Unigel Participações S.A.

Individual and consolidated interim financial statements
June 30, 2021

Contents

Earnings Release

2Q21

AT A RECORD-HIGH NET REVENUE OF OVER R$ 3,2 BN, UNIGEL REACHES R$ 864 MM EBITDA AND R$ 709 MM NET INCOME IN THE FIRST HALF OF 2021

São Paulo, August 6rd, 2021 – Unigel Participações S.A. ("Unigel") today announces its results for the second quarter of 2021 (2Q21). Operating and financial information, except when otherwise indicated, is presented in Reais, according to the Technical Pronouncement CPC 21 (R1) – Interim Financial Reporting in accordance with accounting practices adopted in Brazil, pursuant to the International Financial Reporting Standards (IFRS) in relation to information related to results of the second quarter of 2021 and should be read together with financial statements for the period ended December 31, 2020. 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 second quarter of 2021 ("2Q21"), the second quarter of 2020 ("2Q20") and the first quarter of 2021 ("1Q21").

Second Quarter 2021 Highlights (2Q21)

Net Revenue	Adjusted EBITDA	Net Income (loss)
R$ 1,923 Million	R$ 495 Million	R$ 555 Million
+272% YoY	+519% YoY	+661% YoY

First six months of 2021 Highlights (6M21)

Net Revenue	Adjusted EBITDA	Net Income (loss)
R$ 3,260 Million	R$ 864 Million	R$ 709 Million
+170% YoY	+424% YoY	+391% YoY

1. Comments from Management

Record results and the start of Unigel Agro's activities are the main highlights of the first half of 2021. The strong demand for our main products allowed us to maximize production in all our operations, which led to a significant increase in sales volume in comparison to the same period in 2020 – impacted by temporary stoppages due the Covid-19 pandemic. This increase in demand, combined with limited supply, also resulted in a significant increase in the international spreads of some products. Given this scenario, we maintained our strategy of focusing on markets with higher margins and attained a gross margin of 26.1%.

In addition, in the second quarter of 2021, we started operating the two nitrogen fertilizer plants leased from Petrobras. First, production started at the Laranjeiras (SE) plant in mid-April and stabilized in May. Then, production started at the Camaçari (BA) plant in June and stabilized in July..

Operations

Record results anchored on strong demand and increased international spreads

In the first half of 2021, we maximized our industrial operations in order to meet the strong demand for our main products both in the local and international markets. We assess that this increase in demand is mainly explained by new consumption habits by a large part of the population, reallocating expenses from experiences and leisure (such as tourism, restaurants, concerts, etc.) to products (such as home appliances, non-durable goods, etc.), which require our chemical raw materials. This movement was further encouraged by a global macroeconomic scenario of low interest rates and strong capital injections through economic incentive programs.

Even though global demand for chemicals has grown significantly since the third quarter of 2020, global supply has not followed the same trend - either due to difficulties in resuming operations throughout 2020, or due to adverse weather conditions such as the winter storm that hit the state of Texas in the USA, one of the largest global chemical hubs. As a result, there is a significant increase in international prices for our main products.

With favorable prices and operating all our units at a maximum efficiency level, we were able to significantly increase our sales volumes, reflected in the 170% YoY growth of our net revenue, amounting R$ 3.3 billion in the first half of 2021. It should also be noted that, on an aggregate basis, the increase in prices for our main products outpaced the increase in raw material prices, resulting in a significant increase in our operating margins, which was reflected in the 26.5% adjusted EBITDA margin in 6M21 – an increase of 12.8 p.p. YoY.

In this context, in the second quarter of 2021 we overtook record-high results that had been registered in the previous quarter, now reaching an Adjusted EBITDA of R$ 495 million, 34% higher than in 1Q21. This resulted in an adjusted EBITDA was of R$ 864 million in 6M21, an increase of 424% YoY.

Unigel Agro gradually begins operations

In the second quarter of 2021, we started operations at the nitrogen fertilizer plants leased from Petrobras (“Unigel Agro”). In mid-April we started operating the Sergipe plant (“Unigel Agro SE”), which began operating with stability as of May. Subsequently, in late June, we started production at the plant in Bahia ("Unigel Agro BA"), which started operating with stability as of July.

Thus, the results presented here for the Agro segment are still limited to (i) operation of ammonium sulfate extracted from the production chain of the Acrylics segment, and (ii) two months of operation at the Laranjeiras (SE) plant, with no significant contribution from the Camaçari (BA) plant operation. Therefore, despite the significant growth, the results of the segment still do not reflect the full potential expected for this operation, which we expect to reach during the second half of the year.

Strong investments in working capital and capex supported by record results and retapping of 2026 bond

In the first half of 2021, we intensified investments in working capital and capex to support the company's growth in the period, as well as ensure expansion through the startup of operations at the fertilizer plants leased from Petrobras.

Regarding working capital, growth in volumes, prices and exchange rate naturally increased working capital requirements for the Acrylics and Styrenics segments. In addition, the start-up of Unigel Agro also required more investments in working capital, mainly through the build-up of inventories and accounts receivable.

Even though we adopted a purchase and sales strategy that provides us with some flexibility in working capital management, we are constantly monitoring the trade-off between cash availability and financial costs. In this context, throughout 2020 – a year heavily impacted by the pandemic – we took important measures to release working capital in order to guarantee that the Company had liquidity during a very critical period. Although efficient, these measures entail financial costs. In 1Q21, on the other hand, the strong operating results and the reinforcement of our cash position through a new debt issue, allowed us to increase investments in working capital, aiming to reduce financial costs without harming the Company's liquidity.

We invested R$ 500 million in capex in 6M21, mainly through investments made in fertilizer plants. These expenses were greater than our initial expectations due to two main factors: (i) the need for additional maintenance on some equipments that were in worse condition than expected and (ii) the allocation of costs in usage of natural gas necessary to start up the plant, which is not converted into product.

Outlook

In the third quarter of 2021, we foresee a normalization of market dynamics of Styrenics and Acrylics, after a period of increased international spreads due to the combination of heavily increased demand and limited supply,. On the other hand, the conclusion of both Unigel Agro plants' ramp-up, now operating at standard pace, should significantly increase our net revenue on a regular basis. .

Environmental, Social and Governance (ESG)

In the second quarter, we focused on strengthening the actions towards environmental, social and governance (ESG) aspects that we have incorporated over the last few years. We also expanded the scope of promising projects, such as Ecogel®. All programs that were in initial stages by the time of previous earning releases are now in more advanced stages of development and all social actions have been maintained.

In terms of governance, Unigel's board of directors gain additional skills with with its new member Marcello De Simone, an executive with relevant financial experience in large Brazilian companies.
Simultaneously with the release of the results for the second quarter of 2021, we also published, in parallel, the second edition of our Annual Sustainability Report, now with data from 2020.

Highlights

Board of Directors: On June 1st, 2021, Marcello De Simone was elected as the new member of Unigel's board of directors, replacing Ricardo Weiss. This replacement is intended to enhance the board's complementarity, including a member with extensive experience in the financial sector of large companies.

Mr. De Simone has been a member of the board of directors of Brazilian companies, such as Refinaria de Petróleo Riograndense and ConectCar Mobilidade Eletrônica. Prior to that, Mr. De Simone held leadership positions at Ultrapar, Banco Pactual and Andersen Consulting, among others. He holds a degree in civil engineering from the Federal University of Rio de Janeiro, and an executive MBA from PDG-EXEC. In addition, Mr. De Simone is a member of the Fiscal Council of Instituto Pró-Saber SP.

Ecogel™: In the second quarter we broadened testing actions with key customers and expanded the Ecogel® line of products, which now has 3 grades of polystyrene (PS). This line of products is still on approval phase with diverse clients , emphasizing applications in internal components of furniture and home appliances. Ecogel™ is Unigel's brand of sustainable products, and the polystyrene resin aggregated with up to 30% post-consumer resin (PCR) is the first product in the line.

ESG Executive Agenda (Sustainability Program): In the second quarter, we began developing an ESG executive agenda, seeking to define policies, objectives, goals and action plans for the Company's material issues. Conducted with the support of a renowned international consultancy specializing in ESG, the project should be completed in early 2022, with the disclosure of Unigel's strategic objectives and commitments to stakeholders.

Pellet Zero™ Program: Significant advances were observed in the program that aims to reduce the loss of pellets (plastic grains) in the production process. The draft of a diagnostic report that maps the possible points of vulnerability in the polystyrene plants in Guarujá-SP and São José dos Campos-SP marked the completion of Phase 2. The program now enters Phase 3, which consists of the development of an action plan, and is expected to be completed in November of this year.

Thus, the progress of the program presents the following status:

- Signing the term of commitment - completed
- Diagnosis Report - completed
- Definition of the action plan - in progress
- Implementation of the action plan – to begin

Disposable Cups Reverse Logistics Program: Unigel continues to adhere to the initiative, which reached the milestone of 2 million recycled polystyrene cups in 2021. The program is carried out by Braskem SA and Dinâmica Ambiental, and since September 2020, has been supported by Unigel.

Sponsorship of "Isopor® Amigo" Project: Unigel formalized its adhesion to the second phase of the project, which promotes the reverse logistics of plastic products manufactured with expanded polystyrene (better known as Isopor® in Brazil and as Styrofoam in the U.S.). This second phase consists in the expansion of the project's scope to locations where it is economically viable and relevant to interested parties.

2. Consolidated Results

Consolidated Income Statement	Quarter					Year-to-date		
R$ million	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
Net revenue	44%	**1,337**	**1,923**	**517**	272%	**3,260**	**1,208**	170%
Cost of goods sold	47%	(977)	(1,432)	(483)	196%	(2,409)	(1,107)	118%
Gross profit	36%	**360**	**491**	**34**	1344%	**851**	**101**	743%
Gross margin	*-1.4p.p.*	*26.9%*	*25.5%*	*6.5%*	*19.0p.p.*	*26.1%*	*8.3%*	*17.8p.p.*
Sales, general and adm. (SG&A) expenses	17%	(41)	(48)	(29)	66%	(88)	(66)	33%
Other operating income (expenses)	11950%	2	241	(3)	8133%	243	(1)	24400%
Operating income (expenses)	113%	**321**	**684**	**2**	34100%	**1,006**	**34**	2859%
Net financial results	113%	(123)	16	(123)	113%	(107)	(294)	-64%
Income tax and social contribution	230%	(44)	(145)	23	-730%	(190)	16	-1288%
Net income	260%	**154**	**555**	**(99)**	661%	**709**	**(244)**	391%
Net revenue (US$ million)	*48%*	*245*	*362*	*96*	*277%*	*607*	*254*	*139%*

Net revenue

Unigel's consolidated net revenue totaled R$ 3.26 billion in the first half of 2021, + 170% YoY, driven mainly by higher sales volumes and higher prices for our main products. All segments showed positive variations in their revenues, with increases of 141% YoY in the Styrenics segment, 187% YoY in the Acrylics segment and 513% YoY in the Agro segment.

In the quarterly comparison, net revenue amounted to R$ 1.92 billion in 2Q21, a 272% growth compared to 2Q20, when we experienced a halt in production due to the first wave of the pandemic in Brazil. In comparison to 1Q21, we recorded a 44% consolidated growth in net revenue, broken down into + 23% in Styrenics, + 49% in Acrylics, and + 200% in Agro.

Cost of goods sold (COGS) and gross margin

Unigel's consolidated COGS totaled R$ 2.40 billion in 6M21, an increase of 118% YoY, mainly supported by the increase in sales volume and in the prices of the main raw materials. As a result, Unigel's consolidated gross profit totaled R$ 851 million, increase of 743% YoY, due to (i) increase in sales volume, mainly explained by production stoppages in 2Q20 amidst the first wave of the pandemic, and (ii) the increase of international spreads, since the prices of our main products had a bigger uptick than those of our main raw materials. Thereby, the consolidated gross margin reached 26.1% in 6M21.

In the quarterly comparison, COGS totaled R$ 1.43 billion in 2Q21, representing an increase of 196% compared to 2Q20, mainly explained by the increase in volumes, and 47% compared to 1Q21, mainly driven by the performance of the acrylics segment. Gross profit reached R$ 491 million in 2Q21, with a gross margin of 25.5%, mainly supported by the Styrenics segment.

Sales, general and administrative (SG&A) expenses

Sales, general and administrative expenses (SG&A) totaled R$ 88 million in 6M21, an increase of 33% YoY, mainly explained by (i) the increase of expenses in Mexican operations, due to the high exchange rate and (ii) the return of contingent expenses in 6M20 due to the pandemic, mainly in the Styrenics segment.

In the quarterly comparison, SG&A totaled R$ 48 million, an increase of 66% compared to 2Q20, for the same reasons mentioned in the half-yearly comparison, and an increase of 17% compared to 1Q21, mainly due to provision for credit losses on trade receivables made in 2Q21, related to only one customer from the Styrenics segment.

The significant increase in sales, result of operational excellence and strong demand for our products, also contributed to a greater dilution of SG&A expenses as a result of net revenue. In 6M21, SG&A expenses represented 2.7% of net revenue, down 2.7 p.p. YoY.

Other operating revenues (expenses)

In 2Q21, we reported a revenue of R$ 243 million in other operating revenues, which mainly refer to the Federal Supreme Court (STF) court decision on the exclusion of ICMS from the basis of calculation of PIS/COFINS. More details about this decision are presented in explanatory note 11 to the financial statements of June 30, 2021.

Adjusted EBITDA and EBITDA Margin

Adjusted EBITDA Calculation	**Quarter**					**Year-to-date**		
R$ million	**Δ (%) QoQ**	**1Q21**	**2Q21**	**2Q20**	**Δ (%) YoY**	**6M21**	**6M20**	**Δ (%) YoY**
Net income	260%	**154**	**555**	**(99)**	661%	**709**	**(244)**	391%
Income tax and social contribution	230%	44	145	(23)	730%	190	(16)	1288%
Net financial results	-113%	123	(16)	123	-113%	107	294	-64%
Depreciation and amortization	6%	47	50	48	4%	97	93	4%
EBITDA	99%	**368**	**734**	**50**	1368%	**1,102**	**127**	768%
EBITDA Margin	*10.7p.p.*	*27.5%*	*38.2%*	*9.6%*	*28.6p.p.*	*33.8%*	*10.5%*	*23.3p.p.*
(Losses) Gains in the sale of assets	-	(0)	0	1	-100%	0	1	-100%
Operational shutdown	-	1	1	29	-97%	2	37	-95%
Recovery of ICMS on PIS/COFINS base	-100%	-	(240)	-	-100%	(240)	-	-100%
Restructuring – indemnities	-	-	-	1	-100%	-	1	-100%
Adjusted EBITDA	34%	**369**	**495**	**80**	519%	**864**	**165**	424%
Adjusted EBITDA margin	*-1.8p.p.*	*27.6%*	*25.7%*	*15.4%*	*10.3p.p.*	*26.5%*	*13.7%*	*12.8p.p.*
Adjusted EBITDA (US$ million)	***39%***	***67***	***93***	***15***	***520%***	***160***	***34***	***371%***

Unigel's consolidated adjusted EBITDA totaled R$ 864 million in 6M21, +424% YoY, with relevant growth in all business segments. In this comparison, the main growth factors were the increase in sales volumes and the increase of international spreads on our main products. As a result, the consolidated Adjusted EBITDA

margin was 26.5% in 6M21, representing an increase of 12.8 p.p. compared to the same period of the previous year.
In the quarterly comparison, adjusted EBITDA totaled R$ 495 million in 2Q21, breaking a new record for a 3-month period and representing an increase of 519% compared to 2Q20, when we had to stop part of our operations due to the pandemic of COVID-19, and a 34% growth compared to 1Q21, driven mainly by the Styrenics segment and the start of the Agro operation.

Net Financial Results

Net Financial Result	Quarter					Year-to-date		
R$ million	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
Financial income	700%	**2**	**16**	**1**	1500%	**19**	**27**	-30%
Interest on financial assets	150%	2	5	1	400%	7	2	250%
Interest compulsory loans to Eletrobras	0%	-	-	-	0%	-	23	-100%
Other financial income	100%	0	11	0	100%	11	1	1000%
Financial expenses	25%	**(76)**	**(95)**	**(80)**	19%	**(171)**	**(188)**	-9%
Financial interest	9%	(79)	(86)	(65)	32%	(164)	(123)	33%
Discounts granted to clients	50%	(2)	(3)	(6)	-50%	(5)	(12)	-58%
Lease liability interest	0%	(8)	(8)	(1)	700%	(16)	(8)	100%
Taxes and fees on financial income	450%	(2)	(11)	(6)	83%	(13)	(13)	0%
Results on derivative operations	-21%	19	15	1	1400%	34	(23)	248%
Other financial expenses	-50%	(4)	(2)	(2)	0%	(6)	(10)	-40%
Foreign exchange variation, net	290%	**(50)**	**95**	**(45)**	311%	**46**	**(133)**	135%
Net Financial Result	113%	**(123)**	**16**	**(123)**	113%	**(107)**	**(294)**	-64%

Consolidated net financial result totaled an expense of R$107 million in 6M21, a reduction of 64%, or R$186million YoY, mainly impacted by the positive variation of R$178 million in the net exchange variation and restatement line, going from an expense of R$ 133 million in 6M20, mainly explained by the strong impact of the exchange rate increase throughout that period, to a revenue of R$ 46 million in 6M21, explained primarily by the 4% decrease in the exchange rate in this period.

In the quarterly comparison, the net financial result totaled R$ 16 million in 2Q21, also impacted by the positive result from the exchange rate variation, explained by the 12% reduction in the exchange rate between March 31, 2021 and June 30, 2021.

3. Cash flow

Operating Cash Flow - Managerial *R$ million*	Quarter					Year-to-date		
	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
Adjusted EBITDA	34%	**369**	**495**	**80**	519%	**864**	**165**	424%
Non-recurring and/or non-cash items	1800%	1	19	(32)	-159%	20	(32)	-163%
(=) EBITDA "Cash"	39%	**370**	**514**	**48**	971%	**884**	**134**	560%
Income tax and social contribution	230%	(44)	(145)	23	-730%	(190)	16	-1288%
Changes on working capital	-126%	(460)	118	52	117%	(341)	77	-542%
Net financial result	-113%	(123)	16	(123)	-113%	(107)	(294)	-64%
Non-cash adjustments - Net financial result	-105%	98	(5)	83	-106%	93	228	-59%
Operating cash flow	-413%	**(159)**	**498**	**83**	500%	**338**	**161**	110%
Interest paid on loans	908%	(13)	(131)	(103)	27%	(144)	(111)	30%
Income tax paid	92%	(24)	(46)	0	-100%	(70)	-	-100%
Cash generated by operating activities	-263%	**(196)**	**320**	**(20)**	-1700%	**124**	**50**	148%

Cash Flow Statement *R$ million*	Quarter					Year-to-date		
	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
Cash generated by operating activities	-263%	(196)	320	(20)	-1700%	124	50	148%
Cash flow from investment activities	12%	(244)	(274)	(34)	706%	(519)	(76)	583%
Cash flow from financing activities	-115%	519	(80)	(2)	3900%	439	(42)	-1145%
Currency translation adjustment (CTA)	-178%	18	(14)	5	-380%	4	45	-91%
Increase (decrease) in cash & cash equivalents	-150%	**96**	**(48)**	**(51)**	-6%	**49**	**(22)**	-100%

Net cash generated in operating activities

Consolidated operating cash generation totaled R$ 124 million in 6M21, up 148% YoY, driven mainly by the strong operating results, reflected in the 424% increase in adjusted EBITDA. In the opposite direction, there have been (i) tax payments, due to the increase in operational profit and (ii) investments in working capital, explained by (i) maximization of production operations, with a consequent increase in volumes, (ii) increase in international prices of our main products and raw materials, (iii) depreciation of Real against the Dollar and (iv) the start of the Agro operation, with the need to build up inventories and accounts receivable.

Net cash used in investment activities

Cash flow into investing activities totaled R$ 519 million, explained by expenditures on acquisitions of fixed and intangible assets (Capex), mainly due to the investments needed to start up the Agro operations in Sergipe and Bahia. These expenses were greater than our initial estimates due to (i) additional maintenance and equipment more depreciated than anticipated, and (ii) allocation of the cost of using natural gas to start up the plants, which is not converted into product.

Looking ahead, we understand that the most critical and costly investments have already been completed, and we believe that the net cash used in investing activities is likely to drop substantially in the coming quarters.

Net cash generated by financing activities

Net cash generated by financing activities totaled an inflow of R$ 439 million in 6M21, mainly explained by the issuance of USD 110 million through the reopening of the 2026 bond. The proceeds from this issue were used to refinance short-term debt, prepay the remaining balance of the 2024 bond, and support the necessary investments for the start of operations of Unigel Agro.

Translation adjustments

Effect generated by the currency conversion of the intermediary financial statements of the Mexico and Luxembourg subsidiaries.

