(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 Statements for the Quarter Ended March 31, 2022 and Report on the Review of Interim Financial Statements

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

Deloitte Touche Tohmatsu
Av. John Dalton, 301 -
1º andar - Techno Plaza Corporate -
Edifício 2 - Bloco B
13069-330 - Campinas - SP
Brasil

Tel.: + 55 (19) 3707-3000
Fax: + 55 (19) 3707-3001
www.deloitte.com.br

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REPORT ON THE REVIEW OF INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 statements of Ouro Fino Saúde Animal Participações S.A. (the "Company") identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR), for the quarter ended March 31, 2022, which comprises the individual and consolidated balance sheet as of March 31, 2022 and the related individual and consolidated statements of operations, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial statements 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 these statements 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 these interim financial statements 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 statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial statements included in the ITR referred to above were 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.

Deloitte.

Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added ("SVA") for the three-month period ended March 31, 2022, 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 statements 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 statements taken as a whole.

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

Campinas, May 10, 2022

DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Renato Foganholi Asam
Engagement Partner

2022CA014539A

OURO FINO SAÚDE ANIMAL PARTICIPAÇÕES S.A.

BALANCE SHEET AS OF MARCH 31 2022 AND DECEMBER 31, 2021
In thousands of Brazilian reais

		Parent company		Consolidated	
ASSETS	Note	2022	2021	2022	2021
Current assets					
Cash and cash equivalents	8	24,004	51,274	147,373	161,254
Trade accounts receivable	9			198,995	245,292
Inventories	10			311,767	270,119
Taxes recoverable	11	1,544	3,689	24,968	33,836
Income tax and social contribution recoverable				7,544	7,216
Related parties	26	133	83	327	726
Other assets		34		10,482	11,268
Total current assets		25,715	55,046	701,456	729,711
Non-current assets					
Long-term receivables					
Taxes recoverable	11			44,095	38,420
Deferred income tax and social contribution	12			33,865	35,350
Related parties	26	40,000			
Inventories	10			1,201	1,730
Other assets		250	250	1,814	1,746
		40,250	250	80,975	77,246
Investments in subsidiaries	5	600,866	603,789		
Property, plant and equipment	13			323,201	314,045
Intangible assets	14			98,273	71,641
Total non-current assets		641,116	604,039	502,449	462,932
Total assets		666,831	659,085	1,203,905	1,192,643

		Parent company		Consolidated	
LIABILITIES AND EQUITY	Note	2022	2021	2022	2021
Current liabilities					
Trade accounts payable	15	29		72,410	69,941
Loans and financing	16			86,152	85,045
Salaries and payroll charges		382	1,113	32,270	43,652
Taxes payable		424	3,648	6,073	15,400
Income tax and social contribution payable					4,857
Dividends and interest on equity	26	12,768	12,768	12,768	12,768
Related parties	26	29	52	248	175
Commissions on sales				4,585	5,353
Other liabilities		39	39	9,642	8,452
Total current liabilities		13,671	17,620	224,148	245,643
Non-current liabilities					
Loans and financing	16			309,664	297,330
Provision for contingencies	17			4,842	4,779
Obligations on investment acquisition	5			8,784	
Taxes payable				64	
Other liabilities		34	20	3,257	3,419
Total non-current liabilities		34	20	326,611	305,528
Total liabilities		13,705	17,640	550,759	551,171
Equity	18				
Share capital		458,102	458,102	458,102	458,102
Treasury shares		(5,125)	(5,125)	(5,125)	(5,125)
Options granted		6,252	6,008	6,252	6,008
Profit reserve		164,912	164,912	164,912	164,912
Retained eanings		15,995		15,995	
Equity valuation adjustments		12,990	17,548	12,990	17,548
Total equity of the controlling shareholders		653,126	641,445	653,126	641,445
Non-controlling interest				20	27
Total equity		653,126	641,445	653,146	641,472
Total liabilities and equity		666,831	659,085	1,203,905	1,192,643

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

OURO FINO SAÚDE ANIMAL PARTICIPAÇÕES S.A.

STATEMENT OF PROFIT OR LOSS
QUARTER ENDED MARCH 31
In thousands of Brazilian reais unless otherwise stated indicated

		Parent company		Consolidated	
	Note	2022	2021	2022	2021
Net sales revenue	19			202,315	168,784
Cost of sales	20			(104,522)	(85,522)
Gross profit				97,793	83,262
Selling Expenses	20			(48,072)	(40,745)
Expenses on research and innovation	20			(15,840)	(11,651)
General and administrative expenses	20	(1,731)	(1,729)	(13,115)	(12,233)
Equity in the results of investees	5	16,480	11,037		
Other income (expenses), net	21	44	1	2,854	(175)
Operating profit (loss)		14,793	9,309	23,620	18,458
Financial revenues		1,228	197	3,962	1,169
Financial expenses		(26)	(15)	(8,847)	(4,751)
Derivative financial instruments, net					1,275
Foreign exchange variation, net				(1,791)	(2,171)
Financial result	22	1,202	182	(6,676)	(4,478)
Income before income tax and social contribution		15,995	9,491	16,944	13,980
Income tax and social contribution	23				
Current				(27)	(3,800)
Deferred				(923)	(690)
Net income for the quarter		15,995	9,491	15,994	9,490
Attributable to:					
the Company's shareholders				15,995	9,491
Non-controlling interest				(1)	(1)
				15,994	9,490
Earnings per share attributable to the company’s shareholders during the quarter (in Brazilian Reais)	24				
Basic earnings per share				0.29748	0.17593
Diluted earnings per share				0.29748	0.17593

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

OURO FINO SAÚDE ANIMAL PARTICIPAÇÕES S.A.

STATEMENT OF COMPREHENSIVE INCOME (LOSS)
QUARTER ENDED MARCH 31
In thousands of Brazilian reais

		Parent company		Consolidated	
		2022	2021	2022	2021
Net income for the quarter		15,995	9,491	15,994	9,490
Other comprehensive income (loss)					
Items that will be reclassified to profit or loss					
Exchange variation on investment	5	(4,561)	838	(4,567)	843
Change in equity interest	5	3		3	
Total comprehensive income		11,437	10,329	11,427	10,333
Attributable to:					
the Company's shareholders				11,437	10,329
Non-controlling interest				(10)	4
				11,427	10,333

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, 2022		458,102	(5,125)	6,008	23,191	141,721	17,548		641,445	27	641,472
Comprehensive income for the quarter											
Net income for the quarter								15,995	15,995	(1)	15,994
Exchange variation on investment	5						(4,561)		(4,561)	(6)	(4,567)
Total comprehensive income							(4,561)	15,995	11,434	(7)	11,427
Contributions and distributions to shareholders:											
Change in equity interest	5						3		3		3
Long-ter incentive granted	18 (d) and (e)			244					244		244
Total shareholder contributions				244			3		247		247
AS OF MARCH 31, 2022		458,102	(5,125)	6,252	23,191	141,721	12,990		653,126	20	653,146
AS OF JANUARY 1, 2021		425,237		5,527	17,493	95,241	17,280		560,778	32	560,810
Comprehensive income for the quarter											
Net income for the quarter								9,491	9,491	(1)	9,490
Exchange variation on investment	5						838		838	5	843
Total comprehensive income							838	9,491	10,329	4	10,333
Contributions and distributions to shareholders:											
Long-ter incentive granted	18 (d)			110					110		110
Total shareholder contributions				110					110		110
AS OF MARCH 31, 2021		425,237		5,637	17,493	95,241	18,118		571,217	36	571,253

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

OURO FINO SAÚDE ANIMAL PARTICIPAÇÕES S.A.

