Dexco S.A.

Listed company
National Register of Corporate Taxpayers - (CNPJ)
No. 97.837.181/0001-47
NIRE -35300154410

Financial Statements at December 31, 2021

SUMMARIZED MINUTES OF THE MEETING OF THE BOARD OF OFFICERS HELD ON FEBRUARY 9, 2022

DATE, TIME AND PLACE: on February 9, 2022 at 9 a.m., at Paulista Avenue, 1938, Terrace floor, in the city and state of São Paulo.

PRESIDING: Antonio Joaquim de Oliveira (Chairman) and Carlos Henrique Pinto Haddad (Secretary).

QUORUM: the totality of the elected members.

RESOLUTIONS ADOPTED: following examination of the financial statements for the fiscal year ending December 31, 2021 as well as the report from PricewaterhouseCoopers Auditores Independentes, the Board of Officers decided unanimously and pursuant to the provisions in Sub-items V and VI of the 1st Paragraph, Article 25 of CVM Instruction 480/09, as amended, to declare in terms of the law that:

a) It has reviewed, discussed and agreed with the opinions expressed in the report issued by PricewaterhouseCoopers Auditores Independentes; and

b) It has reviewed, discussed and agreed with the financial statements for the fiscal year ending December 31, 2021.

CONCLUSION: with the work of the meeting concluded, these minutes were drafted, read, approved and signed by all. São Paulo (SP), February 9, 2022. (signed) Antonio Joaquim de Oliveira – Chief Executive Officer; Carlos Henrique Pinto Haddad, Raul Guimarães Guaragna and Marcelo José Teixeira Izzo – Vice Presidents; and Cleonyr Xavier Filho, Daniel Lopes Franco, Glizia Maria do Prado, José Ricardo Paraíso Ferraz and Marco Antonio Milleo - Officers.

São Paulo (SP), February 9, 2022.

Carlos Henrique Pinto Haddad
Vice-President of Administration, Finances and Investor Relations

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Introduction

Dexco S.A.'s ("Dexco") Audit and Risk Management Committee was formed in November 2009. Its main responsibilities include: (i) oversight of the Internal Audit, Risk Management and Compliance Unit, which is responsible for the processes of internal controls, compliance with laws, regulations and internal rules, and management of the risks inherent to the activities of the Company and its subsidiaries, as well as for the work conducted by the Internal Audit; (ii) oversight of the work conducted by the Independent Auditors; and (iii) assessment of the quality and integrity of the financial statements.

Responsibilities

Management is responsible for the proper preparation of the financial statements of Dexco S.A.'s ("Dexco") and its subsidiaries and affiliates as well as for implementing and maintaining internal controls and risk management systems consistent with the size and structure of the Company. Management is also responsible for establishing procedures for guaranteeing the quality of the processes that generate the financial information.

The Internal Audit's functions include assessing the risks involved in the Company's main processes and the controls used to mitigate these risks, as well as verifying compliance with the policies and procedures that Management may establish, including those for preparation of the financial statements.

PricewaterhouseCoopers Auditores Independentes is responsible for auditing the financial statements and must ensure that they adequately represent, in all material aspects, the equity and financial situation of Dexco S.A. ("Dexco") . and its subsidiaries, and that they have been prepared in accordance with the accounting practices in force in Brazil, as prescribed by the Brazilian Securities and Exchange Commission ("Comissão de Valores Mobiliários" – CVM).

In the fulfillment of its functions, the analyses and evaluations performed by the Committee are based on information received from Management, the Internal Audit, Risk Management and Compliance Unit, the Independent Auditor, and from the executives responsible for risk management and the internal controls in the Organization's various segments.

Activities of the Committee

During 2021, the Audit and Risk Management Committee met eleven times with the following purposes:

- Monitor the training with respect to the Code of Conduct and procedures for adherence and compliance with the Company's Securities Trading Policy;
- Monitor the status of the pillars of the Company's Integrity Program;
- Revision of the Policies of (i) Securities Trading; (ii) Disclosure of a Material Act or Fact, which once joined, renamed the Securities Trading and Disclosure of a Material Act or Fact Policy; (iii) Debt; (iv) Financial Investments and Banking Exposure, which once joined, renamed the Financial Policy; (v) Corporate Governance, and (vi) Whistleblower Channel;
- Analysis of the financial, operational, technological, and environmental risks, and principal mitigating internal controls of the risks, in meetings with officers of the Organization;
- Cognizance of the work executed by the Risks Commission and verification of compliance with the Internal Controls and Risk Management System Policy, the Anti-Corruption Policy, and the Free Competition Protection Policy;
- Monitoring of the implementation of the principal action plans on Data Security;
- Monitoring of the implementation of the procedures and controls necessary for compliance with the requirements of the General Data Protection Law;
- Analysis of aspects of the Reference Form, principally those relating to risks prior to filing with the Brazilian Securities and Exchange Commission ("CVM").
- Cognizance and debates on the information included in the Report on the Brazilian Code of Corporate Governance prior to filing with the CVM;
- Discussion and approval of the Planning of the work of the Independent Auditors for the year 2021;
- Discussion and analysis of the principal account practices used in the preparation of the quarterly financial statements and the annual balance sheet;
- Cognizance of the principal contingencies involving the Company;
- Cognizance of the Internal Controls Report prepared by the Independent Auditor with baseline date of December 31, 2020, as well as monitoring the implementation of internal controls for mitigating the fragilities identified;
- Analysis and discussion of the main audit matters, part of the Independent Audit report;
- Approval of the Planning of the work of the Internal Audit for the year 2022;
- Approval of the Planning of the work of the Compliance, Internal Controls and Risks area for the year 2022;
- Analysis of the result of the work and goals of the Internal Audit;
- Analysis of the result of the work and goals of Compliance, Internal Controls and Riscos;
- Monitoring of the action plans following recommendations of the Internal Audit through meetings with the Company's officers, and the results of the work of the Internal Audit;

- Meetings with the managers and officers of the Financial Management, Investor Relations, Information Technology, Customer Service (SAC), Deca and Coated Ceramics areas, to discuss matters relating to the management of risks and controls of each one of the areas and attendance to the points raised by the Internal Audit;
- Monitoring and Restructuring of the Whistleblower Channel;
- Monitoring of the results of the verification of complains received through the Whistleblower Channel and verified by the Internal Audit, Risk Management and Compliance Unit with independent consultancy support.
- Coordination of the internal and external pentest work executed by an independent consultancy.
- Awareness of the Regulatory Library work executed by an independent consultancy.
- Awareness of the implementation of the *Vínculos* Platform for Compliance.

At a meeting held on February 7, 2022, the financial statements for December 31, 2021, were discussed and analyzed.

Conclusion

The Audit and Risk Management Committee recognizes and supports the Company's initiatives to continuously review the processes and implement improvements in the areas of compliance, internal controls, and risks, as well as in regard to the Whistleblower Channel, currently the responsibility of the Internal Audit, Risk Management and Compliance Unit.. It supports, above all, the Company's initiatives in the technology, innovation, and data security processes through the monitoring of the action plans, designed for the constant improvement in degree of maturity, of their executives and staff on these questions.

The Audit and Risk Management Committee, based on information received and the activities conducted in the period, taking into due consideration its responsibilities and the limitations arising from its purview, understands that the individual and consolidated financial statements of December 31, 2021 have been prepared in compliance with the accounting practices in force in Brazil and with the international financial reporting standards (IFRS) as issued by the International Accounting Standards Board (IASB), and recommends their approval by the Board of Directors.

São Paulo, February 9, 2022. **The Audit and Risk Management Committee:** Raul Calfat – President; Teresa Cristina Grosse Toni – Specialist; Juliana Rosenblum Munmorah, Paula Lucas Setubal, Ricardo Egydio Setubal, and Rodolfo Villela Marino – Members.

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RAUL CALFAT
President

CNPJ nº 97,837,181/0001-47
A Public Listed Company

OPINION OF THE FISCAL COUNCIL

The members of Dexco S.A.'s Fiscal Council examined the Management Report and the Financial Statements for the fiscal year ended December 31, 2021, and (i) the Financial Statements were recommended for approval by the Audit and Risk Management Committee; and (ii) both documents above were reviewed by PricewaterhouseCoopers Auditores Independentes ("PwC"), as independent auditors.

The Fiscal Councilors have verified the accuracy of all the elements examined and, considering the unqualified report issued by PwC, understand that these documents adequately reflect the equity situation, the financial position and the activities developed by the Company in the period and meet the required conditions to be submitted to the appreciation of the Shareholders at the 2022 Annual General Meeting. São Paulo, February 9, 2022. Guilherme Tadeu Pereira Júnior – Chairman and Councilor; and Carlos Eduardo de Mori Luporini - Councilor.

São Paulo (SP), February 9, 2022.

Carlos Henrique Pinto Haddad
Vice-President of Administration, Finance and Investor Relations

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(A free translation of the original in Portuguese)

Dexco S.A.

Parent company and consolidated financial statements at December 31, 2021 and independent auditor's report

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Independent auditor's report

To the Board of Directors and Stockholders
Dexco S.A.

Opinion

We have audited the accompanying financial statements of Dexco S.A. (the "Company"), which comprise the balance sheet as at December 31, 2021 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Dexco S.A and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2021 and the consolidated statements of income, 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.

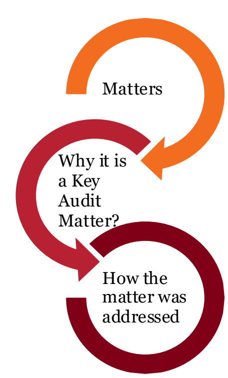
In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Dexco S.A and of Dexco S.A. and its subsidiaries as at December 31, 2021, and its financial performance and its cash flows, as well as the consolidated financial performance and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

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Why it is a Key Audit Matter	How the matter was addressed in the audit
Fair value measurement of biological assets (Notes 2.13, 3(a) and 16)	
The Company uses the discounted cash flow method to measure the fair value of its forests recorded in noncurrent assets (biological assets). This method relies on assumptions that require management's judgment, including selection of: the interest rate for discounting cash flows, forest growth rates, productivity indices, standing wood prices and, principally, the prices for wood in different regions, including those with no active markets or sources of verifiable prices. At December 31, 2021, the fair value of these assets, in the consolidated balance sheet was R$ 1,268 million. This was considered a key audit matter due to the inherent risks of measurement and recognition, which rely on management's judgments and estimates in determining fair values and, consequently, which could have potentially significant effects on the Company's reported net income for the year.	Our audit procedures included, among others, updating our understanding of management's internal controls used to measure these assets, as well as the fair value methodology and assumptions. We reviewed, with the assistance of our specialists, the valuation of the biological assets and assessed the model, calculations and assumptions. We agreed data entries on a test basis and compared the calculations and assumptions to the prior year for consistency. We evaluated the reasonableness of management's estimates and criteria for estimating wood prices, particularly in regions where there is no active market, comparing them with the Company's cost of formation. We read the information disclosed in the notes to the financial statements to assure compliance with accounting standard requirements and with the underlying assumptions. Our audit procedures indicated the valuation model to be reasonably consistent with market practices and the assumptions to be appropriate.
Intangible assets with indefinite useful lives - Recoverability (Notes 17 and 18)	
The Company and its subsidiaries present significant balances of intangible assets with indefinite useful lives, principally goodwill from the acquisition of subsidiaries. Accounting standards (CPC 01) require assets with indefinite useful lives to be assessed for impairment, at least, annually. At December 31, 2021, the balance of these intangible assets totaled R$ 324 million. This was treated as an area of focus in our audit because it involves management's estimates and judgment in determining projections of future cash flows and the selection of interest rates for	We assessed the assumptions used by the Company to determine the impairment of intangible assets with indefinite useful lives, as well as the internal controls related to the identification and measurement of the recoverable value of the Company's cash generating units. With the support of our experts, we evaluated the key assumptions used in the projections of future cash flows, including: (i) the discount interest rate; (ii) the expectations of growth in the Brazilian and international markets for various segments, especially civil construction; (iii) an analysis of the base year balances used for the projection against historical accounting information; and (iv) other

Why it is a Key Audit Matter	How the matter was addressed in the audit
discounting. These measurements are based on assumptions which are sensitive to future and/or unexpected conditions, whether due to internal factors, market or macroeconomic conditions. Accordingly, any changes in these critical assumptions could significantly affect the results projected by management.	macroeconomic conditions. We assessed the sensitivity of the results to changes, deemed reasonably possible, for key assumptions. We back-tested actual current year results against the approved prior year budget to assess management's accuracy in forecasting results. We compared the recoverable amount, calculated based on the discounted cash flow method of the cash generating units, with the respective carrying amounts and assessed the adequacy of the financial statement disclosures. Within the context of our audit, we concluded that the valuation methodology and assumptions used by management were reasonable.
Expected realization of deferred taxes (Notes 2.16, 3(f) and 10)	
Deferred income tax and social contribution assets, net, in the parent company and consolidated financial statements were R$ 295 million at December 31, 2021. The recognition of deferred tax assets relies on critical accounting assessments of estimates for their realization, based on projections of taxable income. This was considered a key audit matter, since the use of a different set of assumptions for projections, among others, could significantly affect the estimated periods for probable realization of the tax credits. A different set of assumptions used by management could significantly affect the results of operations.	Our audit procedures included, among others, a review of management's forecasts of taxable income, their consistency with past historical data and of actual results compared to past projections. We reviewed, with the assistance of our specialists, management's assumptions and its methodology used in preparing future estimates of profitability. We also assessed the adequacy of disclosures of estimates for realization of deferred taxes in the notes to the financial statements. The results of our audit procedures were consistent with management's estimates for realization of deferred taxes based on its projections of taxable income. We concluded that the criteria and assumptions were reasonable and disclosures in the notes to the financial statements to be appropriate.

Exclusion of ICMS from the calculation bases for PIS and COFINS taxes (Note 23(d))

Why it is a Key Audit Matter	How the matter was addressed in the audit
During the year, the Company and its subsidiaries recognized tax credits in the amount of R$ 615 million, arising from legal proceedings, related to the right to exclude ICMS from the PIS and COFINS calculation bases for the periods covered by the lawsuits. This matter was the focus of our audit due to the significance of balances, the volume of operations that gave rise to the credits and the significant management judgment required in determining the estimates related to the measurement and realization of the tax credit, under the advice of its legal counsel.	Our audit procedures included, among others, reading, with the support of our tax experts, the judicial decisions and discussions with management and its legal advisors to assess the criteria adopted by the Company and its subsidiaries for the recognition of the tax credit We confirmed, on a test basis, the existence and origin of the PIS and COFINS balances to be recovered based on supporting documentation. We tested, on a sample basis, the calculations prepared by the Company to quantify the taxes recoverable taxes, when applicable, the corresponding legal accruals for the period. We evaluated the relevant internal controls over the reviews and approvals for the measurement of the asset, as well as the estimates made by management to classify the short-term and long-term portions. Based on sales projections prepared by management, we assessed the consistency for realizing the tax credit. We read the disclosures presented in the explanatory notes. We consider that the assumptions and criteria adopted by Management to be consistent with the disclosures in the explanatory notes and the information obtained during our audit.

Other matters

Statements of Value Added

The parent company and consolidated Statements of Value Added for the year ended December 31, 2021, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

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

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

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

In preparing the parent company 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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the parent company 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 internal control of the Company and its subsidiaries

- 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these 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 parent company 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.

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

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

São Paulo, February 9, 2022

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Carlos Alberto de Sousa
Contador CRC 1RJ056561/O-0 "T" SP

Financial Statements Index for 2021 and 2020

MANAGEMENT REPORT 2021

Market & Business Scenario

The year 2021 started at an accelerated fast pace. Even faced with the uncertainties arising from the COVID-19 pandemic and resumption of economic activity, the progress of the vaccination program and greater flexibility with isolation measures, in addition to continued low interest rates for real estate financing, all contributed to the civil construction sector having its best year in terms of launches and sales, as estimated by the Brazilian Chamber for the Construction Industry (CBIC), and noticed in the robust growth of 351.0% in the number of units financed through the Brazilian Savings and Loan System (SBPE) up to November. This result led to an estimated 4.5% growth in GDP for the sector and to Dexco breaking all its records, with the best results in its 70-year history.

The main highlight of the year was the strong performance by the Wood Division, which exceeded all estimates with respect to the productivity of its operations, achieving 100.0% utilization of all its lines in 4Q21. This factor, coupled to the increase in prices and improved mix, led the Division to end the year with an Adjusted and Recurring EBITDA of R$1,477.6 million, the best result in its history, of which R$ 385.4 million was realized in 4Q21, even amid falling volumes in the face of low inventory levels. The wood panel market ended the year with sales growth of 13.2%, but with a fall of 3.4% in 4Q21 compared to the same period in 2020, according to data from the Brazilian Tree Industry (IBA).

The Deca Division, like the Wood Division, ended the year with absolute record results, achieving an Adjusted and Recurring EBITDA of R$410.6 million in the year, with R$118.4 million coming in 4Q21. The highlight was the significant margin gain, third consecutive year of evolution, resulting from the implementation of a price increase, coupled to a significant improvement in the mix, which led to growth of 21.0% in deflated billing for the year. The construction materials sector grew 7.9% year on year, according to data from the Brazilian Association of Construction Materials (ABRAMAT).

The market for Ceramic Tiles continues to perform strongly, with 89.6% of factory utilization according to data supplied by the National Association of Ceramic Tile Manufacturers (ANFACER). Meanwhile, Dexco's Ceramic Tiles Division operated at 100.0% utilization, above that for the market as a whole, highlighting the better brand positioning and an increase in the sale of large format products, which led to the Division growing its margins even in the face of a challenging inflationary scenario. Thus, the Division ended the quarter with a record Adjusted and Recurring EBITDA, totaling R$84.3 million, and R$300.1 million in the year.

2021 will be remembered not only for the Company's exceptional performance but also as the start of a new cycle in the Company's history, with the corporate brand changing from Duratex to Dexco. With Dexco, the Company takes a key step towards consolidating its profile around the end consumer and the'ir journey, creating solutions for enhancing people’s environments, delivering on the proposition to provide "Solutions for Better Living".

Dexco also represents part of an important growth cycle, with investment of approximately R$2.5 billion in projects aiming to grow and enhance operations. Of this, R$500.0 million will be allocated to increasing cost competitiveness and operational efficiency in the Wood Division, which has the potential to increase production capacity by 10.0% while also increasing panel coating capacity by 45.0%, which will also further improve the product mix and positioning. More than R$1.1 billion will be invested in the Deca Division, to grow production capacity of its metals and sanitary ware lines by 35.0%, while seeking to exploit technology to expand its portfolio with innovative and iconic product designs. While for the Ceramic Tiles Division, approximately R$620.0 million will be invested in building a new factory at Botucatu (SP). With adding about 35.0% to the Division's production capacity, this plant will be the most modern in Brazil and will reinforce the positioning of the Portinari and Ceusa brands in the giant format market, further increasing exposure in the high premium category.

Despite the record results and major changes, 2021 ended in the midst of major challenges, with rises in the cost of the main raw materials, deteriorating macroeconomic scenario, especially with respect to consumer confidence, availability of disposable income and increases in the base interest rate. These factors will likely remain throughout 2022, which is why the Company seeks to further strengthen its management system in order to ensure the best use of its resources. Confident in the results already achieved on this front and in the quality of its growth projects, Dexco remains positive with respect to the performance of its operations and future demand, especially that arising from new real estate projects.

Finally, in the midst of the Covid-19 scenario, Dexco has maintained all safety protocols and kept up its focus on hygiene and safety procedures at all its units.

Consolidated Financial Results

In BRL '000	4Q21	4Q20	%	3Q21	%	2021	2020	%
Highlights								
Volume shipped Deca ('000 items)	**7,163**	8,490	-15.6%	7,856	-8.8%	**29,616**	27,315	8.4%
Volume shipped Ceramic tiles (m²)	**6,210,976**	7,687,490	-19.2%	6,793,645	-8.6%	**25,317,685**	24,274,772	4.3%
Volume shipped Wood (m³)	**757,151**	848,684	-10.8%	805,799	-6.0%	**3,120,440**	2,826,767	10.4%
Consolidated Net Revenue	**2,250,839**	**1,893,563**	**18.9%**	**2,177,147**	**3.4%**	**8,170,241**	**5,879,616**	**39.0%**
Consolidated Net Revenue - Pro Forma	**2,250,839**	**1,893,563**	**18.9%**	**2,177,147**	**3.4%**	**8,170,241**	**5,879,616**	**39.0%**
Gross profit	**791,063**	617,837	28.0%	751,861	5.2%	**2,869,848**	1,851,820	55.0%
Gross profit - Pro Forma (1)	**798,468**	618,380	29.1%	751,861	6.2%	**2,850,021**	1,853,367	53.8%
Gross margin	**35.1%**	32.6%		34.5%		**35.1%**	31.5%	
Gross margin - Pro Forma (1)	**35.5%**	32.7%		34.5%		**34.9%**	31.5%	
EBITDA according to CVM No. 527/12 (2)	**461,316**	487,951	-5.5%	592,470	-22.1%	**2,603,685**	1,292,390	101.5%
EBITDA Mg CVM No. 527/12	**20.5%**	25.8%		27.2%		**31.9%**	22.0%	
Adjustments for non-cash events	**(27,182)**	14,753	N/A	(9,851)	175.9%	**(127,721)**	(113,541)	12.5%
Non-recurring events (3)	**137,266**	29,844	359.9%	(25,764)	N/A	**(358,232)**	39,870	N/A
Dissolving Wood Pulp	**16,714**	(16,380)	N/A	47,243	-64.6%	**70,581**	69,587	1.4%
Adjusted and Recurring EBITDA (4)	**588,114**	**516,168**	**13.9%**	**604,098**	**-2.6%**	**2,188,313**	**1,288,306**	**69.9%**
Adjusted and Recurring EBITDA margin (4)	**26.1%**	**27.3%**		**27.7%**		**26.8%**	**21.9%**	
Net Income	**581,047**	301,635	92.6%	255,336	127.6%	**1,725,682**	453,983	280.1%
Recurring Net Income (1)(3)	**407,057**	**281,409**	**44.6%**	**267,547**	**52.1%**	**1,148,241**	**528,180**	**117.4%**
Recurring Net Margin (1)(3)	**18.1%**	**14.9%**		**12.3%**		**14.1%**	**9.0%**	
INDICATORS								
Current ratio (5)	**1.38**	1.75	-21.1%	1.70	-18.8%	**1.38**	1.75	-21.1%
Net debt (6)	**2,448,346**	1,477,308	65.7%	1,705,363	43.6%	**2,448,346**	1,477,308	65.7%
Net debt / EBITDA LTM(7)	**1.12**	1.15	-2.6%	0.81	38.3%	**1.12**	1.15	-2.6%
Average Shareholders' equity	**5,875,003**	5,034,179	16.7%	5,835,343	0.7%	**5,523,812**	4,900,242	12.7%
ROE (8)	**39.6%**	**24.0%**		**17.5%**		**31.2%**	**9.3%**	
Recurring ROE	**27.7%**	**22.4%**		**18.3%**		**20.8%**	**10.8%**	
SHARES								
Earnings per share (BRL) (9)	**0.8258**	0.4369	89.0%	0.3724	121.8%	**2.4903**	0.6575	278.8%
Closing share price (BRL)	**14.96**	19.14	-21.8%	16.97	-11.8%	**14.96**	19.14	-21.8%
Net equity per share (BRL)	**7.60**	7.51	1.2%	8.77	-13.3%	**7.60**	7.51	1.2%
Treasury Shares	**6,489,405**	1,223,698	430.3%	5,906,452	9.9%	**6,489,405**	1,223,698	430.3%
Market Cap (BRL1.000)	**11,286,924**	13,217,334	-14.6%	11,639,350	-3.0%	**11,286,924**	13,217,334	-14.6%

(1) Cost of Goods Sold: **4Q21**: Impairment (+) R$ 7,405k; 2Q21: exclusion of ICMS from base of PIS and COFINS: (-) R$27,232k; **3Q20**: Restructuring Ceramic Tiles (+) R$885k; **2Q20**: COGS: Restructuring Ceramic Tiles (-) R$505k; **1Q20**: Restructuring Ceramic Tiles (+) R$624k.| Cost of sales: **4Q21**: Impairment (+) R$ 7,405k; **2Q21**: Exclusion of ICMS from the PIS and COFINS base calculation (-) R$27,232k; **4Q20**: Ceramic Tiles Restructuring (+) R$ 543k; **3Q20**: Restructuring Ceramic Tiles (+) R$885k; **2Q20**: Restructuring Ceramic Tiles (-) R$505k; **1Q20**: restructuring Ceramic Tiles (+) R$624k.Pro forma gross income / Pro forma consolidated net revenue | General and Administrative Expenses: **4Q21**: Brand restructuring (+) R$ 6.662k; **3Q21**: Brand restructuring (+) R$12,919k, Dissolving Wood Pulp (+) R$447k; **2Q21**: Brand restructuring (+) R$7,700k, Dissolving Wood Pulp (+) R$562k; **1Q21**: Dissolving Wood Pulp (+) R$513k; **3Q20**: Dissolving Wood Pulp (-) R$28k; **2Q20**: Dissolving Wood Pulp (+) R$105k; **1Q20**: Dissolving Wood Pulp (+) R$2,215k; Ceramic Tiles (+) R$42k.
(2) EBITDA (*Earnings Before Interest, Taxes, Depreciation and Amortization*): measure of operating performance in accordance with CVM Instruction 527/12.
(3) Non-Recurring Events detailed in the end of the material
(4) EBITDA adjusted for non-cash events arising from variation in the fair value of biological assets and combination of businesses, in addition to extraordinary events.
(5) Current liquidity: Current assets divided by current liabilities. Indicates the amount available in R$ to cover each R$ of short-term obligations.
(6) Net Corporate Debt: Total Financial Debt (-) Cash.
(7) Financial leverage calculated on the rolling EBITDA over the last 12 months, adjusted for events of a purely accounting and non-cash nature.
(8) ROE (Return on Equity): measure of performance obtained by taking the annualized Net Earnings over the period, annualized, and dividing by Average Net Equity.
(9) Net earnings per share is calculated by dividing the earnings attributable to the company's shareholders by the average weighted number of ordinary shares issued during the period, excluding the ordinary shares held by the Treasury..

Consolidated Financial Results

EXCLUSION OF ICMS FROM THE BASE CALCULATION OF PIS AND COFINS

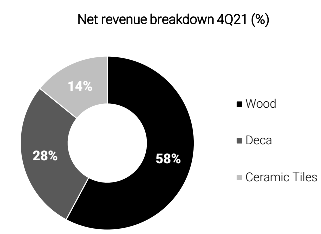
A decision by the Federal Supreme Court, published on May 14, 2021, decreed that the ICMS (a form of VAT) to be excluded from the PIS and COFINS (social security contributions) base calculation is the one shown on the invoice. As a result of this decision, following discussion with its independent auditors and based on a best estimate of the sums accumulated to date, 2021, Dexco has identified an estimated positive impact on its consolidated results of R$614.7 million (before tax), of which R$8.9 million relates to this quarter, recognized in the published financial statements. The impact of this amount was distributed in the year between the Cash Cost of Goods Sold to the amount of R$27.2 million, Other Operating Results to the amount of R$496.6 million, and the Financial Result to the amount of R$221.6 million. In the quarter, the impacts were distributed between Other Operating Results, positive at R$8.9 million, and the Financial Result, at R$22.7 million.

It should be noted that the legal processes Dexco S.A. has undertaken have yet to be declared *res judicata* (for the principal amount) and that they cover the period from 2001 to 2015. Furthermore, to take advantage of said credits, the sums involved are still subject to authorization by the Federal Revenue, process that still in progress.

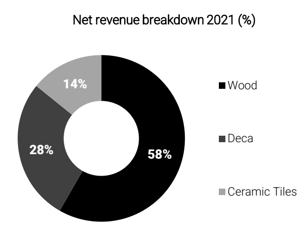
Finally, the Company wishes to advise that, working alongside consultants, it is reviewing the physical documentation to determine the values relating to previous periods. Such documentation is located in several geographically dispersed operating locations, and includes documents originally held by companies the Company has acquired over the last 20 years.

NET REVENUE

Faced with inflationary pressures, Dexco sought not only to implement price increases gradually, so as to preserve demand, but also to review the positioning of its products and prioritize the sale of those offering greater added value. Thus, despite operating with low levels of inventory compared to 2020, the Company managed to increase net revenue by 39.0% on an annual comparison and 18.9% in the fourth quarter, despite a drop in quarterly volume. As a result, Dexco ended the year with total net revenue of R$8,170.2 million, the highest figure in its history, and R$2,250.8 million in the quarter.



The increase in the cost of international freight, added to strong local demand, led the Company to reduce volumes shipped to the external market in the fourth quarter, although on annual comparison volumes were flat versus 2020. However, currency devaluation and a gain in market share at the Colombia unit led to a 4.8% increase in revenue from the external market on a quarterly comparison, and with a 35.0% increase year on year.



BRL '000 - consolidated	4Q21	4Q20	%	3Q21	%	2021	2020	%
Net Revenue	**2,250,839**	**1,893,563**	**18.9%**	**2,177,147**	**3.4%**	**8,170,241**	**5,879,616**	**39.0%**
Domestic market	**1,888,683**	1,547,872	22.0%	1,797,317	5.1%	**6,742,416**	4,821,876	39.8%
Foreign Market	**362,156**	345,691	4.8%	379,830	-4.7%	**1,427,825**	1,057,740	35.0%

COST OF GOODS SOLD

The pro forma Cash Cost, Cost of Goods Sold net of depreciation, amortization and exhaustion and of the net change in biological assets and benefits calculated with the exclusion of ICMS from the PIS and COFINS base calculation, ended the fourth quarter at R$1,325.3 million, an increase of 21.1% compared to the same period in 2020, due mainly to pressure on the cost of production materials, mostly those linked to the production of resin (methanol and urea), and an increase in natural gas prices.

This factor, together with an increase in variable expenses linked to the higher volumes shipped and the normal growth in direct costs, particularly labor, with collective wage agreement increases hovering around 10.0% for the year, led the annual pro forma Cash Cost to increase 33.8% versus 2020. However, the gains in operating efficiency together with a greater dilution of fixed costs led to a drop of 3.4 pp when considering the pro forma Cash Cost over Net Revenue in the same period.

The better price base and mix enabled a 29.1% increase in pro forma Gross Profit in 4Q21 and a 53.8% for the full year compared to the same periods in 2021, which contributed to the Company ending the period with a gross margin of 34.9%.

BRL´000 - Consolidated	4Q21	4Q20	%	3Q21	%	2021	2020	%
Cash COGS	**(1,332,712)**	**(1,095,180)**	**21.7%**	**(1,267,793)**	**5.1%**	**(4,777,729)**	**(3,586,746)**	**33.2%**
Non Recurring Event (1)	**7,405**	543	1263.7%	-	N/A	**(19,827)**	1,547	N/A
Cash COGS Pro Forma	**(1,325,307)**	**(1,094,637)**	**21.1%**	**(1,267,793)**	**4.5%**	**(4,797,556)**	**(3,585,199)**	**33.8%**
Variation in fair value of biological assets	**36,212**	(19,457)	N/A	7,778	365.6%	**129,444**	117,270	10.4%
Depletion of biological assets	**(26,792)**	(38,257)	-30.0%	(29,750)	-9.9%	**(116,256)**	(104,367)	11.4%
Depreciation, amortization and depletion	**(136,484)**	(122,832)	11.1%	(135,521)	0.7%	**(535,852)**	(453,953)	18.0%
Gross Profit	**791,063**	**617,837**	**28.0%**	**751,861**	**5.2%**	**2,869,848**	**1,851,820**	**55.0%**
Recurring Gross Profit (1)	**798,468**	**618,380**	**29.1%**	**751,861**	**6.2%**	**2,850,021**	**1,853,367**	**53.8%**
Gross Margin	**35.1%**	32.6%		34.5%		**35.1%**	31.5%	
Recurring Gross Margin (1)(2)	**35.5%**	32.7%		34.5%		**34.9%**	31.5%	

(1) Non-recurring events: **4Q21**: Impairment (+) R$ 7,405k; **2Q21:** Exclusion of ICMS from the PIS and COFINS base calculation (-) R$27,232k; **4Q20**: Ceramic Tiles Restructuring (+) R$ 543k; **3Q20**: Restructuring Ceramic Tiles (+) R$885k; **2Q20:** Restructuring Ceramic Tiles (-) R$505k; **1Q20**: restructuring Ceramic Tiles (+) R$624k.
(2) Pro forma gross income / Pro forma consolidated net revenue.

COST OF SALES

In the fourth quarter, in addition to the previously mentioned increase in labor costs, Deca and Ceramic Tiles Divisions, which had their management consolidated, chose to bring in house their teams of sales representatives with a view to improving contact with end consumers and boosting the capture of synergies between the Divisions. As a result, sales expenses totaled R$331.0 million for the quarter, 54.5% higher than for 4Q20, while in the year, for the same reasons, the increase was 28.8% over 2020. Excluding this effect, Selling Expenses increased 32.1% over 4Q21 and 22.1% over 2020, mainly due to the increase in advertising expenses and higher volume sold in the year.

BRL'000 – consolidated	4Q21	4Q20	%	3Q21	%	2021	2020	%
Sales Expenses	**(331,041)**	**(214,229)**	**54.5%**	**(241,413)**	**37.1%**	**(1,006,042)**	**(781,150)**	**28.8%**
% of Net Revenue	**14.7%**	11.3%		11.1%		**12.3%**	13.3%	
Non-recurring events (1)	**48,127**	**-**	**N/A**	**-**	**N/A**	**52,517**	**-**	**N/A**
Recurring Sales Expenses (1)	**(282,914)**	**(214,229)**	**32.1%**	**(241,413)**	**17.2%**	**(953,525)**	**(781,150)**	**22.1%**
% Recurring Net Revenue(1)	**12.6%**	11.3%		11.1%		**11.7%**	13.3%	

(1) Non-recurring events: **4T21:** Restructuring of Deca and Revestimentos Cerâmicos (+) R$ 48,127 thousand; **1T21**: Restructuring of Deca and Revestimentos Cerâmicos (+) R$ 4.390 thousand.

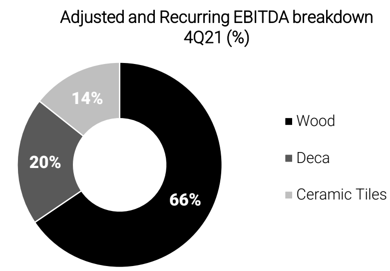
GENERAL AND ADMINISTRATIVES EXPENSES

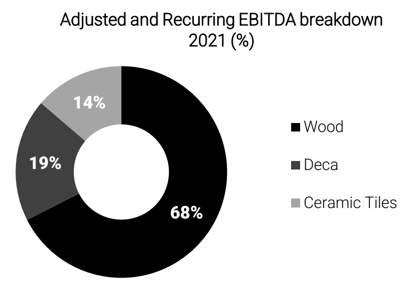
The project to restructure the Company's brands, that resulted in the launch of Dexco in 2021 was the main reason for the increase for 15.2% in General and Admin Expenses in the quarter, and the 19.8% for the full year versus 2020. When these expenses are discounted, the increase was 6.1% in relation to 4Q20 and 8.3% for the full year. However, even with the increases reported, when considering net revenue, there was a greater dilution of this expense, both on a quarterly and annual basis.

