FINANCIAL STATEMENTS DECEMBER 31, 2021

UNIGEL

CONTENTS

MANAGEMENT REPORT 2021

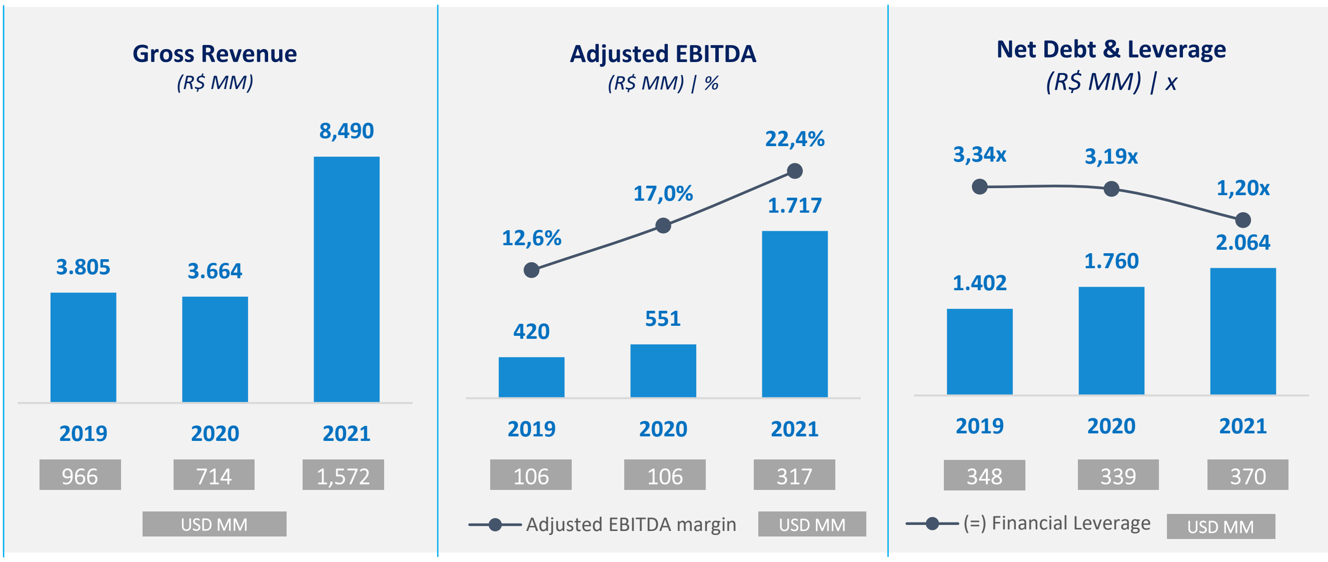
UNIGEL

AGRIBUSINESS GROWTH AND OPERATIONAL EXCELLENCE RAISE UNIGEL'S RESULTS TO A NEW LEVEL

In 2021, revenue reached R$ 8.5 bi (+132% YoY), adjusted EBITDA increased to R$1.7 bi (+212% YoY) and net income amounted R$ 882 million

São Paulo, March 9, 2022 – Unigel Participações S.A. ("Unigel") today announces its results for the year ended in 2021. Operating and financial information, except when otherwise indicated, is presented in Reais, according to international financial reporting standards (IFRS) and accounting practices adopted in Brazil. Moreover, the operating and financial information included in this disclosure of results is subject to rounding off, therefore the total amounts presented in the tables and graphs may differ from the direct numerical aggregation of the amounts that precede them. Also, amounts emphasized in Dollars were translated at average rates of each month for statements of income and cash flow and applying the rate for the end of period for balance sheet information. Comparisons made in this report take into consideration the years of 2021 ("2021") and 2020 ("2020").

Highlights of 2021



Operations

Unigel's keynotes for 2021 were set by record-breaking earnings and continuous improvement of liquidity ratios, concertedly with the startup of Unigel Agro. Unigel delivered an adjusted EBITDA of R$1.72 billion — more than triple the amount reported for the previous year — and a net profit of R$882 million.

In the fourth quarter of the year, we broke our quarterly earnings record yet again, with a strong contribution from the Agro segment after ramp-up completion at our nitrogen fertilizer plants. This allowed us to deliver an adjusted EBITDA of R$552 million in 4Q21, practically the same figure reported for the entire year of 2020 (R$551 million).

In 2021, Unigel expanded its presence in Brazilian agribusiness, starting up two nitrogen fertilizer plants leased from Petrobras ("Unigel Agro") with a combined production capacity of 925,000 tonnes of ammonia, 1.125 million tonnes of urea, 320,000 tonnes of ammonium sulfate, and 220,000 tonnes of ARLA (automotive liquid reducing agent). We are currently the only urea producer and the largest ammonia producer in Brazil, serving a highly import-dependent market. Brazil imported 41.6 million tonnes of fertilizers in 2021, of which 8.2 million tonnes were urea alone.

Ramp-up at our nitrogen fertilizer plants began in the final quarter of 2020 and was completed in August 2021, with the stabilization of production at the Camaçari (BA) plant. Even with 2021 being Unigel's introductory year in the segment, our Agro operations have already produced relevant results for the Company, accounting for 22% (R$1.9 billion) of our gross revenue and 33% (R$578 million) of consolidated adjusted EBITDA for 2021.

In the Styrenics and Acrylics segments, after a first semester of wide international spreads — partially on account of events like Winter Storm Uri in the Gulf of Mexico and the global supply-chain shocks post-pandemic — the second half of the year was marked by normalization of international spreads. Notwithstanding, Unigel delivered superior results supported by improved operating efficiency and an assertive sales strategy, going above and beyond pre-pandemic levels.

Investments and Cash Generation

Unigel's net cash from operating activities was R$1.12 billion in 2021, a 113% YoY growth driven mainly by strong operating profits during this period. This growth was partially mitigated by working capital expenditures in the first half of the year, driven by (i) the start of our Agro operation; (ii) higher prices; (iii) depreciation of the Brazilian Real; and (iv) management of financial costs of working capital.

CAPEX investments were R$755 million in 2021, most of it associated with the ramp-up for Unigel Agro's two fertilizer plants. After a more capital-intensive first half of the year (R$500 million at 6M21), investment volume fell by half in the second semester to a total of R$255 million, most of it going into (i) plant maintenance, including scheduled downtime at our Styrenics and acrylonitrile plants in 3Q21; and (ii) completion of the acetonitrile purification project.

Finally, Unigel ended the year with a cash position of R$849 million (approximately US$152 million), and our net debt/EBITDA indicator retreated to 1.20x. Both parameters underline Unigel's commitment to maintaining a conservative financial management policy, while simultaneously delivering strategic growth projects.

Earnings growth and continuous improvement to liquidity ratios positively impacted the latest updates to Unigel's credit ratings. First, in June 2021, S&P raised our rating to BB- with a stable outlook. Then, in January 2022, Fitch moved in the same direction, also raising its rating for Unigel to BB- (Stable). In both cases, rating improvements reflect expected earnings growth from our new Agro operation, leading to higher cash generation, as well as expectations that the company will maintain financial discipline to sustain adequate liquidity ratios for our business profile.

Outlook

Started in February 2022, the military conflict between Russia and Ukraine significantly impacts the geopolitical scenario, with direct consequences on the oil and gas and fertilizer markets, both important for our Agro segment - operation that uses natural gas as a raw material to produce ammonia and urea.

Russia is one of the largest global producers of NPK fertilizers, with a relevant share of international exports. Regarding nitrogen fertilizers, Russia is the largest exporter of ammonia and urea in the world, accounting for 23% and 14% of the global trade of these products in 2021, respectively. In this context, the various economic sanctions applied to Russia as soon as the military conflict began, drove international prices of ammonia and urea to soar.

On the cost side, our natural gas contracts are linked to the Brent oil price reference, which has also increased sharply since the beginning of the conflict, but to a lesser extent when compared to fertilizer prices. Additionally, we have raw material hedge contracts that help protect the cost of natural gas, making the operation even more competitive.

For the Acrylics and Styrenics segments, so far we have not seen significant impacts related to the sanctions applied to Russia, but, in general, we expect that the Brent price increase will be reflected in price increases along the value-chain, preserving spreads in higher levels.

Environmental, Social, and Governance (ESG)

Throughout 2021, Unigel further underlined its position in favor of a more sustainable planet for the future. To that end, in addition to maintaining good practices that were already in place — and in doing so, securing our continued Ecovadis Gold Medal status for the 2nd year running —, we also kicked off strategic initiatives designed to reduce carbon emissions, expand the share of renewable energy in our energy mix, and cut down on waste generated by our operations.

These objectives are part of an executive agenda of long-term ESG targets and commitments, which is being developed internally and will be presented in the first half of 2022 jointly with our Sustainability Report 2021.

Casa dos Ventos Agreement

In September 2021, Unigel entered into a long-term agreement with Casa dos Ventos to secure renewable energy for some of our operations. Under the 20-year agreement, Unigel may also become a self-producer. The wind farm that will be implemented in the state of Bahia will have a total installed output capacity of 360 MW and will supply power to multiple companies starting in 2024.

Unigel's partnership with Casa dos Ventos will also avoid almost 200,000 tonnes of CO_2 emissions per year, according to electrical company estimates. The extended term of the agreement underlines the companies' commitment not only to decarbonize the chemical industry but also to expand the share of renewables in the energy mix.

Partnership with Electrolux and Termotécnica

Unigel has secured a partnership with Electrolux and Termotécnica for the use of ECOGEL® in the manufacture of refrigerator parts for the Swedish multinational.

At present, Unigel already supplies polystyrene to both companies. Termotécnica uses it as a raw material in the manufacture of EPS packaging products. Electrolux uses the material to produce a variety of parts for refrigerator interiors, including shelving and storage compartments. Termotécnica also supplies Electrolux with EPS packaging products to ensure adequate packing for refrigerators.

Now, the three companies will work together to close production cycles and make material circularity happen in practice. Termotécnica, which already has a robust post-consumer polystyrene recycling program in place, collects EPS packaging and transforms it into a new material called REPOR. Unigel will use REPOR as a raw material in ECOGEL®. This means that the material initially used as refrigerator packaging will be reinserted in the production chain and transformed into durable parts, which will then be incorporated into refrigerator manufacturing by Electrolux.

Disposable Cup Recycling Program

Another noteworthy initiative by Unigel was our participation in the Disposable Cup Recycling Program conceived by Braskem and *Dinâmica Ambiental*.

The program supports the circular economy and stimulates the correct disposal of post-consumer plastics by collecting disposable cups from participating companies.

After collection, sorting, storage, and batching, the polystyrene cups are sent to recycling facilities ratified by the program, where they are transformed into new products, continuing the cycle of plastic use. As a result, in the last year, we observed a 300% rise in the amount of polystyrene recovered by this initiative.

1. CONSOLIDATED EARNINGS

Consolidated Income Statement	Year-to-date		
R$ million	2021	2020	Δ (%) YoY
Gross revenue	**8,490**	**3,664**	**132%**
Net revenue	**7,651**	**3,233**	**137%**
Cost of goods sold	(5,969)	(2,736)	118%
Gross profit	**1,682**	**497**	**238%**
Gross margin	*22.0%*	*15.4%*	*6.6p.p.*
Sales, general and adm. (SG&A) expenses	(201)	(155)	30%
Other operating income (expenses)	215	7	2971%
Operating income (expenses)	**1,696**	**349**	**386%**
Net financial results	(452)	(375)	21%
Income tax and social contribution	(361)	19	-2000%
Net income	**882**	**(7)**	**12700%**

Net Revenue

Unigel's consolidated 2021 net revenue was R$7.65 billion, a 137% YoY increase driven mainly by the start of our Agro operation, in conjunction with increased sales volumes and higher prices for our main Styrenics products. Revenue growth was observed across all segments, with YoY increases of 85% in Styrenics, 95% in Acrylics, and 1,382% in Agro. It should be noted that the year 2020 was impacted by facility shutdowns on account of COVID-19.

Cost of Goods Sold (COGS) and Gross Margin

Unigel's consolidated COGS in 2021 was R$5.97 billion, a 118% YoY increase driven mainly by the start of our Agro operation, increased sales volumes, and higher international prices for our main raw materials. Unigel's consolidated gross profit was R$1.68 billion, a 238% YoY rise on account of (i) the start of our Agro operation, with growing sales volumes throughout the year and with positive margins; (ii) increased Styrenics and Acrylics sales volumes, explained mainly by downtime at our plants during the first wave of the pandemic in 2Q20; and (iii) higher international spreads, especially in the first half of 2021, with the rise in prices of our main products outpacing that of our raw materials. The resulting consolidated gross margin in 2021 was 22.0%, up 6.6 p.p. YoY.

Sales, General, and Administrative Expenses (SG&A)

Sales, general, and administrative expenses (SG&A) were R$201 million in 2021, a 30% YoY increase driven by (i) mostly expanded administrative structure and higher sales on account of Unigel Agro operations; and (ii) higher expenditure by our Mexican operations due to the appreciation of the US dollar.

The net revenue from our strong increase in sales — a result of operational excellence and strong demand for our products — also helped dilute our SG&A expenses. In 2021, Unigel's SG&A expenses represented 2.6% of net revenue, down 2.2 p.p. YoY.

Other Operating Revenue (Expenses)

Our other operating revenue (expenses) was a R$215 revenue in 2021, driven basically by the R$240 million revenue reported in 2Q21 from a Federal Supreme Court decision on the exclusion of value-added tax (ICMS) from the calculation basis for PIS/COFINS taxation. Further details on that decision are provided in Explanatory Note 24 to the financial statements dated December 31, 2021.

Adjusted EBITDA

Adjusted EBITDA Calculation	Year-to-date		
R$ million	2021	2020	Δ (%) YoY
Net income	**882**	**(7)**	**12700%**
Income tax and social contribution	361	(19)	2000%
Net financial results	452	375	21%
Depreciation and amortization	219	149	47%
EBITDA	**1,915**	**499**	**284%**
EBITDA Margin	*25.0%*	*15.4%*	*9.6p.p.*
(Losses) Gains in the sale of assets	38	1	3700%
Operational shutdown	4	50	-92%
Recovery of ICMS on PIS/COFINS base	(240)	-	-100%
Restructuring - indemnities	-	1	-100%
Adjusted EBITDA	**1,717**	**551**	**212%**
Adjusted EBITDA margin	*22.4%*	*17.0%*	*5.4p.p.*

Unigel's consolidated adjusted EBITDA in 2021 was R$1.72 billion, +212% YoY, with relevant growth across all business segments. In this comparison, the main drivers of growth were (i) increased sales volumes, explained primarily by plant shutdowns in 2Q20 during the first wave of the pandemic; (ii) higher international spreads, especially in the first half of 2021; and (iii) start of our Agro operations in 2Q21. Our consolidated adjusted EBITDA margin in 2021 was 22.4%, 5,4 p.p. higher than in the previous year.

ROIC

ROIC Calculation	Year-to-date		
R$ million	2021	2020	Δ (%) YoY
Operating income (LTM)	**1,696**	**349**	**386%**
Theoretical income tax (34%)	(577)	(119)	385%
Return (NOPAT)	**1,119**	**231**	**384%**
Net Debt	2,064	1,760	17%
Shareholder's equity	660	57	1058%
Invested Capital	**2,723**	**1,817**	**50%**
ROIC (NOPAT/Invested Capital)	**41.1%**	**12.7%**	**28.4p.p.**

Unigel's consolidated ROIC was 41.1% in 2021, up 28.4 p.p. YoY, mainly driven by strong operating profits.

Financial Results

Financial Results	Year-to-date		
R$ million	2021	2020	Δ (%) YoY
Financial income	**29**	**43**	**-33%**
Interest on financial assets	16	5	220%
Interest compulsory loans to Eletrobras	-	24	-100%
Update on PIS/COFINS credit	11	-	100%
Other financial income	2	14	-86%
Financial expenses	**(443)**	**(364)**	**22%**
Financial interest	(352)	(282)	25%
Discounts granted to clients	(14)	(4)	250%
Lease liability interest	(33)	(34)	-3%
Taxes and fees on financial income	(22)	(16)	38%
Other financial expenses	(22)	(29)	-24%
Net Financial Result	**(414)**	**(321)**	**29%**
Foreign exchange variation, net	(38)	(54)	-30%
Net Financial Result	**(452)**	**(375)**	**21%**

Unigel's financial results before exchange variation were a R$414 million expense in 2021, a 29% YoY rise explained primarily by higher interest expenses on loans related to the US$110 million raised in 1Q20 when Unigel's 2026 Bond Offering was reopened.

2. CASH FLOW

Operating Cash Flow - Management	Year-to-date		
R$ million	2021	2020	Δ (%) YoY
Adjusted EBITDA	**1,717**	**551**	**212%**
Non-recurring and/or non-cash items	15	(14)	-207%
(=) EBITDA "Cash"	**1,732**	**537**	**223%**
Changes on working capital (1)	(547)	65	-942%
Net financial result (cash) (2)	(56)	(75)	-25%
Operating cash flow	**1,129**	**527**	**114%**
Income tax paid	(317)	(233)	36%
Interest paid on loans	(106)	(24)	342%
Cash generated by operating activities	**706**	**271**	**161%**

(1) Variation in working capital includes income tax and social contribution for the period
(2) Financial result adjusted for non-cash effects

Cash Flow Statement	Year-to-date		
R$ million	2021	2020	Δ (%) YoY
Cash generated by operating activities	706	271	161%
Cash flow from investment activities	(807)	(236)	242%
Cash flow from financing activities	327	193	69%
Currency translation adjustment (CTA)	(1)	15	-107%
Increase (decrease) in cash & cash equivalents	**225**	**243**	**-7%**

Net Cash From Operating Activities

Consolidated operating cash flow was R$706 million in 2021, a 161% YoY increase driven mainly by a strong operating profit as reflected in the 212% growth in our adjusted EBITDA. Working capital investments counteracted that growth, driven by: (i) maximization of production operations with consequent increases in volume; (ii) higher international prices for our main products and raw materials; (iii) depreciation of the Brazilian real against the US dollar; and (iv) start of Unigel Agro operations requiring initial composition of inventory and accounts receivable.

Net Cash Used in Investment Activities

Unigel's net cash flow used in investment activities was an outlay of R$807 million, explained by expenditures to acquire fixed assets and intangible assets (CAPEX) related mainly to the necessary investments to start up our Agro operations in the states of Sergipe and Bahia. After a more capital-intensive first half of the year (R$500 million at 6M21), investment volume fell by half to a total of R$255 million in the second half of year, most of it going into plant maintenance and completion of the acetonitrile purification project.

Net Cash From Financing Activities

Unigel's net cash from financing activities was an income of R$327 million in 2021, driven mainly by the US$110 million raised by the reopening of our 2026 bond offering. The proceeds from that bond issue were used to refinance short-term debt, pre-pay the outstanding balance of our 2024 bond, and support the start of Unigel Agro operations.

Translation Adjustments

Effect generated by currency conversions of financial information from our subsidiaries in Mexico and Luxembourg.

3. DEBT AND LEVERAGE

Net Debt and Leverage	In millions of Reais			In millions of dollars		
millions R$ | US$	dec-21	dec-20	Δ (%) YoY	dec-21	dec-21	Δ (%) YoY
Current	333	403	-17%	60	77	-22%
Non-current	2,992	2,198	36%	536	423	27%
Gross Debt	**3,324**	**2,600**	**28%**	**596**	**500**	**19%**
(-) Swap Accrual	(411)	(217)	89%	(74)	(42)	76%
(-) Cash & Equivalents	(849)	(624)	36%	(152)	(120)	27%
Net Debt	**2,064**	**1,760**	**17%**	**370**	**339**	**9%**
(/) Adjusted EBITDA (LTM)	1,717	551	212%	317	106	199%
(=) Financial Leverage	**1.20x**	**3.19x**	**-0.67x**	**1.17x**	**3.20x**	**-0.67x**

Unigel's net debt was R$2.06 billion as of December 31, 2021, up 17% compared to December 31, 2020, explained by the US$110 million raised in 1Q21 with the reopening of our 2026 bond offering, in order to strength Company's cash position aiming the start-up of Unigel Agro.

In terms of leverage, our 212% growth in adjusted EBITDA over the past 12 months outpaced the increase in net debt, causing leverage to fall to 1.20x as of December 2021.

To mitigate the high volatility of foreign exchange rates in Brazil, particularly in an election year, we are currently applying a more conservative foreign exchange hedging strategy protecting 100% of our 2026 bond issue (principal and at maturity only), subject to the following terms:

- US$200 million with lower bound 4.15 R$/US$; higher bound 5.60 R$/US$; and financial cost 100% of the CDI rate minus 2.97%;
- US$110 million with lower bound 5.40 R$/US$; higher bound 8.00 R$/US$; and financial cost 63% of the CDI rate;
- US$220 million with lower bound 5.00 R$/US$; higher bound 7.50 R$/US$; and financial cost 60.8% of the CDI rate.

4. STYRENICS

Paints and Coatings (Styrene)

Plastics — ABS and SAN (Styrene)

Consumer Durables (Polystyrene)

Packaging and Disposables (Polystyrene)

Pulp and Paper Industry (Latex)

Sales Volume - Styrenics	Year-to-date		
tons	2021	2020	Δ (%) YoY
Styrene	120,401	112,848	7%
Polystyrene	173,872	159,007	9%
Latex	39,782	32,861	21%
Total	**334,055**	**304,715**	**10%**

Note: Does not include sales between group companies and does not include styrene used in the production of polystyrene and latex

International Prices - Styrenics	Year-to-date		
tons	2021	2020	Δ (%) YoY
Price – Styrene [1]	1,293	657	97%
Price – Polystyrene [2]	1,439	1,019	41%
Cost – Benzene [3]	933	514	82%
Cost – Ethylene [4]	1,257	918	37%
Cost - Raw Material Mix [5]	1,014	615	65%
Spread - Styrene	279	42	564%
Spread - Polystyrene	425	404	5%

[1]IHS - Styrene | Spot | FOB US Gulf Coast | (n-1)
[2]IHS - Polystyrene (PS) | Spot | CFR Hong Kong | (n-1)
[3]IHS - Benzene | Contract-Market Domestic | FOB US Gulf Coast | (n-1)
[4]IHS - Ethylene | Contract-Market Pipeline | Delivered W. Europe | (n-1)
[5]Mix Raw material | 25% Ethylene + 75% Benzene

Styrenics Results	Year-to-date		
R$ million	2021	2020	Δ (%) YoY
Gross revenue	**3,675**	**2,013**	**83%**
Net revenue	**3,096**	**1,673**	**85%**
Cost of goods sold	(2,395)	(1,407)	70%
Gross profit	**701**	**266**	**164%**
Gross margin	*22.7%*	*15.9%*	*6.7p.p.*
Sales, general and adm. (SG&A) expenses	(51)	(30)	70%
Other operating income (expenses)	172	(1)	17300%
Operating income (expenses)	**822**	**235**	**250%**
Depreciation and amortization	66	49	35%
EBITDA	**888**	**284**	**213%**
(Losses) Gains in the sale of assets	6	1	500%
Operational shutdown	2	14	-86%
Recovery of ICMS on PIS/COFINS base	(178)	-	-100%
Restructuring - indemnities	-	0	0%
Adjusted EBITDA	**718**	**299**	**140%**
Adjusted EBITDA margin	*23.2%*	*17.9%*	*5.3p.p.*

Net Revenue

Unigel's net revenue from Styrenics was R$3.10 billion in 2021, an 85% YoY growth driven primarily by (i) higher international prices for styrene (+97% YoY) and polystyrene (+41% YoY); and (ii) 10% growth in total tonnage sold by the segment, noting that 2Q20 was the most heavily impacted by the COVID-19 pandemic, leading to temporary shutdowns at some of our facilities.

Cost of Goods Sold (COGS) and Gross Margin

Unigel's COGS for Styrenics was R$2.40 billion in 2021, a 70% YoY growth influenced by the increased SM and PS sales volumes mentioned above, combined with 82% and 37% higher prices for benzene and ethene, respectively. Revenue growth outpaced the growth in costs, driving a 6.7 p.p. growth in our gross margin for Styrenics, from 15.9% in 2020 to 22.7% in 2021. As a result, the segment brought in a gross profit of R$701 million, up 164% YoY.