STATEMENT OF CASH FLOWS
QUARTER ENDED MARCH 31
In thousands of Brazilian reais

		Parent company		Consolidated	
	Note	2022	2021	2022	2021
Cash flows from operating activities					
Earnings before Income tax and social contribution		15,995	9,491	16,944	13,980
Adjustments for:					
Expected credit gains	9 and 17			(10)	(10)
Provision for inventory losses and write-offs				752	2,238
Reversal of provision for customer bonuses	17			(236)	(497)
Equity in the results of investees	5	(16,480)	(11,037)		
Depreciation and amortization	13 and 14			7,522	6,459
Gain (loss) on disposal of property, plant and equipment	21			(591)	(11)
Interest and monetary/foreign exchange variations, net			(111)	6,882	6,414
Derivative financial instruments					(1,275)
Reversal of provision for risks	17			(867)	(597)
Stock options expenses	18 (d) (e)	103	51	307	110
Fair value adjustment				207	
Changes in working capital:					
Trade accounts receivable				43,636	38,242
Inventories				(44,651)	(41,928)
Taxes recoverable		2,145	1,544	2,530	3,696
Other assets		(84)	(80)	525	(2,355)
Trade accounts payable		(20)	20	4,345	15,925
Taxes payable		(3,224)	(2,728)	(9,439)	124
Other liabilities		(705)	(510)	(10,872)	(17,047)
Cash provided by (used in) operations		(2,270)	(3,360)	16,984	23,468
Interest paid				(6,572)	(3,572)
Income tax and social contribution paid				(4,944)	(2,000)
Net cash provided by (used in) operating activities		(2,270)	(3,360)	5,468	17,896
Cash flows from investment activities:					
Advances for future capital increase in subsidiaries		(40,000)			
Companies' acquisition, net of acquired cash	5 (f)			(14,241)	
Investment in intangible assets	14			(2,863)	(3,065)
Purchase of property, plant and equipment	13			(15,157)	(13,942)
Distribution of dividends and interest on equity (i)		15,000	40,550		
Proceeds from sale of property, plant and equipment				1,108	170
Net cash provided by (used in) investing activities		(25,000)	40,550	(31,153)	(16,837)
Cash flows from financing activities:					
New loans and financing	28			20,000	
Repayments of loan and financing	28			(8,053)	(8,191)
Lease payments				(390)	
Net cash provided by (used in) financing activities				11,557	(8,191)
Increase (decrease) in cash and cash equivalents, net		(27,270)	37,190	(14,128)	(7,132)
Cash and cash equivalents at the beginning of the quarter		51,274	1,341	161,254	225,575
Foreign exchange gains on cash and cash equivalents				247	278
Cash and cash equivalents at the end of the quarter	8	24,004	38,531	147,373	218,721

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

(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 28.

STATEMENT OF VALUE ADDED
QUARTER ENDED MARCH 31
In thousands of Brazilian reais

		Parent company		Consolidated	
	Note	2022	2021	2022	2021
Revenues:					
Gross revenues from sales and services				224,110	186,391
Other revenues, net				2,689	180
Income from construction of own assets				1,713	1,713
Expected credit losses	9 and 17			10	10
				228,522	188,294
Inputs acquired from third parties:					
Cost of sales and services				(79,423)	(63,954)
Materials, electricity, third-party services and other		(147)	(235)	(34,877)	(41,285)
Losses on assets, net				(719)	(2,126)
Gross value added (distributed)		(147)	(235)	113,503	80,929
Depreciation and amortization	13 and 14			(7,522)	(6,459)
Net value added (distributed) generated by the entity		(147)	(235)	105,981	74,470
Value added received through transfer:					
Equity in the results of investees	5	16,480	11,037		
Finance income		1,292	197	6,356	5,824
Royalties		50	50	51	51
Other				677	30
Total value added distributed		17,675	11,049	113,065	80,375
DISTRIBUTION OF VALUE ADDED					
Personnel:					
Direct compensation		1,130	1,138	52,363	36,001
Benefits		52	48	10,587	6,527
FGTS		29	24	3,811	2,351
Taxes, charges and contributions:					
Federal		446	330	14,482	12,961
State		2	3	1,550	1,642
Municipal				104	119
Remuneration of third parties' capital:					
Interest, foreign exchange variation, losses on derivatives etc.		21	15	12,914	10,310
Rentals				1,258	970
Other				2	4
Equity remuneration					
Retained earnings		15,995	9,491	15,995	9,491
Non-controlling interest				(1)	(1)
Value added distributed		17,675	11,049	113,065	80,375

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

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 at the "Novo Mercado" segment in the Brazilian stock exchange, B3 S.A. - Brasil, Bolsa, Balcão.

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

The issue of these individual and consolidated interim financial statements was authorized for disclosing by the Board of Directors on May 10, 2022.

(i) Merger of subsidiaries

At a meeting of the partners held on January 1, 2022, the merger of subsidiary Ouro Fino Pet Ltda. ("OF Pet") by subsidiary Ouro Fino Agronegócio Ltda. ("OF Agro") was approved, based on an appraisal report at book value as of December 31, 2021, issued on January 1, 2022.

The merger purpose was to optimize some distribution centers in search of logistical synergies and operational gains.

OF Agro merged all OF Pet's assets and liabilities and, therefore, the Merger resulted in OF Agro's capital increase in the amount of R$ 60,921, represented by 60,920,848 new shares, with a par value of one Brazilian real (R$1.00) each. Accordingly, OF Agro's capital increased from R$ 80,622, divided into 80,622,495 shares with a par value of one Brazilian real (R$1.00) each, to R$ 141,543, divided into 141,543,343 shares with a par value of one Brazilian real (R$1.00) each.

(ii) Business combination

In a material fact disclosed on November 18, 2021, subsidiary Ouro Fino Saúde Animal Ltda. ("OF Saúde Animal") entered into an agreement of intent for the acquisition of all the shares issued by Regenera Medicina Avançada Ltda. ("Regenera"). The consummation of the acquisition was conditioned to the approval of certain conditions precedent and completion of regulatory procedures, which have already been met and the signing of the closing of the transaction took place on February 25, 2022.

Regenera is a biotechnology company, founded in Campinas (SP) in 2012, operating in the area of Veterinary Medicine, focused on research and development of therapeutic protocols involving mesenchymal stem cells and derivatives and is the holder of the patent in Brazil, Australia and the United States.

This move reaffirms the Company's purpose of reimagining Animal Health and is fully aligned with the strategic goal of growing in high-growth potential adjacent markets and connected with the main trends, especially the humanization of the relationship between pet owners and their pets.

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

The spreading of COVID-19 since the beginning of 2020 has affected business and economic activities on a global scale.

The Company has created a Risk Management Committee, since its inception, which has been monitoring the evolution of the pandemic, making some important decisions to protect the health and safety of its employees and the continuity of the operation.

In this context, the Company remains attentive to and following the evolution of this issue, but no impacts on its operations are expected.

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. Impact of the Russia-Ukraine conflict on the preparation of interim financial statements

Up to the date of approval of these individual and consolidated interim financial statements, the Company's Management assessed and understood that there were no significant impacts on its operations. Management is constantly analyzing the unfolding of the issue in order to implement measures to mitigate any impact on its operations.

