MC Brazil Downstream Participações S.A.

Consolidated and Individual Financial Statements ended on December, 31st, 2021 and 2020 and independent auditors' report

(A free translation of the original in Portuguese)

MC Brazil Downstream Participações S.A.

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Independent auditors' report on the separate and consolidated financial statements

To the Board of Directors and MC Brazil Downstream Participações S.A.

Rio de Janeiro – RJ

Opinion

We have audited the separate and consolidated financial statements of MC Brazil Downstream Participações S.A. (the Company), referred to as 'Parent company' and 'Consolidated', which comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of MC Brazil Downstream Participações S.A. as at 31 December 2021, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with Brazilian accounting standards and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate and Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements set forth in the Code of Ethics for Professional Accountants together with the Brazilian Federal Accounting Board's professional ethics standards, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

Statement of value added

The separate and consolidated value-added statements for the year ended 31 December 2021, which are the responsibility of the Company's management and are presented as supplementary information under IFRS, have been subjected to the auditing procedures applied in the audit of the financial statements of the Company. In forming our opinion, we evaluated whether the value-added statements are reconciled to the financial statements and accounting records, where applicable, and whether their form and content are presented in accordance with the requirements of Technical Pronouncement CPC 09 *Statement of Value Added.* In our opinion, the statements of value added are prepared fairly, in all material respects, in accordance with the applicable financial reporting standards in CPC 09 and are consistent with the separate and consolidated financial statements as a whole.

Responsibilities of management for the separate and consolidated financial statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with Brazilian accounting standards and the IFRS Standards issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the separate and consolidated financial statements

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Rio de Janeiro, 27 May 2022

KPMG Auditores Independentes

CRC SP-014428/O-6 F-RJ

Original report in Portuguese signed by

Marcelo Luiz Ferreira

Contador CRC RJ-087095/O-7

Statement of Financial Position

Ended on December 31st, 2021 and 2020. (In thousands of Brazilian reais, unless otherwise indicated)

Asset	Notes	Consolidated 2021	Consolidated 2020	Parent company 2021	Parent company 2020
Current assets					
Cash and cash equivalents	6(a)	1,805,183	1	86,187	1
Trade receivable	7(a)	1,001,609	–	–	–
Inventories	8	4,389,038	–	–	–
Recoverable income taxes	15(a)	255	–	255	–
Value-added tax and other taxes	16	110,192	–	–	–
Restricted marketable securities	6(b)	10,507,836	–	–	–
Related parties	17	–	–	465,433	–
Other assets		4,538	1	4,538	1
		17,818,651	**2**	**556,413**	**2**
Non-current assets					
Long-term receivables					
Value-added tax and other taxes	16	33,276	–	–	–
Deferred income taxes	15(a)	38,686	–	–	–
Investments	9	–	–	12,434,562	–
Property, plant and equipment	10	8,911,156	–	131	–
Intangible	11	75,087	–	15,951	–
		9,058,205	**–**	**12,450,644**	**–**
Total assets		**26,876,856**	**2**	**13,007,057**	**2**

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

Statement of Financial Position

Ended on December 31st, 2021 and 2020. (In thousands of Brazilian reais, unless otherwise indicated)

		Consolidated		Parent company	
Liabilities and Shareholders' equity	**Notes**	**2021**	**2020**	**2021**	**2020**
Current liabilities					
Suppliers	12	2,792,011	–	104,894	–
Accounts payable - Subsidiary acquisition	9(a)	367,805	–	367,805	–
Lease agreements	13	3,861	–	–	–
Derivative financial instruments	22(b)	90,501	–	–	–
Loans and borrowings	14	10,775,531	–	9,536,405	–
Employee benefits		18,014	–	18,014	–
Income taxes payable	15(a)	74,778	–	–	–
Value-added taxes and other taxes	16	388,380	–	6,451	–
Deferred revenue from customers	7(b)	108,574	–	–	–
Related parties	17	–	285	–	285
Other liabilities		291	1	–	1
		14,619,746	**286**	**10,033,569**	**286**
Non-current liabilities					
Suppliers	12	722	–	–	–
Lease agreements	13	4,766	–	–	–
Loans and borrowings	14	9,278,134	–	–	–
		9,283,622	**–**	**–**	**–**
Shareholders' equity	18				
Share capital		3,302,479	1	3,302,479	1
Retained earnings		(341,031)	(285)	(341,031)	(285)
Other comprehensive income		12,040	–	12,040	–
		2,973,488	**(284)**	**2,973,488**	**(284)**
Total liabilities and shareholders' equity		**26,876,856**	**2**	**13,007,057**	**2**

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

Income statement

For the year ended on December 31st, 2021 and 2020.
(In thousands of Brazilian reais, unless otherwise indicated)

	Notes	Consolidated 2021	Consolidated 2020	Parent company 2021	Parent company 2020
Net operating revenues	**19**	**3,204,410**	-	-	-
Cost of goods sold	20	(2,914,493)	-	-	-
Gross profit		**289,917**	**-**	**-**	**-**
Operating expenses					
Selling expenses	20	(34,380)	-	-	-
General and administrative expenses	20	(203,877)	(65)	(190,330)	(65)
Equity results	9	-	-	(143,618)	-
Other expenses, net	20	(90,662)	-	-	-
Results before financial results and income taxes		**(39,002)**	**(65)**	**(333,948)**	**(65)**
Financial results	21				
Financial income		6,641	-	2,673	-
Financial expenses		(363,916)	-	(15,814)	-
Foreign exchange changes and others		(12,572)	-	6,343	-
		(369,847)	**-**	**(6,798)**	**-**
Results before income taxes		**(408,849)**	**(65)**	**(340,746)**	**(65)**
Income taxes	15(b)	68,103	-	-	-
Loss for the year		**(340,746)**	**(65)**	**(340,746)**	**(65)**
Basic and diluted earnings per share - R$	18(b)	**(0.70)**	**(65.00)**	**(0.70)**	**(65.00)**

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

Statement of Comprehensive Income

For the year ended on December 31st, 2021 and 2020.
(In thousands of Brazilian reais, unless otherwise indicated)

	Consolidated		Parent company	
	2021	2020	2021	2020
Loss for the year	**(340,746)**	**(65)**	**(340,746)**	**(65)**
Cumulative translation adjustments	12,040	–	12,040	–
Total comprehensive income for the year	**(328,706)**	**(65)**	**(328,706)**	**(65)**

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

Consolidated Statement of Changes in Shareholders' equity

For the year ended on December 31st, 2021 and 2020.
(In thousands of Brazilian reais, unless otherwise indicated)

	Share capital	Retained earnings	Other comprehensive income	Total shareholders' equity
Balance on December 31st, 2019	**1**	**(220)**	**–**	**(219)**
Comprehensive income				
Loss for the year	–	(65)	–	**(65)**
Balance on December 31st, 2020	**1**	**(285)**	**–**	**(284)**
Capital transactions:				
Increase of capital (note 18(a))	3,302,478	–	–	**3,302,478**
Comprehensive income				
Loss for the year	–	(340,746)	–	**(340,746)**
Cumulative translation adjustments (note 9)	–	–	12,040	**12,040**
Balance on December 31st, 2021	**3,302,479**	**(341.031)**	**12,040**	**2,973,488**

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

Statement of Cash Flows

For the year ended on December 31st, 2021 and 2020.
(In thousands of Brazilian reais, unless otherwise indicated)

