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

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

Individual and Consolidated Financial Statements for the Year Ended December 31, 2020 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

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

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

Opinion

We have audited the accompanying individual and consolidated financial statements of Cia de Ferro Ligas da Bahia S.A. - FERBASA (“Company”), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2020, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Cia de Ferro Ligas da Bahia S.A. - FERBASA as at December 31, 2020, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards - IFRS, issued by the International Accounting Standards Board - IASB.

Basis for opinion

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

Key audit matters

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

(a) Measurement of the fair value of biological assets

As described in notes 5, 7 and 20 to the individual and consolidated financial statements, the Company measures the fair value of its eucalyptus forests using the discounted cash flow model, which takes into consideration several assumptions and judgments by Management, such as the estimated sales price, the cubic volume of timber, the annual average increase per tree nursery and the discount rate. In addition, a portion of the assumptions considers unobservable market data. Changes in the assumptions or valuation techniques used may result in significantly different fair value estimates, impacting profit or loss for the year. Consequently, the measurement of the fair value of biological assets is considered as one of the KAM.

Accordingly, our audit procedures included: (i) obtaining an understanding of the biological asset measurement and accounting flow considering the significant assumptions adopted by Management; (ii) understanding the internal controls related to the Company's forest activities; (iii) involving our specialists in the assessment of the calculation methodology of the discounted cash flow model; and (iv) assessing the adequacy of the criteria and assumptions adopted by Management to measure fair value of the biological assets, mainly those related to the estimated forest growth rate, forest age when the fair value differs from the historical cost, interest rates for cash flow discounts, estimated productivity, projected harvest volume and standing timber price, as well as assessing the proper disclosure by the Company about the assumptions used in the measurement of the respective fair value in the financial statements.

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

(b) Revenue recognition

As described in notes 7 and 33 to the individual and consolidated financial statements, the Company's and its subsidiaries' revenue derives from the sale of ferroalloys, ferrochrome, ferrosilicon and energy. As a result of the relevance of the net revenue in the Company's individual and consolidated financial statements, in the amount of R$1,539 million and R$1,622 million, respectively, as well as the processes that support their recognition, some risks must be addressed, as follows: (i) the inherent risk that revenue is recognized without meeting all minimum revenue recognition requirements; and (ii) the deemed risk of revenue recognition without any rationale or justification in line with the Company's normal course of business. Consequently, revenue recognition is considered as one of the KAM.

Accordingly, our audit procedures included, among others: (i) obtaining an understanding of the revenue recognition flow considering the revenue nature and contractual aspects, among others; (ii) assessing the design and implementation of the relevant internal controls determined by Management on revenue recognition; (iii) obtaining an understanding of the main systems used in the revenue recognition and review process; and (iv) selecting sales transactions over the year based on a statistical sampling, and comparison with the respective supporting documentation to verify whether they represented valid revenues in line with the Company's normal course of business, as well as their respective recording in the proper period.

Based on the result of the audit procedures, we understand that the revenue recognition criteria adopted by Management, as well as the respective disclosures in the notes to the financial statements, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

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Other matter

Statements of value added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2020, prepared under the responsibility of the Company's Management and disclosed as supplemental information for purposes of the IFRS, were subject to audit procedures performed together with the audit of the Company's individual and consolidated financial statements. In forming our opinion, we evaluated whether these individual and consolidated statements of value added are reconciled with the individual and consolidated financial statements and the accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

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

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

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

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

Management's responsibilities and those charged with governance for the individual and consolidated financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Salvador, February 26, 2021

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Jônatas José Medeiros de Barcelos
Engagement Partner

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

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

BALANCE SHEETS AS AT DECEMBER 31, 2020
(Amounts expressed in thousand of Brazilian reais - R$)

		Parent		Consolidated	
ASSETS	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
CURRENT ASSETS					
Cash and cash equivalents	10	67,756	39,095	90,497	73,721
Short-term investments	11	191,837	100,633	191,837	100,633
Trade receivables	12	145,758	88,637	154,729	97,445
Inventories	13	285,987	338,357	285,987	338,357
Recoverable taxes	14	27,793	50,523	30,073	52,389
Prepaid expenses		452	2,564	452	2,564
Advances to suppliers	15	11,856	14,292	11,856	14,292
Foreign exchange hedging instruments	26	-	1,742	-	1,742
Other assets		6,358	10,657	9,312	12,610
Total current assets		737,797	646,500	774,743	693,753
NON-CURRENT ASSETS					
Advances to suppliers	15	4,993	16,530	4,993	16,530
Short-term investments	11	30,079	2,648	129,076	68,649
Inventories	13	4,542	380	4,542	380
Recoverable taxes	14	165,051	177,324	165,051	177,324
Deferred taxes	16	16,192	-	14,637	-
Escrow deposits	17	43,056	40,748	43,152	40,844
Foreign exchange hedging instruments	26	-	1,594	-	1,594
Other receivables		701	724	708	735
		264,614	239,948	362,159	306,056
Investments	18	567,873	584,464	124	124
Property, plant and equipment and intangibles	19	679,755	705,527	1,444,936	1,511,799
Right-of-use assets	19	30,531	39,573	42,003	49,552
Biological assets	20	193,222	185,160	193,222	185,160
		1,471,381	1,514,724	1,680,285	1,746,635
Total non-current assets		1,735,995	1,754,672	2,042,444	2,052,691
TOTAL OF ASSETS		2,473,792	2,401,172	2,817,187	2,746,444

		Parent		Consolidated	
LIABILITIES AND EQUITY	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
CURRENT LIABILITIES					
Trade payables	21	70,944	67,752	73,890	69,298
Borrowings and financing	22	104,609	46,102	132,729	71,920
Foreign exchange hedging instruments	26	73,080	-	73,080	-
Labor and actuarial liabilities	24	47,393	62,242	47,805	62,273
Income taxes and social contributions	25	14,738	9,912	15,483	10,787
CCEE reimbursement account	29	-	-	19,335	3,343
Provision for environmental liabilities	27	-	-	-	579
Proposed dividends and interest on capital		32,826	5,223	32,884	5,308
Lease payable	23	20,393	20,504	21,188	21,179
Other liabilities		7,801	11,080	7,845	11,364
Total current liabilities		371,784	222,815	424,239	256,051
NON-CURRENT LIABILITIES					
Borrowings and financing	22	141,211	140,028	395,930	422,477
Foreign exchange hedging instruments	26	14,687	-	14,687	-
Obligations with acquisition of subsidiary		4,978	7,262	4,978	7,262
Labor and actuarial liabilities	24	94,928	86,723	94,928	86,723
Taxes and social contributions	25	-	-	87	87
Deferred taxes	16	-	18,010	-	19,565
CCEE reimbursement account	29	-	-	12,247	5,447
Provision for contingencies	28	55,464	60,553	55,464	60,553
Provision for environmental liabilities	27	15,354	15,395	22,848	22,889
Lease payable	23	9,811	18,279	19,954	27,217
Total non-current liabilities		336,433	346,250	621,123	652,220
EQUITY	31				
Capital		1,225,444	1,225,444	1,225,444	1,225,444
Retained earnings		602,490	608,864	602,490	608,864
Equity assessment adjustment		(36,605)	23,553	(36,605)	23,553
Treasury shares		(25,754)	(25,754)	(25,754)	(25,754)
Equity attributable to owners of the Company		1,765,575	1,832,107	1,765,575	1,832,107
Non-controlling interests		-	-	6,250	6,066
Total equity		1,765,575	1,832,107	1,771,825	1,838,173
TOTAL OF LIABILITIES AND EQUITY		2,473,792	2,401,172	2,817,187	2,746,444

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 YEAR ENDED DECEMBER 31, 2020
(Amounts expressed in thousands of Brazilian reais - R$, except earnings per share)

		Parent		Consolidated	
	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
NET SALES REVENUE	33	1,539,441	1,185,733	1,622,019	1,279,550
Cost of sales	34	(1,159,463)	(1,002,315)	(1,224,333)	(1,063,051)
Changes in fair value of biological assets	20	46,211	41,983	46,211	41,983
GROSS PROFIT		426,189	225,401	443,897	258,482
OPERATING EXPENSES	34				
Selling expenses		(20,139)	(13,693)	(20,139)	(13,693)
General and administrative expenses		(101,830)	(117,098)	(109,082)	(127,411)
Other operating income (expenses)		(30,789)	66,108	(35,779)	61,864
		(152,758)	(64,683)	(165,000)	(79,240)
Share of profit (loss) of investees	18	(16,529)	(6,716)	-	-
SHARE OF PROFIT OF INVESTEES		256,902	154,002	278,897	179,242
FINANCE INCOME (COSTS)	35				
Finance income		52,065	109,206	54,735	114,585
Finance costs		(52,840)	(35,065)	(77,020)	(64,579)
Foreign exchange hedging instruments		(184,747)	26,132	(184,747)	26,132
		(185,522)	100,273	(207,032)	76,138
PRETAX INCOME		71,380	254,275	71,865	255,380
INCOME TAX AND SOCIAL CONTRIBUTION	16				
Exemption and reduction		6,263	31,636	6,263	31,980
Current		(11,083)	(46,451)	(11,326)	(47,543)
Deferred		3,212	(18,284)	3,212	(18,284)
		(1,608)	(33,099)	(1,851)	(33,847)
PROFIT FOR THE YEAR		69,772	221,176	70,014	221,533
Profit attributable to owners of the Company				69,772	221,176
Profit attributable to non-controlling interests				242	357
BASIC AND DILUTED EARNINGS PER COMMON SHARE - R$	32	0.7695	2.4394		
BASIC AND DILUTED EARNINGS PER PREFERRED SHARE - R$	32	0.8465	2.6834		

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts expressed in thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
PROFIT FOR THE YEAR		69,772	221,176	70,014	221,533
Other comprehensive income:					
Actuarial obligations	24	735	(10,395)	735	(10,395)
Deferred taxes on actuarial obligations		(250)	3,534	(250)	3,534
Foreign exchange hedge instruments	26	(91,883)	(21,751)	(91,883)	(21,751)
Deferred taxes on financial instruments		31,240	7,395	31,240	7,395
Other comprehensive income for the year, net of taxes		(60,158)	(21,217)	(60,158)	(21,217)
TOTAL COMPREHENSIVE INCOME		9,614	199,959	9,856	200,316
Profit attributable to owners of the Company				9,614	199,959
Profit attributable to non-controlling interests				242	357

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 CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(amounts expressed in thousands of brazilian reais - R$)

			Attributable to owners of the Company									
			Earnings reserves				Equity				Attributable	Total
	Note	Capital	Legal	Tax incentive	Investments	Profits to be realized	assessment adjustment	Treasury shares	Retained earnings	Total equity	to noncontrolling interests	consolidated equity
BALANCE AS AT DECEMBER 31, 2018	31	1,225,444	105,377	118,909	224,980	49,595	44,770	(25,754)	-	1,743,321	5,794	1,749,115
Comprehensive income		-	-	-	-	-	(21,217)	-	-	(21,217)	-	(21,217)
Profit for the year		-	-	-	-	-	-	-	221,176	221,176	357	221,533
Supplementary dividends		-	-	-	(20,000)	-	-	-	-	(20,000)	-	(20,000)
Recognition of reserves		-	11,059	33,519	85,425	-	-	-	(130,003)	-	-	-
Interest on capital		-	-	-	-	-	-	-	(91,173)	(91,173)	(85)	(91,258)
BALANCE AS AT DECEMBER 31, 2019	31	1,225,444	116,436	152,428	290,405	49,595	23,553	(25,754)	-	1,832,107	6,066	1,838,173
Expired dividends		-	-	-	-	-	-	-	2,049	2,049		2,049
Capitalization of reserves		-	-	-	2,049	-	-	-	(2,049)	-		-
Interest on capital		-	-	-	(17,166)	-	-	-	-	(17,166)		(17,166)
Reversal of reserves		-	-	-	(1,679)	-	-	-	-	(1,679)	-	(1,679)
Comprehensive income		-	-	-	-	-	(60,158)	-	-	(60,158)		(60,158)
Profit for the year		-	-	-	-	-	-	-	69,772	69,772	242	70,014
Allocation of profit:												
Recognition of reserves		-	3,489	6,933	-	-	-	-	(10,422)	-	-	-
Interest on capital		-	-	-	-	-	-	-	(59,350)	(59,350)	(58)	(59,408)
BALANCE AS AT DECEMBER 31, 2020	31	1,225,444	119,925	159,361	273,609	49,595	(36,605)	(25,754)	-	1,765,575	6,250	1,771,825

