



## **Interim Financial Statements**

Parent company and consolidated  
at March 31, 2021 and  
Auditor's report.

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Individual and consolidated financial statements



## **Independent auditor's report on Parent company and consolidated interim financial statements**

To the Board of Directors and Shareholders  
Companhia Brasileira de Alumínio

### **Opinion**

We have audited the accompanying parent company interim financial statements of Companhia Brasileira de Alumínio (the "Company"), which comprise the interim balance sheet as at March 31, 2021 and the interim statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three month period then ended, as well as the accompanying consolidated interim financial statements of Companhia Brasileira de Alumínio and its subsidiaries ("Consolidated"), which comprise the consolidated interim balance sheet as at March 31, 2021 and the consolidated interim statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

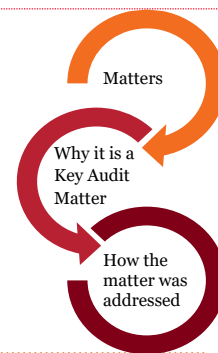
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Companhia Brasileira de Alumínio and of Companhia Brasileira de Alumínio and its subsidiaries as at March 31, 2021, and the financial performance and the cash flows for the three month period then ended, as well as the consolidated financial performance and the cash flows for the three month period then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### **Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Interim Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the interim financial statements for the three month period ended March 31, 2021. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.





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Our audit as at and for the three-month period ended March 31, 2021 was planned and executed taking into account that the operations of the Company and the Consolidated entities did not present significant changes in relation to the prior year. Accordingly, our audit approach was similar to that used in the prior year.

<b>Why it is a Key Audit Matter</b>	<b>How the matter was addressed in the audit</b>
<b>Recoverability of deferred tax asset (Note 20)</b>	
<p>At March 31, 2021, the Company and its subsidiaries presented deferred taxes assets arising from temporary differences. These assets were recorded to the extent that management considers it is probable that sufficient future taxable profit will be available for offset.</p> <p>This remained a key audit matter since management’s estimates of recoverability rely on subjective judgments and estimates of future taxable income based on forecasts of results of the Company and its subsidiaries, which take into account several assumptions.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"><li>• We obtained management’s impairment analysis of deferred tax assets and agreed the main assumptions to the long-term business plan approved by the Board of Directors.</li><li>• We evaluated, on a test basis, the calculations of the tax credits using the models and main assumptions applied by management in estimating the realization periods. We compared these assumptions, when applicable, with market information.</li><li>• We analyzed the reasonableness of the estimated period for recovery of tax losses and temporary differences and tested the logical and arithmetic consistency of the projections prepared by management.</li></ul> <p>Our audit procedures indicated that the criteria and assumptions adopted by management to determine deferred taxes and related disclosures, to be reasonable, in all material respects, within the context of the financial statements taken as a whole.</p>
<b>Renegotiation of electricity generation hydrological risk (GSF - Generation Scaling Factor) (Note 1.1(d))</b>	
<p>Law No. 1452, enacted in September 2020, established new conditions for the renegotiation of electricity generation hydrological risk.</p> <p>Upon assessing the information available under the new Law, management concluded that it had the right to extend its grant concession period to compensate for amounts disbursed in prior years.</p> <p>On March 1, 2021, the Electric Energy Commercialization Chamber (CCEE) forwarded the</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"><li>• We discussed the matter with management to obtain an understanding of the circumstances.</li><li>• We reviewed the documentation prepared by management, which addresses the uncertainties and arguments for quantifying the amount and rights to extend the concessions.</li></ul>



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<b>Why it is a Key Audit Matter</b>	<b>How the matter was addressed in the audit</b>
<p>calculations for the extension of the hydroelectric power plant grants to the National Electric Energy Agency (ANEEL). ANEEL, in turn, requested CCEE recalculate the amounts, to include new conditions for the renegotiation of hydrological risk related to the Regulated Contracting Environment (ACR), for requests made by certain plants.</p> <p>Although the claim has not been definitively agreed in its entirety, management concluded that, at March 31, 2021, there is a sufficient basis of evidence to recognize the extension of the concession period (intangible asset). This was recorded in the amount of R\$ 93,429 thousand, net of tax effects, in the Parent Company and Consolidated, against electricity cost recovery in the statement of income for quarter then ended.</p> <p>This matter was again considered to be a key audit matters due to the significant effect on the financial statements and ongoing uncertainties in recording the asset.</p>	<ul style="list-style-type: none"><li>· We read the disclosures presented in the explanatory notes.</li></ul> <p>Our audit procedures indicated the disclosures in the notes to be consistent with the audit evidence obtained.</p>
<hr/> <b>Financial instruments designated as hedges (Note 5.2)</b>	
<p>The Company and its subsidiaries use derivative financial instruments to minimize the effects of volatility of the price of commodities, currencies, indices and rates on its results and cash flows.</p> <p>To achieve this, the Company contracts derivative and non-derivative financial instruments, consistent with its hedge accounting policy and periodically carries out tests of effectiveness of the designated hedge relationships.</p> <p>The designation of these financial instruments for hedge accounting purposes, as well as the measurement of their effectiveness, requires certain formal criteria to be met to annul the effects of exchange volatility and other variables consistent with the risk management strategy of the business.</p> <p>Given the complexity involved in the designation and periodic measurement of the effectiveness of hedge accounting relationships, we maintained this issue as a key audit matter.</p>	<p>Our audit procedures included, among others:</p> <p>Understanding internal controls and processes related to the Company's hedge accounting. With the assistance of our financial instrument specialists, we assessed the adequacy of the documentation prepared by the Company to support the designation of instruments for hedge accounting, including the descriptions of hedge strategies and methodologies to measure effectiveness.</p> <p>We assessed the adequacy of the disclosures in the explanatory notes for the hedge accounting transactions.</p> <p>Our audit procedures indicated the instruments designated for hedge accounting to be appropriate in the context of the individual and consolidated interim financial statements taken as a whole, for the three-month period ended March 31, 2021.</p>



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## **Other matters**

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### **Statements of Value Added**

The parent company and consolidated Statements of Value Added for the three month period ended March 31, 2021, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement and are consistent with the parent company and consolidated financial statements taken as a whole.

### **Other information accompanying the parent company and consolidated financial statements and the auditor's report**

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The Company's management is responsible for the other information that comprises the Management Report.

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

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

### **Responsibilities of management and those charged with governance for the parent company and consolidated financial statements**

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Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



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### **Auditor's responsibilities for the audit of the parent company and consolidated financial statements**

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

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

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



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

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

Curitiba, May 17, 2021

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

A handwritten signature in blue ink, appearing to read 'CEM', is written over a horizontal blue line.

Carlos Eduardo Guaraná Mendonça  
Contador CRC 1SP196994/O-2

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# Companhia Brasileira de Alumínio

## Interim balance sheet In thousands of Brazilian Reais

Assets	Note	Parent company		Consolidated	
		3/31/2021	12/31/2020	3/31/2021	12/31/2020
<b>Current</b>					
Cash and cash equivalents	7	466,830	563,985	514,624	632,438
Financial investments	8	235,935	509,514	338,976	616,936
Derivative financial instruments	5.2	15,547	115,253	15,547	115,253
Accounts receivable from customers	9	546,777	404,870	643,793	474,715
Inventory	10	1,015,415	837,416	1,243,928	1,069,880
Recoverable taxes	11	383,596	430,714	431,713	442,365
Dividends receivable	12	8,041	8,041	25	25
Other assets		36,555	50,953	45,268	53,535
		<u>2,708,696</u>	<u>2,920,746</u>	<u>3,233,874</u>	<u>3,405,147</u>
<b>Non-current assets</b>					
<b>Long-term receivables</b>					
Financial investments	8	64	64	64	64
Derivative financial instruments	5.2	16,543	715,677	21,553	864,486
Recoverable taxes	11	807,842	841,949	814,212	848,125
Deferred income tax and social contribution	20	413,157	274,414	316,205	175,768
Related parties	12	16,990	16,916	16,563	16,913
Judicial deposits	21	14,294	14,271	15,163	15,141
Other assets		3,342	3,340	17,139	33,528
		<u>1,272,232</u>	<u>1,866,631</u>	<u>1,200,899</u>	<u>1,954,025</u>
Investments	14	1,180,426	1,187,573	174,853	198,774
Property, plant and equipment	15	3,955,420	4,114,563	4,937,785	5,106,496
Intangible assets	16	566,345	422,828	674,022	531,263
Right to use	17	15,775	13,897	20,044	15,240
		<u>6,990,198</u>	<u>7,605,492</u>	<u>7,007,603</u>	<u>7,805,798</u>
<b>Total assets</b>		<u>9,698,894</u>	<u>10,526,238</u>	<u>10,241,477</u>	<u>11,210,945</u>

# Companhia Brasileira de Alumínio

## Interim balance sheet In thousands of Brazilian Reais

Liabilities and shareholders' equity	Note	Parent company		Consolidated	
		3/31/2021	12/31/2020	3/31/2021	12/31/2020
<b>Current</b>					
Loans and financing	18	59,125	33,067	89,610	63,839
Derivative financial instruments	5.2	594,614	398,782	594,614	398,782
Leases	17	9,020	8,114	10,862	8,805
Supplier finance programs		589,879	594,581	589,879	594,581
Suppliers		453,545	330,503	511,291	425,951
Wages and social charges		98,076	158,491	110,849	175,666
Taxes to be collected		14,169	31,058	37,198	74,166
Advances from customers		38,616	19,152	42,584	31,862
Dividends payable	12	79	79	29,111	33,810
Use of public assets – UBP	22	41,767	41,767	47,703	47,703
Electric power futures contracts	13	62,637	65,490	62,637	65,490
Related parties	12	16,405	561	16,405	561
Provisions	21	16,432	522	16,432	522
Other liabilities		27,820	36,743	103,503	68,925
		<u>2,022,184</u>	<u>1,718,910</u>	<u>2,262,678</u>	<u>1,990,663</u>
<b>Non-current liabilities</b>					
Loans and financing	18	3,086,210	2,852,249	3,116,635	2,882,666
Derivative financial instruments	5.2	100,320	762,479	110,329	905,084
Leases		7,395	6,412	9,894	7,110
Related parties	12	14,108	2,034	14,100	2,034
Provisions	21	894,373	758,261	897,421	760,947
Use of public assets – UBP	22	648,489	660,401	707,493	715,713
Electric power futures contracts	13	145,144	153,010	145,143	153,010
Other liabilities		49,007	49,083	52,969	53,585
		<u>4,945,046</u>	<u>5,243,929</u>	<u>5,053,984</u>	<u>5,480,149</u>
<b>Total liabilities</b>		<u>6,967,230</u>	<u>6,962,839</u>	<u>7,316,662</u>	<u>7,470,812</u>
<b>Shareholders' equity</b>					
	23				
Share capital		4,049,459	4,950,095	4,049,460	4,950,095
Accrued losses		(652,975)	(985,901)	(652,975)	(985,901)
Equity valuation adjustments		(664,820)	(400,795)	(664,820)	(400,795)
Shareholders' equity assigned to controlling shareholders		2,731,664	3,563,399	2,731,664	3,563,399
Share of non-controlling shareholders				193,151	176,734
<b>Total shareholders' equity</b>		<u>2,731,664</u>	<u>3,563,399</u>	<u>2,924,815</u>	<u>3,740,133</u>
<b>Total liabilities and shareholders' equity</b>		<u>9,698,894</u>	<u>10,526,238</u>	<u>10,241,477</u>	<u>11,210,945</u>

Interim income statement

Quarters ended March 31

In thousands of Brazilian Reais, except when indicated otherwise

	Note	Parent company		Consolidated	
		1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
Net revenues of products sold and services provided	24	1,544,436	1,166,249	1,792,824	1,252,738
Cost of products sold and services provided	25	(1,173,772)	(1,058,426)	(1,349,038)	(1,104,594)
<b>Gross profit</b>		<b>370,664</b>	<b>107,823</b>	<b>443,786</b>	<b>148,144</b>
<b>Operating revenues (expenses)</b>					
Selling	25	(6,942)	(5,708)	(7,842)	(6,544)
General and administrative	25	(57,077)	(49,868)	(69,278)	(57,159)
Other operating revenues, net	27	(238,002)	341,326	(231,568)	340,531
		(302,021)	285,750	(308,688)	276,828
<b>Operating profit before holdings interest and financial results</b>		<b>68,643</b>	<b>393,573</b>	<b>135,098</b>	<b>424,972</b>
<b>Equity income</b>					
Equity	14	5,229	(22,422)	(17,169)	(26,245)
		5,229	(22,422)	(17,169)	(26,245)
<b>Net financial result</b>	28				
Financial revenues		7,381	12,257	8,357	13,736
Financial expenses		(152,890)	(63,313)	(164,040)	(67,361)
Exchange variations, net		(88,833)	(226,022)	(89,023)	(227,491)
		(234,342)	(277,078)	(244,706)	(281,116)
<b>Profit (loss) before income tax and social contribution</b>		<b>(160,470)</b>	<b>94,073</b>	<b>(126,777)</b>	<b>117,611</b>
<b>Income tax and social contribution</b>	20				
Current				(18,064)	(11,556)
Deferred		9,934	(58,621)	11,628	(59,023)
<b>Net profit (loss) for the quarter</b>		<b>(150,536)</b>	<b>35,452</b>	<b>(133,213)</b>	<b>47,032</b>
Net profit (loss) for the quarter attributable to controlling shareholders		(150,536)	35,452	(150,536)	35,452
Net profit assigned to non-controlling shareholders				17,323	11,580
<b>Net profit (loss) for the quarter</b>		<b>(150,536)</b>	<b>35,452</b>	<b>(133,213)</b>	<b>47,032</b>
<b>Weighted average number of shares, in thousands</b>		<b>1,358,065</b>	<b>1,420,294</b>		
Basic and diluted profit (loss) per thousand share in Brazilian reais		(110.85)	24.96		

The explanatory notes are an integral part of these individual and consolidated financial statements.

