

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

Cia de Ferro Ligas da Bahia S.A.

- FERBASA

Report on Review of
Interim Financial Information for the
Three-month Period Ended March 31, 2021

Deloitte Touche Tohmatsu Auditores Independentes

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Cia de Ferro Ligas da Bahia S.A. - FERBASA ("Company"), included in the Interim Financial Information Form - ITR, for the quarter ended March 31, 2021, which comprises the balance sheet as at March 31, 2021 and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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

Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added (DVA) for the three-month period ended March 31, 2021, prepared under the responsibility of the Company's Management and disclosed as supplemental information for purposes of the international standard IAS 34. These statements were subject to review procedures performed together with the review of the Interim Financial Information - ITR to reach a conclusion on whether they were reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set out in this technical pronouncement and consistently with the individual and consolidated interim financial information taken as a whole.

Convenience translation

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

Salvador, May 12, 2021

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU
Auditores Independentes



Jônatas José Medeiros de Barcelos
Engagement Partner

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

BALANCE SHEETS

FOR THE QUARTER ENDED MARCH 31, 2021

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

ASSETS	Note	Parent		Consolidated		Parent	Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020		03/31/2021	12/31/2020
LIABILITIES AND EQUITY								
CURRENT LIABILITIES								
Cash and cash equivalents	5	37,562	67,756	64,307	90,497	81,237	70,944	84,570
Short-term investments	6	179,994	191,837	179,994	191,837	74,408	104,609	99,854
Trade receivables	7	193,494	145,758	202,465	154,729	104,386	73,080	104,386
Inventories	8	287,227	285,987	287,227	285,987	48,578	47,393	48,846
Recoverable taxes	9	108,119	27,793	110,578	30,073	25,257	14,738	25,668
Prepaid expenses		2,209	452	2,209	452	-	-	20,213
Advances to suppliers	10	10,337	11,856	10,337	11,856	-	32,826	58
Other assets		6,570	6,358	9,813	9,312	17,689	20,393	18,456
Total current assets		825,512	737,797	866,930	774,743	357,098	371,784	407,636
NON-CURRENT ASSETS								
Advances to suppliers	10	3,667	4,993	3,667	4,993	135,827	141,211	386,820
Short-term investments	6	60,257	30,079	160,973	129,076	-	14,687	-
Inventories	8	4,542	4,542	4,542	4,542	4,978	4,978	4,978
Recoverable taxes	9	79,698	165,051	79,698	165,051	98,036	94,928	98,036
Deferred taxes	11	14,557	16,192	13,002	14,637	-	-	87
Escrow deposits	12	44,303	43,056	44,399	43,152	-	-	18,047
Other receivables		701	701	708	708	-	-	12,247
		207,725	264,614	306,989	362,159	55,138	55,464	55,138
						15,674	15,354	23,168
						6,647	9,811	17,228
						316,300	336,433	603,502
Investments	13	562,401	567,873	124	124	-	-	-
Property, plant and equipment and intangibles	14	671,087	679,755	1,424,994	1,444,936	-	-	-
Right-of-use assets	14	24,917	30,531	36,641	42,003	1,225,444	1,225,444	1,225,444
Biological assets	15	196,116	193,222	196,116	193,222	602,490	602,490	602,490
		1,454,521	1,471,381	1,657,875	1,680,285	(47,058)	(36,605)	(36,605)
						(25,754)	(25,754)	(25,754)
						59,238	-	59,238
Total non-current assets		1,662,246	1,735,995	1,964,864	2,042,444	1,814,360	1,765,575	1,765,575
						1,814,360	1,765,575	1,765,575
						1,814,360	1,765,575	1,771,825
TOTAL DO ATIVO		2,487,758	2,473,792	2,831,794	2,817,187	2,487,758	2,473,792	2,817,187

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

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

STATEMENTS OF INCOME

FOR THE QUARTER ENDED MARCH 31, 2021

(Amounts expressed in thousands of Brazilian reais - R\$, except earnings per share)

	Note	Parent		Consolidated	
		03/31/2021	03/31/2020	03/31/2021	03/31/2020
NET SALES REVENUE	28	497,925	334,729	517,324	346,182
Cost of sales	29	(332,939)	(262,368)	(350,121)	(279,019)
GROSS PROFIT		<u>164,986</u>	<u>72,361</u>	<u>167,203</u>	<u>67,163</u>
OPERATING EXPENSES	29				
Selling expenses		(5,269)	(3,128)	(5,269)	(3,128)
General and administrative expenses		(29,932)	(21,929)	(31,745)	(23,383)
Other operating income (expenses)		<u>(9,727)</u>	<u>(7,694)</u>	<u>(10,954)</u>	<u>(10,053)</u>
		(44,928)	(32,751)	(47,968)	(36,564)
Share of profit (loss) of investees	13	(5,472)	(14,407)	-	-
OPERATING INCOME		<u>114,586</u>	<u>25,203</u>	<u>119,235</u>	<u>30,599</u>
FINANCE INCOME (COSTS)	30				
Finance income		9,435	12,755	9,984	13,596
Finance costs		(9,611)	(8,009)	(14,708)	(14,100)
Foreign exchange hedging instruments		<u>(43,081)</u>	<u>(22,684)</u>	<u>(43,081)</u>	<u>(22,684)</u>
		(43,257)	(17,938)	(47,805)	(23,188)
PRETAX INCOME		<u>71,329</u>	<u>7,265</u>	<u>71,430</u>	<u>7,411</u>
INCOME TAX AND SOCIAL CONTRIBUTION	11				
Exemption and reduction		14,464	-	14,464	-
Current		(19,784)	-	(19,839)	(75)
Deferred		<u>(7,020)</u>	<u>(7,902)</u>	<u>(7,020)</u>	<u>(7,902)</u>
		(12,340)	(7,902)	(12,395)	(7,977)
PROFIT FOR THE PERIOD		<u>58,989</u>	<u>(637)</u>	<u>59,035</u>	<u>(566)</u>
Profit attributable to owners of the Company				<u>58,989</u>	<u>(637)</u>
Profit attributable to non-controlling interests				46	71
BASIC AND DILUTED EARNINGS PER COMMON SHARE - R\$	32				<u>(0.00703)</u>
BASIC AND DILUTED EARNINGS PER PREFERRED SHARE - R\$	32				<u>(0.00773)</u>

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

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

DEMONSTRAÇÕES DO RESULTADO ABRANGENTE
FOR THE QUARTER ENDED MARCH 31, 2021

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

	Note	Parent		Consolidated	
		03/31/2021	03/31/2020	03/31/2021	03/31/2020
PROFIT FOR THE PERIOD		58,989	(637)	59,035	(566)
Other comprehensive income:					
Foreign exchange hedge instruments	21	(15,839)	(224,010)	(15,839)	(224,010)
Effect of income tax and social contribution on financial instruments		5,386	76,164	5,386	76,164
Other comprehensive income for the period, net of taxes		(10,453)	(147,846)	(10,453)	(147,846)
TOTAL COMPREHENSIVE INCOME		48,536	(148,483)	48,582	(148,412)
Profit attributable to owners of the Company				48,536	(148,483)
Profit attributable to non-controlling interests				46	71

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

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2021
(Amounts expressed in thousands of Brazilian reais - R\$)

	Note	Atribuível aos acionistas controladores										
		Earnings reserves			Equity			Treasury shares	Retained earnings	Total equity	Attributable to noncontrolling interests	Total consolidated equity
		Capital	Legal	Tax incentive	Investments	Profits to be realized	assessment adjustment					
BALANCE AS AT DECEMBER 31, 2019	26	1,225,444	116,436	152,428	290,405	49,595	23,553	(25,754)	-	1,832,107	6,066	1,838,173
Other comprehensive income		-	-	-	-	-	(147,846)	-	-	(147,846)	-	(147,846)
Loss for the period		-	-	-	-	-	-	-	(637)	(637)	71	(566)
BALANCE AS AT MARCH 31, 2020	26	1,225,444	116,436	152,428	290,405	49,595	(124,293)	(25,754)	(637)	1,683,624	6,137	1,689,761
BALANCE AS AT DECEMBER 31, 2020		1,225,444	119,925	159,361	273,609	49,595	(36,605)	(25,754)	-	1,765,575	6,250	1,771,825
Other comprehensive income		-	-	-	-	-	(10,453)	-	-	(10,453)	-	(10,453)
Profit for the period		-	-	-	-	-	-	-	58,989	58,989	46	59,035
Expired dividends		-	-	-	-	-	-	-	249	249	-	249
BALANCE AS AT MARCH 31, 2021	26	1,225,444	119,925	159,361	273,609	49,595	(47,058)	(25,754)	59,238	1,814,360	6,296	1,820,656

