

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

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

Report on Review of Interim Financial
Information for the Nine-month Period
Ended September 30, 2021

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Board of Directors and Management of
Cia de Ferro Ligas da Bahia S.A. - FERBASA

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Cia de Ferro Ligas da Bahia S.A. - FERBASA ("Company"), included in the Interim Financial Information Form (ITR) for the quarter ended September 30, 2021, which comprises the balance sheet as at September 30, 2021 and the related statements of income and of comprehensive income for the three- and nine-month periods then ended and of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the interim financial information referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by the CVM.

Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the nine-month period ended September 30, 2021, prepared under the responsibility of the Company's Management and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to review procedures performed together with the review of Interim Financial Information (ITR) to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are in accordance with the criteria set forth by technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set out in this standard and consistently in relation to the individual and consolidated interim financial information taken as a whole.

Convenience translation

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

Salvador, November 10, 2021

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.



Jônatas José Medeiros de Barcelos
Engagement Partner

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

BALANCE SHEETS

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

(Amounts expressed in thousand of Brazilian reais - R\$)

ASSETS	Note	Parent		Consolidated		LIABILITIES AND EQUITY	Note	Parent		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020			09/30/2021	12/31/2020	09/30/2021	12/31/2020
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	5	72,527	67,756	143,602	90,497	Trade payables	16	91,482	70,944	94,568	73,890
Short-term investments	6	326,804	191,837	326,804	191,837	Borrowings and financing	17	23,498	104,609	48,944	132,729
Trade receivables	7	250,879	145,758	260,599	154,729	Derivative and non-derivative financial instruments	21	24,557	73,080	24,557	73,080
Inventories	8	365,675	285,987	365,675	285,987	Labor and actuarial liabilities	19	95,461	47,393	95,780	47,805
Recoverable taxes	9	128,100	27,793	130,671	30,073	Income taxes and social contributions	20	58,898	14,738	59,674	15,483
Prepaid expenses		3,603	452	3,603	452	CCEE reimbursement account	24	-	-	17,655	19,335
Advances to suppliers	10	3,451	11,856	3,451	11,856	Proposed dividends and interest on capital		-	32,826	-	32,884
Other assets		7,474	6,358	11,017	9,312	Lease payable	18	14,066	20,393	15,152	21,188
Total current assets		<u>1,158,513</u>	<u>737,797</u>	<u>1,245,422</u>	<u>774,743</u>	Other liabilities		<u>17,741</u>	<u>7,801</u>	<u>17,793</u>	<u>7,845</u>
						Total current liabilities		<u>325,703</u>	<u>371,784</u>	<u>374,123</u>	<u>424,239</u>
NON-CURRENT ASSETS						NON-CURRENT LIABILITIES					
Advances to suppliers	10	2,667	4,993	2,667	4,993	Borrowings and financing	17	125,758	141,211	364,028	395,930
Short-term investments	6	96,679	30,079	159,984	129,076	Derivative and non-derivative financial instruments	21	-	14,687	-	14,687
Inventories	8	4,542	4,542	4,542	4,542	Obligations with acquisition of subsidiary		4,978	4,978	4,978	4,978
Recoverable taxes	9	3,754	165,051	3,754	165,051	Labor and actuarial liabilities	19	69,416	94,928	69,416	94,928
Deferred taxes	11	19,138	16,192	17,605	14,637	Taxes and social contributions	20	-	-	87	87
Escrow deposits	12	45,020	43,056	45,116	43,152	CCEE reimbursement account	24	-	-	26,165	12,247
Other receivables		701	701	708	708	Provision for contingencies	23	56,289	55,464	56,289	55,464
		<u>172,501</u>	<u>264,614</u>	<u>234,376</u>	<u>362,159</u>	Provision for environmental liabilities	22	15,471	15,354	22,965	22,848
						Lease payable	18	<u>5,342</u>	<u>9,811</u>	<u>19,065</u>	<u>19,954</u>
						Total non-current liabilities		<u>277,254</u>	<u>336,433</u>	<u>562,993</u>	<u>621,123</u>
Investments	13	558,164	567,873	124	124						
Property, plant and equipment and intangibles	14	672,938	679,755	1,404,418	1,444,936	EQUITY	26				
Right-of-use assets	14	20,294	30,531	35,958	42,003	Capital		1,225,444	1,225,444	1,225,444	1,225,444
Biological assets	15	206,388	193,222	206,388	193,222	Earnings reserves		602,490	602,490	602,490	602,490
		<u>1,457,784</u>	<u>1,471,381</u>	<u>1,646,888</u>	<u>1,680,285</u>	Equity assessment adjustment		25,865	(36,605)	25,865	(36,605)
Total non-current assets		<u>1,630,285</u>	<u>1,735,995</u>	<u>1,881,264</u>	<u>2,042,444</u>	Treasury shares		(25,754)	(25,754)	(25,754)	(25,754)
						Retained earnings		<u>357,796</u>	-	<u>357,796</u>	-
						Equity attributable to owners of the Company		<u>2,185,841</u>	<u>1,765,575</u>	<u>2,185,841</u>	<u>1,765,575</u>
						Non-controlling interests		-	-	<u>3,729</u>	<u>6,250</u>
						Total equity		<u>2,185,841</u>	<u>1,765,575</u>	<u>2,189,570</u>	<u>1,771,825</u>
TOTAL OF ASSETS		<u>2,788,798</u>	<u>2,473,792</u>	<u>3,126,686</u>	<u>2,817,187</u>	TOTAL OF LIABILITIES AND EQUITY		<u>2,788,798</u>	<u>2,473,792</u>	<u>3,126,686</u>	<u>2,817,187</u>

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 INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2021
(Amounts expressed in thousands of Brazilian reais - R\$, except earnings per share)

	Note	Parent				Consolidated			
		01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	01/07/2020 to 09/30/2020	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	01/07/2020 to 09/30/2020
NET SALES REVENUE	28	1,633,889	648,285	1,096,448	355,099	1,707,336	679,158	1,158,142	385,293
Cost of sales	29	(993,559)	(381,676)	(820,237)	(280,746)	(1,045,454)	(398,866)	(868,963)	(296,541)
Changes in fair value of biological assets	15	12,088	12,088	23,851	23,851	12,088	12,088	23,851	23,851
GROSS PROFIT		652,418	278,697	300,062	98,204	673,970	292,380	313,030	112,603
OPERATING EXPENSES	29								
Selling expenses		(14,149)	(5,084)	(14,471)	(4,704)	(14,149)	(5,084)	(14,471)	(4,704)
General and administrative expenses		(113,320)	(48,609)	(68,943)	(22,981)	(119,299)	(50,358)	(73,952)	(24,578)
Other operating income (expenses)		(19,383)	(6,642)	(21,669)	(4,785)	(25,320)	(9,793)	(25,644)	(4,559)
		(146,852)	(60,335)	(105,083)	(32,470)	(158,768)	(65,235)	(114,067)	(33,841)
Equity	13	(7,091)	3,916	(12,651)	7,602	-	-	-	-
SHARE OF PROFIT OF INVESTEEES		498,475	222,278	182,328	73,336	515,202	227,145	198,963	78,762
FINANCE INCOME (COSTS)	30								
Finance income		37,505	20,744	43,905	12,225	40,892	22,451	46,093	12,832
Finance costs		(30,901)	(8,243)	(32,793)	(13,466)	(50,763)	(14,414)	(51,239)	(19,384)
Derivative and non-derivative financial instruments		(78,081)	(11,731)	(149,757)	(62,810)	(78,081)	(11,731)	(149,757)	(62,810)
		(71,477)	770	(138,645)	(64,051)	(87,952)	(3,694)	(154,903)	(69,362)
PRETAX INCOME		426,998	223,048	43,683	9,285	427,250	223,451	44,060	9,400
INCOME TAX AND SOCIAL CONTRIBUTION	11								
Exemption and reduction		77,617	40,476	6,263	160	77,745	40,604	6,263	160
Current		(133,388)	(77,851)	(11,504)	2,097	(133,811)	(78,265)	(11,692)	2,039
Deferred		35,127	47,296	(6,110)	(45)	35,149	47,244	(6,110)	(45)
		(20,644)	9,921	(11,351)	2,212	(20,917)	9,583	(11,539)	2,154
PROFIT FOR THE PERIOD		406,354	232,969	32,332	11,497	406,333	233,034	32,521	11,554
Profit attributable to owners of the Company						406,354	232,969	32,332	11,497
Profit attributable to non-controlling interests						(21)	65	189	57
BASIC AND DILUTED EARNINGS PER COMMON SHARE - R\$	27					4.48186	2.56952	0.35660	0.12680
BASIC AND DILUTED EARNINGS PER PREFERRED SHARE - R\$	27					4.93005	2.82647	0.39226	0.13948

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

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2021
(Amounts expressed in thousands of Brazilian reais - R\$)

Note	Parent				Consolidated				
	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	01/07/2020 to 09/30/2020	01/01/2021 to 09/30/2021	07/01/2021 to 09/30/2021	01/01/2020 to 09/30/2020	01/07/2020 to 09/30/2020	
PROFIT FOR THE PERIOD	406,354	232,969	32,332	11,497	406,333	233,034	32,521	11,554	
Other comprehensive income:									
Derivative and non-derivative financial instruments	21	64,092	139	(206,525)	1,027	64,092	139	(206,525)	1,027
Effect of income tax and social contribution financial instruments		(21,791)	(47)	70,219	(349)	(21,791)	(47)	70,219	(349)
Actuarial obligations		30,559	30,559	9,270	9,270	30,559	30,559	9,270	9,270
Deferred taxes on actuarial obligations		(10,390)	(10,390)	(3,152)	(3,152)	(10,390)	(10,390)	(3,152)	(3,152)
Other comprehensive income for the year, net of taxes		62,470	20,261	(130,188)	6,796	62,470	20,261	(130,188)	6,796
TOTAL COMPREHENSIVE INCOME		468,824	253,230	(97,856)	18,293	468,803	253,295	(97,667)	18,350
Profit attributable to owners of the Company					468,824	253,230	(97,856)	18,293	
Profit attributable to non-controlling interests					(21)	65	189	57	