Sales, General, and Administrative Expenses (SG&A)

Unigel's sales, general, and administrative expenses for the Styrenics segment were R$51 million in 2021, a 70% YoY rise. This variation is explained by the pandemic-related extraordinary events that took place in 2020, including wage cuts and reduced work hours for employees working from home. Also, by opting into the Brazilian government's job protection programs, we were able to reduce payments made during that period.

Adjusted EBITDA and EBITDA Margin

In conclusion, the adjusted EBITDA for Styrenics was R$718 million in 2021, a 140% YoY growth driven by two main factors: (i) 10% increase in total sales volume; and (ii) significant increases in international spreads in the first half of the year.

5. ACRYLICS

Carbon Fiber
(Acrylonitrile)

Acrylic Fiber
(Acrylonitrile)

Acrylamide
(Acrylonitrile)

Paints and Coatings
(MMA)

Acrylic Sheets
(MMA)

Acrylic Façades
(Cast Acrylic Sheets)

Mining
(Sodium Cyanide)

Electroplating
(Sodium Cyanide)

Sales Volume - Acrylics	Year-to-date		
tons	2021	2020	Δ (%) YoY
Nitriles [1]	86,793	50,616	71%
Methacrylates [2]	37,770	29,469	28%
Sodium Cyanide [3]	19,355	18,354	5%
Acrylic Sheets (Mexico) [4]	16,904	18,435	-8%
Total	**160,823**	**116,874**	**38%**

Notes: Does not consider sales between group companies.
(1) Includes sales of Acrylonitrile and Acetonitrile. It does not consider sales of the Brazilian operation for resale through Mexico.
(2) Includes sales of MMA, EMA and Methacrylic Acid. It does not consider volume sent to Mexico for resale or consumption in the production of acrylic sheets.
(3) Includes sales of Sodium Cyanide on a liquid and solid basis.
(4) Volume includes only Acrylic Sheet operations in Mexico.

International Prices - Acrylics	Year-to-date		
tons	2021	2020	Δ (%) YoY
Price – Acrylonitrile [1]	2,289	1,177	94%
Price – MMA [2]	2,508	1,562	61%
Cost – Propylene [3]	1,574	705	123%
Cost – Acetone [4]	910	750	21%
Spread - Acrylonitrile	715	472	51%
Spread - MMA	1,598	812	97%

[1]Fonte: IHS - Propylene | Contract-Benchmark Stream Value | Delivered United States | (n-1)
[2]Fonte: IHS - Acetone | Spot| Northeast Asia CRF Asia/China MP | (n-1)
[4]Fonte: IHS - Acrylonitrile | Spot Import, Average (High; Low) | CFR Far East | (n)
[5]Fonte: IHS – MMA Spot - Average (Northeast Asia; West Europe) | (n)

Acrylics Results	Year-to-date		
R$ million	2021	2020	Δ (%) YoY
Gross revenue	**2,922**	**1,509**	**94%**
Net revenue	**2,786**	**1,427**	**95%**
Cost of goods sold	(2,360)	(1,201)	97%
Gross profit	**426**	**226**	**88%**
Gross margin	*15.3%*	*15.9%*	*-0.6p.p.*
Sales, general and adm. (SG&A) expenses	(106)	(98)	8%
Other operating income (expenses)	43	9	378%
Operating income (expenses)	**363**	**137**	**165%**
Depreciation and amortization	96	75	28%
EBITDA	**459**	**212**	**117%**
(Losses) Gains in the sale of assets	33	0	100%
Operational shutdown	2	35	-94%
Recovery of ICMS on PIS/COFINS base	(60)	-	-100%
Restructuring - indemnities	-	1	-100%
Adjusted EBITDA	**434**	**248**	**75%**
Adjusted EBITDA margin	*15.6%*	*17.4%*	*-1.8p.p.*

Net Revenue

Total net revenue for the Acrylics segment was R$2.79 billion in 2021, up 95% YoY, primarily on account of (i) the segment's 38% higher consolidated sales volume due to the increase in total operation uptime, given that the acrylonitrile plant was shut down in March 2020 as a result of the COVID-19 pandemic; (ii) higher international prices for our main products (+94% YoY for acrylonitrile and +61% YoY for MMA); and (iii) exporting driven by commercial opportunities created in the first half of the year as a result of a generalized supply shortage on the international market, caused by Winter Storm Uri in Texas (USA).

Cost of Goods Sold (COGS) and Gross Margin

Unigel's COGS for Acrylics was R$2.36 billion in 2021, up 97% YoY due primarily to an increase in sales volumes, especially for acrylonitrile, but also influenced by higher international prices for the main raw materials. Gross profit from this segment was R$426 million, up 88% YoY, driven primarily by higher sales volumes and wider spreads in the first half of the year.

Sales, General, and Administrative Expenses (SG&A)

Sales, general, and administrative expenses were R$106 million in 2021, an 8% increase compared to 2020, influenced primarily by two localized factors related to our operations in Mexico: (i) exchange variance in dollar-denominated fixed costs; and (ii) reallocation of expenses related to the methacrylates and sulfuric acid plants, which were idle throughout 2020. As a result, basic maintenance expenditures related to these plants, previously booked as COGS, had to be reallocated to administrative expenses.

Adjusted EBITDA and EBITDA Margin

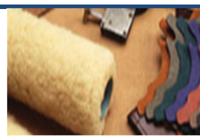
In conclusion, our adjusted EBITDA for Acrylics was R$434 million in 2021, up 75% YoY, primarily on account of the increase in sales volumes resulting from improved efficiency of our plants in the state of Bahia versus their low performance in 2Q20, when the COVID-19 pandemic in Brazil compelled us to partially shut down operations.

6. AGRO


Fertilizers (Ammonium Sulfate and Urea)


Plywood (Urea)


Agribusiness (Urea)


Tanning (Ammonium Sulfate)


Laboratory and Chemicals (Ammonia and Ammonium Sulfate)

Sales Volume - Agro	Year-to-date		
tons	2021	2020	Δ (%) YoY
Ammonia	58,306	468	12359%
Ammonia Captive Sales	81,532	-	100%
Urea	427,327	-	100%
Ammonium Sulfate	155,906	127,436	22%
DEF	10,326	-	100%
Total	**733,397**	**127,903**	**473%**

Note: Does not consider sales between group companies, other than sale of ammonia to the Acrylics segment.

International Prices - Agro	Year-to-date		
tons	2021	2020	Δ (%) YoY
Price – Ammonia [1]	594	233	155%
Price – Urea [2]	528	254	108%
Cost - Brent (Conv. Ammonia) [3]	254	156	63%
Cost - Brent (Conv. Urea) [4]	148	90	64%
Spread – Ammonia	339	77	340%
Spread - Urea	381	164	132%

(1)Source: Argus - Ammonia| CFR Cover

(2)Source: Argus - Urea | CFR Brazil

(4)Source: IHS – Brent West Europe | Converted to ammonia cost (Brent * 10% * 36)

(5)Source: IHS – Brent West Europe | Converted to Urea cost (Brent * 10% * 36 * 0.58)

Agro Results	Year-to-date		
R$ million	2021	2020	Δ (%) YoY
Gross revenue	**2,160**	**142**	**1421%**
Net revenue	**1,986**	**134**	**1382%**
Cost of goods sold	(1,431)	(129)	1009%
Gross profit	**554**	**5**	**10980%**
Gross margin	*27.9%*	*3.5%*	*24.5p.p.*
Sales, general and adm. (SG&A) expenses	(27)	(9)	200%
Other operating income (expenses)	(0)	1	-100%
Operating income (expenses)	**528**	**(4)**	**13300%**
Depreciation and amortization	50	22	127%
EBITDA	**578**	**18**	**3111%**
(Losses) Gains in the sale of assets	-	-	0%
Operational shutdown	-	-	0%
Recovery of ICMS on PIS/COFINS base	-	-	0%
Restructuring - indemnities	-	-	0%
Adjusted EBITDA	**578**	**18**	**3111%**
Adjusted EBITDA margin	*29.1%*	*13.8%*	*15.3p.p.*

Net Revenue

In 2020, Unigel's Agro segment was limited to the production of ammonium sulfate extracted from the Acrylics production chain. Operations in Laranjeiras (SE) started up in 2Q21, stabilizing in May. Operations in Camaçari (BA) started up in 3Q21, stabilizing in August. Within that context, the Agro segment brought in net revenue of R$1.99 billion in 2021, strongly outperforming the R$134 million reported in 2020.

Cost of Goods Sold (COGS) and Gross Margin

Unigel Agro's total cost of goods sold was R$1.43 billion in 2021, resulting in a gross margin of 27.9% for the period, compared to a 3.5% gross margin in 2020.

Sales, General, and Administrative Expenses (SG&A)

Sales, general, and administrative expenses in 2021 were R$27 million, reflecting the already expected increase in expenses related to this segment with the start of our Agro operations.

Adjusted EBITDA and EBITDA Margin

The Agro segment's adjusted EBITDA was R$578 million in 2021, far above the R$18 million reported in 2020. The EBITDA margin was 29.1%, up 15.3 p.p. YoY.

7. CORPORATE GOVERNANCE

The Company's management is composed of a Board of Directors and a Statutory Board, whose duties are described in the items below. Additionally, there are the following advisory committees to the Board of Directors: (i) Non-Statutory Audit Committee, (ii) Finance Committee, and (iii) Strategy Committee. In the terms of New Market Regulation, the Board of Directors may also create other advisory committees.

Board of Directors

The Board of Directors is composed of at least 03 (three) and at most 07 (seven) members, all elected and dismissed by the General Meeting, with a unified term of office of 02 (two) years, reelection being permitted. Of the members of the Board of Directors, one shall be Chairman and the other Vice-Chairman, appointed by the General Meeting that elects the body.

Members:

Henri Armand Slezynger	Chairman
Marc Buckingham Szlezynger	Vice Chairman
Marcello de Simone	Independent Board Member
José Borges Matias	Independent Board Member
Weber Ferreira Porto	Independent Board Member

Executive Officers

The Company's Board of Executive Officers will be composed at least 02 (two) and at most 09 (nine) members, shareholders or not, resident and domiciled in the country, with 01 (one) Chief Executive Officer, 01 (one) Executive Officer Vice-President, 01 (one) Chief Financial Officer, 01 (one) Investor Relations Officer, 01 (one) Legal Officer, 01 (one) Human Resources Officer, (01) Controllership Officer and (01) Information Technology, and the other elected members, up to the established maximum limit, will be designated as "Statutory Officers without specific designation", so that all of them will have a term of office of 03 (three) years, reelection allowed.

The Board of Executive Officers has all powers to perform the acts necessary for the regular operation of the Company and the achievement of the corporate purpose, in compliance with the relevant legal or statutory provisions, as well as the business plans, operating budgets and budget forecast approved by the Board of Directors.

Members:

Roberto Noronha Santos	Chief Executive Officer
Daniel Zilberknop	Chief Financial Officer
Daniel Scarmeloti da Fonseca	Controller and IT Director
Murilo Cruz Garcia	Legal Director
Luiz Felipe Setten Fustaino	Investor Relations and Treasury Director

Advisory Committees

Audit Committee

The Company has an Audit Committee composed of at least 03 (three) members, appointed by the Board of Directors, being: (a) at least 01 (one) independent member, as defined by the New Market Regulaton; and (b) at least 01 (one) member with recognized experience in corporate accounting matters, pursuant to the regulations issued by the Brazilian Securities and Exchange Commission ("CVM"). The same member of the Audit Committee may accumulate the characteristics referred to in (a) and (b), provided that none of the members can be controlling the company, nor the director of the company, of its controlling shareholder, directly or indirectly, or of controlled companies, affiliates or under common control, nor have any bond of subordination with people previously mentioned. Members if the Audit Committee are elected by the Board of Directors, for a two-year mandate, with possibility of reelection.

Members:

Anselmo Neves Macedo	Committee Coordinator
José Borges Matias	Committee Member
Weber Ferreira Porto	Committee Member

Finance Committee

The Finance Committee will be composed of at least 03 (three) and at most 05 (five) members, being certain that all elected members will have unified terms of office of 02 (two) years, being able to be reelected

Members:

Daniel Zilberknop	Committee Coordinator
Weber Ferreira Porto	Committee Member
Marcello de Simone	Committee Member
Daniel Scarmeloti da Fonseca	Committee Member

Strategy Committee

The Strategy Committee will be composed by at least 03(three) and at most 05 (five) members, being certain that all elected members will have unified terms of office of 02 (two) years, being able to be reelected

Members:

Roberto Noronha Santos	Committee President
José Borges Matias	Committee Member
Edson de Paiva Alves	Committee Member
Abraham Klip Moshinsky	Committee Member

8. PEOPLE

Talents

Our employees are a key component to the successful implementation of our strategy. We want to attract and retain talented people within our Company, offering support to their professional and personal development. To achieve this goal, we cultivate a work environment that inspires and connects people, based on inclusive leadership and mutual trust, as well as respect and dedication to achieve maximum performance.

We want to form the best team. To achieve this, we focus on three strategic directions: great people, a great workplace and great leaders. The emphasis is on the Company's attractiveness in the labor market, personal and professional development, long-term learning and supporting the development of our leaders.

In the end, everything we do must create value for our clients. We have a flexible organization and want to train our employees to differentiate themselves in their skills. We have great people working at Unigel and we have the tools and resources necessary to achieve the best development and delivery of our products, solutions and services that clients need. Our values define how we want to work together as a team and with our clients and business partners - creative, open, responsible, and entrepreneurial.

Unigel ended 2021 with 1,885 direct employees in Brazil and Mexico. With the start-up of Unigel Agro, we increased our talents base, creating more 458 direct jobs in the last two years.

Compensation, incentives, and programs

Unigel consider its human resources policy as integrating part of its corporate strategy, aiming to assure compensation in line with labor-market, conditions to retain attract and retain professionals, definition of job-position structure and compensation adequate to organization processes, and introduction of a conduct guideline so the employees are fully aware of their duties and responsibilities.

We have a management and goal program to align our strategic objectives and achieve better results. These goals are shared at all organizational levels, optimizing the communication of the Company's guidelines, since all our employees play an important role in the development of our strategic business management.

Thus, we adopt and apply a personnel management philosophy that emphasizes a performance-related compensation structure. Our employees are rewarded when we achieve our annual goals through our profit-sharing program. The members of our Board of Directors do not participate in this program.

ATTACHMENT I

CONSOLIDATED BALANCE SHEET

Assets	in millions of reais		
millions R$ | US$	dec-21	dec-20	Δ (%) YoY
Cash and cash equivalents	849	624	36%
Accounts receivable	488	208	135%
Inventories	950	369	157%
Taxes recoverable	222	142	56%
Advances to suppliers	125	47	166%
Derivatives	27	49	-45%
Other current assets	29	20	45%
Total Current Assets	**2,690**	**1,459**	**84%**
Deferred taxes	645	603	7%
Taxes recoverable	234	5	4580%
Judicial deposits	16	16	0%
Derivatives	129	87	48%
Other non-current assets	37	33	12%
Right-of-use asset	409	356	15%
Property, plant & equipment and intangible	1,932	1,357	42%
Total Non-Current Assets	**3,403**	**2,457**	**39%**
TOTAL ASSETS	**6,093**	**3,917**	**56%**

Liabilities	in millions of reais		
R$ millions	dec-21	dec-20	Δ (%) YoY
Loans and financing	333	403	-17%
Suppliers	766	362	112%
Lease liability	96	80	20%
Taxes payable	69	38	82%
Advances from clients	84	83	1%
Derivatives	149	-	100%
Dividend Payables	182	20	810%
Other current liabilities	185	108	71%
Total Current Liabilities	**1,865**	**1,093**	**71%**
Loans and financing	2,992	2,198	36%
Right-of-use obligations	359	309	16%
Taxes and contributions payable	51	90	-43%
deferred taxes	117	117	0%
post-employment benefits	39	39	0%
Other long-term liabilities	11	12	-8%
Total Non-Current Liabilities	**3,568**	**2,766**	**29%**
Total Equity	**660**	**57**	**1058%**
TOTAL LIABILITIES	**6,093**	**3,917**	**56%**

ATTACHMENT II

CONSOLIDATED EARNINGS RELEASE

Consolidated Income Statement	Year-to-date		
R$ million	2021	2020	Δ (%) YoY
Gross revenue	**8,490**	**3,664**	**132%**
Net revenue	**7,651**	**3,233**	**137%**
Cost of goods sold	(5,969)	(2,736)	118%
Gross profit	**1,682**	**497**	**238%**
Gross margin	*22.0%*	*15.4%*	*6.6p.p.*
Sales, general and adm. (SG&A) expenses	(201)	(155)	30%
Other operating income (expenses)	215	7	2971%
Operating income (expenses)	**1,696**	**349**	**386%**
Net financial results	(452)	(375)	21%
Income tax and social contribution	(361)	19	-2000%
Net income	**882**	**(7)**	**12700%**

Adjusted EBITDA Calculation	Year-to-date		
R$ million	2021	2020	Δ (%) YoY
Net income	**882**	**(7)**	**12700%**
Income tax and social contribution	361	(19)	2000%
Net financial results	452	375	21%
Depreciation and amortization	219	149	47%
EBITDA	**1,915**	**499**	**284%**
EBITDA Margin	*25.0%*	*15.4%*	*9.6p.p.*
(Losses) Gains in the sale of assets	38	1	3700%
Operational shutdown	4	50	-92%
Recovery of ICMS on PIS/COFINS base	(240)	-	-100%
Restructuring - indemnities	-	1	-100%
Adjusted EBITDA	**1,717**	**551**	**212%**
Adjusted EBITDA margin	*22.4%*	*17.0%*	*5.4p.p.*

ATTACHMENT III

CONSOLIDATED CASH FLOW

Cash Flow Statement	Year-to-date		
R$ millions	2021	2020	Δ (%) YoY
Net income (loss) for the year	**882**	**(7)**	**12700%**
Adjustments due to:	**637**	**439**	**45%**
Depreciation and amortization	219	149	47%
Lease liabilities interest	33	34	-3%
Provision for civil, tax and labor risks	10	32	-69%
Allowance for credit loss on trade receivables	4	1	300%
Accrual (reversal) of inventories losses	6	4	50%
Deferred taxes	205	(49)	518%
Derivatives	(82)	(280)	-71%
Interest and foreign exchange variation of loans	453	514	-12%
Interest on tax installments	2	4	-50%
(Gain) loss on sale of fixed assets	1	1	0%
ICMS (VAT) on the Pis and Cofins calculation	(240)	-	-100%
Interest on suppliers	2	-	100%
Update on PIS/COFINS credits	(11)	-	-100%
Impairment	37	-	100%
Adjusted net income (loss) for the year	**1,519**	**432**	**252%**
Changes in assets and liabilities:	**(390)**	**95**	**-511%**
Trade accounts receivable	(286)	(48)	496%
Inventories	(567)	(50)	1034%
Suppliers	392	109	260%
Taxes (net, recoverable - payables)	(22)	8	-375%
Contractual credits	(1)	-	-100%
Others (net, credits - payables)	95	75	27%
Operating cash flow	**1,129**	**527**	**114%**
Interest paid on loans	(317)	(233)	36%
Income tax paid	(106)	(24)	342%
Cash generated by operating activities	**706**	**271**	**161%**
Cash flow from investment activities	**(807)**	**(236)**	**242%**
Acquisition of PP&E and intangibles	(755)	(224)	237%
Proceeds from sale of fixed assets	5	5	0%
Repayments to related parties cash pooling	(57)	(17)	235%
Cash generation after investment activities	**(101)**	**35**	**-389%**
Cash flow from financing activities	**327**	**193**	**69%**
Proceeds from loans and financing	1,329	358	271%
Derivatives	(846)	(85)	895%
Lease liabilities	(51)	(2)	2450%
Payments of loans	(105)	(78)	35%
Increase (decrease) in cash & cash equivalents	**226**	**228**	**-1%**
Cash position at the beginning of the period	624	382	63%
Currency translation adjustment (CTA)	(1)	15	-107%
Cash position at the end of the period	849	624	36%

Independent Auditors

Pursuant to CVM Instruction 381/2003 and SNC/SEP Directive Release 01/2007, the Company informs that, in 2021, KPMG Auditores Independentes Ltda. provided independent auditing for our 2021 financial statements.

The Company policy for independent auditors as regards the provision of services unrelated to independent audits is based on principles that preserve auditor independence. These principles are since an auditor should neither audit their own work nor participate in management or provide legal counsel for their client. In the year ended December 31, 2021, KPMG Auditores Independentes Ltda. provided independent auditing services at the Company. In the year ended December 31, 2021, no other services were retained apart from those relating to external auditing.

Non-financial information, as well as other operational information, such as sales volume, number of employees, among others, were not audited by the independent auditors.

KPMG Auditores Independentes Ltda.
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Independent auditors' report on the individual and consolidated financial statements

To the Shareholders and Management of

Unigel Participações S.A.

São Paulo – SP

Opinion

We have audited the individual and consolidated financial statements of Unigel Participações S.A. (" Company"), respectively referred to as Company and Consolidated, which comprise the statement of financial position as at December 31, 2021 and the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for opinion

We conducted our audit in accordance with Brazilian and international Standards on Auditing. Our responsibilities, under those standards, are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries, in accordance with the relevant ethical principles requirements established in the Brazilian Accountant's Code of Professional Ethics and the 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 opinion.

Key audit matters

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

Deferred income tax and social contribution realization - Consolidated

See Notes 6.9 and 12 to the consolidated financial statements

Key audit matters	How our audit addressed this matter
On December 31, 2021, the Company recognized in the consolidated financial statements deferred tax assets of the subsidiaries Proquigel Química S.A and Companhia Brasileira de Estireno, related to temporary differences, carry-forward tax losses and negate basis of social contribution. Such balances must be recognized to the extend that is it probable that future taxable income is available against which temporary differences, carry-forward tax losses and negative basis of social contribution can be used. The estimates of future taxable income are prepared by the Company and based on a technical viability study that includes the assumptions are affected by corporate strategies and the macroeconomic scenario. We consider this matter to be significant for our audit, due to the uncertainties related to the assumptions to estimate future taxable income that have a significant risk of resulting in material adjustments to balances of the consolidated financial statements.	Our audit procedures included, among others: – Assessment if the technical viability study prepared by the Company's Management was prepared consistently which practices and methodologies of assessment commonly used; – Analyze if the assumptions used in the technical viability study are based on historical and/or market data and are consistent with the budget prepared by the Company's Management; – Discussions with professionals who have the specialized technical knowledge necessary for an adequate understanding of the accounting policy's application; – Mathematical recalculation of deferred income tax and social contribution; – With the assistance of our direct tax specialists, we evaluated if additions, exclusions and rates used in the determination of the income tax and social contribution calculation bases are in accordance with the tax legislation. – Assessment of whether the disclosures in consolidated financial statements are in accordance with the requirements of applicable accounting standards and include all relevant information. During our audit, we identified adjustments that affected the measurement and disclosure of deferred tax assets, which were not recognized and disclosed by Management, as these were considered immaterial.

	Based on the audit evidence obtained through the audit procedures summarized above, we consider acceptable the determination of future taxable income and the amount of deferred tax assets, as well as related disclosures, in the context of the consolidated financial statements taken as a whole for the year ended December 31, 2021.

Other matters - Statements of value added

The individual and consolidated statements of value added (DVA) for the year ended December 31, 2021, prepared under responsibility of Company's Management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed with the audit of Company's financial statements. In order to form our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in CPC 09 Technical Pronouncement - Statement of Value Added. In our opinion, these statements of value added were fairly prepared, in all material respects, in accordance with the criteria defined in the Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Other information accompanying individual and consolidated financial statements and the auditors' report

Management is responsible for the other information comprising the Management Report.

