

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

# **Taurus Armas S.A.**

Individual and Consolidated  
Financial Statements  
for the Year Ended  
December 31, 2025 and  
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

**Financial Statements**  
**December 31, 2025**

---



---

**Financial Statements**

**Taurus Armas S.A.**

**December 31, 2025 and 2024**  
**with Independent Auditors' Report**

---

# Taurus Armas S.A.

## Management Report - 2025

**São Leopoldo, March 24, 2026**

Dear shareholders,

The Management of Taurus Armas S.A. (“Taurus” or “Company”), in compliance with legal and statutory provisions, is pleased to submit for your appreciation our Financial Statements for the year ended December 31, 2025, accompanied by this Management Report, Supervisory Board’s Opinion, and the Independent Auditors’ Report.

Our operating and financial information, except where otherwise indicated, is presented based on consolidated figures and has been prepared in accordance with accounting practices adopted in Brazil, as laid down in International Financial Reporting Standards (IFRSs) and pronouncements issued by the Accounting Pronouncements Committee (“CPC”) applicable to our operations. All comparisons take into consideration the year 2024, unless otherwise stated.

### Message from Management

As we closed the year 2025, we found ourselves more resilient and better prepared, in the wake of a tough year that demanded operational discipline, prompt decision-making, and exceptional responsiveness. This period has laid the groundwork for Taurus’s strategic growth. We started 2026 within a more attractive environment, with critical changes in the U.S. pricing framework, which came to enhance our competitive positioning, and enabled further opportunities for the creation of value.

A long-awaited change finally took place at the end of February: the U.S. Supreme Court ruled that the previously imposed 50% tariff was illegal. Consequently, the U.S. government established a new temporary tariff of 10%, to be applied in a linear and balanced manner to all countries. The measure came into effect on February 24, 2026, and represents a major step towards re-establishing more fair competition in the world’s largest small firearms market. For Taurus, this decision addresses a significant competitive distortion faced during the course of 2025, and further strengthens our competitiveness in the U.S. market, the primary destination for our sales.

Furthermore, this decision has furthered a direct and highly significant monetary impact. Given the unlawful nature of the previous measure, Taurus is now entitled to a tax credit related to the additional tariffs collected during the period the measure remained in effect. We estimate that approximately US\$ 18 million could return to the Company’s cash flow, strengthening our financial position, and expanding our capacity for investments and value creation for shareholders. This is a tangible impact resulting from a decision that restores more balanced conditions of competitiveness in the North American market.

**US\$ 18 million already  
spent on additional  
tariffs could be  
returned to Taurus.**

The year 2025 has served to validate the resilience of Taurus’ operational model. Although the environment remained highly challenging, our operational and financial structure — backed by the strategic measures we adopted throughout the year — have made it possible to preserve profitability, strengthen our international presence, while broadening the geographical diversification of our revenues. We have maintained our focus on performance, efficiency, and innovation, combining operational strength with assertive commercial initiatives, while reinforcing the foundations for a new cycle of business growth.

*In the US market, the year was marked by fierce price competition and, for the first time ever, by the imposition of tariffs levied on our products: 10% in April, and a further 40% from August onwards, for a total of 50%. Taurus' response was swift and strategic, with initiatives that included strengthening its overseas presence, the launch of new products, and the expansion of its portfolio in the military segment, which now includes the Taurus Military Products line.*

*Taurus has managed to maintain high profitability, regardless of the tariffs of up to 50%.*

*Despite this challenging environment, we closed out 2025 reporting solid results. Gross margin stood at 34.3%, maintaining a profitability level above that of our major international peers. We reported net income of R\$ 17.7 million and EBITDA of R\$ 106.0 million, with a 7.2% margin. The fact that we achieved this level of performance, even with tariffs of up to 50%, evidences the efficacy of the Taurus business model, and the Company's growth potential within a more balanced competitive environment.*

*Considering the circumstances that unfolded over the course of 2025, we have adopted a series of measures aimed to preserve our competitiveness in the US market. We have taken a precautionary approach to stockpiling, adjusted transfer prices, revised our export logistics — by shipping parts kits, instead of fully assembled firearms —, doubled the number of assembly lines between Brazil and the United States, and stepped up our sales efforts.*

*The G-series pistols, along with other select models of pistols and revolvers geared towards the North American market, are now being assembled in the United States. Following the recent change in the tariff situation, the revolver assembly lines, which had been duplicated in the U.S., have been moved back to Brazil as of March, while the pistol assembly lines will remain active in the United States to serve that market. This production structure, with both countries having assembling facilities, increases our operational flexibility and allows for quick adjustments in response to market conditions.*

*In the case of long firearms manufactured by third parties, the tariff structure prevailing in 2025 made their export to the States economically unfeasible, causing sales to rely on previously built-up inventories. The elimination of the 50% tariff enabled us to resume regular sales of this entire product line, which previously accounted for approximately 20% of Taurus's sales in that country.*

*With the recent change in the tariff situation, we now see a more favorable outlook for sales growth in the U.S. market throughout the year. At the end of February, we reported an order backlog of nearly US\$ 85 million, scheduled for billing in the first months of 2026.*

*The geographic diversification strategy involves strengthening our presence in the Brazilian market. The greater regulatory stability reported in the second half of the year has brought more legal confidence to consumers. Within this context, we have adopted a new distribution model, providing direct service to the country's major stores — which account for the bulk of market volume — while retaining two distributors. These measures contributed to a 43.8% increase in revenues from domestic sales of firearms in 4Q25 when compared to the same period of the previous year. Furthermore, as of March, we implemented an average 5% price increase in the Brazilian civilian market, an initiative that is expected to contribute to an increase in revenues throughout 2026.*

The development of innovative processes and products, incorporating technology and offering competitive pricing, remains a key distinctive feature of the Taurus brand. Among the 2025 launches, special mention goes to both the GX4 Carry Graphene .380 ACP pistol and the TX22 .22 LR caliber, which have been very well received and went on sale in December. In 2026, we launched the TX38 TPC and TX9 9mm pistols, geared toward the civilian and military markets. Designed according to military and police protocols, the TX9 9mm integrates the Taurus Military Products portfolio. It marks our entry into a new segment of the U.S. civilian market, with models offering higher added value that complement our current line.

**Revenues from other international markets more than doubled in 4Q25 compared to 4Q24**

International diversification continues to be a strategic priority. In 4Q25, we more than doubled (+102.6%) revenues from other markets, when compared to the same period last year, notably through major military tenders, including contracts for the supply of 7,600 and 10,000 rifles — with the latter to be delivered in 2026 —, in addition to other orders in progress. We have also introduced an average price increase of 5% for the international civilian market.

India has been consolidated as another key cornerstone of this strategy. Sales on the local civilian market grew by more than 60% in 2025, when compared to the previous year, and the operation already contributes positively to the Company's earnings through the equity Investments in affiliates. In early 2026, we signed the first two major military contracts in India, for approximately 12,000 TS9 9mm pistols, in addition to other new opportunities on the horizon.

From a financial standpoint, we have further strengthened the Company's cash position and resilience. Within the scope of the Brazil Sovereign Plan, we raised R\$ 150 million under favorable terms and at highly advantageous rates, while boosting overall liquidity, and ensuring the sustainability of our operations and strategic projects. We remain committed to active debt management, with a focus on extending maturities and enhancing financial efficiency.

We also continue to make progress in negotiations regarding the prospective acquisition of MERTSAV in Turkey, an initiative that reinforces our diversification strategy and expansion in the defense sector. The negotiations have progressed steadily throughout the last few months, and at this point have reached an advanced stage of appraisal and proposal. The creation of the new business unit dedicated to this market represents a new area of growth, which could be accelerated upon the completion of this operation.

**The potential acquisition of MERTSAV could accelerate Taurus' expansion into the defense segment.**

The year 2025 demanded a high ability of accomplishment. The imposition of U.S. tariffs has generated an estimated impact of approximately US\$ 16 million for the fiscal year, although the fact that we have managed to maintain a high level of gross margin demonstrates the effectiveness of the measures taken, in addition to the soundness of Taurus' operational structure.

We started out 2026 as a more efficient company, with greater geographic diversification and operational flexibility, which we have already demonstrated in practice. In addition, the competitive environment is returning to normal, a combination that strengthens our ability to grow while remaining profitable in the coming cycles. The experience we have gained over this period makes us even better prepared to seize new opportunities.

*We reiterate our commitment to operational discipline, innovation, and the sustainable creation of value for our shareholders, while maintaining high standards of governance and corporate responsibility. We proceed on our journey to build an increasingly competitive, innovative, and global Taurus, poised to seize new growth opportunities. We would like to thank our employees, clients, partners, suppliers, and shareholders for their trust and support throughout the year.*

**Salesio Nuhs**  
**CEO Global**

## Operating Performance

### Market

The firearms market in the United States was marked by instability throughout 2025, impacted by import tariffs imposed by the Trump administration and economic conditions in the country, with high interest rates and a drop in consumption. Retailers reported anticipation of the seasonally weaker summer period and a more prolonged slowdown than seen in previous years, before the improvement in holiday sales. Another highlight for 2025 is the advance in sales of used firearms at the dealer level: most retailers indicated that these sales represented between 15% and 20% of the total sold in the year – a level significantly above the historical average.

The recent reversal of the tariff scenario at the end of February 2026 significantly reduces one of the pressure factors for Taurus in this market.

The Adjusted NICS (National Instant Criminal Background Check System) – an indicator that points to the intention to buy guns in the US, considered one of the main thermometers of the sector's activity in the country – ended the year registering a total of 14.6 million queries, a result 4.1% lower than that recorded in the previous year, maintaining the downward trend seen in recent years.

In Brazil, the small arms market remained at a reduced level throughout 2025, still reflecting the review of the regulatory framework initiated in 2023, which brought restrictions on the acquisition, possession, and carrying by civilian citizens and impacted demand. Public indicators of registrations and authorizations continue to point to volumes significantly lower than those observed in the cycle of greater market expansion, between 2019 and 2022, reinforcing a domestic scenario of low activity.

In the second half of 2025, however, the first signs of a gradual recomposition of the demand began to emerge, especially due to the greater stability provided by the definitions of legal aspects and the reorganization of processes, now under the responsibility of the Federal Police. Taurus believes that this clearer legal environment, added to the normalization of processes, may favor a more consistent recovery of the domestic market in the coming periods, albeit gradually.

### Production and sales

In 2025, Taurus produced 778 thousand firearms, which represents a reduction of 15.6% compared to the total produced in 2024. The performance reflects the adjustment to demand conditions in its main markets and operational adequacy in the face of the tariff environment in the United States, preserving flexibility to direct volumes and mix as the scenario evolves.

There is an increase in the share of units manufactured in the United States over the total produced, a trend that reflects the strategy adopted in 2025 to internalize assembly to mitigate tariff impacts. While in 2024 the North American Taurus factory accounted for 24.0% of the total firearms produced by the Company, in 2025 this percentage increased to 31.6%.

With operational flexibility, during the period of the 50% tariff in the U.S. for the Company's products, the Company transferred assembly lines of pistol and revolver models to its unit in that country. Products destined for the Brazilian market and other international markets continued to be produced entirely in Brazil.

Taurus' commercialization of longguns produced by third parties – which previously represented about 20% of the Company's revenue in that country – began to face additional restrictions of economic and logistical viability with the tariffs imposed by the US. Thus, in 2025 the Company sold these firearms in the US market in a controlled manner, concentrated on stocks built up before the tariff change.

In terms of sales volume, 959 thousand firearms were sold in 2025, a volume 18.5% lower than in the previous year. The performance was mainly influenced by the commercial performance in the USA, following the trend of market retraction in this country.

In the Brazilian market, Taurus' sales grew quarter-on-quarter throughout the year, although, due to the strong market retraction in the first quarter, the total number of firearms sold in 2025 was 2.8% below that recorded in the previous year. Greater regulatory stability and the reorganization of processes related to the sector, added to the restructuring of Taurus' distribution model in the country, have positively influenced sales in recent months. As a measure to strengthen the commercial area, Taurus restructured its operations in Brazil, with direct service to the main stores in the country, which concentrate most of the volume sold, while also maintaining two national distributors.

The Company also strengthened its operations in other international markets, mainly focused on military markets. Exports to countries other than the United States totaled 85.4 thousand firearms in 2025, a stable volume compared to the previous year (85.2 thousand), especially due to the performance of the first half of the year. In the last quarter of the year, the results of the greater commercial effort directed to these markets translated into a 26.3% increase in the volume exported compared to the same quarter of 2024.

In India, another market focus for the geographic diversification of revenue, in addition to sales made to the local civilian market, the Company won smaller contracts in the military segment. In early 2026, it won two major military contracts in the country, which involve the delivery of 12 thousand TS9 pistols. JD Taurus is also participating in bids in this country with completion expected in the short and medium term, with the potential to sell approximately 70 thousand firearms, including pistols and rifles/submachine guns, with an estimated value of US\$ 30 million.

## Economic and Financial Performance

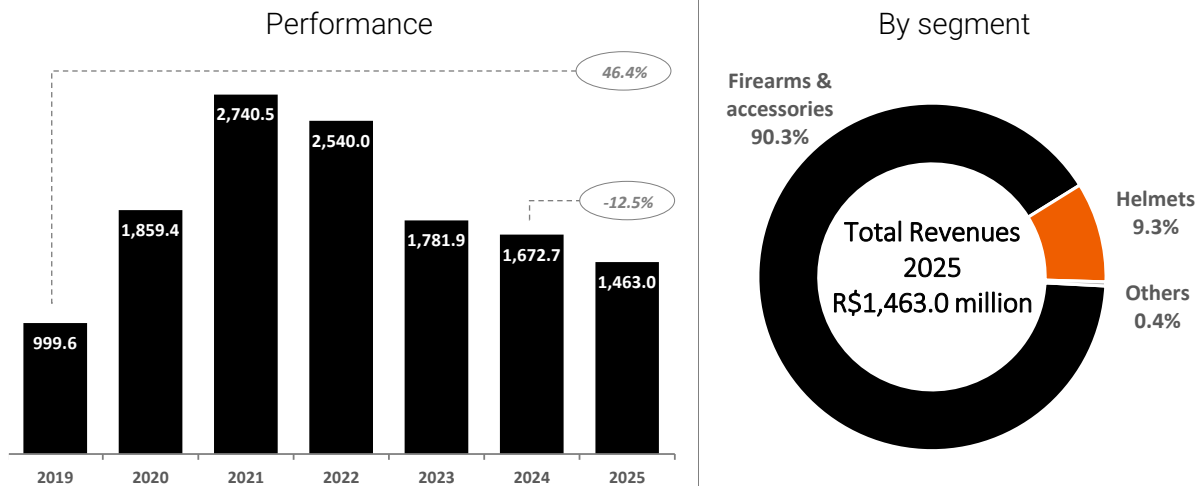
### Net Operating Revenues

Taurus' consolidated revenues include, in addition to the sale of firearms & accessories, revenues from sales of helmets, M.I.M. (Metal Injection Molding) and others, such as AMTT Taurus stores. It should be noted that revenues from the JD Taurus joint venture in India are not consolidated in the Company's overall revenues. As such, the results of JD Taurus are presented in the caption “Result from Equity Investments in Affiliates” in the Company's Income Statements.

For the entire fiscal year of 2025, net revenues amounted to R\$ 1,463.0 million, representing a 12.5% decline when compared to 2024, mostly stemming from a 21.1% decline in sales volume in the U.S. market, the 11.1% appreciation of the Brazilian currency versus the US dollar; and the tariffs imposed by the US government, within a context of weaker demand and fiercer price competition.

Considering **firearms and accessories** exclusively, operating revenue reached R\$ 1,321.2 million in 2025, down 13.2% compared to the previous year. The performance is related to the result in the USA, which showed a retraction of 20.1% compared to 2024, which was partially offset by the increase in revenue from sales in other markets in the same period: +9.4% in Brazil and +32.0% in exports to other countries.

## Consolidated net operating revenue (R\$ million)



This has led to a reduction in the U.S. share of total firearms and accessories revenue, even though this market remains the main destination for Taurus products. In 2024, the North American market accounted for 82.5% of the segment's revenue, and in 2025, this share fell to 76.0%.

In addition to reflecting market conditions, the performance is also due to the Company's effort to increase the share of its revenue from exports. In 2024, revenue from sales to countries other than the US accounted for 7.9% of the total, while in 2025 this share increased to 11.9%. There was also an increase in Brazil's share (from 9.6% in 2024 to 12.1% in 2025) with the beginning of the resumption of sales in the last months of the year.

The average price per gun sold by Taurus in 2025 was R\$ 1,377.91, which represents an increase of 6.5%, compared to that recorded in the previous year. This evolution mainly reflected: (i) the impact of the 3.7% devaluation of the real against the U.S. dollar, on the average exchange rate of the periods, acting positively on sales made in foreign currency, which represented 87.9% of the revenue of firearms and accessories; (ii) average adjustment of 7% applied in July/25 on Taurus' price list in the North American market; and (iii) effect of the mix of products sold, with a greater share of products with higher added value in certain markets.

Innovation remains one of the Company's strategic pillars and an important tool to face the most retracted market conditions. New products continued to contribute significantly to the results, representing 17.7% of net revenue from firearms and accessories in 2025.

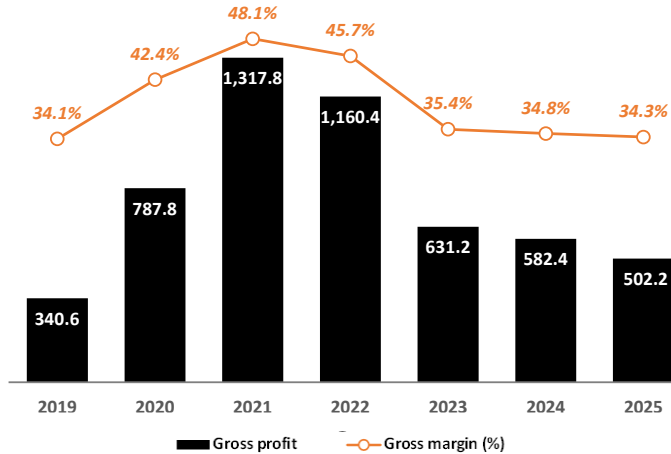
## Gross profit

The market situation in 2025 involves the imposition of tariffs on Taurus products, coupled with a simultaneous market downturn in the US, and an ongoing sluggish demand also in Brazil. The tariffs imposed by the U.S. alone resulted in an impact of approximately US\$ 16 million for Taurus in 2025, considering the 10% tariff in effect since April (an approximate impact of US\$ 7.5 million for the year), plus an additional 40% tariff effective as of August (an approximate impact of US\$ 8.5 million for the year).

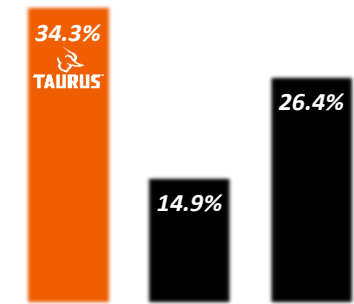
Faced with this scenario, Taurus has adopted various strategic measures aimed at preserving profitability, including strict cost management. Even amid accumulated inflation of 4.26% in 2025, Taurus' cost of goods sold (COGS) decreased by 11.8% when compared to the previous year, due in part to lower production volumes during the period. Nevertheless, it is also worth noting that the Company has a sizable portion of fixed costs, which limits its flexibility to adjust costs in proportion to the decline in production volume.

Even so, the Company maintained gross profitability at a level above 30%. In 2025, gross profit totaled R\$502.2 million, with a gross margin of 34.3%, down only 0.5 p.p. compared to 2024.

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



Gross Margin (%): Taurus and Peers 2025



Taurus   Ruger   S&W\*

\*S&W: 12 months ended Jan.26

The Company's operational efficiency becomes evident when compared to the performance of its international peers, in spite of the additional tariff imposed by the U.S. government on its products. In 2025, Taurus's gross margin was 19.4 percentage points higher than Ruger's, and 7.9 percentage points higher than Smith & Wesson's.

## Operating expenses

Operating expenses totaled R\$ 450.1 million in 2025, which, compared to the same period of the previous year, represents an increase of 20.5%.

	2025	2024	2025x2024 % Chg.
Selling expenses	219.9	199.5	10.2%
General and administrative expenses	274.3	221.3	23.9%
Losses (income) due to non-recoverable assets	8.6	4.2	104.8%
Other operating (income)/expenses	-48.9	-47.8	2.3%
Equity pick-up	-3.8	-3.8	0.0%
<b>Operating expenses (SG&amp;A)</b>	<b>450.1</b>	<b>373.5</b>	<b>20.5%</b>
<i>Op. expenses / Net Op.Revenues (%)</i>	<i>30.8%</i>	<i>22.3%</i>	<i>8.4 p.p.</i>
<i>Average Ptax dollar exchange rate (R\$)</i>	<i>5.59</i>	<i>5.39</i>	<i>3.7%</i>

The performance was influenced by inflationary effects, higher commercial efforts, the negative effect of the devaluation of the Brazilian real on expenses recorded in the North American unit and, mainly, non-recurring expenses recorded in 4Q25. Among these extraordinary expenses, the following stand out: (i) the payment and constitution of a provision for legal expenses related to a non-judicial agreement signed by the Company and the hiring of third-party consultancies and services; (ii) higher provision for doubtful accounts (PDD) in selling expenses, due to the Company's more conservative stance in the face of the unstable market environment; and (iii) unplanned depreciation and software expenses (SAP adoption) in the North American unit.

The result of equity in 2025 was revenue of R\$ 3.8 million, with a positive contribution from Taurus' operation in India and remaining stable compared to the previous year.

## Ebitda

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

The Company discontinued the presentation of adjusted EBITDA, which excluded equity method results, since this line item incorporates the results of Taurus's joint ventures — JD Taurus in India and the magazine operation — both of which are directly related to its operating activities. Only two specific adjustments were maintained in the historical series presented, with the exclusion of non-recurring expenses: (i) in 2020 – extraordinary expenses of BRL 4.8 million related to the Covid-19 pandemic; and (ii) in 2024 – extraordinary expenses of BRL 1.9 million for social aid related to the floods in Rio Grande do Sul.

