

3Vc



RESULTS

4Q23

& 12M23

Earnings

Conference Call

March 8, 2024 (Friday)

11 am BRT | 9 am ET

Portuguese with simultaneous translation into
English

[Webcast](#)



**Cravinhos,
March 07, 2024**

Ouro Fino Saúde Animal Participações S.A. (“Company” or “Ourofino”) (B3: OFSA3), a company engaged in research, development, production and sales of veterinary drugs, vaccines and other veterinary products for production and companion animals, announces today its financial results for the period ended December 31, 2023 (4Q23).

Financial and operating information, except where otherwise indicated, is presented in millions of Brazilian reais.

Investor Relations

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Marcelo Silva

Alan Silva





| HIGHLIGHTS

- Resumption of **growth in Companion Animals**, representing 10.7% compared to 4Q22.
- **Operating cash generation** of R\$ 190.3 million, R\$ 100.7 million higher versus the previous year.
- **Leverage decline from 1.2x to 0.9x EBITDA**, with 77.1% of debt in the long term, and an average annual cost of debt of 8.3% p.a.





| MESSAGE FROM THE EXECUTIVE BOARD

In 2023, we faced a reversal of market conditions that went through a period of slowdown with the impacts of a combination of negative factors, providing results below our expectations.

In livestock farming, we are experiencing a combination of factors that are unfavorable to the business environment, ranging from the continued down cycle of livestock farming, which kept producers' margins under pressure and discouraged investment, especially in breeding, the eradication of vaccination against foot-and-mouth disease in another 7 states with an impact on the dynamics of health campaigns, especially in the country's Mid-North region, to the temporary interruption of meat exports due to an isolated health case, continued drought in the south of the country in the first half of the year and in the north in the fourth quarter. We also noticed that the high cost of capital, combined with the slowdown in demand, resulted in a process of destocking sales channels and the containment of investments in expansion by large stores and retailers. We reacted to this scenario by stepping up our actions with customers, repositioning the most affected product lines and increasing the share of smaller customers in our portfolio. These actions produced results, but were not sufficient to reverse the adverse scenario previously described.

In companion animals, we are experiencing a period of slowdown compared to previous years, influenced by macroeconomic conditions and the adjustment of families' consumption behavior after the pandemic. We made changes to the management of the business unit, focused commercial actions on sell outs and veterinarians and began to capture returns in 2023 with growth in 4Q23.

In international operations, we maintained growth in our subsidiaries in Mexico and Colombia, markets where we are facing similar situations to the domestic market, with an impact mainly on the breeding line. For the other countries, we have sales growth when excluding the effect of the spot sale of foot-and-mouth vaccine to Indonesia in 4Q22, which makes the basis for comparison very strong.

Internally, we revisited our efficiency and productivity agenda, remodeling processes and structures, making more room for what is key to achieving our growth, with a vision for new solutions in the portfolio and expanding our share in new markets, with geographical capillarity.

As a company, we have maintained our solid financial health, with robust cash generation, low levels of debt, a long profile and costs aligned with business needs, added to the strategic funding raised in 4Q23, which allows us to maintain a strategic agenda of investments in research, development and innovation while maintaining healthy levels of liquidity.

In terms of ESG, we ended 2023 pleased to maintain our efforts in promoting important initiatives related to our material issues, such as deepening our management of the supply chain; with progress and recognition related to governance, such as our integrity policy; and we also achieved certification as a plant with 100% renewable energy. For more information, click [here](#).

We enter 2024 engaged with the needs of our customers, with a focus on sustainable practices. We are confident that we have established the necessary foundations to resume historical growth and profitability, focusing on improved operational and administrative efficiency, as well as the continuous search for innovative solutions. We recognize that this is a period of transition for the sector, but it doesn't



reduce the long-term potential of our business or the nature of Brazil as one of the main global food suppliers. We are committed to overcoming these challenges and seizing the opportunities available to us, while remaining market leaders.

Kleber Gomes
Chief Executive Officer

Marcelo da Silva
Chief Financial Officer and
Investor Relations Officer



FINANCIAL PERFORMANCE

R\$ Million	4Q22	4Q23	Var %	12M22	12M23	Var %
Net Revenue	322.8	280.6	-13.1%	1,041.1	943.3	-9.4%
(-) Cost of Goods Sold	(157.9)	(160.1)	1.4%	(513.0)	(511.5)	-0.3%
Gross Profit	164.9	120.5	-26.9%	528.1	431.7	-18.2%
<i>Gross Margin</i>	51.1%	42.9%	-8.1 p.p.	50.7%	45.8%	-5.0 p.p.
Adjusted Ebitda *	69.6	39.6	-43.1%	207.2	134.4	-35.2%
<i>Adjusted EBITDA Margin *</i>	21.6%	14.1%	-7.4 p.p.	19.9%	14.2%	-5.7 p.p.
Adjusted Net Income **	46.3	23.1	-50.2%	128.4	50.5	-60.6%
<i>Adjusted Net Margin **</i>	14.4%	8.2%	-6.1 p.p.	12.3%	5.4%	-7.0 p.p.

(*) In 2022, excluding: recovery of expenses with M&A transaction; (ii) expenses with the merger of subsidiary OF Pet; (iii) gains from tax proceedings in previous periods and (iv) extemporaneous credits from previous years. In 2023, excluding: (i) legal fees relating to successful tax proceedings, (ii) extemporaneous credits from previous years; (iii) write-off of the business combination goodwill and (iv) reversal of the investment acquisition obligation. Including respective tax effects in both periods reported.

(**) In 2023, financial result and income tax and social contribution excludes the provision for loss of IRPJ and CSLL (principal and inflation adjustment) related to the investment subsidy benefit used from 2019 to 2022.

(***) In 2023, also excluding provision for impairment of intangible assets and capital gains recognized in business combinations.