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 CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts expressed in thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
CASH FLOW FROM OPERATING ACTIVITIES					
Profit for the year		69,772	221,176	70,014	221,533
Adjustments to reconcile profit to cash provided by operating activities:					
Net cash provided by operating activities:					
Interest, inflation adjustments and exchange rate changes, net		9,256	12,327	29,698	36,168
Depreciation, amortization and depletion (mines)	19	80,792	66,286	121,999	107,516
Depletion of biological assets	20	55,794	78,549	55,794	78,549
Changes in fair value of biological assets	20	(46,211)	(41,983)	(46,211)	(41,983)
Share of profit (loss) of investees	18	16,529	6,716	-	-
Deferred taxes	16	(3,212)	18,284	(3,212)	18,284
PIS and COFINS credits (ICMS deduction from the tax basis)	14, 34	-	(116,111)	-	(116,111)
Credit adjustment (ICMS deduction from the tax basis)	35	(8,282)	(80,993)	(8,282)	(80,993)
Adjustment to lease payable	23	1,632	556	1,727	593
Adjustment to postemployment benefit plans	24	8,940	8,742	8,940	8,742
Recognition (reversal) of provision for contingencies	28	(5,585)	8,095	(5,585)	8,095
Other		(841)	(452)	6,213	3,967
Decrease (increase) in assets:					
Trade receivables		(58,419)	36,894	(58,582)	35,407
Inventories		46,237	(19,037)	46,237	(19,037)
Recoverable taxes		44,357	(1,830)	43,995	(2,588)
Advances to suppliers		14,337	14,167	14,337	14,167
Escrow deposits		(2,253)	(29,981)	(2,253)	(28,832)
Other assets		5,898	(3,937)	4,991	(4,647)
Increase (decrease) in liabilities:					
Trade payables		2,498	11,771	3,798	8,811
Tax and social contribution		4,826	(11,369)	4,818	(12,441)
Income tax and contribution		9,499	18,296	9,742	19,044
Labor and actuarial liabilities		(14,849)	(12,849)	(14,815)	(12,858)
CCEE reimbursement account		-	-	19,516	(546)
Other liabilities		(2,464)	4,602	(2,999)	2,738
Income tax and social contribution paid		(9,499)	(23,244)	(9,872)	(23,886)
Interest paid		(10,041)	(20,658)	(32,334)	(47,785)
Net cash provided by operating activities		208,711	144,017	257,674	171,907
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	19	(33,728)	(88,840)	(37,786)	(89,780)
Plantation and maintenance costs of biological assets	20	(15,184)	(26,477)	(15,184)	(26,477)
Proceeds from the sale of property, plant and equipment		487	1,708	487	1,708
Dividends received		89	575	-	-
Short-term investments and redemptions		(115,010)	15,330	(145,016)	33,182
Acquisition of subsidiary		-	(160,685)	-	(160,685)
Received related to capital reduction		-	8,000	-	-
Net cash used in investing activities		(163,346)	(250,389)	(197,499)	(242,052)
CASH FLOW FROM FINANCING ACTIVITIES					
Borrowings and financing	22	188,626	137,000	188,626	137,000
Amortization of borrowings and financing	22	(130,438)	(17,137)	(156,259)	(42,940)
Amortization of leases	23	(25,979)	(17,160)	(26,768)	(17,904)
Dividends and interest on capital paid		(48,913)	(114,311)	(48,998)	(114,403)
Net cash used in financing activities		(16,704)	(11,608)	(43,399)	(38,247)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		28,661	(117,980)	16,776	(108,392)
Cash and Equivalents at the beginning of the year	10	39,095	157,075	73,721	182,113
Cash and Equivalents at the end of the year	10	67,756	39,095	90,497	73,721
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		28,661	(117,980)	16,776	(108,392)

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

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

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

STATEMENTS OF VALUE ADDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts expressed in thousands of Brazilian reais - R$)

		Parent		Consolidated	
	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
SALES REVENUE		1,717,073	1,380,447	1,803,659	1,478,835
Other income		19,311	176,559	21,766	177,248
		1,736,384	1,557,006	1,825,425	1,656,083
INPUTS PURCHASED FROM THIRD PARTIES					
Costs of sales and raw materials		(602,452)	(496,871)	(535,979)	(515,112)
Materials, energy, third-party services and others		(376,270)	(361,332)	(469,752)	(366,035)
GROSS VALUE ADDED		757,662	698,803	819,694	774,936
Depreciation, amortization and depletion	19 and 20	(136,586)	(144,835)	(177,793)	(186,065)
Realization of added value	16 and 19	-	-	(4,418)	(4,418)
WEALTH CREATED BY THE COMPANY		621,076	553,968	637,483	584,453
WEALTH RECEIVED IN TRANSFER					
Finance income	35	64,020	137,781	66,690	143,160
Share of profit (loss) of investees	18	(16,529)	(6,716)	-	-
TOTAL WEALTH FOR DISTRIBUTION		668,567	685,033	704,173	727,613
WEALTH DISTRIBUTED					
Employees:					
Salaries and wages		216,730	224,458	222,503	229,777
Benefits		40,349	39,025	40,400	39,535
Severance Pay Fund (FGTS)		14,734	15,387	14,837	15,632
		271,813	278,870	277,740	284,944
Taxes, fees and contributions:					
Federal		59,724	114,496	64,822	121,500
State		21,882	30,396	21,882	30,396
Municipal		499	983	502	994
		82,105	145,875	87,206	152,890
Lenders and lessors		244,877	39,112	269,213	68,246
Own capital:					
Dividends and interest on capital		59,350	91,173	59,408	91,258
Retained earnings		10,422	130,003	10,364	130,003
Attributable to noncontrolling interests		-	-	242	272
		69,772	221,176	70,014	221,533
WEALTH DISTRIBUTED		668,567	685,033	704,173	727,613

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

1. GENERAL INFORMATION

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

These financial statements were approved by the Company’s Board of Directors on February 26, 2021.

2. COVID-19 (CORONAVÍRUS)

Ferbasa started to fight Covid-19 in March 2020 upon the timely adoption of medical and health protocols to prevent the disease in all Company’s units. The Corporate Office, located in the Bahia State capital, was closed and the employees were allowed to work under the home office regime, as well as a few administrative employees from the operating units. All employees classified by the Medical Service as part of the vulnerable group (persons with more than 60 years old, pregnant women and those suffering from previously identified chronic diseases) were put in leave of absence, with no loss of salary or benefits. It is important to stress that no employee was dismissed due to the pandemic in 2020.

During the year, numerous preventive measures were gradually expanded, as instructed by Ferbasa medical team and an infectious disease specialist hired to assess the measures adopted by the Company. This professional also gave technical guidelines for the implementation of continuing improvements focused on protecting the teams.

The measures adopted to protect lives mainly comprise: preventive and immediate leave of absence of symptomatic employees, temperature measurement at buses and unit receptions; symptom-based triage; mandatory use of face masks in all environments; frequent sanitization of administrative and operating areas using decontamination products recommended by the health authorities; signalization of minimum social distancing at canteens, locker rooms, lunch rooms and big circulation areas, with instructions and continuing monitoring of the Health Patrol; constant cleaning of door knobs, handrails, buttonholes and air conditioners, employee transportation vehicles and equipment (direct and indirect); information campaigns; tests; suspension of travels, face-to-face meetings, events and training; anticipation of the flu vaccination campaign; availability of emotional hospitality application and implementation of a free direct communication channel with the Medical Service, operating 24 hours.

At the end of the period, there were 372 employees recovered from Covid-19 (12% of the total workforce), 7 active employees (in recovery), around 4,300 tests done internally and one regrettable death among the Company's employees. Production activities were not significantly impacted by the progress of the disease at the municipalities where Ferbasa operates. Regardless of the evident control of the contamination levels, a Prolonged Stay Plan (PEP) was designed, which will be implemented if the number of active cases of the disease reaches a security limit that would threaten the maintenance of the normal course of business.

In addition to all internal measures adopted, the Company also supported the communities by means of a Social Intervention Plan that made investments of approximately R$1,400 (one million and four hundred thousand Brazilian reais). The actions included donations of more than 7,500 food baskets, personal hygiene and cleaning products; Covid-19 tests, hospital materials and equipment. The actions also included the sanitization of public areas in the supported municipalities, donation of two respirators to the Bahia State Government and participation as sponsor in the delivery of another respirator.

The progression of the protective measures was intended to ensure the maintenance of activities, honor the commitments assumed and preserve jobs during such complex moment. For 2021, the Company expects to continue with the efforts dedicated to fight the pandemic and protect LIVES, Ferbasa's noblest goal.

The Company's Management has analyzed the impacts from the COVID-19 pandemic and has not identified any changes in circumstances that indicate impairment of its assets, operational discontinuity, or that require adjustments to its final financial information for the year ended December 31, 2020.

3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

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

3.2 Basis of preparation

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

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

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

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

4. FUNCTIONAL CURRENCY AND TRANSLATION OF FOREIGN CURRENCY

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

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

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

5.1 Biological assets

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

5.2 Useful lives of property, plant and equipment

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

5.3 Fair value of financial instruments

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

5.4 Allowance for obsolete inventories

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

5.5 Provision for actuarial obligations

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

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

5.6 Provision for contingencies

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

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

5.7 Provision for mine closure and asset retirement obligation

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

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

6.1 Financial assets

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

6.1.1 Amortized cost

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

6.1.2 Measured at fair value through profit or loss

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

6.1.3 Measured at fair value through other comprehensive income

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

6.1.4 Recognition and measurement

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

6.1.5 Impairment of financial assets

The Company recognizes the allowance for impairment losses in an amount corresponding to the lifetime expected credit loss. When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and estimating the expected credit losses, the Company takes into consideration reasonable, supportable information that is relevant and available without excessive cost or effort. This includes quantitative and qualitative information and analyses, based on the Company’s historical experience, credit rating and prospective information. The allowance for doubtful debts was calculated based on the credit risk analysis, which includes the history of loss, individual situation of customers, situation of the economic group to which they belong, collaterals for debts and the opinion of the legal counsel, and is considered sufficient to cover probable losses on the collection of receivables, in addition to a prospective analysis that takes into consideration the change or expected change in economic factors that affect expected credit losses, which will be determined based on weighted probabilities. The Company recognizes the impairment of financial assets (allowance for doubtful debts) in “Selling expenses” in the income statement and in “Allowance for doubtful debts” in note 34 for purposes of breakdown of the income statement by nature.

6.1.6 Derecognition

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

6.2 Financial liabilities

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

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

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

6.3 Foreign exchange hedging instruments

The Company uses foreign exchange hedging instruments. These instruments are initially recognized at fair value on the date contracts are entered into, and are subsequently remeasured at their fair values.