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

<i>R\$ million</i>	2025	2024	2025x2024 % Chg.
Net income/(loss)	17.7	76.6	-76.9%
Taxes	27.8	2.4	1,058.3%
Net financial result	6.7	130.0	-94.8%
Depreciation and amortization	53.8	43.6	23.4%
<b>EBITDA</b>	<b>106.0</b>	<b>252.5</b>	<b>-58.0%</b>
<i>EBITDA margin</i>	7.2%	15.1%	-7.9 p.p.
Expenses with social support (floods)	0.0	1.9	-
<b>Adjusted EBITDA</b>	<b>106.0</b>	<b>254.4</b>	<b>-58.3%</b>
<i>Adjusted EBITDA margin</i>	7.2%	15.2%	-8.0 p.p.

The Company's strong operating performance, translated into the maintenance of gross margin at a high level (34.3% in 2025), was hampered when evaluating Ebitda. The performance of the indicator in the last quarter of the year – mainly impacted by non-recurring operating expenses recorded in the period – pressured the EBITDA for the year, which totaled R\$ 106.0 million, with a margin of 7.8%. The indicator also incorporates the effect of the tighter conditions in the U.S. market throughout the year and the impacts associated with the change in the tariff environment in the U.S.

## Financial result

Foreign exchange variations, both gains and losses, represent important items that make up Taurus's financial result. From an accounting standpoint, these effects impact balance sheet accounts and are calculated based on the exchange rate in effect at the end of the reporting period. This methodology differs from that used in determining operating revenues and expenses, which considers the average exchange rate for the period.

<i>R\$ million</i>	2025	2024	2025x2024 % Chg.
<b>(+) Financial income</b>	<b>167.8</b>	<b>127.4</b>	31.7%
Foreign exchange gains	126.7	81.1	540.8%
Interest and other income	41.1	46.3	-11.2%
<b>(-) Financial expenses</b>	<b>174.5</b>	<b>257.4</b>	-32.2%
Foreign exchange losses	87.2	178.2	-51.1%
Interest, IOF and other expenses	87.3	79.2	10.2%
<b>(+/-) Net financial result</b>	<b>-6.7</b>	<b>-130.0</b>	-94.8%
<b>US dollar Ptax rate at the end of period (R\$)</b>	<b>5.50</b>	<b>6.19</b>	-11.1%

The net financial result for fiscal year 2025 was a net expense of R\$ 6.7 million. This result is significantly lower than that recorded in 2024, when a net expense of R\$ 130.0 million was reported, mainly due to the substantial foreign exchange losses incurred that year, as the Brazilian real depreciated by 27.9% over the period (U.S. dollar exchange rate at year-end: 2023: R\$ 4.84 | 2024: R\$ 6.19).

Throughout 2025, exchange rate volatility increased, although the dollar remained relatively stable at the end of each quarter. As a result, there is a decoupling between the foreign exchange effects on operating performance and the impact recognized in the financial result. Between 2025 and 2024, the average exchange rate of the real against the dollar depreciated by 3.7%, while based on year-end exchange rates, the real appreciated by 11.1%.

Consequently, foreign exchange variations contributed a net financial income of R\$ 39.5 million in 2025. Meanwhile, interest and other financial income and expenses resulted in a negative net balance (net expense) of R\$ 46.2 million in 2025, driven by both a decrease in financial income and an increase in financial expenses compared to 2024.

## Net income

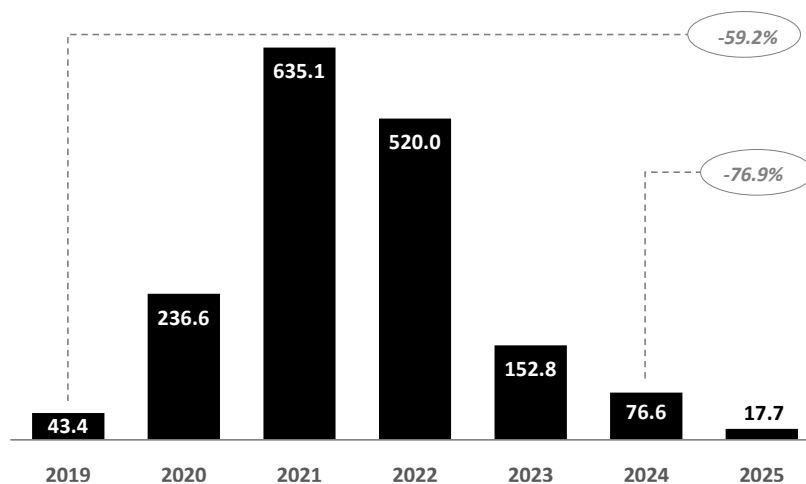
The year 2025 presented a challenging market environment for the Company. Tariffs imposed by the U.S. on Brazilian products added to a more cautious consumer in that country — which represents Taurus's primary sales destination — and the resulting price competitiveness in the market. Taurus promptly responded to the situations that arose, with strategic actions that proved successful, as evidenced by the maintenance of a high gross margin, thereby retaining its leadership in terms of gross profitability as compared to U.S. industry peers.

Taurus proactively increased its inventories in the U.S., prior to the adoption of the additional 40% tariff, reduced the transfer price from Brazil to the U.S., and transferred the assembly lines for some of the products destined for the U.S. market to its facility in that country, in order to mitigate the impact from the tariff. To ensure liquidity and the continuity of strategic projects, the Company was granted ICMS tax credits, and raised R\$ 150 million at preferential rates under the Brazil Sovereign Plan. It also engaged in institutional negotiations with Brazilian and U.S. authorities, in addition to hiring a consulting firm in the U.S. to defend its interests. At the same time, measures to bolster the commercial area were adopted, such as the implementation of a new distribution model in Brazil, with Taurus now serving the country's largest retailers directly — which account for a sizable portion of the market volume — while maintaining two domestic distributors.

Expanding the focus on the military market and strengthening the Company's international presence are key elements of its growth strategy. As a result, an increase in revenues from exports to other countries has already been observed in 2025, particularly in the fourth quarter of the year.

In 2025, the Company reported total expenditure of R\$ 27.8 million for Income Tax and Social Contribution, a 11.6-fold increase from the amount recorded in this account in 2024, which was -R\$ 2.4 million. Therefore, Taurus's cumulative result for 2025 was a net income of R\$ 17.7 million. The effectiveness and agility of the measures taken to mitigate adverse conditions throughout the year contributed positively to this result, including increased revenues from sales in Brazil, in other countries outside the U.S., in addition to the reversal of tax contingency provisions in 3Q25. On the other hand, earnings were pressured by the market and tariff factors already mentioned, such as the impact of approximately US\$ 16 million related to the tariffs imposed by the U.S., as well as non-recurring expenses concentrated in the last quarter.

Net Income (R\$ million)



## Debt

Taurus' gross bank debt is represented by foreign exchange operations (Advances on Foreign Exchange Contracts - ACC), the financing granted by FINEP (the Brazilian Funding Agency for Innovation Projects) for investment in innovation, under very favorable conditions for the Company, and a loan taken out by the Company's North American subsidiary in the USA, in addition to funds raised through the Brazil Sovereign Plan, also on very favorable terms.

As part of the Brazil Sovereign Plan — a Federal Government initiative aimed at supporting exporting companies affected by U.S. tariffs — Taurus raised BRL 150.0 million through a credit facility operated by BNDES, with BRL 100.0 million provided directly by the institution and BRL 50.0 million via Banco ABC. With a 12-month grace period and differentiated interest rates — 3.5% p.a. + 2.5% guarantee fee in the BNDES portion, and 8.2% p.a. | 60-month swap + 2.5% p.a. in the operation through Banco ABC — the resources strengthen cash levels and help sustain the Company's operations and strategic projects.

<i>R\$ million</i>	<b>12/31/2025</b>	<b>12/31/2024</b>	<b>% Chg.</b>
Loans and financing	235.1	0.3	-
Taurus Armas S.A.	65.1	0.3	-
Taurus USA	170.0	0.0	-
Foreign exchange drafts	427.0	554.0	-22.9%
<b>Short term</b>	<b>662.1</b>	<b>554.3</b>	<b>19.4%</b>
Foreign exchange drafts + Loans and financing	245.2	193.2	26.9%
Taurus Armas S.A.	245.2	154.4	58.8%
Taurus USA	0.0	38.8	-
<b>Long term</b>	<b>245.2</b>	<b>193.2</b>	<b>26.9%</b>
<b>Gross debt</b>	<b>907.3</b>	<b>747.5</b>	<b>21.4%</b>
Cash and marketable securities	335.3	289.9	15.7%
<b>Net debt</b>	<b>572.0</b>	<b>457.7</b>	<b>25.0%</b>
<b>US dollar Ptax rate at the end of period (R\$)</b>	<b>5.50</b>	<b>6.19</b>	<b>-11.2%</b>
<b>Gross debt converted into dollars (US\$ million)</b>	<b>165.0</b>	<b>120.7</b>	<b>36.7%</b>
<b>Net debt converted into dollars (US\$ million)</b>	<b>104.0</b>	<b>73.9</b>	<b>40.7%</b>

As at December 31, 2025, the Company reported gross bank debt of R\$ 907.3 million, representing an increase of R\$ 159.8 million compared to the figure posted at the end of FY 2024, with a 19.4% increase in short-term debt and a 26.9% increase in long-term debt. The change is related to the loan taken out by the U.S. subsidiary and, in particular, to the raising of funds under the Brazil Sovereign Plan.

Short-term debt, in the amount of R\$ 662.1 million, accounted for 73.0% of Taurus's overall gross bank debt as of December 31, 2025. From this total, R\$ 427.0 million comprised foreign exchange advances (Advance on Foreign Exchange Contract – ACC) that can be renewed upon each maturity date, which, in practice, confers a long-term profile on such transactions. Thus, it can be considered that the gross bank debt at the end of the fiscal year that actually had a short-term maturity was R\$ 235.1 million, or 25.9% of the total.

In terms of currency, gross bank debt denominated in U.S. dollars accounted for 65.8% of the total, consisting of the loan taken out by Taurus USA and ACC's transactions, all of which were fully concentrated in the short term. However, as mentioned above, ACC's transactions are subject to automatic renewal.

Cash and cash equivalents at the end of 2025 amounted to R\$ 335.3 million, representing an increase of R\$ 45.5 million compared to the figure reported on December 31, 2024, which partially offset the increase in gross bank debt. As a result, Taurus' net bank debt stood at R\$ 572.0 million at the close of the fiscal year.

The net debt-to-EBITDA ratio stood at 5.40x, versus the 1.80x financial leverage recorded in December 2024. This indicator's performance reflects the increase in debt — which, however, was taken on under very favorable terms for the Company, as mentioned above — and the simultaneous decline in EBITDA.

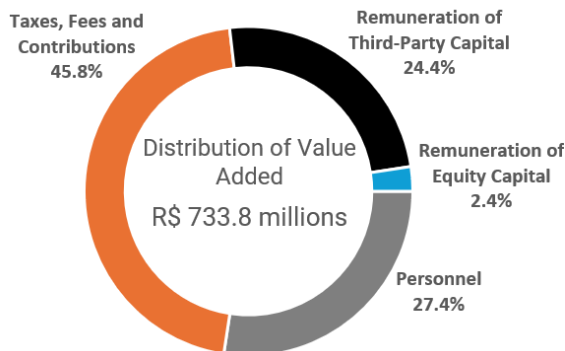
## Capital Expenditures

In 2025, Taurus made total investments of R\$ 93.4 million, of which R\$ 36.9 million (39.5%) were funded through FINEP's innovation credit line. The remaining R\$ 56.5 million (60.5%) invested during the year were financed using the Company's own cash generation. It should be noted that, as of the date of this report, investments made in the second half of the year, totaling R\$ 23.4 million, correspond to the fifth installment of the FINEP credit line, which remains under review by the Institution as of the date of this report.

The majority of investments made in 2025 were geared towards the purchase of machinery, equipment, and tools, accounting for 68.9% of the total amount invested during the period, followed by new product development, which accounted for 25.0%.

## Statement of Value Added

The total value added by Taurus in 2025, including the value added received in transfer, amounted to R\$ 733.8 million. This represents value creation of 41.3% in relation to the Company's gross revenue of R\$ 1,776.1 million for the year. Thus, for every R\$ 1.00 received during the period, Taurus generated approximately R\$ 0.41 in added value. This amount was distributed among personnel (direct compensation, benefits, and FGTS); governments (federal, state, and municipal taxes); as remuneration of third-party capital (interest and lease payments); and retained earnings within the Company.



## ESG

Taurus guides its long-term strategy through the Taurus Management Model, in which sustainability is recognized as a strategic element for continuous value creation. Since the release of its first report in 2023, the Company has been steadily advancing its ESG agenda, incorporating sustainable practices into corporate decision-making and fostering responsible innovation.

People are at the core of the Taurus Management Model, and Taurus has specific programs to train employees to take on this leading role, developing essential skills for their growth. Technology and innovation complement this foundation, driving constant progress in products, processes, materials, and automation which, combined with the team's technical expertise, strengthen the Company's development and future.

Integrated quality connects all these elements, engaging suppliers to ensure safe and reliable products. At the same time, logistics intelligence ensures that each item is delivered correctly, on time, and in the ideal quantity, maintaining operational efficiency. Robust production, in turn, provides stability, high productivity, and a high standard of excellence.

All of these components converge toward the Company's strategic "North," which integrates the customer perspective with Taurus's vision. It is the combination of people, technology, innovation, quality, logistics, and production that sustains customer satisfaction and reinforces the Company's global leadership in its sector, in alignment with best ESG practices.

## Gender equity

Taurus does not yet have a formal, specific policy for the hiring and compensation of executives and employees. Nevertheless, the Company adopts, as a guiding principle, the appreciation of merit and professional qualification, seeking to attract, develop, and retain the best talent for each position, regardless of gender, and prohibiting any form of discrimination.

People management is based on technical criteria, performance, and alignment with the organizational culture, with a focus on equal opportunities. Information regarding the composition of the workforce and management by gender — including apprentices, interns, statutory officers, and CLT employees — as well as the distribution of compensation, is presented in the tables below.

### Employees by Hierarchical Level (2025)

Level	Total	Women	% Women
Senior Leadership (Executive Board)*	6	0	0.0%
Middle Leadership (Management)	15	3	20.0%
Supervision / Coordination	57	9	15.8%
Other Employees	1,690	490	29.0%
<b>Total</b>	<b>1,768</b>	<b>502</b>	<b>28.4%</b>

\* Includes statutory and CLT-appointed directors.

### Composition of the Management Bodies (2025)

Bodies	Total	Women	% Women
Board of Directors	5	0	0.0%
Fiscal Council	5	0	0.0%
Statutory Executive Board	4	0	0.0%
<b>Total</b>	<b>14</b>	<b>0</b>	<b>0.0%</b>

### Average Compensation by Job Group (2025)

Job Group	Difference Between Women and Men (%)
Management	+11.2%
Supervision / Coordination	+23.5%
Administrative Activities	-12.2%
Operational Activities	-21.5%

### Comparative Evolution of the Indicators (2025 x 2024)

Indicators	2025	2024	Change (p.p.)
% of Women – Total Workforce	28.4%	27.0%	+1.4
% of Women – Middle Leadership (Management)	20.0%	18.8%	+1.2
% of Women – Supervision/Coordination	15.8%	22.7%	-6.9
Average Compensation Difference – Management*	+11.2%	+4.7%	+6.5
Average Compensation Difference – Supervision/Coordination*	+23.5%	+24.7%	-1.2
Average Compensation Difference – Administrative*	-12.2%	-10.2%	+2.0
Average Compensation Difference – Operational*	-21.5%	-21.5%	+0.0

\* Average compensation difference between women and men.

\*\* In 2024 and 2025, the Company did not have any women among its directors and officers.

Taurus reaffirms its commitment to promoting an inclusive work environment based on equal opportunities, respect, and the appreciation of diversity, in alignment with best governance and sustainability practices.

## Independent Auditors

Deloitte Touche Tohmatsu Auditores Independentes Ltda. provided external audit services related to the examination of the Company's and its subsidiaries' financial statements for the fiscal year 2025, as well as the limited review of the quarterly information (ITR) for the period. The firm also conducted the audit of the financial statements of the subsidiary Taurus Holdings, Inc., performed by the Deloitte member firm in the United States, expressed in USD and prepared in accordance with U.S. generally accepted accounting principles (US GAAP). The total amount of these audit services was R\$ 2,083 thousand.

Taurus is committed to avoiding any conflict of interest, loss of independence, or impairment of objectivity of its independent auditors, and therefore maintains the practice of not engaging them for any services that may interfere with the audit of the financial statements. No additional non-audit services were contracted with Deloitte Touche Tohmatsu Auditores Independentes Ltda. in 2025.

## Subsequent Events

In a Material Fact disclosed on February 2, 2025, Taurus informed the market of the extension of the term of the non-binding Memorandum of Understanding (MoU) executed with a view to a potential acquisition of the corporate control of MERTSAV, in Turkey. The parties extended the validity of the document until April 30, 2026, with automatic renewal for an additional three months.

The renewal of the MoU will allow the completion of technical studies based on MERTSAV's official information for the 2025 fiscal year, also enabling the continuation of the discussions and negotiations necessary for the potential acquisition.

## Taurus Armas S.A.

Balance sheet as of December 31, 2025

Values expressed in thousands of Reais – R\$

	Nota	Consolidated		Parent	
		12-31-2025	12-31-2024	12-31-2025	12-31-2024
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	67,547	112,614	49,266	102,739
Short-term investments	8	267,790	177,237	237,290	136,794
Trade receivables	9	247,187	297,108	163,610	164,704
Inventories	10	775,378	779,281	260,122	259,814
Recoverable taxes	11	75,409	104,480	60,944	86,883
Prepaid expenses		28,841	45,629	5,397	5,495
Others account receivables	12	35,394	27,738	28,167	25,569
Noncurrent assets for sale	14	7,000	7,000	-	-
		<b>1,504,546</b>	1,551,087	<b>804,796</b>	781,998
<b>Noncurrent assets</b>					
Recoverable taxes	11	18,559	21,340	17,852	20,708
Deferred income tax and social contribution	13	73,094	84,503	40,529	39,327
Receivables from subsidiaries	25	17,661	17,210	74,073	45,284
Recoverable taxes	12	61,123	63,771	60,752	61,248
		<b>170,437</b>	186,824	<b>193,206</b>	166,567
Investments in joint ventures	15	14,512	11,532	746,370	903,206
Other investments		2	2	-	-
Investment property	16	56,399	56,399	-	-
Property, plant and equipment	17	650,266	636,535	389,276	386,017
Intangible assets	18	190,243	186,268	84,102	74,770
		<b>911,422</b>	890,736	<b>1,219,748</b>	1,363,993
<b>Total assets</b>		<b>2,586,405</b>	2,628,647	<b>2,217,750</b>	2,312,558

The notes to the financial statements are an integral part of the financial statements

## Taurus Armas S.A.

Balance sheet as of December 31, 2025

Values expressed in thousands of Reais – R\$

	Nota	Consolidated		Parent	
		12-31-2025	12-31-2024	12-31-2025	12-31-2024
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade payables	20	113,327	156,253	54,477	76,415
Borrowings and Financing	19	662,127	554,318	492,159	554,318
Payroll, benefits and taxes thereon	22	32,287	54,535	27,156	34,438
Taxes payable	23	53,419	71,549	22,205	29,578
Customer Advances	21	12,352	24,812	10,902	13,548
Dividends payable	21	539	25,744	539	25,744
Tax, social security, labor and civil provisions	24	31,976	65,053	12,256	54,649
Provision for warranties	32	7,136	9,016	3,470	5,005
Other payables	21	41,934	55,677	22,688	10,058
		<b>955,097</b>	<b>1,016,957</b>	<b>645,852</b>	<b>803,753</b>
<b>Noncurrent liabilities</b>					
Trade payables	20	1,221	5,177	1,221	5,177
Borrowings and financing	19	245,168	193,220	245,168	154,456
Other Payables	21	14,144	4,154	12,158	81
Deferred income tax and social contribution	13	16,689	11,185	-	-
Tax, social security, labor and civil provisions	24	55,168	46,550	52,774	44,191
Derivative Financial Instruments	5.1	3,552	-	3,552	-
Provision for warranties	32	3,768	4,241	-	-
Provision for negative equity	21	-	-	1,371	385
Other Payables	21	44,145	52,802	8,201	10,154
		<b>383,855</b>	<b>317,329</b>	<b>324,445</b>	<b>214,444</b>
<b>Total liabilities</b>		<b>1,338,952</b>	<b>1,334,286</b>	<b>970,297</b>	<b>1,018,197</b>
<b>Equity</b>					
Share capital	26	548,101	448,101	548,101	448,101
Disposal of subscription warrants		9,880	9,880	9,880	9,880
Stock options granted		37,518	32,358	37,518	32,358
Treasury shares		(1,300)	(4,767)	(1,300)	(4,767)
Legal reserve		53,417	52,534	53,417	52,534
Statutory reserve		266,735	365,717	266,735	365,717
Tax incentive reserve		134,508	118,490	134,508	118,490
Capital Transactions		(45,876)	(45,747)	(45,876)	(45,747)
Valuation adjustments to equity		43,025	43,490	43,025	43,490
Cumulative translation adjustments		201,445	274,305	201,445	274,305
<b>Total equity</b>		<b>1,247,453</b>	<b>1,294,361</b>	<b>1,247,453</b>	<b>1,294,361</b>
<b>Total liabilities and equity</b>		<b>2,586,405</b>	<b>2,628,647</b>	<b>2,217,750</b>	<b>2,312,558</b>

The notes to the financial statements are an integral part of the financial statements

