(Convenience Translation into English from the
Original Previously Issued in Portuguese)

Cia de Ferro Ligas da Bahia S.A. - FERBASA

Individual and Consolidated
Financial Statements for the
Year Ended December 31, 2021 and
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

Deloitte Touche Tohmatsu
Av. Tancredo Neves, 620 -
30º andar - Edifício Mundo Plaza
41820-020 - Salvador - BA
Brasil

Tel.: + 55 (71) 2103-9400
Fax: + 55 (71) 2103-9440
www.deloitte.com.br

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, Board Members and Executive Board
Cia de Ferro Ligas da Bahia S.A. - FERBASA

Opinion

We have audited the accompanying individual and consolidated financial statements of Cia de Ferro Ligas da Bahia S.A. - FERBASA ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2021, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Cia de Ferro Ligas da Bahia S.A. - FERBASA as at December 31, 2021, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements set out in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Revenue recognition

As described notes 7.16 and 33 to the individual and consolidated financial statements, the Company's and its subsidiaries' revenues derive from the sale of ferroalloys, ferrochrome, ferrosilicon and energy. In the year ended December 31, 2021, the Company and its subsidiaries recognized consolidated net revenue of R$2,389 million.

The accounting for revenue involves processes implemented by the Company's Executive Board that support its recognition and that must address the following risks, among others: (a) revenue must be accounted for after the minimum criteria necessary for its recognition in the Company's normal course of business are met; and (b) the sales revenue amount must be determined based on the terms and conditions set forth in a contract. Due to these aspects, we considered revenue recognition as a key audit matter.

Accordingly, our audit procedures included, without limitation: (i) obtaining an understanding of the flow of revenue recognition considering the nature of the Company's main revenue line items, contractual aspects, among others; (ii) assessing the design, implementation and effectiveness of the significant internal controls determined by the Executive Board on revenue recognition; (iii) obtaining an understanding of the main systems used in the revenue recognition and review process; (iv) testing, on a sampling basis, the occurrence, integrity and accuracy of the revenue recognized by the Company, as well as whether they were accounted for in the proper accrual period; and (v) assessing the disclosures made by the Executive Board in the individual and consolidated financial statements.

Based on the audit procedures described above and the audit evidence obtained, we conclude that the revenue recognition criteria adopted by the Executive Board, as well as the related disclosures on the Company's revenue recognition, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Measurement of the fair value of biological assets

As described in notes 5.1, 7.5 and 20 to the individual and consolidated financial statements, the Company measures the fair value of its eucalyptus forests using the discounted cash flow model, which takes into consideration several assumptions and judgments by the Executive Board. In addition, a portion of the assumptions considers unobservable market data. Changes in the assumptions or valuation techniques used may result in significantly different fair value estimates, impacting profit or loss for the year. Consequently, the measurement of the fair value of biological assets is considered as one of the KAM.

Accordingly, our audit procedures included, without limitation: (i) obtaining and understanding of the flow of measurement and recording of biological assets and the significant assumptions used by the Executive Board; (ii) understanding the internal controls related to the measurement and recording of biological assets; (iii) involving our financial valuation specialists to assist us in assessing the adequacy of the model used by the Executive Board to measure the fair value of biological assets (discounted cash flow), as well the reasonableness of the discount rate used by the Company; (iv) assessing the key business assumptions used in the discounted cash flow model, more specifically related to the Annual Average Increase (IMA); and (v) assessing the disclosures made by the Executive Board in the individual and consolidated financial statements.

Based on the result of the audit procedures performed and the audit evidence obtained, on the measurement of the fair value of biological assets, we understand that the criteria and assumptions adopted by the Executive Board, as well as the respective disclosures in the notes to the individual and consolidated financial statements, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Deloitte.

Other matter

Statements of value added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2021, prepared under the responsibility of the Company's Executive Board and disclosed as supplemental information for purposes of the IFRS, were subject to audit procedures performed together with the audit of the Company's individual and consolidated financial statements. In forming our opinion, we evaluated whether these individual and consolidated statements of value added are reconciled with the individual and consolidated financial statements and the accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the independent auditor's report

The Executive Board is responsible for the other information. The other information comprises the Management Report.

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

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

Executive Board' responsibilities and those charged with governance for the individual and consolidated financial statements

The Executive Board is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the IFRSs, issued by the IASB, and for such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Deloitte.

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

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

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

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

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

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

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

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

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

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

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

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

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Salvador, February 22, 2022

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.

Jônatas José Medeiros de Barcelos
Engagement Partner

REV_Relatório do Auditor - Ingles - 2021 -v1.docx

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CIA DE FERRO LIGAS DA BAHIA S.A. - FERBASA AND SUBSIDIARIES

BALANCE SHEETS AS AT DECEMBER 31, 2021
(Amounts expressed in thousand of Brazilian reais - R$)

		Parent		Consolidated	
ASSETS	Note	12/31/2021	12/31/2020	12/31/2021	12/31/2020
CIRCULANTE					
Cash and cash equivalents	10	129,806	67,756	216,512	90,497
Short-term investments	11	385,730	191,837	385,730	191,837
Trade receivables	12	278,283	145,758	288,003	154,729
Inventories	13	421,404	285,987	421,404	285,987
Recoverable taxes	14	65,924	27,793	69,150	30,073
Prepaid expenses		7,779	452	7,779	452
Advances to suppliers	15	2,000	11,856	2,000	11,856
Other assets		7,838	6,358	11,276	9,312
Total current assets		1,298,764	737,797	1,401,854	774,743
NON-CURRENT ASSETS					
Advances to suppliers	15	2,167	4,993	2,167	4,993
Short-term investments	11	162,427	30,079	211,409	129,076
Inventories	13	6,834	4,542	6,834	4,542
Recoverable taxes	14	3,840	165,051	3,840	165,051
Deferred taxes	16	17,806	16,192	16,982	14,637
Escrow deposits	17	45,677	43,056	45,773	43,152
Other receivables		625	701	632	708
		239,376	264,614	287,637	362,159
Investments	18	552,588	567,873	124	124
Property, plant and equipment and intangibles	19	699,494	679,755	1,455,943	1,444,936
Right-of-use assets	19	15,481	30,531	27,341	42,003
Biological assets	20	223,683	193,222	223,683	193,222
		1,491,246	1,471,381	1,707,091	1,680,285
Total non-current assets		1,730,622	1,735,995	1,994,728	2,042,444
TOTAL OF ASSETS		3,029,386	2,473,792	3,396,582	2,817,187

		Parent		Consolidated	
LIABILITIES AND EQUITY	Note	12/31/2021	12/31/2020	12/31/2021	12/31/2020
CURRENT LIABILITIES					
Trade payables	21	106,570	70,944	110,710	73,890
Borrowings and financing	22	49,778	104,609	75,234	132,729
Derivative and non-derivative financial instruments	26	9,669	73,080	9,669	73,080
Labor and actuarial liabilities	24	113,217	47,393	113,847	47,805
Income taxes and social contributions	25	68,945	14,738	69,829	15,483
CCEE reimbursement account	29	-	-	24,896	19,335
Proposed dividends and interest on capital		48,268	32,826	48,275	32,884
Lease payable	23	11,828	20,393	12,616	21,188
Other liabilities		8,748	7,801	9,661	7,845
Total current liabilities		417,023	371,784	474,737	424,239
NON-CURRENT LIABILITIES					
Borrowings and financing	22	98,088	141,211	330,085	395,930
Derivative and non-derivative financial instruments	26	-	14,687	-	14,687
Obligations with acquisition of subsidiary		4,978	4,978	4,978	4,978
Labor and actuarial liabilities	24	65,051	94,928	65,051	94,928
Taxes and social contributions	25	-	-	87	87
CCEE reimbursement account	29	-	-	24,619	12,247
Provision for contingencies	28	56,492	55,464	56,492	55,464
Provision for environmental liabilities	27	15,953	15,354	57,415	22,848
Lease payable	23	2,582	9,811	12,839	19,954
Total non-current liabilities		243,144	336,433	551,566	621,123
EQUITY	31				
Capital		1,225,444	1,225,444	1,225,444	1,225,444
Retained earnings		1,129,261	602,490	1,129,261	602,490
Equity assessment adjustment		40,268	(36,605)	40,268	(36,605)
Treasury shares		(25,754)	(25,754)	(25,754)	(25,754)
Retained earnings		-	-	-	-
Equity attributable to owners of the Company		2,369,219	1,765,575	2,369,219	1,765,575
Non-controlling interests		-	-	1,060	6,250
Total equity		2,369,219	1,765,575	2,370,279	1,771,825
TOTAL OF LIABILITIES AND EQUITY		3,029,386	2,473,792	3,396,582	2,817,187

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

CIA DE FERRO LIGAS DA BAHIA S.A. - FERBASA AND SUBSIDIARIES

STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts expressed in thousands of Brazilian reais - R$, except earnings per share)

		Parent		Consolidated	
	Note	12/31/2021	12/31/2020	12/31/2021	12/31/2020
NET SALES REVENUE	33	2,296,413	1,539,441	2,389,477	1,622,019
Cost of sales	34	(1,313,664)	(1,159,463)	(1,383,827)	(1,224,333)
Changes in fair value of biological assets	20	27,802	46,211	27,802	46,211
GROSS PROFIT		1,010,551	426,189	1,033,452	443,897
OPERATING EXPENSES	34				
Selling expenses		(18,662)	(20,139)	(18,662)	(20,139)
General and administrative expenses		(167,936)	(101,830)	(176,119)	(109,082)
Other operating income (expenses)		(33,873)	(30,789)	(37,829)	(35,779)
		(220,471)	(152,758)	(232,610)	(165,000)
Share of profit (loss) of investees	18	(9,773)	(16,529)	-	-
SHARE OF PROFIT OF INVESTEES		780,307	256,902	800,842	278,897
FINANCE INCOME (COSTS)	35				
Finance income		59,377	52,065	65,321	54,735
Finance costs		(42,520)	(52,840)	(69,294)	(77,020)
Derivative and non-derivative financial instruments		(95,208)	(184,747)	(95,208)	(184,747)
		(78,351)	(185,522)	(99,181)	(207,032)
PRETAX INCOME		701,956	71,380	701,661	71,865
INCOME TAX AND SOCIAL CONTRIBUTION	25				
Exemption and reduction		124,152	6,263	124,458	6,263
Current		(224,444)	(11,083)	(225,157)	(11,326)
Deferred		41,214	3,212	41,945	3,212
		(59,078)	(1,608)	(58,754)	(1,851)
PROFIT FOR THE YEAR		642,878	69,772	642,907	70,014
Profit attributable to owners of the Company		642,878	69,772	642,878	69,772
Profit attributable to non-controlling interests		-	-	29	242
BASIC AND DILUTED EARNINGS PER COMMON SHARE - R$	32			7.09059	0.76955
BASIC AND DILUTED EARNINGS PER PREFERRED SHARE - R$	32			7.79965	0.8465

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CIA DE FERRO LIGAS DA BAHIA S.A. - FERBASA AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts expressed in thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2021	12/31/2020	12/31/2021	12/31/2020
PROFIT FOR THE YEAR		642,878	69,772	642,907	70,014
Other comprehensive income:					
Derivative and non-derivative financial instruments	26	78,879	(91,883)	78,879	(91,883)
Effect of income tax and social contribution on derivative and non-derivative financial instruments		(26,819)	31,240	(26,819)	31,240
Actuarial obligations		37,594	735	37,594	735
Effect of income tax and social contribution on actuarial obligations		(12,781)	(250)	(12,781)	(250)
Other comprehensive income for the year, net of taxes		76,873	(60,158)	76,873	(60,158)
TOTAL COMPREHENSIVE INCOME		719,751	9,614	719,780	9,856
Profit attributable to owners of the Company				719,751	9,614
Profit attributable to non-controlling interests				29	242

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CIA DE FERRO LIGAS DA BAHIA S.A. - FERBASA AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(amounts expressed in thousands of brazilian reais - R$)

			Attributable to owners of the Company										
			Earnings reserves				Equity				Attributable	Total
	Note	Capital	Legal	Tax incentive	Investments	Profits to be realized	assessment adjustment	Treasury shares	Retained earnings	Total equity	to noncontrolling interests	consolidated equity
BALANCE AS AT DECEMBER 31, 2019	31	1,225,444	116,436	152,428	290,405	49,595	23,553	(25,754)	-	1,832,107	6,066	1,838,173
Expired dividends		-	-	-	-	-	-	-	2,049	2,049		2,049
Capitalization of reserves		-	-	-	2,049	-	-	-	(2,049)	-		-
Interest on capital		-	-	-	(17,166)	-	-	-	-	(17,166)		(17,166)
Reversal of reserves		-	-	-	(1,679)	-	-	-	-	(1,679)	-	(1,679)
Comprehensive income		-	-	-	-	-	(60,158)	-	-	(60,158)		(60,158)
Profit for the year		-	-	-	-	-	-	-	69,772	69,772	242	70,014
Allocation of profit:												
Recognition of reserves		-	3,489	6,933	-	-	-	-	(10,422)	-	-	-
Interest on capital		-	-	-	-	-	-	-	(59,350)	(59,350)	(58)	(59,408)
BALANCE AS AT DECEMBER 31, 2020	31	1,225,444	119,925	159,361	273,609	49,595	(36,605)	(25,754)	-	1,765,575	6,250	1,771,825
Reclassification of tax incentive		-	-	(652)	652	-	-	-	-	-	-	-
Capitalization of reserves		-	-	-	1,338	-	-	-	(1,338)	-	-	-
Comprehensive income		-	-	-	-	-	76,873	-	-	76,873	-	76,873
Capital decrease		-	-	-	-	-	-	-	-	-	(2,712)	(2,712)
Expired dividends		-	-	-	-	-	-	-	1,338	1,338	-	1,338
Supplementary dividends / interest on capital		-	-	-	-	-	-	-	-	-	(2,500)	(2,500)
Profit for the year		-	-	-	-	-	-	-	642,878	642,878	29	642,907
Allocation of profit:												
Recognition of reserves		-	32,144	156,856	336,433	-	-	-	(525,433)	-	-	-
Proposed dividends		-	-	-	-	-	-	-	(42,793)	(42,793)	(7)	(42,800)
Interest on capital		-	-	-	-	-	-	-	(74,652)	(74,652)	-	(74,652)
BALANCE AS AT DECEMBER 31, 2021	31	1,225,444	152,069	315,565	612,032	49,595	40,268	(25,754)	-	2,369,219	1,060	2,370,279

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CIA DE FERRO LIGAS DA BAHIA S.A. - FERBASA AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts expressed in thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2021	12/31/2020	12/31/2021	12/31/2020
CASH FLOW FROM OPERATING ACTIVITIES					
Profit for the year		642,878	69,772	642,907	70,014
Adjustments to reconcile profit to cash provided by operating activities:					
Interest, inflation adjustments and exchange rate changes, net		(15,735)	9,256	3,870	29,698
Depreciation, amortization and depletion (mines)	19	74,015	80,792	115,632	121,999
Depletion of biological assets	20	41,504	55,794	41,504	55,794
Changes in fair value of biological assets	20	(27,802)	(46,211)	(27,802)	(46,211)
Share of profit (loss) of investees	18	9,773	16,529	-	-
Deferred taxes	16	(41,214)	(3,212)	(41,945)	(3,212)
Adjustment (ICMS deduction from the PIS/COFINS tax basis)		(4,093)	(8,282)	(4,093)	(8,282)
Accrued profit sharing		-		-	
Adjustment to lease payable	23	5,106	1,632	5,278	1,727
Adjustment to postemployment benefit plans	24	7,717	8,940	7,717	8,940
Recognition (reversal) of provision for contingencies	28	206	(5,585)	206	(5,585)
Other		475	(841)	5,455	6,213
Decrease (increase) in assets:					
Trade receivables		(127,512)	(58,419)	(128,261)	(58,582)
Inventories		(132,498)	46,237	(132,498)	46,237
Recoverable taxes		127,653	44,357	127,339	43,995
Advances to suppliers		13,025	14,337	13,025	14,337
Escrow deposits		(2,359)	(2,253)	(2,359)	(2,253)
Other assets		(7,155)	5,898	(7,610)	4,991
Increase (decrease) in liabilities:					
Trade payables		36,205	2,498	37,399	3,798
Tax and social contribution		7,616	4,826	7,633	4,818
Income tax and contribution		100,293	9,499	100,700	9,742
Labor and actuarial liabilities		65,824	(14,849)	66,042	(14,815)
CCEE reimbursement account		-	-	12,515	19,516
Other liabilities		1,372	(2,464)	2,239	(2,999)
Income tax and social contribution paid		(53,702)	(9,499)	(54,572)	(9,872)
Interest paid		(10,748)	(10,041)	(30,590)	(32,334)
Net cash provided by operating activities		710,844	208,711	759,731	257,674
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	19	(78,444)	(33,728)	(81,321)	(37,786)
Plantation and maintenance costs of biological assets	20	(45,802)	(15,184)	(45,802)	(15,184)
Proceeds from the sale of property, plant and equipment		439	487	439	487
Dividends received		2,690	89	-	-
Short-term investments and redemptions		(305,704)	(115,010)	(250,098)	(145,016)
Capital decrease	18	2,852	-	-	-
Net cash used in investing activities		(423,969)	(163,346)	(376,782)	(197,499)
CASH FLOW FROM FINANCING ACTIVITIES					
Borrowings and financing	22	2,785	188,626	2,785	188,626
Amortization of borrowings and financing	22	(100,476)	(130,438)	(126,299)	(156,259)
Amortization of leases	23	(25,131)	(25,979)	(26,149)	(26,768)
Capital decrease (noncontrolling interest)		-	-	(2,712)	-
Dividends and interest on capital paid		(102,003)	(48,913)	(104,559)	(48,998)
Net cash used in financing activities		(224,825)	(16,704)	(256,934)	(43,399)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		62,050	28,661	126,015	16,776
Cash and Equivalents at the beginning of the year	10	67,756	39,095	90,497	73,721
Cash and Equivalents at the end of the year	10	129,806	67,756	216,512	90,497
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		62,050	28,661	126,015	16,776

