



Quarterly Financial Report Individual and Consolidated

June 30, 2021

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Company information/Capital

Number of shares (Units)	Current quarter 06/30/2021
Paid-in capital	
Common	43.403.849
Preferred	0
Total	43.403.849
Treasury shares	
Common	1,441
Preferred	0
Total	1,441

Individual financial statements / Balance Sheet – Assets
(In thousands of Reais)

Code of account	Account description	Current quarter 06/30/21	Prior year 12/31/20
1	Total assets	3,423,467	4,042,950
1.01	Total current assets	1,331,376	1,849,695
1.01.01	Cash and cash equivalents	98,977	137,153
1.01.02	Financial investments	11,874	29,433
1.01.03	Accounts receivable	125,347	341,689
1.01.04	Inventory	897,049	1,096,926
1.01.06	Taxes recoverable	126,679	85,505
1.01.07	Prepaid expenses	17,692	13,863
1.01.08	Other current assets	53,758	145,126
1.01.08.03	Others	53,758	145,126
1.01.08.03.01	Derivative financial instruments	36,826	38,150
1.01.08.03.02	Other current assets	16,932	106,976
1.02	Total non-current assets	2,092,091	2,193,255
1.02.01	Long term assets	869,644	963,888
1.02.01.01	Financial investments	13,544	13,459
1.02.01.07	Taxes	598,467	693,674
1.02.01.07.02	Taxes recoverable	598,467	693,674
1.02.01.08	Prepaid expenses	11,767	11,654
1.02.01.10	Other non-current assets	245,866	245,101
1.02.01.10.03	Assets held for sale	112,429	112,094
1.02.01.10.04	Legal deposits	36,419	35,455
1.02.01.10.05	Other non-current assets	97,018	97,552
1.02.02	Investments	61,051	17,609
1.02.02.01	Equity interest	58,538	15,096
1.02.02.01.02	Investments	58,538	15,096
1.02.02.02	Investment Property	2,513	2,513
1.02.02.02.01	Other investments	2,513	2,513
1.02.03	Property, plant and equipment	1,154,593	1,204,185
1.02.03.01	Fixed assets in operation	1,025,697	1,083,375
1.02.03.02	Prepaid expenses	9,376	14,582
1.02.03.03	Property, plant and equipment in progress	119,520	106,228
1.02.04	Intangible assets	6,803	7,573

Individual financial statements / Balance Sheet – Liabilities
(In thousands of Reais)

Code of account	Account description	Current quarter 06/30/21	Prior year 12/31/20
2	Total liabilities	3,423,467	4,042,950
2.01	Total current liabilities	3,555,237	3,977,032
2.01.01	Payroll and related charges	45,121	41,873
2.01.02	Suppliers	160,384	462,394
2.01.02.01	Domestic suppliers	88,913	127,007
2.01.02.02	Foreign suppliers	71,471	335,387
2.01.03	Taxes payable	10,132	18,689
2.01.03.01	Federal tax liabilities	3,646	13,613
2.01.03.01.02	Excise tax	1,996	5,077
2.01.03.01.03	Withholding income tax-IRRF	1,070	2,183
2.01.03.01.04	PIS and COFINS	238	5,904
2.01.03.01.05	Withholding social contribution tax	342	447
2.01.03.01.07	Others	0	2
2.01.03.02	State tax liabilities	4,557	4,211
2.01.03.02.01	Value-Added Tax on Sales and Services	4,557	4,211
2.01.03.03	Municipal tax liabilities	1,929	865
2.01.03.03.01	Service tax	1,929	865
2.01.04	Loans and financing	2,875,017	2,866,323
2.01.05	Other liabilities	464,583	587,753
2.01.05.02	Others	464,583	587,753
2.01.05.02.02	Dividends payable	152	152
2.01.05.02.04	Derivative financial instruments	186,884	242,937
2.01.05.02.05	Advances from clients	58,764	59,184
2.01.05.02.06	Other current liabilities	30,990	47,069
2.01.05.02.07	Forfeiting and letter of credit operations	181,533	228,995
2.01.05.02.08	Leasing	6,260	9,416
2.02	Total non-current liabilities	242,448	264,508
2.02.01	Loans and financing	0	22,878
2.02.02	Other liabilities	1,972	2,920
2.02.02.02	Other non - current liabilities	1,972	2,920
2.02.02.02.06	Suppliers	1,972	2,920
2.02.03	Deferred Taxes	41,702	42,835
2.02.03.01	Deferred income tax and social contribution	41,702	42,835
2.02.04	Provisions	198,774	195,875
2.02.04.01	Legal deposits	195,545	189,826
2.02.04.01.01	Tax Provision	2,678	1,954
2.02.04.01.02	Social security and labor provisions	181,795	178,119
2.02.04.01.04	Civil provisions	11,072	9,753
2.02.04.02	Others provisions	3,229	6,049
2.02.04.02.04	Provision for negative net equity	0	260
2.02.04.02.05	Leasing	3,229	5,789
2.03	Shareholders' equity	-374,218	-198,590
2.03.01	Paid-in capital	2,089,978	2,089,978
2.03.01.01	Paid-in capital	2,069,566	2,069,566
2.03.01.02	Debentures convertible into shares	25,787	25,787
2.03.01.03	Capitalization costs	-5,375	-5,375
2.03.02	Capital Reserve	-741	-741
2.03.02.05	Treasury shares	-741	-741
2.03.05	Retained earnings	-1,785,731	-1,595,726
2.03.06	Equity valuation adjustments	-677,724	-692,101

Individual financial statements / Statement of operations
(In thousands of Reais)

Code of account	Account description	2nd Quarter 2021	1st Half Year of 2021	2nd Quarter 2020	1st Half Year of 2020
3.01	Net sales	1,134,282	2,441,772	1,011,510	1,926,141
3.02	Cost of goods sold	-1,122,303	-2,473,857	-1,049,310	-1,947,728
3.03	Gross Profit	11,979	-32,085	-37,800	-21,587
3.04	Operating expenses	-55,727	-137,485	-103,231	-186,071
3.04.01	Sales expenses	-2,108	-6,284	-4,823	-10,627
3.04.02	General and administrative expenses	-19,253	-42,621	-21,261	-44,803
3.04.02.01	General and administrative	-17,045	-33,754	-18,269	-35,993
3.04.02.02	Management fees	-1,770	-3,528	-1,750	-3,469
3.04.02.03	General and administrative	-438	-5,339	-1,242	-5,341
3.04.04	Other income	-4,713	14,678	3,905	16,693
3.04.05	Other expenses	-74,048	-147,461	-82,055	-149,200
3.04.06	Equity income (loss)	44,395	44,203	1,003	1,866
3.05	(Loss) operating profit before financial results	-43,748	-169,570	-141,031	-207,658
3.06	Financial income (loss)	252,107	-24,957	-136,112	-639,969
3.06.01	Financial income	132,023	290,998	564,747	1,025,964
3.06.02	Financial expenses	120,084	-315,955	-700,859	-1,665,933
3.07	(Loss) before income and social contribution taxes	208,359	-194,527	-277,143	-847,627
3.08	Income and social contribution tax	551	1,132	674	1,368
3.08.02	Deferred income and social contribution taxes	551	1,132	674	1,368
3.09	Net income (loss) from continuing operations	208,910	-193,395	-276,469	-846,259
3.11	Income (Loss) for the period	208,910	-193,395	-276,469	-846,259
3.99	Earning per share - (Reais / Share)	-	-	-	-
3.99.01	Basic earnings per share	-	-	-	-
3.99.01.01	ON	5.13243	-4.75126	-6.79219	-20.79059
3.99.02	Diluted earnings per share	-	-	-	-
3.99.02.01	ON	5.02440	-4.65126	-6.64923	-20.35300

Individual financial statements / Statements of comprehensive income (loss)
(In thousands of Reais)

Code of account	Account description	2nd Quarter 2021	1st Half Year of 2021	2nd Quarter 2020	1st Half Year of 2020
4.01	Net income (Loss) for the period	208,910	-193,395	-276,469	-846,259
4.02	Other comprehensive Income	10,824	17,767	13,399	25,368
4.02.02	Hedge cash flow – NDF sales income	9,050	18,284	12,172	24,625
4.02.06	Earnings from Foreign exchange variations	-190	-71	68	339
4.02.08	Hedge cash flow – Cost metal – Future stock exchange	1,964	-446	1,159	404
4.03	Comprehensive income(loss) for the period	219,734	-175,628	-263,070	-820,891

Individual financial statements / Statements of cash flows - Indirect method
(In thousands of Reais)

Code of account	Account description	1st Half Year of 2021	1st Half Year of 2020
6.01	Net cash used in (provided by) operating activities	-2,816	179,119
6.01.01	Cash generated from operations	-119,151	74,143
6.01.01.01	(Loss) before income and social contribution taxes	-194,527	-847,627
6.01.01.03	Depreciation and amortization	76,058	80,986
6.01.01.04	Equity in results of investees	-44,203	-1,866
6.01.01.05	Provision for losses on lawsuits	6,654	12,169
6.01.01.06	Amortization of right-to-use assets	5,769	5,963
6.01.01.08	Financial charges	12,854	823,049
6.01.01.09	Present value adjustment - receivables and suppliers	155	-407
6.01.01.10	Provision for negative equity of investees	430	0
6.01.01.11	Equity Adjustment	17,837	0
6.01.01.12	Provision (reversal) for recoverable value of estimated losses	-178	1,876
6.01.02	Changes in assets and liabilities	116,335	104,976
6.01.02.02	Accounts receivable	213,913	-76,525
6.01.02.04	Inventory	199,869	258,293
6.01.02.05	Taxes recoverable	54,033	2,322
6.01.02.06	Prepaid expenses	-3,942	-13,784
6.01.02.07	Legal deposits	-964	-6,245
6.01.02.08	Derivative financial instruments	1,322	14,659
6.01.02.09	Assets held for sale	-335	0
6.01.02.10	Other current and non-current liabilities	82,790	-45,352
6.01.02.11	Suppliers	-311,696	-136,636
6.01.02.12	Forfeiting and letter of credit operations	-47,462	13,198
6.01.02.14	Taxes payable	-8,557	-2,371
6.01.02.15	Legal deposits	-7,596	-9,939
6.01.02.16	Payroll and related charges	3,248	6,272
6.01.02.18	Advances from clients	145	41,113
6.01.02.19	Derivative financial instruments	-42,354	88,494
6.01.02.20	Other current and non-current liabilities	-16,079	-28,523
6.02	Net cash used in investment activities	-13,325	-38,723
6.02.04	Other investments	0	-95
6.02.07	Fixed assets and intangible additions	-30,799	-23,521
6.02.08	Financial investments made	-4,348	-1,377,790
6.02.09	Redemption of financial investments	21,822	1,362,683
6.03	Net cash generated by (used in) financing activities	-22,035	-51,153
6.03.01	Loans and financing	342,673	67,096
6.03.02	Amortization of loans and financing	-340,445	-102,364
6.03.03	Dividends	0	-20
6.03.04	Interest payments on loans	-17,829	-9,295
6.03.05	Leasing	-6,434	-6,570
6.05	(Reduction) increase in cash and cash equivalents	-38,176	89,243
6.05.01	Cash and cash equivalents at the beginning for the period	137,153	102,266
6.05.02	Cash and cash equivalents at the end for the period	98,977	191,509

Individual financial statements / Statement of changes in equity – 1st Half Year of 2021
(In thousands of Reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Equity
5.01	Opening balances	2,069,566	19,671	0	-1,595,726	-692,101	-198,590
5.03	Adjusted opening balances	2,069,566	19,671	0	-1,595,726	-692,101	-198,590
5.05	Total comprehensive income	0	0	0	-193,395	17,767	-175,628
5.05.01	Net income(loss) for the period	0	0	0	-193,395	0	-193,395
5.05.02	Other comprehensive income	0	0	0	0	17,767	17,767
5.05.02.01	Financial instruments - adjustments	0	0	0	0	17,838	17,838
5.05.02.06	Earnings and losses from foreign exchange variations-foreign investment	0	0	0	0	-71	-71
5.06	Internal changes in equity	0	0	0	3,390	-3,390	0
5.06.02	Realization of revaluation reserve	0	0	0	4,520	-4,520	0
5.06.03	Taxes on the realization of the revaluation reserve	0	0	0	-1,130	1,130	0
5.07	Closing balances	2,069,566	19,671	0	-1,785,731	-677,724	-374,218

Individual financial statements / Statement of changes in equity – 1st Half Year of 2020
(In thousands of Reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Equity
5.01	Opening balances	2,069,566	19,671	0	-742,151	-725,690	621,396
5.03	Adjusted opening balances	2,069,566	19,671	0	-742,151	-725,690	621,396
5.05	Total comprehensive income	0	0	0	-846,259	25,368	-820,891
5.05.01	Net income(loss) for the period	0	0	0	-846,259	0	-846,259
5.05.02	Other comprehensive income	0	0	0	0	25,368	25,368
5.05.02.01	Financial instruments - adjustments	0	0	0	0	25,029	25,029
5.05.02.06	Earnings and losses from foreign exchange variations-foreign investment	0	0	0	0	339	339
5.06	Internal changes in equity	0	0	0	4,106	-4,106	0
5.06.02	Realization of revaluation reserve	0	0	0	5,474	-5,474	0
5.06.03	Taxes on the realization of the revaluation reserve	0	0	0	-1,368	1,368	0
5.07	Closing balances	2,069,566	19,671	0	-1,584,304	-704,428	-199,495

**Individual financial statements or Statement of value added
(In thousands of Reais)**

Code of account	Account description	1st Half Year of 2021	1st Half Year of 2020
7.01	Income	2,665,675	2,127,399
7.01.01	Sales of goods and services	2,655,254	2,119,856
7.01.02	Other income	10,243	9,419
7.01.04	Provision for doubtful accounts	178	-1,876
7.02	Inputs acquired from third parties	-2,675,487	-2,156,431
7.02.01	Cost of goods and services sold	-2,444,431	-1,909,443
7.02.02	Materials, energy, third party services and other	-231,056	-246,988
7.03	Gross added value	-9,812	-29,032
7.04	Retentions	-81,827	-86,949
7.04.01	Depreciation and amortization	-76,058	-80,986
7.04.02	Others	-5,769	-5,963
7.05	Net added value	-91,639	-115,981
7.06	Added value received through transfers	335,201	1,027,830
7.06.01	Equity in results of investees	44,203	1,866
7.06.02	Financial income	290,998	1,025,964
7.07	Total net added value payable	243,562	911,849
7.08	Net added value payable	243,562	911,849
7.08.01	Personnel and charges	97,439	98,789
7.08.02	Taxes, duties and contributions	17,504	-11,628
7.08.03	Third-party capital remuneration	322,014	1,670,947
7.08.04	Remuneration of own capital	-193,395	-846,259
7.08.04.03	Income (Loss) for the period	-193,395	-846,259

Consolidated financial statements / Balance Sheet – Assets
(In thousands of Reais)

Code of account	Account description	Current quarter 06/30/21	Prior year 12/31/20
1	Total assets	3,437,372	4,031,714
1.01	Total current assets	1,346,814	1,853,217
1.01.01	Cash and cash equivalents	112,552	138,761
1.01.02	Financial investments	11,874	29,433
1.01.03	Accounts receivable	125,319	341,622
1.01.04	Inventory	897,049	1,096,926
1.01.06	Taxes recoverable	128,540	87,379
1.01.07	Prepaid expenses	17,694	13,864
1.01.08	Other current assets	53,786	145,232
1.01.08.03	Others	53,786	145,232
1.01.08.03.01	Derivative financial instruments	36,826	38,150
1.01.08.03.02	Other current assets	16,960	107,082
1.02	Total non-current assets	2,090,558	2,178,497
1.02.01	Long term assets	926,052	963,628
1.02.01.01	Financial investments	13,544	13,459
1.02.01.07	Taxes	654,875	693,674
1.02.01.07.02	Taxes recoverable	654,875	693,674
1.02.01.08	Prepaid expenses	11,767	11,654
1.02.01.10	Other non-current assets	245,866	244,841
1.02.01.10.03	Assets held for sale	112,429	112,094
1.02.01.10.04	Legal deposits	36,419	35,455
1.02.01.10.05	Other non-current assets	97,018	97,292
1.02.02	Investments	2,513	2,513
1.02.02.02	Investment Property	2,513	2,513
1.02.02.02.01	Other investments	2,513	2,513
1.02.03	Property, plant and equipment	1,155,190	1,204,783
1.02.03.01	Fixed assets in operation	1,026,294	1,083,973
1.02.03.02	Prepaid expenses	9,376	14,582
1.02.03.03	Property, plant and equipment in progress	119,520	106,228
1.02.04	Intangible assets	6,803	7,573

Consolidated financial statements / Balance Sheet – Liabilities
(In thousands of Reais)

Code of account	Account description	Current quarter 06/30/21	Prior year 12/31/20
2	Total liabilities	3,437,372	4,031,714
2.01	Total current liabilities	3,569,142	3,966,056
2.01.01	Payroll and related charges	45,121	41,898
2.01.02	Suppliers	160,389	462,394
2.01.02.01	Domestic suppliers	88,918	127,007
2.01.02.02	Foreign suppliers	71,471	335,387
2.01.03	Taxes payable	23,718	18,726
2.01.03.01	Federal tax liabilities	17,232	13,650
2.01.03.01.01	Income tax and social contribution	13,322	36
2.01.03.01.02	Excise tax	1,996	5,077
2.01.03.01.03	Withholding income tax-IRRF	1,070	2,183
2.01.03.01.04	PIS and COFINS	502	5,904
2.01.03.01.05	Withholding social contribution tax	342	448
2.01.03.01.07	Others	0	2
2.01.03.02	State tax liabilities	4,557	4,211
2.01.03.02.01	Value-Added Tax on Sales and Services	4,557	4,211
2.01.03.03	Municipal tax liabilities	1,929	865
2.01.03.03.01	Service tax	1,929	865
2.01.04	Loans and financing	2,875,017	2,866,323
2.01.05	Other liabilities	464,897	576,715
2.01.05.02	Others	464,897	576,715
2.01.05.02.02	Dividends payable	152	152
2.01.05.02.04	Derivative financial instruments	186,884	242,937
2.01.05.02.05	Advances from clients	58,904	59,299
2.01.05.02.06	Other current liabilities	31,164	35,916
2.01.05.02.07	Forfeiting and letter of credit operations	181,533	228,995
2.01.05.02.08	Leasing	6,260	9,416
2.02	Total non-current liabilities	242,448	264,248
2.02.01	Loans and financing	0	22,878
2.02.02	Other liabilities	1,972	2,920
2.02.02.02	Other non-current liabilities	1,972	2,920
2.02.02.02.06	Suppliers	1,972	2,920
2.02.03	Deferred Taxes	41,702	42,835
2.02.03.01	Deferred income tax and social contribution	41,702	42,835
2.02.04	Provisions	198,774	195,615
2.02.04.01	Legal deposits	195,545	189,826
2.02.04.01.01	Tax Provision	2,679	1,955
2.02.04.01.02	Social security and labor provisions	181,794	178,118
2.02.04.01.04	Civil provisions	11,072	9,753
2.02.04.02	Others provisions	3,229	5,789
2.02.04.02.05	Leasing	3,229	5,789
2.03	Shareholders' equity	-374,218	-198,590
2.03.01	Paid-in capital	2,089,978	2,089,978
2.03.01.01	Paid-in capital	2,069,566	2,069,566
2.03.01.02	Debentures convertible into shares	25,787	25,787
2.03.01.03	Capitalization costs	-5,375	-5,375
2.03.02	Capital Reserve	-741	-741
2.03.02.05	Treasury shares	-741	-741
2.03.05	Retained earnings	-1,785,731	-1,595,726
2.03.06	Equity valuation adjustments	-677,724	-692,101

Consolidated financial statements / Statement of operations
(In thousands of Reais)

Code of account	Account description	2nd Quarter 2021	1st Half Year of 2021	2nd Quarter 2020	1st Half Year of 2020
3.01	Net sales	1,161,902	2,469,392	1,088,394	1,998,144
3.02	Cost of goods sold	-1,149,923	-2,501,477	-1,124,129	-2,016,197
3.03	Gross Profit	11,979	-32,085	-35,735	-18,053
3.04	Operating expenses	-49,668	-131,453	-104,789	-188,433
3.04.01	Sales expenses	-2,080	-6,269	-5,163	-11,362
3.04.02	General and administrative expenses	-19,326	-43,331	-21,472	-45,317
3.04.02.01	General and administrative	-17,144	-34,490	-18,509	-36,522
3.04.02.02	Management fees	-1,770	-3,528	-1,750	-3,469
3.04.02.03	General and administrative	-412	-5,313	-1,213	-5,326
3.04.04	Other income	45,794	65,188	3,952	17,611
3.04.05	Other expenses	-74,056	-147,041	-82,106	-149,365
3.04.06	Equity income (loss)	0	0	0	0
3.05	(Loss) operating profit before financial results	-37,689	-163,538	-140,524	-206,486
3.06	Financial income (loss)	259,374	-17,663	-136,118	-640,641
3.06.01	Financial income	137,982	296,991	564,922	1,027,188
3.06.02	Financial expenses	121,392	-314,654	-701,040	-1,667,829
3.07	(Loss) before income and social contribution taxes	221,685	-181,201	-276,642	-847,127
3.08	Income and social contribution tax	-12,775	-12,194	173	868
3.08.01	Income and social contribution tax for the current year	-13,326	-13,326	-239	-239
3.08.02	Deferred income and social contribution taxes	551	1,132	412	1,107
3.09	Net income (loss) from continuing operations	208,910	-193,395	-276,469	-846,259
3.11	Income (Loss) for the period	208,910	-193,395	-276,469	-846,259
3.11.01	Attributed to Parent Company Share Holders	208,910	-193,395	-276,469	-846,259
3.99	Earning per share - (Reais / Share)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	5.13243	-4.75126	-6.79219	-20.79059
3.99.02	Diluted earnings per share				
3.99.02.01	ON	5.02440	-4.65126	-6.64923	-20.35300

Consolidated financial statements / Statement of comprehensive income (loss)
(In thousands of Reais)

Code of account	Account description	2nd Quarter 2021	1st Half Year of 2021	2nd Quarter 2020	1st Half Year of 2020
4.01	Net income (Loss) for the period	208,910	-193,395	-276,469	-846,259
4.02	Other comprehensive Income	10,824	17,767	13,399	25,368
4.02.02	Hedge cash flow – NDF sales income	9,050	18,284	12,172	24,625
4.02.06	Earnings from Foreign exchange variations	-190	-71	68	339
4.02.08	Hedge cash flow – Cost metal – Future stock exchange	1,964	-446	1,159	404
4.03	Comprehensive income(loss) for the period	219,734	-175,628	-263,070	-820,891
4.03.01	Attributed to Parent Company Share Holders	219,734	-175,628	-263,070	-820,891

Consolidated financial statements / Statements of cash flows - Indirect method
(In thousands of Reais)

Code of account	Account description	1st Half Year of 2021	1st Half Year of 2020
6.01	Net cash used in (provided by) operating activities	9,050	204,122
6.01.01.01	(Loss) before income and social contribution taxes	-181,201	-847,127
6.01.01.02	Residual value of written-off fixed assets	0	172
6.01.01.03	Depreciation and amortization	76,058	81,047
6.01.01.05	Provision for losses on lawsuits	6,654	12,169
6.01.01.06	Amortization of right-to-use assets	5,769	6,048
6.01.01.07	Provision for other estimated losses	0	0
6.01.01.08	Financial charges	12,782	823,384
6.01.01.09	Present value adjustment - receivables and suppliers	54	-249
6.01.01.10	Equity Adjustment	17,838	0
6.01.01.12	Provision (reversal) for recoverable value of estimated losses	-178	1,825
6.01.02	Changes in assets and liabilities	71,277	127,218
6.01.02.02	Accounts receivable	213,874	-57,343
6.01.02.04	Inventory	199,869	260,843
6.01.02.05	Taxes recoverable	-2,398	2,226
6.01.02.06	Prepaid expenses	-3,943	-13,312
6.01.02.07	Legal deposits	-964	-6,245
6.01.02.08	Derivative financial instruments	1,322	14,660
6.01.02.09	Assets held for sale	-335	0
6.01.02.10	Other current and non-current liabilities	82,609	-44,828
6.01.02.11	Suppliers	-311,691	-137,846
6.01.02.12	Forfeiting and letter of credit operations	-47,462	13,198
6.01.02.14	Taxes payable	-8,294	-2,497
6.01.02.15	Legal deposits	-7,596	-9,939
6.01.02.16	Payroll and related charges	3,223	6,234
6.01.02.18	Advances from clients	170	41,113
6.01.02.19	Derivative financial instruments	-42,354	88,494
6.01.02.20	Other current and non-current liabilities	-4,753	-27,540
6.01.03	Other	-3	-365
6.02	Net cash used in investment activities	-13,325	-33,639
6.02.04	Other investments	0	-95
6.02.07	Fixed assets and intangible additions	-30,799	-23,523
6.02.08	Financial investments made	-4,348	-1,372,704
6.02.09	Redemption of financial investments	21,822	1,362,683
6.03	Net cash generated by (used in) financing activities	-21,934	-51,098
6.03.01	Loans and financing	342,673	67,096
6.03.02	Amortization of loans and financing	-340,445	-101,263
6.03.03	Dividends	0	-20
6.03.04	Interest payments on loans	-17,829	-10,396
6.03.05	Leasing	-6,333	-6,515
6.05	(Reduction) increase in cash and cash equivalents	-26,209	119,385
6.05.01	Cash and cash equivalents at the beginning for the period	138,761	118,036
6.05.02	Cash and cash equivalents at the end for the period	112,552	237,421

