



# Earnings Release

## 2Q21

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

**São Paulo, August 05, 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   | R\$ 495         | R\$ 555           |
| Million     | Million         | Million           |
| +272% YoY   | +519% YoY       | +661% YoY         |

### First six months of 2021 Highlights (6M21)

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

## 1. Comments from Management

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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 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 1<sup>st</sup>, 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<br><i>R\$ million</i> | Quarter             |       |         |       |                     | Year-to-date |         |                     |
|---|---------------------|-------|---------|-------|---------------------|--------------|---------|---------------------|
|   | $\Delta$ (%)<br>QoQ | 1Q21  | 2Q21    | 2Q20  | $\Delta$ (%)<br>YoY | 6M21         | 6M20    | $\Delta$ (%)<br>YoY |
| <b>Net revenue</b>                                  | 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%                |
| <b>Gross profit</b>                                 | 36%                 | 360   | 491     | 34    | 1344%               | 851          | 101     | 743%                |
| <i>Gross margin</i>                                 | -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%              |
| <b>Operating income (expenses)</b>                  | 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%              |
| <b>Net income</b>                                   | 260%                | 154   | 555     | (99)  | 661%                | 709          | (244)   | 391%                |
| <i>Net revenue (US\$ million)</i>                   | 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<br>R\$ million | Quarter         |              |              |              |                 | Year-to-date |              |                 |
|--|-----------------|--------------|--------------|--------------|-----------------|--------------|--------------|-----------------|
|  | Δ (%)<br>QoQ    | 1Q21         | 2Q21         | 2Q20         | Δ (%)<br>YoY    | 6M21         | 6M20         | Δ (%)<br>YoY    |
| <b>Net income</b>                          | <b>260%</b>     | <b>154</b>   | <b>555</b>   | <b>(99)</b>  | <b>661%</b>     | <b>709</b>   | <b>(244)</b> | <b>391%</b>     |
| 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%              |
| <b>EBITDA</b>                              | <b>99%</b>      | <b>368</b>   | <b>734</b>   | <b>50</b>    | <b>1368%</b>    | <b>1,102</b> | <b>127</b>   | <b>768%</b>     |
| <i>EBITDA Margin</i>                       | <i>10.7p.p.</i> | <i>27.5%</i> | <i>38.2%</i> | <i>9.6%</i>  | <i>28.6p.p.</i> | <i>33.8%</i> | <i>10.5%</i> | <i>23.3p.p.</i> |
| (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%           |
| <b>Adjusted EBITDA</b>                     | <b>34%</b>      | <b>369</b>   | <b>495</b>   | <b>80</b>    | <b>519%</b>     | <b>864</b>   | <b>165</b>   | <b>424%</b>     |
| <i>Adjusted EBITDA margin</i>              | <i>-1.8p.p.</i> | <i>27.6%</i> | <i>25.7%</i> | <i>15.4%</i> | <i>10.3p.p.</i> | <i>26.5%</i> | <i>13.7%</i> | <i>12.8p.p.</i> |
| <b>Adjusted EBITDA (US\$ million)</b>      | <b>39%</b>      | <b>67</b>    | <b>93</b>    | <b>15</b>    | <b>520%</b>     | <b>160</b>   | <b>34</b>    | <b>371%</b>     |

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<br>R\$ million     | Quarter      |              |             |              |              | Year-to-date |              |              |
|---|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
|   | Δ (%)<br>QoQ | 1Q21         | 2Q21        | 2Q20         | Δ (%)<br>YoY | 6M21         | 6M20         | Δ (%)<br>YoY |
| <b>Financial income</b>                 | <b>700%</b>  | <b>2</b>     | <b>16</b>   | <b>1</b>     | <b>1500%</b> | <b>19</b>    | <b>27</b>    | <b>-30%</b>  |
| 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%        |
| <b>Financial expenses</b>               | <b>25%</b>   | <b>(76)</b>  | <b>(95)</b> | <b>(80)</b>  | <b>19%</b>   | <b>(171)</b> | <b>(188)</b> | <b>-9%</b>   |
| 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%         |
| <b>Foreign exchange variation, net</b>  | <b>290%</b>  | <b>(50)</b>  | <b>95</b>   | <b>(45)</b>  | <b>311%</b>  | <b>46</b>    | <b>(133)</b> | <b>135%</b>  |
| <b>Net Financial Result</b>             | <b>113%</b>  | <b>(123)</b> | <b>16</b>   | <b>(123)</b> | <b>113%</b>  | <b>(107)</b> | <b>(294)</b> | <b>-64%</b>  |