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2021
(Amounts expressed in thousands of Brazilian reais - R\$)

	Note	Attributable to owners of the Company										Total consolidated equity
		Capital	Earnings reserves			Profits to be realized	Equity assessment adjustment	Treasury shares	Retained earnings	Total equity	Attributable to noncontrolling interests	
			Legal	Tax incentive	Investments							
BALANCE AS AT DECEMBER 31, 2019	26	1,225,444	116,436	152,428	290,405	49,595	23,553	(25,754)	-	1,832,107	6,066	1,838,173
Other comprehensive income		-	-	-	-	-	(130,188)	-	-	(130,188)	-	(130,188)
PROFIT FOR THE PERIOD		-	-	-	-	-	-	-	32,332	32,332	189	32,521
Dividends and interest on capital		-	-	-	-	-	-	-	(13,690)	(13,690)	-	(13,690)
BALANCE AS AT SEPTEMBER 30, 2020	26	<u>1,225,444</u>	<u>116,436</u>	<u>152,428</u>	<u>290,405</u>	<u>49,595</u>	<u>(106,635)</u>	<u>(25,754)</u>	<u>18,642</u>	<u>1,720,561</u>	<u>6,255</u>	<u>1,726,816</u>
BALANCE AS AT DECEMBER 31, 2020		1,225,444	119,925	159,361	273,609	49,595	(36,605)	(25,754)	-	1,765,575	6,250	1,771,825
Interest on capital		-	-	-	-	-	-	-	(48,807)	(48,807)	-	(48,807)
Additional dividends and interest on capital		-	-	-	-	-	-	-	-	-	(2,500)	(2,500)
Forfeited dividends		-	-	-	-	-	-	-	249	249	-	249
Other comprehensive income		-	-	-	-	-	62,470	-	-	62,470	-	62,470
PROFIT FOR THE PERIOD		-	-	-	-	-	-	-	406,354	406,354	(21)	406,333
BALANCE AS AT SEPTEMBER 30, 2021	26	<u>1,225,444</u>	<u>119,925</u>	<u>159,361</u>	<u>273,609</u>	<u>49,595</u>	<u>25,865</u>	<u>(25,754)</u>	<u>357,796</u>	<u>2,185,841</u>	<u>3,729</u>	<u>2,189,570</u>

The accompanying notes are an integral part of this interim financial information.

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

STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2021
(Amounts expressed in thousands of Brazilian reais - R\$)

	Note	Parent		Consolidated	
		09/30/2021	09/30/2020	09/30/2021	09/30/2020
CASH FLOW FROM OPERATING ACTIVITIES					
Profit for the period		406,354	32,332	406,333	32,521
Adjustments to reconcile profit to cash provided by operating activities:					
Net cash provided by operating activities:					
Interest, inflation adjustments and exchange rate changes, net		101	6,551	16,124	21,832
Changes in fair value - "hedge accounting"		101	-	101	-
Depreciation, amortization and depletion	14	55,587	59,121	86,910	89,992
Depletion of biological assets	15	28,673	47,138	28,673	47,138
Changes in fair value of biological assets	15	(12,088)	(23,851)	(12,088)	(23,851)
Equivalência patrimonial	13	7,091	12,651	-	-
Residual value of permanent assets written off		2,182	-	2,289	-
Deferred taxes	11	(35,127)	6,110	(35,149)	6,110
Provision for profit sharing		49,881	7,158	49,881	7,158
Adjustment to lease payable	18	3,089	1,339	3,236	1,401
Adjustment to postemployment benefit plans	29	5,046	7,142	5,046	7,142
Recognition (reversal) of provision for contingencies		357	(5,793)	357	(5,793)
Other		(8,936)	(9,888)	(5,280)	(6,524)
Decrease (increase) in assets:					
Trade receivables		(101,738)	(11,715)	(102,487)	(11,878)
Inventories		(72,272)	(15,894)	(72,272)	(15,894)
Recoverable taxes		64,215	20,610	63,997	20,314
Advances to suppliers		11,074	10,787	11,074	10,787
Escrow deposits		-	-	-	-
Other assets		(4,491)	1,394	(5,009)	338
Increase (decrease) in liabilities:					
Trade payables		20,764	(1,401)	20,904	(636)
Tax and social contribution		5,308	(2,814)	5,222	(2,966)
Income tax and contribution		55,772	9,499	56,057	9,686
Labor and actuarial liabilities		(1,813)	(12,975)	(1,906)	(12,760)
CCEE reimbursement account		-	-	7,674	17,201
Other liabilities		9,552	(1,133)	9,558	(1,681)
Income tax and social contribution paid		(16,920)	(9,499)	(17,159)	(9,816)
Interest paid		(10,017)	(8,521)	(24,756)	(25,323)
Net cash provided by operating activities		<u>461,745</u>	<u>118,348</u>	<u>497,330</u>	<u>154,498</u>
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	14	(38,190)	(23,423)	(38,695)	(25,088)
Plantation and maintenance costs of biological assets	15	(34,489)	(12,676)	(34,489)	(12,676)
Proceeds from the sale of property, plant and equipment		440	249	440	249
Dividends received		2,690	-	-	-
Short-term investments and redemptions		(192,824)	(95,287)	(153,950)	(111,941)
Net cash provided by (used in) investing activities		<u>(262,373)</u>	<u>(131,137)</u>	<u>(226,694)</u>	<u>(149,456)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
Borrowings and financing	17	2,785	188,626	2,785	188,626
Amortization of borrowings and financing		(96,665)	(92,030)	(116,033)	(111,380)
Amortization of leases	18	(19,088)	(19,159)	(20,094)	(19,938)
Dividends and interest on capital paid		(81,633)	(18,913)	(84,189)	(18,913)
Net cash used in financing activities		<u>(194,601)</u>	<u>58,524</u>	<u>(217,531)</u>	<u>38,395</u>
INCREASE IN CASH AND CASH EQUIVALENTS					
		<u>4,771</u>	<u>45,735</u>	<u>53,105</u>	<u>43,437</u>
Cash and Equivalents at the beginning of the year	5	67,756	39,095	90,497	73,721
Cash and Equivalents at the end of the year	5	72,527	84,830	143,602	117,158
INCREASE IN CASH AND CASH EQUIVALENTS					
		<u>4,771</u>	<u>45,735</u>	<u>53,105</u>	<u>43,437</u>

The accompanying notes are an integral part of these financial statements

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

STATEMENTS OF VALUE ADDED

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

(Amounts expressed in thousands of Brazilian reais - R\$)

	Note	Parent		Consolidated	
		09/30/2021	09/30/2020	09/30/2021	09/30/2020
SALES REVENUE		1,861,763	1,215,468	1,938,301	1,280,156
Other income		8,503	12,436	8,503	14,891
		<u>1,870,266</u>	<u>1,227,904</u>	<u>1,946,804</u>	<u>1,295,047</u>
INPUTS PURCHASED FROM THIRD PARTIES					
Costs of sales and raw materials		(566,643)	(410,284)	(513,869)	(360,474)
Materials, energy, third-party services and others		(332,830)	(294,320)	(410,127)	(365,082)
		<u>970,793</u>	<u>523,300</u>	<u>1,022,808</u>	<u>569,491</u>
DEPRECIATION, AMORTIZATION AND DEPLETION					
Depreciation, amortization and depletion	14 and 15	(84,260)	(106,259)	(115,583)	(137,130)
Realization of added value	13	-	-	(3,314)	(3,314)
		<u>886,533</u>	<u>417,041</u>	<u>903,911</u>	<u>429,047</u>
WEALTH CREATED BY THE COMPANY					
WEALTH RECEIVED IN TRANSFER					
Finance income	30	47,222	46,966	50,609	49,155
Share of profit (loss) of investees	13	(7,091)	(12,651)	-	-
		<u>926,664</u>	<u>451,356</u>	<u>954,520</u>	<u>478,202</u>
TOTAL WEALTH FOR DISTRIBUTION					
WEALTH DISTRIBUTED					
Employees:					
Salaries and wages		210,140	153,882	213,943	158,017
Benefits		30,342	29,993	30,369	30,033
Severance Pay Fund (FGTS)		12,170	10,871	12,278	10,949
		<u>252,652</u>	<u>194,746</u>	<u>256,590</u>	<u>198,999</u>
Taxes, fees and contributions:					
Federal		92,100	32,266	95,889	36,109
State		55,425	7,888	55,425	7,888
Municipal		757	497	914	500
		<u>148,282</u>	<u>40,651</u>	<u>152,228</u>	<u>44,497</u>
Lenders and lessors		<u>119,377</u>	<u>183,627</u>	<u>139,370</u>	<u>202,185</u>
Own capital					
Dividends and interest on capital		48,807	13,690	48,807	13,690
Retained earnings		357,546	18,642	357,546	18,642
Attributable to noncontrolling interests		-	-	(21)	189
		<u>406,353</u>	<u>32,332</u>	<u>406,332</u>	<u>32,521</u>
WEALTH DISTRIBUTED		<u>926,664</u>	<u>451,356</u>	<u>954,520</u>	<u>478,202</u>

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

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2021

(In thousands of Brazilian reais - R\$, except as otherwise indicated)

1. GENERAL INFORMATION

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

This individual and consolidated interim financial information was approved by the Company’s Board of Directors on November 10.

