(A free translation of the original in Portuguese)

Fertilizantes Heringer S.A. - under Court-supervised Reorganization

Quarterly Information (ITR) at March 31, 2021 and report on review of quarterly information

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Fertilizantes Heringer S.A. - under Court-supervised Reorganization

Introduction

We have reviewed the accompanying interim accounting information of Fertilizantes Heringer S.A. - under Court-supervised Reorganization ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2021, comprising the balance sheet at that date and the statements of operations, comprehensive income (loss), changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

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T: +55 (19) 3794 5400, www.pwc.com.br

Fertilizantes Heringer S.A.

Emphasis of matter - Material uncertainty related to going concern

We draw attention to Note 1.3 to the interim accounting information included in the Quarterly Information Form (ITR), which describes that the interim accounting information was prepared under the going concern assumption, following the approval on December 3, 2019 of the Company's Court-supervised Reorganization Plan, which, among other matters, authorized the restructuring of its debt at different terms and interest rates for each creditor class. As described in Note 1.1, the Plan is structured on the basis of a series of scenarios, reflecting the complexity and scope of the Company's businesses and its numerous operating and financial processes and procedures, all of which can affect management's assumptions. The Company's ability to continue as a going concern depends on the success of the Court-supervised Reorganization Plan. This situation, along with the matters described in Note 1.3, including the uncertainties affecting the economic environment due to the COVID-19 pandemic, raise a significant doubt about the Company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

Other matters

Statement of value added

The Quarterly Information referred to above include the statement of value added for the quarter ended March 31, 2021. This statement is the responsibility of the Company's management and is presented as supplementary information for IAS 34 purposes. This statement has been submitted to the same review procedures applied in conjunction with the review of the Quarterly Information, aiming to conclude if it is reconciled with the interim accounting information and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that this statement of value added has not been properly prepared, in all material respects, in accordance with the criteria defined in this accounting standard, and in a consistent manner in relation to the interim accounting information taken as a whole.

Campinas, May 15, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Eduardo Dias Vendramini
Contador CRC 1SP220017/O-4

FHER3
B3 LISTED NM

(A free translation of the original in Portuguese)

Viana, May 14, 2021 - Fertilizantes Heringer (FHER3) - Under Court-supervised Reorganization - announces today its results for the first quarter of 2021 - **Conference call on May 17, 2021**.

Investor Relations

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Conference Call in Portuguese
9:00 a.m. BRT (10:00 a.m. U.S. ET)
Phone: +55 (11) 3181-8565 / 4210-1803
Code: Heringer
Replay for a week:
+55 (11) 3193 1012
Password: 8621025#

Conference Call in English
(SIMULTANEOUS TRANSLATION)
11:00 a.m. BRT (10:00 a.m. U.S. ET)
Phone: +1 (412) 717-9627 / (844) 204-8942
Code: Heringer
Replay for a week:
+55 (11) 3193 1012
Password: 4239245#

HIGHLIGHTS:

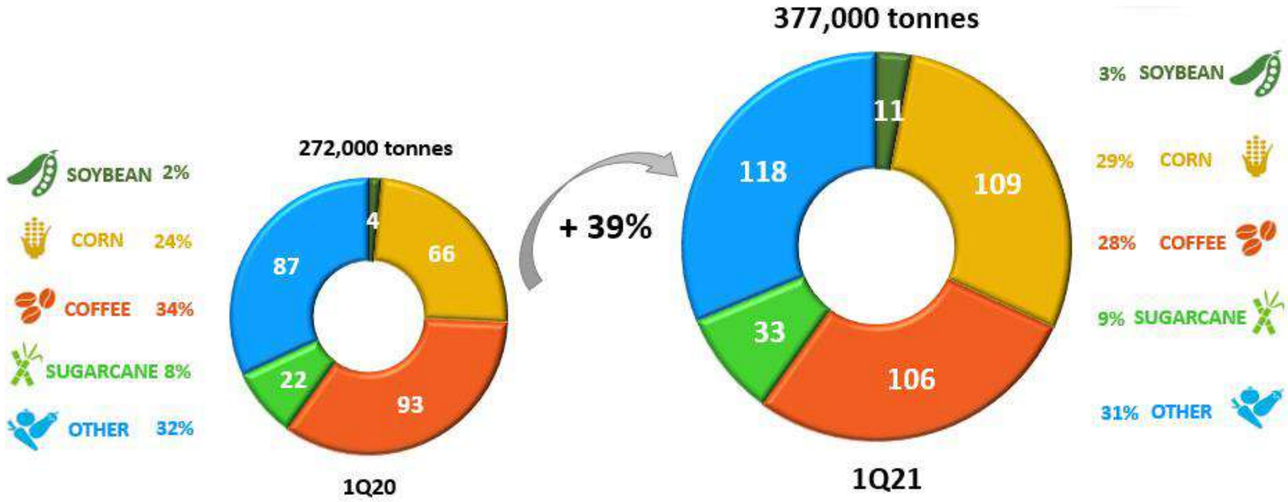
EBITDA in 1Q21 significantly higher than in 1Q20;

Record levels of Gross and EBITDA margins for a first quarter;

Significant increase in volume delivered in 1QT21.

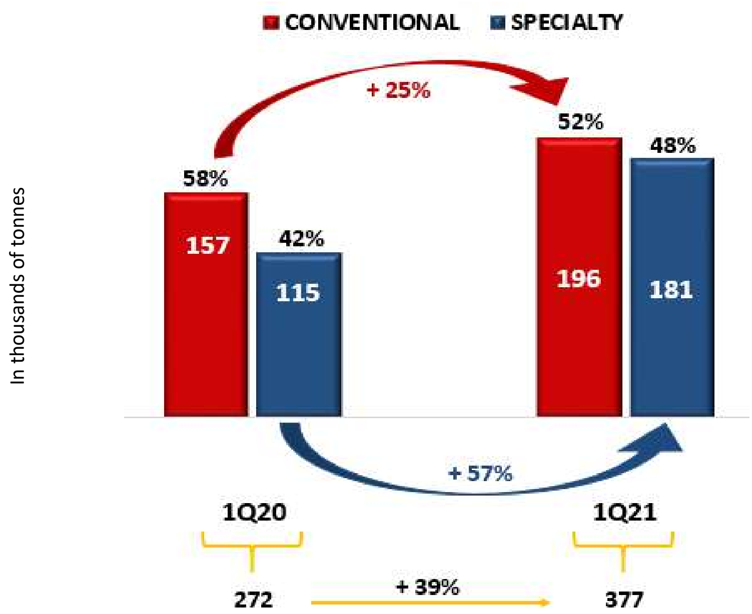
QUARTERLY DELIVERIES - VOLUME AND CROPS

Significant increase in the volume delivered in 1Q21 over 1Q20, maintaining sales diversity by crops.

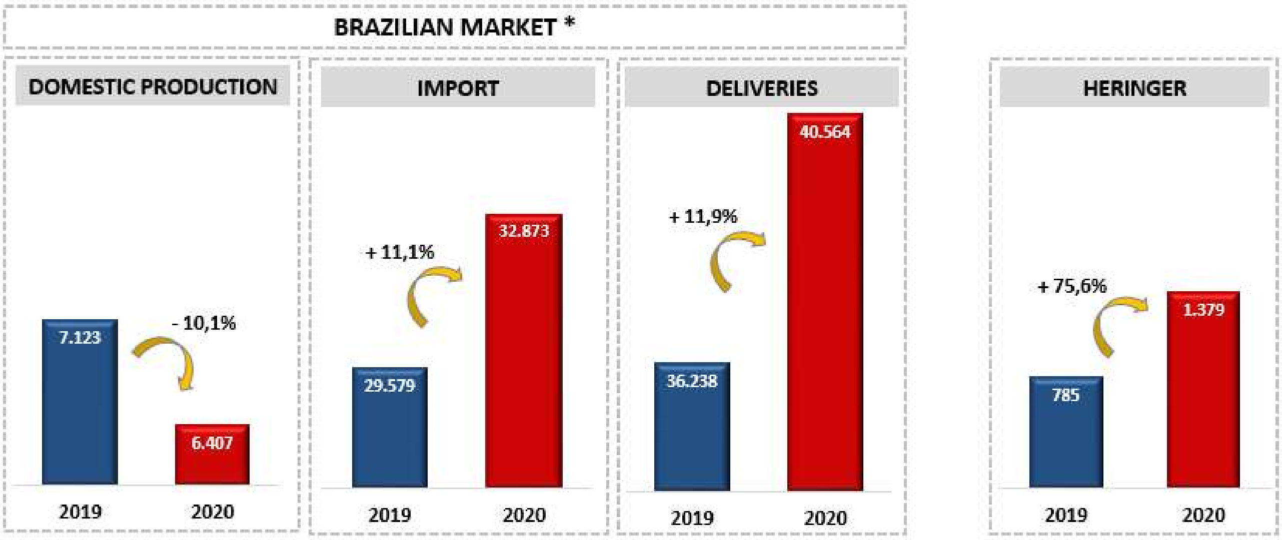


MIX OF DELIVERED PRODUCTS

Total volume delivered growth close to 39% in the period, specialty products growing 57% or 48% of the total volume, while conventional products grew 25% or 52% of the total volume delivered in 1Q21.



BRAZILIAN FERTILIZER MARKET and HERINGER (Thousand tonnes)



Source: ANDA

In 2020, fertilizer deliveries to the Brazilian market witnessed significant growth of some 12% when compared to 2019.

Following the judicial reorganization process, the manufacturing and sales of two mixing units resumed operations in 2019/2020 and two more will resume in 3Q21.

Heringer, compared to the same comparative periods, presented much improved results, consolidating on the strong market recovery - a justification of the decision to enter the judicial reorganization process.

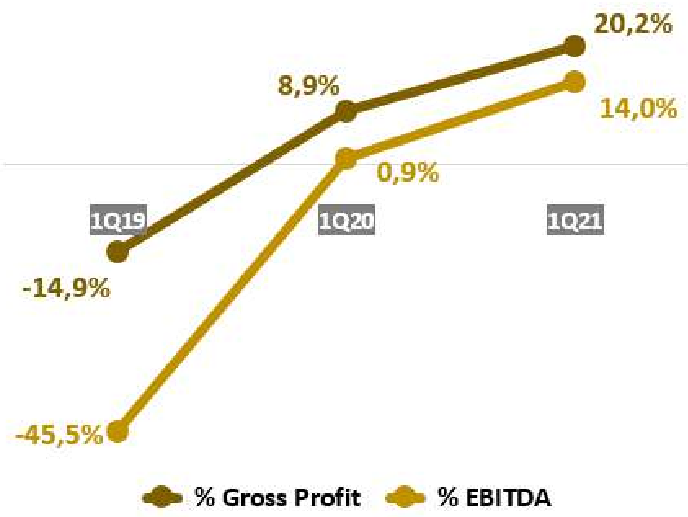
ACTIVE UNITS - OPERATIONS

The Company currently operates with an installed capacity of 3,515k t/y, and a storage capacity of 538k t/y.

With the reactivation of the Rosário do Catete (SE) and Rio Verde (GO) facilities in the third quarter of 2021, it will be operating with an installed capacity of 4,225k t/y and a storage capacity of 638k t/y

Units		Capacity ('000 tonnes) Installed	Storage
Currently active		3.515	538
Reactivated in 3Q21	Rosário do Catete (SE)	450	70
	Rio Verde (GO)	260	30
TOTAL		4.225	638

OPERATING RESULTS *



(R$ thousand)	1Q19	1Q20	1Q21
Net Revenue	135.386	387.070	741.293
Gross Profit	-20.212	34.612	149.392
EBITDA	-61.639	3.425	103.800

* Percentage of net revenue

Record Gross and EBITDA margins for a first quarter; an important trend in the Company's recovery process.

(R$ thousand)	Year 2020	%	Result of the last 12 months *	%	Year 2020 x Last 12 months (%)
Net Revenue	2.214.192	100,0%	2.568.415	100,0%	16,0%
Gross profit	317.900	14,4%	432.680	16,8%	36,1%
EBITDA	182.507	8,2%	282.882	11,0%	55,0%

* Result of the last 12 months: is the sum of the 2nd, 3rd and 4th quarter of 2020 plus the 1st quarter of 2021

Last 12 month results when compared to 2020 showed presented a significant increase in Net Revenue, Gross Profit and EBITDA.

1Q21 P&L (R$ THOUSAND)

(R$ thousand)	1Q21	% of NR	1Q20	% of NR	Δ % 21/20
Volume	376.550		271.895		38,5%
Net Revenue	741.293	100,0%	387.070	100,0%	91,5%
COGS	(591.901)	-79,8%	(352.458)	-91,1%	67,9%
Gross Profit	149.392	20,2%	34.612	8,9%	331,6%
Freight and Commissions	(19.008)	-2,6%	(13.645)	-3,5%	39,3%
SG&A	(33.891)	-4,6%	(24.121)	-6,2%	40,5%
EBITDA	103.800	14,0%	3.425	0,9%	2930,7%
Net financial result	(106.687)	-14,4%	(232.353)	-60,0%	-54,1%
Net Result	(7.456)	-1,0%	(204.993)	-53,0%	-96,4%

Net Revenue: Strong growth of over 90%, reflecting increase in delivered volume and better sales prices.

Gross Profit: Record gross margin for a first quarter. The significant increase in relation to the same period of the previous year is due to the increase in sales volume and leveraging of business opportunities with better margins.

SG&A: The SG&A expenses in 1Q21 increased compared to the same period of the previous year, though a the SG&A /sales margin was lower, thus contributing also to the higher profitability compared to 1Q20.

EBITDA: Record EBITDA and best EBITDA margin for a first quarter, much higher when compared to 1Q20.