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Consolidated financial statements / Statement of changes in equity – 1st Half Year of 2021

(In thousands of Reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Equity	Consolidated Equity
5.01	Opening balances	2,069,566	19,671	0	-1,595,726	-692,101	-198,590	-198,590
5.03	Adjusted opening balances	2,069,566	19,671	0	-1,595,726	-692,101	-198,590	-198,590
5.05	Total comprehensive income	0	0	0	-193,395	17,767	-175,628	-175,628
5.05.01	Net income (loss) for the period	0	0	0	-193,395	0	-193,395	-193,395
5.05.02	Other comprehensive income	0	0	0	0	17,767	17,767	17,767
5.05.02.01	Financial instruments - adjustments	0	0	0	0	17,838	17,838	17,838
5.05.02.06	Earnings and losses from foreign exchange variations-foreign investment	0	0	0	0	-71	-71	-71
5.06	Internal changes in equity	0	0	0	3,390	-3,390	0	0
5.06.02	Realization of revaluation reserve	0	0	0	4,520	-4,520	0	0
5.06.03	Taxes on the realization of the revaluation reserve	0	0	0	-1,130	1,130	0	0
5.07	Closing balances	2,069,566	19,671	0	-1,785,731	-677,724	-374,218	-374,218

XX

Consolidated financial statements / Statement of changes in equity – 1st Half Year of 2020

(In thousands of Reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Equity	Consolidated Equity
5.01	Opening balances	2,069,566	19,671	0	-742,151	-725,690	621,396	621,396
5.03	Adjusted opening balances	2,069,566	19,671	0	-742,151	-725,690	621,396	621,396
5.05	Total comprehensive income	0	0	0	-846,259	25,368	-820,891	-820,891
5.05.01	Net income (loss) for the period	0	0	0	-846,259	0	-846,259	-846,259
5.05.02	Other comprehensive income	0	0	0	0	25,368	25,368	25,368
5.05.02.01	Financial instruments - adjustments	0	0	0	0	25,029	25,029	25,029
5.05.02.06	Earnings and losses from foreign exchange variations-foreign investment	0	0	0	0	339	339	339
5.06	Internal changes in equity	0	0	0	4,106	-4,106	0	0
5.06.02	Realization of revaluation reserve	0	0	0	5,474	-5,474	0	0
5.06.03	Taxes on the realization of the revaluation reserve	0	0	0	-1,368	1,368	0	0
5.07	Closing balances	2,069,566	19,671	0	-1,584,304	-704,428	-199,495	-199,495

**Consolidated financial statements or Statement of value added
(In thousands of Reais)**

Code of account	Account description	1st Half Year of 2021	1st Half Year of 2020
7.01	Income	2,743,800	2,199,832
7.01.01	Sales of goods and services	2,682,874	2,191,538
7.01.02	Other income	60,748	10,119
7.01.04	Provision for doubtful accounts	178	-1,825
7.02	Inputs acquired from third parties	-2,703,231	-2,236,710
7.02.01	Cost of goods and services sold	-2,472,049	-1,989,054
7.02.02	Materials, energy, third party services and other	-231,182	-247,656
7.03	Gross added value	40,569	-36,878
7.04	Retentions	-81,827	-87,095
7.04.01	Depreciation and amortization	-76,058	-81,047
7.04.02	Others	-5,769	-6,048
7.05	Net added value	-41,258	-123,973
7.06	Added value received through transfers	296,991	1,027,188
7.06.02	Financial income	296,991	1,027,188
7.07	Total net added value payable	255,733	903,215
7.08	Net added value payable	255,733	903,215
7.08.01	Personnel and charges	97,578	99,339
7.08.02	Taxes, duties and contributions	30,836	-22,993
7.08.03	Third-party capital remuneration	320,714	1,673,128
7.08.04	Remuneration of own capital	-193,395	-846,259
7.08.04.03	Income (Loss) for the period	-193,395	-846,259

MESSAGE FROM THE BOARD

In the 2Q21, the main focuses of the Company were to protect the health of its own employees and third parties due to the impact of the COVID-19 pandemic, improvements in cash management through cost efficiency and working capital optimization and the debt negotiations with the main creditors.

As to the COVID-19, management continues taking all the measures recommended by the health authorities to mitigate the effects of the pandemic, under the coordination of the medical team, which monitors how the pandemic affects matters of health. With the support of a committee especially designated to address these issues, we are monitoring the COVID-19 developments and assessing the need for new measures on a daily basis.

The Company recorded Net Revenue of R\$ 1.162 billion in 2Q21, a growth of 6.8% compared to 2Q20. Adjusted Gross Income in the quarter was R\$ 55.3 million, equivalent to 4.8% of Net Revenue.

The Company presented an Adjusted EBITDA of R\$ 22.3 million in 2Q21, an increase of R\$ 66.7 million compared to the same period in 2020.

Net Income in 2Q21 was R\$ 208.9 million, but when excluding the effects of exchange rate losses on debt and other effects, the Adjusted Net Loss for the period was R\$ 95.9 million.

It should be noted that all the Company's sales are pegged to US dollar reference prices thereby contributing to a natural hedge.

On May 20, 2021, the Company signed "Non-Binding Memorandum of Understanding for Debt Restructuring of Paranapanema S.A. and Other Covenants" ("Memorandum") with its main financial creditors ("Adhering Creditors"), being essentially the same creditors who participated in the renegotiation process in 2017. This , formalized non-binding understandings over the new process of renegotiation of the Company's debts with the Adhering Creditors. Only one creditor that participated in the renegotiation in 2017 did not sign the Memorandum, due to the imminent closure of its operations in Brazil.

ECONOMIC PERFORMANCE

Net Revenue

<i>In R\$ thd, except otherwise stated</i>	2Q20	2Q21	Δ %
Primary Copper	642,440	392,854	-39%
% of Revenue	59.0%	33.8%	-25.2 p.p.
Copper Products	305,736	607,261	99%
% of Revenue	28.1%	52.3%	24.2 p.p.
Rods, Wires and Others	214,907	449,989	109%
Bars/Profiles/Rolled/Tubes/Fittings	90,829	157,272	73%
Byproducts	140,218	161,787	15%
% of Revenue	12.9%	13.9%	1.0 p.p.
Total Net Revenue	1,088,394	1,161,902	7%
Domestic Market [%]	22.5%	34.2%	11.7 p.p.
Export Market [%]	76.5%	62.9%	-13.6 p.p.
Toll [%]	0.9%	2.9%	1.9 p.p.

Total Net Revenue in 2Q21 increased by 6.8% when compared to 2Q20 due to the increase in the price of copper and precious metals in the international market.

The Company's Net Revenue was negatively impacted by R\$ 9.0 million in the 2Q21 following the transfers from Other Comprehensive Income (OCI) of the effect of deferred non-cash 2015 exchange-rate losses from hedge accounting.

Gross Income

<i>In R\$ thd, except otherwise stated</i>	2Q20	2Q21	Δ %
Net Revenue	1,088,394	1,161,902	7%
Total COGS	(1,124,129)	(1,149,923)	2%
(-) Metal Cost	(1,031,424)	(1,058,646)	3%
(-) Transformation Cost	(92,705)	(91,277)	-2%
COGS Total/tonnes sold	36.8	47.9	30%
Metal Cost/tonnes sold	33.8	44.1	31%
Transformation Cost/tonnes sold	3.0	3.8	25%
Gross Profit	(35,735)	11,979	
% of Revenue	-3.3%	1.0%	4.3 p.p.
Adjusted Gross Profit (LME and USD Dollar changes on inventories)	(1,812)	55,301	
% of Revenue	-0.2%	4.8%	4.9 p.p.
Premiums	56,970	103,256	81%
Premium/Net Revenue [%]	5.2%	8.9%	3.7 p.p.
Premium/tonnes sold	1.9	4.3	131%

The Company presented Gross Income, adjusted for the effects of changes in London Metal Exchange (LME) and Dollar on inventories, of R\$ 55.3 million, a 4.8% adjusted gross margin.

Adjusted Gross Income excludes the hedge accounting updates of inventories to current LME and Dollar prices and, as these are not being recorded in inventory, impact results. In 2Q21, the adjusted impact was R\$ 43.3 million.

Fixed Costs (including excess capacity charges)

<i>In R\$ thd, except otherwise stated</i>	2Q20	2Q21	Δ %
Fixed Cost including excess capacity charges	(125,400)	(125,490)	0%

In 2Q21, the Company recorded R\$ 125.5 million in fixed costs, including excess capacity charges, a similar level to 2Q20.

Operating Expenses

<i>In R\$ thd, except otherwise stated</i>	2Q20	2Q21	Δ %
Total Operating Expenses	(104,789)	(49,668)	-53%
Sales Expenses	(5,163)	(2,080)	-60%
G&A Expenses and Management Compensation	(20,259)	(18,914)	-6.6%
Other Operating, net	(79,367)	(28,674)	-64%

Selling Expenses decreased by R\$ 3.1 million compared to 2Q20 and General and Administrative Expenses were reduced by R\$ 1.3 million in the same period.

<i>*Main items - Other Operating, Net:</i>	2Q20	2Q21	Δ %
Provisions for labor and tax contingencies	(4,569)	(4,256)	7%
Other provisions	(130)	(126)	3%
Excess capacity	(65,686)	(63,225)	4%
Santander/BTG Arbitrage	-	(14,466)	n.a
Exclusion of ICMS from the COFINS and PIS assessment base	-	50,506	n.a
Total Non-recurring Items:	(70,385)	(31,567)	55%

On May 13, 2021, the Brazilian Federal Supreme Court (STF) deliberated that the amount of State VAT (ICMS) displayed on the invoice should be the reference value to be excluded from the Social Integration Program (PIS) and Contribution to Social Security Financing (COFINS) calculation basis. This is adjusted back to March 15, 2017, the date on which the general repercussion thesis was established in the judgment of Extraordinary Appeal (EA) 574706, subject to judicial and administrative claims filed until the date of the session in which the judgment was rendered. With this decision, the subsidiary CDPC - Centro de Distribuição de Produtos de Cobre Ltda recognized in the current quarter the amount of R\$ 56.4 million, of which R\$ 50.5 million under Other Operating Expenses.

EBITDA

	2Q20	2Q21	Δ %
Net Income	(276,469)	208,910	176%
(+) Taxes	(173)	12,775	7484%
(+) Net Financial Result	136,118	(259,374)	-291%
EBIT	(140,524)	(37,689)	73%
(+) Depreciation and Amortization	45,371	39,301	-13%
EBITDA	(95,153)	1,612	102%
% of Revenue	-8.7%	0.1%	8.9 p.p.
ADJUSTED EBITDA (exc. LME and Dollar on inventory, OCI)	(44,360)	22,326	150%
% of Revenue	-4.1%	1.9%	6.0 p.p.

Adjusted EBITDA, which excludes the effects of the LME and the Dollar on inventory, OCI, contingencies, and other non-recurring effects, for the period ended 2Q21 was positive at R\$ 22.3 million, an increase of R\$ 66.7 million compared to 2Q20. This growth was mainly due to a better product sales mix, with increased sales of Copper Products, with higher added value, and a reduction in the sale of Primary Copper Products, as well as increased Byproducts revenue in the period.

Net Income (loss) and Adjusted Net Income (loss)

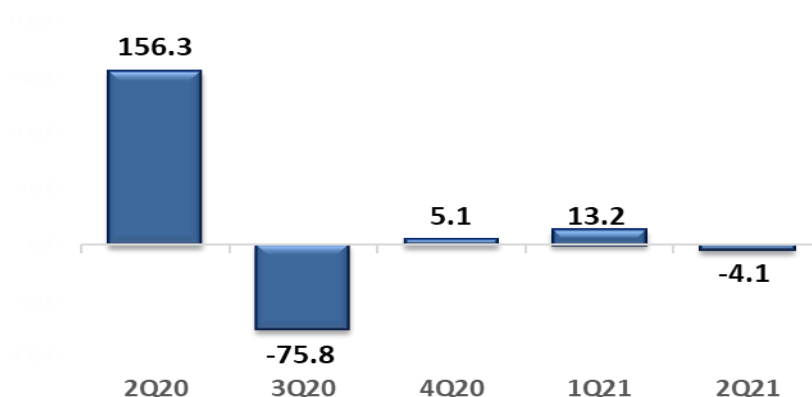
In 2Q21, the Company recorded Net Income of R\$ 208.9 million, benefitting from the foreign exchange gains from its balance sheet positions and loans denominated in foreign currency.

The Net Income of R\$ 208.9 million included exchange gains of R\$ 372.0 million from balance sheet positions, including currency gains from debt of R\$ 361.9 million and R\$ 9.0 million from OCI. Net income included R\$ 39.3 million charges for depreciation and amortization and R\$ 15.1 million for provisions and other positions (Annex III).

Excluding these effects, Adjusted Net Loss was R\$ 95.9 million.

Operating Cash Generation

In 2Q21, Operating Cash Generation was negative by R\$ 4.1 million an amount similar to that in the previous quarters (see below), but significantly lower than 2Q20.



Total Free Cash

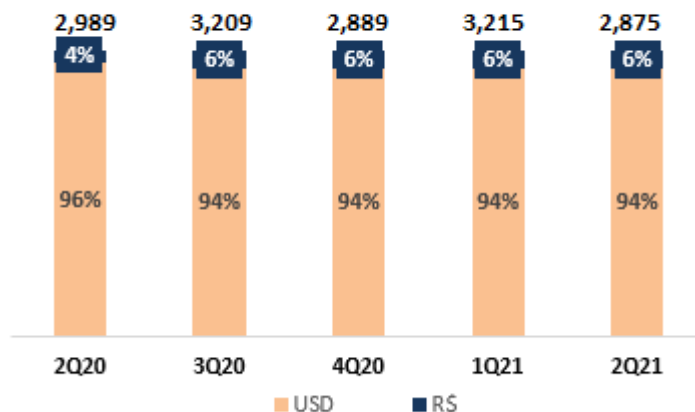
In 2Q21, the Company's Free Cash Balance was R\$ 112.6 million, lower than the R\$ 136.6 million in 1Q21.

Indebtedness

<i>In R\$ thd, except otherwise stated</i>	2Q20	3Q20	4Q20	1Q21	2Q21
Loans and Financing Short Term	2,951,677	3,184,525	2,882,698	3,219,563	2,889,208
Loans and Financing Long Term	55,426	41,518	22,878	11,205	-
Total Bank Loans	3,007,103	3,226,043	2,905,576	3,230,768	2,889,208
Transaction Costs - reprofiling	(18,556)	(17,466)	(16,375)	(15,283)	(14,191)
Total Loans	2,988,547	3,208,577	2,889,201	3,215,485	2,875,017
Forfaiting and letter of credit operations	98,839	177,482	228,995	163,939	181,533
Derivatives financial instruments	135,134	119,431	242,937	262,709	186,884
Derivatives	(28,964)	(16,953)	(38,150)	(38,542)	(36,826)
Gross Debt	3,193,556	3,488,537	3,322,983	3,603,591	3,206,608
Cash and Cash Equivalents	237,421	222,939	138,761	136,579	112,552
Financial Investments	35,050	42,855	42,892	47,132	25,418
Net Debt	2,921,085	3,222,743	3,141,330	3,419,880	3,068,638
Short Term (%)	98%	99%	99%	100%	100%
Long Term (%)	2%	1%	1%	0%	0%

The Company's debt is denominated in foreign currency (USD) and, therefore, exposed to exchange rate changes. The Company's revenues are also denominated in USD, as are the related receivables.

Total Bank Loans (R\$ million)



The Company continues seeking to rebalance its financial debt profile. Since the first quarter of 2020, the Company has been negotiating with its main financial creditors (essentially the same ones that participated in the renegotiation process in 2017) to extend its debt profile in order to adapt to its future cash generation and investment needs.

As announced in a material fact notice issued on May 20, 2021, the Company signed a “Non-Binding Memorandum of Understanding for Debt Restructuring of Paranapanema S.A. and Other Covenants” (“Memorandum”) together with its main financial creditors (“Adhering Creditors”), essentially the same creditors that participated in the renegotiation process in 2017, formalizing non-binding understandings regarding the new process of renegotiation of the Company’s debts with the Adhering Creditors. Only one creditor that participated in the renegotiation in 2017 did not sign the Memorandum, due to the imminent closure of its operations in Brazil.

The Company, in compliance with CPC 26 - Presentation of Financial Statements, reclassified debt of R\$ 1.2 billion under renegotiation from non-current to current liabilities due to non-compliance with the contractual clause with respect to payment terms.

Balance sheets

June 30, 2021 and December 31, 2020

(In thousands of Reais)

ASSETS	Notes	Parent company		Consolidated	
		06/30/21	12/31/20	06/30/21	12/31/20
Cash and cash equivalents	05	98,977	137,153	112,552	138,761
Financial investments	05	11,874	29,433	11,874	29,433
Accounts receivable	06	125,347	341,689	125,319	341,622
Inventory	07	897,049	1,096,926	897,049	1,096,926
Taxes recoverable	08	126,679	85,505	128,540	87,379
Other current assets	09	16,932	106,976	16,960	107,082
Derivative financial instruments	28	36,826	38,150	36,826	38,150
Prepaid expenses		17,692	13,863	17,694	13,864
Total current assets		1,331,376	1,849,695	1,346,814	1,853,217
Financial investments	05	13,544	13,459	13,544	13,459
Taxes recoverable	08	598,467	693,674	654,875	693,674
Assets held for sale	10	112,429	112,094	112,429	112,094
Legal deposits	09.2	36,419	35,455	36,419	35,455
Other non-current assets	09.1	97,018	97,552	97,018	97,292
Prepaid expenses		11,767	11,654	11,767	11,654
		869,644	963,888	926,052	963,628
Prepaid expenses	15	9,376	14,582	9,376	14,582
Investments	11	58,538	15,096	-	-
Other investments		2,513	2,513	2,513	2,513
Property, plant and equipment	12	1,145,217	1,189,603	1,145,814	1,190,201
Intangible assets	12	6,803	7,573	6,803	7,573
		1,222,447	1,229,367	1,164,506	1,214,869
Total non-current assets		2,092,091	2,193,255	2,090,558	2,178,497
Total assets		3,423,467	4,042,950	3,437,372	4,031,714

See the accompanying notes to the Quarterly Information.

Balance sheets

June 30, 2021 and December 31, 2020

(In thousands of Reais)

LIABILITIES	Notes	Parent company		Consolidated	
		06/30/21	12/31/20	06/30/21	12/31/20
Suppliers	13	160,384	462,394	160,389	462,394
Forfeiting and letter of credit operations	14	181,533	228,995	181,533	228,995
Leasing	15	6,260	9,416	6,260	9,416
Loans and financing	16	2,875,017	2,866,323	2,875,017	2,866,323
Derivative financial instruments	28	186,884	242,937	186,884	242,937
Payroll and related charges	17	45,121	41,873	45,121	41,898
Taxes payable	18	10,132	18,689	23,718	18,726
Dividends payable	20	152	152	152	152
Advances from clients	20	58,764	59,184	58,904	59,299
Other current liabilities	20	30,990	47,069	31,164	35,916
Total current liabilities		3,555,237	3,977,032	3,569,142	3,966,056
Suppliers	13	1,972	2,920	1,972	2,920
Leasing	15	3,229	5,789	3,229	5,789
Loans and financing	16	-	22,878	-	22,878
Legal deposits	19	195,545	189,826	195,545	189,826
Deferred income tax and social contribution	26.2	41,702	42,835	41,702	42,835
Provision for negative net equity	11	-	260	-	-
Total non-current liabilities		242,448	264,508	242,448	264,248
Total liabilities		3,797,685	4,241,540	3,811,590	4,230,304
Paid-in capital	21.a	2,069,566	2,069,566	2,069,566	2,069,566
Debentures convertible into shares	21.b	25,787	25,787	25,787	25,787
Capitalization costs		(5,375)	(5,375)	(5,375)	(5,375)
Equity valuation adjustments	21.h	(677,724)	(692,101)	(677,724)	(692,101)
Treasury shares		(741)	(741)	(741)	(741)
Retained earnings		(1,785,731)	(1,595,726)	(1,785,731)	(1,595,726)
Total shareholders' equity		(374,218)	(198,590)	(374,218)	(198,590)
Total liabilities and equity		3,423,467	4,042,950	3,437,372	4,031,714
Net equity per share – in Brazilian Reais (R\$)		(8.62)	(4.58)		

See the accompanying notes to the Quarterly Information.

Statement of operations

Three and six-month periods ended June 30

(In thousands of reais, except loss per share)

				Parent company	
	Notes	2nd Quarter 2021	1st Half Year of 2021	2nd Quarter 2020	1st Half Year of 2020
Net sales	22	1,134,282	2,441,772	1,011,510	1,926,141
Cost of goods sold	23	(1,122,303)	(2,473,857)	(1,049,310)	(1,947,728)
Gross Profit		11,979	(32,085)	(37,800)	(21,587)
Commercial	23	(2,108)	(6,284)	(4,823)	(10,627)
General and administrative	23	(17,045)	(33,754)	(18,269)	(35,993)
Management fees	11.4	(1,770)	(3,528)	(1,750)	(3,469)
Equity in results of investees	11.1	44,395	44,203	1,003	1,866
General and administrative		(438)	(5,339)	(1,242)	(5,341)
Other expenses	24	(74,048)	(147,461)	(82,055)	(149,200)
Other income	24	(4,713)	14,678	3,905	16,693
Operating expenses		(55,727)	(137,485)	(103,231)	(186,071)
(Loss) operating profit before financial results		(43,748)	(169,570)	(141,031)	(207,658)
Financial expenses	25	120,084	(315,955)	(700,859)	(1,665,933)
Financial income	25	132,023	290,998	564,747	1,025,964
(Loss) before income and social contribution taxes		208,359	(194,527)	(277,143)	(847,627)
Deferred income and social contribution taxes	26.2	551	1,132	674	1,368
Income and social contribution tax		551	1,132	674	1,368
Income (Loss) for the period		208,910	(193,395)	(276,469)	(846,259)
Earning (Loss) per common share		5.13243	(4.75126)	(6.79219)	(20.79059)
Earning (Loss) per diluted common share		5.02440	(4.65126)	(6.64923)	(20.35300)

				Consolidated	
	Notes	2nd Quarter 2021	1st Half Year of 2021	2nd Quarter 2020	1st Half Year of 2020
Net sales	22	1,161,902	2,469,392	1,088,394	1,998,144
Cost of goods sold	23	(1,149,923)	(2,501,477)	(1,124,129)	(2,016,197)
Gross Profit		11,979	(32,085)	(35,735)	(18,053)
Commercial	23	(2,080)	(6,269)	(5,163)	(11,362)
General and administrative	23	(17,144)	(34,490)	(18,509)	(36,522)
Management fees	11.4	(1,770)	(3,528)	(1,750)	(3,469)
General and administrative		(412)	(5,313)	(1,213)	(5,326)
Other expenses	24	(74,056)	(147,041)	(82,106)	(149,365)
Other income	24	45,794	65,188	3,952	17,611
Operating expenses		(49,668)	(131,453)	(104,789)	(188,433)
(Loss) operating profit before financial results		(37,689)	(163,538)	(140,524)	(206,486)
Financial expenses	25	121,392	(314,654)	(701,040)	(1,667,829)
Financial income	25	137,982	296,991	564,922	1,027,188
(Loss) before income and social contribution taxes		221,685	(181,201)	(276,642)	(847,127)
Income and social contribution tax for the current year	26.2	(13,326)	(13,326)	(239)	(239)
Subsidiary's tax incentive - income tax	26.2	-	-	-	-
Deferred income and social contribution taxes	26.2	551	1,132	412	1,107
Income and social contribution tax		(12,775)	(12,194)	173	868
Income (Loss) for the period		208,910	(193,395)	(276,469)	(846,259)
Earning (Loss) per common share		5.13243	(4.75126)	(6.79219)	(20.79059)
Earning (Loss) per diluted common share		5.02440	(4.65126)	(6.64923)	(20.35300)

See the accompanying notes to the Quarterly Information.