**Taurus Armas S.A.**

Income statement for the year ending December 31, 2025

Values expressed in thousands of Reais – R\$

	Nota	Consolidated		Parent	
		Cumulative for the Current Fiscal Year	Cumulative for the Prior Fiscal Year	Cumulative for the Current Fiscal Year	Cumulative for the Prior Fiscal Year
		12-31-2025	12-31-2024	12-31-2025	12-31-2024
Net operating revenue	28	1,463,029	1,672,674	795,445	893,524
Cost of sales	30	(960,794)	(1,090,267)	(525,843)	(542,304)
<b>Gross profit</b>		<b>502,235</b>	<b>582,407</b>	<b>269,602</b>	<b>351,220</b>
Operating (expenses) income					
Selling expenses	30	(219,922)	(199,514)	(63,289)	(45,922)
General and administrative expenses	30	(274,336)	(221,305)	(137,577)	(127,985)
Equity in earnings (losses)	15	3,783	3,797	(85,133)	(2,244)
Impairment losses	9	(8,550)	(4,218)	(5,526)	(4,987)
Other operating income	29	61,304	68,603	54,029	64,424
Other operating expenses	30	(12,402)	(20,815)	(16,489)	(18,575)
		(450,123)	(373,452)	(253,985)	(135,289)
<b>Profit before finance income (costs) and taxes</b>		<b>52,112</b>	<b>208,955</b>	<b>15,617</b>	<b>215,931</b>
Finance income		167,854	127,430	166,418	123,750
Finance expenses		(174,527)	(257,425)	(159,422)	(249,593)
<b>Finance income (expenses)</b>	31	<b>(6,673)</b>	<b>(129,995)</b>	<b>6,996</b>	<b>(125,843)</b>
<b>Pretax income</b>		<b>45,439</b>	<b>78,960</b>	<b>22,613</b>	<b>90,088</b>
Income tax and social contribution (Current)	13	(10,802)	(19,014)	(6,144)	(16,582)
Income tax and social contribution (Deferred)	13	(16,964)	16,646	1,204	3,086
<b>Consolidated profit (loss) for the period</b>		<b>17,673</b>	<b>76,592</b>	<b>17,673</b>	<b>76,592</b>
Common shares (ON)	26.c	0.1311	0.6064	0.1311	0.6064
Preferred shares (PN)	26.c	0.1312	0.6071	0.1312	0.6071
Common shares (ON)	26.c	0.1311	0.6064	0.1311	0.6064
Preferred shares (PN)	26.c	0.1307	0.6070	0.1307	0.6070

The notes to the financial statements are an integral part of the financial statements

**Taurus Armas S.A.**

Statement of comprehensive income for the year ending December 31, 2025

Values expressed in thousands of Reais – R\$

	<b>Consolidated</b>		<b>Parent</b>	
	<b>12-31-2025</b>	<b>12-31-2024</b>	<b>12-31-2025</b>	<b>12-31-2024</b>
<b>Profit (loss) for the period</b>	<b>17,673</b>	76,592	<b>17,673</b>	76,592
<b>Other comprehensive income</b>				
Translation adjustments for the period	<b>(72,860)</b>	143,933	<b>(72,860)</b>	143,933
Comprehensive income for the period	<b>(55,187)</b>	220,525	<b>(55,187)</b>	220,525

The notes to the financial statements are an integral part of the financial statements

**Taurus Armas S.A.**

Statement of changes in equity for the year ending December 31, 2025

Values expressed in thousands of Reais – R\$

	Capital reserve				Profit reserves			Retained earnings	Valuation adjustments to equity	Cumulative translation adjustments	Total equity	
	Share capital	Treasury shares	Disposal of subscription warrants	Stock options granted	Capital Transactions	Tax incentive reserve	Legal reserve					Statutory reserve
<b>Closing balances on December 31, 2023</b>	367,936	(6,757)	9,880	25,421	(45,639)	118,490	48,704	399,398	-	44,000	130,372	1,091,805
Increase in share capital	80,165	-	-	-	-	-	-	(80,165)	-	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	76,592	-	-	76,592
Translation adjustments for the period	-	-	-	-	-	-	-	-	-	-	143,933	143,933
Recognized granted stock options	-	-	-	6,936	-	-	-	-	-	-	-	6,936
Treasury shares acquired	-	(4,446)	-	-	-	-	-	-	-	-	-	(4,446)
Treasury shares sold/transferred	-	6,437	-	-	-	-	-	(1,143)	-	-	-	5,294
Other transactions	-	-	-	-	(108)	-	-	-	-	-	-	(108)
Realization of fair value adjustment – asset revaluation surplus, net of tax effects	-	-	-	-	-	-	-	-	32	(32)	-	-
Realization of fair value adjustment – revaluation surplus of assets in subsidiaries, net of tax effects	-	-	-	-	-	-	-	-	478	(478)	-	-
<b>Appropriation of profit:</b>	-	-	-	-	-	-	3,830	47,627	(77,102)	-	-	(25,645)
Legal reserve	-	-	-	-	-	-	3,830	-	(3,830)	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	(25,645)	-	-	(25,645)
Statutory reserve	-	-	-	-	-	-	-	47,627	(47,627)	-	-	-
<b>Closing balances on December 31, 2024</b>	<b>448,101</b>	<b>(4,766)</b>	<b>9,880</b>	<b>32,357</b>	<b>(45,747)</b>	<b>118,490</b>	<b>52,534</b>	<b>365,717</b>	<b>-</b>	<b>43,490</b>	<b>274,305</b>	<b>1,294,361</b>
Increase in share capital	100,000	-	-	-	-	-	-	(100,000)	-	-	-	-
Net income for the period	-	-	-	-	-	-	-	-	17,673	-	-	17,673
Translation adjustments for the period	-	-	-	-	-	-	-	-	-	-	(72,860)	(72,860)
Recognized granted stock options	-	-	-	5,161	-	-	-	-	-	-	-	5,161
Treasury shares sold/transferred	-	3,466	-	-	-	-	-	(84)	-	-	-	3,382
Other transactions	-	-	-	-	(129)	-	-	298	-	-	-	169
Realization of fair value adjustment – asset revaluation surplus, net of tax effects	-	-	-	-	-	-	-	-	8	(8)	-	-
Realization of fair value adjustment – revaluation surplus of assets in subsidiaries, net of tax effects	-	-	-	-	-	-	-	-	457	(457)	-	-
<b>Appropriation of profit:</b>	-	-	-	-	-	16,018	883	804	(18,138)	-	-	(433)
Legal reserve	-	-	-	-	-	-	883	-	(883)	-	-	-
Tax incentive reserve	-	-	-	-	-	16,018	-	-	(16,018)	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	(433)	-	-	(433)
Statutory reserve	-	-	-	-	-	-	-	804	(804)	-	-	-
<b>Closing balances on December 31, 2025</b>	<b>548,101</b>	<b>(1,300)</b>	<b>9,880</b>	<b>37,518</b>	<b>(45,876)</b>	<b>134,508</b>	<b>53,417</b>	<b>266,735</b>	<b>-</b>	<b>43,025</b>	<b>201,445</b>	<b>1,247,453</b>

The notes to the financial statements are an integral part of the financial statements

**Taurus Armas S.A.**

Cash flow statement for the year ending December 31, 2025

Values expressed in thousands of Reais – R\$

	<b>Consolidated</b>		<b>Parent</b>	
	<b>12-31-2025</b>	<b>12-31-2024</b>	<b>12-31-2025</b>	<b>12-31-2024</b>
<b>Cash generated by operating activities</b>				
Profit (loss) before income tax and social contribution	45,439	78,960	22,613	90,088
<b>Adjustments for:</b>				
Depreciation and amortization	53,768	43,615	30,143	25,175
Cost of capital assets written off	3,999	3,882	2,504	1,038
Allowance for doubtful debts	8,550	4,218	5,526	4,987
Tax, social security, labor and civil provisions	(14,194)	(8,316)	(26,573)	(11,852)
Provision for warranties	(2,353)	189	(1,535)	(413)
Allowance for inventory losses	2,349	(518)	(60)	(1,400)
Share of results of investees	(3,783)	(3,797)	85,133	2,244
Exchange differences on translating borrowings and financing	(56,054)	125,528	(56,054)	120,880
Accrued interest on borrowings and intragroup loans	63,657	54,310	53,972	51,809
Other non-cash items included in profit	3,005	(6,841)	-	-
Fair value of investment property	-	5,643	-	-
Derivative Financial Instruments	3,552	-	3,552	-
Share-based payment	8,542	12,230	8,542	12,230
	<b>116,477</b>	<b>309,103</b>	<b>127,763</b>	<b>294,786</b>
<b>Changes in assets and liabilities</b>				
(Increase) decrease in inventories	(63,357)	4,796	(248)	12,115
(Increase) decrease in trade receivables	27,833	(51,393)	(4,432)	(96,799)
(Increase) in other receivables	32,374	(100,228)	26,920	(100,771)
Increase in trade payables	(34,551)	23,125	(25,894)	17,703
Increase in accounts payable	(19,877)	60,152	30,717	62,051
Assets and liabilities for sale	-	-	-	-
Income tax and social contribution paid	(45,960)	(21,398)	(39,243)	(12,421)
	<b>(103,538)</b>	<b>(84,946)</b>	<b>(12,180)</b>	<b>(118,122)</b>
<b>Net cash from operating activities</b>	<b>12,939</b>	<b>224,157</b>	<b>115,583</b>	<b>176,664</b>
<b>Cash generated by investing activities</b>				
Due from related parties	(671)	(6,261)	(28,790)	(27,005)
In investments	-	-	-	-
In property, plant and equipment	(66,897)	(99,875)	(28,723)	(51,378)
In intangible assets	(26,541)	(28,365)	(16,515)	(13,061)
Financial investments	(90,553)	(56,260)	(100,496)	(40,798)
	<b>(184,662)</b>	<b>(190,761)</b>	<b>(174,524)</b>	<b>(132,242)</b>
<b>Net cash from investing activities</b>				
<b>Cash generated by financing activities</b>				
Payment of interest on equity and dividends	(25,639)	(38,317)	(25,639)	(38,317)
Borrowings and intragroup borrowings	1,815,030	2,193,928	529,785	566,856
Repayment of borrowings	(1,595,674)	(2,107,354)	(441,631)	(491,257)
Payment of interest on borrowings and intragroup borrowings	(67,202)	(47,850)	(57,283)	(45,183)
Debits with related parties	23	169	236	(3,350)
Actions in Treasury	-	(4,446)	-	(4,446)
	<b>126,538</b>	<b>(3,870)</b>	<b>5,468</b>	<b>(15,697)</b>
<b>Net cash from financing activities</b>				
Exchange differences on translating cash and cash equivalents	118	(274)	-	-
<b>(Reduction) increase in cash and equivalents</b>	<b>(45,067)</b>	<b>29,252</b>	<b>(53,473)</b>	<b>28,725</b>
<b>Cash and cash equivalents at the beginning of the year</b>				
Cash and cash equivalents at the beginning of the year	112,614	83,362	102,739	74,014
Cash and cash equivalents at the end of the year	67,547	112,614	49,266	102,739
<b>(Reduction) increase in cash and equivalents</b>	<b>(45,067)</b>	<b>29,252</b>	<b>(53,473)</b>	<b>28,725</b>

The notes to the financial statements are an integral part of the financial statements

## Taurus Armas S.A.

Statement of Added Value for the year ending December 31, 2025

Values expressed in thousands of Reais – R\$

	<b>Consolidated</b>		<b>Parent</b>	
	<b>12-31-2025</b>	<b>12-31-2024</b>	<b>12-31-2025</b>	<b>12-31-2024</b>
<b>Revenue</b>				
Sales of goods and services	1,723,363	1,836,752	922,084	1,020,694
Other income	61,304	68,603	54,029	64,424
Allowance for (reversal of) doubtful debts	(8,550)	(4,218)	(5,526)	(4,987)
	<b>1,776,117</b>	<b>1,901,137</b>	<b>970,587</b>	<b>1,080,131</b>
<b>Inputs purchased from third parties</b>				
Cost of products, goods and services sold	(671,790)	(795,191)	(270,449)	(279,099)
Supplies, power, outside services and other inputs	(488,366)	(430,160)	(226,447)	(200,302)
	<b>(1,160,156)</b>	<b>(1,225,351)</b>	<b>(496,896)</b>	<b>(479,401)</b>
<b>Gross value added</b>	<b>615,961</b>	<b>675,786</b>	<b>473,691</b>	<b>600,73</b>
Depreciation, amortization and depletion	(53,768)	(43,615)	(30,143)	(25,175)
<b>Value added net produced by the Company</b>	<b>562,193</b>	<b>632,171</b>	<b>443,548</b>	<b>575,555</b>
<b>Added value received in transfer</b>				
Equity in earnings (losses)	3,783	3,797	(85,133)	(2,244)
Financial income	167,854	127,43	166,418	123,750
	<b>171,637</b>	<b>131,227</b>	<b>81,285</b>	<b>121,506</b>
<b>Total added value to be distributed</b>	<b>733,830</b>	<b>763,398</b>	<b>524,833</b>	<b>697,061</b>
<b>Distribution of added value</b>				
<b>Collaborators</b>				
Direct compensation	156,670	163,869	136,146	145,228
Benefits	33,812	34,031	25,778	28,221
Severance Pay Fund (FGTS)	10,668	11,096	9,088	9,625
	<b>201,150</b>	<b>208,996</b>	<b>171,012</b>	<b>183,074</b>
<b>Taxes, fees and contributions</b>				
Federal	287,405	167,081	141,410	153,035
State	47,310	47,789	30,993	30,556
Municipal	995	866	323	252
	<b>335,710</b>	<b>215,736</b>	<b>172,726</b>	<b>183,843</b>
<b>Lenders and lessors</b>				
Interest	174,527	257,425	159,422	249,592
Rentals	4,770	4,649	4,000	3,960
	<b>179,297</b>	<b>262,074</b>	<b>163,422</b>	<b>253,552</b>
<b>Shareholders</b>				
Dividends	-	-	-	-
Internal changes in equity	17,673	76,592	17,673	76,592
	<b>17,673</b>	<b>76,592</b>	<b>17,673</b>	<b>76,592</b>
	<b>733,830</b>	<b>763,398</b>	<b>524,833</b>	<b>697,061</b>

The notes to the financial statements are an integral part of the financial statements

## Taurus Armas S.A.

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

### 1. General information

Taurus Armas S.A. ("Company"), with registered head office in São Leopoldo, Avenida São Borja, 2181 - 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.

#### Importation fee imposed on Brazilian products by the U.S. Government

On July 9, 2025, the U.S. Government decided for imposing a 50% tariff on the import of firearms and ammunition from Brazil, effective starting on August 6, 2025.

In those circumstances, the Management of Taurus Armas S.A. - multinational company which has been operating in Brazil for 85 years and in the United States for 43 years - has adopted a strategic and proactive stance, focused on preserving the Company's ability to operational continuity, mitigating financial impacts and maintaining competition in the North-American market. The main actions taken and its respective effects were the following

**1. Preventive reinforcement of U.S.-based inventories**, by preemptively internalizing products before the new tariff's effective term, ensuring operating autonomy for a few months and reducing immediate exposure to the tariff.

**2. Review of transfer price** for products exported from Brazil to the U.S., aiming to mitigate the tariff's application on profitability margins, respecting applicable regulatory limits and market criteria.

**3. Transfer of assemble lines and devices to U.S.-based operations**, in particular the migration of G pistol lines. As previously released, the Company started sending component kits for local assembly, rather than exporting finished products. During 3Q2025, the transfer of G pistol family line was concluded and, subsequently, the migration of assembly lines for revolvers, significantly decreasing exposure to tariffs applied to Brazilian products.

**4. Negotiations with the Government of the State of Rio Grande do Sul for monetization of ICSM tax credits**, for purposes of reinforce cash flows. On August 28, 2025, Agreement Term TSC No. 007/25 was entered into, which authorized the granting of accumulated ICMS credit balances, limited to R\$ 3 million monthly, from September 1, 2025 to August 31, 2026. Until December 31, 2025, the Company had granted R\$ 3.8 million, with an average goodwill of 3.5%.

**5. Negotiations with BNDES within the scope of the Brasil Soberano Plan (Sovereign Brazil)**, focusing on access to credit lines and potential incentives destined to exported companies. As a result of these negotiations, the Company had raised approximately R\$ 150 million, destined to sustaining strategic investments and meeting working capital needs during the tariff's effective period.

**6. Contracting of specialized advisory services in the United States**, including Ballard Partners, for institutional work alongside the U.S. government, highlighting the fact the Company has local operations and production expansion plans there. In addition, work through sector associations reinforced arguments related to the tariffs' impact on the final North-American customer and the constitutional context of the Second Amendment.

## **Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)*

In parallel to financial and operational measures, the Company has maintained active engagement in diplomatic and institutional negotiations, considering its relevance in the North American market, in which Taurus USA poses as the largest firearm import company, in an environment where approximately 40%-50% of consumption is supplied by imported products.

**Subsequent Event:** In February 2026, the United States Supreme Court declared the imposed tariff structure as unlawful, leading to the replacement of the 50% tariff for a temporary straight-line 10% tariff, applied in a uniform manner to all countries, with specific exceptions for specific products. The new tariff came into effect on February 24, 2026, characterizing the event as a subsequent fact to the financial statements for the year ended December 31, 2025, within the terms of the applicable accounting standard.

The measure contributed to the reestablishment of balanced market competition for the North American market and has an initial validity of 150 days, and is still subject to future decisions by the U.S. Congress regarding its renovation.

The Company's Management concludes that, despite the temporary tariff imposition represented a relevant challenge, the measures adopted allowed financial and operational impacts to be mitigated, and also contributed to the increase the resilience of the Company's productive and commercial structure in the medium and long term.

## **2. Presentation of financial statements**

### **2.1. Basis of preparation**

#### **a) Statement of compliance**

The individual and consolidated financial statements have been prepared and are presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also in accordance with accounting practices adopted in Brazil (BR GAAP), considering the pronouncements, guidelines and instructions issued by the Accounting Pronouncements Committee (CPC), approved by the Brazilian Securities and Exchange Commission (CVM), and the provisions in the Brazilian Corporate Law, and are identified as "Parent" and "Consolidated", respectively.

The individual and consolidated financial statements have been prepared based on the historical cost, except for the revaluation of certain properties for investment 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 these individual and consolidated financial statements is determined on this basis, except as otherwise required by another accounting pronouncement.

The individual and consolidated annual financial statements for the year ended December 31, 2025 have 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.

## Taurus Armas S.A.

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

### b) Management statement

The Company's Management asserts that all relevant information for the financial statements as at December 31, 2025, and only this information, is disclosed and that it corresponds to the information used in managing the Company.

The financial statements were approved by the Board of Directors and authorized for issue on March 23, 2025.

### 2.2. **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (its subsidiaries) prepared up to the year ended December 31 and the respective comparative periods. Control is achieved when the Company:

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

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

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

When the Company loses control over a subsidiary, the gain or loss on disposal is calculated by the difference between:

- (i) the sum of the fair value of consideration received and the fair value of the residual interest; and
- (ii) the previous carrying amount of the assets (including goodwill), less the subsidiary's liabilities and noncontrolling interests.

The table below lists the subsidiaries included in the consolidated financial statements:

Company	Country	Equity interest	
		2025	2024
<b>Taurus Armas S.A.</b>	<b>Brazil</b>		
Taurus Holdings, Inc. (**)	United States	100.00%	100.00%
Taurus Máquinas-Ferramenta 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%
<b>Polimetal Metalurgia e Plásticos Ltda.</b>	<b>Brazil</b>	<b>100.00%</b>	<b>100.00%</b>
Taurus Helmets Indústria de Capacetes Ltda. (*)	Brazil	100.00%	100.00%
Taurus Investimentos Imobiliários Ltda. (*)	Brazil	100.00%	100.00%

(\*) The equity interests above represent the percentage rate held by the Company, both directly and indirectly, in the subsidiaries' capital.

(\*\*) Taurus Holdings, Inc. holds a 100% interest in the subsidiaries Taurus International Manufacturing, Inc, Heritage Manufacturing, Inc. and Braztech International, L.C., Inc.

All intragroup transactions, balances, revenue and expenses, and cash flows are eliminated on consolidation. The consolidation of balance sheet and statement of profit or 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 same fashion, unrealized losses are also eliminated, except when there is no evidence of impairment of the asset.

## **Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)*

### **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 technical pronouncement 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 year when the investment is acquired.

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

### **2.4. Functional and presentation currency**

The individual and consolidated financial statements 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 year, 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 or loss. Nonmonetary items measured at historical cost in a foreign currency are not retranslated.

## Taurus Armas S.A.

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

### 3. Critical accounting judgments and key sources of estimation uncertainty

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

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

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

**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 financial statements 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 financial statements 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 financial statements date. The amounts for which Management believes that there is no supported expectation of generation of taxable income for realization are shown in note 13.

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

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

**Provision for civil, labor and tax risks:** The Company manages 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 financial statements 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.

## **Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)*

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 accounting policies and calculation methods adopted to prepare these financial statements as at December 31, 2025 are consistent with the accounting policies and calculation methods adopted to prepare the annual financial statements for the year ended December 31, 2024. The amounts in the individual and consolidated financial statements are expressed in thousands of Brazilian reais, unless otherwise indicated.

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 statements 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. Transaction 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.

##### **(i) *Derivative Financial instruments***

All derivative financial instruments, are measured at fair value through profit or loss.

Derivative financial instruments are measured at fair value on the contracting date and subsequently at each balance date, their changes fully recognized in income for the period. Even though they are used for risk management purposes, such instruments are formally designated as hedge operations, within the terms of technical pronouncement CPC 48, and the Company does not apply hedge accounting.

At the date of the individual and consolidated financial statements, the Company has swap operations linked to borrowings contracted in Brazilian reais, whose objective is to mitigate exposure to the U.S. dollar exchange rate. When the swap's fair value is favorable to the Company, it is presented as a derivative financial asset and, when it isn't favorable, it is presented as derivative financial liability.

## **Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)*

### **(ii) 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 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 financial statements, 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.

## Taurus Armas S.A.

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

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.

### (iii) *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 statements, 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.

### (iv) *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

We present below the standards that came into force January 1, 2026 and onward and may be applicable to the Company:

Effective standards:

#### (i) **Amendment to CPC 02/IA 21 - Effects of Changes in Exchange Rates and Translation of Financial Statements of Subsidiaries without Public Accountability**

This amendment requires the companies to employ a consistent approach when assessing whether a currency can be exchanged for another and, when it cannot, they must determine the exchange rate to be used and the disclosures to be made. We have evaluated the standard and did not identify any impacts from its amendment.

#### (ii) **ICPC 09 (R3) - Individual Financial Statements, Separate Financial Statements, Consolidated Statements and Equity Method Application**

CVM Resolution No. 212/2024 made some wording corrections to ICPC 09 for purposes of better aligning said standard with CPC 18 (R3), aiming to adjust it to amendments subsequent to its issuance and currently observed in documents issued by the CPC. We have evaluated the standard and did not identify any impacts from its amendment.