## Interim comprehensive income statement Quarters ended March 31 In thousands of Brazilian Reais

	Nota	Parent company		Consolidated	
		1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
<b>Income (loss) for the quarter</b>		(150,536)	35,452	(133,213)	47,032
<b>Other components of comprehensive loss to be subsequently reclassified to the result</b>					
Operational hedge accounting, before taxes	23 (b)	(264,025)	(423,019)	(264,931)	(423,019)
		(264,025)	(423,019)	(264,931)	(423,019)
<b>Total comprehensive loss for the period</b>		(414,561)	(387,567)	(398,144)	(375,987)
<b>Comprehensive income (loss) attributable to shareholders</b>					
Controlling				(414,561)	(387,567)
Non-controlling				16,417	11,580
				(398,144)	(375,987)

**Income statement of changes in shareholders' equity**  
**Quarters ended March 31**  
**In thousands of Brazilian Reais**

	Note	Attributable to controlling shareholders				Share of non-controlling shareholders	Shareholders' equity
		Share capital	Accrued losses	Equity valuation adjustments	Total		
<b>At January 1, 2020</b>		4,950,095	(58,073)	50,411	4,942,433	185,934	5,128,367
<b>Total comprehensive income (loss) for the quarter</b>							
Profit for the quarter			35,452		35,452	11,580	47,032
Other comprehensive income				(423,019)	(423,019)		(423,019)
			35,452	(423,019)	(387,567)	11,580	(375,987)
<b>At March 31, 2020</b>		4,950,095	(22,621)	(372,608)	4,554,866	197,514	4,752,380
<b>At January 1, 2021</b>		4,950,095	(985,901)	(400,795)	3,563,399	176,734	3,740,133
<b>Total comprehensive income (loss) for the quarter</b>							
Profit (loss) for the quarter			(150,536)		(150,536)	17,323	(133,213)
Other comprehensive income				(264,025)	(264,025)	(906)	(264,931)
			(150,536)	(264,025)	(414,561)	16,417	(398,144)
<b>Contributions and distributions to shareholders</b>							
Capital reduction	1.1 (a)	521			521		521
Partial spin-off with capital reduction	1.1 (b)	(417,695)			(417,695)		(417,695)
Capital reduction with loss absorption	1.1 (b)	(483,462)	483,462				
		(900,636)	483,462		(417,174)		(417,174)
<b>At March 31, 2021</b>		4,049,459	(652,975)	(664,820)	2,731,664	193,151	2,924,815

## Income cash flow statement Quarters ended March 31 In thousands of Brazilian Reais

	Note	Parent company		Consolidated	
		1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	10/1/2020 to 12/31/2020	10/1/2020 to 12/31/2020
<b>Cash flow from operational activities</b>					
<b>Profit (loss) before income tax and social contribution</b>		(160,470)	94,073	(126,777)	117,611
Adjustments to items that do not represent changes in cash and cash equivalents					
Interest, monetary and exchange variations		140,719	201,883	149,569	203,493
Equity	14	(5,229)	22,422	17,169	26,245
Depreciation, amortization and depletion	25	96,606	79,610	113,100	91,376
Electric power futures contracts	27	(10,720)	12,266	(10,720)	12,266
Derivative financial instruments		239,082	(44)	239,082	
Net investment loss	27		976		994
Gain on investment acquisition	27		(365,999)		(365,999)
Constitution (reversal) for asset depreciation (Impairment)	27	122,943	(789)	122,943	(789)
Constitution of provisions, net		11,709	5,376	12,103	11,086
		<u>434,640</u>	<u>49,774</u>	<u>516,469</u>	<u>96,283</u>
<b>Decrease (increase) in assets</b>					
Financial investments		277,619	(2,676)	282,705	32,693
Derivative financial instruments		(137,680)	6,121	(134,053)	6,077
Accounts receivable from customers		(134,763)	(118,427)	(167,536)	(111,511)
Inventory		(174,350)	(14,469)	(170,399)	(35,126)
Recoverable taxes		81,225	7,138	44,565	3,652
Related parties		(74)		350	(80)
Judicial deposits		(23)	3,436	(22)	3,436
Other credits and other assets		20,729	15,024	31,379	911
<b>Increase (decrease) in liabilities</b>					
Suppliers		123,042	46,702	85,340	42,962
Supplier finance program payable		(4,702)	81,668	(4,702)	81,668
Salaries and social charges		(60,415)	(37,564)	(64,817)	(33,082)
Taxes payable		(16,889)	3,450	(4,586)	146
Payments of tax, civil and labor proceedings		(5,573)	(11,944)	(5,573)	(11,946)
Other obligations and other liabilities		10,291	(3,747)	39,804	(5,106)
		<u>413,077</u>	<u>24,486</u>	<u>448,924</u>	<u>70,977</u>
<b>Cash from operating activities</b>		<u>413,077</u>	<u>24,486</u>	<u>448,924</u>	<u>70,977</u>
Interest paid on loans, financing and use of public assets – UBP		(24,847)	(9,468)	(25,451)	(12,247)
Income tax and social contribution paid				(50,446)	(25,857)
<b>Net cash provided by operating activities</b>		<u>388,230</u>	<u>15,018</u>	<u>373,027</u>	<u>32,873</u>
<b>Cash flow from investment activities</b>					
Acquisition of property, plant and equipment and intangible assets	15 and 16	(78,700)	(45,773)	(84,109)	(51,469)
Acquisition of investment	14 (c)		(224,244)		(224,244)
Net cash provided by incorporated companies	14 (c)		(15,000)		
Proceeds from sales of property, plant and equipment			475		3,950
Dividends received			687		9,852
		<u>(78,700)</u>	<u>(283,855)</u>	<u>(84,109)</u>	<u>(261,911)</u>
<b>Net cash used in investment activities</b>		<u>(78,700)</u>	<u>(283,855)</u>	<u>(84,109)</u>	<u>(261,911)</u>
<b>Cash flow from financing activities</b>					
Fund raising	18 (c)		250,000		250,000
Amortization of loans and financing	18 (c)	(26,894)	(21,158)	(26,894)	(21,158)
Capital reduction	1.1 (b)	(380,500)		(380,500)	
Derivative financial instruments		4,748		4,748	
Dividends deliberate		(579)			
Lease payments made	17	(3,460)	(2,600)	(4,086)	(3,108)
		<u>(406,685)</u>	<u>226,242</u>	<u>(406,732)</u>	<u>225,734</u>
<b>Net cash provided by (used in) financing activities</b>		<u>(406,685)</u>	<u>226,242</u>	<u>(406,732)</u>	<u>225,734</u>
Increase (decrease) in cash and cash equivalents		(97,155)	(42,595)	(117,814)	3,533
Effect of company acquired and included in consolidation					6,837
Cash and cash equivalents at the beginning of the quarter		563,985	190,171	632,438	190,321
Cash and cash equivalents at the end of the quarter		<u>466,830</u>	<u>147,576</u>	<u>514,624</u>	<u>193,854</u>
<b>Non-cash transactions</b>					
Capital reduction	1.1 (a)	521		521	
Spin-off with capital reduction:					
Properties	1.1 (b)	(10,674)		(10,674)	
Bills to pay	1.1 (b)	26,521		26,521	

The explanatory notes are an integral part of these individual and consolidated financial statements.

## Income value added statement Quarters ended March 31 In thousands of Brazilian Reais

	Note	Parent company		Consolidated	
		1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
<b>Revenue</b>					
Sales of products sold and services provided		1,817,615	1,354,342	2,151,809	1,485,323
Other operating revenues		7,844	362,759	5,812	361,982
Impairment of trade receivables	9 (c)	185	(46)	153	325
		<u>1,825,644</u>	<u>1,717,055</u>	<u>2,157,774</u>	<u>1,847,630</u>
<b>Inputs purchased from third parties</b>					
Raw materials and other production inputs		(884,100)	(733,137)	(1,033,026)	(728,058)
Materials, electricity, third-party services and others		(209,768)	(162,594)	(202,198)	(195,043)
		<u>(1,093,868)</u>	<u>(895,731)</u>	<u>(1,235,224)</u>	<u>(923,101)</u>
<b>Gross added value</b>					
		<u>731,776</u>	<u>821,324</u>	<u>922,550</u>	<u>924,529</u>
Depreciation, amortization and depletion	15,16 and 17	(96,606)	(79,610)	(113,100)	(91,376)
Reversal for asset depreciation (Impairment)	15,16 and 17	(122,943)	789	(122,943)	789
<b>Net added value produced</b>					
		<u>512,227</u>	<u>742,503</u>	<u>686,507</u>	<u>833,942</u>
<b>Added value received in transfer</b>					
Equity income	14	5,229	(22,422)	(17,169)	(26,245)
Financial revenues and active exchange variation		7,381	12,257	8,357	13,736
Deferred taxes	20	9,934	(58,621)	11,628	(59,023)
		<u>22,544</u>	<u>(68,786)</u>	<u>2,816</u>	<u>(71,532)</u>
<b>Total added value to be distributed</b>					
		<u>534,771</u>	<u>673,717</u>	<u>689,323</u>	<u>762,410</u>
<b>Distribution of added value</b>					
Personnel and social charges					
Direct remuneration	26				
Social charges		81,611	79,855	93,316	89,841
Benefits		49,041	46,506	55,175	49,844
		<u>24,641</u>	<u>22,176</u>	<u>27,446</u>	<u>25,154</u>
		<u>155,293</u>	<u>148,537</u>	<u>175,937</u>	<u>164,839</u>
<b>Taxes and contributions</b>					
Federal		170,173	129,899	242,623	171,999
State		108,995	64,183	141,595	77,377
		<u>279,168</u>	<u>194,082</u>	<u>384,218</u>	<u>249,376</u>
<b>Remuneration of third-party capital</b>					
Financial expenses and passive exchange variation		241,723	289,335	253,063	294,852
Rentals and leases		9,123	6,311	9,318	6,311
		<u>250,846</u>	<u>295,646</u>	<u>262,381</u>	<u>301,163</u>
<b>Remuneration of equity</b>					
Share of non-controlling shareholders				17,323	11,580
Loss for the year		(150,536)	35,452	(150,536)	35,452
		<u>(150,536)</u>	<u>35,452</u>	<u>(133,213)</u>	<u>47,032</u>
<b>Distributed added value</b>					
		<u>534,771</u>	<u>673,717</u>	<u>689,323</u>	<u>762,410</u>

The explanatory notes are an integral part of these individual and consolidated financial statements.

## Explanatory notes for the interim financial statements on March 31, 2021 In thousands of Brazilian Reais, except when indicated otherwise

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### 1 General considerations

Companhia Brasileira de Alumínio (“Company” or “CBA”), controlled by Votorantim S.A. (“VSA”), is headquartered in the city of São Paulo, whose main activities are the exploration of bauxite mining in the national territory, 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 new unit acquired in Pernambuco, located in the city of Itapissuma, with an installed capacity of 50 thousand tons per year of aluminum sheets and plates, will contribute to improving the competitiveness of the national industry in relation to imported products, complementing CBA’s products. The Company also controls electrolytic cobalt and nickel operations, as well the trading of energy surplus generated on the local market through Votener – Votorantim Comercializadora de Energia.

The bauxite processed by the Company mainly comes from two of its own mining units, located in Minas Gerais (Poços de Caldas and Mirai), and a small amount from a supplier located in the state of Goiás (Barro Alto).

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.

#### 1.1 Main events that occurred during the quarter ended March 31

##### (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 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 417,695, with a transfer in local currency in the amount of BRL 407,021 to the Parent Company VSA, of which BRL 380,500 was paid in cash on March 31, 2021 and the remaining amount of BRL 26,521 to be paid during the 2nd quarter of 2021, in addition to the transfer of land to VSA in the amount of BRL 10,674.

On March 30, 2021, partial absorption of accumulated losses by capital reduction of the Company was also approved, in the amount of BRL 483,462.

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

Due to the Coronavirus (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 regards to the health and safety of its employees, family, partners and communities, and the continuity of operations and business.

## **Explanatory notes for the interim financial statements on March 31, 2021 In thousands of Brazilian Reais, except when indicated otherwise**

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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 our 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 caused by the impacts of COVID-19**

The Company and its subsidiaries assessed the position of accounts receivable as at December 31, 2020, 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 quarter ended March 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. The estimates of tangible assets were updated based on the Company productive and commercial areas, considering the current recovery of the aluminum market.

### **(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 at March 31, 2021. No deferred taxes were recognized on a tax loss and negative basis, as per note 20 (b).

### **(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.

### **(v) Compliance with obligations assumed with customers and suppliers**

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

It is important to highlight that until the end of the 1st quarter of 2021, CBA extended the maturities of clients' invoices, some of which were within the original maturity month. The same is true for accounts payable to suppliers, where the Company postponed payments during the quarter.

### **(vi) Compliance with obligations in debt contracts - covenants**

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

## **Explanatory notes for the interim financial statements on March 31, 2021 In thousands of Brazilian Reais, except when indicated otherwise**

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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 1st quarter of 2021 the aluminum market showed a good recovery, notably due to the increase in demand, both for 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 London Metal Exchange (LME) and exchange rates and consequently better results.

### **(d) Generation Scaling Factor (GSF)**

Law No. 14.052 of September 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 (Generation Scaling Factor or MRE Adjustment Factor of the Marketing Rules) negatively after 2012, with the worsening of the water crisis.

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.

By extending the concession period for hydroelectric generators, since they are not subject to IFRIC 12 (ICPC 01) – Concessions, the Concession Grantor compensates companies by granting a non-pecuniary right, in the form of an extension of the concession period, with character recovery of costs incurred as of 2012, recognized as capital spent by law.

During the regulatory process by ANEEL, CCEE was asked to make the preliminary calculations of the estimated extension time of the eligible agents' concession, according to the initial premises of the opening of the public consultation, disclosed on the ANEEL website in October 2020.

On March 1, 2021, CCEE presented the calculations for the extension of the plant grants that adhere to the renegotiation of the hydrological risk of the Free Contracting Environment (ACL) and forwarded them to ANEEL for analysis and approval, which should take place within 30 days. (The expected date was by March 30, 2021). However, such approval did not occur within this period due to the resources requested by some plants with ANEEL, so that new conditions for the renegotiation of the hydrological risk related to the Regulated Contracting Environment (ACR) were included. As a consequence, ANEEL requested that CCEE recalculate the GSF values for further analysis and subsequent approval. The mills' orders are pending validation as to their legality, and so far the topic has not yet been defined.

In the opinion of the Management, the previous calculation made by CCEE for the plants that are fully managed by the Company will not be impacted by the resources related to the ACR pleaded with ANEEL, and therefore, even if not yet ratified, they face the right of extension.

Accordingly, after evaluating the amounts involved, on March 31, 2021, the Board of Directors authorized the Company to adhere to the renegotiation agreement with ANEEL and to waive any judicial claim to limit hydrological risks related to the MRE.

Such approval did not extend to the Salto Pilão, Canoas, Machadinho, Barra Grande and Campos Novos plants, since they are not fully managed by the Company, but through consortia or other entities, where the topic must be analyzed and deliberated by the bodies of governance of each one by all its consortium members and other shareholders, who must agree and agree on their portions of rights applicable to the renegotiation before the effective approval. In addition, in the case of some of these plants that have already been renegotiated in the ACR, there will still be validation and definition by ANEEL regarding the resources requested and that may change the amount and the extension term previously disclosed by CCEE.

**Explanatory notes for the  
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Considering the innovation brought about by the renegotiation of hydrological risk and the absence of CPC Pronouncement, Interpretation or Guidance that applies specifically to the topic, Management exercised its judgment in the development and application of accounting policy, as provided for in CPC 23 – Accounting Policies, Change of Estimate and Correction of Error, using by analogy the precepts of CPC-04 (R1) – Intangible Assets in view of being essentially an intangible asset related to the right to grant resulting from compensation for costs incurred in previous years. Additionally, considering also by analogy paragraph 44 of CPC – 04 (R1), the asset constituted by the renegotiation of the non-hydrological risk was recognized at fair value, considering the best estimate of the Company, based on the parameters determined by regulation of ANEEL, as well as the compensation values calculated by the Energy Trading Chamber – CCEE.

Thus, taking into account that the calculations presented by CCEE represent the best available estimate (although subject to approval by ANEEL), as well as the considerations set out above, the amount of BRL 141,559 was recognized on the base date of March 31, 2021 as an increase in the concession term extension account, within intangible assets and in return for the recovery of electricity costs.

The extension terms and amounts recorded per plant are shown below:

- i. HPP Sobragi: 1 year and 7 months – BRL 34,081
- ii. HPP Piraju: 4 years and 11 months – BRL 37,049
- iii. HPP Ourinhos: 5 years and 5 months – BRL 20,021
- iv. HPP Salto do Rio Verdinho: 7 years – BRL 50,158

The amounts were transformed by ANEEL to extend the concession period, and will be amortized using the straight-line method until the end of the concession period, adjusted with the extension from the renegotiation.

As a result of the application of Law 14.052 of September 9, 2020, the Company recognized credit related to the renegotiation of the hydrological risk of electricity generation, through the extension of the concession period for the use of the public good of said plants, in the total amount of BRL 141,559 and deferred taxes in the amount of BRL 48,130, recorded under the heading of intangible assets (Note 16) and composition of the deferred tax balances (Note 19 (b)), respectively.

**(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 127,958 for the Niquelândia unit, recorded under the caption Fixed assets (Note 15) and Provisions (Note 21), and simultaneously constituted impairment on this increase in fixed assets.

**2 Presentation of the financial statements and summary of accounting practices****2.1 Presentation base****(a) Individual (parent company) and consolidated financial statements**

The financial statements were prepared and are being submitted in accordance with accounting practices adopted in Brazil and ratified by the Brazilian Securities and Exchange Commission (CVM) in effect on March 31, 2021, which include the pronouncements issued by the Technical Pronouncements Committee (CPCs) and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and IFRIC interpretations, and disclose all relevant information pertaining to the financial statements, and only thereto, which are consistent with those used by the Board of Directors in its management.

## **Explanatory notes for the interim financial statements on March 31, 2021 In thousands of Brazilian Reais, except when indicated otherwise**

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The financial statements were prepared considering the historical cost as a value base, which in the case of certain financial assets and liabilities, including derivative instruments, was 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, affiliates 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.

The financial statements require the use of certain critical accounting estimates and also the exercise of judgment by the Company's Board of Directors in the process of applying its accounting practices. The areas that require a higher level of judgment and are more complex, as well as the areas in which assumptions and estimates are most significant, are disclosed in Note 4.

