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Ourofino S.A. (formerly known as Ouro Fino Saúde Animal Participações S.A.) and Subsidiaries

Individual and consolidated financial statements for the fiscal year ended as of December 31, 2024 and report from independent auditors.

(A free translation of the original report in Portuguese containing financial information)

Ourofino S.A. (formerly known as Ouro Fino Saúde Animal Participações S.A.)

Balance Sheet as of December 31, 2024 and 2023

(In thousands of Brazilian reais)

Assets	Note	Parent company		Consolidated	
		2024	2023	2024	2023
Current assets					
Cash and cash equivalents	6	120,710	6,447	233,957	304,029
Trade accounts receivable	7			354,295	263,035
Derivative financial instruments	28.1				546
Inventories and advances to suppliers	8			265,432	207,888
Taxes recoverable	9	2,158	4,658	13,185	16,306
Income tax and social contribution recoverable		954		17,966	15,215
Related parties	25	39,631	22,590	146	15,120
Other assets		412		6,612	6,750
Total current assets		**163,865**	**33,695**	**891,593**	**828,889**
Non-current					
Taxes recoverable	9			302	462
Income tax and and social contribution	10			31,284	21,888
Inventories and advances to suppliers	8			16,414	
Other assets		250	250	1,025	1,963
Total long-term receivables		**250**	**250**	**49,025**	**24,313**
Investments in subsidiaries	11	641,141	664,281		
Property, plant and equipment	12	102	32	337,343	333,146
Intangible assets	13			106,745	92,661
Total non-current assets		**641,493**	**664,563**	**493,113**	**450,120**
Total assets		**805,358**	**698,258**	**1,384,706**	**1,279,009**

Liabilities and Equity	Note	Parent company		Consolidated	
		2024	2023	2024	2023
Current Liabilities					
Trade account payables	14	341	43	113,048	74,558
Derivative financial instruments	28.1			322	181
Loans and financing	15			56,890	98,852
Salaries and payroll charges		1,646	301	44,420	30,212
Taxes payable		4,469	4,159	11,722	10,825
Income tax and social contribution payable		376		3,807	
Related parties	25	113	52	95	338
Dividends and interest on equity	25	31,903		31,903	
Leases		73	25	6,024	2,553
Commissions on sales				6,534	5,335
Other liabilities		416	32	16,490	9,802
Total current liabilities		**39,337**	**4,612**	**291,255**	**232,656**
Non-current					
Loans and financing	15			302,464	333,122
Provision for legal proceedings	16			6,042	5,022
Leases		42		9,754	2,968
Other liabilities		9,581	4,272	18,772	15,846
Total non-current liabilities		**9,623**	**4,272**	**337,032**	**356,958**
Total liabilities		**48,960**	**8,884**	**628,287**	**589,614**
Equity	17				
Capital		599,823	599,823	599,823	599,823
Treasury shares		(5,125)	(5,125)	(5,125)	(5,125)
Options granted		7,693	8,013	7,693	8,013
Profit reserves		135,064	69,708	135,064	69,708
Equity valuation adjustments		18,943	16,955	18,943	16,955
Total equity of the controlling shareholders		**756,398**	**689,374**	**756,398**	**689,374**
Non-controlling interest				21	21
Total equity		**756,398**	**689,374**	**756,419**	**689,395**
Total liabilities and equity		**805,358**	**698,258**	**1,384,706**	**1,279,009**

The accompanying notes are an integral part of these individual and consolidated financial statements.

In thousands of Brazilian reais unless otherwise stated

	Note	Parent company		Consolidated	
		2024	2023	2024	2023
Net sales revenue	18			1,024,792	943,281
Cost of sales	19			(507,107)	(511,548)
Gross profit				**517,685**	**431,733**
Selling expenses	19			(226,501)	(215,610)
Expenses on research and innovation	19			(49,448)	(59,696)
General and administrative expenses	19	(14,328)	(8,974)	(64,079)	(58,468)
Equity in the results of investees	11	153,003	(40,237)		
Other income (expenses), net	20	(12)	(15)	9,175	(16,948)
Operating profit (loss)		**138,663**	**(49,226)**	**186,832**	**81,011**
Financial income		1,489	1,433	30,576	29,289
Financial expenses		(4,426)	(2,182)	(39,837)	(58,531)
Derivative financial instruments, net				(1,196)	1,785
Foreign exchange variation, net				728	698
Financial result	21	**(2,937)**	**(749)**	**(9,729)**	**(26,759)**
Income (loss) before income tax and social contribution		**135,726**	**(49,975)**	**177,103**	**54,252**
Income tax and social contribution	22				
Current		(1,396)		(52,019)	(91,888)
Deferred				9,245	(12,340)
Net income (loss) for the year		**134,330**	**(49,975)**	**134,329**	**(49,976)**
Attributable to:					
the Company's shareholders				134,330	(49,975)
Non-controlling interest				(1)	(1)
				134,329	**(49,976)**
Basic and diluted earnings (losses) per share attributable to the Company's shareholders during the period (in Brazilian reais)	23			**2.49833**	**(0.92946)**

The accompanying notes are an integral part of these individual and consolidated financial statem

Ourofino S.A.
(formerly known as Ouro Fino Saúde Animal Participações S.A.)
Statement of Comprehensive Income
Years ended December 31, 2024 and 2023
In thousands of Brazilian reais unless otherwise stated

	Note	Parent company		Consolidated	
		2024	2023	2024	2023
Net income (loss) for the year		**134,330**	**(49,975)**	**134,329**	**(49,976)**
Other comprehensive income					
Items that will be reclassified to profit or loss					
Exchange variation on investment	11	1,988	2,469	1,989	2,472
Total comprehensive income for the year		**136,318**	**(47,506)**	**136,318**	**(47,504)**
Attributable to:					
the Company's shareholders				136,318	(47,506)
Non-controlling interest					2
				136,318	**(47,504)**

The accompanying notes are an integral part of these individual and consolidated financial statements.

Ourofino S.A. (formerly known as Ouro Fino Saúde Animal Participações S.A.)

Statements of Changes in Equity

Years ended December 31, 2024 and 2023

In thousands of Brazilian reais

	Note	Attributable to the shareholders of the Parent Company									Share of the not controlling shareholders	Total of equity Net
					Profit reserve							
		Share capital	Treasury shares	Incentives long incentives granted	Reserve reserve	Reserve to contingencies	Reserve of retention of profits	Adjustments for assessment equity	Profits/ losses accumulated	Total		
As of January 01, 2024		**599,823**	**(5,125)**	**8,013**	**29,724**		**39,984**	**16,955**		**689,374**	**21**	**689,395**
Comprehensive income for the year												
Net income for the year									134,330	134,330	(1)	134,329
Exchange variation on investment	11							1,988		1,988	1	1,989
Total comprehensive income for the year								1,988	134,330	136,318		136,318
Contributions and distributions to shareholders:												
Interest on equity and dividends paid	11						(32,975)			(32,975)		(32,975)
Long-term incentive granted				(320)						(320)		(320)
Allocation of profits:												
Legal reserve	17 (b)				6,717				(6,717)			
Interest on equity and dividends	17 (b)								(35,999)	(35,999)		(35,999)
Profits available to the Shareholder's Meeting	17 (b)						91,614		(91,614)			
Total shareholder contributions				(320)	6,717		58,639		(134,330)	(69,294)		(69,294)
As of December 31, 2024		**599,823**	**(5,125)**	**7,693**	**36,441**		**98,623**	**18,943**		**756,398**	**21**	**756,419**
As of January 01, 2023		**458,102**	**(5,125)**	**7,083**	**29,724**		**231,680**	**14,486**		**735,950**	**19**	**735,969**
Comprehensive income for the year												
Loss for the year									(49,975)	(49,975)	(1)	(49,976)
Exchange variation on investment	11							2,469		2,469	3	2,472
Total comprehensive income for the year								2,469	(49,975)	(47,506)	2	(47,504)
Contributions and distributions to shareholders:												
Capital increase with profit reserves	17 (a)	141,721					(141,721)					
Reratification of the allocation of profits ended December 31, 2022	17 (b)					89,959	(89,959)					
Contingency reserve realization	17 (b)					(89,959)			89,959			
Long-term incentive granted				930						930		930
Allocation of profits:												
Profits available to the Shareholder's Meeting	17 (b)						39,984		(39,984)			
Total shareholder contributions		141,721		930			(191,696)		49,975	930		930
As of December 31, 2023		**599,823**	**(5,125)**	**8,013**	**29,724**		**39,984**	**16,955**		**689,374**	**21**	**689,395**

The accompanying notes are an integral part of these individual and consolidated financial statements.

Ourofino S.A.
(formerly known as Ouro Fino Saúde Animal Participações S.A.)
Statement of Cash Flows
Years ended December 31, 2024 and 2023
In thousands of Brazilian reais unless otherwise stated

	Note	Parent company		Consolidated	
		2024	2023	2024	2023
Net income (loss) for the year		**134,330**	**(49,975)**	**134,329**	**(49,976)**
Adjustments for:					
Current and deferred income tax and social contribution	22	1,396		42,774	104,228
Expected credit losses	7			(58)	369
Provision for inventory losses and write-offs				32,869	29,017
Equity in the results of investees	11	(153,003)	40,237		
Depreciation and amortization	12 and 13	46	26	37,683	36,189
Provision for impairment of intangible assets	13			3,079	1,958
Provision for capital gain impairment - business combination					7,044
Write-off of goodwill					18,094
Reversal of obligations on investment acquisition					(5,153)
Gain (loss) on disposal of property, plant and equipment	20			(441)	(307)
Gain (loss) on disposal of intangible assets	20			(1,045)	(486)
Interest and monetary/foreign exchange variations, net		2		28,537	53,772
Derivative financial instruments				1,196	(1,785)
Provision (reversal) for legal proceedings	16			862	(826)
Long-term incentives		5,563	3,026	7,199	9,642
Fair value adjustment		16	14	3,441	1,630
Changes in working capital:					
Trade accounts receivable				(87,092)	38,640
Inventories and advances to suppliers				(106,262)	91,080
Taxes recoverable		4,465	1,263	(2,943)	35,194
Other assets		(412)	(2)	1,254	1,827
Trade accounts payable		359	(54)	38,907	(13,147)
Taxes payable		(746)	(349)	2,962	2,128
Other liabilities		1,450	(1,324)	17,413	(20,008)
Interest paid on loans and financing				(28,116)	(33,569)
Interest paid on leases		(8)	(10)	(1,984)	(1,316)
Income tax and social contribution paid				(50,628)	(113,938)
Net cash from (used in) operating activities		**(6,542)**	**(7,148)**	**73,936**	**190,301**
Cash flows from investing activities:					
Investment in intangible assets	13			(26,897)	(22,759)
Purchase of property, plant and equipment	12			(17,799)	(24,918)
Distribution of dividends and interest on equity (i)		139,000	24,600		
Proceeds from sale of property, plant and equipment				770	10,040
Amount received from the sale of intangible assets				1,042	500
Net cash from (used in) investing activities		**139,000**	**24,600**	**(42,884)**	**(37,137)**
Cash flows from financing activities:					
New loans and financing	27			31,544	94,681
Repayments of loan and financing	27			(109,207)	(79,427)
Lease payments		(27)	(37)	(5,827)	(2,948)
Term payment for the acquisition of a company					(4,610)
Payment of dividends and interest on equity	29	(18,168)	(23,408)	(18,168)	(23,408)
Realized derivative financial instruments	27			(509)	1,356
Net cash used in financing activities		**(18,195)**	**(23,445)**	**(102,167)**	**(14,356)**
Increase (decrease) in cash and cash equivalents, net		**114,263**	**(5,993)**	**(71,115)**	**138,808**
Cash and cash equivalents at the beginning of the year		6,447	12,440	304,029	165,036
Foreign exchange gains on cash and cash equivalents				1,043	185
Cash and cash equivalents at the end of the year	6	**120,710**	**6,447**	**233,957**	**304,029**

(i) Income from dividends and interest on equity in the Parent Company is classified as investing activities as it refers to returns on investments.

Non-cash transactions in financing activities are presented in Note 27.

The accompanying notes are an integral part of these individual and consolidated financial statements.