	Consolidated		Parent company	
	2021	2020	2021	2020
Cash flows from operating activities				
Results before income taxes	**(408,849)**	**(65)**	**(340,746)**	**(65)**
Adjustments for:				
Depreciation and amortization	72,254	–	1	–
Equity results	–	–	143,618	–
Financial results	369,847	–	6,798	–
	33,252	**(65)**	**(190,329)**	**(65)**
Changes in operating assets and liabilities				
Trade receivable and deferred revenue, net	1,442,330	–	–	–
Inventories	(1,965,038)	–	–	–
Value-added taxes and other taxes receivable	(2,558)	–	–	–
Other assets	(4,537)	–	(4,538)	–
Suppliers	(823,700)	–	104,866	–
Employee benefits	18,014	–	18,014	–
Value-added taxes and other taxes payable	30,812	–	(1,070)	–
Other liabilities	90,572	–	–	–
Net cash used in operating activities	**(1,180,853)**	**(65)**	**(73,057)**	**(65)**
Income taxes paid	(26,610)	–	(255)	–
Interest on short-term investments received	3,731	–	2,803	–
Net cash used in operating activities	**(1,203,732)**	**(65)**	**(70,509)**	**(65)**
Cash flow from investing activities				
Capital expenditures (PPE and Intangible)	(20,852)	–	(16,083)	–
Investments in subsidiaries (note 9)	–	–	(2,079,362)	–
Acquisition of subsidiary (business combinations) (note 9 (a))	(10,119,046)	–	(10,119,046)	–
Restricted marketable securities	(9,897,800)	–	–	–
Loans to related parties	–	–	(465,360)	–
Net cash used in investing activities	**(20,037,698)**	**–**	**(12,679,851)**	**–**
Cash flow from financing activities				
Proceeds from loans and borrowings	19,584,334	–	9,572,914	–
Borrowings costs paid	(125,702)	–	(38,561)	–
Interest on loan and borrowings paid	(321,646)	–	–	–
Credit facility's fees paid	(33,527)	–	–	–
Repayment of loans with related parties	(285)	(6,954)	(285)	(6,954)
Increase of share capital (note 18 (a))	3,302,478	–	3,302,478	–
Repayment of lease agreements	(446)	–	–	–
Net cash provided by (used in) financing activities	**22,405,206**	**(6,954)**	**12,836,546**	**(6,954)**
Increase (reduction) in cash and cash equivalents	**1,163,776**	**(7,019)**	**86,186**	**(7,019)**
Effect of exchange rate changes on cash and cash equivalents	(14,323)	–	–	–
Subsidiary's cash and cash equivalents on the date of acquisition	655,729	–	–	–
Cash and cash equivalents in the beginning of the year	1	7,020	1	7,020
Cash and cash equivalents at the end of the year	**1,805,183**	**1**	**86,187**	**1**

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

Value Added Statement

For the year ended on December 31st, 2021 and 2020. (In thousands of Brazilian reais, unless otherwise indicated)

	Consolidated		Parent company	
	2021	2020	2021	2020
Gross revenues	**4,309,105**	**–**	**–**	**–**
Revenues from products and services	4,307,692	–	–	–
Expected credit losses	(47)	–	–	–
Other revenues	1,460	–	–	–
Inputs acquired from third parties				
Raw materials and products for resale	(2,802,720)	–	–	–
Materials, energy, third party services and others	(274,684)	(65)	(154,568)	(65)
Gross value added	**1,231,701**	**(65)**	**(154,568)**	**(65)**
Depreciation and amortization	(72,254)	–	(1)	–
Net value added produced by the Company	**1,159,447**	**(65)**	**(154,569)**	**(65)**
Value added received in transfers				
Financial income	6,923	–	2,803	–
Foreign exchange changes and others	(21,712)	–	-	–
Equity results	–	–	(143,618)	–
Leases and others	37,011	–	-	–
Total value added to distribute	**1,181,669**	**(65)**	**(295,384)**	**(65)**
Personnel	**28,190**	**–**	**28,190**	**–**
Employees and administrator’s remuneration	26,571	–	26,571	–
Benefits and others	765	–	765	–
Social charges (except social security)	854	–	854	–
Taxes and contributions	**1,054,988**	**–**	**14,841**	**–**
Federal, except income taxes	370,963	–	14,169	–
Income taxes	(68,103)	–	–	–
State taxes	751,530	–	75	–
Municipal taxes	598	–	597	–
Interest on third parties’ equity	**439,237**	**–**	**2,331**	**–**
Financial expenses	350,908	–	8,423	–
Foreign exchange changes and others	(3,522)	–	(6,343)	–
Commodity derivatives	90,501	–	–	–
Leases	1,350	–	251	–
Shareholders’ equity	**(340,746)**	**(65)**	**(340,746)**	**(65)**
Loss for the year	(340,746)	(65)	(340,746)	(65)
Distributed value added	**1,181,669**	**(65)**	**(295,384)**	**(65)**

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

1) The Company and its operations

MC Brazil Downstream Participações S.A. (“MC Participações”, “Parent Company” or “Company”) is a nonpublic corporation, created in July 2018 and headquartered in the city of Rio de Janeiro. Its business purpose is to hold interest in other companies and/or investment funds capital in Brazil or abroad.

Pursuant to a sale and purchase agreement signed on March 19th, 2021, the prior shareholder Mubadala Consultoria Financeira e Gestora de Recursos Ltda sold 100% of their shares in the Company to MIC Capital Partners (Brazil Strategic Opportunities) Fundo de Investimento em Participações Multiestratégia Investimento no Exterior (“Controlling Shareholders”).

On March 24th, 2021, the Company executed a shares sales agreement with Petróleo Brasileiro S.A. — Petrobras for the acquisition of the Refinaria de Mataripe S.A (“Mataripe”) based in the state of Bahia with an adjusted purchase price of US$ 1,879,794 (equivalent to R$ 10,486,851). Mataripe’s business purpose is the refining, processing, trading, distributing, importing, exporting, shipping and storage of crude oil and its byproducts; the production, distribution and trading of utilities such as electrical energy, steam, water, compressed air and industrial gases; as well as activities related to its purpose, such as service supply. Supplying mainly the Northeast of Brazil and partially the North of the state of Minas Gerais, the Company’s core products are gasoline, diesel, low sulfur bunker oil, aviation kerosene, LPG, asphalt, naphtha, coke, lubricants and paraffin (including food-grade paraffin).

On June 18th, 2021, the MC Brazil Trading S.À.R.L (“MC Trading” or “MC Luxemburgo”), a limited-liability company, was incorporated under the laws of Luxembourg. MC Participações holds 100% of MC Trading’s shareholders' equity and has direct influence on MC Trading’s administration and decision making. MC Trading’s business purpose is to operate directly or indirectly in the acquisition of any company equities and to administer, manage, control and develop these equities, in addition to purchasing and selling hydrocarbons products (refined or not), providing trading and commercial services and developing associated products, including all related and ancillary services and consultancy.

On November 30th, 2021, all of Mataripe’s outstanding shares were fully acquired by MC Participações. On that same date, an extraordinary general meeting was called to change the Articles of Incorporation to formalize the shares of common stock transfer in its integrity to MC Participações, which then owned a 100% interest in the company’s equity.

2) Basis for preparation and presentation of the financial statements

The consolidated and individual financial statements of the Company have been prepared and are presented accordingly to the accounting practices adopted in Brazil, following the Business Corporation Act, and they add the changes originated by the Brazilian laws #11.638/07 and #11.941/09, complemented by decisions, interpretations and recommendations of Brazilian Accounting Pronouncements Committee (“CPC”), approved by the Brazilian Federal Accounting Council (“CFC”) according to the standards of the *International Financial Reporting Standards* (“IFRS”) issued by the *International Accounting Standards Board* (“IASB”).