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

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

STATEMENTS OF CASH FLOWS

FOR THE QUARTER ENDED MARCH 31, 2021

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

	Note	Parent		Consolidated	
		03/31/2021	03/31/2020	03/31/2021	03/31/2020
CASH FLOW FROM OPERATING ACTIVITIES					
Profit for the period		58,989	(637)	59,035	(566)
Adjustments to reconcile profit to cash provided by operating activities:					
Net cash provided by operating activities:					
Interest, inflation adjustments and exchange rate changes, net		(867)	(5,369)	3,988	(557)
Depreciation, amortization and depletion	14	17,110	17,614	27,504	27,669
Depletion of biological assets	15	3,848	8,014	3,848	8,014
Share of profit (loss) of investees	13	5,472	14,407	-	-
Deferred taxes	11	7,020	7,902	7,020	7,902
Provision for profit sharing		8,957	-	8,957	-
Adjustment to lease payable	18	568	364	600	381
Adjustment to postemployment benefit plans	19	3,108	2,935	3,108	2,935
Recognition (reversal) of provision for contingencies	23	(415)	1,174	(415)	1,174
Other		(76)	(123)	1,142	1,031
Decrease (increase) in assets:					
Trade receivables		(45,502)	(37,768)	(45,502)	(37,768)
Inventories		1,486	29,843	1,486	29,843
Recoverable taxes		5,792	(1,675)	5,615	(1,877)
Advances to suppliers		4,908	3,300	4,908	3,300
Other assets		(5,273)	(1,086)	(5,486)	(782)
Increase (decrease) in liabilities:					
Trade payables		10,216	4,852	10,588	5,553
Tax and social contribution		5,200	7,431	4,863	7,356
Income tax and contribution		5,319	-	5,529	75
Labor and actuarial liabilities		(7,772)	(22,551)	(7,916)	(22,568)
CCEE reimbursement account		-	-	6,103	15,698
Other liabilities		(2,177)	(2,141)	(2,239)	(2,687)
Income tax and social contribution paid		-	-	(208)	(196)
Interest paid		(1,542)	(849)	(6,412)	(6,772)
Net cash provided by operating activities		<u>74,369</u>	<u>25,637</u>	<u>86,116</u>	<u>37,158</u>
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	14	(5,554)	(8,509)	(5,642)	(8,653)
Plantation and maintenance costs of biological assets	15	(6,742)	(3,509)	(6,742)	(3,509)
Proceeds from the sale of property, plant and equipment		-	199	-	199
Short-term investments and redemptions		(17,305)	(3,317)	(18,494)	(3,746)
Net cash used in investing activities		<u>(29,601)</u>	<u>(15,136)</u>	<u>(30,878)</u>	<u>(15,709)</u>
CASH FLOW FROM FINANCING ACTIVITIES					
Borrowings and financing	17	-	47,833	-	47,833
Amortization of borrowings and financing	17	(35,700)	(4,332)	(42,156)	(10,787)
Amortization of leases	18	(6,436)	(6,182)	(6,446)	(6,182)
Dividends and interest on capital paid		(32,826)	(5,223)	(32,826)	(5,223)
Net cash generated by (used in) financing activities		<u>(74,962)</u>	<u>32,096</u>	<u>(81,428)</u>	<u>25,641</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(30,194)</u>	<u>42,597</u>	<u>(26,190)</u>	<u>47,090</u>
Cash and Equivalents at the beginning of the period	5	67,756	39,095	90,497	73,721
Cash and Equivalents at the end of the period	5	37,562	81,692	64,307	120,811
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(30,194)</u>	<u>42,597</u>	<u>(26,190)</u>	<u>47,090</u>

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

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

STATEMENTS OF VALUE ADDED

FOR THE QUARTER ENDED MARCH 31, 2021

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

	Note	Parent		Consolidated	
		03/31/2021	03/31/2020	03/31/2021	03/31/2020
SALES REVENUE		555,506	375,871	575,917	388,317
Other income		510	5,707	510	6,382
		556,016	381,578	576,427	394,699
INPUTS PURCHASED FROM THIRD PARTIES					
Costs of sales and raw materials		(205,169)	(143,859)	(188,655)	(126,838)
Materials, energy, third-party services and others		(107,963)	(80,547)	(131,389)	(105,643)
GROSS VALUE ADDED		242,884	157,172	256,383	162,218
Depreciation, amortization and depletion	14, 15	(20,958)	(25,628)	(31,352)	(35,683)
Realization of added value	13	-	-	(1,104)	(1,104)
WEALTH CREATED BY THE COMPANY		221,926	131,544	223,927	125,431
WEALTH RECEIVED IN TRANSFER					
Finance income	30	9,434	13,048	9,983	13,889
Share of profit (loss) of investees	13	(5,472)	(14,407)	-	-
TOTAL WEALTH FOR DISTRIBUTION		225,888	130,185	233,910	139,320
WEALTH DISTRIBUTED					
Employees:					
Salaries and wages		58,748	48,112	60,123	49,656
Benefits		10,463	9,770	10,475	9,784
Severance Pay Fund (FGTS)		3,820	3,925	3,891	3,950
		73,031	61,807	74,489	63,390
Taxes, fees and contributions:					
Federal		24,299	23,484	25,523	24,809
State		14,630	12,329	14,630	12,329
Municipal		727	808	884	811
		39,656	36,621	41,037	37,949
Lenders and lessors		54,212	32,394	59,349	38,547
Own capital					
Retained earnings		58,989	(637)	58,989	(637)
Attributable to noncontrolling interests		-	-	46	71
		58,989	(637)	59,035	(566)
WEALTH DISTRIBUTED		225,888	130,185	233,910	139,320

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

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

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

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED MARCH 31, 2021

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

1. GENERAL INFORMATION

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

On February 25, 2021, Ferbasa has entered into an Electric Energy Purchase and Sale Agreement (“PPA”) to acquire a volume of 80MW average energy, with AES Tietê Energia SA, for a twenty-year term, with beginning of supply as from 2024. 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.

On March 12, 2021, in order to promote the continuity of the business partnership in Colombia for the supply of metallurgical coke, Ferbasa obtained the approval from the Trade Registration Chamber in Colombia for the opening of a branch in the city of Bogotá.

This individual and consolidated interim financial information was approved by the Company’s Board of Directors on May 12, 2021.

2. COVID-19 (CORONAVÍRUS)

FERBASA did not observe during the first quarter of 2021 significant changes in the activities of the operating units as a result of the COVID-19 pandemic. The corporate office, located in Salvador, remains closed as a precaution since March 2020, with the entire workforce working in home office regime. All measures to fight the pandemic continue to be adopted at the operating units, where onsite activities are maintained, following the health and sanitation protocols adopted by the Company. At the end of the first quarter of 2021, the transmission rate continued at regular levels at the Company but, nonetheless, Ferbasa maintains a Prolonged Stay Plan in place, developed in 2020, which will be put into operation if the security limit established is threatened by the spread of the disease.

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

3. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

3.1. Statement of Compliance

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

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

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

- (ii) Interim financial information

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

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

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

4. FINANCIAL INSTRUMENTS

4.1. Classification of financial instruments and fair value

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

Accounting Measurement	Parent		Consolidated		
	03/31/2021	12/31/2020	03/31/2021	12/31/2020	
<u>Asset</u>					
Cash and cash equivalents	Amortized cost	37,562	67,756	64,307	90,497
Short-term investments (i)		179,994	191,837	179,994	191,837
Noncurrent financial investments (i)	Amortized cost	60,257	30,079	160,973	129,076
Trade receivables	Amortized cost	193,494	145,758	202,465	154,729
Escrow deposits	Amortized cost	44,303	43,056	44,399	43,152

Accounting Measurement	Parent		Consolidated		
	03/31/2021	12/31/2020	03/31/2021	12/31/2020	
Liabilities					
Trade payables	Amortized cost	81,237	70,944	84,570	73,890
Current borrowings and financing	Amortized cost	74,408	79,474	99,854	107,594
Current Advance on Foreign Exchange Contract	Fair value through other comprehensive income	-	25,135	-	25,135
Current borrowings and financing total		74,408	104,609	99,854	132,729
Noncurrent borrowings and financing	Amortized cost	135,827	141,211	386,820	395,930
Noncurrent Obligations with acquisition of subsidiary	Amortized cost	4,978	4,978	4,978	4,978
Lease payable- Current	Amortized cost	17,689	20,393	18,456	21,188
Lease payable- Noncurrent	Amortized cost	6,647	9,811	17,228	19,954
Foreign exchange hedging instruments (i)	Fair value through other comprehensive income	104,386	73,080	104,386	73,080
Noncurrent Foreign exchange hedging instruments Noncurrent (i)		-	14,687	-	14,687

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

4.2. Currency risk

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

For sensitivity analysis purposes, the Company adopted as scenario I (probable) the expected average exchange rate for 2021, according to the Focus Report issued on April 23, 2021.