2. COVID-19 (CORONAVIRUS)

Through the meticulous work of the Company’s healthcare professionals, all protective measures continue to be adopted at the units where face-to-face work activities are performed, respecting the preventive procedures adopted. At the end of the 9M21, pandemic combat expenditures totaled R\$5.8 million, the percentage of employees suffering from Covid-19 dropped from 3.65% (January/2021 - month with higher contamination rate) to 0% and 77% of employees are vaccinated with at least the first dose of the Coronavirus vaccine.

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 interim financial information for the quarter ended September 30, 2021.

3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

3.1. Statement of Compliance

This interim financial information should be read together with the Company’s audited financial statements for the year ended December 31, 2020, which have been prepared and is presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC), and pursuant to the International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB, disclosing all the relevant information material to the Financial Statements, and only this information, which is consistent with that used by Management.

- (i) Adoption of new and/or revised accounting pronouncements, guidelines and interpretations

As disclosed in note 8.1 to the financial statements for the year ended December 31, 2020, the Company analyzed the new pronouncements and noted that there was no impact on its individual and consolidated financial statements, due to their adoption.

- (ii) Interim financial information

The Company's individual and consolidated interim financial information has been prepared and is presented in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, which are intended to establish the minimum content of an interim financial statement.

The preparation of interim financial information 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 accounting policies. There were no significant changes in the assumptions and judgments adopted by the Company's Management regarding the use of estimates for the preparation of this interim financial information, as compared to that used in the financial statements for the year ended December 31, 2020.

The main accounting policies applied in the preparation of this interim financial information are consistent with those disclosed in note 7 to the Company's annual financial statements as at December 31, 2020, published at CVM on March 2nd, 2021, and should therefore be read in conjunction with these interim financial statements.

4. FINANCIAL INSTRUMENTS

4.1. Classification of financial instruments and fair value

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

	Accounting measurement	Parent		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
<u>Asset</u>					
Cash and cash equivalents	Amortized cost	72,527	67,756	143,602	90,497
Short-term investments (i)	Amortized cost	326,804	191,837	326,804	191,837
Noncurrent financial investments (i)	Amortized cost	96,679	30,079	159,984	129,076
Trade receivables	Amortized cost	250,879	145,758	260,599	154,729
Escrow deposits	Amortized cost	45,020	43,056	45,116	43,152
<u>Liabilities</u>					
Trade payables	Amortized cost	91,482	70,944	94,568	73,890
Current borrowings and financing	Amortized cost	23,498	79,474	48,944	107,594
	Fair value through other comprehensive income				
Exchange contract advance		-	25,135	-	25,135
Current borrowings and financing total		23,498	104,609	48,944	132,729

	Accounting measurement	Parent		Consolidated	
		09/30/2021	12/31/2020	09/30/2021	12/31/2020
Noncurrent borrowings and financing	Amortized cost	125,758	141,211	364,028	395,930
Noncurrent Obligations with acquisition of subsidiary	Amortized cost	4,978	4,978	4,978	4,978
Lease payable- Current	Amortized cost	14,066	20,393	15,152	21,188
Lease payable- Noncurrent	Amortized cost	5,342	9,811	19,065	19,954
Export exchange forwards	Fair value through other comprehensive income	29,183	7,766	29,183	7,766
Sale NDF	Fair value through profit or loss	(1,558)	65,314	(1,558)	65,314
Buy NDF		(3,068)	-	(3,068)	-
Current derivative and non-derivative financial instruments (i)		<u>24,557</u>	<u>73,080</u>	<u>24,557</u>	<u>73,080</u>
Export exchange forwards	Fair value through other comprehensive income	-	14,687	-	14,687
Noncurrent derivative and non-derivative financial instruments (i)		<u>-</u>	<u>14,687</u>	<u>-</u>	<u>14,687</u>

(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).

4.2. Currency Risk

Currency risk is the risk that exchange rate fluctuations affect the value of the Company's financial assets and financial liabilities or future cash flows and revenues.

For sensitivity analysis purposes, the Company adopted as scenario I (probable) the expected average exchange rate for 2021, according to the Focus Report issued on October 15, 2021.

	09/30/2021		Scenario I	
	US\$	R\$	Rate	Gain/(loss) R\$
<u>Parent and Consolidated</u>				
Accounts receivable, net	9,045	49,193	5.25	(1,708)

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 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 and Export exchange forwards), the impact of a depreciation of the Brazilian real on these instruments needs to be considered as a whole with the respective effects on revenues. Thus, this analysis should always be conducted on an integrated basis.

During the first nine months of 2021 the US dollar continued to show high volatility due to a highly uncertain international environment as the pandemic unfolds and also the political and economic scenario in Brazil. In light of this scenario and the appreciation of the Brazilian real in June, the Company elected to enter into buy NDF contracts in the same volumes and for the same maturities of the sales NDFs already contracted, aiming at canceling out these transactions' exposure to billable revenue.

For sensitivity analysis purposes, the Company adopted as scenario I (probable) the expected average exchange rate for 2021, according to the Focus Report issued on October 15, 2021.

	09/30/2021 - Contracted			Scenario I	
	US\$	R\$	Average contractual rate	Rate US\$	Gain/ (loss) R\$
<u>Parent and consolidated</u>					
Derivative and non-derivative financial instruments					
Sale NDFs (*)	8,000	45,263	5.66	5.25	3,263
Buy NDFs	(8,000)	(40,610)	5.08	5.25	1,390
Export exchange forwards (*)	24,934	108,903	4.37	5.25	(21,999)

(*) 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.

4.3. Interest rate risk

For the balance applied as at September 30, 2021, the Company and its subsidiaries consider as scenario I (probable) the benchmark interest rate for 2021 of 8.25% per year, as disclosed in the Focus Report of October 15, 2021.

Interest rate risks	Closing rate 09/30/2021 - p.a.	Scenario I Probable
Average benchmark interest rate (% p.a.)	4.85	8.25
<u>Parent</u>		
Balance of short-term investments (notes 5 and 6)	492,652	503,377
Net Effect		10,724
<u>Consolidated</u>		
Balance of short-term investments (notes 5 and 6)	622,814	636,673
Net Effect		13,559

For the balance of borrowings and financing as at September 30, 2021, the Company and its subsidiaries consider as scenario I (probable) the Long-term Interest Rate ("TJLP") of 5.32% p.a. and the CDI (Interbank Deposit Certificate) rate of 8.15% for 2021.

Interest rate risks	Closing rate 09/30/2021 - p.a.	Scenario I Probable
<u>Interest rate - TJLP - (% p.a.)</u>	4.88	5.32
<u>Parent</u>		
Borrowing balance (note 17)	22,882	23,181
Net Effect		(299)
<u>Interest rate - TJLP - (% p.a.)</u>		
<u>Consolidated</u>		
Borrowing balance (note 17)	291,210	298,855
Net Effect		(7,645)
<u>Interest rate - DI - (% p.a.)</u>	6.15	8.15
<u>Parent and Consolidated</u>		
Borrowing balance (note 17)	123,363	125,803
Net Effect		(2,440)

5. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Cash and banks	3,358	18,992	7,576	23,263
Short-term investments in CDB (i)	69,169	36,348	136,026	37,524
Investment funds (ii)	-	12,416	-	29,710
	72,527	67,756	143,602	90,497

In June and August 2021, as agreed with BNDES, the Operating Threshold was discontinued and the funds (R\$42,991) held in the Special Reserve accounts of the Wind Power Plants were disbursed, making this amount available for use by the wind power project as needed and eliminating the imposition of future tariffs and the obligation to grant a permit from BNDES to use this tranche. This balance, previously accounted for as investment fund in line item "Short-term investments" in non-current assets (consolidated at December 31, 2020), was recognized as cash and cash equivalents in consolidated as at September 30, 2021.

- (i) Transactions with Bank Certificates of Deposit (CDB), which yield 101.5% to 103.0% of the Interbank Deposit Certificate (CDI) rate (from 101.0% to 104.7% as at December 31, 2020).
- (ii) Securities transactions through investment funds, which have a daily liquidity. The average mark-to-market interest rate range from 95% to 100% of the CDI rate (from 95.0% to 120.2% as at December 31, 2020).

6. SHORT-TERM INVESTMENTS

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Current:				
Investment funds (i)	199,041	191,837	199,041	191,837
CDB (ii)	27,261	-	27,261	-
Financial bills (iii)	48,705	-	48,705	-
Others (iv)	51,797	-	51,797	-
	<u>326,804</u>	<u>191,837</u>	<u>326,804</u>	<u>191,837</u>
Noncurrent:				
Investment funds (i)	-	-	43,600	63,491
Financial bills (iii)	96,679	20,002	116,384	32,178
CDB (ii)	-	10,077	-	33,407
	<u>96,679</u>	<u>30,079</u>	<u>159,984</u>	<u>129,076</u>
	<u>423,483</u>	<u>221,916</u>	<u>486,788</u>	<u>320,913</u>

- (i) Securities transactions whose maturities exceed 90 days and have average yield ranging from 88.9% to 231.8% of CDI (from 121.4% to 185.3% 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 Certificates of Bank Deposit ("CDB"), at yield rates ranging from 110.10% to 112% of the interbank deposit rate ("CDI") (99.0% to 114.0% at December 31, 2020).
- (iii) Financial bills yielding interest from 103% to 203.43% of CDI (between 101.5% and 116.0% as at December 31, 2020).
- (iv) Agribusiness Receivables Certificate (CRA), Debentures and Treasury bonds yielding interest from 114% to 231.78% of CDI.

