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

Ouro Fino Saúde Animal Participações S.A. and Subsidiaries

Individual and Consolidated Interim Financial Information for the Quarter Ended September 30, 2021 and Report on the Review of Interim Financial Information

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REPORT ON THE REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Board of Directors and Management of
Ouro Fino Saúde Animal Participações S.A.

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Ouro Fino Saúde Animal Participações S.A. (the "Company") included in the Interim Financial Information Form (ITR), for the quarter ended September 30, 2021, which comprises the individual and consolidated balance sheet as of September 30, 2021 and the related individual and consolidated statements of operations and of comprehensive income for the three- and nine-month periods then ended, and of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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

Emphasis of matter

Corresponding figures

We draw attention to note 1.5 to the individual and consolidated financial statements, which describes the restatement of the comparative balances to separately disclose in the statement of profit and loss for the period the expenses on research and innovation, which were disclosed together with selling expenses until the reporting date. Our conclusion is not qualified in respect of this matter.

Other matters

Statements of value added

The interim financial information previously mentioned includes the individual and consolidated statements of value added ("DVA") for the nine-month period ended September 30, 2021, prepared under the responsibility of the Company's Management and presented as additional information for international standard IAS 34 purposes. These statements have been subject to review procedures performed in connection with the interim financial information (ITR) to conclude whether they were reconciled with the interim financial information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the statements of value added were not prepared, in all material aspects, in accordance with the criteria defined in this standard and consistently with the individual and consolidated interim financial information taken as a whole.

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

Campinas, November 8, 2021

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Renato Foganholi Asam
Engagement Partner

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OURO FINO SAÚDE ANIMAL PARTICIPAÇÕES S.A.

BALANCE SHEET AS OF SEPTEMBER 30, 2021 AND DECEMBER 31, 2020
In thousands of Brazilian reais

		Parent company		Consolidated	
ASSETS	Note	2021	2020	2021	2020
CURRENT					
Cash and cash equivalents	8	35,903	1,341	164,600	225,575
Financial investments	8	18,567	18,039	18,567	18,039
Derivative financial instruments	9				2,298
Trade accounts receivable	10			201,166	209,409
Inventories	11			262,257	190,301
Taxes recoverable	12	880	2,347	24,745	22,751
Income tax and social contribution recoverable				2,141	3,891
Related parties	27	301	13,633	475	427
Other assets		9		8,698	6,932
		55,660	35,360	682,649	679,623
NON-CURRENT					
Long-term receivables					
Taxes recoverable	12			36,047	44,024
Income tax and social contribution	13			26,572	24,121
Inventories	11			1,901	3,332
Other assets		250	250	1,725	1,591
		250	250	66,245	73,068
Investments in subsidiaries	5	581,488	550,524		
Property, plant and equipment	14			301,909	277,305
Intangible	15			71,915	73,941
Total non-current assets		581,738	550,774	440,069	424,314
Total assets		637,398	586,134	1,122,718	1,103,937

		Parent company		Consolidated	
LIABILITIES AND EQUITY	Note	2021	2020	2021	2020
CURRENT					
Trade accounts payable	16			86,997	55,812
Loans and financing	17			84,882	96,553
Salaries and payroll charges		866	934	44,006	39,434
Taxes payable		118	3,069	5,373	6,718
Income tax and social contribution payable				1,506	
Dividends and interest on equity	27		21,309		21,309
Related parties	27	49	38	182	150
Commissions on sales				4,994	5,782
Other liabilities		5	6	11,016	12,935
Total current liabilities		1,038	25,356	238,956	238,693
NON-CURRENT					
Loans and financing	17			239,045	297,786
Provision for risks	18			4,661	6,384
Other liabilities		21		3,693	264
Total non-current liabilities		21		247,399	304,434
Total liabilities		1,059	25,356	486,355	543,127
EQUITY	19				
Share capital		458,102	425,237	458,102	425,237
Treasury shares		(1,208)		(1,208)	
Options granted		5,903	5,527	5,903	5,527
Profit reserve		79,869	112,734	79,869	112,734
Retained eanings		76,244		76,244	
Equity valuation adjustments		17,429	17,280	17,429	17,280
Total equity of the controlling shareholders		636,339	560,778	636,339	560,778
Non-controlling interest				24	32
Total equity		636,339	560,778	636,363	560,810
Total liabilities and equity		637,398	586,134	1,122,718	1,103,937

The accompanying notes are an integral part of these interim financial statements.

STATEMENT OF PROFIT OR LOSS
PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
In thousands of Brazilian reais unless otherwise stated indicated

		Parent company			
		2021		2020	
	Note	Quarter	9 months	Quarter	9 months
General and administrative expenses	21	(1,560)	(4,915)	(1,555)	(4,680)
Equity in the results of investees	5	35,618	79,922	46,928	62,383
Other expenses, net	22	(40)	(43)	(3)	(18)
Operating profit		34,018	74,964	45,370	57,685
Financial revenues		786	1,388	156	468
Financial expenses		(34)	(108)	(25)	(73)
Financial result	23	752	1,280	131	395
Net income for the period		34,770	76,244	45,501	58,080

The accompanying notes are an integral part of these interim financial statements.

STATEMENT OF PROFIT OR LOSS
PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
In thousands of Brazilian reais unless otherwise stated indicated

		Consolidated			
		2021		2020	
	Note	Quarter	9 months	Quarter	9 months
Net sales revenue	20	234,841	634,606	225,194	509,608
Cost of sales	21	(112,996)	(313,704)	(104,989)	(247,749)
Gross profit		121,845	320,902	120,205	261,859
Selling Expenses	21 and 1.5	(50,631)	(135,456)	(46,235)	(117,741)
Expenses on research and innovation	21 and 1.5	(15,317)	(40,682)	(9,842)	(28,093)
General and administrative expenses	21	(13,833)	(38,489)	(11,127)	(33,477)
Other expenses, net	22	(801)	(3,372)	(3,750)	(20,881)
Operating profit		41,263	102,903	49,251	61,667
Financial revenues		2,306	4,997	1,006	2,476
Financial expenses		(5,597)	(15,392)	(3,806)	(10,308)
Derivative financial instruments, net			1,962	1,960	16,950
Foreign exchange variation, net		925	(2,118)	(1,803)	(13,836)
Financial result	23	(2,366)	(10,551)	(2,643)	(4,718)
Income before income tax and and social contribution		38,897	92,352	46,608	56,949
Income tax and social contribution	24				
Current		(5,726)	(18,606)	(3,746)	(8,754)
Deferred		1,596	2,489	2,638	9,877
Net income for the period		34,767	76,235	45,500	58,072
Attributable to:					
the Company's shareholders		34,770	76,244	45,501	58,080
Non-controlling interest		(3)	(9)	(1)	(8)
		34,767	76,235	45,500	58,072
Earnings per share attributable to the company’s shareholders during the period (in Brazilian Reais)	25				
Basic earnings per share		0.64456	1.41331	0.84341	1.07657
Diluted earnings per share		0.64456	1.41331	0.84341	1.07657

The accompanying notes are an integral part of these interim financial statements.

STATEMENT OF COMPREHENSIVE INCOME (LOSS)
PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
In thousands of Brazilian reais

		Parent company			
		2021		2020	
	Note	Quarter	9 months	Quarter	9 months
Net income for the period		34,770	76,244	45,501	58,080
Other comprehensive income (loss)					
Items that will be reclassified to profit or loss					
Exchange variation on investment	5	367	149	620	1,318
Total comprehensive income (loss) for the period		35,137	76,393	46,121	59,398

		Consolidated			
		2021		2020	
		Quarter	9 months	Quarter	9 months
Net income for the period		34,767	76,235	45,500	58,072
Other comprehensive income (loss)					
Items that will be reclassified to profit or loss					
Exchange variation on investment	5	368	150	623	1,323
Total comprehensive income (loss) for the period		35,135	76,385	46,123	59,395
Attributable to:					
the Company's shareholders		35,137	76,393	46,121	59,398
Non-controlling interest		(2)	(8)	2	(3)
		35,135	76,385	46,123	59,395

The accompanying notes are an integral part of these interim financial statements.

OURO FINO SAÚDE ANIMAL PARTICIPAÇÕES S.A.

STATEMENT OF CHANGES IN EQUITY
In thousands of Brazilian reais

		Attributable to the shareholders of the Parent Company									
					Profit reserve						
	Note	Share capital	Treasury shares	Options granted	Legal reserve	Profit retention reserve	Equity valuation adjustments	Retained eanings	Total	Non-controlling interest	Total equity
AS OF JANUARY 1, 2021		425,237		5,527	17,493	95,241	17,280		560,778	32	560,810
Comprehensive income (loss) for the period											
Net income for the period								76,244	76,244	(9)	76,235
Exchange variation on investment	5						149		149	1	150
Total comprehensive income (loss) for the period							149	76,244	76,393	(8)	76,385
Contributions and distributions to shareholders:											
Share buyback	19 (f)		(1,208)						(1,208)		(1,208)
Capital increase with profit reserves	19 (a)	32,865				(32,865)					
Stock options granted	19 (d) e 19 (e)			376					376		376
Total shareholder contributions		32,865	(1,208)	376		(32,865)			(832)		(832)
As OF SEPTEMBER 30 2021		458,102	(1,208)	5,903	17,493	62,376	17,429	76,244	636,339	24	636,363
AS OF JANUARY 1, 2020		377,065		5,382	13,007	81,036	15,957		492,447	34	492,481
Comprehensive income (loss) for the period											
Net income for the period								58,080	58,080	(8)	58,072
Exchange variation on investment	5						1,318		1,318	5	1,323
Total comprehensive income (loss) for the period							1,318	58,080	59,398	(3)	59,395
Contributions and distributions to shareholders											
Capital increase with profit reserves	19 (a)	48,172				(48,172)					
Stock options granted	19 (d)			109					109		109
Total shareholder contributions		48,172		109		(48,172)			109		109
As OF SEPTEMBER 30 2020		425,237		5,491	13,007	32,864	17,275	58,080	551,954	31	551,985

The accompanying notes are an integral part of these interim financial statements.

OURO FINO SAÚDE ANIMAL PARTICIPAÇÕES S.A.