The accompanying notes are an integral part of these financial statements

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CIA DE FERRO LIGAS DA BAHIA S.A. - FERBASA AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts expressed in thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2021	12/31/2020	12/31/2021	12/31/2020
SALES REVENUE		2,626,860	1,717,073	2,724,110	1,803,659
Other income		9,392	19,311	9,392	21,766
		2,636,252	1,736,384	2,733,502	1,825,425
INPUTS PURCHASED FROM THIRD PARTIES					
Costs of sales and raw materials		(722,627)	(602,452)	(650,706)	(535,979)
Materials, energy, third-party services and others		(468,798)	(376,270)	(570,203)	(469,752)
GROSS VALUE ADDED		1,444,827	757,662	1,512,593	819,694
Depreciation, amortization and depletion	19 and 34	(115,519)	(136,586)	(157,136)	(177,793)
Realization of added value	18 and 34	-	-	(4,418)	(4,418)
WEALTH CREATED BY THE COMPANY		1,329,308	621,076	1,351,039	637,483
WEALTH RECEIVED IN TRANSFER					
Finance income	35	74,397	64,020	80,341	66,690
Share of profit (loss) of investees	18	(9,773)	(16,529)	-	-
TOTAL WEALTH FOR DISTRIBUTION		1,393,932	668,567	1,431,380	704,173
WEALTH DISTRIBUTED					
Employees:					
Salaries and wages		295,571	216,730	301,131	222,503
Benefits		40,704	40,349	40,764	40,400
Severance Pay Fund (FGTS)		16,781	14,734	16,907	14,837
		353,056	271,813	358,802	277,740
Taxes, fees and contributions:					
Federal		164,847	59,724	169,367	64,822
State		79,080	21,882	79,080	21,882
Municipal		762	499	919	502
		244,689	82,105	249,366	87,206
Lenders and lessors		153,309	244,877	180,305	269,213
Own capital:					
Dividends and interest on capital		117,445	59,350	117,452	59,408
Retained earnings		525,433	10,422	525,426	10,364
Attributable to noncontrolling interests		-	-	29	242
		642,878	69,772	642,907	70,014
WEALTH DISTRIBUTED		1,393,932	668,567	1,431,380	704,173

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

1. GENERAL INFOMATION

Cia de Ferro Ligas da Bahia S.A. (“Ferbasa” or “Company”) is a publicly-held corporation, headquartered in Pojuca, State of Bahia (BA), registered with the Brazilian Securities and Exchange Commission ("CVM") and listed on the São Paulo Stock Exchange (B3). The Company started to operate on February 23, 1961 and is engaged in a sustainable way in the exploration of chrome ore, lime and quartz deposits, in the manufacturing and sale of ferroalloys, in the renewable forest resources projects and in the wind power generation, all in the Bahia State. Its parent company is Fundação José Carvalho, a non-profit entity with an indefinite term, whose primary objective is to provide quality education to children and underprivileged youth.

The individual and consolidated financial statements were approved by the Company’s Board of Directors on February 22, 2022.

2. COVID-19 (CORONAVÍRUS)

The sense of urgency of the first year of the pandemic was replaced by a scenario of never-ending attention in 2021. At Ferbasa, the preventive measures were maintained, supported by the Company’s medical staff, in addition to the hiring of a specialized infectious disease consultant. The corporate office remained closed, with all employees in teleworking regime, while the production units continued to operate. The health and sanitation protocols were adapted to the new reality, mainly considering the progress of the vaccination campaign. At the end of the period, 98% of the employees were vaccinated with the 1st dose and 91% with the 2nd dose and the there was one regrettable death during the year, totaling 2 losses due to the Covid-19 since the beginning of the pandemic.

The Company's Management has analyzed the impacts from the COVID-19 pandemic and has not identified any changes in circumstances that indicate impairment of its assets, operational discontinuity, or that require adjustments to its final financial information for the year ended December 31, 2021.

3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

3.1. Statement of compliance

The individual and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and also in accordance with the accounting practices adopted in Brazil (“BR GAAP”).

The accounting practices adopted in Brazil comprise the policies set out in Brazilian Corporate Law and the technical pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (“CPC”) and approved by the Federal Accounting Council (“CFC”) and the Brazilian Securities and Exchange Commission (“CVM”).

As there is no difference between the consolidated equity and the consolidated profit or loss attributable to the Company's shareholders, disclosed in the consolidated financial statements prepared in accordance with IFRSs and the accounting practices adopted in Brazil, and the Parent's equity and profit or loss disclosed in the individual financial statements prepared in accordance with IFRSs and the accounting practices adopted in Brazil, the Company opted for presenting these individual and consolidated financial statements in a single set, using a side-by-side format.

Management asserts that all relevant information for the financial statements, and only this information, is disclosed and that it corresponds to the information used in managing the Company.

3.2. Basis of preparation

The individual and consolidated financial statements have been prepared based on the historical cost and adjusted to reflect the deemed cost of certain property, plant and equipment items at the date of transition to CPC/IFRS, except for certain financial assets and financial liabilities (including foreign exchange hedging instruments) and biological assets measured at their fair values.

The presentation of the individual and consolidated Statement of Value Added (DVA) is required by the Brazilian Corporate Law and the accounting practices adopted in Brazil applicable to publicly-held companies. The IFRSs do not require the presentation of such statement. Consequently, the presentation of the Statement of Value Added is considered by the IFRSs as supplemental information, without prejudice to the set of financial statements.

The preparation of financial statements requires the use of certain critical accounting estimates and the exercise of judgment by the Company's Management in the process of application of the Company's and its subsidiaries' accounting policies. The areas involving a higher degree of judgment and complexity, as well as those where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

The significant accounting policies adopted in preparing these financial statements are described below. These policies have been applied consistently for the reporting years presented.

4. FUNCTIONAL CURRENCY AND TRANSLATION OF FOREIGN CURRENCY

The Company's and its subsidiaries' functional currency is the Brazilian real (R$), which represents the currency of the main economic environment where the Company and its subsidiaries operate and the currency used in preparing and presenting the financial statements.

Foreign currency-denominated transactions are translated into the functional currency at the exchange rates prevailing on the transaction dates or measurement dates, when items are remeasured. Exchange gains and losses resulting from the settlement of these transactions and the translation at the exchange rates effective at the balance sheet date, for foreign currency-denominated monetary assets and liabilities, are recorded in the period that occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

Accounting estimates and judgments are continuously assessed and are based on past experience and other factors, including expected future events, that are deemed reasonable in the circumstances. The effects arising from the revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in subsequent periods if the revision affects both current and future periods.

By definition, the resulting accounting estimates may differ from the respective actual results. The estimates and assumptions that present a significant risk and probably would cause a material adjustment to the carrying amount of assets and liabilities for the next year are as follows:

5.1. Biological assets

The calculation of the fair value of biological assets takes into consideration various assumptions with some level of judgment, such as the estimated sales price, the cubic volume of timber, the annual average increase per tree nursery and the business risk rate. Any changes in these assumptions may entail changing the result of the discounted cash flow and, consequently, the appreciation of these assets.

5.2. Useful lives of property, plant and equipment

As described in note 7.6, the Company reviews the useful lives of property, plant and equipment items and the estimated minable deposits on an annual basis, at the end of each reporting period .

5.3. Fair value of financial instruments

The fair value of financial instruments that are not traded in active markets (e.g., over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximize the use of information obtained from fund managers or financial institutions with which the Company maintains the financial instruments. The fair values recognized in the financial statements may not represent the amount of cash that the Company would receive or pay upon settlement of transactions.

5.4. Allowance for obsolete inventories

The Company recognizes allowances for obsolete and slow-moving inventories, related to items with no turnover for more than five years. This allowance is determined based on the best information available at the balance sheet date, involving past experience, as well as area specialists, when applicable.

5.5. Provision for actuarial obligations

The current amount of postemployment defined benefit plans, relating to the health care and pension plan, and retirement premium, depends on a series of factors that are determined based on actuarial calculations that use a series of assumptions. The assumptions used to determine the net cost (revenue) for such postemployment benefit plans include the discount rate. Any changes in these assumptions will affect the carrying amount of the postemployment benefit plan obligations (note 24).

The Company determines the proper discount rate at the end of each year. This is the interest rate that should be used to determine the present value of future estimated cash outflows that should be required to settle the postemployment benefit plans. In determining the proper discount rate, the Company considers the interest rates applicable to government bonds. The Company adopts the discount rate of the government bonds that are compatible with the average estimated term for payment of the postemployment benefit plans (duration). For those cases where there are no government bonds with the same duration attributed to the plan, the Company adopted the linear interpolation.

5.6. Provision for contingencies

The Company manages its lawsuits internally and is supported by specialized law firms on a timely basis, generally in relation to tax lawsuits. The Company analyzes, based on the history of the claim, the expected cash disbursement and the likelihood of loss for each lawsuit. Accordingly, the Legal Department prepares an analysis based on the lawsuit amount, risk and necessary provision to be recorded in the financial statements, which amount is normally different from the lawsuit amount.

The Company is a party to labor, civil and tax lawsuits. These lawsuits, when applicable, are backed by escrow deposits (note 28).

5.7. Provision for mine closure and decommissioning

The Company considers accounting estimates related to the costs to close a mine and decommissioning as a critical accounting policy as it involves material provision amounts and refers to estimates that involve several assumptions, such as interest rate, inflation rate, and assets' useful lives, taking into consideration the current stage of depletion and the projected depletion dates of each mine. Although the estimates are reviewed annually, this provision requires the use of assumptions to project cash flows applicable to the operations.

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

6.1. Financial assets

Financial assets are classified upon initial recognition at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss.

6.1.1. Amortized cost

Financial instruments included in this group comprise balances arising from regular transactions such as trade receivables, judicial deposits, trade payables, borrowings and financing and debentures, short-term investments and cash and cash equivalents held by the Company. All financial instruments are stated at their nominal amounts plus, when applicable, charges and contractual interest rates, the expenses and income of which are recognized in profit or loss for the period (note 6.4).

6.1.2. Measured at fair value through profit or loss

These assets are subsequently measured at fair value. The net profit or loss, including interest, is recognized directly in profit or loss (note 6.4).

6.1.3. Measured at fair value through other comprehensive income

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, exchange gains and losses and impairment are recognized in profit or loss. Other net profit or loss are recognized in “Other comprehensive income”. Upon derecognition, the profit or loss accumulated in “Other comprehensive income” is reclassified to profit or loss (note 6.4).

6.1.4. Recognition and measurement

Regular-way purchases and sales of financial assets are recognized on the trade date. The financial assets are initially recognized at fair value, plus transaction costs for all financial assets not measured at the fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows expire or are transferred; in the latter case, provided that the Company has substantially transferred all the risks and rewards of ownership associated with the financial assets.

6.1.5. Impairment of financial assets

The Company recognizes the allowance for impairment losses in an amount corresponding to the lifetime expected credit loss. When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and estimating the expected credit losses, the Company takes into consideration reasonable, supportable information that is relevant and available without excessive cost or effort. This includes quantitative and qualitative information and analyses, based on the Company’s historical experience, credit rating and prospective information. The allowance for doubtful debts was calculated based on the credit risk analysis, which includes the history of loss, individual situation of customers, situation of the economic group to which they belong, collaterals for debts and the opinion of the legal counsel, and is considered sufficient to cover probable losses on the collection of receivables, in addition to a prospective analysis that takes into consideration the change or expected change in economic factors that affect expected credit losses, which will be determined based on weighted probabilities.

6.1.6. Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the contractual rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor maintains substantially all the risks and rewards of ownership of the financial asset nor retains control over the financial assets.

6.2. Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss when they are held for trading, are derivatives or are designated as such upon initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value and the net profit or loss, including interest, is recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and exchange gains and losses are recognized in profit or loss.

The Company's financial liabilities are represented by borrowings and financing, and trade payables, classified as amortized cost .

The Company derecognizes a financial liability when its contractual obligations are discharged, canceled or expire. The Company also derecognizes a financial liability when the terms are modified and the cash flows from the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Upon derecognition of a financial liability, the difference between the extinguished carrying amount and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6.3. Derivative and non-derivative financial instruments

The Company uses derivative and non-derivative financial instruments. These instruments are initially recognized at fair value on the date contracts are entered into, and are subsequently remeasured at their fair values.

The method used to recognize the gain or loss arising on this remeasurement depends on whether the derivative is designated or not as a derivative and non-derivative hedging instrument for hedge accounting purposes.

The Company designates derivatives as hedge accounting when they are related to highly probable future transactions (cash flow hedges) and at the beginning of the transaction documents the relationship between the derivative and non-derivative hedging instruments and the hedged items, as well as its risk management goals and strategies. The Company also documents, both at the inception of the hedge and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the cash flows of the hedged items.

The effective portion of the changes in fair value of the derivatives designated and qualified as cash flow hedges is recognized in line item “Valuation adjustments to equity” (in “Other comprehensive income”) in equity, net of deferred taxes. The gain or loss related to the non-effective portion is recognized in profit or loss as “Finance income (costs)”.

The amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged contracts are settled, in line item “Finance income (costs)”, in accordance with the Company’s accounting policy. When the hedge no longer meets the criteria for hedge accounting, it is discontinued prospectively and all cumulative gains or losses remain in equity, and, from that moment, the respective gains and losses are recognized in profit or loss for the period. When the proposed transaction is no longer expected to occur, the cumulative gain or losses that are reported in equity are immediately transferred to profit or loss, in “Finance income (costs)”.

The fair values of derivative and non-derivative financial instruments are disclosed in note 26. The total fair value of the derivative and non-derivative instruments is classified as noncurrent assets or liabilities when the remaining maturity of the hedged item exceeds 12 months.

6.4. Classification of financial instruments and fair value hierarchy

The table below shows the main asset and liability financial instruments :

	Accounting measurement	Parent 12/31/2021	Parent 12/31/2020	Consolidated 12/31/2021	Consolidated 12/31/2020
Assets					
Cash and cash equivalents	Amortized cost	129,806	67,756	216,512	90,497
Short-term investments	Amortized cost	385,730	191,837	385,730	191,837
Noncurrent short-term investments	Amortized cost	162,427	30,079	211,409	129,076
Trade receivables	Amortized cost	278,283	145,758	288,003	154,729
Escrow deposits	Amortized cost	45,677	43,056	45,773	43,152
Liabilities					
Trade payables	Amortized cost	106,570	70,944	110,710	73,890
Current borrowings and financing	Amortized cost	49,778	79,474	75,234	107,594
Current Advance on Foreign Exchange Contract –	Fair value through other comprehensive income	-	25,135	-	25,135
Current borrowings and financing total		49,778	104,609	75,234	132,729
Noncurrent borrowings and financing	Amortized cost	98,088	141,211	330,085	395,930
Noncurrent Obligations with acquisition of subsidiary	Amortized cost	4,978	4,978	4,978	4,978
Lease payable- Current	Amortized cost	11,828	20,393	12,616	21,188
Lease payable- Noncurrent	Amortized cost	2,582	9,811	12,839	19,954
Export exchange forwards	Fair value through other comprehensive income	9,669	7,766	9,669	7,766
NDF Sales		-	65,314	-	65,314
Current derivative and non-derivative financial instruments (i)		9,669	73,080	9,669	73,080
Export exchange forwards	Fair value through other comprehensive income	-	14,687	-	14,687
Current derivative and non-derivative financial instruments (i)		-	14,687	-	14,687

(i) Level 2 - used for financial instruments not traded in active markets (e.g., over-the-counter derivatives) using valuation techniques that, in addition to the quoted prices included in Level 1, use market inputs for the asset or liability either directly (as prices) or indirectly (derived from prices).

7. SIGNIFICANT ACCOUNTING POLICIES

7.1. Cash and cash equivalents and short-term investments

Cash and cash equivalents include cash, bank deposits and other highly-liquid short-term investments maturing in less than 90 days, that are readily convertible into a known cash amount and subject to an insignificant risk of change in value.

The Company has first-line issuers with banks (CDB, financial bill, debentures, open-end fund and exclusive investment fund), in line with its Risk Management and Financial Management, classified as cash and cash equivalents and financial investments in current and non-current assets. The ownership of these funds is Company and the profitability of the portfolio is included in the explanatory notes 10 and 11.

7.2. Trade receivables

Trade receivables correspond to the amounts receivable for the sale of goods in the normal course of business, plus exchange rate changes when denominated in foreign currency. The average trade receivables turnover is 30 days. They are initially recognized in current assets at fair value and subsequently measured at their amortized cost.

Estimated losses on doubtful accounts (“PECLD”) are recognized based on an individual analysis of receivables, considering: (i) the concept of incurred loss and expected loss, taking into account default events that are expected to take place within twelve months after the date of disclosure of the financial statements, (ii) financial instruments that presented a significant increase in the credit risk, but do not show objective evidence of impairment, and; (iii) financial assets that already show objective evidence of impairment as at December 31, 2021.

The estimated losses on doubtful accounts are recorded in an amount considered sufficient and necessary by Management to cover probable losses on collection of receivables, which can be changed as a result of the recovery of receivables from defaulting customers or change in the customers’ financial condition.