Ourofino S.A.
(formerly known as Ouro Fino Saúde Animal Participações S.A.)
Statements of Value Added
Years ended December 31, 2024 and 2023
In thousands of Brazilian reais unless otherwise stated

	Note	Parent company		Consolidated	
		2024	2023	2024	2023
Revenues:					
Gross revenues from sales and services				1,122,899	1,026,696
Other income (expenses), net				2,702	(804)
Income from construction of own assets				19,484	13,491
Expected credit gains (losses)	7 and 16			58	(369)
				1,145,143	**1,039,014**
Inputs acquired from third parties:					
Cost of sales and services				(377,074)	(344,778)
Materials, electricity, third-party services and other		(2,690)	(1,070)	(248,175)	(255,347)
Losses on assets, net				(36,517)	(49,868)
Gross value added (distributed)		**(2,690)**	**(1,070)**	**483,377**	**389,021**
Depreciation and amortization	12 and 13	(46)	(26)	(37,683)	(36,189)
Net value added (distributed) produced by the entity		**(2,736)**	**(1,096)**	**445,694**	**352,832**
Value added received through transfer:					
Equity in the results of investees	11	153,003	(40,237)		
Finance income		1,518	1,433	47,220	40,214
Royalties		200	200	205	205
Other		7	7	1,473	1,171
Total added value to be distributed		**151,992**	**(39,693)**	**494,592**	**394,422**
Distribution of value added					
Personnel:					
Direct compensation		9,507	6,269	165,521	164,513
Benefits		188	198	30,506	34,702
FGTS		124	123	11,783	15,506
Taxes, charges and contributions:		-		-	
Federal		7,670	3,532	77,422	151,881
State		17	12	19,021	9,083
Municipal		3	1	634	590
Remuneration of third parties' capital:		-		-	
Interests		117	146	51,444	64,234
Rentals		36	1	3,732	3,862
Other				200	27
Equity remuneration					
Retained earnings (losses)		98,331	(49,975)	98,331	(49,975)
Interest on equity and dividends		35,999		35,999	
Non-controlling interest				(1)	(1)
Value added distributed		**151,992**	**(39,693)**	**494,592**	**394,422**

The accompanying notes are an integral part of these individual and consolidated financial statements.

1. GENERAL INFORMATION

1.1. Operations

Ourofino S.A. (formerly known as Ouro Fino Saúde Animal Participações S.A.) (the "Company") is a publicly-held corporation headquartered in the city of Cravinhos, State of São Paulo. The Company's shares are traded in the Brazilian stock exchange, B3 S.A. - Brasil, Bolsa, Balcão.

The Company and its subsidiaries (collectively, the "Group") operate in the animal health industry, specifically in the development, production and sale of veterinary drugs, vaccines and other products for production and companion animals.

At an Extraordinary General Meeting held on July 17, 2024, the Company's shareholders approved, among other matters, the change of the corporate name from "Ouro Fino Saúde Animal Participações S.A." to "Ourofino S.A." and the addition of activities existing in the Company's corporate purpose.

At this same Meeting, the "Incorporation Protocol and Justification" of the subsidiary Ouro Fino Agronegócio Ltda. by the Company was approved, subject to compliance with certain suspensive conditions.

The issue of these individual and consolidated financial statements was authorized for disclosing by the Board of Directors on March 11, 2025.

(i) Investment Subsidy

On April 26, 2023, the judgment by the Superior Court of Justice ("STJ") on Topic 1.182 was concluded. STJ ruled that tax benefits of exemption and reduction of ICMS tax basis may only be excluded from the calculation of IRPJ and CSLL tax basis if the requirements provided in article 10 of Supplementary Law 160/2017 and article 30 of Law 12.973/2014 are met. The decision, with the votes of STJ ministers on the judgment in question was published on June 12, 2023.

At that time, the Company's legal advisors analyzed the judgment and concluded that, since the issue involved a constitutional matter, it would likely that the thesis of the federative pact would be reassessed by the Federal Supreme Court ("STF"). However, considering the latest decision of STJ, which changed the previous caselaw on the matter, the lawyers, from now on, reassessed the loss prognosis from possible (success "more likely than not") to probable loss, resulting in the accounting provisioning and subsequent payment of income tax and social contribution related to the investment subsidy amounts excluded in the calculation between 2019 and 2022, in the adjusted amount of R$ 89,432, of which R$ 74,625 is principal and R$ 15,553 is inflation adjustment. The Company also stopped using the subsidy benefit from the second quarter of 2023.

On October 10, 2023, subsidiary Ouro Fino Agronegócio Ltda. was notified by the Brazilian Federal Revenue Service ("RFB") of an IRPJ and CSLL tax assessment (notice of infraction), on the grounds of an undue exclusion in the calculation of taxable income, arising from investment grants excluded from the calculation between 2019 and 2022. In the constitution, this tax assessment notice had its enforceability stayed due to a favorable court decision that recognized its right to exclude the amounts related to ICMS tax benefits provided for in ICMS Agreement 100/97 from IRPJ and CSLL calculation, irrespective of the classification as an investment or funding subsidy and compliance with the requirements of art. 30 of

Law No. 12.973/14.

On October 27, 2023, the ruling on the writ of mandamus mentioned above was published, granting the Federal Government's appeal, adopting the understanding drawn up by the Superior Court of Justice in REsps paradigms No. 1.945.110/RS and No. 1.987.158/SC (theme 1182). Thus, the enforceability of the tax credit discussed in the writ of mandamus (IRPJ and CSLL of the taxable events that occurred from January/2019) was reestablished.

In this context, for the year ended December 31, 2023, the Group's Executive Board decided to pay the tax assessment notice, which was made on November 14, 2023 in the amount of R$ 90,178, of which R$ 74,625 was principal and R$ 15,553 was inflation adjustment.

(ii) Impact of the climate tragedy in Rio Grande do Sul on the preparation of individual and consolidated financial statements

At the beginning of May 2024, the State of Rio Grande do Sul was hit by heavy rains that resulted in significant impacts on the population, drawing attention from across the country.

In view of this, on June 20, 2024, the CVM published Circular Letter No. 1/2024/CVM/SNC/GNC, which guides companies on the relevant aspects to be considered in their financial statements. In this context, the Group's Board of Directors informs that until the date of approval of these individual and consolidated financial statements, no significant impacts on its operations were identified.

In thousands of Brazilian reais unless otherwise stated

1.2. List of controlled entities

The consolidated financial statements include the financial statements, consolidated, of the Company and its subsidiaries prepared for each period. Control is obtained when the Company: (i) holds the power on the investee; (ii) is exposed to or has rights to variable returns as a result of its involvement with the investee and (iii) has the ability to provide direction to the significant activities of the investee. See accounting policy in explanatory note 5.1.

Below are the Group's subsidiaries.

				2024		2023	
	Name	Country	Business	Direct interest	Share Indirect	Direct interest	Share Indirect
(i)	Ouro Fino Saúde Animal Ltda.	Brazil	Research, development, production and sale of veterinary drugs, vaccines and other products. Sales in the domestic market are carried out through the company mentioned in item (ii). Sales in the foreign market are carried out directly with third parties and through the companies mentioned in items (iii) and (iv). This company also manufactures to third parties upon order.	99.99%		99.99%	
(ii)	Ouro Fino Agronegócio Ltda.	Brazil	Sales in the domestic market of veterinary drugs, vaccines and other products for production animals and companion animals purchased from the company mentioned in item (i) and (v) and from third parties.	100.00%		99.99%	
(iii)	Ouro Fino de México, S.A. de CV	Mexico	Sales, exclusively in Mexico, of veterinary drugs and other products purchased from the company mentioned in item (i).		99.92%		99.92%
(iv)	Ouro Fino Colômbia S.A.S	Colombia	Sales, exclusively in Colombia, of veterinary drugs and other products purchased from the company mentioned in item (i).		100.00%		100.00%
(v)	Regenera Medicina Avançada Ltda.	Brazil	Research, development, manufacturing, and trade of therapeutic protocols involving mesenchymal stem cells and derivatives for companion animals.		100.00%		100.00%

1.3. Basis of preparation

Declaration of conformity (with respect to the Standards *IFRS* and Accounting practices adopted in Brazil)

The individual and consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("*IFRS*") issued by the *International Accounting Standards Board - IASB* and also in compliance with accounting practices adopted in Brazil ("*BR GAAP*").

The accounting policies adopted in Brazil comprise those included in Brazilian Corporate Law and technical pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee - CPC, which were approved by the Federal Accounting Board - CFC and the Brazilian Securities and Exchange Commission - CVM.

As there is no difference between the consolidated equity and the consolidated income attributable to the shareholders of the parent company and the parent company's equity and income, included in the individual and consolidated financial statements prepared in compliance with IFRSs and accounting practices adopted in Brazil, the Company decided to present these individual and consolidated financial statements in a single set, side by side.

The material accounting policies applied in the preparation of these individual and consolidated financial statements, including the changes, are presented in Note 5.

All relevant information pertaining to the financial statements, and only such information, is being disclosed and corresponds to that used by Management in its operations.

The presentation of the individual and consolidated statements of value added ("SVA") is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. The SVA has been prepared in compliance with the criteria defined in Technical Pronouncement CPC 09 - Statement of Value Added. IFRSs do not require the presentation of this statement and, as a result, under IFRS, the presentation of such statement is considered supplementary information, without prejudice of the set of financial statements.

1.4. Functional and reporting currency

Items included in the financial statements of each of the Group companies are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"), which is substantially the Brazilian real, except as mentioned in Note 5.2 (b) and, therefore, the individual and consolidated financial statements are presented in this currency.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Executive Board to exercise its judgment in the process of applying the accounting policies.

In preparing these financial statements, Management made judgments and estimates about the future, including climate-related risks and opportunities, which affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Critical accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Based on assumptions, the Executive Board makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom be equal to the actual results. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a) Expected credit losses

The method consists of assessing changes in the quality of the receivables since their initial recognition, taking into consideration three stages: (i) expected loss upon initial recognition; (ii) significant increase in credit risk after initial recognition; and (iii) credit-impaired assets.

b) Deferred income tax and social contribution

The balances of deferred income tax and social contribution assets, respectively arising from income tax and social contribution losses, were recognized based on the expectation of future realization, supported by projections of results made by the Executive Board, which consider the typical development of business and markets, according to the currently known scenarios.

c) Impairment of property, plant and equipment

The Group’s Executive Board reviews the recoverable value of the assets used in its activities for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable on the basis of future cash flows. If the carrying amount of these assets is higher than their recoverable value, the net value is adjusted, and the useful lives revised to new levels.

d) Provision for legal proceedings

A provision is recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount recognized as a provision is the best estimate of the expenditures required to settle the obligation at the end of the reporting period, taking into consideration the risks and uncertainties related to the obligation. When the provision is measured based on the estimated cash flows required to settle the present obligation, its carrying amount corresponds to the present value of these cash flows (in which the time value of money is relevant). When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the receivables are recognized in assets if, and only if, the reimbursement is virtually certain, and the amount can be measured reliably.

e) Fair value of the Share-based Compensation Plan

(i) Long-term Incentive Plan – “ILP”

The fair value of shares was calculated using the Monte Carlo simulation, which considers the historical share volatility and the acceleration/penalty curve for the quantity delivered as a result of performance. Considering its features, this plan is remeasured and its accounting impacts are reassessed at each reporting period.

(ii) Long-term Incentive Plan – “*Phantom Units*”

The Plan’s fair value was calculated based on the higher between the share price or EBITDA multiples and will be remeasured at the end of each period.

f) Impairment of intangible assets

(i) Product development and registration

The Group’s Executive Board annually tests the balance of intangible assets and registration of products for impairment, whenever possible using the discounted cash flow method, and considering, among other aspects:

- Assumptions of future revenue generation based on market size (current and estimated) and on the Group's expected market share.
- Estimates of direct and indirect manufacturing costs.
- Trading expenditures, such as marketing, commission, freight and storage expenses.

The projection period covers five or more years, beginning on the estimated launch date, and considers the estimated life cycle, market development, and level of associated technological innovation of the products. The provision is recorded when the recoverable amount (net present value of cash flow) is below the amount of the recorded asset, pursuant to the Group's accounting policy presented in Note 5.9. The assessment of the recoverability of balances takes into account strategic, technical and market aspects.

(ii) Goodwill on company acquisition

Goodwill arising from in a business combination is an intangible asset with an indefinite useful life and is tested for impairment at least once a year or more frequently if there are signs of impairment.

In order to determine if there was an impairment, assets are grouped into Cash Generating Units (“CGU”), which correspond to the smallest groups of assets generating cash flows that are clearly independent of those generated by other CGUs.

In assessing goodwill impairment, cash flow forecasts covering five or more years are considered, and these calculations use forecasts based on financial budgets approved by Management and, when applicable, are discounted to present value using a discount rate, usually the WACC – Weighted Average Cost of Capital.

g) Provision for inventory losses

The provision for inventory losses is recognized when there is uncertainty regarding the realization of these balances. Products that are damaged, expired and/or about to expire are recognized in this provision.

3. FAIR VALUE MEASUREMENT

A number of the Group's accounting policies and disclosures require fair value measurement for financial and non-financial assets and liabilities.

The Group has established a control framework related to fair value measurement. This includes a valuation team that has overall responsibility for reviewing all significant fair value measurements, including Level 3 fair values, reporting directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third-party information, such as broker quotes or pricing services, is used to measure fair value, the valuation team analyzes the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of the CPC/IFRS standards, including the fair value hierarchy level in which such valuations should be classified.

Significant valuation issues are reported to the Group’s Audit Committee.

When measuring the fair value of an asset or liability, the Group uses market observable inputs to the extent possible. Fair values are classified into different levels in a hierarchy based on the inputs used in the evaluation techniques as follows.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- 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 the asset or liability, that are not based on observable market data (unobservable inputs).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the financial reporting period in which the changes occurred.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement in its entirety is categorized into the same level of the fair value hierarchy as the lowest-level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

The fair value of the financial instruments contracted by the Group is measured based on information statements from the financial institutions and prices quoted in an active market, using a standard market pricing methodology, which consists of measuring their nominal value up to the due date and discounting it to present value at future market rates.

