9*	3.4%	14.3	*-14.0%*	*26.5*	*26.0*	1.9%
(+/-) Net financial result	**4.5**	**-44.6**	-	**-0.1**	-	**4.4**	**-1.1**	-
US dollar Ptax rate at the end of period (R$)	**4.82**	**5.24**	*-8.0%*	**5.08**	*-5.1%*	**4.82**	**5.24**	*-8.0%*

Net income

Since the beginning of 2023, Taurus' results have been impacted by market conditions, especially in the domestic market, given the uncertainty over the legal framework for the sale and possession of firearms that lasted throughout the first half of the year. The basis of comparison with the previous year reinforces the imbalance, since in 2022, the Company achieved record results, reflecting the end of the period of unprecedented heat in the demand for firearms in the USA, which represents the main market for Taurus' products.

As a result, the Company posted profit of R$48.9 million in 2Q23, down by 51.5% from the same quarter in 2022, although 38.0% higher than in 1Q23. In the year to June 2023, profit for the period amounted to R$84.3 million, down by 71.5% compared to 1H22, and 76.7% higher than the figures reported in 1H19, before the beginning of the pandemic period that led to strong demand growth in the North American market.

Net Income (R$ million)



DEBT

At the close of June 2023, Taurus' net bank debt stood at R$243.9 million, up by R$84.4 million over the amount recorded at the end of 2022. The performance over the first six months of 2023 translates into a decrease of R$37.6 million in gross debt, with a simultaneous reduction of R$122.0 million in the cash and financial investments position.

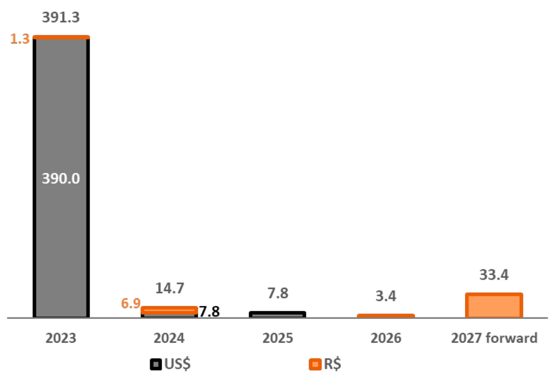
In 2Q23, the Company received the first installment of R$37.9 million, related to the total credit line of R$175.7 million granted by FINEP (Financier of Studies and Projects) in March/23, to finance 90% of the project Strategic Innovation Plan for Competitiveness (PEI). This financing line is in tune with Taurus' current financial policy of resuming access to the credit market, while improving the Company's debt profile. FINEP's credit line features extremely competitive rates, a 36-month grace period and payment in 108 monthly installments.

Of the total gross debt as at June 30, 2023, 90.0% was denominated in U.S. dollars. The portion of the Company's consolidated revenues from foreign sales (82.9% of total net revenue in 1H23) represents a natural hedge for foreign currency indebtedness.

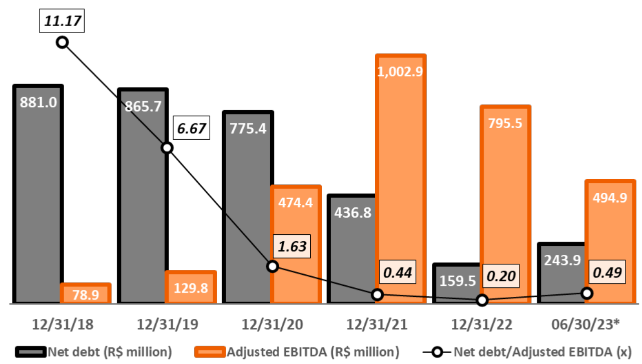
Taurus boasts a very comfortable financial profile, with low indebtedness. Taking as a basis the EBITDA of the last 12 months ended June 30, 2023, the level of financial leverage was 0.49x at the end of 2Q23.

R$ million	06/30/2023	12/31/2022	*% Chg.*
Loans and financing	*24.8*	*78.0*	*-68.2%*
Foreign exchange drafts	*366.5*	*314.9*	*16.4%*
Short term	***391.3***	***393.0***	***-0.4%***
Foreign exchange drafts + Loans and financing	*59.3*	*95.3*	*-37.8%*
Long term	***59.3***	***95.3***	***-37.8%***
Gross debt	***450.6***	***488.2***	***-7.7%***
Cash and marketable securities	*206.7*	*328.7*	*-37.1%*
Net debt	***243.9***	***159.5***	***52.9%***
US dollar Ptax rate at the end of period (R$)	***4.82***	***5.22***	***-7.7%***
Gross debt converted into dollars (US$ million)	***93.5***	***93.5***	***0.0%***
Net debt converted into dollars (US$ million)	***50.6***	***30.6***	***65.4%***

Bank debt profile
(R$ million)



Level of financial leverage
Net debt/adjusted EBITDA



** Adjusted EBITDA for the last 12 months*

CAPITAL EXPENDITURES

During the first six months of 2023, Taurus made investments of R$57.9 million, primarily geared towards the acquisition of machinery and equipment, assembly of the new facilities at CITE - Brazil/USA Integrated Technology and Engineering Center, and development of new products. The Company also allocated part of the investments to the installation of the new SAP management system, in accordance with the Company's digital transformation plan. The innovation-oriented projects are funded by FINEP (Financier of Studies and Projects), from the R$175.7 million credit line approved for the Company in March/23.

A dedicated space is being built for CITE, specifically planned for R&D. The modern facilities will host metrological and metallurgical laboratories, tooling intended for the development of new products, testing space, an exclusive area for the development of new processes with automation laboratories and the implementation of new technologies, as well as a space dedicated to the engineers and collaborators that make up the research team, with meeting spaces, training rooms and auditoriums.

The search for new technologies related to armaments and the lack of innovation in metal alloys led Taurus to invest in the New Materials Technologies Project. An example of this is the study under development of the addition of niobium in the production of parts through the M.I.M. (metal injection molding) process, in search of materials with greater mechanical and corrosion resistance. This will enable the development of components with greater durability, safety and lower weight, adding value to products and boosting customer perception of the brand.

Another project developed by CITE focused on the use of graphene in the composition of injected parts, as well as Cerakote® Graphene coating on the bolt, an exclusive Taurus technology that brings much more resistance and durability to the pistol. This allows us to offer a pistol with greater reliability and enhanced performance, at a lower price. In addition, considering the use of graphene in the composition of the materials, there may be positive impacts on improving the use of the material in the M.I.M. (metal injection molding) process, which allows injecting return material for multiple times, without the need to add virgin material to recover rheological properties. There are also benefits resulting from the use of graphene, which contributes to increasing the useful life of the parts produced.

CAPITAL MARKETS

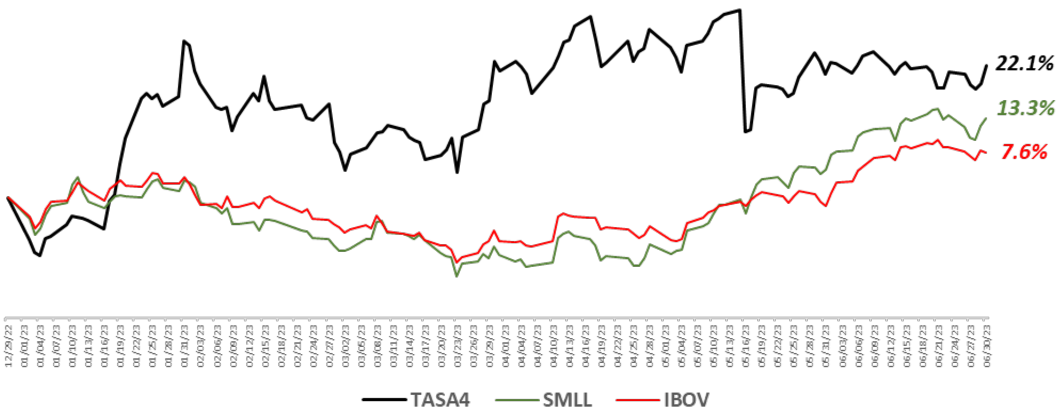
Taurus holds common shares (TASA3) and preferred shares (TASA4), which are listed on B3's Level II of Corporate Governance, a market segment that comprises those companies that have voluntarily adopted distinct corporate governance practices. Both classes of shares take part in the IGCX portfolio (Differentiated 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)
12/29/2022	R$12.24	46,445	R$12.34	80,189	126,634	R$1,558.02	R$1,954.15
06/30/2023	R$15.34	46,445	R$15.07	80,189	126,634	R$1,920.90	R$2,233.48
Change %	***25.33%***	-	***22.12%***	-	-	***23.29%***	***14.29%***

** 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
1st semester of 2023
Base 100: Closing prices as at 12/29/2022



Payment of dividends

The Company's Board of Directors, at a meeting held on June 21, 2023, approved the payment of interim dividends to all shareholders of the Company as an advance on the mandatory dividend for the fiscal year ending December 31, 2023. The payment of these interim dividends is based on the earnings reserve recognized in the financial statements for the year 2022, and consequent creation of a statutory reserve approved by the shareholders at the Extraordinary General Meeting of April 28, 2023, which allows the Board of Directors to consider any further compensation to shareholders, provided that cash availability and the statutory requirements are met.

The approved dividends on this date amount to R$12,663,443.40, which represents R$0.10 per common and preferred share, and will be paid on August 31, 2023 to all Taurus shareholders on August 21, 2023.

Share buyback program

The Board of Directors, at a meeting held on June 21, 2023, approved the Company's Share Buyback Program, with the purpose of: (a) holding in treasury, cancellation or subsequent sale of shares, aiming at the efficient management of the capital structure and maximizing the creation of value for the shareholder; and (b) holding in treasury in order to meet the obligations arising from the Stock Grant Plan.

The authorized Buyback Program provides for the acquisition of up to 300,000 common shares and 3,033,333 preferred shares, within a period of up to 18 months, up to December 20, 2024, and it is up to the Board of Directors to determine the dates on which the buyback will be effectively conducted.

ESG

Corporate governance

Committed to good governance, Taurus is engaged in the development of its ESG policy, enhancing the management system of ESG indicators, and in the evaluation of the goals that are relevant to the business.

Taurus shares are listed on B3's Level II of corporate governance, a segment that brings together companies that commit to maintaining differentiated corporate governance guidelines. Governance aspects are essential for Taurus and, therefore, the Company adopts practices in addition to those established in Level II of B3. In terms of management bodies, the current Board of Directors is composed of 6 members, 5 of whom are independent, including the Chairman. The Company holds a Supervisory Board and an Audit and Risks Committee (CAR), both statutory bodies.

