



Financial Statements

Taurus Armas S.A.

December 31, 2024 and 2023
with Independent Auditors' Report

**Taurus Armas S.A.
Financial statements
December 31, 2024 and 2023**

Index

Performance comment	01
Consolidated and individual financial statements	15
Notes	22
Tax Council opinion or equivalent body.....	81
Audit and Risk Board's Opinion	82
Statement of the Executive Officers on the Financial Statements	83
Statement of the Executive Officers on Independent Auditor's Report	84
Independent Auditor's Report - Unqualified	86

Taurus Armas S.A.

Management Report - FY2024

Sao Leopoldo, March 25, 2025

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, 2024, 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 2023, unless otherwise stated.

Message from Management

The year 2024 was challenging until its very end, mainly in 4Q24, which delivered our best result of the year. In the last quarter of the year, we achieved strong operational performance, a result of the accuracy of our strategy in facing the more restrained conditions of the firearms market. This performance demonstrates our solidity and the robustness of our planning. Our response to this market scenario was the adoption of an austerity policy in terms of costs and expenses, along with detailed tax management, without compromising our commitment to innovation and the development of new products, which accounted for 20% of our annual revenue, and the continuous pursuit of market opportunities. Evaluating the performance of the last five quarters, starting from 4Q23, we achieved in 4Q24 the highest revenue, the highest profit and gross margin, the lowest operating expenses, and consequently, the highest adjusted EBITDA and its margin. This operating result in 4Q24, with a gross margin of 36.2% and an adjusted EBITDA margin of 19.7%, kept Taurus in the lead in terms of operating profitability compared to other companies in the sector that disclose their results, as they are also publicly-traded companies. In the same period, Ruger had a gross margin of 22.8% and an EBITDA margin of 11.7%, while S&W, in its last reported quarter from November 2024 to January 2025 posted a gross margin of 24.1% and an EBITDA margin of 11.5%. This is not an isolated event; it has been continually repeated and is likely to continue in the future, as we have a modern and efficient operational structure with differentiated costs.

We believe it is important to reinforce the Taurus Armas S.A. brand, as we are the largest firearms company in Brazil and among the largest in the world, with a broad portfolio of solutions for the sector. Several aspects highlight Taurus’s relevance in its sector on a global level. We have three production units in strategic locations—Brazil, the United States, and the JV in India—and we also have an ongoing non-binding MoU with Scopa, which represents the possibility of establishing an operation in Saudi Arabia. We also own high-quality assets (a helmet factory and the land of the former factory in Porto Alegre/RS); we maintain partnerships with universities, demonstrating our dedication to research & development; and we are committed to environmental, social, and governance (ESG) principles.

For the full year, we reduced our operating costs and expenses, which allowed for greater dilution of expenses in relation to revenue, even with inflation and the appreciation of the dollar against the real in 2024, which impacts our costs and expenses at the U.S. unit. Also, in the comparison of the accumulated for the 12-month period, Taurus continues to lead in operating profitability compared to its foreign peers, with a gross margin of 34.8% (Ruger with 21.4% and S&W with 21.4%) and an adjusted EBITDA margin of 15.0% (Ruger with 10.3% and S&W with 11.5%).

We are proud to present the year's results, which demonstrate Taurus's resilience to fluctuations in our market. Throughout 2024, we achieved several milestones. We met our targets for the year; reduced our product inventories at distributors; our CITE remains a key strength within the Company; we continue to invest heavily in research & development, including maintaining partnerships with universities; we launched 16 new products in the U.S. and 14 in Brazil, including models with the exclusive .38 TPC caliber; and we carried out the significant launch of the GX2 pistol, sold to distributors in December to be available simultaneously to Brazilian and U.S. consumers starting January 2, 2025. At the same time, we closed the year with earnings reserves of R\$536.7 million and returned R\$42.7 million to shareholders throughout 2024, represented by the payment of R\$38.3 million in dividends and R\$4.4 million used for the repurchase of 319 thousand preferred shares.

Among the achievements of 2024, we can highlight the start of operations of the JV in India, which positively contributed to the Company's figures. It was also in 2024 that the JD Taurus unit began its sales in the civilian market and through participation in local tenders. The Indian civilian market has significant potential, considering that the country is the most populous in the world, with 1.4 billion inhabitants, a growing middle class, and the fastest-growing consumer market internationally. The potential in the defense segment is also substantial, as India has a public security force, including police and armed forces, of about 3.7 million, in addition to around 7 million private security guards, a service in growing demand in the country.

For 2025, according to the established timeline for the India operation, the launch of new firearm models aimed at the civilian market, where we are already the market leader, is planned. We are also participating in tenders in the country, which are expected to be concluded during 2025 and represent a potential sale of 18 thousand pistols and 11 thousand rifles/long guns, in addition to the mega-tender for 425 thousand rifles currently underway. In the long process of what is the largest rifle tender ever conducted in the world, we successfully passed the final stage of performance tests in December, conducted under adverse conditions of extreme cold in the mountainous region of northern India. The final test report prepared by the tender committee is expected to be released by the end of 2Q25, at which point the commercial phase of the process will begin.

On the other hand, here in Brazil, we made progress on the Taurus Shooting Academy project in 2024. We are at an advanced stage with the construction of the complex, which will feature a modern structure including four 100-meter shooting ranges and eight 50-meter shooting ranges, all covered, as well as a training room and a meeting space.



We also advanced in terms of optimizing management processes with the implementation of SAP at Taurus USA. This was an intense 11-month effort involving over 60 employees in Brazil and the U.S., which required a scheduled production shutdown in that country during the first fifteen days of 2025, with the "go-live" occurring in January 2025.

Another achievement of the year was the release of our 2nd Sustainability Report, highlighting significant accomplishments such as the implementation of a water reuse system, the diversion of 98.5% of waste for reuse or treatment, and technological advances in the use of materials, such as graphene and research with niobium. We also presented Taurus' commitments to society in terms of environmental, social, and governance aspects, which are summarized in the "ESG" section at the end of this report. I invite everyone to learn more about our ESG practices by accessing [Taurus's Sustainability Report by clicking here.](#)

Regarding market conditions, the slight increase in demand expected for the last quarter of 2024 in the domestic market did not materialize, so the year ended with low sales volume, with the market remaining quite stagnant. We continued to seek opportunities, launch products, participate in industry events, and promote marketing initiatives. The launch of models with our exclusive .38 TPC caliber was very well received by consumers, with pistols in this caliber already accounting for 56% of the total pistols registered in the National Weapons System (SINARM). In Brazil, in addition to the civilian market, we serve police and military forces, such as in the international tender by the National Secretariat of Public Security (Senasp) for 37 thousand TS9 pistols, in which we offered the best price. In November, Taurus submitted the certificate of tests under the Senasp Standard for the tender, which was approved at the end of December 2024. We are currently in the phase of signing the Price Registration Document.

Our outlook for 2025 is for a year with slight growth compared to 2024. In the U.S. market, the expectation is for a moderate upward trend in demand, including considering the new administration that took office in January. President Donald Trump has a clear stance in favor of citizens' rights to own and acquire personal firearms and has based his government proposal on a developmental policy aimed at increasing economic activity levels. We have a complete and realigned commercial structure in the U.S., currently relying not only on our distributors but also on direct sales to large

retail chains in the sector, to "buying condominiums" formed by groups of smaller stores that join together to buy directly from Taurus, and through our commercial representatives. We started the year with low inventory levels in the sales chain, which should boost orders from major customers. Additionally, launches such as the GX2, GX4, and 22TUC continue to generate consumer enthusiasm for the Taurus brand in the U.S.

BB Taurus is the largest firearms company in Brazil and among the largest in the world.

In Brazil, there are no indications of a significant change in the market scenario, which is expected to show a slight increase in

demand in 2025, taking into account, among other factors, the high level of interest rates and the inflation projected for the year, higher than that recorded in 2024. One possibility that arises is the resumption of demand for restricted-use firearms by authorized individuals, as regulated by the ordinance published on November 29, 2024, which addresses the matter.

We remain committed to our plans to increasingly strengthen Taurus' position as a globally prominent company in the sector. The construction of the new building for the Brazil/United States Integrated Technology and Engineering Center – CITE is underway. As we consider R&D the cornerstone of our strategy to ensure efficiency and offer innovative, technological, and high-quality products at competitive prices, we are creating a complete and modern facility for conducting research, testing, and developing processes and products. The investment is largely financed by Taurus's credit line with Finep.

In addition, we are working on new growth avenues for Taurus, such as the strategic project to expand our product portfolio aimed at the military segment, as presented at our Apimec meeting, open to all interested parties, held in December at the AMTT store in São Paulo. The plan is to have a complete military portfolio, including submachine guns and machine guns up to .50mm caliber. To this end, we are considering the creation of a new business unit that may have an internal structure at the Brazil factory and/or involve M&A activities. We are advancing in studies for a potential operation with a company in Turkey, resulting from my visit to that country in the second half of last year, accompanied by the directors of Engineering and New Business. We intend to conclude these studies very soon.

At the same time, and in line with our business growth and further internationalization plan, the process initiated in the second half of 2023, following the “MoU” and “Term Sheet” signed with Scopa Military Industries in Saudi Arabia for the potential establishment of an industrial operation in that country, is progressing. It is a slower process than is typical for companies in other sectors, as the firearms sector involves negotiations with government agencies as well. In this regard, the project to create the joint venture has been presented to Saudi authorities. We continue to work toward making this international expansion of Taurus a reality. We are attentive to the opportunities and challenges in 2025. We rely on Taurus’s operational and financial solidity and our strategy, which allows us to move forward with consistency, efficiency, and resilience. We thank our shareholders, our Board of Directors, our employees, as well as our partners and customers, who are essential to all the achievements we have accomplished.

Salésio Nuhs

Global CEO

Operational Performance

Market

The performance indicator for the U.S. firearms market, Adjusted NICS (National Instant Criminal Background System), which represents the number of people intending to purchase a firearm in that country, reached 15.2 million in 2024, a decrease of 3.8% compared to the previous year. The trend indicates that, although 2024 was not a particularly favorable year for the sector, it confirmed expectations of demand growth compared to the pre-pandemic period. The Adjusted NICS performance for the year shows a 15.5% increase compared to the twelve months of 2019, making it the second highest since 2000, when this indicator began being tracked.

The inauguration of President Donald Trump in January 2025 brings with it the adoption of an economic policy focused on growth. Combating inflation is highlighted as a priority, with the goal of increasing economic activity levels, encouraging domestic consumption, and investments.

This direction could prove positive for the firearms market. In January 2025, the Adjusted NICS showed an increase of approximately 1% compared to the same period in 2024.

The Brazilian market in 2024 did not show significant recovery following the definition of the sector's regulatory aspects. The publication of ordinances, regulations, and their updates after the publication of Decree 11,615/23 at the end of July 2023, which revoked the previous Decree from January 1 of the same year, was only completed by mid-2024, and all stages of the process related to the current legislation have been slow. The purchasing power of the local population, pressured by rising inflation, continues to impact the market. Therefore, demand in the local market remained subdued throughout the year.

Production and sales

Taurus operates three production units: in Brazil, where its largest factory and headquarters are located in São Leopoldo, RS; in the U.S., in the state of Georgia; and in India, where the industrial unit of the joint venture JD Taurus began producing and selling in the local market in 2024.

During the year, Taurus produced 922 thousand firearms in its industrial units in Brazil and the U.S., representing a 23.9% reduction compared to 2023. This volume was aligned with the current market profile, including the sales chain model adopted in the U.S., which focuses on higher inventory turnover due to rising inflation in that country. At the same time, in recent quarters, the Company worked to reduce its finished product inventories.

In terms of sales volume, 1,176 thousand firearms were sold in 2024, 8.6% below the figure recorded in 2023. The Company saw a 25.0% increase in the number of units exported to other countries, which partially offset the lower sales in the U.S. and Brazil due to market conditions.

In the U.S., according to the Adjusted NICS, the number of background checks for firearm purchases decreased by 3.8% in 2024 compared to 2023. Although the total number of units sold by Taurus in that country also declined during the period, the Company capitalized on market opportunities to gain market share in certain segments through various launches carried out throughout the year. There were 14 launches in Brazil and 16 in the U.S. market in 2024, under the Taurus, Rossi, and Heritage brands. In addition to these launches, after the presentation and sale to distributors and retailers in December 2024, the new GX2 pistol became available to consumers simultaneously in Brazil and the U.S. on January 2, 2025. All indications

regarding these launches point to a lasting positive impact on the business.

Taurus's exports to countries other than the U.S. were primarily destined for Guatemala, the Philippines, and South Africa. In 2024, these exports totaled 85 thousand units, surpassing the sales volume of 2023 by 25%.

In India, regarding the mega-tender for 425,000 rifles conducted by the government, Taurus successfully completed the final stage of performance tests in December 2024 in the mountainous region of the country under extremely low temperatures. The tender committee is preparing the final test report, expected to be released by the end of March, after which the commercial phase of the process will proceed.

The Indian market in the military sector offers other business opportunities, which are continuously being evaluated by the Company. Taurus is participating in other tenders in the country, expected to be concluded throughout 2025, representing a potential sale of 18 thousand pistols and 11 thousand rifles/long guns.

The JD Taurus operation in India continues its learning curve, with the local technical team successfully absorbing the technology transfer from Taurus. Its administrative team is being expanded to strengthen the management of operations and thus expand its presence in the civilian and military markets in the region. A total of 550 T9 submachine guns, produced locally, have already been delivered to the Indian Army's Northern Command under the "Make in India" industry incentive program. For 2025, according to the established timeline for the operation, the launch of new firearm models aimed at the civilian market is planned.

Economic and Financial Performance

Net Operating Revenues

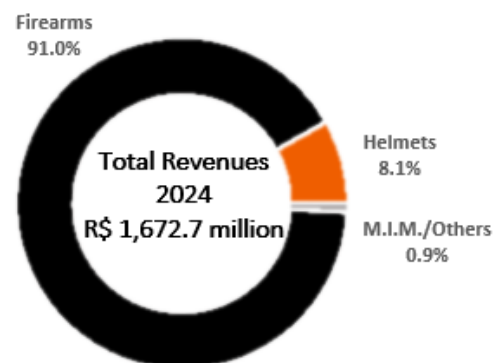
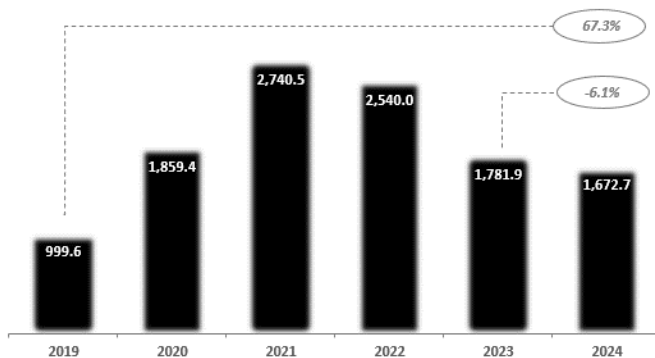
Taurus' consolidated revenues include, in addition to the sales of firearms & accessories, also revenues from the sales of helmets, M.I.M. (Metal Injection Molding), and other sources, such as the AMTT Taurus stores. As the Company's core business, the firearms & accessories segment accounted for 91.0% of the overall

revenues in 2024, with its results therefore being the main drivers of consolidated performance.

In 2024, the consolidated net revenue totaled R\$1,672.7 million, representing a 6.1% decrease compared to 2023, influenced by the lower sales volume of firearms. Compared to the revenue obtained in 2019, the year before the pandemic, the Company's consolidated net revenue grew by 67.3%, despite a 13.7% reduction in firearm sales volume over the same period. This result is due to the higher average price of

Taurus products, a consequence of the evolution of the Company's product mix, which continuously incorporates new launches, as well as the exchange rate variation, with the real devaluing by 36.6% over the period, based on the average dollar rate in the two years in question, positively impacting the revenue from sales made abroad when converted into reais.

Consolidated net operating revenues (R\$ million)



The revenue from sales of **helmet** amounted to R\$ 135.3 million in the year, a 41.5% increase compared to the 2023 performance. Meanwhile, revenue from **M.I.M. and other sources** totaled R\$15.6 million in 2024, representing an 11.4% decline compared to the previous year.

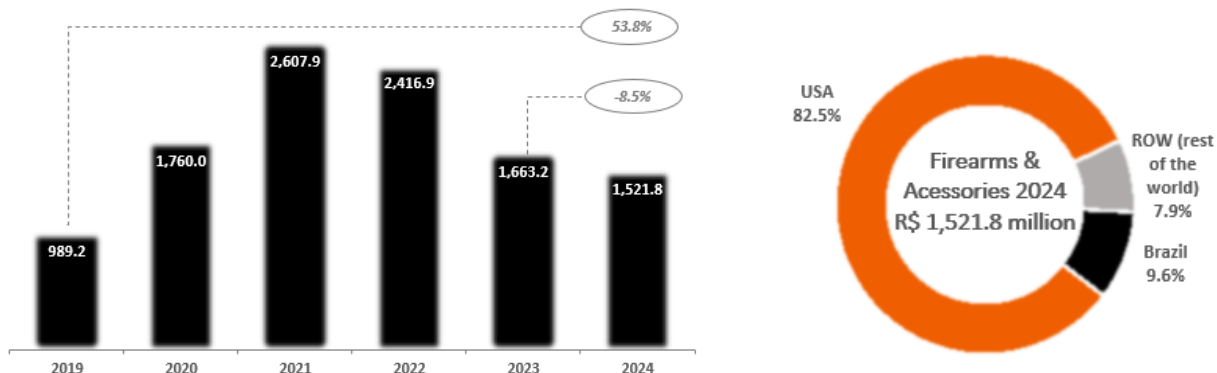
The sale of **firearms & accessories** alone, the Company's main segment, generated net revenue of R\$1,521.8 million, a result 8.5% below that recorded in 2023. There was a reduction in revenue from sales in the U.S. and Brazil, and an increase in exports to other countries, although their share in the segment's revenue is not very significant (7.3% in 2024).