STATEMENT OF CASH FLOWS
PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
In thousands of Brazilian reais

		Parent company		Consolidated	
	Note	2021	2020	2021	2020
Cash flows from operating activities					
Earnings before Income tax and social contribution		76,244	58,080	92,352	56,949
Adjustments for:					
Expected credit losses	10 and 18			(94)	144
Provision for inventory losses and write-offs				8,150	5,603
Provision for returns on sales	18				207
Reversal of provision for customer bonuses	18			(979)	(817)
Equity in the results of investees	5	(79,922)	(62,383)		
Depreciation and amortization	14 and 15			20,149	19,800
Provision for impairment of intangible assets	14			5,732	17,499
Gain (loss) on disposal of property, plant and equipment	22			(453)	(140)
Gain (loss) on disposal of intangible assets	22			3	2,901
Interest and monetary/foreign exchange variations, net		(528)		15,451	28,351
Derivative financial instruments				(1,962)	(16,950)
Reversal of provision for risks	18			(1,626)	2,902
Stock options expenses	19 (d) (e)	209	37	376	109
Changes in working capital:					
Trade accounts receivable				9,243	(5,925)
Inventories				(80,140)	(13,092)
Taxes recoverable		1,467	318	4,286	2,394
Other assets		(225)	(178)	(2,112)	(324)
Trade accounts payable		20	(20)	29,698	8,691
Taxes payable		(2,950)	(197)	476	2,246
Other liabilities		(59)	526	1,232	19,093
Cash provided by (used in) operations		(5,744)	(3,817)	99,782	129,641
Interest paid				(13,871)	(9,284)
Income tax and social contribution paid				(15,554)	(6,462)
Net cash provided by (used in) operating activities		(5,744)	(3,817)	70,357	113,895
Cash flows from investment activities:					
Advances for future capital increase in subsidiaries			(23,000)		
Investment in intangible assets	14			(6,987)	(6,512)
Purchase of property, plant and equipment	15			(36,771)	(13,269)
Distribution of dividends and interest on equity (i)		62,823	57,000		
Proceeds from sale of property, plant and equipment				2,167	715
Net cash provided by (used in) investing activities		62,823	34,000	(41,591)	(19,066)
Cash flows from financing activities:					
New loans and financing	29			9,000	120,000
Repayments of loan and financing	29			(80,300)	(102,091)
Lease payments				(416)	
Purchase of treasury shares	19 (f)	(1,208)		(1,208)	
Payment of dividends and interest on equity	29	(21,309)	(836)	(21,309)	(836)
Realized derivative financial instruments	29			4,260	11,047
Net cash provided by (used in) financing activities		(22,517)	(836)	(89,973)	28,120
Increase (decrease) in cash and cash equivalents, net		34,562	29,347	(61,207)	122,949
Cash and cash equivalents at the beginning of the period		1,341	1,289	225,575	45,009
Foreign exchange gains on cash and cash equivalents				232	773
Cash and cash equivalents at the end of the period	8	35,903	30,636	164,600	168,731

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

Non-cash transactions in financing activities are presented in Note 29.

The accompanying notes are an integral part of these interim financial statements.

OURO FINO SAÚDE ANIMAL PARTICIPAÇÕES S.A.

STATEMENT OF VALUE ADDED
PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
In thousands of Brazilian reais

		Parent company		Consolidated	
	Note	2021	2020	2021	2020
Revenues:					
Gross revenues from sales and services				692,965	554,330
Other income (expenses), net				229	(292)
Income from construction of own assets				5,233	5,898
Provision for expected credit loss	10 and 18			94	(144)
				698,521	559,792
Inputs acquired from third parties:					
Cost of sales and services				(231,703)	(182,490)
Materials, electricity, third-party services and other		(844)	(1,335)	(144,609)	(115,189)
Losses on assets, net				(13,585)	(25,730)
Gross value added (distributed)		(844)	(1,335)	308,624	236,383
Depreciation and amortization	14 and 15			(20,149)	(19,800)
Net value added (distributed) generated by the entity		(844)	(1,335)	288,475	216,583
Value added received through transfer:					
Equity in the results of investees	5	79,922	62,383		
Financial revenues		1,405	476	15,019	35,204
Royalties		150	169	154	169
Other				221	97
Total value added distributed		80,633	61,693	303,869	252,053
DISTRIBUTION OF VALUE ADDED					
Personnel:					
Direct compensation		3,373	2,854	116,002	93,211
Benefits		143	92	21,300	18,713
FGTS		75	70	7,718	7,848
Taxes, charges and contributions:					
Federal		683	516	41,329	19,650
State		8	8	12,062	10,309
Municipal				375	378
Remuneration of third parties' capital:					
Interest, foreign exchange variation, losses on derivatives etc.		107	73	25,666	41,051
Rentals				3,173	2,692
Other				9	129
Equity remuneration					
Retained income (loss)		76,244	58,080	76,244	58,080
Non-controlling interest				(9)	(8)
Value added distributed		80,633	61,693	303,869	252,053

The accompanying notes are an integral part of these interim financial statements.

OURO FINO SAÚDE ANIMAL PARTICIPAÇÕES S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021
(All amounts in thousands of Brazilian reais (R$) unless otherwise stated)

1. GENERAL INFORMATION

1.1. Operations

Ouro Fino Saúde Animal Participações S.A. (the "Company") is a listed 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 (together 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.

The issue of this individual and consolidated interim financial statements was authorized for disclosing by the Board of Directors on November 8, 2021.

1.2. Impact of COVID-19 pandemic on the preparation of interim financial statements

According to the Organization for Economic Cooperation and Development (OECD), the Coronavirus outbreak (COVID-19), which was declared as a pandemic by the World Health Organization (WHO) in March 2020, has led the global economy to face its worst scenario since the 2008 financial crisis.

In Brazil, as well as in most other countries where the Group operates, animal health is considered an essential activity, since it is part of the agribusiness chain, which is critical for the continuity of food production and supply, in addition to the maintenance of good care for companion animals.

Within this context, the Company's operations at industrial plants, the remote customer services, and the product distribution logistics have not been impacted by the actions taken by governments so far in response to the outbreak.

On a timely basis, and aiming both at preserving the safety of employees and the continuity of operations, management has adopted the following measures:

(i) Creation of a Risk Management Committee, in charge of monitoring the situation on a regular basis, proposing and coordinating preventive measures to protect employees' health and minimize possible impacts on the business;

(ii) Compliance with the recommendations of the Ministry of Health to reduce social contact, with the consequent replacement of face-to-face meetings by remote meetings; adoption of remote work where applicable for corporate functions (home office); and cancellation of national and international travels; and

(iii) Implementation of awareness and guidance campaigns for employees, enhanced cleaning of workplaces, and supply of in-house produced hand sanitizer to the staff.

Main risks and uncertainties arising from COVID-19

In view of the operational risks related to the COVID-19 pandemic, the Group assesses the impacts of possible scenarios of delays in imports of inputs, particularly from China and India. Such impacts are minimized by the Company's current inventories of both raw materials and finished products in Brazil, Mexico, and Colombia.

Risks of market and economic negative events are also being considered. Among them (but not limited to), possible impacts on sales and increased default are expected - which can be mitigated by the scattered portfolio of customers, and the possibility of activating of this network comprised by: merchants, livestock farmers and veterinarians – in addition to the devaluation of currencies against the US dollar. It should be noted, however, that part of the Group's revenue is tied to the US dollar due to its operations in international markets, and the characteristics of sales that are translated from US dollars into Brazilian reais in the poultry and swine chains for producers in Brazil, which end up providing a natural hedge against exchange rate fluctuations.

The critical accounting estimates and judgments revisited for the preparation of these interim financial statements considering the effects of COVID -19 on the Company's business are disclosed in Note 2.

1.3. Basis of preparation and statement of compliance

The interim financial statements were prepared in accordance with the Brazilian technical pronouncement CPC 21 - Interim Financial Reporting, and with international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and are presented in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of quarterly information (ITR).

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, included in the consolidated interim financial statements prepared in compliance with IFRSs and accounting practices adopted in Brazil, and the parent company equity and income, included in the individual interim financial statements prepared in compliance with IFRSs and accounting practices adopted in Brazil, the Company decided to present these individual and consolidated interim financial statements in a single set, side by side.

The main accounting policies applied in the preparation of this interim financial statements are set out in Note 31.

The preparation of interim financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, as well as areas where assumptions and estimates are significant to the individual and consolidated interim financial statements are disclosed in Note 2.

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

1.4. Consolidation

The consolidated financial statements include the financial statements 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 direct the significant activities of the investee.

The subsidiaries included in the consolidation are described in Note 5 (a) and the accounting policies applied in the preparation of the consolidated interim financial statements are described in Note 31.

1.5. Restatement of comparative figures

As from the year ended December 31, 2020, the Group decided to segregate in the statement of profit or loss the expenses related to research and innovation, which until then were shown together with selling expenses.

The change aims to provide readers of the financial statements a better understanding of the investments made for the sustainability of our business.

	Consolidated					
	9/30/2020					
	Quarter Released	Reclassification	Quarter Restated	9-month Released	Reclassification	9-month Restated
Net sales revenue	225,194		225,194	509,608		509,608
Cost of sales	(104,989)		(104,989)	(247,749)		(247,749)
Gross profit	120,205		120,205	261,859		261,859
Selling Expenses	(56,077)	9,842	(46,235)	(145,834)	28,093	(117,741)
Expenses on research and innovation		(9,842)	(9,842)		(28,093)	(28,093)
General and administrative expenses	(11,127)		(11,127)	(33,477)		(33,477)
Other revenues, net	(3,750)		(3,750)	(20,881)		(20,881)
Operating profit	49,251		49,251	61,667		61,667
Financial result	(2,643)		(2,643)	(4,718)		(4,718)
Income tax and social contribution	(1,108)		(1,108)	1,123		1,123
Net income for the period	45,500		45,500	58,072		58,072

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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.

Management has carefully assessed the impacts of the COVID19 outbreak on its business and complied with the requirements of accounting practices adopted in Brazil, including the Brazilian technical pronouncement CPC 21 - Interim Financial Reporting, and with international accounting standard IAS 34 - "Interim Financial Reporting", issued by the International Accounting Standards Board - (IASB).

Based on assumptions, the Group makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom be equal 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) Fair value of derivative financial instruments

The fair value of derivative financial instruments is determined by using valuation techniques. The Group uses judgment to select methods and makes assumptions that are mainly based on market conditions existing at the balance sheet date.

b) 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.

c) 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 management, which consider the typical development of business and markets, according to the currently known scenarios.

d) Impairment of property, plant and equipment

The Group 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.

e) Provision for risks

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.

f) Fair Value of the Stock Option Plan

The Company has two stock option plans: the Stock Option Plan approved on December 31, 2014, and the Stock-Based Compensation Plan - ILP approved on January 29, 2021.