The Board of Directors is also supported by the following advisory committees: Ethics Committee; Information Security Privacy Committee; and ESG Committee. These committees aim to propose and keep updated the guidelines/rules of the governance-related policies , analyze possible violations of policies and, in the event of non-compliance, forward an opinion to the Board of Directors, which participates in the approval and updating of the statement of values or mission, strategies, policies and objectives related to sustainable development.

The Company relies on procedures and policies that establish standards and guidelines to be strictly observed by all employees and partners. To become a Taurus agent or distributor, there are mandatory prior verification procedures and, subsequently, periodic compliance checks.

Regarding exports, Taurus submits declarations that the destination country is not on the UN Security Council restriction list, and it is also checked that the destination country is not under any restriction before the DDTC (Directorate of Defense Trade Controls) or on the list of jurisdictions subject to intensified monitoring by COAF (Financial Activities Control Council), which presents the countries monitored by GAFI/FATF (Financial Action Task Force against Money Laundering and Terrorist Financing).

Social

Taurus reinforces its commitment to the continuous training and development of people, aiming to contribute effectively to the personal and professional growth of its employees, and to play an active role in the development and use of technology, building an environment of collaboration between the team, the company and society. The Taurus Continuing Education Program comprises a training platform for the professional qualification of its entire operation, in addition to incentives for employees to qualify in undergraduate, master's and PhD courses at renowned educational institutions. The Company also promotes the inclusion of people with disabilities in the workplace, through the "Taurus do Bem" project, enabling personal and professional development through technical qualification. It also promotes courses in Libras (Brazilian Sign Language) for more than 60 employees, as a way to improve communication with hearing-impaired people .

Environmental

The Company remains strongly dedicated to research & development, reinforcing the differentiation of its production processes and products through the use of technology, new materials and increasing industrial efficiency, providing products and services aligned with ESG practices. The projects related to technology and innovation also aim to reduce emissions of polluting gases, the consumption of electricity, water, among others, contributing to the reduction of environmental impacts.

SUBSEQUENT EVENT

Memorandum of Understanding with a company in Saudi Arabia

According to the Material Fact released on July 31, 2023, on that same date Taurus signed a Memorandum of Understanding (MoU) with Scopa Defense Trading LLC., one of the most prominent defense companies in the Kingdom of Saudi Arabia. The parties will have up to 12 months to complete the studies for the creation of the joint venture and the business plan to be developed, when the participation of each of the parties involved will be defined, as well as the other conditions for the joint venture to become effective. During this period, Scopa Defense Trading LLC. will act as Taurus' business agent and distributor to explore business opportunities for police and military forces throughout the GCC (Gulf Cooperation Council) region, which includes, in addition to Saudi Arabia, Bahrain, Qatar, United Arab Emirates, Kuwait and Oman.

The partnership, if effective, also seeks to address a number of programs and platforms of the Saudi Vision 2030 project (www.vision2030.gov.sa), which aims at a comprehensive and ambitious position for the Kingdom of Saudi Arabia ("KSA") by the year 2030, with several strategic fronts to promote the economic and social development of the region, especially in the area of defense.

Saudi Arabia currently holds the 5th largest defense budget in the world, and plans for 50% of its military investments to come from local companies by the year 2030. Scopa Defense Trading LLC. is one of the most prominent defense companies in the Kingdom of Saudi Arabia. With a portfolio of products focused on military industries, the company contributes to the modernization of the Saudi armed forces, reaching global defense and security markets. It belongs to the "Ajlan & Bros. Holding" group, founded in 1979, which holds stakes in more than 75 companies operating in various strategic sectors, hiring around 15,000 employees in several countries.

INCOME STATEMENT

R$ million	2Q23	2Q22	*% Chg.*	1Q23	*% Chg.*	1H23	1H22	*% Chg.*
Net revenues from sales of goods and/or services	**470.3**	**625.6**	***-24.8%***	**453.2**	***3.8%***	**923.5**	**1,302.2**	***-29.1%***
Cost of goods and/or services sold	-298.3	-327.9	*-9.0%*	-276.8	*7.8%*	-575.1	-669.9	*-14.2%*
Gross Profit	**172.0**	**297.7**	***-42.2%***	**176.4**	***-2.5%***	**348.4**	**632.3**	***-44.9%***
Operating (expenses)/income	-98.7	-99.8	*-1.1%*	-120.3	*-18.0%*	-219.0	-200.6	*9.2%*
Selling expenses	-58.2	-60.1	*-3.2%*	-61.4	*-5.2%*	-119.6	-125.5	*-4.7%*
General and administrative expenses	-48.5	-45.2	*7.3%*	-55.4	*-12.5%*	-103.9	-97.8	*6.2%*
Losses due to non-recoverable assets	5.0	0.0	-	-3.8	-	1.2	-0.5	-
Other operating income	6.5	7.0	*-7.1%*	3.4	*91.2%*	9.8	35.6	*-72.5%*
Other operating expenses	-3.4	-1.2	*183.3%*	-2.5	*36.0%*	-5.8	-11.9	*-51.3%*
Equity from results of subsidiaries and affiliates	-0.1	-0.2	*-50.0%*	-0.7	*-85.7%*	-0.8	-0.4	*100.0%*
Profit before financial income (expenses) and taxes	**73.3**	**198.0**	***-63.0%***	**56.1**	***30.7%***	**129.4**	**431.7**	***-70.0%***
Financial result	4.5	-44.6	-	-0.1	-	4.4	-1.1	-
Financial income	47.4	76.8	*-38.3%*	42.8	*10.7%*	90.2	232.0	*-61.1%*
Financial expenses	-42.9	-121.4	*-64.7%*	-42.9	*0.0%*	-85.8	-233.1	*-63.2%*
Earnings (loss) before taxes	**77.8**	**153.3**	***-49.2%***	**56.0**	***38.9%***	**133.8**	**430.6**	***-68.9%***
Income tax and social contribution	-28.2	-51.3	*-45.0%*	-20.0	*41.0%*	-48.3	-133.2	*-63.7%*
Current	-28.7	-38.2	*-24.9%*	-23.8	*20.6%*	-52.5	-100.8	*-47.9%*
Deferred	0.5	-13.1	-	3.7	*-86.5%*	4.2	-32.4	-
Net income (loss) from continued operations	**49.5**	**102.0**	***-51.5%***	**35.9**	***37.9%***	**85.5**	**297.3**	***-71.2%***
Net income (loss) from discontinued operations	-0.7	-1.2	*-41.7%*	-0.5	*40.0%*	-1.2	-1.5	*-20.0%*
Consolidated net income (loss) for the period	**48.9**	**100.8**	***-51.5%***	**35.4**	***38.1%***	**84.3**	**295.8**	***-71.5%***
Attributed to shareholders of the parent company	48.9	100.8	*-51.5%*	35.4	*38.1%*	84.3	295.8	*-71.5%*
Earnings per share (R$/share)								
Basic earnings per share								
Common shares (ON)	*0.3859*	*0.0512*	*653.1%*	*0.2795*	*33.3%*	*0.6654*	*2.4383*	*-72.7%*
Preferred shares (PN)	*0.3858*	*-0.3785*	-	*0.2795*	*33.3%*	*0.6654*	*2.5345*	*-73.7%*
Diluted earnings per share								
Common shares (ON)	*0.3859*	*0.0512*	*653.1%*	*0.2795*	*33.3%*	*0.6654*	*2.4383*	*-72.7%*
Preferred shares (PN)	*0.3853*	*0.0516*	*646.1%*	*0.2795*	*33.3%*	*0.6648*	*2.4129*	*-72.4%*

ASSETS

R$ million	06/30/23	12/31/22	% Chg.
Total Assets	**2,050.2**	**2,276.2**	***-9.9%***
Current assets	**1,212.2**	**1,467.6**	***-17.4%***
Cash and cash equivalents	111.8	201.2	*-44.4%*
Cash and banks	90.4	178.6	*-49.4%*
Highly-liquid short-term investments	21.4	22.6	*-5.3%*
Marketable securities	94.9	105.5	*-10.0%*
Accounts receivable	201.6	352.4	*-42.8%*
Inventories	635.2	630.4	*0.8%*
Recoverable taxes	46.8	37.0	*26.5%*
Prepaid expenses	25.7	41.9	*-38.7%*
Other current assets	96.2	99.0	*-2.8%*
Non-current assets	**838.0**	**808.6**	***3.6%***
Long-term receivables	166.2	165.7	*0.3%*
Financial investments at amortized cost	0.0	21.9	-
Deferred taxes	65.0	60.9	*6.7%*
Receivables from related-party	0.0	0.0	-
Other non-current assets	101.2	82.9	*22.1%*
Investments	4.3	4.4	*-2.3%*
Stake in jointly-controlled subsidiaries	4.1	4.2	*-2.4%*
Other investments	0.2	0.2	*0.0%*
Property, plant and equipment	538.0	512.7	*4.9%*
Fixed assets in operation	374.6	353.0	*6.1%*
Fixed assets in progress	163.4	159.7	*2.3%*
Intangible assets	129.5	125.8	*2.9%*