The Company spontaneously discloses its value added statement, in accordance with accounting practices adopted in Brazil applicable to publicly-held companies, and it is presented as an integral part of the financial statements. This statement is presented as additional information for international practices, without prejudice to the set of financial statements.

### **(b) Approval of the financial statements**

The issuance of these financial statements was approved by the Board of Directors on May 14, 2021.

## **2.2 Consolidation**

The Company consolidates all entities over which it holds control, i.e. when it is exposed or has rights to variable returns from its involvement with the investee and has the capacity to direct the relevant activities of the investee.

The subsidiaries included in the consolidation are set forth 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 the Company's companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the transferred asset. During the acquisition, the subsidiaries' accounting policies are adjusted when needed to ensure consistency with the policies adopted by the Company.

### **(b) Affiliates and joint ventures**

Joint transactions are recorded in the financial statements to represent the Company's contractual rights and obligations. Accordingly, assets, liabilities, income and expenses related to the Company's interests in joint operation are recorded individually in the financial statements.

Investments in affiliates and joint ventures are recorded using the equity method and are initially recognized at cost. The Company's investment in associates and joint ventures includes the goodwill identified during the acquisition, net of any accumulated impairment loss.

## Explanatory notes for the interim financial statements on March 31, 2021 In thousands of Brazilian Reais, except when indicated otherwise

Dilution gains and losses incurred in investments in associates and joint ventures are recognized in the income statement.

### (c) Main companies included in the consolidated financial statements

	Ownership interest %		Ownership interest voting %		Headquarters	Main activities
	3/31/2021	12/31/2020	3/31/2021	12/31/2020		
CBA Energia Participações S.A.	33.33	33.33	100.00	100.00	São Paulo - Brazil	Participation in energy generation companies
CBA Machadinho Ltda.	100.00		100.00		São Paulo - Brazil	Participation in energy generation companies
CBA Machadinho 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
<b>Exclusive financial investments funds</b>						
Investments fund Pentágono CBA Multimercado - Crédito Privado	100.00	100.00	100.00	100.00	Brazil	Management of financial resources

### 2.3 Foreign currency conversion

#### (a) Functional currency and presentation of the financial statements

The Company's functional currency is the BRL.

#### (b) Transactions and balances

Transactions in foreign currencies are converted into BRL. Current exchange rates on the dates of the transaction or of the assessment are used for remeasured items. Exchange gains and losses resulting from the settlement of these transactions and from the conversion using exchange rates at the end of the fiscal year regarding monetary assets and liabilities in foreign currencies are recognized in the income statement as "exchange variations, net".

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

#### 2.4.1 New standards issued and amendments to standards adopted by the Company and its subsidiaries

The following amendments to standards issued by the IASB were adopted for the first time for the year beginning on January 1, 2020:

- (i) Definition of material: amendments to International Accounting Standard (IAS) 1 / CPC 26 "Presentation of Financial Statements" and IAS 8 / CPC 23 "Accounting Policies, Changes in Accounting Estimates and Errors";
- (ii) Definition of a business: amendments to IFRS 3 / CPC 15 "Business combinations";
- (iii) Interbank Offered Rates (IBOR) reform: amendments to IFRS 9 / CPC 48, IAS 39 / CPC 38 and IFRS 7 / CPC 40 "Financial Instruments";
- (iv) Revised Conceptual Framework for Financial Reporting; and
- (v) COVID-19-Related Rent Concessions: amendments to IFRS 16 / CPC 06 (R2) "Leases".

The Company analyzed the amendments to the accounting standards mentioned above and did not identify any impacts on its operating and accounting policies.

## Explanatory notes for the interim financial statements on March 31, 2021 In thousands of Brazilian Reais, except when indicated otherwise

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### 2.4.2 New standards issued and amendments to standards not yet adopted by the Company and its subsidiaries

The following amendments to standards issued by the IASB will be adopted for the first time for the year beginning after January 1, 2021:

- (i) Classification of liabilities as current or non-current: amendments to IAS 1 / CPC 26 “Presentation of Financial Statements”;
- (ii) Proceeds before Intended Use: amendments to IAS 16 / CPC 27 “Property, Plant and Equipment”;
- (iii) First-time Adoption of IFRS in Subsidiaries: amendments to IFRS 1 / CPC 37 “First-time Adoption of International Financial Reporting Standards”;
- (iv) Borrowing costs in the derecognition test of financial liabilities: amendments to IFRS 9 / CPC 48 “Financial Instruments”;
- (v) Lease Incentives: amendments to IFRS 16 / CPC 06 “Leases”;
- (vi) Onerous Contracts – Cost of Fulfilling a Contract: amendments to IAS 37 / CPC 25 “Provisions, Contingent Liabilities and Contingent Assets”;
- (vii) COVID-19-related concessions: amendments to IFRS 17 “Insurance Contracts”;
- (viii) IBOR reform: amendments to IFRS 9 / CPC 48 “Financial Instruments”, IAS 39 / CPC 38 “Financial Instruments – Recognition and Measurement, IFRS 7 / CPC 40 “Financial Instruments: Disclosures”, IFRS 4 / CPC 11 “Insurance Contracts” and IFRS 16 / CPC 06 “Leases”.

The Company analyzed the amendments to the accounting standards mentioned above and did not identify any impacts on its operating and accounting policies to be adopted retrospectively or at the beginning of the year 2021.

### 3 Critical accounting estimates and judgments

Based on assumptions, the Company makes estimates regarding the future. By definition, accounting estimates and judgments are continually assessed and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances.

Accounting estimates will rarely be equal to their respective actual results. The estimates and assumptions that present significant risk, with the probability of causing a relevant adjustment in the book values of assets and liabilities for the next fiscal year, are included in the following respective notes:

- Derivative financial instruments (Nota 5.2)
- Accounts receivable from customers (Note 9)
- Recoverable taxes (Note 11)
- Electric power futures contracts (Note 13)

## Explanatory notes for the interim financial statements on March 31, 2021 In thousands of Brazilian Reais, except when indicated otherwise

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- Property, plant and equipment (Note 15)
- Intangible assets (Note 16)
- Leases (Note 17)
- Deferred income tax and social contribution (Note 20)
- Provisions (Note 21)

### 4 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 are 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 emission 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 Capital management

#### 5.1 Financial risk factors

The activities of the Company and its subsidiaries expose them to various financial risks, namely: (a) market risk (currency, commodity prices and interest rates); (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 and denominated in United States dollars (“USD”).

Costs, however, are predominantly denominated in BRL, 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.

Proposals made to comply with the policies are 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.

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

The 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	1/1/2021 to 3/31/2021	Consolidated 1/1/2020 to 3/31/2020
Assets in foreign currency			
Cash and cash equivalents	7	435,825	345,302
Derivative financial instruments	5.2	37,100	979,739
Accounts receivable from customers		168,190	81,805
		<u>641,115</u>	<u>1,406,846</u>
Liabilities in foreign currency			
Loans and financing (i)		2,994,032	2,728,788
Derivative financial instruments	5.2	704,943	1,303,866
Supplier finance program		456,066	445,257
Suppliers		74,459	14,371
		<u>4,229,500</u>	<u>4,492,282</u>
Net exposure		<u>(3,588,385)</u>	<u>(3,085,436)</u>

(i) Fundraising costs are not considered in this amount.

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

The Company’s interest rate risk arises from loans and financing. 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 and financing issued at fixed rates expose the Company to fair value risk associated with the interest rate.

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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 or debt contracts) 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.

### **(iii) Commodity 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 metal 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 Standard & Poor's. 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 shareholders' 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 adequately 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

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 and use of public assets.

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	Parent company					
	Up to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total
<b>At March 31, 2021</b>						
Loans and financing	168,964	166,343	2,166,387	1,350,009	35,312	3,887,015
Derivative financial instruments	594,614	13,896	13,910	46,414	26,100	694,934
Leases	9,020	7,308	87			16,415
Supplier finance program	589,879					589,879
Suppliers	453,545					453,545
Dividends payable	79					79
Use of public assets - UBP	46,052	100,801	113,619	351,338	567,123	1,178,933
Related parties	16,405	14,108				30,513
	<u>1,878,558</u>	<u>302,456</u>	<u>2,294,003</u>	<u>1,747,761</u>	<u>628,535</u>	<u>6,851,313</u>

	Parent company					
	Até 1 ano	Entre 1 e 3 anos	Entre 3 e 5 anos	Entre 5 e 10 anos	A partir de 10 anos	Total
<b>At December 31, 2020</b>						
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
Leases	8,114	6,310	102	-		14,526
Supplier finance program	594,581					594,581
Suppliers	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>1,535,343</u>	<u>378,614</u>	<u>2,268,521</u>	<u>1,935,218</u>	<u>767,083</u>	<u>6,884,779</u>

	Consolidated					
	Up to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total
<b>At March 31, 2021</b>						
Loans and financing	200,666	197,204	2,166,387	1,350,009	35,312	3,949,578
Derivative financial instruments	594,614	13,896	14,256	52,126	30,051	704,943
Leases	10,862	9,200	694			20,756
Supplier finance program	589,879					589,879
Suppliers	511,291					511,291
Dividends payable	29,111					29,111
Use of public assets - UBP	55,147	119,632	132,247	401,911	605,487	1,314,424
Related parties	16,405	14,100				30,505
	<u>611,954</u>	<u>133,732</u>	<u>132,247</u>	<u>401,911</u>	<u>605,487</u>	<u>1,885,331</u>

	Consolidated					
	Up to 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	Total
<b>December 31, 2020</b>						
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	171,249	1,303,867
Leases	9,698	7,143	102	-		16,943
Supplier finance program	594,581					594,581
Suppliers	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>831,529</u>	<u>7,346,231</u>

## 5.2 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 hedge accounting instrument. That being the case, the method depends on the nature of the item being hedged.

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The Company adopts hedge accounting and designates certain derivatives as:

### (a) Cash flow hedge

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

**Metal operating results hedging program (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 USD forwards.

The effective portion of changes in the fair value of designated derivatives and qualified as cash flow hedges is recognized in shareholders' equity under "equity valuation adjustments." The amounts accumulated in shareholders' equity related to any ineffective installments are immediately recognized in the income statement for the period. Gains or losses are taken to the income statement in the periods in which the referred sales refer to the LME price.

**Downstream premium hedging program** – In order to reduce cash flow volatility, the Company contracts derivative financial instruments to protect a portion of the premium adopted on the downstream business 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 strategy provides a protection range in which the premium traded in USD 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 hedges is recognized in shareholders' equity under "equity valuation adjustments". Gains or losses related to the non-effective portion are immediately recognized in the income statement for the period. Gains or losses are taken to the income statement in the periods in which the sales refer to the LME price.

### **Dollarized Export Credit Note (NCE)**

In order to protect the future cash flow generated by dollarized revenues (given that prices are negotiated based on the prices of the LME in USD 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 "Equity valuation adjustments". The amounts accumulated in shareholders' equity added to non-effective installments are immediately recognized in the income statement for the period. Gains or losses, as well as the amortization of interest, are charged to income in the periods in which they are made as sales statements referenced in LME price.

### (b) Derivative instruments not designated in hedge accounting

In order to reduce cash flow volatility in BRL, a Derivative Financial Contracts Company is used to hedge against foreign exchange exposure. The instruments below were not designated as hedge accounting.

**USD debt hedging instruments** – Derivative financial instruments contracted for the purpose of converting floating rates in IPCA (or other indexer) in BRL to fixed rates in USD, partially matching the currency of financial expenses and amortization of debts against revenue, thus reducing the company's currency exposure to the USD. Protection is provided through swaps.

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Gains or losses, as well as the mark-to-market of operations, are recognized in the statement of income for the period under “financial result”.

**Operational contract protection instruments** – Derivative financial instruments contracted for the purpose of converting floating rates in IPCA (or other indexer) in BRL to fixed rates in USD, partially matching the currency of financial expenses and amortization of debts against revenue, thus reducing the Company’s currency exposure to the USD. Protection is provided through swaps.

Gains or losses, as well as the mark-to-market of operations, are recognized in the statement of income for the period 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 on the balance sheet date.

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

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**(d) Effects of the 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:

						Parent company				
						1/1/2021 a 31/3/2021				
Programs	Unit	Main value		Unit	12/31/2020 Total (net between assets and liabilities)	Fair value			3/31/2021 Total (net between assets and liabilities)	
		3/31/2021	12/31/2020			Revenue (income)	Financial result	Other comprehensive income		Gain (loss) performed
<b>Operating income hedge</b>										
Aluminum forward	ton	189,000	203,130	thousands of BRL	(349,803)	(121,332)		(141,245)	(94,702)	(517,678)
US Dollar collars	thousands of USD	2,600	4,680	thousands of BRL	457	77		(1,190)	(854)	198
US Dollar forward	thousands of USD	328,135	337,363	thousands of BRL	51,823	(30,365)		(109,961)	(30,499)	(58,004)
					(297,523)	(151,620)		(252,396)	(126,055)	(575,484)
<b>Interest rate hedge</b>										
Swaps floating rate in IPCA vs. fixed rate in USD	thousands of BRL	320,100	320,100	thousands of BRL	(52,091)	4,897	(63,944)	51,942	4,748	(63,944)
					(52,091)	4,897	(63,944)	51,942	4,748	(63,944)
<b>Operating contracts hedge</b>										
Swaps floating rate in IPCA vs. floating rate in USD	thousands of BRL	651,235	823,310	thousands of BRL	19,283		(23,416)	(19,283)		(23,416)
					19,283		(23,416)	(19,283)		(23,416)
					(330,331)	(146,723)	(87,360)	(219,737)	(121,307)	(662,844)
Current assets					115,253					15,547
Non-current assets					715,677					16,543
Current liabilities					(398,782)					(594,614)
Non-current liabilities					(762,479)					(100,320)
					(330,331)					(662,844)

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										Consolidated
Programs	Unit	Main value		Unit	12/31/2020 Total (net between assets and liabilities)	Fair value			Gain (loss) performed	3/31/2021 Total (net between assets and liabilities)
		3/31/2021	12/31/2020			Revenue (income)	Financial result	Other comprehensive income		
<b>Operating income hedge</b>										
Aluminum forward	ton	189,000	203,130	thousands of BRL	(349,803)	(121,332)		(141,245)	(94,702)	(517,678)
US Dollar collars	thousands of USD	2,600	4,680	thousands of BRL	457	77		(1,190)	(854)	198
US Dollar forward	thousands of USD	328,135	337,363	thousands of BRL	51,823	(30,365)		(109,961)	(30,499)	(58,004)
					(297,523)			(252,396)	(126,055)	(575,484)
<b>Interest rate hedge</b>										
Swaps floating rate in IPCA vs. fixed rate in USD	thousands of BRL	320,100	320,100	thousands of BRL	(52,091)	4,897	(63,944)	51,942	4,748	(63,944)
					(52,091)		(63,944)	51,942	4,748	(63,944)
					25,487		(28,415)	(25,487)		(28,415)
					25,487		(28,415)	(25,487)		(28,415)
					(324,127)		(92,359)	(225,941)	(121,307)	(667,843)
Current assets					115,253					15,547
Non-current assets					864,486					21,553
Current liabilities					(398,782)					(594,614)
Non-current liabilities					(905,084)					(110,329)
					(324,127)					(667,843)

												Parent company
												Fair value by maturity
Programs	Unit	2021	2022	2023	2024	2025	2026	2027	2028	2029	As of 2030	
<b>Operating income hedge</b>												
Aluminum forward	ton	(458,094)	(59,584)									
US Dollar collars (i)	thousands of USD	186	12									
US Dollar forward (i)	thousands of USD	(48,618)	(9,386)									
		(506,526)	(68,958)									
<b>Interest rate hedge</b>												
Swaps floating rate in IPCA vs. fixed rate in USD	thousands of USD	(4,317)	(5,655)	(5,889)	(6,077)	(6,043)	(5,982)	(5,802)	(5,648)	(3,595)	(14,936)	
		(4,317)	(5,655)	(5,889)	(6,077)	(6,043)	(5,982)	(5,802)	(5,648)	(3,595)	(14,936)	
<b>Operating contracts hedge</b>												
Swaps floating rate in IPCA vs. floating rate in USD	thousands of USD			13,717	973	(753)	(2,112)	(3,140)	(4,415)	(5,407)	(22,279)	
				13,717	973	(753)	(2,112)	(3,140)	(4,415)	(5,407)	(22,279)	
		(510,843)	(74,613)	7,828	(5,104)	(6,796)	(8,094)	(8,942)	(10,063)	(9,002)	(37,215)	

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											Consolidated
											Fair value by maturity
Programs	Unit	2021	2022	2023	2024	2025	2026	2027	2028	2029	As of 2030
<b>Operating income hedge</b>											
Aluminum forward	ton	(458,094)	(59,584)	-	-	-	-	-	-	-	-
US Dollar collars (i)	thousands of USD	186	12	-	-	-	-	-	-	-	-
US Dollar forward (i)	thousands of USD	(48,618)	(9,386)								
		(506,526)	(68,958)								
<b>Interest rate hedge</b>											
Swaps floating rate in IPCA vs. fixed rate in USD	thousands of USD	(4,317)	(5,655)	(5,889)	(6,077)	(6,043)	(5,982)	(5,802)	(5,648)	(3,595)	(14,936)
		(4,317)	(5,655)	(5,889)	(6,077)	(6,043)	(5,982)	(5,802)	(5,648)	(3,595)	(14,936)
<b>Operating contracts hedge</b>											
Swaps floating rate in IPCA vs. floating rate in USD	thousands of USD			17,946	1,384	(823)	(2,565)	(3,887)	(5,520)	(6,794)	(28,156)
				17,946	1,384	(823)	(2,565)	(3,887)	(5,520)	(6,794)	(28,156)
		(510,843)	(74,613)	12,057	(4,693)	(6,866)	(8,547)	(9,689)	(11,168)	(10,389)	(43,092)

(i) Negative values refer to the USD fluctuation during the period, which exceeded the maximum limit range for the exchange rate fluctuation.