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

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

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

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

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

6.4 Classification of financial instruments and fair value hierarchy

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

		Parent		Consolidated	
	Accounting measurement	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Assets:					
Cash and cash equivalents	Amortized cost	67,756	39,095	90,497	73,721
Short-term investments	Amortized cost	191,837	100,633	191,837	100,633
Noncurrent short-term investments	Amortized cost	30,079	2,648	129,076	68,649
Trade receivables	Amortized cost	145,758	88,637	154,729	97,445
Escrow deposits	Amortized cost	43,056	40,748	43,152	40,844
Foreign exchange hedging instruments (i)	Fair value through other comprehensive income	-	1,742	-	1,742
Noncurrent foreign exchange hedging instruments (i)	Fair value through other comprehensive income	-	1,594	-	1,594

	Accounting measurement	Parent 12/31/2020	Parent 12/31/2019	Consolidated 12/31/2020	Consolidated 12/31/2019
Liabilities:					
Trade payables	Amortized cost	70,944	67,752	73,890	69,298
Current borrowings and financing	Amortized cost	79,474	46,102	107,594	71,920
Current Advance on Foreign Exchange Contract	Fair value through other comprehensive income	25,135	-	25,135	-
Current borrowings and financing total		104,609	46,102	132,729	71,920
Noncurrent borrowings and financing	Amortized cost	141,211	140,028	395,930	422,477
Noncurrent Obligations with acquisition of subsidiary	Amortized cost	4,978	7,262	4,978	7,262
Lease payable- Current	Amortized cost	20,393	20,504	21,188	21,179
Lease payable- Noncurrent	Amortized cost	9,811	18,279	19,954	27,217
Foreign exchange hedging instruments	Fair value through other comprehensive income	73,080	-	73,080	-
Noncurrent Foreign exchange hedging instruments Noncurrent		14,687	-	14,687	-

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

The Company measures derivative instruments at fair value, which main source of data is B3. The fair values of non-derivative financial instruments with public quotation are based on current purchase prices. If the market for a financial asset and securities not listed on the stock exchange is not active, the Company establishes fair value using valuation techniques. These techniques include the use of recent transactions with third parties, with reference to other instruments that are substantially similar.

7. SIGNIFICANT ACCOUNTING POLICIES

7.1 Cash and cash equivalents and short-term investments

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

The Company has with prime banks, i.e. first-class issuers, exclusive investment funds, in line with its Risk and Financial Management Policy, classified as cash and cash equivalents and short-term investments in current and noncurrent assets. The Company is the holder of these funds and the portfolio yield is described in notes 10 and 11.

7.2 Trade receivables

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

Estimated losses on doubtful accounts ("PECLD") are recognized based on an individual analysis of receivables, considering: (i) the concept of incurred loss and expected loss, taking into account default events that are expected to take place within twelve months after the date of disclosure of the financial statements, (ii) financial instruments that presented a significant increase in the credit risk, but do not show objective evidence of impairment, and; (iii) financial assets that already show objective evidence of impairment as at December 31, 2020.

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

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

7.3 Inventories

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

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

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

7.4 Advances to power suppliers

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

7.5 Biological assets

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

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

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

7.6 Property, plant and equipment

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

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

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

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

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

Repairs and maintenance are recorded in profit or loss when incurred. The cost of main renovations is added to the carrying amount of the asset when future economic benefits exceed the performance pattern initially estimated for the asset. Renovations are depreciated over the remaining useful life of the relevant asset.

7.7 Leases

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

7.7.1 Right-of-use assets

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

7.7.2 Leases payable

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

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

7.7.3 Short-term and low-value asset leases

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

7.8 Impairment of nonfinancial assets

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

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

7.9 Trade payables

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

7.10 Dividend distribution and interest on capital

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

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

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

7.11 Income tax and social contribution

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

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

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

7.12 Provisions

Provisions for mine closure and for risks (labor, civil and tax) are recognized when: (i) the Company has a legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) its amount can be reliably estimated.

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

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

7.13 Borrowings and financing

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

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

7.14 Employee benefits

7.14.1 Postemployment benefit

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

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

7.14.2 Retirement health care benefit

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

7.14.3 Retirement premium and FGTS - collective agreements

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

7.14.4 Profit sharing

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

7.15 Capital

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

7.16 Revenue recognition

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

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

7.17 Segment reporting

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

7.18 Government grants

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

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

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

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

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

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

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

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

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

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

7.19 Consolidation and investments in subsidiaries

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

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

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

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

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

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

8.1 Standards issued in 2020

The new standards below issued by the IASB and approved by the CFC became effective beginning January 1, 2020.

8.1.1. CPC 15 (R1) – Definition of Business

The amendments clarify that, in order to be considered as a business, an integrated set of activities and assets must include, at least, an input and substantive process which together significantly contributes to the creation of output. Also, it clarified that a business may exist without including all inputs and processes necessary to create outputs. These amendments had no impact on the Company's individual and consolidated financial statements, but they might impact future periods if the Company conducts any business combination.

8.1.2. CPC 38, CPC 40 (R1) and CPC 48 – Interest Rate Benchmark Reform

The amendments provide exemptions that apply to all hedge relationships directly affected by the interest rate benchmark reform. A hedge relationship is directly affected if the reform gives rise to uncertainties over the period or amount of the cash flows based on the interest rate benchmark of the hedged item or hedging instrument. These amendments have no impact on the Company's individual and consolidated financial statements, as they have no interest rate hedge relationship.

8.1.3. CPC 26 (R1) and CPC 23 – Definition of Material

The amendments provide a new definition of material which asserts that "the information is material if its omission, misstatement or obscurity could reasonably influence decisions that the primary users of the general purpose financial statements use as a basis in these financial statements, which disclose financial information on the entity's specific report". The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstated information is material if it could be reasonably expected to influence the decisions made by primary users. These amendments had no impact on the individual and consolidated financial statements nor any future impact on the Company is expected.

8.1.4. CPC 00 (R2) - Conceptual Framework for Financial Reporting

The pronouncement revised and clarified some concepts and provided updated definitions and asset and liability recognition criteria. These amendments had no impact on the Company's individual and consolidated financial statements.

8.1.5. CPC 06 (R2) – COVID-19-Related Rent Concessions for Lessees under Lease Contracts

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

8.2 Standards effective beginning 2020

The early adoption of standards, even though encouraged by the IASB, is not permitted in Brazil by the CPC. The following standard was revised by the IASB but is not yet effective in 2020:

8.2.1. IFRS 17 – Insurance Contracts

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

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

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

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

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

- • What means the right to postpone settlement;

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

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

9. RISK MANAGEMENT

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

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

9.1 Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value of future cash flows of a financial instrument fluctuates due to exchange rate changes. The Company's exposure to the risk of exchange rate changes refers mainly to its operating activities (when income or expenses are denominated in a currency different from the Company's functional currency).

For purposes of the sensitivity analysis required by the CVM, the Company adopted as scenario I (probable) the expected average foreign exchange rate for 2021 disclosed in the Focus Report issued on February 19, 2021.

	12/31/2020		Scenario I	
	US$	R$	Rate	Gain/(loss) R$
Trade receivables	6,300	32,734	5.19	(38)
Advance on Foreign Exchange Contract (ACC)	4,837	25,135	5.19	32

In the case of derivatives (NDFs and Export exchange forwards), the impact of a depreciation of the Brazilian real on these instruments needs to be considered as a whole and, consequently, the changes in the exchange rate will entail fluctuations both in NDFs and Export exchange forwards and in dollar-indexed revenue. Thus, this analysis should always be conducted on an integrated basis.

For purposes of the sensitivity analysis required by the CVM, the Company adopted as scenario I (probable) the expected average foreign exchange rate for 2021 disclosed in the Focus Report issued on February 19, 2021.

	12/31/2020 – Contracted			Scenario I	
	US$	R$	Weighted average rate – R$	Rate US$	Gain/(loss) R$
Parent and consolidated					
Foreign exchange hedging instrument					
NDF	115,700	535,835	4,63	5,19	(64,648)
Export exchange forwards	24,934	108,903	4,37	5,19	(20,503)

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

9.2 Interest rate risk

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in market interest rates mainly arises from the long-term payables subject to floating interest rates.

As a substantial portion of the Company's obligations is indexed to floating inflation indices (IPCA, IGPM, CDI and TJLP), the risk derives from the possibility of the Company incurring losses due to fluctuations in interest rates. Short-term investments are indexed to the CDI (floating rate with inflationary expectation influence).

For the balance applied as at December 31, 2020, the Company and its subsidiaries consider as scenario I (probable) the benchmark interest rate for 2021 of 4.00% per year, as disclosed in the Focus Report of February 19, 2021.

Interest rate risks	Closing rate 12/31/2020 p.a.	Scenario I Probable
Average benchmark interest rate - (% p.a.)	2.00	4.00
Parent		
Balance of short-term investments (notes 10 and 11)	270,680	283,836
Net effect		13,157
Consolidated		
Balance of short-term investments (notes 10 and 11)	388,147	405,831
Net effect		17,684

For the balance of borrowings and financing as at December 31, 2020, the Company considers as scenario I (probable) the Long-term Interest Rate ("TJLP") of 4.39% p.a. in 2021 and of 3.90% for the CDI.

Interest rate risks	Closing rate 12/31/2020 p.a.	Scenario I Probable
Interest rate– TJLP – (% p.a.)	4.55	4.39
Parent		
Borrowings and financing (note 22)	26,935	25,986
Net effect		947
Interest rate– TJLP – (% p.a.)		
Consolidated		
Borrowings and financing (note 22)	314,727	303,658
Net effect		11,067
Interest rate – CDI – (% p.a.)	1,90	3,90
Parent and consolidated		
Borrowings and financing (note 22)	189,565	200,226
Net effect		(10,660)

9.3 Credit risk

The risk arises from the possibility of the Company incurring losses due to the selection of assets to make up the investment portfolio, the financial capacity of the counterparties to the derivative contracts, and the difficulty in receiving the proceeds from the sales and for not fulfilling the obligations relating to the delivery of goods or services paid through advances to suppliers.

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

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

9.4 Liquidity risk

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

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

9.5 Concentration risk

The Company derives revenues from a few customers, which were significant in 2020. In the domestic market, for ferrochrome, we have Aperam Inox and Magoteux Brasil and, in the foreign market, for ferrosilicon, we have Marubeni Corporation and CCMA.

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

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

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

9.6 Commodity price risk

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

9.7 Other nonfinancial risk factors

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

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

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

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

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

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

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

10. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash and banks	18,992	6,340	23,263	11,119
Short-term investments in CDB (i)	36,348	-	37,524	4,457
Investment funds (ii)	12,416	32,755	29,710	58,145
	67,756	39,095	90,497	73,721

(i) Transactions with Bank Certificates of Deposit ("CDB"), which yield between 101.0% to 104.7% of the Interbank Deposit Certificate ("CDI") rate as at December 31, 2020 (98.5% as at December 31, 2019).

(ii) Securities transactions through investment funds, which have a daily liquidity. The average mark-to-market interest range from 95.0% to 120.2% of the CDI rate (98.5% to 101.0% as at December 31, 2019).

11. SHORT-TERM INVESTMENTS

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current				
Investment funds (i)	191,837	100,633	191,837	100,633
Noncurrent				
Investment funds (i)	-	2,648	63,491	36,173
Financial bills (ii)	20,002	-	32,178	32,476
Investment funds (i)	10,077	-	33,407	-
	30,079	2,648	129,076	68,649
	221,916	103,281	320,913	169,282

(i) Securities transactions whose maturities exceed 90 days and have average yield ranging from 121.4% to 185.3% of the CDI rate (from 97.8% to 152.5% as at December 31, 2019). 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 not considered cash equivalents;

(ii) Financial bills yielding interest between 101.5% and 116% of CDI (between 97.6% and 118.7% as at December 31, 2019).

