



Parent company and consolidated
financial statements at
December 31, 2021 and
independent auditor's report



Contents

Parent company and consolidated financial statements

Balance sheet.....	2
Statement of operations.....	4
Statement of comprehensive income.....	5
Statement of changes in equity.....	6
Statement of cash flows.....	7
Statement of value added.....	8

Notes to the parent company and consolidated financial statements

1	General considerations	10
1.1.	Main events occurred during 2021.....	10
2	Section C – Presentation of financial statements and summary of significant accounting policies	16
2.1	Basis of presentation	16
2.2	Consolidation	17
2.3	Foreign currency translation.....	18
3	New standards, amendments and interpretations of standards issued by the CPC and IASB ..	18
4	Critical accounting estimates and judgments	18
5	Socio-environmental risk management	19
5.1	Risks related to climate change and the sustainability strategy	19
6	Financial risk management.....	20
6.1	Financial risk factors	20
6.2	Derivative financial instruments.....	24
6.3	Fair value estimation	29
6.3.1	Sensitivity analysis statement	31
6.3.1.1	Capital management.....	32
7	Financial instruments by category	32
7.1	Offsetting of financial instruments	35
8	Cash and cash equivalents	35
9	Financial investments	35
10	Trade accounts receivable	36
11	Inventory.....	37
12	Recoverable taxes.....	38
13	Related parties	39
14	Electric power futures contracts	42
15	Investments.....	43
16	Property, plant and equipment	47
16.1	Impairment of non-financial assets.....	48
16.2	Asset retirement obligations - “ARO”	48
17	Intangible assets.....	51
17.1	Goodwill	51
17.2	Rights to natural resources	52
17.3	Use of public assets – UBP	52
18	Leases.....	56
19	Loans, financings and debentures.....	59
20	Supplier finance programs	64

21	Current and deferred income tax and social contribution	64
22	Provisions.....	67
23	Use of public assets – UBP	73
24	Equity	75
25	Net revenue from goods sold and services rendered.....	77
26	Income breakdown by nature.....	79
27	Employee benefit expenses	80
28	Other operating income (expenses), net	81
29	Net financial result	82
30	Insurance (Unaudited)	82
31	Information by segment.....	83
32	Subsequent events.....	84

Balance sheet at December 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Assets	Note	Parent company		Consolidated	
		2021	2020	2021	2020
Current assets					
Cash and cash equivalents	8	1.280.956	563.985	1.449.345	632.438
Financial investments	9	280.485	509.514	337.350	616.936
Derivative financial instruments	6.2	10.749	115.253	10.749	115.253
Trade accounts receivable	10	605.096	404.870	698.249	474.715
Inventory	11	1.236.046	837.416	1.592.312	1.069.880
Taxes recoverable	12	252.447	430.714	294.434	442.365
Dividends receivable	13	15.415	8.041	664	25
Other assets		63.026	50.953	71.880	53.535
		<u>3.744.220</u>	<u>2.920.746</u>	<u>4.454.983</u>	<u>3.405.147</u>
Non-current assets					
Long-term receivables					
Financial investments	9	64	64	64	64
Derivative financial instruments	6.2	22.171	715.677	28.985	864.486
Taxes recoverable	12	662.662	841.949	685.465	848.125
Deferred income tax and social contribution	21	342.498	274.414	253.943	175.768
Related parties	13	47.274	16.916	57.323	16.913
Judicial deposits	22	15.157	14.271	16.656	15.141
Other assets		43.988	3.340	69.768	33.528
		<u>1.133.814</u>	<u>1.866.631</u>	<u>1.112.204</u>	<u>1.954.025</u>
Investments	15	1.383.455	1.187.573	204.972	198.774
Property, plant and equipment	16	4.155.577	4.114.563	5.152.008	5.106.496
Intangible assets	17	784.471	422.828	997.923	531.263
Right-of-use assets	18	39.685	13.897	43.137	15.240
		<u>7.497.002</u>	<u>7.605.492</u>	<u>7.510.244</u>	<u>7.805.798</u>
Total assets		<u>11.241.222</u>	<u>10.526.238</u>	<u>11.965.227</u>	<u>11.210.945</u>

The accompanying notes are an integral part of these parent company and consolidated financial statements.

Balance sheet at December 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Liabilities and shareholders' equity	Note	Parent company		Consolidated	
		2021	2020	2021	2020
Current liabilities					
Loans and financing	19	38.285	33.067	69.383	63.839
Derivative financial instruments	6.2	231.289	398.782	231.289	398.782
Lease liabilities	18	25.542	8.114	27.126	8.805
Confirming payables	20	557.750	594.581	558.017	594.581
Trade payables		558.300	330.503	655.626	425.951
Salaries and payroll charges		145.131	158.491	162.243	175.666
Tax liabilities		32.832	31.058	78.275	74.166
Advances from customers		38.981	19.152	47.663	31.862
Dividends payable	13	57.199	79	142.191	33.810
Use of public assets – UBP	23	66.477	41.767	74.314	47.703
Electric power futures contracts	14	11.142	65.490	11.142	65.490
Related parties	13	350	561	350	561
Provisions	22	29.218	522	29.218	522
Other liabilities		24.142	36.743	72.797	68.925
		<u>1.816.638</u>	<u>1.718.910</u>	<u>2.159.634</u>	<u>1.990.663</u>
Non-current liabilities					
Loans and financing	19	3.036.682	2.852.249	3.036.682	2.882.666
Derivative financial instruments	6.2	99.840	762.479	109.600	905.084
Lease liabilities	18	15.569	6.412	17.563	7.110
Related parties	13	49.543	2.034	61.800	2.034
Provisions	22	784.579	758.261	790.729	760.947
Use of public assets – UBP	23	868.914	660.401	943.800	715.713
Electric power futures contracts	14	24.253	153.010	24.253	153.010
Deferred income tax and social contribution	21			39.636	
Other liabilities		44.405	49.083	65.549	53.585
		<u>4.923.785</u>	<u>5.243.929</u>	<u>5.089.612</u>	<u>5.480.149</u>
Total liabilities		<u>6.740.423</u>	<u>6.962.839</u>	<u>7.249.246</u>	<u>7.470.812</u>
Shareholders' equity					
Share capital	24	4.705.309	4.950.095	4.705.309	4.950.095
Capital reserve		183.384		183.384	
Accumulated losses			(985.901)		(985.901)
Carrying value adjustments		(387.894)	(400.795)	(387.894)	(400.795)
Atributable to CBA's shareholders		4.500.799	3.563.399	4.500.799	3.563.399
Atributable to non-controlling interests				215.182	176.734
Total shareholders' equity		<u>4.500.799</u>	<u>3.563.399</u>	<u>4.715.981</u>	<u>3.740.133</u>
Total liabilities and shareholders' equity		<u>11.241.222</u>	<u>10.526.238</u>	<u>11.965.227</u>	<u>11.210.945</u>

The accompanying notes are an integral part of these parent company and consolidated financial statements.

Statement of operations
Years ended December 31

All amounts in thousands of reais unless otherwise stated (A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		2021	2020	2021	2020
Net revenues from products sold and services provided	25	7.382.884	4.796.993	8.423.180	5.411.382
Cost of products sold and services provided	26	(6.171.956)	(4.443.087)	(6.799.472)	(4.831.133)
Gross profit		1.210.928	353.906	1.623.708	580.249
Operating income (expenses)					
Selling	26	(30.283)	(32.667)	(42.269)	(37.120)
General and administrative	26	(294.097)	(236.477)	(338.027)	(283.902)
Other operating income (expenses), net	28	120.592	177.183	97.799	174.761
		(203.788)	(91.961)	(282.497)	(146.261)
Operating income before holdings interest and financial results		1.007.140	261.945	1.341.211	433.988
Equity income					
Equity	15	131.610	46.758	12.724	(3.046)
		131.610	46.758	12.724	(3.046)
Net financial results	29				
Financial income		94.378	132.529	109.816	136.081
Financial expenses		(426.236)	(393.780)	(461.500)	(414.554)
Result of derivative financial instruments		(67.344)	533	(70.289)	533
Foreign exchange gains (losses)		(74.468)	(212.456)	(74.554)	(214.534)
		(473.670)	(473.174)	(496.527)	(492.474)
Income (loss) before income tax		665.080	(164.471)	857.408	(61.532)
Income tax and social contribution	21				
Current				(68.000)	(52.479)
Deferred		77.864	(763.357)	48.319	(765.849)
Net income (loss) for the year		742.944	(927.828)	837.727	(879.860)
Attributable to CBA's shareholders		742.944	(927.828)	742.944	(927.828)
Attributable to non-controlling interests				94.783	47.968
Net income (loss) for the year		742.944	(927.828)	837.727	(879.860)
Weighted average number of outstanding shares, in thousands		887.440	934.150		
Basic and diluted earnings (losses) per share	24 (e)	837,18	(993,23)		

Statement of comprehensive income
Years ended December 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		2021	2020	2021	2020
Net income (loss) for the year		742.944	(927.828)	837.727	(879.860)
Other comprehensive income (loss) that can be reclassified to the statement of operations					
Operational hedge accounting, before taxes	24 (d)	11.632	(451.206)	11.632	(451.206)
Interest in other comprehensive income of investees		1.269		1.269	
		12.901	(451.206)	12.901	(451.206)
Total comprehensive income (loss) for the year		755.845	(1.379.034)	850.628	(1.331.066)
Attributable to CBA's shareholders		755.845	(1.379.034)	755.845	(1.379.034)
Attributable to non-controlling interests				94.783	47.968
Total comprehensive income (loss) for the year		755.845	(1.379.034)	850.628	(1.331.066)

Statement of changes in equity
Years ended December 31
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Attributable to CBA's shareholders						
		Share capital		Profit reserve		Total	Non-controlling interests	Shareholders' equity
		Share capital	Expenses on issuance of shares	Accumulated losses	Carrying value adjustments			
At January 1, 2020		4.950.095		(58.073)	50.411	4.942.433	185.934	5.128.367
Total comprehensive income for the year								
Net income (loss) for the year				(927.828)		(927.828)	47.968	(879.860)
Other comprehensive income					(451.206)	(451.206)		(451.206)
				(927.828)	(451.206)	(1.379.034)	47.968	(1.331.066)
Transactions with shareholders								
Dividends							(19.657)	(19.657)
Reduction of capital							(37.511)	(37.511)
							(57.168)	(57.168)
At December 31, 2020		4.950.095		(985.901)	(400.795)	3.563.399	176.734	3.740.133
At January 1, 2021		4.950.095		(985.901)	(400.795)	3.563.399	176.734	3.740.133
Total comprehensive income for the year								
Net income for the year				742.944		742.944	94.783	837.727
Other comprehensive income					12.901	12.901		12.901
				742.944	12.901	755.845	94.783	850.628
Transactions with shareholders								
Capital increase	1.1 (a)	521				521		521
Partial spin-off with capital reduction	1.1 (b)	(417.696)				(417.696)		(417.696)
Capital reduction with loss absorption	1.1 (b)	(483.461)		483.461				
Capital increase - initial public offering	1.1 (f)	700.000				700.000		700.000
Expenses on issuance of shares	1.1 (f)		(44.150)			(44.150)		(44.150)
Allocation of income for the year								
Constitution of legal reserve	24 (b)			(12.025)				
Dividends	24 (b)			(57.120)		(57.120)	(56.335)	(113.455)
Profit retention				(171.359)				
		(200.636)	(44.150)	242.957		181.555	(56.335)	125.220
At December 31, 2021		4.749.459	(44.150)		(387.894)	4.500.799	215.182	4.715.981

The accompanying notes are an integral part of these parent company and consolidated financial statements.
 6 of 84

Statement of cash flows Years ended December 31 All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2021	2020	2021	2020
Cash flow from operational activities				
Income (loss) before income tax	665.080	(164.471)	857.408	(61.532)
Adjustments to items that do not represent changes in cash and cash equivalents				
Interest, monetary and exchange variations	405.148	423.665	417.007	431.909
Equity	15 (131.610)	(46.758)	(12.724)	3.046
Depreciation, amortization and depletion	26 426.008	376.412	496.045	431.481
Electric power futures contracts	28 (183.105)	125.222	(183.105)	125.222
Gain on the sale of assets	28 (29.000)		(29.000)	
Write-off on the sale of assets	28 532.733	43.189	533.889	43.353
Constitution (reversal) for asset depreciation (impairment)	28 (603.945)	17.807	(603.945)	17.807
Derivative financial instruments		204.305	912.332	204.305
Gain on investment acquisition	28 (17.143)	(365.999)	(17.143)	(365.999)
Constitution of provisions, net		57.500	35.071	56.908
Recognition of tax credits related to the ICMS exclusion from the PIS and COFINS calculation basis		(168.133)		(168.133)
Hydrological risk renegotiation	15 (a) (i) (188.047)		(285.446)	
Rondon project impairment	14 (a) (i) 111.955		111.955	
Spending on non-activatable projects		50.816	50.816	
	1.983.606	502.739	2.283.160	718.367
Decrease (increase) in assets				
Financial investments	188.543	(173.739)	234.517	(163.114)
Derivative financial instruments	(796.573)	(156.229)	(796.573)	(164.065)
Trade accounts receivable	(196.397)	(41.915)	(219.590)	(28.298)
Inventory	(402.801)	67.033	(523.959)	(723)
Taxes recoverable	464.143	264.702	477.713	264.735
Judicial deposits	(4.620)	100.197	(5.232)	100.118
Other credits and other assets	(32.134)	(12.737)	(16.190)	(37.179)
Increase (decrease) in liabilities				
Trade payables	227.797	(75.359)	229.509	(49.854)
Confirming payables	(36.831)	259.451	(36.564)	259.451
Salaries and payroll charges	(13.360)	37.355	(13.518)	48.293
Tax liabilities	1.774	18.011	(64.335)	17.663
Payments of tax, civil and labor proceedings	(68.039)	(29.281)	(68.038)	(29.281)
Other obligations and other liabilities	5.725	21.343	45.533	39.083
Cash provided by operating activities	1.320.833	781.571	1.526.433	975.196
Interest paid on loans, financing, debenture and use of public assets – UBP	(196.421)	(115.807)	(198.263)	(119.406)
Income tax and social contribution paid	(106.589)		(167.108)	(43.786)
Net cash provided by operating activities	1.017.823	665.764	1.161.062	812.004
	00/01/1900	00/01/1900	00/01/1900	00/01/1900
Cash flow from investment activities				
Acquisition of property, plant and equipment and intangible assets	16 e 17 (457.986)	(338.932)	(523.577)	(362.251)
Acquisition of investment	(2.500)	(204.329)	(2.500)	(204.329)
Investment acquisition price adjustment	12.828		12.828	
Capital increase in investees	15 (d) (106.600)	(60.000)		
Capital reduction in investees		33.667		
Receipt for the sale of fixed and intangible assets	(2.555)	7.845	(5.918)	7.865
Dividends and interest on equity received	35.633	33.244		11.244
Net cash used in investment activities	(521.180)	(528.505)	(519.167)	(547.471)
Cash flow from financing activities				
Receipt for the issuance of common shares - Primary offering of shares	1.1 (f) 700.000		700.000	
Cost of issuing shares	1.1 (f) (44.150)		(44.150)	
New loans and financing	19 (c) 308.928	533.000	308.928	533.000
Amortization of loans, financing and debentures	19 (c) (324.301)	(276.487)	(354.741)	(308.689)
Capital reduction	1.1 (b) (407.022)		(407.022)	(37.511)
Derivative financial instruments	16.026	(5.262)	16.026	2.068
Dividends paid			(11.391)	
Lease payments made	18 (29.153)	(14.696)	(32.924)	(18.121)
Net cash provided by financing activities	220.328	236.555	174.726	170.747
Increase in cash and cash equivalents	716.971	373.814	816.621	435.280
Effect of company acquired and included in consolidation			286	6.837
Cash and cash equivalents at the beginning of the year	563.985	190.171	632.438	190.321
Cash and cash equivalents at the end of the year	1.280.956	563.985	1.449.345	632.438
Non-cash transactions				
Capital increase	1.1 (a) 521		521	
Properties involved in the capital reduction	1.1 (b) 10.674			
New lease agreements	18 53.254	14.411	58.854	15.529

The accompanying notes are an integral part of these parent company and consolidated financial statements.

Statement of value added
Years ended December 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		2021	2020	2021	2020
Revenues					
Sales of products sold and services provided (excluding sales returns and rebates)		8.755.276	5.569.267	10.162.963	6.423.248
Other operating income		77.670	472.254	56.657	469.996
Impairment of trade accounts receivable	10 (a)	3.829	3.959	3.814	5.305
		<u>8.836.775</u>	<u>6.045.480</u>	<u>10.223.434</u>	<u>6.898.549</u>
Inputs purchased from third parties					
Raw materials and other production inputs		(4.539.496)	(2.771.605)	(5.103.361)	(3.051.142)
Materials, electricity, third-party services and others		(1.523.026)	(1.108.458)	(1.576.632)	(1.132.895)
		<u>(6.062.522)</u>	<u>(3.880.063)</u>	<u>(6.679.993)</u>	<u>(4.184.037)</u>
Gross added value		<u>2.774.253</u>	<u>2.165.417</u>	<u>3.543.441</u>	<u>2.714.512</u>
Depreciation, amortization and depletion	16,17 e 18	(426.008)	(376.412)	(496.045)	(431.481)
Constitution (reversal) for asset depreciation (impairment)	16,17 e 18	603.945	(25.992)	603.945	(25.992)
Hydrological risk renegotiation	26	188.047		285.446	
Net added value produced		<u>3.140.237</u>	<u>1.763.013</u>	<u>3.936.787</u>	<u>2.257.039</u>
Added value received in transfer					
Equity income	15	131.610	46.758	12.724	(3.046)
Financial income and foreign exchange gains		552.677	558.302	587.398	559.929
Deferred taxes	21	77.864	(763.357)	48.319	(765.849)
		<u>762.151</u>	<u>(158.297)</u>	<u>648.441</u>	<u>(208.966)</u>
Total added value to be distributed		<u>3.902.388</u>	<u>1.604.716</u>	<u>4.585.228</u>	<u>2.048.073</u>
Distribution of added value					
Personnel and social charges	27				
Direct remuneration		383.225	371.984	431.984	421.953
Social charges		186.635	202.239	214.154	219.689
Benefits		108.305	98.109	122.814	111.772
		<u>678.165</u>	<u>672.332</u>	<u>768.952</u>	<u>753.414</u>
Taxes and contributions					
Federal		905.140	517.285	1.210.166	730.269
State		486.998	276.147	620.032	355.706
		<u>1.392.138</u>	<u>793.432</u>	<u>1.830.198</u>	<u>1.085.975</u>
Remuneration of third-party capital					
Financial expenses and foreign exchange losses		1.026.347	1.031.476	1.083.925	1.052.403
Rentals and leases		62.794	32.147	64.426	32.984
		<u>1.089.141</u>	<u>1.063.623</u>	<u>1.148.351</u>	<u>1.085.387</u>
Remuneration of equity					
Share of non-controlling shareholders				94.783	47.968
Net income (loss) for the year		742.944	(927.828)	742.944	(927.828)
		<u>742.944</u>	<u>(927.828)</u>	<u>837.727</u>	<u>(879.860)</u>
Distributed added value		<u>3.902.388</u>	<u>1.601.559</u>	<u>4.585.228</u>	<u>2.044.916</u>

(A free translation of the original in Portuguese)

Companhia Brasileira de Alumínio



Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

1 General considerations

Companhia Brasileira de Alumínio (the “Company” or “CBA”) is controlled by Votorantim S.A. (“VSA”) and headquartered in the city of São Paulo. The Company’s main activities are the exploration of bauxite mining in the national territory, and producing and/or trading bauxite, alumina, primary aluminum and processed products in Brazil and abroad. The Company has a wide range of products, such as ingots, billets, plates, coils, sheets and extruded products. In addition, the Company has a plant in Pernambuco, located in the city of Itapissuma, with an installed capacity of 50 thousand tons per year of aluminum sheets and plates, which contributes to improving the competitiveness of the national industry in relation to imported products, complementing CBA’s line of rolled products.

CBA has also an investee Metalex, which is located in Araçariguama, in the state of São Paulo, which recycles aluminum scrap for production of billet. The unit has a production capacity of 90 thousand tons per year.

The Company sells surplus electricity generation in the local market, up to February 2022, through Votener - Votorantim Comercializadora de Energia, a company belonging to Votorantim Group that provides business intermediation and advisory services related to the sale of electricity. The Company also controls nickel operations.

The bauxite processed by the Company comes predominantly from three own mining units, located in Goiás (Barro Alto) and Minas Gerais (Poços de Caldas and Miráí), and from a small part of a supplier also located in the state of Goiás (Barro Alto), with which the Company has a purchase and sale agreement effective until 2028.

The Company has its own hydroelectric power plants and participates in consortia, which enables it to reduce the cost of energy consumed during the primary aluminum production process. Overall, there are 21 hydroelectric plants in the South, Southeast and Midwest regions of Brazil, totaling 1.4 gigawatts of 100% renewable installed capacity, already adjusted by the Company's share in the assets and with an average capacity factor of 53%. In addition, the Company participates in the construction of a wind farm park in the Northeast, with a capacity of 171.6 megawatt.

1.1. Main events occurred during 2021

(a) Capital increase (acquisition of Amola Faca Farm)

On February 26, 2021, the parent company VSA increased capital in the Company in the amount of Brazilian Reais (“BRL”) 521, through an investment in local currency in the amount of BRL 0.42 and the property owned by “Fazenda Saloba or Amola Faca”, in the total amount of BRL 521.

(b) Partial spin-off with capital reduction for investor VSA and capital reduction with loss absorption

On March 30, 2021, the corporate reorganization was approved through a partial spin-off with a capital reduction of the Company in the amount of BRL 417,696, with a transfer in local currency in the amount of BRL 407,021 to the parent company VSA, being BRL 380,500 paid in cash on March 31, 2021 and the remaining amount of BRL 26,521 paid on April 5, 2021, in addition to the transfer of land to VSA in the amount of BRL 10,674.

Notes to the parent company and consolidated financial statements at December 31, 2021**All amounts in thousands of reais unless otherwise stated**

On March 30, 2021, partial absorption of accumulated losses by capital reduction of the Company was also approved, in the amount of BRL 483,461.

(c) Effects of the pandemic caused by the new Coronavirus (COVID-19)

Due to the COVID-19 pandemic declared by the World Health Organization (WHO), which has been affecting Brazil and many countries worldwide, posing risks to public health and affecting the world economy, the Company, according to a corporate response plan for this pandemic, has been taking preventive and risk-mitigation measures in line with the guidelines established by national and international health authorities, aiming to minimize, as much as possible, any impacts with regard to the health and safety of its employees, family, partners and communities, and the continuity of its operations and business.

The Company's Crisis Committee is addressing the matter in order to coordinate the actions related to the contingency plan, seeking to minimize the associated risks, as well as the impacts on its business. The Company is also continually evaluating the matter with its customers, suppliers and other creditors. In this scenario, the Company and its subsidiaries evaluated the following estimates in the financial statements:

i. Expected credit losses arising from the impacts of COVID-19

The Company and its subsidiaries assessed the position of accounts receivable at December 31, 2021, and understand that the position of accounts receivable, as well as credit provisions that are difficult to recover or doubtful, reflect the best and most accurate analysis by Management regarding the quality of the solvency of the rights in question. Such analysis was made based on the Company's accounting policies, and on the assessment of the creditors' financial situation during the year ended December 31, 2021.

ii. Impairment of tangible and intangible assets

The Company and its subsidiaries evaluated the indications of impairment of assets resulting from the pandemic and concluded that there are no indications of a change in the recoverable value of their fixed and intangible assets.

In addition, Management assessed the need for impairment per cash-generating unit (CGU) for goodwill balances due to expected future profitability and concluded that there was no need for an impairment provision for the assessed balances.

iii. Recoverability of deferred tax assets

The Company and its subsidiaries assessed deferred tax assets on a tax loss or negative basis and temporary differences recorded in their balance sheet as of December 31, 2021 and based on the recoverability tests carried out in the 4th quarter of 2021, we recognized deferred taxes on a tax loss and negative basis, as mentioned in Note 21 (b)(i).

iv. Inventory loss estimate due to low turnover and change in realizable value

The Company and its subsidiaries did not identify any material changes in the realizable value of the inventories, considering the sales price projections, and did not identify a need to increase the estimated loss of the inventories accounted for, due to the COVID-19 pandemic, considering the inventory turnover analysis.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated
v. Compliance with obligations assumed to customers and suppliers

The Company and its subsidiaries evaluated their main contracts of supply to customers and from suppliers, respectively, and concluded that, despite the impacts caused by the pandemic, the contractual restrictions have been met and therefore currently these contracts do not present insolvency or liquidity issues.

vi. Compliance with obligations in debt contracts - covenants

The Company and its subsidiaries assessed compliance with the contractual clauses in debt contracts on December 31, 2021, certifying that all agreements were compliant with the established clauses in such contracts.

Considering that the Company is exposed to operational risks arising from legal restrictions that may be imposed as a result of COVID-19, it is impossible to ensure that its operations will not be impacted or that its results will not be affected by future consequences of the pandemic. However, it is important to point out that during the year the aluminum market showed a good recovery, notably due to the increase in demand for both primary and processed products, including with a better product mix. As a result, the Company has shown a good recovery of volumes, in addition to benefiting from the more favorable aluminum price scenario at the London Metal Exchange and exchange rates, and consequently better results in 2021.

(d) Generation Scaling Factor (GSF)

Law 14.052 of September 9, 2020 established new conditions for the renegotiation of the hydrological risk of electricity generation, providing that the generators will be compensated by extending the concession period of their grants due to the occurrence of non-hydrological risks that influenced the GSF negatively after 2012. The extension of the grant is limited to seven years, subject to the withdrawal of eventual lawsuits or the right to discuss issues related to the Energy Reallocation Mechanism – MRE by the eligible agents.

Initially, the Company measured its best estimate regarding the renegotiation of the hydrological risk, based on the parameters determined by the Brazilian Electricity Regulatory Agency (ANEEL) regulation, and carried out the respective accounting for the intangible asset against the statement of operations as recovery of costs with electricity, totaling BRL 141,559, recorded under intangible assets and deferred taxes of BRL 48,130. The amounts calculated and accounted for were approved by the Board of Directors on March 30, 2021. Subsequently, ANEEL, through its Ratifying Resolution 2,919 of August 3, 2021, ratified the deadlines previously recorded, as detailed below:

Power plant	Extension period in days	Amount
UHE Sobragi	567	34.081
UHE Piraju	1.783	37.049
UHE Ourinhos	1.941	20.271
UHE Salto do Rio Verdinho	2.555	50.158

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

For the power plants in which the Company participates through consortia or other entities, the adhesion for the renegotiation of the hydrological risk took place through deliberations by each of the consortium members and other shareholders. In addition, ANEEL approved the extension deadlines for the granting of these plants, through Ratifying Resolution 2,932, of September 14, 2021. As a result, the Company recognized, in 2021, the additional amount of BRL 143,887, recorded under “Intangible assets” and deferred taxes in the amount of BRL 48,922, as detailed below:

Power plant	Approval Resolution	Extension period in days	Amount R\$
UHE Salto Pilão	2.932	1.735	46.488
UHE Barra Grande	2.932	1.757	40.743
UHE Campos Novos	2.932	1.318	56.656
			<u>143.887</u>

As a result of the application of Law 14,052, of September 9, 2020, the Company and its subsidiaries recognized, during the year, a total credit of BRL 285,446, recorded under “Intangible assets” (Note 17) and deferred taxes in the amount of BRL 97,052 (Note 21 (b)) referring to the renegotiation of the hydrological risk of electricity generation.