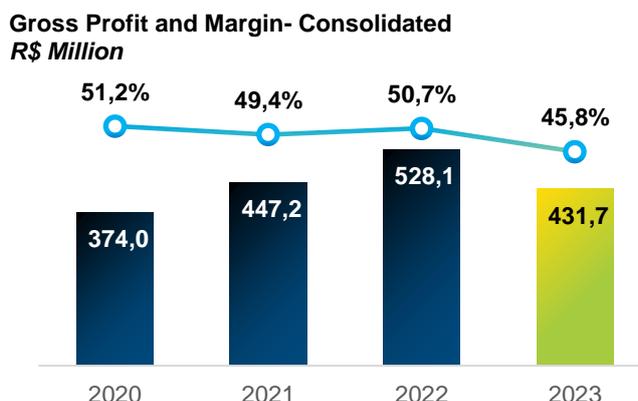
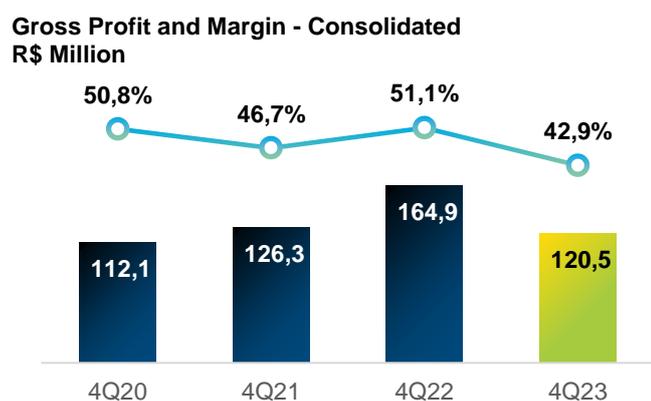
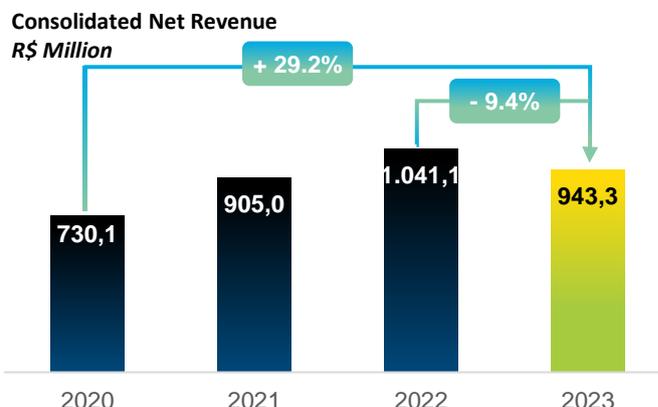
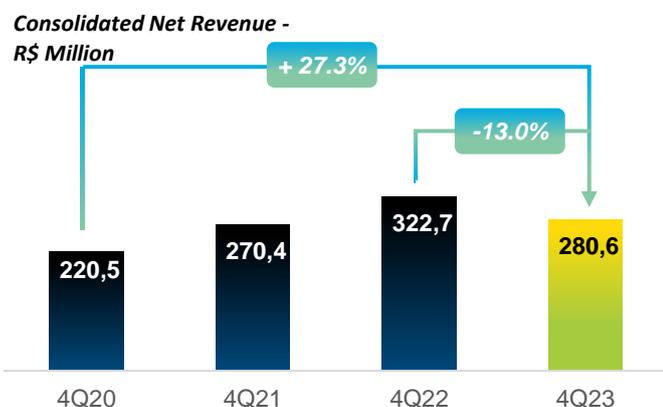


| CONSOLIDATED NET REVENUE AND GROSS PROFIT

The Company's consolidated net revenue in 4Q23 reached to R\$ 280.6 million, amounting to R\$ 943.3 million in 2023, 9.4% lower as compared to the previous year. The fourth quarter unfolded in a market scenario that was still complex in domestic markets, especially in the livestock segment, where we saw a decline in sales volumes of the animal breeding and endectocide lines, due to lower demand and higher inventories in the channels, as well as frustrated sales of foot-and-mouth disease vaccine in the second campaign, due to the excess of vaccines on the market. In turn, the companion animals segment recovered growth compared to 4Q22, as a result of actions to increase sell-out in the channels and the sales performance of launches made in the year. In International Operations, the lower sales volume in 4Q23 was due to the spot sale of foot-and-mouth disease vaccine occurred in 4Q22 to Indonesia. Adjusting for this effect, growth in 4Q23 would be 13.7%

Gross profit in 4Q23 amounted to R\$ 120.5 million with 42.9% margin, 8.2 p.p. lower than 4Q22. Year-to-date, gross profit totaled R\$ 431.7 million, with 45.8% margin 4.9 p.p. lower compared to 2022. In addition to the drop in sales, the lower production volumes and consequent lower dilution of fixed costs, the repositioning of prices for some product lines, mainly in reproduction, and the increase in the provision/loss of inventories substantially, of products in the breeding line and foot-and-mouth disease vaccines, the latter due to the excess of vaccines on the market in the 2nd campaign of the year, contributed to the lower margin.

We worked throughout the year to continue increasing the level of efficiency of operations, and we made, mainly in 2Q23 and 4Q23, reductions in several internal structures, seeking synergy and reduction of fixed costs in addition to discontinuing low-performance operations and projects. On the other hand, we prioritized areas and projects with the highest impact on commercial and R&D operations. We ended 2023 with a reduction of around 7% in the headcount of internal areas. The effect of these actions cannot yet be fully perceived in the results of the year and 4Q23 due to the costs related to terminations.



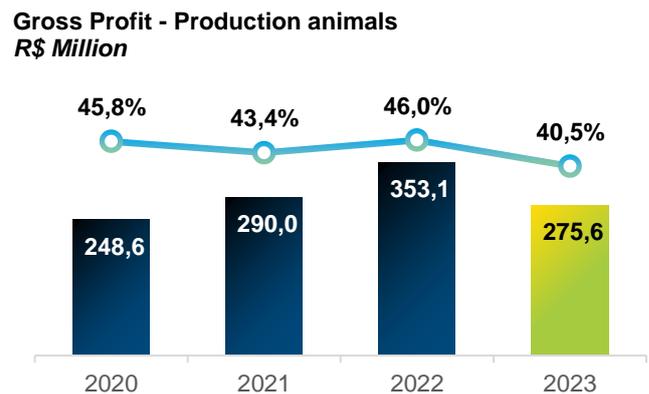
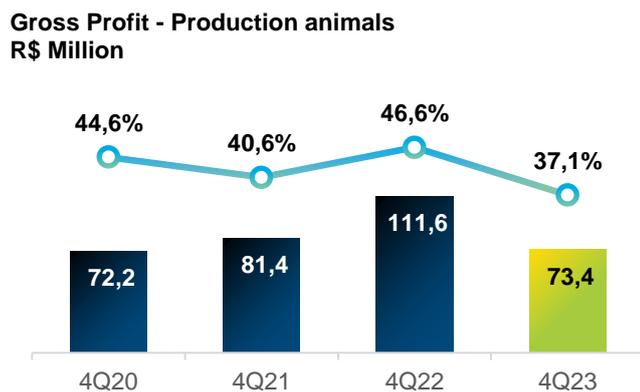
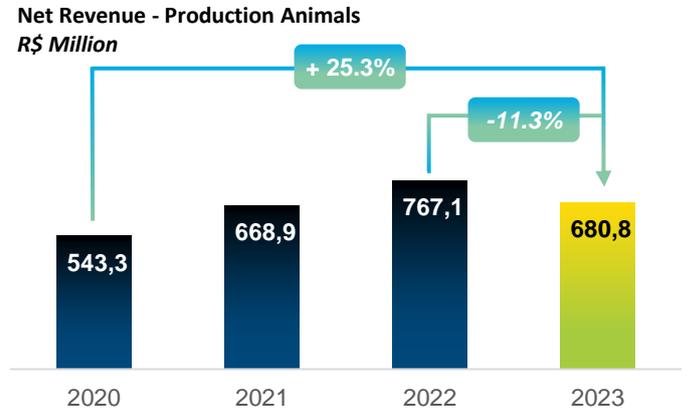
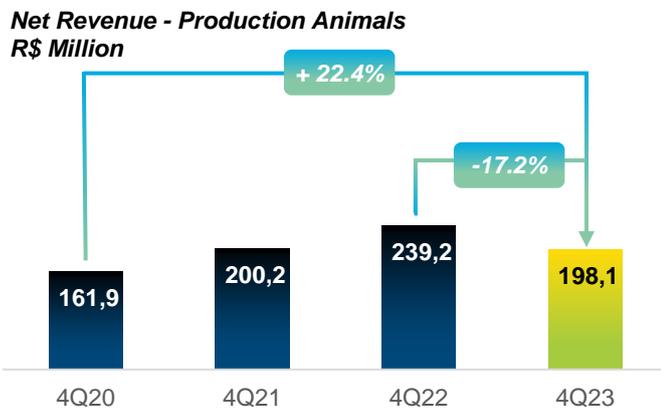