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### 5.3 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 hierarchy of levels:

- 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).

On March 31, 2021 and December 31, 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:

	Fair value measured based on		Parent company
	Prices quoted in the active market	Price-supported valuation technique	3/31/2021
	Level 1	Level 2	Fair value
<b>Assets</b>			
Cash and cash equivalent	466,830		466,830
Financial investments	183,146	52,853	235,999
Derivative financial instruments		32,090	32,090
	<u>649,976</u>	<u>84,943</u>	<u>734,919</u>
<b>Liabilities</b>			
Loans and financing		694,934	694,934
Derivative financial instruments		207,781	207,781
		<u>902,715</u>	<u>902,715</u>

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	Parent company		
	Fair value measured based on		12/31/2020
	Prices quoted in the active market	Price-supported valuation technique	
	Level 1	Level 2	Fair value
<b>Assets</b>			
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
<b>Liabilities</b>			
Loans and financing		1,161,261	1,161,261
Derivative financial instruments		218,500	218,500
		1,379,761	1,379,761

	Consolidated		
	Fair value measured based on		3/31/2021
	Prices quoted in the active market	Price-supported valuation technique	
	Level 1	Level 2	Fair value
<b>Assets</b>			
Cash and cash equivalent	514,624		514,624
Financial investments	183,146	155,894	339,040
Derivative financial instruments		37,100	37,100
	697,770	192,994	890,764
<b>Liabilities</b>			
Loans and financing		704,943	704,943
Derivative financial instruments		207,780	207,780
		912,723	912,723

	Consolidated		
	Fair value measured based on		12/31/2020
	Prices quoted in the active market	Price-supported valuation technique	
	Level 1	Level 2	Fair value
<b>Assets</b>			
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
<b>Liabilities</b>			
Loans and financing		1,303,866	1,303,866
Derivative financial instruments		218,500	218,500
		1,522,366	1,522,366

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### 5-3-1 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, 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 and specialized sources, following the Company's governance.

The scenarios on March 31, 2021 are as follows:

**Scenario I** – considers shock to the curves and market quotations on December 31, 2020, according to the base scenario defined by the Board of Directors for June 30, 2021.

**Scenario II** – considers shock of + or - 25% in the market curves of March 31, 2021.

**Scenario III** – considers shock of + or - 50% in the market curves of March 31, 2021.

Risk Factors	Cash and cash equivalents and financial investments (i)	Loans and financing (i)	Unit	Principal from derivative financial instruments	Electric power futures contracts	Unit	Parent company and consolidated												
							Impacts on the result				Impacts on comprehensive income								
							Scenario I	Scenarios II & III			Scenario I	Scenarios II & III							
Shock in the 3/31/2021 curves	Scenario I results	-25%	-50%	+25%	+50%	Scenario I results	-25%	-50%	+25%	+50%									
Exchange																			
USD	435,825	3,002,107	thousands of USD	949,590			-4.69%	21,022	367,298	734,621	(367,208)	(734,531)	90,917	1,059,549	2,119,528	(1,059,049)	(2,118,855)		
Interest rates																			
BRL - CDI	352,268	60,957	thousands of BRL	2,707,604		thousands of BRL	115 bps	(26,921)	98,264	217,893	(81,277)	(148,947)	(6,682)	7,652	15,449	(7,513)	(14,890)		
IPCA		152,750	thousands of BRL	1,143,410			-85 bps	46,565	53,267	124,760	(54,985)	(105,582)							
USD - LIBOR				418,163		thousands of USD	2 bps						(59)	358	716	(358)	(719)		
Dollar coupon				531,428		thousands of USD	3 bps	664,064	232,843	465,711	(232,753)	(465,621)	248,542	423,014	846,458	(422,513)	(845,785)		
Price – commodities																			
Aluminum				189,000		ton	-7.57%						454,815	543,935	1,087,869	(543,936)	(1,087,873)		
MM of electricity																			
Fair value								(228,959)	thousands of BRL		557	1,109	(561)	(1,126)					

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

# Companhia Brasileira de Alumínio

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### 5.3.2 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 income, 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	
			At March 31, 2021	At December 31, 2020
Loans and financing			3,206,245	2,946,505
Cash and cash equivalents			(514,624)	(632,438)
Derivative financial instruments			667,843	324,127
Leases			20,756	15,915
Financial investments			(339,040)	(617,000)
Net debt – (A)			<b>3,041,180</b>	<b>2,037,109</b>
				Consolidated (not reviewed)
	Three-month period ended At March 31, 2021	Three-month period ended At March 31, 2020	Twelve-month period ended At March 31, 2021	Twelve-month period ended At December 31, 2020
Net profit (loss) for the quarter	(133,213)	47,032	(1,060,105)	(879,860)
Income tax and social contribution	6,436	70,579	754,185	818,328
Income (loss) before taxes	(126,777)	117,611	(305,920)	(61,532)
Depreciation, amortization and depletion	113,100	91,376	453,205	431,481
Finance income, net	244,706	281,116	456,064	492,474
EBITDA	<b>231,029</b>	<b>490,103</b>	<b>603,349</b>	<b>862,423</b>
Exceptional items				
Equity	17,169	26,245	(6,030)	3,046
Electric power future contracts	(10,720)	12,266	102,236	125,222
Gain on investment acquisition		(365,999)		(365,999)
Dividends receivable			11,164	11,164
Impairment constitution (reversal) of property, plant and equipment and intangible assets	122,943	(789)	149,724	25,992
Adjusted EBITDA (B)	<b>360,421</b>	<b>161,826</b>	<b>860,443</b>	<b>661,848</b>
Financial leverage index – (A/B)			<b>3.53</b>	<b>3.08</b>

## 6 Financial instruments by category

### Accounting policy

Normal purchases and sales of financial assets and liabilities are recognized on the trade date, which is 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 income statement.

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 these assets. Financial assets 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 fair value through profit or loss are recorded in the income statement under "net financial result" in the year in which they occur.

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### (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 maintained within a business model in which the purpose is to maintain financial assets in order to collect contractual cash flows and for which the contractual terms of the financial asset originate, on specific dates, principal cash flows and interest on the outstanding principal amount.

#### (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 only payments of principal and interest over the outstanding principal amount.

#### (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
					3/31/2021
	Note	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
<b>Assets</b>					
Cash and cash equivalents (i)	7		466,830		466,830
Financial investments	8		235,999		235,999
Derivative financial instruments	5.2			32,090	32,090
Accounts receivable from customers	9	546,777			546,777
Dividends receivable	12	8,041			8,041
Related parties	12	16,990			16,990
		<u>571,808</u>	<u>702,829</u>	<u>32,090</u>	<u>1,306,727</u>
<b>Liabilities</b>					
Loans and financing	18	3,145,335	0		3,145,335
Derivative financial instruments	5.2			694,934	694,934
Leases	17	16,415	0		16,415
Supplier Finance Programs		589,879	0		589,879
Suppliers		453,545	0		453,545
Electric power futures contracts	13		207,781		207,781
Dividends payable	12	79	0		79
Related parties	12	30,513			30,513
		<u>4,235,766</u>	<u>207,781</u>	<u>694,934</u>	<u>5,138,481</u>

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					Parent company
					12/31/2020
	Note	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
<b>Assets</b>					
Cash and cash equivalents (i)	7		563,985		563,985
Financial investments	8		509,578		509,578
Derivative financial instruments	5.2			830,930	830,930
Accounts receivable from customers	9	404,870			404,870
Dividends receivable	12	8,041			8,041
Related parties	12	16,916			16,916
		<u>429,827</u>	<u>1,073,563</u>	<u>830,930</u>	<u>2,334,320</u>
<b>Liabilities</b>					
Loans and financing	18	2,885,316			2,885,316
Derivative financial instruments	5.2			1,161,261	1,161,261
Leases	17	14,526			14,526
Supplier Finance Programs		594,581			594,581
Suppliers		330,503			330,503
Electric power futures contracts	13		218,500		218,500
Dividends payable	12	79			79
Related parties	12	2,595			2,595
		<u>3,827,600</u>	<u>218,500</u>	<u>1,161,261</u>	<u>5,207,361</u>
					<b>Consolidated</b>
					<b>3/31/2021</b>
	Note	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
<b>Assets</b>					
Cash and cash equivalents (i)	7		514,624		514,624
Financial investments	8		339,040		339,040
Derivative financial instruments	5.2			37,100	37,100
Accounts receivable from customers	9	643,793			643,793
Dividends receivable	12	25			25
Related parties	12	16,563			16,563
		<u>660,381</u>	<u>853,664</u>	<u>37,100</u>	<u>1,551,145</u>
<b>Liabilities</b>					
Loans and financing	18	3,206,245			3,206,245
Derivative financial instruments	5.2			704,943	704,943
Leases	17	20,756			20,756
Supplier Finance Programs		589,879			589,879
Suppliers		511,291			511,291
Electric power futures contracts	13		207,780		207,780
Dividends payable	12	29,111			29,111
Related parties	12	30,505			30,505
		<u>4,387,787</u>	<u>207,780</u>	<u>704,943</u>	<u>5,300,510</u>
					<b>Consolidated</b>
					<b>12/31/2020</b>
	Note	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
<b>Assets</b>					
Cash and cash equivalents (i)	7		632,438		632,438
Financial investments	8		617,000		617,000
Derivative financial instruments	5.2			979,739	979,739
Accounts receivable from customers	9	474,715			474,715
Dividends receivable	12	25			25
Related parties	12	16,913			16,913
		<u>491,653</u>	<u>1,249,438</u>	<u>979,739</u>	<u>2,720,830</u>
<b>Liabilities</b>					
Loans and financing	18	2,946,505			2,946,505
Derivative financial instruments	5.2			1,303,866	1,303,866
Leases	17	15,915			15,915
Supplier Finance Programs		594,581			594,581
Suppliers		425,951			425,951
Electric power futures contracts	13		218,500		218,500
Dividends payable	12	33,810			33,810
Related parties	12	2,595			2,595
		<u>4,019,357</u>	<u>218,500</u>	<u>1,303,866</u>	<u>5,541,723</u>

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

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**6.1 Compensation of financial instruments**

Financial assets and liabilities are offset and the net amount is recorded on 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.

**7 Cash and cash equivalents**

**Accounting policy**

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

	Parent company		Consolidated	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Local currency				
Cash and banks	5,813	210	8,003	10,697
Bank Deposit Certificates - CDBs	21,624	110,344	21,624	110,344
Repo operations – Government securities	8,971	120,121	49,172	166,095
	36,408	230,675	78,799	287,136
Foreign currency				
Cash and banks	430,422	333,310	435,825	345,302
	466,830	563,985	514,624	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. As of March 31, 2021, the average yields of CDBs and repurchase agreements were 100.31% and 102.41%, respectively (December 31, 2020: 101.17% and 93.29%, for average yields of CDBs and repurchase transactions).

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**8 Financial investments**

Most financial investments have immediate liquidity. Nevertheless, they are classified as financial investments based on their original maturities, considering the expected destination of the funds.

	Parent company		Consolidated	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
Local currency				
Financial Treasury Bills – LFTs	155,517	154,884	155,517	154,884
Investment fund quotas (i)	9,572	49,966	43,635	73,653
Repo operations – Government securities	27,629	6,552	27,629	6,552
Bank Deposit Certificates – CDBs	43,218	298,176	112,196	381,911
Other	63		63	
	<u>235,999</u>	<u>509,578</u>	<u>339,040</u>	<u>617,000</u>
Current	235,935	509,514	338,976	616,936
Non-current assets	64	64	64	64
	<u>235,999</u>	<u>509,578</u>	<u>339,040</u>	<u>617,000</u>

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

	Parent company		Consolidated	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Financial investments				
Financial Treasury Bills – LFTs	9,572	49,966	43,635	71,889
Certificados de Depósitos Bancários - CDBs				1,764
	<u>9,572</u>	<u>49,966</u>	<u>43,635</u>	<u>73,653</u>

The investments comprise government bonds or financial institutions and are remunerated between 96.59% and 103.19% (93.24% and 93.83% on 12/31/2020) of the variation of the Interbank Deposit Certificate - CDI.

**9 Accounts receivable from customers**

**Accounting policy**

These are the amounts related 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. Accounts receivable from customers in the foreign market are updated based on the exchange rates in effect on the balance sheet date.

The methodology for calculating estimated losses on the allowance for loan losses is based on a risk matrix, which consisted of loss of credits, current conditions and forecasts of future economic conditions for all maturities, including securities to mature. The result of this analysis establishes the annual risk matrix and, consequently, the financial amount to be accounted for as impairment by maturity.

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**(a) Composition**

	Note	Parent company		Consolidated	
		1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
Local clients		336,605	277,285	439,056	364,952
Foreign clients		151,233	76,065	168,190	81,805
Related parties	12	86,240	79,006	69,159	60,723
		574,078	432,356	676,405	507,480
Impairment of trade receivables		(27,301)	(27,486)	(32,612)	(32,765)
		546,777	404,870	643,793	474,715

**(b) Composition by currency**

	Controladora		Consolidado	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Brazilian Reais	395,544	328,805	475,603	392,910
US dollar	151,233	76,065	168,190	81,805
	546,777	404,870	643,793	474,715

**(c) Change 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 estimated amount of provision is estimated.

	Parent company		Consolidated	
	1/1/2021 to 3/31/2021	10/1/2020 to 12/31/2020	1/1/2021 to 3/31/2021	10/1/2020 to 12/31/2020
At the beginning of the quarter	(27,486)	(30,239)	(32,765)	(35,888)
Net provision (reversal) of additions	185	(5,724)	(456)	(5,727)
Accounts receivable from clients written off during the quarter		8,477	609	8,850
At the end of the quarter	(27,301)	(27,486)	(32,612)	(32,765)

The constitution of the provision for doubtful accounts was recorded in the income statement 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	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
To fall due	454,033	332,830	548,353	395,147
Up to 3 months past due	36,604	27,814	38,430	31,816
Overdue from 3 to 6 months	1,858	1,861	1,874	1,880
Overdue more than 6 months (i)	81,583	69,851	87,748	78,637
	574,078	432,356	676,405	507,480

(i) On March 31, 2021, the amount of BRL 57,489 (2020 – BRL 53,420) referred to receivables from clients guaranteed by real guarantees (chattel mortgage) regarding overdue balances.

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**10 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.”