1.4. 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 interim financial 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 these interim financial statements are set out in Note 29.

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 statement of value added ("SVA"), is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. The SVA has been prepared in compliance with the criteria defined in Technical Pronouncement CPC 09 - Statement of Value Added. 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.

1.5. Consolidation

The consolidated interim financial statements include the interim 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 provide direction to 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 29.

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 carefully assessed the impacts of the COVID19 outbreak on its business and was compliant with the requirements of accounting practices adopted in Brazil including the pronouncements issued by the Accounting Pronouncements Committee (CPC) and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board - (IASB), in addition to CVM/SNS/SEP Circular Letter No. 02/2020.

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 contingencies

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 three stock option plans: the Stock Option Plan approved on December 31 2014 and two Stock-Based Compensation Plan - ILP approved on January 29, 2021 and April 20, 2022.

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 29.9. 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 of São Paulo.

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 are entered into to exchange the charges on loans and financing initially obtained in foreign currency for charges based on the Interbank Deposit Certificate (CDI) rate.

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:

	03/31/2022	12/31/2021
Assets in foreign currency		
Cash and cash equivalents	3,720	476
Trade accounts receivable	11,680	14,688
	15,400	15,164
Liabilities in foreign currency		
Trade accounts payable	(17,740)	(10,729)
	(17,740)	(10,729)
Net exposure - assets (liabilities)	(2,340)	4,435

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 03/31/2022	Likely scenario (US$1=R$5.18)	Scenario 2 (US$ variation - 25%)	Scenario 3 (US$ variation - 50%)
Cash and cash equivalents	US$	3,720	349	(1,017)	(2,034)
Trade accounts receivable	US$	11,680	1,095	(3,194)	(6,387)
Trade accounts payable	US$	(17,740)	(1,663)	4,851	9,701

(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, 91.8% of the Group’s financing transactions (90.4% as of December 31, 2021) are carried out at floating interest rates, and 8.2% of transactions at fixed interest rates (9.6% as of December 31, 2021). 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 partially 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.

Trade account receivables-related credit risk is mitigated through a broad customer base and careful selection of customers by business segment (production animals, companion animals, and international operations), in addition to the utilization of guarantees, establishment of individual exposure limits and a well-defined credit policy that utilizes credit risk modeling, through which a credit rating is assigned to each customer, based on the Group's experience in the market, 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 March 31, 2022				
Trade accounts payable	72,410			
Loans and financing (i)	117,330	103,342	158,462	130,682
Dividends and interest on equity	12,768			
Related parties	248			
Obligations on investment acquisition			5,000	3,784
Provision for contingencies	1,141	2,661		1,040
Other liabilities (ii)	52,634	3,088	169	
	256,531	109,091	163,631	135,506
As of December 31, 2021				
Trade accounts payable	69,941			
Loans and financing (i)	112,573	98,490	146,359	118,577
Dividends and interest on equity	12,768			
Related parties	175			
Provision for contingencies	1,434	3,345		
Other liabilities (ii)	77,714	1,454	1,502	463
	274,605	103,289	147,861	119,040

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

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

3.2. Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a 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 March 31, 2022 and December 31, 2021, the gearing ratios were as follows:

		Consolidated	
	Note	03/31/2022	12/31/2021
Loans and financing	16	395,816	382,375
Cash and cash equivalents	8	(147,373)	(161,254)
Net debt		248,443	221,121
Equity	18	653,146	641,472
Total capital		901,589	862,593
Leverage ratio %		27.56	25.63

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

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

4. SEGMENT REPORTING

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

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

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

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

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

The results by segment were as follows:

	03/31/2022				
	Business segments				
	Production animals	Companion animals	International operations	Unallocated costs	Total
Net sales revenue	140,555	33,351	28,409		202,315
Cost of sales	(82,680)	(10,539)	(11,303)		(104,522)
Gross profit	57,875	22,812	17,106		97,793
Selling Expenses	(31,826)	(7,300)	(8,946)		(48,072)
Results by segment	26,049	15,512	8,160		49,721
Expenses on research and innovation				(15,840)	(15,840)
General and administrative expenses and other expenses				(10,261)	(10,261)
Finance income (costs)				(6,676)	(6,676)
Income tax and social contribution				(950)	(950)
Unallocated results				(33,727)	(33,727)
Net income for the quarter					15,994

	03/31/2021				
	Business segments				
	Production animals	Companion animals	International operations	Unallocated costs	Total
Net sales revenue	115,567	29,962	23,255		168,784
Cost of sales	(69,464)	(8,835)	(7,223)		(85,522)
Gross profit	46,103	21,127	16,032		83,262
Selling Expenses	(26,768)	(6,474)	(7,503)		(40,745)
Results by segment	19,335	14,653	8,529		42,517
Expenses on research and innovation				(11,651)	(11,651)
General and administrative expenses and other expenses				(12,408)	(12,408)
Finance income (costs)				(4,478)	(4,478)
Income tax and social contribution				(4,490)	(4,490)
Unallocated results				(33,027)	(33,027)
Net income for the quarter					9,490

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

	03/31/2022	03/31/2021
Colombia	9,506	8,906
Mexico	8,426	8,218
Uruguay	5,834	
Ecuador	1,062	3,130
Spain	2,099	
Paraguay		263
Honduras		1,118
Costa Rica		792
Other	1,482	828
	28,409	23,255

5. INVESTMENTS (PARENT COMPANY)

a) Information on investments as of March 31, 2022

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 and companion animals purchased from the company mentioned in item (i) and from third parties.	99.99%	
(iii) Ouro Fino de México, S.A. de CV	Mexico	Sales, exclusively in Mexico, of veterinary drugs and other products purchased from the company mentioned in item (i).		99.92%
(iv) Ouro Fino Colômbia S.A.S	Colombia	Sales, exclusively in Colombia, of veterinary drugs and other products purchased from the company mentioned in item (i).		100.00%
(v) Regenera Medicina Avançada Ltda.	Brazil	Research, development, manufacturing, and trade of therapeutic protocols involving mesenchymal stem cells and derivatives for companion animals.		100.00%

b) Information on investments as of December 31, 2021

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%

(*) Subsidiary Ouro Fino Pet Ltda. was merged into subsidiary Ouro Fino Agronegócio Ltda. on January 1, 2022 (Note 1.1 (i)).

c) Changes in investments

	Parent company	
	03/31/2022	03/31/2021
Opening balance	603,789	550,524
Equity in the results of investees	16,480	11,037
Stock options granted	155	58
Dividends received (i)	(15,000)	(27,000)
Exchange variation on foreign investment	(4,561)	838
Change in relative equity interest in subsidiaries	3	
Final balance	600,866	535,457

(i) For the quarter ended March 31, 2022, the partners of subsidiary Ouro Fino Agronegócio Ltda. approved and paid dividends to the parent company Ouro Fino Saúde Animal Participações S.A. in the amount of R$ 15,000 (March 31, 2021 – R$20,000) and for the quarter ended March 31, 2021, the partners of subsidiary Ouro Fino Pet Ltda. approved and paid dividends to the parent company Ouro Fino Saúde Animal Participações S.A. in the amount of R$ 7,000.

d) Summarized financial information

The tables below present summarized financial information of the subsidiaries.