(e) Remeasurement of Asset Retirement Obligation (ARO)

In March 2021, the Company updated its environmental obligations for the demobilization of assets in the amount of BRL 72,640 for the Niquelândia, São Miguel Paulista and Itamarati units, recorded under Property, plant and equipment (Note 16 (ii)) and Provisions (Note 22), and simultaneously constituted impairment on this items of property, plant and equipment.

In its cash flow revaluation, the Company recorded BRL 26,840, which corresponds mainly to the constitution of the decommissioning of Barro Alto, remeasurement of the balance of the environmental rehabilitation of the Mirai mining and review of the cash flow of Niquelândia, recorded under “Property, plant and equipment” (Note 16 (v)).

(f) Initial public offering

On July 14, 2021, the registration of the Company’s primary and secondary initial public offering of shares was granted by CVM, in conformity with the procedures provided for in CVM Instruction 400. The total funding was BRL 1,610,000, at a price per share of BRL 11.20, observing the primary and secondary offers. The trading of the Company's shares in B3 S.A. – Brasil, Bolsa, Balcão) began the following day on July 15, 2021.

The Company’s share capital was BRL 4,049,459 until the IPO, fully subscribed and paid-up, represented by 533,333,333 common, registered, book-entry shares with no par value.

In the context of the primary offering, the Company issued 62,500,000 common shares and carried out an increase in gross capital of BRL 700.000 (BRL 655,850 net of fees and commissions), raising the Company’s share capital to BRL 4,749,460, composed of 595,833,333 common, registered, book-entry shares with no par value.

Notes to the parent company and consolidated financial statements at December 31, 2021**All amounts in thousands of reais unless otherwise stated**

As disclosed in a definitive prospectus of the public offer, the Company intends to use the net resources from the Primary Offer to finance (i) its organic growth for the next two years (70% of allocation); and (ii) its inorganic growth through potential strategic acquisitions (30% of allocation).

In the context of the secondary offering, Votorantim S.A. sold 81,250,000 shares of the Company owned by it (including the shares of the supplementary lot), raising BRL 910,000. This secondary offering did not change the Company's shareholding control, which remains with VSA, and the ultimate parent company Hejoassu Administração S.A.

The total of 143,750,000 common shares issued by the Company are outstanding in the market, representing a total of 24.1% of its share capital.

(g) Acquisition of shares of Santa Cruz Geração de Energia S.A.

On June 16, 2021, the share purchase and sale agreement for the acquisition of 100% of the shares of Santa Cruz Geração de Energia S.A. ("Santa Cruz") was signed, the closing of which was completed on August 10, 2021. The price paid for the acquisition totaled BRL 2,500, the net assets and liabilities acquired generated a gain of BRL 4,315, recorded under "Other operating income (expenses), net".

(h) Grouping of the Company's common shares

On June 21, 2021, the reverse split of 1,233,375,762 common shares representing the Company's share capital was approved at the ratio of 2.31257955519536 common shares to 1 common share, resulting in a total of 533,333,333 common shares. The reverse split did not affect the rights and advantages, equity or political, of the shares issued by the Company.

(i) Contracting of committed credit facility

The Company has concluded a US\$ 100 million committed credit facility, which replaced Votorantim S.A.'s current facility of US\$ 200 million, of which the Company is one of the parties.

In this operation, CBA must measure and report the indicator of annual greenhouse gas emissions until 2025, and if the defined targets are reached, it will have a cost benefit. Otherwise, there will be an increase in its annual cost. This credit facility brings even more transparency and demonstrates the Company's commitment to reducing greenhouse gas emissions. The operation was supported by the opinion of Sustainalytics, a global external consultancy specializing in ESG research, ratings and data for financial operations (Second-Party Opinion), which evaluated the environmental indicator used.

The new operation has a period of five years, has been carried out with eight financial institutions and can be accessed at any time of the contract.

(j) Acquisition of wind self-production assets with repurchase option by VTRM Energia Participações S.A. ("VTRM")

On August 30, 2021, the Company completed the process of acquiring 49% of the wind energy self-production assets of Ventos de Santo Anselmo Energias Renováveis S.A. ("Ventos de Santo Anselmo") and Ventos de Santo Isidoro Energias Renováveis S.A. ("Ventos de Santo Isidoro") of the VTRM.

Notes to the parent company and consolidated financial statements at December 31, 2021**All amounts in thousands of reais unless otherwise stated**

Wind Power Generation Parks are part of the Piauí II and III Wind complex, located between the states of Pernambuco and Piauí, with 171,6 MW of installed capacity, equivalent to 74,4 MW of average guaranteed energy. The energy supply will be for the Itapissuma and Alumínio plants, starting in 2023.

With the completion of the operation, the Company reinforces its investments in the diversification of the renewable energy matrix. The total price of the acquisition by the Company is BRL 59,560, with BRL 47,112 of direct purchase by the Company, and BRL 12,448 of purchase by the subsidiary CBA Itapissuma with annual installments to be paid between 2023 and 2027, these values were initially recognized at fair value and subsequently measured at the amortized cost using the effective interest rate method, classified as balances receivable and payable with related parties, according to Note 13.

In addition, the Company and VTRM have signed an energy supply agreement for a period of 10 years with the option of repurchase of these assets at the end of the term of the supply contract. These assets' repurchase option, which is contractually established, can be exercised unilaterally by VTRM and the effects of the option were included in the annual financial statements.

(k) Sale of the São Miguel Paulista nickel refinery

On September 27, 2021, the Company agreed to extend the closing date of the sale transaction of the São Miguel Paulista nickel refinery in São Paulo, from December 31, 2021 to March 31, 2022. Subsequently, on December 23, 2021, the Company agreed to extend the closing date of the sale and purchase transaction of the nickel refinery from March 31, 2022 to April 30, 2022.

The sale price of BRL 125,000 will be received in installments subject to the conditions established in the contract, with the exception of the initial installment of BRL 15,000 already paid in December 2020. All installments will be received until June 2023, and the payment of the next installment of BRL 47,500 is scheduled for the closing date of the transaction.

The assets related to the refinery that will be written off with the sale have a 100% provision for impairment, as described in Note 16.2 (a).

(l) Water crisis in Brazil

The Company's Management has followed the subject matter involving the water crisis that Brazil is currently experiencing and that significantly impacted the reservoir levels of the hydroelectric power plants in the country in 2020, thus bringing impacts on market energy prices perceived by energy consumers. The Company evaluated the subject and has not so far identified any relevant effect that could affect the contracts it has with its counterparties.

(m) Extension for 27 years of the granting of the Barra, França, Fumaça, Porto Raso and Serraria Hydro Power Plants

On October 1, 2021, the Companhia was granted, via the Official Journal of the Federal Government, the extension for 27 years of the granting of the Hydro Power Plants HPP Barra, HPP França, HPP Fumaça, HPP Porto Raso and HPP Serraria.

The annual value, adjusted for the remaining 27-year period of the Grants, for the base date December 2019, will be paid in favor of the reasonableness of tariffs as Use of Public Assets, according to the table below:

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

Power plant	Unique Generation Enterprise Code - CEG	UBP Annual Value adjusted for the remaining period of the grant (27 years)
UHE Barra	UHE.PH.SP.000207-0.01	3.564
UHE França	UHE.PH.SP.000990-3.01	2.924
UHE Fumaça	UHE.PH.SP.001000-6.01	3.828
UHE Porto Raso	UHE.PH.SP.002128-8-01	1.845
UHE Serraria	UHE.PH.SP.002740-5-01	1.274

(n) Sale of the assets of the Iron Nickel unit

On December 8, 2021, the Company signed the closing documents related to the purchase and sale agreement signed with Araguaia Níquel Metais Ltda. in August 2020, including the asset transfer agreement related to the Iron Nickel project. As previously reported, the transaction amount was BRL 39,318 (USD 7 million), and the installments will be paid until 2027.

At December 31, 2021, the Company recorded a gain on disposal of BRL 29,000 (net of the impacts of the adjustment to present value), recorded under “Other operating income (expenses), net” (Note 28).

Consequently, the Company wrote off the cost of these assets in the amount of BRL 403,788, which were 100% impaired. The recognition of revenue, the write-off of the cost and the reversal of the impairment impacted the item “Other operating income (expenses), net”. The amounts receivable related to this transaction are recorded under “Other Assets”, with BRL 5,335 recorded in current assets (net of receipt of BRL 3,370) and BRL 20,295 recorded in non-current assets.

2 Section C – Presentation of financial statements and summary of significant accounting policies
2.1 Basis of presentation
(a) Parent company and consolidated financial statements

The parent company and consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, effective at December 31, 2021, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and their interpretations (IFRIC), and disclose all (and only) the applicable significant information related to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

The parent company and consolidated financial statements have been prepared on a historical cost basis, which, for certain financial assets and liabilities, including derivative instruments, have been measured at fair value.

The accounting policies applied to the financial statements are consistent with those adopted and disclosed in the financial statements for previous years. The accounting policies of the subsidiaries, associates and joint ventures are adjusted to ensure consistency with the policies adopted by the Company.

The accounting policies that are significant and relevant in understanding the financial statements were included in the respective explanatory notes, with a summary of the recognition and measurement bases used by the Company.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

The preparation of financial statements require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The Company has prepared the parent company and consolidated statements of value added as an integral part of the financial statements, which are required by the Brazilian corporate law and the accounting practices adopted in Brazil, in accordance with the criteria defined in CPC 09 - Statement of Value Added. The IFRS do not require the presentation of these statements are, therefore, they are considered supplementary information, without prejudice to the set of financial statements.

(b) Approval of the financial statements

The issuance of these parent company and consolidated financial statements was approved by the Company's Board of Directors on March 15, 2022.

2.2 Consolidation

The Company consolidates all entities which it controls, that is, when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to direct the significant activities of the investee.

The subsidiaries included in this consolidation are described in Note 2.2 (c).

(a) Subsidiaries

Subsidiaries are fully consolidated from the date on which control is transferred to the Company.

Transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(b) Associates and joint ventures

Joint ventures are accounted for in the financial statements in a manner consistent with the Company's contractual rights and obligations. Therefore, the assets, liabilities, revenues and expenses related to its interests in joint operations are individually accounted for in the financial statements.

Investments in associates and joint ventures are accounted for on the equity method and are initially recognized at cost. The Company's investments in associates and joint ventures include goodwill identified on acquisition, net of any accumulated impairment loss.

Dilution gains and losses arising on investments in associates and joint ventures are recognized in the statement of operations.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

(c) Main companies included in the consolidated financial statements

	Percentage of total capital		Percentage of voting capital (%)		Headquarters	Main activities
	2021	2020	2021	2020		
CBA Energia Participações S.A.	33,33	33,33	100,00	100,00	São Paulo - Brazil	Participation in energy generation companies
CBA Itapissuma Ltda.	100,00	100,00	100,00	100,00	São Paulo - Brazil	Production of aluminium laminates
CBA Machadinho Geração de Energia Ltda.	100,00	100,00	100,00	100,00	São Paulo - Brazil	Participation in energy generation companies
Metalex Ltda.	100,00	100,00	100,00	100,00	São Paulo - Brazil	Production of aluminium and its alloys in primary forms
Santa Cruz Geração de Energia S.A.	100,00	-	100,00	-	São Paulo - Brazil	Energy generation
Exclusive financial investments funds						
Fundo de Investimentos Pentágono CBA						
Multimercado - Crédito privado	100,00	100,00	100,00	100,00	Brazil	Management of financial resources

2.3 Foreign currency translation

(a) Functional and presentation currency

The Company’s functional currency is the Brazilian Real (“BRL”).

(b) Transactions and balances

Foreign currency transactions are translated into Reais using the foreign exchange rates prevailing at the dates of the transactions or the dates of valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations as “Foreign exchange variations, net”.

3 New standards, amendments and interpretations of standards issued by the CPC and IASB

The following amendments to standards issued by the International Accounting Standards Board (IASB) were adopted for the first time for the year beginning January 1, 2021:

i. Lease Incentives: amendments to IFRS 16/CPC 06 “Leases”

On March 31, 2021, this pronouncement was amended as a result of benefits granted to lessees in lease agreements due to the COVID-19 pandemic. The Company evaluated the content of this pronouncement and did not identify any impacts, as the clauses of the current lease agreements remained unchanged.

Other standards and amendments are effective for years beginning on or after January 1, 2021. The adoption of these new standards had no impact on the Company’s financial statements.

4 Critical accounting estimates and judgments

Based on assumptions, the Company makes estimates concerning the future. By definition, accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the respective notes.

- Derivative financial instruments (Note 6.2)

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

- Trade accounts receivable (Note 10)
- Taxes recoverable (Note 12)
- Electric power futures contracts (Note 14)
- Property, plant and equipment and asset retirement obligations (Note 16)
- Intangible assets (Note 17)
- Leases (Note 18)
- Deferred income tax and social contribution (Note 21)
- Provisions (note 22)

5 Socio-environmental risk management

The Company and its subsidiaries operate in several segments and, therefore, their activities are subject to numerous national and international environmental laws, regulations, treaties and conventions, including those that regulate the discharge of materials into the environment, which require removal and cleaning, avoiding contamination of the environment, or related to environmental protection.

Violations of existing environmental regulations expose offenders to substantial fines and financial penalties and may require technical measures or investments to ensure compliance with mandatory emissions limits.

The Company and its subsidiaries periodically conduct surveys for the purpose of identifying potentially impacted areas and record, based on the best cost estimate, the estimated values for investigation, treatment and cleaning of potentially impacted sites.

5.1 Risks related to climate change and the sustainability strategy

Given the nature of the Company's operations, there is inherent exposure to risks related to climate change.

The Company's operation has as main source of its energy matrix the use of water resources. Consequently, the decrease in the availability of water resources in the basins may impact the Company's ability to generate sufficient energy in its different own energy matrices and, consequently, make acquisitions in the market at higher costs.

Additionally, the Company's assets, notably property, plant and equipment (Note 16) and intangible assets (Note 17), may be impacted by climate change, mainly in relation to their recoverability ("impairment"), which were assessed in the context of the preparation of the financial statements. In the year ended December 31, 2021, Management considered the main risk data and assumptions highlighted below:

i. Transition risks:

Legal and political: carbon pricing and border taxes on aluminum;

Technological: risks of not carrying out, at the appropriate pace, innovations in solutions and processes in view of the growing demand for low-carbon aluminum. The Company considers this risk low as its aluminum has a low carbon footprint;

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

Market: dealuminization due to the carbon footprint of aluminum (risk linked to the sector), as well as fluctuations in aluminum prices due to the effects of climate change in producing countries;

Reputational: stigmatization of the sector as carbon intensive, which may impact the Company's reputation, despite its low carbon footprint. This risk is low and requires communication and transparency of the Company's positive results, which could be an opportunity.

ii. Physical risks:

Chronic: they are mainly related to reduced precipitation, increased periods of drought and increased temperature, which can lead to reduced energy generation by water source, operational stoppage due to lack of water, conflicts over the use of water, as well as an increase in heat-related illnesses;

Acute: referring to extreme weather events, with the potential to cause soil collapse in mining areas, loss of seedlings used in planting mined areas, overload of electrical systems, and damage to physical structures of operations.

6 Financial risk management

6.1 Financial risk factors

The activities of the Company and its subsidiaries expose them to various financial risks: (a) market risk (currency, commodity prices and interest rate); (b) credit risk; and (c) liquidity risk.

A significant portion of the products sold by the Company are commodities (aluminum), whose prices are benchmarked in international quotations (LME) and denominated in U.S. dollars.

Costs, however, are predominantly denominated in Brazilian Reais, resulting in the natural mismatch of currencies between revenues and costs. Additionally, the Company and its subsidiaries have loans linked to different interest rates and currencies, which may affect their cash flow.

In order to mitigate the various effects of each market risk factor, the Company and its subsidiaries follow a Financial Policy, approved by the Board of Directors, with the purpose of establishing governance and its macro guidelines in the financial risk management process, as well as measurement and monitoring indicators.

The financial policy is discussed and approved by the Executive Board or Board of Directors, according to the governance structure described in the Financial Policy and the Company's Bylaws.

In accordance with this Policy, financial instruments that may be contracted for financial protection and risk mitigation include: conventional swaps, calls or puts, collars, currency futures contracts, interest or commodities and non-deliverable forward (NDF) contracts. Strategies that contemplate calls and puts simultaneously are only authorized if the net result of the operation is not short in volatility of the underlying asset. The Company and its subsidiaries do not enter into financial instruments for speculative purposes.

(a) Market risk

(i) Foreign exchange risk

The Financial Policy emphasizes that the purpose of derivative operations is to reduce cash flow volatility, reduce foreign-exchange exposure and avoid mismatching between the Company's currencies. In order to reduce exchange exposure arising predominantly from future revenue tied to US dollar, the Company uses

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

derivative instruments as approved in its Financial Policy to: (i) place its operating contracts and debts in Brazilian Reais in the same currency as its revenue (US dollar); and (ii) convert its revenues in US dollar into Brazilian Reais, thus obtaining a lower exposure to US dollar (the exchange exposure is equal to revenues in US dollar less costs and debts in the same currency).

The Brazilian Reais (BRL) is the Company's functional currency, and all efforts of the market risk management process are intended to protect cash flow in this currency, the reduction of currency exposure, preserving the ability to pay financial obligations and maintain liquidity and debt levels defined by the Board of Directors. This protection is done considering the net foreign-exchange exposure.

The table below shows the balance of assets and liabilities indexed in foreign currency at the balance sheet closing date:

	Note	Parent company		Consolidated	
		2021	2020	2021	2020
Assets in foreign currency					
Cash and cash equivalents	8	305.072	333.310	334.760	345.302
Derivative financial instruments	6.2	32.919	830.931	39.734	979.739
Trade accounts receivable		174.140	76.065	196.507	81.805
		512.131	1.240.306	571.001	1.406.846
Liabilities in foreign currency					
Loans and financing (i)		2.635.883	2.728.788	2.635.883	2.728.788
Derivative financial instruments	6.2	331.128	1.161.262	340.889	1.303.866
Confirming payables		397.445	445.257	397.445	445.257
Trade payables		72.405	14.927	80.786	14.371
		3.436.861	4.350.234	3.455.003	4.492.282
Net exposure		(2.924.730)	(3.109.928)	(2.884.002)	(3.085.436)

(i) Funding costs are not being considered in this amount.

(ii) Cash flow or fair value risk associated with interest rate

The Company's interest rate risk arises from operating contracts, loans, financing and debentures. Loans and financing issued at floating rates expose the Company to the risk of interest rate fluctuations, thus affecting the Company's cash flow. Loans, financing and debentures issued at fixed rates expose the Company to fair value risk associated with interest rate.

The Financial Policy establishes guidelines and standards to protect against interest rate volatility that affects the cash flow of the Company and its subsidiaries. Based on projected exposures (from operating contracts or debt) to key interest rate indexers (mainly CDI and IPCA), the Treasury department prepares proposals for hedging, when applicable, and submits them for approval by the Executive Board or the Board of Directors.

Such hedge proposals may consider an exchange of indexers in an active interest position for indexers in a passive exchange position or in the currency itself.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

(iii) Commodity price risk

The Financial Policy establishes guidelines to protect against commodity price fluctuations that affect the cash flow of the Company and its operational subsidiaries.

Exposures to each commodity consider the monthly production projections, volume of commodities purchased and maturity flows of hedges associated thereto. The executed hedges are classified as strategic hedges and aim to ensure a reduction in cash flow volatility through commodity and foreign exchange rates.

(b) Credit risk

Exposure to counterparty and issuer credit risk is generated by derivative financial instruments, time deposits, CDBs and repo operations backed by debentures and federal government securities.

The Company's Financial Policy defines that only issuers with at least two ratings from the following rating agencies should be considered: Fitch Ratings, Moody's or S&P Global Ratings. The minimum rating required for counterparties is "A" (on a local scale) for onshore operations or "BBB-" (on a global scale) for offshore operations, or equivalent. In addition, the Financial Policy defines limits for allocation by counterparty taking into account the concentration and percentage of each entity's equity.

For financial assets whose issuers do not meet the aforementioned minimum credit risk ratings, different criteria proposed by the Treasury department and approved by the Board of Directors may be applied instead.

The methodology used to assess counterparty risks in derivative instrument operations is pre-settlement risk. This methodology consists of determining, through simulations using the Monte Carlo model, the value at risk associated with non-compliance with the financial commitments defined in the agreement with each counterparty. The use of this methodology follows guidelines defined in the Financial Policy.

(c) Liquidity risk

Liquidity risk is managed in accordance with the Financial Policy, in order to guarantee an adequate liquid position to meet the Company's financial commitments on time and at no additional cost. The main liquidity measurement and monitoring instrument is cash flow projection.

The following table sets forth the Company's main financial liabilities by maturity range (remaining period in the balance sheet until the contractual maturity date). Derivative financial liabilities are included in the analysis when their contractual maturities are essential for an understanding of temporary cash flows. The amounts disclosed in the table are future cash flows, including interest to be incurred, which is why these amounts cannot be reconciled with the amounts disclosed in the balance sheet for loans and financing, leases, debentures and use of public assets.

**Notes to the parent company and consolidated
financial statements at December 31, 2021**
All amounts in thousands of reais unless otherwise stated

	Parent company					
	Up to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total
At December 31, 2021						
Loans, financing and debentures	172.352	1.120.307	1.417.693	962.941	42.513	3.715.806
Derivative financial instruments	231.289	13.156	14.206	51.948	20.530	331.129
Lease liabilities	25.093	14.772	96			39.961
Confirming payables	557.750					557.750
Trade payables	558.300					558.300
Dividends payable	57.199					57.199
Use of public assets - UBP	49.844	121.519	505.998	#REF!	#REF!	#REF!
Related parties	350	49.543				49.893
	<u>1.652.177</u>	<u>1.309.639</u>	<u>1.553.514</u>	<u>1.453.235</u>	<u>569.041</u>	<u>6.537.606</u>

	Parent company					
	Up to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total
At December 31, 2020						
Loans and financing	157.709	153.074	2.002.695	1.241.042	36.956	3.591.476
Derivative financial instruments	398.782	117.904	153.806	348.098	142.671	1.161.261
Lease liabilities	26.838	16.876	112			43.827
Confirming payables	594.581					594.581
Trade payables	330.503					330.503
Dividends payable	79					79
Use of public assets - UBP	45.014	99.292	111.918	346.078	587.456	1.189.758
Related parties	561	2.034				2.595
	<u>1.554.067</u>	<u>389.180</u>	<u>2.268.531</u>	<u>1.935.218</u>	<u>767.083</u>	<u>6.914.080</u>

	Consolidated					
	Up to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total
At December 31, 2021						
Loans, financing and debentures	205.450	1.120.307	1.417.693	962.941	42.513	3.748.904
Derivative financial instruments	231.289	13.156	14.432	58.743	23.269	340.889
Lease liabilities	26.838	16.876	112			43.826
Confirming payables	558.017					558.017
Trade payables	655.626					655.626
Dividends payable	142.191					142.191
Use of public assets - UBP	57.681	137.192	510.357	#REF!	#REF!	#REF!
Related parties	350	61.800				62.150
	<u>1.877.442</u>	<u>1.355.345</u>	<u>1.569.429</u>	<u>1.499.212</u>	<u>576.139</u>	<u>6.877.567</u>

	Consolidated					
	Up to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total
At December 31, 2020						
Loans and financing	189.350	184.109	2.002.695	1.241.042	36.956	3.654.152
Derivative financial instruments	398.782	130.926	183.383	419.527	171.248	1.303.866
Lease liabilities	9.698	7.143	102			16.943
Confirming payables	594.581					594.581
Trade payables	425.951					425.951
Dividends payable	33.810					33.810
Use of public assets - UBP	53.221	116.475	128.943	392.369	623.324	1.314.332
Related parties	561	2.034				2.595
	<u>1.705.954</u>	<u>440.687</u>	<u>2.315.123</u>	<u>2.052.938</u>	<u>831.528</u>	<u>7.346.230</u>

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

6.2 Derivative financial instruments

Accounting policy

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method for recognizing the resulting gain or loss depends on whether or not the derivative is designated as a hedging accounting instrument. That being the case, the method depends on the nature of the item being hedged.

The Company adopts the hedge accounting and designates certain derivatives as:

(a) Cash flow hedge

In order to reduce cash flow volatility in Brazilian Reais, the Company hires derivative financial instruments and it designates non-derivative liabilities as hedge accounting.

Operating results hedging program (revenue/strategic hedge) – In order to reduce the cash flow volatility, the Company contracts derivative financial instruments to perform commodity forward sales in conjunction with the sale of US dollar forwards.

In June 2021, the Company discontinued such hedge and the current contracts will expire in May 2022.

The effective portion of changes in the fair value of designated derivatives and qualified as cash flow hedges is recognized in equity under "Carrying value adjustments". The amounts accumulated in equity related to any ineffective installments are immediately recognized in the statement of operations for the year. Gains or losses are taken to the statement of operations in the periods in which the referred sales refer to the LME (London Metal Exchange) price.

Export premium hedging program – In order to reduce cash flow volatility, the Company contracted in 2020 and 2021 derivative financial instruments to protect a portion of the premium adopted in foreign market sales against currency exchange rate fluctuations. The hedge, in this case, was created through the purchase and sale of options, forming a zero cost collar ("ZCC") structure. This structure provides protection range in which the premium traded in US dollars may float between an upper and a lower limit for the exchange rate. The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedge is recognized in equity under "Carrying value adjustments". The amounts accumulated in equity related to any ineffective installments are immediately recognized in the statement of operations for the year. Gains or losses are taken to the statement of operations for the years in which the referred sales refer to the LME (London Metal Exchange) price. At December 31, 2021, the Company has no outstanding balances related to this program.

Dollarized Export Credit Note (NCE) - In order to hedge the future cash flow generated by dollarized revenues (given that prices are negotiated based on the prices of the LME - London Metal Exchange - in dollars per ton), the Company designated non-derivative financial liabilities in foreign currency in hedge accounting. The effective portion of the foreign exchange variation of operations designated and qualified as cash flow hedge is recognized in equity under "Carrying value adjustments". The amounts accumulated in equity related to any ineffective installments are immediately recognized in the statement of operations for the year. Gains or losses, as well as the amortization of interest, are charged to income in the periods in which sales referenced in LME (London Metal Exchange) price are made.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

(b) Derivatives instruments not designated in hedge accounting

In order to reduce cash flow volatility in reais, the Company contracts derivative financial instruments to hedge its exchange rate exposure. The instruments below were not designated as hedge accounting.