BRL'000 – consolidated	4Q21	4Q20	%	3Q21	%	2021	2020	%
General and Administrative Expenses	**(84,569)**	**(73,442)**	**15.2%**	**(76,497)**	**10.6%**	**(284,935)**	**(237,878)**	**19.8%**
% of Net Revenue	**3.8%**	3.9%		3.5%		**3.5%**	4.0%	
Non-recurring events (1)	**6,662**	-	N/A	13,366	-50.2%	**27,281**	42	64854.8%
Recurring General and Administrative Expenses(1)	**(77,907)**	**(73,442)**	**6.1%**	**(63,131)**	**23.4%**	**(257,654)**	**(237,836)**	**8.3%**
% Recurring Net Revenue(1)	**3.5%**	3.9%		2.9%		**3.2%**	4.0%	

(1) Non-recurring event: **4Q21**: Brand restructuring (+) R$ 6.662k; **3Q21:** Brand restructuring (+) R$12,919k, Dissolving Wood Pulp (+) R$447k; **2Q21**: Brand restructuring (+) R$7,700k, Dissolving Wood Pulp (+) R$562k; **1Q21**: Dissolving Wood Pulp (+) R$513k; **3Q20**: Dissolving Wood Pulp (-) R$28k; **2Q20**: Dissolving Wood Pulp (+) R$105k; **1Q20**: Dissolving Wood Pulp (+) R$2,215k; Ceramic Tiles (+) R$42k.

EBITDA





After consecutive productivity records - especially in the Wood Division, which ended the year with 100.0% factory utilization - as well as improving its mix and introducing effective price increases across all Divisions, Dexco ended 2021 with its best ever performance, with an Adjusted and Recurring EBITDA of R$2,188.3 million, 69.9% higher than for 2020. The Adjusted and Recurring EBITDA margin for the period was 26.8%, 4.9 pp greater than that reported in 2020.

In the fourth quarter, despite the higher impacts of seasonality in relation to 4Q20, the cost pass-through to prices was enough to offset inflationary pressures, leading to an Adjusted and Recurring EBITDA of R$588.1 million, this being the best fourth quarter performance ever reported by the Company. The EBITDA margin was 26.1% for the period.

It should be noted that the results for the new Dissolving Wood Pulp Division (LD Celulose) were treated as a non-recurring event, as it is a pre-operational investment project that has only an accounting effect. Thus, the positive impacts of R$16.7 million on the quarter and R$70.6 million for the full year, calculated using the equity equivalence method, were not reflected in the Adjusted and Recurring EBITDA of the Company.

The table below shows the reconciliation of EBITDA, in accordance with CVM Instruction 527/12. From this result, and in order to better convey the Company's potential operating cash generation, two adjustments have been made: the exclusion from EBITDA of events of an accounting and non-cash nature, and the disregard of events of an extraordinary nature. Thus, in line with best practices, we present below the calculation of the indicator that best reflects the Company's cash generation potential.

EBITDA reconciliation in BRL'000 – consolidated	4Q21	4Q20	%	3Q21	%	2021	2020	%
Net income	**581,047**	**301,635**	**92.6%**	**255,336**	**127.6%**	**1,725,682**	**453,983**	**280.1%**
Income tax and social contribution	**(316,225)**	(18,322)	1625.9%	148,651	N/A	**263,383**	80,762	226.1%
Net financial result	**17,703**	27,341	-35.3%	8,052	119.9%	**(97,673)**	137,138	N/A
EBIT	**282,525**	310,654	-9.1%	412,039	-31.4%	**1,891,392**	671,883	181.5%
Depreciation, amortization and depletion	**152,001**	139,040	9.3%	150,681	0.9%	**596,038**	516,140	15.5%
Depletion of biological assets	**26,791**	38,257	-30.0%	29,750	-9.9%	**116,255**	104,367	11.4%
EBITDA according to CVM No. 527/12	**461,317**	**487,951**	**-5.5%**	**592,470**	**-22.1%**	**2,603,685**	**1,292,390**	**101.5%**
EBITDA margin CVM No. 527/12	**20.5%**	25.8%		27.2%		**31.9%**	22.0%	
Change in fair value of biological assets	**(36,212)**	19,457	N/A	(7,778)	365.6%	**(129,444)**	(117,270)	10.4%
Employee benefits	**9,030**	(4,704)	N/A	(2,073)	N/A	**1,723**	3,729	-53.8%
Non-Recurring events (1)	**137,266**	29,844	359.9%	(25,764)	N/A	**(358,232)**	39,870	N/A
Dissolving Wood Pulp	**16,714**	(16,380)	N/A	47,243	-64.6%	**70,581**	69,587	1.4%
Adjusted and Recurring EBITDA (1)	**588,114**	**516,168**	**13.9%**	**604,098**	**-2.6%**	**2,188,313**	**1,288,306**	**69.9%**
Adjusted and Recurring EBITDA margin (1)	**26.1%**	**27.3%**		**27.7%**		**26.8%**	**21.9%**	

(1) Non-Recurring Events detailed in the end of the material.

FINANCIAL RESULTS

The pro forma Financial Result was negative by R$38.1 million, a 39.3% increase compared to 4T20, which can be explained mainly by the upward trajectory of the interest rate, which increased by 7.2 pp in the period. Furthermore, the liability management strategy, with the drop in the cost of indebtedness, led to a slight reduction of 2.1% in the pro forma Financial Result compared to 3Q21.

However, if the pro forma Financial Result for the year is analyzed, the sum of the effects of interest expense, exchange variation and advance in operating result led to an improvement of 9.6% compared to 2020.

BRL'000 – consolidated	**4Q21**	4Q20	%	3Q21	%	**2021**	2020	%
Financial Revenues	**92,993**	7,341	1166.8%	74,021	25.6%	**403,860**	132,149	205.6%
Financial Expenses	**(110,696)**	(34,682)	219.2%	(82,073)	34.9%	**(306,187)**	(269,287)	13.7%
Financial Result	**(17,703)**	**(27,341)**	**-35.3%**	**(8,052)**	**119.9%**	**97,673**	**(137,138)**	**N/A**
Non-recurring events (1)	**(20,384)**	-	N/A	(30,869)	-34.0%	**(221,648)**	-	N/A
Recurring Financial Revenues(1)	**70,322**	7,341	857.9%	45,402	54.9%	**173,976**	132,149	31.7%
Recurring Expenses Revenues(1)	**(108,409)**	(34,682)	212.6%	(84,323)	28.6%	**(297,951)**	(269,287)	10.6%
Recurring Financial Result(1)	**(38,087)**	**(27,341)**	**39.3%**	**(38,921)**	**-2.1%**	**(123,975)**	**(137,138)**	**-9.6%**

(1) Non-recurring event: **4Q21:** Revenue: Exclusion of ICMS from the PIS COFINS base (-) R$ 22,671k; Expense: Tax contingencies (Extemporaneous Credits) (+) R$ 2,287k **3Q21:** Revenue: Update of the ICMS from the base PIS and COFINS (-) R$27,442k, Other (-) R$1,177k; Expense: Update of the ICMS from the base PIS and COFINS (-) R$2,250k; **2Q21:** Revenue: exclusion of ICMS from base of PIS and COFINS (-) R$178,594k; Expense: Exclusion of ICMS from the base PIS and COFINS (+) R$8,199k.

NET INCOME

The record results for the year, arising from the improvement in the mix and the pricing pass-through strategy, meant that the Company ended 2021 with Recurring Net Income of R$1,148.2 million, the best result in its history, and more than twice that reported for 2020. These factors, coupled with the Company's ongoing transformation program, such as the asset review and improved operating performance, contributed to Dexco's significant improvement in recurring ROE of 10.0 pp versus 2020, ending the year at 20.8%.

For the quarter, the Company posted Recurring Net Income of R$407.1 million, 44.6% higher than for the same period last year. In addition to the factors mentioned above, such as the strong operating result, the Profit figure benefitted in 4Q21 from a change in the fair value of Biological Assets totaling R$129.4 million, arising from an increase in the price of wood. These positive effects also contributed to a 5.4 pp improvement in recurring ROE versus 4Q20, which ended 4Q21 at 27.7%.

BRL'000 – consolidated	**4Q21**	4Q20	%	3Q21	%	**2021**	2020	%
Net Income	**581,047**	**301,635**	**92.6%**	**255,336**	**127.6%**	**1,725,682**	**453,983**	**280.1%**
Non recurring event (1)	**(190,551)**	(3,365)	5562.7%	(34,880)	446.3%	**(647,352)**	6,026	N/A
Dissolving Wood Pulp	**16,561**	(16,861)	N/A	47,091	-64.8%	**69,911**	68,171	2.6%
Recurring Net Income (1)	**407,057**	**281,409**	**44.6%**	**267,547**	**52.1%**	**1,148,241**	**528,180**	**117.4%**
ROE	**39.6%**	24.0%		17.5%		**31.2%**	9.3%	
Recurring ROE (1)	**27.7%**	22.4%		18.3%		**20.8%**	10.8%	

(1) Non-Recurring Events detailed in the end of the material

CASH FLOW

Reinforcing the focus on efficient cash management, the Company ended 2021 with the generation of R$900.5 million in Free Cash Flow Sustaining, that is, excluding investment in expansion projects and non-recurring events.

Faced with strong inflationary pressures, Dexco chose to bring forward the purchase of raw materials as a way of mitigating the impacts of price increases. This, allied to a review of inventory, at Deca in particular, led to a slight increase in the consumption of working capital, which was partially offset by the effective strategy of managing suppliers, and by customer-focused actions. However, even with this consumption, the Company ended the year with a negative cash cycle while also maintaining the ratio between investment in working capital and revenue at the low level of 9.6%, 2.4 pp lower than for the same period in 2020.

As a non-recurring event in the year, in addition to investment in expansion projects, such as improving the mix of the Wood Division, operational improvement at Deca, modernization of the Ceramic Tiles factory, among others, which together totaled R$483.0 million, Dexco also invested R$100.5 million in LD Celulose, R$40.7 million in DX Ventures and R$102.3 million in ABC da Construção, disbursed in 4Q21.

Moreover, the Company chose to bring forward the purchase of standing wood that was planned to the first half of 2022, seeking to mitigate the risks of further increases in the price. For this reason, there was an increase of R$227.5 million in forestry opex, and consequently, the sustaining capex for the year. Even being vertically integrated, the Company is active in the wood market to ensure the lowest production cost of its products.

In the fourth quarter, the strong performance together with efficient management of working capital helped Dexco end the period with sustaining cash generation of R$300.7 million. It should be noted that, even with the impact of increase in inventory levels, R$223.8 million was generated in working capital, mainly arising from the successful strategy with suppliers and customers, which led to a 10-day improvement in the cash conversion cycle.

This quarter, in addition to the disbursement related to ABC da Construção, R$67.3 million was invested in expansion projects, R$81.9 million in LD Celulose and R$34.3 million in DX Ventures in this quarter.

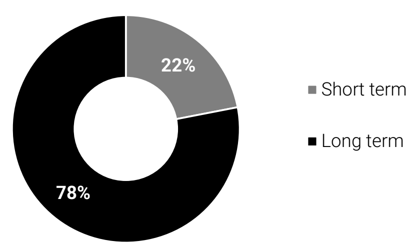
BRL millions	4Q21	4Q20	%	3Q21	%	2021	2020	%
Adjusted and Recurring EBITDA	**588.1**	516.2	13.9%	604.1	-2.7%	**2,188.3**	1,288.3	69.9%
CAPEX Sustaining	**(290.6)**	(160.7)	80.8%	(168.0)	73.0%	**(689.9)**	(462.3)	49.2%
Δ Working Capital	**223.8**	195.0	14.8%	(111.5)	-300.7%	**(74.2)**	484.7	N/A
Financial Flow	**(87.8)**	(21.0)	317.7%	10.4	N/A	**(123.2)**	(53.4)	130.5%
Income tax and social contribuition paid	**(132.9)**	(85.8)	54.9%	(110.1)	20.7%	**(379.6)**	(153.3)	147.6%
Others	**0.1**	25.7	-99.6%	(6.2)	N/A	**(21.0)**	24.9	N/A
Free Cash Flow Sustaining	**300.7**	**469.3**	**-35.9%**	**218.8**	**37.5%**	**900.5**	**1,128.8**	**-20.2%**
Projects (1)	**(295.9)**	(41.8)	608.8%	(80.4)	268.0%	**(475.1)**	(598.4)	-20.6%
Free Cash Flow Total	**4.8**	**427.5**	**-98.9%**	**138.3**	**-96.5%**	**425.5**	**530.5**	**-19.8%**
Cash Convertion Ratio (2)	**51.1%**	90.9%		36.2%		**41.2%**	87.6%	

(1) Projects: 4Q21: DX Ventures(-) R$ 34,300k, Dissolving Wood Pulp (-) R$ 81,900k, Acquisition of the BP Wood line and debottlenecking (-) R$ 41,200k, Deca Projects (-) R$ 17,200k, Expansion, Modernization and others - Ceramic Tiles (-) R$ 8,700k, ABC da Construção (-) R$ 102,300k, Cecrisa Acquisition (-) R$ 10,300k; **3Q21:** DX Ventures (-) R$6,500k, Dissolving Wood Pulp (-) R$400k, Acquisition of the BP Wood line (-) R$18,500k, debottlenecking Wood and others (-) R$4,200k, Expansion Deca Metals and others (-) R$29,500k, Expansion Hydra (-) R$100k, Expansion Sanitary Ware (-) R$1,600k, Modernization Ceramic Tiles (-) R$10,600k; Payment exclusion of ICMS from the base PIS and COFINS (-) R$6.000k, INSS legal proceedings (-) R$3.000k; **2Q21**: disposal of land and forest (+) R$9,700k; acquisition of BP Wood line (-) 46,200k; debottlenecking Wood (-) R$4,600k, modernization Ceramic Tiles R$19,400k; Project Dissolving Wood Pulp(-) R$17,700k; Expansion Hydra (-) R$3,900k, efficiency improvement projects Sanitary Ware (-) R$7,300; **1Q21**: Acquisition of the BP Wood line and others (-) 2,500k; modernization Ceramic Tiles (-) R$6,200k, receipt; disposal of land and forest (+) R$6,900k; Reactivation of kilns Deca (-) R$4,400k; Expansion Hydra (-) R$2,600k; **4Q20:** Dissolving wood pulp project (-) R$1,379k, Disposal of land and forest (+) R$20,703k, Expansion of the ceramic tiles unit (-) R$78k, Cecrisa acquisition (-) R$58,749k, Others (-) R$2,248k; **3Q20:** Expansion ceramic tiles unit (-) R$300k, Receipt of (+) R$12,900k regarding the sale of assets to Bracell, Acquisition Cecrisa (-) R$2,900k; sale of asset R$ (+) R$2,600k, Project Dissolving Wood Pulp(-) R$310,700k; **2Q20**: Project Dissolving Wood Pulp(-) R$211.000k, Expansion Ceramic Tiles (-) R$800k, Acquisition Cecrisa (-) R$600k, Sale of assets (+) R$10.000k, (-) Acquisition plantation (-) 6.000k; **1Q20**: Taxes Bracell operation: (-) R$46.000k, modernization Ceramic Tiles (-) R$4.000k.
(2) Cash Conversion Ratio: Sustaining Free Cash Flow / Adjusted and Recurring EBITDA.

CORPORATE DEBT

The Company ended the last quarter of the year with consolidated debt of R$3,869.6 million, and net debt of R$2,448.3 million. In relation to 3Q21, there was a nominal increase of R$743.0 million in net debt, which can be explained by the strategic investments of the Company and the to the payment of Interest on Equity (JCP) and of dividends. On the other hand, when compared to the end of 2020, the strong results led to a drop in leverage from 1.2x to 1.1x Net Debt Adjusted and Recurring EBITDA, even considering the aforementioned disbursement.

Gross corporate debt - 4Q21 (%)

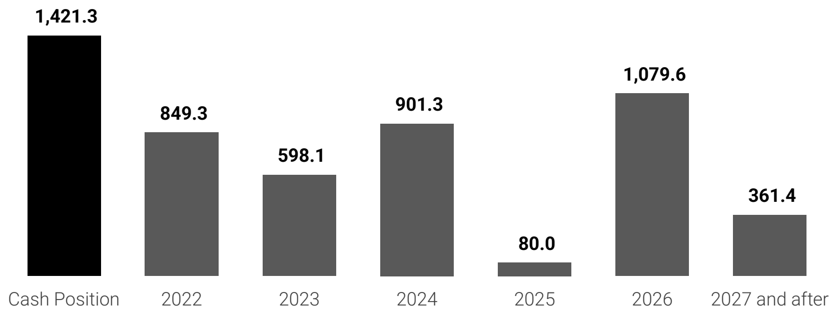


it is worth mentioning that in this quarter some significant liability management initiatives were realized, such as the draw-down of R$509.9 million against the BNDES financing line, at a rate below the CDI, with a payment term of 14 years. Also R$250.0 million worth of debt, secured at the beginning of the COVID-19 crisis, was renegotiated and rolled over. These actions led to an increase in the average payment term to 3.2 years and a reduction in the cost of debt from 105.0% of CDI to 101.0% of CDI.

In addition, by way of contingency against market volatility, a revolving credit line was secured to the value of R$500.0 million.

BRL'000	12/31/2021	12/31/2020	Var R$	06/30/2021	Var R$
Short-Term debt	**849,252**	573,384	275,868	**537,220**	312,032
Long-Term debt	**3,020,396**	2,632,337	388,059	**2,574,167**	446,229
Total debt	**3,869,648**	**3,205,721**	**663,927**	**3,111,387**	**758,261**
Cash and equivalent	**1,421,302**	1,728,413	(307,111)	**1,406,024**	15,278
Net debt	**2,448,346**	**1,477,308**	**971,038**	**1,705,363**	**742,983**
Net debt/Adjusted and Recurring EBITDA	**1.12**	**1.15**		**0.81**	
Net debt/Equity (in %)	**42.7%**	**28.5%**		**28.4%**	

Amortization timeline - (BRL Million)



STRATEGIC MANAGEMENT & INVESTMENT

In 2021, Dexco announced its new investment cycle, totaling approximately R$2.5 billion, allocated to organic and inorganic growth projects, aimed mainly at increasing productivity and improving the mix. Of this amount, R$372.1 million has already been disbursed through investments in 2021, which explains the 17.7% increase in the annual amount invested versus 2020. R$104.2 million was allocated to the acquisition of panel coatings lines and R$41.0 million to the project to improve the mix at Deca. In addition, moving forward with the strategy to get closer to the final consumer, R$102.3 million was spent on acquiring of approximately 10.0% of the voting shares of ABC da Construção and the financial backing of R$40.7 million on DX Ventures. It should be noted that DX Venture announced in 2021 the investment of R$45.0 million in the companies Urbem and Noah.

Of the amount disbursed on projects in the year, R$203.8 million was disbursed in 4Q21, including the acquisition of a minority holding in ABC da Construção, the investment of R$40.6 million in initiatives to improve the panels mix and R$34.3 million in DX Ventures.

At the end of 4Q21 Dexco also announced the acquisition of Castelatto, a leader in the premium segment of architectural concrete floors and finishings, having a capacity of 7.5 million pieces per year. As a reference in design, this acquisition is another step by Dexco towards delivering its proposition of offering Solutions for Better Living, offering increasingly innovative solutions and styles for clients and consumers to truly live in their environments. The Administrative Council for Economic Defense (CADE) has already published a dispatch deciding for unrestricted approval. At the moment, the Company is awaiting the final and unappealable decision to complete the acquisition and integration of Castelatto into its portfolio.

Also, in the first quarter of 2022, DX Venture signed an investment agreement with shareholders and investors of Brasil ao Cubo S.A. ("Brasil ao Cubo") to the amount of up to R$74.0 million. Brasil ao Cubo is a construtech founded in 2016 specializing in agile construction solutions using the offsite industrialized modular construction technique and the BR3 plug-and-play method. Using the constructive modules model, it produces metallic structures that are ready for assembly at the construction site, with all the electrical, hydraulic and other finishing pre-installed. Currently, it operates in the commercial, industrial, residential, corporate and health segments, with more than 200 projects delivered in 14 states.

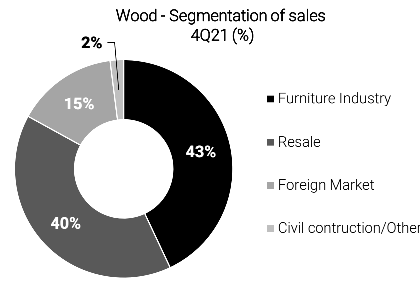
Operations

WOOD

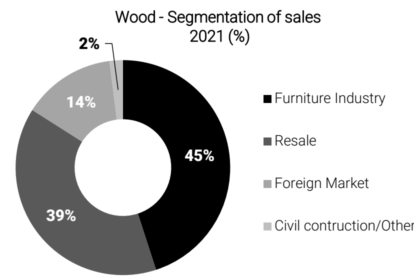
HIGHTLIGHTS	4Q21	4Q20	%	3Q21	%	2021	2020	%
SHIPMENTS (in m³)								
STANDARD	**408,412**	489,767	-16.6%	443,897	-8.0%	**1,757,465**	1,672,937	5.1%
COATED	**348,739**	358,917	-2.8%	361,902	-3.6%	**1,362,975**	1,153,830	18.1%
TOTAL	**757,151**	**848,684**	**-10.8%**	**805,799**	**-6.0%**	**3,120,440**	**2,826,767**	**10.4%**
FINANCIAL HIGHLIGHTS (BRL`000)								
NET REVENUE	**1,302,164**	**1,055,968**	**23.3%**	**1,249,108**	**4.2%**	**4,762,430**	**3,251,027**	**46.5%**
DOMESTIC MARKET	**1,006,987**	772,047	30.4%	930,798	8.2%	**3,570,817**	2,384,037	49.8%
FOREIGN MARKET	**295,177**	283,921	4.0%	318,310	-7.3%	**1,191,613**	866,990	37.4%
Net revenue per unit (BRL/m³ shipped)	**1,719.8**	**1,244.2**	**38.2%**	**1,550.1**	**10.9%**	**1,526.2**	**1,150.1**	**32.7%**
Cash cost per unit (BRL/m³ shipped)	**(942.6)**	**(690.6)**	**36.5%**	**(881.2)**	**7.0%**	**(843.4)**	**(686.3)**	**22.9%**
Cash cost per unit (BRL/m³ shipped) Pro Forma(1)	**(942.6)**	**(690.6)**	**36.5%**	**(881.2)**	**7.0%**	**(847.5)**	**(686.3)**	**23.5%**
Gross profit	**496,536**	321,287	54.5%	416,930	19.1%	**1,747,430**	996,796	75.3%
Gross profit Pro Forma(1)	**496,536**	321,287	54.5%	416,930	19.1%	**1,734,466**	996,796	74.0%
Gross margin	**38.1%**	30.4%		33.4%		**36.7%**	30.7%	
Gross margin Pro Forma(1)	**38.1%**	30.4%		33.4%		**36.4%**	30.7%	
Selling expenses	**(164,753)**	(116,721)	41.2%	(125,940)	30.8%	**(528,316)**	(420,877)	25.5%
Selling expenses Pro Forma(1)	**(164,753)**	(116,721)	41.2%	(125,940)	30.8%	**(528,316)**	(420,877)	25.5%
General and administrative expenses	**(37,841)**	(35,051)	8.0%	(32,567)	16.2%	**(121,802)**	(106,221)	14.7%
General and administrative expenses Pro Forma(2)	**(33,795)**	(35,051)	-3.6%	(25,509)	32.5%	**(107,129)**	(106,221)	0.9%
Operating profit before financial results	**260,986**	**150,194**	**73.8%**	**287,293**	**-9.2%**	**1,332,835**	**427,910**	**211.5%**
Depreciation, amortization and depletion	**109,947**	100,105	9.8%	109,583	0.3%	**432,907**	363,651	19.0%
Depletion tranche of biological assets	**26,791**	38,257	-30.0%	29,750	-9.9%	**116,255**	104,367	11.4%
EBITDA according to CVM No. 527/12 (3)	**397,724**	288,556	37.8%	426,626	-6.8%	**1,881,997**	895,928	110.1%
EBITDA margin according to CVM No. 527/12	**30.5%**	27.3%		34.2%		**39.5%**	27.6%	
Variation in fair value of biological assets	**(36,212)**	19,457	N/A	(7,778)	365.6%	**(129,444)**	(117,270)	10.4%
Employee benefits	**4,311**	(746)	N/A	(1,580)	N/A	**2,322**	3,484	-33.4%
Non-recurring events (4)	**19,625**	12,855	52.7%	(33,743)	N/A	**(277,239)**	6,107	N/A
Adjusted and Recurring EBITDA	**385,448**	**320,122**	**20.4%**	**383,525**	**0.5%**	**1,477,636**	**788,249**	**87.5%**
Adjusted and Recurring EBITDA margin	**29.6%**	**30.3%**		**30.7%**		**31.0%**	**24.2%**	

(1) Cost of Goods Sold: **2Q21**: CPV: exclusion of ICMS from the base calculation of PIS and COFINS (-) R$12,964k.
(2) General & Admin Expenses: **4Q21**: Brand restructuring (+) R$ 4,046k **3Q21**: Brand restructuring (+) R$7,058k; **2Q21**: Brand restructuring (+) R$3,569k.
(3) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): measure of operating performance in accordance with CVM Instruction 527/12.
(4) Non-Recurring Events detailed in the end of the material.

The wood panels market ended the year with a sales volume of 9,304.5k m³, growth of 15.1% in MDF sales and 10.4% in MDP sales, according to IBA data, despite the lowest inventory levels and a drop off in fourth quarter volumes. Dexco, for its part, ended the year with sales in line with the rest of the industry, but with record levels of factory utilization and strong performance in implementing price increases, which led to the best year and quarter in the Division's history.

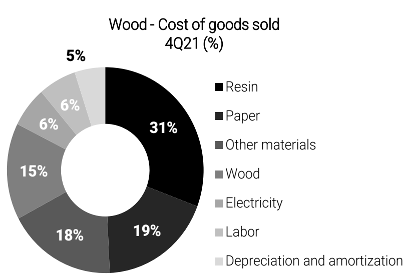


The accelerated pace of demand in the panels market in 2021 led to a 10.4% increase in volumes sold versus 2020, despite the 10.8% fall reported in 4Q21 versus 4Q20, due to some clients bringing forward scheduled maintenance shutdowns. As a result, the Division ended the year with having shipped 3,120.4k m³, with 757.2k m³ of this figure being shipped in 4Q21. With respect to the external market, Dexco sought to improve its positioning in diverse markets while building long-term relationships with strategic clients, with a view to ensuring the greater flexibility and stability of the panel business regardless of the market scenario. Thus, despite the increase in the cost of international freight, the Company maintained export volumes in line with those reported for 2020.

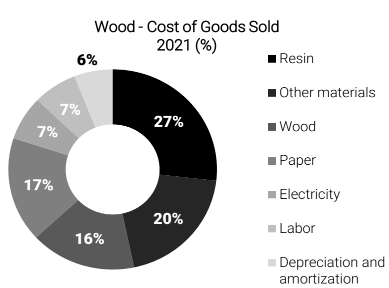


During the year, the Wood Division reviewed its sales strategy, focusing efforts on prioritizing the most profitable channels. This strategy not only boosted sales profitability in the local market but also that of exports, which have begun to deliver competitive margins. This, coupled with the strategy of price increases, has led to a 32.7% increase in the Division's unit revenue versus the previous year, resulting in net revenue of R$4,762.4 million, 46.5% greater than for 2020. R$1,302.2 million of this revenue was generated in 4Q21, representing growth of 23.3% versus 4Q20, due to the factors cited above.

The pressure on the cost of materials had a negative impact on the full year results of the Wood Division, the second semester in particular showing a significant increase in the cost of methanol and urea, the main inputs of the Division. As a result, the Company ended the final quarter of the year with a 36.5% decline in the unit cash cost compared to the same period the previous year. This was partially offset by operational efficiency, which improved 23.5% for the year versus 2020. The increase in the cost of international freight also applied pressure to the Division's results, leading to an increase of 41.2 % in Sales Expenses versus 4Q20, and an increase of 25.5% on the full year, although as a percentage of net revenue they fell 1.8 pp year on year. General & Administrative Expenses, when discounting investment in restructuring the corporate brand, showed a decrease compared to 4Q20, remaining at the level reported for 2020.



The consolidation of the sales strategy and the implementation of price increases, together with continued high industrial utilization, led to another historic result for the Division, which ended the year with R$1.5 billion in Adjusted and Recurring EBITDA, 87.5 % greater than for the same period the previous year, with a margin of 31.0%. R$385.4 million of this result was generated in 4Q21, the best quarter ever, with a margin of 29.6%.



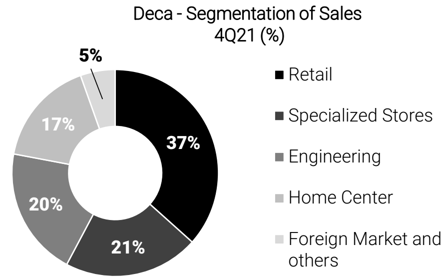
Reinforcing the strategy of differentiation, R$116.9 million was invested during the year in acquiring equipment to expand the panel coatings capacity - with the first new line starting operations in November 2021 - and in the factory debottlenecking project, that already have generated benefits in 2021.

DECA

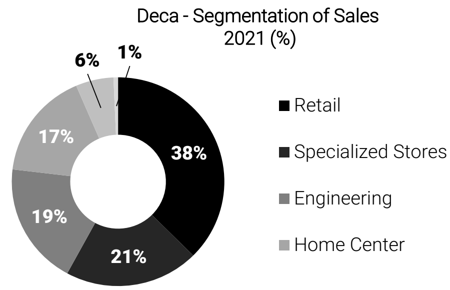
HIGHTLIGHTS	4Q21	4Q20	%	3Q21	%	2021	2020	%
SHIPMENTS (in '000 items)								
BASIC GOODS	**2,771**	2,989	-7.3%	2,608	6.3%	**9,604**	8,933	7.5%
FINISHING GOODS	**4,392**	5,501	-20.2%	5,248	-16.3%	**20,012**	18,382	8.9%
TOTAL	**7,163**	**8,490**	**-15.6%**	**7,856**	**-8.8%**	**29,616**	**27,315**	**8.4%**
FINANCIAL HIGHLIGHTS (BRL1,000)								
NET REVENUE (sales in items)	**630,068**	**548,949**	**14.8%**	**603,329**	**4.4%**	**2,250,542**	**1,717,650**	**31.0%**
DOMESTIC MARKET	**598,487**	514,396	16.3%	573,692	4.3%	**2,129,619**	1,617,243	31.7%
FOREIGN MARKET	**31,581**	34,553	-8.6%	29,637	6.6%	**120,923**	100,407	20.4%
Net revenue per unit (BRL/ per item shipped)	**88.0**	**64.7**	**36.0%**	**76.8**	**14.5%**	**76.0**	**62.9**	**20.8%**
Cash cost per unit (BRL/ per item shipped)	**(60.8)**	**(38.9)**	**56.5%**	**(46.4)**	**31.0%**	**(49.5)**	**(39.4)**	**25.9%**
Cash cost per unit Pro Forma (BRL/per item shipped)(1)	**(59.8)**	**(38.9)**	**53.9%**	**(46.4)**	**28.8%**	**(49.6)**	**(39.4)**	**26.2%**
Gross profit	**171,257**	196,922	-13.0%	215,066	-20.4%	**691,020**	550,976	25.4%
Gross profit - Pro Forma (1)	**178,662**	196,922	-9.3%	215,066	-16.9%	**687,428**	550,976	24.8%
Gross margin	**27.2%**	35.9%		35.6%		**30.7%**	32.1%	
Gross margin - Pro Forma (1)	**28.4%**	35.9%		35.6%		**30.5%**	32.1%	
Selling expenses	**(118,243)**	(66,871)	76.8%	(73,647)	60.6%	**(326,338)**	(239,172)	36.4%
Selling expenses - Pro Forma (2)	**(75,041)**	(66,871)	12.2%	(73,647)	1.9%	**(275,400)**	(239,172)	15.1%
General and administrative expenses	**(33,221)**	(30,779)	7.9%	(31,962)	3.9%	**(122,897)**	(102,706)	19.7%
General and administrative expenses - Pro Forma (3)	**(31,351)**	(30,779)	1.9%	(28,205)	11.2%	**(113,566)**	(102,706)	10.6%
Operating profit before financial results	**20,652**	**87,447**	**-76.4%**	**114,621**	**-82.0%**	**429,614**	**168,438**	**155.1%**
Depreciation and amortization	**28,584**	26,460	8.0%	27,712	3.1%	**110,955**	109,461	1.4%
EBITDA according to CVM No. 527/12 (4)	**49,236**	113,907	-56.8%	142,333	-65.4%	**540,569**	277,899	94.5%
EBITDA margin according to CVM No. 527/12	**7.8%**	20.8%		23.6%		**24.0%**	16.2%	
Employee benefits	**3,585**	478	650.0%	(633)	N/A	**571**	3,672	-84.4%
Non-recurring events (5)	**65,586**	10,719	511.9%	(3,370)	N/A	**(130,561)**	24,475	N/A
Adjusted and Recurring EBITDA	**118,407**	**125,104**	**-5.4%**	**138,330**	**-14.4%**	**410,579**	**306,046**	**34.2%**
Adjusted and Recurring EBITDA margin	**18.8%**	**22.8%**		**22.9%**		**18.2%**	**17.8%**	

(1) Cost of Goods Sold: **4Q21**: Impairment (+) R$ 7,405k; **2Q21**: Exclusion of ICMS from the base calculation of PIS and COFINS (-) R$10,997k.
(2) Sales Expenses: **4Q21**: Deca Restructuring (+) R$ 43,202k; **1Q21**: Deca Restructuring (+) R$4,390k.
(3) General & Admin Expenses: **4Q21:** Brand restructuring (+) R$ 1,870k; **3Q21**: Brand restructuring (+) R$3,757k; **2Q21:** Brand restructuring (+) R$3,704k.
(4) EBITDA (*Earnings Before Interest, Taxes, Depreciation and Amortization*): measure of operating performance in accordance with CVM Instruction 527/12.
(5) Non-Recurring Events detailed in the end of the material.