	03/31/2021		Scenario I	
	US\$	R\$	Rate	Gain/(loss) R\$
<u>Parent and Consolidated</u>				
Accounts receivable, net	4,724	26,914	5.40	(1,402)

In the case of derivatives (NDFs), 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 in dollar-indexed revenue (100%). Thus, this analysis should always be conducted on an integrated basis.

For sensitivity analysis purposes, the Company adopted as scenario I (probable) the expected average exchange rate for 2021, according to the Focus Report issued on April 23, 2021.

	03/31/2021 - Contracted			Scenario I	
	US\$	R\$	Average contractual rate	Rate US\$	Gain/(loss) R\$
<u>Parent and Consolidated</u>					
Foreign exchange hedging instrument (*)					
NDF	78,400	367,264	4.68	5.40	(56,096)
Export exchange forwards	24,934	108,903	4.37	5.40	(25,739)

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

4.3. Interest rate risk

For the balance applied as at March 31, 2021, the Company and its subsidiaries consider as scenario I (probable) the benchmark interest rate for 2021 of 5.50% per year, as disclosed in the Focus Report of April 23, 2021.

Interest rate risks	Closing rate 03/31/2021 - p.a.	Scenario I Probable
Average benchmark interest rate (% p.a.)	2.25	5.50
<u>Parent</u>		
Balance of short-term investments (notes 5 and 6)	268,251	276,610
Net Effect		8,359
<u>Consolidated</u>		
Balance of short-term investments (notes 5 and 6)	391,476	403,969
Net Effect		12,493

For the balance of borrowings and financing as at March 31, 2021, the Company and its subsidiaries consider as scenario I (probable) the Long-term Interest Rate ("TJLP") of 4.61% p.a. and the CDI rate of 5.40% for 2021.

Interest rate risks	Closing rate 03/31/2021 - p.a.	Scenario I Probable
<u>Interest rate - TJLP - (% p.a.)</u>	4.39	4.61
<u>Parent</u>		
Borrowing balance (note 17)	24,638	25,485
Net Effect		(847)
<u>Interest rate - TJLP - (% p.a.)</u>		
<u>Consolidated</u>		
Borrowing balance (note 17)	305,916	316,432
Net Effect		(10,516)
<u>Interest rate - DI - (% p.a.)</u>	2.65	5.40
<u>Parent and Consolidated</u>		
Borrowing balance (note 17)	181,803	189,118
Net Effect		(7,315)

5. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	<u>03/31/2021</u>	<u>12/31/2020</u>	<u>03/31/2021</u>	<u>12/31/2020</u>
Cash and banks	9,562	18,992	13,798	23,263
Short-term investments in CDB (i)	28,000	36,348	29,492	37,524
Investment funds (ii)	-	12,416	21,017	29,710
	<u>37,562</u>	<u>67,756</u>	<u>64,307</u>	<u>90,497</u>

- (i) Transactions with Bank Certificates of Deposit (CDB), which yield 99.0% to 114.0% of the Interbank Deposit Certificate (CDI) rate (from 101.0% to 104.7% as at December 31, 2020);
- (ii) Securities transactions through investment funds, which have a daily liquidity. The average mark-to-market interest rate range from 92.4% to 140.5% of the CDI rate (from 95.0% to 120.2% as at December 31, 2020).

6. SHORT-TERM INVESTMENTS

	Parent		Consolidated	
	<u>03/31/2021</u>	<u>12/31/2020</u>	<u>03/31/2021</u>	<u>12/31/2020</u>
Current				
Investment funds (i)	179,994	191,837	179,994	191,837
Noncurrent:				
Investment funds (i)	-	-	65,975	63,491
Financial bills (ii)	50,125	20,002	68,382	32,178
CDB (iii)	10,132	10,077	26,616	33,407
	<u>60,257</u>	<u>30,079</u>	<u>160,973</u>	<u>129,076</u>
	<u>240,251</u>	<u>221,916</u>	<u>340,967</u>	<u>320,913</u>

- (i) Securities transactions whose maturities exceed 90 days and have average yield ranging from 100.15% to 171.2% of CDI (from 121.4% to 185.3% as at December 31, 2020). Even though the Company and its subsidiaries select liquid securities in the secondary market, the uncertainty surrounding market conditions and prices in a liquidity event suggests that these investments should not be considered cash equivalents.
- (ii) Financial bills yielding interest from 99.0% to 117.5% of CDI (between 101.5% and 116.0% as at December 31, 2020).
- (iii) Transactions with Bank Certificates of Deposit (CDB), which yield 100.0% to 116.2% (from 99.0% to 114.0% as at December 31, 2020) of the Interbank Deposit Certificate (CDI) rate.

7. TRADE RECEIVABLES

	Parent		Consolidated	
	<u>03/31/2021</u>	<u>12/31/2020</u>	<u>03/31/2021</u>	<u>12/31/2020</u>
Domestic market	166,814	113,258	175,785	122,229
Foreign market	30,866	36,686	30,866	36,686
Allowance for doubtful debts	(4,186)	(4,186)	(4,186)	(4,186)
	<u>193,494</u>	<u>145,758</u>	<u>202,465</u>	<u>154,729</u>

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

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

8. INVENTORIES

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

	<u>03/31/2021</u>	<u>12/31/2020</u>
<u>Current</u>		
Finished goods	116,342	125,173
Raw materials	85,105	71,142
Chrome ore	30,517	42,664
Maintenance supplies (i)	55,263	47,008
	<u>287,227</u>	<u>285,987</u>
<u>Noncurrent</u>		
Maintenance supplies (i)	12,940	12,940
Allowance for obsolescence (ii)	(8,398)	(8,398)
	<u>4,542</u>	<u>4,542</u>
	<u>291,769</u>	<u>290,529</u>

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

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

9. RECOVERABLE TAXES

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
<u>Current</u>				
Recoverable taxes (COFINS and PIS) (i)	93,282	13,002	93,282	13,002
Income tax and social contribution	11,875	11,646	14,309	13,910
Recoverable ICMS	2,529	2,712	2,529	2,712
Others	433	433	458	449
	<u>108,119</u>	<u>27,793</u>	<u>110,578</u>	<u>30,073</u>
<u>Noncurrent</u>				
Recoverable taxes (COFINS and PIS) (i)	75,725	160,724	75,725	160,724
Recoverable ICMS	3,896	4,252	3,896	4,252
Others	77	75	77	75
	<u>79,698</u>	<u>165,051</u>	<u>79,698</u>	<u>165,051</u>
	<u>187,817</u>	<u>192,844</u>	<u>190,276</u>	<u>195,124</u>

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

For purposes of utilization of the credit, the Company has hired a specializing consulting company to calculate the amounts for the relevant period (from 1997 to 2018). The amounts total R\$197,104 and were recorded in this quarter, as follows: (i) R\$116,111 recorded in line item other expenses and operating income, corresponding to the historical credit amount; (ii) R\$80,993 recorded in finance income (costs), arising from its inflation adjustment. The Company recorded the inflation adjustment of the credit, calculated from the date of application for the credit through March 31, 2021, in the amount of R\$ 8,985 (R\$8,282 as at December 31, 2020).

10. ADVANCE TO ENERGY SUPPLIERS

	03/31/2021	12/31/2020
<u>Current</u>		
Advances to power suppliers - Endesa (i)	2,500	2,000
Advances to power suppliers - CHESF (ii)	7,837	9,856
	<u>10,337</u>	<u>11,856</u>
<u>Noncurrent</u>		
Advances to power suppliers- Endesa (i)	3,667	4,167
Advances to power suppliers - CHESF (ii)	-	826
	<u>3,667</u>	<u>4,993</u>
	<u>14,004</u>	<u>16,849</u>

- (i) In the three-month period ended March 31, 2021, the amount recognized at cost was R\$500 (R\$500 as at March 31, 2020).
- (ii) In the three-month period ended March 31, 2021, the appropriate cost was R\$2,845 (R\$2,799 as at March 31, 2020).

11. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

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

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
<u>Deferred tax assets</u>				
Provision for court cases	(55,138)	(55,464)	(55,138)	(55,464)
Provision for losses in inventories (i)	(8,398)	(8,398)	(8,398)	(8,398)
Provision for profit sharing (ii)	(16,596)	(15,657)	(16,596)	(15,657)
Provision for environmental liabilities	(15,399)	(15,079)	(15,399)	(15,079)
Labor and actuarial liabilities	(98,036)	(94,928)	(98,036)	(94,928)
Instruments financial, derivatives	(104,386)	(87,767)	(104,386)	(87,767)
Realization of added value	(13,254)	(12,150)	(13,254)	(12,150)
Allowance for doubtful debts	(4,186)	(4,186)	(4,186)	(4,186)
Suspended-payment taxes (PIS/COFINS)	(4,184)	(4,151)	(4,184)	(4,151)
Tax loss	(14,462)	(39,406)	(14,462)	(39,406)
Other temporary provisions	(17,198)	(15,963)	(17,198)	(15,963)
Tax base	<u>(351,237)</u>	<u>(353,149)</u>	<u>(351,237)</u>	<u>(353,149)</u>
Deferred income tax at the 25% tax rate	85,154	86,378	85,154	86,378
Deferred social contribution at the 9% tax rate	31,611	31,783	31,611	31,783
Deferred income tax and social contribution assets IRPJ/CSLL (A)	<u>116,765</u>	<u>118,161</u>	<u>116,765</u>	<u>118,161</u>

- (i) Allowance for obsolescence related to slow-moving maintenance items and allowance for inventory losses
- (ii) The amount of Management profit sharing is R\$10,624 (R\$7,639 as at December 31, 2020), which is solely used as a basis for the calculation of deferred CSLL. In the case of income tax, this is a permanent.

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
<u>Deferred tax liabilities</u>				
Property, plant and equipment - deemed cost	58,811	58,811	63,385	63,385
Biological assets	68,945	68,945	68,945	68,945
Bargain purchase	75,143	75,143	75,143	75,143
Finance income (ICMS deduction from the PIS/COFINS tax basis)	89,579	88,875	89,579	88,875

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Accelerated depreciation	8,133	8,133	8,134	8,134
Tax base	300,610	299,907	305,185	304,482
Deferred income tax at the 25% tax rate	(75,153)	(74,977)	(76,296)	(76,121)
Deferred social contribution at the 9% tax rate	(27,055)	(26,992)	(27,467)	(27,403)
Deferred income tax and social contribution liabilities ^(B)	<u>(102,208)</u>	<u>(101,969)</u>	<u>(103,763)</u>	<u>(103,524)</u>
Deferred income tax and social contribution, net ^(A+B)	<u>14,557</u>	<u>16,192</u>	<u>13,002</u>	<u>14,637</u>

(*) The balance of deferred tax liabilities in the Consolidated relating to Ferbasa is R\$14,557 (R\$16,192 as at December 31, 2020) and the balance of the subsidiaries recorded in deferred tax assets is R\$1,555 (R\$1,555 as at December 31, 2020).

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

Calendar year	Parent		Consolidated	
	Deferred income tax and social contribution		Deferred income tax and social contribution	
	Assets	Liabilities	Assets	Liabilities
2021	43,364	6,523	43,364	6,523
2022	11,891	624	11,891	624
2023	170	564	170	564
2024	153	504	153	504
2025	137	444	137	444
2026 and thereafter	61,050	93,549	61,050	95,104
	<u>116,765</u>	<u>102,208</u>	<u>116,765</u>	<u>103,763</u>

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

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Pretax profit	71,329	71,380	71,430	71,865
Combined income tax and social contribution tax rate	<u>34%</u>	<u>34%</u>	<u>34%</u>	<u>34%</u>
Income tax and social contribution at statutory rates	(24,252)	(24,269)	(24,286)	(24,434)
Interest on capital	-	26,015	-	26,015
Share of loss of subsidiaries	(1,860)	(5,620)	-	-
Endowments	(41)	(1,305)	(41)	(1,305)
Other	(651)	(2,692)	(2,532)	(8,390)
SUDENE tax incentive (i)	14,464	6,263	14,464	6,263
	<u>(12,340)</u>	<u>(1,608)</u>	<u>(12,395)</u>	<u>(1,851)</u>

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Income tax and social contribution				
SUDENE tax incentive (i)	14,464	6,263	14,464	6,263
Current	(19,784)	(11,083)	(19,839)	(11,326)
Deferred	(7,020)	3,212	(7,020)	3,212
Income tax and social contribution expenses	<u>(12,340)</u>	<u>(1,608)</u>	<u>(12,395)</u>	<u>(1,851)</u>

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

12. ESCROW DEPOSITS

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Labor	748	887	757	896
Tax	43,555	42,169	43,642	42,256
	<u>44,303</u>	<u>43,056</u>	<u>44,399</u>	<u>43,152</u>

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

The Company was informed about the final and unappealable decision that determined the ICMS deduction from the PIS and COFINS tax basis, which inflation adjustment 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 and CSLL and R\$3,766 as PIS and COFINS), and made the respective payments through escrow deposits.

13. INVESTMENTS

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

	Ownership interest %	Assets	Liabilities	Equity	Income	Expenses	Profit (loss)	Share of the subsidiaries' equity	Company's interest (share of profit (loss) of subsidiaries)
<u>March 31, 2020</u>									
Silbasa	51.26	12,810	214	12,596	305	(156)	148	6,457	76
Jacurici	100.00	27,243	1,443	25,800	328	(396)	(69)	25,800	(69)
Reflora	99.98	3,408	5	3,403	43	(19)	24	3,403	24
Damacal	100.00	2,585	263	2,322	23	(7)	16	2,322	16
BW Guirapá	100.00	807,442	346,628	460,795	12,595	(25,945)	(13,350)	531,997	(14,454)(*)
								<u>569,979</u>	<u>(14,407)</u>
<u>March 31, 2021</u>									
Silbasa	51.26	13,097	175	12,922	246	(152)	94	6,624	48
Jacurici	100.00	25,935	1,466	24,469	194	(594)	(400)	24,469	(400)
Reflora	99.98	3,447	19	3,428	28	(31)	(2)	3,427	(2)
Damacal	100.00	2,622	278	2,344	16	(21)	(5)	2,344	(5)
BW Guirapá	100.00	796,090	337,415	458,675	19,786	23,795	(4,009)	525,459	(5,113)(*)
								<u>562,323</u>	<u>(5,472)</u>

(*) Adjusted by assets measured at fair value upon acquisition of BW Guirapá and their realization for the net amount of R\$66,784 and R\$1,104 (R\$71,202 and R\$1,104 as at March 31, 2020).

The financial information on the subsidiaries is summarized as follow:

	Silbasa	Jacurici	Reflora	Damacal	BW		Total
					Guirapá	Outros	
Balances as of December 31, 2019	6,381	25,869	3,379	2,306	546,451	78	584,464
Share of profit (loss) of subsidiaries:							
Period result	76	(69)	24	16	(13,350)	-	(13,303)
Realization of assets measured at their fair value	-	-	-	-	(1,104)	-	(1,104)
Balances as of March 31, 2020	<u>6,457</u>	<u>25,800</u>	<u>3,403</u>	<u>2,322</u>	<u>531,997</u>	<u>78</u>	<u>570,057</u>
Balances as of December 31, 2020	6,576	24,869	3,430	2,348	530,572	78	567,873
Share of profit (loss) of subsidiaries:							
Period result	48	(400)	(2)	(5)	(4009)	-	(4,368)
Realization of assets measured at their fair value	-	-	-	-	(1,104)	-	(1,104)
Balances as of March 31, 2021	<u>6,624</u>	<u>24,469</u>	<u>3,428</u>	<u>2,343</u>	<u>525,459</u>	<u>78</u>	<u>562,401</u>

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

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Farming land	115,419	115,419	115,571	115,571
Land	26,357	26,357	32,127	32,127
Buildings	153,625	154,905	296,199	298,120
Machinery and equipment	277,213	272,463	870,289	876,071
Vehicles and tractors	2,121	2,420	2,121	2,420
Furniture and fixtures	3,400	3,343	3,514	3,460
IT	4,162	4,135	4,210	4,189
Mine development	65,623	65,812	65,623	65,812
In progress and other	23,167	34,901	35,340	47,166
Total property, plant, equipment and intangible assets (14.1)	<u>671,087</u>	<u>679,755</u>	<u>1,424,994</u>	<u>1,444,936</u>
Right-of-use assets - lease (14.2))	<u>24,917</u>	<u>30,531</u>	<u>36,641</u>	<u>42,003</u>
	<u>696,004</u>	<u>710,286</u>	<u>1,461,635</u>	<u>1,486,939</u>