4. Indebtedness and leverage

Net Debt and Leverage	In Millions of Reais			In Millions of Dollars		
millions R$ / US$	Jun-21	Dec-20	Δ (%)	Jun-21	Dec-20	Δ (%)
Current	365	403	-9%	73	77	-5%
Non-current	2,656	2,198	21%	531	423	26%
Gross Debt	**3,021**	**2,600**	**16%**	**604**	**500**	**21%**
(-) Cash & Equivalents	(673)	(624)	8%	(135)	(120)	13%
(-) Swap Accrual	(171)	(217)	-21%	(34)	(42)	-19%
Net Debt	**2,178**	**1,760**	**24%**	**435**	**339**	**28%**
(/) Adjusted EBITDA (LTM)	**1,250**	**551**	**127%**	**232**	**106**	**119%**
(=) Financial Leverage	**1.74x**	**3.19x**	**-1.45x**	**1.88x**	**3.20x**	**-1.32x**

Unigel's net debt totaled R$ 2.18 billion on June 30th, 2021, an increase of 24% compared to December 31st, 2020, given that USD 110 million were raised through the reopening of the 2026 bond, with part of the proceeds being used in working capital and capex, primarily related to the Agro segment.

In terms of leverage, the 127% growth in adjusted EBITDA over the last 12 months outpaced the increase in net debt, resulting in a drop in leverage to 1.74x in June 2021.

To mitigate the effect of the high volatility of the Brazilian exchange rate, our current foreign exchange hedge strategy is to maintain two swap contracts, equivalent to approximately half of our debt in USD, only for the principal and at maturity (2026), in the following terms:

i. A USD 200 million contract, with a lower limit of R$ 4.15/US$ and a higher limit of 5.60 R$/US$, with a financial cost of 100% of the CDI rate minus 3.45%;
ii. A USD 110 million contract, with a lower limit of 5.40 R$/US$ and a higher limit of 8.00 R$/US$, with a financial cost of 63% of the CDI rate;
iii. Two contracts totaling USD 220 million, with a lower limit of 5.00 R$/US$ and a higher limit of 7.50 R$/US$, with a financial cost of 61% of the CDI rate;

5. Styrenics Segment

Paints and Coatings
(Styrene Monomer

Plastics – ABS and SAN
(Styrene Monomer)

Disposable Products
(Polystyrene)

Durable Consumer Goods
(Polystyrene)

Pulp Industry
(Latex)

Styrenics Sales Volumes	Quarter					Year-to-date		
in metric tons (t)	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
Brazil	**-17%**	**84,210**	**70,149**	**41,224**	**70%**	**154,359**	**109,600**	**41%**
Styrene	-9%	33,256	30,327	17,291	75%	63,583	45,110	41%
Polystyrene	-27%	41,294	30,270	17,553	72%	71,564	50,005	43%
Latex	-1%	9,660	9,552	6,380	50%	19,212	14,486	33%
Overseas	**71%**	**8,338**	**14,289**	**7,410**	**93%**	**22,627**	**16,221**	**39%**
Styrene	-33%	489	329	-	100%	818	-	100%
Polystyrene	79%	7,615	13,660	7,247	88%	21,275	15,941	33%
Latex	28%	234	300	163	84%	534	280	91%
Total	-9%	**92,548**	**84,438**	**48,634**	74%	**176,986**	**125,822**	41%

Note: Does not include intercompany sales and does not include styrene monomer used in the production of polystyrene and latex

International Price References	Quarter					Year-to-date		
(US$/t)	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
Raw Materials								
Benzene [1]	50%	683	1,027	472	118%	855	609	40%
Ethylene [2]	19%	1,046	1,241	825	50%	1,144	948	21%
Raw Material Mix [3]	40%	774	1,080	560	93%	927	694	34%
Products								
Styrene [4]	51%	1,030	1,560	534	192%	1,295	667	94%
Polystyrene [5]	8%	1,388	1,493	881	69%	1,441	980	47%
Spreads								
Styrene	87%	256	479	(26)	1942%	368	(27)	1463%
Polystyrene	-33%	614	413	321	29%	513	286	79%

(1) IHS - Benzene | Contract-Market Domestic | FOB US Gulf Coast | (n-1)

(2) IHS - Ethylene | Contract-Market Pipeline | Delivered W. Europe | (n-1)

(3) Raw Material Mix | 25% Ethylene + 75% Benzene

(4) IHS - Styrene | Spot | FOB US Gulf Coast | (n-1)

(5) IHS - Polystyrene (PS) | Spot | CFR Hong Kong | (n-1)

Styrenics Results *R$ million*	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
	Quarter					Year-to-date		
Net revenue	23%	**716**	**882**	**246**	259%	**1,598**	**664**	141%
Cost of goods sold	18%	(501)	(589)	(248)	138%	(1,090)	(625)	74%
Gross profit	36%	**215**	**293**	**(2)**	14750%	**508**	**39**	1203%
Gross margin	*3.2p.p.*	*30.0%*	*33.2%*	*-0.8%*	*34.1p.p.*	*31.8%*	*5.9%*	*25.9p.p.*
Sales, general and adm. (SG&A) expenses	100%	(8)	(16)	(4)	300%	(24)	(12)	100%
Other operating income (expenses)	100%	0	181	(1)	18200%	181	(1)	18200%
Operating income (expenses)	121%	**207**	**458**	**(7)**	6643%	**665**	**26**	2458%
Depreciation and amortization	7%	15	16	17	-6%	31	33	-6%
EBITDA	114%	**222**	**474**	**10**	4640%	**696**	**60**	1060%
(Losses) Gains in the sale of assets	-	-	0	1	-100%	0	1	-100%
Operational shutdown	-	0	0	14	-100%	1	14	-93%
Recovery of ICMS on PIS/COFINS base	-100%	-	(178)	-	-100%	(178)	-	-100%
Restructuring - indemnities	-	-	-	-	-	-	-	-
Adjusted EBITDA	33%	**223**	**296**	**25**	1084%	**519**	**74**	601%
Adjusted EBITDA margin	*2.4p.p.*	*31.1%*	*33.5%*	*10.2%*	*23.4p.p.*	*32.5%*	*11.1%*	*21.3p.p.*
Net revenue (US$ million)	*27%*	*131*	*166*	*46*	*261%*	*297*	*141*	*111%*
Adjusted EBITDA (US$ million)	*34%*	*41*	*55*	*5*	*1000%*	*96*	*16*	*500%*

Net revenue

Net revenue from Styrenics totaled R$ 1.60 billion in 6M21, up 141% YoY, mainly explained by (i) a 41% growth in total tons sold in the segment, 43% for styrene and 41% for polystyrene, and (ii) increases of 94% in international prices for styrene and 47% for polystyrene. None the less, it is worth noting that 2Q20 was the most impacted by the Covid-19 pandemic, when we needed to halt part of our operations.

In the quarterly comparison, net revenue totaled R$ 882 million in 2Q21, a growth of 259% compared to 2Q20, driven by higher volumes and prices, given the sharp drop in demand in 2Q20 due to the pandemic. Compared to 1Q21, there was a 23% growth, mainly explained by increases in international prices of 51% for styrene and 8% for polystyrene.

Cost of goods sold (COGS) and gross margin

COGS of the Styrenics segment totaled R$ 1.09 billion in 6M21, up 74% YoY, influenced by the increase in sales volumes of SM and PS mentioned above, combined with increases of 40% and 21% in the prices of benzene and ethylene, respectively. As a result, gross profit for the Styrenics segment totaled R$ 508 million in 6M21, an increase of 1,203% YoY, resulting in a gross margin of 31.8% - in 6M20, gross profit totaled R$ 39 million, with a 5.9% gross margin.

In the quarterly comparison, COGS totaled R$ 589 million, up 138% YoY, once again explained by the increase in volumes, given the temporary stoppage of part of the operations in 2Q20 due to the pandemic. Compared to 1Q21, there was an 18% growth, explained by increases of 50% and 19% in international prices for benzene and ethylene, respectively. As a result, gross profit for the period totaled R$293 million, with a gross margin of 33.2%.

Sales, General and Administrative expenses (SG&A)

Sales, general and administrative expenses for the Styrenics segment totaled R$ 24 million in 6M21, up 100% YoY. This variation is explained by extraordinary events in 2Q20 related to the pandemic, such as the reduction in salaries and work hours of employees in the home-office system, and adherence to government programs aimed at maintaining jobs, which allowed for a reduction in payments made in the period.

In the quarterly comparison, SG&A totaled R$ 16 million, 300% growth compared to 2Q20, with the same explanation as the yearly comparison, and 100% compared to 1Q21, mainly explained by the provision for credit losses on trade receivables made in 2Q21, referring to only one customer.

Adjusted EBITDA and EBITDA Margin

In conclusion, adjusted EBITDA for Styrenics totaled R$ 519 million in 6M21, up 601% YoY, mainly due to: (i) increase in sales volumes, with all plants operating under excellent market conditions and (ii) increases in international spreads for the main products. It is worth mentioning that 2Q20 was strongly impacted by the Covid-19 pandemic, with an abrupt reduction in the prices of products and raw materials and the stoppage of part of our operations.

In the quarterly comparison, EBITDA from Styrenics totaled R$ 296 million in 6M21, an increase of 1,084% compared to 2Q20, due to the impact of the pandemic, as mentioned before. Compared to 1Q21, there was a growth of 33%, mainly explained by the increase in international styrene spreads.

6. Acrylics Segment


Carbon Fiber
(Acrylonitrile)


Acrylic Fiber
(Acrylonitrile)


Acrylamide
(Acrylonitrile)


Paints and Coatings
(Methyl Methacrylate)


Acrylic Plates
(Methyl Methacrylate)


Acrylic Facades
(Cast Acrylic Plates)


Fertilizers
(Ammonium Sulfate)


Tannery
(Ammonium Sulfate)


Mining
(Sodium Cyanide)


Electroplating
(Sodium Cyanide)

Acrylics Sales Volume *in metric tons (t)*	Quarter					Year-to-date		
	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
Brasil	1%	**9,659**	**9,780**	**6,755**	45%	**19,438**	**15,111**	29%
Nitriles (1)	-3%	2,434	2,369	1,974	20%	4,803	3,959	21%
Methacrylates (2)	9%	3,619	3,950	1,985	99%	7,569	4,924	54%
Sodium cyanide (3)	-4%	3,606	3,461	2,797	24%	7,066	6,227	13%
Overseas	64%	**22,966**	**37,649**	**13,876**	171%	**60,615**	**27,990**	117%
Nitriles (1)	98%	13,399	26,483	2,789	850%	39,882	7,643	422%
Methacrylates (2)	61%	3,764	6,054	4,607	31%	9,818	9,000	9%
Sodium cyanide (3)	-42%	1,380	800	1,580	-49%	2,180	2,540	-14%
Acrylic Sheets (4)	-3%	4,424	4,311	4,900	-12%	8,735	8,807	-1%
Total	45%	**32,625**	**47,428**	**20,631**	130%	**80,053**	**43,101**	86%

Notes: Does not consider intercompany sales

(1) Considers sales of Acrylonitrile and Acetonitrile. Does not consider sales from the Brazilian operation intended for resale in Mexico.
(2) Considers sales of Methyl Methacrylate, Ethyl Methacrylate and Methacrylic Acid. Does not consider sales from the Brazilian operation intended for resale in Mexico.
(3) Considers sales of Sodium Cyanide in both solid and solution base.
(4) Considers sales of Acrylic Sheets from our Mexican operations.

International Price References *(US$/t)*	Quarter					Year-to-date		
	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
Raw Materials								
Propylene 1	0%	1,451	1,448	588	146%	1,450	654	122%
Acetone 2	18%	947	1,114	662	68%	1,031	644	60%
Products								
Acrylonitrile 4	41%	1,889	2,655	1,056	151%	2,272	1,221	86%
MMA 5	24%	2,114	2,614	1,358	92%	2,364	1,444	64%
Spreads								
Acrylonitrile	176%	438	1,207	468	158%	823	567	45%
MMA	29%	1,166	1,500	696	116%	1,333	800	67%

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

Acrylics Results	Quarter					Year-to-date		
R$ million	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
Net revenue	49%	**562**	**839**	**252**	233%	**1,401**	**489**	187%
Cost of goods sold	64%	(425)	(695)	(213)	226%	(1,119)	(424)	164%
Gross profit	6%	**137**	**145**	**40**	263%	**282**	**65**	334%
Gross margin	*-7.2p.p.*	*24.4%*	*17.2%*	*15.7%*	*1.6p.p.*	*20.1%*	*13.3%*	*6.8p.p.*
Sales, general and adm. (SG&A) expenses	-24%	(29)	(22)	(20)	10%	(51)	(42)	21%
Other operating income (expenses)	1060%	5	58	(2)	3000%	63	(0)	100%
Operating income (expenses)	60%	**113**	**181**	**18**	906%	**294**	**23**	1178%
Depreciation and amortization	9%	22	24	24	-	46	46	-
EBITDA	52%	**135**	**205**	**42**	388%	**340**	**69**	393%
(Losses) Gains in the sale of assets	-	0	0	0	-	0	0	-
Operational shutdown	-	0	0	15	-100%	1	24	-96%
Recovery of ICMS on PIS/COFINS base	-100%	-	(60)	-	-100%	(60)	-	-100%
Restructuring - indemnities	-	-	-	0	-	-	0	-
Adjusted EBITDA	7%	**135**	**145**	**57**	154%	**280**	**93**	201%
Adjusted EBITDA margin	*-6.7p.p.*	*24.0%*	*17.3%*	*22.7%*	*-5.4p.p.*	*20.0%*	*19.0%*	*1.0p.p.*
Net revenue (US$ million)	*53%*	***103***	***158***	***47***	*236%*	***261***	***101***	*158%*
Adjusted EBITDA (US$ million)	*8%*	***25***	***27***	***11***	*145%*	***52***	***19***	*174%*

Net revenue

Net revenue from the Acrylics segment totaled R$ 1.40 billion in 6M21, up 187% YoY, mainly due to (i) the 297% increase in acrylonitrile sales volume, due to longer operating time, given that the plant was paralyzed in March 2020 due to the COVID-19 pandemic, (ii) the increase in international prices for our main products and (iii) export trade opportunities due to the generalized supply problem in the international market, due to the winter storm in Texas (USA).

In the quarterly comparison, net revenue from Acrylics totaled R$ 839 million, an increase of 233% YoY, also explained mainly by the increase in the volume of acrylonitrile and the increase in international prices. Compared to 1Q21, there was growth of 49%, mainly due to the 45% increase in the total volume of tons sold, explained by greater operational efficiency at the plants in Bahia.

Cost of goods sold (COGS) and gross margin

COGS in the Acrylics segment totaled R$ 1.12 billion in 6M21, up 164% YoY, driven mainly by the increase in sales volumes, especially of acrylonitrile, but also influenced by the increase in international prices of the main raw materials. As a result, we were able to increase our gross margin to 20.1%, +6.8 p.p. YoY, resulting in a gross profit of R$ 282 million, up 334% YoY.
In the quarterly comparison, COGS of Acrylics totaled R$ 695 million, up 226% YoY, also driven mainly by the increase in the volume of acrylonitrile and the increase in international prices. Compared to 1Q21, growth was of 64%, mainly related to the increase in volumes sold. As a result, gross profit from Acrylics amounted to R$ 145 million, up 263% YoY and 6% QoQ.

Sales, General and Administrative expenses (SG&A)

Sales, general and administrative expenses totaled R$ 51 million in 6M21, representing an increase of 21% compared to 6M20, mainly influenced by two specific factors related to our operations in Mexico: (i) exchange rate variation on dollarized fixed expenses and (ii) reallocation of expenses related to the methacrylate and sulfuric acid plants, which were put on hibernation in 2020. As a result, expenses with basic plant maintenance, which were previously under COGS, had to be reallocated to administrative expenses.

In the quarterly comparison, expenses with SG&A for Acrylics totaled R$ 22 million, representing a 10% growth compared to 2Q20, for the same reasons as the half-yearly comparison, and a 24% reduction compared to 1Q21, also influenced by operating expenses in Mexico.

Adjusted EBITDA and EBITDA Margin

In conclusion, Adjusted EBITDA for the Acrylics business totaled R$ 280 million in 6M21, representing an increase of 201% YoY, mainly explained by the increase in volumes sold, given the higher efficiency of the plants located in Bahia versus the poor performance of 2Q20, when we had to stop part of our operations due to the Covid-19 pandemic in Brazil.

In the quarterly comparison, adjusted EBITDA totaled R$145 million in 2Q21, representing a growth of 154% compared to 2Q20, due to the higher efficiency of the plants mentioned in the half-yearly comparison, and 7% compared to 1Q21, mainly explained by the increase in the sales volume of acrylonitrile and MMA.

7. Agro

Fertilizers
(Ammonium Sulfate and Urea)

Compensated wood
(Urea)

Agriculture and Cattle raising (Urea)

Tannery
(Ammonium Sulfate)

Laboratory and Chemicals
(Ammonia and Ammonium Sulfate)

Agro Sales Volume *in metric tons (t)*	Quarter					Year-to-date		
	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
Brasil	201%	**39,353**	**118,538**	**18,418**	544%	**157,891**	**56,188**	181%
Urea	100%	-	77,639	-	100%	77,639	-	100%
Ammonium sulfate	-7%	36,200	33,604	18,418	82%	69,804	56,188	24%
Ammonia	131%	3,152	7,295	-	100%	10,447	-	100%
DEF	0%	-	-	-	0%	-	-	0%
Total	201%	**39,353**	**118,538**	**18,418**	544%	**157,891**	**56,188**	181%

Note: Disregards sales between the group's companies

Agro Results *R$ million*	Quarter					Year-to-date		
	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
Net revenue	221%	**81**	**260**	**19**	1268%	**341**	**54**	531%
Cost of goods sold	184%	(73)	(207)	(23)	800%	(280)	(58)	383%
Gross profit	563%	**8**	**53**	**(4)**	1425%	**61**	**(4)**	1625%
Gross margin	*11.0p.p.*	*9.5%*	*20.5%*	*-20.4%*	*40.9p.p.*	*17.9%*	*-6.7%*	*24.6p.p.*
Sales, general and adm. (SG&A) expenses	150%	(2)	(5)	(1)	400%	(6)	(4)	50%
Other operating income (expenses)	-	(0)	(0)	(0)	-	(0)	1	-100%
Operating income (expenses)	717%	**6**	**49**	**(5)**	1080%	**55**	**(7)**	886%
Depreciation and amortization	-	9	9	5	80%	17	10	70%
EBITDA	280%	**15**	**57**	**(1)**	5800%	**72**	**4**	1700%
(Losses) Gains in the sale of assets	-	-	-	-	-	-	-	-
Operational shutdown	-	-	-	-	-	-	-	-
Recovery of ICMS on PIS/COFINS base	-	-	-	-	-	-	-	-
Restructuring - indemnities	-	-	-	-	-	-	-	-
Adjusted EBITDA	280%	**15**	**57**	**(1)**	5800%	**72**	**4**	1700%
Adjusted EBITDA margin	*4.2p.p.*	*17.9%*	*22.1%*	*-2.8%*	*24.9p.p.*	*21.1%*	*7.2%*	*13.9p.p.*
Net revenue (US$ million)	*233%*	*15*	*50*	*3*	*1567%*	*65*	*11*	*491%*
Adjusted EBITDA (US$ million)	*267%*	*3*	*11*	*(0)*	*100%*	*14*	*1*	*1300%*

Net revenue

Until June 30th, 2021, our Agro operations were still limited to (i) production of ammonium sulfate extracted from the production chain of the Acrylics segment, and (ii) start of operations at the urea plant in Laranjeiras (SE), which began to operate with stability in May of this year. The Camaçari (BA) urea plant was only started up at the end of June, with no relevant impact in 2Q21 yet. Thus, despite the significant growth, the results of the segment still do not reflect the full potential expected for this operation, which we expect to reach during the second half of the year.

That being said, net revenue from the Agro segment totaled R$ 341 million in 6M21, representing a growth of 531% YoY, mainly explained by the start-up of operations at the urea plant in Sergipe, with more than 77 thousand tons sold in 2Q21.

In the quarterly comparison, net revenue from Agro amounted to R$ 260 million in 2Q21, representing growth of 1,268% and 221% compared to 2Q20 and 1Q21, respectively, also explained mainly by the start of operations at the Sergipe plant.

Cost of goods sold (COGS) and gross margin

Cost of goods sold in the Agro segment totaled R$ 280 million in 6M21, an increase of 383% YoY. In the quarterly comparison, COGS totaled R$ 207 million in 2Q21, representing growth of 800% YoY and 184% QoQ. In all comparisons, the growth is mainly explained by the start of operations at the Sergipe plant, in May this year.

Although still partial, the start of this operation has already contributed to the increase in the segment's gross margin, which was of 20.5% in 2Q21, an increase of 11.0 p.p. compared to 1Q21, when we operated only the ammonium sulfate business. As a result, gross profit for the segment totaled R$ 53 million in 2Q21, up 563% QoQ.

Sales, General and Administrative expenses (SG&A)

Sales, general and administrative expenses totaled R$ 6 million in 6M21, up 50% YoY, mainly due to the reinforcement of our commercial team and higher allocation of administrative expenses given the growth of the operation.