The fair value of shares under the share purchase option Plan was determined using the Black-Scholes-Merton pricing model, which takes into consideration the value of the share, the strike price, the time to elapse up to the exercise of the option, the likelihood of the option being exercised, the historical volatility, the dividend rate and the risk-free interest rate.

The fair value of shares under the ILP Plan 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.

g) Impairment of intangible assets

The Group annually tests intangible assets - mainly represented by product development and registration - for impairment, whenever possible using the discounted cash flow method, and considering, among other aspects:

(i) Assumptions of future revenue generation based on market size (current and estimated) and on the Group's expected market share.

(ii) Estimates of direct and indirect manufacturing costs.

(iii) 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 Company's accounting policy presented in Note 31.8. The assessment of the recoverability of balances takes into account strategic, technical and market aspects.

h) 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.

i) Taxes recoverable

Up to April 30, 2019, the subsidiary Ouro Fino Saúde Animal Ltda. accumulated ICMS credits on tax-exempt shipments in operations within the State of São Paulo, exports, and the 60% reduction in the ICMS tax base in interstate operations, with full/partial maintenance of credits on purchases, pursuant to ICMS Agreement 100/97. As from May 1, 2019, Decree 64,213 revoked the maintenance of tax credits arising from tax-exempt transactions within the State.

Upon the submission of the file addressed by Ordinance 83/2009 of the Coordinating Committee of Tax Administration Board (CAT), the remaining credit balances are converted into accumulated credits, which may be used in purchases of inputs and machinery and equipment and/or transferred to other Group companies which have an interdependence relationship and calculate ICMS payable on a regular basis.

As the Group's Management believes that there is no material risk of not realizing these credits, no provision for impairment was recorded.

3. FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

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 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.

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, the Group uses derivative transactions, mainly exchange rate swaps.

Swaps are classified as derivatives at fair value through profit or loss and were 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.

Gains and losses are recognized within "Finance income (costs)" in the statement of profit or loss.

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

	09/30/21	12/31/20
Assets in foreign currency		
Cash and cash equivalents	2,993	538
Trade accounts receivable	9,774	14,725
	12,767	15,263
Liabilities in foreign currency		
Trade accounts payable	(23,930)	(27,633)
	(23,930)	(27,633)
Net exposure - liabilities	(11,163)	(12,370)

(*) For December 31, 2020, the table above does not include balances of working capital loans and financing denominated in foreign currency in the amount of R$ 33,540 (Note 17), as they are hedged by a foreign exchange swap.

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$) against the U.S. dollar (US$).

				Impact	
Assets/liabilities	Risco	Balance as of 09/30/2021	Likely scenario (US$1=R$5,39)	Scenario 2 (US$ variation - 25%)	Scenario 3 (US$ variation - 50%)
Cash and cash equivalents	US$ depreciation	2,993	(24)	(742)	(1,484)
Trade accounts receivable	US$ depreciation	9,774	(80)	(2,424)	(4,847)
Trade accounts payable	US$ appreciation	(23,930)	195	5,934	11,867

(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 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, 87.3% of the Group’s financing transactions (78.0% as of December 31, 2020) are carried out at floating interest rates, and 12.7% of transactions at fixed interest rates (22.0% as of December 31, 2020). The higher amount of transactions with floating rates may give rise to volatility in the average cost of transactions, mainly due to the increase in SELIC rate and its impact on the CDI, however this risk is mitigated by the volume of funds existing in cash.

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 carries out transactions with prime financial institutions.

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, of more than 34 years.

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 Group 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 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) (Note 7).

c) Liquidity risk

The Group 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.

	Consolidated			
	Less than 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years
As of September 30, 2021				
Trade accounts payable	86,997			
Loans and financing (i)	105,292	90,396	120,499	70,391
Other liabilities (ii)	68,475	4,423	2,030	503
	260,764	94,819	122,529	70,894
As of December 31, 2020				
Trade accounts payable	55,812			
Loans and financing (i)	112,756	85,734	173,200	82,248
Derivative financial instruments, net	(2,298)			
Dividends and interest on equity	21,309			
Other liabilities (ii)	66,934	4,733		
	254,513	90,467	173,200	82,248

(i) As the amounts included in the table above are the contractual undiscounted cash flows, and therefore include future financial charges, they will not reconcile to the amounts disclosed for loans and financing in the statement of financial position.

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

3.2. Capital management

The Group's 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 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.

As of September 30, 2021, and December 31, 2020, the leverage ratios were as follows:

		Consolidated	
	Note	09/30/21	12/31/20
Loans and financing	17	323,927	394,339
Derivative financial instruments, net	9		(2,298)
Cash and cash equivalents	8	(164,600)	(225,575)
Financial investments	8	(18,567)	(18,039)
Net debt		140,760	148,427
Equity	19	636,363	560,810
Total capital		777,123	709,237
Leverage ratio %		18.11	20.93

3.3. Fair value estimate

The fair value of the financial instruments contracted by the Group is measured based on information obtained 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 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 impairment 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 are measured at fair value in the balance sheet, which requires the disclosure of fair value measurements by hierarchy level.

All the Group's derivative financial instruments have been classified as Level 2 - “Significant other observable inputs”.

4. SEGMENT REPORTING

The Board of Directors is the chief decision-maker and has determined the 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 city of Cravinhos, 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:

	Quarter ended September 30, 2021				
	Business segments				
	Production animals	Companion animals	International operations	Unallocated costs	Total
Revenues	179,482	29,076	26,283		234,841
Cost of sales	(94,257)	(8,982)	(9,757)		(112,996)
Gross profit	85,225	20,094	16,526		121,845
Selling Expenses	(33,908)	(6,992)	(9,731)		(50,631)
Results by segment	51,317	13,102	6,795		71,214
Expenses on research and innovation				(15,317)	(15,317)
General and administrative expenses and other expenses				(14,634)	(14,634)
Financial result				(2,366)	(2,366)
Income tax and social contribution				(4,130)	(4,130)
Unallocated results				(36,447)	(36,447)
Net income for the period					34,767

	Nine-month period ended September 30, 2021				
	Business segments				
	Production animals	Companion animals	International operations	Unallocated costs	Total
Revenues	468,695	89,222	76,689		634,606
Cost of sales	(260,100)	(26,610)	(26,994)		(313,704)
Gross profit	208,595	62,612	49,695		320,902
Selling Expenses	(90,260)	(19,547)	(25,649)		(135,456)
Results by segment	118,335	43,065	24,046		185,446
Expenses on research and innovation				(40,682)	(40,682)
General and administrative expenses and other expenses				(41,861)	(41,861)
Financial result				(10,551)	(10,551)
Income tax and social contribution				(16,117)	(16,117)
Unallocated results				(109,211)	(109,211)
Net income for the period					76,235

	Quarter ended September 30, 2020				
	Business segments				
	Production animals	Companion animals	International operations	Unallocated costs	Total
Revenues	174,243	28,765	22,186		225,194
Cost of sales	(88,662)	(8,495)	(7,832)		(104,989)
Gross profit	85,581	20,270	14,354		120,205
Selling Expenses	(33,030)	(6,615)	(6,227)		(45,872)
Results by segment	52,551	13,655	8,127		74,333
Expenses on research and innovation				(9,842)	(9,842)
General and administrative expenses and other expenses				(15,240)	(15,240)
Financial result				(2,643)	(2,643)
Income tax and social contribution				(1,108)	(1,108)
Unallocated results				(28,833)	(28,833)
Net income for the period					45,500

	Nine-month period ended September 30, 2020				
	Business segments				
	Production animals	Companion animals	International operations	Unallocated costs	Total
Revenues	381,406	67,984	60,218		509,608
Cost of sales	(204,976)	(21,243)	(21,530)		(247,749)
Gross profit	176,430	46,741	38,688		261,859
Selling Expenses	(82,967)	(17,140)	(17,271)		(117,378)
Results by segment	93,463	29,601	21,417		144,481
Expenses on research and innovation				(28,093)	(28,093)
General and administrative expenses and other expenses				(54,721)	(54,721)
Financial result				(4,718)	(4,718)
Income tax and social contribution				1,123	1,123
Unallocated results				(86,409)	(86,409)
Net income for the period					58,072

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

	2021		2020	
	Quarter	9 months	Quarter	9 months
Colombia	8,151	24,925	7,813	18,670
Mexico	9,936	24,812	6,105	14,954
Ecuador	3,303	7,985	2,192	4,941
Uruguay		4,879		5,449
Honduras	2,168	3,399	911	2,012
Bolivia	409	2,785	1,227	1,417
Paraguay	290	1,885	2,098	3,033
Arab Emirates		1,851		2,588
Costa Rica	426	1,289	991	991
Other	1,600	2,879	849	6,163
	26,283	76,689	22,186	60,218

5. INVESTMENTS (PARENT COMPANY)

a) Information on investments as of September 30, 2021, and December 31, 2020

	Name	Country	Business	Direct holding	Indirect holding
(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 companies mentioned in items (ii) and (iii) below. Sales in the foreign market are carried out directly with third parties and through the companies mentioned in items (iv) and (v) below. This company also manufactures to third parties upon order.	99.99%	
(ii)	Ouro Fino Agronegócio Ltda.	Brazil	Sales in the domestic market of veterinary drugs, vaccines and other products for production animals purchased from the company mentioned in item (i) and from third parties.	99.99%	
(iii)	Ouro Fino Pet Ltda.	Brazil	Sales in the domestic market of veterinary drugs and products and related goods for companion animals purchased from the company mentioned in item (i) and from third parties.	99.99%	
(iv)	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).		99.64%
(v)	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%

b) Changes in investments

	Parent company	
	09/30/21	09/30/20
Opening balance	550,524	501,209
Equity in the results of investees	79,922	62,383
Stock options granted	167	72
Dividends received (i)	(49,274)	(57,000)
Exchange variation on foreign investment	149	1,318
Final balance	581,488	507,982

(i) For the nine-month period ended September 30, 2021, the quotaholders of subsidiaries Ouro Fino Pet Ltda. and Ouro Fino Agronegócio Ltda. approved and paid dividends to the parent company Ouro Fino Saúde Animal Participações S.A. in the amount of R$ 12,000 (September 30, 2020 - R$ 12,000) and R$ 37,274 (September 30, 2020 - R$ 45,000), respectively.

c) Summarized financial information

The tables below present summarized financial information of the subsidiaries.

