



# Financial Statements

**Três Tentos Agroindustrial  
S.A.**

December 31, 2021



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Financial Statements

December 31, 2021

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## **TRÊS TENTOS AGROINDUSTRIAL S.A.**

### **Management Report**

At December 31, 2021

We hereby present to our shareholders the Financial Statements of TRÊS TENTOS AGROINDUSTRIAL S.A. for the fiscal year ended December 31, 2021.

### **MESSAGE FROM MANAGEMENT**

We ended 2021 with robust performance and strengthened our position in Brazil's agricultural sector. The team at 3tentos, Brazil's most complete agribusiness ecosystem, is dedicated and committed to offering products and solutions that ensure the best agricultural management to our more than 18,000 clients in the state of Rio Grande do Sul and, as of 2021, also in the state of Mato Grosso.

This year is forever marked in the history of the Company with its IPO on the Novo Mercado, the listing segment of the São Paulo Stock Exchange (B3) with the highest corporate governance standards, through which it raised the funds needed to expand its operations in Rio Grande do Sul and Mato Grosso (R\$1.14 billion) and assumed an important responsibility with its shareholders and other stakeholders. 3tentos increased its corporate governance standards by creating important governance bodies and/or expanding the scope of existing ones, which included the Board of Directors, Board of Executive Officers, Audit and Related Party Committee, and Sustainability Committee, and already have started to bear fruit.

In January 2022, we carried out a follow-on offering to increase ownership dispersion in 3tentos shares among all investors, whether institutional, foreign or a large number of individual investors who, until then, were unable to invest in 3tentos. Through the offering we aimed to reaffirm our commitment to serve all investor publics with transparent and clear information disclosures to the market to support ownership by all stakeholders.

We continued to consolidate our footprint in Rio Grande do Sul. In 2021, we opened 7 new stores, in the cities of Alegrete, Erechim, Palmeira das Missões, Santiago, São Borja, Uruguaiana and Vacaria, expanding our coverage to 6.7 million hectares of planted area, or 80% of the total. We have been operating in the state of Rio Grande do Sul for 26 years now, with a constant focus on helping producers to be successful by increasing their yields. As a result, we were able to secure new clients and strengthen our ecosystem.

In 2021, the Company posted Net Revenue of R\$5.3 billion (+72%) and Adjusted Net Income of R\$505.5 million (+79%). A significant portion of this growth in Net Revenue was due to higher volumes (Ag Inputs +16%, Grain +77% and Industry +3%) in nearly all products. The Company's results will be presented in greater detail on the following pages.

We are experiencing a period of severe drought in the state of Rio Grande do Sul and, despite the differing impacts on yields across the various regions of the state, current figures are indicating shortfalls of over 40% in the 21/22 crop. We are working alongside producers and assessing the best alternatives to minimize losses and help them plan the coming crop years. The impacts of this harvest shortfall, coupled with the shortfalls in other important soybean producing regions of South America (Argentina, Paraguay, Mato Grosso do Sul and Paraná), could lead to higher soybean

prices and consequently provide some relief to the lower revenues suffered by producers. Rural producers are resilient and already are planning the planting of winter crops in Rio Grande do Sul.

We believe 2022 will confirm the strength of our ecosystem in this new challenging scenario that is emerging with expansion in our market positioning by offering the most effective agricultural management to rural producers and adding value to the grains we process in our industrial operations.

**Luiz Osório Dumoncel**

CEO and Founder

## OVERVIEW

The Company, Brazil's most complete agricultural ecosystem, is a family-owned business in operation for over 26 years that offers vertically oriented and integrated solutions to farmers and a wide range of retail products in the agricultural input, grain and industrial segments. The business model helps forge long-term relationships with farmers, with the Company currently managing a portfolio of 18,000 active clients. In addition to supplying inputs and acquiring production, the Company also offers farmers training, consulting and technical services to add value through technical sales and by helping them to achieve the highest yields and profits from their crops.

## FINANCIAL RESULTS

### NET OPERATING REVENUE

The year 2021 started with favorable conditions, with a record harvest in 20/21 in Rio Grande do Sul, combined with good weather conditions and rural producers delivering higher yields supported by intensive monitoring of crops.

In 2021, Net Operating Revenue (NOR) was R\$5,339.3 million, growing 71.7% from 2020. All three segments delivered growth, led by Grains, driven by the record harvest and higher storage capacity achieved with the opening of new stores.

The performance of each business segment is presented below:

**Retail of agricultural inputs ("Ag Inputs"):** by offering a complete range of agricultural inputs, we meet most of the needs of rural producers through the sale of various types of seeds, crop fertilizers and crop protection for soybean, corn, wheat, rice and other crops. Consistent with our expansion plan, we opened 7 stores in Rio Grande do Sul, in the cities of Alegrete, Erechim, Palmeira das Missões, Santiago, São Borja, Uruguaiana and Vacaria, in addition to 1 store in Sinop, Mato Grosso. We currently operate 48 stores, where our more than 135 consultants (agronomists and technicians) add value to the inputs sold with the goal of increasing yields for our clients. This segment also has two seed processing units in the city of Santa Bárbara do Sul, Rio Grande do Sul, and a fertilizer mixing unit in the city of Ijuí, in the same state. Net revenue from this segment came to R\$ 1,534.1 million, representing growth of 68.7% compared to 2020. Over the course of 2021, input prices rose

sharply driven by concerns with key global supply chains and by higher prices of key commodities, such as soybean. The result achieved by the segment reflects pricing conditions and the growth in sales volumes of our products supported by expansion through new stores and the maturation of existing ones.

**Origination and trading of grain (“Grains”):** we buy and sell grains from small and medium-sized farmers, with a static storage capacity of 900,000 tons of soybean, corn and wheat. To operate the logistics and distribution of grains, the Company has its own fleet of 73 trucks. Net revenue from this segment came to R\$ 1,412.3 million, for growth of 183.8% compared to 2020. The result is explained by the higher origination of grains resulting from the record 20/21 crop in Rio Grande do Sul, and by the higher trading volume of farmers via Barter (inputs purchased in exchange for grains), coupled with the expansion in coverage area.

**Industrialization of grain (“Industry”):** through our two plants located in the cities of Ijuí and Cruz Alta, both in the state of Rio Grande do Sul, we process soybean into meal, which is an important component of animal feed used in poultry, swine and cattle farming; soy oil and biodiesel. Our daily soybean crushing capacity is of 3,000 tons, coupled with daily biodiesel production capacity of 850,000 liters. We own two rail branches (accessing our facilities) connecting the units in the cities of Ijuí and Cruz Alta to the Port of Rio Grande. Net revenue from this segment came to R\$2,392.9 million, for growth of 40.3% compared to 2020. The result is explained by the growth in sales volume associated with the expansion in biodiesel production capacity in 2021 and the increase in prices over the year supporting revenue growth.

## **COST OF GOODS AND PRODUCTS SOLD**

Cost of Goods and Products Sold rose 77.6%, to R\$4,638.3 million, with gross margin of 13.1%. The increase was mainly due to the following factors:

**Ag Inputs:** cost of goods and products sold before fair value adjustment in the Ag Inputs segment amounted to R\$1,167.4 million, for an increase of 56.7% compared to 2020. The increase was mainly driven by the sharp rise in prices of fertilizers and crop protection, as well as by sales volume growth.

**Grains:** cost of goods and products sold before fair value adjustment in the Grains segment amounted to R\$1,300.6 million, for an increase of 180.5% compared to 2020. The increase was mainly due to the higher sales volume and to the higher unit cost of grain origination.

**Industry:** cost of goods and products sold before fair value adjustment in the Industry segment amounted to R\$2,056.4 million, for an increase of 50.8% compared to 2020. The increase was mainly due to higher prices in key raw materials used in the production of biodiesel.

The fair value adjustment of instruments (assets and liabilities) pegged to commodities, not allocated to each of the operating segments of the Company, represented an expense of R\$113.9 million, increasing 182.2% compared to 2020. The increase was mainly due to the lower level of barter transactions by producers in the 21/22 crop year compared to the 20/21 crop year, which led to a lower amount of Rural Producer Certificates (CPR) and impacted the change in fair value adjustment between periods.

## GROSS PROFIT

Adjusted Gross Profit amounted to R\$814.9 million, growing 50.8% from 2020. Adjusted gross margin was 15.3%, down 2.1 p.p. from the previous year. The result was mainly due to the following factors:

**Ag Inputs:** Gross Profit before fair value adjustment amounted to R\$366.7 million, growing 122.9% from 2020. Gross margin in the Ag Inputs segment was 23.9%, expanding 5.8 p.p. from 2020. The result was mainly due to the growth in sales volume, as well as the better product mix and the efficiency gains in acquisitions of agricultural inputs.

**Grains:** Gross Profit before fair value adjustment amounted to R\$111.7 million, growing 228.6% from 2020. Gross margin in the Grains segment was 7.9%, expanding 1.1 p.p. from 2020. The result was mainly driven by the growth in sales volume, especially soybean, which had a record harvest in 20/21 in Rio Grande do Sul, and by the good wheat harvest.

**Industry:** Gross Profit before fair value adjustment amounted to R\$336.5 million, down 1.6% from 2020. Gross margin in the Industry segment stood at 14.1%, contracting 6.0 p.p. compared to 2020. The result is mainly explained by the pressure on biodiesel prices resulting from the lower addition of biodiesel to the diesel blend, which ended the year at B10, and by higher production costs.

In addition to the above variations, gross profit was impacted by the higher expenses with fair value adjustment of instruments (assets and liabilities) pegged to commodities, not allocated to each of the operating segments of the Company, as described in the previous section, and ended 2021 at R\$701.0 million, increasing 40.2% compared to 2020. Gross margin was 13.2%, down 2.9 p.p. from the previous year.

## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, General and Administrative (SG&A) Expenses amounted to R\$347.5 million, up 101.2% from 2020, influenced primarily by the expansion of new stores and the associated increase in payroll expenses, and by the higher expenses with freight due to the higher sales volume of agricultural inputs and grain origination by stores in Rio Grande do Sul. Another factor pressuring expenses, specifically general and administrative expenses, was the approval of the first stock option program for executives. As a percentage of net operating revenue, SG&A expenses stood at 6.5% (5.5% in 2020), up 1.0 p.p. from the previous year. When adjusted on the same comparison basis (3tentos + Tentos do Sul), these expenses increased 74.2%, or 0.1 p.p. as percentage of net operating revenue.

## EBITDA

Adjusted EBITDA amounted to R\$494.9 million, growing 27.7% from the prior year. The result is explained by the growth in all three segments (Ag Inputs, Grains and Industry). Adjusted EBITDA margin was 9.3% in 2021, down 3.2 p.p. compared to 2020. This margin compression is related to the higher share of the Grains segment in the Company's results, in 2021, since it is the segment with the lowest margins. In 2021, the Grains segment accounted for 26% of net operating revenue, compared to 16% of NOR in 2020.

EBITDA amounted to R\$381.1 million, growing 9.8% from the previous year. EBITDA margin was 7.1% in 2021, down 4.0 p.p. compared to 2020.

The table below presents the reconciliation of our EBITDA, Adjusted EBITDA, EBITDA Margin and Adjusted EBITDA Margin with our net income:

(R\$ '000, except %)	Fiscal year ended		
	12/31/2021	12/31/2020	12/31/2019
<b>Net income</b>	<b>430,306</b>	<b>246,263</b>	<b>120,819</b>
(+) Financial income (loss), net	(26,243)	72,032	21,027
(+) Income and social contribution taxes	(50,469)	9,180	5,350
(+) Depreciation and amortization	27,464	19,606	15,219
<b>EBITDA</b>	<b>381,058</b>	<b>347,081</b>	<b>162,415</b>
EBITDA Margin	7.1%	11.2%	7.3%
(+) Fair value of instruments (assets and liabilities) pegged to commodities	(113,871)	(40,349)	(3,560)
<b>Adjusted EBITDA</b>	<b>494,929</b>	<b>387,430</b>	<b>165,975</b>
Adjusted EBITDA Margin	9.3%	12.4%	7.5%
<b>Net revenue</b>	<b>5,339,317</b>	<b>3,112,439</b>	<b>2,225,020</b>

## NET FINANCIAL RESULT

Our net financial result was income of R\$26.2 million (loss of R\$72.0 million in 2020). The variation was mainly due to the return on financial investments related to the IPO proceeds and to the discounts obtained on advancing payments to suppliers.

## NET INCOME

Adjusted Net Income amounted to R\$505.5 million, growing 85.2% from the prior year. Adjusted net margin was 9.5% (8.8% in 2020). The result is explained by the higher contribution from all three segments and by the aforementioned factors.

Net Income amounted to R\$430.3 million, representing an increase of 74.7% from the Net Income reported in the previous year of R\$246.3 million. Net margin was 8.1% (7.9% in 2020).

## CASH, CASH EQUIVALENTS AND DEBT

The Company ended 2021 with a net cash position of R\$290.9 million (net debt position of R\$388.9 million in 2020). In 2021, the Company raised proceeds of R\$1,152.9 million from its initial public offering (IPO), which will be used as follows: (i) investment in the new industrial plant in Vera, Mato Grosso; (ii) investment in the opening of new stores in Rio Grande do Sul and Mato Grosso; and (iii) reinforcing cash and working capital. Part of these investments already were made in 2021, with the opening of 7 stores in Rio Grande do Sul and 1 in Mato Grosso, as well as construction of the new plant in Mato Grosso, which ended the year at 25% completion.

The following table presents a reconciliation of our Net Debt (Net Cash) on the dates shown:

	Fiscal year ended		
(R\$ '000)	12/31/2021	12/31/2020	12/31/2019
(+) Loans and financing (current)	488,866	406,155	297,188
(+) Loans and financing (non-current)	310,834	235,400	126,492
<b>(=) Gross Debt</b>	<b>799,700</b>	<b>641,555</b>	<b>423,680</b>
(-) Cash and cash equivalents, and financial investments	(1,090,592)	(252,692)	(163,970)
<b>(=) Net Debt (Net Cash)</b>	<b>(290,892)</b>	<b>388,863</b>	<b>259,710</b>

## RELATIONSHIP WITH INDEPENDENT AUDITORS

In compliance with Instruction 381/03 of the Securities and Exchange Commission of Brazil ("CVM"), we hereby inform that Ernst & Young Auditores Independentes S.S. was engaged to provide the following services:

(i) Independent audit of the financial statements of the Company prepared in accordance with the accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS), related to the fiscal year ended December 31, 2021, and review of the interim financial statements of the Company presented through Quarterly Information Reports (ITR), prepared in accordance with CPC 21 and IAS 34 related to the periods ended March 31, June 30 and September 30, 2021; (ii) Professional services in connection with the primary and secondary initial public offering of the Company (IPO), concluded on July 12, 2021; and (iii) Professional services in connection with the primary public offering of the Company (Follow-on), concluded on February 4, 2022.

The Company has adopted as a fundamental principle preservation of the independence of the auditors, ensuring that they do not audit their own services and that they do not participate in the management of the Company.

Audit Services (in R\$)	2021
Audit of Financial Statements	636,000.00
Other Services (Share Offering)	2,990,000.00
<b>Total</b>	<b>3,626,000.00</b>



## **MANAGEMENT STATEMENT ON THE FINANCIAL STATEMENTS**

The Management of Três Tentos Agroindustrial S.A., a corporation with registered office at Av. Principal, Distrito Industrial, nº 187, CEP 98.240-000, in the city of Santa Bárbara, state of Rio Grande do Sul, registered in the roll of corporate taxpayers under CNPJ/ME no. 94.813.102/0001-70 ("Company") hereby declares, pursuant to Article 25, Paragraph 1, items V and VI, of Instruction 480, issued by the Securities and Exchange Commission of Brazil on December 7, 2009, as amended, that: (i) it has reviewed, discussed and agrees with the opinions expressed in the report of the independent auditor of the Company; and (ii) it has reviewed, discussed and agrees with the financial statements of the Company for the fiscal year ended December 31, 2021.

February 17, 2022

Luiz Osório Dumoncel  
Chief Executive Officer

Maurício Leonardo Hasson  
Chief Financial and Investor Relations Officer

## **MANAGEMENT STATEMENT ON THE INDEPENDENT AUDITOR'S REPORT**

The Management of Três Tentos Agroindustrial S.A., a corporation with registered office at Av. Principal, Distrito Industrial, nº 187, CEP 98.240-000, in the city of Santa Bárbara, state of Rio Grande do Sul, registered in the roll of corporate taxpayers under CNPJ/ME no. 94.813.102/0001-70 ("Company") hereby declares, pursuant to Article 25, Paragraph 1, items V and VI, of Instruction 480, issued by the Securities and Exchange Commission of Brazil on December 7, 2009, as amended, that: (i) it has reviewed, discussed and agrees with the opinions expressed in the report of the independent auditor of the Company; and (ii) it has reviewed, discussed and agrees with the financial statements of the Company for the fiscal year ended December 31, 2021.