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<br><i>R\$ million</i> | Quarter      |              |            |             |               | Year-to-date |            |              |
|--|--------------|--------------|------------|-------------|---------------|--------------|------------|--------------|
|  | Δ (%)<br>QoQ | 1Q21         | 2Q21       | 2Q20        | Δ (%)<br>YoY  | 6M21         | 6M20       | Δ (%)<br>YoY |
| <b>Adjusted EBITDA</b>                                 | <b>34%</b>   | <b>369</b>   | <b>495</b> | <b>80</b>   | <b>519%</b>   | <b>864</b>   | <b>165</b> | <b>424%</b>  |
| Non-recurring and/or non-cash items                    | 1800%        | 1            | 19         | (32)        | -159%         | 20           | (32)       | -163%        |
| <b>(=) EBITDA "Cash"</b>                               | <b>39%</b>   | <b>370</b>   | <b>514</b> | <b>48</b>   | <b>971%</b>   | <b>884</b>   | <b>134</b> | <b>560%</b>  |
| 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%         |
| <b>Operating cash flow</b>                             | <b>-413%</b> | <b>(159)</b> | <b>498</b> | <b>83</b>   | <b>500%</b>   | <b>338</b>   | <b>161</b> | <b>110%</b>  |
| Interest paid on loans                                 | 908%         | (13)         | (131)      | (103)       | 27%           | (144)        | (111)      | 30%          |
| Income tax paid  | 92%          | (24)         | (46)       | 0           | -100%         | (70)         | -          | -100%        |
| <b>Cash generated by operating activities</b>          | <b>-263%</b> | <b>(196)</b> | <b>320</b> | <b>(20)</b> | <b>-1700%</b> | <b>124</b>   | <b>50</b>  | <b>148%</b>  |

| Cash Flow Statement<br><i>R\$ million</i>                 | Quarter      |           |             |             |              | Year-to-date |             |              |
|---|--------------|-----------|-------------|-------------|--------------|--------------|-------------|--------------|
|   | Δ (%)<br>QoQ | 1Q21      | 2Q21        | 2Q20        | Δ (%)<br>YoY | 6M21         | 6M20        | Δ (%)<br>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%         |
| <b>Increase (decrease) in cash &amp; cash equivalents</b> | <b>-150%</b> | <b>96</b> | <b>(48)</b> | <b>(51)</b> | <b>-6%</b>   | <b>49</b>    | <b>(22)</b> | <b>-100%</b> |

#### 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<br>millions R\$ / US\$ | In Millions of Reais |              |               | In Millions of Dollars |              |               |
|--|----------------------|--------------|---------------|------------------------|--------------|---------------|
|  | 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%           |
| <b>Gross Debt</b>                            | <b>3,021</b>         | <b>2,600</b> | <b>16%</b>    | <b>604</b>             | <b>500</b>   | <b>21%</b>    |
| (-) Cash & Equivalents                       | (673)                | (624)        | 8%            | (135)                  | (120)        | 13%           |
| (-) Swap Accrual                             | (171)                | (217)        | -21%          | (34)                   | (42)         | -19%          |
| <b>Net Debt</b>                              | <b>2,178</b>         | <b>1,760</b> | <b>24%</b>    | <b>435</b>             | <b>339</b>   | <b>28%</b>    |
| <b>( / ) Adjusted EBITDA (LTM)</b>           | <b>1,250</b>         | <b>551</b>   | <b>127%</b>   | <b>232</b>             | <b>106</b>   | <b>119%</b>   |
| <b>(=) Financial Leverage</b>                | <b>1.74x</b>         | <b>3.19x</b> | <b>-1.45x</b> | <b>1.88x</b>           | <b>3.20x</b> | <b>-1.32x</b> |

Unigel's net debt totaled R\$ 2.18 billion on June 30<sup>th</sup>, 2021, an increase of 24% compared to December 31<sup>st</sup>, 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:

- 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%;
- 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;
- 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<br><i>in metric tons (t)</i> | Quarter      |               |               |               |              | Year-to-date   |                |              |
|--|--------------|---------------|---------------|---------------|--------------|----------------|----------------|--------------|
|  | Δ (%)<br>QoQ | 1Q21          | 2Q21          | 2Q20          | Δ (%)<br>YoY | 6M21           | 6M20           | Δ (%)<br>YoY |
| <b>Brazil</b>  | <b>-17%</b>  | <b>84,210</b> | <b>70,149</b> | <b>41,224</b> | <b>70%</b>   | <b>154,359</b> | <b>109,600</b> | <b>41%</b>   |
| 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%          |
| <b>Overseas</b>                                      | <b>71%</b>   | <b>8,338</b>  | <b>14,289</b> | <b>7,410</b>  | <b>93%</b>   | <b>22,627</b>  | <b>16,221</b>  | <b>39%</b>   |
| 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%          |
| <b>Total</b>   | <b>-9%</b>   | <b>92,548</b> | <b>84,438</b> | <b>48,634</b> | <b>74%</b>   | <b>176,986</b> | <b>125,822</b> | <b>41%</b>   |

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

| International Price References<br><i>(US\$/t)</i> | Quarter      |       |       |      |              | Year-to-date |      |              |
|---|--------------|-------|-------|------|--------------|--------------|------|--------------|
|   | Δ (%)<br>QoQ | 1Q21  | 2Q21  | 2Q20 | Δ (%)<br>YoY | 6M21         | 6M20 | Δ (%)<br>YoY |
| <b>Raw Materials</b>                              |              |       |       |      |              |              |      |              |
| Benzene <sup>1</sup>                              | 50%          | 683   | 1,027 | 472  | 118%         | 855          | 609  | 40%          |
| Ethylene <sup>2</sup>                             | 19%          | 1,046 | 1,241 | 825  | 50%          | 1,144        | 948  | 21%          |
| Raw Material Mix <sup>3</sup>                     | 40%          | 774   | 1,080 | 560  | 93%          | 927          | 694  | 34%          |
| <b>Products</b>                                   |              |       |       |      |              |              |      |              |
| Styrene <sup>4</sup>                              | 51%          | 1,030 | 1,560 | 534  | 192%         | 1,295        | 667  | 94%          |
| Polystyrene <sup>5</sup>                          | 8%           | 1,388 | 1,493 | 881  | 69%          | 1,441        | 980  | 47%          |
| <b>Spreads</b>                                    |              |       |       |      |              |              |      |              |
| 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<br>R\$ million        | Quarter      |            |            |            |              | Year-to-date |            |              |
|---|--------------|------------|------------|------------|--------------|--------------|------------|--------------|
|   | Δ (%)<br>QoQ | 1Q21       | 2Q21       | 2Q20       | Δ (%)<br>YoY | 6M21         | 6M20       | Δ (%)<br>YoY |
| <b>Net revenue</b>                      | 23%          | <b>716</b> | <b>882</b> | <b>246</b> | 259%         | <b>1,598</b> | <b>664</b> | 141%         |
| Cost of goods sold                      | 18%          | (501)      | (589)      | (248)      | 138%         | (1,090)      | (625)      | 74%          |
| <b>Gross profit</b>                     | 36%          | <b>215</b> | <b>293</b> | <b>(2)</b> | 14750%       | <b>508</b>   | <b>39</b>  | 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%       |
| <b>Operating income (expenses)</b>      | 121%         | <b>207</b> | <b>458</b> | <b>(7)</b> | 6643%        | <b>665</b>   | <b>26</b>  | 2458%        |
| Depreciation and amortization           | 7%           | 15         | 16         | 17         | -6%          | 31           | 33         | -6%          |
| <b>EBITDA</b>                           | 114%         | <b>222</b> | <b>474</b> | <b>10</b>  | 4640%        | <b>696</b>   | <b>60</b>  | 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             | -            | -          | -          | -          | -            | -            | -          | -            |