Debt hedging instruments in US Dollars - derivative financial instruments contracted with the objective of converting floating rates in IPCA (or another index) in Reais into fixed rates in US Dollars, partially matching the currency of financial expenses and debt amortization with that of revenue, thus reducing the company's US dollar exchange exposure. The hedge is undertaken through swaps. Gains or losses, as well as the mark-to-market of operations, are recognized in the statement of operations for the year under "Financial Result".

Hedging instruments for operating contracts - derivative financial instruments contracted with the objective of converting floating rates in IPCA (or another index) in Reais of the company's operating contracts into fixed rates in US Dollars, partially matching the currency of the operating contracts with that of the revenue, thus reducing the company's US dollar exchange exposure. Hedge is undertaken through swaps. Gains or losses, as well as the mark-to-market of operations, are recognized in the statement of operations for the year under "Financial Result".

(c) Fair value of derivatives and other financial instruments

Established pricing models are used to determine the fair value of financial instruments that are not traded in active markets. The Company uses its judgment to choose certain methods and to make assumptions that are based primarily on market conditions prevailing at the balance sheet date:

All derivative financial instrument transactions were traded in over-the-counter markets.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

(d) Effects of derivatives on the balance sheet, financial result and cash flow

The following summary table presents the derivative financial instruments and the object hedged by them:

Programs	Unit	Main value		Unit	Parent company					
		2021	2020		2020		2021			
					Total (net between assets and liabilities)	Income (expense)	Financial result	Fair value Other comprehensive income	Realized gain (loss)	Total (net between assets and liabilities)
Derivative instruments designated in hedge accounting										
Operating results hedging program (strategic hedge)										
Aluminum forward	ton	57.200	203.130	ton	(349.803)	(858.811)		193.697	797.465	(217.452)
US Dollar forward	thousands of USD	119.641	337.363	thousands of USD	51.823	15.487		(63.180)	(1.278)	2.852
					(297.980)	(843.324)		130.517	796.187	(214.600)
Export premium hedging instruments										
US Dollar collars	thousands of USD		4.680	thousands of USD	457	546		(1.389)	386	
					457	546		(1.389)	386	
Derivative instruments not designated in hedge accounting										
Debt hedging instruments in dollars										
US Dollar forward		50.040						3.533	(3.533)	
Floating rate swaps in IPCA vs. fixed rate in USD	BRL	141.948	154.200	BRL	(52.091)			(54.501)	51.116	(12.493)
					(52.091)			(50.968)	51.116	(16.026)
Hedging instruments for operating energy contracts										
Floating rate swaps in IPCA vs. fixed rate in USD	BRL	651.235	651.235	BRL	19.283			(15.640)	(19.283)	(15.640)
					19.283			(15.640)	(19.283)	(15.640)
					(330.331)	(842.778)	(66.608)	160.961	780.547	(298.209)
Current assets					115.253					10.749
Non-current assets					715.677					22.171
Current liabilities					(398.782)					(231.289)
Non-current liabilities					(762.479)					(99.840)
					(330.331)					(298.209)

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

										Consolidated
										2021
										2020
										Fair value
										Other
										Realized gain
										(loss)
										Total (net
										between assets
										and liabilities)
Strategy	Unit	2021	2020	Unit	Total (net between assets and liabilities)	Income (expense)	Financial result	comprehensive income	Realized gain (loss)	Total (net between assets and liabilities)
Derivative instruments designated in hedge accounting										
Operating results hedging instruments (strategic hedge)										
Aluminum forward	ton	57.200	203.130	ton	(349.803)	(858.811)		193.697	797.465	(217.452)
US Dollar forward	thousands of USD	119.641	337.363	thousands of USD	51.823	15.487		(63.180)	(1.278)	2.852
					(297.980)	(843.324)		130.517	796.187	(214.600)
Export premium hedging instruments										
US Dollar collars	thousands of USD		4.680	thousands of USD	457	546		(1.389)	386	
					457	546		(1.389)	386	
Derivative instruments not designated in hedge accounting										
Debt hedging instruments in dollars										
US Dollar forward		50.040					3.533		(3.533)	
Floating rate wswaps in IPCA vs. fixed rate in USD	BRL	141.948	154.200	BRL	(52.091)	(54.501)	51.116		(12.493)	(67.969)
					(52.091)	(50.968)	51.116		(16.026)	(67.969)
Hedging instruments for operating energy contracts										
Floating rate swaps in IPCA vs. fixed rate in USD	BRL	823.310	823.310	BRL	25.487	(18.586)	(25.487)			(18.586)
					25.487	(18.586)	(25.487)			(18.586)
					(324.127)	(842.778)	(69.554)	154.757	780.547	(301.155)
Current assets					115.253					10.749
Non-current assets					864.486					28.985
Current liabilities					(398.782)					(231.289)
Non-current liabilities					(905.084)					(109.600)
					(324.127)					(301.155)

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

Programs	Unit	2022	2023	2024	2025	2026	2027	2028	2029	Parent company	
										Fair value by maturity 2030	As of 2030
Derivative instruments designated in hedge accounting											
Operating results hedging program (strategic hedge)											
Aluminum forward	ton	(217.452)									
US Dollar forward	thousands of USD	2.852									
		(214.600)									
Derivative instruments not designated in hedge accounting											
Floating rate swaps in IPCA vs. fixed rate in USD	thousands of BRL	(5.940)	(6.546)	(6.611)	(6.553)	(6.562)	(6.509)	(6.437)	(4.261)	(4.192)	(14.358)
		(5.940)	(6.546)	(6.611)	(6.553)	(6.562)	(6.509)	(6.437)	(4.261)	(4.192)	(14.358)
Hedging instruments for operating energy contracts											
Floating rate swaps in IPCA vs. fixed rate in USD	thousands of BRL		15.969	3.552	1.645	(295)	(1.953)	(3.813)	(5.417)	(6.789)	(18.539)
			15.969	3.552	1.645	(295)	(1.953)	(3.813)	(5.417)	(6.789)	(18.539)
		(220.540)	9.423	(3.059)	(4.908)	(6.857)	(8.462)	(10.250)	(9.678)	(10.981)	(32.897)

Programs	Per unit	2022	2023	2024	2025	2026	2027	2028	2029	Consolidated	
										Fair value by maturity 2030	As of 2030
Derivative instruments designated in hedge accounting											
Operating results hedging program (strategic hedge)											
Aluminum forward	ton	(217.452)									
US Dollar forward	thousands of USD	2.852									
		(214.600)									
Derivative instruments not designated in hedge accounting											
Floating rate swaps in IPCA vs. fixed rate in USD	thousands of BRL	(5.940)	(6.546)	(6.611)	(6.553)	(6.562)	(6.509)	(6.437)	(4.261)	(4.192)	(14.358)
		(5.940)	(6.546)	(6.611)	(6.553)	(6.562)	(6.509)	(6.437)	(4.261)	(4.192)	(14.358)
Hedging instruments for operating energy contracts											
Floating rate swaps in IPCA vs. fixed rate in USD	thousands of BRL		20.790	4.644	2.209	(267)	(2.386)	(4.758)	(6.806)	(8.561)	(23.451)
			20.790	4.644	2.209	(267)	(2.386)	(4.758)	(6.806)	(8.561)	(23.451)
		(220.540)	14.244	(1.967)	(4.344)	(6.829)	(8.895)	(11.195)	(11.067)	(12.753)	(37.809)

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

6.3 Fair value estimation

The main financial assets and liabilities are described below, as well as the assumptions for their valuation:

Financial assets - considering the nature and terms, the amounts recorded are close to the realizable values.

Financial liabilities - subject to market interest rates. The market value was used based on the present value of the future cash disbursement, in accordance with the interest rates currently available for issuing debts with similar maturities and terms.

The Company discloses fair value measurements in accordance with the following levels hierarchy:

- Quoted prices (not adjusted) in active markets for identical assets and liabilities (level 1).
- Information, in addition to quoted prices, included in level 1 that is adopted by the market for the asset or liability, either directly (as prices) or indirectly (derived from the prices) (level 2).

At December 31, 2021 and 2020, the financial assets and liabilities measured at fair value were classified into levels 1 and 2 of the fair value hierarchy, as shown below:

	Parent company		
	Fair value measured based on		2021
	Prices quoted in the active market	Price-supported valuation technique	Fair value
	Level 1	Level 2	
Assets			
Cash and cash equivalent	1.280.956		1.280.956
Financial investments	221.590	58.959	280.549
Derivative financial instruments		32.920	32.920
	1.502.546	91.879	1.594.425
Liabilities			
Derivative financial instruments		331.129	331.129
Electric power futures contracts		35.395	35.395
		366.524	366.524

	Parent company		
	Fair value measured based on		2020
	Prices quoted in the active market	Price-supported valuation technique	Fair value
	Level 1	Level 2	
Assets			
Cash and cash equivalent	563.985		563.985
Financial investments	161.436	348.142	509.578
Derivative financial instruments		830.930	830.930
	725.421	1.179.072	1.904.493
Liabilities			
Derivative financial instruments		1.161.261	1.161.261
Electric power futures contracts		218.500	218.500
		1.379.761	1.379.761

**Notes to the parent company and consolidated
financial statements at December 31, 2021**
All amounts in thousands of reais unless otherwise stated

	Fair value measured based on			Consolidated
	Prices quoted in the active market	Price-supported valuation technique		2021
	Level 1	Level 2	Fair value	
Assets				
Cash and cash equivalent	1.449.345			1.449.345
Financial investments	221.587	115.826		337.413
Derivative financial instruments		39.734		39.734
	1.670.932	155.560		1.826.492
Liabilities				
Derivative financial instruments		340.889		340.889
Electric power futures contracts		35.395		35.395
		376.284		376.284

	Fair value measured based on			Consolidated
	Prices quoted in the active market	Price-supported valuation technique		2020
	Level 1	Level 2	Fair value	
Assets				
Cash and cash equivalent	632.438			632.438
Financial investments	161.436	455.564		617.000
Derivative financial instruments		979.739		979.739
	793.874	1.435.303		2.229.177
Liabilities				
Derivative financial instruments		1.303.866		1.303.866
Electric power futures contracts		218.500		218.500
		1.522.366		1.522.366

Companhia Brasileira de Alumínio

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

6.3.1 Sensitivity analysis statement

The following sensitivity analysis presents the main risk factors that impact the pricing of outstanding cash and cash equivalent instruments, financial investments, loans and financing, debentures and derivative financial instruments. Key risk factors include exposure to fluctuation of the USD, CDI, and commodity prices. The scenarios for these factors are prepared using market sources and specialized sources, following the Company's governance.

The scenarios as at December 31, 2021 are as follows:

Scenario I: considers a change of + or - 25% in the market curves as at December 31, 2021.

Scenario II: considers a change of + or - 50% in the market curves as at December 31, 2021.

Risk Factors	Cash and cash equivalents and financial investments (I)	Loans, financing and debentures (I)	Unit	Principal from derivative financial instruments	Unit	Electric power futures contracts	Unit	Impacts on the result				Parent company and consolidated impacts on comprehensive income			
								Scenarios I & II				Scenarios I & II			
								-25%	-50%	+25%	+50%	-25%	-50%	+25%	+50%
Exchange															
USD	334.760	2.634.884	thousands of BRL	2.807.861	thousands of USD			632.423	1.264.846	(560.106)	(1.120.211)	155.502	311.004	(155.502)	(311.004)
Interest rates															
BRL - CDI	1.443.135	262.064	thousands of BRL		thousands of BRL			81.570	187.876	(25.373)	(41.819)	2.287	4.652	(2.215)	(4.362)
BRI - IPCA		221.929	thousands of BRL	965.258	thousands of BRL			(36.916)	(68.997)	41.993	89.348				
Price – commodities															
Aluminum				57.200	ton							158.030	316.058	(158.030)	(316.060)
MtM of eletricity															
Fair value						35.395	thousands of BRL	(606)	(1.232)	587	1.155				

- (i) The balances shown do not reconcile with the remaining explanatory notes, as the analysis conducted only included the most significant currencies.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

6.3.1.1 Capital management

The Company's objectives in managing its capital are to safeguard its ability to consistently offer returns to shareholders and benefits to other stakeholders, while maintaining an optimal capital structure.

This supplementary information is not defined by Brazilian and international accounting standards, but the Company uses adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") as an indicator of its operational performance. Adjusted EBITDA is calculated from net profit plus/minus financial result, plus income tax and social contribution, plus depreciation, amortization and depletion, minus equity income, plus dividends received from investees and minus exceptional non-cash items (non-cash items considered by the Board of Directors as exceptional are excluded from the adjusted EBITDA measurement), in accordance with CVM Instruction No. 527 dated October 4, 2012.

The Company constantly monitors significant indicators, such as the financial leverage index, measured by total net debt divided by adjusted EBITDA.

		Consolidated	
	Note	2021	2020
Loans and financing	19	3.106.065	2.946.505
Cash and cash equivalents	8	(1.449.345)	(632.438)
Derivative financial instruments	6.2	301.155	324.127
Lease liabilities	18	44.689	15.915
Financial investments	9	(337.414)	(617.000)
Net debt – (A)		1.665.150	2.037.109

	2021	Consolidated 2020
Net income (loss) for the year	837.727	(879.860)
Income tax and social contribution	19.681	818.328
Income (loss) before taxes	857.408	(61.532)
Depreciation, amortization and depletion	496.045	431.481
Finance income, net	496.527	492.474
EBITDA	1.849.980	862.423
Exceptional items		
Equity	(12.724)	3.046
Electric power future contracts	(183.105)	125.222
Recognition of bargain purchase gain on the acquisition of investments	(17.143)	(365.999)
Gain on sale of property, plant and equipment	(29.000)	
Dividends received		11.164
Provision (reversal) for impairment of assets	(71.051)	25.992
Adjusted EBITDA (B)	1.536.957	661.848
Financial leverage index – (A/B)	1,08	3,08

7 Financial instruments by category

Accounting policy

Normal purchases and sales of financial assets and liabilities are recognized on the trade date, the date on which the Company commits to buying or selling the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not classified using fair value through profit or loss, where transaction costs are charged to the statement of operations.

Financial assets are written off when the rights to receive cash flows from investments have expired or the Company has substantially transferred all risks and benefits of ownership of these assets. Financial assets

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

through profit or loss are subsequently recorded at fair value. Loans and receivables are recorded at amortized cost, using the effective interest rate method.

Gains or losses resulting from changes in the fair value of financial assets classified as at fair value through profit or loss are recorded in the statement of operations under "Net financial result" in the year in which they occur.

(a) Classification, recognition and measurement

The Company and its subsidiaries classify their financial instruments according to the purpose for which they were purchased and determine their classification upon initial recognition, according to the following categories:

(i) Amortized cost

Financial assets measured at amortized cost are assets held within a business model whose purpose is to hold financial assets with the purpose of collecting contractual cash flows and for which the contractual terms of the financial asset generate, at specific dates, cash flows from principal and interest on the principal amount outstanding.

(ii) Fair value through profit or loss

Financial assets that an entity manages for the purpose of realizing cash flows through the sale of such assets and financial assets that do not generate cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Fair value through other comprehensive income

Financial instruments where the contractual cash flows are solely payments of principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets. The contractual conditions of the financial asset generate growth on specific dates for cash flows, represented by payments of principal and interest on the principal amount outstanding.

					Parent company 2021
	Note	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Assets per balance sheet					
Cash and cash equivalents (i)	8		1.280.956		1.280.956
Financial investments	9		280.549		280.549
Derivative financial instruments	6.2		22.171	10.749	32.920
Trade accounts receivable	10	605.096			605.096
Dividends receivable	13	15.415			15.415
Related parties	13	47.274			47.274
		667.785	1.583.676	10.749	2.262.210
Liabilities per balance sheet					
Loans, financing and beventures	19	3.074.967			3.074.967
Derivative financial instruments	6.2		105.781	225.348	331.129
Lease liabilities	18	41.111			41.111
Confirming payables		557.750			557.750
Trade payables		558.300			558.300
Electric power futures contracts	14		35.395		35.395
Dividends payable	13	57.199			57.199
Related parties	13	49.893			49.893
		4.339.220	141.176	225.348	4.705.744

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

					Parent company
					2020
	Note	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Assets per balance sheet					
Cash and cash equivalents (i)	8		563.985		563.985
Financial investments	9		509.578		509.578
Derivative financial instruments	6.2		5.074	825.856	830.930
Trade accounts receivable	10	404.870			404.870
Dividends receivable	13	8.041			8.041
Related parties	13	16.916			16.916
		<u>429.827</u>	<u>1.078.637</u>	<u>825.856</u>	<u>2.334.320</u>
Liabilities per balance sheet					
Loans and financing	19	2.885.316			2.885.316
Derivative financial instruments	6.2		43.142	1.118.119	1.161.261
Lease liabilities	18	14.526			14.526
Confirming payables		594.581			594.581
Trade payables		330.503			330.503
Electric power futures contracts	14		218.500		218.500
Dividends payable	13	79			79
Related parties	13	2.595			2.595
		<u>3.827.600</u>	<u>261.642</u>	<u>1.118.119</u>	<u>5.207.361</u>
					Consolidated
					2021
	Note	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Assets per balance sheet					
Cash and cash equivalents (i)	8		1.449.345		1.449.345
Financial investments	9		337.414		337.414
Derivative financial instruments	6.2		28.985	10.749	39.734
Trade accounts receivable	10	698.249			698.249
Dividends receivable	13	664			664
Related parties	13	57.323			57.323
		<u>756.236</u>	<u>1.815.744</u>	<u>10.749</u>	<u>2.582.729</u>
Liabilities per balance sheet					
Loans, financing and debentures	19	3.106.065			3.106.065
Derivative financial instruments	6.2		115.541	225.348	340.889
Lease liabilities	18	44.689			44.689
Confirming payables	20	558.017			558.017
Trade payables		655.626			655.626
Electric power futures contracts	14		35.395		35.395
Dividends payable	13	142.191			142.191
Related parties	13	62.150			62.150
		<u>4.568.738</u>	<u>150.936</u>	<u>225.348</u>	<u>4.945.022</u>
					Consolidated
					2020
	Note	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Assets per balance sheet					
Cash and cash equivalents (i)	8		632.438		632.438
Financial investments	9		617.000		617.000
Derivative financial instruments	6.2		5.074	974.665	979.739
Trade accounts receivable	10	474.715			474.715
Dividends receivable	13	25			25
Related parties	13	16.913			16.913
		<u>491.653</u>	<u>1.254.512</u>	<u>974.665</u>	<u>2.720.830</u>
Liabilities per balance sheet					
Loans and financing	19	2.946.505			2.946.505
Derivative financial instruments	6.2		43.142	1.260.724	1.303.866
Lease liabilities	18	15.915			15.915
Confirming payables	20	594.581			594.581
Trade payables		425.951			425.951
Electric power futures contracts	14		218.500		218.500
Dividends payable	13	33.810			33.810
Related parties	13	2.595			2.595
		<u>4.019.357</u>	<u>261.642</u>	<u>1.260.724</u>	<u>5.541.723</u>

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

- (i) In practice, the fair value and the amortized cost are equivalent, considering, by definition, the characteristics of the cash equivalents.

7.1 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is recorded in the balance sheet when there is a legal right to offset the recognized amounts and there is an intention to settle them on a net basis, or to realize the asset and settle the liability simultaneously. The legal right cannot be contingent on future events and must be applicable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

8 Cash and cash equivalents

Accounting policy

This includes cash, bank deposits and other liquid short-term investments, which are promptly convertible into a known amount of cash and are subject to an insignificant risk of change in value.

	Parent company		Consolidated	
	2021	2020	2021	2020
Local currency				
Cash and banks	5.013	210	12.556	10.697
Bank Deposit Certificates - "CDBs"	858.114	110.344	921.997	110.344
Repurchase agreements - Government securities	112.757	120.121	162.816	166.095
Financial Treasury Bills - "LFTs"			17.216	
	975.884	230.675	1.114.585	287.136
Foreign currency				
Cash and banks	305.072	333.310	334.760	345.302
	1.280.956	563.985	1.449.345	632.438

The cash and cash equivalents in local and foreign currency comprise cash and cash equivalents held in current accounts with banks, government bonds and financial institutions, indexed to the interbank deposit rate. At December 31, 2021, the average yields of CDBs and repurchase transactions were 106.25% and 99.62%, respectively (December 31, 2020 – 101.17% and 93.29% for average yields of CDBs and repurchase transactions).

9 Financial investments

Most financial investments have immediate liquidity and, therefore, are classified in current assets. Nevertheless, they are classified as financial investments when they do not meet the definition of cash and cash equivalents and/or are held with the intention of investment, considering the expected destination of the funds.

Balances are classified in non-current assets based on their original maturities and/or when they do not have immediate liquidity.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	2021	2020	2021	2020
Local currency				
Bank Deposit Certificates - "CDBs"	18.147	298.176	66.199	381.911
Financial Treasury Bills - "LFTs"	159.390	154.820	159.389	154.820
Investment fund quotas (i)	40.812	49.966	49.627	73.653
Repurchase agreements - Government securities	62.135	6.552	62.135	6.552
Other	64	64	64	64
	<u>280.549</u>	<u>509.578</u>	<u>337.414</u>	<u>617.000</u>
Current	280.485	509.514	337.350	616.936
Non-current	64	64	64	64
	<u>280.549</u>	<u>509.578</u>	<u>337.414</u>	<u>617.000</u>

- (i) The Company holds exclusive investment fund quotas of the Votorantim Group, as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
Financial investments				
Financial Treasury Bills - "LFTs"	40.812	49.966	49.627	71.889
Bank Deposit Certificates - "CDBs"				1.764
	<u>40.812</u>	<u>49.966</u>	<u>49.627</u>	<u>73.653</u>

The investments comprise government bonds or investments with financial institutions and are remunerated between 99.62% and 98.47% (93.83% and 93.24% at December 31, 2020) of the variation of the Interbank Deposit Certificate – CDI.

10 Trade accounts receivable

Accounting policy

These are the amounts referring to the sale of goods or provision of services in the normal course of the Company's activities. They are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method less the estimated loss with doubtful accounts.

The allowance for doubtful accounts is recorded in an amount sufficient to cover probable losses in the realization balances of trade accounts receivable. The Company applies the simplified approach of CPC 48/IFRS 9 "Financial instruments" to calculate expected credit losses. Based on the customers' payment profile, the Company classifies them based on their risk. For each risk class, a provision matrix was developed considering the history of receivables and the time intervals of receivables is fully applied to trade accounts receivable.

(a) Composition

	Note	Parent company		Consolidated	
		2021	2020	2021	2020
Trade receivables - Brazil		375.177	277.285	464.675	364.952
Trade receivables - foreign customers		182.989	76.065	205.356	81.805
Related parties	13	70.587	79.006	57.169	60.723
		<u>628.753</u>	<u>432.356</u>	<u>727.200</u>	<u>507.480</u>
Allowance for doubtful accounts		(23.657)	(27.486)	(28.951)	(32.765)
		<u>605.096</u>	<u>404.870</u>	<u>698.249</u>	<u>474.715</u>

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

(b) Composition by currency

	Parent company		Consolidated	
	2021	2020	2021	2020
Brazilian Reais	430.311	328.805	501.111	392.910
US Dollar	174.785	76.065	197.138	81.805
	605.096	404.870	698.249	474.715

(c) Changes in estimated loss on doubtful accounts

The estimated loss for doubtful accounts is recorded in an amount considered sufficient to cover probable losses upon realization. The accounting policy for establishing the estimated loss requires the individual analysis of defaulting customer invoices with respect to the collection measures adopted by the responsible department and, according to the collection stage, an amount of provision is estimated.

	Parent company		Consolidated	
	2021	2020	2021	2020
At the beginning of the year	(27.486)	(31.445)	(32.765)	(32.058)
Provisions, net of reversals	3.829	(5.091)	3.814	(4.259)
Trade accounts receivable written off during the year		9.050		9.564
Effect of subsidiary included in consolidation				(6.012)
At the end of the year	(23.657)	(27.486)	(28.951)	(32.765)

The constitution of the provision for doubtful accounts was recorded in the statement of operations for the year. The amounts charged to the provision account are generally written off when there is no expectation of recovering the funds.

(d) Maturity

	Parent company		Consolidated	
	2021	2020	2021	2020
Current	458.512	332.830	548.817	395.147
Up to 3 months past due	78.327	27.814	82.071	31.816
From 3 to 6 months past due	7.864	1.861	7.965	1.880
Over 6 months past due (i)	84.050	69.851	88.347	78.637
	628.753	432.356	727.200	507.480

- (i) At December 31, 2021, the amount of BRL 55,496 (December 31, 2020 – BRL 53,420) referred to receivables from customers guaranteed by real guarantees (chattel mortgage) regarding overdue balances.

11 Inventory

Accounting policy

Represents the lowest between cost and net realizable value. The cost is determined using the weighted average cost method. The cost of finished products and products in progress comprises raw materials, direct labor and other direct and indirect production costs (based on normal operational capacity).

The net realizable value of inventories is the estimated selling price in the normal course of business, less expenses to implement the sale. Imports in progress are stated at the accumulated cost of each import.

At least once a year, the Company conducts a physical inventory of the goods included in its inventory. Inventory adjustments are recorded under “cost of products sold and services rendered.”

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

(a) Composition

	Parent company		Consolidated	
	2021	2020	2021	2020
Finished products	371.572	180.823	472.590	232.490
Semi-finished products	574.539	458.301	693.636	495.340
Auxiliary and consumable materials	125.404	117.806	157.762	149.941
Raw materials	113.607	61.605	214.930	138.159
Imports in progress	94.033	68.946	90.927	103.904
Other	5.211	2.426	13.425	2.537
Estimate of loss (i)	(48.320)	(52.491)	(50.958)	(52.491)
	<u>1.236.046</u>	<u>837.416</u>	<u>1.592.312</u>	<u>1.069.880</u>

No inventory has been pledged as collateral for liabilities.

(i) The loss estimate mainly refers to obsolete materials with low turnover.

(b) Changes in the inventory loss estimates

	Parent company				2021	2020
	Finished products	Semi-finished products	Raw materials	Auxiliary materials	Total	Total
At the beginning of the year	(7.292)	(9.311)	(5.686)	(30.202)	(52.491)	(54.565)
Reversals (provisions) net of additions	4.869	(5.175)	4.738	(261)	4.171	2.074
At the end of the year	<u>(2.423)</u>	<u>(14.486)</u>	<u>(948)</u>	<u>(30.463)</u>	<u>(48.320)</u>	<u>(52.491)</u>

	Consolidated				2021	2020
	Finished products	Semi-finished products	Raw materials	Auxiliary materials	Total	Total
At the beginning of the year	(7.292)	(9.311)	(5.686)	(30.202)	(52.491)	(54.565)
Reversals (provisions), net of additions	2.757	(5.202)	4.239	(261)	1.533	2.074
At the end of the year	<u>(4.535)</u>	<u>(14.513)</u>	<u>(1.447)</u>	<u>(30.463)</u>	<u>(50.958)</u>	<u>(52.491)</u>

12 Taxes recoverable

Accounting policy

Recoverable taxes are stated net of estimated losses on tax credits.