February 17, 2022

Luiz Osório Dumoncel  
Chief Executive Officer

Maurício Leonardo Hasson  
Chief Financial and Investor Relations Officer

## **Independent auditor's report on the financial statements**

To the Board of Directors, Officers and Shareholders

**Três Tentos Agroindustrial S.A.**

Santa Bárbara do Sul - RS

### **Opinion**

We have audited the financial statements of Três Tentos Agroindustrial S.A. (the "Company"), which comprise the balance sheet as at December 31, 2021, and the statements of profit or loss, of comprehensive income, of changes in shareholders' equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### **Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### **Fair value of assets and liabilities impacted by the price of commodities**

Due to the nature of its operations related to the trade of agricultural commodities, the Company has transactions that include inventories of commodities, accounts receivable from Rural Producer Notes, suppliers related to the purchase of agricultural commodities with prices to be fixed and forward and futures contracts of commodities that are measured at fair value, as described in note 8. These transactions are measured at fair value using valuation techniques that generally involve the exercise of judgment and the use of assumptions and estimates by management.

Due to the number of operations contracted, the complexity involved in measuring the fair value of these transactions, in addition to the potential impact that changes in the assumptions may have on the Company's statements of profit and losses and cash flows, we consider this a key audit matter.

*How our audit addressed this matter*

Our audit procedures included, among others: obtaining an understanding of the process of valuation of assets and liabilities measured at fair value, including the analysis of the policy applied by the Company; examining documents, on a sample basis, of transactions impacted by the price of commodities with the purpose of assessing the reasonableness of certain information used in the valuation process of those transactions; obtaining market information to assess certain assumptions used to calculate fair value, in particular those related to the future prices of commodities; recalculating the measurement of the fair value of operations with the support of our valuation specialists; obtaining confirmation letters from financial institutions that are counterparties in certain transactions; and analyzing the disclosures made in the notes to the financial statements.

Based on the results of the audit procedures performed, which are consistent with management's assessment, we consider the Company's policies for the recognition and measurement at fair value of assets and liabilities impacted by the price of commodities to be acceptable to support the judgments, estimates and information included in the context of the financial statements taken as a whole, as well as the respective disclosures in the explanatory notes.

Government subsidies

As described in note 24, the Company has tax incentives related to ICMS matching credit and exemption and reduction of the ICMS tax base in accordance with ICMS Agreements No. 100 of 1997 and No. 52 of 1991, as well as Supplementary Law No. 160 of 2017.

These incentives reduce taxable income when calculating income and social contribution taxes, provided certain conditions established in the tax legislation are met. In this context, we consider this to be a key audit matter during the audit, due to the relevance of the amounts involved, in addition to the process of calculating these tax incentives, which require controls and compliance to the criteria identified in the current tax legislation.

*How our audit addressed this matter*

Our procedures were performed with the support of our tax specialists and included, among others: obtaining an understanding and testing the calculations for determining tax incentives; analyzing the documentation prepared by management to support the compliance to the criteria identified in the current tax legislation in order to recognize such tax incentives; examining the legal opinion obtained by management with respect to the compliance with the conditions established in tax legislation for the recognition of such tax incentives; periodic meetings with management to discuss the matter; verifying the reasonableness of the tax incentive amounts excluded from the tax basis when determining income and social contribution taxes; and the analyzing the disclosures made in the notes to the financial statements.

As a result of these procedures, we identified an audit adjustment to the amounts of tax incentives excluded from the calculation of income taxes, which indicated the need for an additional provision for income and social contribution taxes, which adjustment was not recorded by management due to its immateriality considering the financial statements taken as a whole.

Based on the results of the audit procedures performed, which are consistent with management's assessment, we consider the Company's policies for the recognition and measurement of government grants to be acceptable to support the judgments, estimates and information included in the context of the financial statements taken as a whole, as well as the respective disclosures in the explanatory notes.

**Other matters**

### *Statement of value added*

The statement of value added (SVA) for year ended December 31, 2021, prepared under the responsibility of Company's management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement and are consistent in relation to the overall financial statements.

### **Other information accompanying the financial statements and the auditor's report**

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting

a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Porto Alegre, February 17, 2022.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP015199/F-7

Guilherme Ghidini Neto  
Accountant CRC-RS 067795/O-5

## Três Tentos Agroindustrial S.A.

Balance sheet

December 31, 2021 and 2020

(in R\$ '000)

<b>Assets</b>	<b>Note</b>	<b>12/31/2021</b>	<b>12/31/2020</b>
<b>Current</b>			
Cash and cash equivalents	4.1	351,590	252,692
Financial investments	4.2	739,002	-
Trade accounts receivable	5	701,919	634,246
Recoverable taxes	6	63,576	45,169
Advances		686	12,392
Inventories	7	1,426,503	783,523
Financial instruments	8	25,089	6,869
Prepaid expenses		9,662	1,395
Related parties	21	5,733	7,267
Other		30,545	26,461
<b>Total current assets</b>		<b>3,354,305</b>	<b>1,770,014</b>
<b>Non-Current</b>			
Long-term assets			
Trade accounts receivable	5	14,757	-
Recoverable taxes	6	122,059	121,959
Judicial deposits	20	214	290
Deferred taxes	19	92,187	-
Related parties	21	17,400	19,786
Other		1,092	1,504
Right-of-use - leases	9	13,580	926
Property, plant and equipment	10	779,552	406,564
Intangible assets		455	330
<b>Total non-current assets</b>		<b>1,041,296</b>	<b>551,359</b>
<b>Total assets</b>		<b>4,395,601</b>	<b>2,321,373</b>

<b>Liabilities</b>	<b>Note</b>	<b>12/31/2021</b>	<b>12/31/2020</b>
<b>Current</b>			
Trade payables	11	<b>1,225,903</b>	866,549
Financial Instruments	8	<b>39,402</b>	26,788
Loans and financing	12	<b>488,866</b>	406,155
Advances from customers		<b>8,789</b>	5,331
Lease liabilities	9	<b>4,204</b>	687
Tax obligations		<b>13,803</b>	17,441
Labor obligations		<b>28,503</b>	19,513
Tax installment payments	18	<b>1,314</b>	1,459
Other obligations		<b>20,491</b>	21,113
<b>Total current liabilities</b>		<b>1,831,275</b>	1,365,036
<b>Non-Current</b>			
Loans and financing	12	<b>310,834</b>	235,400
Lease liabilities	9	<b>9,669</b>	307
Tax installment payments	18	<b>5,276</b>	6,785
Deferred taxes	19	-	145
Provision for litigation	20	<b>2,307</b>	1,568
<b>Total non-current liabilities</b>		<b>328,086</b>	244,205
<b>Shareholders' equity</b>	22		
Capital		<b>1,506,212</b>	400,000
Capital reserves		<b>13,311</b>	-
Equity valuation adjustments		<b>3,900</b>	4,847
Profit reserve		<b>712,817</b>	295,485
Proposed additional dividends		-	11,800
<b>Total shareholders' equity</b>		<b>2,236,240</b>	712,132
<b>Total liabilities and shareholders' equity</b>		<b>4,395,601</b>	2,321,373

The notes are an integral part of the financial statements.



## Três Tentos Agroindustrial S.A.

### Statement of income

December 31, 2021 and 2020

(In R\$ '000, except earnings per share)

	Note	12/31/2021	12/31/2020
<b>Net operating revenue</b>	15	<b>5,339,317</b>	3,112,439
Cost of goods and products sold	16	<b>(4,638,263)</b>	(2,612,260)
<b>Gross profit</b>		<b>701,054</b>	500,179
<b>Operating income (expenses)</b>		<b>(347,460)</b>	(172,704)
Selling expenses	16	<b>(319,965)</b>	(178,161)
Administrative expenses	16	<b>(55,707)</b>	(19,755)
Other income and expenses, Net		<b>28,212</b>	25,212
<b>Operating income (loss), net</b>		<b>353,594</b>	327,475
<b>Net financial result</b>	17	<b>26,243</b>	(72,032)
Financial income		<b>207,769</b>	106,138
Financial expenses		<b>(181,526)</b>	(178,170)
<b>Income before taxes and contributions</b>		<b>379,837</b>	255,443
<b>Income and social contribution taxes</b>	19	<b>50,469</b>	(9,180)
Current		<b>(17,791)</b>	(24,491)
Deferred		<b>68,260</b>	15,311
<b>Net income for the year</b>		<b>430,306</b>	246,263
<b>Earnings per share (in R\$)</b>	23		
<b>Basic</b>		<b>0.9650</b>	0.6301
<b>Diluted</b>		<b>0.9538</b>	0.6301

The notes are an integral part of the financial statements.

## Três Tentos Agroindustrial S.A.

Statement of comprehensive income  
December 31, 2021 and 2020  
(in R\$ '000)

	12/31/2021	12/31/2020
<b>Net income for the year</b>	<b>430,306</b>	246,263
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>430,306</b>	246,263

The notes are an integral part of the financial statements.

## Três Tentos Agroindustrial S.A.

Statement of changes in shareholders' equity  
December 31, 2021 and 2020  
(in R\$ '000)

	Capital	Capital reserve	Profit reserves		Proposed additional dividends	Equity valuation adjustments	Retained earnings	Total
			Legal reserve	Reserve for tax incentives				
<b>Balances at December 31, 2019</b>	200,000	-	3,045	190,982	-	5,794	-	399,821
Equity valuation adjustments	-	-	-	-	-	(947)	947	-
Capital increase (Note 1)	9,000	-	-	-	-	-	-	9,000
Capital Increase, through payment from reserves	190,000	-	-	(190,000)	-	-	-	-
Consolidation of associated companies (Note 1)	1,000	-	-	73,298	-	-	-	74,298
Net income for the year	-	-	-	-	-	-	246,263	246,263
Accrual of reserve for tax incentives	-	-	-	247,210	-	-	(247,210)	-
Dividends paid	-	-	-	(17,250)	-	-	-	(17,250)
Proposed additional dividends	-	-	-	(11,800)	11,800	-	-	-
<b>Balances at December 31, 2020</b>	400,000	-	3,045	292,440	11,800	4,847	-	712,132
Equity valuation adjustments	-	-	-	-	-	(947)	947	-
Capital increase, through payment from IPO	1,152,941	-	-	-	-	-	-	1,152,941
(-) Share issue costs	(70,801)	-	-	-	-	-	-	(70,801)
Deferred taxes on share issue costs	24,072	-	-	-	-	-	-	24,072
Net income for the year	-	-	-	-	-	-	430,306	430,306
Accrual of reserve for tax incentives	-	-	-	431,253	-	-	(431,253)	-
Stock option expenses	-	13,311	-	-	-	-	-	13,311
Dividends paid	-	-	-	(13,921)	(11,800)	-	-	(25,721)
<b>Balances at December 31, 2021</b>	1,506,212	13,311	3,045	709,772	-	3,900	-	2,236,240

The notes are an integral part of the financial statements.

# Três Tentos Agroindustrial S.A.

## Statement of cash flows – indirect method

December 31, 2021 and 2020

(in R\$ '000)

	12/31/2021	12/31/2020
<b>Cash flow from operating activities:</b>		
Net income for the year before taxes	379,837	255,443
<b>Adjustments to reconcile net income with cash from operating activities:</b>		
Depreciation and amortization	23,345	17,496
Depreciation of right-of-use	4,119	2,110
Fair value adjustment	113,871	40,349
Interest, monetary restatement and exchange variation on loans	80,258	48,461
Allowance for credit losses	898	(1,638)
Provision for litigation	739	12
Stock option expenses	13,311	-
Adjustment to present value of lease liabilities	891	230
Residual cost of written-off fixed asset	686	4,739
<b>(Increase) decrease in assets:</b>		
Trade accounts receivable	(197,417)	(212,335)
Financial Instruments	(2,529)	251,352
Inventories	(135,497)	(104,174)
Recoverable taxes	(18,507)	(12,056)
Advances	11,706	-
Prepaid expenses	(8,267)	-
Related parties	3,920	-
Judicial deposits	76	-
Other assets	(3,672)	(1,040)
<b>Increase (Decrease) in liabilities</b>		
Trade payables	(155,346)	71,918
Taxes payable	(4,774)	(11,934)
Payroll, provisions and social charges	8,990	4,633
Tax installment payments	(1,654)	3,211
Advances from customers	3,458	(13,796)
Financial Instruments	4,358	(265,301)
Other liabilities	(622)	11,479
Income and social contribution taxes paid	(16,655)	(9,180)
<b>Net cash provided by operating activities</b>	<b>105,523</b>	<b>79,979</b>
<b>Cash flow provided by operating activities:</b>		
Cash from consolidation of associated company (Note 1)	-	3,591
Financial investments	(739,002)	-
Acquisition of property, plant and equipment	(384,538)	(77,534)
Acquisition of intangible assets	-	(55)
<b>Net cash used in investing activities</b>	<b>(1,123,540)</b>	<b>(73,998)</b>
<b>Cash flows provided by financing activities:</b>		
Capital increase, through IPO	1,152,941	-
(-) Share issue costs	(70,801)	-
New loans and financing	875,548	461,221
Payments of loans and financing	(810,267)	(347,816)
Payment of dividends	(25,721)	(28,250)
Payment of leases	(4,785)	(2,414)
<b>Net cash from financing activities</b>	<b>1,116,915</b>	<b>82,741</b>
<b>Changes in cash and cash equivalents</b>	<b>98,898</b>	<b>88,722</b>
Cash and cash equivalents – at the beginning of the year	252,692	163,970
Cash and cash equivalents – at the end of the year	351,590	252,692
<b>Changes in cash and cash equivalents</b>	<b>98,898</b>	<b>88,722</b>
<b>Non-cash items</b>		
Interest on loans capitalized in property, plant and equipment	12,606	-

The notes are an integral part of the financial statements.

# Três Tentos Agroindustrial S.A.

Statement of value added  
December 31, 2021 and 2020  
(in R\$ '000)

	12/31/2021	12/31/2020
<b>Revenues</b>		
Revenue from sale of products, goods, services and others	5,485,258	3,168,731
(-) Deductions from sales	(62,550)	(56,292)
	<u>5,422,708</u>	<u>3,112,439</u>
<b>Inputs acquired from third parties</b>		
Cost of goods sold	(4,656,467)	(2,585,792)
Outsourced services	(60,522)	(25,702)
Other operating expenses	28,212	25,212
	<u>(4,688,777)</u>	<u>(2,586,282)</u>
<b>Gross value added</b>	<u>733,931</u>	<u>526,157</u>
<b>Retentions</b>		
Depreciation and amortization	(27,464)	(19,606)
<b>Net value produced by the entity</b>	<u>706,467</u>	<u>506,551</u>
<b>Net value received in transfer</b>		
Financial income	211,591	106,138
	<u>211,591</u>	<u>106,138</u>
<b>Total value added to distribute</b>	<u>918,058</u>	<u>612,689</u>
<b>Distribution of value added</b>		
<b>Payroll and charges</b>	126,444	62,297
Direct compensation	37,320	23,675
Benefits	83,348	35,018
Severance fund (FGTS)	5,776	3,604
<b>Taxes, fees and contributions</b>	59,515	42,797
Federal	42,440	36,086
State	15,419	6,325
Local	1,656	386
<b>Interest and financial charges</b>	134,318	149,281
Interest	45,168	43,553
Exchange variation	89,150	105,728
<b>Other</b>	167,475	112,051
Rent and lease	5,740	2,800
Freight	63,526	35,140
Other	98,209	74,111
Dividends	13,921	17,250
<b>Retained earnings for the year</b>	<u>416,385</u>	<u>229,013</u>
	<u>918,058</u>	<u>612,689</u>

The notes are an integral part of the financial statements.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 1. Operations

Três Tentos Agroindustrial S.A. ("Company"), corporate taxpayer's ID (CNPJ) no. 94.813.102/0001-70, with registered offices at Av. Principal nº 187, Distrito Industrial in Santa Bárbara do Sul/RS, was incorporated on August 12, 1992, and had its articles of incorporation registered at JUCERGS on October 14, 1992 under no. 43.202.481.056.

The Company was converted into a closely held corporation on August 2, 2011, through amendment of its articles of incorporation, which converted the Company from a limited liability company to a corporation, registered with JUCERGS under the new registry number (NIRE) 43.300.053.504. Its main corporate purpose is trading and exporting grains, trading inputs, producing and trading seeds of cereals and oleaginous plants, and producing meal, oil and biodiesel.

### Register of public offering

On February 23, 2021, the Company filed a request for the registration of a Primary and Secondary Offering of Common Shares with the Securities and Exchange Commission of Brazil (CVM), simultaneously with the filing for registration as a category A publicly held corporation. On April 20, 2021, considering the continuous impact on market conditions, the Company filed a request for interrupting the offer with the CVM, without prejudice to the continuity of its registration as a category A publicly held company. On June 21, 2021, the Company obtained its registration as a publicly held corporation with the Securities and Exchange Commission of Brazil (CVM).