(i) Summarized balance sheet

	03/31/2022				
	Subsidiaries				
	Direct		Indirect		
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Regenera Medicina Avançada Ltda.	Ouro Fino de México, S.A. de C.V.	Ouro Fino Colômbia S.A.S
Current					
Assets	406,745	314,313	2,546	20,555	18,659
Liabilities	(173,551)	(79,992)	(580)	(1,198)	(11,360)
Current assets, net	233,194	234,321	1,966	19,357	7,299
Non-current					
Assets	491,433	26,491	26,150	4,700	3,299
Liabilities	(362,550)	(1,603)	(2,720)		(1,319)
Non-current assets, net	128,883	24,888	23,430	4,700	1,980
Equity	362,077	259,209	25,396	24,057	9,279

	12/31/2021				
	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
Current					
Assets	420,604	270,284	74,160	29,772	21,473
Liabilities	(173,761)	(87,694)	(16,629)	(28,245)	(24,159)
Current assets (liabilities), net	246,843	182,590	57,531	1,527	(2,686)
Non-current					
Assets	424,844	18,041	3,840	5,942	3,658
Liabilities	(301,441)	(2,162)	(450)		(1,454)
Non-current assets, net	123,403	15,879	3,390	5,942	2,204
Equity (equity deficiency)	370,246	198,469	60,921	7,469	(482)

(ii) Summarized statement of operations

	03/31/2022				
	Subsidiaries				
	Direct		Indirect		
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Regenera Medicina Avançada Ltda.	Ouro Fino de México, S.A. de C.V.	Ouro Fino Colômbia S.A.S
Net sales revenue	140,054	162,910	848	8,426	9,506
Income (loss) before income tax and social contribution	(6,261)	15,169	2,394	(771)	(16)
Income tax and social contribution	2,536	(391)	(27)	(272)	
Ne income (loss) for the quarter	(3,725)	14,778	2,367	(1,043)	(16)

	03/31/2021				
	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	128,863	105,446	31,489	8,218	8,906
Income (loss) before income tax and social contribution	9,892	6,019	9,747	(225)	(1,448)
Income tax and social contribution	(2,924)	(1,695)	(3,315)		
Ne income (loss) for the quarter	6,968	4,324	6,432	(225)	(1,448)

(iii) Statement of comprehensive income (loss)

	03/31/2022	03/31/2021
Ouro Fino Saúde Animal Ltda. (direct subsidiary)		
Net income for the quarter	(3,725)	6,968
Other comprehensive income (loss)	(4,558)	838
Total comprehensive income (loss)	(8,283)	7,806

(iv) Summarized statement of cash flows

	03/31/2022				
	Subsidiaries				
	Direct		Indirect		
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Agronegócio Ltda.	Regenera Medicina Avançada Ltda.	Ouro Fino de México, S.A. de C.V.	Ouro Fino Colômbia S.A.S
Cash flows from operating activities					
Cash from operating activities	119	52,446	203	(22,386)	(11,128)
Interest paid	(6,438)	(27)			(107)
Income tax and social contribution paid		(4,941)	(3)		
Net cash provided by (used in) operating activities	(6,319)	47,478	200	(22,386)	(11,235)
Net cash provided by (used in) investing activities	(63,480)	16,728	4		(55)
Net cash provided by (used in) financing activities	51,844	(15,109)	1,681	21,248	10,548
Increase (decrease) in cash and cash equivalents, net	(17,955)	49,097	1,885	(1,138)	(742)
Cash and cash equivalents at the beginning of the quarter	68,644	18,798		2,732	1,801
Foreign exchange gains on cash and cash equivalents	247				
Cash and cash equivalents at the end of the quarter	50,936	67,895	1,885	1,594	1,059

	03/31/2021				
	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
Cash flows from operating activities					
Cash from operating activities	(9,588)	35,874	6,637	(435)	(5,663)
Interest paid	(3,444)	(1)	(1)		(126)
Income tax and social contribution paid			(2,000)		
Net cash provided by (used in) operating activities	(13,032)	35,873	4,636	(435)	(5,789)
Net cash provided by (used in) investing activities	(15,798)	(1,064)	33	(7)	
Net cash used in financing activities	(19,772)	(20,081)	(8,690)		(196)
Increase in cash and cash equivalents, net	(48,602)	14,728	(4,021)	(442)	(5,985)
Cash and cash equivalents at the beginning of the quarter	170,407	23,708	17,263	3,758	9,098
Foreign exchange gains on cash and cash equivalents	271	6	1		
Cash and cash equivalents at the end of the quarter	122,076	38,442	13,243	3,316	3,113

e) Reconciliation of the financial information on investments

	Subsidiaries						
	Ouro Fino Saúde Animal Ltda.		Ouro Fino Agronegócio Ltda.		Ouro Fino Pet Ltda.	Total	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021	03/31/2021	03/31/2022	03/31/2021
Equity as of January 1	370,246	351,077	198,469	170,308	38,283	568,715	559,668
Net income for the quarter	(3,725)	6,968	14,778	4,324	6,432	11,053	17,724
Stock options granted	114	43	41	7	8	155	58
Dividends paid			(15,000)	(20,000)	(7,000)	(15,000)	(27,000)
Change in relative equity interest in subsidiaries	3					3	
Exchange variation on foreign investment	(4,561)	838				(4,561)	838
Capital increase through merger			60,921			60,921	
Equity as of Mrach 31	362,077	358,926	259,209	154,639	37,723	621,286	551,288
Percentage holding - %	99.99%	99.99%	99.99%	99.99%	99.99%		
Share of investments	362,077	358,926	259,209	154,639	37,723	621,286	551,288
Unrealized profit on inventories	(20,420)	(15,831)				(20,420)	(15,831)
Carrying amount of the investment in Parent Company	341,657	343,095	259,209	154,639	37,723	600,866	535,457

f) Business combination

On February 25, 2022, the Company, through its subsidiary Ouro Fino Saúde Animal Ltda. ("OF Saúde Animal"), concluded the acquisition of a 100% equity interest in Regenera Medicina Veterinária Ltda., a biotechnology company that works with research and development of therapeutic protocols involving mesenchymal stem cells and derivatives. The transaction involved the initial amount of R$14,246 in cash and a retained portion of R$5,000 to be paid in two installments, one of R$3,000 and the other of R$2,000, as a result of targets previously agreed between the parties. The acquisition price may be increased by a contingent consideration of R$3,784, in the years 2027 and 2028, subject to the achievement of goals that will be determined between the years 2022 and 2026 (Note 1.1 (i)).

The Company has engaged external consultants for an independent valuation of the fair values of the net assets acquired, which is in progress as of the date of these interim financial statements. The goodwill generated has a total amount of R$ 18,270, which comprises the amount of the difference paid by the Company compared to the fair value of the acquired company's assets. No material adjustments are expected as a result of fair value allocation.