(a) Composition

	Parent company		Consolidated	
	2021	2020	2021	2020
Tax on the Circulation of Goods and Services – ICMS	412.283	462.585	427.165	471.913
Contribution for the Financing of Social Security – COFINS	127.598	460.469	164.767	463.750
Income Tax and Social Contribution – IRPJ and CSLL	290.361	179.034	292.516	182.432
Social Integration Program – PIS	26.837	101.434	36.807	102.137
ICMS on property, plant and equipment	26.688	26.688	26.688	26.688
Social security credit	20.570	19.981	20.570	19.981
Other	10.772	22.472	11.386	23.589
	<u>915.109</u>	<u>1.272.663</u>	<u>979.899</u>	<u>1.290.490</u>
Current	252.447	430.714	294.434	442.365
Non-current	662.662	841.949	685.465	848.125
	<u>915.109</u>	<u>1.272.663</u>	<u>979.899</u>	<u>1.290.490</u>

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

13 Related parties

Accounting policies

Transactions with related parties are conducted by the Company under strictly commutative conditions, according to the usual market prices and conditions and, therefore, do not generate any inappropriate benefit to its counterparties or losses to the Company. The Company enters into contracts with related parties during its normal course of business (parent company, associates, joint ventures and shareholders), related to the purchase and sale of products and services, lease of goods, sale of raw materials and services.

(a) Parent company

	Trade accounts receivable		Dividends receivable		Current and non-current assets		Trade payables		Current and non-current liabilities		Dividends payable		Accumulated other comprehensive income	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Parent company														
Votorantim S.A.	3.689	3.726										43.339		
Subsidiaries														
CBA Energia Participações S.A.			13.357	5.777			6.616							
CBA Itapissuma Ltda.	353						6							
CBA Machadinho Geração de Energia Ltda.	5.068	2.399	1.393	579			3.566							
Metalex Ltda.	23.836	26.664		1.660			1.249	523						
Jointly controlled company														
ENERCAN - Campos Novos Energia S.A.							41.123	15.822						
Affiliated companies														
Banco Votorantim S.A. (i)					154.767	205.277			68.430	223.805			49.690	(51.563)
Nexa Recursos Minerais S.A.	2.044	1.487					263	410						
Votener - Votorantim Comercializadora de Energia Ltda. (ii)	29.288	35.084					47.492	37.101	35.395	219.057				
Votorantim Cimentos S.A.	5.104	5.252			10.371	16.384		215		3				
VTRM Energia Participações S.A. (iii)					36.372				46.331					
Other	1.205	4.394	665	25	532	532	5.294	2.413	3.559	2.038	79	79		
	<u>70.587</u>	<u>79.006</u>	<u>15.415</u>	<u>8.041</u>	<u>202.042</u>	<u>222.193</u>	<u>105.609</u>	<u>56.484</u>	<u>153.718</u>	<u>444.900</u>	<u>43.418</u>	<u>79</u>	<u>49.690</u>	<u>(51.563)</u>
Total non-controlling shareholders												13.781		
Current	70.587	79.006	15.415	8.041	154.767	57.540	105.609	56.484	17.894	93.199		79		
Non-current					47.275	164.653			135.824	351.701				
	<u>70.587</u>	<u>79.006</u>	<u>15.415</u>	<u>8.041</u>	<u>202.042</u>	<u>222.193</u>	<u>105.609</u>	<u>56.484</u>	<u>153.718</u>	<u>444.900</u>	<u>57.199</u>	<u>79</u>		

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

- (i) Refer to cash equivalents and derivative financial instruments contracted with Banco Votorantim S.A.
- (ii) Refer substantially to rights arising from electricity trading agreements in the free market.
- (iii) Refer to the process of acquisition of the wind energy self-production assets of Ventos de Santo Anselmo Energias Renováveis S.A. (“Ventos de Santo Anselmo”), as per Note 1.1 (j).

	Statement of operations					
	Purchases		Sales		Financial income (expenses)	
	2021	2020	2021	2020	2021	2020
Subsidiaries						
CBA Energia Participações S.A.	78.953	71.734				
CBA Itapissuma Ltda.	6.647		7.691			
CBA Machadinho Geração de Energia Ltda.	41.935	41.698				
Metalex Ltda.	8.195	2.736	320.586	278.172		4.372
Joint venture						
ENERCAN - Campos Novos Energia S.A.	227.620	426.600				
Associates						
Banco Votorantim S.A. (i)					(49.446)	
L.C.G.S.P.E. Empreendimentos e Participações Ltda.	4.277	5.894				
Nexa Recursos Minerais S.A.	676	229	13.631	5.875		
Votener - Votorantim Comercializadora de Energia Ltda. (ii)	643.139	372.038	360.168	517.291		
Votorantim Cimentos S.A.	51	1.322			521	509
Votorantim Geração de Energia S.A.	22.114	21.624				
Votorantim Resources Cajamarquilla S.A.			6.475			
VTRM Energia Participações S.A. (iii)					(9.959)	
Other		512		87	(439)	
	1.033.607	944.387	708.551	801.425	(59.323)	4.881

- (i) Refer to the result of cash equivalents and derivative financial instruments contracted with Banco Votorantim S.A..
- (ii) The purchases and sales refer to the trading of third party energy in the free market, where Votener acts as the final trader.
- (iii) Refer to the process of acquisition of the wind energy self-production assets of Santo Anselmo Energias Renováveis S.A. (“Ventos de Santo Anselmo”), as per Note 1.1 (j).

Notes to the parent company and consolidated interim financial statements at September 30, 2021
All amounts in thousands of reais unless otherwise stated

(b) Consolidated

	Trade accounts receivable		Dividends receivable		Current and non-current assets		Trade payables		Current and non-current liabilities		Dividends payable		Accumulated other comprehensive income	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Parent company														
Votorantim S.A.	3.689	3.726										43.339		
Affiliated companies														
Banco Votorantim S.A. (i)					177.009	356.123			78.190	366.410			49.690	(45.360)
Nexa Recursos Minerais S.A.	12.828	10.171					263	410						
Pollarix S.A.											22.817	12.695		
Votener - Votorantim Comercializadora de Energia Ltda. (ii)	34.362	37.199					52.524	37.101	35.395	219.057				
Votorantim Cimentos S.A.	5.104	5.252			10.371	16.384		215	3					
Votorantim Geração de Energia S.A.											29.386	11.392		
VTRM Energia Participações S.A. (iii)					46.657				58.590					
Other	1.186	4.375	664	25	295	529	7.100	2.378	3.557	2.038	79	79		
	<u>57.169</u>	<u>60.723</u>	<u>664</u>	<u>25</u>	<u>234.332</u>	<u>373.036</u>	<u>59.887</u>	<u>40.104</u>	<u>175.735</u>	<u>587.505</u>	<u>95.621</u>	<u>24.166</u>	<u>49.690</u>	<u>(45.360)</u>
Total non-controlling shareholders											46.570	9.644		
Current	57.169	60.723	664	25	170.194	59.577	59.887	40.104	17.894	93.199	142.191	33.810		
Non-current					64.138	313.459			157.841	494.306				
	<u>57.169</u>	<u>60.723</u>	<u>664</u>	<u>25</u>	<u>234.332</u>	<u>373.036</u>	<u>59.887</u>	<u>40.104</u>	<u>175.735</u>	<u>587.505</u>	<u>142.191</u>	<u>33.810</u>		

- (i) Refer to the cash equivalents and derivative financial instruments contracted with Banco Votorantim S.A.
- (ii) Refer to rights arising from electricity trading agreements in the free market.
- (iii) Refer to the process of acquisition of the wind energy self-production assets of Ventos de Santo Anselmo Energias Renováveis S.A. (“Ventos de Santo Anselmo”) and Ventos de Santo Isidoro Energias Renováveis S.A. (“Ventos de Santo Isidoro”), as per Note 1.1 (j).

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

	Statement of operations					
	Purchases		Sales		Financial income (expenses)	
	2021	2020	2021	2020	2021	2020
Related companies						
Banco Votorantim S.A. (i)					(58.595)	
L.C.G.S.P.E. Empreendimentos e Participações Ltda.	4.277	5.894				
Nexa Recursos Minerais S.A.	676	229	13.631	5.875		
Votener - Votorantim Comercializadora de Energia Ltda. (ii)	724.079	372.038	440.154	574.580		
Votorantim Cimentos S.A.	51	1.322			521	509
Votorantim Geração de Energia S.A.	22.114	21.624				
VTRM Energia Participações S.A. (iii)					(11.932)	
Other		512		847	(439)	
	<u>751.197</u>	<u>401.619</u>	<u>453.785</u>	<u>581.302</u>	<u>(70.445)</u>	<u>509</u>

- (i) Refer to the result of cash equivalents and derivative financial instruments contracted with Banco Votorantim S.A.
- (ii) The purchases and sales refer to the trading of third party energy in the free market, where Votener acts as the final trader.
- (iii) Refer to the process of acquisition of the wind energy self-production assets of Santo Anselmo Energias Renováveis S.A. (“Ventos de Santo Anselmo”), as per Note 1.1 (j).

(c) Company debts, guaranteed by related parties

Type	Guarantor	2021	2020
Programs	VSA	221.929	158.048
Eurobonds – USD (Voto 24)	VSA	500.484	749.286
		<u>722.413</u>	<u>907.334</u>

14 Electric power futures contracts

Accounting policy

The Company is authorized to sell energy in both the free and regulated markets.

A portion of these transactions takes the form of contracts that were entered into and continue to be executed for the purpose of receiving or delivering energy for the Company’s own use, respectively, according to its own production demands and, therefore, do not meet the definition of financial instrument.

Another part of these transactions refers to sales of surplus energy that is not used in the production process; these are traded in an active market and meet the definition of financial instruments, due to the fact that they are settled in energy and promptly converted into cash. Such contracts are recorded as derivatives in the Company’s balance sheet at fair value, on the date the derivative is undertaken, and are reassessed at fair value at the balance sheet date. The recognition at fair value and the realization of these financial instruments are recorded under “Other operating expenses”.

The fair value of these derivatives is estimated partly based on price quotes published in active markets, as long as such market data exist, and partly through the use of assessment techniques, which consider: (i) prices established in the purchase and sale transactions; (ii) supply risk margin; and (iii) projected market price in the availability period. Whenever the fair value at initial recognition for these contracts differs from the transaction price, a loss or gain of fair value is recorded in the profit or loss for the year.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

The operations carried out by the subsidiary Votener ACL resulted in a gain from the sales of the energy surplus that was recognized at its fair value as at the date of the transaction.

In the fiscal year ended December 31, 2021, the realization of fair value, through physical settlement of energy purchase and sales contracts, totaled a revenue of BRL 28,097. Additionally, the new position at the balance sheet date, arising from the mark to market of purchase and sales contracts, resulted in a revenue of BRL 155,008. These amounts were recorded as a gain under “Other operating income (expenses), net” (Note 28).

	Parent company and Consolidated	
	2021	2020
Liabilities		
Current	11.142	65.490
Non-current	24.253	153.010
	<u>35.395</u>	<u>218.500</u>

	Parent company and Consolidated	
	2021	2020
Realization	28.097	33.605
Mark-to-market of energy contracts (i)	155.008	(158.827)
	<u>183.105</u>	<u>(125.222)</u>

- (i) Includes the positive impact of approximately BRL 15,600, recognized at June 30, 2021, corresponding to a change in the assumption in measuring the fair value of energy future contracts.

15 Investments

Accounting policies

The Company's investments in associates, subsidiaries and joint ventures are accounted for using the equity method.

Associates are entities in which the Company has significant direct or indirect influence, but not joint control or control, over financial and operating policies.

In order to be classified as a joint venture, there must be a contractual agreement that allows the Company to share control of the entity and gives the Company the right to the net assets of the joint venture and not the right to its specific assets and liabilities. Consequently, assets, liabilities, income and expenses related to their interests in joint operation are recorded individually in the financial statements.

Investments in associates and joint ventures are recorded using the equity method and are initially recognized at cost, which includes transaction costs.

The Company's investment in associates and joint ventures includes the goodwill identified on the acquisition, net of any accumulated impairment loss.

After initial recognition, the financial statements include the Company's share of profit or loss for the year and other comprehensive income of the investee until the date when significant influence or joint control ceases to exist. Investments in subsidiaries are also recorded using this method in the parent company financial statements.

Companhia Brasileira de Alumínio



Notes to the parent company and consolidated financial statements at December 31, 2021 All amounts in thousands of reais unless otherwise stated

(a) Composition

	Parent company							
	Information at December 31, 2021				Equity		Balance	
	Shareholders' equity	Net income (loss) for the year	Percentage of total capital	Percentage of voting capital	2021	2020	2021	2020
Investments evaluated by equity method								
Subsidiaries								
CBA Energia Participações S.A. (i)	317.877	137.866	33,33	100,00	43.083	21.804	102.695	85.732
CBA Itapissuma Ltda.	579.796	55.377	100,00	100,00	55.377	2.866	579.796	444.809
CBA Machadinho Geração de Energia Ltda.	145.536	9.000	100,00	100,00	9.000	(2.437)	145.536	137.350
Metalex Ltda.	99.217	27.747	100,00	100,00	27.747	29.465	99.217	67.918
Export premium hedging instruments	7.037	222	100,00	100,00	222		7.037	
Associates								
Alunorte - Alumina do Norte S.A.	3.774.912	429.589	3,03	3,52	13.035	(1.351)	114.546	107.052
Mineração Rio do Norte S.A.	900.304	(6.307)	10,00	10,00	(631)	(1.693)	90.030	91.646
Investments evaluated at cost								
Other							44	44
Surplus								
CBA Itapissuma Ltda. (ii)					(15.328)	(956)	186.059	193.633
Metalex Ltda.					(895)	(940)	9.064	9.959
Goodwill								
Metalex Ltda.							49.431	49.430
					<u>131.610</u>	<u>46.758</u>	<u>1.383.455</u>	<u>1.187.573</u>

- (i) The investment in CBA Energia Participações S.A. of 33.33% represents 100% of the common shares, in addition to holding control of this investee.
- (ii) Refers to the appreciation of assets related to the purchase of CBA Itapissuma Ltda. in February 2020, recognized as an investment due to the appraisal report issued in December 2020.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

Consolidated								
	Information on investees at December 31, 2021				Equity		Balance	
	Shareholders' equity	Profit (loss) for the year	Percentage of total capital	Percentage of voting capital	2021	2020	2021	2020
Investments evaluated by equity method								
Associates								
Alunorte - Alumina do Norte S.A.	3.774.912	429.589	3,03	3,52	13.035	(1.351)	114.546	107.052
Mineração Rio do Norte S.A.	900.304	(6.307)	10,00	10,00	(631)	(1.693)	90.030	91.646
Other					320	(2)	352	32
Investments evaluated at cost								
Other							44	44
					12.724	(3.046)	204.972	198.774

Companhia Brasileira de Alumínio



Notes to the parent company and consolidated financial statements at December 31, 2021 All amounts in thousands of reais unless otherwise stated

(b) Information on investees

The following is a summary of the financial information of the main associates, subsidiaries and joint ventures for the years ended December 31, 2021 and 2020:

							2021		
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Net revenue	Operating costs and expenses	Financial result	Net income (loss) for the year
Subsidiaries									
CBA Energia Participações S.A.	106.540	284.794	73.457		317.877	144.260	(7.666)	1.272	137.866
CBA Itapissuma Ltda.	501.147	263.511	144.445	40.417	579.796	847.760	(785.610)	(6.773)	55.377
CBA Machadinho Geração de Energia Ltda.	27.869	126.042	8.375		145.536	43.768	(35.586)	818	9.000
Metalex Ltda.	105.555	68.955	73.178	2.115	99.217	486.730	(456.460)	(2.523)	27.747
Santa Cruz Geração de Energia S.A.	7.544	1.798	727	1.578	7.037	742	(3.279)	2.759	222
Associates									
Alunorte - Alumina do Norte S.A.	11.109.462		3.385.466	3.949.084	3.774.912	10.898.856	(9.890.818)	(578.449)	429.589
Mineração Rio do Norte S.A.	621.775	2.876.631	921.228	1.676.874	900.304	1.554.587	(1.368.357)	(192.537)	(6.307)
2020									
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Net revenue	Operating costs and expenses	Financial result	Net income (loss) for the year
Subsidiaries									
CBA Energia Participações S.A.	55.677	242.367	35.576		262.468	76.313	(6.569)	28	69.772
CBA Itapissuma Ltda.	317.739	376.197	105.953	143.173	444.810	544.672	(538.768)	(3.037)	2.867
CBA Machadinho Geração de Energia Ltda.	15.181	132.341	10.172		137.350	33.106	(35.961)	418	(2.437)
Metalex Ltda.	114.589	37.128	72.507	1.333	77.877	328.789	(300.179)	(85)	28.525
Associates									
Alunorte - Alumina do Norte S.A.	9.603.646		3.130.692	2.945.024	3.527.930	7.996.010	(6.714.737)	(1.325.810)	(44.537)
Mineração Rio do Norte S.A.	479.167	3.355.629	990.951	1.927.389	916.456	1.633.381	(1.303.110)	(347.206)	(16.935)

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

(c) Change in investments

	Parent company		Consolidated	
	2021	2020	2021	2020
At the beginning of the year	1.187.573	568.590	198.774	205.081
Equity	131.610	46.758	12.724	(3.046)
Investment acquisition CBA Itapissuma (i)		570.328		
Investment acquisition Santa Cruz (ii)	6.815			
Capital increase in investee (iii)	106.600	60.000		
Capital reduction in investee		(33.667)		
Dividends (deliberate) canceled	(43.191)		283	
Hedge accounting of investee (iv)	(5.746)	7.330	(4.904)	1.632
Other	(206)	(31.766)	(1.905)	(4.893)
At the end of the year	1.383.455	1.187.573	204.972	198.774

- (i) Acquisition of CBA Itapissuma Ltda., which took place in 2020.
- (ii) Refers to the acquisition of Santa Cruz Geração de Energia S.A. as per Note 1.1 (g).
- (iii) Capital increase in the investees CBA Itapissuma Ltda. and Metalex Ltda.
- (iv) Effect reflecting the hedge accounting of investees.

16 Property, plant and equipment

Accounting policy

Property, plant and equipment is stated at historical purchase or construction cost less depreciation. Historical cost also includes financing costs related to the purchase or construction of qualified assets.

Subsequent costs are included in the asset's book value or recorded as a separate asset, as appropriated, only when there is a likelihood of future economic benefits associated with the item and when the cost of the item can be measured reliably. The book value of replaced items or parts is written off.

Repairs and maintenance are appropriated to the result during the period in which they are incurred. The cost of major renovations is added to the book value of the asset when the future economic benefits exceed the performance standard initially estimated for the asset in question. The renovations are depreciated over the remaining economic useful life of the related asset.

Except for land that is not depreciated, depreciation of property, plant and equipment is calculated using the straight-line method, considering costs and residual values over their estimated useful life. Useful life and residual values are reviewed annually and adjusted, if appropriate.

The book value of an asset is immediately decreased to its recoverable amount when the book value is greater than the estimated recoverable amount, in accordance with the criteria that the Company adopts to determine the recoverable amount.

Gains and losses on disposals are determined by comparing the sale value with the book value and are recorded under "Other operating income (expenses), net" in the statement of operations.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

16.1 Impairment of non-financial assets

The Company and its subsidiaries annually review the assets to identify evidence of non-recoverable losses (impairment), or whenever events or changes in economic, operational or technological circumstances indicate that the book value may not be recoverable.

Impairment loss is recorded when the book value of the asset or the cash-generating unit (CGU) exceeds its recoverable value, which represents the highest between the asset's fair value, less its disposal costs (net sale value) and its value in use.

The value in use is determined by the projection of free operating cash flow discounted at present value, using a discount rate that reflects current market, based on the financial budgets approved by Management for the next five years. All market projections are supported by reports from trade associations, economic consultants and research and statistical institutes from the respective countries where we operate. Fair value is obtained by selling an asset or a CGU in transactions on a commutative basis, between knowledgeable and interested parties, less estimated selling expenses.

For the purpose of assessing impairment, assets are gathered at the lowest levels for which there are separately identifiable cash flows (CGU). If there are new prospective indications of recovery of the book balance of the assets, except for goodwill, which have suffered impairment, they are reassessed and may have their provision for impairment reversed on the balance sheet date.

Identified losses are recorded in the loss or gain for the period by the amount in which the book value of the asset exceeds the recoverable value.

During 2021, the Company and its subsidiaries, based on qualitative analyses, did not identify any indications of impairment during the impairment tests, except for the impairment on the adjustment of the ARO added to property, plant and equipment, referring to the Niquelândia unit (Note 1.1 (e)).

16.2 Asset retirement obligations - "ARO"

The Company and its subsidiaries have decommissioning obligations as a result of the exploration of mines for the extraction of natural resources. The accounting policies related to ARO's passive consideration are disclosed in Note 22 (c).

The decommissioning cost, equivalent to the present value of the obligation (liability), is capitalized as part of the book value of the mining asset. The asset is amortized using the straight-line method over the remaining period of the useful life of the mine. The Company annually reviews the useful life of its mines and the estimated future value necessary for the recovery of the explored area.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

(a) Composition and change

									Parent company	
									2021	2020
	Land and improvements	Buildings and constructions	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Construction in progress	Obligation to demobilize assets	Other	Total	Total
At the beginning of the year										
Cost	140.978	2.482.977	5.969.287	112.249	28.672	449.473	118.146	289.448	9.591.230	9.534.682
Accumulated depreciation	(3.081)	(988.288)	(3.985.498)	(99.319)	(22.105)		(97.057)	(281.319)	(5.476.667)	(5.321.313)
Net balance	137.897	1.494.689	1.983.789	12.930	6.567	449.473	21.089	8.129	4.114.563	4.213.369
Additions		4.673	21.724		34	431.285		270	457.986	339.404
Write-offs (i)	(166)	(1.091)	(8.520)	(327)	(10)	(653.667)		(168)	(663.949)	(64.502)
Constitution (reversal) for asset depreciation (impairment) (ii)	(520)	(5.011)	3.945			527.860	72.640	5.032	603.945	1.132
Additions for corporate transactions (iii)	521								521	
Write-offs for corporate transactions (iv)	(8.279)							(2.395)	(10.674)	
Depreciation		(47.033)	(307.966)	(3.334)	(1.727)		(8.234)	(488)	(368.782)	(344.441)
Cash flow reassessment (v)							26.840		26.840	24.049
Transfers (vi)	4.993	29.525	218.909	4.732	846	(286.874)		22.996	(4.873)	(54.448)
At the end of the year	134.446	1.475.752	1.911.881	14.001	5.710	468.077	112.335	33.376	4.155.577	4.114.563
Cost	139.043	2.508.810	6.107.158	112.618	29.256	468.077	217.626	312.152	9.894.739	9.591.230
Accumulated depreciation	(4.597)	(1.033.058)	(4.195.277)	(98.617)	(23.546)		(105.291)	(278.776)	(5.739.162)	(5.476.667)
Net balance at the end of the year	134.446	1.475.752	1.911.881	14.001	5.710	468.077	112.335	33.376	4.155.577	4.114.563
							0		0	
Average annual depreciation rates – %	-	5	25	18	4	-	2	5	-	0

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

	2021								Consolidated 2020	
	Land and improvements	Buildings and constructions	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Construction in progress	Obligation to demobilize assets	Other	Total	Total
At the beginning of the year										
Cost	155.794	3.048.235	6.971.958	127.023	38.255	475.152	118.146	285.421	11.219.984	10.337.508
Accumulated depreciation	(6.404)	(1.233.682)	(4.356.837)	(107.953)	(30.236)		(97.057)	(281.319)	(6.113.488)	(5.615.395)
Net balance	149.390	1.814.553	2.615.121	19.070	8.019	475.152	21.089	4.102	5.106.496	4.722.113
Additions		5.621	23.790		42	489.829		4.295	523.577	362.589
Write-offs (i)	(166)	(1.091)	(9.852)	(327)	(10)	(650.127)		(169)	(661.742)	(64.686)
Constitution (reversal) for asset depreciation (impairment) (ii)			3.944			527.861	72.640	5.032	603.945	1.132
Additions for corporate transactions (iii)	521								521	
Write-offs for corporate transactions (iv)	(8.279)							(2.395)	(10.674)	
Depreciation	(294)	(66.547)	(345.771)	(8.041)	(2.290)		(8.234)	(488)	(431.665)	(393.525)
Cash flow reassessment (v)							26.840		26.840	24.049
Effect of controlled and included										509.274
Transfers (vi)	5.084	29.722	227.517	4.735	1.080	(296.426)		22.998	(5.290)	(54.450)
At the end of the year	145.736	1.777.247	2.514.749	15.437	6.841	546.289	112.335	33.375	5.152.008	5.106.496
Accumulated depreciation	(8.123)	(1.298.288)	(4.614.787)	(102.368)	(31.230)		(105.291)	(278.776)	(6.438.863)	(6.113.488)
Net balance at the end of the year	145.736	1.777.247	2.514.749	15.437	6.841	546.289	112.335	33.375	5.152.008	5.106.496
Average annual depreciation rates – %	1	4	23	7	6		2	3	0	0

- (i) Refer mainly to write-offs due to Iron Nickel operations in the amount of BRL 403,788, Calcinador VI in the amount of BRL 77,939, Tijuco Alto in the amount of BRL 46,134, with the same effect recorded in item (ii) reversal of impairment and also to write-offs of projects, studies and consulting expenses in the amount of BRL 111,955, related to the mineral exploration of the Rondon Project, which, after technical evaluation and approval by the Company's Management, decided not to keep them activated.
- (ii) Refer mainly to reversals of impairment of the Iron Nickel operations in the amount of BRL 403,788, Calcinador VII in the amount of BRL 77,939 and Tijuco Alto in the amount of BRL \$46,134. Additionally, the amount of BRL 72,640 refers to the provision for decommissioning of assets of the Niquelândia, São Miguel Paulista and Itamarati units, as mentioned in Note 1.1 (e).
- (iii) Refers to capital contribution with the property called “Fazenda Saloba or Amola Faca”, as mentioned in Note 1.1 (a).
- (iv) Refers to the spin-off operation with capital reduction, as mentioned in Note 1.1 (b).
- (v) Refers substantially to the remeasurement of the ARO, as mentioned in Note 1.1 (e).
- (vi) Transfers include the reclassification of “construction in progress” from the group of property, plant and equipment to “software” in the group of intangible assets.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

(b) Construction in progress

The balance is mainly composed of expansion and optimization projects for industrial units, as follows:

	2021			Consolidated 2020		
	Gross balance	Provision for impairment	Net balance	Gross balance	Provision for impairment	Net balance
Furnace renovation	172.488		172.488	114.919		114.919
Aluminum plant projects	112.966	(12.596)	100.370	78.926	(12.587)	66.339
Blast furnace projects			53.190	12.852		12.852
Expansion (Metalex)	40.356		40.356	15		15
Itapissuma projects			32.503			
Plastic transformation projects	25.240		25.240	27.755		27.755
Safety, health and environmental projects	25.136		25.136	23.567		23.567
Foundry projects	17.837		17.837	32.954		32.954
Mining projects			10.943	13.337		13.337
Bauxita Rondon project (i)	8.670		8.670	120.625		120.625
Sustaining (CBA + Metalex)	6.578		6.578	4.923		4.923
Industrial modernization Plants	4.834		4.834	22.157		22.157
Ferro Niquel Project	165.817	(165.817)		569.605	(569.605)	
Calcination furnace 6 and 7	14.158	(14.158)		92.096	(92.096)	
Tijuco Alto project	6.239	(6.239)		52.374	(52.374)	
Other	57.181	(9.037)	48.144	44.755	(9.046)	35.709
	754.136	(207.847)	546.289	1.210.860	(735.708)	475.152

- (i) The remaining balance is mainly due to the current Rondon project, where the company will mine the bauxite ores present in the location.