Net Financial Result: Drop in financial expenses in 1Q21 of around 80%, reflecting lower foreign exchange losses in the period. Note that in 1Q20 and 1Q21 the exchange losses recorded do not equate to a cash outflow.

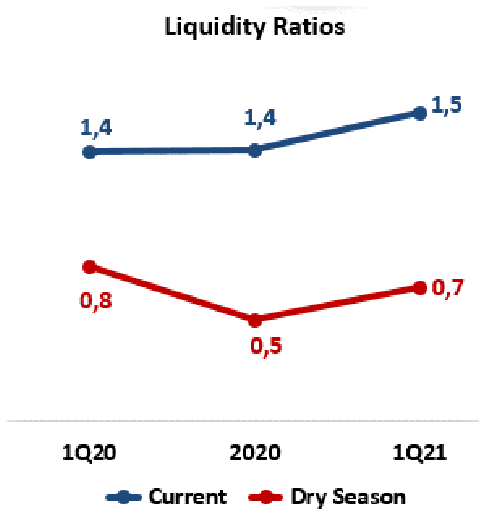
Net Result: A loss of R $ 7.5 million, due to financial expenses (primarily exchange losses) but a with a high positive EBITDA in the period.

BALANCE SHEET - (R$ THOUSAND)

ASSETS			LIABILITIES AND EQUITY		
	1Q21	2020		1Q21	2020
Current			**Current**		
Cash and cash equivalents	52.981	39.970	Suppliers	354.841	317.836
Trade receivables	203.155	186.650	Loans and financing	60.687	267.536
Inventories	466.951	587.931	Accounts payable - Court-Supervised Reorganization	1.564	8.353
Taxes recoverable	29.902	32.515	Other liabilities	116.990	98.729
Other assets	70.825	89.851			
	823.814	**936.917**		**534.082**	**692.454**
Non-current			**Non-current**		
			Suppliers	12.672	12.672
Taxes recoverable	403.533	402.769	Deferred taxes	255.657	258.065
Other assets	47.230	45.969	Other liabilities	53.237	75.153
Property, Plant and Equipment and Inta	428.455	425.258	Accounts payable - Court-Supervised Reorganization	1.002.959	920.688
	879.218	**873.996**		**1.324.525**	**1.266.578**
			Equity	**-155.575**	**-148.119**
Total ASSETS	**1.703.032**	**1.810.913**	**Total LIABILITIES and EQUITY**	**1.703.032**	**1.810.913**

Inventories were built up at 2020 year end to meet a higher projected demand for deliveries for 1Q21. This balance was used in the period to meet the approx. 40% higher volume delivered when compared to 1Q20.

In 1Q21, the reduction in short-term "loans and financing" is due to the early settlement of a working capital line of credit.



CASH FLOW

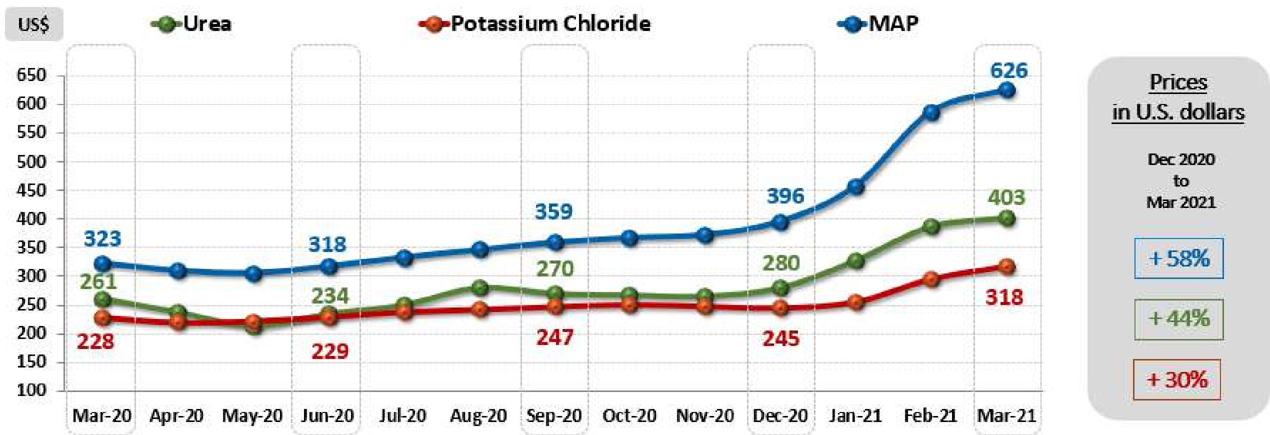
At the end of 1Q21, Heringer's cash and cash equivalents totaled R$53.0 million. Changes in balances over the quarter detailed below:

- Loss before income tax and social contribution of R$9.6 million;
- Non-cash expenses of R$118.9 million, mostly interest accruals and foreign exchange losses;
- Decrease of R$125.1 million in assets, especially inventories;
- Increase of R$7.3 million in liabilities, mainly of suppliers;
- Net investment of R$10.1 million;
- Negative net cash flow from financing activities of R$218.6 million.¶

	1Q21
Result before Income Tax and Social Contribution	**(9.597)**
Non-cash expenses (income)	118.857
Decrease/(increase) in assets	125.133
(Decrease)/increase in liabilities	7.262
Cash flow from operating activities	**241.654**
Cash flow from investing activities	**(10.052)**
Free cash flow	**231.602**
Cash flow from financing activities	**(218.591)**
	13.011
Cash	
Cash at the beginning of the period	39.970
Cash at the end of the period	52.981
Changes in cash in the period	**13.011**

Cash generation in the period reflects the profitability for the quarter (unrealized foreign exchange losses have no cash effect as they are due on Long-Term loan - RJ) and opening inventories consumed. Cash generation in 1Q21 was used to settle short-term working capital loans, thereby reducing financial costs.

IMPORTED RAW MATERIAL PRICE PERFORMANCE



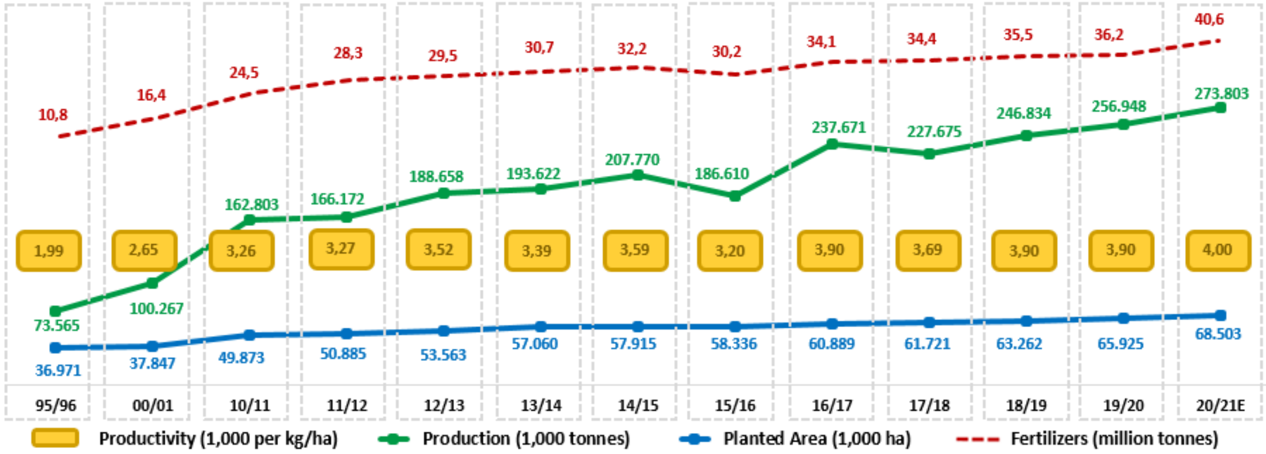
Source: SIACESP/FOB Brasil

Significant increase in the prices of raw materials in the NPK chain, mainly due to the demand from the main agricultural producing markets, supported by healthy prices for the main agricultural commodities.

DOMESTIC GRAIN PRODUCTION - PLANTED AREA VS. FERTILIZER CONSUMPTION

Productivity has been the driving factor for growth of Brazilian production. Brazil's grain production grew by over 270% between 1995 and 2020, the planted area having increased by only 85%. This was achieved by higher productivity which more than doubled in the period demonstrating the sustainable growth of Brazilian agribusiness. The country has ceased to be a net food importer and has become a leading global exporter.

Technology and the use of fertilizers have been a deciding factor in promoting environmental preservation. Had 1990's technology / productivity remained unchanged, twice the production area would have been required to harvest the grains produced today.



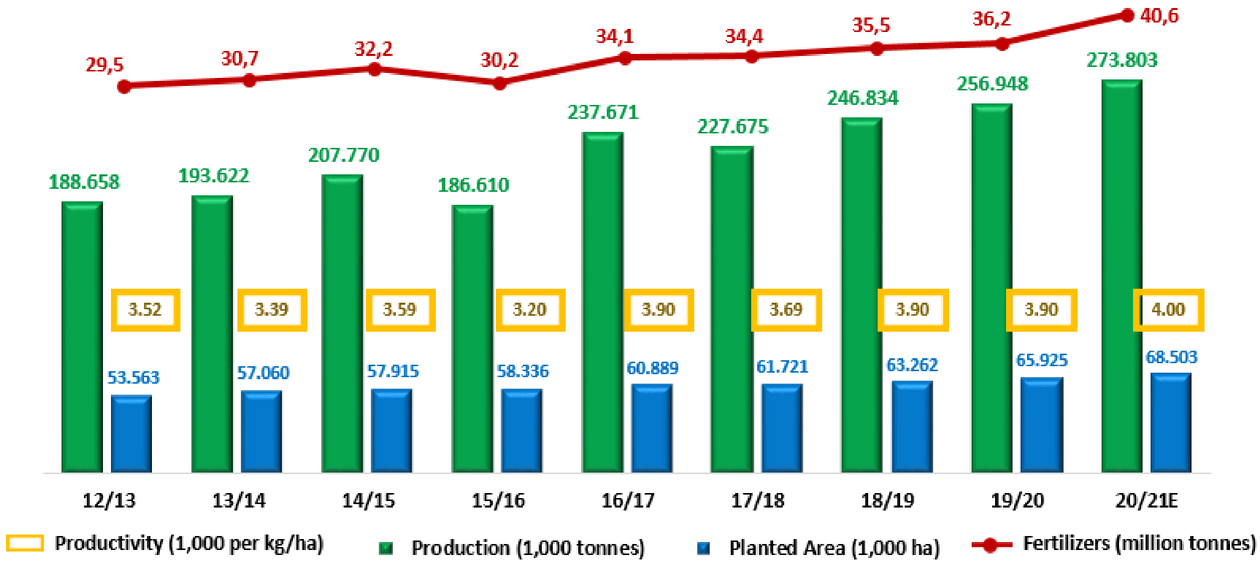
Source: CONAB

GRAIN PRODUCTION AND PLANTED AREA

The sixth estimate for the 2020/2021 grain harvest presents a significant growth in production, with a volume of 273.8 million tonnes, 6.6% or 16.9 million tonnes higher than that obtained in 2019/2020.

Compared to the previous month's estimate, we recorded a gain of 1.5 million tonnes, mainly due to the 1.1% growth in the second corn crop planted area and soybean productivity gains.

The planted area increased by 3.9% over the last harvest, estimated at 68.5 million hectares. Following the harvest (mainly of soy and first corn crop), for some 30% of the farmed area, second, third and winter crops are grown on 20 million hectares, producing 273.8 million tons on 48.5 million cultivated hectares nationwide.



Grain: Corn, soybean, rice, beans, sorghum, castor bean, cotton, sunflower, barley, rye, canola, oat, peanut, wheat and triticale.
Total Brazil (all crops) Source: 7th CONAB survey for the 2020/2021 harvest - April 2021

APPENDIX I - BALANCE SHEET

(in thousands of reais)

ASSETS	mar/21	dez/20
Current		
Cash and cash equivalents	52.981	39.970
Trade receivables	203.155	186.650
Inventories	466.951	587.931
Taxes recoverable	29.902	32.515
Other receivables	70.825	89.851
	823.814	**936.917**
Non-current		
Taxes recoverable	403.533	402.769
Other receivables	47.230	45.969
Long-Term Receivables	**450.763**	**448.738**
Property, Plant and Equipment and Intan	**428.455**	**425.258**
	879.218	**873.996**
Total ASSETS	**1.703.032**	**1.810.913**

LIABILITIES AND DEFICIT EQUITY	mar/21	dez/20
Current		
Suppliers	354.841	317.836
Accounts payable - Court-Supervised Reorganization	1.564	8.353
Loans and financing	60.687	267.536
Other liabilities	116.990	98.729
	534.082	**692.454**
Non-current		
Deferred taxes	255.657	258.065
Other liabilities	65.909	87.825
Accounts payable - Court-Supervised Reorganization	1.002.959	920.688
	1.324.525	**1.266.578**
Total LIABILITIES	**1.858.607**	**1.959.032**
Deficit Equity		
Share Capital	585.518	585.518
Equity valuation adjustments	38.244	38.393
Accumulated Losses	-779.337	-772.030
	-155.575	**-148.119**
TOTAL LIABILITIES AND EQUITY (DEFICIT EQUITY)	**1.703.032**	**1.810.913**