The estimation of the valuation of the fair values of the net assets acquired and liabilities assumed are presented below:

(i) Total consideration

Cash payment	14,246
Deferred payment	5,000
Contingent consideration	3,784
	23,030

(ii) Assets and liabilities recognized at fair value on the acquisition date

ASSETS	2/25/2022	LIABILITIES AND EQUITY	2/25/2022
Current assets		Current liabilities	
Cash and cash equivalents	4	Trade accounts payable	1,385
Trade accounts receivable	23	Loans and financing	1
Inventories	114	Salaries and payroll charges	73
Other assets	1	Taxes payable	217
Total current assets	142	Other liabilities	510
		Total current liabilities	2,186
		Non-current liabilities	
		Taxes payable	63
		Provision for contingencies	1,040
		Total non-current liabilities	1,103
Non-current assets			
Property, plant and equipment	398	Total liabilities	3,289
Intangible assets	25,779		
Total non-current assets	26,177		
		Net assets	23,030
Total assets	26,319	Total liabilities and equity	26,319

(iii) Preliminary goodwill generated on the acquisition

Estimated price	23,030
(-) Fair value of assets acquired	(7,705)
(+) Fair value of liabilities assumed	1,040
(-) Book equity on the acquisition date	1,905
Goodwill generated in the acquisition	18,270

The following table shows the acquired intangible assets that were not initially recorded in the acquiree's accounting books, as well as the estimated useful life and the amortization method:

Intangible Assets	Value	Useful lives	Method of amortization
Product development	7,504	8 years	Units Produced

6. FINANCIAL INSTRUMENTS BY CATEGORY

	Parent company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
	Amortized cost	Amortized cost	Amortized cost	Amortized cost
Assets as per balance sheet				
Cash and cash equivalents	24,004	51,274	147,373	161,254
Trade receivables			198,995	245,292
Related parties	40,133	83	327	726
Other assets, except prepaid expenses	251	250	4,821	5,691
	64,388	51,607	351,516	412,963

	Parent company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
	Amortized cost	Amortized cost	Amortized cost	Amortized cost
Liabilities as per balance sheet				
Trade accounts payable	29		72,410	69,941
Loans and financing			395,816	382,375
Related parties	29	52	248	175
Commissions on sales			4,585	5,353
Obligations on investment acquisition			8,784	
Other liabilities	73	59	12,899	11,871
	131	111	494,742	469,715

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$ 147,289 (R$ 161,149 as of December 31, 2021) 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	
	03/31/2022	12/31/2021
AA	79,477	102,630
A	76,201	94,014
B	18,513	24,976
C	14,591	17,349
D	12,326	8,449
E	283	282
	201,391	247,700

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 102.81% of the Interbank Deposit Certificate (CDI) rate variation (December 31, 2021- up to 103.5% of CDI rate).

	Parent company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Cash:				
In local currency			6	6
In foreign currency			78	99
			84	105
Banks				
In local currency	16	73	3,357	7,778
In foreign currency			3,642	377
	16	73	6,999	8,155
Financial investments - cash and cash equivalents				
In local currency				
Bank Deposit Certificate (CDB)	23,988	47,140	140,137	145,628
Repo and others		4,061	153	7,366
	23,988	51,201	140,290	152,994
Total cash and cash equivalents	24,004	51,274	147,373	161,254

(I). Financial investments as cash equivalents in the amount of R$ 140,290 (R$ 152,994 as of December 31, 2021) 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.

9. TRADE ACCOUNTS RECEIVABLE (CONSOLIDATED)

	03/31/2022	12/31/2021
In local currency		
Accounts receivable	189,711	233,012
Expected credit losses	(2,396)	(2,408)
	187,315	230,604
In foreign currency		
Accounts receivable	11,680	14,688
	11,680	14,688
Current	198,995	245,292

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

	03/31/2022	12/31/2021
Not yet due:		
Up to three months	173,987	208,476
From three to six months	22,842	35,176
Over six months	334	1,010
	197,163	244,662
Past due:		
Up to three months	1,778	670
From three to six months	58	8
Over six months	2,392	2,360
	4,228	3,038
	201,391	247,700

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 allowance for expected losses were as follows:

	03/31/2022	03/31/2021
Opening balance	2,408	5,789
Additions, net	(10)	(10)
Foreing exchange variation	(2)	115
Write-Offs		(1,296)
Final balance	2,396	4,598

Additions to and reversals of the expected credit losses on trade account receivables were recorded in the statement of profit or loss for the quarter under “Selling expenses” (Note 20). The Group's Management analyzes on an annual basis the provisioned balance and the amounts are written off from the provision account when there is no expectation of recovering the funds.

10. INVENTORIES (CONSOLIDATED)

	03/31/2022	12/31/2021
Finished goods	105,194	88,449
Raw materials	92,057	74,705
Packaging materials	23,812	19,629
Products in process	16,784	12,785
Imports in transit	36,769	47,927
Advances to suppliers	20,418	16,903
Other	21,553	15,186
Provision for inventory losses (Note 17)	(3,619)	(3,735)
Total	312,968	271,849
Current	311,767	270,119
Non-current	1,201	1,730

11. TAXES RECOVERABLE

	Parent company		Consolidated	
	03/31/2022	12/31/2021	03/31/2022	12/31/2021
Value-Added Tax on Sales and Services (ICMS)			50,914	53,153
PIS and COFINS			10,189	9,740
IRRF	1,544	3,689	2,134	3,997
ICMS, PIS and COFINS on purchase of PPE			1,331	1,209
Excise Tax (IPI)			408	377
Other			4,087	3,780
Total	1,544	3,689	69,063	72,256
Current	1,544	3,689	24,968	33,836
Non-current			44,095	38,420

ICMS credits, amounting to R$ 45,092 as of March 31, 2022 (R$ 47,447 as of December 31, 2021), 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, the 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 2014 to 2018, which are under process of analysis by the tax authorities. With the entry into force of Decree 64.213 of 2019, as mentioned above, the credits generated from 2019 onwards are being realized in the transaction itself.

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.

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

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

a) Composition, nature and realization of deferred taxes

(i) Deferred income tax and social contribution

	03/31/2022	12/31/2021
Tax credits on:		
Accumulated income tax and social contribution losses	12,504	4,826
Temporary differences		
Provisions	18,359	24,563
Unrealized profit on inventories	10,519	13,315
Revaluation surplus - business combination	824	893
	42,206	43,597
Tax debits on:		
Temporary differences		
Deemed cost of lands	(7,878)	(7,878)
Provisions	(104)	
Accelerated depreciation	(359)	(369)
	(8,341)	(8,247)
Total assets, net	33,865	35,350

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

The amounts by estimated offset period are as follows:

	03/31/2022	12/31/2021
Tax credits recoverable		
In 2022	28,874	37,159
In 2023	9,178	5,434
In 2024	3,163	110
After 2025	991	894
	42,206	43,597
Tax debits to be settled		
In 2022	139	36
In 2023	36	36
In 2024	36	297
After 2025 (*)	8,130	7,878
	8,341	8,247

(*) The tax debt to be settled after 2025 mainly reflects the adoption of the deemed cost method for lands in subsidiaries occurred on January 1, 2009 in the amount of R$ 7,878 (R$ 7,878 as of December 31, 2021).