LIABILITIES

R$ million	06/30/23	12/31/22	% Chg.
Total Liabilities and Equity	**2,050.2**	**2,276.2**	***-9.9%***
Current Liabilities	**783.5**	**998.7**	***-21.5%***
Social and labor obligations	48.5	66.9	*-27.5%*
Social obligations	5.7	6.9	*-17.4%*
Labor obligations	42.8	60.0	*-28.7%*
Suppliers	110.1	112.2	*-1.9%*
Local suppliers	76.6	69.3	*10.5%*
Foreign suppliers	33.5	42.9	*-21.9%*
Taxes payable	82.9	86.8	*-4.5%*
Federal Taxes payable	80.2	80.9	*-0.9%*
Income tax and social contribution payable	22.6	16.3	*38.7%*
Other taxes	57.5	64.6	*-11.0%*
State tax payable	2.7	5.8	*-53.4%*
Municipal tax payable	0.1	0.1	*0.0%*
Loans and financing	391.3	393.0	*-0.4%*
In local currency	1.2	1.8	*-33.3%*
In foreign currency	390.1	391.1	*-0.3%*
Debentures	0.0	0.0	-
Other accounts payable	69.6	258.4	*-73.1%*
Dividends and interest on equity payable	12.8	164.1	*-92.2%*
Rents	0.0	0.0	-
Advances from customers	22.5	38.9	*-42.2%*
Legal settelements to be paid	0.0	0.0	-
Other payables	34.3	55.3	*-38.0%*
Provisions	70.9	71.6	*-1.0%*
Provisions for tax, social security, labor and civil risks	60.4	60.6	*-0.3%*
Other provisions	10.6	11.0	*-3.6%*
Liabilities on assets of discontinued operations	10.2	9.7	*5.2%*
Noncurrent Liabilities	**208.1**	**253.3**	***-17.8%***
Loans and financing	59.3	95.3	*-37.8%*
In local currency	37.6	1.8	*1988.9%*
In foreign currency	21.7	93.4	*-76.8%*
Debentures	0.0	0.0	-
Other accounts payable	71.8	80.1	*-10.4%*
Related-party liabilities	1.9	1.8	*5.6%*
Provision for uncovered liability	0.3	0.0	-
Taxes payable	17.1	22.6	*-24.3%*
Suppliers	11.1	12.6	*-11.9%*
Rents	0.0	0.0	-
Other accounts payable	41.3	43.1	*-4.2%*
Deferred taxes	16.2	16.7	*-3.0%*
Provisions	60.8	61.1	*-0.5%*
Provisions for tax, social security, labor and civil risks	56.2	56.1	*0.2%*
Other provisions	4.6	5.0	*-8.0%*
Liabilities on assets of discontinued operations	0.0	0.0	-
Consolidated Shareholders' Equity	**1,058.5**	**1,024.2**	***3.3%***
Share Capital	367.9	367.9	*0.0%*
Capital reserves	-18.3	-21.4	*-14.5%*
Disposal of subscription warrants	9.9	9.9	*0.0%*
Stock options granted	17.4	14.1	*23.4%*
Capital transactions	-45.6	-45.3	*0.7%*
Retained earnings	451.6	464.3	*-2.7%*
Legal reserve	41.1	41.1	*0.0%*
Statutory reserve	292.0	0.0	-
Retained earnings reserve	0.0	304.7	-
Tax incentive reserve	118.5	118.5	*0.0%*
Proposed supplementary dividend	0.0	0.0	-
Accumulated earnings/losses	84.5	0.0	-
Equity valuation adjustments	44.3	44.5	*-0.4%*
Accumulated translation adjustments	128.6	168.9	*-23.9%*

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 interim financial information

2.1. Basis of preparation

a) Statement of compliance

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

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

The interim financial information for the period ended June 30, 2023 has been prepared based on the historical cost, except for the revaluation of certain investment properties and financial instruments measured at their revalued amounts or fair values at the end of each reporting period, as described in the accounting policies below. The historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The fair value for measurement and/or disclosure purposes in this individual and consolidated interim financial information is determined on this basis, except as otherwise required by another accounting pronouncement.

The individual and consolidated interim financial information for the period ended June 30, 2023 has been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

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

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

This individual and consolidated interim financial information was approved by the Company's Board of Directors and authorized for issue on August 10, 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 June 30 and the respective comparative periods. Control is achieved when the Company:

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

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

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

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

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

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

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

3. Critical accounting judgments and key sources of estimation uncertainty

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

The information on critical judgments related to the accounting policies adopted that affect the amounts recognized in the individual and consolidated interim financial information and information on uncertainties, assumptions, and estimates is disclosed in the following notes: 9 – Trade receivables (expected credit losses on doubtful debts), 10 - Inventories (expected losses on inventories), 13 – Income tax and social contribution, 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 June 30, 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 June 30, 2023 are the same accounting policies used to prepare the annual financial statements for the year ended December 31, 2022.

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

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

a) Financial instruments – general accounting policy

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

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

As at June 30, 2023, the Company does not have derivative financial instruments. Additionally, the Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(i) *Non-derivative financial assets*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(v) **Amendments to IAS 12 (CPC 32) - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**
Applicable to annual reporting periods beginning on or after January 1, 2023. The amendments provide a further exception from the initial recognition exemption. 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 compensation plan

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

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

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

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

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

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

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

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

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

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

d) <u>Leases</u>

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

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

		Consolidated		Parent
	06-30-2023	**12-31-2022**	**06-30-2023**	**12-31-2022**
Fair value through profit or loss				
Cash and cash equivalents	**111,769**	201,219	**55,389**	107,155
Amortized cost				
Trade receivables	**201,635**	352,437	**109,467**	224,150
Short-term investments and restricted account	**94,905**	127,475	**78,434**	113,941
Other receivables	**13,901**	3,323	**124,108**	101,565
Total	**422,210**	684,454	**367,398**	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
	06-30-2023	**12-31-2022**	**06-30-2023**	**12-31-2022**
Domestic – trade receivables	**58,246**	216,732	**41,948**	196,585
United States – trade receivables	**120,896**	118,351	**36,251**	1,242
Other	**37,009**	33,824	**35,081**	32,117
Total	**216,151**	368,907	**113,280**	229,944

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

		Consolidated		Parent
	06-30-2023	**12-31-2022**	**06-30-2023**	**12-31-2022**
Trade receivables – public bodies	**5,011**	26,948	**5,011**	26,948
Trade receivables – distributors	**147,977**	251,560	**66,797**	138,238
Final customers	**63,163**	90,399	**41,472**	64,758
Total	**216,151**	368,907	**113,280**	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 June 30, 2023, the aging list of trade receivables and the allowance for expected credit losses are as follows:

						Consolidated
			06-30-2023			12-31-2022
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	**195,500**	**(2,541)**	**1.3%**	**311,047**	**(2,590)**	**0.8%**
0-30 days past due	**1,094**	**(217)**	**19.8%**	**21,980**	**(497)**	**2.3%**
31-60 days past due	**212**	**(8)**	**3.8%**	**5,223**	**(125)**	**2.4%**
61-90 days past due	**462**	**(119)**	**25.8%**	**5,198**	**(679)**	**13.1%**
91-180 days past due	**3,247**	**(768)**	**23.7%**	**6,089**	**(1,528)**	**25.1%**
181-360 days past due	**2,700**	**(950)**	**35.2%**	**3,566**	**(1,190)**	**33.4%**
Over one year past due	**12,936**	**(9,913)**	**76.6%**	**15,804**	**(9,861)**	**62.4%**
Total	**216,151**	(14,516)		**368,907**	(16,470)	

						Parent
			06-30-2023			12-31-2022
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	**63,221**	**(1,300)**	**2.1%**	**211,379**	**(1,454)**	**0.7%**
0-30 days past due	**37,914**	**(118)**	**0.3%**	**277**	**(247)**	**89.2%**
31-60 days past due	**-**	**-**	**0.0%**	**99**	**(42)**	**42.4%**
61-90 days past due	**352**	**(81)**	**23.0%**	**3,291**	**(631)**	**19.2%**
91-180 days past due	**3,127**	**(758)**	**24.2%**	**6,017**	**(1,500)**	**24.9%**
181-360 days past due	**1,869**	**(718)**	**38.4%**	**6,484**	**(1,020)**	**15.7%**
Over one year past due	**6,797**	**(838)**	**12.3%**	**2,397**	**(900)**	**37.5%**
Total	**113,280**	(3,813)		**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
						06-30-2023
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities						
Trade payables	121,250	123,406	110,306	8,521	4,579	-
Borrowings and financing	68,418	102,669	37,479	10,869	14,702	39,619
Foreign currency advances	382,170	405,237	397,088	8,149	-	-
	571,838	**631,312**	**544,873**	**27,539**	**19,281**	**39,619**

						Parent
						06-30-2023
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities						
Trade payables	85,373	87,529	74,429	8,521	4,579	-
Borrowings and financing	68,418	102,669	37,479	10,869	14,702	39,619
Foreign currency advances	382,170	405,237	397,088	8,149	-	-
	535,961	**595,435**	**508,996**	**27,539**	**19,281**	**-**

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 June 30, 2023, the Company is mainly exposed to fluctuations between the Brazilian real and the US dollar. The net exposure and sensitivity analysis related to the monetary items recorded in foreign currency as at June 30, 2023 are shown below.

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

Currencies and indices		**Projected rate**	**Variation by +/- 25%**	**Variation by +/- 50%**
US dollar	Decrease	**5.0000**	3.7500	2.5000
US dollar	Increase	**5.0000**	6.2500	7.5000

				Consolidated
		Balance in 2023 – in US dollar	**Variation by +/- 25%**	**Variation by +/- 50%**
Asset – US dollar depreciation				
Trade receivables	US dollar – US$	**32,766**	(40,957)	(81,915)
		Balance in 2023 – in US dollar	**Variation by +/- 25%**	**Variation by +/- 50%**
Liability – US dollar appreciation				
Borrowings and financing	US dollar – US$	**(6,133)**	(7,666)	(15,332)
Trade payables	US dollar – US$	**(6,952)**	(8,690)	(17,381)
Foreign currency advances	US dollar – US$	**(79,302)**	(99,127)	(198,254)

				Parent
		Balance in 2023 – in US dollar	**Variation by +/- 25%**	**Variation by +/- 50%**
Asset – US dollar depreciation				
Trade receivables	US dollar – US$	**14,802**	(18,502)	(37,004)
		Balance in 2023 – in US dollar	**Variation by +/- 25%**	**Variation by +/- 50%**
Liability – US dollar appreciation				
Borrowings and financing	US dollar – US$	**(6,133)**	(7,666)	(15,332)
Trade payables	US dollar – US$	**(1,404)**	(1,755)	(3,511)
Foreign currency advances	US dollar – US$	**(79,302)**	(99,127)	(198,254)

(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 June 30, 2023 is shown below. This analysis considers a 25% and 50% variation in the interest rate prevailing at the end of the period. Such variations represent Management's assessment of the reasonably possible change in the interest rate.