The aforementioned balances are stated net of the provision for impairment, and the Company evaluates its assets whenever events or changes in circumstances indicate that the book value may not be recoverable. Halted projects are constantly assessed and a provision is made in the event of an indication of impairment. The remaining balances of the projects that have a provision for impairment are related to the Company's estimate of resuming the projects and/or using the assets in other production lines.

During the year ended December 31, 2021, charges on loans and financing capitalized in construction in progress totaled BRL 5,645 (December 31, 2020 – BRL 2,354). The capitalization rate used was 0.40% per month (December 31, 2020 – 0.37% per month).

17 Intangible assets

Accounting policy

17.1 Goodwill

Goodwill is represented by the positive difference between the amount paid and/or payable for the acquisition of a business and the net amount of the fair value of the assets and liabilities of the acquired entity. Goodwill on acquisitions of subsidiaries is recorded as “intangible assets” in the consolidated financial statements.

The Company performs an annual review of the net book value of goodwill, to assess whether there was deterioration or loss of the recoverable amount (impairment). Gains and losses on the disposal of an entity include the book value of goodwill related to the entity sold.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

Goodwill is allocated to CGUs for impairment testing purposes or to groups of CGUs that should benefit from the business combination from which the goodwill originated. The recoverable amounts from CGUs were determined according to the value in use, based on the discounted cash flow model.

The recoverable amount is sensitive to the discount rate used in the discounted cash flow method, as well as expected future cash receipts and the growth rate used for extrapolation purposes.

17.2 Rights to natural resources

The costs of acquiring mining and maintenance rights that enable access to ore are capitalized and amortized using the straight-line method over their useful lives, or, when applicable, based on mine depletion.

After the start of the mine's production phase, these expenses are amortized and handled as production costs.

The depletion of mineral resources is calculated based on the extraction, considering the estimated useful lives of the reserves.

17.3 Use of public assets – UBP

This corresponds to the values established in the concession agreements related to the rights to exploit the hydroelectric power generation potential (onerous concession); these contracts are signed in the Use of Public Good (UBP) modality.

The accounting entry is made when the operating license is granted, regardless of the disbursement schedule established in the agreement. The initial recording of this liability (obligation) and intangible asset (concession right) corresponds to the values of future obligations brought to present value (present value of cash flow from future payments).

The amortization of intangible assets is calculated using the straight-line method over the remaining term of the concession. The financial liability is updated by the established contractual index and by the adjustment to present value as a result of the passage of time and reduced by the payments made.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

(a) Composition and change

							Parent company	
							2021	2020
	Goodwill	Exploitation rights over natural resources	Software	Use of public assets - UBP	Hydrological risk renegotiation	Other	Total	Total
At the beginning of the year								
Cost	79.722	192.763	43.262	296.276		9.359	621.382	553.576
Accumulated amortization		(43.216)	(29.566)	(124.389)		(1.383)	(198.554)	(166.041)
Net balance	79.722	149.547	13.696	171.887		7.976	422.828	387.535
Additions (i)				197.794	188.047		385.841	
Write-offs								(472)
Provision for impairment of assets								(239)
Amortization and depletion		(2.784)	(4.801)	(10.590)	(10.896)		(29.071)	(18.444)
Transfers (iii)			4.623			250	4.873	54.448
At the end of the year	79.722	146.763	13.518	359.091	177.151	8.226	784.471	422.828
Cost	79.722	192.763	48.136	494.070	188.047	9.359	1.012.097	621.382
Accumulated amortization		(46.000)	(34.618)	(134.979)	(10.896)	(1.133)	(227.626)	(198.554)
Net balance at the end of the year	79.722	146.763	13.518	359.091	177.151	8.226	784.471	422.828
Average annual amortization rates – %		3	20	3	3			

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

								Consolidated	
							2021	2020	
	Goodwill	Exploitation rights over natural resources	Software	Use of public assets - UBP	Hydrological risk renegotiation	Other	Total	Total	
At the beginning of the year									
Cost	166.265	192.763	83.037	318.221		39.855	800.141	691.484	
Accumulated amortization		(43.216)	(65.514)	(133.002)		(27.146)	(268.878)	(199.746)	
Net balance	166.265	149.547	17.523	185.219		12.709	531.263	491.738	
Additions (i)				208.485	285.446		493.931	137	
Write-offs								(472)	
Amortization and depletion		(2.784)	(6.682)	(11.489)	(11.348)	(258)	(32.561)	(21.092)	
Provision for impairment of assets								(239)	
Company acquired and included in the consolidation (ii)								6.741	
Transfers (iii)			5.044			246	5.290	54.450	
At the end of the year	166.265	146.763	15.885	382.215	274.098	12.697	997.923	531.263	
Cost	166.265	192.763	83.868	526.706	285.446	39.854	1.294.902	800.141	
Accumulated amortization		(46.000)	(67.983)	(144.491)	(11.348)	(27.157)	(296.979)	(268.878)	
Net balance at the end of the year	166.265	146.763	15.885	382.215	274.098	12.697	997.923	531.263	
Average annual amortization rates – %		3	20	3	3				

- (i) Refers to the recognition of the renegotiation of hydrological risk, as described in Note 1.1 (d).
- (ii) Refers to the acquisition of CBA Itapissuma Ltda., in February 2020, and consolidated as of that date, as per Note 1.1.
- (iii) Transfers include the reclassification of “construction in progress” from the group of property, plant and equipment to “software” in the group of intangible assets.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

(b) Impairment tests for goodwill

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually or whenever events or changes in circumstances indicate a potential impairment.

The Company and its subsidiaries assess, at least on an annual basis, the recoverability of the carrying amount of fixed and intangible assets of each of their CGUs. The process of estimating these amounts involves the use of assumptions, judgments and estimates of future cash flows that represent the Company's best estimate.

The Company's Management determined the budgeted gross margin based on past performance and its expectations for market development. The cash flows were discounted using a discounted rate in real terms and after-tax discount rate, which represents an estimate of the rate that a market participant would apply taking into account the time value of money and the specific risks of to each UGC.

The goodwill is related to the following investments made by the Company:

	Parent company		Consolidated	
	2021	2020	2021	2020
CBA Energia Participações S.A.			37.113	37.113
Consórcio Empresarial Salto Pilão	35.587	35.587	35.587	35.587
Machadinho Energética S.A.	15.145	15.145	15.145	15.145
Metalex Ltda.			49.430	49.430
Rio Verdinho Energia S.A.	28.990	28.990	28.990	28.990
	<u>79.722</u>	<u>79.722</u>	<u>166.265</u>	<u>166.265</u>

	2021	2020
Sales volume (% of annual growth rate)	6,20	3,88
Selling price (% of annual growth rate)	(6,19)	3,91
Gross margin (% of revenue)	20 a 32	17 a 22
Other operating costs - R\$	177.975,00	212.376,00
Growth rate - %	6,99	3,50
Discount rate - %	7,96	9,19

These assumptions were used for the analysis of the Company's CGU.

Sales volume considers the average annual growth rate over the expected seven-year period. It is based on past performance and management's expectations for market development.

The selling price considers the average annual growth rate over the forecast period of seven years. It is based on current industry trends and includes long-term inflation forecasts.

Gross margin is the average margin as a percentage of revenue over the expected seven-year period. It is based on current sales margin levels and the sales mix, with adjustments made to reflect expected future price increases for aluminum, a key raw material. There is an expectation that the price of aluminum will decrease over the next seven years by an average of 2.04% per year (US\$2,473 in 2021 to US\$2,136 in 2028).

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

Other operating costs are fixed costs, which do not vary significantly with sales volumes or prices. Management estimated these costs based on the current business structure, adjusting them to inflationary increases, and these do not reflect any future restructuring or cost savings measures. The figures disclosed above are the average operating costs for the expected period of seven years.

No indications of impairment were identified in relation to the tested goodwill.

18 Leases

Accounting policy

The Company maintains controls for the identification of lease agreements that allow the assessment of the applicability of the leasing standards for each contract signed. As permitted by the standard, the following were disregarded from the scope of the analysis: (i) lease contracts for which the lease term ends within 12 months as of the date of initial application; and (ii) lease contracts for which the underlying asset is of low value - USD 5 thousand (BRL 20). When identifying the right-of-use assets within the scope of the contracts identified, the following are also disregarded: (i) contracts with variable payments; (ii) contracts in which the lease asset was considered non-identifiable; (iii) contracts in which the Company is not entitled to obtain substantially all of the economic benefits arising from the use of the asset; and (iv) contracts in which the Company does not have substantial control over the definition of the use of the asset. For leases considered outside of scope, accounting takes place on a monthly basis according to the lease term, directly in profit or loss.

For contracts considered to be within the scope of the standard, the Company records, at the starting date of the contract, a lease liability that reflects the future agreed payments, against a right-of-use asset. The asset is amortized monthly over the lease term, which is defined as the non-cancellable term, plus the term covered by the extension option, plus the term covered by the termination option and, mainly, Management's intention as to exercise or not such options based on facts and circumstances specific to each lease contract.

The liability is adjusted to the present value of the obligation based on the internal rate implicit in the contract or the incremental rate, which must reflect the cost of acquisition by the Company of debt with characteristics similar to those determined by the lease contract, with regard to the term, amount, guarantee and economic environment. The liability is settled according to the flow of payments made to the lessor.

The amortization expense on the right-of-use asset is recorded as part of the cost of the product sold or as an operating expense, depending on the characteristics of use of the leased asset, and the interest expense of discounting the lease liability to its present value is recorded in the financial results, net.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

(a) Right of use

	Parent company				2020
	2021	2020			
	Buildings and constructions	Vehicles	Machinery and equipment	Total	Total
At the beginning of the year					
Cost	8.391	5.093	25.387	39.751	25.343
Accumulated amortization	(3.654)	(4.393)	(16.927)	(25.854)	(12.330)
Net balance	4.737	700	8.460	13.897	13.013
New contracts (i)	11.488	16.065	25.701	53.254	14.411
Write-offs			(216)	(216)	
Amortization	(4.160)	(9.228)	(14.767)	(28.155)	(13.527)
Renegotiation of contracts		905		905	
At the end of the year	12.065	8.442	19.178	39.685	13.897
Cost	19.486	21.032	51.586	92.985	39.751
Accumulated amortization	(7.421)	(12.590)	(32.408)	(53.300)	(25.854)
Net balance at the end of the year	12.065	8.442	19.178	39.685	13.897
Average annual amortization rates – %	25	33	40		

	Consolidated				2020
	2021	2020			
	Buildings and constructions	Vehicles	Machinery and equipment	Total	Total
At the beginning of the year					
Cost	8.871	5.476	30.537	44.884	29.555
Accumulated amortization	(4.064)	(4.593)	(20.987)	(29.644)	(14.249)
Net balance	4.807	883	9.550	15.240	15.306
Initial adoption					
New contracts (i)	11.488	16.065	31.301	58.854	15.529
Write-offs			(216)	(216)	
Amortization	(4.238)	(9.397)	(18.184)	(31.819)	(16.864)
Renegotiation of contracts	14	929		943	
Principal remeasurement			135	135	(982)
Effect of company acquired and included in consolidation					2.251
At the end of the year	12.071	8.480	22.586	43.137	15.240
Cost	19.980	21.317	63.421	104.718	44.884
Accumulated amortization	(7.909)	(12.837)	(40.835)	(61.581)	(29.644)
Net balance at the end of the year	12.071	8.480	22.586	43.137	15.240
Average annual amortization rates – %	26	34	39		

(i) Refers mainly to the renewal of contracts.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

(i) Lease liabilities

	Parent company	
	2021	2020
At the beginning of the year	14.526	13.442
New contracts (i)	53.254	14.411
Write-off	(482)	
Settlement	(29.153)	(14.696)
Adjustment to present value	2.966	1.369
At the end of the year	41.111	14.526
Current	25.542	8.114
Non-current	15.569	6.412
Net balance at the end of the year	41.111	14.526

	Consolidated	
	2021	2020
At the beginning of the year	15.915	15.783
New contracts (i)	58.854	15.529
Write-off	(522)	
Settlement	(32.924)	(18.121)
Principal remeasurement	135	(982)
Effect of subsidiary included in consolidation		2.251
Adjustment to present value	3.231	1.455
At the end of the year	44.689	15.915
Current	27.126	8.805
Non-current	17.563	7.110
Net balance at the end of the year	44.689	15.915

(i) Refers mainly to the renewal of contracts.

(j) Profile

	Parent company				
	2022	2023	2024	2025	Total
Local currency					
Real	25.542	13.041	2.425	103	41.111
	25.542	13.041	2.425	103	41.111

	Consolidated				
	2022	2023	2024	2025	Total
Local currency					
Real	27.126	14.048	3.396	119	44.689
	27.126	14.048	3.396	119	44.689

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

19 Loans, financing and debentures

Accounting policy

Loans, financing and debentures are initially recognized at fair value, net of transaction costs incurred, and subsequently are stated at amortized cost. Any difference between the amounts raised (net of transaction costs) and the total amount payable is recognized in the statement of operations during the period in which the loans and financing are open, using the effective interest rate method.

(a) Composition and fair value

Type	Average interest rate (i)	Current		Non-current		Total		Parent company Fair value (iv)	
		2021	2020	2021	2020	2021	2020	2021	2020
Local currency									
BNDES (ii)	IPCA + 4,68%	20.494	15.931	197.467	139.879	217.961	155.810	197.135	233.440
Debentures (iii)	CDI + 1,55%	811		229.157		229.968		223.452	
FINAME			658		1.364		2.022		2.121
Other	2,40% Pré BRL			598	598	598	598	588	615
		21.305	16.589	427.222	141.841	448.527	158.430	421.175	236.176
Foreign currency									
Export credit notes	4,71% Pré USD	16.582	15.641	2.110.687	1.963.862	2.127.269	1.979.503	1.772.359	2.492.123
Eurobonds - USD	4,75% Pré USD	398	837	498.773	746.546	499.171	747.383	525.598	811.876
		16.980	16.478	2.609.460	2.710.408	2.626.440	2.726.886	2.297.957	3.303.999
		38.285	33.067	3.036.682	2.852.249	3.074.967	2.885.316	2.719.132	3.540.175
Interest on loans and financings		21.277	22.132						
Current portion of long-term loans and financings (principal)		17.008	10.935						
		38.285	33.067						

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

Type	Average interest rate (i)	Current		Non-current		Total		Consolidated Fair value (iv)	
		2021	2020	2021	2020	2021	2020	2021	2020
Local currency									
BNDES (ii)	IPCA + 4,68%	20.494	15.931	197.467	139.879	217.961	155.810	197.135	233.440
Debentures (iii)	CDI + 1,55%	31.909	30.772	229.157	30.416	261.066	61.188	254.371	63.661
FINAME			658		1.364		2.022		2.121
Other	2,40% Pre BRL			598	598	598	598	588	615
		52.403	47.361	427.222	172.257	479.625	219.618	452.094	299.837
Foreign currency									
Export credit notes	4,71% Pre USD	16.582	15.641	2.110.687	1.963.863	2.127.269	1.979.504	1.772.359	2.492.123
Eurobonds - USD	4,75% Pre USD	398	837	498.773	746.546	499.171	747.383	525.598	811.876
		16.980	16.478	2.609.460	2.710.409	2.626.440	2.726.887	2.297.957	3.303.999
		69.383	63.839	3.036.682	2.882.666	3.106.065	2.946.505	2.750.051	3.603.836
Interest on loans and financings		21.960	22.495						
Current portion of long-term loans and financings (principal)		47.423	41.344						
		69.383	63.839						

- (i) Average annual charges are presented in accordance with the representativeness of the contracts over the total amount of debt.
- (ii) The financing agreements with BNDES have linked swaps that convert the floating rate in IPCA in BRL to a fixed rate in USD.
- (iii) On November 17, 2021, the Company issued debentures, not convertible into shares, see further details in Note 19 (g) (ii).
- (iv) The Company and its subsidiaries carried out a review of the methodology for calculating fair value for purposes of disclosure, which began to use as reference the individual credit risk rate of the Company and its subsidiaries, and no longer the consolidated reference rate.

BNDES Brazilian Economic and Social Development Bank
 BRL Local currency (Brazilian Reais).
 CDI Interbank Certificate of Deposit.
 IPCA Brazilian Consumer Price Index.
 FINAME Financing of new machinery and equipment manufactured in Brazil.
 USD US Dollars.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

(c) Changes

	Parent company		Consolidated	
	2021	2020	2021	2020
At the beginning of the year	2.885.316	2.087.916	2.946.505	2.180.504
New loans and financing	308.928	533.000	308.928	533.000
Additions (exclusions) of borrowing costs, net of amortizations	(855)	223	(822)	338
Settlements	(324.301)	(276.487)	(354.741)	(308.689)
Exchange rate variation	74.116	159.896	74.113	159.897
Interest accrual	157.696	105.749	159.857	108.275
Adjustment through other comprehensive results	134.632	380.023	134.632	380.023
Interest paid	(160.565)	(105.004)	(162.407)	(108.603)
Company acquired and included in the consolidation				1.760
At the end of the year	<u>3.074.967</u>	<u>2.885.316</u>	<u>3.106.065</u>	<u>2.946.505</u>

(d) Composition by currency

	Parent company					
	Current		Non-current		Total	
	2021	2020	2021	2020	2021	2020
Brazilian Reais	21.305	16.589	427.222	141.841	448.527	158.430
US Dollar	16.980	16.478	2.609.460	2.710.408	2.626.440	2.726.886
	<u>38.285</u>	<u>33.067</u>	<u>3.036.682</u>	<u>2.852.249</u>	<u>3.074.967</u>	<u>2.885.316</u>

	Consolidated					
	Current		Non-current		Total	
	2021	2020	2021	2020	2021	2020
Brazilian Reais	52.403	47.361	427.222	172.257	479.625	219.618
US Dollar	16.980	16.478	2.609.460	2.710.409	2.626.440	2.726.887
	<u>69.383</u>	<u>63.839</u>	<u>3.036.682</u>	<u>2.882.666</u>	<u>3.106.065</u>	<u>2.946.505</u>

(e) Composition by index

	Parent company					
	Current		Non-current		Total	
	2021	2020	2021	2020	2021	2020
Local currency						
Fixed rate		658	598	1.962	598	2.620
CDI	811		229.156		229.967	-
IPCA	20.494	15.931	197.468	139.879	217.961	155.810
	<u>21.305</u>	<u>16.589</u>	<u>427.222</u>	<u>141.841</u>	<u>448.526</u>	<u>158.430</u>
Foreign currency						
Fixed rate	16.980	16.478	2.609.460	2.710.408	2.626.441	2.726.886
	<u>16.980</u>	<u>16.478</u>	<u>2.609.460</u>	<u>2.710.408</u>	<u>2.626.441</u>	<u>2.726.886</u>
	<u>38.285</u>	<u>33.067</u>	<u>3.036.682</u>	<u>2.852.249</u>	<u>3.074.967</u>	<u>2.885.316</u>

	Consolidated					
	Current		Non-current		Total	
	2021	2020	2021	2020	2021	2020
Local currency						
Fixed rate		658	598	1.962	598	2.620
CDI	31.910	30.772	229.156	30.416	261.066	61.188
IPCA	20.493	15.931	197.468	139.879	217.961	155.810
	<u>52.403</u>	<u>47.361</u>	<u>427.222</u>	<u>172.257</u>	<u>479.625</u>	<u>219.618</u>
Foreign currency						
Fixed rate	16.980	16.478	2.609.460	2.710.409	2.626.440	2.726.887
	<u>16.980</u>	<u>16.478</u>	<u>2.609.460</u>	<u>2.710.409</u>	<u>2.626.440</u>	<u>2.726.887</u>
	<u>69.383</u>	<u>63.839</u>	<u>3.036.682</u>	<u>2.882.666</u>	<u>3.106.065</u>	<u>2.946.505</u>

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

(f) Guarantees

At December 31, 2021, BRL 722,413 (December 31, 2020 – BRL 907,334) of loans and financing were guaranteed by sureties (Note 13 (c)).

(g) Funding and amortization

i. Loan from BNDES

In May 2019, the Company entered into an agreement with BNDES to finance a portion of its maintenance and modernization projects in the amount of BRL 326,000, with final maturity in 2034. In November 2021, BNDES released a new tranche of this loan agreement in the amount of BRL 78,928. The loan debit balance at December 31, 2021 was BRL 217,961 (December 31, 2020 - BRL 155,810).

ii. Debentures

On November 17, 2021, the Company made its first issue of debentures, non-convertible into shares, in a single series, pursuant to CVM Instruction 476/2009 in the amount of BRL 230,000 and with equal amortizations on June 16, 2028, December 15, 2028 and June 15, 2029 and CDI cost +1.55% p.a. The issue was characterized as green and the proceeds will be used in projects to improve the environmental performance of the Company's production structure.

iii. Partial buyback of Bonds

In November 2021, the Company partially repurchased the bonds in the amount of US\$50,000, aiming to reduce the concentration of debt maturing in 2024 and to improve debt costs. The repurchase was carried out in accordance with the conditions set forth in the contract. The total amount paid was BRL 306,000. The difference between the book value and the amount of the consideration paid is the amount of the premium established in the contract, in the amount of BRL 24,000, recognized in the statement of operations under financial expenses.

(h) Financial covenants

The loans in force with BNDES require the intervening guarantor Votorantim S.A. to comply with certain financial ratios, such as (i) net debt to adjusted EBITDA less than or equal to 4.0x; (ii) Equity to total assets equal to or greater than 0.3x; and (iii) debt service coverage, calculated as cash position plus adjusted EBITDA on interest plus short-term debt, must be equal to or greater than 1.0x.

At December 31, 2021 and 2020, all financial covenants were being complied with in accordance with pre-established clauses in the contract.

(i) Borrowing costs

Borrowing costs directly related to the acquisition, construction or production of a qualifying asset that requires a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset when it is probable that future economic benefits associated with the item will flow to the Company and costs can be measured reliably. The other borrowing costs are expensed in the period in which they are incurred.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

20 Supplier finance programs

The Company signed contracts with financial institutions for the purpose of allowing suppliers in the local and foreign markets to anticipate their receivables. In this operation, suppliers transfer the right to receive notes from the sales of goods to financial institutions.

Confirming payables	Parent company		Consolidated	
	2021	2020	2021	2020
Payables - Local customers	160.305	149.324	160.572	149.324
Payables - Foreign customers	397.445	445.257	397.445	445.257
	557.750	594.581	558.017	594.581

21 Current and deferred income tax and social contribution

Accounting policy

Income tax and social contribution expenses for the year comprise current and deferred tax and contributions. Income tax and social contribution are recognized in the statement of operations, except to the extent that they are related to items recognized directly in equity. In such cases, the taxes are also recognized in equity or in comprehensive income.

Management periodically evaluates positions taken by the Company in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current income tax and social contribution are presented net, separated by taxpaying entity, in liabilities when there are amounts payable, or in assets when the amounts prepaid exceed the total amount due on the reporting date.

According to Technical Pronouncement CPC 32 – “Income taxes”, a deferred asset must be recognized on temporary differences and tax losses only to the extent that their realization is probable. The balances of deferred tax assets are periodically analyzed, in terms of the possibility of recovery, considering the historical income generated and the estimated future taxable income, based on projections of future results prepared and based on internal assumptions and future economic scenarios that may therefore undergo changes.

Deferred income tax assets and liabilities are presented net in the balance sheet when there is a legal right and the intention to offset them upon the calculation of current taxes, generally related to the same legal entity and the same tax authority.

The provision for income tax and social contribution is calculated individually by the entity based on the tax rates and tax rules in force in the entity's place of business. The Company and its subsidiaries also recognize provision for situations in which it is probable that additional tax amounts will be due.

When the final result of this evaluation differs from the amounts initially estimated and recorded, these differences affect current and deferred tax assets and liabilities in the period in which the definitive amount is determined.

The Company and its subsidiaries used systematic real profit and calculated and recorded its tax and social contribution based on the effective rates in force on the financial statement preparation date. Deferred income tax and social contribution tax credits result from tax losses, negative bases and temporary differences related to (a) the effect of the calculated exchange rate variation (systematic calculation of

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

income tax and social contribution under the cash regime – exchange rate effects); (b) the adjustment to fair value of derivative financial instruments; (c) non-deductible provisions until the moment of their effective realization; and (d) temporary differences arising in the application of the CPCs.

(a) Income Tax (IRPJ) and Social Contribution (CSLL) expense reconciliation

Current values are calculated based on the rates in force on taxable income, plus or minus the respective additions and exclusions.

The income tax and social contribution amounts presented in the statement of operations for the years ended December 31 are reconciled based on the Brazilian nominal rate as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
Income (loss) before income tax and social contribution	665.080	(164.471)	857.408	(61.532)
Nominal tax rates	34%	34%	34%	34%
IRPJ and CSLL calculated at nominal tax rates	(226.127)	55.920	(291.519)	20.921
Adjustments for the calculation of effective IRPJ and CSLL				
Equity	44.747	15.898	4.326	(1.036)
Tax loss and negative basis without constitution of deferred tax		(376.469)	19.105	(368.717)
Tax loss and negative basis with constitution of deferred tax	207.693	1.205	207.693	1.204
Temporary additions without constitution of deferred tax			(1.611)	(8.256)
Reversal of deferred tax (impairment)	89.054	(446.110)	89.054	(446.110)
Effect of companies paying taxes under the deemed taxable income regime			2.798	(1.769)
Other permanent exclusions (additions), net	(37.503)	(13.801)	(49.527)	(14.565)
IRPJ and CSLL calculated	77.864	(763.357)	(19.681)	(818.328)
Current			(68.000)	(52.479)
Deferred	77.864	(763.357)	48.319	(765.849)
IRPJ and CSLL in the result	77.864	(763.357)	(19.681)	(818.328)
Effective rate - %	11,71	464,13	2,30	1.329,92

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

(b) Composition of deferred tax balances

	Parent company		Consolidated	
	2021	2020	2021	2020
Loss before income tax and social contribution (i)	225.000	-	225.000	0
Tax credits on tax differences				
Provisions (impairment and miscellaneous losses)	174.094	287.676	174.187	287.676
Deferral of losses on derivative contracts	278.996	249.558	278.996	249.558
Tax, civil, labor and environmental provisions	107.692	108.806	115.523	108.806
Exchange rate variation – taxation by the cash basis	95.904	126.719	95.904	126.719
Use of public assets – UBP	61.283	67.109	61.283	67.109
Environmental liabilities	49.209	10.288	49.209	10.288
CPC 25 – Decommissioning of assets	42.787	69.515	42.787	69.515
Profit sharing program	31.160	30.824	31.408	30.824
Adjustment Fair Value - Investment for sale	27.845		27.845	
Provision for inventory losses	16.428	17.847	16.428	17.847
Future energy contracts	12.034	74.290	12.034	74.290
Provision for accounts receivable from customers	3.906	5.552	3.906	5.552
Other	9.978	8.026	10.261	10.377
Tax debts on temporary differences				
Adjustments to property, plant and equipment service life (depreciation)	(549.816)	(597.253)	(557.008)	(597.253)
Gain on investment acquisition	(130.252)	(124.440)	(130.252)	(124.440)
Renegotiation of hydrological risk (ii)	(63.936)		(97.052)	
Capital gains from advantageous purchases in the acquisition of investments			(96.341)	(100.243)
CPC 20 – Capitalized interest	(22.786)	(24.959)	(22.786)	(24.959)
Goodwill amortization	(7.392)	(7.392)	(7.392)	(7.392)
CPC 12 – Adjustment to present value	(6.087)	(13.687)	(6.087)	(13.687)
Other	(13.549)	(14.065)	(13.546)	(14.819)
	<u>342.498</u>	<u>274.414</u>	<u>214.307</u>	<u>175.768</u>

- (i) In 2020 the Company's Management carried out a study on the recoverability of income tax and social contribution losses and, in view of the scenario, concluded on the write-off of BRL 376,469. As established in CPC 32/IAS 12, the Company annually reassesses the expectation of recoverability of deferred taxes, and in 2021 conducted a new analysis and extemporaneously recognized the amount of BRL 225,000 related to income tax and social contribution losses. This recognition is due to the change in the macroeconomic scenario, mainly due to the change in the levels of the ton of aluminum on the LME and is limited to a time horizon of 2 years of recoverability.
- (ii) Refers to the recognition of the renegotiation of hydrological risk, as described in Note 1.1 (d).