The average selling price in 2024 was R\$ 1,294.2 per firearm, stable (+0.1%) compared to the figure recorded in 2023. Compared to the average price obtained in 2019, the pre-pandemic period before the unprecedented demand growth in the U.S., the increase was 77.1%, 40.6 percentage points higher than the 36.5% devaluation of the real against the dollar over the same period, considering the average dollar rate in 2019 (R\$3.95) versus the 2024 average (R\$5.39). The compound annual growth rate (CAGR) of the

average selling price of Taurus firearms from 2019 to 2024 is 12.1% per year. This evolution is related to the product mix, with the continuous launch of products incorporating innovation and technology.

Taurus's market strategy includes, as a key aspect, investments in research and innovation, focusing on consumer demands and continuously introducing new products to the market. This positioning is essential both in times of high demand and in periods when the market is more stable. Thus, the Taurus brand increasingly reinforces its image as an innovative company that offers consumers high-quality products at competitive prices, standing out in the global sector landscape. In 2024, revenue from firearms related to the sale of new products accounted for 19.8% of the segment's total revenues. The Company's strategy also includes continuously monitoring opportunities in different markets, maintaining and developing new relationships in the countries where it operates, as well as participating in major trade shows and events in the sector in Brazil and worldwide.

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



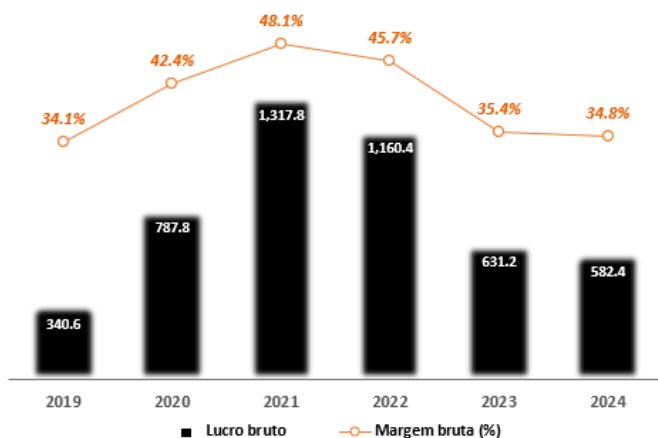
Gross profit

The cost of sales decreased by 5.2% compared to 2023, despite inflation measured by the IPCA at 4.8% during the period and the pressure exerted by the dollar's appreciation on the costs of the U.S. subsidiary when converted into reais. Greater dilution of fixed costs and strong discipline in cost management contributed to the achieved performance. Considering the reduction in net revenue compared to the previous year, gross profit reached R\$ 582.4 million in 2024, with a gross

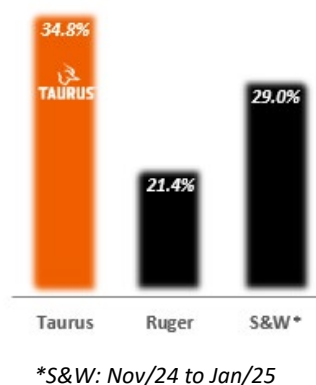
margin of 34.8%, indicating a 7.7% decline in gross profit and a 0.6 percentage point drop in the margin.

The Company's gross profitability, as has been the case and is expected to continue, remains above that of foreign companies in the sector that disclose their results, as they are also publicly-traded companies.

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



Gross margin (%) Taurus and Peers – 2024



Operating expenses

Just as with costs, strict management of operating expenses is a priority at Taurus, aiming to ensure operating profitability and adapt its operations and activities to market conditions. Despite accumulated inflation of 4.8% in 2024, as well as the 7.9% appreciation of the dollar against the local currency between 2023 and 2024, considering the average exchange rate in the two years, the Company achieved

a reduction in operating expenses in 2024, allowing for greater dilution of these expenses in revenue.

In total, operating expenses decreased by R\$39.0 million (-9.5%) compared to the previous year. Selling expenses saw a reduction of R\$23.8 million (-10.7%) in the period, reflecting the lower sales volume and the restructuring carried out in the commercial and marketing areas to better control such expenses,

including those incurred in dollars by the Taurus unit in the U.S.

The significant increase in other operating income, mainly represented by tax credits, led the other operating income/expenses account to show a net income balance of R\$ 47.8 million in 2024. Compared

to the previous year, "other operating income, net" increased by R\$11.6 million, or 32.0%. In addition, the equity in earnings (losses), which was an expense in 2023, reversed to an income of R\$3.8 million in 2024, contributing to the reduction of total operating expenses for the year.

	2024	2023	2024x2023 % Chg.
Selling expenses	199.5	223.3	-10.7%
General and administrative expenses	221.3	220.9	0.2%
Losses (income) due to non-recoverable assets	4.2	1.7	147.1%
Other operating (income)/expenses	-47.8	-36.2	32.0%
Equity pick-up	-3.8	2.8	-
Operating expenses (SG&A)	373.5	412.5	-9.5%
<i>Op. expenses / Net Op.Revenues (%)</i>	<i>22.3%</i>	<i>23.1%</i>	<i>-0.8 p.p.</i>
<i>Average Ptax dollar exchange rate (R\$)</i>	<i>5.39</i>	<i>5.00</i>	<i>7.9%</i>

Adjusted EBITDA

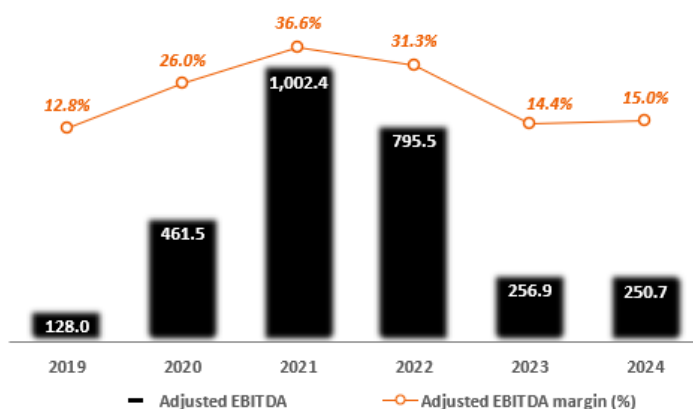
The measures adopted by the Company in terms of cost and expense containment helped mitigate market pressures on the operating profitability measured by adjusted EBITDA. The better operational performance observed in the last quarter of the year partially offset the lower performance recorded in the previous quarters.

In 2024, adjusted EBITDA totaled R\$ 250.7 million, with a margin of 15.0%. Compared to the result observed in the previous year, this performance represents a 2.4%

decrease in value and a 0.6 percentage point increase in margin.

Adjusted EBITDA excludes the result of discontinued operations and the equity in earnings (losses), as these amounts are not directly linked to Taurus's operating activities. For the full year, a non-recurring expense of R\$1.9 million related to disbursements made by the Company to support society, particularly its employees, due to the floods in Rio Grande do Sul, was also excluded.

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



Calculation of adjusted EBITDA – Reconciliation pursuant to CVM Resolution 156/22

<i>R\$ million</i>	2024	2023	2024x2023 % Chg.
Net income/(loss)	76.6	152.8	-49.9%
Taxes	2.4	55.9	-95.7%
Net financial result	130.0	10.0	1200.0%
Depreciation and amortization	43.6	35.4	23.2%
EBITDA	252.6	254.1	-0.6%
<i>EBITDA margin</i>	<i>15.1%</i>	<i>14.3%</i>	<i>0.8 p.p.</i>
Result from discontinued operations	0.0	0.0	-
Result from the equity method from affiliates	-3.8	2.8	-
Expenses with social support (floods)	1.9	-	-
Adjusted EBITDA	250.7	256.9	-2.4%
<i>Adjusted EBITDA margin</i>	<i>15.0%</i>	<i>14.4%</i>	<i>0.6 p.p.</i>

EBITDA (earnings before interest, taxes, depreciation and amortization) is a managerial measure presented to provide additional information on operating cash generation. This indicator is not a financial measure under BR GAAP and the International Financial Reporting Standards (IFRS) and should not be considered separately as a measure of operating performance or as an alternative to operating cash flow as a measure of liquidity.

Finance result

The net finance result exerted significant pressure on Taurus's performance in 2024 due to the high volatility of the real against the U.S. dollar. Exchange rate variations, both assets (income) and liabilities (expenses), have a strong influence on the Company's finance result, as the dollar is the original currency of most of its revenue (82.3% in 2024) and also the currency in which most of its bank debt is denominated (79.3% as at December 31, 2024). The devaluation of the local currency is reflected in the form of assets (income) on the customer portfolio and the cash in dollars of the U.S. subsidiary, and in the form of liabilities (expenses) on the financial obligations relating to the Company's bank debt denominated in dollars. **However, exchange rate variations are accounting records that have no cash effect** and affect balance sheet accounts, which are recorded on the closing date of the period—and thus considering the exchange rate on that date—of the closing date.

The pressure from the devaluation of the real is evident in the finance result for the full year 2024, as the

Company's foreign currency liability base on December 31, 2024 was larger than its asset base on the same date. While in 2023 the local currency had appreciated by 7.3% over the year, contributing to Taurus recording a net finance cost of only R\$10.0 million that year, in 2024 the net finance cost totaled R\$130.0 million, with R\$97.1 million solely from the net balance of exchange rate variations.

<i>R\$ million</i>	2024	2023	2024x2023 % Chg.
(+) Financial income	127.4	159.4	-20.1%
Foreign exchange gains	81.1	123.7	-34.4%
Interest and other income	46.3	35.8	29.3%
(-) Financial expenses	257.4	169.4	51.9%
Foreign exchange losses	178.2	112.1	59.0%
Interest, IOF and other expenses	79.2	57.3	38.2%
(+/-) Net financial result	-130.0	-10.0	1200.0%
US dollar Ptax rate at the end of period (R\$)	6.19	4.84	27.9%

Profit for the year

In the Brazilian firearms market, a demand recovery has not yet been observed, remaining subdued since the beginning of 2023, when the current government's first decree on the sector was published, even though most legal issues have already been resolved. Thus, Taurus's sales in the country remain restrained. In the U.S., the

market has confirmed a moderate upward trend from the 2019 pre-pandemic baseline, but demand was still lower than in the past three years.

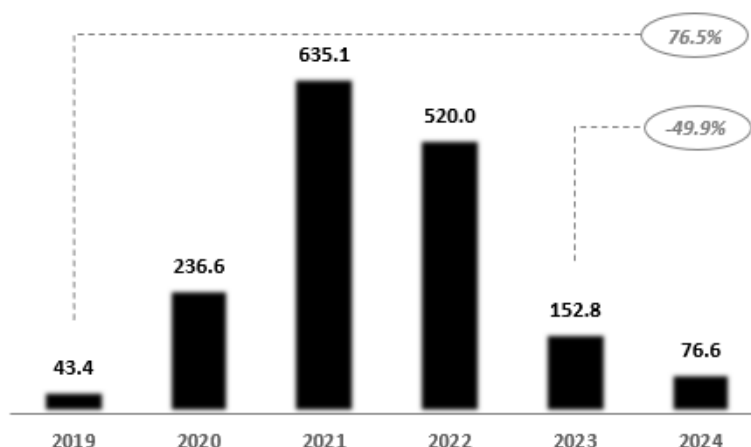
With agility and operational flexibility, Taurus quickly adapted to current market conditions, adopting a strict cost and expense control process to preserve

profitability, seeking new opportunities in the global market, and maintaining its dedication to research, innovation, and process and product development.

The Company has one of the lowest production costs in the sector worldwide, making Taurus stand out as the company with the highest gross profitability among global sector companies that publicly disclose their results, as they are also listed on stock exchanges.

Thus, although its 2024 results were impacted by lower demand, the year's performance confirms the Company's operational efficiency. The significant devaluation of the real against the U.S. dollar affected the Company's results, increasing its net finance costs, which burdened the 2024 result by R\$130.0 million. As a result, Taurus recorded a profit of R\$ 76.6 million in 2024, representing a 49.9% decrease compared to the profit achieved in 2023.

Profit for the Year (R\$ 'million)



Debt

R\$ million	12/31/2024	12/31/2023	% Chg.
Loans and financing	0.3	14.1	-97.9%
Foreign exchange drafts	554.0	398.9	38.9%
Short term	554.3	413.0	34.2%
Foreign exchange drafts + Loans and financing	193.2	116.0	66.6%
Long term	193.2	116.0	66.6%
Gross debt	747.5	529.0	41.3%
Cash and marketable securities	289.9	204.3	41.9%
Net debt	457.7	324.6	41.0%
US dollar Ptax rate at the end of period (R\$)	6.19	4.84	27.9%
Gross debt converted into dollars (US\$ million)	120.7	109.3	10.4%
Net debt converted into dollars (US\$ million)	73.9	67.1	10.1%

At the close of the 2024 financial year, Taurus recorded a gross bank debt of R\$ 747.5 million, with 79.3% denominated in dollars. The total amount exceeds the position recorded at December 31, 2023 by R\$ 218.5 million. The cash and cash equivalents balance increased by R\$ 85.6 million (+41.9%) during the year, reaching R\$ 289.9 million by the end of 2024. Consequently, the net bank debt at December 31, 2024

was R\$457.6 million, representing a 41.0% increase, or R\$ 133.1 million, compared to the position recorded at the end of the previous year, basically due to the increase in foreign exchange drafts in the short term. This performance is directly related to the 27.9% devaluation of the real during the period.

A portion of 74.2% (R\$ 554.3 million) of the gross bank debt had its maturity in the short term at December 31, 2024. However, R\$ 554.0 million of this amount, or nearly its entirety, consists of foreign exchange draft operations that can be renewed at each maturity. Thus, at the close of the year, the gross bank debt that effectively had its maturity in the short term was almost negligible, represented by only R\$ 0.3 million.

In addition to foreign exchange draft operations, Taurus focuses its new funding primarily on a loan from FINEP (Financing Agency for Studies and Projects), aimed at financing investments in innovation. The credit line approved in March 2023 amounts to R\$ 175.1 million, with a 36-month grace period and payment in 108 monthly installments. By December 31, 2024, the Company had received four installments of

this credit line, totaling R\$ 162 million, representing 92.2% of the total approved amount.

The financial leverage measured by the net debt/adjusted EBITDA ratio at the end of 2024 was 1.8 times, remaining low despite the pressure from market conditions leading to a contraction in operating cash generation as measured by adjusted EBITDA, while the strong exchange rate devaluation resulted in an increase in the Company's debt. The operating cash generation, combined with ACC (advance on exchange contract) operations, is sufficient for the Company's maintenance and operational activities. New investments are being financed by the Finep credit line.

Investments

Since 2023, Taurus has reduced its investment volume, as between 2019 and 2022, the Company carried out most of the projects aimed at improving processes and modernizing its manufacturing facilities. During those years, investments totaled R\$654.0 million, with the entirety of the funds (R\$537.9 million) allocated to investments up to 2022 being funded exclusively through internally generated cash flow. Starting in 2023, the Company began using funds obtained from Finep to finance its investments.

The Finep credit line is intended to finance 90% of the "Taurus Strategic Plan for Innovation and Competitiveness," primarily linked to the construction of a dedicated space for the Integrated Technology and Engineering Center – CITE, which houses a team of professionals with expertise in various engineering fields focused on R&D activities for products, materials, and processes. The new building will feature metrology

Innovation

As part of its strategy to stay ahead in technology development, processes, and the use of new materials, which also involves training its team, the Company develops partnerships with university research centers.

Taurus also invests in innovation in management processes to ensure efficiency and reliability of its figures. On January 17, 2025, Taurus USA achieved a strategic milestone with the "Go-Live" of the SAP S/4HANA, EWM, and CX Suite solutions at its factory in

and metallurgy laboratories, a testing area, a tooling department dedicated to developing new products, and a tryout space (for developing new processes) with automation laboratories and the implementation of new technologies focused on the IoT concept.

Investments made throughout 2024 amounted to R\$128.9 million and were primarily directed toward acquiring machinery, equipment, and tools, as well as developing new products. Of the total amount invested in the year, approximately 44% was financed by Finep's innovation credit line (a preliminary figure, as the documentation for disbursements from September to December 2024 has not yet been submitted for Finep's analysis), with the remaining 56% funded through internally generated cash flow. Thus, the Capex financed with the Company's own capital in 2024 is equivalent to only 4.3% of the net revenue for the year.

the United States. This project involved all sectors of the unit, with the engagement of over 60 professionals from Brazil and the U.S. over 10 months of intensive work. The expected benefits from implementing the system in the U.S. unit include optimizing financial management, improving supply chain efficiency, and enhancing customer relationships. The new tools will enable greater precision in logistics operations, allow for more personalized marketing actions, and ensure

better strategic integration between sales and production areas.