Net changes in the deferred income tax and social contribution were as follows:

	03/31/2022	03/31/2021
Opening balance	35,350	24,121
Accumulated income tax and social contribution los:	7,678	(218)
Derivative financial instruments		(434)
Provisions	(6,308)	(3,393)
Unrealized profit on inventories	(2,796)	3,445
Revaluation surplus - business combination	(69)	25
Accelerated depreciation	10	126
Final balance	33,865	23,672

13. PROPERTY, PLANT AND EQUIPMENT (CONSOLIDATED)

Change:	As of January 1st, 2022	Additions	Additions due to company	Foreing exchange variation	Transfers	Write-Offs	Depreciation	As of march 31, 2022
Right of Use - Leases	4,343	91					(400)	4,034
Land	24,985							24,985
Buildings and improvements	147,231	474			13,959		(1,088)	160,576
Machinery, equipment and industrial facilities	91,263	4,212	329	(2)	1,917		(2,293)	95,426
Vehicles and tractors	16,408	2,124		(316)		(507)	(1,043)	16,666
Furniture and fixtures	3,325	416	16	93		(11)	(267)	3,572
IT equipment	5,356	338	53	(47)		(3)	(584)	5,113
Construction in progress (i)	20,533	7,618			(15,876)			12,275
Other	601	(25)					(22)	554
	314,045	15,248	398	(272)		(521)	(5,697)	323,201

Change:	As of January 1st, 2021	Additions	Foreing exchange variation	Transfers	Write-Offs	Depreciation	As of March 31, 2021
Right of Use - Leases	478	931				(98)	1,311
Land	24,985						24,985
Buildings and improvements	142,004	41		8,499		(972)	149,572
Machinery, equipment and industrial facilities	84,684	1,016			(42)	(2,000)	83,658
Vehicles and tractors	11,977	352	131		(115)	(942)	11,403
Furniture and fixtures	2,609	1,359	(20)		(1)	(280)	3,667
IT equipment	4,007	393	15			(312)	4,103
Construction in progress (i)	5,546	6,351		(8,499)			3,398
Other	1,015	4,430				(54)	5,391
	277,305	14,873	126		(158)	(4,658)	287,488

	03/31/2022			12/31/2021			
Balance breakdown:	Cost	Accumulated depreciation	Net	Cost	Accrued depreciation	Net	Average annual depreciation rates
Right of Use - Leases	5,492	(1,458)	4,034	5,400		4,343	28.61%
Land	24,985		24,985	24,985		24,985	
Buildings and improvements	194,774	(34,198)	160,576	180,339	(33,108)	147,231	2.89%
Machinery, equipment and industrial facilities	168,546	(73,120)	95,426	162,089	(70,826)	91,263	6.03%
Vehicles, tractors and aircraft	23,185	(6,519)	16,666	22,630	(6,222)	16,408	19.83%
Furniture and fixtures	11,250	(7,678)	3,572	10,855	(7,530)	3,325	6.53%
IT equipment	16,057	(10,944)	5,113	16,313	(10,957)	5,356	14.56%
Construction in progress (i)	12,275		12,275	20,533		20,533	
Other	2,853	(2,299)	554	2,881	(2,280)	601	3.29%
	459,417	(136,216)	323,201	446,025	(131,980)	314,045	

(I). As of March 31, 2022, the balance of works in progress refers, substantially, to the expansion of the biological unit building in the amount of R$ 5,494 (R$ 5,249 as of December 31, 2021), construction of a 500ML tank in the amount of R$ 724 (R$ 292 as of December 31, 2021) and refurbishment of the cafeteria in the amount of R$ 789.

In the quarter ended March 31, 2022, loan costs related to construction in progress balances of R$ 285 (R$ 125 as of March 31, 2021) were capitalized at an average annual rate of 6.48% (5.60% as of March 31, 2021).

Land, buildings, and machinery and equipment amounting to R$ 77,104 (R$ 77,712 as of December 31, 2021) were pledged as collateral for loans and financing (Note 16).

14. INTANGIBLE ASSETS (CONSOLIDATED)

Change:	As of January 1st, 2022	Additions	Additions due to company acquisition	Foreing exchange variation	Amortization	As of march 31, 2022
Goodwill on company acquisition	618		18,270			18,888
Trademarks and licenses purchased	1,078					1,078
Development and registration of products	64,237	2,325	7,509	(168)	(1,426)	72,477
Computer software	5,708	538		(17)	(399)	5,830
	71,641	2,863	25,779	(187)	(1,825)	98,273

Change:	As of January 1st, 2021	Additions	Foreing exchange variation	Amortization	As of March 31, 2021
Goodwill on company acquisition	618				618
Trademarks and licenses purchased		1,078			1,078
Development and registration of products	67,575	3,683	93	(1,349)	70,002
Computer software	5,748	327	11	(452)	5,634
	73,941	5,088	104	(1,801)	77,332

	03/31/2022			
Balance breakdown:	Cost	Provision for impairment	Accumulated amortization	Net
Goodwill on company acquisition	18,888			18,888
Trademarks and licenses purchased	3,278		(2,200)	1,078
Product development and registration	143,039	(26,756)	(43,806)	72,477
Computer software	40,851		(35,021)	5,830
Other	1,333		(1,333)	
	207,389	(26,756)	(82,360)	98,273

	12/31/2021			
Balance breakdown:	Cost	Provision for impairment	Accumulated amortization	Net
Goodwill on company acquisition	618			618
Trademarks and licenses purchased	1,078			
Product development and registration	136,973	(26,756)	(45,980)	64,237
Computer software	40,330		(34,622)	5,708
Other	1,335		(1,335)	
	180,334	(26,756)	(81,937)	71,641

Product development and registration refers to expenses incurred in new veterinary drugs and its amortization is recognized under “Selling costs” (Note 20).

The goodwill in the company’s acquisition, in the amount of R$18,270 was the result of a business combination, which comprises the amount of the difference paid by the Company as compared to the fair value of the acquired company’s equity (Notes 1.1 e 5 (f)).

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

15. TRADE ACCOUNTS PAYABLE (CONSOLIDATED)

	03/31/2022	12/31/2021
In local currency	32,261	26,779
In foreign currency	40,149	43,162
	72,410	69,941

16. LOANS AND FINANCING (CONSOLIDATED)

	Financial charges incurred	Maturity final	03/31/2022	12/31/2021
In local currency				
FINEP	Weighted average rate of 6.48% p.a. (December 31, 2021 - 5.80% p.a.)	2032	214,432	220,636
NCE (Export Credit Note)	Average rate of 13.97% p.a. (December 31, 2021 - 11.37% p.a.)	2024	84,417	83,538
Working capital	Average rate of 13.89% p.a. (December 31, 2021 - 11.29% p.a.)	2024	48,037	47,778
BNDES - FINEM	Weighted average rate of 14.99% p.a. (December 31, 2021 - 10.69% p.a.)	2025	41,370	22,375
BNDES - FINEM	Weighted average rate of 9.48% p.a. (December 31, 2021 - 9.34% p.a.)	2023	46	57
Working capital (i)	Average rate of 8.63% p.a. (December 31, 2021 - 6.21% p.a.)	2022	6,429	6,966
Leases	Weighted average rate of 10.49% p.a. (December 31, 2021 - 8.07% p.a.)	2023	422	643
Drawee risk	Not applicable		663	382
			395,816	382,375
Current			86,152	85,045
Non-current			309,664	297,330
			395,816	382,375

(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$ 115,307; (ii) performance bond, in the amount of R$ 95,681; (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 quarter ended March 31, 2022, the Group has complied 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:

	03/31/2022
From 1 to 2 years	78,659
From 2 to 3 years	72,109
From 3 to 4 years	26,180
From 4 to 5 years	23,611
Over five years	109,105
	309,664

17. PROVISIONS (CONSOLIDATED)

03/31/2022

Balances recognized in Assets:	Opening balance	Additions and reversals, net	Final write-offs	Foreing exchange variation	Final Balance
Bonuses on sales	345	617	(853)		109
Provision for impairment of intangible assets	26,756				26,756
Expected credit losses	2,408	(10)		(2)	2,396
Provision for inventory losses	3,735	214	(325)	(5)	3,619
	33,244	821	(1,178)	(7)	32,880