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

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

14.1. Property, plant and equipment and intangible assets

	Parent										Total	
	Farming land	Land	Buildings	Machinery and equipment	Vehicles and tractors	Furniture and fixtures	IT	Mines	Construction in progress, intangible assets, and other			
<u>Cost</u>												
Balances as of December 31, 2019	115,419	26,357	214,322	631,873	74,699	12,520	10,960	109,004	82,517	1,277,671		
Additions and transfers	-	-	7,918	25,936	182	446	3,241	1,926	(31,140)	8,509		
Write-offs/reclassifications	-	-	-	(252)	-	-	-	-	-	(252)		
Balances as of March 31, 2020	115,419	26,357	222,240	657,557	74,881	12,966	14,201	110,930	51,377	1,285,928		
Balances as of December 31, 2020	115,419	26,357	224,919	663,617	74,519	13,059	14,554	114,400	62,181	1,309,025		
Additions and transfers	-	-	877	14,055	54	236	389	1,096	(11,153)	5,554		
Write-offs/reclassifications	-	-	-	-	(112)	-	-	-	-	(112)		
Balances as of March 31, 2021	115,419	26,357	225,796	677,672	74,461	13,295	14,943	115,496	51,028	1,314,467		
<u>Accumulated depreciation and depletion</u>												
Balances as of December 31, 2019			(61,566)	(354,347)	(70,243)	(8,707)	(9,035)	(43,418)	(24,828)	(572,144)		
Depreciation and depletion expenses			(2,053)	(9,575)	(613)	(446)	(274)	(1,083)	(612)	(14,656)		
Write-offs/reclassifications			-	252	-	-	-	-	-	252		
Balances as of March 31, 2020			(63,619)	(363,670)	(70,856)	(9,153)	(9,309)	(44,501)	(25,440)	(586,548)		

	Parent									
	Farming land	Land	Buildings	Machinery and equipment	Vehicles and tractors	Furniture and fixtures	IT	Mines	Construction in progress, intangible assets, and other	Total
Balances as of December 31, 2020	115,419	26,357	(70,014)	(391,154)	(72,099)	(9,716)	(10,419)	(48,588)	(27,280)	(629,270)
Depreciation and depletion expenses	-	-	(2,157)	(9,305)	(353)	(179)	(362)	(1,285)	(581)	(14,222)
Write-offs/reclassifications	-	-	-	-	112	-	-	-	-	112
Balances as of March 31, 2021	115,419	26,357	(72,171)	(400,459)	(72,340)	(9,895)	(10,781)	(49,873)	(27,861)	(643,380)
<u>Net balance at</u>										
03/31/2020	115,419	26,357	158,621	293,887	4,025	3,813	4,892	66,429	25,937	699,380
03/31/2021	115,419	26,357	153,625	277,213	2,121	3,400	4,162	65,623	23,167	671,087
	Consolidated									
	Farming land	Land	Buildings	Machinery and equipment	Vehicles and tractors	Furniture and fixtures	IT	Mines	Construction in progress, intangible assets, and other	Total
<u>Cost</u>										
Balances as of December 31, 2019	115,571	32,127	372,435	1,351,029	83,486	12,681	11,244	109,004	96,507	2,184,084
Additions and transfers	-	-	7,918	25,986	182	478	3,261	1,926	(31,098)	8,653
Write-offs/reclassifications	-	-	-	(302)	-	-	-	-	-	(302)
Balances as of March 31, 2020	115,571	32,127	380,353	1,376,713	83,668	13,159	14,505	110,930	65,409	2,192,435
Balances as of December 31, 2020	115,571	32,127	383,032	1,386,438	83,306	13,252	14,858	114,400	76,461	2,219,445
Additions and transfers	-	-	877	14,055	54	236	389	1,096	(11,065)	5,642
Write-offs/reclassifications	-	-	-	-	(112)	-	-	-	-	(112)
Balances as of March 31, 2021	115,571	32,127	383,909	1,400,493	83,248	13,488	15,247	115,496	65,396	2,224,975

	Consolidated								Total	
	Farming land	Land	Buildings	Machinery and equipment	Vehicles and tractors	Furniture and fixtures	IT	Mines		Construction in progress, intangible assets, and other
<u>Accumulated depreciation and depletion</u>										
Balances as of December 31, 2019			(73,891)	(431,790)	(79,030)	(8,771)	(9,265)	(43,418)	(26,120)	(672,285)
Depreciation and depletion expenses			(2,566)	(18,828)	(613)	(451)	(277)	(1,083)	(782)	(24,600)
Write-offs/reclassifications			-	252	-	-	-	-	-	252
Realization of surplus			104	(1,208)	-	-	-	-	-	(1,104)
Balances as of March 31, 2020			<u>(76,353)</u>	<u>(451,574)</u>	<u>(79,643)</u>	<u>(9,222)</u>	<u>(9,542)</u>	<u>(44,501)</u>	<u>(26,902)</u>	<u>(697,737)</u>
Balances as of December 31, 2020			(84,912)	(510,367)	(80,886)	(9,792)	(10,669)	(48,588)	(29,295)	(774,509)
Depreciation and depletion expenses			(2,902)	(18,629)	(353)	(182)	(368)	(1,285)	(761)	(24,480)
Write-offs/reclassifications			-	-	112	-	-	-	-	112
Realization of surplus			104	(1,208)	-	-	-	-	-	(1,104)
Balances as of March 31, 2021			<u>(87,710)</u>	<u>(530,204)</u>	<u>(81,127)</u>	<u>(9,974)</u>	<u>(11,037)</u>	<u>(49,873)</u>	<u>(30,056)</u>	<u>(799,981)</u>
<u>Net balance at</u>										
03/31/2020	115,571	32,127	304,000	925,139	4,025	3,937	4,963	66,429	38,507	1,494,698
03/31/2021	115,571	32,127	296,199	870,289	2,121	3,514	4,210	65,623	35,340	1,424,994

14.2 Right-of-use assets

The variations in right-of-use assets during the quarter ended March 31, 2021 were as follows:

	Parent	Consolidated			
	Machinery and equipment	Machinery and equipment	Land	Buildings	Total
<i>Cost</i>					
Cost as at 12/31/2019	55,387	55,387	10,166	154	65,707
Additions	2,265	2,265	-	-	2,265
Remeasurement	151	151	-	3	154
Cost as at 03/31/2020	<u>57,803</u>	<u>57,803</u>	<u>10,166</u>	<u>157</u>	<u>68,126</u>
Cost as at 12/31/2020	71,155	71,155	12,153	186	83,494
Remeasurement	-	-	384	4	388
Cost as at 03/31/2021	<u>71,155</u>	<u>71,155</u>	<u>12,537</u>	<u>190</u>	<u>83,882</u>
<i>Depreciation</i>					
Depreciation as at 12/31/2019	(15,814)	(15,814)	(309)	(32)	(16,155)
Additions	(5,828)	(5,828)	(102)	(9)	(5,939)
Depreciation as at 03/31/2020	<u>(21,642)</u>	<u>(21,642)</u>	<u>(411)</u>	<u>(41)</u>	<u>(22,094)</u>
Depreciation as at 12/31/2020	(40,624)	(40,624)	(799)	(68)	(41,491)
Additions	(5,614)	(5,614)	(126)	(10)	(5,750)
Depreciation as at 03/31/2021	<u>(46,238)</u>	<u>(46,238)</u>	<u>(925)</u>	<u>(78)</u>	<u>(47,241)</u>
Balance as at December 31, 2020	30,531	30,531	11,354	118	42,003
Balance as at March 31, 2021	24,917	24,917	11,612	112	36,641

The recognized amounts of additions and remeasurement in the individual amount of R\$0 (R\$2,416 as at March 31, 2020) and consolidated amount of R\$ R\$388 (R\$2,419 as at March 31, 2020) did not affect the statements of cash flow and part of the depreciation of the right of use of lease in the amount of R\$2,276 (R\$2,870 as at March 31, 2020) was recognized as "Cost of inventories".