All the relevant information of the financial statements, and only this information, is being presented and it corresponds to the information used by the Company's Management.

The historical cost was used as the basis value for these financial statements, except when indicated otherwise. The main accounting practices applied to these financial statements are presented in the respective notes.

In order to prepare these financial statements, Management used judgments, estimates and assumptions that impact the application of the accounting policies and the reported values of assets, liabilities, revenues and costs. Actual income may differ from these estimates.

Relevant estimates and judgments under uncertainties in application of accounting practices that have a more significant effect on the amounts recognized in the financial statements are mentioned on note 4.

The Company's Executive Board, during a meeting held on May 27th, 2022, authorized the disclosure of these financial statements.

a. Value Added Statement

The Value Added Statement provides information on the wealth generated by the entity and how such wealth is distributed. This statement was prepared in accordance with CPC 9 - Value Added Statement, and is presented as additional information.

b. Principles for consolidation

The Company's financial statements reflect the assets, liabilities and transactions of the Parent Company and its direct and indirect subsidiaries ("subsidiaries"). Intercompany balances and transactions, which include unrealized profits, are eliminated. A list of the subsidiaries and the accounting policies applied in the preparation of the consolidated financial statements are described in note 9.

c. Functional currency and presentation currency

The Brazilian real ("R$" or "BRL") is the presentation currency used by the Parent Company and its subsidiaries, since it is the company's primary economic environment of operation. The US dollar ("US$" or "USD") is the functional currency of the subsidiaries that participate in the international economic environment.

The income statement and cash flows statements of the investees, with a different functional currency from the Parent Company, are translated into Brazilian real at the average monthly exchange rate. The assets and liabilities are translated at the final rate and the other equity items are translated at the historical rate. All monetary exchange differences are recognized in comprehensive income as "Translation adjustments".

The transactions in a foreign currency are initially registered at the exchange rate of the functional currency in effect on the date of the transaction, and monetary assets and liabilities denominated in a foreign currency are converted to the functional currency at the exchange rate on the date of the statements of financial position. The exchange gains and losses resulting from the adjustment of these assets and liabilities are recognized in the financial income.

The financial statements are presented in thousands of R$, unless otherwise indicated.

3) Summary of the main accounting practices

For better understanding of the base of recognition and measurement applied to the financial statements, the accounting practices are presented in the respective notes about their application.

a. Financial instruments

Financial instruments are any contracts that originate a financial asset to an entity and a financial liability or equity instrument to another entity.

Financial assets — Initial recognition and measurement

A financial asset is recognized when an entity becomes part of the instrument's contract provisions.

Except for trade receivable from customers that do not contain a significant finance component and financial assets measured at fair value, in the initial recognition, financial assets are measured at fair value added or deducted to transaction costs directly attributable to the acquisition or to the issuing of such assets.

Financial assets —Classification and subsequent measurement

Financial assets are classified as subsequently measured at the amortized cost, at the fair value through other comprehensive income or at the fair value through profit or loss based both on the entity's business model for financial assets management and on the contractual cash flow characteristics of the financial asset, as follows:

- Amortized cost: financial asset (debt financial instrument) whose contractual cash flow results from solely payment of principal and interest on specific dates and whose business model targets holding the asset in order to receive its contractual cash flows;

- Fair value through other comprehensive income: financial asset (debt financial instrument) whose contractual cash flow results only from receipts of principal and principal interest on specific dates and whose business model targets both receiving of contractual cash flows of the asset and its sale, as well as investments in equity instruments that are not held for negotiation nor contingent consideration which, during the initial recognition, the Company has irrevocably elected for presenting subsequent changes in the investment fair value in other comprehensive income; and

- Fair value through profit or loss: all other financial assets. This category generally includes derivative financial instruments.

Financial liabilities — Initial recognition and measurement

A financial liability is recognized when an entity becomes part of the instrument's contract provisions. Except for financial liabilities measured at fair value, in the initial recognition, financial liabilities are measured at fair value added or deducted to transaction costs directly attributable to the acquisition or to the issuing of such liabilities.

Financial liabilities — Classification and subsequent measurement

Financial liabilities are classified as subsequently measured at the amortized cost, except under certain circumstances, which include certain financial liabilities at the fair value through profit or loss.

When contractual terms of financial liabilities measured at amortized cost are renegotiated or modified and these changes are not substantial, its balances will reflect the present value of its cash flows under the new terms, using the original effective exchange rate. The difference between the balance of the remeasured instrument at the time of the non-substantial change of terms and its balance immediately prior to that change is recognized as gain or loss in the period income.

The Company had no substantial change that may have modified the cash flow of financial liabilities measured at amortized cost. Therefore, they reflect the present value of their cash flows.

Derivative financial instruments

Derivative financial instruments are measured at fair value through profit or loss, except for the derivative financial instruments that are designed as part of an accounting relation of cash flow hedge. The Company classifies the impacts of derivative financial instruments on the financial or operational income depending on the underlying risk. That is, the derivative financial instruments with risks related to commodities prices are classified in the operating results ('EBIT') and those related to exchange or interest rate risks are classified in the financial results.

In the accounting of cash flow hedges, an effective part of the exchange gains and losses resulting from the protection instruments is recognized in the shareholders' equity, within other comprehensive income, and is transferred to the income (financial or operational income) when the hedge item is recognized in the income statements.

4) Relevant estimates and judgments

The preparation of the financial statements requires the use of estimates and judgments for certain operations that impact the recognition and measurement of assets, liabilities, revenues and costs. The assumptions used here are based on the historical cost and relevant other factors and are periodically reviewed by the Company. Actual future results may differ from estimates.

Information about the estimates that require further adjudication or complexity in their application and that may materially impact the Company's financial position and net income is presented below.

a. Estimates related to litigation and contingencies

These estimates are individualized or grouped by cases with similar thesis and essentially consider factors like the analysis of requests that were realized by the authors, the solidity of existing evidence, the case law precedents of similar cases and the doctrine on the topic.

Arbitration, judicial and administrative decisions in claims against the Company, new precedents and changes to the set of existing evidence may change the probability of cash outflow and its measurements upon the analysis of the legal grounds.

As of the date hereof, there are no lawsuits that could generate a loss in which the Company is plaintiff or defendant, nor that are likely or possible to be filed or disclosed in this statement.

b. Deferred income taxes and uncertainties over income tax

The Company prepares judgments to determine the recognition and value of deferred taxes in the financial statements. The deferred tax assets are recognized when there will probably be future taxable income. The recognition of deferred tax assets requires the use of estimates contained in the annually approved Company's Strategic Plan. This plan contains the main assumptions that support future taxable income measurement.

The income taxes on income statements are presented in note 15.

The rules and regulations on income taxes can be interpreted in different ways though time. This can lead to situations in which the Company's interpretation may differ from the tax authority's point of view.

The uncertainties about income taxes treatment represent the risks that the tax authority might not accept determined tax treatment applied by the Company, especially if related to different interpretations about applicability and amounts deducted and added to the income taxes base.