| <b>Adjusted EBITDA</b>                  | 33%          | <b>223</b> | <b>296</b> | <b>25</b>  | 1084%        | <b>519</b>   | <b>74</b>  | 601%         |
| Adjusted EBITDA margin                  | 2.4p.p.      | 31.1%      | 33.5%      | 10.2%      | 23.4p.p.     | 32.5%        | 11.1%      | 21.3p.p.     |
| <b>Net revenue (US\$ million)</b>       | 27%          | <b>131</b> | <b>166</b> | <b>46</b>  | 261%         | <b>297</b>   | <b>141</b> | 111%         |
| <b>Adjusted EBITDA (US\$ million)</b>   | 34%          | <b>41</b>  | <b>55</b>  | <b>5</b>   | 1000%        | <b>96</b>    | <b>16</b>  | 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<br>Sales Volume<br>in metric tons (t) | Quarter      |               |               |               |              | Year-to-date  |               |              |
|--|--------------|---------------|---------------|---------------|--------------|---------------|---------------|--------------|
|  | Δ (%)<br>QoQ | 1Q21          | 2Q21          | 2Q20          | Δ (%)<br>YoY | 6M21          | 6M20          | Δ (%)<br>YoY |
| <b>Brasil</b>                                  | 1%           | <b>9,659</b>  | <b>9,780</b>  | <b>6,755</b>  | 45%          | <b>19,438</b> | <b>15,111</b> | 29%          |
| Nitriles <sup>(1)</sup>                        | -3%          | 2,434         | 2,369         | 1,974         | 20%          | 4,803         | 3,959         | 21%          |
| Methacrylates <sup>(2)</sup>                   | 9%           | 3,619         | 3,950         | 1,985         | 99%          | 7,569         | 4,924         | 54%          |
| Sodium cyanide <sup>(3)</sup>                  | -4%          | 3,606         | 3,461         | 2,797         | 24%          | 7,066         | 6,227         | 13%          |
| <b>Overseas</b>                                | 64%          | <b>22,966</b> | <b>37,649</b> | <b>13,876</b> | 171%         | <b>60,615</b> | <b>27,990</b> | 117%         |
| Nitriles <sup>(1)</sup>                        | 98%          | 13,399        | 26,483        | 2,789         | 850%         | 39,882        | 7,643         | 422%         |
| Methacrylates <sup>(2)</sup>                   | 61%          | 3,764         | 6,054         | 4,607         | 31%          | 9,818         | 9,000         | 9%           |
| Sodium cyanide <sup>(3)</sup>                  | -42%         | 1,380         | 800           | 1,580         | -49%         | 2,180         | 2,540         | -14%         |
| Acrylic Sheets <sup>(4)</sup>                  | -3%          | 4,424         | 4,311         | 4,900         | -12%         | 8,735         | 8,807         | -1%          |
| <b>Total</b>                                   | 45%          | <b>32,625</b> | <b>47,428</b> | <b>20,631</b> | 130%         | <b>80,053</b> | <b>43,101</b> | 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<br>(US\$/t) | Quarter      |       |       |       |              | Year-to-date |       |              |
|--|--------------|-------|-------|-------|--------------|--------------|-------|--------------|
|  | Δ (%)<br>QoQ | 1Q21  | 2Q21  | 2Q20  | Δ (%)<br>YoY | 6M21         | 6M20  | Δ (%)<br>YoY |
| <b>Raw Materials</b>                       |              |       |       |       |              |              |       |              |
| Propylene <sup>1</sup>                     | 0%           | 1,451 | 1,448 | 588   | 146%         | 1,450        | 654   | 122%         |
| Acetone <sup>2</sup>                       | 18%          | 947   | 1,114 | 662   | 68%          | 1,031        | 644   | 60%          |
| <b>Products</b>                            |              |       |       |       |              |              |       |              |
| Acrylonitrile <sup>4</sup>                 | 41%          | 1,889 | 2,655 | 1,056 | 151%         | 2,272        | 1,221 | 86%          |
| MMA <sup>5</sup>                           | 24%          | 2,114 | 2,614 | 1,358 | 92%          | 2,364        | 1,444 | 64%          |
| <b>Spreads</b>                             |              |       |       |       |              |              |       |              |
| Acrylonitrile                              | 176%         | 438   | 1,207 | 468   | 158%         | 823          | 567   | 45%          |
| MMA  | 29%          | 1,166 | 1,500 | 696   | 116%         | 1,333        | 800   | 67%          |