(iii) Transactions with Bank Certificates of Deposit ("CDB"), which yield between 99.0% to 114.0% (98.5% as at December 31, 2019) of the Interbank Deposit Certificate ("CDI").

12. TRADE RECEIVABLES

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Domestic market	113,258	59,932	122,229	68,740
Foreign market	36,686	32,914	36,686	32,914
Allowance for doubtful debts	(4,186)	(4,209)	(4,186)	(4,209)
	145,758	88,637	154,729	97,445

Foreign trade receivables are denominated in US dollars and are translated into Brazilian reais at the end of the reporting period. As at December 31, 2020 and 2019, the Company did not have any transaction that would generate a material adjustment to present value.

The aging list of trade receivables is as follows:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current	138,899	80,595	147,870	89,403
0-30 days past due	6,859	7,994	6,859	7,994
31-60 days past due	-	48	-	48
Over 60 days past due	4,186	4,209	4,186	4,209
Estimated losses on doubt debts	(4,186)	(4,209)	(4,186)	(4,209)
	145,758	88,637	154,729	97,445

As at December 31, 2020, the Company recorded an allowance for doubtful accounts in the amount of R$4,186 (R$4,209 as at December 31, 2019). The allowance for doubtful debts is broken down as follows:

Balance as at December 31, 2017	Balance as at December 31, 2017	Balance as at December 31, 2017	Balance as at December 31, 2018	(4,303)
Reversal of allowance for doubtful accounts	Reversal of allowance for doubtful accounts	Reversal of allowance for doubtful accounts	Reversal of allowance for doubtful accounts	94
Balance as at December 31, 2018	Balance as at December 31, 2018	Balance as at December 31, 2018	Balance as at December 31, 2019	(4,209)
Reversal of allowance for doubtful accounts	Reversal of allowance for doubtful accounts	Reversal of allowance for doubtful accounts	Reversal of allowance for doubtful accounts	23
Balance as at December 31, 2018	Balance as at December 31, 2018	Balance as at December 31, 2018	Balance as at December 31, 2020	(4,186)

13. INVENTORIES (PARENT AND CONSOLIDATED)

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

	12/31/2020	12/31/2019
Current		
Finished goods	125,173	130,329
Raw materials	71,142	87,370
Chrome ore	42,664	74,679
Maintenance supplies (ii)	47,008	43,982
Other	-	1,997
	285,987	338,357
Noncurrent		
Maintenance supplies (ii)	12,940	6,134
Allowance for obsolescence (iii)	(8,398)	(5,754)
	4,542	380
	290,529	338,737

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

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

14. RECOVERABLE TAXES

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current				
Recoverable taxes on revenue (PIS and COFINS) (i)	13,002	31,429	13,002	31,429
Income tax and social contribution	11,646	14,860	13,910	16,713
Recoverable ICMS	2,712	3,808	2,712	3,808
Other	433	426	449	439
	27,793	50,523	30,073	52,389
Noncurrent				
Recoverable taxes on revenue (PIS and COFINS) (i)	160,724	171,275	160,724	171,275
Recoverable ICMS	4,252	5,984	4,252	5,984
Other	75	65	75	65
	165,051	177,324	165,051	177,324
	192,844	227,847	195,124	229,713

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

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

15. ADVANCES TO SUPPLIERS (PARENT AND CONSOLIDATED)

	12/31/2020	12/31/2019
Current		
Advances to power suppliers - ENDESA (i)	2,000	2,000
Advances to power suppliers - CHESF (ii)	9,856	12,292
	11,856	14,292
Noncurrent		
Advances to power suppliers - ENDESA (i)	4,167	6,167
Advances to power suppliers - CHESF (ii)	826	10,363
	4,993	16,530
	16,849	30,822

(i) Refers to an advance on an electric energy supply contract, entered into in February 2015, for which supply invoices corresponding to R$167 per month are issued on a monthly basis, since January 31, 2016, in fixed, nonadjustable installments for eight years. The advance corresponds to R$16,000, i.e., approximately 5% of the total contract, and is collateralized by a bank guarantee from a prime financial institution. As at December 31, 2020 and 2019, the amount recognized at cost was R$2,000.

(ii) Refers to the payment provided for by Law 13182/15, which authorizes the extension of the contracts entered into by CHESF and the power-intensive industries in the Northeast to 2037. Said contract prescribes: (i) a 30% reduction of the volumes supplied up to February 8, 2032; (ii) from February 9, 2032 to 2037, a 1/6 reduction of the previous year's volume; (iii) a real 22.5% increase of the tariff on July, 1 2015; (iv) an annual adjustment, beginning July 1, 2016, using the agreed index, which is 70% of the Broad Consumer Price Index (IPCA) + 30% of LTN and NTN-B (federal bonds) rate; (v) the advance of R$65,000 made in the second six-month period of 2015; and (vi) a 8.8% discount of the tariff between 2016-2022 to offset the 2015 advance. As at December 31, 2020, the amount recognized at cost was R$12,337 (R$12,167 as at December 31, 2019).

16. CURRENT AND 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	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Deferred tax assets				
Provision for contingencies	(55,464)	(60,553)	(55,464)	(60,553)
Allowance for obsolescence (i)	(8,398)	(5,754)	(8,398)	(5,754)
Accrued profit sharing (ii)	(15,657)	(33,508)	(15,657)	(33,508)
Provision for environmental liability	(15,079)	(14,624)	(15,079)	(14,624)
Labor and actuarial liabilities	(94,928)	(86,723)	(94,928)	(86,723)
"Hedge Accounting"	(87,767)	-	(87,767)	-
Realization of added value	(12,150)	(7,732)	(12,150)	(7,732)
Allowance for doubtful debts	(4,186)	(4,209)	(4,186)	(4,209)
Suspended-payment taxes (PIS/COFINS)	(4,151)	(3,766)	(4,151)	(3,766)
Tax loss	(39,406)	-	(39,406)	-
Other temporary provisions	(15,963)	(17,040)	(15,963)	(17,040)
Tax base	(353,149)	(233,909)	(353,149)	(233,909)
Deferred income tax at the 25% tax rate	86,378	55,834	86,378	55,834
Deferred social contribution at the 9% tax rate	31,783	21,052	31,783	21,052
Deferred income tax and social contribution assets (A)	118,161	76,886	118,161	76,886

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

(ii) Tax base to calculate deferred social contribution. In the case of income tax, this is a permanent difference (non-deductible for income tax purposes). The amount of Management profit sharing is R$7,639 (R$10,571 as at December 31, 2019).

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Deferred tax liabilities				
Property, plant and equipment - deemed cost	58,811	58,811	63,385	63,385
Biological assets – fair value	68,945	52,242	68,945	52,242
Bargain purchase	75,143	75,143	75,143	75,143
Finance income (ICMS deduction from the PIS/COFINS tax basis)	88,875	80,993	88,875	80,993
Hedging financial instruments	-	3,336	-	3,336
Accelerated depreciation	8,133	8,581	8,134	8,581
Tax base	299,907	279,106	304,482	283,680
Deferred income tax at the 25% tax rate	(74,977)	(69,777)	(76,121)	(70,920)
Deferred social contribution at the 9% tax rate	(26,992)	(25,119)	(27,403)	(25,531)
Deferred income tax and social contribution liabilities (B)	(101,969)	(94,896)	(103,524)	(96,451)

Deferred income tax and social contribution, net (A+B)	16,192	(18,010)	14,637	(19,565)

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

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

	Parent		Consolidated	
	Deferred income tax and social contribution		Deferred income tax and social contribution	
Calendar year	Assets	Liabilities	Assets	Liabilities
2021	51,095	6,523	51,095	6,523
2022	6,732	624	6,732	624
2023	170	564	170	564
2024	153	504	153	504
2025	137	444	137	444
2026 and thereafter	59,874	93,310	59,874	94,865
	118,161	101,969	118,161	103,524

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

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Pretax profit	71,380	254,275	71,865	255,380
Combined income tax and social contribution tax rate	34%	34%	34%	34%
Income tax and social contribution at statutory rates	(24,269)	(86,454)	(24,434)	(86,829)
Interest on capital	26,015	30,999	26,015	30,999
Share of profit (loss) of investees	(5,620)	(2,284)	-	-
Endowments	(1,305)	(1,836)	(1,305)	(1,836)
Other	(2,692)	(5,160)	(8,390)	(8,161)
SUDENE tax incentive (i)	6,263	31,636	6,263	31,980
	(1,608)	(33,099)	(1,851)	(33,847)
Income tax and social contribution				
SUDENE tax incentive (i)	6,263	31,636	6,263	31,980
Current	(11,083)	(46,451)	(11,326)	(47,543)
Deferred	3,212	(18,284)	3,212	(18,284)
Income tax and social contribution expenses	(1,608)	(33,099)	(1,851)	(33,847)

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

- Arising from the manufacturing of ferroalloys and by-products, from January 1, 2015 to December 31, 2024, according to the Incentive-Granting Report 0200/2015;

- Arising from the exploration and processing of chrome ore and by-products, from January 1, 2016 to December 31, 2025, according to the Incentive-Granting Report 0131/2016.

- Arising from electricity generation, from January 1, 2018 to December 31, 2027, pursuant to Incentive-Granting Reports 487, 488, 489, 490, 491, 492 and 428/2018, replaced by Incentive-Granting Reports 291, 292, 293, 300, 301, 302, and 303/2019.

The portion corresponding to the income tax relief is recognized in profit or loss and at the end of each year they are transferred from retained earnings to the earnings reserve (tax incentive), which cannot be distributed to shareholders. As at December 31, 2020, the Company transferred the amount of R$6,933 (R$33,519 in 2019) in the Parent and R$9,933 (R$33,863 in 2019) in the consolidated, which correspond to: (i) SUDENE in the amount of R$6,263 (R$7,702 in 2019) in the Parent and R$6,263 (R$31,980 in 2019) in the consolidated; (ii) income tax relief in the amount of R$110 (R$181 in 2019) in the Parent and consolidated; and (iii) ICMS DESENVOLVE in the amount of R$560 (R$1,702 in 2019) in the Parent and consolidated

17. ESCROW DEPOSITS

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Labor	887	1,533	896	1,542
Tax	42,169	39,215	42,256	39,302
	43,056	40,748	43,152	40,844

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 to the historical amount totals R$80,993. With respect to this finance income, the Company filed a lawsuit relating to the taxed levied thereon, in the amount of R$31,304 (of which R$27,538 as IRPJ an CSLL and R$3,766 as PIS and COFINS), and made the respective payments through escrow deposits.

18. INVESTMENTS

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

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

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

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

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

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

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

Wind Power Plant	Capacity installed (MW)*	1st Authorization Ordinance from the MME (1)	Contracted Energy 1st Quadrenian (MWmed) (3)	Contracted Energy 2st Quadrenian (MWmed) (3)	Initial price of Contract (R$/Mwh)	Update Price (R$/Mwh)	Capacity installed (MW) (2)
Angical	12.95	37, of 02/03/2012	6.0	5.6	5.6	99.98	159.55
Caititu	22.2	54, of 02/09/2012	10.5	10.5	10.4	99.98	159.55
Coqueirinho	29.6	53, of 02/09/2012	13.5	13.4	13.4	96.97	154.75
Corrupião	27.75	70, of 02/22/2012	13.7	12.9	12.9	96.97	154.75
Inhambu	31.45	69, of 02/22/2012	15.5	15.5	15.5	96.97	154.75
Tamanduá Mirim	29.6	52, of 02/09/2012	13.6	13.2	13.2	96.97	154.75
Teiú	16.65	36, of 02/03/2012	8.2	7.7	7.7	99.98	159.55
	170.2		81.0	78.8	78.7		

(*) According to Ordinance Authorization of MME.