APPENDIX II - 1Q21 STATEMENT OF PROFIT AND LOSS

(in thousands of Reais)	1Q21	% of NR	1Q20	% of NR	2020 vs. 2021
Gross sales revenue	**748.994**		**392.391**		90,9%
Taxes and other sale deductions	(7.700)		(5.321)		44,7%
Net sales revenues	**741.293**	100,0%	**387.070**	100,0%	91,5%
Cost of goods sold	(591.901)	-79,8%	(352.458)	-91,1%	67,9%
Gross Profit	**149.392**	20,2%	**34.612**	8,9%	331,6%
Operating expenses	**(52.302)**	-7,1%	**(38.300)**	-9,9%	36,6%
Selling expenses	(26.461)	-3,6%	(20.071)	-5,2%	31,8%
General and administrative expenses	(26.438)	-3,6%	(17.695)	-4,6%	49,4%
Other operating expenses, net	597	0,1%	(534)	-0,1%	n.m.
Operating Profit (Loss)	**97.090**	13,1%	**(3.688)**	-1,0%	2732,6%
Net financial result	**(106.687)**	-14,4%	**(232.353)**	-60,0%	-54,1%
Financial Revenue	7.236	1,0%	7.933	2,0%	-8,8%
Financial expenses	(28.792)	-3,9%	(34.848)	-9,0%	-17,4%
Exchange rate variation, net	(85.131)	-11,5%	(205.438)	-53,1%	-58,6%
Profit (loss) before income tax and social contribution	**(9.597)**	-1,3%	**(236.041)**	-61,0%	-95,9%
Income tax and social contribution	**2.141**	0,3%	**31.048**	8,0%	-93,1%
Current	(267)	0,0%	-	0,0%	0,0%
Deferred	2.408	0,3%	31.048	8,0%	-92,2%
Net result for the period	**(7.456)**	-1,0%	**(204.993)**	-53,0%	-96,4%

EBITDA	**103.800**	14,0%	**3.425**	0,9%	2930,7%
Loss before financial result and taxes	97.090	13,1%	(3.688)	-1,0%	2732,6%
Depreciation and amortization	6.710	0,9%	7.113	1,8%	-5,7%

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) is presented as additional information, given our belief that it is an important indicator of our operating performance, as well as useful for comparing our performance with that of other companies in the sector. However, no single figure should be considered a substitute for net income calculated in accordance with the Brazilian corporate law (BR GAAP), or even as a measure of Heringer's profitability. Moreover, our calculations may not be comparable with similar measures adopted by other companies in the sector.

We make forward-looking statements that are subject to risks and uncertainties. These forward-looking statements are based on the beliefs and assumptions of Heringer's Management and on information currently available. Forward-looking statements include information about our current plans, beliefs or expectations, as well as those of Heringer's Board of Directors and Executive Officers.

The reservations related to forward-looking statements also include information on possible or presumed operating results, as well as any statements preceded, followed or including words such as "believe", "may", "will", "continue", "expect", "foresee" ,"intend", "plan", "estimate" or similar expressions.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions, as they refer to future events, thus depending on circumstances that may or may not occur. Future results and value creation for shareholders may differ significantly from those expressed or implied in these forward-looking statements. Many factors that may determine these results and figures are beyond Heringer's control or ability to predict.

Fertilizantes Heringer S.A. - under Court Reorganization

Balance sheets
At March 31, 2021 and December 31, 2020
(All amounts in thousands of reais)

(A free translation of the original in Portuguese)

	Note	March 31, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents	3	52,981	39,970
Trade receivables	4	203,155	186,650
Inventories	5	466,951	587,931
Taxes recoverable	6	29,902	32,515
Income tax and social contribution recoverable	7.a	45,823	60,093
Other assets	8	25,002	29,758
		823,814	936,917
Non-current assets held for sale	27	15,765	15,765
		839,579	952,682
Non-current assets			
Trade receivables	4	43	16
Taxes recoverable	6	254,195	254,133
Income tax and social contribution recoverable	7.a	114,224	114,009
Other assets	8	10,016	10,015
Tax credits acquired	14	35,114	34,627
Judicial deposits	14	21,406	20,173
Property, plant and equipment	10	421,513	418,239
Intangible assets		6,942	7,019
		863,453	858,231
Total assets		1,703,032	1,810,913

	Note	March 31, 2021	December 31, 2020
Liabilities and equity (net capital deficiency)			
Current liabilities			
Trade payables	11	354,841	317,836
Borrowings	12	60,687	267,536
Salaries and payroll charges		23,313	17,419
Salaries and payroll charges - CR	13	1,564	8,353
Taxes payable		1,304	4,237
Advances from customers	4	25,021	20,878
Other liabilities	16	67,352	56,195
		534,082	692,454
Non-current liabilities			
Trade payables	11	12,672	12,672
Trade payables - CR	13	619,479	573,672
Borrowings	12	16,955	40,281
Borrowings - CR	13	383,480	347,016
Provision for contingencies	14	36,282	34,872
Deferred income tax and social contribution	7.b	255,657	258,065
		1,324,525	1,266,578
Total liabilities		1,858,607	1,959,032
Equity (net capital deficiency)	15		
Share capital		585,518	585,518
Carrying value adjustments		38,244	38,393
Accumulated deficit		(779,337)	(772,030)
Total equity (net capital deficiency)		(155,575)	(148,119)
Total liabilities and equity (net capital deficiency)		1,703,032	1,810,913

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

Fertilizantes Heringer S.A. - under Court Reorganization

Statement of operations
Quarters ended March 31
All amounts in thousands of reais, except earnings (loss) per share (A free translation of the original in Portuguese)

	Note	2021	2020
Net operating revenue	18	741,293	387,070
Cost of sales	19	(591,901)	(352,458)
Gross profit		149,392	34,612
Operating expenses			
Selling expenses	19	(26,461)	(20,071)
General and administrative expenses	19	(26,438)	(17,695)
Other operating income (expenses), net		597	(534)
		(52,302)	(38,300)
Operating profit (loss)		97,090	(3,688)
Finance income and costs			
Foreign exchange variation, net	20	(85,131)	(205,438)
Finance (costs), net	21	(21,556)	(26,915)
		(106,687)	(232,353)
Loss before income tax and social contribution		(9,597)	(236,041)
Income tax and social contribution	7.c	2,141	31,048
Loss for the period		(7,456)	(204,993)
Weighted average number of common shares (thousands)		53,857	53,857
Loss per share attributable to the owners of the parent (in R$ per share)	17	(0.1384)	(3.8062)

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

Fertilizantes Heringer S.A. - under Court Reorganization

Statement of comprehensive income
Quarters ended March 31
All amounts in thousands of reais (A free translation of the original in Portuguese)

	2,021	**2,020**
Loss for the period	(7,456)	(204,993)
Other comprehensive income	-	-
Total comprehensive income (loss) for the period	(7,456)	(204,993)

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

Fertilizantes Heringer S.A. - under Court Reorganization

Statement of changes in equity (net capital deficiency)
Quarters ended March 31
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Share capital	Carrying value adjustments	Accumulated deficit	Total
At January 1, 2020	585,518	38,993	(593,126)	31,385
Loss for the period	-	-	(204,993)	(204,993)
Realization of deemed cost, net of deferred taxes	-	(150)	150	-
At March 31, 2020	585,518	38,843	(797,969)	(173,608)
At January 1, 2021	585,518	38,393	(772,030)	(148,119)
Loss for the period	-	-	(7.456)	(7.456)
Realization of deemed cost, net of deferred taxes	-	(149)	149	-
At March 31, 2021	585,518	38,244	(779,337)	(155,575)

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

Fertilizantes Heringer S.A. - under Court Reorganization

Statement of cash flows
Quarters ended March 31
All amounts in thousands of reais (A free translation of the original in Portuguese)

	2021	**2020**
Cash flows from operating activities		
Loss before income tax and social contribution	(9,597)	(236,041)
Expenses (income) not affecting cash		
Reversal of allowance for impairment of trade receivables	(299)	(694)
Adjustment to fair value - sub-portfolio traded	(1,129)	(64)
Adjustment to present value - trade receivables	627	359
Provision for inventory losses	1,420	1,303
Depreciation and amortization	6,710	6,847
Loss on disposal of property, plant and equipment	145	
Provision for vacation pay, 13th month salary and profit sharing	6,710	1,146
Provision for contingencies, net	145	1,467
Unrealized interest and foreign exchange gains/losses on trade receivables, imports in transit, trade payables and borrowings	104,528	228,420
	109,260	2,743
Decrease (increase) in assets		
Trade receivables	(15,731)	(13,455)
Inventories	119,464	39,745
Taxes recoverable	16,339	1,690
Other assets	6,063	3,751
Judicial deposits	(1,002)	37
Increase (decrease) in liabilities		
Trade payables	12,815	5,218
Salaries and payroll charges	(7,605)	(2,318)
Taxes payable	(2,933)	(5,879)
Advances from customers	4,143	3,968
Other payables	9,806	(7,464)
Changes in assets and liabilities	141,359	25,293
Payment of interest on borrowings	(8,965)	(6,257)
Net cash generated by operating activities	241,654	21,779
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,054)	(4,121)
Purchase of intangible assets	(266)	
Proceeds from sales of property, plant and equipment	268	
Net cash (used in) investing activities	(10,052)	(4,121)
Cash flows from financing activities		
New borrowings	228,313	240,821
Borrowings paid - principal	(446,904)	(254,261)
Net cash (used in) financing activities	(218,591)	(13,440)
Increase in cash and cash equivalents	13,011	4,218
Cash and cash equivalents at the beginning of the period	39,970	20,034
Cash and cash equivalents at the end of the period	52,981	24,252

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

Fertilizantes Heringer S.A. - under Court Reorganization

Statement of value added
Quarters ended March 31
All amounts in thousands of reais (A free translation of the original in Portuguese)

	2021	2020
Revenue		
Sales of goods and services	747,812	390,877
Other income	191	20
Revenue from the construction of own assets	4,843	2,261
Provision for (reversal of) impairment of trade receivables	748	760
	753,594	393,918
Inputs acquired from third parties		
Cost of sales and services	(589,393)	(342,289)
Materials, energy, outsourced services, and other	(43,107)	(31,262)
Impairment/recovery of assets	(1,987)	(3,804)
Other	(10)	(9)
	(634,497)	(377,364)
Gross value added	119,097	16,554
Depreciation and amortization	(6,710)	(7,113)
Net value added generated by the entity	112,387	9,441
Value added received through transfer		
Finance income	20,330	31,595
Other	180	67
	20,510	31,662
Total value added to distribute	132,897	41,103
Distribution of value added		
Personnel		
Direct compensation	19,392	13,165
Benefits	5,551	4,368
FGTS	1,024	913
	25,967	18,446
Taxes and contributions		
Federal	(3,714)	(30,296)
State	(10,149)	(6,718)
Municipal	177	486
	(13,686)	(36,528)
Third-party capital remuneration		
Interest	126,146	263,137
Rentals	709	440
Other	1,217	601
	128,072	264,178
Remuneration of own capital		
Loss for the period	(7,456)	(204,993)
	(7,456)	(204,993)
Total value distributed	132,897	41,103

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

1. General information

Fertilizantes Heringer S.A. - under Court Reorganization ("Heringer" or "Company"), headquartered in the city of Viana, in the state of Espírito Santo, is mainly engaged in industrial production and sale of fertilizers, and currently owns 16 mixing units distributed through the Southeastern, Mid-Western, Southern and Northeastern regions of Brazil. At December 31, 2019, the Company was operating eight mixing units (Viana/ES, Manhuaçu, Iguatama and Três Corações/MG, Candeias/BA, Ourinhos and Paulínia/SP and Catalão/GO). In June 2020, the Company's management, as part of its strategic plan to meet the demands of the southern Mato Grosso region, successfully resumed operations of its Dourados/MS unit.

As informed in a Material Fact notice to the market dated February 19, 2021, the Company entered into a Commitment for the Purchase and Sale of an Industrial Unit, located in Uberaba - MG, with Agro Industrial São Luiz Ltda., a member of the Cibrafértil Group - Companhia Brasileira de Fertilizantes, and CMOC Brasil Mineração, Indústria e Participações Ltda. ("Intervening Party"), through which the Company undertook to sell the industrial building.

Pursuant to a public deed for revolving limit of credit for the acquisition of agricultural inputs with guarantee of fiduciary sale with the Intervening Party on September 12, 2018, the Uberaba Plant had been under alien to the Intervening Party. As its credit had been granted priority status, the sale was executed outside the Court Reorganization process. The selling price of R$ 55,000 is to be paid in three annual installments, directly to the Intervening Party.

In the second half of 2021, the Company will resume the mixing operations in another two company-owned units, Rosário do Catete/SE and Rio Verde/GO increasing to 11 units its mixing and distribution operation. By 2021 year-end, three units will continue to be suspended (Porto Alegre and Rio Grande/RS, and Paranaguá/PR).

In the state of Paraná, in addition to one mixing unit, the Company also has a sulfuric acid production unit and a single super phosphate ("SSP") production unit.

The Company's common shares are traded on the special segment of B3 S.A. - Brasil, Bolsa, Balcão known as the Novo Mercado (New Market), under the ticker symbol FHER3.

Approval of the quarterly financial information

The presentation of financial information was approved and authorized by the Company's Board of Directors on May 14, 2021.

1.1. Court reorganization

On February 4, 2019, the Company filed for court reorganization ("CR"). On November 28, 2019, the Company's management presented, in the court records, after adjustments, the second version of the court reorganization plan, which was approved at the General Meeting of Creditors held on December 3, 2019, and ratified by the court in charge of the case on February 14, 2020, with publication on February 19, 2020.

During the preparation of the Court Reorganization Plan, the Company evaluated a series of possible scenarios regarding the development of its operating businesses and financial indicators, conducting discussions with creditors included in the Court Reorganization Plan. This preparatory work incorporated a series of scenarios reflecting the complexity and size of the Company's business and numerous operating and financial processes and procedures affecting management's assumptions.

The approved Court Reorganization Plan basically consisted of renegotiating the debt, attributing different terms and interest rates for each class of creditors.