(i) Summarized balance sheet

	09/30/21				
	Subsidiaries				
	Direct			Indirect	
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Ouro Fino Colômbia S.A.S
Current					
Assets	396,212	240,681	57,268	23,662	19,689
Liabilities	(187,799)	(74,464)	(14,026)	(22,257)	(21,629)
Current assets, net	208,413	166,217	43,242	1,405	(1,940)
Non-current					
Assets	408,509	17,770	1,839	5,198	3,371
Liabilities	(243,089)	(2,249)	(509)		(1,772)
Non-current assets, net	165,420	15,521	1,330	5,198	1,599
Equity (equity deficiency)	373,833	181,738	44,572	6,603	(341)

	12/31/20				
	Subsidiaries				
	Direct			Indirect	
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Ouro Fino Colômbia S.A.S
Current					
Assets	425,721	211,623	51,263	13,479	24,085
Liabilities	(181,944)	(51,826)	(14,736)	(10,099)	(22,785)
Current assets, net	243,777	159,797	36,527	3,380	1,300
Non-current					
Assets	406,501	13,295	1,928	5,648	4,148
Liabilities	(299,201)	(2,784)	(172)		(2,533)
Non-current assets, net	107,300	10,511	1,756	5,648	1,615
Equity	351,077	170,308	38,283	9,028	2,915

(ii) Summarized statement of operations

	Quarter ended September 30, 2021				
	Subsidiaries				
	Direct			Indirect	
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Ouro Fino Colômbia S.A.S
Net sales revenue	155,738	173,276	30,340	9,936	8,151
Income (loss) before income tax and social contribution	9,792	24,568	7,762	(858)	(1,117)
Income tax and social contribution	(3,344)	1,067	(2,660)		
Net income (loss) for the period	6,448	25,635	5,102	(858)	(1,117)

	Nine-month period ended September 30, 2021				
	Subsidiaries				
	Direct			Indirect	
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Ouro Fino Colômbia S.A.S
Net sales revenue	438,692	441,825	93,887	24,812	24,925
Income (loss) before income tax and social contribution	32,816	49,901	27,731	(2,544)	(3,288)
Income tax and social contribution	(10,328)	(1,219)	(9,468)		
Net income (loss) for the period	22,488	48,682	18,263	(2,544)	(3,288)

	Quarter ended September 30, 2020				
	Subsidiaries				
	Direct			Indirect	
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Ouro Fino Colômbia S.A.S
Net sales revenue	149,028	161,880	30,287	6,105	7,813
Income (loss) before income tax and social contribution	19,976	19,710	8,506	(154)	(1,462)
Income tax and social contribution	(247)	1,958	(2,874)		
Net income (loss) for the period	19,729	21,668	5,632	(154)	(1,462)

	Nine-month period ended September 30, 2020				
	Subsidiaries				
	Direct			Indirect	
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Ouro Fino Colômbia S.A.S
Net sales revenue	346,753	352,589	71,208	14,954	18,670
Income (loss) before income tax and social contribution	17,051	32,336	19,219	(2,247)	(2,716)
Income tax and social contribution	3,716	1,386	(6,488)	16	
Net income (loss) for the period	20,767	33,722	12,731	(2,231)	(2,716)

(iii) Statement of comprehensive income (loss)

	2021		2020	
	Quarter	9 months	Quarter	9 months
Ouro Fino Saúde Animal Ltda. (direct subsidiary)				
Net income for the period	6,448	22,488	19,729	20,767
Other comprehensive income (loss)	367	149	620	1,318
Total comprehensive income (loss)	6,815	22,637	20,349	22,085

(iv) Summarized statement of cash flows

	09/30/21				
	Subsidiaries				
	Direct			Indirect	
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Ouro Fino Colômbia S.A.S
Cash flows from operating activities:					
Cash from operating activities	31,784	59,692	23,543	(2,599)	(6,894)
Interest paid	(13,602)	(15)	(5)		(249)
Income tax and social contribution paid	(7,356)		(8,198)		
Net cash provided by (used in) operating activities	10,826	59,677	15,340	(2,599)	(7,143)
Net cash provided by (used in) investing activities	(34,808)	(7,024)	249	(8)	
Net cash used in financing activities	(78,579)	(37,405)	(13,714)		(580)
Increase (decrease) in cash and cash equivalents, net	(102,561)	15,248	1,875	(2,607)	(7,723)
Cash and cash equivalents at the beginning of the period	170,407	23,708	17,263	3,758	9,098
Foreign exchange gains on cash and cash equivalents	229	2			
Cash and cash equivalents at the end of the period	68,075	38,958	19,138	1,151	1,375

	09/30/20				
	Subsidiaries				
	Direct			Indirect	
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Ouro Fino Pet Ltda.	Ouro Fino de México, S.A. de C.V.	Ouro Fino Colômbia S.A.S
Cash flows from operating activities:					
Cash from operating activities	56,124	49,467	22,771	1,985	3,109
Interest paid	(8,738)	(49)	(22)		(475)
Income tax and social contribution paid	(543)	(124)	(5,795)		
Net cash from operating activities	46,843	49,294	16,954	1,985	2,634
Net cash used in investing activities	(18,600)	(178)	(50)	(141)	(93)
Net cash provided by (used in) financing activities	53,340	(45,647)	(12,262)		(476)
Increase in cash and cash equivalents, net	81,583	3,469	4,642	1,844	2,065
Cash and cash equivalents at the beginning of the period	14,586	17,740	8,237	1,847	1,310
Foreign exchange gains on cash and cash equivalents	746	25	1		
Cash and cash equivalents at the end of the period	96,915	21,234	12,880	3,691	3,375

d) Reconciliation of the financial information on investments

	Subsidiaries							
	Ouro Fino Saúde Animal Ltda.		Ouro Fino Agronegócio Ltda.		Ouro Fino Pet Ltda.		Total	
	09/30/21	09/30/20	09/30/21	09/30/20	09/30/21	09/30/20	09/30/21	09/30/20
Equity as of January 1	351,077	314,214	170,308	163,645	38,283	31,466	559,668	509,325
Net income for the period	22,488	20,767	48,682	33,722	18,263	12,731	89,433	67,220
Stock options granted	119	72	22		26		167	72
Dividends paid			(37,274)	(45,000)	(12,000)	(12,000)	(49,274)	(57,000)
Exchange variation on foreign investment	149	1,318					149	1,318
Equity as of September 30	373,833	336,371	181,738	152,367	44,572	32,197	600,143	520,935
Percentage holding - %	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%		
Share of investments	373,833	336,371	181,738	152,367	44,572	32,197	600,143	520,935
Unrealized profit on inventories	(18,655)	(12,953)					(18,655)	(12,953)
Carrying amount of the investment in Parent Company	355,178	323,418	181,738	152,367	44,572	32,197	581,488	507,982

6. FINANCIAL INSTRUMENTS BY CATEGORY

	Parent company		Consolidated		
	09/30/21	12/31/20	09/30/21	12/31/20	
	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	35,903	1,341	164,600		225,575
Financial investments		18,039	18,567		18,039
Derivative financial instruments (i)				2,298	
Accounts receivable			201,166		209,409
Related parties	301	13,633	475		427
Other assets, except prepaid expenses	250	250	5,776		4,436
	55,021	33,263	390,584	2,298	457,886

	Parent company		Consolidated	
	09/30/21	12/31/20	09/30/21	12/31/20
	Amortized cost	Amortized cost	Amortized cost	Amortized cost
Liabilities as per balance sheet				
Trade accounts payable			86,997	55,812
Loans and financing			323,927	394,339
Related parties	49	38	182	150
Commissions on sales			4,994	5,782
Other liabilities	26	6	14,709	13,199
	75	44	430,809	469,282

(i) The notional amounts of exchange rate swap contracts as of December 31, 2020, corresponded to EUR 5,217 thousand.

7. CREDIT QUALITY OF FINANCIAL ASSETS

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.

The balances of bank accounts and financial investments amounting to R$ 183,069 (R$ 243,512 as of December 31, 2020) are held in prime financial institutions rated BB by *Standard & Poor's*.

The balances of trade accounts receivable are classified as described in Note 3.1 (b), as follows:

	Consolidated	
	09/30/21	12/31/20
AA	80,834	75,342
A	80,004	88,277
B	20,224	21,626
C	14,508	14,396
D	7,455	11,543
E	2,595	4,014
	205,620	215,198

8. CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

These comprise cash on hand and at banks, as well as financial investments consisting of Repurchase Agreements (Repos) and CDBs, yielding on average 102.84% of the Interfinancial Deposit Certificate (CDI) rate variation (up to 99.2% of CDI rate as of December 31, 2020).

	Parent company		Consolidated	
	09/30/21	12/31/20	09/30/21	12/31/20
Cash:				
In local currency			7	7
In foreign currency			91	95
			98	102
Banks:				
In local currency	107	18	2,136	7,025
In foreign currency			2,902	443
	107	18	5,038	7,468
Financial investments - cash and cash equivalents (i):				
In local currency				
Bank Deposit Certificate (CDB)	35,736	1,323	158,553	209,106
Repo and others	60		911	8,899
	35,796	1,323	159,464	218,005
Total cash and cash equivalents	35,903	1,341	164,600	225,575
Financial investments (ii):				
In local currency				
Bank Deposit Certificate (CDB)	18,567	18,039	18,567	18,039
Total financial investments	18,567	18,039	18,567	18,039

(i) Financial investments as cash equivalents in the amount of R$ 159,464 (R$ 218,005 as of December 31, 2020) are mainly aimed at maintaining the Group's liquidity to cover investments in R&D and working capital. Such investments includes the feature of immediate redemption with no loss of profitability.

(ii) Financial investments in CDB in the amount of R$ 18,567 (December 31, 2020 - R$ 18,039) arise from transactions with redemption terms over 90 days yielding 114% of CDI (114% of CDI as of December 31, 2020).

9. DERIVATIVE FINANCIAL INSTRUMENTS (CONSOLIDATED)

Derivatives as of December 31, 2020 in the amount of R$ 2,298 were used only for hedging purposes and not as speculative investments. However, the Group decided not to designate such instruments as Hedge Accounting.