The Group's Executive Board assesses, at the reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The carrying amounts of trade accounts receivable, less expected losses and trade accounts payable are assumed to approximate their fair values, especially considering their term and nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Derivative financial instruments, when contracted, are measured at fair value in the balance sheet, which requires the disclosure of fair value measurements by hierarchy level, are usually classified in Level 2 "Other significant observable data".

4. MEASUREMENT BASIS

The financial statements have been prepared on a historical cost basis, with the exception of the following items:

• derivative financial instruments measured at fair value; and
• non-derivative financial instruments designated at fair value through profit or loss, measured at fair value.

5. GROUP MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below. Such accounting policies have been consistently applied to the years presented, unless otherwise stated.

5.1 Consolidation basis

The following accounting policies are applied in the preparation of the consolidated financial statements:

a) Subsidiaries are all entities over which the Group has control. They are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

   Identifiable assets acquired and liabilities and contingent liabilities assumed on the acquisition of subsidiaries in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

b) Intragroup balances and transactions, and any unrealized revenue or expenses (except for foreign currency transactions gains or losses) arising from intragroup transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment in proportion to the Group's interest in the investee. Unrealized losses are eliminated in the same manner as unrealized gains, but only to the extent that there is no evidence of impairment.

c) When the entity loses control over a subsidiary, the Group derecognizes the assets and liabilities, along with any non-controlling interests and other components of equity related to that subsidiary. Any gain or loss arising from the loss of control is recognized in profit or loss. If the Group retains any interest in the former subsidiary, that interest is measured at its fair value on the date control is lost.

d) Business combination is recorded by using the acquisition method when the control is transferred to the Company. The consideration transferred is generally measured at fair value, as well as the identifiable net assets acquired. Any goodwill arising from the transaction is tested annually for impairment. The remaining contingent consideration is remeasured at fair value at each reporting date and subsequent changes in fair value are recorded in the profit or loss for the year. Transaction costs are recorded in profit or loss as incurred, except for costs related to the issuance of debt or equity instruments. The consideration transferred does not include amounts relating to the payment of pre-existing relationships. These amounts are generally recognized in profit or loss for the year. Any contingent consideration payable is measured at its fair value on the acquisition date.

5.2 Foreign currency translation

a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss as "Finance income (costs)".

b) Group companies with a different functional currency

The results and the financial position of Ouro Fino de México, S.A. de CV and Ouro Fino Colombia S.A.S (subsidiaries of Ouro Fino Saúde Animal Ltda.), whose functional currency is different from the reporting currency are translated into the reporting currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing on the balance sheet date.

(ii) Income and expenses for each statement of profit or loss are translated at average foreign exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

(iii) All the resulting exchange variations are recognized as a separate component of equity in the "Equity valuation adjustments" account.

5.3 Financial assets

5.3.1 Classification

The Group's Executive Board classifies its financial assets, upon initial recognition, in the following categories: amortized cost and measured at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired.

a) Amortized cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and which are not classified in the "at fair value through profit or loss" category. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. Financial assets classified at amortized cost comprise trade and other receivables and cash equivalents.

b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. All financial assets in this category are classified as current assets. Derivatives are categorized as held for trading, and are therefore classified as financial assets at fair value through profit or loss.

5.3.2 Recognition and measurement

Normal purchases and sales of financial assets are recognized on the trade date. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership. Financial assets measured at fair value through profit or loss are subsequently carried at fair value.

For financial assets carried at amortized cost the effective interest rate method is adopted.

5.3.3 Impairment of financial assets

Assets carried at amortized cost

The Executive Board assesses, at each reporting date, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and if that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets and provided that such impact can be reliably estimated.

Pursuant to CPC 48/IFRS 9 "Financial Instruments", the impairment model for financial assets is based on expected losses and in view of the historically low defaults, this criterion has not produced any relevant effects for the Group.

5.4 Trade accounts receivable

Trade accounts receivable are stated at the original sales amount, plus, when applicable, foreign exchange variation and inflation adjustments incurred, and less the expected credit losses. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

5.5 Inventories

Inventories are stated at the lower of average cost of purchase or production and net realizable value. Cost is determined using the fixed weighted average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less completion costs and selling expenses. Imports in transit are stated at the accumulated cost of each transaction.

5.6 Current and deferred income tax and social contribution

The income tax and social contribution expenses comprise current and deferred taxes. Taxes on profit are recognized in the statement of profit or loss, except to the extent that they relate to items recognized directly in equity. In such cases, the taxes are also recognized directly in equity.

Current and deferred income tax and social contribution are calculated on the basis of the tax laws enacted at the reporting date in the countries where the Group entities operate. The currently defined tax rates in Brazil of 25% for income tax and 9% for social contribution are utilized.

Current and deferred income tax and social contribution are presented net, separated by taxpaying entity, in liabilities when there are amounts payable, or in assets when the amounts prepaid exceed the total amount due on the reporting date.

Deferred income tax and social contribution are recognized on accumulated tax losses and temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. They are determined based on tax rates in effect at the reporting date, which are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences and/or tax losses can be utilized.

The interpretation IFRIC 23 - Uncertainty Over Income Tax Treatment clarifies the accounting for tax positions not yet accepted by the tax authorities and only applies to income tax and social contribution. It does not introduce new disclosures, but reinforces the need to comply with existing disclosure requirements related to (i) judgments made; (ii) assumptions or other estimates used; and (iii) the potential impact of uncertainties that are not reflected in the financial statements.

Until March 31, 2023, the Group's Management recognized the tax deductibility of the amounts of tax incentives related to outputs with ICMS exemption in operations within the state of São Paulo and outputs with a 60% reduction in ICMS calculation basis in interstate operations (ICMS Agreement 100/97), according to Superior Court of Justice case law. However, in view of STJ judgment held on April 26, 2023, where it was decided that such exemptions and reduction of ICMS calculation base incentives could only be excluded in the calculation base for IRPJ and CSLL if the requirements set forth in article 10 of Supplementary Law 160/2017 and in article 30 of Law 12.973/2014, the Group's legal advisors reassessed the prognosis from possible loss (success "more likely than not") to probable loss.

In this context, considering the scope of IFRIC 23, the Group's Executive Board stopped using tax incentives in its IRPJ and CSLL calculations and recognized in the statement of profit or loss, ended on December 31, 2023, the loss of IRPJ and CSLL related to the subsidy used from 2019 to 2022 (Note 1.1 (i)).

5.7 Intangible assets

a) Product research and development

Research expenditures are recognized as expenses when incurred. Expenditures incurred with the development of products are recognized as intangible assets only if the cost can be reliably measured and when it is probable that they will bring future economic benefits.

The Group's Executive Board assesses its projects based on its own methodology, covering several milestones of analysis and clinical studies. Therefore, projects are considered successful based on the development of "pilot lots" and field tests, carried out in compliance with the requirements of regulatory bodies, accompanied by analyzes of financial and technical feasibility.

Capitalized development expenditures are amortized as from the beginning of the sale of the product, using the straight-line method over the period of the expected benefit, which is, on average, 10 years.

The costs of charges on loans to finance a project are capitalized over the period required to develop the products.

b) Trademarks and licenses purchased

Separately purchased trademarks and licenses are initially stated at historical cost. Since trademarks and licenses have a finite useful life, they are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of approximately 10 years.

c) Computer software

Computer software licenses acquired are capitalized on the basis of the costs incurred to purchase and bring to use the specific software. These costs are amortized over their estimated useful lives of five years, using the straight-line method.

Costs associated with maintaining computer software are expensed as incurred.

d) Goodwill on the acquisition of subsidiaries

Goodwill arises from the acquisition of subsidiaries and represents the excess of (i) the consideration transferred, and (ii) the acquisition-date fair value of identifiable assets acquired, and liabilities assumed. Goodwill on acquisitions of subsidiaries is recorded as "Intangible assets" in the consolidated financial statements. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

5.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation. This cost was adjusted in subsidiaries to reflect the deemed cost of land on the date of transition to IFRS, and depreciation is calculated using the straight-line method, considering the estimated useful lives of the respective assets. The annual depreciation rates are disclosed in Note 12. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced items or parts is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

If the carrying amount of an asset is higher than its recoverable value, a provision for impairment is recorded to adjust the carrying amount to the estimated recoverable value.

The costs of loans used to finance the construction of property, plant and equipment are capitalized during the period necessary to execute and prepare the asset for its intended use.

Gains and losses on disposals are determined by comparing the amounts of sales with the carrying amounts and are recognized within "Other income (expenses), net" in the statement of profit or loss.

5.9 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

5.10 Trade accounts payable

Trade accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities.

Trade accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at the amount of the related invoice.

5.11 Loans and financing

Loans and financing are initially recognized upon receipt of the funds, net of transaction costs, and are subsequently presented at cost plus charges and interest in proportion to the period elapsed (on a "*pro rata temporis*" basis), using the effective interest rate method.

Loans and financing are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

5.12 Employee benefits

a) Private pension plan

The Group companies sponsor a defined contribution pension plan for their employees. Under the defined contribution plan, the companies pay contributions to private pension plans on contractual bases. After the contributions have been made, the companies have no further obligations for additional payments. The regular contributions comprise the net periodic costs for the period in which they are due and, as such, are included in personnel expenses.

b) Profit sharing

The provision is calculated based on quantitative and qualitative targets established by the Executive Board and are recorded as personnel expenses in the statement of profit or loss for the year.

(c) Share-based compensation

The Company has share-based compensation plans ("*Stock Options*", "ILP" and "*Phantom Units*"), duly approved by the Board of Directors, Note 17 ((d) and (e)) and 24 (c). Plan expenses are recognized in equity when settled in shares and in other non-current liabilities when settled in cash and charges are recognized in other non-current liabilities during the vesting period.

5.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue is recognized when the control of a good or service is transferred to a customer, thus replacing the principle of risks and rewards.

Sales revenues are adjusted to reflect the effects of a significant financing component when it is expected, at the beginning of the contract, that the period between the sale of products and services and the time the customer pays for those products or services exceeds one year. Where applicable, the adjustment to present value in long-term sales transactions has a corresponding entry in "Trade account receivables", and its realization is recorded in "Finance income," according to maturity.

5.14 Payment of dividends and interest on capital

The payment of dividends and interest on equity to shareholders is recognized as a liability in the financial statements, in compliance with the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the shareholders at the Annual Shareholders' Meeting.

The tax benefit of interest on equity is recognized in the statement of profit or loss, because in substance it represents a decrease in the effective rate of income tax and social contribution.

5.15 Lease Transactions

The accounting for leases requires lessees to recognize liabilities assumed in exchange for the respective assets corresponding to their right to use for all contracts that give the right to control an identifiable asset, including lease agreements and, potentially, some components of service agreements, unless it presents the following characteristics that are within the scope of the standard exemption, such as (i) Leases with a lease term of 12 months or less and (ii) Leases of low-value assets or based on variable amounts.

5.16 New accounting standards and interpretations not yet effective

A series of new accounting standards will be effective for financial years beginning after January 1, 2024. The Group has not adopted the following accounting standards in preparing these financial statements.

(a) IFRS 18 Presentation and Disclosure of Financial Statements

IFRS 18 will replace CPC 26/IAS 1 Presentation of Financial Statements and applies to annual reporting periods beginning on or after January 1, 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all revenue and expenses into five categories in the statement of profit and loss, namely, operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined subtotal of operating profit. The entities net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a

single note to the financial statements.

- Improved guidance is provided on how to group information in financial statements.

In addition, all entities are required to use the subtotal of operating profit as the starting point for the statement of cash flows when presenting operating cash flows using the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with regard to the structure of the Group's income statement, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including items currently labelled as 'other'.

(b) Other Accounting Standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- Absence of convertibility (changes to CPC 02/IAS 21);
- Classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7).

In thousands of Brazilian reais unless otherwise stated

6. CASH AND CASH EQUIVALENTS

These comprise cash on hand and at banks, as well as financial investments consisting of Repurchase Agreements (Repos) and CDBs, yielding on average 98.0% of the Interbank Deposit Certificate (CDI) rate variation (2023- average of 102.0% of CDI rate).

	Parent company		Consolidated	
	2024	2023	2024	2023
Cash:				
In local currency			12	10
In foreign currency			85	75
			97	85
Banks:				
In local currency	35	40	5,007	4,468
In foreign currency			5,595	9,345
	35	40	10,602	13,813
Financial investments - cash and cash equivalents (i):				
In local currency				
Bank Deposit Certificate (CDB)	36,926	6,396	132,969	278,240
Repo and others	83,749	11	90,289	11,891
	120,675	6,407	223,258	290,131
Total cash and cash equivalents	**120,710**	**6,447**	**233,957**	**304,029**

(i) Financial investments as cash equivalents in the amount of R$223,258 (2023 - R$290,131) are mainly aimed at maintaining the Group's liquidity to cover the needs of operating activities. Such investments include the feature of immediate redemption with no loss of profitability.