Adjusted EBITDA and EBITDA Margin

The Adjusted EBITDA of the Agro segment totaled R$ 72 million in 6M21, an increase of 1,700% YoY. In the quarterly comparison, adjusted EBITDA totaled R$ 57 million in 2Q21, representing significant growth in YoY and QoQ comparisons.

As in gross profit, all increases are mainly related to the start of operations at the Sergipe plant, which, in addition to providing higher volumes, also increased the segment's EBITDA margin to 22.1% in 2Q21, representing an increase of 4.2 p.p. in the comparison with 1Q21.

EXHIBIT I
CONSOLIDATED BALANCE SHEET

Assets *R$ millions*	jun-21	dec-20	Δ (%) YoY
Cash and cash equivalents	673	624	8%
Accounts receivable	497	208	139%
Inventories	626	369	70%
Taxes recoverable	182	142	28%
Advances to suppliers	72	47	53%
Collateral deposits	88	0	100%
Other current assets	72	69	4%
Total Current Assets	**2,208**	**1,459**	**51%**
Deferred taxes	494	603	-18%
Judicial deposits	16	16	0%
Derivatives	116	87	33%
Other non-current assets	261	26	904%
Right-of-use asset	362	356	2%
Property, plant & equipment and intangible	1,805	1,370	32%
Total Non-Current Assets	**3,054**	**2,457**	**24%**
TOTAL ASSETS	**5,263**	**3,917**	**34%**

Liabilities *R$ millions*	jun-21	dec-20	Δ (%) YoY
Loans and financing	365	403	-9%
Suppliers	567	375	51%
Lease liability	88	80	10%
Taxes payable	47	38	24%
Advances from clients	104	83	25%
Derivatives and premium payables	102	0	100%
Other current liabilities	121	115	-5%
Total Current Liabilities	**1,395**	**1,093**	**28%**
Loans and financing	2,656	2,198	21%
Lease liability	308	309	0%
Taxes payable	53	90	-41%
Deferred taxes	117	117	0%
Post-employment benefits	42	39	8%
Provision for contingencies	10	12	-17%
Other non-current liabilities	0	0	0%
Total Non-Current Liabilities	**3,187**	**2,766**	**15%**
Capital	276	276	0%
Other comprehensive income	-312	-231	35%
Profit reserves	3	12	-75%
Retained earnings (losses)	713	0	100%
Shareholders' equity	**681**	**57**	**1095%**
TOTAL LIABILITIES	**5,263**	**3,917**	**34%**

EXHIBIT II
CONSOLIDATED STATEMENT OF INCOME

Consolidated Income Statement	Quarter					Year-to-date		
R$ million	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
Net revenue	**44%**	**1,337**	**1,923**	**517**	**272%**	**3,260**	**1,208**	**170%**
Cost of goods sold	47%	(977)	(1,432)	(483)	196%	(2,409)	(1,107)	118%
Gross profit	**36%**	**360**	**491**	**34**	**1344%**	**851**	**101**	**743%**
Gross margin	*-1.4p.p.*	*26.9%*	*25.5%*	*6.5%*	*19.0p.p.*	*26.1%*	*8.3%*	*17.8p.p.*
Sales, general and adm. (SG&A) expenses	17%	(41)	(48)	(29)	66%	(88)	(66)	33%
Other operating income (expenses)	11950%	2	241	(3)	8133%	243	(1)	24400%
Operating income (expenses)	**113%**	**321**	**684**	**2**	**34100%**	**1,006**	**34**	**2859%**
Net financial results	113%	(123)	16	(123)	113%	(107)	(294)	-64%
Income tax and social contribution	230%	(44)	(145)	23	-730%	(190)	16	-1288%
Net income	**260%**	**154**	**555**	**(99)**	**661%**	**709**	**(244)**	**391%**

EXHIBIT III
CONSOLIDATED CASH FLOW

Cash Flow Statement *R$ millions*	Δ (%) QoQ	1Q21	2Q21	2Q20	Δ (%) YoY	6M21	6M20	Δ (%) YoY
	Quarter					Year-to-date		
Net income (loss) for the year	**260%**	**154**	**555**	**(99)**	**661%**	**709**	**(244)**	**391%**
Adjustments due to:	**-151%**	**156**	**(80)**	**113**	**-171%**	**77**	**289**	**-73%**
Depreciation and amortization	6%	47	50	48	4%	97	93	4%
Lease liabilities interest	0%	8	8	1	700%	16	8	100%
Provision for civil, tax and labor risks	300%	1	4	(1)	500%	5	3	67%
Allowance for credit loss on trade receivables	100%	-	4	(6)	167%	4	(1)	500%
Accrual (reversal) of inventories losses	1100%	1	12	4	200%	13	4	225%
Deferred taxes	860%	10	96	(17)	665%	106	(39)	372%
Derivatives	177%	(133)	103	(56)	284%	(30)	(243)	-88%
Interest and foreign exchange variation of loans	-148%	222	(106)	134	-179%	116	486	-76%
Interest on tax installments	0%	0	0	(0)	0%	1	1	0%
(Gain) loss on sale of fixed assets	0%	(0)	0	1	-100%	0	1	-100%
ICMS (VAT) on the Pis and Cofins calculation	-100%	-	(240)	-	-100%	(240)	-	-100%
Compulsory loan – Eletrobrás	0%	-	-	0	0%	-	(28)	-100%
Interest on suppliers	100%	-	1	4	-75%	1	4	-75%
Update on PIS/COFINS credits	-100%	-	(11)	-	-100%	(11)	-	-100%
Adjusted net income (loss) for the year	**53%**	**310**	**475**	**14**	**3292%**	**785**	**45**	**1644%**
Changes in assets and liabilities:	**-105%**	**(469)**	**22**	**69**	**-68%**	**(447)**	**116**	**-485%**
Trade accounts receivable	-50%	(205)	(102)	9	-1233%	(307)	(14)	2093%
Inventories	-5%	(141)	(134)	74	-281%	(275)	2	-13850%
Suppliers	1844%	9	175	(19)	1021%	184	101	82%
Taxes (net, recoverable - payables)	1700%	1	18	(9)	300%	19	19	-53%
Contractual credits	-87%	(76)	(10)	-	-100%	(86)	-	-100%
Others (net, credits - payables)	229%	(58)	75	15	400%	17	8	113%
Operating cash flow	**413%**	**(159)**	**498**	**83**	**500%**	**338**	**161**	**110%**
Interest paid on loans	908%	(13)	(131)	(103)	27%	(144)	(111)	30%
Income tax paid	92%	(24)	(46)	0	-100%	(70)	-	-100%
Cash generated by operating activities	**263%**	**(196)**	**320**	**(20)**	**1700%**	**124**	**50**	**148%**
Cash flow from investment activities	**12%**	**(244)**	**(274)**	**(34)**	**706%**	**(519)**	**(76)**	**583%**
Acquisition of PP&E and intangibles	5%	(244)	(256)	(24)	967%	(500)	(66)	658%
Proceeds from sale of fixed assets	-133%	3	(1)	0	-100%	2	0	100%
Repayments to related parties cash pooling	-100%	-	(20)	(10)	100%	(20)	(10)	100%
Premiums payable	200%	(3)	3	-	100%	-	-	0%
Cash generation after investment activities	**110%**	**(440)**	**46**	**(54)**	**185%**	**(394)**	**(26)**	**1415%**
Cash flow from financing activities	**-115%**	**519**	**(80)**	**(2)**	**3900%**	**439**	**(42)**	**1145%**
Proceeds from loans and financing	-78%	677	151	26	481%	828	55	1405%
Derivatives	-3700%	1	(36)	(6)	500%	(35)	(6)	483%
Lease liabilities	4%	(24)	(25)	(18)	39%	(49)	(34)	44%
Payments of loans	50%	(122)	(183)	(7)	2514%	(305)	(57)	435%
Increase (decrease) in cash & cash equivalents	**-143%**	**79**	**(34)**	**(56)**	**-39%**	**45**	**(68)**	**166%**
Cash position at the beginning of the period	16%	624	721	411	75%	624	382	63%
Currency translation adjustment (CTA)	-178%	18	(14)	5	-380%	4	45	-91%
Cash position at the end of the period	-7%	721	673	360	87%	673	360	87%

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Report on Review of Interim Financial Statements Individual and Consolidated

To the Shareholders, Directors and Officers of
Unigel Participações S.A.
São Paulo - SP

Introduction

We have reviewed the individual and consolidated interim financial statements of Unigel Participações S.A. ("The Company"), as of June 30, 2021, comprising the balance sheets, individual and consolidated as of June 30, 2021 and the respective statements of income, of comprehensive income for the three and six-months period ended on that date and changes in equity and cash flows for the six-months period ended on that date, and notes, comprising significant accounting policies and other explanatory information.

The Company's management is responsible for the preparation and proper presentation of the interim financial statements, individual and consolidated, in accordance with accounting practices adopted in Brazil, including CPC 21 (R1) - Interim Statement and in accordance with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB), including IAS 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on these interim, individual and consolidated financial statements, based on our review.

Scope of review

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

Conclusion

Based on our review, we are not aware of any fact that leads us to believe that the interim individual and consolidated financial statements, referred to above, do not adequately present, in all material respects, the Company's equity and financial position as of June 30, 2021, the performance of its operations for the three and six-months period ended on that date and its cash flows for the six-months period ended on that date in accordance with accounting practices adopted in Brazil, including the requirements of CPC 21 (R1) - Interim Statement and in accordance with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB), including IAS 34 - Interim Financial Reporting.

Other matters

The individual and consolidated interim financial statements, related to the statements of value added (DVA) for the six-month period ended June 30, 2021, prepared under the responsibility of the Company’s management, whose presentation is not required for close companies and presented as supplementary information for the purposes of IAS 34.These financial statements were subject to the review procedures performed in conjunction with the review of the Interim Financial Statements of the Company. In order to form our conclusion, we evaluated whether these statements are reconciled to the interim financial statements and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 – Statement of Added Value. Based on our review, nothing has come to our attention that causes us to believe that the statements of value added, referred to above have not been prepared, in all material respects, consistently with the individual and consolidated interim financial statements taken as a whole.

São Paulo, August 06, 2021

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

In thousands of Reais

Statements of financial position as of June 30, 2021 and December 31, 2020

		Parent company		Consolidated	
Assets	**Note**	**6/30/2021**	**12/31/2020**	**6/30/2021**	**12/31/2020**
Current assets					
Cash and cash equivalents	7	119	120	672,851	624,039
Trade accounts receivable	8	-	-	497,002	207,865
Inventories	9	-	-	625,523	369,490
Related parties	10	4	4	-	-
Dividends receivable	10	4,218	4,218	-	-
Income and social contribution taxes		186	186	32,175	25,938
Recoverable taxes	11	42	34	149,368	115,764
Prepaid expenses		300	324	23,805	8,023
Advances to suppliers		90	137	71,989	47,109
Operations with derivatives	31	-	-	41,637	48,628
Contractual credits	27.2	-	-	87,718	1,555
Other receivables		334	215	6,165	10,750
Total current assets		**5,293**	**5,238**	**2,208,233**	**1,459,161**
Non-current assets					
Related parties	10	2,824	1,445	-	-
Recoverable taxes	11	-	-	232,695	5,157
Income and social contribution taxes		-	-	86	-
Deferred taxes	12	-	-	494,099	602,875
Judicial deposits	20	-	-	16,209	16,170
Operations with derivatives	31	-	-	115,989	86,659
Contractual credits	27.2	-	-	3,359	3,359
Other receivables		7,641	4,195	24,948	19,520
Investment properties		6,300	6,300	10,300	10,300
Investments	13	2,190,818	1,555,034	-	-
Property, plant and equipment	14	8,603	7,499	1,784,230	1,349,317
Right-of-use assets	15	3,285	7,524	362,084	355,993
Intangible assets		2,121	3,027	10,345	8,035
Total non-current assets		**2,221,592**	**1,585,024**	**3,054,344**	**2,457,385**
Total assets		**2,226,885**	**1,590,262**	**5,262,577**	**3,916,546**

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

In thousands of Reais

		Parent company		Consolidated	
Liabilities	**Note**	**6/30/2021**	**12/31/2020**	**6/30/2021**	**12/31/2020**
Current liabilities					
Loans and financing	16	180	170	365,364	402,667
Suppliers	17	1,215	2,052	567,450	374,619
Lease liabilities	15	3,240	5,243	88,121	79,659
Income and social contribution taxes		24	9	6,494	1,197
Taxes payable	18	134	80	40,987	36,680
Salaries and social security charges		-	180	41,357	34,111
Dividends payable	10	8,626	19,938	8,626	19,938
Related parties	10	53	53	-	-
Advances from clients		-	-	103,617	83,008
Operations with derivatives	31	-	-	102,022	-
Other provisions		-	-	66,802	57,169
Other accounts payable		154	192	3,860	4,246
Total current liabilities		**13,626**	**27,917**	**1,394,700**	**1,093,294**
Non-current liabilities					
Loans and financing	16	482	574	2,656,111	2,197,712
Lease liabilities	15	2,005	3,322	308,478	308,867
Taxes payable	18	-	-	53,424	90,421
Deferred taxes	12	117,137	117,137	117,137	117,137
Related parties	10	1,413,106	1,383,813	-	-
Post-employment benefits	19	-	-	42,140	39,285
Provision for civil, tax and labor risks	20	-	16	9,702	11,988
Other accounts payable		-	-	356	359
Total non-current liabilities		**1,532,730**	**1,504,862**	**3,187,348**	**2,765,769**
Shareholders' equity	21				
Capital		276,185	276,185	276,185	276,185
Profit reserves		3,092	12,130	3,092	12,130
Other comprenhensive income		(312,000)	(230,832)	(312,000)	(230,832)
Accumulated profits		713,252	-	713,252	-
Total shareholders' equity		**680,529**	**57,483**	**680,529**	**57,483**
Total liabilities and shareholders' equity		**2.226.885**	**1,590,262**	**5,262,577**	**3,916,546**

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

In thousands of Reais

Statements of income for three and six month periods ended June 30, 2021 and 2020

		Parent company				Consolidated			
		Three-month period ended:		Six-month period ended:		Three-month period ended:		Six-month period ended:	
	Note	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**
Net revenue	22	-	-	-	-	1,923,178	516,589	3,260,481	1,207,798
Cost of goods sold	23	-	-	-	-	(1,432,007)	(482,896)	(2,409,276)	(1,107,125)
Gross profit						**491,171**	**33,693**	**851,205**	**100,673**
Sales expenses	23	-	-	-	-	(11,153)	(5,197)	(20,642)	(11,947)
Administrative and general expenses	23	(1,674)	(1,081)	(3,283)	(2,157)	(33,012)	(24,518)	(64,092)	(54,195)
Allowance (reversals) for credit loss on trade receivables	8	-	-	-	-	(3,605)	551	(3,606)	564
Other (expenses) income, net	24	(195)	99	109	175	240,975	(2,978)	242,890	(1,364)
Operating profit		**(1,869)**	**(982)**	**(3,174)**	**(1,982)**	**193,205**	**(32,142)**	**154,550**	**(66,942)**
Income (loss) on subsidiaries results	13	557,171	(95,345)	712,414	(237,992)	-	-	-	-
Income before net financial expenses and taxes		**553,302**	**(96,327)**	**709,240**	**(239,974)**	**684,376**	**1,551**	**1,005,755**	**33,731**
Financial income	25	-	138	-	138	16,100	1,082	18,567	26,982
Financial expenses	25	(348)	(2,338)	(526)	(4,362)	(120)	(124,263)	(125,819)	(320,687)
Net financial income (expenses)		**(348)**	**(2,200)**	**(526)**	**(4,224)**	**15,980**	**(123,181)**	**(107,252)**	**(293,705)**
Income (loss) before income and social contribution taxes		**554,954**	**(98,527)**	**708,714**	**(244,198)**	**700,356**	**(121,630)**	**898,503**	**(259,974)**
Current Income Tax and Social Contribution	12	-	-	-	-	(49,219)	6,080	(83,905)	(23,219)
Deferred Income Tax and Social Contribution	12	-	-	-	-	(96,183)	17,023	(105,884)	38,995
Income and social contribution taxes		-	-	-		**(145,402)**	**23,103**	**(189,789)**	**15,776**
Net income (loss) for the year		**554,954**	**(98,527)**	**708,714**	**(244,198)**	**554,954**	**(98,527)**	**708,714**	**(244,198)**
Income (loss) per Thousand shares - basic and diluted – Reais	31					1.3395	(0.2378)	1.7106	(0.5894)
Number of weighted average shares outstanding during the year						**414,297,488**	**414,297,488**	**414,297,488**	**414,297,488**

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

In thousands of Reais

Statements of comprehensive income for the three and six month periods ended June 30, 2021 and 2020

	Parent company				Consolidated			
	Three-month period ended:		Six-month period ended:		Three-month period ended:		Six-month period ended:	
	6/30/2021	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**
Net income (loss) for the year	554,954	(98,527)	708,714	(244,198)	554,954	(98,527)	708,714	(244,198)
Other comprehensive income								
Items that are or may be reclassified subsequently to profit or loss								
Foreign operations - exchange differences on translation	86,932	29,995	(29,663)	134,242	86,932	29,995	(29,663)	134,242
Unrealized gain (losses) on cash flow hedge	(278,408)	(95,223)	(46,967)	(442,547)	(278,408)	(95,223)	(46,967)	(442,547)
Total comprehensive income	**363,478**	**(163,755)**	**632,084**	**(552,503)**	**363,478**	**(163,755)**	**632,084**	**(552,503)**

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

In thousands of Reais

Statements of changes in shareholder’s equity six month periods ended June 30, 2020

		Profit reserves				
	Capital	**Legal reserve**	**Profit reserve**	**Other comprehensive income**	**Accumulated loss**	**Total**
Balances at January 1, 2020	**276,185**	**2,458**	**104,270**	**(16,194)**	**-**	**366,719**
Loss for the period	-	-	-	-	(244,198)	(244,198)
Property, plant and equipment deemed cost depreciation and write-off, net of tax effects	-	-	-	(10,967)	10,967	-
Other comprehensive income						
Foreign operations - exchange differences on translation	-	-	-	134,242	-	134,242
Unrealized gain (losses) on cash flow hedge (net of taxes)	-	-	-	(442,547)	-	(442,547)
Balances at June 30, 2020	**276,185**	**2,458**	**104,270**	**(335,466)**	**(233,231)**	**(185,784)**

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

In thousands of Reais

Statements of changes in shareholder's equity six month periods ended June 30, 2021

		Profit reserves				
	Capital	**Legal reserve**	**Profit reserve**	**Other comprehensive income**	**Accumulated income**	**Total**
Balances at January 1, 2021	**276,185**	**3,092**	**9,038**	**(230,832)**	**-**	**57,483**
Net income for the period	-	-	-	-	708,714	708,714
Property, plant and equipment deemed cost depreciation and write-off, net of tax effects	-	-	-	(4,538)	4,538	-
Other comprehensive income						
Foreign operations - exchange differences on translation	-	-	-	(29,663)	-	(29,663)
Unrealized gain (losses) on cash flow hedge (net of taxes)	-	-	-	(46,967)	-	(46,967)
Destinations						
Additional dividends (Note 21.4)	-	-	(9,038)	-	-	(9,038)
Balances at June 30, 2021	**276,185**	**3,092**	**-**	**(312,000)**	**713,252**	**680,529**

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

In thousands of Reais

Statements of cash flows for the six-month periods ended June 30, 2021 and 2020

		Parent company		Consolidated	
		Six-month period ended:		Six-month period ended:	
	Note	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Cash flow from operating activities					
Net income (loss) for the period		708,714	(244,198)	708,714	(244,198)
Adjustments due to:					
Depreciation and amortization	23	3,280	5,068	96,671	92,855
Lease liabilities interest	25	7,793	311	15,935	7,852
Provision for civil, tax and labor risks	23	(16)	-	5,136	3,024
Accrual (reversal) of losses and obsolescence of inventories	9	-	-	13,073	4,053
Deferred taxes	12	-	-	105,884	(38,995)
Allowance (reversals) for credit loss on trade receivables	8	-	-	3,606	(564)
Result of operations with derivatives	25	-	-	(30,424)	(242,656)
Interest and foreign exchange variation	25	40	48	115,731	486,463
Interest on tax installments	25	-	-	870	521
(Gain) loss on sale of property, plant and equipment	24	-	-	50	650
Compulsory loan – Eletrobrás credits	24	-	-	-	(28,041)
Share profit of equity-accounted in investes	13	(712,414)	237,992	-	-
Gain on the exclusion of ICMS (VAT) on the basis of PIS and COFINS	24	-	-	(240,325)	-
Suppliers' interest	25	-	-	1,027	3,677
Interest on PIS/COFINS credits	25	-	-	(10,617)	-
		7,397	**(779)**	**785,331**	**44,641**
Changes in assets and liabilities:					
Trade accounts receivable	8	-	-	(306,660)	(13,830)
Inventories	9	-	-	(274,893)	1,802
Taxes and contributions recoverable	11	-	(35)	(28,952)	(18,443)
Contractual credits	27.2	-	-	(86,163)	-
Other short and long term assets		(3,611)	543	(42,037)	4,605
Suppliers	17	(837)	(390)	184,348	101,263
Taxes and contributions payable	18	178	(38)	48,155	37,864
Other short and long term liabilities	8	(218)	993	58,915	3,103
Cash from operations		**2,909**	**294**	**338,044**	**161,005**
Interest paid on loans and financing		(6)	-	(143,889)	(110,860)
Income and social contribution taxes paid		-	-	(69,806)	-
Net cash from operating activities		**2,903**	**294**	**124,349**	**50,145**
Cash flow from investing activities					
Acquisition of property, plant and equipment and intangible assets	14	(1,197)	(2,076)	(500,468)	(65,603)
Proceeds from sale of fixed assets and equipment	14	-	-	2,260	98
Repayments to related parties cash pooling	10	(1,379)	(10,001)	(20,350)	(10,439)
Net cash used in investment activities		**(2,576)**	**(12,077)**	**(518,558)**	**(75,944)**
Cash flow from financing activities					
Proceeds from loans and financing	16	-	-	827,937	54,921
Loan and financing payments	16	(116)	-	(304,520)	(56,833)
Derivatives payments		-	-	(35,144)	(6,347)
Lease payments	15	(9,155)	(4,525)	(48,972)	(33,827)
Proceeds from related parties cash pooling	10	8,943	4,009	-	-
Net cash (used in) from financing activities		**(328)**	**(516)**	**439,301**	**(42,086)**
(Decrease) Increase in cash and cash equivalents		**(1)**	**(12,299)**	**45,092**	**(67,885)**
Statement of changes in cash and cash equivalents					
Cash and cash equivalents 1 January		120	12,445	624,039	382,252
Effect of movements in Exchange rates on cash held		-	-	3,720	45,427
Cach and cash equivalents 30 June		119	146	672,851	359,794
		(1)	**(12,299)**	**45,092**	**(67,885)**