(c) Effect of deferred income tax and social contribution on profit for the year and comprehensive income

	Parent company		Consolidated	
	2021	2020	2021	2020
At the beginning of the year	274.414	801.472	175.768	805.560
Effect on the result	77.864	(763.357)	48.319	(765.849)
Effect on other components of comprehensive income – Hedge accounting	(9.780)	236.299	(9.780)	236.299
Bargain purchase gain on investment acquisition (i)				(100.243)
Other				1
At the end of the year	<u>342.498</u>	<u>274.414</u>	<u>214.307</u>	<u>175.768</u>

- (i) Refers to acquisition of CBA Itapissuma Ltda., which took place in 2020.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

22 Provisions

Accounting policy

The Company is a party involved in tax, civil, labor and environmental proceedings that are at different stages. The provisions made to cover probable losses arising from ongoing proceedings are established and updated based on Management's assessment, which considers the opinion of its legal advisors and requires a high degree of judgment on the matters involved.

(a) Judicial deposits

Judicial deposits are monetarily restated and when they have a corresponding provision, they are recorded net in "provisions". Judicial deposits that do not have a corresponding provision are recorded under non-current assets.

(b) Provisions of a tax, civil, labor, and environmental nature and legal actions

These are recorded when: (i) the Company has a present 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) the amount can be reliably estimated. Provision does not include future operating losses.

The provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to time elapsing is recognized as financial expense.

(c) Asset retirement obligations

The Company recognizes an obligation at fair value for the decommissioning of assets in the period in which they occur, with a corresponding entry to the respective property, plant and equipment. The Company considers the accounting estimates related to the recovery of degraded areas and the costs for closing mines and dams as a critical accounting practice since it involves significant provision amounts and is based on estimates that involve several different assumptions, such as interest rates, inflation, useful life of the asset considering the current stage of depletion, costs involved and projected depletion dates for each mine and dam. These estimates are reviewed annually by the Company.

The measurement of asset retirement obligations involves judgment on various assumptions. From an environmental perspective, it refers to future obligations to restore or recover the environment to ecological conditions similar to those existing prior to the start of the project or activity or to make compensatory measures, agreed with the competent bodies, due to the impossibility of returning to these pre-existing conditions. These obligations arise from the beginning of the environmental degradation of the occupied area, object of the operation or from formal commitments undertaken with the environmental agency, whose degradation needs to be compensated.

The dismantling and withdrawal of an asset's operation occurs when it is permanently deactivated, through its stoppage, sale or disposal. .

The constituted liability is periodically updated based on these discount rates plus inflation in the reference period. At December 31, 2021, the interest rate for 2021 was reassessed between 5.09% p.a. and 8.67% p.a.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

(d) Composition and change

	Parent company							
							2021	2020
	Judicial proceedings							
	Asset retirement obligation	Tax	Labor	Civil	Environmental	Total	Total	
At the beginning of the year	464.049	198.659	78.493	16.575	1.007	758.783	681.672	
Additions		86.631	32.840	2.089	36	121.596	97.159	
Reversals		(67.664)	(16.124)	(2.820)		(86.608)	(33.626)	
Judicial deposits, net of write-offs		(274)	(3.460)			(3.734)	(9.204)	
Settlements	(19.729)	(31.885)	(13.761)	(2.664)		(68.039)	(29.281)	
Monetary restatement, net of reversals		7.607	(5.360)	6.958	44	9.249	(4.855)	
Adjustment to present value	38.212					38.212	32.871	
Cash flow reassessment (i)	44.338					44.338	24.047	
At the end of the year	526.870	193.074	72.628	20.138	1.087	813.797	758.783	
Current	29.218					29.218	522	
Non-current	497.652	193.074	72.628	20.138	1.087	784.579	758.261	
	526.870	193.074	72.628	20.138	1.087	813.797	758.783	

	Consolidated							
							2021	2020
	Judicial proceedings							
	Asset retirement obligation	Tax	Labor	Civil	Environmental	Total	Total	
At the beginning of the year	464.049	200.544	78.493	17.376	1.007	761.469	683.604	
Additions		88.383	32.840	2.112	625	123.960	97.725	
Reversals		(67.664)	(16.124)	(2.820)		(86.608)	(33.438)	
Judicial deposits, net of write-offs		(274)	(3.460)			(3.734)	(9.204)	
Settlements	(19.729)	(31.883)	(13.761)	(2.665)		(68.038)	(29.281)	
Monetary restatement, net of reversals		7.607	(5.345)	6.958	44	9.264	(4.855)	
Adjustment to present value	38.212					38.212	32.871	
Cash flow reassessment (i)	44.338					44.338	24.047	
Company acquired and included in the consolidation			1.084			1.084		
At the end of the year	526.870	196.713	73.727	20.961	1.676	819.947	761.469	
Current	29.218					29.218	522	
Non-current	497.652	196.713	73.727	20.961	1.676	790.729	760.947	
	526.870	196.713	73.727	20.961	1.676	819.947	761.469	

(i) Refers to the remeasurement of the ARO, as mentioned in Note 1.1 (e).

(e) Tax, civil, labor and environmental provisions and remaining judicial deposits

The Company and its subsidiaries are parties to tax, labor, civil and environmental proceedings underway, and are discussing these issues at both the administrative and judicial levels, which, when applicable, are supported by judicial deposits.

Provisions for losses from contingent liabilities classified as probable are accounted for, those classified as possible losses are not accounted for and are disclosed in the explanatory notes, and those classified as remote are not provisioned or disclosed, except when the Company considers their disclosure to be justified due to the relevance of the proceedings.

The amounts involved in the contingencies are estimated and updated periodically. The classification of losses as possible, probable and remote is based on Management's assessment, based on the opinion of its legal advisors.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

The provision and the corresponding judicial deposits are shown below:

	Parent company							
	2021			2020				
	Judicial deposits	Provisioned amount	Net total	Remaining judicial deposits	Judicial deposits	Provisioned amount	Net total	Remaining judicial deposits
Tax		204.277	193.074	14.127	(10.929)	209.588	198.659	13.846
Labor	(34.825)	107.453	72.628		(31.365)	109.858	78.493	
Civil		20.138	20.138	1.023		16.575	16.575	418
Environmental		1.087	1.087	7		1.007	1.007	7
	(46.028)	332.955	286.927	15.157	(42.294)	337.028	294.734	14.271

	Consolidated							
	2021			2020				
	Judicial deposits	Provisioned amount	Net total	Remaining judicial deposits	Judicial deposits	Provisioned amount	Net total	Remaining judicial deposits
Tax	(11.203)	207.916	196.713	14.226	(10.929)	211.473	200.544	13.851
Labor	(34.825)	108.552	73.727	811	(31.365)	109.858	78.493	300
Civil		20.961	20.961	1.023		17.376	17.376	418
Environmental		1.676	1.676	596		1.007	1.007	572
	(46.028)	339.105	293.077	16.656	(42.294)	339.714	297.420	15.141

Comments on provision with a probable likelihood of loss

(i) Tax provisions

Tax proceedings with a probable loss probability are represented by discussions related to federal, state and municipal taxes, which are at the judicial or administrative level, with the main cases provided for discussions related to IRPJ, IPTU, CFEM, among others.

(ii) Labor provisions

Labor proceedings classified as probable loss are those filed by former employees, third parties and unions, the objects of which mostly consist of claims for payment of severance pay, unhealthy and dangerous pay, overtime, and in itinere hours, as well as indemnity claims for alleged occupational diseases, work accidents, material and moral damages.

When disbursement by the company is likely, these proceedings are duly provisioned, according to the provisioning policy prepared by the company. Most of these lawsuits are pending in the Regional Labor Courts of Minas Gerais, Goiás, Campinas and São Paulo.

(iii) Civil provisions

The Company is a party to civil proceedings of an administrative and jurisdictional nature. The contingencies referred to originate from proceedings with different legal natures, highlighting actions for indemnity for material damage and moral damage, collection actions, executions and administrative requests.

(iv) Environmental provisions

The Company established environmental policies and procedures for the purpose of complying with environmental and other laws. Management conducts regular analyses to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

The Company’s environmental, administrative and judicial litigation basically refers to the investigation of alleged violations that do not comply with specific legislation, whether through administrative procedures or legal proceedings.

(f) Proceedings considered to have a possible loss probability

The Company has actions involving risk of loss classified by Management as possible, based on the assessment of its legal advisors, for which no provision has been made.

	Parent company		Consolidated	
	2021	2020	2021	2020
Tax	2.826.421	2.529.620	2.894.572	2.594.419
Labor	124.292	146.105	125.585	146.902
Civil	114.574	192.346	115.688	193.231
Environmental	5.158	2.081	5.558	2.081
	<u>3.070.445</u>	<u>2.870.152</u>	<u>3.141.403</u>	<u>2.936.633</u>

Comments on contingent tax liabilities with possible loss probability

The following table shows the analysis of the relevance of these proceedings:

	Consolidated	
	2021	2020
PIS and COFINS credit processes (i)	709.218	692.344
IRPJ Negative Balance Disallowance (ii)	342.089	340.094
Disallowance Summer Plan (iii)	293.554	
ICMS on Electricity Charges (iv)	233.561	225.920
Tax Classification Error - Imports (v)	191.274	185.592
Collection of ICMS due to differences in the destination of goods (vi)	86.388	85.948
Financial Compensation for the Exploration of Mineral Resources - CFEM (vii)	62.592	62.398
Other	975.896	1.002.123
	<u>2.894.572</u>	<u>2.594.419</u>

(i) PIS and COFINS credit processes

The Company currently has Decision Orders and Notices of Infraction proceedings underway related to the disallowance of PIS and COFINS credits related to the items applied in the production process, which, according to the Brazilian Federal Revenue Service, would not generate the right to credit for these contributions. The updated amount at December 31, 2021 corresponds to BRL 709.218. Currently, all proceedings are awaiting administrative decision.

In the understanding of Management and the opinion of its independent legal advisors, given the precedents and jurisprudence, the likelihood of loss in these proceedings is considered possible

(ii) IRPJ Negative Balance Disallowance

The Company received decision orders issued by the Brazilian Federal Revenue Service in which the amounts calculated as negative IRPJ and the CSLL balance are questioned. At December 31, 2021, the amount under discussion in the proceedings totaled BRL 342,089.

The cases are currently pending an administrative decision following the Company having filed a challenge.

Notes to the parent company and consolidated financial statements at December 31, 2021 All amounts in thousands of reais unless otherwise stated

In the understanding of Management and the opinion of its independent legal advisors, it appears that there was a mistake on the part of the RFB when assessing the amounts submitted by the Company, which is why the likelihood of loss in the proceedings is considered possible.

(iii) Disallowance Summer Plan

The Company received a decision issued by the RFB, in which the credit used for offset related to credits from a lawsuit related to the discussions of the elimination of inflation effects of the Summer Plan.

Due to the questioning made by the RFB, the Company filed an objection that is awaiting judgment by the first administrative instance.

At December 31, 2021, the restated amount of these assessments is BRL 293,554.

In the understanding of Management and its independent legal advisors, the tax assessment has no basis to be successful and for this reason the loss is considered possible.

(iv) ICMS on electricity charges

The Company has judicial and administrative discussions regarding the levy of ICMS on sector charges levied on the electricity tariff. At December 31, 2021, the amount in dispute for these discussions totaled BRL 233,561.

In the understanding of Management and the opinion of its independent legal advisors, the sanction is unfounded, which is why the probability of loss in the proceedings is considered possible.

(v) Tax Classification Error – Imports

In March 2017, the Company was fined due to an alleged tax classification error in the import of inputs, resulting in the requirement of taxes (IPI, PIS, COFINS and II), whose value in December 2021 totals BRL 191,274.

Since the fine is understood to be undue, the Company filed a challenge that was judged favorably in the first administrative instance. The case is currently awaiting judgment by the CARF for the voluntary appeal filed by the Attorney General's Office of the Federal Treasury.

In the understanding of Management and the opinion of its independent legal advisors, the probability of loss in the referred proceedings is considered possible.

(vi) Collection of ICMS due to differences in the destination of goods

Due to the disallowance of credits arising from the purchase of assets due to differences in the destination of the goods, the Company was fined for alleged failure to pay ICMS. At December 31, 2021, the amount of these fines totaled BRL 86,388.

In the understanding of Management and the opinion of its independent legal advisors, the criteria adopted with respect to the destination of the goods are compliant with the pertinent legislation and the likelihood of loss in the proceedings is considered possible.

**Notes to the parent company and consolidated
financial statements at December 31, 2021**
All amounts in thousands of reais unless otherwise stated

(vii) Financial Compensation for the Exploration of Mineral Resources – CFEM

The Company received fines issued by the National Department of Mineral Production for alleged failure to pay or underpayment of CFEM. At December 31, 2021, the disputed amount of these fines totaled BRL 62,592. The proceedings are currently in the administrative and judicial stage.

In the understanding of Management and the opinion of its independent legal advisors, these sanctions are unfounded, which is why the probability of loss in the proceedings is considered possible.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

23 Use of public assets – UBP

Accounting policy

The amount is originally recognized as a financial liability (obligation) and as an intangible asset (right to use of a public asset), which corresponds to the total amount of annual expenses over the period of the contract discounted to present value (present value of future payment cash flows).

The Company has or participates in companies that hold concession agreements in the power industry. Most of these contracts foresee annual payments as of the beginning of the operation and are adjusted by the IGPM for the use of the public good (UBP).

The agreements have an average term of 35 years, and the amounts to be paid annually are shown below:

Hydropower plants / Companies	Concession start date	Concession end date	Payment start date	Interest	Intangible asset	Parent company			
						2021	2020		
						Liability	Interest	Intangible asset	Liability
Salto Pilão	abr-02	jan-42	jan-10	60%	156.986	695.143	60%	163.170	661.241
Salto do Rio Verdinho	dez-02	dez-44	out-10	100%	6.246	30.662	100%	6.614	26.566
Itupararanga	fev-04	fev-24	jan-04	100%	179	1.212	100%	261	1.476
Piraju	dez-98	nov-38	fev-03	100%	763	7.794	100%	825	7.047
Ourinhos	jul-00	nov-40	set-05	100%	949	6.610	100%	1.017	5.838
Fumaça	jun-96	jun-16	(i)	100%	55.270	55.270			
França	jun-96	jun-16	(i)	100%	42.217	42.217			
Porto Raso	jun-96	jun-16	(i)	100%	26.636	26.636			
Serraria	jun-96	jun-16	(i)	100%	18.394	18.394			
Barra	jun-96	jun-16	(i)	100%	51.451	51.453			
					359.091	935.391		171.887	702.168
Current						66.477			41.767
Non-current					359.091	868.914		171.887	660.401
					359.091	935.391		171.887	702.168

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

Hydropower plants / Companies	Concession start date	Concession end date	Payment start date	Interest	2021			Consolidated 2020		
					Intangible asset	Liability		Interest	Intangible asset	Liability
Salto Pilão	abr-02	jan-42	jan-10	60%	156.986	695.143		60%	163.170	661.241
Salto do Rio Verdinho	dez-02	dez-44	out-10	100%	6.246	30.662		100%	6.614	26.566
Itupararanga	fev-04	fev-24	jan-04	100%	179	1.212		100%	261	1.476
Piraju	dez-98	nov-38	fev-03	100%	763	7.794		100%	825	7.047
Ourinhos	jul-00	nov-40	set-05	100%	949	6.610		100%	1.017	5.838
Fumaça	jun-96	jun-16	(i)	100%	55.270	55.271				
França	jun-96	jun-16	(i)	100%	42.217	42.217				
Porto Raso	jun-96	jun-16	(i)	100%	26.636	26.636				
Serraria	jun-96	jun-16	(i)	100%	18.394	18.394				
Barra	jun-96	jun-16	(i)	100%	51.452	51.452				
Baesa - Energética Barra Grande	mai-01	mai-36	jun-07	15%	20.060	72.165		15%	11.381	53.299
Enercan - Campos Novos Energia	mai-00	mai-35	jun-06	24%	3.063	10.558		24%	1.951	7.949
					<u>382.215</u>	<u>1.018.114</u>			<u>185.219</u>	<u>763.416</u>
Current						74.314				47.703
Non-current					<u>382.215</u>	<u>943.800</u>			<u>185.219</u>	<u>715.713</u>
					<u>382.215</u>	<u>1.018.114</u>			<u>185.219</u>	<u>763.416</u>

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

24 Shareholders' equity

(a) Share capital

Share capital is exclusively represented by common shares that are classified in equity.

On February 26, 2021 the parent company VSA increased the Company's capital in the amount of BRL 521, as described in Note 1.1 (a).

On March 30, 2021, the Company's capital reduction in the amount of BRL 417,695 was approved, with the cancellation of 187,148,848 common shares, as described in Note 1.1 (b).

On March 30, 2021, the absorption of accumulated losses pursuant to the Company's capital reduction process, in the amount of BRL 483,462, was approved.

On June 21, 2021, the reverse split of 1,233,375,762 common shares representing the Company's share capital was approved at the ratio of 2.31257955519536 common shares to 1 common share, resulting in a total of 533,333,333 common shares. The reverse split did not affect the rights and benefits, equity or political, of the shares issued by the Company, as described in Note 1.1 (h).

On July 13, 2021, the Company's capital increase of BRL 700,000 was approved, with the issue of 62,500,000 common shares, coming from the public offering of shares. This amount was reduced by transaction costs, totaling a net of BRL 657,130, as described in Note 1.1 (f).

At December 31, 2021, the fully subscribed and paid-in capital in the amount of BRL 4,749,460 (December 31, 2020 – BRL 4,950,095) comprises 595,833,333 (December 31, 2020 - 1,420,294,211) registered, book-entry common shares with no par value. The share capital is net of public offering expenses in the amount of BRL 44,150.

The composition of capital is as follows:

	2021		2020	
	Common		Common	
	Number of shares	(%)	Number of shares	(%)
CBA's shareholders				
Votorantim S.A.	452.083.333	75,87%	1.420.294.210	100,00%
Other shareholders	143.750.000	24,13%	1	0,00%
	595.833.333	100%	1.420.294.211	100%

(b) Dividends

According to the Company's bylaws, dividends are calculated on the basis of 25% of profit for the year after deduction of the legal reserve.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

	2021	2020
Net income for the year	742.944	(927.828)
Absorption of accumulated losses	(502.440)	
Legal reserve calculation basis	240.504	
Legal reserve - 5%	(12.025)	
Dividend calculation basis	228.479	
Minimum dividends - 25% in accordance with bylaws	57.120	
Weighted average number of shares, in thousands	887.440	934.150
Dividends per share - R\$	64,36	

In the year ended December 31, 2020, no dividends were distributed, due to the loss for the year.

(c) Legal reserve and profit retention

The legal reserve is constituted through the appropriation of 5% of the net income for the year or the remaining balance, limited to 20% of the share capital, which can only be used to increase capital or absorb accumulated losses.

(d) Carrying value adjustment

	Attributable to CBA's shareholders
At January 1, 2020	50.411
Operating hedge accounting	(687.505)
Deferred taxes	236.299
At December 31, 2020	(400.795)
At January 1, 2021	(400.795)
Operating hedge accounting	21.412
Deferred taxes	(9.780)
Share of other comprehensive income of investees	1.269
At December 31, 2021	(387.894)

(e) Basic and diluted earnings (loss) per share - BRL

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of shares issued by the Company in the years ended December 31.

On June 21, 2021, the Extraordinary General Meeting approved the proposed reverse stock split of all existing shares issued by the Company, with each 2.31257955519536 existing common shares corresponding to 1 common share. As required by IAS 33 / CPC 41, the number of shares presented in the calculation of earnings per share for the current period and for the comparative period were affected by the said reverse split.

There is no dilutive effect at the end of the year.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

	Controladora	
	2021	2020
Lucro líquido (prejuízo) atribuível aos acionistas controladores	742.944	(927.828)
Quantidade média ponderada de ações, em milhares (Nota 1.1 (h) (i))	887.440	934.150
Lucro (prejuízo) básico e diluído por lote de mil ações	837,18	(993,23)

- (i) The number of shares disclosed on December 31, 2020 has been adjusted to reflect the reverse split as described above.

25 Net revenue from goods sold and services rendered

Accounting policy

Revenue is recognized when control of the good or service is transferred to the customer. As CBA sales are subject to different transport modes, revenue can be recognized when the product is made available at the port of shipment, loaded on the ship, at the port of unloading or delivered to the customer's warehouse, for example.

Revenue is recorded net of taxes, returns, rebates and discounts, as well as eliminations of sales between consolidated companies.

The five-step model establishes that the entity must record revenue when the transfer of goods or services promised to customers in the amount that reflects the consideration that the entity expects to be entitled to in exchange for such goods or services.

Identification of performance obligations and their term of satisfaction:

The Company has two distinct performance obligations included in certain aluminum sales agreements: i) the promise to supply goods to its customers, and ii) the promise to provide shipping services to its customers.

Promise to supply goods – This performance obligation is satisfied when control of such goods is transferred to the end customer.

Promise to supply goods and shipping services – This performance obligation is satisfied when the purchase of goods and shipping services is hired by the customer and the product is delivered to the agreed final destination.

The Company's energy sales agreements are conducted in the free and regulated Brazilian commercialization market, and are fully registered with the CCEE, which is the agent responsible for the accounting and settlement of the entire national integrated system (SIN).

The accounting measurement of the volume of energy to be billed results from processing the physical measurement, adjusted to the apportionment of losses reported by the CCEE.

In order to determine whether performance obligations are met at a specific time, the Company considers whether it has a current right to payment of the asset; whether the customer has the legal title to the asset; whether the Company transfers physical ownership of the asset; and whether the customer has the significant risks and rewards of ownership of the asset.

The Company considers the terms of the agreement and its usual commercial practices to determine the transaction price. The transaction price is the amount of the consideration that the Company expects to receive in exchange for the transfer of goods or services promised to its customers.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

The transaction price is allocated to each performance obligation on a relative independent selling price basis. The recording of revenue related to these sales was not significantly affected by IFRS 15.

The prices of products traded by the Company are based on the quotation per ton of aluminum on the LME. Possible price fluctuations depend on various external factors, such as the world demand and production capacity and the market strategies of the major producers.

(a) Reconciliation of revenue

	Parent company		Consolidated	
	2021	2020	2021	2020
Gross revenues				
Sales of products and services on the local market	6.923.471	4.029.077	8.222.251	4.769.044
Sales of products on the foreign market	1.509.597	1.044.528	1.611.071	1.114.457
Electricity sales	363.619	517.298	384.486	574.591
Services provided	719	466	719	466
	8.797.406	5.591.369	10.218.527	6.458.558
Taxes on sales and other deductions	(1.414.522)	(794.376)	(1.795.347)	(1.047.176)
Net revenues from products sold and services	7.382.884	4.796.993	8.423.180	5.411.382

(b) Information on geographic areas

The breakdown of net revenue by destination is based on the location of the customers. The Company's net revenues classified by destination and currency are shown as follows:

(i) Net revenue by destination country

	Parent company		Consolidated	
	2021	2020	2021	2020
Brazil	5.873.287	3.752.465	6.812.109	4.296.925
United States	414.899	417.759	419.049	447.041
Switzerland	377.312	140.342	397.828	160.645
Mexico	207.956	88.395	207.956	88.395
Netherlands	80.263	176.099	80.263	176.099
Iceland	187.322	133.421	187.322	133.421
Uruguay	64.155	39.243	64.596	39.243
Argentina	4.315	14.634	44.526	21.109
Other	173.375	34.635	209.531	48.504
	7.382.884	4.796.993	8.423.180	5.411.382

(ii) Net revenue by currency

	Parent company		Consolidated	
	2021	2020	2021	2020
Brazilian Reais	5.873.287	3.752.465	6.812.109	4.296.925
US Dollar	1.509.597	1.044.528	1.611.071	1.114.457
	7.382.884	4.796.993	8.423.180	5.411.382

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

26 Income breakdown by nature

Parent company				
2021				
	Cost of products and services (i)	Selling expenses	General and administrative expenses	Total
Raw materials, inputs and consumables	4.539.496	954	1.328	4.541.778
Employee benefit expenses	526.975	20.653	130.537	678.165
Depreciation, amortization and depletion	413.542	405	12.061	426.008
Transportation expenses	215.455		16	215.471
Maintenance and conservation	241.494	86	52	241.632
Services, miscellaneous	35.684			35.684
Third-party services	77.850	4.597	117.039	199.486
Rentals and leases	57.541	76	5.177	62.794
Renegotiation of hydrological risk (ii)	(188.047)			(188.047)
Reversal of the allowance for doubtful accounts		(3.829)		(3.829)
Other expenses	251.966	7.341	27.887	287.194
	<u>6.171.956</u>	<u>30.283</u>	<u>294.097</u>	<u>6.496.336</u>

Parent company				
2020				
	Cost of products and services (i)	Selling expenses	General and administrative expenses	Total
Raw materials, inputs and consumables	2.771.605	588	1.538	2.773.731
Employee benefit expenses	532.717	20.593	119.022	672.332
Depreciation, amortization and depletion	369.647	248	6.517	376.412
Transportation expenses	176.508		767	177.275
Maintenance and conservation	169.711	27	226	169.964
Services, miscellaneous	180.130			180.130
Third-party services	59.588	3.166	79.151	141.905
Rentals and leases	28.987	303	2.857	32.147
Reversal of the allowance for doubtful accounts		(3.959)		(3.959)
Other expenses	154.194	11.701	26.399	192.294
	<u>4.443.087</u>	<u>32.667</u>	<u>236.477</u>	<u>4.712.231</u>

Consolidated				
2021				
	Cost of products sold and services rendered (i)	Selling	General and administrative expenses	Total
Raw materials, inputs and consumables used	5.103.361	954	2.181	5.106.496
Employee benefit expenses	599.147	23.492	146.313	768.952
Depreciation, amortization and depletion	480.064	456	15.525	496.045
Transportation expenses	215.525		16	215.541
Maintenance and conservation	251.424	164	384	251.972
Services, miscellaneous	35.684			35.684
Third-party services	82.012	5.480	135.601	223.093
Rentals and leases	57.541	140	6.745	64.426
Renegotiation of hydrological risk (ii)	(285.446)			(285.446)
Reversal of the allowance for doubtful accounts		(3.814)		(3.814)
Other expenses	260.160	15.397	31.262	306.819
	<u>6.799.472</u>	<u>42.269</u>	<u>338.027</u>	<u>7.179.768</u>

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

	Consolidated 2020			
	Cost of products sold and services rendered (i)	Selling	General and administrative expenses	Total
Raw materials, inputs and consumables used	3.051.142	588	2.117	3.053.847
Employee benefit expenses	589.015	25.100	139.299	753.414
Depreciation, amortization and depletion	421.859	292	9.330	431.481
Transportation expenses	176.508		767	177.275
Maintenance and conservation	169.711	27	399	170.137
Services, miscellaneous	180.130			180.130
Third-party services	59.588	3.273	97.908	160.769
Rentals and leases	28.987	355	3.642	32.984
Reversal of the allowance for doubtful accounts		(5.305)		(5.305)
Other expenses	154.193	12.790	30.440	197.423
	<u>4.831.133</u>	<u>37.120</u>	<u>283.902</u>	<u>5.152.155</u>

- (i) In the parent company and consolidated balance at December 31, 2021, the Company recorded the amount of BRL 32,011 (December 31, 2020 – BRL 33,750) regarding the idle cost of production of the Niquelândia and São Miguel Paulista plants located in the municipalities of Niquelândia in the State of Goiás and São Paulo in the State of São Paulo, respectively.
- (ii) Refers to the recognition of the renegotiation of hydrological risk, as described in Note 1.1 (d).