7. TRADE ACCOUNTS RECEIVABLE (CONSOLIDATED)

	2024	2023
In local currency		
Accounts receivable	326,947	246,744
Expected credit losses	(1,375)	(2,445)
	325,572	244,299
In foreign currency		
Accounts receivable	28,723	18,736
	28,723	18,736
Current	**354,295**	**263,035**

In thousands of Brazilian reais unless otherwise stated

The analysis of the maturity of trade receivables is as follows:

	2024	2023
To be due:		
Up to three months	270,493	211,074
From three to six months	77,797	43,831
Over six months	4,061	6,300
	352,351	261,205
Past due:		
Up to three months	1,951	1,740
From three to six months		101
Over six months	1,368	2,434
	3,319	4,275
	355,670	**265,480**

The Group's Executive Board has adopted the measurement of expected credit losses based on the lifetime of the instruments, using the simplified approach, considering the history of changes and losses. As a general rule, notes overdue over 180 days represent a significant indication of loss, and are assessed individually, considering existing guarantees.

Changes in allowance for expected losses were as follows:

	2024	2023
Opening balance	2,445	2,195
Additions (reversals), net	(58)	369
Foreign exchange variation	1	4
Write-Offs	(1,013)	(123)
Closing balance	**1,375**	**2,445**

Additions to and reversals of the expected credit losses on account receivables were recorded in the statement of profit or loss for the quarter under "Selling expenses" (Note 19). The Group's Executive Board analyzes on an annual basis the provisioned balance and the amounts are written off from the provision account when there is no expectation of recovering the funds.

In thousands of Brazilian reais unless otherwise stated

8. INVENTORIES AND ADVANCES TO SUPPLIERS (CONSOLIDATED)

	2024	2023
Finished goods	88,664	87,208
Raw materials	76,369	53,252
Packaging materials	20,476	18,126
Semi-finished and in-process products	19,594	13,198
Imports in transit	30,288	11,350
Advances to suppliers	6,894	1,671
Others	23,147	23,083
Total	**265,432**	**207,888**
Advances to suppliers	16,414	
Non-current	**16,414**	

Inventories have been written down to net realizable value. Reductions in accounting balances and reversals are included in “Cost of Sales”.

The change in provisions for inventory losses is presented below:

	2024	2023
Opening balance	22,319	7,458
Additions, net (i)	23,577	17,348
Write-Offs	(7,384)	(2,501)
Foreign exchange variation	(4)	14
Closing balance	**38,508**	**22,319**

(i) In the period ended December 31, 2024, residual batches of the vaccine against Foot and Mouth Disease were provisioned, in the amount of R$6,525, considering the letter published on April 30, 2024 by the Ministry of Agriculture and Livestock (MAPA) prohibiting its sales throughout Brazilian territory, additionally, the provision for losses related to products in the biologicals line.

In thousands of Brazilian reais unless otherwise stated

9. TAXES RECOVERABLE

	Parent company		Consolidated	
	2024	2023	2024	2023
ICMS			4,482	1,876
IRRF	2,085	4,585	2,084	6,925
PIS and COFINS			1,212	2,998
ICMS, PIS and COFINS on purchase of PPE			360	832
Excise Tax (IPI)			825	176
Others	73	73	4,524	3,961
Total	**2,158**	**4,658**	**13,487**	**16,768**
Current assets	2,158	4,658	13,185	16,306
Non-current			302	462

10. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION (CONSOLIDATED)

a) Composition, nature and realization of deferred taxes

	2024	2023
Tax credits on:		
Accumulated income tax and social contribution losses		1,941
Temporary differences		
Provisions	36,249	18,564
Provision for inventory losses	*14,589*	*8,179*
Provisions for personnel expenses	*10,774*	*4,734*
Provision for commissions	*3,720*	*2,305*
Provision for legal proceedings	*1,219*	*926*
Provision for impairment of intangible assets	*1,714*	*623*
Provision for expected losses	*453*	*826*
Other	*3,780*	*971*
Unrealized profit on inventories	8,269	8,550
Derivative financial instruments		62
Revaluation surplus - business combination	918	816
	45,436	**29,933**
Tax debits on:		
Temporary differences		
Deemed cost of lands	(7,878)	(7,878)
Expenses with internally generated assets (Law of Good)	(6,274)	
Provisions		(167)
Other		*(167)*
	(14,152)	**(8,045)**
Total assets, net	**31,284**	**21,888**

Deferred income tax and social contribution are presented net, by entity, in the balance sheet.

In thousands of Brazilian reais unless otherwise stated

Net changes in the deferred tax account were as follows:

	2024	2023
Opening balance	21,888	34,069
Accumulated income tax and social contribution losses	(1,941)	537
Derivative financial instruments	(62)	62
Provisions	17,701	(9,846)
Unrealized profit on inventories	(281)	(3,460)
Internally generated asset expenditure	(6,274)	
Revaluation surplus - business combination	102	114
Accelerated depreciation		253
Foreign exchange variation (*)	151	159
Closing balance	**31,284**	**21,888**

(*) Refers to the translation adjustment of the subsidiaries Ouro Fino de México, S.A. de CV and Ouro Fino Colombia S.A.S recognized in equity.

At the parent company, deferred tax assets are not recognized because it is not probable that there will be future taxable profits available for the Company to use their benefits. In the period ended December 31, 2024, the total deferred income tax and social contribution asset accumulated on tax losses and negative bases not recognized is R$ 49,598 (2023 - R$ 49,596).

11. INVESTMENTS (PARENT COMPANY)

a) Changes in investments

	Parent company	
	2024	2023
Opening balance	664,281	723,467
Equity in the results of investees	153,003	(40,237)
Long-term incentive	(305)	582
Interest on equity (i)	(46,526)	(22,000)
Dividends received (i)	(131,300)	
Exchange variation on foreign investment	1,988	2,469
Closing balance	**641,141**	**664,281**

(i) For the year ended December 31, 2024, the quotaholders of the subsidiaries Ouro Fino Saúde Ltda. and Ouro Fino Agronegócio Ltda. approved and paid dividends and interest on equity to the parent company Ouro Fino S.A. (formerly known as Ouro Fino Saúde Animal Participações S.A.) in the amounts of R$52,920 and R$124,906 (2023 - R$ 22,000), respectively.

In thousands of Brazilian reais unless otherwise stated

b) Summarized financial information

The tables below present summarized financial information of the subsidiaries.

	2024				
	Subsidiaries				
	Direct		Indirect		
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Regenera Medicina Avançada Ltda.	Ouro Fino de México, S.A. de C.V.	Ouro Fino Colômbia S.A.S
Current assets					
Assets	466,500	402,328	683	29,652	25,596
Liabilities	(184,494)	(192,841)	(13)	(7,565)	(18,984)
Current assets, net	282,006	209,487	670	22,087	6,612
Non-current					
Assets	468,090	26,881		2,587	4,384
Liabilities	(321,259)	(8,013)	(1,040)		(1,418)
Non-current assets (liabilities), net	146,831	18,868	(1,040)	2,587	2,966
Equity deficiency	**428,837**	**228,355**	**(370)**	**24,674**	**9,578**

	2023				
	Subsidiaries				
	Direct		Indirect		
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Regenera Medicina Avançada Ltda.	Ouro Fino de México, S.A. de C.V.	Ouro Fino Colômbia S.A.S
Current assets					
Assets	471,902	383,096	1,620	29,423	20,072
Liabilities	(173,122)	(117,056)	(217)	(6,602)	(16,817)
Current assets, net	298,780	266,040	1,403	22,821	3,255
Non-current					
Assets	454,047	12,139	305	2,506	3,440
Liabilities	(347,849)	(2,278)	(1,040)	(260)	(1,301)
Non-current assets (liabilities), net	106,198	9,861	(735)	2,246	2,139
Equity	**404,978**	**275,901**	**668**	**25,067**	**5,394**

In thousands of Brazilian reais unless otherwise stated

c) Reconciliation of the financial statements on investments

	Subsidiaries					
	Ouro Fino Saúde Animal Ltda.		Ouro Fino Agronegócio Ltda.		Total	
	2024	2023	2024	2023	2024	2023
Equity as of January 1	404,978	416,611	275,901	330,169	680,879	746,780
Net income (loss) for the year	75,030	(14,593)	77,426	(32,359)	152,456	(46,952)
Long-term incentive	(239)	491	(66)	91	(305)	582
Interest on Equity	(16,920)		(29,606)	(22,000)	(46,526)	(22,000)
Dividends paid	(36,000)		(95,300)		(131,300)	
Exchange variation on foreign investment	1,988	2,469			1,988	2,469
Equity as of December 31	**428,837**	**404,978**	**228,355**	**275,901**	**657,192**	**680,879**
Percentage holding - %	99.99%	99.99%	100.00%	99.99%		
Share of investments	428,837	404,978	228,355	275,901	657,192	680,879
Unrealized profit on inventories	(16,051)	(16,598)			(16,051)	(16,598)
Carrying amount of the investment in Parent Company	**412,786**	**388,380**	**228,355**	**275,901**	**641,141**	**664,281**

d) Business combination

On February 25, 2022, through its subsidiary Ouro Fino Saúde Animal Ltda. ("OF Saúde Animal"), concluded the acquisition of a 100% equity interest in the share capital of Regenera Medicina Veterinária Ltda., a biotechnology company founded in Campinas, SP, in 2012.

The Company hired external consultants for an independent assessment of the fair values of the net assets acquired, and according to the report issued on February 24, 2023, the preliminary goodwill generated amounted to R$ 18,094, which comprised the amount of the difference paid by the Company versus the fair value of the assets of the acquired company.

Below is a breakdown of the valuation of the fair values of the net assets acquired and liabilities assumed that were identified at the time:

Estimated price	22,689
(-) Fair value of assets acquired	(7,540)
(+) Fair value of liabilities taken	1,040
(-) Accounting equity on acquisition date	1,905
Goodwill produced in acquisition	**18,094**

Goodwill Impairment Test

In accordance with CPC 01 – Impairment of Assets, the Company shall test, at least annually, the premium paid due to expected future profitability (goodwill) arising from a business combination.

The Cash Generating Unit (CGU) to which the goodwill has been allocated shall be tested to check the need for impairment and whenever there is an indication that the CGU may be devalued, comparing its book value, the Company shall recognize the impairment loss in the profit or loss for the year.

For the year ended December 31, 2023, the Group's Executive Board hired external consultants to assess the recoverability of the goodwill and each group of assets of the acquired company and the valuation report issued on December 15, 2023 was prepared using the concept of value in use through cash flow models. Determining value in use involves using assumptions about cash flows, such as revenue growth rates, costs and expenses, and discount rates.

In thousands of Brazilian reais unless otherwise stated

For the analysis, five-year cash flow projections were considered, with the last period's cash flow perpetuated at a growth rate of 3.5%, and for these calculations revenue and cost projections were used based on financial budgets approved by the Executive Board, considering inflation assumptions (IPCA), discounted to present value (WACC – Weighted Average Cost of Capital), at a rate of 18.4%.

As a result of this analysis, the Group's Executive Board concluded that the recoverable value of this group of assets of this CGU is lower than its book value and, therefore, at the end of the year ended December 31, 2023, it was necessary to recognize in the statement of profit or loss the total write-off of goodwill in the amount of R$ 18,094 and a provision for impairment of the fair value (capital gain) of the assets in the amount of R$ 7,044.

The table below presents the adjusted balance sheet following the results of the impairment test of the acquired company:

Assets	Equity position before impairment test	Impairment test (*)	Equity position after impairment test
Current			
Cash and cash equivalents	847		847
Trade accounts receivable	416		416
Inventories	346		346
Other assets	12		12
Total current assets	**1,621**	**-**	**1,621**
Non-current			
Property, plant and equipment	429	(131)	298
Intangible assets	6,918	(6,913)	5
Goodwill	18,094	(18,094)	
Total non-current assets	**25,441**	**(25,138)**	**303**
Total assets	**27,062**	**(25,138)**	**1,924**

Liabilities and Equity	Equity position before impairment test	Impairment test (*)	Equity position after impairment test
Current			
Trade accounts payable	118		118
Salaries and payroll charges	22		22
Taxes payable	67		67
Other liabilities	10		10
Total current liabilities	**217**	**-**	**217**
Non-current			
Related parties			-
Provision for contingencies	1,040		1,040
Total non-current liabilities	**1,040**	**-**	**1,040**
Total liabilities	**1,257**	**-**	**1,257**
Total equity	**25,805**	**(25,138)**	**667**
	27,062	**(25,138)**	**1,924**

(*) Impairment losses recognized in profit or loss for the year.

Review of the obligation due to investment acquisition

Considering the results of the impairment test of the CGU's goodwill disclosed above, the Group's Executive Board reviewed the liabilities recognized at the time of the acquisition for the year ended December 31, 2023, and concluded that:

(i) the amounts withheld, in the amount of R$ 5,000, which were conditional on targets agreed between the parties, it was concluded that the amount of R$ 2,000 did not meet the prerequisites set out in the agreement and the reversal of the provisioned liability was therefore recognized in the statement of profit or loss for the year, the residual portion, in the amount of R$ 3,000, met the prerequisites and, as planned, the liability was settled, plus inflation adjustment, in the amount of R$ 3,745 and additionally, at the end of the agreement with the sellers an additional obligation in the amount of R$ 865 was paid.