The Court Reorganization Plan provided for the following classes of creditors: Class I - Labor creditors; (ii) Class II - Secured creditors; (iii) Class III - Unsecured creditors; (iv) Class IV - Unsecured creditors (Small businesses - ME/Small-sized enterprises - EPP).

The payment terms specific to each creditor were defined through options presented in the Court Reorganization Plan and approved by creditors, on March 20, 2020, 30 days after publication of the court reorganization ratification by the court.

The Court Reorganization Plan presented by the court-appointed receiver, in the court records of proceeding 1000339-55.2019.8.26.0428, is available for consultation at the Company's website (http://ri.heringer.com.br/) (contents not within audit review scope) and at the Court's website (http://www.tjsp.jus.br/) (contents not within audit review scope), in addition, the information summarized below should be read in conjunction with the Court Reorganization Plan. In the event of any differences between the summary below and the Court Reorganization Plan, the provisions of the Court Reorganization Plan shall prevail.

The Company has been complying strictly with all the assumptions of the Court Reorganization Plan, considering payments for Class I - Labor creditors, which is practically settled, as well as payments of up to 1.5 for creditors of Classes II - Secured creditors and Class III - Unsecured creditors. It is worth mentioning that for Class IV - Unsecured EPP/ME, two installments have been settled until March 31, 2021, considering the option of each creditor informed in the Court Reorganization Plan.

In the year ended December 31, 2020, the Company carried out an auction of assets as provided for in the Court Reorganization Plan to accelerate payments to Class I - Labor creditors, which resulted in the sale of a series of non-operating assets, generating R$ 7,854 deposited in court which will be subsequently distributed to creditor class.

1.2. Going concern

The quarterly information for the period ended March 31, 2021 has been prepared under the assumption that the Company will continue as a going concern and considering compliance with the legal requirements applicable to court reorganizations. The court reorganization aims at ensuring the Company's ability to continue as a going concern, reinforced with the approval of the court reorganization plan at the General Meeting of Creditors held on December 3, 2019, which was ratified by the court charged with supervising the court reorganization, on February 14, 2020. The decision was published on February 19, 2020, thereby renewing the Company's debts that were remeasured at fair value (Note 13) and classified in current and non-current liabilities based on the terms and conditions of the court reorganization plan.

In addition, the Company's management has a reasonable expectation to continue as a going concern and that its contracts will remain valid and enforceable throughout the process of implementing the measures approved in the Court Reorganization Plan.

The Company's ability to continue as a going concern will ultimately depend on the success of the court reorganization process and the materialization of other forecasts provided for in the Court Reorganization Plan. Although there is no evidence in this regard, it should be noted that these conditions and circumstances indicate the existence of significant uncertainty that may affect the success of the Court Reorganization and raise doubts about the Company's ability to continue as a going concern, including compliance with the resolutive or suspensive conditions precedent in the Court Reorganization Plan.

In the period ended March 31, 2021, the Company recorded a loss and an accumulated deficit of R$ 7,456 (R$ 204,993 at March 31, 2020) and R$ 779,337 (R$ 772,030 at December 31, 2020), respectively, as well as negative equity (capital deficiency) of R$ 155,575 at March 31, 2021 (R$ 148,119 at December 31, 2020). Although the results for the year 2020 have been significantly affected by the finance costs generated by the devaluation of the Brazilian Real due to uncertainties arising from the economic environment triggered by the COVID-19 pandemic, these costs do not have a direct material impact on the Company's cash in the short term, since: (i) they are incurred mainly on the liabilities included in the court reorganization which are due to be settled mostly beginning from 2023 over 25 years and (ii) there is a natural hedge for short-term liabilities arising from the purchase of inputs in foreign currency, with inventories priced in U.S. dollars (Note 24 (b)). The Company's management remains confident that the cash flow projections used in the preparation of the Court Reorganization Plan, which provide for disbursements over the long-term payments, remain valid and are sufficient to support the Company's ability to continue as a going concern.

Despite the COVID-19 pandemic and uncertainties in the economic environment, due to the sector in which the Company operates, management has not identified material effects on its operations, other than the foreign exchange rate volatility.

1.3. COVID-19 effects

Despite the lengthy pandemic, the Company's business has not suffered as, being an agribusiness entity, it makes an essential contribution to the Brazilian economy. Brazilian agriculture has a lower exposure as it is considered an essential activity and the demand for food continues irrespective of unemployment and income reductions.

However, Brazil, one of the world's largest exporters of grains and other agricultural products, has seen much uncertainty and volatility in the agricultural commodities market.

The significant devaluation of the Brazilian Real in relation to the US Dollar, has caused an increase in fertilizer costs as the inputs are mostly imported. These piece increases have, generally, been absorbed by the market as prices are dollar-pegged. This scenario is beneficial to exporters while it lasts. In the case of the Company, the foreign exchange losses will not immediately affect its cash position, since its foreign currency denominated debt will be settled mainly as from 2023, due to the grace period provided for in its court reorganization plan. Consequently, management believes that the foreign currency devaluation has not yet affected the Company's balance sheet liquidity despite having generated significant foreign exchange losses.

Management does not believes that COVID-19 has resulted in the need for adjustments to property, plant and equipment, trade receivables or other assets.

When working from home is not possible, measures have been taken to protect employees working in offices. The Company provides sanitizing gel and masks and has increased the frequency of buses for transportation. Social distancing during meals in the Company's restaurant is in place as also guidance for use safety and protective equipment and updated information on suspected or positively tested COVID-19 cases.

The Company continues to monitor each specific situation on a case-by-case basis, seeking to be as efficient and pragmatic as possible, adapting to the new social and economic circumstances.

2. Basis of preparation

The quarterly information - ITR has been prepared in accordance with accounting practices adopted in Brazil (BR GAAP), including the standards issued by the Brazilian Securities Commission (CVM) and the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and disclose all (and only) the applicable significant information related to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

2.1. Summary of significant accounting policies

The accounting practices adopted in the preparation of this quarterly information - ITR are consistent with those disclosed in Note 2.1 to the annual financial statements at December 31, 2020.

The Company adopted all standards, amendments to standards and interpretations issued by the CPC, CVM, IASB and other regulatory agencies, which were effective at March 31, 2021.

2.1.1. New standards effective in 2021

On January 1, 2021, the amendments provided for in Phase 2 of the IBOR reform came into force, which address issues that may affect the Company's financial statements as a result of the reform of a reference interest rate, especially related to LIBOR. The Company's LIBOR linked contracts are those associated with debts included in the court reorganization for creditors in foreign currency. Accordingly, management together with its external advisors is assessing an appropriate substitute rate for the Court Reorganization Plan debts.

In the quarter ended March 31, 2021, no other new standards, amendments and interpretations of standards were issued in addition to those already disclosed in Note 2.6 to the Company's annual financial statements. Furthermore, there were no changes in relation to the estimated effects disclosed in those financial statements that could affect the quarterly information.

3. Cash and cash equivalents

The Company considers cash equivalents as short-term investments readily convertible into a known amount of cash and subject to insignificant risk of change in value. They are held by the Company for the purpose of meeting short-term cash commitments rather than for investment or any other purposes, and refer to investments in Bank Deposit Certificates (CDB) and repo operations subject to a repurchase agreement by the financial institution, which are redeemable without penalties within a period of less than 90 days from the investment date.

All amounts in thousands of reais unless otherwise stated

		Average rate	March 31, 2021	December 31, 2020
Cash and funds in bank current account			955	1,731
Bank Deposit Certificates (CDB)	(i)	85.7 % of CDI	52,026	38,239
			52,981	39,970

(i) These investments were contracted with prime financial institutions and are remunerated based on percentages of variation in the Interbank Deposit Certificate (CDI) rates, with immediate liquidity.

4. Trade receivables

Trade receivables are amounts due for goods sold in the ordinary course of the Company's business. If collection is expected in one year or less, trade receivables are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less the estimated impairment loss.

The estimated loss with impairment of trade receivables is established based on the historical average of losses incurred by the Company (expected losses). The Company analyzes at least on a quarterly basis whether there is objective evidence of impairment of its trade receivables (incurred losses). An assessment is made on an individual basis for delinquent customers, taking into consideration their ability to pay, the collateral provided and the evaluation of legal counsel and collection companies.

	March 31, 2021	December 31, 2020
Domestic trade receivables (i)	245,397	229,653
Foreign trade receivables	887	900
Adjustment to fair value - sub-portfolio traded	(2,277)	(3,406)
Adjustment to present value	(1,058)	(431)
	242,949	226,716
Expected or incurred impairment losses on trade receivables	(39,751)	(40,050)
	203,198	186,666
Current	203,155	186,650
Non-current	43	16
	203,198	186,666

(i) The balance of R$ 648 (R$ 648 at December 31, 2020) arises from transactions with related parties (Note 9(a)).

All amounts in thousands of reais unless otherwise stated

At March 31, 2021 and December 31, 2020, the adjustment to present value was calculated for all sales with a collection term of more than 30 days, using a discount rate of 1% (1% at December 31, 2020) per month under the discounted cash flow method. The realization of the adjustment to present value is recorded in the statement of operations for the period, within "Finance income (costs), net".

At March 31, 2021 and December 31, 2020, the Fair Value Adjustment was calculated on the balance of Trade receivables, considering the effective interest rate of the discounted notes.

The foreign trade receivables are denominated in U.S. dollars.

At March 31, 2021 and December 31, 2020, none of the Company's customers represented more than 10% of the Company's total revenue or balances receivable.

The fair values of trade receivables approximate the carrying amounts at March 31, 2021 and December 31, 2020.

At March 31, 2021, trade receivables totaling R$ 43,657 (R$ 44,606 at December 31, 2020) were past due. The Company did not record a provision for impairment of these trade receivables, since they relate to a number of independent customers without recent history of default, on which no losses are expected, or for which the Company holds real guarantees. The Company has been seeking to execute its real guarantees, however, this process is quite time-consuming since it depends on the progress of the lawsuits at the judicial level.

The aging analysis of these trade receivables is presented as follows:

	March 31, 2021	December 31, 2020
Up to 90 days	2,367	2,527
90 to 180 days	584	703
Over 180 days	40,706	41,376
	43,657	44,606

At March 31, 2021, the provision for expected or incurred impairment loss on trade receivables amounted to R$ 39,751 (R$ 40,050 at December 31, 2020). The aging analysis of these receivables is as follows:

	March 31, 2021	December 31, 2020
Not yet due	1,374	1,250
Up to 180 days	110	539
Over 180 days	38,267	38,261
	39,751	40,050

All amounts in thousands of reais unless otherwise stated

During the periods ended March 31, 2021 and 2020, changes in the provision for impairment of trade receivables were as follows:

	March 31, 2021	December 31, 2020
Opening balance	40,050	41,152
Provision recognized in the year	423	2,347
Reversal of provisions and Trade receivables written off during the year as uncollectible	(723)	(3,449)
Closing balance	39,750	40,050

At March 31, 2021, advances from customers of R$ 25,021 (R$ 20,878 at December 31, 2020) arose from prepayment of sales made to customers.

5. Inventories

Inventories are stated at the lower of cost and net realizable value. Costs incurred to transfer each product to its current location and condition are accounted for as follows: (i) raw material and packaging materials - average cost of purchase, using the weighted moving average method; and (ii) the cost of finished products and work in process comprises raw materials, direct labor, other direct costs and related production overheads, always based on the normal operating capacity.

Imports in transit are stated at the accumulated cost of each import transaction.

	March 31, 2021	December 31, 2020
Raw materials and packaging materials	286,475	417,938
Imports in transit	91,058	48,540
Advances to suppliers	82,592	115,153
Warehouse	11,120	9,175
Provision for adjustment to market value (i)	(1,365)	(694)
Provision for obsolescence	(2,929)	(2,181)
	466,951	587,931

(i) This provision refers to raw material residues, of which the average inventory cost was higher than the realizable value.

The cost of inventories recognized in the statement of operations and included in "Cost of sales" totaled R$ 569,217 (R$ 332,450 at March 31, 2020) (Note 19).

All amounts in thousands of reais unless otherwise stated

6. Taxes recoverable

	March 31, 2021	December 31, 2020
Social Contribution on Revenues (COFINS) (i) / (iii)	177,780	179,160
Value-added Tax on Sales and Services (ICMS) (ii)	61,401	63,766
Social Integration Program (PIS) (i) / (iii)	42,580	41,402
Withholding Income Tax (IRRF) on derivative financial instruments	643	627
Social security tax (INSS) recoverable	8,743	8,743
Provision for tax credit losses (ICMS) (ii)	(2,347)	(2,347)
Provision for tax credit losses - PIS and COFINS (i)	(4,703)	(4,703)
	284,097	286,648
Current	29,902	32,515
Non-current	254,195	254,133
	284,097	286,648

(i) The balance of PIS and COFINS recoverable of R$ 220,360 (R$ 220,562 in 2020) arises from the appropriation of tax credits, upon the acquisition of inputs, being higher than the amounts due to the same federal authority on sales; this arises because most of the Company's sales are subject to PIS and COFINS at a zero rate, in accordance with current legislation. The Company periodically requests a refund for these credits or offset against federal tax amounts due the Brazilian Federal Revenue Service ("RFB").

At March 31, 2021, R$ 8,699 (R$ 8,901 at December 31, 2020) is being validated by the RFB, and R$ 198,968 (R$ 198,968 at December 31, 2020) was under discussion with the RFB and/or within the scope of the Administrative Board of Tax Appeals ("CARF"). An amount of R$ 1,355 (R$ 1,355 at December 31, 2020) was released, awaiting deposit into the bank. A further R$ 11,338 (R$ 11,338 at December 31, 2020) refers to overpaid taxes as per the lawsuit claiming the exclusion of ICMS from the PIS and COFINS calculation basis (item (iii) below).