The present value adjustment of trade receivables is not material due to the short period of collection.

7.3. Inventories

Inventories are stated at the lower of cost or net realizable value. The inventories’ valuation method is the weighted moving average. The cost of finished products and work in progress comprises costs, raw materials, direct labor, other direct costs and related overhead expenses (based on the normal operating capacity), excluding borrowing costs. The net realizable value is the estimated selling price in the normal course of business, less estimated completion costs and the estimated costs to sell.

The cost of timber transferred from biological assets is the fair value plus harvest and freight costs.

The balances of inventories are stated net of the estimated losses recognized to cover probable losses identified or estimated by Management.

7.4. Advances to power suppliers

Advances to power suppliers refer to the advances under contractual conditions to guarantee the future power delivery. They are registered as current or nun current asset depending on the mature date based on the previous negotiated contracts. They are initially recognized at amortized cost.

7.5. Biological Assets

Biological assets correspond to eucalyptus forests exclusively for the production of bio-reducer, which is the raw material used in the production of ferroalloys, in addition to the sale of timber not consumed to third parties. The harvesting process has an approximate cycle of (07) seven years, which may vary depending on the crop and genetic material to which it refers. Biological assets are measured at fair value less estimated selling costs on harvest date.

The significant assumptions used to determine the fair value of biological assets are disclosed in note 20.

The Company measures its biological assets on an annual basis and any gain or loss on changes in the fair value of biological assets is recognized in profit or loss for the period they are earned or incurred, in a separate line item of the income statement named “Changes in fair value of biological assets”. The depletion of biological assets is measured based on the amount of timber cut at fair value.

7.6. Property, plant and equipment

Property, plant and equipment items are recorded at historical cost of purchase, less accumulated depreciation.

Depreciation of assets starts when they are ready for the intended use on the same basis of other property, plant and equipment items. Depreciation is recognized on a straight-line basis over the estimated useful life of each asset, so that cost less its residual value after its useful life is fully written off (except for land and construction in progress that are not depreciated).

Mine depletion is calculated at the rates corresponding to the ratio between the volume of extracted ore and the estimated minable deposits.

A property, plant and equipment item is written off after sale. Gains and losses on disposals are determined based on the comparison with the carrying amount and are recognized in the income statement in line item “Other operating income (expenses), net”.

Constructions in progress for the purpose of supplying goods or providing services are recorded at cost.

Repairs and maintenance are recorded in profit or loss when incurred. The cost

of main renovations is added to the carrying amount of the asset when future economic benefits exceed the performance pattern initially estimated for the asset. Renovations are depreciated over the remaining useful life of the relevant asset.

7.7. Leases

The Company and its subsidiaries determine whether such agreement is or contains a lease at the agreement inception date. In other words, if the agreement confers the right to control the use of an identified asset over a period of time in exchange for a consideration.

7.7.1. Right-of-use assets

The Company and its subsidiaries recognize right-of-use assets at the lease commencement date (that is, the date in which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and are adjusted by any new remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made up to the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets.

7.7.2. Leases payable

At the lease commencement date, the Company and its subsidiaries recognize lease liabilities measured at the present value of lease payments to be made during the lease term. Variable lease payments that do not depend on an index or rate are recognized as expenses (except if they are incurred to produce inventories) in the period in which the event or condition generating these payments occurs.

When calculating the present value of lease payments, the Company and its subsidiaries use observable nominal rates both at initial measurement and remeasurement.

7.7.3. Short-term and low-value asset leases

The Company and its subsidiaries apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is,

leases which lease term is equal to or below 12 months counted from the commencement date and that do not contemplate a purchase option). The recognition exemption is also applicable to leases of low-value office equipment. Short-term lease and low-value asset lease payments are recognized as expenses on a straight-line basis over the lease term.

7.8. Impairment of nonfinancial assets

Non-financial assets with finite useful life are reviewed for indicators of impairment at each balance sheet date and whenever significant events or changes in circumstances indicate that their carrying amounts may not be recoverable when such an indicator exists, the assets are tested for impairment.

An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount, which represents the higher of its fair value less costs to sell and its value in use. For impairment test, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating Units, or CGUs). The Company conducted a formal impairment test at BW Guirapá and did not identify the need to recognize an allowance for impairment. Also, no indication of impairment was identified for other Group company.

7.9. Trade payables

Trade payables are payables for goods or services acquired in the normal course of business, classified as current liabilities if payment is due within the period of one year. They are initially recognized at fair value and, subsequently, measured at their amortized cost under the effective interest method.

7.10. Dividend distribution and interest on capital

The distribution of dividends to shareholders is recognized based on Brazilian Corporate Law and the Company's bylaws. At the balance sheet date, the mandatory minimum dividend is recorded as current liabilities in line item "Dividends and interest on capital" as it is considered as a legal obligation under the Company's bylaws. The portion of the dividend that exceeds the minimum required is recorded in line item "Proposed additional dividend", in “Retained Earnings”, in equity. Once approved at the Shareholders’ Meeting, that portion is transferred to current liabilities.

The Company may pay in advance to its shareholders, based on prevailing corporate law and its bylaws, interest on capital and/or dividends.

The tax benefit of interest on capital is recognized in the income statement.

7.11. Income tax and social contribution

The provision for income tax and social contribution is based on taxable income for the year which differs from the income shown in the income statement because it excludes income or expenses taxable or deductible in other years, as well as permanently nontaxable or nondeductible items.

The provision for income and social contribution is individually calculated by the Company and its subsidiaries based on the tax rates prevailing at yearend, taking into consideration the tax benefits granted by SUDENE. The reduction portion of the income tax corresponding to the tax incentives is recognized in profit or loss, but it is transferred from retained earnings to earnings reserve at the balance sheet date as it cannot be distributed to shareholders.

Deferred taxes are recognized on temporary differences arising from differences between asset and liability tax basis and their carrying amounts in the financial statements. Deferred tax assets are only recognized to the extent that it is probable that taxable income in the coming years will be available, against which temporary differences can be utilized, based on projections prepared and supported by internal assumptions. Deferred tax liabilities are fully recognized, and the amounts accounted for and projections are periodically reviewed.

7.12. Provisions

Provisions for mine closure and for risks (labor, civil and tax) are recognized when: (i) the Company has a legal or constructive obligation as a result of past events;

(ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) its amount can be reliably estimated.

Provisions are measured at the present value of the disbursements that are expected to be required to settle the obligation, using a pretax rate that reflects current market valuations of the time value of money and the specific obligation risks. The increase in the obligation as a result of the time elapsed is recognized as finance costs.

The provision for environmental recovery comprises mine closure costs, resulting from the shutdown of activities. The asset decommissioning cost equivalent to the obligation is capitalized as part of the carrying amount of the asset and is amortized over its useful life. The provision for risks is recognized in profit or loss for the year.

7.13. Borrowings and financing

Financing is initially recognized at fair value, less transaction costs incurred, and subsequently stated at amortized cost. Any difference between the amounts raised (less transaction costs) and the total amount payable is recognized in the income statement over the period financing is outstanding, using the effective interest method.

Financing is classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

7.14. Employee benefits

7.14.1. Postemployment benefit

With respect to the defined contribution plan, the Company pays contributions to private pension plans on a contractual or voluntary basis. Once contributions end and terms elapse, the Company has no obligations related to additional payments.

The Company offers postemployment benefits to employees based on the length of service. The expected costs of these benefits are accumulated over the employment period, estimating how many employees will receive this benefit, less the amount at present value.

7.14.2. Retirement health care benefit

The Company offers postemployment health care plans to their employees, in accordance with applicable terms. The right to these benefits is usually contingent to their remaining in employment until the retirement age and the completion of the minimum length of service. The expected costs of these benefits are accumulated during the employment period, and are calculated using the same accounting method used for defined benefit pension plans. Actuarial gains and losses resulting from adjustments based on experience and changes in actuarial assumptions are charged against or credited to equity in line item “Other comprehensive income”. These obligations are annually valued by qualified independent actuaries.

7.14.3. Retirement premium and FGTS - collective agreements

Pursuant to the Company's agreements and conventions, employees retiring from the company due to invalidity, length of service or age will be entitled to a premium of 10% of the nominal wage for each year of service, limited to one nominal wage. Also, the employee eligible to the FGTS, when retired, and if not continuing to work at the Company after his/her termination, will be entitled to receive severance fees to which he/she is entitled as if terminated at the Company’s discretion. In order to be eligible to these benefits, the length of service needs to be higher than five years (Metallurgy) and eight years (Mining).

7.14.4. Profit sharing

The Company recognizes a liability and a profit sharing expense based on the methodology that takes into account the profit attributable to the Company's shareholders. The Company recognizes an accrual for profit sharing when it is contractually required or when there is a past practice that created a constructive obligation.

7.15. Capital

Common and preferred shares are classified in equity. When the Company buy its shares (treasury shares), the amount paid, including any directly attributable additional costs (net of income tax), is deducted from equity attributable to owners of the Company until the shares are canceled or reissued. When these shares are subsequently reissued, any proceeds, net of any directly attributable additional transaction costs and the related income tax and social contribution, are included in equity attributable to owners of the Company.

7.16. Revenue recognition

Revenue consists of the fair value of the consideration received or receivable from the sale of products. Revenue is presented net of taxes, returns, rebates and discounts, as well as after the elimination of intragroup leases. The tax incentive under the ICMS DESENVOLVE is also recognized in sales revenue. Such tax incentive is not subject to taxes on revenue (PIS and COFINS). Subsidiaries recognize the revenue deriving from the supply of electricity considering the MWh volume generated and supplied based on the contracted price.

The Company and its subsidiaries recognize revenue when: (i) the amount of revenue can be measured reliably; (ii) it is probable that future economic benefits will flow to the Company and its subsidiaries; (iii) the Company transfers to the buyer the control related to the ownership of the goods, that is, upon the effectively delivery of the goods; and (iv) specific criteria have been met for each of the Company’s and its subsidiaries’ activities.

7.17. Segment reporting

The information by operating segments is presented in a manner consistent with the internal report provided to the chief operating decision maker. The chief operating decision maker, responsible for allocating resources to the operating segments and assessing their performance, is represented by the Board of Directors, which is also responsible for the Company's strategic decision making.

7.18. Government grants

As the industrial project is located within the area under the jurisdiction of the Northeast Development Authority (SUDENE), the Company is entitled to an income tax relief benefit, equivalent to a reduction of 75% on income tax and non-refundable surtaxes, levied on revenues detailed in note 25.

The Company has a government grant called "ICMS - DENSENVOLVE", which is systematically recognized in profit or loss.

The benefits from the Industrial Development and Economic Integration Program of the State of Bahia (ICMS DESENVOLVE), with the purpose of expanding the industrial process, aiming at increasing ferroalloy production, are as follows:

i. i. Deferral of assessment and payment of State VAT (ICMS) on the importation and purchases in Bahia of property, plant and equipment items to the time they are disposed of.

ii. Deferral of assessment and payment of State VAT (ICMS) on the purchases in any other Brazilian state, referring to tax rate differences, of property, plant and equipment items to the time they are disposed of.

iii. Extension of the 72-month term for payment of State VAT (ICMS) outstanding debt, related to own operations, due on investments estimated in project entitled to the tax relief, as established in Class I, Table I, attached to the ICMS DESENVOLVE Regulation.

iv. Portion of the monthly outstanding ICMS balance eligible to the relief, exceeding R$3,414, adjusted for inflation at the IGPM rate on an annual basis.

v. The benefits are effective over a twelve-year period from the date of publication of the Concession Resolution 59/2015 at the State Official Gazette.

vi. On each portion of the ICMS with extended period, an interest rate of 80% of the TJLP rate per year will be levied, or another rate that will replace it, according to Table II, attached to the ICMS DESENVOLVE Regulation.

vii. With respect to the 72-month payment term extension, if installments with extended term are prepaid, the Company will be entitled to a 90% discount and would pay the remaining 10% as ICMS. The discount portion is recorded in line item "Net sales revenue".

Law 13564, of June 20, 2016, established the mandatory deposit, on behalf of the State Fund for Poverty Combat and Eradication, enacted by Law 7988, of December 21, 2001, of the amount corresponding to 10% related to the respective incentive or benefit, under penalty of losing it, in the event of noncompliance. The State of Bahia, through Decree 16970, of August 19, 2016, regulated the procedures to be adopted in the calculation and payment of the deposit. The Company is complying with the provisions set forth in the prevailing legislation.

7.19. Consolidation and investments in subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries, as well as of exclusive funds, measured in accordance with the criteria disclosed in note 6. The information on the Company’s equity interest in each subsidiary is disclosed in note 18.

The Company controls an entity when it is exposed, or is entitled, to variable returns arising from its involvement with the entity and has ability to affect such returns by exercising power on the entity.

In the Company’s individual financial statements, the financial information on the subsidiaries is recognized under the equity method.

The balance sheet and income statement account balances deriving from transactions between the Company and its subsidiaries were eliminated in the consolidated financial statements, as well as the unrealized gains and losses and the investments in these subsidiaries and respective share of profit (loss) of investees.

The subsidiaries’ accounting policies are changed when necessary so as to ensure consistency with the Company’s accounting policies.

8. NEW STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB AND CPC

8.1. Standards issued in 2021

The new standards below issued by the IASB and approved by the CFC became effective beginning January 1, 2021.

8.1.1. CPC 06 (R2), CPC 11, CPC 38, CPC 40 (R1) and CPC 48 – Interest Rate Benchmark Reform

The amendments provide temporary exceptions that address the effects of the financial statements when an interbank deposit certificate rate is replaced for an almost risk-free rate. The changes comprise: (a) a practical expedient that requires contractual changes, or changes in cash flows that are directly required by the reform, to be addressed as changes in floating interest rate, equivalent to the changes in a market rate; (b) allows changes required by the reform to be made in the hedge designations and documentations, without the hedge relationships being discontinued; and (c) provides temporary exception for entities to be in accordance with the requirement of separately identifiable when a risk-free rate instrument is designated as risk component hedge. These amendments had no impact on the Company’s individual and consolidated financial statements.

8.1.2. CPC 06 (R2) – COVID-19-Related Rent Concessions for Lessees under Lease Contracts that extend beyond June 30, 2021

The amendments provide for concession to lessees on the lease contract modification, when accounting for the Covid-19-related rent concessions as a direct effect of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19-related rent concession granted by the lessor is a lease contract modification. The lessee that makes such election must account for any change in the lease payment resulting from the Covid-19-related rent concession in the lease contract in the same manner as it would account for the change applying CPC 06 (R2) had the change not been a modification of the lease contract. The amendment was intended to be applied up to June 30, 2021, but as the Covid-19 pandemic impact may continue, on March 31, 2021, the CPC has extended the period of application of this practical expedient to June 30, 2022. This amendment had no impact on the Company's individual and consolidated financial statements.

8.2. Standards effective beginning 2021

The early adoption of standards, even though encouraged by the IASB, is not permitted in Brazil by the CPC. The following standard was revised by the IASB but is not yet effective in 2021:

8.2.1. Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1, similar to CPC 26, so as to specify the requirements for classification of liabilities as current or non-current. The amendments clarify the following:

- What means the right to postpone settlement;
- That the right to postpone must exist on the reporting date;
- That such classification is not affected by the probability of an entity exercising its postponement right;
- That only if a derivative embedded in a convertible liability is a capital instrument, the terms of a liability would not affect its classification.

The amendments are effective for annual periods beginning January 1, 2023 and must be applied retrospectively. Currently, the Company assesses the impact of the amendments on the current practice.

8.2.2. Amendments to IAS 8: Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8 (standard equivalent to CPC 23), which introduces the definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and errors. Also, they clarify how entities use the measurement techniques and inputs to develop the accounting estimates. The amendments will be effective for annual periods beginning on or after January 1, 2023 and will apply to changes in accounting policies and estimates occurred on or after the beginning of this period. Early adoption is allowed if disclosed. These amendments are not expected to significantly affect the Company's individual and consolidated financial statements.

8.2.3. Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

In February 2021, the IASB allowed amendments to IAS 1 (standard equivalent to CPC 26 (R1)) and IFRS Practice Statement 2 Making Materiality Judgements, where it provides guidelines and examples to help entities to apply materiality judgment for the disclosure of accounting policies. The amendments will help entities to disclose accounting policies that are more useful when replacing the requirement for disclosure of significant accounting policies for material accounting policies and adding guidelines on how entities must apply the concept of materiality to make decisions on the disclosure of accounting policies.

The amendments to IAS 1are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. As the amendments to Practice Statement 2 provide non-mandatory guidelines in the application of the definition of material to the accounting policy information, a date for adoption of this amendment is not necessary. Currently, the Company assesses the impact of the amendments on the current practice.

8.2.4. IFRS 17 – Insurance Contracts

In May 2017, the IASB issued IFRS 17 – Insurance Contracts (standard not yet issued by the CPC in Brazil, but which will be issued as CPC 50 – Insurance Contracts and will supersede CPC 11 - Insurance Contracts), a new comprehensive accounting standard for insurance contracts addressing recognition and measurement, presentation and disclosure. As soon as it becomes effective, IFRS 17 (CPC 50) will supersede IFRS 4 – Insurance Contracts (CPC 11) issued in 2005. IFRS 17 is applicable to all types of insurance contracts (such as life, casualty, direct insurance and reinsurance), regardless of the issuer, as well as certain guarantees and financial instruments with discretionary participation features. Some scope exceptions are applicable. IFRS 17 overall purpose is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to IFRS 4 requirements, which are largely based on local accounting policies effective in previous periods, IFRS 17 provides a comprehensive model for insurance contracts, covering all significant accounting aspects. The IFRS 17 is focused on the overall model, supplemented by:

- A specific adaptation to contracts with direct participation features (variable rate approach).
- A simplified approach (premium allocation approach) mainly for short-term contracts.