Statements of comprehensive income

Three and six-month periods ended June 30

(In thousands of Reais)

	Parent company/Consolidated			
	2nd Quarter 2021	1st Half Year of 2021	2nd Quarter 2020	1st Half Year of 2020
Income (Loss) for the period	208,910	(193,395)	(276,469)	(846,259)
Other income components, net of tax effects				
Items to be subsequently reclassified to the result	10,824	17,767	13,399	25,368
Hedge cash flow – NDF sales income	9,050	18,284	12,172	24,625
Hedge cash flow – Cost metal – Future stock exchange	1,964	(446)	1,159	404
Earnings from Foreign exchange variations	(190)	(71)	68	339
Comprehensive income for the year	219,734	(175,628)	(263,070)	(820,891)
Allocated to:				
Controlling Shareholders	219,734	(175,628)	(263,070)	(820,891)
Non-controlling shareholders				

See the accompanying notes to the Quarterly Information.

Statement of changes in shareholders' equity

Six-month period ended June 30

(In thousands of Reais)

	Notes	Paid-in capital	Convertible debentures	Capitalization costs	Treasury shares	Accumulated deficit	Equity valuation adjustment	Consolidated shareholders' equity
Balance as at December 31, 2019		2,069,566	25,787	(5,375)	(741)	(742,151)	(725,690)	621,396
Financial instruments, net of taxes	21.h	-	-	-	-	-	25,029	25,029
Earnings and losses from foreign exchange variations-foreign investment	21.h	-	-	-	-	-	339	339
Equity evaluation adjustment	21.h	-	-	-	-	5,474	(5,474)	-
Tax on realization of equity evaluation adjustment	21.h	-	-	-	-	(1,368)	1,368	-
Other comprehensive income		-	-	-	-	4,106	21,262	25,368
Loss for the period		-	-	-	-	(846,259)	-	(846,259)
Balance as at June 30, 2020		2,069,566	25,787	(5,375)	(741)	(1,584,304)	(704,428)	(199,495)
Balance as at December 31, 2020		2,069,566	25,787	(5,375)	(741)	(1,595,726)	(692,101)	(198,590)
Financial instruments, net of taxes	21.h	-	-	-	-	-	17,838	17,838
Earnings and losses from foreign exchange variations-foreign investment	21.h	-	-	-	-	-	(71)	(71)
Equity evaluation adjustment	21.h	-	-	-	-	4,520	(4,520)	-
Tax on realization of equity evaluation adjustment	21.h	-	-	-	-	(1,130)	1,130	-
Other comprehensive income		-	-	-	-	3,390	14,377	17,767
Loss for the period		-	-	-	-	(193,395)	-	(193,395)
Balance as at June 30, 2021		2,069,566	25,787	(5,375)	(741)	(1,785,731)	(677,724)	(374,218)

See the accompanying notes to the quarterly information.

Statements of cash flows - Indirect method

Six-month period ended June 30

(In thousands of Reais)

	Parent company		Consolidated	
	1st Half Year of 2021	1st Half Year of 2020	1st Half Year of 2021	1st Half Year of 2020
(Loss) before income and social contribution taxes	(194,527)	(847,627)	(181,201)	(847,127)
Adjustments to reconcile net (loss) with resources provided by operating activities				
Residual value of written-off fixed assets	-	-	-	172
Depreciation and amortization	76,058	80,986	76,058	81,047
Amortization of right-to-use assets	5,769	5,963	5,769	6,048
Equity in results of investees	(44,203)	(1,866)	-	-
Provision for negative equity of investees	430	-	-	-
Provision (reversal) for recoverable value of estimated losses	(178)	1,876	(178)	1,825
Provision for losses on lawsuits	6,654	12,169	6,654	12,169
Present value adjustment - receivables and suppliers	155	(407)	54	(249)
Equity valuation adjustments	17,837	-	17,838	-
Financial charges	12,854	823,049	12,782	823,384
	(119,151)	74,143	(62,224)	77,269
(Increase) decrease in assets				
Accounts receivable	213,913	(76,525)	213,874	(57,343)
Inventory	199,869	258,293	199,869	260,843
Taxes recoverable	54,033	2,322	(2,398)	2,226
Prepaid expenses	(3,942)	(13,784)	(3,943)	(13,312)
Legal deposits	(964)	(6,245)	(964)	(6,245)
Derivative financial instruments	1,322	14,659	1,322	14,660
Assets held for sale	(335)	-	(335)	-
Other current and non-current liabilities	82,790	(45,352)	82,609	(44,828)
Increase (decrease) in liabilities				
Suppliers	(311,696)	(136,636)	(311,691)	(137,846)
Forfeiting and letter of credit operations	(47,462)	13,198	(47,462)	13,198
Taxes payable	(8,557)	(2,371)	(8,294)	(2,497)
Legal deposits	(7,596)	(9,939)	(7,596)	(9,939)
Payroll and related charges	3,248	6,272	3,223	6,234
Derivative financial instruments	(42,354)	88,494	(42,354)	88,494
Advances from clients	145	41,113	170	41,113
Other current and non-current liabilities	(16,079)	(28,523)	(4,753)	(27,540)
Cash flow generated from operations	(2,816)	179,119	9,053	204,487
Income and social contribution taxes paid	-	-	(3)	(365)
Net cash used in (provided by) operating activities	(2,816)	179,119	9,050	204,122
Investing activities				
Financial investments made	(4,348)	(1,377,790)	(4,348)	(1,372,704)
Redemption of financial investments	21,822	1,362,683	21,822	1,362,683
Other investments	-	(95)	-	(95)
Fixed assets and intangible additions	(30,799)	(23,521)	(30,799)	(23,523)
Net cash used in investing activities	(13,325)	(38,723)	(13,325)	(33,639)
Financing activities				
Loans and financing	342,673	67,096	342,673	67,096
Amortization of loans and financing	(340,445)	(102,364)	(340,445)	(101,263)
Interest payments on loans	(17,829)	(9,295)	(17,829)	(10,396)
Leasing	(6,434)	(6,570)	(6,333)	(6,515)
Dividends	-	(20)	-	(20)
Net cash used in financing activities	(22,035)	(51,153)	(21,934)	(51,098)
(Reduction) increase in cash and cash equivalents	(38,176)	89,243	(26,209)	119,385
Cash and cash equivalents at the beginning for the period	137,153	102,266	138,761	118,036
Cash and cash equivalents at the end for the period	98,977	191,509	112,552	237,421
(Reduction) increase in cash and cash equivalents	(38,176)	89,243	(26,209)	119,385

See the accompanying notes to the quarterly information.

(A free translation of the original in Portuguese)



O cobre transforma o mundo. A Paranapanema transforma o cobre.

Statements of value added

Six-month period ended June 30

(In thousands of Reais)

	Parent company		Consolidated	
	1st Half Year of 2021	1st Half Year of 2020	1st Half Year of 2021	1st Half Year of 2020
Income				
Sales of goods and services	2,655,254	2,119,856	2,682,874	2,191,538
Provision for doubtful accounts	178	(1,876)	178	(1,825)
Other income	10,243	9,419	60,748	10,119
Inputs acquired from third parties (Including taxes)				
Cost of goods and services sold	(2,444,431)	(1,909,443)	(2,472,049)	(1,989,054)
Materials, energy, third party services and other	(231,056)	(246,988)	(231,182)	(247,656)
Gross added value	(9,812)	(29,032)	40,569	(36,878)
Retentions				
Depreciation and amortization	(76,058)	(80,986)	(76,058)	(81,047)
Amortization of right-to-use assets	(5,769)	(5,963)	(5,769)	(6,048)
Net added value	(91,639)	(115,981)	(41,258)	(123,973)
Received from third parties				
Equity in results of investees	44,203	1,866	-	-
Financial income	290,998	1,025,964	296,991	1,027,188
Total net added value payable	243,562	911,849	255,733	903,215
Net added value payable	243,562	911,849	255,733	903,215
Personnel and charges	97,439	98,789	97,578	99,339
Taxes and contributions	17,504	(11,628)	30,836	(22,993)
Interest and rent	322,014	1,670,947	320,714	1,673,128
Income (Loss) for the period	(193,395)	(846,259)	(193,395)	(846,259)

See the accompanying notes to the Quarterly Information.(A free translation of the original in Portuguese)

01. Operations

Paranapanema S.A. (Paranapanema, “the Parent Company” or “the Company”) is a publicly-held corporation headquartered in the city of Dias D’Ávila, in the State of Bahia, at Via do Cobre, nº 3,700, West Industrial Area, Complexo Petroquímico de Camaçari.

Paranapanema’s shares have been listed and traded on B3 S.A. (Brasil, Bolsa, Balcão) since 1971, and in the “New Market” segment, the highest level of corporate governance, since 2012 under the ticker symbol PMAM3.

The Company and its subsidiaries are engaged in industrial activities related to the transformation and processing of ores and their byproducts, and metallurgical activities related to ferrous and non-ferrous products such as laminates, bars and profiles, tubes, rods, casts, manufactured and semi-manufactured industrial parts and components intended for the domestic and export markets.

The Company’s Individual and Consolidated quarterly information for the period ended June 30, 2021 was prepared based on the assumption of operational continuity in line with the business plan, which includes projected cash flows. Various financial and business assumptions were considered for the projections, including the re-profiling of the Company’s financial debt and the optimization of installed capacity by diluting fixed costs and improving cash generation, shortening the cash conversion cycle in order to optimize working capital and rationalizing costs and expenses with a view to achieving profitability in the year ending 2021.

Management believes that the business plan presented is adequate and based on reasonable assumptions consistent with its implementation.

Paranapanema’s business model depends substantially on investments and financing, relying on funding from bank credit facilities, prepayment of receivables, payment terms with its raw material suppliers and financing in general. After the restructuring process completed in 2017, and without having resorted to any significant additional credit facility, the Company continues generating cash.

The Company is working to rebalance its financial debt profile. Since the first quarter of 2020, the Company has been negotiating with its main financial creditors (essentially the same ones that participated in the renegotiation process in 2017) to align its debt profile with its future cash generation and investment needs.

On May 20, 2021, the Company issued a material fact notice advising that it had signed a “Non-Binding Memorandum of Understanding for the Renegotiation of Debts of Paranapanema S.A. and Other Covenants” (“Memorandum”) with its main financial creditors (“Adhering Creditors”), essentially the same creditors that had participated in the renegotiation process in 2017, formalizing non-binding understandings regarding the new process of renegotiation of the Company’s debts with the Adhering Creditors. Only one creditor that participated in the renegotiation in 2017 did not sign the Memorandum, due to the imminent closure of its operations in Brazil.

Through the Memorandum, the Company and the Adhering Creditors committed to apply their best efforts to renegotiate, in good faith, the terms and conditions of payment of the respective financial debts, which, on June 30, 2021, represent approximately 92.3% of the Company’s total debt.

The Company expects that, at the end of the ongoing renegotiation, definitive agreements will be signed with conditions to strengthen and readjust its capital structure. The execution of definitive agreements is subject to certain suspensive conditions, including obtaining internal approvals from the Adhering Creditors, and the consent of the creditor who is not a signatory to the Memorandum.

The current renegotiation encompasses the amendment of certain debt conditions subject to the Memorandum, as well as the monetization of the Company's non-operating assets. These conditions must be included in the definitive agreements mentioned above.

The Company, in compliance with CPC 26 - Presentation of Financial Statements, reclassified debts under renegotiation, totaling R\$ 1,220,068, from non-current to current liabilities, due to non-compliance with the contractual clause regarding the payment term. Considering this reclassification, the Company's working capital position at June 30, 2021 was negative by R\$ 2,222,328 in the Consolidated.

COVID-19 effects

Despite the ongoing COVID-19 pandemic, commercial and production levels stabilized at the beginning of the year, allowing for an almost complete resumption of industrial and administrative activities at the Company's three units.

The Company is classified as an essential supplier in the production chain of several other industries, and continues delivering core products to industries that are critical to the wider communities, such as hospital infrastructure, basic sanitation, gases, and the electric power sector, among others.

Impacts on Company's business

The Company is monitoring the effects of COVID-19 on its business, a summary of which is presented below:

- (i) Impairment: there were no significant changes in indicators that would suggest a need for an impairment charge. The Company continues to monitor the situation and if a new financial impact arises from COVID-19 in its cash generating units, the variables will be evaluated and disclosed in a timely manner. At this time, management concluded that the main long-term assumptions adopted in the preparation of cash flow models, such as commodity prices and production levels for the Company's main assets, have not undergone significant changes for the impairment assessment. The Company does not have intangible assets with indefinite useful lives (goodwill and/or other intangible assets), and had already recorded an adjustment for a significant portion of its deferred income tax assets in 2020. Thus, the more significant long-term assets are its property, plant and equipment (fixed assets) which are being depreciated, and for which the Company carried out a realizable value analysis (market value of assets, net of costs to sell) using a specialized appraisal firm at the end of the prior year without having identified the need for adjustments to the recoverable value. Management believes that the assumptions and basis for analysis of this study carried out by third parties remain valid at June 30, 2021.
- (ii) Fair value of other assets and liabilities: currently, the effects of the pandemic have not had a significant impact on the fair value of the Company's assets and liabilities. Although the environment continues to be uncertain, the Company has not identified material risks to its liquidity and financial position, and continues to monitor the developments of the crisis disclosing any significant changes in the fair value of assets and liabilities in a timely manner.

- (iii) Accounts receivable: the Company recorded an allowances for doubtful accounts (Note 6) in accordance with the IFRS 9 (CPC 48) standard, encompassing the measurement of expected credit losses for financial and contractual assets. The analysis was determined to be sufficient. The Company has been renegotiating with some clients, with no significant cash impacts. Agreements are being honored with no need to record further impairments.

Protective measures for employees and outsourced personnel:

The Company continues to require strict and updated health procedures for all units. Health protective procedures aim to restrict the contagion from affecting employees, clients, suppliers and the wider community, consistent with the recommendations and determinations of health authorities. With the support of a committee especially designated to address these issues, the Company is monitoring the evolution of COVID-19 and assessing, implementing and monitoring several measures on a daily basis, as below:

- (i) maintenance of a Health Commission and Crisis Committee to ensure rapid responses to new information;
- (ii) reinforcement of communication by issuing press releases, signs and banners with tips for prevention, guidelines for balancing mental health and social isolation and other information;
- (iii) a work from home regime for all employees in the administrative areas;
- (iv) early release for local holidays for the Santo André and Serra units and conducting COVID-19 tests on return to work at these plants;
- (v) modifications to common areas, such as the cafeteria and leisure area at the three units; and
- (vi) COVID -19 testing for employees showing possible symptoms.

Group entities - "Subsidiaries"

The Company held the following equity interests in its direct subsidiaries:

Subsidiaries	06/30/21	12/31/20
CDPC-Centro de Distrib. de Produtos de Cobre Ltda Company with its headquarters in the city of Santo Andre, in the State of São Paulo, Brazil. Its key business purpose is the marketing and distribution of copper, goods and other ores, alloys and their resulting products and byproducts.	99.99%	99.99%
Caraíba Incorporated Ltd. (*) Company with its headquarters in the Cayman Islands, established on July 8, 2005.	100.00%	100.00%
Paraibuna Agropecuária Ltda. (*) Company with its headquarters in the city of Santo Andre, in the State of São Paulo, Brazil. The business purpose is to carry out agricultural and farming activities.	99.98%	99.98%
Paranapanema Netherlands B.V. (*) Company with its headquarters in the city of Amsterdam, the Netherlands, established on April	100.00%	100.00%

(*) The Company is currently inactive.

02. Preparation basis

A) Declaration of compliance

The individual and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), IAS 34 - "Interim Financial Reporting" and CPC 21 (R1) - "Interim Statements" and include all information relevant to the quarterly information, and only such information, which is consistent with that used by management in the course of its duties.

The presentation of the individual and consolidated Statement of Value Added (DVA) is required by Brazilian Corporate Law and by the accounting practices adopted in Brazil applicable to publicly-held companies. IFRS does not require the presentation of this statement. Thus, for IFRS purposes, this statement is presented as supplementary information, and not as part of the required set of quarterly information.

The issuance of the individual and consolidated quarterly information was authorized by the Company's Board of Directors at a meeting held on July 29, 2021.

B) Measurement basis

The individual and consolidated quarterly information was prepared on a historical costs basis, except for the following material balance sheets items:

- Derivative financial instruments measured at fair value;
- Non-derivative financial instruments designated and measured at fair value through profit or loss;
- Hedged metals inventory measured at fair value in Brazilian Reais (R\$) through profit or loss;
- Land, buildings and machines were adjusted to their deemed costs as at the date of transition to IFRS/CPC.

C) Functional and presentation currency

This individual and consolidated quarterly information is being presented in Brazilian Real/Reais (R\$), the functional currency of the Company. All financial information presented in Brazilian Reais has been rounded to the nearest thousand, except where otherwise indicated.

D) Use of estimates and judgments

The preparation of individual and consolidated quarterly information, according to IFRS and CPC standards, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, revenues and expenses. The actual results may differ from these estimates.

Estimates and assumptions are reviewed continuously. Reviews of estimates are recognized on a prospective basis.

E) Uncertainty regarding accounting and critical assumptions and estimates

Information on uncertainties arising from the use of assumptions and accounting estimates that carry a significant risk of material adjustments to the critical accounts for the current period are included in the following notes:

- Note 8 - Recoverable taxes and contributions: actions taken by the Company to realize ICMS credits and approval of part of PIS and COFINS credits;
- Note 12 - Property, plant and equipment and intangible assets: key assumptions regarding the recoverable values of assets and a substantive analysis of their useful lives;
- Note 19 - Provision for lawsuits: main assumptions regarding the probability and amounts of cash disbursements;
- Note 28 - Financial instruments: fair value of derivatives.

03. Measuring the fair value

A number of the Company's accounting policies and disclosures require the determination of the fair value, for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods outlined below.

Where applicable, additional information regarding the assumptions made to determine the fair value is disclosed in the notes specific to that asset or liability.

Financial assets and liabilities recorded at fair value are classified and disclosed according to the fair value hierarchy (Note 28.4).

A) Forward exchange rate agreements and interest rate swaps

The fair values of exchange rate forward contracts and interest rate swap contracts are based on brokerage prices. These quotations are tested for reasonableness by estimating the discounted future cash flow based on the contract conditions and maturities, using the market interest rates of similar instruments as at the measurement date. The fair values reflect the instrument credit risk and include adjustments to reflect the credit risk of Paranapanema, its subsidiaries and counterparties when appropriate.

B) Metal inventory

The fair value of metals inventory is marked-to-market using the US\$ future price curve of the London Metal Exchange (LME) and the London Bullion Market Association (LBMA) converted into Reais using the month-end exchange rate. Changes in futures prices are reflected at each stage of production, considering the estimated time required to sell this inventory.

C) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value upon initial recognition and at each reporting date for disclosure purposes. The fair value is calculated based on the present value of the principal and future cash flow, discounted using the market interest rate as at the measurement date. For convertible debt securities, the market interest rate is determined with reference to similar liabilities that do not have a conversion option. For financial leases, the interest rate is calculated with reference to similar lease agreements.

04. Significant accounting policies

The interim financial information was prepared following the same accounting principles, methods and policies, except where indicated, as those presented in the last fiscal year ended December 31, 2020.

05. Cash and cash equivalents and interest-earning bank deposits

	Notes	Parent company		Consolidated	
		06/30/21	12/31/20	06/30/21	12/31/20
Cash and banks		66,592	106,752	68,903	108,360
Interest-earning bank deposits	(a)	32,385	30,401	43,649	30,401
Cash and cash equivalents		98,977	137,153	112,552	138,761
Interest-earning bank deposits	(b)	25,418	42,892	25,418	42,892
Interest-earning bank deposits		25,418	42,892	25,418	42,892
Current assets		11,874	29,433	11,874	29,433
Non-current assets		13,544	13,459	13,544	13,459

The Company, in line with its policies, invests surplus cash in government bonds and in low-risk savings accounts held by top-tier financial institutions (based on ratings from the main credit agencies).

a) Interest-earning bank deposits classified as cash and cash equivalents

Refer to bank deposit certificates reflecting normal market conditions as at the balance sheet dates. They are highly liquid and have low interest fluctuation risk.

b) Interest-earning bank deposits

Refer to bank deposit certificates and debenture buybacks at normal market conditions. The consolidated balance as at June 30, 2021 of R\$ 25,418 (R\$ 42,892 as at December 31, 2020) is held as collateral for the purchase of energy in the free market, bank guarantees and margin call operations.

06. Trade accounts receivable

	Notes	Parent company		Consolidated	
		06/30/21	12/31/20	06/30/21	12/31/20
Domestic clients:					
Third parties		95,429	165,792	96,541	166,902
Related parties	11.2	29	67	-	-
Estimated loss on recoverable value		(51,534)	(52,039)	(52,645)	(53,149)
		43,924	113,820	43,896	113,753
Foreign clients:					
Third parties		84,988	202,165	84,988	202,165
Price adjustment		(702)	28,240	(702)	28,240
Estimated loss on recoverable value		(2,863)	(2,536)	(2,863)	(2,536)
		81,423	227,869	81,423	227,869
Current assets		125,347	341,689	125,319	341,622

The aging of accounts receivable, net of any impairment losses, was as follows:

	Parent company		Consolidated	
	06/30/21	12/31/20	06/30/21	12/31/20
Due in more than 120 days	1,387	1,088	1,387	1,088
Due in 91 to 120 days	1,120	4,261	1,120	4,261
Due in 61 to 90 days	7,325	7,330	7,325	7,330
Due in 31 to 60 days	10,213	44,231	10,213	44,231
Due in 30 days	100,913	252,085	100,885	252,054
Total Due	120,958	308,995	120,930	308,964
Overdue up to 30 days	4,894	4,361	4,894	4,325
Overdue from 31 to 60 days	35	94	35	94
Overdue for more than 90 days	162	-	162	-
Total due	5,091	4,455	5,091	4,419
	126,049	313,450	126,021	313,383
Price adjustment	(702)	28,239	(702)	28,239
	125,347	341,689	125,319	341,622

The price adjustment refers to derivative financial instruments contracted in the sale of anodic and reversal sludge, to protect its exposures to the risks of changes in foreign currency and commodity prices.

The Company is exposed to credit risk due to defaults on sales of products (accounts receivable). The Company mitigates this risk by applying policies and standards for credit monitoring and the collection of trade notes.

In accordance with IFRS 9, the expected losses on financial assets form the basis for determining the losses to be recognized in profit or loss as a result of the impairment of financial assets. The total securities overdue as at June 30, 2021, in Consolidated, represents 4.1% of the total receivable (1.3% as at December 31, 2020).

The recording of the loss allowance balance as at June 30, 2021 considers the sum of the expected loss, using a loss percentage according to the customer's score (punctuality x restrictions), plus all notes overdue for more than 90 days.

Changes in the provision for estimated doubtful accounts are shown below:

	Parent company		Consolidated	
	1st Half Year of 2021	1st Half Year of 2020	1st Half Year of 2021	1st Half Year of 2020
	(54,575)	(58,524)	(55,685)	(59,926)
Reversals for the year	-	5,322	-	5,346
Provision for the year	178	(746)	177	(531)
	(54,397)	(53,948)	(55,508)	(55,111)

Accounts receivable pledged as guarantees

On December 14, 2020, the Company executed a private instrument for the assignment of credit receivables from accounts receivable with Banco Safra, to ensure the payment of NCE (Export Credit Note) operation. The amount offered was R\$22,550, which represents 110% of the contract amount.

07. Inventory

	Parent company		Consolidated	
	06/30/21	12/31/20	06/30/21	12/31/20
Raw materials	342,728	330,162	342,728	330,162
Work in progress	292,765	373,239	292,765	373,239
Finished products	121,835	226,095	121,835	226,095
Imports in transit	30,055	62,205	30,055	62,205
Advances to suppliers for purchases of raw materials	1,038	1,419	1,038	1,419
Maintenance materials and others	84,231	79,162	84,231	79,162
Resale materials	26,831	27,163	26,831	27,163
Raw materials in transit	3,121	3,036	3,121	3,036
Estimated loss on recoverable value	(5,555)	(5,555)	(5,555)	(5,555)
Current assets	897,049	1,096,926	897,049	1,096,926

The inventory is initially measured at its historical cost, and subsequently recorded under the inventory hedge accounting program (Note 28.6.3). The portion related to the cost of metals (copper, gold, silver, lead, zinc and tin) is adjusted to reflect the average market price in US Dollars based on the future market price curve. The translation of each metal's price from US\$ to R\$ is made using the availability of foreign exchange hedges, marked-to-market at the closing exchange rate for the month, in the program for the hedge accounting treatment of the fair value of inventory.