(ii) the fair value of the contingent consideration measured at the time of acquisition, in the amount of R$3,153, was remeasured at the end of the fiscal year 2023, and considering the projections drawn up by management, which foresee that the expected performance will not be achieved, it was concluded that, at that point, there was no amount to be paid, and therefore the Group's Executive Board recognized the adjustment in the statement of profit or loss.

In thousands of Brazilian reais unless otherwise stated

Below is the table showing the restated obligation after review:

		Impact in P&L			
	Liabilities recognized at the time of acquisition	**Reversal of liabilities**	**Inflation adjustment**	**Additional obligation**	**Amount paid**
Cash payment	14,536				14,536
Payment in installments	5,000	(2,000)	745	865	4,610
Contingent consideration	3,153	(3,153)			-
	22,689	**(5,153)**	**745**	**865**	**19,146**

12. PROPERTY, PLANT AND EQUIPMENT (CONSOLIDATED)

Change:	As of January 01, 2024	Additions	Foreign exchange variation	Transfers	Write-Offs	Depreciation	As of December 31, 2024
Right of Use - Leases (i)	4,627	15,138			(615)	(6,022)	13,128
Land	24,985						24,985
Buildings and improvements	177,023		1	547		(5,282)	172,289
Machinery, equipment and industrial facilities	107,551	5,829	6	7,954	(314)	(10,973)	110,053
Vehicles and tractors	4,646	1,079	237	-	(159)	(1,747)	4,056
Furniture and fixtures	4,401	386	5	512	(1)	(754)	4,549
IT equipment	6,809	410	31	304	(38)	(2,955)	4,561
Construction in progress	1,883	9,973		(9,317)			2,539
Others	1,221	122				(160)	1,183
	333,146	**32,937**	**280**	**-**	**(1,127)**	**(27,893)**	**337,343**

(i) The right-of-use balance refers to lease contracts, mainly fleets and forklifts.

Change:	As of January 01, 2023	Additions	Transfers	Foreign exchange variation	Provision for impairment (*)	Write-Offs	Depreciation	As of December 31, 2023
Right of Use - Leases	5,383	2,317				(135)	(2,938)	4,627
Land	24,985							24,985
Buildings and improvements	168,070	973	13,546	2		(542)	(5,026)	177,023
Machinery, equipment and industrial facilities	99,360	10,271	8,139	8	(118)	13	(10,122)	107,551
Vehicles and tractors	16,841	2,509	(1,378)	418		(9,191)	(4,553)	4,646
Furniture and fixtures	3,707	287	1,192	8		(4)	(789)	4,401
IT equipment	7,265	2,632	261	42	(13)	(35)	(3,343)	6,809
Construction in progress	15,486	6,578	(20,181)					1,883
Others	1,261	1,689	(1,579)				(150)	1,221
	342,358	**27,256**	**-**	**478**	**(131)**	**(9,894)**	**(26,921)**	**333,146**

(*) Refers to the provision for impairment of capital gain (fair value) of subsidiary Regenera Medicina Veterinária Ltda.

Balance breakdown:	2024			2023			Average annual depreciation rates
	Cost	**Accumulated depreciation**	**Net**	**Cost**	**Accumulated depreciation**	**Net**	
Right of Use - Leases	21,189	(8,061)	13,128	10,609	(5,982)	4,627	31.66%
Land	24,985		24,985	24,985		24,985	
Buildings and improvements	219,521	(47,232)	172,289	218,973	(41,950)	177,023	2.36%
Machinery, equipment and industrial facilities	210,256	(100,203)	110,053	196,979	(89,428)	107,551	6.97%
Vehicles, tractors and aircraft	9,199	(5,143)	4,056	8,636	(3,990)	4,646	19.74%
Furniture and fixtures	12,984	(8,435)	4,549	12,101	(7,700)	4,401	9.96%
IT equipment	22,930	(18,369)	4,561	22,905	(16,096)	6,809	20.10%
Construction in progress	2,539		2,539	1,883		1,883	
Others	3,890	(2,707)	1,183	3,769	(2,548)	1,221	10.50%
	527,493	**(190,150)**	**337,343**	**500,840**	**(167,694)**	**333,146**	

For the year ended December 31, 2024, costs of loans related to works in progress were capitalized in the amount of R$329 (2023 - R$632), at an annual average rate of 6.57% (2023 - 6.49%).

In thousands of Brazilian reais unless otherwise stated

Land, buildings, and machinery and equipment amounting to R$72,566 (2023 - R$73,962) were pledged as collateral for loans and financing (Note 15).

During the fiscal year no element was identified that its assets may be recorded at a value exceeding their recoverable amount.

13. INTANGIBLE (CONSOLIDATED)

Change:	As of January 01, 2024	Additions	Foreign exchange variation	Provision for impairment	Reversal of impairment provision	Write-Offs	Amortization	As of December 31, 2024
Goodwill on company acquisition	618							618
Trademarks and licenses purchased	5					(5)		-
Development and registration of products	79,358	26,299	59	(1,685)	6,913	(6,913)	(6,267)	97,764
Computer software	12,680	598	2	(1,394)			(3,523)	8,363
	92,661	**26,897**	**61**	**(3,079)**	**6,913**	**(6,918)**	**(9,790)**	**106,745**

Change:	As of January 01, 2023	Additions	Foreign exchange variation	Reversal of impairment provision	Write-Offs	Amortization	As of December 31, 2023
Goodwill on company acquisition	18,712				(18,094)		618
Trademarks and licenses purchased	5						5
Development and registration of products	75,492	18,897	75	18,317	(27,188)	(6,235)	79,358
Computer software	11,867	3,862	7		(23)	(3,033)	12,680
	106,076	**22,759**	**82**	**18,317**	**(45,305)**	**(9,268)**	**92,661**

Balance breakdown:	2024				
	Cost	**Provision for impairment**	**Accumulated amortization**	**Net**	**Useful life**
Goodwill on company acquisition	618			618	Undefined
Trademarks and licenses purchased	2,200		(2,200)		
Product development and registration	161,673	(3,686)	(60,223)	97,764	10 years
Computer software	52,504	(1,394)	(42,747)	8,363	5 years
Others	1,333		(1,333)		
	218,328	**(5,080)**	**(106,503)**	**106,745**	

Balance breakdown:	2023				
	Cost	**Provision for impairment**	**Accumulated amortization**	**Net**	**Useful life**
Goodwill on company acquisition	618			618	Undefined
Trademarks and licenses purchased	2,205		(2,200)	5	
Product development and registration	142,667	(8,914)	(54,395)	79,358	10 years
Computer software	51,911		(39,231)	12,680	5 years
Others	1,333		(1,333)		
	198,734	**(8,914)**	**(97,159)**	**92,661**	

Product development and registration refers to expenses incurred in new veterinary drugs and its amortization is recognized under “Selling costs” (Note 19).

In the period ended December 31, 2024, provisions and write-offs representing R$3,079 (2023 – R$8,871) are related to projects that were discontinued or postponed by Management decision.

In the period ended December 31, 2023, it was fully written off in the income of profit or loss, the Goodwill generated by a business combination on February 25, 2022, in the amount of R$18,094, considering the result of the impairment test (Note 11 (e)).

The assumptions adopted to review evidence of impairment are disclosed in Note 2(f).

In thousands of Brazilian reais unless otherwise stated

14. TRADE ACCOUNTS PAYABLE

	Parent company		Consolidated	
	2024	2023	2024	2023
In local currency	341	43	69,198	53,251
In foreign currency			43,850	21,307
	341	**43**	**113,048**	**74,558**

15. LOANS AND FINANCING (CONSOLIDATED)

	Financial charges incurred	Final maturity	2024	2023
In local currency				
FINEP	Weighted average rate of 6,57% p,a, (2023 - 6,49% p,a,)	2036	291,324	319,223
NCE (Export Credit Note)	Average rate of 12,68% p,a, (December 31, 2023 - 13,93% p,a,)	2024		27,986
Working capital	Average rate of 12,58% p,a, (2023 - 13,67% p,a,)	2024		14,914
BNDES - FINEM	Weighted average rate of 10,55% p,a, (2023 - 11,63% p,a,)	2032	51,193	55,905
Working capital (i)	Average rate of 14,24% p,a, (2023 - 20,15% p,a,)	2025	271	11,836
Working capital (i)	Average rate of 12,62% p,a, (2023 - 15,00% p,a,)	2025	13,270	1,404
Reverse factoring	Average rate of 15,21% p,a, (2023 - 20,85% p,a,)		3,296	706
			359,354	**431,974**
Current			56,890	98,852
Non-current			302,464	333,122
			359,354	**431,974**

(i) Loans and financing obtained by the subsidiaries Ouro Fino Colombia S.A.S and Ouro Fino de México, S.A. de CV.

a) Guarantees for loans and financing

Financing for Research, Innovation and Product Development, contracted by subsidiary Ouro Fino Saúde Animal Ltda. with FINEP, is collateralized by: (i) bank-issued guarantees, in the amount of R$309,927; (ii) security interest constituted by its industrial plant located in the municipality of Cravinhos-SP; and (iii) guarantee from the parent company Ourofino S.A. (formerly known as Ouro Fino Saúde Animal Participações S.A.), under which no charges are levied.

Working capital loans are collateralized by personal guarantees of the parent company and/or controlling shareholders, as well as lease transactions and transactions under Finame program, which are also backed by security interest through the fiduciary sale of financed assets.

BNDES-FINEM transaction requires compliance with ratios previously defined in the agreement, annually on December 31: Net Debt/EBITDA ratio equal to or lower than 3.0, and General Indebtedness equal to or lower than 0.70, both on a consolidated basis. The Group expects to comply with the covenants within 12 months after the reporting date and if it does not comply, the debt maturity is accelerated.

In thousands of Brazilian reais unless otherwise stated

The carrying amounts of loans and financing are close to their fair values.

The breakdown of long-term loans and financing is as follows:

	2024	2023
From 1 to 2 years	34,868	37,959
From 2 to 3 years	43,868	33,668
From 3 to 4 years	43,868	42,668
From 4 to 5 years	43,868	42,668
Over five years	135,992	176,159
	302,464	**333,122**

16. PROVISION FOR LEGAL PROCEEDINGS

16.1 Probable losses

The Group companies are parties to labor, civil and tax litigation in progress, which are being discussed at the administrative and judicial levels, and, where applicable, are supported by judicial deposits. The provision for probable losses arising from these matters is estimated and periodically adjusted by the Executive Board, supported by the opinion of its external legal advisors.

Provisions are as follows:

	2024	2023
Tax	3,548	1,494
Labor	1,629	2,194
Civil	865	1,334
	6,042	**5,022**

In thousands of Brazilian reais unless otherwise stated

The net change in the provision for legal proceedings for the period is as follows:

	2024	2023
Opening balance	5,022	5,675
Additions	3,323	1,079
Reversals	(2,461)	(1,905)
Foreign exchange variation	158	173
	6,042	**5,022**

16.2 Possible losses

The Group companies are parties to tax, labor and civil lawsuits involving risks of loss classified by the Executive Board as possible, based on the assessment of the legal advisors, for which no provision for estimated possible losses has been recorded.

On February 13, 2023, the Brazilian Securities and Exchange Commission - CVM released CIRCULAR LETTER No. 1/2023/CVM/SNC/SEP which provided guidance on relevant aspects to be met in the preparation and publication of the financial statements relating to the final and unappealable decision of the Federal Supreme Court (STF) dated February 8, 2023 on a tax matter.

The STF's decision, which stipulated the loss of effects of a final and unappealable decision, is valid only for taxes paid continuously and, in view of this, CVM's technical areas understand that the technical pronouncements CPC 24 and 25 must be met when preparing the financial statements.

In this context, the Group's Executive Board assessed the matter, together with its legal advisor, and concluded that STF's decision produces no impact in the set of the individual and consolidated financial statements ended December 31, 2024.

Possible contingencies are as follows:

	2024			2023		
	Administrative	Judicial	Total	Administrative	Judicial	Total
Tax	69,352	16,144	85,497	70,809	13,173	83,982
Labor		7,532	7,532		4,344	4,344
Civil	2	3,289	3,290	1	2,639	2,640
	69,354	**26,965**	**96,319**	**70,810**	**20,156**	**90,966**

Tax risks refer mainly to tax assessment notices related to PIS, COFINS, and ICMS. The tax assessment notice related to PIS/COFINS, amounting to R$65,591 (2023 - R$ 61,008), was issued by tax authorities against the subsidiary Ouro Fino Saúde Animal Ltda. in May 2019, regarding taxable events that took place in calendar year 2014, and requiring the payment of PIS and COFINS differences calculated under the one-time tax treatment, for not including transactions of Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda.

For ICMS, the discussion involves questions related to alleged ICMS credits arising from operations for energy acquisition used in the Company's industrial process, subject to the tax replacement regime, in the amount of R$8,394 (2023 - R$ 7,864). Furthermore, the Group is involved in other tax proceedings totaling the amount of

R$11,512 (2023 - R$15,110).

17. EQUITY

a) Capital

In 2024, fully subscribed and paid-up capital comprises 53,949,006 common shares (2023 – 53,949,006 common shares) all of them with no par value and fully subscribed and paid-up.