| PRODUCTION ANIMALS

The business unit recorded net revenue of R\$ 198.1 million in 4Q23 and R\$ 680.8 million in the year, down 17.2% and 11.3%, respectively, as compared to the same periods of the previous year. Gross margin in the quarter was 37.1%, down 9.5 p.p. compared to 4Q22. Year-to-date, gross margin was 40.5%, representing a drop of 5.5 p.p. compared to 2022.

Domestic market continued with significant complexity in 2H23 due to the atypical events we reported in the first half of the year. Sales performance of the business unit has been impacted mainly by the drop in sales of breeding products, and foot-and-mouth vaccine, especially in the country's Mid-North region, which is characterized by extensive beef cattle production on large properties.

The margin reduction reflects the price repositioning made during the year, the provisions/loss of inventories of the breeding line and foot-and-mouth disease vaccine, the lower dilution of fixed production costs due to the lower production volume and the reduction in outsourcing volumes.





COMPANION ANIMALS

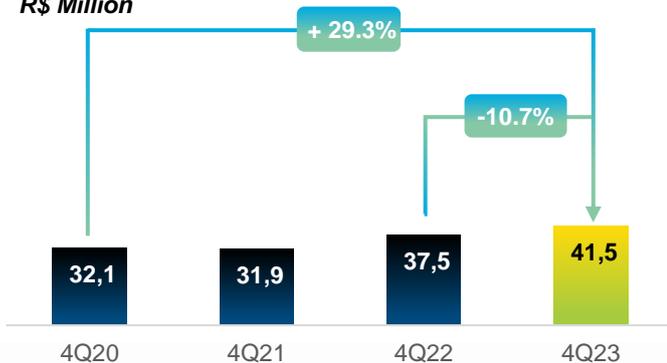
As we have been reporting throughout the year, the heavy indebtedness of families and the slowdown in consumption due to the rise in interest rates have hampered the circulation of products throughout the chain. As a result, the pet market has gone through a period of inventory adjustment that is beginning to show signs of stabilization, with sales growth rates at pre-pandemic levels.

The business unit resumed growth in 4Q23, partially offsetting the impact of lower revenues reported in 9M23. In 4Q23, it recorded 10.7% growth compared to 4Q22, with revenue reaching R\$ 134.1 million, down 3.0% compared to 2022. Growth resumption in 4Q23 is the result of the stepping up of demand actions to increase sell-out, the price repositioning of specific lines and the incremental revenue from new products.

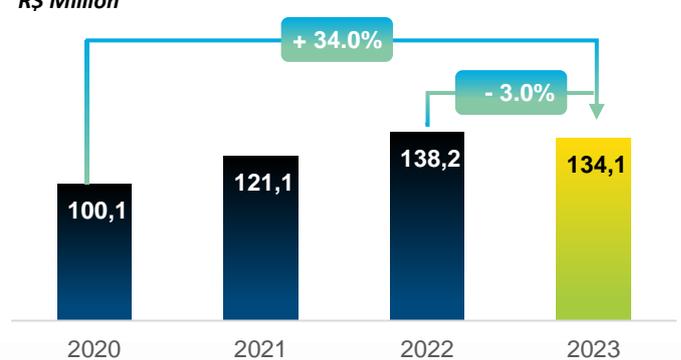
Gross profit in 4Q23 totaled R\$ 27.0 million with a gross margin of 65.1%, representing a drop of 3.4 p.p. versus 4Q22. In the year, gross profit was R\$ 88.4 million with 65.9% margin, 2.9 p.p. lower as compared to 2022. The price repositioning of some product lines aimed to leverage sales contributed to the reduction in margin compared to the previous period.

Our actions are aimed at access and distribution strategies, improving our closeness to veterinarians and owners so that they have the most appropriate solutions for their pets. Furthermore, we have expanded our operations with major retailers in the sector, which expand the reach of our products to owners.

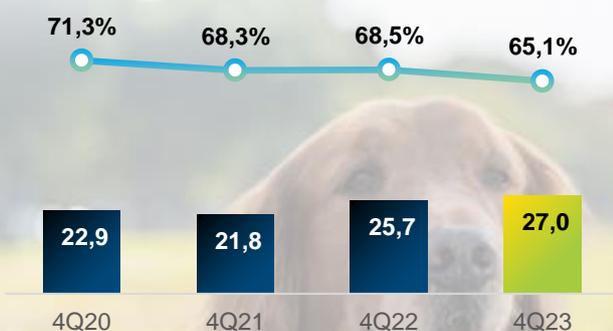
Net Revenue - Companion Animals
R\$ Million



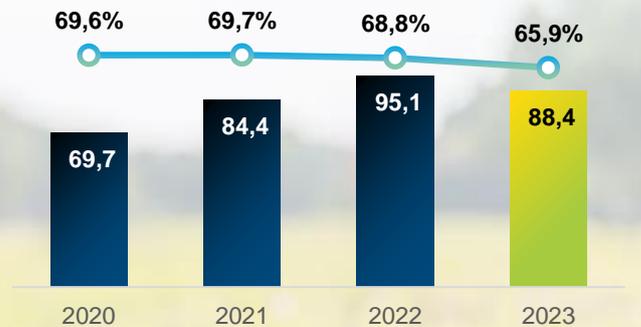
Net Revenue - Companion Animals
R\$ Million