The notional amounts of exchange rate swap contracts as of December 31, 2020, corresponded to EUR 5,217 thousand.

10. TRADE ACCOUNTS RECEIVABLE (CONSOLIDATED)

	09/30/21	12/31/20
In local currency		
Accounts receivable	195,846	199,460
Expected credit losses	(4,454)	(4,776)
	191,392	194,684
In foreign currency		
Accounts receivable	9,774	15,738
Expected credit losses		(1,013)
	9,774	14,725
Current	201,166	209,409

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

	09/30/21	12/31/20
Not yet due:		
Up to three months	152,820	169,138
From three to six months	39,549	37,168
Over six months	6,741	683
	199,110	206,989
Past due:		
Up to three months	921	1,169
From three to six months	22	70
Over six months	5,567	6,970
	6,510	8,209
	205,620	215,198

The Group 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 expected losses were as follows:

	09/30/21	09/30/20
Opening balance	5,789	6,717
Additions, net	(94)	144
Foreing exchange variation	106	435
Write-offs	(1,347)	(20)
Final balance	4,454	7,276

Additions to and reversals of the expected credit losses on trade account receivables were recorded in the statement of profit or loss for the year under “Selling expenses” (Note 21). The Group's Management analyzes the provisioned balance on an annual basis and the amounts are written off from the provision account when there is no expectation of recovering the funds.

11. INVENTORIES (CONSOLIDATED)

	09/30/21	12/31/20
Finished goods	101,598	63,861
Raw materials	62,294	66,433
Packaging materials	19,883	14,562
Products in process	17,894	7,591
Imports in transit	42,438	28,125
Advances to suppliers	11,221	7,891
Other	13,539	9,304
Provision for inventory losses (Note 18)	(4,709)	(4,134)
Total	264,158	193,633
Current	262,257	190,301
Non-current	1,901	3,332

12. TAXES RECOVERABLE

	Parent company		Consolidated	
	09/30/21	12/31/20	09/30/21	12/31/20
Value-Added Tax on Sales and Services (ICMS)			46,133	52,353
PIS and COFINS			8,636	7,580
IRRF	880	2,347	1,408	2,705
ICMS, PIS and COFINS on purchase of PPE			940	1,165
Excise Tax (IPI)			168	100
Other			3,507	2,872
Total		2,347	60,792	66,775
Current	880	2,347	24,745	22,751
Non-current			36,047	44,024

ICMS credits (amounting to R$ 45,251 as of September 30, 2021 R$ 49,056 as of December 31, 2020), were mostly generated by Ouro Fino Saúde Animal Ltda., and are not subject to inflation adjustment. Up to April 30, 2019, the generation of the said credits resulted from the credit accrual due to non-offsetting of debits on tax-exempt shipments in transactions within the State of São Paulo, as well as exports, and the 60% reduction in the ICMS tax base in interstate transactions, with full/partial credits on purchases, pursuant to ICMS Agreement 100/97. As from May 1, 2019, upon the enactment of Decree 64.213 of 2019, subsidiary Ouro Fino Saúde Animal Ltda. was no longer entitled to maintain full credits on transactions within the State of São Paulo, and started to reverse them in the monthly calculations.

Upon the submission of the file addressed by Ordinance 83/2009 of the Coordinating Committee of Tax Administration Board (CAT) and the approval by the tax authorities, the credit balances are converted into accumulated credits pursuant to the applicable tax legislation, and may be used in purchases of inputs and machinery and equipment and/or transferred to other Group companies which have an interdependence relationship, and calculate ICMS payable on a regular basis.

On January 18, 2021, the remaining amounts from the period 2010 to 2013 were released due to the costing methodology, through a writ of mandamus, in the amount of R$ 5,707.

Currently, Ouro Fino Saúde Animal Ltda. completed the delivery of the retroactive costing files (CAT Ordinance 83/2009) for the period from 2016 to 2018, which are under process of analysis by the tax authorities.

In this context, the Group's Management understands that there is no material risk of not realizing the amounts recorded; therefore, no provision for impairment of receivables was necessary.

13. CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION (CONSOLIDATED)

The Company and its subsidiaries Ouro Fino Saúde Animal Ltda., Ouro Fino Agronegócio Ltda. and Ouro Fino Pet Ltda. calculate income tax and social contribution under the taxable income method, at the rates of 25% for income tax and 9% for social contribution. 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.

a) Composition, nature and realization of deferred taxes

(i) Deferred income tax and social contribution

	09/30/21	12/31/20
Tax credits on:		
Accumulated income tax and social contribution losses	2,909	6,779
Temporary differences		
Provisions	21,633	20,810
Unrealized profit on inventories	9,610	4,711
Revaluation surplus - business combination	931	987
	35,083	33,287
Tax debits on:		
Temporary differences		
Deemed cost of lands	(7,878)	(7,878)
Derivative financial instruments		(781)
Provisions	(241)	(257)
Accelerated depreciation	(392)	(250)
	(8,511)	(9,166)
Total assets, net	26,572	24,121

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

The amounts by estimated offset period are as follows:

	09/30/21	12/31/20
Credits tax to be recovered		
In 2021	13,754	16,470
In 2022	19,038	14,121
In 2023	1,303	1,709
After 2024	988	987
	35,083	33,287
Tax debits to be settled		
In 2021	36	1,074
In 2022	277	36
In 2023	36	36
After 2024 (*)	8,162	8,020
	8,511	9,166

(*) Tax debits to be settled beyond 2024 mainly reflects, mainly, the adoption of the deemed cost method for lands in subsidiaries occurred on January 1, 2009 in the amount of R$ 7,878 (December 31, 2020 - R$ 7,878).

Net changes in the deferred tax account were as follows:

	09/30/21	09/30/20
Opening balance	24,121	15,441
Pre-operating costs written off		(143)
Accumulated income tax and social contribution los	(3,870)	(426)
Derivative financial instruments	781	(766)
Provisions	839	10,316
Unrealized profit on inventories	4,899	2,492
Revaluation surplus - business combination	(56)	156
Accelerated depreciation	(142)	(1,019)
Final balance	26,572	26,051

14. PROPERTY, PLANT AND EQUIPMENT (CONSOLIDATED)

Change:	As of January 1st, 2021	Additions	Foreing exchange variation	Transfers	Write-Offs	Depreciation	As of September 30, 2021
Right of Use - Leases	478	4,493				(433)	4,538
Land	24,985						24,985
Buildings and improvements	142,004	1,176		7,815		(3,166)	147,829
Machinery, equipment and industrial facilities	84,684	5,385	1	29	(234)	(6,125)	83,740
Vehicles and tractors	11,977	7,111	(127)	44	(1,278)	(3,046)	14,681
Furniture and fixtures	2,609	1,604	45	(47)	(37)	(838)	3,336
IT equipment	4,007	1,864	(27)	(3)	(13)	(1,068)	4,760
Construction in progress (i)	5,546	14,872		(7,832)			12,586
Other	1,015	4,759	(1)	(6)	(151)	(162)	5,454
	277,305	41,264	(109)		(1,713)	(14,838)	301,909

Change:	As of January 1st, 2020	Additions	Foreing exchange variation	Transfers	Write-Offs	Depreciation	As of 30 September 30, 2020
Land	24,985						24,985
Buildings and improvements	138,770	392		4,741		(2,854)	141,049
Machinery, equipment and industrial facilities	83,586	7,139	1	863	(19)	(6,005)	85,565
Vehicles and tractors	14,527	1,209	550		(520)	(2,848)	12,918
Furniture and fixtures	3,022	680	(56)			(770)	2,876
IT equipment	3,609	1,479	76		(35)	(941)	4,188
Construction in progress (i)	9,742	2,415		(5,376)			6,781
Other	1,398	234		(228)		(183)	1,221
	279,639	13,548	571		(574)	(13,601)	279,583

	9/30/2021			12/31/2020			
Balance breakdown:	Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net	Average annual depreciation rates
Right of Use - Leases	5,209	(671)	4,538				29.32%
Land	24,985		24,985	24,985		24,985	
Buildings and improvements	179,835	(32,006)	147,829	170,844	(28,840)	142,004	2.73%
Machinery, equipment and industrial facilities	152,329	(68,589)	83,740	147,765	(63,081)	84,684	6.05%
Vehicles, tractors and aircraft	24,270	(9,589)	14,681	21,240	(9,263)	11,977	19.26%
Furniture and fixtures	10,685	(7,349)	3,336	9,115	(6,506)	2,609	6.44%
IT equipment	15,214	(10,454)	4,760	13,045	(9,038)	4,007	12.04%
Construction in progress (i)	12,586		12,586	5,546		5,546	
Other	8,507	(3,053)	5,454	4,413	(2,920)	1,493	6.78%
	433,620	(131,711)	301,909	396,953	(119,648)	277,305	

(i) As of September 30, 2021, the balance of the works in progress refers mainly to the substation building in the amount of R$ 8,933 (R$ 2,911 as of December 31, 2020), and expansion of the Biological Products unit building in the amount of R$ 1,947 (R$ 605 as of December 31, 2020).

For the nine-year period ended September 30, 2021, costs of loans related to balances of works in progress were capitalized in the amount of R$ 310 (R$ 311 as of September 30, 2020), at an annual average rate of 5.80% (5.67% as of December 31, 2020).

Land, buildings, and machinery and equipment amounting to R$ 78,558 (R$ 80,674 as of December 31, 2020) were pledged as collateral for loans and financing (Note 17).

15. INTANGIBLE ASSETS (CONSOLIDATED)

Change:	As of January 1st, 2021	Additions	Provision for impairment	Foreing exchange variation	Write-Offs	Amortization	As of September 30, 2021
Goodwill on acquisition of subsidiary	618						618
Trademarks and licenses purchased		1,078					1,078
Development and registration of products	67,575	6,998	(5,732)	7	(3)	(3,945)	64,900
Computer software	5,748	935		2		(1,366)	5,319
	73,941	9,011	(5,732)	9	(3)	(5,311)	71,915

Change:	As of January 1st, 2020	Additions	Provision for impairment	Foreing exchange variation	Write-Offs	Amortization	As of 30 September 30, 2020
Goodwill on acquisition of subsidiary	618						618
Development and registration of products	86,475	5,421	(17,499)	244	(2,901)	(4,785)	66,955
Computer software	6,024	1,091		27		(1,236)	5,906
Other	178					(178)	
	93,295	6,512	(17,499)	271	(2,901)	(6,199)	73,479

	09/30/21			
Balance breakdown:	Cost	Provision for impairment	Accumulated amortization	Net
Goodwill on acquisition of subsidiary	618			618
Trademarks and licenses purchased	3,278		(2,200)	1,078
Product development and registration	132,595	(26,668)	(41,027)	64,900
Computer software	39,419		(34,100)	5,319
Other	1,335		(1,335)	
	177,245	(26,668)	(78,662)	71,915

	12/31/20			
Balance breakdown:	Cost	Provision for impairment	Accumulated amortization	Net
Goodwill on acquisition of subsidiary	618			618
Trademarks and licenses purchased	2,200		(2,200)	
Product development and registration	125,599	(20,936)	(37,088)	67,575
Computer software	38,480		(32,732)	5,748
Other	1,335		(1,335)	
	168,232	(20,936)	(73,355)	73,941

Product development and registration refer to expenses incurred in new veterinary drugs and its amortization is recognized under “Selling costs” (Note 21).