Capital markets

Taurus holds common shares (TASA3) and preferred shares (TASA4), which are listed on B3's Level II of Corporate Governance, a market segment that comprises those companies that have voluntarily adhered to differentiated corporate governance rules. Both classes of shares take part in the IGCX portfolio

(Differentiated Corporate Governance Stock Index) and ITAG (Differentiated Tag- Along Stock Index), and its preferred shares also take part in IBRA (Broad Brazil Index), IGCT (Corporate Governance Trade Index), and SMLL (Small Cap Index) of B3. At the end of the 2024, the Company had 104,178 thousand shareholders.

Date	TASA3*		TASA4*		TASA total Number of shares	TASA4 held in treasury Number of shares	Market value** (R\$ million)	Enterprise Value *** (R\$ million)
	(R\$/share)	Number of shares	(R\$/share)	Number of shares				
12/31/2023	14.61	46,445,314	14.82	80,189,120	126,634,434	440,900	1,860.43	2,178.07
12/31/2024	8.78	46,445,314	8.25	80,189,120	126,634,434	323,100	1,066.68	1,517.37
% change	-39.90%	–	-44.33%	–	–	–	-42.66%	-30.33%

Notes * Share prices ON (TASA3) and PN (TASA4) are adjusted for dividends paid.

** Market value does not include treasury shares on the date.

*** Enterprise value = Market value + net debt – non-operating assets (non-current assets held for sale).

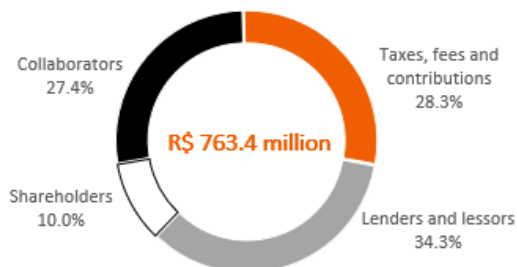
IGCX B3 ITAG B3 IGCT B3 SMLL B3 IDIV B3 IBRA B3

Share buyback program

On December 20, 2024, the share buyback program announced on June 26, 2023, was concluded. The total number of shares repurchased by the Company was 759,900 preferred shares (PN), for approximately R\$11.2 million, equivalent to about 25% of the total

volume authorized in this program. Part of the acquired shares remained in treasury, and part was used in the Stock Grant Plan approved by the Company's Ordinary General Meeting held on April 28, 2023.

Statement of Value Added



The total value added by Taurus in 2024, including the value added received in transfers, was R\$763.4 million.

This represents a value addition of 40.2% in relation to the R\$1,901.1 million in gross revenue obtained by the Company in the year. Thus, for every R\$1.00 received during the year, Taurus added approximately R\$0.40. This amount was distributed among personnel (wages, benefits and severance pay fund (FGTS)); governments (federal, state and municipal taxes); as payments to lenders and lessors (interest and lease payments); and retained earnings (accumulated losses) recorded by the Company.

ESG

In December 2024, Taurus released the 2nd edition of its Sustainability Report, covering the financial year 2023, highlighting a year of significant achievements and transformations. The Company took meaningful steps toward sustainability, such as implementing a water reuse system, diverting 98.5% of waste for reuse or treatment, and advancing technology in the use of materials like graphene and niobium research.

During the floods in Rio Grande do Sul, Taurus collected and distributed over 1.8 million kg of donations, benefiting the affected community. The Company also reaffirms its mission to promote inclusion and social development, aiming to transform lives through initiatives like the “Taurus do Bem – Respecting Differences for Equality” project, carried out in partnership with APAE and SENAI.

Focusing on the pillars of people development, technology, and innovation, and fostering a collaborative environment, Taurus continues with initiatives that reaffirm its commitment to a more sustainable, responsible future aligned with global demands. In this regard, in 2023, the Company outlined its commitments to society as follows:

Environment

Reduce by up to **30%** greenhouse gas emissions by 2040 and neutralize greenhouse gas emissions by 2050

Implement **25%** water reuse by 2030

Reduce and divert waste to landfills by 2030 by **50%**

Social

Increase by **20%** the participation of people with disabilities (PCDs) by 2030

Ensure **80%** of operators are trained under the Trilhar Project

Actively participate in municipal/state/federal society during major crises

Corporate governance

Develop **80%** of local suppliers

Expand research and development of new materials

Increase the use of proprietary raw materials in the MIM process

Independent Auditors

Deloitte Touche Tohmatsu Auditores Independentes Ltda. provided the external auditing services consisting of the audit of the Company's and its subsidiaries' financial statements for 2024, and the special review of our Interim Financial Information (ITR) issued during the year. The financial statements of our subsidiary Taurus Holdings, Inc. were also audited by the member firm of Deloitte in the United States, expressed in USD, and prepared in accordance with accounting principles generally accepted in the United States (USGAAP). These audit services totaled R\$2,262 thousand.

Additionally, in 2024, Deloitte Touche Tohmatsu Auditores Independentes Ltda. provided us with limited assurance services comprising the compilation and calculation of financial ratios and agreed-upon procedures. The total amount of the fees hired for these additional services was R\$25 thousand, which

represents approximately 1.1% of the overall fees charged for the external auditor's services.

We make sure to avoid the existence of conflicts of interest, loss of independence or objectivity of our independent auditors and, as a practice, do not engage the independent auditor's services for any matter that could interfere in the auditing of our financial statements. The engagement of these additional services was approved by Management and governance bodies, in accordance with Taurus' internal policies.

For the engagement of these additional services, Deloitte Touche Tohmatsu Auditores Independentes Ltda. submitted a declaration stating that, pursuant to its internal policies, such services do not compromise the independence and objectivity necessary for the performance of the external audit services.

Taurus Armas S.A.

Balance sheet as of December 31, 2024
Values expressed in thousands of Reais – R\$

	Nota	Consolidated		Parent	
		12-31-2024	12-31-2023	12-31-2024	12-31-2023
Assets					
Current assets					
Cash and cash equivalents	7	112,614	83,362	102,739	74,014
Short-term investments	8	177,237	120,977	136,794	95,996
Trade receivables	9	297,108	211,628	164,704	76,107
Inventories	10	779,281	661,812	259,814	270,529
Recoverable taxes	11	104,480	61,831	86,883	49,884
Prepaid expenses		45,629	30,228	5,495	5,342
Others account receivables	12	27,738	18,154	25,569	19,292
Noncurrent assets for sale	14	7,000	7,000	-	-
		1,551,087	1,194,992	781,998	591,164
Noncurrent assets					
Recoverable taxes	11	21,340	18,018	20,708	17,517
Deferred income tax and social contribution	13	84,503	76,896	39,327	36,324
Receivables from subsidiaries	25	17,210	12,534	45,284	18,053
Recoverable taxes	12	63,771	71,369	61,248	65,969
		186,824	178,817	166,567	137,863
Investments in joint ventures	15	11,532	6,462	903,206	756,996
Other investments		2	2	-	-
Investment property	16	56,399	62,042	-	-
Property, plant and equipment	17	636,535	575,212	386,017	354,672
Intangible assets	18	186,268	136,334	74,770	67,889
		890,736	780,052	1,363,993	1,179,557
Total assets		2,628,647	2,153,861	2,312,558	1,908,584

Taurus Armas S.A.

Balance sheet as of December 31, 2024
Values expressed in thousands of Reais – R\$

	Nota	Consolidated		Parent	
		12-31-2024	12-31-2023	12-31-2024	12-31-2023
Liabilities					
Current liabilities					
Trade payables		156,253	111,610	76,415	54,617
Borrowings and Financing	19	554,318	412,994	554,318	412,994
Payroll, benefits and taxes thereon	21	54,535	44,326	34,438	29,546
Taxes payable	22	71,549	58,681	29,578	17,770
Other payables		24,812	17,511	13,548	16,764
Dividends payable	20	25,744	38,416	25,744	38,416
Leases		-	141	-	141
Tax, social security, labor and civil provisions	23	65,053	61,206	54,649	54,288
Provision for warranties	32	9,016	9,159	5,005	5,418
Legal agreements to be liquidated		1,071	1,906	1,071	1,906
Other payables	20	54,606	44,517	8,987	8,026
Liabilities on non-current assets for sale and discontinued	14	-	-	-	-
		1,016,957	800,467	803,753	639,886
Noncurrent liabilities					
Trade payables		5,177	9,272	5,177	9,272
Borrowings and financing	19	193,220	115,983	154,456	92,842
Other Payables	22	4,154	12,411	81	5,737
Deferred income tax and social contribution	13	11,185	14,146	-	83
Tax, social security, labor and civil provisions	23	46,550	58,713	44,191	56,404
Due to related parties		-	-	-	-
Provision for warranties	32	4,241	3,909	-	-
Provision for negative equity		-	-	385	2,567
Other Payables	20	52,802	47,155	10,154	9,988
		317,329	261,589	214,444	176,893
Total liabilities		1,334,286	1,062,056	1,018,197	816,779
Equity					
Issued capital	26	448,101	367,936	448,101	367,936
Disposal of subscription warrants		9,880	9,880	9,880	9,880
Stock options granted		32,358	25,421	32,358	25,421
Treasury shares		(4,767)	(6,757)	(4,767)	(6,757)
Legal reserve		52,534	48,704	52,534	48,704
Statutory reserve		365,717	399,398	365,717	399,398
Profit retention reserve		-	-	-	-
Tax incentive reserve		118,490	118,490	118,490	118,490
Capital Transactions		(45,747)	(45,639)	(45,747)	(45,639)
Valuation adjustments to equity		43,490	44,000	43,490	44,000
Cumulative translation adjustments		274,305	130,372	274,305	130,372
Total equity		1,294,361	1,091,805	1,294,361	1,091,805
Total liabilities and equity		2,628,647	2,153,861	2,628,647	1,908,584

Taurus Armas S.A.

Income statement for the year ending December 31, 2024

Values expressed in thousands of Reais – R\$

	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	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023	
Net operating revenue	28	1,672,674	1,781,887	893,524	1,065,178
Cost of sales	30	(1,090,267)	(1,150,695)	(542,304)	(692,288)
Gross profit		582,407	631,192	351,220	372,890
Operating (expenses) income					
Selling expenses	30	(199,514)	(223,345)	(45,922)	(65,176)
General and administrative expenses	30	(221,305)	(220,909)	(127,985)	(126,161)
Equity in earnings (losses)	15	3,797	(2,755)	(2,244)	48,268
Impairment losses	9	(4,218)	(1,654)	(4,987)	(1,331)
Other operating income	29	68,603	59,032	64,424	17,384
Other operating expenses	30	(20,815)	(22,873)	(18,575)	(14,994)
		(373,452)	(412,504)	(135,289)	(142,010)
Profit before finance income (costs) and taxes		208,955	218,688	215,931	230,880
Finance income		127,430	159,445	123,750	147,899
Finance expenses		(257,425)	(169,424)	(249,593)	(167,757)
Finance income (expenses)	31	(129,995)	(9,979)	(125,843)	(19,858)
Pretax income		78,960	208,709	90,088	211,022
Income tax and social contribution (Current)	13	(19,014)	(70,993)	(16,582)	(57,134)
Income tax and social contribution (Deferred)	13	16,646	15,074	3,086	(1,098)
Consolidated profit (loss) for the period		76,592	152,790	76,592	152,790
Common shares (ON)	26.c	0.6064	1.2108	0.6064	1.2108
Preferred shares (PN)	26.c	0.6071	1.2044	0.6071	1.2044
Common shares (ON)	26.c	0.6064	1.2108	0.6064	1.2108
Preferred shares (PN)	26.c	0.6070	1.2033	0.6070	1.2033

The explanatory notes are an integral part of these financial statements.

Taurus Armas S.A.Statement of comprehensive income for the year ending December 31, 2023
Values expressed in thousands of Reais – R\$

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Profit (loss) for the period	76,592	152,790	76,592	152,790
Other comprehensive income				
Translation adjustments for the period	143,933	(38,487)	143,933	(38,487)
Comprehensive income for the period	220,525	114,303	220,525	114,303

Taurus Armas S.A.

Statement of changes in equity for the year ending December 31, 2024
 Values expressed in thousands of Reais – R\$

	Paid-in capital	Reservations and Transactions of capital	Earnings reserves	Asset valuation adjustments	Translation adjustments for the period	Retained earnings (accumulated losses)	Equity
Closing balances on December 31, 2022	367,936	(21,355)	464,256	44,535	168,859	-	1,024,231
Net income for the period	-	-	-	-	-	152,790	152,790
Translation adjustments for the period	-	-	-	-	(38,487)	-	(38,487)
Recognized stock options granted	-	11,331	-	-	-	-	11,331
Others transactions	-	(314)	-	-	-	-	(314)
Actions in Treasury	-	(6,757)	-	-	-	-	(6,757)
Asset valuation adjustment – added value on assets, net of tax effects	-	-	-	(56)	-	56	-
Asset valuation adjustment – added value on assets in subsidiaries, net of tax effects	-	-	-	(479)	-	479	-
Profit allocation:	-	-	102,336	-	-	(153,325)	(50,989)
Legal reserve	-	-	7,639	-	-	(7,639)	-
Statutory reserve	-	-	107,360	-	-	(107,360)	-
Dividends	-	-	(12,663)	-	-	(38,326)	(50,989)
Closing balances on December 31, 2023	367,936	(17,095)	566,592	44,000	130,372	-	1,091,805
Capital Increase	80,165	-	(80,165)	-	-	-	-
Net income for the period	-	-	-	-	-	76,592	76,592
Translation adjustments for the period	-	-	-	-	143,933	-	143,933
Recognized stock options granted	-	6,936	-	-	-	-	6,936
Actions in Treasury	-	(4,446)	-	-	-	-	(4,446)
Actions in Treasury Sold/Assigned	-	6,437	(1,143)	-	-	-	5,294
Others transactions	-	(108)	-	-	-	-	(108)
Asset valuation adjustment – added value on assets, net of tax effects	-	-	-	(32)	-	32	-
Asset valuation adjustment – added value on assets in subsidiaries, net of tax effects	-	-	-	(478)	-	478	-
Profit allocation:	-	-	51,457	-	-	(77,102)	(25,645)
Legal reserve	-	-	3,830	-	-	(3,830)	-
Statutory reserve	-	-	-	-	-	(25,645)	(25,645)
Dividends	-	-	47,627	-	-	(47,627)	-
Closing balances on December 31, 2024	448,101	(8,276)	536,741	43,490	274,305	-	1,294,361

The explanatory notes are an integral part of these financial statements.

Taurus Armas S.A.

Cash flow statement for the year ending December 31, 2023

Values expressed in thousands of Reais – R\$

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Cash generated by operating activities				
Profit (loss) before income tax and social contribution	78,960	208,709	90,088	211,022
Adjustments for:				
Depreciation and amortization	43,615	35,440	25,175	17,654
Cost of capital assets written off	3,882	4,737	1,038	2,172
Allowance for doubtful debts	4,218	1,654	4,987	1,331
Tax, social security, labor and civil provisions	(8,316)	2,667	(11,852)	2,009
Net cash from discontinued operations	189	(2,942)	(413)	(868)
Allowance for inventory losses	(518)	(4,591)	(1,400)	(2,076)
Share of results of investees	(3,797)	2,755	2,244	(48,268)
Exchange differences on translating borrowings and financing	125,528	(44,699)	120,880	(43,336)
Accrued interest on borrowings and intragroup loans	54,310	37,612	51,809	41,942
Provision for warranties	(6,841)	(7,362)	-	-
Fair value of investment property	5,643	(18,032)	-	-
Share-based payment	12,230	11,331	12,230	11,331
Provision for impairment of assets held for sale	-	1,643	-	-
	309,103	228,922	294,786	192,913
Changes in assets and liabilities				
(Increase) decrease in inventories	4,796	(49,335)	12,115	63,357
(Increase) decrease in trade receivables	(51,393)	131,002	(96,799)	146,712
(Increase) in other receivables	(100,228)	(16,907)	(100,771)	(12,030)
Increase in trade payables	23,125	(4,267)	17,703	(19,295)
Increase in accounts payable	60,152	(77,901)	62,051	(72,831)
Assets and liabilities for sale	-	2,321	-	-
Income tax and social contribution paid	(21,398)	(69,916)	(12,421)	(60,121)
	(84,946)	(85,003)	(118,122)	45,792
Net cash from operating activities	224,157	143,919	176,664	238,705
Cash generated by investing activities				
Due from related parties	(6,261)	(12,940)	(27,005)	(40,163)
In investments	-	(4,971)	-	(4,971)
In property, plant and equipment	(99,875)	(104,809)	(51,378)	(67,868)
In intangible assets	(28,365)	(16,356)	(13,061)	(16,329)
Financial investments	(56,260)	6,498	(40,798)	17,945
Net cash from investing activities	(190,761)	(132,578)	(132,242)	(111,386)
Cash generated by financing activities				
Payment of interest on equity and dividends	(38,317)	(176,693)	(38,317)	(176,693)
Borrowings and intragroup borrowings	2,193,928	870,610	566,856	410,096
Repayment of borrowings	(2,107,354)	(789,342)	(491,257)	(353,444)
Payment of interest on borrowings and intragroup borrowings	(47,850)	(33,429)	(45,183)	(34,419)
Debits with related parties	169	177	(3,350)	757
Actions in Treasury	(4,446)	(6,757)	(4,446)	(6,757)
Net cash from financing activities	(3,870)	(135,434)	(15,697)	(160,460)
Exchange differences on translating cash and cash equivalents	(274)	6,236	-	-
(Reduction) increase in cash and equivalents	29,252	(117,857)	28,725	(33,141)
Cash and cash equivalents at the beginning of the year				
Cash and cash equivalents at the beginning of the year	83,362	201,219	74,014	107,155
Cash and cash equivalents at the end of the year	112,614	83,362	102,739	74,014
(Reduction) increase in cash and equivalents	29,252	(117,857)	28,725	(33,141)

The explanatory notes are an integral part of these financial statements.