IFRS 17 is effective for annual periods beginning January 1, 2023, requiring the presentation of comparative amounts. The early adoption is allowed if the entity also adopts IFRS 9 and IFRS 15 on the same date or before the first-time adoption of IFRS 17. This standard is not applicable to the Company.

9. RISK MANAGEMENT

The Company’s activities expose it to several financial risks: (i) currency risk; (ii) interest rate risk; (iii) credit risk; (iv) liquidity risk; (vi) concentration risk, (v) commodity price risk and (vii) Other nonfinancial risk factors.

Risk is managed in accordance with the Risk Management Policy approved by the Board of Directors.

9.1. Foreign exchange risk

Foreign exchange risk is the risk of the effect of exchange rate fluctuations on the amount of the Company's financial assets or financial liabilities or future cash flows and revenues.

For purposes of the sensitivity analysis, the Company adopted as scenario I (probable) the expected average foreign exchange rate for 2021 disclosed in the Focus Report issued on January 21, 2022.

	12/31/2021		Scenario I	
	US$	R$	Rate	Gain/ (Loss) R$
Parent and Consolidated				
Trade receivables	8,110	45,254	5.60	163

The Company measures derivatives at their fair value, mainly based on data made available by B3. Fair values of non-derivative financial instruments, with public quotation, are based on their current purchase price. If there is no active market for a financial asset or securities that are not listed on stock exchange, their fair value is measured by the Company using valuation techniques. These techniques include the use of recent transactions contracted with third parties, relating to other substantially similar instruments.

In the case of derivative and non-derivative financial instruments (NDFs - export exchange forwards), the impact of a depreciation of the Brazilian real in these instruments needs to be assessed together with its effects on the billing linked to, thus, this analysis should always be conducted on an integrated basis.

For sensitivity analysis purposes, the Company adopted as scenario I (probable) the expected average exchange rate for 2022, according to the Focus Report issued on January 21, 2022.

	12/31/2021 - Contracted			Scenario I	
	US$	R$	Weighted average rate – R$	Rate	Gain / (Loss) R$
Parent and Consolidated					
Derivative and non-derivative financial instruments					
Export exchange forwards	8,402	37,815	4.50	5.60	(9,237)

(*) In the sensitivity analysis above, the US dollar fluctuation impacting the contracted portion as foreign exchange hedge simultaneously exercises an opposite impact on the Company's revenue from ferroalloys and chrome ore.

9.2. Interest rate risk

For the balance applied as at December 31, 2021, the Company and its subsidiaries consider as scenario I (probable) the benchmark interest rate for 2022 of 11.75% per year, as disclosed in the Focus Report of January 21, 2022.

Interest rate risks	Rate p.a.	Scenario I Probable
Average benchmark interest rate - (% p.a.)	8.25	11.75
Parent		
Balance of short-term investments (notes 5 and 6)	677,165	754,359
Net effect		77,194
Consolidated		
Balance of short-term investments (notes 5 and 6)	808,431	900,127
Net effect		91,696

For the balance of borrowings and financing as at December 31, 2021, the Company considers as scenario I (probable) the Long-term Interest Rate ("TJLP") of 6.08% p.a. in 2021 and of 11.65% for the CDI.

Interest rate risks	Closing rate 12/31/2021 p.a.	Scenario I Probable
Interest rate– TJLP – (% p.a.)	5.32	6.08
Parent		
Borrowings and financing (note 22)	20,611	21,863
Net effect		(1,252)
Interest rate– TJLP – (% p.a.)		
Consolidated		
Borrowings and financing (note 22)	282,561	291,025
Net effect		(8,464)
Interest rate – CDI – (% p.a.)	9.15	11.65
Parent and consolidated		
Borrowings and financing (note 22)	124,635	139,155
Net effect		(14,520)

9.3. Credit risk

The risk arises from the possibility of the Company incurring losses due to the selection of assets to make up the investment portfolio, the financial capacity of

the counterparties to the derivative contracts, and the difficulty in receiving the proceeds from the sales and for not fulfilling the obligations relating to the delivery of goods or services paid through advances to suppliers.

The Company limits the allocation of its short-term investments to each issuer of financial bill, debentures or securities to a maximum of 30% of the volume of investments. This limit does not apply to notes issued by the National Treasury. Derivatives transactions are conducted with prime financial institutions.

The credit risk is monitored, and there is no historical material losses.

9.4 Liquidity risk

The Company maintains sufficient cash and short-term investments in order to meet its financial and operational commitments. The amount in cash is used to comply with the disbursements arising from the Company’s normal course of operations, while the excess amount is invested in highly liquid short-term investments.

The Company’s only financial liabilities maturing after one year and settled in cash comprise borrowings and financing. The maturities of these liabilities are shown in notes 22 and 23, respectively.

9.4. Concentration risk

The Company derives revenues from a few customers, which were significant in 2021. In the domestic market, for ferrochrome, we have Aperam Inox and Magoteux Brasil and, in the foreign market, for ferrosilicon, we have Marubeni Corporation and CCMA.

Any reduction in the demand from these customers could significantly impact the Company's cash generation capacity.

In this context, the Company has a constant focus in initiatives to reduce costs to increase international competition and also improves the strategy to diversify its client’s portfolio, mainly international costumers.

Additionally, the Company maintains highly-liquid investments and adequate relationship with prime-line banks for credit.

9.5. Commodity price risk

This refers to the exposure to fluctuations in the prices of final products (alloys), which can significantly change the Company's operating margins. Management understands that the exposure to this risk is part of the nature of its business and there are no mechanisms or financial instruments at this moment to mitigate this risk

9.6. Other nonfinancial risk factors

i. Regulatory risks: the Company is subject to strict laws and regulations at federal, state and municipal levels. In addition, the noncompliance with these laws or regulations, or the occurrence of accidents that impact the environment, arising from the Company’s operations (mining, forest resources and metallurgy), may result in administrative, civil and/or criminal sanctions, including fines, indemnity obligations and/or disbursements by the Company, which may adversely affect its operating and financial performance.

ii. Environmental risks: the Company is subject to the laws and regulations governing the activities it carries out. The Company has established environmental measures and procedures to mitigate this risk. Management conducts periodic reviews to identify environmental risks, and to ensure that its existing systems are sufficient to manage these risks. The Company, aware of the global environmental problems, and in accordance with the environmental legislation, operates in conformity with its environmental licenses and obtained the ISO 14001 certification for the environmental management of forest areas and metallurgy.

iii. Climate and weather risks: the Company's operating activities are exposed to the risk of damages arising from climate changes, such as high temperatures, floods and extreme rain, risks of nature, such as damages arising from pests, diseases, forest fires and other forces of nature (mine landslides, floods, among others). The Company has processes to mitigate these risks, including regular inspections in the plantation areas and hiring of a specialized company to analyze the mine structure conditions and develop contingency plans.

iv. Risk of fair value of biological assets: although the biological asset is substantially planted for own consumption (bio-reducer), the Company is subject to the impacts on profit and, consequently, on the distribution of dividends, as a result of changes in the assumptions on the calculation of the fair value of biological assets: market prices, forest productivity, discount rates, etc. The assumptions are reviewed annually to predict potential impacts.

v. Risk of non-maintenance of tax incentives: the Company is entitled to income tax incentives as it is located in SUDENE’s operating area. In the case of ICMS, there is a benefit called ICMS DESENVOLVE which extends payment deadlines for 90% of the tax within up to 72 months, with a 90% discount on the extended installment if payment is made by the 20th day of the prepayment month. If these incentives are not renewed, the Company's profit or loss will be negatively impacted.

vi. Electricity risk: due to its being power intensive nature, the Company depends on power at prices that are compatible with those of its competitors in Brazil and abroad. To minimize its exposure to power supply, or a significant increase in prices, the Company maintains a long-term agreement with CHESF. On August 21, 2015, the Company, together with other power-intensive companies in the Northeast region, entered into a contractual extension, which term was extended to 2037. Also, in 2018, the Company has acquired the wind farm BW Guirapá, strengthening its intent to continue as a going concern and also become an electric power generator.

vii. Logistics transportation risk: chrome ore is transported about 390 km from the mines operated by the Company to the metallurgical plant, located in the municipality of Pojuca, State of Bahia. This transportation is primarily made using railways, which services are provided by a private company, through a Federal Public Concession (Mid-East Network), whose regulation and supervision are under the responsibility of the National Land Transportation Agency (ANTT). The possible discontinuity in the provision of transportation services by the concessionary will require the Company to seek economically feasible alternatives.

10. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash and banks	798	18,992	5,221	23,263
Short-term investments in CDB (i)	82,759	36,348	129,959	37,524
Investment funds (ii)	46,249	12,416	81,332	29,710
	129,806	67,756	216,512	90,497

As agreed with the BNDES, the Operational Limit was extinguished and the funds were released in June and August (R$42,991), held in Special Reserve accounts of the Wind Power Plants, making such amount available for use by the wind power complex, according to its needs, and eliminating the imposition of future tariffs and the requirement to obtain authorization from the development bank to handle this amount. This balance, previously recorded as investment fund in short-investments in noncurrent (Consolidated as at December 31, 2020), was recorded as cash and cash equivalents in the Consolidated as at December 31, 2021.

(i) Transactions in Bank Certificate of Deposit (CDB), which yield interest based on the weighted average rate of 101.8% of the CDI rate (103.3% as at December 31, 2020).

(ii) Securities transactions through investment funds, which redemption has daily liquidity. The weighted average interest in mark-to-market was 112.5% of the CDI (159.5% as at December 31, 2020).

11. SHORT-TERM INVESTMENTS

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current				
Investment funds (i)	242,346	191,837	242,346	191,837
Financial bills (ii)	97,868	-	97,868	-
Others (iv)	45,516	-	45,516	-
	385,730	191,837	385,730	191,837
Noncurrent:				
Investment funds (i)	-	-	28,858	63,491
Financial bills (ii)	134,611	20,002	153,692	32,178
CDB (ii)	27,816	10,077	28,859	33,407
	162,427	30,079	211,409	129,076
	548,157	221,916	597,139	320,913

(i) Securities transactions whose maturities exceed 90 days and have average yield of 101.4% of the CDI rate (185.2% as at December 31, 2020). Even though the Company and its subsidiaries select liquid securities in the secondary market, the uncertainty surrounding market conditions and prices in a liquidity event suggests that these investments should not be considered cash equivalents.

(ii) Transactions in Bank Certificate of Deposit (CDB), which yield interest based on the weighted average rate of 110.6% of the CDI rate (114.0% as at December 31, 2020).

(iii) Financial bills yield weighted average interest of 114.5% of the CDI rate (116.0% as at December 31, 2020).

(iv) Agribusiness Receivables Certificate (CRA), Debentures and Treasury bonds yielding weighted average interest of 114% of the CDI rate.

12. TRADE RECEIVABLES

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Domestic market	233,263	113,258	242,983	122,229
Foreign market	49,206	36,686	49,206	36,686
Allowance for doubtful debts	(4,186)	(4,186)	(4,186)	(4,186)
	278,283	145,758	288,003	154,729

Foreign trade receivables are denominated in US dollars and are translated into Brazilian reais at the end of the reporting period. As at December 31, 2021 and 2020, the Company did not have any transaction that would generate a material adjustment to present value.

The aging list of trade receivables is as follows:

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current	273,264	138,899	282,984	147,870
0-30 days past due	5,019	6,859	5,019	6,859
31-60 days past due	-	-	-	-
Over 60 days past due	4,186	4,186	4,186	4,186
Estimated losses on doubt debts	(4,186)	(4,186)	(4,186)	(4,186)
	278,283	145,758	288,003	154,729

As at December 31, 2021, the Company recorded an allowance for doubtful accounts in the amount of R$4,186 (R$4,186 as at December 31, 2020). The allowance for doubtful debts is broken down as follows.

13. INVENTORIES (PARENT AND CONSOLIDATED)

Inventories are demonstrated at average purchase or production cost, lower than the replaceable cost or selling value .

	12/31/2021	12/31/2020
Current		
Finished goods	201,886	125,173
Raw materials	112,421	71,142
Chrome ore	42,651	42,664
Maintenance supplies (ii)	64,446	47,008
	421,404	285,987

	12/31/2021	12/31/2020
Noncurrent		
Maintenance supplies (ii)	13,668	12,940
Allowance for obsolescence (iii)	(6,834)	(8,398)
	6,834	4,542
	428,238	290,529

(i) Inventories of maintenance supplies are classified as current or noncurrent assets, based on the history of consumption.

(ii) The Company recognizes an allowance for obsolescence relating to slow-moving items when it does not expect to use such inventories in the coming periods.

14. RECOVERABLE TAXES

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current				
Recoverable taxes on revenue (PIS and COFINS) (i)	49,351	13,002	49,351	13,002
Income tax and social contribution	13,949	11,646	17,145	13,910
Recoverable ICMS	2,373	2,712	2,373	2,712
Other	251	433	281	449
	65,924	27,793	69,150	30,073
Noncurrent				
Recoverable taxes on revenue (PIS and COFINS) (i)	-	160,724	-	160,724
Recoverable ICMS	3,744	4,252	3,744	4,252
Other	96	75	96	75
	3,840	165,051	3,840	165,051
	69,764	192,844	72,990	195,124

In 2019, the Company was informed about the final and unappealable court decision, which was in progress at the Federal Regional Court of the 1st Region, which decision: (a) determined the deduction of the ICMS amount from the PIS and COFINS tax base - cumulative (Supplementary Laws 7/70 and 70/91 and subsequent amendments) and non-cumulative regimes (Laws 10.627/2002 and 10.833/03 and subsequent amendments); and (b) acknowledged the Company's right to offset the amounts unduly paid as PIS/COFINS on the ICMS-related portion since May 1997, adjusted for inflation.

For purposes of utilization of said credit, the Company has hired a specializing consulting company to calculate the amounts for the relevant period (from 1997 to 2018). The amounts total R$197,104 and were recorded profit or loss for the year, as follows: i) R$116,111 recorded in line item "Other operating income (expenses), corresponding to the historical credit amount; and ii) R$80,993 recorded in "Finance income (costs)", arising from its inflation adjustment. The Company recorded inflation adjustment, from the utilization request date up to December 31, 2021, in the amount of R$12,375 (2020, R$ 8,282).

15. ADVANCES TO SUPPLIERS (PARENT AND CONSOLIDATED)

	12/31/2021	12/31/2020
Current		
Advances to power suppliers - ENDESA (i)	2,000	2,000
Advances to power suppliers - CHESF (ii)	-	9,856
	2,000	11,856
Noncurrent		
Advances to power suppliers - ENDESA (i)	2,167	4,167
Advances to power suppliers - CHESF (ii)	-	826
	2,167	4,993
	4,167	16,849

(i) Refers to an advance on an electric energy supply contract, entered into in February 2015, for which supply invoices corresponding to R$167 per month are issued on a monthly basis, since January 31, 2016, in fixed, nonadjustable installments for eight years. The advance corresponds to R$16,000, i.e., approximately 5% of the total contract, and is collateralized by a bank guarantee from a prime financial institution. As at December 31, 2021 and 2020, the amount recognized at cost was R$2,000.

(ii) Refers to the payment provided for by Law 13182/15, which authorizes the extension of the contracts entered into by CHESF and the power-intensive industries in the Northeast to 2037. Said contract prescribes: (i) a 30% reduction of the volumes supplied up to February 8, 2032; (ii) from February 9, 2032 to 2037, a 1/6 reduction of the previous year's volume; (iii) a real 22.5% increase of the tariff on July, 1 2015; (iv) an annual adjustment, beginning July 1, 2016, using the agreed index, which is 70% of the Broad Consumer Price Index (IPCA) + 30% of LTN and NTN-B (federal bonds) rate; (v) the advance of R$65,000 made in the second six-month period of 2015; and (vi) a 8.8% discount of the tariff between 2016-2022 to offset the 2015 advance. As at December 31, 2021, the amount recognized at cost was R$11,026 (R$12,337 as at December 31, 2020).

16. CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Deferred income tax and social contribution are calculated on temporary differences between the tax bases and the carrying amounts of assets and liabilities disclosed in the financial statements. Income tax (IRPJ) is calculated at the rate of 25%, whereas social contribution (CSLL) is calculated at the rate of 9%.

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Deferred tax assets				
Provision for contingencies	(56,492)	(55,464)	(56,492)	(55,464)
Allowance for obsolescence (i)	(6,834)	(8,398)	(6,834)	(8,398)
Accrued profit sharing (ii)	(80,500)	(15,657)	(80,500)	(15,657)
Provision for environmental liability	(15,677)	(15,079)	(15,677)	(15,079)
Labor and actuarial liabilities	(65,050)	(94,928)	(65,050)	(94,928)
“Hedge Accounting”	(9,669)	(87,767)	(9,669)	(87,767)
Realization of added value	(16,568)	(12,150)	(16,568)	(12,150)
Allowance for doubtful debts	(4,186)	(4,186)	(4,186)	(4,186)
Suspended-payment taxes (PIS/COFINS)	(4,342)	(4,151)	(4,342)	(4,151)
Tax loss	-	(39,406)	(2,151)	(39,406)
Other temporary provisions	(10,597)	(15,963)	(10,597)	(15,963)
Tax base	(269,915)	(353,149)	(272,066)	(353,149)
Deferred income tax at the 25% tax rate	64,494	86,378	65,031	86,378
Deferred social contribution at the 9% tax rate	24,292	31,783	24,486	31,783
Deferred income tax and social contribution assets [(A)]	88,786	118,161	89,517	118,161

(i) Allowance for obsolescence related to slow-moving maintenance items and allowance for inventory losses.