At the Annual and Extraordinary Shareholders' Meeting held on April 14, 2023 the Company’s shareholders approved an increase in the Company's capital of R$ 141,721, with no issuance of new registered common shares, through the use of profit reserves.

At an Extraordinary General Meeting held on October 29, 2024, the Company's shareholders approved the reduction of the Company's share capital in the total amount of R$120,134, considering the excess amount, without cancellation of shares, through a cash distribution to shareholders, pursuant to article 173 of the Brazilian Corporations Law (“Capital Reduction”). The Company emphasizes that the approved Capital Reduction is in line with the strategy of creating value for all shareholders, without prejudice to its growth and investment capacity. Payment was made on January 31, 2025.

b) Allocation of profit

According to the bylaws, profit will be allocated as follows:

- 5% to the legal reserve, limited to 20% of share capital.
- Minimum dividend of 25% of profit adjusted according to Article 202 of Law 6.404.
- The remaining balance will be distributed as approved at a Shareholders' Meeting by shareholders representing at least 2/3 (two thirds) of the voting shares, in compliance with the applicable legal provisions.

At the Extraordinary Shareholders’ Meeting held on July 28, 2023, the Company's shareholders approved the re-ratification of the allocation of net income for the fiscal year ended December 31, 2022, including the allocation, to the reserve for contingencies, in the amount of R$ 89,959, initially retained based on the capital budget approved at the Company's Annual and Extraordinary Shareholders’ Meeting held on April 14, 2023.

At the Annual and Extraordinary Shareholders’ Meeting held on April 29, 2024, the Company's shareholders approved the allocation of retained earnings recorded on December 31, 2023, in the amount of R$ 39,984, comprising: (i) payment of dividends in the net amount of R$ 31,000, of which R$ 14,862 was paid as interest on equity, on which income tax was withheld in the amount of R$ 1,975, resulting in a net amount of R$ 12,887 and R$ 18,113 paid as dividends and (ii) the remaining balance in the amount of R$ 8,984 was allocated to the profit retention reserve based on the capital budget proposal of December 31, 2023.

c) Carrying value adjustments

These relate to the effect from adoption of the deemed cost method to record land in subsidiaries from January 1, 2009, as well as to all foreign exchange rate differences resulting from the translation of the balance sheet and profit or loss of subsidiaries abroad.

d) Stock option plan

The Group has a Stock Option Plan (the "Plan") in place, aiming at: (i) stimulating the Company's growth, success and achievement of objectives; (ii) aligning the interests of the eligible individuals with those of the Company's shareholders; (iii) enabling the attraction and retention of professionals and service providers, thus stimulating the generation of value for the Company, and (iv) sharing risks and gains equally among shareholders, management and employees.

The Plan is managed by the Board of Directors and, according to its rules, the following beneficiaries are eligible: members of management, employees and service providers of the Company or of other companies under its control. The total number of common shares for which options may be granted cannot exceed 1.5% of the total common shares comprising the Company's share capital. Data on the Company's Stock Option Plan is available at the Brazilian Securities Commission (CVM).

The vesting period considers that the beneficiaries may exercise their right in installments of 1/5 (one fifth) of the total shares granted as from the end of the first year from the date of signature of the Adhesion Agreement, and the same number of shares annually up to the end of the fifth year, provided that the beneficiaries remain continually linked to the Company.

The strike price will be set based on the average quoted price of the Company's shares on the Brazilian stock exchange (B3), weighted by the trading volume, within the 60 (sixty) trading sessions prior to the grant, monetarily restated by the General Market Price Index (IGP-M).

The maximum term for the exercise of these options is 4 (four) years as from the end of the vesting period. Options that are not exercised according to the terms and conditions established will be automatically canceled, without any compensation.

The Stock Option Plan has already been 100% recognized in the statement of profit or loss in prior periods.

e) Share-Based Compensation Plan - Long-Term Incentive

At the Extraordinary Shareholder’s Meeting held on January 29, 2021, the shareholders approved the Long-Term Share-Based Incentive Plan (“ILP Plan”) of the Company.

ILP Plan aims to allow eligible persons, subject to certain conditions established in the Programs, to receive Shares with the purpose of: (i) stimulating the Company's social purpose expansion, (ii) aligning the interests of eligible persons to those of Company's shareholders, (iii) encourage the value creation for the Company and (iv) share risks and gains equitably among shareholders, managers and employees.

ILP Plan is managed by the Board of Directors and the Share-based compensation will be made through the signing of ILP agreements, which shall specify the base number of shares, terms and conditions for the transfer of shares by the Company to the beneficiaries, final term for receiving Share-based compensation, share price and payment conditions.

General Characteristics of ILP Plan

ILP Plan features: (i) "Performance Shares granted" from 2021, with a forecast for 5 grants until 2025; (ii) grants made annually following market practices; (iii) 3-year vesting period, with performance goals measured at the end of the grace period; (iv) performance indicators and performance goals defined in each grant; and (v) termination rules following good market practices.

ILP Plan will be settled through treasury shares, being treated as compensation (charges via payroll), but with the possibility of settlement in cash and commitment of up to 2% of the Company's Capital.

The Programs' Performance goals are linked to Net Income and the Performance of the Company's Shares, with 60% weight for Net Income and 40% weight for the appreciation of Shares.

The measurement for Net Income will be assessed based on the compound profit, that is, 3 years together, with margin for variations up or down during the period, having an adjusted starting number of the net income of the year prior to the grant considering the goals set by the Executive Board.

For the measurement of the starting share price, the average value weighted by the trading volume of the last 30 trading sessions prior to the end date of the vesting period will be considered (the amount will be adjusted by the payment of dividends in the period using the concept of Total Shareholder Return).

The fair value of these shares was calculated using the Monte Carlo simulation, which takes into account the historical share volatility and the acceleration/penalty curve for the quantity delivered as a result of performance.

For the year ended December 31, 2024, the Group recognized the expense, including INSS and FGTS charges, of the Plan in the amount of R$758 (2023 - R$1,088).

In thousands of Brazilian reais unless otherwise stated

18. NET SALES REVENUE (CONSOLIDATED)

The reconciliation between gross sales and net revenue is as follows:

	2024	2023
In Brazil:		
Gross sales and services	1,000,475	904,563
Taxes and deductions on sales	(105,045)	(89,705)
	895,430	814,858
Abroad:		
Gross sales	130,555	130,236
Taxes and deductions on sales	(1,193)	(1,813)
	129,362	128,423
	1,024,792	**943,281**

Net revenue by operating segment is disclosed in Note 29.

In thousands of Brazilian reais unless otherwise stated

19. COSTS AND EXPENSES BY NATURE

	Parent company		Consolidated	
	2024	2023	2024	2023
Cost of sales (i)				
Variable costs (materiais and supplies)			300,732	271,076
Personnel expenses			94,780	113,093
Outsourced services			37,675	45,155
Depreciation and amortization			23,838	23,222
Electricity			20,211	23,894
Provision for inventory losses			16,193	14,847
Provision for impairment of intangible assets				1,075
Others			13,678	19,186
			507,107	**511,548**
Selling expenses				
Personnel expenses			93,397	81,262
Sales team expenses			64,913	58,760
Freight expenses			37,014	36,144
Outsourced services			22,686	26,584
Depreciation and amortization			7,156	6,466
Telecommunication and energy			630	576
Others			705	5,818
			226,501	**215,610**
Expenses on research and innovation				
Personnel expenses			18,363	23,646
Outsourced services			21,696	25,055
Depreciation and amortization			2,924	3,032
Telecommunication and energy			234	491
Others			6,231	7,472
			49,448	**59,696**
General and administrative expenses				
Personnel expenses	11,703	8,026	42,502	39,248
Outsourced services	1,793	635	12,262	10,152
Depreciation and amortization	43	26	3,765	3,469
Travel expenses	775	180	1,853	1,375
Telecommunication and energy			488	926
Expenses with vehicles		11	62	111
Donations and sponsorships			71	86
Others	14	96	3,076	3,101
	14,328	**8,974**	**64,079**	**58,468**
	14,328	**8,974**	**847,135**	**845,322**

(i) The change in “cost of sales” in the period also refers to the result of the variables of volume sold between the periods.

In thousands of Brazilian reais unless otherwise stated

20. OTHER REVENUES (EXPENSES), NET

	Parent company		Consolidated	
	2024	2023	2024	2023
Federal, state, municipal taxes and fees (i)	(21)	(15)	15,938	5,155
Gain (loss) on disposal of intangible assets			1,045	486
Gain on disposal and write-off of PP&E			441	307
Gains (losses) on sales of scrap, rentals and other	155	149	(424)	258
Provision for impairment of intangible assets (ii)			(3,079)	(883)
Goodwill write-off due to acquisition of investment (iii)				(18,094)
Provision for capital gain impairment - business combination (iv)				(7,044)
Obligation due to investment (iv)				3,543
Other losses (v)	(146)	(149)	(4,746)	(676)
	(12)	**(15)**	**9,175**	**(16,948)**

(i) It mainly refers to the late credits of PIS and COFINS, amounting to R$7,096, primarily related to inputs used in the Research and Development area. After assessing the understanding of the Federal Revenue Service, in accordance with Normative Opinion COSIT No. 05/18, the Group's Board of Directors, together with its legal advisors, concluded that the Research and Development activities are of utmost importance and are directly linked to the Group's core business. This made it possible to use the credit monthly, in addition to recovering the amounts from the last five years. During the year ended December 31, 2023, it refers, substantially, to extemporaneous ICMS credits in the amount of R$6,382 related, substantially, to credit reversals according to Decree 64213/2019.

(ii) Refer to provisions and write-offs of projects discontinued or postponed by Management decision (Note 13).

(iii) Refers to the write-off of goodwill related to the impairment test of Regenera Medicina Veterinária Ltda.'s acquisition (Note 11 (d)).

(iv) It refers to the provision for the impairment of the intangible asset's goodwill and the reversal of the fair value of the liability recognized at the initial acquisition of Regenera Medicina Veterinária Ltda. resulting from the impairment test (Note 11 (d)).

(v) Refers, mainly, to the recognition of the provision for legal proceedings related to ICMS, which discusses the exemption from ICMS on the import of technical products, in the amount of R$2,900.

In thousands of Brazilian reais unless otherwise stated

21. FINANCIAL RESULT

	Parent company		Consolidated	
	2024	2023	2024	2023
Finance income:				
Revenue from financial investments	1,324	1,258	28,045	26,446
Interest received			1,111	1,332
Inflation adjustment	163	175	1,214	1,471
Other	2		206	40
	1,489	1,433	30,576	29,289
Financial expenses:				
Interest paid	(25)	(15)	(31,487)	(37,068)
Inflation adjustment (*)				(15,553)
Pis and Cofins on interest on equity	(4,304)	(2,035)	(4,304)	(2,035)
Finance charges	(5)	(1)	(3,410)	(3,056)
Other	(92)	(131)	(636)	(819)
	(4,426)	(2,182)	(39,837)	(58,531)
Derivative financial instruments, net:				
Gains on derivatives (foreign exchange variation)			(1,195)	2,306
Losses on derivatives (interest)			(1)	(521)
			(1,196)	1,785
Foreign exchange variation, net			728	698
Financial result	**(2,937)**	**(749)**	**(9,729)**	**(26,759)**

(*) Refers to the inflation adjustment of IRPJ and CSLL related to investment subsidies (Note 1 (ii)).

22. INCOME TAX AND SOCIAL CONTRIBUTION EXPENSE

The Company and its subsidiaries Ouro Fino Saúde Animal Ltda. and Ouro Fino Agronegócio Ltda. calculate income tax and social contribution under the "Taxable Income" method, at the rates of 25% and 9%, respectively, while subsidiary Regenera Medicina Veterinária Ltda. adopts the "Presumptive Profit" regime. The subsidiaries located in Mexico and Colombia calculate their taxes based on the respective local regulations. Therefore, there is no direct correlation between the amounts presented in the consolidated statement of profit or loss and those that would have been obtained by applying the aforementioned standard rates.

The income tax and social contribution expense is reconciled to the standard rates as shown below:

	Parent company		Consolidated	
	2024	**2023**	**2024**	**2023**
Earnings before income tax and social contribution	135,726	(49,975)	177,103	54,252
Statutory tax rates	34%	34%	34%	34%
	(46,147)	**16,992**	**(60,215)**	**(18,446)**
Reconciliation for effective tax:				
Permanent differences:				
RD&I Benefit			8,144	
Equity in the results of investees	52,021	(13,681)		
Calculation adjustments on subsidiary taxed under presumptive income regime			(360)	(2,791)
Investment Subsidies (i)				(79,913)
Obligations on investment acquisition				1,205
Goodwill write-off				(6,152)
Calculation adjustments on subsidiaries abroad taxed at the rate in effect in their respective countries			1,331	44
Incentivized accelerated depreciation				(1,458)
Use of tax loss from previous periods	608		1,014	
Interest on Equity	(5,279)	(2,427)	10,540	5,053
Unrecognized deferred taxes	(2,618)	(884)	(2,618)	(884)
Other	19		(610)	(886)
Income tax and social contribution	**(1,396)**		**(42,774)**	**(104,228)**
Reconciliation with the statement of profit or loss				
Current	(1,396)		(52,019)	(91,888)
Deferred			9,245	(12,340)
	(1,396)		**(42,774)**	**(104,228)**
Effective tax rate	**-1.03%**	**0.00%**	**-24.15%**	**-192.12%**

(i) Until March 31, 2023, the Group's Executive Board recognized the tax deductibility of the amounts of tax incentives related to outputs with ICMS exemption in operations within the state of São Paulo and outputs with a 60% reduction in ICMS calculation basis in interstate operations (ICMS Agreement 100/97), according to Superior Court of Justice case law. However, in view of STJ judgment held on April 26, 2023, where it was decided that such incentives could only be excluded if the requirements set forth in article 10 of Supplementary Law 160/2017 and in article 30 of Law 12.973/2014, and in April 2023, the Group's Executive Board stopped using this tax incentive in its IRPJ and CSLL calculations and in the second half, it decided to pay the full amount and, therefore recognized in the statement of profit or loss the loss related to the subsidy used from 2019 to 2022 in the amount of R$ 90,178, of which R$ 74,625 relating to principal and R$ 15,553 to inflation adjustment (Note 1.1 (ii)).