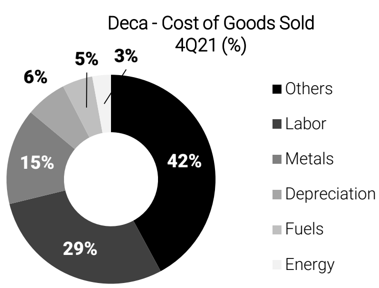
With results outpacing the market, in 2021 Deca achieved the best performance in its history, despite the challenges arising from the increase in the cost of its main materials. For the year, the Division's Adjusted and Recurring EBITDA was R$410.6 million, 34.2% greater than for 2020, with a margin of 18.2%, the third consecutive year that margins have increased.

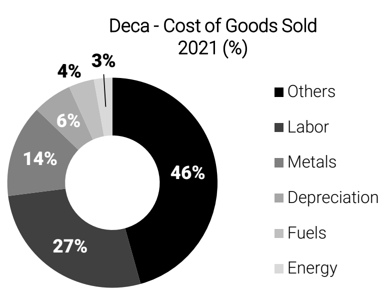


During the quarter, traditionally a time of seasonal sales in the electric shower sector, Deca Division surprisingly saw a drop bigger thar expected in sales for this product, with volumes sold 15.6% lower than in 4Q20. This resulted in a slight fall in manufacturing efficiency. Still, the Division ended the year with an 8.4% increase in sales volumes versus 2020, with a total of 29,616k pieces.



The construction materials sector performed on average 11.0% lower than in 4Q20, when considering deflated billings, according to data released by ABRAMAT, despite the fact that for the year as a whole, there was an 7.9% improvement. Deca, in turn, ended both periods with growth exceeding that of the market, reflecting the better mix of products and the price pass-through. These factors also led to the Division reporting an increase in unit revenue of 36.0% for the quarter, and 20.8% for the year, versus the same periods in 2020.





Pressure on the cost of materials directly impacted the Division's unit cash cost, which increased by 26.2% for the year versus 2020. In 4Q21, in addition to elevated costs, a slowdown in factory output led the unit cash cost to increase by 53.9% versus 4Q20. Bringing in house part of the Division's sales force in 4Q21 led sales expenses to increase 76.8% in the quarter and 36.4% for the full year compared to the same periods in 2020. Discounting this effect, the increase was 12.2% in 4Q21 and 15.1% for the year, arising from the greater volumes sold and increased labor costs. General & Administrative Expenses, however, when excluding the effects of brand restructuring, remained flat in 4Q21, increasing 10.4% year-on-year, which is in line with inflation for the period.

The actions mentioned above resulted in a record annual Adjusted and Recurring EBITDA, which totaled R$410.6 million, with a margin of 18.2%. For the quarter, Adjusted and Recurring EBITDA was R$118.4 million, with a margin of 18.8%.

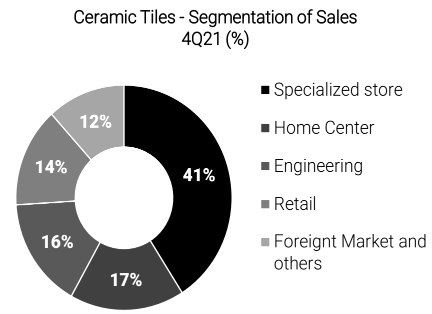
The Division recently announced its organic growth projects, which involve the disbursement of approximately R$600.0 million to expand capacity and improve the mix of its metals lines. Of this amount, R$41.9 million was disbursed in 2021.

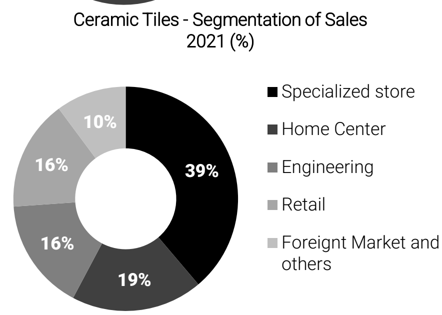
CERAMIC TILES

HIGHTLIGHTS	4Q21	4Q20	%	3Q21	%	2021	2020	%
SHIPMENTS (in 'm²)								
FINISHING GOODS	**6,210,976**	7,687,490	-19.2%	6,793,645	-8.6%	**25,317,685**	24,274,772	4.3%
TOTAL	**6,210,976**	7,687,490	-19.2%	6,793,645	-8.6%	**25,317,685**	24,274,772	4.3%
FINANCIAL HIGHLIGHTS (BRL1,000)								
NET REVENUE	**318,607**	**288,646**	**10.4%**	**324,710**	**-1.9%**	**1,157,269**	**910,939**	**27.0%**
Net Revenue - Pro Forma	**318,607**	**288,646**	**10.4%**	**324,710**	**-1.9%**	**1,157,269**	**910,939**	**27.0%**
DOMESTIC MARKET	**283,209**	261,429	8.3%	292,827	-3.3%	**1,041,980**	820,596	27.0%
FOREIGNT MARKET	**35,398**	27,217	30.1%	31,883	11.0%	**115,289**	90,343	27.6%
Net revenue per unit (BRL per m² shipped)	**51.3**	**37.5**	**36.6%**	**47.8**	**7.3%**	**45.7**	**37.5**	**21.8%**
Cash cost per unit (BRL per m² shipped)	**(29.5)**	**(23.3)**	**26.7%**	**(28.4)**	**3.9%**	**(26.8)**	**(23.6)**	**13.9%**
Cash cost per unit Pro Forma (BRL per m² shipped) (1)	**(29.5)**	**(23.2)**	**27.0%**	**(28.4)**	**3.9%**	**(26.9)**	**(23.5)**	**14.7%**
Gross profit	**123,270**	99,628	23.7%	119,865	2.8%	**431,398**	304,048	41.9%
Gross profit - Pro Forma (1)	**123,270**	100,171	23.1%	119,865	2.8%	**428,127**	305,595	40.1%
Gross margin	**38.7%**	34.5%		36.9%		**37.3%**	33.4%	
Gross margin - Pro Forma (1)	**38.7%**	34.7%		36.9%		**37.0%**	33.5%	
Selling expenses	**(48,045)**	(30,637)	56.8%	(41,826)	14.9%	**(151,388)**	(121,101)	25.0%
Selling expenses - Pro Forma (1)	**(43,120)**	(30,637)	40.7%	(41,826)	3.1%	**(146,043)**	(121,101)	20.6%
General and administrative expenses	**(13,058)**	(6,197)	110.7%	(11,521)	13.3%	**(38,265)**	(25,244)	51.6%
General and administrative expenses - Pro Forma (2)	**(12,312)**	(6,197)	98.7%	(9,417)	30.7%	**(34,988)**	(25,202)	38.8%
Operating profit before financial results	**17,600**	**56,633**	**-68.9%**	**57,368**	**-69.3%**	**199,524**	**145,122**	**37.5%**
Depreciation and amortization	**13,470**	**12,475**	**8.0%**	**13,386**	**0.6%**	**52,176**	**43,028**	**21.3%**
EBITDA according to CVM No. 527/12 (3)	**31,070**	69,108	-55.0%	70,754	-56.1%	**251,700**	188,150	33.8%
EBITDA margin according to CVM No. 527/12	**9.8%**	23.9%		21.8%		**21.7%**	20.7%	
Employee benefits	**1,134**	(4,436)	N/A	140	710.0%	**(1,170)**	(3,427)	-65.9%
Non-recurring events (4)	**52,055**	6,270	730.2%	11,349	358.7%	**49,568**	9,288	433.7%
Adjusted and Recurring EBITDA	**84,259**	**70,942**	**18.8%**	**82,243**	**2.5%**	**300,098**	**194,011**	**54.7%**
Adjusted and Recurring EBITDA margin	**26.4%**	**24.6%**		**25.3%**		**25.9%**	**21.3%**	

(1) Cost of Goods Sold: **2Q21**: CPV: exclusion of ICMS from the base calculation of PIS and COFINS (-) R$3,271k; **3Q20:** Restructuring ceramic tiles (+) R$885k; **2Q20**: Restructuring ceramic tiles (+) R$505k; **1Q20**: restructuring ceramic tiles (+) R$624k.
(2) General & Admin Expenses: **4Q21**: Brand Restructuring (+) R$ 746k; **3Q21:** Brand restructuring (+) R$2,104k; **2Q21**: brand restructuring R$ (+) R$427k; **1Q20**: Restructuring Cecrisa: (+) R$42k.
(3) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): measure of operating performance in accordance with CVM Instruction 527/12.
(4) Non-Recurring Events detailed in the end of the material.

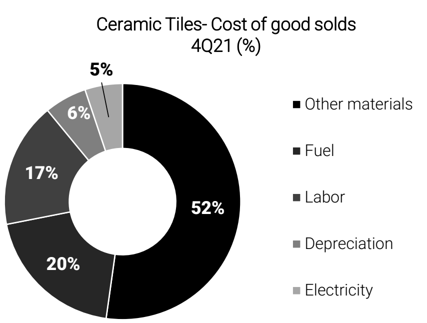
The Ceramic Tiles market grew 12.0% on the year, despite shrinking 1.0% in 4Q21, when compared to the same periods in 2020. The sector's installed capacity utilization was 90.0% in both periods, according to the ANFACER data. Once again, Dexco's Ceramic Tiles Division was outstripping the market with 99.1% utilization for the full year and 100% utilization in 4Q21, despite the slight fall in 4Q21 volumes sold due to the Division's low inventory levels. With operations running at full capacity, the Division ended the year and quarter with a record Adjusted and Recurring EBITDA.

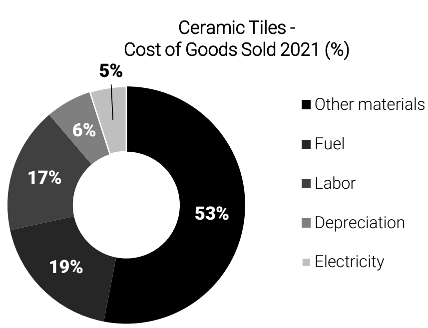




Sales volumes for the year stood at 25,317.7k m² sold, an increase of 4.3% versus 2020, despite having shrunk by 19.2% in 4Q21 versus 4Q20. The higher volume sold combined with the improvement in the mix, resulting from the strengthening of brands in the premium market, led annual Net Revenues to total R$1,157.3 million, growth of 27.0% versus the same period in 2020. Unit revenue grew 21.8% over the same period. For the quarter, the factors cited above, together with the price increase, led to a 10.4% increase in net revenue and a 36.6% increase in unit revenue versus 4Q20.

In terms of costs and expenses, recent increases in the cost of its main energy source, natural gas, led to a 27.0% growth in the Division's pro forma unit cost for the quarter, despite the increase has been 14.7% in relation to the previous year. In addition, with the implementation of the project to capture sales synergies with Deca, the Division chose to bring in house and unify the sales teams this year, potentiated in 3Q21 and 4Q21, which, coupled with the greater expenditure on advertising and publicity, led to an increase of 20.6% and 40.7% in sales expenses on an annual and quarterly comparison respectively. In the General & Administrative Expenses, the bigger share of the total expenditure, the increases in the provision for executive remuneration and annual collective wage agreement , led the Division to report a 38.8% increase in SG&A expenses versus 2020, nearly doubling on a quarterly basis, when discounting expenses related to brand restructuring arising during the year.





Despite the increases in costs and expenses, the improved sales mix and price increases led to the Division's Adjusted and Recurring EBITDA being a record R$300.1 million for the year, 54.7% higher than for 2020, and a record R$84.3 million for the quarter, an 18.8% increase on 4Q20. The Adjusted and Recurring EBITDA margin was a stand-out 25.9% for the year and 26.4% for 4Q21.

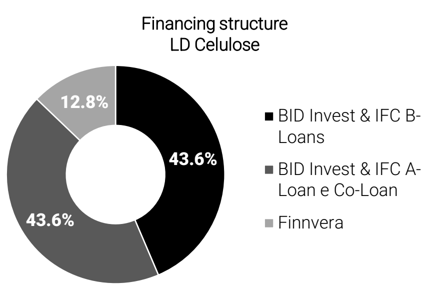
Reminding that the Ceramic Tiles Division announced its new organic growth project, with which it intends to increase capacity for giant format products by 35.0%. Furthermore, the Division announced investment of R$20.0 million to modernize its existing lines, of which R$1.8 million has been spent.

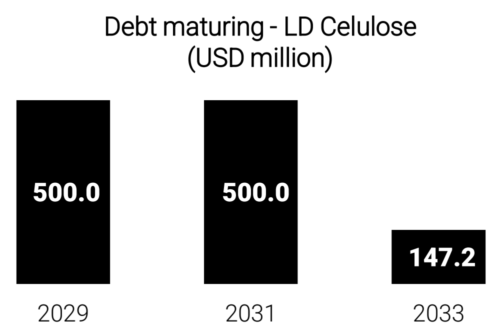
DISSOLVING WOOD PULP

In December 2019, the Company approved the creation of LD Celulose, a new dissolving wood pulp Joint Venture, in partnership with the Austrian firm Lenzing AG. This project has involved the construction of a new dissolving wood pulp mill with an annual production capacity of 500.0k tons, located in the Triângulo Mineiro region (Minas Gerais). Dexco owns 49.0% of this new business, through which it seeks diversification and greater exposure to hard currencies.

Both the project budget and the timetable are on track with the initial estimates. At the end of the fourth quarter of 2021, 93.0% of the works had been completed.

The Company has invested R$623.6 million into this venture, of which R$100.5 million was disbursed in 2021, in addition to a forestry contribution of 43.0k hectares, the value of which is equivalent to R$487.0 million, which represents approximately 80.0% of the total capital to be invested in the new business and the total expected industrial CAPEX. Consolidated through the equity equivalence method, the Division reported a loss of R$70.6 million, arising from consultancy fees, exchange rate fluctuation, and the structuring of the new company. It should be noted that the results for the new Dissolving Wood Pulp Division (LD Celulose) were treated as a non-recurring event, as it is a pre-operational investment project that has only an accounting effect.





Non recurring events

Adjusted and Recurring EBITDA

In BRL ´000 - Consolidated	4Q21	4Q20	3Q21	2021	2020
EBITDA according to CVM No. 527/12	**461,316**	**487,951**	**592,470**	**2,603,685**	**1,292,390**
Tax contingencies (Extemporaneous Credits)	**8,600**	-	7,353	**16,068**	-
Donations	**-**	-	-	**-**	7,149
Exclusion of ICMS from the PIS COFINS base	**8,900**	-	(52,077)	**(523,847)**	-
Impairment (reversal) of assets	**60,261**	14,141	-	**57,332**	12,541
Rouanet Law	**4,716**	2,220	-	**4,716**	2,220
Provision for lawsuit INSS 1/3 vacations	**-**	-	-	**-**	18,290
Brands restructuring	**6,662**	-	12,919	**27,281**	-
Deca and Ceramic Tiles restructuring	**48,127**	543	4,297	**56,814**	3,087
Viva Decora goodwill reversal	**-**	12,940	-	**-**	12,940
Asset sales	**-**	-	-	**-**	(15,723)
Others¹	**-**	-	1,744	**3,404**	(634)
Dissolving Wood Pulp	**16,714**	(16,380)	47,243	**70,581**	69,587
Change in fair value of biological assets	**(36,212)**	19,457	(7,778)	**(129,444)**	(117,270)
Employee benefits	**9,030**	(4,704)	(2,073)	**1,723**	3,729
Adjusted and Recurring EBITDA	**588,114**	**516,168**	**604,098**	**2,188,313**	**1,288,306**

In BRL ´000 - Wood	4Q21	4Q20	3Q21	2021	2020
EBITDA according to CVM No. 527/12	**397,724**	**288,556**	**426,626**	**1,881,997**	**895,928**
Tax contingencies (Extemporaneous Credits)	**4,891**	-	-	**6,020**	-
Donations	**-**	-	-	**-**	4,448
Exclusion of ICMS from the PIS COFINS base	**7,063**	-	(42,211)	**(301,698)**	-
Impairment (reversal) of assets	**2,176**	5,614	-	**(753)**	4,014
Rouanet Law	**1,449**	771	-	**1,449**	771
Provision for lawsuit INSS 1/3 vacations	**-**	-	-	**-**	6,761
Brands restructuring	**4,046**	-	7,058	**14,673**	-
Viva Decora goodwill reversal	**-**	6,470	-	**-**	6,470
Asset sales	**-**	-	-	**-**	(15,723)
Others¹	**-**	-	1,410	**3,070**	(634)
Change in fair value of biological assets	**(36,212)**	19,457	(7,778)	**(129,444)**	(117,270)
Employee benefits	**4,311**	(746)	(1,580)	**2,322**	3,484
Adjusted and Recurring EBITDA	**385,448**	**320,122**	**383,525**	**1,477,636**	**788,249**

In BRL ´000 - Deca	4Q21	4Q20	3Q21	2021	2020
EBITDA according to CVM No. 527/12	**49,236**	**113,907**	**142,333**	**540,569**	**277,899**
Tax contingencies (Extemporaneous Credits)	**3,709**	-	(1,050)	**1,645**	-
Donations	**-**	-	-	**-**	2,617
Exclusion of ICMS from the PIS COFINS base	**1,837**	-	(9,866)	**(207,886)**	-
Impairment (reversal) of assets	**13,520**	3,853	-	**13,520**	3,853
Rouanet Law	**1,448**	396	-	**1,448**	396
Provision for lawsuit INSS 1/3 vacations	**-**	-	-	**-**	11,139
Brands restructuring	**1,870**	-	3,757	**9,331**	-
Deca restructuring	**43,202**	-	3,455	**51,047**	-
Viva Decora goodwill reversal	**-**	6,470	-	**-**	6,470
Others¹	**-**	-	334	**334**	-
Employee benefits	**3,585**	478	(633)	**571**	3,672
Adjusted and Recurring EBITDA	**118,407**	**125,104**	**138,330**	**410,579**	**306,046**

In BRL ´000 - Ceramic Tiles	4Q21	4Q20	3Q21	2021	2020
EBITDA according to CVM No. 527/12	**31,070**	**69,108**	**70,754**	**251,700**	**188,150**
Donations	**-**	-	-	**-**	84
Exclusion of ICMS from the PIS COFINS base	**-**	-	-	**(14,263)**	-
Impairment (reversal) of assets	**44,565**	4,674	-	**44,565**	4,674
Rouanet Law	**1,819**	1,053	-	**1,819**	1,053
Provision for lawsuit INSS 1/3 vacations	**-**	-	-	**-**	390
Tax contingencies (Extemporaneous Credits)	**-**	-	8,403	**8,403**	-
Brands restructuring	**746**	-	2,104	**3,277**	-
Ceramic Tiles restructuring	**4,925**	543	842	**5,767**	3,087
Others[1]	**-**	-	-	**-**	-
Employee benefits	**1,134**	(4,436)	140	**(1,170)**	(3,427)
Adjusted and Recurring EBITDA	**84,259**	**70,942**	**82,243**	**300,098**	**194,011**

[1]INSS Sickness Allowance, Use of ICMS credit/debit reversal, Services related to the exclusion of ICMS from the PIS COFINS base and Wood restructuring

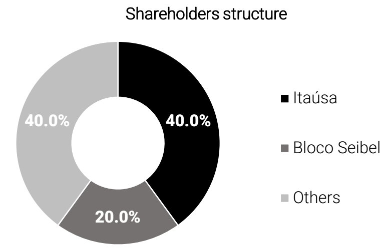
In BRL ´000 - Consolidated	4Q21	4Q20	3Q21	2021	2020
Net Income	**581,047**	**301,635**	**255,336**	**1,725,682**	**453,983**
Tax contingencies (Extemporaneous Credits)	**7,185**	-	7,349	**14,611**	-
Donations	**-**	-	-	**-**	7,149
Exclusion of ICMS from the PIS COFINS base	**(79,544)**	-	(53,967)	**(563,214)**	-
Impairment (reversal) of assets	**39,772**	9,332	-	**37,839**	7,732
Provision for lawsuit INSS 1/3 vacations	**-**	-	-	**-**	12,072
Brands restructuring	**4,397**	-	8,527	**18,005**	-
Deca and Ceramic Tiles restructuring	**31,764**	358	2,836	**37,497**	2,037
Viva Decora goodwill reversal	**-**	12,940	-	**-**	12,940
Asset sales	**-**	-	-	**-**	(9,834)
Hydra impairment reversal	**-**	(15,658)	-	**-**	(15,658)
Deca Exploration Profit	**-**	(8,994)	-	**-**	(8,994)
Cecrisa tax write-off	**-**	5,300	-	**-**	5,300
Subsidy for investments	**(14,821)**	(6,643)	-	**(14,821)**	(6,643)
IR/CS credit on IPI premium selic	**(13,723)**	-	-	**(13,723)**	-
IR/CS on previous JCP	**(165,581)**	-	-	**(165,581)**	-
Others[1]	**-**	-	375	**2,035**	(75)
Dissolving Wood Pulp	**16,561**	(16,861)	47,091	**69,911**	68,171
Recurring Net Income	**407,057**	**281,409**	**267,547**	**1,148,241**	**528,180**

[1]INSS Sickness Allowance, Use of ICMS credit/debit reversal, Services related to the exclusion of ICMS from the PIS COFINS base and Wood restructuring,

Capital Markets

SHAREHOLDER RETURN

In the fourth quarter of 2021, the Company' had a market value of R$11,286.9 million, with a closing share price of R$14.96 on 12/30/2021.



The final share price fell by -11.8% versus the previous quarter, while the Ibovespa index fell -3.0% over the period, considered a historical adjustment reflecting the impact of the payment of dividends and bonuses.

173,802,500 trades were carried out on the B3 spot market in the quarter, which represents turnover of approximately R$3.0 billion, or a daily average trade value of R$49.2m.

During the quarter the Company announced an increase in subscribed and paid-in Share Capital up to R$2,370,188,626.80, with a 10.0% share bonus. 69,178,450 new shares were issued, with an attributed cost of 5.78214746 per share, and following the increase the Capital Stock was divided into 760,962,951 ordinary shares.

DIVIDENDS AND INTEREST ON EQUITY

Dexco' statutorily guarantees shareholders a minimum mandatory dividend corresponding to 30.0% of the adjusted net income for the period.

Following deliberation by the Board of Directors, it has been approved to bring forward payment of Dividends and Interest on Equity related to income for the year ending 12/31/2021 to the gross amount of R$878.4 million, of which, R$169.1 million (R$0.24654277 per share) relates to the payment of Dividends and R$709.3 million (R$1.03414415 per share) to gross Interest on Equity.

The dividends were allocated based on the shareholding at the end of day 12/14/2021 and were credited individually to each shareholder registered with the Company on 12/23/2021.

It should be noted that shares received by way of a bonus came to have the full right to dividends and/or interest on equity declared only starting from 01/01/2022. That is, these shares were not entitled to the payment of dividends described above.

In total, the Company will pay the gross amount of 1.28068692 per share, ending the year with a payout of 51.0%.

Independent Auditors - CVM Instruction No. 381

Procedures adopted by the Company and its subsidiaries.

The policy of the Company and its subsidiaries in contracting non-audit services from our independent auditors is based on internationally accepted principles that preserve the independence of the auditors and consist of: (a) the auditors should not audit their own work, (b) the auditors must not exercise managerial functions for their client and (c) the auditors must not promote the interests of their client.

In the period from January to December 2021, the independent auditors PricewaterhouseCoopers Auditores Independentes Ltd. provided the following services unrelated to the external audit:

• Project consultancy, contracted on July 1, 2021, in the amount of BRL 347.0 thousand.

The amount of the contract represents 13.0% of the total fees for the global audit of the 2021 financial statements.

Justification of the Independent Auditors - PricewaterhouseCoopers Auditores Independentes Ltd.: The provision of other professional services not related to the external audit, described above, does not affect the independence or objectivity in conducting the external audit of the Company and its subsidiaries. Non-audit services provided to the Company and its subsidiaries are based on principles that preserve the independence of the Independent Auditor. All such principles were observed.

Socio-environmental Performance (ESG)

In line with Dexco's strategic vision for Sustainability, we have advanced discussions that involve economic and social themes, the impact of the Company on the environment and best practices in Corporate Governance. Thus, we have introduced into the quarterly results presentation the Global Reporting Initiative (GRI) indicators, as a transparent means of measuring progress against the Company's sustainability targets. In addition, it should be noted that the indicators presented in this chapter are under a process of external audit and will be published in the 2021 Integrated Report.

ADDED VALUE

Value Added for 2021 totaled R$3.993.7 million, with 23.0% of the total paid to the federal, state and municipal governments in the form of tax and social security contributions.

PEOPLE MANAGEMENT

The Company finished the fourth quarter of 2021 with 14,228 employees, 7.5% more than the number reported at the end of the previous year.

(R$ '000)	4º tri/21	4º tri/20	%	3º tri/21	%	2021	2020	%
COLABORADORES (quantidade)	**14.228**	**13.241**	**7,5%**	**13.966**	**1,9%**	**14.228**	**13.241**	**7,5%**
Remuneração	**159.333**	134.150	18,8%	148.225	7,5%	**601.243**	493.089	21,9%
Encargos legais obrigatórios	**82.762**	80.359	3,0%	79.834	3,7%	**325.841**	271.277	20,1%
Benefícios diferenciados	**40.644**	33.743	20,5%	38.532	5,5%	**151.682**	121.725	24,6%

ACCIDENT RATE

The rate of Lost Time Accidents (LTA) indicates the frequency of injuries in relation to the total time worked by all employees during a given period. For the year to date, the Company reported a total of 61 lost time accidents, and 69 accidents that did not involve lost time, in more than 25.0 million man-hours worked.

It should be noted that, in 2021, in addition to the forestry units, the panels units received the recommendation for certification, which illustrates the progress in migrating the unit certifications to meet the ISO45001 standard.

	Work-Accident | GRI 403-9	2021	2020	%
Brazil	Deaths Resulting from Work Accidents	-	-	-
	Mandatory Communication Work Accidents	4.13	3.30	25.2%
	Occupational Accidents with Serious Consequences (except deaths)	-	-	-
Colombia	Deaths Resulting from Work Accidents	-	-	-
	Mandatory Communication Work Accidents	20.63	32.70	-36.9%
	Occupational Accidents with Serious Consequences (except deaths)	-	-	-

	Work-related injuries	2021	2020	%
Brazil	Deaths Resulting from Work Accidents	1.52	1.97	-22.8%
Colombia	Accident Frequency Rate (TFA)	17.08	23.31	-26.7%

EMISSION OF GREENHOUSE GASES (GEE)

Dexco tracks and controls the Company's emissions, in keeping with the accepted guidelines of Scopes 1, 2 and 3, with the Annual Inventory audit by a third-party. The greenhouse gas emissions are published annually in the Public Registry of Emissions of the Brazilian Program GHG Protocol. The Company also reports the intensities of direct emissions, that is, the GEE emissions per production unit, thus enabling tracking of the evolution of emissions in each business of the company.

The absolute emissions of greenhouse gases increased by 86.3% in comparison with the same period of the prior year. The difference is explained mainly by the adjustments to production at some units, the increase in the quantity of fuels for the production process and the impact of the pandemic (considering the factory shutdowns in 2020), which affected the basis of comparison.

In the third quarter, the return of administrative employees to the office increased the consumption of electricity in the administrative units. In addition, the Grid's emission factor showed a significant increase compared to the previous year. This increase had a particular impact on Hydra, as a result of the energy supply predominantly coming from electricity. Also, the increase in emissions in scope 3 is noteworthy, because in search of continuous improvement, we increased the number of parameters monitored by the company by 41%, resulting in greater accuracy and transparency in the data reported.

	Direct and indirect GHG emissions | GRI 305-1 | GRI 305-2 | GRI 305-3	2021	2020	%
Brazil	Scope 1 (tCO2e)	319,768	270,958	18.0%
	Scope 2 (tCO2e)	108,134	50,978	112.1%
	Scope 3 (tCO2e)	302,913	78,901	283.9%
Colombia	Scope 1 (tCO2e)	19,322	12,492	54.7%
	Scope 3 (tCO2e)	12,040	6,545	84.0%
	Scope 2 (tCO2e)	26,992	3,774	615.2%
Total (Brasil + Colombia)		789,169	423,648	86.3%

	GHG emissions intensity | GRI 305-4	2021	2020	%
Brazil	Deca Metals (tCO2e/piece)	0.000535	0.000415	28.8%
	Deca Sanitary Ware (tCO2e/kg)	0.000494	0.000399	23.9%
	Hydra (tCO2e/piece)	0.000144	0.000091	58.1%
	Pannels (tCO2e/m³)	0.040980	0.032740	25.2%
	Ceramic Tiles (tCO2e/m²)	0.009100	0.008619	5.6%
Colombia	Pannels (tCO2e/m³)	0.134514	0.099112	35.7%

	Direct and indirect GHG emissions | GRI 305-1 | GRI 305-2 | GRI 305-3	2021	2020	%
Brazil	Deca (tCO2e)	81,349	51,799	57.0%
	Wood (tCO2e)	402,062	152,723	163.3%
	Ceramic Tiles (tCO2e)	247,405	196,316	26.0%
Colombia	Wood (tCO2e)	58,353	22,811	155.8%

(1) Scope 1: Direct emissions from the Company, including the consumption of fuel in our factories, such as, for example, in the operations for generating energy, or transporting materials, generators, own vehicles used for the transfer of goods between units, cooling gases used in air conditioning, carbon from fire extinguishers, etc. (2) Scope 2: Indirect emissions, originating from the purchase of mains electricity.

ENERGY CONSUMPTION

The total electricity consumption of the operations includes the consumption of renewable and non-renewable fuels. The proportion of renewable electricity consumed is also reported, as is the energy intensity of the units.

The consumption of renewable energy remains significant in the Company, representing more than 60% of the energy matrix, both in the Brazilian and the Colombian operations, driven greatly by the share of biomass consumption in the Panels units. In the period, we saw greater fuel consumption arising on the back of increased production. However, the businesses, for the most part, displayed greater energy eco-efficiency than in the same period in 2020. The Sanitary Ware' plant (Deca) reported higher energy consumption because of the increased use of reburning furnaces, which consume natural gas. It should be noted that ethanol was replaced by gasoline in equipment at some units, as a way of improving energy efficiency.

Energy consumption | GRI 302-1	Brazil			Colombia			Total (Brasil + Colombia)		
A. Energy generated by fuel consumption	**YTD 2021**	YTD 2020	%	**YTD 2021**	YTD 2020	%	**YTD 2021**	YTD 2020	%
Acetylene	186	91	103.5%	-	-	-	186	91	103.5%
biomass	3,352,618	3,037,440	10.4%	299,054	234,102	27.7%	3,651,671	3,271,541	11.6%
sub-bituminous coal	946,864	776,045	22.0%	-	-	-	946,864	776,045	22.0%
Diesel	274,549	234,563	17.0%	7,769	6,551	18.6%	282,319	241,114	17.1%
Biodiesel	37,439	31,986	17.0%	-	-	-	37,439	31,986	17.0%
Ethanol	985	12,158	-91.9%	-	-	-	985	12,158	-91.9%
Natural gas	3,099,394	2,562,370	21.0%	76,424	58,908	29.7%	3,175,817	2,621,278	21.2%
Gasoline	17,063	3,458	393.5%	-	-	-	17,063	3,458	393.5%
LPG	95,999	73,017	31.5%	202,188	111,509	81.3%	298,187	184,526	61.6%
GMP oil	67,429	54,095	24.7%	-	-	-	67,429	54,095	24.7%
Propane	825	564	46.4%	-	-	-	825	564	46.4%
A. Subtotal of Renewable Fuels (Biomass, Biodiesel and Ethanol)	3,391,041	3,081,583	10.0%	299,054	234,102	27.7%	3,690,095	3,315,685	11.3%
Total energy generated by fuel consumption	7,893,351	6,785,785	16.3%	585,435	411,070	42.4%	8,478,786	7,196,855	17.8%
B. Electricity (Acquired Energy)	3,162,807	2,894,399	9.3%	213,518	181,253	17.8%	3,376,324	3,075,652	9.8%
Total renewable energy (A + B)	6,553,848	5,975,983	9.7%	512,571	415,355	23.4%	7,066,419	6,391,338	10.6%
Total energy consumed	11,056,158	9,680,185	14.2%	798,953	592,323	34.9%	11,855,111	10,272,507	15.4%
Percentage of energy from renewable sources on the total energy consumed (%)	59.3	61.7	-2.5	64.2	70.1	-6.0	59.6	62.2	-2.6

	GRI 302-3 – Energy Intensity	2021	2020	%
Brazil	Deca Metals (GJ/piece)	0.0136	0.0149	-8.7%
	Deca Sanitary Ware (GJ/kg)	0.0096	0.0084	14.2%
	Hydra (GJ/piece)	0.0043	0.0047	-9.6%
	Pannels (GJ/m³)	1.9438	2.0955	-7.2%
	Ceramic Tiles (GJ/m²)	0.1424	0.1405	1.3%
Colombia	Pannels (GJ/m³)	3.4268	3.0838	11.1%

	Energy consumption | GRI 302-1	2021	2020	%
Brazil	Deca (GJ)	1,249,841	1,041,492	20.0%
	Wood (GJ)	6,067,753	5,514,214	10.0%
	Ceramic Tiles (GJ)	3,738,564	3,124,479	19.7%
Colombia	Wood (GJ)	798,953	592,323	34.9%

WATER CONSUMPTION

The water consumed by Dexco is mostly subterranean in origin, followed by water supplied by utility companies and surface water. The volume of water reuse at the Company is very significant, especially due to the large volume of water reused in the Ceramic Tiles processes.

Compared to the previous year, there was a reduction in the percentage of reuse due to maintenance shutdowns at the panels units and operational adjustments to Metals.

The consumption of collected water increased in the business compared to the same period last year, arising from the critical scenario during the pandemic in 2020. In addition, there was an increase in water consumption in part of the forestry operations due to the lack of rain in some regions.