15. BIOLOGICAL ASSETS

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

The variations in the balance of biological assets are as follows:

	03/31/2021	12/31/2020
At the beginning of the period/year	193,222	185,160
Plantation and maintenance	6,742	15,184
Depletion	(3,848)	(53,333)
Changes in fair value	-	46,211
At end of the period/year	<u>196,116</u>	<u>193,222</u>

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

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

16. TRADE PAYABLES

	Parent		Consolidated	
	<u>03/31/2021</u>	<u>12/31/2020</u>	<u>03/31/2021</u>	<u>12/31/2020</u>
Electric power	16,664	15,997	16,664	15,997
Raw material and inputs	49,272	38,035	49,272	38,035
Other suppliers	15,301	16,912	18,634	19,858
	<u>81,237</u>	<u>70,944</u>	<u>84,570</u>	<u>73,890</u>

17. BORROWINGS AND FINANCING

	Parent		Consolidated	
	<u>03/31/2021</u>	<u>12/31/2020</u>	<u>03/31/2021</u>	<u>12/31/2020</u>
<u>Current</u>				
Financing (i)	74,408	79,474	74,408	79,474
Financing BNDES BW Guirapá I (ii)	-	-	25,901	28,575
ACC	-	25,135	-	25,135
	<u>74,408</u>	<u>104,609</u>	<u>100,309</u>	<u>133,184</u>
Borrowing costs	-	-	(455)	(455)
Total current	<u>74,408</u>	<u>104,609</u>	<u>99,854</u>	<u>132,729</u>
<u>Noncurrent</u>				
Financing (i)	135,827	141,211	135,827	141,211
Financing BNDES BW Guirapá I (ii)	-	-	255,377	259,217
	<u>135,827</u>	<u>141,211</u>	<u>391,204</u>	<u>400,428</u>
Borrowing costs	-	-	(4,384)	(4,498)
Total noncurrent	<u>135,827</u>	<u>141,211</u>	<u>386,820</u>	<u>395,930</u>
Total	<u>210,235</u>	<u>245,820</u>	<u>486,674</u>	<u>528,659</u>

- (i) Refers to long-term third-party capital for investment in the forest area and acquisition of machinery and equipment allocated to metallurgy and mining.
- (ii) Financing with the National Bank for Economic and Social Development (BNDES) raised by subsidiary BW Guirapá and its subsidiaries on October 6, 2015, for the construction of the wind farms. The collaterals offered for debt payment were: pledge of shares of BW Guirapá I, pledge of receivables (O&M agreement), pledge of emerging rights (authorization of independent producer), pledge of machinery and equipment (aerogenerators), conditional assignment of receivables (electric energy sales revenue and CER revenue, and recognition of reserve accounts) and bank guarantee.

The balances, costs and maturities are as follows:

Type	Maturities	Annual changes	Amortization	Collaterals	Parent	Consolidated
FINAME	2021 to 2024	TJLP + 3.4% to 3.9%	Monthly	Financed assets	4,295	4.295
FINEM	2022 to 2025	TJLP + 1.52% to 2.26%	Monthly	Land mortgage	20,343	20.343
FINEM	2032	TJLP + 2.65%	Monthly	See (ii)	-	281.278
				TJLP Subtotal (note 4.3)	<u>24,638</u>	<u>305.916</u>
NCE	2024	CDI + 0.70%	Yearly	Export history	111,075	111.075
NCE	2021	CDI + 1.90%	Yearly	Export history	18,404	18.404
CCB	2024	CDI + 3.58%	Yearly	Clean	52,324	52.324
				CDI Subtotal (note 4.3)	<u>181,803</u>	<u>181.803</u>
FINAME	2022 to 2024	2.5% to 6%	Monthly	Financed assets	3,794	3.794
				Subtotal of other borrowings	<u>3,794</u>	<u>3.794</u>
				Subtotal	<u>210,235</u>	<u>491.513</u>
				(-) Borrowing costs	-	(4,839)
				Total	<u>210,235</u>	<u>486,674</u>

Restrictive covenants

The Company recognizes financing, subject to restrictive covenants that require the compliance with periodic performance ratios, under penalty of accelerated debt maturity in case of noncompliance with the covenants.

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

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

18. LEASE PAYABLE

	Parent	Consolidated			
	Machinery and equipment	Machinery and equipment	Land	Buildings	Total
Balance as at 12/31/2019	38,783	38,783	9,491	122	48,396
Additions	2,265	2,265	-	-	2,265
Remeasurement	151	151	-	3	154
Write-offs	(6,182)	(6,182)	-	-	(6,182)
Present value adjustment	364	364	16	1	381
Balance as at 03/31/2020	<u>35,381</u>	<u>35,381</u>	<u>9,507</u>	<u>126</u>	<u>45,014</u>
Balance as at 12/31/2020	30,204	30,204	10,817	121	41,142
Remeasurement	-	-	384	4	388
Write-offs	(6,436)	(6,436)	-	(10)	(6,446)
Present value adjustment	568	568	31	1	600
Balance as at 03/31/2021	<u>24,336</u>	<u>24,336</u>	<u>11,232</u>	<u>116</u>	<u>35,684</u>
Current	17,689				18,456
Noncurrent	6,647				17,228

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

Maturity year	Parent	Consolidated
2022	5,374	6,231
2023	1,273	2,031
2024	-	690
2025 to 2029	-	3,190
2030 to 2034	-	2,682
2035 to 2039	-	1,846
2040 to 2044	-	486
2045 onwards	-	72
Total	<u>6,647</u>	<u>17,228</u>

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

	Parent				Consolidated			
	Nominal		Adjusted to present value		Nominal		Adjusted to present value	
	31/03/2021	31/12/2020	31/03/2021	31/12/2020	31/03/2021	31/12/2020	31/03/2021	31/12/2020
Consideration	24,300	29,951	24,336	30,204	40,388	46,222	35,684	41,142
Potential PIS/COFINS (9.25%)	2,248	2,770	2,251	2,794	3,736	4,276	3,301	3,806

19. LABOR AND ACTUARIAL LIABILITIES

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
<u>Current</u>				
Payroll and related taxes	8,562	11,592	8,721	11,830
Accrued payroll and related taxes	23,420	20,144	23,529	20,318
Profit sharing (i)	16,596	15,657	16,596	15,657
	<u>48,578</u>	<u>47,393</u>	<u>48,846</u>	<u>47,805</u>
<u>Noncurrent</u>				
Labor and actuarial liabilities (ii)	98,036	94,928	98,036	94,928
	<u>146,615</u>	<u>142,321</u>	<u>146,882</u>	<u>142,733</u>

- (i) The Company's bylaws set forth that, of the profit for the year, up to 10% will be allocated for distribution to employees and, of this balance, up to 10% as management profit sharing. As at March 31, 2021, the Company recognized accrued profit sharing for management and employees in the amounts of R\$10,624, of which R\$ 2,985 relating to the first quarter of 2021 and R\$7,639 relating to 2020, and the balance in lie item "Employees' profit sharing" is R\$5,972 relating to the first quarter of 2021 (R\$8,018 as at December 31, 2020).
- (ii) The Company has a defined, supplementary defined contribution plan, managed by BRASILPREV Seguros e Previdência S.A., and a health care plan, managed by Bradesco Saúde.

The Company also 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.

20. TAXES AND SOCIAL CONTRIBUTIONS

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
<u>Current</u>				
Income tax and social contribution	5,319	-	5,273	90
Federal VAT (IPI)	1,929	992	1,929	992
State VAT (ICMS)	7,474	6,655	7,478	6,661
Withholding Income Tax (IRRF)	2,211	2,608	2,295	2,798
PIS and COFINS	3,766	3,766	4,114	4,111
Other	4,558	717	4,579	831
	<u>25,257</u>	<u>14,738</u>	<u>25,668</u>	<u>15,483</u>
<u>Noncurrent</u>				
PIS and COFINS	-	-	87	87
	<u>25,257</u>	<u>14,738</u>	<u>25,755</u>	<u>15,570</u>

21. FOREIGN EXCHANGE HEDGING INSTRUMENTS (PARENT AND CONSOLIDATED)

The Company contracted derivatives consisting of dollar forward sales (non-deliverable forward, or NDFs) and Advance on Foreign Exchange Contract (ACC) in order to mitigate the currency risk on the conversion of its sales prices, both in the foreign and domestic markets, pursuant to its internal policy approved by 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 designated and not designated for hedge accounting (cash flow hedge) as at March 31, 2021 is broken down as follows:

Maturities	Hedging instrument		Fair value		Hedged item
	Transaction	Notional (US\$)			Transaction
Second quarter of 2021	NDF	36,400	(38,070)		Future sale
Third quarter of 2021	NDF	34,000	(31,170)		Future sale
Fourth quarter of 2021	NDF	<u>8,000</u>	<u>(604)</u>		Future sale
	Subtotal	<u>78,400</u>	<u>(69,844)</u>		
Fourth quarter of 2021	Export exchange forwards	7,710	(11,444)		Future sale
First quarter of 2022	Export exchange forwards	17,224	(23,098)		Future sale
	Subtotal	<u>24,934</u>	<u>(34,542)</u>		
	Total	<u>103,334</u>	<u>(104,386)</u>		

As at March 31, 2021, the Company recorded the amount of R\$104,386 (R\$91,883 in 2020) which was considered as effective for hedge accounting purposes, in equity.