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

(2) Amount updated annually by the IPCA since July 2011. Values updated by CCEE base date August 2018.

(3) According to the purchase and sale agreement, the 1st quadrennium ended in June 2019, the 2nd quadrennium ended in June 2020 and the 3rd quadrennium began in July 2020.

The financial information on the subsidiaries is summarized as follows:

	Equity interest%	Assets	Liabilities	Equity	Revenues	Expenses	Profit or (loss)	Equity interest in subsidiaries	Share of profit (loss) of subsidiaries
December 31, 2019									
Silbasa (i)	51.26	12,671	224	12,447	1,378	(646)	732	6,381	375
Jacurici (ii)	100.00	27,299	1,430	25,869	1,701	(2,049)	(348)	25,869	(348)
Reflora (iii)	99.98	3,382	3	3,379	219	(108)	111	3,379	111
Damacal (iv)	100.00	2,567	261	2,306	123	(40)	83	2,306	83
BW Guirapá (v)	100.00	809,007	334,862	474,145	97,759	(100,278)	(2,519)	546,451	(6,937)(*)
								584,386	(6,716)
December 31, 2020									
Silbasa	51.26	12,977	150	12,827	1,075	(577)	498	6,575	255
Jacurici	100.00	26,384	1,515	24,869	971	(1,971)	(1,000)	24,869	(1,000)
Reflora	99.98	3,431	1	3,430	137	(85)	52	3,430	52
Damacal	100.00	2,609	260	2,349	75	(32)	43	2,349	43
BW Guirapá	100.00	799,517	336,833	462,684	84,287	(95,748)	(11,461)	530,572	(15,879)(*)
								567,795	(16,529)

(*) Adjusted by the assets measured at their fair value on the acquisition of BW Guirapá and the respective realization of the net amount of R$67,888 and R$4,418 (R$72,306 and R$4,418 in 2019).

The variations in investments are as follows:

	Silbasa	Jacurici	Reflora	Damacal	BW Guirapá	Others	Total
Balances as at December 31, 2018	6,095	26,575	3,268	2,223	553,388	78	591,627
Share of profit (loss) of investees:							
Profit (loss) of the year	375	(348)	111	83	(2,519)	-	(2,298)
Dividends	(89)	(358)	-	-	-	-	(447)
Realization of assets measured at fair value	-	-	-	-	(4,418)	-	(4,418)
Balances as at December 31, 2019	6,381	25,869	3,379	2,306	546,451	78	584,464
Share of profit (loss) of investees:							
Profit (loss) of the year	255	(1,000)	52	43	(11,461)	-	(12,111)
Dividends	(61)	-	-	(1)	-	-	(62)
Realization of assets measured at fair value	-	-	-	-	(4,418)	-	(4,418)
Balances as at December 31, 2020	6,575	24,869	3,431	2,348	530,572	78	567,873

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

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Farming land (i)	115,419	115,419	115,571	115,571
Land	26,357	26,357	32,127	32,127
Buildings	154,905	152,756	298,120	298,544
Machinery and equipment	272,463	277,526	876,071	919,239
Vehicles and tractors	2,420	4,456	2,420	4,456
Furniture and fixtures	3,343	3,813	3,460	3,910
IT	4,135	1,925	4,189	1,979
Mine development (ii)	65,812	65,586	65,812	65,586
In progress and others (iii)	34,901	57,689	47,166	70,387
Total property, plant, equipment and intangible assets (19.1)	679,755	705,527	1,444,936	1,511,799
Right-of-use assets - lease (19.2)	30,531	39,573	42,003	49,552
	710,286	745,100	1,486,939	1,561,351

(i) Land used for eucalyptus plantations for the production of bio-reducer used in the production of alloys with a total area of 64,070 hectares.

(ii) Refer to the concession to exploit chromium mines and mining development costs incurred in own mines and mines leased from subsidiaries. Mine depletion is calculated based on the volume of extracted ore prorated to the estimated minable deposits.

(iii) The projects in progress include the NOVAMED health facility, a model already adopted by other companies, which will provide ambulatory care to employees and dependents covered by the Company’s healthcare plan. This measure is intended to create conditions that allow reducing losses and consequently cutting costs, in order to ensure the sustainability of the healthcare plan. Under an agreement, NOVAMED will also provide assistance to the employees of Fundação José Carvalho, which maintains an agreement with the same healthcare operator hired by FERBASA. We stress that each company will bear the respective costs. Other relevant project in progress is the furnace refurbishment. The purpose of the project is to act on a preventive basis and consists of the refurbishment of the Company's furnaces due to wear and tear, as well as due to security matters in order to avoid collapses.

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

	Useful life in years
Machinery and equipment	
Vehicles and tractors	21
Buildings	5
Furniture and fixtures	25
IT	10
Other	5
	5
<u>Right-of-use assets - lease</u>	
Right-of-use assets - machinery and equipment	
Right-of-use assets - land	4
Right-of-use assets - buildings	29
Machinery and equipment	5

19.1. Property, plant and equipament and intangible assets

	Parent									
	Farming land	Land	Buildings	Machinery and equipment	Vehicles and tractors	Furniture and fixtures	IT	Mines	Construction in progress, intangible assets, and other	Total
Cost										
Balance as at December 31, 2018	115,419	26,357	203,332	588,618	73,511	12,219	10,431	98,270	60,977	1,189,134
Additions and transfers	-	-	10,990	43,255	1,188	301	660	10,734	21,712	88,840
Write-offs/ Reclassification	-	-	-	-	-	-	(131)	-	(172)	(303)
Balance as at December 31, 2019	115,419	26,357	214,322	631,873	74,699	12,520	10,960	109,004	82,517	1,277,671
Balance as at December 31, 2019	115,419	26,357	214,322	631,873	74,699	12,520	10,960	109,004	82,517	1,277,671
Additions and transfers	-	-	10,597	33,750	183	544	3,594	5,396	(20,336)	33,728
Write-offs/ Reclassification	-	-	-	(327)	(363)	(5)	-	-	-	(695)
Reinvestment (*)	-	-	-	(1,679)	-	-	-	-	-	(1,679)
Balance as at December 31, 2020	115,419	26,357	224,919	663,617	74,519	13,059	14,554	114,400	62,181	1,309,025
Balance as at December 31, 2018			(53,663)	(320,267)	(67,477)	(8,252)	(8,419)	(39,503)	(21,473)	(519,054)
Depreciation and depletion expenses			(7,903)	(34,261)	(2,766)	(455)	(747)	(3,915)	(3,355)	(53,402)
Write-offs/ Reclassification			-	181	-	-	131	-	-	312
Balance as at December 31, 2019			(61,566)	(354,347)	(70,243)	(8,707)	(9,035)	(43,418)	(24,828)	(572,144)
Balance as at December 31, 2019			(61,566)	(354,347)	(70,243)	(8,707)	(9,035)	(43,418)	(24,828)	(572,144)
Depreciation and depletion expenses			(8,448)	(38,437)	(2,214)	(1,010)	(1,384)	(5,170)	(2,452)	(59,115)
Write-offs/ Reclassification			-	1,521	358	1		-	-	1,880
Amortization - Reinvestment			-	109	-	-	-	-	-	109
Balance as at December 31, 2020			(70,014)	(391,154)	(72,099)	(9,716)	(10,419)	(48,588)	(27,280)	(629,270)
Net balances as at										
12/31/2019	115,419	26,357	152,756	277,526	4,456	3,813	1,925	65,586	57,689	705,527
12/31/2020	115,419	26,357	154,905	272,463	2,420	3,343	4,135	65,812	34,901	679,755

(*) Refers to the income tax benefit (reinvestment) for acquisition of property, plant and equipment. The tax incentive reserve can only be effectively recognized after asset realization (depreciation).

	Consolidated									
	Farming land	Land	Buildings	Machinery and equipment	Vehicles and tractors	Furniture and fixtures	IT	Mines	Construction in progress, intangible assets, and other	Total
Cost										
Balance as at December 31, 2018	115,571	32,127	361,445	1,308,181	82,298	12,344	10,667	98,270	74,991	2,095,894
Additions and transfers	-	-	10,990	44,084	1,188	337	708	10,734	21,739	89,780
Write-offs/ Reclassification	-	-	-	(1,236)	-	-	(131)	-	(223)	(1,590)
Balance as at 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
Balance as at 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	-	-	10,597	35,148	183	576	3,614	5,396	(17,728)	37,786
Write-offs/ Reclassification	-	-	-	1,940	(363)	(5)	-	-	(2,318)	(746)
Reinvestment (*)				(1,679)						(1,679)
Balance as at December 31, 2020	115,571	32,127	383,032	1,386,438	83,306	13,252	14,858	114,400	76,461	2,219,445
Depreciation and depletion accumulated										
Balance as at December 31, 2018			(63,467)	(355,726)	(76,264)	(8,316)	(8,649)	(39,503)	(22,011)	(573,936)
Depreciation and depletion expenses			(10,839)	(71,412)	(2,766)	(455)	(795)	(3,915)	(4,109)	(94,291)
Write-offs/ Reclassification				181			179			360
Realization of surplus			415	(4,833)	-	-	-	-	-	(4,418)
Balance as at December 31, 2019			(73,891)	(431,790)	(79,030)	(8,771)	(9,265)	(43,418)	(26,120)	(672,285)
Balance as at December 31, 2019			(73,891)	(431,790)	(79,030)	(8,771)	(9,265)	(43,418)	(26,120)	(672,285)
Depreciation and depletion expenses			(11,435)	(75,375)	(2,214)	(1,022)	(1,405)	(5,170)	(3,175)	(99,796)
Write-offs/ Reclassification			-	1,522	358	1	-	-	-	1,881
Amortization - Reinvestment				109						109
Realization of surplus			414	(4,833)	-	-	1	-	-	(4,418)
Balance as at December 31, 2020			(84,912)	(510,367)	(80,886)	(9,792)	(10,669)	(48,588)	(29,295)	(774,509)
Net balances as at										
12/31/2019	115,571	32,127	298,544	919,239	4,456	3,910	1,979	65,586	70,387	1,511,799
12/31/2020	115,571	32,127	298,120	876,071	2,420	3,460	4,189	65,812	47,166	1,444,936

(*) Refers to the income tax benefit (reinvestment) for acquisition of property, plant and equipment. The tax incentive reserve can only be effectively recognized after asset realization (depreciation).

19.2.Right-of-use assets

The breakdown in right-of-use assets during the year ended December 31, 2020 were as follows:

	Parent	Consolidated			
	Machinery and equipment	Machinery and equipment	Land	Buildings	Total
Cost					
First-time adoption as at 01/01/2019	27,014	27,014	7,338	139	34,491
Additions	28,003	28,003	2,983	12	30,998
Remeasurement	370	370	(155)	3	218
Cost at 12/31/2019	55,387	55,387	10,166	154	65,707
Additions	12,822	12,822	-	-	12,822
Remeasurement	2,946	2,946	1,987	32	4,965
Cost at 12/31/2020	71,155	71,155	12,153	186	83,494
Depreciation					
Depreciation as at 12/31/2019	(15,814)	(15,814)	(309)	(32)	(16,155)
Additions	(24,810)	(24,810)	(490)	(36)	(25,336)
Depreciation as at 12/31/2020	(40,624)	(40,624)	(799)	(68)	(41,491)
Net balance at 12/31/2019	39,573	39,573	9,857	122	49,552
Net balance at 12/31/2020	30,531	30,531	11,354	118	42,003

The amounts recognized in the additions and remeasurement in the parent amount of R$15,768 (2019, R$ 28,373) and consolidated of R$17,787 (2019, R$ 31,216) did not affect the individual and consolidated statements of cash flows and part of the depreciation of the right of use under lease in the amount of R$3,133 (2019, R$ 2,930) was recognized in the cost of inventories.