Index	**Index as at 06-30-2023**	**Variation by +/- 25%**	**Variation by +/- 50%**
CDI - decrease	13.65%	10.24%	6.83%
CDI - increase	13.65%	17.06%	20.48%
TJLP rate	7.28%	9.10%	10.92%
6-month SOFR	4.78%	3.59%	2.39%

				Consolidated Gain (loss)
	Index	**Balance 06-30-2023**	**Variation by +/- 25%**	**Variation by +/- 50%**
Assets				
Short-term investments	CDI - decrease	116,309	(3,966)	(7,932)
Intragroup loans - abroad	6-month SOFR – decrease	10,455	(125)	(250)
	Index	**Balance 06-30-2023**	**Variation by +/- 25%**	**Variation by +/- 50%**
Liabilities				
Intragroup borrowings	CDI - increase	(1,902)	(65)	(130)
Borrowings	CDI - increase	(2,046)	(70)	(140)
Borrowings	TJLP - increase	(36,816)	(670)	(1,340)

				Parent Gain (loss)
	Index	**Balance 06-30-2023**	**Variation by +/- 25%**	**Variation by +/- 50%**
Assets				
Short-term investments	CDI - decrease	93,880	(3,201)	(6,403)
Intragroup loans	CDI - decrease	99,640	(3,398)	(6,795)
Intragroup loans - abroad	6-month SOFR	10,455	(125)	(250)
	Index	**Balance 06-30-2023**	**Variation by +/- 25%**	**Variation by +/- 50%**
Liabilities				
Intragroup borrowings	CDI - increase	(58,536)	(1,996)	(3,998)
Borrowings	CDI - increase	(2,046)	(70)	(140)
Borrowings	TJLP	(36,816)	(670)	(1,340)

(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	
	06-30-2023	**12-31-2022**
Total liabilities	**991,675**	1,251,942
Less: Cash and cash equivalents and short-term investments	**(206,674)**	(328,694)
Net debt (A)	**785,001**	923,248
Total equity (B)	**1,058,535**	1,024,231
Net debt-to-equity ratio as at June 30, 2023 and December 31, 2022 (A/B)	0.74	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**	
	06-30-2023	06-30-2022	**06-30-2023**	06-30-2022	**06-30-2023**	06-30-2022	**06-30-2023**	06-30-2022
Foreign revenue	**867,878**	1,245,963	**47,012**	49,225	**8,628**	6,967	**923,518**	1,302,155
Intercompany revenue	**410,934**	499,852	**-**	-	**5,219**	4,896	**416,153**	504,748
Cost of sales	**(536,883)**	(629,435)	**(31,610)**	(34,062)	**(6,624)**	(6,387)	**(575,117)**	(669,884)
Gross profit	**741,929**	1,116,380	**15,402**	15,163	**7,223**	5,476	**764,554**	1,137,019
Selling expenses	**(107,124)**	(118,963)	**(10,054)**	(10,154)	**(1,147)**	(275)	**(118,325)**	(129,392)
General and administrative expenses	**(87,315)**	(79,216)	**(3,493)**	(3,574)	**(2,720)**	(1,800)	**(93,528)**	(84,590)
Depreciation and amortization	**(8,868)**	(8,829)	**(139)**	(138)	**(1,372)**	(890)	**(10,379)**	(9,857)
Other operating income (expenses), net	**3,842**	23,053	**56**	598	**106**	4	**4,004**	23,655
Equity in earnings (losses)	**(810)**	-	**-**	-	**26**	(399)	**(784)**	(399)
	(200,275)	(183,955)	**(13,630)**	(13,268)	**(5,107)**	(3,360)	**(219,012)**	(200,583)
Operating profit	**541,654**	932,425	**1,772**	1,895	**2,116**	2,116	**545,542**	936,436
Finance income	**88,366**	230,446	**1,428**	947	**383**	610	**90,177**	232,003
Finance costs	**(84,342)**	(230,735)	**(603)**	(1,265)	**(865)**	(1,128)	**(85,810)**	(233,128)
Finance income (costs), net	**4,024**	(289)	**825**	(318)	**(482)**	(518)	**4,367**	(1,125)
Profit (loss) from the reportable segment before income tax and social contribution	**545,678**	932,136	**2,597**	1,577	**1,634**	1,598	**549,909**	935,311
Elimination of intercompany revenue	**(410,934)**	(499,852)	**-**	-	**(5,219)**	(4,896)	**(416,153)**	(504,748)
Profit (loss) before income tax and social contribution	**134,744**	432,284	**2,597**	1,577	**(3,585)**	(3,298)	**133,756**	430,563
Income tax and social contribution	**(47,172)**	(132,710)	**(490)**	(158)	**(610)**	(351)	**(48,272)**	(133,219)
Profit (loss) from discontinued operations	**-**	-	**(1,225)**	(1,532)	**-**	-	**(1,225)**	(1,532)
Profit (loss) for the period	**87,572**	299,574	**882**	(113)	**(4,195)**	(3,649)	**84,259**	295,812
Assets from reportable segments	**1,713,947**	1,857,331	**121,822**	116,415	**214,441**	184,760	**2,050,210**	2,158,506
Liabilities from reportable segments	**929,337**	1,172,917	**27,939**	28,038	**34,399**	30,718	**991,675**	1,231,673

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

	Firearms		Helmets	
	06-30-2023	**06-30-2022**	**06-30-2023**	**06-30-2022**
Domestic market				
Southeast Region	**81,509**	293,222	**14,775**	18,860
South Region	**8,784**	36,032	**2,591**	3,880
Northeast Region	**5,291**	8,377	**13,216**	11,101
Midwest Region	**2,209**	8,149	**9,146**	7,942
North Region	**4,873**	9,970	**7,040**	7,292
	102,666	355,750	**46,768**	49,075
Foreign market				
United States	**716,289**	813,309	**244**	150
South Africa	**3,675**	3,803	**-**	-
Germany	**1,267**	588	**-**	-
Saudi Arabia	**946**	-	**-**	-
Argentina	**392**	1,695	**-**	-
Bulgary	**637**	-	**-**	-
Burkina Faso	**2,031**	1,270	**-**	-
Chile	**970**	861	**-**	-
Singapore	**284**	-	**-**	-
El Salvador	**627**	1,029	**-**	-
Spain	**39**	348	**-**	-
Philippines	**6,610**	11,684	**-**	-
France	**1,680**	1,384	**-**	-
Ghana	**-**	3,038	**-**	-
Guatemala	**3,971**	7,171	**-**	-
Guiana	**430**	1,091	**-**	-
Honduras	**9,330**	-	**-**	-
India	**992**	-	**-**	-
Israel	**4,968**	560	**-**	-
Italy	**-**	615	**-**	-
Lebanon	**-**	2,140	**-**	-
North Macedonia	**257**	-	**-**	-
Madagascar	**103**	-	**-**	-
Mexico	**2,099**	-	**-**	-
Mozambique	**212**	314	**-**	-
Namibia	**179**	208	**-**	-
Panama	**112**	312	**-**	-
Pakistan	**1,446**	11,503	**-**	-
Peru	**2,203**	3,583	**-**	-
Poland	**730**	2,634	**-**	-
Dominican Republic	**-**	1,899	**-**	-
Czech Republic	**598**	1,478	**-**	-
Senegal	**586**	1,158	**-**	-
Thailand	**479**	1,423	**-**	-
Turkey	**7**	12,261	**-**	-
Ukraine	**-**	1,386	**-**	-
Uruguay	**527**	240	**-**	-
Zambia	**-**	360	**-**	-
Other countries	**536**	868	**-**	-
	765,212	890,213	**244**	150
Total net revenue	**867,878**	1,245,963	**47,012**	49,225

The sales of the Company's other segments are concentrated on the domestic market and spread throughout all Brazilian regions. The Company's and its subsidiaries' sales do not show high level of concentration that can characterize significant dependence on governmental bodies or any other customer, except for the Related Parties, as described in note 24. Approximately 82.53% 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	
	06-30-2023	12-31-2022	06-30-2023	12-31-2022
Cash	**127**	122	**104**	85
Unsettled exchange bills (*)	**39,471**	90,605	**38,930**	90,472
Demand deposits	**50,767**	87,880	**909**	498
Short-term investments	**21,404**	22,612	**15,446**	16,100
Cash and cash equivalents	**111,769**	201,219	**55,389**	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 75% of CDI.

8. Short-term investments

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

		Consolidated		Parent	
	Interest rate	06-30-2023	12-31-2022	06-30-2023	12-31-2022
Bank certificates of deposit (CDBs)	98% to 107% of CDI	**94,905**	127,475	**78,434**	113,941
Total		**94,905**	**127,475**	**78,434**	**113,941**
Current		**94,905**	105,544	**78,434**	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	
	06-30-2023	12-31-2022	06-30-2023	12-31-2022
Domestic customers	**58,246**	216,732	**41,948**	196,585
Foreign customers	**157,905**	152,175	**71,332**	33,359
	216,151	368,907	**113,280**	229,944
Allowance for expected loss on doubtful debts – domestic receivables	**(8,628)**	(9,504)	**(819)**	(1,693)
Allowance for expected loss on doubtful debts – foreign receivables	**(5,888)**	(6,966)	**(2,994)**	(4,101)
	(14,516)	(16,470)	**(3,813)**	(5,794)
	201,635	352,437	**109,467**	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	**(6,329)**	**(5,252)**
Reversal of allowance for expected credit losses	**7,543**	**7,043**
Exchange rate changes	**740**	**190**
Balance as at June 30, 2023	**(14,516)**	**(3,813)**

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	
	06-30-2023	12-31-2022	06-30-2023	12-31-2022
Finished products	**319,497**	272,570	**57,346**	48,596
Raw material	**311,142**	336,748	**246,331**	263,394
Work in process	**1,903**	10,307	**-**	320
Inventory advances	**18,727**	26,135	**18,275**	25,715
Allowance for inventory losses	**(16,083)**	(15,370)	**(7,091)**	(6,215)
	635,186	630,390	**314,861**	331,810

Variation in the allowance for inventory losses	Consolidated	Parent
Balance as at December 31, 2022	**(15,370)**	**(6,215)**
Addition	**(1,382)**	**(879)**
Reversal	**28**	**-**
Definitive write-offs	**36**	**3**
Exchange rate changes	**605**	**-**
Balance as at June 30, 2023	**(16,083)**	**(7,091)**

11. Recoverable taxes

	Consolidated		Parent	
	06-30-2023	12-31-2022	06-30-2023	12-31-2022
State VAT (ICMS)	**25,959**	25,975	**24,431**	24,424
Federal VAT (IPI)	**2,232**	4,856	**1,527**	3,428
Tax on revenue (PIS)	**3,451**	813	**3,242**	515
Tax on revenue (COFINS)	**14,828**	2,849	**14,027**	1,637
Income tax and social contribution	**13,918**	17,402	**7,272**	7,318
Other	**1,521**	320	**891**	52
Total	**61,909**	52,215	**51,390**	37,374
Current	**46,827**	37,039	**36,939**	22,939
Noncurrent	**15,082**	15,176	**14,451**	14,435