(ii) Tax base to calculate deferred social contribution. In the case of income tax, this is a permanent difference (non-deductible for income tax purposes). The amount of Management profit sharing is R$11,940 (R$7,639 as at December 31, 2020). Additionally, in order to recognize the success achieved and celebrate Ferbasa’s 60 years, as well as to pay attention to the request made at the meeting with the Plant Commission, the Company will grant a bonus to employees in the amount of R$14,000.

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Deferred tax liabilities				
Property, plant and equipment - deemed cost	58,811	58,811	63,385	63,385
Biological assets – fair value	67,519	68,945	67,519	68,945
Bargain purchase	75,143	75,143	75,143	75,143
Finance income (ICMS deduction from the PIS/COFINS tax basis)	-	88,875	-	88,875
Accelerated depreciation	7,291	8,133	7,291	8,134
Tax base	208,764	299,907	213,338	304,482

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Deferred income tax at the 25% tax rate	(52,191)	(74,977)	(53,335)	(76,121)
Deferred social contribution at the 9% tax rate	(18,789)	(26,992)	(19,200)	(27,403)
Deferred income tax and social contribution liabilities (B)	(70,980)	(101,969)	(72,535)	(103,524)
Deferred income tax and social contribution, net (A+B)	17,806	16,192	16,982	14,637

(*) The balance of deferred tax assets in the Consolidated relating to the Parent is R$17,806 (deferred tax assets of R$16,192 in 2020) and the balance of subsidiaries recorded in deferred tax assets is R$731 and deferred tax liabilities is R$1,555 (R$1,555 in 2020).

(**) In 2019, the Company filed a Writ of Security against the tax levied on the inflation adjustment to the ICMS unduly included in the PIS/COFINS tax basis. In September 2021, the Federal Supreme Court (STF), on a general basis, has decided on the unconstitutionality of this taxation. Accordingly, based on the opinion of our legal counsel, the likelihood of loss is assessed as remote and the Company reversed the amount of R$31,235 million of the provision recognized for this Writ of Security.

Management, based on the individual analysis of the provisions, estimates that the tax credits arising from temporary differences will be realized as follows :

	Parent		Consolidated	
	IRPJ/CSLL - deferred		IRPJ/CSLL - deferred	
Calendar year	Assets	Liabilities	Assets	Liabilities
2022	7,456	6,122	7,456	6,122
2023	27,955	281	28,686	281
2024	224	279	224	279
2025	167	276	167	276
2026	109	274	109	274
2027 and thereafter	52,875	63,748	52,875	65,303
	88,786	70,980	89,517	72,535

The income tax and social contribution that affected profit or loss for the periods are as follows:

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Pretax profit	701,956	71,380	701,661	71,865
Combined income tax and social contribution tax rate	34%	34%	34%	34%
Income tax and social contribution at statutory rates	(238,665)	(24,269)	(238,565)	(24,434)
Interest on capital	25,382	26,015	25,382	26,015
Share of profit (loss) of investees	(3,323)	(5,620)	-	-
Endowments	(1,276)	(1,305)	(1,300)	(1,305)
Deduction of ICMS finance income from the PIS/COFINS tax basis (** see comment above)	31,235	-	31,235	-
Other	3,417	(2,692)	36	(8,390)
SUDENE tax incentive (i)	124,152	6,263	124,458	6,263
	(59,078)	(1,608)	(58,754)	(1,851)
Income tax and social contribution				
SUDENE tax incentive (i)	124,152	6,263	124,458	6,263
Current	(224,444)	(11,083)	(225,157)	(11,326)
Deferred	41,214	3,212	41,945	3,212
Income tax and social contribution expenses	(59,078)	(1,608)	(58,754)	(1,851)

(i) As the industrial project is located within the area under the jurisdiction of the Northeast Development Authority (SUDENE), the Company is entitled to an income tax relief benefit, equivalent to a reduction of 75% on income tax and non-refundable surtaxes, levied on revenues:

- Arising from the manufacturing of ferroalloys and by-products, from January 1, 2015 to December 31, 2024, according to the Incentive-Granting Report 0200/2015;
- Arising from the exploration and processing of chrome ore and by-products, from January 1, 2016 to December 31, 2025, according to the Incentive-Granting Report 0131/2016.
- Arising from electricity generation, from January 1, 2018 to December 31, 2027, pursuant to Incentive-Granting Reports 487, 488, 489, 490, 491, 492 and 428/2018, replaced by Incentive-Granting Reports 291, 292, 293, 300, 301, 302, and 303/2019.

The portion corresponding to the income tax relief is recognized in profit or loss and at the end of each year they are transferred from retained earnings to the earnings reserve (tax incentive), which cannot be distributed to shareholders. As at December 31, 2021, the Company transferred the total amount of R$156,856 (R$6,933 in 2020) in the Parent and R$157,162 (R$6,933 in 2020) in the Consolidated, which correspond to: (i) SUDENE in the amount of R$124,152 (R$6,263 in 2020) in the Parent and R$124,458 (R$6,263 in 2020) in the Consolidated; (ii) decrease of income tax in R$219 (R$110 in 2020) in the Parent and Consolidated; and (iii) ICMS DESENVOLVE in the amount of R$32,485 (R$560 in 2020) in the Parent and Consolidated.

17. ESCROW DEPOSITS

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Labor	698	887	707	896
Tax	44,979	42,169	45,066	42,256
	45,677	43,056	45,773	43,152

Refer to deposits related to tax and labor lawsuits and challenges regarding the legality and constitutionality of certain taxes, which are recorded in noncurrent assets, until a final decision on the redemption of these deposits by one of the parties is handed down.

The Company was informed about the final and unappealable decision that determined the deduction of the ICMS amount from the PIS and COFINS tax basis, which inflation adjustment as at December 31, 2021 is R$92,969 (historical amount of R$80,993). The Company filed a lawsuit with respect to this finance income relating to taxes levied, totaling R$35,699 as at December 31, 2021 (R$34,218 in 2020), of which R$31,373 (R$30,079 in 2020) as IRPJ and CSLL and R$4,326 (R$4,139 in 2020) as PIS and COFINS, and made the respective payments through escrow deposits.

Also, the Company reversed the amount of R$31,235 million of the provision for IRPJ and CSLL after the decision handed down by Federal Supreme Court (STF) on the unconstitutionality of the inflation adjustment to the tax debt refund. The reversal of the escrow deposits is contingent on the final and unappealable decision by the Federal Courts.

18. INVESTMENTS

Aiming to transfer the benefits of mineral deposits, land and other assets owned by subsidiaries, the Company opted to lease these assets in order to maintain all costs and expenses under the Company's responsibility. For this reason, there are no tax and operational inefficiencies on intragroup transactions, while at the same time it is not necessary to reorganize the corporate structure or request transfers to regulatory bodies (INCRA, DNPM etc.). Below is a brief comment on the subsidiaries:

(i) Silício de Alta Pureza da Bahia S.A. ("Silbasa") is a closely-held company located in Pojuca, State of Bahia, as a result of a technological partnership with Marubeni Corporation, a Japanese company, which is engaged in the sale of high-purity ferroalloys, and Japan Metals & Chems - JMC. This company leases since January 2004 its industrial facilities to the Company, and the lease agreement is renewed on annual basis.

(ii) Mineração Vale do Jacurici S.A. ("Jacurici") is a closely-held company, engaged in the research and mining of chrome ore deposits. Since November 1997, the company leased to the Company for an indefinite period its mining business, entitling the Company to economically exploit 15 chromium mines and use mining facilities, buildings, properties, equipment, machinery, and vehicles.

(iii) Reflorestadora e Agrícola S.A. ("Reflora") is a closely-held company, engaged in the design and/or implementation of reforestation projects, and the production of bio-reducer. Reflora is leased to the Company since November 1997 for an indefinite period.

(iv) Indústria de Minérios Damacal Ltda. ("Damacal") is engaged in the exploitation and exploration of limestone deposits for lime production. Damacal is leased to the Company since November 1997 for an indefinite period.

Additionally, below is information on its wind power generation subsidiary:

(v) BW Guirapá I S.A. (“BW Guirapá) is a closely-held company engaged in holding 100% stake in the following entities (“Subsidiaries”): Central Eólica Angical S.A., Central Eólica Caititu S.A., Central Eólica Coqueirinho S.A., Central Eólica Corrupião S.A., Central Eólica Inhambu S.A., Central Eólica Tamanduá Mirim S.A. and Central Eólica Teiú S.A., which main operating features are listed below:

Wind Power Plant	Capacity installed (MW)*	1st Authorization Ordinance from the MME (1)	Contracted Energy 1st Quadrenian (MWmed) (3)	Contracted Energy 2nd Quadrenian (MWmed) (3)	Contracted Energy 3rd year of the 2nd Quadrenian (MWmed) (3)	Contracted Energy 4th year of the 2nd Quadrenian (MWmed) (3)	Initial price of Contract (R$/Mwh)	Update Price (R$/Mwh)
Angical	12.95	37, of 02/03/2012	6.0	5.6	5.6	5.6	99.98	172.87
Caititu	22.2	54, of 02/09/2012	10.5	10.5	10.4	10.4	99.98	172.87
Coqueirinho	29.6	53, of 02/09/2012	13.5	13.4	13.4	13.3	96.97	167.66
Corrupião	27.75	70, of 02/22/2012	13.7	12.9	12.9	12.9	96.97	167.66
Inhambu	31.45	69, of 02/22/2012	15.5	15.5	15.5	15.5	96.97	167.66
Tamanduá Mirim	29.6	52, of 02/09/2012	13.6	13.2	13.2	13.2	96.97	167.66
Teiú	16.65	36, of 02/03/2012	8.2	7.7	7.7	7.8	99.98	172.87
	170.2		81.0	78.8	78.7	78.7		

(*) According to Ordinance Authorization of MME.

(1) Authorized to establish itself as an independent producer of electric energy for a term of 35 years since the 1st Ordinance of MME - Ministry of Mines and Energy. The 2nd Ordinance changed the technical characteristics to suit the reality of the parks.

(2) Amount adjusted annually by the Extended Consumer Price Index (“IPCA”) since July 2011. Amounts adjusted by CCEE as at July 2021.

(3) Pursuant to the purchase and sale agreement, the 2nd quadrennia comprises the period between July 2019 and June 2022, and each annual cycle started in July and ended in June of the following year.

	Equity interest%	Assets	Liabilities	Equity	Revenues	Expenses	Profit or (loss)	Equity interest in subsidiaries	Share of profit (loss) of subsidiaries
December 31, 2020									
Silbasa	51.26	12,977	150	12,827	1,075	(577)	498	6,575	255
Jacurici	100.00	26,384	1,515	24,869	971	(1,971)	(1,000)	24,869	(1,000)
Reflora	99.98	3,431	1	3,430	137	(85)	52	3,430	52
Damacal	100.00	2,609	260	2,349	75	(32)	43	2,349	43
BW Guirapá	100.00	799,517	336,833	462,684	84,287	(95,748)	(11,461)	530,572	(15,879)(*)
								567,795	(16,529)
December 31, 2021									
Silbasa	51.26	2,215	35	2,180	1,000	(940)	60	1,117	31
Jacurici	100.00	26,309	1,510	24,799	1,360	(1,431)	(71)	24,799	(71)
Reflora	99.98	3,531	24	3,507	190	(95)	95	3,506	95
Damacal	100.00	2,677	278	2,399	104	(38)	66	2,399	66
Ferbasa & CO	100.00	11		11				11	-
BW Guirapá	100.00	822,574	365,366	457,208	97,652	(103,127)	(5,476)	520,678	(9,894)
								552,510	(9,773)

(*) Adjusted by assets measured at fair value upon acquisition of BW Guirapá and their realization for the net amount of R$63,470 and R$4,418 (R$67,888 and R$4,418 in 2020).

The variations in investments are as follows:

	Silbasa	Jacurici	Reflora	Damacal	BW Guirapá	Ferbasa & CO	Others	Total
Balances as at December 31, 2019	6,381	25,869	3,379	2,306	546,451	-	78	584,464
Share of profit (loss) of investees:								
Profit (loss) of the year	255	(1,000)	52	43	(11,461)	-	-	(12,111)
Dividends	(61)	-	-	(1)	-	-	-	(62)
Realization of assets measured at fair value	-	-	-	-	(4,418)	-	-	(4,418)
Balances as at December 31, 2020	6,575	24,869	3,431	2,348	530,572	-	78	567,873
Balances as at December 31, 2020								
Share of profit (loss) of investees:	6,575	24,869	3,431	2,348	530,572	-	78	567,873
Investment								
Realization of assets measured at fair value	-	-	-	-	-	11	-	11
Capital decrease	-	-	-	-	(4,418)	-	-	(4,418)
Dividends	(2,852)	-	-	-	-	-	-	(2,852)
Loss for the year	(2,637)	-	(18)	(16)	-	-	-	(2,671)
Balances as at December 31, 2021	31	(71)	95	66	(5,476)	-	-	(5,355)
	1,117	24,798	3,508	2,398	520,678	11	78	552,588

19. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Farming land (i)	115,419	115,419	115,571	115,571
Land	26,357	26,357	32,127	32,127
Buildings	147,452	154,905	288,105	298,120
Machinery and equipment	257,104	272,463	818,668	876,071
Vehicles and tractors	1,494	2,420	1,494	2,420
Furniture and fixtures	2,895	3,343	3,001	3,460
IT	3,523	4,135	3,564	4,189
Mine development (ii)	67,556	65,812	67,556	65,812
In progress and others (iii)	77,694	34,901	125,857	47,166
Total property, plant, equipment and intangible assets (14.1)	699,494	679,755	1,455,943	1,444,936
Right-of-use assets - lease (14.2)	15,481	30,531	27,341	42,003
	714,975	710,286	1,483,284	1,486,939

The table below shows the economic useful lives of the assets. The annual depreciation rates were calculated using the straight-line method (Consolidated):

	Average useful life (years)
PROPERTY, PLANT AND EQUIPMENT	
Machinery and equipment	21
Vehicles and tractors	5
Buildings	25
Furniture and fixtures	10
IT	5
Other	5
Right-of-use assets - lease	
Right-of-use assets - machinery and equipment	4
Right-of-use assets - land	29
Right-of-use assets - buildings	5

19.1. Property, plant and equipment and intangible assets

	Parent									
	Farming land	Land	Buildings	Machinery and equipment	Vehicles and tractors	Furniture and fixtures	IT	Mines	Construction in progress, intangible assets, and other	Total
Cost										
Balance as at December 31, 2019	115,419	26,357	214,322	631,873	74,699	12,520	10,960	109,004	82,517	1,277,671
Additions and transfers	-	-	10,597	33,750	183	544	3,594	5,396	(20,336)	33,728
Write-offs/ Reclassification	-	-	-	(327)	(363)	(5)	-	-	-	(695)
Reinvestment	-	-	-	(1,679)	-	-	-	-	-	(1,679)
Balance as at December 31, 2020	115,419	26,357	224,919	663,617	74,519	13,059	14,554	114,400	62,181	1,309,025
Balance as at December 31, 2020	115,419	26,357	224,919	663,617	74,519	13,059	14,554	114,400	62,181	1,309,025
Additions and transfers	-	-	1,186	23,344	341	260	691	7,391	45,231	78,444
Write-offs/ Reclassification	-	-	-	(2,904)	(1,268)	-	-	-	-	(4,172)
Balance as at December 31, 2021	115,419	26,357	226,105	684,057	73,592	13,319	15,245	121,791	107,412	1,383,297
Accumulated depreciation and depletion										
Balance as at December 31, 2019	-	-	(61,566)	(354,347)	(70,243)	(8,707)	(9,035)	(43,418)	(24,828)	(572,144)
Depreciation and depletion expenses	-	-	(8,448)	(38,437)	(2,214)	(1,010)	(1,384)	(5,170)	(2,452)	(59,115)
Write-offs/ Reclassification			-	1,521	358	1	-	-	-	1,880
Amortization - Reinvestment	-	-	-	109	-	-	-	-	-	109
Balance as at December 31, 2020	-	-	(70,014)	(391,154)	(72,099)	(9,716)	(10,419)	(48,588)	(27,280)	(629,270)
Balance as at December 31, 2020			(70,014)	(391,154)	(72,099)	(9,716)	(10,419)	(48,588)	(27,280)	(629,270)
Depreciation and depletion expenses	-	-	(8,639)	(36,855)	(1,152)	(708)	(1,303)	(5,647)	(2,438)	(56,742)
Write-offs/ Reclassification				837	1,153	-	-	-	-	1,990
Amortization - Reinvestment	-	-	-	219	-	-	-	-	-	219
Balance as at December 31, 2021	-	-	(78,653)	(426,953)	(72,098)	(10,424)	(11,722)	(54,235)	(29,718)	(683,803)
Net balances as at										
12/31/2020	115,419	26,357	154,905	272,463	2,420	3,343	4,135	65,812	34,901	679,755
12/31/2021	115,419	26,357	147,452	257,104	1,494	2,895	3,523	67,556	77,694	699,494