20. BIOLOGICAL ASSETS (PARENT AND CONSOLIDATED)

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

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

	12/31/2020	12/31/2019
At the beginning of the year	185,160	199,408
Plantation and maintenance	15,184	26,477
Depletion (*)	(53,333)	(82,708)
Changes in fair value	46,211	41,983
At the end of the year	193,222	185,160

(*) In 2020 the depletion of biological assets amounted to R$53,333 (R$82,708 in 2019), of which (i) R$23,825 (R$35,990 in 2019) relating to the historical cost; (ii) R$29,508 (R$42,559 in 2019) of the fair value for the sale/consumption. Also, in December 31, 2019, R$4,159 of the fair value was transferred to inventories. As at December 31, 2020, there was a R$ 2,461 effect from the inventory fair value.

As at December 31, 2019, the historical cost balance is R$124,278 (R$132,918 in 2019).

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

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

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

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

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

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

	Parent and Consolidated	
	12/31/2020	12/31/2019
Effective planted area (hectare)	25,504	25,700
Annual Average Increase (IMA) - m^3/hectare per year	33.28	31.85
Compensation for own land - R$/hectare	765.00	570.00
Discount rate (deflation) - %	4.84%	4.67%

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

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

21. TRADE PAYABLES

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Electric power	15,997	15,424	15,997	15,424
Raw material and inputs	38,035	34,778	38,035	34,778
Other suppliers	16,912	17,550	19,858	19,096
	70,944	67,752	73,890	69,298

22. BORROWINGS AND FINANCING

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current				
Financing (i)	79,474	46,102	79,474	46,102
Financing BNDES BW Guirapá I (ii)	-	-	28,575	26,269
ACC (iii)	25,135	-	25,135	-
	104,609	46,102	133,184	72,371
Borrowing costs	-	-	(455)	(451)
Total do current	104,609	46,102	132,729	71,920
Noncurrent:				
Financing (i)	141,211	140,028	141,211	140,028
Financing BNDES BW Guirapá I (ii)	-	-	259,217	287,407
	141,211	140,028	400,428	427,435
Borrowing costs	-	-	(4,498)	(4,958)
Total noncurrent	141,211	140,028	395,930	422,477
Total	245,820	186,130	528,659	494,397

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

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

(iii) Refers to the Advance on Foreign Exchange Contract (ACC) in the amount of U$ 4,750 of principal and U$ 86 of interest, totaling U$ 4,836 maturing in March 2021.

The balances, costs and maturities are as follows:

Type	Maturities	Annual changes	Amortization	Collaterals	Parent	Consolidated
FINAME	2021 to 2024	TJLP + 3.5% to 3.9%.	Monthly	Financed assets	4,779	4,779
FINEM	2022 to 2025	TJLP + 1.52% to 2.26%	Monthly	Land mortgage	22,156	22,156
FINEM	2032	TJLP + 2.65%	Monthly	See (ii)	-	287,792
				TJLP Subtotal (note 4.3)	26,935	314,727
NCE	2024	CDI + 0.70%	Yearly	Export history	110,349	110,349
NCE	2021	CDI + 1.90%	Yearly	Export history	27,599	27,599
CCB	2024	CDI + 3.58%	Yearly	Clean	51,617	51,617
				CDI Subtotal (note 4.3)	189,565	189,565
FINAME	2022 to 2024	2.5% to 6%	Monthly	Financed assets	4,185	4,185
ACC	2021	Forex + 3.12%	Yearly	Export history	25,135	25,135
				Subtotal of other borrowings	29,320	29,320
				Subtotal	245,820	533,612
				(-) Borrowing costs	-	(4,953)
				Total	245.820	528,659

Variations in borrowings and financing are as follows:

	Parent	Consolidated
Balances as at December 31, 2018	64,162	396,815
Borrowings	137,000	137,000
Accrued interest and inflation adjustments	6,203	34,291
Amortization of borrowing costs	-	456
Interest paid	(4,098)	(31,225)
Repayment of principal	(17,137)	(42,940)
Balances as at December 31, 2019	186,130	494,397
Borrowings	188,626	188,626
Accrued interest and inflation adjustments	11,304	33,533
Amortization of borrowing costs	-	457
Interest paid	(9,802)	(32,095)
Repayment of principal	(130,438)	(156,259)
Balances as at December 31, 2020	245,820	528,659

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

Maturity year	Parent	Consolidated
2022	45,835	71,201
2023	43,502	68,868
2024	42,697	68,063
2025	9,177	34,543
2026 and thereafter	-	153,255
Total	141,211	395,930

Covenants

The Company recognizes financing, subject to restrictive covenants that require the compliance with periodic performance ratios, under penalty of accelerated debt maturity in case of noncompliance with the covenants. In the year ended December 31, 2020 and 2019, the Company complied with the financial covenants set out in the agreements effective on that date - the ratio between net debt and EBTIDA, in the consolidated, must be below or equal to 2.5x during the agreement term.

Subsidiary BW Guirapá I and the Wind Power Plants must specifically maintain, during the term of the BNDES financing agreement, an annual consolidated debt service coverage ratio (DSCR) at 1.30, which was complied with as at December 31, 2019 and as at 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 December 31, 2020 and as at December 31, 2019.

23. LEASE PAYABLE

	Parent	Consolidated			
	Machinery and equipment	Machinery and equipment	Land	Buildings	Total
First-time adoption as at 01/01/2019	27,014	27,014	7,338	139	34,491
Additions of leases	28,003	28,003	2,983	12	30,998
Remeasurements	370	370	(155)	3	218
Write-offs	(17,160)	(17,160)	(711)	(33)	(17,904)
Present value adjustment	556	556	36	1	593
Balance as at 12/31/2019	38,783	38,783	9,491	122	48,396
Additions of leases	12,822	12,822	-	-	12,822
Remeasurements	2,946	2,946	1,987	32	4,965
Write-offs	(25,979)	(25,979)	(752)	(37)	(26,768)
Present value adjustment	1,632	1,632	91	4	1,727
Balance as at 12/31/2020	30,204	30,204	10,817	121	41,142
Current	20,393				21,188
Noncurrent	9,811				19,954

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

Maturity year	Parent	Consolidated
2022	8,361	9,141
2023	1,450	2,175
2024	-	663
2025 a 2029	-	3,076
2030 a 2034	-	2,594
2035 a 2039	-	1,768
2040 a 2044	-	468
2045 onwards	-	69
Total	9,811	19,954

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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Consideration	29,951	41,628	30,204	38,783	46,222	58,625	41,142	48,396
Potential PIS/COFINS (9.25%)	2,770	3,851	2,794	3,587	4,276	5,423	3,806	4,477

24. LABOR AND ACTUARIAL LIABILITIES

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current:				
Payroll and related taxes	11,592	9,906	11,830	9,937
Accrued payroll and related taxes	20,144	18,828	20,318	18,828
Profit sharing (i)	15,657	33,508	15,657	33,508
	47,393	62,242	47,805	62,273
Noncurrent:				
Labor and actuarial liabilities (ii)	94,928	86,723	94,928	86,723
	142,321	148,965	142,733	148,996

(i) The Company's bylaws set forth that, of the profit for the year, after deducting accumulated losses and the provision for income tax and social contribution, up to 10% will be allocated for distribution to employees and, of this balance, up to 10% as management bonus. Pursuant to note 34, in 2020, the Company recognized accrued profit sharing in the amounts of R$7,639 (R$10,571 as at December 31, 2019) and R$8,018 (R$22,937 as at December 31, 2019), respectively.

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

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

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

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

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

	Healthcare plan	Private pension, premium and retirement and FGTS fine	Total
Amount of actuarial obligations at the beginning of the year	69,126	17,597	86,723
Current service expenses and interest on obligations recorded in profit or loss for the year	9,786	1,852	11,638
Employer's contributions in the year (-)	(1,560)	(1,138)	(2,698)
(Gain)/loss on actuarial obligations	(3,451)	2,716	(735)
Present value of actuarial obligations at the end of the year	73,901	21,027	94,928

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

	Healthcare plan	Private pension, premium and retirement and FGTS fine	Total
Actuarial gain/(loss) from changes in demographic assumptions	(4,141)	(1,180)	(5,321)
Actuarial gain/(loss) from changes in financial assumptions	5,140	200	5,340
Actuarial gain/(loss) from experience adjustments	2,452	(1,736)	716
Amounts to be recognized in other comprehensive income at the end of the year	3,451	2,716	735

(c) Sensitivity analysis of profit or loss from actuarial valuation of postemployment benefits; this analysis considered the changes in general mortality assumptions, interest rates, health care plan inflation and permanence in the retirement plan in relation to the base scenario (Parent and consolidated).

	Healthcare plan		Private pension, premium and retirement and FGTS fine	
	Liabilities	Impact	Liabilities	Impact
Base scenario	73,901		21,027	
General mortality – reduction of 10% in mortality rates	76,265	3.20%	21,055	0.13%
General mortality – increase of 10% in mortality rates	71,809	(2.83%)	20,996	(0.15%)
Actual interest rates – reduction of 0.50% p.a.	82,978	12.28%	21,798	3.67%
Actual interest rates – increase of 0.50% p.a.	66,178	(10.45%	20,309	(3.41%)
Health care plan inflation – increase of 1.00% p.a.	55,885	(24.38%)	-	-
Health care plan inflation – decrease of 1.00% p.a.	93,571	26.62%	-	-

(d) Actuarial assumptions

	12/31/2020	12/31/2019
Expected inflation rate - % p.a.	3.75	4.00
Actual discount rate - pension plan - % p.a.	3.03	2.96
Actual discount rate - health care plan cost - % p.a.	3.80	3.46
Actual discount rate - Retirement premium - % p.a.	2.75	2.77
Actual discount rate - FGTS fine - % p.a.	2.77	2.80
Turnover rate - % p.a.	5.00	6.00
Actual wage growth - % p.a.	0.50	0.50
Permanence in the plan after retirement - % (indirect grant)	55.00	55.00
Eligibility to retirement	65 normal 25.20 and 15 special	65 normal 25.20 and 15 special

25. TAXES AND SOCIAL CONTRIBUTIONS

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current:				
Income tax and social contribution	-	-	90	366
Federal VAT (IPI)	992	354	992	354
State VAT (ICMS)	6,655	1,675	6,661	1,675
Withholding Income Tax (IRRF)	2,608	2,443	2,798	2,566
PIS and COFINS	3,766	4,147	4,111	4,502
Other	717	1,293	831	1,324
	14,738	9,912	15,483	10,787
Noncurrent:				
PIS and COFINS	-	-	87	87
	14,738	9,912	15,570	10,874

26. FOREIGN EXCHANGE HEDGING INSTRUMENTS (PARENT AND CONSOLIDATED)

The Company contracted derivatives consisting of dollar forward sales (non-deliverable forward, or NDFs), Advance on Foreign Exchange Contract (ACC) and export exchange forwards, as mentioned in notes 6.4 and 22, to minimize risks involving the impact of foreign exchange fluctuations on the translation of its sales prices both in foreign markets and in the domestic market, as defined in an internal policy, approved by the Management.

The methodology for determining the amount of the NDFs is the mark-to-market using the B3 benchmark rates.