	Recycled and reused water | GRI 303-3 Water withdrawal | GRI 303-5		2021		2020		%
	Uptake by source (m³)	Water category	Water stress		Water stress		
			No	Yes	No	Yes	
Brazil	Surface water	Fresh water	722,916	-	668,795	-	8.1%
	Third party water	Fresh water	380,931	60,187	262,996	53,320	44.8%
	Underground water	Fresh water	3,127,754	-	2,553,815	-	22.5%
	Total		4,231,601	60,187	3,485,606	53,320	21.4%
Colombia	Surface water	Fresh water	141,238	-	123,429	-	14.4%
	Third party water	Fresh water	6,840	-	5,255	-	30.2%
	Underground water	Fresh water	11,305	-	9,559	-	18.3%
	Total		**159,383**	**-**	**138,243**	**-**	**15.3%**
			YTD 2021		YTD 2020		
Brazil	Percentage of water reused (%)		147.82		151.14		-2.2%
Colombia	Percentage of water reused (%)		0.66		0.58		14.6%

	Intensity of water consumption	2021	2020	%
Brazil	Deca Metls (m³/piece)	**0.00947**	0.00963	-1.6%
	Deca Sanitary Ware (m³/kg)	**0.00390**	0.00342	14.0%
	Hydra (m³/piece)	**0.00304**	0.00345	-12.0%
	Pannels (m³/m³)	**0.93263**	0.87290	6.8%
	Ceramic Tiles (m³/m²)	**0.03009**	0.03356	-10.3%
Colombia	Pannels (m³/m³)	**0.68361**	0.71974	-5.0%

	Water consumption | 303-5	2021	2020	%
Brazil	Deca (m³)	**587,541**	490,598	19.8%
	Wood (m³)	**2,911,073**	2,296,937	26.7%
	Ceramic Tiles (m³)	**793,174**	751,391	5.6%
Colombia	Wood (m³)	**159,383**	138,243	15.3%

WASTE GENERATION

The Company monitors the generation of waste from its processes, as well as the volume sent by the industrial units to pre-approved receivers, in keeping with the internal guidelines established. Seeking to minimize the volume of waste allocated for landfill, a program of internal re-use is carried out, as well as allocation of waste for recycling, co-processing, reuse and the generation of electricity, for example, enabling the tracking of external re-use and new uses for the waste

In 2021, 30.1% of waste has been reutilized internally, 52.8% has been sent for external reuse and 17.1% has been intended for disposed.

The increase in the volume of septic sludge from the Ceramic Tiles unit and a new production line have led to an increase in waste generation. However, the relative indicator has shown an improvement per m² produced. Also, there has been an increase in the mass (scrap) of Sanitary Ware sent to landfill and the disposal of fiber dust generated in the production of Agudos panels for energy use. In Colombia there has been an increase in common residues, resins and sediments from production processes.

Waste discharge by quality and destination GRI 306-1

	Location	Destination	Operations	2021	2020	%
Brasil	Within the organization	Reused	Other recovery operations	**11,115.92**	-	-
			Preparation for reuse	**79,384.67**	60,056.57	32.2%
			Recycling	**39,416.03**	24,565.62	60.5%
	Outside organization	Intended for disposition	Containment in landfill	**29,410.88**	23,220.75	26.7%
			Incineration without energy recovery	**6.99**	10.26	-31.9%
			Other disposition operations	**43,444.08**	16,135.48	169.2%
			Other recovery operations	**-**	-	
		Reused	Other disposition operations	**-**	-	
			Other recovery operations	**3,728.45**	2,674.58	39.4%
			Preparation for reuse	**39,838.42**	39,988.43	-0.4%
			Recycling	**169,897.42**	157,178.08	8.1%
Colombia	Outside organization	Intended for disposition	Containment in landfill	**1,171.62**	308.24	280.1%
			Incineration without energy recovery	**16.42**	18.28	-10.2%
			Other disposition operations	**-**	-	
			Other recovery operations	**8.36**	3.45	142.3%
		Reused	Other disposition operations	**-**	-	
			Other recovery operations	**0.34**	1.13	-69.9%
			Preparation for reuse	**357.07**	251.45	
			Recycling	**14,437.45**	17,884.30	-19.3%

Waste discharge (Brazil + Colombia)	2021	% total	2020	% total	Var.
Intended for reuse	358,176	82.9%	302,600	88.4%	18.4%
Reused internally	129,917	30.1%	84,622	24.7%	53.5%
Externally reused	228,259	52.8%	217,978	63.7%	4.7%
Intended for disposal	74,058	17.1%	39,696	11.6%	86.6%
Total waste discharge	432,234	-	342,297	-	26.3%

Intensity of waste destination		2021	2020	%
Brazil	Deca Metals (kg/piece)	**0.0004**	0.0004	-19.6%
	Deca Sanitary ware (kg/kg)	**0.0005**	0.0004	45.3%
	Hydra (kg/piece)	**0.0001**	0.0002	-22.2%
	Pannels(kg/kg)	**0.0300**	0.0254	18.1%
	Ceramic Tiles (kg/m²)	**0.0050**	0.0059	-15.4%
Colombia	Pannels (kg/kg)	**0.0686**	0.0961	-28.7%

Water discharge by quality and destination | GRI 306-1		2021	2020	%
Brazil	Deca (t)	**61,944.7**	41,625.0	48.8%
	Wood (t)	**93,754.0**	66,926.2	40.1%
	Ceramic Tiles (t)	**130,627.6**	130,656.5	0.0%
Colombia	Wood (t)	**15,991.3**	18,466.9	-13.4%

ACKNOWLEDGEMENTS

We are grateful for the support received from shareholders, the dedication and commintment of our employees, the partnership with suppliers and the trust placed in us customers and consumers.

The Management

Dexco S.A.

National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47

BALANCE SHEET

(In thousands of Reais)

(A free translation of the original in Portuguese)

ASSETS		PARENT COMPANY		CONSOLIDATED	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
CURRENT ASSETS	**Note**	**3.150.082**	**2.788.882**	**4.661.437**	**4.220.022**
Cash and cash equivalents	5	885.335	1.041.484	1.421.302	1.728.413
Trade accounts receivable	6	950.679	844.579	1.407.630	1.229.995
Related parties accounts receivable	6	87.462	73.100	22.535	9.320
Inventories	7	1.014.993	657.750	1.433.223	924.743
Other receivables	8	39.579	29.079	80.431	79.428
Related parties - other receivables	11	13.361	6.677	-	-
Recoverable taxes and contributions	9	124.635	113.920	200.172	176.456
Derivative financial instruments		7.170,00	0,00	7.170,00	0,00
Other credits		21.360	16.785	30.516	23.783
Non current assets held as available for sale		5.508	5.508	58.458	47.884
NON-CURRENT ASSETS		**7.734.823**	**6.493.996**	**8.758.894**	**7.278.498**
Restricted deposits		66.365	58.893	86.586	66.706
Other receivables	8	89.440	81.527	109.151	124.569
Pension plan credits		88.097	88.393	98.029	95.674
Recoverable taxes and contributions	9	616.794	13.136	801.194	17.732
Deferred income tax and social contribution	10	242.846	230.261	294.868	285.618
Marketable securities	12	39.947	-	39.947	-
Investments in subsidiaries and associates	13	4.281.176	3.854.456	1.311.129	958.556
Other investments		2.569	3.932	3.518	4.881
Property, plant and equipment	14	2.039.374	1.910.941	3.628.446	3.512.641
Right-of-use assets	15	16.177	21.039	366.988	338.471
Biological assets	16	-	-	1.268.648	1.142.866
Intangible assets	17	252.038	231.418	750.390	730.784
TOTAL ASSETS		**10.884.905**	**9.282.878**	**13.420.331**	**11.498.520**

LIABILITIES AND STOCKHOLDERS' EQUITY		PARENT COMPANY		CONSOLIDATED	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
CURRENT LIABILITIES	**Note**	**1.977.515**	**1.918.806**	**3.371.691**	**2.411.801**
Loans and financing	19	128.088	527.633	836.277	570.747
Debentures	19	12.975	2.637	12.975	2.637
Suppliers	20	1.342.964	863.856	1.649.162	1.089.575
Related parties suppliers	11	53.014	39.288	4.499	437
Lease liabilities	15	7.012	6.125	25.794	22.227
Personnel		142.220	135.583	203.823	186.954
Accounts payable	21	256.774	176.689	540.743	316.360
Related parties accounts payable	11	1.566	3.650	3.269	3.240
Taxes and contributions	22	30.309	35.716	92.090	91.636
Dividends and interest on capital		2.593	127.629	3.059	127.988
NON-CURRENT LIABILITIES		**3.173.809**	**2.177.220**	**4.313.729**	**3.898.355**
Loans and financing	19	1.225.658	168.796	1.275.643	918.518
Related parties loans and financing	19	546.010	515.444	546.010	515.444
Debentures	19	1.198.743	1.198.375	1.198.743	1.198.375
Lease liabilities	15	9.820	15.227	339.929	308.070
Related parties lease liabilities	15	-	-	31.786	29.855
Contingencies	23	112.945	205.752	323.094	424.287
Deferred income tax and social contribution	10	-	-	132.832	143.664
Accounts payable	21	75.784	73.364	392.715	272.748
Related parties	11	-	262	-	262
Taxes and contributions	22	-	-	68.128	87.132
Derivative financial instruments		4.849	-	4.849	-
STOCKHOLDERS' EQUITY	24	**5.733.581**	**5.186.852**	**5.734.911**	**5.188.364**
Capital		2.370.189	1.970.189	2.370.189	1.970.189
Shares issuance expenses		(7.823)	(7.823)	(7.823)	(7.823)
Capital reserves		366.122	357.423	366.122	357.423
Capital transactions with partners		(18.731)	(18.731)	(18.731)	(18.731)
Revaluation reserves		35.094	36.119	35.094	36.119
Revenue reserves		2.410.475	2.352.417	2.410.475	2.352.417
Treasury shares		(103.113)	(13.744)	(103.113)	(13.744)
Carrying value adjustments		681.368	511.002	681.368	511.002
Equity attributable to equity holders of the parent company		**5.733.581**	**5.186.852**	**5.733.581**	**5.186.852**
Noncontrolling interests		**-**	**-**	**1.330**	**1.512**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**10.884.905**	**9.282.878**	**13.420.331**	**11.498.520**

Dexco S.A. - Listed company

National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47

STATEMENT OF INCOME

(In thousands of Reais)

(A free translation of the original in Portuguese)

For the years ended on December 31	Note	PARENT COMPANY 12/31/2021	PARENT COMPANY 12/31/2020	CONSOLIDATED 12/31/2021	CONSOLIDATED 12/31/2020
NET SALES REVENUE	25	**6.049.520**	**4.259.063**	**8.170.241**	**5.879.616**
Changes in the fair value of biological assets	16	-	-	129.444	117.270
Cost of products sold		(4.035.501)	(3.092.872)	(5.429.837)	(4.145.066)
GROSS PROFIT		**2.014.019**	**1.166.191**	**2.869.848**	**1.851.820**
Selling expenses		(756.264)	(575.058)	(1.006.042)	(781.150)
General and administrative expenses		(190.371)	(166.629)	(284.935)	(237.878)
Management fees		(17.805)	(16.535)	(19.236)	(17.987)
Other operating income (expenses), net	28	427.858	(73.125)	400.367	(76.298)
Equity in the results of investees		279.301	220.337	(68.610)	(66.624)
OPERATING PROFIT BEFORE FINANCIAL RESULT AND TAXES		**1.756.738**	**555.181**	**1.891.392**	**671.883**
Financial income	27	352.326	87.698	403.860	132.149
Financial expenses	27	(214.760)	(181.605)	(306.187)	(269.287)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		**1.894.304**	**461.274**	**1.989.065**	**534.745**
Income tax and social contribution - current	29	(170.478)	(21.013)	(270.430)	(104.525)
Income tax and social contribution - deferred	29	1.581	13.551	7.047	23.763
NET INCOME FOR THE YEAR		**1.725.407**	**453.812**	**1.725.682**	**453.983**
Net income attributable to:					
Owners of the company		1.725.407	453.812	1.725.407	453.812
Noncontrolling interests		-	-	275	171
Net income per share (R$):					
Basic:	34	2,4903	0,6575	2,4903	0,6575
Diluted:	34	2,4754	0,6532	2,4754	0,6532

Dexco S.A. - Listed company

National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47

STATEMENT OF COMPREHENSIVE INCOME

(A free translation of the original in Portuguese)

For the years ended on December 31

(In thousands of Reais)

	PARENT COMPANY		CONSOLIDATED	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
NET INCOME FOR THE YEAR	**1.725.407**	**453.812**	**1.725.682**	**453.983**
Other components of comprehensive income				
Equity equivalence over subsidiaries comprehensive income	150.641	(121.505)	150.641	(121.505)
Financial instruments	(5.241)		(5.241)	
Actuarial gain (loss)	9.912	5.256	9.912	5.256
Tax effect over actuarial gain (loss)	(3.370)	(1.787)	(3.370)	(1.787)
Equity equivalence over subsidiaries comprehensive income over actuarial gain (loss)	2.512	3.577	2.512	3.577
Cumulated translation adjustments	15.912	172.076	15.479	172.136
COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**1.895.773**	**511.429**	**1.895.615**	**511.660**
Attributable to:				
Owners of the company	1.895.773	511.429	1.895.773	511.429
Noncontrolling interests	-	-	(158)	231

Dexco S.A. - Listed company
National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47

STATEMENT OF CASH FLOWS

(A free translation of the original in Portuguese)

	PARENT COMPANY		CONSOLIDATED	
For the years ended on December 31	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
OPERATING ACTIVITIES:				
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	**1.894.304**	**461.274**	**1.989.065**	**534.745**
ADJUSTMENTS:				
Depreciation, amortization and depletion	297.010	290.134	712.294	620.507
Changes in the fair value of biological assets	-	-	(129.444)	(117.270)
Interest/indexation accruals and foreign exchange gains/losses, net	149.957	95.774	187.210	180.542
Interest accrued on leases	1.716	787	5.369	4.444
Equity in the results of investees	(279.301)	(220.337)	68.610	66.624
Impairment of accounts receivable	13.465	20.030	21.205	25.053
Impairment of intangible assets	-	12.940	-	12.940
Provisions, asset write offs	86.333	21.024	144.344	63.890
Reversal of ICMS provision based on PIS and COFINS	(117.200)	-	(141.700)	-
Exclusion of ICMS based on PIS and COFINS	(604.085)	-	(597.100)	-
Result from sales of farms	-	-	-	5.754
(Increase)/Decrease in Assets				
Trade accounts receivable	(133.979)	(56.121)	(216.078)	(116.420)
Inventories	(381.797)	(43.871)	(540.396)	(23.355)
Other assets	(59.994)	(38.216)	(222.363)	(78.550)
Increase (Decrease) in Liabilities				
Suppliers	492.834	435.546	564.056	509.046
Personnel liabilities	6.637	37.862	17.175	39.516
Accounts payable	84.261	41.785	310.208	56.873
Taxes and contributions	56.898	114.068	49.447	90.877
Other liabilities	(47.628)	(26.182)	(51.510)	(62.008)
Cash provided by operations	**1.459.431**	**1.146.497**	**2.170.392**	**1.813.208**
Income tax and social contribution paid	(240.983)	(60.720)	(344.551)	(193.828)
Interest paid	(86.439)	(85.535)	(117.458)	(111.650)
CASH PROVIDED BY OPERATING ACTIVITIES	**1.132.009**	**1.000.242**	**1.708.383**	**1.507.730**
INVESTING ACTIVITIES:				
Investments in fixed assets	(365.441)	(128.297)	(539.309)	(247.960)
Investments in intangible assets	(58.086)	(50.325)	(59.848)	(54.178)
Investments in biological assets	-	-	(258.110)	(185.270)
Proceeds from sale of property, plant and equipment	5.000	-	29.703	43.351
Dividends received from subsidiaries	222.955	325.133	-	-
Capital contribution/ capital increase	(98.491)	(521.658)	(98.491)	(521.656)
Acquisition of associated companies	(102.250)	-	(102.250)	-
Marketable securities	(40.540)	-	(40.540)	-
Advance for future capital increase in subsidiary	(3.250)	(188.186)	-	-
CASH (USED IN) INVESTING ACTIVITIES	**(440.103)**	**(563.333)**	**(1.068.845)**	**(965.713)**
FINANCING ACTIVITIES:				
New financings	909.902	1.635.000	912.619	1.640.827
Amortization of financing	(266.370)	(1.235.380)	(309.308)	(1.344.596)
Amortization of debentures	-	-	-	(60.000)
Amortization of lease liabilities	(8.895)	(6.360)	(62.950)	(56.796)
Interest on capital and dividends distributed	(1.393.728)	(257.302)	(1.393.749)	(257.302)
Treasury shares	(88.964)	9.307	(88.964)	9.307
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(848.055)**	**145.265**	**(942.352)**	**(68.560)**
Effects of exchange rate changes on cash and cash equivalents	-	-	(4.297)	11.733
INCREASE (DECREASE) IN CASH FOR THE YEAR	**(156.149)**	**582.174**	**(307.111)**	**485.190**
OPENING BALANCE	**1.041.484**	**459.310**	**1.728.413**	**1.243.223**
CLOSING BALANCE	**885.335**	**1.041.484**	**1.421.302**	**1.728.413**

Dexco S.A. - Listed company

National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47

STATEMENT OF VALUE ADDED

(Required by accounting practices adopted in Brazil and supplementary information under IFRS)

(A free translation of the original in Portuguese)

(In thousands of Reais)

	PARENT COMPANY		CONSOLIDATED	
For the years ended on December 31	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
REVENUE	**7.973.889**	**5.320.268**	**10.479.374**	**7.304.954**
Gross sales revenue	7.586.368	5.326.394	10.151.737	7.309.623
Other revenue	400.986	13.904	348.842	20.384
Impairment of accounts receivable	(13.465)	(20.030)	(21.205)	(25.053)
Inputs acquired from third parties	**(4.571.231)**	**(3.804.562)**	**(6.108.612)**	**(4.548.823)**
Cost of sales	(3.956.733)	(3.241.291)	(5.299.026)	(3.808.567)
Materials, energy, outsourced services and others	(614.498)	(550.331)	(809.586)	(727.316)
Impairment of intangible assets	-	(12.940)	-	(12.940)
Gross value added	**3.402.658**	**1.515.706**	**4.370.762**	**2.756.131**
Depreciation, amortization and depletion	(297.010)	(290.134)	(712.294)	(620.507)
Net value added	**3.105.648**	**1.225.572**	**3.658.468**	**2.135.624**
Value added received through transfer	**631.627**	**308.035**	**335.250**	**65.525**
Financial income	352.326	87.698	403.860	132.149
Equity in the results of investees	279.301	220.337	(68.610)	(66.624)
Value added to be distributed	**3.737.275**	**1.533.607**	**3.993.718**	**2.201.149**
DISTRIBUTION OF VALUE ADDED				
Personnel costs	**696.735**	**583.639**	**1.043.341**	**858.610**
Direct compensation	551.567	464.402	833.540	688.911
Benefits	106.857	88.109	151.681	121.725
Severance indemnity fund (FGTS)	36.805	30.017	51.797	43.049
Other	1.506	1.111	6.323	4.925
Government taxes	**1.100.932**	**315.315**	**919.126**	**620.256**
Federal	541.670	299.601	843.291	525.569
State	551.563	9.090	65.477	81.004
Municipal	7.699	6.624	10.358	13.683
Financing remuneration (interest)	**214.201**	**180.841**	**305.569**	**268.300**
Stockholder remuneration	**1.725.407**	**453.812**	**1.725.682**	**453.983**
Interest on net equity and dividends	878.401	217.100	878.401	217.100
Retained earnings	847.006	236.712	847.006	236.712
Noncontrolling interests	-	-	275	171
Total value added distributed	**3.737.275**	**1.533.607**	**3.993.718**	**2.201.149**

Dexco S.A - Listed company

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

National Register of Corporate Taxpayers - (CNPJ) No. 97.837.181/0001-47

(In thousands of Reais) (A free translation of the original in Portuguese)

	Note	Capital	Shares issuance expenses	Capital reserves	Transactions with owners	Revaluation reserves	Revenue reserves				Carrying value adjustments	Retained earnings	Total	Non-controlling interests	Total Stockholders equity
							Legal reserves	Statutory reserves	Tax incentives	Treasury shares					
BALANCES AS AT DECEMBER 31, 2019		**1.970.189**	**(7.823)**	**352.083**	**(18.731)**	**38.543**	**225.987**	**1.853.694**	**87.040**	**(23.051)**	**452.932**	**-**	**4.930.863**	**1.305**	**4.932.168**
COMPREHENSIVE INCOME FOR THE YEAR															
Net Income for the year		-	-	-	-	-	-	-	-	-	-	453.812	**453.812**	171	453.983
Cummulative translation adjustments		-	-	-	-	-	-	-	-	-	172.076	-	**172.076**	60	172.136
Equity in investees effects		-	-	-	-	-	-	-	-	-	(121.052)	(453)	**(121.505)**	-	(121.505)
Actuarial net gain (loss)		-	-	-	-	-	-	-	-	-	3.469	-	**3.469**	-	3.469
Equity of investees reflex - actuarial gains (losses)		-	-	-	-	-	-	-	-	-	3.577	-	**3.577**	-	3.577
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	-	-	-	-	-	-	**58.070**	**453.359**	**511.429**	**231**	**511.660**
Acquisition of noncontrolling interest		-	-	-	-	-	-	-	-	-	-	-	-	(24)	(24)
Share options granted		-	-	3.977	-	-	-	-	-	-	-	-	**3.977**	-	3.977
Realization of revaluation reserve		-	-	-	-	(1.235)	-	-	-	-	-	1.235	-	-	-
Income tax/ social contribution on revaluation reflex adjustment		-	-	-	-	(1.189)	-	-	-	-	-	-	**(1.189)**	-	(1.189)
Sale of treasury shares		-	-	-	-	-	-	-	-	9.307	-	(579)	**8.728**	-	8.728
Appropriation of tax incentives article 195-A Law 6.404/76 - previous years		-	-	-	-	-	-	(16.760)	16.760	-	-	-	-	-	-
Long term incentive plan		-	-	1.363	-	-	-	-	-	-	-	-	**1.363**	-	1.363
Additional dividends proposed from 2019		-	-	-	-	-	-	(141.597)	-	-	-	-	**(141.597)**	-	(141.597)
APPROPRIATION OF NET INCOME FOR THE YEAR		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocated to the legal reserve		-	-	-	-	-	22.690	-	-	-	-	(22.690)	-	-	-
Appropriation of tax incentives article 195-A Law 6.404/76		-	-	-	-	-	-	-	9.948	-	-	(9.948)	-	-	-
Interests on capital distributions		-	-	-	-	-	-	-	-	-	-	(126.722)	**(126.722)**	-	(126.722)
Additional dividends proposed		-	-	-	-	-	-	90.378	-	-	-	(90.378)	-	-	-
Appropriation to reserves		-	-	-	-	-	-	204.277	-	-	-	(204.277)	-	-	-
BALANCES AS AT DECEMBER 31, 2020		**1.970.189**	**(7.823)**	**357.423**	**(18.731)**	**36.119**	**248.677**	**1.989.992**	**113.748**	**(13.744)**	**511.002**	**-**	**5.186.852**	**1.512**	**5.188.364**
COMPREHENSIVE INCOME FOR THE PERIOD		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income for the year		-	-	-	-	-	-	-	-	-	-	1.725.407	1.725.407	275	1.725.682
Cummulative translation adjustments		-	-	-	-	-	-	-	-	-	15.912	-	15.912	(433)	15.479
Financial instruments		-	-	-	-	-	-	-	-	-	(5.241)	-	(5.241)	-	(5.241)
Gain (loss) actuarial		-	-	-	-	-	-	-	-	-	6.542	-	6.542	-	6.542
Reflex equity equivalence		-	-	-	-	-	-	-	-	-	150.641	-	150.641	-	150.641
Reflex equity equivalence - gain (loss) actuarial		-	-	-	-	-	-	-	-	-	2.512	-	2.512	-	2.512
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	-	-	-	-	-	-	**170.366**	**1.725.407**	**1.895.773**	**(158)**	**1.895.615**
Acquisition of noncontrolling interest		-	-	-	-	-	-	-	-	-	-	-	-	(24)	(24)
Share options granted		-	-	3.978	-	-	-	-	-	-	-	-	3.978	-	3.978
Realization of revaluation reserve		-	-	-	-	(1.025)	-	-	-	-	-	1.025	-	-	-
Acquisition of treasury shares		-	-	-	-	-	-	-	-	(94.689)	-	-	(94.689)	-	(94.689)
Sale of treasury shares		-	-	-	-	-	-	-	-	5.320	-	405	5.725	-	5.725
Appropriation of tax incentives article 195-A Law 6.404/76 - previous years		-	-	-	-	-	-	(42.883)	42.883	-	-	-	-	-	-
Capital increase - statutory reserves		400.000	-	-	-	-	-	(400.000)	-	-	-	-	-	-	-
Long-term incentive plan		-	-	4.721	-	-	-	-	-	-	-	-	4.721	-	4.721
Additional dividend proposed from 2020		-	-	-	-	-	-	(90.378)	-	-	-	-	(90.378)	-	(90.378)
Additional dividend 2020		-	-	-	-	-	-	(300.000)	-	-	-	-	(300.000)	-	(300.000)
APPROPRIATION OF NET INCOME FOR THE YEAR															
Allocated to the legal reserve		-	-	-	-	-	86.270	-	-	-	-	(86.270)	-	-	-
Appropriation of tax incentives article 195-A Law 6.404/76		-	-	-	-	-	-	-	46.865	-	-	(46.865)	-	-	-
Interest on equity		-	-	-	-	-	-	-	-	-	-	(709.304)	(709.304)	-	(709.304)
Dividends		-	-	-	-	-	-	-	-	-	-	(169.097)	(169.097)	-	(169.097)
Appropriation to reserves		-	-	-	-	-	-	715.301	-	-	-	(715.301)	-	-	-
BALANCES AS AT DECEMBER 31, 2021		**2.370.189**	**(7.823)**	**366.122**	**(18.731)**	**35.094**	**334.947**	**1.872.032**	**203.496**	**(103.113)**	**681.368**	**-**	**5.733.581**	**1.330**	**5.734.911**

NOTES TO THE FINANCIAL INFORMATION AS AT DECEMBER 31, 2021

(All amounts in thousands of Brazilian Reais, unless otherwise indicated)

Note 1 - Operations

a) General information

Dexco S.A. (the "Company" or "Dexco"), (formerly, Duratex S.A.) is a publicly-traded corporation, with shares listed on the New Market, negotiated under the ticker code DXCO03 in the B3 Brazilian stock market. It started its activities in 1951 and its principal offices are in the city of São Paulo - SP. Its controlling stockholders are Itaúsa S.A., which is a significant operator in the financial and industrial sectors, and Seibel Block, which operates principally in the retail market and in distribution channels for civil construction and woodworking materials, as also in property construction and rentals.

The main activities of Dexco and its subsidiaries (collectively "the Group") comprise the manufacture of wood panels (Wood Division), ceramics, sanitary metals and showers (Deca Division) and Ceramic Tile Division. Dexco presently operates 16 industrial plants in Brazil and three industrial plants in Colombia, through its subsidiary Dexco Colombia S.A. (formerly, Tablemac S.A.), with branches in the major Brazilian cities and commercial subsidiaries in the United States, Belgium and Peru.

The Wood Division operates four industrial plants in Brazil and three in Colombia, responsible for the production of hardboard, medium density particle (MDP) panels, medium and high-density fiberboard (MDF and HDF) panels, laminate flooring using the Durafloor trademark, and semi-finished components for furniture.

The Deca Division operates eight industrial plants in Brazil, manufacturing sanitary ceramic and metal products, and showers under the trademarks Deca, Hydra, Belize, Elizabeth and Hydra Corona.

The Ceramic Tile Division operates four industrial plants in Brazil, producing ceramic tiles, under the Ceusa, Cecrisa and Portinari brands.

b) Main events occurred in 2021

Merger of subsidiary Cecrisa Revestimentos Cerâmicos S.A. into subsidiary Dexco Revestimentos Cerâmicos S.A. (current name of Cerâmica Urussanga S.A.)

On January 1, 2021, the Extraordinary General Meeting (EGM) of Dexco Revestimentos Cerâmicos S.A. approved the merger of Cecrisa Revestimentos Cerâmicos S.A. (Note 13.c).

Creation of the DX Ventures fund of Corporate Venture Capital - ("CVC")

The Company created Corporate Venture Capital Fund ("CVC"), known as DX Ventures *Fundo de Investimento em Participações Multiestratégia* (Multi-strategy Equity Investment Fund), a fund for investments in start-ups and scale-ups, in multiple stages, with an estimated first contribution of R$ 100,000. (Note 12).

Change in the Company's name and corporate brand

On July 14, 2021, the Board of Directors approved the change of the Company's brand from Duratex to Dexco and its corporate name to Dexco S.A. from Duratex S.A., by means of an amendment to the statutes approved by the shareholders at the Extraordinary General Meeting on August 18, 2021.

Acquisition of minority interest

On December 30, 2021, the Company, through its subsidiary Dexco Comércio de Produtos para Construção S.A., concluded an investment of R$102.3 million in ABC da Construção ("ABC"), in an exclusive primary operation, acquiring a non-controlling interest of approximately 10.0% in the voting shares. The operation was approved, without restrictions, by CADE - Administrative Council for Economic Defense.

Total acquisition of the Castelatto company

On December 21, 2021, the Company, through its subsidiary Dexco Revestimentos Cerâmicos S.A., signed a purchase and sale agreement for the acquisition of all the capital of Castelatto Ltda. Castelatto is a leader in premium segment architectural concrete floors and coatings. On January 28, 2022, the Administrative Council for Economic Defense - CADE, approved the operation without restrictions. The Company is awaiting a final decision to conclude the acquisition.

c) Approval of the financial statements

The financial statements of Dexco S.A. and its subsidiaries (parent company and consolidated) were approved by the Board of Directors on February 9, 2022.

d) COVID-19 effects

The Company formed a Crisis Committee which continues to manage initiatives to minimize the effects of the pandemic on its community and promoting health and wellbeing of employees. Protocols have been issued and robust communication plans distributed to recommend preventive measures to combat the virus.

This Committee is also monitoring potential economic effects on financial results. Of note were:

- The Company raised no new loans following to the pandemic;

- Payment terms to its suppliers are normalized and tax payments not postponed;

- An allowance for expected loss of doubtful accounts of R$ 1.9 million (R$ 3.7 million as of December 31, 2020) (Note 6) is recorded an no impairment of other assets identified; and

- All its industrial units operated at a capacity utilization higher than the pre-COVID period.

In 2020, the Company made several donations, through its units primarily the construction and architecture segment and worked with other large Brazilian companies and on government projects to strengthen the health care environment in across the country, contributing R$ 7.2 million.

The Company continues to monitor and assess the impacts on its results, as well as the effects on corresponding estimates and critical judgments.

Note 2 - Summary of significant accounting policies

The main accounting policies applied in the preparation of these financial statements are as set out below. These policies were consistently applied to the exercises presented.

2.1 - Basis of preparation

The financial statements were prepared on a historical costs basis with adjustments for financial assets held for trading and financial liabilities (including derivative instruments) to fair value.

The preparation of financial statements requires the use of certain critical accounting estimates and management's judgment in applying the Group's accounting policies. Those that require a more significant level of judgment and complexity, including assumptions and estimates, are addressed in Note 3.

The non-financial data included in these financial statements, such as the area planted and number of units, and other non accounting data, have not been audited by the independent accountants.

Going concern

Management evaluated the Company and its subsidiaries' capacity to continue as a going concern and believes, despite the effects and uncertainties as to the persistence of the COVID-19 pandemic, that it has sufficient resources to support its business through the foreseeable future. The financial statements have been prepared bases on the going concern assumption.

Separate and consolidated financial statements

The separate (parent company) and consolidated financial statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil consistent with the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC's), the rules and regulations of the Brazilian Securities Commission ("CVM"), and the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The presentation of the parent company and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. The Statement of Value Added was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - Statement of Value Added though not required by IFRS, and, therefore, is presented supplementally for purposes of the IFRS financial statements. Its purpose is to show the wealth created by the Company during the year and its distribution among the various stakeholders.

2.2 - Consolidation

2.2.1 - Consolidated financial statements

The following accounting policies were applied to the preparation of the financial statements:

(a) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2021. Control is obtained when the Company is exposed or entitled to variable returns based on its involvement with the investee and has the capacity to affect those returns through the power exercised in relation to the investee.

Specifically, the Company controls an investee if it has: i) power related to the investee (that is, existing rights that guarantee the current capacity to direct the relevant activities of the investee); ii) exposure or right to variable returns based on their involvement with the investee; and (iii) the capacity to use its power related to the investee to affect results.

Generally, there is a presumption that a majority of voting rights results in control. In order to support this presumption and when the Company has less than the majority of the voting rights or similar of an investee, the Company considers all the facts and pertinent circumstances when assessing whether it has power related to an investee, including: i) the agreement contractual relationship with other investees; ii) rights arising from contractual agreements; and iii) the voting rights and potential voting rights of the Company.

The consolidated financial statements include the following companies: Dexco S.A. and its direct subsidiaries: Duratex Florestal Ltda., Dexco Hydra Corona Sistemas de Aquecimento de Água Ltda. (actual denomination of Hydra Corona Sistemas de Aquecimento de Água Ltda.), Dexco Revestimentos Cerâmicos S.A. (actual denomination of Cerâmica Urussanga S.A. (Ceusa), Duratex North America Inc., Dexco Colombia S.A. (formerly, Tablemac S.A.), Estrela do Sul Participações Ltda., Dexco Empreendimentos Ltda. (actual denomination of Duratex Empreendimentos Ltda.), Dexco Comércio de Produtos para Construção S.A. (actual denomination of Bale Comércio de Produtos para Construção S.A.), Trento Administração e Participações S.A., Duratex Europe N.V., Duratex Andina S.A.C., Viva Decora Internet S.A. and its indirect subsidiaries: Dexco Zona Franca S.A.S. (actual denomination of Tablemac MDF S.A.S.) e Forestal Rio Grande S.A.S..

(b) Business combination

The Group uses the acquisition method for recording business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities assumed and equity instruments issued by the Group. The consideration transferred includes the fair value of assets and liabilities resulting from a contingent consideration agreement, if applicable. Acquisition-related costs are recognized in the net income of the year as incurred. The identifiable assets acquired and contingent liabilities assumed in a business combination are initially measured at their fair value on the acquisition date. The group recognizes non-controlling interests it acquires either at their fair value or at the non-controlling interest's proportionate share of the acquired fair value of net assets. The measurement of the non-controlling interest is determined for each acquisition realized.

The Group records as goodwill the excess of the consideration transferred at the acquisition date and the fair value of any previous equity interest in the acquired subsidiary over the fair value of the group's share of the identifiable net assets acquired. If the acquisition cost is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the statement of income as a gain.

Transactions between consolidated companies, as well as the balances and unrealized gains and losses in relation to those transactions, were eliminated. When required, the subsidiaries' accounting policies were adjusted to ensure consistency with the accounting policies of the Company.

(c) Transactions with and participation in non-controlling entities

These are registered in an identical manner to operations with stockholders of the Group. For acquisitions of non-controlling ownership interests, the difference between any consideration paid and the acquired portion of the controlling stockholder's net assets is recorded in stockholders' equity (on capital transactions with partners), with the gains or losses on sales to non-controlling stockholders.

(d) Investment in jointly controlled entity (joint operation)

Duratex Florestal Ltda. subsidiary of Dexco S.A., which holds 100% of its capital and Usina Caeté S.A. and Jaraguá Agrícola Ltda., have partnership agreement to jointly control the Caetex Florestal S.A., a joint operation created for the formation of eucalyptus forests in northeastern of Brazil. This association will terminate in 39 years and each partner has a 50%, 47% and 3% share of the total capital of Caetex Florestal S.A., respectively.