7. TRADE RECEIVABLES

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Domestic market	201,920	113,258	211,640	122,229
Foreign market	53,145	36,686	53,145	36,686
Allowance for doubtful debts	(4,186)	(4,186)	(4,186)	(4,186)
	<u>250,879</u>	<u>145,758</u>	<u>260,599</u>	<u>154,729</u>

Foreign trade receivables are denominated in U.S. dollars and are translated into Brazilian reais at the end of the reporting period. As at September 30, 2021 and December 31, 2020, the Company did not have any transaction that would generate a material adjustment to present value.

As at September 30, 2021 the Company recognized an allowance for doubtful debts in the amount of R\$4,186 (R\$4,186 as at December 31, 2020), the allowance is recognized based on an analysis of the risks underlying the collection of receivables, in an amount considered sufficient by Management to cover probable losses.

8. INVENTORIES (PARENT AND CONSOLIDATED)

Inventories are stated at the average cost of the purchase or production balance, lower than the replacement cost or the realizable.

	<u>09/30/2021</u>	<u>12/31/2020</u>
<u>Current</u>		
Finished goods	137,020	125,173
Raw materials	130,424	71,142
Chrome ore	38,125	42,664
Maintenance supplies (i)	60,106	47,008
	<u>365,675</u>	<u>285,987</u>
<u>Noncurrent</u>		
Maintenance supplies (i)	12,940	12,940
Allowance for obsolescence (ii)	(8,398)	(8,398)
	<u>4,542</u>	<u>4,542</u>
	<u>370,217</u>	<u>290,529</u>

- (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.

9. RECOVERABLE TAXES

	<u>Parent</u>		<u>Consolidated</u>	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
<u>Current</u>				
Recoverable taxes (COFINS and PIS) (i)	112,713	13,002	112,713	13,002
Income tax and social contribution	12,475	11,646	15,018	13,910
Recoverable ICMS	2,423	2,712	2,423	2,712
Others	489	433	517	449
	<u>128,100</u>	<u>27,793</u>	<u>130,671</u>	<u>30,073</u>
<u>Noncurrent</u>				
Recoverable taxes (COFINS and PIS) (i)	-	160,724	-	160,724
Recoverable ICMS	3,662	4,252	3,662	4,252
Others	92	75	92	75
	<u>3,754</u>	<u>165,051</u>	<u>3,754</u>	<u>165,051</u>
	<u>131,854</u>	<u>192,844</u>	<u>134,425</u>	<u>195,124</u>

- (i) On 2019, the Company was informed about the final and unappealable court decision rendered, which was in progress at the Federal Regional Court of the 1st Region. Said court 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 the 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 in this quarter, as follows: (i) R\$116,111 recorded in line item "Other expenses and operating income", corresponding to the historical credit amount; (ii) R\$80,993 recorded in finance income (costs), arising from its inflation adjustment. The Company recorded the inflation adjustment of the credit, calculated from the date of application for the credit through September 30, 2021, in the amount of R\$11,280, being R\$2,998 in the first nine months of 2021 (R\$8,282 as at December 31, 2020).

10. ADVANCE TO ENERGY SUPPLIERS (PARENT AND CONSOLIDATED)

	<u>09/30/2021</u>	<u>12/31/2020</u>
<u>Current</u>		
Advances to power suppliers - Endesa (i)	2,000	2,000
Advances to power suppliers - CHESF (ii)	<u>1,451</u>	<u>9,856</u>
	<u>3,451</u>	<u>11,856</u>
<u>Noncurrent</u>		
Advances to power suppliers- Endesa (i)	2,667	4,167
Advances to power suppliers - CHESF (ii)	<u>-</u>	<u>826</u>
	<u>2,667</u>	<u>4,993</u>
	<u><u>6,118</u></u>	<u><u>16,849</u></u>

- (i) In the nine-month period ended September 30, 2021, the amount recognized at cost was R\$1,500 (R\$1,500 as at September 30, 2020).
- (ii) In the nine-month period ended September 30, 2021, the appropriate cost was R\$9,575 (R\$8,923 as at September 30, 2020).

11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Deferred income tax and social contribution are calculated on the temporary differences between the tax bases and the carrying amounts of assets and liabilities disclosed in the financial statements. The tax rates of these taxes used to determine deferred taxes are 25% for the corporate income tax (IRPJ) and 9% for the social contribution (CSLL).

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Deferred tax assets (*)				
Provision for court cases	(56,289)	(55,464)	(56,289)	(55,464)
Provision for losses in inventories (i)	(8,398)	(8,398)	(8,398)	(8,398)
Provision for profit sharing (ii)	(49,881)	(15,657)	(49,881)	(15,657)
Provision for environmental liabilities	(15,195)	(15,079)	(15,195)	(15,079)
Labor and actuarial liabilities	(69,416)	(94,928)	(69,416)	(94,928)
Instruments financial, derivatives and non-derivatives	(24,557)	(87,767)	(24,557)	(87,767)
Realization of added value	(15,463)	(12,150)	(15,463)	(12,150)
Allowance for doubtful debts	(4,186)	(4,186)	(4,186)	(4,186)
Suspended-payment taxes (PIS/COFINS)	(4,290)	(4,151)	(4,290)	(4,151)
Tax loss	-	(39,406)	(64)	(39,406)
Other temporary provisions	(13,819)	(15,963)	(13,819)	(15,963)
Tax base	(261,494)	(353,149)	(261,558)	(353,149)
Deferred income tax at the 25% tax rate	63,135	86,378	63,150	86,378
Deferred social contribution at the 9% tax rate	23,534	31,783	23,540	31,783
Deferred income tax and social contribution assets IRPJ/CSLL (A)	86,669	118,161	86,690	118,161

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

(ii) The amount of Management profit sharing is R\$8,955 (R\$7,639 as at December 31, 2020), which is solely used as a basis for the calculation of deferred CSLL.

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Deferred tax liabilities (*)				
Property, plant and equipment - deemed cost	58,810	58,811	63,385	63,385
Biological assets	57,163	68,945	57,163	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	7,502	8,133	7,502	8,134
Tax base	198,618	299,907	203,193	304,482
Deferred income tax at the 25% tax rate	(49,655)	(74,977)	(50,798)	(76,121)
Deferred social contribution at the 9% tax rate	(17,876)	(26,992)	(18,287)	(27,403)
Deferred income tax and social contribution liabilities (B)	(67,531)	(101,969)	(69,085)	(103,524)
Deferred income tax and social contribution, net (A+B)	19,138	16,192	17,605	14,637

(*) The balance of deferred tax liabilities in the Consolidated relating to Ferbasa is R\$19,138 (R\$16,192 as at December 31, 2020) and the balance of the subsidiaries recorded in deferred tax assets is R\$22 and in deferred tax liabilities is R\$1,555 (R\$1,555 as at December 31, 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:

Calendar year	Parent		Consolidated	
	Deferred income tax and social contribution		Deferred income tax and social contribution	
	Assets	Liabilities	Assets	Liabilities
2021	10,689	5,853	10,689	5,853
2022	21,541	624	21,563	624
2023	170	564	170	564
2024	153	504	153	504
2025	137	444	137	444
2026 and thereafter	53,979	59,542	53,978	61,096
	<u>86,669</u>	<u>67,531</u>	<u>86,690</u>	<u>69,085</u>

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

	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Pretax profit	426,998	43,683	427,250	44,060
Combined income tax and social contribution tax rate	<u>34%</u>	<u>34%</u>	<u>34%</u>	<u>34%</u>
Income tax and social contribution at statutory rates	(145,179)	(14,852)	(145,265)	(14,980)
Interest on capital	16,594	4,655	16,594	4,655
Share of loss of subsidiaries	(2,411)	(4,301)	-	-
Endowments	(140)	(1,045)	(158)	(1,045)
Exclusion - finance income - ICMS on PIS/COFINS tax basis (**)	31,235	-	31,235	-
Others	1,640	(2,071)	(1,068)	(6,432)
SUDENE tax incentive (i)	<u>77,617</u>	<u>6,263</u>	<u>77,745</u>	<u>6,263</u>
	<u>(20,644)</u>	<u>(11,351)</u>	<u>(20,917)</u>	<u>(11,539)</u>
Income tax and social contribution SUDENE tax incentive (i)	77,617	6,263	77,745	6,263
Current	(133,388)	(11,504)	(133,811)	(11,692)
Deferred	35,127	(6,110)	35,149	(6,110)
Income tax and social contribution expenses	<u>(20,644)</u>	<u>(11,351)</u>	<u>(20,917)</u>	<u>(11,539)</u>

(i) The portion corresponding to the income tax reduction incentive is recognized in profit or loss and is transferred from retained earnings to earnings reserve (tax incentive) at the end of each fiscal year and cannot be distributed to shareholders.

12. ESCROW DEPOSITS

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Labor	678	887	687	896
Tax	44,342	42,169	44,429	42,256
	<u>45,020</u>	<u>43,056</u>	<u>45,116</u>	<u>43,152</u>

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 ICMS deduction from the PIS and COFINS tax basis, which inflation adjustment as at September 30, 2021 totals R\$91,868 (historical amount of R\$80,993). With respect to this finance income, the Company filed a lawsuit relating to the taxes levied thereon, totaling R\$35,192 as at September 30, 2021 (R\$34,218 in 2020), of which R\$30,924 (R\$30,079 in 2020) as IRPJ and CSLL and R\$4,268 (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 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.