The balance of estimated losses in the amount of R\$ 5,555 as at June 30, 2021 and December 31, 2020 was established based on the assessment of materials and products showing no turnover for over two years on December 31, 2020.

The Company offered 255 tons of electrolytic copper rods as a guarantee for a tax lawsuit which, as at June 30, 2021, totaled R\$ 12,407 (R\$ 10,286 as at December 31, 2020). In the case of an unfavorable decision, the full amount will be paid in cash.

As at June 30, 2021, the Company offered the equivalent of R\$ 100,026 as collateral for the credit assignment of accounts receivable (Note 16) of which R\$ 62,204 is from the rotating stock of Utinga plant, and R\$ 37,822 from warehouse items.

08. Recoverable taxes and contributions

	Notes	Parent company			
		06/30/21		12/31/20	
		Current assets	Non-current	Current assets	Non-current
Exclusion of ICMS from the COFINS assessment base	(a)	73,584	404,378	25,121	494,542
Exclusion of ICMS from the PIS assessment base	(a)	15,975	87,793	5,454	107,368
Value-added tax on sales and services-ICMS	(b)	17,720	83,800	37,388	83,800
Taxes on fixed assets recoverable		9,845	5,530	11,830	7,964
Income and social contribution taxes to be refunded	(c)	1,262	10,277	1,248	10,277
Special Tax Reintegration Regime for Exporting Companies (Reintegra)	(d)	891	16,966	1,322	-
Contribution for social security funding-COFINS	(e)	3,976	-	937	-
Social integration program - PIS	(e)	873	-	203	-
Withholding income tax-IRRF		482	-	394	-
Excise tax-IPI		1,872	-	1,412	-
Estimated loss on recoverable value	(f)	-	(10,277)	-	(10,277)
Other		199	-	196	-
		126,679	598,467	85,505	693,674

	Notes	Consolidated			
		06/30/21		12/31/20	
		Current assets	Non-current	Current assets	Non-current
Exclusion of ICMS from the COFINS assessment base	(a)	73,584	450,724	25,121	494,542
Exclusion of ICMS from the PIS assessment base	(a)	15,975	97,855	5,454	107,368
Value-added tax on sales and services-ICMS	(b)	17,720	83,800	37,388	83,800
Taxes on fixed assets recoverable		9,845	5,530	11,830	7,964
Income and social contribution taxes to be refunded	(c)	3,106	10,277	2,720	10,277
Special Tax Reintegration Regime for Exporting Companies (Reintegra)	(d)	891	16,966	1,322	-
Contribution for social security funding-COFINS	(e)	3,976	-	949	-
Social integration program - PIS	(e)	873	-	206	-
Withholding income tax-IRRF		496	-	415	-
Excise tax-IPI		1,872	-	1,412	-
Prepaid income and social contribution taxes		-	-	365	-
Estimated loss on recoverable value	(f)	-	(10,277)	-	(10,277)
Other		202	-	197	-
		128,540	654,875	87,379	693,674

Management projects that the future taxable income of the Company and its subsidiaries will be sufficient to allow it to recover the tax credits classified under non-current assets over a six-year term.

These estimates are reviewed annually to ensure that any change in expected collection dates are reflected in the Company's financial information.

- a) This arises from favorable decisions for the merged company and the Company in lawsuits claiming the exclusion of ICMS in the PIS and COFINS calculation basis; final and unappealable favorable decisions in these lawsuits were handed down on February 28, 2019, April 25, 2019 and December 17, 2019.

In accordance with CPC 00 (R1), which addresses the "Conceptual Framework for Financial Reporting" (recognition of the elements of the financial statements), an item must be recognized if it is probable that any future economic benefits will occur, being reliably measurable.

In 2019, the Company engaged a specialized consulting firm to assist in analyzing and quantifying the amounts of the claim. This analysis led the Company to determine a total amount of R\$ 724,493.

On May 13, 2021, the Brazilian Federal Supreme Court (STF) deliberated that the amount of State VAT (ICMS) displayed on the invoice should be the reference value to be excluded from the Social Integration Program (PIS) and Contribution to Social Security Financing (COFINS) calculation basis. This is adjusted back to March 15, 2017, the date on which the general repercussion thesis was established in the judgment of Extraordinary Appeal (EA) 574706, subject to judicial and administrative claims filed until the date of the session in which the judgment was rendered. With this decision, the subsidiary CDPC - Centro de Distribuição de Produtos de Cobre Ltda recognized in the current quarter the amount of R\$ 56,408 in the current quarter.

- b) Refers substantially to the credit balance on the circulation of goods and services (ICMS), generated from its operations in the Santo André-SP unit, as shown at its realizable value.

The Company is studying means to reduce the credit through the possible importation of cathodes via drawback to meet exports of copper products. The accumulation of credits from the Santo André-SP plant was impacted by the difference in interstate rates, and following the reduction of the tax calculation basis, the tax burden results in the rate of 12% in the domestic shipment of copper goods in the State of São Paulo.

- c) Refers to income tax (IT) and social contribution (CSLL) credits to be recovered from prior years. For the amounts classified as non-current assets, the Company has already applied for a refund through judicial proceedings and is awaiting a decision to compensate or receive the amount. The amount of R\$ 10,277, classified in non-current assets, is subject to provision as a loss, since realization is not certain, as indicated in item (f).
- d) Special Tax Reintegration Regime for Exporting Companies. The amounts were calculated in accordance with the parameters defined in Law 12546/2011, as amended by Law 13043/2014, regulated by the Decree 8415/2015, amended by Decree 9393/2018. The noncurrent balance of R\$ 16,966 refers to the credits reexamined for the calculation period of the 2nd and 3rd quarters of 2018.
- e) Refers mainly to federal tax credits based on Law 10637/02 (PIS) and 10866/03 (COFINS) related to the non-cumulative calculation regime.
- f) The provision for losses on income tax credits in respect of several lawsuits in the amount of R\$ 10,277 (item "c"). The Company's management, under advice of its legal counsel, classified the risk of loss as remote.

09. Other current and non-current assets

09.1 - Other current and non-current assets

	Note	06/30/21		Parent company 12/31/20	
		Current assets	Non-current	Current assets	Non-current
Municipal writs of payment	(a)	-	88,477	-	88,477
Federal writs of payment	(a)	-	6,253	-	6,258
Collective Plan Brasilprev Recovery	(b)	1,784	-	1,834	-
Margin call deposits	(c)	11,670	-	100,058	-
Advances to suppliers	(d)	724	-	3,096	-
Accounts receivable – related parties		-	-	-	260
Advances to employees		2,619	-	1,975	-
Amount receivable - Disposal of Cibrafertil		-	1,001	-	1,001
Amounts receivable from suppliers		-	931	-	931
Other		135	356	13	625
		16,932	97,018	106,976	97,552

	Note	06/30/21		Consolidated 12/31/20	
		Current assets	Non-current	Current assets	Non-current
Municipal writs of payment	(a)	-	88,477	-	88,477
Federal writs of payment	(a)	-	6,253	-	6,258
Collective Plan Brasilprev Recovery	(b)	1,812	-	1,862	-
Margin call deposits	(c)	11,670	-	100,058	-
Advances to suppliers	(d)	724	-	3,174	-
Advances to employees		2,619	-	1,975	-
Amount receivable - Disposal of Cibrafertil		-	1,001	-	1,001
Amounts receivable from suppliers		-	931	-	931
Other		135	356	13	625
		16,960	97,018	107,082	97,292

- a) Refers to court-ordered debt payment from the Cities of São Paulo, Santo André and Manaus, as well as the court-ordered debt payment of the Federal Government to be received starting in 2022.

The Company offered a guarantee on a tax lawsuit, some municipal court-ordered debt payments which, on June 30, 2021 and December 31, 2020 totaled R\$ 68,315. If there is an unfavorable decision, the amount will be paid in cash.

- b) Refers to the collective private pension plan account managed by BrasilPrev; the total comprises restricted amounts (Note 31). The contract determines that accumulated amount in the collective reserve may be used to adjust or improve the benefits or to settle future contributions.
- c) The line “margin call deposits” refers to amounts deposited with metal brokers to cover the Company’s exposure when limits are exceeded. The Company is limited to transacting with certain brokers and in certain cases, because of the contracted volumes and changes in commodities prices (copper/zinc/tin/lead) published by the LME, this limit can be exceeded; when this situation is verified, the margin call occurs.
- d) Refers to advances to sundry suppliers to be used to settle invoices.

09.2 Deposits for judicial claims

	Parent company/Consolidated	
	06/30/21	12/31/20
Labor	9,643	9,672
Tax	24,206	23,341
Social Security	1,161	1,046
Civil	827	827
Other	582	569
Non-current assets	36,419	35,455

Court escrow deposits made for judicial guarantees in labor, tax, social security and civil proceedings, which will remain at the disposal of the court. If there is any decision to release the deposits, for example due to the replacement of the guarantee, amounts may be obtained before the end of the lawsuits. The judicial deposits related to probable risks are presented as offsets of the contingencies provisioned (Note 19.1).

10. Assets held-for-sale

These represent real estate available for sale assets of R\$ 112,429 as at June 30, 2021 (R\$112,094 as at December 31, 2020), measured at the acquisition cost less accumulated depreciation, which is lower than the expected realization value as per the appraisal report prepared in 2019, with a fair value of R\$ 357,557; no significant change noted.

This group of assets includes real estate no longer used in the Company's operations, and real estate legally secured from clients who defaulted against the Company and are available for immediate sale under the current conditions.

The Company continues to seek to monetize the assets using an internal team dedicated to studying alternatives, in conjunction with a consulting firm engaged in August 2018 for the sale of assets, demonstrating its commitment to its asset sale plan. The consulting firm has been assisting the Company to set the sales value, as well as on the definition of a marketing plan to communicate effectively with target markets, using printed material, email, marketing, signage, telephone monitoring and the websites.

On April 11, 2016, the Company signed with Plano Madeira Empreendimentos Imob. Ltda., a subsidiary of Plano & Plano Construções e Empreendimentos Ltda., the Sale and Purchase Agreements with resolving Clauses and Other Covenants, for the sale of a land area of approximately 150,000m² covering the municipalities of Santo Andre and Maua where the old Capuava plant, which was shut down in February 2015, was installed.

Guarantees:

The Company offered non-operating properties in the total book value of R\$ 107,019, as guarantee for lawsuits with financial institutions and judicial pledges, as shown in the table below:

Garantia	Property	Plant and equipment	Fair value
Mortgage- BNB	Capuava real estate	79,287	152,887
Hipoteca - Safra	Vitoria	505	1,997
CSLL	Guarujá real estate	9,860	135,054
CSLL	Camaçari real estate	7,460	37,941
Global Agreement	Serra da Cantareira real estate	266	1,541
Global Agreement	Diadema real estate	5,127	6,917
Global Agreement	Sanra Cruz de Cabralia real estate	1,617	1,617
Global Agreement	Camaçari real estate	2,897	13,626
Total Guarantees		107,019	351,580

If the real estate is sold, the Company will replace the assets pledged as collateral, and in the event of an unfavorable decision on the operations, the amounts will be paid in Brazilian Reais.

11. Investments, related parties and others

11.1 Summary information and changes in investment balances

	CDPC - Centro de Distrib.Prods. Cobre Ltda.	Paranapanema Netherland B.V.	CINC - Caraíba International	Paraibuna Agropecu. Ltda.	Total
Summarized financial information of subsidiaries					
Current assets	13,242	860	1,364	-	15,466
Non-current assets	56,409	-	-	598	57,007
Total assets	69,651	860	1,364	598	72,473
Current liabilities	13,935	-	-	-	13,935
Equity	55,716	860	1,364	598	58,538
Total liabilities and equity	69,651	860	1,364	598	72,473
Operating expenses or income	50,370	(438)	(128)	-	49,804
Loss before financial income (loss) and taxes	50,370	(438)	(128)	-	49,804
Financial income (loss)	5,714	1,589	(9)	-	7,294
Loss before income tax	56,084	1,151	(137)	-	57,098
Income and social contribution taxes	(13,322)	(3)	-	-	(13,325)
Net Income (loss) for the period	42,762	1,148	(137)	-	43,773
Balance as at December 31, 2020	12,954	(260)	1,544	598	14,836
Non-current assets	12,954	-	1,544	598	15,096
Non-current liabilities	-	(260)	-	-	(260)
Provision for negative shareholders' equity	-	(430)	-	-	(430)
Foreign exchange variations on foreign investment	-	(28)	(43)	-	(71)
Equity in net income of subsidiaries	42,762	1,578	(137)	-	44,203
Balance as at June 30, 2021	55,716	860	1,364	598	58,538
Non-current assets	55,716	860	1,364	598	58,538

11.2 Parent Company balances and transactions with subsidiaries and other related parties

a) Subsidiaries

	06/30/21		12/31/20	
	CDPC - Centro de Distrib.Prods. Cobre Ltda.	Paranapanema Netherland B.V.	CDPC - Centro de Distrib.Prods. Cobre Ltda.	Paranapanema Netherland B.V.
Current assets				
Accounts receivable	29	-	67	-
Other current assets	-	-	-	260
	29	-	67	260
Current liabilities				
Other current assets	-	-	11,374	-
	-	-	11,374	-
Gross income				
Sales of goods and services	-	-	128,618	-
Purchases of goods and services	-	-	(14,266)	-
	-	-	114,352	-

b) Other related parties

	06/30/21	12/31/20
	Caixa Econômica Federal	Caixa Econômica Federal
Current liabilities		
Loans and financing	304,164	306,048
	304,164	306,048

11.3 Transactions with subsidiaries, related parties and others

The Executive Board or the Board of Directors, within the scope of its authority levels, in compliance with the Company's Policy for Related Party Transactions and Conflicts of Interest, authorized transactions that are agreed at arm's length market conditions, based on the amounts, terms and the usual fees applied to transactions with non-related parties.

a) Caixa Econômica Federal

Credit facilities in compliance with the Company's Related Party Policy, authorized the Company to contract credit lines up to R\$ 370,000 with Caixa Econômica Federal (CEF), a shareholder holding 16.18% of the total shares. The contract is bound by the terms and conditions offered by CEF, which are equivalent to or more competitive than the other credit lines available to the Company.

As at June 30, 2021, the Company had loans related to the early receipt of foreign currency contracts (ACC), with Caixa Econômica Federal, in the amount of R\$ 304,164 (US\$ 60,806 thousand at the rate of 5.0022), R\$ 306,048 as at December 31, 2020 (US\$ 58,892 thousand at the rate of R\$5.1967).

b) CDPC - Centro de Distribuição de Produtos de Cobre Ltda.

The Company signed a cost sharing agreement on January 2, 2015 with its subsidiary CDPC, which provides for the charging of expenses, costs, related labor contributions and taxes related to shared resources. Given the not-for-profit nature of this contract, neither party will charge any premium for shared services and costs.

The Company and subsidiary have a service provision contract for management of cash resources, management of receivables and accounts payable, among other related activities. This contract does not transfer ownership of the funds.

11.4 Fees of Directors and Fiscal Council

The Company considered as "key management personnel", as intended by CVM Resolution 642/2010 and IAS 24/CPC 05 (R1), the members of its Executive Board, the Board of Directors and the Fiscal Council. The Company has no controlling shareholder and no shareholders' agreement.

	Note	1st Half Year of 2021			Total
		Statutory Board	Administrative Council	Supervisory Board	
Remuneration of Executives from Management		1,393	965	232	2,590
Labor benefits		260	-	-	260
Social burden		279	193	46	518
Fixed remuneration		1,932	1,158	278	3,368
Post-employment benefit		8	-	-	8
Others		152	-	-	152
Other remuneration		160	-	-	160
Management fees		2,092	1,158	278	3,528
Bonus (ICP)	32	1,062	-	-	1,062
Social Burdens		212	-	-	212
Variable remuneration	32	1,274	-	-	1,274
Total remuneration		3,366	1,158	278	4,802

	Note	1st Half Year of 2020			Total
		Statutory Board	Administrative Council	Supervisory Board	
Remuneration of Executives from Management		1,233	1,018	183	2,434
Labor benefits		265	-	-	265
Compensation for participation in Committee		-	-	-	-
Social burden		247	204	37	488
Fixed remuneration		1,745	1,222	220	3,187
Post-employment benefit		30	-	-	30
Others		252	-	-	252
Other remuneration		282	-	-	282
Management fees		2,027	1,222	220	3,469
Bonus (ICP)	32	957	-	-	957
Bonus (ILP)	32	-	-	-	-
Social Burdens		191	-	-	191
Variable remuneration	32	1,148	-	-	1,148
Total remuneration		3,175	1,222	220	4,617

The members of the Fiscal Council and the Board of Directors do not receive post-employment benefits, other long-term benefits or remuneration based on shares.

12. Property, plant and equipment and intangible assets

						Parent company
	Average depreciation rate	12/31/20	Additions	Transfers	Depreciation Amortization	06/30/21
PROPERTY, PLANT AND EQUIPMENT						
Land		119,685	-	-	-	119,685
Industrial landfill	25%	6,511	-	-	(3,118)	3,393
Improvements	5%	511	-	360	(92)	779
Buildings	3%	197,533	-	487	(5,706)	192,314
Installations	16%	31,546	-	64	(1,650)	29,960
Machines and Equipment	9%	663,236	-	13,424	(64,684)	611,976
Furniture and fixtures	8%	55,149	-	6,001	(3,658)	57,492
Vehicles	20%	84	-	-	(25)	59
Property, plant and equipment in progress		106,228	33,776	(20,484)	-	119,520
Spare parts		9,120	919	-	-	10,039
Total assets		1,189,603	34,695	(148)	(78,933)	1,145,217
INTANGIBLES						
ERP/Software	20%	7,573	-	148	(918)	6,803
Intangible assests		7,573	-	148	(918)	6,803

						Consolidated
	Average depreciation rate	12/31/20	Additions	Transfers	Depreciation Amortization	06/30/21
PROPERTY, PLANT AND EQUIPMENT						
Land		120,283	-	-	-	120,283
Industrial landfill	25%	6,511	-	-	(3,118)	3,393
Improvements	5%	511	-	360	(92)	779
Buildings	3%	197,533	-	487	(5,706)	192,314
Installations	16%	31,546	-	64	(1,650)	29,960
Machines and Equipment	9%	663,236	-	13,424	(64,684)	611,976
Furniture and fixtures	8%	55,149	-	6,001	(3,658)	57,492
Vehicles	20%	84	-	-	(25)	59
Property, plant and equipment in progress		106,228	33,776	(20,484)	-	119,520
Spare parts		9,120	919	-	-	10,039
Total assets		1,190,201	34,695	(148)	(78,933)	1,145,815
INTANGIBLES						
ERP/Software	20%	7,573	-	148	(918)	6,803
Intangible assests		7,573	-	148	(918)	6,803

The amount in the Consolidated of R\$ 78,933 in property, plant and equipment relates to depreciation and R\$ 981 in intangible assets to amortization, totaling R\$ 79,851, as below:

			Consolidated	
	1st Half Year of 2021	1st Half Year of 2020		
Cost of goods sold	78,159	76,736		
Commercial expenses	886	1,785		
General and administrative expenses	806	2,526		
Total depreciation and amortization expenses	79,851	81,047		

12.1. Property, plant and equipment in progress

As at June 30, 2021, Property, plant and equipment in progress presented in the Consolidated was R\$ 119,520 (R\$ 106,228 as at December 31, 2020), substantially represented by expenditures for projects under execution and advances to suppliers. The main projects are aimed at the shutdown of the program for maintaining and improving operational activities, technological updating and corporate safety.

12.2. Losses from the impairment of property, plant and equipment and intangible assets

In compliance with IAS 36/CPC 01 (R1) - "Impairment of Assets", the Company carried out a physical inventory of fixed assets with an appraisal report at the base date of December 31, 2018 in the 3rd quarter of 2019. In conclusion, the estimated market value was in excess of the net book value as at the assessment date.

12.3. Property, plant and equipment in guarantee

The Company has offered fixed assets as guarantees for tax lawsuits, the financing of expansion projects and production line technological updates, and loans under the debt re-profiling process. As at June 30, 2021, total guarantees were R\$ 621,712 (R\$ 591,291 as at December 31, 2020) in the line item book value of property, plant and equipment and R\$ 1,388,886 for fair value obtained from appraisal report prepared in 2019 and no significant change up to this date:

Guarantees for lawsuits	Plant and equipment	Fair value
Labor	9,641	16,254
Tributary	87	4,638
Fiduciary assignment of rights - CSLL	43,349	48,899
Fiduciary assignment of rights - HSBC	61,293	101,105
Total	114,370	170,896

Loan Guarantees	Plant and equipment	Fair value
FNE	201,416	292,271
Sub-total (previous to restructuring)	201,416	292,271
Mortgage (Post debt reprofiling)	144,704	236,579
Pledge (Post debt reprofiling) - Dias D'ávila	97,783	510,418
Pledge (Post debt reprofiling) - Utinga	62,881	157,866
Pledge (Post debt reprofiling) - Serra	558	20,856
Sub-total (Mortgaged/Pledged post debt reprofiling)	305,926	925,719
Total Loan Guarantees	507,342	1,217,990
Total Guarantees	621,712	1,388,886

13. Suppliers

	Parent company		Consolidated	
	06/30/21	12/31/20	06/30/21	12/31/20
Domestic				
Goods	50,440	75,922	50,440	75,922
Freight and transportation	5,091	7,948	5,096	7,948
Services	23,579	33,882	23,579	33,882
Electric power/Water and sewage/Gas	7,933	8,131	7,933	8,131
Insurance	3,762	89	3,762	89
Others	80	3,955	80	3,955
	90,885	129,927	90,890	129,927
Foreign				
Goods	71,471	335,387	71,471	335,387
	71,471	335,387	71,471	335,387
	162,356	465,314	162,361	465,314
Current liabilities	160,384	462,394	160,389	462,394
Non-current liabilities	1,972	2,920	1,972	2,920

14. Forfaiting and letter of credit operations

These are copper concentrate purchase contracts for suppliers utilizing banking facilities known as “forfaiting” and letters of credit. In these transactions, suppliers transfer their securities to the banks which, in turn, become the creditors of the operations. This type of transaction does not significantly alter the prices and other conditions set by the Company's suppliers. However, the use of financial institutions allows suppliers to extend the payment terms to clients and, at the same time, early redeem receivables for forward sales, contributing to the improvement in operating cash flow.

Considering the financing characteristics of these transaction with the suppliers, the transactions are presented within a specific line item, adjusted at present value and charges allocated in the line of financial expenses.

The terms and conditions are presented below:

			Parent company/Consolidated	
			06/30/21	12/31/20
	Interest rate	Deadline	R\$	R\$
Forfaiting - Domestic suppliers	1.5% to 1.65% p.y.	up to 120 days	181,533	228,995
			<u>181,533</u>	<u>228,995</u>

15. Lease

Leases are recognized as a right of use asset and a corresponding liability on the date the leased asset becomes available for use by the Company.

Each lease payment is allocated between the liability and financial expenses. Financial expenses are recognized in income over the term of the lease. The right to use an asset is depreciated over the useful life of the asset or lease term by the straight-line method, whichever is lower.