2.2.2 - New or revised standards in 2021

There are no standards and interpretations issued and not yet adopted that, in Management's opinion, could have a significant impact in the result or equity of the Company.

2.3 - Presentation of segmented information

Segmented information is presented consistently with the main operating decision maker. The main operating decision maker, responsible for allocating funds and evaluating the performance of operating segments is the Company's Board of Directors, which provide of the Group's strategic decision making, with the support of the Board of Directors.

2.4 - Foreign currency translation

(a) Functional currency and presentation currency

The financial statements of each of the companies are measured using the main currency of the economic environment in which the respective company operates (the "functional currency"). The parent company and consolidated financial statements are presented in Brazilian Real/ Reais, which is the Company's functional and also presentation currency for its financial statements.

(b) Transactions and balances

Transactions in foreign currencies are converted into the functional currency using the exchange rates prevailing on the transaction or evaluation dates in the event that the items are re measured. Exchange gains and losses arising from the settlement of those transactions and from the conversion at period-end exchange rates of monetary assets and liabilities in foreign currencies are recognized in the statement of income as financial income or expenses, except, when they are recorded directly in stockholders' equity and considered to be a hedge of net investments.

(c) Companies of the Group with different functional currencies

The net income and financial position of non-resident subsidiaries (none of which operate in hyperinflationary economy), whose functional currency is different from the presentation currency (Brazilian Real), are converted into the presentation currency as follows:

- assets and liabilities are translated at the exchange rate on the balance sheet date;

- income and expenses are translated at the average exchange rate for the month in which they are recorded;

- all resulting exchange related differences are recognized in stockholders' equity as accumulated conversion adjustments and are recognized in the net income when the investments are realized, and;

- goodwill and fair-value adjustments resulting from the acquisition of a foreign entity are recognized as assets and liabilities of the foreign entity and translated at the closing exchange rate.

2.5 - Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other short-term highly liquid investments with original maturities of three months or less, and subject to an insignificant risk of changes in value.

2.6 - Financial assets

2.6.1 - Classification

The Company classifies its financial instruments consistent with the purpose, intent and characteristics for which they were acquired, measuring these initially at fair value.

Subsequently, the financial assets are classified at amortized cost, fair value through other comprehensive income or fair value through results.

2.6.2 - Recognition and measurement

The recognition of a financial asset occurs on the date that the Company becomes part of the contractual provisions of the instrument. The investments are, initially, recognized at fair value, except for accounts receivable that are recognized at the transaction price, plus transaction costs directly attributable to the acquisition or issue of the asset or financial liability.

The financial assets are written off when the rights to receive cash flows from investments have been realized or transferred, in this latter case when it has transferred, significantly, all risks and benefits from ownership of the asset.

The financial assets measured at fair value through results are, subsequently, recorded at fair value. The financial assets measured at amortized cost are subsequently measured using the effective interest rate method and are subject to reduction to the recoverable amount.

The fair value of assets and liabilities with a public quotation are based on the negotiation price at the closing date. If a financial asset does not have an active market, the Company establishes the fair value through valuation techniques. These techniques include reference to recent operations contracted with third parties, other instruments that are substantially similar, discounted cash flows analysis and pricing models that make the most possible use of information generated by the market and the minimum possible information generated by the Company's Management.

2.6.3 - Offsetting of financial instruments

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

2.6.4 - Impairment of financial assets

The provision for impairment of financial assets is based on assumptions on the risk of default and estimated losses. The Company applies its judgment to establish the assumptions and to select data for impairment calculations based on the historic performance of the Company, in market information and future estimate to the final of each exercise.

The criteria used by the Company and its subsidiaries to determine whether there is objective evidence of loss by impairment include:

- relevant financial difficulties of the issuer or debtor;
- a breach of contract, such as a default or delay in the payment of interest or principal;
- the disappearance of an active market for that financial asset due to financial difficulties, or
- observable data indicating a measurable reduction in the estimated future cash flows from a financial asset portfolio since the initial recognition of those assets, even if the decrease cannot yet be allocated to the individual financial assets in the portfolio, including:

a) adverse changes in the payment situation of the portfolio's borrowers;

b) national or local economic conditions correlating with adverse changes in the payment situation of the portfolio's borrowers;

c) national or local economic conditions correlating with defaults on the portfolio's assets.

The Company and its subsidiaries first evaluate whether there is objective evidence of impairment.

The impairment loss amount is measured as the difference between the book value of the assets and the present value of estimated future cash flows (excluding future credit losses not yet incurred) discounted to the original interest rates of the financial assets. The book value of the assets is reduced and the amount of the loss is recognized in the statement of income. If a loan or investment maintained until maturity date has a variable interest rate, the discount rate utilized to measure the impairment loss is the current effective interest rate determined in accordance with the contract. For practical purposes, the Company and its subsidiaries can measure the impairment based on the fair value of the instrument utilizing an observable market price.

If, in a subsequent period, the value of the impairment loss decreases and the decrease can be objectively related to an event that has occurred after the impairment has been recognized, (such as an improvement in the debtor's credit classification), the reversal of the previously recognized impairment loss is recognized in the statement of income.

2.7 - Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date when the derivative agreement is entered into, and are subsequently, remeasured at fair value through the results.

Derivatives are contracted as a form of financial risk management, and the Company's policy is not to enter into leveraged derivative transactions.

Although the Company does not apply hedge accounting policy, it has designated certain debts at fair value through results, because of the existence of derivative financial assets directly related to loans, as a means of avoiding the recognition of gains and losses in different periods.

2.8 - Trade accounts receivable

This correspond receivables in the normal course of the Group's activities and these are registered, initially, at the fair value of the consideration to be received and increased of exchange variation, when applicable. Subsequently they are measured at amortized cost less the estimated impairment of the accounts receivable. It refers in its totality of short term operations and then do not adjusted to present value due to not represents relevant adjustments in the financial statements. It estimate that the fair value from this accounts receivable be substantially similar to its book value.

The impairment of accounts receivable is based on an individual analysis of values receivable considering, mainly: (i) significant financial difficulties of the issuer or debtor, and (ii) a breach of contract, such as a default or default on payment of interest or principal.

As the receivables do not include a financing component, the impairment allowance covers the life of the receivable by applying a percentage based on historical studies of default, classified by: (i) segment; (ii) billing date; and (iii) maturity date.

The risk matrix is reviewed annually however; the study can be reevaluated in the case of impairment of accounts receivable which demonstrate behavior different to the expected result.

Management believes that the impairment of accounts receivable allowance is sufficient to meet losses in the realization of these assets based on its risk analyses. Subsequent recovery of values previously written off are credited to "Other income and expenses" in the statement of income.

2.9 - Inventory

Inventory is stated at the average cost of purchase or production, not exceeding replacement cost or realizable amounts. Imports in transit are stated at the cost of each import.

The cost of finished goods and work in progress comprises the cost of raw materials, direct labor, other direct costs and related direct production costs (based on normal capacity). The net realizable value is the estimated selling price in the normal course of business, less the estimated costs to complete and costs to sell.

2.10 - Intangible assets

The intangible assets are grouped as follows:

Goodwill

Goodwill is represented by the positive difference between the amount paid and or payable for the acquisition of a business and the net fair value of the assets and liabilities of the acquired subsidiary in a business combination. Goodwill is not amortized in the accounting records and is relieved by sale or by an annual impairment test. For tax purposes, goodwill is amortized as permitted by law currently, with a corresponding deferred tax adjustment made for accounting purposes.

Goodwill is allocated at the Cash Generating Units ("CGU") level for impairment purposes, or group of CGUs, that are expected to benefit from the corresponding business combination.

Trademarks and patents

Separately acquired trademarks and licenses are, initially, stated at historical cost. Trademarks and licenses acquired in a business combination are recognized at their fair value on the acquisition date.

Contractual relationships with customers - customer portfolio

Customer portfolios/lists acquired in a business combination are recognized at fair value on the acquisition date. Customer relationships have finite useful lives and are therefore amortized. Amortization is calculated using the straight line method over the expected useful life of the customer relationship.

Software

Acquired software licenses are recorded as capital expenditure at the amount of the costs incurred to acquire the software and prepare it for use. The cost is amortized over the estimated useful life of the software.

2.11 - Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition, formation or construction, including financing costs related to the acquisition of assets under construction, net of accumulated depreciation calculated on the straight line method over the estimated economic useful lives of the respective assets. Rates are reviewed at the end of each year.

Subsequent costs are included in the book value of asset or are recognized as a separate asset, as applicable, only when it is likely that the future economic benefits associated with the item and the cost can be measured reliably. The book values of replaced items and parts are written off. All other repair and maintenance costs are recorded against results for the year when incurred.

The value of property, plant and equipment is reduced to its recoverable amount if the book value exceeds the estimated recoverable amount.

Gains and losses on disposals are determined by comparing the results with the book value, in "Other operating income (losses), net".

2.12 - Impairment of non-financial assets

Assets with an indeterminate useful life, such as goodwill, are not subject to amortization and are tested annually for impairment. The assets subject to depreciation or amortization are tested whenever there is objective evidence (events or changes of circumstances) that the book value may not be recoverable. Impairment may arise from obsolescence, lack of demand, competition, among other economic factors. For impairment testing purposes, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs).

2.13 - Biological assets

Forest reserves are recognized at their fair value, less the estimated selling costs at harvest time (Note 15). For immature plantations (up to one year old), cost is considered to approximate the fair value. Gains or losses arise from the recognition of biological assets at their fair value, less selling costs, and are recognized in the statement of income. Asset depletion is appropriated to the results based on the formation costs subsequently adjusted to fair value.

The effect of changes in the fair value of a biological asset is presented in a separate account in the statement of income.

2.14 - Loans

Borrowings are initially recognized at fair value when proceeds are received, net of transaction costs, and subsequently stated at amortized cost. Interest and other charges are accrued on a *pro rata* basis, using the effective interest rate method, except when there are derivative instruments provide hedge protection which are valued at fair value.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, i.e. an asset that requires a substantial period of time before its use or sale, are capitalized as part of the cost of the asset when it is probable that it will result in future economic benefits to the entity which can be reliably measured. Other borrowing costs are recognized as expenses in the year in which they are incurred.

2.15 - Accounts payable to suppliers and provisions

Suppliers

Accounts payable to suppliers are obligations to pay for goods or services that were purchased in the ordinary course of business, and are classified as current liabilities if payment is due within one year. Otherwise, the accounts payable are presented as non-current liabilities. Accounts payable are initially recognized at their nominal value, which is equivalent to the fair value, and, subsequently, measured at amortized cost using the effective interest rate method.

Provisions

Provisions are recognized when there is a legal or constructive obligation from a past event, and it is probable a disbursement of funds will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenses necessary to settle the obligation, reflecting risks specific to the obligation.

2.16 - Current and deferred income tax and social contributions

Income tax and social contributions are calculated based on pre-tax income for the year adjusted in accordance with current tax legislation. Deferred income tax and social contributions are recognized on temporary differences between the tax bases of assets and liabilities and their book values. Deferred taxes are recorded on temporarily nondeductible and nontaxable items.

Unless they relate to equity items, the tax on income expenses are recorded in the statement of income. If related to equity items the tax is also recorded in stockholders' equity.

Current income tax and social contributions are presented in liabilities or assets on a net basis when amounts are due or receivable at the reporting date.

Deferred taxes on assets and liabilities are presented net, if there is a legal or contractual right to offset the tax asset against a tax liability, and the deferred tax is related to the same taxable entity and the same tax jurisdiction.

Deferred taxes and contributions are offset against future taxable income only if probable to occur.

2.17 - Employee benefits

(a) Pension and health plans

The Company and certain subsidiaries offer all employees a defined contribution plan managed by Fundação Itaúsa Industrial. The plan regulations establish that the sponsoring companies will make a contribution from 50% to 100% of the amount contributed by the employees. The Company previously offered a defined benefit plan to its employees, but this plan is being phased out, and is now closed to new participants.

In relation to the defined contribution plan, the Company and its subsidiaries have no further obligations once contributions are made. The contributions are recognized as employee benefit expenses when due. Contributions made in advance are recognized as an asset to the extent that these contributions lead to an effective reduction in future payments.

The Company offers contributory plans, currently with co-participation to its employees and their respective dependents. On December 31, 2021 and 2020, ten health care providers, covering 28,299 and 24,889 lives, respectively, (active, dismissed, retired and dependents) are included for dismissed and retired persons according to Law 9,656/98.

(b) Share-based compensation

The Company offers its executives a compensation plan based on shares (stock options), in exchange for services from executives for the stock granted. The fair value of stock options granted is recognized as an expense, with a corresponding entry to stockholders' equity during the year in which the executives render the services and acquire the right to exercise the stock options.

The fair value of the options granted is calculated at the options grant date. At each balance sheet date the Company reviews its estimates of the number of shares it expects to issue, based on the vesting conditions.

(c) Long-Term Incentives

The Company and its subsidiaries offers for its executives a long-term incentive plan (Plano ILP). The purpose of the ILP is for: i) encourage the commitment of Dexco's executives in the long term, in order to encourage them to seek success in all their activities and the achievement of the Company's objectives; ii) attract and retain the best professionals by offering incentives in line with the Company's continuous growth; and iii) provide the Company, in terms of variable compensation, with a competitive edge in relation to the market (Note 32). There are three types of ILPs, Performance shares, Matching and Restricted Shares.

(c) Profit sharing

The Company and its subsidiaries offer employees profit-sharing if performance targets are met. This is recognized as a liability and an expense in the operating results when the employee fulfils the established performance conditions.

2.18 - Capital

The common shares are classified in stockholders' equity. Incremental costs directly attributable to the issue of new shares or options are presented in stockholders' equity as a deduction from the proceeds, net of taxes.

Treasury shares, including directly attributable costs, are deducted from the equity until the shares are cancelled, sold or utilized in the stock option plan.

2.19 - Revenue recognition

Revenue represents the fair value of the consideration received or receivable for the sale of products in the normal course of the activities of the Company and its subsidiaries. Revenue is stated net of taxes, returns, discounts or rebates granted, as well as the elimination of intercompany sales between the companies from the group being recognized when its amount can be reliably measured, and when it is probable that future economic benefits will be obtained by the Company and specific criteria, for each of the relevant activities have been met, as detailed follows.

a) Sales of goods

Sales revenue is recognized on the delivery of the products, as well as by the transfer of the risks and benefits to the buyer.

b) Financial income

Financial income is recognized as time elapses, using the effective interest rate method. When a loss (impairment) is identified on a financial instrument, the Company and its subsidiaries reduce the book value to its recoverable value, which corresponds to the estimated future cash flow, discounted at the original effective contractual interest rate of the instrument.

2.20 - Changes in the fair value of biological assets

Changes in fair value of biological assets are recognized at point of harvest, at the current market prices, based on the estimates of volumes.

2.21 - Leases

Pursuant to CPC 06 (R2) - IFRS 16, a lessee recognize a right of use asset that represents its right to use the leased asset and a liability of lease that represents its obligation to make payments of lease.

2.22 - Distribution of dividends and interests on capital

Dividend or interest on own capital distributions payable to stockholders are recognized as a liability in the financial statements at the end of each year, or on interim dates, as determined by the Board of Directors. The amount is determined based on the minimum mandatory dividend in the Company's bylaws, net of the amounts approved and paid during the year.

Any amount above the minimum mandatory dividend is only recognized as a liability when it is declared by the stockholders.

Note 3 - Critical accounting judgments and estimates

The preparation of financial statements require accounting judgments, estimates and assumptions to record assets and liabilities and other transactions. Estimates and accounting judgments made by management were based on currently available information, taking into account experience of past events and future forecasts. The financial statements include estimates for: the useful lives of property, plant and equipment, realization of deferred tax credits, impairment of trade accounts receivable, inventory losses, the fair value of biological assets, provision for contingencies, impairment testing of goodwill, pension plan and health benefits, among others.

The main estimates and assumptions with a substantial risk of causing adjustments to the book values of assets and liabilities are presented below:

a) Changes in the fair value of biological assets

The Group used several estimates to evaluate its forestry reserves in accordance with the methodology in CPC 29/IAS 41 - "Biological asset and agriculture product". These estimates were based on market data, and are subject to variables which could affect the financial statements. Hypothetically, a 5% reduction in standing wood market prices would result in a reduction in the fair value of biological assets of approximately R$ 33.2 million, net of tax effects. If the discount rate used were increased by 0.5%, this would result in a reduction in the fair value of biological assets of approximately R$ 4.3 million, net of tax effects.

b) Impairment of goodwill

Goodwill is tested at least on an annual basis or when there is an indication of impairment (Notes 2.10 and 2.12). Estimated realization may be affected by the economic environment and market scenarios.

c) Pension plan and health benefits

The current value of assets and liabilities related to pension plans and health depends on a number of factors that are determined using actuarial calculations. These calculations involve a series of assumptions, including the discount rate and current market conditions. Any changes in these assumptions will affect corresponding book values.

d) Provision for contingencies

Management records a provision for tax, labor, civil and social security contingencies when it considers probability of risk of loss to be probable, under the advice of its legal counsel. The provisions are updated through to the balance sheet. Management believes that the provisions are sufficient to cover probable losses from lawsuits and administrative processes in course.

e) Fair value of financial instruments

When the fair value of financial assets and liabilities cannot be obtained from market sources, it is determined utilizing valuation techniques, including the discounted cash flow method. Inputs to the valuation models bear close reference to the market, when possible; however, when this is not viable, a level of judgement is required to establish the fair value. The judgment takes account of risk of liquidity, risk of credit and volatility. Changes in assumptions could affect the fair value of the financial instruments.

f) Deferred income tax and social contribution

Deferred income tax and social contribution assets are recorded for tax losses, the negative base of social contribution and temporary differences based on expected availability of taxable income for offset. These estimates rely on management's projections, which are reviewed and approved by Board of Directors, considering economic scenarios, discount rates, and other variables.

Note 4 - Financial risk management

4.1 Financial risk factors

The Group is exposed to market risk in relation to interest and exchange rates and credit term fluctuations.

This risk is managed by policies approved by the Board of Directors, and monitored by the Audit and Management of Risk Committee. The Company and its subsidiaries have procedures to manage these situations and can use hedging instruments to mitigate risks. These procedures include monitoring the exposure to each market risk, in addition to establishing ceilings. All hedge transactions entered into by the Group are designed to cover risks for debts and investments. The Group does not utilize leveraged financial derivatives.

Market risk

(I) Exchange-rate risk: Exchange rate risk corresponds to a reduction in assets or an increase in liabilities due to exchange rate volatility. The Group's indebtedness policy establishes the maximum amount in foreign currency to which it is exposed.

Consistent with the risk-management procedures, the objective is to minimize foreign exchange exposure, through hedging mechanisms, in order to mitigate exchange exposure.

(II) Derivatives: There are no monthly settlements or margin calls on derivative instruments. Contracts are settled at maturity and recorded at fair value, considering market terms and interest rates.

The outstanding contracts as at December 31, 2021 were as follow:

a) Swap IPCA + fixed x CDI agreement

The Company has two agreements totaling R$ 31,906 maturing on December 15, 2028 with an asset position based on IPCA + fixed rate and liability position in CDI.

Duratex Florestal has two contracts with aggregated amounts of R$ 44,124 maturing on December 15, 2028 with an asset position based on IPCA + fixed rate and liability position in CDI.

The Company and Duratex Florestal contracted these operations to swap IPCA indexed loans plus a fixed interest rate loans tied to the CDI.

b) Non Deliverable Forward (NDF) agreement

The Company has agreements totaling US$ 26 million with a maturity date up to May 28, 2028 and a position sold in US Dollars.

The Company contracted this operations in order to mitigate the foreign exchange exposure of its cash flow in foreign exchange. In this transaction the contracts are settled at their respective maturity, considering the difference between the future exchange rate (Non - Deliverable Future - NDF) and exchange rate at period end (Ptax).

c) Cash flow hedge

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized on the comprehensive income and accumulated in the cash flow hedge reserve, limited to the accumulated change in the amount fair value of the hedged item from the inception of the hedge. The gain or loss related to the ineffective portion is recognized immediately in profit or loss.

d) Calculation of the fair value of positions

The fair value of the financial instruments was calculated utilizing the estimated present value of both liability and asset positions, where the difference between the two represents the market value of the Swap.

	Reference Value (notional)		Fair Value		Accumulated Effect on 12/31/2021	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	Amount receivable/ received	Amount payable/ paid
I. Cash Flow Hedge						
Asset position						
IPCA +	509.901	-	511.253	-	2.320	-
Liability position						
CDI	(509.901)	-	(508.933)	-	-	-
II. Swap contracts						
Asset position						
IPCA +	73.408	83.895	73.533	93.520	(1.140)	-
Liability position						
CDI	(73.408)	(83.895)	(74.673)	(83.967)	-	-
III. Futures contracts (NDF)						
Agreement of Sale						
NDF	144.333	173.629	145.626	173.341	842	-

Gains or losses on the transactions listed herein were offset by interest rate and foreign currency positions, assets and liabilities, and registered in results.

e) Sensitivity analysis

Considering that there are on the Company investments, financing and derivative instruments, it is presented below the sensitivity analysis of exchange rate and interest rate variations.

The Company is exposed to US dollar exchange risk, as well as CDI rates. For the sensitivity scenario, projections were made for the next 12 months with B3's future yield curves as a reference.

Instrument/Operation	Index	Average Rate	Likely Scenario
Financial Investments	CDI	11,41%	91.995
Loans, Financing and Debentures	CDI	11,58%	(395.581)
Loans with SWAPs (IPCA to CDI)	CDI	11,66%	(66.748)
Non Deliverable Forward (USD - sale)	USD	5,7070	(259)
Export surplus - import (US$)	USD	5,71	4.409
		Net Effect	**(366.183)**

(III) Cash flow or fair value risk associated with interest rates

Interest rate risk is the risk the Company suffers financial losses due to adverse changes in interest rates. This risk is continually monitored in order to evaluate any need to contract derivative transactions to hedge against interest rate volatility.

a) Credit risk

The Company's sales policy is directly associated with the level of credit risk that it is willing to accept in the course of its business. The diversification of its portfolio of receivables, selection of its customers, as well as monitoring of sales financing terms and individual limits, are procedures adopted in order to minimize defaults or losses on the realization of accounts receivable.

In relation to temporary cash investments and all other investments, the Group follows the policy of working only with highly-rated institutions and avoids concentrating investments with any single economic group.

b) Liquidity risk

The Company and its subsidiaries' indebtedness policy defines the limits and parameters of indebtedness, and the minimum funds which should be maintained. These funds are the higher of: an amount equivalent to 60 days of consolidated net revenue of the last quarter or the amount of the debt servicing expenses plus dividends and/or interest on capital forecast for the next six months.

Monitoring of liquidity position occurs daily through cash-flow analyses.

The table below shows the maturities of certain financial liabilities and obligation with suppliers contracted by the Company and its subsidiaries in the financial information:

	Parent company				Consolidated			
12/31/2021	Less than one year	2023 and 2024	From 2025 to 2029	2030 Onwards	Less than one year	2023 and 2024	From 2025 to 2029	2030 Onwards
Loans/ Debentures	368.277	2.019.825	1.691.324	241.901	1.143.389	2.045.595	1.744.595	250.643
Suppliers	1.342.964	-	-	-	1.649.162	-	-	-
Related parties suppliers	53.014	-	-	-	4.499	-	-	-
Total	**1.764.255**	**2.019.825**	**1.691.324**	**241.901**	**2.797.050**	**2.045.595**	**1.744.595**	**250.643**

The budget and cash-flow projections approved by the Board of Directors for the coming fiscal year, show sufficient capacity and generation of cash to meet the Company's obligations.

4.2 Capital management

The Company and its subsidiaries manage their capital to ensure the continuity of their operations, as well as providing returns to its stockholders, including the optimization of the cost of capital and controlling the level of indebtedness by monitoring its financial leverage index. This index corresponds to net debt divided by stockholders' equity.

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
A -Loans, financing and debentures	3.111.474	2.412.885	3.869.648	3.205.721
Short - term	141.063	530.270	849.252	573.384
Long - term	2.970.411	1.882.615	3.020.396	2.632.337
B-(-) Cash and cash equivalents	885.335	1.041.484	1.421.302	1.728.413
C=(A-B) Net debt	**2.226.139**	**1.371.401**	**2.448.346**	**1.477.308**
D- Stockholders' equity	5.733.581	5.186.852	5.734.911	5.188.364
C/D=Financial leverage index	39%	26%	43%	28%

4.3 Fair value estimates

The book balances of trade account receivable and accounts payable to suppliers, net of allowances, approximate their fair values. The fair value of the financial liabilities for disclosure purposes is estimated by discounting future contractual cash flows at the current market interest rate available to the Company and its subsidiaries for similar financial instruments.

The Company and its subsidiaries apply CPC 40 (R1) / IFRS 7 "Financial instruments: disclosures" for financial instruments measured at fair value, which requires the disclosure of the measurement criteria. As the Company has only Level 2 derivatives, it uses the following valuation techniques:

• The fair value of the interest rate swap is calculated on the present value of the estimated future cash flow based on the yield curves in the market;

• The fair values of foreign currency forward contracts are determined based on future exchange rates at the balance sheet dates, with the resulting amounts discounted to their present values.

The consolidated financial instruments (by category/level) are presented below:

	Amortized cost		Financial liabilities		Financial liabilities designated at fair value		**Total**	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
ASSETS								
Cash equivalents	1.230.119	1.464.144	-	-	-	-	1.230.119	1.464.144
Trade accounts receivable	1.407.630	1.229.995	-	-	-	-	1.407.630	1.229.995
Related parties accounts receivable	22.535	9.320	-	-	-	-	22.535	9.320
Derivative Financial Instruments	-	-	-	-	7.170	-	7.170	-
Restricted deposits	86.586	66.706	-	-	-	-	86.586	66.706
Marketable securities	-	-	-	-	39.947	-	39.947	-
Total	**2.746.870**	**2.770.165**	**-**	**-**	**47.117**	**-**	**2.793.987**	**2.770.165**
LIABILITIES								
Loans/ debentures	-	-	3.794.975	3.121.754	74.673	83.967	3.869.648	3.205.721
Dividends/ interests on capital	-	-	3.059	127.988	-	-	3.059	127.988
Derivative Financial Instruments	-	-	-	-	4.849	-	4.849	-
Total	**-**	**-**	**3.798.034**	**3.249.742**	**79.522**	**83.967**	**3.877.556**	**3.333.709**

Note 5 - Cash and cash equivalents

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash and banks	38.325	37.680	75.672	151.469
Banks remunerated accounts of foreign subsidiaries	-	-	115.511	112.800
Fixed income securities	-	942	36.801	80.345
Bank deposit certificates	847.010	1.002.862	1.193.318	1.383.799
Total	**885.335**	**1.041.484**	**1.421.302**	**1.728.413**

The balance of financial applications is presented by bank deposits earn interest with reference to the CDI rate, and deposits abroad in US Dollars earn a fixed interest rate. The bank deposit certificates (CDB) are remunerated at rates which approximate the CDI rates and although they have long-term maturities, bank deposit certificates can be redeemed at any time without penalty.

Note 6 - Trade accounts receivable

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Domestic customers	904.089	816.918	1.267.546	1.115.367
Foreign customers	101.063	84.811	213.784	187.251
Impairment in accounts receivable	(54.473)	(57.150)	(73.700)	(72.623)
Total customers - third parties	950.679	844.579	1.407.630	1.229.995
Total customers - related parties	87.462	73.100	22.535	9.320
Total accounts receivable	**1.038.141**	**917.679**	**1.430.165**	**1.239.315**

The balances of accounts receivable by maturity are as follow:

	Parent company							
	12/31/2021							
		Past due						
	Not yet due	Up to 30 days	From 31 up to 60 days	From 61 up to 90 days	From 91 up to 180 days	More than 180 days	Impairment in accounts receivable	Total
Domestic customers	794.342	56.802	10.429	6.105	4.361	32.050	(52.110)	851.979
Foreign customers	69.709	24.319	4.165	244	-	2.626	(2.363)	98.700
Related parties	65.358	6.470	4.048	1.764	5.296	4.526	-	87.462
Total	929.409	87.591	18.642	8.113	9.657	39.202	(54.473)	1.038.141
	12/31/2020							
		Past due						
	Not yet due	Up to 30 days	From 31 up to 60 days	From 61 up to 90 days	From 91 up to 180 days	More than 180 days	Impairment in accounts receivable	Total
Domestic customers	739.918	19.629	2.475	3.861	4.851	46.184	(55.878)	761.040
Foreign customers	43.512	33.284	4.276	23	1.343	2.373	(1.272)	83.539
Related parties	33.469	16.084	6.507	12.103	3.814	1.123	-	73.100
Total	816.899	68.997	13.258	15.987	10.008	49.680	(57.150)	917.679

	Consolidated							
	12/31/2021							
		Past due						
	Not yet due	Up to 30 days	From 31 up to 60 days	From 61 up to 90 days	From 91 up to 180 days	More than 180 days	Impairment in accounts receivable	Total
Domestic customers	1.078.729	88.906	24.073	11.749	14.990	49.099	(68.209)	1.199.337
Foreign customers	160.273	34.592	9.825	2.858	1.035	5.201	(5.491)	208.293
Related parties	16.029	4.777	1.662	-	-	67	-	22.535
Total	1.255.031	128.275	35.560	14.607	16.025	54.367	(73.700)	1.430.165
	12/31/2020							
		Past due						
	Not yet due	Up to 30 days	From 31 up to 60 days	From 61 up to 90 days	From 91 up to 180 days	More than 180 days	Impairment in accounts receivable	Total
Domestic customers	1.010.555	30.644	4.881	5.447	6.880	56.960	(66.334)	1.049.033
Foreign customers	108.952	54.103	9.398	2.517	4.921	7.360	(6.289)	180.962
Related parties	7.616	785	472	-	56	391	-	9.320
Total	1.127.123	85.532	14.751	7.964	11.857	64.711	(72.623)	1.239.315

The Company and its subsidiaries have a credit policy for granting credit for sales of products and services, both domestically and abroad.

The credit limit is determined based on a credit analysis, considering the history of the customer, its capacity as a borrower, market information and credit's bureaus report.

The risk classification in external bureau reports, both in Brazil and abroad, reflected the scale below, from A to D, where A indicates low risk customers and D high risk customers.

Trade receivables in installment net of allowances, are classified separately.

Classification	12/31/2021	12/31/2020
A	28%	20%
B	17%	16%
C	49%	58%
D	1%	1%
Impairment in accounts receivable	5%	5%

The maximum credit risk exposure is the book value of each class of trade receivable balance.

Changes in the impairment provision of accounts receivable (allowance for losses from expected credits) in accordance with the IFRS 9 on the end of December 31, 2021 guidelines, were as follows:

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Opening balance	(57.150)	(55.139)	(72.623)	(71.104)
(Constitution) reversion (*)	(13.465)	(20.030)	(21.205)	(25.053)
Write-offs	16.142	18.019	20.128	23.534
Closing Balance	**(54.473)**	**(57.150)**	**(73.700)**	**(72.623)**

(*) Present the effects of COVID19, as shown in note 1.d.

Note 7 - Inventories

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Finished goods	360.221	183.035	576.136	323.583
Raw materials	395.158	270.546	563.141	366.440
Work in progress	167.552	128.343	205.247	164.611
General warehouse	114.153	102.723	140.795	118.363
Advances to suppliers (*)	25.123	13.267	13.919	9.927
Estimated loss on inventory realization (-)	(47.214)	(40.164)	(66.015)	(58.181)
Total	**1.014.993**	**657.750**	**1.433.223**	**924.743**

(*) Consolidated, advances from parent company to subsidiary Duratex Florestal Ltda. have been eliminated.

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Opening balance	(40.164)	(73.602)	(58.181)	(106.831)
Constitutions	(37.467)	(34.661)	(54.401)	(53.035)
Reversions	13.265	26.940	20.697	42.858
Write-offs	17.152	41.159	25.249	60.462
Exchange variation	-	-	621	(1.635)
Closing Balance	**(47.214)**	**(40.164)**	**(66.015)**	**(58.181)**

Note 8 - Other receivables

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Fundação Itaúsa Industrial (pension plan) (1)	5.993	5.278	5.993	5.278
Sale of farms/ properties and other assets (2)	13.594	3.194	44.666	48.557
Retention values from business acquisitions	2.380	2.381	2.381	2.381
Claims to receive	8.064	7.684	8.073	7.693
Electricity sales	3.114	3.323	4.453	4.387
Rebate credit	-	414	-	414
Others	6.434	6.805	14.865	10.718
Total Current	**39.579**	**29.079**	**80.431**	**79.428**
Fundação Itaúsa Industrial (pension plan) (1)	2.085	7.120	2.085	7.120
Sale of subsidiary	13.271	18.200	13.271	18.200
Sale of farms/ properties (2)	7.238	4.402	15.911	28.514
Forest incentives (3)	-	-	10.943	9.943
Amounts receivable from participating partners of SCPs	-	-	-	5.206
Indemnifiable assets (4)	18.052	17.365	18.052	17.365
Retention values from business acquisitions	48.091	33.649	48.310	33.866
Others	703	791	579	4.355
Total Non-Current	**89.440**	**81.527**	**109.151**	**124.569**

(1) Credits from the review of defined benefit plan of Fundação Itaúsa Industrial;
(2) Sales of property, plant and equipment, mainly farms;
(3) Contractual Forest planting models in which the Company provides incentives, raw materials, technical assistance and maintenance;
(4) Indemnity to cover acquisition of subsidiaries Ceusa and Massima related receivables from previous owners in the event Dexco is required to make disbursements.

Note 9 - Recoverable taxes and contributions

The Company and its subsidiaries have recoverable federal and state tax credits as follows:

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Income tax and social contribution to be offset	82.970	76.301	113.387	100.885
ICMS, PIS and COFINS on the acquisition of property (1)	10.042	8.698	16.089	12.342
PIS and COFINS to be offset	11.603	3.236	12.921	6.483
ICMS and IPI recoverable	16.771	16.919	52.415	44.116
Others	3.249	8.766	5.360	12.630
Total current	**124.635**	**113.920**	**200.172**	**176.456**
ICMS, PIS and COFINS on the acquisition of property (1)	16.107	13.136	19.029	17.732
PIS and COFINS to be offset (2)	600.687	-	782.165	-
Total non current	**616.794**	**13.136**	**801.194**	**17.732**

(1) State Value-Added Tax (ICMS), Social Integration Program (PIS) and Social Contribution on Revenue (COFINS) to be offset were mainly generated from the acquisitions of property, plant and equipment items for the industrial plants. Under current legislation, the PIS/COFINS credits will be utilized within 12 and 24 months, and the ICMS credits within 48 months.
(2) Balance preponderantly to the exclusion effect of ICMS on basis of PIS and COFINS

Note 10 - Deferred income tax and social contribution

Deferred income tax and social contributions are calculated on tax losses, temporary differences between tax calculation bases on assets and liabilities and under CPC's/IFRS. The tax rates for deferred taxes are 25% for income tax and 9% for social contribution.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available to offset temporary differences, based on projections. These projections are prepared on the basis of internal assumptions and using future economic scenarios, and therefore, subject to change.