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

In thousands of Reais

Statements of added value for the six-month periods ended June 30, 2021 and 2020

	Parent company		Consolidated	
	Six-month period ended:		Six-month period ended:	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Revenues	**109**	**-**	**3,872,329**	**1,363,296**
Sales of goods, products and services	-	-	3,632,612	1,368,973
Other income	109	-	243,323	-
Allowance (reversals) for credit loss on trade receivables	-	-	(3,606)	564
Inputs acquired from third parties (includes: icms, ipi, pis and cofins)	**(3)**	**128**	**(2,720,358)**	**(1,148,637)**
Cost of goods and services sold	-	-	(2,496,780)	(977,310)
Materials, energy, outsourced services and other	-	(47)	(218,009)	(146,696)
(Loss)/Recovery of asset values	-	-	(50)	(650)
Other	(3)	175	(5,519)	(30,222)
Gross added value	**106**	**128**	**1,151,971**	**214,659**
Right-of-use assests depreciation	(2,281)	(1,448)	(34,222)	(26,594)
Depreciation, amortization and depletion	(999)	(662)	(62,449)	(66,261)
	(3,280)	**(2,110)**	**(96,671)**	**(92,855)**
Net added value produced by the entity	**(3,174)**	**(1,982)**	**1,055,300**	**121,804**
Added value received as transfer	**712,414**	**(237,854)**	**18,567**	**26,982**
Equity in net income of subsidiaries	712,414	(237,992)	-	-
Financial revenues	-	138	18,567	26,982
Total added value payable	**709,240**	**(239,836)**	**1,073,867**	**148,786**
Distribution of added value	**709,240**	**(239,836)**	**1,073,867**	**148,786**
Personnel	**-**	**-**	**74,179**	**65,332**
Direct remuneration	-	-	41,907	32,702
Benefits	-	-	21,545	15,160
Other	-	-	10,727	17,470
Taxes, duties and contributions	**189**	**-**	**172,204**	**15,973**
Federal	189	-	188,679	15,776
State	-	-	(16,509)	159
Municipal	-	-	34	38
Third-party capital remuneration	**337**	**4,362**	**118,771**	**311,679**
Interest	337	4,362	118,771	311,679
Remuneration of own capital	**708,714**	**(244,198)**	**708,714**	**(244,198)**
Net income (loss) for the period	708,714	(244,198)	708,714	(244,198)

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

Notes to the interim financial statements

(In thousands of Reais, unless otherwise indicated)

1. Reporting entity

Unigel Participações S.A. ("Unigel" , "Group" or the "Company") is a privately-held company, located at Avenida Engenheiro Luís Carlos Berrini, no. 105, 11º floor, District Brooklin, in the city and the state of São Paulo. These consolidated interim financial statements comprise the Company and its subsidiaries (together referred as "Group").

Unigel acts as a holding company of subsidiaries engaged in the manufacturing, trading, import and export of chemical products in the acrylics and styrenics value chains. It also provides advisory services for the management of controllership, financial, legal, planning, people management and information technology of its subsidiaries. The Company is a member of the Unigel Group which was founded in 1964.

On June 30, 2021 the Group comprises of the following subsidiaries:

		% of equity		Main products
Companies	**Country**	**6/30/2021**	**12/31/2020**	
Proquigel Química S.A.	Brazil	99.9%	99.9%	Methyl and ethyl methacrylate, methyl and ethyl acrylate, sodium and potassium cyanide, ammonium sulfate, glacial methacryl acid.
Unigel Distribuidora Ltda.	Brazil	99.9%	99.9%	Distributor of company's products.
Unigel Luxembourg S.A.	Luxembourg	99.9%	99.9%	Asset management
Unigel Comercializadora de Energia Elétrica S.A.	Brazil	99.9%	99.9%	Trader of energy.
Unigel Plásticos S.A.	Brazil	99.9%	99.9%	Acrylic sheets and resins.
Companhia Brasileira de Estireno e subsidiárias:	Brazil	99.9%	99.9%	Styrene, polystyrene, toluene, latex, acrylonitrile, hydrocyanic acid, acetonitrile and, acetone cyanohydrin.
Unigel Inc.	USA	99.9%	99.9%	Distributor of company's products.
Plastiglás de México, S.A. de C.V.	Mexico	99.9%	99.9%	Acrylic sheets and resins, resale of polycarbonate sheets.
Unigel Holdings, S.A. de C. V. e subsidiárias:	Mexico	99.9%	99.9%	Holding.
Unigel Acrílicos, S.A. de C.V.	Mexico	99.9%	99.9%	Metil e etil metacrilatos, metil e etil acrilatos, cianeto de sódio e potássio, e sulfato de amônia.
Metacril, S.A. de C.V.	Mexico	99.9%	99.9%	Rendering of services to third parties.
Distribuidora de Productos Plastiglas, S.A. de C.V.	Mexico	99.9%	99.9%	Distributor of company's products.

1.1. Corporate movements

The corporate composition of the Group has not changed in relation to December 31, 2020.

1.2. Impacts to the COVID-19 pandemic

At the beginning of the COVID-19 pandemic, the Group took several actions to adapt to changes in market demand and to preserve cash in the short term. Even in 2020, despite the continuation of the pandemic, the Group returned to its usual activity and the verified effects did not bring risks of continuity or of the need for adjustments in accounting estimates that would have significant effects on the Group's business and, consequently, on its equity and financial position. In 2021, the Group's operations were not significantly impacted in relation to the COVID-19 pandemic, except for the effects of the dollar's appreciation against the Brazilian real, although it is not possible to attribute this appreciation only to the effects of the pandemic. The Group's operating segment is considered essential and, therefore, has not had its operations interrupted and is following the determinations of municipal and/or state laws throughout its industrial park. Access to offices was temporarily suspended on administrative premises, adopting the Work Home regime.

The Group's inventory levels remain normal and capable of maintaining productive capacity within the normal range, with no interruption in the supply of inputs. In relation to the Group's receivables, the sector does not, at the moment, suffer an increase in defaults. The long-term operational and economic context to which the Group is inserted remains ensuring the maintenance of the expected recoverability of its non-financial assets, whether investments, fixed assets and tax credits.

The Group is taking all appropriate measures to prevent the spread of COVID-19, as well as to ensure business continuity during the pandemic period. Although the Group's operations were not significantly affected in 2021, the Group's management has no way of estimating or predicting the occurrence of future events related to the COVID-19 pandemic that may have repercussions for the Group, but will continue to monitor and evaluation of actions to be taken.

2. Preparation basis

Statement of conformity

The information of the Parent Company and the Consolidated were prepared in accordance with Technical Pronouncement CPC 21 - Interim Financial Statements and with the international standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board – IASB, as well as the Rules issued by the Brazilian Securities and Exchange Commission. They are identified as "Parent Company" and "Consolidated" respectively.

These individual and consolidated interim financial statements were authorized for the issuance by management on August 06, 2021.

All relevant information specific to the individual and consolidated interim financial statements, and only them, are being disclosed, and correspond to those used by Management in its management.

3. Functional currency and presentation currency

These individual and consolidated interim financial statements are presented in Brazilian Reais. All amounts have been rounded to the nearest thousands, except otherwise indicated.

The Group's Management defined its functional currency as Brazilian Reais, except for its subsidiaries located in Mexico, Luxembourg and United States of America, the functional currency is the US Dollar since the main economic environment where they operates is the one in which the Group essentially generates and disburses cash.

4. Use of judgements and estimatives

In preparing these individual and consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

4.1. Judgment

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the individual and consolidated interim financial statements is included in:

IFRS 16 – Leases:

- **Note 6.1 -** Consolidation: determine whether the Group does in fact control the investees;
- **Note 6.15 –** Lease term: Evaluation of lease contracts to determine if the Group is reasonably certain to exercise extension options.

4.2. Assumptions and estimation uncertainties

Information on uncertain assumptions and estimates that pose a significant risk of material adjustment to the interim financial statements are described in the topics below:

- **Note 8** – Trade accounts receivable: measurement of ECL allowance for trade receivables assumptions in determining the loss rate.
- **Note 9 -** Inventories: Group assess the realizable value of inventories on a monthly basis to identify impairment through an analysis of production cost versus realizable value.
- **Note 12 -** Deferred taxes: availability of future taxable profit against which tax losses carried forward can be used.
- **Note 14 -** Property, plant and equipment: Group annually evaluates the useful lives of property, plant and equipment and intangible assets using specialized consulting services and internal technical personnel.
- **Note 19 -** Provision for civil, tax and labor risks: recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- **Note 20 -** Measurement of defined benefit obligation: key actuarial assumption include future inflation, interest and mortality rates.

4.3. Measuremente of fair value

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair values measurements, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the fair value, including the level in fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data when avaiable. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumption made in measuring fair values is included in Note 27 - Financial instruments.

5. Basic of measurement

These individual and consolidated interim 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:

- Derivatives measured at fair value;
- Investment properties measured at fair value;
- The post-employment benefits liability is recognized as the fair value of the plan assets less the present value of the defined benefit obligations.

6. Significant accounting policies

The accounting policies described in detail below have been consistently applied to all years/periods presented in these interim financial statements.

6.1. Basis of consolidation

6.1.1. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

In the parent company's individual interim financial statements, the financial information of subsidiaries is recognized using the equity method.

6.1.2. Loss of control

When the Group loses control over a subsidiary it derecognizes the assets and liabilities of the subsidiary, and any related Non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

6.1.3. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

6.2. Foreign currency

6.2.1. Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in Other Comprehensive Income (OCI): qualifying cash flow hedges to the extent that the hedges are effective.

6.2.2. Foreign operations

The assets and liabilities of foreign operations are translated into Reais at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Reais at the monthly average rates.

Foreign currency translation differences are recognized in OCI and accumulated in the translation reserve.

6.3. Financial instruments

6.3.1. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

6.3.2. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL.

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

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

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to the Group's management;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – assessment whether contractual cash flows are solely payments of principal and interest

For the purposes 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 outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;

- Terms that may adjust the contractual coupon rate, including variable-rate features;

- Prepayment and extension features; and

- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss..
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities – Classification, Subsequent measurement and gains and losses

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

6.3.3.Derecognition

(i) Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6.3.4. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

6.3.5. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

6.3.6. Cash flow hedge

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve is reclassified to profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging are immediately reclassifyied to profit or loss.

6.3.7. 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 evaluates the existence and the need to separate embedded derivatives in all of its contracts and, when necessary, separates them, valuing theses derivatives using the same practices adopted for other derivatives held by the Group.

6.4. Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the average cost principle and includes purchase costs, production or conversion costs, as well as other costs incurred in bringing inventories to its existing location and condition, including attributable non-production overheads.

The net realizable value is the estimated selling price in ordinary course of business, less the estimated cost of completion and sale.

6.5. Property, plant and equipment ("PP&E")

6.5.1. Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses.

The cost of assets built by the Group includes materials and direct labor, as well as any other costs attributable to bringing the assets to the location and condition required for them to operate in the manner intended by management.

Purchased software that is integral to the functionality of a piece of equipment is capitalized as part of that equipment.

Any gains or losses on disposal of a property, plant and equipment is recognized in profit or loss.

6.5.2. Subsequent costs

Subsequent costs are capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Group.

6.5.3. Depreciation

Depreciation of an asset begins when it is available or ready for use - i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, as this method is that more closely reflects the pattern of consumption of future economic benefits embodied in the asset. Those estimated useful lives are reviewed annually by a third-party company hired by the Group to assess any changes on the useful lives of items of property, plant and equipment.

Average annual rates of significant property, plant and equipment items for current and comparative years are as follows:

Property, plant and equipment	**% depreciation**
Buildings	5.19% p.a.
Machinery and equipment	7.21% p.a.
Facilities, tools and instruments	6.64% p.a.
Spare material (i)	7.75% p.a.
Improvements in own assets	3.95% p.a.

(i) Part of this item refers to specific custom-made materials which maintain specific productive lines, and therefore its depreciation has the same rate as the related machines..

The depreciation methods, useful lives and residual values will be reviewed at each reporting date, and prospectively adjusted, if appropriate.

6.5.4. Reclassification for investment property

When the use of the property changes from owner-occupied to investment property, the property is remeasured at fair value and reclassified as investment property. Any gain resulting from this remeasurement is recognized in profit or loss to the extent that the gain reverses a previous loss due to impairment on the specific property, and any remaining gain is recognized as other comprehensive income. Any loss is immediately recognized in the income statement. However, to the extent that there is an amount previously recognized as a revaluation of that property, the loss is recognized in other comprehensive income.

6.5.5. Impairment

(i) Non-derivative financial assets

The Group recognizes loss allowances for Estimated Credit Loss (ECL) on.

- Financial assets measured at amortized cost;

The Group measures loss allowances at an amount equal to lifetime ECLs.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group assess impairment of trade accounts receivable in aggregate considering general characteristics of domestic and foreign market and business segment. As the asset is past due 90 days, the Group assess trade accounts receivable individually, considering guarantees, internal credit rating as observed by the Credit Committee.

The Group considers a financial asset to be in default when:

- The counterparty is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as collateral (if any is held); or

- The financial asset is more than 90 days past due.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- Significant financial difficulty of the counterparty
- A breach of contract such as a default or being more than 90 days past due;
- It is probable that the counterparty will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the income statement

Loss allowances for financial assets measured at amortized cost are disclosed in a separate line within the income statement, including reversals of impairment losses and impairment gains.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash-Generating units (CGU). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

6.6. Employee benefits

6.6.1. Short-term employee benefits

Obligations for short-term employee benefits are measured on a non-discounted basis and incurred as expenses as the related service is rendered. A liability is recognized at the amount expected to be paid under the cash bonus or profit sharing plans if the Group has a legal or constructive obligation to pay this amount as a result of prior service rendered by the employee, and the obligation can be reliably estimated.

6.6.2. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (pension fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expenses in profit or loss for the years in which 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. The contributions to a defined contribution plan whose expected maturity is 12 months from the end of the period in which the employee renders the service are discounted to their present values.

6.6.3. Defined benefit plans

The Group's net obligation for defined benefit plans is calculated for each plan based on the estimate of the amount of future benefit that employees will receive in return for services rendered in the current period and in 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 plan obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the asset to be recognized is limited to the present value of the economic benefits available in the form of future reimbursements from the plan or reduction in future contributions to the plan. To calculate the present value of economic benefits, any applicable minimum costing requirements are taken into account.

Remeasurements of the net obligation, which include: actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest on the net defined benefit liability (asset) in the period by multiplying the net defined benefit liability (asset) by the discount rate used in measuring the defined benefit obligation, both as determined at the beginning of the period to which the financial statements refer, taking into account any changes in the net amount of defined benefit liability (asset) during the period due to contributions and benefit payments. Net interest and other expenses related to defined benefit plans are recognized in income.

Actuarial gains and losses resulting from defined benefit plans are recognized in OCI.

6.7. Government grants

Government grants are recognized when there is a reasonable assurance that the Group will comply with the relevant conditions and the grant will be received. Government grant are recognized in the statement of profit on a systematic basis as the Group recognizes as expenses the costs that the grants are intended to compensate.

The Group recognized tax expense (benefits) related to ICMS (DESENVOLVE), IRPJ (SUDENE), REIQ and REINTEGRA (export credits) government grants, for further detail see Note 28.

6.8. Finance income and expenses

Finance income includes interest on financial assets at FVTPL, interest income on loans and receivables, discounts from suppliers, and other finance income.

The financie expenses include interest expense, discounts granted to customers, taxes on finance income, deleveraging program expenses, suppliers' interest, indexation charges, and other finance expenses.

Foreign exchange from finance assets and liabilities are reported on a net basis in the income statement as finance income or financial expenses, depending whether net foreign exchange variations is a gain or loss.

6.9. Income and social contribution taxes

The income and social contribution taxes, both current and deferred in Brazil, are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$ 240 for income tax and 9% on taxable income for social contribution on net income, and consider the offsetting of tax loss carryforward and negative basis of social contribution, limited to 30% of the taxable income. The income tax rate in Mexico is calculated based on the rate of 30%, and the effect of rate differences in foreign jurisdiction is considered in the reconciliation of effective tax rate.

Income tax and social contribution expense comprises both current and deferred taxes. Deferred income and social contribution taxes are recognized in statement of profit unless they are related to items directly recognized in Shareholders' equity or in OCI.

6.9.1. Current tax

Current tax is the tax payable, estimated at the taxable income for the year.

6.9.2. Deferred tax

Deferred tax assets and liabilities are recognized in relation to temporary differences between the carrying amounts of assets and liabilities for interim financial statement purposes and those used for tax purposes. Changes in deferred tax assets and liabilities in the year are recognized as deferred income tax and social contribution expense.

A deferred tax asset is recognized in relation to unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they will be used. Future taxable income is determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to fully recognize a deferred tax asset, future taxable income will be considered, adjusted for reversals of existing temporary differences, based on the business plans of the parent company and its individual subsidiaries.

Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that their realization is no longer probable.

Deferred tax assets and liabilities are measured based on the rates that are expected to apply to temporary differences when they are reversed, based on the rates that were enacted up to the balance sheet date.

The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Group expects to recover or settle its assets and liabilities.

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

6.10. Provisions

A provision is set up 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.

6.11. Net revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good to a customer.

Information about the nature and timing of the satisfaction of performance obligations in contract with customers for Styrenics and Acrylics follows:

6.11.1. Recipe for styrenics, acrylics and agro

(i) Nature and timing of satisfaction of performance obligations, including significant payment terms

Customers obtain control of Styrenics, Acrylics and Agro products as presented in item 6.11.2 Revenue recognition under with CPC 47/ IFRS 15. Invoiced payment terms are determined based on a credit analysis performed for each single customer.

Commercial discount may be granted to customers based on the negotiation, and they represent a reduction of the standard price. The invoice is issued by the standard price less the amount of commercial discount. Also, the Group may grant discounts to customers as incentives for customers who pre-pay.

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

6.11.2. Revenue recognition under CPC 47/IFRS 15

Revenue is recognized when goods have been accepted by customers based on the following delivered terms:

Channel	Freight type	Nature and timing of satisfaction of performance obligations	Revenue recognition
Land	Freight paid by seller	Customers obtain control of products when the goods are delivered to and have been accepted at their premises.	Recognized when the goods have been delivered and accepted at the clients premises.
Land	Freight paid by buyer	Customers obtain control of products when the goods are dispatched from the Group's warehouse.	Recognized at dispatch of goods.
Sea	Cost insurance and Freight	Customers obtain control of the products when the goods arrive at destiny port.	Recognized when the freight ship arrives at destiny port.
Sea	Free on board	Customers obtain control of the products when the goods are boarded in the freight ship.	Recognized when the goods are boarded in the freight ship.

6.12. 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 income 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 Management; thus are presented in Board of Directors' meetings for decisions regarding the resource allocation and performance assessment.

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 Group's head office and management), financial income (loss) and income tax and social contribution.

6.13. Earnings per share

Basic earnings per share is calculated based on the profit for the year attributable to the Group's controlling shareholders and the weighted average of outstanding common shares in the respective year. The diluted earnings per share is calculated based on the weighted average of outstanding common shares, adjusted by instruments that can be potentially converted into shares.

6.14. Statements of added value

The Group prepared individual and consolidated statements of added value in accordance with the rules of the technical pronouncement CPC 9 – Statement of Added Value, which are presented as an integral part of the interim financial statements under accounting practices adopted in Brazil applicable to publicly-held companies, whereas under IFRS they represent additional financial information.