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

The information on derivative transactions as at December 31, 2020 designated for hedge accounting (cash flow hedge) is broken down as follows:

Hedge instrument			Hedge item	
Maturities	Transaction	Notional (US$)	Fair value through other comprehensive income	Transaction
First quarter of 2020	NDF	39,300	(31,982)	Future sale
Second quarter of 2020	NDF	36,400	(21,138)	Future sale
Third quarter of 2020	NDF	34,000	(15,396)	Future sale
Fourth quarter of 2020	NDF	8,000	3,202	Future sale
		117,700	(65,314)	
Fourth quarter of 2021	Export exchange forwards	7,710	(7,766)	Future sale
First quarter of 2022	Export exchange forwards	17,224	(14,687)	Future sale
		24,934	(22,453)	

Hedge instrument			Hedge item	
Maturities	Transaction	Notional (US$)	Fair value through other comprehensive income	Transaction
	Subtotal	142.634	(87.767)	

Non-derivative hedging instrument			Hedge item	
Maturities	Transaction	Principal	Fair value through other comprehensive income	Transaction
First quarter of 2021	ACC	4,750	(780)	Advance on Foreign Exchange Contract
	Total	147,384	(88,547)	

The amount of R$91,883 (2019, R$21,751) was considered effective for hedge accounting purposes and recorded to equity. In the last quarter of 2020, the Company revisited the assumptions on export exchange forwards transactions and concluded that, for 2020 and 2019, there was no ineffective portion.

In the year, hedge agreements, which net losses were recognized in profit or loss, in the amount of R$184,747 (net gain of R$26,132 in 2019), were settled. 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 information on derivative transactions as at December 31, 2019 designated and not designated as hedge accounting (cash flow hedge) is broken down as follows:

Hedge instrument			*Hedge item*	
Maturities	Transaction	Notional (US$)	Fair value through other comprehensive income	Transaction
First quarter of 2020	NDF	42,500	(3,667)	Future sales
Second quarter of 2020	NDF	48,200	(94)	Future sales
Third quarter of 2020	NDF	38,800	393	Future sales
Fourth quarter of 2020	NDF	30,700	5,111	Future sales
First quarter of 2021	NDF	6,000	1,197	Future sales
Second quarter of 2021	NDF	2,000	396	Future sales
		168,200	3,336	

Below are the variations in hedge during 2020 and 2019:

Balances as at December 31, 2018 (current asset)	25,087
Hedge variation	(21,751)
Balances as at December 31, 2019	3,336
Variations - hedge	(91,883)
Balances as at December 31, 2020 (liability)	88,547
Current asset	73,860
Noncurrent asset	14,687

27. PROVISION FOR ENVIRONMENTAL LIABILITIES

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

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

The variations in these provisions are as follows:

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current				
At the beginning of the year	-	-	579	1,656
Derecognition	-	-	(579)	(1,077)
Total current	-	-	-	579
Noncurrent				
At the beginning of the year	15,395	12,293	22,889	21,134
Estimated cash flow review	(62)	(941)	(62)	(941)
Derecognition	(1,236)	(734)	(1,236)	(2,081)
Inflation adjustment	1,257	4,777	1,257	4,777
Total noncurrent	15,354	15,395	22,848	22,889
Total	15,354	15,395	22,848	23,468

28. PROVISION FOR CONTINGENCIES (PARENT AND CONSOLIDATED)

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

	Probable	
	12/31/2020	12/31/2019
Tax/administrative	46,098	52,248
Labor	5,727	5,160
Civil	3,639	3,145
	55,464	60,553

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

	12/31/2020	12/31/2019
Tax/administrative:		
CFEM (i)	6,167	6,003
Taxes on revenue (PIS and COFINS) (ii)	12,385	12,053
CDE and TUST tariffs (iii)	23,335	30,613
Others	4,211	3,579

	12/31/2020	12/31/2019
Labor (iv)	5,727	5,160
Civil:		
Derecognition of land deed (v)	1,983	1,611
BW (vi)	1,309	1,309
Other	347	225
	55,464	60,553

(i) CFEM: The Company was notified in July 2007 by the National Department of Mineral Production (DNPM) to pay an alleged debt for improper collection of the Financial Compensation for the Exploration of Mineral Resources from January 1991 to December 2005. The main items under discussion are (a) the levy period, which is considered by the DNPM as the stage subsequent to the electric furnace, while the Company considers as the ore sintering stage; and (b) statute of limitation/expiration. The Company filed its defense/administrative appeals requiring the annulment of the notifications and the shelving of the respective collection lawsuits. The Company filed administrative appeals requiring the annulment of the notifications and the shelving of the respective collection lawsuits, which in all tax assessment notices, totals R$80,801 (amount declared by ANM relating to debts in October 2018, adjusted for December 31, 2020, in the amount of R$106,044). Upon unsuccessful termination of the administrative stage, the Company filed a preliminary injunction - in anticipation for the main annulment action of the respective tax assessment notices - through which it has posted performance bond for the uncontested portion ANM, in the first answers in the action, has partially acknowledged the Company’s right, reducing the amount required by the CFEM debt to R$ 39,146. Nonetheless, the Company believes, supported by the opinion of its legal counsel, that a substantial portion of such assessment is subject to remote risk of loss. Based on the opinion of its legal counsel, the Company recorded a provision in the amount of R$6.167 (2019, R$6,003) to cover the portion being challenged, which it believes is sufficient to cover any cash disbursement.

(ii) PIS and COFINS: The Company accrued the amount of R$12,385 (R$12,053 as at December 31, 2019) relating to a risk assessment carried out by Management, supported by tax firm, on untimely credits recorded and offset against federal taxes.

(iii) The Company is a party to lawsuits filed by the Brazilian Association of Large Industrial Power Consumers and Free Consumers (ABRACE), whereby it challenges the amount calculated by ANEEL relating to the Energy Development Account (CDE) and the Transmission System Use Tariff (TUST). The Company recognized a provision in the amount of R$19.192 (R$19,192 in 2019) relating to the CDE. In relation to the TUST, in November 2019, a decision was handed down with respect to the respective lawsuit, which determined the annulment of the injunction that excluded the remuneration portion from the TUST base, calculated on reversible assets, not yet amortized or depreciated, and which was subject to appeal by ABRACE. Upon annulment of the injunction, in July 2020, ANEEL has reinserted the cost of own capital and is making the collection over the next three cycles (2020 to 2023). Based on the individual calculation by company made by ABRACE, the Company adjusted the provision and is performing the monthly reversal as payments are being made. As at December 31, 2020, the Company records a provision relating to the TUST, in the amount of R$4,143 (R$11,421 in 2019).

(iv) Labor: The Company and its subsidiaries are parties to several labor lawsuits filed by former employees or for joint liability claiming the payment of labor rights (severance pay, overtime, additional amounts, among others). Also, the Company is a defendant in collective actions, filed by the General Labor Attorneys' Office, as follows: (a) Civil Class Action, challenging the alleged irregularity in the outsourcing of forestry activities and requests the sentencing of the defendant for collective pain and suffering; and (b) Civil Class Action that seeks to impose on the Company the responsibility for a fatal accident occurred with its former employee, claiming the compliance with affirmative covenants, in addition to payment of collective pain and suffering. In total, the Company is a party to 157 lawsuits as at December 31, 2020 (163 in 2019) and recorded a provision for lawsuits whose likelihood of loss is assessed as probable – in whole or in part – in the amount of R$5,727 (R$5,160 in 2019).

(v) Derecognition of land deed: The Company acquired in good faith, properties in the State of Bahia for eucalyptus plantation. Despite of the absence of a lien on these properties at the time of transfer, the Company was sued by a company seeking to annul the purchase and sale agreements claiming that it owns the land as collateral for a bankruptcy lawsuit involving former owners. The Company recorded a provision in the amount of R$1,983 (R$1,611 as at December 31, 2018 to cover probable losses.

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

The variation in provisions is as follows:

	Labor	Tax	Civil	Total
Balances as at December 31, 2018	6,044	42,369	3,032	51,445
New lawsuits/additions	3	11,451	113	11,567
Reversals	(887)	(2,585)	-	(3,472)
Inflation adjustments	-	1,013	-	1,013
Balances as at December 31, 2019	5,160	52,248	3,145	60,553
New lawsuits/additions	567	3,518	494	4,579
Reversals	-	(10,164)	-	(10,164)
Inflation adjustments	-	496	-	496
Balances as at December 31, 2020	5,727	46,098	3,639	55,464

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

	Possible	
	12/31/2020	12/31/2019
Tax/administrative	27,078	22,152
Labor	578	344
Civil	374	468
	28,030	22,964

- Administrative/Tax:

  - Administrative/Tax: The Company is a party to a number of lawsuits challenging the payments considered inappropriate or overstated, mainly due to the differences between statements and accessory obligations. The Company assesses part of the risk of loss as possible, totaling R$ 14,370 (R$11,832 as at December 31, 2019).

  - PIS and COFINS: In the case of the abovementioned notifications related to PIS and COFINS in 2004 and 2006, the possible risk of loss amounts to R$12,061 (R$9,795 in 2019).
  - The Municipality of Queimadas notified the Company due to irregularities in the mining lawsuits, part of the risk of which is assessed as possible, in the amount of R$12,061 (R$9,795 as at December 31, 2019)
- Labor: The Company is a party to lawsuits filed by former employees or outsourced employees (joint liability) or collective actions, for which the Company's legal counsel assesses the likelihood of loss as possible, and for these lawsuits, the estimated risk amounts to R$578 (R$344 in 2019).

Civil: The Company is a party to indemnity actions for pain and suffering and possession filed against it, which risk of loss is assessed as possible by its legal counsel. If the claims result in total significant amounts, the Company, with the support of its legal counsel, believes that the possible risk of loss amounts to R$374 (R$468 in 2019). Additionally, the amount of the lawsuit assessed as possible risk of loss in progress, subject to court secrecy, at the civil court of Pojuca, Bahia, filed on April 27, 2016, is R$147,172 as at December 31, 2020, but, considering the initial stage of the lawsuit processing and the opinion of the Company's legal counsel on the merit of the lawsuit, there is no risk amount to be considered up to the issuance date of these financial statements.

29. CCEE REIMBURSEMENT ACCOUNT (CONSOLIDATED)

	Consolidated	
	12/31/2020	09/30/2020
Current		
CCEE reimbursement account	19,335	3,343
Noncurrent		
CCEE reimbursement account	12,247	5,447
	31,582	8,790

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

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

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

Also, the payments of annual and quadrennial reimbursements are suspended until the final decision of the Public Hearing No. 034/2019, according to ANEEL Ordinance No. 2,303 of August 20, 2019.

30. RELATED-PARTY AND TRANSACTIONS

	Profit or loss				
	Lease costs (i)	Sales revenue (ii)	Other operating expenses (iii)	Trade receivables (ii)	Other payables (iii)
Parent:					
Fundação José Carvalho	-	73	8,680	14	6
Subsidiaries:					
BW Guirapá S.A.	-	-	(452)	-	-
Silício de Alta Pureza da Bahia S.A.	840	-	-	-	-
Mineração Vale do Jacurici S.A.	360	-	-	-	-
Reflorestadora e Agrícola S.A.	60	-	-	-	-
Indústria de Minérios Damacal Ltda.	36	-	-	-	-
Related parties:					
Marubeni Corporation	-	240,925	-	4,204	-
Total as at December 31, 2020	1,296	240,998	8,228	4,218	6
Total as at December 31, 2019	1,296	234,792	9,179	20,778	829

(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) agreements for the supply of meals and dairy to the Company; (b) 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); (c) 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;(d) Cooperation and Partnership Instrument for implementation of Memorial José Carvalho which purpose is the preservation of the memory, cultural heritage, existing collection, residence of the founder, besides housing the permanent organizational culture program; and (e) Infrastructure and Administrative Structure Sharing Agreement for the 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.