27 Employee benefit expenses

	Parent company		Consolidated	
	2021	2020	2021	2020
Direct remuneration	383.225	371.984	431.984	421.953
Social charges	186.635	202.239	214.154	219.689
Benefits	108.305	98.109	122.814	111.772
	<u>678.165</u>	<u>672.332</u>	<u>768.952</u>	<u>753.414</u>

(a) Retirement obligations

The Company participates in pension plans which are managed by a closed private pension entity and provide its employees with post-employment benefits under a defined contribution plan. A defined contribution plan is the pension plan under which the Company pays fixed contributions to a separate entity. The Company has no legal or constructive obligation to pay additional contributions if the fund does not have sufficient assets to pay employees.

(b) Employee profit sharing

Provisions are recorded to recognize the expense related to the employees' profit sharing. These provisions are calculated based on qualitative and quantitative targets defined by Management and recorded in the statement of operations as "Employee benefit", under the direct remuneration item.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

(c) Defined social security contribution plan

The Company and its subsidiaries sponsor private pension plans that are managed by Fundação Senador José Ermírio de Moraes (FUNSEJEM), a private, non-profit pension fund that is available to all employees of the Votorantim Group. According to the fund’s regulations, employee contributions to FUNSEJEM are defined according to their remuneration. For employees who earn less than the limits established by the regulation, the defined contribution is up to 1.5% of their monthly remuneration. For employees who earn more than the limits, the defined contribution is up to 6% of their monthly remuneration.

Voluntary contributions can also be made to FUNSEJEM. After contributions to the plan have been made, no additional payment is required by the Company. The contributions made by the Company to FUNSEJEM during the years ended December 31, 2021 and 2020 amount to BRL 5,838 and BRL 5,001, respectively.

(d) Management compensation

Expenses related to the remuneration of key management personnel, including the Board of Directors, Supervisory Board and the Statutory Executive Board, recognized in result for the year, are shown in the table below:

	Consolidated	
	2021	2020
Short-term remuneration		
Salary or fees	8.515	5.694
Direct or indirect benefits	566	434
Variable salary	6.049	4.828
	15.130	10.956
Long-term remuneration		
Long-term incentives	3.555	1.652
	3.555	1.652
	18.685	12.608

Short-term compensation includes: fixed compensation (salaries and fees, vacation and 13th month salary), direct and indirect benefits (medical assistance, meal vouchers, food vouchers, life insurance and private pension) and variable short-term compensation (profit sharing and bonuses).

28 Other operating income (expenses), net

	Parent company		Consolidated	
	2021	2020	2021	2020
Electric power futures contracts (i)	183.105	(125.222)	183.105	(125.222)
Reversal (constitution) for asset depreciation (impairment) (Note 16)	603.945	(17.807)	603.945	(17.807)
Write-off on the sale of assets (ii)	(532.733)	(43.189)	(533.889)	(43.353)
Gain on sale of fixed assets	29.000		29.000	
Recognition of bargain purchase gain on acquisition of investments (iii)	17.143	365.999	17.143	365.999
Recognition of taxes recoverable	4.379	75.224	9.906	80.702
Constitution of provisions, net	(48.624)	(54.675)	(49.248)	(54.675)
Expenditures from non-activatable projects (iv)	(162.771)	(42.836)	(162.771)	(42.836)
Other operating income (expenses), net	27.148	19.689	608	11.953
	120.592	177.183	97.799	174.761

- (i) Refers substantially to the change in the assumption in measuring the fair value of future energy contracts.
- (ii) Refers mainly to the write-off for the operations of Iron Nickel, Calcinador VII and Tijuco Alto, as per item “i” of Note 16.

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

- (iii) Refers to the gain on bargain purchase in the acquisition of the investments CBA Itapissuma Ltda. and Santa Cruz Geração de Energia S.A.
- (iv) Correspond, basically, to the write-offs of projects, studies and consulting expenses, as mentioned in item “i” of Note 16.

29 Net financial result

Accounting policy

These comprise the amounts of interest on loans and financial investments, monetary variation and different discounts that are recognized in the statement of operations for the year on the accrual basis. Financial income from financial assets measured at amortized cost is recorded according to the time elapsed from the operations, using the effective interest rate.

	Parent company		Consolidated	
	2021	2020	2021	2020
Financial income				
Gains of financial investments	40.486	12.256	48.026	15.333
Reversal of monetary restatement of provisions	23.811	3.729	23.811	3.729
Monetary restatement on assets	10.226	2.230	10.586	2.464
Interest on transactions with related parties (Note 13)	8.804	4.881	10.976	509
Interest on financial assets	1.342	97.328	1.569	
Other financial income	9.709	12.105	14.848	15.317
	94.378	132.529	109.816	
Financial expenses				
Interest on loans and financing (Note 19 (c))	(157.257)	(106.433)	(159.419)	(108.960)
Capitalization of interest on loans and financing – CPC 20	(2.622)	2.355	(2.622)	2.355
Interest and monetary restatement - UBP	(67.628)	(157.272)	(85.297)	
Adjustment to present value – CPC 12	(57.043)	(49.414)	(57.043)	(49.414)
Monetary restatement on provisions	(31.230)	(29.768)	(32.382)	(30.785)
Charge on discount operations	(25.432)	(11.085)	(27.996)	(11.085)
Interest on transactions with related parties (Note 13)	(18.681)		(22.826)	
Income tax on remittances of interest overseas	(16.092)	(7.514)	(16.564)	(7.514)
VAT on finance results	(9.418)	(9.972)	(9.878)	(11.338)
Funding expenses	(6.103)	(5.667)	(9.675)	(5.667)
Other financial expenses	(34.730)	(19.010)	(37.798)	(20.144)
	(426.236)	(393.780)	(461.500)	(414.554)
Derivative financial instruments (i)	(67.344)	533	(70.289)	533
Foreign exchange gains (losses)	(74.468)	(212.456)	(74.554)	(214.534)
	(473.670)	(473.174)	(496.527)	(492.474)

- (i) Refers substantially to the discontinuation of the designation of hedge accounting of debt derivative financial instruments (BNDES) and operating energy contracts as of January 2021. Therefore, the fair value of these derivatives is now recognized under “financial result” and no longer in equity under “Other comprehensive income”.

30 Insurance (Unaudited)

The Company and its subsidiaries maintain general liability policy for executives and directors, in addition to a property (all risks) policy and profit loss coverage. Such policies have coverage, conditions and limits considered by Management to be adequate for the inherent risks of the operation.

At December 31, 2021, the Company had the following main insurance policies contracted with first-line insurance companies:

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

Insurance policy	Coverage	Amount covered in 2021
Assets	Material damages and loss of profits to property	850.000.000
Civil Liability	Damage caused to third parties	250.000.000
Directors & Officers	Complaints from third parties to the Company's individuals	135.000.000
Transport	Material damage caused during transport	10.000.000

The information above represents the consolidation, for disclosure purposes only, of the maximum indemnity limits for the Company's main policies.

31 Information by segment

The Company's activities are carried out through the following operating segments: Aluminum, Energy and Nickel.

Aluminum

This involves the operations of the aluminum production chain, from bauxite mining to the production of primary and transformed products.

Energy

This comprises only the sale of surplus energy, which is sold to the market.

Nickel

This considers the Cerrado Nickel and Green Legacy Units.

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 and evaluating the performance of the operating segments, is the Executive Board, which is also responsible for making the Company's strategic decisions, using adjusted EBITDA as a performance measure.

The information presented to senior management with the respective performance of each segment is derived from the records maintained in accordance with accounting policies, with some reallocations between the segments.

	2021				
	Aluminium	Nickel	Energy	Eliminations (i)	Consolidated
Net revenues from products sold and services provided	8.018.361	25.909	727.406	(348.496)	8.423.180
Cost of products sold and services provided	(6.586.536)	(51.472)	(509.960)	348.496	(6.799.472)
Gross profit (loss)	1.431.825	(25.563)	217.446		1.623.708
Selling	(39.769)	(2.500)			(42.269)
General and administrative	(307.960)	(22.124)	(7.943)		(338.027)
Other operating income (expenses), net	(142.502)	85.815	154.486		97.799
Operating profit	941.594	35.628	363.989		1.341.211
Depreciation, amortization and depletion	462.429	3.149	30.467		496.045
Exclusions and exceptional items (Note 6.3.2)	(21.612)	(95.582)	(183.105)		(300.299)
Adjusted EBITDA	1.382.411	(56.805)	211.351		1.536.957
EBITDA margin	17,24%	-219,25%	29,06%		18,25%

Notes to the parent company and consolidated financial statements at December 31, 2021

All amounts in thousands of reais unless otherwise stated

	2020				
	Aluminium	Nickel	Energy	Eliminations (i)	Consolidated
Net revenues from products and services	4.907.319	13.676	794.785	(304.398)	5.411.382
Cost of products sold and services	(4.347.590)	(55.893)	(732.048)	304.398	(4.831.133)
Gross profit (loss)	559.729	(42.217)	62.737		580.249
Selling	(37.343)	223			(37.120)
General and administrative	(254.398)	(22.949)	(6.555)		(283.902)
Other income and expenses, net	363.767	(60.458)	(128.548)		174.761
Operating profit (loss)	631.755	(125.401)	(72.366)		433.988
Depreciation, amortization and depletion	400.080	2.285	29.116		431.481
Other additions (exclusions) and exceptional items (Note 6.3.2)	(348.624)	19.781	125.222		(203.621)
Adjusted EBITDA	683.211	(103.335)	81.972		661.848
EBITDA margin	13,92%	-755,59%	10,31%		12,23%

- (i) The eliminations presented above correspond to the energy generated and consumed among the reportable segments of the Company.

32 Subsequent events

(a) Acquisition of 80% of Alux do Brasil Indústria e Comércio Ltda.

On November 3, 2021, the Company signed a contract for the acquisition of 80% of the share capital of Alux do Brasil Indústria e Comércio Ltda. (“Alux” or “Acquired company”) for BRL 133 million, subject to adjustments in the closing, in accordance with the purchase and sale contract. The conclusion of the transaction is subject to compliance with the usual obligations and conditions precedent in this type of operation, including its submission for approval of the Administrative Council for Economic Defense (CADE), which was formalized without restrictions, on January 6, 2022.

On January 31, 2022, the acquisition of Alux was completed, after fulfilling all conditions precedent.

i. Main reasons for the business combination and description of how control of the acquiree was obtained by the acquirer

Alux, located in Nova Odessa-SP, is one of the main suppliers of secondary aluminum in the country, with an installed capacity of 46 thousand tons per year.

As one of the largest suppliers of secondary aluminum alloys in Brazil, the acquisition of Alux will allow CBA to expand its production capacity of recycled aluminum, consequently starting to operate with greater relevance in this market.

This transaction is in line with CBA's purpose of providing aluminum solutions that transform lives, in addition to reinforcing the Company's ESG (Environmental, social and corporate governance) strategy, as the operation also encourages the circular economy and contributes to the production of aluminum with a lower carbon footprint.

The summary of the balances of the acquired company, carrying amount and fair value at January 31, 2022, is shown below. The variation between the carrying amount and the fair value results from the adjustments resulting from the valuation and identification of assets and liabilities in accordance with IFRS3 / CPC 15 (R1) - “Business combinations”.

Notes to the parent company and consolidated financial statements at December 31, 2021
All amounts in thousands of reais unless otherwise stated

	Book value	Adjustment	Fair value
Cash and cash equivalents	15.647		15.647
Trade accounts receivable	38.515		38.515
Inventory	27.523	492	28.015
Other assets	26.922		26.922
Property, plant and equipment - Land and improvements	3.893	20.874	24.767
Property, plant and equipment - Machinery and equipment	2.759	9.672	12.431
Property, plant and equipment - Vehicles	83	478	561
Intangible assets	23		23
Intangible assets - Customer portfolio		58.487	58.487
Intangible assets - Non-Competition clause		1.108	1.108
Lease liabilities	(32.967)		(32.967)
Other liabilities assumed	(7.985)		(7.985)
Deferred taxes on business combinations		(30.978)	(30.978)
Shareholders' equity	74.413	60.133	134.546

Fair value measurement methodology:

- i) Inventories Adjustment considering the market value of inventories;
- ii) Customer list and non-compete clause: the fair value of intangible assets arising from customer relationships was calculated, based on a third-party report, using the “MPEEM (Multi Period Earning Excess Method)” method;
- iii) Property, plant and equipment: The valuation criteria adopted to determine the market value of these assets consisted of valuation at the rate of return, with estimated market value for the total property, plant and equipment.

Goodwill:

	01/31/2022
Transferred consideration	133.245
Value of the acquired portion of the Company's equity acquired at fair value (R\$134,546 x 80%)	107.637
Goodwill on expected future profitability	25.608

A goodwill arose on the acquisition since the combination cost included the amount paid for the control premium.

(b) CBA takes over the operations of the hydro power plants

As of February 1, 2022, through the creation of a new business unit, the Company takes over the operations of the 21 hydro power plants, which until then were managed by Votorantim Energia under a service agreement. This initiative reinforces the Company's positioning as a electricity self-producer and strengthens the strategy of increasing sustainable aluminum production.



MANAGEMENT REPORT

2021

MESSAGE FROM MANAGEMENT

2021 was a historic year for CBA with the completion of its Initial Public Offering (IPO) of common shares in the Company, comprising a primary and a secondary offering. In July 2021, 143,750,000 common shares in CBA began trading on the Brazilian stock exchange B3's *Novo Mercado* segment, under the ticker symbol CBAV3. The IPO raised a total of R\$ 1.6 billion, including R\$ 700 million in the primary offering earmarked for a pipeline of growth projects to expand and upgrade our production facilities.

With the completion of the IPO, several investment-intensive projects were greenlighted and launched in 2021, including: a pot-room upgrade and restart of two curtailed smelters—1 and 3; acquisition of stakes in windfarms in August 2021; a project to switch from wet to dry tailings disposal; our scrap processing expansion at Metalex; and the acquisition of 80% of Alux do Brasil in November 2021.

The Alux acquisition builds on our long-term strategy for the recycling market, and marks our entry into the secondary aluminum segment. It also strengthens our ESG (Environmental, Social and Governance) strategy as an operation that supports a circular economy and the production of increasingly low-carbon aluminum, in line with CBA's goal to achieve a 40% reduction in emissions by 2030; the energy requirement to recycle aluminum—which is infinitely recyclable—is far less than to produce primary aluminum.

As another development in 2021, our hydroelectric power plants, previously operated by Votorantim Energia, were transferred to a newly created dedicated Energy business unit within CBA.

Economic growth and confidence returned in 2021 following the advancement of the vaccination program worldwide and the reopening of markets. Meanwhile China and Europe experienced energy crises resulting in partial curtailment of smelter capacity in both regions. These factors pushed LME (London Metal Exchange) aluminum prices up sharply, spiking at USD 3,180/t in October (the highest level in 13 years) and an annual average of USD 2,480/t, an increase of 46% on 2020.

Strong LME performance and growing demand supported record-setting financial results for CBA in 2021, with consolidated net revenue of R\$ 8.4 billion and consolidated adjusted EBITDA of R\$ 1.5 billion, a gain of respectively 56% and 133% on 2020.

Sales volume also improved from 441,000 metric tons in 2020 to 485,000 metric tons in 2021. And we achieved this performance with our workforce either telecommuting or working on site with all precautions required by the lingering pandemic—taking care of our employees remains nonnegotiable, whatever the circumstances.

Our focus on people is also reflected in our equity, inclusion and diversity efforts to create a workplace that is open to diverse ideas, personalities, cultures and choices. In 2021 we organized a range of internal initiatives to promote CBA's diversity ambition. Employees from affinity groups engaged in discussions, events and debates around making our Company as inclusive as possible and respectful of diverse opinions.

For the second consecutive year, we received a top-tier, leadership-level score of “A-” in 2021 for our response to the Carbon Disclosure Project’s (CDP) climate change questionnaire, the global gold standard for environmental reporting. This is the highest score among aluminum producers responding to the questionnaire, strengthening our position as a global leader on the climate agenda.

In December 2021 we pledged support for the Task Force on Climate-related Financial Disclosures (TCFD), which develops and issues recommendations on climate-related financial disclosures. Also as part of our climate-related efforts in the year, we submitted greenhouse gas emissions reduction targets to the Science Based Targets initiative (SBTi) for validation.

Driven by our mission to produce low-carbon aluminum and solutions that transform people’s lives, we look forward to an even more sustainable and prosperous 2022 as we continue to deliver our strategy alongside our employees, suppliers, investors, communities, customers and trade associations.

Management.

Company Overview

Aluminum

Controlled by Votorantim S.A., Companhia Brasileira de Alumínio, CBA, is currently the only integrated aluminum company in Brazil. Our activities range from bauxite mining to the production of a complete portfolio of primary and semi-fabricated aluminum products, in addition to recycling activities.

Vertical integration, with self-sufficiency in bauxite, alumina and energy, provides a guaranteed low-cost supply and operational flexibility to adjust to market dynamics, whilst keeping cash flow volatility in check. CBA's strategy targets value-added products, and we have a meaningful market share in the main segments of Brazil's aluminum industry.

Our main plant in Alumínio, southeastern Brazil, within an alumina refining capacity of 800,000 metric tons, accounted for 81% of CBA's aluminum sales in 2021: 430,000 metric tons of primary aluminum after the expansion projects; 440,000 metric tons of smelter output; 115,000 metric tons of foil and sheet; 55,000 metric tons of extrusions and 162,000 metric tons of recycling throughput.

The Itapissuma (PE) rolling mill has an annual foil and sheet production capacity of 50,000 metric tons, which accounted for approximately 12% of our aluminum sales in 2021. This plant is near Suape port. Our strategy is to concentrate semi-fabricated product exports on this site and serve the domestic market from the site in Alumínio (SP).

Located in Araçariguama (SP), Metalex recycles aluminum scrap to produce billets, which accounted for approximately 7% of our aluminum sales in 2021. It has an annual production capacity of 90,000 metric tons of billets.

CBA's extensive product portfolio spans across:

- Primary products, including ingots, molten aluminum and added value cast products, such as billets, rod and alloy ingots.
- Semi-fabricated products, which include foil, sheet and extrusions. All are added-value products.

CBA also produces slabs and caster rolls, which are consumed internally to produce foil and sheet. In addition, we produce co-engineered products and solutions in partnership with customers, based on their requirements.

The main markets we operate in are: Transportation, Building & Construction, Packaging, Energy and Other.

Energy

CBA has wholly- and jointly-owned hydroelectric plants that meet virtually our entire electricity requirement for producing primary aluminum, guaranteeing excellent cost competitiveness (energy cost accounts for approximately 33% of the total molten aluminum production cost on average), in addition to guaranteeing greater supply predictability and security, and enabling us to produce low-carbon aluminum.

We have 21 hydroelectric plants located in the South, Southeast and Midwest regions of Brazil, totaling 1.4 GW, with 77% from sites interconnected to the National Grid and the remainder directly connected to CBA, with a 100% renewable installed capacity, already adjusted for the Company's interest in the assets and an average capacity factor of 53%, not to mention a 171.6MW windfarm under construction in north-east Brazil.

The energy consumed to produce aluminum at CBA is allocated to the aluminum business. All electricity sales are handled by the Energy business. CBA-generated electricity was sold via Votener - Votorantim Comercializadora de Energia until February 2022, an associate that provides advisory services related to electricity trading. CBA itself will begin processing these sales in February.

Market Performance

Aluminum | Global Market Overview

In 2020 the aluminum market was left reeling by the pandemic, especially in the second quarter. Restrictive measures to stop the coronavirus from spreading hobbled economic growth, pressuring LME aluminum prices, which slumped to USD 1,421/t during the year, closing at an average of USD 1,704. Economic growth and confidence returned in 2021 following the advancement of the vaccination program worldwide and the reopening of markets. Meanwhile China and Europe experienced energy crises resulting in partial curtailment of smelter capacity in both regions. These factors pushed LME aluminum prices up sharply, spiking at USD 3,180/t in October (the highest level in 13 years) and an annual average of USD 2,480/t, an increase of 46% on 2020.

China accounted for 57% of global aluminum production in 2021, retaining its position as a leading producer. However, the introduction of dual controls on electricity that check both total consumption and usage intensity led multiple Chinese provinces to roll out measures to comply with the central government's determination, meaning energy-intensive industries—like aluminum—had to scale back production. We estimate that the country produced 1.5 Mt less than initially projected by market analysts. Production amounting to nearly 800 ktpa was curtailed in Europe, due to higher gas prices following the reopening of markets and higher industrial output. This led to a primary aluminum supply of 67.5 Mt in 2021, an increase of 4% on 2020.

Despite the global issue of semiconductor supplies and rampant inflation in several regions—especially the USA—demand for primary aluminum in 2021 rose by 9% on the previous year, leading to a shortfall upwards of 1 Mt. There was strong growth across all segments that consume semi-fabricated aluminum, especially transportation, packaging, building and construction, and consumer goods.

The mismatch between supply and demand directly impacted total aluminum stockpiles, leading the indicator to fall to 52 days of consumption, one of the lowest figures on record. A tightening physical market and higher logistics costs drove up regional premiums: in the US, Midwest Duty Unpaid premium rose from US\$ 96/t in 2020 to US\$ 342/t in 2021, a gain of 256%; Rotterdam Duty Unpaid premium increased by 122% from US\$ 97/t to US\$ 216/t in the same period.

Lastly, global industry costs rose sharply in 2021, chiefly due to higher energy and alumina prices. The CRU Liquid Metal Cost rose 34% on 2020, from USD 1,540/t to USD

2,061/t with Chinese smelters facing an even higher increase, of 42%. CBA recorded a lower than industry average cost increase of 11%, helped by vertical integration with alumina production and power generation.

Aluminum | Brazilian Market Overview

The Brazilian market was buoyant in 2021, fueled by strong demand across most segments. ABAL (the Brazilian Aluminum Association) reported that aluminum demand rose by 22% in the first half and is set to close the year at an average of 12%, with record consumption of 1,598 kt, surpassing the peak of 1,513 kt in 2013. This represented a significant recovery from a -4% slump in consumption due to the pandemic in 2020.

The consumer goods segment showed particularly strong demand, largely driven by stimulus checks and changing consumer patterns. The transportation industry also continued its recovery, with the truck body sub-segment experiencing a surge in demand fueled by e-commerce growth and the economic recovery. The packaging segment (excluding beverage cans) was flat in the year, but with the share of imported products decreasing substantially; the beverage can market grew strongly in the year, driven by new consumer behavior. An upswing in the building and construction segment, and especially home renovations, was another important driver of aluminum consumption in the year.

Despite the weakening of the Brazilian real and rising logistics costs and lead times, aluminum imports grew in the year to meet strong domestic demand. CBA continued to focus on the domestic market and capturing further market share from imported products, leveraging our location in the Southeast—Brazil's top aluminum-consuming region—and the ability to promptly fulfill customer orders.

Premiums in Brazil grew in tandem with international premiums, albeit at a milder rate as aluminum stocks in the country were at less critical levels. DDP SE (Platts), for example, rose from US\$ 273/t in 2020 to US\$ 353/t in 2021, an increase of 29%.

Energy | Overview of Brazil's Electricity Sector

In 2021 Brazil's power sector was negatively impacted by a water crisis. The volume of rainfall between September 2020 and August 2021 was the lowest in the last 91 years, adversely affecting reservoir storage levels and the reliability of the National Grid.

In the second half of September 2021, streamflow levels began to improve, and in the last quarter of 2021 reservoir levels recovered rapidly on the back of higher-than-recent-average rainfall and continued dispatching of thermal power plants out of merit order. Southeast and Midwest reservoirs closed the year at 26% of their capacity, higher than 19% and 20% in respectively 2020 and 2019. However, continued out-of-merit-order dispatching led to higher systems security fees (ESS), ultimately borne by consumers. The ESS fee at year-end was R\$ 94/MWh, a YoY increase of 428% (R\$ 10.5 billion). This fee, however, is charged only on electricity that is not supplied by a consumer's own generation capacity.

The Generation Scaling Factor (GSF) ended 2021 at 73%. The improving hydrological conditions were not reflected in hydropower generation output due to a strategy of allowing reservoirs to replenish by maintaining out-of-merit-order thermal power

generation. The Electric Power Trading Chamber (CCEE) forecasts a GSF of 86% for 2022.

Operating and Financial Performance

R\$ million	2021	2020	2021 vs. 2020
Aluminum Sales Volume (thousand metric tons)	485	441	10%
Primary	252	240	5%
Downstream	147	120	22%
Recycling	86	81	7%
Net revenue	8,423	5,411	56%
Aluminum	8,018	4,907	63%
Primary	3,750	2,468	52%
Downstream	2,962	1,751	69%
Recycling	509	347	47%
Other	1,985	869	128%
Strategic Hedge	-845	-248	241%
Eliminations	-343	-280	22%
Energy	727	795	-9%
Nickel	26	14	86%
Eliminations	-348	-305	14%
Cost of goods sold	-6,799	-4,831	41%
Operating expenses	-380	-321	18%
Sales	-42	-37	14%
General and administrative	-338	-284	19%
Other operating (revenue) expenses	98	175	-44%
Depreciation, amortization and depletion	496	431	15%
Other additions and exceptional items	-300	-204	47%
Adjusted EBITDA¹	1,538	661	133%
EBITDA Margin	18%	12%	6 p.p

¹ Adjustments reflect equity income and dividends received from investees and nonrecurring events in profit and loss, including the Marking-to-Market ("MtM") of energy contracts.