12. Other assets

	Consolidated		Parent	
	06-30-2023	12-31-2022	06-30-2023	12-31-2022
Advances to suppliers	**1,187**	1,854	**70**	1,258
Advances to employees	**3,988**	7,114	**3,440**	6,568
Advances for foreign bids	**5,804**	7,224	**5,804**	7,224
Escrow deposits	**66,678**	57,839	**64,779**	55,982
Disposal of assets receivable – Sale and retro-lease	**7,628**	8,289	**-**	-
Intragroup loans	**1,103**	910	**11,670**	12,682
Credits receivable - Eletrobrás	**9,015**	9,015	**5,059**	5,059
Other receivables	**7,811**	6,501	**3,335**	3,353
Total	**103,214**	98,746	**94,157**	92,126
Current	**27,561**	31,003	**29,043**	35,519
Noncurrent	**75,653**	67,743	**65,114**	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	
	06-30-2023	12-31-2022	06-30-2023	12-31-2022
On income tax and social contribution losses				
Income tax loss	3,730	3,841	-	-
Social contribution loss	1,345	1,385	-	-
On temporary differences – assets				
Other allowances, provisions and accruals	10,418	8,879	1,428	258
Realization of revaluation reserve	1,891	1,879	596	584
Allowance for inventory losses	4,415	5,326	2,411	2,113
Accrued profit sharing	5,235	9,521	2,549	6,546
Accrued commissions	1,444	1,605	1,306	1,417
Provision for civil, labor and tax risks	19,991	20,799	18,606	19,392
Provision for warranty	3,745	3,937	2,082	2,137
Provision for uncollectible receivables	2,480	2,845	1,575	1,970
Financial provisions	935	967	935	967
Tax provisions	2,657	2,497	2,086	1,954
Unrealized profit with related parties	21,829	13,696	-	-
Total deferred assets	**80,115**	**77,177**	**33,574**	**37,338**

	Consolidated		Parent	
	06-30-2023	**12-31-2022**	**06-30-2023**	**12-31-2022**
On temporary differences - liabilities				
Goodwill on expected future earnings	(11,409)	(12,220)	-	-
Fair value of investment property	(19,912)	(20,840)	-	-
Total deferred liabilities	**(31,321)**	**(33,060)**	**-**	**-**
Deferred asset balances	**65,038**	60,855	**33,574**	37,338
Deferred liability balances	**(16,244)**	(16,738)	**-**	-
Deferred assets, net	**48,794**	**44,117**	**33,574**	**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	4,184	(3,763)
Translation adjustments into the presentation currency	493	-
Closing balance of deferred taxes, net	**48,794**	**33,575**

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 June 30, 2023, the expected tax loss realization for deferred income tax and social contribution, recorded in noncurrent assets in the consolidated (the balance of income tax and social contribution loss was fully utilized), is as follows:

					Consolidated
	Income tax loss	**Social contribution loss**	**Deferred income tax**	**Deferred social contribution**	**Total deferred taxes**
Balance recognized as at 06/30/2023	14,919	14,943	3,730	1,345	5,075
In 2023	(4,235)	(4,233)	(1,059)	(381)	(1,440)
In 2024	(2,728)	(2,722)	(682)	(245)	(927)
In 2025	(2,660)	(2,656)	(665)	(239)	(904)
In 2026-2030	(5,296)	(5,333)	(1,324)	(480)	(1,804)

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

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

		Consolidated		**Parent**
	06-30-2023	**06-30-2022**	**06-30-2023**	**06-30-2022**
Pretax profit (loss)	133,756	430,563	132,288	419,955
Income tax and social contribution at combined tax rates	(45,477)	(146,391)	(44,978)	(142,784)
Permanent additions				
Non-deductible expenses	(1,305)	(1,696)	(1,292)	(1,685)
PPR – Statutory and CLT officers	(1,281)	(1,232)	(1,281)	(1,232)
Insurance – Statutory and CLT officers	(37)	-	(37)	-
Share of loss of subsidiaries	(267)	399	(9,313)	(7,683)
Donations/sponsorship	(165)	(167)	(141)	(143)
Capital gain on property, plant and equipment	-	(115)	-	(115)
Permanent deductions				
Reintegra	161	210	161	210
Deemed ICMS grant	34	8,525	-	8,506
Interest on tax unduly paid	-	67	-	67
Share of profit of subsidiaries	-	-	8,334	20,184
Difference of tax rate of subsidiaries - deemed income	(494)	7,334	-	-
Other (additions)/deductions	559	(153)	518	533
Income tax and social contribution in profit or loss for the year	**(48,272)**	**(133,219)**	**(48,029)**	**(124,143)**
Current	(52,456)	(100,795)	(44,266)	(83,955)
Deferred	4,184	(32,424)	(3,763)	(40,188)
	(48,272)	(133,219)	**(48,029)**	(124,143)
Effective rate	36%	31%	36%	30%

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

								Consolidated
				06-30-2023				**06-30-2022**
	Basis	**25%**	**9%**	**Total**	**Basis**	**25%**	**9%**	**Total**
Temporary differences								
Other allowances, provisions and accruals	239	60	22	82	-	-	-	-
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	3,126	782	281	1,063	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
	413,144	**103,287**	**37,182**	**140,469**	**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	**06-30-2023**	**12-31-2022**
Buildings, land and improvements	51,390	51,390
Taurus Blindagens Nordeste – long-lived asset held for sale	17,274	16,644
Total held-for-sale noncurrent assets	**68,664**	**68,034**
Taurus Blindagens Nordeste – liability held for sale	10,167	9,711
Total held-for-sale liabilities	**10,167**	**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 June 30, 2023, the group of assets and liabilities held for sale related to the helmet operation of Taurus Blindagens Nordeste Ltda was presented as shown in the table and comprised the following assets and liabilities:

Property, plant and equipment/Intangible assets	8,643
Trade and other receivables	8,631
Assets held for sale	**17,274**
Trade and other payables	10,167
Liabilities held for sale	**10,167**

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)	06-30-2023	12-31-2022
Current assets	131,783	8,249	21,552	556,638	6	641	69,345	19,239	4,853	3,879		
Noncurrent assets	49,593	61,657	5	123,385	-	257	106,031	179,976	734	1,166		
Current liabilities	44,397	9,091	752	142,148	-	-	5,521	20,779	4,723	2,486		
Noncurrent liabilities	1,851	3,360	21,479	43,876	-	-	70,135	25,879	626	36,726		
Capital	73,855	9,400	206	1,565	53,011	2,791	53,292	211,452	1,300	293,639		
Equity	135,128	57,455	(674)	493,999	6	898	99,720	152,557	238	(34,167)		
Net revenue	47,012	-	64	716,289	-	-	5,217	7,131	1,124	-		
Profit (loss) for the period	2,729	1,991	(736)	17,705	-	(916)	(1,429)	(8)	(753)	(3,258)		
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	-	**2**	**(361)**	**17,705**	-	**(449)**	**(1,170)**	**(8)**	**(754)**	**(2,052)**	**12,913**	**79,112**
Exchange differences arising on translating investments	-	-	**(79)**	**(40,211)**	**(1)**	**(9)**	-	-	-	-	**(40,300)**	**(28,117)**
Unrealized profit on inventories	-	-	-	**(15,697)**	-	-	-	-	**(95)**	-	**(15,792)**	**(8,282)**
Valuation adjustments to equity	-	-	-	-	-	-	-	**(313)**	-	-	**(313)**	**(2,741)**
Reclassified to provision for negative equity (1)	-	-	**331**	-	-	-	-	-	-	**2,052**	**2,383**	**1,013**
Closing balances	**1**	**58**	**-**	**452,450**	**6**	**440**	**81,627**	**152,557**	**(593)**	**-**	**686,546**	**727,546**

(1) The balances of investments of subsidiaries Jindal Defence Systems Private Limited (R$331) and Taurus Máquinas-Ferramentas Ltda. (R$2,052), are presented in line item “Provision for negative equity” in noncurrent liabilities.

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

Taurus JM Indústria de Peças Ltda

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

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

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

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

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

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

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

The tables below show the balances of Taurus JM Indústria de Peças Ltda. as at June 30, 2023:

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

Assets		**Liabilities**	
Current assets		**Current liabilities**	
Cash and cash equivalents	1,033	Trade payables	12,099
Trade receivables	5,390	Payroll and related taxes	393
Inventories	2,195	Taxes, fees and contributions	6,192
Recoverable taxes	2,871	Related parties	169
Related parties	2	Other payables	1,413
Other receivables	1,583		20,266
	13,074	**Noncurrent liabilities**	
		Deferred tax liabilities	27
Noncurrent assets		Related parties – Financial loan	101
Deferred tax assets	1,487		128
Related parties – Financial loan	1,898	**Total liabilities**	20,394
Other receivables	20		
	3,405	**Equity**	
		Capital	4,629
		Advance for future capital increase	7,075
Property, plant and equipment	11,109	Accumulated losses	(4,510)
		Total equity	7,194
Total assets	**27,588**		
		Total liabilities and equity	**27,588**

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

Revenue from sales and/or services	2,073
Cost of sales and/or services	(915)
Selling expenses	(470)
General and administrative expenses	(649)
Other operating (expenses) income, net	(88)
	(49)
Loss before finance income (costs), net, share of profit (loss) of subsidiaries, and taxes	(49)
Finance income	125
Finance costs	(6)
Finance income (costs), net	119
Operating income before taxes	70
Income tax and social contribution	(11)
Income tax and social contribution - deferred	(7)
Profit for the period	**52**

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 JUNE 30, 2023
In thousands of reais

Assets		**Liabilities**	
Current assets		**Equity**	
Cash and cash equivalents	597	Capital	2,763
Prepaid expenses	44	Valuation adjustments to equity	28
	641	Accumulated losses	(1,893)
		Total equity	898
Property, plant and equipment	257		
Total assets	**898**	**Total liabilities and equity**	**898**

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

General and administrative expenses	(916)
	(916)
Loss for the period	**(916)**

Jindal Defence Systems Private Limited

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

Jindal Defence Systems Private Limited operates in the defense and security area. It is mainly engaged in developing, manufacturing and providing high-quality defense solutions to the Indian Armed Forces and international customers. The new plant 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 JUNE 30, 2023
In thousands of reais

Assets		**Liabilities**	
Current assets		**Current liabilities**	
Cash and cash equivalents	18,182	Trade payables	744
Trade receivables	-	Taxes, fees and contributions	7
Inventories	1,125	Other payables	1
Other receivables	2,244		752
	21,551	**Noncurrent liabilities**	
		Related parties – Financial loan	21,479
Noncurrent assets			21,479
Other receivables	6	**Total liabilities**	22,231
	6		
		Equity	
		Capital	206
		Accumulated losses	(880)
		Total equity	(674)
Total assets	**21,557**	**Total liabilities and equity**	**21,557**

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

Revenue from sales and/or services	64
Cost of sales and/or services	(272)
General and administrative expenses	(360)
Other operating (expenses) income, net	35
	(533)
Finance income	328
Finance costs	(531)
Finance income (costs), net	(203)
Loss for the period	**(736)**