On June 28, 2021, the Extraordinary Shareholders Meeting of the Company ("AGE") approved a primary and secondary public offering of registered, book-entry common shares with no par value, free and clear of all encumbrances ("Shares"), issued by the Company, observing that the number of Shares initially offered could be increased due to the possibility of placing Additional Shares (hot issue) and Over-allotment Shares (greenshoe option) (as defined in the minutes of the AGE), with limited placement efforts, in accordance with CVM Instruction 476 ("Restricted Offer"). The Restricted Offer comprised: (i) the primary public distribution of 94,117,647 Shares ("Primary Offer"); and (ii) the secondary public distribution of, initially, 15,686,275 Shares held by certain individual shareholders.

The price per share and the Company's capital increase within the limits of its authorized capital established in its Bylaws were approved in the meeting of the Board of Directors held on July 7, 2021. Due to the increase in the Company's capital in connection with the Restricted Offer, the new capital stock was now R\$1,552,941, divided into 494,117,647 registered, book-entry common shares with no par value.

On July 12, 2021, the Company concluded its IPO process with its shares starting to trade on the Novo Mercado segment of the São Paulo Stock Exchange (B3), with financial settlement of the transaction on July 13, 2021.

On August 11, 2021, the Company released a Notice to the Market informing the settlement of the stabilization process and, as a result, an over-allotment equivalent to 1.8670% of all shares initially offered, i.e. 2,050,000 Shares held by the selling shareholders, was added, under the same conditions and price of the shares initially offered, due to the partial exercise of the greenshoe option (as defined in the Material Fact notices of the Restricted Offer), aimed exclusively to be used in the stabilization of the price of the common shares issued by the Company.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 1. Operations--Continued

### Register of public offering--Continued

With the conclusion of the Restricted Offering, considering the placement of Over-Allotment Shares, a total of 111,853,922 common shares issued by the Company, representing approximately 22.6371% of its capital stock, are freely floated in the market and available for public trading.

#### a) Corporate restructuring

##### Corporate restructuring – Merger of Tentos do Sul Comercial Agrícola Ltda.

On November 30, 2020, Tentos do Sul Comercial Agrícola Ltda. ("Tentos do Sul"), a company established at Estrada Municipal Cascata, n° 935, Distrito Industrial I, CEP: 96050-500, in Pelotas/RS, registered in the roll of corporate taxpayers (CNPJ) under no. 22.654.772/0001-80, was merged into the Company, as per the minutes of the Extraordinary Shareholders Meeting held on November 30, 2020. Tentos do Sul belonged to the same economic group as the Company, which means that the companies were under shared control.

The net assets were determined by a valuation conducted on October 31, 2020, as per the Valuation Report for Merger Purposes, issued by the independent expert firm. The merged value does not differ from the values in the accounting records, and any changes in net assets between the date of the appraisal report and the actual merger date, on November 30, 2020, were absorbed by the Company. Accordingly, the net book value of the assets and liabilities merged as of November 30, 2020 is presented below:

	<u>11/30/2020</u>
Cash and cash equivalents	3,591
Trade accounts receivable	132,556
Recoverable taxes	19,418
Advances to suppliers	279
Inventories	83,704
Property, plant and equipment	92,820
Intangible assets	39
Trade payables	(155,682)
Loans and financing	(56,009)
Advances from customers	(1,560)
Labor obligations	(2,973)
Tax obligations	(192)
Dividends	(20,000)
Other accounts payable	(392)
Deferred taxes	(21,301)
Merged net assets	<u>74,298</u>

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 1. Operations--Continued

### a) Corporate restructuring--Continued

#### Corporate restructuring – Merger of Tentos do Sul Comercial Agrícola Ltda.--Continued

Of the total net assets merged into the Company, R\$1,000 was allocated to the capital increase and R\$73,298 was allocated to the subsidy reserve for investments (non-cash transaction).

The transaction aimed to meet the interests of partners and shareholders, with the consolidation of activities into a single company to streamline the use of resources, reduce operating and administrative costs.

#### Capital increase

The Extraordinary Shareholders Meeting held on November 30, 2020 also approved the increase in the Company's capital by R\$ 9,000, through the issue of nine million (9,000,000) registered common shares, capitalized by the new shareholders Sixth Participações Ltda. and Eduardo Augusto Pereira de Menezes Filho, through the capitalization of receivables they had at the Company (non-cash transaction).

#### Corporate restructuring – Merger of the spun-off net assets of Sinuelo Participações Ltda.

On December 1, 2020, in an Extraordinary Shareholders Meeting, the Company merged part of the spun-off net assets of Sinuelo Participações Ltda. ("Sinuelo"), a limited liability company, with registered offices in the city of Santa Bárbara do Sul, state of Rio Grande do Sul, at Avenida Principal, n° 187, Sala 03, Distrito Industrial, CEP: 98.240-000, registered in the roll of corporate taxpayers (CNPJ/ME) under no. 14.795.252/0001-69, until then the parent company of the Company. The merged value, in accordance with the Valuation Report for Merger Purposes, issued by an independent expert firm, does not differ from the amounts recorded in the accounting records, and was composed of Company shares.

The merger of the spun-off net assets meets the interests of the Company and its shareholders and aimed to include among its shareholders the partners of Sinuelo, who now hold their interest in the Company directly, and did not result in any change in the capital stock or in the number of shares issued by the Company.



# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 1. Operations--Continued

### **b) Effects of COVID-19 on the financial statements**

In compliance with Circular Letter SNC/SEP 02/2020, which addresses recommendations for disclosing the potential impacts of COVID-19 on the financial statements of publicly held corporations, after carefully considering key risks and uncertainties stemming from this analysis and observing the applicable accounting standards, the Company analyzed in particular the following possible impacts: a) Actions adopted by the Company due to COVID-19 and possible impacts on its internal controls; b) Increased risk of losses in financial assets (IFRS 9/CPC 48 - Financial Instruments); c) Realizable value of inventories (IAS 02/CPC 16 – Inventories); d) Impairment of property, plant and equipment and intangible assets (IAS 36/CPC 01 – Impairment of Assets); e) Measurement of the fair value of financial instruments and commodities; f) Impacts on revenue and margins for the fiscal year; g) Analysis of the Company continuing as a going concern; and h) Cash flows, impacts on access to loans and financing.

The Company conducted a study of the items listed above and found no material impacts on its financial statements. In this regard, it is important to note that the Company's operations continue to be monitored using a crisis management model, and strategies have been implemented to help the Company weather this period with the least adverse impacts possible. The Company acted rapidly and decisively to create a Committee in 2020 charged with developing the COVID-19 Contingency Plan and the Guide to Confronting COVID-19, and has been regularly monitoring these instruments to minimize risks and vulnerabilities as well as establishing measures to protect, control and contain any spread of COVID-19 within the Company.

In relation to its business, note that the Company is part of an industry that is deemed essential with regard to the continuity of its production activities, since its main products are used by the food industry and for biofuels as an energy source.

Another factor worth noting and that directly involves the Company is the demand for exports, which benefited from the stronger U.S. dollar and from the higher prices for the main commodities it trades. In relation to the logistics chain, note that no disruptions were observed in export operations and logistics in general or in inbound operations and logistics for inputs.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 1. Operations--Continued

### b) Effects of COVID-19 on the financial statements--Continued

Regarding firm sales commitments entered into with clients, the Company does not expect material changes in their composition, since they are strongly linked to how negotiations are conducted and to the players chosen as commercial partners, and the Company has not identified significant issues related to these commitments, with product sales and shipments continuing without setbacks. Furthermore, moments like this lead to heightened concern with cash preservation, financial leverage, cost efficiency and debt subject to exchange variation. In this regard, the Company has positioned itself to surmount the impacts from COVID-19, with efforts including the robust risk management policy implemented by it over the last few years. The Company maintains a strong focus on liquidity preservation for both short and long term obligations, and any rescheduling operations are designed to avoid any relevant impacts on its financial position. In this regard, the Company did not identify any material risks with regard to its capacity to continue as a going concern.

# **Três Tentos Agroindustrial S.A.**

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## **2. Presentation and summary of key accounting practices**

### **2.1. Basis for preparation and presentation of the financial statements**

The financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, which include those set forth in Brazilian Corporation Law and the technical pronouncements and technical orientations and interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Securities and Exchange Commission of Brazil (CVM) and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Company has adopted all standards, revisions and interpretations issued by the CPC, by the IASB and by the regulatory bodies in force as of December 31, 2021.

The Company is presenting in this set of financial statements the last comparison period, the fiscal year ended December 31, 2020, to enable ample comparability of its financial information, in accordance with the accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS).

The preparation of the financial statements requires the use of certain critical accounting estimates as well as the exercise of judgment by Management during the application of the accounting practices of the Company. The areas that require a greater degree of judgment and are more complex, as well as those in which assumptions and estimates are significant to the financial statements, are disclosed in Note 3. The Company revises its estimates and assumptions at least once a year.

The Management of the Company believes that all relevant information pertaining to the financial statements is being evidenced and corresponds to the information used by Management, in accordance with technical orientation OCPC 7, approved by CVM Resolution 727/14, complying with the minimum requirements while, at the same time, disclosing only pertinent information that helps readers to make informed decisions. Therefore, all pertinent information used in the management of the business is presented herein.

The financial statements were prepared using the historical cost principle for values, except for the determination of certain assets and liabilities, such as financial instruments, which are measured based on fair value.

Certain amounts presented in the statements of cash flows and value added for the fiscal year ended December 31, 2020 were reclassified to improve comparability with the presentation of the current fiscal year.

Management has assessed the Company's capacity to continue as a going concern and is convinced that it has the resources to continue its business activities in the future. Furthermore, Management has no knowledge of any material uncertainty that could cause significant doubt regarding its capacity to continue as a going concern. Therefore, these financial statements have been prepared on a going concern basis.

# **Três Tentos Agroindustrial S.A.**

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## **2. Presentation and summary of key accounting practices--Continued**

### **2.1. Basis for preparation and presentation of the financial statements--Continued**

On February 17, 2022, Management authorized the conclusion of the financial statements.

### **2.2. Translation of foreign-currency balances**

The financial statements are presented in Brazilian reais (R\$), which is the Company's functional and reporting currency.

Transactions in foreign currency are translated into the functional currency using the exchange rate on the date of the transaction. Gains and losses arising from differences between the translation of assets and liabilities, in foreign currency, on the closing date of each reporting period, and the translation of the transaction amounts, are recognized in the income statement.

### **2.3. Cash and cash equivalents**

Includes cash, cash in bank accounts, financial investments redeemable up to three months from the dates of the transactions and with insignificant risk of change in their market value. Financial investments included as cash equivalents are classified under the category "financial assets at fair value through profit or loss".

### **2.4. Trade accounts receivable**

Trade accounts receivable correspond to amounts receivable from customers due to the sale of goods or services in the Company's ordinary course of business. If the receivable term is equivalent to one year or less, accounts receivable are classified as current assets. Otherwise, they are presented as non-current assets.

Trade accounts receivable are, initially, recognized at fair value and, subsequently, measured at their amortized cost using the effective interest rate method less any allowance for credit losses (ACL or impairment). Provisions for losses in financial assets are based on assumptions regarding the risk of delinquency and the expected loss rates. The Company uses judgment to establish these assumptions and to select the data to calculate impairment, based on its history, on current market conditions and on future estimates at the end of each fiscal year.

The provision for credit losses (impairment) was estimated based on the analysis of the client portfolio in an amount deemed sufficient by Management to meet any expected asset impairment. For other receivables overdue and outstanding related to clients with verified risk, an individual analysis is conducted and Management applies the applicable collection and provisioning procedures.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 2. Presentation and summary of key accounting practices--Continued

### 2.4. Trade accounts receivable--Continued

Accounts receivable also include receivables from transactions involving Rural Producer Certificates (CPR), through which the Company sells crop protection inputs in exchange for agricultural commodities. This transaction is recognized at fair value on the transaction date and, subsequently, the fair value of accounts receivable pegged to the change in the price of the commodity (soybean, corn and wheat) is adjusted by the price of the commodity in the physical market, as a corresponding entry to the cost of goods and products sold, in accordance with the accounting policy adopted by the Company.

### 2.5. Inventories

Agricultural commodities (soybean, corn, wheat, meal and oil) are measured at fair value, less selling costs, and any changes in fair value are recognized in the income statement for the year in which the change occurred. Such classification is justified by the fact that these commodities are substantially destined for trading transactions.

Items resulting from production processes, such as vegetable oil, meal and soybean hull, are considered commodities. These items are valued based on production orders, which consider the cost of raw materials (grains) consumed, which is determined by the market price and by expenses with labor, other direct items and depreciation. Subsequently, the Company matches production costs with the market price of finished products and records the difference under inventory adjustment accounts, at fair value less selling costs.

Other inventory goods are presented at the lesser of acquisition cost and net realizable value. Inventory costs are determined based on the average-cost method. The net realizable value represents the sales price less all costs required to make the sale.

### 2.6. Leases

The management of the Company recognizes right-of-use assets and lease liabilities on the date of execution of the respective agreements at the fixed measurement value. Recognition of lease liabilities is related to the payments of future rents, net and adjusted to present value, considering the incremental discount rate practiced by the Company.

Determining the incremental borrowing rate, used by the Company for discount purposes, is based on the "average weighted CDI/Pre curve", plus the Company's credit risk and a risk spread of the underlying asset.

The Company opted to adopt the practical expedient of using a single discount rate based on the respective terms of contracts with similar characteristics.

# **Três Tentos Agroindustrial S.A.**

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## **2. Presentation and summary of key accounting practices--Continued**

### **2.6. Leases--Continued**

In accordance with CPC 06 (R2) (IFRS 16), the Company did not measure right-of-use assets and lease liabilities for agreements with uncertain values that feature low measurement values and are classified as short-term.

Agreements recognized on the reporting date have as object the lease of facilities and warehouses for the Company to geographically and strategically distribute its units and grain storage facilities.

The Company has lease agreements with third parties, and the physical spaces leased are all located in the state of Rio Grande do Sul. The majority of lease agreements have a maximum duration of five (5) years and renewals are subject to the discretion of all parties.

### **2.7. Property, plant and equipment**

Property, plant and equipment are booked at their acquisition cost and/or cost of construction, less any accumulated depreciation, and were adjusted by the revision of deemed cost, according to Technical Interpretation ICPC 10 (IFRS 1). The corresponding entries of these adjustments are duly booked under "equity valuation adjustment" under shareholders' equity, with deferred taxes recognized under non-current liabilities.

Depreciation is recognized based on the estimated useful life of each asset using the straight-line method, so that the cost less its carrying amount after its useful life is fully derecognized (except for land, and property, plant and equipment under construction). Land is not depreciated. The estimated useful life, carrying amounts and depreciation methods are revised on the closing date of the balance sheet, and the effects of any changes in estimates are accounted for prospectively.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 2. Presentation and summary of key accounting practices--Continued

### 2.7. Property, plant and equipment--Continued

	2021	
	Useful life in years	Depreciation rate
Machinery and equipment	15	6.6%
Buildings and facilities	60	1.67%
Vehicles	5 to 10	20% and 10%
Furniture and fixtures	10	10%
IT equipment	5	20%

### 2.8. Trade payables

Trade accounts payable are obligations arising from the acquisition of goods or services acquired in the ordinary course of business and are classified as current liabilities if the payment is due within one year. Otherwise, they are recorded as non-current liabilities.

Accounts payable related to the purchase of agricultural inputs for resale are, initially, recognized at fair value and, subsequently, measured at amortized cost. Accounts payable related to the purchase of agricultural commodities at prices to be determined ("commodity suppliers to be determined") are recorded at fair value on the date the products are received by the Company and, subsequently, the fair value of these accounts payable pegged to the change in the commodity price is adjusted by the price of the commodity in the physical market, as a corresponding entry to cost of goods and products sold.

### 2.9. Loans and financing

Loans and financing are stated at their contractual value, plus negotiated charges, which include interest and monetary restatement or exchange variation incurred. After initial recognition, they are measured at amortized cost using the effective interest rate method.

Loans and financing are classified as current liabilities, unless the Company is entitled to the unconditional right to defer the settlement of the liability for, at least, 12 months after the reporting date.

### 2.10. Provisions

#### General

Provisions are recognized when the Company has a present obligation (whether by law or constituted) due to past events, it is probable that an outflow of economic resources will be required to settle the obligation, and it is possible to reliably estimate the value of the obligation.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 2. Presentation and summary of key accounting practices--Continued

### 2.10. Provisions--Continued

When the Company expects that the value of a provision will be reimbursed, fully or partially, for example, by force of an insurance contract or other means, the reimbursement is recognized as a separate asset, but only when the reimbursement is practically certain. Expenses related to any provision are presented in the income statement, net of any reimbursement.

#### Provision for tax, civil and labor risks

The Company is a party to lawsuits and administrative proceedings. Provisions are accrued for all contingencies related to lawsuits and administrative proceedings for which it is probable that an outflow of resources will be required to settle the contingency/obligation and they can be reasonably estimated.