6.15. IFRS 16 - Leases

6.15.1. Definition of lease

The Group evaluates whether a contract is or contains a lease if 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 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. However, for leases of real estate in which it is you are a lessee, the Group has chosen not to separate non-lease components and will account for them as a single lease component.

Lease classified as operating lease in accordance with / 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.

Incremental rates are estimated based on corporate funding rates obtained from the yields of securities issued by the Group, which take into account the Group's risk-free rate and credit risk premium, adjusted to reflect the specific conditions and characteristics of the lease, such as the risk of the country's economic environment, the impact of guarantees, the currency, the term and the start date of each contract.

These future points were exponentially interpolated to build a discount rate curve with reference rates for all payment dates. This curve was used to discount all projected cash flows on the basis 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..

6.16. Changes in accounting policies

The issues / amendments to IFRS standards made by the IASB that are effective for the year beginning as of January 1, 2021 had no impact on the individual and consolidated interim financial statements. The Group also did not adopt these changes in advance in the preparation of these interim financial statements and does not expect that they will have a significant impact on the Group's individual and consolidated interim financial statements:

6.16.1. Onerous contracts – Cost of Fulfilling a Contract (Amendments to CPC 25/IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group has determined that all contracts existing as of June 30, 2021 will be completed before the amendments take effect.

6.16.2. Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- Changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- Hedge accounting.

(i) Change in basis for determining cash flows

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

At June 30 2021, the Group has R$ 150,858 (R$ 148,945 on December 31, 2020), LIBOR bank loans that will be subject to IBOR reform. The Group expects that the interest rate benchmark for these loans will be changed to SONIA in 2021 and that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

(ii) Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following

Areas:

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform.

- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to subgroups based on the benchmark rates being hedged.

- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it is not prohibited from designating the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

At June 30, 2021, the Group did not have any cash flow hedges of LIBOR risk.

(iii) Disclosure

The amendments will require the Group to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

(iv) Transition

The Group has not yet been notified of changes in its contracts linked to the LIBOR rate.

6.16.3. Other standards

The Group does not expect those other standards issued but not yet effective to have a material impact on its financial reporting:

- COVID-19 related rent concessions (Amendments to IFRS 16);
- Property, plant and equipment: proceeds before intended use (Amendments to IAS 16);
- Changes in the references to the conceptual framework in IFRS standards (Business Combinations to IFRS 3);
- Classification of liabilities as current or non-current (Amendments to IAS 1).

7. Cash and cash equivalents

The Group cash equivalents consists of Brazilian Bank Deposit Certificates (CDB) for the Companies located in Brazil and Overnight money for companies located in Mexico and Luxembourg. Both can be redeemed immediately without change in its value::

	Parent company		**Consolidated**	
	6/30/2021	**12/31/2020**	**6/30/2021**	**12/31/2020**
Cash in banks in Reais	119	120	34,919	40,013
Cash in banks in Dollars	-	-	289,294	280,237
Bank deposit certificates[1]	-	-	325,978	281,963
Short term investments in foreign currency **[2]**	-	-	22,660	21,826
	119	**120**	**672,851**	**624,039**

(1) Investments in Bank Deposit Certificates (CDB) include interest at an average rate of 99.50% (99% on December 31, 2020), Interbank Deposit Certificate (CDI) rate.

(2) Overnight money market investments in Mexican pesos include interest at an average rate of 7.15% (7.15% a.a. on December 31, 2020) per annum.

The credit rating of the banks which hold the cash and cash equivalents are disclosed in the note 27.3 - Risk management framework.

8. Trade accounts receivable

	Consolidated	
	6/30/2021	**12/31/2020**
Domestic	325,691	115,390
Foreign	206,679	131,570
Related Parties (Note 10)	10,206	3,996
	542,576	**250,956**
Estimated credit loss (1)	(45,574)	(43,091)
	497,002	**207,865**

Estimated credit loss on accounts receivable: refers to invidualized estimated losses on lifetime except if a receivable has a guarantee or if the Credit Committee of the Group expect to recover the entire amount. The receivable is written-off only when there is no expectation of recovery.

The maturities of trade accounts receivable are distributed as follow:

	Consolidated	
	6/30/2021	**12/31/2020**
Current	460,158	182,642
Overdue		
Between 1 and 30 days	30,004	15,315
Between 31 and 60 days	3,036	5,116
Between 61 and 90 days	1,229	706
Over 91 days	48,149	47,177
Total	**542,576**	**250,956**

The maturities of trade accounts receivable are distributed as follow:

	Consolidated	
	6/30/2021	**12/31/2020**
Balance at January 1	(43,091)	(37,349)
Additions	(3,606)	(2,031)
Write-offs	309	1,123
Reversals	-	551
Foreign exchange variation	838	(5,024)
Translation adjustments - foreign subsidiaries	(24)	(361)
Total balance	**(45,574)**	**(43,091)**

For more details related to our expected credit loss see note 27.3 - Risk management framework.

9. Inventories

	Consolidated	
	6/30/2021	12/31/2020
Finished goods	276,273	132,020
Work in progress	8,636	5,230
Raw materials	107,929	107,660
Secondary materials	48,460	29,542
Storeroom	67,478	72,482
Inventories in transit	45,229	188
Inventories held by third parties	71,518	22,368
	625,523	**369,490**

Inventory items are stated at cost or their net realizable value, whichever is less, however, only finished products have a provision for losses. During the period ended June 30, 2021, the amount of R$ 15,582 (R$ 3,636 on December 31, 2020) was recognized as a reduction in inventories in the result, in cost of sales.

The changes in allowances for obsolescence/net realizable value are as follows:

	Consolidated	
	6/30/2021	**12/31/2020**
Balance at January 1	**(3,636)**	**(2,132)**
Additions	(13,073)	(4,053)
Write-offs	1,282	2,684
Translation adjustments – foreign subsidiaries	(155)	(135)
Total balance	**(15,582)**	**(3,636)**

In the periods presented, there was no stock pledged as collateral for loans and financing.

10.Related parties

10.1Balances sheets

	Parent company					
	6/30/2021					
	Assets			Liabilities		
	Current		Non-current	Current		Non-current
	Cash transferred [2]	Dividends[1]	Cash transferred [2]	Cash transferred [2]	Dividends[1]	Cash transferred [2]
Cigel Participações Ltda.	-	-	-	-	(8,626)	-
Unigel Plásticos S.A.	-	4,218	2,496	-	-	-
Companhia Brasileira de Estireno S.A.	-	-	-	-	-	(1,036,858)
Proquigel Química S.A.	-	-	2	-	-	(341,106)
Unigel Distribuidora S.A.	4	-	-	-	-	(35,142)
Plastiglas de Mexico S.A. de C.V.	-	-	326	-	-	-
Other	-	-	-	(53)	-	-
	4	**4,218**	**2,824**	**(53)**	**(8,626)**	**(1,413,106)**

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

	Consolidated						
	6/30/2021			12/31/2020			
	Asstes		Liabilities	Asstes		Liabilities	
	Revenues	**Service purchase**	**Dividends[1]**	**Revenues**	**Service purchase**	**Dividends[1]**	**Suppliers**
Cigel Participações Ltda.	-	-	(8,626)	-	-	(19,938)	-
CPE - Compostos Plásticos de Engenharia Ltda.	10,206	-	-	3,996	-	-	-
Ergotrans Participações Ltda.	-	27,571	-	-	13,794	-	(393)
	10,206	**27,571**	**(8,626)**	**3,996**	**13,794**	**(19,938)**	**(393)**

(1) Dividends expected to be paid in 12 months according to cash availability.

(2) The amounts classified as current account refer to cash transactions between Group companies supported by contracts with an indefinite validity period, or with automatic renewal, and are called “Current Account Contracts”. In these contracts, the parties have established that there will be no interest charges or a deadline for returning the amounts. Accordingly, as these are transactions between related parties, with no provision for repayment or settlement, the Group classified these amounts in the long term.

The balances shown 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 the purchase of services, also from parties related, are highlighted in note 17.

10.2 Transactions between companies of the same economic group

	Amount transacted			
	Revenues		Purchases	
	6/30/2021	**6/30/2020**	**6/30/2021**	**6/30/2020**
Companhia Brasileira de Estireno	442,329	93,364	(405,652)	(93,406)
Unigel Acrilicos S.A. de C.V	7,224	4,222	-	-
Unigel Distribuidora Ltda.	372,000	85,281	(331,607)	(62,193)
Unigel Plasticos S.A.	25,994	14,967	(15,682)	(5,624)
Proquigel Química S.A.	33,508	8,381	(128,114)	(44,992)
	881,055	**206,215**	**(881,055)**	**(206,215)**

The transactions between companies of the same economic group are shown below. Within the context of the Unigel Group, the transactions presented below are not eliminated in the result and consolidated balance sheet as they are related companies.

	Consolidado			
	Amount transacted			
	Revenues		Purchases	
	6/30/2021	**6/30/2020**	**6/30/2021**	**6/30/2020**
CPE - Compostos Plásticos de Engenharia Ltda.	35,569	19,664	(30,057)	(15,659)
Ergotrans Participações Ltda.	-	-	(16,992)	(863)
	35,569	**19,664**	**(47,049)**	**(16,522)**

Additionally, the Company appropriated interest expenses on loans from related parties in the amount of R$114,190 as of June 30, 2021 (R$96,367 as of June 30, 2020). These loans from related parties were carried out under similar market conditions for interest and terms. All interest appropriated was eliminated in the consolidation process.

	Consolidated	
	6/30/2021	**6/30/2020**
Companhia Brasileira de Estireno S.A.	53,884	47,752
Proquigel Química S.A.	49,501	48,615
Unigel Plásticos S.A.	5,403	-
Unigel Distribuidora S.A.	5,402	-
	114,190	**96,367**

10.3 Transaction with key management

The aggregate value of transactions related to key management compensation were as follows:

	Consolidated	
	Six-month period ended:	
	6/30/2021	**6/30/2020**
Income and social charges	8,442	4,281
Bonuses and social charges	577	187
Short-term benefits	**9,019**	**4,468**
Indirect benefits	238	143
	9,257	**4,611**

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

11.Recoverable taxes

	Consolidated	
	6/30/2021	**12/31/2020**
ICMS exclusion PIS/COFINS[(1)]	225,782	-
ICMS[(2)]	29,045	21,143
ICMS on property, plant and equipment[(3)]	10,319	7,238
IPI	4,963	5,414
INSS	7,488	4,851
PIS[(4)]	11,911	8,038
COFINS[(4)]	26,147	23,052
REINTEGRA	15,006	14,442
Recoverable VAT	33,610	31,352
Other	17,792	5,391
	382,063	**120,921**
Current	149,368	115,764
Non-current [(1)(3)]	232,695	5,157

(1) On May 14, 2021, the Federal Supreme Court (STF), through the judgment of motion for clarification filed by the Union, established the understanding that the ICMS to be excluded from the PIS and COFINS calculation basis is the value highlighted in the invoice. In addition, it was also decided on the modulation of the effects of this decision with general repercussion from March 15, 2017, except for the legal or administrative actions filed until this date. In summary, taxpayers who have not claimed the refund of the amounts so far, will be entitled to calculate and receive credits from the date of modulation, that is, March 15, 2017. Taxpayers who have challenged the said exclusion in court will have right to return the last 5 years from the filing date of the action. The Group filed a lawsuit on March 7, 2017, and obtained an injunction authorizing the aforementioned exclusion on May 5, 2017, based on the value of ICMS highlighted in the invoices. Management chose to exercise its right prospectively, that is, from the date of the injunction granted until the final judgment of the points under discussion. With the decision of the STF, established herein, the Company confirmed the understanding adopted in the exclusion of ICMS in the calculation basis of PIS and COFINS referring to the amounts highlighted in the invoices and that there is, therefore, no adjustment to be recognized in the financial statements issued so far, however, the right to return the amounts referring to the 5 years prior to the filing of the lawsuit was assured, that is, credits from April 2012 to March 2017, which are accounted for in that item. The amounts recognized as overpayment were updated by SELIC at the time of recognition.

(2) Accumulated ICMS (state VAT) credits, those credits are originated from the purchase of raw material. The Group use those credits considering several possibilities, such as: intercompany transactions based on different VAT rates (among different States of Union), buy raw materials with drawback exemption and monetization of the credits to deal with third parties.

(3) Those Property, plant & equipment credits can only be used for a period of 48 to 60 months, and are classified as current and non-current accordingly.

(4) The PIS and COFINS credits of the Group companies come, basically, 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 these taxes. taxes (debit), thus generating credit balances. The Group's management and lawyers assess that receiving those credits in a cash has a high chance of success. During 2021, the Group received 1,755 (R$ 3,376 on December 31, 2020) on PIS and Cofins credits based on the *portaria* 348/2010 "*Linha Rápida*". The Company subsidiaries calculated credits from the exclusion of ICMS from the basis of calculation of PIS and COFINS in 2017. The Group recognized the credits after the final and definite supreme court decision with general repercussion. The Company subsidiaries kept taking those credits monthly using the same calculation methodology used to determine the tax dispute gain (i.e. the credits are calculated based on the ICMS presented in the invoice).

12. Income and social contribution taxes

The deferred income and social contribution taxes are recognized to reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their book values, and to tax loss carryforwards.

The roll forward of deferred income and social contribution taxes is presented below:

	Consolidated						
	6/30/2021	**Income (loss)**	**OCI**	**12/31/2020**	**Income (loss)**	**OCI**	**01/01/2020**
Assets							
Amounts recognized in OCI							
Pension plan	3,436	-	-	3,436	-	-	3,436
Unrealized foreign currency exchange variation	45,821	-	-	45,821	163	45,658	-
Hedge accounting – Mark to market	29,069	-	-	29,069	(1,130)	30,199	-
Amounts recognized in statement of profit							
Estimated credit loss	10,188	-	-	10,188	-	-	10,188
Provision for contingencies	11,243	-	-	11,243	1	-	11,242
Provision for loss on investment	443	-	-	443	-	-	443
Unrealized exchange rate change	83,250	-	-	83,250	64,318	-	18,932
Tax loss carryforwards	441,780	(52,680)	-	494,460	10,768	(9,340)	493,032
Provision for realization of inventories	287	-	-	287	-	-	287
Unrealized gains on inventories	132	-	-	132	94	-	38
Provision of freights	4,805	-	-	4,805	30	-	4,775
Derivatives	(44,197)	-	-	(44,197)	(49,034)	-	4,837
Foreign operations	24,726	7,447	-	17,279	10,188	1,669	5,422
Other provisions	18,787	10,535	(2,892)	11,144	1,415	-	9,729
	629,770	**(34,698)**	**(2,892)**	**667,360**	**36,813**	**68,186**	**562,361**
Liabilities							
Amounts recognized in OCI							
Deemed cost	(56,623)	4,412	-	(64,035)	12,505	-	(76,540)
Amounts recognized in statement of profit				-	-	-	-
Other	2,114	450	-	1,664	(542)	-	2,206
ICMS exclusion PIS/COFINS	(76,048)	(76,048)	-	-	-	-	-
Fair value – investment properties	(2,087)	-	-	(2,087)	-	-	(2,087)
Deferred gain on equity transaction[1]	(117,164)	-	-	(117,164)	-	-	(117,164)
	(252,808)	(71,186)		(181,622)	11,963	-	(193,585)
Net deferred tax asset (liability)	**376,962**	**(105,884)**	**(2,892)**	**485,738**	**48,776**	**68,186**	**368,776**
Deferred tax assets	494,099			602,875			484,645
Deferred tax liabilities	(117,137)			(117,137)			(115,869)
Net deferred tax asset (liability)	**376,962**			**485,738**			**368,776**

The reconciliation between the tax expense as calculated by the combined statutory rates and the income and social contribution tax expense charged to net income is presented below:

	Consolidated	
	6/30/2021	**6/30/2020**
Income (Loss) before income and social contribution taxes	**898,503**	**(259,974)**
Statutory rate	34%	34%
Income and social contribution tax benefit at the combined statutory rates	**(305,491)**	**88,391**
Additions:		
Non-deductible expenses		
Hedge accounting - realization of exchange variation	(6,288)	-
Non-deductible interest - Thin captalization	(14,233)	-
Differences on universal bases - companies abroad	-	(26,237)
Permanent differences abroad	-	(4,201)
Exclusions:		
Reintegra (Note 28)	325	99
Differences on universal bases - companies abroad	25,951	-
Tax benefits - Desenvolve (Note 28)	27,686	10,306
Permanent differences abroad	3,052	-
	(268,998)	**68,358**
Effective rate	**30%**	**26%**
Other adjustments:		
Unrecognized tax losses carryforwards[(1)]	-	(22,703)
Unrecognized temporary differences	39,864	(29,879)
Tax incentive – SUDENE (Note 28.2)	39,345	-
Income tax and social contribution in income for the year	**(189,789)**	**15,776**
Current	(83,905)	(23,219)
Deferred	(105,884)	38,995

(1) These balances are related to the historical tax losses of Group companies that, according to current projections, do not, at the moment, indicate sufficient taxable income to offset the tax losses not recognized in a medium-term horizon. The total balance of tax losses, negative calculation base and temporary differences not recognized until June 30, 2021 is presented below.

	Consolidated	
	6/30/2021	**12/31/2020**
Tax loss	125,622	123,202
Temporary additions (exclusions)	32,026	201,236
	157,648	**324,438**

12.1 Realization of deferred tax assets

Unrecognized tax losses from prior periods are recognized when there is convincing evidence that the Group will have means to realize those tax losses.

Below we show the expected realization year by year, for the entire reasonable period of realization:

2021	61,303
2022	73,969
2023	68,912
2024	80,912
2025	46,642
2026	43,217
After 2027	66,825
	441,780

13. Investments

13.1 Changes in balances investments

	Companhia Brasileira de Estireno	Proquigel Química S.A.	Unigel Luxemburgo S.A.	Unigel Distribuidora Ltda.	Unigel Plásticos S.A.	Unigel Comercializadora de Energia S.A.	Total
Balance on December 31, 2019	**1,335,947**	**286,839**	**44,017**	**52,017**	**23,695**	**-**	**1,742,515**
Share profit of equity-accounted investes	(128,856)	(54,846)	(46,013)	(3,197)	(5,080)	-	(237,992)
Cash flow hedge	(257,118)	(186,050)	-	-	621	-	(442,547)
Accumulated conversion adjustment	131,561	-	2,681	-	-	-	134,242
Balance on June 30, 2020	**1,081,534**	**45,943**	**685**	**48,820**	**19,236**	**-**	**1,196,218**

	Companhia Brasileira de Estireno	Proquigel Química S.A.	Unigel Luxemburgo S.A.	Unigel Distribuidora Ltda.	Unigel Plásticos S.A.	Unigel Comercializadora 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**
Share profit of equity-accounted investes	636,600	60,724	29,542	(300)	(14,154)	2	712,414
Cash flow hedge	(55,371)	(10,386)	-	8,985	9,805	-	(46,967)
Accumulated conversion adjustment	(29,774)	-	112	-	-	(1)	(29,663)
Balance on June 30, 2021	**1,866,309**	**140,480**	**116,964**	**54,783**	**11,281**	**1,001**	**2,190,818**

13.2 Capital composition

	Companhia Brasileira de Estireno		Proquigel Química S.A.		Unigel Luxemburgo S.A.		Unigel Distribuidora Ltda.		Unigel Plásticos S.A.		Unigel Comercializadora de Energia S.A.	
	6/30/2021	12/31/2020	6/30/2021	12/31/2020	6/30/2021	12/31/2020	6/30/2021	12/31/2020	6/30/2021	12/31/2020	6/30/2021	12/31/2020
Capital	456,841	456,841	459,636	459,636	121	121	62,372	62,372	98,831	98,831	1,000	1,000
Equity	1,874,780	1,314,854	140,480	90,142	116,964	87,310	54,783	46,098	11,198	15,749	998	1,000
Equity interest percentage	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%
Loss in inventories	(8,471)	-	-	-	-	-	-	-	83	(119)	3	-
Adjusted equity	1,866,309	1,314,854	140,480	90,142	116,964	87,310	54,783	46,098	11,281	15,630	1,001	1,000
Loss in inventories	(8,402)	-	5	-	3	-	-	-	(97)	(119)	4	-
Net income (loss)	645,002	45,823	60,719	(63,888)	29,539	39,766	(300)	(5,919)	(14,057)	(9,176)	(2)	-
Equity interest percentage	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%
Share profit of equity-accounted investes	636,600	45,823	60,724	(63,888)	29,542	39,766	(300)	(5,919)	(14,154)	(9,295)	2	-