Taurus Armas S.A.

Statement of Added Value for the year ending December 31, 2024

Values expressed in thousands of Reais – R\$

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Revenue				
Sales of goods and services	1,836,752	1,940,795	1,020,694	1,194,055
Other income	68,603	59,032	64,424	17,384
Allowance for (reversal of) doubtful debts	(4,218)	(1,654)	(4,987)	(1,331)
	1,901,137	1,998,173	1,080,131	1,210,108
Inputs purchased from third parties				
Cost of products, goods and services sold	(795,191)	(820,109)	(279,099)	(384,185)
Supplies, power, outside services and other inputs	(430,160)	(464,317)	(200,302)	(236,334)
	(1,225,351)	(1,284,426)	(479,401)	(620,519)
Gross value added	675,786	713,747	600,730	589,589
Depreciation, amortization and depletion	(43,615)	(35,440)	(25,175)	(17,654)
Value added net produced by the Company	632,171	678,307	575,555	571,935
Added value received in transfer				
Equity in earnings (losses)	3,797	(2,755)	(2,244)	48,268
Financial income	127,430	159,445	123,750	147,899
	131,227	156,690	121,506	196,167
Total added value to be distributed	763,398	834,997	697,061	768,102
Distribution of added value				
Collaborators				
Direct compensation	163,869	179,288	145,228	156,303
Benefits	34,031	42,256	28,221	37,175
Severance Pay Fund (FGTS)	11,096	12,429	9,625	11,076
	208,996	233,973	183,074	204,554
Taxes, fees and contributions				
Federal	167,081	203,372	153,035	182,397
State	47,789	69,662	30,556	56,096
Municipal	866	897	252	239
	215,736	273,931	183,843	238,732
Lenders and lessors				
Interest	257,425	169,424	249,592	167,759
Rentals	4,649	4,879	3,960	4,267
	262,074	174,303	253,552	172,026
Shareholders				
Dividends	-	38,326	-	38,326
Internal changes in equity	76,592	114,464	76,592	114,464
	76,592	152,790	76,592	152,790
	763,398	834,997	697,061	768,102

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(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, 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.

Accessories joint venture

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

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

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

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

The Company completed in September 2023 the transfer of the entire production lines of Taurus JM in Guarulhos (SP) to the city of São Leopoldo (RS) within the industrial complex facilities where Taurus Armas S.A. is located. For further information on this Joint Venture, see note 15.

Joint Venture CBC Taurus Arábia Holding

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

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

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

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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

Joint Venture Jindal Defence Systems Private Limited

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

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

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

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

Contracting of the financing line with FINEP

In March 2023, the Company entered into an agreement with Financiadora de Estudos e Projetos - FINEP to finance projects related to research innovation and infrastructure. The purpose of this financing is to accelerate the strategic plan development, bringing state-of-the-art technology to the industrial plant, and accelerate the launching of new products, thus increasing our market share. For further information on this negotiation, see note 19.

Corporate restructuring

In the last quarter of 2023, the Company carried out a corporate restructuring transaction focused on improving the organizational structure and the allocation of resources, streamlining processes and reducing costs. Corporate transactions were carried out between the Group companies such as partial spin-offs and the merger of Taurus Blindagens Nordeste Ltda., previously classified in the financial statements as discontinued operation, into its direct parent Taurus Helmets Indústria de Capacetes Ltda. The corporate restructuring transactions were approved at the Extraordinary General Meeting held on December 29, 2023. For further information on this restructuring, see note 15.

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 financial statements have been prepared based on the historical cost, except for the revaluation of certain properties and financial instruments measured at their revalued amounts or fair values at the end of each reporting period, as described in the accounting policies below. The historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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, 2024 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.

b) Management statement

The Company's Management asserts that all relevant information for the financial statements as at December 31, 2024, 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 21, 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	
		2024	2023
Taurus Helmets Indústria de Capacetes Ltda. (*)	Brazil	100.00%	100.00%
Taurus Holdings, Inc. (**)	United States	100.00%	100.00%
Taurus Máquinas-Ferramenta Ltda.	Brazil	100.00%	100.00%
Taurus Investimentos Imobiliários Ltda. (*)	Brazil	100.00%	100.00%
Polimetal Metalurgia e Plásticos Ltda.	Brazil	100.00%	100.00%
T. Investments Co. Inc.	Panama	100.00%	100.00%
AMTT Taurus Comercio Varejista Ltda.	Brazil	100.00%	100.00%

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

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

Taurus Armas S.A.

*NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

All intragroup transactions, balances, revenue and expenses, and cash flows are eliminated on consolidation. The consolidation of balance sheet and statement of profit and loss line items is based on their nature, supplemented by the elimination of the following:

- Parent's interests in intragroup capital, reserves, and retained earnings (accumulated losses).
- Intragroup balances of assets and liabilities.
- Balances of revenues and expense, and cash flows arising from intragroup transactions; and
- Unrealized gains arising from transactions with investees recognized by the equity method proportionally to the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment of the asset.

2.3. Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The profit or loss, assets and liabilities of joint ventures are reported in this interim financial information under the equity method of accounting, except when the investment is classified as "held for sale", in which case it is accounted for according to 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.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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

3. Critical accounting judgments and key sources of estimation uncertainty

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

The information on critical judgments related to the accounting policies adopted that affect the amounts recognized in the individual and consolidated financial information and information on uncertainties, assumptions, and estimates is disclosed in the following notes: 9 - Trade receivables (expected credit losses on doubtful debts), 10 - Inventories (expected losses on inventories), 13 - Income tax and social contribution, 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 has a strong management of its risks, with appropriate technical evaluations conducted with the support of its legal counsel, that allow the recognition of provisions in an amount considered sufficient by Management, to cover the risks assessed as probable loss on the financial statements date.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

(i) **Fair value measurement**

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

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

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

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

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

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

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

4. **Significant accounting policies**

The accounting policies and calculation methods adopted to prepare these financial statements as at December 31, 2024 are consistent with the accounting policies and calculation methods adopted to prepare the annual financial statements for the year ended December 31, 2023. 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.

As at December 31, 2024, the Company does not have derivative financial instruments. Additionally, the Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

(i) Non-derivative financial assets

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

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

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

- Financial assets are maintained in a business model whose objective is to keep the financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- Financial assets are maintained in a business model whose objective is 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.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

Derecognition of financial assets

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

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

(ii) Non-derivative financial liabilities

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

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

At the date of the individual and consolidated financial 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.

(iii) Impairment

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

b) New effective standards, interpretations and revised standards

The main new standards or amendments to standards and interpretations effective for annual periods beginning on or after January 1, 2024 and adopted by the Company are as follows:

(i) Amendment to IAS 1 (CPC 26 (R1)) - Classification of Liabilities as Current or Non-current

This amendment to the standard has come into effect on January 1, 2024. Clarifies aspects to be considered for the classification of liabilities as current or non-current liabilities.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

(ii) Lease Liability in a Sale and Leaseback (amendments to IFRS 16)

This amendment to the standard has come into effect on January 1, 2024. The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that comply with the requirements of IFRS 15 to be accounted for as a sale.

(iii) Non-current Liabilities with Covenants (amendments to IAS 1)

The amendment clarifies how the conditions that an entity must satisfy within twelve months after the reporting period affect the classification of a liability. This amendment to the standard has come into effect on January 1, 2024.

(iv) Amendments to IAS 7 (CPC 03(R2)) - Statement of Cash Flows and to IFRS 7 (CPC 40(R1)) - Financial Instruments: Disclosures- Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 (CPC 03(R2)) stating that an entity must disclose information about its supplier finance arrangements that allows users of the financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

Additionally, IFRS 7 (CPC 40(R1)) was amended to add supplier finance arrangements as an example within the requirements to disclose information about the entity's exposure to liquidity risk concentration.

Management has assessed the impact of the aforementioned standards on the individual and consolidated financial statements of the Company and has not identified any material effects arising from the adoption of said standards.

The main standards or amendments to standards and interpretations effective for the period beginning after January 1, 2025 and not yet adopted by the Company are as follows:

(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.

The Company does not expect the adoption of the standards listed above to have a significant impact on the individual and consolidated financial statements in future periods, other than in relation to IFRS S1 and IFRS S2, where the Company expects an impact on the disclosures addressed in these standards, which are being assessed by Management, as well as the definition of adoption of these standards during the voluntary period outlined in CVM Resolution No. 193/23.

(ii) Amendments to IAS 21/CPC 02 (R2) - Effects of Changes in Exchange Rates title Lack of Convertibility

The amendments specify how to assess whether a specific currency is convertible and how to determine the exchange rate when it is deemed not to be. The amendment affirm that a currency can be converted into another when the entity is able to obtain the latter within a period that allows for normal administrative delay and through a market or exchange mechanism in which an exchange could generate enforceable rights and obligations. If the entity is able to obtain an immaterial amount of the other currency at the date of measurement for specific purposes, the currency is deemed not convertible into another. The assessment on whether or not the currency is convertible depends on the entity's ability to obtain another currency, and not on their intention or choice to do so. The amendments are applicable to annual periods beginning on or after January 1, 2025 - their early adoption permitted.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

(iii) IFRS 18 - Presentation and Disclosure of Financial Statements

IFRS 18 replaces IAS 1 - Presentation of Financial Statements, transporting several unaltered requirements of IAS 1 and complementing them with new requirements. Furthermore, some paragraphs of IAS 1 have been moved to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and to IFRS 7 - Financial Instruments: Disclosures. IASB has also implemented slight alterations to IAS 7 - Statements of Cash Flow and to IAS 33 - Earnings per Share. IFRS 18 has introduced new requirements for:

- Presenting specific categories and subtotals defined in the income statement
- Presenting disclosures on the performance measurements as set out by Management (MPMs) in the explanatory notes to the financial statements.
- Improvements related to information aggregation and disaggregation requirements.

The Entity must apply IFRS 18 on annual Reporting periods beginning on or after January 1, 2027 - its early adoption permitted.

(iv) IFRS 19 - Subsidiaries with not Public Responsibility: Disclosures

IFRS 19 allows an eligible subsidiary to provide reduced disclosures upon applying IFRS Accounting Standards on their financial statements.

The subsidiary is eligible for reduced disclosures if it does not have any public responsibility and its Final Parent company or any other intermediate parent company prepares their consolidated financial statements available for the public abiding by IFRS Accounting Standards. IFRS 19 is optional for eligible subsidiaries and describes disclosure requirements for subsidiaries that wish to apply it.

The new standard is applicable for reporting periods beginning on or after January 1, 2027 - its early adoption is permitted.

On the date of those individual and consolidated financial statements, Management is assessing when the date of adoption of the pronouncements/amendments to pronouncements above. The Company expects that, once adopted, there will be an impact on the disclosure of financial information, which is also being evaluated by Management.

c) Share-based compensation plan

(i) Stock options plan (stock options)

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

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

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

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

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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

On October 18, 2021, the Company approved in a meeting of the Board of Directors the Company's Second Stock Option Program ("2nd Program") including the eligibility rules of this 2nd Program's beneficiaries and the definition of the grant terms and conditions. All terms and conditions of the Plan, approved by the Company's Annual and Extraordinary Shareholders' Meeting held on April 26, 2021, were observed. On April 28, 2023, the Company approved the proposal for substitution of the Stock Option Plan for the Stock Grant Plan, and the information is described in item (ii) below.

(ii) Stock grant plan (Stock Grant)

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

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

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

d) 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).

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(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 is the risk of the Company incurring financial losses if a customer or a counterparty to a financial instrument fails to perform its contractual obligations, which arises mainly from trade receivables and investment securities. With respect to financial institutions, the Company and its subsidiaries only conduct transactions with financial institutions considered by Management as low risk financial institutions.

Trade and other receivables

The Company and its subsidiaries adopt the procedure of analyzing the financial position of its counterparties, set credit limits, and constantly monitor the outstanding positions. In respect of the Company's revenue, sales are concentrated on related parties Taurus International and Companhia Brasileira de Cartuchos - CBC, and there is no credit risk concentration on other customers.

Credit approvals are individually analyzed before customary payment and delivery terms and conditions are offered. Such analysis includes external assessments and, in certain cases, bank references. Purchase limits are set for each customer, which represent the maximum outstanding amount without requiring credit approval; these limits are periodically reviewed. Customers that failed to comply with the credit limit set by the Company can only operate if receivables are settled. For public bodies, the Company's Management individually assesses the payment capacity and bidding requirements for making a sale. The Company does not have any customer that individually represents more than 7% of Company sales, except with its related parties.

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

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

Exposure to credit risks

As at December 31, 2024, the maximum credit risk exposure was as follows:

	12-31-2024	Consolidated 12-31-2023	12-31-2024	Parent 12-31-2023
Fair value through profit or loss				
Cash and cash equivalents	112,614	83,362	102,739	74,014
Amortized cost				
Trade receivables	297,108	211,628	164,704	76,107
Short-term investments and restricted account	177,237	120,977	136,794	95,996
Other receivables	20,941	16,116	55,368	25,803
Total	607,900	432,083	459,605	271,920

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

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Domestic - trade receivables	108,334	58,737	83,050	38,036
United States - trade receivables	178,295	139,728	61,595	15,452
Other	34,523	30,234	33,898	29,366
Total	321,152	228,699	178,543	82,854

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

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Trade receivables - public bodies	13,801	6,620	13,801	6,620
Trade receivables - distributors	214,936	168,318	98,408	47,860
Final customers	92,415	53,761	66,334	28,374
Total	321,152	228,699	178,543	82,854

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, 2024, the aging list of trade receivables and the allowance for expected credit losses are as follows:

	Consolidated			Parent		
	12-31-2024			12-31-2023		
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	210,153	(4,211)	2,0%	181,039	(2,093)	1,2%
0-30 days past due	33,023	(920)	2,8%	12,907	(284)	2,2%
31-60 days past due	31,330	(1,133)	3,6%	6,501	(278)	4,3%
61-90 days past due	17,648	(216)	1,2%	1,771	(258)	14,6%
91-180 days past due	3,120	(388)	12,4%	9,328	(3,515)	37,7%
181-360 days past due	3,939	(895)	22,7%	4,792	(894)	18,7%
Over one year past due	21,940	(16,281)	74,2%	12,361	(9,749)	78,9%
Total	321,152	(24,044)		228,699	(17,071)	

	Consolidated			Parent		
	12-31-2024			12-31-2023		
	Portfolio	Allowance	% coverage	Portfolio	Allowance	% coverage
Current	68,710	(2,898)	4.2%	50,191	(869)	1.7%
0-30 days past due	64,868	(754)	1.2%	10,306	(178)	1.7%
31-60 days past due	13,785	(945)	6.9%	4,672	(211)	4.5%
61-90 days past due	15,235	(183)	1.2%	1,513	(255)	16.9%
91-180 days past due	1,665	(357)	21.4%	10,393	(3,509)	33.8%
181-360 days past due	2,879	(884)	30.7%	3,135	(887)	28.3%
Over one year past due	11,401	(7,818)	68.6%	2,644	(838)	31.7%
Total	178,543	(13,839)		82,854	(6,747)	

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

5.2 Liquidity risk

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

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

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

	Consolidated					
	12-31-2024					
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities						
Trade payables	161,430	167,310	156,415	4,752	6,143	
Borrowings and financing	193,587	259,939	9,534	78,131	63,535	108,739
Foreign currency advances	553,951	600,131	600,131	-	-	-
	908,968	1,027,380	766,080	82,883	69,678	108,739
	Parent					
	12-31-2024					
	Carrying amount	Contractual cash flow	Up to 1 year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities						
Trade payables	81,592	87,472	76,577	4,752	6,143	-
Borrowings and financing	154,823	218,735	9,534	36,927	63,535	108,739
Foreign currency advances	553,951	600,131	600,131	-	-	-
	790,366	906,338	686,242	41,679	69,678	108,739

5.3 Market risk

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

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

(i) Currency (foreign exchange) risk

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

Sensitivity analysis of exchange rates

As at December 31, 2023, the Company is mainly exposed to fluctuations between the Brazilian real and the US dollar. The net exposure and sensitivity analysis related to the monetary items recorded in foreign currency as at December 31, 2024 are shown below.