**(a) Composition**

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Finished products	212,931	180,823	263,748	232,490
Semi-finished products	478,609	458,301	523,194	495,340
Auxiliary and consumption materials	122,732	117,806	149,380	149,941
Raw materials	78,110	61,605	175,057	138,159
Imports in progress	169,400	68,946	182,755	103,904
Others	2,475	2,426	(1,364)	2,537
Provision for losses (i)	(48,842)	(52,491)	(48,842)	(52,491)
	<u>1,015,415</u>	<u>837,416</u>	<u>1,243,928</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 inventory loss estimates**

	Parent company and consolidated				
	3/31/2021				12/31/2020
	Finished products	Semi-finished products	Raw materials	Auxiliary materials	Total
At the beginning of the quarter	(7,293)	(9,308)	(5,608)	(30,282)	(52,491)
Additions net of reversals	3,803	(5,426)	5,055	217	3,649
At the end of the quarter	<u>(3,490)</u>	<u>(14,734)</u>	<u>(553)</u>	<u>(30,065)</u>	<u>(48,842)</u>

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**11 Recoverable taxes**

**(a) Accounting practices**

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

**(b) Composition**

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Tax on the Circulation of Goods and Services – ICMS	440,518	465,909	449,885	475,237
Contribution for the Financing of Social Security – COFINS	398,635	460,469	432,292	463,750
Social Integration Program – PIS	86,508	101,434	93,920	102,137
Income Tax and Social Contribution – IRPJ and CSLL	195,029	179,034	198,873	182,432
ICMS on property, plant and equipment	26,757	23,364	26,757	23,364
Social security credit	20,050	19,981	20,050	19,981
Other	23,941	22,472	24,148	23,589
	<u>1,191,438</u>	<u>1,272,663</u>	<u>1,245,925</u>	<u>1,290,490</u>
Current	383,596	430,714	431,713	442,365
Non-current assets	807,842	841,949	814,212	848,125
	<u>1,191,438</u>	<u>1,272,663</u>	<u>1,245,925</u>	<u>1,290,490</u>

**12 Related parties**

**Accounting practices**

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 (affiliates, joint ventures and shareholders), related to the purchase and sale of products and services, loans, lease of goods, sale of raw materials and services.

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**(a) Parent company**

	Accounts receivable from customers		Dividends receivable		Current and non-current assets		Suppliers		Current and non-current liabilities		Dividends payable	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
<b>Parent company</b>												
Votorantim S.A. (I)	3,726	3,726							26,521			
<b>Subsidiaries</b>												
CBA Energia Participações S.A.			5,777	5,777								
CBA Itapissuma Ltda.	7,691											
CBA Machadinho Geração de Energia Ltda.	2,346	2,399	579	579								
ENERCAN - Campos Novos Energia S.A.							31,145	15,822				
Metalex Ltda.	18,329	26,664	1,660	1,660			1,018	523				
<b>Affiliated companies</b>												
Alunorte Alumina do Norte do Brasil S.A.			25	25								
Nexa Recursos Minerais S.A.	1,859	1,487					433	410				
Votener - Votorantim Comercializadora de Energia Ltda. (ii)	34,876	35,084					38,648	37,101	208,338	219,057		
Votorantim Cimentos S.A. (iii)	13,018	5,252			16,461	16,384		215	3	3		
Other	4,395	4,394			529	532	849	2,413	3,432	2,035	79	79
	<u>86,240</u>	<u>79,006</u>	<u>8,041</u>	<u>8,041</u>	<u>16,990</u>	<u>16,916</u>	<u>72,093</u>	<u>56,484</u>	<u>238,294</u>	<u>221,095</u>	<u>79</u>	<u>79</u>
Current	86,240	79,006	8,041	8,041			72,093	56,484	79,042	66,051	79	79
Non-current					16,990	16,916			159,252	155,044		
	<u>86,240</u>	<u>79,006</u>	<u>8,041</u>	<u>8,041</u>	<u>16,990</u>	<u>16,916</u>	<u>72,093</u>	<u>56,484</u>	<u>238,294</u>	<u>221,095</u>	<u>79</u>	<u>79</u>

- (i) The current and non-current liabilities balance refers to the balance payable referring to the financial transfer, according to the operation described in Note 1.1 (b).
- (ii) The balance of current and non-current liabilities refers to rights arising from electricity trading agreements in the free market (Note 13).
- (iii) The balance of current and non-current assets refers substantially to the sale of ICMS credit to affiliate Votorantim Cimentos S.A. in 2019.

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	Income statement					
	Purchases		Sales		Financial revenues (expenses)	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
<b>Subsidiaries</b>						
CBA Energia Participações S.A.	18,564	18,596				
CBA Itapissuma Ltda.			7,691			
CBA Machadinho Geração de Energia Ltda.	10,300	10,527				
ENERCAN - Campos Novos Energia S.A.	49,749	41,979				
Metalex Ltda.	1,952	1,641	65,408	72,426		
<b>Affiliated companies</b>						
L.C.G.S.P.E. Empreendimentos e Participações Ltda.	1,069	2,886				
Nexa Recursos Minerais S.A.	179	22	3,456	1,701		
Votener - Votorantim Comercializadora de Energia Ltda. (i)	108,170	148,330	96,132	206,499		
Votorantim Cimentos S.A.		389		166	78	78
Votorantim Geração de Energia S.A.	5,528	5,716				
Outros		2,080	999			
	<u>195,511</u>	<u>232,166</u>	<u>173,686</u>	<u>280,792</u>	<u>78</u>	<u>78</u>

(i) The purchases and sales refer to the trading of third party energy in the free market, where Votener acts as the final trader.

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**(b) Consolidated**

	Accounts receivable from customers		Dividends receivable		Current and non-current assets		Suppliers		Current and non-current liabilities		Dividends payable	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
<b>Parent company</b>												
Votorantim S.A. (i)	3,726	3,726							26,521			
<b>Affiliated companies</b>												
Alunorte Alumina do Norte do Brasil S.A.			25	25								
Nexa Recursos Minerais S.A.	10,331	10,171					433	410				
Pollarix S.A.											17,639	12,695
Votener - Votorantim Comercializadora de Energia Ltda. (ii)	39,547	37,199					38,648	37,101	208,337	219,057		
Votorantim Cimentos S.A. (iii)	13,018	5,252			16,461	16,384		215	3	3		
Votorantim Geração de Energia S.A.											11,392	11,392
Other	2,537	4,375			102	529	1,836	2,378	3,424	2,035	80	9,723
	<u>69,159</u>	<u>60,723</u>	<u>25</u>	<u>25</u>	<u>16,563</u>	<u>16,913</u>	<u>40,917</u>	<u>40,104</u>	<u>238,285</u>	<u>221,095</u>	<u>29,111</u>	<u>33,810</u>
Current	69,159	60,723	25	25			40,917	40,104	79,042	66,051	29,111	33,810
Non-current					16,563	16,913			159,243	155,044		
	<u>69,159</u>	<u>60,723</u>	<u>25</u>	<u>25</u>	<u>16,563</u>	<u>16,913</u>	<u>40,917</u>	<u>40,104</u>	<u>238,285</u>	<u>221,095</u>	<u>29,111</u>	<u>33,810</u>

- (i) The current and non-current liabilities balance refers to the balance payable referring to the financial transfer, according to the operation described in Note 1.1 (b).
- (ii) The balance of current and non-current liabilities refers to rights arising from electricity trading agreements in the free market (Note 13).
- (iii) The balance of current and non-current assets refers substantially to the sale of ICMS credit to affiliate Votorantim Cimentos S.A. in 2019.

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	Purchases		Sales		Financial revenues (expenses)	
	1/1/2021 to	1/1/2020 to	1/1/2021 to	1/1/2020 to	1/1/2021 to	1/1/2020 to
	3/31/2021	3/31/2020	3/31/2021	3/31/2020	3/31/2021	3/31/2020
<b>Affiliated companies</b>						
L.C.G.S.P.E. Empreendimentos e Participações Ltda.	1,069	2,886				
Nexa Recursos Minerais S.A.	179	22	3,456	1,701		
Votener - Votorantim Comercializadora de Energia Ltda. (i)	108,170	148,330	96,132	206,499		
Votorantim Cimentos S.A.		389		166	78	78
Votorantim Geração de Energia S.A.	5,528	5,716				
Outros		2,080	999			
	<u>114,946</u>	<u>159,423</u>	<u>100,587</u>	<u>208,366</u>	<u>78</u>	<u>78</u>

- (i) The purchases and sales refer to the trading of third party energy in the free market, where Votener acts as the final trader.

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**(c) Company debts, guaranteed by related parties**

Type	Guarantor	3/31/2021	12/31/2020
BNDES	VSA	152,750	158,048
Eurobonds – USD (Voto 24)	VSA	805,789	749,286
		958,539	907,334

**13 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 take 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 instruments.

Another part of these transactions relates 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 concluded, and are reassessed at fair value on 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.

The operations carried out by the subsidiary Votener up to 2023 in the 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 quarter ended March 31, 2021, the realization of fair value, through physical settlement of energy purchase and sales contracts, resulted in total revenue amounting to BRL 17,813.

Additionally, the new position on the balance sheet date, regarding the entry of new purchase and sales contracts, resulted in revenue of BRL 7,093. These amounts were recorded under “other operating revenue (expenses) net” (Note 26).

The A-0/2014 contracts were fully recognized in December 2019, but were settled only in January 2020.

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	Operations in ACL		
	3/31/2021	12/31/2020	
<b>Liabilities</b>			
Current	62,637	65,490	
Non-current	145,143	153,010	
	<u>207,780</u>	<u>218,500</u>	
		<b>Consolidated</b>	
	<b>1/1/2021 to 3/31/2021</b>	<b>1/1/2020 to 3/31/2020</b>	
	<b>Operations in ACL</b>	<b>Operations in ACL</b>	<b>Total</b>
Realization	17,813	42,202	42,202
Recognition	(7,093)	(54,468)	(54,468)
	<u>10,720</u>	<u>(12,266)</u>	<u>(12,266)</u>

## 14 Investments

### Accounting practices

The Company's investments in entities recorded using the equity method comprise its holdings in affiliates and joint ventures.

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 affiliates and joint ventures are recorded using the equity method and are initially recognized at cost, which includes transaction expenses.

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

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

# Companhia Brasileira de Alumínio

## Explanatory notes for the interim financial statements on March 31, 2021 In thousands of Brazilian Reais, except when indicated otherwise

### (a) Composition

	Information on investees as of March 31, 2021				Equity		Parent company	
	Shareholders' equity	Profit (loss) for the quarter	Voting ownership interest and total (%)	Voting ownership interest (%)	1/1/2021 to	1/1/2020 to	3/31/2021	12/31/2020
					3/31/2021	3/31/2020		
Investments evaluated by equity								
Subsidiaries								
Metalex Ltda.	85,512	7,635	100.00	100.00	7,635	6,433	85,512	77,877
CBA Energia Participações S.A. (i)	286,346	23,879	33.33	100.00	7,461	5,263	93,195	85,732
CBA Machadinho Geração de Energia Ltda.	139,073	1,144	100.00	100.00	1,144	106	139,073	137,350
CBA Itapissuma Ltda.	638,396	6,158	100.00	100.00	6,158	(7,980)	638,396	444,809
Affiliated companies								
Alunorte - Alumina do Norte S.A. (ii)	3,191,028	(177,179)	3.03	3.03	(5,376)	(14,840)	96,829	107,052
Mineração Rio do Norte S.A.	779,472	(117,929)	10.00	10.00	(11,793)	(11,404)	77,947	91,646
Other							44	44
Surplus								
CBA Itapissuma Ltda. (iii)								193,633
Goodwill								
Metalex Ltda.							49,430	49,430
					5,229	(22,422)	1,180,426	1,187,573

- (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) The Company exercises significant influence over the activities of this investee through agreements with shareholders.
- (iii) Refers to capital gains on 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.

	Information on investees as of March 31, 2021				Equity		Consolidated	
	Shareholders' equity	Profit (loss) for the quarter	Voting ownership interest and total (%)	Voting ownership interest (%)	1/1/2021 to	1/1/2020 to	3/31/2021	12/31/2020
					3/31/2021	3/31/2020		
Investments evaluated by equity								
Affiliated companies								
Alunorte - Alumina do Norte S.A.	3,191,028	(177,179)	3.03	3.03	(5,376)	(14,840)	96,829	107,052
Mineração Rio do Norte S.A.	779,472	(117,929)	10.00	10.00	(11,793)	(11,404)	77,947	91,646
Other						(1)	77	76
					(17,169)	(26,245)	174,853	198,774

## Explanatory notes for the interim financial statements on March 31, 2021 In thousands of Brazilian Reais, except when indicated otherwise

### (b) Information on investee companies

The following is a summary of the financial information of the main affiliates, subsidiaries and joint ventures for the quarters ended:

	1/1/2021 to 3/31/2021										
	Percentage total (%)	Percentage of voting interest (%)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Net revenue	Operating income	Financial result	Net profit (loss) for the quarter
<b>Subsidiaries</b>											
Metalex Ltda.	100.00	100.00	133,849	39,971	85,534	2,774	85,512	102,114	(94,873)	394	7,635
CBA Energia Participações S.A.	33.33	100.00	56,866	261,243	31,763		286,346	29,331	(5,449)	(3)	23,879
CBA Itapissuma Ltda.	100.00	100.00	330,216	424,063	105,170	10,713	638,396	201,924	(190,349)	(419)	6,158
CBA Machadinho Geração de Energia Ltda.	100.00	100.00	15,401	130,768	7,096		139,073	9,776	(8,687)	54	1,143
<b>Affiliates</b>											
Alunorte - Alumina do Norte S.A.	3.03	3.03	9,460,954	-	3,332,761	2,937,165	3,191,028	2,466,115	(2,234,377)	(408,917)	(177,179)
Mineração Rio do Norte S.A.	10.00	10.00	477,899	3,405,191	1,179,510	1,924,108	779,472	289,351	(277,371)	(129,909)	(117,929)

	1/1/2020 to 3/31/2020										
	Percentage total (%)	Percentage of voting interest (%)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Net revenue	Operating income	Financial result	Net profit (loss) for the quarter
<b>Subsidiaries</b>											
Metalex Ltda.	100.00	100.00	96,136	39,250	61,091	792	73,503	80,334	(74,290)	389	6,433
CBA Energia Participações S.A.	33.33	100.00	44,710	261,081	10,769		295,022	15,374	1,389	86	16,849
CBA Itapissuma Ltda.	100.00	100.00	254,217	229,926	87,539	1,797	394,807	71,235	(77,844)	(1,370)	(7,979)
CBA Machadinho Geração de Energia Ltda.	100.00	100.00	26,706	137,086	8,320		155,472	8,717	(8,789)	178	106
<b>Affiliates</b>											
Alunorte - Alumina do Norte S.A.	3.03	3.03	9,733,582		2,865,522	3,838,442	3,029,618	2,056,172	(1,467,004)	(1,078,241)	(489,073)
Mineração Rio do Norte S.A.	10.00	10.00	429,105	2,513,136	665,706	1,408,255	868,280	383,483	(278,190)	(219,337)	(114,044)

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**(c) Change in investments**

	Parent company		Consolidated	
	1/1/2021 to 3/31/2021	10/1/2020 to 12/31/2020	1/1/2021 to 3/31/2021	10/1/2020 to 12/31/2020
At the beginning of the quarter	1,187,573	1,178,642	198,774	184,943
Equity	5,229	22,568	(17,169)	10,300
Deliberate dividends	579	(22,866)		
Hedge accounting of investees	(11,049)	9,229	(4,846)	3,531
Others	(1,906)		(1,906)	
At the end of the quarter	<u>1,180,426</u>	<u>1,187,573</u>	<u>174,853</u>	<u>198,774</u>

**15 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.

Depreciation of property, plant and equipment is calculated using the straight-line method, considering costs and residual values over the 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 revenues (expenses), net” in the income statement.

**15.1 Impairment of non-financial assets**

The Company and its parent companies 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 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 the current market, based on the financial budgets approved by the Board of Directors for the next five years.

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All market projections are supported by reports from trade associations, economic consultants and research and statistical institutes from the respective countries where the Company operates. 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.

## **15.2 ARO**

The Company and its subsidiaries have decommissioning obligations as a result of mining for the extraction of natural resources. The accounting policies related to ARO's passive consideration are disclosed in Note 20 (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.