The Company estimates the acceptance probability of an uncertain fiscal treatment by the tax authority based on technical assessments performed by their legal advisors, who take into consideration law precedents applicable to the effective tax legislation that can be impacted mainly by changes on fiscal rules or judicial decisions that alter the analysis of the uncertainties.

c. Expected credit losses

The expected credit losses ("ECL") for financial assets is based on risk of default assumptions, the possibility of a significant credit risk, recovery factor and among others. Therefore, the Company applies judgments to those assumptions, as well as information about delayed payments and financial instruments assessments based on external risk classifications and internal assessment methodologies.

d. Leases

The Company uses incremental rates on the Company loans to discount the lease repayment cash flows, which have implied rates that cannot be immediately determined. The incremental rates are estimated based on the corporate loans rates effective on the date the lease was signed, which consider the risk-free tax and the credit risk premium of the Company, adjusted to reflect the specific conditions and characteristics of the lease, such as the country economic environment risk, the warranties impact, currency, the payment flow duration and at the commence date of each contract.

5) New standards and interpretations

a. Brazilian Accountant Pronouncements Committee — CPC

The Company has adopted accounting standards issued by CPC, that issues similar decisions and interpretations to the standards of the *International Financial Reporting Standards* ("IFRS"), such as the ones issued by the *International Accounting Standards Board* ("IASB"). The accounting standards still under analysis by CPC, which were not effective and had not been adopted by the Company as of December 31st, 2021, are presented below.

(In thousands of Brazilian reais, unless otherwise indicated)

Standard	Description	Effective date
Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37	Establishes changes to IAS 37 — *Provisions, Contingent Liabilities and Contingent Assets* to clarify what is comprised in the costs to comply with a contract in order to assess if the contract is onerous.	January 1st, 2022
Property, Plant and Equipment: Proceeds before Intended Use - amendments to IAS 16	The changes to IAS 16 — *Property, Plant and Equipment* forbid the deduction of property, plant and equipment cost, values received for the sale of items produced before placing the asset in the location and condition necessary for it to be able to function as intended by management.	January 1st, 2022
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	The amendments to IAS 1 — *Presentation of Financial* establish requirements for the classification of an asset as current or Non-current.	January 1st, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS 12	The amendments have reduced the scope of the exemption from recognition of deferred tax assets and deferred tax liabilities contained in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, among other things, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1st, 2023

As of the amendments and standards listed above, the Company does not estimate impacts of the initial application on its financial statements.

6) Cash and cash equivalents and Restricted marketable securities

a. Cash and cash equivalents

	Consolidated		Parent company	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash in bank account and in hand	492,039	1	669	1
Short-term financial investments	1,313,144	-	85,518	-
Total	**1,805,183**	**1**	**86,187**	**1**

Accounting Practice

Measured and classified at fair value through profit or loss and amortized cost, being of high liquidity, with up to three months maturity, subject to insignificant risk of value change.

b. Restricted marketable securities

As of December 31st, 2021, the Company, through its subsidiary MC Trading, has US$ 1,882,956 (equivalent to R$ 10,507,836) invested in a financial investment managed by JP Morgan Chase Bank and will only be released close to the Bridge loan amortization period (see note 14).

(In thousands of Brazilian reais, unless otherwise indicated)

7) Trade receivable and deferred revenue from customers

a. Trade receivable

	Consolidated 12/31/2021
Receivables from contracts with customers	1,001,656
Expected credit losses	(47)
	1,001,609

b. Deferred revenue from customers

As of December 31st, 2021, the Company has a balance of R$ 108,574 in advances related mainly to purchases from some customers.

Accounting Practice

Trade receivables are initially measured by fair value of the receivable consideration and, subsequently, measured by the amortized cost. except for certain receivables with final price formation after the transfer of control of products that depend on the variation in the commodity price, classified in the category fair value through profit or loss.

The Company recognizes provision for expected credit losses for trade receivable using a provision matrix based on the non-adjusted historical experience of credit losses (when that information represents the best reasonable and supportable information) or adjusted, based on existing observable data to reflect the impact of existing and future conditions if such data is available without undue cost or effort.

While assessing a significant increase of credit risk, the Company compares the nonpayment risk ("default") on the financial instrument on statement date to the risk of default on the financial instrument on the date of its initial recognition.

Regardless of a significant increase of credit risk assessment, the Company assumes that credit risk of a financial asset significantly increased since its initial recognition when the contractual payments are matured for more than 30 days, except when the available reasonable and supportable information shows otherwise.

The Company presumes that the trade receivable credit risk did not increase significantly since their initial recognition when they have a low credit risk on the statement date. The low credit risk is determined based on external risk classifications and internal assessments methodologies.

The Company considers default when the other party does not comply with the legal obligation of paying their debts or, depending on the instrument, when there is a contractually established delay of receivables for 90 (ninety) days or more.

(In thousands of Brazilian reais, unless otherwise indicated)

8) Inventories

	Consolidated 12/31/2021
Crude oil	948,716
Oil by products (1)	1,609,105
Intermediate goods (2)	532,870
Materials and other supplies	108,670
	3,199,361
Advanced to suppliers of inventories (3)	1,189,677
	4,389,038

(1) Includes gasoline, aviation kerosene, diesel oil, paraffins and others
(2) Includes naphtha, intermediate oils, intermediate paraffins and others
(3) Corresponds to disbursement anticipated for the acquisition of crude oil.

The oil inventories can be traded in their raw state or consumed in the production process of its byproducts.

Intermediate goods are formed by product chains that have already been through at least one processing unit, but still need to be processed, treated or converted to be available for sale.

Materials, supplies and others are mainly production inputs and operating materials that will be used in the Company activities and are demonstrated at the average purchase cost, when it does not exceed the replacement cost.

Accounting Practice

The inventories are measured by their weighted average purchase or production cost and are adjusted at their net realization value, when it is less than the carrying amount.

The net realization value is the estimated selling price in the normal course of business, deducted the estimated conclusion costs and expenses to complete a sale. The selling prices variation after the base date of the financial statements are considered in the calculation of the net receivable value, as they confirm the existing conditions on the referred base date.

9) Investments in equity interest

The changes of the investments in subsidiaries is as follows:

	Parent company
Balance on December 31st, 2020	-
Control acquisition in subsidiary (note 9(a))	10,486,851
Other additions and capitalizations (1)	2,079,362
Equity results	(143,618)
Dividends declared	(73)
Currency translation adjustment	12,040
Balance on December 31st, 2021	**12,434,562**

(1) Capital contributions realized by MC Participações on Mataripe and MC Trading of R$ 1,104,000 and R$ 975,362 for the financial support of each subsidiary, respectively.

(In thousands of Brazilian reais, unless otherwise indicated)

Additional information about the main investments:

Subsidiaries	Country	Functional currency	% of participation	Equity on 12/31/2021	Parent Company Results of 2021
Mataripe (2)	Brazil	BRL	100.00	11,795,855	205,076
MC Trading	Luxembourg	USD	100.00	638,707	(348,694)
				12,434,562	(143,618)

(2) The balance sheet includes goodwill and surplus-value of R$ 2,720,137 and the equity results includes the surplus-value amortization of R$ 44,507 (see note 9(a)).

The summarized financial information, before intergroup transactions eliminations, is presented below.

	12/31/2021	
	Mataripe	MC Trading
Total assets	16,171,552	10,598,244
Total liabilities	4,375,697	9,959,537
Shareholders' equity	11,795,855	638,707

a. Business combinations: Refinaria Mataripe S.A. (“Mataripe”) acquisition

On November 30th, 2021, the Company acquired 100% of the outstanding shares of Mataripe for US$ 1,879,794 (equivalent to R$ 10,486,851), of which R$ 10,119,046 million was paid on the same date and R$ 367,805 were paid on January 31st, 2022 (subsequent event), after compliance with all conditions precedent, preliminarily adjusted based on inflation adjustments and changes in working capital, net debt and investments until the closing of the transaction.