Gross Profit - Companion animals
R\$ Million



Gross Profit - Companion animals
R\$ Million





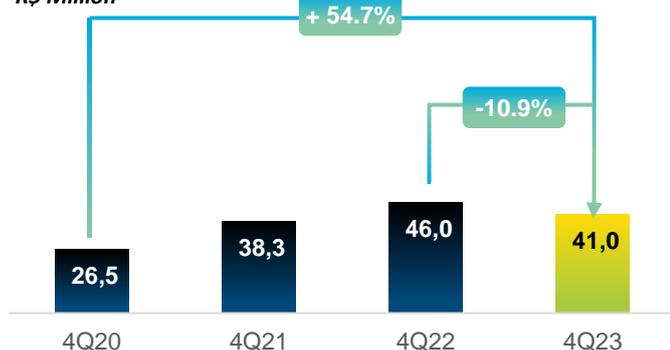
| INTERNATIONAL OPERATIONS

The business unit recorded net revenue of R\$ 41.0 million in 4Q23, 10.9% lower as compared to 4Q22 and R\$ 128.4 million in the year, down 5.4%. Gross profit in 4Q23 amounted to R\$ 20.1 million with 49.0% margin; year-to-date, gross profit totaled R\$ 67.7 million with 52.7% gross margin.

In subsidiaries, we showed revenue growth in Mexico, and sales growth in local currency in Colombia, reduced by the exchange rate impact in the country. For the other countries, we had the impact of the lower volumes of foot-and-mouth disease vaccine due to spot sales in 4Q22 to Indonesia in the amount of R\$ 9.9 million, and adjusting for this effect, growth in 4Q23 would be 13.7%. The gross margin drop is substantially due to the provisioning for impairment related to foot-and-mouth disease records in Latin America, in view of the production stoppage in Brazil.

Continuing with business expansion, we began selling our products in Chile and the Dominican Republic in line with our geographic expansion strategy with a focus on Latin America, taking advantage of the similarities in health challenges.

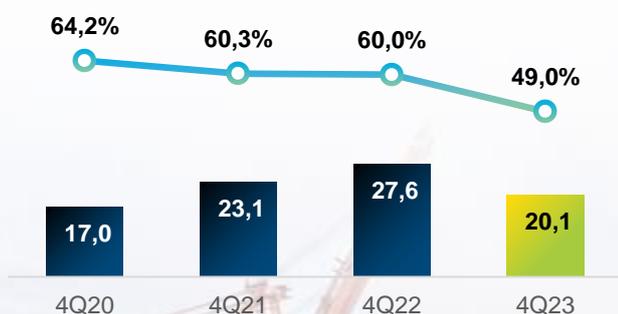
Net Revenue - International Operations
R\$ Million



Net Revenue - International Operations
R\$ Million



Gross Profit - International operations
R\$ Million



Gross Profit - International operations
R\$ Million





| SELLING, GENERAL AND ADMINISTRATIVE AND OTHER EXPENSES

R\$ Million	4Q22	4Q23	Var %	2022	2023	Var %
Selling, general and administrative expenses	(82.5)	(71.8)	-12.9%	(284.1)	(273.6)	-3.7%
Percentages on net revenue	-25.6%	-25.6%	0.0 p.p.	-27.3%	-29.0%	-1.7 p.p.
Other expenses, net	(1.3)	(3.1)	129.0%	0.1	(9.1)	-16115.8%
Percentages on net revenue	-0.4%	-1.1%	-0.7 p.p.	0.0%	-1.0%	-1.0 p.p.

Selling, general and administrative expenses showed 12.9% drop in 4Q23, totaling R\$ 273.6 million in the year, down 3.7%. The drop in expenses partly reflects the lower sales volume and consequently variable expenses, but substantially the result of cost reduction actions adopted mainly in 2Q23 and 4Q23. We reduced or discontinued structures with less impact on the core business, discontinued projects with lower rates of return and ended the year with a headcount 7% lower than at the end of 2022. We will continue to work internally to leverage efficiency gains across the entire operation to ensure the company's sustainable growth in the coming periods.

In other net expenses, the main impact is the amounts related to the impairment test of Regenera business combination, carried out in December 2023. The Company assessed the recoverability of Regenera's goodwill and group of assets and concluded that the recoverable value of the assets was lower than their carrying amount and, as a result, we recorded a total goodwill write-off in the amount of R\$ 18.1 million and a provision for fair value impairment (surplus value) of assets in the amount of R\$ 7.0 million in the statement of profit or loss. The liabilities recognized at the time of acquisition were also reviewed, with adjustments totaling R\$ - 3.5 million. More details in Item 5.d) of the Company's Consolidated Financial Statements.

| RESEARCH AND DEVELOPMENT EXPENSES

R\$ Million	4Q22	4Q23	Var %	2022	2023	Var %
Expenses on research and innovation and portfolio management	(20.2)	(16.9)	-16.0%	(69.3)	(59.7)	-13.9%
Percentages on net revenue	-6.2%	-6.0%	0.2 p.p.	-6.7%	-6.3%	0.4 p.p.

We invested R\$ 78.6 million in research and development in 2023 (chart on page 18), of which R\$ 59.7 million is allocated to expenses and reflects the stage of development of the projects as well as the associated level of innovation. It should be noted that we have an agenda of continuous investment in research, development and innovation and that the level of quarterly investment may change depending on the stage and cycle of the research. We remain aligned with our strategic planning for launches and new partnerships aimed at bringing new revenue to the company.



| EBITDA AND EBITDA MARGIN

R\$ Million	4Q22	4Q23	Var %	2022	2023	Var %
Adjusted net income **	46.3	23.1	-50.2%	128.4	50.5	-60.6%
(+) Non-recurring results	0.0	(3.3)		2.3	(100.5)	-4488.8%
Net income (loss) for the period	46.3	19.7	-57.5%	130.7	(50.0)	-138.2%
(+) Net financial result **	9.5	3.1	-67.2%	30.3	26.8	-11.6%
(+) Income tax and social contribution**	5.1	10.3	102.4%	16.4	104.2	535.3%
(*) Depreciation and amortization	8.3	9.4	12.9%	32.0	36.2	13.1%
EBITDA	69.2	42.5	-38.6%	209.3	117.2	-44.0%
(+) Non-recurring effects (*)	0.0	(4.5)	-123166.4%	(2.5)	8.2	-425.3%
(+) Others **	0.4	1.6	336.2%	0.4	9.0	2281.5%
Adjusted EBITDA ***	69.6	39.6	-43.1%	207.2	134.4	-35.1%
Net sales revenue	322.8	280.6	-13.1%	1,041.1	943.3	-9.4%
EBITDA margin	21.5%	15.1%	-6.4 p.p.	20.1%	12.4%	-7.7 p.p.
Adjusted EBITDA margin	21.6%	14.1%	-7.5 p.p.	19.9%	14.2%	-5.7 p.p.