30.1. Overall Management Compensation

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

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Overall compensation	21,768	24,050	25,207	26,962
Social security charges	2,670	2,529	3,004	3,110
	24,438	26,579	28,211	30,072

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

31. EQUITY

31.1 Capital

The limit of the Company's authorized capital is R$1,500,000 (one billion and five hundred million reais). The Company's subscribed and paid-in capital, as at December 31, 2020 and 2019, totals R$1,225,444 (one billion, two hundred and twenty-five millions, four hundred and forty-four thousand reais), of which the subscribed and paid-in capital is represented by 88,320 thousand registered shares without par value, of which 29,440 thousand common shares and 58,880 thousand preferred shares, held as follows:

	12/31/2020		12/31/2019	
Shareholders	Common shares	Preferred shares	Common shares	Preferred shares
Fundação José Carvalho	29,086,696	15,416,000	29,086,696	15,416,000
Trígono capital	400	2,450,000	400	716,300
Dimensional Funds	-	1,231,482	-	1,915,827
Other shareholders	312,904	36,599,218	312,904	37,648,573
Treasury shares	40,000	3,183,300	40,000	3,183,300
	29,440,000	58,880,000	29,440,000	58,880,000

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

31.2 Treasury shares

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

	12/31/2020		12/31/2019	
	Preferred shares	Common shares	Preferred shares	Common shares
Number of treasury shares	3,183,300	40,000	3,183,300	40,000
Quoted on B3 - R$/share	19.11	31.30	20.01	33.32
Average acquisition cost - R$/share	8.07	0.06	8.07	0.06

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

31.3 Earnings reserves

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

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

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

31.4 Other comprehensive income and equity assessment adjustment

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

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

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Deemed land cost parent (i)	58,811	58,811	63,385	63,385
Deemed land cost subsidiaries (i)	3,019	3,019	3,019	3,019
Adjustments to financial instruments (note 26)	(88,547)	3,336	(88,547)	3,336
Actuarial - postemployment (note 24)	(30,299)	(31,034)	(30,299)	(31,034)
Deferred taxes	20,411	(10,579)	18,855	(12,134)
	(36,605)	23,553	(33,857)	26,572

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

31.5 Unrealized earnings reserve

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

31.6 Dividends and interest on capital

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

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

Description	Approval date	Amount	Amount per share (in R$) Common	Description
Interest on capital		76,516		
	08/28/2020	13,690	0.1509931411	0.1660924552
	11/26/2020	44,310	0.4887148344	0.5375863178
	12/22/2020	18,516	0.2042212565	0.2246433821

The Company's Management proposed the distribution of interest on capital and dividends as shown below:

	12/31/2020	12/31/2019
(=) Profit for the year	69,772	221,176
(-) Recognition of legal reserve (5% of profit)	(3,489)	(11,059)
(-)Tax incentive reserve (SUDENE, ICMS DESENVOLVE and reinvestment)	(6,933)	(33,519)
(=) Adjusted profit for distribution	59,350	176,598
Dividends and interest on capital		
Common shares - R$ 0.6546 (12/31/2019 - R$ 1.0056) per share	19,245	29,564
Preferred shares - R$ 0.7201 (12/31/2019 - R$ 1.1062) per share	40,105	61,609
Total	59,350	91,173
Percentage on adjusted profit	100%	52%
Total dividends and interest on capital payable		
Common shares - R$0.1893 per share	5,566	-
Preferred shares - R$0.2083	11,600	-
	17,166	-
Total dividends and interest on capital payable		
Common shares - R$ 0.2205 per share	-	6,485
Preferred shares - R$ 0.2426 per share	-	13,515
	-	20,000
(=) Total dividends / interest on capital proposed	76,516	111,173

Withholding Income Tax (IRRF) on interest on capital was recorded at 15% rate. In order to ensure the same benefits to shareholders who are not exempt or immune they would have, in case they receive compensation, as dividends, the amount relating to the withholding income tax at the rate of 15% has been added.

32. EARNINGS PER SHARE

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

	12/31/2020	12/31/2019
Profit attributable to owners of the Company	69,772	221,176
Reconciliation of distributable profit, per class (numerator):		
Profit attributable to		
common shares	22,625	71,720
preferred shares	47,147	149,456
Weighted average number of shares, per class (denominator):		
Weighted average number of		
common shares issued	29,400,000	29,400,000
preferred shares issued	55,696,700	55,696,700
Basic and diluted earnings* per share (in R$)		
common shares	0.7695	2.4394
preferred shares	0.8465	2.6834

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

33. NET SALES REVENUE

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Gross sales revenue				
Domestic market	811,049	842,532	897,634	941,000
Foreign market	920,218	553,979	920,218	553,979
	1,731,267	1,396,511	1,817,852	1,494,979
Sales deductions				
Returns and rebates	(14,194)	(16,065)	(14,194)	(16,065)
Taxes on sales	(177,632)	(194,713)	(181,639)	(199,364)
	(191,826)	(210,778)	(195,833)	(215,429)
	1,539,441	1,185,733	1,622,019	1,279,550

34. COSTS AND EXPENSES

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cost of sales (i)	(1,159,463)	(1,002,315)	(1,224,333)	(1,063,051)
Selling expenses	(20,139)	(13,693)	(20,139)	(13,693)
General and administrative expenses	(69,374)	(67,582)	(72,853)	(74,402)
Profit sharing	(8,018)	(22,937)	(8,018)	(22,937)
Management fees	(24,438)	(26,579)	(28,211)	(30,072)
Total general and administrative expenses	(101,830)	(117,098)	(109,082)	(127,411)
Other income (expenses), net (iii)	(30,789)	66,108	(35,779)	61,864
	(1,312,221)	(1,066,998)	(1,389,333)	(1,142,291)

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

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Variable cost and indirect product expenses	(666,839)	(490,465)	(671,436)	(497,542)
Personnel expenses (ii)	(297,537)	(304,762)	(305,339)	(311,868)
Depreciation and depletion expenses	(136,586)	(144,835)	(177,793)	(186,065)
Expenses on services provided	(99,577)	(98,930)	(115,282)	(101,271)
Maintenance and repair costs	(60,097)	(58,971)	(62,848)	(72,266)
Fuel and lubricants	(15,419)	(14,854)	(15,479)	(14,854)
Idle capacity cost	(5,377)	(20,289)	(5,377)	(20,289)
Other income (expenses)	(30,789)	66,108	(35,779)	61,864
	(1,312,221)	(1,066,998)	(1,389,333)	(1,142,29)

(i) Cost of sales include:

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

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

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

d) In the consolidated, includes costs on depreciation, amortization, energy transmission, system use charges, operation and maintenance, etc. for wind power generation in the amount of R$65,802 (2019, R$61,758).

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

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

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Post-employment benefits	(8,940)	(8,742)	(8,940)	(8,742)
Other taxes	(2,881)	(6,804)	(3,530)	(6,804)
Corporate and social responsibility	(11,516)	(11,870)	(11,559)	(11,870)
Consulting and researches (a)	(4,651)	(14,040)	(4,694)	(14,040)
Penalty (b)	-	-	(2,130)	(424)
Recovery of tax credits (c)	-	116,111	-	116,111
Other income (expenses)	(2,801)	(8,547)	(4,926)	(12,367)
	(30,789)	66,108	(35,779)	61,864

(a) The variation in the balance of "Consulting and researches" can be explained because, as at December 31, 2019, geological rotary drilling services for mineral research purposes were contracted, in addition to legal and tax consulting services relating to the process for deduction of the ICMS from the PIS and COFINS tax base recognized in 2019.

(b) See note 29.

(c) See note 14.

35. FINANCE INCOME (COSTS)

	Parent		Consolidated	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Finance income				
Income from short-term investments	5,833	14,090	8,438	19,267
Exchange rate changes	34,744	11,373	34,744	11,389
Adjustment (ICMS deduction from the PIS/COFINS tax base)	8,282	80,993	8,282	80,993
Other finance income	3,206	2,750	3,271	2,936
	52,065	109,206	54,735	114,585
Finance costs				
Exchange rate changes	(37,887)	(14,667)	(37,887)	(15,688)
Adjusted provision for mine closure	(1,719)	(3,836)	(1,719)	(3,836)
Interest incurred	(11,514)	(15,266)	(33,722)	(42,859)
Other	(1,720)	(1,296)	(3,692)	(2,196)
	(52,840)	(35,065)	(77,020)	(64,579)
Hedging financial instruments				
Change in hedge assets	11,955	28,575	11,955	28,575
Change in hedge liabilities	(196,702)	(2,443)	(196,702)	(2,443)
	(184,747)	26,132	(184,747)	26,132
	(185,522)	100,273	(207,032)	76,138

36. OPERATING SEGMENTS

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

- Alloy Segment - involves the operations of high chrome alloys, low carbon alloys and ferrochrome, of silicon 75 special and silicon 75 standard;
- Wind power segment - include the transactions of subsidiary BW Guirapá;

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

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

	Consolidated							
	Alloys		Wind power		Other segments		Total	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Net sales								
Domestic market	596,347	591,495	82,698	93,937	37,111	51,918	716,156	737,350
Foreign market	839,881	517,532	-	-	65,982	24,668	905,863	542,200
	1,436,228	1,109,027	82,698	93,937	103,093	76,586	1,622,019	1,279,550
Cost of sales	(1,024,676)	(863,350)	(65,802)	(61,758)	(133,855)	(137,943)	(1,224,333)	(1,063,051)
Change in fair value of biological assets	-	-	-	-	46,211	41,983	46,211	41,983
Gross profit	411,552	245,677	16,896	32,179	15,449	(19,374)	443,897	258,482
Operating expenses	(148,564)	(67,031)	(5,772)	(7,960)	(10,664)	(4,249)	(165,000)	(79,240)
Operating profit from before finance income	262,988	178,646	11,124	24,219	4,785	(23,623)	278,897	179,242
Domestic market	112,878	125,230					112,878	125,230
Foreign market	155,185	97,426					155,185	97,426
	268,063	222,656					268,063	222,656

37. INSURANCE

As at December 31, 2020, the Company and its subsidiaries have insurance coverage against equipment fire, explosions, electrical damages, vehicles, civil liability, operational and corporate risks and performance bond in the amount of R$86,990 (R$24,206 in 2019) in the Parent and R$949,241 (R$882,503 in 2019) in the Consolidated.

38. TRANSACTIONS NOT AFFECTING CASH

During 2020 and 2019, Company registered the following transactions that not affected cash and cash equivalent. These transactions do not affect cash flow statement.

		Parent		Consolidated	
Description	Note	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Gain (loss) on actuarial liability	24	735	(10,395)	735	(10,395)
Revision of the estimated cash flows - provision for mine closure	27	(62)	(941)	(62)	(941)
Dividends and interest on capital for the year	31,6	32,826	5,223	32,826	5,308
Right of use of leased assets pursuant to IFRS 16	19,2. 23	15,768	55,387	17,788	63,191
Depreciation of right of use allocated to inventory costs	19,2	3,133	2,930	3,133	2,930
Depletion allocated to inventory costs	20	(2,461)	4,159	(2,461)	4,159

39. EVENTS AFTER THE REPORTING PERIOD

On January 12, 2021, Ferbasa has entered into a Memorandum of Understanding (“Memorandum”) with AES Tiete Energia S/A and, on February 25, 2021, the Electric Power Purchase and Sale Agreement (“PPA”) was signed for the acquisition of a volume of 80MW average power, for a period of twenty (20) years of supply beginning 2024.

The Company also informs that the acquisition of the aforesaid volume does not represent increase of production capacity, reflecting its strategy to guarantee the power supply in the long term and constant search for the competitiveness of its products.

Accountant:
Arnaldo Pereira Anastácio
Accounting Manager
CRC-RJ 61263/O - 0-T-BA