Mataripe, located in the State of Bahia, has the capacity to process 302 thousand barrels of oil per day and its production profile for gasoline, diesel, low sulfur bunker, aviation kerosene, LPG, asphalt, naphtha, coke, low sulfur fuel, lubricants and paraffin (including food-grade paraffin). Its assets include four storage terminals and a set of pipelines that interconnect the refinery and the terminals, totaling 669 km in length. Currently, production corresponds to 14% of the total refining capacity in Brazil, serving mainly the Northeast region of Brazil, and part of the North region and the State of Minas Gerais.

The allocation of the amount paid was based on a preliminary assessment of the fair value of the net assets acquired from Mataripe and is under review by Management and independent consultants. The Company expects to complete the purchase price allocation study in the next months.

(In thousands of Brazilian reais, unless otherwise indicated)

Below is presented the impacts of the results from the business combination through the confrontation of the consideration transferred and the fair value of the main identifiable assets and liabilities assumed on November 30th, 2021 (Acquisition date):

Consideration transferred [3]	**10,486,851**
(−) Cash assumed on acquisition	655,729
Net consideration transferred (A)	**9,831,122**
(+) Fair value of acquired assets:	
Trade receivable	2,425,533
Inventories	2,424,000
Property, plant and equipment and intangible	8,989,532
Other assets	140,910
	13,979,975
(−) Fair value of assumed liabilities:	
Suppliers	3,618,179
Income taxes	130,550
Value-added taxes and other taxes	349,897
Other liabilities	95,005
	4,193,631
Net acquired assets (B)	**9,786,344**
***Goodwill* (A − B)**	**44,778**

(3) On November 30th, 2021, the Company paid Petrobras based on the preliminary purchase price determined on September 30th, 2021. The agreement provided for a final adjustment of the acquisition price, which was determined and settled the amount of R$ 367,805 by the Company on January 31st, 2022.

The Company is not subject to contingent considerations nor is it entitled to indemnifications that might impact the purchase price.

This operation follows Resolution #9/2019 of the Nation Council for Energy Policy. It was established directives for the promotion of free competition in the refining activities in Brazil and is part of a commitment between Petrobras and Brazilian Antitrust Authority (‘CADE’) to open the refining market sector to competition.

The assumptions and valuation techniques of the main assets acquired, and liabilities assumed identified in the acquisition of Mataripe are presented below:

(i) Inventories (Market comparison technique): The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories. As a result, on the acquisition date, the Company attributed an additional fair value of R$ 55,704.

(ii) Property, plant and equipment and intangible (Market comparison technique and cost technique): The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. As a result, on the acquisition date, the Company attributed an additional fair value of R$ 2,687,090.

(iii) Goodwill (Discount Cash Flow technique): This component was recognized mainly for the expected future profitability of the acquired business of R$ 21,850 plus the recognition of the deferred tax liability based on the difference between the fair values attributed and the tax bases of inventories, property, plant and equipment and intangible assets acquired in the business combination of R$ 22,928.

To assess the expected future profitability of the business, the Company used the revenue approach using the discounted cash flow method, which considers the present value of the expected net cash flows from the business. The key assumptions were:

- Period explicit in the cash flow until December 2040, plus perpetuity by Gordon's growth model. Considering in perpetuity the inflation of 3.2% p.a. and disregarding the real growth.
- Projection of net operating revenue based on Management's estimates, considering the volume of oil purchases and the resulting product mix, adjusted to a Compound Annual Growth Rate (‘CAGR’) of 2.9%.
- Projection of operating costs and expenses based on Management's estimates, considering the Company's experience in managing similar business.
- Discount rate of 9.0%, reflecting the Weighted Average Cost of Capital (“WACC”) at a level appropriate to the perception of market risk and adequate remuneration to shareholders.
- Income taxes of 34%.

Accounting Practice

Business combinations

The Company uses the method of acquisition for business mix operations. The consideration transferred for the acquisition of a subsidiary has the following components: (I) the fair value of the transferred assets; (ii) the assumed assets from the acquired business; (iii) the fair value of any assets or liabilities resulting from a contingent consideration, when applicable; and (iv) the fair value of any pre-existing shares in the subsidiary, when applicable.

The identifiable acquired assets assumed liabilities and contingent liabilities in a business combinations are measured initially from their fair values on the date of the acquisition. When there is excess between the consideration transferred by the Company and the values added from components (i) to (iv), there is goodwill. When the value added from those components is less than the receivable consideration transferred by the subsidiary acquisition, a gain from a bargain purchase is recognized in the income statement. The Company recognizes the non-controlling interest in an acquired subsidiary through the proportional participation of non-controlling shareholders in the identifiable net assets, when applicable.

(In thousands of Brazilian reais, unless otherwise indicated)

Subsidiary

A subsidiary is the entity in which the Company is entitled to variable yields resulting from its involvement and has the capacity to interfere on such yields due to the power it has over the entity (control). Subsidiaries are totally consolidated from the date when control is held by the Company and the consolidation is interrupted from the date the Company no longer controls it. The investments in subsidiaries are assessed with the equity method from the date they become a subsidiary.

10) Property, plant and equipment

Property, plant and equipment are represented as follows:

					Consolidated
	Lands, buildings and improvements	Equipment and others (a)	Right of use (b)	Assets in progress	Total
Balance on December 31st, 2020	-	-	-	-	-
Changes of the year					
Business combination	399,380	8,367,523	5,241	202,668	**8,974,812**
Additions	-	132	3,335	4,769	**8,236**
Transfers	-	11,496	-	(11,496)	-
Depreciation	(1,915)	(69,383)	(594)	-	**(71,892)**
	397,465	**8,309,768**	**7,982**	**195,941**	**8,911,156**
Cost	543,365	15,881,461	8,884	195,941	**16,629,651**
Accumulated depreciation	(145,900)	(7,571,693)	(902)	-	**(7,718,495)**
Balance on December 31st, 2021	**397,465**	**8,309,768**	**7,982**	**195,941**	**8,911,156**
Weighted average useful life	23 years	19 years	2,5 years	-	
Minimum and maximum	10 to 50 years, except lands	1 to 31 years	2 to 3 years	-	

As of December 31st, 2021, the property, plant and equipment recognized in the Parent Company refers to "Equipment and other assets" in the amount of R$ 131, whose weighted average useful life is 7 years.

a. Equipment and others - Lessor of equipment and logistic assets

The Company has a lease agreement with Petrobras Transporte S.A ('Transpetro') for a period of 10 years with the term of equipment in 2031, in which it leases 4 contracting terminals and the respective logistics assets linked to the operations of the terminals. The annual installments of the contract is R$ 444,141, updated annually based on IPCA. As of December 31st, 2021, the assets recognized in property, plant and equipment is R$ 554,622. The weighted average useful life of these assets is 21 years.

(In thousands of Brazilian reais, unless otherwise indicated)

The Company classifies these operating leases and the expected cash flows, without the forecast of contracts such as IPCA, are presented:

	2022	2023	2024	2025	2027	2028 onward
Annual inflows	444,141	444,141	444,141	444,141	444,141	1,776,565

b. Right of use - Lessee of equipment

Right of use assets are presented as Property, Plant and Equipment, representing the lease of equipment. Lease liabilities are presented in a particular line in the Company's financial statements. As of December 31st, 2021, the Company registered a R$ 7,982 balance on this right of use and R$ 8,627 on short and long-term lease of liabilities.