Assessment of the probability of loss includes assessment of the available evidence, the hierarchy of laws, available precedents, the most recent court decisions and their relevance for the legal system, as well as the opinion of external counsel. Provisions are revised and adjusted to take into account changes in circumstances, such as the applicable statute of limitations, findings of tax audits or additional exposures identified based on new subjects or court decisions. The Company, based on the nature of the lawsuits in which it is involved, and supported by the opinion of its legal counsel, discloses the contingent liabilities for which it deems the expectation of loss as possible. For these lawsuits, no provisions are accrued for possible losses, in accordance with CPC 25 (IAS 37).

### 2.11. Financial instruments

#### (i) *Financial assets*

##### Initial recognition and measurement

Classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the Company's business model for managing these assets, which are classified as follows:

- Financial assets measured at amortized cost ("AC");
- Financial assets measured at fair value through profit or loss ("FVPL").

The Company's financial assets include cash and cash equivalents, trade accounts receivable and other accounts receivable, financial instruments and derivative instruments.

For a financial asset to be classified and measured at amortized cost, its cash flows must come "exclusively from payments of principal and interest" on the outstanding principal. This assessment is made for each instrument.



# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 2. Presentation and summary of key accounting practices--Continued

### 2.11. Financial instruments--Continued

#### (i) *Financial assets--Continued*

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether the cash flows will result from the collection of contractual cash flows, the disposal of the financial assets or both.

Acquisitions or disposals of financial assets that require the delivery of the assets within a certain period defined by regulation or market convention (regular negotiations) are recognized on the date of negotiation, i.e. the date on which the Company undertakes to acquire or dispose of the asset.

#### Subsequent measurement

Subsequent measurement of financial assets depends on their classification, which could be as follows:

- At amortized cost

Assets must be measured at amortized cost if both of the following conditions are met:

- a) The financial asset is held within a business model whose objective is to hold financial assets for the purpose of collecting contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are exclusively payments of principal and interest on the principal amount outstanding.

- At fair value through profit or loss

The financial assets must be measured at fair value, unless they are measured at amortized cost or at fair value through other comprehensive income.

#### Impairment of financial assets

On the reporting dates, the Company assesses the existence of indications of impairment of the financial asset or group of financial assets. A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after its initial recognition, when these impairment events have an impact on the estimated future cash flows of the respective financial asset.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 2. Presentation and summary of key accounting practices--Continued

### 2.11. Financial instruments--Continued

#### (ii) *Financial liabilities*

##### Initial recognition and measurement

Financial liabilities are initially measured at fair value, plus any transaction costs directly attributable to the issue of the financial liability.

The Company's financial liabilities include trade payables, other accounts payable, loans and financing and derivatives.

##### Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified under two categories:

- Financial liabilities at amortized cost (AC)

Following initial recognition, loans and financing, trade payables and other accounts payable, accounts payable to related parties and other financial liabilities contracted and granted subject to interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the income statement when liabilities are written-off, as well as through the process of amortization of effective interest rate.

The amortized cost is calculated taking into consideration any discount or premium in the acquisition and rates or costs that are an integral part of the effective interest rate method. Amortization using the effective interest rate method is recorded under financial expenses in the income statement.

- Financial liabilities measured at fair value through profit or loss (FVPL).

Financial liabilities at fair value through profit or loss include financial liabilities held for trade and financial liabilities designated upon initial recognition as fair value through profit or loss. Financial liabilities at fair value through profit or loss are presented at fair value, and any gains or losses arising from changes in fair value are recognized in the income statement.

#### (iii) *Derecognition and offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legal right to offset the amounts recognized and there is the intention of settling them on a net basis, or to realize the asset and settle the liability simultaneously.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 2. Presentation and summary of key accounting practices--Continued

### 2.11. Financial instruments--Continued

#### *(iii) Derecognition and offsetting of financial instruments--Continued*

A financial liability is derecognized when its contractual obligation is terminated, canceled or expires. The difference between the terminated book value and the consideration paid (including assets transferred not recorded as cash or liabilities assumed) is recognized in the income statement.

#### *(iv) Derivative instruments*

##### *Initial recognition and subsequent measurement*

The Company uses derivative instruments, such as currency forward contracts, commodity forward contracts and exchange-traded futures contracts (CBOT), to hedge against its exchange rate and commodity price risks.

These derivatives are initially recognized at fair value on the date the derivative instrument is contracted, and subsequently measured at fair value, with changes in fair value recognized as profit or loss. Derivative instruments are booked as financial assets when their fair value is positive, and as financial liabilities when their fair value is negative.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 2. Presentation and summary of key accounting practices--Continued

### 2.12. Fair value

The Company measures financial instruments (e.g., derivatives) and non-financial assets (e.g., inventories) at fair value on each reporting date.

Measurement of fair value is based on the assumption that the transaction to sell the asset or transfer the liability will occur:

- in the main market for the asset or liability; and
- in the lack of a main market, in the most advantageous market for the asset or liability. The main market or the most advantageous market must be accessible to the Company.

The Company uses valuation techniques that are appropriate for the circumstances and for which there is sufficient input available to measure fair value, maximizing the use of significant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair-value hierarchy described below, based on the lowest level input that is significant to the entire fair value measurement:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities to which the entity has access on the measurement date;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is not available.

For assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Company determines if transfers occurred between hierarchy levels, reassessing its categorization (based on the lowest level input that is significant to the entire fair value measurement) at the end of each reporting period.

For disclosures about fair value measurements, the Company determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and on the level of fair value hierarchy, as explained above.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 2. Presentation and summary of key accounting practices--Continued

### 2.13. Revenue recognition

CPC 47 (IFRS 15) – Revenue from Contracts with Customers establishes a model that aims to identify whether revenue recognition criteria have been met. This process includes the following steps:

- (i) identify the contract with the customer;
- (ii) identify the performance obligations in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price; and
- (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Considering the steps above, revenue is recognized at an amount that reflects the Company's expectation of receiving consideration for the products and services offered to customers. Revenue is measured based on the fair value of the consideration received, excluding discounts, rebates and taxes or charges on sales. The Company assessed revenue transactions based on specific criteria to determine whether it is acting as agent or principal and, in the end, concluded that it acts as principal in all of its revenue contracts. Revenue is not recognized if there is significant uncertainty of its realization. The specific criteria below also must be satisfied before any revenue recognition:

#### Sale of products

Revenue from the sale of products is recognized in the income statement, when the control of the products is transferred to the customer and the Company no longer holds control or liability over the goods and products sold.

#### Interest income

For all financial instruments recognized at amortized cost and interest-bearing financial assets, the financial income or expense is booked using the effective interest rate, which discounts exactly the estimated future cash payments or receipts over the estimated life of the financial instrument, or for a shorter period of time, when applicable, the net carrying amount of the financial asset or liability. Interest income is booked under financial income, in the income statement.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 2. Presentation and summary of key accounting practices--Continued

### 2.14. Taxes

#### Income tax and social contribution

##### *Current income tax and social contribution*

Tax assets and liabilities for the current fiscal year are measured based on the expected amount to be recovered or paid to tax authorities. The tax rates and legislation used to determine the amount are those in force or substantially in force at the end of the reporting period. Management periodically evaluates the tax position of cases in which tax regulations require interpretation, and accrues provisions when deemed appropriate.

Income tax is calculated on taxable income at the rate of 15%, plus an additional 10% for net income that exceeds R\$240, while social contribution tax is calculated at the rate of 9% on taxable income, both recognized based on the accrual method of accounting. Therefore, additions of expenses to book net income that are temporarily not deductible, or exclusions of revenues that are temporarily not deductible, when determining current taxable income, produce deferred tax credits or liabilities.

Advances of amounts that may be offset are recorded as current or non-current assets, based on the expected period of their realization. Deferred taxes are fully recorded in the long term.

##### *Deferred income and social contribution taxes*

Deferred tax assets and liabilities are presented as non-current assets or liabilities and measured at the expected rates for the year in which the asset is realized or the liability is settled, based on rates that were in force or substantially in force on the reporting date.

Deferred taxes are produced by temporary differences on the reporting date between the tax bases of assets and liabilities and their book values. Deferred taxes are recognized for all deductible temporary differences when it is probable that taxable income will be available for the deductible temporary differences to be realized.

The book value of deferred tax assets is revised and derecognized when it is no longer probable that taxable income will be available to permit all or a portion of the deferred tax asset to be used. Derecognized deferred tax assets are revised on each reporting date and are recognized when it is probable that future taxable income will permit the deferred tax assets to be recovered.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 2. Presentation and summary of key accounting practices--Continued

### 2.14. Taxes--Continued

#### Taxes on sales

Revenue, expenses and assets are recognized net of the value of sales taxes, except when sales taxes on the acquisition of assets or services are not recoverable. In this case, taxes on sales are recognized as part of the acquisition cost of the asset or part of the expense item, as applicable. Amounts to be received and paid are presented including the amount of taxes on sales.

Revenue from sales and services are subject to the following taxes and contributions, at the following basic rates:

	<u>Rate</u>
Value-added tax (ICMS)	17.5%
Social security contribution (COFINS)	7.6%
Social Integration Program (PIS)	1.65%
Social Security (INSS)	14%
Tax on Services (ISSQN)	5%

In the income statement, revenue is presented net of the corresponding taxes.

### 2.15. Impairment of property, plant and equipment and intangible assets

At the end of each fiscal year, the Company revises the book value of its property, plant and equipment, and intangible assets to determine any impairment of the assets. If there is any indication of impairment, the recoverable amount of the asset is estimated for the purpose of measuring the amount of impairment, if any.

For the reporting date, the Company assessed the existence of indicators that its assets, with defined useful life, could present significant impairment. As a result of such analysis, no situations were identified that could lead assets to be booked in amounts above their recoverable value, whether through use or disposal.

### 2.16. Present value adjustments

Long-term monetary assets and liabilities are monetarily restated and, therefore, adjusted to their present value. The present value adjustment of short-term assets and liabilities is calculated and only registered if it is deemed relevant in relation to the financial statements as a whole. For the purposes of booking and determining relevance, the present value adjustment is calculated taking into consideration the contractual cash flows and the explicit interest rate, and, in certain cases the implicit tax rate, of the respective assets and liabilities. Based on the analysis and best estimates of Management, the Company concluded that the present value adjustment of current monetary assets and liabilities is irrelevant in relation to the financial statements as a whole and, therefore, made no adjustment.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 2. Presentation and summary of key accounting practices--Continued

### 2.17. Statement of cash flows

The statement of cash flows was prepared using the indirect method and is presented in accordance with technical pronouncement CPC 03 (R2) (IAS 7).

### 2.18 Statement of value added (SVA)

The statement of value added aims to show the wealth generated by the Company, its distribution among the elements that helped produce this wealth, such as employees, creditors, shareholders, government and others, as well as the undistributed portion of the wealth.

This statement is presented by the Company, as required under Brazilian Corporation Law, and in accordance with the criteria established in Technical Pronouncement CPC 09 – Statement of Added Value, and as supplementary information to the financial statements for IFRS purposes.

### 2.19. Government subsidies

Government subsidies are recognized when there is reasonable assurance that the benefit will be received and that all corresponding conditions will be met. When the benefit refers to an expense item, it is recognized as revenue over the period of benefit systematically with regard to the costs that the benefit aims to offset.

### 2.20. Classification of current versus non-current

The Company presents assets and liabilities in its balance sheet classified either as current or non-current. An asset is classified as current when:

- the entity expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realized within 12 months after the reporting period; and
- it is cash or a cash equivalent (as defined in Technical Pronouncement CPC 03 (R2) (IAS7) Statement of Cash Flows), unless its exchange or use for settling a liability is restricted for at least 12 months after the reporting period.

All other assets are classified as non-current. A liability is classified as current when:

- it is expected to be settled within the entity's normal operating cycle;
- it is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; and
- the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period.



# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 2. Presentation and summary of key accounting practices--Continued

### 2.20. Classification of current versus non-current--Continued

The terms of a liability that can, at the option of the counterparty, result in its settlement through the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current.

### 2.21. Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to common shareholders of the Company (numerator) by the average-weighted number of common shares held by shareholders (denominator) during the year.

Diluted earnings per share is calculated by dividing the net income attributable to the common shareholders of the Company by the average-weighted number of common shares available during the year plus the average-weighted number of common shares that could be issued by conversion of all diluted potential common shares into common shares.

Equity instruments that must or can be settled with Company shares must be included in the calculation when their settlement has a dilutive impact on earnings per share.

### 2.22. Segment reporting

An operating segment is a component of the Company that develops business activities in exchange for revenue. Operating segments reflect how the Management of the Company revises the financial information to make decisions and are presented consistently with the internal reports provided by the Executive Board, where the key operating decisions of the Company are concentrated.

### 2.23. New accounting standards

#### Changes to IAS 1: Classification of liabilities as current or non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1, corresponding to CPC 26, to specify the requirements for classifying liabilities as current or non-current. The amendments provide clarifications on the following:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right;
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 2. Presentation and summary of key accounting practices--Continued

### 2.23. New accounting standards--Continued

The amendments are valid for periods starting on or after January 1, 2023 and must be applied retrospectively. Currently, the Company is assessing the impact that the amendments will have on its current practices and whether any existing loan agreements may require renegotiation.

#### Amendments to IAS 8: Definition of accounting estimates

In February 2021, IASB issued amendments to IAS 8 (corresponding to CPC 23), which introduced the definition of “accounting estimates”. The changes clarify the distinction between changes in accounting estimates and changes in accounting policies and error correction. Moreover, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Changes will come into force for periods starting on or after January 1, 2023, and apply to changes in accounting policies and estimates occurring on or after the start of such period. Early adoption is permitted, if disclosed.

The Company is currently assessing the possible impacts of adopting this standard.

#### Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies

In February 2021, IASB issued amendments to IAS 1 (corresponding to CPC 26 (R1)) and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guides and examples to help entities apply materiality judgments when disclosing accounting policies. The amendments aim to help entities disclose accounting policies that are more useful by replacing the requirement to disclose significant accounting policies for critical accounting policies, while adding guides on how entities must apply the concept of materiality to make decisions on disclosing accounting policies.

The amendments to IAS 1 apply to periods starting on or after January 1, 2023, and early adoption is permitted. Since the amendments to Practice Statement 2 provide non-mandatory guides on applying the definition of materiality for accounting policies, a date for adopting the amendment is unnecessary.

The Company is currently assessing the impact of these amendments on the accounting policies disclosed.

There are no other standards and interpretations issued and not yet adopted that could, in the opinion of Management, significantly impact the statements of income or financial position disclosed by the Company.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 3. Judgments, estimates and significant accounting assumptions

The preparation of the Company's financial statements requires the Management to make judgments and estimates and adopt assumptions affecting the amounts presented for revenues, expenses, assets and liabilities, and their respective disclosures, as well as the disclosures of contingent liabilities.

In the process of applying the Company's accounting policies, the Management made the following judgments that have a more significant effect on amounts recognized in the financial statements:

*Inventories and purchase and sale commitments of commodities and derivative instruments.*

The Company determines the value of accounts receivable linked to the receipt of commodities, as well as its commodities inventory, and accounts payable to commodity suppliers to be determined based on fair value on the reporting date, with the changes in fair value registered as a corresponding entry to cost of goods and products sold in the income statement.

Marketable commodities are freely traded in active markets and can be sold without significant additional processing. Management estimates market value based on prices quoted on exchanges, adjusted to reflect differences in local markets.

As part of its price risk management, mainly for commercial purposes, the Company contracts derivative instruments, represented by commodity forward buy and sell contracts and exchange-traded futures contracts (CBOT), which are also measured at fair value, with their variations registered as a corresponding entry to cost of goods and products sold in the income statement.

Management books the fair value of accounts receivable from rural producer certificates and from forward purchase and sale contracts that are settled with physical delivery, since it is a practice of the Company for similar contracts, with the purpose of negotiating and obtaining margins in its commercial commodity operations.

### Estimates and assumptions

The financial statements were prepared using various sources for determining accounting estimates. The accounting estimates involved in the preparation of financial statements were supported by objective and subjective factors, based on Management's judgment, to determine the appropriate amount to be registered in the financial statements.

The settlement of transactions involving these estimates may result in amounts that differ significantly from those registered in the financial statements due to the probabilistic treatment inherent to the estimation process. The Company revises its estimates periodically.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 3. Judgments, estimates and significant accounting assumptions--Continued

The main assumptions related to sources of estimation uncertainty and other important sources of estimation uncertainty on the reporting date, involving material risk of causing a significant adjustment in the book value of assets and liabilities, include:

### *Share-based payments*

The fair value of options granted by the Company under stock option plans is measured upon grant, based on certain assumptions. These assumptions require the determination of more appropriate data for the evaluation model, including the expected life of the option, volatility and dividend yield and the corresponding assumptions.

The recognition of cost with the stock option plan was measured based on the fair value of the shares granted using the Binomial model, as detailed in Note 25.

### *Income taxes*

There are uncertainties related to the interpretation of complex tax regulations, including those related to the government subsidies used by the Company, and to the value and timing of future taxable results.

Given the broad aspect of tax legislation, as well as the long-term nature and complexity of existing contractual instruments, differences between actual results and the assumptions adopted, or future changes in these assumptions, may require future adjustments in the tax assets and liabilities already registered.