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

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

Currencies and indices		Projected rate	Variation by +/- 25%	Variation by +/- 50%
US dollar	Decrease	6.0500	4.5375	3.0250
US dollar	Increase	6.0500	7.5625	9.0750

		Balance in 2024 - in US dollar	Variation by +/- 25%	Consolidated Variation by +/- 50%
Asset - US dollar depreciation				
Trade receivables	US dollar - US\$	34,368	(51,982)	(103,964)
		Balance in 2024 - in US dollar	Variation by +/- 25%	Variation by +/- 50%
Liability - US dollar appreciation				
Borrowings and financing	US dollar - US\$	(6,260)	(9,468)	(18,937)
Trade payables	US dollar - US\$	(11,796)	(17,842)	(35,684)
Foreign currency advances	US dollar - US\$	(89,458)	(135,305)	(270,611)

		Balance in 2024 - in US dollar	Variation by +/- 25%	Parent Variation by +/- 50%
Asset - US dollar depreciation				
Trade receivables	US dollar - US\$	15,421	(23,325)	(46,649)
		Balance in 2024 - in US dollar	Variation by +/- 25%	Variation by +/- 50%
Liability - US dollar appreciation				
Borrowings and financing	US dollar - US\$	-	-	-
Trade payables	US dollar - US\$	(1,844)	(2,788)	(5,577)
Foreign currency advances	US dollar - US\$	(89,458)	(135,305)	(270,611)

(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, 2024 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 12-31-2024	Variation by +/- 25%	Variation by +/- 50%
CDI - decrease	12.15%	9.11%	6.08%
CDI - increase	12.15%	15.19%	18.23%
TJLP - increase	7.43%	9.29%	11.15%
SOFR day - increase	4.50%	5.62%	6.74%
6-month SOFR - decrease	5.46%	4.09%	2.73%
SELIC - increase	12.25%	15.31%	18.38%

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

			Consolidated Gain (loss)
	Index	Balance 12-31-2024	Variation by +/- 25%
			Variation by +/- 50%
Assets			
Short-term investments	CDI - decrease	242,721	(14,733)
			(7,379)
	Index	Balance 12-31-2024	Variation by +/- 50%
Liabilities			
Borrowings	TJLP - increase	(154,823)	(5,759)
Borrowings	SOFR day - increase	(38,764)	(870)
			(436)
	Index	Balance 12-31-2024	Variation by +/- 25%
			Variation by +/- 50%
Assets			
Short-term investments	CDI - decrease	194,454	(11,803)
Intragroup loans	CDI - decrease	28,074	(1,704)
Intragroup loans - abroad	6-month SOFR	17,210	(469)
			(235)
	Index	Balance 12-31-2024	Variation by +/- 25%
			Variation by +/- 50%
Liabilities			
Intragroup borrowings	CDI - increase	(2,154)	(131)
Borrowings	TJLP - increase	(154,823)	(5,759)
			(2,880)

(iii) Capital management

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

	Consolidated	
	12-31-2024	12-31-2023
Total liabilities	1,334,286	1,062,056
Less: Cash and cash equivalents and short-term investments	(289,851)	(204,339)
Net debt (A)	1,044,435	857,717
Total equity (B)	1,294,361	1,091,805
Net debt-to-equity ratio as at December 31, 2024 and December 31, 2023 (A/B)	0.81	0.79

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

6. Operating segments

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

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

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

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

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

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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

	Firearms		Helmets(a)		Other		Total	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Foreign revenue	1,521,795	1,663,189	135,262	100,962	15,617	17,736	1,672,674	1,781,887
Intercompany revenue	625,989	788,183	-	-	11,319	9,921	637,308	798,104
Cost of sales	(993,280)	(1,069,927)	(83,858)	(66,423)	(13,129)	(14,345)	(1,090,267)	(1,150,695)
Gross profit	1,154,504	1,381,445	51,404	34,539	13,807	13,312	1,219,715	1,429,296
Selling expenses	(175,136)	(201,378)	(25,838)	(21,611)	(2,370)	(1,926)	(203,344)	(224,915)
General and administrative expenses	(182,947)	(184,447)	(9,895)	(7,644)	(3,624)	(7,592)	(196,466)	(199,683)
Depreciation and amortization	(21,467)	(17,986)	(452)	(282)	(3,308)	(3,042)	(25,227)	(21,310)
Other operating income (expenses), net	51,688	11,192	(1,026)	6,220	(2,874)	18,747	47,788	36,159
Equity in earnings (losses)	2,999	(1,906)	-	-	798	(849)	3,797	(2,755)
	(324,863)	(394,525)	(37,211)	(23,317)	(11,378)	5,338	(373,452)	(412,504)
Operating profit	829,641	986,920	14,193	11,222	2,429	18,650	846,263	1,016,792
Finance income	121,645	131,211	4,462	20,489	1,323	7,745	127,430	159,445
Finance costs	(255,034)	(165,927)	(773)	(1,961)	(1,618)	(1,536)	(257,425)	(169,424)
Finance income (costs), net	(133,389)	(34,716)	3,689	18,528	(295)	6,209	(129,995)	(9,979)
Profit (loss) from the reportable segment before income tax and social contribution	696,252	952,204	17,882	29,750	2,134	24,859	716,268	1,006,813
Elimination of intercompany revenue	(625,989)	(788,183)	-	-	(11,319)	(9,921)	(637,308)	(798,104)
Profit (loss) before income tax and social contribution	70,263	164,021	17,882	29,750	(9,185)	14,938	78,960	208,709
Income tax and social contribution	(1,445)	(56,494)	(6,345)	(8,694)	5,422	9,269	(2,368)	(55,919)
Profit (loss) for the year	68,818	107,527	11,537	21,056	(3,763)	24,207	76,592	152,790
Assets from reportable segments	2,233,602	1,797,889	114,284	100,371	280,761	255,601	2,628,647	2,153,861
Liabilities from reportable segments	1,278,259	1,006,794	28,189	25,367	27,838	29,895	1,334,286	1,062,056

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(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.

	Firearms		Helmets	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Domestic market				
Southeast Region	100,124	146,529	49,362	32,681
South Region	32,847	12,227	8,278	7,306
Northeast Region	6,064	10,088	37,408	27,779
Midwest Region	3,551	3,692	23,718	18,789
North Region	3,483	7,472	16,434	13,900
	146,069	180,008	135,200	100,455
Foreign market				
United States	1,256,122	1,386,773	-	507
South Africa	11,715	6,356	-	-
Germany	1,281	1,736	-	-
Saudi Arabia	1,932	2,263	-	-
Argentina	3,239	978	-	-
Belize	-	637	-	-
Bulgaria	1,932	2,263	-	-
Burkina Faso	-	4,608	-	-
Chile	1,234	2,336	-	-
Singapore	-	567	-	-
Costa Rica	264	411	-	-
El Salvador	1,201	907	-	-
Spain	249	39	-	-
Ecuador	7,353	7,164	-	-
Philippines	13,785	9,877	-	-
France	1,886	4,295	-	-
Ghana	7,288	17	-	-
Guatemala	24,411	13,669	-	-
Guiana	3,483	1,435	-	-
Haiti	8,578	-	-	-
Honduras	4,473	9,330	-	-
India	2,493	1,077	-	-
Israel	661	4,987	-	-
Italy	228	208	-	-
Jordan	-	506	-	-
Lesotho	-	392	-	-
Lebanon	1,401	1,103	-	-
Mexico	1,401	1,103	-	-
Mozambique	909	444	-	-
Namibia	388	467	-	-
Panama	909	444	-	-
Pakistan	6,890	2,489	-	-
Peru	5,290	5,504	62	-
Poland	919	1,252	-	-
Czech Republic	1,387	1,005	-	-
Senegal	-	586	-	-
Sri Lanka	1,387	1,005	-	-
Thailand	355	1,534	-	-
Uruguay	1,143	721	-	-
Zambia	509	377	-	-
Other countries	805	1,723	-	-
	1,375,726	1,483,181	62	507
Total net revenue	1,521,795	1,663,189	135,262	100,962

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 77.85% 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, 2024
(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	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Cash	73	161	58	148
Unsettled exchange bills (*)	37,977	51,901	37,940	51,029
Demand deposits	9,080	20,930	7,081	17,938
Short-term investments	65,484	10,370	57,660	4,899
Cash and cash equivalents	112,614	83,362	102,739	74,014

(*) 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 2% 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	
		12-31-2024	12-31-2023	12-31-2024	12-31-2023
Bank certificates of deposit (CDBs)	96% to 106% of CDI	177,237	120,977	136,794	95,996
Total		177,237	120,977	136,794	95,996
Current		177,237	120,977	136,794	95,996

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.

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Domestic customers	108,333	58,737	83,049	38,037
Foreign customers	212,819	169,962	95,494	44,817
	321,152	228,699	178,543	82,854
Allowance for expected credit loss - domestic receivables	(9,921)	(8,856)	(2,199)	(948)
Allowance for expected credit loss - foreign receivables	(14,123)	(8,215)	(11,640)	(5,799)
	(24,044)	(17,071)	(13,839)	(6,747)
	297,108	211,628	164,704	76,107

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

	Consolidated	Parent
Balance as at December 31, 2023	(17,071)	(6,747)
Additions	(18,552)	(14,960)
Reversal of allowance for expected credit losses	14,334	9,973
Exchange rate changes	(2,755)	(2,105)

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

Balance as at December 31, 2024

(24,044) (13,839)

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	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Finished products	500,697	403,828	43,749	44,386
Raw material	272,023	251,575	203,187	215,004
Work in process	1,752	1,319	-	82
Inventory advances	15,941	15,296	15,617	15,196
Allowance for inventory losses	(11,132)	(10,206)	(2,739)	(4,139)
	779,281	661,812	259,814	270,529

Variation in the allowance for inventory losses

	Consolidated	Parent
Balance as at December 31, 2023	(10,206)	(4,139)
Addition	(3,433)	(1,875)
Reversal	721	95
Definitive write-offs	3,230	3,180
Exchange rate changes	(1,444)	-
Balance as at December 31, 2024	(11,132)	(2,739)

11. Recoverable taxes

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
State VAT (ICMS)	36,433	29,341	35,203	28,202
Federal VAT (IPI)	56,654	1,242	56,037	557
Tax on revenue (PIS)	2,015	9,007	1,806	8,742
Tax on revenue (COFINS)	8,562	29,339	7,605	28,096
Income tax and social contribution	21,154	9,711	6,600	1,752
Other	1,002	1,209	340	52
Total	125,820	79,849	107,591	67,401
Current	104,480	61,831	86,883	49,884
Noncurrent	21,340	18,018	20,708	17,517

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

12. Other assets

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Advances to suppliers	9,975	1,990	3,076	-
Advances to employees	5,500	6,661	4,831	5,724
Advances for foreign bids	5,518	5,222	5,518	5,222
Escrow deposits	62,451	67,434	61,175	65,127
Intragroup loans	20,112	19,289	54,539	23,538
Other receivables	5,163	1,461	2,962	3,703
Total	108,719	102,057	132,101	103,314
Current	27,738	18,154	25,569	19,292
Noncurrent	80,981	83,903	106,532	84,022

13. Current and deferred income tax and social contribution

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

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

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

a) Breakdown of impacts on deferred tax assets and liabilities

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
On income tax and social contribution losses				
Income tax loss	8,434	9,455	-	-
Social contribution loss	3,036	3,404	-	-
On temporary differences - assets				
Impairment of fixed asset	771	771	-	-
Other allowances, provisions and accruals	21,909	14,919	912	1,894
Realization of revaluation reserve	1,910	1,899	613	603
Allowance for inventory losses	2,624	2,689	931	1,407
Accrued profit sharing	7,305	4,125	4,103	1,952
Accrued commissions	1,686	1,136	1,381	923
Provision for civil, labor and tax risks	17,157	20,323	16,629	20,038
Provision for warranty	2,067	3,435	1,702	1,842
Provision for uncollectible receivables	6,243	4,091	5,837	3,346
Financial provisions	905	935	905	935
Tax provisions	7,371	5,005	6,314	3,301
Unrealized profit with related parties	29,370	23,122	-	-
Total deferred assets	110,788	95,309	39,327	36,241

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
On temporary differences - liabilities				
Goodwill on expected future earnings	(16,214)	(11,868)	-	-
Fair value of investment property	(10,263)	(10,263)	-	-
Tax provisions	-	(353)	-	-
Other allowances, provisions and accruals	(10,993)	(10,075)	-	-
Total deferred liabilities	(37,470)	(32,559)	-	-
Deferred asset balances	84,503	76,896	39,327	36,324
Deferred liability balances	(11,185)	(14,146)	-	(83)
Deferred assets, net	73,318	62,750	39,327	36,241

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

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

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

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

b) Variation in deferred taxes

	Consolidated	Parent
Opening balance of deferred taxes, net	62,570	36,241
Drawback self-regulation Program	(5,078)	-
Allocated to profit or loss	16,646	3,086
Translation adjustments into the presentation currency	(1,000)	-
Closing balance of deferred taxes, net	73,318	39,327

The amount of income tax and social contribution losses on which no deferred taxes are recognized total R\$284,2 million in consolidated, which correspond to the portion of these amounts in the Company's subsidiaries for which it is not probable that future taxable income will be available for offset. In the Parent, income tax and social contribution losses is fully recorded, and in its subsidiaries, they were partially recorded up to the limit of confirmation of realization.

With respect to the 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).

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

As at December 31, 2024, 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:

	Income tax loss	Social contribution loss	Deferred income tax	Deferred social contribution	Consolidated Total deferred taxes
Balance recognized as at 12/31/2024	33,738	33,738	8,434	3,036	11,470
In 2025	-	-	-	-	-
In 2026	-	-	-	-	-
In 2027	(2,193)	(2,193)	(548)	(197)	(745)
In 2028	(4,061)	(4,061)	(1,015)	(365)	(1,380)
In 2029	(4,196)	(4,196)	(1,049)	(378)	(1,427)
From 2030 to 2034	(23,288)	(23,288)	(5,822)	(2,096)	(7,918)

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

Reconciliation of the effective rate of income tax and social contribution

	12-31-2024	Consolidated 12-31-2023 Restated	12-31-2024	Parent 12-31-2023
			31-12-2024	31-12-2023
Pretax profit	78,960	195,756	90,088	185,820
Income tax and social contribution at combined tax rates	(26,846)	(66,557)	(30,630)	(63,179)
Permanent additions				
Non-deductible expenses	(4,541)	(2,147)		
PPR - Statutory and CLT officers	-	(1,281)	(4,515)	(4,274)
Insurance - Statutory and CLT officers	(4)	(3)	-	(1,281)
Share of loss of subsidiaries	1,291	(959)	(4)	(3)
Donations/sponsorship	(903)	(656)	(21,034)	(22,367)
Permanent deductions				
Reintegra	211	297	211	297
Deemed ICMS grant	-	35	-	-
Interest on tax unduly paid	7,535	3,934	7,310	168
Fines on Tax unduly paid	684	-	684	-
Positive income of equity	-	-	20,272	31,204
Share-based payment plan	2,170	-	2,170	-
Technological innovation and research investment bonus - Law No. 11.196/05	3,477	-	3,477	-
Deferred - Corporate restructuring	-	1,195	-	1,520
Deferred tax not constituted on tax loss and negative CSLL basis	-	(2,435)	-	-
Difference of tax rate of subsidiaries - deemed income	1,176	14	-	-
Other (additions)/deductions	13,382	1,390	9,413	1,287
Income tax and social contribution in profit or loss for the year	(2,368)	(67,173)	(13,496)	(57,237)
Current	(19,014)	(74,178)	(16,582)	(57,134)
Deferred	16,646	7,005	3,086	(103)
	(2,368)	(67,173)	(13,496)	(57,237)
Effective rate	3%	34%	15%	31%

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

(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.

	12-31-2024				Consolidated 12-31-2023			
	Basis	25%	9%	Total	Basis	25%	9%	Total
Temporary differences								
Other allowances, provisions and accruals	-	-	-	-	252	63	23	86
Provision for uncollectible receivables	7,580	1,895	682	2,577	7,580	1,895	682	2,577
Allowance for loss on agreements receivable	69,849	17,462	6,286	23,748	69,849	17,462	6,286	23,748
Provision for civil, labor and tax risks	-	-	-	-	3,700	925	333	1,258
Provision for warranty	919	230	83	313	1,468	367	132	499
Loss on other receivables	5,114	1,279	460	1,739	5,114	1,279	460	1,739
On income tax and social contribution losses								
Income tax and social contribution losses	284,158	71,039	25,574	96,614	287,943	71,986	25,915	97,901
	367,620	91,905	33,085	124,991	375,906	93,977	33,831	127,808

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(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	
	12-31-2024	12-31-2023
Buildings, land and improvements	-	51,390
Taurus Blindagens Nordeste - long-lived asset held for sale	7,000	16,644
Total held-for-sale non-current assets	7,000	68,034

Held-for-sale asset - Helmets operation

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

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

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, 2024, 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)
Assets held for sale	7,000

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

15. Investments

								Parent	
	Jindal Defence Systems Private Limited	Taurus Holdings, Inc	T. Investments Co. Inc.	CBC Taurus Arabia Holding, LLC.	Polimet Metalurgia e Plásticos Ltda.	AMTT Taurus Comercio Varejista Ltda. (1)	Taurus Máquinas- Ferramenta Ltda.	12-31-2024	12-31-2023
Current assets	10,697	797,892	-	4,917	18,309	5,661	333		
Non-current assets	38,148	162,136	-	247	299,649	2,728	570		
Current liabilities	8,695	228,909	-	89	8,858	5,801	918		
Non-current liabilities	29,046	82,074	-	205	8,324	17	370		
Share capital	7,127	2,011	68,115	8,554	291,956	2,699	293,638		
Net equity	11,104	649,045	-	4,870	300,776	2,571	(385)		
Net revenue	16,390	1,256,122	-	3,619	11,882	3,149	-		
Profit (loss) for the year	5,252	(2,261)	-	869	12,771	(2,677)	(949)		
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	2,139	464,651	-	1,528	288,114	-	564	756,996	727,546
Capital payment	-	-	-	-	-	-	-	-	2,060
Capital increase	-	-	-	-	-	3,596	-	3,596	2,911
Capital decrease	-	-	-	-	-	(2,197)	-	(2,197)	-
Profit and loss of equity	2,573	(2,260)	-	426	12,771	(2,677)	(949)	9,884	66,567
Exchange rates variation on investments	727	142,773	-	433	-	-	-	143,933	(38,487)
Unrealized profit on investments	-	(11,933)	-	-	-	(195)	-	(12,128)	(18,299)
Unrealized profit on inventories	-	-	-	-	(108)	5,412	-	5,304	(313)
Equity evaluation adjustment	-	-	-	-	-	-	-	-	12,445
Corporate restructuring									
Reclassified for provision for unsecured liabilities (1)	-	-	-	-	-	(2,567)	385	(2,182)	2,566
Closing balances	5,439	593,231	-	2,387	300,777	1,372	-	903,206	756,996

(1) The balance of investment of subsidiary Taurus Maquinas Ferramenta Ltda. (R\$385) is presented in line item "Provision for negative equity" in non-current liabilities.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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

Taurus JM Indústria de Peças Ltda.