13. INVESTMENTS

Information on investments was presented in the Company's financial statements as of December 31, 2020, in note 18. Changes in investments are as follows:

	Equity interest %	Assets	Liabilities	Equity	Income	Expenses	Profit (loss)	Share of the equity of subsidiaries	Company's interest (share of profit (loss) of subsidiaries)
<u>September 30, 2020</u>									
Silbasa	51.26	13,036	198	12,838	830	(439)	391	6,581	200
Jacurici	100.00	26,764	1,447	25,317	785	(1,337)	(552)	25,317	(552)
Reflora	99.98	3,422	1	3,421	109	(67)	42	3,421	42
Damacal	100.00	2,596	259	2,337	59	(28)	31	2,337	31
BW Guirapá	100.00	800,343	335,257	465,086	65,526	(74,584)	(9,058)	534,079 (*)	(12,372) (*)
								<u>571,735</u>	<u>(12,651)</u>
<u>September 30, 2021</u>									
Silbasa	51.26	7,677	19	7,658	779	(821)	(42)	3,925	(21)
Jacurici	100.00	25,623	1,449	24,174	837	(1,532)	(695)	24,174	(695)
Reflora	99.98	3,479	3	3,476	118	(73)	45	3,476	45
Damacal	100.00	2,646	263	2,383	64	(29)	35	2,383	35
Ferbasa & CO	100.00	11	-	11	-	-	-	11	-
BW Guirapá	100.00	793,519	333,997	459,542	76,006	(79,147)	(3,141)	524,117 (*)	(6,455) (*)
								<u>558,086</u>	<u>(7,091)</u>

(*) Adjusted by assets measured at fair value upon acquisition of BW Guirapá and their realization for the net amount of R\$64,575 and R\$3,314 (R\$68,993 and R\$3,314 as at September 30, 2020).

The financial information on the subsidiaries is summarized as follows:

	Silbasa	Jacurici	Reflora	Damacal	BW Guirapá	Ferbasa & CO	Outros	Total
Balances as of December 31, 2019	6,381	25,869	3,379	2,306	546,451	-	78	584,464
Share of profit(loss) of subsidiaries:								
Period result	200	(552)	42	31	(9,058)	-	-	(9,337)
Realization of assets measured at their fair value	-	-	-	-	(3,314)	-	-	(3,314)
Balances as of December 31, 2019	<u>6,581</u>	<u>25,317</u>	<u>3,421</u>	<u>2,337</u>	<u>534,079</u>	<u>-</u>	<u>78</u>	<u>571,813</u>
Balances as of December 31, 2020	6,575	24,869	3,431	2,348	530,572	-	78	567,873
Share of profit (loss) of subsidiaries:								
Investment	-	-	-	-	-	11	-	11
Dividends	(2,629)	-	-	-	-	-	-	(2,629)
Period result	(21)	(695)	45	35	(3,141)	-	-	(3,777)
Realization of assets measured at their fair value	-	-	-	-	(3,314)	-	-	(3,314)
Balances as of September 30, 2021	<u>3,925</u>	<u>24,174</u>	<u>3,476</u>	<u>2,383</u>	<u>524,117</u>	<u>11</u>	<u>78</u>	<u>558,164</u>

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

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Farming land	115,419	115,419	115,571	115,571
Land	26,357	26,357	32,127	32,127
Buildings	149,392	154,905	290,685	298,120
Machinery and equipment	261,343	272,463	833,436	876,071
Vehicles and tractors	1,735	2,420	1,735	2,420
Furniture and fixtures	3,043	3,343	3,152	3,460
IT	3,737	4,135	3,784	4,189
Mine development	66,720	65,812	66,720	65,812
In progress and other	45,192	34,901	57,208	47,166
Total property, plant and equipment and intangible assets (14.1)	<u>672,938</u>	<u>679,755</u>	<u>1,404,418</u>	<u>1,444,936</u>
Right-of-use assets - lease (14.2))	<u>20,294</u>	<u>30,531</u>	<u>35,958</u>	<u>42,003</u>
	<u>693,232</u>	<u>710,286</u>	<u>1,440,376</u>	<u>1,486,939</u>

The table below shows the economic useful lives of the assets, for which the annual depreciation rates were determined on a straight-line basis (Consolidated):

	Average useful life (years)
<u>Property, Plant and Equipment</u>	
Machinery and equipment	21
Vehicles and tractors	5
Buildings	25
Furniture and fixtures	10
IT	5
Others	5
<u>Right-of-use assets - lease</u>	
Right-of-use assets - machinery and equipment	4
Right-of-use assets - land	29
Right-of-use assets - buildings	5

14.1. 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
<u>Cost</u>										
Balances as of 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	-	-	8,797	32,477	183	455	3,594	4,454	(26,537)	23,423
Write-offs/reclassifications	-	-	-	(327)	(36)	(5)	-	-	-	(368)
Balances as of September 30, 2020	115,419	26,357	223,119	664,023	74,846	12,970	14,554	113,458	55,980	1,300,726
Balances as of 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	-	-	965	18,853	341	236	596	5,085	12,114	38,190
Write-offs/reclassifications	-	-	-	(2,904)	(1,268)	-	-	-	-	(4,172)
Balances as of September 30, 2021	115,419	26,357	225,884	679,566	73,592	13,295	15,150	119,485	74,295	1,343,043
<u>Accumulated depreciation and depletion</u>										
Balances as of December 31, 2019	-	-	(61,566)	(354,347)	(70,243)	(8,707)	(9,035)	(43,418)	(24,828)	(572,144)
Depreciation and depletion expenses	-	-	(6,314)	(29,047)	(1,727)	(827)	(1,017)	(3,760)	(1,905)	(44,597)
Write-offs/reclassifications	-	-	-	1,521	36	1	-	-	-	1,558
Balances as of September 30, 2020	-	-	(67,880)	(381,873)	(71,934)	(9,533)	(10,052)	(47,178)	(26,733)	(615,183)
Balances as of December 31, 2020	-	-	(70,014)	(391,154)	(72,099)	(9,716)	(10,419)	(48,588)	(27,280)	(629,270)
Depreciation and depletion expenses	-	-	(6,478)	(27,906)	(911)	(536)	(994)	(4,177)	(1,823)	(42,825)
Write-offs/reclassifications	-	-	-	837	1,153	-	-	-	-	1,990
Balances as of September 30, 2021	-	-	(76,492)	(418,223)	(71,857)	(10,252)	(11,413)	(52,765)	(29,103)	(670,105)
<u>Net balance at</u>										
09/30/2020	115,419	26,357	155,239	282,150	2,912	3,437	4,502	66,280	29,247	685,543
09/30/2021	115,419	26,357	149,392	261,343	1,735	3,043	3,737	66,720	45,192	672,938

	Consolidated									
	Farming land	Land	Buildings	Machinery and equipment	Vehicles and tractors	Furniture and fixtures	IT	Mines	Construction in progress, intangible assets, and other	Total
<u>Cost</u>										
Balances as of December 31, 2019	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	-	-	8,797	33,875	183	487	3,614	4,454	(26,322)	25,088
Write-offs/reclassifications	-	-	-	(376)	(36)	(5)	-	-	-	(417)
Balances as of September 30, 2020	<u>115,571</u>	<u>32,127</u>	<u>381,232</u>	<u>1,384,528</u>	<u>83,633</u>	<u>13,163</u>	<u>14,858</u>	<u>113,458</u>	<u>70,185</u>	<u>2,208,755</u>
Balances as of 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	-	-	965	18,948	341	236	607	5,085	12,513	38,695
Write-offs/reclassifications	-	-	-	(2,917)	(1,268)	-	-	-	(97)	(4,282)
Balances as of September 30, 2021	<u>115,571</u>	<u>32,127</u>	<u>383,997</u>	<u>1,402,469</u>	<u>82,379</u>	<u>13,488</u>	<u>15,465</u>	<u>119,485</u>	<u>88,877</u>	<u>2,253,858</u>
<u>Accumulated depreciation and depletion</u>										
Balances as of December 31, 2019			(73,891)	(431,790)	(79,030)	(8,771)	(9,265)	(43,418)	(26,120)	(672,285)
Depreciation and depletion expenses			(8,558)	(56,784)	(1,727)	(838)	(1,032)	(3,760)	(2,446)	(75,145)
Write-offs/reclassifications			-	1,521	36	1	-	-	-	1,558
Realization of surplus			311	(3,625)	-	-	-	-	-	(3,314)
Balances as of September 30, 2020			<u>(82,138)</u>	<u>(490,678)</u>	<u>(80,721)</u>	<u>(9,608)</u>	<u>(10,297)</u>	<u>(47,178)</u>	<u>(28,566)</u>	<u>(749,186)</u>
Balances as of December 31, 2020			(84,912)	(510,367)	(80,886)	(9,792)	(10,669)	(48,588)	(29,295)	(774,509)
Depreciation and depletion expenses			(8,711)	(55,880)	(911)	(544)	(1,013)	(4,177)	(2,374)	(73,610)
Write-offs/reclassifications			-	840	1,153	-	-	-	-	1,993
Realization of surplus			311	(3,626)	-	-	1	-	-	(3,314)
Balances as of September 30, 2021			<u>(93,312)</u>	<u>(569,033)</u>	<u>(80,644)</u>	<u>(10,336)</u>	<u>(11,681)</u>	<u>(52,765)</u>	<u>(31,669)</u>	<u>(849,440)</u>
<u>Net balance at</u>										
09/30/2020	<u>115,571</u>	<u>32,127</u>	<u>299,094</u>	<u>893,850</u>	<u>2,912</u>	<u>3,555</u>	<u>4,561</u>	<u>66,280</u>	<u>41,619</u>	<u>1,459,569</u>
09/30/2021	<u>115,571</u>	<u>32,127</u>	<u>290,685</u>	<u>833,436</u>	<u>1,735</u>	<u>3,152</u>	<u>3,784</u>	<u>66,720</u>	<u>57,208</u>	<u>1,404,418</u>