Accounting Practice

Property, plant and equipment are demonstrated through the acquisition or construction costs, which also comprehend the costs directly attributable to putting the asset on operating conditions as well as, when applicable, deducted from accumulated depreciation and impairment.

The expenses with major planned maintenance services executed to restore or maintain the original performance standards of industrial facilities are recognized in property, plant and equipment when the campaign duration is longer than twelve months and there is predictability for the campaign. These expenses are depreciated over the forecast for next major maintenance. The maintenance expenses that do not comply with these requirements are recognized in the income statements. Replacement and spare parts that have a useful life longer than a year and can only be used with property, plant and equipment items are recognized and depreciated with the principal component.

Debts financial charges on directly attributable loans to the acquisition or assets construction are capitalized as part of those assets' costs. For capital raised with no specific destination and used in order to obtain a qualified asset, the financial charges are capitalized by the average loan rates effective during the period, applied to the balance of construction in progress. Loans directly attributable to the construction of qualified assets are not included in this calculation until all the necessary activities to put the referred asset in the intended use or sale conditions are completed by the Company.

Right of use assets are presented as property, plant and equipment and, in accordance to the useful life of the respective underlying assets and the characteristics of the lease contracts (duration, asset transfer or execution of purchase option), are depreciated by the straight-line method based on contract deadline.

The depreciation of property, plant and equipment components is calculated with the straight-line method, the rate equivalent to its estimated useful life.

(In thousands of Brazilian reais, unless otherwise indicated)

11) Intangible

The intangible assets are represented as follows:

					Consolidated
	Goodwill	Software	Rights and concessions	Assets in developments	Total
Balance on December 31st, 2020	–	–	–	–	–
Changes of the year					
Business combination	44,778	13,201	1,519	–	**59,498**
Additions	–	–	–	15,951	**15,951**
Amortization	–	(362)	–	–	**(362)**
	44,778	**12,839**	**1,519**	**15,951**	**75,087**
Cust	44,778	27,082	2,273	15,951	**90,084**
Accumulated amortization	–	(14,243)	(754)	–	**(14,997)**
Balance on December 31st, 2021	44,778	12,839	1,519	15,951	75,087

As of December 31st, 2021, intangible assets recognized in the Parent Company refers to expenditures incurred in the development phase for building-up of technology and software environment in the amount of R$ 15,951.

Accounting Practice

The intangible assets are demonstrated by the acquisition costs, deducted of the accumulated amortization and impairment.

The intangible assets internally generated are not capitalized. They are recognized as expense in the income statements in which they were accrued, except expenses with development that comply with the recognition criteria related to the conclusion and use of the assets, generation of future economic benefits, etc.

Intangible assets with undetermined useful life are not amortized, but they are tested annually for impairment. The undetermined useful life assessment is reviewed annually.

(In thousands of Brazilian reais, unless otherwise indicated)

12) Suppliers

	Consolidated 12/31/2021	Parent 12/31/2021
Petrobras [1]	2,261,423	–
Other suppliers	531,310	104,894
Total	**2,792,733**	**104,894**
Current Assets	2,792,011	104,894
Non-current assets	722	–

(1) Mainly for crude oil purchases.

Accounting Practice

Suppliers are financial liabilities. For further details, see the accounting practices description in note 3(a).

13) Lease agreements

The lease liabilities transactions are presented as follows:

	Current	Non-current	Total
Balance on December 31st, 2020	–	–	–
Business combinations	2,150	3,485	**5,635**
Additions	–	3,335	**3,335**
Payments	(446)	–	**(446)**
Interest charges	–	103	**103**
Transfers	2,157	(2,157)	–
Balance on December 31st, 2021	**3,861**	**4,766**	**8,627**

Accounting Practice

Lease liabilities, including those whose underlying assets are of low value, are measured by the present value of the lease payments not reflecting the projected future inflation, which takes into consideration rates to recover, as well as terms that cannot be canceled and extent options when they are reasonably correct. Payment flows are discounted by the incremental nominal rate over the Company’s loans, as the implicit interest rates in the lease contracts with third parties normally cannot be readily determined.

Remeasurements of the lease liabilities often reflect changes originated from contract indexes or rates, as well as lease durations due to new expectations of lease extensions or terminations.

The accrued interests adjust the lease liabilities and are classified as financial expenses, and payments reduce the carrying amount.

(In thousands of Brazilian reais, unless otherwise indicated)

14) Loans and borrowings

The Company debt is composed of capital raised through bank loans and capital markets, denominated in US Dollar ("US$"). The debts are initially registered by the fair value, which normally reflects the received value, borrowing costs net value (issuing direct costs) and payments.

As of December 31st, 2021, the balance of debt contracts is presented below:

	Financial charges	Consolidated 12/31/2021	Parent 12/31/2021
Bonds	7.25% p.a	10,044,900	-
Bridge loan	LIBOR +0.40% p.a	9,571,753	9,571,753
Advances on Export Exchange Contracts ('ACC')	3.30 p.a	558,481	-
		20,175,134	**9,571,753**
Borrowing costs		(121,469)	(35,348)
Total		**20,053,665**	**9,536,405**
Current		10,775,531	9,536,405
Non-current		9,278,134	-

The ACC is represented by the contract signed with Banco do Brazil, which maturity in December 2022.

The Company raised US$ 1,800,000 (equivalent to R$ 10,044,900) through the subsidiary MC Trading in the form of Bonds with maturity up to June 2031. The amounts are invested in marketable securities managed by JP Morgan Chase Bank. These resources were pledged in guarantee to the Bridge loan raised by the Company and due in November 2022 with the initial amount of US$ 1,714,286 (equivalent to R$ 9,571,753) for the acquisition of the Mataripe, through a syndicate of creditors coordinated by JP Morgan Chase Bank.

The changes of Company's debts are presented below:

	Consolidated	Parent company
Balance on December 31st, 2020	-	-
Effect on cash flow:		
Proceeds	19,584,334	9,572,914
Borrowing cost	(125,702)	(38,561)
Interest paid	(321,646)	-
Effects that do not impact cash flow:		
Accrued financial charges		
Interest and inflation adjustments	315,286	5,182
Foreign exchange rate change	(7,323)	(6,343)
Borrowing cost amortization	7,566	3,213
Cumulative translation adjustments	601,150	-
Balance on December 31st, 2021	**20,053,665**	**9,536,405**

(In thousands of Brazilian reais, unless otherwise indicated)

The Company aims to structure its debts in consonance with its business financial cycle, according to the particularities of each business and the characteristics of their concessions and authorizations. The future flows of debt payments of principal and interest are as follows:

			Consolidated
	Principal [(1)]	Financial charges [(1)]	Total
2022	10,124,621	808,854	10,933,475
2023	83,373	728,256	811,629
2024	315,409	716,530	1,031,939
2025	151,678	696,139	847,817
2026	598,676	677,568	1,276,244
2027 onwards	8,895,762	2,571,033	11,466,795
	20,169,519	6,198,380	26,367,899

(1) The estimated flow of future payments, including principal and interest, is calculated based on interest rate curves (pre and post taxes) and foreign exchange rates applicable as on December 31st, 2021 and considering that all amortization payments and payments at maturity on loans and borrowings will be made on their contracted payments dates. The amount includes the estimated values of future financial charges payments (not yet accrued) and financial charges already recognized in the financial statements.

Accounting Practice

Loans and borrowings and financial liabilities. For further details, see the accounting practices description in note 3(a).