The table below shows the changes in lease agreements for the period:

Contract	Months should be	Interest rate	Non-current assets				Liabilities				Consolidated
			12/31/20	Additions	Amortization	06/30/21	12/31/20	Additions	Payments	06/30/21	
Generator Rental	apr-21	0.92%	127	-	(127)	-	142	(7)	(135)	-	
Equipment Rental for scrap movement	may-21	0.92%	54	(2)	(52)	-	57	(4)	(53)	-	
Equipment Rental for Internal Handling	oct-21	0.65%	6,276	(257)	(3,637)	2,382	6,757	(500)	(3,805)	2,452	
Rental Light Towers	dec-21	0.47%	51	(5)	(23)	23	53	(5)	(24)	24	
Locação de Empilhadeiras-BA	jan-22	0.47%	-	1,034	(431)	603	-	1,066	(444)	622	
Ploter Printer Rental - BA	jan-22	0.47%	25	(21)	(4)	-	26	(22)	(4)	-	
Computer Equipment Rentals	aug-22	0.92%	945	-	(270)	675	1,061	(106)	(212)	743	
Ploter Printer Rental - BA	sep-22	0.52%	61	(3)	(17)	41	66	(5)	(18)	43	
Forklift Rental Mastro Trilho-Cd	oct-22	0.47%	130	(12)	(39)	79	138	(12)	(42)	84	
Rental Truck	jan-23	0.47%	181	(16)	(35)	130	192	(17)	(37)	138	
Lifting Platforms rental	mar-23	0.47%	272	(25)	-	247	276	(27)	12	261	
Rental of Forklifts-SP	may-23	0.45%	3,391	(241)	(666)	2,484	3,675	(316)	(714)	2,645	
Rental of Forklifts-ES	aug-23	0.47%	67	18	(15)	70	86	8	(18)	76	
Rental communication radio - BA	nov-23	0.47%	993	-	(170)	823	1,082	-	(186)	896	
Rental shed 2020-2023	dec-23	0.47%	457	-	(76)	381	498	-	(83)	415	
Operating Vehicle Rental - BA	jan-24	0.65%	223	23	(37)	209	261	14	(43)	232	
Rental Plotter	abr-22	0.47%	-	34	(6)	28	-	35	(6)	29	
Rental radio mobile services	jun-24	0.47%	-	139	-	139	-	151	-	151	
Electronic Security - Capuava	oct-24	0.47%	550	(44)	(68)	438	642	(25)	(118)	499	
Electronic Security Equipment Rental - BA	oct-24	0.45%	779	(59)	(96)	624	848	(106)	(65)	677	
			<u>14,582</u>	<u>563</u>	<u>(5,769)</u>	<u>9,376</u>	<u>15,860</u>	<u>122</u>	<u>(5,995)</u>	<u>9,987</u>	
Adjustment to present value							(655)	157	-	(498)	
Lease Balance							<u>15,205</u>	<u>279</u>	<u>(5,995)</u>	<u>9,489</u>	
Current liabilities							9,416	-	-	6,260	
Non-current liabilities							5,789	-	-	3,229	

The interest rate used is the incremental loan rate calculated on the weighted average cost of capital that the Company would otherwise have to pay on a loan to raise funds needed to purchase an asset of similar amount, in a similar economic environment, and with equivalent terms and conditions.

The table below shows the maturity of installments:

	Consolidated
	06/30/21
2021.....	4,768
2022.....	3,260
2023.....	1,633
2024.....	326
	9,987

In compliance with Circular Letter/CVM/SNC/SEP No. 02/2019, the Company presents the comparative balances of lease liabilities, right of use, financial expense and depreciation expense, considering the effect of projected future inflation in the flows of lease agreements:

Total	2021	2022	2023	2024	2025
Lease Liabilities	9,987	5,219	1,959	326	-
Inflation Projected Flow	10,047	5,328	2,041	350	-
Right of Use	9,376	4,812	1,795	295	-
Inflation Projected Flow	9,432	4,912	1,870	316	-
Financial Expense	(12)	402	203	55	7
Inflation Projected Flow	(12)	410	211	59	8
Depreciation Expense	(9,376)	4,564	3,017	1,500	295
Inflation Projected Flow	(9,432)	4,659	3,143	1,608	326
Future IPCA	0.60%	2.08%	4.18%	7.22%	10.39%

Certain agreements with terms of less than 12-month for smaller amounts or contracted on demand totaling R\$ 6,059 in the Consolidated, were classified as rents (Note 23) pursuant to the exemption.

16. Loans and financing

The main conditions renegotiated as part of the 2017 debt re-profiling, common to all creditors, were for extend payment terms to up to seven years, with a grace period of two years for principal amortization and annual interest payments.

Transaction costs directly attributable to the process of debt re-profiling, mainly legal and financial advisor fees, external audit services, costs for the preparation of prospectuses and reports, as well as fees, commission and registries are deducted from the liabilities.

Since March 2020, the Company has been negotiating with its principal financial creditors (primarily the participants in the 2017 renegotiation) to align the profile of the Company's indebtedness with its projected cash generation. The Company engaged the specialized consulting firm Moelis & Company Assessoria Financeira Ltda. to advise it in this process.

On May 20, 2021, the Company issued a material fact notice (Note 1) advising of the execution of a “Non-Binding Memorandum of Understanding for the Renegotiation of Debts of Paranapanema S.A. and Other Covenants” (“Memorandum”) with its main financial creditors, formalizing non-binding understandings for the Company’s debts with the Adhering Creditors. Negotiations are still ongoing and there is no proceeding against the Company currently.

Loan balances, net of transaction costs, at the end of each period are also shown below:

	Parent company/Consolidated			
	06/30/21		12/31/20	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Contracted in US\$ Currency				
Foreign trade loans	964,274	-	976,215	-
Loans in foreign currency	1,635,505	-	1,645,918	-
Bank Credit Notes	111,624	-	111,967	-
	<u>2,711,403</u>	<u>-</u>	<u>2,734,100</u>	<u>-</u>
Contracted in R\$ Currency				
(a)	98,277	-	58,127	-
Banco do Nordeste do Brasil – FNE	24,615	-	26,241	12,586
Working capital	32,814	-	43,654	10,292
Credit Export Notes - NCE	22,099	-	20,576	-
	<u>177,805</u>	<u>-</u>	<u>148,598</u>	<u>22,878</u>
Transaction Costs - reprofiling	<u>(14,191)</u>	<u>-</u>	<u>(16,375)</u>	<u>-</u>
	<u>2,875,017</u>	<u>-</u>	<u>2,866,323</u>	<u>22,878</u>

a) Amount related to advanced credit assignment received by the Company in accordance with the “agreement of commitment of transmission and acquisition of credit rights and other covenants”, whereby the Company will be required to deliver domestic market receivables in the average period of 90 days.

Summary of changes in loans in the period

	Parent company/Consolidated					
	12/31/20	Entry	Payment Principal	Payment Interest	Exchange rate	06/30/21
Foreign trade loans	962,134	22,818	(28,496)	(1,380)	(5,859)	949,217
Foreign trade loans	14,081	83,852	(84,154)	(302)	1,580	15,057
Loans in foreign currency	1,645,918	-	-	-	(10,413)	1,635,505
Banco do Nordeste do Brasil – FNE	38,827	-	(12,223)	(3,424)	1,435	24,615
NCE	20,576	1,500	-	(867)	890	22,099
Working capital	53,946	-	(20,688)	(2,317)	1,873	32,814
Bank Credit Note	111,967	-	-	-	(343)	111,624
	58,127	234,503	(194,884)	(9,539)	10,070	98,277
Transaction costs - reprofiling	<u>(16,375)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,184</u>	<u>(14,191)</u>
Loans and financing	<u>2,889,201</u>	<u>342,673</u>	<u>(340,445)</u>	<u>(17,829)</u>	<u>1,417</u>	<u>2,875,017</u>

Debt breakdown by financial institution.

					06/30/21		In US\$		
Modality	Bank	Payment	Maturities Principal	Tax	Current liabilities - Principal	Current liabilities - Interest	Current liabilities - Principal	Current liabilities - Interest	Non-current liabilities
Contracted in R\$ Currency									
Antec. Cessão Cred.	Fundo Inv. Direitos Cred	Monthly	2021	CDI + 0,5% p.m.	96,409	1,868	-	-	-
NCE	Banco Safra S.A.	Annual	2021	CDI + 0,5% p.m.	22,000	99	-	-	-
FNE	Banco do Nordeste do Brasil S.A.	Monthly	2018 to 2023	10% p.m.	24,446	169	-	-	-
CCB	Banco do Nordeste do Brasil S.A.	Monthly	2020 to 2022	CDI + 0.6% p.m.	10,188	997	-	-	-
GIRO	Banco do Nordeste do Brasil S.A.	Monthly	2020 to 2022	CDI + 0.5% p.m.	20,793	836	-	-	-
Total contracted in Currency BRL					173,836	3,969	-	-	-
Contracted in US\$ Currency									
ACC	Banco BNP Paribas Brasil S.A.	Half-Yearly	2020 to 2022	LIBOR 6 + 1.75% p.y.	134,459	11,648	26,880	2,329	-
ACC	Banco do Brasil S.A.	Half-Yearly	2020 to 2022	LIBOR 6 + 1.75% p.y.	134,459	11,648	26,880	2,329	-
ACC	Caixa Economica Federal	Half-Yearly	2020 to 2022	LIBOR 6 + 1.75% p.y.	279,916	24,248	55,958	4,848	-
ACC	China Construction Bank	Half-Yearly	2020 to 2022	LIBOR 6 + 1.75% p.y.	44,193	3,829	8,834	765	-
ACC	Ing Bank N.V.	Half-Yearly	2020 to 2022	LIBOR 6 + 1.75% p.y.	96,042	8,320	19,200	1,663	-
ACC	Scotiabank	Half-Yearly	2020 to 2022	LIBOR 6 + 1.75% p.y.	145,264	12,584	29,040	2,516	-
ACC	Banco Banrisul	Annual	2020	4.80% to 5.30% p.y.	41,606	1,001	8,318	200	-
ACE	Banco Daycoval S.A.	Annual	2020	6% p.y.	14,987	70	2,996	14	-
PPE	Banco Sumitomo Mitsui BR. S.A.	Half-Yearly	2020 to 2024	LIBOR 12 + 3.25% p.y.	176,728	19,575	35,330	3,914	-
PPE	Scotiabank	Half-Yearly	2020 to 2024	LIBOR 12 + 3.25% p.y.	17,906	1,983	3,580	396	-
PPE	Ing Bank N.V.	Half-Yearly	2020 to 2024	LIBOR 12 + 3.25% p.y.	43,498	4,818	8,696	963	-
PPE	China Construction Bank	Half-Yearly	2020 to 2024	LIBOR 12 + 3.25% p.y.	57,328	6,350	11,460	1,270	-
PPE	Cargill Incorporated	Half-Yearly	2020 to 2024	LIBOR 12 + 3.25% p.y.	692,660	76,722	138,472	15,337	-
PPE	Banco Bradesco S.A.	Half-Yearly	2020 to 2024	LIBOR 12 + 3.25% p.y.	286,944	31,782	57,364	6,353	-
PPE	Banco do Brasil S.A.	Half-Yearly	2020 to 2024	LIBOR 12 + 3.25% p.y.	61,602	4,614	12,315	922	-
PPE	Zion Capital S/A	Half-Yearly	2020 to 2024	LIBOR 12 + 3.25% p.y.	137,738	15,257	27,536	3,050	-
CCB	Wilbury NPL Fundo de Invest.	Half-Yearly	2020 to 2024	LIBOR 6 + 3.15% p.y.	100,848	10,776	20,160	1,984	-
Total contracted in Currency US\$					2,466,178	245,225	493,019	48,853	-
Transaction Costs - reprofiling					(14,191)	-	-	-	-
Total					2,625,823	249,194	493,019	48,853	-

As at June 30, 2021, the total balance of debts under renegotiation was reclassified in full to current liabilities, due to non-compliance with the contractual clause for the payment term. The amount reclassified to current liabilities totaled R\$ 1,220,068. Installments due from March 31, 2020, to June 30, 2021, are subject to a fine of 2%, recognized under other operating expenses, plus pro-rata interest of 1% per month, recognized under other financial expenses.

Guarantees:

As at June 30, 2021, loans and financing were guaranteed by property, plant and equipment items with a residual value of R\$ 507,342 (R\$ 471,787 as at December 31, 2020) (Note 12.3).

Covenants:

Financial covenants, including those under the Debt Re-profiling Global Agreement, require the Company to meet the following ratios:

a) Net Debt/EBITDA:

- Equal to or less than -50.9x on December 31, 2017;
- Equal to or less than 63.1x on June 30, 2018;
- Equal to or less than 16.6x on December 31, 2018;
- Equal to or less than 14.6x on June 30, 2019;
- Equal to or less than 10.4x on December 31, 2019;
- Equal to or less than 9.0x on June 30, 2020;
- Equal to or less than 7.0x on December 31, 2020;
- Equal to or less than 6.5x on June 30, 2021;
- Equal to or less than 5.8x on December 31, 2021;
- Equal to or less than 5.8x on June 30, 2022;
- Equal to or less than 5.2x on December 31, 2022;

- Equal to or less than 5.0x on June 30, 2023;
- Equal to or less than 4.3x on December 31, 2023;
- Equal to or less than 4.6x on June 30, 2024; and
- Equal to or less than 3.9x on December 31, 2024.

b) Current liquidity

The Company must also present a current liquidity ratio based on the division of current assets by current liabilities equal to or higher than 1.0x, assessed as at June 30 and December 31 of each year, in accordance with the accounting principles generally accepted in Brazil, based on the financial statements published by the Company following the first publication of financial statements.

c) Minimum limits on inventory and receivables

For the quarter ended September 30, 2017 (inclusive), the Company was required to deliver to the creditors a detailed calculation of the minimum limit on inventory and receivables for the corresponding fiscal period, based on the financial information disclosed on a quarterly basis by the Company, under the terms of the Brazilian Securities Commission (CVM), i.e. the Quarterly Financial Information (ITR) for the quarters ended in March, June and September, and the annual financial statements for the year ended in December.

The Company did not achieve the Net Debt/EBITDA and Current Liquidity ratios for financial covenants and in connection with the renegotiation process (Note 1) reclassified these amounts to current liabilities. There are no other debts to be reclassified, and no further penalties.

17. Salaries and social security charges

	Parent company		Consolidated	
	06/30/21	12/31/20	06/30/21	12/31/20
Provision for vacations	21,463	24,174	21,463	24,174
Profit sharing	10,477	9,884	10,477	9,910
Provision for 13th month's salary	5,429	-	5,429	-
Social security	4,598	6,134	4,598	6,133
Contribution to the Severance Indemnity Fund	2,717	1,190	2,717	1,190
Social security	357	379	357	379
Other	80	112	80	112
Current liabilities	45,121	41,873	45,121	41,898

18. Taxes and contributions payable

	Notes	Parent company		Consolidated	
		06/30/21	12/31/20	06/30/21	12/31/20
Contribution for social security funding-COFINS		195	4,853	423	4,853
Value-added tax on sales and services-ICMS		4,557	4,211	4,557	4,211
Employees' Profit Participation Program-PIS		43	1,051	79	1,051
Municipal Real Estate Tax-IPTU		1,697	384	1,697	384
Excise Tax-IP		1,996	5,077	1,996	5,077
Withholding income tax-IRRF		1,070	2,183	1,070	2,183
Income tax and social contribution	26.2	-	-	13,322	36
Withheld PIS, COFINS, income tax and social contribution		342	447	342	448
Service Tax - ISS		232	481	232	481
Other		-	2	-	2
Current liabilities		10,132	18,689	23,718	18,726
Current liabilities		10,132	18,689	23,718	18,726
Non-current liabilities		-	-	-	-

As the Brazilian tax system is based on self-assessment, tax returns filed remain open to audit by the tax authorities for a five-year term.

19. Provision for judicial claims

19.1. Provisions

The Company makes provisions for tax, labor and civil lawsuits and administrative proceedings against the Company and its subsidiaries in cases where the likelihood of loss is deemed probable by Management, under advice of legal counsel.

The balances of the provision for contingencies, net balance of judicial deposits to the respective claims, are as below. Judicial deposits are provided as guarantees and released to the adverse parties to settle claims in the event of an unfavorable final decision.

	Parent company/Consolidated		
	06/30/21	12/31/20	
	Provision	Judicial Claims	Provision
Labor	180,133	(6,945)	173,188
Tax	4,454	(1,776)	2,678
Social Security	8,926	(319)	8,607
Civil	11,072	-	11,072
	204,585	(9,040)	195,545

The changes in the provisions were as below:

	Parent company/Consolidated				
	Labor	Tax	Civil	Social Security	Total
Balance as at December 31, 2019	174,496	1,453	8,030	7,931	191,910
Provision (Reversal)	5,530	1,831	(259)	1,166	8,268
Interest Accruals	11,617	341	2,196	359	14,513
Deposits in court	853	(1,671)	10,619	(9)	9,792
Write-offs	(23,733)	-	(10,833)	(91)	(34,657)
Balance as at December 31, 2020	168,763	1,954	9,753	9,356	189,826
Provision (Reversal)	6,293	635	510	(784)	6,654
Interest Accruals	5,509	194	958	-	6,661
Deposits in court	285	(105)	-	(3)	177
Write-offs	(7,662)	-	(149)	38	(7,773)
Balance as at June 30, 2021	173,188	2,678	11,072	8,607	195,545

The provision for labor contingencies refers to lawsuits in progress which, individually, are not material to the Company's business.

The provision for civil lawsuits consists mainly of indemnity suits for contractual disputes.

19.2. Risks of loss assessed as possible

Other lawsuits with a likelihood of loss deemed possible by the Company's management, under advice of legal advisors, have no provisions, are:

	Parent company		Consolidated	
	06/30/21	12/31/20	06/30/21	12/31/20
Labor	50,466	47,945	50,466	47,945
Tax	930,300	889,578	934,846	894,023
Social security	32,832	32,822	32,832	32,822
Civil	532,494	494,973	532,497	494,973
	1,546,092	1,465,318	1,550,641	1,469,763

The more significant lawsuits with a risk of loss assessed as possible are tax-related, and are commented in items "a" and "b" below:

a) Social contribution on net income - CSLL

Based on a final legal decision, in 1994 the company Caraíba Metais S.A., later merged by Paranapanema S.A. on November 13, 2009, obtained the right not to pay CSLL, as established by Law 7689/88.

This decision was challenged by the National Treasury presenting a motion for a new trial in 1994, with the object of reestablishing the obligation of the Company (the successor company of Caraíba Metais S. A.) to pay the contribution. The motion for a new trial was accepted, and the final ruling favorable to the Federal Government was issued on March 29, 2010.

The Company, based on the opinion of its legal counsel, believes that the decision that canceled the Company's right not to pay CSLL could not have been annulled in the same year the Law was enacted and, for this reason, the merged company has not recorded a provision from 1994 forwards. For periods prior to this date, the Company had not generated a taxable basis for CSLL.

The Brazilian Internal Revenue Service has since filed five infraction notices between 1994 and 2008. Currently, four of these notices are subject to Tax Foreclosures, duly guaranteed against other assets, which were accepted by the competent judge.

As at June 30, 2021, the Company estimated non-provisioned amounts of R\$ 360,827 and R\$ 322,401 as representing possible risks and R\$ 38,426 as remote risks (R\$ 359,387 as at December 31, 2020, of which R\$321,151 was assessed as representing possible risks and R\$ 38,236 as remote risks) consistent with the opinion of its legal advisors.

b) Isolated IPI and IRPJ fine

The Brazilian Federal Internal Revenue Service filed an infraction notice to collect a once-off fine related to the incorrect payment of IPI and IRPJ debits between 2004 and 2006 by Caraíba Metais S.A. This payment was made by the Company before the final Court ruling confirming the validity of the use of the credits.

On August 24, 2010, the merged company Caraíba Metais S.A. was partially successful in a decision in the Appeals Court, confirming the lack of a legal basis for the enforcement of a "once-off/non-cumulative" fine before the enactment of Law 11.196/2005.

The Company, supported by the opinion of its legal advisors, believes that this collection is not due, in accordance with the decision issued by the Supreme Court of Justice in special appeal 1.164.452/MG, which states that the requisite final ruling can only be applied to lawsuits filed after Complementary Law 104/2001 was published on January 11, 2001. The lawsuit which allowed the use of the credit was published on August 17, 1998.

Presently, the case is under discussion in the lower court, with the collection of the fine being contested by the Company through the tax foreclosure.

On June 30, 2021, the Company estimates an adjusted amount of R\$ 113,278 (R\$ 112,661 as at December 31, 2020), which was considered as a possible risk of loss by management as supported by legal counsel, hence, no provision was set up.

c) BTG Pactual S.A. and Banco Santander (Brasil) S.A.

A disagreement arose between the Company, BTG Pactual S.A. (BTG Pactual) and Banco Santander (Brasil) S.A. (Santander, referred to together with BTG Pactual as Bancos), regarding certain obligations under a credit facility agreement executed between the parties, including collections from swap agreements, also executed between the parties. As a result, Santander, in April 2010, initiated arbitration proceedings before the Arbitration and Mediation Center of the Chamber of Commerce Brazil-Canada (CAM-CCBC and the First Arbitration, respectively). The judgment issued by this body, in favor of Santander, required the payment by the Company of R\$292,000, plus accruals from the dates set out in the judgment at IGP-M (General Inflation index) + 1% per month. That judgment annulled the action proposed by Paranapanema under law, which was upheld in the first and second instances (interest on own capital distribution), determining the annulment of the decision by the Arbitration Court. Following special appeals filed by Paranapanema and BTG Pactual, the Supreme Court of Justice (STJ), on September 18, 2018, upheld the decision of the Court of Justice of Sao Paulo (TJSP), ratifying the annulment of the First Arbitration. The lawsuit was judged in November 2018.

In early 2015, following the TJSP decision, Santander requested the filing of a new arbitration claim with CAM-CCBC. The new arbitration session was established under the Number 02/2015/SEC1 (the Second Arbitration). This Arbitration involves Santander and BTG Pactual as applicants and the Company as defendant. This new arbitration was to address the same matter as the First Arbitration. On March 24, 2021, Santander was ordered to pay the updated amount of approximately R\$ 13.8 million to the Company.

In March 2019, BTG Pactual filed an annulment action concerning the Second Arbitration. The lawsuit subject to protocols of confidentiality with the First Business Court of and Arbitration Conflicts of the Central Court of São Paulo/SP. In August 2020, the lawsuit was judged to be groundless. Currently awaiting judgment of the appeal on the Merits of the Case filed by BTG Pactual.

20. Other current liabilities

	Notes	Parent company		Consolidated	
		06/30/21	12/31/20	06/30/21	12/31/20
Dividends payable	(a)	152	152	152	152
Provision for environmental expenses	(b)	5,186	5,359	5,186	5,359
Customer credits	(c)	675	109	701	136
Advances from clients	(d)	58,764	59,184	58,904	59,299
Attorneys' fees and services		9,897	7,643	9,897	7,643
Related Parties		-	11,374	-	-
Various provisions	(e)	8,410	10,041	8,429	10,084
Sales commission		4,865	10,985	4,994	11,136
Others		1,957	1,558	1,957	1,558
Current liabilities		89,906	106,405	90,220	95,367
Dividends payable		152	152	152	152
Advances from clients		58,764	59,184	58,904	59,299
Other current liabilities		30,990	47,069	31,164	35,916
		89,906	106,405	90,220	95,367

- a) Remaining balance payable of mandatory minimum dividend equivalent to 25% of the net income in 2015, adjusted to reflect the legal reserve, with inflation adjustments based on the IGP-M (Note 21k).
- b) Refers to the expenditure forecast to be required to fulfill the obligations under the conduct adjustment agreement (TAC) signed on December 4, 2015 between the Public Ministry of Bahia, Paranapanema and other companies. The objective of the agreement is to implement mitigation, reparation and compensation measures related to environmental impacts within the Ilha da Maré area.
- c) Client credits refer to adjustments between price parameters, volumes and/or metal content yields charged temporarily upon invoicing, and final transaction parameters.
- d) Advances from clients (mainly on export sales) where the final sales price is later adjusted to reflect the final volume, metal yield or quality, as verified by the clients.
- e) Refers to the provision for attorney success fees on lawsuits filed against the Company.
- f) Refers to provision of sundry expenses for the period, pending legal documentation to settle the obligation.

21. Shareholders' equity

a) Capital

The subscribed and paid-up capital as at June 30, 2021 and December 31, 2020 corresponded to R\$ 2,069,566,247.56, represented by 43,403,849 book-entry shares.

The ownership structure of the Company as at June 30, 2021 is as follows:

	%	06/30/21
Caixa Econômica Federal	16.18	7,022,106
Mineração Buritirama S.A.	14.52	6,302,010
Cargill Financial Services Internat, Inc	8.75	3,798,867
EWZ Investments LLC - Socopa Soc Corretora Paulista S.A.	6.04	2,622,600
Glencore International Investments Ltd	5.73	2,488,687
Bonsucex Holding S.A.	5.71	2,477,074
Treasury shares	0.00	1,441
Market	43.06	18,691,064
Total shares outstanding		43,403,849

b) Debentures into shares

On August 29, 2017, the Board of Directors approved the launch of a public offering of debentures, mandatorily convertible into the Company's shares. With the release of a debenture public offering with restricted placement efforts, these debentures are mandatorily convertible into shares in the Company, and are issued in two series, unsecured, without any additional guarantees, for public distribution and with restricted placement efforts under the terms of CVM Instruction 476. Banco Modal S.A. is the fiduciary agent, together with Pentágono S.A. Distribuidora de Títulos e Valores Imobiliários and Banco Bradesco S.A. and Banco Bradesco S.A. is the underwriter agent. Unit value is R\$ 1.00.