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**(a) Composition and change**

									Parent company	
									1/1/2021 to 3/31/2021	10/1/2020 to 12/31/2020
	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 quarter										
Cost	140,978	2,482,977	5,969,287	112,249	28,672	449,473	118,146	289,448	9,591,230	9,509,813
Accrued depreciation	(3,081)	(988,288)	(3,985,498)	(99,319)	(22,105)		(97,057)	(281,319)	(5,476,667)	(5,411,114)
Net balance	<u>137,897</u>	<u>1,494,689</u>	<u>1,983,789</u>	<u>12,930</u>	<u>6,567</u>	<u>449,473</u>	<u>21,089</u>	<u>8,129</u>	<u>4,114,563</u>	<u>4,098,699</u>
Additions	1	78	2,701			48,294			51,074	126,561
Write-offs (i)		(227)	(44)	(79)		(113,583)			(113,933)	(7,071)
Additions for corporate transactions (ii)	521								521	
Write-offs for corporate transactions (ii)	(8,279)							(2,395)	(10,674)	
Depreciation		(12,749)	(73,006)	(825)	(399)		(2,028)	(350)	(89,357)	(99,902)
Reversal for asset depreciation (Impairment)			5,015				(127,958)		(122,943)	(1,290)
Cash flow reassessment (iv)							127,958		127,958	908
Transfers (v)	(266)	4,115	98,701	1,351	30	(110,812)		5,092	(1,789)	(3,342)
At the end of the quarter	<u>129,874</u>	<u>1,485,906</u>	<u>2,017,156</u>	<u>13,377</u>	<u>6,198</u>	<u>273,372</u>	<u>19,061</u>	<u>10,476</u>	<u>3,955,420</u>	<u>4,114,563</u>
Cost	133,221	2,486,839	6,070,480	112,824	28,693	273,372	118,146	291,878	9,515,453	9,591,230
Accrued depreciation	(3,347)	(1,000,933)	(4,053,324)	(99,447)	(22,495)		(99,085)	(281,402)	(5,560,033)	(5,476,667)
Net balance at the end of the quarter	<u>129,874</u>	<u>1,485,906</u>	<u>2,017,156</u>	<u>13,377</u>	<u>6,198</u>	<u>273,372</u>	<u>19,061</u>	<u>10,476</u>	<u>3,955,420</u>	<u>4,114,563</u>
Average annual depreciation rates – %		3	5	20	10		2			

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									1/1/2021 to 3/31/2021	Consolidated 10/1/2020 to 12/31/2020
	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 quarter										
Cost	155,794	3,048,235	6,971,958	127,023	38,255	475,152	118,146	285,421	11,219,984	10,835,450
Accrued depreciation	(6,404)	(1,233,682)	(4,356,837)	(107,953)	(30,236)		(97,057)	(281,319)	(6,113,488)	(6,035,432)
Net balance	149,390	1,814,553	2,615,121	19,070	8,019	475,152	21,089	4,102	5,106,496	4,800,018
Additions	1	140	3,665	1,581	11	52,686			58,084	137,556
Write-offs (i)		(227)	(1,645)	(79)		(113,583)			(115,534)	(7,086)
Additions for corporate transactions (ii)	521								521	
Write-offs for corporate transactions (ii)	(8,279)							(2,395)	(10,674)	
Depreciation	(72)	(17,815)	(81,889)	(1,063)	(580)		(2,028)	(887)	(104,334)	(113,757)
Reversal for asset depreciation (Impairment)			5,015				(127,958)		(122,943)	(1,290)
Empresa adquirida e incluída na consolidação (iii)										293,516
Cash flow reassessment (iv)							127,958		127,958	908
Transfers (v)	(267)	4,315	99,311	1,352	30	(111,622)		5,092	(1,789)	(3,369)
At the end of the quarter	141,294	1,800,966	2,639,578	20,861	7,480	302,633	19,061	5,912	4,937,785	5,106,496
Cost	148,037	3,052,360	7,071,854	129,181	38,288	302,633	118,146	287,314	11,147,813	11,219,984
Accrued depreciation	(6,743)	(1,251,394)	(4,432,276)	(108,320)	(30,808)		(99,085)	(281,402)	(6,210,028)	(6,113,488)
Net balance at the end of the quarter	141,294	1,800,966	2,639,578	20,861	7,480	302,633	19,061	5,912	4,937,785	5,106,496
Average annual depreciation rates – %	4	3	5	20	10		2			

- (i) Refers substantially to the write-off of the Rondon Project, referring to studies and consultancy expenses related to mineral exploration, in the amount of BRL 113,583, which, according to management's technical assessment, will not be activated.
- (ii) Refers to the spin-off with capital reduction, as mentioned in Note 1.1 (b).
- (iii) Refers the acquisition of the investment CBA Itapissuma Ltda., in 2020.
- (iv) Refers to the remeasurement of the ARO, as mentioned in Note 1.1 (e).
- (v) Transfers include the reclassification of “Works in progress” from the group of fixed assets to “Softwares” in the group of intangible assets.

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**(b) Construction in progress**

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

	3/31/2021			Consolidated 12/31/2020		
	Gross balance	Provision for impairment	Net balance	Gross balance	Provision for impairment	Net balance
Ferro Niquel project	569,605	(569,605)		569,605	(569,605)	
Bauxita Rondon project	7,563		7,563	120,625		120,625
Pot line renovation	57,181		57,181	114,919		114,919
Calcliner	92,097	(92,097)		92,096	(92,096)	
Alumina refinery projects	83,714	(12,587)	71,127	78,926	(12,587)	66,339
Tijuco Alto project	52,374	(52,374)		52,374	(52,374)	
Rolling mills, extrusion and casting room projects	30,526		30,526	32,954		32,954
Downstream and smelter projects	26,554		26,554	27,755		27,755
Safety, health and environmental projects	22,417		22,417	23,567		23,567
Mining projects	15,156		15,156	13,337		13,337
Pot line projects	11,418		11,418	12,852		12,852
Hydro power plants revitalization	807		807	609		609
Other	68,929	(9,045)	59,884	71,241	(9,046)	62,195
	1,038,341	(735,708)	302,633	1,210,860	(735,708)	475,152

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 quarter ended March 31, 2021, charges on loans and financing capitalized in construction in progress totaled BRL 621 (December 31, 2020 – BRL 2,354). The capitalization rate used was 0.35% per month (December 31, 2020 – 0.37% per month).

**16 Intangible assets**

**Accounting policy**

**16.1 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.

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.

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## **16.2 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.

## **16.3 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.

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(a) **Composition and change**

							Parent company	
							1/1/2021 to	10/1/2020 to
							3/31/2021	12/31/2020
	Goodwill	Exploitation rights over natural resources	Software	Use of public assets - UBP	Hydrological risk renegotiation	Other	Total	Total
At the beginning of the quarter								
Cost	79,722	192,763	43,262	296,276		9,359	621,382	604,378
Accrued amortization and depletion		(43,216)	(29,566)	(124,389)		(1,383)	(198,554)	(178,944)
Net balance	79,722	149,547	13,696	171,887		7,976	422,828	425,434
Additions (i)					141,559		141,559	
Write-offs								(465)
Reversal for asset depreciation (impairment)								(239)
Amortization and depletion		(7)	(1,126)	(2,712)			(3,845)	(5,244)
Interest rate update				4,014			4,014	
Transfers (iii)		(1)	1,706			84	1,789	3,342
At the end of the quarter	79,722	149,539	14,276	173,189	141,559	8,060	566,345	422,828
Cost	79,722	192,763	45,053	300,100	141,559	9,359	768,556	621,382
Accrued amortization		(43,224)	(30,777)	(126,911)		(1,299)	(202,211)	(198,554)
Net balance at the end of the quarter	79,722	149,539	14,276	173,189	141,559	8,060	566,345	422,828
Average annual amortization and depletion rates – %		3	20	3				

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							1/1/2021 to 3/31/2021	Consolidated 10/1/2020 to 12/31/2020
	Goodwill	Exploitation rights over natural resources	Software	Use of public assets - UBP	Hydrological risk renegotiation	Other	Total	Total
At the beginning of the quarter								
Cost	166,265	192,763	83,037	318,221		39,855	800,141	781,821
Accrued amortization and depletion		(43,216)	(65,514)	(133,002)		(27,146)	(268,878)	(248,549)
Net balance	166,265	149,547	17,523	185,219		12,709	531,263	533,272
Additions (i)					141,559		141,559	137
Write-offs								(465)
Amortization and depletion		(7)	(1,599)	(2,931)		(66)	(4,603)	(6,127)
Reversal for asset depreciation (impairment)								(239)
Effect of company acquired and included in consolidation (ii)								1,316
Interest rate update				4,014			4,014	
Transfers (iii)		(1)	1,706			84	1,789	3,369
At the end of the quarter	166,265	149,539	17,630	186,302	141,559	12,727	674,022	531,263
Cost	166,265	192,763	84,828	322,045	141,559	39,854	947,314	800,141
Accrued amortization		(43,224)	(67,198)	(135,743)		(27,127)	(273,292)	(268,878)
Net balance at the end of the quarter	166,265	149,539	17,630	186,302	141,559	12,727	674,022	531,263
Average annual amortization and depletion rates – %		3	20	3				

- (i) Refers to the recognition of the renegotiation of the hydrological risk, according to the operation described in Note 1.1 (d).
- (ii) Refers the acquisition of the investment CBA Itapissuma Ltda., in 2020
- (iii) Transfers include the reclassification of “construction in progress” from the group of fixed assets to “software” in the group of intangible assets.

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**(b) Goodwill test to verify impairment**

Assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually or whenever there is an indication of deterioration or loss of book value, to identify a possible need for impairment.

The Company and its subsidiaries assess the recoverability of the book value of property, plant and equipment and intangible assets for each of its CGUs at least once a year. 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 Board of Directors determined the budgeted gross margin based on past performance and its expectations for market development. The future cash flows and discount rates used are post-tax and reflect specific risks related to each CGU being tested. The pre-tax rate equivalent to the post-tax rate used is 9.19% per year.

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

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Consórcio Empresarial Salto Pilão	35,587	35,587	35,587	35,587
Rio Verdinho Energia S.A.	28,990	28,990	28,990	28,990
Machadinho Energética S.A.	15,145	15,145	15,145	15,145
CBA Energia Participações S.A.			37,113	37,113
Metalex Ltda.			49,430	49,430
	<u>79,722</u>	<u>79,722</u>	<u>166,265</u>	<u>166,265</u>

	3/31/2021	12/31/2020
Sales volume (% of annual growth rate)	3.88	3.88
Selling price (% of annual growth rate)	3.91	3.91
Gross margin (% of revenue)	17 to 22	17 to 22
Other operating costs - R \$	212,376	212,376
Growth rate - %	3.50	3.50
Discount rate - %	9.19	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 rise over the next seven years by an average of 2.1% per year.

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.

## Explanatory notes for the interim financial statements on March 31, 2021 In thousands of Brazilian Reais, except when indicated otherwise

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### 17 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 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.

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**(a) Right to use**

					Parent company	
					1/1/2021 to 3/31/2021	1/10/2020 a 31/12/2020
	Buildings and constructions	Vehicles	Machinery, equipment and facilities	Total	Total	
Balance at the beginning of the quarter	4,737	700	8,460	13,897	10,317	
New contracts	15		5,193	5,208	9,420	
Renegotiation of contracts		238		238	-	
Amortization	(469)	(660)	(2,275)	(3,404)	(5,840)	
Write-offs			(164)	(164)	-	
Balance at the end of the quarter	4,283	278	11,214	15,775	13,897	
Average annual amortization rates – %	22	45	46			

					Consolidated	
					1/1/2021 to 3/31/2021	1/10/2020 a 31/12/2020
	Buildings and constructions	Vehicles	equipment and facilities	Total	Total	
Balance at the beginning of the quarter	4,807	883	9,550	15,240	12,138	
New contracts	15		8,802	8,817	10,536	
Renegotiation of contracts		314		314	-	
Principal remeasurement					(1,616)	
Amortization	(542)	(769)	(2,852)	(4,163)	(6,399)	
Write-offs			(164)	(164)	-	
Transfers					581	
Effect of company acquired and included in consolidated					-	
Balance at the end of the quarter	4,280	428	15,336	20,044	15,240	
Average annual amortization rates – %	23	45	46			

**(b) Leases**

	Parent company	
	3/31/2021	1/10/2020 a 31/12/2020
Balance at the beginning of the quarter	14,526	13,442
New Contracts	5,208	6,783
Settlement	(3,460)	(6,323)
Write-off	(175)	-
Adjustment to present value	316	624
Balance at the end of the quarter	16,415	14,526
Current	9,020	8,114
Non-current assets	7,395	6,412
Balance at the end of the quarter	16,415	14,526

	Consolidated	
	3/31/2021	1/10/2020 a 31/12/2020
Balance at the beginning of the quarter	15,915	15,782
New Contracts	8,817	8,094
Settlement	(4,086)	(8,612)
Write-off	(181)	(26)
Adjustment to present value	291	677
Balance at the end of the quarter	20,756	15,915
Current	10,862	8,805
Non-current assets	9,894	7,110
Balance at the end of the quarter	20,756	15,915

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(c) Profile

	<b>Parent company</b>					
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
<b>Local currency</b>						
Brazilian Reais	7,292	6,296	2,731	56	40	16,415
	<u>7,292</u>	<u>6,296</u>	<u>2,731</u>	<u>56</u>	<u>40</u>	<u>16,415</u>
	<b>Consolidated</b>					
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
<b>Local currency</b>						
Brazilian Reais	8,863	7,397	3,538	918	40	20,756
	<u>8,863</u>	<u>7,397</u>	<u>3,538</u>	<u>918</u>	<u>40</u>	<u>20,756</u>

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**18 Loans and financing**

**Accounting policy**

Loans and financing 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 income statement during the period in which the loans and financing are open, using the effective interest rate method.

**(a) Composition and fair value**

Type	Average annual rate (i)	Current		Non-current		Total		Parent company	
		3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020
<b>Local currency</b>									
BNDES	IPCA + 4,70%	13,884	15,931	136,668	139,879	150,552	155,810	254,789	233,440
FINAME	3,50% Pre BRL	658	658	1,200	1,364	1,858	2,022	1,944	2,121
Other	2,40% Pre BRL			598	598	598	598		598
		<u>14,542</u>	<u>16,589</u>	<u>138,466</u>	<u>141,841</u>	<u>153,008</u>	<u>158,430</u>	<u>256,733</u>	<u>1,373,814</u>
<b>Foreign currency</b>									
BNDES	4,71% Pre USD	34,200	15,641	2,154,044	1,963,862	2,188,244	1,979,503	2,741,884	2,492,123
Eurobonds - USD	4,75% Pre USD	10,383	837	793,700	746,546	804,083	747,383	859,828	811,876
		<u>44,583</u>	<u>16,478</u>	<u>2,947,744</u>	<u>2,710,408</u>	<u>2,992,327</u>	<u>2,726,886</u>	<u>3,601,712</u>	<u>3,303,999</u>
		<u>59,125</u>	<u>33,067</u>	<u>3,086,210</u>	<u>2,852,249</u>	<u>3,145,335</u>	<u>2,885,316</u>	<u>3,858,445</u>	<u>4,677,813</u>
Interest on loans and financing		47,413	22,132						
Current portion of loans and financing (principal amount)		11,712	10,935						
		<u>59,125</u>	<u>33,067</u>						

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Type	Average annual rate (i)	Current		Non-current		Total		Consolidated	
		3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020
<b>Local currency</b>									
BNDES	IPCA + 4,70%	13,884	15,931	136,668	139,879	150,552	155,810	254,789	233,440
FINAME	3,50% Pre BRL	658	658	1,200	1,364	1,858	2,022	1,944	2,121
Debentures	107,50% CDI	30,485	30,772	30,426	30,416	60,911	61,188	64,089	63,661
Other	2,40% Pre BRL			598	598	598	598	629	615
		45,027	47,361	168,892	172,257	213,919	219,618	321,451	299,837
<b>Foreign currency</b>									
BNDES	4,71% Pre USD	34,200	15,641	2,154,043	1,963,862	2,188,243	1,979,503	2,741,884	2,492,123
Eurobonds - USD	4,75% Pre USD	10,383	837	793,700	746,547	804,083	747,384	859,828	811,876
		44,583	16,478	2,947,743	2,710,409	2,992,326	2,726,887	3,601,712	3,303,999
		89,610	63,839	3,116,635	2,882,666	3,206,245	2,946,505	3,923,163	3,603,836
Interest on loans and financing		47,489	22,495						
Current portion of loans and financing (principal amount)		42,121	41,344						
		89,610	63,839						

(i) Average annual charges are presented according to the representativeness of the contracts over the total amount of debt.