In determining current and deferred income tax, the Company takes into consideration the impact of uncertainties related to the tax positions taken. The Company believes that the provision for income tax is adequate based on the assessment of various sources, including interpretations of tax laws and the opinion of its legal advisors.

The Company records provisions, based on reasonable estimates, for possible consequences from audits conducted by the tax authorities of the jurisdictions in which it operates. The amount of these provisions is based on several factors, such as experience in previous audits and interpretations that differ from tax regulations by the taxable entity and the responsible tax authority. Such interpretation differences could arise in a wide variety of subjects, depending on current conditions in the Company's respective jurisdiction.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 3. Judgments, estimates and significant accounting assumptions--Continued

### *Income taxes--Continued*

As disclosed in Note 24, the Company uses government subsidies corresponding to exemptions and reductions in the calculation base of ICMS tax in accordance with ICMS conventions 100, of 1997, and 52, of 1991, supported by Complementary Law 160/2017. The benefit related to the reduction in ICMS payment is calculated based on the amount of outflows in each reporting period, by applying the percentage discount granted by the tax incentive, with these amounts excluded from Company's income tax (IRPJ) and social contribution (CSLL) calculation.

The Company's Management is monitoring closely the evolution of discussions about the topic and, considering that tax authorities have been expressing statements through consultation solutions, the Company obtains periodic formal updates from its tax consultants on the topic and maintains its understanding on the adequacy of the calculation methodology of said benefit.

Accordingly, based on information available in the market and on the opinion of its tax consultants, it believes that the chances of a favorable outcome in the event of any challenge and discussion regarding the amounts excluded in IRPJ and CSLL calculation with tax authorities are above 50%, which is the same conclusion obtained in the fiscal year ended December 31, 2020. In this context, to comply with the applicable accounting practices, notably CPC 32/IAS 12 Income taxes and related interpretations (ICPC 22/ IFRIC 23), there is no provision for such losses.

As disclosed in Note 19, the Company has deferred tax credits arising from tax losses, negative base of social contribution tax and temporary differences. Significant judgment by Management is required to determine the amount of deferred tax assets that can be recognized, based on the probable term and level of future taxable profits, as well as future tax planning strategies.

### *Measurement at fair value of financial instruments*

When the fair value of financial assets and liabilities registered in the balance statement cannot be measured based on prices quoted in active markets, fair value is measured based on valuation techniques, including the discounted cash flow model. Inputs considered in these models are obtained from observable markets, when possible. In situations in which these inputs cannot be obtained from observable markets, a level of judgment is necessary to establish the respective fair values. Associated judgments include assessment of liquidity risk, credit risk and volatility. Changes in assumptions related to these factors could affect the fair value of financial instruments. Note 14 provides more details and disclosures about the topic.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 4. Cash and cash equivalents, and financial investments

### 4.1 Cash and cash equivalents

	12/31/2021	12/31/2020
Cash and banks	99,665	152,455
Exchange rate to realize (*)	-	43,056
Highly liquid investments	251,925	57,181
Fixed income (**)	104,680	57,181
Exclusive investment fund (Note 4.3)	147,245	-
Total	351,590	252,692

(\*) Exchange rates to realize refer to receivables from exports maintained at financial institution, pending execution of exchange contracts on the reporting date.

(\*\*) Includes bank certificates of deposit (CDB), purchase and sale repurchase commitments and investments in bonds, with return linked to the Interbank Deposit Certificate (Monthly CDI), at an average rate of 82.01% on December 31, 2021.

Highly liquid financial investments are readily convertible into cash, in a known amount, and are subject to insignificant risk of change in value.

### 4.2 Financial investments

	12/31/2021	12/31/2020
Financial investments		
Exclusive investment fund (Note 4.3)	739,002	-
Total	739,002	-

### 4.3 Exclusive investment fund

	12/31/2021
<b>Cash and cash equivalents</b>	<b>147,245</b>
CDB	107,879
IPCA-linked bonds	39,366
<b>Financial investments</b>	<b>739,002</b>
CDB	410,329
Treasury bonds (NTN-B)	160,555
Financial bills	168,118
Total	886,247

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 4. Cash and cash equivalents, and financial investments--Continued

### 4.3 Exclusive investment fund--Continued

The exclusive investment fund Hat Trick RF CP is a fixed-income fund of private and public credits under the management, administration and custody of Banco BTG Pactual. There is no grace period for redemptions (i.e., D+0).

Since August 3, 2021, the fund is exclusively for the Company's benefit. Accordingly, in accordance with CVM Instruction 408/04, each of the fund's assets was registered based on their characteristics, observing their liquidity and maturity term, which translates into availability for redemption. The fund was created to segregate the proceeds raised in the IPO and maintain its purchasing power for making the investments provided for in the Company's investment plan.

The investment fund does not have significant financial obligations. The financial obligations are limited to asset management fees, custody fees, audit fees and expenses.

On December 31, 2021, the return of the fund's investments corresponded to 112.86% of monthly CDI. The assets are composed of CDBs (58.47%), Financial Bills (18.97%) and Treasury Bonds – NTN-B (22.56%).

The Company has financial investment policies that determine that investments be concentrated in low-risk securities at prime financial institutions and be remunerated based on the variation in the rates of the Interbank Certificate of Deposit (CDI) or the Broad Consumer Price Index (IPCA).

On December 31, 2021, the Company held no investments given as guarantee to financial institutions.

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 5. Trade receivables

	12/31/2021	12/31/2020
Trade receivables in domestic market	409,323	211,266
Trade receivables in export market	60,627	55,036
Rural producer certificate (CPR) (Note 8)	180,666	294,314
Receivables from related parties (Note 21)	72,566	79,238
	<b>723,182</b>	639,854
 (-) Allowance for credit losses	<b>(6,506)</b>	(5,608)
Total trade receivables	<b>716,676</b>	634,246
 Current	<b>701,919</b>	634,246
Non-current	<b>14,757</b>	-

“Trade receivables – rural credit certificates” are originated from the sale of products to clients upon receipt of payment in grains. These accounts receivable are recorded at fair value, as described in Note 8. The sale of inputs for receipt in agricultural commodities is part of Company’s grain origination strategy for executing its trading operations in agricultural commodities.

On December 31, 2021 and December 31, 2020, the balances of trade receivables by maturity was as follows:

	12/31/2021	12/31/2020
<b>Outstanding</b>	<b>705,632</b>	625,307
<b>Past due</b>	<b>11,044</b>	8,939
From 1 to 30 days	8,727	3,660
From 31 to 60 days	1,788	741
From 61 to 90 days	529	95
From 91 to 180 days	-	150
Over 181 days	-	4,293
	<b>716,676</b>	634,246

The Company’s sale policies are subject to the credit policies established by its Management and aim to minimize any problems arising from delinquent client accounts, with no significant losses expected considering the Company’s records and existing guarantees. The allowance for credit losses recorded by the Company is considered sufficient to cover probable losses from trade receivables.



## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 5. Trade receivables--Continued

The changes in the allowance for credit losses are as follows:

	12/31/2021	12/31/2020
Balance at start of year	(5,608)	(7,246)
Additions	(5,683)	(4,212)
Realizations	4,785	5,850
Balance at end of year	(6,506)	(5,608)

### 6. Recoverable taxes

	12/31/2021	12/31/2020
Corporate income tax (IRPJ)	102,255	102,355
Social contribution (CSLL)	34,351	37,552
Social Integration Program (PIS)	8,483	4,585
Social security contribution (COFINS)	40,138	22,331
Retentions	378	305
Value-added tax (ICMS)	30	-
Total	185,635	167,128
Current	63,576	45,169
Non-current	122,059	121,959

Recoverable balances of PIS and COFINS taxes refer basically to presumed credits calculated on sales by the operation involving the extraction of soybean meal, degummed soybean oil and soybean hulls, as well as biodiesel production. The Company uses these credits to offset taxes payable or requests cash reimbursements.

Recoverable balances of income and social contribution taxes refer basically to the carry forward of unused tax credits arising from benefits of governmental subsidies for investment as shown in Note 24. The Company uses these credits to offset taxes payable or requests cash reimbursements.

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 7. Inventories

Commodity inventories are presented duly adjusted to fair value as a corresponding entry to profit or loss.

Inventories of inputs, seeds, finished products and agricultural parts are valued based on the average acquisition cost, which do not exceed the market values in effect on the reporting date.

Inventories are broken down as follows:

	12/31/2021	12/31/2020
<b>Registered at cost of acquisition/production</b>		
Amendments and fertilizers	97,406	9,032
Chemicals	457,609	424,089
Biodiesel	35,135	29,134
Advances to suppliers (*)	44,100	4,661
Other	11,897	3,048
	<b>646,147</b>	<b>469,964</b>
<b>Commodities at market value</b>		
Grain	671,718	264,656
Oil and meal	108,638	48,903
	<b>780,356</b>	<b>313,559</b>
<b>Total</b>	<b>1,426,503</b>	<b>783,523</b>

(\*) Advances were granted in negotiations with suppliers of hedges for cultivation and fertilizers. These advances were made due to negotiations of product prices and volumes.

The average price quotes used to determine the value of commodity inventories on the reporting date were obtained through independent public sources, as follows:

	31/12/2021			31/12/2020		
	Price R\$ bags/ton	Quantity	Balance	Price R\$ bags/ton	Quantity	Balance
Soybean*	188.00	1,713	322,111	150.00	950	142,531
Corn*	100.00	264	26,351	78.00	8	600
Wheat*	101.00	2,342	237,445	77.00	1,342	103,366
Soybean seed**	469.00	158	74,043	208.00	24	5,063
Wheat seed**	124.00	43	5,355	96.00	89	8,935
Other seeds**	128.25	197	6,413	38.53	108	4,161
Meal***	2,133.00	45	96,144	2,240.00	7	15,811
Oil***	7,402.00	2	12,494	5,200.00	6	33,092
			<b>780,356</b>			<b>313,559</b>

(\*) In thousands of bags of 60kg each.

(\*) In thousands of bags of 40kg each.

(\*\*\*) In thousand tons.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)  
December 31, 2021  
(In thousands of reais, except when otherwise stated)

## 8. Fair value

The table below shows an analysis of financial instruments and inventories measured subsequently to the initial recognition at fair value:

	12/31/2021	12/31/2020
	(Level 2)	(Level 2)
<b>Financial instruments - assets</b>	<b>205,755</b>	301,183
Rural producer certificate (CPR) (Note 5)	<b>180,666</b>	294,314
Financial instruments	<b>25,089</b>	6,869
Forward commodity contracts	<b>21,183</b>	5,491
Swap operations on loans	<b>3,906</b>	1,378
Environmental asset	<b>714</b>	764
<b>Commodity inventories (Note 7)</b>	<b>780,356</b>	313,559
<b>Total assets</b>	<b>986,825</b>	615,506
<b>Financial instruments - liabilities</b>		
Commodity suppliers to be determined (Note 11)	<b>740,918</b>	174,308
Financial instruments	<b>39,402</b>	26,788
Forward commodity contracts	<b>34,565</b>	26,309
Future contracts – CBOT	<b>2,799</b>	479
Swap operations on loans	<b>2,038</b>	-
<b>Total liabilities</b>	<b>780,320</b>	201,096

## 9. Right of use and lease liabilities

The changes in right-of-use assets in the fiscal year ended December 31, 2021 are shown below:

<b>Balance on 12/31/2019</b>	<b>3,827</b>
New contracts	110
Mutual rescission of contract under assets	(901)
(-) Amortization of right-of-use asset	(2,110)
<b>Balance on 12/31/2020</b>	<b>926</b>
New contracts	<b>16,773</b>
(-) Amortization of right-of-use asset	<b>(4,119)</b>
<b>Balance on 12/31/2021</b>	<b>13,580</b>

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 9. Right of use and lease liabilities--Continued

The changes in lease liabilities in the fiscal year ended December 31, 2021 are shown below:

<b>Balance on 12/31/2019</b>	3,969
New contracts and remeasurements of lease liabilities	110
Mutual rescission of contracts under liabilities	(939)
Realization of PVA on lease liabilities	168
(-) Payments	(2,314)
<b>At December 31, 2020</b>	994
New contracts and remeasurements of lease liabilities	16,773
Realization of PVA on lease liabilities	891
(-) Payments	(4,785)
<b>At December 31, 2021</b>	13,873
<b>Balance on 12/31/2021</b>	
Current liabilities	4,204
Non-current Liabilities	9,669

On December 31, 2021, the analysis of balances of lease liability accounts by maturity is as follows:

	<b>12/31/2021</b>
Up to 1 year	4,204
From 1 to 2 years	4,521
From 2 to 3 years	2,887
From 3 to 4 years	2,154
From 4 to 5 years	60
Over 5 years	47
	13,873

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 10. Property, plant and equipment

	Land	Buildings	Facilities	Vehicles	Machinery and equipment	Furniture and fixtures	IT equipment	Other	Property, plant and equipment in progress	Total
<b>Cost</b>										
<b>Balance on 12/31/2019</b>	16,554	153,492	15,209	34,964	82,581	2,047	2,683	5,224	27,520	340,274
Additions	455	16	29	2,624	2,156	235	985	132	70,902	77,534
Additions (Merger)	7,886	46,293	6,861	6,731	20,408	636	399	479	8,383	98,076
Write-offs	-	-	-	(1,396)	(952)	(51)	(231)	(3,722)	(778)	(7,130)
Transfers (-)	-	422	479	-	2,214	42	7	517	(3,681)	-
<b>Balance on 12/31/2020</b>	24,895	200,223	22,578	42,923	106,407	2,909	3,843	2,630	102,346	508,754
Additions	2,300	789	379	24,808	2,824	1,121	1,904	234	362,832	397,191
Write-offs	-	(477)	-	(1,062)	(203)	(5)	(17)	-	(47)	(1,811)
Transfers (-)	2,590	44,336	6,782	880	33,389	18	262	264	(88,854)	(333)
<b>Balance on 12/31/2021</b>	29,785	244,871	29,739	67,549	142,417	4,043	5,992	3,128	376,277	903,801
<b>Depreciation</b>										
<b>Balance on 12/31/2019</b>	-	(21,976)	(7,636)	(17,622)	(31,163)	(798)	(1,680)	(1,204)	-	(82,079)
Depreciation	-	(4,791)	(1,709)	(2,522)	(6,894)	(265)	(385)	(680)	-	(17,246)
Depreciation write-off	-	-	-	1,008	255	51	59	1,018	-	2,391
Depreciation (Merger)	-	(864)	(518)	(1,974)	(1,512)	(129)	(187)	(72)	-	(5,256)
<b>Balance on 12/31/2020</b>	-	(27,631)	(9,863)	(21,110)	(39,314)	(1,141)	(2,193)	(938)	-	(102,190)
Depreciation	-	(4,457)	(2,698)	(5,768)	(8,944)	(353)	(660)	(257)	-	(23,137)
Depreciation write-off	-	361	-	593	110	3	11	-	-	1,078
<b>Balance on 12/31/2021</b>	-	(31,727)	(12,561)	(26,285)	(48,148)	(1,491)	(2,842)	(1,195)	-	(124,249)
<b>Residual value</b>										
<b>Balance on 12/31/2020</b>	24,895	172,592	12,715	21,813	67,093	1,768	1,650	1,692	102,346	406,564
<b>Balance on 12/31/2021</b>	29,785	213,144	17,178	41,264	94,269	2,552	3,150	1,933	376,277	779,552

(\*) The residual amount of R\$333 refers to transfers from property, plant and equipment to intangible assets.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 10. Property, plant and equipment--Continued

### a) Property, plant and equipment in progress

On December 31, 2021, property, plant and equipment in progress refers mainly to: expansions of the Company's units, with new warehouses for grain and inputs; expansion and refurbishment of the Cruz Alta production plant to double crushing capacity, with conclusion of works expected in fiscal year 2022; construction of the plant in Vera, Mato Grosso state, which is advancing as planned, with construction of the first buildings expected to be concluded in the first half of 2023; energy cogeneration project at the unit in Ijuí, Rio Grande do Sul; acquisition of a facility for receiving grain deliveries in Matupá, Mato Grosso state, as well as new branches in the cities of Alegrete (Rio Grande do Sul), Erechim (Rio Grande do Sul), Horizontina (Rio Grande do Sul), Santiago (Rio Grande do Sul), São Borja (Rio Grande do Sul), Uruguaiana (Rio Grande do Sul), Vacaria (Rio Grande do Sul), Vera (Mato Grosso) and land in Sinop (Mato Grosso).

During the year, the Company concluded refurbishment and expansion works for the warehouses, extraction sector, weigh stations, offices and rail line, as well as the acquisition of machinery, at the unit in Cruz Alta, Rio Grande do Sul. Also in 2022, the Company concluded expansion works at the units in the cities of Camaquã, Campo Novo, Capão do Cipó, Dom Pedrito, Ijuí (grain delivery), Tupanciretã and Pelotas, all in Rio Grande do Sul state, as well as refurbishment of the Event Center at the Company's Technological Center (Cetec) and expansions involving the acquisition of machinery and equipment for the Biodiesel plant. It also partially concluded works at the unit in Horizontina, Rio Grande do Sul and for the energy cogeneration project at the unit in Ijuí, Rio Grande do Sul, as well as expansion of the grain delivery and storage facility in Cruz Alta, Rio Grande do Sul.