23. BASIC AND DILUTED EARNINGS (LOSSES) PER SHARE

Basic and diluted earnings (losses) per share are calculated by dividing the earnings (losses) attributable to the Company’s shareholders by the weighted average number of common shares outstanding during the period.

	2024	**2023**
Net income (loss) for the year attributable to the Company's shareholders	134,330	(49,975)
Weighted average number of common shares outstanding in the year (in thousands of shares)	53,768	53,768
Basic and diluted earnings (losses) per share	**2.49833**	**(0.92946)**

The Company has no outstanding common shares that could cause dilution or convertible debt into common shares. Therefore, basic and diluted earnings per share are equivalent.

24. EMPLOYEE BENEFITS

a) Private pension plan - defined contribution

The Group companies sponsor a defined contribution pension plan for their employees. The plan is managed by Brasilprev Seguros e Previdência S.A. Company contributions to the plan for the year ended December 31, 2024 amounted to R$ 1,151 (2023 - R$1,287).

b) Short-term incentives

The Group offers a short-term incentive program ("ICP") to its employees, calculated based on quantitative and qualitative goals established by the Executive Board. In the year ended December 31, 2024, the impact of the short-term incentive was R$18,323 (2023 - R$714).

c) Long-term Incentive Plan – "*Phantom Units*"

At the Extraordinary Shareholders' Meeting held on September 23, 2022, the shareholders approved the creation of the new Grant Program under the Long-Term Incentive Plan and, subsequently, on the minutes of the Board of Directors meeting held on October 19, 2022, the Long-Term Incentive Plan ("*Phantom Units*") was approved, replacing the Restricted Share-Based Compensation Plan ("RSU").

The purpose of *Phantom Units* is to incentivize Eligible Persons, aiming to: (i) encourage the expansion of the Company's corporate goals, (ii) align the interests of Eligible Persons with those of the Company's shareholders, (iii) enable the Company to attract and retain Eligible Persons, (iv) foster the creation of value to the Company and (v) share long-term risks and gains, indirectly, by means of the Shares upside, on an equal basis between shareholders and Eligible Persons.

General Characteristics of the Plan

Each beneficiary will be entitled to receive, in Brazilian currency, the higher of: (i) the Share price at B3 on the last day of the vesting period, or (ii) the result of EBITDA multiples, and the vesting period ranges from 3 to 7 years.

The Plan will be settled in cash and its fair value will be measured at the end of each period.

The Plan's fair value is measured based on the share price (closing) or EBITDA multiples. For the year ended December 31, 2024, the plan was calculated based on EBITDA multiples and, therefore, the Group recognized expenses, including INSS charges, in the amount of R$7,060 (2023 - R$8,553).

In thousands of Brazilian reais unless otherwise stated

25. RELATED-PARTY BALANCES AND TRANSACTIONS

a) Balances and main transactions

	Parent company		Consolidated	
	2024	2023	2024	2023
Current assets:				
Interest on equity receivable				
Ouro Fino Saúde Animal Ltda.	14,382			
Ouro Fino Agronegócio Ltda.	25,166	7,700		
Advance of interest on equity				
Shareholders		14,807		14,807
Other assets (i)				
Condomínio Rural Ouro Fino			63	136
Ouro Fino Química Ltda.	83	83	83	177
	39,631	**22,590**	**146**	**15,120**
Current liabilities				
Dividends and interest on equity payables				
Shareholders	31,903		31,903	
Other liabilities (i)				
Ouro Fino Saúde Animal Ltda.	113	51		
Neotech Soluções Ambientais Ltda.				91
Ouro Fino Química Ltda.		1	95	247
	113	**52**	**31,998**	**338**

(i) Other assets and liabilities

Other assets and liabilities are represented by the reimbursement of expenses, especially those incurred with the Shared Services Center (“CSC”), under the expense sharing agreement entered into on September 30, 2014.

	Parent company		Consolidated	
	2024	2023	2024	2023
Main transactions:				
Product sales revenue				
Condomínio Rural Ouro Fino			73	135
Shared Services Center (CSC) reimbursement (i)				
Ouro Fino Saúde Animal Ltda.	(340)	(247)		
Ouro Fino Agronegócio Ltda.	(1)	(4)		
Ouro Fino Química Ltda.				1,424
Royalties				
Condomínio Rural Ouro Fino			5	5
Ouro Fino Química Ltda.	200	200	200	200
Expenses on rentals and condominia				
Condomínio Rural Ouro Fino			(3,152)	(2,704)
Other expenses, net				
Ouro Fino Saúde Animal Ltda.	(180)	(158)		
Ouro Fino Agronegócio Ltda.	(1)			
Ouro Fino Química Ltda.			(1,231)	(608)
Incineration services				
Neotech Soluções Ambientais Ltda.			(779)	(696)
	(322)	**(209)**	**(4,884)**	**(2,245)**

In thousands of Brazilian reais unless otherwise stated

b) Management compensation

Key management personnel include the members of the Board of Directors and the officers appointed pursuant to the Company's bylaws whose compensation is approved at the Annual Shareholders' Meeting. The compensation paid or payable to key management personnel for their services is described below:

	2024	2023
Share-based payments	7,060	4,288
Salaries	3,527	3,950
Variable compensation	1,844	205
Labor charges	890	1,196
Direct and indirect benefits	182	246
	13,503	**9,885**

Despite the fact that the Company's Executive Board does not consider share-based payments as compensation, the amounts under this heading are recorded in this Note, as required by Technical Pronouncement CPC 05 – Related-party Disclosures.

26. INSURANCE

As part of its risk management policy, the Group maintains insurance coverage for operational and civil liability risks. The current policies are in effect for one year, as shown in the table below:

Insured assets	Risks covered	2025
Property, plant and equipment anc	Fire, lightning, explosion, electrical damage, windstorm and loss of profits	969,029
General civil liability	Damage to third parties caused during operations	10,000
Civil risks - Management	Damage to third parties arising from acts by members of management in the performance of their duties	40,000

In thousands of Brazilian reais unless otherwise stated

27. OTHER DISCLOSURES ON CASH FLOWS

	Loans and financing	Derivative financial instruments, net	Cash and cash equivalents	Debt Net
Balance as of January 01, 2024	**431,974**	**181**	**(304,029)**	**128,126**
Raising of funds	31,544			31,544
Repayment of principal	(109,207)	(181)		(109,388)
Payment of interest	(28,116)			(28,116)
Reverse factoring	2,590			2,590
Increase (decrease) in cash and cash equivalents and financial investments			71,115	71,115
Non-cash changes	(103,189)	(181)	71,115	(32,255)
Capitalized interest	1,064			1,064
Foreign exchange variations and interest	29,505		(1,043)	28,462
Non-cash changes	30,569		(1,043)	29,526
Balance as of December 31, 2024	**359,354**		**(233,957)**	**125,397**
Balance as of January 01, 2023	**412,369**		**(165,036)**	**247,333**
Raising of funds	94,681			94,681
Repayment of principal	(79,427)			(79,427)
Payment of interest	(33,569)			(33,569)
Drawee risk	(87)			(87)
Increase (decrease) in cash and cash equivalents			(138,808)	(138,808)
Non-cash changes	(18,402)		(138,808)	(157,210)
Capitalized interest	1,272			1,272
Foreign exchange variations and interest	36,735	181	(185)	36,731
Non-cash changes	38,007	181	(185)	38,003
Balance as of December 31, 2023	**431,974**	**181**	**(304,029)**	**128,126**

28. FINANCIAL INSTRUMENTS

28.1 Financial instruments by category

	Parent company		Consolidado		
	2024	2023	2024	2023	
	Amortized cost	Amortized cost	Amortized cost	Assets measured at fair value through profit or loss	Amortized cost
Assets as per balance sheet					
Cash and cash equivalents	120,710	6,447	233,957		304,029
Derivative financial instruments				546	
Trade receivables			354,295		263,035
Related parties	39,631	22,590	146		15,120
Other assets, except prepaid expenses	662	250	4,969		5,479
	161,003	**29,287**	**593,367**	**546**	**587,663**

In thousands of Brazilian reais unless otherwise stated

	Parent company		Consolidated			
	2024	2023	2024		2023	
	Amortized cost	Amortized cost	Liabilities measured at fair value through profit or loss	Amortized cost	Liabilities measured at fair value through profit or loss	Amortized cost
Liabilities as per balance sheet						
Trade accounts payable	341	43		113,048		74,558
Derivative financial instruments			322		181	
Loans and financing				359,354		431,974
Related parties	113	52		95		338
Leases	115	25		15,778		5,521
Other liabilities	9,997	4,304		41,796		30,983
	10,566	**4,424**	**322**	**530,071**	**181**	**543,374**

28.2 Financial risk management

The Group is exposed to the following risks arising from financial instruments:

- Market risks;
- Credit risks; and
- Liquidity risk.

Risk management framework

The Entity's Board of Directors has overall responsibility for establishing and overseeing the Group's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks to which the Group is exposed, to define appropriate risk limits and controls, and to monitor the risks and adherence to the defined limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, seeks to maintain an environment of discipline and control in which all employees are aware of their duties and obligations.

The Group companies’ activities expose them to financial risks, mainly related to foreign exchange variations, fluctuations in interest rates, credit and liquidity risks. The objective of risk management is to reduce potential unexpected variations in the results arising from the aforementioned risks. The Group’s Executive Board manages its financial risks as the basis for its growth strategy and satisfactory cash flows. The Group has a Finance Committee that establishes management strategies regarding such exposures, which may include the utilization of derivative or non-derivative financial instruments for hedging potential risks.

The Group monitors the levels of exposure to each market risk (foreign exchange variation and interest rate) through an analysis based on accounting exposure and future cash flow projections.

In thousands of Brazilian reais unless otherwise stated

a) Market risks

(i) Foreign exchange risk

This risk arises from the possibility of the Group incurring unexpected losses due to fluctuations in foreign exchange rates which reduce the amount of assets and increase liabilities. The Group is mainly exposed to fluctuation in the U.S. dollar exchange rate.

Where necessary, in order to hedge against foreign exchange risks, derivative transactions are used, mainly swaps and NDF (non-deliverable forward) contracts.

Swaps are classified as derivatives at fair value through profit or loss and are entered into to exchange the charges on loans and financing initially obtained in foreign currency for charges based on the Interbank Deposit Certificate (CDI) rate.

NDFs are classified as derivatives at fair value through profit or loss and were contracted to mitigate possible foreign exchange gains or losses that may be incurred by the Group.

Gains and losses are recognized within "Financial Result" in the statement of profit or loss.

The following table presents the consolidated accounting balances of assets and liabilities, substantially, denominated in U.S. dollars:

	2024	2023
Assets in foreign currency		
Cash and cash equivalents (Note 6)	5,680	9,420
Trade accounts receivable (Note 7)	28,723	18,736
	34,403	28,156
Liabilities in foreign currency		
Trade accounts payable (Note 14)	(43,565)	(20,982)
	(43,565)	(20,982)
Net exposure - assets (liabilities)	**(9,162)**	**7,174**

Assets and liabilities denominated in foreign currency are regularly monitored through projected cash inflows and outflows related to foreign exchange assets and liabilities. The amount of assets and liabilities in foreign currency fluctuates throughout the year, which may or may not give rise to a mismatch. Consequently, in order to mitigate risks arising from any possible foreign exchange exposure, whenever required, derivative transactions may be entered into.

The table below presents two scenarios, considering the changes in the quotations of the Brazilian real (R$) against the U.S. dollar (US$).