	Consolidated									
	Farming land	Land	Buildings	Machinery and equipment	Vehicles and tractors	Furniture and fixtures	IT	Mines	Construction in progress, intangible assets, and other	Total
Cost										
Balance as at December 31, 2018	115,571	32,127	372,435	1,351,029	83,486	12,681	11,244	109,004	96,507	2,184,084
Additions and transfers	-	-	10,597	35,148	183	576	3,614	5,396	(17,728)	37,786
Write-offs/ Reclassification			-	1,940	(363)	(5)	-		(2,318)	(746)
Reinvestment	-	-	-	(1,679)	-	-	-	-	-	(1,679)
Balance as at December 31, 2020	115,571	32,127	383,032	1,386,438	83,306	13,252	14,858	114,400	76,461	2,219,445
Balance as at December 31, 2020	115,571	32,127	383,032	1,386,438	83,306	13,252	14,858	114,400	76,461	2,219,445
Additions and transfers	-	-	1,186	23,439	341	260	702	7,391	48,002	81,321
Write-offs/ Reclassification	-	-	-	(2,917)	(1,268)	-	-	-	(97)	(4,282)
Provision for BW decommissioning (note 27)	-	-	-	-	-	-	-	-	33,968	33,968
Balance as at December 31, 2021	115,571	32,127	384,218	1,406,960	82,379	13,512	15,560	121,791	158,334	2,330,452
Depreciation and depletion accumulated										
Balance as at December 31, 2019			(73,891)	(431,790)	(79,030)	(8,771)	(9,265)	(43,418)	(26,120)	(672,285)
Depreciation and depletion expenses			(11,435)	(75,374)	(2,214)	(1,022)	(1,405)	(5,170)	(3,175)	(99,795)
Write-offs/ Reclassification			-	1,521	358	1	-	-	-	1,880
Realization of surplus			414	(4,833)	-	-	1	-	-	(4,418)
Amortization - Reinvestment			-	109						109
Balance as at December 31, 2020			(84,912)	(510,367)	(80,886)	(9,792)	(10,669)	(48,588)	(29,295)	(774,509)
Balance as at December 31, 2020			(84,912)	(510,367)	(80,886)	(9,792)	(10,669)	(48,588)	(29,295)	(774,509)
Depreciation and depletion expenses			(11,615)	(74,151)	(1,152)	(719)	(1,328)	(5,647)	(3,182)	(97,794)
Write-offs/ Reclassification			-	840	1,153	-	-	-	-	1,993
Amortization - Reinvestment			414	(4,833)			1	-	-	(4,418)
Realization of surplus			-	219	-	-	-	-	-	219
Balance as at December 31, 2021			(96,113)	(588,292)	(80,885)	(10,511)	(11,996)	(54,235)	(32,477)	(874,509)
Net balances as at										
12/31/2020	115,571	32,127	298,120	876,071	2,420	3,460	4,189	65,812	47,166	1,444,936
12/31/2021	115,571	32,127	288,105	818,668	1,494	3,001	3,564	67,556	125,857	1,455,943

19.2. Right-of-use assets

The breakdown in right-of-use assets during the year ended December 31, 2021 were as follows :

	Parent	Consolidated			
	Machinery and equipment	Machinery and equipment	Land	Buildings	Total
Cost					
Cost at 12/31/2019	55,387	55,387	10,166	154	65,707
Additions	12,822	12,822	-	-	12,822
Remeasurement	2,946	2,946	1,987	32	4,965
Cost at 12/31/2020	71,155	71,155	12,153	186	83,494
Additions	9,545	9,545	-	-	9,545
Remeasurement	(5,314)	(5,314)	956	(3)	(4,361)
Cost at 12/31/2021	75,386	75,386	13,109	183	88,678
Depreciation					
Depreciation as at 12/31/2019	(15,814)	(15,814)	(309)	(32)	(16,155)
Additions	(24,810)	(24,810)	(490)	(36)	(25,336)
Depreciation as at 12/31/2020	(40,624)	(40,624)	(799)	(68)	(41,491)
Additions	(19,281)	(19,281)	(528)	(37)	(19,846)
Depreciation as at 12/31/2021	(59,905)	(59,905)	(1,327)	(105)	(61,337)
Net balance at 12/31/2020	30,531	30,531	11,354	118	42,003
Net balance at 12/31/2021	15,481	15,481	11,782	78	27,341

The amounts recognized in the additions and remeasurement in the parent amount of R$4,231 (2020, R$ 15,768) and consolidated of R$5,184 (2020, R$ 17,787) did not affect the individual and consolidated statements of cash flows and part of the depreciation of the right of use under lease in the amount of R$2,008 (2020, R$ 3,133) was recognized in the cost of inventories.

20. BIOLOGICAL ASSETS (PARENT AND CONSOLIDATED)

The biological assets are comprised of grown and growing forests, to supply wood for bio-reducer production which, in turn, is a raw material used in the production of silicon alloys. The forests are located in the State of Bahia.

The reconciliation of the accounting balances at the beginning and end of year is as follows:

	12/31/2021	12/31/2020
At the beginning of the year	193,222	185,160
Plantation and maintenance	45,802	15,184
Depletion (*)	(43,143)	(53,333)
Changes in fair value	27,802	46,211
At the end of the year	223,683	193,222

(*) In 2021 the depletion of biological assets amounted to R$43,143 (R$53,333 in 2020), of which (i) R$13,916 (R$23,825 in 2020) relating to the historical cost; (ii) R$29,227 (R$29,508 in 2020) of the fair value for the sale/consumption. Additionally, as at December 31, 2021, there was the transfer of the fair value to inventories in the amount of R$1,639 (realization of the fair value of inventories in the amount of R$2,461 in 2020).

As at December 31, 2021, the historical cost balance is R$156,164 (R$124,278 in 2020).

The growing forests with less 2 (two) years are maintained at historical cost due to Management's understanding because during this period the historical cost of growing forests is close to the fair value.

To determine the fair value of biological assets, the discounted cash flow model was used, whose projections are based on a single projection scenario, with productivity and eucalyptus plantation area for a cut cycle of approximately seven years. The period of the cash flows was projected according to the productivity cycle of the forest projects. The volume of production of "standing timber" of eucalyptus to be harvested was estimated considering the average productivity per m3 of timber of each nursery at the cut age.

The average productivity varies depending on genetic material, soil and climate conditions, and mainly forestry treatments. This projected volume is based on the Annual Average Increase (IMA) per region. Annual inventories are carried out to validate the growth rates.

The prices of biological assets, denominated in R$/cubic meter are obtained based on the price charged by the Company in sales transactions to third parties, considering the scenario of eucalyptus sales price for timber production, in addition to the price surveys in the regional market, through a study conducted by a specialized, independent company. The discount rate used in the cash flows correspond to the weighted average cost of capital of the Company's forest resources segment.

The estimated average standard cost includes the costs on the activities involving cut, chemical control of weeds, ant and other pest eradication, fertilizing, road maintenance, inputs, services and own labor. The estimated costs on the compensation for own land used for cultivation were also considered.

The main assumptions used in calculating the fair value of biological assets are:

	Parent e Consolidated	
	12/31/2021	12/31/2020
Effective planted area (hectare)	25,670	25,504
Annual Average Increase (IMA) - m^3/hectare per year	31.52	33.28
Compensation for own land - R$/hectare	945.00	765.00
Discount rate (deflation) - %	7.83%	4.84%

The fair values of biological assets were considered as level 3 in the fair value hierarchy defined by IFRS 13/CPC 46 (information for assets or liabilities that are not based on observable market inputs, that is, unobservable assumptions).

The Company has 17,168 hectares(*) of biological assets pledged as collateral for the financing with the National Bank for Economic and Social Development (BNDES) relating to a line of credit of R$40,493. In 2018, disbursements amounted to R$2,500. In 2019 , 2020 and 2021, there were no other disbursements

21. TRADE PAYABLES

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Electric power	20,900	15,997	20,900	15,997
Raw material and inputs	66,737	38,035	66,737	38,035
Other suppliers	18,933	16,912	23,073	19,858
	106,570	70,944	110,710	73,890

22. BORROWINGS AND FINANCING

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current				
Financing (i)	49,778	79,474	49,778	79,474
Financing BNDES BW Guirapá I (ii)	-	-	25,911	28,575
ACC	-	25,135	-	25,135
	49,778	104,609	75,689	133,184
Borrowing costs	-	-	(455)	(455)
Total current	49,778	104,609	75,234	132,729
Noncurrent:				
Financing (i)	98,088	141,211	98,088	141,211
Financing BNDES BW Guirapá I (ii)	-	-	236,039	259,217
	98,088	141,211	334,127	400,428
Borrowing costs	-	-	(4,042)	(4,498)
Total noncurrent	98,088	141,211	330,085	395,930
Total	147,866	245,820	405,319	528,659

(i) Refers to long-term third-party capital for investment in the forest area and acquisition of machinery and equipment allocated to metallurgy and mining.

(ii) BNDES BW Guirapa financing: For the balances related to the consolidation, due to the acquisition of BW Guirapá I, the following points must be highlighted: On October 6, 2015, the Wind Power Plants signed the financing agreements for the construction of the wind farm with the National Bank for Economic and Social Development (BNDES). The guarantees offered for the payment of the debt were: pledge of BW Guirapá's shares, pledge of credit rights (O&M contract), pledge of emerging rights (authorization from independent producer), pledge of machinery and equipment (wind turbines), fiduciary assignment of credit rights (revenue from the sale of energy and CER, and creation of reserve accounts) and bank guarantee.

The balances, costs and maturities are as follows :

Type	Maturities	Annual changes	Amortization	Collaterals	Parent	Consolidated
FINAME	2021 a 2024	TJLP + 3.4% to 3.9%.	Monthly	Financed assets	2,852	2,852
FINEM	2022 a 2025	TJLP + 1.52% to 2.26%	Monthly	Land mortgage	17,759	17,759
FINEM	2032	TJLP + 2.65%	Monthly	See (ii)	-	261,950
				TJLP Subtotal (note 4.3)	20,611	282,561

Type	Maturities	Annual changes	Amortization	Collaterals	Parent	Consolidated
NCE	2024	CDI + 0.70%	Yearly	Export history	83,897	83,897
CCB	2025	CDI + 1.86%	Yearly	Export history	40,738	40,738
				Clean	124,635	124,635
				CDI Subtotal (note 4.3)		
FINAME	2022 a 2024	2.5% to 6%	Monthly		2,620	2,620
				Financed assets	2,620	2,620
				Export history		
				Subtotal of other borrowings	147,866	409,816
					-	(4,497)
				Subtotal	147,866	405,319

Variations in borrowings and financing are as follows :

	Parent	Consolidated
Balances as at December 31, 2019	186,130	494,397
Borrowings	188,626	188,626
Accrued interest and inflation adjustments	11,304	33,533
Amortization of borrowing costs	-	457
Interest paid	(9,802)	(32,095)
Repayment of principal	(130,438)	(156,259)
Balances as at December 31, 2020	245,820	528,659
Borrowings	2,785	2,785
Accrued interest and inflation adjustments	9,955	29,779
Amortization of borrowing costs	-	455
Interest paid	(10,218)	(30,060)
Repayment of principal	(100,476)	(126,299)
Balances as at December 31, 2021	147,866	405,319

The amounts classified in noncurrent liabilities by maturity are as follows :

Maturity year	Parent	Consolidated
2023	41,953	67,409
2024	42,987	68,443
2025	13,148	38,604
2026	-	25,456
2027 and thereafter	-	130,173
Total	98,088	330,085

Covenants

The Company recognizes financing, subject to restrictive covenants that require the compliance with periodic performance ratios, under penalty of accelerated debt maturity in case of noncompliance with the covenants. In the year ended December 31, 2021 and 2020, the Company complied with the financial covenants set out in the agreements effective on that date - the ratio between net debt and EBTIDA, in the consolidated, must be below or equal to 2.5x during the agreement term.

Subsidiary BW Guirapá I and the Wind Power Plants must specifically maintain, during the term of the BNDES financing agreement, an annual consolidated debt service coverage ratio (DSCR) at 1.30, which was complied with as at December 31, 2020 and as at December 31, 2021. Also, their significant obligations include compliance with the deadlines for starting commercial operation; submission to BNDES of applicable operating licenses; be in regular standing before the environmental agencies, CCEE, ANEEL, MME, the National Electric System Operator (“ONS”) and/or any other direct or indirect government administration agencies and entities; as well as adopt measures and actions to avoid or remediate damages to the environment and relating to occupational safety and health. These covenants have been met as at December 31, 2021 and as at December 31, 2020.

23. LEASE PAYABLE

	Parent	Consolidated			
	Machinery and equipment	Machinery and equipment	Land	Buildings	Total
Balance as at 12/31/2019	38,783	38,783	9,491	122	48,396
Additions of leases	12,822	12,822	-	-	12,822
Remeasurements	2,946	2,946	1,987	32	4,965
Write-offs	(25,979)	(25,979)	(752)	(37)	(26,768)
Present value adjustment	1,632	1,632	91	4	1,727
Balance as at 12/31/2020	30,204	30,204	10,817	121	41,142
Additions of leases	9,545	9,545	-	-	9,545
Remeasurements	(5,314)	(5,314)	956	(3)	(4,361)
Write-offs	(25,131)	(25,131)	(974)	(44)	(26,149)
Present value adjustment	5,106	5,106	165	7	5,278
Balance as at 12/31/2021	14,410	14,410	10,964	81	25,455
Current	11,828				12,616
Noncurrent	2,582				12,839

The amounts classified in noncurrent liabilities by maturity are as follows :

Maturity year	Parent	Consolidated
2023	1,499	2,297
2024	1,083	1,889
2025 a 2029	-	3,269
2030 a 2034	-	2,656
2035 a 2039	-	2,110
2040 a 2044	-	536
2045 onwards	-	82
Total	2,582	12,839

The Company has potential right to recoverable PIS/COFINS embedded in the lease considerations relating to machinery and equipment. In measuring the cash flows of leases, tax credits were not separately disclosed, and the potential PIS/COFINS effects are shown in the table below:

	Parent				Consolidated			
	Nominal		Adjusted to present value		Nominal		Adjusted to present value	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Consideration	21,736	29,951	14,410	30,204	37,258	46,222	25,455	41,142
Potential PIS/COFINS (9.25%)	2,011	2,770	1,333	2,794	3,446	4,276	2,355	3,806

24. LABOR AND ACTUARIAL LIABILITIES

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current:				
Payroll and related taxes	9,958	11,592	10,395	11,830
Accrued payroll and related taxes	22,759	20,144	22,860	20,318
Profit sharing (i)	80,500	15,657	80,592	15,657
	113,217	47,393	113,847	47,805
Noncurrent:				
Labor and actuarial liabilities (ii)	65,051	94,928	65,051	94,928
	178,268	142,321	178,898	142,733

(i) The Company's bylaws set forth that, of the profit for the year, up to 10% will be allocated for distribution to employees and, of this balance, up to 10% as management bonus. As at December 31, 2021, the balance in Management's profit sharing is R$11,940 (R$7,639 as at December 31, 2020) and the balance in employees' profit sharing is R$54,560 (R$8,018 as at December 31, 2020). Additionally, in order to recognize the success achieved and celebrate Ferbasa's 60 years, as well as to pay attention to the request made at the meeting with the Plant Commission, the Company will grant a bonus to employees in the amount of R$14,000.

(ii) The Company has a defined, supplementary defined contribution plan, managed by BRASILPREV Seguros e Previdência S.A., and a health care plan, managed by Bradesco Saúde.

The Company also offers an additional postemployment benefit for employees who receive wages below the social security ceiling and who have worked in the Company for at least ten consecutive years. It refers to one single contribution paid to the employee upon termination of employment.

Additionally, the Company grants to its retired employees, or employees dismissed without cause, the right to continue to be eligible to the corporate health care plan, provided that the legal requirements are met. In this case, the coverage conditions remain the same as those during the term of the employment contract, provided that employees fully pay for such plan.

The Company recognized accrued post-employment benefit relating to the FGTS fine upon retirement for employees exposed to hazard (special retirement), who are eligible to the FGTS, dismissed upon their own request, and who do not remain at the Company at the time of dismissal. These special retired employees will be entitled to the benefit as if they were terminated, provided that the length of service is above five or eight years, depending on their workplace.

(a) The variations in the present value of actuarial obligations (Parent and consolidated) are as follows:

	Healthcare plan	Private pension, premium and retirement and FGTS fine	Total
Amount of actuarial obligations at the beginning of the year	73,901	21,027	94,928
Current service expenses and interest on obligations recorded in profit or loss for the year	9,157	2,353	11,510
Employer's contributions in the year (-)	(1,612)	(2,181)	(3,793)
(Gain)/loss on actuarial obligations	(40,136)	2,542	(37,594)
Present value of actuarial obligations at the end of the year	41,310	23,741	65,051

(b) The actuarial gains and losses for the year on the present value of the defined benefit obligation are broken down below, including those resulting from the changes in the demographic and financial assumptions, and those resulting from experience adjustments, as well as the identification of the amounts to be recognized in line item "Other comprehensive income" (Parent and consolidated).