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	-	675	6,914	96	-	-	40,708	1,700	10	50,103
Write-offs	-	-	(19,895)	(72)	-	-	(1,268)	(92)	-	(21,327)
Transfers	17,256	14,379	3,270	641	-	-	(35,546)	-	-	-
Effect of changes in exchange rates	(251)	(2,040)	(10,727)	2,667	(35)	-	(255)	-	(779)	(11,420)
Balance as at June 30, 2023	**27,610**	**172,944**	**335,157**	**37,763**	**937**	**698**	**163,383**	**34,304**	**9,820**	**782,616**
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	-	(3,797)	(9,301)	(1,331)	(27)	(69)	-	-	(1,224)	(15,749)
Write-offs	-	-	18,500	45	-	-	-	-	-	18,545
Effect of changes in exchange rates	-	746	3,026	1,078	28	-	-	-	287	5,165
Balance as at June 30, 2023	**-**	**(47,455)**	**(169,669)**	**(21,528)**	**(723)**	**(311)**	**-**	**-**	**(4,912)**	**(244,598)**
Carrying amount										
December 2022	10,605	115,526	173,701	13,111	248	456	159,744	32,696	6,614	512,701
June 2023	**27,610**	**125,489**	**165,488**	**16,235**	**214**	**387**	**163,383**	**34,304**	**4,908**	**538,018**

Cost or deemed cost	**Buildings**	**Machinery and facilities**	**Furniture and computers**	**Vehicles**	**Other**	**PP&E in progress**	**Advances to suppliers**	**Lease / right of use**	**Parent Total**
Balance as at December 31, 2021	58,754	211,584	15,321	52	698	21,330	47,738	-	355,477
Additions	369	21,695	830	-	-	106,461	-	380	129,735
Write-offs	(29)	(16,468)	(1,977)	-	-	-	(15,685)	-	(34,159)
Transfers	1,405	12,731	29	-	-	(14,165)	-	-	-
Balance as at December 31, 2022	**60,499**	**229,542**	**14,203**	**52**	**698**	**113,626**	**32,053**	**380**	**451,053**
Additions	199	-		-	-	31,222	1,373	-	32,794
Write-offs	-	(19,803)	(49)	-	-	-	-	-	(19,852)
Transfers	-	2,957	605	-	-	(3,562)	-	-	-
Balance as at June 30, 2023	**60,698**	**212,696**	**14,759**	**52**	**698**	**141,286**	**33,426**	**380**	**463,995**
Depreciation									
Balance as at December 31, 2021	(18,504)	(126,435)	(6,357)	(52)	(102)	-	-	-	(151,450)
Depreciation in the year	(2,278)	(9,716)	(1,126)	-	(140)	-	-	(63)	(13,323)
Write-offs	28	15,979	1,822	-	-	-	-	-	17,829
Balance as at December 31, 2022	**(20,754)**	**(120,172)**	**(5,661)**	**(52)**	**(242)**	**-**	**-**	**(63)**	**(146,944)**
Depreciation in the period	(1,177)	(5,401)	(575)	-	(69)	-	-	(38)	(7,260)
Write-offs	-	18,414	26	-	-	-	-	-	18,440
Balance as at June 30, 2023	**(21,931)**	**(107,159)**	**(6,210)**	**(52)**	**(311)**	**-**	**-**	**(101)**	**(135,764)**
Carrying amount									
December 2022	39,745	109,370	8,542	-	456	113,626	32,053	317	304,109
June 2023	**38,767**	**105,537**	**8,549**	**-**	**387**	**141,286**	**33,426**	**279**	**328,231**

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 June 310, 2023, the Company uses R$24.7 million in collaterals (R$40.3 million as at December 31, 2022).

17. Intangible assets

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

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

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

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

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

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

							Consolidated
	Software	Trademarks and patents	Customer relationship	Goodwill	Product development	Intangible assets in progress	Total
Cost							
Balance as at December 31, 2021	24,137	28,940	24,165	49,843	8,657	17,161	152,903
Acquisitions	1,633	-	-	-	-	28,316	29,949
Transfers	33	-	-	-	-	(33)	-
Write-offs	(284)	-	-	-	-	-	(284)
Effect of changes in exchange rates	(667)	(1,146)	(1,536)	(1,119)	(398)	-	(4,866)
Balance as at December 31, 2022	**24,852**	**27,794**	**22,629**	**48,724**	**8,259**	**45,444**	**177,702**
Acquisitions	25	-	-	-	-	7,757	7,782
Transfers	9	-	-	-	-	(9)	-
Write-offs	(3)	-	-	-	-	-	(3)
Effect of changes in exchange rates	(729)	(1,258)	(1,686)	(1,230)	(437)	-	(5,340)
Balance as at June 30, 2023	**24,154**	**26,536**	**20,943**	**47,494**	**7,822**	**53,192**	**180,141**
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	(987)	-	-	-	(295)	-	(1,282)
Write-offs	3	-	-	-	-	-	3
Effect of changes in exchange rates	699	-	1,686	-	155	-	2,540
Balance as at June 30, 2023	**(18,900)**	**(7,388)**	**(20,943)**	**-**	**(3,428)**	**-**	**(50,659)**
Carrying amount							
December 2022	6,237	20,406	-	48,724	4,971	45,444	125,782
June 2023	**5,254**	**19,148**	**-**	**47,494**	**4,394**	**53,192**	**129,482**

					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	-	-	-	7,757	7,757
Transfers	9	-	-	(9)	-
Write-offs	(3)	-	-	-	(3)
Balance as at June 30, 2023	**13,605**	**9,485**	**2,536**	**53,192**	**78,818**

	Software	Trademarks and patents	Product development	Intangible assets in progress	Parent Total
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	(826)	-	(141)	-	(967)
Write-offs	3	-	-	-	3
Balance as at June 30, 2023	**(9,728)**	**(6,840)**	**(1,379)**	**-**	**(17,947)**
Carrying amount					
December 2022	4,694	2,645	1,298	45,444	54,081
June 2023	**3,877**	**2,645**	**1,157**	**53,192**	**60,871**

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
				06-30-2023		12-31-2022	
	Currency	Statutory interest rate	Maturity year	Contractual amount	Carrying amount	Contractual amount	Carrying amount
Working capital	R$	CDI + 2.88% p.a.	2023	**3,640**	**2,046**	18,193	3,658
FINEP	R$	TJLP (-) 0.385% p.a.	2035	**37,952**	**36,816**	-	-
Foreign exchange advance	US$	5.95% to 9.27% p.a.	2024	**391,564**	**382,170**	374,991	394,950
Working capital	US$	8.03% to 9.20% p.a.	2023	**52,460**	**29,556**	464,162	89,617
				Total	**450,588**		**488,225**
				Current liabilities	**391,293**		**392,967**
				Noncurrent liabilities	**59,295**		**95,258**
					450,588		**488,225**

Flow of future debt payments disclosed in noncurrent liabilities:

		Consolidated and Parent
Maturity year	**06-30-2023**	**12-31-2022**
2024	**14,734**	95,258
2025	**7,831**	-
2026	**3,370**	-
2027 and thereafter	**33,360**	-
	59,295	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 24 - Related parties.

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

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

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

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

Covenants

As described in note 1, the new debt renegotiation process with the Bank Syndicate was completed on July 18, 2018. The executed agreement, which was included in debt reprofiling process, provides for accelerated maturity in cases of noncompliance of covenants that required, among other obligations: meeting certain financial ratios, such as: net debt-to-adjusted EBITDA of 13x or lower in 2018, 8x or lower in 2019, 7x or lower in 2020, and 6x or lower beginning 2021, as well as an adjusted EBITDA-to-finance costs ratio of 0.90 or higher as at December 31, 2018 and 1.20 or higher beginning 2019.

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

19. Other payables

	Consolidated		Parent	
	06-30-2023	**12-31-2022**	**06-30-2023**	**12-31-2022**
Dividends payable	**12,750**	164,119	**12,750**	164,119
Sales commissions	**6,966**	6,915	**3,751**	3,944
Accrued interest	**736**	1,166	**-**	-
Unsettled court agreements	**9,948**	10,000	**9,948**	10,000
Insurance and freight	**7,946**	10,124	**4,423**	8,264
Trade payables	**11,127**	12,641	**11,127**	12,641
Leases	**7,930**	8,526	**302**	267
Advances from customers	**22,521**	38,915	**22,216**	38,631
Marketing	**8,032**	10,325	**-**	-
Due to related parties	**1,902**	1,810	**60,193**	59,632
Unrealized gain on government grant	**27,438**	28,432	**-**	-
Provision for negative equity	**331**	-	**21,857**	19,474
Other	**6,644**	22,939	**1,455**	1,582
	124,271	315,912	**148,022**	318,554
Current	**69,575**	258,369	**48,434**	220,752
Noncurrent	**54,696**	57,543	**99,588**	97,802

20. Payroll and related taxes

	Consolidated		Parent	
	06-30-2023	**12-31-2022**	**06-30-2023**	**12-31-2022**
Payroll	**3,255**	4,324	**2,416**	1,247
Accrued bonus	**13,021**	33,221	**7,496**	19,253
Contributions payable	**5,739**	6,924	**5,129**	6,358
Accruals (vacation pay and 13th salary)	**26,475**	22,479	**23,388**	19,804
	48,490	66,948	**38,429**	46,662

21. Taxes, fees and contributions

	Consolidated		Parent	
	06-30-2023	**12-31-2022**	**06-30-2023**	**12-31-2022**
State VAT (ICMS)	**2,962**	6,226	**1,639**	5,160
Federal VAT (IPI)	**1,958**	13,230	**1,641**	12,888
Tax on revenue (PIS)	**116**	32	**-**	-
Tax on revenue (COFINS)	**535**	147	**-**	-
Special tax – FAET (USA)	**34,334**	29,520	**-**	-
Withholding income tax (IRRF)	**1,202**	2,142	**878**	1,754
Income tax and social contribution	**22,637**	16,325	**18,233**	14,679
Other installment payments (*)	**27,547**	32,954	**18,384**	22,626
Other	**8,750**	8,864	**6,020**	6,140
	100,041	109,440	**46,795**	63,247
Current	82,941	86,843	36,815	49,025
Noncurrent	17,100	22,597	9,980	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 June 30, 2023, the adjusted balance of the IPI instalment payment plan is R$18.4 million and to date 34 installments have been paid, totaling R$24 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 June 30, 2023, the adjustment installment payment balance is R$8.8 million, already considering 11 installments paid in the total amount of R$1.9 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
			06-30-2023	**12-31-2022**
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	44,462	(14,743)	29,719	30,770
Civil	21,246	(1,064)	20,182	20,737
Tax	50,824	(50,871)	(47)	7,382
	116,532	**(66,678)**	**49,854**	58,889
Classified in current liabilities	60,354			
Classified in noncurrent liabilities	56,178			

(1) Recognized in other noncurrent assets.