14.2. Right-of-use assets

The variations in right-of-use assets during the quarter ended September 30, 2021 were as follows:

	Parent		Consolidated		
	Machinery and equipment	Machinery and equipment	Land	Buildings	Total
<u>Cost</u>					
Cost as at 12/31/2019	55,387	55,387	10,166	154	65,707
Additions	8,008	8,008	-	-	8,008
Remeasurement	1,333	1,333	(357)	17	993
Cost as at 09/30/2020	<u>64,728</u>	<u>64,728</u>	<u>9,809</u>	<u>171</u>	<u>74,708</u>
Cost as at 12/31/2020	71,155	71,155	12,153	186	83,494
Additions	8,310	8,310	-	-	8,310
Remeasurement	(3,107)	(3,107)	4,736	(6)	1,623
Cost as at 09/36/2021	<u>76,358</u>	<u>76,358</u>	<u>16,889</u>	<u>180</u>	<u>93,427</u>
<u>Depreciation</u>					
Depreciation as at 12/31/2019	(15,814)	(15,814)	(308)	(32)	(16,154)
Additions	(18,070)	(18,070)	(296)	(27)	(18,393)
Depreciation as at 09/30/2020	<u>(33,884)</u>	<u>(33,884)</u>	<u>(604)</u>	<u>(59)</u>	<u>(34,547)</u>
Depreciation as at 12/31/2020	(40,624)	(40,624)	(799)	(68)	(41,491)
Additions	(15,440)	(15,440)	(511)	(27)	(15,978)
Depreciation as at 09/30/2021	<u>(56,064)</u>	<u>(56,064)</u>	<u>(1,310)</u>	<u>(95)</u>	<u>(57,469)</u>
Balance as at 12/31/2020	30,531	30,531	11,354	118	42,003
Balance as at 09/30/2021	20,294	20,294	15,579	85	35,958

The recognized amounts of additions and remeasurement in the individual amount of R\$5,203 (R\$9,341 as at September 30, 2020) and consolidated amount of R\$9,933 (R\$9,001 as at September 30, 2020) did not affect the statements of cash flow and part of the depreciation of the right of use of lease in the amount of R\$2,678 (R\$3,546 as at September 30, 2020) was recognized as "Cost of inventories".

15. 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 variations in the balance of biological assets are as follows:

	09/30/2021	12/31/2020
At the beginning of the period/year	193,222	185,160
Plantation and maintenance	34,489	15,184
Depletion (*)	(33,411)	(53,333)
Changes in fair value	12,088	46,211
At end of the period/year	<u>206,388</u>	<u>193,222</u>

(*) In 2020 the depletion of biological assets amounted to R\$33,411 (R\$53,333 in 2020 and R\$46,254 as at September 30, 2020), of which (i) R\$9,542 (R\$23,825 in 2020 and R\$22,048 as at September 30, 2020) relating to the historical cost; (ii) R\$23,869 (R\$29,508 in 2020 and R\$24,206 as at September 30, 2020) of the fair due to sale/consumption. Also, as at September 30, 2021, fair value was transferred to inventories in the amount of R\$4,738 (R\$884 as at September 30, 2020).

As at September 30, 2021, the historical cost balance is R\$149,225 (R\$124,278 in 2020 and R\$123,547 as at September 30, 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 climatic 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 prices 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:

	<u>Parent and Consolidated</u>	
	<u>09/30/2021</u>	<u>12/31/2020</u>
Effective planted area (hectare)	25,504	25,504
Annual average Increase (IMA) - m ³ /hectare per year	33.28	33.28
Compensation for own land - R\$/hectare	855.00	765.00
Deflated discount rate - %	6.83%	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, there was release of R\$2,500 from this line of credit. On 2019, 2020 and in the nine-month period ended as at September 30 of 2021 there were no other disbursements.

16. TRADE PAYABLES

	Parent		Consolidated	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
Electric power	20,387	15,997	20,387	15,997
Raw material and inputs	54,342	38,035	54,342	38,035
Other suppliers	16,753	16,912	19,839	19,858
	<u>91,482</u>	<u>70,944</u>	<u>94,568</u>	<u>73,890</u>

17. BORROWINGS AND FINANCING

	Parent		Consolidated	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
<u>Current</u>				
Financing (i)	23,498	79,474	23,498	79,474
Financing BNDES BW Guirapá I (ii)	-	-	25,901	28,575
ACC	-	25,135	-	25,135
	<u>23,498</u>	<u>104,609</u>	<u>49,399</u>	<u>133,184</u>
Borrowing costs	-	-	(455)	(455)
Total current	<u>23,498</u>	<u>104,609</u>	<u>48,944</u>	<u>132,729</u>
<u>Noncurrent</u>				
Financing (i)	125,758	141,211	125,758	141,211
Financing BNDES BW Guirapá I (ii)	-	-	242,427	259,217
	<u>125,758</u>	<u>141,211</u>	<u>368,185</u>	<u>400,428</u>
Borrowing costs	-	-	(4,157)	(4,498)
Total noncurrent	<u>125,758</u>	<u>141,211</u>	<u>364,028</u>	<u>395,930</u>
Total	<u>149,256</u>	<u>245,820</u>	<u>412,972</u>	<u>528,659</u>

- (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) Financing with the National Bank for Economic and Social Development (BNDES) raised by subsidiary BW Guirapá and its subsidiaries on October 6, 2015, for the construction of the wind farms. The collaterals offered for debt payment were: pledge of shares of BW Guirapá I, pledge of receivables (O&M agreement), pledge of emerging rights (authorization of independent producer), pledge of machinery and equipment (aerogenerators), conditional assignment of receivables (electric energy sales revenue and CER revenue, and recognition of reserve accounts) and bank guarantee.

The balances, costs and maturities are as follows:

Type	Maturities	Annual changes	Amortization	Collaterals	Parent	Consolidated
FINAME	2021 to 2024	TJLP + 3.4% to 3.9%.	Monthly	Financed assets	3,328	3,328
FINEM	2022 to 2025	TJLP + 1.52% to 2.26%	Monthly	Land mortgage	19,554	19,554
FINEM	2032	TJLP + 2.65%	Monthly	See (ii)	-	268,328
				TJLP Subtotal (note 4.3)	22,882	291,210
NCE	2024	CDI + 0.70%	Yearly	Export history	82,263	82,263
CCB	2025	CDI + 3.58%	Yearly	Clean	41,100	41,100
				CDI Subtotal (note 4.3)	123,363	123,363
FINAME	2022 to 2024	2.5% to 6%	Monthly	Financed assets	3,011	3,011
				Subtotal of other borrowings	3,011	3,011
				Subtotal	149,256	417,584
				(-) Borrowing costs	-	(4,612)
				Total	149,256	412,972

Restrictive 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 periods ended September 30, 2021 and December 31, 2020, the Company complied with the index set out in the financing agreements (Finame) where the ratio between consolidated net financial debt and consolidated EBTIDA must be below or equal to 2.5x during the effective period of the agreements.

Subsidiary BW Guirapá 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 September 30, 2021 and December 31, 2020. 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 September 30, 2021 and December 31, 2020.

18. 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	8,008	8,008	-	-	8,008
Remeasurement	1,333	1,333	(357)	17	993
Write-offs	(19,159)	(19,159)	(751)	(28)	(19,938)
Present value adjustment	1,339	1,339	60	2	1,401
Balance as at 09/30/2020	30,304	30,304	8,443	113	38,860

	Parent	Consolidated			
	Machinery and equipment	Machinery and equipment	Land	Buildings	Total
Balance as at 12/31/2020	30,204	30,204	10,817	121	41,142
Additions	8,310	8,310	-	-	8,310
Remeasurement	(3,107)	(3,107)	4,736	(6)	1,623
Write-offs	(19,088)	(19,088)	(977)	(29)	(20,094)
Present value adjustment	3,089	3,089	142	5	3,236
Balance as at 09/30/2021	<u>19,408</u>	<u>19,408</u>	<u>14,718</u>	<u>91</u>	<u>34,217</u>
Current	14,066				15,152
Noncurrent	5,342				19,065

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

Maturity year	Parent	Consolidated
2022	1,547	1,732
2023	2,524	3,682
2024	1,271	2,427
2025 to 2029	-	4,282
2030 to 2034	-	3,435
2035 to 2039	-	2,708
2040 to 2044	-	694
2045 onwards	-	105
Total	<u>5,342</u>	<u>19,065</u>

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	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Consideration	25,285	29,951	19,408	30,204	40,959	46,222	34,217	41,142
Potential PIS/COFINS (9.25%)	2,339	2,770	1,795	2,794	3,789	4,276	3,165	3,806

19. LABOR AND ACTUARIAL LIABILITIES

	Parent		Consolidated	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
<u>Current</u>				
Payroll and related taxes	8,498	11,592	8,636	11,830
Accrued payroll and related taxes	37,082	20,144	37,263	20,318
Profit sharing (i)	49,881	15,657	49,881	15,657
	<u>95,461</u>	<u>47,393</u>	<u>95,780</u>	<u>47,805</u>
<u>Noncurrent</u>				
Labor and actuarial liabilities (ii)	69,416	94,928	69,416	94,928
	<u>164,877</u>	<u>142,321</u>	<u>165,196</u>	<u>142,733</u>