These discussions are held within the scope of the RFB and CARF including disallowances of tax credits submitted by the RFB during the analysis of requests for refund and/or offset. Disallowances are mainly due to the appropriation of credits on expenses related to the contracting of:

1. Port services, necessary for the clearance of imported inputs;
2. Transport service in the purchase and transfer of products subject to zero rate; and
3. Municipal transport service.

The Company obtained a legal opinion from external legal counsel addressing the legal, doctrinal and jurisprudential aspects related to the non-cumulative regime of the referred contributions, which concluded that the risk of loss is remote, in view of positions taken by the higher courts in favor of the Company.

The Company's management, under the advice of its legal counsel, reviewed the analysis status by tax agents for each of the open requests for refund and/or offset. Because of the nature of the disallowances of these tax credits, it recognized a provision of R$ 4,703 (R$ 4,703 at December 31, 2020). For the remaining amount, considering the risk of loss and the position of the higher courts, the Company believes that no additional provision is necessary.

On February 19, 2021, the Brazilian Federal Revenue deposited R$ 14,116 in the Company's bank account related to part of the federal tax credits of income tax, for the years 2015 and 2016, which had been disallowed by the Brazilian Federal Revenue and following compliance for conditions precedent had established the right to refund.

(ii) This amount will be used in the acquisition of inputs for production or sale to third parties, as well as in the normal operations of the Company. At March 31, 2021, the Company obtained approval to transfer credits held with the São Paulo State authority of R$ 27,419 (R$ 28,228 at December 31, 2020), and awaits approval to transfer credits held with the same state authority, of R$ 13,734 (R$ 13,734 at December 31, 2020). As management expects to sell ICMS credits to third parties, a provision of R$ 2,347 was recorded for the credits approved and in the process of approval.

(iii) The Company is a plaintiff in the proceeding that discusses the exclusion of ICMS from the PIS and COFINS calculation basis (Note 1.4). Management believes that as from the date of the final and unappealable decision on September 30, 2020, it obtained the legal right to the credit, and therefore it is not a contingent asset. Regarding the measurement of the credit, the decision rendered by the courts on the Company's proceeding is silent as to the measurement methodology, therefore, under the advice of its legal counsel, the Company adopted the methodology for the amount displayed in the invoice. The measurement of the credit also took into consideration the term and the alternatives available for its realization.

The Supreme Federal Court will judge a Motion for Clarification filed by the General Attorney of the National Treasury in relation to this matter in view of the decisions favorable to taxpayers, and may indicate the method for calculating the amount to be redistributed (whether at gross or net amount, the latter considering the amounts paid) and the possible adjustment of effects of the decision on the unconstitutionality of the tax. The Company's management does not expect any material accounting adjustments regarding the method of calculation of the credit.

7. Income tax and social contribution

Current tax assets and liabilities for the current and prior years are measured at the expected amount recoverable from or payable to the tax authorities. The tax rates and tax laws used to calculate the amount are those enacted or substantively enacted at the end of the reporting period.

Deferred income tax and social contribution relating to equity items are also recorded in equity. Management periodically evaluates its tax positions as tax regulations are subject to changing interpretations and records provisions where appropriate.

Uncertainties may arise with respect to the interpretation of complex tax regulations, and the amount and timing of future taxable profit.

Considering the non-current nature and the complexity of the existing contractual instruments, any differences between the actual results and assumptions adopted, or future changes in these assumptions, could require future adjustments to tax credits and expenses already recognized.

Deferred income tax and social contribution are recognized on temporary differences at the end of each reporting period, between the balance of assets and liabilities recognized in the financial statements and the related tax bases used to determine taxable profit, including the balance of income tax and social contribution losses, where applicable. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences only if it is probable that the Company will have sufficient future taxable profit against which such deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at the tax rates expected to be applied in the year in which the asset or liability will be realized or settled, based on the tax rates (and tax law) in force at the balance sheet date.

The recovery of deferred tax assets is reviewed at the end of each reporting period, and the balance is adjusted to the amount expected to be recovered.

Current and deferred income tax and social contribution are recognized as expense or income in the period, except when referring to items recorded in other comprehensive income (loss), as applicable.

7. Income tax and social contribution

Current tax assets and liabilities for the current and prior years are measured at the expected amount recoverable from or payable to the tax authorities. The tax rates and tax laws used to calculate the amount are those enacted or substantively enacted at the end of the reporting period.

Deferred income tax and social contribution relating to equity items are also recorded in equity. Management periodically evaluates its tax positions as tax regulations are subject to changing interpretations and records provisions where appropriate.

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The recovery of deferred tax assets is reviewed at the end of each reporting period, and the balance is adjusted to the amount expected to be recovered.

Current and deferred income tax and social contribution are recognized as expense or income in the period, except when referring to items recorded in other comprehensive income (loss), as applicable.

All amounts in thousands of reais unless otherwise stated

(a) Income tax and social contribution recoverable

	March 31, 2021	December 31, 2020
Income tax	141,643	155,659
Social contribution	18,404	18,443
	160,047	174,102
Current	45,823	60,093
Non-current	114,224	114,009
	160,047	174,102

The balances arise from prepayments made via Tax Recovery, Refund or Offset (PER/DCOMP) of PIS and COFINS, and also from withholding income tax on financial investments, and gains on derivative financial instruments.

They will be recovered partially through the Company's operations and partially through refund requests filed with the Brazilian Federal Revenue Service between April 2009 and March 2021. The total of R$ 159,266 at March 2021 was adjusted for interest based on the SELIC rate, including requests for offsetting against other taxes administered by the Federal Revenue.

(b) Composition of deferred income tax and social contribution

The balances of deferred tax assets and liabilities at March 31, 2021 and December 31, 2020, were as follows:

	March 31, 2021	December 31, 2020
Assets:		
Income tax and social contribution losses	126,978	128,258
Temporary differences:		
Adjustment to fair value - Financial assets	774	1,101
Provision for sales commissions	1,735	1,690
Provision for contingencies	13,429	12,945
Provision for impairment of trade receivables	2,531	2,616
Adjustment to present value	360	147
Provision for losses on inventories, obsolescence and adjustment to market value	1,460	977
Provision for losses on realization of assets held for sale	251	251
Provision for tax credits	2,397	2,397
Provision for write-off of credits	5,686	5,131
Provision for import taxes	4,217	4,217
Other temporary differences	7,827	9,732
	167,645	169,462
Liabilities:		
Adjustment to fair value (i)	(395,351)	(399,585)
Property, plant and equipment - deemed cost (ii)	(23,882)	(24,001)
Other	(4,069)	(3,941)
	(423,302)	(427,527)
Net	(255,657)	(258,065)

(i) Refers to the fair value adjustment arising from the debt restructuring (Note 13).

All amounts in thousands of reais unless otherwise stated

(ii) Deferred tax liabilities calculated based on deemed cost of property, plant and equipment, arising from the accounting at fair value upon initial adoption of CPC 27.

(c) Reconciliation of the income tax and social contribution expense

	March 31, 2021	March 31, 2020
Loss before income tax and social contribution	(9,597)	(236,042)
Statutory nominal tax rate	34%	34%
Income tax and social contribution at the standard rate	3,263	80,254
Effects of permanent differences:		
Tax benefits and grants	694	283
Unrecognized deferred taxes on income tax and social contribution losses	(1,816)	(49,489)
	2,141	31,048
Income tax and social contribution in profit or loss:		
Current	(267)	
Deferred	2,408	31,048
	2,141	31,048
Effective tax rate	22%	13%

All amounts in thousands of reais unless otherwise stated

(d) Changes in deferred tax assets and liabilities

	Assets	**Liabilities**	**Net**
At January 1, 2020	184,033	(436,530)	(252,497)
Deferred taxes on depreciation of deemed cost of property, plant and equipment	-	120	120
Tax effect on changes in temporary differences	393	3,237	3,630
Tax effect on income tax and social contribution losses generated in the period	27,298	-	27,298
At March 31, 2020	211,724	(433,173)	(221,449)
At January 1, 2021	169,462	(427,527)	(258,065)
Deferred taxes on depreciation of deemed cost of property, plant and equipment		119	119
Tax effect on changes in temporary differences	(537)	4,106	3,569
Tax effect on income tax and social contribution losses generated in the period	(1,280)	0	(1,280)
At March 31, 2021	167,645	(423,302)	(255,657)

At March 31, 2021, the Company had R$ 1,710,050 (R$ 1,710,381 at December 31, 2020) of income tax and social contribution losses for which no deferred tax asset was recorded.

At March 31, 2021 and December 31, 2020, the Company recorded deferred income tax assets on tax losses not exceeding its projected profitability over the foreseeable future, respecting the legal limit for offsetting losses to 30% of annual taxable income.

8. Other assets

	March 31, 2021	**December 31, 2020**
Advances to suppliers	4,832	7,551
Advances to employees	621	717
Receivables from the sale of PP&E to third parties	4,787	4,861
Assets held for sale (ii)	5,744	5,744
Credits with financial institutions (i)	1,114	4,547
Purchases bonus	13,583	14,454
Other	4,337	1,899
	35,018	39,773
Current	25,002	29,758
Non-current	10,016	10,015
	35,018	39,773

(i) In view of the Company's Court Reorganization, certain financial institutions had withheld balances of collections, pledged as collateral, related to working capital agreements that are included in the consolidation of debts under Court Reorganization.

All amounts in thousands of reais unless otherwise stated

9. Related parties

Fertilizantes Heringer S.A. - under Court Reorganization is controlled by Heringer Participações Ltda., which holds 51.48% of the Company' shares; OCP International Coöperatieve U.A. (OCP) holds 10% of the shares, PCS Sales (Canada) INC. (PCS) holds 9.5% of the shares, Concórdia S.A. Corretora de Valores Mobiliários e Commodities (Concórdia) holds 5.25% and the remaining 23.77% are held by various investors, with none holding more than 5% of the shares.

(a) Transactions and balances

The transactions carried out between the Company and its related parties and their subsidiaries consist of commercial transactions, including the lease of a property and other operations, and are summarized below:

	March 31, 2021	December 31, 2020
Assets		
Trade receivables		
JFC V-Jorf Fert. Company S.A.	112	112
OCP Fertilizantes Ltda.	21	21
OCP	398	398
SAFTCO S.A.	117	117
	648	648

Related to amounts receivable for dispatch of raw materials in a shorter period than the originally expected (Dispatch receivable).

	March 31, 2021	December 31, 2020
Current liabilities		
Trade payables (i)		
OCP	259,258	236,490
JFC V-Jorf Fert.	465	424
	259,723	236,914

	March 31, 2021	December 31, 2020
Non-current liabilities		
Borrowings		
Dalton Dias Heringer	3,983	10,911
Dalton Carlos Heringer	2,463	6,746
Juliana Heringer Rezende	2,879	7,887
Eny de Miranda Heringer	3,983	10,911
	13,308	36,455

All amounts in thousands of reais unless otherwise stated

	March 31, 2021	December 31, 2020
Trade payables - CR		
Canpotex Limited	4,157	3,735
OCP	7,363	6,616
OCP Fertilizantes Ltda.	47,284	32,955
SAFTCO S.A.	1,362	1,221
	60,166	44,527
Borrowings - CR		
Dalton Dias Heringer (ii)	24,113	19,031
Dalton Carlos Heringer (ii)	13,413	10,587
Juliana Heringer Rezende (ii)	3,821	3,015
Eny de Miranda Heringer (ii)	12,309	9,714
	53,656	42,347
	127,130	123,329
	386,853	360,243

(i) These arise from purchases of inputs, carried out in the normal course of the Company's business.
(ii) Loans payable to related parties are recorded in the balance sheet within Borrowings - CR.

Results of operations	March 31, 2021	December 31, 2020
Sales revenue		
Dalton Dias Heringer (i)	1	-
	1	-
Cost of sales		
Dalton Dias Heringer	(2)	-
	(2)	-
Other operating income		
OCP	3	2
Dalton Dias Heringer	12	5
	15	7
Finance costs		
Interest on loans	-	(1,786)
Interest on Court Reorganization	(131)	-
FVA on Court Reorganization	(71)	-
	(202)	(1,786)
Purchases		
OCP	20,046	27,130
JFC V-Jorf Fert.Company	19,874	-
	39,920	27,130

All amounts in thousands of reais unless otherwise stated

In the first quarter of 2015, the Company entered into contracts with the current stockholders OCP and PCS for the purchase of phosphate and potassium fertilizers, respectively. The contracts are effective for ten years and renewable for another five years. The contract entered into with OCP establishes the minimum volume of 320 thousand metric tons per year.

In December 2016, the Company approved the amendment to the Contract signed with Canpotex (a subsidiary of PCS), which established certain payment terms for the supply of products and determined compensatory interest.

The Company also approved the execution of a Contract with OCP, which provides the Company with a credit facility related to the commercial contract for the supply of phosphate fertilizers, and determines compensatory interest. These contracts are backed by guarantees from related parties.

As the circumstances that caused the Company's filing for court reorganization affected its ability to proceed with its commercial commitments entered into at that date, the contracts with these related parties became ineffective; however, after the filing for court reorganization the Company has been making frequent purchases with OCP, under market conditions not contractually established.

Regarding the guarantees related to the properties, they remain unchanged.

(b) Key management remuneration

In the quarters ended March 31, 2021 and 2020, total key management remuneration are as follows:

	March 31, 2021	March 31, 2020
Salaries and payroll charges	470	462
Management fees	580	579
Private pension plan	62	62
Other	20	17
	1,132	1,120

10. Property, plant and equipment

Land and buildings comprise mainly production facilities and offices. Property, plant and equipment are stated at historical cost, less accumulated depreciation and/or accumulated impairment losses, if applicable. The cost was adjusted in order to reflect the deemed cost of land, buildings, and machinery and equipment on the date of transition to IFRS/CPCs. Historical cost includes expenditure that is directly attributable to the acquisition of the items, as well as the cost of replacing parts of such items, and borrowing costs for long-term construction projects, if the recognition criteria are met.