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

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

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

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

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

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

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

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(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, 2024:

**TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
BALANCE SHEET AS AT DECEMBER 31, 2024
In thousands of Brazilian reais**

Assets		Liabilities	
Current		Current	
Cash and cash equivalents	30	Suppliers	14,857
Trade receivables	7,931	Payroll and related taxes	625
Inventories	1,476	Taxes, fees and contributions	4,829
Recoverable taxes	2,572	Related parties	1,433
Other receivables	1,950	Other payables	1,192
	<u>13,959</u>		<u>22,936</u>
Non-current		Non-current	
Deferred tax assets	1,906	Deferred tax liabilities	27
Related parties - Financial loan	2,154	Related parties - Financial borrowing	2,956
Other receivables	20		<u>2,983</u>
	<u>4,080</u>	Total liabilities	<u>25,919</u>
		Equity	
Property, plant and equipment	15,144	Capital	4,629
Total assets	<u><u>33,183</u></u>	Advance for future capital increase	7,296
		Accumulated losses	(4,661)
		Total equity	<u>7,264</u>
		Total liabilities and equity	<u><u>33,183</u></u>

**TAURUS JM INDÚSTRIA DE PEÇAS LTDA.
STATEMENT OF PROFIT OR LOSS AS AT DECEMBER 31, 2024
In thousands of reais**

Revenue from sales and/or services	8,793
Cost of sales and/or services	(5,758)
General and administrative expenses	(1,276)
Other operating (expenses) income, net	(170)
	<u>1,589</u>
Loss before finance income (costs), net, share of profit (loss) of subsidiaries, and taxes	<u>1,589</u>
Finance income	214
Finance costs	(313)
Finance revenue (costs), net	<u>(99)</u>
Operating income before taxes	<u>1,490</u>
Income tax and social contribution	(335)
Income tax and social contribution - deferred	410
Income for the year	<u>1,565</u>

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

Companhia Brasileira de Cartuchos Taurus Arábia Holding, LLC.

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

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

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

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

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

**Companhia Brasileira de Cartuchos Taurus Arábia Holding, LLC.
BALANCE SHEET AS AT DECEMBER 31, 2024**

In thousands of reais

Assets		Liability	
Current		Current	
Cash and cash equivalents	3,124	Salaries and social security contributions	205
Trade Receivables	1,031	Other trade receivables	89
Prepaid expenses	762		294
	<u>4,917</u>		<u>3,117</u>
Non-current		Net equity	
Other Trade Receivables	103	Share capital	8,554
	103	Accumulated losses	(3,684)
Property, plant and equipment	144	Total net equity	<u>4,870</u>
Total assets	<u><u>5,164</u></u>	Total liabilities and equity	<u><u>5,164</u></u>

**Companhia Brasileira de Cartuchos Taurus Arábia Holding, LLC.
STATEMENT OF PROFIT OR LOSS AS AT DECEMBER 31, 2024**

In thousands of reais

Revenue from Sale of Goods and Services	
General and administrative expenses	(2,653)
Income before net financial revenue (expenses), equity equivalence and taxes	
Financial Expenses	
Net financial revenue (expenses)	
Operational income before taxes	<u>(2,653)</u>
Net income for the year	<u>(2,653)</u>

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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 March 2023 with the manufacturing of pilot batches of firearms, accompanied by a team of Brazilian professionals of Taurus Armas.

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

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, 2024 In thousands of reais

Assets		Liabilities	
Current		Current	
Cash and cash equivalents	644	Suppliers	6,092
Inventories	3,155	Taxes, fees and contributions	2,133
Recoverable taxes	3,787	Other payables	469
Advances to suppliers	3,110		8,694
	10,696	Non-current	
		Borrowings	29,046
Non-current			29,046
Deferred asset	528	Total liabilities	37,740
Advances for bids	27,908	Equity	
Recoverable taxes	1,711	Capital	7,127
	30,147	Accumulated losses	3,977
Property, plant and equipment	8,001	Total equity	11,104
Total assets	48,844	Total liabilities and equity	48,844

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

Jindal Defence Systems Private Limited
STATEMENT OF PROFIT OR LOSS AS AT DECEMBER 31, 2024
In thousands of reais

Revenue from sales and/or services	16,390
Cost of sales and/or services	(6,094)
General and administrative expenses	(2,845)
Income before net financial revenue (expenses), equity and taxes	7,451
Financial revenue	1,572
Financial expenses	(1,891)
Financial revenue (expenses), net	(319)
Operating income before taxes	7,132
Tax income and social contribution	(1,880)
Profit (loss) for the year	5,252

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.

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.

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Land	54,695	58,505	-	-
Buildings	1,704	3,537	-	-
	56,399	62,042	-	-

The investment properties recorded as at December 31, 2024 and 2023 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).

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

The fair value of the Company's investment property as at 2023 e 2024 was calculated based on a valuation conducted on each year-end, with aid from 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.

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 was 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.

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, 2024

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

	Consolidated									
Cost or deemed cost	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, 2022	10,605	159,930	355,595	34,431	972	698	159,744	32,696	10,589	765,260
Additions	-	2,023	11,472	719	-	-	90,406	189	-	104,809
Write-offs	-	-	(26,839)	(230)	-	-	(1,282)	-	-	(28,351)
Transfers	17,256	15,813	12,558	4,238	-	-	(76,262)	(2,420)	28,817	-
Reclassification to held-for-sale assets	-	(8,643)	-	-	-	-	-	-	-	(8,643)
Effect of changes in exchange rates	(237)	(2,021)	(6,199)	(1,286)	(33)	-	(200)	-	(726)	(10,702)
Effect of discontinued operations:										
Discontinued operation merged into subsidiary	76	12,014	-	-	-	-	-	-	-	12,090
Balance as at December 31, 2023	27,700	179,116	346,587	37,872	939	698	172,406	30,465	38,680	834,463
Addition	-	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)
Effects of Exchange rates variations	851	7,498	15,380	5,135	118	-	2,725	-	10,687	42,394
Balance as at December 31, 2024	28,551	188,527	364,821	41,705	825	698	229,500	5,845	52,436	912,908
Depreciation										
Balance as at December 31, 2022	-	(44,404)	(181,894)	(21,320)	(724)	(242)	-	-	(3,975)	(252,559)
Depreciation in the year	-	(7,640)	(17,765)	(2,758)	(57)	(139)	-	-	(3,869)	(32,228)
Write-offs	-	-	23,490	124	-	-	-	-	-	23,614
Transferences	-	-	987	608	-	-	-	-	(1,595)	-
Effect of changes in exchange rates	-	815	3,041	1,071	28	-	-	-	414	5,369
Effects of discontinued operations										
Discontinued operation incorporated by subsidiary	-	(3,447)	-	-	-	-	-	-	-	(3,447)
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
Transfers	-	(2,159)	(11,225)	(4,109)	(108)	-	-	-	(3,525)	(21,126)
Effect of changes in exchange rates	-	(7,706)	(20,055)	(3,049)	(67)	(140)	-	-	(5,838)	(36,855)
Balance as at December 31, 2024	-	-	(64,541)	(168,622)	(25,493)	(498)	(521)	-	-	(16,698)
Carrying amount										
December 2023	27,700	124,440	174,446	15,597	186	317	172,406	30,465	29,655	575,212
December 2024	28,551	123,986	196,199	16,212	327	177	229,500	5,845	35,738	636,535

(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").

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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.

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, 2024, the amount receivable for the bond and the lease liability is R\$51,7 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, 2024 related to this transaction is R\$35,6 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, 2022	60,499	229,542	14,203	52	698	113,626	32,053	380	451,053
Additions	424	1,842	24	-	-	65,578	-	-	67,868
Write-offs	-	(22,652)	(169)	-	-	(8)	-	-	(22,829)
Transfers	16	43,545	1,930	-	-	(43,215)	(2,276)	-	-
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	62,204	278,613	17,648	52	698	169,856	3,816	380	533,267
Depreciation									
Balance as at December 31, 2022	(20,754)	(120,172)	(5,661)	(52)	(242)	-	-	(63)	(146,944)
Depreciation in the year	(2,369)	(11,313)	(1,236)	-	(139)	-	-	(76)	(15,133)
Write-offs	-	20,552	105	-	-	-	-	-	20,657
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	(25,517)	(112,906)	(8,039)	(52)	(521)	-	-	(215)	(147,250)
Carrying amount									
December 2023	37,816	141,344	9,196	-	317	135,981	29,777	241	354,672
December 2024	36,687	165,707	9,609	-	177	169,856	3,816	165	386,017

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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 during 2025.

Collateral

The Company uses its assets as collaterals for the funds raised with financial institutions. Even though most property, plant and equipment items are collateralized in borrowings and financing transactions, historically these collaterals have never been enforced. As at December 31, 2024, the Company uses R\$15,0 million in collaterals (R\$28,1 million as at December 31, 2023).

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.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

	Consolidated						
	Software	Trademarks and patents	Customer relationship	Goodwill	Product development	Intangible assets in progress	Total
Cost							
Balance as at December 31, 2022	24,852	27,794	22,629	48,724	8,259	45,444	177,702
Acquisitions	27	-	-	-	-	16,329	16,356
Transfers	15,848	-	-	-	-	(15,848)	-
Write-offs	(4)	-	-	-	-	-	(4)
Effect of changes in exchange rates	(689)	(1,188)	(1,593)	(1,162)	(412)	-	(5,044)
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	46,450	30,872	26,755	51,731	9,465	89,294	254,567
Amortization							
Balance as at December 31, 2022	(18,615)	(7,388)	(22,629)	-	(3,288)	-	(51,920)
Amortization in the year	(2,611)	-	-	-	(601)	-	(3,212)
Write-offs	4	-	-	-	-	-	4
Effect of changes in exchange rates	701	-	1,593	-	158	-	2,452
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	(29,127)	(7,388)	(26,755)	-	(5,029)	-	(68,299)
Carrying amount							
December 2023	19,513	19,218	-	47,562	4,116	45,925	136,334
December 2024	17,323	23,484	-	51,731	4,436	89,294	186,268
Parent							
	Software	Trademarks and patents		Product development	Intangible assets in progress		Total
Cost							
Balance as at December 31, 2022	13,599	9,485		2,536	45,444		71,064
Acquisitions	-	-		-	16,329		16,329
Transfers	15,848	-		-	(15,848)		-
Write-offs	(4)	-		-	-		(4)
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	33,362	9,485		2,673	54,930		100,450
Amortization							
Balance as at December 31, 2022	(8,905)	(6,840)		(1,238)	-		(16,983)
Amortization in the year	(2,242)	-		(279)	-		(2,521)
Write-offs	4	-		-	-		4
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	(17,041)	(6,840)		(1,799)	-		(25,680)
Carrying amount							
December 2023	18,300	2,645		1,019	45,925		67,889
December 2024	16,321	2,645		874	54,930		74,770

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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, 2024 is as follows:

Cash-generating unit	2024
Firearms	19,107
MIM/POLI	32,624
Total CGU	51,731

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 by more than 100%.

Main assumptions used in the discounted cash flow projections

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

Cash-generating unit	WACC discount rate	Average growth rate between 2025 and 2029 12/31/2024	WACC discount rate	Average growth rate 12/31/2023
	Firearms	13.10%	5.30%	13.30%
MIM	14.20%	39.10%	14.50%	3.50%

Discount rate

The discount rate for the CGU is represented by a post-tax rate based on 20-year US Treasury Bond rate, adjusted for a risk premium that reflects the risks of investments in equity securities and the systematic risk of the related unit. The Company estimated, based on Management's experience with the assets of this CGU, the Weighted Average Cost of Capital of the industry in which this CGU operates, which was calculated based on a possible debt-to-shareholders' equity ratio as at December 31, 2024 of 9.68% at the market interest rate of 8.61%.

Growth rate and perpetuity

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

To calculate perpetuity as at December 31, 2024, the Company used a nominal growth rate of 3.50%, in line with the expected long-term inflation projected by the Central Bank of Brazil (BACEN) and macroeconomic indicators released in BACEN's Focus report and in the Country Forecast report of the Economist Intelligence Unit (EIU).

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

19. Borrowings and financing

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

	Currency	Statutory interest rate	Maturity year	Consolidated			
				12-31-2024		12-31-2023	
				Contractual amount	Carrying amount	Contractual amount	Carrying amount
Working capital	R\$	CDI + 2,88% p.a.	2024	-	-	18,194	1,562
FINEP	R\$	TJLP (-) 0,385% p.a.	2035	162,048	154,823	89,730	84,975
Foreign exchange advance	US\$	8,10% a 10,50% p.a.	2025	553,951	553,951	406,804	406,804
Working capital	US\$	8,03% p.a.	2024	-	-	52,460	12,495
Working capital - Taurus USA	US\$	SOFR Day +1,95%	2026	38,764	38,764	23,141	23,141
				Total	747,538		528,977
				Current liabilities	554,318		412,994
				Noncurrent liabilities	193,220		115,983
					747,538		528,977

	Currency	Statutory interest rate	Maturity year	Parent			
				12-31-2024		12-31-2023	
				Contractual amount	Carrying amount	Contractual amount	Carrying amount
Working capital	R\$	CDI + 2.88% p.a.	2024	-	-	18,194	1,562
FINEP	R\$	TJLP (-) 0.385% p.a.	2035	162,048	154,823	89,730	84,975
Foreign exchange advance	US\$	8,10% a 10,50% p.a.	2025	553,951	553,951	406,804	406,804
Working capital	US\$	8,03% p.a.	2024	-	-	52,450	12,495
				Total	708,774		505,836
				Current liabilities	554,318		412,994
				Noncurrent liabilities	154,456		92,842
					708,774		505,836

Flow of future debt payments disclosed in noncurrent liabilities:

Maturity year	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
2025	-	7,867	-	7,867
2026	52,934	30,937	14,170	7,796
2027	17,004	9,355	17,004	9,355
2028	17,004	67,824	17,004	67,824
2029 and thereafter	106,278	-	106,278	-
	193,220	115,983	154,456	92,842

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

The variations in borrowings are as follows:

	Parent	Consolidated
Balance as at December 31, 2022	488,225	488,225
(+) Borrowings, net of structuring cost	870,610	410,096
(-) Repayment	(789,342)	(353,111)
(-) Interest payment	(33,429)	(32,281)
(+) Interest expense	37,612	36,243
(+/-) Exchange rate changes	(44,700)	(43,337)
Balance as at December 31, 2023	528,976	505,835
(+) Borrowings, net of structuring cost	2,193,928	566,856
(-) Repayment	(2,107,354)	(491,257)
(-) Interest payment	(47,850)	(45,183)
(+) Interest expense	54,310	51,643
(+/-) Exchange rate changes	125,528	120,880
Balance as at December 31, 2024	747,538	708,774

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

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

FINEP

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

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

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

Up to December 31, 2024, the Company received R\$162 million related to this agreement.

Covenants

The new debt renegotiation process with the Bank Syndicate was completed on July 18, 2018. The executed agreement, which was included in debt reprofiling process, provides for accelerated maturity in cases of noncompliance of covenants that required, among other obligations: meeting certain financial ratios, such as: net debt-to-adjusted EBITDA of 13x or lower in 2018, 8x or lower in 2019, 7x or lower in 2020, and 6x or lower beginning 2021, as well as an adjusted EBITDA-to-finance costs ratio of 0.90 or higher as at December 31, 2018 and 1.20 or higher beginning 2019. On December 21, 2022, the Bank Syndicated transaction and the sharing of collaterals were terminated but the covenants continued to be applicable individually to each institution that was part of the Bank Syndicate. During 2024, that balanced was paid off.