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

In connection with our audit of individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is, materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement 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 individual and consolidated financial statements

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

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

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

Auditors’ Responsibilities for the Audit of the Individual and Consolidated Financial Statements

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

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

- Identified and assess the risks of material misstatement in the individual 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 the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and its subsidiaries internal controls.
- 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 auditors’ report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual 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 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 auditors' 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, March 9, 2022

KPMG Auditores Independentes Ltda.
CRC 2SP014428/O-6
Original report in Portuguese signed by
Wagner Petelin
Accountant CRC 1SP142133/O-7

BALANCE SHEETS AT DECEMBER 31

(IN THOUSANDS OF REAIS)

		Parent company		Consolidated	
Assets	Note	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current assets					
Cash and cash equivalents	7	473	120	849,338	624,039
Trade accounts receivable	8	-	-	488,392	207,865
Inventories	9	-	-	950,014	369,490
Related parties	10	-	4	-	-
Dividends receivable	10	4,218	4,218	-	-
Recoverable taxes and contributions	11	42	34	187,867	115,764
Income tax and social contribution	-	54	186	33,874	25,938
Prepaid expenses	-	170	324	10,173	8,023
Advances to suppliers	-	63	137	123,777	47,109
Operations with derivatives	31	-	-	26,621	48,628
Contract credits	27	-	-	2,489	1,555
Other assets	-	824	215	17,441	10,750
Total current assets		**5,844**	**5,238**	**2,689,986**	**1,459,161**
Non-current assets					
Related parties	10	3,049	1,445	-	-
Income tax and social contribution	-	-	-	94	-
Recoverable taxes and contributions	11	-	-	233,616	5,157
Deferred taxes	12	-	-	645,464	602,875
Judicial deposits	20	-	-	16,209	16,170
Operations with derivatives	31	-	-	129,398	86,659
Contract credits	27	-	-	3,359	3,359
Other assets	-	13,519	4,195	33,765	19,520
Investment properties	-	-	6,300	-	10,300
Investments	13	2,412,179	1,555,034	-	-
Property, plant and equipment	14	3,938	7,499	1,915,744	1,349,317
Right-of-use	15	17,379	7,524	409,249	355,993
Intangible assets	-	5,579	3,027	16,349	8,035
Total non-current assets		**2,455,643**	**1,585,024**	**3,403,247**	**2,457,385**
Total assets		**2,461,487**	**1,590,262**	**6,093,233**	**3,916,546**

See the accompanying notes to the individual and consolidated financial statements.

(IN THOUSANDS OF REAIS)

		Parent company		Consolidated	
Liabilities	Note	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current liabilities					
Loans and financing	16	190	170	332,623	402,667
Suppliers	17	2,717	2,052	766,135	374,619
Lease liabilities	15	4,869	5,243	96,387	79,659
Income tax and social contribution	-	12	9	34,470	1,197
Dividends payable	10	182,349	19,938	182,349	19,938
Related parties	10	79	53	-	-
Taxes and contributions payable	18	98	80	34,957	36,680
Salaries and charges	-	-	180	74,440	34,111
Advances from clients	-	-	-	84,129	83,008
Operations with derivatives	31	-	-	149,095	-
Sundry provisions	-	135	-	102,747	57,169
Other liabilities	-	470	192	8,041	4,246
Total current liabilities		**190,919**	**27,917**	**1,865,373**	**1,093,294**
Non-current liabilities					
Loans and financing	16	385	574	2,991,511	2,197,712
Lease liabilities	15	13,975	3,322	358,582	308,867
Related parties	10	1,460,745	1,383,813	144	-
Taxes and contributions payable	18	-	-	51,142	90,421
Deferred taxes	12	117,137	117,137	117,137	117,137
Post-employment benefits	19	-	-	38,670	39,285
Provision for contingencies	20	-	16	9,748	11,988
Provision for inventory loss	13	18,819	-	-	-
Other liabilities	-	-	-	1,419	359
Total non-current liabilities		**1,611,061**	**1,504,862**	**3,568,353**	**2,765,769**
Equity	**21**				
Capital stock	-	276,185	276,185	276,185	276,185
Revenue reserves	-	693,115	12,130	693,115	12,130
Equity evaluation adjustments	-	(309,793)	(230,832)	(309,793)	(230,832)
Total equity		**659,507**	**57,483**	**659,507**	**57,483**
Total liabilities and equity		**2,461,487**	**1,590,262**	**6,093,233**	**3,916,546**

See the accompanying notes to the individual and consolidated financial statements.

STATEMENTS OF INCOME FOR THE YEAR ENDED DECEMBER 31

(IN THOUSANDS OF REAIS)

		Parent company		Consolidated	
	Note	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Net revenue	22	-	-	7,650,867	3,233,235
Cost of goods sold	23	-	-	(5,968,949)	(2,736,112)
Gross income		**-**	**-**	**1,681,918**	**497,123**
Sales expenses	23	-	-	(53,823)	(39,334)
Administrative and general expenses	23	(6,882)	(5,764)	(143,735)	(114,314)
Provision from financial asset impairment	8	-	-	(3,596)	(1,480)
Other operating revenues (expenses)	24	1,373	(47)	215,175	7,413
Operating revenues (expenses)		**(5,509)**	**(5,811)**	**14,021**	**(147,715)**
Equity in net income of subsidiaries	13	888,376	6,487	-	-
Income (loss) before financial income and taxes		**882,867**	**676**	**1,695,939**	**349,408**
Financial revenues		-	278	28,738	42,660
Financial expenses		(694)	(7,939)	(481,027)	(417,653)
Net financial income (loss)	**25**	**(694)**	**(7,661)**	**(452,289)**	**(374,993)**
Income (loss) before income and social contribution taxes		**882,173**	**(6,985)**	**1,243,650**	**(25,585)**
Current income tax and social contribution		-	-	(156,964)	(30,176)
Deferred income tax and social contribution		-	-	(204,513)	48,776
Income tax and social contribution	**12**	**-**	**-**	**(361,477)**	**18,600**
Net income (loss) for the year		**882,173**	**(6,985)**	**882,173**	**(6,985)**
Net earnings (losses) per share - R$	**30**			**2.12932**	**(0.01686)**
Weighted average number of shares throughout the year				**414,297,488**	**414,297,488**

See the accompanying notes to the individual and consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31

(IN THOUSANDS OF REAIS)

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Net income (loss) for the year	**882,173**	**(6,985)**	**882,173**	**(6,985)**
Other comprehensive income				
Items that can be subsequently reclassified to income (loss)				
Foreign operations - translation adjustments	55,513	131,575	55,513	131,575
Unrealized losses on cash flow hedge	(106,055)	(322,382)	(106,055)	(322,382)
Adjustments at fair value of investment properties	(6,136)	-	(6,136)	-
Actuarial gain (losses) on defined benefit plans	492	(4,161)	492	(4,161)
Total comprehensive income	**825,987**	**(201,953)**	**825,987**	**(201,953)**

See the accompanying notes to the individual and consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

(IN THOUSANDS OF REAIS)

		Profit reserve				
	Capital Stock	Legal reserve	Profit reserves to be allocated	Equity valuation adjustments	Retained earnings	Total
Balances at January 1, 2021	**276,185**	**3,092**	**9,038**	**(230,832)**	**-**	**57,483**
Net income for the year	-	-	-	-	882,173	882,173
Realization of equity evaluation through depreciation and write-off of property, plant and equipment, net of tax effects	-	-	-	(22,775)	22,775	-
Other comprehensive income						
Foreign operations - translation adjustments	-	-	-	55,513	-	55,513
Adjustments at fair value of investment properties	-	-	-	(6,136)	-	(6,136)
Unrealized losses on cash flow hedge	-	-	-	(106,055)	-	(106,055)
Actuarial gain in defined benefit plans (net of taxes)	-	-	-	492	-	492
Allocations						
Legal reserve	-	45,248	-	-	(45,248)	-
Minimum mandatory dividends	-	-	-	-	(214,925)	(214,925)
Additional dividends approved	-	-	(9,038)	-	-	(9,038)
Additional dividends proposed	-	-	644,775	-	(644,775)	-
Balance at December 31, 2021	**276,185**	**48,340**	**644,775**	**(309,793)**	**-**	**659,507**

See the accompanying notes to the individual and consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

(IN THOUSANDS OF REAIS)

		Profit reserve				
	Capital	Legal reserve	Profit reserves to be allocated	Equity valuation adjustments	Income (loss) for the year	Total
Balances at January 1, 2020	**276,185**	**2,458**	**104,270**	**(16,194)**	**-**	**366,719**
Loss for the year	-	-	-	-	(6,985)	(6,985)
Realization of equity evaluation through depreciation and write-off of property, plant and equipment, net of tax effects	-	-	-	(19,670)	19,670	-
Other comprehensive income						
Foreign operations - translation adjustments	-	-	-	131,575	-	131,575
Unrealized losses on cash flow hedge	-	-	-	(322,382)	-	(322,382)
Actuarial losses on defined benefit plans	-	-	-	(4,161)	-	(4,161)
Allocations						
Legal reserve	-	634	-	-	(634)	-
Minimum mandatory dividends	-	-	-	-	(3,013)	(3,013)
Additional dividends approved	-	-	(104,270)	-	-	(104,270)
Additional dividends proposed	-	-	9,038	-	(9,038)	-
Balance at December 31, 2020	**276,185**	**3,092**	**9,038**	**(230,832)**	**-**	**57,483**

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31

(IN THOUSANDS OF REAIS)

		Parent company		Consolidated	
	Note	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash flow from operating activities					
Net income (loss) for the year		**882,173**	**(6,985)**	**882,173**	**(6,985)**
Adjustments for:					
Depreciation and amortization	22	6,765	5,701	219,207	149,137
Accrued interest and lease AVP	15	476	677	32,976	33,543
Provisions for contingencies	20	(16)	-	9,893	31,842
Allowance (reversal) for losses and obsolescence of inventories	9	-	-	5,540	4,053
Deferred taxes	12	-	-	204,513	(48,776)
Provision for estimated credit losses	8	-	-	3,596	1,480
Income (loss) from derivative operations	-	-	-	(81,837)	(279,991)
Accrued interest and exchange-rate change	-	75	93	452,593	542,255
Interest on taxes paid in installments	25	-	-	1,570	4,497
Income (loss) from sale of property, plant and equipment	24	-	-	1,180	925
Equity income (loss)	24	(888,376)	(6,487)	-	-
Provision for impairment	24	72	-	36,813	-
ICMS on PIS/COFINS basis	13	-	-	(240,325)	-
Interest from Suppliers	24	-	-	2,075	-
Restatement on PIS/COFINS credit	25	-	-	(10,741)	-
		1.169	**(7.001)**	**1.519.226**	**431.980**
Changes in:					
Trade accounts receivable	8	-	-	(286.200)	(48.378)
Inventories	9	-	-	(567.390)	(49.509)
Recoverable taxes and contributions	11	132	(125)	(182.693)	8.419
Contract credits	27,2	-	-	(934)	-
Other short and long-term assets	-	(15.985)	(2.758)	(99.979)	11.655
Suppliers	17	314	574	391.830	109.448
Taxes and contributions payable	18	157	232	160.317	63.572
Other short and long-term liabilities	-	233	-	194.689	-
Cash generated by (used in) operating activities		**(13,980)**	**(9,078)**	**1,128,866**	**527,187**
Interest paid - Loans and financing	16	(75)	(245)	(316,725)	(232,555)
Income tax and social contribution paid	-	-	-	(105,868)	(24,009)
Net cash flow from operating activities		**(14,055)**	**(9,323)**	**706,273**	**270,623**
Cash flow from investment activities					
Acquisition of property, plant and equipment and intangible assets	14	(762)	(3,328)	(755,089)	(223,654)
Acquisition of ownership interest	13	-	(1,000)	-	(1,000)
Receipts by means of sales of fixed assets	14	-	-	5,335	5,201
Loans and advances made to related parties	10	(2,092)	(6,899)	(57,244)	(17,214)
Net cash flow from investment activities		**(2,854)**	**(11,227)**	**(806,998)**	**(236,667)**
Cash flow from financing activities					
Funding of loans and financing	16	-	-	1,329,448	358,283
Payments of Borrowings and financing	16	(169)	-	(845,921)	(85,242)
Derivative payments	-	-	-	(51,187)	(2,103)
Lease payments	15	(4,767)	(6,631)	(105,310)	(77,890)
Loans and cash advances obtained from (realized to) related parties	10	22,198	14,856	-	-
Net cash flow from financing activities		**17,262**	**8,225**	**327,030**	**193,048**
Increase (decrease) in cash and cash equivalents		**353**	**(12,325)**	**226,305**	**227,004**
Statement of changes in cash and cash equivalents					
Cash and cash equivalents on January 1	7	120	12,445	624,039	382,252
Translation adjustments		-	-	(1,006)	14,783
Cash and cash equivalents on December 31	7	473	120	849,338	624,039

See the accompanying notes to the individual and consolidated financial statements.

STATEMENTS OF ADDED VALUE FOR THE YEAR ENDED DECEMBER 31

(IN THOUSANDS OF REAIS)

	Parent company		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Revenues	**1,373**	**-**	**8,700,054**	**3,648,204**
Sales of goods and products	-	-	8,449,623	3,609,680
Other revenues	1,373	-	254,027	-
Provision from financial asset impairment	-	-	(3,596)	(1,480)
Inputs acquired from third parties (includes: ICMS, IPI, PIS, and COFINS)	**(117)**	**(110)**	**(6,636,185)**	**(2,950,345)**
Cost of goods and services sold	-	-	(6,051,517)	(2,608,703)
Materials, energy, outsourced services and other	-	(63)	(326,391)	(272,257)
Recovery (loss) of asset values	-	-	(1,182)	(925)
Other	(117)	(47)	(257,095)	(68,460)
Gross added value	**1,256**	**(110)**	**2,063,869**	**697,859**
Depreciation, amortization and depletion	(2,050)	(1,202)	(146,939)	(100,838)
Depreciation of right-of-use assets	(4,715)	(4,499)	(72,268)	(48,299)
Net added value produced by the Entity	**(5,509)**	**(5,811)**	**1,844,662**	**548,722**
Added value received as transfer	**888,376**	**6,765**	**28,738**	**42,660**
Equity income (loss)	888,376	6,487	-	-
Financial revenues	-	278	28,738	42,660
Total added value payable	**882,867**	**954**	**1,873,400**	**591,382**
Distribution of added value	**882,867**	**954**	**1,873,400**	**591,382**
Personnel	**-**	**-**	**320,953**	**211,347**
Direct remuneration	-	-	185,169	117,030
Benefits	-	-	54,514	33,613
Severance Pay Fund (FGTS)	-	-	8,010	5,076
Other	-	-	73,260	55,628
Taxes, duties and contributions	**189**	**-**	**212,913**	**(10,964)**
Federal	189	-	243,053	8,431
State	-	-	(30,208)	(19,465)
Municipal	-	-	68	70
Third-party capital remuneration	**505**	**7,939**	**457,361**	**397,984**
Interest	29	7,262	404,394	350,583
Rentals	476	677	32,976	33,543
Other revenues	-	-	19,991	13,858
Remuneration of own capital	**882,173**	**(6,985)**	**882,173**	**(6,985)**
Net income (loss) for the year	882,173	(6,985)	882,173	(6,985)

See the accompanying notes to the individual and consolidated financial statements.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2021 AND 2020
(In thousands of reais - R$, unless otherwise indicated)

1. OPERATIONS

Unigel Participações S.A., (hereinafter referred to as "Unigel" or "Company"), incorporated on September 24, 2005, is a closely-held company, recorded in the Brazilian Securities and Exchange Commission ("CVM") with main offices at Avenida Engenheiro Luís Carlos Berrini, nº 105, 11º andar, Bairro Brooklin, in the city of São Paulo, state of São Paulo. These financial statements include the Company and its subsidiaries (hereinafter referred to as "Group"), which are privately held corporations, with the exception of Unigel Distribuidora, which is a limited company.

The Company acts as a "holding" company, parent company of the companies engaged in the manufacturing, trading, import and export of chemicals in acrylic, Styrene and fertilizer chain ("Agro"). It also advises its subsidiaries in the areas of corporate controllership, finance, legal, planning, people management, and information technology. The Company is a member of the Unigel Group, which was incorporated in 1964.

On December 31, 2021, the Group is comprised of the following subsidiaries:

		Interest %	
Companies	Country	12/31/2021	12/31/2020
Proquigel Química S.A.	Brazil	99.9%	99.9%
Unigel Distribuidora Ltda.	Brazil	99.9%	99.9%
Unigel Luxembourg S.A.	Luxembourg	99.9%	99.9%
Unigel Comercializadora de Energia Elétrica S.A.	Brazil	99.9%	99.9%
Unigel Plásticos S.A.	Brazil	99.9%	99.9%
Companhia Brasileira de Estireno and subsidiaries:	Brazil	99.9%	99.9%
Unigel Inc.	USA	99.9%	99.9%
Plastiglás de México, S.A. de C.V.	Mexico	99.9%	99.9%
Unigel Holdings, S.A. de C. V. and subsidiaries:	Mexico	99.9%	99.9%
Unigel Acrílicos, S.A. de C.V.	Mexico	99.9%	99.9%
Metacril, S.A. de C.V.	Mexico	99.9%	99.9%
Distribuidora de Productos Plastiglas, S.A. de C.V.	Mexico	99.9%	99.9%

1.1 CORPORATE CHANGES

The ownership interest of the Group did not change in relation to December 31, 2020.

1.2 STATUS OF COVID-19 PANDEMIC

The Group continues to monitor the developments of the COVID-19 pandemic with the support of a specific internal multidisciplinary crisis management committee, aiming to address the issue, and continues to apply preventive actions to minimize any future impact, highlighting the following aspects:

(i) *Care for employees*

The Group's operating segments are considered essential and their operations have not been interrupted and has been following the determinations of Municipal and State legislation in the locations where its industrial facilities are located, always in line with WHO guidelines. In the administrative facilities, due to the increase in cases of infections by COVID-19 and influenza (H3N2), access to offices was temporarily suspended, adopting the remote work regime.

(ii) *Economic and financial impacts*

The Company has already overcome the most significant negative impacts caused by COVID-19. However, due to the uncertainty regarding the duration of the pandemic, management periodically reviews its managerial analyzes to anticipate possible changes in the economic and operational scenarios of the Group's companies, with the purpose of, if necessary, adopt preventive measures to avoid or mitigate adverse effects. No risks have been identified so far that could negatively impact the operations, cash and liquidity of the Group's companies, or even cause non-compliance with covenants.

2. PREPARATION BASIS

The individual and consolidated financial statements identified as "Parent Company" and "Consolidated", respectively, were prepared in accordance with the International Financial Reporting System (IFRS) issued by the International Accounting Standards Board (IASB) and in accordance with the accounting practices adopted in Brazil (BR GAAP), as well as the Standards issued by the Brazilian Securities Exchange Commission (CVM).

These individual and consolidated financial statements were authorized by the Management on March 9, 2022.

All material evaluations and information proper to the individual and consolidated financial statements, and only it, is being evidenced, and corresponds to those used by Management for administration.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These individual and consolidated financial statements are being presented in Reais. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The Group's Management defined its functional currency as the Reais, except for its subsidiaries in Mexico, Luxembourg and United States of America, the functional currency of which is the US dollar.

4. USE OF ESTIMATES AND JUDGMENTS

In the preparation of these individual and consolidated financial statements, Management used judgments and estimates that affect the application of Group's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recognized prospectively.

4.1 JUDGMENTS

Information about judgment referring to the adoption of accounting policies which impact significantly the amounts recognized in the financial statements are included in the following notes:

- Note 6.1 - Consolidation: determine whether the Group has control over investees;
- Note 6.15 - Lease term: whether the Group is reasonably certain to exercise estimated extension options.

4.2 UNCERTAINTIES ON ASSUMPTIONS AND ESTIMATES

Information on uncertainties as to assumptions and estimates as of December 31, 2021 that pose a high risk of resulting in a material adjustment in book balances of assets and liabilities in the next fiscal year are included in the following notes:

- Note 8 – Trade accounts receivable: measurement of expected credit loss with expected loss assumptions.
- Note 9 – Inventories: the Group monthly evaluates the realizable value of inventories to identify impairment through analysis of production cost versus realizable value.
- Note 12 – Deferred taxes: The Group evaluates the availability of future taxable income against which tax losses available for offset and temporary differences may be used.
- Note 14 – Property, plant and equipment: The Group annually evaluates the useful life of fixed assets through internal technical personnel.
- Note 19 - Post-employment benefits: main actuarial assumption.
- Note 20 - Contingencies: recognition and measurement of provisions and contingencies, main assumptions on the probability and magnitude of an outflow of funds.

4.3 MEASUREMENT OF FAIR VALUE

A series of Group's accounting policies and disclosures requires the measurement of fair value, for financial and non-financial assets and liabilities.

The Group established a control structure for measuring fair value. This includes an appraisal team that has overall responsibility for reviewing all significant fair value measurements, reporting directly to the Controllership Director.

The evaluation team regularly reviews the significant data and valuation adjustments. If third-party information, such as brokerage firms' quotes or pricing services, is used to measure fair value, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the CPC / IFRS requirements, including the level in the fair value hierarchy in which such valuations should be classified.

If identified, significant assessment issues are reported to the Audit Committee of the Group.

When measuring fair value of an asset or liability, the Group uses observable data as much as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation techniques, as follows:

- Level 1: prices quoted (not adjusted) in active markets for identical assets and liabilities.
- Level 2: inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).
- Level 3: inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

If the inputs used to measure the fair value of an asset or a liability are at different levels of the fair value hierarchy, then the fair value measurement is fully classified at the same hierarchical level as the lowest-level input that is significant for the entire measurement.

The Group recognizes transfers between fair value hierarchic levels at the end of the financial statements period in which changes occurred.

Additional information about the assumptions used in the measurement of fair values are included in Note 27 – Financial instruments.

5. BASIS OF MEASUREMENT

The individual and consolidated financial statements were prepared based on the historical cost, except for the following material items which are measured on each reporting date and recognized in the balance sheets:

- Derivative financial instruments measured at fair value;
- Investment properties measured at fair value;
- The net defined postemployment benefit asset or liability is recognized as the fair value of the plan assets less the present value of the defined benefit obligation.

6. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies detailed below have been consistently applied to all the years/periods presented in these financial statements.

6.1. CONSOLIDATION BASIS

(i) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has a right over the variable returns arising from its involvement with the entity and has the ability to affect those returns exerting its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements as from the date the Group obtains the control until the date such control ceases.

The financial information of subsidiaries is recognized under the equity method in the individual financial statements of the parent company.

(ii) *Transactions eliminated in the consolidation*

Intragroup balances and transactions, and any unrealized revenue or expenses derived from intragroup transactions, are eliminated. Unrealized gains originating from transactions with investee recorded using the equity method, are eliminated against the investment in the proportion of the Group's equity interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only up to the point where there is no evidence of loss due to impairment.

(iii) *Loss of control*

When the Group loses control over a subsidiary, the Group derecognizes assets and liabilities and any non-controlling equity interest and other components recorded in equity referring to that subsidiary. Any gain or loss resulting from loss of control is recognized in income (loss). If the Group holds any in equity interest in former subsidiary, this interest is measured at fair value on the date control is lost.

6.2 EFFECTS OF CHANGES IN EXCHANGE RATES AND TRANSLATION OF FINANCIAL STATEMENTS

(i) *Transactions in foreign currencies*

Transactions in foreign currency are translated into the respective functional currencies of the Group's entities at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are reconverted into the functional currency at the exchange rate on that date. Non-monetary assets and liabilities that are measured at historical rate in foreign currency are translated into functional currency at the foreign exchange rate on the transaction date. Exchange differences arising from the translated are recognized in income (loss).

However, differences resulting from the conversion of the following items are recognized in OCI – Other comprehensive income: qualification of cash flow hedge insofar as the hedge is effective.

(ii) *Foreign operations*

Foreign transactions' assets and liabilities are translated into reais (R$) at the exchange rate prevailing on balance sheet date. Foreign transactions' revenues and expenses are translated into Reais at average monthly rates.

The differences in foreign currencies generated for the translation into the presentation currency are recognized in other comprehensive income in equity valuation adjustments.