In the period, hedge agreements, which net losses were recognized in profit or loss, in the amount of R\$43,081 (as at March 31, 2020 R\$22,684), 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.

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

Hedging instrument				Hedged item
Maturities	Transaction	Notional (US\$)	Fair value	Transaction
First quarter of 2021	NDF	39,300	(31,982)	Future sale
Second quarter of 2021	NDF	36,400	(21,138)	Future sale
Third quarter of 2021	NDF	34,000	(15,396)	Future sale
Fourth quarter of 2021	NDF	8,000	3,202	Future sale
		<u>117,700</u>	<u>(65,314)</u>	
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)	
	Subtotal	<u>142,634</u>	<u>(87,767)</u>	

Hedging instrument				Hedged item
Maturities	Transaction	Principal	Fair value through other comprehensive income	Transaction
First quarter of 2021	ACC	4,750	(780)	Transaction Advances on export contracts
	Total	<u>147,384</u>	<u>(88,547)</u>	

Below are the variations in hedge during 2021 and 2020:

Balances as at December 31, 2019 (current asset)	3,336
Hedge variation	<u>(91,883)</u>
Balances as at December 31, 2020	(88,547)
Hedge variation	<u>(15,839)</u>
Balances as at March 31, 2021 (liability)	<u>(104,386)</u>
Current asset	104,386
Noncurrent asset	-

22. PROVISION FOR ENVIRONMENTAL LIABILITIES

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

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

The variations in these provisions are as follows:

	Parent		Consolidated	
	<u>03/31/2021</u>	<u>12/31/2020</u>	<u>03/31/2021</u>	<u>12/31/2020</u>
<u>Current</u>				
At the beginning of the year	-	-	579	579
Derecognition	-	-	(579)	(579)
Total current	-	-	-	-
<u>Noncurrent</u>				
At the beginning of the year	15,354	15,395	22,848	22,889
Estimated cash flow review	(76)	(62)	(76)	(62)
Derecognition	(167)	(1,236)	(167)	(1,236)
Inflation adjustment	563	1,257	563	1,257
Total noncurrent	15,674	15,354	23,158	22,848
Total	<u>15,674</u>	<u>15,354</u>	<u>23,168</u>	<u>22,848</u>

23. PROVISION FOR CONTINGENCIES (PARENT AND CONSOLIDATED)

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

	Possible		Probable	
	<u>03/31/2021</u>	<u>12/31/2020</u>	<u>03/31/2021</u>	<u>12/31/2020</u>
Tax/administrative:	29,245	27,078	45,772	46,098
Labor	578	578	5,727	5,727
Civil	405	374	3,639	3,639
	<u>30,228</u>	<u>28,030</u>	<u>55,138</u>	<u>55,464</u>

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

24. CCEE REIMBURSEMENT ACCOUNT (CONSOLIDATED)

	Consolidated	
	03/31/2021	03/31/2021
<u>Current</u>		
CCEE reimbursement account	20,213	19,335
<u>Noncurrent</u>		
CCEE reimbursement account	18,047	12,247
	38,260	31,582

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

- The contractual limit accepted, without the imposition of penalties or bonus, corresponds to the supply from 90% to 130% of the one-year contracted energy, calculated at the end of each quadrenian. In those cases, the positive or negative deviation between the supplied energy and the contracted energy is recognized in assets or liabilities, respectively, upon the application of the adjusted contractual price on the MWh determined. Any differences between the supplied energy and the contracted energy will be offset at every contractual quadrenian; the first quadrenian ended on June 30, 2018 and the second quadrenian began in July 2018.
- If the supplied energy is lower than 90% of the contracted energy, a penalty correspond to 115% of the effective contractual price will be applied on the amount in MWh that is lower than the 90%. If the supplied energy is higher than 130% of the contracted energy, the Companies will receive 70% of the contracted price on the amount in MWh that exceed the 130%. In both cases, the financial compensation is paid beginning July of the current year up to June of the subsequent year.

Also, 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.

25. RELATED-PARTY BALANCES AND TRANSACTIONS

	Profit or loss			Assets	Liabilities
	Lease costs(i)	Sales revenue(ii)	Other operating (income)/ expenses (iii)	Trade receivables (ii)	Other payables (iii)
Parent:					
Fundação José Carvalho	-	18	1,743	12	-
Subsidiaries:					
BW Guirapá S.A.	-	-	(118)	-	-
Silício de Alta Pureza da Bahia S.A.	210	-	-	-	-
Mineração Vale do Jacurici S.A.	90	-	-	-	-

	Profit or loss			Assets	Liabilities
	Lease costs(i)	Sales revenue(ii)	Other operating (income)/ expenses (iii)	Trade receivables (ii)	Other payables (iii)
Reflorestadora e Agrícola S.A.	15	-	-	-	-
Indústria de Minérios Damacal Ltda.	9	-	-	-	-
Related parties:					
Marubeni Corporation (iv)	-	64,957	-	6,043	-
Total as at March 30, 2021	<u>324</u>	<u>64,975</u>	<u>1,625</u>	<u>6,055</u>	<u>-</u>
Total as at December 31, 2020	1,296	240,998	8,228	4,218	6
Total as at March 30, 2020	324	23,076	(113)	17,279	43

- (i) Refers to the leases for the subsidiaries' operations.
- (ii) Revenue and receivables from the sale of alloys (FeSi 75) to the foreign related party and receivables from the sale of timber, quicklime and waste dust to the Parent.
- (iii) Refers to: (a) Cooperation and Partnership Instrument for the reserve and guarantee of enrollment in schools from Fundação José Carvalho for the Company employee's dependents living in the municipalities of the school head offices (Pojuca, Catu and Andorinhas); (b) Agreement for social, education and sports training, for children between 8 and 14 years old, who are public school students, aiming at developing learning and sports; (c) Cooperation and Partnership Instrument for implementation of Memorial José Carvalho which purpose is the preservation of the memory, cultural heritage, existing collection, residence of the founder, besides housing the permanent organizational culture program; and (d) Infrastructure and Administrative Structure Sharing Agreement for 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.

25.1. Overall Management Compensation

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

The table below shows the costs allocated to profit or loss for the periods:

	Parent		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Overall compensation	6,067	3,180	7,099	3,687
Social security charges	577	594	669	695
	<u>6,644</u>	<u>3,774</u>	<u>7,768</u>	<u>4,382</u>

The Company and its subsidiaries do not have key management personnel other than statutory personnel and do not offer share-based compensation plans or other long-term benefits, except for those disclosed in note 24 of the 2020 financial statements.

26. EQUITY

26.1. Capital

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

Shareholders	03/31/2021		12/31/2020	
	Common shares	Preferred shares	Common shares	Preferred shares
Fundação José Carvalho	29,086,696	15,409,000	29,086,696	15,416,000
Trígono capital	400	3,413,000	400	2,450,000
Kadima Asset Management	-	1,200,400	-	1,200,400
Dimensional Funds	-	1,130,582	-	1,231,482
Other shareholders	312,904	34,543,718	312,904	35,398,818
Treasury shares	40,000	3,183,300	40,000	3,183,300
	<u>29,440,000</u>	<u>58,880,000</u>	<u>29,440,000</u>	<u>58,880,000</u>

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

26.2. Treasury shares

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

	03/31/2021		12/31/2020	
	PN	ON	PN	ON
Number of treasury shares	3,183,300	40,000	3,183,300	40,000
Quoted on B3 - R\$/share	34,07	38,27	19,11	31,30
Average acquisition cost - R\$/share	8,07	0,06	8,07	0,06

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

26.3. Earnings reserve

- (a) The legal reserve is recorded upon capital increase and allocation of 5% of profit for the year, up to the limit of 20% of capital, and is used solely to offset losses, after the balances of retained earnings and other earnings reserves are absorbed.
- (b) The SUDENE tax incentive reserves, related to the income tax, refers to the portion of the tax incentive of the income tax (operating profit) and ICMS DESENVOLVE related to the gain on tax incentive of the outstanding State VAT tax balance. These reserves are recognized by transferring the portion of the tax incentive that affected the expenses on income tax and State VAT (ICMS) for the year and cannot be distributed to shareholders. The reserve related to SUDENE also includes the income tax reinvestment amount.
- (c) Profit after the allocation to the legal reserve, the earnings reserve (tax incentive), and the allocation of dividends to be distributed to shareholders, is transferred to line item "Earnings retention reserve - investments", to be realized according to the Company's capital budget and strategic planning. In 2020, the dividends prescribed in the amount of R\$ 2,049 were reversed to the profit reserve account in accordance with Law 6,404/1976.