As at December 31, 2024, the Company has Exchange Agreements settled with Banco BTG Pactual S.A. -which

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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, 2024, the Company meets all the requirements set forth.

These ratios are monitored by the Company's management as the underlying agreements require that such ratios be measured annually. As at December 31, 2024, the Company was compliant with all said covenants.

20. Other payables

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Dividends payable	25,744	38,416	25,744	38,416
Sales commissions	7,842	5,627	4,051	2,708
Unsettled court agreements	9,071	9,906	9,071	9,906
Insurance and freight	23,375	21,597	2,681	2,763
Suppliers	5,177	9,272	5,177	9,272
Leases	-	141	-	141
Advances from customers	22,544	18,314	13,548	16,764
Advances - sale of property Taurus Nordeste	4,500	4,500	-	-
Marketing	20,874	11,595	-	-
Due to related parties	2,154	1,986	2,988	3,053
Unrealized gain on government grant	38,291	32,781	-	-
Provision for negative equity	-	-	385	2,567
Other	4,640	4,783	1,421	1,490
	164,212	158,918	65,066	87,080
Current	106,233	102,491	49,350	65,253
Non-current	57,979	56,427	15,716	21,827

21. Payroll and related taxes

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Payroll	3,484	2,522	1,258	1,417
Accrued bonus	26,625	15,997	12,068	5,741
Contributions payable	8,135	7,757	7,243	7,005
Accruals (vacation pay and 13 th salary)	16,291	18,050	13,869	15,383
	54,535	44,326	34,438	29,546

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

22. Taxes, fees and contributions

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
State VAT (ICMS)	1,376	966	727	21
Federal VAT (IPI)	5,768	1,896	5,627	1,568
Tax on revenue (PIS)	91	13	56	-
Tax on revenue (COFINS)	159	62	-	-
Special tax - FAET (USA)	36,341	31,306	-	-
Withholding income tax (IRRF)	1,774	1,600	1,499	1,385
Income tax and social contribution	10,419	2,415	10,189	364
Other installment payments (*)	12,140	23,188	5,656	14,141
Other	7,635	9,646	5,905	6,028
	75,703	71,092	29,659	23,507
Current	71,549	58,681	29,578	17,770
Non-current	4,154	12,411	81	5,737

(*) Installment payments

IPI installment payment - The Company had overdue IPI for the period December 2019-March 2020. In December 2020, the Company elected to make installment payments pursuant to Regulatory Instruction (IN) 1891/2019 to regularize IPI debts. The installment plan covers the payment of principal amounting to R\$34.7 million, a fine of R\$6.9 million, and interest of R\$793 thousand. The debt was paid in 60 installments, the installment cap allowed by said IN and is adjusted using the Selic (Central bank's policy rate). As at December 31, 2024, the adjusted balance of the IPI installment payment plan is R\$5,7 million and to date 52 installments have been paid, totaling R\$36,7,6 million.

Income tax and social contribution installment payment - In a tax verification process conducted by the RFB, regarding tax obligations relating to income tax and social contribution on profit for prior periods, the RFB has issued a self-regularization notice for the principal calculated in the amount of R\$7.4 million, fine in the amount of R\$1.5 million and interest in the amount of R\$1.8 million.

The debt was divided in 60 installments, the installment cap allowed by the Brazilian Federal Revenue Service (RFB) and is adjusted using the Selic (Central bank's policy rate), and as at December 31, 2024, the adjustment installment payment balance is R\$5,5 million, already considering 29 installments paid in the total amount of R\$5,2 million.

23. Provision for civil, labor and tax risks

Provisions are recognized for all contingencies arising on lawsuits for which it is probable that an outflow of funds will be required to settle the contingency or obligation, when they a reliable estimate can be made.

The Company, based on information from its legal counsel and the analysis of ongoing lawsuits, recognized a provision for losses on lawsuits in an amount considered sufficient to cover the estimated losses, as shown below:

			Consolidated	
			12-31-2024	12-31-2023
	Provision	Escrow deposit (1)	Net	Net
Labor	33,254	(6,638)	26,616	31,410
Civil	26,576	(1,030)	25,546	22,822
Tax	51,773	(54,783)	(3,010)	(1,747)
	111,603	(62,451)	49,152	52,485
Classified in current liabilities	65,053			
Classified in noncurrent liabilities	46,550			

(1) Recognized in other non-current assets.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

			Parent	
			12-31-2024	12-31-2023
	Provision	Escrow deposit (1)	Net	Net
Labor	31,941	(5,681)	26,260	32,177
Civil	16,961	(1,030)	15,931	16,630
Tax	49,938	(54,464)	(4,526)	(3,242)
	98,840	(61,175)	37,665	45,565
Classified in current liabilities	54,649			
Classified in noncurrent liabilities	44,191			

(1) Recognized in other noncurrent assets.

Variations in the provision:

	Civil and labor		Tax	Consolidated Total
	Balance as at December 31, 2023	70,370		49,549
Provisions recognized in the year	12,693		6,778	19,471
Provisions used in the year	(2,129)		-	(2,129)
Derecognition of provision	(22,795)		(4,554)	(27,349)
Effect of variation	1,691		-	1,691
Balance as at December 31, 2024	59,830		51,773	111,603

	Civil and labor		Tax	Parent Total
	Balance as at December 31, 2023	62,958		47,734
Provisions recognized in the year	8,783		6,758	15,541
Provisions used in the year	(2,002)		-	(2,002)
Derecognition of provision	(20,837)		(4,554)	(25,391)
Balance as at December 31, 2024	48,902		49,938	98,840

The Company and its subsidiaries are parties to other lawsuits assessed by the Company's legal counsel as having a possible or remote likelihood of loss for which no provision has been recognized since accounting practices adopted in Brazil do not require the calculation of such provision, as shown below:

	Consolidated				Parent			
	12-31-2024		12-31-2023		12-31-2024		12-31-2023	
	Possible	Remote	Possible	Remote	Possible	Remote	Possible	Remote
Civil	177,014	8,212	164,577	37,920	160,231	8,212	148,098	37,909
Labor	51,720	59,951	35,739	50,706	50,651	57,771	34,033	49,391
Tax	73,219	10,262	77,453	-	71,327	9,798	75,031	-
	301,953	78,425	277,769	88,626	282,209	75,781	257,162	87,300

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\$51,5 million for consolidated purposes.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

Public Civil Action - Federal District

The Federal District filed a public civil action with a request for a preliminary injunction against Taurus, pending before the 1st Fiscal Court of the Federal District, based on the Sanctioning Administrative Proceeding No. 054.002.970/2016 filed by the Military Police of the Federal District and that culminated in the application of the penalty of temporary suspension of the right to bid and to contract with the Public Administration of the Federal District for a period of twelve (12) months. The Public Civil Action, the Federal District alleges, in summary, collective and financial losses due to alleged faulty pistols sold by Taurus during the period 2006-2011. As a result, the Federal District requested a preliminary injunction blocking the Company's assets in the total amount of R\$54.8 million, and, in the merits, requested the payment of R\$49.8 million for alleged damages to the public treasury, and the payment of collective pain and suffering in the amount of R\$5 million. On February 19, 2021, a court decision was awarded the injunction requested and ordered Taurus to be subpoenaed. On March 23, 2021, the Company received a subpoena. In an Interlocutory Appeal filed by the Federal District against the decision that denied the preliminary injunction, the appellate injunction was denied. On June 18, 2021, the Company submitted its counterarguments 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\$69,0 million.

Administrative Proceeding and Lawsuit - PMESP

I - PMESP - Administrative Proceeding 24/7 Pistol

The Company was summoned to present defense in an administrative proceeding filed by the São Paulo State Military Police ("PMESP") (Sanctioning Proceeding CSMAM-002/30/16) which challenges the possibility or not of partial or full noncompliance with the agreement for acquisition and supply of ninety-eight thousand, four hundred and sixty-five (98,465) firearms, pistol type, models 24/7 and 640, between 2007 and 2011. On May 18, 2020, a decision was issued imposing a R\$12.7 million fine on Taurus, as well as a penalty suspending the Company from bidding and signing any contract with the São Paulo State Public Administration during two (2) years.

The sanctioning decision of the administrative proceeding, however, was annulled by the Court of Justice of the State of São Paulo in a final decision handed down in the injunction request filed by the Company, which determined the return of the administrative proceeding to the instructional phase.

Thereafter, an administrative decision was handed down on November 13, 2021, fully accepting the sanctioning proposal issued by the Major of the Military Police of the State of São Paulo, in an addendum dated November 12, 2021, to apply a contractual fine in the amount of R\$25,087,535.80, 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.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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\$31,4 million.

c) Tax lawsuits

Except for the tax lawsuit listed below, no other lawsuit refers to individually significant amounts and/or is still in its administrative stage. These other lawsuits classified with possible likelihood of loss total R\$50.6 million.

Tax collection lawsuit - Municipality of São Leopoldo

The Municipality of São Leopoldo has filed for tax collection lawsuit seeking to collect the credit registered as an tax executable debt under No. 2016/1997, relating to the collection of Service Tax (ISS) for the assessment period January 2012-December 2014. The tax collection lawsuit is being processed at the 4th Civil Court of the São Leopoldo (RS) Court District, under Case No. 033/1.16.0014529-9, and the disputed amount is R\$22.6 million. The Company filed an objection to the Tax Enforcement, which was upheld on July 1, 2024, nullifying the infraction notices No. 206/2015 and No. 215/2015, canceling the assessment of tax credits arising therefrom. An Appeal was filed by the Municipality against this decision, and the judgment annulling the debt by the Court of Justice of Rio Grande do Sul was upheld. The final judgment of the decision is currently awaited. The risk of loss in this case is classified as possible.

Ongoing lawsuits

The Company also holds an amount equivalent to R\$49,6 million in ongoing lawsuits, which are classified as contingent assets and are not recognized in accounting.

Of this total, R\$21,6 million is classified as Virtually Certain, which is equivalent to provable (contingent liabilities), and in this case, considering that it refers to a contingent asset (calculation of possible Taurus claims), the estimated probable amount refers to a favorable outcome. The main lawsuits are detailed below.

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

Taurus 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 1st Fiscal Court of Natal, RN, which granted the petition by judging it an enforceable title in a definite sum in favor of Taurus, which became final and unappealable on September 9, 2016. The principal action continued separately from the enforcement of sentence 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.

Writ of Mandamus - Federal Revenue Service Porto Alegre Commissioner

Taurus filed a writ of mandamus against the Federal Revenue Service Porto Alegre Commissioner seeking the deduction of paid prior notice, sick pay, one-third vacation bonus, maternity leave pay, and overtime amounts from the tax base of the employer's social security contribution, as provided for by Article 22, I and II, of Law 8212/91, and the social security contribution paid on behalf of outsourced contractors. Writ of Mandamus No. 5067090-11.2012.404.7100 is being handled by the 14th Federal Tax Court of Porto Alegre and the amount involved is R\$2.5 million. The claim was partially granted, allowing for the possibility of offsetting the social security contributions amounts already paid and the social security contributions paid for contractors levied on paid prior notice amounts. Based on the decision on the approval, the defendant filed an interlocutory appeal, where a decision was handed down to prevent

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

the provisional enforcement. Currently, the proceeding is at the appeal phase waiting for the decision on the Extraordinary Appeal filed by the Company, which proceeding is halted, waiting for the final decision on the matter by the STF, as well as potential court of retraction by the judging body. The likelihood of a favorable outcome in this lawsuit is classified as probable.

24. Financial instruments

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

a) Fair value versus carrying amount

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

	12-31-2024		Consolidated 12-31-2023	
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	193,587	151,490	122,173	94,296
Foreign currency advances	553,951	553,951	406,804	406,589
	747,538	705,441	528,977	500,885

	12-31-2024		Parent 12-31-2023	
	Amortized cost	Fair value	Amortized cost	Fair value
Liabilities measured at amortized cost				
Borrowings and financing	154,823	114,749	99,032	74,877
Foreign currency advances	553,951	553,951	406,804	406,589
	708,774	668,700	505,836	481,466

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

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

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

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

(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. We describe below the most relevant transactions.

				Outstanding balances of subsidiaries with the parent		Effect on the result of transactions of subsidiaries with the parent	
	Current assets (ii)	Non-current assets (iii)	Total assets	Current liabilities (i)	Total liabilities	Revenue (iv)	Expense (iv)
December 31, 2023							
Taurus Helmets Indústria de Capacetes Ltda.	287	-	287	93	93	-	358
Taurus Blindagens Nordeste Ltda.	-	-	-	-	-	-	3,216
Taurus Holdings, Inc.	15,638	-	15,638	2,593	2,593	410,613	-
Taurus Investimentos Imobiliários Ltda.	3,251	4,053	7,304	112	112	3,192	2,893
Taurus Máquinas-Ferramenta Ltda.	-	-	-	-	-	2,053	-
Polimetal Metalurgia e Plásticos Ltda.	-	-	-	860	860	1,080	-
AMTT Taurus Comercio Varejista Ltda.	5,605	1,466	7,071	-	-	331	-
	24,781	5,519	30,300	3,658	3,658	417,269	6,467
December 31, 2024							
Taurus Helmets Indústria de Capacetes Ltda.	-	-	-	1	1	-	-
Taurus Holdings, Inc.	46,799	-	46,799	1,855	1,855	617,950	-
Taurus Investimentos Imobiliários Ltda.	5,249	24,463	29,712	126	126	1,807	5,786
Taurus Máquinas-Ferramenta Ltda.	-	370	370	-	-	27	-
Polimetal Metalurgia e Plásticos Ltda.	2,069	3,241	5,310	700	700	722	-
AMTT Taurus Comercio Varejista Ltda.	2,546	-	2,546	-	-	1,411	-
	56,663	28,074	84,737	2,682	2,682	621,917	5,786

(i) Refers to amounts recorded in line items Suppliers - R\$1,848, other payables - R\$834.

(ii) Refers to amounts recorded in line items clients - R\$48.398 and other receivables - R\$8.265.

(iii) Refers to amounts recognized in line items intragroup loans - R\$28.074 from parent company Taurus Armas S.A. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate.

(iv) Comparative balance to December 31, 2023.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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.

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 the amount recorded in 2024, as shown in the table below.

The Brazilian Entity for the Wildlife Conservation (SBCF), which sponsor is related party CBC, is a non-profit private entity engaged in promoting, before the governments and the civil society, the adoption of a new strategic proposal to seek the conservation and rational use of the Brazilian wildlife. SBCF's President is Mr. Salesio Nuhs, who is also the Global CEO of Taurus Armas and the Financial Director is Mr. Sérgio Sgrillo, who is also the Chief Financial and Investor Relations Officer of Taurus Armas. Taurus Armas S/A is an associate of this entity and makes monthly contributions based on the amount recorded in 2024, as shown in the table below.

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

As at December 31, 2024, non-consolidated transactions involving Taurus Armas S.A. and its related parties refer mainly to sales of firearms for trading and purchase of ammunition, parts and accessories. The amount of these transactions is shown below:

	Current assets (ii)	Non-current assets (iii)	Current liabilities (i)	Non-current liabilities (iv)	Revenue (*)	Expense (*)
December 31, 2023						
Companhia Brasileira de Cartuchos	4,071	-	5,655	-	6,584	11,236
CBC Brasil Comércio e Distribuição	28,299	-	7	-	35,165	-
GN Importações	-	-	-	-	9	-
Taurus JM Indústria de Peças	113	1,884	-	1,988	-	2,807
Joalmi Indústria e Comércio	243	-	-	-	-	-
MuniçõesJindal Defence Systems Private Limited	-	10,650	-	-	-	-
ABIMDE - Assoc. Bras. das Ind. de Materiais de Defesa e Segurança	-	-	-	-	-	288
SBCF - Soc. Bras. de Conservação da Fauna	-	-	-	-	-	65
	32,726	12,534	5,662	1,988	41,758	14,396
December 31, 2024						
Companhia Brasileira de Cartuchos	1,982	-	5,106	-	20,179	23,170
CBC Brasil Comércio e Distribuição	34,804	-	-	-	120,131	-
GN Importações	-	-	1	-	18	-
Taurus JM Indústria de Peças	-	2,956	3,038	2,155	260	214
Jindal Defence Systems Private Limited	4,315	14,254	34	-	-	-
CBC Taurus Arabia Holding, LLC.	-	-	(507)	-	-	3,619
ANIAM - Assoc. Nac. da Ind. de Armas e Munições	-	-	-	-	-	645
SBCF - Soc. Bras. de Conservação da Fauna	-	-	-	-	-	179
	41,101	17,210	7,672	2,155	140,588	27,827

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

- (i) Refers to amounts recorded in line items suppliers.
- (ii) Refers to amounts recorded in line items clients.
- (iii) Refers to amounts recognized in line items intragroup loans in the amount of R\$17,210 from parent company Taurus Armas S.A. of which R\$ 14.255 are adjusted at 6-month SOFR + 0.25% p.a. and R\$2.956 are adjusted at 100% of CDI.s
- (iv) Represents loan agreements with subsidiary Taurus JM Industria de Peças Ltda. which are adjusted at 100% of CDI (Interbank Deposit Certificate) rate
- (*) Comparative balance with December 31, 2023

Marketplace Platform

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

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

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

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

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

Officers' and Directors' transactions

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

Officers' and Directors' compensation

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

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Statutory officer's compensation and benefits	5,858	10,603	5,858	10,603
Share-based compensation plan	12,230	11,333	12,230	11,333
Directors' compensation and benefits	1,044	1,044	1,044	1,044
Supervisory Board members' compensation and benefits	645	447	645	447
	19,777	23,427	19,777	23,427

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, 2024
(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, 2024 the guaranteed debt totaled R\$38.8 million (R\$23.1 million as of December 31, 2023).