In the fiscal year ended December 31, 2021, the Company registered R\$12,606 related to interest on financing for the acquisition of property, plant and equipment. The amount was allocated to property, plant and equipment in progress for subsequent allocation to property, plant and equipment after the financed asset is completed. In the period, the average capitalization rate of financing was 4.97% per annum.

### b) Guarantees

On the reporting dates, items of property, plant and equipment were offered to third parties as guarantees for loans and financing, linked to their own financing, as shown in Note 12.

### c) Impairment of property, plant and equipment

Impairment of property, plant and equipment is analyzed at least annually. In the fiscal year ended December 31, 2021, the Management did not identify any indication of impairment of property, plant and equipment.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 10. Property, plant and equipment--Continued

### d) Donations received

The Company received as a donation an urban property measuring 4,829.55 m², valued at R\$507, from the Municipal Government of Santa Bárbara do Sul, in accordance with the deed executed in February 2020 (non-cash transaction).

## 11. Trade payables

Suppliers of goods and services are represented as follows:

	<u>12/31/2021</u>	<u>12/31/2020</u>
Trade payables in domestic market	<b>475,422</b>	659,155
Trade payables in export market	<b>9,563</b>	33,086
Commodity suppliers to be determined (Note 8)	<b>740,918</b>	174,308
	<b><u>1,225,903</u></b>	<u>866,549</u>

The operation of commodity suppliers to be determined refers to the Company's obligation with rural producers who already have delivered agricultural products but have not yet defined the date and, consequently, the final amount of the operation, which is linked to the market value of the asset delivered until the date on which it was determined, and can be realized at any moment, by decision of the rural producer, being valued at fair value, as described in Note 8. Since there is no specific term, the total balance of these operations is classified under current liabilities.

### Supply chain finance operations

On December 31, 2021, the Company registered R\$9,990 linked to supply chain finance operations, with average term of 10 months. The operations involve commercial negotiations arising from the need to anticipate payments to suppliers, noting that there were no changes in payment conditions and prices negotiated with suppliers due to this transaction.

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 12. Loans and financing

Loans and financing are broken down as follows:

Type	Maturity Date	Avg. Rate	12/31/2021		12/31/2020	
			Current	Non-Current	Current	Non-Current
Working capital	Jan/22 to Dec/25	2.65%	171,978	153,591	206,514	110,391
Financing	Jan/22 to Jul/35	4.97%	27,421	122,820	18,563	125,009
Forward foreign exchange contracts	Jan/22 to Mar/22	3.05%	108,115	-	82,758	-
Advances for exports	Jan/22 to Mar/23	5.37%	181,352	34,423	98,320	-
Total			488,866	310,834	406,155	235,400

	Balance on 12/31/2021	% over Total	Balance on 12/31/2020	% of Total
Foreign currency (USD)	192,873	24%	121,115	19%
Local currency (BRL)	606,827	76%	520,440	81%
	799,700	100%	641,555	100%



## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 12. Loans and financing--Continued

The Company's guarantees for loans and financing are broken down as follows:

	<b>12/31/2021</b>	<b>12/31/2020</b>
Secured fiduciary sale – immovable property	<b>160,509</b>	164,495
Secured fiduciary sale – (movable property) and mortgages	<b>9,447</b>	35,501
Guarantees	<b>556,837</b>	279,301
Inventories	<b>72,907</b>	162,258
	<b>799,700</b>	641,555

The amounts registered under liabilities as of December 31, 2021 and December 31, 2020 present the following maturity schedule:

	<b>12/31/2021</b>	<b>12/31/2020</b>
2021	-	406,155
2022	<b>488,866</b>	99,731
2023	<b>193,901</b>	32,238
After 2023	<b>116,933</b>	103,431
	<b>799,700</b>	641,555

The Company had no loan contracts at December 31, 2021 that stipulated the fulfillment of financial covenants.

#### Credit facilities

At December 31, 2021, the Company had R\$798,392 in credit facilities that were approved, but not yet tapped. In addition, the Company maintains relations with other financial institutions that offer credit facilities for evaluation in the ordinary course of business, which may be tapped as part of the Company's liquidity management process.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 13. Financial instruments

The Company classifies its financial assets as follows: measured at fair value through profit or loss and at amortized cost. Such classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

The Company's operations expose it to risks related to its financial instruments, which are respectively market risk, credit risk and liquidity risk, with these risks mitigated by Management to minimize and estimate possible adverse effects on the Company's financial performance.

The operations executed by the Company through financial instruments are as follows:

	12/31/2021	12/31/2020
<b>Financial assets</b>	<b>1,888,146</b>	948,817
<b>Amortized cost</b>	<b>591,085</b>	394,178
Accounts receivable	536,010	339,932
Other financial assets	55,075	54,246
<b>Fair value through profit or loss</b>	<b>1,297,061</b>	554,639
Cash and cash equivalents	351,590	252,692
Marketable securities	739,002	-
Rural producer certificates (CPR)	180,666	294,314
Forward commodity contracts	21,183	5,491
Swap operations on loans	3,906	1,378
Environmental asset	714	764
	<b>12/31/2021</b>	<b>12/31/2020</b>
<b>Financial liabilities</b>	<b>2,085,497</b>	1,551,039
<b>Amortized cost</b>	<b>1,305,176</b>	1,349,943
Suppliers	484,985	692,241
Loans and financing	799,700	641,555
Other payables	20,491	16,147
<b>Fair value through profit or loss</b>	<b>780,321</b>	201,096
Commodity suppliers to be determined	740,918	174,308
Forward commodity contracts	34,566	26,309
Futures contracts – CBOT	2,799	479
Swap operations on loans	2,038	-

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 13. Financial instruments--Continued

**Cash and cash equivalents** – Include cash and balances in checking accounts and financial investments with amounts available for realization on the reporting date.

**Accounts receivable from clients / Suppliers** – Result directly from the Company's transactions, booked at original value, deducting provisions for possible losses.

**Accounts receivable – CPR / Commodity suppliers to be determined** – Result directly from the Company's transactions, booked at fair value on the transaction date, with this fair value subsequently pegged to the variation in the prices of the commodities (soybean, corn and wheat).

**Loans and financing** – Transactions carried out with financial institutions, booked using the amortized cost method in accordance with the contractual conditions.

**Other financial assets** – Balances resulting from other transactions with third parties and that will be converted into cash, in addition to balances resulting from transactions with related parties.

**Other obligations** – Balances resulting from other transactions and that will be settled in cash.

**Derivative instruments (commodity futures contracts (CBOT) and swaps on loans)** – The Company is exposed to market risks related mainly to variations in exchange rates and commodity prices. The Company maintains operations in financial instruments to hedge its exposure to such risks.

**Forward contracts – commodities** – The amounts classified as forward commodity contracts refer to the fair value of future operations to buy or sell commodities based on forward contracts with rural producers and clients.

## 14. Risk management

### General considerations on financial risk management

The Company maintains transactions with financial instruments whose risks are managed using financial position strategies and systems to control exposure limits. These risks include market risk (commodity price, exchange rate and interest rate risks), credit risk and liquidity risk.

The overall risk management, which is established by the Company's internal policies, focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative instruments to hedge against certain risk exposures.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 14. Risk Management--Continued

The following table summarizes the nature and extent of risks arising from financial instruments and how the Company manages its exposure.

	Exposure	Methodology used to measure impact	Management
Market risk – exchange rate	Financial assets and liabilities in foreign currency	Sensitivity analysis	Swap operations on loans and net exposure analysis
Market risk – interest rate	Cash equivalents and loans with variable rates	Sensitivity analysis	Net exposure analysis
Market risk - commodity price volatility	Inventories and operations pegged to agricultural commodities	Sensitivity analysis	Inventories, CPR, commodity suppliers to be determined, future and forward contracts
Credit risk	Cash and cash equivalents, accounts receivable from clients, derivative instruments	Analysis of maturities and creditworthiness	Diversification of financial institutions and monitoring of credit limits/ratings
Liquidity risk	Loans and other liabilities	Projections of cash flows	Credit facilities available

### a) Market risk

#### i) Commodity price risk

Agricultural commodity prices and availability are subject to variations due to factors such as changes in meteorological conditions, pests, crops, government programs and policies, competitors, changes in global demand due to population growth and changes in living standards and global production of similar and competing crops.

The Company manages its commodity price exposure through exchange-traded futures contracts, rural producer certificate (CPR) transactions, commodity suppliers to be determined, as well as forward contracts for buying and selling commodities at fixed prices to reduce price risk arising from fluctuations in the market prices of agricultural commodities.

The results of these strategies could be significantly impacted by factors such as volatility in the relationship between long and short positions in commodities, contractual default by counterparties and volatility in freight markets.

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 14. Risk Management--Continued

A summary follows of the Company's commodity exposures as of December 31, 2021 and December 31, 2020, as well as the instruments contracted by Management to reduce physical exposures (in thousands of 60kg bags).

	12/31/2021			12/31/2020		
	Soybean	Corn	Wheat	Soybean	Corn	Wheat
Inventories	1,713	264	2,342	950	8	1,342
Accounts Receivable - CPR	902	93	2	2,433	349	52
Forward commodity contracts - buy	2,048	259	91	2,298	245	37
Forward commodity contracts - sell	(1,067)	(377)	(1,512)	(2,992)	(487)	(50)
Commodity suppliers to be determined	(3,654)	(228)	(1,107)	(913)	(42)	(635)
Net exposure to price variation	(58)	11	(184)	1,776	73	746

Changes in the fair value measurement of contracts included in commodity price risk management are booked as a corresponding entry to the cost of goods and products sold, which amounted to an expense of R\$113,871 on December 31, 2021 (expense of R\$40,349 on December 31, 2020).

#### *Sensitivity analysis of commodity prices*

The sensitivity analysis presented below was determined based on the exposure to commodity prices at the end of each fiscal year. This scenario reflects the expectations of the Company's Management regarding this risk factor, which could impact pre-tax profit or loss.

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 14. Risk Management--Continued

Soybean Financial instrument	Bags*	Price on 12/31/2021	Current Exposure	25% increase		50% increase		25% decrease		50% decrease	
				Price	Impact	Price	Impact	Price	Impact	Price	Impact
Inventories	1,713	188.00	322,111	235.00	80,528	282.00	161,056	141.00	(80,528)	94.00	(161,056)
Accounts Receivable - CPR	902	186.12	167,882	232.65	41,970	279.18	83,941	139.59	(41,970)	93.06	(83,941)
Forward contracts - buy	2,048	167.77	16,624	209.72	85,901	251.66	171,801	125.83	(85,901)	83.89	(171,801)
Forward contracts - sell	(1,067)	188.19	(27,065)	235.24	(50,200)	282.29	(100,399)	141.14	50,200	94.10	100,399
Suppliers – grains to be determined	(3,654)	172.08	(628,778)	215.10	(157,194)	258.12	(314,389)	129.06	157,194	86.04	314,389
	<b>(58)</b>		<b>(149,226)</b>		<b>1,005</b>		<b>2,010</b>		<b>(1,005)</b>		<b>(2,010)</b>

  

Corn Financial instrument	Bags*	Price on 12/31/2021	Current Exposure	25% increase		50% increase		25% decrease		50% decrease	
				Price	Impact	Price	Impact	Price	Impact	Price	Impact
Inventories	264	100.00	26,351	125.00	6,588	150.00	13,176	75.00	(6,588)	50.00	(13,176)
Accounts Receivable - CPR	93	99.44	9,248	124.30	2,312	149.16	4,624	74.58	(2,312)	49.72	(4,624)
Forward contracts - buy	259	88.08	423	110.10	5,703	132.12	11,406	66.06	(5,703)	44.04	(11,406)
Forward contracts - sell	(377)	99.73	(931)	124.67	(9,400)	149.60	(18,800)	74.80	9,400	49.87	18,800
Suppliers – grains to be determined	(228)	88.00	(20,065)	110.00	(5,016)	132.00	(10,032)	66.00	5,016	44.00	10,032
	<b>11</b>		<b>15,026</b>		<b>187</b>		<b>374</b>		<b>(187)</b>		<b>(374)</b>

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 14. Risk Management--Continued

Wheat Financial instrument	Bags*	Price on 12/31/2021	Current Exposure	25% increase		50% increase		25% decrease		50% decrease	
				Price	Impact	Price	Impact	Price	Impact	Price	Impact
Inventories	2,342	101.00	237,445	126.25	59,127	151.50	118,254	75.75	(59,127)	50.50	(118,254)
Accounts Receivable - CPR	2	75.89	152	94.86	38	113.84	76	56.92	(38)	37.95	(76)
Forward contracts - buy	91	83.17	(196)	103.97	1,892	124.76	3,784	62.38	(1,892)	41.59	(3,784)
Forward contracts - sell	(1,512)	88.04	(2,238)	110.05	(33,280)	132.06	(66,559)	66.03	33,280	44.02	66,559
Suppliers – grains to be determined	(1,107)	82.60	(91,441)	103.25	(22,860)	123.90	(45,721)	61.95	22,860	41.30	45,721
	<b>(184)</b>		<b>143,722</b>		<b>4,917</b>		<b>9,834</b>		<b>(4,917)</b>		<b>(9,834)</b>

Other inventories	Qty.	Price on 12/31/2021	Current Exposure	25% increase		50% increase		25% decrease		50% decrease	
				Price	Impact	Price	Impact	Price	Impact	Price	Impact
Inventory – soybean seed *	158	469.00	74,043	586.25	18,519	703.50	37,037	351.75	(18,519)	234.50	(37,037)
Inventory – wheat seed *	43	124.00	5,355	155.00	1,339	186.00	2,677	93.00	(1,339)	62.00	(2,677)
Inventory – oil ***	2	7,402.00	12,494	9,252.50	3,124	11,103.00	6,247	5,551.50	(3,124)	3,701.00	(6,247)
Inventory – meal **	45	2,133.00	96,144	2,666.25	24,041	3,199.50	48,082	1,599.75	(24,041)	1,066.50	(48,082)
Inventory – other seeds **	197	128.25	6,413	160.31	6,329	192.37	12,658	96.19	(6,329)	64.12	(12,658)

(\*) in thousands of bags of 60kg each.

(\*\*) in thousands of bags of 40kg each.

(\*\*\*) in thousand tons.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 14. Risk Management--Continued

### (i) Exchange Rate Risk

The Company is exposed to exchange rate risk due to exposures to foreign currencies, basically pegged to the U.S. dollar. Management established a policy determining that the Company manages its exchange rate risk involving its functional currency. Exchange rate risk occurs when future sale transactions and assets or liabilities are recorded in a currency other than the entity's functional currency.

The Company uses derivative instruments to hedge against exchange rate variation and periodically monitors the net foreign currency exposure of its operations. The table below presents the Company's net exposure in thousands of U.S. dollar:

<b>Financial instrument</b>	<b>12/31/2021</b>	<b>12/31/2020</b>
	<b>USD '000</b>	<b>USD '000</b>
Unrealized exchange rate	-	8,285
Banks	13,499	24,100
Brokerages	1,885	528
Clients	10,864	10,858
Suppliers	(1,714)	(6,367)
Loans and financing	(34,562)	(23,306)
<b>Net exchange variation exposure</b>	<b>(10,028)</b>	<b>14,098</b>
Swap (Notional)	26,292	7,740

### *Exchange rate risk sensitivity analysis*

The sensitivity analysis presented below was determined based on the exposure to exchange rate variation at the end of each fiscal year. This scenario reflects the expectations of the Company's Management with regard to how this risk factor could impact its pre-tax profit or loss.



# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 14. Risk Management--Continued

Financial instrument	Book Balance 12/31/2021	Price on 12/31/2021 (*)	25% increase		50% increase		25% decrease		50% decrease	
			Price	Impact	Price	Impact	Price	Impact	Price	Impact
Banks	75,331	5.58	6.98	18,833	8.37	37,666	4.19	(18,833)	2.79	(37,666)
Brokerages	10,519	5.58	6.98	2,630	8.37	5,260	4.19	(2,630)	2.79	(5,260)
Clients – export markets	60,627	5.58	6.98	15,157	8.37	30,313	4.19	(15,157)	2.79	(30,313)
Suppliers	(9,565)	5.58	6.98	(2,391)	8.37	(4,782)	4.19	2,391	2.79	4,782
Loans and financing	(192,873)	5.58	6.98	(48,218)	8.37	(96,437)	4.19	48,218	2.79	96,437
	(55,961)			(13,989)		(27,980)		13,989		27,980

(\*) Source: BACEN – Central Bank of Brasil.

### ii) Interest Rate Risk

The Company's main interest rate risk stems from cash equivalents and loans with variable rates, which exposes the Company to cash flow risks associated with interest rates.

#### *Interest rate risk sensitivity analysis*

The sensitivity analysis presented below was determined based on the exposure to interest rates at the end of each fiscal year. This scenario reflects the expectations of the Company's Management regarding how this risk factor could impact pre-tax profit or loss.