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



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**(c) Change**

	Parent company		Consolidated	
	1/1/2021 to 3/31/2021	10/1/2020 to 12/31/2020	1/1/2021 to 3/31/2021	10/1/2020 to 12/31/2020
At the beginning of the quarter	2,885,316	3,331,545	2,946,505	3,392,418
Reductions of fundraising costs, net	552	1,015	560	1,023
Exchange rate variation	95,122	(86,181)	95,122	(86,180)
Accrued interest	47,264	25,940	47,581	26,248
Adjustment through other comprehensive results	160,720	(160,734)	160,720	(160,734)
Interest paid	(16,745)	(38,584)	(17,349)	(38,585)
Settlements	(26,894)	(187,685)	(26,894)	(187,685)
At the end of the quarter	<u>3,145,335</u>	<u>2,885,316</u>	<u>3,206,245</u>	<u>2,946,505</u>

**(d) Composition by currency**

	Parent company					
	Current		Non-current		Total	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Brazilian Reais	14,542	16,589	138,466	141,841	153,008	158,430
US Dollar	44,583	16,478	2,947,744	2,710,408	2,992,327	2,726,886
	<u>59,125</u>	<u>33,067</u>	<u>3,086,210</u>	<u>2,852,249</u>	<u>3,145,335</u>	<u>2,885,316</u>

	Consolidated					
	Current		Non-current		Total	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Brazilian Reais	45,027	47,361	168,892	172,257	213,919	219,618
US Dollar	44,583	16,478	2,947,743	2,710,409	2,992,326	2,726,887
	<u>89,610</u>	<u>63,839</u>	<u>3,116,635</u>	<u>2,882,666</u>	<u>3,206,245</u>	<u>2,946,505</u>

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**(e) Composition by indexer**

	Parent company					
	Current		Non-current		Total	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020
<b>Local currency</b>						
Fixed rate	658	658	1,798	1,962	2,456	2,620
IPCA	13,884	15,931	136,668	139,879	150,552	155,810
	14,542	16,589	138,466	141,841	153,008	158,430
<b>Foreign currency</b>						
Fixed rate	44,583	16,478	2,947,744	2,710,408	2,992,327	2,726,886
	44,583	16,478	2,947,744	2,710,408	2,992,327	2,726,886
	59,125	33,067	3,086,210	2,852,249	3,145,335	2,885,316
	Consolidated					
	Current		Non-current		Total	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020
<b>Local currency</b>						
Fixed rate	658	658	1,798	1,962	2,456	2,620
CDI	30,485	30,772	30,426	30,416	60,911	61,188
IPCA	13,884	15,931	136,668	139,879	150,552	155,810
	45,027	47,361	168,892	172,257	213,919	219,618
<b>Foreign currency</b>						
Fixed rate	44,583	16,478	2,947,743	2,710,409	2,992,326	2,726,887
	44,583	16,478	2,947,743	2,710,409	2,992,326	2,726,887
	89,610	63,839	3,116,635	2,882,666	3,206,245	2,946,505

**(f) Guarantees**

As at March 31, 2021, BRL 958,539 (December 31, 2020 – BRL 907,334) of loans and financing were guaranteed by sureties (Note 12 (c)) and BRL 1,858 (December 31, 2020 – BRL 2,022) by liens on Company's assets.

**(g) Funding and amortization**

There were no relevant funding and amortizations during the quarter ended March 31.

**(h) Covenants**

The loans in force with the BNDES oblige the intervener Votorantim S.A. to comply with certain financial ratios, such as (i) net debt to adjusted EBITDA less than or equal to 4.0; (ii) Shareholders' equity on total assets equal to or greater than 0.3; and (iii) debt service coverage, calculated as a cash position plus adjusted EBITDA on interest plus term cost debt, must be equal to or greater than 1.0.

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

**19 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 securities from the sales of goods to financial institutions.

Confirming payables	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Payables - Local customers	133,813	149,324	133,813	149,324
Payables - Foreign customers	456,066	445,257	456,066	445,257
	589,879	594,581	589,879	594,581

## **Explanatory notes for the interim financial statements on March 31, 2021 In thousands of Brazilian Reais, except when indicated otherwise**

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### **20 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 income statement, except to the extent that they are related to items directly stated as equity. In this case, tax and social contribution are also recognized in equity or comprehensive income.

Current and deferred income tax and social contribution charges are calculated based on tax laws that have been enacted or substantially promulgated, on the balance sheet date of the countries in which the entities operate and generate taxable income. The Board of Directors periodically evaluates the positions taken in calculating income tax and social contributions with respect to situations in which the applicable tax regulations give rise to interpretations. It establishes provisions, when appropriate, based on estimated amounts of payment to tax authorities.

Current income tax and social contribution are shown net, by taxpayer entity, in liabilities when there are amounts to be paid, or in assets when the amounts paid in advance exceed the total due on the balance sheet date.

Deferred income tax and social contribution assets are recorded only to the extent that it is probable that future taxable income will be available and against which temporary differences can be used.

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

The provision for income tax and social contribution is calculated individually by the entity based on tax rates and rules in force at the entity's location. The Company and its subsidiaries also recognize provisions due to situations in which additional tax amounts are likely to be due.

When the final result of this assessment is different from the values 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 their 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 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.

**Explanatory notes for the interim financial statements on March 31, 2021**  
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**(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 on the income statement for the quarter ended March 31 present the following reconciliation based on the nominal Brazilian rate:

	Parent company		Consolidated	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
Profit (loss) before income tax and social contribution	(160,470)	94,073	(126,777)	117,611
Nominal tax rates	34%	34%	34%	34%
IRPJ and CSLL calculated at nominal tax rates	54,560	(31,985)	43,104	(39,988)
Adjustments for the calculation of effective IRPJ and CSLL				
Equity	1,778	(7,623)	(5,837)	(8,923)
			123	(214)
Tax loss and negative basis without constitution on the deferred tax	(22,139)	(18,216)	(22,139)	(18,430)
Temporary additions without constitution on the deferred tax	(22,378)		(18,750)	
Other permanent additions, net	(1,887)	(797)	(2,937)	(3,024)
IRPJ and CSLL calculated	9,934	(58,621)	(6,436)	(70,579)
Current			(18,064)	(11,556)
Deferred	9,934	(58,621)	11,628	(59,023)
IRPJ and CSLL in the result	9,934	(58,621)	(6,436)	(70,579)
Effective rate - %	6.19	62.31	5.08	60.01

**(b) Composition of deferred tax balances**

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Tax credits on tax loss and negative basis			834	
Tax credits on tax differences				
Provisions (impairment and miscellaneous losses)	275,909	287,676	275,909	287,676
Deferral of losses on derivative contracts	423,421	249,558	423,421	249,558
Exchange rate variation – taxation by the cash regime	154,830	126,719	154,830	126,719
Tax, civil, labor and environmental provisions	115,681	108,806	115,681	108,806
Financial instrument – firm commitment	70,645	74,290	70,645	74,290
CPC 25 – Decommissioning of assets	72,064	69,515	72,064	69,515
Use of public assets – UBP	66,552	67,109	66,552	67,109
Provision for participation in the result – PPR	9,097	30,824	9,097	30,824
Provision for inventory losses	16,606	17,847	16,606	17,847
Environmental liabilities	10,095	10,288	10,095	10,288
Provision for accounts receivable from customers	5,271	5,552	5,271	5,552
Tax debts on tax differences				
Adjustments to property, plant and equipment service life (depreciation)	(586,928)	(597,253)	(587,182)	(597,253)
CPC 20 – Capitalized interest	(124,440)	(124,440)	(124,440)	(124,440)
Gain on investment acquisition			(99,268)	(100,243)
Renegotiation of hydrological risk (i)	(48,130)		(48,130)	
CPC 20 – Capitalized interest	(24,809)	(24,959)	(24,809)	(24,959)
CPC 12 – Adjustment to present value	(13,481)	(13,687)	(13,481)	(13,687)
Goodwill amortization	(7,392)	(7,392)	(7,392)	(7,392)
Other	(1,834)	(6,039)	(98)	(4,442)
	413,157	274,414	316,205	175,768

(i) Refers to the recognition of the renegotiation of the hydrological risk, according to the operation described in Note 1.1 (d).

Deferred tax credits arising from tax loss carryforwards are recognized only to the extent that their realization is probable, based on the history of profitability and projections of future results. At the end of fiscal year 2020, the Company reassessed the recovery of the amount of the tax losses recorded in its tax assessment, and the technical study carried out shows that it is not possible to use the balance. Accordingly, the deferred tax credit in the amount of BRL 411,679 was not recorded.

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

	Parent company		Consolidated	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
At the beginning of the quarter	274,414	836,642	175,768	840,730
Effect on the result	9,934	(58,621)	11,628	(59,023)
Effect on other components of comprehensive income – Hedge accounting	128,809	217,918	128,809	217,918
Surplus value of assets by gain on investment acquisition (i)				(100,243)
At the end of the quarter	<u>413,157</u>	<u>995,939</u>	<u>316,205</u>	<u>999,625</u>

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

**21 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 the Board of Directors’ 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**

Provisions of a tax, civil, labor, and environmental nature and legal actions are recorded when: (i) there is a legal or non-formalized obligation as a result of past events; (ii) the outflow of funds is likely to settle the obligation; and (iii) the amount can be reliably estimated. No provision is recognized for future operating losses.

Provisions are measured at the current value of expenses that should be required to settle the obligation, which reflects current market assessments of the time value of money and the specific risks of the obligation. The increase in the obligation due to the passage of time is recorded as a financial expense.

**(c) Obligation on decommissioning of assets**

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 decommissioning obligations involves judgment relating to 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.

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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. On March 31, 2021, the interest rate for 2021 was reassessed at 5.63% p.a. (2020 – 5.82% p.a.).

**(d) Composition and change**

							Parent company		
							1/1/2021 to 3/31/2021	10/1/2020 to 12/31/2020	
	Judicial proceedings								
	Obligation to demobilize assets	Tax	Labor	Civil	Environmental	Total	Total	Total	
At the beginning of the quarter	464,049	198,659	78,493	16,575	1,007	758,783		746,792	
Additions		27,434	11,830	93		39,357		33,593	
Reversals		(13,322)	(9,703)	(789)		(23,814)		(17,688)	
Judicial deposits, net of write-offs		(32)	(765)			(797)		(1,687)	
Settlements	(2,689)	(419)	(2,465)			(5,573)		(5,859)	
Monetary restatement, net of reversals		5,211	1,112	408	3	6,734		(5,532)	
Adjustment to present value	8,157					8,157		8,258	
Cash flow reassessment (i)	127,958					127,958		906	
At the end of the quarter	597,475	217,531	78,502	16,287	1,010	910,805		758,783	
Current	16,432					16,432		522	
Non-current	581,043	217,531	78,502	16,287	1,010	894,373		758,261	
	597,475	217,531	78,502	16,287	1,010	910,805		758,783	
								Consolidated	
							1/1/2021 to 3/31/2021	10/1/2020 to 12/31/2020	
	Judicial proceedings								
	Obligation to demobilize assets	Tax	Labor	Civil	Environmental	Total	Total	Total	
At the beginning of the quarter	464,049	200,544	78,493	17,376	1,007	761,469		749,174	
Additions		27,719	11,830	92		39,641		33,876	
Reversals		(13,322)	(9,703)	(711)		(23,736)		(17,667)	
Judicial deposits, net of write-offs		(32)	(765)			(797)		(1,687)	
Settlements	(2,689)	(419)	(2,465)			(5,573)		(5,859)	
Monetary restatement, net of reversals		5,211	1,112	408	3	6,734		(5,532)	
Adjustment to present value	8,157					8,157		8,258	
Cash flow reassessment (i)	127,958					127,958		906	
At the end of the quarter	597,475	219,701	78,502	17,165	1,010	913,853		761,469	
Current	16,432					16,432		522	
Non-current	581,043	219,701	78,502	17,165	1,010	897,421		760,947	
	597,475	219,701	78,502	17,165	1,010	913,853		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 the Board of Directors' assessment, based on the opinion of its legal advisors.

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The provisions and corresponding judicial deposits are shown below:

								Parent company	
								3/31/2021	12/31/2020
	Judicial deposits	Provisioned amount	Net total	Remaining judicial deposits (i)	Judicial deposits	Provisioned amount	Net total	Remaining judicial deposits (i)	
Tax	(10,961)	228,492	217,531	13,878	(10,929)	209,588	198,659	13,846	
Labor	(32,130)	110,632	78,502		(31,365)	109,858	78,493		
Civil		16,287	16,287	409		16,575	16,575	418	
Environmental		1,010	1,010	7		1,007	1,007	7	
	<u>(43,091)</u>	<u>356,421</u>	<u>313,330</u>	<u>14,294</u>	<u>(42,294)</u>	<u>337,028</u>	<u>294,734</u>	<u>14,271</u>	

								Consolidated	
								3/31/2021	12/31/2020
	Judicial deposits	Provisioned amount	Net total	Remaining judicial deposits (i)	Judicial deposits	Provisioned amount	Net total	Remaining judicial deposits (i)	
Tax	(10,961)	230,662	219,701	13,883	(10,929)	211,473	200,544	13,851	
Labor	(32,130)	110,632	78,502	298	(31,365)	109,858	78,493	300	
Civil		17,165	17,165	409		17,376	17,376	418	
Environmental		1,010	1,010	573		1,007	1,007	572	
	<u>(43,091)</u>	<u>359,469</u>	<u>316,378</u>	<u>15,163</u>	<u>(42,294)</u>	<u>339,714</u>	<u>297,420</u>	<u>15,141</u>	

**(f) Comments on provisions with a probable probability 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 (Note 23 (e) (i)).

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

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.

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**(g) Proceedings considered to have a possible loss probability**

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

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Tax	3,069,496	2,529,620	3,162,037	2,594,419
Labor	139,426	146,105	139,652	146,902
Civil	218,853	192,346	219,743	193,231
Environmental	2,629	2,081	2,629	2,081
	<u>3,430,404</u>	<u>2,870,152</u>	<u>3,524,061</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	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
PIS and COFINS credit processes (i)	688,856	695,274
ICMS on Electricity charges (ii)	227,344	223,289
IRPJ Negative Balance Disallowance (iii)	340,955	341,321
Tax Classification Error – Imports (iv)	186,260	182,720
Financial Compensation for the Exploration of Mineral Resources – CFEM (v)	62,727	59,857
Collection of ICMS due to differences in the destination of goods (vi)	79,709	112,068
Plano Verão Disallowance (vii)	287,455	
Others	1,288,731	979,890
	<u>3,162,037</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 on March 31, 2021 corresponds to BRL 688,856. Currently, all proceedings are awaiting an administrative decision.

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

**(ii) ICMS on Electricity charges**

The Company has judicial and administrative discussions regarding the incidence of ICMS on sector charges levied on the electricity tariff. On March 31, 2021, the amount in dispute for these discussions totaled BRL 227,344.

In the understanding of the Board of Directors 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.

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**(iii) 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 CSLL Balance are questioned. In March 31, 2021, the amount under discussion in the proceedings totaled BRL 340,955.

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

In the understanding of the Board of Directors 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.

**(iv) 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 March 2021 totals BRL 186,260.

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 the Board of Directors and the opinion of its independent legal advisors, the probability of loss in the referred proceedings is considered possible.

**(v) 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. The disputed amount of these fines totaled BRL 62,727 on March 31, 2021. The proceedings are currently in the administrative and judicial stage.

In the understanding of the Board of Directors 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.

**(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. The amount of these fines totaled BRL 79,709 on March 31, 2021.

In the understanding of the Board of Directors 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.