Aluminum Sales Volume

Positive market fundamentals supported 5% growth in primary product sales volumes in 2021, with an especially strong gain of 27% in sales of Value-Added Products (VAPs) such as aluminum alloys, rod and billets, in line with CBA's strategy of targeting sales effort to higher value-added products. Improved primary sales performance was driven mainly by a 9% increase in automotive and light commercial vehicle production (according to the Brazilian Vehicle Manufacturers' Association, ANFAVEA), boosting sales of aluminum alloys, and by substantial growth in the aluminum beverage can segment, creating higher demand for our P1020 ingots.

Downstream sales volumes also rebounded sharply, growing 22% year on year. We recorded strong growth across all downstream products and especially aluminum sheet, on the back of demand in the transportation and consumer products segments. In the packaging segment, our sheet sales outgrew the market, indicating growing market share across the main types of packaging.

In the recycled products segment, sales expanded by 7% year on year, primarily reflecting an upturn in the building and construction segment. According to the São Paulo Real Estate Brokers' Union (SECOVI-SP), unit launches and sales in São Paulo grew substantially by 36% and 29%, respectively, in 2021.

Net Revenue

Consolidated net revenue was R\$ 8.4 billion in 2021, an increase of 56% from R\$ 5.4 billion in 2020 driven by higher LME aluminum prices (+46%) and the stronger US dollar against the Brazilian real (+5%), coupled with higher sales volumes across all aluminum business segments as the pandemic receded with the global vaccine rollout and reopening markets created increased demand.

Net revenue in the aluminum business was R\$ 8.0 billion, a gain of 63% on 2020 reflecting higher sales volumes across all segments including recycling and other, and especially higher ingot trading volumes. The increase also reflects an improved product sales mix in the primary segment, with increased billet sales, and in the downstream segment, with increased foil sales, in line with CBA's strategy to focus on higher value-added products.

In the energy business, net revenue declined by 9% to R\$ 727 million in 2021 from R\$ 795 million in 2020, primarily due to the water crisis and a consequent reduction in electricity sales on the spot market.

Cost of Goods Sold

CBA's consolidated cost of goods sold was R\$ 6.8 billion in 2021, an increase of 41% on 2020. This growth was driven by a R\$ 2.1 billion increase in aluminum sales costs due to cost inflation in the global industry as an effect of the recovery in demand, the energy crisis, the stressing of production chains and higher logistics costs.

The average liquid aluminum production cost rose by 18%, due primarily to the higher cost of: aluminum oxide (+7%); coal-tar pitch (+19%) and coke (+64%), directly affecting the production cost of anode paste (+42%); and electricity for smelting (+52%), due to spot market purchases, subject to market fluctuations, triggered by the water crisis.

The energy business recorded a 30% reduction in cost of goods sold, from R\$ 732 million in 2020 to R\$ 510 million in 2021, due to the lower volumes of electricity sold in the year.

Power Balance

The energy business's power output of 620MWh in 2021 was 9% lower than 679MWh in 2020, due to reduced streamflow throughout the year. Because of this reduction, we were required to enter into new bilateral power purchase agreements to meet demand. We closed 2021 with 259MWh in power purchase agreements, an increase of 10% compared to 236MWh in 2020.

The average per-unit cost under these agreements was R\$ 244/MWh in 2021, 31% higher than R\$ 186/MWh in 2020, reflecting higher market prices as a result of the

water crisis and adjustments to prior-year agreements for inflation. The average difference settlement price (PLD) was R\$ 280/MWh in 2021, up 63% on 2020.

Adjusted EBITDA

Consolidated adjusted EBITDA was R\$ 1.5 billion and EBITDA margin was 18% in the year, an increase of respectively 133% and 6 percentage points compared to 2020. The increase is primarily attributed to higher average aluminum prices in the year (+46%), reflecting higher LME aluminum prices and a stronger US dollar against the Brazilian real (+5%), coupled with increased sales volumes and a higher value-added sales mix.

Finance Revenue/Expense

The net financial result for 2021 was stable compared to 2020.

The depreciation of the average exchange rate of the dollar against real in 2021 lower than in 2020, with an improvement of R\$ 140 million in the exchange rate variation, which was mainly offset by the premium paid for the partial repurchase of the R\$ 25 million Bonds, due to the increase in debt interest indexes and the decrease of R\$71 million with the mark-to-market (non-cash effect) of derivative instruments on loans and energy contracts, which were previously classified in equity then recognized in the financial result in 2021.

Net income/Loss

Net income was R\$ 838 million in 2021 compared with a net loss of R\$ 880 million in the previous year, primarily as a result of favorable market conditions coupled with a reduction in income and social contribution taxes payable, largely due to the reversal of deferred tax assets recognized for impairment of our Níquelândia assets in 2020.

Free Cash Flow



¹ CAPEX accrual basis

² Relates to distribution of CBA Energia

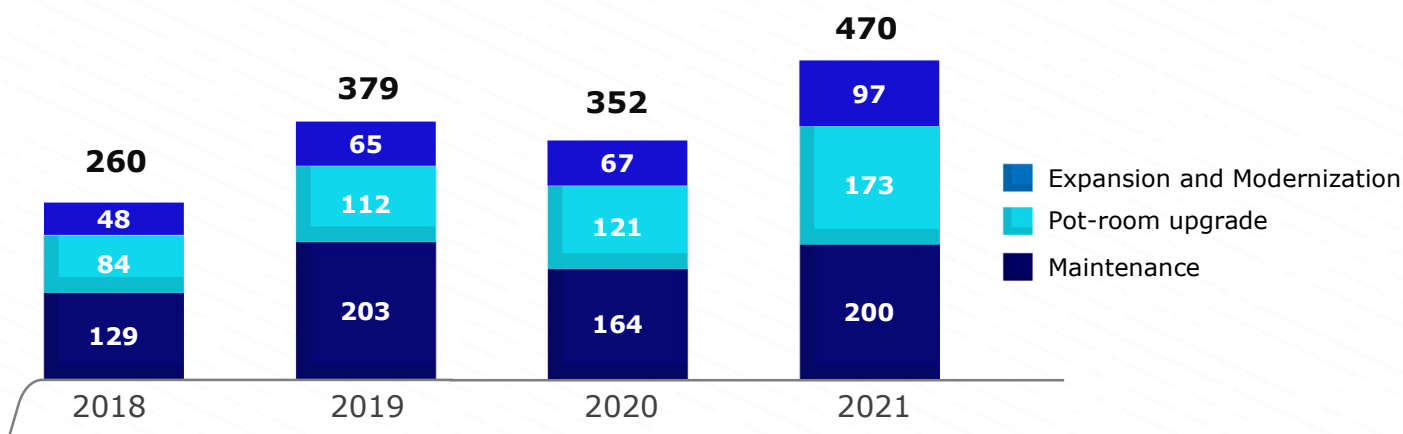
Working Capital

Working capital was negative R\$ 236 million in 2021, reflecting R\$ 652 million in positive effects, including a R\$ 193 million increase in trade payables and "drawee risk"

(*risco sacado*) transactions, primarily due to a higher volume of ingot imports for trading and higher production costs, especially for caustic soda and coal-tar pitch; and a R\$ 413 million reduction in net taxes recoverable and payable, affected primarily by the use of R\$ 365 million in tax credits deriving from the exclusion of ICMS tax from the PIS/COFINS tax base, as a result of increased sales of billets, sheet and foil.

The positive effects were offset by R\$ 888 million in negative effects, consisting primarily of a R\$ 223 million increase in accounts receivable, mainly reflecting the higher sales volumes in the year combined with higher selling prices driven by the LME aluminum price and by foreign-exchange rates. In addition, inventories rose by R\$ 522 million in the year, largely reflecting an increase in ingots held for trading to accommodate growth in ingot sales toward the end of 2021, and higher costs for key production inputs. In addition, liabilities under financial instruments and derivatives increased by R\$ 46 million due to the marking-to-market of strategic hedges which have no cash effect, while provisions and other accounts payable rose by R\$ 97 million.

Capital Expenditure (CAPEX)



Part of the capital expenditure (cash basis) in 2021 went to CBA's growth and modernization plans disclosed during the IPO process, aligned with the Company's current operations.

Below we provide information about the projects and their status:

- 🔧 Pot room upgrade: now being procured, with a progressive start-up between 2023 and 2025.
- 🔧 Dry waste disposal project: in civil works, with the start-up projected for 2024.
- 🔧 Incremental production of recycled aluminum:
 - ✓ procurement of furnace G at Metalex: start-up in November/2021.
 - ✓ ReAl: approved for implementation, at the initial stage of procurement.
 - ✓ Recycling expansion at Metalex: approved for implementation, at the initial stage of procurement.

Indebtedness and Liquidity

Debt breakdown (RS Million)	Dec '21	Sept '21	Dec '20
Current	69	87	64
Noncurrent	3,037	2,946	2,883
Gross debt	3,106	3,033	2,947
(-) Cash, cash equivalents and short-term investments	1,787	1,379	1,249
(+) Derivative financial instruments	301	590	324
(+) Leasing	45	47	16
Net debt	1,665	2,291	2,037
Adjusted EBITDA - Last 12 months	1,537	1,214	662
Net debt/Adjusted EBITDA	1.08x	1.89x	3.08x
Average cost USD (% p.a.)*	4.4%	4.7%	4.6%
Average term (years)	4.3	4.1	4.7

*Based on post-swap position

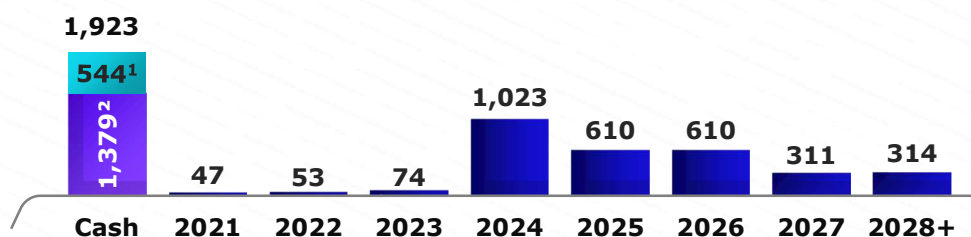
In December 2021 CBA's gross debt was R\$ 3.1 billion, 5% greater than in December 2020, mostly due to the 7% weakening of the real against the US dollar on foreign-currency debt.

In November 2021 the Brazilian Development Bank (BNDES) disbursed R\$ 79 million to cover investments in maintaining production capacity and modernizing the Alumínio plant. This was the last disbursement under a loan contract entered into in 2019 and maturing in 2034.

In December 2021 CBA carried out its first issue of debentures for a total of R\$ 230 million, bearing interest at the CDI rate plus 1.55% per annum. The debentures have a maturity period of 7 years ending on June 15, 2029 and will be amortized in equal installments on June 15, 2028 and December 15, 2028. In line with CBA's commitment to sustainability, the debentures were issued as green bonds, as the proceeds will be used toward projects aiming to improve the environmental performance of CBA's production facilities. CBA has now raised approximately R\$ 730 million in green finance since 2020.

In December 2021 we redeemed US\$ 50 million in outstanding bonds to reduce maturity concentration in 2024 and optimize our debt profile. Following the redemption, the outstanding balance stood at US\$ 90 million.

After completing the transactions above, we further lengthened our debt profile to an average maturity period of 4.3 years, with no significant maturity concentration up to 2024, as shown in the chart below:



¹ Revolving green credit facility of USD 100mm

² Includes cash, cash equivalents and financial investments as of 12/31/2021

Cash equivalents and short-term investments stood at R\$ 1.8 billion in December 2021, with 81% denominated in reais. In September 2021 CBA obtained a revolving green credit facility of US\$ 100 million maturing in 2026, with a second party opinion issued by Sustainalytics. CBA is required to measure and annually report on its emissions. If specified targets are met, debt service costs are reduced; otherwise they are increased. This facility will provide an added source of liquidity, and can be drawn on at any time over the term of the contract

Net debt was a total of R\$ 1.7 billion and financial leverage, measured as the ratio of net debt to last-twelve-month adjusted EBITDA, decreased from 3.08x as of December 2020 to 1.08x as of December 2021. The primary factors contributing to this favorable change were: (i) a R\$ 875 million increase in operating income for the twelve-month period; and (ii) a 43% increase in cash and cash equivalents, primarily attributable to the proceeds of R\$ 675 million from the IPO in July 2021.

Capital Market

CBA concluded its IPO in 2021. Our shares began to be traded under the ticker CBAV3 on the B3 *Novo Mercado* on July 15, 2021. CBAV3 was priced at R\$ 11.20 on July 14, 2021 and closed the year (December 30, 2021) at R\$ 13.67, a gain of 22.1% as Brazil's benchmark stock index ("IBOV") dropped 18.4% over the same period in 2021. Average daily trading volume (ADTV) in 2021 was R\$ 31.9 million.

As of December 31, 2021 the Company's share capital consisted of 595,833,333 common shares, of which the parent company Votorantim S.A. directly and indirectly held 75.9%, with a free float equivalent to 24.1% of the total shares. CBA's market capitalization at December 31, 2021 was R\$ 8.1 billion.

ESG

Environmental

CBA has one of the lowest CO₂ emissions in the industry, in the top quartile, as we produce aluminum using renewable energy. But even as an industry leader for low emissions, we aim to make even further progress. In 2021 we reduced our CO₂e emissions by 8% (on average for cast products, cradle-to-gate). Our smelting emissions per metric ton of molten aluminum were 2.6 t CO₂e/t (scope 1 and 2), a figure 4.6x lower than the global average of 12 t CO₂e/t according to the International Aluminum Institute (IAI).

Much of the improvement has been achieved through our pot room upgrade, which since implementation has generated an emissions reduction of 17,994 tCO₂e, and a boiler retrofit to biomass, which has helped to cut emissions from 0.3 tCO₂/t of aluminum oxide in 2020 to 0.2 tCO₂e/t in 2021 (compared to a global industry average of 1.2 tCO₂/t aluminum oxide). The Brazilian Ministry of the Environment selected CBA's boiler retrofit project for a case study presented during COP-26 as an example of efforts in the aluminum industry to tackle climate change.

Other emissions-reducing programs include initiatives to expand recycling and build a more circular aluminum value chain. In November 2021, Metalex started operation of a new melting furnace for scrap recycling that has increased billet production capacity from 75,000 to 90,000 metric tons per year. CBA also completed the acquisition of an 80% interest in Alux do Brasil, building on our long-term strategy to expand aluminum recycling capacity and produce increasingly low-carbon aluminum. Another significant project, ReAl, has developed groundbreaking technology for recycling the aluminum content in multilayered cartons and flexible packaging. A patent application was successfully filed for the new technology in 2021, and the pilot plant was optimized to demonstrate that aluminum-plastic separation is 100% efficient, allowing the two materials to be fully recycled.

For the second consecutive year, we received a top-tier score for our response to the Carbon Disclosure Project's (CDP) climate change questionnaire, the global gold standard for environmental reporting. CBA received a leadership-level score of "A-", the highest among aluminum producers responding to the questionnaire.

In December 2021 we pledged support for the Task Force on Climate-related Financial Disclosures (TCFD), which develops and issues recommendations on climate-related financial disclosures. Also as part of our climate-related efforts in the year, we submitted greenhouse gas (GHG) emissions reduction targets to the Science Based Targets initiative (SBTi) for validation. And further reinforcing our commitment to reducing GHG emissions, in September 2021 we procured a revolving credit facility (RCF) of USD 100 million, subject to a GHG emissions metric.

In 2021 CBA launched *Reflora CBA*, a program to rehabilitate disturbed land on legal reserves (LR) and in protected areas (APP). The properties selected for the program are within a 100-kilometer radius of our operations. We estimate that approximately 24 hectares of land will be rehabilitated in this first stage of the program. In respect of sustainable mining, CBA's goal is to always return the land in its original or better condition after mining is completed.

In terms of water stewardship, CBA is committed to reducing water usage at all stages of the production process. Our ESG Strategy sets a goal to reduce water withdrawal intensity per metric ton of liquid aluminum produced at the Alumínio plant by 20% by 2030. The plant has achieved a reduction of 10.9% from a 2019 baseline, and 1.8% in 2021 alone.

In respect of dams, CBA uses an Integrated Dam Safety Management System (Sigbar) supplied and managed by a specialized consulting firm. We work to continuously improve our dam safety management system, an example of which is the project switching from wet to dry waste disposal. The project will extend the useful life of the dam by at least 20 years, and is on track to start operation in 2024.

Social

Diversity is a cross-cutting theme underpinning CBA's culture and is supported by a workplan spanning multiple fronts: the Diversity Policy and Diversity and Inclusion Guide, creation of a Diversity Committee to support the Executive Board, composed of employees in different positions and at different organizational levels, with a mission of fostering a culture of "thinking differently" and respecting and having empathy for one another, in addition to the program *CBA mais Diversa*.

With safety as a non-negotiable value for CBA, our injury frequency rate was 1.68 (per 1,000,000 man-hours worked), a 32% reduction on 2020. This figure is also 47% below the rate of 3.20 reported by the global aluminum industry, according to the IAI.

In our social programs, CBA has continued to pursue initiatives focused on healthcare, education and livelihoods. Below are some of the social program highlights in the year:

- **Public Management Support (AGP):** since 2020 this program has been focused on healthcare, benefiting approximately 340,000 people. On joining the *AGP Saúde* program, municipal governments and their healthcare officials receive an assessment of their healthcare capabilities, with a focus on primary care and epidemiological surveillance. They can then assess their strategies, improve their processes, practices and management approach, and set priorities.
- **Partnership for Education (PVE):** this initiative engages the entire school community, Municipal Education Departments and local residents in initiatives to improve each municipality's Basic Education Development Index (IDEB), benefiting around 22,000 students. In 2021 the PVE teams supported local education officials in delivering distance education and played an important role in planning the return to school.
- **ReDes Program:** this program supports economic development and livelihoods in benefited municipalities. The program's flagship initiative helps to structure and develop production cooperatives and associations. Instructors provide training on management, financial sustainability, communications, and capital for infrastructure and business development. In 2021, three projects in the Niquelândia (GO) area—Associação José Marti, Doces Vidas Acorda and CONFIRSARP—generated income of more than R\$ 684,000 for 82 direct beneficiaries.
- **Votorantim Program for Childhood and Adolescence (VIA):** This program aims to improve security and quality of life for children and adolescents, and to strengthen prevention and support programs within Brazil's Social Protection Network (RPS). In 2021 the VIA program benefited the municipalities of Alumínio (SP) and Niquelândia (GO). This was the last year of the program in Niquelândia, where it had reached a high level of maturity. In minor cities in São Paulo, an assessment was conducted to inform a ten-year plan for protecting the rights of, and implementing public programs for, children and adolescents.

Governance

In 2021, CBA's listing on *Novo Mercado*, B3's enhanced governance listing segment, led to further improvements to the best-practice governance standards already in place at CBA.

In line with these standards, we continued implementing our Sustainable Procurement Program, which aims to instill sustainability in our procurement process. Seven stages of the program have accordingly been mapped out, and will be implemented over the next five years. As first steps, CBA launched a new Sustainable Procurement Policy including environmental, social and governance criteria integrated into the procurement process, and we have also begun screening suppliers against sustainability criteria.

In relation to our Sustainability culture, in September 2021 CBA launched the campaign "Aluminum is Essential" to reinforce the beneficial role played by aluminum in the sustainable development of the value chain. We also launched an ESG training pathway

to communicate CBA's stance and ESG 2030 Strategy. All professional-level employees were trained in the year.

As another important milestone in the year, our Metalex site was certified against the Aluminum Stewardship Initiative (ASI) Performance Standard, and our Itapissuma site against the ASI Chain of Custody Standard. Under CBA's ESG Strategy, we have set a goal to have 100% of our Aluminum Business operations certified to the ASI Performance Standard and Chain of Custody Standard by 2030.

Within the Ethics & Transparency Program as part of our ESG Strategy, CBA took another important step and joined the 100% Transparency Movement, an initiative linked to the Global Compact Network Brazil. We were among the first companies to join the Movement, undertaking to advance toward five targets by 2025: 1. 100% transparency in dealings with government officials; 2. 100% integrity in top management compensation; 3. 100% of the high-risk value chain trained on integrity; 4. 100% transparent compliance and governance structure; 5. 100% transparent whistleblowing channels.

CBA has recently implemented RepTrak®, a world-leading corporate brand measurement framework, to assess the perceptions of stakeholders across different organizations and industries on aspects such as reputation, brand and ESG performance. In 2021 CBA achieved an overall RepTrak® score of 70.8 (Strong), compared to an average score of 62.3 in Brazil's mining and metals industry. We chose to closely monitor two specific stakeholder groups in addition to the general public: suppliers and communities:

- Reputation with suppliers: 75 suppliers responded to the survey, with the highest scores given to the following attributes: behaves ethically; has a positive influence on society; demonstrates concern for the health and well-being of its employees; delivers strong financial results; and delivers financial results that are better than expected. The overall supplier score was 92.7 (Excellent)
- Reputation with communities: 500 people were surveyed in communities in Goiás, Pernambuco, São Paulo and Minas Gerais (Poços de Caldas and Zona da Mata). The highest-scoring attributes were the following: behaves ethically; demonstrates concern for the health and well-being of its employees; stands behind its products and services. The overall community score was 79.8 (Strong)

People

At CBA we care about our employees and want to build an environment that values unity, respect, ethics and diversity.

In 2021 we made progress on fronts such as the Inclusion Census, creation of Affinity Groups divided into Gender Equity, Racial Equity, LGBTQIA+ and People with Disabilities, and inclusion of diversity in our performance assessment process and culture and the continuation of our partnership with SENAI to prepare women to enter and work in regional industry. In Alumínio (SP), 210 women were trained in 2021, more than our target of 146. All participants have been qualified to apply for vacancies at CBA, and 24 have been hired at the Alumínio plant. In Zona da Mata 15 women received automation training, and in Itapissuma 28 women were trained as metallurgical process

operators, with an emphasis on the Downstream segment. As a result, CBA reached 14.3% women at the company, an increase of 3% on 2020.

CBA works toward specific targets to increase diversity in our workforce, both at our offices and at our production sites. Within the social dimension of our ESG 2030 Strategy, we have set a goal to achieve 50% gender diversity in leadership positions within the Company. In 2021 the figure was 17%, compared to 14% in 2020.

CBA has also joined the "Equity is a Priority" movement of the UN Global Compact, an initiative focused on gender equity, and in 2021 we made a number of adjustments to our recruiting platform, such as a reformulation of the demographic information we collect to increase visibility around diversity attributes. This will be implemented in 2022, helping to target our hiring efforts to minority groups.

In addition, CBA has implemented a variety of initiatives to improve health conditions for the workforce. Among these initiatives is *Por Você* ("For You"), a quality-of-life program that provides advice on nutrition, prevention and well-being, and encourages employees to engage in exercise; and *Plenamente*, a 24/7 psychological, legal and financial counseling service.

At a time when employee health and safety required special attention, in 2021 we created *Espaço Saúde* ("Health Space"), an exclusive health clinic for employees at the Alumínio plant, run in partnership with the Syrian-Lebanese Hospital. Employees can schedule appointments with a family physician, request and collect samples for laboratory tests, and perform other procedures.

With the COVID-19 pandemic continuing into 2021, virtually all the prevention measures that were put into place in 2020 were maintained in 2021 to prevent virus spread at our plants, mine facilities and offices. Since the onset of the pandemic, approximately 600 employees, mostly in office positions, had been working from home.

Although telecommuting proved to be efficient, person-to-person interaction remains essential to any organization's success, as it helps to build culture and create a sense of belonging. Recognizing this, in the second half of 2021 we decided to implement a hybrid model for office teams. The new model is also more sustainable as it reduces commuting and, consequently, the emissions generated by transportation vehicles.

Employees' return to work is conditional on their being fully vaccinated. Throughout 2021 CBA encouraged employees to get vaccinated and created a vaccination dashboard. As of December 31, 98.6% of employees were fully vaccinated (including at least one booster shot).

Innovation & Technology

In 2021 we progressed on several Research & Development projects and initiatives, delivering benefits for both CBA and our partners. A total of 40 new projects were launched into our R&D pipeline, expanding it to a total of 84 projects: 43% in transportation, 12% in construction, 10% in packaging and 34% in new markets.

In November we launched our second Solutions & Services Center (CSS) in Caxias do Sul (RS), a facility dedicated to developing value-added solutions tailored to customers' needs, including customized parts and services. Our pipeline of co-engineering and co-creation projects has continued to expand, and includes: the development of an aluminum powder for 3D printing; the start of production of bus roofs made of aluminum in replacement of fiberglass; the start of production of spray boom components for farm irrigation; and series production of battery supports for electric vehicles.

Another significant program in the year was *Ilumina Pantanal*, a partnership between the Energisa Group, the state government of Mato Grosso do Sul, the Brazilian Ministry of Mining & Energy and the Brazilian power sector regulator, ANEEL, that has benefited proximally 10,000 people. To provide power supply to these families, each property is fitted with an innovative system consisting of four photovoltaic modules made of recycled aluminum.

To further strengthen our innovation capabilities at CBA, in July we organized our first internal hackathon, with 48 participating departments and 161 individual participants. Also in November, we held an Innovation Week event with customers, suppliers and employees. In 2021 CBA remained an active member of Mining Hub, an open innovation initiative, and continued a project to find solutions for reusing clay from the bauxite concentration process. As part of the project, we tested the use of this material in paving applications.

We further expanded the scope of our Digital Transformation efforts in the year, deploying artificial intelligence in on-line smelter management to improve planning, scheduling and distribution of molten aluminum to feed the casthouses. We also leveraged advanced analytics and artificial intelligence in people management, implementing flight risk solutions to mitigate turnover risk.

Relations with our Independent Auditors

Pursuant to CVM Directive 381/03, CBA has formally consulted its independent auditors PricewaterhouseCoopers Auditores Independentes Ltda. ("PwC") to satisfy itself that the provision of any non-audit services will not affect the independence and objectivity required to perform independent audit services. The Company's policy for procuring independent audit services ensures there is no conflict-of-interests or loss of independence or objectiveness. In the financial year ended December 31, 2021, PwC performed agreed upon procedures in connection with the initial public offering. For these services, PwC received fees of R\$ 1,200,000.00, equivalent to 49% of its fees for independent audit services. We believe these services do not represent a conflict of interest or adversely affect the independence or objectivity of our independent auditors.

Officers' Representation

Pursuant to article 25 of CVM Directive 480/09, the executive officers of CBA declare that they have discussed, reviewed, and agreed with the Company's individual and consolidated financial statements for the financial year ended December 31, 2021, and with the opinions expressed thereon in the audit report issued by PricewaterhouseCoopers Auditores Independentes Ltda. on March 15, 2022.