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)*

Non-effective standards:

**(i) IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 - Climate-related Disclosures**

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

At the date of preparation of these individual and consolidated financial statements, Management is still analyzing the opportunity to adopt the aforementioned pronouncements, which are still in their voluntary adoption period, as provided for in CVM Resolution No. 193/23. Management evaluates that their future adoption must result in qualitative amendments to the financial statements, whose potential effects are still under analysis.

**(ii) CPC 51/IFRS 18 - Presentation and Disclosure in the Financial Statements**

IFRS 18 will replace IAS 1 - Presentation in the Financial Statements, establishing new requirements for the presentation and disclosure of information in financial statements, for purposes of improving the information's comparability, transparency and usefulness for user. The main change introduced by the standard refers to the statement of profit or loss' structure, which will now require revenue and expenses to be classified into defined categories (operating, investing and financing), as well as further-detailed disclosure of subtotals, including operating income. In addition, IFRS 18 brings clearer guidance on the aggregation and separation of information, as well as on the disclosure of managerial performance measures.

The standard will come into force for annual periods started on or after January 1, 2027, with its early adoption permitted.

At the date of these individual and consolidated financial statements, Management is evaluating the potential impacts of adopting IFRS 18, particularly with regard to the presentation of the statement of profit or loss and the additional disclosures required. The Company does not expect significant impacts on the amounts recognized, but there will be changes in the presentation format and the level of detail of the information disclosed.

c) **Share-based payment plan**

**(i) Share Plan (Stock Grant)**

The Company maintains share-based payment plans classified as share-based payment settled with equity instruments, within the terms of CPC 10/IFRS 2.

Stock grants to management members are measured at fair value at the grant date, which is recognized as expense in the income for the period, in a straight-line manner (pro rata temporis), over the vesting period, recorded in net equity.

The recognition of expenses only considers service conditions and, when applicable, estimates related to the permanence of beneficiaries until the acquisition of rights is reviewed. Conditions unrelated to the services are not reflected in recognition of expenses.

Shares granted, when effectively acquired by beneficiaries, are recognized in net equity, without reversal of expenses previously recognized in case of depreciation or appreciation of the shares after their grant date.

Additional information on the effective plans, acquisition conditions, number of granted shares and amounts recognized in profit or loss are further detailed in note 27.

## **Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)*

### d) Leases

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

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

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

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

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

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

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

### e) Changes in Operating Segments

Polimetal Metalurgia e Plásticos Ltda. underwent a strategic change in its operating model, in which it directed the majority of its production to supplying the firearm segment, specially to Taurus Armas. Before that, the Company was classified in the "Others" segment. Due to this strategic change, Polimetal was included in the "Firearms" segment for purposes of disclosure by operating segments.

In conformity with CPC 22 - Information by Segment (IFRS 8), paragraph 29, which aims to ensure comparability of information, the balances for 2024, presented in the "Operating Segments" note, were reclassified and re-presented, reflecting the Company's new segment of operations.

**Taurus Armas S.A.**  
*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025*  
*(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)*

This reclassification did not have any impact on the Company's net income, as stated below.

	12.31.2024		Adjustment		12.31.2024 - Restated	
	Firearms	Other	Firearms	Other	Firearms	Other
External revenue	1,521,795	15,617	11,877	(11,877)	1,533,672	3,740
Cost of sales	(993,280)	(13,129)	(11,183)	11,183	(1,004,463)	(1,946)
Gross profit (loss)	528,515	2,488	694	(694)	529,209	1,794
Selling expenses	(175,136)	(2,370)	(759)	759	(175,895)	(1,611)
General and administrative expenses	(182,947)	(3,624)	(356)	356	(183,303)	(3,268)
Depreciation and amortization	(21,467)	(3,308)	(1)	1	(21,468)	(3,307)
Other operating revenue (expenses), net	51,688	(2,874)	-	-	51,688	(2,874)
Equity income	2,999	798	798	(798)	3,797	-
	(324,863)	(11,378)	(318)	318	(325,181)	(11,060)
Operating profit (loss)	203,652	(8,890)	376	(376)	204,028	(9,266)
Financial revenue	121,645	1,323	1,262	(1,262)	122,907	61
Financial expenses	(255,034)	(1,618)	(1,119)	1,119	(256,153)	(499)
Net finance income	(133,389)	(295)	143	(143)	(133,246)	(438)
Income by disclosable segment before income tax and social contribution	70,263	(9,185)	519	(519)	70,782	(9,704)
Income tax and social contribution	(1,445)	5,422	6,538	(6,538)	5,093	(1,116)
Net profit (loss) for the year	68,818	(3,763)	7,057	(7,057)	75,875	(10,820)
Disclosable segment assets	2,233,602	280,761	78,983	(78,983)	2,312,585	201,778
Disclosable segment liabilities	1,278,259	27,838	11,763	(11,763)	1,290,022	16,075

## **Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

### **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 refers to the possibility of financial losses for the Company arising from the non-compliance with contractual obligations by clients or counterparties in financial instruments. This risk is mainly related to receivables from clients and investment securities. In the case of financial institutions, the Company and its subsidiaries conduct transactions exclusively with institutions previously approved by Management.

##### **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 such as Taurus International Manufacturing Inc., Braztech International LC, Heritage Manufacturing Inc. and Companhia Brasileira de Cartuchos - CBC, and there is no relevant credit risk concentration on other customers.

To evaluate credit risk and determine limits, clients are classified according to their characteristics: Natural Person, Legal Entity, Public Entity and Foreign Market.

Credit approvals are individually realized and include external assessments, consultation of credit bureau, relationship history and payment punctuality. For Foreign Market clients, information from regulating entities such as OFAC and GAFI can also be considered, as well as bank references.

As for Legal Entities, purchase limits are set individually or by group, which represents the maximum exposure index with the Company, without requiring a new analysis. These limits are periodically reviewed. Customers that failed to comply with the credit set by the Company can only start new operations after pending payables are settled.

For Public Entities, the Company's Management assesses the payment capacity and bidding requirements applicable for making the sale.

For sales destined to Natural People, the Company offers the option of receiving a partial advance payment for purchases. Invoice issuance and product delivery only occur after verification that the payment has been received and received.

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

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

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

**Exposure to credit risks**

As at December 31, 2025, the maximum credit risk exposure was as follows:

	Consolidated		Parent	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
<b>Amortized cost</b>				
Cash and cash equivalents	67,547	112,614	49,266	102,739
Trade receivables	247,187	297,108	163,610	164,704
Short-term investments	267,790	177,237	237,290	136,794
Escrow Deposits	60,968	62,451	60,563	61,175
Other receivables	17,661	20,941	89,318	55,368
<b>Total</b>	<b>661,153</b>	<b>670,351</b>	<b>600,047</b>	<b>520,780</b>

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	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
Domestic - trade receivables	96,072	108,334	76,519	83,050
United States - trade receivables	143,118	178,295	66,848	61,595
Other countries	38,853	34,523	38,259	33,898
<b>Total</b>	<b>278,043</b>	<b>321,152</b>	<b>181,626</b>	<b>178,543</b>

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

	Consolidated		Parent	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
Trade receivables - public bodies	7,649	13,801	7,643	13,801
Trade receivables - distributors	42,057	41,661	42,057	41,661
Trade receivables – Related parties	21,878	39,120	48,882	87,518
Final customers	206,459	226,570	83,044	35,563
<b>Total</b>	<b>278,043</b>	<b>321,152</b>	<b>181,626</b>	<b>178,543</b>

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 technical pronouncement 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 December 31, 2025, the aging list of trade receivables and the allowance for expected credit losses are as follows:

	12-31-2025			Consolidated 12-31-2024		
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	213,550	(3,095)	1.4%	210,153	(4,211)	2.0%
0-30 days past due	13,509	(854)	6.3%	33,023	(920)	2.8%
31-60 days past due	12,154	(1,750)	14.4%	31,330	(1,133)	3.6%
61-90 days past due	4,801	(389)	8.1%	17,648	(216)	1.2%
91-180 days past due	6,358	(772)	12.1%	3,120	(388)	12.4%
181-360 days past due	3,701	(551)	14.9%	3,939	(895)	22.7%
Over one year past due	23,970	(23,445)	97.8%	21,940	(16,281)	74.2%
<b>Total</b>	<b>278,043</b>	<b>(30,856)</b>		<b>321,152</b>	<b>(24,044)</b>	

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

	12-31-2025			Parent 12-31-2024		
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	116,338	(2,245)	1.9%	68,710	(2,898)	4.2%
0-30 days past due	31,502	(805)	2.6%	64,868	(754)	1.2%
31-60 days past due	11,446	(1,729)	15.1%	13,785	(945)	6.9%
61-90 days past due	2,304	(364)	15.8%	15,235	(183)	1.2%
91-180 days past due	3,447	(737)	21.4%	1,665	(357)	21.4%
181-360 days past due	2,157	(526)	24.4%	2,879	(884)	30.7%
Over one year past due	14,432	(11,610)	80.4%	11,401	(7,818)	68.6%
<b>Total</b>	<b>181,626</b>	<b>(18,016)</b>		<b>178,543</b>	<b>(13,839)</b>	

### Financial Instruments

The Company's Management determines the classification of its non-derivative financial assets and liabilities at their initial recognition, according to the criteria present in IFRS 9/CPC 48 - Financial Instruments, regarding cash flow characteristics and the Company's business model when managing financial assets. Financial Instruments are measured according to their nature and purpose.

	Consolidated		Parent	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
<b>Amortized cost – Assets</b>				
Cash and cash equivalents	67,547	112,614	49,266	102,739
Due from clients	247,187	297,108	163,610	164,704
Short-term investments	267,790	177,237	237,290	136,794
Escrow deposits	60,968	62,451	60,563	61,175
Due from related parties	17,661	20,941	89,318	55,368
<b>Total</b>	<b>661,153</b>	<b>670,351</b>	<b>600,047</b>	<b>520,780</b>
<b>Amortized cost – Liabilities</b>				
Trade payables	114,548	161,430	55,698	81,592
Borrowings and financing	480,237	193,587	310,269	154,823
Foreign currency advances	427,058	553,951	427,058	553,951
Due to other related parties	2,390	2,154	2,390	2,154
<b>Fair value through profit or loss</b>				
Derivative financial instruments	3,552	-	3,552	-
<b>Total</b>	<b>1,027,785</b>	<b>911,122</b>	<b>798,967</b>	<b>792,520</b>

## 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.



**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

The current exchange rate for the US Dollar used by the Company as at December 31, 2025 was R\$ 5.5024.

	12-31-2025	12-31-2025	Consolidated 12-31-2024
	(US\$)	(R\$)	(R\$)
<b>Asset</b>			
Trade receivables	29,319	161,327	212,819
Intragroup loans	2,181	12,002	11,722
<b>Total assets</b>	<b>31,501</b>	<b>173,329</b>	<b>224,541</b>
<b>Liability</b>			
Trade payables	(9,623)	(52,951)	(73,046)
Borrowings and financing	(30,890)	(169,968)	(38,764)
Foreign currency advances			
	(77,613)	(427,058)	(553,951)
<b>Total liabilities</b>	<b>(118,126)</b>	<b>(649,977)</b>	<b>(665,761)</b>
<b>Net exposure</b>	<b>(86,625)</b>	<b>(476,648)</b>	<b>(441,220)</b>

	Operations based in Brazil - in US dollars	US-based operations - in US dollars	Balance in 2025 - in US dollars	Variation +/- 25% - in R\$	Variation +/- 50% - in R\$
<b>Assets</b>					
Trade receivables	11,834	17,486	29,319	(41,704)	(81,578)
Intragroup loans	2,181	-	2,181	(3,103)	(6,069)
<b>Total assets</b>	<b>14,015</b>	<b>17,486</b>	<b>31,501</b>	<b>(44,806)</b>	<b>(87,647)</b>
<b>Liabilities</b>					
Trade payables	(1,492)	(8,131)	(9,623)	(12,487)	(25,575)
Foreign currency advances	(77,613)	-	(77,613)	(100,711)	(206,264)
Borrowings and financing	-	(30,890)	(30,890)	(40,083)	(82,093)
<b>Total liabilities</b>	<b>(79,105)</b>	<b>(39,021)</b>	<b>(118,126)</b>	<b>(153,280)</b>	<b>(313,932)</b>
<b>Total</b>	<b>(65,090)</b>	<b>(21,535)</b>	<b>(86,625)</b>	<b>(112,405)</b>	<b>(230,216)</b>

Net Exposure Liability affecting Income (operations based in Brazil)	(65,090)	(84,461)	(172,984)
Net Exposure Liability affecting Income (US-based operations)	(21,535)	(27,944)	(57,232)

	12-31-2025 (US\$)	12-31-2025 (R\$)	Parent 12-31-2024 (R\$)
<b>Assets</b>			
Trade receivables	16,293	89,649	95,494
Intragroup loans	2,181	12,002	11,722
<b>Total assets</b>	<b>18,474</b>	<b>101,651</b>	<b>107,216</b>
<b>Liabilities</b>			
Trade payables	(1,366)	(7,517)	(9,019)
Foreign currency advances	(77,613)	(427,058)	(553,951)
<b>Total liabilities</b>	<b>(78,979)</b>	<b>(434,575)</b>	<b>(562,970)</b>
<b>Net exposure</b>	<b>(60,505)</b>	<b>(332,924)</b>	<b>(455,754)</b>

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

	<b>Parent</b>		
	Balance in 2025 - in US dollars	Variation +/- 25% - in R\$	Variation +/- 50% - in R\$
<b>Assets</b>			
Trade receivables	16,293	(23,175)	(45,333)
Intragroup loans	2,181	(3,103)	(6,069)
<b>Total assets</b>	<b>18,474</b>	<b>(26,277)</b>	<b>(51,402)</b>
<b>Liabilities</b>			
Trade payables	(1,366)	(1,773)	(3,631)
Foreign currency advances	(77,613)	(100,711)	(206,264)
<b>Net Exposure Liability affecting Income</b>	<b>(60,505)</b>	<b>(78,512)</b>	<b>(160,799)</b>

(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 variable interest as at December 31, 2025 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 12-31-2025	Variation by +/- 25%	Variation by +/- 50%	
CDI - decrease	14.90%	11.18%	7.45%	
CDI - increase	14.90%	18.63%	22.35%	
TJLP - increase	8.96%	11.20%	13.44%	
SOFR day - increase	3.88%	4.85%	5.81%	
6-month SOFR - decrease	4.19%	3.47%	2.31%	
				<b>Consolidated Gain (loss)</b>
Index	Balance 12-31-2025	Variation by +/- 25%	Variation by +/- 50%	
<b>Assets</b>				
Short-term investments	CDI - decrease	321,582	(11,963)	(23,958)
Index	Balance 12-31-2025	Variation by +/- 25%	Variation by +/- 50%	
<b>Liabilities</b>				
Borrowings	TJLP - increase	(160,194)	(3,588)	(7,177)
Borrowings	SOFR day - increase	(169,968)	(1,655)	(3,286)

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

		Balance	Variation by	Parent
	Index	12-31-2025	+/- 25%	Gain (loss)
<b>Assets</b>				
Short-term investments	CDI - decrease	281,679	(10,478)	(20,985)
Intragroup loans	CDI - decrease	57,567	(2,141)	(4,289)
Intragroup loans - abroad	6-month SOFR	16,506	(191)	(383)
<b>Liabilities</b>				
Intragroup borrowings	CDI - increase	(2,390)	(89)	(178)
Borrowings	TJLP - increase	(160,194)	(3,588)	(7,177)

(iii) Capital management

The Company's Management policy is to maintain a capital structure, through the monitoring of returns on capital, according to the position below:

	Consolidated	
	12-31-2025	12-31-2024
Total borrowings and financing	907,295	747,538
Less: Cash and cash equivalents and short-term investments	(335,337)	(289,851)
Net debt (A)	571,958	457,687
Total equity (B)	1,247,453	1,294,361
Net debt-to-equity ratio as at December 31, 2025 and December 31, 2024 (A/B)	0.46	0.35

## 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 and Accessories** - 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 (Polimetal Metalurgia e Plásticos Ltda.), 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.).

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)*

**Other** - 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 Company has reviewed its operating segmentation, now classifying POLIMETAL in the Firearms and Accessories segment, previously presented in the "Other" segment. This change is due to aligning external disclosure with how performance and resource allocation are effectively monitored by the Chief Operating Officer, as per CPC 22. POLIMETAL is managed in an integrated manner with weapons operations, sharing the same economic drivers and decision-making processes. As a result of this change, comparative information has been reclassified for comparability purposes.

**Taurus Armas S.A.**  
*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025*  
*(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

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

	<b>Firearms and Accessories</b>		<b>Helmets(a)</b>		<b>Other</b>		<b>Total</b>	
	<b>12-31-2025</b>	12-31-2024 Restated	<b>12-31-2025</b>	12-31-2024	<b>12-31-2025</b>	12-31-2024 Restated	<b>12-31-2025</b>	12-31-2024 Restated
Foreign revenue	<b>1,321,235</b>	1,533,672	<b>136,319</b>	135,262	<b>5,475</b>	3,740	<b>1,463,029</b>	1,672,674
Cost of sales	<b>(867,601)</b>	(1,004,463)	<b>(90,348)</b>	(83,858)	<b>(2,845)</b>	(1,946)	<b>(960,794)</b>	(1,090,267)
Gross profit (loss)	<b>453,634</b>	529,209	<b>45,971</b>	51,404	<b>2,630</b>	1,794	<b>502,235</b>	582,407
Selling expenses	<b>(198,949)</b>	(175,895)	<b>(27,587)</b>	(25,838)	<b>(1,507)</b>	(1,611)	<b>(228,043)</b>	(203,344)
General and administrative expenses	<b>(229,045)</b>	(183,303)	<b>(11,950)</b>	(9,895)	<b>(2,794)</b>	(3,268)	<b>(243,789)</b>	(196,466)
Depreciation and amortization	<b>(27,198)</b>	(21,468)	<b>(495)</b>	(452)	<b>(3,283)</b>	(3,307)	<b>(30,976)</b>	(25,227)
Other operating income (expenses), net	<b>52,596</b>	51,688	<b>(2,930)</b>	(1,026)	<b>(764)</b>	(2,874)	<b>48,902</b>	47,788
Equity in earnings (losses)	<b>3,783</b>	3,797	<b>-</b>	-	<b>-</b>	-	<b>3,783</b>	3,797
	<b>(398,813)</b>	(325,181)	<b>(42,962)</b>	(37,211)	<b>(8,348)</b>	(11,060)	<b>(450,123)</b>	(373,452)
Operating profit (loss)	<b>54,821</b>	204,028	<b>3,009</b>	14,193	<b>(5,718)</b>	(9,266)	<b>52,112</b>	208,955
Finance income	<b>161,084</b>	122,907	<b>6,737</b>	4,462	<b>33</b>	61	<b>167,854</b>	127,430
Finance costs	<b>(173,228)</b>	(256,153)	<b>(693)</b>	(773)	<b>(606)</b>	(499)	<b>(174,527)</b>	(257,425)
Finance income (costs), net	<b>(12,144)</b>	(133,246)	<b>6,044</b>	3,689	<b>(573)</b>	(438)	<b>(6,673)</b>	(129,995)
Profit (loss) by disclosable segment before income tax and social contribution	<b>42,677</b>	70,782	<b>9,053</b>	17,882	<b>(6,291)</b>	(9,704)	<b>45,439</b>	78,960
Income tax and social contribution	<b>(25,775)</b>	5,093	<b>(761)</b>	(6,345)	<b>(1,230)</b>	(1,116)	<b>(27,766)</b>	(2,368)
Profit (loss) for the year	<b>16,902</b>	75,875	<b>8,292</b>	11,537	<b>(7,521)</b>	(10,820)	<b>17,673</b>	76,592
	<b>12-31-2025</b>	12-31-2024	<b>12-31-2025</b>	12-31-2024	<b>12-31-2025</b>	12-31-2024	<b>12-31-2025</b>	12-31-2024
Assets from reportable segments	<b>2,242,628</b>	2,312,585	<b>120,001</b>	114,284	<b>223,776</b>	201,778	<b>2,586,405</b>	2,628,647
Liabilities from reportable segments	<b>1,299,860</b>	1,290,022	<b>24,669</b>	28,189	<b>14,423</b>	16,075	<b>1,338,952</b>	1,334,286

2024 is restated in other to reflect the Polimetal Metalurgia e Plásticos Ltda.' segment change, previously classified in "Other" and, starting in 2025, in the "Firearms" segment. See note 4e.

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

**Geographic information**

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

	<b>Firearms and Accessories</b>		<b>Helmets</b>	
	<b>12-31-2025</b>	<b>12-31-2024 Restated</b>	<b>12-31-2025</b>	<b>12-31-2024</b>
<b>Domestic market</b>				
Southeast Region	64,214	100,262	49,350	49,362
South Region	65,007	44,586	9,645	8,278
Northeast Region	11,848	6,064	39,814	37,408
Midwest Region	13,819	3,551	21,447	23,718
North Region	4,947	3,483	16,063	16,434
	-	-	-	-
	<b>159,835</b>	<b>157,946</b>	<b>136,319</b>	<b>135,200</b>
<b>Foreign market</b>				
United States	1,003,519	1,256,122	-	-
South Africa	12,508	11,715	-	-
Germany	1,636	1,281	-	-
Saudi Arabia	4,921	1,932	-	-
Argentina	6,543	3,239	-	-
Burkina Faso	1,994	-	-	-
Burundi	-	-	-	-
Chade	900	-	-	-
El Salvador	578	1,201	-	-
Ecuador	9,475	7,353	-	-
Philippines	17,108	13,785	-	-
France	2,670	1,886	-	-
Ghana	-	7,288	-	-
Guatemala	17,709	24,411	-	-
Guiana	3,298	3,483	-	-
Haiti	-	8,578	-	-
Honduras	6,295	4,473	-	-
India	670	2,493	-	-
Israel	-	661	-	-
Lebanon	717	1,401	-	-
Tunisia	39,254	-	-	-
Mexico	4,564	3,484	-	-
Mozambique	3,291	909	-	-
Pakistan	6,571	6,890	-	-
Peru	6,061	5,290	-	62
Poland	1,522	919	-	-
Czech Republic	956	1,387	-	-
Senegal	652	-	-	-
Uganda	828	-	-	-
Uruguay	438	1,143	-	-
Zambia	1,513	509	-	-
Other countries	5,209	3,895	-	-
	-	-	-	-
	<b>1,161,400</b>	<b>1,375,726</b>	-	62
<b>Total net revenue</b>	<b>1,321,235</b>	<b>1,533,672</b>	<b>136,319</b>	<b>135,262</b>

The sales of the Company's other segments are concentrated on the domestic market and spread throughout all Brazilian regions. The Company's and its subsidiaries' sales do not show high level of concentration that can characterize significant dependence on governmental bodies or any other customer, except for the Related Parties, as described in note 25. Approximately 75.91% of consolidated revenues of the firearms segment derive from the US civilian market and are subject to US regulations.