6.3 FINANCIAL INSTRUMENTS

(i) *Recognition and initial measurement*

Trade accounts receivable and debt securities issued are initially recognized on the date that they were originated. All other financial assets and liabilities are initially recognized when the Group becomes a party to the instrument's contractual provisions.

A financial asset (unless it is trade accounts receivable without a material financing component) or a financial liability is initially measured at fair value, plus, for an item not measured at fair value through profit or loss, transaction costs which are directly attributable to its acquisition or issue. A trade accounts receivable without a significant financing component is initially measured at the price of the transaction.

(ii) *Subsequent classification and measurement*

a. Financial assets

Upon initial recognition, a financial asset is classified as measured: at amortized cost; or at fair value through profit or loss - FVTPL.

Financial assets are not reclassified after initial recognition, unless the Group changes the business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period subsequent to the change in the business model.

A financial asset is measured at amortized cost if it meets both conditions below and is not designated as measured at FVTPL:

- It is held within a business model whose purpose is to maintain financial assets to receive contractual cash flows; and
- Its contractual terms generate, on specific dates, cash flows which are only payments of principal and interest on outstanding principal value.

All financial assets not classified as measured at amortized cost as described above, are classified as FVTPL. It includes all derivative financial assets. At initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or as FVTPL, as if it eliminates or significantly reduces an accounting mismatch that would otherwise arise.

b. Financial assets - Evaluation of business model

The Group carries out an evaluation of the purpose of the business in which a financial asset is held in the portfolio, since this better reflects the way in which the business is managed and the information is provided to management. The information considered includes:

- The policies and goals established for the portfolio and practical operation of these policies. They include the question of whether management's strategy focuses on obtaining contractual interest revenues, maintaining a certain interest rate profile, matching the duration of financial assets with the duration of related liabilities, expected cash outflows, or the realization of cash flows through the sale of assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- Risks that affect the performance of the business model (and the financial assets held in that business model) and the way those risks are managed;
- The sales rate, volume and timing of sales of financial assets in prior periods, the reasons for such sales and future sales expectations.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, which is consistent with the ongoing recognition of the Group's assets.

Financial assets held for trading or managed with a performance evaluated based on fair value are measured at fair value through profit or loss.

c. Financial assets - evaluation whether the contractual cash flows represent solely payments of principal and interest

For the purpose of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as for a profit margin.

The Group considers the contractual terms of the instruments to evaluate whether the contractual cash flows are only payments of principal and interest. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet this condition. When conducting this evaluation, the Group considers:

- Contingent events that change the amount or timing of cash flows; terms that may adjust the contractual coupon rate, including variable-rate features;

- The terms that limit the Group's access to cash flows of specific assets (for example, based on the performance of an asset);
- The prepayment and the extension of the term; and
- Contractual terms that can adjust an asset's interest rate.

The prepayment is consistent with the principal and interest payment criterion if the prepayment amount mostly represents the unpaid principal and interest amounts on the outstanding principal value - which may include an additional reasonable offset due to the early termination of the contract. In addition, in relation to a financial asset acquired at a lower or higher value than contract's par value, permission or requirement of pre-payment at an amount that represents contract nominal value plus accumulated (but not paid) contract interest (which may also include fair additional remuneration for early termination of contract) are treated as consistent with this criterion if prepayment fair value is immaterial at initial recognition.

d. *Financial assets - subsequent measurement and gains and losses:*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net income, plus interest or dividend revenue, is recognized in income (loss).
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is impaired. Interest revenue, foreign exchange gains and impairment losses are recognized in income (loss). Any gain or loss on derecognition is recognized in income (loss).

e. *Financial liabilities – classification, subsequent measurement and gains and losses*

Financial liabilities were classified as measured as amortized cost or at FVTPL. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading if it is a derivative or assigned as such in initial recognition. Financial liabilities measured at FVTPL are measured at fair value and net income (loss), plus interest, is recognized in income (loss). Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in income (loss).

See Note 27.4 on financial liabilities designated as hedge instruments.

(iii) *Derecognition*

a. *Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flow of the asset expire, or when the Group transfers the contractual rights to the reception of contractual cash flows over a financial asset in a transaction in which essentially all the risks and rewards of ownership of the financial asset are transferred or in which the Group nor transfers or maintains all ownership risks and rewards of the financial assets and also does not hold the control over the financial asset.

The Group carries out transactions in which it transfers assets recognized in the balance sheet, but retains all or substantially all risks and rewards of the assets transferred. In such cases, financial assets are not derecognized.

b. *Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged, canceled or expired. The Group also derecognizes a financial liability when terms are modified, and the cash flows of the modified liability are substantially different if a new financial liability based on the terms changed is recognized at fair value.

In the derecognition of a financial liability, the difference between the extinct book value and the consideration paid (including assets transferred that do not pass through the cash or assumed liabilities) is recognized in the income (loss).

(iv) *Offsetting*

Financial assets or liabilities are offset and the net value reported in the balance sheet only when the Group currently has a legally enforceable right to offset and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(v) *Derivative financial instruments and hedge accounting*

The Group holds derivative financial instruments to hedge its risk exposure to foreign currency changes. Embedded derivatives are separated from the host contracts and separately recorded when the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. After the initial recognition, derivatives are measured at fair value and changes are normally recorded in profit or loss.

The Group allocates certain derivatives as hedge instruments to protect certain non-derivative financial liabilities.

At the beginning of the designated hedge relationships, the Group documents the risk management objective and the hedge instrument acquisition strategy. The Group also documents the economic relationship between the hedge instrument and the hedged item, including whether there is the expectation that changes in the cash flows of the hedged item and in the hedge instrument offset each other.

(vi) *Cash flow hedges*

When a derivative is designated as a cash flow hedge instrument, the effective portion of change in the derivative's fair value is recognized in other comprehensive income and disclosed in “hedge reserve” account. The effective portion of the changes in the fair value of the derivative financial instrument recognized in OCI is limited to the cumulative change in the fair value of the hedged item, calculated based on the present value as of the hedge inception. Any non-effective portion of the changes in the fair value of the derivative is recognized immediately in income (loss).

Regarding other hedged item transactions, the accumulated amount in the hedge reserve and the cost of the hedge reserve are reclassified under profit or loss in the same period or in periods when the hedged expected future cash flows affect the profit or loss.

If the hedge no longer satisfies the hedge accounting criteria or hedge instrument expires or is sold, wound up, terminated or exercised, the hedge accounting is discontinued prospectively. When the recording of cash flow hedges is discontinued, the amount accrued in the hedge reserve remains in the equity until - for a hedge instrument of a transaction resulting in the recognition of a non-financial item - it is included in the cost of the non-financial item upon initial recognition or, for other cash flow hedges, the reclassification in profit or loss for the same period or periods as the expected hedged future cash flows affect the profit or loss.

If hedged future cash flows are no longer expected, the amounts that were accrued in the hedge reserve and the cost of the hedge reserve are immediately reclassified to profit or loss.

(vii) *Embedded derivatives*

Embedded derivatives are components of a hybrid contract that also include a non-derivative principal component thus making all or a portion of the principal contract's cash flows to be adjusted. The Group evaluated the existence and the need to separate embedded derivatives in all of its contracts and, when necessary, separates them, measured these derivatives using the same practices adopted for other derivatives held by the Group.

6.4 INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Inventory cost is based on average cost. In the case of manufactured inventories, cost includes an appropriate share of overheads based on normal operating capacity.

The net realizable value is the estimate amount between the usual sales value in the ordinary course of business, net of manufacturing and sale costs.

6.5 PROPERTY, PLANT AND EQUIPMENT

6.5.1. RECOGNITION AND MEASUREMENT

Property, plant and equipment items are stated at historical acquisition or construction cost, including loan cost capitalized, net of accumulated depreciation and impairment losses.

Groups of land, buildings, equipment, industrial facilities and premises are stated at acquisition cost plus the deemed cost, in accordance with Technical Pronouncement 37 - Initial Adoption of International Accounting Standards, ICPC 10 – Interpretation on the Initial Application to Fixed Assets issued by the CPC, based on assessments carried out by independent appraisers, net of subsequent depreciation, except for land.

The costs of assets built by the Group include materials and direct labor, as well as any other costs necessary for the transportation and operation of the asset as expected by management.

Software purchases that are necessary for the functionality of a fixed asset are capitalized as part of the asset.
Any gains and losses on disposal of a property, plant and equipment item are recognized in income (loss).

6.5.2. SUBSEQUENT COSTS

Subsequent costs are capitalized in accordance with the probability that associated future economic benefits will be earned by the Group.

6.5.3. DEPRECIATION

Depreciation of fixed assets begins when the item is ready for use, that is, when it is in the place and at the conditions necessary to operate in the manner idealized by Management.

Depreciation is calculated to amortize the cost of items of property, plant and equipment, net of their estimated residual values, using the straight-line method based on estimated useful lives of such items. Depreciation is recognized in income (loss). Leased assets are depreciated over the shorter of the estimated useful life of the asset and the contractual term, unless it is certain that the Group will become the owner of the asset at the end of the lease term. Land is not depreciated.

The estimated depreciation rates of the fixed assets are as follow:

Buildings	5.26% p.a.
Machinery and equipment	7.29% p.a
Facilities, tools and instruments	4.25% p.a
IT Equipment	5.06% p.a
Vehicles	20% p.a
Furniture and fixtures	9.43% p.a
Spare material (i)	7.56% p.a
Improvements in own assets	3.39% p.a

(i) This item refers to specific tailor-made materials that maintain specific production lines and, therefore, their depreciation has the same rate as the related machines.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate.

6.5.4. RECLASSIFICATION FOR INVESTMENT PROPERTY

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified for accounting purposes under "investment property". Any gain on from this initial remeasurement is recognized in income (loss) as the gain reverses impairment loss on the specific property, and any remaining gain recognized as other comprehensive income. Any loss is immediately recognized in income (loss). However, to the extent that there is an amount previously recognized as a revaluation of said property, the loss is recognized in other comprehensive income.

6.5.5. IMPAIRMENT

(i) *Non-derivative financial assets*

The Group recognizes the expected credit losses regarding financial assets measured at amortized cost.

Provisions for losses on trade accounts receivable and contract assets are measured at a value equal to a credit loss estimated for the instrument's entire life.

The expected credit loss for the full life of the instrument is the one which results from all default events that may occur over the entire life of the instrument.

The maximum period considered to estimate an expected credit loss is the maximum contractual period in which the Group is exposed to credit risk.

When determining if the credit risk of a financial asset has significantly increased since the initial recognition and when estimating expected credit losses, the Group considers reasonable and tolerable information that is relevant and available without excessive cost or effort. This includes quantitative and qualitative information and analysis, based on the Group's historical experience in the credit and collateral appraisal.

The Group assumes that the credit risk in a financial asset increased significantly if it is more than 90 days overdue.

The Group evaluates accounts receivable in an aggregate manner considering the general characteristics of the internal and external market and segment. When the asset is overdue for more than 90 days, the Group assesses the trade note security individually, considering collaterals and the internal credit assessment determined by the Credit Committee.

The Group considers a financial asset in default when: (i) it is highly likely that the counterparty will not fully settle its obligations to the Group, without the Group having recourse to collaterals (if any); or (ii) financial asset is overdue for more than 90 days.

Measurement of expected credit losses
Expected credit losses (ECLs) are probability-weighted estimate of credit losses. Credit losses are measured at present value based on all cash insufficiencies (that is, the difference between the cash flows owed to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Financial assets with recovery problems
On each balance sheet date, the Group evaluates whether the financial assets accounted for at amortized cost and are experiencing recovery problems. A financial asset has "recovery problems" when one or more events with a negative impact on the estimated future cash flows of the financial assets occur.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulties of the issuer or borrower;
- Breach of contractual clauses, such as default or late payment of more than 90 days;
- The probability that the borrower will enter bankruptcy or other financial reorganization; or

- The disappearance of an active market for that financial asset because of financial difficulties.

Provision for losses for financial assets measured at amortized cost are deducted from the gross book value of assets.

Write-off
The gross book value of a financial asset is written off when the Group has no reasonable expectation of recovering the financial asset in full or in part. The Group assesses, on an individual basis, the time and amount of write-off based on the existence or not of reasonable expectation of recovery. The Group does not expect any significant recovery of amount written-off. However, financial assets written off may still be subject to credit collection, in compliance with procedures of the Group for the recovery of the amounts due.

(ii) *Non-financial assets*

The book values of Group's non-financial assets, except for investment properties, deferred inventories and deferred tax assets are reviewed at each balance sheet date for indication of impairment. If such indication exists, the asset's recoverable amount is estimated.

For impairment tests, assets are grouped into CGUs, that is, the smallest identifiable group of assets that can generate cash inflows by continuous use, which are highly independent from cash inflows referring to other assets or cash generating units. Goodwill from business combinations is allocated to cash generating units or groups of cash generating units that are expected to benefit combination synergy.

Recoverable value or CGU of an asset is the higher of value in use and fair value less selling costs. Value in use is based on estimated future cash flows discounted to present value using a discount rate before taxes that reflects current market evaluations of times value of money and the specific risks of the assets or CGU.

An impairment loss is recognized when the book value of an asset or its CGU exceeds its recoverable value.
Impairment losses are recognized in income (loss). Recognized losses referring to CGUs are initially allocated to reduce any goodwill allocated to that CGU (or CGU group) and then to reduce the book value of other assets of that CGU (or CGU group) on a pro rata basis.

An impairment loss related to goodwill is not reversed. Regarding other assets, impairment losses are reversed only with the condition that the new book value of the asset does not exceed the book value that would have been calculated.

6.2. EMPLOYEE BENEFITS

(i) *Short-term employee benefits*

Obligations for short-term employee benefits are recognized as personnel expenses as the related service is provided. The liability is recognized at the expected payment amount if the Group has a present legal or constructive obligation to pay this amount in virtue of a past service provided by the employee and the obligation can be reliably estimated.

(ii) *Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognized as personnel expenses when the services are rendered by the employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) *Defined benefit plans*

The Group's net obligation in respect of defined benefit pension plans is calculated for each plan by estimating the amount of the future benefit that employees will earn in return for their services rendered in the current and prior periods. This amount is discounted to its present value and is presented net of the fair value of any plan assets.

The calculation of the defined benefit obligation is made each year by a qualified actuary adopting the projected unit credit method. When the calculation results in a potential asset to the Group, the asset to be recognized is limited to the present value of economic benefits available as future plan refunds or reduction in the future payments. To calculate the present value of the economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of net obligation comprising: actuarial gains and losses, the return on the plan assets (excluding interest) and the asset ceiling effect (if any, excluding interest) are recognized immediately in Other comprehensive income (loss). The Group determines the net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate used to measure the defined benefit obligation, both of which are determined at the start of the period covered by the financial statements, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest and other expenses related to the defined benefit plans are recognized in income (loss).

Gains and losses resulting from defined benefit plans are recognized as Other Comprehensive Income (ORA) in equity.

6.6 TAX GRANTS

Tax grants are recognized in the Company's income (loss) for the period they are incurred and when there is sufficient certainty that they will be granted.

The Group recognizes revenue from state incentives from DESENVOLVE (Bahia) and PSDI (Sergipe) programs, as well as Federal incentives referring to REIQ, Income Tax Reduction (SUDENE region) and REINTEGRA (see Note 28).

6.7 FINANCIAL REVENUES AND EXPENSES

Financial revenues include interest on financial assets at fair value through profit or loss, interest revenues on loans and receivables, income (loss) from derivatives, discounts from suppliers, foreign exchange gain and other financial revenues.

Financial expenses include interest expenses, discounts granted to clients, taxes on financial revenues, interest from suppliers, income (loss) from derivatives, foreign exchange loss and other financial expenses.

(i) *Recognition of financial revenues*

Revenues are considered realized:

- in transactions with third parties, when they make the payment or make a firm commitment to pay, either by the investor in the ownership of assets previously owned by the Company, or by the enjoyment of services provided by it;
- upon the partial or total extinction of a liability, whatever the reason, without the concurrent disappearance of an asset of equal or greater value;
- by the natural generation of new assets, regardless of the intervention of third parties;
- in the actual receipt of donations.

(ii) *Recognition of financial expenses*

Expenses are considered incurred:

- when the corresponding asset value ceases to exist, by transferring its ownership to a third party;
- by the decrease or extinction of the economic value of an asset;
- by the emergence of a liability, without the corresponding asset.

Changes in foreign exchange gains and losses are reported on a net basis in the statement of income, as financial revenues or expenses, depending on whether it refers to foreign exchange gains or losses.

6.8 INCOME TAX AND SOCIAL CONTRIBUTION

Income tax and social contribution for the current and deferred period are calculated based on the rates of 15%, and a 10% surcharge on taxable income exceeding R$ 240 for income tax and a 9% surcharge on taxable income for social contribution on net income, and consider the offsetting of tax and social contribution losses, limited to 30% of the taxable income for the year.

The income tax and social contribution expenses include the income tax and social contribution include the current and deferred taxes. Current and deferred taxes are recognized in profit or loss except if they are related to the business combination, or items directly recognized in other comprehensive income, in the equity.

(i) *Revenues (expense) from current income tax and social contribution*

Current tax expenses or revenues is the tax payable or receivable on the taxable income or loss for the year and are recorded in the result for the year, respectively, against tax liabilities payable or recoverable assets.

(ii) *Revenues (expenses) from income tax and social contribution - deferred*

The deferred income tax and social contribution revenues and expenses are recognized in the result for the year against deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognized in relation to the temporary differences between the book values of assets and liabilities for financial statement purpose and the authorized amounts used for taxation purposes. The changes in deferred tax assets and liabilities for the year are recognized as deferred income tax and social contribution expense.

A deferred tax asset on tax losses and negative basis of social contribution are recognized with the purpose of being offset against income tax and social contribution on future taxable income, limited to 30% of said income in each year.

A deferred tax asset is only recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Future taxable income is determined based on the reversal of relevant taxable temporary differences. If the amount of the taxable temporary differences is insufficient to fully recognize a deferred tax asset, the future taxable income, adjusted for reversals of the existing temporary differences, will be considered, based on the business plans of the parent company and of its subsidiaries, individually.

Deferred tax assets are reviewed at each balance sheet date and reduced when their realization is no longer probable.

Deferred tax assets and liabilities are measured at tax rates expected to be applied to temporary differences when they are reversed, based on rates enacted or substantively decreed up to the date of balance sheet.

Measurement of deferred tax assets and liabilities reflects tax consequences deriving from the way in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria above are met.

6.9 PROVISIONS

A provision is created when the Group has a legal or constructive obligation as a result of a past event, which can be reliably estimated, and it is probable that an outflow of funds will be required to settle the obligation.

6.10 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is measured based on the counterparty specified in the contract with the client. The Group recognizes the revenue when the asset control is transferred to a client.

Following is information about the nature and time when the performance obligations provided for in the contract with customer were met:

(i) *Nature and time when the performance obligations, including significant payment terms were met*

Clients obtain control of Styrenics, Acrylics and Agro products, as presented in item 6.11.(ii). Revenue recognition. Invoice payment terms are determined based on a credit analysis carried out for each customer.

Commercial discount can be granted to customers based on the negotiation, and they represent a reduction of the standard price. The invoice is issued at the standard price less the amount of the commercial discount. In addition, the Group may grant discounts to customers as incentives for customers who pay in advance.

Some contracts allow the customer to return the product before acceptance.

(ii) *Revenue recognition – CPC 47 / IFRS 15*

Revenue is recognized when goods are accepted by the customer at their premises based on the following types of freight:

Channel	Type of freight	Nature and moment of compliance with performance obligations	Revenue recognition
Highway	Freight paid by seller	The clients obtain the control of products when the goods are delivered and accepted in their premises.	Recognized when the goods were delivered and accepted at the customer's facilities.
Highway	Freight paid by buyer	Customers gain control of products when goods are shipped from the Group's warehouse.	Recognized upon shipping of goods.
Maritime	Cost insurance and freight	Customers gain control of the products when the goods arrive at the port of destination.	Recognized when the cargo ship arrives at the destination port.
Maritime	*Free on board*	Customers gain control of the products when the goods are loaded onto the cargo ship.	Recognized when goods are loaded onto the cargo ship.

6.11 SEGMENT INFORMATION

An operating segment is a component of the Group which engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components. All operating income (loss) of the operating segments are frequently reviewed together with their managers and reported to the Executive Board. Thus, are presented in Board of Directors' meetings for decisions regarding the resources to be allocated to the segment to be taken and to assess their performance, for which individual financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The unallocated items include mostly the corporate assets (mainly the Company's head office and management), financial income (loss) and income tax and social contribution.

6.12 EARNINGS PER SHARE

Basic earnings per share are calculated based on the income for the year attributable to the Company's controlling shareholders and the weighted average of outstanding common shares in the respective year. The diluted earnings per share are calculated based on the mentioned average of outstanding shares, adjusted by instruments that can potentially be converted into shares; however, the group has no dilution effect, in the years presented.

6.13 STATEMENTS OF ADDED VALUE

The Company prepared individual and consolidated statements of added value in accordance with the rules of technical pronouncement CPC 09 - Statement of Added Value, which are presented as a part of financial statements as accounting practices adopted in Brazil applicable to publicly-held companies, whereas under IFRSs they represent additional financial information.

6.14 CPC 06 (R2) / IFRS 16 – LEASES

(i) *Definition of lease*

The Group evaluates whether a contract is or contains a lease when it transfers the right to control the use of an identified asset for a period of time in exchange for consideration. The Group follows the definition of lease under CPC 06 (R2)/IFRS 16 to assess whether an agreement transfer the right to control the use of an identified asset.

At the inception or revaluation of a lease agreement, the Group allocates the lease consideration to each lease and non-lease component based on its individual prices.

(ii) *Lease classified as operating lease in accordance with CPC 06 (R1) / IAS 17*

Leases are measured at the present value of the remaining lease payments, discounted at the Group's incremental loan rate at the end of the last accounting year.

The discount rate was calculated by constructing an interest rate curve based on the Bond of the Group and Bonds of comparable companies such as maturities in the interval 5–10 years, where the Bonds of comparable companies are adjusted by the average spread, differences of classification of scenario and any other specific spread of identified risk. For the first point (D + 1) of the curve, the effective average rate of loans and financings of the Group was used with no adjustments. For points beyond 10 years, the Brazilian government bonds were used adjusted at the historical spread of the Bond of the Group in relation to the Brazilian government bonds with similar maturity date.

These future points were exponentially interpolated to establish a curve of discount rate with reference rates for all the payment dates. This curve was used to discount all the projected cash flows in the base of operating lease agreements.

Right-of-use assets are initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease receipts.

The Group did not find indications of impairment loss on its right-of-use assets.

6.15 NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The IFRS issuances/amendments made by the IASB that are effective for the year beginning on January 1, 2022 had no impact on the individual and consolidated financial statements. The Group also did not early adopt these changes in the preparation of these individual and consolidated financial statements and does not expect that they will have a significant impact on the Group's financial statements:

(i) *Onerous Contracts – costs to fulfill a contract (amendments to CPC 25 / IAS 37)*

These amendments specify which costs an entity must include to determine the cost of fulfilling a contract to assess if the contract is onerous. The amendments apply to annual periods beginning on or after January 01, 2022 for existing contracts, on the date such changes are adopted for the first time. On the date of initial application, the cumulative effect of applying the changes is recognized as an adjustment to the opening balance in retained earnings or other components of the equity, as appropriate. The comparisons are not restated. The Group does not expect significant effects from the adoption of the new standard in 2022.

(ii) *Deferred tax related to assets and liabilities arising from a single transaction (Amendments to CPC 32/IAS 12)*

The amendments limit the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - for example, leases and dismantling cost liabilities. Changes apply to the annual periods starting on or after January 1, 2023. For leases and dismantling cost liabilities, the associated deferred tax assets and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of the equity on that date. For all other transactions, the changes apply to transactions that occur after the beginning of the earliest period presented. The Group is still evaluating the impacts of adopting the new standard.