Provisions and write-offs representing R$ 5,735 (R$ 20,400 as of September 30, 2020) are related to projects that were discontinued or postponed by management decision, after a reassessment carried out that identified the need for technical adequacy of some projects and the postponement of others. However, the Company emphasizes that this decision does not change the growth plan for the coming years, based on the portfolio expansion, mainly in biological products, as outlined in the strategic planning.

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

16. TRADE ACCOUNTS PAYABLE (CONSOLIDATED)

	09/30/21	12/31/20
In local currency	30,584	14,916
In foreign currency	56,413	40,896
	86,997	55,812

17. LOANS AND FINANCING (CONSOLIDATED)

	Financial charges incurred	Maturity final	09/30/21	12/31/20
In foreign currency				
Working capital	Exchange variation and weighted average rate of 4.85% p.a. (December 31, 2020 - 4.85% p.a.)	2021		33,540
In local currency				
FINEP	Weighted average rate of 6.37% p.a. (December 31, 2020 - 5.67% p.a.)	2032	159,344	178,415
NCE (Export Credit Note)	Average rate of 8.37% p.a. (December 31, 2020 - 5.95% p.a.)	2024	82,894	103,902
Working capital	Average rate of 8.26% p.a. (December 31, 2020 - 4.10% p.a.)	2024	49,326	40,077
BNDES - FINEM	Weighted average rate of 9.07% p.a. (December 31, 2020 - 6.46% p.a.)	2025	23,664	27,830
BNDES - FINEM	Weighted average rate of 9.40% p.a. (December 31, 2020 - 9.34% p.a.)	2023	68	101
Working capital (i)	Average rate of 5.47% p.a. (December 31, 2020 - 5.14% p.a.)	2022	7,224	7,615
Leases	Weighted average rate of 7.10% p.a. (December 31, 2020 - 7.17% p.a.)	2023	889	1,731
Drawee risk	Not applicable		518	1,128
			323,927	394,339
Current			84,882	96,553
Non-current			239,045	297,786
			323,927	394,339

(i) Loans and financing obtained by the subsidiary Ouro Fino Colombia S.A.S

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$ 141,174; (ii) performance bond, in the amount of R$ 24,000; (iii) security interest constituted by its industrial plant located in the municipality of Cravinhos-SP; and (iv) guarantee from the parent company 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: 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. For the periods ended September 30, 2021 and December 31, 2020, the Group was in compliance with these ratios.

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

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

	09/30/21
From 1 to 2 years	75,318
From 2 to 3 years	68,929
From 3 to 4 years	19,227
From 4 to 5 years	13,701
Over five years	61,870
	239,045

b) Working capital loans denominated in foreign currency

Exchange rate swap transactions were contracted for working capital loans and financing denominated in foreign currency (EUR), which amounted to R$ 33,540 as of December 31, 2020, to replace the loan contractual charges with charges based on the Interbank Deposit Certificate - CDI variation (Note 9).

18. PROVISIONS (CONSOLIDATED)

	Quarter ended September 30, 2021				
Balances recognized in Assets:	Opening balance	Net additions and reversals	Final write-offs	Foreing exchange variation	Final Balance
Bonuses on sales	116	323	(344)		95
Provision for impairment of intangible assets	26,486	182			26,668
Expected credit losses	4,444	4		6	4,454
Provision for inventory losses	4,454	495	(243)	3	4,709
	35,500	1,004	(587)	9	35,926
Balances recognized in Liabilities:	Opening balance	Net additions and reversals	Final write-offs	Foreing exchange variation	Final Balance
Provision for risks	4,625	(57)		93	4,661
	4,625	(57)		93	4,661

	Nine-month period ended September 30, 2021				
Balances recognized in Assets:	Opening balance	Net additions and reversals	Final write-offs	Foreing exchange variation	Final Balance
Bonuses on sales	1,074	1,020	(1,999)		95
Provision for impairment of intangible assets	20,936	5,732			26,668
Expected credit losses	5,789	(94)	(1,347)	106	4,454
Provision for inventory losses	4,134	1,991	(1,264)	(152)	4,709
	31,933	8,649	(4,610)	(46)	35,926
Balances recognized in Liabilities:	Opening balance	Net additions and reversals	Final write-offs	Foreing exchange variation	Final Balance
Provision for risks	6,384	(744)	(882)	(97)	4,661
	6,384	(744)	(882)	(97)	4,661

	Quarter ended September 30, 2020				
Balances recognized in Assets:	Opening balance	Net additions and reversals	Final write-offs	Foreing exchange variation	Final Balance
Sales returns	187	275	(187)		275
Bonuses on sales	57	342	(259)		140
Provision for impairment of intangible assets	19,923	1,300	(550)		20,673
Expected credit losses	7,174	41		61	7,276
Provision for inventory losses	9,142	1,190	(261)	10	10,081
	36,483	3,148	(1,257)	71	38,445

Balances recognized in Liabilities:	Opening balance	Net additions and reversals	Final write-offs	Foreing exchange variation	Final Balance
Provision for risks	3,710	3,176	(64)	4	6,826
	3,710	3,176		4	6,826

	Nine-month period ended September 30, 2020				
Balances recognized in Assets:	Opening balance	Net additions and reversals	Final write-offs	Foreing exchange variation	Final Balance
Sales returns	68	526	(319)		275
Bonuses on sales	957	719	(1,536)		140
Provision for impairment of intangible assets	3,174	18,070	(571)		20,673
Expected credit losses	6,717	144	(20)	435	7,276
Provision for inventory losses	6,083	5,081	(1,118)	35	10,081
	16,999	24,540	(3,564)	470	38,445

Balances recognized in Liabilities:	Opening balance	Net additions and reversals	Final write-offs	Foreing exchange variation	Final Balance
Provision for risks	3,684	3,671	(769)	240	6,826
	3,684	3,671		240	6,826

a) Bonuses on sales

The provisions for bonuses on sales are related to sales campaigns which have already been negotiated with customers but are still pending completion. These provisions are recognized in the statement of profit or loss under "Cost of sales".

b) Provision for impairment of intangible assets

The Group tests for impairment product development balances in intangible assets, whenever possible, through the discounted cash flow method (Notes 2 (g) and 15).

c) Expected credit losses

The expeted credit loss is calculated based on the criterion of expected losses based on the entire life of the instruments. In view of all the Group's controls to mitigate credit risk, and the consequent low historical delinquency level, there were no significant effects for the period (Note 10).

d) Provision for inventory losses

The Group recognizes a provision for inventory losses when there is uncertainty regarding the realization of these balances (damaged, expired and/or about to expire products) (Note 11).

e) Provision for risks

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 management, supported by the opinion of its external legal advisors.

The provisions are as follows:

	09/30/21	12/31/20
Labor	2,887	4,357
Tax	882	1,078
Civil	892	949
	4,661	6,384

f) Possible losses, not provided for in the balance sheet

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

Possible risks are as follows:

	09/30/21			12/31/20		
	Administrative	Judicial	Total	Administrative	Judicial	Total
Tax	78,070	3,748	81,818	91,758	1,106	92,864
Labor		3,666	3,666		2,777	2,777
Civil	3	2,275	2,278	3	2,259	2,262
	78,073	9,689	87,762	91,761	6,142	97,903

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$ 51,195 (R$ 50,382 as of December 31, 2020), 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. In relation to ICMS, the dispute involves issues related to alleged debts, in the amount of R$ 9,730 (R$ 17,114 as of December 31, 2020), arising from a different interpretation by the tax authorities about the application of the exemption provided for in ICMS Agreement 100/97 on imports of technical inputs to be used in products for the livestock sector.

In addition, the Group is involved in other proceedings of a tax nature amounting to R$ 20,893 (R$ 25,368 as of December 31, 2020). The most relevant proceedings are as follows: (i) R$ 7,550 (R$ 6,800 as of December 31, 2020) related to ICMS credits on electric energy; (ii) R$ 4,800 (R$ 3,000 as of December 31, 2020) related to ICMS levy on operations with germicides; (iii) R$ 3,250 (R$ 2,950 as of December 31, 2020) related to transfers of ICMS credit balances; (iv) R$ 3,309 (R$ 2,800 as of December 31, 2020) related to the acquisition of goods from a supplier with improper registration and (v) R$ 1,960 (R$ 1,900, as of December 31, 2020) related to divergences in the application of the ICMS rate (FCI).

g) Contingent assets

The subsidiaries Ouro Fino Saúde Animal Ltda. and Ouro Fino Agronegócio Ltda. obtained favorable, final and unappealable decisions regarding the right to offset tax credits arising from the exclusion of ICMS from the calculation bases of PIS/COFINS contributions. On October 18, 2018, the Brazilian Federal Revenue Secretariat issued Internal Ruling 13 of the General Coordination of the Taxation System (COSIT), which provides for the criteria and procedures to be followed for calculating the amount to be excluded from the monthly calculation bases of these contributions. Considering that said Internal Ruling brings legal uncertainty to the taxpayers, the Group’s Management understands that the recognition of such credits, in the amount of R$ 4,654, was considered as probable, but not virtually certain, and, therefore, these have not been recorded in the period and are considered as contingent assets.