Depreciation is calculated on the straight-line method, in accordance with the rates disclosed below. Land is not depreciated.

	Depreciation rates - % per year	
	Nominal	Weighted average
Buildings and constructions	From 1.5 to 50	3.13
Machinery, equipment and industrial facilities	From 4 to 50	12.18
Other	From 10 to 50	16.31

A property, plant and equipment item is derecognized upon disposal or when no future economic benefit is expected from its use or sale. Any gain or loss arising from the derecognition of an asset (measured as the difference between the net selling price and the carrying amount of the asset) is recognized in profit or loss for the period in which the asset is derecognized.

The assets' net book values and useful lives, and the depreciation methods are reviewed at the end of each reporting period and adjusted prospectively, where applicable.

All amounts in thousands of reais unless otherwise stated

	Land	Buildings and constructions	Machinery, equipment and industrial facilities	Other	Construction in progress	Total
At January 1, 2020	66,340	294,439	63,516	4,676	7,781	436,752
Purchases		-	105	25	3,991	4,121
Disposals	-	(746)	(343)	-	-	(1,089)
Depreciation	-	(2,664)	(3,464)	(635)	-	(6,763)
Transfers	-	-	(2,742)	(254)	-	(2,996)
Reversal of provision for impairment	-	746	343	-	-	1,089
At March 31, 2020	66,340	291,775	57,415	3,812	11,772	431,114
At January 1, 2021	64,059	274,180	55,329	4,110	20,561	418,239
Purchases	-	-	75	351	9,628	10,054
Disposals	-	(285)	(107)	(21)	-	(413)
Depreciation	-	(2,626)	(3,283)	(458)	-	(6,367)
Transfers (i)	-	1,836	(782)	2,741	(3,795)	-
At March 31, 2021	64,059	273,105	51,232	6,723	26,394	421,513
At December 31, 2020						
Cost	66,340	369,294	324,402	31,251	20,561	809,567
Depreciation	-	(95,182)	(269,106)	(27,040)	-	(391,328)
Net book value	66,340	274,112	55,296	4,211	20,561	418,239
At March 31, 2021						
Cost	66,340	381,586	329,203	31,362	26,447	834,939
Depreciation	-	(98,015)	(275,190)	(40,220)	-	(413,426)
Net book value	66,340	283,571	54,013	(8,858)	26,447	421,513

At March 31, 2021, purchases of property, plant and equipment refer basically to: a) buildings and constructions at the units in Paulínia-SP; Três Corações-MG and Viana-ES, and also renovation of machinery that increased the useful life of the assets for the units in Candeias-BA, Paulínia-SP and Viana-ES, to which the Company will make the due activation of property, plant and equipment in its accounting classes within the year 2021.

All amounts in thousands of reais unless otherwise stated

Certain property, plant and equipment items amounting to R$ 281,760 at March 31, 2021 (R$ 273,232 December 31, 2020) were pledged as collateral for transactions with suppliers, including related parties, and borrowings.

Impairment tests for property, plant and equipment

Considering the Company's history of losses from operations, the suspension of production in certain units and the Court Reorganization (Note 1.1), the Company's management identified the need to carry out an impairment test for the assets.

The property, plant and equipment is allocated to Cash-Generating Units (CGUs). Below is a summary of the allocation of property, plant and equipment at December 31, 2020:

	Units in operation	Suspended units	Total
Property, plant and equipment	250,557	170,956	421,513

In the year ended December 31, 2020, the Company tested the recoverable amount of property, plant and equipment at the value in use for units in operation and at the net fair value of selling expenses for suspended units, as a result no losses were identified for impairment.

The Company considers that there are no material changes in the market that could affect the recoverable value of property, plant and equipment in relation to the amounts determined in the year ended December 31, 2020.

11. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due in one year or less. Otherwise, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

	March 31, 2021	December 31, 2020
Domestic trade payables	92,878	95,273
Foreign trade payables (i)	274,635	235,235
	367,513	330,508
Current	354,841	317,836
Non-current	12,672	12,672
	367,513	330,508

(i) The Company purchases most of its raw materials from foreign suppliers. Payables are denominated in U.S. dollars.

All amounts in thousands of reais unless otherwise stated

At March 31, 2021, the Company has a purchase bonus from foreign suppliers of R$ 20,269, which will be used only after settling debts included in the court reorganization, therefore, the Company calculated and recorded the adjustment to present value of R$ 18,803. For the remaining long term balance of R$ 1,467, management recognized a provision for impairment.

At March 31, 2021, guarantees with creditors with immediate liquidity total R$ 259,271, which was considered as out-of-court under the Court Reorganization and is presented in current liabilities. Consequently, the payment flows differ from the Court Reorganization and for this reason are presented separately in liabilities. The remaining balance refers to amounts payable in the normal course of the Company's operations, there was no outstanding balance at March 31, 2021.

12. Borrowings

Borrowings are financial liabilities, which are recognized initially at fair value, when the funds are received, net of transaction costs incurred and are subsequently presented at amortized cost, that is, plus charges, interest, and unamortized transaction costs in proportion to the period incurred, using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The book value and fair value of borrowings are described in Note 23.

At March 31, 2021, the Company did not have any contract with a restrictive financial clause.

	Contractual interest rate	**Effective interest rate**	**March 31, 2021**	**December 31, 2020**
Local currency				
Working capital	14.20% p.a.	14.20% p.a.	59,432	267,944
Intercompany loan	TR + 4% p.a.	TR + 4% p.a.	13,308	36,455
FINAME			37	49
FINIMP	2.5%	2.5% p.a.	-	241
Other obligations	Libor + 3.0% p.a.	Libor + 3.0% p.a.	4,865	3,128
			77,642	307,817
Current			60,687	267,536
Non-current			16,955	40,281
			77,642	307,817

Additional information on the types of borrowings contracted by the Company is shown below:

i) Working capital

Loans obtained from financial institutions. In the period ended March 31, 2021, working capital operations in current liabilities refer basically to Credit Rights Investment Funds (FIDC).

All amounts in thousands of reais unless otherwise stated

ii) **Composition of borrowings**

The borrowings mature as follows:

Periods ended:	**2021**	**2022**	**2023 onwards**	**Total**
March 31, 2021	60,687	15,122	1,833	77,642
December 31, 2020	267,536	38,448	1,833	307,817

All amounts in thousands of reais unless otherwise stated

iii) Changes in borrowings

	Working capital	FINAME	FINIMP	Other obligations	Intercompany loan	Total
At January 1, 2020	153,034	229	-	9,375	-	162,638
Proceeds from new borrowings	240,233	-	-	588	-	240,821
(-) Repayment of principal, including realized foreign exchange variation	(254,175)	(86)	-	-	-	(254,261)
(-) Payment of interest	(6,254)	(3)	-	-	-	(6,257)
Provision for interest	-	3	-	-	-	3
At March 31, 2020	132,838	143	-	9,963	-	142,944
At January 1, 2021	267,944	49	241	3,128	36,455	307,817
Proceeds from new borrowings	226,576	-	-	1,737	-	228,313
(-) Repayment of principal, including realized foreign exchange variation	(423,504)	(12)	(241)	-	(23,147)	(446,904)
(-) Payment of interest	(8,965)	-	-	-	-	(8,965)
Provision for interest	(2,619)	-	-	-	-	(2,619)
At March 31, 2021	59,432	37	-	4,865	13,308	77,642

In the period ended March 31, 2021, the Company settled in advance the obligations related to Credit Rights Investment Funds - FIDCs, classified as "Working capital", in order to reduce the level of leverage and, consequently, financial costs.

All amounts in thousands of reais unless otherwise stated

13. Debts included in Court Reorganization

With the approval of the court reorganization plan at the General Meeting of Creditors held on December 3, 2019, the terms, charges and other conditions related to Company debts assumed before the court reorganization were renewed, under the conditions provided for in the court reorganization plan, pursuant to Law 11,101/2005. Consequently, pre-court reorganization debts originally submitted to the court reorganization were extinguished, and replaced by new financial liabilities initially measured at fair value, pursuant to CPC 48/IFRS 9 - Financial instruments. The Company proceeded with the subsequent measurement of said liabilities at amortized cost, considering the effective interest rates, as determined by accounting practices.

Under these assumptions, the carrying amount of the Company's obligations under Court Reorganization totals R$ 1,004,523 at December 31, 2021 (R$ 929,041 at December 31, 2020), with the following breakdown by class of creditor and payment option:

	March 31, 2021	December 31, 2020
Trade payables - CR (i)		
Class II - Secured	137,285	94,777
Class III - Unsecured	479,112	475,545
Class IV - Unsecured (ME/EPP)	3,082	3,350
	619,479	573,672
Non-current	619,479	573,672
	619,479	573,672
Borrowings		
Class II - Secured	125,032	146,211
Class III - Unsecured	258,448	200,805
	383,480	347,016
Non-current	383,480	347,016
	383,480	347,016
Salaries and payroll charges (ii)		
Class I - Labor	1,564	8,353
	1,564	8,353
Current	1,564	8,353
	1,564	8,353

(i) Refer to debts arising from purchases of raw materials, rendering of services and purchases of indirect materials, and balances of Advances from customers.

(ii) The liability recorded under Salaries and payroll charges - CR refers to debts arising from labor indemnities of employees terminated in the period between January and February 2019 resulting from the Company's restructuring process, and to the balances of salaries due to employees who remained active.

All amounts in thousands of reais unless otherwise stated

Changes in balances entered in the recovery is as follows:

	Class I- Labor	Class II - Secured		Class III - Unsecured			Class IV- Unsecured (EPP/ME)		Total
Payment option	**Single**	**Option 1**	**Option 2**	**Option 1**	**Option 2**	**Option 3**	**Option 1**	**Option 2**	
At January 1, 2020	**28,220**	**168,192**	**20,112**	**124,308**	**97,501**	**327,065**	**1,263**	**2,440**	**769,101**
Foreign exchange variation in the period	-	34,143	7,594	20,265	20,882	84,225	-	-	167,109
Interest incurred	225	2,030	242	4,027	3,159	10,390	39	74	20,186
(-) Payments made	(2,060)	-	-	-	-	-	-	-	(2,060)
At March 31, 2020	**26,385**	**204,365**	**27,948**	**148,600**	**121,542**	**421,680**	**1,302**	**2,514**	**954,336**
At January 1, 2021	**8,353**	**218,340**	**22,648**	**170,470**	**53,268**	**452,612**	**2,327**	**1,023**	**929,041**
Foreign exchange variation in the period	-	17,341	1,578	13,134	4,104	28,051	-	-	64,208
Interest incurred	68	2,137	273	4,322	1,351	11,476	41	18	19,686
(-) Payments made	(6,857)	-	-	(1,228)	-	-	(327)	-	(8,412)
At March 31, 2021	**1,564**	**237,818**	**24,499**	**186,698**	**58,723**	**492,139**	**2,041**	**1,041**	**1,004,523**

All amounts in thousands of reais unless otherwise stated

14. Contingencies

The Company is a party to legal and administrative proceedings arising in the normal course of its business. The provisions for losses arising from these matters are estimated and periodically adjusted by management, under the advice of its legal counsel.

The provision for contingencies at March 31, 2021 and December 31, 2020 was comprised as follows:

	March 31, 2021	December 31, 2020
Nature of the contingencies:		
Tax and administrative	10	-
	10	-
Labor and social security (a)	33,207	32,463
(-) Judicial deposits	(3,209)	(3,194)
	29,998	29,269
Civil and environmental	6,281	5,610
(-) Judicial deposits	(7)	(7)
	6,274	5,603
Total provision for contingencies	39,498	38,073
(-) Judicial deposits	(3,216)	(3,201)
	36,282	34,872

(a) Labor and social security proceedings arise in the normal course of the Company's business and relate mainly to claims by former employees, as well as to disputes regarding the calculation and payment of social security charges.

i) Changes in the provision for contingencies

In the periods ended March 31, 2021 and 2020, changes in the provision for contingencies were as follows:

	March 31, 2021	December 31, 2020
Opening balance	38,073	38,985
Constitution (reversal) of provision, net	145	707
Interest accruals	1,280	755
Closing balance	39,498	40,447

All amounts in thousands of reais unless otherwise stated

ii) Judicial escrow deposits

	March 31, 2021	December 31, 2020
Tax and administrative	15,359	14,096
Civil and environmental	2,135	2,249
Social security	3,661	3,577
Labor	3,467	3,452
	24,622	23,374
Classified as reduction of the provision for contingencies	(3,216)	(3,201)
Balance of judicial deposits - Non-current assets	21,406	20,173

iii) Contingent liabilities.

The Company is a party to the tax, social security, labor, administrative, civil, and environmental proceedings presented below, involving risks of loss classified by management under the advice of its legal counsel, as possible risk of loss, for which no provision has been recorded.

	March 31, 2021	December 31, 2020
Tax and administrative (i)	229,020	230,078
Labor and social security (ii)	36,729	37,825
Civil and environmental (iii)	19,654	14,625
	285,403	282,528

The amounts include accrued charges at the SELIC rate or, where applicable, on the calculations supported by the Company's legal counsel.