<sup>(1)</sup> Fonte: HIS - Propylene | Contract-Benchmark Stream Value | Delivered United States | (n-1)

<sup>(2)</sup> Fonte: HIS - Acetone | Spot | Northeast Asia CFR Asia/China MP | (n-1)

<sup>(4)</sup> Fonte: HIS - Acrylonitrile | Spot Import, Average (High; Low) | CFR Far East | (n)

<sup>(5)</sup> Fonte: IHS - MMA Spot - Average (Northeast Asia; West Europe) | (n)



| Acrylics Results<br>R\$ million         | Quarter      |            |            |            |              | Year-to-date |            |              |
|---|--------------|------------|------------|------------|--------------|--------------|------------|--------------|
|   | Δ (%)<br>QoQ | 1Q21       | 2Q21       | 2Q20       | Δ (%)<br>YoY | 6M21         | 6M20       | Δ (%)<br>YoY |
| <b>Net revenue</b>                      | 49%          | <b>562</b> | <b>839</b> | <b>252</b> | 233%         | <b>1,401</b> | <b>489</b> | 187%         |
| Cost of goods sold                      | 64%          | (425)      | (695)      | (213)      | 226%         | (1,119)      | (424)      | 164%         |
| <b>Gross profit</b>                     | 6%           | <b>137</b> | <b>145</b> | <b>40</b>  | 263%         | <b>282</b>   | <b>65</b>  | 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%         |
| <b>Operating income (expenses)</b>      | 60%          | <b>113</b> | <b>181</b> | <b>18</b>  | 906%         | <b>294</b>   | <b>23</b>  | 1178%        |
| Depreciation and amortization           | 9%           | 22         | 24         | 24         | -            | 46           | 46         | -            |
| <b>EBITDA</b>                           | 52%          | <b>135</b> | <b>205</b> | <b>42</b>  | 388%         | <b>340</b>   | <b>69</b>  | 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          | -            |
| <b>Adjusted EBITDA</b>                  | 7%           | <b>135</b> | <b>145</b> | <b>57</b>  | 154%         | <b>280</b>   | <b>93</b>  | 201%         |
| Adjusted EBITDA margin                  | -6.7p.p.     | 24.0%      | 17.3%      | 22.7%      | -5.4p.p.     | 20.0%        | 19.0%      | 1.0p.p.      |
| <b>Net revenue (US\$ million)</b>       | 53%          | <b>103</b> | <b>158</b> | <b>47</b>  | 236%         | <b>261</b>   | <b>101</b> | 158%         |
| <b>Adjusted EBITDA (US\$ million)</b>   | 8%           | <b>25</b>  | <b>27</b>  | <b>11</b>  | 145%         | <b>52</b>    | <b>19</b>  | 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<br>Sales Volume<br>in metric tons (t) | Quarter      |               |                |               |              | Year-to-date   |               |              |
|--|--------------|---------------|----------------|---------------|--------------|----------------|---------------|--------------|
|  | Δ (%)<br>QoQ | 1Q21          | 2Q21           | 2Q20          | Δ (%)<br>YoY | 6M21           | 6M20          | Δ (%)<br>YoY |
| <b>Brasil</b>                              | 201%         | <b>39,353</b> | <b>118,538</b> | <b>18,418</b> | 544%         | <b>157,891</b> | <b>56,188</b> | 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%           |
| <b>Total</b>                               | <b>201%</b>  | <b>39,353</b> | <b>118,538</b> | <b>18,418</b> | <b>544%</b>  | <b>157,891</b> | <b>56,188</b> | <b>181%</b>  |

Note: Disregards sales between the group's companies

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

### Net revenue

Until June 30<sup>th</sup>, 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 (%)<br>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%           |
| <b>Total Current Assets</b>                | <b>2,208</b> | <b>1,459</b> | <b>51%</b>   |
| 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%          |
| <b>Total Non-Current Assets</b>            | <b>3,054</b> | <b>2,457</b> | <b>24%</b>   |
| <b>TOTAL ASSETS</b>                        | <b>5,263</b> | <b>3,917</b> | <b>34%</b>   |
| Liabilities                                |              |              |              |
| R\$ millions                               | jun-21       | dec-20       | Δ (%)<br>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%          |
| <b>Total Current Liabilities</b>           | <b>1,395</b> | <b>1,093</b> | <b>28%</b>   |
| 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%           |
| <b>Total Non-Current Liabilities</b>       | <b>3,187</b> | <b>2,766</b> | <b>15%</b>   |
| Capital                                    | 276          | 276          | 0%           |
| Other comprehensive income                 | -312         | -231         | 35%          |
| Profit reserves                            | 3            | 12           | -75%         |
| Retained earnings (losses)                 | 713          | 0            | 100%         |
| <b>Shareholders' equity</b>                | <b>681</b>   | <b>57</b>    | <b>1095%</b> |
| <b>TOTAL LIABILITIES</b>                   | <b>5,263</b> | <b>3,917</b> | <b>34%</b>   |