26. Equity

a) Capital

As at December 31, 2024, the Company's issued capital is R\$448,1 million (R\$367.9 million at December 31, 2023), represented by 126,634,434 book-entry, registered shares, divided into 46,445,314 common shares and 80,189,120 preferred shares without par value.

In an Extraordinary General Meeting held on April 30, 2024, an increase in share capital was approved, with no modifications to the amount of shares, through capitalization of a portion of the statutory reserve in the amount of R\$80.2 million.

Preferred shares

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

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

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

Authorized shares (in thousands of shares):

	12-31-2024	12-31-2023
Common shares	103,703	103,703
Preferred shares	207,405	207,405
	311,108	311,108

Issued, fully paid-in shares:

	Common shares		Preferred shares	
	Number in thousands	Amount in R\$ thousands	Number in thousands	Treasury shares (-) in thousands
As at December 31, 2023				
ON - R\$ 13,25 - PN - R\$ 13,35*	46,445	615,396	80,189	-
As at December 31, 2024				
ON - R\$ 08,78 - PN - R\$ 08,25*	46,445	407,787	80,189	(323)
				658,895

*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, 2024
(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 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, 2024, legal reserve in the amount of R\$4.0 million (R\$7.6 million as at December 31, 2023) was recognized. As at December 31, 2024, the legal reserve amounts to R\$52.5 million

Tax incentive reserve

The Company is eligible to ICMS and Fundopem tax incentives. Management, in view of the publication of Supplementary Law 160/17 and in conformity with Law 6404/76, allocated them as tax incentive reserve in equity. The balance as at December 31, 2023 and 2024 is R\$118.5 million.

Statutory reserve

On April 28, 2023, the EGM approved the creation of a statutory investment reserve. The purpose of the reserve is to protect the Company's net assets, finance investment plans and increase working capital, enable the Company's share repurchase programs, enable stock option plans and other share-based compensation plans or benefits to Management and/or employees, allow the absorption of losses whenever necessary, and authorize the distribution of dividends, as proposed by the Board of Directors and approvals set forth in the Company's Bylaws and applicable laws. The remaining balance of profit after the allocations to the legal reserve tax incentive reserve and mandatory minimum dividends shall be allocated to this statutory reserve. As of December 31, 2024, the balance of this reserve amounts to R\$ 365.7 million (R\$ 399.4 million as of December 31, 2023).

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.

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, 2024, the Company acquired 760 thousand preferred shares for the amount of R\$ 11.2 million, which are held in treasury at the amount of 323.1 million preferred shares (TASA4) for the amount of R\$ 5.0 million.

Earnings reserve

The Extraordinary General Meeting (EGM) held on April 30, 2024, approved the capital increase with the statutory reserve balance in the amount of R\$80.2 million, without issuance of new shares, in accordance with Management's proposal and article 199 of Law No. 404/76 (Lei das SA). Considering that decision, the balance of earnings reserve, excluding the tax incentive reserve, has not surpassed share capital.

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.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

Proposed dividends

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

Profit for the year	76,592
Allocations:	
Recognition of legal reserve - Art. 193	(3,830)
Valuation adjustments to equity	510
Dividend distribution base	73,272
Mandatory dividends (35%)	25,645
Mandatory dividends per share	0.203034
Total dividends for distribution	25,645
Total dividend per share - net	0.203034
Retained earnings	47,627
Recognition of statutory reserve - Art. 194	(47,627)

d) **Valuation adjustments to equity**

Deemed cost

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

Cumulative translation adjustments

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

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

f) Capital transactions

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

27. Share-based payment

a) **Stock option plan**

Up to April 28, 2023, the Company had the following share-based payment arrangement:

Stock option plan (settable in shares)

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

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

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

In the event of the resignation or dismissal for cause of a participant, the stock options that have not been exercised by the termination date, observing the stock option vesting periods, shall be automatically extinguished, by operation of law, regardless of prior notice or notification, and without any right to an indemnity.

Expenses are recognized on a daily pro rata basis, from the stock options' grant date to its vesting date.

The pricing model used to measure the price of the stock options granted is Black, Scholes & Merton. The fair values of the stock options already granted was calculated based on the Black, Scholes & Merton option valuation model, using the following assumptions.

(i) **Number of shares subject to stock options:**

	Shares subject of the stock options		
	Type	Percentage	Number
1st Stock option program - 2021	Common	33.33%	728,332
	Preferred	66.67%	1,456,668
		100.00%	2,185,000
2nd Stock option program - 2021	Common	33.33%	100,000
	Preferred	66.67%	200,000
		100.00%	300,000
3rd Stock option program - 2022	Common	33.33%	26,666
	Preferred	66.67%	53,334
		100.00%	80,000
Total stock options		100.00%	2,565,000

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

(ii) Stock options' life

Percentage of total stock options	26.11%	24.63%	24.63%	24.63%
Exercise date	04/30/2023	04/30/2025	04/30/2027	04/30/2029

The information used in the analysis of the fair values on the grant date of the share-based plans is as follows:

	1st Stock option program - 2021	2nd Stock option program - 2021	3rd Stock option program - 2022
Fair value on grant date	R\$ 24.14	R\$ 24.49	R\$ 20.38
Share price on grant date	R\$ 20.82	R\$ 20.27	R\$ 20.27
Strike price	R\$ 26.68	R\$ 25.43	R\$ 24.72
Expected volatility (weighted average)	89.81%	79.75%	67.56%
Stock option life (weighted average life expectancy)	4.97	4.53	3.95
Expected dividends	2.85%	4.05%	4.84%
Risk-free interest rate (based on government bonds)	7.78%	10.20%	12.28%

The Extraordinary General Meeting held on April 28, 2023 approved the Company's proposal for substitution of the Stock Option Plan ("Stock Options") for the new Share Grant Plan ("Stock Grant"). More information in item b below.

b) Share grant plans (Stock Grant)

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

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

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

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

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

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

On June 21, 2023, the Board of Directors approved the First Share-Based Compensation Program (“Stock Grant”), which granted to the program beneficiaries the right to receive the total volume of 2,184,000 Company’s preferred shares. On May 9, 2024, the Board of Directors approved the First Amendment to the First Share-Base Compensation Program (First Amendment to Stock Grant”), which granted access to 64,00 (sixty-four thousand) preferred shared in the Company, totaling 2,248,00 (two million, two hundred and forty-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.

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

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

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

On April 29, 2024, the first tranche of the share-based payment plan was exercised. On that date, a total of 424,000 preferred shares were granted to the plan beneficiaries out of the total of 436,800 planned for the period. On August 6, 2024, the remaining 12,800 preferred shares corresponding to the first tranche were granted. For this purpose, treasury shares were distributed, totaling R\$5.3 million.

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, 2024 a total of R\$12,2 million (R\$3,3 million as at December 31, 2023).

(i) Number of shares under the plan:

	Shares under the Plan		
	Type	Percentage	Number
Share-based compensation plan - Stock Grant - 2023 - 1 st grant	Preferred	100.00%	2,184,000
Share-based compensation plan - Stock Grant - 2024 - 2 nd grant	Preferred	100.00%	64.000

(ii) Life of Call Options (vesting period)

1st Grant						
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
2nd Grant						
Percentage of total shares		24.00%	12.00%	12.00%	12.00%	40.00%
Exercise date		31/03/2025	31/03/2026	31/03/2027	31/03/2028	31/03/2029

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

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

	Parent
Number of outstanding options/shares - 12/31/2022	2,565,000
Granted	2,184,000
Vested/Delivered	-
Substituted	(1,897,500)
Forfeited	(667,500)
Number of outstanding options/shares - 12/31/2023	2,184,000
Granted	64,000
Vested/Delivered	(436,800)
Number of outstanding options/shares - 12/31/2024	1,811,200

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:

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
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%
Sale of goods	1,966,291	2,094,285	1,028,355	1,208,398
Provision of services	586	98	586	98
Total gross revenue	1,966,877	2,094,383	1,028,941	1,208,496
Sales taxes	(284,684)	(301,869)	(127,166)	(135,932)
Returns and discounts	(9,519)	(10,627)	(8,251)	(7,386)
Total net operating revenue	1,672,674	1,781,887	893,524	1,065,178

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.

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)

29. Other operating income

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Other operating income				
Tax recovery	48,121	20,018	47,669	120
Royalties	1,770	5,065	1,770	5,065
Sale of property, plant and equipment	3,454	140	3,278	-
Recovery of expenses with suppliers	3,123	5,173	3,112	5,173
Recovery of past-due receivables - PECLD	36	578	35	575
Allowance for active contingency - ICMS	4,535	-	4,535	-
Changes in the fair value of investment property	-	18,032	-	-
Other income	7,564	10,026	4,025	6,451
	68,603	59,032	64,424	17,384

30. Expenses by nature

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Expenses by function				
Cost of sales	(1,090,267)	(1,150,695)	(542,304)	(692,288)
Selling expenses	(199,514)	(223,345)	(45,922)	(65,176)
Allowance for impairment of financial instruments	(4,218)	(1,654)	(4,987)	(1,331)
General and administrative expenses	(221,305)	(220,909)	(127,985)	(126,161)
Other operating expenses	(20,815)	(22,873)	(18,575)	(14,994)
	(1,536,119)	(1,619,476)	(739,773)	(899,950)
Expenses by nature	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Depreciation and amortization	(43,615)	(35,455)	(25,175)	(17,654)
Personnel expenses	(323,265)	(357,753)	(220,549)	(240,458)
Tax expenses	(18,771)	(16,407)	(14,472)	(7,998)
Raw materials and supplies and consumables	(670,984)	(711,403)	(281,058)	(388,048)
Auxiliary materials and upkeep and maintenance supplies	(58,732)	(79,721)	(56,531)	(76,529)
Freight and insurance	(90,460)	(115,098)	(27,898)	(47,814)
Outside services	(93,535)	(85,433)	(60,002)	(57,840)
Advertising and publicity	(53,099)	(49,626)	(6,428)	(6,530)
Expenses on product warranty	216	(1,422)	(201)	(809)
Water and power	(39,704)	(30,297)	(13,890)	(14,628)
Travel and lodging	(10,872)	(9,522)	(6,738)	(6,007)
Expenses on commissions	(37,168)	(36,913)	(5,332)	(5,146)
Cost of property, plant and equipment written off	(3,882)	(4,737)	(1,038)	(2,172)
Civil, labor and tax risks	(733)	(8,129)	(1,258)	(8,661)
Rentals	(5,480)	(5,962)	(9,650)	(10,054)
Other expenses	(86,035)	(71,598)	(9,553)	(9,602)
	(1,536,119)	(1,619,476)	(739,773)	(899,950)

Taurus Armas S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(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	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Finance income				
Interest	19,666	20,458	11,508	23,695
Foreign exchange gains	123,667	345,567	122,683	342,935
Other income	16,112	17,491	13,708	16,742
	127,430	159,445	123,750	147,899
Finance costs				
Interest and fines	(74,835)	(48,606)	(68,803)	(49,099)
Foreign exchange losses	(178,193)	(112,089)	(177,220)	(110,757)
Other expenses	(4,397)	(8,729)	(3,570)	(7,901)
	(257,425)	(169,424)	(249,593)	(167,757)
Finance income (costs), net	(129,995)	(9,979)	(125,843)	(19,858)

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, 2024 and 2023, the balances are as follows:

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Domestic market	5,924	6,337	5,005	5,418
Foreign market	7,333	6,731	-	-
Total	13,257	13,068	5,005	5,418
Current liabilities	9,016	9,159	5,005	5,418
Noncurrent liabilities	4,241	3,909	-	-

33. Additional cash flow information

As at December 31, 2024, the variations in assets and liabilities that did not affect the Company's cash flows are as follows:

	Consolidated		Parent	
	12-31-2024	12-31-2023	12-31-2024	12-31-2023
Non-cash transactions				
(Increase) decrease of interest in subsidiaries	-	-	-	(31,918)
Taxes offset	(54,343)	(14,988)	(53,892)	(11,329)
Trade receivable from related parties incorporated into the subsidiary's share capital (Note 15)	-	-	(3,215)	-
Loans paid into the subsidiary's share capital (Note 15)	-	-	(3,596)	49,330

Taurus Armas S.A.

*NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in thousands of Brazilian reais – R\$, unless otherwise stated)*

34. Subsequent Events

(i) Share-buyback program issued by the Company (“Repurchase Program”)

On March 21, 2025, the Board of Directors approved the creation of the share-buyback program issued by the Company (“Repurchase Program”). The Repurchase Program aims to allow the acquisition of shares issued by the Company for **(a)** treasury permanence, cancelation or late alienation of shares, for an efficient management of capital structure and to maximize profit for the shareholder; and **(b)** treasury maintenance aimed at meeting the Company's obligations arising from the Stock Grant Plan, approved by the Company's Ordinary General Meeting held on April 28, 2023, destined to managers, directors or other strategic titles within the Company or its current subsidiary, or those who might come into term in one of the aforementioned titles.

STATEMENT OF THE EXECUTIVE COMMITTEE OF TAURUS ARMAS S.A. ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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 1st 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, 2024 to December 31, 2024.

São Leopoldo, March 21, 2025.

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 1st 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, 2023 to December 31, 2024, issued on March 21, 2025.

São Leopoldo, March 21, 2025.

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, 2024, approved by the Board of Directors at a meeting held on March 21, 2025.

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 21, 2025, 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 21, 2025.

Haroldo Zago
Chairman

Mauro César Medeiros de Mello
Board Member

Valmir Pedro Rossi
Board Member

Hério Paulo S. Andriola
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 2024 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 2024.

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 2024 ("2024 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.

São Leopoldo, March 19, 2025.

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, 2024, 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, 2024, 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 Financial Reporting Standards - IFRS, 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), 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 (KAM) 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.

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

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

Group audit

Why it is a KAM

As described in note 2.2, the individual and consolidated financial statements, the Company's financial statements consolidate the financial statements of subsidiaries located in Brazil and abroad.

The consolidation process requires a structured internal control system to ensure that the information related to these subsidiaries are properly collected and processed and that the unrealized balance sheets, income and expenses, gains and losses, arising from transactions between the Group companies, are duly eliminated, as well as properly disclosed in the Company's individual and consolidated financial statements.

This matter was considered a key audit matter as:

- (i) the volume of transactions between the Company and its subsidiaries is very high, mainly with its subsidiaries in the United States, and the collection and processing of this information relies on the proper operation of internal control activities;
- (ii) the Company's transactions abroad are denominated in functional currencies different from the Parent's presentation currency in Brazil;
- (iii) the participation of the component auditors requires sending instructions and our guidance, oversight and continuing review during the audit;
- (iv) there is the inherent risk that the information related to subsidiaries is not properly collected and processed and that the unrealized balances, income, expenses, gains and losses, arising from transactions between the Group companies, are not properly eliminated and/or disclosed in the Company's individual and consolidated financial statements.

How the matter was addressed in our audit

Our audit procedures to address such key audit matter included, but were not limited to:

- (a) Obtaining an understanding of the processes performed by the Company for consolidation purposes.
- (b) Identifying the significant internal control activities determined by the Executive Board and related to the collection and processing of the subsidiaries' financial information.
- (c) Conducting tests on the translation of the currency of the foreign subsidiaries' financial information into the Parent's functional and presentation currency.
- (d) Conducting tests on the elimination of unrealized balances, income, expenses, gains and losses arising from transactions between the Group companies.
- (e) Defining the material amounts and the audit scope applicable to each component, taking into consideration materiality and risk aspects.
- (f) Sending instructions and guidance, and supervise and review the component auditor's work in the performance of audit procedures in certain Group subsidiaries.

We consider that the procedures adopted by the Executive Board for the consolidation of its financial statements are appropriate in the context of the individual and consolidated financial statements taken as a whole. The guidance, oversight and review processes of the component auditors were considered appropriate and sufficient.

We also assessed the appropriateness of the disclosures about the basis of consolidation of the Group companies included in the consolidated financial statements, about the translation of balance sheets of foreign subsidiaries and about the transactions and balances with these subsidiaries, which are presented in notes 2.2, 2.4 and 25 to the individual and consolidated financial statements, respectively, and we consider that these disclosures are appropriate 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 key audit matter 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; (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. These deficiencies led us to adapt our audit approach and expand the extent and modify the nature and timing of our initially planned substantive procedures, in order to obtain sufficient and appropriate audit evidence. We also identified adjustments to the revenue balance, which were considered immaterial by the Company's Executive Board and were not made in the individual and consolidated financial statements.

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 whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2024 prepared under the responsibility of the Company's Executive Board and disclosed as supplemental information for purposes of the IFRS, 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 technical pronouncement CPC 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 technical pronouncement 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 such other information. The 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 the IFRS Accounting Standards, issued by 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible 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 we identify 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 where 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 period 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 21, 2025


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


Otávio Ramos Pereira
Engagement Partner