(i) Tax proceedings refer substantially to tax assessment notices received by the Company as a result of the utilization of PIS and COFINS to offset IRPJ and CSLL, which are the subject of questioning by the tax authorities (Note 6), in the amount of R$ 214,031. Additionally, the Company has tax proceedings involving ICMS of R$ 13,298 from tax assessment notices and differing interpretations between the tax authorities and the Company. The main disputes are currently at the administrative level. The Company's legal counsel monitors the progress of the proceedings and provides support to assess the risk of loss; as the likelihood of loss is possible, no provision has been recorded.

(ii) Labor and social security proceedings arise in the normal course of the Company's business and relate mainly to claims by former employees, as well as to disputes regarding the calculation and payment of social security charges. The Company's management monitors the progress of these proceedings, and, together with the support its legal counsel assesses likely cash outgoings.

(iii) Civil and environmental lawsuits for claims of compensation for personal damages to residents of the community near the plant are substantially related to the Public Civil Action targeting the Paranaguá unit.

iv) Public Civil Action against the unit of Paranaguá - PR

In February 2009, the Federal Public Prosecution Office and that of the State of Paraná filed a Public Civil Action which claimed irregularities in the licensing process and alleged environmental damages caused by the SSP (Simple Superphosphate) plant in Paranaguá, in the state of Paraná.

The likelihood of an unfavorable outcome to the Company for the notice issued by the Public Prosecution Offices to demolish the buildings and vacate the area are classified as remote by management, under the advice of its legal counsel.

In May 2018, the trial court ruled the matter partially valid, determining that a new licensing process should be performed, with the preparation of an Environmental Impact Study and Report (EIA/RIMA). The sentence also established that a public hearing should be held, concerning the resumption of the SSP production activities, which are currently suspended. The Company was sentenced to pay R$ 500 for collective damages. The provision including accruals amounts to R$ 1,705.

v) Acquisition of tax credits and their utilization for offsetting against taxes due

In February 2003, the Company acquired tax credits from a third party corresponding to its federal tax overpayments. A credit assignment agreement was signed and filed with the Registry of Deeds and Documents, and the substitution of the creditor was also requested and approved by the Federal Court, through a decision declared final and unappealable.

At March 31, 2021, the amount of R$ 35,114 (R$ 34,627 - at December 31, 2020) refers to the indexation of tax credits by the IPCA-E, for which the Company is awaiting for payment from the Federal Government.

All amounts in thousands of reais unless otherwise stated

vi) Incidental proceeding for evidence gathering

As informed in a Material Fact notice to the market dated February 6, 2020, a potential investor, contested and filed a proceeding for early gathering of evidence against the Company with respect to the court reorganization process and available financial statements, as a result of not having being successful in the negotiations for the acquisition of control of the Company. The referred proceeding is in the phase of preparation of the questions by the parties ("list of questions"), which must be answered by the Legal Expert in the expert report. Under the advice of its legal counsel, the Company's management did not find a basis to support such claim, and, therefore, no effect of this matter was recognized in the Company's quarterly information.

15. Equity (net capital deficiency)

(a) Share capital

The Company's share capital is comprised of common shares with no par value. Incremental costs directly attributable to the issue of new shares or options, where applicable, are shown in equity as a deduction from the proceeds, net of taxes.

Pursuant to the Company's bylaws, the Board of Directors has the autonomy to increase share capital up to the limit of R$ 800,000.

At March 31, 2021 and December 31, 2020, the paid-up capital in the amount of R$ 585,518 is represented by 53,857,284 shares.

(b) Carrying value adjustments

Carrying value adjustments relate to the deemed cost of land and buildings recorded on the date of transition to CPCs and IFRS.

(c) Appropriation of results and revenue reserves - tax incentives

At March 31 2021, amounts due to be appropriated to the tax incentives revenue reserve was R$ 2,041 had been used to offset the accumulated deficit. These tax incentives have been used for absorbing accumulated deficit since December 31, 2008.

At March 31, 2021, the annual tax incentive amounts used to offset accumulated losses, and which must again make good the revenue reserve once profits are available, were as follows:

	2008 to 2018	2019	2020	2021	Total
PSDI (i)	217,417	87	-	-	217,504
Desenvolve (ii)	17,405	1,499	4,741	2,041	25,686
Other incentives received	6,685	-	-	-	6,685
	241,507	1,586	4,741	2,041	249,875

All amounts in thousands of reais unless otherwise stated

Tax benefit of ICMS reduction:

(i) Granted to the Company in December 2003 as a participant in the Sergipe State Industrial Development Program (PSDI), which offers a tax benefit corresponding to a 92% discount in the ICMS tax calculated in the industrial plant located in the city of Rosário do Catete (SE). The program will end on December 26, 2028.

(ii) Granted to the Company in November 2014 as a participant in the Desenvolve (Development) Program of the Bahia State Government, which offers a tax benefit corresponding to a 90% discount in the ICMS tax calculated in the industrial plant located in the city of Candeias (BA). The program will end on October 31, 2026.

The tax benefits are recorded directly to income (loss) and subsequently appropriated from "Retained Earnings" to "Tax Incentive Profit Reserve". These reserves can only be used to increase capital or absorb losses. In the event of loss absorption, the absorbed amount shall be subsequently reclassified back to its own reserve account when net income available, avoiding tax contingencies, since this reserve cannot be distributed to partners under penalty of loss of benefits. There is no balance of tax incentive reserves in equity, as accumulated losses had absorbed the balances.

16. Other liabilities

	March 31, 2021	**December 31, 2020**
Other payables (i)	17,372	15,282
Demurrage payable	14,098	12,638
Import cost payable	30,734	23,258
Provision for commissions	5,103	4,972
Apportionments of imports	45	45
	67,352	56,195

(i) Refers to amounts provisioned for payments to external advisors, who assist the Company in the Court Reorganization process, as well as provisions for payment retained as a result of an agreement signed with some creditors.

17. Earnings (loss) per share

The calculation of basic earnings (loss) per share for the periods ended March 31, 2021 and 2020 (in thousands, except earnings (loss) per share) are shown below:

	March 31, 2021	March 31, 2020
Earnings (loss) attributable to stockholders of the Company	(7,456)	(204,993)
Weighted average number of common shares outstanding (thousands)	53,857	53,857
Basic and diluted earnings (loss) per share - R$	(0.1384)	(3.8062)

During the periods ended March 31, 2021 and 2020, the Company did not carry out transactions involving potentially dilutive common shares that generated differences between basic and diluted earnings (loss) per share. There is no dilution of losses.

18. Net operating revenue

The Company uses the conceptual framework for revenue recognition, which is based on the five-step model: (i) identification of contracts with customers; (ii) identification of performance obligations in contracts; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligation provided in contracts and (v) recognition of revenue when the performance obligation is satisfied.

Revenue is recognized when there is no performance obligation to be fulfilled by the Company, once control over products is transferred to the customer, that is, for Free on Board (FOB) sales. Revenue is recognized when the customer, using its own vehicles, collects the product at the units of the Company; for Cost, Insurance and Freight (CIF) sales, revenue is recognized only after the products are delivered at the location established by the customer, which has the ability to determine the manner in which they will be used and to obtain substantially all benefits from the product.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of taxes, returns, rebates and discounts.

All amounts in thousands of reais unless otherwise stated

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

	Quarter ended 03/31/2021	Quarter ended 03/31/2020
Gross sales of products	748,993	392,392
(-) Deductions from gross sales revenue:		
Sales returns	(1,182)	(1,652)
Taxes on sales	(8,559)	(4,503)
Tax incentives - ICMS (Desenvolve)	2,041	833
	741,293	387,070

19. Costs and expenses by nature

Expenditures related to freight of raw and auxiliary materials purchased are included in the cost of inventories, and subsequently cost of sales when the products are sold. Freight expenses related to the delivery of the products, as well as commission expenses on sales, are recorded as "Selling expenses", when incurred.

Other costs are recognized on the accrual basis.

The Company opted to classify the statements of operations by function. Breakdown by nature is as follows:

	Quarter ended 03/31/2021	Quarter ended 03/31/2020
Raw materials and consumables used in production	569,217	332,450
Transportation expenses	13,346	9,965
Personnel expenses (Note 22)	24,073	21,403
Selling expenses	5,586	2,926
Depreciation and amortization	6,710	6,847
Profit sharing (Note 22)	5,493	288
Advertising expenses	201	95
Leases	17	27
Consulting expenses	856	-
Other expenses	19,301	16,223
	644,800	390,224
Classified as:		
Cost of sales	591,901	352,458
Selling expenses	26,461	20,071
General and administrative expenses	26,438	17,695
	644,800	390,224

All amounts in thousands of reais unless otherwise stated

20. Foreign exchange variation, net

Foreign currency transactions are translated into the functional currency using the foreign exchange rates prevailing at the dates of the transactions or the dates of valuation when items are remeasured. Foreign exchange gains and losses arising from the settlement of these transactions and the translation at the year-end exchange rate of assets and liabilities in foreign currencies are recognized in the statement of operations under "Finance costs, net".

	Quarter ended 03/31/2021	Quarter ended 03/31/2020
Foreign exchange gains	13,094	23,661
Foreign exchange losses	(98,225)	(229,099)
	(85,131)	(205,438)

21. Finance costs, net

Interest income (expense) is recognized on the accrual basis, using the effective interest rate method.

Other finance income and costs are recognized on the accrual basis.

	Quarter ended 03/31/2021	Quarter ended 03/31/2020
Finance costs		
Interest on financial liabilities	(6,212)	(11,750)
Discounts granted	(1,194)	(506)
Interest on debts included in the court reorganization	(19,686)	(20,186)
Expenses with adjustment to present value	(3)	(2)
Expenses with adjustment to fair value	(566)	(1,119)
Taxes and fees on financial transactions	(196)	(504)
Indexation charges	(1,015)	(781)
	(28,712)	(34,848)
Finance income		
Indexation credits	988	2,220
Income from adjustment to present value	3,813	3,932
Income from adjustment to fair value	1,694	1,183
Income from financial investments	166	7
Interest on financial assets and discounts obtained	495	591
	7,156	7,933
	(21,556)	(26,915)

All amounts in thousands of reais unless otherwise stated

22. Employee expenses

Employee expenses are shown below:

	Quarter ended 03/31/2021	Quarter ended 03/31/2020
Wages and salaries	13,578	12,467
Indemnities	321	697
Social security expenses	3,600	3,246
Benefits provided for in law	1,980	1,556
Additional benefits (i)	4,594	3,437
	24,073	21,403
Profit sharing	5,493	288
	29,566	21,691

(i) Health care plan, life insurance, private pension plan (defined contribution), income benefit and meal vouchers.

23. Fair value of financial instruments

The Company carries out transactions with a number of financial instruments, particularly cash and cash equivalents, trade receivables, trade payables and borrowings.

The financial instruments by category are as follows:

			March 31, 2021
	Assets at fair value through profit or loss	Amortized cost	Total
Assets, as per balance sheet			
Cash and cash equivalents	-	52,981	52,981
Trade receivables	52,137	151,061	203,198
Other assets, excluding advances made	-	6,013	6,013
Judicial deposits	-	21,406	21,406
Judicial deposits as reduction of provision for contingencies	-	3,216	3,216
	52,137	234,677	286,814

All amounts in thousands of reais unless otherwise stated

	March 31, 2021	
	Other financial liabilities	**Total**
Liabilities, as per balance sheet		
Borrowings	77,642	77,642
Borrowings - CR	383,480	383,480
Trade payables	367,513	367,513
Trade payables - CR	619,479	619,479
Other liabilities, excluding prepayments	45,511	45,511
	1,493,625	1,493,625

	December 31, 2020		
	Assets at fair value through profit or loss	**Amortized cost**	**Total**
Assets, as per balance sheet			
Cash and cash equivalents	-	39,970	39,970
Trade receivables	104,844	81,822	186,666
Other assets, excluding advances made	-	9,522	9,522
Judicial deposits	-	20,173	20,173
Judicial deposits as reduction of the provision for contingencies	-	3,201	3,201
	104,844	154,688	259,532

	December 31, 2020	
	Other financial liabilities	**Total**
Liabilities, as per balance sheet		
Borrowings	307,817	307,817
Borrowings - CR	347,016	347,016
Trade payables	330,508	330,508
Trade payables - CR	573,672	573,672
Other liabilities, excluding prepayments	36,112	36,112
	1,595,125	1,595,125

All amounts in thousands of reais unless otherwise stated

The Company's financial instruments, by carrying amount and fair value in the quarterly information, are as follows:

	March 31, 2021	
	Carrying amount	Fair value
Financial assets		
Cash and cash equivalents	52,981	52,981
Trade receivables	203,198	203,198
Other assets, excluding advances made	6,013	6,013
Judicial deposits	21,406	21,406
Judicial deposits, as reduction of the provision for contingencies	3,216	3,216
Financial liabilities		
Borrowings	(77,642)	(77,642)
Borrowings - CR	(383,480)	(383,480)
Trade payables	(367,513)	(367,513)
Trade payables - CR	(619,479)	(619,479)
Other liabilities, excluding prepayments	(45,511)	(45,511)

	December 31, 2020	
	Carrying amount	Fair value
Financial assets		
Cash and cash equivalents	39,970	39,970
Trade receivables	186,666	186,666
Other assets, excluding advances made	9,522	9,522
Judicial deposits	20,173	20,173
Judicial deposits, as reduction of the provision for contingencies	3,201	3,201
Financial liabilities		
Borrowings	(307,817)	(307,817)
Borrowings - CR	(347,016)	(347,016)
Trade payables	(330,508)	(330,508)
Trade payables - CR	(573,672)	(573,672)
Other liabilities, excluding prepayments	(36,112)	(36,112)

All amounts in thousands of reais unless otherwise stated

The fair value of financial assets and liabilities represents the amount for which the instrument could be exchanged between willing parties in an arm's length transaction, rather than in a forced sale or liquidation. The following methods and assumptions were used to estimate fair value:

- Cash and cash equivalents, trade receivables and trade payables approximate their carrying amount mainly due to the short-term maturity of these instruments.
- The fair value of borrowings is estimated by means of the discounted future cash flows, using rates currently available for debts of similar remaining terms. (Note 12).