26.4. Other comprehensive income and equity assessment adjustment

Other comprehensive income comprises the revenue and expense components (including from reclassification adjustments) that are not recognized in the income statement as required or permitted by the pronouncements, interpretations and guidelines issued by the CPC. Created by Law 11638/07, the group of "Equity assessment adjustment" in the Company's equity comprises the valuation adjustments and increases and decreases of assets and liabilities, where applicable, while not recorded in profit or loss for the year, until effective realization.

26.5. Unrealized earnings reserve

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

26.6. Dividends and interest on capital

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

27. EARNINGS PER SHARE

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

	<u>03/31/2021</u>	<u>03/31/2020</u>
Profit attributable to owners of the Company	58,989	(637)

	<u>03/31/2021</u>	<u>03/31/2020</u>
<u>Reconciliation of distributable profit, per class (numerator)</u>		
Profit attributable to:		
Common shares	19,128	(207)
Preferred shares	38,861	(430)
<u>Weighted average number of shares, per class (denominator)</u>		
Weighted average number of treasury shares:		
Common shares	29,400,000	29,400,000
Preferred shares	55,696,700	55,696,700
Basic and diluted earnings per share (in R\$):		
common shares	0.65062	(0.00703)
preferred shares	0.71568	(0.00773)

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

28. NET SALES REVENUE

	<u>Parent</u>		<u>Consolidated</u>	
	<u>03/31/2021</u>	<u>03/31/2020</u>	<u>03/31/2021</u>	<u>03/31/2020</u>
<u>Gross sales revenue</u>				
Domestic market	345,817	201,557	366,227	214,003
Foreign market	216,342	175,710	216,342	175,710
	<u>562,159</u>	<u>377,267</u>	<u>582,569</u>	<u>389,713</u>
<u>Sales deductions</u>				
Returns and rebates	(6,653)	(1,396)	(6,653)	(1,396)
Taxes on sales	(57,581)	(41,142)	(58,592)	(42,135)
	<u>(64,234)</u>	<u>(42,538)</u>	<u>(65,245)</u>	<u>(43,531)</u>
	<u>497,925</u>	<u>334,729</u>	<u>517,324</u>	<u>346,182</u>

29. COSTS AND EXPENSES

	<u>Parent</u>		<u>Consolidated</u>	
	<u>03/31/2021</u>	<u>03/31/2020</u>	<u>03/31/2021</u>	<u>03/31/2020</u>
Cost of sales (i)	(332,939)	(262,368)	(350,121)	(279,019)
Selling expenses	(5,269)	(3,128)	(5,269)	(3,128)
General and administrative expenses	(17,316)	(18,155)	(18,005)	(19,001)
Employee profit sharing	(5,972)	-	(5,972)	-
Management fees and profit sharing	(6,644)	(3,774)	(7,768)	(4,382)
Total general and administrative expenses	<u>(29,932)</u>	<u>(21,929)</u>	<u>(31,745)</u>	<u>(23,383)</u>
Other income (expenses), net (iii)	(9,727)	(7,694)	(10,964)	(10,053)
	<u>(377,867)</u>	<u>(295,119)</u>	<u>(398,089)</u>	<u>(315,583)</u>

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

	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Variable cost and indirect product expenses	(216,275)	(150,021)	(218,488)	(151,386)
Personnel expenses (ii)	(79,718)	(67,995)	(81,844)	(69,763)
Depreciation and depletion expenses	(20,958)	(25,628)	(31,352)	(35,683)
Expenses on services provided	(28,133)	(24,365)	(31,334)	(28,551)
Maintenance and repair costs	(16,893)	(14,477)	(17,938)	(15,190)
Fuel and lubricants	(4,763)	(4,129)	(4,779)	(4,147)
Idle capacity cost	(1,400)	(810)	(1,400)	(810)
Other income (expenses)	(9,727)	(7,694)	(10,954)	(10,053)
	<u>(377,867)</u>	<u>(295,119)</u>	<u>(398,089)</u>	<u>(315,583)</u>

(i) Cost of sales includes:

- a) Cost of the electricity supply for the 14 electric furnaces, In addition to the electric furnaces, there is energy consumption in auxiliary services and other functions, as well as in mining.
- b) The Company imports reactive metallurgical coke (met coke) (a commodity available in the foreign market) for the production of ferrochrome.
- c) Cost of chrome ore transportation between the mines (municipality of Campo Formoso) and the metal plant (Pojuca, BA), by rail.
- d) The consolidated balance includes costs of depreciation, amortization, power transmission, electric grid use charges, operation and maintenance, among others, for wind power generation in the amount of R\$17,423 (March 31, 2020, R\$16,879).

(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	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Post-employment benefits	(3,108)	(2,934)	(3,108)	(2,934)
Other taxes and contributions	(380)	(358)	(560)	(541)
Corporate and social responsibility	(1,863)	(760)	(1,863)	(760)
Consulting and researches	(121)	(673)	(121)	(673)
Penalty (note 24)	-	-	(2,130)	(1,722)
Realization of added value	-	-	(1,104)	(1,104)
Provision for TUST	414	(1,174)	414	(1,174)
Other expenses	(4,669)	(1,795)	(2,482)	(1,145)
	<u>(9,727)</u>	<u>(7,694)</u>	<u>(10,954)</u>	<u>(10,053)</u>

30. FINANCE INCOME

	Parent		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
<u>Finance income</u>				
Income from short-term investments	1,164	411	1,707	1,213
Exchange rate changes	7,349	11,713	7,349	11,713
Other finance income	922	631	928	670
	<u>9,435</u>	<u>12,755</u>	<u>9,984</u>	<u>13,596</u>
<u>Finance costs</u>				
Exchange rate changes	(4,893)	(4,189)	(4,893)	(4,189)
Adjustment to the provision for mine closure	(487)	(331)	(487)	(331)
Interest paid or incurred	(3,404)	(3,029)	(8,225)	(8,888)
Other finance costs	(827)	(460)	(1,103)	(692)
	<u>(9,611)</u>	<u>(8,009)</u>	<u>(14,708)</u>	<u>(14,100)</u>
<u>Hedging financial instruments</u>				
Change in hedge assets	-	293	-	293
Change in hedge liabilities	(43,081)	(22,977)	(43,081)	(22,977)
	<u>(43,081)</u>	<u>(22,684)</u>	<u>(43,081)</u>	<u>(22,684)</u>
	<u>(43,257)</u>	<u>(17,938)</u>	<u>(47,805)</u>	<u>(23,188)</u>

31. OPERATING SEGMENTS

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

- Alloy Segment - involves the operations of high chrome alloys, low carbon alloys and ferrochrome, of silicon 75 special and silicon 75 standard;
- Wind power segment - include the transactions of subsidiary BW Guirapá;
- Other segments - include forestry activity, with standing timber sales and mining activities with chrome ore, chromite sand, quicklime and hydrated lime sales.

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

Consolidated

	Alloys		Wind power		Other segments		Total	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020	03/31/2021	03/31/2020	03/31/2021	03/31/2020
<u>Net sales</u>								
Domestic market	277,416	150,919	19,428	11,482	10,006	9,014	306,850	171,415
Foreign market	190,132	174,767	-	-	20,342	-	210,474	174,767
	467,548	325,686	19,428	11,482	30,348	9,014	517,324	346,182
Cost of sales	(302,123)	(248,940)	(17,423)	(16,879)	(30,575)	(13,200)	(350,121)	(279,019)
Gross profit	165,425	76,746	2,005	(5,397)	(227)	(4,186)	167,203	67,163
Operating expenses	(43,847)	(33,340)	(1,275)	(2,301)	(2,846)	(923)	(47,968)	(36,564)
Operating profit from before finance income	121,578	43,406	730	(7,698)	(3,073)	(5,109)	119,235	30,599
<u>Sale of products (tonnes)</u>								
Domestic market	41,062	33,436						
Foreign market	31,048	32,779						
	72,110	66,215						

32. INSURANCE

The Company and its subsidiaries have insurance coverage against equipment fire, explosions, electrical damages, vehicles, civil liability, operational and corporate risks and performance bond as at March 31, 2021 in the amount of R\$87,413 (R\$86,990 in 2020) in the Parent and R\$949,664 (R\$949,241 in 2020) in the Consolidated.