334,216,991 Series 1 debentures and 25,786,827 Series 2 debentures were issued. The Series 1 debentures matured on September 1, 2019 and the Series 2 debentures mature on September 1, 2021. The subscription amount was R\$360,004 of debentures, convertible into 207,694,550 shares. As at September 22, 2017, the investors converted their debts into debentures.

The Series 1 debentures were fully converted into shares upon maturity, as maturity term, in the amounts of R\$ 249,402 in 2017, R\$ 5,956 in 2018 and R\$ 78,858 in 2019. The Series 2 debentures may be converted into shares at any time. Up to their maturity dates, the conversion will occur automatically and will be mandatory.

As at June 30, 2021, the total debentures translated into shares totaled R\$ 334,217, and the balance to be reversed is R\$ 25,787.

c) Authorized capital

The Company's management is authorized to increase its capital without a decision of a Shareholders' Meeting, up to the limit of R\$ 3,500,000 through a resolution of the Board of Directors, which will also establish issuance and placement conditions for the securities, among the assumptions permitted by law.

d) Rights of shares

The shareholders have the right to annual mandatory dividends of 25% of net income calculated pursuant to the terms of Brazilian Corporate Law, to be paid within 60 days after the date on which they are declared by the General Shareholders' Meeting. The shareholders are also entitled to voting rights on all of the shares fully subscribed and paid-in.

In accordance with the regulations of B3 S.A. - Brasil, Bolsa, Balcão New Market segment, owners of common shares have the right to sell their shares for the same prices as the shares negotiated through a controlling group/shareholder (tag along rights of 100%).

e) Legal reserve

Brazilian Public Corporate Law requires corporations to appropriate 5% of their net income for the year to the legal reserve, before profit sharing, limiting this reserve to 20% of the paid-in capital.

f) Treasury shares

As at June 30, 2021 and December 31, 2020, the Company had 1,441 treasury shares. Market value of total treasury shares, calculated based on last stock exchange quotation as at June 30, 2021, is R\$ 21 (R\$ 14 as at December 31, 2020).

g) Tax incentive reserve

Paranapanema is a beneficiary of tax incentives through to 2027. It enjoys a 75% fixed reduction in the income tax rate and deductions from operating income. This tax benefit under the Regulation of Tax Incentives of the Northeast Development Superintendence (SUDENE), was established by the Minister of National Integration (MIN) 283, on July 4, 2013 (the Regulation). This income is calculated based on the net income for the period, excluding the tax benefits of: (i) financial results; and (ii) capital gains.

According to Article 11, “the amount of tax not paid because of tax benefits described in this Regulation may not be distributed to partners or shareholders and constitutes the tax incentive reserve, which can only be used to offset losses or increase capital.” Thus, the Company appropriates to the tax incentive reserve account the amount corresponding to the tax benefit (tax amount not paid) which, cannot be distributed because it does not arise from the delivery of goods or services by the Company.

h) Equity valuation adjustments

The reserve for equity valuation adjustments includes:

- Net changes in the fair value of financial instruments used as a cash flow hedge, which will later be recognized in the income (loss) or loss upon liquidation (Note 28).
- Cumulative translation adjustments are the foreign currency effects from the translation of financial statements of subsidiaries abroad.
- The balance of the deemed cost reserve refers to values recognized prior to Law 11638/07 being enacted, and will be maintained up to its effective realization. The realization of the reserve is reflected retained earnings / accumulated deficit. The same treatment is given to the reversal of deferred taxes and contributions, which were recorded on a deemed costs basis.

Changes in equity valuation adjustments were as follow:

	Export revenue ACC/PPE	NDF sales revenue	Metal cost x exchange future	Other debts	Revaluation reserve	Exchange variations on investments	Total
Balance as at December 31, 2019	(431,110)	(69,206)	365	(424,584)	198,265	580	(725,690)
Other comprehensive income	-	41,265	81	-	(8,029)	272	33,589
Balance as at December 31, 2020	(431,110)	(27,941)	446	(424,584)	190,236	852	(692,101)
Other comprehensive income	-	18,284	(446)	-	(3,390)	(71)	14,377
Balance as at June 30, 2021	(431,110)	(9,657)	-	(424,584)	186,846	781	(677,724)

i) Market value of the Company's shares.

The market value of the Company's shares, per the last average quotation of shares traded on B3 S.A., corresponded as at June 30, 2021 to R\$ 641,075 (R\$ 435,341 as at December 31, 2020). As at June 30, 2021, the Company had negative shareholders' equity of R\$ 374,218 (R\$ 198,590, negative, as at December 31, 2020), and the book value per share was R\$ -8.62 (R\$ -4.58 as at December 31, 2020).

j) Earnings (loss) per share

The basic calculation of earnings (losses) per share is made by dividing the (loss) for the period attributable to the Parent Company's common shareholders by the weighted average number of common shares outstanding during the period.

The diluted earnings (losses) per share are calculated by dividing the profit (loss) attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the period, plus the weighted average number of common shares that would be issued in the event of the conversion of all common shares with dilutive potential into common shares.

The following table shows the results and share data used for the calculation of the basic earnings (losses) per share:

	1st Half Year of 2021	1st Half Year of 2020
Profit (Loss) per common share		
Income (Loss) for the period	(193,395)	(846,259)
Weighted average of shares outstanding(*)	40,703,950	40,703,950
Profit (Loss) per common share	(4.75126)	(20.79059)
Profit (Loss) per diluted common share		
Income (Loss) for the period	(193,395)	(846,259)
Weighted average of shares outstanding(*)	40,703,950	40,703,950
Convertible debentures	875,120	875,120
Weighted average of shares diluted with convertible debentures	41,579,070	41,579,070
Profit (Loss) per diluted common share	(4.65126)	(20.35300)

(*) The weighted average quantity of shares considers the effect of changes in the weighted average quantity of shares during the period (excluding treasury shares).

There were other transactions involving common shares or potential common shares between the balance sheet date and the date of completion of these Financial Statements.

k) Profit allocation

The Company's bylaws provide a mandatory minimum dividend of 25% of the adjusted net income after the establishment of the legal reserve, in compliance with Brazilian Corporate Law.

l) Payment of dividends

The Ordinary and Extraordinary Shareholders' Meeting (AGOE) held on April 28, 2017 unanimously approved a further postponement date for dividend payments declared in the Ordinary Shareholders' Meeting on April 29, 2016 (AGO 2016). Dividends were paid until December 30, 2019 including inflation adjustments based on the inflation index IGP-M from June 24, 2016 until the effective payment date.

22. Net sales

a) Breakdown of net revenue

	2nd Quarter 2021	1st Half Year of 2021	Parent company	
			2nd Quarter 2020	1st Half Year of 2020
Gross sales	1,265,572	2,693,687	1,111,757	2,147,787
Domestic market	527,839	1,048,667	330,495	900,917
Foreign market	737,733	1,645,020	781,262	1,246,870
Taxes and sales deductions	(131,290)	(251,915)	(100,247)	(221,646)
Excise Tax - IPI	(5,798)	(13,057)	(4,034)	(10,983)
Value-added tax on sales and services - ICMS	(49,098)	(100,052)	(35,960)	(99,242)
Tax Incentive Fiscal ICMS - Desenvolve	-	-	2,378	20,658
Social Integration Program-PIS	(7,490)	(14,514)	(4,466)	(12,158)
Contribution for social security funding-COFINS	(34,503)	(66,854)	(20,571)	(56,002)
Other taxes and sales deductions	(34,401)	(57,438)	(37,594)	(63,919)
Net revenue from sales	1,134,282	2,441,772	1,011,510	1,926,141
Net revenue DM	421,821	838,648	257,640	717,043
Net revenue FM	712,461	1,603,124	753,870	1,209,098
	1,134,282	2,441,772	1,011,510	1,926,141

	2nd Quarter 2021	1st Half Year of 2021	Consolidated	
			2nd Quarter 2020	1st Half Year of 2020
Gross sales	1,293,192	2,721,307	1,188,302	2,219,470
Domestic market	527,839	1,048,667	326,909	892,469
Foreign market	765,353	1,672,640	861,393	1,327,001
Taxes and sales deductions	(131,290)	(251,915)	(99,908)	(221,326)
Excise Tax - IPI	(5,798)	(13,057)	(4,034)	(10,983)
Value-added tax on sales and services - ICMS	(49,098)	(100,052)	(35,887)	(98,740)
Tax Incentive Fiscal ICMS - Desenvolve	-	-	2,378	20,658
Social Integration Program-PIS	(7,490)	(14,514)	(4,456)	(12,066)
Contribution for social security funding-COFINS	(34,503)	(66,854)	(20,525)	(55,578)
Other taxes and sales deductions	(34,401)	(57,438)	(37,384)	(64,617)
Net revenue from sales	1,161,902	2,469,392	1,088,394	1,998,144
Net revenue DM	421,822	838,649	254,393	708,915
Net revenue FM	740,080	1,630,743	834,001	1,289,229
	1,161,902	2,469,392	1,088,394	1,998,144

The increase in net revenue is due to the product mix and the price of copper and precious metals in the international market over the total volume sold.

- (I). The industrial headquarters located in Dias D'Ávila, in the State of Bahia, was granted an ICMS tax incentive, within the scope of the Industrial Development and Economic Integration Program of the State of Bahia (DESENVOLVE). In August 2016, through Decree 16970, Law 13564 the Government established that companies enjoying fiscal and financial benefits, or incentives that result in a reduction in the value of ICMS paid, will contribute 10% of the benefit or incentive to the State Fund to Combat and Eradicate Poverty.

b) Geographical information - revenue from clients abroad

	Consolidated				Consolidated			
	2nd Quarter 2021	1st Half Year of 2021	2nd Quarter 2020	1st Half Year of 2020	2nd Quarter 2021	1st Half Year of 2021	2nd Quarter 2020	1st Half Year of 2020
America	209,691	548,701	117,339	450,296	209,691	548,701	117,339	450,296
Europe	498,373	1,043,595	460,457	552,397	525,993	1,071,215	540,588	632,528
Asia	29,669	52,724	203,467	244,178	29,669	52,724	203,467	244,178
Africa	-	-	-	-	-	-	-	-
	<u>737,733</u>	<u>1,645,020</u>	<u>781,263</u>	<u>1,246,871</u>	<u>765,353</u>	<u>1,672,640</u>	<u>861,394</u>	<u>1,327,002</u>

Exports to Europe and Asia mainly represent sales to trading companies, with the main destination being China.

23. Expenses per type

	Parent company			
	2nd Quarter 2021	1st Half Year of	2nd Quarter 2020	1st Half Year of
Metal cost	(1,031,026)	(2,262,017)	(957,134)	(1,739,710)
Personnel and benefits (a)	(52,360)	(104,677)	(47,915)	(106,091)
Depreciation	(36,321)	(76,058)	(42,671)	(80,986)
Amortization of asset usage rights	(2,980)	(5,769)	(2,628)	(5,963)
Electricity/water/gas/fuel and lube oil	(36,519)	(69,549)	(30,360)	(66,473)
Services rendered by third parties and others	(14,718)	(30,627)	(21,410)	(39,562)
Maintenance	(13,609)	(26,560)	(8,685)	(22,993)
Petrochemicals stock used/absorbed	(4,911)	(31,602)	(14,651)	(16,314)
Rent	(3,623)	(6,059)	(3,004)	(5,013)
Institutional and legal issues	(5,095)	(9,631)	(4,561)	(8,875)
Informatics/telecommunications	(2,041)	(3,486)	(2,446)	(5,288)
Other expenses	(2,790)	(4,959)	(2,387)	(5,095)
Travel expenses	(22)	(57)	(39)	(548)
Sales and marketing	1,334	514	(197)	(472)
Expenses transference idle capacity (b)	63,225	116,642	65,686	109,035
	<u>(1,141,456)</u>	<u>(2,513,895)</u>	<u>(1,072,402)</u>	<u>(1,994,348)</u>
Cost of products sold	(1,122,303)	(2,473,857)	(1,049,310)	(1,947,728)
Sales expenses	(2,108)	(6,284)	(4,823)	(10,627)
Administrative and general expenses	(17,045)	(33,754)	(18,269)	(35,993)
	<u>(1,141,456)</u>	<u>(2,513,895)</u>	<u>(1,072,402)</u>	<u>(1,994,348)</u>

	2nd Quarter 2021	1st Half Year of	2nd Quarter 2020	1st Half Year of
Metal cost	(1,058,646)	(2,289,637)	(1,031,425)	(1,809,172)
Personnel and benefits (a)	(52,438)	(104,842)	(48,187)	(106,686)
Depreciation	(36,321)	(76,058)	(42,702)	(81,047)
Amortization of asset usage rights	(2,980)	(5,769)	(2,670)	(6,047)
Electricity/water/gas/fuel and lube oil	(36,519)	(69,549)	(30,361)	(66,476)
Services rendered by third parties and others	(14,752)	(31,214)	(21,515)	(39,758)
Maintenance	(13,609)	(26,560)	(8,686)	(23,005)
Petrochemicals stock used/absorbed	(4,913)	(31,604)	(15,140)	(15,285)
Rent	(3,623)	(6,059)	(3,145)	(5,301)
Institutional and legal issues	(5,083)	(9,620)	(4,571)	(8,901)
Informatics/telecommunications	(2,041)	(3,486)	(2,452)	(5,301)
Other expenses	(2,790)	(4,959)	(2,394)	(5,109)
Travel expenses	(22)	(57)	(40)	(550)
Sales and marketing	1,365	536	(199)	(478)
Expenses transference idle capacity (b)	63,225	116,642	65,686	109,035
	<u>(1,169,147)</u>	<u>(2,542,236)</u>	<u>(1,147,801)</u>	<u>(2,064,081)</u>
Cost of products sold	(1,149,923)	(2,501,477)	(1,124,129)	(2,016,197)
Sales expenses	(2,080)	(6,269)	(5,163)	(11,362)
Administrative and general expenses	(17,144)	(34,490)	(18,509)	(36,522)
	<u>(1,169,147)</u>	<u>(2,542,236)</u>	<u>(1,147,801)</u>	<u>(2,064,081)</u>

- a) The amounts related to personnel and benefits include salaries, vacations, the 13th month salary, social security and private pension, medical and dental care, meals and transportation.
- b) Adjustments for idle capacity cost results mainly from the lower production volume caused by the COVID-19 and extraordinary downtime for maintenance.

24. Other revenues (expenses)

	Notes	Parent company			
		2nd Quarter 2021	1st Half Year of 2021	2nd Quarter 2020	1st Half Year of 2020
Tax recoveries		7,944	7,944	-	-
Energy sales revenue	a)	248	2,760	2,961	7,428
Sundry recoveries		40	191	48	53
Sundry sales		861	1,685	599	1,288
Receipt related to legal proceedings (Precatory)		-	-	-	6,524
Receipt related to legal proceedings (Precatory)- Other		-	-	-	517
Leasing of property and equipment		77	1,200	75	150
Profits and dividends		-	-	34	34
Property, plant and equipment sales		-	-	-	9
Tax	b)	(14,465)	-	-	-
Other income		582	898	188	690
Total of other income		(4,713)	14,678	3,905	16,693
Idleness	23	(63,225)	(116,642)	(65,686)	(109,035)
Provision for judicial claims	19	(4,256)	(6,654)	(4,569)	(12,170)
Severance pay		(1,770)	(3,880)	(4,352)	(503)
PIS and COFINS on other income		(1,581)	(4,121)	(729)	(2,595)
Subsidiary Negative PL		-	(431)	(2)	(3)
Provision for judicial claims		(126)	(3,252)	(130)	(400)
Fines from infraction notices		(2,557)	(2,590)	(28)	(3,133)
Fines from debt arrears		1,135	(4,710)	(1,123)	(5,934)
Sundry sales costs		(1,896)	(4,439)	(5,277)	(7,273)
Contractual Fines		-	-	-	(7,968)
Contributions and donations		-	-	(95)	(95)
Other expenses		228	(742)	(64)	(91)
Total other expenses		(74,048)	(147,461)	(82,055)	(149,200)
Total other income (expenses), net		(78,761)	(132,783)	(78,150)	(132,507)

	Notes	Consolidated			
		2nd Quarter 2021	1st Half Year of 2021	2nd Quarter 2020	1st Half Year of 2020
Tax recoveries		58,450	58,450	-	-
Energy sales revenue	a)	248	2,760	2,961	7,428
Sundry recoveries		40	191	48	924
Sundry sales		861	1,685	599	1,288
Receipt related to legal proceedings (Precatory)		-	-	-	6,524
Receipt related to legal proceedings (Precatory)- Other		-	-	-	517
Leasing of property and equipment		77	1,200	75	150
Profits and dividends		-	-	34	34
Property, plant and equipment sales		-	-	48	57
Tax	b)	(14,465)	-	-	-
Other income		583	902	187	689
Total of other income		45,794	65,188	3,952	17,611
Idleness	23	(63,225)	(116,642)	(65,686)	(109,035)
Provision for judicial claims	19	(4,256)	(6,654)	(4,569)	(12,170)
Severance pay		(1,770)	(3,880)	(4,184)	(445)
PIS and COFINS on other income		(1,581)	(4,121)	(729)	(2,599)
Provision for judicial claims		(126)	(3,252)	(130)	(400)
Write-off of property, plant and equipment		-	-	(172)	(172)
Fines from infraction notices		(2,565)	(2,598)	(1,151)	(4,257)
Fines from debt arrears		1,135	(4,710)	-	(4,811)
Sundry sales costs		(1,896)	(4,439)	(5,277)	(7,273)
Contractual Fines		-	-	-	(7,968)
Contributions and donations		-	-	(95)	(95)
Other expenses		228	(745)	(113)	(140)
Total other expenses		(74,056)	(147,041)	(82,106)	(149,365)
Total other income (expenses), net		(28,262)	(81,853)	(78,154)	(131,754)

a) Revenue from sales of surplus electricity not used in production.

- b) As a result of the final decision of the Santander/BTG arbitration proceeding commenced in April 2010, regarding the obligations arising from the Credit Facility Agreement among the parties, the Company recognize in its favor R\$ 14.5 million in 1Q21 since the action was deemed groundless. However, as there is still an annulment lawsuit being judged, the Company reversed the respective amount in 2Q21, until a ruling is handed down.

25. Financial revenue (expenses)

	Note	Parent company		2nd Quarter 2020	1st Half Year of 2020
		2nd Quarter 2021	1st Half Year of 2021		
Liability foreign exchange fluctuations	a)	157,430	(164,428)	(666,937)	(1,531,597)
Derivative financial instruments		(1,093)	(9,459)	(10,519)	(15,913)
Hedge of fair value of inventory		(1,802)	(1,802)	-	-
Interest expenses		(51,212)	(106,437)	(44,795)	(81,512)
Adjustment to present value		(7,383)	(16,629)	(4,092)	(10,588)
Bank expenses/IOF		(202)	(1,275)	(659)	(3,315)
Liability monetary variation	b)	26,678	(11,680)	27,659	(18,090)
Other financial expenses		(2,332)	(4,245)	(1,516)	(4,918)
Total financial expenses		120,084	(315,955)	(700,859)	(1,665,933)
Asset foreign exchange fluctuations	a)	109,553	246,954	558,174	984,611
Derivative financial instruments		18,047	32,216	(433)	1,319
Adjustment to present value		(174)	181	-	1,456
Interest income		2,578	4,572	4,821	9,849
Monetary variation – assets	b)	1,644	6,258	1,700	5,748
Other financial income		375	817	485	22,981
Total financial income		132,023	290,998	564,747	1,025,964
Total financial result		252,107	(24,957)	(136,112)	(639,969)

	Note	Consolidated		2nd Quarter 2020	1st Half Year of 2020
		2nd Quarter 2021	1st Half Year of 2021		
Liability foreign exchange fluctuations	a)	157,430	(164,428)	(666,937)	(1,531,597)
Derivative financial instruments		(1,093)	(9,459)	(10,519)	(15,913)
Hedge of fair value of inventory		(1,802)	(1,802)	-	-
Interest expenses		(49,618)	(104,843)	(44,901)	(82,857)
Adjustment to present value		(7,383)	(16,629)	(4,098)	(11,014)
Bank expenses/IOF		(212)	(1,291)	(675)	(3,346)
Liability monetary variation	b)	26,678	(11,680)	27,659	(18,090)
Other financial expenses		(2,608)	(4,522)	(1,569)	(5,012)
Total financial expenses		121,392	(314,654)	(701,040)	(1,667,829)
Asset foreign exchange fluctuations	a)	109,553	246,954	558,174	984,611
Derivative financial instruments		18,047	32,216	(433)	1,319
Adjustment to present value		(174)	181	-	1,553
Interest income		8,536	10,564	4,880	9,982
Monetary variation – assets	b)	1,644	6,258	1,700	5,748
Other financial income		376	818	601	23,975
Total financial income		137,982	296,991	564,922	1,027,188
Total financial result		259,374	(17,663)	(136,118)	(640,641)

- a) Exchange-rate change: Refers to the restatement of assets and liabilities exposed in foreign currency, mainly in US\$, the appreciation of which against the R\$ during the period generated considerable Exchange-rate change, on both the asset and liability sides. The table below presents the net effect of the Company's exchange-rate change:

	Parent company / Consolidated			
	2nd Quarter 2021	1st Half Year of 2021	2nd Quarter 2020	1st Half Year of 2020
Foreign exchange losses	157,430	(164,428)	(666,937)	(1,531,597)
Foreign exchange gains	109,553	246,954	558,174	984,611
Net effect of exchange rate variation	266,983	82,526	(108,763)	(546,986)

- b) Refers to accruals on domestic supplier accounts, pegged to the US Dollar.

26. Current and Deferred income tax and social contribution

26.1 Deferred income tax and social contribution

The parent company received a favorable court decision on non-payment of CSLL. The Company is only subject to the payment of income tax at a rate of 25% on its profits.

Deferred income tax and social contribution have the following sources:

	Note	06/30/21			12/31/20		
		Parent company	Parent company	Consolidated	Parent company	Parent company	Consolidated
Rate		25%	34%		25%	34%	
Credits on tax losses		2,001,358	14,698	2,016,056	1,593,300	31,507	1,624,807
Income tax on fiscal loss		500,340	4,997	505,337	398,325	10,712	409,037
Credits on tax losses		(500,340)	(4,997)	(505,337)	(398,325)	(10,712)	(409,037)
Income tax on fiscal loss	a)	-	-	-	-	-	-
Net exchange variations		(193,620)	-	(193,620)	(83,883)	-	(83,883)
Estimated losses (reversals) on allowance for doubtful assets		54,397	1,111	55,508	54,574	1,111	55,685
Shareholders' deficit		-	-	-	260	-	260
Provision for lawsuits		204,585	-	204,585	189,826	-	189,826
Estimated loss (reversal) on recoverable inventory sums		7,309	-	7,309	(21,408)	-	(21,408)
Estimated sundry losses (reversals)		10,882	-	10,882	10,882	-	10,882
Provision (Reversals) for financial instruments and others		7,362	149	7,511	79,341	193	79,534
Management profit sharing and others		4,689	-	4,689	2,893	20	2,913
Provision for adjustment to present value		(499)	-	(499)	(654)	-	(654)
Total temporary differences		95,105	1,260	96,365	231,831	1,324	233,155
Income tax on temporary differences		23,776	428	24,204	57,958	450	58,408
Credits on tax losses	b)	(3,196)	(428)	(3,624)	(37,378)	(450)	(37,828)
Income tax on temporary differences	b)	20,580	-	20,580	20,580	-	20,580
Deferred income tax and social contribution		20,580	-	20,580	20,580	-	20,580
Tax on revaluation reserve	c)	(62,282)	-	(62,282)	(63,415)	-	(63,415)
		(41,702)	-	(41,702)	(42,835)	-	(42,835)
Non-current liabilities		41,702	-	41,702	42,835	-	42,835

- a) The Company has, in consolidated, tax losses generated in Brazil, in the amount of R\$ 2,016,056 (R\$ 1,624,807 as at December 31, 2020), which generates an amount of R\$ 505,337 of deferred income tax and social contribution, which can be offset against future taxable income.

Based on technical analyses related to future taxable profits, the Company recorded an allowance for all deferred tax assets arising from income tax loss carryforwards.

This adjustment stems from new projections made in 2020 considering the new economic and market scenario, including the weaker exchange rate and the metal prices, among others. Management will monitor these assets continually based on estimates of future taxable income. Reversals of the allowance will be made as appropriate. In Brazil, the offsetting of tax losses has no statute of limitations, though limited to 30% of the annual taxable income.