Fair value hierarchy - financial instrument

	March 31, 2021	December 31, 2020
	Level II	**Level II**
Financial assets		
Sub-portfolio traded - FIDC	52,137	104,844

At March 31, 2021 and December 31, 2020, there were no other assets and liabilities measured at fair value.

24. Financial risk management objectives and policies

(a) Financial risk management policy

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk, and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company periodically reviews the credit limits and creditworthiness of its customers. In view of the policies established for derivative financial instruments, management considers the occurrence of non-measurable risk situations to be unlikely.

All amounts in thousands of reais unless otherwise stated

(b) Market risk

Interest rate risk

This risk arises from the possibility that the Company may incur losses due to fluctuations in interest rates which increase the finance costs related to borrowings obtained in the market. The greater part of the Company's debts is included in the Court Reorganization, with fixed interest rates based on the TR rate for domestic debts or LIBOR for foreign debts, when applicable.

As the Company has no significant interest-earning assets, its results and operating cash flows are not significantly affected by changes in market interest rates.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar. This risk arises from the possibility that the Company may incur losses due to fluctuations in exchange rates, which may increase the amounts of the transactions denominated in foreign currencies.

At March 31, 2021 and December 31, 2020, the assets and liabilities in foreign currency, financial instruments that mitigate exchange rate risks, and the net exposure to exchange rate risk, are summarized as follows:

	Period for the expected financial impact	March 31, 2021	December 31, 2020
Imports in transit (Note 5) USD 15,983,000 (USD 9,341,000 at 12/31/2020)	Up to 35 days	(91,058)	(48,540)
Trade payables - foreign (Note 11) USD 48,204,000 (USD45,266,000 at 12/31/2020)	Up to 178 days	274,635	235,235
Trade payables - CR USD 77,863,000 (Note 13)	Up to the year 2045	443,611	764,179
Borrowings - CR USD 57,032,000 /€ 18,000	Up to the year 2045	324,931	730,192
		952,119	1,681,066
Foreign trade receivables USD 156,000 (USD 173,000 at 12/31/2020) (Note 4)	Up to 30 days	(887)	(900)
Net exposure		951,232	1,680,166

Because of the importance of raw material imports to the Company's operations, the volatility of the foreign exchange rate represents a significant risk. If the effects of a devaluation of the Brazilian Real are not passed on to the sales prices, or if an appreciation of the Brazilian Real is passed on to the sales prices, significant reductions in profit margins could occur and, consequently, pose a significant risk to the Company's operations. In a scenario of raw materials with stable prices in U.S. Dollars on the international market, the Company's inventories provide a natural hedge for its liabilities denominated in foreign currency.

(c) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instrument, deposits with banks and financial institutions, as well as credit exposures with customers, including receivables outstanding.

The Company limits its exposure to credit risks associated with banks and financial investments by investing with prime financial institutions, in accordance with pre-established limits and ratings, and entering into derivative transactions only with financially sound counterparties.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

The credit quality of other financial assets that are neither past due nor impaired is assessed by reference to external credit ratings issued by a specialized company, if available, or to historical information about counterparty default rates:

	March 31, 2021	December 31, 2020
Current accounts and short-term bank deposits		
Low risk for long term	52,981	39,970
	52,981	39,970

The Company's sales policy is closely associated with the credit risk level it is willing to accept in the normal course of its business. The diversification of its receivables portfolio, the selectivity in accepting customers, as well as the monitoring of sales terms per business segment and individual limits of position, are the procedures adopted to minimize possible default problems in accounts receivable.

Due to its broad customer base, the credit risk arising from transactions with customers is managed by means of an individual analysis of the Company's customers, which takes into account the payment history, prospects for growth of the customer's business and their ability to pay.

All amounts in thousands of reais unless otherwise stated

(d) Liquidity risk

This is the risk of the Company not having sufficient liquid funds to meet its financial commitments, due to the mismatch of terms or volume in expected receipts and payments.

To manage liquidity of cash in local and foreign currency, policies for future disbursements and receipts are determined, and monitored daily by the Head of Finance and Controllership together with Financial Management.

The table below presents the Company's financial liabilities, by maturity ranges, corresponding to the period from the balance sheet date to the maturity date established in the contracts. These are the contractual undiscounted cash flows. The balances due up to 12 months are equal to the book balances, as the impact of the discount to present value is not significant, except for borrowings.

	Less than one year	From 1 to 2 years	From 2 to 25 years
At December 31, 2020			
Borrowings	267,536	3,826	36,455
Borrowings - CR	-	-	347,016
Trade payables	81,346	249,162	-
Trade payables - CR	-	-	573,062
Other liabilities, excluding prepayments	36,112	-	-
At March 31, 2021			
Borrowings	60,687	16,955	-
Borrowings - CR	-	-	383,480
Trade payables	354,841	12,672	-
Trade payables - CR	-	-	619,480
Other liabilities, excluding prepayments	45,511	-	-

All amounts in thousands of reais unless otherwise stated

(e) Sensitivity analysis of derivative financial instruments

The table below presents the sensitivity analysis of financial instruments, including derivatives.

The Company's management adopted the following assumptions for Scenario I - probable:

- Instruments subject to foreign exchange rate risk - the probable scenarios consider an exchange rate of R$ 5.4000/US$ and R$ 6.6430/EUR, based on the weekly FOCUS report disclosed by the Brazilian Central Bank, rates effective at the closing date March 31, 2021, which, in management's opinion, will remain stable over the next quarter. The other scenarios were built based on these rates.

- Instruments subject to interest rate risk - maintenance of the rate in view of the economic environment and funds offered by financial institutions during the period.

These analyses consider gains and losses for the next 12 months or up to the maturity dates of the contracts, as shown in brackets, if the U.S. dollar quotation and the CDI rate varies in accordance with the percentages below.

Non-derivative financial instruments

- **USD exchange rate**

	Impact on profit or loss for the period and equity - Scenarios				
	II	III	Probable	II	III
	-25%	-50%		-25%	-50%
USD exchange rate	R$ 4.0500	R$ 2.7000	R$ 5.4000	R$ 6.7500	R$ 8.1000
Trade payables abroad, net of imports in transit	43,499	86,999	9,580	(43,499)	(86,999)
Trade payables - CR	105,116	210,231	23,149	(105,116)	(210,231)
Borrowings - CR	76,994	153,988	16,956	(76,994)	(153,988)
Foreign trade receivables	(210)	(421)	(46)	210	421
Gain (loss), net	225,398	450,797	49,638	(225,398)	(450,797)

- **EUR exchange rate**

	Impact on profit or loss for the year and on equity - Scenarios				
	II	III	Probable	II	III
	-25%	-50%		25%	50%
EUR exchange rate	R$ 4.9823	R$ 3.3215	R$ 6.6430	R$ 8.3038	R$ 9.9645
Import financing	(817)	(1,634)	-	817	1,634
Gain (loss), net	(817)	(1,634)	-	817	1,634

(f) Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, provide returns for stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company uses capital from third parties, suppliers and import financing to fund a portion of its working capital. It also uses its own and third-party capital to make long-term investments.

In order to maintain or adjust the capital structure, the Company can make adjustments to the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce, for example, debt.

The Company monitors capital based on the indebtedness ratio. As established in the Company's bylaws, Article 18, item "i", the indebtedness ratio for borrowings contracted by the Executive Board cannot exceed 70% of the gross operating revenue for the most recently-ended financial year. Ratios exceeding this percentage must be approved by the Board of Directors. At March 31, 2021, this ratio was 38.5% (50.9% at December 31, 2020).

25. Insurance coverage

The Company does not maintain insurance coverage for all its assets, as it believes that the risk of significant losses is remote. However, the Company has insurance policies for the units located in Candeias-BA and Viana-ES, with maximum indemnity limit of R$ 67,000, for the units located in Dourados-MS, Porto Alegre-RS, Manhuaçu-MG, Três Corações-MG, Uberaba-MG and Paranaguá-PR, with maximum indemnity limit of R$ 30,000, for the Paulínia unit with maximum indemnity limit of R$ 21,399, for the vehicle fleet with maximum indemnity limit of R$ 100, and for a portion of accounts receivable and rural credit, with maximum indemnity limit of R$ 50,000.

26. Segment reporting

Management defined the Company's operational segments based on the reports used for strategic decision-making, reviewed by the following chief operating decision-makers of the Company: the Chairman of the Board of Directors, the Company's CEO who is also a member of the Board of Directors, and the other members of the Board of Directors.

The Executive Board analyzes the Company's businesses from the perspective of the production process, which consists of two segments: (i) Industrial segment, which comprises the sulfuric acid and Simple Superphosphate (SSP) plant located in Paranaguá; and the (ii) Mixing segment, which comprises seven of the Company's mixing units in operation and six which are suspended.

All amounts in thousands of reais unless otherwise stated

The segment information reviewed by the chief operating decision makers for the periods ended March 31, 2021 and 2020 are as follows:

	Quarter ended 03/31/2021			Quarter ended 03/31/2020		
	Industrial segment	Mixing segment	Total	Industrial segment	Mixing segment	Total
Gross sales revenue	-	748,993	748,993	-	392,392	392,392
Deductions and taxes on sales	-	(7,700)	(7,700)	-	(5,322)	(5,322)
Net sales	-	741,293	741,293	-	387,070	387,070
Cost of sales	(652)	(590,682)	(591,901)	(1,090)	(351,368)	(352,458)
Gross profit (loss)	(652)	150,611	149,392	(1,090)	35,702	34,612
Operating expenses	-	-	(52,302)	-	-	(38,300)
Finance income (costs), net	-	-	(106,687)	-	-	(232,353)
Loss before income tax and social contribution	-	-	(9,597)	-	-	(236,041)
Income tax and social contribution	-	-	2,141	-	-	31,048
Loss for the period	-	-	(7,456)	-	-	(204,993)
Depreciation and amortization	190	6,520	6,710	287	6,825	7,112
EBITDA	(462)	104,826	103,800	(803)	4,227	3,424

The Industrial segment is currently intended to meet the requirements of the Mixing segment. Consequently, the sales of the Industrial segment to the mixing segment are measured considering the market price of the products at the time of the sale. The revenue from the Mixing segment reported to the chief decision makers was measured in a manner consistent with that presented in the statement of operations, and excluded the revenue generated by the Industrial segment.

Assets by business segment are as follows:

	March 31, 2021			December 31, 2020		
	Industrial segment	Mixing segment	Total	Industrial segment	Mixing segment	Total
Inventories	1	466,950	466,951	1	587,930	587,931
PP&E and intangible assets	29,668	398,787	428,455	29,857	395,401	425,258
Other assets	-	807,893	807,626	-	797,724	797,724
Total assets	29,669	1,673,630	1,703,032	29,858	1,781,055	1,810,913

No information on liabilities is presented by segment. Management analyzes the liabilities as a whole, as it believes that an analysis of the balances of liabilities by segment is not relevant at present.
Due to a Public Civil Action filed by the Federal and State Public Prosecution Offices (Note 14) claiming irregularities in the licensing process and alleged environmental damage caused by the SSP (Single Superphosphate) plant in Paranaguá (PR), the result of the Industrial segment was adversely impacted by the suspension of the plant's operations.

All amounts in thousands of reais unless otherwise stated

A preliminary injunction dated April 28, 2010, provisionally suspended the production of the Acidulation, Granulation and Sulfur Conversion unit as informed in a Material Fact notice to the market. However, the Paranaguá Mixing Unit is now authorized and is operating.

The annual production of the Paranaguá-PR industrial unit is approximately 250 thousand metric tons (unaudited) of Simple Superphosphate (SSP) and 200 thousand metric tons (unaudited) of sulfuric acid, which currently meets approximately 40% of the SSP needs (unaudited), that is, 6% of the Company's total consumption of fertilizer raw materials (unaudited). In the period ended March 31, 2021, the plant depreciation recorded in the statement of operations amounted to R$ 190 (2020 - R$ 1,075).

27 Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

The balance below refers to the Uberaba/MG mixing unit, which at March 31, 2021, was suspended and in the process of sale as described in Note 1.

Non-current assets held for sale:

	March 31, 2021	December 31, 2021
Buildings and constructions	10,534	10,534
Construction in progress	54	54
Facilities	34	34
Machinery and equipment	2,782	2,782
Furniture and fixtures	80	80
Land	2,281	2,281
	15,765	15,765

28. Events after the reporting period

On May 13, 2021, the Supreme Federal Court (SFT) concluded the judgment of the motion for clarification regarding the proceeding which confirmed the hypothesis that the ICMS does not comprise the PIS and Cofins calculation basis.

The Supreme Court decided and confirmed that ICMS to be excluded is that as displayed in the invoice and not that effectively paid.

As regards the effects of the decision, a qualified quorum (eight votes) was established to partially accept motions only to adjust the decision, which will be effective as from 3/15/2017, judgment date, and confirm the theory of Special Appeal No. 574.706, except for judicial and administrative proceedings filed up to the aforementioned session date.

Accordingly, the Court defined that as from the judgment on the merits (3/15/2017) the ICMS separately recorded shall be excluded from the PIS and COFINS calculation bases. Those taxpayers that filed proceedings up to the judgment date will be entitled to the refund of amounts overpaid as from five years prior the date on which the respective claims were filed.

The Company's management analyzed the matter and considering that, as described in Note 7, the Company, with the support of its legal advisors, adopted the methodology of recording ICMS as displayed in invoices for the computation of tax liability, hence this decision does not affect the quarterly information for the period ended March 31, 2021.

* * *