- (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 profit sharing. As at September 30, 2021, the Company recognized accrued profit sharing for management and employees in the amounts of R\$8,955 (R\$7,639 as at December 31, 2020), and the balance in line item "Employees' profit sharing" is R\$40,926 relating to the nine-month period ended as at September 30, 2021 (R\$8,018 as at December 31, 2020).
- (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 grants additional postemployment benefits for employees who receive a salary below the social security ceiling and who have worked for the Company for at least ten (10) consecutive years. This is a one-time payment to the employee upon termination of employment. Additionally, the Company assures to its employees who retire or are dismissed without cause, the right to remain in the corporate health plan, as long as the relevant legal requirements are met. In this case, the healthcare coverage conditions remain the same as when the employment contract was in force, as long as the employee assumes full payment for the 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, retirement premium 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	7,756	1,569	9,325
Employer's contributions in the year (-)	(1,596)	(2,682)	(4,278)
(Gain)/loss on actuarial obligations	(35,895)	5,336	(30,559)
Present value of actuarial obligations at the end of the year	<u>44,166</u>	<u>25,250</u>	<u>69,416</u>

- (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, retirement premium and FGTS fine	Total
Actuarial gain/(loss) from changes in demographic assumptions	-	-	-
Actuarial gain/(loss) from changes in financial assumptions	16,989	3,151	20,140
Actuarial gain/(loss) from experience adjustments	18,906	(8,487)	10,419
Amounts to be recognized in other comprehensive income at the end of the period	<u>35,895</u>	<u>(5,336)</u>	<u>30,559</u>

(c) Actuarial assumptions

	<u>09/30/2021</u>	<u>12/31/2020</u>
Expected inflation rate - % p.a.	4.00	3.75
Actual discount rate - pension plan - % p.a.	5.01	3.03
Actual discount rate - health care plan cost - % p.a.	5.07	3.80
Actual discount rate - Retirement premium - % p.a.	4.80	2.75
Actual discount rate - FGTS fine - % p.a.	4.80	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

20. TAXES AND SOCIAL CONTRIBUTIONS

	<u>Parent</u>		<u>Consolidated</u>	
	<u>09/30/2021</u>	<u>12/31/2020</u>	<u>09/30/2021</u>	<u>12/31/2020</u>
<u>Current</u>				
Income tax and social contribution (i)	38,852	-	39,071	90
Federal VAT (IPI)	2,061	992	2,061	992
State VAT (ICMS)	7,002	6,655	7,016	6,661
Withholding Income Tax (IRRF)	1,603	2,608	1,679	2,798
PIS and COFINS	8,292	3,766	8,686	4,111
Other	1,088	717	1,161	831
	<u>58,898</u>	<u>14,738</u>	<u>59,674</u>	<u>15,483</u>
<u>Noncurrent</u>				
PIS and COFINS	-	-	87	87
	<u>58,898</u>	<u>14,738</u>	<u>59,761</u>	<u>15,570</u>

- (i) The Company maintained its IRPJ/CSLL calculation based on taxable income on quarterly basis, and the taxable income as at 09/30/2021 was material in relation to the quarter ended 12/31/2020.

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

The Company contracted derivatives consisting of dollar forward sales (non-deliverable forward, or NDFs) and in June contracted derivative financial instruments for forward purchases of US dollars (US\$) (Buy NDFs) in the same volumes and at the same maturities as the sale NDFs already contracted, aiming at canceling out these transactions' exposure to billable revenue. It also has non-derivative financial instruments (Export exchange forwards) to minimize the risks involving the impact of exchange rate fluctuation on the conversion of its sales prices in the foreign market, according to an internal policy approved by Management. The methodology for determining the amount of the NDFs is the mark-to-market using the B3 benchmark rate.

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 designated and not designated for hedge accounting (cash flow hedge) as at September 30, 2021 is broken down as follows:

Hedging instrument (derivative and non-derivative)				Hedged item
Maturities	Transaction	Maturities	Transaction	Maturities
Fourth quarter of 2021	Sale NDFs	8,000	1,558	Cash flows
	Subtotal	8,000	1,558	
Fourth quarter of 2021	Export exchange forwards	7,710	(9,674)	Cash flows
First quarter of 2022	Export exchange forwards	17,224	(19,509)	Cash flows
	Subtotal	24,934	(29,183)	
Derivative financial instrument not designated for hedge accounting				
Maturities	Transaction	Notional (US\$)	Fair value	Transaction
Fourth quarter of 2021	Buy NDFs	(8,000)	3,068	Fair Value through profit or loss
	Subtotal	(8,000)	3,068	
Total (Buy NDFs, Sale NDFs and Export exchange forwards)		24,934	(24,557)	

As at September 30, 2021, the Company recorded the amount of R\$64,092 (R\$91,883 in 2020) which was considered as effective for hedge accounting purposes, in equity.

In the period, derivatives were settled, with a net gain of R\$2,609 of Buy NDF (not designated for hedge accounting) and net loss of R\$80,690 of Sale NDF (hedge accounting), totaling net loss recognized in profit or loss, in the amount of R\$78,081 (R\$149,757 as at September 30, 2020 relating to hedge accounting).

Information on derivatives qualifying and not qualifying for hedge accounting (cash flow hedge) as at December 31, 2020, is as follows:

Derivative and non-derivative hedging instrument				Hedged item
Maturities	Transaction	Notional (US\$)	Fair value	Transaction
First quarter of 2021	Sale NDFs	39,300	(31,982)	Cash flows
Second quarter of 2021	Sale NDFs	36,400	(21,138)	Cash flows
Third quarter of 2021	Sale NDFs	34,000	(15,396)	Cash flows
Fourth quarter of 2021	Sale NDFs	8,000	3,202	Cash flows
		<u>117,700</u>	<u>(65,314)</u>	
Fourth quarter of 2021	Export exchange forwards	7,710	(7,766)	Cash flows
First quarter of 2022	Export exchange forwards	17,224	(14,687)	Cash flows
		24,934	(22,453)	
	Subtotal	<u>142,634</u>	<u>(87,767)</u>	
Non-derivative hedging instrument				Hedged item
Maturities	Transaction	Notional (US\$)	Fair value	Transaction
First quarter of 2021	ACC	4,750	(780)	Advances on export contracts
	Total	<u>147,384</u>	<u>(88,547)</u>	

Below are the variations in derivative and non-derivative hedge instrument during 2021 and 2020:

Balances as at December 31, 2019 (current asset)	3,336
derivative and non-derivative hedge instrument variation	(91,883)
Balances as at December 31, 2020	(88,547)
derivative and non-derivative hedge instrument variation	63,990
Balances as at September 30, 2021 (liability)	(24,557)
Current liability	24,557
Noncurrent liability	-

22. 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	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
<u>Current</u>				
At the beginning of the year	-	-	579	579
Derecognition	-	-	(579)	(579)
Total current	-	-	-	-
<u>Noncurrent</u>				
At the beginning of the year	15,354	15,395	22,848	22,889
Estimated cash flow review	(8,936)	(62)	(8,936)	(62)
Derecognition	(626)	(1,236)	(626)	(1,236)
Inflation adjustment, AVP and others	9,679	1,257	9,679	1,257
Total noncurrent	15,471	15,354	22,965	22,848
Total	15,471	15,354	22,965	22,848

23. 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	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Tax/administrative	31,513	27,078	46,077	46,098
Labor	369	578	6,200	5,727
Civil	434	374	4,012	3,639
	32,316	28,030	56,289	55,464

The description of the Company's main contingent liabilities was presented in the financial statements for the year ended December 31, 2020, in note 28, and there were no significant changes in its possible contingencies in this period.

24. CCEE REIMBURSEMENT ACCOUNT (CONSOLIDATED)

	Consolidated	
	09/30/2021	12/31/2020
<u>Current</u>		
CCEE reimbursement account	17,655	19,335
<u>Noncurrent</u>		
CCEE reimbursement account	26,165	12,247
	43,820	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 quadrennia. 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 quadrennia; the first quadrennia ended on June 30, 2018 and the second quadrennia 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. With the publication of such Ordinance, the monthly reimbursements that were suspended due to Aneel Ordinance 2.303/19 will be recalculated according to the provisional trading rule approved and the differences will be applied according to the schedule disclosed, in line with the contractual guidelines.

25. RELATED-PARTY BALANCES AND TRANSACTIONS

	Profit or loss			Assets	Liabilities
	Lease costs (i)	Sales revenue (ii)	Other operating (income)/ expenses (iii)	Trade receivables (ii)	Other payables (iii)
Parent:					
Fundação José Carvalho	-	55	5,180	12	-
Subsidiaries:					
BW Guirapá S.A.	-	-	(355)	-	-
Silício de Alta Pureza da Bahia S.A. Mineração	630	-	-	-	-
Vale do Jacurici S.A. Reflorestadora e Agrícola S.A.	270	-	-	-	-
Indústria de Minérios Damacal Ltda.	45	-	-	-	-
	27	-	-	-	-

	Profit or loss			Assets	Liabilities
	Lease costs (i)	Sales revenue (ii)	Other operating (income)/ expenses (iii)	Trade receivables (ii)	Other payables (iii)
Related parties:					
Marubeni Corporation (iv)	-	240,686	-	19,768	-
Total as at September 30, 2021	<u>972</u>	<u>240,741</u>	<u>4,825</u>	<u>19,780</u>	<u>-</u>
Total as at December 31, 2020	<u>1,296</u>	<u>240,998</u>	<u>8,228</u>	<u>4,218</u>	<u>6</u>
Total as at September 30, 2020	<u>972</u>	<u>201,580</u>	<u>6,199</u>	<u>7,654</u>	<u>829</u>

- (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; (c) Cooperation and Partnership Instrument for implementation of Memorial José Carvalho whose purpose is the preservation of the memory, cultural heritage, existing collection, residence of the founder, besides housing the permanent organizational culture program; and (d) Infrastructure and Administrative Structure Sharing Agreement for corporate activities between Ferbasa and BW.
- (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.