On December 31, 2021 the Group had unrecorded tax credits from income tax and social contribution losses of R$ 32,949 from its subsidiary Hydra Corona Sistemas de Aquecimento de Água Ltda..

The table below presents the deferred income tax and social contribution amounts, assets and liabilities, recorded at December 31, 2021.

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Deferred tax assets to be recovered within 12 months	**124.863**	**91.068**	**173.221**	**131.776**
Tax losses and negative base of Social Contribution	42.137	27.826	56.532	50.081
Temporarily non-deductible provisions:				
Provision for sundry labor charges	16.852	19.558	21.677	22.097
Provisions for losses on inventory	16.052	13.655	20.370	17.069
Provision for commission payable	2.015	1.853	3.898	3.429
Provision for promotional bonuses	12.197	4.685	23.174	10.395
Sundry provisions	35.610	23.491	47.570	28.705
Deferred tax asset to be recovered after 12 months	**204.450**	**299.133**	**310.707**	**393.211**
Tax losses and negative base of Social Contribution	35.628	107.978	47.463	124.253
Temporarily non-deductible provisions:				
Provision for sundry labor charges	29.128	30.638	51.727	46.021
Tax provisions	18.592	46.889	28.335	54.930
Civil provisions	-	-	21.555	21.555
Impairment of property, plant and equipment	31.374	36.578	57.050	49.916
Provision for impairment of trade accounts receivable	6.999	4.606	10.050	6.017
Provision for losses on investments	492	492	492	492
Provision on post-employment benefits	8.377	11.130	12.852	17.032
Provision for fair value financing	-	912	322	2.960
Present value financing	177	-	403	-
Income tax on foreign profits	55.921	43.823	55.921	43.823
Amortization appreciation of assets	16.583	15.284	16.583	20.868
Sundry provisions	1.179	803	7.954	5.344
Total deferred tax assets	**329.313**	**390.201**	**483.928**	**524.987**
Non-current liabilities				
Revaluation reserve	(16.816)	(17.791)	(53.776)	(63.043)
Present value adjustment of financing	-	(1.271)	-	(3.786)
Swap result (cash vs. accruals basis)	(918)	(2.206)	(1.053)	(2.414)
Income tax - accelerated depreciation	-	-	(31.386)	(25.690)
Sale of real estate	-	-	(272)	(1.463)
Biological assets	-	(59.491)	(113.162)	(168.067)
Customer portfolio Satipel	(19.886)	(27.344)	(19.886)	(27.344)
Fair value complementary pension	(29.953)	(30.053)	(33.330)	(32.529)
Customer portfolio Tablemac	-	-	(3.366)	(4.184)
Appreciation of assets	(4.283)	(4.770)	(24.213)	(24.728)
Restricted deposits updates	(6.697)	(6.560)	(17.194)	(6.978)
Cash Flow Hedge	2.700	-	2.700	-
Others	(10.614)	(10.454)	(26.954)	(22.807)
Total deferred tax liabilities	**(86.467)**	**(159.940)**	**(321.892)**	**(383.033)**
Total net deferred tax assets	**242.846**	**230.261**	**294.868**	**285.618**
Total net deferred tax liabilities	**-**	**-**	**(132.832)**	**(143.664)**

Estimated realization of deferred tax assets:

Year	Parent company	Consolidated
2022	124.863	173.221
2023	63.438	80.874
2024	31.482	51.380
2025	35.261	57.454
2026	36.495	59.167
2027	37.774	60.952
2028	-	880
Total	**329.313**	**483.928**

The estimated realization of deferred tax assets is based on studies prepared by Group Management to show the capacity of each entity for the respective tax credits to generate future taxable income.

Changes in the deferred income tax and social contribution

	Parent company	Consolidated
Balance as at December 31, 2020 - net of deferred income tax and social contribution assets and liabilities	230.261	141.954
(Expenses) and revenues of deferred tax	1.581	7.047
Transfer of IRPJ abroad	12.098	12.098
Income tax and social contribution referent post-employment benefits (*)		
Income tax and social contribution over loan with Hedge accounting		
Exchange variation on translation of balance sheet from foreign companies(*)	(424)	2.900
Balance on 12/31/2021 - net of deferred income tax and social contribution assets and liabilities	**242.846**	**162.036**

(*) Registered as comprehensive income in the stockholders' equity.

Deferred income tax and social contribution:

	Parent company	Consolidated
	12/31/2021	12/31/2021
In the non current assets	242.846	294.868
In the non current liabilities	-	(132.832)
Total	**242.846**	**162.036**

Note 11 - Related parties

a) Balances and transactions with subsidiaries

Description	Direct subsidiaries													
	Duratex Florestal		Dexco Hydra Corona		Duratex Andina		Dexco Revestimentos Cerâmicos (*)		Dexco Colômbia		Duratex North America		Duratex Europe	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Assets														
Clients (1)	40	5	342	16	-	-	61	41	27.492	13.505	37.762	50.549	-	-
Other receivables (2)	5.506	209	276	192	-	-	1.501	146	-	-	-	-	6.078	6.130
Subsidiaries (3)	-	5	130	38	-	-	-	-	-	-	-	-	-	-
Liabilities											-	-		
Suppliers (4)	33.153	29.550	19.124	7.528	56	52	-	-	210	172	52	1.986	-	-
Accounts payable	1.304	1.000	-	-	-	-	-	-	-	-	-	-	-	-
Results														
Sales (5)	51	13	366	435	-	2.672	103	458	97.601	54.859	84.784	97.212	-	-
Purchases (6)	(334.985)	(280.645)	(131.901)	(135.411)	-	-	(37)	(327)	-	-	-	-	-	-
Financial	(1)	9	5	3	(4)	1.011	8	-	1.201	4.742	3.267	10.133	-	-

(1) Trade accounts receivable from sales in item (5);
(2) R$ 6,078 regarding sales of shares from Duratex Belgium to Duratex Europe;
(3) Intercompany operations to centralize cash management;
(4) Accounts payable for acquisition of raw material in item (6) or credits to be reimbursed for Peru, United States and Colombia;
(5) Supplies of products in the domestic market in Peru, United States, Canada and Colombia;
(6) Regular acquisition of harvested eucalyptus wood for production of wood panels (Duratex Florestal), acquisition of products Hydra line for resale and acquisition of Ceramic Tiles line products for consumption.
(*) The balances of 12/31/2020 with the subsidiary Cecrisa are presented in addition to those of the investor Dexco Revestimentos Cerâmicos due to the merger on 01/01/2021.

Description	Shared Control	Associate	
	LD Florestal (1)	LD Celulose (1)	
	12/31/2020	12/31/2021	12/31/2020
Assets			
Trade accounts receivable (1)	-	770	393
Biological asset	-	37.986	30.866
Liabilities			
Suppliers	-	4.080	437
Accounts payable (2)	-	3.007	-
Results			
Sales (3)	-	826	-
Purchases	-	(1.013)	(1.049)
Lease costs (4)	(1.987)	-	-

(1) Trade accounts receivables from sales in item (3);
(2) Trade accounts payable regarding expenses reimbursement;
(3) Supply of products in domestic market;
(4) Refers to the costs of rural sub leasing agreement for reforestation land entered into by the subsidiary Duratex Florestal Ltda. with LD Florestal S.A.. related to land for reforestation. The monthly lease charges amount to R$ 2,190, being R$ 1,987 net of PIS/ COFINS.
(*) Companies not consolidated, shared control and associate.

b) Balances and transactions with the parent company

Description	Itaúsa S.A.	
Assets	12/31/2021	12/31/2020
Trade accounts receivable (1)	-	16
Liabilities		
Rent payable	262	862
Results		
Sales (2)	-	72
Rent expenses (3)	(4.722)	(4.295)
Other incomes (expenses), net (4)	-	(325)

(1) Trade accounts receivable from sales in domestic market;
(2) Domestic market sales;
(3) Rental of Company headquarter offices;
(4) Contracted services of analysis and economic planning.

c) Operations with associates - provided guarantees

In addition to surety and liens note 19c, the Company has granted guarantees for operations of its associate LD Celulose S.A.. On December 31, 2021, the balance was: 1) guarantee of R$ 124.1 million with the Banco Bradesco, for the capital contributions and 2) surety of R$ 32.2 million with several banks for Hedge operations and 3) surety of R$ 2.410.5 million with several banks for financing purposes.

d) Transactions with other related parties

Description	Leo Madeiras Máquinas & Ferramentas Ltda.		Ligna Florestal Ltda.	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Assets				
Trade accounts receivable (1)	21.733	8.911	-	-
Liabilities				
Related-party liabilities of leases	-	-	31.786	29.970
Results				
Sales (2)	187.799	124.383	-	-
Lease costs (3)	-	-	(3.064)	(2.903)

(1) Trade accounts receivables from sales in domestic market;
(2) Domestic market sales;
(3) Refers to costs with rural leasing contracts signed by the subsidiary Duratex Florestal Ltda. with Ligna Florestal Ltda. (controlled by Companhia Ligna de Investimentos) relating to land used for reforestation. Monthly charges related to these leases total R$ 288, R$ 261 of which net of PIS/COFINS, amounts that are adjusted annually, as established in the contract. Such contracts expire in July 2036, can be automatically renewed for another 15 years and will be adjusted annually according to the INPC/IBGE variation.

Description	Itaú Unibanco		Itaú Corretora de Valores		Fundação Itaú Social	XP Investimentos	Liquigás
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2020	12/31/2021	12/31/2021
Assets							
Financial investments (1)	14.551	48.628	-	-	-	-	-
Trade accounts receivable (2)	32	-	-	-	-	-	-
Liabilities							
Others liabilities (3)	-	2.640	-	-	-	-	-
Suppliers	-	-	-	-	-	-	419
Loans (4)	546.010	515.444	-	-	-	-	-
Results							
Sales (5)	975	-	-	-	-	-	-
Purchases (6)	-	-	-	-	-	-	(3.469)
Remuneration on financial investments (7)	1.315	2.486	-	-	-	1.523	-
Financial expenses (8)	(36)	(53)	-	-	-	-	-
Interest appropriate (9)	(30.566)	(19.327)	-	-	-	-	-
Shares bookkeeping expenses	-	-	(420)	(497)	-	-	-
Donations (10)	-	-	-	-	(5.000)	-	-

(1) Financial investments with Itaú Unibanco, under conditions agreed between the parties and within the limits established by Company's Management;
(2) Provision of services and payment;
(3) Loans in Itaú Unibanco, under conditions agreed between the parties and within the limits established by Management;
(4) Gains from financial investments item (1);
(5) Expenses for payment claims;
(6) Interests appropriated over the loan period mentioned in the item (3);
(7) Donations for the project "Todos pela Saúde", action to pandemic COVID-19 combat.

The transactions with related parties are realized in the course of the Company's business, under agreement between the parties.

The transactions between related parties are assessed by the Audit Committee which is composed of independent members.

At December 31, 2021 no allowance for losses from expected credits was required for transactions with related parties.

e) Remuneration of management executives

The remuneration paid or payable to Management of the Company and its subsidiaries for the year ended on December 31, 2021 was R$ 19,236 (R$ 17,987 on December 31, 2020) in fees, R$ 25,746 as profit sharing (R$ 18,687 on December 31, 2020) and long-term remuneration based on stock options and ILP was R$ 9,758 on December 31, 2021 (R$ 5,661 on December 31, 2020).

Note 12 - Marketable securities

Corporate Venture Capital Fund ("CVC"), known as DX Ventures *Fundo de Investimento em Participações Multiestratégia* (Multi-strategy Equity Investment Fund), was formed for investments in start-ups and scale-ups, in multiple stages of investment, the first scheduled contribution being R$ 100,000.

This is an exclusive fund supported by Valetec, a specialized venture capital manager. The fund will enable the Company to follow the macro transformation and innovation trends in the construction, renovation and decoration sector, through the development of relevant businesses in long term. DX Ventures aims to map potential business and product disruptions, designing appropriate measures to address new opportunities for its core business. Disbursements to this fund total R$ 38,868. On December 31, 2021, the balance of this investment is recorded at fair value of R$ 38,275 and R$ 1,672 in others investments.

Note 13 - Investments in subsidiaries and associates

a) Flux in investment

Description	Direct subsidiaries													Associate	Shared Control	
	Duratex Florestal	Estrela do Sul	Dexco Empreend.	Dexco Com. Prod.	Trento Adm. Part.	Duratex Europe	Griferia Sur	North America	Dexco Colombia	Dexco Hydra	Duratex Andina	Dexco Revestimentos	Viva Decora	LD Celulose	LD Florestal S.A.	Total
Number of shares/quotas held (Thousand)	165	12	374	1.023	1	47	3.112	500	29.599.138	259.650	1.637	9.136.715	4.013	1.035.332	68.193	
Share %	**100,00**	**99,99**	**99,99**	**99,99**	**100,00**	**100,00**	**62,00**	**100,00**	**87,83**	**100,00**	**100,00**	**99,99**	**100,00**	**49,00**	**50,00**	
Capital	495.915	12	374	102.260	1	181	426	886	54.332	259.650	1.771	1.094.017	3.641	2.077.920	177.452	
Stockholders' Equity	669.681	238	1.017	102.260	1	70.609	(1.106)	21.227	555.979	258.224	1.917	1.206.430	47	2.252.739	192.380	
Net income (loss) in fiscal year	40.310	(126)	7	-	-	11.573	123	2.379	117.322	37.496	(688)	155.812	(3.349)	(134.105)	(5.796)	
Changes in investments:																
As at December 31, 2019	**1.216.085**	**364**	**1.637**	**9**	**1**	**138.831**	**-**	**15.414**	**513.754**	**177.652**	**2.167**	**960.796**	**14.569**	**-**	**107.665**	**3.148.944**
Equity in results of investees	67.131	-	(21)	-	-	3.919	98	(2.425)	62.688	73.005	107	84.348	(2.317)	(65.706)	284	221.111
Change in unrealized result	-	-	-	-	-	-	-	-	-	(774)	-	-	-	-	-	(774)
Advance for future capital increase	-	-	-	-	-	-	-	-	-	-	-	-	1.070	-	-	1.070
Increase / Capital Contribution	-	-	-	-	-	-	-	-	-	-	-	187.116	2	1.018.181	-	1.205.299
Exchange variations on equity	-	-	-	-	-	32.991	-	4.500	112.062	-	392	(73)	-	18.944	-	168.816
Equity of investees reflex	3.178	-	-	-	-	-	-	-	-	165	-	(1.142)	(506)	(120.798)	(14)	(119.117)
Provision for unsecured liability	-	-	-	-	-	-	(98)	-	-	-	-	-	-	-	-	(98)
Amortization of appreciation of assets	-	-	-	-	-	-	-	-	(811)	(3.064)	-	(1.435)	-	-	-	(5.310)
Exchange variation on appreciation of assets	-	-	-	-	-	-	-	-	1.484	-	-	-	-	-	-	1.484
Dividends	(150.257)	-	(606)	-	-	(87.022)	-	-	(87.248)	-	-	-	-	-	-	(325.133)
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	-	(12.940)	-	-	(12.940)
Negative goodwill	-	-	-	-	-	-	-	-	-	-	-	-	267	-	-	267
Partial spin-off of assets	(494.107)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(494.107)
Partial spin-off deferred IR / CS	64.944	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64.944
As at December 31, 2020	**706.974**	**364**	**1.010**	**9**	**1**	**88.719**	**-**	**17.489**	**601.929**	**246.984**	**2.666**	**1.229.610**	**145**	**850.621**	**107.935**	**3.854.456**
Equity in results of investees	40.310	(126)	7	-	-	11.573	(79)	2.379	103.048	37.496	(688)	155.803	(3.349)	(65.712)	(2.898)	277.764
Change in unrealized result	-	-	-	-	-	-	-	-	-	1.537	-	-	-	-	-	1.537
Advance for future capital increase	-	-	-	-	-	-	-	-	-	-	-	-	3.250	-	-	3.250
Capital Contribution	-	-	-	102.250	-	-	-	-	-	-	-	-	-	98.491	-	200.741
Exchange variations on equity	-	-	-	-	-	(7.172)	-	1.359	(45.868)	-	(61)	-	-	69.801	-	18.059
Variation of % share	-	-	-	-	-	-	-	-	-	-	-	(24)	-	-	-	(24)
Equity of investees reflex	-	-	-	-	-	-	-	-	-	-	-	-	-	150.641	-	150.641
Provision for unsecured liability	-	-	-	-	-	-	79	-	-	-	-	-	-	-	-	79
Amortization of appreciation of assets	-	-	-	-	-	-	-	-	(619)	(2.705)	-	(1.115)	-	-	-	(4.439)
Exchange variation on appreciation of assets	-	-	-	-	-	-	-	-	(445)	-	-	-	-	-	-	(445)
Actuarial gain (loss) - Net equity mutation	(1.611)	-	-	-	-	-	-	-	-	2.953	-	1.170	-	-	-	2.512
Dividends	(78.599)	-	-	-	-	(23.372)	-	-	(120.984)	-	-	-	-	-	-	(222.955)
As at December 31, 2021	**667.074**	**238**	**1.017**	**102.259**	**1**	**69.748**	**-**	**21.227**	**537.061**	**286.265**	**1.917**	**1.385.444**	**46**	**1.103.842**	**105.037**	**4.281.176**

Description	Indirect subsidiaries		Associate
	Duratex Colombia	Cecrisa Revestimentos	ABC da Construção
Number of shares/quotas held (Thousand)	4.023.226	-	-
Interest %	**11,94**	**100,00**	**-**
Capital	54.332	-	-
Stockholders' equity	555.979	-	-
Net income in the period	117.322	-	-
Changes in investments			
As at December 31, 2019	**66.344**	**785.518**	**-**
Equity in results of investees	8.521	63.728	-
Advance for future capital increase	-	116.261	-
Dividends	(11.815)	-	-
Exchange variations on equity	11.952	(73)	-
Equity of investees reflex	-	49	-
Adjustment on acquisition value of Cecrisa - book value	-	(2.546)	-
Complement of goodwill - expectation of future profitability	-	5.430	-
Amortization/ reversion appreciation of assets	-	(22.083)	-
Impairment of assets	-	(1.600)	-
As at December 31, 2020	**75.002**	**944.684**	**-**
Equity in results of investees	14.007	-	-
Exchange variations on equity	(6.394)	-	-
Acquisition of 10% of the shares in company ABC da Construção by Dexco Com. Prod.	-	-	102.250
Incorporation of Cecrisa by the subsidiary Ceusa(*)	-	(944.684)	-
Dividends	(15.379)	-	-
As at September 30, 2021	**67.236**	**-**	**102.250**

(*) Represented by: 1) R $375,746 of identifiable assets net of amortization; 2) R$ 2,997 of brands; 3) R$ 152,178 of goodwill expected future profitability and 4) R$ 413,763, (item c.

b) Advance for future capital increase

The Company granted to its subsidiary Viva Decora Internet SA, advances for future capital increase the amounts of R$ 3,250, of which R$ 500 on January 28, R$ 350 on March 5, R$ 350 on May 6, R$ 350 on June 28, R$ 250 on July 30, R$ 250 on August 27, R$ 250 on September 27, R$ 250 on October 28, R$ 450 on November 26, and R$ 250 on December 16, 2021.

c) Merger of the subsidiary Cecrisa Revestimentos Cerâmicos S.A. by the subsidiary Dexco Revestimentos Cerâmicos S.A.

The Dexco Revestimentos Cerâmicos S.A. January 1, 2021 Extraordinary General Meeting approved the merger to optimize the administrative, operational, financial and legal aspects of the businesses through a more efficient distribution of assets, liabilities and projects to benefit capital and the management structure.

An accounting appraisal of the net assets of Cecrisa Revestimentos Cerâmicos S.A. at book value for the merger was based on balance sheet on January 1, 2021 as follows:

Assets		**Liabilities**	
Cash and cash equivalents	76.988	Suppliers	80.684
Trade accounts receivable	172.603	Taxes and contributions	118.502
Inventories	69.446	Accounts payable	63.201
Non current assets held as available for sale	40.077	Contingencies	44.417
Other receivables	43.210	Others liabilities	28.846
Property, plant and equipment	305.947		
Others assets	41.142		
Total Assets	**749.413**	**Total Liabilities**	**335.650**
		Incorporated net asset	**413.763**

Note 14 - Property, plant and equipment

a) Change in balances

Parent company	Land	Structures and improvements	Machinery, equipment and facilities	Assets in progress	Furniture and fixtures	Vehicles	Other assets	Total
Opening balance at 01/01/2020	173.580	442.737	1.296.430	63.429	10.745	978	46.211	2.034.110
Acquisitions	626	1.260	30.359	92.368	1.031	68	8.605	134.317
Write-offs	(9.149)	(279)	(1.870)	(37)	(86)	(10)	(91)	(11.522)
Depreciation	-	(28.329)	(200.342)	-	(2.327)	(344)	(12.065)	(243.407)
Transfers	-	3.269	44.454	(51.072)	353	-	2.996	-
Duratex Florestal partial spin-off	-	1.878	1.681	-	89	1.772	853	6.273
Capital contribution on LD Celulose S.A.	(2.557)	(1.878)	(1.681)	-	(89)	(1.772)	(853)	(8.830)
Net book value on 12/31/2020	162.500	418.658	1.169.031	104.688	9.716	692	45.656	1.910.941
Opening balance at 01/01/2021	162.500	418.658	1.169.031	104.688	9.716	692	45.656	1.910.941
Acquisitions	11	3.091	69.507	296.412	1.869	513	8.250	379.653
Write-offs	(800)	(6)	(141)	(2.150)	(50)	(107)	(220)	(3.474)
Depreciation	-	(28.554)	(203.979)	-	(2.327)	(327)	(12.559)	(247.746)
Transfers	-	7.268	169.502	(180.782)	1.357	-	2.655	-
Net book value	161.711	400.457	1.203.920	218.168	10.565	771	43.782	2.039.374
Balance at 12/31/2021								
Cost	161.711	906.685	4.303.715	218.168	50.414	24.857	213.773	5.879.323
Accumulated depreciation	-	(506.228)	(3.099.795)	-	(39.849)	(24.086)	(169.991)	(3.839.949)
Net book value	161.711	400.457	1.203.920	218.168	10.565	771	43.782	2.039.374

Consolidated	Land	Structures and improvements	Machinery, equipment and facilities	Assets in progress	Furniture and fixtures	Vehicles	Other assets	Total
Opening balance at 01/01/2020	686.265	763.516	1.815.254	191.392	18.314	13.780	77.809	3.566.330
Acquisitions	52.899	1.282	37.273	176.192	2.006	188	11.591	281.431
Write-offs	(24.404)	(10.626)	(5.277)	(9.804)	(62)	(452)	(1.224)	(51.849)
Depreciation	-	(34.213)	(269.147)	-	(3.526)	(2.816)	(18.752)	(328.454)
Transfers	-	11.515	198.075	(223.833)	2.553	2.010	9.680	-
Reclassification of appreciation of assets to goodwill	(3.648)	(8.574)	4.962	-	-	-	-	(7.260)
Amortization - Appreciation of assets	-	(3.035)	(5.839)	-	(25)	(32)	(480)	(9.411)
Capital contribution on LD Celulose S.A.	(2.557)	(1.878)	(1.681)	-	(89)	(1.772)	(853)	(8.830)
Exchange variations	11.892	16.833	38.168	1.457	386	32	1.916	70.684
Net book value on 12/31/2020	720.447	734.820	1.811.788	135.404	19.557	10.938	79.687	3.512.641
Opening balance at 01/01/2021	720.447	734.820	1.811.788	135.404	19.557	10.938	79.687	3.512.641
Acquisitions	15.680	5.344	94.026	418.438	4.986	963	14.609	554.046
Write-offs	(800)	(89)	(2.061)	(2.149)	(98)	(164)	(702)	(6.063)
Depreciation	-	(37.672)	(282.376)	-	(3.784)	(2.811)	(20.598)	(347.241)
Transfers	-	7.784	196.620	(211.949)	1.702	433	5.410	-
Amortization - Appreciation of assets	-	(1.054)	(1.907)	-	(19)	-	(840)	(3.820)
Exchange variations	(3.408)	(7.554)	(18.120)	(724)	(166)	(10)	(981)	(30.963)
Transfer to current asset (*)	(35.076)	(14.073)	(530)	-	-	-	(475)	(50.154)
Net book value	696.843	687.506	1.797.440	339.020	22.178	9.349	76.110	3.628.446
Balance as at 12/31/2021								
Cost	696.843	1.287.243	5.453.958	339.020	77.977	73.385	321.306	8.249.732
Accumulated depreciation	-	(599.737)	(3.656.518)	-	(55.799)	(64.036)	(245.196)	(4.621.286)
Net book value	**696.843**	**687.506**	**1.797.440**	**339.020**	**22.178**	**9.349**	**76.110**	**3.628.446**

(*) Refers to assets transferred to non-current asset available for sale during the period.

b) Assets in progress

Assets in progress refer to investments in: (i) Wood Division industrial plants in Agudos - SP, Itapetininga - SP, Uberaba - MG and Taquari - RS for the production of wood panels; (ii) Deca Division industrial plants in Queimados - RJ and Jundiaí - SP for the production sanitary ceramic and in plants São Paulo - SP, Jundiaí - SP and Jacareí - SP for the production of metals, and Aracaju - SE for shower products; (iii) in Tiles, the industrial plants in Urussanga - SC and Criciúma - SC and in the future Botucatu - SP for ceramic tiles; and (iv) in the forest mills in Agudos - SP, Itapetininga - SP, Lençóis Paulista - SP, Taquari - RS and Uberaba - MG. On December 31, 2021, formal contracts for the expansion of industrial plants totaled approximately R$ 363.555 million (R$ 125.782 on December 31, 2020).

During 2021, no interest charges were capitalized in property, plant and equipment, as there were no qualifying assets.

Average annual depreciation rates	**31/12/2021**
Structures and improvements	4,0%
Machinery, equipment and facilities	6,4%
Furniture and fixtures	10,0%
Vehicles	20% to 25%
Other assets	10% to 20%

c) Review of the useful life of the assets

Pursuant to Pronouncement CPC 27 - Property, Plant and Equipment, the Company and its subsidiaries reviewed the estimated useful lives of the assets for the calculation of depreciation.

The following methodology was adopted in the review of depreciation rates:

- internal history: replacement values, life of the assets, technical specifications;

- outside sources: environment in which the Group operates new technologies, benchmarking, recommendations and manufacturer's guidance;

- status of conservation and operations of the goods: maintenance, failures and efficiency of goods and other information used for analysis and determination of residual useful life;

- residual value of assets, maintenance history and use until scrapped; and

- alignment with general planning of business of the Company.

d) Assets offered as guarantees

At December 31, 2021, the Group had lawsuits liens of R$ 1,747 over lands, machinery and vehicles.

Note 15 - Leases

a) Right-of-use assets

Change in balances:

	Parent company				Consolidated				
	Buildings	Vehicles	Others	**Total**	Lands	Buildings	Vehicles	Others	**Total**
Balance as at 12/31/2019	**7.063**	**128**	**320**	**7.511**	**536.253**	**10.296**	**1.095**	**8.077**	**555.721**
New contracts	-	812	11.869	12.681	1.540	3.755	2.912	14.820	23.027
Updates	7.126	-	-	7.126	22.069	7.270	-	1.904	31.243
Depreciation in the year (result)	(4.745)	(194)	(720)	(5.659)	(1.325)	(5.709)	(1.506)	(4.343)	(12.883)
Depreciation in the year (*)	-	-	-	-	(20.615)	-	-	-	(20.615)
Write-off contracts	(526)	-	(94)	(620)	(239.722)	(526)	-	(94)	(240.342)
Exchange variation	-	-	-	-	1.558	-	-	762	2.320
Balance as at 12/31/2020	**8.918**	**746**	**11.375**	**21.039**	**299.758**	**15.086**	**2.501**	**21.126**	**338.471**
New contracts	2.250	-	-	2.250	14.265	5.548	439	3.423	23.675
Updates	2.454	-	-	2.454	41.292	2.530	11	672	44.505
Depreciation in the period (result)	(5.192)	(351)	(1.978)	(7.521)	(949)	(7.604)	(1.933)	(7.152)	(17.638)
Depreciation in the period (*)	-	-	-	-	(18.812)	-	-	-	(18.812)
Write-off contracts	(2.045)	-	-	(2.045)	-	(2.045)	(31)	-	(2.076)
Exchange variation	-	-	-	-	(741)	-	-	(396)	(1.137)
Balance as at 12/31/2021	**6.385**	**395**	**9.397**	**16.177**	**334.813**	**13.515**	**987**	**17.673**	**366.988**

(*) Value booked in the formation cost from forest reserves in the biological asset account.

b) Lease Liabilities

Change in balances:

	Parent company				Consolidated				
	Buildings	Vehicles	Others	**Total**	Lands	Buildings	Vehicles	Others	**Total**
Balance as at 12/31/2019	**7.506**	**135**	**133**	**7.774**	**551.669**	**10.949**	**1.141**	**8.565**	**572.324**
New contracts	-	812	11.869	12.681	1.540	3.755	2.912	14.820	23.027
Updates	7.126	-	-	7.126	22.069	7.270	-	1.904	31.243
Interests appropriated in the year (result)	474	21	292	787	2.233	990	91	1.130	4.444
Interests appropriated in the year (*)	-	-	-	-	30.029	-	-	-	30.029
Decrease by payment	(5.358)	(343)	(659)	(6.360)	(42.996)	(6.537)	(2.218)	(5.045)	(56.796)
Write-off contracts	(523)	-	(133)	(656)	(245.929)	(523)	-	(133)	(246.585)
Exchange variation	-	-	-	-	1.652	-	-	814	2.466
Balance as at 12/31/2020	**9.225**	**625**	**11.502**	**21.352**	**320.267**	**15.904**	**1.926**	**22.055**	**360.152**
New contracts	2.250	-	-	2.250	14.265	5.548	439	3.423	23.675
Updates	2.454	-	-	2.454	41.292	2.530	11	672	44.505
Interests appropriated in the period (result)	742	41	1.073	1.856	2.142	1.467	133	1.888	5.630
Interests appropriated in the period (*)	-	-	-	-	29.971	-	-	-	29.971
Decrease by payment	(5.939)	(323)	(2.633)	(8.895)	(43.685)	(8.664)	(1.614)	(8.987)	(62.950)
Write-off contracts	(2.185)	-	-	(2.185)	-	(2.185)	(34)	-	(2.219)
Exchange variation	-	-	-	-	(821)	-	-	(434)	(1.255)
Balance as at 12/31/2021	**6.547**	**343**	**9.942**	**16.832**	**363.431**	**14.600**	**861**	**18.617**	**397.509**

(*) Value booked in the formation cost of forest reserves in the biological asset account.
The Company expensed R$ 8.897 for leases with agreement terms under 12 months.

Agreements by term and discount rate

Agreement terms	Rate % p.a.
Up to 5 years	7.37%
6 to 10 years	10.72%
Over 10 years	11.94%

Maturity schedule of lease liabilities

	Parent company 12/31/2021	Consolidated 12/31/2021		Parent company 12/31/2020	Consolidated 12/31/2020
2022	7.012	25.794	2021	6.125	22.227
Total current	**7.012**	**25.794**	**Total current**	**6.125**	**22.227**
2023	3.204	19.734	2022	6.387	20.079
2024	2.401	16.435	2023	2.525	15.130
2025	2.319	15.571	2024	2.100	13.285
2026	1.896	15.115	2025	2.319	12.594
2027	-	16.076	2025	1.896	11.806
2028 - 2032	-	52.741	2027 - 2031	-	42.375
2033 - 2037	-	32.803	2032 - 2036	-	26.295
2038 - 2047	-	93.397	2037 - 2046	-	78.703
Over 2048	-	109.843	Over 2047	-	117.658
Total non current	**9.820**	**371.715**	**Total non current**	**15.227**	**337.925**

c) Nominal effects on leases

Right of use lease

Real Flow	Parent company 12/31/2021	Parent company 12/31/2020	Consolidated 12/31/2021	Consolidated 12/31/2020
Right of use	35.515	33.265	466.949	402.116
Depreciation	(19.338)	(12.226)	(99.961)	(63.645)
	16.177	21.039	366.988	338.471

Inflated Flow	Parent company 12/31/2021	Parent company 12/31/2020	Consolidated 12/31/2021	Consolidated 12/31/2020
Right of use	45.977	41.165	1.773.872	993.201
Depreciation	(20.258)	(12.837)	(194.791)	(106.420)
	25.719	28.328	1.579.080	886.781

Liabilities of lease

Real Flow	Parent company 12/31/2021	Parent company 12/31/2020	Consolidated 12/31/2021	Consolidated 12/31/2020
Liabilities of lease	19.861	25.933	1.064.922	1.000.112
Built-in interest	(3.029)	(4.581)	(667.413)	(639.960)
	16.832	21.352	397.509	360.152

Inflated Flow	Parent company 12/31/2021	Parent company 12/31/2020	Consolidated 12/31/2021	Consolidated 12/31/2020
Liabilities of lease	33.977	35.400	3.801.311	2.311.615
Built-in interest	(5.207)	(6.147)	(2.087.548)	(1.363.102)
	28.770	29.253	1.713.763	948.513

Note 16 - Biological assets (forest reserves)

Through its subsidiaries Duratex Florestal Ltda. and Dexco S.A. in Colombia (formerly, Tablemac S.A.), as well as its jointly controlled company Caetex Florestal S.A., the Group owns eucalyptus and pine forests, used primarily as raw materials for producing wood panels and floors and sale to third parties.

The forestry reserves assure a supply to the mills, and also protects the Company against the risk of future wood price increases. These forestry reserves operate in a coordinated and sustainable fashion with the manufacturing facilities, which, together with the supply network, provide the Company with a high degree of self-sufficiency in terms of wood supplies.

As at December 31, 2021 the Group had approximately 101.4 thousand hectare of planted areas (December 31, 2010 101,9 hectares thousand hectare) cultivated in the States of São Paulo, Minas Gerais, Rio Grande do Sul, Alagoas and in Colombia.

a) Fair value estimate

The fair value is calculated based on an estimate of the volume of wood ready for harvesting, at the current prices for standing wood, except for: the eucalyptus forests up to one year old, and pine forests up to four years old, which are stated at cost, because this approximates fair value.

Biological assets are measured at fair value, less costs to sell at the time of harvesting.