	Healthcare plan	Private pension, premium and retirement and FGTS fine	Total
Actuarial gain/(loss) from changes in financial assumptions	21,623	2,930	24,553
Actuarial gain/(loss) from experience adjustments	18,513	(5,472)	13,041
Amounts to be recognized in other comprehensive income (OCI) at the end of the year	40,136	(2,542)	37,594

(c) Actuarial assumptions

	12/31/2021	12/31/2020
Expected inflation rate - % p.a.	4.00	3.75
Actual discount rate - pension plan - % p.a.	5.20	3.03
Actual discount rate - health care plan cost - % p.a.	5.47	3.80
Actual discount rate - Retirement premium - % p.a.	5.18	2.75
Actual discount rate - FGTS fine - % p.a.	5.18	2.77
Turnover rate - % p.a.	5.00	5.00
Actual wage growth - % p.a.	0.50	0.50
Permanence in the plan after retirement - % (indirect grant)	42.00	55.00
Eligibility to retirement	65 normal 25.20 and 15 special	65 normal 25.20 and 15 special

25. TAXES AND SOCIAL CONTRIBUTIONS

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current:				
Income tax and social contribution	46,591	-	46,806	90
Federal VAT (IPI)	3,519	992	3,519	992
State VAT (ICMS)	8,993	6,655	8,993	6,661
Withholding Income Tax (IRRF)	3,413	2,608	3,575	2,798
PIS and COFINS	5,401	3,766	5,815	4,111
Other	1,028	717	1,121	831
	68,945	14,738	69,829	15,483
Current:				
Income tax and social contribution	-	-	87	87
	68,945	14,738	69,916	15,570

(i) The Company maintained its IRPJ/ CSLL calculation based on taxable income on quarterly basis, and the taxable income as at 12/31/2021 was material in relation to the year ended 12/31/2020.

26. DERIVATIVE AND NON-DERIVATIVE FINANCIAL INSTRUMENTS (PARENT AND CONSOLIDATED)

The Company contracted derivative financial instruments for forward sales of US dollar (US$) (Sale NDF) and contracted in June derivative financial instruments for forward purchase of US dollar (US$) (Buy NDF) for the same volumes and maturities of the sale NDFs already contracted, in order to mitigate the exposure of these transactions in relation to revenues. It has also non-derivative financial instruments (export exchange forwards) to minimize the risks involving the impact of the exchange rate fluctuation on the translation of its sales prices in the foreign market, according to internal policy, approved by Management. The methodology for determining the amount of the NDFs is the mark-to-market using the B3 benchmark rates.

Exchange rate fluctuations impact the revenue from ferroalloys and chrome ore and also affect the portion of this revenue contracted as foreign exchange hedge. The foreign exchange hedge practice is contemplated in our Financial Risk Policy and is intended to mitigate the impact arising from the exchange rate volatility on the Company’s profit or loss.

The Company and its subsidiaries do not make investments involving derivatives or any other risk financial instruments for speculative purposes.

The information on derivative transactions as at December 31, 2021 designated and not designated as hedge accounting (cash flow hedge) is broken down as follows:

Derivative and non-derivative hedging instrument				*Hedge item*
Maturities	Transaction	Notional (US$)	Fair value through other comprehensive income	Transaction
1st quarter of 2022	Export exchange forwards	8,402	(9,669)	Cash flow
	Total	8,402	(9,669)	

As at December 31, 2021, the Company recorded the amount of R$78,879 (R$91,883 in 2020) which was considered as effective for hedge accounting purposes, in equity.

In the year, derivative financial instruments were settled, with a net gain of R$10,270 of Buy NDF (not designated for hedge accounting) and net loss of R$83,597 of Sale NDF (hedge accounting). Additionally, non-derivative financial instruments (export exchange forwards) were settled, with a net loss of R$21,881, totaling a net loss recognized in profit or loss, in the amount of R$95,208 (net loss of R$184,747 in 2020).

The information on derivative transactions as at December 31, 2020 designated and not designated as hedge accounting (cash flow hedge) is broken down as follows:

Derivative and non-derivative hedging instrument				*Hedge item*
Maturities	Transaction	Notional (US$)	Fair value through other comprehensive income	Transaction
1st quarter of 2021	Sale NDF	39,300	(31,982)	Cash flow
2nd quarter of 2021	Sale NDF	36,400	(21,138)	Cash flow
3rd quarter of 2021	Sale NDF	34,000	(15,396)	Cash flow
4th quarter of 2021	Sale NDF	8,000	3,202	Cash flow
		117,700	(65,314)	
4th quarter of 2021	Export exchange forwards	7,710	(7,766)	Cash flow
1st quarter of 2022	Export exchange forwards	17,224	(14,687)	Cash flow
		24,934	(22,453)	
	Subtotal	142,634	(87,767)	

Non-derivative hedging instrument				Hedged item
Maturities	Transaction	Notional (US$)	Fair value through other comprehensive income	Transaction
1st quarter of 2021	ACC	4,750	(780)	Advance on Foreign Exchange Contract
	Total	147,384	(88,547)	

The variations in derivative and non-derivative financial instruments during 2021 and 2020 were as follows:

Balances as at December 31, 2019 (current asset)	3,336
Variations in derivative and non-derivative financial instruments	(91,883)
Balances as at December 31, 2021	(88,547)
Variations in derivative and non-derivative financial instruments	78,878
Balances as at December 31, 2010 (liability)	9,669
Current Liabilities	9,669
Noncurrent Liabilities	-

27. PROVISION FOR ENVIRONMENTAL LIABILITIES

The Company makes judgments and assumptions when measuring its obligations relating to the provision for mine closure and the decommissioning of assets related to mining operations. The potential costs covered by insurance or indemnities are not deducted from the amount accrued, as their recovery is considered uncertain.

Decommissioning costs were measured based on information available for costs for disassembling equipment and construction works, adjusted for inflation and discounted at the average capital cost rate of each project. Accordingly, the Company adopted ICPC 12 - Changes in Existing Decommissioning, Restoration and Similar Liabilities and recorded a provision based on its best estimate of the costs to be incurred on the disassembling of such equipment at the end of the lease term, discounted at present value considering an actual interest rate based on the CDI rate, discounted by the inflation measured according to the IPCA rate.

The variations in these provisions are as follows:

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current				
At the beginning of the year	-	-	579	579
Derecognition	-	-	(579)	(579)
Total current	-	-	-	-
Noncurrent				
At the beginning of the year	15,354	15,395	22,848	22,889
Estimated cash flow review	-	-	33,968	-
Derecognition	(901)	(1,236)	(901)	(1,236)
Inflation adjustment	1,500	1,195	1,500	1,195
Total noncurrent	15,953	15,354	57,415	22,848
Total	15,953	15,354	57,415	22,848

(*) The Company hired a specialized consulting company and revalued the provision for decommissioning of the wind power plants considering the costs to disassemble the equipment and construction works. As at December 31, 2021, environmental liabilities relating to the decommissioning of the wind power plants was revalued in the amount of R$41,462, requiring an additional amount of R$33,968 as a contra entry to property, plant and equipment, based on the best estimated of the costs to be incurred on the disassembling of the equipment at the end of the authorization, adjusted for inflation and discounted to present value, considering a real interest rate based on a rate adopted in the market discounted by inflation measured according to the IPCA.

28. PROVISION FOR CONTINGENCIES (PARENT AND CONSOLIDATED)

The Company's and its subsidiaries' Management, based on its legal counsel's opinion, assessed lawsuits based on the likelihood of loss, as follows:

	Possible		Probable	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Tax/administrative	31,742	27,078	46,072	46,098
Labor	484	578	6,366	5,727
Civil	441	374	4,054	3,639
	32,667	28,030	56,492	55,464

28.1. Accrued lawsuits whose likelihood of loss is assessed as probable

	12/31/2021	12/31/2020
Tax/administrative:		
CFEM (i)	6,440	6,167
Taxes on revenue (PIS and COFINS) (ii)	12,934	12,385
CDE and TUST tariffs (iii)	21,677	23,335
Others	5,021	4,211
Labor (iv)	6,366	5,727
Civil:		
Derecognition of land deed (v)	2,336	1,983
BW (vi)	1,309	1,309
Other	409	347
	56,492	55,464

(i) CFEM: The Company was notified in July 2007 by the National Department of Mineral Production (DNPM) to pay an alleged debt for improper collection of the Financial Compensation for the Exploration of Mineral Resources from January 1991 to December 2005. The main items under discussion are (a) the levy period, which is considered by the DNPM as the stage subsequent to the electric furnace, while the Company considers as the ore sintering stage; and (b) statute of limitation/expiration. The Company filed its defense/administrative appeals requiring the annulment of the notifications and the shelving of the respective collection lawsuits. The Company filed administrative appeals requiring the annulment of the notifications and the shelving of the respective collection lawsuits, which in all tax assessment notices, totals R$80,801 (amount declared by ANM relating to debts in October 2018, adjusted for December 31, 2021, in the amount of R$157,429). Upon unsuccessful termination of the administrative stage, the Company filed a preliminary injunction - in anticipation for the main annulment action of the respective tax assessment notices - through which it has posted performance bond for the uncontested portion ANM, in the first answers in the action, has partially acknowledged the Company's right, reducing the amount required by the CFEM debt to R$ 39,146. Nonetheless, the Company believes, supported by the opinion of its legal counsel, that a substantial portion of such assessment is subject to remote risk of loss. Based on the opinion of its legal counsel, the Company recorded a provision in the amount of R$6,440 (R$6,167 in 2020) to cover the portion being challenged, which it believes is sufficient to cover any cash disbursement.

(ii) PIS and COFINS: The Company accrued the amount of R$12,934 (R$12,385 as at December 31, 2020) relating to a risk assessment carried out by Management, supported by tax firm, on untimely credits recorded and offset against federal taxes

(iii) The Company is a party to declaratory actions with request for advance relief filed by the Brazilian Association of Large Industrial Power Consumers and Free Consumers (ABRACE), as plaintiff, whereby it challenges the amount calculated by ANEEL relating to the Energy Development Account (CDE) (relating to 2015 and 2016) and the Transmission System Use Tariff (TUST). The Company provisioned the contested amounts in the amount of R$19,192 (R$19,192 in 2020) relating to the CDE, which payment is suspended due to injunctions accepted on behalf of ABRACE. In relation to the TUST, in November 2019, a decision was handed down with respect to the respective lawsuit, which determined the annulment of the injunction that excluded the remuneration portion from the TUST base, calculated on reversible assets, not yet amortized or depreciated, and which was subject to appeal by ABRACE. Upon annulment of the injunction, in July 2020, ANEEL has reinserted the cost of own capital and is making the collection over the next three cycles (2020 to 2023). Based on the individual calculation by company made by ABRACE, the Company adjusted the provision and is performing the monthly reversal as payments are being made. As at December 31, 2021, the Company records a provision relating to the TUST, in the amount of R$2,485 (R$4,143 in 2020).

(iv) Labor: The Company and its subsidiaries are parties to several labor lawsuits filed by former employees or for joint liability claiming the payment of labor rights (severance pay, overtime, additional amounts, among others). Also, the Company is a defendant in collective actions, filed by the General Labor Attorneys' Office, as follows: (a) Civil Class Action, challenging the alleged irregularity in the outsourcing of forestry activities and requests the sentencing of the defendant for collective pain and suffering, at the amount declared in the initial petition of R$15,834 (R$15,834 in 2020). Considering the procedural phase and history, a provision was recorded in the amount of R$1,020 (R$1,020 in 2020) and; (b) Civil Class Action that seeks to impose on the Company the responsibility for a fatal accident occurred with its former employee, at the amount declared in the initial petition of R$3,000 (R$3,000 in 2020), claiming the compliance with affirmative covenants, in addition to payment of collective pain and suffering. Considering the procedural phase and history, a provision was recorded in the amount of R$300 (R$ 300 in 2020). The other lawsuits have their amount declared in the initial petition of R$7,733 (R$8,259 in 2020) and considering the procedural phase and history, a provision was recorded in the amount of R$5,046 (R$4,407).

In total, the Company is a party to 154 lawsuits as at December 31, 2021 (157 in 2020) and recorded a provision for lawsuits whose likelihood of loss is assessed as probable – in whole or in part – in the amount of R$6,366 (R$5,727 in 2020).

(v) Derecognition of land deed: The Company acquired in good faith, properties in the State of Bahia for eucalyptus plantation. Despite of the absence of a lien on these properties at the time of transfer, the Company was sued by a company seeking to annul the purchase and sale agreements claiming that it owns the land as collateral for a bankruptcy lawsuit involving former owners. The Company recorded a provision in the amount of R$2,336 (R$1,983 as at December 31, 2020 to cover probable losses.

(vi) Upon acquisition of BW Guirapá, the Company recorded a provision in the amount of R$1,309 relating to indemnity lawsuits for damages relating to the implementation of wind farms.

The variation in provisions is as follows:

	Labor	Tax	Civil	Total
Balances as at December 31, 2019	5,160	52,248	3,145	60,553
New lawsuits/additions	567	3,518	494	4,579
Reversals	-	(10,164)	-	(10,164)
Inflation adjustments	-	496	-	496
Balances as at December 31, 2020	5,727	46,098	3,639	55,464
New lawsuits/additions	828	810	415	2,053
Reversals	(189)	(1,658)	-	(1,847)
Inflation adjustments	-	822	-	822
Balances as at December 31, 2021	6,366	46,072	4,054	56,492

28.2. Risks of loss assessed as possible and, therefore, not accrued:

	Possible	
	12/31/2021	12/31/2020
Tax/administrative	31,742	27,078
Labor	484	578
Civil	441	374
	32,667	28,030

- Administrative/Tax:

  - IPI premium tax credit: Refers to a decision order that recognized the credit right, corresponding to the IPI premium tax credit granted under a court decision fully approving the requests for offsets in the adjusted amount of R$16,422 (R$13,941 in 2020). The amount was fully excluded from the offsets due to alleged double entry, considering the initial stage of processing of the lawsuit and the understanding of the Company's legal counsel on the merit of the claim, with no risk to be considered up to the date of issuance of these financial statements.

  - Administrative/Tax: The Company is a party to a number of lawsuits challenging the payments considered inappropriate or overstated, mainly due to the differences between statements and accessory obligations. The Company assesses part of the risk of loss as possible, totaling R$ 18,595 (R$14,370 as at December 31, 2020).

  - PIS and COFINS: In the case of the abovementioned notifications related to PIS and COFINS in 2004 and 2006, the possible risk of loss amounts to R$12,386 (R$12,061 in 2020 PIS e COFINS).

  - The Municipality of Queimadas notified the Company due to irregularities in the mining lawsuits, part of the risk of which is assessed as possible, in the amount of R$761 (R$647 as at December 31, 2020).

- Labor: The Company is a party to lawsuits filed by former employees or outsourced employees (joint liability) or collective actions, with initial amount of R$20,552, for which the Company's legal counsel assesses the likelihood of loss as possible, and for these lawsuits, the estimated risk amounts to R$484 (R$578 in 2020).

- Civil: The Company is a party to indemnity actions for pain and suffering and possession filed against it, which risk of loss is assessed as possible by its legal counsel. If the claims result in total significant amounts, the Company, with the support of its legal counsel, believes that the possible risk of loss amounts to R$441 (R$374 in 2020). Additionally, the amount of the lawsuit assessed as possible risk of loss in progress, subject to court secrecy, at the civil court of Pojuca, Bahia, filed on April 27, 2016, is R$173,358 as at December 31, 2021, (R$147,172 in 2020), but considering the initial stage of processing of the lawsuit and understanding of the Company's legal counsel on the merit of the claim, with no risk to be considered up to the date of issuance of these financial statements.

29. CCEE REIMBURSEMENT ACCOUNT (CONSOLIDATED)

	Consolidated	
	12/31/2021	12/31/2020
Current		
CCEE reimbursement account	24,896	19,335
Noncurrent		
CCEE reimbursement account	24,619	12,247
	49,515	31,582

Under authorization regime, the Wind Power Plant BW Guirapá's entire production is contracted for a 20-year period with the Electric Power Trading Chamber ("CCEE"), within the scope of the Reserve Auction - 2011 ("LER 2011") at the regulated environment. The CCEE reimbursement accounts refer to the differences between the amount charged and the amount of the energy effectively generated. The calculation criteria are set out in an agreement, based on a tolerance limit between the energy effectively generated and the contracted energy, as follows:

(a) The contractual limit accepted, without the imposition of penalties or bonus, corresponds to the supply from 90% to 130% of the one-year contracted energy, calculated at the end of each quadrenian. In those cases, the positive or negative deviation between the supplied energy and the contracted energy is recognized in assets or liabilities, respectively, upon the application of the adjusted contractual price on the MWh determined. Any differences between the supplied energy and the contracted energy will be offset at every contractual quadrenian; the first quadrenian ended on June 30, 2018 and the second quadrenian began in July 2018.

(b) If the supplied energy is lower than 90% of the contracted energy, a penalty correspond to 115% of the effective contractual price will be applied on the amount in MWh that is lower than the 90%. If the supplied energy is higher than 130% of the contracted energy, the Companies will receive 70% of the contracted price on the amount in MWh that exceed the 130%. In both cases, the financial compensation is paid beginning July of the current year up to June of the subsequent year.

Also, pursuant to Ordinary Notice CCEE CO 777/2021, of October 22, 2021, CCEE will continue with the procedures related to the calculation of the *Constrained-off* energy of wind power plants, subject to Energy Trading Agreements at the Regulated Environment (CCEAR) due to availability and Reserve Energy Agreements (CER), according to Aneel Ordinance 3.080 of 2021. On November 26, 2021, CCEE has informed to the agents that it has postponed the processing of calculation of energy not provided due to Constrained-off on account of the time for validation of the entry parameters with ONS and on January 31, 2022, CCEE has requested two adjustments to the calculation methodology and waits for ANEEL's approval.

30. RELATED-PARTY AND TRANSACTIONS

	Profit or loss				
	Lease costs (i)	Sales revenue (ii)	Other operating expenses (iii)	Trade receivables (ii)	Other payables (iii)
Parent:					
Fundação José Carvalho	-	70	8,579	16	265
Subsidiaries:					
BW Guirapá S.A.	-	-	(473)	-	-
Silício de Alta Pureza da Bahia S.A.	840	-	-	-	-
Mineração Vale do Jacurici S.A.	360	-	-	-	-
Reflorestadora e Agrícola S.A.	60	-	-	-	-
Indústria de Minérios Damacal Ltda.	36	-	-	-	-
Related parties:					
Marubeni Corporation (iv)	-	319,667	-	21,493	-
Total as at December 31, 2021	1,296	319,737	8,106	21,509	265
Total as at December 31, 2020	1,296	240,998	8,228	4,218	6

(i) Refers to the leases for the subsidiaries' operations.