## EXHIBIT II

### CONSOLIDATED STATEMENT OF INCOME

| Consolidated Income Statement<br><i>R\$ million</i> | Quarter             |              |              |             |                     | Year-to-date |              |                     |
|---|---------------------|--------------|--------------|-------------|---------------------|--------------|--------------|---------------------|
|   | $\Delta$ (%)<br>QoQ | 1Q21         | 2Q21         | 2Q20        | $\Delta$ (%)<br>YoY | 6M21         | 6M20         | $\Delta$ (%)<br>YoY |
| <b>Net revenue</b>                                  | 44%                 | <b>1,337</b> | <b>1,923</b> | <b>517</b>  | 272%                | <b>3,260</b> | <b>1,208</b> | 170%                |
| Cost of goods sold                                  | 47%                 | (977)        | (1,432)      | (483)       | 196%                | (2,409)      | (1,107)      | 118%                |
| <b>Gross profit</b>                                 | 36%                 | <b>360</b>   | <b>491</b>   | <b>34</b>   | 1344%               | <b>851</b>   | <b>101</b>   | 743%                |
| <i>Gross margin</i>                                 | -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%              |
| <b>Operating income (expenses)</b>                  | 113%                | <b>321</b>   | <b>684</b>   | <b>2</b>    | 34100%              | <b>1,006</b> | <b>34</b>    | 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%              |
| <b>Net income</b>                                   | 260%                | <b>154</b>   | <b>555</b>   | <b>(99)</b> | 661%                | <b>709</b>   | <b>(244)</b> | 391%                |
| <i>Net revenue (US\$ million)</i>                   | 48%                 | <i>245</i>   | <i>362</i>   | <i>96</i>   | 277%                | <i>607</i>   | <i>254</i>   | 139%                |

EXHIBIT III  
CONSOLIDATED CASH FLOW

| Cash Flow Statement<br><i>R\$ millions</i>                | Quarter      |              |              |             |              | Year-to-date |              |              |
|---|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|
|   | Δ (%)<br>QoQ | 1Q21         | 2Q21         | 2Q20        | Δ (%)<br>YoY | 6M21         | 6M20         | Δ (%)<br>YoY |
| <b>Net income (loss) for the year</b>                     | <b>260%</b>  | <b>154</b>   | <b>555</b>   | <b>(99)</b> | <b>661%</b>  | <b>709</b>   | <b>(244)</b> | <b>391%</b>  |
| <b>Adjustments due to:</b>                                | <b>-151%</b> | <b>156</b>   | <b>(80)</b>  | <b>113</b>  | <b>-171%</b> | <b>77</b>    | <b>289</b>   | <b>-73%</b>  |
| 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%        |
| <b>Adjusted net income (loss) for the year</b>            | <b>53%</b>   | <b>310</b>   | <b>475</b>   | <b>14</b>   | <b>3292%</b> | <b>785</b>   | <b>45</b>    | <b>1644%</b> |
| <b>Changes in assets and liabilities:</b>                 | <b>-105%</b> | <b>(469)</b> | <b>22</b>    | <b>69</b>   | <b>-68%</b>  | <b>(447)</b> | <b>116</b>   | <b>-485%</b> |
| 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%         |
| <b>Operating cash flow</b>                                | <b>413%</b>  | <b>(159)</b> | <b>498</b>   | <b>83</b>   | <b>500%</b>  | <b>338</b>   | <b>161</b>   | <b>110%</b>  |
| Interest paid on loans                                    | 908%         | (13)         | (131)        | (103)       | 27%          | (144)        | (111)        | 30%          |
| Income tax paid   | 92%          | (24)         | (46)         | 0           | -100%        | (70)         | -            | -100%        |
| <b>Cash generated by operating activities</b>             | <b>263%</b>  | <b>(196)</b> | <b>320</b>   | <b>(20)</b> | <b>1700%</b> | <b>124</b>   | <b>50</b>    | <b>148%</b>  |
| <b>Cash flow from investment activities</b>               | <b>12%</b>   | <b>(244)</b> | <b>(274)</b> | <b>(34)</b> | <b>706%</b>  | <b>(519)</b> | <b>(76)</b>  | <b>583%</b>  |
| 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%           |
| <b>Cash generation after investment activities</b>        | <b>110%</b>  | <b>(440)</b> | <b>46</b>    | <b>(54)</b> | <b>185%</b>  | <b>(394)</b> | <b>(26)</b>  | <b>1415%</b> |
| <b>Cash flow from financing activities</b>                | <b>-115%</b> | <b>519</b>   | <b>(80)</b>  | <b>(2)</b>  | <b>3900%</b> | <b>439</b>   | <b>(42)</b>  | <b>1145%</b> |
| 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%         |
| <b>Increase (decrease) in cash &amp; cash equivalents</b> | <b>-143%</b> | <b>79</b>    | <b>(34)</b>  | <b>(56)</b> | <b>-39%</b>  | <b>45</b>    | <b>(68)</b>  | <b>166%</b>  |
| 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%          |