- b) As at June 30, 2021, the Company had recorded in "Deferred income tax" the tax effect of temporarily non-deductible expenses arising from the calculation of the taxable income for income tax purposes, which are available for future offsetting. The Company set up a provision for loss of R\$ 3,624 on deferred tax assets of temporary differences.
- c) The realization of the deferred income tax on equity valuation adjustments is proportional to the revaluation reserve realization.

The projected realization of deferred taxes has been prepared based on management's best estimates and on the projections of profit or loss approved by the Company's governance bodies. However, since they involve several assumptions that are not under the Company's control, such as inflation rates, exchange rates, international market prices and other economic uncertainties in Brazil, future results may differ materially from those considered in the preparation of the projection.

The Company has a 75% exemption on income tax and non-refundable additional taxes on earnings from the exploration and production of copper and its byproducts, up to the base period of 2027. This exemption is applied to the balance of income tax payable after offsetting tax losses, as described in item a.

The income tax benefits enjoyed by the Company depend on the recognition of a capital reserve at an amount equivalent to the tax not paid. Tax incentive reserves may only be used to increase capital or to absorb losses.

26.2 Reconciliation of income tax and social contribution expenses

The reconciliation between the tax expense calculated using the nominal statutory rates and the income and social contribution tax expense in the Parent Company and income tax and social contribution in Consolidated, charged to income is presented below:

	Parent company		Consolidated	
	1st Half Year of 2021	1st Half Year of 2020	1st Half Year of 2021	1st Half Year of 2020
(Loss) before income and social contribution taxes	(194,527)	(847,627)	(181,201)	(847,127)
Nominal combined statutory rates	25%	25%	25% e 34%	25% e 34%
Income tax	(48,632)	(211,907)	(35,313)	(211,397)
Permanent additions	(573)	(5,649)	(570)	(5,648)
Realization of revaluation reserve (depreciation/write-off)	1,438	1,763	1,438	1,763
Provisions for doubtful credit	(44)	469	(44)	452
Provisions for litigation	3,690	2,455	3,690	2,455
Other deductible provision	(10,329)	14,279	(10,351)	14,141
Net exchange variation (cash basis)	(27,434)	173,871	(27,434)	173,871
Shareholders' deficit	(65)	18	(65)	18
Deferred income tax and social contribution on tax losses				
Tax loss and negative basis of social contribution	47,767	215,793	21,119	214,937
Deferred income tax on revaluation reserve	1,132	1,368	1,132	1,368
Provision for credit write-offs with temporary differences	34,182	(191,092)	34,204	(191,092)
Other		-	-	-
Current income tax credits	1,132	1,368	(12,194)	868
Income tax for the current year	-	-	(9,796)	(172)
Social contribution for the current year	-	-	(3,530)	(66)
Current taxes	-	-	(13,326)	(238)
Deferred income tax	-	-	-	(193)
Deferred social contribution	-	-	-	(69)
Deferred income tax on revaluation reserve	1,132	1,368	1,132	1,368
Deferred taxes	1,132	1,368	1,132	1,106
Credit from income and social contribution taxes	1,132	1,368	(12,194)	868
Total effective rate	-0.58%	-0.16%	6.73%	-0.10%
Current effective rate	0.00%	0.00%	7.35%	0.03%

27. Operating segments

The Company only operates in the copper segment, which includes the production and sale of electrolytically refined copper, its byproducts and related services, as well as semi-finished copper and its alloys.

28. Financial instruments

28.1 Market Risk Management Policy

The Company recognizes that certain financial risks, such as changes in commodities prices, foreign exchange (FX) rates and interest rates, are inherent to its business. However, the Company's policy is to avoid unnecessary risks and to guarantee that the business risk exposure has been identified and measured, and can be controlled and minimized using the most effective and efficient methods to eliminate, reduce or transfer such exposure.

The Company's Risk Committee monitors the market risk management policies and ensures that the appropriate procedures are in place so that all risk exposures incurred by the Company are identified and assessed. In addition, said Committee monitors to ensure that these exposures are within established limits. Business risks identified:

- Interest rate risk inherent in the Company's debts;
- Foreign exchange risk and commodities price risk deriving from raw materials and sold products, forecast transactions and firm commitments;
- Foreign exchange risk arising from assets and liabilities such as investments abroad and loans, inventory linked to commodities whose prices are denominated in foreign currency, among others.
- Basis risk arising from differences in timing volume or indexation that could occur between the contracting and settlement of hedging instruments and objects.

The Market Risk Management policy permits the Company to use approved derivative financial instruments to minimize its exposure to market risks, such as FX, commodities and interest rates.

Derivative instruments are only used for hedging purposes, as they limit the financial exposure associated with the risks identified for some of the Company's assets and liabilities. The use of derivatives is not automatic, nor is it necessarily the only way of managing business risk. Their use is permitted only after verifying that the derivative chosen can minimize risks to within certain tolerance levels established by this policy.

The Company carries out hedging transactions using derivative or non-derivative financial instruments, and makes such transactions fit the hedge accounting rules, as defined by CVM Resolution 763 (CPC 48). Not all hedge transactions with derivatives are accounted for by applying the hedge accounting rules.

28.2 Fair value methodologies

Derivative financial instruments are measured at fair value and recognized in the respective Statement of Financial Position accounts. The methodology for determining the fair value involves verifiable parameters extracted from B3 S.A. - Brasil, Bolsa, Balcão (Foreign Exchange Coupon and Fixed Coupon), LME (copper, zinc, tin and lead) and LBMA (gold and silver), British Bankers' Association (LIBOR), Reuters and Bloomberg (US\$ Spot).

The Company measures the fair value of its FX derivatives by calculating the present value of the future price discounted based on the market curve (Pre- and FX Coupon), with all values published by Bloomberg and B3 S.A. - Brasil, Bolsa, Balcão. Adjustments to embedded derivatives are carried out at average future prices, based on the curves disclosed in the LME and LBMA.

28.3 Embedded derivatives

Purchase contracts with price adjustment clauses for raw materials such as copper, which are based on market prices at a date subsequent to the shipment or delivery date, are considered as embedded derivatives, and require segregation and separate accounting. According to CPC 48, the cash flow adjustment of payments indexed to raw materials prices (such as copper, for example) embedded in financial liabilities are not closely related to the principal instrument because the risks inherent in the principal contract and embedded derivative are not similar. An embedded derivative that is separated from its host contract and is accounted for separately at fair value through profit or loss, like any other derivative instrument, can be designated as a hedge instrument and subject to hedge accounting, such as a fair value hedge of copper inventory.

Purchase contracts for copper concentrate for copper products normally include a provisional price on the shipment date, with a final price based on the monthly average copper price at the LME for a certain future period. This period normally varies from 30 to 120 days after the shipment or billing date. This purchase of concentrate at a provisional price contains an embedded derivative that must be separate from the main contract and calculated as a separate derivative in the statement of operations.

28.4 Classification of financial instruments

Financial assets and liabilities are classified into two measurement categories: assets and liabilities at fair value through profit or loss, or at amortized cost.

The classification of financial assets and liabilities is as follows:

				Parent company	
				Book value	Fair value
	Notes	At fair value through profit or loss	Amortized cost method	06/30/21	06/30/21
Financial assets					
Cash and cash equivalents	05	-	98,977	98,977	98,977
Interest-earning bank deposits	05	-	25,418	25,418	25,418
Trade accounts receivable	06	-	125,347	125,347	125,347
Financial instruments - Hedge accounting	28	62,098	-	62,098	62,098
Financial instruments - Other derivatives	28	(25,272)	-	(25,272)	(25,272)
Total assets		36,826	249,742	286,568	286,568
Financial liabilities					
Suppliers	13	-	162,356	162,356	162,356
Securitization of accounts payable	14	-	181,533	181,533	181,533
Advances from clients	20	-	58,764	58,764	58,764
Customer credit	20	-	675	675	675
Loans and financing	16	-	2,875,017	2,875,017	2,875,017
Financial instruments - Hedge accounting	28	8,600	-	8,600	8,600
Financial instruments - Other derivatives	28	178,284	-	178,284	178,284
Total liabilities		186,884	3,278,345	3,465,229	3,465,229

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				Parent company	
				Book value	Fair value
	Notes	At fair value through profit or loss	Amortized cost method	12/31/20	12/31/20
Financial assets					
Cash and cash equivalents	05	-	137,153	137,153	137,153
Interest-earning bank deposits	05	-	42,892	42,892	42,892
Trade accounts receivable	06	-	341,689	341,689	341,689
Financial instruments - Hedge accounting	28	10,509	-	10,509	10,509
Financial instruments - Other derivatives	28	27,641	-	27,641	27,641
Total assets		38,150	521,734	559,884	559,884
Financial liabilities					
Suppliers	13	-	465,314	465,314	465,314
Securitization of accounts payable	14	-	228,995	228,995	228,995
Advances from clients	20	-	59,184	59,184	59,184
Customer credit	20	-	109	109	109
Loans and financing	16	-	2,889,201	2,889,201	2,889,201
Financial instruments - Hedge accounting	28	148,730	-	148,730	148,730
Financial instruments - Other derivatives	28	94,207	-	94,207	94,207
Total liabilities		242,937	3,642,803	3,885,740	3,885,740

				Consolidated	
				Book value	Fair value
	Notes	At fair value through profit or loss	Amortized cost method	06/30/21	06/30/21
Financial assets					
Cash and cash equivalents	05	-	112,552	112,552	112,552
Interest-earning bank deposits	05	-	25,418	25,418	25,418
Trade accounts receivable	06	-	125,319	125,319	125,319
Financial instruments - Hedge accounting	28	62,098	-	62,098	62,098
Financial instruments - Other derivatives	28	(25,272)	-	(25,272)	(25,272)
Total assets		36,826	263,289	300,115	300,115
Financial liabilities					
Suppliers	13	-	162,361	162,361	162,361
Securitization of accounts payable	14	-	181,533	181,533	181,533
Advances from clients	20	-	58,904	58,904	58,904
Customer credit	20	-	701	701	701
Loans and financing	16	-	2,875,017	2,875,017	2,875,017
Financial instr. - Hedge accounting	28	8,600	-	8,600	8,600
Financial instr. - Other derivatives	28	178,284	-	178,284	178,284
Total liabilities		186,884	3,278,516	3,465,400	3,465,400

				Consolidated	
				Book value	Fair value
	Notes	At fair value through profit or loss	Amortized cost method	12/31/20	12/31/20
Financial assets					
Cash and cash equivalents	05	-	138,761	138,761	138,761
Interest-earning bank deposits	05	-	42,892	42,892	42,892
Trade accounts receivable	06	-	341,622	341,622	341,622
Financial instruments - Hedge accounting	28	10,509	-	10,509	10,509
Financial instruments - Other derivatives	28	27,641	-	27,641	27,641
Total assets		38,150	523,275	561,425	561,425
Financial liabilities					
Suppliers	13	-	465,314	465,314	465,314
Securitization of accounts payable	14	-	228,995	228,995	228,995
Advances from clients	20	-	59,299	59,299	59,299
Customer credit	20	-	136	136	136
Loans and financing	16	-	2,889,201	2,889,201	2,889,201
Financial instruments - Hedge accounting	28	148,730	-	148,730	148,730
Financial instruments - Other derivatives	28	94,207	-	94,207	94,207
Total liabilities		242,937	3,642,945	3,885,882	3,885,882

Fair value hierarchy

The Company discloses its assets and liabilities at fair value, based on the relevant accounting pronouncements that define the fair value, and the structure for determining the fair value, which refers to the evaluation criteria and practices, and requires certain disclosures regarding the fair value.

Financial assets and liabilities recorded at fair value are classified and disclosed with reference to the following hierarchies:

Level 1 - prices quoted (not adjusted) in active markets for identical assets and liabilities as at the measurement date. A price that is quoted in an active market provides more reliable evidence of the fair value, and should be used whenever available.

Level 2 - quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in non-active markets (i.e. markets where few transactions are made involving those assets or liabilities), data other than observable quoted prices for an asset or liability, and data derived from or corroborated mostly by data observable in the market through correlation or other means.

Level 3 - unobservable inputs for an asset or liability. Unobservable inputs should be used to measure the fair value only when observable inputs are not available, and should reflect the business unit's expectations of what other market players would use as assumptions for pricing an asset or a liability, including risk assumptions. No financial instrument held has Level 3 category characteristics.

The parent company and consolidated assets and liabilities measured at fair value on June 30, 2021 and December 31, 2020 were as follows:

	Notes	Parent company			Consolidated		
		Level 1	Level 2	06/30/21	Level 1	Level 2	06/30/21
Financial assets							
Financial instruments - Hedge accounting	28	-	62,098	62,098	-	62,098	62,098
Financial instruments - Other derivatives	28	-	25,272	25,272	-	25,272	25,272
Total assets		-	36,826	36,826	-	36,826	36,826
Financial liabilities							
Suppliers	13	-	162,356	162,356	-	162,361	162,361
Forfait and letter of credit operations	14	-	181,533	181,533	-	181,533	181,533
Loans and financing	16	2,875,017	-	2,875,017	2,875,017	-	2,875,017
Advances from clients	20	-	58,764	58,764	-	58,904	58,904
Customer credit	20	-	675	675	-	701	701
Financial instruments - Hedge accounting	28	-	8,600	8,600	-	8,600	8,600
Financial instruments - Other derivatives	28	-	178,284	178,284	-	178,284	178,284
Total liabilities		2,875,017	590,212	3,465,229	2,875,017	590,383	3,465,400

	Notes	Parent company			Consolidated		
		Level 1	Level 2	12/31/20	Level 1	Level 2	12/31/20
Financial assets							
Financial instruments - Hedge accounting	28	-	10,509	10,509	-	10,509	10,509
Financial instruments - Other derivatives	28	-	27,641	27,641	-	27,641	27,641
Total assets		-	38,150	38,150	-	38,150	38,150
Financial liabilities							
Suppliers	13	-	465,314	465,314	-	465,314	465,314
Forfait and letter of credit operations	14	-	228,995	228,995	-	228,995	228,995
Loans and financing	16	2,889,201	-	2,889,201	2,889,201	-	2,889,201
Advances from clients	20	-	59,184	59,184	-	59,299	59,299
Customer credit	20	-	109	109	-	136	136
Financial instruments - Hedge accounting	28	-	148,730	148,730	-	148,730	148,730
Financial instruments - Other derivatives	28	-	94,207	94,207	-	94,207	94,207
Total liabilities		2,889,201	996,539	3,885,740	2,889,201	996,681	3,885,882

Summary of consolidated derivative financial instruments

					Consolidated	
Instrument	Position	Index	Reference Value		Fair value	
			06/30/21	12/31/20	06/30/21	12/31/20
<u>Designated for hedge accounting</u>						
Risk of commodity prices						
NDF	Purchased	Copper	1,900 tonnes	2,550 tonnes	(5,432)	9,167
Firm commitment for sales	Sold	Copper	(1,900) tonnes	(2,550) tonnes	5,432	(9,167)
NDF	Sold	Copper	(4,550) tonnes	(14,808) tonnes	9,642	(74,162)
NDF	Purchased	Gold	- Oz	(6,223) Oz	-	(657)
NDF	Purchased	Silver	- Oz	(136,825) Oz	(317)	(2,916)
NDF	Purchased	Zinc/Tin/Lead	- tonnes	(545) tonnes	(258)	(460)
Embedded derivative	Purchased	Copper	- tonnes	- tonnes	(2,593)	-
Embedded derivative	Sold	Copper	(14,110) tonnes	(22,235) tonnes	46,752	(61,053)
Embedded derivative	Sold	Gold	(2,223) Oz	(4,172) Oz	173	1,342
Embedded derivative	Sold	Silver	(65,375) Oz	(89,428) Oz	99	(315)
Total					53,498	(138,221)
Total derivatives designated for hedge accounting					53,498	(138,221)
<u>Not designated for hedge accounting</u>						
Risk of commodity prices						
Firm commitment for sales	Purchased	Copper	- tonnes	- tonnes	17,426	8,507
Cash Flow - Cost	Purchased	Copper	2,300 tonnes	(7,375) tonnes	4,326	20,477
Embedded derivative	Purchased	Copper/Gold/Silver	- tonnes	- tonnes	(225,308)	(95,550)
Total					(203,556)	(66,566)
Total other derivatives					(203,556)	(66,566)
Total					(150,058)	(204,787)
Current Assets					36,826	38,150
Current liabilities					(186,884)	(242,937)

28.5 Market risks

28.5.1 Foreign exchange risk

The Company has assets and liabilities denominated or indexed to foreign currency, as well as futures operations that will involve revenues and costs denominated or indexed to foreign currencies.

The Policy establishes that risk management has as its objective hedging against the exchange risk of the forecast cash flow denominated in foreign currency using over-the-counter operations (NDFs), stock exchange futures, zero cost collars and non-derivative financial instruments (liabilities indexed in US Dollars).

The foreign currency exposure is shown in the table below:

	Position	Parent company / Consolidated	
		06/30/21 US\$	12/31/20 US\$
Object			
Accounts receivable	Purchased	1,240,700	1,281,604
Inventory	Purchased	175,111	155,376
Instrument designated as hedge accounting			
NDF - Revenue	Sold	(27,732)	(68,636)
Loans and financing	Sold	(846,296)	(826,561)
Suppliers	Sold	(541,783)	(541,783)
Loans and financing	Sold	(286,109)	(287,281)
Total net exposure		(286,109)	(287,281)

28.5.2 Interest rate risk

The Company has floating exposure to LIBOR, the CDI, the long-term interest rate (TJLP) and Interest Rate Resolution 635/87, derived from investments and loans. LIBOR risk is concentrated on trade finance transactions, which consist of LIBOR x fixed rate transactions, as cash flow hedges.

Exposure to interest rates is shown in the table below:

		Parent company/Consolidated	
		06/30/21	12/31/20
Designated to hedge accounting			
Loans and financing	LIBOR	(954,392)	(1,199,514)
		(954,392)	(1,199,514)
Investments	PRE	72,358	53,269
Loans and financing	PRE	(55,426)	(88,338)
		16,932	(35,069)

28.5.3 Commodities risk

Paranapanema's business activities include acquiring raw materials and products for sale, both benchmarked against the amounts of metals contained therein, and the prices of these metals on the LME and LBMA international exchanges.

Commodity risk arises from mismatches between the selling and buying prices of the metals contained in the products and raw materials.

The Company's Market Risk Policy establishes that the exposure to commodities risk of each metal is derived from the mismatch between the volumes of this metal already priced for purchase and the amounts of this metal already priced for sale, and sets risk exposure limits.

To manage this exposure, the Company has a strategy of keeping all inventory metal costs in US dollars fluctuating (mark-to market), and only fixing the metal prices when they are sold and the price is known.

				Parent company/Consolidated	
				12/31/20	
Copper	Position	Reference value	Exposure	Reference value	Exposure
Assets, net	Purchased	21,842 tonnes	1,025,365	34,378 tons	1,383,043
Designated for hedge accounting					
Embedded derivatives	Sold	(8,694) tonnes	(408,168)	(24,799) tons	(997,681)
Firm commitments	Sold	(425) tonnes	(19,952)	(1,026) tons	(41,271)
NDF	Sold	(6,525) tonnes	(306,320)	(12,234) tons	(492,172)
Not designated for hedge accounting					
Firm commitments	Purchased	2,732 tonnes	128,246	6 tons	258
Total net exposure		8,930 tonnes	419,171	(3,675) tons	(147,823)

				Parent company/Consolidated	
				12/31/20	
Gold	Position	Reference value	Exposure	Reference value	Exposure
Assets, net	Purchased	1,828 Oz	16,102	3,505 Oz	34,447
Designated for hedge accounting					
Embedded derivatives	Purchased	2,626 Oz	23,129	(459) Oz	(4,510)
NDF	Purchased	- Oz	-	(4,240) Oz	(41,670)
Not designated for hedge accounting					
Firm commitments	Purchased	2,626 Oz	23,127	3,183 Oz	31,283
NDF	Purchased	- Oz	-	(1,983) Oz	(19,489)
Total net exposure		7,080 Oz	62,358	6 Oz	61

				Parent company/Consolidated	
				12/31/20	
Silver	Position	Reference value	Exposure	Reference value	Exposure
Assets, net	Purchased	33,623 Oz	4,333	150,838 Oz	20,761
Designated for hedge accounting					
Embedded derivatives	Purchased	60,761 Oz	7,831	2,389 Oz	329
NDF	Sold	(30,216) Oz	(3,894)	(181,912) Oz	(25,037)
Not designated for hedge accounting					
Firm commitments	Purchased	27,248 Oz	3,512	29,634 Oz	4,079
NDF	Purchased	30,216 Oz	3,894	45,087 Oz	6,206
Total net exposure		121,632 Oz	15,676	46,036 Oz	6,338

				Parent company/Consolidated	
				12/31/20	
Other	Position	Reference value	Exposure	Reference value	Exposure
Assets, net	Purchased	445 tonnes	9,305	668 tons	11,669
Designated for hedge accounting					
NDF	Purchased	- tonnes	-	(45) tons	1,055
Not designated for hedge accounting					
Firm commitments	Sold	(78) tonnes	(1,283)	(78) tons	(1,173)
NDF	Purchased	- tonnes	-	(500) tons	(10,522)
Total net exposure		367 tonnes	8,022	45 tons	1,029

28.5.4 Sensitivity analysis

In order to measure the impact on the Company's net income (loss) and shareholders' equity arising from changes to financial market rates, stress scenarios were created based on the rates effective as at June 30, 2021. As required by CPC 48, the Company carried out a sensitivity analysis using the probable scenario, and scenarios involving a 25% and 50% decrease and increase.

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	Notional	Unit	Risk factors	Probable scenario	Parent company/Consolidated			
					Falling scenario		Rising scenario	
					25%	50%	25%	50%
Impact on profit or loss								
Foreign exchange rate risk								
Subject to hedge								
Accounts receivable	1,240,700	US\$	US\$	6,206,230	(1,551,558)	(3,103,115)	1,551,558	3,103,115
Inventory	175,111	US\$	US\$	875,940	(218,985)	(437,970)	218,985	437,970
Hedge instrument								
NDF - Cash flow hedge	(27,732)	US\$	US\$	-	34,680	69,361	(34,680)	(69,361)
Suppliers	(541,783)	US\$	US\$	-	677,527	1,355,053	(677,527)	(1,355,053)
Loans	(846,296)	US\$	US\$	-	1,058,335	2,116,671	(1,058,335)	(2,116,671)
Other non-derivative financial instruments								
Liabilities	(286,109)	US\$	US\$	(1,431,174)	357,794	715,587	(357,794)	(715,587)
Total	(286,109)			5,650,996	357,793	715,587	(357,793)	(715,587)
Interest rate risk								
Subject to hedge								
Liabilities	(190,794)	US\$	LIBOR	(28,204,917)	4,762	5,786	2,715	1,691
Other non-derivative financial instruments								
Assets	72,358	R\$	PRÉ	72,358	(13)	(61)	82	129
Liabilities	(55,426)	R\$	PRÉ	(55,426)	(781)	(527)	(1,276)	(1,516)
Total	(173,862)			(28,187,985)	3,968	5,198	1,521	304
Commodity price risk								
Hedge instrument								
NDF (Copper) - Fair value hedge	(425) tonnes	Copper		(19,952)	4,988	9,976	(4,988)	(9,976)
NDF (Copper) - Fair value hedge Inventory	(6,525) tonnes	Copper		(306,320)	76,580	153,160	(76,580)	(153,160)
Embedded derivatives (Copper) - Fair Value Hedge	(8,694) tonnes	Copper		(408,168)	102,042	204,084	(102,042)	(204,084)
Total	(15,644)			(734,440)	183,610	367,220	(183,610)	(367,220)
Hedge instrument								
Embedded derivatives	2,626	Oz	Gold	23,129	(5,782)	(11,565)	5,782	11,565
Total	2,626			23,129	(5,782)	(11,565)	5,782	11,565
Not designated for hedge accounting								
NDF	30,216	Oz	Silver	3,894	(974)	(1,947)	974	1,947
Hedge instrument								
NDF	(30,216)	Oz	Silver	(3,894)	974	1,947	(974)	(1,947)
Embedded derivatives	60,761	Oz	Silver	7,831	(1,958)	(3,916)	1,958	3,916
Total	60,761			7,831	(1,958)	(3,916)	1,958	3,916
Premises								
Exchange rate	Ptax - USD/BRL			5,0022	3,7517	2,5011	6,2528	7,5033
Copper Price	Official Price Cash LME			\$9,385	\$7,039	\$4,693	\$11,731	\$14,078
Gold Price	Official Price Cash LBMA			\$1,760	\$1,320	\$880	\$2,201	\$2,641
Silver Price	Official Price Cash LBMA			\$26	\$19	\$13	\$32	\$39
Price Zinc	Official Price Cash LME			\$2,946	\$2,209	\$1,473	\$3,682	\$4,418
Tin Price	Official Price Cash LME			\$33,460	\$25,095	\$16,730	\$41,825	\$50,190
Lead Price	Official Price Cash LME			\$2,320	\$1,740	\$1,160	\$2,899	\$3,479

28.6 Hedge accounting

Paranapanema adopted the following hedge accounting programs:

28.6.1 US Dollar Revenue Cash Flow Hedge

The program's purpose is to ensure that a percentage of revenue equivalent to the sales premium pegged to the US\$ is not impacted by exchange-rate changes. Together, the derivative and revenue will result in a fixed/constant cash inflow based on the derivative financial instrument's US Dollar rate, collateralized by the derivative financial instrument.