(iii) *Other standards*

New and amended standards are not expected to have a significant impact on the Group’s individual and consolidated financial statements:

- Rental concessions related to COVID-19 (amendment to CPC 06/IFRS 16)
- Property, plant and equipment: Proceeds before Intended Use (amendments to CPC 27/IAS 16).
- Reference to the Conceptual Framework (amendments to CPC 15/IFRS 3).
- Classification of Liabilities as Current or Non-Current (amendments to CPC 26/IAS 1);
- Annual review of IFRS 2018-2020 standards.
- Disclosure of Accounting Policies (Amendments to CPC 26/IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to CPC 23/IAS 8).

7. CASH AND CASH EQUIVALENTS

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The Group's cash equivalents consist of bank deposit certificates (CDBs) for companies located in Brazil and overnight deposits for subsidiaries in Mexico and Luxembourg. These investments can be redeemed at any time without significant change in value.

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash and banks in Reais	473	120	78,245	40,013
Cash and banks in Dollars	-	-	354,023	280,237
Bank Deposit Certificates[1]	-	-	366,801	281,963
Short-term investments in foreign currency[2]	-	-	50,269	21,826
	473	**120**	**849,338**	**624,039**

[1]Investments in bank deposit certificates (CDB) with daily liquidity and average yield of approximately 99.50% p.a. (99% p.a. as of December 31, 2020) of the CDI rate. These investments can be redeemed at any time without prejudice to the remuneration already appropriated.
[2]Investments with daily liquidity in Mexican pesos with average rate of 3.6% p.a. (7.15% p.a. as of December 31, 2020).

The credit and market risk analysis of banks that maintains cash and cash equivalents with the Group is disclosed in Note 27.3 - Risk management framework.

8. TRADE ACCOUNTS RECEIVABLE

	Consolidated	
	12/31/2021	12/31/2020
Domestic market	330,172	115,390
Foreign market	189,362	131,570
Related parties (Note 10)	17,426	3,996
	536,960	**250,956**
(-) Estimated credit loss	(48,568)	(43,091)
	488,392	**207,865**

The Company's average collection period is, for the most part, 30 days, which is why the value of the securities receivable corresponds to their fair value. The Company realizes part of its accounts receivable from customers through the sale of securities to funds intended for the acquisition of receivables. These operations are fully carried out without the right of return and with substantial transfer of the risks and benefits of the receivables, which is why the securities are written off at the time of the operation. As of December 31, 2021, the amount of interest of R$24,160 (R$18,129 as of December 31, 2020), recorded under interest expenses on bank loans (note 25 - Financial expenses).

Estimated credit loss in accounts receivable: refers to the estimated loss for the effectiveness period of contract unless there is a collateral or if there is an expectation of recovery of the value, in the view of the Group's credit committee. The security is written off when there is no expectation of recovery.

The maturities of trade accounts receivable are distributed as follow:

	Consolidated	
	12/31/2021	12/31/2020
Falling due	436,739	182,642
Overdue (days):		
01–30	43,852	15,315
31–60	3,809	5,116
61–90	2,053	706
>90	50,507	47,177
	536,960	**250,956**

Changes in provision for expected credit loss are as follows:

	Consolidated	
	12/31/2021	12/31/2020
Balance on January 1	**(43,091)**	**(37,349)**
Additions	(3,596)	(2,061)
Write-offs	144	1,123
Reversals	-	551
Exchange-rate changes	(1,654)	(5,024)
Translation adjustments – foreign subsidiaries	(371)	(361)
Closing balance	**(48,568)**	**(43,091)**

The analysis of the credit and market risk of clients is disclosed in Note 27.3 - Risk management framework.

9. INVENTORIES

	Consolidated	
	12/31/2021	12/31/2020
Finished product	418,461	132,020
Work in process	3,490	5,230
Raw material	212,132	107,660
Secondary materials	61,906	29,542
Storeroom	97,038	72,482
Inventories in transit	72,344	188
Inventories held by third parties	84,643	22,368
	950,014	**369,490**

Inventory items are stated at cost or net realizable value, whichever is lower. However, only finished products have a provision for net realizable value. During the period ended December 31, 2021, the amount of R$ 2,612 (R$ 3,636 as of December 31, 2020) was recognized as a inventory impairment as a contra-entry to income (loss) for the year, under cost of goods sold.

Changes in provision for reduction to net realizable value of inventories are as follows:

	Consolidated	
	12/31/2021	12/31/2020
Balance on January 1	**(3,636)**	**(2,132)**
Additions and reversals	(5,540)	(4,053)
Write-offs	6,577	2,684
Translation adjustments – foreign subsidiaries	(13)	(135)
Closing balance	**(2,612)**	**(3,636)**

There were no inventories pledged as a collateral in the years presented for loans and financing.

10.RELATED PARTIES

10.1 ASSET BALANCES

	Parent company				
	12/31/2021				
	Assets		Liabilities		
	Current	Non-current	Current		Non-current
	Dividends[1]	Current account[2]	Current account[2]	Dividends	Current account[2]
Cigel Participações S.A.	-	-	-	(182,349)	-
Unigel Plásticos S.A.	4,218	2,483	-	-	-
Companhia Brasileira de Estireno	-	-	-	-	(1,083,123)
Proquigel Química S.A.	-	2	-	-	(342,479)
Unigel Distribuidora Ltda.	-	5	-	-	(35,143)
Plastiglas de Mexico S.A. de C.V.	-	559	(27)	-	-
Other associated companies	-	-	(52)	-	-
	4,218	**3,049**	**(79)**	**(182,349)**	**(1,460,745)**

	Parent company					
	12/31/2020					
	Assets			Liabilities		
	Current		Non-current	Current		Non-current
	Dividends[1]	Current account	Current account[2]	Current account	Dividends[1]	Current account[2]
Cigel Participações S.A.	-	-	-	-	(19,938)	-
Unigel Plásticos S.A.	4,218	-	1,268	-	-	-
Companhia Brasileira de Estireno	-	-	-	-	-	(1,007,021)
Proquigel Química S.A.	-	-	-	-	-	(340,281)
Unigel Distribuidora Ltda.	-	4	-	-	-	(36,511)
Other associated companies	-	-	177	(53)	-	-
	4,218	**4**	**1,445**	**(53)**	**(19,938)**	**(1,383,813)**

	Consolidates				
	12/31/2021				
	Assets		Liabilities		
	Current		Current		Non-current
	Accounts receivable	Advances to suppliers	Dividends	Suppliers	Related parties
Cigel Participações S.A.	-	-	(182,349)	-	(144)
CPE - Compostos Plásticos de Engenharia Ltda.	17,426	-	-	-	-
Ergotrans Participações Ltda .	-	45,724	-	(209)	-
	17,426	**45,724**	**(182,349)**	**(209)**	**(144)**

	Consolidated			
	12/31/2020			
	Assets		Liabilities	
	Current		Current	
	Accounts receivable	Advances to suppliers	Dividends[(1)]	Suppliers
Cigel Participações S.A.	-	-	(19,938)	-
Transportadora Unigel Ltda.	-	-	-	-
CPE - Compostos Plásticos de Engenharia Ltda.	3,996	-	-	-
Ergotrans Participações Ltda.	-	13,794	-	(393)
	3,996	**13,794**	**(19,938)**	**(393)**

[(1)] Dividends to be paid or received in 12 months according to cash availability.
[(2)] The amounts classified as current accounts refer to cash transactions between the Group's companies supported by contracts with an indefinite term or with automatic renewal and are referred to as "Current Account Contracts". In said contracts, the parties established that there will be no interest charge or deadline for returning the amounts. Thus, as they are transactions between related parties, with no expected refund or settlement, the Group classified these amounts in the long term.

The balances presented in accounts receivable refer to sales of products to related parties and the balances are referenced in Note 8 – Accounts receivable, as well as the amounts shown in suppliers refer to purchases of services, also from related parties, and are highlighted in Note 17.

10.2 TRANSACTIONS AMONG COMPANIES OF THE SAME ECONOMIC GROUP

The transactions between the companies belonging to the Unigel Group are presented below. All these transactions were eliminated from the income (loss) for the period and from the consolidated balance sheet.

	Consolidated			
	Transaction amount			
	Sales		Purchasing	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Companhia Brasileira de Estireno	1,289,146	141,080	(1,194,315)	(153,241)
Unigel Acrilicos S.A. de C.V	7,224	4,222	-	-
Unigel Distribuidora Ltda.	1,116,081	121,884	(1,051,411)	(62,193)
Unigel Plásticos S.A.	53,009	56,365	(28,856)	(17,991)
Proquigel Química S.A.	78,258	31,858	(269,136)	(121,984)
	2,543,718	**355,409**	**(2,543,718)**	**(355,409)**

The commercial transactions with companies considered to be linked to the Unigel Group are presented below.

	Consolidated			
	Transaction amount			
	Sales		Purchasing	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
CPE - Compostos Plásticos de Engenharia Ltda.	68,351	50,997	-	(20,767)
Ergotrans Participações Ltda.	-	-	(162,184)	(95,812)
	68,351	**50,997**	**(162,184)**	**(116,579)**

Additionally, the Company appropriated interest expenses of related parties' loans in the amount of R$ 242,999 on December 31, 2021 (R$ 182,929 on December 31, 2020). These loans from related parties originate from the transfer of amounts to the Group's operating companies referring to the Bond funding made by Unigel Luxemburg and were carried out under conditions similar to the conditions agreed in the aforementioned market funding for interest and terms. All accrued interest was eliminated in the consolidation process.

	Consolidated	
	12/31/2021	12/31/2020
Companhia Brasileira de Estireno S.A.	132,814	92,718
Proquigel Química S.A.	99,379	90,211
Unigel Plásticos S.A.	5,403	-
Unigel Distribuidora S.A.	5,403	-
	242,999	**182,929**

10.3 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The aggregate value of the transactions with key management personnel is described below:

	Consolidated	
	Twelve-month period ended:	
	12/31/2021	12/31/2020
Salaries and payroll charges	15,487	9,078
Bonus and charges	1,178	733
Short-term benefits	**16,665**	**9,811**
Post-employment benefits	508	330
	17,173	**10,141**

The Group considered as key management personnel: (i) Statutory Directors and (ii) Members of the Board of Directors.

11. RECOVERABLE TAXES AND CONTRIBUTIONS

	Consolidated	
	12/31/2021	12/31/2020
PIS/COFINS - Exclusion of recoverable ICMS[1]	225,782	-
ICMS[2]	38,283	21,143
ICMS on property, plant and equipment[3]	11,866	7,238
IPI	3,766	5,414
INSS	4,641	4,851
PIS[4]	15,192	8,038
COFINS[4]	44,125	23,052
REINTEGRA program	13,313	14,442
VAT tax recoverable	38,974	31,352
Other	25,541	5,391
	421,483	**120,921**
Current	187,867	115,764
Non-current [1][3]	233,616	5,157

(1) On May 14, 2021, the Federal Supreme Court, by means of the judgment of Motions for Clarification filed by the Federal Government established the understanding that the ICMS to be excluded from the PIS and COFINS calculation basis is that amount highlighted in the invoice. Moreover, the Company also decided to modify the effects of this decision with general repercussions as of March 15, 2017, except for the lawsuits filed up to that date. In summary, taxpayers who have not claimed the refund of amounts will be entitled to calculate and receive credits from the date of modulation; that is, March 15, 2017. Taxpayers who have questioned the aforementioned exclusion in court will be entitled to a refund of the last 5 years as of the filing date of the lawsuit. The Group filed a lawsuit on March 7, 2017, and obtained an injunction authorizing the aforementioned exclusion on May 5, 2017, based on the ICMS amount highlighted in the invoices. Management chose to exercise its right prospectively; that is, as of the date of the injunction granted until the final and unappealable decision of the matters under discussion. With the decision of the Federal Supreme Court (STF) established herein, the Company confirmed the understanding adopted in the exclusion of ICMS from the PIS and COFINS calculation basis referring to the amounts highlighted in the invoices. Therefore, there is no adjustment to be recognized in the financial statements issued until then. However, the right to return the amounts referring to the 5 years prior to the filing of the lawsuit was ensured, that is, credits from April 2012 to March 2017, which are accounted for in said item. The amounts recognized as overpayments were updated by the SELIC rate upon recognition.

(2) Accumulated ICMS (state VAT) deriving from the purchase of raw material. The Group expects to use these credits considering various possibilities, such as: intercompany transactions based on different ICMS tax rates (between different states in Brazil), purchase of raw materials with drawback exemption, and monetization of credits through negotiation with third parties.

(3) The credits of property, plant and equipment are both used during a period from 48 to 60 months and classified, as applicable, as current and non-current.

(4) The PIS and COFINS credits of the Group's companies mainly arise from export operations; that is, the company acquires raw materials with taxes (credit) and has a relevant portion of its sales destined for export without the incidence of these taxes (debit), thus generating credit balances. The Group's legal team has been implementing legal actions that allow monetization of these credits. The Group monetized R$ 2,807 in 2021 (R$ 3,376 as of December 31, 2020) in PIS, COFINS and IPÌ credits, based on Ordinance 348/2010 ("Linha Rápida)." The Group's legal advisors evaluate that this resource will continue to succeed. In addition, the Company's subsidiaries calculate credits arising from the exclusion of ICMS from the PIS and COFINS calculation basis since 2017. The Group recognized the credits after the final and unappealable decision handed down by the Federal Supreme Court with general repercussions. The Company's subsidiaries continued recording these credits monthly using the same calculation methodology discussed in the lawsuit that had a favorable decision in the court, i.e., the credits are calculated based on the ICMS amount highlighted in the invoices.

12.INCOME TAX AND SOCIAL CONTRIBUTION

The deferred income tax and social contribution are recognized to reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and respective book value and accumulated balances of tax losses and negative calculation bases of social contribution.

Changes in deferred income tax and social contribution are stated as follows:

	Consolidated						
	12/31/2021	DRE	OCI	12/31/2020	DRE	OCI	01/01/2020
Assets							
Amounts recognized in OCI							
Post-employment benefit	9,167	-	5,731	3,436	-	-	3,436
Hedge accounting - exchange-rate change	286,024	(28,549)	239,683	74,890	(967)	75,857	-
Amounts recognized in profit (loss)							
Estimated credit loss	11,467	1,279	-	10,188	-	-	10,188
Provision for contingencies	2,596	(8,647)	-	11,243	1	-	11,242
Provision for loss in investments	1,433	990	-	443	-	-	443
Unrealized exchange-rate changes	148,190	64,940	-	83,250	64,318	-	18,932
Accumulated tax losses	370,240	(124,220)	-	494,460	10,768	(9,340)	493,032
PIS/COFINS - Exclusion of ICMS	(76,048)	(76,048)	-	-	-	-	-
Provision for estimated loss on inventories	467	180	-	287	-	-	287
Unrealized gains in inventories	-	(132)	-	132	94	-	38
Freight	9,497	4,692	-	4,805	30	-	4,775
Derivatives	(127,207)	(83,010)	-	(44,197)	(49,034)	-	4,837
Foreign operations	20,475	3,196	-	17,279	10,188	1,669	5,422
Impairment	4,955	4,955	-	-	-	-	-
Other provisions	34,535	23,391	-	11,144	1,415	-	9,729
	695,791	**(216,983)**	**245,414**	**667,360**	**36,813**	**68,186**	**562,361**
Liabilities							
Amounts recognized in OCI							
Deemed cost	(48,950)	15,085	-	(64,035)	12,505	-	(76,540)
Amounts recognized in DRE							
Other provisions	(1,377)	(2,615)	(399)	1,637	(542)	(27)	2,179
Fair value – investment properties	-	-	2,087	(2,087)	-	-	(2,087)
Gain in corporate transactions	(117,137)	-	-	(117,137)	-	-	(117,137)
	(167,464)	**12,470**	**1,688**	**(181,622)**	**11,963**	**(27)**	**(193,585)**
Deferred net assets	**528,327**	**(204,513)**	**247,102**	**485,738**	**48,776**	**68,159**	**368,776**
Deferred tax assets	645,464			602,875			484,645
Deferred tax liabilities	(117,137)			(117,137)			(115,869)
Deferred net assets	**528,327**			**485,738**			**368,776**

The reconciliation between the tax expense as calculated by the combined statutory rates and the income tax and social contribution expense calculated in income (loss) is presented below:

	Consolidated	
	12/31/2021	12/31/2020
Income (loss) before taxes	**1,243,650**	**(25,585)**
Combined rate	34%	34%
Income tax and social contribution at the combined rate	**(422,841)**	**8,699**
Additions:		
Hedge accounting – realization of changes in exchange rate	(15,509)	(28,064)
Non-deductible interest - thin capitalization	(31,777)	-
Transfer pricing	(11,528)	-
Taxation on a universal basis – companies abroad	(14,485)	(1,159)
Other permanent additions	(2,556)	-
Exclusions:		
Tax benefits - Reintegra (Note 28.4)	698	268
Tax benefits - Desenvolve (Note 28.1)	59,454	25,243
Other permanent exclusions	20	-
Total	**(438,524)**	**4,987**
Effective rate	**35%**	**19%**
Other adjustments:		
Tax loss carryforwards and calculation basis[1]	(12,611)	(10,071)
Tax losses from prior periods	(54,236)	8,733
Taxes paid abroad	20,818	-
Tax incentive - SUDENE (Note 28.3)	123,076	-
Income tax and social contribution in income for the year	**(361,477)**	**18,600**
Current	(156,964)	(30,176)
Deferred	(204,513)	48,776

[1] Said balances are related to tax losses, negative calculation basis and historical temporary differences of Group's companies which, according to current projections, currently do not indicate sufficient taxable income generation to offset these amounts in a medium-term horizon. The total balance of tax losses, negative calculation basis and temporary differences not recognized until December 31, 2021 is as follows:

	Consolidated	
	12/31/2021	12/31/2020
Unigel Plásticos S.A.	77,830	55,816
Unigel Participações S.A.	12,012	-
Companhia Brasileira de Estireno	-	166,157
Proquigel Química S.A.	-	90,690
Unigel Distribuidora Ltda.	262	-
	90,104	**312,663**

13.INVESTMENTS

13.1 CHANGES IN INVESTMENTS:

	Companhia Brasileira de Estireno	Proquigel Química S.A.	Unigel Luxemburgo S.A.	Unigel Distribuidora Ltda.	Unigel Plásticos S.A.	Unigel Com. de Energia S.A.	Total
Balance on December 31, 2020	**1,314,854**	**90,142**	**87,310**	**46,098**	**15,630**	**1,000**	**1,555,034**
Equity income (loss)	572,050	320,995	33,081	7,196	(44,945)	(1)	888,376
Cash flow hedge	(35,179)	(90,227)	-	8,855	10,496	-	(106,055)
Post-employment benefit	492	-	-	-	-	-	492
Accumulated translation adjustment	45,071	-	10,442	-	-	-	55,513
Balance on December 31, 2021	**1,897,288**	**320,910**	**130,833**	**62,149**	**(18,819)**	**999**	**2,393,360**
Assets	**1,897,288**	**320,910**	**130,833**	**62,149**	**-**	**999**	**2,412,179**
Liabilities	**-**	**-**	**-**	**-**	**(18,819)**	**-**	**(18,819)**
							2,393,360

	Companhia Brasileira de Estireno	Proquigel Química S.A.	Unigel Luxemburgo S.A.	Unigel Distribuidora Ltda.	Unigel Plásticos S.A.	Unigel Com. de Energia S.A.	Total
Balance on December 31, 2019	**1,335,947**	**286,839**	**44,017**	**52,017**	**23,695**	**-**	**1,742,515**
Equity income (loss)	45,823	(63,888)	39,766	(5,919)	(9,295)	-	6,487
Capital increase	-	-	-	-	-	1,000	1,000
Post-employment benefit	(4,161)	-	-	-	-	-	(4,161)
Cash flow hedge	(190,803)	(132,809)	-	-	1,230	-	(322,382)
Accumulated translation adjustment	128,048	-	3,527	-	-	-	131,575
Balance on December 30, 2020	**1,314,854**	**90,142**	**87,310**	**46,098**	**15,630**	**1,000**	**1,555,034**

13.2 BREAKDOWN OF CAPITAL

	Companhia Brasileira de Estireno		Proquigel Química S.A.		Unigel Luxemburgo S.A.		Unigel Distribuidora Ltda.		Unigel Plásticos S.A.		Unigel Com. de Energia S.A.		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	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Capital	**629,291**	**629,291**	**459,636**	**459,636**	**127**	**127**	**62,372**	**62,372**	**98,831**	**98,831**	**1,000**	**1,000**	**1,251,130**	**1,251,257**
Equity	1,902,517	1,314,854	320,910	90,142	130,833	87,310	62,150	46,098	(18,935)	15,749	999	1,000	2,398,474	1,555,153
Equity interest in capital stock, at the end of the year - %	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%
Income from inventories	(5,137)	-	-	-	-	-	-	-	(176)	(119)	-	-	(5,313)	(119)
Total net worth	**1,897,383**	**1,314,854**	**320,910**	**90,142**	**130,833**	**87,310**	**62,150**	**46,098**	**(19,111)**	**15,630**	**999**	**1,000**	**2,393,164**	**1,555,034**
Income from inventories	(5,195)	-	-	-	-	-	-	-	(68)	(119)	-	-	(5,263)	(119)
Income (loss) for the period	557,245	45,823	320,995	(63,888)	33,081	39,766	7,196	(5,919)	(44,877)	(9,176)	(1)	-	873,639	6,606
Equity interest in capital stock, at the end of the period - %	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%
Equity income (loss)	**572,050**	**45,823**	**320,995**	**(63,888)**	**33,081**	**39,766**	**7,196**	**(5,919)**	**(44,945)**	**(9,295)**	**(1)**	**-**	**888,377**	**6,487**

14. PROPERTY, PLANT AND EQUIPMENT

	Consolidated											
Cost	Buildings	Machinery and equipment	Facilities, tools and instruments	Land	IT Equipment	Vehicles	Furniture and fixtures	Improvements	Spare material	Advance to suppliers of property, plant and equipment	Property, plant and equipment in progress	Total
Balance at 12/31/2019	**213,728**	**1,251,402**	**844,992**	**111,923**	**22,803**	**2,349**	**10,461**	**28,326**	**2,491**	**4,881**	**193,802**	**2,687,158**
Additions	-	808	-	-	-	284	-	-	-	1,279	220,785	223,156
Write-offs	(60)	(316)	(301)	-	-	(287)	(1)	-	-	-	(5,548)	(6,513)
Transfers (1)	-	110,295	19,285	-	6,125	149	5,963	6,282	-	(2,159)	(146,917)	(977)
Translation effect	10,879	59,137	681	2,385	1,897	119	255	-	-	-	7,778	83,131
Balance at 12/31/2020	**224,547**	**1,421,326**	**864,657**	**114,308**	**30,825**	**2,614**	**16,678**	**34,608**	**2,491**	**4,001**	**269,900**	**2,985,955**
Additions	-	955	-	-	399	-	6	-	-	13,090	726,576	741,026
Write-offs	(326)	(424)	(1,977)	-	(72)	(723)	-	-	-	-	(4,018)	(7,540)
Transfers (1)	12,461	162,973	622,305	2	8,639	(356)	18,543	3,535	-	-	(830,729)	(2,627)
Translation effect	4,291	21,134	252	785	650	33	87	-	-	-	2,780	30,012
Balance at 12/31/2021	**240,973**	**1,605,964**	**1,485,237**	**115,095**	**40,441**	**1,568**	**35,314**	**38,143**	**2,491**	**17,091**	**164,509**	**3,746,826**
Accumulated depreciation	**Buildings**	**Machinery and equipment**	**Facilities, tools and instruments**	**Land**	**IT Equipment**	**Vehicles**	**Furniture and fixtures**	**Improvements**	**Spare material**	**Advance to suppliers of property, plant and equipment**	**Property, plant and equipment in progress**	**Total**
Annual average rates (%)	5.19% p.a.	7.21% p.a.	6.64% p.a.	-	2.60% p.a.	16.55% p.a.	2.51% p.a.	3.95% p.a.	7.75% p.a.	-	-	
Balance at 12/31/2019	(126,555)	(878,258)	(470,999)	-	(16,839)	(1,870)	(8,105)	(5,105)	(2,317)	-	-	(1,510,048)
Additions	(8,783)	(48,463)	(35,717)	-	(313)	(206)	(300)	(5)	(56)	-	-	(93,843)
Write-offs	58	290	38	-	-	-	1	-	-	-	-	387
Transfers	-	(2,606)	1,640	-	1,010	-	(167)	123	-	-	-	-
Translation effect	(5,730)	(25,680)	(207)	-	(1,334)	(56)	(127)	-	-	-	-	(33,134)
Balance at 12/31/2020	**(141,010)**	**(954,717)**	**(505,245)**	**-**	**(17,476)**	**(2,132)**	**(8,698)**	**(4,987)**	**(2,373)**	**-**	**-**	**(1,636,638)**
Additions	(8,914)	(73,644)	(58,512)	-	(1,385)	(1,395)	(1,495)	(1,224)	(47)	-	-	(146,616)
Write-offs	299	-	40	-	-	686	-	-	-	-	-	1,025
Transfers	2	3,200	(4,632)	-	(61)	1,486	24	(19)	-	-	-	-
Translation effect	(1,999)	(9,398)	(112)	-	(473)	(22)	(36)	-	-	-	-	(12,040)
Balance at 12/31/2021	**(151,622)**	**(1,034,559)**	**(568,461)**	**-**	**(19,395)**	**(1,377)**	**(10,205)**	**(6,230)**	**(2,420)**	**-**	**-**	**(1,794,269)**
Provision for impairment	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(36,813)**
Net property, plant and equipment at 12/31/2019	**87,173**	**373,144**	**373,993**	**111,923**	**5,964**	**479**	**2,356**	**23,221**	**174**	**4,881**	**193,802**	**1,177,110**
Net property, plant and equipment at 12/31/2020	**83,537**	**466,609**	**359,412**	**114,308**	**13,349**	**482**	**7,980**	**29,621**	**118**	**4,001**	**269,900**	**1,349,317**
Net property, plant and equipment at 12/31/2021	**89,351**	**571,405**	**916,776**	**115,095**	**21,046**	**191**	**25,109**	**31,913**	**71**	**17,091**	**164,509**	**1,915,744**

(1) The remaining balance in transfers is related to the transfer to intangible assets and the offsetting of advances from suppliers.