**(vii) Disallowance of the Summer Plan**

The Company received a decision issued by the Federal Revenue of Brazil, questioning the credit used to offset the credits arising from a lawsuit related to the discussions on the inflationary purges of the Summer Plan.

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Due to the questioning carried out by the Federal Revenue Service of Brazil, the Company filed a challenge that is awaiting judgment by the first administrative level.

As of March 31, 2021, the updated amount of these assessments totals BRL 287,455.

In the opinion of Management and in the opinion of its independent legal advisors, the assessment does not deserve to succeed, which is why the likelihood of loss in the lawsuit is considered possible.

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### 22 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	Parent company					
				3/31/2021			12/31/2020		
				Interest	Intangible asset	Liability	Interest	Intangible asset	Liability
Salto Pilão	apr-02	apr-37	jan-10	60%	164,624	646,132	60%	163,170	661,241
Salto do Rio Verdinho	dec-02	dec-44	oct-10	100%	6,516	28,848	100%	6,614	26,566
Itupararanga	feb-04	feb-24	jan-04	100%	240	1,476	100%	261	1,476
Piraju	dec-98	nov-37	feb-03	100%	809	7,511	100%	825	7,047
Ourinhos	jul-00	ago-40	sep-05	100%	1,000	6,289	100%	1,017	5,838
					<u>173,189</u>	<u>690,256</u>		<u>171,887</u>	<u>702,168</u>
Current						41,767			41,767
Non-current assets					173,189	648,489		171,887	660,401
					<u>173,189</u>	<u>690,256</u>		<u>171,887</u>	<u>702,168</u>

Hydropower plants / Companies	Concession start date	Concession end date	Payment start date	Consolidated					
				3/31/2021			12/31/2020		
				Interest	Intangible asset	Liability	Interest	Intangible asset	Liability
Salto Pilão	apr-02	apr-37	jan-10	60%	164,624	646,132	60%	163,170	661,241
Salto do Rio Verdinho	dec-02	dec-44	oct-10	100%	6,516	28,848	100%	6,614	26,566
Itupararanga	feb-04	feb-24	jan-04	100%	240	1,476	100%	261	1,476
Piraju	dec-98	nov-37	feb-03	100%	809	7,511	100%	825	7,047
Ourinhos	jul-00	ago-40	sep-05	100%	1,000	6,288	100%	1,017	5,838
Baesa - Energética Barra Grande	may-01	mai-36	jun-07	15%	11,196	56,519	15%	11,381	53,299
Enercan - Campos Novos Energia	may-00	mai-35	jun-06	24%	1,917	8,422	24%	1,951	7,949
					<u>186,302</u>	<u>755,196</u>		<u>185,219</u>	<u>763,416</u>
Current						47,703			47,703
Non-current assets					186,302	707,493		185,219	715,713
					<u>186,302</u>	<u>755,196</u>		<u>185,219</u>	<u>763,416</u>

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**23 Shareholders' equity**

**(a) Share capital**

This is exclusively represented by common shares that are classified in shareholders' equity.

On February 26, 2021, the parent company VSA increased capital in the Company in the amount of BRL 522, as per the operation described in Note 1.1 (a).

On March 31, 2021, the share capital fully subscribed and paid in the amount of BRL 4,049,459 (December 31, 2020 - BRL 4,950,095), consists of 1,233,375,761 (December 31, 2020 - 1,420,294,211) registered common shares.

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 per the operation described in Note 1.1 (b).

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

**(b) Equity valuation adjustment**

	<b>Consolidated</b>
At January 1, 2020	50,411
<i>Operating hedge accounting</i>	(640,938)
Deferred tax	217,919
At March 31, 2020	(372,608)
At January 1, 2021	(400,795)
<i>Operating hedge accounting</i>	(400,038)
Deferred tax	136,013
At March 31, 2021	(664,820)

**(c) Basic and diluted loss per share**

Basic earnings per share is based on an assessment of the profit attributable to the Company's shareholders, by the weighted average number of shares issued by the Company in the quarters ended on March 31.

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

**24 Revenue**

**Accounting policy**

The Company and its subsidiaries recognize revenue when: (i) the amount of revenue can be reliably measured; (ii) it is probable that future economic benefits will flow to the entity and (iii) specific criteria have been met for each of the activities of the Company and its subsidiaries.

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

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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 corresponding entry that the Company expects to receive in exchange for the transfer of goods or services promised to its customers. 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.

**(a) Composition**

	Parent company		Consolidated	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
Gross revenue				
Sales of products and services on the local market	1,431,721	1,010,244	1,733,255	1,117,125
Sales of products on the foreign market	294,635	143,313	313,797	151,158
Electricity sales	96,132	206,499	113,318	224,802
	<u>1,822,488</u>	<u>1,360,056</u>	<u>2,160,370</u>	<u>1,493,085</u>
Taxes on sales and other deductions	(278,052)	(193,807)	(367,546)	(240,347)
Net revenues of products sold and services provided	<u>1,544,436</u>	<u>1,166,249</u>	<u>1,792,824</u>	<u>1,252,738</u>

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**(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	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
Brazil	1,249,801	1,022,936	1,479,027	1,101,580
United States	78,210	109,814	78,838	112,522
Switzerland	186,895		196,363	
Mexico	6,952	9,431	6,952	9,431
Uruguay	13,199	7,967	13,199	7,967
Argentina	958	6,895	5,080	7,089
Turks and Caicos Islands		23		23
Others	8,421	9,183	13,365	14,126
	<u>1,544,436</u>	<u>1,166,249</u>	<u>1,792,824</u>	<u>1,252,738</u>

**(ii) Net revenue by currency**

	Parent company		Consolidated	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
Brazilian Reais	1,249,801	1,022,936	1,479,027	1,101,580
US Dollar	294,635	143,313	299,384	151,158
Other			14,413	
	<u>1,544,436</u>	<u>1,166,249</u>	<u>1,792,824</u>	<u>1,252,738</u>

**25 Income breakdown by nature**

	Parent company			
	1/1/2021 to 3/31/2021			
	Cost of products sold and services rendered (i)	Sales expenses	General and administrative expenses	Total
Raw materials, inputs and consumables	884,100	203	333	884,636
Employee benefit expenses	126,628	4,884	23,781	155,293
Depreciation, amortization and depletion	94,780	123	1,703	96,606
Transportation expenses	69,334		73	69,407
Maintenance and conservation	46,738	10	(61)	46,687
Services, miscellaneous	56,914			56,914
Third-party services	23,604	893	26,683	51,180
Rentals and Leases	8,408	47	668	9,123
Renegotiation of hydrological risk (ii)	(141,559)			(141,559)
Other	4,825	782	3,897	9,504
	<u>1,173,772</u>	<u>6,942</u>	<u>57,077</u>	<u>1,237,791</u>

	Parent company			
	1/1/2020 to 3/31/2020			
	Cost of products sold and services rendered (i)	Sales expenses	General and administrative expenses	Total
Raw materials, inputs and consumables	733,137	104	448	733,689
Employee benefit expenses	120,448	4,584	23,505	148,537
Depreciation, amortization and depletion	76,187	33	3,390	79,610
Transportation expenses	32,748	200	426	33,374
Maintenance and conservation	39,776	3		39,779
Services, miscellaneous	32,275			32,275
Third-party services	16,523	314	19,705	36,542
Rentals and Leases	6,236	66		6,302
Other	1,096	404	2,394	4,500
	<u>1,058,426</u>	<u>5,708</u>	<u>49,868</u>	<u>1,114,002</u>

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		Consolidated			
		1/1/2021 to 3/31/2021			
	Note	Cost of products sold and services rendered (i)	Sales expenses	General and administrative expenses	Total
Raw materials, inputs and consumables		1,033,026	203	443	1,033,672
Employee benefit expenses	26	142,663	5,322	27,952	175,937
Depreciation, amortization and depletion		109,910	210	2,980	113,100
Transportation expenses		69,334		73	69,407
Maintenance and conservation		46,738	10	129	46,877
Services, miscellaneous		56,914			56,914
Third-party services		23,604	1,036	33,684	58,324
Rentals and Leases		8,408	61	849	9,318
Renegotiation of hydrological risk (ii)		(141,559)			(141,559)
Other			1,000	3,168	4,168
		1,349,038	7,842	69,278	1,426,158

		Consolidated			
		1/1/2020 to 3/31/2020			
	Note	Cost of products sold and services rendered (i)	Sales expenses	General and administrative expenses	Total
Raw materials, inputs and consumables		728,058	104	532	728,694
Employee benefit expenses	26	131,361	5,293	28,185	164,839
Depreciation, amortization and depletion		87,390	40	3,946	91,376
Transportation expenses		32,748	200	426	33,374
Maintenance and conservation		39,776	3		39,779
Services, miscellaneous		32,275			32,275
Third-party services		16,523	354	21,826	38,703
Rentals and Leases		6,236	75		6,311
Other		30,227	475	2,244	32,946
		1,104,594	6,544	57,159	1,168,297

- (i) In the parent company and consolidated balance on December 31, 2020, the Company recorded the amount of BRL 33,750 (December 31, 2019 – BRL 33,819) 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 the hydrological risk, according to the operation described in Note 1.1 (d).

## 26 Employee benefit expenses

	Parent company		Consolidated	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
Direct remuneration	81,611	79,855	93,316	89,842
Social charges	49,041	46,506	55,175	49,844
Benefits	24,641	22,176	27,446	25,153
	155,293	148,537	175,937	164,839

### (a) Retirement obligations

The Company participates in pension plans managed by a closed private pension entity, which provide its employees with post-employment benefits under a defined contribution plan. A defined contribution plan is a 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 the Board of Directors and recorded in the income statement as "employee benefit", under the direct remuneration item.

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**(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.

Voluntary contributions to FUNSEJEM can also be made. 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 quarters ended on March 31, 2021 and March 31, 2020, amount to BRL 718 and BRL 177, respectively.

**(d) Management compensation**

Expenses related to the remuneration of key management personnel, including the Board of Directors, the Fiscal Council and the Statutory Executive Board, recognized in the quarter's results, are shown in the table below:

	Consolidated	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
<b>Short-term remuneration</b>		
Salary or pro-labore	1,477	1,324
Direct or indirect benefits	261	124
Variable salary	6,049	4,828
	<u>7,787</u>	<u>6,276</u>

**27 Other operating expenses**

	Parent company		Consolidated	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
Electric power futures contracts (i)	10,720	(12,266)	10,720	(12,266)
Reversal for asset depreciation (Impairment) (Note 15)	(122,943)	789	(122,943)	789
Expenditures with non-activatable projects (ii)	(118,008)	(11,087)	(118,008)	(11,087)
Reversals (constitutions) of provisions, net	(17,768)	708	(17,768)	708
Scrap sales revenue			8,466	
Loss on the sale of assets		(976)		(994)
Revenue from rentals and leases	2,153	1,399	2,153	1,399
Gain on investment sales (iii)		365,999		365,999
Other operating revenue (expenses), net	7,844	(3,240)	5,812	(4,017)
	<u>(238,002)</u>	<u>341,326</u>	<u>(231,568)</u>	<u>340,531</u>

- (i) Realization of the financial instruments is recognized against energy sales revenue, in accordance with the effective delivery of the energy. The Company purchased energy based on firm commitments. These transactions resulted in gains on excess energy (surplus), which were recognized at their fair values.
- (ii) Refers substantially to the write-off of the Rondon Project, referring to studies and consultancy expenses related to mineral exploration, in the amount of BRL 113,583, which, according to management's technical assessment, will not be activated.
- (iii) Refers to the acquisition of CBA Itapissuma Ltda., in 2020.

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**28 Net financial result**

**Accounting policy**

These Net financial result comprises the amounts of interest on loans and financial investments, monetary variation and different discounts that are recognized in the profit or loss for the year under the competency regime. 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	
	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020	1/1/2021 to 3/31/2021	1/1/2020 to 3/31/2020
Financial revenues				
Gains of financial investments	4,040	4,424	4,745	5,433
Interest on financial assets	1,669	2,456	1,762	2,612
Monetary restatement on assets	907	683	923	683
Reversal of monetary restatement of provisions	687	3,722	687	3,722
Interest on transactions with related parties (Note 12)	78	78	78	78
Other financial revenue		894	162	1,208
	<u>7,381</u>	<u>12,257</u>	<u>8,357</u>	<u>13,736</u>
Financial expenses				
Interest and monetary restatement UBP	10,037	(11,346)	4,858	(13,849)
Interest on loans and financing ( Note 18 (c))	(47,264)	(29,968)	(47,581)	(30,976)
Capitalization of interest on loans and financing – CPC 20	621	1,012	621	1,012
Adjustment to present value – CPC 12	(15,188)	(7,632)	(15,188)	(7,632)
Monetary restatement on provisions	(6,487)	(8,377)	(6,532)	(8,377)
Charge on discount operations	(2,819)	(3,102)	(2,819)	(3,102)
PIS and COFINS on finance results	(2,132)	(1,145)	(2,158)	(1,175)
Funding expenses	(1,011)	(996)	(1,011)	(996)
Income tax on remittances of interest overseas	(805)	(389)	(805)	(389)
Derivative financial instruments (i)	(87,360)	(44)	(92,359)	(44)
Other financial expenses	(482)	(1,326)	(1,066)	(1,833)
	<u>(152,890)</u>	<u>(63,313)</u>	<u>(164,040)</u>	<u>(67,361)</u>
Exchange variations, net	(88,833)	(226,022)	(89,023)	(227,491)
	<u>(234,342)</u>	<u>(277,078)</u>	<u>(244,706)</u>	<u>(281,116)</u>

- (i) Refers substantially to the discontinuation of the hedge accounting designation of BNDES derivative financial instruments and energy contracts.

**29 Insurance**

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

**30 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, laminated and extruded products.

**Energy**

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

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**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 main operating decision maker. The main 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.

	<b>2021</b>				
	<b>Aluminum</b>	<b>Nickel</b>	<b>Energy</b>	<b>Eliminations (i)</b>	<b>Consolidated</b>
Net revenues of products	1,679,055	7,128	185,250	(78,609)	1,792,824
Cost of products sold	(1,387,967)	(11,903)	(27,777)	78,609	(1,349,038)
<b>Gross profit (loss)</b>	<b>291,088</b>	<b>(4,775)</b>	<b>157,473</b>		<b>443,786</b>
Selling	(7,865)	23			(7,842)
General and administrative	(63,529)	(4,909)	(840)		(69,278)
Other operating revenues, net	(116,128)	(125,192)	9,752		(231,568)
<b>Operating profit (loss)</b>	<b>103,566</b>	<b>(134,853)</b>	<b>166,385</b>		<b>135,098</b>
Depreciation, amortization and depletion	105,289	586	7,225		113,100
Other additions and exceptional items (Note 5.5 (i))	19	122,924	125,222		248,165
<b>Adjusted EBITDA</b>	<b>208,874</b>	<b>(11,343)</b>	<b>298,832</b>		<b>496,363</b>
<b>EBITDA margin</b>	<b>12%</b>	<b>-159%</b>	<b>161%</b>		<b>28%</b>
					<b>2020</b>
	<b>Aluminum</b>	<b>Nickel</b>	<b>Energy</b>	<b>Eliminations (i)</b>	<b>Consolidated</b>
Net revenues of products	1,053,775	2,753	264,635	(68,425)	1,252,738
Cost of products sold	(952,442)	(9,739)	(210,838)	68,425	(1,104,594)
<b>Gross profit (loss)</b>	<b>101,333</b>	<b>(6,986)</b>	<b>53,797</b>		<b>148,144</b>
Selling	(6,544)				(6,544)
General and administrative	(51,241)	(5,437)	(481)		(57,159)
Other operating revenues, net	152,358	(920)	(13,363)		138,075
<b>Operating profit (loss)</b>	<b>195,906</b>	<b>(13,343)</b>	<b>39,953</b>		<b>222,516</b>
Depreciation, amortization and depletion	83,761	378	7,237		91,376
Other additions and exceptional items (Note 5.5 (i))	(163,936)	(396)			(164,332)
<b>Adjusted EBITDA</b>	<b>115,731</b>	<b>(13,361)</b>	<b>47,190</b>		<b>149,560</b>
<b>EBITDA margin</b>	<b>11%</b>	<b>-485%</b>	<b>18%</b>		<b>12%</b>