(ii) Revenue and receivables from the sale of alloys (FeSi 75) to the foreign related party and receivables from the sale of timber, quicklime and waste dust to the Parent.

(iii) Refers to: (a) Cooperation and Partnership Instrument for the reserve and guarantee of enrollment in schools from Fundação José Carvalho for the Company employee's dependents living in the municipalities of the school head offices (Pojuca, Catu and Andorinhas); (b) Agreement for social, education and sports training, for children between 8 and 14 years old, who are public school students, aiming at developing learning and sports; and (c) Cooperation and Partnership Instrument for implementation of Memorial José Carvalho which purpose is the preservation of the memory, cultural heritage, existing collection, residence of the founder, besides housing the permanent organizational culture program; (d) Infrastructure and Administrative Structure Sharing Agreement for the corporate activities between Ferbasa and BW; (e) purchase of fromage for the employees' Christmas basket.

(iv) Maurubeni Corporation holds stake in Silício de Alta Pureza da Bahia S.A. ("Silbasa") together with Ferbasa and Japan Metals & Chems – JMC.

The Company has not provided or received any guarantees to or from related parties.

30.1. Overall Management Compensation

Pursuant to the Brazilian Corporate Law, shareholders are responsible for setting the overall annual management compensation at a shareholders' meeting:

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Overall compensation	25,841	21,768	29,996	25,207
Social security charges	2,645	2,670	3,048	3,004
	28,486	24,438	33,044	28,211

The Company and its subsidiaries do not have key management personnel other than statutory personnel and do not offer share-based compensation plans or other long-term benefits, except for those disclosed in note 24.

31. EQUITY

31.1. Capital

The limit of the Company's authorized capital is R$1,500,000 (one billion and five hundred million reais). The Company's subscribed and paid-in capital, as at December 31, 2021 and 2020, totals R$1,225,444 (one billion, two hundred and twenty-five millions, four hundred and forty-four thousand reais), of which the subscribed and paid-in capital is represented by 88,320 thousand registered shares without par value, of which 29,440 thousand common shares and 58,880 thousand preferred shares, held as follows:

	12/31/2021		12/31/2020	
Shareholders	Common shares	Preferred shares	Common shares	Preferred shares
Fundação José Carvalho	29,086,696	15,162,000	29,086,696	15,416,000
Trígono capital	464	8,051,000	400	2,450,000
Vanguard Group	-	1,405,572	-	-
Dimensional Funds	-	1,057,882	-	1,231,482
Kadima Asset Management	-	878,000	-	1,200,400
Other shareholders	312,840	29,142,246	312,904	35,398,818
Treasury shares	40,000	3,183,300	40,000	3,183,300
	29,440,000	58,880,000	29,440,000	58,880,000

The Company can, if so decided by the Shareholders' Meeting, increase the number of existing types or classes of shares, without keeping proportion among the existing shares, or create a new class of preferred shares, within the limit of 2/3 of total shares issued for preferred shares that are nonvoting or subject to restrictions to this regard.

31.2. Treasury shares

The shares bought back under the program will remain in treasury and the decision on the sale and/or cancellation of these shares will be taken in due time, and will be then duly communicated to the market. The preferred shares held in the treasury are intended for subsequent sale or cancellation, among others. The volume of treasury shares and their market values, considering the quoted closing price on B3 are as follows:

	12/31/2021		12/31/2020	
	PN	ON	PN	ON
Number of treasury shares	3,183,300	40,000	3,183,300	40,000
Quoted on B3 - R$/share	48.82	56.94	19.11	31.30
Average acquisition cost - R$/share	8.07	0.06	8.07	0.06

Preferred shares are nonvoting and are entitled, under the bylaws, to the payment of dividends 10% higher than the dividends paid to common shareholders, and priority in the capital reimbursement.

31.3. Earnings reserves

(a) The legal reserve is recorded upon capital increase and allocation of 5% of profit for the year, up to the limit of 20% of capital, and is used solely to offset losses, after the balances of retained earnings and other earnings reserves are absorbed.

(b) The earnings reserve (SUDENE tax incentive) related to income tax refers to the portion of the income tax incentive (operating profit) and ICMS DESENVOLVE regarding the gain of the tax incentive of the balance due on the circulation tax of goods. This reserve is recognized by transferring the portion of the tax incentive that affected the expenses on income tax and ICMS for the year and cannot be distributed to shareholders. This reserve also includes the income tax reinvestment amount.

(c) Profit after the allocation to the legal reserve, the earnings reserve (tax incentive), and the allocation of dividends to be distributed to shareholders, is transferred to line item "Earnings retention reserve - investments”, to be realized according to the Company’s capital budget and strategic planning. In 2021, the dividends prescribed in the amount of R$ 1,338 (R$2,049 as of 2020), were reversed to the profit reserve account in accordance with Law 6,404 /76.

31.4. Other comprehensive income and equity assessment adjustment

Other comprehensive income comprises the revenue and expense components (including from reclassification adjustments) that are not recognized in the income statement as required or permitted by the pronouncements, interpretations and guidelines issued by the CPC.

Created by Law 11638/07, the group of "Equity assessment adjustment" in the Company's equity comprises the valuation adjustments and increases and decreases of assets and liabilities, where applicable, while not recorded in profit or loss for the year, until effective realization.

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Deemed land cost parent (i)	58,811	58,811	63,385	63,385
Deemed land cost subsidiaries (i)	3,019	3,019	3,019	3,019
Adjustments to financial instruments (note 26)	(9,669)	(88,547)	(9,669)	(88,547)
Actuarial - postemployment (note 24)	7,294	(30,299)	7,294	(30,299)
Deferred taxes	(19,187)	20,411	(20,744)	18,855
	40,268	(36,605)	43,285	(33,587)

(i) Deemed cost of property, plant and equipment for forest land, which option was exercised in the first-time adoption of the new accounting pronouncements in convergence with the IFRS on January 1, 2009.

31.5. Unrealized earnings reserve

The Company recognized unrealized earnings reserve arising from the bargain purchase gain on the acquisition of complex BW Guirapá (note 1.1) in the amount of R$49,595 as at December 31, 2018.

31.6. Dividends and interest on capital

The Company entitles its shareholders to receive mandatory minimum dividends corresponding to 25% of annual adjusted profit. Interest on capital is considered as profit distribution for purposes of determining mandatory minimum dividend. Preferred shares are entitled to dividends 10% higher than those attributed to common shares.

The Annual General Meeting ("AGM") and Board of Directors approved in the year the following distributions of supplementary dividends and interest on capital, gross of withholding income tax (IRRF), respectively:

			Amount per share (in R$)	
Description	Approval date	Amount	Common	Description
Interest on capital		74,652		
	05/27/2021	17,484	0.19283886627	0.21212275290
	08/31/2021	31,323	0.34547345412	0.38002079953
	11/29/2021	20,370	0.22466699166	0.24713369082
	12/23/2021	5,475	0.06038622700	0.06642484970

The Company approved the distribution of interest on capital in the gross amount of R$74,652 million in 2021, as prepaid dividends. Ferbasa still needs to approve the additional distribution of at least R$38.8 million, as additional dividends, to meet the minimum percentage of 25% of dividend distribution, pursuant to its Bylaws.

	12/31/2021	12/31/2020
(=) Profit for the year	642,878	69,772
(-) Recognition of legal reserve (5% of profit)	(32,144)	(3,489)
(-)Tax incentive reserve (SUDENE, ICMS DESENVOLVE and reinvestment)	(156,856)	(6,933)
(=) Adjusted profit for distribution	453,878	59,350
Mandatory minimum dividends (25%)	113,470	14,837
Interest on capital distributed out of the adjusted profit – common shares – R$0.8234 (12/31/2020 - R$0.7201) per share	24,207	19,245
Preferred shares – R$0.9057 (12/31/2020 - R$0.6714) per share	50,445	40,105
Total (B)	74,652	59,350
Percentage on adjusted profit	16%	100%
Additional mandatory minimum dividends		
Common shares – R$ R$0.4720 per share	13,876	-
Preferred shares – R$ R$0.5192 per share	28,917	-
Total (C)	42,793	-
Total interest on capital/dividends out of adjusted profit (B+C)	117,445	59,350
Percentage on adjusted profit (C/A)	26%	100%
Interest on capital distributed through earnings reserve		
Common shares (12/31/2020 - R$0.1893 per share)	-	5,566
Preferred shares (12/31/2020 - R$0.2083 per share)	-	11,600
Interest on capital distributed through earnings reserve (D)	-	17,166
(=) Total interest on capital / dividends (B+C+D)	117,445	76,516

In the calculation of the additional mandatory minimum dividends, the portion relating to withholding income tax (IRRF) in the amount of R$3,975 was deducted from gross interest on capital.

32. EARNINGS PER SHARE

As established by CPC 41 - Earnings per Share, basic earnings per share are calculated by dividing profit for the three-month period attributable to the holders of the Company's common and preferred shares by the weighted average number of common and preferred shares outstanding in the period. Diluted earnings per share correspond to basic earnings per share as the Company has no potentially diluting common or preferred shares.

	12/31/2021	12/31/2020
Profit attributable to owners of the Company	642,878	69,772
Reconciliation of distributable profit, per class (numerator)		
Profit attributable to common shares:		
preferred shares	208,463	22,625
Reconciliation of distributable profit, per class (numerator)	434,415	47,147
Weighted average number of shares, per class (denominator)		
Weighted average number of common shares issued:		
preferred shares issued	29,400,000	29,400,000
Weighted average number of common shares issued	55,696,700	55,696,700
Basic and diluted earnings* per share (in R$):		
common shares	7.09059	0.7695
preferred shares	7.79965	0.8465

(*) The Company does not hold outstanding potentially dilutive shares or other instruments that could result in the dilution of the earnings per share.

33. NET SALES REVENUE

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Gross sales revenue				
Domestic market	1,718,192	811,049	1,815,442	897,634
Foreign market	929,060	920,218	929,060	920,218
	2,647,252	1,731,267	2,744,502	1,817,852
Sales deductions				
Returns and rebates	(20,392)	(14,194)	(20,392)	(14,194)
Taxes on sales	(330,447)	(177,632)	(334,633)	(181,639)
	(350,839)	(191,826)	(355,025)	(195,833)
	2,296,413	1,539,441	2,389,477	1,622,019

34. COSTS AND EXPENSES

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cost of sales (i)	(1,313,664)	(1,159,463)	(1,383,827)	(1,224,333)
Selling expenses	(18,662)	(20,139)	(18,662)	(20,139)
General and administrative expenses	(70,890)	(69,374)	(74,423)	(72,853)
Employees' bonus (note 24)	(14,000)	-	(14,000)	-
Profit sharing	(54,560)	(8,018)	(54,652)	(8,018)
Management fees	(28,486)	(24,438)	(33,044)	(28,211)
Total general and administrative expenses	(167,936)	(101,830)	(176,119)	(109,082)
Other income (expenses), net (iii)	(33,873)	(30,789)	(37,829)	(35,779)
	(1,534,135)	(1,312,221)	(1,616,437)	(1,389,333)

The table below shows the breakdown by nature of cost of sales and operating expenses:

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Variable cost and indirect product expenses	(782,082)	(666,839)	(786,683)	(671,436)
Personnel expenses (ii)	(385,976)	(297,537)	(394,094)	(305,339)
Depreciation and depletion expenses	(115,519)	(136,586)	(157,136)	(177,793)
Expenses on services provided	(116,882)	(99,577)	(138,218)	(115,282)
Maintenance and repair costs	(71,797)	(60,097)	(74,412)	(62,848)
Fuel and lubricants	(23,330)	(15,419)	(23,389)	(15,479)
Idle capacity cost	(4,676)	(5,377)	(4,676)	(5,377)
Other income (expenses)	(33,873)	(30,789)	(37,829)	(35,779)
	(1,534,135)	(1,312,221)	(1,616,437)	(1,389,333)

(i) Cost of sales include:

a) Cost of the electricity supply for the 14 electric furnaces. In addition to the electric furnaces, there is energy consumption in auxiliary services and other functions, as well as in mining.

b) The Company imports reactive metallurgical coke (met coke) (a commodity available in the foreign market) for the production of ferrochrome.

c) Cost of chrome ore transportation between the mines (municipality of Campo Formoso) and the metal plant (Pojuca, BA), by rail.

d) In the consolidated, includes costs on depreciation, amortization, energy transmission, system use charges, operation and maintenance, etc. for wind power generation in the amount of R$71,134 (2020, R$65,802).

(ii) Includes personnel expenses, management compensation, and employee and management profit sharing.

(iii) The table shows the breakdown per nature of other income (expenses), net:

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Post-employment benefits	(7,717)	(8,940)	(7,717)	(8,940)
Other taxes	(2,686)	(2,881)	(3,439)	(3,530)
Corporate and social responsibility	(10,650)	(11,516)	(10,723)	(11,559)
Consulting and researches	(3,387)	(4,651)	(3,387)	(4,694)
Penalty (Note 29)	-	-	(2,651)	(2,130)
Realization of surplus	-	-	(4,418)	(4,418)
Reversal of Constrained-Off (*)	-	-	5,032	-
Other income (expenses)	(9,433)	(2,801)	(10,526)	(508)
	(33,873)	(30,789)	(37,829)	(35,779)

(*) In October 2021, the Company reversed the provision for reimbursement and penalty in the amount of R$5,032 based on ANEEL Technical Note 110/2021, which established the Commercialization Rule which determines the Methodology for Calculation of Energy not Provided Arising from Constrained-off of Wind Power Plants.

35. FINANCE INCOME (COSTS)

	Parent		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Finance income				
Income from short-term investments	24,304	5,833	30,200	8,438
Exchange rate changes	27,029	34,744	27,029	34,744
Other finance income	8,044	11,488	8,092	11,553
	59,377	52,065	65,321	54,735
Finance costs				
Exchange rate changes	(21,483)	(37,887)	(21,483)	(37,887)
Interest incurred	(10,834)	(11,514)	(30,794)	(33,722)
Other	(10,203)	(3,439)	(17,017)	(5,411)
	(42,520)	(52,840)	(69,294)	(77,020)
Derivative and non-derivative financial instruments				
Changes in derivative and non-derivative instruments - assets	15,020	11,955	15,020	11,955
Changes in derivative and non-derivative instruments - liabilities	(110,228)	(196,702)	(110,228)	(196,702)
	(95,208)	(184,747)	(95,208)	(184,747)
	(78,351)	(185,522)	(99,181)	(207,032)

36. OPERATING SEGMENTS

The Company segmented its operating structure taking into consideration the way Management manages the business. Management defined the following operating segments:

- Alloy Segment - involves the operations of high chrome alloys, low carbon alloys and ferrochrome, of silicon 75 special and silicon 75 standard".

- Wind power segment - include the transactions of subsidiary BW Guirapá.

- Other segments - include forestry activity, with standing timber sales and mining activities with chrome ore, chromite sand, quicklime and hydrated lime sales.

The financial result, income tax and social contribution, total assets and liabilities information was not disclosed in the segment information, because the Company's management does not use this data segmented, as they are managed and analyzed on a consolidated basis.

	Consolidated							
	Alloys		Wind power		Other segments		Total	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Net sales								
Domestic market	1,344,299	596,347	93,184	82,698	38,804	37,111	1,476,287	716,156
Foreign market	878,672	839,881	-	-	34,518	65,982	913,190	905,863
	2,222,971	1,436,228	93,184	82,698	73,322	103,093	2,389,477	1,622,019
Cost of sales	(1,224,908)	(1,024,676)	(71,134)	(65,802)	(87,785)	(133,855)	(1,383,827)	(1,224,333)
Change in fair value of biological assets	-	-	-	-	27,802	46,211	27,802	46,211
Gross profit	998,063	411,552	22,050	16,896	13,339	15,449	1,033,452	443,897
Operating expenses	(220,460)	(148,564)	(4,878)	(5,772)	(7,272)	(10,664)	(232,610)	(165,000)
Operating profit from before finance income	777,603	262,988	17,172	11,124	6,067	4,785	800,842	278,897
Product sales (tonnes)								
Domestic market	160,575	112,878						
Foreign market	111,545	155,185						
	272,120	268,063						

37. INSURANCE

As at December 31, 2021, the Company and its subsidiaries have insurance coverage against equipment fire, explosions, electrical damages, vehicles, civil liability, operational and corporate risks and performance bond in the amount of R$87,784 (R$86,990 in 2020) in the Parent and R$950,064 (R$949,241 in 2020) in the Consolidated.

38. TRANSACTIONS NOT AFFECTING CASH

During 2021 and 2020, Company registered the following transactions that not affected cash and cash equivalent. These transactions do not affect cash flow statement.

		Parent		Consolidated	
Description	Note	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Gain (loss) on actuarial liability	24	37,594	735	37,594	735
Provision for environmental liability	27	-	-	33,968	-
Revision of the estimated cash flows – provision for mine closure	27	-	(62)	-	(62)
Dividends and interest on capital for the year	31.6	48,268	32,826	48,275	32,826
Right of use of leased assets pursuant to IFRS 16	19.2, 23	4,231	15,768	5,184	17,788
Depreciation of right of use allocated to inventory costs	19.2	2,008	3,133	2,008	3,133
Depletion allocated to inventory costs	20	1,639	(2,461)	1,639	(2,461)