Fair value is determined by valuing the estimated ready-to-harvest volumes at current market prices, based on volume estimates. The assumptions utilized were:

i. Discounted cash flow - the estimated volume of ready-to-harvest wood, considering current market prices, net of future costs and cost of land (at present value) discounted at 7.05% p.a., at December 31, 2021. The discount rate corresponds to the weighted average cost to the Company, which is revised annually by Management.

ii. Prices - prices in R$/ cubic meter obtained from market price surveys published by specialized firms in regions and similar products to the Group, in addition to prices obtained from third party transactions in active markets.

iii. Differentiation - the volumes harvested were categorized and valued according to: (a) species (pine and eucalyptus) (b) region, (c) destination (sawmill and processing).

iv. Volume - the estimated volumes to be harvested (in the sixth year for eucalyptus and in the twelfth year for pine) based on the projected average productivity for each region and specie. Average productivity may vary based on age, rotation, climatic conditions, quality of seedlings, fires, and other natural risks. For mature forests, the current volumes of wood are utilized. The estimates of volume are verified via rotating physical inventories made by technical specialists from the second year of a forest's life, and the effects incorporated into the financial information.

v. Periodicity of reviews - expectations of future wood prices and volumes are reviewed at least every quarter, or when a rotational physical inventory is concluded.

b) Composition of balance

The biological asset balance comprises the cost of forest formation and adjusted to fair value, as shown below:

	12/31/2021	12/31/2020
Formation cost of biological assets	939.079	1.117.233
Difference between cost and fair value	329.569	511.865
Capital contribution on LD Celulose S.A.	-	(486.232)
Fair value of the biological assets	**1.268.648**	**1.142.866**

The forests are unencumbered by third-party liens or pledges, including to financial institutions. No forests have restrictions on their legal title.

c) Changes in balances

The changes in balances are as follow:

	12/31/2021	12/31/2020
Opening balance	**1.142.866**	**1.543.949**
Variation in fair value		
Volume/price	129.444	117.270
Depletion	(116.256)	(104.367)
Variation in book value		
Formation	301.649	199.435
Depletion	(189.055)	(127.189)
Subotal balance	**1.268.648**	**1.629.098**
Capital contribution on LD Celulose S.A.	-	(486.232)
Total balance	**1.268.648**	**1.142.866**

Effect on fair value result of biological asset

	12/31/2021	12/31/2020
Variation in fair value	129.444	117.270
Depletion at fair value	(116.256)	(104.367)
Total effect on the result	**13.188**	**12.903**

Depletion expense is presented in the statement of income under "cost of products sold".

d) Sensitivity analysis

Among the variables that affect the calculation of the fair value of biological assets, we highlight the variation in the price of wood and the discount rate used in the cash flow.

The average price on December 31, 2021 was R$ 53.22/ m^3 (on December 31, 2020 was R$ 47.81/ m^3). Price increases lead to an increase in the fair value of forests. At each 5% of variation in price, the impact on the fair value of forests would be in order of R$ 56.3 million.

The discount rate used was 7.12% p.a. on December 31, 2021. Increases in the rate lead to a drop in the fair value of the forest. For each 0.5% p.a. variation in the rate, the fair value would have changed by approximately R$ 6,6 million.

According to hierarchy of CPC 46 - Measure at Fair Value, the biologic assets calculation is based on Level 3, due to its complexity and structure of calculation.

Note 17 - Intangible assets

Parent Company	Software	Goodwill	Customer portfolio	Total
Opening balance at 01/01/2020	57.810	47.905	120.674	226.389
Additions	50.325	-	-	50.325
Write-off	(9.690)	-	-	(9.690)
Amortization	(10.899)	-	(24.707)	(35.606)
Net book value on 12/31/2020	87.546	47.905	95.967	231.418
Opening balance at 01/01/2021	87.546	47.905	95.967	231.418
Additions	60.151	-	-	60.151
Write-off	(2.859)	-	-	(2.859)
Amortization	(11.965)	-	(24.707)	(36.672)
Net book value	132.873	47.905	71.260	252.038
Balance as at 12/31/2021				
Cost	227.238	47.905	383.698	658.841
Accumulated amortization	(94.365)	-	(312.438)	(406.803)
Net book value	**132.873**	**47.905**	**71.260**	**252.038**

Consolidated	Software	Trademarks and patents	Goodwill	Customer portfolio	Total
Opening balance at 01/01/2020	60.292	209.003	318.726	131.818	719.839
Additions	54.236	-	-	-	54.236
Write-off	(12.818)	-	-	-	(12.818)
Amortization	(12.470)	-	-	(26.100)	(38.570)
Complement of expectation of future profitability Cecrisa	-	-	5.430	-	5.430
Foreign exchange variances	115	-	-	2.552	2.667
Expectation of future profitability - Viva Decora	-	-	12.940	-	12.940
Impairment of intangible assets	-	-	(12.940)	-	(12.940)
Net book value on 12/31/2020	89.355	209.003	324.156	108.270	730.784
Opening balance at 01/01/2021	89.355	209.003	324.156	108.270	730.784
Additions	61.913	-	-	-	61.913
Write-off	(2.859)	-	-	-	(2.859)
Amortization	(12.264)	-	-	(26.127)	(38.391)
Foreign exchange variances	(70)	-	-	(987)	(1.057)
Net book value	136.075	209.003	324.156	81.156	750.390
Net book value on 12/31/2021					
Cost	245.795	209.003	324.156	402.705	1.181.659
Accumulated amortization	(109.720)	-	-	(321.549)	(431.269)
Net book value	**136.075**	**209.003**	**324.156**	**81.156**	**750.390**

Note 18 - Impairment testing of goodwill

Goodwill paid for future profitability and intangible assets with undefined useful life

The goodwill acquired through the business combination is allocated to the CGUs that produce the panels, ceramics, metals, showers and ceramic tiles, namely the Wood (Panels), Deca (Ceramics, Metals and Showers) and Ceramic Tile business units.

	Wood		Deca						Ceramic Tiles	
	Panels		Metals		Ceramics		Showers			
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Book value of goodwill	45.502	45.502	2.402	2.402	-	-	-	-	267.484	267.484
Book value of other assets	1.646.097	1.778.683	42.205	42.514	204.903	187.745	242.207	217.842	1.134.593	1.341.563
Book value of UGCs	1.691.599	1.824.185	44.607	44.916	204.903	187.745	242.207	217.842	1.402.077	1.609.047
Value of UGCs by cash flow	6.395.037	6.047.136	273.302	48.557	1.742.279	828.768	634.025	375.263	4.623.307	2.833.267
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-
Impairment of other intangibles	-	-	-	-	-	-	-	-	-	-

The Company realized the impairment tests in 2021 and 2020 reviewing the relation between the value in use and the CGUs balances, to identity losses indicators. At December 31, 2021 and 2020 the projected cash flows were higher than accounting balances for all business units, so there was no need to record an impairment.

Cash generating unit

The recoverable amounts were based on value in use; projections were made by the strategic planning as approved by the Board of Directors which considered macroeconomics projections for growth and inflation, as well as the operational conditions of the Company.

Main variables used in the calculation of value in use

Description	**12/31/2021**	**12/31/2020**
Term for Cash Flow	5 years for all business units	5 years for all business units
Discount rate (Weighted Average Cost of Capital calculated by the method CAPM - Capital Asset Pricing Model)	All business units: 11.15% p.a. (*)	All business units: 10.01% p.a. (*)
Growth Rate (Gross Margin)	Panels: 1.8% p.a. Ceramics: 7.9% p.a. Metals: 3.5% p.a. Showers: 4.7% p.a. Ceramic tiles: 2.4% p.a.	Panels: 1.4% p.a. Ceramics: 2.2% p.a. Metals: 1.2% p.a. Showers: 1.0% p.a. Ceramic tiles: 1.3% p.a.
Growth Rate (Perpetuity)	3,00% p.a.	3,00% p.a.

(*) Rate before income tax of 16.67% for 2021 and 13.71% for 2020.

Note 19 - Loans, financing and debentures

TYPE	CHARGES	AMORTIZATION	GUARANTEES	12/31/2021 CURRENT	12/31/2021 NON CURRENT	12/31/2020 CURRENT	12/31/2020 NON CURRENT
Parent Company - Local currency							
BNDES with Swap	103.89% of CDI	Monthly	Surety - 70% Itaúsa S.A. and 30% natural person	5.062	25.605	4.297	29.873
BNDES with Swap	117.51% of CDI	Monthly	Surety - 70% Itaúsa S.A. and 30% natural person	102	595	100	694
DIRECT FINAME	até 97,45% CDI	Up to November 2035	Mortgage and Partner Guarantee	17.236	509.409	-	-
FINAME	TJLP + 2.3% p.a./ Pré 6 % p.a.	Monthly	Chattel mortgage	2.984	316	3.327	3.296
Export credit note	104.8 % of CDI	Up to January 2021	-	-	-	27.736	-
Export credit note	CDI + 1.45% p.a.	March 2023	-	-	546.010	-	515.444
Export credit note	CDI + 1.81% p.a.	Up to May 2023	30% assignment of credit rights for financial investments	96.000	39.733	95.606	134.933
FINEX 4131	CDI + 0.80% p.a.	December 2021	-	-	-	138.084	-
FINEX 4131	CDI + 0,85% a.a	November de 2026		2.145	400.000	-	-
Bank Credit Note Spin	CDI + 1.88% p.a.	October 2021		4.559	250.000	258.483	-
Total Parent Company - Local currency				**128.088**	**1.771.668**	**527.633**	**684.240**
TOTAL PARENT COMPANY				**128.088**	**1.771.668**	**527.633**	**684.240**
Subsidiaries - Local currency							
Export credit note	104.9% of CDI	Up to January 2021	Surety - Dexco S.A.	-	-	35.661	-
BNDES with Swap	103.89% of CDI	Monthly	Surety - 70% Itaúsa S.A. and 30% natural person	6.727	34.074	5.719	39.753
BNDES with Swap	117.51% of CDI	Monthly	Surety - 70% Itaúsa S.A. and 30% natural person	390	2.260	380	2.636
CRA	98% of CDI	Semiannually	Guarantee - Dexco S.A.	699.421	-	256	695.297
FNE	Fixed 4.71% up to 7.53% p.a	Annually	Guarantee - Duratex Florestal Ltda. and land mortgage	1.197	12.347	577	10.453
Total Subsidiaries - Local currency				**707.735**	**48.681**	**42.593**	**748.139**
Subsidiaries - Foreign currency							
LEASING	DTF + 2 % p.a.	Monthly	Promissory Note	454	1.304	521	1.583
Total Subsidiaries - Foreign currency				**454**	**1.304**	**521**	**1.583**
TOTAL SUBSIDIARIES				**708.189**	**49.985**	**43.114**	**749.722**
TOTAL CONSOLIDATED				**836.277**	**1.821.653**	**570.747**	**1.433.962**

a) New loans

In order to improve its liquidity and indebtedness profile, the Company contracted a credit line of R$ 697,000 in March 2021 within the scope of BNDES Direct Finame, for drawdown over two years, renewable for a further year and with tenures maturing up to 16 years, accruing IPCA + a spread that will vary depending how the Company the maturity for each disbursement. The contract is guaranteed by the Company's manufacturing plant and 67% by the parent company Itaúsa S.A. and 33% by individuals. Up to December 31, 2021, the Company had received R$510,000.

b) Loans and financing designated at fair value

The Company's Management has elected to designate, at inception, certain loans and financing (some of which are in the table presented as swaps) as liabilities at fair value through results.

Adjustments of debt to fair value are to avoid an accounting mismatch between debt instruments and protect instrument contracted by the Company, and are classified to fair value through results.

c) Sureties and letters of guarantee

Sureties and letters of guarantee securing borrowings of Dexco S.A. were granted to Itaúsa S.A., totaling R$ 373.252 (R$ 24,475 as at December 31, 2020). Guarantees were offered by Itaúsa SA in the amount of R$ 30,416 (R$33,941 on December 31, 2020) and by Dexco SA in the amount of R$ 699,421 (R$ 731,214 on December 31, 2020) for loans and financing of subsidiaries,

d) Loans and financing by maturity

12/31/2021						
	Parent company			Consolidated		
Year	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
20022	128.088	-	128.088	835.823	454	836.277
Total current	**128.088**	**-**	**128.088**	**835.823**	**454**	**836.277**
2023	590.361	-	590.361	597.544	544	598.088
2024	294.324	-	294.324	301.475	486	301.961
2025	72.485	-	72.485	79.795	234	80.029
2026	472.485	-	472.485	480.148	40	480.188
2027	72.485	-	72.485	80.209	-	80.209
2028	72.485	-	72.485	80.276	-	80.276
2029	28.130	-	28.130	29.617	-	29.617
2030	28.131	-	28.131	29.670	-	29.670
2031	28.131	-	28.131	28.661	-	28.661
Other	112.651	-	112.651	112.954	-	112.954
Total non current	**1.771.668**	**-**	**1.771.668**	**1.820.349**	**1.304**	**1.821.653**

12/31/2020						
	Parent company			Consolidated		
Year	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
2022	527.633	-	527.633	570.226	521	570.747
Total current	**527.633**	**-**	**527.633**	**570.226**	**521**	**570.747**
2023	102.547	-	102.547	804.589	464	805.053
2024	559.842	-	559.842	566.648	462	567.110
2025	4.383	-	4.383	11.260	462	11.722
2026	4.367	-	4.367	11.396	195	11.591
2027	4.367	-	4.367	11.658	-	11.658
2028	4.367	-	4.367	11.716	-	11.716
2029	4.367	-	4.367	11.766	-	11.766
2030	-	-	-	1.326	-	1.326
2031	-	-	-	1.376	-	1.376
Other	-	-	-	644	-	644
Total non current	**684.240**	**-**	**684.240**	**1.432.379**	**1.583**	**1.433.962**

e) Flux in loans and financing balances

	Parent Company	Consolidated
Balance as at December 31,2019	**796.173**	**1.684.800**
Borrowings/ fundraising	1.635.000	1.640.827
Indexation adjustment and interests	61.793	95.897
Amortizations	(1.235.380)	(1.344.596)
Interest payments	(45.713)	(72.219)
Balance as at December 31,2020	**1.211.873**	**2.004.709**
Borrowings/ fundraising	909.902	912.619
Indexation adjustment and interests	84.811	121.389
Amortizations	(266.370)	(309.308)
Interest payments	(40.460)	(71.479)
Balance as at December 31,2021	**1.899.756**	**2.657.930**

f) Simple non - convertible debentures

On May 17, 2019 the Company placed the second issue of simple non-convertible debentures, unsecured, in a single series of R$ 1,200,000. The Company issued 120,000 debentures, with a unit nominal value of R$ 10,000.00 accruing interest of 108% of the CDI rate, semiannual remuneration and maturity in two equal installments corresponding to 50% of the unit nominal value on the dates: May 17, 2024 and May 17, 2026.

								2021		
Composition	Issue date	Type of debenture	Maturity date	Qty debentures	Nominal value	Price as of issue date	Semester finance charge	Current	Non Current	Total
2º issue	5/17/2019	simple no convertible in shares	5/17/2026	120.000	10.000	1.200.000.000	108% of CDI base 252 working days, paid semiannually in the day 17 from the months of May and November	12.975	1.198.743	1.211.718

g) Debentures by maturity

Debentures - Maturities

12/31/2021		12/31/2020	
Year	Parent company and Consolidated	Year	Parent company and Consolidated
2022	12.975	2020	2.637
Total current	**12.975**	**Total current**	**2.637**
2024	599.372	2024	599.188
2026	599.371	2026	599.187
Total non current	**1.198.743**	**Total non current**	**1.198.375**

h) Flux in debenture balances

	Parent Company	Consolidated
Balance as at December 31,2019	**1.204.746**	**1.263.740**
Indexation adjustment and interests	36.088	36.703
Amortizations	-	(60.000)
Interest payments	(39.822)	(39.431)
Balance as at December 31,2020	**1.201.012**	**1.201.012**
Indexation adjustment and interests	56.685	56.685
Interest payments	(45.979)	(45.979)
Balance as at December 31,2021	**1.211.718**	**1.211.718**

i) Covenants

i.1) Loans and financing

The consolidated agreements with the National Bank for Economic and Social Development (BNDES) contains restrictive covenants consistent with usual market practice, which establishes in addition to certain obligations, the following financial covenants, measured annually:

(i) EBITDA (*)/ net financial expenses: equal to or above 3.00;

(ii) EBITDA (*)/ net operating revenue equal to or above 0.20;

(iii) Stockholders' equity/ total assets: equal to or above 0.45.

In addition to the BNDES loans, the Company has an Export Credit Note with Caixa Econômica Federal with the following financial covenants:

(iv) Net debt/ EBITDA (*) less or equal to 6.5 as at the second quarter of 2021;

(v) Net debit/ EBITDA (*) less or equal to 4.0 after these period.

The Company declares that at December 31, 2021, the above contractual obligations (i.1, items (i), (ii), (iv) and (v)) are fulfilled regarding item (iii), the Shareholders' Equity/EBITDA ratio was below 0.45. This, however, did not characterize default, non-compliance or early maturity of a contractual obligation of any nature.

i.2) Simple debentures Dexco S.A.

(i) Net debt/ EBITDA (*) less or equal to 4.0;

Covenants are measured based on the Company's balance sheet; the Company was in compliance with its covenants. Were these contractual obligations not to have been met, the Company and its subsidiary would be required to provide additional guarantees or request a waiver from the creditors.

Management affirms that at December 31, 2021 it was in full compliance with the contractual obligations above.

(*) EBITDA (earnings before interest, taxes, depreciation and amortization).

Note 20 - Suppliers

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Domestic suppliers	787.572	540.554	1.026.002	706.457
Foreigners suppliers	95.346	38.509	152.160	86.125
Related parties suppliers	53.014	39.288	4.499	437
Domestic suppliers risk payer (*)	460.046	284.793	471.000	296.993
Total	**1.395.978**	**903.144**	**1.653.661**	**1.090.012**

(*) The Company has contracts with Santander Bank to structure vendor financing operations for suppliers. In this operation, the suppliers transfer the right to receive the notes due from the Company to the bank that becomes the creditor of the operation. Management reviewed the portfolio composition of this operation and concluded that they do not present a significant change in terms, prices and conditions previously established. The Company and its subsidiary incurred no financial charges and therefore, present this operation as supplier balances.

Note 21 - Accounts payable

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Advances from customers	18.210	20.697	80.596	82.509
Statutory share	21.625	18.688	23.172	18.688
Freight and insurance payable	58.407	31.694	65.705	41.928
Acquisition of business	28.457	28.275	28.457	28.275
Distributed earnings (from SCP's) to shareholders (1)	-	-	7.157	6.830
Commission payable	10.687	9.596	19.304	17.036
Bonuses, product warranty, technical support and maintenance	47.919	25.916	97.828	45.223
Acquisition of land used for reforestation	-	-	28.122	20.966
Accounts payable (from SCPs) to shareholders (2)	-	-	84.207	-
Consigned loans	1.959	1.594	2.719	1.983
Sales for future delivery	16.123	14.530	19.771	16.935
Provision for restructuring	2.063	2.266	2.063	2.592
Consultancy services	949	2.917	949	2.917
Provision for indemnification of representatives (4)	31.723	-	31.723	-
Others	18.652	20.516	48.970	30.478
Total Current	**256.774**	**176.689**	**540.743**	**316.360**
Acquisition of business	40.767	32.426	231.351	31.946
Farm purchase	-	-	37.667	32.624
Advances from customers	-	-	11.432	7.626
Partnerships in which some partners are passive (2)	-	-	-	89.413
Product warranty and technical support	6.913	5.583	6.913	5.583
Liabilities provisioned with joint operation partner	-	-	60.446	50.083
Post-employment benefits(3)	24.640	32.737	37.800	50.096
Other	3.464	2.618	7.106	5.377
Total Non-Current	**75.784**	**73.364**	**392.715**	**272.748**

(1) SCP's: Partnerships in which some partners are obligors
(2) Refers to the participation of third parties in reforestation projects, to which Duratex Florestal has contributed with forest assets, basically forest reserves and equity holders contributed in kind.
(3) Refers to post-employment benefits related to medical assistance.

Note 22 - Taxes and contributions

The Company and its subsidiaries have the following provisions for federal and state taxes payable:

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Income tax and social contribution payable	283	542	15.505	12.844
PIS and COFINS payable / provision	896	2.304	6.928	4.356
ICMS and IPI payable	27.606	31.136	51.168	49.218
INSS payable	956	1.215	2.417	2.999
Tax Installment (*)	-	-	15.140	21.513
Other taxes payable	568	519	932	706
Total current	**30.309**	**35.716**	**92.090**	**91.636**
Tax Installment (*)	-	-	68.128	87.132
Total non current	**-**	**-**	**68.128**	**87.132**

(*) Installment of taxes from subsidiary Cecrisa.

Note 23 - Contingencies

a) Contingent liabilities

The Company and its subsidiaries are party to judicial and administrative processes relating to labor, civil, tax matters and social security which arise in the normal course of their business.

The provisions reflect Management's estimate of the probability of loss, under advice of the Company's legal counsel.

The Management, under advice of the Company's legal counsel, believes that the provision for contingencies is sufficient to cover any probable losses with lawsuits and administrative claims.

Parent company	Tax	Labor	Civil	Total
Balance as at December 31, 2019	**90.122**	**81.143**	**4.814**	**176.079**
Monetary variance and interest	2.844	16.193	272	19.309
Constitution	92.495	13.805	701	107.001
Reversal	(44.856)	(14.546)	(262)	(59.664)
Payments	(10)	(10.570)	(353)	(10.933)
Closing balance as at December 31, 2020	**140.595**	**86.025**	**5.172**	**231.792**
Judicial deposits	(5.459)	(20.581)	-	(26.040)
Balance as at December 31, 2020 after offsetting of judicial deposits	**135.136**	**65.444**	**5.172**	**205.752**

Consolidated	Tax	Labor	Civil	Environmental	Total
Balance as at December 31, 2019	**163.709**	**123.364**	**104.782**	**4.965**	**396.820**
Monetary variance and interest	3.736	21.755	3.582	-	29.073
Constitution	109.432	22.243	6.305	-	137.980
Reversal	(52.060)	(17.262)	(4.446)	-	(73.768)
Payments	(292)	(18.279)	(32.190)	-	(50.761)
Business combination - acquisition Cecrisa	1.681	(1.548)	66.174	-	66.307
Exchange variation abroad subsidiary	216	-	-	-	216
Closing balance as at December 31, 2020	**226.422**	**130.273**	**144.207**	**4.965**	**505.867**
Judicial deposits	(5.459)	(28.261)	(47.860)	-	(81.580)
Balance as at December 31, 2020 after offsetting of judicial deposits	**220.963**	**102.012**	**96.347**	**4.965**	**424.287**

Parent company	Tax	Labor	Civil	Total
Balance as at December 31, 2020	**140.595**	**86.025**	**5.172**	**231.792**
Monetary variance and interest	4.979	12.107	439	17.525
Constitution	75.437	17.507	436	93.380
Reversal	(146.485)	(20.603)	(1.432)	(168.520)
Payments	(17.159)	(12.756)	(137)	(30.052)
Closing balance as at December 31, 2021	**57.367**	**82.280**	**4.478**	**144.125**
Judicial deposits	(6.604)	(24.355)	(221)	(31.180)
Balance as at December 31, 2021 after offsetting of judicial deposits	**50.763**	**57.925**	**4.257**	**112.945**

Consolidated	Tax	Labor	Civil	Environmental	Total
Balance as at December 31, 2020	**226.422**	**130.273**	**144.207**	**4.965**	**505.867**
Monetary variance and interest	5.940	16.550	5.158	-	27.648
Constitution	113.109	23.218	15.666	-	151.993
Reversal	(172.771)	(23.578)	(3.457)	-	(199.806)
Payments	(17.159)	(16.587)	(188)	-	(33.934)
Business combination - acquisition Cecrisa	1.280	(26)	(40.951)	-	(39.697)
Closing balance as at Dectember 31,	**156.821**	**129.850**	**120.435**	**4.965**	**412.071**
Judicial deposits	(9.143)	(30.943)	(48.891)	-	(88.977)
Balance as at December 31, 2021 after offsetting of judicial deposits	**147.678**	**98.907**	**71.544**	**4.965**	**323.094**

Tax and civil contingencies mainly relate to:

1) Tax: (IR/ CS) - Lawsuits and administrative claims to cancel the tax credits on IR/ CS on profits of foreign subsidiaries from 1996 to 2002 and 2003 with the right to offset IR paid abroad by subsidiaries. On December 31, 2021 the provision was R$ 5,248 (R$ 5,188 as at December 31, 2020).

2) Tax: Penalty for delay in settling demand (Delta IPC) - Legal action to annul the charge for an administrative process claimed by the Federal Government, with suspension of eligibility, but with penalties from debt collected after the preliminary injunction was canceled and with full amnesty discount. On December 31, 2021 the provision was R$ 3,355 (R$ 3,274 as at December 31, 2020).

3) Tax: In August 2020, the Federal Supreme Court - STF overturned the General Repercussion RE 1072485 challenging the constitutionality of the Social Security Contribution on the one-third of vacation bonus. This decision modified the understanding of the Superior Court of Justice - STJ. The Company, based on decisions issued in a Declaratory Action, had not been paying this contribution since December 2010. With the new STF ruling, the Company constituted a provision, the balance on December 31, 2021 is R$ 24,393 (R$ 19,119 on December 31, 2020), for unpaid contribution between December 2010 and February 2013, period in which the judicial deposit was made, and from August 2015 onwards.

4) Tax (Income tax and social contribution) - Administrative proceeding aimed at canceling tax credit arising from the disregard of the income tax and social contribution deductibility of fines and charges carried out in 2017, of Ceusa's debts recognized and provisioned in the accounting in 2016, and whose provision was reversed in 2017 when Ceusa's debts were settled and the accounting provision was deducted from Taxable Income. The total provision for the assessment was recorded on September 2021 and as of December 31, 2021 the amount provisioned for this matter was R$ 18,966.

5) Tax (PIS/COFINS) - Legal and administrative proceedings aimed at canceling the tax credit related to the levy of PIS/COFINS on sales of forests (fixed assets), carried out in the years of 2011 and 2017. The total provision for the amounts discussed at the administrative and judicial level was constituted on September 2021 and on December 31, 2021 the amount provisioned for this discussion was R$ 17,637.

6) Tax (PIS/COFINS) - Discussion through an administrative proceeding aimed at canceling the credit gloss PIS/COFINS credit taken by the Company in 2015, mainly on goods and services acquired for maintenance of fixed assets. As of December 31, 2021, the amount provisioned for this discussion is R$ 9,911 (R$ 271 on December 31, 2020, increased in December 2021).

7) Civil: In 2018, R$ 63,941 was provisioned (R$ 42,202 net of tax effects), for the Judicial Tribunal of the State of Santa Catarina decision affecting Cecrisa Revestimentos Cerâmicos S.A. (Cecrisa - merged by subsidiary Dexco Revestimentos Cerâmicos S.A., (Note 12.c.) and Cerâmica Portinari S.A. (Portinari), for legal fees due from Balneário Conventos S.A., for the probate of Manoel Dilor de Freitas, founder of Cecrisa and ex-owner, an unrelated party since early 2000. In 2012, the heirs of Manoel Dilor de Freitas, sold the control of the companies to Fundo Vinci Partners. The companies were placed as a lien guarantee at the cost of 2.77% of monthly net revenue which is being honored. The subsidiaries have filed actions to prove that they are not responsible for this obligation, since the principal process has run for 30 years without Cecrisa and Portinari having been a named obligor. The original defendant settled a judicial agreement for the principal obligation with the creditors, paying the debt in installments. The process status: (i) the Company filed a special resource to annul the lien on the revenue, as it conflicts with the legal parameters provided in the CPC - Código Processual Civil; and (ii) the Company is awaiting a ruling of the Declaratory Embargoes on Judgment which had denied an appeal having found Cecrisa's third party embargo to be without merit. On December 31, 2021 the provisioned amount was R$ 47,438 (R$ 47,438 on December 31, 2020).

b) Possible risk of loss

The Company and its subsidiaries are involved in other tax, social security, civil and labor lawsuits classified by Management as possible risk of losses, under the advice of legal counsel in the amount of R$ 594,824 (R$ R$ 608,563 on December 31, 2020). The main amounts are: 1) R$ 303,699 (R$ 302,180 on December 31, 2020) related to taxation (IR/ CS), on an alleged capital gain (revaluation reserve), on a corporate split-off with subsequent merger of assets (land and forests), measured at book value, in 2006 (land) and 2009 (forests) in Estrela do Sul Participações Ltda.. Both cases are awaiting a ruling of the Judiciary; 2) Legal and administrative discussions involving disallowance of credits, collection and fines related to ICMS, totaling R$ 63,799 (R$ 76,835 on December 31, 2020); 3) Assessment of IR and CS for alleged omission of taxable income from payment of debits which were included on a REFIS (amnesty and refinancing program) of R$ 54,348 (R$ 52,145 on December 31, 2020) (Cecrisa); 4) IPI tax assessment for zero rated NT and IPI credits totaling R$ 10,389 (R$ 10,114 on December, 31) (Cecrisa); 5) collection actions made by suppliers totaling R$ 9,668 (R$ 34,286 on December 31, 2020). 6) Labor claims totaling R$ 36.968 (R$ 47,444 on December 31, 2020). Other possible loss processes of R$ 112.473 (R$ 85,559 on December 31, 2020) for civil and tax processes, which do not exceed R$ 5 million individually.

c) Contingent assets

The Company and its subsidiaries have filed legal and administrative actions for the refund of certain taxes, indicated in the table below, for which Management considers possibility of success to be likely, supported by an evaluation of its legal counsel. As these are contingent assets, they have not been recognized in the financial statements:

	12/31/2021	12/31/2020
IPI credit premium from 1980 to 1983 and 1985	139.507	129.234
Interest and indexation on Federal Power Company (Eletrobás) credits	102.468	17.337
Profits Abroad (deposit withdrawal)	11.733	11.482
INSS (Social Security)	19.187	29.872
CPMF - differential of percentage	4.059	3.607
Other	10.634	10.977
Total	**287.588**	**202.509**

d) ICMS as calculation base of PIS and COFINS

Following a Supreme Federal Court decision published on May 14, 2021, clarifying that the ICMS should be excluded from the PIS and COFINS tax calculation bases using the amount displayed on the invoices, the Company and its subsidiaries recognized in 2021 assets of R$ 614.7 million, crediting results.

The credits refer to the Company's lawsuits, Dexco Hydra Corona Sistemas de Aquecimento de Água Ltda. and Dexco Revestimentos Cerâmicos S.A., all with final and unappealable decisions.

The amounts were determined through a review of physical and electronic documentation for the entire period covered by the lawsuits, carried out in conjunction with external consultants.

Furthermore, in the second quarter of 2021 the Company reversed a provision previously constituted as a result of the limitation imposed by COSIT Solution 13/2018, in the amount of R$ 141.7 million.

Authorization granted by an administrative procedure of the Federal Revenue Service is required before offsets can be grant; these are already available for the Company and Dexco Hydra Corona Sistemas de Aquecimento de Água Ltda.

Up to the date of issuance of these statements, no final decision had been handed down on the Company's claims relating to the former tax-registered entity Duratex S.A., which had merged with Satipel and Duratex Florestal Ltda, for the period from 2001 to 2015.

Note 24 - Stockholders' equity

a) Capital

The Company's authorized capital comprises 920,000,000 of shares, fully subscribed and paid-up, representing capital of R$ 2,370,189, being 760,962,951 registered common shares with no par value in issue.

On December 9, 2021, the Board of Directors approved the increase in the Company's capital stock, from R$ 1,970,189 to R$ 2,370,189, through capitalization of profit reserves and simultaneous bonus in shares, attributing to shareholders one share for each ten shares held at the close of business on December 14, 2021.

b) Treasury shares

	Nº of shares	Amount in thousand R$
Balance as at December 31, 2020	1.223.698	13.744
Acquisitions of shares in the period	5.000.000	94.689
Sales of shares in the period	(324.238)	(5.320) (*)
Bonification	589.945	-
Balance as at December 31, 2021	**6.489.405**	**103.113**

Share price			
Minimum	Maximum	Weighted Average	Latest Quotation
2,86	21,23	15,89	14,96

(*) These write-offs refer to the delivery of shares for the exercise of stock options by the Company's executives.

Based on the latest market quotation as at December 30, 2021, the value of the Company's treasury shares was R$ 97,081 (R$ 23,422 as at December 30, 2020).

c) Equity reserves

	Parent Company 12/31/2021	Consolidated 12/31/2020
Capital reserves	**366.122**	**357.423**
Premium on the subscription of shares	218.731	218.731
Tax incentives	13.705	13.705
Prior to Law 6404	18.426	18.426
Options granted	28.197	36.356
Granted options overdue	83.829	75.671
Options granted to be appropriated (Note 31)	(2.850)	(6.829)
Long - term incentives (Note 32)	6.084	1.363
Capital transactions with partners	**(18.731)**	**(18.731)**
Other comprehensive income	**716.462**	**547.121**
Revaluation reserves	35.094	36.119
Carrying value adjustments (c.2)	681.368	511.002
Revenue reserves	**2.410.475**	**2.352.417**
Legal	334.947	248.677
Statutory	1.872.032	1.899.614
Additional dividend proposed	-	90.378
Tax incentives (Article 195 - Law no. 6.404/76)	203.496	113.748
Treasury shares	**(103.113)**	**(13.744)**

c.1) Changes in revenue reserves

			Statutory reserves				
	Legal reserves	Tax incentives article 195-A Law 6.404/76	Dividends equalization	Reinforcement of working capital	Capital increase in subsidiaries	Additional dividends proposed	**Total**
Balance on December 31, 2019	**225.987**	**87.040**	**572.074**	**559.425**	**580.598**	**141.597**	**2.166.721**
Reversal after AGO approval	-	-	-	-	-	(141.597)	(141.597)
Constitution	22.690	9.948	182.720	17.245	4.312	-	236.915
Previous years fiscal incentives	-	16.760	(16.760)	-	-	-	-
Dividends in excess of the minimum mandatory	-	-	-	-	-	90.378	90.378
Balance on December 31, 2020	**248.677**	**113.748**	**738.034**	**576.670**	**584.910**	**90.378**	**2.352.417**
Reversal after AGO approval	-	-	-	-	-	(90.378)	(90.378)
Complementary dividends 2020	-	-	(300.000)	-	-	-	(300.000)
Constitution	86.270	46.865	469.429	163.914	81.958	-	848.436
Previous years fiscal incentives	-	42.883	(42.883)	-	-	-	-
Capital increase with reserves	-	-	(260.000)	(70.000)	(70.000)	-	(400.000)
Balance on December 31, 2021	**334.947**	**203.496**	**604.580**	**670.584**	**596.868**	**-**	**2.410.475**

c.2) Carrying value adjustments

	Parent Company 12/31/2021	Consolidated 12/31/2020
Post-employment benefit	(5.692)	(12.234)
Equity of investees reflex post-employment benefit	(4.430)	(6.942)
Equity of investees reflex (*)	29.589	(121.052)
Financial instruments	(5.241)	-
Conversion adjustments	245.951	230.039
Others	421.191	421.191
Total	**681.368**	**511.002**

(*) Equity of investees reflex on hedge operations from associate LD Celulose S.A.