The hedged item refers to a percentage of the revenue equivalent to the highly probable future sales premium, indexed to the US Dollar. The hedging instruments contracted for this program are US\$/R\$ (NDF) currency contracts. In addition to the derivative instruments, the Company also, as authorized by CVM Resolution 604/09, uses changes in the exchange rates of non-derivative financial instruments such as advances on exchange contracts (ACC), prepayments for exports (PPE) and debt contracts in US Dollars to mitigate the exchange risk arising from its highly probable future sales in foreign currencies. This program was implemented from November 2013 for the ACC and PPE instruments, and from December 2013 for the other debts such as hedge instruments.

The corresponding balance in Equity Valuation Adjustment is recognized within the operating profit or loss only when the hedged item (the revenue percentage equivalent to the sales premium) matures, and the hedge relationship is effective.

Based on CPC 48, hedge instruments can be rolled over through to the hedged item's expected month of realization. The month of realization is defined at the date of identification of the hedge relationship.

28.6.2 Firm Sales Commitment Fair Value Hedge

The purpose of the firm sales commitment hedge is to protect the fair value in US Dollars of the fixed sales price of copper against unfavorable trends in the price of copper quoted on the LME.

The hedge covers future copper sales in US Dollars with a pre-fixed price for clients subject to fixed sales commitments. The hedging instruments are copper derivatives quoted on the LME.

The metal price marking-to-market adjustments on derivatives contracts designated as hedges are credited to the operating profit or loss, along with the firm sales contracts. The derivative financial instruments account within assets is debited against the operating profit or loss when adjustments are positive, and credited within liabilities against the operational loss when adjustments are negative.

28.6.3 Inventory Fair Value Hedge

The purpose of the inventory fair value hedge is to hedge the Company's highest cost item, which is the metal portion (copper, zinc, lead, tin, gold and silver) of inventory, maintaining them at market prices (the price of the metal in Reais) up to the effective sale date. The costs of transformation of metals (labor and inputs) are not material compared to the total inventory cost, and are denominated in Reais, and therefore are not subject to metal price hedges or exchange hedges.

Instruments hedging the metal's price include embedded derivatives of copper concentrate supply contracts, which were separated from the contracts. This program was implemented from December 2013. On March 01, 2014, an inventory fair value hedge was implemented using mercantile exchange derivatives as hedging instruments to protect against changes in the monthly average spot prices. The same strategy was implemented on May 1, 2014 with derivatives on the stock exchange for the metals zinc, lead and tin. The same strategy was implemented on June 1, 2014 with derivatives on the stock exchange for gold and silver. On January 01, 2016, the prices of metals in Reais were marked-to-market by means of the designation of financial instruments as foreign exchange hedges.

The effects of the marking-to-market of derivative instruments covering the fair value of inventory are subject to retrospective and prospective effectiveness testing, respecting the limits of 80% - 125% effectiveness required to maintain the hedging relationship. The ineffective portion is recorded directly in the result.

The marking-to-market adjustments to derivatives contracts in the stock exchange and financial instruments are recognized within inventory, as well as the hedged item, which is the metals portion of inventory. The derivative financial instruments account within assets is debited against the operating profit or loss when adjustments are positive, and credited within liabilities against the operational loss when adjustments are negative.

28.6.4 Cost of metals cash flow hedge

The objective of the hedge is to protect the cost of copper of products sold for a particular month of sale, adjusting the cost of the goods sold based on price references (LME) that are identical or close to the price references for the revenues from the sale of copper. This hedge, together with the inventory fair value hedge program, allows the US\$ cost of metals in Cost of goods sold (COGS) to be similar to the R\$ metal price in revenue.

The item to be hedged is the cost of copper in the products sold in a particular month. The hedge instruments consist of forward contracts for copper, the objective of which is to exchange references for average copper prices. This program has been implemented since April 2014.

The marking-to-market adjustments to the derivative contracts designated as hedges are credited to the Equity Valuation Adjustment, and are debited from the derivatives receivable account when adjustments are positive. In the case of a negative adjustment, the derivatives payable is credited, and the equity valuation adjustment account is debited. The corresponding balance in the equity valuation adjustment account is recognized within the operating profit or loss only when the hedged item matures, and the hedge relationship is effective.

In compliance with the documentation requirements defined in IFRS 9, the Company made the formal designation of its hedge operations subject to hedge accounting by documenting the following:

- i. The hedge relationship;
- ii. The objective and strategy of the risk management of the Company in carrying out hedging activities;
- iii. The identification of the hedge instrument (derivative or non-derivative financial instrument);
- iv. The hedged item or position;
- v. The nature of the risk to be covered;
- vi. The description of the coverage ratio;

O cobre transforma o mundo. A Paranapanema transforma o cobre.

- vii. The statement of the correlation between the hedge instrument and the hedged item, when applicable;
- viii. The prospective and retrospective statement of the hedge's effectiveness.

The transactions which Paranapanema designated as cash flow hedges are highly probable. The deferral of unrealized gains and losses on derivative and non-derivative financial instruments designated for hedging against exchange and interest rates was carried out in OCI within shareholders' equity.

Parent company/Consolidated						Market value(*)
Instrument	Object	Index	Maturities	Reference		
						06/30/21
Cash flow hedge						
Derivatives – designated						Instrument
NDF – Closed	Income (in US\$)	USD	Jan-21 - jun-21	(40,905) US\$		(9,234)
NDF – Provision	Income (in US\$)	USD	jul-21 - dec-21	(288,472) US\$		(18,706)
NDF – Closed	Cost	Copper	Jan-21 - jun-21	4,665 tonnes		(1,964)
NDF – Provision	Cost	Copper	jul-21	- tonnes		-
Non-derivative - designated						
ACC / PPE – Provision	Income (in US\$)	USD	jul-21 - dec-30	(671,185) US\$		(431,111)
Other debt – Provision	Income (in US\$)	USD	jul-21 - nov-36	(541,783) US\$		(424,584)
Fair value hedge						
Derivatives						
NDF – Closed	Sales commitment	Copper	Jan-21 - jun-21	1,894 tonnes		(3,076)
NDF – Provision	Sales commitment	Copper	jul-21 - dec-21	1,900 tonnes		(5,432)
Embedded derivatives	Inventory	Copper	Jan-21 - jun-21	38,809 tonnes		(70,716)
Embedded derivatives	Inventory	Copper	jul-21 - dec-21	14,110 tonnes		46,752
Embedded derivatives	Inventory	Gold	Jan-21 - jun-21	10,958 Oz		921
Embedded derivatives	Inventory	Gold	jul-21 - dec-21	2,223 Oz		173
Embedded derivatives	Inventory	Silver	Jan-21 - jun-21	194,800 Oz		(148)
Embedded derivatives	Inventory	Silver	jul-21 - dec-21	65,375 Oz		99
NDF – Closed	Inventory	Copper	Jan-21 - jun-21	80,026 tonnes		(143,742)
NDF – Provision	Inventory	Copper	jul-21 - dec-21	4,550 tonnes		9,642
NDF – Closed	Inventory	Zinc	Jan-21 - jun-21	4,203 tonnes		5
NDF – Provision	Inventory	Zinc	jul-21 - dec-21	- tonnes		(43)
NDF – Closed	Inventory	Lead	Jan-21 - jun-21	186 tonnes		13
NDF – Provision	Inventory	Lead	jul-21 - dec-21	- tonnes		-
NDF – Closed	Inventory	Tin	Jan-21 - jun-21	160 tonnes		(1,941)
NDF – Provision	Inventory	Tin	jul-21 - dec-21	- tonnes		(215)
NDF – Closed	Inventory	Gold	Jan-21 - jun-21	19,179 Oz		(1,814)
NDF – Provision	Inventory	Gold	jul-21 - dec-21	- Oz		-
NDF – Closed	Inventory	Silver	Jan-21 - jun-21	698,902 Oz		(3,089)
NDF – Provision	Inventory	Silver	jul-21 - dec-21	- Oz		(317)

(*) The market value for the derivatives designated as providing cash flow hedge accounting are stated in shareholders equity

Parent company/Consolidated		
Equity		
	06/30/21	12/31/20
Derivatives designated for hedge accounting		
Commodities risk	(1,964)	767
Foreign exchange risk	(18,706)	(28,261)
	(20,670)	(27,494)
Non-derivatives designated for hedge accounting		
Foreign exchange risk - Outstanding operations	(855,695)	(855,695)
	(855,695)	(855,695)

28.7 Credit risk

The Company's sales policy varies depending on the level of credit risk that it is willing to accept.

Credit is an important instrument for promoting business between the Company and its clients. This is due to the fact that clients leverage their purchasing power to obtain favorable credit terms.

Risk is inherent to credit transactions, and the Company must perform a careful analysis. This work involves quantitative and qualitative evaluations of the clients, as well as considering the industry in which they operate. This analysis takes into consideration the client's past performance, a forecast of its economic-financial robustness, the client's risk management policy, and its future prospects.

The diversification of the receivables portfolio, the selection of clients and the monitoring of terms and credit limits per individual client are among the procedures adopted to minimize delays and defaults on accounts receivable. In addition to performing credit limit checking procedures, individual client balances are limited to 10% of the Company's total revenues. Thus, the Company spreads the credit risk among several clients.

As regards the credit risk associated with interest-earning bank deposits, the Company always invests with low-risk institutions, as evaluated by independent ratings agencies.

Credit risks	Notes	Parent company		Consolidated	
		06/30/21	12/31/20	06/30/21	12/31/20
Assets					
Cash and cash equivalents	05	98,977	137,153	112,552	138,761
Interest-earning bank deposits	05	25,418	42,892	25,418	42,892
Trade accounts receivable	06	125,347	341,689	125,319	341,622
Other assets	09	113,950	204,528	113,978	204,374
Derivative financial instruments	28	36,826	38,150	36,826	38,150
		<u>400,518</u>	<u>764,412</u>	<u>414,093</u>	<u>765,799</u>

28.8 Liquidity risk

a) The risk management policy requires the maintenance of an adequate level of cash and cash equivalents and access to sufficient lines of credit. The Company's investments have immediate liquidity, at amounts sufficient to cover the possible liability to settle with restructured suppliers, loans or financing.

b) Liquidity risk represents a shortage of funds intended to pay debts and interest (Note 1).

The amounts presented include the estimated principal amounts and interest calculated using the USD rate prevailing as at June 30, 2021 (R\$ 5.0022/US\$ 1.0000) for debts denominated in USD (PPE, ACC and FINIMP) and the prevailing contracts' interest rates.

Liquidity risk		Consolidated		
	Notes	Amount	Up to 1 year	1 – 2 years
Assets				
Cash and cash equivalents	05	112,552	112,552	-
Interest-earning bank deposits	05	25,418	11,874	13,544
Trade accounts receivable	06	125,319	125,319	-
Other assets	09	113,978	16,960	97,018
Derivative financial instruments	28	36,826	36,826	-
		414,093	303,531	110,562
Liabilities				
Loans and financing	16	(2,875,017)	(2,875,017)	-
Advances from clients	20	(58,904)	(58,904)	-
Customer credit	20	(701)	(701)	-
Derivative financial instruments	28	(186,884)	(186,884)	-
Suppliers	13	(162,361)	(160,389)	(1,972)
Forfait and credit card operations	14	(181,533)	(181,533)	-
		(3,465,400)	(3,463,428)	(1,972)
Net position		(3,051,307)	(3,159,897)	108,590

28.9 Book value/fair value

Management considers that the fair value is a tax incentive reserve equivalent to the book value of short-term transactions, once the book value of such transactions is a reasonable approximation of the fair value (CPC-40/item 29), except for loans and financing transactions, for which the fair values are determined and shown in the table in Note 28.4, which sets out the classification of financial instruments.

28.10 Capital management

The main purpose of the capital management of Paranapanema and its subsidiaries is to ensure strong credit ratings for institutions and an adequate capital ratio to support the Company's business and to maximize shareholder value.

The Company includes in its net debt structure: loans, financing, derivative financial instruments payable, net of cash, cash equivalents, interest-earning bank deposits and derivative financial instruments receivable.

	Notes	Parent company		Consolidated	
		06/30/21	12/31/20	06/30/21	12/31/20
Loans and financing	16	2,875,017	2,889,201	2,875,017	2,889,201
Forfeiting and letter of credit operations	14	181,533	228,995	181,533	228,995
Derivatives financial instruments payable	28	(38,424)	86,019	(38,424)	86,019
(-) Cash and cash equivalents	05	(98,977)	(137,153)	(112,552)	(138,761)
(-) Interest-earning bank deposits	05	(25,418)	(42,892)	(25,418)	(42,892)
(-) Derivatives financial instruments receivable	28	10,198	(36,808)	10,198	(36,808)
(=) Net debt		2,903,929	2,987,362	2,890,354	2,985,754
Derivatives financial instruments payable	28	225,308	156,918	225,308	156,918
(-) Derivatives financial instruments receivable	28	(47,024)	(1,342)	(47,024)	(1,342)
(=) Net debt on embedded derivative		3,082,213	3,142,938	3,068,638	3,141,330
Equity	21	(374,218)	(198,590)	(374,218)	(198,590)
Equity valuation adjustments	21.h	(677,724)	(692,101)	(677,724)	(692,101)
Total equity		303,506	493,511	303,506	493,511
Leverage ratio		90.54%	85.82%	90.50%	85.82%
Leverage ratio with embedded derivative		91.04%	86.43%	91.00%	86.42%

29. Assumed commitments

The Company has a contractual commitment with a supplier for outsourcing the management, operations and maintenance of an oxygen gas facility located in the industrial plant of Dias D'Ávila, maturing in March 2023. The commitment does not subject the Company to any restrictions.

The renewal and adjustment clauses are described in the contract and are in line with market practices.

The future minimum obligations payable under this contract, if not canceled before maturity, are as follow:

	Parent company/Consolidated	
	06/30/21	12/31/20
Up to one year	8,013	8,013
From two to four years	6,010	10,017
	14,023	18,030

30. Insurance

The Company maintains insurance coverage at amounts considered sufficient to cover potential losses arising from claims, taking into account the nature of the activities, the risks involved in the operations and the guidance of its insurance consultants.

As at June 30, 2021, the amounts insured and the coverage limits contracted within the respective insurance segments were as follows:

Type	Declared value at risk	Maximum Limit Indemnified
Operational Risks	R\$ 2,553,539,386	R\$ 200,000
General Liability	R\$ 11,000	R\$ 22,000
Liability (D&O)		R\$ 65,000
Transport (National territory)	R\$ 9,500,000	R\$ 9,500,000
Export Credit Insurance	USD 105,000	USD 8,000
Transports (international territory)	USD 3,000,000	USD 3,000,000
Judicial and Financial Actions		Amount set for advocate causes
Vehicles		100% of the vehicle's value (Based on FIPE table)
Group Life insurance		30 x base salary

*This information was not audited by our independent auditors

31. Private pension

The private pension plans offered by the Company and its subsidiaries include a pension plan deductible for income tax purposes (PGBL) and a private pension plan non-deductible for income tax purposes (VGBL) respectively, both of which are administered by BrasilPrev based on joint contributions made by the Company, its subsidiaries and the employees.

PGBL/VGBL: After meeting the cumulative requirement to make contributions for 120 months, and after reaching 60 years of age, the beneficiaries will be entitled to redeem 100% of accumulated savings, the Company and its subsidiaries, provided that they are not employed by the Company at the redemption date. In the case of termination by the Company before becoming eligible, the beneficiary shall be entitled to withdraw up to 80% of the amount deposited by the Company, respecting a policy which provides for a rate of 1% per month of contributions.

Therefore, plans exclude the risk benefits, and thus do not generate actuarial liabilities. If the participant opts for a life income benefit, BrasilPrev is responsible for maintaining reserves under the contract.

The value of the contributions made to the plans by the Company and subsidiaries in the period was R\$ 895 (R\$ 916 in the same period of 2020).

32. Variable remuneration plan

32.1 - General terms and conditions

a) Beneficiaries:

Some Company executives, when hired, are eligible for the Variable Compensation Program. Consisting of short (ICP) and long-term (ILP) incentives. The ICP and ILP incentives are linked to specified team and individual goals, the percentage achievement of which is evaluated at the end of each year.

Until 2016, the ILP was based on the Company's shares using the concept of "phantom shares" whereby, at the end of each period, the goals achieved in the period between January and December were converted into units (URVs) based on the performance, changes and value of Company's shares (PMAM3), distributed across certain vesting periods. Payment obligations from URVs distributed until 2016 will follow the concept described in this paragraph.

Starting in 2017, the Board of Directors approved the change in the definition of an ILP, revoking the calculation based on the performance of phantom shares. ILP is now calculated on salary multiples and based on collective goals established by the Board of Directors, and on previously agreed individual goals.

The Variable Remuneration Program conditions and rules can be changed at any moment by the Company, with such changes to be expressly communicated to the eligible executives.

b) Exercise rights:

The private contract determines eligibility rights for and payments based on variable remuneration made to all employees who meet the annual goals under the terms of the contract.

An eligible employee has the right to receive the ILP only if their labor contract is active, otherwise:

- I. In the case of labor contract suspension due to disability, there will be no payments while the labor contract remains suspended.
- II. In the case of decease of an employee, their heirs and/or legal beneficiaries will receive 50% of the amount due as at the date of decease.

c) Criteria for fixing the exercise term:

Except for the ineligibility conditions mentioned above, the vesting will be deferred in two installments, with annual payments, or 50% of salary multiples per year, being the first payment due for the year following the acquisition of the ILP. The amount to be granted will be based on the salary multiple as at December 31 for the year prior to payment.

d) Settlement form:

Settlement will be through a payroll process when all of the established conditions are met.

32.2 - Phantom shares up to 2016:

a) Criteria for fixing the acquisition or exercise price:

For every phantom share payment year, the vesting number of shares ($\frac{1}{4}$ per year) will be multiplied by the average stock price (PMAM3) from January to December of the year prior to payment.

b) Restrictions on stock transfers:

The exercise of phantom shares does not imply the concession of any Company stock, with all remuneration being linked to the phantom shares paid in cash. All rights and obligations derived from the individual instrument cannot in any circumstances be assigned or transferred to third parties, nor offered as guarantees for obligations.

c) Phantom share remuneration based on the stocks recognized in the results in the last social year and forecast to the current social year:

In the first quarter of 2017, the Company completed the second evaluation cycle for 2016, granting phantom shares, which will be deferred for four years, to eligible individuals who fulfilled the criteria established in the individual contracts. The approval of targets having been met, the phantom share distribution occurred on April 29, 2017 in the Extraordinary Shareholders' Meeting (ESM), upon approval of the 2016 financial statements.

33. Additional information regarding cash flow

- a) Transactions related to investment and financing activities not involving cash were as follow:

	1st Half Year of 2021	1st Half Year of 2020
Investing activities		
Depreciation and amortization	76,058	38,346
Financial charges	(103)	(212)
Fixed assets and intangible additions	75,955	38,134
Financing activities		
Amortization of right-to-use assets	5,769	3,378
Financial charges	1,417	636,258
	7,186	639,636

- b) Reconciliation of the net debt

	Loans and financing	Forfait and letter of credit operations	Derivative Financial Instruments	Indebtedness	Total cash	Net debt
Net debt at December 31, 2020	2,889,201	228,995	204,787	3,322,983	181,653	3,141,330
Transactions with cash impact	(15,601)	(47,462)	(41,032)	(104,095)	5,631	(109,726)
Transactions without cash impact	1,417	-	(13,697)	(12,280)	-	(12,280)
Financial charges and exchange rate variations	1,417	-	(13,697)	(12,280)	-	(12,280)
Net debt as at March 31, 2021	2,875,017	181,533	150,058	3,206,608	187,284	3,019,324

(A free translation of the original in Portuguese)

Report on Review of Quarterly Information

To the Board of Directors and Shareholders
Paranapanema S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Paranapanema S.A. (the “Company”) included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2021, comprising the balance sheet as at that date and the statements of operations and comprehensive income (loss) for the three- and six-month periods then ended, and the statements of changes in equity and cash flows for the six-month period then ended, as well as a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, issued by the Brazilian Accounting Pronouncements Committee (CPC), and the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

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

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Emphases of matter

Lawsuits with likelihood of loss

We draw attention to Note 19.2 to the interim accounting information, in which the Company states that it has several lawsuits arising from its operations which management estimates are subject to a possible risk of loss totaling R\$ 1,546,092 thousand and R\$ 1,550,641 thousand in the parent company and consolidated, respectively (December 31, 2020 - R\$1,465,318 thousand and R\$ 1,469,763 thousand, respectively), under the advice of its legal counsel; consistent with the accounting principles, the Company has not recorded provisions for these lawsuits. The main lawsuit refers to a judicial decision granting the right not to pay Social Contribution on Net Income (CSLL) tax on income. Our conclusion is not qualified in respect of these matters.

Going concern

We draw attention to Notes 1 and 16 to the quarterly information (ITR), which describe that, at June 30, 2021, the Company had negative working capital of R\$ 2,223,861 thousand and R\$ 2,222,328 thousand in the parent company and consolidated, respectively, as well as negative equity (capital deficiency) of R\$ 374,218 thousand. In addition, since the first quarter of 2020, the Company has been discussing with its main financial creditors (essentially with the same creditors that participated in the debt renegotiation process in 2017) with the objective of aligning the conditions for debt repayments with its expected cash generation. On May 20, 2021, the Company signed a non-binding memorandum of understanding for debt restructuring together with its main financial creditors ("Adhering Creditors"), whereby the parties committed to use their best efforts to renegotiate, in good faith, the terms and conditions for payment of their respective debts. Also, as described in these Notes, the Company did not settle the principal and interest scheduled for March 31, 2020 to June 30, 2021 and was not in compliance with other financial indicators. Accordingly, under the terms of the 2017 renegotiation, it was in non-compliance with the contractual provision stipulated therein; consequently, pursuant to CPC 26 - Presentation of Financial Statements, the debts under renegotiation of R\$ 1,220,068 thousand were fully reclassified from non-current to current liabilities. The Company's financial position and the existing uncertainties regarding its prospects for a successful renegotiation of its debt, especially aligning the principal and interest payment flows with the Company's cash generation, indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the six-month period ended June 30, 2021. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

São Paulo, July 29, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

José Vital Pessoa Monteiro Filho
Contador CRC 1PE016700/O-0

PARANAPANEMA S.A.
EIN 60.398.369/0004-79 - NIRE 29.300.030.155
PUBLICLY-HELD COMPANY

Statement of the Executive Officers on the Financial Statements

In compliance with Article 25, paragraph 1, subsection VI, of CVM Instruction 480/2009, the Executive Board declares that it has reviewed, discussed and agreed with the Company's financial statements "parent company and consolidated", as at and for the quarter ended June 30, 2021.

Dias D'Ávila, July 29, 2021.

CEO

Luiz Carlos Siqueira Aguiar

CFO and Investor Relations Officer

Igor Gravina Taparelli

Operations Director

Sergio Arosti Maturana



O cobre transforma o mundo. **A Paranapanema transforma o cobre.**

PARANAPANEMA S.A.
EIN 60.398.369/0004-79 - NIRE 29.300.030.155
PUBLICLY-HELD COMPANY

Statement of the Executive Officers on the Independent auditors' report

In compliance with article 25, paragraph 1, items VI, of CVM Instruction No. 480/2009, the Executive Board states that it reviewed, discussed and agreed with the Report on review of quarterly information dated July 29, 2021 issued by PricewaterhouseCoopers Auditores Independentes, the independent auditors of the Company and its subsidiaries with respect to the Company's financial statements, Parent Company and Consolidated, as at and for the quarter ended June 30, 2021.

Dias D'Ávila, July 29, 2021.

CEO

Luiz Carlos Siqueira Aguiar

CFO and Investor Relations Officer

Igor Gravina Taparelli

Operations Director