Balances recognized in Liabilities:	Opening balance	Net additions and reversals	Final write-offs	Foreing exchange variation	Additions due to company acquisition	Final Balance
Provision for contingencies	4,779	36	(903)	(110)	1,040	4,842
	4,779	36	(903)	(110)	1,040	4,842

03/31/2021

Balances recognized in Assets:	Opening balance	Additions and reversals, net	Final write-offs	Foreing exchange variation	Final Balance
Bonuses on sales	1,074	461	(958)		577
Provision for impairment of intangible assets	20,936				20,936
Expected credit losses	5,789	(10)	(1,296)	115	4,598
Provision for inventory losses	4,134	1,841	(912)	17	5,080
	31,933	2,292	(3,166)	132	31,191

Balances recognized in Liabilities:	Opening balance	Net additions and reversals	Final write-offs	Foreing exchange variation	Final Balance
Provision for contingencies	6,384	1	(598)	28	5,815
	6,384	1	(598)	28	5,815

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 14).

c) Expected credit losses

The expected 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 9).

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 10).

e) Provision for contingencies

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:

	03/31/2022	12/31/2021
Labor	2,548	3,037
Tax	1,498	881
Civil	796	861
	4,842	4,779

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 contingencies are as follows:

	03/31/2022			12/31/2021		
	Administrative	Judicial	Total	Administrative	Judicial	Total
Tax	83,089	7,066	90,155	77,419	3,748	81,167
Labor		1,571	1,571		3,713	3,713
Civil	3	2,328	2,331	3	2,275	2,278
	83,092	10,965	94,057	77,422	9,736	87,158

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$ 52,707 (R$ 51,803 as of December 31, 2021), 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 ICMS debts, in the amount of R$ 11,895 (R$ 10,036 as of December 31, 2021), 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$ 25,553 (R$ 19,328 as of December 31, 2021). The most relevant proceedings are as follows: (i) R$ 6,012 (R$ 5,658 as of December 31, 2021) related to ICMS credits on electric energy; (ii) R$ 3,472 (R$ 3,746 as of December 31, 2021) related to ICMS levy on operations with germicides; (iii) R$ 4,143 (R$ 4,019 as of December 31, 2021) related to transfers of ICMS credit balances; (iv) R$ 3,547 (R$ 3,591 as of December 31, 2021) related to the acquisition of goods from a supplier with improper registration and (v) R$ 1,109 (R$ 1,953 as of December 31, 2021) 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 as of May 2021.

18. EQUITY

a) Share capital

As of March 31, 2022, the share capital comprises 53,949,006 common shares (53,949.006 common shares as of December 31, 2021) all fully subscribed and paid-up and with no par value.

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, with no issuance of new registered common shares, through the use of profit reserves.

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) align the interests of eligible persons with those of the Company's shareholders; (iii) enabling the attraction and retention of professionals and service providers, thus stimulating the generation of value for the Company, and (iv) sharing risks and gains equally among shareholders, management and employees.

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

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

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

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

For the quarter ended March 31, 2022, expenses of R$ 39 with stock options were recognized.

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

At the Extraordinary Shareholder’s Meetings held on January 29, 2021 and April 20, 2022, Management approved the Long-Term Share-Based Incentive Plans (“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) align the interests of eligible persons with those of the Company's shareholders, (iii) encourage the value creation for the Company and (iv) share risks and gains equitably among shareholders, managers and employees.

ILP Plans are 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 Plans

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

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

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

The measurement for Net Income will be assessed based on the compound profit, that is, 3 years together, with margin for variations up or down during the period, having an adjusted starting number of the net income of the year prior to the grant considering the goals set by the 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 quarter ended March 31, 2022, the Group recognized the expense, including INSS and FGTS charges, of the ILP Plan in the amount of R$ 307(R$ 109 as of March 31, 2021).

f) Treasury shares

The Company repurchased 181,400 shares in the amount of R$ 5,125, with an average price of R$ 28.25 per share during the year ended December 31, 2021.

19. REVENUES (CONSOLIDATED)

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

	03/31/2022	03/31/2021
In Brazil		
Gross sales and services	196,715	164,415
Taxes and deductions on sales	(22,809)	(18,886)
	173,906	145,529
Abroad		
Gross sales	28,593	23,373
Taxes and deductions on sales	(184)	(118)
	28,409	23,255
	202,315	168,784

20. COSTS AND EXPENSES BY NATURE

	Consolidated			
	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Cost of sales (i)				
Variable costs (materiais and supplies)			61,105	51,293
Personnel expenses			22,998	18,023
Outsourced services			7,648	5,849
Depreciation and amortization			4,576	4,160
Electricity			4,528	2,392
Provision (reversal) for inventory losses			(111)	929
Other			3,778	2,876
			104,522	85,522
Selling Expenses				
Personnel expenses			22,538	19,239
Sales team expenses			9,953	8,135
Freight expenses			7,255	6,205
Outsourced services			5,043	4,205
Depreciation and amortization			1,431	1,080
Telecommunication and energy			116	144
Other			1,736	1,737
			48,072	40,745
Expenses on research and innovation				
Personnel expenses			6,178	5,061
Outsourced services			7,490	5,242
Depreciation and amortization			608	534
Telecommunication and energy			210	134
Other			1,354	680
			15,840	11,651
General and administrative expenses				
Personnel expenses	1,583	1,533	8,679	8,082
Outsourced services	66	41	2,137	2,071
Depreciation and amortization			907	685
Travel expenses	2		165	70
Telecommunication and energy			345	265
Expenses with vehicles			64	76
Donations and sponsorships			10	11
Other	80	155	808	973
	1,731	1,729	13,115	12,233
	1,731	1,729	181,549	150,151

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

21. OTHER INCOME (EXPENSES), NET

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Expense recovry (i)			1,669	
Gains on sales of scrap, rentals and other	45	45	1,032	181
Gain on disposal and write-off of PP&E			591	11
Federal, state, municipal taxes and fees	(1)	(3)	(291)	(220)
Other losses		(41)	(147)	(147)
	44	1	2,854	(175)

(I). Refers to reimbursement of expenses of consultants hired for Regenera Medicina Veterinária Ltda.'s acquisition. (Note 1.1 (i)), which were paid by the sellers.

22. FINANCE INCOME (COSTS)

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Finance income				
Revenue from financial investments	1,224	197	3,658	1,059
Interest received			104	38
Inflation adjustment	4		7	43
Other			193	29
	1,228	197	3,962	1,169
Finance costs				
Interest paid		(6)	(7,982)	(4,109)
Finance charges	(5)		(778)	(457)
Other	(21)	(9)	(87)	(185)
	(26)	(15)	(8,847)	(4,751)
Derivative financial instruments, net:				
Gains on derivatives (foreign exchange variation)				1,500
Losses on derivatives (interest)				(225)
				1,275
Foreign exchange variation, net			(1,791)	(2,171)
Financial result	1,202	182	(6,676)	(4,478)

23. INCOME TAX AND SOCIAL CONTRIBUTION EXPENSE

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

	Parent company		Consolidated	
	03/31/2022	03/31/2021	03/31/2022	03/31/2021
Earnings before income tax and social contribution	15,995	9,491	16,944	13,980
Statutory tax rates	34%	34%	34%	34%
	(5,438)	(3,227)	(5,761)	(4,753)
Reconciliation for effective tax:				
Permanent differences:				
PD&I Benefit				1,026
Equity in the results of investees	5,603	3,752		
Calculation adjustments on subsidiary taxed under presumptive income regime			787	
Investment Subsidies (i)			4,812	364
Calculation adjustments on subsidiaries abroad taxed at the rate in effect in their respective countries			(540)	(569)
Unrecognized deferred taxes	(165)	(525)	(165)	(525)
Other			(83)	(33)
Income tax and social contribution			(950)	(4,490)
Reconciliation with the statement of profit or loss				
Current			(27)	(3,800)
Deferred			(923)	(690)
			(950)	(4,490)

(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 100/97), according to the law case established by the Superior Court of Justice.