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

## 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	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
Cash	80	73	36	58
Unsettled exchange bills (*)	2,294	37,977	2,257	37,940
Demand deposits	11,381	9,080	2,584	7,081
Short-term investments	53,792	65,484	44,389	57,660
<b>Cash and cash equivalents</b>	<b>67,547</b>	<b>112,614</b>	<b>49,266</b>	<b>102,739</b>

(\*) 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 88.5% and 97% of CDI.

## 8. Short-term investments

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

	Interest rate	Consolidated		Parent	
		12-31-2025	12-31-2024	12-31-2025	12-31-2024
Bank certificates of deposit (CDBs)	96% to 102% of CDI	267,790	177,237	237,290	136,794
<b>Total</b>		<b>267,790</b>	<b>177,237</b>	<b>237,290</b>	<b>136,794</b>
Current		267,790	177,237	237,290	136,794

## 9. Trade receivables

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

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

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

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	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
Domestic trade receivables – third parties	76,818	71,547	53,835	46,646
Domestic trade receivables – related parties	19,254	36,786	22,684	36,403
Trade payables abroad – third parties	179,347	208,504	78,909	44,379
Trade payables abroad – related parties	2,624	4,315	26,198	51,115
	<b>278,043</b>	<b>321,152</b>	<b>181,626</b>	<b>178,543</b>
Expected allowance for domestic expected credit losses	(10,212)	(9,921)	(2,558)	(2,199)
Expected allowance for expected credit losses abroad	(20,644)	(14,123)	(15,458)	(11,640)
	<b>(30,856)</b>	<b>(24,044)</b>	<b>(18,016)</b>	<b>(13,839)</b>
	<b>247,187</b>	<b>297,108</b>	<b>163,610</b>	<b>164,704</b>

	Consolidated	Parent
<b>Balance as at December 31, 2024</b>	(24,044)	(13,839)
Additions	(13,212)	(8,371)
Reversal of allowance for expected credit losses	4,662	2,845
Exchange rate changes	1,738	1,349
<b>Balance as at December 31, 2025</b>	<b>(30,856)</b>	<b>(18,016)</b>

## 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	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
Finished products	462,468	500,697	56,700	43,749
Raw material	317,427	272,023	198,882	203,187
Work in process	146	1,752	146	-
Inventory advances	7,934	15,941	7,073	15,617
Allowance for inventory losses	(12,597)	(11,132)	(2,679)	(2,739)
	<b>775,378</b>	<b>779,281</b>	<b>260,122</b>	<b>259,814</b>

	Consolidated	Parent
<b>Variation in the allowance for inventory losses</b>		
Balance as at December 31, 2024	(11,132)	(2,739)
Addition	(5,031)	(2,410)
Reversal	1,163	978
Definitive write-offs	1,519	1,492
Exchange rate changes	884	-
Balance as at December 31, 2025	<b>(12,597)</b>	<b>(2,679)</b>

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

**11. Recoverable taxes**

	Consolidated		Parent	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
State VAT (ICMS)	35,892	36,433	34,763	35,203
Federal VAT (IPI)	23,872	56,654	23,387	56,037
Tax on revenue (PIS)	1,212	2,015	1,022	1,806
Tax on revenue (COFINS)	2,910	8,562	1,866	7,605
Income tax and social contribution	29,065	21,154	17,412	6,600
Other	1,017	1,002	346	340
<b>Total</b>	<b>93,968</b>	<b>125,820</b>	<b>78,796</b>	<b>107,591</b>
Current	75,409	104,480	60,944	86,883
Noncurrent	18,559	21,340	17,852	20,708

**12. Other assets**

	Consolidated		Parent	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
Advances to suppliers	13,080	9,975	1,580	3,076
Advances to employees	10,090	5,500	3,856	4,831
Advances for foreign bids	6,249	5,518	6,249	5,518
Escrow deposits	60,968	62,451	60,563	61,175
Intragroup loans	17,661	17,210	89,318	54,539
Other receivables	6,130	8,065	1,426	2,962
<b>Total</b>	<b>114,178</b>	<b>108,719</b>	<b>162,992</b>	<b>132,101</b>
Current	35,394	27,738	28,167	25,569
Noncurrent	78,784	80,981	134,825	106,532
<b>Breakdown of current assets</b>	<b>12-31-2025</b>	<b>12-31-2024</b>	<b>12-31-2025</b>	<b>12-31-2024</b>
Due from other related parties	-	-	15,245	9,255
Other trade receivables	35,394	27,738	12,922	16,314
<b>Breakdown of noncurrent assets</b>				
Due from other related parties	17,661	17,210	74,073	45,284
Other trade receivables	61,123	63,771	60,752	61,248
<b>Total</b>	<b>114,178</b>	<b>108,719</b>	<b>162,992</b>	<b>132,101</b>

**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.

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

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.

**Breakdown of impacts on deferred tax assets and liabilities**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>12-31-2025</b>	<b>12-31-2024</b>	<b>12-31-2025</b>	<b>12-31-2024</b>
<b>On income tax and social contribution losses</b>				
Tax loss	8,435	8,434	-	-
Social contribution loss	3,036	3,036	-	-
<b>On temporary differences - assets</b>				
Impairment of fixed asset	771	771	-	-
Other allowances, provisions and accruals	1,947	21,909	2,138	912
Realization of revaluation reserve	1,913	1,910	616	613
Allowance for inventory losses	1,000	2,624	911	931
Accrued profit sharing	2,733	7,305	2,680	4,103
Accrued commissions	4,054	1,686	3,887	1,381
Provision for civil, labor and tax risks	20,205	17,157	19,641	16,629
Provision for warranty	1,180	2,067	1,180	1,702
Provision for uncollectible receivables	7,462	6,243	7,203	5,837
Financial provisions	905	905	905	905
Tax provisions	5,594	7,371	4,534	6,314
Unrealized profit with related parties	17,025	29,370	-	-
<b>Total deferred assets</b>	<b>76,260</b>	<b>110,788</b>	<b>43,695</b>	<b>39,327</b>
	<b>Consolidated</b>		<b>Parent</b>	
	<b>12-31-2025</b>	<b>12-31-2024</b>	<b>12-31-2025</b>	<b>12-31-2024</b>
<b>On temporary differences - liabilities</b>				
Goodwill on expected future earnings	(6,425)	(16,214)	-	-
Fair value of investment property	(10,264)	(10,263)	-	-
Accelerated depreciation – Law No. 14.871	(3,166)	-	(3,166)	-
Other allowances, provisions and accruals	-	(10,993)	-	-
<b>Total deferred liabilities</b>	<b>(19,855)</b>	<b>(37,470)</b>	<b>(3,166)</b>	<b>-</b>
<b>Deferred asset balances</b>	<b>73,094</b>	<b>84,503</b>	<b>40,529</b>	<b>39,327</b>
<b>Deferred liability balances</b>	<b>(16,689)</b>	<b>(11,185)</b>	<b>-</b>	<b>-</b>
<b>Deferred assets, net</b>	<b>56,405</b>	<b>73,318</b>	<b>40,529</b>	<b>39,327</b>

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.

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)*

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.

**a) Variation in deferred taxes**

	<b>Consolidated</b>	<b>Parent</b>
Opening balance of deferred taxes, net	73,318	39,327
Allocated to profit or loss	(16,964)	1,204
Translation adjustments into the presentation currency	51	-
Other	-	(2)
<b>Closing balance of deferred taxes, net</b>	<b>56,405</b>	<b>40,529</b>

In respect to the constitution 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 December 31, 2025, 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:

	<b>Income tax loss</b>	<b>Social contribution loss</b>	<b>Deferred income tax</b>	<b>Deferred social contribution</b>	<b>Consolidated Total deferred taxes</b>
Balance recognized as at 12/31/2025	33,735	33,735	8,435	3,036	11,471
In 2026	-	-	-	-	-
In 2027	(624)	(624)	(156)	(56)	(212)
In 2028	(2,553)	(2,553)	(638)	(230)	(868)
In 2028	(3,585)	(3,585)	(896)	(323)	(1,219)
From 2030 to 2034	(26,972)	(26,972)	(6,743)	(2,427)	(9,172)

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

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

**b) Reconciliation of the effective rate of income tax and social contribution**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>12-31-2025</b>	<b>12-31-2024</b>	<b>12-31-2025</b>	<b>12-31-2024</b>
<b>Pretax profit</b>	45,439	78,960	22,613	90,088
Income tax and social contribution at combined tax rates	(15,449)	(26,846)	(7,688)	(30,630)
<b>Permanent additions</b>				
Non-deductible expenses	(3,309)	(4,541)	(3,282)	(4,515)
PPR - Statutory and CLT officers	(1,051)	-	(1,051)	-
Insurance - Statutory and CLT officers	(66)	(4)	(59)	(4)
Equity income	-	-	(25,683)	(762)
Donations/sponsorship	(465)	(903)	(391)	(850)
Transfer Pricing Adjustment	(102)	-	(102)	-
<b>Permanent deductions</b>				
Reintegra	954	211	954	211
Interest on tax unduly paid	5,059	7,535	4,889	7,310
Fines on Tax unduly paid	-	684	-	684
Equity income	1,286	1,291	-	-
Share-based payment plan	1,150	2,170	1,150	2,170
Technological innovation and research investment bonus - Law No. 11.196/05	5,228	3,477	5,228	3,477
Interest on equity	1,705	-	-	-
Worker Feeding Program (PAT)	929	-	907	-
Difference of tax rate of subsidiaries - deemed income	(39,984)	1,176	-	-
Effects of tax credits on income tax and social contribution	20,170	-	20,170	-
Other (additions)/deductions	(3,821)	13,382	18	9,413
<b>Income tax and social contribution in profit or loss for the year</b>	<b>(27,766)</b>	<b>(2,368)</b>	<b>(4,940)</b>	<b>(13,496)</b>
Current	(10,802)	(19,014)	(6,144)	(16,582)
Deferred	(16,964)	16,646	1,204	3,086

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

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

	<b>12-31-2025</b>				<b>Consolidated 12-31-2024</b>			
	<b>Basis</b>	<b>25%</b>	<b>9%</b>	<b>Total</b>	<b>Basis</b>	<b>25%</b>	<b>9%</b>	<b>Total</b>
<b>Temporary differences</b>								
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 warranty	919	230	83	313	919	230	83	313
Loss on other receivables	5,114	1,279	460	1,739	5,114	1,279	460	1,739
<b>On income tax and social contribution losses</b>								
Income tax and social contribution losses	295,360	73,840	26,582	100,423	284,158	71,039	25,574	96,614
	<b>378,822</b>	<b>94,706</b>	<b>34,093</b>	<b>128,800</b>	<b>367,620</b>	<b>91,905</b>	<b>33,085</b>	<b>124,991</b>

## Taurus Armas S.A.

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

### 14. Assets held for sale

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

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

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

#### Carrying amount reconciliation

<i>In thousands of reais</i>	Consolidated	
	12-31-2025	12-31-2024
Buildings, land and improvements	-	-
Taurus Blindagens Nordeste - long-lived asset held for sale	7,000	7,000
<b>Total held-for-sale non-current assets</b>	<b>7,000</b>	<b>7,000</b>

#### Held-for-sale asset - Helmets operation

In 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).

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

On December 31, 2025, the assets held for sale related to the helmet operation of Taurus Helmets Indústria de Capacetes Ltda. was presented as shown in the table and comprised the following amounts:

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

**Taurus Armas S.A.**  
*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025*  
*(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

**15. Investments**

								Parent	
	Jindal Defence Systems Private Limited	Taurus Holdings, Inc (2)	T. Investments Co. Inc.	CBC Taurus Arabia Holding, LLC.	Polimetal Metalurgia e Plásticos Ltda.	AMTT Taurus Comercio Varejista Ltda. (1) (2)	Taurus Máquinas- Ferramenta Ltda.	12-31-2025	12-31-2024
Current assets	39,551	676,312	-	4,527	18,969	5,898	221	-	-
Non-current assets	8,160	139,812	-	789	306,070	2,529	79	-	-
Current liabilities	32,294	305,565	-	151	12,644	7,313	920	-	-
Non-current liabilities	70	41,637	-	270	12,911	17	751	-	-
Share capital	6,031	1,677	60,526	7,610	291,956	2,571	293,638	-	-
Net equity	15,346	468,922	-	4,895	299,484	1,097	(1,371)	-	-
Net revenue	22,318	1,003,519	-	3,463	4,260	4,847	-	-	-
Profit (loss) for the year	5,979	(108,256)	-	(76)	(1,292)	(1,456)	(986)	-	-
Number of shares	350,000	302,505	11,000,000	10,535	304,779,838	1,300,000	185,007,117	-	-
Direct interest percentage (%)	49.00%	100.00%	100.00%	49.00%	100.00%	100.00%	100.00%	-	-
Opening balances	5,439	593,231	-	2,388	300,777	1,372	-	<b>903,206</b>	<b>756,996</b>
Capital increase	-	-	-	-	-	-	-	-	<b>3,596</b>
Capital decrease	-	-	-	-	-	-	-	-	<b>(2,197)</b>
Profit or loss of equity	<b>2,930</b>	<b>(108,256)</b>	-	<b>(37)</b>	<b>(1,292)</b>	<b>(1,456)</b>	<b>(986)</b>	<b>(109,097)</b>	<b>9,884</b>
Exchange rates variation on investments	<b>(853)</b>	<b>(71,760)</b>	-	<b>(247)</b>	-	-	-	<b>(72,860)</b>	<b>143,933</b>
Unrealized profit on inventories	-	<b>24,168</b>	-	-	-	<b>(204)</b>	-	<b>23,964</b>	<b>(12,128)</b>
Equity adjustment from investee reclassification	-	<b>(107)</b>	-	<b>296</b>	-	<b>(18)</b>	-	<b>171</b>	<b>5,304</b>
Reclassification to provision for unsecured liabilities (1)	-	-	-	-	-	-	<b>986</b>	<b>986</b>	<b>(2,182)</b>
Closing balances	<b>7,516</b>	<b>437,276</b>	-	<b>2,400</b>	<b>299,485</b>	<b>(306)</b>	-	<b>746,370</b>	<b>903,206</b>

(1) The balance of investment of subsidiary Taurus Maquinas Ferramenta Ltda. (R\$986) is presented in line item "Provision for negative equity" in non-current liabilities.

(2) The equity of investees includes unrealized profits in inventories amounting to R\$33,048, net of taxes as at December 31, 2025, which were deducted for the assessment of the equity method investment;

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

The Company and its subsidiary Polimetal have participation in joint ventures with the objective of expanding their operations with strategic partners. The investments are accounted for using the equity method, as provided for in applicable accounting standards. The table below presents the values of the investments in joint ventures, including the equity interest, the carrying amount of the investments, and the results recognized in the period:

	Parent			Consolidated
	Companhia Brasileira de Cartuchos Taurus Arábia Saudita, LLC.	Jindal Defense Systems Private Limited	Taurus JM Indústria de Peças	Total
Equity	4.895	15.346	9.008	
Interest %	49%	49%	51%	
Investment by equity	2.399	7.520	4.594	<b>14.513</b>
Profit for the period	(76)	5.978	1.744	
Equity income	(37)	2.929	889	<b>3.781</b>
<b>Transaction flows</b>				
December 31, 2024	2.388	5.439	3.705	<b>11.532</b>
Equity income	(37)	2.930	890	3.783
Exchange rate variation on investments	(249)	(850)	-	(1.099)
Equity adjustment from reclassification of investee	296	-	-	296
<b>December 31, 2025</b>	<b>2.398</b>	<b>7.519</b>	<b>4.595</b>	<b>14.512</b>

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.

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)*

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.

Former Taurus Plásticos Ltda., now called Taurus JM Indústria de Peças Ltda., once designated as a joint venture, its profit or loss is recognized by the Company under the equity method of accounting, at a 51% proportion, as required by CPC 19 (R2)/IFRS 11 - Joint Arrangements.

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

The tables below show the balances of Taurus JM Indústria de Peças Ltda. as at December 31, 2025:

**TAURUS JM INDÚSTRIA DE PEÇAS LTDA.  
BALANCE SHEET AS AT DECEMBER 31, 2025  
In thousands of Brazilian reais**

<b>Assets</b>		<b>Liabilities</b>	
<b>Current</b>		<b>Current</b>	
Cash and cash equivalents	47	Suppliers	14,977
Trade receivables	9,803	Payroll and related taxes	835
Inventories	2,176	Taxes, fees and contributions	4,843
Due from related parties	17	Related parties	2,809
Recoverable taxes	2,418	Other payables	1,271
Other receivables	1,919		<u>24,735</u>
	<u>16,380</u>		
<b>Non-current</b>		<b>Non-current</b>	
Deferred tax assets	1,685	Deferred tax liabilities	27
Related parties - Financial loan	2,390	Related parties - Financial borrowing	3,279
Other receivables	20		<u>3,306</u>
	<u>4,095</u>	<b>Total liabilities</b>	<u>28,041</u>
		<b>Equity</b>	
Property, plant and equipment	16,574	Capital	4,629
<b>Total assets</b>	<u><b>37,049</b></u>	Advance for future capital increase	7,296
		Accumulated losses	(2,917)
		<b>Total equity</b>	<u>9,008</u>
		<b>Total liabilities and equity</b>	<u><b>37,049</b></u>

**TAURUS JM INDÚSTRIA DE PEÇAS LTDA.  
STATEMENT OF PROFIT OR LOSS AS AT DECEMBER 31, 2025  
In thousands of Brazilian reais**

Revenue from sales and/or services	13,290
Cost of sales and/or services	(8,912)
General and administrative expenses	(1,479)
Other operating (expenses) income, net	(179)
	<u>2,720</u>
<b>Loss before finance income (costs), net, share of profit (loss) of subsidiaries, and taxes</b>	<b>2,720</b>
Finance income	337
Finance costs	(444)
<b>Finance revenue (costs), net</b>	<b>(107)</b>
<b>Operating income before taxes</b>	<b>2,613</b>
Income tax and social contribution	(647)
Income tax and social contribution - deferred	(222)
<b>Income for the year</b>	<u><b>1,744</b></u>

**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).

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)*

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 DECEMBER 31, 2025  
In thousands of Brazilian reais**

<b>Assets</b>		<b>Liability</b>	
<b>Current</b>		<b>Current</b>	
Cash and cash equivalents	2,951	Salaries and social security contributions	270
Trade Receivables	937	Other trade receivables	26
Prepaid expenses	639		125
	<u>4,527</u>		<u>421</u>
<b>Non-current</b>		<b>Net equity</b>	
Deferred tax assets	734	Share capital	7,610
	<u>734</u>	Accumulated losses	<u>(2,715)</u>
Property, plant and equipment	55	<b>Total net equity</b>	<u>4,895</u>
<b>Total assets</b>	<u><u>5,316</u></u>	<b>Total liabilities and equity</b>	<u><u>5,316</u></u>

**Companhia Brasileira de Cartuchos Taurus Arábia Holding, LLC.  
STATEMENT OF PROFIT OR LOSS AS AT DECEMBER 31, 2025  
In thousands of Brazilian reais**

Revenue from Sale of Goods and Services	3,463
Cost of Goods and/or Services sold	(2,276)
General and administrative expenses	(1,139)
Other operating revenue (expenses), net	(124)
<b>Income before net financial revenue (expenses), equity equivalence and taxes</b>	<b>(76)</b>
<b>Operational income before taxes</b>	<b>(76)</b>
<b>Net income for the year</b>	<b>(76)</b>

**Jindal Defence Systems Private Limited**

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

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

On June 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).

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

In October 2023, Taurus took part in a capital increase at Jindal Defence Systems Private Limited. The capital increase amounted to INR 95 million (R\$5.8 million as at the date of integration), of which INR 46.6 million (R\$2.8 million as at the date of integration) were integrated by Taurus Armas S.A., proportional to their participation in shares. Said contribution aims to strengthen the Jindal Defence Systems Private Limited capital structure, also aiming to support their operations' expansion and attend to working capital needs and foreseen investments in their strategy plan.

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 technical pronouncement CPC 19 (R2)/IFRS 11 - Joint Arrangements.

**Jindal Defence Systems Private Limited  
BALANCE SHEET AS AT DECEMBER 31, 2025  
In thousands of Brazilian reais**

<b>Assets</b>		<b>Liabilities</b>	
<b>Current</b>		<b>Current</b>	
Cash and cash equivalents	852	Trade payables	1,390
Inventories	322	Payroll and related taxes	-
Recoverable taxes	4,370	Taxes, fees and contributions	6,209
Advances to suppliers	887	Borrowings	24,510
Collateral deposits	1,354	Advances to costumers	4
	<u>31,766</u>	Other trade payables	<u>183</u>
	39,551		32,296
		<b>Non-current</b>	
		Employee benefits	<u>69</u>
			69
			<u>32,365</u>
<b>Non-current</b>		<b>Total liabilities</b>	
Collateral deposits	361	<b>Equity</b>	
Deferred tax asset	27	Capital	6,031
	388	Equity adjustment	3,364
		Accumulated losses	<u>5,951</u>
Property, plant and equipment	<u>7,772</u>	<b>Total equity</b>	<u>15,346</u>
<b>Total assets</b>	<b><u>47,711</u></b>	<b>Total liabilities and equity</b>	<b><u>47,711</u></b>

**Jindal Defence Systems Private Limited  
STATEMENT OF PROFIT OR LOSS AS AT DECEMBER 31, 2025  
In thousands of Brazilian reais**

Revenue from sales and/or services	22,318
Cost of sales and/or services	(7,239)
General and administrative expenses	(6,828)
<b>Income before net financial revenue (expenses) and taxes</b>	<b>8,251</b>
Financial revenue	1,717
Financial expenses	(2,406)
<b>Financial revenue (expenses), net</b>	<b>(689)</b>
<b>Operating income before taxes</b>	<b><u>7,562</u></b>
Tax income and social contribution	<u>(1,584)</u>
<b>Profit (loss) for the year</b>	<b><u>5,978</u></b>

**16. Investment property**

Investment properties are held to earn income through capital appreciation. Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are measured at fair value. All income deriving from the operating lease of assets to earn rental income or capital appreciation is recorded as investment properties and measured using the fair value model. Gains and losses arising from changes in the fair value of an investment property are recognized in profit or loss for the period in which they are earned or incurred.