14.1 IMPAIRMENT TEST

In 2021, the Group assessed, based on internal and external sources of information, whether cash-generating units of fixed assets could be impaired and, based on this assessment, concluded that there are indications of impairment.

In December 2021, the Group carried out an inventory count and valuation of assets, which reached an indication of impairment of R$ 36,813, which was provisioned as an impairment loss. The amount corresponds mainly to the polycarbonate plant of the subsidiary Unigel Plásticos, which was dormant.

Part of the Group's property, plant and equipment is pledged as collateral for loan operations. For further information, see Note 29 – Collaterals and Sureties.

15.RIGHT-OF-USE AND LEASE LIABILITY

15.1 RIGHT-OF-USE

	Consolidated			
	Industrial plants	Tanks and warehouses	Other	Total
Balance at January 1, 2020	**77,610**	**98,737**	**9,975**	**186,322**
Additions(1)	197,469	2,613	16,408	216,490
Write-offs	-	-	(759)	(759)
Transfers	6,622	(6,622)	-	-
Translation adjustment	-	-	2,239	2,239
Depreciation	(9,225)	(28,743)	(10,331)	(48,299)
Balance at December 31 2020	**272,476**	**65,985**	**17,532**	**355,993**
Additions(2)	79,632	8,891	34,096	122,619
Transfers	337	(545)	208	-
Translation adjustment	-	-	2,905	2,905
Depreciation	(28,376)	(29,458)	(14,434)	(72,268)
Balance at December 31 2021	**324,069**	**44,873**	**40,307**	**409,249**

(1) The additions are due to the contractual renewals of the polystyrene plants in São José dos Campos and latex in Guarujá.
(2) Additions refer mainly to contractual remeasurements.

15.2 LEASE LIABILITIES

	Consolidated			
	Industrial plants	Tanks and warehouses	Other	Total
Balance at January 1, 2020	**(91,848)**	**(107,106)**	**(15,053)**	**(214,007)**
Additions(1)	(197,469)	(2,613)	(16,408)	(216,490)
Interest	(26,196)	(6,611)	(736)	(33,543)
Transfers	(9,389)	6,479	2,910	-
Translation adjustment	-	-	(2,376)	(2,376)
Payments	31,860	33,066	12,964	77,890
Balance at December 31 2020	**(293,042)**	**(76,785)**	**(18,699)**	**(388,526)**
Additions(2)	(92,742)	(8,891)	(34,096)	(135,729)
Interest	(28,003)	(4,489)	(484)	(32,976)
Transfers	(1,516)	276	1,240	-
Translation adjustment	-	-	(3,048)	(3,048)
Payments	51,061	37,566	16,683	105,310
Balance at December 31, 2021	**(364,242)**	**(52,323)**	**(38,404)**	**(454,969)**
			12/31/2021	**12/31/2020**
Current			(96,387)	(79,659)
Non-current			(358,582)	(308,867)
			(454,969)	**(388,526)**

(1) The additions are due to the contractual renewals of the São José dos Campos and Guarujá plants.
(2) Additions refer mainly to contractual remeasurements.

15.3 FUTURE CONSIDERATIONS

The breakdown of the installments in their future value by maturity is as follows:

	12/31/2021			
	Industrial plants	Tanks and warehouses	Other	Total
Up to 1 year	51,384	40,885	7,380	99,649
2–5 years	247,716	14,764	19,209	281,689
>5 years	258,390	-	-	258,390
	557,490	**55,649**	**26,589**	**639,728**

	12/31/2020			
	Industrial plants	Tanks and warehouses	Other	Total
Up to 1 year	40,589	35,239	4,933	80,761
2–5 years	156,515	49,859	4,927	211,301
>5 years	306,923	-	-	306,923
	504,027	**85,098**	**9,860**	**598,985**

16.LOANS AND FINANCING

			Consolidated			
			12/31/2021		12/31/2020	
Currency	**Type**	**Rate**	**Amount**	**Average rate for the year**	**Amount**	**Average rate for the year**
R$	Financing	IPCA	25,804	15.70%	50,464	4.16%
		Fixed rate	575	11.55%	1,925	4.46%
	Working capital	Fixed rate	-	-	110,763	12.00%
		CDI	97,147	13.43%	95,824	7.90%
Total BRL			**123,526**		**258,976**	
USD	Financing	Fixed rate	2,910,465	8.75%	2,101,822	8.77%
	Working capital	Fixed rate	124,101	4.82%	87,441	3.91%
		Libor	166,042	3.03%	148,945	3.31%
Total – USD			**3,200,608**		**2,338,208**	
Weight	Working capital	Fixed rate	-		3,195	8.45%
			3,324,134	**8.51%**	**2,600,379**	**8.29%**
	Current		332,623		402,667	
	Non-current		2,991,511		2,197,712	

16.1 CHANGES IN LOANS

	Consolidated	
	Twelve-month period ended:	
	12/31/2021	**12/31/2020**
Balance on January 1	**2,600,379**	**1,784,474**
Funding of loans and financing [(1)(2)]	1,329,448	358,283
Interest expenses	324,482	229,729
Gain (loss) on exchange-rate change in the stat. of income	222,240	284,481
Gain (loss) on exchange-rate change in OCI	(28,395)	224,624
Payment of principal	(845,921)	(85,242)
Interest paid	(316,725)	(232,555)
Transaction costs	27,227	28,045
Translation adjustments - foreign subsidiaries	11,399	8,540
Closing balance	**3,324,134**	**2,600,379**

(1) In the first quarter of 2021, the Group concluded the retap of the 2026 bond in the amount of US$ 110 million. The retap was concluded at a rate of 7.329% pa, and the funds raised were used to refinance short-term debt and for general corporate purposes.

(2) In 3Q20, the Group concluded the raising of R$ 95,000 in working capital through the parent company Proquigel Química S.A. The loan is guaranteed by trade bills in the amount of R$ 42,500, has a term of 12 months, and has charges pegged to the CDI rate plus a pre-fixed installment. In the same period, the Group also concluded the raising of R$ 50,000 in working capital, and R$ 25,000 by means of the subsidiary Proquigel Química S.A. and R$ 25,000 by means of Companhia Brasileira de Estireno. The loan is secured by mortgage-pegged assets: in First Degree to the contract with Proquigel Química S/A, and in the Second Degree to the contract with Companhia Brasileira de Estireno, the property called Parque Industrial, owned by Unigel Plásticos S.A., appraised at R$ 31,380.

16.2 DISBURSEMENT SCHEDULE

	Consolidated					
	12/31/2021			12/31/2020		
Year	Disbursements	Transaction costs	Total amount	Disbursements	Transaction costs	Total amount
2022	-	-	-	33,448	(27,091)	6,357
2023	107,493	(23,389)	84,104	70,626	(27,091)	43,535
2024	14,126	(23,454)	(9,328)	39,799	(27,165)	12,634
2025	-	(23,389)	(23,389)	-	(27,091)	(27,091)
>2026	2,957,664	(17,540)	2,940,124	2,182,614	(20,337)	2,162,277
	3,079,283	**(87,772)**	**2,991,511**	**2,326,487**	**(128,775)**	**2,197,712**

16.3 GUARANTEES

As a form of collaterals for financing, the Group made available part of its property, plant and equipment, as disclosed in Note 29 – Guarantees and Sureties.

16.4 COVENANTS

During financing contracts effectiveness, the Parent Company and certain subsidiaries should maintain some metrics for the financial indicators.

The Group's Management periodically monitors whether covenant clauses are being fulfilled, and they were fully complied with in the years presented.

The Group fully complied with all financial and non-financial metrics in the periods presented.

17.SUPPLIERS

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Products and services	2,366	2,052	474,000	207,226
Property, plant and equipment	351	-	11,900	11,741
Domestic market	**2,717**	**2,052**	**485,900**	**218,967**
Products and services	-	-	279,934	154,448
Property, plant and equipment	-	-	92	811
Foreign market	**-**	**-**	**280,026**	**155,259**
Related parties (Note 10)	-	-	**209**	**393**
	2,717	**2,052**	**766,135**	**374,619**

The balances of the Group's suppliers, as they are term purchases, are subject to interest. The amount recognized in 2021 was R$ 2,075 (R$ 10,360 in 2020).

18.TAXES AND CONTRIBUTIONS PAYABLE

	Consolidated	
	12/31/2021	12/31/2020
ICMS	10,385	8,106
IPI	2	12,491
CSLL, PIS and COFINS	7,794	16,586
REFIS - Law 11941/09[(1)]	11,511	13,409
REFIS - Law 13043/14[(2)]	9,379	10,314
Tax installment payment - PRT and PERT [(3)]	26,711	33,190
State installment payments PEP[(4)]	11,536	18,724
Municipal installment plan	-	1,116
Federal installment payments	4,413	5,574
Taxes on foreign subsidiaries	-	3,097
Other	4,368	4,494
	86,099	**127,101**
Current	34,957	36,680
Non-current	51,142	90,421

[(1)]In November 2009, the Management approved its adhesion to the Tax Regularization Program in conformity with Law 11941/09.
[(2)]In November 2014, the Group joined the program for federal debt reduction and new payment in installments in accordance with Law 13043/14 (Refis da Copa).
[(3)]In 2017, the Group joined the Tax Regularization Program - PRT and the Special Tax Regularization Program - PERT. These programs were created pursuant to Provisional Measures 766, 780 and 783 of 2017, respectively, which allowed the settlement of certain federal tax debts, at the administrative as well as judicial level, using tax losses and negative calculation basis of social contribution.
[(4)]In April 2017, the Group joined the State Tax Regularization Program of the State of São Paulo ("PEP"). The PEP was a program created by law which allowed the installment payment of taxes (ICMS) under discussion or in arrears with reduction of fine and interest. The amount of the tax liability was R$ 20,522 and the impact of the joining on the Group's results was an expense of R$ 4,737.

19.POST-EMPLOYMENT BENEFITS

a) Post-employment benefits

The Companhia Brasileira de Estireno recognizes the provision for post-employment benefit related to the payment of 100% of medical assistance plan granted to retirees up to 2010.

The amounts related to said benefits, including the net expenses generated, were determined in assessments conducted by independent actuaries, as shown below:

	Consolidated	
	12/31/2021	12/31/2020
Balance on January 1	**39,285**	**32,285**
Current plan cost	6,984	2,865
Interest on obligation	2,371	2,134
Benefits paid in the year	(1,481)	(1,440)
(Gain) loss in the actuarial obligations	(8,489)	3,441
	38,670	**39,285**

19.1 ACTUARIAL ASSUMPTIONS

The actuarial assumptions used to assess the benefits in the year 2021 and 2020 are described below:

Economic actuarial assumptions		
	12/31/2021	12/31/2020
Expected inflation – p.a.	3.96%	3.20%
Increase in medical costs due to inflation – p.a.	4.25%	3.75%
Increase in medical costs with age	According to the age: - < 24 years: 1.25% - 25–54 years: 2.75% - 55–79 years: 4.75% - > 80 years: 2.25%	According to the age: - < 24 years: 1.25% - 25–54 years: 2.75% - 55–79 years: 4.75% - > 80 years: 2.25%

Biometrical actuarial assumptions		
	12/31/2021	12/31/2020
General Mortality	AT- 2000	AT- 2000
Mortality of individuals with permanent disability	Invalid RP-2000 when available	Invalid RP-2000 when available
Entry of individuals with permanent disability	Álvaro Vindas, when available	Álvaro Vindas, when available
Turnover rate	15%/(time of service + 1), for health care benefits	15%/(time of service + 1), for health care benefits
	0%, for the rest of the assessed benefits	0%, for the rest of the assessed benefits
Staying on the plan after retirement	25%, for the indirect subsidy benefits of the plan	25%, for the indirect subsidy benefits of the plan
Eligibility for retirement	BD 55 years old and 10 years as plan beneficiary	BD 55 years old and 10 years as plan beneficiary
Direct cost - Collective agreement	55 years old and 10 years of plan benefit	55 years old and 10 years of plan benefit
Indirect cost	100% active, married with 2-year younger spouse	100% active, married with 2-year younger spouse
Family Composition	Beneficiaries – informed breakdown	Beneficiaries – informed breakdown

19.2 SENSITIVITY OF ACTUARIAL ASSUMPTIONS

	Consolidated	
	12/31/2021	12/31/2020
Effects on actuarial obligation liabilities		
Discount rate - changes of -0.5% in the nominal rate	1,717	2.467
Discount rate - changes of +0.5% in the nominal rate	(1,553)	(2.218)

20.JUDICIAL DEPOSITS AND PROVISION FOR CONTINGENCIES

The Company and its subsidiaries are parties to administrative and legal proceedings arising from the normal course of their operations. These proceedings involve labor, tax, environmental and civil matters. Based on the information and assessments of its internal and external legal advisors, Management measured and recognized provisions for contingencies in an estimated amount of the value of obligation and reflect the expected and probable outflow of funds.

20.1 JUDICIAL DEPOSITS

The Group recorded R$ 16,209 (R$ 16,170 as of December 31, 2020) in judicial deposits substantially related to tax proceedings.

20.2 PROVISION FOR CONTINGENCIES

In 2021, the provisions for probable contingencies were recognized in the amount of R$ 9,748 (R$ 11,988 as of December 31, 2020) are detailed below:

	Consolidated		
	Labor proceedings (i)	Tax proceedings (ii)	Total
Balance at January 1, 2020	**1,723**	**6,152**	**7,875**
Additions of new processes	2,841	29,001	31,842
Write-off due to payments	(688)	(27,041)	(27,729)
Balance at December 31, 2020	**3,876**	**8,112**	**11,988**
Additions of new processes	3,585	6,308	9,893
Write-off due to payments	(4,142)	(7,991)	(12,133)
Balance at December 31, 2021	**3,319**	**6,429**	**9,748**

(i) Labor proceedings

Labor proceedings represent labor claims of various natures (overtime payment, unhealthy work and hazardous work, and severance pay) and which are in different procedural stages.

(ii) Tax proceedings

The tax provisions refer mainly to discussions related to ICMS, IPI, social security contributions, offsetting of PIS and COFINS credits and levying of PIS and COFINS on other revenues.

20.3 BALANCES EVALUATED WITH POSSIBLE RISK OF LOSS

The Group is a party to sundry proceedings for which management, based on the assessment of its internal and external legal advisors, considered the risk of loss as possible. Liabilities arising from these proceedings are considered to be contingent liabilities, since it is unlikely that an outflow of funds that incorporate economic benefits will be required to settle the obligation. The nature of the main contingent liabilities are:

	Consolidated	
	12/31/2021	12/31/2020
Labor proceedings (i)	19,470	16,889
Tax lawsuits (ii)	522,944	977,788
Environmental proceedings (iii)	52,171	47,584
Civil proceedings (iv)	32,029	7,893
	626,614	**1,050,154**

(i) Labor proceedings

As of December 31, 2021, the Group was a defendant in approximately 266 (184 as of December 31, 2020) labor proceedings. The Group did not record a provision for cases in which the risk of loss was classified as possible involving an estimated amount of R$ 19,470 (R$ 16,889 as of December 31, 2020). In general terms, labor claims refer to overtime disputes, severance payments, liabilities involving outsourced service providers, and certain union disputes regarding the implementation of collective workplace rules, among others.

These proceedings include labor disputes involving trade unions. In the Group's most important trade union proceeding, together with other petrochemical companies in Bahia, the Group is involved in a dispute between SINDIQUÍMICA (a union of petrochemical employees) and SINPEQ (an association of petrochemical companies).

(ii) Tax proceedings

The Group is a defendant in tax proceedings issued by the Secretary of Finance of the State of São Paulo – SEFAZ SP. Such assessments are intended to disregard certain ICMS tax credits required on transactions involving goods and services arising from interstate operations between establishments located in the states of Bahia, Rio Grande do Sul and Pernambuco. The state of São Paulo argued that these states granted tax benefits without entering into agreements with CONFAZ and, therefore, they were unconstitutional. However, Supplementary Law No. 160/2017 and ICMS Agreement No. 190/2017 were approved, which authorized and regulated, respectively, the remission of tax credits in question. In compliance with the requirement of the Complementary Law and the ICMS Agreement, the State of São Paulo published Joint Resolution No. 01/2019 regulating the procedures for recognizing the remission of said credits. Thus, the contingency in the amount of R$ 103,925 was reclassified as possible (R$ 443,175 as of December 31, 2020).

The decrease in amounts for the period refers to some of the Tax Assessment Notices mentioned above, which aimed to collect ICMS arising from the disallowance of credits in the amount of R$ 412,610, referring to interstate purchases originating in the State of Bahia. According to the São Paulo tax authorities, the credits were undue since the sender benefited from DESENVOLVE program, a tax benefit granted by the State of Bahia without approval from CONFAZ. However, with the enactment of Complementary Law 160/2017 – which provided for amnesty for debts arising from said, as well as the ICMS Agreement 190/2017 – which delimited the procedure for requesting validation before the State Treasury Departments, Companhia Brasileira de Estireno presented its "Request for Recognition of ICMS Credits" before SEFAZ-SP, which fully accepted it to extinguish the debt subject to the AIIM in question. The deferral of this request took place on August 23, 2021.

In addition to the aforementioned proceedings, the Group is a party to other tax proceedings classified as possible by its legal advisors according to previous Courts' decisions and understands that the results will be favorable as a result of current case law, and the most relevant ones involve the following:

• Tax benefits considered as grants to investments granted by the state of Bahia, less the IRPJ/CSLL calculation basis - R$ 79,816 (R$ 73,525 on December 31, 2020);

• Charge of PIS and COFINS on discounts applied to customers - R$ 31,654 (R$ 30,877 on December 31, 2020);

• Discussion on tax credits of IRPJ and CSLL, PIS and COFINS used to offset the amounts of taxes owed to the Federal Government - R$ 99,605 (R$ 95,865 on December 31, 2020);

• Collection of ICMS tax on drawback - R$ 17,838 (R$ 19,075 on December 31, 2020);

• ICMS tax assessment notice for improper crediting of ICMS in the following situations i) bookkeeping of the documents of non-taxes operations, related to the receipt of goods for specific purpose of exporting; and ii) operations with no proofs regarding the return of goods remitted to packaging and fine due to issue of invoices that did not correspond to the outflow of goods of the merchant – R$ 60,573 (R$ 60,573 as of December 31, 2020);

• Requests for refund the negative balance of Income Tax and Negative calculation basis of social contribution on net income if offset with sundry debts - R$ 16,118 (R$ 54,103 as of December 31, 2020);

• Tax assessment notices issued after inspection procedure carried out to analyze the requests for refund of PIS and COFINS contribution credits, determined due to non-cumulative system – R$ 4,468 (R$ 3,287 as of December 31, 2020), and

• Other contingencies of a different nature with several amounts totaling R$ 108,947 (R$ 193,308 in December 2020).

(iii) Environmental proceedings

As of December 31, 2021, the Group was a defendant in 28 (28 as of December 31, 2020) environmental proceedings. The Group did not establish provisions for cases in which the risk of loss was classified as possible involving R$ 52,171 (R$ 47,584 as of December 31, 2020). The most significant cases are shown below:

Together with roughly 200 other companies, the Group is co-defendant in a class action suit filed by the Residents' Association of districts Jardim Cristal and Jardim Marambaia. The plaintiffs claim that a company called Recobem was engaged to recycle byproducts from the paint industry, and instead disposed of the materials illegally in the state of Paraná. The Group was named as a co-defendant because one of the barrels that were allegedly illegally discarded had one of its logos. The Company has been challenging this allegation, since the barrel contained no material that the Group uses or produces. The Lower Court (first instance) partially upheld the motion and ordered that certain defendants, including Proquigel, compensate the plaintiff in the amount of R$ 2,805, such that the amount involved for Proquigel is R$ 974 (R$ 100 as of December 31, 2020).

Furthermore, the Group is a defendant in class action suits filed by the Bahia Fishermen's Federation seeking indemnity due to the alleged release of chemicals above the parameters allowed by environmental legislation (Conama Resolution 357/2005) that occurred in 2009, which resulted in the interruption of fishing activities in Estuário Rio São Paulo and Todos os Santos Bay. Based on the opinions of technical experts and legal advisors, the substance found in the São Paulo River does not belong to the Group's product portfolio. The proceeding is considered as possible in terms of loss, in the amount of R$ 49,596 (R$ 44,757 as of December 31, 2020).

Other miscellaneous contingencies and scattered amounts amount to R$1,601 as of December 31, 2021 (R$2,727 as of December 31, 2020).

The Group is a defendant, along with 23 other companies, in another class action suit filed by the São Paulo State Public Prosecutor's Office. The plaintiff seeks compensation for environmental damages caused in Serra do Mar due to the chemical activities of the defendants in the area. On March 18, 2021, a settlement was reached on the case, with the Group being responsible for 3.17% of the indemnity amount, which is equivalent to R$ 4,456. In September 2021, the Group was reimbursed by Bayer in 50% of the amount, totaling R$ 2,228 for its actual quota. Currently, the proceeding is awaiting termination.

The Group is also defendant in proceedings before INEMA, involving the compliance with the conditions provided for in environmental permits.

(iv) Civil proceedings

On December 31, 2021, the Group was the defendant of approximately 16 (5 as of December 31, 2020) civil proceedings, representing total estimated loss of R$ 32,029 (R$ 7,893 on December 31, 2020).

Regarding the major proceeding, the Group is defendant in a proceeding filed by N.C. S/C Ltda., a former minority shareholder of Polo Ind. e Com. S/A ("Polo") in the amount of R$ 21,688. The plaintiff claims that, by withdrawing from Polo it should receive an indemnity due to the fact that the majority shareholders of the company - including Unigel – allegedly tried to impose the change of its corporate type to become a corporation with authorized capital and removed them from the management of the Company; these facts, in accordance with N.C. S/C, incited its intention to discontinue its investment in the Company. The Group was partially defeated in the lower court, and the appeal made to the Court of Justice of the State of São Paulo was also partially denied. The Group is being ordered to pay damages to the plaintiff. However, it is contesting the amount of damages owed.