14.Property, plant and equipment

	Consolidated					
	12/31/2020	6/30/2021				
Cost	**Opening balance**	**Additions**	**Write-offs**	**Transfers(1)**	**Exchange rate**	**Closing balance**
Buildings	224,547	-	(463)	-	(1,645)	222,439
Machinery and equipment	1,421,326	554	(1)	37,488	(10,017)	1,449,350
Facilities, tools and instruments	864,657	-	-	3,095	(117)	867,635
Land	114,308	-	-	2	(398)	113,912
IT equipment	30,825	-	-	-	(102)	30,723
Advances to suppliers	4,001	8,114	-	(8,570)	-	3,545
Works in progress	269,900	497,995	(1,809)	(32,734)	(2,837)	730,515
Vehicles	2,614	-	(723)	-	(344)	1,547
Furniture and fixtures	16,678	-	-	374	(44)	17,008
Improvements	34,608	-	-	345	-	34,953
Replacement materials	2,491	-	-	-	-	2,491
	2,985,955	506,663	(2,996)	-	(15,504)	3,474,118
Accumulated depreciation						
Buildings	(141,010)	(4,214)	-	195	1,003	(144,026)
Machinery and equipment	(954,717)	(30,433)	-	(220)	3,617	(981,753)
Facilities, tools and instruments	(505,245)	(23,818)	-	18	1,120	(527,925)
IT equipment	(17,476)	(518)	-	-	234	(17,760)
Vehicles	(2,132)	(111)	686	-	235	(1,322)
Furniture and fixtures	(8,698)	(489)	-	28	21	(9,138)
Improvements	(4,987)	(557)	-	(21)	-	(5,565)
Spare parts and materials	(2,373)	(26)	-	-	-	(2,399)
	(1,636,638)	(60,166)	686	-	6,230	(1,689,888)
Net assets	**1,349,317**					**1,784,230**

	Consolidated					
	12/31/2019	12/31/2020				
Cost	**Opening balance**	**Additions**	**Write-offs**	**Transfers[1]**	**Exchange rate**	**Closing balance**
	213,728	-	(60)	-	10,879	224,547
Buildings	1,251,402	808	(316)	110,295	59,137	1,421,326
Machinery and equipment	844,992	-	(301)	19,285	681	864,657
Facilities, tools and instruments	111,923	-	-	-	2,385	114,308
Land	22,803	-	-	6,125	1,897	30,825
IT equipment	4,881	1,279	-	(2,159)	-	4,001
Advances to suppliers	193,802	220,785	(5,548)	(146,917)	7,778	269,900
Works in progress	2,349	284	(287)	149	119	2,614
Vehicles	10,461	-	(1)	5,963	255	16,678
Furniture and fixtures	28,326	-	-	6,282	-	34,608
Improvements	2,491	-	-	-	-	2,491
	2,687,158	223,156	(6,513)	(977)	83,131	2,985,955
Accumulated depreciation						
Buildings	(126,555)	(8,783)	58	-	(5,730)	(141,010)
Machinery and equipment	(878,258)	(48,463)	290	(2,606)	(25,680)	(954,717)
Facilities, tools and instruments	(470,999)	(35,717)	38	1,640	(207)	(505,245)
IT equipment	(16,839)	(313)	-	1,010	(1,334)	(17,476)
Vehicles	(1,870)	(206)	-	-	(56)	(2,132)
Furniture and fixtures	(8,105)	(300)	1	(167)	(127)	(8,698)
Improvements	(5,105)	(5)	-	123	-	(4,987)
Spare parts and materials	(2,317)	(56)	-	-	-	(2,373)
	(1,510,048)	(93,843)	387	-	(33,134)	(1,636,638)
Net assets	**1,177,110**					**1,349,317**

(1) The remaining amount in transfers are related to intangible assets and the offsetting of advance to suppliers and suppliers

(2) See rates used in Note 6.5.3 – Depreciation.

14.1 Impairment test

In 2021, the extruded sheet plant of Unigel Plásticos, located in Candeias, was reactivated and sales projections ruled out any possibility of impairment regarding the Group's total assets.

In 2020, the extruded sheet plant at Unigel Plásticos, located in Candeias, was reactivated.

Part of the Group's fixed assets are pledged as collateral in sundry loan operations. For further details, see Note 29 - Collaterals and Sureties.

15. Leases

The Group leases several storage tanks, machines, vehicles and plants to perform its operation. Such leases are negotiated individually and contain various terms and conditions.

Lease payments are discounted using the implied rate. If this rate cannot be determined, consider the procedures described in note 6.15.

Right-of-use assets are measured at the cost comprised by:

- Amount initially measured of the lease liability;
- Any payments made up to the beginning of lease agreement;
- Any initial direct costs;
- Restoration costs.

15.1 Right-of-use lease

The right of use the asset are included in the following asset types:

	Industrial plants	Tanks and warehouses	Other	Total
Balance on January 1, 2020	**77,610**	**98,737**	**9,975**	**186,322**
Additions [1]	197,469	2,613	16,408	215,731
Write-offs	-	-	(759)	(759)
Transfers	6,622	(6,622)	-	-
Exchange rate	-	-	2,239	2,239
Depreciation	(9,225)	(28,743)	(10,331)	(48,299)
Balance on December 31, 2020	**272,476**	**65,985**	**17,532**	**355,993**
Additions	23,905	3,527	14,112	41,544
Transfers	73	(33)	(40)	-
Exchange rate	-	-	(1,231)	(1,231)
Depreciation	(13,096)	(15,004)	(6,122)	(34,222)
Balance on June 30, 2021	**283,358**	**54,475**	**24,251**	**362,084**

(1) The additions are due to the contractual renewals of the São José dos Campos and latex plants.

15.2 Lease liability

The breakdown and changes in the lease liability is as follows:

	Industrial plants	Tanks and warehouses	Other	Total
Balance on 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)
Transfer	(9,389)	6,479	2,910	-
Exchange rate	-	-	(2,376)	(2,376)
Payments	31,860	33,066	12,964	77,890
Balance on December 31, 2020	**(293,042)**	**(76,785)**	**(18,699)**	**(388,526)**
Additions	(23,905)	(3,527)	(14,112)	(41,544)
Interest	(12,676)	(2,917)	(342)	(15,935)
Transfer	2,045	158	(2,203)	-
Exchange rate	-	-	434	434
Payments	23,585	18,593	6,794	48,972
Balance on June 30, 2021	**(303,993)**	**(64,478)**	**(28,128)**	**(396,599)**

(1) The additions are due to the contractual renewals of the São José dos Campos and latex plants.

	Consolidated	
	6/30/2021	**12/31/2020**
Lease liabilities		
Current	(88,121)	(79,659)
Non-current	(308,478)	(308,867)
	(396,599)	**(388,526)**

15.3 Installments in their future value by maturity

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

	6/30/2021			
	Industrial plants	**Tanks and warehouses**	**Other**	**Total**
Up to 1 Year	43,218	37,467	4,234	84,919
2 to 5 years	256,942	32,657	4,325	293,924
After 5 years	209,312	-	-	209,312
	509,472	**70,124**	**8,559**	**588,155**

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

16.Loans and financing

			Consolidated			
			6/30/2021		12/31/2020	
Currency	**Type**	**Index**	**Amount**	**Average effective rate p.a.**	**Amount**	**Average effective rate p.a.**
BRL	Financing	IPCA	51,487	3.61%	50,464	4.16%
		Fixed rate	662	11.55%	1,925	4.46%
	Working capital	Fixed rate	111,550	12.68%	110,763	12.00%
		CDI	96,010	10.15%	95,824	7.90%
Total BRL			**259,709**		**258,976**	
USD	Financing	Fixed rate	2,595,119	8.75%	2,101,822	8.77%
	Working capital	Fixed rate	15,789	3.90%	87,441	3.91%
		Libor	150,858	2.95%	148,945	3.31%
Total USD			**2,761,766**		**2,338,208**	
Peso	Working capital	Fixed rate	-	-	3,195	8.45%
			3,021,475	**8.54%**	**2,600,379**	**8.29%**
	Current		365,364		402,667	
	Non-current		2,656,111		2,197,712	

16.1 Roll forward of Loans and financing

	Consolidated	
	6/30/2021	**6/30/2020**
January 1	**2,600,379**	**1,784,474**
Proceeds from loans and financing(1)	827,937	54,921
Interest expense	149,235	109,671
Foreign exchange gains (losses), net P&L	(86,642)	363,419
Foreign exchange gains (losses), net OCI	(33,084)	268,497
Repayments - principal amount	(304,520)	(56,833)
Interest paid	(143,889)	(110,860)
Transaction costs	15,211	13,373
Currency translation adjustments	(3,152)	9,727
Final balance	**3,021,475**	**2,436,389**

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

16.2 Disbursement schedule

	6/30/2021			12/31/2020		
Year	**Payments**	**Transaction costs amortization**	**Accounting Balance**	**Payments**	**Transaction costs amortization**	**Accounting Balance**
2022	26,800	(21,569)	5,231	33,448	(27,091)	6,357
2023	67,991	(21,569)	46,422	70,626	(27,091)	43,535
2024	12,680	(21,628)	(8,948)	39,799	(27,165)	12,634
2025	-	(21,569)	(21,569)	-	(27,091)	(27,091)
After 2026	2,651,166	(16,191)	2,634,975	2,182,614	(20,337)	2,162,277
	2,758,637	**(102,526)**	**2,656,111**	**2,326,487**	**(128,775)**	**2,197,712**

16.3 Guarantees

The Group made available as collateral part of its property, plant and equipment and accounts receivable, as disclosed in Note 29 – Commitments and guarantees.

16.4 Covenants

Certain of the Company's debt obligations include financial debt covenants calculated based on the annual and interim financial statements.

The Group met all the minimum financial ratios for compliance.

17.Suppliers

	Parent company		Consolidated	
	6/302021	**12/31/2020**	**6/30/2021**	**12/31/2020**
Raw materials and services	1,131	2,052	379,228	207,226
Property, plant and equipment	-	-	21,730	11,741
Domestic	1,131	2,052	400,958	218,967
Raw materials and services	60	-	165,315	154,448
Property, plant and equipment	-	-	1,177	811
Foreign	60	-	166,492	155,259
Related parties (note 10)	24	-	-	393
	1,215	**2,052**	**567,450**	**374,619**

18. Taxes payable

	Consolidated	
	6/30/2021	**12/31/2020**
ICMS	7,935	8,106
IPI	22	12,491
CSLL, PIS and COFINS	9,673	16,586
REFIS - Law No, 11,941/09 (1)	14,063	13,409
REFIS - Law No, 13,043/14 (2)	8,105	10,314
Tax settlement programs - PRT and PERT(3)	30,039	33,190
Payment in installments to the state (4)	12,439	18,724
Municipal installments	1,129	-
Federal ordinary payments in installments	4,506	5,574
Taxes on foreign subsidiaries(5)	-	3,097
Other	6,500	5,610
	94,411	**127,101**
Current	40,987	36,680
Non-current	53,424	90,421

(1) In November 2009, the Management approved the adhesion to the Tax Reduction and Payment Scheduling Program in conformity with Law No. 11941/09. In November 2013, with reopening of REFIS, Management approved the Group to join the program again.

(2) In November 2014, the Group joined the program for federal debt reduction and payment in installments in accordance with Law no. 13.043/14 (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 Program for of State São Paulo Tax Regularization (“PEP”). PEP was a program created by law and allowed the installment of taxes overdue after reducing the overdue amount using accumulated tax losses. The amount of tax liability was R$ 20,522 and the impact in the statement of profit was an expense in the amount of R$ 4,737.

19. Post-employment benefits

a) Direct short and long term benefits

The Group recognizes an annual bonus and vacation obligation at the end of each year.

b) Post-employment benefits

Subsidiary Companhia Brasileira de Estireno recognizes a provision for post-employment benefits related to the payment of 100% of the health care plan granted to retirees until 2010, vacations and annual bonuses. Benefits are adjusted for years in the Company and employee compensation.

The amounts related to these benefits, including the net expenses generated, were calculated in valuations conducted by independent actuaries as shown below:

	Consolidated	
	6/30/2021	**12/31/2020**
Amount of actuarial obligation at the beginning of the year	39,285	32,285
Cost of current service	-	2,865
Interest on actuarial obligation	-	2,134
Exchange variation	2,855	-
Benefits paid in the year	-	(1,440)
Loss in the actuarial obligations	-	3,441
	42,140	**39,285**

19.1 Actuarial assumptions

The actuarial assumptions used in assessing the amounts of the benefits are as follows:

Economic Actuarial assumptions	
Expected inflation rate	3.20% p.a.
Increase in medical costs due to inflation	3.75% p.a.
Increase in medical costs due to aging	According to the age: - below 24 years old: 1.25% - between 25 and 54 years old: 2.75% - between 55 and 79 years old: 4.75% - above 80 years old: 2.25%

Biometric actuarial premises	
General mortality	AT-2000
Disabled mortality	RP-2000 Disabled, when available
Disabled entry	Álvaro Vindas, when available
Turnover rate	15% / (time of service + 1), for the benefits of health 0%, for the rest of benefits assessed
Permanence in plan after retirement	25%, for the benefit of indirect subsidy of health plan
Eligibility to retirement	BD 55 years old and 10 years benefit plan
Direct costing - Collective agreement	55 years old and 10 years in company
Indirect costing	Active 100% married with wife 2 years younger
Family composition	Benefited - real composition informed

19.2 Sensitivity analysis on actuarial premises

	12/31/2020
Effects on the defined obligation liability	
Discount rate - variation of -0.5% on nominal rate	2,467
Discount rate - variation of +0.5% on nominal rate	(2,218)

20. Judicial deposits, Provision for civil, tax and labor risks

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

20.1 Judicial deposits

Movement of the group's judicial deposits:

The Group recorded an amount of R$16,209 (R$16,170 on December 31, 2020) in judicial deposits substantially linked to tax proceedings.

20.2 Provision for civil, tax and labor risks

Movement of provisions for group contingencies:

In 2021, provisions for probable contingencies were recognized in the amount of R$9,702 (R$11,988 on December 31, 2020), and are detailed below:

	Consolidated		
	Labor (i)	**Federal (ii)**	**Total**
Balance January 1, 2020	**1,723**	**6,152**	**7,875**
Additions of new processes	2,841	29,001	31,842
Write-off by payments	(688)	(27,041)	(27,729)
Balance on December 31, 2020	**3,876**	**8,112**	**11,988**
Additions of new processes	1,097	4,039	5,136
Write-off by payments	(1,700)	(5,722)	(7,422)
Balance on June 30, 2021	**3,273**	**6,429**	**9,702**

(i) Labor

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

(ii) Federal

Tax provisions substantially refer to disputes relating to ICMS, IPI, social security contributions, offsetting of PIS and COFINS credits and the levying of PIS and COFINS on other revenues.

20.3 Proceedings assessed as possible risk of loss

The Group is party to other proceedings for which Management, based on the assessment of its internal and external legal advisors, deemed the risk of loss to be possible. The obligations arising from these proceedings are considered as contingent liabilities, since it is not probable that an outflow of resources that incorporate economic benefits will be required to settle the obligation. The nature of the main contingent liabilities are:

	Consolidated				
	Labor (i)	**Federal (ii)**	**Environmental (iii)**	**Civil (iv)**	**Total**
Balance on December 31, 2020	16,889	977,788	24,579	29,818	1,049,074
Additions	915	12,571	9,774	2,812	26,072
Reversals and revaluations	8,942	(23,293)	14,798	138	585
Balance on June 30, 2021	**26,746**	**967,066**	**49,151**	**32,768**	**1,075,731**

(i) Labor

As of June 30, 2021, the Group were party to approximately 276 (289 on December 31, 2020) labor proceedings. The Group have made no provision for cases in which, in the opinion of external counsel and Group management, have classified the risk of loss as possible involving an estimated amount of R$ 26,746 (R$ 16,889 on December 31, 2020). In general terms, labor claims relate to disputes regarding overtime, severance, liability involving outsourced service providers, and certain union disputes regarding the implementation of collective workplace rules, among others.

Among these legal proceedings are labor disputes involving unions. The Group most significant union-related claim, we, along with other petrochemical companies in Bahia, are an intervening party to a dispute between SINDIQUÍMICA (an employees’ union entity) and SINPEQ (an employers’ union entity).

(ii) Federal

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$ 562,966 was classified as possible (R$ 443,175 on December 31, 2020).

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 Supreme Court 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 to reduce the IRPJ / CSLL calculation base - R$ 77,125 (R$ 73,525 on December 31, 2020);
- Charge of PIS and COFINS (Social Contribution) on discounts applied to customers - R$ 30,587 (R$ 30,877 on December 31, 2020);
- Discussion on tax credits IRPJ and CSLL, PIS and COFINS (Social Contributions) applied to offset the final value owed to the Federal Government - R$ 95,319 (R$ 95,865 on December 31, 2020);
- Collection of the ICMS tax on drawback, negotiation and determination of tax benefits - R$ 17,236 (R$ 19,075 on December 31, 2020);
- ICMS infraction notice for undue credit in the following situations: i) bookkeeping of tax documents referring to non-taxed operations, related to the receipt of goods for the specific purpose of export; and ii) unproven operations, return of goods sent for packaging and fine due to the issuance of invoices that do not correspond to the departure of goods from the establishment - R$63,308 (R$60,573 on December 31, 2020);
- Requests for refund of negative balance of IRPJ and negative CSLL calculation base calculated and offset with various debts – R$15,743 (R$54,103 on December 31, 2020);
- Infraction notices drawn up after an inspection procedure, carried out to analyze the requests for reimbursement of credits from the PIS and COFINS contribution, calculated as a result of the non-cumulative system - R$ 5,000 (R$ 3,287 on December 31, 2020) and;
- Other contingencies of a miscellaneous nature with amounts pulverized in the amount of R$99,782 (R$193,308 in December 2020).

(iii) Environmental

As of June 30, 2021, the Group was party to 45 (28 on December 31, 2020), environmental proceedings. The Group have made no provisions for cases in which, based on the opinion of external counsel and management, they have classified the risk of loss as possible involving R$ 49,151 (R$ 47,584 as of December 31 2020). Below are presented the most relevant cases:

- Together with approximately 200 other companies, the Group is a co-ruler in a collective action brought by the Association of Residents of the Jardim Cristal and Jardim Marambaia neighborhoods. The plaintiffs allege that a company called Recobem was hired to recycle co-products from the paint industry and instead illegally discarded the materials in the State of Paraná. The Group was named runner because one of the barrels that were allegedly illegally discarded had one of its logos. The Company has been contesting this claim, as the barrel did not contain any material that the Group uses or produces. The Court of First Instance partially upheld the motion and ordered certain defendants, including Proquigel, to indemnify the plaintiff in the amount of R$2,805, such that the amount involved for Proquigel is R$1,200 (R$100 on December 31st 2020).

- Furthermore, the Group is a defendant in class action suits filed by the Bahia Fishermen's Federation seeking indemnification 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 its 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$ 46,922 (R$ 44,757 on December 31, 2020).

- The Group is a defendant, along with 23 other companies, in another class-action public civil action filed by the Public Ministry of the State of São Paulo. The plaintiff seeks compensation for environmental damage caused in Serra do Mar due to the defendants' chemical activities in the area. On March 18, 2021, an agreement 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 June 2021, the Group was reimbursed by Bayer in 50% of this amount, totaling the amount of R$2,228 its actual share. Currently, the process is awaited extinction.

- The Group is also a defendant in administrative proceedings in progress before INEMA, whose objects involve compliance with the conditions provided for in environmental licenses.

(iv) Civil

As of June 30, 2021, the Group was party to 13 (5 on December 31, 2020), civil proceedings, representing a total estimated loss of R$ 32,768 (R$ 7,893 on December 31, 2020).

- The Group is a defendant in a civil claim filed by N.C. S/C Ltda., a minority shareholder of Polo. The plaintiff seeks to withdraw from Polo and receive damages due to the fact that the majority shareholders of Polo - including Unigel - allegedly tried to impose the change of its corporate type to become a corporation with authorized capital and removed the plaintiff from Polo's administration, facts which, according to N.C. S/C, prompted their intention to discontinue their investment at Polo. The Group were partially unsuccessful at the trial court level, and the appeal to the Court of Appeals of the State of São Paulo (Tribunal de Justiça de São Paulo) was also partially unsuccessful. The Group were ordered to pay the plaintiff damages, however, the Group are disputing the amount of damages due. Based on the opinion of external counsel and management, the Group classified the chance of loss in this claim as possible.

21. Shareholders' equity

21.1 Capital

The capital on June 30, 2021 is R$276,185 (R$276,185 on December 31, 2020), comprising 414,297,488 registered common shares, with no par value.

21.2 Profit reserve

The Profit Reserve includes the following reserves:

• Legal reserve, which is set up annually by 5% of net income for the year, up to a limit of 20% of the Company's capital.

• Profit reserve to be allocated, which is composed of the balance of profits remaining after the constitution of a legal reserve and the distribution of mandatory minimum dividends not yet allocated for other purposes.

21.3 Other comprehensive income

The other comprehensive income includes the following reserves:

- The fair value reserve comprises the fair value adjustments from investment properties.
- The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.
- Remeasurements of defined benefit liability/asset comprises the effects of the actuarial gains and losses related to the post-employment benefits.
- The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.
- Reserve for deemed cost: in the context of First-time Adoption of IFRS in Brazil as of January 1, 2010, the Group has applied this exemption property, plant or equipment, to be measured at its fair value at the date of transition, and for that fair value to be used as the deemed cost of the item going forward.