## Taurus Armas S.A.

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

An investment property is derecognized after disposal or when it is permanently removed from use and there are no future economic benefits arising from the disposal. Any gain or loss resulting from the derecognition of a property (calculated as the difference between net disposal revenue and the asset's carrying amount) is recognized in profit or loss for the period the property is derecognized.

	<b>Consolidated</b>	
	<b>12-31-2025</b>	<b>12-31-2024</b>
Land	54,695	54,695
Buildings	1,704	1,704
	<b>56,399</b>	<b>56,399</b>

The investment properties recorded as at December 31, 2025 and 2024 refer to the Company's former industrial complex, which is currently not occupied, with 18,600.00 square meter of built area on urban land with 29,900.00 square meter of area, located at Avenida do Forte, nº 511 - Porto Alegre (RS).

The fair value of the Company's investment property was calculated based on a valuation conducted at the end of 2023 by independent external real estate appraisers with no relationship with the Company and which have appropriate professional qualification and recent experience in the location and category of the property appraised. The valuation was conducted in accordance with International Valuation Standards. The fair value of the land was determined based on the comparative market data method, which reflects the price of recent transactions for similar properties. As for buildings and improvements, the Improvement Cost Quantification method was used. For the year ended December 31, 2025, the Company reaccessed the main premises of this assessment with aid from the external appraiser and, since they did not identify any relevant changes in premises, the Company's Management understands that the fair value determined in the last analysis is still adequate.

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

## 17. Property, plant and equipment

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

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

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

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

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

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:

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

**Taurus Armas S.A.**  
*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025*  
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

Cost or deemed cost										Consolidated
	Land	Buildings	Machinery and facilities	Furniture and computers	Vehicles	Other	PP&E in progress	Advances to suppliers	Leases / right of use (i)	Total
Balance as at December 31, 2023	27,700	179,116	346,587	37,872	939	698	172,406	30,465	38,680	834,463
Additions	-	444	6,052	598	218	-	91,222	1,341	-	99,875
Write-offs	-	-	(38,379)	(3,980)	(450)	-	-	-	(1,932)	(44,741)
Transfers	-	1,469	35,181	2,080	-	-	(36,853)	(25,961)	5,001	(19,083)
Effect of changes in exchange rates	851	7,498	15,380	5,135	118	-	2,725	-	10,687	42,394
Balance as at December 31, 2024	<b>28,551</b>	<b>188,527</b>	<b>364,821</b>	<b>41,705</b>	<b>825</b>	<b>698</b>	<b>229,500</b>	<b>5,845</b>	<b>52,436</b>	<b>912,908</b>
Addition	-	129	12,657	2,445	-	-	52,737	187	99	68,254
Write-offs	-	(630)	(9,232)	(713)	(19)	-	(484)	-	(1,472)	(12,550)
Transfers	-	1,171	78,861	(1,781)	-	296	(78,046)	(501)	-	-
Effects of Exchange rates variations	(434)	(3,829)	(4,599)	(2,697)	(20)	-	(392)	-	(5,799)	(17,770)
Balance as at December 31, 2025	<b>28,117</b>	<b>185,368</b>	<b>442,508</b>	<b>38,959</b>	<b>786</b>	<b>994</b>	<b>203,315</b>	<b>5,531</b>	<b>45,264</b>	<b>950,842</b>
<b>Depreciation</b>										
Balance as at December 31, 2023	-	(54,676)	(172,141)	(22,275)	(753)	(381)	-	-	(9,025)	(259,251)
Depreciation in the year	-	(7,706)	(20,055)	(3,049)	(67)	(140)	-	-	(5,838)	(36,855)
Write-offs	-	-	34,799	3,940	430	-	-	-	1,690	40,859
Effect of changes in exchange rates	-	(2,159)	(11,225)	(4,109)	(108)	-	-	-	(3,525)	(21,126)
Balance as at December 31, 2024	-	<b>(64,541)</b>	<b>(168,622)</b>	<b>(25,493)</b>	<b>(498)</b>	<b>(521)</b>	-	-	<b>(16,698)</b>	<b>(276,373)</b>
Depreciation in the year	-	(7,582)	(23,883)	(3,113)	(96)	(175)	-	-	(4,939)	(39,788)
Write-offs	-	146	6,971	421	19	-	-	-	1,044	8,601
Transfers	-	-	(4,858)	4,867	-	-	-	-	(9)	-
Effect of changes in exchange rates	-	1,174	2,240	1,726	16	-	-	-	1,828	6,983
Balance as at December 31, 2025	-	<b>(70,803)</b>	<b>(188,152)</b>	<b>(21,592)</b>	<b>(559)</b>	<b>(696)</b>	-	-	<b>(18,774)</b>	<b>(300,577)</b>
<b>Carrying amount</b>										
December 2024	28,551	123,986	196,199	16,212	327	177	229,500	5,845	35,738	636,535
December 2025	<b>28,117</b>	<b>114,565</b>	<b>254,356</b>	<b>17,367</b>	<b>227</b>	<b>298</b>	<b>203,315</b>	<b>5,531</b>	<b>26,490</b>	<b>650,266</b>

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

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

**Taurus Armas S.A.**  
*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025*  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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

As at December 31, 2025, the amount receivable for the bond and the lease liability is R\$45.9 million, and are being presented net in the consolidated financial statements, in conformity with technical pronouncement CPC 39/IAS 32. The amount of the right of use as at December 31, 2025 related to this transaction is R\$26.9 million.

Cost or deemed cost									Parent
	Buildings	Machinery and facilities	Furniture and computers	Vehicles	Other	PP&E in progress	Advances to suppliers	Leases / rights of use	Total
Balance as at December 31, 2023	60,939	252,277	15,988	52	698	135,981	29,777	380	496,092
Additions	1	881	204	-	-	50,292	-	-	51,378
Write-offs	-	(13,957)	(246)	-	-	-	-	-	(14,203)
Transfers	1,264	39,412	1,702	-	-	(16,417)	(25,961)	-	-
Balance as at December 31, 2024	<b>62,204</b>	<b>278,613</b>	<b>17,648</b>	<b>52</b>	<b>698</b>	<b>169,856</b>	<b>3,816</b>	<b>380</b>	<b>533,267</b>
Additions	18	4,865	1,533	-	-	22,307	-	-	28,723
Write-offs	(254)	(6,316)	(700)	(19)	-	-	-	-	(7,289)
Transfers	1,163	66,636	5,700	-	296	(74,180)	385	-	-
Balance as at December 31, 2025	<b>63,131</b>	<b>343,798</b>	<b>24,181</b>	<b>33</b>	<b>994</b>	<b>117,983</b>	<b>4,201</b>	<b>380</b>	<b>554,701</b>
<b>Depreciation</b>									
Balance as at December 31, 2023	(23,123)	(110,933)	(6,792)	(52)	(381)	-	-	(139)	(141,420)
Depreciation in the year	(2,394)	(15,009)	(1,376)	-	(140)	-	-	(76)	(18,995)
Write-offs	-	13,036	129	-	-	-	-	-	13,165
Balance as at December 31, 2024	<b>(25,517)</b>	<b>(112,906)</b>	<b>(8,039)</b>	<b>(52)</b>	<b>(521)</b>	<b>-</b>	<b>-</b>	<b>(215)</b>	<b>(147,250)</b>
Depreciation in the year	(2,435)	(18,502)	(1,822)	-	(175)	-	-	(76)	(23,010)
Write-offs	112	4,295	409	19	-	-	-	-	4,835
Balance as at December 31, 2025	<b>(27,840)</b>	<b>(127,113)</b>	<b>(9,452)</b>	<b>(33)</b>	<b>(696)</b>	<b>-</b>	<b>-</b>	<b>(291)</b>	<b>(165,425)</b>
<b>Carrying amount</b>									
December 2024	36,687	165,707	9,609	-	177	169,856	3,816	165	386,017
December 2025	35,291	216,685	14,729	-	298	117,983	4,201	89	389,276

PP&E in progress

The balance of construction in progress refers to machinery and equipment in the implementation stage and current construction works. These assets should come into operation still in 2026.

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

**18. Intangible assets**

Goodwill

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

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

Other intangibles

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

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

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

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

	<b>Consolidate</b>						
	<b>Software</b>	<b>Trademarks and patents</b>	<b>Costumer relationship</b>	<b>Goodwill</b>	<b>Product development</b>	<b>Intangible assets in use</b>	<b>Total</b>
<b>Cost</b>							
Balance as at December 31, 2023	40,034	26,606	21,036	47,562	7,847	45,925	189,010
Acquisitions	23	-	-	-	-	28,342	28,365
Transfers	3,919	-	-	-	137	15,027	19,083
Effect of changes in exchange rates	2,474	4,266	5,719	4,169	1,481	-	18,109
Balance as at December 31, 2024	<b>46,450</b>	<b>30,872</b>	<b>26,755</b>	<b>51,731</b>	<b>9,465</b>	<b>89,294</b>	<b>254,567</b>
Acquisitions	3,235	-	-	-	1	23,304	26,540
Transfers	51,264	-	-	-	63	(51,327)	-
Write-offs	(54)	-	-	-	(2)	-	(56)
Effect of changes in exchange rates	(1,264)	(2,178)	(2,920)	(2,129)	(757)	(3,817)	(13,065)
Balance as at December 31, 2025	<b>99,631</b>	<b>28,694</b>	<b>23,835</b>	<b>49,602</b>	<b>8,770</b>	<b>57,454</b>	<b>267,986</b>
<b>Amortization</b>							
Balance as at December 31, 2023	(20,521)	(7,388)	(21,036)	-	(3,731)	-	(52,676)
Amortization in the year	(6,141)	-	-	-	(619)	-	(6,760)
Effect of changes in exchange rates	(2,465)	-	(5,719)	-	(679)	-	(8,863)
Balance as at December 31, 2024	<b>(29,127)</b>	<b>(7,388)</b>	<b>(26,755)</b>	<b>-</b>	<b>(5,029)</b>	<b>-</b>	<b>(68,299)</b>
Amortization in the year	(13,400)	-	-	-	(580)	-	(13,980)
Write-offs	6	-	-	-	-	-	6
Effect of changes in exchange rates	1,250	-	2,920	-	360	-	4,529
Balance as at December 31, 2025	<b>(41,271)</b>	<b>(7,388)</b>	<b>(23,835)</b>	<b>-</b>	<b>(5,249)</b>	<b>-</b>	<b>(77,744)</b>
<b>Carrying amount</b>							
December 2024	17,323	23,484	-	51,731	4,436	89,294	186,268
December 2025	<b>58,360</b>	<b>21,306</b>	<b>-</b>	<b>49,602</b>	<b>3,521</b>	<b>57,454</b>	<b>190,243</b>

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

	Software	Trademarks and patents	Product development	Intangible assets in use	Parent Total
<b>Cost</b>					
Balance as at December 31, 2023	29,443	9,485	2,536	45,925	87,389
Acquisitions	-	-	-	13,061	13,061
Transfers	3,919	-	137	(4,056)	-
Balance as at December 31, 2024	<b>33,362</b>	<b>9,485</b>	<b>2,673</b>	<b>54,930</b>	<b>100,450</b>
Acquisitions	2,433	-	1	14,081	16,515
Transfers	12,282	-	63	(12,345)	-
Write-offs	(54)	-	(2)	-	(56)
Balance as at December 31, 2025	<b>48,023</b>	<b>9,485</b>	<b>2,735</b>	<b>56,666</b>	<b>116,909</b>
<b>Amortization</b>					
Balance as at December 31, 2023	(11,143)	(6,840)	(1,517)	-	(19,500)
Amortization in the year	(5,898)	-	(282)	-	(6,180)
Balance as at December 31, 2024	<b>(17,041)</b>	<b>(6,840)</b>	<b>(1,799)</b>	-	<b>(25,680)</b>
Amortization in the year	(6,839)	-	(294)	-	(7,133)
Write-off	6	-	-	-	6
Balance as at December 31, 2025	<b>(23,874)</b>	<b>(6,840)</b>	<b>(2,093)</b>	-	<b>(32,807)</b>
<b>Carrying amount</b>					
December 2024	16,321	2,645	874	54,930	74,770
December 2025	<b>24,149</b>	<b>2,645</b>	<b>642</b>	<b>56,666</b>	<b>84,102</b>

Intangible assets in use

The balance of intangible assets in use mostly refers to costs incurred when developing new products, In the future, once they are technically concluded and become available for use, the balance will be reclassified to intangible assets in use.

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. The goodwill balance as at December 31, 2025 is as follows:

Cash-generating unit	2025
Firearms & Accessories	49,602
<b>Total CGU</b>	<b>49,602</b>

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

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:

Cash-generating unit	WACC discount rate	Average growth rate between 2026 and 2030	WACC discount rate	Average growth rate
		12/31/2025		12/31/2024
Firearms	13.80%	8.30%	13.30%	4.70%



**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

Flow of future debt payments disclosed in noncurrent liabilities:

Maturity year	Consolidated		Parent	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
2026	-	52,934	-	14,170
2027	45,746	17,004	45,746	17,004
2028	45,746	17,004	45,746	17,004
2029 and thereafter	153,676	106,278	153,676	106,278
	<b>245,168</b>	<b>193,220</b>	<b>245,168</b>	<b>154,456</b>

The variations in borrowings are as follows:

	Consolidated	Parent
<b>Balance as at December 31, 2023</b>	<b>528,976</b>	<b>505,835</b>
(+) Borrowings, net of structuring cost	2,193,928	566,856
(-) Amortizations	(2,107,354)	(491,257)
(-) Interest payment	(47,850)	(45,183)
(+) Interest expense	54,310	51,643
(+/-) Exchange rate changes	125,528	120,880
<b>Balance as at December 31, 2024</b>	<b>747,538</b>	<b>708,774</b>
(+) Borrowings, net of structuring cost	1,815,031	529,785
(-) Amortizations	(1,595,674)	(441,631)
(-) Interest payment	(67,202)	(57,282)
(+) Interest expense	63,657	53,736
(+/-) Exchange rate changes	(56,054)	(56,054)
<b>Balance as at December 31, 2024</b>	<b>907,295</b>	<b>737,327</b>

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

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

### **BNDES - Programa Brasil Soberano**

On December 5, 2025, the Company entered into an agreement with BNDES in order to obtain financing through the BNDES - Programa Brasil Soberano Emergency Credit line, in the Diversification Rotation modality, which comprises both direct and indirect support. The purpose of this financing is to push the development of new markets and to expand the Company's presence in the international environment.

#### **Direct Support**

The amount of R\$100,000 was contracted, with a single-installment disbursement scheduled to 12/26/2025.

The financing has a total validity term of 60 months, including 12 months of grace period, and a 3.53% interest rate p.a.

#### **Indirect Support**

As for indirect support, the amount of R\$50,000 was contracted with Banco ABC Brasil S.A., also with a single-installment disbursement scheduled to 12/02/2025.

## Taurus Armas S.A.

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

The financing relies on a total validity term of 60 months, including 12 months of grace period and a 7.83% interest rate p.a.

### **FINEP**

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

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

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

Up to December 31, 2025, the Company received R\$169 million related to this agreement.

### **Covenants**

As at December 31, 2025, the Company has Exchange Agreements and financing agreements with financial institutions, which provide for early maturity if the Company does not comply with the following financial ratios: the ratio obtained by the ratio between net debt and EBITDA is greater than 3.0 (three integers) or the ratio obtained by the ratio between EBITDA and Net Financial Expenses is equal to or less than 1.2 (one integer and twenty hundredths). Such ratios must be verified quarterly, based on the consolidated financial statements, as provided for in the contracts. As of December 31, 2025, the Company did not meet the ratio obtained by dividing net debt by EBITDA. However, as mentioned in explanatory note 33 regarding subsequent events, the Company formally obtained a waiver from the financial institutions involved, eliminating the effects of early maturity of the transactions on that date.

Subsidiary Taurus Holding Inc. has a credit line with Fifth Third Bank, which establishes a requirement to meet certain reporting criteria and financial covenants. The contract foresees maintenance of a Minimum Fixed Charge Coverage Ratio, calculated according to US GAAP, on a consolidated basis, which cannot be lower than 1.10:1.00, assessed over the last 12 months, considering the most recent month closing during the assessment period. For the year ended December 31, 2025, the Company fully met all applicable contractual criteria.

## **20. Trade payables**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>12-31-2025</b>	<b>12-31-2024</b>	<b>12-31-2025</b>	<b>12-31-2024</b>
Domestic trade payables - third parties	<b>53,674</b>	80,240	<b>38,636</b>	61,229
Domestic trade payables - related parties	<b>7,923</b>	8,144	<b>7,923</b>	8,947
Trade payables abroad - third parties	<b>52,538</b>	72,504	<b>7,517</b>	9,019
Trade payables abroad - related parties	<b>413</b>	542	<b>1,622</b>	2,397
	<b>114,548</b>	161,430	<b>55,698</b>	81,592
Current	<b>113,327</b>	156,253	<b>54,477</b>	76,415
Noncurrent	<b>1,221</b>	5,177	<b>1,221</b>	5,177

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

**21. Other payables**

	Consolidated		Parent	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
Dividends payable	539	25,744	539	25,744
Sales commissions	13,454	7,842	11,425	4,051
Provision for salaries payable	2,691	-	2,691	-
Unsettled court agreements	7,014	9,071	7,014	9,071
Insurance and freight	20,173	23,375	4,836	2,681
Advances from customers	12,351	24,812	10,902	13,548
Advances - sale of property Taurus Nordeste	4,500	4,500	-	-
Marketing	-	20,874	-	-
Due to related parties	2,390	2,154	2,390	2,988
Unrealized gain on government grant	34,646	38,291	-	-
Provision for unsecured liabilities	-	-	1,371	385
Other	1,212	2,372	2,533	1,421
	<b>98,970</b>	<b>159,035</b>	<b>43,701</b>	<b>59,889</b>
Current	54,825	106,233	34,129	49,350
Non-current	44,145	52,802	9,572	10,539

Breakdown of current liabilities	Consolidated		Parent	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
Minimum mandatory dividends payable	539	25,744	539	25,744
Advances from costumers	12,352	24,812	10,902	13,548
Other payables	41,934	55,677	22,688	10,058
<b>Breakdown of noncurrent liabilities</b>				
Due to other related parties	2,390	2,154	2,390	2,154
Provision for unsecured liabilities	-	-	1,371	385
Other payables	41,755	50,648	5,811	8,000
<b>Total</b>	<b>98,970</b>	<b>159,035</b>	<b>43,701</b>	<b>59,889</b>

**22. Payroll and related taxes**

	Consolidated		Parent	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
Payroll	1,699	3,484	(88)	1,258
Accrued bonus	8,036	26,625	7,881	12,068
Contributions payable	8,199	8,135	7,326	7,243
Accruals (vacation pay and 13 <sup>th</sup> salary)	14,353	16,291	12,037	13,869
	<b>32,287</b>	<b>54,535</b>	<b>27,156</b>	<b>34,438</b>

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

**23. Taxes, fees and contributions**

	Consolidated		Parent	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
State VAT (ICMS)	534	1,376	236	727
Federal VAT (IPI)	6,299	5,768	6,225	5,627
Tax on revenue (PIS)	717	91	635	56
Tax on revenue (COFINS)	3,301	159	2,927	-
Special tax - FAET (USA)	24,656	36,341	-	-
Withholding income tax (IRRF)	4,186	1,774	3,045	1,499
Income tax and social contribution	379	10,419	-	10,189
Other installment payments (*)	19,620	12,140	15,228	5,656
Other	7,871	7,635	6,067	5,905
	<b>67,563</b>	<b>75,703</b>	<b>34,363</b>	<b>29,659</b>
Current	53,419	71,549	22,205	29,578
Non-current	14,144	4,154	12,158	81

**24. 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:

	Provision	Escrow deposit (1)	Consolidated	
			12-31-2025	12-31-2024
			Net	Net
Labor	41,967	(1,685)	40,282	26,616
Civil	39,899	(6,778)	33,121	25,546
Tax	5,278	(52,505)	(47,227)	(3,010)
	<b>87,144</b>	<b>(60,968)</b>	<b>26,176</b>	<b>49,152</b>
Classified in current liabilities	31,976			
Classified in noncurrent liabilities	55,168			

(1) Recognized in other non-current assets.

	Provision	Escrow deposit (1)	Parent	
			12-31-2025	12-31-2024
			Net	Net
Labor	40,782	(1,571)	39,211	26,260
Civil	20,525	(6,777)	13,748	15,931
Tax	3,723	(52,215)	(48,492)	(4,526)
	<b>65,030</b>	<b>(60,563)</b>	<b>4,467</b>	<b>37,665</b>
Classified in current liabilities	12,256			
Classified in noncurrent liabilities	52,774			

(1) Recognized in other noncurrent assets,

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

Variations in the provision:

	Civil and labor	Tax	Consolidated Total
Balance as at December 31, 2024	59,830	51,773	111,603
Provisions recognized in the year	32,615	15	32,630
Provisions used in the year	(5,865)	(3,349)	(9,214)
Derecognition of provision	(3,663)	(43,161)	(46,824)
<b>Effect of variation</b>	<b>(1,051)</b>	<b>-</b>	<b>(1,051)</b>
<b>Balance as at December 31, 2025</b>	<b>81,866</b>	<b>5,278</b>	<b>87,144</b>

	Civil and labor	Tax	Parent Total
Balance as at December 31, 2024	48,902	49,938	98,840
Provisions recognized in the year	20,081	-	20,081
Provisions used in the year	(4,179)	(3,058)	(7,237)
Derecognition of provision	(3,497)	(43,157)	(46,654)
<b>Balance as at December 31, 2025</b>	<b>61,307</b>	<b>3,723</b>	<b>65,030</b>

The Company and its subsidiaries are parties to other lawsuits assessed by the Company's legal counsel as having a possible 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	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
	Possible	Possible	Possible	Possible
Civil	240,806	177,014	224,989	160,231
Labor	52,089	51,720	51,559	50,651
Tax	48,511	73,219	46,646	71,327
	<b>341,406</b>	<b>301,953</b>	<b>323,194</b>	<b>282,209</b>

**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\$59.6 million for consolidated purposes.

**Public Civil Action – State of São Paulo**

The State of São Paulo filed a Public Civil Action against Taurus, currently pending before the 9th Court of Public Finance of São Paulo, based on Administrative Sanctioning Proceeding No. CSMAM-03/30/2014, which was annulled by judicial action No. 1063871-61. 2019.8.26.0053 filed by Taurus, due to the statute of limitations. In the Public Civil Action, the State of São Paulo alleges, in summary, that the 3,698 CT30 model carbines purchased between 2007 and 2011 exhibited defects during use. In the lawsuit, the State of São Paulo sought, as a preliminary measure, the immediate destruction of part of the rifles and, on the merits, sought an order requiring Taurus to pay the amount of R\$ 40.3 million for alleged property damages and to pay collective moral damages, in an amount to be determined by the court. On June 19, 2024, a court decision was issued granting the preliminary injunction requested by the State of São Paulo. After being served with the summons, the Company filed an interlocutory appeal with the Court of Justice of the State of São Paulo, and the preliminary injunction ordering the destruction of the weapons was suspended. Subsequently, the Company filed a response. Currently, the case is awaiting the ruling on the internal appeal filed by the State of São Paulo against the decision of the Court of Justice of the State of São Paulo that granted the suspensive effect of the aforementioned preliminary injunction.