21.EQUITY

21.1 CAPITAL

On December 31, 2021, the capital stock is R$ 276,185 (R$ 276,185 as of December 31, 2020), represented by 414,297,488 nominative common shares, with no par value.

21.2 PROFIT RESERVES

The profit reserves include the following reserves:

• Legal reserve: Constituted annually with 5% of net income for the year up to the limit of 20% of the Company's capital stock.

• Unrealized profit reserve: Refers to the portion of profits in excess of the minimum mandatory dividends that will be allocated to increase the capital stock, as proposed by the management to be ratified at the Annual General Meeting (AGO) that approves the accounts for the year 2021 .

21.3 EQUITY VALUATION ADJUSTMENTS

Equity valuation adjustments include the following reserves:

• Hedge reserve: encompasses the actual portion of the accumulated net change in the fair value of the hedge instruments used in the cash flow hedge, whose recognition in Income is pending, as the cash flows or hedged items affect P/L;

• Remeasurements of post-employment benefit liabilities/assets: comprised by the effects of the actuarial gains and losses related to benefits described in Note 19;

• Foreign operations translation reserve includes all differences resulting from the translation of foreign operations into the functional currency in the financial statements;

• Realization of equity valuation through depreciation and write-off of property, plant and equipment, net of tax effects: in the context of the adoption of IFRS for the first time in Brazil starting January 1, 2010, the Group carried out a revaluation of property, plant and equipment at fair value on the transition date. The revaluation portion was recorded in this reserve as a deemed cost to the Company’s property, plant and equipment. This reserve has been realized in proportion to the depreciation of the property, plant and equipment items that provided the basis for the aforementioned revaluation.

21.4 DIVIDENDS

The Group's bylaws determine the distribution of a compulsory minimum dividend of 25% of income (loss) for the year, adjusted lawfully. There were no changes in the dividends' policy due to the adoption of the deemed cost.

Dividends for the period were calculated as follows:

Income for the year as of 12/31/2021	**882,173**
Realization of equity valuation through depreciation and write-off of property, plant and equipment (deemed cost reserve)	22,775
Formation of legal reserve (5% of income for the year)	(45,248)
Adjusted net income for the year (basis for mandatory minimum dividends)	**859,700**
Minimum mandatory dividends (25%)	(214,925)
Adjusted net income balance to be realized	**644,775**

22.NET REVENUE

22.1 RECONCILIATION BETWEEN GROSS REVENUE AND NET REVENUE

	Consolidated	
	12/31/2021	**12/31/2020**
Gross revenue		
Sale of products	6,128,173	2,575,894
Related parties (Note 10)	68,351	50,997
Total sale of products - Domestic market	**6,196,524**	**2,626,891**
Sale of products	2,293,124	1,037,315
Sale of products - Foreign market	**2,293,124**	**1,037,315**
Total gross revenue	**8,489,648**	**3,664,206**
Deductions from Gross Revenue		
Sales taxes	(798,756)	(416,449)
Returns and discounts	(40,025)	(14,522)
	(838,781)	**(430,971)**
Total net revenue	**7,650,867**	**3,233,235**

The Group does not have sales to clients individually that are higher than 10% of net sales for the year.

22.2. BREAKDOWN OF REVENUE FROM CONTRACTS WITH CLIENTS

The Group generates revenues primarily from product sales in the styrene, acrylic and agro segments.
In the table below, revenues from contracts with clients are segregated by geographic market, market segment (Note 26.2 - Information on reported segments).

	Consolidated									
	Twelve-month period ended:									
	Acrylic		Styrene		Agro		Eliminations		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	12/31/2021	12/31/2020
Brazil	1,081,687	593,375	2,659,747	1,470,387	1,843,927	133,529	(217,376)	-	5,367,985	2,197,291
Mexico	705,368	185,715	8,652	10,073	-	-	-	-	714,020	195,788
EUA and Canada	417,785	386,229	58,368	57,419	-	-	-	-	476,153	443,648
Asia	132,098	51,595	-	-	-	-	-	-	132,098	51,595
Europe	189,108	30,187	12,589	4,331	-	-	-	-	201,697	34,518
Middle East	149,224	104,663	1,960	3,521	-	-	-	-	151,184	108,184
Latin America	92,144	50,426	287,398	115,896	141,907	-	-	-	521,449	166,322
Africa	18,889	24,606	67,392	11,283	-	-	-	-	86,281	35,889
Total net revenue	**2,786,303**	**1,426,796**	**3,096,106**	**1,672,910**	**1,985,834**	**133,529**	**(217,376)**	**-**	**7,650,867**	**3,233,235**

All the Group's revenues are recognized at a specific point in time.

23.EXPENSES PER TYPE AND ROLE

	Consolidated	
	12/31/2021	**12/31/2020**
Classified by function:		
Cost of goods sold	(5,968,949)	(2,736,112)
From sales	(53,823)	(39,334)
Administrative and general expenses	(143,735)	(114,314)
	(6,166,507)	**(2,889,760)**
Classified by nature:		
Raw materials and materials for use and consumption[1]	(5,017,109)	(2,143,353)
Personnel expenses	(364,077)	(210,045)
Outsourced services	(156,182)	(81,557)
Restructuring - indemnities	(2,856)	(1,302)
Provisions for contingencies	(9,893)	(31,842)
Depreciation of right-of-use asset	(72,268)	(48,299)
Depreciation and amortization	(146,939)	(100,838)
Freight and *demurrage*	(170,209)	(103,771)
Logistic expenses	(206,676)	(131,885)
Other expenses	(20,298)	(36,868)
	(6,166,507)	**(2,889,760)**

[1] Since the beginning of 2020, the Group has been incurring additional expenses due to the COVID-19 pandemic, especially in the 2nd and 3rd quarters of 2020, where some plants had to be temporarily shut down. In this context, the Company classified the modifications made to the plants to prevent contamination as expenses, as well as fixed costs related to the temporary hibernation of plants during the beginning of the pandemic crisis. These expenses were classified as “Cost of goods sold” amounting to R$ 4,093 (R$ 50,148 at December 31, 2020).

24.OTHER OPERATING (EXPENSES) REVENUES

	Consolidated	
	12/31/2021	**12/31/2020**
Exclusion of ICMS from PIS/COFINS calculation basis [1] (Note 11)	240,325	-
Scrap	592	(71)
Insurance indemnity[2]	2,222	2,529
Eletrobras[3]	-	4,581
Private pension technical surplus [4]	10,888	-
Asset impairment (Note 14)	(36.811)	-
Gain (losses) in the sale of assets	(1,182)	(925)
Plant stoppage	(754)	(1,296)
Other operating revenues (expenses)	(105)	2,595
	215,175	**7,413**

[1]On May 14, 2021, the Federal Supreme Court, by means of the judgment of Motions for Clarification filed by the Federal Government established the understanding that the ICMS to be excluded from the PIS and COFINS calculation basis is that amount highlighted in the invoice. Moreover, the Company also decided to modify the effects of this decision with general repercussions as of March 15, 2017, except for the lawsuits or administrative proceedings filed up to that date. In summary, taxpayers who have not claimed the refund of amounts so far will be entitled to calculate and receive credits from the date of modulation; that is, March 15, 2017. Taxpayers who have questioned the exclusion in court will be entitled to a refund of the last 5 years as of the filing date of the lawsuit. The Company filed a lawsuit on March 15, 2017 and obtained an injunction authorizing the aforementioned exclusion on May 5, 2017, based on the ICMS amount highlighted in the invoices. Management chose to exercise its right prospectively; that is, as of the date of the injunction granted until the final and unappealable decision of the matters under discussion. With the decision of the Federal Supreme Court (STF) established herein, the Company confirmed the understanding adopted in the exclusion of ICMS from the PIS and COFINS calculation basis referring to the amounts highlighted in the invoices.

[2] Amounts of insurance premiums received in 2020 and 2021 resulting from an accident at the Proquigel plant that occurred in 2019.

[3]The subsidiaries Proquigel and CBE had amounts receivable from Eletrobrás that were under judicial discussion regarding the calculation methodology for updating the amounts. The Group obtained a favorable decision in the 1st quarter of 2020. Therefore, the updated amounts were recorded, while the differences on the calculation basis were considered in this caption (other operating revenue) and the differences from the restatement of amounts were considered in financial income (loss). The amounts were actually received in the 3rd quarter of 2020.

[4] In 2021, the "Previnor" private pension plan was terminated and had a technical surplus of R$ 10,888, which, in common agreement with the plan participants, were transferred in cash to the companies of the Group.

25.FINANCIAL INCOME (LOSS)

	Consolidated	
	12/31/2021	**12/31/2020**
Financial investments on assets measured at FVTPL	15,669	5,293
Revenue from interest on loans and receivables	469	4,149
Discounts obtained from suppliers	1,511	339
Update of Eletrobras credits[1]	-	23,637
Restatement on PIS/COFINS credit	10,741	-
Other revenues	348	9,242
Total financial revenues	**28,738**	**42,660**
Interest expenses on bank loans and derivatives	(351,709)	(257,774)
Discounts granted to clients	(14,442)	(27,891)
Interest on lease liabilities	(32,976)	(33,543)
Taxes on financial bank revenues and expenses	(22,004)	(16,172)
Interest paid to suppliers	(2,075)	(10,360)
MtM of derivatives (fair value adjustment) [2]	81,837	65,435
Exchange-rate changes and inflation adjustments[2]	(16,654)	(128,706)
Accrual Swap [2]	(103,013)	5,216
Other expenses	(19,991)	(13,858)
Total financial expenses	**(481,027)**	**(417,653)**
Financial income (loss)	**(452,289)**	**(374,993)**

[1]In 2020, the Group recorded revenue from the monetary updating of Eletrobras credits accounted for after a favorable court decision. Further details in Note 24 - Other operating revenues (expenses).

[2] The result of derivatives is segregated between: (i) exchange-rate changes, presented under exchange-rate changes and inflation adjustments; (ii) interest adjustment, presented in the accrual swap line and (iii) fair value adjustment, which corresponds to the difference between the amortized cost and the derivative's fair value, presented in the MtM of derivatives line (fair value adjustment).

26.SEGMENT INFORMATION

26.1 BASIS FOR SEGMENTATION

The Group is the main producer of intermediate chemicals that operates in the 2nd generation of petrochemical industry chain. In general terms, the Group acquires basic petrochemical products, processes them and transforms them into intermediate and final chemicals, which are provided to farmers or distributors. The intermediate and final chemicals business are classified into two segments called acrylics and styrene.

Up to December 31, 2020, the Acrylics segment also helped the fertilizer operation, which consisted mainly of the production and sale of ammonium sulfate obtained as a byproduct of the Acrylics production chain. As of January 2021, this operation is reported to a new segment, called Agro, as detailed below.

As of 2021, the Group also became a representative producer of nitrogen fertilizers in Brazil due to the start of production at plants leased from Petrobras (former FAFENs) in Sergipe and Bahia. This new segment was called “Agro”. In short, the Group purchases certain basic raw materials, mainly natural gas, and converts them into ammonium sulfate, ammonia, urea and ARLA.

The Executive Board (the main management body for the operations) evaluates the performance of the businesses separately by their strategic divisions (styrene, acrylics and agro). These segments are managed separately since they require different technologies and different market strategies.

The following summary describes the operations of each segment:

Acrylic: Our Acrylic business mainly consists of the production and sale of acrylonitrile, methacrylates (MMA, EMA and GMAA), acrylic boards and resins and sodium cyanide. Our acrylic products are sold to different sectors of the economy, with emphasis on civil construction, automotive, mining, electronics, textiles, among others. Acrylic products are also marketed to chemical manufacturers and converters.

Styrene: The Styrene segment substantially covers the production and sale of styrene, polystyrene, latex and toluene, which are basically used in the production of household appliances, electronics, construction materials and plastic packaging and disposable. Our styrene products are also sold to chemical manufacturers and converters.

Agro: This segment mainly comprises the production and sale of ammonium sulfate, ammonia, urea and ARLA, which are mainly targeted at the agribusiness market and, to a lesser extent, at chemical product manufacturers and converters.

The Group’s Management monthly reviews the management reports of each segment. The corporate head office exercises treasury, legal, controllership, information technology and human resources functions. The head office’s activity is not considered a segment, since the business does not generate revenues to the Group, but is included only for disclosure purposes.

Information on geographic segregation was presented in Note 22 – Net Revenue.

26.2 INFORMATION ON REPORTED SEGMENTS

The information related to each reported segment is presented below. Income of the segment before taxes is used to measure the performance of the business, since management believes that such information is the most relevant in the evaluation of the results of the respective segments in relation to other entities that operate in the same production chain.

	Consolidated						
	Acrylic	Styrene	Agro[1]	Total reportable segments	Corporate Unit	Eliminations	Total
	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021
Net revenue	2,786,303	3,096,106	1,985,834	7,868,243	-	(217,376)	7,650,867
Cost of goods sold	(2,360,278)	(2,394,691)	(1,431,356)	(6,186,325)	-	217,376	(5,968,949)
Gross income	**426,025**	**701,415**	**554,478**	**1,681,918**	**-**	**-**	**1,681,918**
Selling, administrative and general expenses	(106,070)	(51,415)	(26,530)	(184,015)	(17,139)	-	(201,154)
Other operating revenues (expenses)	42,998	171,897	(15)	214,880	295	-	215,175
Income (loss) before financial income (loss) and taxes	**362,953**	**821,897**	**527,933**	**1,712,783**	**(16,844)**	**-**	**1,695,939**
Financial income (loss)	-	-	-	-	(452,289)	-	(452,289)
Income (loss) before taxes	**362,953**	**821,897**	**527,933**	**1,712,783**	**(469,133)**	**-**	**1,243,650**

	Consolidated						
	Acrylic	Styrene	Agro[1]	Total reportable segments	Corporate Unit	Eliminations	Total
	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020	12/31/2020
Net revenue	1,426,796	1,672,910	133,529	3,233,235	-	-	3,233,235
Cost of goods sold	(1,200,645)	(1,406,561)	(128,906)	(2,736,112)	-	-	(2,736,112)
Gross income	**226,151**	**266,349**	**4,623**	**497,123**	**-**	**-**	**497,123**
Selling, administrative and general expenses	(97,920)	(30,398)	(9,199)	(137,517)	(17,611)	-	(155,128)
Other operating revenues (expenses)	8,759	(1,446)	747	8,060	(647)	-	7,413
Income (loss) before financial income (loss) and taxes	**136,990**	**234,505**	**(3,829)**	**367,666**	**(18,258)**	**-**	**349,408**
Financial income (loss)	-	-	-	-	(374,993)	-	(374,993)
Income (loss) before taxes	**136,990**	**234,505**	**(3,829)**	**367,666**	**(393,251)**	**-**	**(25,585)**

[1] With the start of operations of the nitrogen fertilizer plants leased from Petrobras (former FAFENs), the Group changed its internal organization and the composition of its segments, which resulted in a change in the reportable segments, basically reallocating the results of operations with production and sale of ammonium sulfate and resale of ammonia in the acrylics segment for agro.

27.FINANCIAL INSTRUMENTS

The following table shows the book and fair values of financial assets and liabilities, including their fair value classifications. It does not include information on the fair value of financial assets and liabilities not measured at fair value if the book value is a reasonable approximation of fair value.

		Parent company				Consolidated			
		12/31/2021		12/31/2020		12/31/2021		12/31/2020	
	Note	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Assets									
Fair value through profit or loss (FVTPL)									
Short-term interest earnings bank deposits	7	-	-	-	-	417,070	417,070	303,789	303,789
Derivatives[1]	31	-	-	-	-	26,621	26,621	48,628	48,628
Embedded derivatives	31	-	-	-	-	129,398	129,398	86,659	86,659
Contract credits	27,2	-	-	-	-	5,848	5,848	4,914	4,914
Other receivables	-	-	-	-	-	8,620	8,620	7,086	7,086
		-	-	-	-	587,557	587,557	451,076	451,076
Amortized cost									
Trade accounts receivable	8	-	-	-	-	488,392	488,392	207,865	207,865
Dividends receivable	10	4,218	4,218	4,218	4,218	-	-	-	-
Related parties	10	3,049	3,049	1,449	1,449	-	-	-	-
		7,267	7,267	5,667	5,667	488,392	488,392	207,865	207,865
		7,267	7,267	5,667	5,667	1,075,949	1,075,949	658,941	658,941

[1]Discounted cash flows: the future cash flows are estimated using contractual interest rates for fixed agreements and with risk-free interest curve by the contractual percentage converted by the last PTAX for positions in dollar. These estimated future cash flows are discounted by the respective curves (exchange coupon for foreign currency and Brazilian currency without risk to the local currency).

		Parent company				Consolidated			
		12/31/2021		12/31/2020		12/31/2021		12/31/2020	
	Note	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Liabilities									
Fair value through profit or loss (FVTPL)								-	-
Derivatives(1)	31	-	-	-	-	(149,095)	(149,095)	-	-
		-	-	-	-	(149,095)	(149,095)	-	-
Amortized cost									
Suppliers	17	(2,717)	(2,717)	(2,052)	(2,052)	(766,135)	(766,135)	(374,619)	(374,619)
Loans and financing	16	(575)	(575)	(744)	(744)	(3,324,134)	(3,502,835)	(2,600,379)	(2,914,180)
Dividends payable	10	(182,349)	(182,349)	(19,938)	(19,938)	(182,349)	(182,349)	(19,938)	(19,938)
Related parties	10	(1,460,824)	(1,460,824)	(1,383,866)	(1,383,866)	-	-	-	-
Other liabilities	-	(470)	(470)	(192)	(192)	(9,462)	(9,462)	(4,605)	(4,605)
		(1,646,935)	(1,646,935)	(1,406,792)	(1,406,792)	(4,282,080)	(4,460,781)	(2,999,541)	(3,313,342)
Total financial liabilities		(1,684,935)	(1,684,935)	(1,406,792)	(1,406,792)	(4,431,175)	(4,609,876)	(2,999,541)	(3,313,342)

[1]Discounted cash flows: the future cash flows are estimated using contractual interest rates for fixed agreements and with risk-free interest curve by the contractual percentage converted by the last PTAX for positions in dollar. These estimated future cash flows are discounted by the respective curves (exchange coupon for foreign currency and Brazilian currency without risk to the local currency).

27.1 CALCULATION OF FAIR VALUE

(i) *Short-term interest earning bank deposits*

(i) Fair value hierarchy

Level 2: inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

(ii) Valuation technique

Short-term financial investments have their fair value calculated by discounted cash flows. The future cash flows are estimated using contractual interest rates for fixed agreements and with risk-free interest curve by the contractual percentage converted by the last PTAX for positions in dollar. These estimated future cash flows are discounted by the respective curves (exchange coupon for foreign currency and CDI vs. Fixed, without risk to the local currency).

(iii) Significant unobservable inputs and their relationship to fair value

The fair value increases (decreases) of the risk-adjusted discount rate is lower (higher).

(ii) *Derivatives and embedded derivatives*

(i) Fair value hierarchy

Level 2: inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

(ii) Valuation technique

Derivatives and embedded derivatives have their fair value calculated by discounted cash flows. The future cash flows are estimated using contractual interest rates for fixed agreements and with risk-free interest curve by the contractual percentage converted by the last PTAX for positions in dollar. These estimated future cash flows are discounted by the respective curves (exchange coupon for foreign currency and Brazilian currency without risk to the local currency). The Group calculates the fair value of the options embedded in swaps (barriers) and debt contracts based on the Black & Scholes model, considering the term of exercise of the option, update rate (cost of carry), strike price, current price and market volatility for price. The value resulting from the model is translated from US dollars into Reais using the closing PTAX on the basis date of the financial statements.

(iii) Significant unobservable inputs and their relationship to fair value

The fair value increases (decreases) of the risk-adjusted discount rate is lower (higher). The fair value increases or decreases with the volatility, depending on the nature of the option (call or put).

(iii) *Loans and financing*

(i) Fair value hierarchy

Level 1: prices quoted (not adjusted) in active markets for identical assets and liabilities, and
Level 2: inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

(ii) Valuation technique

For debt quoted on an active market, as is the case of bonds issued by the Group, quoted prices are obtained. For other debts, we used the discounted cash flow method. The future cash flows are estimated using contractual interest rates for fixed agreements and with risk-free interest curve by the contractual percentage converted by the last PTAX for positions in dollar. These estimated future cash flows are discounted by the respective curves (exchange coupon for foreign currency and Brazilian currency without risk to the local currency).

(iii) Significant unobservable inputs and their relationship to fair value

The fair value increases (decreases) of the risk-adjusted discount rate is lower (higher).

(iv) *Contract credits*

(i) Fair value hierarchy

Level 2: inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

(ii) Valuation technique

Contract credits have their fair value calculated by discounted cash flows. The future cash flows are estimated using contractual interest rates for fixed agreements and with risk-free interest curve by the contractual percentage converted by the last PTAX for positions in dollar. These estimated future cash flows are discounted by the respective curves (exchange coupon for foreign currency and CDI vs. Fixed, without risk to the local currency).

(iii) Significant unobservable inputs and their relationship to fair value

The fair value increases (decreases) of the risk-adjusted discount rate are lower (higher).

(v) *Other receivables*

(i) Fair value hierarchy

Level 2: inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

(ii) Valuation technique

Third-party analysis of the recoverable value of the counterparty.

(iii) Significant unobservable inputs and their relationship to fair value

The higher the recoverable value the higher the fair value.

27.2 CONTRACT CREDITS

Eventually, the Group needs to make escrow deposits in guarantee of operations for the supply of goods and services. Said deposits are made in cash and are updated during the term of the transaction, eventually returning to the Group's companies with the full updated amount transferred to cash. These contractual credits are classified outside the group of cash and cash equivalents as their redemption depends on other factors to occur and, therefore, is not immediate. The Group updates the amount timely against income (loss) according to the contractual rates. The amounts recognized are R$ 5,848 (R$ 4,914 as of December 31, 2020).

27.3 RISK MANAGEMENT FRAMEWORK

The Company's Board of Directors has full responsibility for the establishment and supervision of Group's risk management structure. This Board established the Risk Management Committee, which is in charge of developing and monitoring the Group's risk management policies. The Committee reports its activities to the Board of Directors on a regular basis.

The risk management policies are established to identify and analyze risks to which the Group is exposed, to set risk limits and appropriate controls, and also to monitor risks and compliance with defined limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and in the Group's activities. The Group seeks to develop, upon its training and management standards and procedures, aims at maintaining a discipline and control environment in which all employees are aware of their assignments and obligations.

(i) *Credit risk*

Credit risk is the financial loss risk to the Group if a client, or a counterpart of a financial instrument fails to fulfill contractual obligations. This stems primarily from the Group's receivables and cash equivalents.

		Parent company		Consolidated	
	Note	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Cash and cash equivalents	7	473	120	849,338	624,039
Trade accounts receivable	8	-	-	536,960	250,956
Operations with derivatives	31	-	-	156,019	135,287
Contract credits	27,2	-	-	5,848	4,914
Other assets		14,343	4,410	51,206	30,270
		14,816	**4,530**	**1,599,371**	**1,045,466**

The recorded value of the financial assets represents the maximum of the credit exposure.

(i) Cash and cash equivalents

These amounts are maintained with banks and financial institutions with B+ and AA+ rating, according to rating agencies Standard & Poors and Fitch (hereinafter referred to as rating agencies).

(ii) Derivatives

Derivatives are contracted from banks and financial institutions rated as AA+ in rating agencies.

(iii) Accounts receivable

The Group's exposure to credit risk on accounts receivable is influenced mainly by the individual characteristics of each client. However, Management also considers other factors that may influence credit risk of its clients' base, such as the default risk of industry and country where the clients operate.

The risk management committee has established sales limits for each client. Any sale that exceeds these limits must be approved by the risk management committee. The Group limits exposure to credit risk of accounts receivable, establishing a maximum payment period of one month for individuals and three months for corporate customers, respectively.

More than 50% of clients have been dealing with the Group for more than ten years, and no impairment losses have been recognized against themselves. When monitoring the credit risk of customers, they are grouped according to their credit characteristics, including whether they are an individual or a company (manufacturer or individual customer), their geographical location, commercial history with the Group, and existence of any financial difficulties. In addition to these procedures to check the credit, no clients represent more than 10% of total Group's revenues.