21.4 Dividends

The Group's bylaws determine the distribution of a mandatory minimum dividend of 25% of the income for the year, adjusted in accordance with the law. There was no change in the dividend policy due to the adoption of deemed cost.

Dividends were calculated as follows:

Loss for the year 12/31/2020	**(6,985)**
Property, plant and equipment deemed cost depreciation and write-off, net of tax effects	19,670
Formation of legal reserve (5% of net income for the year)	(634)
Balance of Net Profit for the Year (basic for minimum mandatory dividends)	**12,051**
Mandatory minimum dividends (25%)	(3,013)
Additional dividends payable	**(9,038)**

The Annual General Meeting (AGM) held on June 25, 2021 approved the distribution of additional dividends in the amount of R$9,038, as shown in the statement of changes in equity.

22. Net revenue

22.1 Reconciliation between gross revenue and net revenue

	Consolidated			
	Three-month period ended:		Six-month period ended:	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Gross revenue				
Sale of productrs	676,772	265,120	1,662,037	777,459
Related parties (Note 10)	801,070	107,676	909,400	221,657
Sale of goods – Domestic	**1,477,842**	**372,796**	**2,571,437**	**999,116**
Sale of productrs	636,993	202,189	1,070,432	373,978
Related parties (Note 10)	7,224	4,222	7,224	4,222
Sale of goods – Foreign	**644,217**	**206,411**	**1,077,656**	**378,200**
Gross revenue	**2,122,059**	**579,207**	**3,649,093**	**1,377,316**
Deductions				
Tax on sales	(188,337)	(58,746)	(372,131)	(161,175)
Returns and discounts	(10,544)	(3,872)	(16,481)	(8,343)
	(198,881)	**(62,618)**	**(388,612)**	**(169,518)**
Net Revenue	**1,923,178**	**516,589**	**3,260,481**	**1,207,798**

There is no client alone that represents more than 10% of the Group’s net sales.

22.2 Disaggregation of revenue from contracts with customers

The Group generates revenue primarily from sales of styerenics, acrylics and agro.

In the following table, revenue from contracts with customers is disaggregated by primarily geographical market, major products and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group’s reportable segments (note 26.2 - Information regarding reportable segments).

22.3 Geographic opening

	Consolidated									
	Three-month period ended:									
	Acrylics		Styrenics		Agro		Eliminations		Total	
	6/30/2021	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**
Brazil	166,372	71,392	724,511	203,142	259,807	18,762	(58,197)	-	1,092,493	293,296
Mexico	356,373	71,276	2,122	2,739	-	-	-	-	358,495	74,015
USA and Canada	126,711	81,546	21,336	18,568	-	-	-	-	148,047	100,114
Asia	5,499	3,758	-	-	-	-	-	-	5,499	3,758
Europe	80,675	3,646	4,597	536	-	-	-	-	85,272	4,182
Middle East	61,726	-	534	-	-	-	-	-	62,260	-
Latin America	39,831	10,915	106,906	17,516	-	-	-	-	146,737	28,431
Africa	2,121	9,735	22,254	3,058	-	-	-	-	24,375	12,793
Total net revenue	**839,308**	**252,268**	**882,260**	**245,559**	**259,807**	**18,762**	**(58,197)**	**-**	**1,923,178**	**516,589**

	Consolidated									
	Six-month period ended:									
	Acrylics		Styrenics		Agro		Eliminations		Total	
	6/30/2021	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**	**6/30/2021**	**6/30/2020**
Brazil	303,908	154,129	1,373,630	574,481	341,012	54,205	(80,272)	-	1,938,278	782,815
Mexico	509,553	130,516	4,854	3,987	-	-	-	-	514,407	134,503
USA and Canada	314,161	132,228	28,080	30,870	-	-	-	-	342,241	163,098
Asia	10,424	19,165	-	-	-	-	-	-	10,424	19,165
Europe	122,342	10,573	4,597	536	-	-	-	-	126,939	11,109
Middle East	64,374	145	534	-	-	-	-	-	64,908	145
Latin America	66,419	26,907	159,602	50,567	-	-	-	-	226,021	77,474
Africa	10,182	15,631	27,081	3,858	-	-	-	-	37,263	19,489
Total net revenue	**1,401,363**	**489,294**	**1,598,378**	**664,299**	**341,012**	**54,205**	**(80,272)**	**-**	**3,260,481**	**1,207,798**

The totality of the Group's revenues is recognized at a specific point in time.

23. Expenses by nature

	Consolidated			
	Three-month period ended:		Six-month period ended:	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Classified by function:				
Cost of goods sold	(1,432,007)	(482,896)	(2,409,276)	(1,107,125)
Sales expense	(11,153)	(5,197)	(20,642)	(11,947)
Administrative and general expenses	(33,012)	(24,518)	(64,092)	(54,195)
	(1,476,172)	**(512,611)**	**(2,494,010)**	**(1,173,267)**
Classified by nature:				
Raw materials and materials for use and consumption(1)	(1,204,077)	(331,513)	(2,001,063)	(813,132)
Personnel expenses	(60,542)	(34,325)	(101,925)	(65,332)
Outsourced services	(44,639)	(22,890)	(67,009)	(31,403)
Restructuring – indemnities	-	-	-	(564)
Tax expenses – contingencies	(3,723)	1,393	(5,136)	(3,024)
Depreciation of right-of-use assets	(17,915)	(11,903)	(34,222)	(26,594)
Depreciation and amortization	(32,046)	(36,203)	(62,449)	(66,261)
Freights and demurrage	(84,384)	(50,657)	(151,000)	(109,112)
Other expenses	(28,846)	(26,513)	(71,206)	(57,845)
	(1,476,172)	**(512,611)**	**(2,494,010)**	**(1,173,267)**

(1) Since the beginning of 2020, the Group has had 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 as “Pademic-related expenses” all expenses related to modifications made to our plants to prevent contamination, as well as fixed costs related to temporary plant hibernation during the onset of the pandemic crisis. These expenses were classified as “Cost of goods sold” in the amount of R$1,815 (R$32,666 as of June 30, 2020).

24. Other operating income (expenses)

	Consolidated			
	Three-month period ended:		Six-month period ended:	
	6/30/2021	**6/30/2020**	**6/30/2021**	**6/30/2020**
ICMS exclusion PIS/ COFINS(1) (Note 11)	240,325	-	240,325	-
Waste	136	(16)	153	(177)
Insurance indemnity(3)	-	-	2,222	-
Eletrobras(4)	-	-	-	4,581
Gains (losses) in the sale of assets, and assets held for sale	(234)	(633)	(50)	(650)
Plant stop	(193)	(201)	(383)	(362)
Temporary shutdown of plants and exceptional expenses (2)	-	(2,210)	-	(4,822)
Other (expenses) income	941	82	623	66
	240,975	**(2,978)**	**242,890**	**(1,364)**

(1) On May 14, 2021, the Federal Supreme Court (STF), through the judgment of motions for clarification filed by the Union, established the understanding that the ICMS to be excluded from the PIS and COFINS calculation basis is the amount highlighted in the invoice. In addition, it was also decided on the modulation of the effects of this decision with general repercussion from March 15, 2017, except for the legal or administrative actions filed until this date. In summary, taxpayers who have not claimed the refund of the amounts so far, will be entitled to calculate and receive credits from the date of modulation, that is, March 15, 2017. Taxpayers who have challenged the said exclusion in court will have right to return the last 5 years from the filing date of the action. The Company filed a lawsuit on March 15, 2017, and obtained an injunction authorizing said exclusion on May 5, 2017, based on the ICMS amount highlighted in the invoices. Management chose to exercise its right prospectively, that is, from the date of the injunction granted until the final judgment of the points under discussion. With the decision of the STF, established herein, the Company confirmed the understanding adopted in the exclusion of ICMS in the calculation basis of PIS and COFINS referring to the amounts highlighted in the invoices.

(2) Due to the effects of the COVID-19 pandemic, the Unigel Group began in March 2020 a process to reduce production in Mexico as a way to compensate for the worldwide retraction in demand, in addition to internal and external distribution difficulties. These downsizing processes present miscellaneous expenses for the Group, which are presented under the headings highlighted as "Temporary plant shutdown and exceptional expenses", where the expenses related to the shutdown of certain plants and costs and expenses related to general and administrative expenses were classified.

(3) Amounts of insurance premiums arising from a claim at the Proquigel plant in 2019.

(4) The subsidiaries Proquigel and Companhia Brasileira de Estireno 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 other revenues and the differences from the monetary updating of amounts were considered in financial income (loss). The amounts were received in the third quarter of 2020.

25. Net finance expenses

	Consolidated			
	Three-month period ended:		Six-month period ended:	
	6/30/2021	**6/30/2020**	**6/30/2021**	**6/30/2020**
Interest on financial assets at FVTPL	5,168	1,070	7,146	2,193
Interest income on loans and receivables	10,677	12	225	298
Discounts from suppliers	180	-	444	284
Eletrobras credits interest[(1)]	-	-	-	23,460
Update on PIS/COFINS credit	-	-	10,617	-
Other	75	-	135	747
Finance income	**16,100**	**1,082**	**18,567**	**26,982**
Interest expense	(85,580)	(69,211)	(164,446)	(123,044)
Discounts granted to customers	(3,205)	(1,600)	(5,241)	(11,861)
Lease liabilities interest	(7,793)	(1,173)	(15,935)	(7,852)
Taxes on financial income and bank fees	(10,896)	(6,245)	(12,847)	(13,014)
Suppliers' interest	(421)	(3,344)	(1,027)	(3,677)
Derivatives – Fair value adjustment	12,398	983	30,424	(21,224)
Exchange and currency variations	95,081	(44,681)	45,564	(133,034)
Swap accrual	2,262	1,008	3,151	(1,320)
Other	(1,966)	-	(5,462)	(5,661)
Finance expenses	**(120)**	**(124,263)**	**(125,819)**	**(320,687)**
Net finance expenses	**15,980**	**(123,181)**	**(107,252)**	**(293.705)**

(1) In 2020, the Group recorded revenue arising from the updating of Eletrobrás credits accounted for after a favorable court decision. For more details, see explanatory note 24 – Other operating income (expenses).

26. Segment information

26.1 Basis for segmentation

The Group is a producer of intermediate chemicals operating in the 2nd generation of the petrochemical industry chain. In general terms, the Group purchases basic petrochemical products, processes them and transforms them into intermediate and final chemicals which are supplied to producers or distributors.

Until December 31, 2020, the Acrylics segment also included a fertilizer operation, which consisted mainly of the production and sale of Ammonium Sulfate obtained as a co-product of the Acrylics production chain. As of January 2021, this operation is reported along with 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 of plants leased from Petrobras (former FAFENs) in Sergipe and Bahia. This new segment was called "Agro". In summary, the Group acquires certain basic raw materials, in particular natural gas and converts them into ammonium sulphate, urea and ARLA, in addition to the purchase and resale of ammonia.

The Executive Board (the main manager of operations) assesses the performance of the businesses separately by their strategic divisions (styrenics, acrylics and agribusiness). These segments are managed separately as they require different technologies and different marketing strategies.

The following summary describes the operations of each segment:

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

- Styrenics: The Styrenics segment mainly consists of the production and sale of styrene, polystyrene and latex, which are mainly used in the production of household appliances, electronics, construction materials and for the packaging and plastic disposable segment. Our styrenic products are also sold to chemical manufacturers and converters.

- Agro: This segment consists mainly of the production and sale of ammonium sulphate, urea and ARLA and the purchase and resale of ammonia, which are mainly directed to the agribusiness market, and, to a lesser extent, to manufacturers and converters of chemical products.

The Group's chief executive officer reviews the internal management reports of each division at monthly basis. Corporate headquarters carry out functions in treasury, legal, accounting, information systems and human resources areas. Corporate activity is not an operation segment because it is not business activity from which the Group earn revenues, but are included for internal reporting purposes only.

The information about geographic segregation of revenue is presented in note 22 – Net revenue.

26.2 Information regarding reportable segments

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries. The Group decision maker, does not analyze net assets, by segment, to take strategic decisions.

	Consolidated											
	Three-month period ended:											
	Acrylics		Styrenics		Agro[1]		Reportable Segments		Eliminations		Total	
	6/30/2021	6/06/2020	6/30/2021	6/06/2020	6/30/2021	6/06/2020	6/30/2021	6/06/2020	6/30/2021	6/06/2020	6/30/2021	6/06/2020
Net revenue	839,308	252,268	882,260	245,559	259,807	18,762	-	-	(58,197)	-	1,923,178	516,589
Cost of goods sold	(694,601)	(212,760)	(588,981)	(247,546)	(206,622)	(22,590)	-	-	58,197	-	(1,432,007)	(482,896)
Gross Profit	**144,707**	**39,508**	**293,279**	**(1,987)**	**53,185**	**(3,828)**	**-**	**-**	**-**	**-**	**491,171**	**33,693**
Expenses with sales, general and distribution	(21,900)	(20,128)	(16,085)	(4,000)	(4,640)	(1,489)	(5,145)	(3,547)	-	-	(47,770)	(29,164)
Other (expenses) income, net	58,383	(1,868)	180,676	(863)	(3)	(4)	1,919	(243)	-	-	240,975	(2,978)
Operating Profit	**181,190**	**17,512**	**457,870**	**(6,850)**	**48,542**	**(5,321)**	**(3,226)**	**(3,790)**	**-**	**-**	**684,376**	**1,551**
Net financial expenses	-	-	-	-	-	-	**15,980**	**(123,181)**	-	-	**15,980**	**(123,181)**
Profit (loss) before income and social contribution taxes	**181,190**	**17,512**	**457,870**	**(6,850)**	**48,542**	**(5,321)**	**12,754**	**(126,971)**	**-**	**-**	**700,356**	**(121,630)**

Consolidated

Six-month period ended:

	Acrylics		**Styrenics**		**Agro[1]**		**Reportable Segments**		**Eliminations**		**Total**	
	6/30/2021	**6/06/2020**	**6/30/2021**	**6/06/2020**	**6/30/2021**	**6/06/2020**	**6/30/2021**	**6/06/2020**	**6/30/2021**	**6/06/2020**	**6/30/2021**	**6/06/2020**
Net revenue	1,401,363	489,294	1,598,378	664,299	341,012	54,205	-	-	(80,272)	-	3,260,481	1,207,798
Cost of goods sold	(1,119,268)	(424,244)	(1,090,160)	(625,024)	(280,120)	(57,857)	-	-	80,272	-	(2,409,276)	(1,107,125)
Gross Profit	**282,095**	**65,050**	**508,218**	**39,275**	**60,892**	**(3,652)**	**-**	**-**	**-**	**-**	**851,205**	**100,673**
Expenses with sales, general and distribution	(51,211)	(41,710)	(23,643)	(11,860)	(6,308)	(3,657)	(7,178)	(8,351)	-	-	(88,340)	(65,578)
Other (expenses) income, net	62,984	(436)	180,722	(1,388)	(6)	752	(810)	(292)	-	-	242,890	(1,364)
										-		
Operating Profit	**293,868**	**22,904**	**665,297**	**26,027**	**54,578**	**(6,557)**	**(7,988)**	**(8,643)**	**-**	**-**	**1,005,755**	**33,731**
Net financial expenses	-						**(107,252)**	**(293,705)**	**-**	**-**	**(107,252)**	**(293,705)**
Profit (loss) before income and social contribution taxes	**293,868**	**22,904**	**665,297**	**26,027**	**54,578**	**(6,557)**	**(115,240)**	**(302,348)**	**-**	**-**	**898,503**	**(259,974)**

(1) As a result of the start of leasing operations for the FAFEN plants in 2020 in the period of three and six months ended June 30, 2021 (see note 15), the Group changed its internal organization and the composition of its segments, which resulted in a change in reportable segments. Accordingly, the Group restated the information for the segments previously reported for the three- and six-month period ended June 30, 2020.

27.Financial instruments

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their values in fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Parent company				Consolidated			
		6/30/2021		12/31/2020		6/30/2021		12/31/2020	
	Note	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
Assets									
FVTPL									
Short term investments	7	-	-	-	-	348,638	348,638	303,789	303,789
Derivatives[1]	31	-	-	-	-	41,637	41,637	48,628	48,628
Embedded derivatives	31	-	-	-	-	115,989	115,989	86,659	86,659
Contractual credits	27.2	-	-	-	-	91,077	91,077	4,914	4,914
Other receivables		-	-	-	-	7,666	7,666	7,087	7,087
		-	-	-	-	605,007	605,007	451,077	451,077
Amortized cost									
Trade accounts receivable	8	-	-	-	-	497,002	497,002	207,865	207,865
Dividends payable	10	4,218	4,218	4,218	4,218	-	-	-	-
Related parties	10	2,828	2,828	1,449	1,449	-	-	-	-
		7,046	7,046	5,667	5,667	497,002	497,002	207,865	207,865
Total financial assets		**7,046**	**7,046**	**5,667**	**5,667**	**1,102,009**	**1,102,009**	**658,942**	**658,942**

(1) Discounted cash flows: the future cash flows are estimated by using contractual interest rates for fixed contracts and with the risk-free interest rate curve at the contractual percentage converted by the last PTAX for the positions in dollar. Those estimated future cash flows are discounted by the respective curves (cupom cambial for foreign currency and Brazilian risk-free for local currency (Reais) adjusted by credit risk from the counterpart.

		Parent company				**Consolidated**			
		6/30/2021		**12/31/2020**		**6/30/2021**		**12/31/2020**	
	Note	**Book value**	**Fair value**	**Book value**	**Fair value**	**Book value**	**Fair value**	**Book value**	**Fair value**
Liabilities									
FVTPL								-	-
Derivatives[1]	31	-	-	-	-	(102,022)	(102,022)	-	-
		-	-	-	-	(102,022)	(102,022)	-	-
Custo amortizado									
Suppliers	17	(1,215)	(1,215)	(2,052)	(2,052)	(567,450)	(567,450)	(374,619)	(374,619)
Loans and financing	16	(662)	(662)	(744)	(744)	(3,021,475)	(3,485,410)	(2,600,379)	(2,914,180)
Dividends payable	10	(8,626)	(8,626)	(19,938)	(19,938)	(8,626)	(8,626)	(19,938)	(19,938)
Related parties	10	(1,413,159)	(1,413,159)	(1,383,866)	(1,383,866)	-	-	-	-
Other liabilities		(154)	(154)	(192)	(192)	(4,215)	(4,215)	(4,605)	(4,605)
		(1,423,816)	(1,423,816)	(1,406,792)	(1,406,792)	(3,601,766)	(4,065,701)	(2,999,541)	(3,313,342)
Total financial liabilities		**(1,423,816)**	**(1,423,816)**	**(1,406,792)**	**(1,406,792)**	**(3,703,788)**	**(4,167,723)**	**(2,999,541)**	**(3,313,342)**

(1) Discounted cash flows: the future cash flows are estimated by using contractual interest rates for fixed contracts and with the risk-free interest rate curve at the contractual percentage converted by the last PTAX for the positions in dollar. Those estimated future cash flows are discounted by the respective curves (cupom cambial for foreign currency and Brazilian risk-free for local currency (Reais) adjusted by credit risk from the counterpart.

27.1 Calculation of fair value

27.1.1 Short-term investiment

(i) Hierarchy of far value

Level 2: inputs, except 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 investments have their fair value calculated by discounted cash flows. Future cash flows are estimated using contractual interest rates for fixed-rate contracts and with the risk-free interest curve based on the contractual percentage converted by the last PTAX to dollar positions, these estimated future cash flows are discounted by the respective curves (foreign currency coupon and CDIxPré risk-free for local currency).

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

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

27.1.2 Derivatives and embedded derivatives

(i) Hierarchy of far value

Level 2: inputs, except 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. Future cash flows are estimated using contractual interest rates for fixed-rate contracts and with the risk-free interest curve based on the contractual percentage converted by the last PTAX to dollar positions, these estimated future cash flows are discounted by the respective curves (foreign exchange coupon for foreign currency and Brazilian currency without risk for local currency), the Group calculates the fair value of options embedded in swaps (barriers) and debt contracts based on the Black & Scholes model, considering the term of exercise of the option, discount rate (cost of carry), strike price, current price and market volatility for the price. The resulting amount of the model is converted from Dollars to Reais using the closing PTAX of the base date of the financial statement.

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

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

27.1.3 Loans and financing

(i) Hierarchy of far value

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities, and

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

(ii) Valuation technique

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

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

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

27.1.4 Other receivables

(i) Hierarchy of far value

Level 2: inputs, except 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 on the counterparty's recoverable amount.

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

The higher the recoverable amount, the higher the fair value.

27.2 Contratual credits

Eventually the Group needs to make deposits linked to guarantee operations for the supply of goods and services. These deposits are made in cash and are updated during the term of the transaction, eventually returning to the Group's companies with the entire amount being transferred to the Group's cash. The classification of these contractual credits is made outside the group of cash and cash equivalents since their redemption depends on other factors to occur and, therefore, is not immediate. The Group updates the amount in a timely manner against profit or loss in accordance with contractual rates. The recognized amounts are R$ 91,077 (R$ 4,914 on December 31, 2020).