			Parent	
			06-30-2023	**12-31-2022**
	Provision	**Escrow deposit (1)**	**Net**	**Net**
Labor	41,951	(13,164)	28,787	29,537
Civil	16,335	(1,064)	15,271	14,330
Tax	47,948	(50,551)	(2,603)	4,912
	106,234	**(64,779)**	**41,455**	48,779
Classified in current liabilities	55,605			
Classified in noncurrent liabilities	50,629			

(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	8,167	115	8,282
Provisions used in the period	(1,726)	-	(1,726)
Derecognition of provision	(6,752)	-	(6,752)
Balance as at June 30, 2023	**65,708**	**50,824**	**116,532**

			Parent
	Civil and labor	**Tax**	**Total**
Balance as at December 31, 2022	56,813	47,948	104,761
Provisions recognized in the period	7,679	-	7,679
Provisions used in the period	(108)	-	(108)
Derecognition of provision	(6,098)	-	(6,098)
Balance as at June 30, 2023	**58,286**	**47,948**	**106,234**

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**
	06-30-2023			12-31-2022	**06-30-2023**			12-31-2022
	Possible	**Remote**	Possible	Remote	**Possible**	**Remote**	Possible	Remote
Civil	**161,658**	**37,486**	158,893	37,525	**143,841**	**37,222**	140,727	37,105
Labor	**25,289**	**38,707**	25,285	54,327	**21,542**	**37,237**	22,242	35,490
Tax	**75,916**	**-**	70,911	-	**68,322**	**-**	63,738	-
	262,863	**76,193**	255,089	91,852	**233,705**	**74,459**	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$41.2 million for consolidated purposes.

Public Civil Action – Federal District

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

On July 20, 2021, an amending decision was handed down and the parties were notified to indicate other evidence they intend to produce. Based on the amending decision, the Company filed a petition requesting adjustments to the decision, which was denied; the Federal District filed an interlocutory appeal claiming for the reversal.
In November 2021, the interlocutory appeals addressing the reversal of the burden of proof and urgent relief, filed by the Federal District, were denied.

In February 2022, the interlocutory appeal addressing the statute of limitation and expiration, filed by the Company, was partially accepted to determine the non-imposition of the Consumer Defense Code and rules of the collective proceeding. The Federal District has filed Special Appeal against the decisions of both interlocutory appeals, and the Company has filed counterarguments. In August 2022 the special appeals were denied.

Currently, it is waiting for the final and unappealable decisions to continue with the fact finding phase.

In the opinion of our legal counsel, this lawsuit was classified with a possible likelihood of loss and its adjusted amount is R$65.6 million.

Administrative Proceeding and Lawsuit – PMESP

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$29.8 million.

c) Tax lawsuits:
Except for the tax lawsuit listed below, no other lawsuit refers to individually significant amounts and/or is still in its administrative stage. These other lawsuits classified with possible likelihood of loss total R$55.5 million.

Tax collection lawsuit - Municipality of São Leopoldo
The Municipality of São Leopoldo has filed for tax collection lawsuit seeking to collect the credit registered as an tax executable debt under No. 2016/1997, relating to the collection of Service Tax (ISS) for the assessment period January 2012-December 2014. The tax collection lawsuit is being processed at the 4th Civil Court of the São Leopoldo (RS) Court District, and the disputed amount is R$20.4 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$17.6 million is classified as Virtually Certain, which is equivalent to provable (contingent inabilities), and in this case, considering that it refers to a contingent asset (calculation of possible Taurus claims), the estimated probable amount refers to a favorable outcome. The main lawsuits are detailed below.

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
		06-30-2023		12-31-2022
	Amortized cost	**Fair value**	**Amortized cost**	**Fair value**
Liabilities measured at amortized cost				
Borrowings and financing	**68,418**	**54,427**	93,275	92,657
Foreign currency advances	**382,170**	**381,467**	394,950	390,380
	450,588	**435,894**	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	-	277
Taurus Blindagens Nordeste Ltda.	-	-	-	664	50,151	(iv)	50,815	-	2,551
Taurus Holdings, Inc.	32	-	32	1,310	-		1,310	499,852	3,378
Taurus Investimentos Imobiliários Ltda.	1,962	47,668	49,630	471	-		471	1,158	2,708
Taurus Máquinas-Ferramenta Ltda.	-	30,786	30,786	-	-		-	1,453	-
Polimetal Metalurgia e Plásticos Ltda.	13,333	8,003	21,336	930	-		930	971	-
AMTT Taurus Comercio Varejista Ltda	3,743	14	3,757	-	-		-	-	-
	19,704	86,471	106,175	3,394	55,738		59,132	503,434	8,914
June 30, 2023									
Taurus Helmets Indústria de Capacetes Ltda.	**-**	**-**	**-**	**1**	**4,694**	(iv)	**4,695**	**-**	**358**
Taurus Blindagens Nordeste Ltda.	**-**	**-**	**-**	**688**	**51,944**	(iv)	**52,632**	**-**	**3,216**
Taurus Holdings, Inc.	**46,099**	**-**	**46,099**	**1,208**	**-**		**1,208**	**410,613**	**-**
Taurus Investimentos Imobiliários Ltda.	**2,823**	**54,053**	**56,876**	**116**	**-**		**116**	**3,192**	**2,893**
Taurus Máquinas-Ferramenta Ltda.	**-**	**34,285**	**34,285**	**-**	**-**		**-**	**2,053**	**-**
Polimetal Metalurgia e Plásticos Ltda.	**12,696**	**10,680**	**23,376**	**849**	**-**		**849**	**1,080**	**-**
AMTT Taurus Comercio Varejista Ltda	**4,099**	**622**	**4,721**	**-**	**-**		**-**	**331**	**-**
	65,717	**99,640**	**165,357**	**2,862**	**56,638**		**59,500**	**417,269**	**6,467**

(i) Refers to amounts recorded in line items trade payables - R$1,205, other payables - R$1,657
(ii) Refers to amounts recorded in line items trade receivables - R$54,079 and other receivables - R$11,638
(iii) Refers to amounts recognized in line items intragroup loans - R$99,640 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(iv) Represent loan agreements - R$56,638 with subsidiaries Taurus Holdings, Inc., Taurus Helmets Indústria de Capacetes Ltda., Taurus Blindagens Nordeste Ltda. and Taurus Investimentos Imobiliários Ltda which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(v) Comparative balance with June 30, 2022

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

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

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

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

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

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

As at June 30, 2023, non-consolidated transactions involving Taurus Armas S.A. and its related parties refer mainly to sales of firearms for trading and purchase of ammunition, parts and accessories. The amount of these transactions is shown below:

	Current assets (ii)	Noncurrent assets (iii)	Current liabilities (i)	Noncurrent liabilities (iv)	Revenue (*)	Expense (*)
December 31, 2022						
Companhia Brasileira de Cartuchos	8,432	-	9,326	-	9,255	17,789
CBC Brasil Comércio e Distribuição	136,980	-	86	-	319,385	-
GN Importações	85	-	-	-	(16)	-
Taurus JM Indústria de Peças	-	-	-	1,806	7	5,227
Joalmi Indústria e Comércio	203	-	-	-	-	-
ANIAM - Assoc. Nac. da Ind. de Armas e Munições	-	-	-	-	-	313
	145,700	-	9,412	1,806	328,631	23,329
June 30, 2023						
Companhia Brasileira de Cartuchos	**4,953**	**-**	**2,490**	**-**	**6,584**	**11,236**
CBC Brasil Comércio e Distribuição	**30,545**	**-**	**2**	**-**	**35,165**	**-**
GN Importações	**-**	**-**	**-**	**-**	**9**	**-**
Taurus JM Indústria de Peças	**-**	**100**	**575**	**1,898**	**-**	**2,807**
Joalmi Indústria e Comércio	**203**	**-**	**-**	**-**	**-**	**-**
Jindal Defence Systems Private Limited	**-**	**10,355**	**-**	**-**	**-**	**-**
ANIAM - Assoc. Nac. da Ind. de Armas e Munições	**-**	**-**	**-**	**-**	**-**	**288**
SBCF – Soc. Bras. de Conservação da Fauna	**-**	**-**	**-**	**-**	**-**	**65**
	35,701	**10,455**	**3,067**	**1,898**	**41,758**	**14,396**

(i) Refers to amounts recorded in line items trade payables
(ii) Refers to amounts recorded in line items trade receivables
(iii) Refers to amounts recognized in line items intragroup loans from parent company Taurus Armas S.A., of which R$10,355 is adjusted at 6-month SOFR + 0.25% p.a. and R$100 adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(iv) Represent loan agreements with subsidiary Taurus JM Industria de Peças Ltda. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
(*) Comparative balance with June 30, 2022

Marketplace Platform

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

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

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

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

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

Officers' and Directors' transactions

Officers and directors hold an immaterial percentage of Company's voting shares.

Officers' and Directors' compensation

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

	Consolidated		Parent	
	06-30-2023	06-30-2022	**06-30-2023**	06-30-2022
Statutory officer's compensation and benefits	**7,758**	7,008	**7,758**	7,008
Share-based compensation plan	**3,321**	4,399	**3,321**	4,399
Directors' compensation and benefits	**522**	522	**522**	522
Supervisory Board members' compensation and benefits	**223**	202	**223**	202
	11,824	12,131	**11,824**	12,131

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$82,7 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

	06-30-2023	**06-30-2022**
Finance costs, net	(216)	(660)
Foreign expenses	(216)	(660)
Loss from operating activities	(216)	(660)
Taxes on income	(1,009)	(872)
Loss before income tax and social contribution, net	**(1,225)**	**(1,532)**
Basic loss per common share (in R$)	**(0.009670)**	**(0.012640)**
Basic loss per preferred share (in R$)	**(0.009680)**	**(0.013120)**

Loss from discontinued operations as at June 30, 2023 is R$-1,225 thousand (R$-1,532 thousand as at June 30, 2022) and is fully attributed to owners of the Company.

(b) Cash flows generated by discontinued operations

	06-30-2023	06-30-2022
Net cash generated by operating activities	**1,828**	1,379
Net cash generated by investing activities	**(1,792)**	(1,357)
Net cash generated by discontinued operations	**36**	22

26. Equity

a) Capital

As at June 30, 2023, the Company's issued capital is R$367.9 million (R$367.9 million as at December 31, 2022), represented by 126,634,434 book-entry, registered shares, divided into 46,445,314 common shares and 80,189,120 preferred shares without par value.

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

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

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

Preferred shares

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

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

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

Authorized shares (in thousands of shares):

	06-30-2023	12-31-2022
Common shares	103,703	103,703
Preferred shares	207,405	207,405
	311,108	311,108

Issued, fully paid-in shares:

	Common shares		Preferred shares	
	Number in thousands	**Amount in R$ thousands**	**Number in thousands**	**Amount in R$ thousands**
As at December 31, 2022 Common: R$13.25; Preferred: R$13.35*	46,445	615,396	80,189	1,070,523
As at June 30, 2023 **Common: R$15.34; Preferred: R$15.07***	**46,445**	712,466	**80,189**	1,208,448

*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 June 30, 2023, the balance of the legal reserve is R$41.1 million.