Financial instrument	Book Balance 12/31/2021	Index	25% increase		50% increase		25% decrease		50% decrease	
			Interest rate	Impact	Interest rate	Impact	Interest rate	Impact	Interest rate	Impact
Marketable securities	104,680	7.18%	8.98%	1,880	10.78%	3,760	5.39%	(1,880)	3.59%	(3,760)
Financial investment - funds	886,247	9.89%	12.36%	21,905	14.83%	43,810	7.41%	(21,905)	4.94%	(43,810)
Loans and financing	(318,740)	8.76%	10.95%	(6,980)	13.14%	(13,961)	6.57%	6,980	4.38%	13,961
Export credit notes	(66,120)	8.76%	10.95%	(1,448)	13.14%	(2,896)	6.57%	1,448	4.38%	2,896
	606,067			15,357		30,713		(15,357)		(30,713)

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 14. Risk Management--Continued

### (iii) Credit Risk

Credit risk stems from cash and cash equivalents, contractual cash flows from financial assets measured at amortized cost, at fair value through profit or loss, favorable derivative instruments, deposits in banks and other financial institutions, as well as credit exposures with clients, including outstanding accounts receivable.

Credit risk is managed based on a corporate approach. Clients are classified by the credit analysis department, which assesses the client's credit worthiness, considering its financial position, historical performance and other factors. Individual risk limits are determined based on internal or external classifications based on the limits determined by the Company. The use of credit limits is regularly monitored.

No credit limit was breached during the fiscal year, and management does not expect any delinquency-related losses from these counterparties exceeding the amount already provisioned.

### Trade accounts receivable

The Company adopts the simplified approach of CPC 48 (IFRS 9) to measure expected credit losses, taking into account a provision for expected losses over the useful life of all trade accounts receivable.

As such, credit losses are booked taking into account the individual risk factor of each client past due, in addition to historical losses, and then allocates the provisions required to cover potential losses, based on Management's opinion.

Accounts receivable from clients are written off when there is no reasonable expectation of recovery.

The aging of receivable balances are shown in Note 5.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 14. Risk management--Continued

### (iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter challenges in meeting the obligations associated with its financial liabilities that are settled via cash payments or other financial assets.

Management monitors the continuous projections of the Company's liquidity requirements to ensure that it holds sufficient cash to meet its operational needs. It also maintains a sufficient cushion in its overdraft credit facilities, which are available at any moment, so that it does not breach the limits or covenants (when applicable) of any of its credit lines. These projections take into account the Company's liability management plans, compliance with covenants, compliance with internal equity ratio targets and, if applicable, external or legal regulatory requirements, e.g., currency restrictions.

The Company manages liquidity risk by maintaining adequate reserves, bank credit facilities, loans and financing, continuously monitoring budgeted and actual cash flow and honoring the maturity profiles of financial assets and liabilities.

The following table analyzes the Company's non-derivative financial liabilities that are settled on a net basis, by maturity date, corresponding to the period remaining between the reporting date and the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturity dates are essential for a reasonable understanding of cash flows. The amounts shown in the table are the carrying amounts at the end of the fiscal years.

	12/31/2021			12/31/2020		
	Up to one year	From one to five years	Over 5 years	Up to one year	From one to five years	Over 5 years
Suppliers	1,225,903	-	-	866,549	-	-
Loans and financing	488,866	274,033	36,801	406,155	187,114	48,286
Lease liabilities	4,204	9,621	48	687	307	-
Tax installment payments	1,314	4,477	799	1,459	5,046	1,739
Other payables	20,491	-	-	21,113	-	-
	<b>1,740,778</b>	<b>288,131</b>	<b>37,648</b>	<b>1,295,963</b>	<b>192,467</b>	<b>50,025</b>

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 14. Risk Management--Continued

### (v) Capital management

The Company conducts capital management to ensure that it is able to maintain normal operations, while simultaneously maximizing returns for shareholders by optimizing the debt/equity ratio. The Company's general strategy remains unchanged for the current fiscal year.

The Company monitors capital based on the financial leverage ratio. Such index equals net debt expressed as a percentage of total capital. Meanwhile, net debt corresponds to total loans (including short- and long-term loans), subtracted from the amount of cash and cash equivalents. Total capital is calculated by adding shareholders' equity, as shown in the balance sheet, and net debt.

The Company's Management reviews the capital structure annually. As part of such review, Management considers the cost of capital and the risks associated with each class of capital.

The Company's financial leverage indicators are shown below:

	<u>12/31/2021</u>	<u>12/31/2020</u>
Loans and financing	<b>799,700</b>	641,555
Cash and cash equivalents	<b>(351,590)</b>	(252,692)
Marketable securities	<b>(739,002)</b>	-
Net debt (net cash)	<b>(290,892)</b>	388,863
Shareholders' equity	<b>2,236,240</b>	712,132
<b>Sum of shareholders' equity and net debt</b>	<b>1,945,348</b>	1,100,995
Leverage ratio	<b>-15%</b>	35%

The table below shows the division of the Company's capital structure between own capital (represented by shareholders' equity) and loan capital (corresponding to liabilities):

	<u>12/31/2021</u>	<u>12/31/2020</u>
Current liabilities (a)	<b>1,831,275</b>	1,365,036
Non-current liabilities (b)	<b>328,086</b>	244,205
Shareholders' equity (c)	<b>2,236,240</b>	712,132
Total (d)	<b>4,395,601</b>	2,321,373
Loan capital (a+b)/d)	<b>49.13%</b>	69.32%
Own capital (c/d)	<b>50.87%</b>	30.68%

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 15. Revenues

	12/31/2021	12/31/2020
<b>Gross revenue</b>	<b>5,436,960</b>	3,168,731
Domestic market sales	<b>4,743,383</b>	2,534,485
Export market sales	<b>683,933</b>	627,794
Services	<b>9,644</b>	6,452
<b>Deductions</b>	<b>(97,643)</b>	(56,292)
Returns	<b>(62,550)</b>	(30,940)
Taxes on sales	<b>(35,093)</b>	(25,352)
<b>Net revenue</b>	<b>5,339,317</b>	3,112,439

## 16. Expenses by function and nature

	12/31/2021	12/31/2020
<b><u>By function</u></b>	<b>(5,013,935)</b>	(2,810,176)
Cost of goods and products sold	<b>(4,638,263)</b>	(2,612,260)
Selling expenses	<b>(319,965)</b>	(178,161)
Administrative expenses	<b>(55,707)</b>	(19,755)

	12/31/2021	12/31/2020
<b><u>By nature</u></b>	<b>(5,013,935)</b>	(2,810,176)
Costs of goods sold	<b>(2,468,009)</b>	(1,208,420)
Costs of raw materials	<b>(1,988,809)</b>	(1,315,724)
Adjustment to fair value	<b>(113,871)</b>	(40,349)
Payroll	<b>(146,735)</b>	(73,850)
Freight/storage/clearance	<b>(74,825)</b>	(38,904)
Outsourced services	<b>(60,522)</b>	(32,512)
Depreciation and amortization expenses	<b>(23,345)</b>	(17,496)
Amortization of right-of-use	<b>(4,119)</b>	(2,110)
Fuel and lubricants	<b>(14,381)</b>	(9,361)
Water/electricity/phone/gas	<b>(21,082)</b>	(12,590)
Royalty expenses	<b>(26,040)</b>	(10,270)
Vehicle maintenance and repair	<b>(8,995)</b>	(6,691)
Maintenance of movable goods/machinery/equipment and facilities	<b>(10,140)</b>	(5,642)
Other income/expenses	<b>(53,062)</b>	(36,257)

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 17. Financial result

	12/31/2021	12/31/2020
Exchange variation gain	100,983	81,795
Monetary variation gain	1,316	1,431
Interest and discounts obtained	82,781	24,481
Hedge operation gains	6,484	-
Gain from exchange rate swaps	20,026	-
(-) PIS/COFINS levied on financial income	(3,821)	(1,569)
<b>Financial income</b>	<b>207,769</b>	<b>106,138</b>
Exchange variation loss	(89,150)	(105,728)
Monetary variation loss	(35)	(3)
Interest on loans and financing	(35,832)	(35,388)
Interest, tariffs and discounts	(33,506)	(29,451)
Expenses with exchange rate swap	(23,003)	(7,600)
<b>Financial expenses</b>	<b>(181,526)</b>	<b>(178,170)</b>
<b>Financial result</b>	<b>26,243</b>	<b>(72,032)</b>

## 18. Tax installment payments

The balance of tax installment payments is basically related to outstanding ICMS and PIS/COFINS taxes paid in installments to tax authorities. The outstanding balances will be amortized in 44 and 94 installments, respectively.

	12/31/2021	12/31/2020
ICMS installments	3,491	4,669
PIS/COFINS installments	3,099	3,483
Other installments	-	92
	<b>6,590</b>	<b>8,244</b>
Current	1,314	1,459
Non-current	5,276	6,785

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 19. Income tax and social contribution

Breakdown of expenses with income tax and social contribution:

	12/31/2021	12/31/2020
Earnings before income taxes	<b>379,837</b>	255,443
Effective tax rate	<b>34%</b>	34%
Expected income tax and social contribution expenses based on current rate	<b>(129,145)</b>	(86,851)
Reconciliation of effective tax rate:		
Subsidy for investments (Note 24)	<b>123,300</b>	75,333
Income tax and social contribution on dividends paid to the reserve for tax incentives	<b>(4,733)</b>	(6,914)
Deferred taxes from prior fiscal years recognized	<b>63,270</b>	7,689
Stock options	<b>(4,526)</b>	-
Other	<b>2,303</b>	1,563
Income tax and social contribution on net income for the fiscal year	<b>50,469</b>	(9,180)

Deferred income tax and social contribution at December 31, 2012 and December 31, 2020 refer to:

	12/31/2021	12/31/2020
Provision for litigation	<b>784</b>	533
Allowance for credit losses	<b>2,212</b>	1,907
Fair value adjustment of financial instruments	<b>216,101</b>	4,543
Fair value adjustment of inventories	<b>(161,104)</b>	12,246
Difference in depreciation rates	<b>(16,695)</b>	(14,420)
Property, plant and equipment assets - deemed cost	<b>(2,742)</b>	(3,452)
Other temporary differences	<b>(1,597)</b>	(1,502)
Tax loss carryforward and negative social contribution base	<b>55,228</b>	-
<b>Deferred taxes, net</b>	<b>92,187</b>	(145)

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 19. Income and social contribution taxes--Continued

The reconciliation of deferred tax assets is shown below:

	<u>12/31/2021</u>
Balance at start of period	(145)
Tax credits on share issue costs	24,072
Deferred taxes recognized in profit or loss	<u>68,260</u>
<b>Balance at end of period</b>	<b><u>92,187</u></b>

The recoverability of the balance of deferred tax assets is reviewed at the end of each fiscal year, and when it no longer is possible to generate the future taxable income for recovering the entire asset or part of it, it is written off. The estimates of the realization of deferred taxes involves the uncertainties of other estimates.

In the fiscal year ended December 31, 2021, the Company recognized deferred tax loss carryforwards and a negative base of social contribution in the amount of R\$63,270, with R\$8,042 already used to offset current taxes in the fiscal year. The Company decided to book the amount, since it presents taxable income in the current year and projects a result with a positive tax base for the coming years. Such expectation is based on the Company's projected growth over the coming years, which guarantees the full offset of the accumulated tax losses of the coming years. The remaining amount of R\$55,228, booked as deferred tax on December 31, 2021, is expected to be offset with future taxable income, as per the Company's projections, in the following fiscal years:

Offset projection 2022	42,843
Offset projection 2023	<u>12,385</u>
	<b><u>55,228</u></b>

On September 24, 2021, the Federal Supreme Court (STF) recognized, by a majority vote, the unconstitutionality of levying income tax and social contribution on amounts pegged to the SELIC rate received due to undue double taxation. The decision on the Extraordinary Appeal (RE) 1.063.187, with recognized general repercussions, addressed the understanding that interest on arrears and monetary correction, given its compensatory nature, does not constitute an equity increase, since its only purpose is to restore the monetary losses experienced during the period of discussion of undue taxation.

The Company has a similar lawsuit, filed in October 2020, and in the opinion of the Company's Management, the credit of income and social contribution taxes adjusted by the SELIC rate in previous fiscal years is virtually certain and accordingly recognized based on the provisions of IFRIC 23/ICPC 22 the amount of R\$6,508, which is booked under non-current assets. The Company awaits progress on the required procedural steps to start using the amounts.



## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 20. Provision for legal claims

The Management, based on the information of its legal counsel, holds provisions deemed sufficient to cover probable losses in pending lawsuits, classified under long-term liabilities, as shown below:

	<b>12/31/2021</b>	<b>12/31/2020</b>
Labor provisions	<b>2,143</b>	1,403
Civil provisions	<b>73</b>	79
Tax provisions	<b>91</b>	86
<b>Total</b>	<b>2,307</b>	1,568

Changes in the provision for contingencies and judicial deposits are shown below:

	<b>Provisions</b>
Balance at December 31, 2019	1,556
Provisions made during the year	12
Balance at December 31, 2020	1,568
<b>Provisions made during the year</b>	<b>739</b>
<b>Balance at December 31, 2021</b>	<b>2,307</b>

	<b>Judicial deposits</b>
Balance at December 31, 2019	274
Deposits made and inflation adjustments	16
Balance at December 31, 2020	290
Deposits made (reversed) and inflation adjustments	<b>(76)</b>
<b>Balance at December 31, 2021</b>	<b>214</b>

In addition, the Company was informed by its lawyers of the existence of civil and labor claims with probability of loss deemed "possible," assessed at R\$1,339 at December 31, 2021 (R\$1,472 at December 31, 2020).

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 21. Related parties

#### Sale of investment

In November 2014, the Company sold its equity interest of 25% in 4 Ventos Agroindustrial S.A. to its parent company Sinuelo Participações Ltda., for R\$40,000. The transaction was carried out on an arm's length basis. The installments will be paid in 10 years, with annual inflation adjustment by the IPCA index. The outstanding balance at the end of reporting periods is presented based on the adjusted amount and classified in accordance with the due date.

The balance receivable at December 31, 2021 for this operation is R\$23,133 (R\$27,053 at December 3, 2020).

#### Other transactions

The Company had a legal consulting agreement with a law firm controlled by a member of the Board of Directors, with monthly installments of R\$50 payable until May 2021. In August 2021, with the conclusion of the IPO of the Company, an additional amount corresponding to 0.5% of the total amount involved in said liquidity event was paid, effectively terminating the agreement.

On September 1, 2021, the Company entered into an agreement for active people management consulting with a company controlled by a member of the Board of Directors, with monthly installments of R\$20 payable until February 2022.

On November 30, 2021, the Company entered into a legal consulting agreement with a company controlled by a member of the Board of Directors, with monthly installments of R\$20 for an indefinite term.

#### Transactions involving core activities

The Company conducts operations to sell inputs and buy grains in the normal course of business, which are carried out on conditions agreed between the parties, with the related party Tentos do Sul Comercial Agrícola Ltda. (associated company incorporated on November 30, 2020) and with João Osório Dumoncel and Luiz Osório Dumoncel (shareholders).

	Balance Sheet			
	12/31/2021		12/31/2020	
	Current assets	Non-current assets	Current assets	Non-current assets
Parceria Agrícola Dumoncel (*)	72,566	-	79,238	-
Sinuelo Participações Ltda.	5,733	17,400	7,267	19,786
<b>Total</b>	<b>78,299</b>	<b>17,400</b>	<b>86,505</b>	<b>19,786</b>

(\*) Active balances classified under trade accounts receivable.

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 21. Related parties--Continued

#### Transactions involving core activities - Continued

	Statement of income			
	12/31/2021		12/31/2020	
	Sales	Purchases	Sales	Purchases
Tentos do Sul Comercial Agrícola Ltda. (*)	-	-	238,000	185,825
Parceria Agrícola Dumoncel	150,911	-	78,279	21,394
Sinuelo Participações Ltda.	122	-	-	-
<b>Total</b>	<b>151,033</b>	<b>-</b>	<b>316,279</b>	<b>207,219</b>

(\*) Tentos do Sul Comercial Agrícola Ltda. was incorporated on November 30, 2020, as described in Note 1.

The increase in operations with Parceria Agrícola Dumoncel is linked to the variation in product prices and to the expansion in planted area.

#### Manager compensation

At December 31, 2021, R\$7,180 was registered as compensation and charges related to the Company's managers (R\$400 at December 31, 2020), as well as the expense of R\$13,311 referring to the stock options granted to the managers.

In the Extraordinary Shareholders Meeting held on February 19, 2021, the Company's shareholders approved a stock option plan limited to ten million shares (10,000,000), representing dilution of up to 2.5% of the Company's capital, per Note 25. In the Extraordinary Shareholders Meeting held on June 4, 2021, the overall annual compensation for fiscal year 2021 was changed to the maximum amount of R\$23,260, for the Company's managers, and to the maximum amount of R\$120, for the members of the Advisory Committees.