15) Income taxes

a. Income taxes — Financial position

Current and deferred income taxes are represented by Corporate Income Tax ('CIT') and Social Security Contributions on net income ('CSLL'). They are calculated based on a 34% tax rate on earnings before income taxes (25% for CIT, 9% for CSLL), and consider a fiscal loss and a negative base for CSLL, limited to 30% of the taxable income for the year. Overseas, in Luxembourg, the income taxes rate is 25%.

As of December 31st, the balance due is presented as follows:

	Consolidated	Parent
	12/31/2021	12/31/2021
CIT	30,916	(255)
CSLL	43,607	–
Net liabilities	74,523	(255)
Current assets	(255)	(255)
Current liabilities	74,778	–

The assets and liabilities deferred taxes are recognized based on the fiscal losses and temporary differences between carrying amounts for financial reporting purposes and the corresponding values are used for taxation purposes.

(In thousands of Brazilian reais, unless otherwise indicated)

	Consolidated		Parent company	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Tax loss carryforward	114,078	95	26,904	95
Temporary differences				
Provisions	125,356	-	39,853	-
Assets and liabilities at fair value	34,983	-	-	-
Depreciation/ amortization method	(78,933)	-	-	-
Other timing differences	(2,867)	-	-	-
	192,617	**95**	**66,757**	**95**
Provision for deferred fiscal assets loss	(153,931)	(95)	(66,757)	(95)
Total	**38,686**	**-**	**-**	**-**
Deferred tax assets	38,686	-	-	-

Fiscal losses carryforward does not expire in Brazil, and their compensation is limited to 30% of the profit obtained in a fiscal year. The local profits of foreign subsidiaries are also taxed in Brazil and there are no restrictions to their compensation with fiscal losses previously generated by the foreign subsidiary. In Luxembourg tax losses may be carried forward for 17 years. As of December 31st, 2021, the amount of tax losses (including negative basis) in Brazil and Luxembourg was R$ 26,904 and R$ 87,174, respectively.

b. Income taxes — Reconciliation of recognized taxes in the income statements

The reconciliation of taxes calculated in according to nominal tax rate and the value of recognized taxes is represented below:

	Consolidated		Parent company	
	2021	2020	2021	2020
Loss before income taxes	**(408,849)**	**(65)**	**(340,746)**	**(65)**
Income taxes at statutory rates - 34%	**139,009**	**22**	**115,854**	**22**
Adjustments that affect the basis of taxes on earnings				
Equity results	-	-	(48,830)	-
Different tax rates of subsidiaries overseas	(31,382)	-	-	-
Tax incentives (profit from exploitation) (1)	71,882	-	-	-
Additions of non-recognized tax assets	(110,979)	(22)	(66,662)	(22)
Other permanent additions	(427)	-	(362)	-
Income taxes	**68,103**	**-**	**-**	**-**
Effective tax rate	**16.66%**	**0.00%**	**0.00%**	**0.00%**
Current	(92,855)	-	-	-
Deferred	160,958	-	-	-

(1) Refers to the tax incentive by Superintendency for the Development of the Northeast ('SUDENE'), in the subsidiary Mataripe, that reduces CIT by 75%. This incentive is ratified for enjoyment until 2026. The transfer Constitutive Opinion (# 0191/2021) was issued by SUDENE on November 19th, 2021 and registered at the Brazilian Federal Revenue Service.

(In thousands of Brazilian reais, unless otherwise indicated)

Accounting Practice

The income taxes are recognized in the period income, except for transactions directly recognized in the shareholders' equity. The income taxes are calculated based on Brazilian tax rates. Their recognition is based on the temporary differences between the carrying amount and the value for the fiscal base of assets and liabilities in the calculated fiscal losses. The assets and liabilities deferred income taxes are compensated when there is the legal right to compensate fiscal assets against fiscal liabilities and when the assets and liabilities deferred income taxes are related to the income taxes calculated by the same fiscal authority on the same taxable entity.

The assets deferred income taxes recognized in the financial statements are based on technical studies prepared by the Company. They support the expectation of future income. These studies take into consideration the analysis of future income, supported by economic and financial projections which are based on internal assumptions and economic, commercial and taxing scenarios that may change in the future. The liabilities deferred income taxes are immediately recognized in the financial statements.

The determination of income taxes payable is positively influenced by SUDENE’s tax incentive. It grants to Mataripe’s operations a tax advantage that reduces CIT, which is calculated based on the exploitation profits, by 75%.

16) Value-added taxes and other taxes

Assets and liabilities of value-added taxes and other taxes are presented as follows:

	Consolidated		Parent
	12/31/2021		12/31/2021
	Asset	Liability	Liability
State VAT (‘ICMS’)	12,186	236,181	–
Federal VAT (‘PIS and COFINS’)	131,282	115,942	1,151
CIDE	–	22,883	–
Other taxes	–	13,374	5,300
	143,468	388,380	6,451
Current	110,192	388,380	6,451
Non-current	33,276	–	–

17) Related parties

As of December 31st, 2020, the Company had loan payable values to its controlling shareholder, corresponding to R$ 285, with no financial charges, that was paid in 2021.

As of December 31st, 2021, the Company has loan contract and dividends receivable from Mataripe in the amounts of R$ 465,360 and R$ 73, respectively. These amounts do not have financial charges. The amount of loan contract was received in January 2022 (subsequent event).

18) Shareholders' equity

a. Share capital

As of December 31st, 2021, the share capital, subscribed and paid-in, of R$ 3,302,479 (R$ 1 as of December 31st, 2020), is represented by 3,302,479,177 (three billion, three hundred two million, four hundred seventy nine thousand, one hundred seventy seven) of common, not to bearer and no-par-value shares, as follow:

- Increase capital in cash on January 18th, 2021 – R$ 300, corresponding to 300,000 shares.
- Increase capital in cash on April 26th, 2021 – R$ 12,000, corresponding to 12,000,000 shares.
- Increase capital in cash on July 14th, 2021 - R$ 414,906, corresponding to 414,906,000 shares.
- Increase capital in cash on August 20th, 2021 – R$ 33,991, corresponding to 33,991,177 shares.
- Increase capital in cash on October 15th, 2021 – R$ 20,250, corresponding to 20,250,000 shares.
- Increase capital in cash on November 26th, 2021 – R$ 2,821,031, corresponding to 2,821,031,000 shares.

As of December 31st, 2021, the shareholders who have all outstanding shares of the Company are:

- MIC Capital Partners (Brazil Strategic Opportunities) Fundo de Investimento em Participações Multiestratégia Investimento no Exterior; and
- MIC Capital Management 25 RSC LTD.

Accounting Practice

The share capital is represented by common shares. The incremental costs directly attributable to the issuing of shares are presented as shareholders' equity, such as capital transactions, net of tax effects.

b. Earnings per share

The basic and diluted earnings per share attributable to MC Brazil's shareholders:

	Consolidated and Parent company	
	2021	2020
Loss for the year	(340,746)	(65)
Weighted average of outstanding shares (in thousands)	488,884	1
Basic and diluted earnings per share	**(0.70)**	**(65.00)**

(In thousands of Brazilian reais, unless otherwise indicated)

19) Net operating revenue

	Consolidated
	2021
Gross revenue from sales — Brazil	3,460,688
Gross revenue from sales — Overseas	847,073
Returns and deductions	(69)
Tax on sales:	
ICMS	(751,437)
PIS and COFINS	(328,962)
CIDE	(22,883)
Net revenue	3,204,410
Net operating revenue per product:	
Diesel	1,081,877
Fuel oils BTE	834,683
Gasoline	695,329
Others	592,521
Total	3,204,410

Accounting Practice

The Company assesses contracts with customers that will have their revenues recognized and identifies the distinct promised goods and services in each one of them. Promises of transferring to a customer a distinct good or service (or a set of distinct goods and services), or a series of distinct goods and services that are substantially the same and have the same transfer pattern are considered performance obligations.