## **Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

According to their legal advisors, this lawsuit was classified as possible loss and its value was adjusted to R\$50.7 million.

### **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 1<sup>st</sup> Fiscal Court of the Federal District, based on the Sanctioning Administrative Proceeding No. 054,002,970/2016 filed by the Military Police of the Federal District and that culminated in the application of the penalty of temporary suspension of the right to bid and to contract with the Public Administration of the Federal District for a period of twelve (12) months. The Public Civil Action, the Federal District alleges, in summary, collective and financial losses due to alleged faulty pistols sold by Taurus during the period 2006-2011. As a result, the Federal District requested a preliminary injunction blocking the Company's assets in the total amount of R\$54.8 million, and, in the merits, requested the payment of R\$49.8 million for alleged damages to the public treasury, and the payment of collective pain and suffering in the amount of R\$5 million. On February 19, 2021, a court decision was awarded the injunction requested and ordered Taurus to be subpoenaed. On June 23, 2021, the Company received a subpoena. In an Interlocutory Appeal filed by the Federal District against the decision that denied the preliminary injunction, the appellate injunction was denied. On June 18, 2021, the Company submitted its counterarguments to the Federal District's urgent relief.

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

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

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

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

The Federal District has filed Special Appeal against the decisions of both interlocutory appeals, and the Company has filed counterarguments. In August 2022 the special appeals were denied, with subsequent filing of appeals by the Federal District, which were denied in October 2023, with final and unappealable decision and subsequent return of the case records to the original court to continue with the fact finding phase. In November 2023, the case records were changed from civil class action to ordinary civil proceeding, as requested by the Company. Currently, the case is in the instruction phase and awaiting Instrument Appeal, filed by Taurus, in view of the court's corrective decision.

In the opinion of its legal counsel, this action was classified with a possible likelihood of loss and its adjusted amount is R\$71.9 million.

### **Administrative Proceeding and Lawsuit - PMESP**

#### *1 – 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.

## **Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

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

Currently, measures are expected to be adopted for the performance of the independent technical expert analysis.

In the opinion of the Company's legal counsel, this administrative proceeding is classified with a possible likelihood of loss and its adjusted amount is R\$25.1 million.

### *II - PMESP - Lawsuit SMT 40*

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

In the opinion of its legal counsel, this action was classified with a possible likelihood of loss, estimated at R\$32.7 million.

### **c) Tax lawsuits**

Except for the tax lawsuits 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\$17.4 million.

#### ***Tax Administrative Lawsuit - Federal Government***

These are tax administrative proceedings (PAFs) filed by the Federal Government against Taurus, Nos. 11065,721,776/2016-02 and 11065,721,777/2016-49, which concern Taurus Holdings' 2010 foreign income, lack of proof of taxes paid abroad, seeking a refund and offset of the negative IRPJ balance for the 2010 fiscal year, and disallowance of income tax credits paid by Taurus Holdings, Inc. in the U.S. Taurus filed an objection, which was dismissed; a voluntary appeal was filed against this decision, and the case is currently awaiting judgment. The likelihood of loss in these proceedings is classified as possible, and the cumulative amount involved in the two proceedings is R\$ 16.1 million

#### ***Tax Enforcement - State of Rio Grande do Sul***

This concerns Tax Enforcement Proceedings brought against Taurus, Case No. 5000112-85,2021,8,21,0033, in which the Rio Grande do Sul State Treasury is enforcing Active Debt Certificates No. 20/50424, relating to an ICMS tax liability. Taurus filed a bond and filed a defense through a motion to stay enforcement No. 5004008-39,2021,8,21,0033. The motion was partially granted, solely to reduce the tax penalty imposed (100%). After the decision was upheld on appeal, Taurus appealed to the Higher Courts, where a decision is pending. Currently, the case, in extraordinary appeal, is stayed, pending review in light of STF Theme 863. The likelihood of loss in this case is classified as possible, and the amount involved is R\$ 8.7 million.

## **Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

### **Tax Administrative Lawsuit – Federal Revenue Service**

This is administrative proceeding No. 11065-720 against Polimetal. 453/2016-93, arising from tax assessment notices issued for the collection of Corporate Income Tax (“IRPJ”) and Social Contribution on Net Income (“CSLL”) due to the disallowance of tax loss carryforwards and negative tax bases used to offset the actual profit calculated for the year 2012. The Federal Revenue Service alleged that there was a change in corporate control and in Polimetal’s business activities, facts that preclude the offsetting of tax losses. Taurus filed an objection, which was dismissed; a Voluntary Appeal was filed against this decision, and the case is currently awaiting judgment. The likelihood of a loss in this case is classified as possible, and the amount involved is R\$ 6.3 million.

### **Ongoing lawsuits**

The Company also holds an amount equivalent to R\$84.8 million in ongoing lawsuits, which are classified as contingent assets and are not recognized in accounting.

The main lawsuits are listed below.

#### ***Writ of Mandamus – State of São Paulo***

This is a writ of mandamus, No. 1012074-41.2022. 8.26.005, filed by Taurus against the State of São Paulo seeking the non-enforceability of DIFAL/ICMS in cases involving interstate transactions of goods where the recipient is a non-taxpaying end consumer located within the territory of São Paulo. On May 9, 2022, the court issued a ruling denying the petition. Taurus filed an appeal against the decision which was denied. Subsequently, Taurus filed a special appeal and an extraordinary appeal, of which only the latter was admitted and referred to the STF. Following the denial of the special appeal, an interlocutory appeal was filed, and upon its dismissal, an internal interlocutory appeal was also filed, which was denied to Taurus. Currently, the Extraordinary Appeal is stayed pending the ruling on Case 1266/STF. The prognosis for a favorable outcome in this case is classified as probable, and the amount involved is R\$ 23.7 million.

#### ***Declaratory Action – Federal Government, National Treasury***

Taurus filed declaratory action No. 5037146-07.2025.4.04.7100, with the aim of revising the FAP index for the years 2019, 2020, and 2023. Upon recognition of the right to exclude inputs and revise the index, the company seeks recognition of the right to administrative compensation for amounts overpaid as RAT. On October 7, 2025, a judgment was rendered partially in favor of the plaintiff, declaring Taurus’s right to a revision of the FAP indices (for the 2019, 2020, and 2023 periods) and ordering the Federal Government to refund the overpayment. Currently, a decision is pending on the appeal filed by Taurus. The likelihood of success in this case is classified as possible, and the amount involved is R\$ 6.7 million.

#### ***Monitory Action - State Department of Finance of Rio Grande do Norte***

Taurus filed a monitory action for the collection of Invoice No. 18565, relating to the supply of bulletproof vests, against the State Department of Finance of Rio Grande do Norte. The aforementioned principal action, Case no. 0010866-28,2006,8,20,0001, was filed in the 1<sup>st</sup> Fiscal Court of Natal, RN, which granted the petition by judging it an enforceable title in a definite sum in favor of Taurus, which became final and unappealable on September 9, 2016. The principal action continued separately from the enforcement of sentence No. 0824885-55,2017,8,20,5001, under which the overall amount of R\$3.7 million is being collected by Taurus. The enforcement of the sentence was partially challenged by the Department of Finance and, the Company was notified to adjust its calculation spreadsheet to the criteria set out in the decision. Upon submission of the new calculation spreadsheet by the Company, showing differences due by the State of Rio Grande do Norte, in August 2022 the decision on the homologation of these calculations was handed down, determining the issuance of the additional precatory letter. Currently, the lawsuit is definitely shelved and is waiting for the payment of the court-ordered debts in the adjusted overall amount. The likelihood of a favorable outcome in this lawsuit is classified as probable and, currently, the amount under dispute is R\$4.8 million.

## **Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

### **25. Related Parties**

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

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

As for transactions involving the Company and subsidiary Polimetal Metalurgia e Plásticos Ltda., these refer to the purchase of work in process, since the subsidiary carries out a part of the production process in the firearms segment. It is important to note that the subsidiary's sales are mostly made to Companhia Brasileira de Cartuchos, which is also one of the group's related parties.

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

Founded in 1969 and headquartered in Brasília, the National Association of Firearms and Ammunition Industry (ANIAM) is a non-profit civil entity, which represents the firearms and ammunition industry and commerce in Brazil and which President is Mr. Salesio Nuhs, who is also the Global CEO of Taurus Armas. Taurus Armas S/A is an associate of this entity and makes monthly contributions based on what is 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 what is 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 December 31, 2025, 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:

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

				<b>Parent</b>					
	<b>Current assets</b>	<b>Noncurrent assets</b>	<b>Total assets</b>	<b>Current liabilities</b>	<b>Noncurrent liabilities</b>	<b>Total liabilities</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Total income</b>
<b>Consolidated companies</b>									
<b>Balance as at December 31, 2024</b>									
Taurus Helmets Indústria de Capacetes Ltda.	-	-	-	1	-	1	-	-	-
Taurus Holdings, Inc.	46,799	-	46,799	1,855	-	1,855	617,950	-	617,950
Taurus Investimentos Imobiliários Ltda,	5,249	24,463	29,712	126	-	126	1,807	(5,786)	(3,979)
Taurus Máquinas-Ferramenta Ltda,	-	370	370	-	-	-	27	-	27
Polimetal Metalurgia e Plásticos Ltda,	2,069	3,241	5,310	700	-	700	722	-	722
AMTT Taurus Comercio Varejista Ltda	2,546	-	2,546	-	-	-	1,411	-	1,411
	<u>56,663</u>	<u>28,074</u>	<u>84,737</u>	<u>2,682</u>	<u>-</u>	<u>2,682</u>	<u>621,917</u>	<u>(5,786)</u>	<u>616,131</u>
<b>Non-consolidated companies</b>									
<b>Balance as at December 31, 2024</b>									
Companhia Brasileira de Cartuchos	1,982	-	1,982	5,106	-	5,106	20,179	(23,170)	(2,991)
CBC Brasil Comércio e Distribuição	34,804	-	34,804	-	-	-	120,131	-	120,131
GN Importações	-	-	-	1	-	1	18	-	18
Taurus JM Indústria de Peças	-	2,956	2,956	3,038	2,155	5,193	260	(214)	46
Jindal Defence Systems Private Limited	4,315	14,254	18,569	34	-	34	-	-	-
ANIAM - Assoc. Nac. da Ind. de Armas e Munições	-	-	-	-	-	-	-	(3,619)	(3,619)
ABIMDE - Assoc. Bras. das Ind. de Materiais de Defesa e Segurança	-	-	-	-	-	-	-	(645)	(645)
CBC Taurus Arabia Holding, LLC.	-	-	-	-	-	-	-	-	-
	<u>41,101</u>	<u>17,210</u>	<u>58,311</u>	<u>8,179</u>	<u>2,155</u>	<u>10,334</u>	<u>140,588</u>	<u>(27,648)</u>	<u>112,940</u>
<b>Total as at December 31, 2024</b>	<u>97,764</u>	<u>45,284</u>	<u>143,048</u>	<u>10,861</u>	<u>2,155</u>	<u>13,016</u>	<u>762,505</u>	<u>(33,434)</u>	<u>729,071</u>
<b>Consolidated companies</b>									
December 31, 2025									
Taurus Helmets Indústria de Capacetes Ltda,	1,892	-	1,892	1	-	1	-	-	-
Taurus Holdings, Inc.	24,652	-	24,652	1,209	-	1,209	470,444	-	470,444
Taurus Investimentos Imobiliários Ltda,	5,697	47,315	53,012	7	-	7	4,642	(6,445)	(1,803)
Taurus Máquinas-Ferramenta Ltda,	-	751	751	-	-	-	75	-	75
Polimetal Metalurgia e Plásticos Ltda,	5,949	9,501	15,450	6	-	6	1,770	-	1,770
AMTT Taurus Comercio Varejista Ltda	2,843	-	2,843	-	-	-	1,465	-	1,465
	<u>41,033</u>	<u>57,567</u>	<u>98,600</u>	<u>1,223</u>	<u>-</u>	<u>1,223</u>	<u>478,396</u>	<u>(6,445)</u>	<u>471,951</u>
<b>Non-consolidated companies</b>									
December 31, 2025									
Companhia Brasileira de Cartuchos	241	-	241	2,989	-	2,989	1,153	(19,277)	(18,124)
CBC Brasil Comércio e Distribuição	18,754	-	18,754	3	-	3	-	(3,297)	(3,297)
GN Importações	-	-	-	0	-	0	10	-	10
Taurus JM Indústria de Peças	1,475	3,279	4,754	4,917	2,390	7,307	417	(304)	113
Jindal Defence Systems Private Limited	2,624	13,227	15,851	-	-	-	-	-	-
ANIAM - Assoc. Nac. da Ind. de Armas e Munições	-	-	-	-	-	-	-	-	-
ABIMDE - Assoc. Bras. das Ind. de Materiais de Defesa e Segurança	-	-	-	-	-	-	-	-	-
CBC Taurus Arabia Holding, LLC,	-	-	-	413	-	413	-	-	-
	<u>23,094</u>	<u>16,506</u>	<u>39,600</u>	<u>8,322</u>	<u>2,390</u>	<u>10,712</u>	<u>1,580</u>	<u>(22,878)</u>	<u>(21,298)</u>
<b>Total as at December 31, 2025</b>	<u>64,127</u>	<u>74,073</u>	<u>138,200</u>	<u>9,545</u>	<u>2,390</u>	<u>11,935</u>	<u>479,976</u>	<u>(29,323)</u>	<u>450,653</u>

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

	<b>Consolidated</b>								
	<b>Current assets</b>	<b>Noncurrent assets</b>	<b>Total assets</b>	<b>Current liabilities</b>	<b>Noncurrent liabilities</b>	<b>Total liabilities</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Total income</b>
<b>Non-consolidated companies</b>									
<b>December 31, 2024</b>									
Companhia Brasileira de Cartuchos	1,982	-	<b>1,982</b>	5,106	-	<b>5,106</b>	20,179	(23,170)	<b>(2,991)</b>
CBC Brasil Comércio e Distribuição	34,804	-	<b>34,804</b>	-	-	-	120,131	-	<b>120,131</b>
GN Importações	-	-	-	1	-	<b>1</b>	18	-	<b>18</b>
Taurus JM Indústria de Peças	-	2,956	<b>2,956</b>	3,038	2,155	<b>5,193</b>	260	(214)	<b>46</b>
Jindal Defence Systems Private Limited	4,315	14,254	<b>18,569</b>	34	-	<b>34</b>	-	-	-
ANIAM - Assoc, Nac, da Ind, de Armas e Munições	-	-	-	-	-	-	-	(3,619)	<b>(3,619)</b>
ABIMDE - Assoc, Bras, das Ind, de Materiais de Defesa e Segurança	-	-	-	-	-	-	-	(645)	<b>(645)</b>
<b>Total as at December 31, 2024</b>	<b>41,101</b>	<b>17,210</b>	<b>58,311</b>	<b>8,179</b>	<b>2,155</b>	<b>10,334</b>	<b>140,588</b>	<b>(27,648)</b>	<b>112,940</b>
	<b>Current assets</b>	<b>Noncurrent assets</b>	<b>Total assets</b>	<b>Current liabilities</b>	<b>Noncurrent liabilities</b>	<b>Total liabilities</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Total income</b>
<b>Non-consolidated companies</b>									
<b>December 31, 2025</b>									
Companhia Brasileira de Cartuchos	180	-	<b>180</b>	3,004	-	<b>3,004</b>	7,293	(19,277)	<b>(11,984)</b>
CBC Brasil Comércio e Distribuição	18,754	-	<b>18,754</b>	3	-	<b>3</b>	-	(3,297)	<b>(3,297)</b>
GN Importações	-	-	-	0	-	<b>0</b>	10	-	<b>10</b>
Taurus JM Indústria de Peças	1,475	3,279	<b>4,754</b>	4,917	2,390	<b>7,307</b>	417	(304)	<b>113</b>
Jindal Defence Systems Private Limited	2,624	13,227	<b>15,851</b>	-	-	-	-	-	-
CBC Taurus Arabia Holding, LLC,	-	-	-	413	-	<b>413</b>	-	-	-
<b>Total as at December 31, 2025</b>	<b>23,033</b>	<b>16,506</b>	<b>39,539</b>	<b>8,336</b>	<b>2,390</b>	<b>10,726</b>	<b>7,720</b>	<b>(22,878)</b>	<b>(15,158)</b>

On December 31, 2025, the total balances with related parties are described below, These balances corroborate, with regard to related parties, the lines already presented in the previous explanatory notes.

	<b>Parent</b>
Clients (note 9)	48,882
Other assets (note 12)	89,318
<b>Total assets</b>	<b>138,200</b>
Other payables (note 21)	2,390
Trade payables (note 20)	9,545
<b>Total liabilities</b>	<b>11,935</b>
	<b>Consolidated</b>
Clients (note 9)	21,878
Other assets (note 12)	17,661
<b>Total assets</b>	<b>39,539</b>
Other payables (note 21)	2,390
Trade payables (note 20)	8,336
<b>Total liabilities</b>	<b>10,726</b>

## Taurus Armas S.A.

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

In March 2025, CBC Brasil Distribuidora ceased its operations with Taurus' distributor in the Brazilian market, As part of the conditions agreed upon, the full devolution of remaining inventories in possession of CBC was agreed upon, totaling R\$32.7 million, of which R\$ 5.8 million have been returned before December 31, 2025, The remaining inventory balance is under negotiation to be sold by CBC, The amount of trade receivables, corresponding to R\$18.7 million, in regards to this operation will be settled in seven monthly installments of R\$ 2.7 million each, scheduled to begin in January 2026.

The segment is being attended to by companies that already operate as distributors by the Company and some stores across Brazil will be directly supported by Taurus' commercial department.

### 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:

	<b>Consolidated</b>		<b>Parent</b>	
	<b>12-31-2025</b>	12-31-2024	<b>12-31-2025</b>	12-31-2024
Statutory officer's compensation and benefits	<b>12,475</b>	5,858	<b>12,475</b>	5,858
Share-based compensation plan	<b>8,542</b>	12,230	<b>8,542</b>	12,230
Directors' compensation and benefits	<b>1,025</b>	1,044	<b>1,025</b>	1,044
Supervisory Board members' compensation and benefits	<b>745</b>	645	<b>745</b>	645
	<b>22,787</b>	19,777	<b>22,787</b>	19,777

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

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

## Taurus Armas S.A.

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

### Sureties between related parties

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. As of December 31, 2025 the guaranteed debt totaled R\$169.9 million (R\$38.8 million as of December 31, 2024).

## 26. Equity

### a) Capital

As at December 31, 2025, the Company's issued capital is R\$548.1 million (R\$448.1 million at December 31, 2024), represented by 139,297,877 book-entry, registered shares, divided into 51,089,845 common shares and 88,208,032 preferred shares without par value.

In an Extraordinary General Meeting held on April 29, 2025, an increase in share capital was approved, with share bonuses to shareholders, through capitalization of a portion of the statutory reserve in the amount of R\$100 million with the issuance of 12,663,443 new shares, divided into 4,644,531 common shares and 8,018,912 preferred shares, all of them registered, book-entry shares with no par value, distributed free of charge to shareholders as a bonus, in the proportion of 1 (one) new share for every 10 (ten) shares of the same type held by the shareholder on May 7, 2025.

### 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 a 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):

	12-31-2025	12-31-2024
Common shares	103,703	103,703
Preferred shares	207,405	207,405
	<b>311,108</b>	<b>311,108</b>

Issued, fully paid-in shares:

	Common shares	Preferred shares		Total
	Number in thousands	Number in thousands	Treasury shares (-) in thousands	
As at December 31, 2024	46,445	80,189	(323)	126,311
<b>As at December 31, 2024</b>	<b>51,090</b>	<b>88,208</b>	<b>(98)</b>	<b>139,200</b>

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

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

b) Reserves and earnings retention**Legal reserve**

Calculated as 5% of profit for the year, pursuant to Article 193 of Law No. 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, 2025, legal reserve in the amount of R\$0.9 million was recognized, As at December 31, 2025, the legal reserve amounts to R\$53.4 million (R\$52.5 million as at December 31, 2024).

**Tax incentive reserve**

The Company is eligible to ICMS and Fundopem tax incentives, Management, in view of the publication of Supplementary Law No. 160/17 and in conformity with Law No. 6404/76, allocated them as tax incentive reserve in equity, The balance as at December 31, 2025 is R\$134.5 million, (R\$118.5 million as at December 31, 2024).

**Statutory 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, As of December 31, 2025, the balance of this reserve amounts to R\$ 266.7 million (R\$ 365.7 million as of December 31, 2024).

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

<b>Profit for the year</b>	<b>17,673</b>
<b>Allocations:</b>	
Recognition of legal reserve - Art, 193	(883)
Recognition of tax incentive reserve - Art, 195-A	(16,017)
Valuation adjustments to equity	465
<b>Dividend distribution base</b>	<b>1,238</b>
Mandatory dividends (35%)	433
Mandatory dividends per share	0.003111
<b>Total dividends for distribution</b>	<b>433</b>
<b>Total dividend per share - net</b>	<b>0.003111</b>
<b>Retained earnings</b>	<b>804</b>
Recognition of statutory reserve - Art, 194	(804)
<b>Retained earnings</b>	<b>-</b>

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.