However, on May 13, 2021, the Federal Supreme Court (STF) ruled on the Motion for Clarification under RE 574,706, which defined in 2017 that ICMS does not comprise the calculation basis for PIS and COFINS levy. Pursuant to the decision, ICMS to be excluded is highlighted in the note; in addition, it modulated the effects of the thesis set, so that it takes effect from March 15, 2017, the date of the case judgment, safeguarding, however, those whose cases have been previously filed, which is the case of the subsidiaries Ouro Fino Saúde Animal and Ouro Fino Agronegócio. Therefore, as a result of the aforementioned decision, the rights arising from such proceedings no longer represent a contingent asset and the Group's Management recorded the tax credit in the amount of R$ 4,383.

19. EQUITY

a) Share capital

At the Annual and Extraordinary Shareholders' Meeting held on April 9, 2021, the Company’s Management approved an increase in the Company's capital of R$ 32,865 (R$ 48,172 as of May 8, 2020), with no issuance of registered common shares, through the use of profit reserves.

As of September 30, 2021, the share capital comprises 53,949,006 common shares (53,949.006 common shares as of December 31, 2020), all fully subscribed and paid-up and with no par value.

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.

c) Equity valuation 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 Company's shareholders with those of the eligible individuals; (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.

On September 28, 2016, the Board of Directors approved an additional grant of 40,000 stock options, for one beneficiary, as shown in the table below.

	End of the vesting period				
	09/28/17	09/28/18	09/28/19	09/28/20	09/28/21
Qty. of Options	8,000	8,000	8,000	8,000	8,000
Strike price	39.38	39.38	39.38	39.38	39.38
Fair Value of options granted	12.89	14.87	16.62	18.23	19.66
Maximum exercise term	09/28/21	09/28/22	09/28/23	09/28/24	09/28/25

The fair value attributed to the options granted was determined using the Black-Scholes-Merton pricing model, which takes into consideration the value of the share, the strike price, the remaining period up to the exercise of the option, the likelihood of the option being exercised, the historical volatility, the dividend rate and the risk-free interest rate, in accordance with the assumptions below:

Grant on 28 September 2016	General assumptions and information on the valuation			
End of the vesting period	09/28/18	09/28/19	09/28/20	09/28/21
Share price on the grant date	39.00	39.00	39.00	39.00
Estimated strike price for the period	43.91	46.40	49.07	51.91
Expected lifetime (in years)	4.00	5.00	6.00	7.00
Expected volatility	30.40%	30.40%	30.40%	30.40%
Risk-free interest rate	11.60%	11.70%	11.70%	11.80%

For the nine-month period ended September 30, 2021, expenses in the amount of R$ 118 (R$ 109 as of September 30, 2020) were recognized in connection with stock options.

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

At the Extraordinary Shareholder's Meeting held on January 29, 2021, Management 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 Company's Shareholders interests to those of Eligible persons, (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) 3year 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 Program's 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 Board of Directors.

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 nine-month period ended September 30, 2021, the Group recognized the expense, including INSS and FGTS charges, of the ILP Plan in the amount of R$ 364.

f) Treasury shares

In the quarter ended September 30, 2021, the Company repurchased 40,600 shares in the amount of R$ 1,208, with an average price of R$ 30.12 per share.

20. REVENUES (CONSOLIDATED)

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

	2021		2020	
	Quarter	9 months	Quarter	9 months
In Brazil				
Gross revenues from sales and services	231,122	619,266	224,265	497,917
Taxes and deductions on sales	(22,564)	(61,349)	(21,257)	(48,527)
	208,558	557,917	203,008	449,390
Abroad				
Gross sales	26,494	78,990	22,255	60,647
Taxes and deductions on sales	(211)	(2,301)	(69)	(429)
	26,283	76,689	22,186	60,218
	234,841	634,606	225,194	509,608

21. COSTS AND EXPENSES BY NATURE

	Parent company			
	2021		2020	
	Quarter	9 months	Quarter	9 months
General and administrative expenses				
Personnel expenses	1,432	4,242	1,275	3,506
Outsourced services	67	186	215	719
Travel expenses	3	3		7
Other	58	484	65	448
	1,560	4,915	1,555	4,680

	Consolidated			
	2021		2020	
	Quarter	9 months	Quarter	9 months
Cost of sales (i)				
Variable costs (materiais and supplies)	69,283	192,760	63,628	144,388
Personnel expenses	24,528	67,087	22,299	52,114
Outsourced services	7,699	21,124	7,616	17,595
Depreciation and amortization	4,186	12,430	4,326	12,941
Electricity	4,076	10,225	2,899	6,833
Provision for inventory losses	252	227	929	3,963
Provision for impairment of intangible assets	91	91		
Other	2,881	9,760	3,292	9,915
	112,996	313,704	104,989	247,749
Selling Expenses				
Personnel expenses	21,297	59,974	18,958	51,673
Sales team expenses	12,961	31,905	11,259	25,789
Freight expenses	8,360	22,337	7,185	17,671
Outsourced services	4,796	13,182	4,118	12,039
Depreciation and amortization	1,515	3,658	1,088	3,276
Telecommunication and energy	158	453	111	533
Other	1,544	3,947	3,516	6,760
	50,631	135,456	46,235	117,741
Expenses on research and innovation				
Personnel expenses	5,836	16,308	4,497	13,764
Outsourced services	6,936	18,718	3,776	10,141
Depreciation and amortization	626	1,709	530	1,536
Telecommunication and energy	130	404	106	315
Other	1,789	3,543	933	2,337
	15,317	40,682	9,842	28,093
General and administrative expenses				
Personnel expenses	8,828	24,905	7,738	22,638
Outsourced services	2,842	7,120	1,370	4,927
Depreciation and amortization	943	2,352	666	2,047
Travel expenses	86	225	47	210
Telecommunication and energy	247	780	204	605
Expenses with vehicles	46	142	14	134
Donations and sponsorships	13	35	25	53
Other	828	2,930	1,063	2,863
	13,833	38,489	11,127	33,477
	192,777	528,331	172,193	427,060

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

22. OTHER EXPENSES, NET

	Parent company			
	2021		2020	
	Quarter	9 months	Quarter	9 months
Gains on sales of scrap, rentals and other	45	136	62	153
Federal, state, municipal taxes and fees	(4)	(8)	(3)	(8)
Other losses	(81)	(171)	(62)	(163)
	(40)	(43)	(3)	(18)

	Consolidated			
	2021		2020	
	Quarter	9 months	Quarter	9 months
Gains on sales of scrap, rentals and other	32	268	(307)	(196)
Gain on disposal and write-off of PP&E	381	453	(190)	140
Federal, state, municipal taxes and fees (i)	(407)	3,496	(213)	1,590
Final write-off of intangible assets (ii)	(3)	(3)	(571)	(2,901)
Provision for impairment of intangible assets (ii)	(69)	(6,119)	(750)	(17,499)
Other losses	(735)	(1,467)	(1,719)	(2,015)
	(801)	(3,372)	(3,750)	(20,881)

(i) For the nine-month period ended September 30, 2021, extemporaneous credits from PIS/COFINS contributions were recognized, in the amount of R$ 4,383 related to ICMS exclusion from the calculation base, and for the nine-month period ended September 30, 2020, extemporaneous credits from PIS/COFINS contributions in the amount of R$ 1,994 were recognized, related to essential and relevant inputs to the production process, for which COSIT Normative Opinion No. 5/2018, published on December 18, 2018, concluded that the concept of input should be sought in light of the essentiality and relevance of the input in the Taxpayer's production chain, and thus, the Group, by analyzing the characteristics and specificities of its activity, based on understanding established by STJ, appropriated these credits from the period 2016 to 2020, which meet the concept of the opinion.

(ii) Refers to the provision for impairment and definitive write-offs of projects that were under development in intangible assets (Note 15).

23. FINANCE INCOME (COSTS)

	Parent company			
	2021		2020	
	Quarter	9 months	Quarter	9 months
Finance income				
Revenue from financial investments	718	1,320	155	466
Inflation adjustment		68	1	2
	786	1,388	156	468
Finance costs				
Interest paid		(6)	(1)	(3)
Finance charges		(1)		(1)
Other	(34)	(101)	(24)	(69)
	(34)	(108)	(25)	(73)
Financial result	752	1,280	131	395

	Consolidated			
	2021		2020	
	Quarter	9 months	Quarter	9 months
Finance income				
Revenue from financial investments	2,156	4,678	605	1,754
Interest received	50	124	19	268
Inflation adjustment	80	133	369	421
Other	20	62	13	33
	2,306	4,997	1,006	2,476
Finance costs				
Interest paid	(5,016)	(13,578)	(3,367)	(8,912)
Finance charges	(382)	(1,223)	(275)	(775)
Other	(199)	(591)	(164)	(621)
	(5,597)	(15,392)	(3,806)	(10,308)
Derivative financial instruments, net:				
Gains on derivatives (foreign exchange variation)		2,187	3,793	18,097
Losses on derivatives (interest)		(225)	(1,833)	(1,147)
		1,962	1,960	16,950
Foreign exchange variation, net	925	(2,118)	(1,803)	(13,836)
Financial result	(2,366)	(10,551)	(2,643)	(4,718)

24. INCOME TAX AND SOCIAL CONTRIBUTION EXPENSE

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

	Parent company			
	2021		2020	
	Quarter	9 months	Quarter	9 months
Earnings before Income tax and social contribution	34,770	76,244	45,501	58,080
Statutory tax rates	34%	34%	34%	34%
	(11,822)	(25,923)	(15,470)	(19,747)
Reconciliation for effective tax:				
Permanent differences:				
Equity in the results of investees	12,110	27,173	15,955	21,210
Unrecognized deferred taxes	(288)	(1,250)	(485)	(1,463)
Income tax and social contribution	-	-	-	-

	Consolidated			
	2021		2020	
	Quarter	9 months	Quarter	9 months
Earnings before income tax and social contribution	38,897	92,352	46,608	56,949
Statutory tax rates	34%	34%	34%	34%
	(13,225)	(31,399)	(15,847)	(19,363)
Reconciliation for effective tax:				
Permanent differences:				
PD&I Benefit	1,030	3,202	(1,557)	2,523
Investment Subsidies (i)	9,456	15,839	17,297	20,972
Calculation adjustments on subsidiaries abroad taxed at the rate in effect in their respective countries	(672)	(1,983)	(550)	(1,672)
Unrecognized deferred taxes	(288)	(1,250)	(486)	(1,464)
Other	(431)	(526)	35	127
Income tax and social contribution	(4,130)	(16,117)	(1,108)	1,123
Reconciliation with the statement of profit or loss				
Current	(5,726)	(18,606)	(3,746)	(8,754)
Deferred	1,596	2,489	2,638	9,877
	(4,130)	(16,117)	(1,108)	1,123

(i) The Group recognized the tax deductibility of the amounts of tax incentives related to exits with exemption from ICMS in transactions within the state of São Paulo and exports and exits with a 60% reduction in the ICMS calculation basis in interstate operations (ICMS Agreement 100/1997), according to the law case established by the Superior Court of Justice.