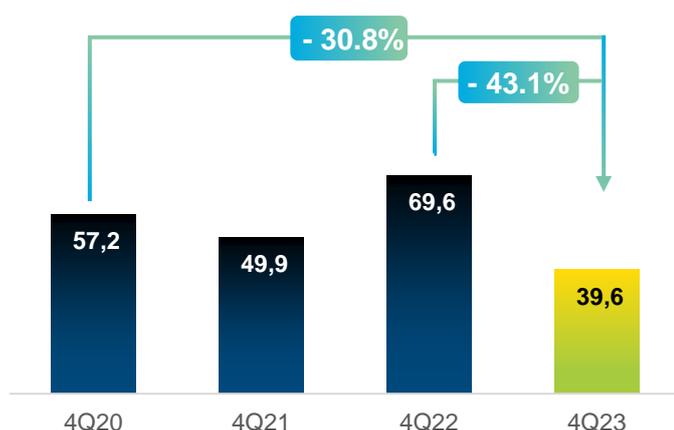
(*) In 2022, excluding: recovery of expenses with M&A transaction; (ii) expenses with the merger of subsidiary OF Pet; (iii) gains from tax proceedings in previous periods and (iv) extemporaneous credits from previous years. In 2023, excluding: (i) legal fees relating to successful tax proceedings, (ii) extemporaneous credits from previous years; (iii) write-off of the business combination goodwill and (iv) reversal of the investment acquisition obligation. Including respective tax effects in both periods reported.

(**) In 2023, financial result and income tax and social contribution excludes the provision for loss of IRPJ and CSLL (principal and inflation adjustment) related to the investment subsidy benefit used from 2019 to 2022.

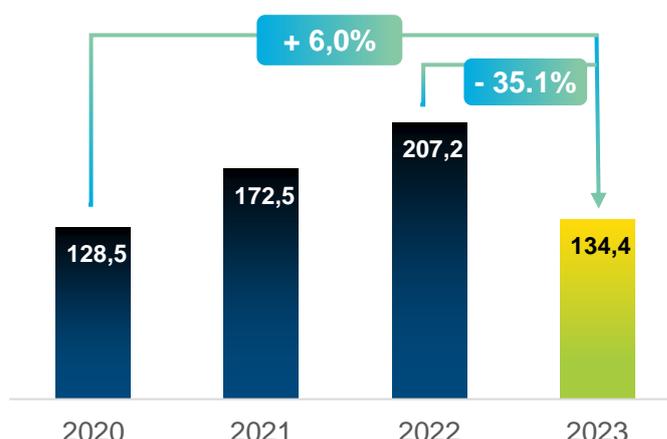
(***) In 2023, also excluding provision for impairment of intangible assets and capital gains recognized in business combinations.

Adjusted EBITDA in 4Q23 was R\$ 39.6 million, down 43.1% versus 4Q22 and amounting to R\$ 134.4 million in the year, down 35.1%. This mainly reflects the reduction in our gross profit, since selling, general and administrative expenses were lower than in the previous year.

Adjusted EBITDA
R\$ Million



Adjusted EBITDA
R\$ Million





| FINANCIAL RESULT

R\$ Million	4Q22	4Q23	Var %	2022	2023	Var %
Adjusted net financial result	(9.5)	(2.4)	-75.1%	(30.3)	(11.2)	-63.0%

Net financial results for 4Q23 had a positive impact of R\$ 7.1 million compared to 4Q22, totaling a reduction of R\$ 19.1 million compared to 2022, reflecting the increased availability of cash considering an average balance of R\$ 266.7 million in 2023 compared to a balance of R\$ 171.5 million in 2022, the improvement in the capital structure and consequent reduction in debt costs, which ended the year at 8.30% p.a. compared to 10.3% p.a. in 2022. Amount adjusted for the effects of provision of subsidy tax benefits used between 2019 and 2022.

| INCOME TAX AND SOCIAL CONTRIBUTION

R\$ Million	4Q22	4Q23	Var %	2022	2023	Var %
Income tax and social contribution	(5.1)	(3.2)	-37.9%	(16.1)	(27.4)	70.5%
Percentage on Profit before IT and SC	-9.9%	-12.0%	-2.1 p.p.	-11.1%	-35.2%	-24.1 p.p.

Income tax and social contribution totaled R\$ 27.4 million in 2023. Initially, IR/CSLL was impacted by R\$ 84.4 million due to the provisioning of subsidy tax benefits used between 2019 and 2022. This issue was subject to judgment at the Higher Court of Justice (STJ) under topic 1.182, and the corresponding rulings were published in 2Q23. Due to the change in case law, our legal advisors reviewed the prognosis regarding this specific topic, which resulted in an accounting provision in 3Q23. As this refers to effects from previous years, these amounts were adjusted in this statement.

In addition, on October 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 CSL of the taxable events that occurred from January/2019) was reestablished.

In this context, we decided to pay the tax assessment notice, which was made on November 14, 2023 in the amount of R\$ 90.2 million, of which R\$ 74.6 million. was principal and R\$ 15.5 million was inflation adjustment.



| ADJUSTED NET INCOME

R\$ Million	4Q22	4Q23	Var %	2022	2023	Var %
Adjusted net income	46.3	23.1	-50.2%	128.4	50.5	-60.6%
Margin	14.4%	8.2%	-6.2 p.p.	12.3%	5.4%	-6.9 p.p.

Adjusted net income amounted to R\$ 50.5 million in 2023, representing a 60.6% decrease compared to 2022. Reflecting the lower operating result impacted by an unfavorable external scenario and the non-dilution of general and administrative expenses, as previously mentioned.

The corporate result, with no adjustments, is a loss of R\$ 50.0 million and its main negative effect is the payment of R\$ 90.2 million relating to the provisioning of subsidy tax benefits used between 2019 and 2022 discussed in the previous session of this document.