24. 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 year.

	03/31/2022	03/31/2021
Net income for the quarter attributable to the Company's shareholders	15,995	9,491
Weighted average number of common shares outstanding in the quarter (in thousands of shares)	53,768	53,949
Basic and diluted earnings per share	0.29748	0.17593

25. EMPLOYEE BENEFITS

a) Private pension plan - defined contribution

The Group companies sponsor a defined contribution pension plan for their employees. The plan is managed by Brasilprev Seguros e Previdência S.A. Company contributions to the plan in the quarter ended March 31, 2022 amounted to R$ 349 (R$ 322 as of March 31, 2021).

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. For the quarter ended March 31, 2022, the impact of the short-term incentive was R$ 4,684 (R$ 3,448 as of March 31, 2021).

26. RELATED-PARTY BALANCES AND TRANSACTIONS

a) Balances and main transactions

	Consolidated						
	03/31/2022				12/31/2021		
	Assets		Liabilities		Assets	Liabilities	
	AFAC (iii)	Other assets (i)	Dividends and interest on equity	Other liabilities (i)	Other assets (i)	Dividends and interest on equity	Other liabilities (i)
Subsidiaries:							
Ouro Fino Saúde Animal Ltda.	40,000			29			52
Other related parties:							
Ouro Fino Química Ltda.		133			83		
Shareholders			12,768			12,768	
	40,000	133	12,768	29	83	12,768	52

	Parent company			
	03/31/2022		03/31/2021	
	Subsidiaries:	Other related parties:	Subsidiaries:	Other related parties:
	Ouro Fino Saúde Animal Ltda.	Ouro Fino Química Ltda.	Ouro Fino Saúde Animal Ltda.	Ouro Fino Química Ltda.
Main transactions:				
Shared Services Center (CSC) reimbursement (i)	(34)		(26)	
Royalties		50		50
Other expenses, net	(49)		(73)	
	(83)	50	(99)	50

	Consolidated							
	Balances:							
	03/31/2022				12/31/2021			
	Assets	Liabilities			Assets	Liabilities		
	Other assets (i)	Dividends and interest on equity	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.	287		248		388		175	
Condomínio Rural Ouro Fino	40				338			
BNDES Participações S.A.				41,416				22,432
Shareholders		12,768				12,768		
Other								
	327	12,768	248	41,416	726	12,768	175	22,432

	Consolidated							
	03/31/2022				03/31/2021			
	Other related parties:			Shareholders:	Other related parties:			Shareholders:
	Ouro Fino Química Ltda.	Condomínio Rural Ouro Fino	Neotech Soluções Ambientais Ltda.	BNDES Participações S.A.	Ouro Fino Química Ltda.	Condomínio Rural Ouro Fino	Neotech Soluções Ambientais Ltda.	BNDES Participações S.A.
Main transactions:								
Gross profit on sales of godds		1						
Shared Services Center (CSC) reimbursement (i)	401				333	1		
Royalties	50	1			50	33		
Expenses with rents and condominia		(755)				(620)		
Inceneration services			(233)				(127)	
Other expenses, net	(436)				(321)			
Financial result				(845)				(419)
	15	(753)	(233)	(845)	62	(586)	(127)	(419)

(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 16).

(iii) Advances for future capital increase

In the quarter ended March 31, 2022, the Company performed advances for future capital increase to Ouro Fino Saúde Animal Ltda. in the amount of R$ 40,000. These amounts will be capitalized upon the corporate resolution of this subsidiary.

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:

	03/31/2022	03/31/2021
Wages and salaries	841	743
Variable compensation	548	737
Labor charges	409	345
Direct and indirect benefits	58	51
Share-based payments	103	73
	1,959	1,949

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.

27. 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	2022	2021
Property, plant and equipment an	Fire, lightning, explosion, electrical damage, windstorm, loss of profits	459,552	497,281
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	40,000	30,000

28. OTHER DISCLOSURES ON CASH FLOWS

	Loans and financing	Derivative financial instruments, net	Cash and cash equivalents	Financial investments	Net debt
Balance as of January 1, 2022	382,375		(161,254)		221,121
Funding	20,000				20,000
Repayment of principal	(8,053)				(8,053)
Payment of interest	(6,324)				(6,324)
Drawee risk	281				281
Increase (decrease) in cash and cash equivalents and financial investments			14,128		14,128
Changes that affected cash flow	5,904		14,128		20,032
Foreign exchange variations and interest	7,537		(247)		7,290
Non-cash changes	7,537		(247)		7,290
Balance as of March 31, 2022	395,816		(147,373)		248,443
Balance as of January 1, 2021	394,339	(2,298)	(225,575)	(18,039)	148,427
Repayment of principal	(8,191)				(8,191)
Payment of interest	(3,572)				(3,572)
Drawee risk	245				245
Increase (decrease) in cash and cash equivalents			7,132		7,132
Changes that affected cash flow	(11,518)		7,132		(4,386)
Foreign exchange variations and interest	5,944	(1,275)	(278)	(111)	4,280
Non-cash changes	5,944	(1,275)	(278)	(111)	4,280
Balance as of March 31, 2022	388,765	(3,573)	(218,721)	(18,150)	148,321

29. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant 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.

29.1. 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.

29.2. 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.

29.3. Financial assets

29.3.1. 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".

29.3.2. 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.

29.3.3. 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 standard CPC 48/*IFRS* 9 “Financial Instruments” 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.

29.4. Trade accounts receivable

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

29.5. Inventories

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

29.6. Current and deferred income tax and social contribution

The income tax and social contribution expenses for the quarter 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 100/97), 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.

29.7. Intangible assets

a) Product research and development

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

The Group 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.

29.8. Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation. This cost was adjusted in subsidiaries to reflect the deemed cost of land on the date of transition to IFRS, and depreciation is calculated using the straight-line method, considering the estimated useful lives of the respective assets. The annual depreciation rates are disclosed in Note 13. 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.

29.9. Impairment of non-financial assets

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

29.10. Trade accounts payable

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

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

29.11. Loans and financing

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

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

29.12. Employee benefits

a) Private pension plan

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

b) Profit sharing

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

c) Share-based compensation

The Company has share-based compensation plans (“Stock Options” and “ILP”), duly approved by the Board of Directors, Note 18(d) and (e). Plan expenses are recognized in equity and charges are recognized in other non-current liabilities during the vesting period.

29.13. Revenue recognition

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

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

29.14. 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.

29.15. 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 quarter ended March 31, 2022, the Group's Management reviewed all lease agreements and concluded that the exemption criteria apply for all contracts identified as leases (according to IFRS16/CPC06).

29.16. Business combination

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

29.17. 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.