The Company measures revenue based on the consideration amount it expects to be entitled in exchange for transferring to the customer the promised goods or services, except for the amounts charged on behalf of third parties. The transaction prices are based on prices that are declared in contracts, which reflect the Company's pricing methodologies and policies in accordance with market parameters. In some cases, the sale price is provisionally determined on the date of sale, with subsequent adjustments being based on movements in quoted market or contractual prices up to the date of fixing the final price.

When transferring a good, that is, when the customer gets the control of that good, the Company satisfies the performance obligation and recognizes the respective revenue, which in general occurs at specific points in time during the product delivery.

(In thousands of Brazilian reais, unless otherwise indicated)

20) Costs and expenses by nature

	Consolidated				
					2021
	Cost of goods sold	Selling expenses	General and administrative expenses	Other expenses (revenues), net	Total
Raw materials and products for resale	2,802,720	–	–	–	**2,802,720**
Hired services, freights, leases and storage	11,772	34,172	162,270	277	**208,491**
Personnel expenses (1)	32,874	–	31,295	–	**64,169**
Depreciation and amortization	67,125	–	1	5,128	**72,254**
Expected credit losses	–	47	–	–	**47**
Commodity derivatives	–	–	–	90,501	**90,501**
Taxes and contributions	–	–	4,214	13	**4,227**
Revenue from leases (2)	–	–	–	(8,727)	**(8,727)**
Other expenses (revenues), net	2	161	6,097	3,470	**9,730**
Total	**2,914,493**	**34,380**	**203,877**	**90,662**	**3,243,412**

(1) The amounts of personnel expenses recognized as "Costs of goods sold" refer to the allocation of Petrobras' shared labor expenses, arising from the sale and purchase agreement that transferred the control of Mataripe from Petrobras to MC Participações. The transition and operational assistance period will be 15 months from November 30th, 2021.

(2) Revenue from the operating lease agreement of the Company's logistics assets (see note 10(a)).

	Parent company
	2021
	General and administrative expenses
Hired services, freights, leases and storage	148,724
Personnel expenses	31,295
Depreciation and amortization	1
Taxes and contributions	4,214
Other expenses	6,096
Total	**190,330**

(In thousands of Brazilian reais, unless otherwise indicated)

21) Financial results

	Consolidated 2021	Parent company 2021
Financial income		
Income from short-term financial investments	4,180	2,803
Trade receivable revenue	2,740	–
Taxes on financial income	(279)	(130)
	6,641	**2,673**
Financial expenses		
Financial charges from debt	(322,852)	(8,395)
Credit facility fees	(33,527)	–
IOF	(7,392)	(7,391)
Interest charges from lease agreement	(103)	–
Others	(42)	(28)
	(363,916)	**(15,814)**
Foreign exchange rate changes and other adjustment		
Foreign exchange variations on cash and cash equivalents	(17,953)	–
Foreign exchange variations of accounts receivable	(3,759)	–
Foreign exchange variations of debts	7,323	6,343
Other Foreign exchange variations and inflation adjustments	1,817	–
	(12,572)	**6,343**
Financial income, net	**(369,847)**	**6,798**

22) Risk management and financial instruments

a. Financial instruments

The Company operates with financial instruments. These instruments are managed through operational strategies and internal controls that aim to secure their liquidity and yield. The control policy consists of the permanent supervision of the contracted conditions in the face of the existing market conditions.

(In thousands of Brazilian reais, unless otherwise indicated)

The Company classifies the financial instruments according to its business model and the purpose they are acquired for. All the operations with financial instruments are recognized, classified and measured in the Company's financial statements on December 31st, 2021 and as demonstrated below:

	Consolidated		
	Amortized cost	Fair value through profit or loss	Total
Financial assets			
Cash and cash equivalents	1,805,183	-	**1,805,183**
Trade receivable	175,389	826,220	**1,001,609**
Restricted marketable securities	10,507,836	-	**10,507,836**
	12,488,408	826,220	13,314,628
Financial liabilities			
Suppliers	2,792,733	-	**2,792,733**
Lease agreements	8,627	-	**8,627**
Derivative financial instruments	-	90,501	**90,501**
Loans and borrowings	20,053,665	-	**20,053,665**
	22,855,025	90,501	22,945,526

	Parent company	
	Amortized cost	Total
Financial assets		
Cash and cash equivalents	86,187	**86,187**
Related parties	465,433	**465,433**
	551,620	551,620
Financial liabilities		
Suppliers	104,894	**104,894**
Loans and borrowings	9,536,405	**9,536,405**
	9,641,299	9,641,299

Accounting Practice

For further details, see the accounting practices description in note 3(a).

b. Risk management

The Company's risk management is performed by the executive board, based on the corporate policy for risk management approved by the Board of Directors. This policy has the purpose of contributing to the adequate balance between growth and income goals and the level of risk, whether inherent to the Company's activities or due to the context in which it operates, so that through the efficient allocation of its physical, financial and human resources the Company can succeed in achieving its strategic goals.

The Company operations are subject to the risk factors described below:

i. Credit risk

The credit risk management policy aims to minimize the possibility of not receiving the amount of the sales made, deposited or guaranteed by financial institutions and counterparties, by through of credit analysis, granting and management, based on quantitative and qualitative parameters.

The Company is exposed to credit risk from financial institutions that arise from their cash administration. The Company assesses that the credit risks associated with cash and cash equivalents are low due to the fact that the operations are performed based on the corporate analysis and guidelines and with financial institutions of renowned liquidity.

ii. Liquidity risk

The Company uses its resources mainly on working capital expenses. Historically, all conditions filled with resources generated internally, short-term debts, sales transactions and contributions, when necessary. These resources, added to the Company's financial position, indicate a tendency for the fulfillment of the capital requirements established corporately.

iii. Market risk

Interest rate risk: It arises from the possibility that the Company faces gains or losses due to interest rate changes on its financial assets and liabilities. As of December 31st, 2021, the Company had no material exposure to any interest rate risk.

Foreign exchange rate risk: It arises from the possibility of fluctuations in the exchange rate of foreign currencies the Company used for the acquisition of equipment or services and entering into a loan contract.

Oil and oil by products pricing risk: The Company is exposed to the risk of oil international pricing variations. This commodity is subject to impacts caused by macroeconomic geopolitical factors extraneous to the Company. In order to mitigate the risk of fluctuations of oil pricing, the Company permanently monitors the market, seeking protection through hedge operations for cargoes purchased both in national and international markets, using derivative contracts at ICE Brent / Nymex HO / Nymex RBOB stock exchanges.

As of December 31st, 2021, the Company had a derivative instrument, a futures contract, of R$ 90,501 to protect 54% of its inventory global position (3.3 million of barrels).

c. Insurances

As of December 31st, 2021, the Company had coverage for goods and assets subject to risks in amounts considered enough to cover losses, considering the nature of its activity.

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EXECUTIVE BOARD

LUIZ DE MENDONÇA
Chairman

ALEXANDRE PERAZZO DE ALMEIDA
Chief financial officer

SÉRGIO PEREIRA DA TRINDADE
Accountant
SP 198109/O-7