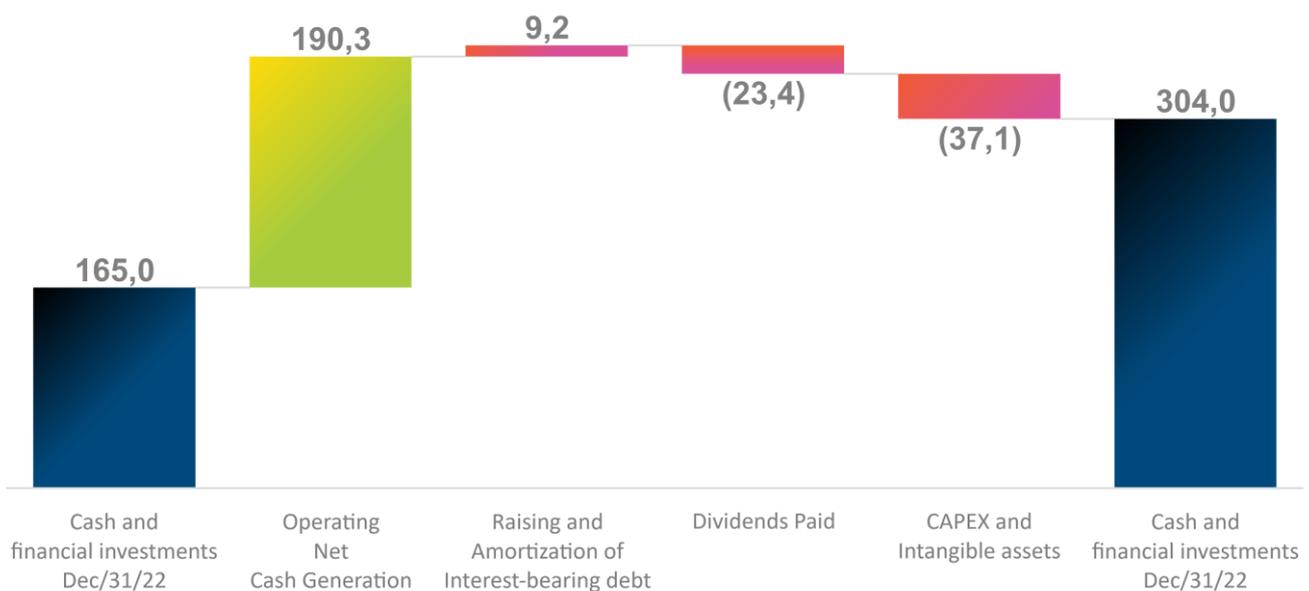
| CASH POSITION

In 2023, we reached a robust operating cash generation, totaling R\$ 190.3 million, and representing R\$ 100.7 million increase when compared to the previous year. This result reflects the lower financial cycle, considering the reduction in inventories, increases in negotiation terms with suppliers, offset of tax credits and the drop in expenses in operational and administrative structures.

This result reaffirms the strong ability to generate and convert cash through the operation, the Executive Board's financial management ability, which maintains a solid financial structure, suitable for Ourofino's strategic needs and prepared to resume the historic business growth.

The flow of financing recorded a R\$ 9.2 million increase in a year in which we repaid R\$ 79.4 million in loans and raised R\$ 90.0 million from FINEP. We also had R\$ 23.4 million related to the payment of dividends to shareholders, and R\$ 37.1 million for the acquisition of maintenance CAPEX and R&D intangible assets.

Cash position R\$ Million



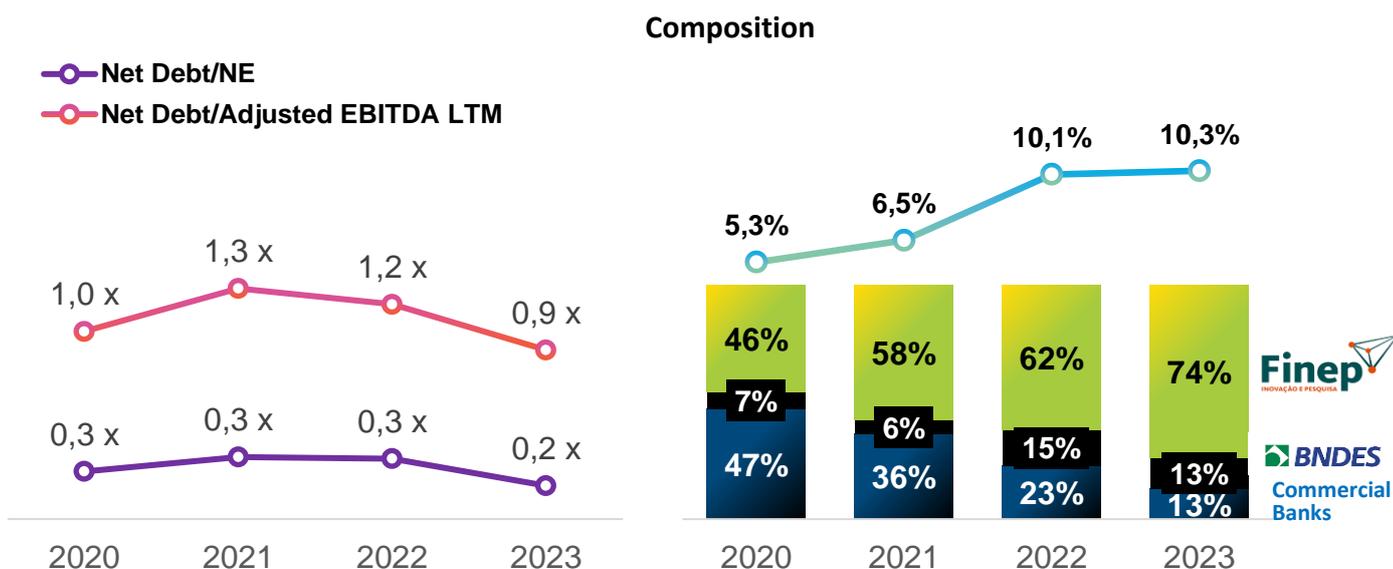


| INDEBTEDNESS

In R\$ million	2022	2023
Current	88.2	98.9
Non-current	324.1	333.1
Gross Debt	412.4	432.0
Related derivative financial instruments		0.2
Gross Debt considering related derivatives	412.4	432.2
(-) Cash and cash equivalents and short-term investments	165.0	304.0
Net Debt	247.3	128.1
Average cost of debt (LTM)¹	10.1%	10.4%
LTM net debt/adjusted annual EBITDA	1.2x	0.9x

¹ Net debt with banks considering bank-issued guarantee costs.

We ended 2023 with a 48,2% drop in net debt, due to robust cash generation in the period. The level of financial leverage was 0.9x Adjusted EBITDA, versus 1.2x in 2022. The debt profile remains well-suited to the Company's long-term investment characteristics, with 77% of the debt in the long term and 40,8% of gross debt with maturities above 5 years.