Tax incentive reserve

The Company is eligible to ICMS and Fundopem tax incentives. Management, in view of the publication of Supplementary Law 160/17 and in conformity with Law 6404/76, allocated them as tax incentive reserve in equity. As at December 31, 2022 and June 30, 2023, the balance is R$118.5 million.

Statutory reserve

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

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

c) Dividends

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

Proposed dividends

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

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

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

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

Interim dividends

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

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

(1) Amounts in reais

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

d) Valuation adjustments to equity

Deemed cost

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

Cumulative translation adjustments

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

e) Earnings (loss) per share

	Parent and Consolidated	
Basic numerator	**06-30-2023**	06-30-2022
Profit (loss) from continuing operations		
Common shares	31,353	113,833
Preferred shares	54,131	183,511
	85,484	297,344
Profit (loss) from discontinued operations		
Common shares	(449)	(587)
Preferred shares	(776)	(945)
	(1,225)	(1,532)
Profit (loss) for the period		
Common shares	30,904	113,246
Preferred shares	53,355	182,566
	84,259	295,812
Basic denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	80,189,120	72,033,637
	126,634,434	118,478,951
Basic earnings (loss) per share from continuing operations (R$ per share)		
Common shares	0.67505	2.45090
Preferred shares	0.67504	2.54757
Basic earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.00967)	(0.01264)
Preferred shares	(0.00968)	(0.01312)
Basic earnings (loss) per share (R$ per share)		
Common shares	0.66538	2.43826
Preferred shares	0.66536	2.53445

	Parent and Consolidated	
Diluted numerator	**06-30-2023**	06-30-2022
Profit (loss) from continuing operations		
Common shares	31,353	113,833
Preferred shares	54,131	183,511
	85,484	297,344
Profit (loss) from discontinued operations		
Common shares	(449)	(587)
Preferred shares	(776)	(945)
	(1,225)	(1,532)
Profit (loss) for the period		
Common shares	30,904	113,246
Preferred shares	53,355	182,566
	84,259	295,812
Diluted denominator – Weighted average number of outstanding shares (no. of shares)		
Common shares	46,445,314	46,445,314
Preferred shares	80,189,120	72,033,637
	126,634,434	118,478,951
Potential increase in the number of shares from the exercise of warrants		
Common shares	-	-
Preferred shares	67,956	3,629,209
	67,956	3,629,209
Diluted earnings (loss) per share from continuing operations (R$ per share)		
Common shares	0.67505	2.45090
Preferred shares	0.67447	2.42538
Diluted earnings (loss) per share from discontinued operations (R$ per share)		
Common shares	(0.00967)	(0.01264)
Preferred shares	(0.00967)	(0.01249)
Diluted earnings (loss) per share (R$ per share)		
Common shares	0.66538	2.43826
Preferred shares	0.66480	2.41289

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 had the following share-based payment arrangement:

Stock option plan (settable in shares)

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

(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%

b) Share grant plans (Stock Grant)

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

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

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

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

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

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

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

The fair value of the shares granted under the Stock Grant plan was measured at the market price of the shares on the grant date, which was R$11.41. In turn, the fair value of the stock options ("Stock Options") for purposes of measurement of the incremental fair value, was calculated based on the Black, Scholes & Merton option valuation model, considering the following assumptions:

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

Expenses are recognized on a daily pro rata basis, from the grant date to the date in which the beneficiary acquires the Rights to Receive Shares. The Company recognized in profit (loss) for the period ended June 30, 2023 a total of R$3.3 million (R$4.4 million as at June 30, 2022).

(i) Number of shares under the plan:

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

(ii) Life of Call Options (vesting period)

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

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

	Parent
Number of outstanding options/shares - 12/31/2022	**2,565,000**
Granted	2,184,000
Vested / Delivered	-
Substituted	(1,897,500)
Forfeited	(667,500)
Number of outstanding options/shares - 06/36/2023	**2,184,000**

28. Net operating revenue

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

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

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

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

	Consolidated		Parent	
	06-30-2023	**06-30-2022**	**06-30-2023**	**06-30-2022**
Sale of goods	**1,088,652**	1,643,756	**643,215**	1,179,441
Provision of services	**98**	185	**98**	185
Total gross revenue	**1,088,750**	1,643,941	**643,313**	1,179,626
Sales taxes	**(162,013)**	(336,320)	**(79,452)**	(242,321)
Returns and discounts	**(3,219)**	(5,466)	**(835)**	(4,163)
Total net operating revenue	**923,518**	**1,302,155**	**563,026**	**933,142**

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	
	06-30-2023	06-30-2022	**06-30-2023**	06-30-2022
Other operating income				
Tax recovery	**402**	26,910	**110**	26,755
Royalties	**2,869**	1,856	**2,869**	1,856
Sale of property, plant and equipment	**40**	48	**-**	5
Recovery of expenses on trade payables	**1,097**	4,376	**1,097**	4,367
Recovery of past-due receivables – allowance for doubtful debts	**318**	368	**318**	362
Other income	**5,105**	1,998	**3,723**	2,148
	9,831	35,556	**8,117**	35,493

30. Expenses by nature

	Consolidated		Parent	
	06-30-2023	**06-30-2022**	**06-30-2023**	**06-30-2022**
Expenses by function				
Cost of sales	(575,117)	(669,884)	(339,032)	(471,167)
Selling expenses	(119,577)	(125,495)	(35,599)	(45,745)
Allowance for impairment of financial instruments	1,214	(546)	1,791	(534)
General and administrative expenses	(103,869)	(97,798)	(62,773)	(55,097)
Other operating expenses	(5,827)	(11,901)	(8,239)	(14,597)
	(803,176)	**(905,624)**	**(443,852)**	**(587,140)**
Expenses by nature	**06-30-2023**	**06-30-2022**	**06-30-2023**	**06-30-2022**
Depreciation and amortization	(17,031)	(15,729)	(8,227)	(7,617)
Personnel expenses	(165,667)	(163,793)	(111,601)	(127,689)
Tax expenses	(6,562)	(6,193)	(4,471)	(3,779)
Raw materials and supplies and consumables	(366,800)	(446,193)	(193,499)	(286,364)
Auxiliary materials and upkeep and maintenance supplies	(42,055)	(51,350)	(40,340)	(49,770)
Freight and insurance	(58,785)	(68,348)	(27,458)	(33,706)
Outside services	(41,672)	(32,441)	(29,607)	(24,892)
Advertising and publicity	(28,858)	(24,509)	(2,908)	(3,376)
Expenses on product warranty	(1,841)	(1,607)	(1,058)	(2,537)
Water and power	(15,748)	(22,588)	(7,110)	(7,907)
Travel and lodging	(4,976)	(5,058)	(3,364)	(3,677)
Expenses on commissions	(18,527)	(21,370)	(2,266)	(2,664)
Cost of property, plant and equipment written off	(2,690)	(194)	(1,412)	(161)
Civil, labor and tax risks	(3,366)	(13,500)	(3,252)	(13,373)
Rentals	(3,158)	(3,432)	(5,255)	(5,380)
Other expenses	(25,440)	(29,319)	(2,024)	(14,248)
	(803,176)	**(905,624)**	**(443,852)**	**(587,140)**

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	
	06-30-2023	06-30-2022	**06-30-2023**	06-30-2022
Finance income				
Interest	**3,085**	912	**8,557**	3,725
Foreign exchange gains	**77,621**	225,959	**77,059**	224,579
Other income	**9,471**	5,132	**8,435**	5,031
	90,177	232,003	**94,051**	233,335
Finance costs				
Interest and fines	**(21,822)**	(18,965)	**(23,503)**	(19,847)
Foreign exchange losses	**(59,293)**	(207,117)	**(58,424)**	(205,399)
Other expenses	**(4,695)**	(7,046)	**(4,248)**	(6,396)
	(85,810)	(233,128)	**(86,175)**	(231,642)
Finance income (costs), net	**4,367**	(1,125)	**7,876**	1,693

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

	Consolidated		Parent	
	06-30-2023	**12-31-2022**	**06-30-2023**	**12-31-2022**
Domestic market	**7,592**	7,752	**6,124**	6,286
Foreign market	**7,627**	8,258	**-**	-
Total	**15,219**	**16,010**	**6,124**	**6,286**
Current liabilities	**10,591**	10,999	**6,124**	6,286
Noncurrent liabilities	**4,628**	5,011	**-**	-

Deloitte.

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

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

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Taurus Armas S.A. ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2023, which comprises the balance sheet as at June 30, 2023 and the related statements of profit and loss and of comprehensive income for the three- and six-month periods then ended, and statements of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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

Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the six-month period ended June 30, 2023, prepared under the responsibility of the Company's Executive Board and disclosed as supplemental information for purposes of the international standard IAS 34. These statements were subject to review procedures performed together with the review of the Interim Financial Information (ITR) to reach a conclusion on whether they were reconciled with the individual and consolidated interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with technical pronouncement CPC 09 and consistently with the accompanying individual and consolidated interim financial information taken as a whole.

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

Porto Alegre, August 10, 2023

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Otávio Ramos Pereira
Engagement Partner

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 June 30, 2023.

The Board has audited the Management Report, the Interim Financial Information for the period ended June 30, 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 June 30, 2023 and the respective Performance Report.

São Leopoldo, August 9, 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 SECOND 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 April 1, 2023 to June 30, 2023.

São Leopoldo, August 10, 2023.

Salesio Nuhs

Chief Executive Officer

Sergio Castilho Sgrillo Filho

Chief Finance and Administrative Officer

Investor Relations Officer

Leonardo Brum Sesti

Executive Officer without specific designation

Eduardo Minghelli

Executive Officer without specific designation

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

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Leonardo Brum Sesti and Eduardo Minghelli, Officers of Taurus Armas S.A., a company with registered head office at Av. São Borja, 2181/Prédio A, CEP: 93.032-000, São Leopoldo, RS, enrolled with Corporate Taxpayer Identification (CNPJ/MF) under No. 92.781.335/0001-02, in compliance with provisions of Article 25, V and VI, of CVM Instruction 480, of December 7, 2009, hereby declare that they have reviewed, discussed and agreed with the opinions expressed by Deloitte Touche Tohmatsu Auditores Independentes, in its Independent Auditor's Review Report on the Interim Financial Information for the period from April 1, 2023 to June 30, 2023, issued on August 10, 2023.

São Leopoldo, August 10, 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