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

**Cumulative translation adjustments**

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

e) Treasury shares

The EGM held on April 28, 2023 approved the share repurchase program. The purpose of the Repurchase Program is the purchase of shares issued by the Company for holding in treasury, cancellation or subsequent disposal of the shares, for an efficient management of the capital structure and maximization of the value generation for the shareholder and coverage of the Company's obligations arising from the Stock Grant Plan (Stock Grant), intended to management, officers or other holders of the Company's strategic positions.

In a Management Board meeting held on March 21, 2025, the new share Repurchase program was approved, Within the scope of the current Repurchase Program, up to 300.0 thousand common shares (TASA3) and 3,003.3 thousand preferred shares (TASA4) can be acquired, Until December 31, 2025, the Company acquired 760 thousand preferred shares for the amount of R\$ 11.2 million, which are held in treasury at the amount of 98.3 million preferred shares (TASA4) for the amount of R\$ 1.3 million.

**Taurus Armas S.A.**  
*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025*  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

f) Earnings (loss) per share

<b>Basic numerator</b>	<b>Parent and Consolidated</b>	
	12-31-2025	12-31-2024
<b>Profit (loss) for the year</b>		
Common shares	6,486	28,163
Preferred shares	11,187	48,429
	17,673	76,592
<b>Basic denominator - Weighted average number of outstanding shares (no, of shares)</b>		
Common shares	49,461,078	46,445,314
Preferred shares	85,238,926	79,775,222
	134,700,004	126,220,536
<b>Basic earnings (loss) per share (R\$ per share)</b>		
Common shares	0.13113	0.60637
Preferred shares	0.13124	0.60707
<b>Diluted numerator</b>	<b>Parent and Consolidated</b>	
	12-31-2025	12-31-2024
<b>Profit (loss) for the year</b>		
Common shares	6,486	28,163
Preferred shares	11,187	48,429
	17,673	76,592
<b>Diluted denominator - Weighted average number of outstanding shares (no, of shares)</b>		
Common shares	49,461,078	46,445,314
Preferred shares	85,238,926	79,775,222
	134,700,004	126,220,536
<b>Potential increase in the number of shares from the exercise of warrants</b>		
Common shares	-	-
Preferred shares	386,435	15,437
	386,435	15,437
<b>Diluted earnings (loss) per share (R\$ per share)</b>		
Common shares	0.13113	0.60637
Preferred shares	0.13065	0.60695

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

g) 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**

Currently, the Company exclusively maintains the Stock Grant as effective share-based payment arrangement. This arrangement was approved in the Extraordinary General Meeting held on April 28, 2023.

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 April 23, 2025, the Board of Directors approved the Second Amendment to the First Share-Base Compensation Program ("Second Amendment to Stock Grant"), which granted access to 80,000 (eighty thousand) preferred shares in the Company, totaling 2,328,000 (two million, three hundred and twenty-eight thousand) preferred assets granted under the First Stock Grant Program, 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.

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 year ended December 31, 2025 a total of R\$8.5 million (R\$12.2 million as at December 31, 2024).

**(i) Number of shares under the plan:**

	Type	Percentage	Shares under the Plan	
			Number	Bonus
Share-based compensation plan - Stock Grant – 2023 - 1 <sup>st</sup> grant	Preferred	100.00%	2,184,000	152,880
Share-based compensation plan - Stock Grant – 2024 - 2 <sup>nd</sup> grant	Preferred	100.00%	64,000	6,400
Share-based compensation plan - Stock Grant – 2024 – 3 <sup>rd</sup> grant	Preferred	100.00%	80,000	8,000

(1) On April 23, 2025, the Management Board approved the Second Amendment to Stock Grant, granting 247,280 more preferred shares, With that, the total amount of granted shares reached 2,495,280, subject to adjustments from shareholding events. The shares maintain all the same rights as preferred shares issued by the Company,

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

**(ii) Life of Call Options (vesting period)**

<b>1<sup>st</sup> Grant</b>						
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
<b>2<sup>nd</sup> Grant</b>						
Percentage of total shares		24.00%	12.00%	12.00%	12.00%	40.00%
Exercise date		03/31/2025	03/31/2026	03/31/2027	03/31/2028	03/31/2029
<b>3<sup>rd</sup> Grant</b>						
Percentage of total shares		25.00%	12.50%	12.50%	12.50%	37.50%
Exercise date		03/31/2026	03/31/2027	03/31/2028	03/31/2029	03/31/2030

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

	<b>Parent</b>
<b>Number of outstanding options/shares - 12/31/2023</b>	<b>2,184,000</b>
Granted	64,000
Vested/Delivered	(436,800)
<b>Number of outstanding options/shares - 12/31/2024</b>	<b>1,811,200</b>
Granted	247,280
Vested/Delivered	(235,296)
<b>Number of outstanding options/shares - 12/31/2025</b>	<b>1,823,184</b>

**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:

	<b>Tax rates</b>
State VAT (ICMS)	0% - 25%
Federal VAT (IPI)	0% - 55%
Tax on revenue (COFINS)	3% and 7.6%
Tax on revenue (PIS)	0.65% and 1.65%
USA Excise Tax	10% - 11%

	<b>Consolidated</b>		<b>Parent</b>	
	<b>12-31-2025</b>	<b>12-31-2024</b>	<b>12-31-2025</b>	<b>12-31-2024</b>
Sale of goods	<b>1,735,041</b>	1,966,291	<b>932,022</b>	1,028,355
Provision of services	<b>3,116</b>	586	<b>1,784</b>	586
<b>Total gross revenue</b>	<b>1,738,157</b>	1,966,877	<b>933,806</b>	1,028,941
Sales taxes	<b>(260,334)</b>	(284,684)	<b>(126,639)</b>	(127,166)
Returns and discounts	<b>(14,794)</b>	(9,519)	<b>(11,722)</b>	(8,251)
<b>Total net operating revenue</b>	<b>1,463,029</b>	<b>1,672,674</b>	<b>795,445</b>	<b>893,524</b>

**Taurus Armas S.A.**

*Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

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**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>12-31-2025</b>	<b>12-31-2024</b>	<b>12-31-2025</b>	<b>12-31-2024</b>
<b>Other operating income</b>				
Tax recovery	-	48,121	-	47,669
Reversal of provision for tax risks (1)	<b>43,395</b>	4,535	<b>43,149</b>	4,535
Royalties	<b>1,826</b>	1,770	<b>1,826</b>	1,770
Sale of property, plant and equipment	<b>890</b>	3,454	<b>624</b>	3,278
Recovery of expenses with suppliers	<b>2,914</b>	3,123	<b>2,898</b>	3,112
Recovery of past-due receivables - PECLD	<b>3</b>	36	<b>3</b>	35
Other income	<b>12,276</b>	7,564	<b>5,529</b>	4,025
	<b>61,304</b>	<b>68,603</b>	<b>54,029</b>	<b>64,424</b>

(1) Due to the Supreme Court of Brazil's decision on the 2022 DIFAL, the Company, which took the decision to court in a timely manner and made escrow deposits, does not expect any future reimbursements and has reversed the provision for tax risks in the approximate amount of R\$ 43 million,

**30. Expenses by nature**

	<b>Consolidated</b>		<b>Parent</b>	
	<b>12-31-2025</b>	<b>12-31-2024</b>	<b>12-31-2025</b>	<b>12-31-2024</b>
<b>Expenses by function</b>				
Cost of sales	(960,794)	(1,090,267)	(525,843)	(542,304)
Selling expenses	(219,922)	(199,514)	(63,289)	(45,922)
Allowance for impairment of financial instruments	(8,550)	(4,218)	(5,526)	(4,987)
General and administrative expenses	(274,336)	(221,305)	(137,577)	(127,985)
Other operating expenses	(12,402)	(20,815)	(16,489)	(18,575)
	<b>(1,476,004)</b>	<b>(1,536,119)</b>	<b>(748,724)</b>	<b>(739,773)</b>
<b>Expenses by nature</b>				
Depreciation and amortization	(53,904)	(43,615)	(30,143)	(25,175)
Personnel expenses	(322,964)	(323,265)	(206,948)	(220,549)
Tax expenses	(21,704)	(18,771)	(4,061)	(14,472)
Raw materials and supplies and consumables	(616,755)	(670,984)	(270,716)	(281,058)
Auxiliary materials and upkeep and maintenance supplies	(72,593)	(58,732)	(57,941)	(56,531)
Freight and insurance	(99,698)	(90,460)	(35,695)	(27,898)
Outside services	(119,798)	(93,535)	(66,738)	(60,002)
Advertising and publicity	(50,150)	(53,099)	(6,959)	(6,428)
Expenses on product warranty	126	216	1,012	(201)
Water and power	(17,299)	(39,704)	(12,698)	(13,890)
Travel and lodging	(11,209)	(10,872)	(6,853)	(6,738)
Expenses on commissions	(38,559)	(37,168)	(11,965)	(5,332)
Cost of property, plant and equipment written off	(2,225)	(3,877)	(2,114)	(1,038)
Civil, labor and tax risks	(19,571)	(733)	(17,975)	(1,258)
Rentals	(5,017)	(5,480)	(10,232)	(9,650)
Other expenses	(24,684)	(86,040)	(8,698)	(9,553)
	<b>(1,476,004)</b>	<b>(1,536,119)</b>	<b>(748,724)</b>	<b>(739,773)</b>

**Taurus Armas S.A.**

Notes To The Individual And Consolidated Financial Statements For The Year Ended December 31, 2025  
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

### 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	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
<b>Finance income</b>				
Interest	40,943	43,700	40,062	41,366
Other income	182	2,607	97	2,214
	<b>41,125</b>	<b>46,307</b>	<b>40,159</b>	<b>43,580</b>
<b>Finance costs</b>				
Interest and fines	(81,901)	(74,835)	(68,420)	(68,803)
Other expenses	(5,392)	(4,397)	(4,310)	(3,570)
	<b>(87,293)</b>	<b>(79,232)</b>	<b>(72,730)</b>	<b>(72,373)</b>
<b>Effects of exchange rate variations</b>				
Exchange rate variation - assets	126,729	81,123	126,259	80,170
Exchange rate variation - liabilities	(87,234)	(178,193)	(86,692)	(177,220)
	<b>39,495</b>	<b>(97,070)</b>	<b>39,567</b>	<b>(97,050)</b>
<b>Finance income (costs), net</b>	<b>(6,673)</b>	<b>(129,995)</b>	<b>6,996</b>	<b>(125,843)</b>

### 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 December 31, 2025 and 2024, the balances are as follows:

	Consolidated		Parent	
	12-31-2025	12-31-2024	12-31-2025	12-31-2024
Domestic market	4,389	5,924	3,470	5,005
Foreign market	6,515	7,333	-	-
<b>Total</b>	<b>10,904</b>	<b>13,257</b>	<b>3,470</b>	<b>5,005</b>
Current liabilities	7,136	9,016	3,470	5,005
Noncurrent liabilities	3,768	4,241	-	-

### 33. Subsequent Events

#### Waiver of Financial Covenants

After the reference date of December 31, 2025, as described in Note 19 - Loans and Financing, the Company formally obtained a waiver from the financial institutions with which it conducts financial transactions regarding its failure to comply with certain financial covenants as of that reference date.

The waivers granted avoided the effects of early maturity contractually provided for the aforementioned year-end. Certain liabilities affected by non-compliance of financial covenants, approximately amounting to R\$50 million, which used to have a long-term maturity, were reclassified to current liabilities in the balance sheet as at December 31, 2025.

**STATEMENT OF THE EXECUTIVE COMMITTEE OF TAURUS ARMAS S.A. ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025**

Messrs. Salesio Nuhs, Sergio Castilho Sgrillo Filho, Leonardo Brum Sesti and Eduardo Minghelli, Directors of Taurus Armas S.A., a company with registered head office at Av. São Borja, 2.181/Prédio A, ZIP Code: 93.035-411, São Leopoldo, RS, enrolled with Corporate Taxpayer Identification (CNPJ/MF) under No. 92.781.335/0001-02, in compliance with paragraph 1<sup>st</sup> of Article 27, V and VI, of CVM Instruction No. 80, of March 29, 2022, hereby declare that they have reviewed, discussed and agreed with the Financial Statements of Taurus Armas S.A. and consolidated companies for the period from January 1, 2025 to December 31, 2025.

São Leopoldo, March 24, 2026.

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, Directors of Taurus Armas S.A., a company with registered head office at Av. São Borja, 2.181/Prédio A, ZIP Code: 93.035-411, São Leopoldo, RS, enrolled with Corporate Taxpayer Identification (CNPJ/MF) under No. 92.781.335/0001-02, in compliance with paragraph 1<sup>st</sup> of Article 25, provisions V and VI, of CVM Instruction No. 80, of March 29, 2022, hereby declare that they have reviewed, discussed and agreed with the opinions expressed by Deloitte Touche Tohmatsu Auditores Independentes Ltda., in its Independent Auditor's Report on the Financial Statements for the period from January 1, 2025 to December 31, 2025, issued on March 24, 2026.

São Leopoldo, March 24, 2026.

Salesio Nuhs  
Chief Executive Officer

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

Leonardo Brum Sesti  
Executive Officer without specific designation

Eduardo Minghelli  
Executive Officer without specific designation

## **FISCAL COUNCIL'S OPINION**

The Fiscal Council of Taurus Armas S.A., in compliance with their legal and statutory provisions, reviewed the Management Report and the Financial Statements for the year ended December 31, 2025, approved by the Board of Directors at a meeting held on March 24, 2026.

Based on the conducted reviews and also taking into consideration the unqualified Independent Auditor's Report issued by Deloitte Touche Tohmatsu Auditores Independentes on March 24, 2026, in addition to information and clarifications received from the Company's Management in the course of the year, it represents that the mentioned documents are appropriate to be reviewed by the Annual Shareholders' Meeting.

São Leopoldo, March 24, 2026.

Haroldo Zago  
Chairman

Mauro César Medeiros de Mello  
Board Member

Valmir Pedro Rossi  
Board Member

Luciano Luiz Barsi  
Board Member

Alex Leite do Nascimento  
Board Member

## **AUDIT AND RISK COMMITTEE'S OPINION OF TAURUS ARMAS S.A.**

The members of the Audit and Risk Committee of Taurus Armas S.A., in the execution of their statutory duties and responsibilities, as provided for in the Charter of the Advisory Committees to the Board of Directors, compose a statutory advisory body supporting the Board of Directors and acting in a permanent, independent manner, with own budget beginning in 2022. Their duties are determined in the Company's bylaws and by the Board of Directors.

In the 2025 year-end, the Committee held nine meetings to address the following matters: The Company's strategic projects and monitoring of the major ongoing activities together with the financial, commercial, legal, tax, accounting and HR management areas; the development of accounting controls and tax policies, analysis of contingencies, analysis and approval of Interim Financial Information (ITR) and Financial Statements; monitoring of the strategic projects that are underway and to be implemented; meetings with Deloitte Independent Auditors; risk, system and process management for purposes of risk assessment, risk mapping, internal control mapping, information security, monitoring of inventory-taking engagements, the development of ESG-related matters and situation of the ethics committee's activities; monitoring of related-party transactions; analysis of and advisory on strategic projects at a corporate and market level; and monitoring of external audit engagement schedules and reports.

The Committee has advised the Board of Directors on discussions of policies, strategic projects and procedures. In accordance with the good practices, the Audit Committee has held separate meetings with the independent auditors to discuss engagements involving the review of Interim Financial Information and audit of the financial statements for 2025.

As per its statutory duties, the Committee proceeded to review and analyze the financial statements, accompanied by the independent auditors' report and the Management Report for 2025 ("2025 Annual Financial Statements") and, considering the information provided by the Company's Management and Deloitte Touche Tohmatsu Auditores Independentes Ltda., is of the unanimous opinion that these financial statements present fairly, in all material respects, the financial positions of the Company and its subsidiaries, and recommends the approval of the financial statements and the Management Report by the Board of Directors and their submission to the Annual Shareholders' Meeting, pursuant to the Brazilian Corporate Law.

At last, the Committee highlights that, during the 2025 fiscal year, no significant divergences were identified between the Company's management, the independent auditors (Deloitte Touche Tohmatsu Auditores Independentes), and the Audit and Risk Committee regarding the Company's financial statements.

São Leopoldo, March 24, 2026.

Sérgio Laurimar Fioravanti

Magno Neves Fonseca

Luciano Luiz Barsi

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

## INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

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

### **Opinion**

We have audited the accompanying individual and consolidated financial statements of Taurus Armas S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2025, and the related statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including the material accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Taurus Armas S.A. as at December 31, 2025, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and international accounting standards (IFRS Accounting Standards), issued by the International Accounting Standards Board - IASB.

### **Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council (CFC), applicable to audits of financial statements of public-interest entities in Brazil, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Key audit matters**

Key audit matters ("KAMs") are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements for the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Impairment analysis

### Why it is a KAM

---

As described in notes 3 and 18 to the individual and consolidated financial statements, the Company has significant balances of intangible assets with indefinite useful lives, consisting of goodwill arising from business combinations. These assets must have their recoverable amount assessed annually or whenever there are indications of a potential loss of economic value, in order to comply with technical pronouncement CPC 01/IAS 36 - Impairment of Assets and IFRS 9 - Financial Instruments.

Assessments of whether or not to record a provision for goodwill impairment were supported by future discounted cash flow projections prepared by the Company, which took into account the economic outlook for the segment and the business plans and budgets prepared by Management and approved at the appropriate governance levels.

This matter was considered a KAM as: (i) the amounts recorded as goodwill related to Cash-Generating Unit - CGU and Firearms and Accessories are considered material to the audit; (ii) the determination of estimates of future cash flows discounted at present value and the definition of assumptions of discount rates and growth of operations in the projected periods and in perpetuity involve a high degree of judgment; (iii) changes in the assumptions adopted could have material impacts on the recoverable amount of goodwill and, consequently, on the individual and consolidated financial statements; and (iv) the matter generated an extension of audit procedures and frequent interactions with the Company's Executive Board to evaluate the topic during the audit.

### How the matter was addressed in our audit

---

Our audit procedures included, but were not limited to:

- (a) Evaluation of the relevant processes and internal controls in relation to the analysis of the recoverable value of goodwill from the UGC of Firearms and Accessories.
- (b) Assessment of the risks associated with the assumptions used by the Executive Board in discounted cash flow projections.
- (c) Analysis and challenge of the Company's business plans for the UGC of Firearms and Accessories, based on the budget approved by the Company's Governance bodies, involving evaluation of the consistency of the projections with external market information.
- (d) Evaluation of the recoverability calculations of the goodwill allocated to the UGC of Firearms and Accessories.
- (e) The involvement of our corporate finance experts in evaluating and challenging the assumptions and methodology considered for defining the discount rate.

Our previously described procedures have revealed certain deficiencies in the internal controls in the review process of the intangible assets recoverability test prepared by the Company that led us to modify the nature of the planned audit tests in order to obtain sufficient and appropriate audit evidence. Based on our previously described procedures and the audit evidence obtained, we understand that the determination of the recoverable amount of goodwill from the Firearms and Accessories UGC and the respective disclosures in the explanatory notes are acceptable in the context of the individual and consolidated financial statements taken as a whole.

## Revenue from contracts with customers

### Why it is a KAM

---

As described in note 28 to the individual and consolidated financial statements, sales revenue is recognized when the Company and its subsidiaries satisfy their performance obligations when transferring the control over products to the customer. The high volume of transactions requires a robust internal control system that relies on information technology to capture, record and process information related to the revenue cycle.

This matter was considered a KAM as: (i) the amounts of sales revenue represent a significant balance in the set of the Company's individual and consolidated financial statements; (ii) the volume of transactions is high and its processing depends on the proper implementation of internal control activities and automated systems; and (iii) there is an inherent risk that revenue might be recognized without fulfilling the criteria necessary for its recognition.

### How the matter was addressed in our audit

---

Our audit procedures related to revenue recognition included, without limitation:

- (a) Obtaining an understanding of the flow of sales transactions considering the nature of the Company's different transactions.
- (b) Assessing the performance and implementation of significant internal control related to the occurrence, integrity, accuracy and recognition of revenue on the proper accrual period.
- (c) Involving our information technology specialists in assessing the automated systems and controls that support the sales transactions.
- (d) Performing tests, on a sampling basis, on sales transactions, where we inspected the documentation supporting the accounting records, as well as the delivery receipts so as to assess whether only the sales whose performance obligation was reached were considered by the Company in its individual and consolidated financial statements.
- (e) Recalculating the revenue amounts recognized in the individual and consolidated financial statements, through statistical regressions based on independent assumptions related to the revenue transactions.
- (f) Assessing the disclosures made by the Company in the individual and consolidated financial statements.

Our procedures described above identified certain internal control deficiencies in the Company's revenue recognition process, which led us to expand the extent, nature and timing of our initially planned substantive procedures, in order to obtain sufficient and appropriate audit evidence.

Based on the audit procedures described above and the audit evidence obtained, we consider that the revenue recognition criteria adopted by the Executive Board and the related disclosures in the notes to the financial statements are acceptable in the context of the individual and consolidated financial statements taken as a whole.

## **Other matter**

### *Statements of value added*

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2025, prepared under the responsibility of the Company's Executive Board and disclosed as supplemental information for purposes of the IFRS Accounting Standards, were subject to audit procedures performed together with the audit of the Company's individual and consolidated financial statements. In forming our opinion, we assess whether these statements are reconciled with the other financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in Brazilian standard NBC TG 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such standard and are consistent in relation to the individual and consolidated financial statements taken as a whole.

## **Other information accompanying the individual and consolidated financial statements and the independent auditor's report**

The Executive Board is responsible for the other information. Such other information comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Executive Board and those charged with governance for the individual and consolidated financial statements**

The Executive Board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and IFRS Accounting Standards, issued by the IASB, and for such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

## **Auditor's responsibilities for the audit of the individual and consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis to form an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the Group audit and, consequently, for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may have been identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, when applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Convenience translation

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Porto Alegre, March 24, 2026

  
DELOITTE TOUCHE TOHMATSU  
Auditores Independentes Ltda.

  
Otávio Ramos Pereira  
Engagement Partner