Also in November, the contracting of a credit facility with FINEP in the amount of R\$ 225 million was completed, intended to the financing of R&D projects, with first release occurring in December in the amount of R\$ 90 million. The achievement of pioneering innovation classification in this project by FINEP, intended to Strategic Innovation Plans presenting a high level of innovation and relevance to the benefited economic sector, allowed the financing to be framed at the rate of TR + 2.8%, with a total term of 12 years and grace period of 36 months.

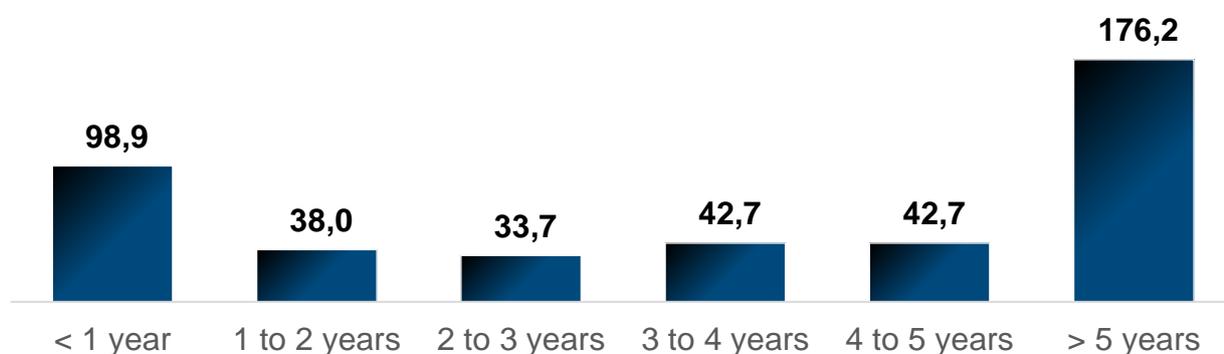
The cost of debt as of December 31, 2023 was 8.30% p.a. and represents 3.45 p.p. lower than SELIC at the end of the year. We reduced our exposure to SELIC with the new FINEP project and currently we have 87% of our debt contracted with BNDES and FINEP.

Aging (R\$ million)



Aging of banking indebtedness

R\$ Million

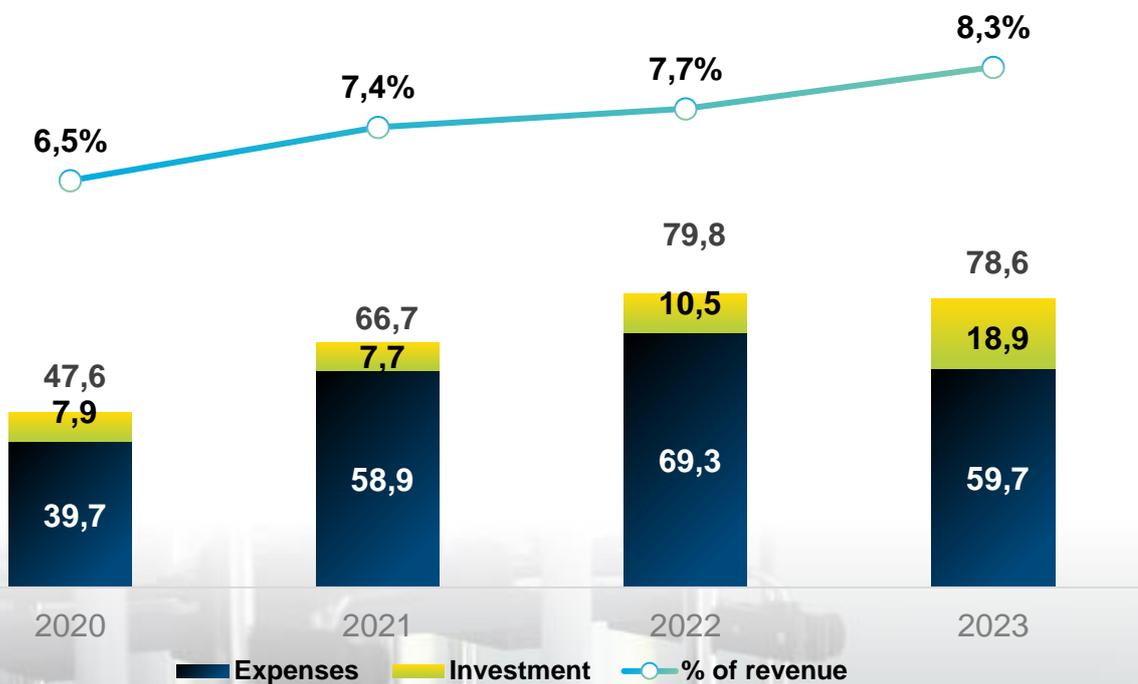




| INVESTMENTS IN RESEARCH AND DEVELOPMENT

In 2023, 8.3% of net revenue was invested, totaling R\$ 78.6 million. Total investment is in line with Ourofino's investment history, showing its commitment to project initiatives that can bring results in the short, medium and long term.

Investments in Research and Development
R\$ million





| INCOME STATEMENT - ADJUSTED

Income Statement (R\$ thousand)	4Q22	4Q23	2022	2023
Revenues	322,766	280,596	1,041,107	943,281
Cost of sales	(157,879)	(160,083)	(513,032)	(511,548)
Gross profit	164,887	120,513	528,075	431,733
Selling Expenses	(63,233)	(56,705)	(221,488)	(215,610)
Expenses on research and innovation	(20,162)	(16,943)	(69,341)	(59,696)
General and administrative expenses (*)	(19,241)	(15,092)	(62,595)	(57,993)
Other expenses, net (*)	(1,340)	(3,196)	57	(9,257)
Operating profit	60,911	28,577	174,708	89,177
Financial revenues	4,296	7,725	18,402	29,289
Financial expenses: (*)	(12,760)	(10,654)	(43,964)	(42,978)
Derivative financial instruments, net	(79)	564	8	1,785
Foreign exchange variation, net	(966)	(5)	(4,701)	698
Finance Result	(9,509)	(2,370)	(30,255)	(11,206)
Earnings before Income tax and social contribution	51,402	26,207	144,453	77,971
Current and deferred income tax and social contribution (*) (1)	(5,075)	(3,154)	(16,085)	(27,432)
Net income for the period	46,326	23,053	128,368	50,539

(*) Excluding non-recurring expenses and their respective tax effects.