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 22. Shareholders' equity

#### Capital stock

The authorized capital of the Company is limited to five billion reais (R\$5,000,000), all shares with no par value. Within the limits authorized by the Bylaws and upon deliberation of the Board of Directors, the capital may be increased irrespective of any amendment to the Bylaws. The Board of Directors will establish the conditions for issue, including the price and term for payment.

On July 7, 2021, the Board of Directors approved a capital increase of R\$1,152,941, divided into 94,117,647 new registered, book entry common shares with no par value.

At December 31, 2021, the Company's capital stock was one billion, five hundred fifty-two million, nine hundred forty-one reais (R\$1,552,941) divided into 494,118,000 common shares, and on December 31, 2020, its capital stock was R\$400,000 divided into 400 million common shares with unit par value of one real (R\$1).

Changes in the capital stock and paid-in shares are presented below.

	R\$ thousand	No. shares ('000)
<b>December 31, 2019</b>	200,000	200,000
EGM Nov/30 – Merger of associated company	1,000	1,000
EGM Nov/30 - Capital increase	9,000	9,000
EGM Dec/28 – Incorporation of tax incentive reserve	190,000	190,000
<b>December 31, 2020</b>	400,000	400,000
AGM Jul/07 - Capital increase (Note 1)	1,152,941	94,118
<b>December 31, 2021</b>	1,552,941	494,118

In connection with its IPO carried out in the third quarter of 2021, the Company incurred transaction costs with the issue of shares in the amount of R\$70,801 (R\$46,729, net of tax effects), which was recorded as a corresponding entry to shareholders' equity, in the line capital stock, in accordance with CPC 08 (R1) (IAS 32). The table below shows the breakdown of the Company's capital stock:

	12/31/2021	12/31/2020
Capital stock	1,552,941	400,000
(-) Share issue costs	(70,801)	-
Deferred taxes on share issue costs	24,072	-
<b>Total</b>	1,506,212	400,000

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 22. Shareholders' equity--Continued

### Equity valuation adjustments

Refers to adjustments due to adoption of the cost attributed to property, plant and equipment on the transition date, net of the respective deferred taxes, amounting to R\$3,900 at December 31, 2021 (R\$4,847 at December 31, 2020).

### Capital reserve

The capital reserve was established due to the implementation of the Company's stock option plan, as per Note 25, with the amount of R\$13,311 recorded at December 31, 2021.

### Profit reserve

#### *Legal reserve*

Was established in accordance with Brazilian Corporation Law and with the Bylaws, equivalent to 5% of net income for each fiscal year, before any allocation, limited to 20% of the capital stock. At December 31, 2021 and December 31, 2020, the Company made no allocations to the legal reserve, since the net income for the respective fiscal years was fully allocated to the reserve for tax incentives, in compliance with the tax legislation in force. At December 31, 2021 and December 31, 2020, the balance of the legal reserve was R\$3,045.

#### *Reserve for tax incentives*

The reserves for tax incentive are classified by origin:

#### (i) Exemption and reduction of ICMS tax base

This item refers to the tax incentives involving exemptions and reductions in the ICMS tax base in accordance with ICMS agreements 100, of 1997, and 52, of 1991, described in Note 24, which are classified as subsidy for investments, with allocations in compliance with article 195-A of Brazilian Corporation Law and article 30 of Federal Law 12,973/14. Allocations to this reserve are subject to the limit of accumulated profits reported for the fiscal year. The reserve can only be used for: i) the absorption of losses, provided that all other Profit Reserves already have been fully absorbed, except for the Legal Reserve; or ii) a capital increase.

At December 31, 2021, the Company allocated funds to the reserve for tax incentives involving exemptions and reductions in the ICMS tax base of R\$319,399 (R\$305,478, net of effects from realization of dividends), and of R\$204,713 at December 31, 2020 (R\$192,913, net of effects from realization of dividends). Further, at December 31, 2021, the Company did not allocate funds to the reserve for tax incentives in the amount of R\$100,629 (R\$125,587 at December 31, 2020) due to insufficiency of the carrying amount of net income, and, as provided for in article 30, item 3, of Federal Law 12,973/14, the Company will allocate funds to the reserve for tax incentives as net income is booked in subsequent periods.

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 22. Shareholders' equity--Continued

#### *Reserve for tax incentives*

##### (ii) Presumed ICMS Credit

This item refers to the tax incentive for presumed ICMS tax credits provided for in Decree 37,699/97, as described in Note 24. On May 18, 2021, the petition for writ of mandamus that recognized the special tax regime for other tax benefits enjoyed by the Company became final and unappealable. The decision is based on the grounds that the levy of federal tax on ICMS tax benefit would be a violation of the federative principle (article 150, VI, "a" of the Federal Constitution). Therefore, the Company will duly assess any tax impacts of the payment of dividends based on such reserve.

At December 31, 2021, the Company allocated funds to the reserve for tax incentives referring to the benefit of presumed ICMS tax credits of R\$68,205. In addition, it also allocated funds to the reserve in the amount of R\$43,649 to cover the presumed credit calculated for the fiscal years from 2014 to 2017, given that the decision rendered on this matter became final and unappealable, as described in Note 24.

#### Dividends

Under the Bylaws, the minimum mandatory dividend corresponds to 5% of net income for the fiscal year, after making the legally mandated allocations to the reserves. The amount of net income for the fiscal years ended December 31, 2021 and 2020 was entirely allocated to the reserve for tax incentives.

In the fiscal year ended December 31, 2020, the Company distributed and paid dividends against the profit reserve, in the amount of R\$17,250. In addition, the Annual and Extraordinary Shareholders Meeting, held on February 19, 2021, approved the payment of additional dividends against the profit reserve, in the amount of R\$11,800. On June 7, 2021, the Extraordinary Shareholders Meeting approved the distribution of additional dividends against the profit reserve, in the amount of R\$13,921.

As established in article 30, paragraph 2 of Federal Law 12,973/14, the Company paid income tax and social contribution based on the amounts in the calculation base of the dividends distributed against reserve for tax incentives.

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 23. Earnings per share

In accordance with CPC 41 – Earnings per share (IAS 33), the table below presents the reconciliation of net income for the fiscal year with the amounts used to calculate basic and diluted earnings per share.

The Company has a category of potentially dilutive common shares related to our stock option plans. For these stock option plans, a calculation is made to determine the number of shares that could have been acquired at fair value, based on the monetary value of the subscription rights linked to the stock option plans.

The number of shares calculated, as described above, is compared to the number of shares issued, assuming the period of the stock option plans.

	12/31/2021	12/31/2020
Net income for the year	<b>430,306</b>	246,263
Weighted average number of common shares issued (in thousands)	<b>445,898</b>	390,833
Weighted average number of common shares considering dilutive effects	<b>451,140</b>	390,833
Basic earnings per share (R\$)	<b>0.9650</b>	0.6301
Diluted earnings per share (R\$)	<b>0.9538</b>	0.6301

The weighted average number of common shares issued considers the capital increases through incorporation of reserves for tax incentives, as if they existed on January 1, 2020, as required by paragraph 28 of CPC 41 (IAS 33).

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 24. Government subsidies

The government subsidies received by the Company correspond to: (i) state ICMS tax incentives; and (ii) federal PIS and COFINS tax incentives. State subsidies are used to support investments, while federal subsidies are used to support costs.

### State tax incentives

#### *Presumed ICMS tax credit*

The Company assesses presumed ICMS tax credits, pursuant to Decree 37,699/97, from the State Government of Rio Grande do Sul, which are calculated based on 57% of the tax levied on sales of biodiesel, provided that the crushed soybean originated in the state. The amounts calculated as tax incentive are recorded in the line ICMS payable as a corresponding entry to net income, in the line sales taxes, and, subsequently, are reclassified to the profit reserve (reserve for tax incentives) under shareholder's equity.

On May 18, 2021, the Company received a final and unappealable judgement granting its action for a Writ of Mandamus which claimed that amounts related to presumed ICMS tax credits are not part of the calculation base of income tax (IRPJ) and social contribution (CSLL), based on the grounds that the levy of federal tax on ICMS tax incentives violates the federative principle, in the amount of R\$43,649, related to the period from 2014 to 2017. Furthermore, said judgment also recognized the right to administrative compensation or refund, respecting the five-year limitation, with amounts adjusted by the SELIC rate for the periods in which Company recorded net income that was taxed under this type of benefit. For periods in which the Company recorded a net loss, the amount recognized was recognized an increase in the amount of net loss

At December 31, 2021, the total amount related to this incentive recorded in the Company's profit and loss was R\$68,205 (R\$42,497 at December 31, 2020).



## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 24. Government subsidies--Continued

#### *Exemption and reduction of ICMS calculation base*

The government subsidies received by the Company corresponding to exemptions and reductions to the ICMS tax calculation base are provided for in ICMS agreements 100, of 1997, and 52, of 1991, supported by Supplementary Law 160/2017, which consider that tax incentives related to ICMS tax are subsidies for investments, subject to the requirements of registration and deposit with the National Tax Policy Board (CONFAZ), which were duly fulfilled by the Company.

In 2020, the Company rectified its ancillary obligations related to fiscal years 2015 through 2019 to reflect the effects of government subsidies arising from the exemption and reduction of the ICMS tax calculation base on the assessment of income tax and social contribution, recognizing the amount of R\$110,382 in overpayments of income tax and social contribution credits, of which R\$101,120 refer to the principal and R\$9,261 to the interest and inflation adjustment. The amounts are presented in the line recoverable taxes and contributions and were recorded in the respective fiscal year.

At December 31, 2021, the total amount assessed for such incentive was R\$294,441 (R\$179,070 at December 31, 2020).

As established in article 30 of Federal Law 12,973/14, the Company must allocate funds to the reserve for tax incentives in an amount corresponding to the amounts subsidized. However, given that in certain fiscal years the Company recorded tax losses or net income insufficient to effect the full amount of the allocation to the reserve, the Company did not affect the allocation to the reserve for tax incentives of R\$100,629 at December 31, 2021 (R\$125,587 at December 31, 2020). As provided for in article 30 of Law 12.973/14, the Company will allocate said amounts to the reserve for tax incentives in future fiscal years.

#### Federal tax incentive

##### *Presumed PIS and COFINS tax credits*

The Company assesses presumed PIS and COFINS tax credits, in accordance with Federal Law 12,865, of October 10, 2013, that are available to companies that process soybean, which are calculated based on the sales revenue from each product.

The amounts assessed as incentives are recorded in the line PIS and COFINS recoverable as a corresponding entry to profit and loss, in the line sales taxes.

At December 31, 2021, the total amount related to this incentive recorded in the Company's profit and loss was R\$73,782 (R\$51,553 at December 31, 2020).

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 25. Share-based payments

At the Extraordinary Shareholders Meeting held on February 19, 2021, the Company's shareholders approved a stock option plan limited to ten million shares (10,000,000), representing potential dilution of up to 2.5% of the Company's capital stock. The dilution corresponds to the percentage represented by the number of shares underlying the options divided by the total number of shares issued by the Company.

The "First Stock Option Plan" was approved by the Board of Directors, with eight million stock options granted. The beneficiaries may exercise their options within up to five years as from the date of the respective grant, i.e., March 3, 2021. The vesting period is one year, with annual releases of 20% as from the first anniversary. The Company has 30 days to issue the shares as from the delivery date of the stock option exercise form.

The strike price of the first program was set at R\$1.75, while the average fair value of the options granted was calculated at R\$4.39.

The Company recognizes the cost with the stock option plan based on the fair value of the options granted, considering the fair value on the date of the grant. The model used for determining the fair value of the options is the Binomial.

One of the assumptions of this model is estimation of the fair value of the underlying common shares of the Company on the grant date. Other assumptions include estimating the expected volatility in the share price, the expected period of the option, the risk-free interest rate over the expected period of the option, the exercise price and expectations with regard to dividends.

When options were granted under the first program, we did not have historical data for the market prices of our common shares because our shares were not publicly traded. Therefore, with the support of advisors specializing in valuation, we determined a fair value for the underlying common shares based on an economic-financial valuation of the Company adopting an income-based approach using the Discounted Cash Flow method. An income-based approach involves applying an adequate discount rate that is adjusted to reflect the risks of projected cash flows based on the capital structure and on projected revenue and costs. We used observable data for a group of comparable companies to support the development of our volatility assumption.

If factors change and we adopt different assumptions, the future cost of the stock option plans could differ significantly from the one we currently register. Higher volatility and longer periods than those expected result in higher expenses with the stock option plan than that determined on the grant date.

# Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

## 25. Share-based payments--Continued

The table below presents information on the model used for the plan granted in the fiscal year ended December 31, 2021:

	<b>First Stock Option Plan</b>
Number of stock options granted	8,000,000
Grant date	3/3/2021
Weighted average fair value on the assessment date (R\$)	4.39
Dividend yield (%)	1.15
Average volatility expected (%)	36.76
Average risk-free rate of return (%)	6.49
Expected life of shares (years)	5
Exercise price of options	1.75
Weighted average share price (R\$)	6.13

The expense with the stock option plan recognized in the fiscal year ended December 31, 2021 was R\$13,311.

During the fiscal year ended December 31, 2021, there was no cancellation, vesting or exercise of stock options.

## 26. Segment information

Information referring to the results of each segment is presented below. Performance is assessed based on the result of the segment down to gross profit, given Management's understanding that this information is the most relevant for assessing the results of the respective segments for comparability with other entities that operate in the same industries.

The assets and liabilities of the Company are managed jointly for all segments and are not assessed separately by segment by the Management.

The operational segments presented below are organized in accordance with the internal reports of the segments:

- (i) Agricultural inputs: the marketing of fertilizers, plant-protection products, foliar fertilizers and soybean, corn and wheat seeds. The result of this segment is determined by the revenue from sales of these products, measured as of the moment the Company transfers to the client control of the products sold.
- (ii) Soybean, corn and wheat grains: operations involving the physical receipt, standardization and trading of grain acquired from third parties, as well as grain originating from operations involving rural producer certificates (CPR). The result of this segment is determined by the revenue from operations to buy and sell agricultural commodities, including the variation in financial instruments linked to the trading of these commodities, as well as in the related nonmonetary assets.

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 26. Segment information--Continued

(iii) Industry: operations involving the processing of soybean to produce meal and biodiesel.

Based on its understanding, the Company segments its operations into agricultural inputs, grains and industry:

	12/31/2021	12/31/2020
<b>Net revenue</b>		
Inputs	1,534,116	909,290
Grains	1,412,296	497,615
Industry	2,392,905	1,705,534
	<b>5,339,317</b>	3,112,439
<b>Cost of goods and products sold</b>		
Inputs	(1,167,376)	(744,782)
Grains	(1,300,633)	(463,635)
Industry	(2,056,383)	(1,363,494)
	<b>(4,524,392)</b>	(2,571,911)
<b>Gross profit before fair value adjustment</b>		
Inputs	366,740	164,508
Grains	111,663	33,978
Industry	336,522	342,042
	<b>814,925</b>	540,528
<b>Fair value adjustment</b>	(113,871)	(40,349)
<b>Gross profit</b>	<b>701,054</b>	500,179

## Três Tentos Agroindustrial S.A.

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### 26. Segment information--Continued

#### Revenue by client

A breakdown of the revenue received from key clients follows:

Client	12/31/2021	
	Product	% Net revenue
Client 1	Meal	12.51%
Client 2	Biodiesel	10.75%
Client 3	Grains	6.04%
Client 4	Biodiesel	4.62%
Client 5	Biodiesel	3.49%
Client 6	Grains	2.89%

Client	12/31/2020	
	Product	% Net revenue
Client 1	Meal	16.02%
Client 2	Biodiesel	8.12%
Client 3	Biodiesel	8.00%
Client 4	Inputs	7.59%
Client 5	Grains	7.24%
Client 6	Biodiesel	5.92%

#### Geographic location

A breakdown of revenue from exports by client location follows.

Country	12/31/2021	12/31/2020
China	-	12,255
South Korea	-	202,013
Slovenia	-	14,749
Spain	-	179,000
France	-	151,800
Italy	667,997	50,316
Romania	-	17,661
Switzerland	4,354	-
Uruguay	11,582	-
	<b>683,933</b>	<b>627,794</b>

## **Três Tentos Agroindustrial S.A.**

Notes to the financial statements (Continued)

December 31, 2021

(In thousands of reais, except when otherwise stated)

### **27. Subsequent events**

On January 10, 2022, the Company issued a Material Fact notice on its public offering for the primary distribution of shares, which consisted of the distribution of 500,000 shares, in accordance with CVM Instruction 400. The goal of the offering was to increase ownership dispersion and trading liquidity in the common shares of the Company freely traded on the B3, including by retail investors.

The price per share and the increase in the Company's capital stock, within the limits of authorized capital established in its Bylaws, were approved in the meeting of the Board of Directors held on January 31, 2022, with the offering settled on February 3, 2022. Due to the increase in the Company's capital stock in connection with the Public Offering, the new value of its capital stock is R\$1,557,741, divided into 494,617,647 registered, book-entry common shares with no par value.