27.3 Risk management framework

The Group ‘s board of directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group’s risk management policies. The committee reports regularly to the board of directors on its activities.

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

27.3.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and cash equivalents investments.

		Parent company		**Consolidated**	
	Note	**6/30/2021**	**12/31/2020**	**6/30/2021**	**12/31/2020**
Cash and cash equivalents	7	119	120	672,851	624,039
Trade accounts receivables	8	-	-	542,576	250,956
Derivative transactions	31	-	-	157,626	135,287
Contratual credits	27.2	-	-	91,077	4,914
Other		7,975	4,410	31,113	30,270
		8,094	**4,530**	**1,495,243**	**1,045,466**

The carrying amount of financial assets represents the maximum credit exposure.

(i) Cash and cash equivalents

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

(ii) Derivatives

Derivatives have been set with banks with credit ratings superior as AA+ as rated per Standard & Poor’s and Fitch Ratings.

(iii) Credit risk exposure

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The risk management committee has established sale limits for each customer. Any sales exceeding those limits require approval from the risk management committee. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers respectively.

More than 50% of the Group's customers have been transacting with the Group for over ten years, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a manufacturer or individual customer, their geographic location, industry, trade history with the Group and existence of previous financial difficulties.

There are sales subject to collaterals, so that in the event of non-payment the Group may have a secured claim.

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

	Consolidated							
	Acrylics		**Styrenics**		**Agro**		**Total**	
	6/30/2021	**12/31/2020**	**6/30/2021**	**12/31/2020**	**6/30/2021**	**12/31/2020**	**6/30/2021**	**12/31/2020**
Domestic	107,659	49,652	148,814	40,620	69,219	23,047	325,692	113,319
Foreign	104,149	95,813	102,529	35,757	-	-	206,678	131,570
Related parties (Note 10)	-	-	10,206	6,067	-	-	10,206	6,067
	211,808	**145,465**	**261,549**	**82,444**	**69,219**	**23,047**	**542,576**	**250,956**

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

Appropriation ranges of estimated credit loss, according to aging, segment and market

	Current	1-30	31-60	61-90
Acrylics	**0.57%**	**0.57%**	**0.69%**	**0.85%**
Foreign market	0.00%	0.00%	0.00%	0.00%
Domestic market	1.14%	1.14%	1.37%	1.70%
Styrenics	**0.03%**	**0.03%**	**0.03%**	**0.03%**
Foreign market	0.00%	0.00%	0.00%	0.00%
Domestic market	0.05%	0.06%	0.06%	0.06%
Agro	**0.57%**	**0.57%**	**0.69%**	**0.85%**
Foreign market	0.00%	0.00%	0.00%	0.00%
Domestic market	1.14%	1.14%	1.37%	1.70%

The appropriation ranges for estimated credit loss in the Agro segment currently follow the estimates of the acrylic segment.

27.3.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly investments at an amount in excess of expected cash outflows on current financial liabilities. The Group also monitors the level of expected cash inflows on trade accounts receivables together with expected cash outflows on trade and other payables.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments:

	6/30/2021				
Non-derivative financial liabilities	**01 to 12 months**	**13 to 24 months**	**25 to 36 months**	**More than 36 months**	**Contractual commitment**
Loans and financing	505,468	540,269	482,905	6,216,540	7,745,182
Suppliers	567,450	-	-	-	567,450
Other accounts payables	3,859	356	-	-	4,215
	1,076,777	**540,625**	**482,905**	**6,216,540**	**8,316,847**

	12/31/2020				
Non-derivative financial liabilities	**01 to 12 months**	**13 to 24 months**	**25 to 36 months**	**More than 36 months**	**Contractual commitment**
Loans and financing	571,249	223,536	391,261	2,441,988	3,628,034
Suppliers	374,619	-	-	-	374,619
Other accounts payables	4,246	359	-	-	4,605
	950,114	**223,895**	**391,261**	**2,441,988**	**4,007,258**

The interest payments on variable interest rate loans and financing in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

As disclosed in Note 16 - Loans and financing, the Group has secured bank loans that contains loans covenants. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenant is monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreement. The Group is in compliance with the financial convenants as of the reporting date.

27.3.3 Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.,

27.3.4 Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and loans and financing are denominated and the respective functional currencies of Group companies. The functional currency of Group is the Brazilian Real (BRL).

Generally, loans and financing are denominated in currencies that match the cash flows generated by the underlying operations of the Group - primarily US Dollars, but also Brazilian Reais. In addition, interest on loans and financing is denominated in the currency of the borrowing. This provides an economic hedge without derivatives being entered into and therefore hedge accounting (see note 27.4).

For the Bond transaction, denominated in US dollars, the Group uses cash flow swaps with barriers to protect part of the exchange risk.

In relation to other monetary assets and liabilities, denominated in foreign currencies, the Group's policy is to ensure that its net exposure is maintained at an acceptable level, buying or selling foreign currencies at specific rates, when necessary, to resolve short-term imbalances.

The summary quantitative data about the group's exposure to currency risk as reported to the management of the Group with the last business day conversion rate as reported by the Brazilian Central Bank (Bacen), as follows:

		6/30/2021			**12/31/2020**		
	Note	**BRL**	**USD**	**MXM**	**BRL**	**USD**	**MXM**
Exchange rates		1.0000	5.0022	0.2511	1.0000	5.1967	0.2610
Interest earning bank deposits in foreign currency – MXN	7	22,660	-	90,243	21,826	-	83,625
Cash in US Dollars	7	289,294	57,833	-	280,237	53,926	-
Accounts receivable – Foreign	8	206,679	41,318	-	131,570	25,318	-
Loans and financing – USD	16	(2,761,766)	(552,110)	-	(2,338,208)	(449,941)	-
Loans and financing – MXN	16	-	-	-	(3,195)	-	(12,241)
Derivatives – USD Foreign Exchange Swaps(1)		1,000,440	200,000	-	1,039,340	200,000	-
Derivatives – USD Foreign Exchange Swaps(2)		594,000	110,000	-	-	-	-
Derivatives – USD Foreign Exchange Swaps(3)		550,242	110,000	-	-	-	-
Suppliers	17	(166,492)	(33,284)	-	(154,448)	(29,720)	-
Net exposure		**(264,943)**	**(66,243)**	**90,243**	**(1,022,878)**	**(200,417)**	**71,384**

(1) Foreign exchange swaps with a notional value of US$ 200 million with barriers between R$ 4.15 and R$ 5.60;

(2) Foreign exchange swaps with a notional value of US$ 110 million with barriers between R$ 5.40 and R$ 8.00;

(3) Foreign exchange swaps with a notional value of US$ 110 million with barriers between R$ 5.00 and R$ 7.50.

(i) Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD against BRL at June 30, 2021 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit by the amounts shown below. The Group applied those changes in all financial instruments in USD and verified the increase of the net exposure in Reais and the increase in the foreign exchange expenses. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Consolidated			
	6/30/2021			
	Scenarios of USD appreciation		Scenarios of Mexican (Pesos) depreciation	
	BRL	USD	BRL	USD
Conversion rate	1.0000	5.0022	1.0000	0.2511
Net exposure	(264,943)	(66,243)	22,660	90,243
	Possible +25%	**Remote +50%**	**Possible -25%**	**Remote -50%**
	6.2528	7.5033	0.1883	0.1256
Net exposure (scenarios)	(544,764)	(878,064)	16,995	11,330
Effect	(279,821)	(613,121)	(5,665)	(11,330)

	Consolidated			
	12/31/2020			
	Scenarios of USD appreciation		Scenarios of Mexican (Pesos) depreciation	
	BRL	USD	BRL	USD
Conversion rate	1.0000	5.1967	1.0000	0.2610
Net exposure	(1,041,507)	(200,417)	18,631	71,384
	Possível +25%	**Remoto +50%**	**Possível -25%**	**Remoto -50%**
	6.4959	7.7951	0.1958	0.1305
Net exposure (scenarios)	(1,301,889)	(1,562,271)	13,977	9,316
Effect	(260,382)	(520,764)	(4,654)	(9,315)

27.3.5 *Interest rate risk*

The Group adopts a policy of ensuring that part of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by loans and financing at a floating rate.

The interest rate profile of the Group’s interest-bearing financial instruments as reported to the management of the Group is as follows:

	Consolidated	
	6/30/2021	12/31/2020
Fixed rate instruments		
Financial liabilities	(2,723,120)	(2,295,177)
Variable-rate instruments		
Financial assets	348,638	303,789
Financial liabilities	(298,355)	(295,233)

(i) Sensitivity analysis

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

The Group selected two market risks that can most strongly affect the value of the financial instruments held thereby, such as: (1) changes in the Libor rate and (2) changes in the CDI rate.

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

Sensitivity analysis of rate variations:

	Consolidated		**Consolidated**	
	6/30/2021		**12/31/2020**	
	Scenarios of Libor appreciation	**Scenarios of CDI appreciation**	**Scenarios of Libor appreciation**	**Scenarios of CDI appreciation**
	Libor	CDI	Libor	CDI
Libor Rate	0.0400%	2.2764%	0.3400%	2.7500%
Loans and financing (effect in financial position)	(150,858)	(96,010)	(148,945)	(95,824)
Effect in the statement of profit	(60)	(2,186)	(506)	(2,635)

	Possible +25%	**Remote +50%**	**Possible +25%**	**Remote +50%**	**Possible +25%**	**Remote +50%**	**Possible +25%**	**Remote +50%**
	0.0500%	0.0600%	2.8455%	3.4146%	0.4250%	0.5100%	3.4375%	4.1250%
Loans and financing (effect in financial position)	(150,933)	(150,949)	(98,742)	(99,288)	(149,079)	(149,199)	(99,118)	(99,777)
Effect in the statement of profit	(75)	(91)	(2,732)	(3,278)	(640)	(760)	(4,394)	(3,953)

27.4 Assets and liabilities designated as cash flow hedges

The Group has elected to maintain the hedge accounting model of IAS 39.

27.4.1 Loans and financing – foreign exchange

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments.

	6/30/2021		**12/31/2020**	
	Assets - trade working capital	Liabilities - loans and financing	Assets - trade working capital	Liabilities - loans and financing
Carrying amount	**497,002**	**(465,871)**	**207,865**	**(2,318,598)**
1-12 meses	51,736	(51,736)	241,046	(241,046)
13-24 meses	58,672	(58,672)	239,642	(239,642)
25-26 meses	108,077	(108,077)	523,868	(523,868)
Acima de 36 meses	247,386	(247,386)	1,314,042	(1,314,042)
	465,871	**(465,871)**	**2,318,598**	**(2,318,598)**

27.4.2 Cash flow hedge - Bond and Swaps

The Group contracted derivative financial instruments to hedge pre-fixed interest and exchange variation on its issuance of Bonds abroad. Both instruments mature in 2026. The following shows the reconciliation of accrual amounts and mark-to-market ("MtM") of the contracted derivatives recorded in the Group's balance sheet:

	6/30/2021			**12/31/2020**		
	Accrual	**MtM adjustments**	**Fair value**	***Accrual***	**MtM adjustments**	**Fair value**
Swap	(3,956)	(103,068)	(107,024)	3,320	45,308	48,628
Current	**(3,956)**	**(103,068)**	**(107,024)**	**3,320**	**45,308**	**48,628**
Swap	175,047	(175,047)	-	213,463	(213,463)	-
Non-Current	**175,047**	**(175,047)**	**-**	**213,463**	**(213,463)**	**-**
Derivatives	**171,091**	**(278,115)**	**(107,024)**	**216,783**	**(168,155)**	**48,628**

Relationship of the derivative with the Bond is shown below:

Instrument	Currency	Index	Principal/ Nocional (USD)	Principal/ Nocional (BRL)	Variação cambial
Loan	USD		(420,000)	(1,894,000)	(206,924)
Active tip swaps	USD		420,000	2,144,682	170,682
Passive tip swaps	BRL	CDI	(420,000)	(1,974,000)	-
Loan + Current Swaps			**(420,000)**	**(1,894,000)**	**(36,242)**
Swaps settled	USD		200,000	830,000	80,000
Loan + Total Swaps			**(420,000)**	**(1,894,000)**	**43,758**

The cash flow of both instruments have the same due dates.

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 establishes the accounting of the effective portion of the unrealized fair value adjustment of the derivative in other comprehensive income. As of June 30, 2021, the amount recorded in shareholders' equity, net of taxes, was R$ 277,916 (R$ 167,956 on December 31, 2020), net of tax effects.

27.4.3 *Cash flow hedge – Options Brent*

The Group has contracted derivative financial instruments to protect projected purchases of Natural Gas in the Agro segment, which is priced in dollars linked to the dollar price of the Brent oil barrel. The object of the hedge is the highly probable transactions for the purchase of Natural Gas and the hedging instrument is Brent's call options month by month according to the projection of purchases. This strategy means that almost all purchases of Natural Gas are protected from increases in the price of a barrel of Brent. Because protection instruments are options, if the dollar price falls in Brent barrel, the Group benefits from the reduction, if the price rises, the Group is protected.

The premiums of the contracted options are in reais and have a maturity close to the date of exercise of the options, thus they were classified in the item "Premiums of 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. In order to have the equivalent effect of a US dollar transaction, the Group contracted currency term derivatives (Non-deliverable forward or NDF) in the same volume as the premiums to be paid.

The two hedge structures, therefore, aim to protect Natural Gas costs and balance the Group's foreign exchange exposures, however, have a source of accounting asymmetry, since projections of highly probable purchase transactions are only accounted for when they occur effectively and premiums payable are recorded at amortized cost, while derivative hedging instruments are recorded at fair value. Accordingly, and in order to eliminate the accounting asymmetry of the adjustments to fair value of derivative hedging instruments, the Group opted to establish a cash flow hedge structure for the strategy. Accordingly, adjustments to the fair value of derivatives, insofar as the hedge structure is effective, are accounted for in the balance sheet accounts against equity accounts, in other comprehensive income.

Below we demonstrate the protected flows:

Month	**Protected Brent Volume**
July/2021	210,000
August/2021	210,000
September/2021	210,000
October/2021	210,000
November/2021	210,000
December/2021	210,000

27.4.4 Cash flow hedge – other comprehensive income and statement of income effects

(i) Loans and financing – foreign exchange

	6/30/2021		**12/31/2020**	
	OCI	**Income (loss)**	**OCI**	**Income (loss)**
Exchange-rate change of liabilities	26,434	86,643	(224,624)	(70,047)
Deferred taxes	-	-	36,318	-
	26,434	**86,643**	**(188,306)**	**(70,047)**

(ii) Bond and swap

		6/30/2021		**12/31/2020**	
	Note	**OCI**	**Income (loss)**	**OCI**	**Income (loss)**
Exchange-rate change of loans and financing	27.4	-	(38,416)	-	(209,340)
Swap exchange-rate	27.4	-	38,416	-	209,340
Swap interest	25	-	(2,341)	-	5,216
Swap fair value adjustment	27.4 e 25	(109,960)	-	(164,275)	(26,332)
Deferred taxes	27.4	-	-	30,199	1,130
		(109,960)	**(2,341)**	**(134,076)**	**(19,986)**

(iii) Brends options

	OCI	Income (loss)
Exchange variation of NDF (USD)	-	5,492
NDF fair value adjustment	(1,584)	-
Adjustment of fair value options	38,143	-
	36,559	**5,492**

27.5 Capital management

The Group maintains a capital management policy aimed at the balance between its own capital (capital transfers and profit retention) and the capital of third parties that the Group raises to finance its operations. In order to mitigate any liquidity risks and maintain a weighted average cost of capital at adequate levels, the Group permanently monitors the results generated by this choice through its degree of indebtedness based on the calculation of Net Debt / Adjusted Ebtida Ratio (Earnings before taxes adjusted by financial result and depreciation).

28. Government grants and assistance

28.1 State tax incentive - Desenvolve

The Group is granted with tax benefits under the Program for Industrial Development and Economic Integration of the State of Bahia of the state of Bahia - DESENVOLVE, that will remain effective until April 2026. This tax incentive is associated with the styrene production chain. The Group benefits of a grace period of up to 72 (seventy-two) months. In case of advanced payments, the Group is eligible for a discount up to 81% (eighty-one percent) of the ICMS monthly debit balance.

On June 30, 2021, the Group obtained a benefit of R$ 113,352 (R$ 50,332 on June 30, 2020).

28.2 PSDI State Tax Incentive - Sergipano Industrial Development Program

Proquigel is entitled to tax benefit under the Sergipano Industrial Development Program – PSDI until April 2030, associated with the fertilizer production chain (agro segment). The Company benefits from a deferral in imports of raw materials and goods for fixed assets, as well as exemption from the payment of the ICMS rate differential on interstate acquisitions of new capital goods. In addition, the benefit allows the Company to collect the percentage equivalent to 6.2% of the ICMS due in the month. As of June 30, 2021, the Group has not yet started to use 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 2027 and on income (loss) of Unigel Plásticos S.A. until the fiscal year 2020. The Unigel Plásticos S.A. benefit is being renovated with the tax authority. The request is being made to be retroactive to January 1st, 2021.

On June 30, 2021, the subsidiary Companhia Brasileira de Estireno had a benefit of R$ 39,345 (On June 30, 2020, none of the Group's companies used the benefit because they were calculating losses).

28.4 Exports tax incentive – Reintegra

By the law 13.043/14 – Reintegra, the Group receives tax credits when it exports internally manufactured goods, which may be offset against other federal taxes.

On June 30, 2021, the Group benefited in R$ 957 (R$ 2,303 on June 30, 2020) through the Companies Acrinor, Proquigel, CBE and Unigel Plásticos.

28.5 Special Regime for the Chemical Industry - REIQ

The Special Regime for the Chemical Industry 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 from tax exemption on PIS and COFINS for the purchase of certain raw materials imported or supplied by the 1st generation of the Brazilian petrochemical industry.

In the year ended June 30, 2021, the Group recorded a credit of R$ 44,118 (R$ 24,664 on June 30, 2020), which is recorded as a cost reducer in the item “cost of products sold” in the income statement.

29. Commitments and guarantees

The Group has assets pledged as collateral for credit operations with third parties in the estimated amount of R$261,830 as of June 30, 2021 (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 companies. The parent company does not have endorsements as of June 30, 2021 (R$406,522 as of December 31, 2020).

30. Earnings per share

30.1 Basic

The basic earnings per share was calculated based on the Group’s income(loss) for the period and respective average number of common share outstanding in these periods, as per the table below:

	Consolidated			
	Three-month period ended:		Six-month period ended:	
	6/30/2021	**6/30/2020**	**6/30/2021**	**6/30/2020**
Profit (loss) attributable to controlling shareholders	554,954	(98,527)	708,714	(244,198)
Weighted average quantity of common shares issued	414,297,488	414,297,488	414,297,488	414,297,488
Profit (loss) per lot of one thousand shares - R$	**1.3395**	**(0.2378)**	**1.7106**	**(0.5894)**

30.2 Diluted

Diluted earnings per share is calculated by adjusting to weighted average quantity of outstanding common shares, assuming full conversion of all shares that would result in dilution. The Group has no dilutive instruments, and therefore basic and diluted earnings per share are the same.

31. Derivative transactions

The Group maintains derivative financial instruments to hedge its exposures to the risks of changes in foreign currency and interest rates.

	Consolidated		
	6/30/2021		12/31/2020
	Assets	**Liabilities**	**Assets**
Swaps	-	(107,024)	48,628
Options	41,637		
NDFs	-	5,002	-
Embedded derivatives – Options	115,989	-	86,659
	157,626	**(102,022)**	**135,287**

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

31.1 Embedded derivatives

31.1.1 Bond make-whole redemption call options

The Group’s notes have make-whole redemption call options. The Group may redeem the notes in whole or in part from time to time, at the following redemption prices (expressed as a percentage of the principal amount), plus accrued and unpaid interest:

Period	**Redemption price**
2022	104.375%
2023	102.188%
2024	101.094%
2025 and thereafter	100.000%

Those call options represent a right to acquire Group debt at a given price, are separable from the main contract and are considered embedded derivatives.

Since those options are valid for the entire period (i.e. from 2022 to 2023) the Group calculate those derivatives fair values as american options with the redemption price as the strike price.

The fair value of those embedded derivatives was R$ 115,989 (R$ 86,659 on December 31, 2020).

32. Transactions not involving cash

On June 30, 2021, the main transactions that did not involve cash in the Consolidated were:

(i) Variations from property, plant and equipment suppliers in the amount of R$10,355 (R$0 on June 30, 2020);
(ii) Additions of the right of use asset against the lease liability in the amount of R$41,544 (R$4,974 on June 30, 2020).

33. Subsequent events

On July 15, 2021, the Group recovered the deposited cash amount of R$ 86,752, which represented a contractual guarantee referring to a natural gas purchase contract, and in its place, the Group presented a new guarantee through a letter of guarantee.

* * *

Roberto Noronha Santos
Chief Executive Officer

Daniel Zilberknop
Chief Financial Officer

Daniel Scarmeloti da Fonseca
Controllership Director - CRC 1SP 219,079/O-4

Marcio Scatigno
Controller - CRC 1SP 218,247/O-7