In thousands of Brazilian reais unless otherwise stated

Assets/liabilities	Risk	Balances in 2024	Impact		
			Likely scenario (*) (US$ 1 = R$ 5.65)	Scenario 2 (US$ variation - 25%)	Scenario 2 (US$ variation - 50%)
Cash and cash equivalents	US$ depreciation	5,680	(497)	(1,296)	(2,592)
Trade accounts receivable	US$ depreciation	28,723	(2,513)	(6,553)	(13,105)
Trade accounts payable	US$ appreciation	(43,565)	3,811	(9,938)	(19,877)
		(9,162)	**802**	**(17,787)**	**(35,573)**

Assets/liabilities	Risk	Balances in 2023	Impact		
			Likely scenario (*) (US$ 1 = R$ 4.93)	Scenario 2 (US$ variation - 25%)	Scenario 2 (US$ variation - 50%)
Cash and cash equivalents	US$ depreciation	9,420	174	(2,398)	(4,797)
Trade accounts receivable	US$ depreciation	18,736	346	(4,770)	(9,541)
Trade accounts payable	US$ appreciation	(20,982)	(387)	(5,342)	(10,685)
		7,174	**132**	**(12,511)**	**(25,022)**

(*) The expected rate for the US Dollar is US$1=5.25 (December 31, 2023 – US$1=4.93)
(Source: https://www3.bcb.gov.br/expectativas2/#/consultaSeriesEstatisticas)

(ii) Interest rate risk

This risk arises from the possibility that the Group may incur losses due to adverse fluctuations in interest rates. As its interest rate risk primarily arises from loans and financing, the Group seeks to maintain a stable relation between short- and long-term debts. Financial investments are linked to the CDI rate.

The Group's Executive Board continuously monitors market interest rates in order to assess the need to enter into new derivative transactions to hedge against the volatility risk of these rates.

Currently, 100% of the Group's financing transactions are carried out at floating interest rates (2023 - 99.7% at floating rates and 0.3% at fixed rates). The value of floating rate transactions may cause volatility in the average cost of transactions due to the hike, mainly, of TR, TJLP, SELIC and IPC-A and its impact on CDI, and, aiming to minimize this impact, the Group's Executive Board contracts, as necessary, an interest rate hedge transaction, whereby the result for the Company is a cost in percentage of CDI. The risk of fluctuations in the indexes of these transactions is partially mitigated by the volume of funds held in cash.

The table below presents three scenarios, considering the percentage variations in the average cost of debt operations.

In thousands of Brazilian reais unless otherwise stated

Agreement (*)	Indexer	Balances in 2024	Current scenario	Scenario 1 (+1 pp)	Scenario 2 (+2 pp)	Scenario 3 (+3 pp)	Impact		
							Scenario 1 + 1 pp	Scenario 2 + 2 pp	Scenario 3 + 3 pp
BNDES	TJLP	1,581	7,43%	8,43%	9,43%	10,43%	(2)	(2)	(3)
BNDES	TJLP	89	7,43%	8,43%	9,43%	10,43%			
BNDES	SELIC	338	12,25%	13,25%	14,25%	15,25%	(2)	(2)	(2)
BNDES	SELIC	1,436	12,25%	13,25%	14,25%	15,25%	(7)	(8)	(8)
BNDES	SELIC	870	12,25%	13,25%	14,25%	15,25%	(4)	(5)	(5)
BNDES	IPCA	46,879	4,76%	5,76%	6,76%	7,76%	(16)	(34)	(51)
Working Capital	TIIE	271	10,24%	11,24%	12,24%	13,24%	(3)	(3)	(3)
Working Capital	IBR	13,270	8,99%	9,99%	10,99%	11,99%	(15)	(25)	(35)
FINEP	TJLP	39,921	7,43%	8,43%	9,43%	10,43%	(29)	(44)	(59)
FINEP	TJLP	161,264	7,43%	8,43%	9,43%	10,43%	(127)	(189)	(250)
FINEP	TR	90,139	0,99%	1,99%	2,99%	3,99%	(36)	(72)	(107)
Reverse factoring	PRE	3,296	15,21%						
		359,354					**(241)**	**(384)**	**(523)**

Agreement (*)	Indexer	Balances in 2024	Current scenario	Scenario 1 (+1 pp)	Scenario 2 (+2 pp)	Scenario 3 (+3 pp)	Impact		
							Scenario 1 + 1 pp	Scenario 2 + 2 pp	Scenario 3 + 3 pp
BNDES	IPCA	39,687	10,42%	11,42%	12,42%	13,42%	(179)	(194)	(209)
BNDES	IPCA	6,115	11,22%	12,16%	13,16%	14,16%	(29)	(32)	(34)
BNDES	SELIC	762	15,19%	16,19%	17,19%	18,19%	(5)	(5)	(5)
BNDES	SELIC	3,238	15,19%	16,19%	17,19%	18,19%	(20)	(21)	(23)
BNDES	SELIC	1,961	15,19%	16,19%	17,19%	18,19%	(12)	(13)	(14)
BNDES	TJLP	3,921	9,71%	10,71%	11,71%	12,71%	(17)	(18)	(20)
BNDES	TJLP	221	9,71%	10,71%	11,71%	12,71%	(1)	(1)	(1)
Working Capital	CDI	13,403	13,85%	14,85%	15,85%	16,85%	(78)	(82)	(87)
Working Capital	CDI	1,511	13,45%	14,45%	15,45%	16,45%	(9)	(9)	(10)
Working Capital	IBR	6,333	20,44%	21,44%	22,44%	23,44%	(51)	(54)	(56)
Working Capital	IBR	5,503	19,85%	20,85%	21,85%	22,85%	(44)	(46)	(47)
Working Capital	TIIE	1,404	15,00%	16,00%	17,00%	18,00%	(9)	(9)	(10)
FINEP	PRE	1,467	4,00%	4,00%	4,00%	4,00%			
FINEP	TJLP	47,508	8,05%	9,05%	10,05%	11,05%	(172)	(190)	(208)
FINEP	TJLP	180,130	6,41%	7,41%	8,41%	9,41%	(538)	(607)	(676)
FINEP	TR	90,118	3,78%	4,78%	5,78%	6,78%	(176)	(211)	(247)
NCE	CDI	7,913	13,90%	14,90%	15,90%	16,90%	(46)	(49)	(52)
NCE	CDI	20,073	13,85%	14,85%	15,85%	16,85%	(116)	(123)	(131)
Reverse factoring	PRE	706	20,85%						
		431,974					**(1,502)**	**(1,664)**	**(1,830)**

b) Credit risks

The Group is potentially subject to credit risk related to trade receivables, financial investments and derivatives.

To limit the risk associated with financial assets, especially financial investments and derivative contracts, the Group's Executive Board opts for first-class financial institutions, and therefore, current account balances and financial investments in the amount of R$233,860 (2023 – R$ 303,944) are maintained in financial institutions considered "tier-1", with the majority of banks classified as (BB) by Standard & Poor's.

Trade account receivables-related credit risk is mitigated through a broad customer base and careful selection of customers by business segment (production animals, companion animals, and international operations), in addition to the utilization of guarantees, establishment of individual exposure limits and a well-defined credit policy that utilizes credit risk modeling, through which a credit rating is assigned to each customer, based on the Group's experience in the market.

The Group's Executive Board classifies its customers' portfolio through risk evaluation methodologies developed internally, with the purpose of properly assessing the real risk of its customers. Weights are assigned to each variable, such as the history of payments, length of the business relationship with the

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Group, how long the company has been operating in the market etc., and a rating is defined for each customer based on a combination of the variables. This credit risk rating ranges from "AA" (the lowest risk) to "E" (the highest risk).

The balances of trade accounts receivable are classified as shown in the table below.

	2024	2023
AA	128,296	97,122
A	153,247	108,638
B	21,766	20,091
C	25,624	18,686
D	26,385	19,709
E	352	1,234
	355,670	**265,480**

The Group has a Credit Committee that establishes guidelines and assesses and monitors the levels of credit risk that the Group is willing to accept in the course of its business.

In addition to the risk mitigating factors established in the credit policies, the Group has credit insurance to cover part of its sales.

The credit quality of financial assets not past due is assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

c) Liquidity risk

The Group's Executive Board adopts a policy for managing its financial assets and liabilities, which is monitored by the Financial Department through operating strategies to ensure liquidity, profitability and security.

Cash flow forecasting is based on the approved budget and subsequent adjustments, which take into consideration, in addition to all the operating plans, the plan for raising funds to support planned investments, and the maturity schedule of the debts. The treasury department monitors daily the forecasts included in the cash flow projections to ensure sufficient cash for the Group to meet its operational needs. Additionally, the Group has previously approved the use of credit facilities available to increase and strengthen its liquidity position.

Cash and cash equivalents are primarily invested in highly liquid Repurchase Agreements and CDBs.

The Group maintains its leverage ratio so that it does not jeopardize its payment capacity and investments.

The table below breaks down financial liabilities into relevant maturity buckets, based on the remaining period between the balance sheet date and the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows.

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	Consolidated			
	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years old
As of December 31, 2024:				
Trade accounts payable	113,048			
Loans and financing (i)	77,444	69,311	160,646	145,027
Derivative financial instruments, net	322			
Dividends and interest on equity	31,903			
Related parties	95			
Leases (i)	8,118	10,961		
Other liabilities (ii)	84,786	4,229	18,772	
	315,716	**84,501**	**179,418**	**145,027**
As of December 31, 2023:				
Trade accounts payable	74,558			
Loans and financing (i)	125,658	56,182	162,397	200,051
Derivative financial instruments, net	181			
Related parties	338			
Leases	2,553	2,968		
Other liabilities (ii)	57,681	4,144	14,449	768
	260,969	**63,294**	**176,846**	**200,819**

(i) The amounts included in the table above are the contractual undiscounted cash flows, and therefore include future financial charges, and such amounts will not reconcile to the amounts disclosed for loans and financing in the balance sheet.

(ii) Balances of salaries and social charges, taxes payable, income tax and social contribution payable, sales commissions and other short-term and long-term liabilities are considered.

28.3 Capital management

The Group's Executive Board objectives when managing capital are to safeguard its ability to continue as going concern in order to provide returns for the shareholders, as well as to maintain a strong credit rating in order to support business and maximize value for the shareholders.

The Group's Executive Board manages and adjusts its capital structure considering changes in the economic conditions. The capital structure arises from the selection between own (capital contributions and profit retention) and third-party capital to finance the operations. Capital is monitored on the basis of the financial leverage ratio, measured using indexes.

2024 and 2023 leverage ratios can be resumed as follows:

	Note	Consolidated	
		2024	2023
Loans and financing	15	359,354	431,974
Derivative financial instruments			181
Cash and cash equivalents	6	(233,957)	(304,029)
Net debt		**125,397**	**128,126**
Equity	17	756,419	689,395
Total capital		**881,816**	**817,521**
Leverage ratio %		**14,22**	**15,67**

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29. OPERATIONAL SEGMENTS

The Board of Directors is the chief decision-maker and has determined the following operating segments based on strategic business decisions: Such segments are as follows:

- Production animals – sale, in the domestic market, of veterinary drugs, vaccines and other products for cattle, pigs, poultry, sheep, horses and goats.
- Companion animals – sale, in the domestic market, of veterinary drugs and other products for dogs and cats.
- International operations - sale, in the foreign market, mainly to Latin American countries, of veterinary drugs, vaccines and other products for production and companion animals.

The products are manufactured at the Company's industrial facilities in the cities of Cravinhos and Campinas, both in State of São Paulo.

Sales are widely dispersed, and therefore, no individual customer accounts for more than 10% of net revenue.

Assets and liabilities, general and administrative expenses, research and innovation expenses, other income (expenses), net, finance income (costs), and income tax and social contribution are analyzed on an aggregate basis, and therefore are not presented by business segment.

The results by segment were as follows:

	2024				
	Business segments				
	Production animals	Companion animals	International operations	Unallocated costs	Total
Revenues	739,292	156,138	129,362		1,024,792
Cost of sales	(407,718)	(50,555)	(48,834)		(507,107)
Gross profit	331,574	105,583	80,528		517,685
Selling expenses	(150,182)	(33,125)	(43,194)		(226,501)
Results by segment	**181,392**	**72,458**	**37,334**		**291,184**
Expenses on research and innovation				(49,448)	(49,448)
General and administrative expenses and other expenses				(54,904)	(54,904)
Financial results				(9,729)	(9,729)
Income tax and social contribution				(42,774)	(42,774)
Unallocated results				**(156,855)**	**(156,855)**
Net income for the year					**134,329**

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	2023				
	Business segments				
	Production animals	Companion animals	International operations	Unallocated costs	Total
Revenues	680,805	134,053	128,423		943,281
Cost of sales	(405,193)	(45,657)	(60,698)		(511,548)
Gross profit	275,612	88,396	67,725		431,733
Selling expenses	(141,615)	(32,969)	(41,026)		(215,610)
Results by segment	**133,997**	**55,427**	**26,699**		**216,123**
Expenses on research and innovation				(59,696)	(59,696)
General and administrative expenses and other expenses				(75,416)	(75,416)
Financial results				(26,759)	(26,759)
Income tax and social contribution				(104,228)	(104,228)
Unallocated results				**(266,099)**	**(266,099)**
Loss for the year					**(49,976)**

The breakdown, by country, of revenue from international operations is as follows:

	2024	2023
Colombia	44,791	36,774
Mexico	38,586	40,835
Honduras	7,977	5,203
Bolivia	7,200	7,447
Ecuador	7,023	6,074
Costa Rica	5,871	2,903
Paraguay	5,837	5,972
Guatemala	3,095	2,759
Spain		8,172
Uruguay		4,975
Others	8,982	5,459
	129,362	128,423