25.1. 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	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Overall compensation	18,489	13,521	21,431	15,706
Social security charges	1,813	1,866	2,053	2,098
	<u>20,302</u>	<u>15,387</u>	<u>23,484</u>	<u>17,804</u>

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 of the 2020 financial statements.

26. EQUITY

26.1. Capital

The limit of the Company's authorized capital is R\$1,500,000 (one billion and five hundred thousand reais). The Company's subscribed and paid-in capital, at September 30, 2021 and December 31, 2020, totals R\$1,225,444 (one million, two hundred and twenty-five thousand, 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:

Shareholders	09/30/2021		12/31/2020	
	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	400	7,184,200	400	2,450,000
Vanguard Group	-	1,365,072	-	-
Dimensional Funds	-	1,104,682	-	1,231,482
Kadima Asset Management	-	799,100	-	1,200,400
Other shareholders	312,904	30,081,646	312,904	35,398,818
Treasury shares	40,000	3,183,300	40,000	3,183,300
	<u>29,440,000</u>	<u>58,880,000</u>	<u>29,440,000</u>	<u>58,880,000</u>

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.

26.2. 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:

	09/30/2021		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	56.04	52.00	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.

26.3. Earnings reserve

- (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 SUDENE tax incentive reserves, related to the income tax, refers to the portion of the tax incentive of the income tax (operating profit) and ICMS DESENVOLVE related to the gain on tax incentive of the outstanding State VAT tax balance. These reserves are recognized by transferring the portion of the tax incentive that affected the expenses on income tax and State VAT (ICMS) for the year and cannot be distributed to shareholders. The reserve related to SUDENE 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 the first semester of 2021 the dividends prescribed in the amount of R\$249 (R\$2,049 as at December 31, 2020) were reversed to the profit reserve account in accordance with Law 6,404/1976.

26.4. 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.

26.5. Unrealized earnings reserve

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

26.6. 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.

27. 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.

	<u>09/30/2021</u>	<u>09/30/2020</u>
Profit attributable to owners of the Company	406,354	32,332
<u>Reconciliation of distributable profit, per class (numerator)</u>		
Profit attributable to:		
Common shares	131,767	10,484
Preferred shares	274,587	21,848
<u>Weighted average number of shares, per class (denominator)</u>		
Weighted average number of treasury shares:		
Common shares	29,400,000	29,400,000
Preferred shares	55,696,700	55,696,700
Basic and diluted earnings per share (*) (in R\$):		
Common shares	4.48186	0.35660
Preferred shares	4.93005	0.39226

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

28. NET SALES REVENUE

	<u>Parent</u>		<u>Consolidated</u>	
	<u>09/30/2021</u>	<u>09/30/2020</u>	<u>09/30/2021</u>	<u>09/30/2020</u>
<u>Gross sales revenue</u>				
Domestic market	1,183,868	546,279	1,260,405	610,967
Foreign market	696,254	681,278	696,254	681,278
	<u>1,880,122</u>	<u>1,227,557</u>	<u>1,956,659</u>	<u>1,292,245</u>
<u>Sales deductions</u>				
Returns and rebates	(18,359)	(12,089)	(18,359)	(12,089)
Taxes on sales	(227,874)	(119,020)	(230,964)	(122,014)
	<u>(246,233)</u>	<u>(131,109)</u>	<u>(249,323)</u>	<u>(134,103)</u>
	<u>1,633,889</u>	<u>1,096,448</u>	<u>1,707,336</u>	<u>1,158,142</u>

29. COSTS AND EXPENSES

	<u>Parent</u>		<u>Consolidated</u>	
	<u>09/30/2021</u>	<u>09/30/2020</u>	<u>09/30/2021</u>	<u>09/30/2020</u>
Cost of sales (i)	(993,559)	(820,237)	(1,045,454)	(868,963)
Selling expenses	(14,149)	(14,471)	(14,149)	(14,471)
General and administrative expenses	(52,092)	(49,997)	(54,889)	(52,589)
Employee profit sharing	(40,926)	(3,559)	(40,926)	(3,559)
Management fees and profit sharing	(20,302)	(15,387)	(23,484)	(17,804)
Total general and administrative expenses	<u>(113,320)</u>	<u>(68,943)</u>	<u>(119,299)</u>	<u>(73,952)</u>
Other income (expenses)	(19,383)	(21,669)	(25,320)	(25,644)
	<u>(1,140,411)</u>	<u>(925,320)</u>	<u>(1,204,222)</u>	<u>(983,030)</u>

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

	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Variable cost and indirect product expenses	(602,642)	(453,322)	(606,280)	(456,984)
Personnel expenses (ii)	(275,947)	(216,517)	(281,652)	(221,874)
Depreciation and depletion expenses	(84,260)	(106,259)	(115,583)	(137,130)
Expenses on services provided	(83,876)	(70,645)	(99,043)	(82,423)
Maintenance and repair costs	(53,783)	(43,512)	(55,782)	(45,534)
Fuel and lubricants	(16,463)	(11,418)	(16,505)	(11,463)
Idle capacity cost	(4,057)	(1,978)	(4,057)	(1,978)
Other income (expenses)	(19,383)	(21,669)	(25,320)	(25,644)
	<u>(1,140,411)</u>	<u>(925,320)</u>	<u>(1,204,222)</u>	<u>(983,030)</u>

(i) Cost of sales includes:

- 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) The consolidated balance includes costs of depreciation, amortization, power transmission, electric grid use charges, operation and maintenance, among others, for wind power generation in the amount of R\$52,621 (R\$49,422 as at September 30, 2020).

(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	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Post-employment benefits	(5,046)	(7,142)	(5,046)	(7,142)
Other taxes and contributions	(1,894)	(2,611)	(2,514)	(3,231)
Corporate and social responsibility	(5,590)	(8,995)	(5,645)	(9,036)
Consulting and researches	(1,172)	(4,057)	(1,172)	(4,101)
Penalty (note 24)	-	-	(1,496)	(2,129)
Realization of added value	-	-	(3,314)	(3,314)
Other expenses	(5,681)	1,136	(6,133)	3,309
	<u>(19,383)</u>	<u>(21,669)</u>	<u>(25,320)</u>	<u>(25,644)</u>

30. FINANCE INCOME

	Parent		Consolidated	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
<u>Finance income</u>				
Income from short-term investments	10,559	4,113	13,920	6,165
Exchange rate changes	20,634	29,751	20,634	29,829
Other finance income	6,312	10,041	6,338	10,099
	<u>37,505</u>	<u>43,905</u>	<u>40,892</u>	<u>46,093</u>
<u>Finance costs</u>				
Exchange rate changes	(17,078)	(22,478)	(17,079)	(22,556)
Interest paid or incurred	(8,036)	(8,559)	(22,808)	(25,575)
Other finance costs	(5,787)	(1,756)	(10,876)	(3,108)
	<u>(30,901)</u>	<u>(32,793)</u>	<u>(50,763)</u>	<u>(51,239)</u>
<u>Derivative and non-derivative financial instruments</u>				
Change in derivative and non-derivative financial instrument assets	9,717	3,061	9,717	3,061
Change in derivative and non-derivative financial instrument liabilities	(87,798)	(152,818)	(87,798)	(152,818)
	<u>(78,081)</u>	<u>(149,757)</u>	<u>(78,081)</u>	<u>(149,757)</u>
	<u>(71,477)</u>	<u>(138,645)</u>	<u>(87,952)</u>	<u>(154,903)</u>

31. 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							
	Ferroalloys		Wind power		Other segments		Total	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020	09/30/2021	09/30/2020
<u>Net sales</u>								
Domestic market	924,571	398,587	73,536	61,783	28,256	28,919	1,026,363	489,289
Foreign market	646,415	619,372	-	-	34,558	49,481	680,973	668,853
	<u>1,570,986</u>	<u>1,017,959</u>	<u>73,536</u>	<u>61,783</u>	<u>62,814</u>	<u>78,400</u>	<u>1,707,336</u>	<u>1,158,142</u>
Cost of sales	(916,226)	(721,070)	(52,621)	(49,422)	(76,607)	(98,471)	(1,045,454)	(868,963)
Changes in the fair value of biological assets	-	-	-	-	12,088	23,851	12,088	23,851
Gross profit	<u>654,760</u>	<u>296,889</u>	<u>20,915</u>	<u>12,361</u>	<u>(1,705)</u>	<u>3,780</u>	<u>673,970</u>	<u>313,030</u>
Operating expenses	(146,520)	(101,950)	(6,390)	(4,265)	(5,858)	(7,852)	(158,768)	(114,067)
Operating profit from before finance income	<u>508,240</u>	<u>194,939</u>	<u>14,525</u>	<u>8,096</u>	<u>(7,563)</u>	<u>(4,072)</u>	<u>515,202</u>	<u>198,963</u>
<u>Sale of products (tonnes)</u>								
Domestic market	121,511	78,766						
Foreign market	88,699	113,300						
	<u>210,210</u>	<u>192,066</u>						

32. INSURANCE

The Company and its subsidiaries have insurance coverage against equipment fire, explosions, electrical damages, vehicles, civil liability, operational and corporate risks and performance bond as at September 30, 2021 in the amount of R\$89,639 (R\$86,990 in 2020) in the Parent and R\$951,920 (R\$949,241 in 2020) in the Consolidated.

Accountant:

Arnaldo Pereira Anastácio

Accounting Manager

CRC-RJ 61263/O - 0-T-BA