The capital reserves share premium arose from a surplus on a subscription of shares paid by stockholders in relation to the nominal value at the time of subscription.

The options granted in the capital reserves represent the recognition of stock options on the grant date.

As provided in the bylaws, the balance appropriated to the statutory reserve will be utilized for the:
(i) reserve for dividend equalization, (ii) reserve for increasing working capital, and (iii) reserve for capital increases in investees:

Reserve for dividend equalization: This will be limited to 40% of the capital and used to pay dividends, including interest on capital (Article 29.2) or distribution advances, for stockholders from available resources:

(a) equivalent to up to 50% of net income, adjusted in accordance with Article 202 of Brazilian Corporation Law;

(b) equivalent to up to 100% of the portion of the revaluation reserves, in retained earnings;

(c) equivalent to up to 100% of prior year adjustments, in retained earnings; and

(d) resulting from prepaid dividends (Article 29.1 of the bylaws)

The reserve for working capital: limited to 30% of capital is to preserve funding for the company's operations, comprising up to 20% from net income, adjusted in accordance with Article 202 of Brazilian Corporation Law.

The reserve for capital increases in investees: limited to 30% of registered capital for the exercise of the preemptive subscription right in capital increases from resources up to 50% of the net income, adjusted in accordance with Article 202 of Brazilian Corporation Law.

Tax incentives reserve: Upon approval, appropriations may be made to the tax incentive reserve for donations or government subsidies for investments, which must be excluded from the mandatory dividend calculation base (Item I of the caput of Article 202 Law 6.404/76). (Included by Law No. 11,638, from 2007).

Tax incentives refer to: R$ 77,320 (R$ 68,004 in 2020) of PRODEPE - Pernambuco State Development Program, R$ 17,668 (R$ 14,895 in 2020) of the FAIN - Paraíba Industrial Development Support Fund and R$ 15,739 (R$ 7,896 in 2020) of SUDENE - The Superintendency for the Development of the Northeast and R$ 22,953 (R$ 22,953 in 2020) of FUNDOPEM - Operation Company Funds from State of Rio Grande do Sul.

d) Appropriation of net income

The Board of Directors at a meeting on February 9, 2022 approved the financial statements and consequently, the destination of net income of the year 2021 that will be submitted for approval on the Extraordinary General Meeting.

Destination of net income	12/31/2021	12/31/2020
Net income of the year	1.725.407	453.812
(-) Legal reserve	(86.270)	(22.690)
(-) Tax incentives reserve	(46.865)	(9.948)
(+) Realization of revaluation reserve	1.025	1.235
(-) Dividends	(878.401)	(126.722)
Statutory reserves	**714.896**	**295.687**
Sale of shares in treasury (stock options)	405	(579)
Equity of investees reflex	-	(453)
Allocation for profit reserves:		
Equalization of dividends	(469.429)	(182.720)
Working capital	(163.914)	(17.245)
Capital increase in subsidiaries	(81.958)	(4.312)
Additional dividend proposed	-	(90.378)
= Statutory reserves after allocation	**-**	**-**

e) Dividends (interests on capital)

The statutes provide for a minimum mandatory dividend of 30% of adjusted net income. Presented below is the dividend calculation, the amount paid/ credited and the balance payable:

The dividends as at December 31, 2021 and 2020 were calculated as follows:

	12/31/2021	12/31/2020
Net income for the year	**1.725.407**	**453.812**
(-) Legal reserve	(86.270)	(22.690)
(-) Tax incentives	(46.865)	(9.948)
(-) Realization of revaluation reserve	1.025	1.235
Adjusted net income	**1.593.297**	**422.409**
Minimum mandatory dividend (30%)	**477.989**	**126.722**
At a meeting held on December 9, 2021, the Board of Directors declared interest on equity in the amount of BRL 1.03414415 per share, in the amount of R$ 709,304 and;	709.304	217.100
Dividends in the amount of R$ 0.24654277 per share in the amount of R$ 169,097, paid on 12.23.2021.	169.097	-
Interests on capital of net income for the year	**878.401**	**149.085**
IRRF on interests on capital (15%)	(106.396)	(22.363)
Interests on capital declared, net of Income Tax Withheld at source (IRRF)	**772.005**	**126.722**
Excess amount to minimum mandatory dividend	294.016	90.378

At a meeting held on December 9, 2021, the Board of Directors had declared interest on equity in the amount of R$ 1.03414415 per share, total amount of R$ 709,304 and dividends of R$ 0.24654277 per share total of R$ 169,097, paid on December 23, 2021.

Note 25 - Insurance coverage

As at December 31, 2021, the Company and its subsidiaries had insurance coverage against fire and various risks relating to property, plant and equipment, forests and inventory.

The Company also maintains civil responsibility policies for the executives and directors for appropriate amounts.

Note 26 - Net sales revenue

The reconciliation of gross sales revenue for net sales revenue are presented as follows:

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Gross sales revenues	7.586.368	5.326.394	10.151.737	7.309.622
Domestic market	6.934.749	4.808.020	8.583.878	6.161.063
Foreign market	651.619	518.374	1.567.859	1.148.559
Taxes and contributions on sales	(1.536.848)	(1.067.331)	(1.981.496)	(1.430.006)
Net sales revenue	**6.049.520**	**4.259.063**	**8.170.241**	**5.879.616**

Note 27 - Expenses, by nature

	Parent Company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cost of products sold				
Changes in the fair value of biological assets	-	-	129.444	117.270
Variations in the inventories of finished products and work in process	687.877	250.400	857.147	216.837
Raw materials and consumption materials	(3.576.338)	(2.346.634)	(4.338.096)	(2.712.411)
Remuneration, charges and benefits to employees	(592.295)	(506.813)	(885.438)	(743.134)
Depreciation charges, amortization and depletion	(242.679)	(237.822)	(650.702)	(556.861)
Transport expenses	(7.841)	(4.518)	(13.631)	(11.117)
Other expenses	(304.225)	(247.485)	(399.117)	(338.380)
Total cost of products sold	**(4.035.501)**	**(3.092.872)**	**(5.300.393)**	**(4.027.796)**
Selling expenses				
Remuneration, charges and benefits to employees	(107.420)	(83.973)	(161.428)	(131.652)
Commissions	(91.053)	(38.196)	(143.520)	(72.801)
Depreciation charges, amortization and depletion	(1.540)	(1.297)	(3.770)	(3.488)
Transport expenses	(443.536)	(294.365)	(514.516)	(357.258)
Advertising expenses	(76.044)	(59.163)	(115.188)	(91.273)
Other expenses	(36.671)	(98.064)	(67.620)	(124.678)
Total selling expenses	**(756.264)**	**(575.058)**	**(1.006.042)**	**(781.150)**
General and administrative expenses				
Remuneration, charges and benefits to employees	(90.547)	(79.142)	(142.678)	(118.741)
Depreciation charges, amortization and depletion	(13.770)	(16.165)	(21.868)	(22.038)
Third party services	(37.689)	(43.432)	(53.200)	(56.293)
Advertising expenses	(18.103)	-	(18.103)	-
Other expenses	(30.262)	(27.890)	(49.086)	(40.806)
Total general and administrative expenses	**(190.371)**	**(166.629)**	**(284.935)**	**(237.878)**
Total expenses, by nature	**(4.982.136)**	**(3.834.559)**	**(6.591.370)**	**(5.046.824)**

The expenses by nature are presented in the following captions in the statement of income.

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Variation in the fair value of the biological assets	-	-	129.444	117.270
Cost of products sold	(4.035.501)	(3.092.872)	(5.429.837)	(4.145.066)
Selling expenses	(756.264)	(575.058)	(1.006.042)	(781.150)
General and administrative expenses	(190.371)	(166.629)	(284.935)	(237.878)
Total	**(4.982.136)**	**(3.834.559)**	**(6.591.370)**	**(5.046.824)**

Note 28 - Financial income and expenses

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Financial income				
Remuneration on financial investments	44.526	22.312	62.355	31.575
Foreign exchange variances	50.378	54.766	67.693	74.488
Indexation adjustment	16.134	4.818	22.126	11.569
Interest and discounts obtained	4.062	5.802	7.082	14.259
ICMS exclusion updates on Pis and Cofins basis	237.226	-	244.604	-
Other	-	-	-	258
Total	**352.326**	**87.698**	**403.860**	**132.149**
Financial expenses				
Charges on financing - local currency	(143.656)	(103.624)	(179.816)	(134.038)
Charges on financing - foreign currency	-	-	(59)	(8.730)
Foreign exchange variances	(25.708)	(11.850)	(45.834)	(35.097)
Indexation adjustment	(6.862)	(2.944)	(25.148)	(16.237)
Derivatives	(15.914)	(52.199)	(10.838)	(46.626)
Bank charges	(2.776)	(3.117)	(6.546)	(7.137)
Tax on financial operations	(559)	(764)	(618)	(988)
Interest on lease liabilities	(1.856)	(787)	(5.629)	(4.444)
Other	(17.429)	(6.320)	(31.699)	(15.990)
Total	**(214.760)**	**(181.605)**	**(306.187)**	**(269.287)**
Total financial result	**137.566**	**(93.907)**	**97.673**	**(137.138)**

Note 29 - Other operating income (expenses), net

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Amortization of customer portfolio	(25.957)	(25.937)	(26.127)	(26.100)
Amortization of appreciation of assets	(3.820)	(4.499)	(3.820)	(9.411)
Profit sharing, stock option and ILP	(33.788)	(24.348)	(35.506)	(24.348)
Updates of pension plan credits	(296)	(12.023)	2.355	(14.690)
Prodep-Reintegra credits	5.377	3.643	5.550	3.758
Result net, with sales of farms from Duratex Florestal	-	-	-	5.754
Operating credits with suppliers	6.688	5.306	6.688	5.306
COVID19 donations	-	(7.065)	-	(7.149)
Reversal of provision Icms based on Pis and Cofins	94.210	-	113.346	-
Exclusion of ICMS on Pis and Cofins basis	386.247	-	392.213	-
Impairment of intangible assets	-	(12.940)	-	(12.940)
Gain (loss) on disposal and other operating income and expenses	(803)	4.738	(54.332)	3.522
Total other operating income, (expenses) net	**427.858**	**(73.125)**	**400.367**	**(76.298)**

Note 30 - Income tax and social contribution

a) Reconciliation of income tax and social contribution expenses

Reconciliation of income and social contribution tax expenses, from the statutory nominal to effective rates:

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Profit before Income tax and social contribution	1.894.304	461.274	1.989.065	534.745
Income Tax and Social Contribution at the rates of 25% and 9%, respectively	(644.063)	(156.833)	(676.282)	(181.813)
Income tax and social contribution on additions and deductions from the result	475.166	149.371	412.899	101.051
Interest on Equity	241.163	73.814	241.163	73.814
Equity in results of investees	94.963	74.914	(23.327)	(22.652)
Subsidiary tax difference	-	-	20.184	13.679
Tax incentives	16.353	2.675	23.196	11.552
Non-taxable government subsidies	18.908	-	23.896	-
Impairment of intangible assets	-	(4.400)	-	(4.400)
Adjust Selic on ICMS in the Pis and Cofins basis	80.485	-	106.850	-
Other additions and exclusions	23.294	2.368	20.937	29.058
Income tax and social contribution on the result of the period	**(168.897)**	**(7.462)**	**(263.383)**	**(80.762)**
In the results:				
Current income tax and social contribution	(170.478)	(21.013)	(270.430)	(104.525)
Deferred income tax and social contribution	1.581	13.551	7.047	23.763
Effective rate %	-9%	-2%	-13%	-15%

b) Exemption from income tax and social contribution of interest receivable (Selic rate) on taxes recoverable arising from overpayments

On September 27, 2021, the Supreme Court issued an extraordinary edict 1,063,187/SC, under general repercussion, declaring that charging income tax and social contribution on interest due from taxes recoverable arising from overpayments to be unconstitutional.

The Company and its subsidiaries had filed claims prior to this ruling allowing for exemption of SELIC interest from income tax and social contribution.

Note 31 - Stock-option plan

As provided for in the bylaws, the Company has a stock-option plan aligning executives' goals with the Company's medium and long-term strategy, enabling them to benefit from the results of their work through the Dexco share price.

These options grant their owners the right, pursuant to the plan's conditions, to subscribe to common shares of Dexco's authorized capital.

The rules and operating procedures of the plan are proposed by a People, Governance and Appointing Committee designated by the Company's Board of Directors. Periodically, this Committee submits proposals to the Board of Directors on the implementation of the plan.

Options will only be granted for years during which sufficient profits are earned to permit the mandatory minimum dividend distribution to stockholders. The total number of options to be granted during each fiscal year should not exceed 0.5% of the total number of Dexco shares owned by the controlling and non-controlling stockholders at the end balance of the same fiscal year.

The exercise price payable to Dexco will be defined by the People, Governance and Appointing Committee when granting the option. In order to define the exercise price, the Committee will consider the average price of Dexco's common shares in B3 trading sessions for a period of five to 90 days prior to the option issue date. This will be at the discretion of the Committee, which may make an upward or downward adjustment of up to 30%. The prices established will be readjusted, up to the prior month of exercise of the options, based on the IGP-M index, or, in its absence, by an index designated by the Committee.

	2014	**2016**	**2018**	**2019**
Total stock options granted	1.966.869	1.002.550	1.046.595	1.976.673
Exercise price on the grant date	11,44	5,74	9,02	9,80
Fair value on the grant date	4,48	4,00	5,19	5,17
Deadline to exercise	8.10 years	8,9 years	8,8 years	8,8 years
Vesting period	3.10 years	3,9 years	3,8 years	3,7 years

The following economic assumptions were utilized to determine these amounts:

	2014	**2016**	**2018**	**2019**
Volatility of share price	28,41%	39,82%	38,09%	38,49%
Dividend yield	2,00%	2,00%	2,00%	2,00%
Risk-free rate of return (1)	6,39%	6,95%	4,67%	4,05%
Actual exercise rate	96,63%	94,90%	94,90%	94,90%

The Company settles this benefit plan by delivering shares of its own issuance that are held in treasury until the effective exercise of the options by the executives.
In the years 2015, 2017, 2020 and 2021, there were no stock option grants by the Company.
(1) IGP-M rate

Value and appropriation of the options granted:

Grant	Qty	Vesting	Term for	Grant	Balance to be Exercised		Option	Total	Competence						Other
Date	Granted	Date	Maturity	price	12/31/2020	12/31/2021	Price	Value	Overdue	2013 to 2017	2018	2019	2020	2021	Periods
Maturities of previous years					-	-	-	-	86.751	-	-	-	-	-	-
02/11/2014	1.966.869	12/31/2017	12/31/2022	11,44	1.091.511	842.495	4,48	8.214	-	8.214	-	-	-	-	-
03/09/2016	1.002.550	12/31/2019	12/31/2024	5,74	148.700	98.000	4,00	5.492	-	2.766	1.458	1.268	-	-	-
04/26/2018	1.046.595	12/31/2021	12/31/2026	9,02	780.671	759.695	5,19	5.381	-	-	999	1.620	1.381	1.381	-
05/13/2019	1.976.673	12/31/2022	12/31/2027	9,80	1.976.673	1.937.925	5,17	10.412	-	-	-	1.787	2.811	2.811	3.003
Total	5.992.687				3.997.555	3.638.115		29.499	86.751	10.980	2.457	4.675	4.192	4.192	3.003
Effective exercise rate								94,90%	96,63%	96,63%	94,90%	94,90%	94,90%	94,90%	94,90%
Value established								28.197	83.829	10.609 (1)	2.337 (2)	4.446 (3)	3.977 (4)	3.978 (5)	2.850 (6)

(1) Amount recorded against income from 2013 to 2017
(2) Amount recorded against income for 2018
(3) Amount recorded against income for 2019
(4) Amount recorded against income for 2020
(5) Amount recorded against income in the three months of 2021
(6) Amount to be recorded against income in other periods

As at December 31, 2021, the Company had 6,489,405 treasury shares that could be utilized for the future exercise of options.

Note 32 - Long term incentive plan

On April 30, 2020, the Annual and Extraordinary General Meeting approved the "Long Term Incentive Plan of the Company and its subsidiaries (ILP Plan)" and its purpose are: i) stimulate the commitment of the executives from Dexco in the long term, due to incentive to seek success in all their activities and achievement of objectives of the Company; ii) to attract and to retain the best professionals offering incentives aligned with the continuous growth of the Company; and iii) provide to the Company, regarding variable remuneration, competitive differential in relation to the market.

ILP Plan criteria

a) Performance shares

Within the scope of the Performance Plan, shares issued by Dexco will be transferred to the participants if performance targets are attained, based on Dexco's strategic planning for the period of five years.

The Performance target will be defined by the Dexco People, Governance and Nomination Committee annually and approved by the Board of Directors.

To receive the shares, a five year grace period for the participant with Dexco must be observed. The number of shares to be determined will be based on the average of the last 30 trading sessions as a price reference.

In the event of dismissal without just cause or not being reinstated, from the 37th month, the participant will receive, at the end of the five-year period, shares in an amount proportional to the period worked. In the event of voluntary termination, the participant will lose the right to shares regardless of the period elapsed.

The Performance Plan will be applicable only to non-payrolled directors ("statutory directors").

b) Matching

Dexco will invite the beneficiary to invest a percentage of the net ICP (short-term incentive) received, buying shares of the Company.

The matching of shares will be made as follows:

(i) after completing four years of investment, Dexco will transfer 50% of the shares to the Beneficiary and only the transferred shares may be traded by the beneficiary; and

(ii) after completing five years of investment, Dexco will conclude the full contribution of 100% of the matching through the transfer of remaining 50% of the shares to the beneficiary.

In order to be entitled to full matching, the beneficiary will not be able to sell the shares purchased at the time of the investment within a five-year grace period, that is, if the beneficiary sells the shares before the five year term, the right to matching will be lost.

The transfer is subject to the beneficiary's permanence at Dexco and the maintenance of the investment made with the purchase of the shares.

In the event of termination without just cause or non-renewal of office, from the 13th month of the concession, the participant will be entitled to matching pro rata temporis to be paid after five years. In the event of voluntary termination, the Beneficiary will lose the right to matching.

The Matching Plan will only be applicable to non-payrolled directors ("statutory directors").

c) Restricted shares

Dexco shares will be transferred to its employees, free of charge, as long as all terms and conditions set forth herein are met.

The Board of Directors will grant, in a discretionary manner, shares to participants who, within a year, have a different performance and generate high impact for Dexco's business.

This grant must be consistent with: (i) criteria for the formation of an eligible pool; (ii) talent bank; (iii) consistent performance in individual goals; and (iv) potential assessment.

The shares will be transferred after the three years of the concession.

In case of termination without just cause, from the 13th month of the concession, the participant will be entitled to an amount matching pro rata temporis to be paid at the end of the third year. In the event of voluntary termination, the participant will lose the right to shares regardless of the period elapsed.

This type of Plan will be applicable to employees - employees, admitted under the legal regime of the Consolidation of Labor Laws ("CLT").

Annual conditions and limit for grant of shares

Shares will only be granted in relation to the years when are sufficient profits to allow the distribution of the mandatory dividend to the stockholders.

The total number of shares to be granted in each year will not exceed the maximum limit of 0.5% of all Dexco shares on the prior year balance sheet date.

As follows:

	Parent company and Consolidated	
	12/31/2021	12/31/2020
Long-term incentive plan - Performance	411	64
Long-term incentive plan - Matching	651	163
Long-term incentive plan - Restricted shares	318	93
Total liabilities	**1.380**	**320**
Long-term incentive plan - Performance	2.054	317
Long-term incentive plan - Matching	3.254	820
Long-term incentive plan - Restricted shares	776	226
Total shareholders' equity	**6.084**	**1.363**
	12/31/2021	12/31/2020
Long-term incentive plan - Performance	2.084	381
Long-term incentive plan - Matching	2.922	983
Long-term incentive plan - Restricted shares	775	319
Total appropriated to income for the period	**5.781**	**1.683**

Note 33 - Private pension plan

The Company and its subsidiaries are part of a group of sponsors of Fundação Itaúsa Industrial, a non-profit organization which manages private plans providing pensions or supplementary income benefits, similar to those of the National Social Security. The Fundação manages a defined contribution plan ("DC Plan") and a defined benefit plan ("DB Plan").

Defined contribution plan - Plan DC

This plan is offered to every employee eligible to the plan and as at December 31, 2021 had 5,064 participants (5,407 participants as at December 31, 2020).

In the DC Plan - PAI (Individual Retirement Plan) there is no actuarial risk, and the investment risk is borne by the participants. The current regulation stipulates sponsor contributions of 50% to 100% of the amounts paid in by participants.

Pension Program Fund

The contributions by sponsors that remain in the plan as a result of participants who opted to be paid out or who took early retirement formed the Pension Program Fund, which, according to the plan's regulations, are being utilized to compensate contributions by sponsors.

The present value of normal future contributions, calculated by actuaries, for the average percentage of normal contribution of sponsors, totaled on December 31, 2021 the amount of R$ 98,029 (R$ 95,674 as at December 31, 2020). The increase of R$ 2,355 was recognized in the statement of income in "Other net operating income (expenses)". Presented below is a reconciliation to amounts in the financial statements:

Assets and liabilities to be recognized in the balance	12/31/2021	12/31/2020
Present value of the actuarial obligations	(951.305)	(997.280)
Fair value of assets	1.517.121	1.567.374
Asset calculated	565.816	570.094
Restriction of asset due to limit	(467.787)	(474.420)
Asset to be recognized in the financial statements	98.029	95.674

DB Plan

The DB Plan grants benefits in the form of a lifetime monthly income to complement National Social Security payments, according to the plan's regulations. This plan is being discontinued, and enrollment by new participants is not permitted**.**

The plan includes the following benefits: a retirement supplement, based on the period of contribution, special conditions by age, disability, lifetime monthly income, retirement premium, and a death benefit.

In December 2019, PREVIC approved the appropriation to a special reserve of the DB Plan reversing sponsors amounts of R$ 8,419, (R$ 5,556 net of tax effects) (Note 8). This amount will be received pursuant to Resolution CGPC no. 30 of October 2018.

In October 2020, according to PREVIC ordinance 670 the appropriation to a special reserve was approved for the DB Plan reversing sponsors amounts of R$ 6,505 (R$ 4,293 net of tax effects). This amount will be received pursuant to Resolution CGPC no. 30 of October 2018.

These amounts will be recognized in 36 installments in according to Resolution CGPC no. 30 of October 2018 the amount to receive on December 31, 2021 is R$ 8,078 (R$ 12,398 on December 31, 2020) (Note 8).

Presented is the position on December 31, 2021:

Assets and liabilities to be recognized in the balance sheet	12/31/2021	12/31/2020
Present value of the actuarial obligations	(59.302)	(68.403)
Fair value of assets	96.348	111.488
(Liabilities) / Assets calculated based of CPC 33 R1/IAS 19	37.046	43.085
Irrecoverable surplus at the end of the year	(28.895)	(30.589)
Net assets from defined benefit (Liability)	8.151	12.496

Actuarial Assumptions

Economic assumptions	12/31/2021	12/31/2020
Discount rate	9,13%	7,62%
Inflation rate	3,75%	3,50%
Salary increase rate	4,43%	3,50%
Growth of benefits	3,75%	3,50%
Capacity factor		
Salaries	100%	100%
Benefits	100%	100%

Economic assumptions	12/31/2021	12/31/2020
Mortality Table	AT - 2000 - reduced by 10%	AT - 2000 - reduced by 10%
Mortality table for disabled	RRB 1983	RRB 1983
Entry into disability table	RRB 1944 - reduced by 70%	RRB 1944 - reduced by 70%
Turnover table	Expert Actuary	Expert Actuary
Retirement age	First age entitled to one of the benefits	First age entitled to one of the benefits
% of participation of married active participants on retirement date	95%	95%
Age difference between participant and spouse	Wives are 4 years younger than husbands	Wives are 4 years younger than husbands
Actuarial method	Projected Unit Credit	Projected Unit Credit

Note 34 - Medical assistance plan - Post-employment

a) Medical assistance plan - Post-employment

The Company offers contributory plans, currently with co-participation, to its employees and their dependents. On December 31, 2021 and 2020, there were 10 health care providers, totaling 28,299 and 24,889 lives, respectively (active, terminated, retired and dependents) covering for terminated and retired employees according to Law 9,656/98.

The Company hired professional actuarial appraisers to value the liabilities position on December 31, 2021 and 2020 and preparation of report to meet CPC 33 (R1) - CVM 695.

The assumptions and actuarial method used the appraisal are in accordance with usual principles and actuarial practices, with local laws and with CPC 33 (R1).

The actuarial appraisal used the projected unit credit method to determine the liability and normalized cost. The discount rate is based on securities offered in the Brazilian market. Considering the long term nature of the plan liability, the discount rate used was 5.30% p.a. for 2021 and 4.30% p.a. for 2020 both net of inflation. With inflation, the long term rate was 3.75% p.a. for 2021 and 3.50% p.a. for 2020, with a nominal discount rate of 9.25% p.a. and 7.95% p.a., respectively.

Financial assumptions

Item	12/31/2021	12/31/2020
Real Interest Rate	5,30% p.a.	4,30% p.a.
Inflation	3,75%	3,50%
Health care cost trend rate (HCCTR)	Reducing 0.5% p.a. from 6% (2022) to stabilize at 1% (from 2032)	Reducing 0.5% p.a. from 6,5% (2021) to stabilize at 1% (from 2032)
Aging Factor	3.00% p.a. by age	3.00% p.a. by age
Evolution of Contributions	HCCTR	HCCTR

Biometric Assumptions

Item	12/31/2021	12/31/2020
Mortality table	AT 2000 softened in 10% separete by gender	AT 2000 softened in 10% separete by gender
Turnover	Dexco experience 2021	Based on wages by terms of office (TO): From 0 – 10 M.W.: 0,60 / (TO+1); De 10 – 20 M.W.: 0,45 / (TO+1); Acima de 20 M.W.: 0,30 / (TO+1); M.W.= Minimum wage actual in the calculation date
Probability of retirement	100% at 55 years old	100% at 55 years old
New disable persons	RRB-1944 softened in 70% separete by gender	RRB-1944 softened in 70% separete by gender
Mortality table of disabled persons	RRB-83	RRB-83
Take Up	26%, based on Dexco experience	51%, based on Dexco experience
Family composition of components	95% married on retirement	95% married on retirement

Liability (asset) reconciliation recognized in the balance sheet

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Net actuarial liability at the beginning of the year	26.955	33.783	35.744	52.078
Efect on the net income of the year	2.597	(1.572)	3.027	(5.658)
Amount recognized on other comprehensive income	(10.612)	(5.256)	(13.718)	(10.676)
Net actuarial liability at the end of the year	**18.940**	**26.955**	**25.053**	**35.744**

Amounts recognized in income for the year

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cost of current service	140	46	254	637
Interests on the obligations	2.457	3.159	2.773	3.843
Past service cost and redution	-	(4.777)	-	(10.054)
Benefits paid	-	-	-	(84)
Total expenses on the results	**2.597**	**(1.572)**	**3.027**	**(5.658)**

Assumption's sensitivity analysis

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Medical inflation				
+ 1,0%	(3.917)	(7.205)	(3.107)	(8.379)
- 1,0%	5.019	9.217	4.393	10.857
Discount rate				
+ 0,25%	1.065	1.796	904	2.136
- 0,25%	(1.002)	(2.034)	(831)	(2.347)

b) Medical assistance plan for employees on leave of absence

The Company offers medical assistance benefit for employees on leave of absence. The Company has contracted actuarial appraisers to value liabilities at December 31, 2021 in accordance with CPC 33 (R1) - CVM 695.

The appraisal assumptions and actuarial method conform with generally accepted principles and actuarial practices, local laws and CPC 33 (R1).

The actuarial appraisal utilized the projected unit credit method to determine the liability and normalized cost. The discount rate is based on securities offered in the Brazilian market. Considering the long term nature of the plan liability, the discount rate used was 5.19% p.a. for 2021 and 3.47% for 2020, net of inflation. With inflation, the long term rate was 3.75% p.a. for 2021 and 3.50% for 2020, with a nominal discount rate of 9.13% p.a. for 2021 and 7.09% p.a. for 2020.

Financial assumptions

Item	12/31/2021	12/31/2020
Real Interest Rate	5.19% p.a.	3.47% p.a.
Inflation	3.75% p.a.	3.50%
Health care cost trend rate (HCCTR)	Reducing 0.5% p.a. from 6% p.a. (2022) to stabilize at 1% (from 2032)	Reducing 0.5% p.a. from 6% p.a. (2021) to stabilize at 1% (from 2032)
Aging Factor	3.00% p.a. by age	3.00% p.a. by age
Evolution of Contributions	HCCTR	HCCTR

Biometric assumptions

Item	12/31/2021	12/31/2020
Mortality table	AT 2000 softened in 10% separete by gender	AT 2000 softened in 10% separete by gender
Turnover	N/A	N/A
New retirements	Under 60 age: 100% at 60 years Age over or igual 60: (age + 2) years out	Under 60 age: 100% at 60 years Age over or igual 60: (age + 2) years out
New disable persons	N/A	N/A
Mortality table disable persons	RRB-83	RRB-83
Composição Familiar dos Ativos	Only the holder is evaluated, dependents pay 100% of the plan when the holder leaves	Only the holder is evaluated, dependents pay 100% of the plan when the holder leaves
Family composition of components	Over 2 years: 0%	Up 1 year: 85% Between 1 and 2 years: 9% Between 2 and 3 years: 2% Between 3 and 4 years: 1% Over 4 years: 0%

Liability (asset) reconciliation recognized in the balance sheet

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Net actuarial liability at beginning of year	5.782	11.748	14.352	19.655
Efect on the net income of the year	(83)	(5.966)	(1.605)	(5.303)
Net actuarial liability at the end of the year	**5.699**	**5.782**	**12.747**	**14.352**

Amounts recognized on the net income of the year

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Costs of actual services	-	-	-	-
Interests on the obligations	869	1.337	982	1.337
Gain / loss	(952)	(6.394)	(2.587)	(5.516)
Benefits paid	-	(909)	-	(1.124)
Total expenses recognized on the results	**(83)**	**(5.966)**	**(1.605)**	**(5.303)**

Assumption's sensitivity analysis

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Medical inflation				
+ 1,0%	(750)	(1.018)	(811)	(1.170)
- 1,0%	(674)	1.166	(620)	1.345
Discount rate				
+ 0,25%	166	268	179	309
- 0,25%	(171)	(258)	(185)	(298)

Note 35 - Earnings per share

(a) Basic

The basic earnings per share are calculated by dividing the net income attributable to the Company's stockholders by the weighted average number of common shares outstanding during the period, excluding common shares held in treasury.

	12/31/2021	12/31/2020
Earnings attributable to the Company's stockholders	1.725.407	453.812
Weighted average number of common shares issued (in thousands)	697.549	691.785
Weighted average of treasury shares (in thousands)	(4.695)	(1.563)
Weighted average number of common shares outstanding (in thousands)	692.854	690.222
Basic earnings per share	**2,4903**	**0,6575**

(b) Diluted

Diluted earnings per share are calculated by dividing the net income attributable to the Company's stockholders after adjustments of the weighted average common shares outstanding, assuming the conversion of all potentially diluted common shares adjusted by the stock-option program.

	12/31/2021	12/31/2020
Earnings attributable to the Company's stockholders	1.725.407	453.812
Weighted average number of common shares issued (in thousands)	697.549	691.785
Call options for shares	4.158	4.565
Weighted average of treasury shares (in thousands)	(4.695)	(1.563)
Weighted average number of diluted common shares outstanding and call options for shares (in thousands)	697.012	694.787
Diluted earnings per share	**2,4754**	**0,6532**

Note 36 - Business segments

Management defined the operating segments, based on the reports used by the chief operating decision makers for strategic reviews, namely the Executive Board.

The Executive Board analyzes the business based on the following segments: Wood Division, Deca, Ceramic Tiles and Soluble Cellulose. The segments presented in the financial statements are strategic business units that offer distinct products and services. There are no sales among segments.

These operating segments were defined based on the reports used for decision making by the Company's Board of Executive Officers. The accounting policies of each segment are the same as described in Note 2.

The Company has a widely dispersed customer base, with no revenue concentration.

	12/31/2021					12/31/2020				
	Wood	Deca	Ceramic Tiles	Dissolving wood pulp	**Consolidated**	Wood	Deca	Ceramic Tiles	Dissolving wood pulp	**Consolidated**
Net sales revenue	4.762.430	2.250.542	1.157.269	-	8.170.241	3.251.027	1.717.650	910.939	-	5.879.616
Domestic market	3.570.817	2.129.619	1.041.980	-	6.742.416	2.384.037	1.617.243	820.596	-	4.821.876
Foreign market	1.191.613	120.923	115.289	-	1.427.825	866.990	100.407	90.343	-	1.057.740
Changes in the fair value of biological assets	129.444	-	-	-	129.444	117.270	-	-	-	117.270
Cost of products sold	(2.631.693)	(1.466.938)	(679.098)	-	(4.777.729)	(1.939.935)	(1.074.995)	(571.816)	-	(3.586.746)
Depreciation, amortization and depletion	(396.495)	(92.584)	(46.773)	-	(535.852)	(327.199)	(91.679)	(35.075)	-	(453.953)
Depletion of adjustment in the biological assets	(116.256)	-	-	-	(116.256)	(104.367)	-	-	-	(104.367)
Gross profit	**1.747.430**	**691.020**	**431.398**	**-**	**2.869.848**	**996.796**	**550.976**	**304.048**	**-**	**1.851.820**
Selling expenses	(528.316)	(326.338)	(151.388)	-	(1.006.042)	(420.877)	(239.172)	(121.101)	-	(781.150)
General and administrative expenses	(121.802)	(122.897)	(38.265)	(1.971)	(284.935)	(106.221)	(102.706)	(25.244)	(3.707)	(237.878)
Management fees	(10.641)	(7.161)	(1.434)	-	(19.236)	(10.189)	(6.345)	(1.453)	-	(17.987)
Other operating income (expenses), net	246.164	194.990	(40.787)	-	400.367	(30.872)	(33.840)	(11.128)	(458)	(76.298)
Equity Income Result	-	-	-	(68.610)	(68.610)	(727)	(475)	-	(65.422)	(66.624)
Operating profit before financial result and taxes	**1.332.835**	**429.614**	**199.524**	**(70.581)**	**1.891.392**	**427.910**	**168.438**	**145.122**	**(69.587)**	**671.883**