There are sales subject to collaterals, so that in case of non-payment, the Group can have the credit guaranteed.

Exposure to credit risk of accounts receivable by segment and market (Note 8):

	Consolidated							
	Acrylic		Styrene		Agro		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
Domestic market	114,100	49,652	88,513	42,691	127,559	23,047	330,172	115,390
Foreign market	96,057	95,813	93,305	35,757	-	-	189,362	131,570
Related parties (Note 10)	-	-	17,426	3,996	-	-	17,426	3,996
	210,157	**145,465**	**199,244**	**82,444**	**127,559**	**23,047**	**536,960**	**250,956**

The Group establishes provision for impairment that represents the estimate of losses incurred in relation to trade accounts receivable.

Ranges of appropriation of estimated credit loss, according to aging, segment and market

	Falling due	1-30	31-60	61-90
Acrylic	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Foreign market	0.00%	0.00%	0.00%	0.00%
Domestic market	0.00%	0.00%	0.00%	0.00%
Styrene	**0.01%**	**0.04%**	**0.11%**	**0.19%**
Foreign market	0.00%	0.02%	0.03%	0.20%
Domestic market	0.02%	0.06%	0.18%	0.18%
Agro	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Foreign market	0.00%	0.00%	0.00%	0.00%
Domestic market	0.00%	0.00%	0.00%	0.00%

The estimated credit loss appropriation brackets of the Agro segment currently follow the estimates of the acrylic segment, until we have 12 months of complete operation (expected for December 2022) to establish a better relationship regarding the estimated credit loss scenario.

The aging by segment is as follows:

	Consolidated			
	12/31/2021			
	Acrylic	Styrene	Agro	Total
Falling due (days):	166,346	146,577	123,816	436,739
01–30	29,805	13,727	320	43,852
31–60	3,508	301	-	3,809
61–90	1,848	205	-	2,053
>90	8,650	38,434	3,423	50,507
	210,157	**199,244**	**127,564**	**536,960**

(ii) *Liquidity risk*

Liquidity risk is the risk of the Group encountering difficulties in performing the obligations associated with its financial liabilities that are settled upon delivering cash or another financial asset. The Group's approach is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, whether under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group intends to keep the level of cash and cash equivalents and other highly liquid investments at an amount that exceeds expected cash outflows in current financial liabilities. The Group also monitors the level of cash inflows expected from trade accounts receivable, along with the expected cash outflows on accounts payable and others.

The following are the contractual maturities of financial liabilities. The amounts are gross and do not have discounts deducted and they include contractual interest payments:

		Consolidated				
	Note	12/31/2021				
Non-derivative financial liabilities		01–12 months	13–24 months	25–36 months	>36 months	Total future value
Loans and financing	-	572,788	369,172	273,066	3,475,256	4,690,282
Suppliers	17	766,135	-	-	-	766,135
Other accounts payable	-	8,041	1,419	-	-	9,460
		1,346,964	**370,591**	**273,066**	**3,475,256**	**5,465,877**

		Consolidated				
	Note	12/31/2020				
Non-derivative financial liabilities		01–12 months	13–24 months	25–36 months	>36 months	Total future value
Loans and financing	-	571,249	223,536	391,261	2,441,988	3,628,034
Suppliers	17	374,619	-	-	-	374,619
Other accounts payable	-	4,246	359	-	-	4,605
		950,114	**223,895**	**391,261**	**2,441,988**	**4,007,258**

The interest payments on loans and financing shown in the table above reflect the market interest rates in effect on that date. And these amounts may change as market interest rates change.
As mentioned in note 16 - "Loans and financing", the Group is subject to financial covenants, whose non-compliance may require the prepayment of its loans indicated in the table above. The Management of the Group regularly monitors these indexes to ensure that the agreements are being complied with.

(iii) *Market risk*

Market risk is the risk that changes in market prices, such as exchange, interest rates and prices - will affect the Group's income or in the value of its equity interests of financial instruments. The objective of market risk management is to manage and control exposures to market risk, within acceptable parameters, and optimizes at the same time.

(iv) *Currency risk*

The Group is exposed to foreign exchange risk as there are differences between currencies in which sales, purchases and loans and financing are denominated and the respective functional currencies of the Group's companies. The functional currency of the Group is the Brazilian Real (BRL).

Loans and financing are generally denominated in currencies that correspond to the cash flows generated by the Group's underlying operations – mainly US dollar and/or Brazilian real. Also, interest on loans and financing is denominated in the loan's currency. This provides an economic hedge without derivatives, and hedge accounting (Note 27.4).

For the Bond transaction denominated in U.S. dollars, the Group uses cash flow swaps with barriers (knock-in/knock out) for protection against part of foreign exchange risk.

With respect to other monetary assets and liabilities in foreign currency, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term instabilities.

The summarized quantitative data on the Group's exposure to exchange rate risk reported to the management are translated to the last conversion rate for the period reported by the Brazilian Central Bank (BACEN), as follows:

		Consolidated					
		12/31/2021			12/31/2020		
	Note	**BRL**	**USD**	**MXM**	**BRL**	**USD**	**MXM**
Translation rate		1.0000	5.5805	0.2644	1.0000	5.1967	0.2610
Interest earning bank deposits - MXM	7	50,269	-	190,125	21,826	-	83,625
Cash and banks in Dollars - USD	7	354,023	63,439	-	280,237	53,926	-
Accounts receivable - USD	8	189,362	33,933	-	131,570	25,318	-
Loans and financing - USD	16	(3,324,134)	(595,670)	-	(2,338,208)	(449,941)	-
Loans and financing - MXM	16	-	-	-	(3,195)	-	(12,241)
Derivatives – USD(1)	-	1,116,100	200,000	-	1,039,340	200,000	-
Derivatives – USD(2)	-	613,855	110,000	-	-	-	-
Derivatives – USD(3)	-	1,227,710	220,000	-	-	-	-
Suppliers	17	(280,026)	(50,179)	-	(154,448)	(29,720)	-
Net exposure		**(52,841)**	**(18,477)**	**190,125**	**(1,022,878)**	**(200,417)**	**71,384**

(1) Currency swaps with a notional value of US$ 200 million with limits between R$ 4.15 and R$ 5.60;
(2) Foreign exchange swaps with a notional value of US$ 110 million with limits between R$ 5.40 and R$ 8.00;
(3) Foreign exchange swaps with a notional value of US$ 110 million with limits between R$ 5.00 and R$ 7.50.

(i) Sensitivity analysis

A reasonable appreciation (depreciation) of the US Dollar and Mexican Peso against the Real on December 31, 2021 would have affected the measurement of financial instruments in foreign currency and consequently affected the equity the income of the Group in the amounts below. This analysis assumes that all other variables, particularly interest rates, remain constant and any impact in estimated sales and purchases is ignored.

	Consolidated			
	12/31/2021			
	Scenarios in USD		Scenarios in MXM	
	BRL	USD	BRL	MXM
Translation rate	1.0000	5.5805	1.0000	0.2728
Net exposure	(103,110)	(18,477)	50,269	190,125
	BRL	BRL	BRL	BRL
Sensitivity	Possível +25%	Remoto +50%	Possível -25%	Remoto -50%
Conversion rate	6.9756	8.3708	0.2046	0.1364
Net exposure (scenarios)	(128,888)	(154,667)	38,900	25,933
Effects	(25,778)	(51,557)	(11,369)	(24,336)

	Consolidated			
	12/31/2020			
	Scenarios in USD		Scenarios in MXM	
	BRL	USD	BRL	USD
Translation rate	1.0000	5.1967	1.0000	0.2610
Net exposure	(1,041,507)	(200,417)	18,631	71,384
	Possible +25%	Remote +50%	Possible -25%	Remote -50%
	6.4959	7.7951	0.1958	0.1305
Net exposure (scenarios)	(1,301,889)	(1,562,271)	13,977	9,316
Effects	(260,382)	(520,764)	(4,654)	(9,315)

(v) *Interest rate risk*

The Group has a policy of ensuring that part of its exposure to interest rate risk is at a fixed rate.
The interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, is as follows:

	Consolidated	
	12/31/2021	12/31/2020
Fixed rate instruments		
Financial liabilities	(3,035,141)	(2,295,177)
Variable rate instruments		
Financial assets	417,070	303,789
Financial liabilities	(288,993)	(295,233)

(i) Sensitivity analysis

Financial instruments, including non-derivatives, are exposed to changes in fair value as the result of fluctuations of interest rate. The evaluations of the sensitivity of financial instruments to its variables are presented below:

The Group selected two market risks that can strongly affect the values of the financial instruments held, that would be the changes in Libor and CDI rate.

The possible scenarios consider changes from 25% to 50%, respectively, related to relevant risk variable in relation to the basis rate.

Sensitivity analysis of changes in rate:

	Consolidated				Consolidated			
	12/31/2021				12/31/2020			
	Scenarios in Libor		Scenarios in CDI		Scenarios in Libor		Scenarios in CDI	
	Libor		CDI		Libor		CDI	
Translation rate	0.0820%		9.1500%		0.3400%		2.7500%	
Financial liabilities	(166,042)		(97,147)		(148,945)		(95,824)	
Impacts on the statement of income	(136)		(8,889)		(506)		(2,635)	
	Possível +25%	Remoto +50%	Possível +25%	Remoto +50%	Possível +25%	Remoto +50%	Possível +25%	Remoto +50%
	0.1025%	0.1230%	11.4375%	13.7250%	0.4250%	0.5100%	3.4375%	4.1250%
Loans and financing (effects in the balance sheet)	(166,212)	(166,246)	(108,258)	(110,480)	(149,578)	(149,199)	(99,118)	(99,777)
Impacts on the statement of income	(170)	(204)	(11,111)	(13,333)	(633)	(760)	(3,294)	(3,953)

27.4 ASSETS AND LIABILITIES AT CASH FLOW HEDGE

The Group opted to maintain the hedge accounting model of CPC 38/IAS 39.

(i) *Cash flow hedge - Exchange-rate change for loans in foreign currency*

The following table indicates the periods in which the cash flow associated with the cash flow hedge is expected occur and the respective balances of the hedging instruments.

	Consolidated			
	12/31/2021		12/31/2020	
	Assets - trade accounts receivable	Liabilities - loans and financing	Assets - trade accounts receivable	Liabilities - loans and financing
Book balance	**488,392**	**(470,559)**	**207,865**	**(2,318,598)**
1-12 months	52,222	(52,222)	241,046	(241,046)
13–24 months	58,672	(58,672)	239,642	(239,642)
25-26 months	98,298	(98,298)	523,868	(523,868)
> 36 months	261,367	(261,367)	1,314,042	(1,314,042)
	470,559	**(470,559)**	**2,318,598**	**(2,318,598)**

(ii) *Cash flow hedge - Bond and Swaps*

The Group contracted derivative financial instruments for the protection of pre-fixed interest and foreign exchange changes on its issue of foreign bonds. Both instruments have the maturity in 2026. The following shows the reconciliation of the accrual values and the mark-to-market ("MtM") adjustment of the contracted derivatives recorded on the Group's balance sheet:

	Consolidated					
	12/31/2021			12/31/2020		
	Accrual	**MtM adjustment**	**Fair value**	***Accrual***	**MtM adjustment**	**Fair value**
Swap	(26,999)	(113,303)	(140,302)	3,320	45,308	48,628
Total current	**(26,999)**	**(113,303)**	**(140,302)**	**3,320**	**45,308**	**48,628**
Swap	437,832	(437,832)	-	213,463	(213,463)	-
Total non-current	**437,832**	**(437,832)**	**-**	**213,463**	**(213,463)**	**-**
Total operations with derivatives	**410,833**	**(551,135)**	**(140,302)**	**216,783**	**(168,155)**	**48,628**

The relationship between the derivative and the Bond is shown below:

Instrument	Currency	Idex	Principal/ Nocional (USD)	Principal/ Nocional (BRL)	Exchange-rate changes
Loan	USD		(200,000)	(1,116,100)	(286,100)
Swaps – Long position	USD	4.1500 – 5.6000	200,000	1,116,100	286,100
Loan	USD		(110,000)	(613,855)	(19,899)
Swaps – Short position	USD	5.3996 – 8.0000	110,000	613,855	19,899
Loan	USD		(220,000)	(1,227,710)	(127,710)
Swaps – Long position	USD	5.0000 – 7.5000	220,000	1,227,710	127,710
Loan + Current swaps			-	-	-
Loans settled	USD		(200,000)	(788,370)	(37,370)
Settled swaps	USD		200,000	788,370	37,370
Effects of settled operations			-	-	-
Total exposure			-	-	-

The cash flows of both financial instruments have the same maturities.

The Company has designated a cash flow hedge for this operation having, as hedging instrument, the derivatives contracted and, as the object of hedge, the bond issued by the Company. This hedge accounting relationship establishes the accounting of the effective portion of the unrealized mark-to-market adjustment of the derivative in comprehensive income. On December 31, 2021, the calculated amount in equity was R$ 363,750 (R$ 167,956 as of December 31, 2020), net of tax effects.

(iii) *Cash flow hedge – Brent options*

The Group has contracted derivative financial instruments to hedge the projected purchases of Natural Gas in the Agro segment, whose price in dollars is linked to the price in dollars of a barrel of Brent oil. The hedged item refers to highly probable Natural Gas purchase transactions and the hedging instrument is month-to-month Brent call options in accordance with the purchase forecast. This strategy means that almost all Natural Gas purchases are hedged from increases in the price of a barrel of Brent oil. As hedging instruments are options, if there is a fall in the price in dollars of a barrel of Brent, the Group benefits from the reduction. Moreover, if there is a rise in the price, the Group is hedged.

The premiums of the contracted options are denominated in reais and mature close to the date the options are exercised. Therefore, they were classified under the heading “Premiums on options payable”. However, the Group believes that for a better balance of its operations and exposures to foreign currency, the premium should be in dollars. Aiming to have the equivalent effect of a transaction in US dollars, the Group has contracted currency forward derivatives (Non-deliverable forward or NDF) in the same volume as the premiums payable.

Therefore, the two hedge structures aim to hedge Natural Gas costs and balance the Group’s foreign exchange exposures. However, they have a source of accounting asymmetry, since the projections of highly probable purchase transactions are only accounted for when effectively occur and option premiums payable are recorded at amortized cost, while hedging derivative instruments are recorded at fair value. Thus, and aiming to eliminate the accounting mismatching of the fair value adjustments of hedging instrument derivatives, the Group opted to establish a cash flow hedge structure for the strategy. Therefore, adjustments to fair value of derivatives, to the extent that the hedge structure is effective, are recorded in equity accounts as a contra entry to equity accounts, in other comprehensive income.

Month	Protected Brent volume
January 2022	310,000
February 2022	280,000
March 2022	310,000
April 2022	180,000
May 2022	186,000
June 2022	180,000
July 2022	186,000
August 2022	186,000
September 2022	180,000
October 2022	186,000
November 2022	180,000
December 2022	186,000

(iv) *Cash flow hedge – Effects on income (loss) and other comprehensive income*

(i) Loans and financing – Exchange-rate change

	Consolidated			
	12/31/2021		12/31/2020	
	DRA	DRE	DRA	DRE
Exchange-rate change of liabilities	28,395	2,129	(224,624)	(70,047)
Deferred taxes	100,370	(724)	36,318	-
	128,765	**1,405**	**(188,306)**	**(70,047)**

(ii) Bond and swap

		Consolidated			
		12/31/2021		12/31/2020	
		DRA	DRE	DRA	DRE
	Note				
Exchange-rate changes on loans and financing	27,4	-	(224,369)	-	(209,340)
Exchange-rate change in swap	27,4	-	224,369	-	209,340
Swap interest	25	-	(30,318)	-	5,216
Fair value adjustment of swap	27.4|25	(382,980)	32,602	(164,275)	(26,332)
Deferred taxes	27,4	132,631	(11,085)	30,199	1,130
		(250,349)	**(8,801)**	**(134,076)**	**(19,986)**

(iii) Brent Options

	Consolidated	
	12/31/2021	
	DRA	DRE
Exchange-rate change in NDF (USD)	-	5,893
Fair value adjustment - NDF	2,970	(7,572)
Fair value adjustment options	(22,626)	56,807
	6,683	(16,740)
	(12,973)	**38,388**

27.5 CAPITAL MANAGEMENT

The Company maintains a capital management policy aimed at balancing its own capital (capital transfers and profit retention) and third-party capital that the Group raises to finance its operations. To mitigate possible liquidity risks and maintain the weighted average cost of capital in appropriate levels, the Group permanently monitors the results from this choice by means of the indebtedness level based on the calculation of Net Debt/ EBITDA (Income before taxes adjusted by financial income [loss] and depreciation).

28.GOVERNMENT GRANTS AND ASSISTANCE

28.1 STATE TAX INCENTIVE – DESENVOLVE/BAHIA

The Group receives sundry tax benefits under the Program of Industrial Development and Economic Integration Program of the State of Bahia (DESENVOLVE), which the longer-term incentive will remain in force until April 2032. These tax grants are associated with the styrene, acrylic and fertilizer production chain (Agro segment). The Group benefits from a grace period of up to 72 (seventy-two) months for the payment of taxes. In the case of prepayments, the Group is eligible for a discount of up to 81% (eighty-one percent) of the monthly ICMS debit balance.

As of December 31, 2021, the Group obtained a benefit of R$ 174,866 (R$ 74,243 as of December 31, 2020).

28.2 STATE TAX INCENTIVE PSDI - SERGIPE INDUSTRIAL DEVELOPMENT PROGRAM

Proquigel is entitled to the tax benefit under the Sergipe Industrial Development Program – PSDI until April 2030, associated with the fertilizer production chain (agro). The Company benefits from a deferral of imports of raw materials and goods for property, plant and equipment, as well as an exemption from the ICMS tax rate differential on interstate acquisitions of new capital goods. Furthermore, the benefit allows the Company to collect the percentage equivalent to 6.2% of ICMS due in the month. As of December 31, 2021, the Group has not yet started using this benefit.

28.3 FEDERAL TAX INCENTIVE – EXPLORATION PROFIT

Pursuant to Legal Reports issued by Superintendency for the Development of Northeastern Brazil (Superintendência do Desenvolvimento do Nordeste - SUDENE), the Group is entitled to reduce by 75% the income tax on income (loss) from operations of Companhia Brasileira de Estireno (as a successor by merger of Acrinor) located in Camaçari/BA and Proquigel until the fiscal year 2028 and on income (loss) of Unigel Plásticos S.A. until the fiscal year 2020. The benefit of Unigel Plásticos S.A. is being renewed by the tax authority. The request made, when approved, will be retroactive to January 1, 2021.

As of December 31, 2021, the Group obtained a benefit of R$ 123,076 (no company of the Group used the benefit since tax losses were being determined in 2020).

28.4 REINTEGRA – TAX VALUE REINTEGRATION TO EXPORTING COMPANIES

The Group is contemplated by Law 13043/14 – Reintegra – which grants tax credits when the Company exports products internally manufactured and that may be offset against own overdue or current debts related to federal taxes.

On December 31, 2021, the Group obtained a benefit of R$ 2,054 (R$ 788 on December 31, 2020) by means of the companies Acrinor, Proquigel, Companhia Brasileira de Estireno and Unigel Plásticos.

28.5 REIQ – SPECIAL REGIME FOR THE CHEMICAL INDUSTRY

The Special Regime for the Chemical Industry ("REIQ") was instituted in 2013 by the Federal Government of Brazil and aims to recover and maintain the competitiveness of the 1st and 2nd generation national petrochemical industries. In this context, the Group benefits until December 2024 from the tax exemption from part of the PIS and COFINS rates on the purchase of certain raw materials imported or supplied by the 1st generation of the Brazilian petrochemical industry. On December 31, 2021, the Federal Government issued Provisional Measure 1095 extinguishing the Special Regime for the Chemical Industry (REIQ) as of April 1, 2022, the REIQ. The Group is evaluating the impacts of the extinction of said tax benefit and will await the results as to whether or not the aforementioned provisional measure will become a law.

In the year ended December 31, 2021, the Group obtained a credit of R$ 76,098 (R$ 37,755 as of December 31, 2020), which is recorded as a cost reducer in the item "cost of products sold" in income (loss).

29.COLLATERALS AND SURETIES

The Group has assets pledged as collateral for loan operations with third parties in the estimated amount of R$ 151,215 as of December 31, 2021, this amount was decreased due to the settlement of 2024 BOND's operation and consequent release of collaterals (R$ 1,088,123 as of December 31, 2020), consisting mainly of real estate. Additionally, the parent company is the guarantor of operations of other Group's companies. The parent company has sureties amounting to R$ 87,030 (R$ 406,522 at December 31, 2020).

30.EARNING (LOSS) PER SHARE

30.1. BASIC

The basic earnings (losses) per share were calculated based on the retained earnings for the period and respective average number of shares outstanding in these years, as per table below:

	Consolidated	
	12/31/2021	**12/31/2020**
Net income (loss) for the period	882,173	(6,985)
Weighted average number of shares at the end of the year	414,297,488	414,297,488
Earnings (losses) per share - R$	**2.12932**	**(0.01686)**

30.2. DILUTED

Diluted earnings (losses) per share are calculated by adjusting to weighted average quantity of shares, assuming conversion of all shares that would possibly provoke dilution. The Company has no factor that dilutes its basic income.

31.OPERATIONS WITH DERIVATIVES

The Group holds derivative financial instruments to hedge its exposure to foreign currency and interest rate changes.

	Consolidated		
	12/31/2021		12/31/2020
	Assets	**Liabilities**	**Assets**
Cross currency swaps	-	(140,302)	48,628
Options – *Commodities*	26,621	-	-
NDFs	-	(8,793)	-
Embedded derivatives – Options	129,398	-	86,659
	156,019	**(149,095)**	**135,287**

Embedded derivatives are separated from the host contracts and separately recorded when the host contract is not a financial asset and certain criteria are met.

31.1 EMBEDDED DERIVATIVES

(i) *Bonds early repurchase options*

The Group's bonds have early repurchased options. The Group may repurchase bonds in whole or in part at certain time intervals, at the following repurchase prices (expressed as a percentage of principal), plus appropriate unpaid interest:

Period	Repurchase price
2022	104.375%
2023	102.188%
2024	101.094%
>2025	100.000%

These repurchase options represent a right to acquire the Group's debt at a pre-defined price. They are separable from the main contract and considered embedded derivatives.

Since these options are valid for the period described above, the Group calculated their fair value as American options with the repurchase price as the strike price.

The fair value of these embedded derivatives is R$ 129,398 (R$ 86,659 as of December 31, 2020).

32.TRANSACTIONS NOT INVOLVING CASH

As of December 31, 2021, main non-cash transactions in Consolidated Cash Flow were:

(i) Changes in suppliers of property, plant and equipment amounting to (R$ 560) (R$ 3,177 at December 31, 2020);

(ii) Additions of right-of-use assets as a contra entry to a lease liability payable in the amount of R$ 122,619 (R$ 216,490 as of December 31, 2020).

33.SUBSEQUENT EVENTS

Impact of the war between Russia and Ukraine on Unigel's business

On February 24, 2022, Russia began military action in Ukraine. Since then, several economic sanctions against Russia have been announced, such as banning Russia from the Swift financial system, restrictions on the Russian central bank, banning Russian companies in selected airspace, among others. In this context of economic isolation, international prices for oil, natural gas and fertilizers rose sharply.

Unigel produces nitrogen fertilizers using natural gas as a raw material. The supply is governed by long-term contracts with gas supply companies in Brazil with prices linked to the Brent oil benchmark. In addition, before the start of the conflict in Ukraine, the Company had already entered into derivatives to hedge against Brent price fluctuations in 2022.

At the units in the Agro segment, Unigel produces enough ammonia to meet both its production capacity for urea, the main nitrogen fertilizer, and its capacity for the production of acrylics.

Unigel directs all its urea production to the domestic market. It is estimated that Brazil consumed 8 million tons of urea in 2021, of which 1.4 million tons came from Russia. Unigel has a production capacity of 1.15 million tons/year of urea.

* * *

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