(1) On April 26, 2023, the Superior Court of Justice ("STJ") completed the judgment on topic 1.182, and decided 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. This decision has led to a significant change in the court's precedents concerning the thesis of the federal pact for ICMS tax benefits used by subsidiary Ouro Fino Agronegócio Ltda., a fact that was released under a Notice to the Market on April 27, 2023.

Considering that STJ's judgment was held shortly before the release of the information to the market for the first quarter of 2023, and that, until the release date, the decisions with the votes of each judge had not yet been published, the Company's legal advisors understood that there was no sufficient information that would justify any change in the accounting approach adopted until then. This assessment was disclosed in a note on subsequent events in the accompanying notes for the quarter ended March 31, 2023.

On June 12, 2023, the appellate decision with the complete votes of each STJ's minister were published, and considering the change in the caselaw, our legal advisors reassessed the previous prognosis on the subject. As a result of this reassessment, the Company recognized, for the nine-month period ended September 30, 2023, the amount of R\$ 89.4 million, of which R\$ 74.6 million as principal and R\$ 14.8 million as inflation adjustment. These amounts reflect the benefit calculated between the years 2019 and 2022.

Further details on the subject can be found in Note No. 1.1 (ii) of the Financial Statements ended December 31, 2023.



| INCOME STATEMENT - CORPORATE

Income Statement (R\$ thousand)	4Q22	4Q23	2022	2023
Revenues	322,766	280,596	1,041,107	943,281
Cost of sales	(157,879)	(160,083)	(513,032)	(511,548)
Gross profit	164,887	120,513	528,075	431,733
Selling Expenses	(63,233)	(56,705)	(221,488)	(215,610)
Expenses on research and innovation	(20,162)	(16,943)	(69,341)	(59,696)
General and administrative expenses	(19,245)	(15,350)	(62,978)	(58,468)
Other income (expenses), net	(1,340)	1,576	3,050	(16,948)
Operating profit	60,907	33,091	177,318	81,011
Financial revenues	4,296	7,725	18,402	29,289
Financial expenses	(12,760)	(11,399)	(43,964)	(58,531)
Derivative financial instruments, net	(79)	564	8	1,785
Foreign exchange variation, net	(966)	(5)	(4,701)	698
Finance Result	(9,509)	(3,115)	(30,255)	(26,759)
Earnings before Income tax and social contribution	51,398	29,976	147,063	54,252
Current and deferred income tax and social contribution	(5,074)	(10,271)	(16,405)	(104,228)
Net income (loss) for the period	46,324	19,705	130,658	(49,976)



| CASH FLOW STATEMENT (1/2)

Cash Flow Statement (R\$ thousand)	2022	2023
Cash flows from operating activities		
Earnings before Income tax and social contribution	147,063	54,252
Adjustments for:		
Expected credit gains (losses)	(101)	369
Provision for inventory losses and write-offs	9,953	29,017
Provision for customer bonuses	1,641	424
Depreciation and amortization	31,994	36,189
Provision for impairment of intangible assets	478	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	(3,227)	(307)
Gain (loss) on disposal of intangible assets	252	(486)
Interest and monetary/foreign exchange variations, net	35,975	53,772
Derivative financial instruments	(8)	(1,785)
Provision (reversal) for contingencies	154	(826)
Long-term incentives	8,100	9,642
Fair value adjustment	910	1,630
Changes in working capital		
Trade accounts receivable	(57,203)	38,640
Inventories	(68,253)	90,656
Taxes recoverable	19,584	35,194
Other assets	2,467	1,827
Trade accounts payable	17,113	(13,147)
Taxes payable	(5,501)	2,128
Other liabilities	10,693	(20,008)
Cash provided by operations	152,084	339,124
Interest paid	(34,559)	(34,885)
Income tax and social contribution paid	(27,935)	(113,938)
Net cash from operating activities	89,590	190,301



| CASH FLOW STATEMENT (2/2)

Cash Flow Statement (R\$ thousands)	2022	2023
Cash flows from investing activities		
Companies' acquisition, net of acquired cash	(14,532)	
Investment in intangible assets	(18,202)	(22,759)
Purchase of property, plant and equipment	(51,974)	(24,918)
Proceeds from sale of property, plant and equipment	5,733	10,040
Amount received from the sale of intangible assets	826	500
Net cash used in investing activities	(78,149)	(37,137)
Cash flows from financing activities		
New loans and financing	106,104	94,681
Repayments of loan and financing	(78,905)	(79,427)
Lease payments	(1,997)	(2,948)
Payment in installments when acquiring a company		(4,610)
Payment of dividends and interest on equity	(33,224)	(23,408)
Realized derivative financial instruments	72	1,356
Net cash used in financing activities	(7,950)	(14,356)
Increase (decrease) in cash and cash equivalents, net	3,491	138,808
Cash and cash equivalents at the beginning of the year	161,254	165,036
Foreign exchange gains on cash and cash equivalents	291	185
Cash and cash equivalents at the end of the year	165,036	304,029



| BALANCE SHEET – ASSETS

Balance Sheet (R\$ thousands)	12/31/2022	12/31/2023
Assets		
Current assets	842,904	828,889
Cash and cash equivalents	165,036	304,029
Trade accounts receivable	301,008	263,035
Derivative financial instruments		546
Inventories	324,971	207,888
Taxes recoverable	31,368	16,306
Income tax and social contribution to recover	11,438	15,215
Related parties	414	15,120
Other assets	8,669	6,750
Non-Current Assets	503,601	450,120
Long-term receivables	55,167	24,313
Taxes recoverable	18,983	462
Deferred income tax and social contribution	34,069	21,888
Inventories	276	
Other assets	1,839	1,963
Permanent	448,434	425,807
Property, plant and equipment	342,358	333,146
Intangible assets	106,076	92,661
Total assets	1,346,505	1,279,009



| BALANCE SHEET - LIABILITIES AND NET EQUITY

Balance Sheet (R\$ thousands)	12/31/2022	12/31/2023
Liabilities and equity		
Current Liabilities	259,425	232,656
Trade accounts payable	85,566	74,558
Derivative financial instruments	64	181
Loans and financing	88,229	98,852
Salaries and payroll charges	47,875	30,212
Taxes payable	7,993	10,825
Dividends and interest on equity	10,576	
Related parties	414	247
Commissions on sales	6,614	5,335
Other liabilities	12,094	12,446
Non-Current Liabilities	351,111	356,958
Loans and financing	324,140	333,122
Provision for contingencies	5,675	5,022
Obligations on investment acquisition	8,153	
Other liabilities	13,143	18,814
Total liabilities	610,536	589,614
Total Equity	735,950	689,374
Non-controlling interest	19	21
Total liabilities and equity	1,346,505	1,279,009

REIMAGINATING ANIMAL HEALTH

OFSA**3**