On 09/24/2021, the Federal Supreme Court (STF) unanimously judged and decided that the levying of IRPJ (corporate income tax) and CSLL (social contribution on net income) on the Selic Rate (interest in arrears and inflation adjustment) received by the taxpayer in the repetition of the overpayment is unconstitutional. The Group assessed the possible impacts of STF decision and concluded that there is no material impact on our operations.

25. BASIC AND DILUTED EARNINGS PER SHARE

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

	2021		2020	
	Quarter	9 months	Quarter	9 months
Net income for the period attributable to the Company's shareholders	34,770	76,244	45,501	58,080
Weighted average number of common shares outstanding in the period (in thousands of shares)	53,944	53,947	53,949	53,949
Basic and diluted earnings per share	0.64456	1.41331	0.84341	1.07657

26. EMPLOYEE BENEFITS

a) Private pension plan - defined contribution

The Group companies sponsor a defined contribution pension plan for their employees. The plan entered into effect in August 2008 and, until September 20, 2020, it was managed by Itaú Vida e Previdência S.A. As from October 2020, the plan is being managed by Brasilprev Seguros e Previdência S.A. Company contributions to the plan for the nine-month period ended September 30, 2021, amounted to R$ 795 (R$ 741 as of September 30, 2020).

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 management. In the nine-month period ended September 30, 2021, the impact of the short-term incentive on profit or loss was R$ 10,919 (R$ 7,543 as of September 30, 2020).

27. RELATED-PARTY BALANCES AND TRANSACTIONS

a) Balances and main transactions

	Parent Company					
	09/30/21		12/31/20			
	Assets	Liabilities	Assets		Liabilities	
	Other assets (i)	Other liabilities (i)	Interest on Equity	Other assets (i)	Dividends and interest on equity	Other liabilities (i)
Subsidiaries:						
Ouro Fino Saúde Animal Ltda.		49	11,900			38
Ouro Fino Pet Ltda.			1,650			
Other related parties:						
Ouro Fino Química Ltda.	301			83		
Shareholders					21,309	
	301	49	13,550	83	21,309	38

	Parent company					
	Main transactions:					
	09/30/21			09/30/20		
	Royalties	Shared Services Center (CSC) reimbursement (i)	Other expenses, net	Royalties	Shared Services Center (CSC) reimbursement (i)	Other expenses, net
Subsidiaries:						
Ouro Fino Saúde Animal Ltda.		(96)	(248)		(114)	(292)
Ouro Fino Agronegócio Ltda.					125	
Ouro Fino Pet Ltda.					26	(5)
Other related parties:						
Ouro Fino Química Ltda.	150			169		
	150	(96)	(248)	169	37	(297)

	Consolidated						
	Balances:						
	09/30/21			12/31/20			
	Assets	Liabilities		Assets	Liabilities		
	Other assets (i)	Other liabilities (i)	Loans and financing (ii)	Other assets (i)	Dividends and interest on equity	Other liabilities (i)	Loans and financing (ii)
Other related parties:							
Ouro Fino Química Ltda.	429	166		338		150	
Condomínio Rural Ouro Fino	46			89			
BNDES Participações S.A.			23,732				27,931
Shareholders					21,309		
Other		16					
	475	182	23,732	427	21,309	150	27,931

	Consolidated								
	Key operations:								
	09/30/21				09/30/20				
	Services Center (CSC)	*Royalties*	Other expenses, net	Financial result	Gross profit on sales of goods	Services Center (CSC)	*Royalties*	Other expenses, net	Financial result
Other related parties:									
Ouro Fino Química Ltda.	1,084	150	(751)			951	169	(554)	
Condomínio Rural Ouro Fino		4	(2,081)		4		32	(1,767)	
Neotech Soluções Ambientais Ltda.			(444)					(167)	
Shareholders									
BNDES Participações S.A.				(1,357)					(1,537)
	1,084	154	(3,276)	(1,357)	4	951	201	(2,488)	(1,537)

Related-party transactions are carried out under normal market conditions and practices.

(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.

(ii) Loans and financing

These refer to loans and financing from the related party BNDES Participações S.A., under market conditions similar to those adopted by BNDES in transactions with third parties (Note 17).

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 for their services is described below:

	09/30/21	09/30/20
Wages and salaries	2,380	2,272
Variable compensation	970	455
Labor charges	753	528
Direct and indirect benefits	156	125
Share-based payments	228	109
	4,487	3,489

Despite the fact that management 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.

28. 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	2021	2020
Property, plant and equipment and inventories	Fire, lightning, explosion, electrical damage, windstorm, loss of profits	497,281	403,980
General civil liability	Damage to third parties caused during operations	10,000	10,000
Civil risks - Management	Damage to third parties arising from acts by members of management in the performance of their duties	30,000	30,000

29. OTHER DISCLOSURES ON CASH FLOWS

	Loans and financing	Derivative financial instruments, net	Cash and cash equivalents	Financial investments	Net debt
Balance as of January 1st, 2021	394,339	(2,298)	(225,575)	(18,039)	148,427
Funding	9,000				9,000
Repayment of principal	(80,300)	4,260			(76,040)
Payment of interest	(13,422)				(13,422)
Drawee risk	(610)				(610)
Increase (decrease) in cash and cash equivalents and financial investments			61,207		61,207
Changes that affected cash flow	(85,332)		61,207		(19,865)
Foreign exchange variations and interest	14,920	(1,962)	(232)	(528)	12,198
Non-cash changes	14,920	(1,962)	(232)	(528)	12,198
Balance as of September 30, 2021	323,927		(164,600)	(18,567)	140,760
Balance as of January 1, 2020	281,082	2,252	(45,009)		238,325
Funding	120,000				120,000
Repayment of principal	(102,091)	11,047			(91,044)
Payment of interest	(9,284)				(9,284)
Drawee risk	881				881
Increase (decrease) in cash and cash equivalents			(122,949)		(122,949)
Changes that affected cash flow	9,506	11,047	(122,949)		(102,396)
Purchase of property, plant and equipment	279				279
Foreign exchange variations and interest	30,504	(16,950)	(773)		12,781
Non-cash changes	30,783	(16,950)	(773)		13,060
Balance as of September 30, 2020	321,371	(3,651)	(168,731)		148,989

30. COMMITMENTS

The Group establishes several commitments in the normal course of its activities and on November 17, 2020, the Company assumed a relevant commitment to purchase electric energy from Votener - Votorantim Comercializadora de Energia Ltda. The following are the commercial terms of the agreement:

Period of supply		Volume in average megawatt	Price	
Beginning	End			
01/01/22	12/31/22	2.500000	$157.00	MWh
01/01/23	12/31/23	2.500000	$150.00	MWh
01/01/24	12/31/24	2.500000	$147.00	MWh

The prices indicated above will be adjusted through IPCA index and since the base date (June 30, 2020) and the month of the start of supply of each year.

31. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

31.1 Consolidation

The following accounting policies are applied in the preparation of the consolidated interim 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) Transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

31.2 Foreign currency translation

a) Functional and reporting currency

Items included in the interim 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 item (c) below. Therefore, the individual and consolidated interim financial statements are presented in this currency.

b) 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)”.

c) 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 income 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.

31.3 Financial assets

31.3.1 Classification

The Group 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 also classified as "held for trading".

31.3.2 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.

31.3.3 Impairment of financial assets

Assets carried at amortized cost

Management assesses, at each balance sheet 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.

The new standard CPC 48/IFRS 9 "Financial Instruments", which has been in effect since January 1, 2018, introduces a new impairment model for financial assets, whereby it replaces the provision for incurred losses with expected losses. Considering the low historical default rates, the criterion change did not have major effects for the Group.

31.4 Derivative financial instruments

Derivative financial instruments are contracted with the purpose of hedging transactions against the risks of fluctuations in foreign exchange and interest rates, and are not used for speculative purposes. The Group operates mainly with exchange rate swaps. Derivatives are initially recognized at their fair value on the date on which the contract is entered into, and are subsequently remeasured at fair value. Since the Group does not adopt hedge accounting, the changes in the fair value of derivative instruments are recognized immediately in the statement of profit or loss within "Finance income (costs)".

CPC 48/*IFRS* 9 - “Financial instruments” new standard has entered into force on January 1, 2018. Its major amendment was the establishment of new criteria for the classification of financial assets and the loosening of requirements for adoption of hedge accounting. Management believes that there will be no significant changes in the classification and measurement of its financial assets, especially considering that the Group has not entered into transactions classified as hedge.

31.5 Trade accounts receivable

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

31.6 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.

31.7 Current and deferred income tax and social contribution

The income tax and social contribution expenses for the period 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 balance sheet 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 interim financial statements. They are determined based on tax rates in effect at the balance sheet 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 interim financial statements.

In this context, the Group recognized the tax deductibility of the amounts of tax incentives related to exits with exemption from ICMS in transactions within the state of São Paulo and exports and exits with a 60% reduction in the ICMS calculation basis in interstate operations (ICMS Agreement 100/1997), according to the law case established by the Superior Court of Justice.

The Group assessed and did not identify any relevant impacts on its interim financial statements.

31.8 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 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.

Finance 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 included in "Intangible assets" in the consolidated interim 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.

31.9 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 14. 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.

31.10 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.

31.11 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.

31.12 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.

31.13 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 management and are recorded as personnel expenses in the statement of profit or loss for the period.

c) Share-based compensation

The Company has a share-based compensation plan (stock option plan), duly approved by the Board of Directors, under which it receives services from its executives and third parties as consideration for the stock options granted. The cost of these options, calculated on the grant date, is recognized as an expense against equity during the vesting period.

31.14 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.

31.15 Payment of dividends and interest on capital

Payment of dividends and interest on equity to shareholders is recognized as a liability in the interim financial statements, in accordance 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.

31.16 Leases

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.

For the nine-month period ended September 30, 2021, the Group's Management analyzed all lease agreements and for all those identified as leases (under IFRS16/CPC 06 criteria), applied the exemption and application criteria provided for in the standard.

31.17 New standards that are not yet effective

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.